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The Economist

WEEKLY COMMERCIAL TIMES

Bankers' Gazette and Railway Monitor:

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

"Were all nations to follow the liberal system of free exportation and free importation, the different States into which a great continent was divided would so far resemble the different provinces of a great Empire. As among the different provinces of a great Empire the freedom of the inland trade appears, both from reason and experience, not only the best palliative of a dearth, but the most effectual preventive of a famine, so would the freedom of the exportation and importation trade be among the different States into which a great continent was divided."—ADAM SMITH.

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Correspondents to the Italian Treasury.

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THE MONEY MARKET.

As had been feared, the market was this time subjected to unusually severe pressure over the turn of the year, for although some of the clearing banks gave a little assistance at the end of December by buying March bills and lending money into January, in other cases callings at the last moment were heavier than had been anticipated. Consequently, to judge from the Bank return dated December 31st, the market had to borrow—including the loans made by the Bank on Christmas Eve—a sum of no less than £43.6 millions, while the Bank, during the last fortnight of the year, also added £27.1 millions to its holdings of Government securities. Bankers' deposits

on the last day of the year amounted to £132.4 millions, an increase over the previous week of £68.3 millions. These figures give some idea of the intensity of the strain laid upon the market at the turn of the year, and additional evidence is afforded by the report that the latest comers to the Bank for accommodation had to borrow for as long a period as nine days.

Money and discount rates have naturally possessed this week an artificial character, for Wednesday's stringency was, as usual, both preceded and followed by days of extreme ease. On Wednesday itself, day-to-day loans, when obtainable, were concluded at rates running up to $3\frac{1}{2}$ per cent. and even higher, while three months' bills were quoted at $2\frac{5}{8}$ per cent. spot, and at $2\frac{1}{2}$ per cent. for delivery the following day. On Thursday, when the banks had released their surplus funds, money was in abundance, and rates were practically down to 1 per cent. Discount rates also eased in sympathy, three months' bills being quoted down to $2\frac{3}{8}$ per cent., but it was expected that once repayments to the Bank had drawn the surplus money off the market, higher discount rates would once more be established.

	Dec. 11, 1930.	Dec. 18, 1930.	Dec. 23, 1930.	Jan. 1, 1931.	Previous Rate and Date Changed.
Bank Rate	$\frac{5}{8}$	$\frac{5}{8}$	$\frac{5}{8}$	$\frac{5}{8}$	$\frac{5}{8}$ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Discount (Call)	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Houses (Notice)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{5}{8}$	$2\frac{5}{8}$	$2\frac{5}{8}$	$2\frac{5}{8}$	...

On Christmas Eve, the note circulation rose to its peak of £379.7 millions, this representing an expansion during the previous four weeks of £28.6 millions. In 1929, the Christmas expansion in the note issue was only £25.0 millions, and it is also noticeable that the 1929 Christmas peak was practically identical in height with that of ten days ago. When allowance is made for the fall in prices since a year ago, it is clear that the Christmas demands for currency—and presumably Christmas trade—have been maintained wonderfully well, but it must be remembered that currency is needed at Christmas for other purposes, such as rent and other quarter-day payments, besides for use in the shops. Since Christmas Eve, £10.9 millions of notes have returned from circulation, and the Bank's Reserve has been correspondingly strengthened.

No gold was withdrawn from the Bank on French account on December 31st, but this was due solely to the fact that New Year's Day is a public holiday in France, and so the Banque de France was not open to take delivery. The flow of gold to France will probably continue at least for the present month, and while there is some talk of American short money coming to London as the result of the rediscount rate reduction to 2 per cent. in New York, it is still premature to place much reliance upon such a movement taking place. As regards the outlook in the London market itself, the period of revenue collection and also of Treasury bill redemption is now beginning, while in a short time the market will be disturbed by the big movements of funds entailed by the payment of the final call on last autumn's Treasury Bond issue and the redemption of the 4 per cent. War Loan. Hence it seems natural to look for periods of stringency in the money market, accompanied possibly by a tendency of discount rates to ease as Treasury bills are repaid.

NEW YORK.

Last week's reduction in the New York rediscount rate from $2\frac{1}{2}$ to 2 per cent. has since been followed by a reduction from 3 to $2\frac{1}{2}$ per cent. in the Boston Reserve Bank's rate. Nevertheless, money rates in New York have been considerably higher, partly because the rediscount rate reductions inspired talk of coming gold losses, but mainly because of heavy callings by the banks in order to meet end-of-the-year requirements. As a

result, call money rose to 4 per cent. on Monday, and though it has since eased to 3 per cent., this last rate is higher than the 2 per cent. which was in force during recent months. Commercial paper is quoted at $2\frac{1}{2}$ -3 per cent. for prime names. Further bank suspensions have been reported, including that of the Aldine Trust Company of Philadelphia. Gold arrivals include \$4,000,000 from Canada and \$1,650,000 from Cuba.

THE STOCK MARKETS.

Business in the Stock Markets was on a restricted scale, but the tone was steady for the most part, under more helpful New York advices. Gilt-edged recovered after an easier opening, but foreign bonds remained heavy. Home rails were featureless, with business at a low ebb, but further liquidation of Argentine rails was effected. Industrial quotations were slightly firmer, no considerable selling of "Mond" issues followed the announcement of Lord Melchett's death. Rubber and tea shares remained idle, but oil shares showed a modest rally on Continental buying. A moderate business was done in Rand shares, and a minor professional buying movement in tea shares followed the recovery in the metal on proposals for compulsory output restriction.

THE COMMODITY MARKETS.

Uncertainty and inactivity characterise the coal trade, and the market in Cardiff has been completely disorganised by the dispute. The tardiness, with which activity in the iron and steel industries is being resumed, indicates that firms have not much work on hand. The cotton trade remains quiet, and the immediate outlook is not very encouraging. The Bradford market is quiet, but steady. Hides and leathers continue weak, but prospects in the leather trade appear to be reasonably good. Vegetable oils and oilseeds declined sharply. There has been no improvement in the wheat situation.

THE FOREIGN EXCHANGES.

After considerable activity in connection with end-of-the-year business, the foreign exchange market has lately subsided into apathy, this being accentuated by the fact that all Continental exchanges were closed on New Year's day. The New York rate was $\frac{1}{2}$ lower at 4.85 $\frac{1}{2}$, and Montreal was weaker by the same margin at 4.86 $\frac{1}{2}$. Paris moved sharply in our favour, losing 6 points at 123.66. Brussels gained $\frac{1}{4}$ at 34.76 $\frac{1}{2}$, and Milan was rather firmer at 92.75. Madrid was again irregular, and went from 45.00 to 46.20. Amsterdam, after some fluctuation, improved by $\frac{1}{2}$ to 12.06. Berlin was very weak, and went from 20.36 to 20.38 $\frac{1}{2}$. Switzerland, after touching 25.00 and 25.05, settled down a good deal weaker on balance at 25.04 $\frac{1}{2}$. Of the Scandinavian exchanges, Stockholm and Oslo were weaker at 18.13 and 18.6 $\frac{1}{2}$ respectively, but Copenhagen was unchanged at 18.16 $\frac{1}{2}$. Of the South American currencies Rio lost $\frac{1}{2}$ d. at 4 $\frac{1}{2}$ d., Buenos Aires was very weak and lost $\frac{1}{4}$ d. at 35 $\frac{1}{2}$ d. after touching 34 $\frac{1}{2}$ d., and Montevideo lost $\frac{1}{2}$ d. at 35 $\frac{1}{2}$ d. In the Far East the rupee was steady at 1s. 5 $\frac{1}{2}$ d., and the yen lost $\frac{1}{4}$ d. at 2s. 0 $\frac{1}{2}$ d. Batavia was fractionally weaker at 12.06 $\frac{1}{2}$. In the forward market dollars were quoted at $\frac{1}{2}$ and $\frac{3}{4}$ cent premium. Paris was at rather narrower discounts of 2 and 4 centimes. Milan was at 15 and 43 centesimi discounts. One month Madrid was unchanged at 3 centimos premium, but three months was three points better at 12 centimos premium. Amsterdam went from par and $\frac{1}{8}$ cent premiums to $\frac{1}{2}$ premium for both periods. Berlin was rather better at 2 and 5 pfennigs discount. The silver market was very dull, and prices established new low records at 14 $\frac{1}{2}$ d. for cash and 14 $\frac{1}{2}$ d. for forward. The China silver exchange reacted differently, Hong Kong remaining unchanged at 1s. 1 $\frac{1}{2}$ d., whilst Shanghai lost $\frac{1}{2}$ d. at 1s. 5d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 6, Boulevard Street, London, E.C.4.

FROM DECADE TO DECADE.

71r.
SEARCHING for words appropriate to speed the Old Year and hail the New, our eyes alighted on the following:—"Seldom have the outstanding features of our economic position been more unfavourable at this season than they are this year. With unemployment rife, short time general, demoralised stock markets, stocks of goods that are difficult to sell—or even unsaleable—when offered below cost of production, and a consequently uncomfortable feeling on the part of all who own them or have lent money against them, we have a most depressing setting for the festival which in pagan times welcomed the turning of the sun towards longer days and more genial warmth. The economic machine is seriously out of gear, and it will take all the best efforts of us all, working in harmony to that end, to keep it working and get it back to its old efficiency." These words might have been penned yesterday. In fact they were not. They are extracted from our columns of just ten years ago. And, again, just nine years ago we find ourselves to have been writing of the "feeble flickering" of our economic life and of "the darkest hour" which normally precedes the breaking of the dawn.

The years have passed. The world, and Britain with it, is deep in troubled waters again. And so, eschewing for once the customary task of surveying the past year and setting out pious hopes for its successor, we would ask our readers rather to think not of years but of decades, to throw their thoughts backward and forward, to survey the differences in the situations facing 1921 and 1931, to reflect on the story of what the past decade has performed or failed to perform, and to estimate the main outstanding tasks allotted to the new decade which has opened this week. To wish our readers "a happy New Year" might well evoke a grim smile on the faces of the majority. But what is one year? A mere twinkling of an eye in the boundless range of history. Let us lengthen our view just a little and seek sound reason to hope instead for "a happier and more prosperous decade."

The economic ailment of 1921 was, as we have reminded ourselves by contemporary quotation, acute; but it was very different in origin and fundamental diagnosis from the ailment which, with similar outward symptoms and manifestations, besets the world to-day. What was happening then was a collapse, inevitable but foreseen by few, of a great, artificial, inflationary boom created after the war by the world's need to replenish stocks at all costs after four and a half years of starvation. Having enjoyed a brief and happy stay in a fool's paradise, the world was brought up sharply against the hard facts of economic truth. To-day the story is a very different one. The present depression is due to causes far more complicated than the pricking of an inflationary bubble. After years of patient readjustment and struggle most countries had between 1923 and 1928 won their way to what appeared to be a reasonable level of normal activity, and the greatest disappointment about the present situation is that—except in the peculiar case of the United States where, owing to that country's unique advantages, a pinnacle of prosperity had been reached—the fall is not from a permanently untenable high level of well-being, but from what eighteen months ago was coming to be regarded as a hardly won and barely adequate base line of normality, from which further slow advances might be made by hard work and sound policy. In Britain, too, the disappointment is the deeper because the level attained before the arrival of the depression fell far short of satisfaction. Britain had her especial obstructions to surmount—the great labour upheavals of 1926 and the abnormal "rigidity and inelasticity" and other obstinate characteristics of her economic system recently summed up by Sir Arthur Salter. In brief, the comparison between 1921 and 1931 is this. In the former year the transition was from the clouds of fictitious values to the

bedrock of reality; in the latter—again excepting America—from a barely satisfying level into the slough of despond.

But does this necessarily mean that the past decade has nothing to show on the credit side? On the contrary. Hard though it may be for us amid our present discontents to realise it, it has in many respects been a period of progress—slow, difficult, laboured, perhaps—yet progress. Try to set out a profit and loss account. The items on the debit side are painfully clear—the sluggish march towards disarmament and peace, the persistence of the economic nationalism born of war, the slowness (particularly in Britain) of financial and economic readjustment to a world in transition. It is understandable, perhaps even excusable, that pessimists of to-day wring their hands and complain that the statesmen have failed to lay the foundations of peace, the bankers to rule out the anomalies which obstruct the working of the gold standard, employers to lay sound plans of reorganisation, and labour leaders to face the necessity of adjusting incomes to productivity. Yet there are, happily, substantial items on the credit side. In spite of the disastrous Ruhr episode, the Rhineland has been evacuated five years ahead of Treaty schedule; fantastic reparation claims have been brought in touch with reality by the Dawes and Young Plans; the Washington Treaty and the London Agreement have limited the threatened race for naval supremacy; the Treaty of Locarno and the Kellogg Pact have built fresh bulwarks against a sudden war; the relations between the two great Anglo-Saxon nations have been lifted from threatening embitterment to cordiality; the riot of the exchanges has been stayed; and the League of Nations has wrought economic salvage in Central Europe. Much has been done in the immense task of liquidating the war. That liquidation cannot be completed in one decade. We continue to pay for the war in many ways—in inflated budgets and high taxation, in super-nationalism, in tenacious clinging to new standards of living no longer economically justified, and in the loss of the men who would now be claiming the key positions of authority, guidance and management.

From this brief recital emerges the picture of the demands upon the decade just commenced. First and foremost comes the task of restricting armaments and providing that degree of security without which real prosperity is unattainable. Next, and a good second, the substitution of economic co-operation for selfish nationalism in a world which grows day by day more interdependent. And in our own country the co-operation of capital and labour in creating elasticity in the economic machine; the dispersion of the illusion of a bottomless State purse; the education of all-powerful demos in the relentless facts of world economics; the evolution of representative institutions in a manner suited to the handling of economic problems; finally, and above all, leadership capable of promoting these essential movements.

We do not despair. We believe the world to be saner, both politically and economically, than ten years ago. In Britain, too—in spite of "dole" fantasies which threaten demoralisation—we believe that the will to work is greater than in the days when the slogan was "homes for heroes," and "make Germany pay for the war." The tasks before us are as formidable as at any time in our history. But our capacity to perform them is undiminished, if we will only use it. Our national advantages remain; the character of our people has not changed; the march of science is playing into our hands. The opportunity is there for us to grasp, and in spite of all the discouragements of the present, our reading of history is that our country will not, when faced by the great alternative, choose the primrose path of dalliance which leads to littleness and low standards, rather than the rocky road of endeavour that leads back to the position which Britain can and should occupy in the community of nations. Believing this, it is with good heart and confidence that we wish our readers a "happy new decade."

FOREIGN POLICY OF THE UNITED STATES.

THE most remarkable, and the most welcome, feature of American foreign policy to-day is that it is attracting the interest and arousing the concern of the American people. In the United States, foreign affairs are coming to be studied both more deeply and more widely. A continuous scientific study is carried on at New York by the Council on Foreign Relations, with its meetings (including an annual address by the Secretary of State) and its publications (an Annual Survey of American Foreign Relations and a quarterly journal: *Foreign Affairs*); more popular discussions, on a high level, are conducted by the Foreign Policy Association, with its branches all over the country; there is an annual summer school at Williams-town, Massachusetts; and there are the annual lectures on the Harris Foundation in the University of Chicago. The fringe of this rapidly growing movement is represented by the interest in the world beyond the borders of the United States which moves American tourists in their thousands to spend their savings on foreign travel—particularly on travel to that east-off city of destruction: Europe. The gulf between the scientific studies of the Council on Foreign Relations and the vague impressions of the globe-trotter is enormous; but in a national perspective these both appear as aspects of a single phenomenon: the American people is becoming aware of its relations with the rest of the human family.

This is good news; for a great nation which believes that it has no foreign relations and boasts that it has no foreign policy may be a great danger to itself and to the world. And the American nation would have been particularly dangerous if it had settled down into this frame of mind. For their national experience has made the Americans an impatient people. From the middle of the eighteenth century to the close of the nineteenth—from the end of the seven years' war to the outbreak of the Spanish-American War—the Americans were turning their backs on the rest of the world, and were concentrating their energies upon the material development of an empty continent. This tendency was at its height during the second half of the nineteenth century, and the tide turned a generation ago.

But the Americans have not yet recovered the normal degree of international consciousness—and this in a generation which has seen international interdependence developed to an unprecedented degree through the increasing scale of economic operations. Into this delicate and dangerous intercourse of nations the Americans have re-entered in our days, bringing with them a temper acquired from the entirely different experience of a rough-and-ready intercourse with physical nature.

The qualities which the battle of life evokes in the pioneer and in the diplomatist are exactly antithetical. Your successful pioneer is a man who takes liberties with his environment, who carries a whole continent by storm. His business is with brute matter, not with human beings of like passions with himself; audacity and improvisation are the signs under which he conquers; and if caution and tact and a sympathetic understanding of other people's points of view had been his dominant traits, they would never have carried him west of the Alleghenies. The diplomatist's virtues are the pioneer's vices. But what happens when the pioneer succeeds so well that he subdues his continent by main force and so bursts beyond its bounds into new relations with the rest of the world? Is not the converse likely to be true? Are not the pioneer's virtues likely to work havoc when he turns away from hewing down his forests and ploughing up his prairies in order to rub shoulders again with his fellow men? Will he learn how to move as one must move in crowded places, walking circumspectly without giving offence or taking it? Or will he jostle his way through, seeing men as trees walking and failing to realise until too late that these walking trees are really dangerous wild animals of his own species?

These rather alarming questions have been raised, in our time, by the re-appearance of the American people on the stage of international affairs. And they are beginning to be answered now, in reassuring terms, by the

systematic and intelligent study of international affairs to which the Americans are addressing themselves. This is the most timely piece of self-education, on the grand scale, that is in progress in the world to-day.

When we pass from the study to its object, we look at American foreign policy as it is revealed to us in American expositions*, our eye is caught and held by a series of unresolved contradictions. For instance, the American horror of foreign political entanglements is still as great as it was when it first crystallised, a century and a half ago, in George Washington's famous warning. Yet the horror, which was originally felt for all entanglements, without exception, has, irrationally and unconsciously, become a localised horror of entanglements in one particular quarter. It remains limited to entanglements with Europe, mainly because Europe happened to represent the entire world for Americans in Washington's time. The horror has not attached itself to entanglements in regions with which the United States has only come into contact more recently. For example, there is no horror, in American minds, of entanglements in the affairs of the Pacific and the Far East. On the contrary, the United States has gone out of her way to entangle herself in this direction. She has annexed the Philippines; she has interested herself in China much as nineteenth century England used to interest herself in Turkey; and her attitude to Japan may be likened to the attitude of nineteenth century England to Russia. In fact, Americans now take it for granted that "the Far Eastern Question" is their affair, very much as we made "the Near Eastern Question" our affair in an age when we prized, as highly as the Americans do to-day, our "splendid isolation" from "the Continent."

If one asked an American to explain the apparent contradiction between his outlook towards Europe and towards the Far East, he would probably say off-hand that it is a matter of common sense, because the Far East is part of the New World of enlightenment and opportunity, whereas Europe is an aged and repeatedly exploding powder magazine. But this explanation will not hold water. Anybody who has visited Manchuria or Shanghai knows that it is just as dangerous to be entangled with these places as with Constantinople or with Upper Silesia. The contrast presented by the American attitudes towards Europe and towards the Far East has no basis in reason; but it is nevertheless a hard fact of first-rate international importance.

Then there is the unresolved contradiction between the Monroe Doctrine and the policy of the United States in the Caribbean. The Monroe Doctrine is a perpetual warning to the imperialistic Powers of Europe to keep their hands off the republics of the New World. Yet, in her Caribbean policy, the United States is behaving towards the weakest of these sister-republics just as the European Powers have behaved towards their victims and for just the same reasons. In fact, there is a ridiculously close parallel between the steps which the United States has been taking in order to control and protect the vital line of communications between her Atlantic and Pacific coasts, which runs through the Panama Canal, and the steps which Great Britain took, in her time, to control and protect her route through the Suez Canal to India. While the United States is dominating one Caribbean republic after another to suit her own national interests, she is talking "Pan-Americanism" as eloquently as ever. How has she the face? She has it because Great Britain's eldest daughter has richly inherited the family gift of "British hypocrisy." Did we not talk as eloquently about protecting the Oriental peoples against Russian aggression at the time when we were putting Egypt and Cyprus in our pockets? All the same, British experience seems to show that this contradiction cannot be kept up permanently. The United States may find herself compelled to choose between her Caribbean policy and her "Pan-American" policy sooner or later.

There is one other remarkable contradiction in American foreign policy. The Americans have a horror of com-

* "Survey of American Foreign Relations, 1930." By Charles P. Howland. (London 1930. Milford. 24s. net); "Interpretations of American Foreign Policy." [Lectures on the Harris Foundation, 1930.] Edited by Quincy Wright. (Chicago 1930. University of Chicago Press. \$5.00).

mitting themselves to any precise and positive international obligations for the preservation of peace; and yet they show by their acts that they are most sincerely pacific. The proof lies not so much in the fathering of the Kellogg Pact as in the acceptance of naval parity with the British Empire. Has it ever happened before that a nation which had the strategic position and the economic resources and the technical ability to make itself the mistress of the seas was content to go shares in that thalassocracy with the leading naval power of the day? How easily Germany succumbed to this lure of sea power. If the acceptance of parity is creditable to us, it is creditable to the Americans too. But the paradox remains. The nations which have the least desire to make aggressive wars are also the least willing to enter into positive commitments for making aggressive wars impossible.

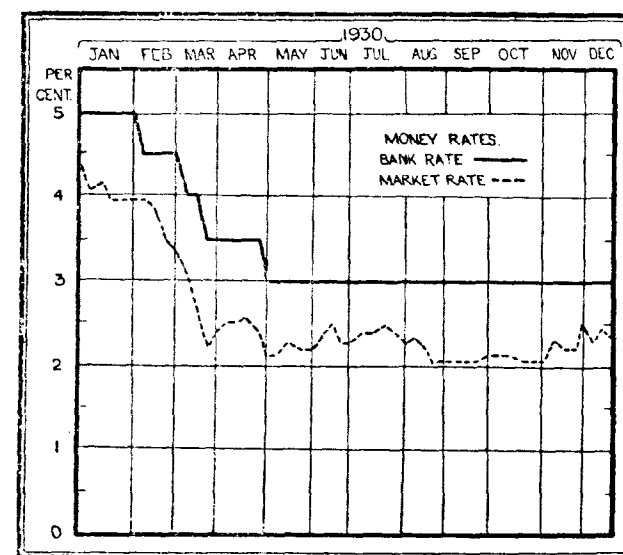
MONEY IN 1930.

THE monetary conditions of 1930, both in London and other centres, mainly reflected the world business and stock market depression that followed the "crash" on Wall Street towards the end of the preceding year. Idle trade and ebbing stock markets reduced the demands for accommodation made upon the banks, and consequently threw surplus resources back upon their hands. Industrial inactivity and low commodity prices equally reduced the number of commercial bills coming forward for discount, while British Government debt operations during the year were the cause of a contraction of £91 millions in the Treasury bill issue. Thus at the same time as bankers were having to invest in bills and securities funds which normally they would be lending to their customers, the supply of bills was reduced to much below the volume of preceding years.

The keynote to the monetary history of 1930, therefore, is a redundancy of short money, a keen demand for bills, and as a consequence a headlong fall in discount rates, both official and unofficial. It is no accident that the year should have closed with the New York Reserve Bank's rediscount rate at the record low level of 2 per cent., or that for eight months of the year the Bank of England should have maintained its rate at 3 per cent. Nor is it an accident that for most of the year the London market rate of discount upon three months bank bills should have been very nearly a full point below Bank rate, whereas in more normal times a margin of barely $\frac{1}{2}$ per cent. may be expected.

In the first of the following diagrams, we show the weekly course of Bank rate and market rate of discount for three months' bank bills during the past year.

BANK RATE AND MARKET RATE.



The year opened with five months of extreme ease and steadily falling discount rates. Although tax collection during the first quarter of the year as usual withdrew money from the market, its effect was more than offset by the return of money to the market as the result of

the net redemption during this period of £191 millions of Treasury bills; while in April, after the end of the financial year, the collection of taxes ceased to be a disturbing factor. Hence, although during these four months Bank rate was reduced, in successive stages of $\frac{1}{2}$ per cent., from 5 to 3 per cent., the margin between Bank rate and market rate was never less than $\frac{1}{2}$ per cent. and was often greater than 1 per cent.

The summer months witnessed greater stringency, largely because the drain of gold to France, which had been so prominent a feature of the previous year's history, was renewed. Even though during the spring of 1930 French demands for gold had remained dormant, the French banks were still in possession of large foreign balances, and were still obliged to draw upon them whenever they were faced with special demands from their customers. In the summer of 1930 such demands arose, first in connection with the share issue of the Bank for International Settlements, then as a result of the issue of the Reparations loan, and later owing to the recurrence of the same considerations, including the need for greater liquidity on the part of the French commercial banks, as applied in 1929.

As usual, the full brunt of the French demand fell upon London, but at Whitsuntide the Bank of England let it be known that henceforward it would exercise its right of delivering standard gold against sales. As the Banque de France was only willing to buy fine gold, the effect of this change was to reduce the gold export point of the franc exchange from Frs. 123.91 to Frs. 123.65. Consequently, France contented herself for a time with buying from London only the new Cape gold which arrived each week, and switched over to New York for the satisfaction of the remainder of her needs. During July and August she took \$65 millions of gold from the United States.

The French pressure thus relieved, money in London once more became extremely easy, and until the end of October market rates of $2\frac{1}{8}$ and $2\frac{1}{4}$ per cent. were the general rule. In November, however, came the French bank failures caused by the Oustric collapse. This shook the confidence of the French public, and led to a steady and sustained withdrawal of currency by depositors. In self-defence, the French banks had to realise their foreign balances, even at a loss, and sold sterling until the exchange fell below the new gold point of Frs. 123.65. Early in November withdrawals of standard gold from the Bank of England on French account began, and they have continued ever since. The efflux has been at the average rate of about £300,000 a day, this being the limit of the refiners' capacity, but it has now gone on for practically two months, and there is no sign of its coming to an end.

As a later table shows, these losses to France had so far been balanced by gains—mainly from Australia and South America—effected by the Bank during the course of the year, and so the Bank has not found it necessary to raise its rate, especially as such a course of action would in no way check the French drain. On the other hand, the money market responded to this November renewal of French gold demands, especially as it was reinforced for a few days in December by an outflow of gold to Germany. The result was that there was a steady rise in market rate, until a week before Christmas it stood at $2\frac{1}{8}$ per cent. At the end of the year $2\frac{3}{8}$ per cent. was quoted. Judged by normal standards, both these rates are more reasonable than the low and unprofitable rates of $2\frac{1}{8}$ and even 2 per cent. in force in the early autumn. On January 1st rates as low as $2\frac{3}{8}$ per cent. were quoted, but these were due to the artificial abundance of money following the turn of the year, and were regarded as purely temporary. Higher rates were looked for, so soon as the Bank had been repaid its end-of-the-year loans.

The tables on the next page show that in 1930 the margin between Bank rate and market rate was as high as $\frac{1}{2}$ per cent. As bill-brokers obtain the bulk of these funds at a minimum rate of 1 per cent. below Bank rate, it is clear that they have had an unprofitable year. Bills have proved an unremunerative form of investment to the banks as well, for the year's average rate of $2\frac{1}{4}$ per

cent. compares unfavourably with those granted for fixed and other deposits, especially during the early months of the year.

BANK RATE.

	1925.	1926.	1927.	1928.	1929.	1930.
1st half	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
2nd half	4 12 0	5 0 0	4 15 6	4 10 0	5 5 11	3 16 9
Whole year.....	4 11 0	5 0 0	4 13 0	4 10 0	5 10 0	3 8 5

MARKET RATE—THREE MONTHS' BILLS.

	1925.	1926.	1927.	1928.	1929.	1930.
1st half	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
2nd half	4 4 0	4 11 0	4 3 3	4 1 0	5 1 5	3 0 0
Whole year.....	4 2 0	4 10 3	4 4 10	4 3 0	5 5 4	2 12 3

SHORT LOANS.

	1925.	1926.	1927.	1928.	1929.	1930.
1st half	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
2nd half	3 9 8	4 1 2	3 17 6	3 13 0	4 8 2	2 19 9
Whole year.....	3 9 3	4 1 1	3 15 0	3 12 6	4 12 3	2 9 6

The next chart reviews the position of the Bank of England during the past two years, the latest points shown on the curves relating to December 24th. It will be seen that the Bank's gold holdings fell, under the influence of French and American demands, to £129.1 millions at the end of September, 1929. Subsequently gold returned from America as a result of the Wall Street collapse, while bad trade and falling commodity prices forced Australia and several South American countries

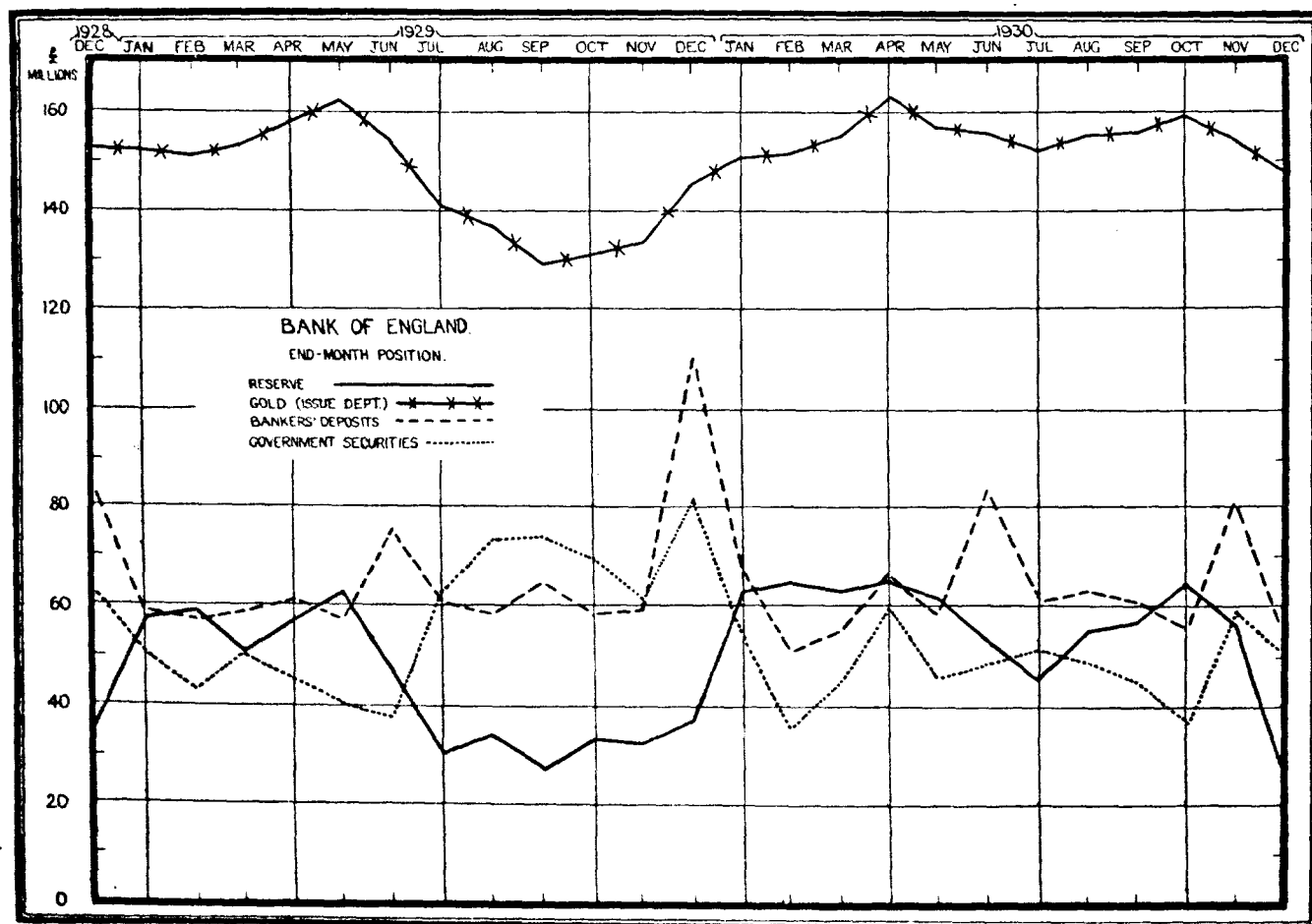
to send gold to London in order to meet their commitments abroad, which would normally have been covered by exports. Thus the Bank's gold stocks rose to £163.3 millions at the end of April last. The renewal of the French gold demands then reduced the Bank's gold to its present level of £147.6 millions, or a net $\frac{1}{2}$ per cent. during the two years of just over five millions. London, therefore, has successfully played the part of the world's banker during a very critical two years and at the same time maintained her supply of "cash" (i.e., gold) practically intact.

The other curves in this chart need but little comment. The Reserve of course varies directly with the Bank's gold stocks and inversely with the note circulation, and the influence of the last-named is mainly seasonal. Bankers' deposits and Government Securities also mainly reflect such seasonal influences as the preparations for the half-year balance sheets at the end of June and December and the payment of the Five per cent. War Loan at the end of May and November. Once these fluctuations are removed, it is clear that, in its internal as well as in its external operations, the Bank has successfully maintained an even keel.

The final chart, on the opposite page, shows fluctuations in the three chief foreign exchanges during the year. The franc rate is a reflection of events already discussed. The mark exchange reveals a general impression of strength, with the exception of the early autumn, when the partial success of extremist parties at the elections shook confidence abroad. This led to a withdrawal of funds from Germany, and so caused a depreciation of the mark, forced a rise in the Reichsbank's rediscount rate, and led to the loss of a certain amount of gold. The dollar exchange has remained well inside the gold points. London and New York were both unattractive centres for the employment of short money, while bad trade and low prices reduced the normal commercial demand for foreign exchange on both sides. The United States continued to absorb gold, but almost entirely from Japan and South America.

There remains the important question of the distribution of the world's gold stocks, and here it must be

BANK OF ENGLAND.



confessed that 1930 has only made matters worse. The relevant facts are set out in the following table:—

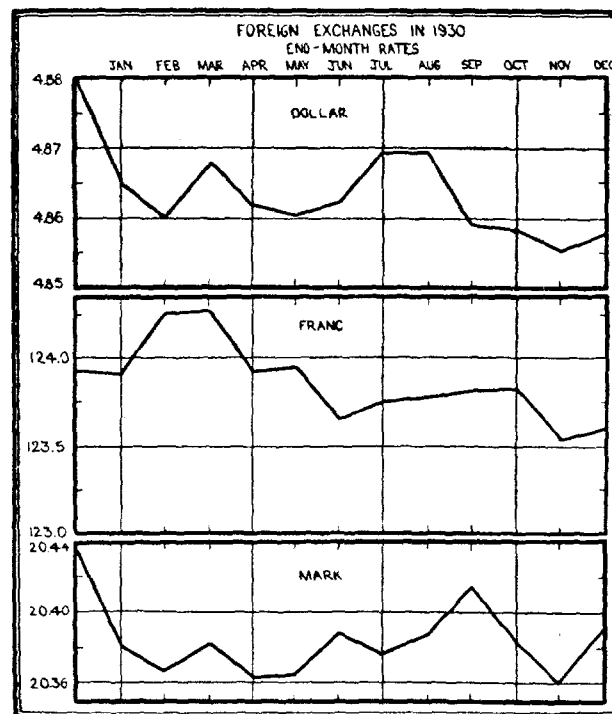
GOLD HOLDINGS OF CENTRAL BANKS AND TREASURIES.
(In £ million.)

	End 1928.	End 1929.	Change during 1929.	End 1930.*	Change during 1930.	Change during two years.
United States...	770	802	+ 32	843	+ 41	+ 73
France.....	258	356	+ 98	426	+ 70	+ 168
Great Britain...	153	145	- 8	148†	+ 3	+ 5
Germany.....	134	112	- 22	108	- 4	- 26
Japan.....	109	110	+ 1	78	- 32	- 31
Spain.....	101	102	+ 1	97	- 5	- 4
Argentina.....	127	91	- 36	90	- 1	- 37
Italy.....	75	76	+ 1	77	+ 1	+ 2
Australia.....	22	18	- 4	16	- 2	- 6
Belgium.....	26	34	+ 8	38	+ 4	+ 12
Holland.....	36	37	+ 1	35	- 2	- 1
Switzerland.....	21	24	+ 3	25	+ 1	+ 4
Canada.....	39	31	- 8	37	+ 6	+ 2
Brazil.....	30	31	+ 1	6	- 25	- 24
Total ...	1,901	1,950	+ 49	2,024	+ 74	+ 123

* Estimated in part on the basis of the latest returns available. † Dec. 24.

During the past two years France and the United States have added £241 millions to their gold stocks, and now between them own over 60 per cent. of the total gold accounted for in the table. The chief losers over the two years have been Germany, Japan, Argentina and Brazil, whose combined holdings have fallen during the two years from £400 to £282 millions. If to this reduction be added the net accretion of £123 millions to the world total, the result is a figure which corresponds to the combined French and American gains, so that in the aggregate the remaining twelve countries in the table stand practically where they did two years ago.

FOREIGN EXCHANGES.



Thus the maldistribution of the world's monetary gold has become accentuated, and the arguments advanced in Sir Henry Strakosch's memorandum, published with the *Economist* of July 5th, are reinforced by this adverse development. Whether or not this maladjustment is the sole cause of the year's catastrophic fall in the price-level may be open to debate, but at least it is an important cause, and for this reason alone it is to be hoped that the considerations advanced in that memorandum and also in the interim report of the League of Nations Gold Delegation, will speedily lead to concerted action. The Bank for International Settlements, whose foundation was one of the principal events of the year, provides a common meeting-ground on which central bankers can discuss these matters, while as a recent speech of the Bank's chairman indicates, the Bank itself is already beginning to develop a world policy designed to relieve

the strain. Thus there is something to which we can look forward with hope in the future, but in the meantime it must be admitted that the monetary history of 1930 not only reflects the low ebb to which trade has fallen, but also contains one at least of the chief causes of the depression.

THE SHADOW OF THE BUDGET.

The revenue returns for the first nine months of the State's financial year suggest unmistakably that the problem which the Chancellor of the Exchequer will have to face in framing his next Budget will contain as its first, though by no means its only, element a substantial deficit for 1930-31. The return, which we print in full on a later page, of revenue and expenditure to December 31st, reflects, as was to be expected, the influences of the world-wide trade depression whose incidence has aggravated the difficulties confronting finance ministers in almost every country in the world. The gross figures, including self-balancing revenue, show receipts from all sources amounting to £486.5 millions, an increase of £17.4 millions on the corresponding figure a year ago, whereas total expenditure at £667.1 millions has increased by £28.2 millions, leaving a deficit to date of £180.6 millions, against £169.8 millions at this date in 1929, and £97.6 millions two years ago.

Since the influx of revenue is normally heaviest in the final quarter of the financial year, and since the benefit of the increased rate of Income Tax will be fully reflected in the three months yet to come, forecasts of the ultimate balance of revenue and expenditure are clearly subject to a wide margin of error. Nevertheless, examination of the accounts in detail leaves little room for doubt that Mr Snowden's anticipations of receipts under several heads at least will be proved by the event to have been unduly optimistic. In the following table we show the main items of revenue as estimated in the last Budget, and as realised in the first three-quarters of the financial year, together with the comparative figures a year ago:—

REVENUE (excluding self-balancing accounts). (Million £.)

	Year's Receipts.			Nine Months' Receipts.		
	Actual 1929-30.	Estimated 1930-31.	Estimated Inc. (+) or Dec. (-).	To Dec. 31, 1929.	To Dec. 31, 1930.	Inc. (+) or Dec. (-).
Customs	119.9	122.7	+ 2.8	90.8	91.0	+ 0.2
Excise	127.5	129.9	+ 2.4	98.4	95.5	- 2.9
Motor Duties	4.9	4.9	—	1.8	1.7	- 0.1
Income Tax	237.4	260.0	+ 22.6	75.3	79.3	+ 4.0
Sur-Tax	56.4	58.1	+ 1.7	15.1	17.8	+ 2.7
Estate, &c., Duties ..	79.8	83.0	+ 3.2	58.7	60.4	+ 1.7
Stamps	25.7	27.0	+ 1.3	17.3	13.3	- 4.0
E.P.D. & Corp. Profits Tax	2.2	1.7	- 0.5	...	...	...
Land Tax, &c.....	0.9	0.8	- 0.1	0.2	0.2	...
Total Tax Revenue ...	654.7	694.5	+ 39.8	357.6	359.2	+ 1.6
Non-Tax Revenue ...	79.5	78.9	- 0.6	60.9	60.2	- 0.7

The estimate of £78.9 millions receivable from non-tax revenue in 1930-31 is exclusive of the appropriation budgeted for of £16 millions from the Rating Relief Suspense Account; and this amount, not included in the £60.2 millions shown above as received in the first nine months of the year, has already been appropriated in full by the Treasury. With regard to tax revenue, whatever may be the eventual yield for the full year from Income Tax, Surtax and Estate Duties (and, however unconscionable may be the application of the fiscal thumb-screw in the next three months, it is unlikely that the estimates of the last Budget will be completely realised), it is evident that Customs, Excise and Stamps will to a considerable extent disappoint Mr Snowden's expectations.

Turning to the other side of the account, we show in the next table similar comparative figures of the main heads of expenditure, again excluding the self-balancing accounts.

The fall in short-term interest rates—a feature of the monetary history of 1930, with which we have dealt in a previous column—has already enabled the Treasury to save in the cost of interest and management of the National Debt substantially more than the amount

anticipated in last year's Budget. On the other hand, apart from the disquieting consideration that the Treasury has already provided over £20 millions this year by way of loan (and, in fact, this is an irrecoverable subsidy) to the Unemployment Insurance Fund—an issue not included in the foregoing table—there is an increase to date of nearly £52 millions in expenditure on account of civil and revenue votes, against a total estimated increase for the year of £49 millions.

EXPENDITURE (excluding self-balancing accounts). (Million £.)

	Year's Issues.			Nine Months' Issues.		
	Actual 1929-30.	Estimated 1930-31.	Estimated Inc. (+) or Dec. (-).	To Dec. 31, 1929.	To Dec. 31, 1930.	Inc. (+) or Dec. (-).
Interest and Maintenance of National Debt	307.3	304.6	- 2.7	272.4	254.4	-18.0
Payments to Northern Ireland Exchequer	5.5	6.0	+ 0.5	3.4	3.9	+ 0.5
Other Consolidated Fund Services	16.6	3.3	-13.3	9.8	1.9	- 7.9
Supply Services—Army, Navy and Air Votes	113.0	110.1	- 2.9	85.9	84.6	- 1.3
Civil and Revenue Votes	258.6	307.8	+ 49.2	180.4	232.1	+ 51.7
Total Ordinary Expenditure	701.0	731.8	+ 30.8	551.9	576.9	+ 25.0
New Sinking Fund (1928)	47.7	55.4	+ 7.7	36.4	39.1	+ 2.7

Bearing in mind the necessary caveats with regard to possible expansion of revenue from direct taxation in the final quarter ending three months hence, we are inclined to fear that Mr Snowden may have to deal with a revenue deficit of anything from £5 to £10 millions, combined with an unprovided for increase in outgoings of somewhere between £20 and £25 millions. If this forecast be approximately correct, and if the final deficit for the year prove to lie between £25 and £35 millions, the task which the Chancellor of the Exchequer will have in framing a Budget next April, with the knowledge that the yield per penny of direct taxation is certain to show a substantial decline in the ensuing year, will be unenviable.

THE WEAKNESS OF INSURANCE DEPOSITS.

(BY A CORRESPONDENT.)

IN 1870, British insurance companies were for the first time forced by Act of Parliament to lodge a deposit with the Government as a protection for their policyholders. Since that date a number of other Acts have been passed imposing fresh liabilities of the same kind, and this week the most recent of these Acts, the Road Traffic Act, has come into force, demanding from every company that is an authorised insurer (if not exempt under a previous statute) an additional deposit of £15,000 for its third-party motoring risks. This event has led to a state of affairs that calls for a little healthy ventilation.

The facts are that at least one insurance company which has become an authorised insurer by the deposit of £15,000 has notoriously been in financial difficulties for some months past. It has admittedly not been able to meet its claims as they are presented, but has delayed payment and conserved its resources by dilatory methods and by making such arrangements for postponement as its policyholders will consent to. Its embarrassment has not been disguised, and there can be little doubt that one of its reasons for delay and slow payment this year has been the necessity for collecting its £15,000 to be recognised as an authorised insurer by the Ministry of Transport or the Board of Trade.

Men of business will doubtless realise that the Government in drawing up its list of authorised insurers does not pretend to guarantee the solvency of the companies or to give the public any undertaking that they will continue to meet their liabilities; but the public is not composed entirely of business men, and it will be widely assumed that a concern which carries so high-sounding a title as "authorised insurer," officially bestowed, is

strong enough to deserve support and confidence. That a weak company should be able to advertise itself as an authorised insurer under the Road Traffic Act is clearly an undesirable thing. But apart from this there are two special considerations to which the attention of the Board of Trade ought to be called:—

(1) By taking from a weak company a sum of £15,000 and earmarking it for a special class of policyholder the Government is doing an unmistakable injury to other policyholders who have claims against the company unsettled. These policyholders accepted the security of the company at a time when they thought, and thought rightly, that the company's full assets were available (subject to any earlier deposit) for the settlement of the company's general liabilities, and now at a critical moment a large part of the assets on which they had relied are sequestered and put into cold storage for one particular section lucky enough to catch the eye of Parliament.

(2) While the deposit earmarked for motoring claims improves the position of the motor policyholder as against other classes of policyholder, it does not give even to him an adequate security, for the strength of a company rests not on its assets immobilised in the keeping of the Accountant-General, but on the reserves and funds available for its day-to-day business and on the skill and soundness of its management. A single claim might easily absorb the whole amount of the deposit, and if a large motor account is being written, a mere £15,000 would go but a short distance towards meeting the liabilities of the motor department. To attach a value to such a deposit, even from the point of view of the protected policyholder, we must know what is the extent of the liquid assets, what is the size and nature of the business that is being transacted, and from what funds the deposit was supplied. A deposit supplied from current premiums is little better than useless.

Useless, too, is a system of deposits which, like our present system, takes no account of the size or the quality of the business that the particular insurance company is undertaking. As things stand, if a company has by Act of Parliament to make a deposit at all, then, whether its business is vast or trivial, speculative or safe, its deposit is exactly the same. A life company which is writing £2,000,000 of new business in 1930 keeps deposited the same figure of £20,000 that it first deposited in 1870, when its annual new business was only £50,000, and from a small accident company whose motor risks are made up of privately owned cars in agricultural districts the same deposit is demanded as from a company writing a big motor account in heavy catastrophic risks, like long-distance motor coaches. If £15,000 is adequate for the one, it is absurdly inadequate for the other; but no attempt is made to distinguish between the two.

And if this plan of deposit-taking is of little use at home, it is very definitely injurious to British interests abroad. A British Government which demands deposits of fifteen and twenty thousand pounds as a condition precedent to a company doing business in Great Britain can have no grounds for objecting to any foreign Government adopting the same precautions; and many are the Governments that have adopted it since we began to do so sixty years ago. Insurance cover is one of the most valuable branches of Britain's export trade, but the deposit system, which was started to provide security, has been developed to provide protection, and there are now few countries in the world which do not by setting up a deposit barrier check the freedom and hamper the business of our great insurance interests. It has been estimated that an insurance company which wished to do fire business in some fifty countries of the world would have to tie up in deposits no less than £560,000 of its assets, and if to fire it added marine and accident business that figure would be doubled and amount to £1,120,000.

The Board of Trade and such other departments as are interested in the control of insurance companies are now so well accustomed to regard a deposit as the natural guarantee of security that it will probably not be easy for them to shift their point of view and consider any

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alternative plan. But in view of the injury which has been done to British companies by foreign deposits, and in view of such unfortunate results as have already sprung from Section 42 of the Road Traffic Act, the responsible officials might well ponder the possibility of adopting for more general use the system of supervision used for the underwriting members of Lloyd's. Way back in the nineteenth century the Committee of Lloyd's adopted the deposit system and made every new member deposit in trust a sum of £5,000. The Committee did then what the British Government does to-day—it took the same deposit from everybody, whatever the nature and the size of his business, and having taken the deposit left him to carry on. But rather more than twenty years ago the Lloyd's policy in this respect was completely changed, for the Committee then realised that a continuous check on an underwriter's figures was more valuable than a fixed deposit of securities. The deposits were continued, but they were fortified by what is known as "the audit" and by a limitation of the size of every man's business in accordance with the value of his deposit. By the audit the Committee of Lloyd's set up a standard of solvency to which every underwriter must attain, and each year he must prove to the Committee that he has not fallen below that standard; while by limiting the size of the premium income and by satisfying themselves of the sources from which the deposit is supplied, the Committee see to it that the foundation is sound and that the structure imposed on it is not top-heavy. To submit insurance companies to the same kind of supervision might be a matter of difficulty, but it would be worth while to go to some trouble to prevent such absurdities and inconsistencies as flow from the present method, and if it were possible (as in time it might be) to secure international action, the gain to insurance interests from the lowering of national barriers would be enormous.

A GREAT INDUSTRIALIST.

"UNTIMELY" is the epithet usually applied to the demise of youth. But although Alfred Moritz Mond, first Baron Melchett, had passed well beyond the span of three score years when fate laid its hand upon him last Saturday, the epithet is in a peculiar sense applicable to his death. It is applicable to the close of a political career only recently reorientated and in its new direction still far from the fruition of its promise. It is applicable to the removal of the hand of the master builder from a vast fabric of industrial development on which much work remains to be done.

This being so, Lord Melchett's place in British history will be determined largely by the success or failure of those upon whose shoulders his mantle will fall. For such mistakes as he made—and mistakes there needs must be in the performance of tasks so vast—his succe-

sors will perhaps bear the blame; but failure or success on the part of his successors in completing the great industrial structure which he founded will redound to the ultimate fame or belittling of the architect initiator. We leave for description on another page the ramifications of his industrial enterprises and the steps that led to their creation and expansion. The scope and range of interest and achievement there revealed will surprise all who were not conversant with the extent of his activities. From the catalogue it is possible to draw a picture of the man—a man of bold imagination, with vision not limited by national or Imperial boundaries; a man who clearly foresaw that in a world whose economic interdependence was daily growing the need for industrial co-operation was every day more urgent; a fervent prophet of bigness; an apostle and vigorous ensuer of the doctrine, which British industrialists have been admittedly too slow to accept, that effective reorganisation is essential to British manufacture if it is to live in a changed world of large-scale units of production in ever closer and keener competition. His giant creations may prosper or they may fail; the structures he planned may be storm-proof or essential weakness may be disclosed; and, without detracting from Lord Melchett's great gifts in the rôle of industrial field-marshal, it may be frankly admitted that in details of organisation his touch was less sure, while his policy in company refinancing was frequently open to criticism. Nevertheless the vision of the architect remains, and to whatever degree failure he ultimately mingled with success, who can say what would have happened had not the hand of the master been removed at a moment when economic difficulties of unprecedented magnitude had to be faced and when the task of fuller and more cohesive development yet remained to be achieved?

In the minds of the masses Lord Melchett's name had become synonymous with a new and more organised capitalism, and the caricaturist had found in him a model for the man with the bulging money bags and the puller of a thousand industrial strings. And it is so, perhaps, that he may pass into legend. But his memory deserves far more than that at the hands of the historian. He was something more than the typical industrial Colossus, long familiar in other industrial countries, such as Germany and the United States, but comparatively new to Britain. If history treats him fairly, it will place very prominently on his record the broadness of view which characterised his industrial leadership in the critical days that followed the General Strike of 1926. At a time when organised labour was wearied by defeat and depleted of the sinews of war, many, far too many, employers seized upon what they regarded as a golden opportunity to drive the hardest possible bargains. Sir Alfred Mond read the opportunity in another and a bigger sense. In the picture, as he saw it, of the labour ranks disillusioned at last as to the effectiveness of belligerent policy, he

detected a real chance of founding the basis of a practical co-operative machinery worked in unison by the accredited leaders of employers and employed. His initiation of what became known as the Mond-Turner Conference (the final report of which was published on Thursday), may, in spite of his more spectacular activities, come to be regarded as his greatest service to the country. For although those discussions have not wrought the miracles of which he may have dreamed, they did much to further mutual appreciation of common problems, and, as a great trade union leader admitted the other day, the mere fact that they have taken place has brought about a change in the circumstances and in the atmosphere of industrial negotiation.

In such a career and in such a character anomalies and contradictions are inevitable, and of these perhaps the strangest and most deplorable is the fact that during the very period when his vision was becoming more and more international he began late in life to denounce the creed of fiscal freedom, to the championship of which he devoted a major part of a parliamentary career which once bade fair to eclipse his industrial feats. Arresting, too, in its rarity is the combination in one mind of high and enlightened idealism with a hard practical realism—a combination which in Lord Melchett was most clearly illustrated by his almost fanatical belief in the possibility of attaining human progress through the practical application of scientific knowledge and discovery.

We cannot expect to find that Lord Melchett was the only Napoleon into whose dreams of bigness the insidious germs of mere megalomania never crept in. But upon one point there may be general agreement. In Lord Melchett the country has lost, as Zionism has lost, as the Empire has lost, a devoted servant and leader, a captain of commanding personality, a man of very wide knowledge and memory beyond most men of his time, of unbounded vitality and indefatigable industry. Whatever his mistakes or failures, whatever the defects of his qualities, the country at this moment, when real leadership is one of its greatest needs, can ill spare a man who harnessed his unusual ability to what he conceived to be the chariot of real and sane progress.

Notes of the Week.

The Coal Stoppage.—Counsels of despair have unhappily prevailed in South Wales, and on Thursday an almost complete stoppage of work began. It is significant of the tragic folly of this outbreak of industrial hostilities that the issues which eventually separated the disputants were by no means wide. Originally, it will be recalled, the colliery owners in South Wales proposed that when Part I of the Act of 1930 came into operation on December 1st, a 7½-hour day should be worked on each day of the week except Sunday, whereas previously the hours had been eight on Monday to Friday and seven on Saturday; that the minimum percentage to be added to the basic (1915) rates should be reduced from 28 per cent. to 10 per cent.; and that the subsistence wage of 7s. 10½d. per day to the lowest paid workers should be cut to a figure under 7s., and overtime payments drastically restricted. These terms were rejected by the miners, and a stoppage at the beginning of last month was averted only at the last moment by the miners' acceptance "under protest" of an alternative offer that existing wage rates should be maintained and that eleven 8-hour shifts per fortnight should be worked. This arrangement was to last until December 31st, and shortly before Christmas the South Wales miners submitted to the National Board, in the absence of agreement locally, a claim that instead of this 88-hour fortnight (a system which meant the loss of one day's pay per fortnight in the case of day-wage men), a 45-hour week with six working days should be inaugurated as from January 1st. Having considered this claim, the National Board recommended that up to March 31st there should be no alteration of existing rates of pay, and that hours of work below ground should be 7 hours

36 minutes on Monday to Friday, and 7 hours on Saturday, or alternatively, 7 hours 40 minutes Monday to Friday and 6 hours 40 minutes on Saturday. These recommendations the coal owners, who had consistently declined to recognise the National Board, were unwilling to accept, and, since the miners' refusal to extend beyond December 31st their assent to the "spread-over" system, temporarily arranged, made it legally imperative that the mines should adhere to the statutory 7½-hour maximum, they put forward on Wednesday of this week fresh terms on that basis. These were that piece-workers' rates of pay should be unaltered (earnings would, of course, be reduced by shorter hours) and that the minimum percentage on basic wages, overtime payments and other conditions should be maintained, with the exception that day-wage men's pay per shift should be reduced by one-sixteenth. These proposals proved as unacceptable to the miners as the alternative of continuing an eleven-day fortnight, and the stoppage began, notwithstanding that the owners had proposed that, failing agreement by January 14th on the conditions to operate from February 1st onwards, reference should be made to an independent arbitrator. For this deplorable deadlock it is beside the point to endeavour to apportion blame. The mineowners' final proposals were a substantial advance on those which they had made a month before, and neither the South Wales miners nor the National Board have seriously contested the proposition that the coalfield is not at this juncture able to make ends meet on a rigid 7½-hour day without economies in wages. Given the fact that the principle of some kind of spread-over had been accepted by the miners in South Wales, and that the owners had tacitly admitted, to judge by their last offer, that wage rates could not be drastically reduced without real hardship, it is difficult for the general public to understand how it was that a working compromise could not be achieved. We must hope that on Saturday, when negotiations are to be renewed, wiser counsels will prevail.

New Year Honours.—The Honours List, which, according to tradition, was issued on New Year's day, is of less interest to the City than usual. Indeed, the financial world has only three prominent representatives. Sir William Plender, by his outstanding services in accountancy, both to the State and industry, fully earns the Peerage, whose conferment, we regret to note, coincides with a great bereavement; while two Baronetcies fall to leading figures in insurance circles, Sir George May, secretary of the Prudential, and Mr Ernest Debenham, who is a director of the Royal Exchange Assurance Corporation as well as of Lloyds Bank. The list, as a whole, is characterised by discrimination and discretion. Science and the Arts and many forms of real public service are recognised, and purely political rewards are laudably inconspicuous. Few could have cavilled at the Prime Minister had he seized the opportunity to reinforce his weak Front Bench in the House of Lords. But he has resisted the temptation, and is entitled to credit for putting into practice the formula "honour where honour is due" far more successfully than any of his predecessors at Downing Street.

The Pope Reviews the Year.—At the close of every calendar year it is customary for the Pope, in reply to a Christmas greeting from the College of Cardinals, to review the history of the past twelve months from the standpoint of the Vatican. His Holiness has just surveyed the events of 1930, and it is interesting to observe the proportion and perspective in which he sees them. Assuredly he spoke for both the conscience and the common sense of the average man when he shot an arrow at the dragon of nationalism. It was difficult, he declared, for peace to prevail between the nations "if in place of the old and genuine patriotism there should reign and be diffused an egoistic and unbending nationalism"; and he defined the evil spirit of nationalism in terms which all of us—Catholics and non-Catholics—

may take to heart. The Catholic Church is international by definition, and its tradition of internationalism—handed down from an age before modern nationalism was conceived—may prove to be one of the supremely valuable treasures in our social heritage. Considering this potential value of the Catholic tradition, we regret that His Holiness thought fit, in the course of the same survey, to stress other elements in the Catholic tradition which surely belong altogether to the past. It will be remembered that, after the conclusion of the Concordat between the Vatican and Italy in 1928, the Italian Government passed a law which brought the position of non-Catholic cults in Italy—e.g., Protestantism and Judaism—into line with the new position accorded to Catholicism. This law was really inevitable; for while the civil law of a modern state may restrict the social and legal scope of all religious cults impartially, it is incompatible with what is best in the spirit of the modern state that any differentiation should be made in the degree of liberty accorded to this cult and that. It therefore seemed unfortunate when the Pope intimated his displeasure at this law at the time of its passage. On the present occasion he has returned to the charge in a complaint against "the non-Catholic, and even anti-Catholic, proselytism which is being carried on in Italy, and especially in Rome itself." He maintains that this is not covered by the new Italian law, and that it is a direct violation of a clause in the Lateran Pact, in which "the sacred character" of Rome is recognised. In the same vein, he complains that, after the return of King Boris and Queen Giovanna to Bulgaria, the Catholic marriage ceremony which was performed at Rome has been supplemented by the ceremonial of the Bulgarian Orthodox Church. With all respect, we submit that this is an untenable position; for, while the essence of the Catholic Church is its universality, it has no monopoly. If it is good that Catholicism should range from China to Peru, it cannot be bad that Judaism and Protestantism should have a footing in Rome. The power of the Churches in the modern world will be in proportion to their freedom from local ties; as an antidote to earth-bound nationalism, it may be an immense power for good; but they will nullify this power unless they learn to exercise it in concord and co-operation.

The League and Latin America.—The visit which the Secretary-General of the League of Nations, Sir Eric Drummond, is paying to Latin America at this moment is happily conceived. For the Latin American States members at present constitute by far the largest and most important single group of members outside Europe; their membership is a standing witness to the fact that, notwithstanding the non-co-operation of the United States, the League is a world-wide institution whose services are at the disposal of states in every continent; and this characteristic of the League is of fundamental importance in an age when continents as well as countries are being dwarfed by a system of society whose natural range of operation is now on the world-wide scale. The structure of the League by no means rules out the possibility of regional organisations within the world-wide framework. This is recognised in the Covenant itself, with explicit reference to the Monroe Doctrine—a reference which cannot be very agreeable to Latin American feelings so long as the Monroe Doctrine remains a unilateral policy of the United States and has not been transformed into a co-operative policy of all the fully self-governing states of the Americas, from the Argentine to Canada. Meanwhile, the practical possibility of harmonious interplay between a world organisation like the League and a regional organisation like the Pan-American Union was brilliantly demonstrated at the time of the conflict between Bolivia and Paraguay in the Gran Chaco. On that occasion the Council of the League intervened, as in duty bound, on its own initiative, but remitted the task of conciliation to the Pan-American Organisation as soon as it became apparent that the latter was able and willing to act effectively. There was no question of a conflict of jurisdictions or of

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a jealousy prompted by narrow-minded considerations of prestige. In fact, Pan-Americanism is not the obstacle to the progress of the League in Latin America. If anything impedes that progress, it is the local rivalries and susceptibilities of the Latin American states among themselves. At the beginning, Brazil played the part of the leading Latin American country in the activities of the League—a natural position in view of the size of her territory and population, but a position which gave offence to the Argentine. The consequence was that the Argentine—nominally an original member—has held aloof from the proceedings of the League almost from the start; and even the subsequent withdrawal of Brazil has not yet induced the Argentinian Government to modify its policy appreciably. Brazil withdrew because, when Germany received a permanent seat on the League Council, other claimants to the same privilege were asked to be content with seats of the new "semi-permanent" kind. In these circumstances, Poland submitted with a good grace; Spain withdrew and came back; Brazil withdrew and has not come back so far. These differences in behaviour correspond to the respective distances of the three countries from the political storm centre of international affairs. Politically remote and sheltered, the Latin Americans are apt to feel that a League which is a necessity for Europeans is a superfluity for them. Nowadays, however, we are suffering from an economic storm which has no storm-centre, since the depression is world-wide. The slump in prices has hit the Latin Americans as hard as anybody; and the idea of a world-wide organisation, capable of dealing with world problems on the world-scale, may therefore appeal to Latin American minds with an entirely new force when it is translated into economic and financial terms.

The Politics of Lilliput.—Public opinion in Andorra, San Marino and the Vatican City will doubtless be concerned at the news of the rebuff which the cause of parliamentary government has just received in the sister-state of Monaco. On Boxing Day, the Prince of Monaco promulgated a decree suspending the constitutional organisation which he had bestowed upon his subjects in 1911 and 1917. The functions conferred on the Monegasque National Council in those years are to be exercised—and this only in a consultative capacity—by the Council of State, while the functions of the Municipal Council and the Communal Council are to be exercised by a Special Delegation. The preamble to the decree arraigns the "party rivalries, degenerating into personal quarrels, which for some months have been giving rise to demonstrations and disorders." The indictment sounds harsh in view of the statistical facts; for it is difficult to understand how personal quarrels could ever have risen to the level of party rivalries in a body politic where Leviathan has such a modest number of heads. Monegasque politics must be rather like those of that short-lived universal church which drove to its oecumenical council (in Peckham) catholically in a four-wheeler and departed schismatically in two hansom cabs. Surely the "prejudice to public order and to the regular administration of the county" which this Monegasque storm in a teacup has caused can hardly have been so "grave" as the Prince avers. But perhaps the damage to "the economic life" of the Principality, which he

mentions in the same sentence, explains the drastic suspension of Monegasque constitutional liberties. For the Monegasquians do not live by taking in each other's washing. Their livelihood depends on a pilgrim traffic—though not quite of the same kind as that from which their brethren the Vaticanians and the Palestinians and the Hijazis make their livings. But the pilgrims who frequent Monaco resemble other species of the genus in one crucial point. They are shy birds, who, at the least suspicion of Bolshevism on the Riviera, might take wing, like the swallows, across the Mediterranean and alight, perhaps, at Tangier. The Tangerines already have a scheme afoot for capturing the Monegasquians' business from them. So, after all, His Serene Highness is probably well advised in deciding to take no chances. Thus the Principality reverts to that *régime* of pure autocracy, of the Renaissance type, which already prevails in the City of the Vatican. Let Andorrans and Sanmarines, on their barren and unfrequented mountains, cling to their republicanism if they will. They have nothing to lose by it. Monegasquians and Vaticanians, who live in the Great World, cannot afford to stand out against the political fashion of the times.

National Savings.—In its report for the year ended March 31, 1930, the National Savings Committee expresses itself satisfied with the progress of the savings movement. The sales of certificates were the largest for several years, though, as the following table shows, encashments also exceeded those of the two preceding years:—

	(000's omitted.)		
Year ended March 31st.	1927-28.	1928-29.	1929-30
No. of Certificates sold	46,761	52,342	52,624
Cash value of certificates sold	£37,409	£41,874	£42,099
Average number of certificates sold weekly	899	1,007	1,012
Repayment of certificates excluding interest	£46,784	£43,083	£45,297
Grand total of certificates sold since 1916	852,558	904,900	957,524
Cash value of above	£667,656	£709,530	£751,629
Amount of principal remaining invested on March 31st.....	£362,448	£361,239	£358,041
Estimated total amount due to certificate holders, including accrued interest	£483,500	£483,240	£480,000

The fact that the total amount due to holders has fallen by almost exactly the same sum as the principal outstanding indicates that the encashments must have consisted largely of old certificates, the withdrawal of the interest on which has been sufficient to balance the year's accumulation of interest on the remainder. Of the certificates issued, £989,507 were issued in exchange for first issue certificates, and of those cashed, £930,307 were transferred to 4½ per cent. Conversion Loan, 4 per cent. Savings Bonds, or Third Issue Certificates. This latter figure compares with £2,080,975 in the preceding year, and, whereas the net decrease in this class of investment in that year amounted to only £223,374, in the year under review it was £3,256,705. This is not surprising, in view of the economic conditions which characterised the closing months of the period. That it does not denote any decline in the strength of the movement is shown by the increase in the number of savings associations from 28,174 at March 31, 1929, to 29,273 at March 31, 1930.

Bankers' Clearings in 1930.—The return of the Bankers' Clearing House for last year showed that town clearings amounted to £38,783 millions, as against £39,936 millions in 1929, metropolitan clearings to £1,812 millions, as against £1,882 millions, and country clearings to £2,964 millions as against £3,079 millions. The grand total came to £43,558 millions, as against £44,897 millions. In view of the inactivity of the Stock Exchange and the contraction in the volume of new capital issues, the shrinkage of only £1,153 millions in town clearings seems surprisingly small, but the explanation is that town clearings comprise a huge mass of routine payments, mainly arising from money market and allied operations,

which are not affected to any great degree by the general state of business. The decrease of £70 millions in metropolitan clearings is in the main an indication of the state of retail trade in London, and as this decline amounts to only 2.8 per cent., it is fully explained by the fall in London retail prices. Perhaps the most surprising result of all is the decline of £115 millions, or only 3.7 per cent. shown by country clearings. When allowance is made for the falling-off in business and for the fact that 1930 wholesale prices were on the average only 36 per cent. of those current in the previous year, this contraction is unexpectedly small. It is noticeable, however, that the percentage steadily increased as the year progressed, until for the fourth quarter of the year alone it was as high as 7.5 per cent. Even this last figure, however, is much smaller than that representing the fall in wholesale prices. The provincial clearing house figures, however, tell another story. Clearings at Bradford for the whole year contracted by as much as 27.2 per cent., and for the fourth quarter alone by no less than 33.4 per cent. The year's decreases for Liverpool (19.1 per cent.) and Manchester (17.9 per cent.) were nearly as bad, while those for Sheffield (12.9 per cent.) and Leicester (11.4 per cent.) were serious. With the exception of the last-mentioned centre, the contraction is accentuated in every case where comparison is confined to the last quarter alone.

Governor Stringher.—Our Turin correspondent writes: The death, on Christmas Eve, of Signor Stringher, Governor of the Bank of Italy, is a grave loss both to the bank and to the country. Born at Udine in 1854, Senator Stringher was a student at the Venice School of Economics during the time when Italy's greatest nineteenth-century economist, Francesco Ferrara, was director of the school. In 1875 he was called by Signor Rodio to the Central Statistical Office at Rome, and he rose rapidly from one responsible office to another. The Bank Act of 1893, of which, as Inspector-General of the issue banks, he was the principal author, was the outcome of the banking crisis which followed the Banco Romana scandals and the note forgeries of that year, and still remains the foundation of Italian banking law. Signor Stringher became a Member of Parliament in 1900 and was soon appointed Under-Secretary of State to the Treasury. On the death of Signor Marchiori he was appointed Director-General of the Bank of Italy and in this office, which was changed to that of Governor in 1928, it was his duty to administer the Act of which he had been the main author. Under his guidance the Bank of Italy greatly improved its position and successfully withstood the crisis of 1907 and the still greater strain imposed by the war. Small of stature and unassuming in manner, Signor Stringher was noted alike for his courtesy to visitors and for his ability to soften, by the manner of its utterance, the negative reply which it is perhaps the first duty of the Governor of a bank of issue to know when and how to give. It is difficult, if not impossible, to determine whether he made a firm enough stand against government pressure for constant new note issues during the war, but it is certain that he made a firmer stand than many of his colleagues in other countries and that he subsequently succeeded in reducing the issues from over 22,000 million lire to less than 16,000 millions. The balance sheet of the Bank of Italy at the time of his death is a testimonial to the soundness of his administration. In addition to his practical banking activities, Signor Stringher held a chair at the University of Rome for some years and was a member of many learned societies. His annual reports to the shareholders of the Bank of Italy will remain a classic source of the economic history of Italy during the first thirty years of this century.

Cotton Labour Troubles.—A serious position has arisen in the Lancashire cotton industry as a result of the determination of the weaving employers to introduce the "more looms per weaver" system, and the refusal of the trade unions to accept the terms put forward or to

negotiate with the employers on the general question. It is the intention of the employers, writes our Manchester correspondent, to put this system into operation on January 5th, and the Operative Weavers' Amalgamation have decided to withdraw the labour of their members from any sheds where the system is started. It may be pointed out that so far back as March, 1929, an experiment was begun at Burnley, with the approval of the local operatives' association, in order to ascertain the advantages or otherwise of weavers working eight looms instead of the usual four, the weavers being assisted by helpers who do labouring work, such as carrying weft and cloth. This experiment was confined to ten firms, and each firm was limited to running 4 per cent. of their looms under the revised conditions. After a twelve months' trial, the Cotton Spinners' and Manufacturers' Association, which embraces all the employers' local associations in Lancashire, wished to extend the system, but the workpeople by ballot decided against such a development. Two or three months ago the employers drew up a wage scale for running six, eight or ten looms under the new system, and this was submitted to the trade unions, but the latter refused to negotiate on the proposals. This action was followed by the decision of the employers to allow their members to work the new system from January 5, 1931, one of the conditions being that no firm should work more than 25 per cent. of their looms in this way during 1931. At the time of writing a deadlock exists; but it is expected in Manchester that Sir Horace Wilson, the Chief Industrial Adviser to the Government, will intervene and endeavour to arrange a joint conference between the employers and the trade union officials. The chief objection of the workpeople is that this innovation will mean a large displacement of labour, but the employers have offered to introduce the new system very gradually, and it is designed to reduce appreciably the costs of production and thus enable Lancashire to regain some of her lost trade.

Mr Bennett and Western Canada.—In a letter written a fortnight ago, which appears in our Overseas Correspondence columns, our Ottawa correspondent describes the acute distress in the western provinces of Canada, and mentions various measures proposed for the relief of the western farmers. Meanwhile Mr Bennett, in a broadcast speech last Tuesday, has announced a definite policy. He stated that the Government had already taken steps, by extending credit facilities and by other arrangements which he thought it wiser not to discuss, to prevent forced liquidation of the 1930 crop, but he wisely rejected the idea of a guaranteed wheat price, on the ground that a large part of the wheat has to be absorbed by external markets. The Prime Minister expressed approval of Mr Beatty's plan for establishing a farm finance corporation, with transport companies, banks, insurance, mortgage and industrial companies as shareholders, to assist cereal farmers to embark on mixed farming, and stated that a capital of some five million dollars would be used as a revolving fund. Mr Bennett also declared that the Government was occupied in finding permanent markets for Canadian products by protecting the home market, extending Empire trade, and revising treaties with foreign countries, and it is difficult not to read into his words a hint of possible further tariff increases. He expressed himself hopeful of an increase in Empire trade as a result of the continuation of the Imperial Conference next summer, and he announced that on representations by himself to the French Government of the urgency of the promised adjustment of Franco-Canadian trade in wheat, which has almost been killed by repeated rises in the French tariff, the French Government had undertaken to purchase between 7 and 9½ million bushels of the 1930 wheat crop. Further, the Canadian Minister to Japan was on his way to China to attempt to procure a similar guarantee for the purchase of a million bushels. Many of these measures should contribute in some degree to alleviate the situation. An abandonment of their sole dependence on grain would permanently strengthen the position of the farmers, and anything ministerial sales-

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manship can do to procure guaranteed markets will *pro tanto* relieve the present situation. But how tariff protection of the home market can help anybody without disproportionate injury to those who most need assistance, it is for Mr Bennett to explain.

Bank of Montreal.—The report of this bank for the year ended October 31st clearly reflects the fall in commodity prices and the spread of the trade depression. As is shown by the following figures, extracted from the bank's balance sheet, there has been a general contraction in the bank's earnings and resources, which, as stated in the general manager's address to the shareholders at the annual general meeting held on December 1st, is directly due to the fall in security and commodity prices. The chief exception to this contraction is to be found in investments, which have risen by \$53,000,000. This shows that the Bank of Montreal, like the majority of banks throughout the world, has had to divert to gilt-edged securities resources for which in more normal times other and more remunerative forms of employment would have been found.

	October 31, 1929.	October 31, 1930.
	\$ thousand.	\$ thousand.
Notes in circulation.....	45,465	39,724
Deposits not bearing interest.....	178,284	148,046
Deposits bearing interest	594,049	540,977
Gold, notes, &c.	116,965	100,047
Balances due by banks outside Canada...	30,728	35,119
Call and short loans in Canada	39,407	17,841
Call and short loans in U.K. and U.S.A.	115,506	60,922
Investments	129,611	182,640
Loans and discounts	435,976	359,703
Net profit for year	7,071	6,519

The heavy fall in call loans, both at home and abroad, is the direct consequence of the prevailing stock market depression and inactivity all over the world. The contraction of \$76,000,000 in loans and discounts is in one sense reassuring, for it dissipates any fears lest the Canadian banks may have become too inextricably involved in the impasse arising from Canada's huge wheat stocks and the collapse of wheat prices. It is also reassuring to learn that the general managers' address called into question the wisdom of placing such widespread reliance upon one type of crop, especially when the bulk of it must be exported. The report also states that considerable progress is already being made with the development of mixed farming, and this, again, is encouraging news. Nevertheless, Canada is still mainly an agricultural country, dependent upon foreign markets, and as the report admits, stable conditions in the world at large are needed. Until these are restored, many of Canada's difficulties will continue, and Canadian banks, in their turn, will have to exercise some circumspection in maintaining a balance between the requirements of their customers and the need of maintaining in times of falling prices an adequate margin of security.

New Life Assurance Business.—New Year's Day has produced the customary batch of announcements of new Life Assurance business transacted in the year 1930. After making allowance for the natural reluctance of those offices which have failed to register an increase, to make

THE REVENUE.

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1931, as compared with the corresponding period of the preceding year.

	Quarter from October 1 to December 31, 1930, compared with the corresponding quarter of the preceding Year.				Period from April 1 to December 31, 1930, compared with the corresponding Period of the preceding Year.			
	Quarter ending Dec. 31, 1930.	Quarter ending Dec. 31, 1929.	Increase.	Decrease.	Period ending Dec. 31, 1930.	Period ending Dec. 31, 1929.	Increase.	Decrease.
Ordinary Revenue.								
Inland Revenue—								
Income Tax	£ 19,585,000	£ 17,881,000	£ 1,705,000	£ ...	£ 79,347,000	£ 75,340,000	£ 4,007,000	£ ...
Sur-Tax, including Arrears of Super-Tax	4,230,000	3,630,000	600,000	...	17,810,000	15,120,000	2,690,000	...
Estate, &c., Duties	17,570,000	16,910,000	660,000	...	60,350,000	58,700,000	1,650,000	...
Stamps	5,360,000	5,710,000	...	350,000	13,250,000	17,280,000	...	4,030,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...	...	10,000	...	10,000
Land Tax and Mineral Rights Duty	30,000	30,000	...	...	180,000	190,000	...	10,000
Total Inland Revenue	45,776,000	44,161,000	2,965,000	350,000	170,937,000	166,640,000	8,347,000	4,050,000
Customs and Excise—								
Customs	31,242,000	29,716,000	1,526,000	...	91,014,000	90,787,000	227,000	...
Excise	35,700,000	37,122,000	...	1,422,000	95,500,000	98,400,000	...	2,900,000
Total Customs and Excise	66,942,000	66,838,000	1,526,000	1,422,000	186,514,000	189,187,000	227,000	2,900,000
Motor Vehicle Duties (Exchequer share)	450,743	136,824	313,919	...	1,702,041	1,760,624	...	58,783
Post Office (Net receipt)	5,650,000	3,600,000	2,050,000	...	10,250,000	8,550,000	1,700,000	...
Crown Lands	440,000	400,000	40,000	...	1,050,000	1,010,000	40,000	...
Receipts from Sundry Loans	9,617,299	5,840,027	3,777,272	...	26,698,494	23,454,093	3,244,401	...
Miscellaneous Receipts	9,966,301	13,441,396	...	3,455,095	22,191,719	27,872,258	...	5,680,539
Appropriation from Rating Relief Suspense Account	...	...	...	...	16,000,000	...	16,000,000	...
Total Ordinary Revenue	139,862,343	134,417,247	10,672,191	5,227,095	435,343,254	418,474,175	29,558,401	12,689,322
Self-Balancing Revenue.			£5,445,096 Net Increase.				£16,869,079 Net Increase.	
Post Office	13,750,000	14,800,000	...	1,050,000	42,250,000	42,350,000	...	100,000
Motor Vehicle Duties apportioned to Road Fund	2,121,257	2,130,176	...	8,919	8,897,959	8,247,176	650,783	...
Total Self-Balancing Revenue	15,871,257	16,930,176	...	1,058,919	51,147,959	50,597,176	650,783	100,000
Total	155,733,600	151,347,423	10,672,191	6,286,014	486,491,213	469,071,351	30,209,184	12,789,322
			£4,386,177 Net Increase.				£17,419,862 Net Increase.	

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the period ending December 31, 1930, as compared with the corresponding period of the preceding Year.

RECEIPTS.	Period ending Dec. 31, 1930.		Period ending Dec. 31, 1929.		ISSUES.	Period ending Dec. 31, 1930.		Period ending Dec. 31, 1929.	
	£	£	£	£		£	£	£	£
Ordinary Revenue, as shown in Account I.	435,343,254	418,474,175	418,474,175	418,474,175	Interest and Management of National Debt	254,374,643	272,583,229	272,583,229	272,583,229
Self-Balancing Revenue, as shown in Account I.	51,147,959	50,597,176	50,597,176	50,597,176	Payments to Northern Ireland Exchequer	3,931,075	3,401,426	3,401,426	3,401,426
Total Revenue	486,491,213	469,071,351	469,071,351	469,071,351	Payments to Local Taxation Accounts	1,892,019	7,472,294	7,472,294	7,472,294
Temporary Advances Repaid—					Other Consolidated Fund Services	...	2,376,692	2,376,692	2,376,692
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	36,917	36,917	36,917	36,917	Total	260,197,737	285,633,841	285,633,841	285,633,841
Under the Unemployment Insurance Acts, 1920 to 1930	...	2,040,000	2,040,000	2,040,000	Supply Services—				
Road Fund	...	...	...	...	Army, Navy and Air Votes	84,620,000	85,920,000	85,920,000	85,920,000
Money Raised by Creation of Debt—					Civil Revenue Votes (excluding Post Office)	232,071,467	180,354,628	180,354,628	180,354,628
(a) For Capital Expenditure Issues—					Total, Supply Services (excluding Post Office)	316,691,467	266,274,628	266,274,628	266,274,628
Under the Post Office and Telegraph (Money) Act, 1928	8,750,000	7,750,000	7,750,000	7,750,000	Total Ordinary Expenditure	576,889,204	551,908,469	551,908,469	551,908,469
By Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	362,600	...	...	...	New Sinking Fund (1928)	39,054,537	36,363,292	36,363,292	36,363,292
(b) Under the Unemployment Insurance Acts, 1920 to 1930	21,040,000	3,330,000	3,330,000	3,330,000	Self-Balancing Expenditure	42,250,000	42,350,000	42,350,000	42,350,000
(c) For other Issues—					Road Fund	8,897,959	8,247,176	8,247,176	8,247,176
By Treasury Bills	2,043,709,000	2,381,866,000	2,381,866,000	2,381,866,000	Total Self-Balancing Expenditure	51,147,959	50,597,176	50,597,176	50,597,176
By 4½ per cent. Conversion Loan, 1940-44	46,774,808	65,550,280	65,550,280	65,550,280	Total	667,091,700	638,868,937	638,868,937	638,868,937
By 5 per cent. Conversion Loan, 1944-64	198,395	29,150,000	29,150,000	29,150,000	Temporary Advances—				
By National Savings Certificates	33,150,000	26,300,972	26,300,972	26,300,972	Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	36,917	36,917	36,917	36,917
By 4½ per cent. Treasury Bonds, 1932-34	23,000,000	...	...	...	Under the Unemployment Insurance Acts, 1920 to 1930	21,040,000	3,330,000	3,330,000	3,330,000
By 4 per cent. Treasury Bonds, 1934-36	551,645,000	531,685,000	531,685,000	531,685,000	Road Fund, under Section 27 of the Finance Act, 1928	4,820,000	2,111,000	2,111,000	2,111,000
(d) Ways and Means Advances	...	...	...	...	Issues to meet Capital Expenditure—				
Repayments—					Under the Post Office and Telegraph (Money) Act, 1928	8,750,000	7,750,000	7,750,000	7,750,000
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	119,299	113,859	113,859	113,859	Under the Capital Expenditure (Money) Act, 1904	...	...	...	...
	3,215,277,232	3,517,494,379	3,517,494,379	3,517,494,379	Exchequer Bonds paid off	777,200	...	...	...
					Less—Paid off by the National Debt Commissioners	414,600	...	...	...
					Unemployment Insurance Acts, 1920 to 1930—				
					Repayment of Amounts Borrowed	...	2,040,000	2,040,000	2,040,000
					Redemption of Debt	1,942,400,000	2,301,940,000	2,301,940,000	2,301,940,000
					Treasury Bills paid off	26,400,000	33,800,000	33,800,000	33,800,000
					Principal of National Savings Certificates paid off	8,852	7,426	7,426	7,426
					Principal of Treasury Bonds paid off	24,568,113	29,409,505	29,409,505	29,409,505
					Other Debt under the War Loan Acts, 1914 to 1919	...	4,729,012	4,729,012	4,729,012
					Securities surrendered for Duties under Section 34 of the Finance Act, 1917	...	45,506	45,506	45,506
					Ways and Means Advances Repaid	523,225,000	491,365,000	491,365,000	491,365,000
					Depreciation Fund	...	5,135,424	5,135,424	5,135,424
					Under the Finance Act, 1917	...	...	...	...
Balances in Exchequer on 1st April—					Balances in Exchequer—				
Bank of England	5,594,595	5,515,917	5,515,917	5,515,917	Bank of England	2,067,764	2,092,234	2,092,234	2,092,234
Bank of Ireland	620,619	736,607	736,607	736,607	Bank of Ireland	631,500	485,942	485,942	485,942
	6,215,214	6,252,524	6,252,524	6,252,524		2,699,264	2,578,176	2,578,176	2,578,176
	3,221,402,446	3,523,746,903	3,523,746,903	3,523,746,903		3,221,402,446	3,523,746,903	3,523,746,903	3,523,746,903

Mem.—

Floating Debt, outstanding March 31, 1930	£ 637,415,000		
	1930.	1929.	
	Dec. 31.	Dec. 31.	
Ways and Means Advances outstanding:—			
Advances by Bank of England	26,250,000	24,240,000	
Advances by Public Departments	50,700,000	53,130,000	
Treasury Bills outstanding	690,235,000	780,245,000	
Total Floating Debt outstanding	767,185,000	857,615,000	
Net Increase	129,770,000		

* Includes £59,000, the proceeds of which were not carried to the Exchequer within the period of the account.

Treasury, 31st December, 1930.

an early public pronouncement of the fact, it is not a little surprising to find that the statements so far made indicate a remarkable all-round increase. Thirteen offices have so far published their returns, and of these only two show a smaller New Business in 1930 than in 1929. Considering the depth of the trade depression in 1930, and the added circumstance that Single Premium Sur Tax Saving Policies were cut off as a source of New Business, as a result of the Finance Act, 1930, the increases recorded are a fine tribute to the vitality of British Life Assurance and of the internal organisation of the offices concerned. The actual returns of the 13 offices are as follows:—

Company.	1929.	1930.
Atlas	3,919,560	4,100,000
British Equitable	516,325	530,000
British General	482,131	508,154
Equitable	965,264	975,000
Equity and Law	1,646,345	1,890,046
Friends' Provident	1,645,844	1,840,000
Legal and General	7,953,864	11,366,352
London Life	2,927,608	3,126,514
National Mutual	859,635	813,403
National Provident	1,215,234	1,637,000
Pearl	11,652,887	10,377,395
Prudential	17,606,949	18,800,000
University Life	167,895	168,225
	51,559,541	56,132,089

The first company on the list, the Atlas, pursues an aggressive New Business policy, and in addition to its Life Assurance business transacts a considerable volume of Sinking Fund Assurances, the amount last year being £2,840,000, compared with £3,550,000 in 1929. Accompanying the New Business statement is an announcement to the effect that the Interim Bonus for the year 1931 will be maintained at the rate of 48s. per cent. compound. It is further stated that the profits earned by the Life Department during 1930 were again large, and that the payment of a bonus of 48s. per cent. compound absorbs only about two-thirds of such profits. The "Old Equitable" shows a moderate increase in Life Business, but the Sinking Fund and Annuity business transacted is on a reduced scale. In 1929 Sinking Fund policies were issued for £175,000, but the corresponding figure in 1930 was £150,000. Again, Deferred Annuities in 1930 were issued for £75,000 per annum, compared with £97,500 per annum in 1929. The increase in the Equity and Law figures is not only substantial in itself, but is still more worthy of mention inasmuch as a considerable proportion of this Society's business in the past few years has been due to Single Premium Sur Tax Saving policies, a source which has almost entirely been denied to it in 1930. The Legal and General figures show yet another remarkable increase on those of the previous year, the 1930 amount, it will be seen, being over 40 per cent. in excess of that for 1929. In addition the company transacts a very large Annuity business which has recently been considerably augmented by the inauguration of Group Pensions on the American system. This latter innovation is probably responsible for a tremendous expansion in the 1930 Deferred Annuity business, which was responsible for new policies of annuities of £569,100, compared with £109,745 in 1929. In addition to the Life Assurance business of the London Life, Sinking Fund policies were issued in 1930 for £111,955, compared with £611,163 in 1929. Moreover the Association has a large Annuity Department, and in that department issued new Immediate and Deferred Annuity policies last year providing for annuities of £114,888, compared with £125,224 in 1929. Although the National Mutual net total is down somewhat, it is of interest to mention that the gross business is slightly in excess of that for last year at £1,094,653, and the difference between this and the net figure indicates that a very considerable proportion of the business has had to be reassured with other offices. The Prudential can usually be relied upon to produce a comfortably increased business, and 1930 is no exception to the general rule. Included in the total the company states that £8½ millions was in respect of policies for over £500, compared with £7,700,000 in 1929.

Overseas Correspondence.

UNITED STATES.

Business Conditions — Prices — Foreign Trade — Crop Values — Money — Railroad Merger — Mexican Credit.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 20.

THE removal of the menace to confidence involved in the failure of the Bank of United States and the supplying of capital to numerous brokerage houses in need of assistance checked the pressure of necessitous liquidation in the share market sufficiently to give prices a chance to turn against an over-extended "short" position. There has been no organised support of shares or of bonds, but in view of the uninterrupted decline in the markets for more than two months, a sharp rally was not surprising.

Much is being made of the sighting of business improvement in some directions, but this does not seem to apply to basic industries. Forward buying is increasing in steel, but the industry is still operating below 40 per cent. of capacity. Railroad traffic is at the low level of 1921, and the motor trade has no assurance that its hopes of larger sales next year will be realised. Holiday retail trade has been on the whole excellent, but merchants complain of much reduced profit margins. Such revival of business courage as might have been induced by the more favourable factors in the situation is damped by the continuous decline in commodity prices. The Farm Board is obtaining an additional \$150,000,000 from Congress, which presumably it will spend largely in a fruitless effort to peg the price of wheat and cotton. No great faith is placed in the Farm Board, and recently cotton has sunk to new low levels. There are also disturbing declines in silver, rubber, sugar and other important commodities, while the gradual rise in unemployment naturally restrains public buying of necessities as well as of luxuries.

Wholesale prices in November dropped 2½ per cent., according to the Bureau of Labor Statistics index, and retail prices of foods fell 2 per cent. Farm products account for the principal decrease in wholesale prices. Raw materials as a whole were lower, but manufactured goods were steadier. A comparison of prices by groups follows:—

INDEX NUMBERS OF WHOLESALE PRICES.
(1926 = 100.)

Groups.	1929.	October, 1930.	November, 1930.
All commodities	94.4	82.6	80.4
Farm products	101.1	82.6	79.3
Foods	98.8	88.6	85.7
Hides and leather products	108.4	96.5	94.0
Textile products	91.5	73.8	73.3
Fuel and lighting materials	81.7	75.1	71.8
Metals and metal products	102.3	90.4	90.2
Building materials	96.0	85.8	85.6
Chemicals and drugs	94.0	86.0	85.2
House-furnishing goods	97.1	95.3	95.2
Miscellaneous	80.1	68.8	67.8
Raw materials	94.8	80.0	76.8
Semi-manufactured articles	95.6	75.5	75.6
Finished products	94.2	85.6	83.7

Foreign trade, as anticipated, fell sharply in November. Exports, at \$289,000,000, were 12 per cent. below the October level and 30 per cent. below that of the same month of last year. They were smaller than for any November since 1914. Imports, at \$204,700,000, showed similar declines and were the smallest for any November since 1916. The excess of exports is comparing favourably with last year. For the eleven months it amounts to \$715,137,000, compared with \$724,892,000 in the previous year. Exports for the eleven months are down \$1,245,971,000 and imports are lower by \$1,236,216,000, a striking reminder of this country's dependence on

foreign trade to remove its surplus of crops and manufactured goods.

In spite of unsatisfactory trade, bankers' acceptances continue to rise. During November there was a gain of \$63,174,000, and at the end of the month the total of \$1,571,417,000 was within \$86,000,000 of the high figure of a year ago. The drop in wholesale prices of about 15 per cent. for the year probably accounts for the decline of 5 per cent. in bills outstanding. Some attention is drawn to a gain of \$14,600,000 in credits extended to finance goods stored or in transit abroad, as indicating the help given by American banks to foreign countries. The bulk of the gain for the month was, however, in domestic warehouse credits.

Some measure of the extent of the trade recession in rural communities may be gained from the recent report of the Department of Agriculture on the value of 1930 farm crops. The value of the nation's principal crops, on the basis of December 1st prices, is placed at \$6,274,824,000, a drop of about 27 per cent. from the level of a year ago. This loss in value was suffered from crops raised on an acreage of 366,507,000, compared with 364,522,000 last year. The drought had something to do with it, but the lower value has been principally a reflection of all-round price declines. In spite of low prices, however, and the exhortations of the Farm Board, farmers are planning to plant nearly as much wheat as ever. The Department of Agriculture estimates that autumn sowing of wheat was only 1.1 per cent. less than a year ago and 1.4 per cent. lower than the five-year average.

After a flurry around the tax date, caused as much by the efforts of banks and individuals to pile up currency reserves owing to fears excited by the bank failures, short-term money rates have dropped back to the former ease. Money rates now are as low as they ever have been since records were kept. Brokers' loans have declined by \$2,250,000,000 over a period of twelve successive weeks, and are at the lowest since 1925, standing but slightly above \$2,000,000,000. The drop has been accompanied by a decrease in reporting member bank loans on securities. The bulge in these loans early this year has entirely disappeared, and the present level is about \$50,000,000 below that of the end of 1929. Still, at \$7,800,000,000 it is about \$2,000,000,000 larger than three years ago, when price levels for shares were nearly the same as now. The larger total easily can be accounted for by the enormous rise in share flotations during the period, but nevertheless it is believed to constitute a potential source of further liquidation in the market.

Member bank loans classed as "all other," which include commercial loans, expanded this autumn about as much as last year, although the total was lower. This is explained by the increased purchase by the banks of bankers' acceptances, which are reported under the "all other" loan heading. This class of loan is now falling sharply. Reserve bank credit outstanding has been virtually stationary at \$1,000,000,000 since early in the year, but a considerable expansion took place in the current week.

Wide attention is focussed on the discussions taking place among the executive heads of the four large Eastern trunk line railroads—New York Central, Pennsylvania Railroad, Baltimore and Ohio, and Chesapeake and Ohio-Nickel Plate-Erie (the Van Sweringen lines)—with a view to a consolidation of all eastern lines outside New England into these systems. If agreement could be reached, it is believed that other mergers would shortly follow, and that the proposed amalgamations into nineteen or twenty systems for the whole country would be accomplished. Merger negotiations are believed to have the earnest support of the Administration. Washington has been assured that once the question is settled the railroads can proceed with their expansion and improvement plans, involving the expenditure of large sums. Comprehensive merger plans, moreover, would solve the problem of the weaker roads, which are finding it difficult to meet their obligations owing to traffic depression.

A Mexican credit of anywhere from \$5,000,000 to \$25,000,000 may be announced shortly by the National City Bank. The credit is desired by the Mexican Government principally for its moral effect on exchange speculators, and in case of actual use it is believed that the credit will be amply protected.

FRANCE.

Budget — Development Works — Unemployment — Prices — Profits.

(FROM OUR CORRESPONDENT.)

PARIS, December 31.

In the programme for the coming session the Budget will have first place. The Finance Commission of the Chamber finished its examination of the expenditure side of the measure last week, and its proposals prove to exceed by about 250,000,000 francs those put forward by the Tardieu Cabinet. The Budget, as it will come before the Chamber, will present a total, in round figures, of 50,500,000,000 francs, with a problematical balance of revenue. So far as can be gathered, the recommendations of the Finance Commission embody to a great extent the proposals put forward by M. Germain Martin, the former Budget Minister, who has now succeeded M. Paul Raynaud as Finance Minister.

Whether the revenue estimates, which were drawn up several months ago, will prove satisfactory, in view of the darkening of the general French economic outlook during the past few weeks, remains to be seen. The first eight months of the present financial year have resulted in a realised surplus of 1,102,000,000 francs, but it is known that supplementary credits opened since April 1st have already totalled over 1,200,000,000 francs (including an additional expenditure of 650,000,000 francs for national defence, chiefly due to the precautions thought necessary in view of the Hitlerist menace in Germany since the last German elections), so that very careful handling will be necessary if a deficit on the current year is to be avoided. As under the previous Budget, no additional taxation is proposed—nor, indeed, would any fresh burdens on the taxpayer, in view of the present not very satisfactory economic outlook, appear to be either necessary or advisable. A decree authorising the opening of a credit of 200,000,000 francs, to provide for proposed reductions of direct taxes, appeared recently in the *Journal Officiel*.

The Tardieu Government's plan for the expenditure of 17,500,000,000 francs during the next five years on improving the nation's economic equipment now appears to be doomed. The principal Opposition argument against the scheme, until a month ago, was that it did not go far enough, and was both niggardly and inadequate in its scope. M. Palmade, the new Budget Minister, indeed, urged that the amount to be spent should be doubled, if any appreciable benefit was to be obtained. Since the Opposition of a month ago replaced the Ministry in office, however, its whole attitude towards the plan for economic development has been reversed. No definite decision has yet been taken, but it is now generally understood that the new Ministry has decided to cut the total contribution to be demanded from the accumulated surpluses of the Treasury for the first year's application of the plan from 5,000,000,000 francs to 2,500,000,000 francs. Only the most urgent works in connection with port, road and inland waterway development, and electrification of the rural districts, are to be undertaken during the coming year; and in those cases in which the proposed improvements have both a general and a local character, the local authorities and chambers of commerce and other bodies are to be called on to share in the cost.

The general economic depression throughout the world is at last visibly making itself felt in this country. A slight further drop in production, a shrinkage in the volume of Christmas trade, and the continued increase in unemployment, coupled with a continued rise in retail

prices, notwithstanding the substantial fall in wholesale prices during the past three or four months, have all combined to produce widespread pessimism, which is beginning to voice itself loudly in the newspapers. That this feeling is exaggerated, however, is evident from all the data. The total number in receipt of unemployment pay during the week ending December 20th is returned as 10,686 (against 8,936 in the previous week), of whom 9,164 were in the Paris area. The number of workers unable to find employment through the labour bureaux during the same week was 20,126, or within 50 of the total for the previous week; 11,790 of these also being in Paris and the Seine Department. Unemployment therefore seems to be practically confined to the capital and the surrounding district, and this may be largely accounted for by the falling off, for obvious reasons, in the various luxury trades on which Paris to a great extent depends. Reports from the provinces give no serious ground for pessimism, either in general industry or in agriculture; and the number of foreign workers brought into the country every week continues to exceed that of the repatriated.

The question of the inconsistency between wholesale and retail prices is more complicated, and is the subject of a sharp controversy, which has so far produced no effective arguments. The explanation probably lies in the circumstance that France, by reason of her protective tariff, her subordination to the fact that she is both an agricultural and an industrial country, the far-reaching influence of writing off four-fifths of the value of the franc, the complexity of her taxation system, and her careful fostering and maintenance of her home market, occupies a position unparalleled by any other country. There is also the question whether the French indices of wholesale and retail prices and the cost of living are compiled on sound principles. The figure for retail prices certainly cannot be accepted without hesitation, as it covers only thirteen articles, of which eleven are foods, while that representing the cost of living of a typical working-class family is vitiated, so far as comparative purposes are concerned, by the special situation in this country of the rent factor.

Profit levels for the past year have apparently been well maintained, and in many cases, judging from the results already made known, appreciably increased. The Bank of France dividend for the year ending at Christmas is announced as 620 francs net, or 62 per cent., against 520 francs for 1929, 350 francs for 1928, 300 francs in 1925, and 190 francs, or 19 per cent., in 1914. Bank of France 1,000-franc shares, which were quoted before the war at around 5,000 francs, stood in the neighbourhood of 25,000 francs during 1929, and on December 31st last at 24,690 francs. They closed to-night at 18,000 francs, representing a yield at present levels of almost exactly 3½ per cent. The vast majority of the shares are held in single units.

GERMANY.

Proposed Customs Agreement with Balkans — Agricultural Credit Relief — Bank Balance Sheets.

(FROM OUR CORRESPONDENT.)

BERLIN, December 30.

A DIFFICULT decision in German trade policy is likely to be called for in the New Year. For some time the States of South-east Europe, which are suffering severely from the world economic crisis, have been trying hard to conclude a sort of Customs alliance with some great European industrial country. They wish, in return for preferential rates on the exports of such a country, to secure a preference for their agricultural products, and this was the idea behind the conferences of Sinaia and Bucharest.

From the point of view of the south-eastern States, Germany would be the most suitable partner in such an arrangement. She requires a large volume of food imports of exactly the kind which these countries produce, and she is very favourably situated from the point of view

of transport, so that she could make excellent use of a preference on industrial products and therefore could afford to pay a proportionately high price for it. The only other country which could enter into a similar agreement is Italy, who would undoubtedly, for political reasons, be very glad to do so. Economically, however, Italy is not a very good complement to Roumania, Hungary, Yugoslavia and Bulgaria, so that it is doubtful whether preferential relations would in this case be so profitable, to say nothing of the fact that, to Yugoslavia at least, closer association with Italy would be as distasteful as association with Hungary and the other Balkan States would be attractive to Italy. It may therefore be assumed that the south-eastern countries have made known their wishes in Berlin with particular emphasis, and there is no doubt that official circles in Germany are giving very serious attention to the proposal.

The most difficult consideration for Germany is the question of the states with which most-favoured-nation treaties are at present in operation. The concurrence of all these states would be necessary for the establishment of preferential duties as between Germany and the Balkans, and Germany would presumably have to purchase it with fairly substantial concessions.

The structure of the scheme also offers many difficulties. However much the system of preferences might strengthen Germany's competitive position in the south-eastern markets of Europe, the purchasing power of the Balkan countries would none the less depend to a great extent on their being given credit. Germany herself cannot grant such credit, so that the question arises what the relationship of Czechoslovakia and Austria to a German-Balkan customs alliance would be. In view of their geographical position and their own agricultural distress, these countries would hardly remain unconcerned spectators. On the other hand, as highly industrialised countries, they would not altogether fit into the system.

These difficulties, however, would probably be overcome if the project appeared unmistakably desirable from the German point of view. The supporters of the scheme urge that Germany would secure a certain market, while on the rest of the world's markets she has to continue, with diminishing hope of success, a struggle against the dumping of other industrial countries and against the even more serious intensification of the protectionism of importing countries. For the moment that is not a conclusive argument, as German export trade has on the whole been very well maintained during the depression, but who can deny that every country which depends on export must watch the growth of protectionism throughout the world with the greatest anxiety? Whether there is to be a reorientation of German trade policy in the direction of closer relations with the Balkans depends ultimately, therefore, upon the development of the protectionist movement in the rest of the world.

Herr Hugenberg has recently drawn up a programme for freeing farmers from debt which will probably become the real platform for the immediate future of the extremist agrarian groups. The scheme involves the abandonment of the principle which has hitherto governed agricultural relief in this country, that of helping only those who can thereby be set on their feet. Hitherto, before credits or subsidies were given, the ability of the farmer to become self-supporting was carefully scrutinised and his methods were supervised for a long time afterwards. Herr Hugenberg, on the contrary, proposes, without individual supervision, to carry through a general wiping out of agricultural debt, at the expense partly of the State and partly of the creditors. This would engulf such immense sums that no Government could carry out the scheme, but the promise of such radical measures from a political leader of Herr Hugenberg's standing is giving rise to hopes which can never be fulfilled, and whose disappointment may have the most undesirable result of helping to engender a radical spirit among the agrarian masses.

After the marked decline in deposits shown by the October bank balance sheets, in consequence of the credit crisis, the November balance sheets show every

sign of returning calm. Whereas in October alone the large banks lost 580 millions deposits and increased their acceptances by 106 millions, in November the decline in deposits was only a further 15 millions and acceptances only increased by 18 millions. At the same time the banks have endeavoured to secure a more liquid position. While loans were still rising in August and September, they fell by 119 millions in October and by 97 millions in November. This reduction is, of course, rendered easier by the further contraction in the volume of production, but the banks have had to work hard, for credit is at present by no means easy to call in.

The cessation of the withdrawals of money, especially foreign withdrawals, has enabled the banks to reduce their rediscounts at the Reichsbank, which had risen during October by almost 300 millions, by 138 millions, in the course of November. Their own bill holdings have in consequence risen by 62 millions in November, after a fall of 264 millions in October, their balances with other banks have risen by 33 millions and their advances against goods by 54 millions. Contangos and Lombards have again fallen 22 millions in consequence of the further contraction in Stock Exchange turnover. It is, however, remarkable that it has been possible, even in November, to reduce securities by 12 millions and participations by 25 millions. It is impossible to tell from the figures how far that reduction was due to falls in quotations and under-valuation, and how far to sales. All the banks are now trying to lighten their holdings of securities by selling parcels of shares outside the Stock Exchange.

CZECHOSLOVAKIA.

**Trade Depression — Agricultural Protection —
Commercial Treaty with Hungary — Budget —
Taxes — Money.**

(FROM OUR CORRESPONDENT.)

PRAGUE, December 19.

THE trade depression in Czechoslovakia is manifested in much the same way, though with not such a high degree of intensity, as elsewhere. The general depression in agriculture is evident from the decline in prices, which, in its turn, is encroaching on farmers' profits and prompting the search for measures of relief in the most pressing cases. Industrial prosperity also has declined remarkably. The textile industry is the greatest sufferer, but other sections, too, are badly hit by the prevailing depression. Building activity shows a noticeable decline, and there is a similar tendency in the iron, building, earthenware and coal trades. The engineering trade is suffering as a result of diminished capital outlay. Those industries which depend most on exports, as, for example, the sugar, malt, glass, leather, earthenware and china industries, are feeling the economic crisis in the export markets very keenly.

Unemployment has increased. During the last month there were 154,615 registered persons seeking employment. Reduction of output is under consideration in certain industries, notably the textile industries, and a Bill to limit the establishment of new sugar factories is contemplated, in harmony with the tendency to international regulation of the output of this commodity.

The volume of export trade has substantially diminished, but an active balance has been retained. During the months January to November, 1930, imports amounted to Kr. 14,439.6 millions and exports Kr. 16,049.1 millions.

To relieve the general distress the Government have introduced into Parliament a Bill authorising an extraordinary credit of Kr. 150 millions, to be utilised for the support of those sections of the community which have been hit most harshly by the economic depression. A number of new Bills for the relief of agriculture have been introduced since the beginning of the crisis, and some of those whose aim was to protect the production of corn and cattle were carried. They included laws regulating the preparation of bread made of rye-flour

and laws giving preference to home products in the consumption of public institutions. New specific Customs duties on cattle and increases in the duties on corn, flour and pigs were introduced, to take effect only if the respective prices fall below a specified level. Further, a compulsory mixing of foreign and home corn in the mills was decreed, and a definite ratio was laid down for the proportion in which foreign flour may be mixed with home flour.

These new duties could not have been put into effect under the commercial treaty with Hungary, as the duties laid down in the treaty were valid for importation not only from Hungary, but also, under the operation of the most-favoured-nation clause, for imports from practically all other countries. After an unsuccessful attempt to deal beforehand with Hungary about the revision of the commercial treaty, this was finally denounced, the date of termination being December 15, 1930. Before the expiry of this term there were some attempts at a provisional agreement, based on the most-favoured-nation clause. These, however, produced no result, and thus, as from December 16th, Czechoslovakia and Hungary are bound by no agreement in their reciprocal tariff relations, a state of affairs which, in view of the very close commercial relations between the two countries, is very unfavourable for both parties. At the same time, the disappearance of some of the duties contained in the expired treaty is affecting trade relations with other countries.

The Czechoslovak Parliament has just concluded its budget labours for the year 1931. Expenditure totals Kr. 9,838.5 millions, and revenue is estimated at Kr. 9,843.8 millions. Both sides show a substantial increase compared with the figures for 1930, the expenditure giving an excess of Kr. 545.3 millions and the revenue Kr. 497.7 millions. The budgets of the years 1926-1930 were based on the principle of stability in the State expenditure with the view to a steady easing of the budget burdens. For the year 1931 the Government expenses show an increase, and the principle of stability has been abandoned. This increase runs counter to the general policy of lowering prices which the Government has been encouraging.

During the past years reserves have been accumulated, which attained an amount of two milliard crowns by the end of 1929, and will have to be considered in covering the increased expenditure. The creation of new reserves will be hardly possible under present circumstances.

The necessity of increasing the revenue prompted some corrections in the fiscal system. The reform of the direct taxes in 1927 was expected to put the fiscal system on a sound basis for years to come. The decline of the yield from direct taxation led to a revision, in the course of which, beside some adjustment of details, the scale of the special profits tax was raised. The beer duty was also raised and the financial administration of the autonomous provincial bodies newly adjusted.

The bank note circulation has declined in recent months, and amounted to Kr. 6,320 millions at the end of November, 1930. The prescribed gold cover and other gold assets were 49.3 per cent. The money market has enjoyed a plethora of short-time and call money; the credit business of the National Bank has declined.

JAPAN.

**Money — Budget Estimates — Foreign Trade —
Prices — Cotton Combine — Census.**

(FROM OUR CORRESPONDENT.)

TOKYO, December 10.

TWELVE banks, with aggregate deposits of 84 million yen, closed their doors during the last two months, and at the beginning of this month another bank failure was reported. This has naturally caused a certain amount of nervousness and added to apprehensions that the end-of-the-year stringency would be unusually severe in view of the difficulties of industrial finance. Monetary stringency has been in evidence, and the expansion in the

note circulation is more than could be accounted for by the seasonal pressure. The banks that failed are, however, mostly small institutions in out-of-the-way towns, and there is no sign of the effects spreading to other banks. Meanwhile, the liberal lending policy which the Industrial Bank of Japan has pursued since its change of governor has materially relieved the difficult position of certain industrial corporations.

As clearing banks have been maintaining a policy of more than ordinary caution, money has still been rather scarce, but now that fears for the year-end have been to a great extent allayed, there has been this week a marked recovery in the stock market; share prices have appreciated, and cotton and electrical shares in particular have gained much of what they lost during recent months. There is admittedly room for doubt whether a bullish view is justified by the circumstances. Commodity markets, though the general situation still remains depressed, show signs of a slight improvement in many sections.

According to the Budget estimates for the next financial year, which begins on April 1, 1931, the total national expenditure is to be 1,448 million yen, showing a substantial decrease of 160.6 millions upon the current year, and of 325.5 millions upon last year. Savings in the fixed charges by way of economy and the postponement of undertakings amount to 127.3 million yen, while some 46 millions is allowed for new items of expenditure. The estimated revenue for the fiscal year 1931-32 is placed at 1,428.9 million yen, revealing a small deficit of 19.1 millions against the approved expenditure.

In order to balance the Budget the German reparation receipts are allocated and the credit allowed by the State Monopolies to the tobacco sellers is shortened. This means that the sinking fund is raided to the extent of the deflection of the German indemnity from the purpose of national debt redemption. A large part of the saving to be made as a result of the London Naval Treaty is reclaimed by the Navy on the so-called naval replenishment programme, and only 134 millions, or 26.3 per cent., of the total is allotted to the redemption of taxes. A petty sum of a little more than 9 millions is apportioned for next year "for relieving the nation from the onerous burden of taxation." This is a disappointment to the taxpayer. The taxes to be reduced are land tax, business tax, and duties on sugar and textiles.

The November trade returns are much less unsatisfactory than those for recent months, for imports were lower by 7 million yen than in October, and exports 11 millions lower. When compared with the corresponding month of 1929, the November results are still more disquieting, imports and exports showing a heavy reduction of 51 millions, or 35 per cent., and 54 millions, or 54 per cent., respectively. The contraction occurred through the whole list of imports and exports, but the worst disappointments in imports are iron and steel and raw cotton; while on the export side the textile trades are particularly discouraging, the aggregate exports of raw silk, silk goods and cotton piece-goods amounting to only 64 millions, as against 105 millions a year earlier. The apparent adverse balance of trade for the first eleven months of this year totalled 93.2 million yen, as against 67.9 millions for 1929. The gold exports during November amounted to 15.2 millions, bringing the net total efflux since January to 319.4 millions.

The downward movement in commodity prices continues, though with less severity than in October. The Bank of Japan's wholesale index number for November registered a drop of 1.5 per cent. on the month and of 23.1 per cent. as compared with November, 1929. The decline is largely accounted for by such comparatively minor articles as beans, tea, beef, ramie and matches; while wheat, cotton yarn, copper and timber have developed an upward tendency.

It has been announced that, subject to the usual formalities, the Tokyo Boseki, a big Osaka cotton spinning company, will take over the Godo Boseki, another large cotton mill. On the completion of the merger scheme, ratified by the shareholders concerned, the Tokyo will con-

trol 42 mills with 1,225,000 spindles and 16,400 looms, which represent 17 per cent. of the total Japanese spindleage. It is stated that the proposed amalgamation is intended to consolidate the companies' position and strengthen their competitive power in markets at home and abroad. This notable cotton mill combine has found general acceptance as a step that will give a lead to other spinning companies, whose reorganisation is overdue.

The results of the national census taken on October 1st last disclose that the total population of the country amounted to 64,447,728, males numbering 32,388,369 and females 32,059,355. This is an increase of 4,710,902 upon the 1925 figure, and an average yearly increase of 942,180, or 1.5 per cent., during the five years since the previous census, as compared with 754,754, or 1.3 per cent., in the 1920-25 period. Males are 329,014 more than females, the proportion of males remaining practically unchanged at 101 against 100 females. The rate of increase is higher in urban districts than in rural districts, the town-dwellers representing 24 per cent. of the whole population, as against 21.6 per cent. at the time of the previous census. The density per square kilometre is now estimated at 169, as compared with 157 in 1925.

CANADA.

**Winter Conditions — Widespread Distress — Farm Relief
Prospects — Wheat Pools — Revenue — Trade
Returns — Prices.**

(FROM OUR CORRESPONDENT.)

OTTAWA, December 16.

THE Canadian winter has so far been very mild, although the snowfall up to date in the Eastern provinces has been heavier than usual. Merchants report that their Christmas sales, while below the level of a year ago, are on the whole better than was expected. On the other hand, the general business depression shows no sign of lifting, and, indeed, seems to be growing rather worse in some parts of the country. Curiously, it is the Maritime provinces, which a few years ago were in a poor economic plight, that are to-day relatively more prosperous than any other part of Canada. In the more highly industrialised provinces of Quebec and Ontario there has been a further curtailment of industrial activity and the unemployment problem remains grave. It is claimed that the special programme for unemployment relief which was planned by the Federal and provincial governments in co-operation with the municipal authorities and the two great railways has probably absorbed about 135,000 unemployed, but it is also estimated that there are still at least an equal number who are without work. Meanwhile there is only left some 8 million dollars of the special unemployment fund voted last September and this sum will not go very far to meet the calls upon it.

Unfortunately the hardship and distress are not confined to the towns. In areas in the northern hinterland of Quebec and Ontario, where the pioneer settlers, while they are clearing their land, rely for their living upon the sale of pulpwood, this commodity is either unsaleable or the prices are so low that the settlers only get a miserable pittance for their labours. As a result hundreds of settlers in this area are very hard pressed for sustenance and are demanding cuts in railway rates which will enable them to get a decent price for their pulpwood. There is reported to be an equal degree of distress and hardship in the more recently settled districts of the prairies where the farmers are solely dependent upon their grain revenues. Their purchasing power has practically vanished and every line of business is being adversely affected as a result. Even the woollen manufacturers, who expected to derive great benefit from the recent tariff increases, now admit that business is worse than a year ago as a consequence of the almost complete cessation of orders from the prairies. How seriously the aggregate income of the country has been

affected by the slump in the prices of agricultural products is demonstrated by a bulletin just published by the Bureau of Statistics, which places the total value of Canada's principal field crops in 1930 at \$629,146,000, as compared with \$948,981,400 in 1929 and with \$1,125,003,000 in 1928. According to these figures the purchasing power of the farming community has been reduced by one-third compared with last year and is not much more than half of what was available in 1928. The most serious decline has been in wheat, whose value fell from \$319,715,000 to \$173,589,000.

The Press has given almost unanimous endorsement to proposals made by Mr Beatty, the President of the Canadian Pacific Railway, that the Federal Government should devise immediately some scheme of relief for the Western farmers. He advocated, *inter alia*, that the Government should assume part of the financial obligations undertaken by the three prairie Governments in connection with their guarantees of bank advances to the wheat pools, and that these Governments, having had the strain upon their credit resources thus relieved, should provide succour for their own distressed citizens. The *Manitoba Free Press* and other Western papers welcome this recognition by Eastern interests that the prairie provinces are entitled to some succour, but they are not satisfied that the remedies proposed by Mr Beatty will go far enough. They take the line that the best policy for the West is to get rid of the wheat stocks which it now holds for the best price it can, but at the same time to insist upon fundamental economic changes which will lower the cost of producing grain to a level where it can effectively meet foreign competition in the international markets.

Premier Bennett reached Ottawa on December 13th and since his arrival he has had prolonged conferences with Mr John I. MacFarland, who, under pressure from the banks and the Bennett Government, has assumed the management of the Central Selling Agency of the wheat pools, and has already made some important changes in policy. He has announced that all the overseas agencies are to be closed. Henceforth the pool will do its marketing in Europe through the old-established channels. Mr MacFarland has also ordered the discontinuance of the propaganda work on which the pool officials had been spending considerable sums each year, and is instituting rigid economies in many directions, but the steps which he has taken are viewed with suspicion by many farmers and the charge is being made that the complete annihilation of the pool has been decided upon. There is evidence, however, that the pool members are not prepared to countenance this, but rather are bent upon the establishment of a compulsory pool which would include every prairie grain grower.

The revenue returns for the month of November again show a very serious decline, and collections were only \$19,539,004. For the first eight months of the present fiscal year the total decline in revenue amounts to 55½ million dollars. But one satisfactory side of the financial position is the somewhat remarkable increase in the gold reserves held by the Canadian Treasury. On December 16th its holdings of gold amounted to 108 million dollars, against a note issue of 168 million dollars, whereas on the same date in 1929 the holdings of gold were only 62 million dollars, against a note issue of 165 million dollars.

The November trade returns are also very unsatisfactory; the following are the figures:—

	1929.	1930.
Exports	\$111,068,871	\$73,060,871
Re-exports	2,177,634	1,551,162
Imports	108,733,697	76,363,802

These figures show that there has been a decline in foreign trade of roughly 70 million dollars, as compared with November last year, and the aggregate decline for the first eight months of the current fiscal year amounts to \$432,851,387. For the fall in the value of exports the low price of wheat is largely responsible, for whereas in November, 1929, 22,444,000 bushels of wheat exported

were valued at \$28,550,931, the 31,217,924 bushels exported last month were only valued at \$21,676,080. There was also a large decline in the value of newsprint exported, which fell from 13¼ to 9¼ million dollars, and the export of motors was reduced by more than half. The only item which showed practically no decrease was wheat flour, because the low price of wheat is enabling the Canadian flour mills to recover some of their lost foreign markets.

Commodity prices in Canada continue to show a downward tendency. The Dominion Bureau of Statistics index number of wholesale prices (1926 = 100) fell from 81.4 in October to 79.8. Forty-seven quotations were higher, 123 were lower, while 332 remained unchanged. The most important decline was in the item vegetable products, which fell from 81.4 to 79.8. The pace of the decline in retail prices is still lagging far behind that of wholesale prices; whereas at the beginning of the year the general index figure for retail prices, rents and costs of services combined, was 102.2, and it had only fallen by November to 96.9, the parallel drop in wholesale prices had been from 96.6 to 79.8. Moreover, the retail decline is attributable solely to the fall in the prices of food and clothing; fuel and rent have remained stationary.

NORTHERN IRELAND.

Shipbuilding — Linen Industry — Parliament.

(FROM OUR CORRESPONDENT.)

BELFAST, December 16.

THE industrial depression which has been experienced generally during the second half of 1931 has, naturally, affected Belfast and the North of Ireland. This is especially the case in connection with the shipbuilding industry, and, although the Belfast shipyards have been well employed during the past year, the difficulty experienced in securing new orders is causing anxiety for the future. An official announcement was recently made by Messrs Workman, Clark (1928), Ltd., that, as from December 20th, their shipyard would be closed for a period not exceeding two months. This decision—which will affect about 4,000 men—has been rendered necessary by the depressed state of the shipping industry, which has led shipowners to request delay in the construction and delivery of new vessels. At present the firm has 75,000 tons deadweight of shipping on hand, including four large tankers, the owners of which are stated to have no need for immediate delivery owing to the state of the freight market.

In the linen industry trade continues to be slow, but it is hoped that some improvement may be experienced with the New Year. At present there is little active demand, but it is felt that stocks in the hands of wholesalers and retailers must be low, and will soon be in need of replenishment. A suggestion which seems worthy of being followed up has been made recently in regard to the marking of linen goods with the country of origin, or, at least, with the word "Foreign" in the case of all linen goods of non-British origin. At present Continental and British linens are sold indiscriminately, and an application under the Merchandise Marks Act for the marking of imported linens with the country of origin might enable the linen trade to take advantage of the undoubted preference on the part of the retail purchaser for home and Empire goods. Meanwhile, the linen trade is at least benefiting from cheap raw material. Northern Ireland flax is selling at an average price of less than 5s. per stone, as compared with between 9s. and 10s. a stone a year ago. Farmers are, naturally, dissatisfied with the low prices which are being offered for flax, and, in consequence, the supplies of fibre offered at local markets have been relatively small as growers are holding back in the hope of an improvement in prices.

Although flax prices are almost fifty per cent. below the level of a year ago, the market for some other classes of agricultural produce is rather better. Potatoes,

although realising only between £2 and £3 per ton, are at least better than a year ago, and there is a prospect of a further improvement in prices as the season goes on. Oats, however, are realising only 5s. 6d. per cwt., and several cargoes of Russian oats which have arrived during the past few months have been the cause of much resentment. The main interest of Northern Ireland farmers, however, is in connection with the production of livestock and livestock products. While there has been some improvement in the trade in livestock recently, the market for such important products as milk, butter, eggs and pork is distinctly worse than a year ago.

The autumn session of the Northern Ireland Parliament was a relatively short one, and a number of important measures were left over until the spring session. A Motor Vehicles and Road Traffic Act was passed dealing with compulsory insurance against third-party risks in respect of all motor vehicles, along similar lines to the scheme which has been adopted in Great Britain. An Agricultural Produce (Meat Regulation) Act was also passed. The latter measure represents another addition to the code of marketing legislation designed to improve the conditions under which agricultural produce is exported to Great Britain. In the past, complaints have been received regarding unsound meat exported to Great Britain, but in future no fresh meat will be allowed to be exported unless the animal has been inspected, both before and after slaughter, and killed on registered premises. In the case of bacon and hams, all pork carcasses will be inspected on arrival at the curing establishment.

Letters to the Editor.

ANALYSING THE WORLD SLUMP.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The last sentence in the left-hand column of page 1108 in your issue of 13th inst. concludes with the words "a problem of which much more is likely to be heard, namely, how in the long run we are to persuade active workers of every category to accept for their services a lower return in terms of money, while the *rentier* is automatically enriched by every reduction in prices to which the producer, in the widest sense, is asked to accommodate himself." I do not think this problem insoluble, but Sir Arthur Salter's proposal to solve it by taxation that shall discriminate between income from fixed-interest securities and that from ordinary shares, has already raised well-grounded protests in the correspondence columns of *The Times*. The debentures and the preference capital of many industrial concerns were subscribed long before the war, so that the holders of these securities have been for many years, and still are, at a disadvantage in comparison with the ordinary shareholders. Yet Sir Arthur Salter says "holders of debentures . . . as distinct from shareholders, secure an unjust advantage as prices go down." The fact is that ever since the beginning of the inflation period they have suffered considerable disadvantage, as prices have gone up, without complaining of unjust treatment. Ordinary shareholders have been entitled to receive a bigger amount in proportion to their invested capital than have the debenture or preference shareholders. The latter class agreed to this from the beginning on condition that if and when trade became bad their claims should be completely satisfied before the ordinary shareholders received further dividends. They have paid a definite and considerable price to the ordinary shareholders for this privilege. If a contract means anything, they are entitled to that for which they have sacrificed hard cash. Ordinary shareholders cannot claim that they have at least a moral claim to break their contract, for when ordinary shareholders have received large dividends they have not offered to preference or debenture holders anything more than was legally due. Further, debentures—so far as they are not held by insurance and other similar concerns—and preference shares are held as a rule by smaller capitalists than those who can afford to take the risk of ordinary shares. Hence Sir Arthur Salter's proposal would penalise the smaller capitalist, whether directly or through an insurance company, for the benefit of the larger.

Sir Arthur Salter says: "Industry can never be healthy and elastic in its organisation unless its capital is mainly in the form of shares, whose dividends vary with prosperity and impose no charge in bad times. An industry, working on debenture capital and sterling overdrafts, whose real weight increases with falling prices, becomes waterlogged in times of depression, and requires drastic action to make it float again." The juxtaposition of these two sentences rather slurs over the important difference between debentures and cumulative preference shares. The former do undoubtedly impose a severe drain on resources in bad times, but the latter do not. As regards the first of the two sentences just quoted, it is true that, from the point of view of the debenture or preference shareholders, the larger the proportion of ordinary capital the better; but is there any reason to suppose that concerns in which the ordinary capital is relatively small are less efficiently managed than those where it is large? Does the history of such concerns as Lever Bros. suggest that a large proportion of fixed interest capital leads to inefficiency? Sir Arthur Salter's statement on this point may be correct, but it should not be accepted without careful examination of a large number of cases.

Nevertheless, the problem stated by you remains. Even if Sir Arthur Salter's contention which I have just questioned is correct, can the problem be solved in a way that shall be fair as between holders of fixed-interest securities and ordinary shareholders? There are two suggestions that I would make, and the first one is necessary if the second one is to be adopted. My first suggestion is that perpetual debentures already issued should by law cease to be perpetual, and that some compensation for the alteration should be given to the present holders. For instance, the rate of interest might be raised by one-twentieth in consideration of the debentures being made terminable at some specified date, say thirty years hence. My second suggestion is that, supposing Sir Arthur Salter to be right about the adverse effect of fixed-interest securities, all existing redeemable debentures should be converted into cumulative preference shares, ranking in priority to any existing cumulative preference shares, and retaining very much the same rights that they already have in case of a default on interest; for instance, if the cumulative dividend were two years in arrear, the holders of these prior cumulative shares could take the same action that they can at present under the debentures trust deed. Even so, it would seem proper for some compensation to be given to the present debenture holders—at the expense of the existing preference and ordinary shareholders—because in case of a wind-up ordinary creditors would then rank in front of them. Again, assuming for the sake of argument the correctness of Sir Arthur Salter's contention, it might be necessary to convert certain preference shares into ordinary shares; if so, the existing ordinary shares should be converted into deferred shares.

Whatever modification may be desirable in the structure of British industrial concerns, there is no need to be unfair as between one class of investor and another. Even if in certain cases there would be nothing whatever left for the ordinary shareholders, that contingency was distinctly contemplated when the debentures were issued; and to deprive debenture shareholders of their rights under articles of association, when ordinary shareholders have already received consideration in hard cash for those rights, would be quite unfair, and could not fail to increase materially the cost of future issues of fixed-interest securities, whether preference or debenture. If taxation is to be altered with a view to increasing the proportion receivable by the investor, the alteration should not be of a kind that will discriminate between fixed-interest income and other investment income. It should not penalise the small investor for the benefit of the large.

If all existing debenture and preference shares were made redeemable, is it not likely that the problem you raise would solve itself in the long run? For if investors in new fixed-interest securities expect a continuous fall in commodity prices, they will presumably realise that this fall will be equivalent, in terms of commodities, to a premium at time of repayment. Thus the advantage that fixed-interest investors would obtain from a fall in commodity prices would tend to be taken into account in the terms of issue of all fixed-interest securities; indeed, that tendency has already begun to show itself. It may be desirable to limit, either by law or by custom, the length of time for which such issues may run.

Perhaps I should mention that I am not personally more interested in fixed-interest securities than in ordinary shares, but I believe that even ordinary shareholders would ultimately suffer, though not as much as the holders of fixed-interest securities, from any unfair treatment of the latter class.

Yours, etc.,
Hoswall, Cheshire.
December 19th.

T. G. G. POWELL.

ANALYSING THE WORLD SLUMP.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of December 13th you printed two extremely interesting summaries of the causes of world trade depression. In both, the premier place was accorded to over-production of certain commodities. In the same article you gave figures showing the great increase in the production of certain other commodities in 1929 over 1928.

Now, a common argument to-day is that the height of taxation is crippling industry, that every increase in taxation cuts deeper into the fund from which capital investment is drawn. Do not these views conflict rather sharply with what is stated to be the cause of unemployment, namely, over-production? If there is definite over-production in certain foods and increasing production in various other industries, does it not indicate that, if western civilisation be taken as a unit, capital investment has for the moment reached saturation point? And that consequently still further inroads could be made on income, via income tax, without endangering the immediate future of capital investment? In a word, is not Mr J. A. Hobson in his economics of unemployment justified by the summaries above referred to? There appears to be too much saving at one end of the social scale and too little spending at the other, the latter, unfortunately, enforced because of the excessive saving which is possible to the investing class.

In your issue of December 20th you conclude a leader with these words: "The lesson to be pondered is the vital necessity, not of spending less but of 'earning'—nationally and in the real sense—more." Now earning more means producing more. Is this addressed to those who are already producing so much that they cannot sell it, or to the others, in the hope that soon they, too, will be in the same unhappy plight? You will remind me, of course, that Sir Arthur Salter has pointed out that in a properly functioning world earnings should in total approximate to the world's productive capacity and that what is wrong is the system of exchange and distribution. Quite. But the world is not properly functioning in this respect, and it is doubtful whether it ever does. A lopsided distribution is responsible for this tragedy of hunger and plenty. Recently, in the *Political Quarterly*, Mr Keynes said his only fear was that if taxation went beyond a certain point, capital, owing to its great mobility, might find other homes; and the *Nation* has spoken of the possibility of a "flight from the pound." The answer to these fears is the over-production already mentioned. Capital is not likely to go abroad at present, where it would probably fare no better than at home and might very likely fare worse. What is indicated, then, seems to be the overhauling of our ideas on distribution rather than exhortations to produce more in a world in which, beyond a certain point, the more we produce the more we suffer.—I am, Sir, yours faithfully,

177, Hill Street, Glasgow.
December 22nd.

JOHN MACLEOD.

[Our exhortation "not to spend less but to earn more" was actuated by two considerations: (1) Panic curtailment of normal expenditure will aggravate, not remedy, the slump in trade; (2) consumption without production spells national impoverishment. We differ profoundly from Mr MacLeod in his assumption that "a lopsided distribution" is an inherent cause of the depression; nor, we suggest, can betterment be achieved—save within narrow limits—by redistributing wealth collected by the fisc. On the contrary, taking a long view, there is grave danger lest unduly high direct taxation may result in a capital shortage highly prejudicial to progress.—Ed., *Econ.*]

THE FUTURE OF THE RAND.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Holders of South African shares will have read with interest the article on Kaffir shares in your issue of December 13th, in which you rightly say that "gross flat yields are no criterion of the relative merits of respective Kaffir shares," and in which you "advise shareholders to examine monthly, quarterly and yearly results with the utmost care."

While quite in agreement with your advice, I fear that this is rather a counsel of perfection. Few investors realise, for instance, what nominal "working" profits mean in relation to actual dividends. In the case of West Rand Consolidated, as an example, the whole of the working profits for 27 years, and about £3,000,000 in addition, have been sunk in development and capital expenditure. In the case of Government Areas, no less than 55 per cent. of the profits accrue to the Government as the rental under which the mine is leased. Examples could be multiplied.

The real acid test of mine value is dividends. But they are a guide only when coupled with an estimate of the life of the mine. Even if an expert knew the dip of the reef and the current percentage of payability, it is doubtful whether he could figure out an estimate of the life of a Rand mining property. The percentage of payability forms, in fact, an insuperable bar to an accurate estimate of life. Most people would give a minimum of ten years, for instance, to the Consolidated Main Reef, New Modder and Modder East—all under control of the Central Mining Corporation. It would puzzle the manager himself to gauge the general percentage of payability and to gauge the probable maximum life of any of them.

And how many holders of Rand scrip realise the extent to which the centre of payability on the Rand has changed? Twenty years ago nearly the whole burden of the Rand's dividends was borne by the Central Rand. In 1910 only three of the Far East Rand companies were paying dividends, viz., Kleinfontein, Van Ryn and New Modder. Even in 1914 the mines of the Central Rand were able to pay dividends totalling £6,355,158 (with a working profit of 8s. 4d. per ton) out of a total distribution by the whole field of £8,092,240. But in 1929 the West and Central Rands only made a total "working" profit of £2,479,000 (or 2s. 9d. per ton) and dividends of £1,133,872—out of a total distribution for the whole field of £8,385,018.

These so-called "working" profits are in fact most illusory, being partly, and sometimes wholly, absorbed in taxation, Government share of leased mine profits, capital expenditure, redemption of debentures, phthisis fund, etc. The real investment value of the Rand goldfield is shown by the dividends per ton milled, as under:—

West Rand—Randfontein, West Rand Consols, etc. (last five years)	Nil
Central Rand—Durban Deep to E.R.P.M. (1929)	1 7½
Far East Rand—Modder to Springs (1929)	11 1½
South-East Rand—Sub Nigel (last six months)	25 0

The striking disparity between the Eastern and Western Rands accounts for the fact that 86 per cent. of the dividends of the whole field are now borne by the Far East and South-East Rand.

A much more pregnant possibility has, however, been disclosed. Until lately the theory was very generally held that the Sub Nigel ground was a continuation of the pay stream running from the Modder to Daggafontein. But a paper recently published in the *Johannesburg Mining and Industrial Magazine* by a Rand engineer (Mr G. W. Bond) proves for a practical certainty that this is not the case. The underground plans of Springs shows that the Modder pay stream is continuing south-east into Daggafontein, while the pay shoots of the Sub Nigel are heading due north-west. Moreover, Mr Bond gives details of the investigations of Dr. Pirow (now State Mining Engineer) into the matrix of the two streams, by which the Sub Nigel stream is shown to be most significantly different from that of the Modder. In short, it is practically proved that the Modder and Nigel pay streams are two parallel depositions, both running from north-west to south-east.

If this well-founded deduction is accepted, it follows that the Nigel district should be the southern prolongation of the pay shoots outcropping on the Central Rand from, say, the Nourse to the E.R.P.M. Equally significant is the fact that the stream has not diminished in value in its south-west flow of about 15 miles. Very much the contrary. The Sub Nigel is giving, in fact, a higher profit per ton than any mine has ever earned on the Rand (although it is not quite fair to compare the narrow slopes of the Sub Nigel with the wide stoping of the Central Rand).

Further, if these deductions are accepted, it would seem to follow that the ground to the south-east of the Sub Nigel is likely to carry values similar to the latter. One may even go farther and say that on general probabilities these areas (Spaarwater, Maraisdrift, etc.) might be even richer than the Sub Nigel, for the reason that the highest grade of the Central Rand is not found towards the East (E.R.P.M.) but towards the old Robinson and Ferreira mines (now worked out) to the west. All this is still theory, of course, but Rand mining geologists will agree that it accords with the known data.

The State Mining Engineer, whose estimates are naturally the most authoritative available, has stated that the mines now producing are exhausting at the rate of about 5 per cent. per annum, so that in about 15 years three-quarters of the present producers will have been worked out. These estimates, however, do not take into account new mines of the F.E.R. which will come into production within a few years, beginning with East Geduld, Daggafontein and Grootvlei. Still less do they

envisage the possibility of a new line of mines being opened on the south-east flank of the Sub Nigel. And if there is a virgin Rand lying *perdu* in the Far South-East, it is at least as likely to yield the 25s. profit of the Sub Nigel as the 1s. 7½d. of the Central Rand.—Yours faithfully,
6, Broa Street Place, E.C. 2. W. A. WILLS.
December 29th.

Books and Publications.

THE NATIONAL DEBT.*

This book is a chronicle, detailed and accurate, both of the life history of the National Debt itself in the last two and a half centuries and of the experiments in debt redemption which have occupied the same period. The author has also dealt at some length with the development of opinion about the Debt, especially in the eighteenth and early nineteenth centuries.

The story is interesting; but not very encouraging: So far as opinion goes, some fallacies have indeed been out-lived. No one now holds, for example, as did Price in 1772, that it is a matter of indifference whether the debt carries a high or a low rate of interest on the ground that the higher the rate the faster will a Sinking Fund accumulate at compound interest. And we are at last fairly certain that a Government is no better able than a private individual to repay its debts unless it has a surplus of income over expenditure. This, however, does not represent a very advanced stage of economic wisdom; and there is little evidence that attention will be paid in practice even to the few commonsense opinions about the Debt that have won general acceptance.

Certainly Mr Hargreaves' account of all the attempts at debt redemption from the Sinking Fund of 1716 onwards is a sorry tale. Every kind of fund has been tried. We have had Walpole's compound Sinking Fund swelled by the profits of conversion; we have had terminable annuities; we have experimented with the principle of the fixed annual debt charge; we have had specific redemption funds and depreciation funds attached to particular loans. None has been proof against raiding, direct or indirect, and few have enjoyed more than a short spell of undisturbed operation. There can indeed be few more fruitful sources of economic sophistries than the arguments, revealed in Mr Hargreaves' study, by which successive Chancellors of the Exchequer and their friends have justified their abandonment of whatever Sinking Fund arrangements they themselves or their predecessors may have introduced. Taxation for debt repayment will lower the rate of interest and so drive capital abroad (Lowe); it deprives the taxpayer of money that should fructify in his pocket (Grenville); it is simply bad for trade (Sir Robert Horne); or it is a waste of good money that might otherwise be spent on the development of the social services (the I.L.P.).

Such are the arguments which have generally prevailed in practice. Nothing indeed stands out more clearly from Mr Hargreaves' book than the faint prospect of success which lies before any sustained and consistent plan for wiping out a debt of real magnitude. His table showing the nominal total of the Debt and the annual Debt charge from 1697 to 1925 is an eloquent testimony to the ability of Chancellors of the Exchequer to resist everything except temptation. There are, of course, and always have been, the advocates of drastic measures (the Labour Party's proposal for a Debt redemption levy was anticipated by Ricardo in 1820 and Hutcheson in 1721), but these have shown a genius for missing their opportunity.

* "The National Debt." By E. L. Hargreaves. Arnold. 15s.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]
(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Making of a Constitution. By Hon. Sir Henry Braddon. (London) The Australian Book Company, 16, Farringdon Avenue, Farringdon Street. 5s.

A very interesting account, designed for people who "at times find themselves embarrassed by lack of constitutional knowledge," of the evolution of the British Constitution.

Essays and Addresses. By Hon. Sir Henry Braddon. (London) The Australian Book Company, 16, Farringdon Avenue, Farringdon Street. 5s.

The subject-matter of these addresses ranges from "The Olympic Games" and "Determination and Success" to the Australian wool industry and the French assignats.

Statistics of the Iron and Steel Industries (1930). (London) National Federation of Iron and Steel Manufacturers, Caxton House, Tothill Street. 5s. 5d. post free.

An unique and indispensable collection of iron and steel statistics of all producing countries. It covers, in so far as the figures are available, output, imports, exports, consumption of materials, numbers employed, prices, and Customs duties. The British figures are especially detailed.

International Labour Review, December, 1930. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Countries, 1929, compared with the years 1925-1928, Vol. IV. £1 5s. net.

Imperial Institute: The Mineral Industry of the British Empire and Foreign Countries—Zinc, 1920-29. 3s. net.

Royal Economic Society

The Membership Subscription now covers the receipt of the following:—

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The Secretary, Royal Economic Society,
9, Adelphi Terrace, London, W.C.2

The Stock Exchange.

THE STOCK EXCHANGE IN 1930.

THE past twelve months have continued and aggravated the misfortunes which afflicted the speculative investor in the previous year. The collapse in ordinary share values, it may be recalled, began in London in February, 1929, some eight months before its onset in New York. There were only two periods of respite in last year's decline. First, a recovery in industrial ordinary shares began in the first week of March under the influence of cheap money, and continued until April in sympathy with the rise in American common stocks. The fresh slump in the New York stock markets in the middle of April, which followed upon the realisation by the American public that there could be no trade recovery by the summer of 1930, was the signal for a further collapse in ordinary share values on the London Stock Exchange. Save for a minor upturn at the end of June the decline continued until nearly the end of August. At this point occurred the second recovery of the year, partly as the result of the further influence of cheap money and partly by virtue of the "squeezing" of bear operators. After the first week in September this gave place to a period of stagnancy, with a just perceptible downward movement, and it was only in mid-December that prices broke below the low point touched in August. The following price indices of the *Financial News* show the limits of each of the year's secondary cycles:—

"FINANCIAL NEWS" INDEX THIRTY INDUSTRIAL ORDINARY SHARES.
(Average price 1928 = 100.)

Sept. 30, 1929 100.6 | Feb. 28... 82.7 | Aug. 22... 72.9 | Dec. 17... 70.0
Jan. 1, 1930 86.7 | Mar. 31... 88.8 | Sept. 4... 80.7 | Dec. 31... 71.7

* Lowest for year.

The rise in gilt-edged and high-grade fixed-interest securities, however, provided a welcome contrast to the depression in ordinary shares. If British Government stocks were at first somewhat slow in responding to the influence of cheapening money rates, responsibility lay chiefly with the increase in direct taxation imposed by the Budget, to Government conversion operations (the issue of 4½ per cent. Conversion Loan in February involved £60,000,000 of cash subscriptions), and to heavy borrowings by home corporations at somewhat dear rates in the first half of the year. Reductions in Bank rate from 5 per cent. to 4½ per cent. on February 6th, to 4 per cent. on March 6th, to 3½ per cent. on March 20th, and to 3 per cent. on May 1st, were, however, reflected in a rise of 3½ to 5 points in long-dated British Government stocks, and in the second half of the year another

British and Colonial Government and Home Corporation Stocks.

Security.	1930.		Price, Beginning of 1930.	Price, Dec. 31, 1930.	Rise or Fall in Year.	Yield allowing for accrued interest and redemption where necessary.	
	Highest Price.	Lowest Price.				Beginning 1930.	End of 1930.
British Government Stocks—							
5% War Loan (1929-47)	105½	100½	100	103	+ 3	£ s. d.	£ s. d.
5% Conversion (1914-64)	106½	102½	102	108	+ 6	5 0 0	4 14 6
3½% Conversion (1914-64)	83½	74½	74½	81½	+ 7½	4 15 0	4 8 0
4½% Conversion (1940-44)	103	93½	93½	101½	+ 8	5 2 0	4 7 0
4% Consolidated Loan	94½	82½	83½	91½	+ 8	4 16 6	4 7 6
4% Preference (1900-30)	96½	85½	85½	94½	+ 9	4 13 9	4 5 6
5% Treas. 1934-1935-35½	103½	100½	100½	103	+ 2½	4 19 6	4 2 0
Victory Bond (4%)	97½	91½	91½	96½	+ 5	4 7 0	4 3 0
4½% India (1925-50)	90	78	81½	87	+ 5½	6 0 0	5 9 3
Domestic Govt. Stocks							
Commonwealth of Australia							
5% (1938-48)	96½	75	91	81½	+ 9½	5 18 0	7 1 0
South Africa 5% (1933-43)	103½	99	99	104	+ 2½	5 2 0	4 12 9
Canada 4½% (1940-60)	95	86½	88	94	+ 7½	4 18 0	4 7 3
New Zealand 4½% (1947)	96½	92½	92	97	+ 5	5 1 9	4 15 4
New South Wales 5½% (1947-50)	96½	75	93½	77½	+ 15½	5 14 6	7 3 0
Birmingham 5% (1946-56)	106	99½	100	105	+ 5	5 0 0	4 10 11
London County Council 5% (1943-60)	105½	100½	101	106	+ 4	4 17 9	4 7 6
Bristol 5% (1948-58)	106	99½	101	105	+ 5	5 0 0	4 8 0

x = Ex dividend.

4 to 5 point rise was scored. Australian stocks were an exception to the upward trend of Dominion Government securities. As the financial difficulties of the Commonwealth Government increased, the market in Australian stocks became nominal and declines of from 10 to over 15 points were recorded during the year. India stocks, on the other hand, showed a slight recovery.

Foreign bonds, in general, did not participate in the "cheap money" boom, owing to political unrest, revolutions and deterioration in Government finances. The mere mention in New York of a possible moratorium for Germany under the Young Plan caused general liquidation of German bonds, particularly the 5½ per cent. German Reparations Loan which was issued in June. South American Government bonds suffered from the various revolutions, Brazilians being a centre of depression. On the other hand, China bonds enjoyed a substantial recovery. Apart from securities possessing a high degree of "political" risk, rises in market prices predominated. The fixed interests securities of public authorities and public utilities enjoyed considerable appreciation, but wherever the factor of trade risk applied prices held back, and the market showed increasing discrimination as the trade depression deepened:—

Other Fixed Interest Stocks (Railways excepted).

Security.	1930.		Price, Beginning of 1930.	Price, Dec. 13, 1930.	Rise or Fall in Year.	Yield.	
	Highest Price.	Lowest Price.				Beginning 1930.	End of 1930.
Foreign Government Stocks—						£ s. d.	£ s. d.
Brazil 5% Funding 1914...	87	62	72	65½	— 6½	7 1 9	7 14 6
San Paulo Coffee 7½%.....	96	61½	83½	66½	— 17	9 1 0	11 5 6
German 7% (1924), red.	109½	99	103½	101	— 2½	6 13 0	7 0 0
1925-49							
Japan 6% (1924), red. by 1929	102½	98	100	101½	+ 1½	6 4 6	5 16 9
China 4½% Gold (1898) (English issue), red. by 1943	89½	76½	78½	88	+ 9½	7 12 0	5 19 7
Argentine 5% Internal (1909)	95	90½	91½	92	+ 1½	5 19 3	5 18 6
Greek 6% Stabilisation ...	93½	86½	90	91	+ 1	6 19 6	6 15 0
Public Utility Stocks—							
Port of London 4½, 1940-60	90½	80½	81½x	89x	+ 7½	5 7 0	4 14 0
Metropolitan Water Board 3% "B"	70	62½	62	70	+ 8	4 16 0	4 8 0
Agricultural Mortgage 5% Central Electricity Bd. 4% 1929-89	105½	94½	99x	103x	+ 4	5 1 0	4 17 0
Industrial Debentures—	86	78½	80	85	+ 5	5 1 6	4 14 3
Watney Combe Reid 3½% Prof. Deb.	71½	63	63	70½	+ 7½	5 9 0	4 19 3
Guest, Keen, & Co., 4% Deb.	82	72	72½	82x	+ 9½	5 10 3	4 17 7
Bleachers Assn. 4½% Deb.	87½	79	82½	87½	+ 5	5 8 6	5 2 9
Tate and Lyle 4½% Deb.	88½	82½	86½	89½	+ 6	5 8 6	5 4 0
P. & O. 3½% Deb.	69½	65½	67½	69½	+ 2	5 4 9	5 0 9
Gas Light & Coke 3% Deb.	63	59½	57	62½	+ 5½	5 5 3	4 16 0
Industrial and Miscellaneous Preference Stocks—							
Barclays Bank (Dominion, Colonial, and Overseas) 8% Cum. Pref. (£1).....	1½	1½	1½	1½	+ ½	5 9 0	4 18 6
Fine Cotton Spinners 5% Cum. Pref. (£1).....	1½	1½	1½	1½	+ ½	6 8 0	5 16 6
Imperial Chemical 7% Cum. Pref. (£1).....	1½	1	1½	1½	+ ½	6 1 0	6 11 9
Yorkshire Electric Power 6% Cum. Pref. (£1).....	1½	1½	1½	1½	+ ½	5 1 0	4 18 6
Shell Transport 7% 2nd Prof. (£1).....	1½	1½	1½	1½	+ ½	5 6 9	5 12 0
Cables and Wireless 5½% Prof. Stock.....	99½	64½	96	69½	— 26½	5 14 6	7 18 3

Apart from the debenture stocks, the interest on which was regarded as beyond question, the market in railway stocks was perhaps the most depressing on the Stock Exchange. The heavy fall in home railway ordinary stocks was followed by wholesale liquidation in the stocks of Argentine and other South American railway companies, which had to meet not only a heavy decline in traffic receipts as a result of the severe agricultural and mining depression, but also serious exchange losses. Defaults in payments of debenture interest by United Railways of Havana and Cordoba Central served to

deepen the gloom. Canadian Pacific also followed the general downward trend:—

Security.	1930.		Price, Beginning of 1930.	Price, Dec. 31, 1930.	Rise or Fall in Year.	Yield.	
	Highest Price.	Lowest Price.				Beginning 1930.	End of 1930.
Fixed Interest Stocks—							
Lon. Mid. & Scot., 4% deb. Gt. Western, 5% cons. gen.	85	76	76x	80½	+ 4½	£ s. d.	£ s. d.
Southern, 5% pref.	103	93	95	101	+ 6	5 4 0	5 0 0
Lon. & N.E.R., 4% 2nd pref.	63½	37½	60½	41½	- 19	6 12 3	9 12 9
East Indian Ry., 3½% deb.	65	55½	62	64	+ 2	5 13 6	5 9 6
Canadian Pacific, 4% pref.	80½	76½	78	80	+ 2	5 3 6	5 0 0
Ordinary Stocks—							
Lon. Mid. & Scottish.....	57½	31	55	33	- 22	6 16 3	13 12 9
Great Western.....	94	62½	91	68	- 23	5 10 0	11 0 9
North Eastern, def.....	131	57½	122	6	- 125	Nil	Nil
Southern, def.....	32½	21½	29½	22½	- 7	6 15 6	11 2 3
London Electric.....	75	70	71½	75	+ 3½	6 19 9	6 13 3
Canadian Pacific (25%)	58	37½	48½	40½	- 8	5 2 3	6 7 6
Bengal and North-Western	285	247	274	274	—	6 18 6	6 18 6
Buenos Aires Pacific.....	90½	44½	85	49½	- 35½	8 4 9	14 2 10
Leopoldina.....	57½	19½	50	20½	- 27	10 0 0	24 8 0
Buenos Ayres Gt. Southern	100½	64	97	67	- 30	8 3 0	8 19 3
Antofagasta.....	88	38	88	43½	+ 44½	7 19 0	16 1 9
United of Havana.....	26½	4	24½	6½	- 18	Nil	Nil

x = Ex dividend.

As regards other equity shares, a representative list of which is given in the next table, an unbroken decline in market values was registered. Many unfavourable reports and disconcerting statements were issued—for example, by Hudson's Bay, United Molasses, and Guest, Keen and Nettlefolds—and the confidence of shareholders was seriously upset. Even where satisfactory reports were forthcoming, shares were frequently sold on the anticipation that the next reports would be less reassuring. Stocks which had a New York market presented an even worse appearance at the end of the year than British industrials confined to the London market:—

Commercial and Industrial Securities.

Security.	1930.		Price, Beginning of 1930.	Price, December 31, 1930.	Rise or Fall in Year.	Yield.	
	Highest Price.	Lowest Price.				Beginning 1930.	End of 1930.
Banking Insurance and Investment Trust—						£ s. d.	£ s. d.
Midland Bank (£1 fully pd.)	4½	3½	3½	3½	+ ½	4 15 0	4 11 0
Com. Union Assur. (£2½ fully paid).....	26½	21½	23½	24	+ ½	4 4 6	4 2 9
Indust. and Gen. Trust ord. stock	363	325	334	325	- 9	5 4 9	5 10 9
Public Utilities—							
Brazilian Traction ord. (no par)	56½	20½	37	21½	- 15½	...	...
Newcastle-on-Tyne Elec. ord. (£1)	1½	1½	1½	1½	+ ½	5 1 0	4 18 6
Cables & Wireless A. ord. Do. B. ord.	77 39½	18½ 8½	75½ 37½	22½ 12	- 53 - 25½	Nil Nil	Nil Nil
Imperial Continental Gas Stk. General Ind. and Commercial—	418	329	335	345	+ 10	4 8 9	5 1 6
Associated Cement (£1)...	1½	1½	1½	1½	...	6 11 3	6 7 6
Assoc. Newspapers, def. (5s.).....	1½	1½	1½	1	- ½	6 13 3	10 0 0
Babcock & Wilcox ord. (£1)	3½	2½	3	2	- 1	5 0 0	6 0 0
British Celanese (10s.)....	1½	1½	1	2	+ ½	Nil	Nil
Coats (J. and P.) (£1)....	3½	2½	3½	2½	- 1	5 18 6	6 9 0
Col. Graphophone (10s.)....	7½	1½	5½	1½	- 3½	4 6 9	12 6 0
Courtaulds (£1).....	2½	1½	2½	1½	- 1	5 11 9	5 8 0
Dennis Brothers (1s.).....	2½	1½	2½	1½	- 1	6 13 3	7 15 0
Distillers Co. (£1).....	3½	2½	3½	2½	- 1	5 16 3	6 16 3
Dunlop Rub. (5s. 8d.).....	2½	2½	2½	2½	+ ½	9 4 0	8 17 9
General Electric (£1).....	2½	2½	2½	2½	+ ½	4 4 3	4 11 5
Gramophone (£1).....	5½	1½	4½	1½	- 2½	6 13 3	11 0 9
Guest, Keen & Nettlefolds (£1).....	1½	1½	1½	1½	+ ½	5 15 0	8 4 2
Harrods, ord. (£1).....	3½	2½	3½	1½	- 1	5 15 0	7 2 0
Hudsons Bay ord. (£1)....	4½	1½	4½	1½	- 3	5 8 0	14 0 0
Hydro Electric.....	\$57	\$22½	\$42	\$22½	- 19½	...	...
Imp. Chemical ord. (£1)....	4½	4½	4½	4½	+ ½	6 2 0	8 16 3
Imperial Tobacco (£1)....	5½	4½	4½	4½	+ ½	4 7 9	4 18 0
International Nickel (10s.)	\$44½	\$22½	\$32	\$15½	- \$16½	...	...
P. & O. Steam Nav. def. (£1).....	2½	1½	2½	1½	- 1	4 11 6	5 8 0
Pinchon Johnson (10/-)....	2½	1½	2½	1½	- 1	6 17 3	8 5 6
Royal Mail, ord. stock	36	10	35	10	- 25	Nil	Nil
Svenska Match. (10s.)....	£17½	£12½	£15	£13	- £2	...	...
Tilling (Thos.) (£1).....	5½	4½	4½	4½	+ ½	4 7 0	4 6 6
Unilever (£1).....	6½	4½	5½	1½	- 4	3 5 0	5 8 0
United Molasses (£1).....	6½	4½	5½	...	...	7 2 0	13 6 9
Vickers ord. (5s.).....	3½	2½	2½	...	...	3 10 0	7 3 0
Watney, Combe, Reid, def. (£1).....	3½	2½	2½	2½	+ ½	7 2 3	7 13 3

x = Ex dividend.

t = Tax free.

The speculative markets were exposed to the full effects of the catastrophic fall in commodity prices. Dealings

in rubber shares became nominal, and tea shares met with little or no investment interest. Oil shares, which had maintained their ground in the first part of the year, collapsed in the second half as a result of extensive cuts in oil prices in America and the nervousness that was felt at the final dividend distribution of the leading oil companies. The only exception to the extensive fall in mining shares was provided by the Kaffir market, partly on account of the increase in dividends declared by a number of the leading Rand mines, and partly on the recognition by speculative investors of the special position enjoyed by gold-producing companies in a period of falling commodity prices. Copper shares were heavily sold in the latter part of the year, and diamond shares presented throughout a depressed appearance:—

Other Securities.

Security.	1930.		Price, Beginning of 1930.	Price, Dec. 31, 1930.	Rise or Fall in Year.	Yield.	
	Highest Price.	Lowest Price.				Beginning 1930.	End of 1930.
Plantation—						£ s. d.	£ s. d.
Rubber Plantation Investment Trust, ord. (£1)...	1½	1½	1½	1½	— ½	8 11 6	10 10 0
Anglo-Dutch Plantations of Java (£1)	1½	1½	1½	1½	— ½	6 8 0	8 12 0
Cons. Tea & Lands, ord. (£10)	26½	14	23½	14	— 8½	9 15 9	3 9 0
Johannesburg Tea, ord. (£1)	3½	2½	3½	2½	— 1	8 2 9	6 0 0
Oil—							
"Shell" Transport, ord. (£1)	4½	3½	4½	3½	— 1½	5 6 0+	6 19 0+
Burmah Oil, ord. (£1) ...	4½	3½	3½	3½	— 1	5 3 3	8 10 0
Anglo-Persian (£1).....	4½	2½	3½	2½	— ½	3 6 9	7 4 6
Canadian Eagle (No par)	1½	1½	1½	1½	— ½	...	...
Mexican Eagle (8s.).....	1½	1½	1½	1½	— ½	...	...
Royal Dutch (100 fl.).....	35½	23½	32	24	— 8	6 2 9	8 6 9
Mining—							
Burma Corporation (Rs. 10)	3½	3½	3½	3½	— ½	9 4 6+	9 18 0
Crown Mines (10s.).....	3½	3½	3½	3½	— ½	10 12 0	9 0 0
Johannesburg Consolidated Investment (£1)	2½	1½	2½	1½	— 1	7 0 0+	11 8 6+
Malayan Tin (5/-).....	1½	1½	1½	1½	— ½	22 14 0	13 6 9
Rio Tinto, ord. (£5).....	47½	27	42½	26½	— 13½	4 14 0	9 12 0
Bwana M'Kubwa (5/-)....	1½	1½	1½	1½	— ½	Nil	Nil
N'Chanza Copper (£1, with 17/6 paid).....	4½	1½	1½	1½	— ½	Nil	Nil
Rhodesian Congo Border (£1).....	21½	5½	6½	7½	— ½	Nil	Nil
Roan Antelope (5/-).....	1½	1½	1½	1½	— ½	Nil	Nil

x = Ex dividend.

t = Tax free.

The year closed, inevitably, in an atmosphere of insipid gloom, with business at a low ebb except in gilt-edged securities, which had received a further stimulus from the reduction in the New York Federal Reserve rate to 2 per cent. in Christmas week. Stock Exchange revival in 1931, as always, must attend on general trade revival, though it may antedate a recovery in economic prosperity by some months, as the decline in security values in 1929 antedated the industrial depression of 1930. The best that can be said is that, provided no unexpectedly weak positions are disclosed, the bulk of really heavy "distressed" liquidation of securities appears to be completed, and London is ready, so far as technical conditions go, to respond to better trade influences whenever these are apparent. London, however, is an international money market, and must, if necessary, be prepared to face the implications of the fact that internal readjustments may have reached a less advanced stage in other centres, such as New York, Paris, Brussels, and Amsterdam.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
January 6.

ACCOUNT.
January 8.

A WEEK broken by the Stock Exchange holiday of January 1st produced no large volume of business, but the

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yield on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Year 1929.		Year 1930.		Name of Security.	Dec. 17, 1930.	Dec. 31, 1930.	Rise or Fall.	Present Yield.	Year 1929.		Year 1930.		Name of Security.	Dec. 17, 1930.	Dec. 31, 1930.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
£ s. d.																	
British Funds.																	
56½	52	59½	52½	Consols 2½%	57½	57½	...	4 7 0	5½	3½	4½	1½	G.W. of Brazil £10.....	1½	1½	...	20 0 0
88½	81½	94½	82½	Consols 4%	92	91½	+½	4 7 6	58½	25½	33½	8½	In. Ry. C. Am. No par	12½	11½	...	25 0 0
80½	72½	83½	74½	Consols 4½%	81	81½	...	4 7 0	66½	49	57½	18½	Leopoldina Ord. Stk.	20	20	...	10 11 6
100	93	103	95½	Do. 4½% 1944-64.....	101	101½	...	4 7 0	87½	80½	95½	50½	Do. 5½% Cum. Pr. Stk.	52	52	...	24 0 0
...	...	106½	102½	Do. 5% 1944-64.....	105½	106	...	4 8 0	170½	95½	107½	45½	Nitrate Llys. (£10)	50½	50½	...	12 16 3
91½	82½	96½	85½	Funding 4½% 1960-90.....	94½	94½	...	4 5 0	140½	75½	85½	65½	Paraguay Gen. D. Bb.	19½	19½	...	Nil
100½	97½	102½	98½	Treasury 4½% 1932-34.....	101½	101½	...	4 2 0	217	188	198	130	Salvador Ord. (£10)	70½	70½	...	Nil
101½	97½	102½	98½	Treasury 5½% (19)	102	103	...	4 2 0	217	188	198	130	San Paulo Ord. Stk.	132½	140½	+8	8 10 9½
103½	99½	106½	100½	War Loan 5% 1923-47.....	103	103	...	4 3 0	108½	77½	80½	65½	Tal. Rly. Ord. £5	65½	65½	...	9 4 6½
101½	99½	103½	100½	War Loan 4½% 1923-42.....	100½	99½	+½	4 0 3½	49½	23	26½	4	Utd. Havana Ord. Stk.	6½	6½	...	Nil
65½	60	63½	61½	Local Loans 3½%	67½	67½	...	4 9 0	...	...	...	...	...	...	...	...	...
51½	44	49	40½	India 2½%	45½	45	...	5 11 1	18½	9½	12½	10½	Anglo-French (£1)	16½	16½	...	Nil
61½	50½	59½	47	Do. 3½%	53½	54	+½	5 11 1	8½	26½	23½	24½	Anglo-Internat. (£1)	11½	11½	...	Nil
71½	60	68½	55½	Do. 5½%	63½	63	...	5 7 5	62½	56½	59½	47½	Anglo S. A £10 £5 pd.	5	5½	+½	9 10 6
92½	80½	90	78	Do. 4½% 1915-68.....	101½	101½	...	4 8 1½	...	26½	23½	24½	American (£1) 1½% pd.	23½	23½	...	8 8 6
105½	99½	109½	104½	Palatinate 5½% 42-67.....	105	105	...	4 8 1½	60½	53½	58½	53½	Bank of N. Zealand £1	50½	50½	...	5 16 0
109½	103½	109½	104½	Sudan 5½% Bonds.....	108	108	...	5 1 10	266	239	273	247	Bank of Eng. Stk.	266½	267½	...	4 9 9
94½	88	99	87½	Uster 4½% 45-75.....	99	99	...	4 11 1	30½	25½	28½	25½	Barclay B. (£1)	57½	57½	+3d	4 17 3
Dom. & Colonial Govts.																	
99½	90½	95½	76	Australia 5% 1945-75.....	80½	80½	...	6 6 0	86½	58	64	56½	Bk. of Australasia (£5)	81	81	...	8 1 3½
91½	86½	95	86½	Canada 4½% 1945-60.....	94	94	...	4 7 3	49½	37	38½	28½	Bk. of Montreal (£100) ..	£56½	£57	...	5 2 0
107½	102½	106½	102½	Ceylon 6% 1935-55.....	104½	104	...	5 4 0	22½	17½	19½	15½	Bk. of N.S.W. (£20)	27½	27½	...	6 10 0
97½	91½	98	92½	Gold Coast 4½% 1956-60.....	98½	98	...	4 12 8	30½	23½	17½	19½	British Overseas £5	5½	5½	...	5 9 1
104½	99	105	99½	Kenya 5% 1948-58.....	104½	103½	-1	4 15 0	67½	60½	67½	68½	Chd. of India (£5)	17½	17½	...	10 15 0
104½	98½	105	101	Nigeria 5% 1950-60.....	105	105	...	4 16 0	38½	36½	42½	37½	Com. Bk. of Aus. 10/-	14½	14½	-6d	5 11 0
99½	88½	92½	70	N.S. Wales 5% 35-55.....	74½	72½	-2	4 12 9	150½	118	120	94	Dist. A £5, £1 pd.	63½	65½	+1½	5 11 0
104	98½	105	99½	N. Zealand 5% 1946-60.....	102½	102	...	4 16 3	101	8	9	8	Eng. Scot. £45, £3½ pd.	4	4½	...	8 7 0
100	89	92½	70½	Queensland 5% 40-60.....	76½	76½	...	4 16 3	7½	6½	7½	6½	Hambros £10, £2½ pd.	81	81	...	6 10 0
104½	99½	104½	104½	S. Africa 5% 1945-75.....	102½	102	...	4 16 3	68½	59½	66½	59½	Hongk. & S. (£125)	£106	£106	...	6 12 0
97½	93½	98½	93½	S. Africa 4½% 45-75.....	99	99	...	4 11 1½	83½	71½	82½	73½	Lloyds £5, with £1 pd.	64½	63½	-3d	5 4 0
Foreign Governments.																	
103½	100	105	100½	Argentina 4% Recus.....	87	87	...	5 6 9	38	30½	34	27½	Martins £20, £2½ pd.	7½	7½	...	5 7 6
62	54½	61½	51½	Austrian 6% 1923-43.....	53	51½	-1½	7 2 0	55	44½	48½	38½	Midland £1, fully pd.	79½	79½	...	4 11 0
109½	105	113½	108½	Belgian 7%	110	110	...	6 3 0	37½	34½	38½	30½	Nat. of Egypt £10	27½	27½	...	6 12 6
91½	84½	92	74½	Bulgaria 7% 1927-42.....	76½	74½	-2	10 3 0	110	110	110	110	Nat. of Indus £2½, £2½ pd.	27½	27½	...	6 12 6
90	74½	82	64½	Brazil 5% Fund, 1914	66½	65½	-1	7 14 6	64½	64½	64½	64½	Nat. Prov. £20, £4 pd.	13½	13½	...	5 2 0
102½	79½	94½	54	Do. 6½% (1927)	64	64	...	10 3 0	64½	64½	64½	64½	Royal Bk. of Scotland	35½	35½	...	4 16 3
55	41	55	27	China 5% (1912)	53	51	-2	15 18	12½	12½	12½	12½	St. of S.A. £20, £5 pd.	14½	14½	...	5 13 6
69½	59	69	54½	Do. 5% (1913)	69	69	...	17 12 0	64½	64½	64½	64½	Westminster £4, £5 pd.	80½	79½	-3d	5 0 6
114½	105½	115½	109½	Czechoslovakia 8%	110	111	...	6 16 0	64½	64½	64½	64½	...	...	...	...	...
77½	75½	82	78½	Danish 5%	82	82	...	3 13 0	39½	31½	37	30½	...	...	...	...	...
95½	88½	96½	81	Danzig 6½%	86½	86½	...	7 18 0	15	13½	14½	14½	...	...	...	...	...
86	76½	80½	70½	Empire Unifed 4%	70	70½	...	5 14 0	18½	15	17½	14½	...	...	...	...	...
95	85½	92	73	Estonia 7% 1927	76½	76½	...	9 6 6	14	12½	13½	12½	Northern £1 £1 pd.	16	16	...	5 6 0
100½	90½	100	91½	Finland 6% 1923	92½	92½	...	11 6 6	16½	13½	14½	12½	Pearl £12, fully pd.	12½	12½	...	3 18 0
21½	16½	21½	19½	French 4% (British)	20½	20½	...	4 16 6	16½	13½	14½	12½	Phenix £1, fully pd.	13½	13½	...	4 19 0
107½	100½	109½	99	Do. 5%	20½	20½	...	4 16 6	21	25½	21½	21½	Prudential £1 A	23½	24	...	3 14 6
93½	84½	91½	74½	German 7%	101	101	-1	6 15 0	46½	37½	41½	36½	Do. £1, with 46, paid.	40½	40½	...	2 10 9
103½	95	104½	98½	Greek 6% Stab. Ln.	91	91	...	6 15 0	7½	5	7½	5½	Royal Exchange (£1)	61	63	...	4 2 6
103½	95	104½	98½	Do. 7% Refug.	100	100	...	7 0 0	9½	7½	8½	7½	Royal £1, 10s. paid	8	8½	...	3 17 0
100½	95	104½	98½	Hungary 7%	102	102	...	7 7 0	14½	12½	14½	12½	Yorkshire £1, fully pd.	14	14	...	3 7 0
100½	95	104½	98½	Japanese 5½% 1935-65.....	94½	95½	+½	5 16 9	310	289	319	287	...	...	...	...	...
100½	95	104½	98½	Do. 6% (1924)	101½	101½	...	5 16 9	158½	147	156½	147	Anglo-American Deb.	290	290	...	5 3 5
105	101	104½	100½	Mexican 5% (1899)	13½	13½	...	310	289	319	287	287	Anglo-Celtic Ord.	149½	149½	...	5 0 4
107	100½	106½	102½	Norwegian 6% 1921	104	104	...	5 15 0	30½	19½	29½	20½	Atlas Electric, & Co. £1 ..	20½	20½	...	4 17 0
95	85	92½	77	Peru 7½% 1922	90½	82½	-7½	9 13 8	45½	34½	37½	25½	Brit. Amet. Trust £5	20½	20½	...	4 4 2
106½	99	107	101	Poland 7%	104	104	...	4 17 9	202	177	187	172½	Debutante Corp. Stk.	183½	183½	...	5 10 2
80	75½	88	70½	Sweden 6% 1934-64.....	84	84½	...	4 1 10	205	162	192	163	For. Amer., & Co. Def.	173½	173½	...	5 15 0
104½	78½	96	61½	S. Paulo Coffee 7½%	69	73½	+4½	11 5 6	229	200	211	187½	Grain Trust	110½	110½	...	5 8 7
23½	17½	19½	7	Turkish 4% Unifed	8	8	...	229	200	211	187½	Guardian Investment	199½	199½	...	5 10 9	
93½	81	89½	73½	Uruguay 5% 1919	77½	74½	-3	6 14 3	390	315	363	321½	Indus. & Com. Ord.	334	324	-9	5 10 9
Corporation Stocks.																	
106½	85½	96½	74½	Berlin 6% 1932-52.....	74½	73½	-1	8 12 6	350	298	344	305	Lake View Invest. 10/-	21½	20½	-1½	6 10 0
101½	99½	106	99½	Birmingham 5% 1946-56.....	105	105	...	4 10 11	278	248	267½	220	Mercantile Trust Ord.	250½	235	-15½	5 19 2
105	98½	106	99½	British 5% 1948-58.....	106	106	...	4 8 0	119	93½	103	89½	Ninet'n Twenty-eight	98½	98½	...	5 11 3
101	95½	100	87½	Dist. 7½% 1935-45.....	90½	92½	+2	7 17 0	206	199	206	199	Ninet'n Twenty-nine	89½	89½	...	5 11 3
99½	95½	101½	96	E. London 5% 1950-70.....	99½	99	...	5 1 9	296	236	249	189	Scottish Investment (5/-)	189½	189½	...	5 6 8
104½	100	103½	98	Johannesburg 5½% 1937-52.....	103	103	...	4 8 0	304	255½	269	223½	Scottish Mortgage, &c.	223½	225½	...	5 2 0
68½	60	69	60½	L.M.S. 3½%	68	68	...	4 8 0	138	135	105	87½	Stockholders Invest.	107½	106½	-1	6 6 10
67½	64½	71	62½	Met. Wat. Bd. R 3%	70	70	...	4 8 0	138	135	105	87½	Trans-Oceanic £1	90½	87	-3	5 14 3
104½	99½	104½	104½	Port. of Lond. 5% 1950-70.....	104½	104½	...	4 13 0	222	202	218	252	Trustee Corp. Ord.	237	237	...	5 1 3
108½	105½	111½	104½														

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Dec. 18, 1930.	Price, Dec. 31, 1930.
Ascom Rlys. & Trading 5½% debts. ...	97½	57½	1 dis-1 par	1 d-s-par
Auckland (City of) 5% debts. ...	99	5	1 dis-par	1 dis-par
Bermuda Development 5½% debts. ...	97½	57½	1 dis-par	1 dis-par
British Aluminium 5% debts. ...	98½	25	21-1½ dis	24-2 dis
Cape Town 5% 1961 ...	101	61	1½-1½ dis	1½-1½ dis
Central Electricity Board 4½% stock	95½	60	1½-1½ pm	1½-1½ pm
Cunard Line 4½% debts. ...	90	35	1½-1½ pm	1½-1½ pm
Gas Light and Coke 4½% debts. ...	91½	66½	2-2½ pm	22-2½ pm
General Electric 5% debts. ...	98	66½	21-3½ pm	101-101½
Grosvenor House (Park Lane) 7½% cum. pref. £1	par	fy. pd.	16/6-17/6	16/6-17/6
In a 6% 1935-37	100	75	2½-2½ pm	2½-2½ pm
Kenya 4½% 1961-71	98½	45	...	1½-1½ pm
London and Home Counties Electric 4½% stock	95½	30½	1½-1½ pm	1½-1½ pm
Metropolitan H. Util. 5½% debts. ...	95½	25	2-1 dis	1 d-s-par
Myatt (Frank) 5½% debts. ...	95½	25	1½-1½ pm	1½-1½ pm
Nottingham (City of) 4½% stock	98½	fy. pd.	...	99-99½
Nottingham (City of) 4½% stock	98½	fy. pd.	...	99-99½
Second British Steamship Trust New £10	110	£2	10/-5/- dis	10/-5/- dis
Smithwick 4½% debts. ...	95½	28½	1½-1½ dis	1½-1½ dis
Stirling C.C. 4½% 1931-61	97½	fy. pd.	104-105	98½-99
York Electric Power	98½	...	104-105	104-105

(Continued from page 25.)

sufficed, in the absence of definitely unfavourable news, internal or external, to give prices a firm tendency in the majority of cases.

Dealings in gilt-edged stocks were on a small scale, but an early feeling of hesitancy gave place to firm conditions in mid-week, when a more favourable construction was placed on monetary tendencies. Five per Cent. War Loan was in demand and Four per Cent. Consols showed conspicuous strength. India stocks also achieved a moderate recovery, but renewed comment on Australia's economic difficulties induced a fall in Commonwealth stocks. Dealings in privately-placed issues by Stirling County Council and Nottingham City (of 4½ per cent. stock in each case), opened at 98½ and 99½ respectively.

The foreign bond market had a heavy appearance. Brazilian loans were bought after confirmation of the news that funds had been remitted to meet the overdue interest payment on Rio State Sevens, but prices eased later on American selling. The further weakness of the peso caused renewed selling of Argentine stocks. Chinese issues remained in moderate demand. Among European stocks, German Loans suffered from year-end realisation.

Little business was done in the home rail market. Last week's earnings showed that Christmas traffic had been greater than was anticipated, but attention was concentrated rather on the bearish dividend prospects suggested by the fifty-two weeks' figures, which are discussed on page 29. Among foreign rails, the slump in Argentines continued, and was accentuated by the early weakness of the exchange and the unencouraging nature of the traffic returns. Central Uruguay, however, showed some recovery, and San Paulos were marked better. American railroads improved on the announcement regarding the Eastern consolidation plan (dealt with on page 31), and Canadian Pacific enjoyed a measurable recovery on a relatively encouraging November revenue statement.

The industrial markets had a more cheerful tone, though dealings were of less than normal volume. Lord Melchett's death caused a temporary marking down of "Mond" issues, but as no selling occurred, prices thereafter remained steady. Much interest was centred on Hudson's Bay shares, which were further marked down on the eve of the special committee's report, which is dealt with in an Investment Note on page 30. This proved a less sensational document than had been anticipated. International stocks were quiet at the outset, but subsequently became firmer on improved conditions in Wall Street. Turner and Newall further declined on a correct anticipation of the dividend which (as shown on page 32) was reduced from 17½ per cent. to 11½ per cent. on an increased capital. Steel and engineering shares were affected by the threat of a coal stoppage in South Wales, but motor shares, particularly Leylands, remained in selective demand. Textiles held their ground despite growing uneasiness regarding the labour outlook in Lancashire. The customary interest of investors in the large store shares, in the weeks preceding the announcement of

annual results, was exemplified by demand for Harrods. Brewery shares were maintained, but tobaccos were irregular. Newspaper shares lost ground. Among shipping issues, Royal Mail were a nominal market, reports being current of internal difficulties in the carrying out of reorganisation measures. The passing of the White Star preference dividend (the implications of which are discussed on page 31) came as no surprise. Insurance shares obtained investment attention and bank shares were firm, though the market remained narrow.

Rubber shares were again neglected, the number of bargains marked on Monday being the lowest for many weeks. Prices were easier where changed. Tea shares, similarly, were lifeless, though one or two of the larger issues showed a slight recovery on a very limited number of orders. After a shaky start, oil shares showed a quotable improvement, mainly on Continental orders, the cessation of which was subsequently reflected in a further shading of prices. Shell and Royal Dutch improved and Burmahs were in moderate demand from the East. American crude oil production showed a further decline.

Mining shares were not without reassuring features, despite holiday quietude, and the proximity of the settlement of the long account. After a weak opening, Kaffirs took a turn for the better, Goldfields moving up on Paris support, while other counters, including Central Mining and "Johnnies" were favourably affected. Northern Rhodesian shares again became fairly prominent, the "merger" companies in particular receiving attention. Though the advance in tin—the metal—was checked, renewed restriction talk (criticised on page 33) brought about a general rise in tin shares. Rio Tintos were in demand in the middle of the week, though copper failed to hold an early advance.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Dec. 23, 1930.	Dec. 24, 1930.	Dec. 29, 1930.	Dec. 30, 1930.	Dec. 31, 1930.	Jan. 1, 1931.
Government and Municipal Loans.....	960	857	1,136	1,249	1,038	
Transport, Communications, and Public Utilities	655	451	677	677	768	
Commercial and Industrial* Banks, Insurance and Financial	1,058	645	1,104	1,141	1,295	
Mines (including Nitrates) ...	356	246	410	324	357	
Oil	289	187	332	306	385	
Rubber, Tea and Coffee	105	62	94	113	114	
	51	57	48	53	49	
Total	3,474	2,505	3,801	3,863	4,006	

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1930. (Apr. 17.)	Lowest of 1930. (Dec. 17.)	Dec. 23, 1930.	Dec. 24, 1930.	Dec. 29, 1930.	Dec. 30, 1930.	Dec. 31, 1930.	Jan. 1, 1931.
90.6	70.0	70.9	71.3	71.2	71.6	71.7	*

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

An unexpected reduction in the New York Federal Reserve Bank's rediscount rate from 2½ to 2 per cent. last week helped sentiment over Christmas, but did not prevent further selling at the beginning of this week. The Bank's anxiety to help the market was not dissociated, in some quarters, from the investigation which is to be opened into the working of the system. End-year influences were reflected in a rise in call money, at one time, to 4 per cent., on the usual seasonal withdrawal of funds to the interior. Selling to establish losses for taxation purposes also gave the markets a weak aspect at the outset. Later, end-year influences petered out, a moderate amount of professional short-selling was readily absorbed, and prices strengthened appreciably. President Hoover's announcement that a consolidation plan had been agreed upon as regards the Eastern railroads was well received, New York Central

immediately advancing 4 points and Baltimore and Ohio nearly 5. Business conditions showed no evidence of early change. Commodity prices were steady, with a rising tendency in copper. An early reduction is expected in motor tyre prices. The readiness of Wall Street operators to take profits remains the surest sign of lack of confidence in any sustained rally in share values at present.

	Dec. 18, 1930.	Dec. 22, 1930.	Dec. 31, 1930.		Dec. 18, 1930.	Dec. 22, 1930.	Dec. 31, 1930.
U.S. 3½% T. Bds.	106½	106½	105½	Natl. Biscuit	77	75½	77½
Do. 4½% T. Bds.	112½	112½	112½	Phelps Dodge	20	22	20
Do. 4½% 32-47	101½	101½	101½	Pullman	53½	50	50
Do. 4½% 32-47	102½	102½	102½	Sears-Roebuck	49½	46½	45½
Do. 4½% 33-34	103½	103½	103½	Studebaker	21½	20½	21½
Atchafalpa	177	173½	178½	Un. Fruit	54½	48½	51½
Ches. & Ohio	38½	38½	40	U.S. Leather	13½	12½	11½
Erie	26½	23½	27½	U.S. Steel	139½	137½	139½
Illinois Central	67	65½	70½	Westinghouse	94½	91½	91
N.Y. Central	114½	112½	114½	Woolworth	56	54½	55½
Pennsylvania	53½	51	50½	Worthington Pump	60	58	60
Southern Pacific	92½	92½	95				
Southern Ry.	53	51	50½	Am. Tel. & Tlg.	180½	175½	178
Union Pacific	173	173	178	Int. Tel. Teleg.	23	20½	19½
Am. Can.	111½	109½	110½	Radio Corp.	13½	12½	12
Amer. Smelting ..	41	39½	41	Griffiths P. & L.	21½	20½	22½
Anacosta	25½	25	30	W. Union Tlg.	125½	125½	127
Bethlehem Steel ..	53½	51	50½				
Chrysler Motor ..	15½	15½	16½	Associated Gas "A" ..	15½	15½	18
Corn Produce Ref. ..	70½	69½	78				
Eastman Kodak ..	151½	145	146½	Pan Amer. B.	33	33½	31½
Gen. Electric (New) ..	45½	43½	43½	Sinclair Oil	10½	10½	10
Gen. Motors	33½	34	35½	Std. California	45½	44½	45½
Int. Harvester	50½	46½	49½	Do. N.J.	46½	45½	47½
Montg. Ward	18½	17½	16				

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1928.		1929.		1930.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Dec. 17.	Dec. 24.
335 Industrials ..	132.5	186.4	134.5	218.9	146.0	98.2	98.7
33 Rails	120.5	139.7	127.8	134.3	134.3	89.1	92.2
34 Utilities	128.3	180.6	177.6	330.4	202.2	153.7	153.2
Total, 402 Stocks ..	130.3	178.9	140.3	228.1	153.0	105.5	106.2
Average yield of 50 Industrial Common stocks..	3.32%	4.42%	3.10%	5.23%	4.83%	5.94%	5.95%

DAILY AVERAGE OF 50 INDUSTRIAL COMMON STOCKS (1926 = 100).

Highest of 1930. (Apr. 10.)	Lowest of 1930. (Dec. 16.)	Dec. 17, 1930.	Dec. 18, 1930.	Dec. 19, 1930.	Dec. 20, 1930.	Dec. 22, 1930.	Dec. 23, 1930.	Dec. 24, 1930.
202.4	112.9	118.2	118.5	119.8	119.7	115.8	116.4	118.0

TOTAL DEALINGS IN NEW YORK.

	Dec. 25, 1930.	Dec. 26, 1930.	Dec. 27, 1930.	Dec. 29, 1930.	Dec. 30, 1930.	Dec. 31, 1930.	Jan. 1, 1931.
Stock Exchange—Shares (Thous.)	...	1,797	1,385	2,778	3,418	1,930	
Bonds (Value Thous. \$)	...	7,172	6,006	13,216	15,546	10,341	Closed.
Curb—Shares (Thous.)	...	446	467	880	1,118	579	

* 2-hour session.

INVESTMENT NOTES.

Home Railway Traffic and Dividend Prospects.—The gross traffic returns of the four trunk railway groups for the fifty-two weeks of 1930, compare with the corresponding figures for 1929 as shown:—

	(In £000's.)				
Four "Group" Lines.	Passen- gers, etc.	Mer- chan- dise, etc.	Coal and Coke.	Total Goods.	Total Goods and Passen- gers.
52 weeks, 1929	77,344	66,797	36,368	103,165	180,509
52 weeks, 1930	74,138	61,754	34,297	96,051	170,190
1930 compared with 1929	Amount	—3,206	—5,043	—2,071	—7,114
	Per cent.	—4.1	—7.6	—5.7	—3.9

By VISCOUNT D'ABERNON THE ECONOMIC CRISIS ITS CAUSES AND THE CURE

ONE SHILLING NET

HODDER & STOUGHTON

The figures make unwelcome reading for railway stockholders, but suggest, at least, that last year's decline in revenue was due to trade depression rather than to a further permanent loss of traffic to the roads. There is a suggestive similarity in the ratio of decline in all the main sources of revenue, in contra-distinction to the railways' experience in 1929 when, in a relatively good year, passenger receipts fell by 2½ per cent., while merchandise earnings were constant and coal and coke receipts increased by 8½ per cent. In the next table the revenue of the four group lines and the two London companies is compared quarter by quarter:—

(000's omitted.)

	Group Lines.					London Lines.	
Increase or Decrease as compared with 1929, in	Great Western.	London and North Eastern.	London Midland and Scottish.	Southern.	Total 4 Groups.	Metro- politan.	Under- ground Electric.*
Passenger traffic—							
First quarter ...	£ 146	£ 156	£ 353	£ 88	£ 743	£ 14	£ ...
Second " ...	+ 15	+ 3	+ 158	+ 67	+ 343	+ 7	+ ...
Third " ...	— 212	— 416	— 733	— 262	— 1,623	— 9	— ...
Fourth " ...	— 133	— 169	— 335	— 130	— 767	— 13	— ...
Total for Year	— 476	— 738	— 1,579	— 413	— 3,206	+ 1	...
Goods traffic—							
First quarter ...	— 1	— 32	— 220	— 63	— 316	+ 2	...
Second " ...	— 400	— 708	— 897	— 51	— 1,996	+ 2	...
Third " ...	— 340	— 1,131	— 1,198	— 64	— 2,733	+ 1	...
Fourth " ...	— 259	— 674	— 1,108	— 31	— 2,072	— 1	...
Total for Year	— 1,000	— 2,481	— 3,423	— 209	— 7,113	+ 4	...
All traffic—							
First quarter ...	— 147	— 124	— 573	— 151	— 995	+ 16	+ 333
Second " ...	— 385	— 705	— 1,055	+ 15	— 2,130	+ 9	+ 195
Third " ...	— 552	— 1,547	— 1,931	— 325	— 4,355	+ 6	+ 90
Fourth " ...	— 392	— 843	— 1,443	— 161	— 2,839	+ 14	+ 127
Total for Year	— 1,476	— 3,219	— 5,002	— 622	— 10,318	+ 5	+ 745

* Includes receipts from independent omnibuses acquired during 1930.

The table reveals one feature not easily explained—namely, that traffic losses in the fourth quarter were less considerable than in the third quarter. As regards passenger traffic, this may be assigned chiefly to seasonal causes, but as regards goods traffic, the check to the speed

of the downward movement in receipts is significant. The task of estimating possible dividends is more difficult than usual. The market was not impressed by the expenditure figures revealed in the railways' interim statements last July, but it is known that, in the latter half of this year, the various managements have been making strenuous efforts to economise in labour and other costs, while maintenance and other charges should have benefited from the lower price of raw materials. In the following table we have endeavoured to estimate the unknown factors, on broad lines, and to show the approximate dimensions of earnings available for ordinary dividends:—

(In £000's.)

	G.W.R.	L.N.W.R.	L.M.S.R.	S.R.
Decline in gross traffic receipts, 1930.....	£ 1,476	£ 3,219	£ 5,002	£ 622
Estimated decline in other receipts* (net), 1930.....	75	55	50	50
Estimated addition to wages bill on abolition of 2½ per cent. "cut".....	300	500	700	200
Total decline in earnings, apart from reduced expenses.....	1,851	3,774	5,752	872
A. Presuming 25 per cent. total decline in gross traffic offset by reductions in expenditure:—				
Savings in expenditure, etc.....	369	805	1,250	155
Net decline in earnings (round figures).....	1,500	2,950	4,500	725
Available for ord. divs. in 1929.....	3,301	1,825†	4,337	813‡
Estimated earnings for Amount	1,800	—1,125†	—15‡	88‡
ord. in 1930..... Percent.	3.7%	—2.7%	—0.17%	0.2%
B. Presuming 33 per cent. total decline in gross traffic offset by savings:—				
Savings in expenditure.....	492	1,073	1,667	207
Net decline in earnings (round figures).....	1,350	2,700	4,100	670
Estimated earnings for Amount	1,950	—875†	237	143‡
ord. in 1930..... Percent.	4%	—2.2%	0.25%	0.45%

Note.—These figures make no allowance for interest on new capital issued during 1930, against which may be set, e.g., the fact that no account has been taken of additional receipts which may have accrued from profits on realisation of investments.

* Docks, steamers, hotels, etc. † Preferred Ord. ‡ Deferred Ord.

Though these results can only be very approximate, they suffice to give stockholders the main bearings of their position. The Great Western may be presumed to have earned between 3½ and 4 per cent. on its ordinary stock, and the Southern to have covered its preferred dividend with a little to spare. The Midland and Scottish, however, has earned little on its ordinary capital, and may possibly deem the transfer of its prior stocks to the "Chancery list" a lesser evil than that of drawing on reserves to pay a final dividend of 2 per cent. in addition to the 1 per cent. interim declared in July. On this showing it is difficult to see how the earnings of the North Eastern can have fully covered its second preference dividend requirements, though the company may the more readily decide to pay the dividend on this stock in full by virtue of its conservatism in putting £500,000 to reserve a year ago.

Lord Melchett and Industry.—In its broader aspects the passing of Lord Melchett forms the subject of an article on page 9 of this issue. From the investor's point of view, the steps by which Alfred Moritz Mond rose to prominence in British industry are of special interest. In 1895 that Mond left the Bar in order to devote himself to the family business of Brunner Mond, which had been founded by his father and Mr John Tomlinson Brunner twenty-two years before. His application to the problems of management bore early fruit in increasing influence, and in a relatively short time he was appointed managing director of the company, and also managing director of the Mond Nickel Company. Under his leadership, Brunner Mond made rapid strides as a pioneer of experimental chemistry, developing, among other things, the manufacture of synthetic ammonia from atmospheric nitrogen. His interests gradually crystallised along the lines of rationalisation and large-scale industry, and culminated in 1926 the formation of Imperial Chemical Industries—an amalgamation of Brunner Mond, Nobel Industries, British Dyestuffs Corporation, and United Alkali Company—with its issued capital of over £76 millions. Some years earlier he had played a leading part in the setting up of

the important combine which, under the name of Amalgamated Anthracite Collieries, with an issued capital of nearly £8 millions, controls about 80 per cent. of the Welsh output of anthracite. Elsewhere he held the position of chairman of the advisory committee of the International Nickel Company of Canada, with which the Mond Nickel interests were merged in January, 1929, and was chairman of Magadi Soda Company, the Finance Company of Great Britain and America, and the Industrial Finance and Investment Corporation. In addition he was at the time of his death a director of South Staffordshire Mond Gas Company and the Westminster Bank, and of two companies with interests in Palestine. At a directors' meeting of Imperial Chemical Industries on Wednesday, Sir Harry McGowan was elected chairman and managing director, and Lord Reading president of the company.

Hudson's Bay Affairs.—The special committee of four proprietors of the Hudson's Bay Company (Messrs. A. Shepherd, W. Sandford Poole, H. M. Trouncer and G. Watson), which was appointed last July, following the formulation of serious charges against the company and its directors by Mr C. L. Nordon, has published this week a report which exonerates the directors from charges of bad faith, but describes a number of past transactions as "unfortunate." It appears that, during the war, the company undertook certain shipping and other business, which it wisely discontinued on the return of normal conditions. Certain business offered to the company was, therefore, made over, without consideration, to another concern, the Merchant Trading Company, in which the then governor and deputy-governor of the Hudson's Bay Company had a shareholding interest. It was subsequently decided that the latter company should acquire shares in the Merchant Trading Company. Accordingly, certain shares were bought from Mr C. V. Sale, the then deputy-governor, for £60,000—a transaction which, the committee are advised by counsel, might have been rescinded had a claim been pressed at the time. As regards the most weighty of Mr Nordon's complaints, under contemporary conditions, the committee refuses, in effect, either to bless or to condemn the policy of establishing modern stores in Canada. The implication, however, of its recommendation that this part of the business should be segregated and placed under the ægis of a separate company, would seem to be that the committee regards it as a departure from the real scope of the company's business. The company's new buildings in London, the committee believe, are earning a reasonable rental. Hudson's Bay House is producing 4.66 per cent. (which should ultimately rise above 5½ per cent.) on its cost of £338,000, and Beaver House 3 per cent. on £658,000. These percentage figures are not convincing in themselves, and would have carried greater weight if the committee had related them to representative figures of other property-owning concerns in the same areas. The committee, again, appears to weaken a sound case when, as a preface to a declaration that the accounts should be framed so as to give more information, it censures the governor for giving an incomplete explanation of the circumstances under which another fur concern (C. M. Lampson and Company) was acquired, but refuses to assume the responsibility for itself disclosing the details. The report will be considered at a meeting of proprietors, which has been called for January 16th, at which Mr Nordon will propose certain far-reaching changes. In all probability, however, the committee's report will be adopted as it stands, and, after the acceptance of the resignation of the governor, Mr C. V. Sale (who is not in agreement with the recommendation for the establishment of a separate Canadian stores company), the size of the board will be reduced, and a manager appointed with the task of improving the company's trading position. In this connection, the special committee is prepared to act in a consultative capacity. While shareholders will be relieved to learn that there is nothing unsound in the company's internal position, it is clear that recovery must, by present indications, be a gradual process, contingent upon the return of economic prosperity to Canada and the establishment of sounder

conditions in the fur trade. The ordinary shares, which touched 93s. 1½d. early this year, and were quoted at 22s. 6d. on the eve of the report, now stand at 25s.

White Star Line Affairs.—This week's official announcement that the half-yearly dividend on the £5,000,000 6½ per cent. cumulative preference shares, falling due on January 1, 1931, will not be paid, is unwelcome but not unexpected. Six months ago, the dividend was met under the guarantee of the Royal Mail Steam Packet Company, and the latter has been formally requested by the White Star to pay the dividend within the next month, under the terms of the guarantee. The affairs of the Royal Mail Company are now in process of reorganisation, under a committee, and it is not difficult to discern numerous reasons why the latter may be anxious to conserve the group's financial resources at the moment. If the White Star preference holders, who have no direct interest in Royal Mail affairs, were to take legal steps to enforce their claim, there is at least a possibility that the debenture holders of the Royal Mail Company (whose interest payments rank in front of the White Star guarantee), would endeavour to obtain the appointment of a receiver. The effect of such a step could only be to make confusion worse confounded, and seriously to embarrass those who are endeavouring to straighten out the tangle of the Royal Mail Company's affairs. More probably, the White Star Line preference shareholders will be asked to exercise patience until the position can be cleared up. It has been suggested that the P. and O. group might buy the Oriental interests of White Star at a price, and some other big shipping concern, such as Furness Withy, might take over the remaining interests. Unfortunately, the White Star Company does not yet fully own its principal assets, which consist of shares in the Oceanic Steam Navigation Company. Whether any other group or groups would be prepared to take over a liability of some millions of pounds, falling due in 1936, is doubtful. The existence of a body of "outside" White Star preference shareholders is naturally a handicap to the complete identification of the White Star's interests with the Royal Mail reorganisation. There would, however, be grave objection to any plan to exploit the non-payment of the dividend as a means for buying out the preference shareholders at a virtual "rubbish price," without their being made fully cognisant of the real contemporary earning position of the subsidiaries of the White Star Line. A meeting of the preference shareholders will be called during January, at which the voting trustees will make a statement. In the meantime, it has been announced that neither the Royal Mail Company nor Elder Dempster will pay preference dividends this month.

Consolidation of the Eastern American Railroads.—President Hoover's announcement of the agreement reached between the large railway groups serving the territory between New York and Chicago ushers in a further chapter of American railway history. No details are yet available, but it is known that for some weeks efforts have been made to arrive at an agreement by a committee, with General Atterbury, President of the Pennsylvania Railroad, as chairman, and including representatives of the other three large groups, the New York Central Lines, the Baltimore and Ohio, and the Nickel Plate system, built up by the Van Sweringens of Cleveland. This problem of over ten years' standing has proved a peculiarly thorny one in view of the diversity of interests of the different lines, and the more recent complications caused by the publication in December, 1929, of the Interstate Commerce Commission's plan for consolidating into nineteen systems all the railways of the United States. This plan replaced the Interstate Commerce Commission's tentative plan of 1921 and provided for five large systems in the area between the Atlantic Seaboard and Chicago. They were to be based on the Pennsylvania, practically as it stands to-day; the New York Central System, to which was to be added the

Virginian, a coal road serving Norfolk, Va.; the Baltimore and Ohio, to be rounded out with the Reading; and the Central of New Jersey, as well as the Buffalo, Rochester and Pittsburgh and the Chicago and Alton, both of which have recently come under Baltimore and Ohio control. The fourth system was to consist of the Chesapeake and Ohio, Erie, Pere Marquette and Nickel Plate railways, all of which are already owned by the Sweringen interests; to these was to be joined the Delaware, Lackawanna and Western, running from Jersey City to Buffalo. The main difficulties occurred with the fifth system, centred around the Lehigh Valley and the Wabash, coupled with the Norfolk and Western and the Seaboard Air Line. This unwieldy system was to stretch from Omaha to Miami, Fla., and New York, and would have been competitively weak. The Pennsylvania Railroad at present financially controls the first three of these lines, but was ordered early in December to divest itself of its stock ownership of the Lehigh Valley and Wabash as being illegal according to the Clayton Anti-Trust Law. It is probable that this Interstate Commerce Commission order has been an incentive to agreement between the four large Eastern lines, and it is to be presumed that the difficulty of allocation concerning the Lehigh Valley and the Wabash has been settled. The agreement itself is welcomed as it creates stability and enables programmes of betterment to be pushed ahead; but in the long run it will tend to create even stronger competition than in the past, and for geographical reasons economies are not likely to be attained commensurate with those obtained from the grouping of the British railways in 1923.

Building Society Interest Rates.—Mr Harold Bellman, managing director of the Abbey Road Building Society (the second largest society in the country), in a recent statement, touched on a number of questions of prime importance in the present building society outlook. He referred to the phenomenally rapid progress of the movement during the last few years, and declared that this could not be continued indefinitely. Sooner or later, he pointed out, a period of steady advance at what must be considered a normal level would probably be entered upon. This declaration is a significant indication of the way building society opinion is moving, for Mr. Bellman is one of the most able and energetic spokesmen of the "forward" section of building society opinion, Mr Bellman's belief that, in the main, building societies appear to be largely immune from the varying phases of the trade cycle, cannot entirely be borne out by available evidence. They have, of course, experienced something resembling a cycle of their own since the war, of which at least two phases can be traced up to the present. The chief cause underlying the first phase was the abnormal housing situation left by the war, plus a certain redistribution of British incomes, which caused a numerical increase in potential owner-occupiers of houses. There is good reason to believe that part of this

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field of immediate demand has now been covered. In this second phase, the relatively high rates of interest offered by the societies have become increasingly attractive to lenders by reason of the fall in interest rates generally during the last twelve months—which, incidentally, is one of the phenomena of the present trade cycle. Opinion within the movement has been somewhat divided as to the best means of meeting this situation. Some authorities have suggested a lowering of building society interest rates, but to this course objections have been raised. Whether the lowering of rates to borrowers would tend to bring in a somewhat less desirable type of mortgagor is a moot point, but it might conceivably involve a sensible lowering of property values, which would not be a desirable development in view of the large sums already lent by the societies. Secondly, a reduction of, say, 1 per cent. in the rates offered to lenders, still leaves them at a sufficiently high level to bring in appreciable amounts of "short" money, liable to withdrawal on the termination of the present period of cheap money. The societies quite definitely do not desire to attract such funds, since their resources are employed in a species of investment of a "medium" or "long-term" character. Money placed with them is, it is true, repayable at short notice, but this facility is designed to appeal to the societies' true client—the small investor—and not to enable them to provide a temporary harbourage for the unemployed resources of larger financial interests. The Abbey Road Society some time ago adopted a policy of maintaining its interest rates, but placing a temporary limit on the amount of money which might be invested by any one person. The Society has now announced that, after July 1st next, its bonus of $\frac{1}{4}$ per cent. will not be paid in addition to the dividend of $4\frac{1}{2}$ per cent. per annum, the total rate thus being reduced from 5 to $4\frac{1}{2}$ per cent. The Halifax Building Society (the largest in the country) is reducing by $\frac{1}{4}$ per cent. the rate of interest paid on *new* investments.

Turner and Newall Profits.—The preliminary profit figures of this asbestos combine approximated to market expectations, which had been steadily revised downwards with the progress of the world trade slump. Trading profit for the year to September 30th last totalled £1,101,845, compared with £904,633 for 1929, while an additional sum of £120,000 was available, representing the balance on purchase account of Bell's United Asbestos, now in liquidation. Expenses (including those incurred in connection with the Rhodesian and General Asbestos merger) amounted to £272,082, against £99,835, leaving a net profit of £949,763. The ordinary share capital, increased from £2,232,848 to £3,096,505 on account of the merger, earned 17.5 per cent. (against 23.0 per cent.), and received $11\frac{1}{4}$ per cent. (against $17\frac{1}{2}$ per cent.).

Year to September 30th.	1928.	1929.	1930.
Trading profit.....	737,730†	904,633	1,101,845
Other income.....	...	...	120,000
Expenditure.....	165,506	99,835	272,082*
Net profit.....	572,224	804,798	949,763
Brought forward.....	10,339	3,156	13,128
Preference dividend.....	47,997	92,920	101,099
No. of times covered.....	12	9	9
Ordinary capital—			
Earned £.....	524,227	711,878	848,664
Paid £.....	264,905	541,906	544,525
Earned %.....	29.8	23.0	17.5
Paid %.....	15	17½	11½
To reserve.....	266,505	160,000	300,000
Carried forward.....	3,156	13,128	17,267

* Including amalgamation expenses.
† After directors' fees.

In view of the company's increased capital and the uncertainty of the trade outlook, the directors' decision to place a further £300,000 to reserve is commendable. The £1 ordinary shares declined steadily last year from a high level of 86s. 8d. for 1930 to 41s. 3d. on Tuesday.

The cut in dividend was thus fully discounted. The yield on the shares is £5 12s. 6d. per cent., allowing for a final dividend of $6\frac{1}{4}$ per cent.

British Cement Products.—The report of the British Cement Products and Finance Company for the year to November 16, 1930, reveals no recovery from the deplorable position in which the company was placed as the result of the collapse of the Horne group of cement companies. By taking credit for £16,400 income-tax recoverable and £29,118 reserve for income-tax not required, the company scrapes through the year with a net loss on profit and loss account of £2,974, bringing the total debit carried forward to £771,552. The balance sheet discloses investments of £91,091, which have a present value of £44,604, and shares in subsidiary companies costing £388,242 with a nominal market value of £171,068. There is a loan to Associated Anglo-American Corporation (in liquidation) of £214,605 secured by a deposit on Allied Cement Manufacturers shares. As the company's chief asset consists of 5,130,811 shares of 4s. in Allied Cement Manufacturers, Ltd., the reorganisation of the administration of that company is of prime importance. At the Extraordinary General Meeting of Allied Cement held on December 23rd, a resolution for the removal of all the directors, including the chairman, Mr O. J. S. Piper, was carried, and Mr H. Boot, Colonel Eastwood, General Sir P. Maybury and Sir R. Pretymann Newman, were elected in their stead, Mr Boot, who is managing director of Eastwoods, Ltd., becoming chairman and managing director. It was considered that Allied Cement could be put upon a profit-earning basis, if immediate finance were found to meet pressing liabilities. The new board has since declared that the company has no resources to pay its debenture interest due on January 1st. At the general meeting of the British Cement Products and Finance, which followed on December 31st, a lively discussion between the chairman, Mr A. J. Chapman, and disgruntled shareholders took place, and it was eventually decided to appoint a committee of investigation, consisting of three shareholders, to confer with the directors, and to defer passing the accounts until this committee had reported. There was a strong demand for the publication of Sir Harry Peat's report on the affairs of British Cement Products and Finance, but the chairman regarded the expense of circulating this bulky document among 3,000 shareholders as being entirely unjustifiable. The Press, however, would probably be more than willing to provide the company with an alternative method of publication, if no legal difficulties stood in the way.

United Serdang Rubber Report.—The heavy fall in the price of rubber, combined with suspension of tapping in May, and the subsequent selective tapping, caused the net profit to drop by £100,020 to £38,732. No allocation was made to the general reserve fund, but £20,000 was added to the special cultivation reserve fund, and after £25,000 had been transferred from the taxation reserve, the dividend of 4 per cent. caused a decrease of £389 in the amount carried forward, to £95,393.

	Year ended August 31.	1928.	1929.	1930.
	£	£	£	£
Net profit.....	163,547	138,752	38,732	
Ordinary capital:—				
Dividend amount.....	126,365	106,745	44,121	
Earned, per cent.....	12.9%	9.7%	2.7%	
Paid, per cent.....	10.0%	7.5%	4.0%	
To reserve.....	20,000	20,000	...	
Other allocations.....	...	...	20,000	
From taxation reserve.....	...	...	25,000	
Inc. or dec. in carry-forward...	+17,182	+12,007	-389	

The balance sheet shows a surplus of liquid assets over current liabilities of £337,369, which is £226,615 lower than in 1929. The chief changes were declines of £37,179 in cash to £21,431 and of £74,714 to £355,961 in gilt-edged investments. Creditors dropped by £24,996 to £110,970. During the year £35,837 was spent in developing properties and £37,599 on plant, machinery, etc. Stocks at

£137,270 were £15,748 lower than a year earlier. By selective tapping the rubber output has been reduced to two-thirds of normal, and the strictest economy will be enforced, without neglecting expenditure necessary for the proper upkeep of the estates. Several of the company's estates have been resurveyed, and the acreage accordingly adjusted. Important soil conservation has been effected as a result of an improvement in the supply of new coolies from Java. At their present price of 2s. 4½d. per 2s. share the ordinary shares yield £3 9s. 10d. per cent.

Steel Industries Meeting.—An informative, if depressing, survey of the position of the steel industry in Great Britain was given by Mr W. Benton Jones at the first annual meeting of the Steel Industries of Great Britain, Ltd. The company is a holding concern, which was formed in June, 1929, to purchase, from Austin Friars Trust, Ltd. (of unhappy memory), the capital of the United Steel Companies and the United Strip and Bar Mills. These two companies have now been amalgamated as the United Steel Companies, their reorganisation having involved a writing-down of assets. It is difficult to ascertain the rate at which United Steel is working in relation to its capacity owing to the variety of its products, but it is now estimated at 60 per cent., as compared with 70 per cent. during 1929-30. Though it is still earning profits, it has decided, in view of the uncertain outlook for the industry, not to pay any interim dividend. The holding company, consequently, has been obliged to pass its interim preference dividend. Mr Benton Jones declared at the meeting that in 1913 Great Britain's production of 7,660,000 tons represented 10.19 per cent. of the world's steel output. In 1925, with a production of 7,390,000 tons, its share was 8.32 per cent., but in 1929, although British production rose to 9,640,000 tons, the percentage fell to 8.06 per cent. The production of Western Europe was 25,670,000 tons (34.16 per cent. of world output) in 1913, and 34,990,000 tons (29.57 per cent.) in 1929. In view of the increased use of machinery and of steel in buildings, the chairman prophesied a further steady expansion in world demand for steel, though the Western European concerns, which had taken advantage of post-war conditions to pay off their prior charges, rebuild their factories, and equip them with the most efficient plant, enjoyed very substantial advantages as compared with many British companies.

Rio de Janeiro State Loan.—Advice has been received in London to the effect that the Minister of Finance of the State of Rio de Janeiro has forwarded, by post, funds for the payment of interest due on that State's 7 per cent. sterling loan of 1927. Payment was due on December 15th last, but owing to a change of Government subsequent upon the Brazilian Revolution, the new Minister of Finance found a lack of funds, and stated that he hoped to meet the obligation by the end of the month. This announcement has resulted in slight rises in various Brazilian stocks. The "default" was dealt with in the *Economist* of December 20th last.

New Tin Restriction Proposals.—A circular letter, dated December 24th, has been sent by the Tin Producers' Association to its members under the signature of Sir W. Peat, chairman of the Executive Committee, reporting that the average monthly reduction of output for the five months since June 30th was 2,927 tons if compared with the average production of the whole of 1929, or 3,097 tons if compared with the average of the last four months of 1929. This is tantamount to a curtailment of 20 per cent. Sir William Peat further announced that after obtaining the views of leading producers in every field it had been decided to reinforce the present system of voluntary restriction by arrangements more comprehensive, binding and durable. The new restriction plan covers the world and the Governments of the Federated Malay States, the Dutch East Indies and Bolivia are expected

to give legislative sanction for carrying it into effect. Each exporting country is to be limited to a certain quota as from January 1, 1931, the quotas being varied from time to time as may be required to correlate supply and demand and reduce the present accumulated stocks to normal proportions. The ratios of the various quotas will not, however, be varied, being based upon the "agreed" production of each country in 1929. The Malayan ratio, for example, will represent the proportion of the world production exported by the Malayan States in 1929, namely, 37.14 per cent. Similarly the ratios of Bolivia, the Dutch East Indies and Nigeria will represent their respective proportions, totalling 49.6 per cent. of the 1929 world production. The scheme, it is claimed, will embrace practically 90 per cent. of the world's output. The international quota agreement is to continue in force until the end of 1932, and an Advisory Committee, on which the producers, as well as the several Governments will be represented, is to be appointed to assist in making the somewhat complicated scheme work. The plan differs, ostensibly, from the ill-fated rubber restriction scheme in that its scope is not confined to British areas but involves the participation of the Governments of foreign exporting countries. The use, however, of the weapon of Governmental intervention to coerce producers who do not choose to follow the precise plan of the majority as regards restriction, is undesirable in itself, and is calculated to create another unfortunate precedent. There is nothing novel in the argument of the Anglo-Oriental Mining Corporation in their last bulletin that the safety of the majority of tin producing companies is otherwise imperilled. This argument has been used by many industries in depressed periods. In any case, is the present scheme certain to secure a balance between supply and demand? The Anglo-Oriental Mining Corporation estimates total world tin supplies for the eleven months to November, 1930, at 140,699 tons, as compared with an estimated world consumption of 129,033 tons. There is some doubt whether output can be restricted quickly enough to bridge the large gap between supply and demand, seeing that consumption is still likely to fall with the spread of the world trade depression. It is still more doubtful whether the price of tin can be stabilised in view of the uncertainties of the present scheme. From a level over £180 per ton at the beginning of the year, tin had fallen to nearly £110 last month. Since the announcement of the new restriction scheme it has touched £120 a ton, but subsequently reacted.

Nestlé's and the Unilever Interests.—In an article appearing last week under the title "The Unilever Galaxy," we included the Nestlé Company, and its associate, the "Hollandia" Anglo-Dutch Milk and Food Company, in a list of companies coming within the scope of the Unilever organisation. We are now informed by the general manager of the Nestlé and Anglo-Swiss Condensed Milk Company that neither company has any connection whatsoever with Unilever, Ltd., and ask our readers kindly to note this fact.

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EVERY DESCRIPTION OF BRITISH AND FOREIGN BANKING BUSINESS TRANSACTED.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Montreal, Cable Telephone and General Trust, New Modderfontein Gold Mining, Lake View and Star, Pontian (Malay) Rubber and E. W. Tarry. Presiding at the annual meeting of Lake View and Star, Mr J. A. Agnew referred to the action of the Commonwealth Government in granting a bounty on increased gold production, and said it was understood that the bounty was to take the form of the payment by the Government at the rate of £1 per fine ounce, for all gold produced annually, for a period of ten years, in excess of the average production for the years 1928, 1929 and 1930, which was estimated at 445,800 ounces. At the Pontian (Malay) Rubber Co. meeting Mr Philippe E. Gourju said that although last year it seemed that expenditure on the estate could not be reduced much further without incurring some danger of essential work being neglected, care and concentration on the part of the superintendent and the agents in the East had diminished the cost per lb. by nearly 2d. Discussing the instability of world market conditions, the chairman of the Bank of Montreal pointed out that for the twelve months ended March 31, 1929, Canada sold to Germany agricultural produce of a value of \$35,402,000; in the next year the value had fallen to \$14,841,000, and for the three months ended June 30, 1930, the total was \$2,182,000 only.

CAPITAL ISSUES.

The first borrower of the New Year is, appropriately, of unquestionably high status. The *Belfast Corporation* issue of 4½ per cent. redeemable stock is open, in the first place, to holders of 6½ per cent. mortgages, repayable on January 4th next. Cash subscriptions for the remainder will be opened on Monday, the whole of the purchase price of par being payable on application. Though the stock is priced on the high side (its yield being no more than 4½ per cent.), it includes attractive redemption rights, under which holders may apply for repayment at par in May and November of each year during the loan's currency, though the Corporation is not obliged to repay more than £20,000, in the aggregate, during each half year. This plan follows the lines first adopted by the Belfast Corporation in a conversion issue ten years ago.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

		National Savings Certificates.	
		Net sales, week ended December 20, 1930, £150,000.	Total receipts, April 1, 1930, to December 20, 1930, £6,400,000.
		Nominal Capital.	Conversions or New Money.
To the Public.		£	£
Belfast Corporation	500,000	500,000	500,000
Total offered to Public, week ended January 3, 1931.	500,000	500,000	500,000
To Shareholders only.		£	£
Azar Cross and Co., 225,000 ord. £1 at 30s.	225,000	337,500	337,500
Total to Shareholders only, week ended January 3, 1931.	225,000	337,500	337,500
Total Offered for Subscription—		Total Offered for Subscription—	
Including Excluding Conversions. Conversions.		Including Excluding Conversions. Conversions.	
Jan. 1 to date—	£	Whole year—	£
1931	987,500	1930	454,888,784
1930	Nil	1929	488,764,440
1929	9,100,000	1928	693,100,056
1928	1,855,888	1927	359,058,073
1927	1,790,000	1926	330,782,600
1926	5,852,500	1925	232,214,500
1925	705,430	1924	294,325,101
1924	2,616,750	1923	271,599,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	650,000	Nil	337,500	987,500
1930	Nil	Nil	Nil	Nil
Whole year—	£	£	£	£
1929	137,670,300	31,543,400	115,025,700	284,239,400
1928	214,517,900	45,052,600	111,177,600	370,748,100
1927	228,958,000	36,851,600	82,571,400	348,381,000
1926	145,180,000	33,393,200	46,209,400	224,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Vereeniging Estates, Ltd., £650,000 6 per cent. Mort. Debs. at 95 per cent.	604,500	97½	632,946
Total for week ended January 3, 1931	604,500	...	632,946
Total to date, 1931	604,500	...	632,946
Total to date, 1930	Nil	...	Nil

Belfast Corporation.—Issue of £500,000 4½ per cent. redeemable stock, 1931, at £100 per cent., payable in full on application. The stock will be redeemed at par on January 4, 1931, unless previously cancelled by purchase or agreement. Holders of Belfast Corporation 6½ per cent. mortgages, repayable January 4, 1931, have been given the opportunity of reinvesting in this stock. The rateable value of the city is £1,858,974, and a rate of one penny will produce £7,000.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction:—**Stirling County Council.** Particulars of an issue of £1,000,000 4½ per cent. redeemable stock, 1931-61. Trustees are authorised to invest in this stock. **City of Nottingham.** Particulars of an issue of £750,000 Nottingham Corporation 4½ per cent. redeemable stock, 1931-61. Trustees are authorised to invest in this stock.

[Other Stock Exchange information, including the latest dividend announcements, weekly traffic returns, profit and loss figures, and reports and notices, will be found on page 42 under the heading "Company News."]

RHODESIAN GOLD OUTPUT.

Month.	1927.	1928.	1929.	1930.
January	206,094	217,027	195,481	194,953
February	195,996	196,649	191,786	185,987
March	213,708	204,000	200,435	192,392
April	204,876	206,234	203,780	193,522
May	207,818	200,130	203,798	201,101
June	223,418	218,745	204,603	190,909
July	207,448	206,877	196,016	193,566
August	199,850	214,077	196,528	195,010
September	193,646	201,625	190,354	195,001
October	197,501	182,032	198,308	190,178
November	200,481	201,689	195,346	187,638
December	208,016	189,319	197,884	...
Total Gold.....	2,458,862	2,438,404	2,374,359	2,120,237

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LIMITED.—Production for the week ended December 10th: Venezuela, 35,930 barrels; Trinidad, 21,197 barrels; total, 57,127 barrels. Production for the week ended December 17th:—Venezuela, 34,873 barrels; Trinidad, 19,105 barrels; total, 53,978 barrels. Production for the week ended December 24th: Venezuela, 36,642 barrels; Trinidad, 18,552 barrels; total, 55,194 barrels.

THE MEXICAN EAGLE OIL COMPANY LIMITED.—Production for the week ended December 6, 1930, was 219,000 barrels. Production for the week ended December 13, 1930, was 216,000 barrels.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during November was 20,985 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,574 barrels.

TRINIDAD LEASEHOLDS, LIMITED.—Oil produced during November, 23,300 tons; oil purchased during November from other companies, 48,350 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended December 6th was: Bolivar district, 88,412 metric tons; Maracaibo district, 14,286 metric tons; total, 102,698 metric tons. Production for the week ended December 13, 1930, was: Bolivar district, 90,970 metric tons; Maracaibo district, 15,789 metric tons; total, 106,759 metric tons. The Venezuelan Oil Concessions, Ltd., announces that its production for the week ended December 27, 1930, was: Bolivar district, 86,270 metric tons; Maracaibo district, 15,944 metric tons; total, 102,214 metric tons.

COMPANY MEETINGS &c.

BANK OF MONTREAL.

NO LOSS FROM DEPRECIATION.

VERY SATISFACTORY POSITION.

SIR CHARLES GORDON'S REVIEW FOR THE YEAR.

BUSINESS OUTLOOK.

Summing up conditions in our own country, we can, I think, justly congratulate ourselves upon the inherent vigour and soundness of our general economic structure. The setback we have received has been a direct reflection of disturbed conditions all over the world.

Memory of the stock market debacle will pass; commodity prices will, if they have not already done so, reach a point where production is curtailed to the level of consumption; the period is approaching when the comparison with figures of the previous year will be less unfavourable. When these factors are in evidence there will be bred a more optimistic outlook, spending will become freer, employment will increase, and there will be a return to better times, for in this virile country of Canada, with its abounding resources, there can be no permanent depression. Whether the pull will be short or long we cannot foretell, but we do know that Canada has been through many periods of depression before and upon each occasion has emerged successfully.

My own view is that when the turn comes, Canada will be found leading the procession in the return to prosperity. That view, I think you will agree, finds full justification from the manner in which this country has been weathering the storm and from the vigorous and practical remedial measures which we as a people have applied.

GENERAL MANAGER'S ADDRESS.

The chairman then called upon Mr W. A. Bog, as joint general manager, to read the address of the general managers. Mr Bog said:—

On behalf of Mr Dodds and myself, I have the honour to present to you the 113th annual balance sheet of the bank, together with our comments upon the various features which it contains.

As you know, the banks of the world at large are passing through one of the most difficult periods in history. Canada is singularly fortunate in her banking system. It has been able to withstand, without apparent strain, the heavy drop in the price of commodities and in the market value of securities which has taken place in this country as it has elsewhere. A reduction in bank figures is a natural sequence of this decrease in values.

You will note that the traditionally strong liquid position of your bank has been maintained. This was accomplished without curtailing the credit requirements of our customers.

Our total assets now aggregate \$826,900,000, against \$965,300,000 a year ago, a decrease of \$138,400,000, which may be considered a reasonable contraction in view of the conditions which have prevailed. Of this total, \$438,100,000 consists of quick assets, namely, cash, call loans, bank balances and securities of a readily realisable nature.

Profits are \$6,519,000, as compared with \$7,070,000 reported a year ago. This reflects the quieter state of business conditions, coupled with lower rates of interest received on funds necessarily employed elsewhere than in Canada. The net result may be considered satisfactory.

Our offices abroad have continued to prove of substantial advantage to our general operations and to the international business of the Dominion. Their importance has been particularly noticeable in connection with the growing interest abroad in the establishment in Canada of new industries and branches of existing industries.

SITUATION IN CANADA.

In Canada the collapse of stock speculation, which occurred just prior to our last annual meeting, has been coupled with a decline in commodity prices sufficiently widespread to affect nearly every form of business. Canada is fortunate in that its income is derived from a variety of important trades and occupations, most of which are based upon raw materials existing in abundance within our own borders.

While Canada is steadily growing in importance in respect of her manufactures, we depend largely upon the export of agricultural and

The 113th annual general meeting of the shareholders of the Bank of Montreal was held in the board room at the bank's headquarters in Montreal on Monday, December 1, 1930.

THE PRESIDENT'S ADDRESS.

Sir Charles Gordon, G.B.E., in addressing the shareholders, first expressed his deep regret at the death during the past year of two valued colleagues, Mr H. B. Mackenzie, general manager, and Mr William McMaster, a member of the board, and paid a fitting tribute to the valuable services rendered to the bank by these gentlemen.

Proceeding, he said that Mr Ross McMaster, whose business achievements were well known to every one of them, had been appointed to fill the vacancy on the board caused by the death of his father, and two seats on the directorate, following the enlargement of the board authorised at the last annual meeting, had been filled by the appointment of Mr Patrick Burns and Mr Chris. Spencer, residing in Calgary and Vancouver respectively, both outstanding in business enterprise in Western Canada.

After the death of Mr Mackenzie the directors had deemed it opportune to make the general management a joint office, and appointed thereto Mr W. A. Bog and Mr Jackson Dodds, who had long been upon the staff of the bank, had risen by merit and ability to the important positions they now occupied, and were possessed of sound and varied banking knowledge.

Sir Charles continued: The annual statement has already been published, and as the general managers will explain some of the details, I will only draw attention to the very strong position, which is reflected not only in cash but in Dominion of Canada and Provincial Government securities.

The year under review has been a most difficult one, not only for banks, but for practically all classes of business, and this has been reflected in our profits.

Following the custom of which I have had the opportunity of availing myself for the past three years, together with other directors of the bank I accompanied Mr Beatty, president of the Canadian Pacific Railway Company, on his annual visit to the West. In this way we are enabled to keep thoroughly familiar with all the ramifications of the bank in the Western Provinces and British Columbia.

It is the history of all new countries that they depend at first upon the utilisation of their most available resources, and later turn to manufacturing and similar pursuits. Canada at the present time is in an intermediate stage. We have been making use of resources most readily converted into money, but are now entering the second stage, that of manufacturing. In 1915 the gross value of Canada's agricultural products was \$1,118,694,000, and of her manufactured products, \$1,381,547,000. In 1928 the figures were: Gross value of agricultural products, \$1,730,304,000, and of manufactures \$3,769,850,000. These figures illustrate the trend of our economic development, and have an important bearing upon our future outlook.

IMPERIAL CONFERENCE.

On the Imperial Conference in London high hopes may have been built that the various portions of the British Commonwealth would be more closely knit economically by preferential tariffs. No important step to this end was taken, but the proceedings have awakened widespread interest. It is apparent that free trade within the Empire is not a practical possibility, but I feel strongly that much could be accomplished in furthering the exchange of trade between Canada and the United Kingdom by placing that trade upon a reciprocal basis, as is the case at present between Canada and some other portions of the Empire. There is an increasing recognition in Canada of the wisdom of trading with those who are willing to trade with us, and that principle would find a very practical expression under a system of reciprocal preferences with the United Kingdom, which, though started perhaps only in a small way, would undoubtedly lead to impressive results in regard to the future trade of both countries. These remarks apply also to an extension of the existing agreements with the other Dominions.

other products, and at present the realisable monetary value of these is at the lowest level reached for many years past.

What is very necessary to improve conditions in Canada is the political and financial stability of the world at large, principally of Europe, and anything Canada can do to this end will redound to our advantage.

CROP POLICY.

The serious situation which has developed in the wheat market has served to call into question the wisdom of placing such wide-spread reliance as in the past upon one type of crop. Wheat is a commodity of international character, and the bulk of our production of it must be exported. The price return is subject to wide fluctuations, and is affected by many conditions which can neither be foreseen nor controlled. Wheat will always be produced in large quantities in the Prairie Provinces, but the conviction is growing that more stability is afforded by a wider application of the principles of mixed farming, because this, as well as supplying many of his own needs, brings to the farmer a return every month in the year. Meanwhile, for the marketing of our export surplus of wheat, stable conditions in the world at large are most important.

It might be pertinent in this connection, as an example, to mention that for the twelve months ended March 31, 1929, Canada sold to Germany agricultural products of a value of \$35,402,000; in the next year the value had fallen to \$14,841,000, and for the three months ended June 30th of this year the total was \$2,182,000 only.

The return of prosperity will probably be slow, but there are grounds for believing that the bottom of the depression is near at hand. There is the possibility of a seasonal slowing down during the early winter months.

The Chairman then moved, seconded by Mr H. R. Drummond, that the report of the directors now read be adopted and printed for distribution among the shareholders.

The report was unanimously adopted.

The auditors and directors were duly elected, and a vote of thanks to the staff was unanimously carried.

The meeting then terminated.

At a subsequent meeting of the directors Sir Frederick Williams-Taylor was appointed a vice-president, stationed in London, England, with complete supervision of the British and European affairs of the bank.

E. W. TARRY AND COMPANY, LIMITED.

SIR J. FORTESCUE FLANNERY ON THE TRADE DEPRESSION.

The annual general meeting of E. W. Tarry and Company, Ltd., was held, on the 31st ultimo, at the Cannon Street Hotel, London, E.C.

Sir J. Fortescue Flannery, Bt., D.L. (the chairman), said that the depression in trade which seemed to have affected every civilised country had affected the principal industries of South Africa, and in some departments had affected them very seriously.

Over-trading and the granting of excessive credit had put the trading community in a most difficult position, and in view of the condition of the motor trade the directors, after earnest consideration, had decided to close this department, but it would be done gradually in order that the assets might be realised as favourably as possible and that the company should carry out their obligations as regards service to customers within the period of guarantee.

Having dealt with the accounts, the Chairman said that the directors had decided not to pay, for the present, the half-yearly dividend on the preference shares which would be due on January 1st. This decision was associated with the greatest regret, as it was the first time in the history of the company that the preference dividend had been postponed. The dividend payable on January 1st was against the profits of the year which commenced on July 1, 1930, and the directors felt that they must have sufficient information before them to show that the necessary profit had been earned before they authorised the payment. As soon as circumstances warranted, the arrears of dividend would be cleared off, and he trusted it might be soon. The directors still had the greatest faith in the stability of Tarrys, and it was only the prevailing circumstances which made them cautious, in view of the large sums due to the company.

They approached the future with considerable optimism, feeling that the temporary setback to South Africa's progression was nearing an end, and, while the recovery might not be rapid, it would be sure. In previous periods of depression South Africa had made a quick recovery, and he felt hopeful that, in the present worldwide setback, South Africa would lead the world in the race to normal conditions.

The report and accounts were unanimously adopted.

NEW MODDERFONTEIN GOLD MINING COMPANY, LIMITED.

(Incorporated in the Union of South Africa.)

REDUCTION IN COSTS.

UPPER LEADERS AND SOUTH REEF DEVELOPMENT.

The thirty-third ordinary general meeting of the shareholders of New Modderfontein Gold Mining Company, Limited, was held in Johannesburg on November 27, 1930.

Mr John Martin (the chairman) in the course of his speech said: Ladies and gentlemen,—The directors' report and audited accounts for the year ended June 30, 1930, show that the total profit earned was £2,229,846, which, with the balance of £302,061 unappropriated at the beginning of the year and a small amount of £757 in respect of unclaimed dividends, forfeited in accordance with the company's articles of association, gave a total of £2,532,664 to the credit of the appropriation account. As stated in the directors' report, this sum was disposed of as follows:—Dividends Nos. 47 and 48 of 70 per cent. and 67½ per cent. respectively absorbed £1,925,000; Government and provincial taxation amounted to £305,264; capital expenditure accounted for the net sum of £26,097; and a further amount of £24,325 was set aside towards meeting the outstanding liability in respect of miners' phthisis compensation. The unappropriated balance at June 30, 1930, was £251,978.

RECORD TONNAGE CRUSHED.

The improvements to the reduction plant enabled a larger quantity of ore to be treated, and the total tonnage crushed was increased by 98,000 tons, compared with the previous year, to the fresh record of 1,811,000 tons. The working costs per ton milled were reduced by 11d., but the yield and working revenue per ton milled decreased by 0.691 dwt. and 3s. 1d. respectively. On balance, therefore, the working profit per ton milled was 2s. 2d. lower and the total working profit of £2,188,177 was £64,256 less than the figure for the year before. The fact that working profits have been so well maintained, notwithstanding the progressive decline in the yield per ton milled and the increased development footage accomplished, has been due to the increase in the tonnage crushed and the very considerable reduction of working costs. The lowering of the grade will not have occasioned surprise as that tendency is inevitable in the circumstances of the mine, and was clearly forecast in previous annual reports and at previous annual meetings. It has been due chiefly to the mining of a greater proportion of ore from the Upper Leaders and South Reef, a proportion which during the year under review amounted to 27 per cent. of the total tonnage mined, compared with 12 per cent. for the previous 12 months.

Every effort continues to be made not only to maintain but to improve upon the already high standard of general efficiency at the mine. Further important economies have been effected in the use of drill steel and explosives in stoping and developing, and these are largely responsible for enabling the cost per fathom of ore broken, comparing the year under review with the previous year, to be reduced by 5.3 per cent. and, at the same time, the cost per foot developed to be reduced by 16.4 per cent.

DEVELOPMENT FOOTAGE RECORD.

The development footage accomplished during the period under review reached the record total of 91,333 ft., or 16,351 ft. more than in the previous year. The increase was again chiefly accounted for by the larger footages driven on the Upper Leaders and the South Reef, in conformity with the policy of accelerating development on these reefs in view of the practical completion of development on the Main Reef Leader.

Of 10,865 ft. sampled on the Main Reef Leader, 5,940 ft. disclosed payable reef averaging 597 in.-dwt. and the payable ore developed amounted to 404,700 tons averaging 10.5 dwt. over 57.6 in.

On the Upper Leaders N.A. 1, 2, and 4, 18,025 ft. were sampled, of which 9,865 ft. were classed as payable with an average value of 391 in.-dwt. The payable ore developed on the N.A. 1 and 2 Leaders was 439,500 tons, averaging 5.7 dwt. over 44.3 in.

Of 18,115 ft. sampled on the N.A. 7 Leader 6,615 ft. exposed payable reef of an average value of 337 in.-dwt., and of 11,585 ft. sampled on the South Reef 4,550 ft. gave payable values averaging 358 in.-dwt. The payable ore developed on these two reefs amounted to 322,000 tons, averaging 6.1 dwt. over 41.1 in. and to 128,000 tons averaging 5.5 dwt. over 42.1 in. respectively.

THE ORE RESERVES.

Shareholders have been informed on previous occasions that the Upper Leaders and the South Reef are of lower average value than the Main Reef Leader, and, in addition, the work done on them to date has indicated a lower proportion of payability. It is mainly due to these differences that the total payable ore developed on all reefs during the past financial year, at 1,294,200 tons of an average

value of 7.3 dwt., showed a decrease of 257,100 tons in quantity and of 0.9 dwt. in value, compared with the figures for the previous year. The ore reserves as recalculated at June 30 totalled 8,757,000 tons of an average value of 8.3 dwt. over an estimated average stoping width of 50.1 in. This included 1,325,100 tons of ore averaging 6.7 dwt. contained in shaft pillars, etc., which are not at present available for stoping. By comparison with the position 12 months earlier, the ore reserves show a decrease of 340,600 tons, the average value being 0.3 dwt. lower and the estimated average stoping width 0.1 in. less. These changes are chiefly due to the fact that the payable ore developed during the year was less, both in tonnage and in value, than that mined from the reserves during the period.

CURRENT YEAR'S OPERATIONS.

The results of operations during the first four months of the current financial year show that the rate of crushing averaged 161,500 tons per month, an increase of 10,600 tons on the monthly average for the preceding year. The yield decreased to 8.97 dwt. per ton milled, but working costs were further reduced to 16s. 0.9d. per ton milled, and the working profit totalled £714,017, or an average of £178,504 per month, which is about 2 per cent. less than the average for the previous 12 months.

The remaining life of the mine will be materially extended as a result of the exploitation of the large tonnages of ore from sources other than the Main Reef Leader which it will be possible to mine and mill at a profit. What those tonnages will ultimately amount to it is impossible at present for us or for anyone to say. That they will be large is undoubted, and the policy to be followed, of conducting a vigorous and extensive development programme and of judiciously conserving the rich Main Reef Leader ore reserve as far as practicable, is designed to ensure the fullest exploitation of the remaining mineral resources of the mine and the longest prolongation of profitable operations.

The report and accounts were unanimously adopted.

CABLE, TELEPHONE AND GENERAL TRUST, LIMITED.

CHANGE OF NAME APPROVED.

SIR ALEXANDER ROGER'S SPEECH.

An extraordinary general meeting of the members of The Cable, Telephone and General Trust, Ltd., was held, on Friday, December 19th last, at Incorporated Accountants' Hall, Victoria Embankment, London, W.C., to consider a resolution approving a change in the name of the company.

Sir Alexander Roger presided.

The secretary (Mr. L. D. Bennett) having read the notice convening the meeting.

The Chairman said: Gentlemen, you have been called together to-day to sanction a resolution authorising the change of name of your Trust to that of Telephone and General Trust, Ltd., the change being in the elimination of the word "Cable" from the present name.

Your directors hold the view that the title of your company, as far as possible, should indicate its principal business. Your company has, of course, wide powers of investment, and there is no suggestion that they should in any way be curtailed, but at the time of the inception of the Trust it was thought that a policy might be developed whereby investments would be made in cable manufacturing, electric power and telegraph companies, as well as in the telephone industry. In fact, however, your company has centred its activities upon telephone investment, both permanent and temporary, as it has been found that there is, in this sphere, a wide field of business and ample opportunity for development. I have already explained to you on previous occasions that our activities in the telephone world are being carried out in conjunction with large associated interests which have also concentrated upon telephone work throughout the world, thus forming international relationships of considerable importance and value.

After due consideration your directors have decided to recommend a change in the title of the Trust, and we believe it will meet with your approval and that of financial circles generally. I would add that the Board of Trade have intimated that their formal consent will be issued as soon as the resolution has been passed.

I move formally: "That the name of the company be changed from 'The Cable, Telephone and General Trust, Limited,' to 'Telephone and General Trust, Limited.' " I will ask Mr. Bennett to second the resolution.

Mr. H. S. Bennett, A.M.I.E.E., seconded the resolution, and it was carried unanimously.

A vote of thanks to the chairman and directors concluded the proceedings.

LAKE VIEW AND STAR, LIMITED.

MR JOHN A. AGNEW'S REVIEW OF THE INDUSTRY.

The twentieth ordinary general meeting of Lake View and Star, Ltd., was held, on the 31st ultimo, at River Plate House, London.

Mr John A. Agnew, chairman of the company, presided. The Secretary (Mr J. Comper) having read the notice convening the meeting.

The Chairman, in the course of his speech, said that the company had made a net profit for the year of £38,990, which amount had been carried to the appropriation account. After dealing with other items in the accounts and the more recent developments on the company's property, he continued:—

• Since the close of the year the first unit of the flotation plant was brought into operation, and it has been completely successful. For the last three months or so the results obtained in the flotation section have been excellent, and we can say without any shadow of doubt that this method of treating the sulpho-telluride ores of Kalgoorlie has been proved to be entirely satisfactory.

You have doubtless learned from the Press of the action of the Commonwealth Government in granting a bounty on increased gold production. A copy of the Act is not yet available on this side, but we have had cabled to us the principal features of it. The bounty is to take the form of the payment by the Government at the rate of £1 per fine ounce, for all gold produced annually, for a period of ten years, in excess of the average production for the years 1928, 1929, and 1930. This average is estimated at present at 445,800 oz. The annual amount distributable, based on such excess when ascertained, will be paid to the producers throughout the Commonwealth in direct proportion to their individual outputs.

It is satisfactory to note from the Press cables and those received from our own representatives in Western Australia that, notwithstanding the granting of this bounty, the producers are to continue to receive the benefit they now enjoy in respect of exchange premium.

The Government of the Commonwealth are to be congratulated on having shown in such an unmistakable manner their desire to assist the gold-mining industry, and it is to be hoped that in providing increased employment for workers and in the discovery of new and important fields, as well as in stimulation of interest in the older ones, they may be very amply rewarded.

AN APPEAL TO THE MINERS' LEADERS.

I want to take advantage of this opportunity of again addressing an appeal to those responsible for framing the policy of the mine workers in Kalgoorlie. In March, 1929, I endeavoured to indicate that we sought to encourage harmonious relations with our employees, and that we were not embarking on an enterprise which depended in any measure for success on any attempt to reduce the wages of our workmen; we then asked, as we do now, for a reasonably fair return for the wages paid and for some evidence on the part of the labour leaders of their desire to co-operate with us in our efforts.

So far as the workmen themselves are concerned, I think I may correctly say that we have no complaint to make. We spent a great deal of money in new equipment, especially in connection with the mine work, and in trying to improve the working conditions in the older sections of the mine, and as a result we found a gratifying increase in efficiency. Not all of this could be attributed to the altered conditions, for it was evident that the men themselves were desirous of rendering better service once it was appreciated that we were not out for any reduction in wages.

We find extreme difficulty, however, in getting the labour union officials and leaders of labour generally to appreciate that in some directions their attitude is calculated to defeat the object they profess to aim at—the welfare of the worker and the employment of the maximum number of men possible.

We have again to record our appreciation of the attitude of the Government of Western Australia towards the gold-mining industry of that State. Notwithstanding a financial situation almost without parallel, and with the most pressing need for increasing revenue wherever possible, we have the personal assurance of the Premier, Sir James Mitchell, that his Government recognises all that we are doing for the industry, and that they are determined to assist us to the utmost extent. (Cheers.) I know Sir James Mitchell intimately, and have no hesitation in advising you that we can accept his assurance as being intended to convey exactly what it states. I take this opportunity of thanking him on your behalf and of offering him in return a renewed expression of our desire to co-operate heartily with him and with his Government in our efforts to demonstrate that the Kalgoorlie Goldfields are capable of again playing an important part in assisting to bring prosperity to the State. (Hear, hear.)

The report was unanimously adopted.

PONTIAN (MALAY) RUBBER COMPANY, LIMITED.**MR P. E. GOURJU ON THE YEAR'S RESULTS.**

The annual general meeting of the Pontian (Malay) Rubber Company, Ltd., was held, on the 30th ultimo, at 7, Great Winchester Street, London, Mr Philippe E. Gourju (the chairman) presiding.

The Chairman said: The accounts now presented show a small working loss for the year, though in view of the low record of market prices you are probably satisfied that it is not larger.

Last year I pointed out that expenditure on the estate could not be reduced much further without incurring some danger of essential work being neglected. Nevertheless, care and concentration on the part of the superintendent and the agents in the East has diminished the cost per pound by nearly 3d.

The average selling price was a very low one, and would have been lower still, but for our having made forward sales which resulted in delivery of 31½ tons of rubber at a minimum price of 7½d. per pound.

This contract runs until the end of 1931, and your company will participate from January onwards in a further contract at a minimum price of 7½d. per pound. These contracts should ensure that, unless the price of rubber in London falls below 4d. per pound, the estate can be run without a loss.

The estimates for the current year are based on an estate cost of 4.72d. per pound, which is very low indeed for an area of the size of Pontian.

There has been considerable discussion, particularly in the Press, about the amalgamation of several companies, without proper information as to exactly what this means. It is no exaggeration to say that at the present moment all plantations managed by the best and most responsible firms are on very economical bases, and in this respect rubber planting compares most favourably with other industries.

As for the rubber market, we hope and believe that the worst is over, and that we can look forward with more confidence to a gradual improvement.

The report and accounts were unanimously adopted.

The appointment as a director of Lt.-Commander A. Y. Catto was confirmed, Mr Philip C. Turnbull was re-elected, and the auditors were reappointed.

A vote of thanks to the directors, managing agents and staff in the East terminated the proceedings.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"
8, Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....

Address.....

**164 Branches
in Finland**

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30.6.30):
Fmk. 3,065,966,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1829.

Government Returns, &c.**NATIONAL ACCOUNTS.**

As is shown from the Treasury Return printed below, the total ordinary revenue for the eleven days ended December 31, 1930, amounted to £10,522,600, against ordinary expenditure of £14,767,300. After allocating £1,105,000 to the Sinking Fund, and having allowed for an increase in Exchequer Balances of £61,400, the week's operations, as shown below, increased the National Debt by £5,412,000 to £7,764,148,000†:—

(000's omitted.)

Bank of England Advances	+ 22,500	Treasury Bills	— 22,960
Public Department Advances	+ 3,500	Road Fund	— 520
National Savings Certificates	+ 2,450	National Savings Bonds	— 8
P.O. and Tel. Money	+ 28,900		— 23,488

† Adjusted figure.

A complete analysis of the National Debt at December 31st is shown below:—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1919.	Mar. 31, 1926.	Mar. 31, 1927.	Mar. 31, 1928.	Mar. 31, 1929.	Mar. 31, 1930.	Dec. 31, 1930.
2½ and 2½ Consols	573	300	300	300	300	300	300	300
Term Annuities	30	20	13	12	12	12	12	12
4½ Consolidated Loan	...	...	166	204	354	353	353	350
3½ Conversion Loan	...	760	740	832	811	790	354	785
Other Funded Debt	15	15	14	14	14	14	14	14
4½ Conversion Loan	...	211	211	221	223	267	223	314
4½ Conversion Loan	...	...	...	...	...	323	144	323
3½ War Stock	...	63	63	63	...	...	...	...
4½ War Stock	...	13	13	13	13	13	13	13
4½ and 5½ War Stock	2,047	2,109	2,154	2,253	2,264	2,171	2,264	2,171
National War Bonds	1,509	706	556	194	...	...	...	...
4½ Funding Loan	...	409	350	389	381	378	381	374
4½ Victory Bonds	...	360	292	277	261	243	235	233
Treasury Bonds	...	...	482	454	675	681	542	600
Exchequer Bonds	20	323	15	15	16	16	16	16
National Savings Certs.	...	267	375	272	362	361	358	359
Other Debt	1,306	1,111	1,193	1,097	1,087	1,076	1,082	1,076
American Loan (Anglo-French)	...	51	...	...	...	...	...	...
Treasury Bills	15	1,107	565	599	527	700	589	780
Temporary Advances	1	243	139	117	152	37	49	77
Other Capital Liabilities	654	8,033	7,558	7,555	7,528	7,500	7,470	7,636
	57	46	75	98	103	120	127	113
Total Liabilities	711	8,079	7,633	7,653	7,631	7,620	7,597	7,789

* Includes debt to American Government.

The aggregate revenue and expenditure to December 31, 1930, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO DECEMBER 31ST.

(000's omitted.)

Expenditure	576,889	Revenue	435,343
Sinking Fund	39,055	Decreases in balances	3,426
		Net Amount borrowed	177,175
	615,944		615,944

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing	Dec. 31, '29.	Mar. 31, '30.	Dec. 31, '30.	Dec. 31, '30.*
Advances by Bank of England	24,240,000	...	26,250,000	+ 22,500,000
Advances by Public Departments	53,150,000	48,530,000	50,700,000	+ 3,600,000
Treasury Bills outstanding	780,245,000	588,885,000	690,235,000	+ 2,910,000
Total Floating Debt	857,635,000	637,415,000	767,185,000	+ 3,190,000

* Includes £9,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on December 24, 1930, and the total amount applied for was £63,800,000. Tenders were accepted for bills at three months, dated Monday, at £99 8s. 11d., about 7 per cent.; Tuesday and Saturday at £99 8s. 11d., about 7 per cent., and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1930.			
Dec. 5	45,000,000	51,030,000	2 4 3-25
Dec. 12	45,000,000	51,110,000	2 7 1-82
Dec. 19	45,000,000	59,115,000	2 10 3-41
Dec. 24	40,000,000	63,800,000	2 5 2-46

Sir Edward Hiffe, C.B.E., has been appointed a director of The London Assurance.

Lord Inverforth has retired from the management committee of Imperial and International Communications, Ltd., but remains a director of that company. Marconi's Wireless Telegraph Company, Ltd., and other subsidiary companies, and president of Cables and Wireless, Ltd.

Mr Norman Bonnington Dickson, O.B.E., M.Inst.C.E., has been appointed chairman of the Monte Video Waterworks Company, Ltd., and the Consolidated Water Works Company of Rosario, Ltd.

Mr L. W. Farrow has been elected to a seat on the Court of Directors of the Royal Exchange Assurance Corporation.

The OCEAN ACCIDENT AND GUARANTEE CORPORATION, Limited.			
ASSETS	£9,046,500		
CLAIMS PAID	£56,933,000		
Accidents and illness.			
Employers' Liability, Burglary, Fire, Motor Cars, Fidelity Guarantees, Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts.			
Executors and Trusteeships.			
Head Office: 36-44 MOORGATE, LONDON, E.C.			

The Bankers' Gazette.**BANK OF ENGLAND.**

Return for Week ended Wednesday, December 24, 1930.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£11,015,100
In Circulation	379,676,869	Other Government Securities	233,038,120
In Banking Department	28,524,558	Other Securities	11,477,312
		Silver Coin	4,469,468
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	148,201,427
	£408,201,427		£408,201,427

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£51,736,247
Reserve	3,349,443	Other Securities—	
Public Deposits*	10,284,679	Discounts and Advances	£14,199,048
Other Deposits	£56,217,226	Securities	23,014,306
Bankers	33,688,383	Notes	37,213,354
Other Accounts	89,905,609	Gold and Silver Coin	28,524,558
7-Day and other Bills	1,433		620,005
	£118,094,164		£118,094,164

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Return for Week ended Wednesday, December 31, 1930.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£11,015,100
In Circulation	368,801,566	Other Government Securities	233,138,442
In Banking Department	38,824,056	Other Securities	11,477,402
		Silver Coin	4,369,416
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	147,625,222
	£407,625,622		£407,625,622

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£81,021,247
Reserve	3,400,255	Other Securities—	
Public Deposits*	6,580,599	Discounts and Advances	£48,962,458
Other Deposits	£132,449,330	Securities	23,690,166
Bankers	36,159,228	Notes	72,652,624
Other Accounts	168,608,558	Gold and Silver Coin	38,824,056
7-Day and other Bills	1,264		645,749
	£193,143,676		£193,143,676

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Dec. 31, 1930.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	368,801,566	— 10,875,303	— 981,015
Public deposits	6,580,599	— 3,704,080	— 5,769,539
Bankers' deposits	132,449,330	+ 76,232,104	+ 22,152,304
Other deposits	36,159,228	+ 2,470,845	+ 1,363,575
Seven-day bills	1,264	+ 159	+ 1,096
Total, outside liabilities	543,991,987	+ 64,123,397	+ 14,037,079
Capital and rest	17,953,255	+ 50,812	— 50,306
Government debt and securities	325,174,789	+ 29,385,322	+ 1,315,293
Discounts and advances	48,962,458	+ 34,763,410	+ 6,791,656
Other securities	35,167,208	+ 675,590	+ 6,458,353
Silver coin in issue department	4,369,416	— 100,052	+ 103,768
Coin and bullion (bank's reserve)	148,271,371	+ 550,061	+ 2,155,625
Reserve of notes and coin in banking department	39,469,805	+ 10,325,242	+ 3,136,640
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	22½%	— 6½%	— ½%
(b) Gold stocks to deposits and notes ("reserve ratio")	27½%	— 3½%	+ 2½%

(000's omitted.)

Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Gold in or out of Bank.	Bank Rate.
1930.							
Nov. 12	418,920	355,381	16,979	60,321	33,150	1,457 out	3
19	417,913	353,740	17,780	59,461	32,953	1,018 out	3
26	416,569	351,125	18,869	59,901	36,813	1,366 out	3
Dec. 3	414,649	359,219	7,843	81,858	34,727	1,922 out	3
10	411,598	364,474	5,891	72,112	33,483	3,054 out	3
17	410,581	372,141	6,524	64,295	33,479	1,045 out	3
24	408,201	379,677	10,285	56,217	33,688	2,368 out	3
31	407,626	368,802	6,581	132,447	36,159	649 out	3

(000's omitted.)										
Issue Department.		Both Depts.		Banking Department.						
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & "Proportion."			
1930.										
Nov. 12	244,060	11,477	160,081	34½	36,726	4,288	22,449	64,700	58½	
19	244,061	11,476	158,966	34½	33,431	4,398	24,844	65,225	59½	
26	244,056	11,477	157,573	34	34,596	6,081	22,236	66,448	59½	
Dec. 3	244,058	11,477	155,631	32½	58,966	4,606	21,791	66,412	43½	
10	244,058	11,477	152,449	32	54,291	4,911	22,191	47,975	43	
17	244,059	11,478	151,316	31½	53,886	5,341	23,781	39,175	37½	
24	244,053	11,477	148,821	31	51,736	14,199	23,014	29,145	29	
31	244,154	11,477	148,271	27½	81,021	48,962	23,690	39,470	22½	

BANKERS' CLEARING RETURNS (000's omitted.)

	Metropolitan.	Country.	Total.
1930.			
January 1 to December 17	£ 37,571,794	£ 1,752,900	£ 2,876,162
Week ended December 24	561,214	35,222	54,844
Week ended December 31	549,569	23,024	32,625
Total to date, 1930	38,782,577	1,812,146	2,963,631
Total to date, 1929	40,080,881	1,887,758	3,087,545
Increase or decrease in 1930.....	- 1,298,304	- 75,612	- 123,914
	= 3.2%	= 4.0%	= 3.1%
Total for year, 1929.....			
Do, 1928.....	39,335,924	1,881,789	3,078,764
	39,311,117	1,854,190	3,039,422
Increase or decrease in 1929.....	+ 624,807	+ 27,599	+ 39,342
	= 1.6%	= 1.5%	= 1.3%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

ASSETS.	Dec. 6, 1929.	Nov. 14, 1930.	Nov. 14, 1930.	Nov. 28, 1930.	Dec. 6, 1930.
Total securities	33,01.51	28,64.34	28,81.93	28,84.66	29,43.22
Loans	7,46.99	16,22.05	15,86.75	15,77.54	15,56.70
Cash	22,56.72	26,94.16	26,23.78	25,56.14	25,10.48
Inland bills	5,26.25	1,59.27	1,68.99	1,73.08	1,71.46
Foreign bills	38.43	36.23	37.18	37.00	44.45
Dead stock	2,83.96	2,78.64	2,78.90	2,78.99	2,79.05
Bal. with other banks	24.56	19.25	13.36	39.45	98.16
Cash	18,93.55	24,44.82	24,88.65	20,27.40	16,82.72
LIABILITIES.					
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,27.50	5,37.50	5,37.50	5,37.50	5,37.50
Total deposits	78,79.25	89,61.43	89,43.94	88,36.34	81,58.75
The above includes—					
Deposits in London	1,050	6,927	6,796	6,886	6,765
Advances in London	898	6,840	6,743	6,630	6,624
Cash, &c., at other					
Banks in London	179	144	103	298	479
					145

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	Dec. 23, 1929.	Dec. 6, 1930.	Dec. 15, 1930.	Dec. 23, 1930.
Refinancing shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,264,564	2,190,277	2,215,702	2,215,597
Of which deposited abroad	149,788	222,017	222,017	222,017
Reserve in foreign currencies	405,737	536,922	530,856	536,148
Bills of exchange and cheques	2,190,460	2,066,522	1,831,107	2,008,460
Silver and other coin	96,958	148,259	161,473	152,509
Notes of other German banks	14,740	12,346	17,421	15,784
Advances	97,981	15,733	17,421	91,284
Other daily maturing obligations	92,558	102,474	102,474	102,474
Other assets	603,323	465,700	470,477	479,532
LIABILITIES.				
Reduced capital	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	319,008	371,139	371,139	371,139
Notes in circulation	4,579,047	4,439,589	4,256,065	4,275,312
Other daily maturing obligations	448,354	344,410	301,307	451,275
Other liabilities	296,524	320,307	379,651	381,270

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, May 28, 1914.	Dec. 26, 1929.	Dec. 4, 1930.	Dec. 11, 1930.	Dec. 18, 1930.	Dec. 23, 1930.
Gold	153,092	1,175,175	1,297,155	1,297,532	1,317,869	1,340,222
Foreign bills and balances	232,650	577,709	895,720	903,022	899,650	881,526
Silver and other coin	4,349	4,349	4,349	4,349	4,349	4,349
Securities	697,600	816,110	743,390	749,364	760,129	787,183
LIABILITIES.						
Notes in circulation	934,150	2,684,922	3,172,068	3,158,068	3,131,803	3,158,337
Current accounts	112,125	190,491	94,196	152,502	162,724	179,187

(b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Dec. 23, 1929.	Dec. 1, 1930.	Dec. 8, 1930.	Dec. 15, 1930.	Dec. 22, 1930.
Gold	153,092	1,175,175	1,297,155	1,297,532	1,317,869	1,340,222
Foreign bills and balances	232,650	577,709	895,720	903,022	899,650	881,526
Silver and other coin	4,349	4,349	4,349	4,349	4,349	4,349
Securities	697,600	816,110	743,390	749,364	760,129	787,183
LIABILITIES.						
Notes in circulation	934,150	2,684,922	3,172,068	3,158,068	3,131,803	3,158,337
Current accounts	112,125	190,491	94,196	152,502	162,724	179,187

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Dec. 23, 1929.	Dec. 1, 1930.	Dec. 8, 1930.	Dec. 15, 1930.	Dec. 22, 1930.
Gold	153,092	1,175,175	1,297,155	1,297,532	1,317,869	1,340,222
Foreign bills and balances	232,650	577,709	895,720	903,022	899,650	881,526
Silver and other coin	4,349	4,349	4,349	4,349	4,349	4,349
Securities	697,600	816,110	743,390	749,364	760,129	787,183
LIABILITIES.						
Notes in circulation	934,150	2,684,922	3,172,068	3,158,068	3,131,803	3,158,337
Current accounts	112,125	190,491	94,196	152,502	162,724	179,187

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, May 31, 1914.	Dec. 23, 1929.	Nov. 29, 1930.	Dec. 6, 1930.	Dec. 15, 1930.	Dec. 23, 1930.
Gold	171,175	581,832	672,002	671,864	671,989	640,270
Foreign bills and balances	307,468	335,170	332,175	334,773	344,808	344,808
Discounts and advances	120,078	29,560	25,778	30,904	40,269	40,269
Advances	103,000	61,639	37,563	38,924	38,620	44,068
LIABILITIES.						
Notes in circulation	275,925	945,908	967,994	948,366	938,853	1,002,945
Deposits and bills payable	35,750	124,575	188,879	204,320	238,016	198,282

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Dec. 28, 1929.	Dec. 6, 1930.	Dec. 13, 1930.	Dec. 20, 1930.	Dec. 27, 1930.
Gold	244,659	141,882	241,221	240,388	240,866
Government securities	22,740	9,540	9,538	7,503	3,852
Other Swedish bonds quoted on foreign exchanges	51,896	65,932	64,152	63,949	63,949
Bills payable in Sweden	182	84	84	84	84
" " abroad	262,890	145,736	183,957	208,913	215,141
Balance abroad	110,172	80,193	79,826	74,065	54,736
Advances made on Government securities and loans	104,181	246,979	248,319	253,717	273,143
LIABILITIES.					
Notes in circulation	53,524	49,487	61,940	55,563	47,178
Government deposits	539,393	529,997	524,112	563,170	543,491
Private deposits	259,319	275,155	314,89	292,840	289,103
	8,042	8,400	8,582	7,609	15,048

† The sum of the items "Bills payable in Sweden" and "Advances made on Government securities and loans" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1914.	Dec. 23, 1929.	Dec. 8, 1930.	Dec. 15, 1930.	Dec. 22, 1930.
Coin and bullion—Gold	44,224	146,653	146,446	146,437	146,427
Balance abroad and foreign bills	28,533	58,778	35,288	32,666	34,745
Government securities	8,816	25,404	48,239	48,182	46,598
Discounts and loans	76,911	236,255	188,209	197,850	195,548
LIABILITIES.					
Notes in circulation	113,484	326,546	298,548	308,304	321,464
Deposits at sight	7,188	70,900	52,184	49,982	42,275

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Dec. 28, 1929.	Dec. 6, 1930.	Dec. 13, 1930.	Dec. 20, 1930.	Dec. 27, 1930.
Gold	521,775	2,565,942	2,461,324	2,437,354	2,438,389	2,439,082
Silver	728,600	705,053	702,572	702,574	704,282	701,042
Loans & Discounts	800,725	2,313,805	2,234,648	2,202,712	2,265,856	2,324,152
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,432,554	4,688,112	4,649,327	4,663,689	4,724,138
Deposits	477,500	929,536	835,807	861,954	847,769	828,177

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	Dec. 11, 1929.	Nov. 19, 1930.	Nov. 26, 1930.	Dec. 3, 1930.	Dec. 10, 1930.
Coin and bullion	9,519	9,154	9,136	9,120	9,114
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	342,218	176,114	192,201	195,996	203,559
Discounts	316,459	441,391	459,509	470,410	459,236
Government loans	1,753,969	1,530,687	1,530,687	1,530,687	1,530,687
LIABILITIES.					
Notes in circulation	1,958,063	1,947,448	1,950,696	1,985,944	1,971,130
Deposits	82,409	139,457	122,533	112,439	111,242

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	Dec. 23, 1929.	Nov. 30, 1930.	Dec. 7, 1930.	Dec. 15, 1930.	Dec. 23, 1930.
Cash Reserve—					
Gold coin and bullion	168,634	214,349	214,412	214,415	214,415
Foreign exchange	233,859	199,579	197,190	198,822	202,685
Other foreign exchange	331,925	490,676	489,883	490,816	519,071
Bills discounted	288,198	129,664	120,980	142,678	119,642
Govt. debt	109,438	101,256	101,211	101,211	101,211
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	9,283	10,272	10,272	10,272	10,272
Notes in circulation	1,013,224	1,042,498	997,161	1,017,276	999,363
Deposits	121,127	96,566	129,203	142,178	159,974

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted).

ASSETS.	Dec. 23, 1929.	Nov. 30, 1930.	Dec. 7, 1930.	Dec. 15, 1930.	Dec. 23, 1930.
Metal reserve—					
Gold coin and bullion	162,749	162,654	162,653	162,651	162,652
Drafts and notes	38,729	26,900	23,484	20,561	17,510
Silver coin and bullion	8,362	10,003	8,829	10,498	10,498
Inland bills, warrants and securities	292,334	262,895	232,225	218,887	233,323
Advances to the Treasury	88,551	66,564	66,060	65,775	65,055
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	427,056	439,382	409,097	393,273	392,315
Current accounts, deposits, &c.	135,928	31,864	37,755	38,111	47,680

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Dec. 22, 1929.	Nov. 30, 1930.	Dec. 8, 1930.	Dec. 15, 1930.	Dec. 22, 1930.
Cash Reserve—					
Gold	19,939	98,395	98,437	98,471	98,505
Other coin and notes	18,982	18,544	17,793	18,218	18,566
Foreign credits	289,422	160,749	178,882	165,789	198,210
Bills	1,231,828	1,317,760	1,298,351	1,321,347	1,350,178
Government advances	4,191,377	4,074,757	4,074,759	4,074,759	4,073,254
LIABILITIES.					
Notes in circulation	5,551,415	5,403,713	5,405,551	5,244,034	5,158,380
State credits	205,900	148,272	148,273	148,273	148,269
Deposits	1,645,671	932,356	944,704	1,021,985	1,226,590

Cash reserve is calculated as follows: One gold dinar = one dinar, one pound sterling = 25 dinars, one dollar = 5 dinars, one lira = one dinar, one Swiss or French franc = one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

	Dec. 15, 1929.	Nov. 23, 1930.	Nov. 30, 1930.	Dec. 7, 1930.	Dec. 15, 1930.
ASSETS.					
Gold and silver holdings	1,557,246	1,447,566	1,448,193	1,450,968	1,452,354
Balance abroad and foreign currencies	1,246,019	1,147,147	1,133,294	1,111,736	1,049,729
Discounts and advances	1,478,444	679,184	688,569	648,981	653,372
Advances to the Treasury ..	3,505,368	3,205,370	3,194,962	3,161,845	3,161,845
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,184,355	1,214,409	1,214,556	1,214,486	1,215,384
Reserve for contingencies	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000
Self-liabilities	2,160,699	1,398,494	1,459,337	1,383,065	1,403,111
Deposits	385,552	274,876	213,990	273,427	271,738

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Rate.
Buenos Aires	Par to £	24.3325	Sight London	24.53
Buenos Aires	Par to £	25.35	"	27.73
Colombia (Bogota)	Par to £	5	"	5.02
Nicaragua	Par to £	4.8665	"	4.92
Salvador	Par to £	9.73	"	9.80
Bolivia	Par to £	13.33	"	13.45

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

Union of South Africa.		Union of South Africa.	
From November 3, 1930.		From November 25, 1929.	
London on South Africa.		South Africa on London.	
Buying.	Selling.	Buying.	Selling.
T.T.	11% dis.	1% dis.	2% prem.
Demand	11% dis.	1% dis.	2% prem.
30 days	11% dis.	1% dis.	2% prem.
60 days	11% dis.	1% dis.	2% prem.
90 days	11% dis.	1% dis.	2% prem.
120 days	11% dis.	1% dis.	2% prem.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

London on Australia and New Zealand.				Australia and New Zealand on London.			
Buying.		Selling.		Buying.		Selling.	
Aus.	New.	Aus.	New.	Aus.	New.	Aus.	New.
T.T.	109 1/2	93 1/2	108 1/2	95 1/2	107 1/2	103 1/2	104 1/2
30 days	110 1/2	93 1/2	108 1/2	95 1/2	107 1/2	103 1/2	104 1/2
60 days	111 1/2	93 1/2	108 1/2	95 1/2	107 1/2	103 1/2	104 1/2
90 days	111 1/2	93 1/2	108 1/2	95 1/2	107 1/2	103 1/2	104 1/2

All Australian Rates are now quoted on the basis of £100—LONDON.

INDIA COUNCIL REMITTANCES.

The total remittances from the Government of India to the Secretary of State for India in Council effected by purchases of sterling in India, from April 1st to December 20, 1930, were £5,395,000. During the same period £2,323,491 was transferred from the sterling reserves against corresponding contraction of currency in India to meet sales of sterling in India.

BULLION.

The following statistics of imports and exports of gold for six days ended December 24, 1930, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Brazil	231	Poland	1,700
British W. Africa	42,098	Germany	53,500
British S. Africa	949,914	Netherlands	2,000
Australia	23,297	France	2,500,524
British Guiana	2,081	Switzerland	8,600
Other countries	1,714	Spain	22,000
		Kenya	1,360
		Other countries	850
Total declared value of imports	1,018,933	Total declared value of exports	2,590,534

The following statistics of imports and exports of gold for week ended January 1, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
British S. Africa	534,390	Poland	3,400
British India	54,063	Germany	7,000
Straits Settlements	156,737	Netherlands	8,000
Other countries	154	France	379,500
		Switzerland	2,445,631
		Spain	8,937
		Australia	15,000
		Austria	16,390
		Morocco	2,000
		British India	5,034
Total declared value of imports	725,224	Total declared value of exports	2,890,952

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1930. ARRIVALS.		1930. WITHDRAWALS.	
Dec. 24	£	Dec. 24	£
27	Nil	27	199,383
28	Nil	28	11,000
29	20	29	356,809
30	Nil	30	7,000
31	Nil	31	276,266
1931. Jan. 1	Nil	1931. Jan. 1	2,000
		1931. Jan. 1	479,152
		1931. Jan. 1	4,000
Total	£20	Total	£1,342,608

Net withdrawals, £1,342,566.

GOLD.

Messrs. Samuel Montagu and Company write on December 31, 1930, as follows:—

The Bank of England gold reserve against notes amounted to £148,201,427 on the 24th instant (as compared with £150,580,757 on the previous Wednesday), and represents an increase of £2,241,343 since January 1st last. The bar gold which arrived from South Africa this week amounted to £534,390, all of which had been sold forward to France. In the open market yesterday about £40,000 of unrefined gold was available; this consisted mainly of a shipment of gold from India, made as a result of the recent low Indian exchange and the high prices ruling here for gold. This small amount was secured at the fixed price of 85s. 1½d. per fine ounce for despatch to France after refining. Movements of gold at the Bank of England since our last letter show a net efflux of £649,053. The only receipt was £20 in foreign gold coin, whilst withdrawals consisted of £9,000 in sovereigns taken for export and £640,073 in bar gold; the bulk of the latter was for export to France after refining.

SILVER.

The week under review comprised only three working days, during which the market showed further weakness. Buyers proved reluctant, and little resistance was offered to some reselling on China account, as a result of which prices fell ½d. on the 29th instant and another ½d. yesterday, bringing the quotations down to 14½d. for cash and 14¾d. for two months' delivery. America was a free seller in the afternoon of yesterday, reporting the market weak on rumours of the prospect of an increase in the duty on silver imported into India, a contingency which, however, must remain at present a matter of conjecture. To-day prices again eased, being fixed at 14½d. and 14¾d. for the respective deliveries, establishing a new low record on the last day of the year.

The following were the United Kingdom imports and exports of silver registered from midday on the 22nd instant to midday on the 29th instant:—

IMPORTS.		EXPORTS.	
	£		£
Mexico	137,946	British India	100,405
U.S.A.	36,602	Other countries	8,594
Canada	12,783		
Other countries	5,868		

Statistics for the month of December are appended:—

BAR SILVER per oz. std.		BAR GOLD per fine oz.	
Cash delivery. Two mos. delivery.		per fine oz.	
Highest price	16½d.	85s. 2d.	
Lowest price	14½d.	85s. 1½d.	
Average price	15.2005d.	15.1615d.	85s. 1.54d.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver Cash.
		Cash	Forward		
1930.	s. d.	d.	d.		d.
Dec. 26	85 1½	14 1/8	14 1/8	Jan. 2, 1925	31 1/2
" 27	85 1½	14 1/8	14 1/8	" 1, 1926	31 1/2
" 29	85 1½	14 1/8	14 1/8	Dec. 31, 1926	25
" 30	85 1½	14 1/8	14 1/8	" 30, 1927	26 1/2
" 31	85 1½	14 1/8	14 1/8	Jan. 2, 1929	26 1/2
1931.	85 1½	14 1/8	14 1/8	" 2, 1930	21 1/2
Jan. 1	85 1½	14 1/8	14 1/8		

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or stated in Cash.	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
TEA AND RUBBER.						
Malay Rubber Planters	7½%	Jan. 3			5	12½
Standard Tea of Ceylon	17½%				17½	
OTHER COMPANIES.						
Adamant Investments	31%+				30	97½
Albrighton Electric Supply (Def.)	1.3½d.	Dec. 31			5 p.a.	
Bankside Investment Trust	7½%	Jan. 22		Less tax	15	20
Bassett (Geo.) and Co.	7½%			Tax free	15	20
Benton and Stone	7½%				4	8
Glasgow Alhambra	24%+	Dec. 31		Less tax	20	20
Great Northern Investment Trust	24%+				5	5
Greenwood and Batty	24%+				15	10
Renekays	24%+				9 p.a.	5 p.a.
London Trading Estates	5%				5	5
Mortgage Co. of Costa Rica	5%				5	5
Oregon Mortgage Co.	5%				5	5
Robert Deuchar	5%				5	5
Second Gt. Northern Inv. Trust	5%				5	5
Second Scottish Eastern Inv. Tr.	5%				5	5
Sheffield Pure Ice & Cold Storage	10%+				5	5
Strong and Co. of Romney	10%+				5	5
United Tobacco (South)	10%+				22½	20

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

Miles Open.	Week ended Dec. 27, 1930. (000's omitted.)	Aggregate 52 weeks, 1930. (000's omitted.)	
		Passenger & Goods.	Total.
Great Western	3,758	274 93 73 166	440
Do. for 1929	3,751	276 96 85 181	457
L. & N. Eastern	6,362	385 261 212 473	858
Do. for 1929	6,361	381 268 211 479	860
Lon. & Mid. & Scot.	6,956	563 265 202 467	1,030
Do. for 1929	6,957	560 259 188 487	1,047
Southern	2,179	346 39 25 64	410
Do. for 1929	2,175	343 38 23 62	404
Total of above	19,254	1,568 658 512 1,170	2,758
Do. for 1929	19,244	1,560 701 507 1,208	2,768
Metropolitan (e)	59	33.5 2.9	36.4
Do. for 1929	59	33.6 3.0	36.6
† Unincl. E.R. (e)	262.6	168.6 203.0	371.6
Do. for 1929	269.7	169.7 203.0	372.7
Lon. & Sub. Grp.	40.2	23.06 2	25.06
Do. for 1929	41.5	21.93 2	23.46
B'ham & Co. D'vnc	80	2.3 7	2.3
Do. for 1929	80	2.0 5	2.0
* Gt. Northern (b)	562	15.3 9.7	25.0
Do. for 1929	562	14.8 10.3	25.1
Gt. Southern (b)	2,187	33.6 21.8	55.4
Do. for 1929	2,187	33.6 19.1	52.7

* Aggregate 49 weeks.

† Includes receipts from independent omnibuses during current year.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1930.	+ or -
				1930.	+ or -
INDIAN.					
Assam Bengal	48	Nov. 29	1,306	4,67,000	3,360
Barelly Ry.	36	Dec. 6	202	27,600	21,600
Bengal & N. Western	10		6,207	6,13,122	1,06,160
Bengal-Nagpur	34	Nov. 22	3,139	13,05,000	4,91,237
Bombay, Bar. & C.I.	38	Dec. 20	3,094	20,96,000	4,08,000
Madras & S. Mahr.	49		6,322	14,11,000	4,38,933
† Rohilk'd & Kumaon	10		6,561	1,25,485	7,011
South Indian	33	Nov. 15	2,407	10,95,916	1,69,367
				3,96,73,028	26,52,840

† Including Locknow-Bareilly State Railway.

CANADIAN.

Canadian National	51	Dec. 21	204,133	3,712,981	— 940,332	2,772,649	— 44,311,932
Canadian Pacific	51	Dec. 21	154,703	3,156,000	— 101,000	1,75,072,000	— 29,553,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia)	52	Dec. 28	804	20,020	10,180	1,359,680	614,575
Argentine N.E.	26	27	753	11,100	5,200	365,600	44,200
Argentine Trans. Ind.	26	27	1111	3,919	1,688	91,628	25,901
B.A. and Pacific	26	27	2,806	120,000	30,000	3,153,000	654,000
B.A. Central	25	26	1,178	11,786	1,159	330,925	15,745
B.A. Gt. Southern	26	27	5,009	215,000	38,000	5,019,000	797,000
B.A. Western	26	27	1,926	70,000	20,000	1,796,000	390,000
Central Argentine	26	27	3,359	218,000	1,000	5,197,000	1,052,000
Central Uruguay	26	27	273	28,820	4,176	794,896	39,201
C. Urug. (East Ext.)	26	27	311	7,059	824	166,288	3,476
C. Urug. (W. Ext.)	26	27	185	3,820	190	90,297	6,226
C. Urug. Central	26	27	211	2,833	913	75,701	6,515
Entre Rios	26	27	804	33,400	3,900	551,300	16,200
G. West. of Brazil	52	27	1,035	10,700	8,900	699,600	268,300
Leopoldina	52	27	1,856	26,997	11,402	—	—
Leopoldina Termul.	52	27	Mrs. Rs. 26,000	41,000	—	14,549,000	119,000
Nitratet (monthly)	11½	15	410	19,310	7,242	413,392	373,732
San Paulo	52	28	1,534	30,675	3,251	1,926,697	615,372
United of Havana	26	27	1,363	26,957	17,411	870,585	405,865

† Months.

‡ No returns for five weeks ending November 1.

OTHER OVERSEAS.

				£	£	£	£	
				Per.	£	£	£	
Gt.Southn. of Spain	51	Dec.	20	104	77,687	47,630	4,932,074	1,324,196
Mexican Railway	25	21	483		\$197,100	\$117,600	5,460,300	33,400
Paraguay Central	25	20	274		3,200	699	93,750	11,860
Salvador	26	27	100		4,153	155	65,195	30,344

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Robert Deuchar	Sept. 30	19,720	42,294	62,014	13,685	11,250	15†	16,775	20,304	33,368	10†
Iron, Coal and Steel.											
Ordem Coal Mines	Sept. 30	Dr. 6,669	Dr. 27,160	Dr. 33,829	...	...	...	...	Dr33,829	Dr. 6669	...
Financial, Land, &c.											
New Zealand & River Plate Land Mortgage	Oct. 31	45,910	72,214	118,124	...	63,000	9	10,000	45,124	78,116	9
Nitrate.											
Liverpool Nitrate	June 30	2,088	Dr124,688	Dr122,600	...	...	...	...	Dr122600	53,867	...
Pan De Azucar Nitrate	June 30	Dr. 812	Dr. 29,510	Dr. 30,322	...	...	...	...	Dr30,322	10,943	...
Rubber, &c.											
Junun Rubber Estates.....	July 31	105	Dr. 2,921	Dr. 2,816	...	...	...	...	Dr. 2,816	750	...
Majedie (Johore) Rubber....	Sept. 30	4,472	Dr. 1,579	2,893	...	...	...	...	2,893	4,042	...
Malay Rubber Planters.....	Sept. 30	2,316	8,004	10,320	...	5,438	5	2,000	2,882	19,229	12‡
Shops and Stores.											
Lawrence's Stores	Jan. 31	Dr. 24,620	Dr. 3,634	Dr. 28,254	...	...	...	...	Dr28,254	Dr. 3,396	...
Textiles.											
Jute Industries.....	Sept. 30	7,745	Dr.36,499	Dr.28,754	...	...	...	...	Dr28,754	51,814	...
Rayon Manufacturing	Nov. 30	Dr.26,757	Dr.26,342	Dr.53,099	...	...	...	...	Dr53,099	Dr15,786	...
Trust.											
Great Northern Investment	Nov. 30	2,517	84,528	87,045	35,550	42,660	9	...	8,835	68,896	9
Second Scottish Eastern In- vestment	Nov. 30	3,042	32,928	35,970	17,391	11,625	5	908	6,046	31,796	5
Other Companies.											
British Automatic Co.....	Sept. 30	...	56,464	56,464	...	...	...	54,002	2,462	...	...
British Cement Products ...	Nov. 16	Dr768,578	Dr. 2,975	Dr771,553	...	...	...	...	Dr771553	D2063682	...
Glamorgan Wagon	Nov. 30	4,178	3,426	7,604	...	250	2‡	750	6,604	1,919	10
Henekeys Ltd.	Oct. 27	8,806	50,265	59,071	7,500	36,000	20	7,513	8,058	50,194	20
Illustrated London News and Sketch	Nov. 30	12,129	53,964	66,093	26,250	27,656	29‡	...	12,187	60,590	37‡
Illustrated Newspapers.....	Nov. 30	12,512	147,360	159,872	97,650	27,125	2‡	11,000	24,097	186,957	5
United Tobacco Companies (South).....	Sept. 30	292,392	620,773	913,165	48,375	540,000	22‡†	...	324,790	552,315	20†

† Free of income tax.

REPORTS AND NOTICES.

RAILWAYS.

BRITISH RAILWAY TRAFFICS.—This table shows traffic receipts of four British railways for the week ended December 21st, also for 51 weeks of 1930. Receipts for 52 weeks of 1930 will be found in our usual column of weekly traffic returns:—

(c) Week ended Dec. 20, 1930.	Miles Open.	Week ended Dec. 21, 1930. (000s omitted.)					Aggregate 51 weeks 1930. (000s omitted.)				
		Passenger & Goods	Coal & Mineral	Other Goods	Total	Total Receipts	Passenger & Goods	Coal & Mineral	Other Goods	Total	Total Receipts
Great Western ...	3,758	229	190	128	547	11,992	10,995	6,057	16,752	28,744	...
Do. for 1928 ...	3,751	257	222	137	616	14,496	11,546	6,397	17,737	30,203	...
Lon. & N. Eastern ...	6,562	331	388	284	1,003	17,907	19,804	13,088	32,892	50,799	...
Do. for 1928 ...	6,561	371	414	290	1,075	18,649	21,808	13,861	35,567	54,016	...
Lon. & Mid. & Scot. ...	6,963	504	501	320	1,325	26,806	26,688	13,101	39,787	56,293	...
Do. for 1928 ...	6,974	567	585	329	1,481	28,788	29,249	13,941	43,190	71,278	...
South. ...	2,173	315	74	38	427	10,165	5,312	1,539	5,451	21,816	...
Do. for 1928 ...	2,175	346	77	39	462	16,881	3,395	1,688	5,663	22,244	...
		192,454	137,916	770	193,220	72,570	61,097	34,785	95,882	168,452	...
		192,441	134,126	795	193,362	75,784	66,096	35,861	101,957	177,741	...

MISCELLANEOUS.

THE CHARTERED INSTITUTE OF SECRETARIES.—Mr Edward Wilshaw, of Cables and Wireless, Ltd., and Imperial and International Communications, Ltd., has been elected president of the Institute for the ensuing year. Mr F. R. E. Davis, O.B.E., of the Great Western Railway Company, and Mr F. Gordon Pulin, of the British Metal Corporation, Ltd., have been elected vice-presidents, and Mr W. G. Hislop, of Rand Mines, Ltd., has been elected treasurer for 1931. Mr W. H. Stenford has been reappointed to represent the Institute on Council of London Chamber of Commerce.

C. W. RANDALL AND COMPANY, LIMITED.—Profit for year ended December 15, 1930, £39,967, against £49,780; to income tax, £2,250, against £5,000; directors' fees, £500, compared with £455; depreciation, £252, against £223; brought in, £5,670, against

£4,638; available, £42,635, against £48,670; dividend on ordinary, 190 per cent. (same); participating dividend, 4 per cent. on preference, making 12 per cent. (same); forward, £14,635, against £5,670. In view of the large sums placed to reserve account in the last three years and the current trading conditions, the directors deem it prudent to carry forward a larger sum than appropriating any further amount for reserves on this occasion.

MUNICH (CITY OF).—The results for the financial year ending March 31, 1930, yielded a small surplus, the figures of revenue and expenditure being as follows:—

	Revenue.	Year ending March 31, 1930.
	RM.	£
Gross receipts of Municipal undertakings	122,480,101	6,003,926
Other revenues	117,772,876	5,773,179
	RM. 240,252,977	11,777,105
	RM.	£
Gross expenditure of municipal undertakings	113,593,682	5,568,317
Other expenditure	126,377,173	6,194,959
	RM. 239,970,855	11,763,276

(Conversions into sterling at the rate of RM. 20·40 to the £.)
At March 31, 1930, the debt of the town amounted to RM. 230,146,506·94 (£11,281,691), against which the town had assets valued at RM. 790,199,822·81 (£38,735,228). The budget for 1930 balanced at RM. 238,092,039 (£11,671,178).

TOWN INVESTMENTS, LIMITED.—The eighth annual report and accounts show a gross profit for the year to September 29, 1930, of £69,678 (last year, £86,398). Deducting expenses, including directors' fees and managing director's remuneration, £9,928 (last year, £14,818), mortgage and other interest and leasehold depreciation reserve, £11,723 (last year, £11,145), there remains £48,026. Adding the amount brought forward and deducting the interim ordinary dividend, a preference dividend to September 29, 1930, there remains a balance of £22,439. It is proposed to withdraw £4,000 from reserve, which, with the balance of profit, £22,439, makes £26,439 available, from which it is proposed to pay a final dividend of 10 per cent., making 20 per cent. for the year (last year same). The balance sheet shows a reserve of £100,000 and £55,270 to premiums on shares account.

Commercial Reports.

THE COAL TRADE.

Our Sheffield correspondent writes:—Practically no export business in South Yorkshire steams was done during the holiday period. Forward buying is at a standstill until minimum prices have been fixed. Comparatively little industrial fuel has been delivered for a fortnight. Works are now, however, taking reduced tonnages under contract. Best steams are quoted 16s. and 16s. 6d. f.o.b. Humber ports. The demand for house coal has subsided again. There is some delay in fixing contract prices for blast furnace coke. Some brands have been quoted at less than 11s. at ovens and consumption still tends to shrink.

Our Glasgow correspondent writes:—Inactive conditions have characterised the shipping branch of the Scottish coal market during the past week. In several instances high prices have been paid for odd lots to complete cargoes, but in the main the usual end-year rush for supplies has been absent, a circumstance all the more depressing because of the recent activity in the home market when conditions looked serious in the coalfields. Very little business has been arranged for January or more forward delivery, the outlook still being uncertain. Total shipments from Scotland for the year up to Saturday last amounted to 11,870,000 tons, a reduction of about 1,390,000 tons on those for 1929. Prices for the past day or two have been almost wholly nominal, and no indication of levels for further business will be available until the resumption at the pits early next week.

Our Cardiff correspondent writes:—Business on the Cardiff coal market this week has been completely disorganised by the coalfield dispute. The colliery owners, at their meeting with the workmen's representatives on Tuesday, disregarded the report of the National Industrial Board, while the workmen's representatives rejected a new offer of the employers of temporary terms involving a reduction in wages proportionate to the lowering of the weekly hours of work from 48 to 45. The result was a complete breakdown of the negotiations, and on Wednesday afternoon a stoppage of work on Thursday seemed inevitable. During the afternoon, however, representatives of the Mines Department travelled to Cardiff, and were successively in conference with the representatives of the owners and workmen. They were engaged in an effort to secure a continuance of work on temporary terms, but the result of the discussions was not known when this message was sent. Shipments have been inactive, and prices are stationary for practically all classes of coal. The lowest British tender for the Egyptian State Railways contract for 155,000 tons to be delivered during the first four months is that of 24s. 8½d. c.i.f., submitted by Gueret, Llewellyn & Morrett, Ltd., but an offer by the Westphalian Syndicate is ½d. per ton lower. Fears are entertained that in the event of a stoppage in the South Wales coalfield, the contract will be lost.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—Although Tuesday's weekly market was not officially cancelled, there was a very poor attendance, and practically no business was reported. Deliveries will be resumed next week against contracts, and it is confidently expected that a reduction will be made in Cleveland prices early in the New Year. Meantime, No. 1 remains at 66s.; No. 3, 63s. 6d.; No. 4 foundry, 62s. 6d.; and No. 4 forge, 62s. f.o.b. or f.o.t. There is no new business of importance so far in hematite, but some buying is looked for early next month, when work is fully resumed. Prompt lots of mixed numbers are obtainable at 70s. per ton, but for forward 70s. 6d. to 71s. is quoted by makers, according to period. Shipments of pig iron to the 30th Dec. total only 8,637 tons, against 12,301 tons for the whole of November. In the finished departments Dorman Long and Company, Ltd., secured two very welcome orders last week, one for 10,000 tons structural steel material for a large hotel to be built at Marble Arch, London, and the other for a bridge across the river Foyle at Londonderry, at a cost of £255,510, which will involve 5,500 tons structural steel. This firm have also secured to-day the order for the bridge across the Tees at Newport, near Middlesbrough, which will cost approximately £450,000, and work is to commence as soon as possible. Prices for the different finished materials are unchanged from last week. The ore market is idle. Best Bilbao rubio remains nominally 16s. 6d. for prompt, and 16s. 9d. to 17s. forward, and the rate of freight Bilbao-Middlesbrough for early tonnage is about 5s. 6d. Coke is offering at 17s. delivered works for ordinary blast-furnace qualities, but the demand is poor. One hematite furnace has been blown out at Normanby Works for relining, which reduces the number in blast in the district to 24.

Our Sheffield correspondent writes:—Resumption of industrial activity after holiday is proceeding very tardily, which indicates that firms have not much work on hand, and in this connection the position is a good deal worse than twelve months ago. The situation is featureless; and there is nothing tangible to test prospects for the near future. The paucity of overseas orders in most iron and steel products continues to be the main factor in the present depression,

and until a change for the better in this direction occurs, no substantial general improvement is probable. Some valuable orders for forgings for the new Cunarder are on hand and others are expected from the naval programme. Sheffield is likely to benefit from certain important engineering schemes in this country and in the Colonies. A marked falling off in trade with France is being experienced. Builders of commercial motors are taking Sheffield steel and tools freely, but demand from the touring car section has been poor for a long time. Prices of material are unchanged, but finished prices continue in a downward direction.

Our Glasgow correspondent writes as follows:—Business in the West of Scotland has been suspended for the better part of this week. At the steel works in the Lanarkshire area, and also in other districts, operations ceased at the end of last week, and will not be resumed till about the middle of next week, and in some instances not until January 12th. In the more favourably placed sections of the iron and steel industries works closed on Wednesday, the 31st, the re-start being made on January 7, 1931. Generally speaking, there has been very little business done during the week, though there has been a certain amount of activity in the lighter branches completing orders for delivery before the year end.

There are no special features to report in the condition of the tinplate market, which continues under holiday influences. The inquiry is poor, and little new business has been arranged. The market for galvanised sheets remains very depressed with quotations a shade lower at £11 5s. per ton, compared with £11 5s. to £11 12s. 6d. before the holidays. Welsh tinplate bars are unchanged, but foreign bars are quoted at £4 5s., compared with £4 a week ago. Shipments last week were exceptionally low, and stocks amounted to 190,981 boxes.

OTHER METALS.

TIN.—The standard market opened with a strong tone, due to reports of favourable progress regarding restriction measures, while supported by higher Eastern cables and a better general demand. Later, sellers predominated, and values reacted on realisations. Standard cash changed hands at £119 5s. to £116 15s.; three months, £121-£117 12s. 6d. to £118. In the East, sales were reported at £122 5s. to £123 10s. to £122 per ton, c.i.f. terms.

COPPER.—Market was fairly active, and opening tone firmer under reserved offers, but subsequently values eased off as sellers became more prominent, dealings being chiefly in forward positions. Standard cash sold at £47 13s. 9d. to £47 12s. 6d.; three months, £47 10s. to £46 7s. 6d. per ton.

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LEAD dull and trend of prices in buyers' favour, offerings being in excess of requirements. Good soft foreign pig. January sold, £15 1s. 3d. to £14 10s. 3d.; February, £15 2s. 6d. to £14 17s. 6d.; March, £15 to £14 15s. per ton.

SPELTER was accorded fair support with slight price fluctuations, near positions being firmly held. December, sold at £13 15s.; January, £13 15s. to £13 11s. 3d.; February, £13 18s. 9d., £14 1s. 3d. and £13 18s. 9d.; March, £14 2s. 6d. to £13 18s. 9d. per ton.

ALUMINIUM steady. Home trade, also export, £85 per ton.

ANTIMONY firmer and sellers more reserved in face of improved inquiries. English regulus, £38 to £45. Chinese regulus, spot, £25 10s. to £26 10s.; January-February, buyers, £23 10s. Chinese crude, January-February, sold £14 10s. per ton, c.i.f. terms.

ANTIMONY OXIDE.—January-February, £24 10s. per ton c.i.f.

ANTIMONY ORE.—60 per cent., January-February, 3s.; 50 per cent. ditto, 2s. 6d. per unit c.i.f.

WOLFRAM dull of sale. Chinese, January-February, sellers, 14s. per unit c.i.f.

QUICKSILVER maintained. Spot, £21 15s. to £22 per bottle.

TIN PLATES quietly steady. I.C. coke, prompt and forward, 15s. 9d. per box, f.o.b. Swansea.

THE COTTON TRADE.

LIVERPOOL, December 31st.
 Spot sales for the days 23rd, 24th and 29th, 30th and 31st are 13,000 bales, of which 6,480 bales are American, 750 Brazilian, 300 Argentine, 2,750 Peruvian, 1,500 Egyptian, 200 African, 600 East Indian, and 420 sundries. Imports for the period 23rd to 31st (inclusive) are 114,123 bales, of which 75,690 bales are American, 105 Brazil, 385 Argentine, 2,391 Peru, 14,902 Egyptian, 217 African, 6,372 East Indian, and 14,061 sundries. Quotations to-day are: American Middling, 5-34; Egyptian Sakel, 7-73; Egyptian Uppers, 6-14; Brazil Fair, 5-49; Peru G.F. Smooth, 5-79; West African Mid., 5-39; East African G.F., 6-39.

MANCHESTER, December 31st.

Trade developments of importance cannot be expected during the period between Christmas and New Year, and the market during the past week has been quiet and rather featureless. There has been practically no change in prices. The latest political news from India has been discouraging, but some business in piece-goods continues to be done for Karachi and Madras. Cables relating to the auction sales in Shanghai are rather better, but new business continues to be checked by the low price of silver. Some inquiry has come through in printing and bleaching cloths for Egypt, but very little has been done. Scattered sales in a variety of goods have been arranged for South America and the Continent. As is usual at this time of the year home trade buyers have adopted a waiting policy. A little more anxiety exists as to the outcome of the dispute on the more looms per weaver system. Quotations in American and Egyptian yarns have been fairly steady, but spinners have reported a limited demand and business has been confined to small lots.

Statement of the Cotton Trade.

	1930.				Corresponding Date.	
	Dec. 10.	Dec. 17.	Dec. 22.	Dec. 31.	1928.	1929.
Raw Cotton—Mid. American..... per lb.	5-63	5-24	5-36	5-34	10-59	9-42
" Sakel-Sakel Fully Good Fair Egyptian..... per lb.	8-00	7-75	7-95	7-70	19-35	14-15
Yarns—32's twist..... per lb.	9-91	9-91	9-91	15-1	15-1	13-1
" 40's twist..... per lb.	9-91	9-91	9-91	15-1	15-1	13-1
" 60's twist (Egyptian)..... per lb.	10-1	10-1	10-1	15-1	2-8	2-1
32-in. Firsts, 116 yds., 16 by 16, 32's and 40's.....	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirlins, 75 yds., 19 by 19, 32's and 40's.....	20 6	20 3	20 3	20 0	28 6	26 6
38-in. ditto, 38 yds., 16 by 16, 40's.....	11 6	11 4	11 4	11 2	15 6	14 4
39-in. ditto, 57 yds., 16 by 16, 40's.....	10 4	10 3	10 3	10 1	14 0	13 0

THE WOOL TRADE.

Our Bradford correspondent writes:—The attention of the trade is now turned to the outlook for wool during the next twelve months, and particularly what will happen at the resumption of the selling season in Australia. The conviction is almost universal that the time is ripe for a steady influence to be exerted. During the past year raw material values have gone much lower than anyone seriously anticipated, and there is a good deal to be said for the efforts made in South Africa and in the United States to lift the

market price on to a more profitable basis. Supply and demand will, however, continue to exercise the paramount influence. Growers and sellers may or may not be financially strong enough to hold wool, and whatever reserves may be fixed will not induce users to pay the price if there is no prospect at all of the article being turned over at a reasonable profit. The consumption of wool in the Bradford district has been fairly creditably maintained during the past few months, and it is reasonable to expect selling to be resumed in Australia without any serious variation in values. There are still three weeks to elapse before the next series of London sales will commence, and even in that short length of time a big weight of wool can be absorbed. It is, of course, too early to anticipate that event definitely, but by then both home trade and Continental buyers should be ready for taking a substantial proportion of the offerings. The financial disturbance in the United States has had its effect upon the wool textile industry there, and it will take some time longer before there is a definite recovery on the Continent. It does not seem likely that the latter section will be able to force the pace very much. Since last writing there have been some rather sharp fluctuations in the Continental "futures" market, and though the operations have not been large, this does not indicate much confidence in a definite upward move just yet. Conditions among topmakers and spinners in Bradford do not call for much comment. Prices are steady, but there is no large turnover.

FOOD.

THE GRAIN MARKET.—Climatic conditions over the United Kingdom have been damp and mild, and a spell of drier weather would benefit growing crops. Winter cereals, however, are in fair condition except on low ground affected by recent heavy rains. Threshings were on a light scale, consequently only small supplies are reaching the Statute markets, but with heavy offerings of cheap imported wheat prices marked a further reduction. In the Liverpool option market a low record level was touched at 3s. 11½d. per cental paid for December delivery. Disturbing factors in the general situation were furnished by unsettled financial conditions in the United States and lower Argentine exchange rates, combined with large Southern Hemisphere yields. Argentina is harvesting a crop almost double that of last year, the official estimate being placed at 33,975,000 quarters, which is about in accordance with market expectations. Pressing offers from this direction constitute the outstanding feature at the moment, and it is evident that growers are prepared to cut their losses and market supplies, even at the extremely low prices current rather than hold stock over an indefinite period. This is emphasised by large freight bookings for January loadings, as there are still substantial stocks of maize and linseed to come forward, so that elevator room is urgently needed. Australia is also pressing offers for export, while an active resumption of chartering from the Black Sea ports for January loading dispels any sign of a curtailment in Russian shipments. All feeding stuffs were depressed, and values of maize further gave way on selling pressure and larger arrivals, down to 15s. 3d. being accepted for a Plate cargo early January loading. Barley and oats are neglected and featureless.

WHEAT.—Unsettled. No. 1 hard Manitoba, ex ship, 26s. 9d.-27s. 3d.; No. 1 Northern Manitoba, ex ship, 26s.-26s. 6d.; No. 2 ditto, 24s. 9d.-26s.; Barusso, 63 lbs., 22s. 6d.; Rosafe, 63½ lbs., 22s. 6d.; Australian, 26s. 3d.; choice white Karachi, 25s. 6d.; Russian, on sample, ex ship, 22s.-24s.; landed, 20s.-23s. per 496 lbs. English, new, 5s. 6d.-5s. 8d. per 112 lbs.

FLOUR.—Quiet. London straight run, 25s. per sack for country deliveries, and 24s. London area. Of imported, Manitoba patents, 24s.-25s. 6d.; Buffalo ditto, 23s. 6d.-25s. 6d.; Australian, 22s.-24s. 6d., ex store, per 280 lbs.; patents, January-February, 21s.-21s. 3d.; export ditto, 18s. 6d.-19s.; Australian, January, sold 18s. per 280 lbs. Argentine low grade, January-March, £5 10s. per ton.

MAIZE.—Steady. Plate, landed, 17s. 9d.; ex ship to arrive, 16s. 6d.; January-February, 16s. 6d.; February-March, 16s. 9d. per 480 lbs. Yellow maize meal, £6 f.o.r. London. Yellow African, ex ship, £5 10s. per ton.

BARLEY.—Dull. Californian, old, landed, 30s.-35s.; new, ex ship, 30s.-41s. as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs. Black Sea, ex ship to arrive, 13s. 6d.; landed, 14s. 9d.; Danubian, ex ship to arrive, 13s. 6d.; landed, 14s. 9d.; Persian, landed, 13s. 6d. per 400 lbs. English, new malting, 6s. 3d.-12s.; feed, 4s. 6d.-5s. 9d. per 112 lbs.

OATS.—Quiet. Plate, landed, 12s.; ex ship, 10s. 3d.; Chilean, tawny, landed, 13s. 6d.; best whites, ex ship, 19s.; landed, 20s.-20s. 6d.; mixed Canadian feed, landed, 11s.; North Russian, landed, 13s.-14s. 6d. as to sample; South Russian, landed, 13s. 9d. per 320 lbs. English, new, 5s.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Dec. 27.....	Cwts. 61,025	Cwts. 133,319	Cwts. 140,920	Cwts. 150,443
17 weeks to Dec. 27.....	2,225,000	4,495,184	4,795,684	4,204,018
Average price of English wheat per cwt.....	s. d. 6 0	s. d. 9 6	s. d. 9 6	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Oats in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
1930.						
Dec. 20.....	Cwts. 115,523	Cwts. 319,853	Cwts. 34,445	s. d. 6 1	s. d. 8 2	s. d. 5 8
Dec. 27.....	61,025	141,744	22,288	6 0	8 3	5 6
Dec. 25, 1926.....	209,603	259,705	51,830	11 11	10 9	8 0
Dec. 24, 1927.....	237,126	351,956	75,945	9 10	11 3	9 1
Dec. 29, 1928.....	140,920	188,948	45,599	9 6	10 2	8 11
Dec. 28, 1929.....	133,319	141,466	20,376	9 6	8 8	7 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2, 1929.	Dec. 31, 1929.	Jan. 2, 1930.	Dec. 17, 1930.	Dec. 22, 1930.	Dec. 31, 1930.
	1929.	1929.	1930.	1930.	1930.	1930.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	122	122	148½	54	50½	51½
Chicago (No. 2 Winter) —Cents per 60 lb.	116½	115½	130½	76½	76½	76½

The visible supply of wheat in Canada at 62,007,000 bushels shows an increase on the week of 1,313,000 bushels. Supplies a year ago stood at 74,704,000 bushels.

SUGAR.—A generally quiet demand continues on actual trade account, but no further change in prices resulted. At the very low rates ruling, the market is naturally very sensitive to developments in the plan to restrict production. Meantime, offers from producing countries are made with marked reserve and raw refining sugars rendered somewhat nominal. Terminal markets responded to higher American cables and reserve of sellers, while a fair amount of business was arranged. Of raw, March delivery sold 5s. 6½d.; May, 5s. 8½d. to 5s. 8½d.; August, 5s. 11½d. to 5s. 11½d.; December, quoted, 6s. 4d. Home-grown granulated, 18s. 3d. ex wharf London, and 18s. 6d. to 18s. 7½d. factory. White Mauritius, spot, London, 17s. 6d. to 18s. Cuban receipts last week cabled 43,222 tons, against 33,499 same time last year; exports, 31,510, against 41,630; stocks, 687,056, against 181,460. Messrs Willett estimate stocks on plantations and in course of transit at 767,000, against 168,535 last year. Stocks of raw sugar in the three chief ports of the United Kingdom for week ending December 29th totalled 194,528 tons, against 212,119 last year.

COFFEE.—A steady market resulted by private treaty with small transactions arranged daily, at previous prices. Brazilian varieties meet a decidedly slow sale for shipment.

COCOA.—Spot sales proved of minor importance on about former terms. Forward positions generally quiet and somewhat unsettled at times. Accra F/F, January-March, London contract, quoted 25s. 9d. f.o.b.; G/F, December-February, to Continent, sold 28s. 3d.; and January-March, 27s. 9d. c.i.f. Terminal: May, sold 30s.; July, 29s. 6d., 30s. 3d. and 30s.; December, 33s. to 31s. 6d.

TEA.—Private contract market presented quiet features, and resumption of auctions is awaited.

RICE.—Business in most descriptions confined to a narrow compass, but shippers of Burma offer with reserve. Two Stars, January-February, quoted 8s.; Spanish oiled from 11s. 9d. to 12s. 9d., c.i.f. London.

BEANS AND PEAS.—Quotations for beans remained unchanged and trade at the moment is quite retail. Peas continue quiet. Japanese, afloat, 13s. c.i.f.

POTATOES.—A firmer tone prevailed in the market, although trade was only moderate.

SPICE.—Pepper met with generally quiet attention, but prices showed no material change. Lampong, spot, quoted 6½d.; Tellicherry, 9d.; Muntok, 10d. to 10½d., as to quality. Lampong, October-December, sellers, 6d.; January-March, sold 5½d. Muntok white, October-December, sellers, 9½d.; January-March, 9½d. Cloves idle and nominally unaltered. London stocks of black unaltered on the week at 449 tons against 1,324 same time last year, white being 21 down at 356 against 1,465 last year and 262 in 1928.

FRUIT (Dried).—Business, as usual at this period of the year, is virtually at a standstill, the market being under holiday influences, and the general position remains unaltered pending a resumption of trade operations in the New Year.

CANNED GOODS.—Fruit, meat and fish continued quiet, but an improved demand is anticipated in the near future, when stocks in traders' hands must be replenished. Condensed Milk and Powders: Market remained quiet. Dutch condensed milk, full cream, sweetened, 5-cwt. casks, 32s. 6d.; English ditto, 36s. Milkpowders, Dutch full cream, 26 per cent. butterfat, Roller process, 1-cwt. cases 67s. 6d.

MEAT.—According to the Smithfield Market official report, supplies of meat during last week amounted to 6,737 tons, as compared with 5,394 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.0 per cent. of the supplies, as against 82.7 per cent. a year ago, and imported mutton, mainly New Zealand, formed 79.9 per cent. of the total supply, as against 69.4 per cent. last year. The market in meat has been quiet, but prices showed a firmer tendency.

ULSTER BANK LIMITED

ESTABLISHED APRIL 1836.

Affiliated to Westminster Bank Limited.

CAPITAL AUTHORISED AND SUBSCRIBED £3,000,000.

CAPITAL PAID UP £800,000 } £1,800,000
 RESERVE FUND £1,000,000 }

HEAD OFFICE: WARING STREET, BELFAST.

BALANCE SHEET 29th November, 1930.

LIABILITIES.	£		s. d.		ASSETS.	£		s. d.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Capital paid up	800,000	0 0	1,000,000	0 0	Government Stocks—				
Reserve Fund	1,800,000	0 0	21,444,823	11 11	War Loan and other Securities of, or guaranteed by,				
Deposits and Credit Accounts	Nil.		46,654	7 8	the British Government	10,399,354	8 4		
Acceptances Current	1,389,715	17 6	60,122	2 9	Other Securities	1,017,558	1 10		
Bills for Collection					Cash on hand, Balances with London Bankers, and	11,326,912	10 2		
Notes in Circulation					Remittances in transit	2,293,350	16 5		
Undivided Profits						13,620,263	6 7		
					Bills discounted, Advances to Customers, Short Loans				
					on Securities, &c.	10,887,467	13 6		
					Acceptances per contra	Nil.			
					Bank Premises	233,584	19 9		
						£24,741,315	19 10		

DR.	PROFIT AND LOSS ACCOUNT		CR.	
	£	s. d.	£	s. d.
To Dividend at June, 1930	64,000	0 0	By Undivided Profits from 30th Nov., 1929	62,649 15 7
To Dividend at Dec., 1930	64,000	0 0	By Net Profits for year ending 29th Nov., 1930—after	
To Reserve Fund	125,000	0 0	deducting rebate on Bills Current. Interest due on	
To Contingent Fund	50,000	0 0	Deposits, Income Tax and all other expenses all	
To Undivided Profits carried forward	40,000	0 0	ascertained Bad and Doubtful Debts having been	
			written off or fully provided for	215,472 7 2
				£278,122 2 9

F. F. HYDE, Secretary.
 J. W. BLACKWOOD, Chief Accountant.

STANLEY FERGUSON,
 W. M. FULLERTON,
 JOHN GRAHAM,
 J. K. PATTEN,
 Directors.

We have examined the Accounts of the Bank and the above Balance Sheet, and in accordance with the Companies (Consolidation) Act, 1908, we report that:—

We have obtained all the information and explanations we have required. We have ascertained the correctness of the cash and bills on hand at the Head Office and in Dublin, and of the money at call and short notice, and have inspected the securities representing the investments of the Bank, and find them to be in order.

We have also examined the above Balance Sheet in detail with the Books at the Head Office, and with the certified returns from each Branch, and in our opinion it is properly drawn up, so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books.

ULSTER BANK LIMITED
 Belfast, 11th December, 1930.

HARMOD BANNER & SON,
 Chartered Accountants.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.		FRUIT (continued)—		WOOL—		HIDES—	
CEREALS AND MEAT.		Spanish Onions,		English Southdown, washed		Wet salted—Australian	
	s. d.		s. d.		s. d.		s. d.
Wheat, No. 3, N. Man. 496 lb.	nom.	Valencia :—		Lincoln bog, washed	13½	West Indian.....	0 4½ 0 4½
Eng. Gas. av. per cwt.	5 0	case, 4s. 6 6 6 9		Queensland, sod. super cmbg.	23	Cape.....	0 3½ 0 4½
Barley, Eng. Gas. av.	8 3	Onions, Oporto.....	case 0 3 8 0	N.S.W. greasy, super	11	Dry and Drysalted Cape.....	0 4½ 0 7½
Oats.....	5 6	Chestnuts, Huelsa.....	bag 10 0 13 0	N.Z., grey, half-bred 50-56	84	Market Hides, London—	
Maize, La Plata, landed, 480 lb.	17 9	Grapes, Lisbon.....	boxes 0 0 0 0	Crossbred 40-44	6½	Best heavy ox and heifer	0 5½ 0 6½
Flour, Lon. stan. ex mill, 250 lb.	23 6 0 0	Almeria.....	barrels 0 0 0 0	Top—		Best cow	0 5½ 0 6½
Rice, No. 2 Burma, per cwt. 17 10½ 0 0		LAIRD—		Merino 70's.....	25	Best calf	0 8½ 0 9½
Sago, Pearl, per cwt.	18 6	Irish bladders.....	70 0 80 0	64's.....	22½		
Tapoca, per cwt.	18 6	SPICES—		Crossbred 48's.....	11		
E.I. flake, fair spot.....	17 6 0 0	Pepper, per lb.		46's.....	10		
Medium pearl.....	20 0 0 0	Muntok, fair White.....	0 10½ 0 11				
Potatoes, good English, per cwt.	5 6 6 6	Black Lampung.....	0 6½ 0 0				
Beef, per 8 lbs.	5 6 6 6	Cinnamon—1st sort, per lb.	0 10½ 0 0				
English long sides.....	5 0 5 8	Claret—Zanzibar per lb.	1 1 0 0				
Argentine chilled hinds.....	4 10 5 4	Ginger—per cwt.					
Mutton, per 8 lbs.	6 8 7 8	African.....	38 0 0 0				
English wethers.....	3 6 4 2	Jamaica, ord. to good.....	50 0 90 0				
N.Z. frozen.....	3 6 4 2	Mace.....	1 6 2 4				
Pork, English, per 8 lbs.	5 8 9 0	Nutmeg 55's.....	1 3 0 0				
		(Duty, 11s. 8d. per cwt.).....	19 6 22 6				
BAKING— OTHER FOODS		Java, white, c. & f. India	7 9½ 0 0				
Irish.....	per cwt. 82 0 100 0	REFINED—London—					
Danish.....	57 0 65 0	Yellow Crystals.....	18 44 0 0				
Canadian.....	nom.	Cuba.....	22 9 23 3				
Dutch.....	56 0 62 0	Crushed.....	21 3 21 9				
HAIR—		Granulated.....	19 14 19 10½				
Canadian.....	0 0 0 0	Home Grown (Dec.).....	18 6 19 6				
American.....	88 0 102 6						
BUTTER—							
Irish creamery per cwt.	nom.						
New Zealand.....	98 0 114 0						
Danish.....	98 0 118 0						
CHERRY—							
Canadian.....	per cwt. 74 0 78 0						
New Zealand.....	54 0 63 0						
English Cheddars.....	60 0 106 0						
Dutch.....	38 0 72 0						
COCOA—							
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)							
Acacia f.f., per cwt.	26 0 31 6						
Trinidad.....	46 0 53 0						
Grenada.....	38 0 50 0						
COFFEE—							
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)							
B.I. good to fine, per cwt.	95 0 135 0						
Costa Rica, good to fine.....	100 0 145 0						
Cent. Amer., mid to fine.....	75 0 105 0						
Kenya, bold size.....	70 0 105 0						
Colombian, mid to fine.....	70 0 105 0						
EGGS—							
English.....	per 120 16 0 23 6						
Danish.....	13 0 20 0						
FRUIT							
Oranges, South African bxs.	0 0 0 0						
Oranges—							
Denia and Valencia							
cases 300	8 0 20 0						
360	7 6 13 0						
504	7 6 10 0						
Lemons, Naples.....	0 0 0 0						
Sicilian.....	0 0 0 0						
cases 420 No. 1	7 0 20 0						
Malaga.....	0 0 0 0						
Apples: Amer. (var.) bxs.	17 0 26 0						
„ (var.) boxes	8 0 11 9						
„ Tasmanian.....	0 0 0 0						
„ Australian.....	0 0 0 0						

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Since the holiday, markets have been weak and there has been a further decline in values practically all round. The official estimate of the yield of the new crop in Argentina was about in accord with expectations, the probable exportable surplus being put at 2,100,000 tons against shipments in 1930 of 1,200,000 tons. The balance of old crop was stated to be 186,000 tons—a much higher figure than generally understood. These factors, and considerable pressure to sell have forced down values to extraordinarily low levels, actual business in seed on passage to Hull or about to be shipped being recorded at £8 2s. 6d. and £8 5s., and January-February and February-March loading £8. A rather steadier tone has since developed and quotations are a shade higher. New Calcutta linseed to London, April shipment, has been done at £9 10s., and Baltic linseed on spot at Hull offers at £10 10s. Cottonseed is easier and neglected. Black Egyptian oil and forward to February offering at £5 12s. 6d. without finding buyers. In the oil section linseed oil has sharply declined in sympathy with seed, until raw oil on spot at Hull is quoted £18 15s., and January-April delivery £17. Demand is poor, but a fair trade is reported for May-August. Cotton oil is lower with crude Egyptian (ex Hull) offering at £19, and common edible at £22 spot. Oleicakes are in quiet demand and linseed cakes again cheaper. Copra met with quiet support, but prices ruled tolerably steady. Straits S.D., January, to Rotterdam, held for £14 17s. 6d.; Dutch E.I. ditto, buyers at £14 15s. and sellers £14 17s. 6d.; Ceylon, January, held for £16; sun-dried South Sea, nominally £14 2s. 6d. Palm kernels, January-February, to Hamburg, quoted £10 8s. 6d. c.i.f.

HIDE, LEATHER AND ALLIED TRADES.—The auctions for market hides and skins which were resumed at Manchester on Tuesday found the position in regard to values weaker, most weights in ox and heifers being 4d. per lb. cheaper than they were at the previous sale. Cows and calfskins maintained last figures. Imported hides have accounted for a very limited inquiry since the holidays, and

although prices are more or less unchanged, there seems to be no strength in the position. Taken on average, South American wet salted hides show a weaker tendency, Argentine ox having changed hands in small quantities on the basis of 6½d., with light ox making 5½d., and cows 5½d. Business has also been restricted in connection with dry River Plates, a few sales having been made in B.A. Americanos at 7d., Capes hides are unchanged in value, first and second dries having sold at 7½d. and 6½d., while dry salted 20/30 lbs. are quoted at 6½d. and 5½d. Both the sole and upper leather markets have been very quiet since the re-opening after the holidays, and the majority of producers and distributors of leather do not look for much in the way of fresh business until the annual stocktaking has been cleared out of the way. What business has transpired has been for small lots to carry on for the time being, but the prospects for trade during the early part of January appear to be fairly good.

RUBBER.—Steadier, but business partook of a holiday character. Sheet spot and January sold 4½d. to 4½d.; January-March, 4½d.; April-June, 4½d.; July-September, 4½d.; and October-December, 4½d. to 4½d. Deliveries from London wharves appear to be on a diminished scale, and an increase in stocks next Monday is expected. London stocks decreased 132 tons on the week. Landings, 977; deliveries, 1,109; stocks, 77,328, against 54,260 last year. Liverpool stocks 293 up; landings, 511; deliveries, 218; stocks, 40,593, against 19,059 last year.

HEMP.—The demand for Manila descriptions has been steady, but there was not much response from buyers. For K grade, January-March, sellers asked £22, with others in proportion. African sisal, No. 1 f.a.q., ulloat, quoted £18 10s. c.i.f. Receipts last week cabled 23,000 bales, against 28,000 same time last year, and 37,000 in 1928. Estimate for next week 21,000, and week after 23,000. Manila shipments last week: 4,000 to the U.K.; 6,000 Continent; 3,000, U.S.A.; 4,000, Japan; and 1,000 local consumption; stock, 110,000.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, JANUARY 10, 1931.

No. 4,559.

ALLIANCE

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THE MONEY MARKET.

By the middle of this week, the end-year borrowings of the Bank had practically been repaid, as is shown by the contraction between December 31st and January 7th of discounts and advances from £50.0 to £14.4 millions. Government securities, which had been acquired in large quantities by the Bank in order to assist the market over the turn of the year, have since been allowed to run off, the net contraction during the week being one of £27.9 millions. As a result of these movements, Bankers'

Deposits, which on December 31st stood at the extremely high figure of £132.4 millions, have since relapsed to a more normal figure of £68.9 millions. Simultaneously a further £5.3 millions of notes returned from circulation during the week, with the result that, despite the continuance of the gold drain to France, the Bank's reserve is higher by £3.6 millions, and the Proportion raised from 22½ to 37½ per cent.

All these movements mean that the *status quo* has been practically restored after the disturbances of Christmas and the New Year. In particular, the repayment of the money lent by the Bank over the turn of the year has taken most of the surplus funds off the market, and last Wednesday, in particular, when an appreciable sum was repaid to the Bank by Stock Exchange borrowers—who always have to wait until the last moment before they go to the Bank—money was inclined to be tight, and at times a full 2 per cent. was paid for new money. Discount rates, which had weakened previously under the influence of the glut of money and the psychological effect of the reduction in the French Bank rate, again firmed up, and in the middle of the week 2½ per cent. was the ruling market rate upon three-months' bills.

	Dec. 18, 1930.	Dec. 23, 1930.	Jan. 1, 1931.	Jan. 8, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	1½ (May 1, '30)
Discount / Call	1	1	1	1	1½ (May 1, '30)
Houses / Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

The harder tendency of discount rates is to be welcomed, for had the reduction in the French Bank rate been balanced by an equivalent fall in London discount rates, much of its advantage to London would have been lost. As it is, the French exchange responded tentatively for a day or two, but the rate subsequently relapsed, mainly in sympathy with the depreciation of sterling against the dollar. This last movement is ascribed to the withdrawal of American short money lodged here in the autumn, and it is believed that this influence will have ceased to operate by the end of the week. If so, sterling should recover, but in the meantime the dollar rate reached the point at which it would have almost been practicable to ship gold to New York, had a fast boat been available.

The French exchange never improved to the point where cancellations of arrangements with the refiners would have been profitable, and gold continues to go to Paris. Some of the wider implications of the French Bank rate reduction are examined upon another page, but it may be pointed out that the discount rate of the Banque de France does not directly and immediately control other money rates. In fact, the Banque de France has left its own rate on advances unchanged at 4½ per cent., and the only direct consequence of the rediscount rate reduction is that the French banks have lowered their rates on current accounts from 1½ to 1 per cent. Thus the French rediscount rate reduction will not necessarily have an appreciable or immediate effect upon the Paris exchange.

NEW YORK.

Call money has again eased, and has now returned to 1½ per cent., in contrast with the high rate of 4 per cent. charged over the turn of the year. Rates on bankers' acceptance have also been reduced by ½ per cent. Brokers' loans rose during last week by \$7,000,000, this being the first increase since last September. The St. Louis Reserve Bank's rediscount rate has been reduced from 3½ to 3 per cent. The Federal Reserve System, according to the latest returns, has made extensive open market purchases of bills and securities. As a result, member bank borrowings have fallen from \$250 to \$89 millions. Another \$2,500,000 of gold has been received from Canada, and \$500,000 gold from Cuba.

THE STOCK MARKETS.

The stock markets failed to maintain an early appearance of strength. Gilt-edged receded on the week's monetary developments, while sentiment in the industrial share market was coloured by uneasiness regarding the labour situation, though prices remained generally steady. A moderate revival of interest occurred in foreign bonds, particularly those of South America. Home rails were neglected. The publication of figures showing a significant drop in the 1930 profits of the leading banks provoked some selling of the shares. Rubber and tea shares were as dull as ever; but oil shares strengthened under American influences. In the mining share markets, particular attention was given to Kafirs, and tin shares were harder on the sustained recovery in the price of the metal.

THE COMMODITY MARKETS.

Uncertainty continues to prevail in the coal trade, but it is hoped that the renewed negotiations brought about in South Wales by Mr Graham will result in a resumption of work next Monday. It is hoped that the reduction in the price of Cleveland pig iron by 5s. per ton will stimulate demand and lessen Continental competition in this country. Although raw cotton prices have been steadier and the number of inquiries for Manchester goods has increased, business continues quiet. The wool trade remains steady. Jute shows no signs of an early improvement, and the turnover in yarns and cloth is on a small scale. The downward tendency in hide values has been arrested. Wheat prices show a slight rise on last week.

THE FOREIGN EXCHANGES.

The Foreign Exchange market was quiet this week. Sterling held its own against most currencies except the dollar. New York went from 4.85½ to 4.85½, and Montreal was weaker at 4.87½ after 4.88. Paris, after touching 123.75, settled at 123.70, a loss on balance of three points. Brussels weakened rather sharply to 34.80, while Milan gained a point at 92.74. The peseta was again inclined to irregularity, and was weaker at 45.80. Amsterdam lost ½ at 12.06, after being higher, and Berlin was very weak and uncertain at 20.40. Switzerland lost ½ at 25.05 in spite of the winter season being at its height. Of the Scandinavian exchanges, Stockholm lost a point at 18.14, Oslo gained ½ at 18.16, and Copenhagen lost ½ at 18.16½. The South American currencies were again weak, although the Argentine peso rallied at one time on reports of the gold deposits abroad being used in aid of the exchange. In the end, Rio lost ½d. at 4½d., Buenos Aires ½d. at 35d., and Montevideo was ½d. worse at 34½d. In the Far East, the rupee was unchanged at 1s. 5½d. The yen was a little weaker at 2s. 0½d., but Batavia gained ½ at 12.06. In the forward market, dollars went from a premium to a discount of ½ cent. for both periods. Paris was quoted at par for both periods, and Brussels went from discounts of 2½ and 4½ centimes to premiums of ½ and 1 centime. Milan was less wanted at 17 and 48 centesimi discount, as was Madrid at rather lower premiums of 1 and 3 centimos. Amsterdam remained at a premium for both periods, one month's delivery being at ½ cent and three months at ¾ cent, against ½ cent for both periods last week. Berlin was little changed at 2½ and 5½ pfennigs discount. Silver established new low records during the week, but rallied slightly at the close. Still, there was a net fall of ½d. for both spot and forward leaving prices at 13½d. and 13½d. respectively in a quiet and unsupported market. The China silver exchanges fell sharply in sympathy. Hong Kong by 1½d. to 1s. 0½d. and Shanghai by 1½d. to 1s. 3½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 6, Bonverie Street, London, E.C.4.

A NATIONAL EMERGENCY.

THE customary ebullition of optimistic New Year prophecies is happily conspicuous this year by its absence. It is all to the good that responsible prophets are facing hard facts; and it is clearly better for us to be warned, as Sir Josiah Stamp warned the country a few days ago, that 1931 holds out little visible hope of major improvement, than to be lulled into false security by a chorus to the effect that the clouds will soon roll by. For, however meagre the expectations of 1931, it must be confessed that the first week of the New Year has brought with it new reasons for disappointment and misgiving. The disclosure that the total figure of unemployment rose by 235,000 in the week ended December 29th, reveals that the trade depression is still in full force, for the increase is abnormally large even for the last week of the calendar year, and it follows a less than normal decline in the weeks preceding Christmas. As if that were not bad enough, 130,000 South Wales miners celebrated New Year's Day by coming out on strike, while, in Lancashire, a lock-out in some sheds in the weaving section threatens to develop into a wide-spread stoppage.

There is little resemblance in the origin or in the circumstances of these two industrial disputes, the latest developments in which are discussed on a later page. In South Wales the miners are resisting a reduction of already low wages in a depressed and unprofitable industry in connection with a reduction of hours decreed by unfortunate legislation. In Lancashire the weavers are resisting the introduction of more efficient machinery and organisation, an attitude which is both blind and out of date. But the two episodes, together with other serious threats impending, serve to illustrate the gravity of the position which the country is facing. If, superimposed upon the general depression, we are to have a series of industrial disturbances arising from attempts at wage adjustment on the one hand, or the improvement of mechanical efficiency on the other, the outlook will become dark enough to satisfy the most incorrigible of pessimists. It is surely the most platitudinous of truisms to say that if Britain is to be ready to take her proper share in the next trade revival, she cannot afford to hamper her already difficult preparation by a renewal of the disastrous process of industrial belligerency which brought the country to the brink of ruin in 1926.

How such disturbances can be avoided becomes, therefore, a supreme question of the moment. We shall reach no answer to that question unless the whole nation can be brought to realise the gravity of the situation with which it is faced and to submit to the sacrifices which it demands. That situation was well summed up by Professor Henry Clay last week in the concluding passage of a broadcast address. The choice before the British people, as he sees it, is threefold. We may find fresh outlets for our products; or we may accept lower remuneration for our services; or we may reconcile ourselves to continuous large-scale unemployment. The third choice is impossible for any sane nation to make willingly. It would spell not only national failure, but mass demoralisation, and it would involve the continual carrying of a fiscal burden which would crib, cabin and confine the industrial efforts of the country. The second choice, in blunt phraseology, involves general wage reductions. This is unpalatable, and will always be so until human nature changes. There remains the first choice, the finding of new outlets, which is, of course, as attractive as it is elusive.

Let us pursue the elusive. How can new outlets be found? It cannot be done by political "stunts," by grandiose schemes of trade development, by a "forward" credit and currency policy, by a fiscal revolution or by any of the other short cuts so dear to the hearts of controversial partisans. The crux of the matter is that in spite of the prodigious fall in the prices of the raw materials of our industries, the prices of our finished products are too high to permit of expansive trade in competitive markets. Somehow or other British

costs of production must be brought down. That is the starting point from which all national effort must proceed. Wages are a preponderant part of production costs, and where wages are out of relation to productivity they must be reduced unless and until productivity can be increased. In short, Professor Clay's first two choices, in terms of existing conditions, are really one.

But the problem bristles with complications. Wages are one, but by no means the only item contributive to the too large gap between depressed raw material prices and disproportionately high final prices to the consumer. Wage earners, when asked to submit to some thinning of their weekly pay envelopes, have every right to ask whether all other items contributing to excessive production costs are being simultaneously searched and dealt with—such, for instance, as the degree of managerial and mechanical efficiency, the profits of intermediaries, transport and distributive charges and so on. Unless and until the wage earners are satisfied that not merely wages but all these other items are being effectively tackled—that, in fact, no one is to continue to take more out of the national pool than he puts in—it is mere human nature that they should continue to resist a readjustment which is essential. No less stubborn is the problem of a readjustment of wages as between various industries. It is impossible not to sympathise with the miner who objects to cuts in a wage of £2 a week when the dustman or the postman for work less skilled and less dangerous maintains his earnings at a higher level. The whole problem of relative remuneration in sheltered and unsheltered industries cries out for a national effort at solution.

Is there no way by which these complicated and interwoven problems can be practically and effectively approached? We believe that there is one way, but that way is not likely to be taken unless the leaders of our industrial life, on both sides of the pay counter, are brought to the full acknowledgment that a real national emergency exists. Given that realisation, we believe that a way towards solution might be found by the calling of a representative conference of trade union leaders and captains of industry with an impartial chairman of high standing and recognised integrity such, for example, as Lord Ullswater, the late Speaker of the House of Commons. To such a conference should be contributed in the first place the full knowledge of the facts derived from the research of impartial economists and investigators. We are convinced that given full recognition of the essential facts and of their gravity it would not be beyond the wit of the men at the top to devise comprehensive national policies for the co-operative pursuit of efficiency and the correlation of industrial earnings, and to educate the country up to their reluctant acceptance.

We put this proposal first because we believe that, in the main, industry's salvation must come from industry's own efforts, and that any help which the State can give is of secondary importance. Nevertheless, there is one great contribution which the Government can make, and that is one of leadership and example. We would have the Cabinet start the ball rolling in the right direction by making a cut in their own salaries and those of all public servants (including, of course, members of Parliament) from the very top downward in a system of fair graduation. Our reason for advocating this step is not that our statesmen are overpaid, but because the psychological effect of such a gesture would be incalculable. We would have them, secondly, appoint a small and powerfully manned retrenchment committee armed with power to review the whole range of public expenditure and with instructions to carry through their work with the expedition practised a decade ago by the Geddes Committee. A real national effort to put the industrial machine in gear again would enhance, not decrease, the already pressing urgency for drastic public economy; for every reduction in nominal incomes would reduce the yield of taxation.

In the next place, we would have the Government appoint another small committee of economists and business men to indicate what steps could helpfully be taken (they are being attempted in other countries, notably Germany and Italy) to reduce the yawning gap between wholesale and retail prices. This is a vital aspect of the problem, for unless nominal wage reductions are accompanied by a decline in the cost of living, it is difficult to combat the Trade Union argument that wage reductions merely aggravate the situation, by reducing purchasing power and thereby creating fresh unemployment. For our own part, we are confident that reductions in costs in a wide range of transport and distributive industries would be quickly reflected in retail prices. Yet, as we show in a subsequent article, the gap between the wholesale and retail price levels is so great, that the possibility of special measures demands the closest consideration.

Nor does this exhaust the possibility of State action. It has come to be accepted that the depression is mainly due to world causes beyond the control of any single Government. It is not, however, beyond the power of a single Government to initiate international efforts to remove international obstructions to the return to prosperity. We trust, therefore, that while not slackening in a campaign for national retrenchment and reorganisation at home, the Government will actively explore every possibility of economic agreement abroad, whether in the sphere of fiscal or monetary policy, and will take the initiative in seeking practical means for applying such remedies as the League's Gold Delegation may suggest for improving the working of the gold standard.

But when all is said and done, and quite apart from any help that may come from international action, it is a national effort that is required; and a national effort will only be forthcoming if the gravity of the facts is brought home to the country at large. This, we believe, would be done effectively if the Government would give a lead in the sense we have suggested, and if leading employers and trade unionists, fully seized of the facts and possible remedies, would show a similar courage in leadership towards those whom they respectively represent. This country has not been slow in the past to face a recognised emergency; but it is sometimes slow in recognising one. The first step in real recuperative effort is education, and leaders in every section of our national life must become the educators. We are not pessimists, but we believe that a real national emergency faces us to-day.

RESPONSIBILITY AT THE CENTRE.

From the past ten days' proceedings at the Federal Structure Sub-Committee of the Round Table Conference there has emerged not a complete picture of the essential framework of an All-India Federal Government—such a result was not conceivably to be expected—but evidence of a measure of broad agreement on principles, the importance of which is not to be minimised. It may be well to remind ourselves that the functions of the present Conference were not to attempt the task of drafting a detailed constitution, but to explore in general terms the salient issues and to ascertain for the guidance of the British Government, with whom the ultimate responsibility for legislation rests, how much common ground could be discovered. Towards that objective the Conference has made further substantial progress since the beginning of the year.

On Friday of last week Sir Tej Bahadur Sapru, speaking as a Hindu Liberal with five years' experience as Home Member of the Governor-General's Council, put forward unequivocally, yet with a full sense of the realities of the Indian problem, the Nationalist claims for effective responsibility at the Centre. He suggested that the present Executive Council should be replaced by a Ministry chosen from among the members of the Legislature, representing the majority in the House or the majority of groups in the House, and working as a joint Ministry on the principle of collective responsibility under the leadership of the Prime Minister. Subject to a clause in the constitution which could be devised acknowledging India's responsibility for its public debt,

and subject to the creation of a properly constituted Reserve Bank for the management of credit and currency, he proposed that the subjects to be transferred to this Executive should include Finance as well as Law and Order; and to promote stability in the Executive his suggestion was that a vote of no confidence by the Legislature, involving the resignation of the Ministry, should require a joint sitting of the two Houses and a two-thirds majority. At the same time, while emphasising that the only cure for mistrust was trust, and that responsibility must mean not only moral responsibility but positive acceptance of the thesis that the Executive must be answerable to the Legislature for its policy in regard to all subjects placed within the Legislature's control, Sir Tej Bahadur Sapru frankly admitted that there would have to be a period of transition. In that period he suggested that certain subjects, *e.g.*, the Army and foreign policy should be reserved as Crown subjects and should be administered by Ministers who might or might not be chosen from the Legislature, but who should be responsible to the Viceroy alone—although they would sit with the Cabinet and fall with it in adherence to the constitutional doctrine of collective Cabinet responsibility. The Viceroy, except in so far as the Crown subjects were concerned, and save that he should have vested powers to deal extra-constitutionally in emergency with serious threats to the tranquillity of India, should approach the position of a constitutional governor.

To regard these proposals as the last word on this crucial aspect of India's constitutional problem would be obviously premature; and we are not inclined to quarrel seriously with the doubts and questions expressed on Tuesday by Sir Samuel Hoare, whose attitude as a spokesman of the Conservative delegates to the Conference may fairly be criticised as somewhat negative, sceptical and unhelpful, but who was careful to make it clear—and we do not doubt his sincerity—that his standpoint was "non-committal," but not "non-possimus." Indeed, until we know how completely Hindu-Moslem differences can be composed, what is to be the nature of the franchise and electoral mechanism eventually decided upon, what is to be the precise composition and purview of the two Federal Houses, and whether the States will in the event be ready to delegate the administration of Federal subjects to a Cabinet on the lines of that proposed by Sir Tej Bahadur Sapru, doubts and misgivings cannot be wholly resolved. One cannot be wholly confident that government on lines analogous to systems which have functioned none too well in the western world, will work perfectly. It would be idle to pretend that the possibility of persistent non-co-operation after the constitutional change might not seriously endanger the stability of the new régime and place the Viceroy in a position of the greatest difficulty. Nor does acceptance by both sides of the necessity of some form of "dualism" during the transitional period render such an element in a constitution free from awkwardness.

Nevertheless, given the incontrovertible fact that there is no way out of the Indian impasse without risk of some kind, we have no doubt whatever that the vast majority of people in this country prefer that the risk should be taken in going forward to the utmost limit possible to meet Indian aspirations and claims, rather than in inviting an intolerable prospect of anarchy and repression by endeavouring to put back the clock. We welcome, therefore, the lead given by Lord Reading, on behalf of the Liberal Delegation, to the Conference on Monday. Speaking with the authority of an ex-Viceroy, Lord Reading was inclined to underline the necessity for the safeguards indicated as acceptable by Sir Tej Bahadur Sapru, and, in particular, he considered that the Viceroy should have power not only to protect minorities and to veto social discrimination in commercial legislation and taxation, but also to intervene should the financial policy of the Ministry threaten the stability of the Federal budget. But with these and other qualifications in detail, and subject always to the full participation of the States in the Federal Legislature, Lord Reading intimated that his party in Parliament definitely accepted the proposition which Sir Tej Bahadur Sapru, followed on the Moslem side by Sir Muhammad Shafi, had advanced—that there should be effective responsibility at the Centre.

What follows? The Round Table Conference is clearly now approaching its final phase of Plenary Sessions in which the work done in committee will receive formal confirmation. Mr MacDonald, belatedly, as we think, has yet to make his expected declaration of the Government's attitude. Fortified by the knowledge that the Liberal Party in Parliament is prepared to take the bold, but wise, step of co-operating in passing legislation enacting for India a new constitution in which the maximum practicable measure of responsibility, not only in the Provinces, but at the Centre, is conferred, the Prime Minister, we imagine, will feel warranted in going at least as far as Lord Reading in assenting to what opinion in this country has already learned to regard as the minimum demands of moderate-minded men among the ranks of political India. If India can be thus persuaded—and it is not more than the truth—that Great Britain has no selfish desire to cling to dominion in that great sub-continent, and that even in Conservative quarters (outside a relatively small circle of intransigent reactionary opinion) caution in accepting great innovations without the fullest scrutiny springs not from the wish to obstruct, still less from any hostility to India's legitimate aims, but from sincere recognition of the complexity of the great problems involved, then we do not despair that the details of the completed picture, which Sir Samuel Hoare much too prematurely at this juncture demanded, can be successfully filled in.

When the present Conference terminates, the work of constitution framing will be only at its beginning, and it is important that before the delegates return to India, where in any circumstances they will have to face hostile criticism from the irreconcilables in the ranks of Congress, some clear indication should be given of the future programme and time-table, and of the composition of the various bodies that will be required to thrash out the details of arrangements relating to defence, finance, franchise and political structure. What is wanted now is a clear and courageous declaration by the British Government of the objective which, at this stage of the negotiations, seems to them to be attainable. And to give no room for suspicion in India that this declaration, coming from a minority party in office, does not carry with it the authority of the Imperial Legislature as a whole or embody the will of the people of this country, we suggest that Parliament should be given an early opportunity of associating itself with and endorsing the Government's declared intentions.

BACK TO PRE-WAR PRICES.

As the result of further heavy declines in the prices of grain stuffs, of almost all textile materials, of all non-ferrous metals except tin, and of rubber and linseed oil, the downward movement of our index number of wholesale prices continued unchecked during December. We summarise below the relative movements of the complete index and each of its five component parts as compared with a month ago, a year ago, and with the level of each in August, 1929, the eve of the dramatic collapse which has been at once a symptom and cause of the present catastrophic slump in the commodity markets:—

	INCREASE (+) OR DECREASE (−) PER CENT. COMPARED WITH		
	Month ago.	Year ago.	August, 1929.
Cereals and meat	−4.4	−24.2	−30.9
Other foods	+1.1	−15.1	−17.6
Textiles	−6.7	−37.7	−44.0
Minerals	−1.3	−15.6	−19.0
Miscellaneous	−3.3	−15.7	−17.4
Complete index	−3.1	−22.2	−26.6

Just over two years ago, when we decided to revise the method of compiling our index number in view of the great changes which had occurred in the structure of the price level, it looked as though the comparative stability of most prices in 1927 rendered that year a stable base to which to relate the course of future price movements; and our new index number, calculated in detail from the beginning of 1924, was expressed as a percentage of the

average for 1927. In the following table we show the annual average index numbers for each of the past seven years and for the past thirteen months:—

1927 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	114.2	106.7	136.8	119.4	105.6	115.7
" 1925	114.1	101.0	124.0	111.8	108.7	112.0
" 1926	102.8	96.6	97.2	119.8	104.0	104.0
" 1927	100.0	100.0	100.0	100.0	100.0	100.0
" 1928	103.6	93.8	105.1	92.1	95.8	98.1
" 1929	96.9	85.8	92.2	95.6	90.5	92.4
" 1930	81.0	77.2	64.4	83.6	81.6	77.6
End Dec., 1929	92.3	83.6	82.6	92.4	89.2	88.3
" Jan., 1930	89.2	83.1	76.7	92.6	88.0	86.1
" Feb., 1930	85.4	83.0	74.7	90.5	87.0	84.2
" Mar., 1930	84.7	82.7	73.0	89.8	85.5	83.1
" Apr., 1930	84.9	80.8	72.9	85.6	83.2	81.5
" May, 1930	82.0	79.0	71.1	84.3	84.4	80.6
" June, 1930	82.2	77.8	66.5	82.8	84.1	78.8
" July, 1930	84.2	76.3	63.6	82.1	81.5	77.6
" Aug., 1930	82.5	75.2	61.7	81.5	79.7	76.1
" Sept., 1930	79.5	74.5	56.9	79.5	76.7	73.2
" Oct., 1930	76.8	73.1	55.8	79.1	77.7	72.4
" Nov., 1930	73.2	70.2	55.1	79.0	77.8	70.9
" Dec., 1930	70.0	71.0	51.4	78.0	75.2	68.7

It will be observed that, in comparison with the average for 1927, much the largest decline is registered by the textile group; the indices of the minerals and miscellaneous groups show less than the average rate of fall; while the figures for cereals and meat and "other foods" conform closely to the mean.

Much the same tendency is disclosed when the latest figures of our index number are contrasted with the average for 1924, as in the next table:—

1924 = 100.

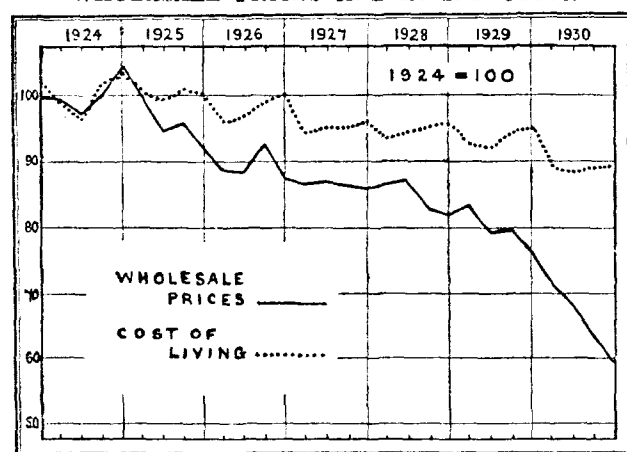
Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1925	99.9	94.7	90.6	93.6	102.9	96.8
" 1926	90.0	90.6	71.1	100.3	98.4	89.9
" 1927	87.5	93.8	73.1	83.7	94.7	86.4
" 1928	90.7	87.9	76.8	77.1	90.7	84.8
" 1929	84.8	80.5	67.4	80.0	85.7	79.9
" 1930	70.9	72.3	47.1	70.0	77.3	67.0
End Dec., 1929	80.8	78.4	60.4	77.1	84.5	76.3
" Jan., 1930	74.1	77.6	53.3	75.2	80.9	71.8
" Feb., 1930	72.0	72.9	48.6	69.3	79.6	68.1
" Mar., 1930	69.6	69.9	41	66.5	72.6	63.3
" Dec., 1930	61.3	66.6	37	65.3	71.2	59.4

Textiles again head the decline since 1924, followed at a long interval by the cereals and meat group. As compared with six years ago, however, the variations as between the prices of different commodities are enormous. A complete list of the articles on whose prices our index number is based is given in the next table, which shows percentage changes as compared with December, 1929, and December, 1924:—

	Inc. (+) or Dec. (−) per cent. compared with		Inc. (+) or Dec. (−) per cent. compared with		
	Dec., 1929.	Dec., 1924.	Dec., 1929.	Dec., 1924.	
Wheat, Foreign.....	−55.8	−66.4	Flax	−39.6	−71.1
Wheat, English.....	−36.8	−50.7	Hemp	−35.2	−58.9
Flour	−41.2	−55.7	Jute	−44.1	−61.1
Barley	−4.8	−42.8	Textiles.....	−37.7	−64.3
Oats.....	−21.4	−42.1	Pig iron	−12.4	−22.1
Malt.....	−42.7	−63.0	Steel rails	...	−5.5
Rice.....	−37.0	−46.6	Iron bars	...	−10.4
Potatoes.....	−60.0	−36.8	Tipplates.....	−17.3	−34.0
Beef, English.....	−9.7	−6.6	Coal, Welsh exp.	−0.6	−25.9
Mutton, English.....	−2.4	−22.6	Coal, Durham gas ...	−8.9	−30.7
Mutton, New Zealand	−18.8	−32.8	Coal, household	+9.5	−14.8
Bacon, Danish	−41.4	−45.6	Lead.....	−30.1	−63.9
Cereals and meat.....	−24.2	−42.9	Tin.....	−34.6	−56.4
Tea.....	+8.6	−36.3	Copper.....	−31.6	−51.0
Coffee.....	−25.7	−34.7	Spelter.....	−30.8	−64.2
Cocoa.....	−20.8	−43.4	Minerals.....	−15.6	−36.0
Sugar, cane.....	−7.9	−35.9	Timber, English.....	−5.3	−14.3
Sugar, refined.....	−14.3	−42.6	Timber, Swedish.....	...	−22.6
Cheese, Canadian.....	−21.6	−24.0	Cement.....	...	−7.9
Butter, Danish.....	−21.1	−41.9	Blades.....	...	−37.6
Coco oil.....	−20.6	−45.2	Leather.....	+4.8	−8.4
Tobacco.....	−6.7	−4.6	Petrol No. 1.....	−11.4	...
Other foods.....	−15.1	−35.3	Petroleum oil.....	−4.2	−11.8
Cotton A.....	−43.3	−60.8	Fuel oil.....	...	−18.2
Cotton B.....	−45.5	−74.2	Linseed oil.....	−50.0	...
Cotton yarn.....	−35.1	−63.3	Tallow.....	−37.8	−60.8
Cotton cloth.....	−22.1	−43.8	Rubber.....	−47.3	−78.7
Wool, English.....	−41.3	−63.5	Soda, crystals.....	...	−18.8
Wool, Australian.....	−33.3	−68.6	Sulphate of ammonia	−11.8	−41.1
Wool tops.....	−29.0	−73.2	Cresote.....	...	...
Silk.....	−42.7	−61.6	Miscellaneous.....	−18.7	−29.6

The course of our index number, calculated as a percentage of the average for 1924, is shown graphically in the first of the accompanying charts, on which we have plotted on the same base the official index number of the cost of living. The average of the cost-of-living index in 1924 was 75 per cent. higher than in July, 1914, the date to which it is related by its compilers. When our own index number for 1924 is related, by proportionate conversion, to the same basic date as that of the cost-of-living index, a percentage increase of approximately 73 per cent. is shown; so that in 1924 it is fair to say that there was at least no great disparity between wholesale prices and the cost of living in relation to their pre-war equilibrium.

WHOLESALE PRICES AND LIVING COSTS.



The chart, however, shows very clearly that by the end of 1925 a considerable disequilibrium had developed and that this grew gradually wider until the autumn of 1929, when a further enormous widening of the gap between the two index numbers—with all its attendant economic difficulties—took place. The actual figures of the aggregate percentage fall of wholesale prices (our complete index number), the cost of living, wholesale food (a weighted average of the two food groups in our index number), and retail food as computed by the Ministry of Labour, are summarised below:—

MOVEMENTS RELATED TO AVERAGE OF 1924.

	Aggregate Per-centage fall to—	Wholesale Prices.	Cost of Living.	Wholesale Food.	Retail Food.
End 1925	7.7	...	...	7.5	...
" 1926	12.5	...	...	10.5	1.9
" 1927	14.5	4.0	12.5	4.9	...
" 1928	18.0	4.6	15.0	6.6	...
" 1929	23.7	5.1	20.0	7.6	...
" 1930	40.6	11.4*	36.5	17.2*	...

* End of November.

Since grain stuffs, whose prices have collapsed so dramatically since 1924, play a larger part in our index figure of wholesale food than they do in a working-class budget of expenditure, such as that on which the Ministry of Labour's index is based, caution requires to be exercised in drawing from the wholesale food index too positive inferences as to what should be the appropriate level of the retail index. With this qualification, however, the dimensions of the spread between wholesale and retail prices since 1924 are now of such magnitude that the task of reducing the latter has become of prime importance.

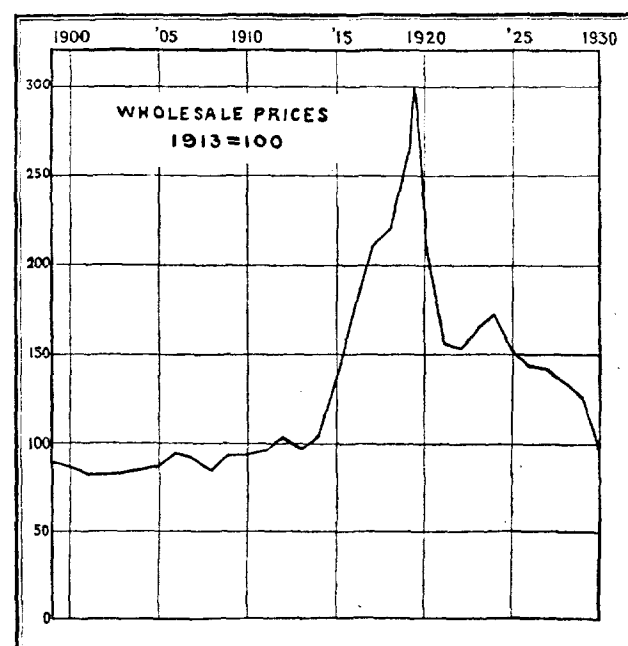
There remains to be considered the ratio between current prices and their pre-war level. In the following table we show our index number expressed as a percentage of the average for 1913:—

1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	168.5	215.8	214.7	149.3	122.6	166.2
" 1925	168.4	204.2	194.6	139.8	126.2	160.9
" 1926	151.7	195.3	152.6	149.8	120.7	149.4
" 1927	147.6	202.2	157.0	125.1	116.1	143.7
" 1928	152.9	189.7	165.0	115.2	111.2	140.9
" 1929	143.0	173.5	144.7	119.6	105.0	132.8
" 1930	119.5	156.1	101.1	104.6	94.7	111.5
End Dec. 1929	136.2	169.1	129.6	115.6	103.5	126.9
Mar. 1930	125.0	167.2	114.6	112.3	99.2	119.4
June 1930	121.3	157.3	104.4	103.5	97.6	113.2
Sept. 1930	117.3	150.7	89.3	99.4	89.0	105.2
Dec. 1930	103.3	143.6	80.7	97.5	87.3	98.7

When "weighted" averages of the two groups of foodstuffs and the three groups of materials are worked out, the resulting figures for the end of last month (1913 = 100) are:—Food, 119.8; materials, 88.4. The tendency of the index figure for "other foods" to show an increase substantially greater than that of the other groups by comparison with 1913 has persisted since 1924. On the other hand, the figure for textiles, which six years ago was the second highest among the group figures and nearly equalled that for other foods, has now fallen to a point considerably below the mean.

THIRTY YEARS' PRICE CHANGES.



The changes which have taken place since 1927, the base year of our revised index number, have been so violent that the caveat is perhaps necessary that the margin of error involved in relating present prices to those of the last pre-war year is wider than it was three years ago. With this qualification there remains for all practical purposes the solid fact to be faced that wholesale prices as measured by our index number have now reverted roughly to the point at which they stood in 1913.

In compiling the figures for the foregoing chart it has been necessary to link statistically our present index number from January, 1924, onwards with its predecessors (an earlier revision took place in 1910). These limitations, however, do not affect the essential significance of the picture which the diagram presents. After the recovery of prices in 1923-24, following the collapse of 1920-21, the course of the curve during the past six years takes on the aspect of an almost uniform decline, broken only by the relative stability of 1927, to which reference has already been made. When the magnitude of the fall in the past two years is contrasted with the comparatively minor recession occasioned by the slump of 1906-08, a forcible reminder is given of the overwhelming dislocation of our economic mechanism which the recent history of prices has involved.

THE PARIS MONETARY CONVERSATIONS.

THE New Year has brought two important developments in the international monetary situation. On January 2nd the Banque de France reduced its rediscount rate from 2½ to 2 per cent., the lowest rate on record since 1898; and on the same day it became known that representatives of the British Treasury were present in Paris upon an informal visit. It was inevitable that the coincidence of these announcements should have inspired the thought that there was a direct connection between them. This, we believe, was not the case; for the reduction in the French bank rate appears to have been decided before it was known in Paris that British Treasury officials were about to cross the Channel. Nevertheless, though

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the time-factor effectively disposes of any suggestion that these events were directly inter-related, their significance becomes clearer when they are regarded from a common angle.

The reduction in the French bank rate was unmistakably intended partly as a gesture in favour of world banking co-operation, and partly as an attempt to check the flow of gold to France. Thus the first reaction of London to the decision must inevitably be that of gratitude. It is not so easy, however, to see what the immediate and practical effect of the reduction will be. The French bank rate is a rediscount rate, like those of the American Reserve Banks, and for that reason comes at the bottom of the scale of money rates, whereas the London bank rate comes at the top. Hence the margin between 2 per cent. in Paris (and also in New York) and 3 per cent. in London is less than it appears superficially to be. Moreover, in France there is not that intimate connection between bank rate and other money rates which exists in London, where a money market is fully developed and where bill-brokers operate on the narrow "band" of 1 per cent. between bank rate at the top and the rate charged for their weekly fixtures at the bottom. Thus the French bank rate is a much less effective governor of, and guide to, other money rates than is that of the Bank of England.

Nevertheless, there is no doubt that the motive behind the recent French reduction was the hope that it would exercise its theoretical effect upon the exchanges, and so arrest the inflow of gold. In spite of the qualifications we have just pointed out, this hope may in the long run be justified. There is, however, another important aspect of the reduction, namely, that it is tantamount to an expression of confidence by the Banque de France in the soundness of the French banking system. If, as a result, the French public regain greater confidence in their banks, the latter in their turn may be able to release some of the money they have been calling from abroad in order to strengthen their cash resources, and so the inflow of gold may be arrested through the influence of the psychological factor, as well as by the more familiar way of widening the margins between home and foreign interest rates.

In parenthesis we would add that there is one aspect of France's gold importations which has perhaps received insufficient attention, and that is that in practice the Banque de France has for some time only been able to issue fresh currency if it could obtain fresh gold. Now the French note circulation at the end of last December was Frs. 75.3 milliards, and taking into account such factors as the pre-war circulation, the devaluation of the franc, the relative levels of pre-war and post-war prices and wages, and the post-war currency needs of Alsace-Lorraine, it is arguable that France really needs to-day a note circulation of 80 milliards. If this be the case, it follows that the gold acquisitions are a logical, though regrettable, consequence of the constitution of the Banque de France and the structure of the Paris money market.

At the same time, even on the basis of this argument, France now has nearly all the gold she can conceivably be said to need, while the external reactions of the flow of gold to France are too serious to be lightly regarded. The consequences, technical and psychological, which should ultimately result from the reduction in the French bank rate have already been discussed, and their limitations recognised. Hence, given the known desire of the Banque de France authorities to check the influx, it is pertinent to examine any other measures which seem practicable and calculated to further world interests, including those of France herself.

In considering possibilities, it should be remembered, firstly, that the Banque de France is precluded from carrying out open-market operations, for the law forbids it to buy bills and securities on its own behalf. Secondly, money paid into the Banque de France on account of the French Treasury and Caisse d'Amortisse-

ment remains immobilised and withdrawn from the monetary system of the country often for long periods at a time, owing partly to the system of national accounting and partly to the inability of the Banque de France to release an equivalent quantity of funds by buying bills in the open market. In short, the deposits of the Treasury and Caisse d'Amortissement are balanced not by earning assets, but by gold or notes.

In the next place, the habit of foreign investment in France is making only slow recovery since the War, and, indeed, is checked in certain definite ways. For example, practical difficulties appear to be placed in the way of obtaining quotations for foreign securities on the Coudisse; and possibly a more serious defect is the legal prohibition against the establishment of investment trust companies. The result is that while the French investor is still nervous of directly placing his capital abroad, he is unable to do so indirectly, and with greater safety to himself, through the medium of an investment trust.

Granted recognition of the desirability of giving greater elasticity to the mechanism of the Paris money market, and of encouraging the long-term loan of French capital in sound investments abroad, it should not be impossible for the Banque de France and the French Treasury to concert remedial measures. Whether by co-operation with the B.I.S., as suggested some months ago in these columns,* or by other means, the Banque de France might be enabled to get over the legal obstacles to open market operations; and modifications in French regulations governing the market in foreign securities should not be beyond the bounds of practicability.

Any progress in these matters must, however, be subject to one important qualification, namely, the attitude of French public opinion. It must be remembered that in France the view is not generally accepted that recent gold movements have any considerable responsibility for the fall of world prices. The tendency across the Channel is to attribute these gold movements to the fact that British prices are too high and not to French prices being too low. In the next place, after his post-war experience, the average Frenchman views with horror anything possessing the faintest tinge of inflation; hence the Banque de France must proceed carefully even in the matter of so innocuous a suggestion as that it should seek legal powers to operate in the open market. Again, the reactions of *l'affaire Oustric* must inevitably be now prejudicing public opinion against such proposals as relaxing Bourse regulations or authorising by law the formation of investment trusts. When to this are added the well-known difficulties, delays and uncertainties of passing new legislation through the French Chamber, it is clear that the Banque de France can only move slowly and cautiously.

These are some of the reasons why only limited results may be expected from the recent informal conversations. Nevertheless, the fact that they have taken place is at once important and useful. They have made clear to the world what has for some time been well known in inner financial circles, that it is the desire of the Banque de France authorities to play their part in world co-operation in monetary policy.

* *Economist*, August 9, 1930, p. 269.

THE SUGAR PROBLEM.—I.

(BY A CORRESPONDENT.)

THE Brussels Conference of December 9th-16th, like its numerous predecessors, failed to reach final agreement; yet it marks the furthest stage so far attained in the attempts of sugar producers to come to some arrangement for the international control of production and export. The following table, compiled on the basis of the official statistics published by the International Institute of Agriculture, gives some idea of the relative importance of the groups represented at the conference and at the same time of the development of world production in the last five years.

	PRODUCTION. (Million Metric Tons.)				
	World.	Cuba.	U.S. Producers.	Java. Represented.	European Producers.
1925-26	25.2	5.0	2.7	2.3	4.2
1926-27	24.0	4.6	2.9	2.0	3.7
1927-28	25.7	4.1	3.4	2.4	4.1
1928-29	27.6	5.2	3.3	2.9	4.2
1929-30	27.4	4.7	3.6	2.9	4.3
Average 5 years	26.0	4.7	3.2	2.5	4.1

On September 30, 1930, sugar prices reached the lowest level ever recorded, with the quotation for Cuban raw sugars, c.i.f. New York, at 0.94 cent per lb. The decline in world consumption of sugar in 1929-30 had accentuated the nervousness of buyers, and on the eve of the Brussels Conference a still further disquieting feature appeared in the shape of unexpected increases in the European crop estimates. Thus there was a greater stimulus to joint action on the part of producers than had hitherto been experienced.

As a first result of the critical situation, American interests in Cuba were forced into more whole-hearted support of control than ever before, and for the first time a scheme emerged in which control in Cuba had really strong financial backing. The so-called Chadbourne Committee included representatives of the great American banking interests in Cuba, and with this financial backing, the lack of which had been the weakness of all previous Cuban attempts at control, Cuba eventually completed an agreement with the producers within the United States tariff wall, namely, the United States beet-sugar producers, Hawaii, the Philippines, Porto Rico, and Louisiana. Cuba agreed to limit its exports to the United States to 2.8 million tons in 1931—a sacrifice of about half a million tons on its average export to that country in recent years—increasing this quota in the following two years by an amount equivalent to the increase in United States consumption, and in 1934 and 1935 (the last two years of the agreement) sharing the increase in United States demand with the United States producers. The United States producers, on the other hand, agreed to limit their output to the 1929-30 level, with the above-mentioned proviso, regarding the years 1934 and 1935. As regards sugar to be marketed elsewhere than in the United States, Cuba then came forward with the offer, backed by Presidential decree, to control through a National Sugar Export Corporation 1½ million tons annually during the five-year period, to be purchased from the Cuban producers at \$4.00 a bag. The required funds were to be obtained by a bond issue of \$40 millions, and the interest and other charges to be refunded to the Government by an additional tax of 11 cents a bag for the next ten years.

Having in this way stabilised the position in their chief market, the United States—which has absorbed in recent years about three-quarters of Cuba's total output—having more effective financial backing than ever before, and having the 1½ million tons a year under their control for export to other lands than the United States as a powerful weapon in negotiations, the Cuban interests could cross the Atlantic with a greater degree of confidence than any of their predecessors. Java's attitude was, as on previous occasions, the relatively unknown factor. Her previous reluctance to join in any international agreement for restriction had been due to the

fact that owing to its very low cost of labour, combined with particularly favourable soil and climatic conditions and high development of research in field and factory, Java's costs are the lowest in the world, being generally estimated at about 8s. per cwt. for by far the greatest part of its output. Added to these advantages is proximity to the great markets of the East. On the other hand, the V.I.S.P. (United Java Sugar Producers) has recently been experiencing previously unheard-of difficulties in marketing its sugar; and the state of unrest in Eastern markets, combined with the growth of production in Japanese territories, has made conditions there less favourable, while in India the competition of European beet-sugar has recently been accentuated. The possibility, too, of the Cuban industry being in a considerably stronger position, and perhaps dumping part of its surplus in Far Eastern markets, was not to be disregarded.

At the preliminary meeting in Amsterdam the V.I.S.P. agreed to restrict its export by 20.7 per cent. in return for Cuba's promise to restrict production by 23.5 per cent. While Java's restriction is nominally one of export, it is, in fact, one of production, since it is difficult to store sugar in the island owing to climatic conditions and to lack of storage space. According to the agreement, Java's 1930-31 export would be limited to 2.2 million tons of the new crop plus 0.1 million of its stocks (i.e., one-fifth of the existing stocks). The Javans asked and obtained the right to increase their export by 100,000 tons annually, claiming that this was warranted by prospective increase in demand in the Far East. In the cases of both Cuba and Java the restricted production would be about 60 per cent. of the respective totals of available supplies.

Having thus agreed, the two great cane-sugar exporters went to Brussels with the request that the five European countries with a net export—Czechoslovakia, Poland, Germany, Hungary and Belgium—should limit their combined net export to 1.2 million tons, which amounts to 55 per cent. of the total available for export from these countries. The unexpected growth in the estimates of European production had brought the estimated total available for export in 1930-31 up to the level of 2.2 million tons, as compared with an actual net export of 1.4 million tons in 1929-30. Germany, with an estimated increase of 23 per cent. on last season's crop, became the protagonist for an agreed rise in the total European quota. This proved, however, impracticable, especially in view of the strenuous opposition of Java. The non-European producers had proposed that the 1.2 million tons European quota should be divided according to the 1929-30 export of the five countries concerned, Germany, under this arrangement, being entitled to 200,000 tons, but Germany now claimed a 450,000 tons quota for the first year of the agreement, to be reduced to 350,000 tons in the remaining four years. Her refusal to accept the 300,000 tons offered as a compromise led to the breakdown of the conference.

The following table may throw some light on the attitudes taken by the various European producers at the conference:—

	Czecho- slovakia.	Poland.	Ger- many.	Hun- gary.	Belgium.
Per cent. of combined export in 1929-30...	48	26	16	7	3
Per cent. of combined surplus available for export, 1930-31 ...	35	20	37	5	3
Per cent. of proposed quota to surplus available for export, 1930-31	78	74.5	25	77	48
Per cent. of allocated quota to surplus available for export, 1930-31	78	74.8	25*	80	43

* Not accepted by but reserved for Germany.

If the proportions of the different countries in the combined export of last season, which were taken as a basis by the conference, are compared with the respective proportions in the probable total amount available for export this season, the relatively unfavourable position in which Germany finds herself this year is at once obvious, and her resistance to the quota of 200,000 tons offered becomes more comprehensible. On the other hand, the German sugar producers are able to sell a relatively large pro-

portion of their production in the protected home market as compared with the other two great beet producers, Czechoslovakia and Poland. The German representatives were hampered by the circumstance that the renewal of their national agreement had not been negotiated, so that they had not the necessary mandate for entering into any contract.

Hungary and Poland made demands which were met in part by the sacrifice of 3,500 tons on the part of Belgium. The European quotas, as finally determined, were, consequently, as follows:—Czechoslovakia, 500,000 tons; Poland, 320,000 tons; Hungary, 87,500 tons; Belgium, 31,500 tons; the remaining 200,000 tons were reserved for Germany, should that country eventually agree to enter, and it was decided that Mr Chadbourne should continue negotiations with the Germans in the interval before the next meeting of the European group at Brussels on February 2nd.

The most important abstentions among exporters were the U.S.S.R. and some of the South American and Central American countries. While the peculiar circumstances of the U.S.S.R. make it unlikely that the export policy of the sugar industry there would in any case be brought into line with that of other countries, it is quite probable that, given the ratification of an agreement by all the groups represented at Brussels, the remaining Latin-American countries would fall into line. As things are, the chief result of the negotiations so far has been the agreement between the Cuban-American and Javan groups, which is subject, however, to ratification by the Javan industry; secondly, the agreement between these producers and the European group, excepting Germany, upon whose agreement the putting into practice of the Chadbourne plan now awaits.

DISTRESS RELIEF IN THE UNITED STATES.

(BY A CORRESPONDENT.)

THE general impression current in recent years that the United States is the one large industrial nation of the world where the problem of poverty, if it exists at all, is easily taken care of by the immense resources and great wealth of its more fortunate inhabitants has received a rude shock in the last few months. It is not an assumption which has ever been very general among the more thoughtful sections of American opinion. Even in 1927, when the "secret of American prosperity" was being revealed to Europe, social workers and others, to whom the reality of their daily experience told a different story, made no secret of their dissent. The President of the National Conference of Social Work in that year announced, for instance, that "twelve million people in the United States suffer at this moment from the calamity of destitution or its near approach." Three years later, after twelve months of a serious industrial depression and in the middle of a second winter of extensive unemployment, the reality of the destitution is unchallengeable.

Winter found the country quite ill-prepared to aid its unfortunate citizens in need of food and shelter but unable to provide it for themselves. It is not surprising, therefore, that social workers in the United States are meeting an unusually "hard winter" with feelings almost of despair. For in spite of the very considerable development which organised social work has attained in the United States—it has indeed been classed as the third biggest business in the country—it is not capable of shouldering the responsibility of caring for the wreckage of a major industrial depression. Yet it must bear the brunt of the burden, for of organised State insurance on the lines of the British or German unemployment laws there is nothing. While private insurance schemes are not entirely unknown, what forms exist are noteworthy rather for their singularity than for the significance of their contribution to relieving the national problem. In October, 1928, before the crash came, it was estimated that only some 3,700 wage earners out of a total of some thirty millions were covered by unemployment insurance, whether provided by trade unions or by

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employers' schemes. Of the hundred or more national and international trade unions affiliated with the American Federation of Labour, only a dozen spent any of their funds in unemployment relief in 1929; and the total so spent was less than \$300,000. Various local unions give unemployment benefits, but in spite of interesting beginnings, as in the case of clothing workers, the amount they are able to spend is insufficient to make a significant contribution to the national need.

There are in many States almshouses and publicly-provided relief schemes for the destitute, based largely on the English Poor Laws with which the original colonists were familiar in England in the seventeenth and eighteenth centuries, but the amount of assistance they furnish to the unemployed is not great. When the resources of the worker himself or of his friends and relatives are no longer sufficient to provide for him, it is to private charity that he must turn for aid. There is all over the country an immense number of charitable organisations of one kind or another, the typical product of the private, sectarian or civic conscience. A number of these have national or, as in the case of the Salvation Army, world-wide affiliations, and there is an increasing tendency, due largely to the increasing study and adoption of social welfare work as a profession, for a greater integration and co-ordination of effort among them. This finds expression notably in the Community Chest idea (copied from Liverpool in the eighties of the last century), which has had a remarkable growth in the United States in the last twenty years. Some three to four hundred cities have now adopted this plan, which is nothing but a federation of all the existing charities in a given locality, who agree to adopt a common budget and to make a single annual appeal for funds to meet it. The work of raising the money required is entrusted to a specialist, and very elaborate propaganda machinery is usually set in motion to elicit subscriptions during the day, week or other period in which the "drive" is held. The adoption, however, of a common single appeal for funds has considerable regard for the convenience of the contributing public, and it does not as yet involve an elaborate machinery of central supervision or control of the charities themselves.

The widely varying agencies for meeting distress, scattered as they are among religious orders, private organisations, charity organisation societies, endowed foundations, family welfare organisations, municipal lodging houses, community centres and the like, admit of no ready classification, a fact which does not make it easy for the needy to know where to apply for help. It is equally difficult to give any estimate of the amount they spend. The total bill for all forms of social welfare work has been variously estimated at between one and five billion dollars annually, without counting the indirect costs arising from the general impairment of social welfare. Such figures, like those for the cost of wars, have very little meaning. The burden has certainly been steadily increasing in recent years. A careful study of the trend of expenditures on relief work in 36 large cities in the ten years between 1916 and 1925 showed a threefold increase. Correcting the figures to allow for price changes and increase of population, the index of expenditure for 1925 would be 171 as against 100 in 1916. It is interesting to note that at least as much was spent in 1925 as in either of the years of depression of 1921 or 1922.

The figures of expenditure for 1930 will certainly show a great increase over previous years. The traditional generosity of the American people has been severely strained to meet the demands made upon it by charitable organisations. Help is forthcoming not merely from the well-to-do but from many workers still in jobs, who are contributing a fixed share of their weekly wages. In some industries jobs are being shared (or "staggered"), those on the pay-roll working a short week to make a day's work for an unemployed man. Public money has in many places been voted for charitable purposes (New York City has voted a million dollars "for the relief of unemployment," an action said to be without precedent in its annals), and public buildings and other resources are being used to shelter and care for the destitute.

These measures have been bitterly described as more truly a "dole" than any form of the unemployment insurance which is so generally disliked in the United States. While many social workers see the ultimate adoption of some form of insurance on European lines as inevitable, the general opinion of the country has not yet moved so far. The American Federation of Labour, despite dissension within its ranks, will not support it, and it will take more than the present depression to make the conviction of its necessity sufficiently general for it to become a political issue. Congress, so far, has indeed done very little. Three Bills introduced by Senator Wagner of New York early last year to provide for the expenditure of more money for public works, for the introduction of a nation-wide system of employment exchanges, and for the collection and publication of reliable employment statistics had a poor success, only the last-named being passed. Senator Wagner is a Democrat and a known friend of the American Federation of Labour; and in the chagrin felt at the failure of his efforts it was freely said that Presidential opposition to them was largely to blame.

The President, largely it would seem for political reasons, has always taken a conservative view of the seriousness of the situation. At the outset he attempted to stimulate employment—not only on public works but in private industry also—as a matter of patriotic duty. More recently, in October last, he appointed a Cabinet Committee to co-ordinate the national efforts to deal with the unemployment situation, but although he is willing to ask for a further \$100,000,000 to \$150,000,000 for constructional and other public works, he is averse to spectacular raids on the Treasury for relief purposes. Many members of Congress are not content with his programme, and already a conflict has developed, not without considerable bitterness on both sides. Thus the crisis really finds the country without a national remedial policy or adequate relief machinery. And for too many the "bread line" and the "hlop house" symbolise the only barriers between starvation and death from exposure in the merciless American winter.

Notes of the Week.

Liberals and the Government.—Mr Ramsay Muir, chairman of the Liberal Party Organisation, has addressed a letter to the Press, explaining and defending the policy of Mr Lloyd George in preferring the maintenance of the present minority Labour Government in office to defeating them and risking the substitution of a Conservative administration. He is as emphatic as his leader in condemning the imptitude of the present Government, but in the choice between the Labour Party with their panacea of Socialism and the Conservative Party with their panacea of Protection, he declares for the former on the ground that they no longer believe in the possibility of applying their theories, while the latter, if returned to power, would definitely plunge the country into a fiscal revolution. Furthermore, he maintains that it is the duty of the Liberals to use their

present position to secure a measure of electoral reform which will help to give the electorate a wider choice than that which now exists between the two protagonists of opposing fallacies. This clear statement may serve to strengthen the feeble knees of some Liberal doubters; but it does not, and indeed could not, throw fresh light on the attitude which the Parliamentary Liberal Party will adopt when the Trades Disputes Act comes up for its second reading in the House of Commons on January 22nd. However great the agreement among Liberal members with the general line of Mr Muir's letter, the question remains how far individual Liberal members will allow such considerations to dictate acquiescence in legislation with which they radically disagree. The size of the Liberal contingent which Sir John Simon will lead into the opposition lobby on January 22nd is one of the crucial problems of the coming session.

The Industrial Disputes.—While the dispute in the South Wales coalfields has taken a rather more hopeful turn, and some progress seems to have been made in the search for a basis of agreement, the trouble in Lancashire cotton weaving over the introduction of more looms per weaver has taken on a more menacing complexion. At the end of last week a joint conference sat in Manchester, but failed to reach any agreement. The employers adopted a conciliatory attitude and met the objections of the workpeople on several points. The representatives of the Operative Weavers' Amalgamation offered to call their General Council together and recommend the giving of powers to the executive to continue negotiations and discussions on the question of the terms of payment and conditions of weaving under the system, but they attached a condition that the weavers now working on eight looms at Burnley and elsewhere should be taken off at the beginning of this week and such looms revert to the four looms to a weaver system. The employers could not agree to this proposal, though they offered to delay the new system for a fortnight to allow the Weavers' General Council to meet, but the operatives refused this concession. On Monday last the operatives went on strike at the sheds that have been carrying on the experimental eight-loom system since March, 1929. One firm decided to abandon temporarily the new system, and eight manufacturing concerns are now stopped. The Burnley Manufacturers' Association have decided to close all their mills on Monday next in support of the firms that are being attacked by the Weavers' Association. On Tuesday last there was an important development when, at a meeting in Manchester of the Central Committee of the Cotton Spinners' and Manufacturers' Association and representatives of the Master Cotton Spinners' Federation, it was decided to pledge the fullest support to those members whose mills had been put on strike, and recommended members of local associations to close their mills in their support when directed to do so. This is considered to be a threat to bring about a general lock-out throughout the industry. Throughout the trade much regret has been expressed at the strong resistance which is being made by the operatives against this new system of running six, eight or ten looms per weaver instead of the usual four looms per weaver. The experiment on this system has been going on since March, 1929, and the employers have proof of the saving in production costs. It is estimated that the charge for labour under a system of eight looms per weaver is from 7s. to 7s. 6d. per week per loom, as compared with 10s. to 10s. 6d. per week per loom under the four-loom system. This saving means a reduction in the price of cloth of about 8 per cent., and it is urged by manufacturers that the lower prices would mean the regaining of lost trade and the prevention of the further loss of trade. While the weavers' reluctance to countenance the introduction of labour-saving machinery is explicable by the long prevalence of unemployment and short time, it is none the less fundamentally short-sighted and anachronistic, and it is particularly deplorable that an effort to restore the competitive power of Lancashire should meet with resistance and cause a stoppage which can only injure all parties to the industry. Unfortunately, too, coal and

cotton are not the only industries where friction is threatened. In the boot and shoe industry critical discussions are proceeding, and in the linen industry there is some danger of an early dispute.

a)

The New Year in Germany.—The new year's greetings from the Government of the Reich to the President—which, in the absence, on leave, of the Chancellor and the Vice-Chancellor, were conveyed by the Minister for Defence, General Groener—were of particular interest this time. In this message the German Government has called attention to three problems with which it expects and intends to come to grips this year. All three problems are of first-class importance, and all are of international and not merely domestic concern. The first relates to the Young Plan, the second to Minorities, the third to Disarmament. After mentioning the considerations which had moved Germany, "in spite of serious misgivings," to accept the Young Plan last year, General Groener remarked that since then, owing to the change in the world economic situation, the Reich Government was faced with the serious question whether the German people were capable of bearing the burden imposed by the new Plan; and he declared that the Reich Government was conscious of the duty devolving upon it of seeing that the ethical and social foundations of life in Germany were not shaken. Passing to the liberation of the occupied territory, which he had already mentioned as one of the fruits of the acceptance of the Young Plan, he referred, first, to the present anomalous position of the Saar territory, and then to the much larger question of the treatment of German minorities beyond the frontiers of the Reich. The Reich Government, he said, regarded it as one of its most important tasks to look after German units of population beyond the frontiers (a comprehensive phrase which would cover Austria as well as Upper Silesia or the South Tyrol). Turning last to the problem of Disarmament, he pointed out that the solemn obligation to disarm had not yet been carried out by the other Powers who had undertaken it; that Germany could not but feel her security threatened; and that it would be the task of the German Government to stand out firmly for the adoption of the principle of equal security for all nations, without which, he maintained, no genuine pacification was possible. The Government's message was warmly endorsed by President Hindenburg in his reply, particularly on the first of the three heads. These authoritative declarations portend that the history of international affairs will be lively during the coming year, and that the German Government will play a protagonist's part. There can be little doubt that Dr. Brüning and his colleagues really mean all that General Groener has said. No programme short of this would give them a chance of holding their own on the home front against the Nazis. In raising the question of a revision of the Young Plan, or at least of a moratorium, they will be championing what is essentially a national interest of Germany (though, of course, it would be an international question if "the ethical and social foundations" of life in Germany were shaken in earnest). On the other hand, if she stands forward as the champion of genuine protection of minorities and genuine reduction of armaments, Germany will not find herself alone. In the international field of politics she may aspire to be recognised as the leader of a powerful and determined party which has these causes at heart.

Unrest in Central America.—The wave of unrest which produced half a dozen revolutions in South America between June and October last year has shown itself, at the turn of the year, in Central America. There has been a revolution, venting itself in a change of Presidents, in Panama. And in Nicaragua, which seemed to be settling down since the elections, which were held in 1928, with unwonted order and efficiency, under the auspices of a United States Electoral Commission, there are now reports of fresh fighting in the forests and mountains of the interior between United States Marines and Nicaraguan guerillas led by a lieutenant of General

Sandino—the guerilla leader who led the Marines a dance in 1926 and 1927. In Central America, as in South America, we may presume that political revolutions reflect, in the local manner, the economic distress incidental to the world-wide depression—a distress which must be particularly acute in countries whose economy depends on the world price of one or two staple raw products. In such a situation, the immediate scapegoat is the local President of the hour, while the ultimate object of resentment is apt to be the leading creditor country—i.e. the United States in the majority of Latin-American Republics nowadays. In Panama and Nicaragua, moreover, there are grievances against the United States of a political as well as an economic or financial character. It is natural that at least a minority of the Nicaraguans should not have forgiven the Americans for setting Nicaragua's house in order with a high hand; and between Panama and the United States there is the standing controversy over the new treaty, regulating the relations between the two countries, which was negotiated in 1927, but has been left unratified by the Panamanian Congress—for reasons which will be understood by anyone who has followed the history of similar British negotiations with Egypt and Iraq. However, these stirrings in Central America are hardly likely to cause the State Department at Washington much concern. It would be very different if the wave of unrest, in the course of its progress round the Latin-American world, were to move on from Central America into Mexico; but of this there is no sign at all at present.

Bank Dividend Policy.—The dividends declared each year by the "Big Five" banks had remained unchanged for so long that a general impression had arisen that they were immutable. Hence the decision of Lloyds Bank directors, announced last Tuesday, to reduce the year's dividend on the "A" shares from 16½ to 15 per cent. came as a general surprise. The following day the Midland, Barclays, and Westminster Banks all declared dividends at unchanged rates; and on Thursday came a similar announcement by the National Provincial; but, as shown in detail on page 78, bank profits for 1930 record in every case an appreciable decline below the levels of previous years, and though Lloyds Bank earnings in common with those of its confrères were still sufficient to cover the dividend at the old rate, we are not disposed to criticise the decision to make the dividend conform to this year's reduced profits. It is not a bad thing to emphasise the obvious fact that bank dividends are not immutable, and that banking is not a sheltered industry which is immune from the consequences of a major trade depression. Those who have followed the fortunes of the banking world during the past twelve months have already realised why it is that banking profits have fallen. Bad trade means that money is unemployed as well as labour, and that money rates become unremunerative equally with industry and commerce. Again, even though London deposit rates fall with Bank rate and other money rates, so that in this respect the banks' gains and losses are cancelled out, the banks still have to pay higher rates on their fixed deposits and also upon their deposits outside London, where they have to bid against other institutions, such as savings banks and building societies. Finally, bad trade entails increased provision for doubtful debts and similar contingencies. Thus the general shrinkage in bank earnings is easily explained, and though the fact that in past years bank dividends have uniformly been on a very conservative basis may be regarded as good reason for the maintenance of their rate this year by the other members of the "Big Five" group, the policy adopted by Lloyds Bank, in view of the uncertainty surrounding the prospects for 1931, is one with which its shareholders have no cause to quarrel.

Australian Exchange Developments.—The decision of the Bank of New South Wales to break away from the agreement between the Australian banks to "peg" the exchange on London is on the whole a healthy develop-

ment, even though its announcement came as a surprise. Hitherto the Australian banks, by an arrangement between themselves, have been quoting cable transfers on London at a buying rate of £108 10s. Australian, and at a selling rate of £109 Australian, per £100 English; while proportionate rates were quoted for demand and time drafts. It has for some time been clear that these rates were more favourable to Australia than was warranted by the fundamental value of her currency; and abundant proof of this has been forthcoming both from the fact that the Australian demand for sterling has had to be rationed at the cost of much individual hardship, and also from the growth of an unofficial or "black" market in sterling exchange, which had recently expanded to the point where it had absorbed an appreciable percentage of the total amount of business passing. Thus, obviously an anomalous, and in some respects an inequitable, situation had been allowed to develop, whose only justification was that it minimised the cost to the Australian Government of covering the service of the external debt. Early this week, the *Bank of New South Wales* announced that it was prepared to quote for cable transfers at a buying rate of £115, and a selling rate of £115 10s. This decision, coming from one of the leading Australian banks, at once shook the exchange "peg" out of its hole, and the remaining banks had immediately to come into line. Thus once more Australia has been brought face to face with realities, and while the new burden imposed upon the Government in respect of its debt charges is to be deplored, and while it is perfectly true that exchange depreciation is a symptom of, and not a cure for, serious economic trouble, there is nothing to be gained from a deliberate suppression of such a symptom, and it is all to the good that facts should be faced. Experience has repeatedly shown that it is almost impossible to prevent a "pegged" exchange rate from being circumvented by unofficial dealings, and indeed it has been suggested that one reason why the Australian "peg" fell out was that the Government were unable to make any effective response to appeals from the banks to stop the growth of outside exchange dealings. In any case, an exchange policy whose execution depends upon rationing demand, and which bears no relation to the economic position of those who are seeking to carry it out, always fails—and, it may be added, deserves to fail. Now that a more nearly "true" exchange rate has been established, the normal economic forces should come into play. Imports into Australia will be checked, as they ought to be; and Australian wheat and wool growers will obtain a new advantage in the world's markets. This should help to move Australia's wheat and wool, and their sale should eventually provide Australia with sufficient additional foreign exchange to permit of a modification of the present system of rigorous rationing, and in time to bring the exchange rate nearer again to parity.

Co-operative Trade.—The lower values in the staple foodstuffs are reflected (writes a correspondent) in the report of the directors of the Co-operative Wholesale Society for the thirteen weeks ended October 11th and issued for consideration at the delegate meetings in January. Sales were down by £1,496,206 to £20,275,989, a decrease of 6½ per cent. on the corresponding period of 1929. But the volume of business was substantially greater, and a review of the grocery turnover (which is practically two-thirds of the society's trade) illustrates the heavy drop in prices as compared with a year ago. There was an output of 996,240 sacks of flour, as compared with 944,577 sacks in the corresponding three months a year ago, but while the volume thus increased by 5 per cent. the value fell 10.6 per cent., a decline from £1,776,113 in 1929 to £1,586,386 in the quarter of 1930. In butter the sales fell 10 per cent., but the weight rose 13 per cent.; in bacon and hams the value decreased 13.6 per cent., but the weight increased by 12.1 per cent. In grain and oilseeds the sales of £530,086 were 19 per cent. less, but the supplies of 1,473,698 cwt. were 6.5 above those of the earlier period. Such tendencies have lowered the total of the C.W.S. sales from the monetary point of view while showing the continued

growth of the movement in supplying the six million members of the societies. Similarly the supplies from the various productive works were down by 8½ per cent. to £6,541,578. Decreases were recorded in most of the textile works, with the exception of the clothing and the corset factories. From the boot and shoe works 885,333 pairs were sent out, representing £467,745, which suggests that this is a section of industry where prices have not fallen in comparison with the other trades under co-operative direction. The export department had a turnover of £247,437, compared with £420,028 in the corresponding period of 1929. The general lowering of values was reflected in the operations of the C.W.S. Bank. Its deposits and withdrawals amounted to £174,911,475, an increase of 2½ per cent. There are now 8,733 branches of trade unions with current accounts at the C.W.S. Bank, which now holds 31,288 deposit accounts and does the banking business for the whole of the co-operative societies in the country with 25 exceptions. These societies are small, their aggregate membership being less than 10,000. The National Dairy Association of New Zealand is applying for membership of the C.W.S., and the directors announce the purchase of the Derwent Flour Mill Society, Ltd., and of the Co-operative Sundries Manufacturing Society, Ltd.—suggestive of the co-operative rationalisation that is taking place. Land has been purchased at Derby for the extension of the paint works and the boot factory in that town, and further land has been acquired at Manchester, Leicester and Desborough for the increase of sports facilities among the employees.

Cotton Trade Finance in 1930.—Mr Frederick W. Tattersall, of Manchester, has published his usual survey of financial developments in the cotton trade during 1930. The average dividend for 259 companies is given as 1.74 per cent., against 2.52 per cent. for the same companies in 1929. In 206 cases no dividend was declared, compared with 192 in 1929. An average dividend of 3.31 per cent., absorbing £156,226 on ordinary capital of £3,930,056, was paid by 67 original spinning companies (companies not recapitalised or reconstructed in 1919-20), owning 6,463,982 spindles. The average dividend in 1929 was 5.19 per cent. For 165 recapitalised or reconstructed spinning companies the average dividend was 1.34 per cent., against 1.80 per cent. in 1929, absorbing £275,117, the share capital being £28,679,972 and the spindleage 17,049,646. Particulars have been obtained of 180 companies, showing profits and losses. Profits amounting to £134,131 were made by 18 companies, and losses totalling £1,248,758 were reported by 162 companies. The latest balance sheets published in 1930 show that out of 245 companies 74 have credit balances of £1,482,731 and 171 companies have debit balances of £8,335,079. During the year 81 companies made calls on shareholders for unpaid capital involving £3,174,120. Bankruptcies total 27, against 29 in 1929. Twenty-four deeds of arrangement were made, the previous year's total being 25, and there were 14 compulsory liquidations. Additional creditors' voluntary liquidations numbered 108, and the Lancashire Cotton Corporation has taken over 36 of these companies. Receivers were appointed in connection with 39 companies, excluding cases of subsequent liquidation.

Dangerous Drug Traffic.—The prospect of an international agreement for the control of the traffic in cocaine and opium and their derivatives is rendered very much brighter by the outcome of the conference held in London last autumn by the nine manufacturing countries. It is reported that provisional figures for the quotas of cocaine to be manufactured by each of these countries were agreed upon and are likely to be accepted by the Advisory Committee of the League. Opium presented a more complicated problem, as a very wide variety of drugs is manufactured from it and its derivatives. Negotiations were concerned only with export, which reduced the participants in the discussion to Great Britain, Germany,

France and Switzerland, the only countries which conduct a legitimate export trade, and the quotas suggested left the British figure unduly low. Representatives of the manufacturers continued to confer unofficially, however, and it is said that they have succeeded in finding a satisfactory basis of distribution, so that the Advisory Committee of the League should be able to draw up a provisional convention to be submitted to the meeting of the Council in January. The report of the London Conference contains some alarming figures, supplied, in a spirit which must command all admiration, by the Turkish delegates. It appears that Turkey, which is not officially an exporting country at all, exports annually over 5,200 kg. of morphine and 8,650 kg. of heroin. As the legitimate requirements of the world have been estimated at 12,000 kg. of morphine and 5,800 kg. of heroin, it is sufficiently clear how important a part the co-operation of the Turkish authorities must play in the suppression of the illegitimate trade in narcotic drugs, and the voluntary submission of these appalling figures is the best evidence Turkey could have given of her eagerness to co-operate.

The Reichsbank and its Shareholders.—Our Berlin correspondent writes: The long-awaited share issue, which was promised to the shareholders of the Reichsbank at the general meeting of February 15th, has at last been announced. The Reichsbank has once more behaved very generously to its shareholders, and the terms surpass expectations. The ratio of profit distribution established by the Daves Committee in 1924 was very unfavourable to the Reich, from which the Bank holds its monopoly of note issue, and with the coming into force of the Young Plan this ratio was revised, somewhat to the detriment of the shareholders. The present preferential rights are intended as compensation for this. The holder of Reichsbank shares to the nominal value of Rm. 400 receives Rm. 100 new Reichsbank shares and £10 (nominal value) of Golddiskontbank shares, both gratis. This right may be exercised as from January 12, 1931, but the new shares carry full dividend rights for 1930. This proceeding will increase the Bank's capital from Rm. 122.8 millions to 153.5 millions, but the Bank already has in its possession the shares necessary to carry out its intention of reducing the capital to the round sum of Rm. 150 millions. The distribution of Golddiskontbank shares would have led to the introduction of these shares into the Stock Exchange and to the payment of a moderate dividend. The Golddiskontbank is, however, only to a limited extent a profit-making institution; it uses its funds for the financing of German exports, and its main object is to cheapen export credits. It is therefore only able to declare a 4 per cent. dividend for 1930, its first year of activity. This would mean, in present circumstances, that its shares would go far below par, but for Golddiskontbank shares to stand at a discount would reduce the compensation to the Reichsbank shareholders, and possibly also damage the prestige of its patron, the Reichsbank. The directors of the Reichsbank have therefore decided to avoid as far as possible distributing Golddiskontbank shares. They have proposed to their shareholders that they should renounce their right to take up Golddiskontbank shares and should accept instead a cash bonus of Rm. 224.40 in lieu of each such £10 share. In all probability all the shareholders of the Reichsbank will prefer this very advantageous cash bonus, in which case the Reichsbank will remain the sole shareholder of the Golddiskontbank, but will have to distribute Rm. 68 millions in cash to its own shareholders. In view of its great reserves and substantial holdings of liquid assets, there would be no difficulty about this. Reichsbank shares now stand at 230. After deduction of the value of the right to additional Reichsbank shares and of the cash bonus, this becomes about 130, so that for Rm. 130 it is possible to buy a Reichsbank share, which carries a dividend of Rm. 12 for 1930. There could be no better illustration of the immense fall of German Stock Exchange quotations. The Golddiskontbank, which will thus become purely a subsidiary of the Reichsbank, will have a paid-up capital of £10 millions and about £8 millions reserves. It is

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authorised to issue bonds to five times the value of its capital, but it will not be able to exercise this right until the international capital market has improved. As the private banks only grant short-term credits, the Golddiskontbank, which uses its funds chiefly for long-term export credits of one to six years' currency, will fill a definite gap in the German banking system.

Retail Prices in France.—Closer attention is now being given in Paris to the fact that, although wholesale prices are steadily coming down, both for imported commodities and native French products, the retail price index continues to rise, writes our Paris correspondent. The general figure for wholesale prices has fallen nine points (gold) since the end of July, whereas that for retail prices in Paris indicates a rise of nine points in the same period, and of rather more in some of the large provincial centres. "The rise in retail prices constitutes a growing danger," states M. Lucien Romier. M. Germain Martin, the new Finance Minister, has just publicly declared that "an effort to adjust prices is urgent," but that it must be carried out in an atmosphere of conciliation. At the same time, the fact that the French retail index, in spite of its rise during recent months, still remains appreciably below the corresponding figures for Great Britain, Germany, Sweden, Norway, Switzerland and some other countries suggests that present nervousness is baseless. That the French as a mass have little to complain of in regard to commodity prices is confirmed by the notable absence of visible signs of public discontent, in the way of demands for increased wages and so on. "It is inevitable that we shall see, in the more or less near future, a lowering of the cost of living in this country," says M. P. Dromel, in *La Situation Economique*, "but this, for political reasons, can only be brought about by indirect methods." No attempt has yet been made here to reduce wages scales, as in Belgium, Germany and Italy, and without this it is difficult to see how production costs can be effectively lowered. Industrialists,

moreover, have now had to assume the burden of the cost of the national insurance system, while retailers are still handicapped, so far as the majority of commodities are concerned, by the tax on turnover, which, owing to its repeated application to the same article, in many cases represents an increase of 10 per cent. in the price charged to the consumer.

Industrial Profits in Japan.—The earnings statements of industrial corporations, which are now appearing, illustrate the unquestionable severity of the depression, writes our Tokyo correspondent. Even the earnings figures of the larger companies for the past six months have generally made a decidedly poor showing. To take but a few examples, the past half-year's profits of the Japan Cotton Spinning show a reduction of 33.5 per cent., as compared with the preceding six months; those of the Japan Sugar Refinery, a decline of 30 per cent.; those of the Tokyo Electric Light, of 13 per cent.; while the Nippon Yusen Kaisha, the largest Japanese steamship company, made a loss of over 6 million yen. In many cases the customary rate of dividends was not maintained or the dividends were passed. The Tokyo Electric Light Company lowered its dividend to 4 per cent. from 5 per cent., maintenance at which rate was pledged just six months ago, when the reorganisation scheme was inaugurated. The following table gives the results for the last three half-years, as analysed by the Mitsui Gomei Kaisha:—

BANKING AND INDUSTRIAL NET PROFITS.

	No. of cos.	First half year, 1929.	Second half year, 1929.	First half year, 1930.
Banks	250	86,918,884	81,259,509	63,243,755
Industrial cos.	1,000	271,027,117	249,318,441	139,249,591
Total	1,250	357,946,001	330,577,950	202,493,346

The aggregate net profits, for the first half of this year, of 250 banks examined, amounted to 63,243,000 yen, against 86,918,000 yen a year ago, a heavy decline of 27.2 per cent. Net earnings of 1,000 industrial companies for the past half-year totalled 139,249,000 yen, representing a marked decrease of 131.7 million yen, or 48.3 per cent., as compared with those earned by the same concerns in the corresponding half of 1929. Sharp reductions occurred in almost all the industrial groups, even in the case of public utilities, whose profits during recent years had been steadily on the increase. The most noteworthy decline is shown by the textiles group and a number of cotton and woollen mills recorded large losses. Trust companies, trading firms and stores, shipping, rubber, kilns, and copper also report extremely unfavourable results. The only bright spots in the dismal picture are the rayon and the "miscellaneous" groups, which experienced a small but welcome increase.

Canada's Australian Trade.—Early in December a conference was held at Ottawa between Mr Parker Moloney, Minister for Markets in the Australian Government, and Mr Stevens, Canada's Minister of Trade and Commerce. The subject under discussion, writes our Ottawa correspondent, was a new commercial treaty to replace the existing trade treaty, which was concluded in 1925, but which has been subjected to considerable criticism in Canada and even more serious attacks in Australia. There the complaint is made about the lopsided character of an arrangement which last year enabled Canada to sell 19 million dollars' worth of goods and buy only 3½ million dollars' worth. Negotiations about the new treaty were begun in London during the Imperial Conference, and they have been continued here. Every facet of the trade relations between the two countries has been exhaustively examined and discussed, and apparently some of the chief difficulties in the way of a satisfactory adjustment have been smoothed away. It is understood that before Mr Parker Moloney and his experts left Ottawa for Toronto, on December 16th, a preliminary agreement had been reached about the basic principles of a new commercial treaty. It, however,

was announced that there would be no publication of its terms until they were submitted in legislative form simultaneously to both Parliaments. The Australians have been insistent that their products must be allowed more favourable terms of entry to Canada's market; and it is believed that the Canadian Government's method of providing this better ingress has been to offer an increase in the duties on certain imports from the United States, like dried fruit, hides and tallow, in the hopes that business now enjoyed by the United States might be diverted to Australia. One fundamental difficulty has been the butter question, as the Australian dairymen are anxious for the removal of the special dumping duty, which is a barrier to their exportation of butter into Canada, but the dairy interests in Canada have been maintaining persistent pressure at Ottawa to prevent any concessions in this line.

Shipping Freight Index Number.—Owing mainly to an improvement in demand for tonnage to load at Argentine ports, the tramp shipping freight market had a firmer tone in December, and our index number of whole-cargo charter rates rose by 2.8 per cent. :—

AVERAGE 1898-1913=100.

	Average, 1913.	Dec. 1929.	Oct. 1930.	Nov. 1930.	Dec. 1930.
European Waters	110.0	117.3	91.1	89.5	89.7
North America	113.1	95.5	85.6	85.0	86.9
South America	123.4	94.6	93.3	90.4	93.8
India	106.3	109.0	101.3	99.8	103.4
Far East and Pacific	117.4	93.4	85.2	81.0	85.2
Australia	127.9	91.7	113.9	107.7	109.5
Total	116.3	100.3	95.1	92.2	94.8

Apart from the increase in activity at the Plate, where grain shippers sold wheat freely and booked tonnage in substantial volume up to the end of February, the amount of business concluded did not expand materially; but in Eastern waters the supply of available tonnage was limited and a slightly broader inquiry resulted in quotations hardening a little. The North American market remained lifeless; and trade in European waters was dull, the coal trade outwards suffering from the labour troubles threatening in the British coalfields. The month's changes in the index of each group and sub-group are shown in the following table, the figure 100 representing in each case the average rate during the basic period 1898-1913 :—

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home trade	78.4	- 2.6	South America—outwards	76.5	- 6.9
Bay—homewards	110.1	+ 3.7	South America—homewards	111.1	+ 13.7
Bay—homewards	91.9	- 4.9	India—outwards	101.0	- 8.5
Mediterranean—outwards	85.9	+ 5.3	India—homewards	106.5	+ 16.3
Mediterranean—homewards	93.3	+ 2.0	Far East, &c.	85.2	+ 4.2
North America	86.9	+ 1.9	Australia	109.5	+ 1.8

Expressed as a percentage of the average for 1913, the total figure of our index number for December works out at 81.5, as compared with 79.3 in November and 86.2 a year ago. The average figure for 1930 is 8 per cent. below the mean for 1898-1913, and 20.9 per cent. lower than the 1913 average.

New Capital Issues in the United States.—Through the courtesy of the New York *Journal of Commerce* we are able to supplement our recently published statistics of British capital issues during the year 1930 with a comparative table for the United States :—

	1927.	1928.	1929.	1930.
Foreign—Government	786,830,000	764,943,000	178,816,161	688,323,568
Corporate	601,503,375	811,550,482	264,503,847	433,498,000
Domestic—Municipal	1,867,230,449	1,123,940,316	1,074,476,451	1,064,402,752
Railroad	791,202,000	688,488,843	528,559,420	986,791,670
Public utility	2,405,298,782	2,427,790,217	1,559,144,726	2,228,859,584
Industrial	2,013,430,220	2,311,350,808	2,578,364,651	1,082,603,506
Others	1,132,307,589	1,783,542,833	2,550,867,842	592,486,938
Totals	9,597,662,015	9,891,606,499	6,754,832,698	7,067,566,038

The increase in foreign borrowing is a notable feature of 1930, whereas the decline in the financing of industrial undertakings and "others" (mainly investment trusts and holding companies) reflects significantly the slump in trade and speculative enterprise.

Railway Safety.—The Report of the Automatic Train Control Committee (1927), issued early last month, is of direct personal interest to all who travel by train, for its object was to investigate methods of preventing drivers from over-running adverse signals, with the risk of dire results. The problem before the Committee was to examine and to report upon devices whereby a driver either receives a "neutral" warning in his cab that he is approaching a signal, or, alternatively, a direct intimation (coupled, if the signal is at danger, by an application of the brake) as to whether the signal is at danger or clear. Those who remember the details of several recent serious accidents where a driver apparently lost his bearings during foggy weather will realise that even the first of these alternatives would be of great value. The second would obviously provide complete control. The Committee, during the past two years, have personally examined practically every known form of this apparatus, from the standpoint of efficiency, reliability and cost, and ultimately have come to favour apparatus that has been in use on certain sections of the Great Western Railway for many years. This consists of a ramp set in the four-foot way at every "distant" signal. As the locomotive passes over this ramp, a plunger projecting below the locomotive is raised, and in the simplest form of the apparatus this operation gives the neutral or "location" warning described above. The Great Western Railway, however, have gone further, for under their system, when the signal is at clear, the ramp is electrically energised, with the result that a bell is rung in the cab, to signify "clear." On the other hand, when the signal is at danger, the ramp is electrically dead, and the result now is that a whistle blows in the cab and the engine brakes are applied. The Committee do not definitely lean towards this second variant, but point out that it can be superimposed upon the first at slight additional trouble and expense. They also hold that, on through runs, it is sufficient to equip distant signals in this way, for it is already ensured that where a distant signal is at "clear" all succeeding stop signals are also at "clear." Under certain circumstances, however, they state that it may be necessary to provide various forms of control at stop signals—for example, at starting signals at bay, loop line or junction platforms—but this must depend upon local circumstances. The report concludes with recommendations regarding indirect methods of increasing security. Thus, attention is called to the need of improving sighting facilities from the cab, and of increasing the illuminative and penetrative power of signal lamps. The Committee also recommend the extension on important traffic roads of certain devices—already in partial use—whereby, once a train has passed a particular signal, such signal must have returned to danger before the preceding signal can be lowered for a second train. This prevents a train from approaching a "doubtful" signal—as, according to one theory, happened at the Charfield disaster—and also ensures that there is at least one signal at danger between two consecutive trains. Finally the Committee make several proposals for tightening up the rules governing fog working. Thus, in sum, the Committee have discovered little that is new, but have rather discriminated critically between existing devices. Still, the report possesses the great value that it has cleared the ground. It is now for the railway companies to adopt the Committee's recommendations, in so far as is required by the density of traffic and other local circumstances.

New Life Assurance Business in 1930.—A further batch of announcements has been made public during the past week as to new life assurance business transacted in 1930, and the figures confirm the previous impression that there has been an all-round increase in the amount transacted. In seeking for explanations of this seeming paradox in a year of unexampled trade depression, a

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number of factors must be given their due weight; and amongst them perhaps most important have been a reaction away from the Stock Exchange towards life assurance as providing a more certain form of saving and investment, and, secondly, the promulgation of a number of new schemes to attract the public.

Company.	1929.	1930.
Britannic	2,514,360	2,517,167
Caledonian	1,381,265	1,500,000
Clerical, Medical and General	1,700,842	1,913,711
Commercial Union	3,975,946	4,385,556
General	1,985,540	2,024,481
London Assurance	1,978,653	2,054,000
Phoenix	2,965,830	2,920,000
Refuge	6,479,796	6,481,784
Royal Exchange	2,273,907	2,501,344
Scottish Amicable	1,235,526	1,309,350
Scottish Provident	3,098,580	2,891,000
Scottish Widows	2,899,759	3,490,000
Wesleyan and General	1,149,558	1,108,030
Total	£33,639,562	£35,096,423

The Clerical, Medical and General announces that new business has been completed for £1,914,000, being over £200,000 in excess of the corresponding 1929 figure. The increase is a substantial one, and has been contributed to in part no doubt by anticipations as to the bonus to be declared for the valuation period ended December 31, 1930. The total of the Commercial Union is also a satisfactory one, the 1930 figure being nearly £400,000 in excess of the 1929 figure, which, however, was itself slightly lower than the 1928 total. The Royal Exchange also has had the advantage of a bonus year, and this is reflected no doubt in the extremely satisfactory total of £2,501,000, being some 10 per cent. in excess of the 1929 figure. The company also announces that for the quinquennial period ended December 31, 1930, a reversionary bonus at the rate of £2 per cent. per annum has been declared on all with-profits policies. In many ways the Scottish Widows' result is the most interesting amongst the many that have been published to date. The total is not only the highest in the society's history, but represents an increase of over 20 per cent. on the previous year's figure. So striking an expansion in one year is indeed a satisfactory testimony to the new business organisation of this old and much respected society.

Scottish Automobile and General Insurance Co., Ltd.

—The first insurance report of the year always comes from Glasgow, and its figures usually form pleasing material for comment. The Scottish Automobile and General is a young office founded after the War for the purpose of transacting on non-tariff lines a motor insurance business. In that field it is extremely successful and has built up for strong position. The balance sheet at December shows that there is a general reserve of £45,000 and a paid-up capital of £56,250. During the h

the company has succeeded in almost exactly doubling its premium income, the figure for 1930 being £288,938, itself some £50,000 in excess of the 1929 total. The rate of underwriting profit, however, has not kept pace with this rapid development. Owing to an increase in the claims cost in 1930, which, however, has been substantially counter-balanced by a reduction in expenses, the underwriting profit for 1930 worked out at 1.4 per cent., compared with 3.7 per cent. in 1929. The total net trading surplus of the year, after bringing into account profits on investments and allowing for bad debts and income tax, amounts to £913, compared with £7,994. The interest income shows a large increase from £7,800 to £11,100, but the dividend, which has been maintained at the same rate, namely, 17½ per cent., costs £7,630 on this occasion, against £5,250 in 1929 owing to the capitalisation of a portion of the reserves. The company has finished the year with an increase in its net surplus assets of £4,383. It is interesting to mention that the acquisition of 25,000 ordinary shares of the Automotor Finance, Limited in 1929 has since been followed in 1930 by the acquisition of 28,000 preference shares of the same company.

A course of four lectures on "Prices and Production" will be given at the London School of Economics by Dr. F. A. Hayek (Director of the Austrian Institute for Economic Research (*Konjunktur*), Vienna), at 5 p.m. on January 27, 28, 29 and 30, 1931. At the first lecture the chair will be taken by Professor L. C. Robbins, M.A., B.Sc. The lectures, which will be delivered in English, are addressed to students of the University and to others interested in the subject. Admission is free, without ticket.

At the meeting of the Royal Statistical Society, on the 20th inst., Mr J. Brace will read a Paper entitled "An Analysis of Building Societies Statistics." The meeting will be held in the Hall of the Royal Society of Arts, John Street, Adelphi, W.C.2, at 5.15 p.m.

Overseas Correspondence.

UNITED STATES.

Bank Failures — Strength of Banking System —
Money — Trade — Railroad Rates.

(FROM OUR CORRESPONDENT.)

NEW YORK, December 27.

RELIEF that a year of poor business is behind the country is mingled with some apprehension lest the coming twelve months bring little if any improvement; but prevailing sentiment is nevertheless moderately cheerful. Wish for a spring revival is probably fathoming the thought to some extent, but at least some improvement is confidently looked for, though no great disappointment will be felt if 1931 brings only modest corporation earnings. In short, if conditions grow no worse there will be little cause for complaint.

Another bank failure here was taken calmly, and it has served to clear the atmosphere somewhat. The second suspension was of a rather small bank, which, like the Bank of the United States, did only a local business among small depositors and was generally credited with poor management. No serious attention need be given to reports of Communist propaganda and "whispering attacks" to undermine confidence in banks. No soundly managed bank here is in any danger whatsoever.

of a series of small banks in the South, Middle West and It is unthence in the East continue. It is probable that his experts the year will mount to 1,000, a new high a preliminarthese failures are the inevitable result of basic princip expansion of banking. They are only anected with business depression. In 1928

and 1929 they had already become quite numerous in the South and West. Some dislocation of trade and inconvenience and loss to individuals are being caused, but more permanent good than harm is being done by the elimination of weak elements.

The financial community expects some exceptionally strong bank statements to be published as of January 1st. It has been a good many years since the banks were as liquid as at present—that is, the large city banks—partly because of small demand for credit and partly on account of measures taken to prepare for any emergency at the time of the recent failures. Bank earnings since the publication of the September 24th statements have not been very large, and some banks may have to cut into surplus for dividend payments. Borrowings from the Federal Reserve Bank will be the smallest for a good many years.

So far, the markets have felt no strong repercussion from this week's cut in the New York Federal Reserve Bank's discount rate to 2 per cent., the lowest charge ever in effect in the system. Shares were quite unaffected, and bonds, after a modest rally before Christmas, are quiet again. Most money rates also are unchanged, although the Federal Reserve Bank lowered its bill buying rate to 1½ per cent. Dealers at first announced reductions, but promptly rescinded them, and the situation now is that the Federal Reserve Bank is getting all the bills. Perhaps the Reserve wishes to increase its portfolio, but there is some expectation that the banks and dealers will come into the market after the turn of the year.

This week's Federal Reserve statement discloses a rise of \$117,000,000 in member bank borrowing and a jump in circulation of about the same amount, due to holiday trade demands. Reserve Bank holdings of Government securities dropped further, with completed liquidation of the Treasury overdraft, and bills increased slightly. Total Reserve credit outstanding rose further to \$1,356,000,000, a figure about \$260,000,000 below that of a year ago.

Under year-end influences call money is firmer, the rate having risen to 2½ per cent., but early next month the flow of funds from the interior is calculated to bring about very cheap money. If the discount rate cut is useful as a guide, presumably the Federal Reserve authorities will not attempt to take up the slack by allowing their holdings of bills or Government securities to run off.

Clearing House banks have promptly cut the rates which they allow for demand deposits by ½ per cent., bringing the rate to 1 per cent. for all depositors except mutual savings banks, which receive 1½ per cent. Time deposit rates are unchanged at 2 per cent. Eventually it is expected that a further reduction will be made in savings bank interest rates. Some pay 4 per cent., while others continue on the old 4½ per cent. basis. One of the difficulties which many of the small banks and even a few of the larger ones, notably the Bank of United States, which recently failed, have encountered grew out of the payment of excessive interest on deposits. The banks have found it extremely difficult to place their money where it will return enough to meet these rates, and consequently there has been a larger flow of bank money into second-grade bonds and other investment outlets involving a sacrifice of safety in order to obtain higher yield.

While other Federal Reserve Banks may follow the New York example of reducing discount rate, bankers here do not expect a world-wide reduction. On the contrary, they look for an eventual outward movement of gold to result from the widening of the spread between short-term money rates here and those in European centres. It now looks as though this country's net gain in gold during 1930 would amount to \$275,000,000. A good deal of gold was released from earmark at the Federal Reserve Bank earlier in the year, but the usual year-end earmarkings have cut down the earlier gain, so that the year may end with the total under earmark virtually unchanged at around \$135,000,000. The net



Statement of Condition as of December 31, 1930

RESOURCES

Cash in Federal Reserve Bank and on hand	\$34,214,281.21	
Due from Banks and Bankers	81,913,880.73	\$116,128,161.94
U.S. Government Securities		24,180,623.26
Other Bonds and Securities		40,853,814.63
Loans and Discounts		186,056,531.87
Bankers' Acceptances Bought and Sold		18,158,030.04
Customers' Liability under Acceptances Outstanding		43,501,937.84
Banking Houses, Vaults, etc., equity		6,489,478.85
5% Redemption Fund with U.S. Treasury		225,000.00
Accrued Interest Receivable and Other Assets		1,808,847.22
		<u>\$437,402,425.65</u>

LIABILITIES

Capital	\$36,775,300.00	
Surplus	37,000,000.00	\$73,775,300.00
Undivided Profits		3,579,668.52
Reserved for Contingencies, Taxes, Interest, etc.		664,342.90
Deposits		290,162,894.82
Acceptances Outstanding, including Liability as Endorser on Acceptances and Foreign Bills		64,011,148.75
Circulation		4,500,000.00
Unearned Discount and other Liabilities		709,070.66
		<u>\$437,402,425.65</u>

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gain in gold through imports will compare with \$119,500,000 in 1929 and a net loss of nearly \$300,000,000 in 1928, when the tide to France was running so strongly. Increase in gold earmarkings at this time is due to window dressing by some of the European central banks.

Further recession in trade is noted as the year closes, but it has not on the whole run beyond expectations. The steel industry has fallen to around 30 per cent. of capacity, with the usual holiday shutdowns, but the trade continues hopeful of an early upturn. New orders are still on the upgrade. The railroads are still suffering from reduced traffic. Their November earning statements show a drop of between 25 and 30 per cent. compared with a year ago, which is about the average monthly decline for 1930. December earnings were probably fully as poor as those for November.

An interesting experiment is being undertaken by the railroads, led by the large western lines, to combat loss of passenger traffic to the motor buses. Passenger fares allowed by the Interstate Commission average about 3½ cents a mile, and numerous railroads have announced voluntary reductions to 2 cents a mile—a rate basis prevailing before the railroads were taken over by the Government during the war. Freight traffic tariffs have been whittled away for several years, and probably further cuts in that direction would not move much more goods.

New capital issues have been scarce and promise so to continue until a healthier bond market develops. A great volume of new financing is dammed up at the investment houses, and it will pop out at every opportunity, probably often enough to retard the development of a good market. Under present conditions only gilt-edged loans are readily absorbed. The Treasury will probably ask for tenders on a large bill issue shortly.

FRANCE.

Politics — Oustric Inquiry — Money — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, January 7.

THE extraordinary parliamentary situation continues to absorb the attention of the whole political world. Speculation is becoming intensified every day as to what the first two or three weeks of the session may bring forth. The last elections, on the actual results, undoubtedly gave a small nominal majority to the Moderates over the whole of the rest of the Chamber, Socialists and Communists included. A French majority, however, is of a somewhat fluid character, and (of late years, in particular) depends largely on the vote of a fairly substantial mass of deputies belonging to the parties on each side, at the point of junction between Ministerialists and Opposition. For some time past the key position has been held by the Loucheur group of 51 deputies, known as the Radical Left. During the Tardieu Ministries a substantial majority of this group consistently supported the Government. When M. Loucheur was dropped from the Tardieu combination at the beginning of 1930, the minority voting with the Opposition became rather larger. M. Steeg's success in forming a Cabinet became possible only when he secured the support of a further portion of the group, and also succeeded in detaching a portion of the *Republicains de Gauche*, a neighbouring group of 64, in which a former Premier, M. Georges Leygues, was prominent. The present Cabinet of 30 members includes seven adherents to each of these groups, who thus constitute practically one-half of the entire Ministry. How fragile is the hold of the new Ministry on the *Republicains de Gauche* was seen from the fact that only five of their 64 members supported the vote of confidence which the new Government secured by a majority of seven votes, while six abstained. The split in the Radical Left group has certainly been intensified in favour of the new Cabinet, but only 24 of its 51 members voted for M. Steeg. The importance of these details lies in the fact that on the present very slender majority largely depends the fate of the disarmament negotiations.

M. Steeg's real weakness, however, lies in the fact that he is absolutely dependent for his majority on the Socialist Party—the party which represents the Second International. Now, the Socialist leader, M. Léon Blum, has already made it clear that, whatever may be the consequences, the 106 Socialist votes will not be available in future, any more than in the past, for the purpose of enabling the Government to secure the passing of the customary military and colonial credits included in the Budget. In this the Socialists will remain faithful to their oft-repeated slogan: "Not one sou or one man for national defence." M. Blum is confident that when the war credits come to be voted, M. Steeg will find a ready majority in the Nationalist and Moderate group sufficient to secure the national defence. Old parliamentary hands remind him that in 1896, when the Moderate Republicans in the Senate wanted to get rid of the *Bourgeois Cabinet*, they did not hesitate to refuse the credits demanded for the Madagascar expedition, and that any hopes based on the belief that the present Chamber will be found to possess a conveniently exchangeable majority of the kind suggested are almost certain to be proved vain within the next few weeks.

The more or less sensational developments in connection with the Oustric affair during the past few days confirm the belief that the inquiry insisted on by M. Daladier and other prominent Radicals, when they still formed part of the Opposition, is proving a boomerang that may prove fatal to the new Ministry. The Minister of Finance has furnished the commission with a list showing that out of 441 applications for the introduction of foreign issues to the Bourse, politicians intervened in 45 cases. A sub-committee appointed by the Inquiry Commission went this morning to the Ministry of Finance to examine the various dossiers in question. Dr. Basset, a member of the Chamber, has notified his intention to interpellate the Government on "its policy of hushing-up the Oustric scandal." Opposition journals are asserting that, judging by what has already come to light in this connection, the outcome of the inquiry may be the trial of several of the persons implicated before the Senate sitting as the High Court of Justice.

The lowering of the Bank of France discount rate on January 2nd from 2½ to 2 per cent. was the direct outcome of the similar step taken on Christmas Eve by the New York Federal Reserve Bank, the effect of which would have exposed this market to the risk of substantial entries of gold from New York, as well as from London. With the franc at a premium on both the dollar and the pound, further large inflows of capital to this country became a practical certainty. The harmful effect this would have on the situation here and elsewhere, as soon as the end of the year requirements were satisfied, was keenly realised by the French financial leaders, and last Friday's step automatically followed. The constant increase latterly of the French stock of gold has for some time past been giving rise to nervousness here. Nobody, however, appears prepared to put forward any valid remediable proposal, and it apparently may be taken for granted that the solution of the problem must be left to the natural working out of the factors involved. The wisdom of the reduction of the French rate was seen in the improvement in sterling which immediately followed, but it may be seriously questioned whether, in the first place, this improvement is likely to be maintained, in view of the general complexity of the situation, and secondly, whether some much more radical measure, taken in common by the world's great national banks of issue, is not urgently called for. The French note issue was increased by over 1,000 million francs last week, to the new high level of 76,436,000,000 francs, and the total of the bank's sight engagements reached for the first time over 100,000,000,000 francs. This was to some extent due to demands for notes for end of the year purposes, but there is reason to expect, in view of the large parcels of gold still awaiting shipment here, that this total is likely to be still further increased, rather than reduced.

Heavy industry is at last beginning to feel more directly the effects of the world-wide depression. Iron

and steel production figures for November, which are issued by the *Comité des Forges de France* this week, show a sharp drop in output under both headings, and it is expected that the index of production as a whole during December, which is due within the next few days, will reveal an appreciable decline in other directions also. The November output of pig iron totalled 782,000 tons, against 827,000 tons in October, 845,000 tons in November last year, and monthly averages of 808,000 and 832,000 tons during 1929 and 1928. The November output was still, however, well above the monthly average in 1913, which was 756,000 tons (including that of the Alsace-Lorraine plants, then in German hands). Crude steel production totalled 706,000 tons, against 797,000 tons in October, 789,000 tons in November, 1929, and monthly averages of 808,000 and 792,000 tons in 1929 and 1928, and of 581,000 tons in 1913. The November figures do not, of course, reflect the further cut of 10 per cent. (based on the October, 1929 totals, and bringing the total cut since then up to 30 per cent.), which was decided by the European Steel Cartel in December, and which is to become effective during the first quarter of this year. There are indications, however, that many plants, including the Denain et Anzin Company and the *Acieries du Nord et de l'Est*, have already begun to slow down their output. Realised profits by the French metallurgical concerns during the past year are fully equal to those of 1929, and in many cases larger, and dividends have been easily maintained. Under an agreement between French, German and Saar producers, the latter will sell exclusively to Germany during the first quarter of this year, which will give the French, through the absence of Saar competition here, an appreciable increase in their production quota. French producers complain bitterly of the handicap they have in the export market, owing to wholesale dumping by other countries, of the continued heavy taxation on their industry and of the paucity of the preferential tariff rates accorded in this country, as compared with those enjoyed by their Belgian competitors.

GERMANY.

Ruhr Wages — Communist Activities — Polish Timber Agreement — Ost- und Uebersee-Produkte A.G.

(FROM OUR CORRESPONDENT.)

BERLIN, January 6.

THE wages agreement in the Ruhr mines expired just before the elections, and was extended to the end of the year to avoid an aggravation of the political tension. An attempt to bring the parties to an agreement was made last week without success. They have till January 7th for further attempts at conciliation, but the Communists would not wait for the completion of these negotiations. Since the Berlin metal strike, last summer, they have been busy with an attempt to organise a union of their own in opposition to the Socialist union, but in spite of the discontent caused by the reduction in wages, and especially by the unfavourable outcome of the Berlin strike, they have so far not succeeded. The opportunity offered by the new conflict in the Ruhr therefore seemed very inviting.

It is already clear that the leaders of the Socialist and Christian unions are prepared to accept a moderate wage cut of, say, 4.5 per cent. The Communists, of course, maintain that this is a betrayal of the workers, and they ordered an immediate strike at the end of last week. In some districts this order was practically ignored, but in others it was extensively obeyed, and in some important mining towns more than half the workers were out on January 2nd and 3rd. The proportion of strikers over the whole coalfield averaged 12 per cent., but by January 5th it had fallen to 7 per cent. As a strike which once begins to crumble away is doomed, the Communist agitation may be considered settled. That is very important, since, if the Communists had succeeded in carrying with them a majority of the miners, the position of the Socialist

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leaders, not only in the miners' union, but in all other unions, would have been severely shaken. As their decisive influence in the unions has hitherto been the most important bulwark of the Social Democrats against the Communists, this would have altered the very unstable balance of political power very much to the disadvantage of the constitutional parties. The Communist failure, on the other hand, will greatly strengthen the position of the Social Democrats, provided a new wage agreement or arbitration award not too unfavourable to the workers is reached.

It is, of course, by no means certain that the parties will agree or that the arbitrator will find himself in a position to give an award. If neither is achieved, there will be a strike, and, in addition to the exceedingly serious economic consequences of such a struggle, it will provide the Communists with a very favourable field for agitation. The Government are in a particularly difficult position, because they appeared at the time of the November price reductions to hold out hopes to the mineowners of a lowering of wages, while they aroused expectations among the miners that the wage cut would be compensated by a cut in prices, and this has only been brought about in a very imperfect degree.

The German-Polish timber agreement expired on December 31st. Its history and its fate are very significant of the development of economic relations between Germany and Poland. Soon after the beginning of the tariff war in 1925, it became apparent that each country was harming itself at least as much as its opponent. The export of timber to Germany is a very important item in the Polish balance of trade. Germany, therefore, tried to check the import of Polish hewn timber as far as possible, though Polish logs were too essential to the German saw-mills to be interfered with. It became, however, apparent that the timber-using industries in Germany could not do without this material, so Germany abandoned the idea of attacking her opponent in this particularly sensitive spot. First by administrative orders, and later by means of an agreement which gave Germany certain advantages in return, a large quota of Polish hewn timber was admitted into Germany. The agreement was only to run till December 31st, in the hope that by then the whole matter would be regulated by a trade treaty, but the treaty has not yet been ratified by either party. Meanwhile, the agreement might have been simply prolonged, but there was no motive on the German side, as there is no longer any question of timber shortage. The demand even for such qualities as were formerly obtained from Poland, reduced as it is by the depression, can now be abundantly met from home sources and from imports from other countries. Moreover, German forestry is asking for protection as prices have fallen 25 to 50 per cent. These economic considerations have undoubtedly

had a great deal to do with the failure to prolong the agreement, but the political atmosphere at the moment is highly unfavourable to an understanding. Conversely, the termination of the agreement introduces a fresh source of irritation into German-Polish relations.

The economic condition of Germany at the turn of the year illustrates the conclusion drawn by the Reichskreditgesellschaft as the result of investigation, that borrowing countries, owing to the heavy burden of debt, are more severely hit by the depression than countries with a surplus of capital. Industrial production, which has fallen about 33 per cent. below the 1929 maximum, began, as in other leading countries, towards the end of 1930 to slacken its rate of decline. According to the indices, the falling off in production has been less than in the United States and about the same as in those other European countries which are importers of capital, but greater than in Great Britain and other European lending countries. It is not apparent yet whether the lowest point has already been reached, but it seems more likely that the decline will come to an end during 1931 at the latest. It depends first and foremost on the capital movements of the New Year whether and in which countries the downward movement comes to an end, and how long the trough of the depression is to last.

An announcement by the DD Bank at last makes available fuller particulars of the constitution of the A.G. für Osthandel, which has meanwhile altered its name, to correspond with that of its English sister company, to "Ost- und Überseeerzeugnisse A.G." The Deutsche Bank had given up its 22 per cent. participation in the Osthandels A.G. to the Eastern and Overseas Products Company in exchange for shares in the English company, but this exchange was subsequently revoked, without loss to the English company. It is not yet known how great the loss was to the Osthandels A.G., as it is only a holding company and most of the losses will appear in the accounts of the subsidiaries. Nor is it known how great a volume of debt has been remitted by the Deutsche Bank, but it is assumed that the total losses of the Deutsche Bank on this transaction will amount to about 30 millions.

The balance sheet of the Ost- und Überseeerzeugnisse A.G. as at March 31, 1930, has only just appeared and shows a loss of 6.4 millions. After transferring to profit and loss a reserve of 3.55 millions there remains a deficit of 2.88 millions, on a share capital of 6 millions. The company had actually distributed dividends at the rate of 15 per cent. in the two preceding financial years. The prodigious losses, which even led to changes of personnel in the management of the Deutsche Bank, seem to be due to three principal causes: the fall in the price of the goods which formed the main object of the company's trade (especially Russian flax, Danubian barley, Soya beans, and Siberian butter and eggs); bad debts; and heavy expenses due especially to the extensive organisation of subsidiaries in innumerable countries. The company is now being gradually liquidated and it has succeeded in transferring some of its subsidiaries to other interests. The company counts on receiving a further eight million marks as the proceeds of liquidation.

AUSTRIA.

Budget — Prices — Unemployment Insurance —
Industry — Foreign Trade — Money — Stock Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, December 19.

THE first preoccupation of the new Parliament is the budget; and this shows no sign of the retrenchment which is so urgently needed. In this respect the estimates of the municipality of Vienna, which amount to nearly a quarter of the State budget, are no better. The municipality desires to increase its expenditure from 536 to 550 million schillings and its revenue from 490 to 502 millions; the deficit of 48 millions is to be covered out of

loan proceeds. The notorious municipal rates of the city are being maintained at their full height; they are to bring in 192 million schillings or 4.16 millions less than in 1930. This reduction is not due to alleviation of taxes but to a court decision that the city taxes on foodstuffs are unconstitutional.

This gigantic expenditure of the municipality of Vienna would not be possible out of revenue from local rates. The most important source is the city's share of the Federal taxes, which amounts to 137.7 million schillings, or 9.3 millions more than in 1930. This allocation is the cause of the dispute which is now being waged over the division of taxes among the provinces. In view of the constitution of Austria as a federal state, the individual provinces and also the municipalities receive a considerable share of the federal taxes. On the other hand, the extent to which they can levy local rates and taxes is limited, while the right which formerly existed in several countries of supplementing the State taxes has been practically done away with. Most of the direct taxes, as well as the tax on beer and the merchandise turnover tax, are federal taxes in which the provinces and the municipalities participate.

In the year 1929 Vienna received 138 million schillings, and all the other provinces and municipalities together only 137.5 millions. The per capita quota of Vienna in the general taxes amounts to 74 schillings against only 30 to 36 schillings for the other participants. This relation is now to be changed on the basis of a Bill before Parliament. Vienna's share is to be curtailed by 42.5 million schillings in favour of the other members of the federal state. This will, however, lead to little, if any, economy, as it means nothing more than a redistribution among the participants of the taxes which are being squeezed out of the public. There is scarcely any hope of a reduction of taxation in the immediate future. Revenue from taxes fell in September to 83.6 million schillings, against 92.6 millions in the preceding month. It is a striking symptom of the crisis that the proceeds of the consumption tax amounted in September to only 8.3 million schillings in comparison with 13.3 millions in the preceding month, and the regression still continues.

The revenue of the Federal railways is also shrinking, and for the first ten months of the year the decrease in the revenue of the federal railways amounts to 40.6 million schillings, so that the railways must be prepared for a substantial deficit. The income of the Post Office is also far short of the estimate.

Burdensome taxation is adduced as the chief obstacle in the way of systematic price reduction in the manner employed in Germany and Italy. It is observable, however, that the prices of many articles have fallen considerably, and very much more than is suggested by the published indices, as the official market prices are no longer typical. In order to make sales against cash, merchants are prepared to make big concessions in the matter of price, and special sales and bargain sales are the order of the day.

The contributions to National Insurance, which must be paid out of production costs, already amount to 500 million schillings in the current year. The serious and continually increasing unemployment means augmented claims for benefit. At present there are 238,000 unemployed in Austria in receipt of benefit, or about 33 per cent. more than in the corresponding month of last year. The Government itself is counting upon unemployment figures of 320,000 to 350,000 in the coming month. In principle the unemployment benefit is paid equally by the employers and the workers in the form of contributions, but the contributions can no longer keep pace with the increasing number of claims, and advances by the State amounted in the year 1930 alone to 50 million schillings, which is equal to all the advances made in the five preceding years together. As the State cannot advance more than 100 millions without endangering the budget, the contributions of the employers and workers must be increased further, which means a fresh burden to industry of 54 million schillings a year. Even with this strain upon all sources ends can be made to meet only if benefits are reduced, and upon this point lively disputes are taking place.

The position of industry has become worse; more and more factories are having to close down, while others are shortening hours. Output of crude iron in October was only 23.5 per cent. of capacity, crude steel 45.8 per cent., rolled goods 54.1. In comparison with the previous month this represents a decline of 30 to 45 per cent. In comparison with the corresponding period of last year there is a decline of at least 50 per cent. It is true that the number of orders unfilled has increased somewhat, and it is believed that the end of the year will see the close of the worst part of the crisis in the heavy industries. In the coal mines there is some animation of a seasonal character, and the same can be said of the textile industry. On the other hand, sales in the brewing industry, which was very busy until quite recently, have fallen off seriously. In view of the general shrinkage of purchasing power, retail business is exceedingly quiet, though the turnover of Christmas business is not altogether unsatisfactory.

The bankruptcy figures are again bad. As early as October the number of insolvencies had already reached the total for the whole of 1929, and as the proportion of old and prominent firms in insolvency has increased, the liabilities, too, are larger. Foreign trade is developing in much the same way as the foreign trade of most European countries. The balance is somewhat better, and the deficit is becoming smaller, but only at the cost of shrinkage in turnover. In October, imports sank to 219.9 millions, or 4.2 millions below the preceding month, while exports rose by 2.7 to 171.9 millions. In comparison with October, 1929, imports were 73 millions lower, and exports 31 millions lower, so that the October deficit of 48 millions was 42.6 millions or about 45 per cent. lower than that of October last year. For the first ten months the value of imports was 15 per cent. less, and of exports, 20 per cent. less than in the corresponding period of last year.

Now that the political troubles are over, financial affairs have again recovered from the very slight disturbance they suffered, and returned to normal. Savings deposits, which showed a decline in October, are again moving upward. The demand for money finds expression in the bigger call on the National Bank, whose bill portfolio amounted to 129 million schillings at the end of November, which is the highest level for the last half-year, and is nearly 30 per cent. higher than the level at the end of October. The call was met without greatly reducing holdings of foreign exchange. The stagnation in industry prevents excessive tension, so that even the decline in short-term foreign loans, which, for 1930, is estimated at 15 per cent., is not specially noticeable. The call from the Stock Exchange for monetary accommodation still remains negligible, but share prices in general are being maintained. It is characteristic of the stock market at present that, for instance, the announcement that the State Railway Company will begin to pay dividends again, and has at its disposal cash equal to the present market value, has had no influence upon the price of this share. There is some movement in regard to pre-war State loans, as speculators are playing upon the proceedings at the Paris pre-war debt conference. Up to the present, however, nothing definite is known in regard to the silver rentes, the non-guaranteed loans, and the preference shares of the railways, for the service of which the State has assumed responsibility.

NORWAY.

Tariff Agreement — Foreign Trade — Industry —
Bourse.

(FROM OUR CORRESPONDENT.)

TRONDHJEM, December 24.

AT the invitation of the Norwegian Government a conference has recently been held in Oslo with the object of discussing the future customs policy between Belgium-Luxembourg, Holland and the three Scandinavian countries. The negotiations were concluded on December 22nd, and an agreement has been signed, according to which the Governments of the countries mentioned above

pledge themselves not to increase their customs tariffs without previous notice. An additional memorandum has also been drawn up and signed, the gist of which is a declaration from the signing Powers that they are willing to enter into further negotiations regarding this question, and that they are prepared to support the endeavours that may be made towards a free and unhampered exchange of commodities between the countries concerned. It will be seen that this programme corresponds very closely with the principles maintained by the League of Nations on this subject, and in his closing speech at the Conference, Mr Mowinckel, the Norwegian Premier, expressed the hope that the results of this Conference might be of practical importance, not only to the countries who had been represented, but also to other nations in Europe. He went on to say that, although the members of this new Customs Union belong to the small Powers of Europe, it should be remembered that their mercantile fleet ranked among the foremost of the world, a fact which ought to be taken into account when judging its importance.

The statistics of our foreign trade for November again reveal an unfavourable development, the import surplus having risen from 34.4 million kroner in November last year to 49.5 million kroner this year. The total value of imports during the first eleven months of the current year amounts to 996.2 million kroner, as against 985.7 million kroner for the same period last year, while the corresponding exports figures are 693.7 million kroner, against 634.1 million kroner. This means an aggravation of our adverse trade balance of about 70 million kroner, which is chiefly accounted for by the item "Ships bought from abroad."

The general business outlook has not altered much during recent weeks. Trade and industry are waging a bitter fight against depression and other kinds of difficulties, as the world-wide slump in trade becomes more and more evident. Apropos the increasing restrictions in output, which have been put into effect in a large number of Norwegian mills, the Norges Bank, in its November review, points out the importance of introducing effective reductions in production costs. An improvement can hardly be expected, the report goes on to say, during the first half of next year, even if world prices should take an upward tendency, just because our production costs have not yet been brought into the correct relation to the new level of prices.

The pressure of adverse conditions is felt not only by those engaged in trade and industry, but also by farmers and forest owners. After long and difficult negotiations, an agreement has at last been reached in the forest industry, according to which the tariffs agreed upon are to remain in force for two years.

Operations on the Bourse have been much influenced by the uncertain conditions in the United States, especially as regards Government and municipal bonds, of which considerable amounts have been offered in New York at rather low rates. Shares have not attracted much interest during the last week or two, but the rates generally have kept steady.

SOUTH AFRICA.

Agriculture — Future of Native Protectorates —
Parliament — Railway Rates.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, December 10.

DURING November the Cabinet agreed that the Land Bank should advance £1,150,000 to farmers to enable them to surmount their more pressing difficulties. The advances are to be regulated by provisions which should afford adequate security, and the Bank's business is very carefully managed, as a rule. There is no doubt that many farmers, even among the most reputable and hard-working, are having a hard time. In addition to price difficulties, which are international, the season will be a bad one over most of the Union. In many districts there has as yet been no satisfactory rain, and that means a serious shortage of crops, whatever may happen now.

Crops planted in mid-December can hardly ripen before the high-veld frosts.

General Hertzog, addressing the Free State Nationalist Party Congress, at Bloemfontein, on his return from the Imperial Congress, explained that the fall in prices was a world-wide phenomenon, and likely to be permanent. He said, *inter alia*, "... there is no better advice to be given to our farmers to-day than that they must produce at the lowest prices possible, and must be prepared to receive the lowest prices in the overseas markets. Farmers must, at any rate for a year or so, regulate both their productive and personal expenditure on these principles. ... Conditions will readjust themselves as far as the farmer is concerned, but will do so to his satisfaction only with the industrious co-operation of the farmer himself." The Prime Minister went on to speak of bonuses on marketing "and other charlatan devices." In other parts of his speech he referred to the value of the British market for South African exports, and trod rather heavily on Republican propaganda. The speech has been received with "modified rapture" in Nationalist circles.

In an interview with the representative of *Die Burger*—the leading Nationalist paper in the Union—General Hertzog made the suggestion, much more welcome to his followers, that the control of the native protectorates of Basutoland, Bechuanaland and Swaziland should be handed over to the Union as soon as possible. This question, should it ever become live and current, is bound to prove very difficult. There is no doubt that the natives themselves have a very real and deep-seated desire to remain citizens of the Empire in the present direct sense. There is possibly some exaggerated fear of the Union Government in the native mind, but any Africander—of Dutch or British descent, or both—is usually only too eager to enlarge on the fundamental differences between the views on native governments of Europeans in Europe and their cousins in Africa.

The opening of Parliament will probably be arranged so that the new Governor-General, the Earl of Clarendon, can be present. It is anticipated that the Minister of Justice will introduce a Bill to debar women (now voters) from sitting on juries—possibly with special provisions for exclusively female juries in certain cases, such as juvenile cases and trials of offences against women. Dr. Malan, as Minister of Education, will seek wide powers for the control of appointments to staffs and of other administrative matters in connection with university and technical education. This measure is already provoking a storm. It is understood that Parliament may turn its inquiring, if not its critical eye, on the Provincial Councils—the first step in the direction of curtailing their rights and regulating some of their more erratic tendencies. There are also the three Native Bills of the Prime Minister, and proposed amendments to the Liquor Law, which would terminate the nominally "dry" condition of the natives in the inland provinces. This latter measure is fairly frankly in the interests of the wine and brandy producers of the Western Cape, and has but little relation to the unfortunate results of the existing laws, which aim at enforcing total abstinence on the natives.

Mr Charles Malan, Minister of Railways, recently opened the new line to the manganese deposits at Postmasburg. In the course of his speech at the ceremony, he emphasised the dependence of agriculture and base metal mining on very low railway rates. He said that in the year ended March 31st last 9,500,000 tons of low-rated traffic yielded 463d. per ton mile, whilst 2,910,000 tons of high-rated traffic yielded 3.52d. per ton mile. He maintained that any variation of high rates which would be useful to users of the goods affected would necessitate crippling increases in other rates. This is the view of his officials, working within the boundaries set for them by parties and on principles not always concerned with railway administration as such. Critics maintain that railway policy and rates should be overhauled *ab initio*.

Letters to the Editor.

GOLD: PRICES: WAGES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In a letter appearing in your last issue Sir Charles Harris refers very kindly to mine, which appeared in your issue of December 13th. My own letter was an attempt to put the case regarding wages regulation in such a way as to reconcile the two opposing views, on the one hand of those who say that wages are too high, and on the other hand of those who say that wages should not be the first or the only rewards of industry to suffer a reduction.

I am glad that Sir Charles Harris agrees with much of what I wrote. I have direct evidence that "the other side" also agrees with a great part of it. Unfortunately my letter, owing to the necessity of compression, was not sufficiently clear to prevent Sir Charles Harris from falling into a partial misunderstanding of my statement of the case. The personal explanation is of no consequence; but it is, I think, so important to establish, if possible, the reconciliation of view on this fundamental matter of "industrial government" that I venture to offer the following further comment.

I did not wish to suggest the "pegging of real wages till times are better." On the contrary, I agreed with Sir Charles Harris to the extent that some wages should be reduced at once. I was trying to say that, because of the unreasonable relation of basic wage levels in different industries to one another, the "economics" of the situation demanded that we should take the step of reducing the wages in those industries which had the highest wage-level. And I added, in support of the views of the opposing party, that the consequential results of a reduction in wages to which they took objection were indeed serious, but that they were incidental and not fundamental, and that they resolved themselves largely into a problem of hastening the consequential price adjustments.

To put the point briefly: The basic levels of wages in different industries should be brought into more economic relation to one another. We can achieve this either by increasing the lower wage rates towards the level of the higher, or by the reverse process of reducing the higher towards the level of the lower. We are precluded from adopting the first course, because that would only prejudice still further the export trade on which we depend. As we must, therefore, adopt the second course of reducing to some extent the higher rates, we must do all we possibly can to meet the objections of the opposing party in so far as their objections are justified. They are justified to the following extent:—

It is not established that any *real wages* are too high for the community to bear, if only industry were better regulated. Unless and until that is established, even if temporarily some *money-wages* are so high as to upset the appropriate economic equilibrium, how do we justify the reduction of those money-wages if that means a reduction in their real value? As to the fact of such reduction in real value there is no question. Although it can be admitted that a reduction of wages will mean, in due course, reductions in the prices of the articles affected, and, therefore, a partial restoration of the former real value of earnings of the labour concerned, nevertheless there can seldom, if ever, be a complete restoration of the former real value of earnings; partly because the wage-earner has some recurring expenses at a fixed money figure, e.g., rent. Moreover, at the very best, such degree of restoration of real earnings as may occur at all can only occur, under present conditions, after a long period of time. And yet, while the fixed-money expenses of the wage-earner, such as rent, serve to reduce, to all intents permanently, the real value of his income, the real value of the remuneration of every kind of capital is actually increased in so far as price reductions do occur as a result of the reductions in wages. It may be said that such increase in the real remuneration of capital is often no more than a set-off to a previous decrease; but that is by no means always or wholly true as regards that part of the remuneration of capital which is in effect interest on loans. And as to the amount of this increased real income of the "fixed-money men," Sir Charles Harris has himself shown elsewhere that it is considerable.

These are the awkward consequences which I referred to in my previous letter as incidental but serious. As regards the remuneration of capital, Sir Charles Harris refers to the necessity for the precise performance of the long-term contracts attaching to the loans of capital for industry. But is it within the terms of such contracts that the *real remuneration* of money lent at fixed rates should be increased whenever reductions occur in the general cost of living?

It is not without advantage to look at the position from another point of view. In so far as the present unemployment and industrial depression are not due to purely temporary causes but are chronic, the responsibility must lie with

the community as a whole. It cannot be laid solely to the charge of the wage-earners; and as present rates of wages have been determined by agreement between those who earn remuneration by working and those who invest capital for profit, we must be certain, before we demand reductions in agreed wages, that we are in fact compelled, in the interest of national industry, to confine the necessary sacrifice, however temporary, to those who earn remuneration by working. Are we certain that the sacrifice must be so confined? It may safely be said that the moral sense of the community leans in fact to the view that, if a temporary sacrifice is necessary, it would be better that it should be borne rather by those whose remuneration arises from the loan of capital, if only that alternative were practicable and equally effective.

It is here that it becomes important to envisage rates of wages in relation to the country's maximum potential "productivity," using that term in the fullest sense. There is, it may be hoped, common ground that maximum productivity cannot be achieved unless the basic levels of wages in different industries are brought into more appropriate relation one to another. The attitude of the community to those directly concerned should therefore, briefly, be somewhat as follows:—

The present position of industry reveals a disability which, although partly due perhaps to temporary causes, is to a considerable degree chronic. In so far as it is chronic, an important predisposing cause is the uneconomic relation of basic wage levels in different industries one to another. We cannot raise all wages to the level of the highest without serious prejudice to our export trade, and we must therefore perforce effect some reduction in the highest. We are confident that it will thereafter be possible to raise the lowest to such a level as further experience will show to be the appropriate "general basic level."

There remain the objections mentioned in the latter part of paragraph 5 above. Sir Charles Harris's answer that the accumulation of capital under conditions of industrial prosperity will produce the remedy automatically is, I suggest, inadequate. That remedy is not certain, nor is it sufficiently prompt. Does it not appear to be desirable that, besides a system of wage regulation, we should adopt generally a means of securing in practice a more equitable fulfilment of long-term money contracts? And if it is theoretically desirable, are we satisfied that it is quite impracticable?—Yours faithfully,

E. M. D.

Celerina,
December 29th.

BUILDING SOCIETY INTEREST RATES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May I thank you for your most interesting note on building society rates in your issue of January 3rd? I would, however, like to add one word. The writer gently dissents from a view which I recently expressed with regard to building societies and the trade cycle. He writes: "Mr Bellman's belief that, in the main, building societies appear to be largely immune from the varying phases of the trade cycle cannot entirely be borne out by available evidence." Then almost immediately he refers, apparently as part of the "available evidence" which supports his contention, to "the fall in interest rates generally during the last twelve months—which, incidentally, is one of the phenomena of the present trade cycle."

To this I reply: First, there is an omission of an important qualifying sentence which appeared in my statement, namely, "This (the considerable immunity) is particularly true so far as the prejudicial effects are concerned." Secondly, is "the fall in interest rates generally during the last twelve months" one of the phenomena of the present trade cycle? If you are alluding to short-term interest rates you may be justified, in the main, in saying "Yes." But if, as you would seem to imply, you are also referring to long-term interest rates, the reply, I venture to suggest, should be somewhat less unequivocal. For were not the recent high interest rates (long-term) a heritage of the war and not part of the ordinary movements of the trade cycle? And is not the current downward tendency mainly due to the gradual return to "normal" conditions, though admittedly there may have been some slight acceleration as regards long-term interest rates resulting from the most recent phase of the trade cycle? And I would add that building societies are frequently, if not invariably, more largely concerned with long-term rather than short-term interest rates.—I am, Sir, your obedient servant,

Abbey Road Building Society,
Baker Street, N.W. 1.
January 5th.

HAROLD BELLMAN.

CHINA AND THE TRADE REVIVAL.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The course of prices during the last eighteen months should give one example of the *regulated currency* which many economists are urging us to adopt. The fall in the value of silver has approximated to the fall in the commodity price level. So China with its silver currency has experienced what other countries would experience if they could regulate their currencies as monetary theorists desire.

The fabric of China's internal commerce should be entirely untouched by the slump. The Chinese merchant has not seen his stock values shrink day by day, the Chinese manufacturer has not watched the prices of his products diverge farther and farther from the purchasing price of his customers.

Quite unconnected with monetary theory is the important new prospect that is spread before China, the prospect of government and peace. The trade of the country has expanded steadily through an era of increasing banditry and warfare; how quickly can it expand if the troubles are settled?

China, perhaps alone in the world, can look forward to the New Year confident that her prosperity will increase. Can we believe that China's increasing prosperity will infect the world?

The temptation to say "No" besets every man who has traded with China and experienced the difficulties caused by the fall in exchange. But the fall in exchange has two merits: it calls immediate attention to the necessity of exchanging more produce in return for a smaller quantity of foreign manufactured goods, a necessity latent in every other country, and it has saved from ruin the Chinese merchant up-country. The merchant who lives, say, in Ningpo and buys goods in Shanghai and warehouses them and distributes them in southern Chékiang would have suffered serious capital losses if China had had a gold standard. His counterparts in other countries have suffered this loss.

It is the existence of trade machinery unimpaired by the slump that leads to the hope that prosperity may come swiftly to China and prove the nucleus of a revival in world trade.

—Yours, etc.,
74, Broadhurst Gardens, N.W. 6.
December 30, 1930.

GEOFFREY ELLINGER.

SPECULATIVE INVESTMENT.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your issue of November 8th there appeared a letter from Mr Harold C. Cowen, taking me to task in my book "Investment" and in other letters which have recently appeared in the *Economist* for enumerating a series of "requisite conditions for speculative investment" which were virtually incapable of materialising. To quote Mr Cowen:—

"It must indeed be a red-letter day when one perceives an ordinary share—preferably a market leader—of a 'strong and promising company, in a recently depressed but reviving' industry, offering high yields and earnings (8 per cent. to 10 per cent.) on market price, with 'strong finances' and 'good management,' in the 'second year of revival.' *Inter alia*, it is also important that short- and long-term factors should be simultaneously favourable."

I would venture to take this opportunity of suggesting to your correspondent that the red-letter day fulfilling my conditions has now arrived in one (but only in one) particular industry, namely, that of gold mining, particularly on the Rand. I suggest that shares in this industry will henceforth enjoy a minor boom. The *Investors' Chronicle* index for gold shares is now 79.8; let its future movements be the test.—Yours faithfully,

L. L. B. ANGAS.
55, Onslow Gardens, S.W. 7.
January 4, 1931.

Books and Publications.

THE DAWN OF THE MODERN AGE.

THE latest volume* in the series "Peuples et Civilisations," a world history to be completed in twenty volumes, covers the period from 1815 until just before the outbreaks of 1848, and therefore deals with the uneasy years succeeding the Napoleonic wars and the settlement of Europe at the Congress of Vienna. It was a period in which the mani-

* "L'Éveil des Nationalités et le Mouvement Libéral (1815-1848)." Par Georges Weil. Pp. 592. Paris. F. Alcan. 1930. 60 frs.

festations of social personality in the shape of a vigorous national movement in countries such as Belgium, Poland and Hungary, the struggle against governmental restrictions and tyranny in Great Britain, France, Spain, Sweden, Switzerland, and the combined action of these two forces in countries such as Germany, Italy and Croatia, went hand in hand with economic dislocation occasioned principally by the industrial development of Great Britain. Europe, itself troubled by these upheavals, was increasingly reacting on the rest of the world. Asia, Africa and Oceania began to feel the first effects of the westernising impulses which have had such a striking later development. America, on the contrary, began at this time a career of independence, which did not, however, mean economic isolation.

It is a story which has often been told, but it retains special significance for our own day in which the problems of nationalism, liberalism and industrial and commercial expansion, then first beginning to trouble humanity on a world-wide scale, have by no means yet been liquidated. Professor Weill has made a valiant effort to do justice to the very many topics which fall to be discussed in such a survey. Sketches, necessarily brief, are given of the main political and economic developments not only of all the European countries but also of the new world of North and South America. Cultural developments, in the various spheres of literature, religion, law, philosophy, art, architecture, music, science, technology, medicine and education, receive some mention and are related to the main themes of the book. If the relation cannot always be seen as clearly as might be desired, it is nevertheless very useful to have in one volume the materials for a composite picture of the many-sided developments which were enriching human life and building Western civilisation in the form we know it to-day.

The mere fact that the book was planned on such a scale made it inevitable that it should have the characteristics of a somewhat bald summary even if the fact that it is a unit in a world-history did not require that it should primarily be a condensed presentation of the views of the best authorities. Although it fulfils this purpose well, the lack of vivid colouring, of large generalisations or of any very original philosophic viewpoint will probably make it seem somewhat dull to the average reader. This would be unfortunate, for it is the product of a mature scholarship; comprehensive, cool, impartial and urbane.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Breaking Down the Tariff Walls. By Dr. Wilhelm Grotkopp. Translated by Erich Schadow. (London) Ernest Benn, Ltd., 151, Fleet Street. 6s. net.

The original of this very interesting book was reviewed at length in the *Economist* of March 1, 1930.

Economia Politica Contemporanea. Vol. I. and Vol. II. (Padova) Casa Editrice Dott. A. Milani.

A collection of papers on economic subjects by distinguished economists of all nationalities, each specially written for these anniversary volumes in honour of Professor Camillo Supino. The texts are in Italian, English, French or German.

The Nation's Housekeeping. By Sir E. Hilton Young. (London) British Broadcasting Corporation, Savoy Hill. 2d.

A pamphlet of useful statistics and explanations for the help of listeners who propose to follow the talks on finance which are at present being broadcast on Wednesday evenings.

The History of the Union Bank of Scotland. By Robert S. Rait. (Glasgow) John Smith and Son, Ltd., 57/61, St. Vincent Street. 15s. net.

A handsomely printed and illustrated volume.

Economic History of the American People. By Ernest Ludlow Bogart. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 16s. net.

A valuable textbook which is so written as to be of interest to the general reader as well as the student.

An Appraisal of American Business Forecasts. By Garfield V. Cox. Revised Edition. (London) Cambridge University Press, Fetter Lane. 4s. 6d. net.

The author reaches the conclusion that as a group these forecasts are more often right than wrong, but that there is no evidence that their accuracy is improving.

Die Bilanzen der deutschen Kreditbanken, 1924-1930. By Dr. Willi Seegardel. (Berlin) Wilhelm Christians Verlag, Unterwasserstrasse, 8.

A discussion, item by item, of seven years' development in the business of the German credit banks.

Auditing the One Pound Note. By James Murray. (Ballarat, Victoria) J. Ewins and Sons, Pty., Ltd., 111, Sturt Street. 2s.

An address on currency stabilisation, with particular reference to Australia.

The South and East African Year Book and Guide for 1931. Edited by the Union Castle Mail Steamship Company, Ltd. (London) Sampson, Low, Marston and Company, Ltd.

Contains very useful statistics and a remarkable amount of general information.

The Banker, January, 1931. (London) Financial Newspaper Proprietors, Ltd., 20 Bishopsgate. 2s. 6d.

Includes an editorial survey of the present economic position of Great Britain.

The Bankers' Magazine, January, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

Includes an article by Mr E. G. Peake on "Our Present Economic Difficulties."

The Hibbert Journal, January, 1931. (London) Constable and Company, Ltd., Orange Street. 2s. 6d. net.

Includes an article by Professor Vittorino Vezzeni on "The Fine Art of Self-Education."

The Slavonic Review, December, 1930. (London) Eyre and Spottiswoode (Publishers), Ltd., 6, Great New Street. 6s. net.

Includes, among many others, articles by Anton Florovsky on "Dostoyevsky and the Slavonic Idea," and Margaret Miller on "The Planning System in Soviet Russia."

The Empire Cotton Growing Review, January, 1931. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 1s.

Includes an article on cotton price stabilisation.

The Economic Record, November, 1930. (London) Macmillan and Co., Ltd., St. Martin's Street. 5s. net.

Includes, among many others, articles on "The Effect of the Living Wage Policy on Wages for Skill" and on "The Distribution of Income in New Zealand."

Mining Highest and Lowest Prices, Dividends, etc. (London) Fredc. C. Mathieson and Sons, 16, Copthall Avenue. 2s.

Mathiesons' Handbook for Investors for 1931. (London) Fredc. C. Mathieson and Sons, 16, Copthall Avenue. 5s. net.

A pocket ten-year record of selected securities.

Saling's Börsen-Jahrbuch für 1930-31. (Berlin and Leipzig) Verlag für Börsen- und Finanzliteratur A.G. 40 marks.

A German Stock Exchange year-book.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Agricultural Statistics, 1929. Vol. LXIV. Part II: Report on the Prices and Supplies of Agricultural Produce and Requirements in England and Wales, 1929-30. 1s. net.

THE NATIONAL DEBT

By E. L. HARGREAVES, M.A., Ph.D. 15s. net.

"A scholarly account of the British National Debt, which constitutes a valuable contribution to financial history."—*Economist*.

London: EDWARD ARNOLD & Co., 41-43 Maddox St., W.1

The Stock Exchange.

NATIONAL SAVINGS CERTIFICATES.

The presentation to His Majesty the King of a replica of the thousand millionth National Savings Certificate sold in Great Britain marks a very definite milestone in a movement which has had no parallel in this country. Possibly, it would be well not to enquire too closely into the origins of the movement during the war, when the State may have been less concerned with the inculcation of abstract thrift than with the most effective way of mobilising the small investor's funds for belligerent action. Again, when the war was over and the epoch-making decision was taken to extend the life of the National Savings Certificate (of which Lord Bradbury is credited with the paternity) from five to ten years, and to give the national movement a permanent character, expediency—in the shape of a vicious system of Treasury accounting—may have influenced the minds of the authorities, along with worthier motives. However that may be, the decision to identify the State with a "propagandist" savings organisation, and to offer the small investor something more than a bank deposit and less than a long-term security, has had results which, without qualification, must be regarded as beneficial to the community. In fifteen years, certificates of an initial gross value of £786,000,000 have been sold, and the amount still standing to the credit of certificate holders (including accrued interest) is about £500,000,000. A glance at the list of British Government securities will show that there are only two species of stock with a larger total outstanding to-day—Five per Cent. War Loan and Three-and-a-Half per Cent. Conversion Loan.

The success of the Certificate has, in fact, been due to two sets of influences. Firstly, it has been well handled by an organisation—the National Savings Movement—which has combined centralised and expert control with democratic voluntary service, and has founded nearly 30,000 "Savings Associations" in schools, places of employment, social organisations, etc., throughout the country. Those in control, further, have exploited the weapon of advertising, by means of leaflets, posters and the public Press, with a rare conjunction of "selling power" and good taste. Secondly, the Savings Certificate has proved to be a medium of investment suited to the needs not of one but of many sections of the community. It is a non-negotiable security, which can suffer no depreciation, since at every moment of its ten-year life it has a fixed value. It can be cashed at short notice at any time, but interest accrues upon it in such a way that its maximum yield is obtained only if it be held for a full ten years. Its denomination is conveniently low, and the poorest person can acquire it, without paying stamp duty or transfer fees, by easy payments of sixpence or even of one penny, through a voluntary Savings Association. The Savings Certificate has been taken as a model in Canada, Australia, India, Mexico and Russia (to some extent), while savings movements modelled on that of Great Britain have been set up in the Irish Free State, Northern Ireland and South Africa. That the Savings Certificate has had a decisive influence on the thrift movement is undoubted. What is its position from the viewpoint of general investment, with which these pages are more particularly concerned?

Since the war, the yield on long-term British Government securities purchased on the Stock Exchange has varied from 5½ per cent. (subject to income tax at 6s. in the £) in 1920, to under 4½ per cent. (subject to income tax at 4s. 6d.) at the present moment. During this time there have been three separate issues of Certificates, the first being available from the outset of the movement, early in 1916, to March 31, 1922, and giving a yield, if held to maturity, of £5 6s. 2d. per cent., free of tax; the

second, from April 1, 1922, to September 30, 1923, with a maximum yield of £4 19s. 6d. per cent., tax free; and the third, from October 1, 1923, onwards, yielding £4 2s. 9d. per cent., tax free. These yields have been calculated at compound interest, having regard to the dates at which interest has accrued. The interest on the three series of Certificates, at the end of each year of their life, is shown in the following table:—

NATIONAL SAVINGS CERTIFICATES.

Duration.	1st Series.		2nd Series.		3rd Series.*	
	Purchase Price, 15s. 6d. Value, £1 after 5 years. " £1 6s. " 10 "		Purchase Price, 15s. Value, £1 after 5 years. " £1 6s. " 10 "		Purchase Price, 15s. Value, £1 after 6 years. " £1 4s. " 10 "	
	Value at end of Year.	Interest per cent. per annum.	Value at end of Year.	Interest per cent. per annum.	Value at end of Year.	Interest per cent. per annum.
Years.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	0 15 9	1 12 3	0 16 0	1 12 3	0 16 3	1 11 3
2	0 16 9	3 19 1	0 17 0	3 19 1	0 17 0	3 1 7
3	0 17 9	4 12 5	0 18 0	4 0 1	0 17 9	3 10 5
4	0 18 9	4 17 6	0 19 0	4 7 9	0 18 6	3 13 11
5	1 0 0	5 4 7	1 0 0	4 11 3	0 19 3	3 15 4
6	1 1 0	5 3 10	1 1 0	4 12 9	1 0 0	3 15 9
7	1 2 0	5 2 7	1 2 0	4 13 1	1 0 9	3 15 8
8	1 3 0	5 1 2	1 3 0	4 12 10	1 1 6	3 15 3
9	1 4 0	4 19 6	1 4 0	4 12 2	1 2 3	3 14 8
10	1 6 0	5 6 2	1 6 0	4 19 6	1 4 0	4 2 9

* 3d. interest added at end of 1st year and every 4 months thereafter, and 1s. bonus at end of 10th year.

It is a familiar phenomenon, in the experience of savings organisations of every sort, that methods of investment which do not appeal to wealthy outside interests when money is dear, may be used as a temporary repository for floating resources when market rates are low. The building societies are experiencing this difficulty at the moment. The Savings Certificate, however, avoids the danger because, as reference to the table will show, its yield in the first few years of its life is, and has always been, low. From the point of view of a large investor, it is emphatically not a "short-term" holding. As an investment of medium life, however, its attractions are likely to increase with every fall in long-term general interest rates, and with every drop in the market yield of other gilt-edged securities. A few years ago, a Departmental Committee estimated that interests other than the small investor, properly so called, held about half the total Certificates then outstanding, but it has been found impossible to make any close statistical apportionment.

As reductions in the market yield of Government securities usually coincide with periods of cheap money,

Certificates Sold.	Date on which last Certificate of each 100 million was Sold.	No. of weeks to well 100 million Certificates.	Average Sales per Week.	Average Yield Obtainable* (Per cent. tax free).	Average Bank Rate during Same Period.
First hundred million	Apr. 28, 1917	61 (approx.)	1,640	£ s. d. 5 6 2	£ s. d. 5 10 6
Second "	May 28, 1918	57	1,755	5 6 2	5 0 0
Third "	Feb. 26, 1919	39	2,565	5 6 2	5 0 0
Fourth "	Mar. 23, 1920	56	1,787	5 6 2	5 7 0
Fifth "	Jan. 26, 1922	96	1,043	5 6 2	6 6 6
Sixth "	Nov. 9, 1922	41	2,440	5 6 2†	3 14 6
Seventh "	Oct. 15, 1924	100	1,000	4 19 6‡	3 13 3
Eighth "	Feb. 16, 1927	122	820	4 2 9	4 14 6
Ninth "	Feb. 25, 1929	105	953	4 2 9	4 14 6
Tenth "	Dec. 29, 1930	96	1,043	4 2 9	4 10 0

* On Certificates bought during each period, and held to maturity. † On Certificates bought March 31, 1922. ‡ On Certificates bought April 1, 1922, to September 30, 1923. § On Certificates bought October 1, 1923, onwards.

there may, in theory, be an indirect connection between money market movements and the sales of Savings Certificates to other than small investors. How far, in fact, do the figures show correlation between money rates and Certificates sales? By the courtesy of the National Savings Committee, we have been furnished with the dates at which every 100,000,000 of new Certificates were sold. On the basis of this information, we have compiled the table at the bottom of the preceding page.

Allowance must be made for numerous disturbing factors, such as the abnormally large sales of Certificates in the weeks preceding March 31, 1922, in order to "forestall" the change in the price and yield, of which over two months' notice was given. On the whole, there would appear to have been a tendency, after the war, for the average weekly sales to decline as Bank rate increased, though the effects of trade depression on small investors may also have been a contributory influence. The marked lowering of the yield on Certificates effected, in two steps, between April, 1922, and October, 1923, appears, thereafter, to have checked somewhat the demand for new Certificates. The table as it stands is not conclusive as regards the most recent period of all (from February, 1929, to December, 1930), since the latter includes both the "dear money year" 1929 and the "cheap money year" 1930. Fortunately, more detailed information is available. In the calendar year 1927, when Bank rate averaged £4 13s. per cent., the average weekly sales of Certificates were 858,000; in 1928, with a Bank rate of £4 10s., they were 1,004,000. In 1929, when Bank rate averaged £5 10s., some 1,002,000 Certificates were sold each week, and in 1930, with a Bank rate of £3 8s. 5d., some 1,123,000. The high money rate of 1929 thus synchronised with a check to an upward movement in sales rather than with a definite falling off, while in 1930, despite industrial depression, low money rates were accompanied by a fresh rise in the average weekly sales figures.

If allowance is made for the fact that the sales figures of recent years include re-investments by numerous holders of matured Certificates of earlier series, and that the propagandist work of the National Savings Organisation has been, if anything, even more vigorous than in earlier years, the conclusion is suggested that while there may be a certain movement of "outside" funds into Savings Certificates when money market rates are low, there is no evidence that the Certificate is being "exploited" to-day by wealthy interests on any considerable scale. Nor does it appear that the current interest yield on Certificates is unduly high, from the Treasury's point of view, having regard to the economic circumstances of the small investors for whom the Certificate is primarily designed. Doubtless, if a successful Five per Cent. War Loan Conversion operation were followed by a further decline in the market yield on other Government securities, this judgment might require fresh examination.

Recently, those responsible for the conduct of the National Savings Movement have been giving special attention to the question of "linking up" the Certificate with the facilities of the Post Office and the Trustee Savings Banks. We suggest that the time has come for them to go further, and to consider the provision of effective long-term as well as medium-term facilities for the small investor. At present, the latter suffers a decline in the rate of interest he receives, if he holds a Certificate for a month over as well as a month under the ten-year period. There is, however, no peculiar virtue in an arbitrary period of ten years. So far, the rights, offered to holders of matured Certificates, of exchange into longer period investments, such as Four and a-Half per cent. Conversion Loan or Four per cent. Savings Bonds, have failed to obtain any very widespread response. Some medium for educating the small investor in the more "permanent" forms of thrift is the logical outcome of the merited success of the Savings Certificate in the last fifteen years.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS

TICKET.
January 20.

ACCOUNT.
January 22.

THE markets started the week with a counterfeit presentment of increased activity, following the reduction of the Bank of France's rate last week-end. Domestic influences, however, proved unhelpful, and the better feeling quickly disappeared. A lengthy list of unfavourable external influences included the disappointing trend of sterling, a rumoured hitch in the Paris discussions between the British and French Treasuries, a heavy increase in the unemployment figures, and the fear that the labour troubles in South Wales and Lancashire were omens of coming friction over the readjustment of British industrial costs generally. Share prices, however, showed a gratifying stability, suggestive of sound technical conditions. For the present, however, it would seem that outside rather than inside factors must determine the course of business in London.

Gilt-edged stocks were strong on Monday under the lead of Old Consols, but the volume of trade was not up to expectation, and values subsequently eased on unsatisfactory news from the money market. Quotations were also affected by the reductions shown in the profits of the "Big Five" banks. Consol Fours suffered a sharp reaction, and Conversion Loans lost ground. India stocks were well maintained, the course of the Conference negotiations being favourably regarded, but Australians were heavy on the abrupt break in the exchange. Dealings in the new Liverpool Conversion 4½ per cent. Stock were done at 99½, underwriters being left with 68½ per cent. of the whole.

The foreign bond market, however, had a stronger tone. Though it was suspected that a special effort had been made to achieve the favourable San Paulo Coffee realisation results, the fact that these were somewhat ahead of schedule encouraged renewed demand for Brazilian issues generally. European stocks were steady, the Young bonds being in better demand. Among Far Eastern issues, Japanese loans were in request.

After a short-lived appearance of activity at the beginning of the week, home rails developed their customary lassitude. The New Year week's traffic figures were not good, though the fact that they followed an unexpectedly favourable series of Christmas-week figures was duly taken into consideration. In the foreign railway market dealers lowered quotations in expectation of the receipt of selling orders, but sentiment took a more favourable turn on Thursday, when B.A. Great Southern and Central Argentines made a fair recovery. Central Uruguay advanced sharply on a rumour of the Government's intended acquisition of the line. Canadian Pacifics were supported on the mid-week improvement in American rail values, and an encouraging revenue statement for the last part of December.

In the industrial markets, the carry-over revealed an open position of small proportions, an interesting feature being the disclosure of a bear account in British American Tobacco. There was a tendency to mark up international stocks, though the market did not find it easy to interpret the situation in New York. Among domestic shares, English Sewing Cotton obtained modest support on the maintenance of the interim dividend. Selective provincial buying of motor and road transport shares was specially marked in the case of Austins, Leylands, and Tillings. Electrical shares again attracted investment attention, Egham and Staines being particularly prominent in the supply group. Steel and engineering shares were steady, a reassuring view being taken of the outcome of the troubles in South Wales. Breweries showed no decided trend, but tobaccos were easier on the news that the Liverpool factory of the British American Tobacco Company was going on short-time following the imposition of increased Customs duties in China. In the stores group, Harrods failed to hold last week's rise. Rayon shares remained out of favour. Imperial Chemical made a slight recovery. Selling occurred of Dunlops on rumours of an impending reduction in tyre prices. The

Swedish Match capital announcement (discussed on page 80) was unfavourably received. The old shares were sold heavily to take up the new. Bank shares were easier, the extent of the reductions shown in profits last year coming as an unwelcome reminder of the ramifications of trade depression, while the reduction in the final distribution of Lloyds Bank was the more unsettling on account of its unexpected nature. Insurance shares were steady, with a few small gains, but business was of limited dimensions.

The rubber share market was uniformly dull, prices being easier, where changed, on the trend of the commodity. Price movements in tea shares remained adverse, though dealings were on the customary narrow basis. Oils, however, had a distinctly better tendency, Amsterdam turning a buyer of Royal Dutch and Shell, while news from America was mainly favourable. The increase of 2 cents a gallon in the price of petrol in Kansas City and of 5 cents in Detroit was regarded as an important bull point, and in some quarters the prophecy was expressed that oil, in view of the present comparatively satisfactory relation between supply and demand, would be the first of the world's important commodities to recover after the slump.

The mining share market enjoyed a fairly active week. Despite depressing influences from Paris, an upward tendency in Kaffirs persisted, and showed some signs of developing into a major movement. Northern Rhodesians were mainly dull, with few changes, but Rhodesian Anglo-American were a weak spot on the new capital proposals, which are criticised on page 82. Chartered were sold from Paris. Tin continued to improve on the Metal Exchange, and some of the shares were received back into partial favour. Panama advanced, but later lost the rise. Ashantis were a good feature, but Rio Tintos declined after a mid-week improvement.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Jan. 1, 1931.	Jan. 2, 1931.	Jan. 5, 1931.	Jan. 6, 1931.	Jan. 7, 1931.	Jan. 8, 1931.
Government and Municipal Loans.....	1,686	1,758	1,747	1,207	1,464	
Transport, Communications, and Public Utilities.....	1,020	1,109	811	862	923	
Commercial and Industrial Banks, Insurance and Financial.....	1,890	2,075	1,565	1,673	1,516	
Mines (including Nitrates)	436	632	538	445	539	
Oil.....	513	435	362	433	444	
Rubber, Tea and Coffee	114	179	90	112	147	
	98	101	74	68	72	
Total	5,757	6,289	5,187	4,600	5,105	

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 2.)	Jan. 1, 1931.	Jan. 2, 1931.	Jan. 5, 1931.	Jan. 6, 1931.	Jan. 7, 1931.	Jan. 8, 1931.
72.3	71.8	*	71.8	72.3	72.1	72.0	71.6

* Stock Exchange closed.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The market was firm at the outset, sentiment being strengthened by the harder tone of some commodities, the increased strength of the bond market, and expectations of enhanced activity, in the next few weeks, in the automobile and steel industries. A reactionary tone developed, but the bears quickly became nervous and covered. Rails were strong, mainly on expectations of a fair seasonal gain in general trade during the early months of the year. Chemical issues, however, came under pressure on reports of price-cutting by some firms. Goodyear Tire were sold, before, but recovered on the declaration of an unchanged quarterly dividend. A new reduction in tyre prices is expected, but increased trade may take up any losses. Steel operations, which fell to 25 per cent. of capacity at the year-end, are now at 36 per cent. and are expected quickly to reach 40 per cent. The unfilled tonnage figures of the Steel Corporation, it is estimated, will show an increase of 200,000

By VISCOUNT

D'ABERNON

THE

ECONOMIC CRISIS

ITS CAUSES AND THE

CURE

ONE SHILLING NET

HODDER & STOUGHTON

tons for December. Oils were firm, the week's statistics revealing a fresh reduction in crude output and a decrease in refining activity, though stocks of petrol increased slightly. The first batch of investment trust reports shows heavy losses in some cases. Call money was easy all week at 1½ per cent.

	Dec. 22, 1930.	Dec. 31, 1930.	Jan. 8, 1931.		Dec. 22, 1930.	Dec. 31, 1930.	Jan. 8, 1931.
U.S. 3½% T. Bds.	106½	105½	106½	Natl. Biscuit	75½	77½	81½
Ed. Ln. 3½% '32-47	101½	101½	101½	Pelican Dodge	22	20	21
Do. 4½% '32-47	102½	102½	103½	Pullman	50	50	57
Do. 4½% '33-38	103½	103½	103½	Scars-Robuck	46½	45½	50½
Atchafalca	173½	178½	180	Studebaker	20½	21½	21½
Ches. & Ohio	38½	40	42	Un. Fruit	48½	51½	58½
Erie	23½	27½	32½	U.S. Leather	4½	4	5½
Illinois Central	65½	70½	79	U.S. Rubber	12½	11½	12½
N.Y. Central	112½	114½	121½	U.S. Steel	137½	139½	144½
Pennsylvania	56½	56½	61	Westinghouse	91½	91	93½
Southern Pacific	92½	93	101½	Woolworth	54½	55½	58½
Southern Ry.	51	50½	57	Worthington Pump	58	60	64
Union Pacific	173	178	188				
Am. Can.	109½	110½	114	Am. Tel. & Tg.	175½	178	186½
Amer. Smelting ..	39½	41	45	Int. Tel. Teleg.	20½	19½	24½
Anaconda	26½	30	32½	Radio Corp.	12½	12	14
Bethlehem Steel ..	51	50½	53½	Utilities P. & L.	20½	22½	24
Chrysler Motor ..	16½	16½	17	W. Union Tg.	125½	127	142½
Corn Prodn. Hd.	69½	78	80				
Eastman Kodak ..	145	146½	155	Associated Gas "A" ..	15½	18	21
Gen. Electric (New)	43½	43½	46½	Pan. Amer. B.	33½	31½	34½
Gen. Motors	34	35½	36½	Sinclair Oil	10½	10	11½
Int. Harvester	46½	49½	51½	Std. California	44½	45½	49½
Montg. Ward	17½	16	18½	Do. N.J.	45½	47½	50½

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Re-opening of Year.	Dec. 31, 1930.	Jan. 7.
337 Industrials ..	134.5	218.9	98.2	174.1	99.6	99.6	105.0
33 Rails	127.8	173.5	89.1	145.5	92.0	92.0	95.5
34 Utilities	177.6	330.4	153.2	267.4	158.1	158.1	163.4
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	107.6	113.2
Average yield of 50 Industrial Common Stocks.	3.10%	5.23%	4.15%	5.95%	5.91%	5.91%	5.61%

(Continued on page 78.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Year 1929.		Year 1930.		Name of Security.	Dec. 31, 1930.	Jan. 7, 1931.	Rise or Fall.	Present Yield.	Year 1929.		Year 1930.		Name of Security.	Dec. 31, 1930.	Jan. 7, 1931.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						High.	Low.	High.	Low.					
£ s. d.																	
British Funds.																	
561	52	591	521	Consols 2½%	571	571	+ 1	4 7 0	54	39	44	11	G.W. of Brazil £10.....	11	11	—	20 0 0
881	811	841	821	Consols 2½%	911	911	+ 1	4 7 0	581	525	531	81	In. Ry. C. Am. No par	211	211	—	23 16 3
801	721	831	741	Cons. Loan 3½%	811	811	+ 1	4 7 0	661	49	571	181	Leopoldina Ord. Stk.	20	21	+ 1	23 16 3
100	93	103	93	Do. 4½% 1944.....	101	101	+ 1	4 7 0	871	891	891	501	Do. 5½% Cum. Prf. Stk.	52	511	—	10 13 9
911	821	961	821	Do. 4½% 1944-64.....	101	101	+ 1	4 7 6	171	951	971	451	Nitrate Ryas. (£10)	501	551	- 5	21 16 6
1004	971	1021	981	Punding 4½% 1932-34.....	101	101	+ 1	4 5 0	941	941	941	191	Paraguay Gen. (£10)	191	171	- 2	14 5 9
1011	971	1031	1001	Treasury 4½% (B)	101	102	—	4 2 0	1401	761	132	130	Salvador Ord. (£10)	1401	701	—	9 13 9
951	90	971	91	Victory Bonds 4½%	961	971	+ 1	4 2 6	1081	771	801	651	Tatari Ry. Ord. £5	651	651	—	8 15 9
1031	991	1051	1001	War Loan 5% 1929-47.....	1031	1031	+ 1	4 14 6	491	23	261	4	Ud. Havana Ord. Stk.	61	7	+ 1	NU
1011	991	1031	1001	War Loan 4½% 1929-42.....	991	991	+ 1	4 0 3									
651	60	621	611	Local Loans 3½%	671	681	+ 1	4 8 9									
511	44	49	40	India 2½%	45	45	+ 1	5 9 1									
61	50	591	47	Do. 3½%	54	55	+ 1	5 9 1									
711	60	691	591	Do. 4½%	63	64	+ 1	5 9 1									
921	801	90	78	Do. 4½% 1958-68.....	86	86	—	5 7 5									
1051	991	106	1004	Palatine 5% 42-67.....	105	105	—	4 8 11									
109	1031	1091	1041	United 5½% Bonds.....	108	108	—	5 1 10									
941	88	991	871	Slater 4½% 45-75.....	99	99	—	4 11 1									
Dom. & Colonial Govts.																	
991	901	951	76	Australia 5% 1945-75.....	801	771	- 3	6 11 6	491	37	381	281	Anglo-French (£1)	161	161	—	NU
911	861	951	851	Canada 4% 1940-65.....	94	94	—	4 7 3	61	41	51	5	Anglo-S. A £10 65 pd	51	41	—	10 10 6
107	1021	1061	1021	Ceylon 6% 1936-51.....	104	104	—	5 4 0	221	171	191	151	American B.L. 1½ pd	231	231	—	8 14 0
971	911	961	921	Gold Coast 4½% 1936-50.....	981	981	—	4 12 8	301	231	101	141	Bank of N. Zealand £1	501	501	—	5 16 0
104	991	1041	991	Kenya 5% 1940-60.....	1031	1031	—	4 12 0	671	601	681	551	Bank of Eng. Stk.	261	261	—	4 9 9
1041	981	1051	101	Nigeria 5% 1930-60.....	1051	1051	—	4 12 0	671	601	681	551	Barclay B. (£1)	571	571	—	4 17 3
991	941	991	921	N.S. Wales 5% 35-55.....	1021	1021	—	4 12 0	671	601	681	551	Barcl. (Dom. &c.) £2½	251	251	—	3 12 0
104	981	1051	991	N. Zealand 5% 1946.....	1021	1021	—	4 12 0	671	601	681	551	Bk. of Australasia (£5)	411	411	—	9 7 0
100	891	921	701	Queensland 5% 40-60.....	1021	1021	—	4 12 0	671	601	681	551	Bk. of N.S.W. (£20)	271	271	—	5 13 3
1041	991	1041	991	S. Africa 5% 1945-75.....	1021	1021	—	4 12 0	671	601	681	551	British Overseas A £5	511	511	—	5 7 9
971	931	981	931	Strat. Sec. 4½% 35-45.....	99	99	—	4 11 11					Chd. of India (£5)	171	161	—	6 0 0
Foreign Governments.																	
881	83	891	82	Argentina 4% 1935-75.....	87	851	—	5 6 9	55	441	461	381	Com. Bk. of India 10/-	141	136	—	11 2 0
1031	100	1051	1001	Austrian 6% 1923-43.....	1021	1021	—	5 15 6	141	121	141	121	Dist. A £5, £1 pd	651	626	—	5 16 6
62	541	611	511	B. Aires (Prov.) 3½%	511	491	+ 1	7 2 0	371	340	360	3371	Eng. S. A. £10 65 pd	411	411	—	4 17 0
1091	105	1151	1081	Belgian 7%	110	1091	—	6 7 0	101	84	111	131	Hambro £10, £2½ pd	81	81	—	6 10 0
911	841	911	741	Bulgaria 7½%	741	741	—	10 3 0	81	716	801	741	Hongk. & S. (£125)	101	101	—	6 12 0
90	71	87	62	Do. 6½% (1927)	641	701	—	9 10 0					Lloyds £5, with £1 pd	631	591	—	5 5 0
1021	791	941	54	Chili 6½% (1929)	82	831	+ 1	10 3 0	23	18	211	171	Martins £20, £2½ pd	71	71	—	5 10 0
951	931	941	74	China 5% (1912)	51	51	—	9 16 0	151	121	131	121	Midland £1, fully paid	791	791	—	4 11 0
691	59	691	541	Do. 5% (1913)	69	671	+ 1	7 18 0	291	23	261	211	Nat. of Egypt £10	211	211	—	6 15 0
1141	1051	1151	1091	Czechoslovakia 8%	111	111	—	6 16 0	17	131	161	131	Nat. of India £2½ pd	411	411	—	4 11 0
771	751	761	741	Denmark 7%	82	811	+ 1	3 13 0	331	251	301	261	Nat. of N.S.W. £10	211	211	—	6 15 0
971	881	961	811	Egypt 7½%	861	861	—	9 10 0	391	311	37	301	Nat. of S. Africa £10	211	211	—	5 10 0
86	751	801	701	Egypt 7½% (1927)	701	71	—	9 10 0					Nat. of S. Africa £10	211	211	—	5 10 0
95	851	921	73	Finland 7% 1927	761	701	- 24	9 18 6	181	15	171	141	Northern £10, £1 pd	16	16	—	5 6 8
1001	901	1001	911	France 6% 1923	921	921	—	6 11 6	14	121	131	121	Pearl (£1), fully paid	121	121	—	3 17 0
1001	901	1001	911	French 4% (British)	201	201	—	3 17 0	161	131	151	121	Phoenix £1, fully paid	131	14	—	4 18 0
107	1001	101	901	Do. 5%	201	201	—	4 12 0	261	21	251	211	Prudential £1 A	24	24	—	3 14 6
107	1001	101	901	German 7%	101	1001	—	7 2 0	461	371	411	361	Do. £1 with 4s. paid	401	401	—	2 10 0
1031	951	1041	100	Do. 7%	101	101	—	7 2 0	461	371	411	361	Royal Exchange (£1)	61	61	—	4 2 0
1031	951	1041	981	Hungary 7½%	1021	1031	+ 1	7 6 0	141	121	141	121	Royal £1, fully paid	81	81	—	3 16 0
1001	951	1001	91	Japan 5½% 1935-65.....	951	941	- 1	5 16 0					Yorkshire £1, fully paid	14	14	—	3 7 0
1001	951	1001	91	Do. 6% (1924)	1011	1021	+ 1	5 19 0									
36	22	241	12	Mexican 5% (1899)	131	131	—	5 15 0	310	281	319	287	Anglo-American Deb.	290	290	—	5 3 5
105	101	1041	1001	Norwegian 6% 1922	1041	1041	—	5 15 0	1541	1491	1561	147	Anglo-Celtic Ord.	1491	1491	—	5 0 4
107	1001	1061	1021	Peru 7½% 1922	1011	1011	—	7 18 0	201	171	201	171	Atlas Electric, &c., £1	201	201	—	4 14 0
93	83	921	77	Poland 7%	99	821	+ 44	9 4 0	202	177	171	171	Brit. Assets Trust 5/-	231	231	—	5 10 0
1061	99	1071	101	Siam 6% 1934-54.....	104	1041	—	4 17 9	202	177	171	171	Debenture Corp. Stk.	181	181	—	5 10 0
80	751	86	771	Sweden 3½% 1908.....	81	88	- 23	4 1 0	205	162	1921	163	Por. Amer. &c., Def.	171	171	—	5 18 9
1041	781	96	611	S. Paulo Coffee 7½%	731	681	- 11	11 7 0					Grange Trust	1101	1101	—	5 8 7
231	171	191	771	Turkish 4% 1919	8	8	—	4 1 0	229	200	211	1871	Guardian Investment	161	161	—	5 18 6
931	81	891	731	Uruguay 5% United	741	731	- 11	6 16 0	330	315	363	320	Indus. & Gen. Ord.	325	325	—	5 10 9
Corporation Stocks.																	
961	861	961	741	Berlin 6% 1932-57.....	731	701	—	8 12 6	350	298	344	305	Invest. Trust Ord.	423	423	—	4 14 6
1051	991	106	991	Birmingham 5% 1946-56.....	105	105	—	4 10 11	278	248	2671	220	Lake View Invest. 10/-	201	201	—	6 10 0
105	981	106	991	Bristol 5% 1948-58.....	106	106	—	4 8 0					Mercantile Investment	313	310	- 3	6 10 0
101	951	101	951	Dunfermline 7% 1935-45.....	921	921	—	7 17 0	291	251	291	251	Merchants Trust Ord.	235	235	—	5 19 2
991	951	1011	96	E. London 5% 1930-70.....	99	99	—	5 1 9	236	201	236	201	Nine's Twenty-eight	951	951	—	5 5 3
1041	1001	1031	98	Edinburgh 5½% 1931-52.....	1031	1031	—	5 1 9	236	201	236	201	Nine's Twenty-nine	891	891	—	5 11 3
661	60	69	601	L.M.S. 3%	68	68	—	4 8 0	157	121	129	105	Scottish Investment (5/-)	181	181	—	5 6 8
671	611	70	621	Met. Wat. Bd. B. 3%	70	70	—	4 8 0	138	105	106	871	Scottish Waterworks, &c.	2231	2231	—	5 2 0
1041	991	1041	991	Pr. of Lond. 5% 1930-70.....	1041	1041	—	4 13 0	272	220	252	218	Stockholders Invest.	1061	1061	—	6 10 10
1041	1011	1111	1041	Selne 7% 1935-52.....	111	1081	+ 1	4 18 0	303	2341	262	231	Transoceanic £1</				

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Dec. 31, 1930.	Price, Jan. 8, 1931.
Assam Ry. & Trading 5½% debts.	97½	57½	1 dis-par	1 dis-par
Auckland (City of) 5% debts.	99	fy. pd.	1 dis-par	98-99
Bermuda Development 5½% debts.	97½	fy. pd.	97½-98	97½-98½
British Aluminium 5% debts.	98½	25	2½-2 dis	2½-1½ dis
Cape Town 5%, 1961	101	61	1½-1 dis	1½-1 dis
Central Electricity Board 4½% stock	95½	60	1½-1 pm	1½-1 pm
Canard Houe 4½% debts.	90	35	1½-1 pm	1½-1 pm
Gas Light and Coke 4½% debts.	91½	66½	2½-2½ pm	2½-2½ pm
General Electric 5% debts.	98	fy. pd.	101-101½	101½-102½
Grosvenor House (Park Lane) 7½% cum. pref. £1	par	fy. pd.	16½-17/6	16½-17/6
India 6½% 1935-37	100	75	2½-2½ pm	2½-2½ pm
Kenya 4½% 1931-71	98½	45	1½-1 pm	1½-1 pm
London and Home Counties Electric 4½% stock	95½	30½	1½-1 pm	1½-1 pm
Metropolitan Housing 5½% debts.	95½	25	1 dis-par	1 dis-par
Myatt (Frank) 5½% debts.	...	...	1½-1 pm	1½-1 pm
Nottigham (City of) 4½% stock 1951-61	98½	fy. pd.	99-99½	98½-99½
Second British Steamship Trust New £10	£10	£2	10½-5½ dis	10½-5½ dis
Smithwick 4½% debts.	98½	28½	1½-1½ dis	1½-1½ dis
Stirling C.C. 4½% 1951-61	97½	fy. pd.	98½-99½	98½-99½
Yorks Electric Power.	98½	...	104-105	104½-105½

(Continued from page 75.)

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1930. (Apr. 10.)	Lowest of 1930. (Dec. 16.)	Dec. 24, 1930.	Dec. 25, 1930.	Dec. 26, 1930.	Dec. 27, 1930.	Dec. 29, 1930.	Dec. 30, 1930.	Dec. 31, 1930.
202.4	112.9	118.0	*	115.6	115.0	115.0	116.9	118.5

* Christmas Day.

Highest of 1931. (Jan. 6.)	Lowest of 1931. (Jan. 2.)	Jan. 1, 1931.	Jan. 2, 1931.	Jan. 3, 1931.	Jan. 5, 1931.	Jan. 6, 1931.	Jan. 7, 1931.
125.1	122.8	*	122.8	124.7	123.6	125.1	124.6

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Jan. 1, 1931.	Jan. 2, 1931.	Jan. 3, 1931.	Jan. 5, 1931.	Jan. 6, 1931.	Jan. 7, 1931.	Jan. 8, 1931.
Stock Exchange—Shares (Thous.)		2,031	1,547	2,087	1,906	2,140	1,706
Bonds (Value Thous. \$)	Closed.	9,457	7,060	10,929	12,756	13,155	15,000
Over-the-counter—Shares (Thous.)		445	320	463	350	481	456

* 2-hour session.

PARIS.

The earlier séances of the Bourse during the month of December showed no change in the general situation. The fall of the Tardieu Cabinet was not altogether unexpected, and had little effect on the market. During the second week, however, movements were irregular. The settlement of the 15th was effected with the carry-over rate at .5 per cent. Short selling induced the quotation of backwardation rates for certain securities. The improvement inaugurated at the opening of the second fortnight and brought about largely by bear covering, was of short duration, and the end-of-month settlement was devoid

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(Author of "The Coming Collapse in Rubber, 1926.")

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of interest. Money was quoted *au parquet* at ½ per cent. as at the end of September, and at 4½ per cent. in the *marché en Banque*. Transactions at the moment are of meagre dimensions.

BERLIN.

After the first week in December the Berlin Bourse suffered further declines. Prices fell after the middle of the month to a level far below even that which obtained during the September election crisis. The falls on foreign bourses, and especially the developments in the United States, exercised a great influence here, and the resulting offers of German shares by foreign holders were only absorbed with difficulty and at very low rates. The unfavourable influence of foreign stock exchanges was strengthened in Berlin by such domestic occurrences as the financial difficulties of the Prince of Pless and the announcement of a reduction in the dividend of the Gesfurel-Loewe, whose quotation fell from 114 to 86. The Reichsbank offer of a bonus in lieu of the right to Golddiskontbank shares stimulated the market a little, but had no general influence, for the unfavourable reports of general economic conditions checked enterprise. Moreover, the market received a disappointment in the fact that the banks did not make their usual end-of-year effort to secure a rise in their shares. Only on the closing day and the first days of January, following the discount rate reductions in New York and Paris, was there an absence of selling and a slight rise in quotations owing to bear covering, and, even so, rates, especially for electric, potash and stores, were far below the level of the beginning of December. It was noted that the investment purchases by the public, which usually take place at the beginning of the year, were largely concentrated on the *rente* market, which remains very firm. The policy of the German mortgage banks, which during the September crisis took up at almost unchanged rates most of the stock that was thrown on the market by panic selling, is now bearing fruit, as the public, sadly disillusioned with the share market, is turning more and more to *rentes*.

Official "Cash" Quotations in all cases.

Banking and Insurance.	Dec. 8, 1930.	Jan. 5, 1931.	Industrials—cont.	Dec. 8, 1930.	Jan. 5, 1931.
Berliner Handelsg. Bank	123½	120	Deutsche Erdöl...	62½	62½
Commerz und Privatbank	111½	112	Deutsche Linoleum	107½	103½
Darmstädter Bank	150	145½	Dynamit Nobel...	61½	62½
Deutsche und Disconto Bank	109½	112½	Fachindustrie...	130	128½
Dr. Schneider	110	112½	Feldmühle Papier...	112	104½
Reichsbank	225	233½	Gelsenkirchen...	85½	85
Allianz und Stuttgarter	162½	160½	Görlitzer Waggon	84	78½
Nordstern	200	204	Harpener...	80	78½
Communications.			Hirsch Kupfer...	127	116½
Deutsche Reichsbahn	86½	85½	Kali Aschersleben	148	132½
Hamburg-Amerika	69	63½	Karstadt...	81	72
Hamburg-Süd-Amerika	157½	155½	Lindström...	398	375
Hansa	125	121	Mannesmann...	68	65½
Norddeutscher Lloyd	70½	63½	Nationale Autom.	10½	7½
Industrials.			Norddeutsche Wollkammerei	53	44½
Allg. Elektrizität	103½	95	Oreinstein und Koppel	45	42½
Augsburg-Nürnberg	63	62	Polypheon...	150	144
Berg. Masch.	63½	50½	Rebeck Montan...	77	80
Bergmann	124	108	Rütgers...	46	45½
Bergmann-Gummi	118	113	Schlesische Textilwerke	225	203
Daimler-Benz	25	23½	Schultheiss-Patzenhofer	54	44
Deutscher Gas	108	105	Siemens und Halske	170	164½
			Tietz...	161½	159½
			Verein. Glanzstoff	91	84
			Verein. Stahlwerke	63½	59½
			Zellstoff Waldböf...	103	95½

INVESTMENT NOTES.

Bank Profits and Dividends.—The earnings announcements of the leading British banks for 1930 show that, for reasons discussed on page 59, profits have not maintained their customary stability in face of the prolonged depression. The declared earnings of the "Big Five" show a substantial decline as compared with last year, those of Barclays being lower by as much as 21.9 per cent., those of Lloyds by 16.2 per cent.; those of the Westminster and Midland Banks by 15.7 per cent. and 13 per cent. respectively, and those of the National

Provincial by 11.8 per cent. As will be seen from the following table, however, only one bank, Lloyds, has thought it advisable to reduce its dividend, the "A" shares receiving 15 per cent. against 16½ last year. This reduction is due to the page referred to above:—

	1928.	1929.	1930.
Barclays	Profits. £ 2,301,285 Div. % {A 10 BC 14}	Profits. £ 2,331,580 Div. % {A 10 BC 14}	Profits. £ 1,821,207 Div. % {A 10 BC 14}
Lloyds	Profits. £ 2,528,143 Div. % {A 16½ B 5}	Profits. £ 2,542,084 Div. % {A 16½ B 5}	Profits. £ 2,129,516 Div. % {A 15 B 5}
Midland	Profits. £ 2,656,554 Div. % {A 18 B 18}	Profits. £ 2,665,042 Div. % {A 18 B 18}	Profits. £ 2,318,689 Div. % {A 18 B 18}
Nat. Provincial	Profits. £ 2,108,664 Div. % {A 20* B 12½}	Profits. £ 2,189,704 Div. % {A 20* B 12½}	Profits. £ 1,930,854 Div. % {A 20* B 12½}
Westminster	Profits. £ 2,146,408 Div. % {A 12½* B 12½}	Profits. £ 2,160,384 Div. % {A 12½* B 12½}	Profits. £ 1,821,888 Div. % {A 12½* B 12½}

* On £20 shares and £1 shares respectively. † On £4 shares and £1 shares respectively.

Undoubtedly, the banks have been called upon to face one of the most difficult years in their recent experience. Shareholders, however, scarcely need reminding of the strength of the internal position of the larger institutions, due to their cautious dividend policy in the past:—

	Profits.	Dividend.	Reserve.	Premises.	Staff Funds.	Inc. or Dec. in carry-forward.
Barclays—1929	£ 2,331,580	£ 1,666,349	£ 500,000	£ 150,000	£ ...	+ 15,231
1930	1,821,207	1,614,276	...	200,000	...	+ 6,932
Lloyds—1929	2,542,084	1,973,886	...	250,000	300,000	+ 18,198
1930	2,129,516	1,726,551	200,000	...	200,000	+ 2,965
Midland—1929	2,665,042	1,923,788	...	500,000	220,000	+ 10,694
1930	2,318,689	1,976,660	...	250,000	100,000	- 7,971
Nat. Prov.—1929	2,189,704	1,706,295	200,000	200,000	100,000	- 16,590
1930	1,930,854	1,706,295	200,000	100,000	100,000	- 175,441
Westminster—1929	2,160,384	1,366,276	400,000	250,000	200,000	- 55,892
1930	1,821,888	1,313,891	200,000	150,000	200,000	- 42,003

The share movements of the "Big Five" since the profit announcements were made are set out below:—

	1930.	1930.	1931.
	High.	Low.	Dec. 31.
Barclays £1	58/9	53/9	57/6
Lloyds £5 (£1 paid)	66/-	59/3	63/9
Midland £1	82/-	73/-	79/6
National Provincial £20 (£4 pd.)	14 ½	12 ½	14
Westminster £4 (£1 paid)	80/6	74/9	79/9

A decline of 5s. in the quotation of Lloyds £5 shares (£1 paid) followed the dividend reduction. The net profit of Martins Bank, Ltd., for 1930 amounted to £793,550, as compared with £836,239 for 1929. The dividend is unchanged at 16 per cent. for the year. Provision for contingencies amounts to £150,000. Carry-forward reduced from £132,132 to £110,076.

The Volume of Stock Exchange Bank Clearings.—In our issue of February 15, 1930 (page 367) we discussed the annual statement of the London Bankers' Clearing House with special reference to the question of the volume of clearings on Stock Exchange account days. The table then given may now be carried one stage further, on the basis of last year's returns:—

	1928.	1929.	1930.
Average clearings for Stock Exchange	£	£	£
Settling Days	184,473	184,944	174,821
Average for non-Settling Days	147,322	157,424	153,162
Increase on Settling Days:			
Amount	37,151	27,520	21,659
Per cent.	25.2	17.5	14.1

The above figures are obtained by deducting the total clearing on Settlement days from the total clearing for the year, and dividing the remainder by the number of non-settlement working days, counting Saturdays as half days. The total amount of bills, cheques, etc., paid at the clearing house during 1930, excluding the Stock Exchange settlement days, showed a decline of 2.7 per cent., as compared with the 1929 figure, while the decline for Stock Exchange settlement days was 5.7 per cent. The

fall for settlement days is therefore much greater than for non-settlement days, and accounts for nearly one-fifth of the fall in the Grand Total for the year. The fall in account day clearing is not necessarily proportional to the fall in the total clearings on all days in connection with Stock Exchange affairs—the fall in the former being probably considerably greater than in the latter. During 1930 a much larger proportion of business than in 1929 was in gilt-edged securities, in respect of which there is no greater volume of clearing on account days than on other days. Another factor in the same direction is that new issue applications and instalments (which do not specially affect account day clearings) have probably not fallen off to so great an extent as Stock Exchange share dealings which are ordinarily settled on account days. The clearing returns do not, of course, reflect the decline during 1930 in mid-account and contango operations, which were probably but a fraction of their 1929 total.

Nitrate Issue Difficulties.—The negotiations for a Chilean nitrate issue in New York are making heavy weather. No official statement has been made, and usually well-informed circles in London are being compelled to rely on occasional Press paragraphs. It is clear, however, that the proposed issue of £14 millions of debentures, which was to have inaugurated the process of concentrating the whole of the Chilean nitrate industry under a single company known as "Cosach," has struck a bad market. The amount is large in itself. Only part of it is to be used to build new oficinas and to increase working capital, the remainder going in hard cash to the Chilean Government over the next three years, as part of the guarantee to be given by the new company in consideration of the abandonment of the export tax on nitrate. The plan, of course, was worked out many months ago, and it is not the fault of those who made it that matters have gone so much against them. Quite apart, however, from the merits of the scheme, or the question whether the new company's capitalisation is not decidedly generous, the American market obviously will not look, at the moment, at a big bond issue to enhance the output capacity of an industry which is already suffering from the common *malaise* of over-production—an issue, further, only part of which is to be used for a directly productive purpose. If, as has been rumoured, the negotiations are to be transferred to London, and efforts are made to raise part of the total in this centre, the interests concerned on this side may conceivably ask for substantial alterations in the details of the scheme. The plan, as it stands, is a Guggenheim scheme, and transfers the future control of the industry to American hands. The recent evolution of the industry may have made this inevitable, but some British critics have regarded it as a heavy price to pay for the removal of the Chilean Government's export tax. The latter they regard, not without reason, as having a good deal of responsibility for the present state of the industry. In any case,

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there could scarcely be a less appropriate time than the present for the flotation of a merger whose avowed *raison d'être* is the economies of mass production. Much might, indeed, be said for the postponement of some of the more ambitious parts of the scheme until conditions are more favourable, though such a policy would involve substantial immediate concessions on the part of the Chilean Government.

Some Newspaper Company Reports.—The report has recently been published of Illustrated Newspapers, Ltd. The company owns the *Tatler*, the *Bystander*, the *Sphere*, the *Graphic*, the *Drapers' Record* and *Men's Wear*, holds a controlling interest in the Illustrated London News and Sketch, Ltd., and, jointly with Inveresk Paper, controls British National Newspapers, Ltd., which owns *Britannia* and *Eve*. The decline in advertising revenue has naturally affected the profits of these companies. The results for the past two years, after allowing for taxation, are shown in the following table:—

	Year ended November 30, 1929.	1930.
Illustrated Newspapers—		
Net profits before debenture interest	£179,958	£157,743
Net profits after debenture interest	£161,958	£136,359
Preference dividends	£100,800	£97,650
Per cent. earned on ordinary shares	7.7*	4.6*
Per cent. paid on ordinary shares	5	2½
Carried forward	£12,513	£24,097
Illustrated London News and Sketch—		
Net profits	£60,590	£53,964
Per cent. earned on ordinary shares	35.2	29.5
Per cent. paid on ordinary shares	37½	29.5

* Calculated before allowing for allocation to reserve for depreciation of investments of £25,000 in 1929 and £11,000 in 1930.

The yearly dividends of the *Illustrated London News and Sketch* are included in the accounts of Illustrated Newspapers, Ltd., in the calendar year following. The balance sheet of Illustrated Newspapers, Ltd., shows a liquid cash position, the surplus of "quick" assets over current liabilities amounting to £112,000. There is, however, a loan to British National Newspapers, "for development purposes," of £69,869. Holdings in associated companies, which include preference and ordinary shares of Inveresk Paper, stand at £52,000 and in subsidiary companies at £1,592,237. There is a reserve for depreciation of investments in associated companies of only £86,000, including the £11,000 appropriated out of last year's profits. The significant feature of the balance sheet is the item of "goodwill and copyrights," valued at £1,723,769, which is more than half the issued capital of £3,200,000, apart from the loan capital of £299,725. Investors are interested chiefly in the 7 per cent. preference shares and 6 per cent. debenture stock of Illustrated Newspapers. A report of a somewhat different character has been presented by Industrial Newspapers, Ltd., which was formed in 1926, with a capital of £431,375, to acquire a group of trade publications, including *The Iron and Coal Trades Review*, *The Foundry Trades Journal*, the *Coal Merchant and Shipper*, and *The Advertising World*. In this case profits have been more than maintained, but after providing for the preference dividends the balance remaining for the ordinary shares is negligible:—

	Year to September 30th, 1929.	1930.
Gross profits	£34,917	£35,172
Net profits	14,952	21,736
Preference dividends	22,040	21,578
Carried forward	3,291	3,449

The net profits of 1929 are shown after allowing for the compensation paid to the managing director in shares in respect of the cancellation of a service contract. Savings in overhead expenditure this year have chiefly accounted for the increase in net earnings.

Swedish Match Issue.—An important issue of shares and bonds has been announced by the Swedish Match Company. Shareholders are to be offered one new "B" share of Kr. 100 at 150 per cent. (equivalent to £8 5s. 6d.) in the proportion of one for every three

"A" or "B" shares held, the new shares ranking for dividends as from January 1, 1931. At the same time, Kr. 60,000,000 bonds will be offered for subscription in Sweden. The purpose of these issues is to provide for the expansion of the company and, in particular, to finance two transactions—the redemption of the 7 per cent. bond loan of 1921, totalling Kr. 20,000,000, and the taking up at 98 per cent. of \$37,500,000 6 per cent. German Government bonds. The latter represent the company's share of the \$125 millions loan to the German Government contracted for in connection with the match monopoly, the present payment being 50 per cent. of the final instalment of that loan. The directors have taken the opportunity of making an interim statement regarding the company's position. The business during the past year, they declare, has shown steady progress. The most important step in the consolidation of the company's position has been the ratification of the agreement regarding the German match monopoly, which became effective as from June 1, 1930. The prevailing trade depression has had slight influence on the match industry. The consumption of matches appears to have increased during 1930 at practically the same rate as during previous years. Although no official figures are yet available, the directors state that the profits for the year 1930 will be in excess of those for 1929, and that they will propose a final dividend of 10 per cent., making 15 per cent. for the year. The directors regard future prospects as very satisfactory, and are confident both that profits for 1931 will enable the company to pay 15 per cent. on the increased capital, and that this dividend rate will be maintained in subsequent years. The earnings and dividends for the three years ending December 31, 1929, were:—

	1927.	1928.	1929.
Net profits (thous. kr.)	136,482	43,804	54,242
Percentage earned*	20.2	18.1	20.1
Percentage paid	15	15	15

* On capital of Kr. 270,000,000.

The market, however, appears to be less certain than the directors and has taken the new issue as a "bear" point. The "B" shares, which closed last week at 13½, have fallen to 11½, at which price, allowing for the rights and the final dividend, the apparent yield on the basis of 15 per cent. dividends is over 8 per cent. Never before, since the "B" shares have been quoted in London, has such a high dividend yield been obtainable on Swedish Match shares. Before the 1930 slump the "B" shares were quoted on a 4 per cent. dividend yield basis. The new share issue involves approximately £7,400,000 of new money, at a time when shareholders are not over-anxious to put their hands in their pockets. Further, the payment of another instalment on the German Government loan calls attention to the fact that the Swedish Match group is heavily laden with foreign Government securities to which a certain degree of political risk must necessarily be attached. In view of the undoubtedly strong technical position of the group, however, and the ability with which its interests are administered, the market would appear to be influenced by immediate rather than long-term factors.

British Automatic Company.—Though this company has still barely recovered from its unfortunate relations with the Hatry group, the accounts for the year to September 30th last suggest that the position has been clarified since the election of the present board. Gross receipts total £83,975, against £68,688, apart from a bonus dividend of £77,000 declared by a subsidiary which was transferred to reserve account. General expenses, including interest on the £250,000 debenture stock raised during the year to acquire certain subsidiaries, amounted to £27,511, while £20,000 is set aside for depreciation and renewals, and £4,002 written off in respect of obsolete machines. These allocations to depreciation are intended to cover depreciation on the machines of subsidiary companies also. The sum of £30,000 is placed to contingency

reserve, and the balance of £2,462 is carried forward to the next account.

Year to September 30.	1928.	1929.	1930.
Gross receipts	76,035	68,688	83,975
Brought forward	7,382	7,476	...
Expenses	15,388	17,816	*27,511
Staff fund	...	10,000	...
Depreciation	20,553	19,965	24,002
Earned for dividend	40,091	20,907	32,462
Dividend paid	40,000	Nil	Nil
Rate %	10	Nil	Nil
Other allocations	...	1,280	30,000
Carried forward	7,476	27,103	2,462

* Including £11,333 for Debenture Interest.

The report states that when the present board took office in November, 1929, the company was faced with liabilities aggregating £182,476, which were eventually settled for £98,320. It was also found that gilt-edged and other first-class securities had been sold for £430,588, and that part of the proceeds had been utilised in the purchase of new machines, and approximately £300,000 invested in securities which now appear to be of little value. The issue of debenture stock mentioned above was necessitated by this depletion of the company's resources. Investments in subsidiary companies, at cost, are shown in the balance sheet at £369,909, but other investments, costing £306,462, have been written down to £1. All intangible assets have likewise been written off. Given good management, and a satisfactory trading position, there appears to be a reasonable hope that the company may eventually reach a moderate earnings basis.

Snia Viscosa's Position.—The President of the Snia Viscosa Company, Senator Borletti, has recently commented in the Italian Press on the heavy market depreciation which the shares of his company have suffered. It is unfortunate that the company's name should have been dragged into the Oustric case in Paris, seeing that there is no connection between M. Oustric and Snia Viscosa, for the finances of the company may now be regarded as coming under the supervision of the Courtaulds-Glanzstoff group. On the London Stock Exchange no importance has been attached to the speculations of M. Oustric, but the market quotation of Snia Viscosa has reflected the prevailing depression in the artificial silk industry, the present price of 6s. 3d. for the 120 lire shares comparing with 17s. 3d. a year ago. Senator Borletti has pointed out that a price of 30 lire for the 120 lire shares is equivalent to a capital depreciation of 750,000,000 lire (the capital of the company being 1,000,000,000 lire), and has declared that, as the company holds 240,000,000 lire in cash at the banks, such a price assumes that the fixed assets of the company (consisting of real property, plant and patents, which were valued in the last balance sheet at 600,000,000 lire) are entirely worthless. This he has described as absurd. Senator Borletti, however, should not overlook the existing 7½ per cent. sterling first mortgage debentures, of which £1,339,000 were outstanding on December 31, 1929. These bonds are quoted in the market at over par, and must be set against the cash assets which the company holds. Even so, the market valuation of the company at about 250,000,000 lire assumes that the fixed assets of the company are worth only about 138,000,000 lire. Allowing for the fact, which Senator Borletti has admitted, that no dividend will be forthcoming in respect of 1930 and that the balance-sheet valuation of 600,000,000 lire for the fixed assets and patents will again have to be written down to correspond with present-day values, it would appear that the market is not generous in its estimation of Snia Viscosa prospects. As to the future, Senator Borletti declares that costs are being gradually adjusted to the low selling prices realised and that the company is holding its own in world markets. Seeing that the company, however, has a working agreement with Courtaulds and with Vereinigte

Glanzstoff-Fabriken A.G., it should be able to withstand the world trade depression. The president's remarks will be read with interest by the company's shareholders.

British Controlled Oilfields.—In an "Investment Note" in the *Economist* of December 20th, dealing with the preliminary profit figures of British Controlled Oilfields, it was stated that the accounting period of the company had been altered to December 31st, and that the general meeting, which would take place this week, would be adjourned until April 30th, when the report and accounts covering a period of seventeen months would be presented. At the meeting the chairman made various important statements regarding the company's progress. He explained that production in the old El Mene field in the Buchivacoa concession in Venezuela had been well maintained and that a deep drilling test was being made which so far had given favourable results. That oil-bearing formations have been proved down to a depth of 4,700 feet is of great importance to the shareholders, who may have assumed that the El Mene field was rapidly declining. It is also possible that an extension of the El Mene pool may be proved to the west of the existing area. With regard to the Eastern section of the Buchivacoa concession, which is being explored on a royalty agreement by the Creole Company, the drilling obligations of the Creole Company have now been extended for ten years—a feature which the chairman regards as a distinct advantage to the company. The eastern half of the Central section of the Buchivacoa concession is now to be included within the Creole agreement. The chairman added that survey work was being continued in the Orinoco Delta but that exploratory work had been suspended in Ecuador. Production in Trinidad had shown a decrease but since July, 1930, better results had been obtained. The prices obtained for the Trinidad oil were based upon American Gulf prices, which had suffered a drastic reduction. The prices paid by the Caribbean Petroleum Company for the El Mene oil, being based on world prices, had also fallen considerably and for that reason the profits of the company had been adversely affected. The chairman's statement, however, should reassure shareholders in regard to the company's future.

United States Shipping Fusion.—While the negotiations for the straightening out of the Royal Mail position continue, and may ultimately involve a process of devolution of the interests of an unwieldy group, the drawing together of important shipping industries is making steady headway in other countries. In Germany, the two largest groups have already pooled their interests. From America, this week, comes the announcement of an amalgamation of the International Mercantile Marine Company and the Roosevelt Steamship Company. The former company's interests are, as its name implies, international. It controls the Panama-Pacific Line of the United States (which owns three passenger vessels of about 20,000 tons gross each); the Red Star Line of Antwerp (with five transatlantic liners, including one of 27,000); the Atlantic Transport Company (which owns five transatlantic liners),



SECURITY FIRST

Total Funds :
£41,373,928

ALL CLASSES OF
INSURANCE
TRANSACTION

Head Offices :
LIVERPOOL and LONDON.

and the Atlantic Transport Company of West Virginia (which has three large steamships). The company also holds a majority of the shares of Frederick Leyland and Company, which manages the Leyland Line, with its fleet of about forty steamers engaged in the trade between Europe and North America. It is understood that the amalgamation involves no change of flag on the part of the British subsidiaries of the International Mercantile Marine. Four directors of the Roosevelt Steamship Company are to join the International Mercantile board, but the latter's president, Mr. B. A. S. Franklin, will remain at the head of the combined organisation.

The Burbach Concern.—The Burbach Concern, the third largest German potash company, is embarking on a complete reorganisation. Until the end of 1928 this concern consisted of 20 "cost-book" share companies and four joint-stock companies. Two years ago these were amalgamated into the Burbach Kaliwerke A.G. of Magdeburg with a share capital of 125 millions. In order to secure the control of the concern to the directors, half the capital was allocated to the Burbach cost-book share company, but as this company had not the wherewithal to pay for the shares, it received from the Burbach Kaliwerke A.G. a credit of 106 millions. The majority of the Burbach cost-book company was, however, vested in the "chief executive of the Burbach Concern, Ltd.," and the majority of the shares of this limited company, whose capital only amounts to a few hundred marks, are held by the Burbach Kaliwerke A.G. This completed the ring by means of which the directors secured control without any great expenditure of their own capital. The whole proceeding called forth severe criticism two years ago, and was one of the instances which the Ministry of Justice had in mind in framing its proposals for the reform of joint-stock companies. Now a simplification of construction is to take place which will eliminate the cost-book Burbach altogether. The Burbach Kaliwerke A.G. is buying back from the 62.5 million shares, and is writing off in return its debt of 106 millions. Of these shares 55 millions are to be cancelled, so that the share capital of the Burbach Kaliwerke A.G. falls from 125 to 70 millions. The remaining 7½ millions are to be sold to the "chief executive." The transaction involves very complicated technical balance-sheet changes which cannot be gone into here. The purpose of these new proposals is not clear; probably it is desired to introduce the Burbach shares into the official Stock Exchange, where they have hitherto not been quoted, and their admission with the present structure of the company would probably not have been sanctioned. It is also supposed that plans for foreign borrowing in the near future are under consideration, and these would be very much more easily carried out if Burbach had previously been turned into Stock Exchange shares.

Kafir Shares Index.—In the *Economist* of November 22nd last (page 970) attention was directed to a new index of Kafir shares, based on quotations for sixteen Kafir mines which declared dividends in December, 1928, and had estimated lives of ten years or more. The average market capitalisation of these companies in 1928 (taken at the end of each month) was shown to be approximately £70,292,000, which figure, for the purpose of the "index," was represented by 100. The index for succeeding months is brought up to date below:—

End of	1929.	1930.	End of	1929.	1930.
January	95.7	87.7	July	88.8	81.4
February	91.5	82.7	August	87.5	77.5
March	86.9	88.7	September	83.8	76.5
April	86.5	81.8	October	81.6	75.1
May	86.7	84.4	November	81.6	75.1
June	89.8	80.2	December	81.7	76.6

The seasonal upward trend which usually follows the dividend declarations in June and December was some-

what obscured six months ago by adverse factors common to all markets. Similarly, last month, general market despondency offset the effects of a satisfactory list of dividends. Compared with six months ago, the dividends declared by sixteen companies comprised in the index have shown increases (as compared with the June figures) in seven instances, and only one decrease (excluding one of the companies—Village Deep—which has been absorbed). The total dividends for 1930, as compared with 1929, show seven increases and three decreases. A purchase of the shares comprised in the index, at the 1928 mean level, would have shown net yields of 9.61 per cent. in 1928, 9.52 per cent. in 1929 and 9.38 per cent. in 1930. The decrease in the last figure is more than accounted for by increased taxation, the amount distributed having actually increased. The corresponding yield at current market prices is 12.48 per cent., or 13.28 per cent. if allowance be made for five months' accumulated dividends.

Rhodesian Anglo-American Capital Requirements.

Our mining correspondent writes: The end of the financial requirements of the copper mines of Northern Rhodesia is not yet in sight. Late in 1929 this company made an issue of 150,000 10s. shares at £2 under guarantee of the Anglo-American Corporation of South Africa. The price being substantially above that ruling in the market at the time, the insiders were called upon to take the bulk of the issue. Subsequently, 281,600 shares were disposed of, also at £2. To enable the Rhodesian Anglo-American Corporation to take its part in the financing of the combined Bwana-Congo Border undertaking, it is proposed to create £2,000,000 debentures and to offer £1,500,000 to the members at par *pro rata* to their shareholdings. The debentures will be convertible into shares at varying prices, and will carry interest at the rate of no less than 7½ per cent. The debentures of the Congo Border Company, in which the bulk of the proceeds of the Rhodesian-Anglo issue is to be invested, carry 7 per cent. Altogether the proposal is one of the most extraordinary of its kind that has ever come under our notice. The shares fell on the announcement from 13s. to 10s.

Fanti Consolidated.—This financial undertaking, which is interested in Rhodesian mining as well as various financial, industrial and other concerns, last year experienced an appreciable setback. The profit amounted to £33,800, against £132,200 in 1929, and the shareholders are to receive only 6d. per share, in place of 1s. 6d. previously, of which 6d. was declared as interim. The balance above-mentioned has been struck irrespective of any allowance for depreciation. The latter is virtually provided by the appropriation of £50,000 from reserve, reducing that entry to £10,000. Investments figure at £598,900 in place of £665,500 at the end of 1929. It is stated that the market value of the shares and interests held exceeds the book value. Obviously, the prospects for the current year are difficult to gauge.

CAPITAL ISSUES.

It is difficult to discern, in the ashes of the new capital market, any trace of their wonted fires at the moment. Only three public issues were made this week. An issue was made by the Belfast Omnibus Company, the largest road transport company in Northern Ireland. The prior-lien debenture stock was covered as to assets 2½ times, and as to dividends about three times. The cover is not over-generous, but the yield—over 6½ per cent.—takes some account of this fact. *County Borough of Birkenhead* have made a conversion offer of £1,000,000 on 4½ per cent. Stock, 1931-61, at 99 per cent. *East Surrey Water Company* are selling by tender 5,200 ordinary "B" shares of £10 each.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to January 3, 1931, £987,500.
Total, including conversion, recorded January 1 to January 3, 1931, £987,500.
National Savings Certificates.
Net sales, eleven days ended December 31, 1930, £350,000.
Net sales, three days ended January 3, 1931, £200,000.
Total receipts, April 1, 1930, to January 3, 1931, £6,950,000.

	Nominal Capital.	Conversion Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Belfast Omnibus Co.	100,000	—	98,000	5,000	93,000
Birkenhead (County Borough of)	1,000,000	971,143	18,857	50,000	940,000
Total to the Public, week ended January 10, 1931	1,100,000	£971,143	116,857	55,000	1,033,000
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total to Shareholders only, week ended January 10, 1931	Nil	Nil	Nil	Nil	Nil

	Including Conversions.	Excluding Conversions.		Including Conversions.	Excluding Conversions.
Total Offered for Subscription—			Whole year—		
Jan. 1 to date—			1930	454,888,784	267,800,700
1931	2,625,530	1,654,357	1930	488,764,940	285,239,400
1930	1,696,195	1,696,195	1928	693,100,656	369,058,073
1929	30,642,105	18,138,105	1927	—	355,165,970
1928	—	4,654,703	1926	—	232,214,500
1927	—	8,879,300	1925	—	209,326,101
1926	—	15,500,335	1924	—	271,399,173
1925	—	2,880,992	1923	—	—
1924	—	2,616,750			

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	1,316,857	Nil	337,500	1,654,357
1930	922,710	650,000	123,485	1,696,195
Whole year—				
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,052,600	111,177,500	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	143,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount previously recorded	Amount Prices at which Introduced.	Deals Began.	Total Cash Involved.
City of Nottingham, £750,000 4½% Red. Stk., 1931-61, at 98½ (Dec. 30)	—	736,875	99½	745,311
Stirling County Council, £1,000,000 4½% Stock Red. 1931-61 at 97½ (Dec. 30)	—	972,500	98½	987,500
Brough, Nicholson and Hall (1930), £150,000 6½% 1st Mt. Deb. Stk. at 95½ (Dec. 10)	—	142,500	95½	142,875
Total for week ended January 10, 1931	—	1,851,875	—	1,875,686
Total to date, 1931	—	2,456,375	—	2,508,632
Total to date, 1930	—	1,000,000	—	1,075,000

County Borough of Birkenhead.—Issue of £1,000,000 4½ per cent. Stock, 1931-61, at 99 per cent. Offer of conversion to holders of £971,143 5 per cent. Stock, 1924-34.

Belfast Omnibus Company.—Issue of £100,000 6½ per cent. prior-lien debenture stock at £98 per cent. The stock will be repaid at 101 per cent. by means of a cumulative sinking fund of 2½ per cent. per annum, commencing in 1932. Any stock not previously redeemed to be paid off on October 31, 1952. The company was incorporated in 1927 to acquire and develop the road transport businesses round and about Belfast. The estimated earnings, after allowing for depreciation, would be sufficient to cover the interest on the present issue more than three times.

[Other Stock Exchange information, including the latest dividend announcements, reports and notices, profit and loss figures, and oil outputs, will be found on page 89 under the heading "Company News."]

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St. London, E.C. 3.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Jan. 2, 1931. (c) Week ended Jan. 3, 1931.	Miles Open.	Week ended Jan. 4, 1931. (000's omitted.)					Aggregate 1 week, 1931. (000's omitted.)				
		Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
		£	£	£	£	£	£	£	£	£	£
Great Western...	3,758	195	155	89	244	439	195	155	89	244	439
Do. for 1930...	3,751	207	190	139	329	536	207	190	139	329	536
L. & N. Eastern (e)	6,362	300	287	229	516	816	300	287	229	516	816
Do. for 1930...	6,361	320	326	224	569	880	320	326	224	569	880
Lon. Mid. & Scot.	6,956	430	364	248	608	1,038	430	364	248	608	1,038
Do. for 1930...	6,957	448	448	253	701	1,149	448	448	253	701	1,149
Southern	2,179	261	64	39	103	364	261	64	39	103	364
Do. for 1930...	2,175	269	37	106	37	375	269	37	106	37	375
Total of above...	19,254	1,186	870	601	1,471	2,657	1,186	870	601	1,471	2,657
Do. for 1930...	19,244	1,244	1,043	673	1,716	2,960	1,244	1,043	673	1,716	2,960
Metropolitan (e)	59	33.4	4.2	...	...	37.6	33.4	4.2	...	...	37.6
Do. for 1930...	59	33.6	4.2	...	...	37.8	33.6	4.2	...	...	37.8
† Undgd. E.R. (e)	...	301.1	...	...	...	301.1	301.1	...	...	...	301.1
Do. for 1930...	...	303.8	...	...	...	303.8	303.8	...	...	...	303.8
Lon. & Sub. Grp.	...	43.8	...	...	...	43.8	43.8	...	...	...	43.8
Do. for 1930...	...	44.3	...	...	...	44.3	44.3	...	...	...	44.3
† B.I.P. (Co. D) w/n	80	2.3	...	...	...	3.0	137.8	39.4	...	...	177.2
Do. for 1929...	80	2.0	...	...	...	2.5	135.2	45.3	...	...	181.5
* Gr. Northern (b)	562	10.5	11.9	...	...	22.4	...	...	...	...	1429.5
Do. for 1929...	562	10.9	11.4	...	...	22.3	...	...	...	...	1507.7
† Gr. Southern (b)	2,187	24.7	33.6	...	...	58.3	...	...	...	...	3782.2
Do. for 1929...	2,187	25.4	36.3	...	...	61.7	...	...	...	...	3958.8

† Includes receipts from independent omnibuses during current year.
‡ Week ended Dec. 26, 1930.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1930.	+ or -	1930.	+ or -
INDIAN.							
Assam Bengal	49	Dec. 6	1,306	4,16,000	- 25,029	1,41,65,802	- 7,16,082
Barelly B. Ry.	37	13	202	28,300	- 34,000	1,41,49,000	- 3,34,700
Bengal & N. Western	11	17	2,079	6,12,598	- 1,27,280	59,63,708	- 10,01,644
Bengal-Nagpur	36	6	3,139	14,04,000	- 3,91,814	5,45,46,817	- 76,06,508
Bombay, Bar. & C.I.	39	27	3,094	2,164,000	- 3,40,000	7,68,70,000	- 60,65,000
Madras & S. Mahr.	50	13	3,223	17,47,000	- 1,05,992	5,48,62,159	- 1,00,34,978
† Rohil'd & Kumaon	11	13	561	22,128	- 31,209	11,03,241	- 1,13,308
South India	36	6	2,407	9,69,335	- 2,03,041	4,30,90,014	- 27,84,377

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	51	Dec. 21	20413	3,712,981	- 940,332	217,732,625	- 44,311,932
Canadian Pacific	52	31	15470	5,076,000	+ 526,000	180,427,000	- 29,304,000

SOUTH AMERICAN.

Antioquia (Urb.) and Bolivar	1	Jan. 4	804	21,140	- 7,810	21,140	- 7,810
Argentine N.E.	27	Jan. 3	753	13,200	- 3,600	378,800	- 47,800
Argentine Trans'dn.	27	Jan. 3	111	3,417	- 1,055	95,045	- 26,956
B.A. and Pacific	27	Jan. 3	2,806	114,000	- 36,000	3,267,000	- 690,000
B.A. Central	26	Jan. 4	...	11,349	- 988	342,274	- 16,733
B.A. Gr. Southern	27	Jan. 3	5,009	212,000	- 59,000	5,231,000	- 856,000
B.A. Western	27	Jan. 3	1,526	70,000	- 20,000	1,866,000	- 410,000
Central Argentine	27	Jan. 3	3,359	220,000	- 2,000	5,417,000	- 1,050,000
Central Uruguay	27	Jan. 3	273	30,565	+ 1,510	825,461	+ 40,711
C. Urug. (East-Ext.)	27	Jan. 3	311	6,574	- 109	172,862	- 3,588
C. Urug. (N. Ext.)	27	Jan. 3	185	3,264	- 671	93,561	- 6,293
C. Urug. (W. Ext.)	27	Jan. 3	211	2,902	- 420	78,603	- 6,935
Cordoba Central	27	Jan. 3	1,218	45,000	- 5,000	1,612,000	- 91,000
Rio de la Plata	27	Jan. 3	868	34,200	- 1,100	685,500	- 17,300
G. Ween. of Brazil	1	Jan. 3	1,035	7,900	- 8,100	7,900	- 8,100
Leopoldina	1	Jan. 3	1,856	23,980	- 12,580	23,980	- 12,580
Leopoldina Terminal	1	Jan. 3	3	31,400	- 28,000	31,400	- 28,000
Nitrate (monthly)	12	Dec. 31	410	13,382	- 13,118	426,774	- 386,850
San Paulo	52	Dec. 28	157	30,675	- 231	1,925,697	- 615,372
United of Havana	27	Jan. 4	1,353	23,114	- 20,725	893,500	- 426,691

† Months.

OTHER OVERSEAS.

			£	£	£	£
Gr.Southn. of Spain	52	Dec. 27	104	66,515 -	59,144	4,998,587 - 1,383,340
Mexican Railway	26	28	483	223,300 -	80,200	5,746,000 - 121,200
Paraguay Central	27	Jan. 3	274	3,530 +	10	100,740 - 12,060
Salvador	27	3	100	4,429 -	813	69,624 - 29,531

COMPANY MEETINGS, &c.

TRANSVAAL AND DELAGOA BAY INVESTMENT COMPANY, LIMITED.

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

SUCCESSFUL RESULTS.

The ordinary annual general meeting of shareholders was held in Johannesburg, on Tuesday, December 2, 1930.

The Chairman (Mr S. C. Black), in the course of his remarks, said: I have pleasure in submitting for your adoption the report and accounts for the year ended August 31, 1930, which, I feel sure, cannot be considered other than satisfactory. No doubt you will agree when I tell you that, during a period of difficulty and depression, and notwithstanding increased taxation, our profits are actually slightly higher than last year.

Our realised net profit, after making provision for depreciation, Government and other taxes, amounts to £81,735 12s. 8d., as compared with £81,663 7s. 11d. last year.

We brought forward last year £110,847 18s. 1d., making together £192,583 10s. 9d.

Deducting the interim dividend of 1s. 6d. a share paid in June last—£20,812 10s.—and the sum of £10,000 placed to reserve fund—£30,812 10s.—we bring forward a balance of £161,771 0s. 9d. to the credit of profit and loss account.

We recommend the payment of a final dividend of 3s. 6d. per share which, with the interim dividend mentioned, brings the dividend for the financial year to 5s. per share, equal to 25 per cent. free of Union of South Africa ordinary income tax.

The present distribution will absorb £48,562 10s., and leave £113,208 10s. 9d. to be carried forward. This is £2,360 12s. 8d. more than last year, after increasing the reserve fund by £10,000, which now amounts to £170,000.

The financial position, it will be observed, is absolutely sound, cash and equivalent assets, less sundry creditors, amounting to £228,976 10s. 9d.

Our two collieries, the Transvaal and Delagoa Bay Collieries and the Douglas Colliery, Ltd., jointly produced 833,228 tons, which is 31,075 tons less than for 1929. Whilst the internal coal trade of South Africa has been fairly well maintained, overseas business has been difficult. The Douglas Colliery's cash and equivalent assets, at June 30, 1930, after making provision for the payment of a dividend of 17½ per cent. and a bonus of 5 per cent., amounted to £99,070 13s. 3d.

LOURENCO MARQUES.

At our last annual general meeting I acquainted you with the decision to erect a substantial building, comprising a cinema theatre, with surrounding shops and offices, on our "H" block, fronting the Avenidas da Republica and Aguiar. Tenders were invited in February last, and shortly afterwards the erection of the "Scala" (which is the name of the building) was started. We hope that the early days of 1931 will mark completion. That the "Scala" will be a credit to Lourenco Marques we feel sure, as it is an exceedingly attractive block architecturally, situated on the best business site in the town.

FARM PROPERTIES.

On our "Two Rivers Estate" in the Rustenburg district, Transvaal, we are continuing with our programme of fencing paddocks, extending water supplies, and erecting dams and troughs. Our herds of cattle are in excellent condition, and we propose to increase them largely as favourable opportunity offers.

THE SOUTH AFRICAN PHOSPHATES EXPLORATION SYNDICATE, LTD.

Reference is made in the report to the acquisition of an option over a large block of claims in the North-Eastern Transvaal, containing valuable lime phosphate deposits. The syndicate has opened up a deposit there containing large quantities of rock phosphate. It will, of course, take time and capital to bring it to the producing stage, but I feel confident of ultimate success.

The establishment of this industry would be of immense benefit to the country at large, and, I venture to hope, should have the active support of the Government and people.

It is of special interest to disclose to you the fact that within the past week the syndicate has, after prolonged negotiations, acquired by outright purchase the freehold of 808 additional claims contiguous to the option holding of 1,000 claims at Palabora, North-Eastern Transvaal. They contain apparently large quantities of calcium phosphate of high grade, and the position of the syndicate is thereby appreciably strengthened by this additional area to its already large claim holding, now nearly four square miles.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the three days ended January 3, 1931, amounted to £7,959,100, against ordinary expenditure of £12,587,100. After having allowed for an increase in Exchequer Balances of £51,300, the week's operations, as shown below, increased the National Debt by £4,679,000 to £7,768,827,000:—

(000's omitted.)

Treasury Bills.....	19,243	Bank of England Advances... ..	20,250
National Savings Certificates... ..	200	Public Department Advances... ..	2,400
4% Treasury Bonds.....	8,000	Road Fund.....	120
Sundries.....	6		
	27,449		22,770

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Jan. 3, 1931.	April 1, 1929, to Jan. 4, 1930.	Three Days ended Jan. 3, 1931.	Four Days ended Jan. 4, 1930.

ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	22,126,000	77,887,000	2,779,000	2,547,000
Sur-tax, including Arrears of Super-Tax	64,500,000	19,020,000	17,000,000	1,210,000	1,880,000
Estates, &c., Duties.....	83,000,000	60,780,000	59,530,000	430,000	830,000
Stamps.....	27,000,000	13,450,000	17,460,000	200,000	200,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty.....	800,000	180,000	190,000	...	...
Total Inland Revenue...	437,000,000	175,556,000	172,097,000	4,619,000	5,457,000

Customs and Excise—					
Customs.....	122,710,000	92,543,000	93,007,000	1,529,000	2,220,000
Excise.....	123,860,000	95,903,000	96,858,000	303,000	458,000
Total Customs and Excise	246,570,000	188,446,000	191,865,000	1,832,000	2,678,000

Motor Vehicle Duties (Excluding Share)	4,950,000	1,702,041	2,997,824	...	1,237,000
Post Office (Net Receipts)	19,125,000	10,250,000	8,700,000	...	150,000
Crown Lands.....	1,300,000	1,050,000	1,010,000	...	...
Receipts from Sundry Loans	33,000,000	28,148,548	24,483,963	1,450,054	1,029,872
Miscellaneous Receipts.....	34,500,000	22,449,724	27,872,258	58,005	...
Appropriation from Rating Relief Suspense Account	15,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	443,302,313	429,026,047	7,959,059	10,551,872

SELF-BALANCING REVENUE.					
Post Office.....	60,275,000	42,250,000	43,200,000	...	850,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	8,897,959	8,247,176	...	...
Total Self-Balancing Revenue	83,835,000	51,147,959	51,447,176	...	850,000
Total.....		494,450,272	480,473,223	7,959,059	11,401,872

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments from			
		April 1, 1930, to Jan. 3, 1931.	April 1, 1929, to Jan. 4, 1930.	Three Days ended Jan. 3, 1931.	Four Days ended Jan. 4, 1930.

ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	261,405,785	278,000,256	7,031,142	5,617,027
Payments to Northern Ireland Exchequer.....	6,000,000	3,931,075	3,417,426	...	16,000
Payments to Local Taxation Accounts.....	3,300,000	1,892,019	7,686,185	...	213,891
Other Consolidated Fund Services (excluding Post Office)	429,433,000	322,247,467	273,074,628	5,556,000	6,800,000
Total Ordinary Expenditure	743,333,000	589,476,346	564,555,387	12,587,142	12,646,918

SELF-BALANCING EXPENDITURE.					
Post Office.....	60,275,000	42,250,000	43,200,000	...	850,000
Road Fund.....	23,560,000	8,897,959	8,247,176	...	...
Total Self-Balancing Expenditure	83,835,000	51,147,959	51,447,176	...	850,000
Total.....		579,678,842	555,555,855	12,587,142	13,686,918

The aggregate revenue and expenditure to January 3, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO JANUARY 3RD.

(000's omitted.)

Expenditure.....	589,476	Revenue.....	443,302
Sinking Fund.....	39,055	Decreases in balances	3,375
		Net Amount borrowed	181,854
	628,531		628,531

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Jan. 4, '30.	Mar. 31, '30.	Jan. 3, '31.	Movement, 3 days ended Jan. 3, '31.
Advances by Bank of England ..	...	6,000,000	20,250,000	14,250,000
Advances by Public Departments ..	50,050,000	48,530,000	48,300,000	2,230,000
Treasury Bills outstanding.....	799,660,000	588,885,000	709,430,000*	+19,545,000

Total Floating Debt..... 849,690,000 637,415,000 763,730,000 — 3,455,000
* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on January 2, 1931, and the total amount applied for was £49,765,000. Tenders were accepted for bills at three months, dated Monday, at £99 9s. 6d., and above in full; Tuesday, at £99 9s. 3d. and above in full; and Wednesday to Saturday at £99 9s. 4d., about 25 per cent., and above in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months Average Rate.
1930.			
Dec. 12.....	45,000,000	51,110,000	2 7 1 3/2
Dec. 19.....	45,000,000	59,115,000	2 10 3 41
Dec. 24.....	40,000,000	63,800,000	2 5 2 46
1931.			
Jan. 2.....	40,000,000	49,765,000	2 2 11 11

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, January 7, 1931.

ISSUE DEPARTMENT.		Government Debt	
Notes issued—	£	£	£
In Circulation.....	363,504,599	Government Debt.....	11,015,100
In Banking Department	42,411,670	Other Government Securities.....	233,142,675
		Other Securities.....	1,477,127
		Silver Coin.....	4,365,098
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	145,916,269
			£405,916,269

BANKING DEPARTMENT.

BANKING DEPARTMENT.		Government Securities	
Proprietors' Capital	£ 14,551,000	£	53,081,247
Reserve.....	3,476,044	Other Securities.....	1,477,127
Public Deposits.....	13,206,470	Advances and Securities.....	£14,357,675
Other Deposits.....	68,874,566	Notes.....	37,270,156
Bankers.....	33,293,355	Gold and Silver Coin	641,645
Other Accounts.....	102,167,891		
7-Day and other Bills.....	1,313		
	£133,404,718		£133,404,718

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Jan. 7, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	363,504,599	— 5,295,967	+ 5,827,827
Public deposits	£	13,206,470	+ 6,525,871	+ 4,094,187
Bankers' deposits	£	68,874,566	— 63,574,764	+ 6,827,722
Other deposits	£	33,293,325	+ 2,865,903	+ 2,280,744
Seven-day bills	£	1,313	+ 49	+ 1,419
Total, outside liabilities	£	478,880,275	— 65,111,714	+ 12,530,255
Capital and rest	£	18,029,044	+ 75,789	+ 27,616
Government debt and securities ..	£	297,239,022	— 27,935,767	+ 17,745,056
Discounts and advances	£	14,357,675	— 34,604,783	+ 724,296
Other securities	£	34,289,608	+ 777,600	+ 8,673,591
Silver coin in issue department ..	£	4,365,098	+ 4,318	+ 104,955
Coin and bullion (Bank's reserve) ..	£	145,557,914	— 1,713,457	+ 2,656,955
Reserve of notes and coin in banking department.....	£	43,053,315	+ 3,583,510	+ 3,239,782
Proportion of reserve to outside liabilities.....	%	37½	+ 14½	+ 1½
(a) Banking department only ("proportion")	%	30½	+ 2½	+ ½
(b) Gold stocks to deposits and notes ("reserve ratio")	%	30½	+ 2½	+ ½

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1930.							
Nov. 26.....	416,569	351,125	18,869	55,901	36,813	1,366 out	3
Dec. 3.....	414,649	359,219	7,843	81,658	27	1,922 out	3
10.....	411,598	364,474	5,891	72,112	33,483	3,054 out	3
17.....	410,581	372,141	6,524	64,295	33,49	1,045 out	3
24.....	408,201	379,677	10,285	66,217	33,689	2,388 out	3
31.....	407,626	368,802	6,581	132,447	36,199	649 out	3
1931.							
Jan. 7.....	405,916	363,505	13,206	68,875	33,293	1,710 out	3

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Proportion."	
1930.								
Nov. 26.....	244,056	11,477	157,573	4	34,596	6,081	22,236	66 448 594
Dec. 3.....	244,058	11,477	155,631	32½	58,666	4,606	21,791	56,412 459
10.....	244,058	11,477	152,449	32½	54,292	4,912	22,192	47 975 43
17.....	244,059	11,478	151,336	31½	53,886	5,541	23,763	39,175 37½
24.....	244,053	11,477	151,821	31	51,736	17,199	23,014	29 122 22½
31.....	244,154	11,477	148,271	27½	81,021	46,962	23,690	39 470 22½
1931.								
Jan. 7.....	244,158	11,477	146,558	30½	53,081	14,358	22,512	43,053 37½

BANKERS' CLEARING RETURNS (000's omitted.)

		Metropolitan.	Country.	Total.
1930.	£	£	£	£
January 1 to December 24	38,233,008	1,789,122	2,931,006	42,953,136
Week ended December 31	549,569	23,024	32,625	605,218
Week ended Jan. 7, 1931.....	808,163	46,777	75,051	929,991
Total to date, 1931	808,163	46,777	75,051	929,991
Total to date, 1930	790,897	47,632	76,910	915,439
Increase or decrease in 1931.....	+ 17,266 = 2.2%	= 855 = 1.8%	= 1,859 = 2.4%	+ 14,552 = 1.6%
Total for year, 1930	38,782,577	1,812,146	2,963,361	43,558,084
Do, 1929	39,935,924	1,841,389	3,078,764	44,856,477
Increase or decrease in 1930	-1,153,347 = 2.9%	= 69,483 = 3.7%	= -115,133 = 3.7%	-1,337,623 = 3.0%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	Dec. 13, 1929.	Nov. 14, 1930.	Nov. 21, 1930.	Nov. 28, 1930.	Dec. 5, 1930.	Dec. 12, 1930.
Gold coin and bullion	7,715	6,804	7,024	7,163	6,654	6,338
Subsidiary coin	80	203	163	162	166	174
Bills discounted	7,865	6,677	6,323	7,147	6,878	7,631
Investments	612	1,498	1,532	1,532	1,561	1,561
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	8,433	7,166	6,914	8,462	8,048	7,561
Government deposits	1,522	2,495	2,312	1,765	1,114	1,417
Bankers' deposits	4,591	4,627	4,452	4,530	4,736	4,811
Ratio of cash reserves to liabilities to public	50.8%	47.6%	50.7%	48.2%	47.3%	45.3%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

ASSETS.	Dec. 13, 1929.	Nov. 14, 1930.	Nov. 21, 1930.	Nov. 28, 1930.	Dec. 5, 1930.	Dec. 12, 1930.
Total securities	33,28.31	28,81.93	28,84.66	29,06.11	29,43.22	29,15.59
Loans	7,43.67	15,86.75	15,77.54	15,44.97	15,56.70	15,37.56
Cash credits	23,36.47	26,44.16	26,23.78	25,56.14	25,10.88	24,88.51
Inland bills	5,71.94	1,66.99	1,73.08	1,71.25	1,71.48	1,31.51
Foreign bills	33.07	37.18	38.00	38.11	44.45	40.48
Dead stock	2,84.09	2,78.90	2,78.99	2,79.28	2,79.05	2,79.40
Bal. with other banks	2.56	13.36	39.45	63.77	98.16	28.10
Cash	16,38.71	24,88.65	20,27.40	21,31.27	16,82.72	14,79.20
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,27.50	5,37.50	5,17.50	5,37.50	5,37.50	5,37.50
Total deposits	77,73.21	89,43.94	84,86.34	85,35.20	81,58.75	81,14.25
The above includes—						
Deposits in London	913	6,796	6,886	6,823	6,765	6,798
Advances in London	952	6,743	6,690	6,430	6,624	6,626
Cash, &c., at other Banks in London	20	103	298	479	145	207

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Jan. 3, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.
Gold	42,433,625	52,900,460	53,283,850	53,577,609	53,736,958
Foreign assets—					
Bills deposited abroad	7,098,821	6,376,146	6,683,571	6,791,069	7,226,388
Bills discounted	18,736,391	19,421,370	19,444,648	19,430,221	...
Commercial bills discounted at home	7,849,651	7,000,192	7,200,260	8,353,588	7,364,493
Advances against sec. to the State	8,811,552	8,504,399	8,504,399	8,504,399	8,504,399
Other advances	2,686,760	2,972,852	2,930,071	2,900,672	3,114,875
Other assets (excluding forward exch.)	3,093,863	3,631,465	3,478,547	3,441,104	...
LIABILITIES.					
Notes in circulation	70,288,004	75,298,513	75,369,154	76,436,267	78,937,582
Public deposits	11,076,231	13,683,358	13,577,590	12,624,298	12,154,053
Private deposits	6,615,164	9,177,774	9,718,044	11,125,833	10,076,020
Other liabilities	2,675,204	2,747,219	2,660,198	2,713,164	...

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	Dec. 31, 1929.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,283,116	2,215,702	2,215,597	2,215,781
Of which deposited abroad	2,283,116	2,215,702	2,215,597	2,215,781
Reserve in foreign currencies	403,587	536,165	536,165	536,165
Bills of exchange and cheques	2,848,393	1,831,107	2,008,460	2,571,566
Silver and other coin	89,111	181,473	152,509	136,868
Notes of other German banks	3,979	17,421	15,784	3,990
Advances	250,630	81,430	91,284	256,013
Loans	92,469	102,474	102,474	102,454
Other assets	563,167	470,477	479,532	496,658
LIABILITIES.				
Reduced capital	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	319,608	371,139	371,139	371,139
Notes in circulation	5,043,677	4,256,065	4,275,312	4,778,259
Other daily maturing obligations	755,170	301,307	451,279	651,819
Other liabilities	233,209	379,651	381,270	328,568

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, Mar. 28, 1930.	Jan. 2, 1931.	Dec. 11, 1930.	Dec. 18, 1930.	Dec. 25, 1930.	Dec. 31, 1930.
Gold	232,650	613,104	903,022	899,650	881,526	970,450
Foreign Bills and Balances Abroad	697,600	869,497	749,364	760,129	787,183	895,926
Silver and other coin	...	...	4,115	4,056	4,052	...
Securities	...	...	...	...	...	...
Notes in circulation	934,150	2,786,611	3,158,068	3,131,803	3,158,837	3,283,774
Current accounts	112,125	196,896	154,302	162,124	179,187	213,296

(a) Complete figures not yet available. (b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 6, 1930.	Dec. 15, 1930.	Dec. 22, 1930.	Dec. 29, 1930.	Jan. 5, 1931.
Gold	163,092	447,455	426,194	426,177	426,164	426,142
Silver	8,436	24,129	24,352	25,054	24,169	23,974
Home Bills discounted	...	...	48,840	49,777	45,501	50,429
Foreign Bills	153,504	213,271	247,876	247,314	246,821	246,337
Loans and advances in current acct.	...	94,175	89,187	89,655	98,550	115,492
Notes in circulation	316,632	845,778	818,621	822,484	843,515	861,611
Deposits	5,016	23,309	47,710	39,124	30,158	25,854

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 4, 1930.	Dec. 13, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.
Gold	...	...	...	...	...	...
Silver	...	...	...	...	...	...
Discounting, advances, and other investments	77,567	156,802	102,000	99,700	97,500	101,400
LIABILITIES.						
Notes in circulation	109,499	291,026	260,600	256,000	252,500	253,700
Deposits and bills payable	11,250	34,579	39,500	42,800	47,100	45,600

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, Mar. 31, 1914.	Dec. 31, 1929.	Dec. 6, 1930.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.
Gold	171,175	594,987	671,864	671,989	692,313	712,922
Foreign Bills and Balances abroad	...	352,989	332,175	334,773	344,808	344,702
Discounts	103,000	149,367	25,778	30,904	30,904	94,725
Advances	...	75,091	38,924	38,620	44,668	54,275
LIABILITIES.						
Notes in circulation	275,925	999,185	948,366	938,853	1,002,945	1,062,087
Deposits	33,750	200,331	204,320	238,016	198,282	242,075

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Dec. 20, 1929.	Nov. 20, 1930.	Nov. 30, 1930.	Dec. 10, 1930.	Dec. 20, 1930.
Gold, coin and bullion	5,190,200	5,294,700	5,294,700	5,294,800	5,296,700
Foreign bills and balances abroad	5,140,800	4,640,100	4,496,700	4,331,700	4,295,700
Other cash	203,900	596,200	677,200	589,200	594,100
Gold deposited abroad due by the State	1,813,100	1,786,200	1,786,200	1,786,200	1,784,300
Discounts	3,664,600	2,791,400	2,862,300	2,924,500	2,964,400
Advances	1,277,400	1,231,200	1,469,700	1,506,400	1,477,900
Credit with "Istituto di Liquidazione"	896,900	630,500	628,000	628,000	628,000
Government securities	1,059,700	1,163,000	1,164,600	1,166,300	1,166,100
LIABILITIES.					
Notes in circulation	16,595,800	15,529,700	15,678,400	15,639,900	15,608,100
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,571,800	1,548,400	1,591,200	1,523,100	1,759,200
Ratio of reserve to note and sight liabilities combined	55.94%	57.17%	55.74%	55.10%	54.30%

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Jan. 4, 1930.	Dec. 13, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.
Gold	244,629	241,221	240,988	240,866	240,795
Government securities—Swedish	22,740	9,538	7,503	3,652	3,624
Foreign	51,359	64,152	63,949	63,949	63,949
Other Swedish bonds quoted on foreign bourses	162	84	84	84	84
Bills payable in Sweden	259,981	183,957	208,913	215,141	236,609
" abroad	115,821	79,826	74,063	54,736	59,725
Balance abroad	96,005	248,319	253,717	273,173	261,173
Advances made on Government securities and bonds	61,962	61,940	55,563	47,178	50,417
LIABILITIES.					
Notes in circulation	542,586	524,112	563,170	543,491	574,323
Government deposits	245,666	314,769	292,840	289,103	272,038
Private deposits	20,481	8,582	7,609	15,048	18,301

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

NATIONAL BANK OF DENMARK.—In kroner (000's omitted).

ASSETS.	Position, May 30, 1914.	Dec. 31, 1929.	Sept. 30, 1930.	Oct. 31, 1930.	Nov. 29, 1930.	Dec. 31, 1930.
Coin and bullion	78,644	172,404	172,177	172,124	172,091	172,044
Loans	88,470	123,216	94,875	101,416	105,416	105,416
Debts abroad	24,102	77,599	77,452	87,950	78,560	83,232
Securities	11,988	37,637	49,914	47,613	47,592	50,557
LIABILITIES.						
Circulation	157,266	367,456	344,513	369,741	354,191	360,213
Deposits	6,698	57,547	28,588	27,299	30,252	68,682

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 4, 1930.	Dec. 13, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.
Gold	521,775	2,565,876	2,437,354	2,438,389	2,439,082	2,439,671
Silver	728,600	702,531	702,574	704,282	701,042	698,954
Loans & discounts	800,725	2,370,114	2,202,712	2,265,835	2,324,122	2,375,875
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,580	4,490,360	4,649,327	4,663,689	4,724,138	4,779,651
Deposits	477,500	1,014,077	861,594	847,769	828,177	870,261

BANK OF PORTUGAL.—In escudos (000's omitted).

	Dec. 18, 1929	Nov. 26, 1930	Dec. 3, 1930	Dec. 10, 1930	Dec. 17, 1930
ASSETS.					
Coin and bullion	9,307	9,136	9,120	9,114	9,093
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	334,807	192,201	195,996	203,559	187,139
Discounts	337,465	459,509	470,410	459,256	454,701
Government loans	1,745,068	1,530,687	1,530,687	1,530,687	1,531,787
LIABILITIES.					
Notes in circulation	1,972,699	1,950,696	1,985,944	1,971,130	1,954,237
Deposits	99,107	122,553	112,439	111,242	148,922

GOLD AND SILVER PRICES.

UNITED TOBACCO COMPANIES (SOUTH) LIMITED.—Net profit for year ended September 30, 1930, was £620,773, as compared with £552,315 for preceding year. The dividend and bonus on the ordinary and deferred shares totalled 22½ per cent., free of South African normal income tax. This compares with a dividend of 20 per cent. for preceding year. The carry-forward is increased from £292,392 to £324,791. Cash has risen from £57,568 to £319,942. Debtors are higher at £207,241, compared with £163,363. Stocks are higher at £1,098,977, against £960,148.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribu- tion.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Iron, Coal and Steel.		£	£	£	£	£	%	£	£	£	%
Glass Houghton & Castle- ford Collieries	June 30	Dr.57,842	26,997	Dr.30,845	...	...	...	22,500	Dr53,345	19,101	...
Motor and Cycle.											
Bluemel Bros.	Sept. 30	7,450	8,261	15,711	4,200	9,000	10	500	2,011	17,262	12½
Oil.											
Apex (Trinidad) Oilfields ...	Sept. 30	120,023	199,347	319,370	...	125,000	25	35,096	159,274	300,083	52½
Rubber, &c.											
Braunston (Malay) Rubber..	Sept. 30	7,061	Dr. 2,320	4,741	...	...	...	...	4,741	5,729	6
Tamiang Rubber	Sept. 30	14,371	3,605	17,976	...	...	...	...	17,976	35,356	10
Shipping.											
Houlder Line	Dec. 31	36,344	135,004	171,348	12,375	42,625	10	75,000	41,348	128,065	10
Textiles.											
Roberts (J. F. & H.)	Nov. 30	25,450	40,295	65,745 {	5,000 (a)1,193	25,000 (a)6,692	} 10	...	27,860	47,645	12½
Trust.											
Cardinal Investment Trust	Dec. 31	6,267	26,410	32,677	6,975	14,880	16	5,000	5,822	30,005	16
Other Companies.											
Barratt and Co.	Nov. 20	213,585	130,184	343,769	41,000	91,000	70	...	211,769	160,381	80
British Tobacco Co. (Aus- tralia).....	Oct. 31	27,668	1,074,672	1,102,340	96,507	976,135	12	...	29,698	1,011,307	11
General Billposting Co.	Sept. 30	816	8,562	9,378	1,661	7,370	10	...	347	15,850	15
Rio de Janeiro Flour Mills, &c.	Sept. 30	88,381	155,882	244,263	...	158,662	15	...	85,601	204,549	15½
Westinghouse Brake and Saxby Signal	Sept. 30	13,033	102,558	115,591	...	70,882	8	30,000	14,709	102,292	8

(a) Dominion Income Tax Relief.

† Free of Income Tax.

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of December are as follows: Production of oil, 37,280 tons; deliveries, 38,670 tons.

THE ATTOCK OIL COMPANY, LTD.—Production for December, 11,760 barrels.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of December, 1930, as 32,536 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended December 31st: Venezuela, 36,773 barrels; Trinidad, 19,157 barrels; total, 55,930 barrels. Production for December: Venezuela, 159,202 barrels; Trinidad, 86,318 barrels; total, 245,520 barrels. Deliveries for December: Venezuela, 166,267 barrels; Trinidad, 150,018 barrels; total, 316,285 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the weeks ended December 20 and 27, 1930, was 211,000 barrels each week.

SERVICE PETROLEUM.—Cable received from Roumanian manager states that production from the company's oil wells at Gura Oenitzei, Moreni and Ceptura for the week ended January 4th was 1,666 tons (11,662 barrels).

Commercial Reports.

MARKET MOVEMENTS.

While it is hoped that the intervention of Mr. Graham may lead to a resumption of work in South Wales next Monday, uncertainty continues to hamper forward contracting, and demand both on home and export account declined further. The divergence between the price of British and Continental pig iron has been narrowed by a reduction of 5s. per ton in Cleveland quotations, and it is anticipated that this move, while lessening Continental competition, will stimulate demand in this country. Among non-ferrous metals, tin continued to advance as a result of the proposals to restrict supplies, while copper and zinc remained barely steady. The textile markets are still under the influence of the holidays, and the turnover is on a small scale. Raw cotton has been steadier, but there has been no improvement in the principal markets for Manchester goods, and the possibility of a lock-out in Burnley, arising out of the "more looms per weaver" system, has seriously aggravated the situation.

The wool and rayon trades remained quiet, and the depression in jute shows no signs of lifting. The food markets are generally quiet. While the large world surplus of wheat precludes a substantial recovery in prices, the tone of the principal markets has been slightly firmer. The improvement in the sugar trade, following upon recent attempts at regulating output and distribution, has been maintained. The market in coffee has been steady, but prices, especially for Brazilian varieties, are extremely low, and it appears that the Brazilian Government, in an attempt to reorganise the Coffee Institute, has set up a board of administration to consist of two representatives of the coffee planters and one representative of the Santos market in addition to the Secretary of State for Finance. Among miscellaneous commodities, vegetable oils and oilseeds show some improvement, and the downward tendency of hides appears to have been arrested. Rubber has not been an active market and prices are scarcely changed on the week.

THE COAL TRADE.

Our Sheffield correspondent writes:—Uncertainty as to the fixing of minimum prices under the new Act is holding up forward business, as producers are unwilling to quote. The tonnage of best steams going abroad continues restricted, but prices remain firm at 16s. to 16s. 6d. f.o.b. Humber ports. Gas companies are showing some eagerness to fix up their New Year contracts. House coal demand is fairly brisk, but retail depots have ample stocks. Business in blast-furnace coke is almost at a standstill. Good qualities South Yorkshire coke are quoted at 11s. to 11s. 6d., and Derbyshire brands at 10s. to 10s. 6d. Under the South Yorkshire sliding-scale arrangement the basic price of coke has been reduced from 13s. 6d. to 12s. 3d.

Our Glasgow correspondent writes:—Those collieries not closed under the working of the Coal Mines Act made a good restart this week after the holidays, but with output so much curtailed, and home demand at the moment fairly brisk, supplies available for new shipping business are very restricted. In any event, coal-masters are not disposed to commit themselves extensively until the price situation is more certain, although on the other hand any great advance will almost certainly divert business to foreign competitors. Shipment prices (f.o.b. district ports):—LANARKSHIRE: Ell best, 13s.; splint best, 16s. 6d.; splint second, 15s. 6d.; navigation, 17s.; navigation second, 15s.; Hartley, 16s.; steam, 13s. 6d.; trebles, 14s. to 14s. 6d.; doubles, 13s. 3d. to 13s. 6d.; singles, 13s. to 13s. 6d.; pearls, 12s. 9d. to 13s.; dross, 10s. 3d. FIRE:—Screened navigation, 16s. 6d. to 17s. 6d.; first-class steam, 13s. 6d.; third-class steam, 12s. 6d.; trebles, 14s. 6d. to 16s. 6d.;

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doubles, 13s.; singles, 12s. 6d.; pearls, 12s. 3d. to 12s. 6d. LOTRIANS: Prime steam, 13s. 3d.; secondary steam, 13s.; trebles, 14s. 6d.; doubles, 12s. 6d. to 12s. 9d.; singles, 12s. 6d.; pearls, 12s. 3d. to 12s. 6d. AYRSHIRE:—Unscreened navigation, 16s.; jewel, 18s.; steam, 13s.; trebles, 14s. 6d.; doubles, 13s. 6d.; singles, 13s.; pearls, 12s. 6d.; dross, 11s.

Our Cardiff correspondent writes:—Business on the Cardiff coal market this week has been completely dislocated by the stoppage of work in the coalfield on Monday. Latterly, the weekly production has averaged between 850,000 and 900,000 tons, but it is estimated that less than 2,000 of the miners, apart from safety workers, have remained in employment, and therefore to meet their commitments the collieries and shippers have had to rely almost entirely on stocks standing at the docks and at the railway and colliery sidings. These, however, were so exceptionally heavy that the docks were fairly well occupied for the greater part of the week, but it is feared that they will be brought to a standstill next week unless in the meantime a settlement of the dispute is reached. The intervention of the Government on Tuesday has led to an improvement in the outlook, and in view of the assurances given by the owners to Mr. Graham, the President of the Board of Trade, at his conference with them in London, there is ground for the expectation that sufficient progress will be made in the new negotiations to justify an early resumption of work. The scarcity of supplies has led to substantial increases in coal prices for parcels available for prompt delivery, but the market has been unable to meet even local requirements, and cargoes are already being imported into the Bristol Channel from the other coalfields of the country.

IRON AND STEEL.

We extract the following from the weekly report of the London Iron and Steel Exchange:—The year has opened quietly in the iron and steel markets. Nevertheless, there was a fairly good attendance at the weekly meeting of the Exchange on January 6th. Most of the British works have closed for a longer holiday period than is usual, and the tonnage of orders which has accumulated during the break varies considerably at the different works. The home demand for all descriptions of steel is almost suspended, and this is attributed largely to difficulties created by the coal position, as neither buyers nor sellers care to commit themselves until the situation becomes clearer. Prices are practically unchanged from those ruling before the holidays, and little alteration is expected while the market remains in its present state of uncertainty. The demand for pig iron is poor and stocks are reported to have reached uncomfortable proportions in most districts. In the semi-finished steel department, although only a small amount of business has been transacted, the prices of both British and Continental material are firmly held, and some of the Continental works have withdrawn from the market. Business in finished steel is inactive. There has been a certain amount of inquiry from overseas; but, as in other departments of the market, traders are following a cautious policy.

Our Middlesbrough correspondent writes:—A reduction in the prices of Cleveland iron had been expected for some time and on Monday makers responded by announcing a concession of 5s. per ton all round for all new business for local and inland consumption and also for export. This does not apply to Scotland, as makers control their own selling in that market and have been accepting much less than the official figures here, for deliveries to Scotland for some time. The reduction was reflected in an increased business at the weekly market on Tuesday, which is expected to further develop, as it brings Cleveland into close proximity with Continental iron and preference will be given to the local product. The amended prices are: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. In hematite, business has been suspended over the holidays, but a few new orders for early delivery have been placed within the last few days and further buying is looked for very shortly, as consumers are bare of stocks in many instances. Makers are still prepared to book mixed numbers for prompt at 70s. per ton, but for forward 70s. 6d. to 71s. is asked, according to the period required. These prices, however, are considered too high by buyers in view of the fall in Cleveland iron. Shipments of pig iron for December proved to be the lowest for four years, but there was a slight improvement on November in the finished departments. The details are:—

	December, 1930.	November, 1930.
Pig iron	8,803	12,301
Manufactured iron.....	4,967	4,369
Manufactured steel	32,234	30,748
	46,004	47,418

This month to the 6th the pig-iron clearances amount to only 2,725 tons, against 4,205 tons to December 6th. In the steel trade further business is reported this week. Dorman, Long and Company, Ltd., here have secured a contract for the widening of the Putney bridge over the Thames at a cost of about £337,000, and Head, Wrightson and Company, Ltd., of Thornaby, have booked an order for railway chairs for L.M.S. Railways of the value of £12,000. Dorman have also just booked 6,500 tons structural steel material for the new Shell-Mex building in London on the site of the old Hotel Cecil. Prices of the different finished materials are unchanged, but a reduction in steel under the rebate scheme is anticipated at the next meeting of the British Steel Makers' Association about a fortnight hence. There is no business passing in ore, and prospects in this direction are not encouraging, as consumers are well covered against current contracts and have large stocks in hand. Best

Bilbao rubio is nominally 16s. c.i.f. for prompt, and 16s. 6d. to 17s. forward. The rate of freight, Bilbao/Middlesbrough, for early tonnage is about 5s. Imports of all kinds of ore into Middlesbrough last month amounted to 68,205 tons, against 86,056 tons in November. Coko is offering very freely for this month at 17s. delivered works, and this price might be shaded a trifle. There is, however, very little demand. The number of furnaces in operation in the district is now 24.

Our Sheffield correspondent writes:—The outlook for Sheffield's better-class steels is improving, as consumers, at any rate at home, whose stocks are depleted, show a disposition to order on a more liberal scale than at any time last year. The depression in open-hearth steel, however, shows no present sign of lifting. Works have not yet commenced fully after the holiday stoppage, and large numbers of suspended men continue idle. The competition of foreign crude steel is becoming rather more intense. Firms producing finished steel products report that buying is not yet resumed, and their present bookings are poor in number and value. New lists of farm and garden tools which are now being issued indicate substantial price reductions on most lines.

Our Glasgow correspondent writes:—There has been only a partial resumption of work in the West of Scotland this week, a considerable number of establishments having prolonged the holiday till the beginning of next week. On the whole, the prospects in the iron and steel trades here are not bright, but there is a general belief that the steps which have been taken towards rationalisation will result in a gradual improvement throughout the current year in the Clyde shipbuilding yards and at the steel plants. During the holidays a number of orders have accumulated, but they do not involve a heavy tonnage, and it would seem that there will be a continuance of the intermittent working which has been in force for the past few months. There is little demand for semis, but British makers are looking for an early improvement in view of the curtailment of Continental production. Other branches continue quiet.

Our Cardiff correspondent writes:—Quiet conditions continue in the South Wales steel and tinplate markets. The quotations for tinplates have hardened slightly as the result of an increase in the price of tin, but so far the stoppage in the coalfield has not interfered with the working of the factories. It is feared, however, that the works' stocks of coal will not carry them beyond a week or two, and in the event of a prolongation of the dispute all the furnaces and mills will be brought to a standstill. Shipments last week were exceptionally small, and stocks increased to 211,736 boxes compared with 190,981 boxes the previous week.

OTHER METALS.

TIN.—The standard market opened with a firmer tone under active support and stimulating Eastern cables, but later dealings exhibited a good deal of irregularity, and values gave way under increased selling orders. Statistics for December, 1930, compared with the previous month:—Shipments from the Straits: 7,089 tons, against 8,549 tons; total supply, 12,901, against 11,388; total deliveries, 11,111, against 10,147; visible supply, 42,303, against 40,513; and carry-over 4,483, against 4,971 tons. Standard cash changed hands at £119, £118 5s., £121 15s. and £120 5s.; three months, £121 10s. to £119 15s., £123 2s. 6d. and £121 10s. Sales in the East were reported at £123 5s. to £127 7s. 6d. per ton c.i.f. terms.

COPPER also commenced firmly on lighter offerings and a fair demand, but subsequently reacted on sellers becoming prominent. Standard cash sold from £46 12s. 6d. to £45 10s.; three months, £46 8s. 9d., £45 12s. 6d. and £45 7s. 6d. per ton.

LEAD slightly irregular, closing weak on adverse American cables, with business on a moderate scale. Good soft foreign pig, January, sold £14 12s. 6d.; March, £14 12s. 6d. to £14 7s. 6d.; April, £14 15s. to £14 7s. 6d. per ton.

SPELTER steady, with fair general inquiries, but closed easy. January sold £13 6s. 3d. to £13 1s. 3d.; February, £13 11s. 3d. to £13 6s. 3d.; April, £13 17s. 6d. to £13 12s. 6d. per ton.

ALUMINIUM maintained. Home trade and export £85 per ton.

ANTIMONY firmer and sellers more reserved in face of improved inquiries. English regulus £38 to £45. Chinese regulus, spot, £26 10s.; ditto, January-February, £25; Chinese crude, January-February, buyers, £14 10s. per ton c.i.f.

ANTIMONY OXIDE, January-February, £25 10s. per ton c.i.f.

ANTIMONY ORE, 60 per cent., January-February, 3s. 2d.; 50 per cent. ditto, 2s. 9d. per unit c.i.f.

WOLFRAM steady. Chinese, January-February, sold 13s. 6d. per unit c.i.f.

QUICKSILVER quietly steady. Spot, £21 15s. to £22 per bottle.

TIN PLATES quiet. I.C. coke, prompt and forward, 15s. 9d. per box, f.o.b. Swansea.

TEXTILES.

THE COTTON TRADE.—Liverpool, January 7th. The markets during the week have been steady but very quiet, and prices show practically no change, being sustained by a little short covering. Spot sales for the week 2nd to 7th (inclusive) are 15,000 bales, of which 6,280 are American, 250 Brazilian, 800 Argentine, 5,400 Peru, 950 Egyptian, 700 African, 500 East Indian, 120 sundries. Imports for the same period are 55,897 bales, of which 39,592 are American, 4,050 Brazilian, 2,093 Peru, 7,652 Egyptian, 2,099 West Indian, and 411 sundries. Quotations to-day are: American Middling, 5-39; Egyptian Sakel, 7-80; Egyptian Uppers, 6-21; Brazil Fair, 5-54; Peru G.F. Smooth, 5-84; West African Mid., 5-44; East African G.F., 6-44.

Manchester, January 7th. Although inquiry in the market has been on a rather larger scale, there has not been any particular increase in the amount of business done. Spinners and manufacturers have given out numerous quotations, but sellers have complained of offers being on a very low basis. The labour dispute on the more looms per weaver question has caused an unsettled feeling to prevail. Cable and mail advices from India do not improve and cloth business has again been limited, most of the demand being in light fabrics for Madras and Karachi. The situation in Calcutta tends to become worse. The further decline in the price of silver has prevented any improvement in the turn-over for China. Small lots have been sold in bleaching descriptions for Egypt and limited quantities of finishing cloths have been put through for South America. There are no signs of relief, however, for makers as a body. American yarns have moved off slowly at irregular rates. Most of the orders have been in coarse counts. Bids in export bundles remain poor. Restricted operations have occurred in Egyptian yarns.

Statement of the Cotton Trade.

	1930.			1931.	Corresponding Date.	
	Dec. 17.	Dec. 22.	Dec. 31.	Jan. 7.	1929.	1930.
Raw Cotton—Mid. American	d. 5-24	d. 5-36	d. 5-34	d. 5-39	d. 10-49	d. 9-42
Sakelardie Fully Good Fair						
Egyptian	7-75	7-95	7-70	7-80	18-90	14-35
Yarns—32's twist	9 1/2	9 1/2	9 1/2	9	15 1/2	13 1/2
40's twist	9 1/2	9 1/2	9 1/2	9 1/2	16 1/2	14 1/2
60's twist (Egyptian)	16 1/2	16 1/2	16	16	27 1/2	23 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	18 0	18 0	17 10	17 10	26 0	23 9
36-in. Shirtings, 75 yds., 9 by 19, 32's and 40's	20 3	20 3	20 0	20 0	28 3	26 6
38-in. ditto, 36 yds., 18 by 18, 10 lb.	11 4	11 4	11 2	11 2	15 6	14 4 1/2
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	10 3	10 3	10 1	10 1	14 0	13 0

THE WOOL TRADE.—Our Bradford correspondent writes:—There is reason for anticipating that the increased purchasing power of the English pound in Australia will exercise a definite strengthening of wool values in Sydney, Melbourne, and other centres, without a corresponding advance in tops in Bradford. Top prices, however, are largely dependent on demand, and if a substantial speculative movement on the part of spinners were to develop, values would not be slow to respond. The raw material position is, however, the immediate consideration, and as the reduction in the rate of exchange is equivalent to a reduction of 1d. per lb. on wool landed here from Australia, it is to be expected that more active buying interest will be shown. The second half of the Australian selling season has

already opened firm at the December level. Japan and Germany are evidently prepared to buy freely, but France has been quiet, representatives of the industry there probably being disposed to wait until the opening of the next series of London sales. No real improvement has taken place in Bradford. Moderate quantities of tops are being sold, but no higher prices are realisable. Topmakers admit quite frankly that the firmness of wool has not benefited them yet. Their avowed policy is to refuse to sell except at prices which represent at least a fraction more than actual cost. The raising of the duty on goods imported into China is another serious blow to worsted manufacturers. It simply means that some spinners and manufacturers will lose business, unless they can make modifications in their own overhead charges. After the drastic reductions already made, it is impossible to see how this can be accomplished.

THE JUTE TRADE.—Dundee, January 7th. The turn of the year has so far promised little for the jute trade, and business continues dull. Buyers of jute yarns and cloth are purchasing only their immediate requirements, and the urgency with which these are requested to be delivered indicates that stocks have been allowed to dwindle to very small dimensions. No support is being given from the raw jute end of the industry, as the tendency of prices has been easy, though sellers are very unwilling to offer at lower prices. The imports into Calcutta are still not large considering the big crop which was forecasted, and holders appear to be able to feed the market there as required. Good First Marks are quoted at £19 10s. to £20, the latter price being that for Red Circle Ram, while Green Circle Ram Lightning is quoted at £17 15s. and Heart Ram assortment at £15 7s. 6d., January-February shipment. Daisee assortment rules at £14 15s. for full group, £15 for Mahabir and £15 5s. for Bun. Tossa assortment is offered at £16 5s. for full group, Mahabir threes at £16 and fours at £14 10s., January-February. Spinners are showing very little interest in view of the quietness of the yarn market. The value of common 8-lb. cops is 2s. and 8-lb. spools 2s. 1d., but buyers are not testing these rates. A few small sales are being made of the finer yarns at 3s. for second quality 8-lb. Rio warp, and 2s. 4d. for fourth. Twist is quoted at from 3 1/2d. to 4d. for 3-ply 8 lb., and sacking yarns are bought in small lots at from 2 1/2d. for 24 lb. weight and from 3 1/2d. for 8-lb. chains. Carpet yarns are more or less nominal in the absence of business. Quotations for jute cloth are steady at from 2 1/2d. to 3d. for 10 1/2 oz. 40-in. hessians and from 2d. for 8 oz. Linoleum hessians are almost stagnant. Manufacturers of heavy goods are desperately in need of business, but even at low prices buyers are unwilling to operate. The Calcutta goods market has been steady, but very quiet, at 17s. 6d. named for 10 oz. 40 in., and 13s. 9d. for 8 oz., January-March, and 17s. 9d. and 14s., respectively, April-June.

THE HEMP TRADE.—The market for Manila parcels has been flat, and buyers adopted an attitude of reserve. According to a cable, last week's receipts amounted to 17,000 bales, against 28,000 bales last year and 25,000 bales in 1929. Next week's receipts have been estimated at 25,000 bales and at 21,000 bales for the following week. Total shipments from Manila last week amounted to 25,000 bales, of which 6,000 have been consigned to the United Kingdom, 8,000 to the Continent, 5,000 to the United States, 5,000 to Japan, and 1,000 to other countries. Local consumption, at 1,000 bales, leaves stocks at 101,000 bales. Gradings amounted to 13,700 bales. Quotations: J 2, January-March, sellers, £22; K, £22 17s. 6d.; L 1, £20 15s.; L 2, £20 10s. Sales H grade, December-February, £21 10s. c.i.f.

FOOD.

THE GRAIN MARKET.—Wintry conditions have prevailed over the United Kingdom during the past week, but sowings are completed, and lower temperatures will tend to harden the young wheat plant, which is now well above ground in most localities. Native wheat continues in light supply, but little demand arises from millers, as prices are still above the parity of imported descriptions. Quiet trading continues in the floating and forward section, buyers being fairly well supplied by recent purchases, while liberal quantities of Russian are still available ex store and on passage. Despite some irregularity at times, the undertone remained steady in view of improved advices from exporting countries, and a better demand on Eastern account, while harvesting interruptions by rain in the Southern Hemisphere imparted a firming influence. Argentine sellers were therefore less inclined to press, though offers are freely made. Canadian grades obtain a fair share of business, but exports are much below the volume necessary to make any tangible inroad on heavy stocks, and the serious aspect in the Dominion has induced growers to seek Governmental assistance until market stability becomes restored. Australian descriptions meet with fair attention, especially on Eastern account, while freight bookings to Europe have been resumed owing to the favourable rate of exchange. A moderate business was reported in home-milled flour, and prices were reduced by 1s. per sack, but demand for imported makes remains dormant, except for Australian, which sold at attractive rates for January shipment. Of feeders, prices were reduced for spot and near parcels of maize, but trade marked no expansion. Barley and oats have been featureless, the latter tending easier on larger shipments and pressing offers of new crop.

WHEAT.—Slightly irregular. No. 1 hard Manitoba, ex ship 27s. 3d.-27s. 9d.; No. 1 Northern Manitoba, ex ship 26s. 6d.-27s.; No. 2 ditto, 25s. 3d.-26s. 6d.; Barusso, 63 lbs., 23s. 3d.; Rosafe, 63 1/2 lbs., 23s.; Australian, 26s.; Russian, on sample, ex ship, 19s.-24s.; landed, 20s. 6d.-22s. 9d. per 496 lbs. English new, 6s. 6d.-5s. 8d. per 112 lbs.

FLOUR.—Quiet. London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 24s.-25s. 6d.; Buffalo ditto, 22s. 6d.-24s. 6d.; Australian, 21s.-22s. ex store per 280 lbs.

The Chase National Bank

of the City of New York

Statement of Condition
December 31, 1930

RESOURCES

Cash and due from Banks	...	...	...	...	...	\$556,032,950.32
Loans and Discounts	...	...	...	...	...	1,535,963,787.99
U.S. Government Securities	...	...	...	...	...	224,243,354.67
Other Securities	...	...	...	...	...	180,537,724.90
Real Estate	...	...	...	...	...	35,372,126.25
Redemption Fund U.S. Treasurer	...	...	...	...	...	436,825.00
Customers' Acceptance Liability	...	...	...	...	...	\$182,580,621.63
Less Amount in Portfolio	...	...	...	...	...	18,513,317.23
						164,067,304.40
Other Assets	...	...	...	...	...	674,781.64
						<u>\$2,697,328,855.17</u>

LIABILITIES

Capital	...	...	...	...	...	\$148,000,000.00
Surplus	...	...	...	...	...	148,000,000.00
Undivided Profits	...	...	...	...	...	61,791,140.83
Reserved for Taxes, Interest, etc.	...	...	...	...	...	6,372,312.81
Dividend payable January 2, 1931	...	...	...	...	...	5,550,000.00
Deposits	...	...	...	...	...	2,073,775,922.95
Circulating Notes	...	...	...	...	...	8,675,000.00
Acceptances	...	...	...	...	...	\$187,061,231.92
Less Amount in Portfolio	...	...	...	...	...	18,513,317.23
						168,547,914.69
Liability as Endorser on Acceptances and Foreign Bills	...	...	...	...	...	73,318,167.32
Other Liabilities	...	...	...	...	...	3,298,396.57
						<u>\$2,697,328,855.17</u>

This statement does not include the statements of
any of the organisations affiliated with the Chase
National Bank.

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IMPERIAL JAPANESE
GOVERNMENT.
SIX PER CENT. STERLING LOAN OF 1924.

The Imperial Japanese Government announce that the operation of the Sinking Fund for the period 10th July, 1930, to 10th January, 1931, has been carried out by way of purchases on the Market, and that BONDS value £162,660 nominal have been so purchased and are now CANCELLED.
10th January, 1931.

THE BANK OF ENGLAND AND INDUSTRY

By The Rt. Hon. PHILIP SNOWDEN, P.C., M.P.

(Chancellor of the Exchequer)

Mr Snowden, in this little publication, states clearly and concisely his views on the currency policy of the Bank of England and its influence on industry in this country.

Price 1s.

By Post 1s. 3d.

LONDON GENERAL PRESS, 6, BOUVERIE STREET, LONDON, E.C.4.

MAIZE.—Steady. Plate landed 17s. 6d.; ex ship to arrive, 16s. 6d.; January-February, 16s. 9d.; February-March, 17s. per 480 lbs. Yellow maize meal, £6 f.o.r. London. Yellow African, ex ship £5 10s. per ton.

BARLEY.—Maintained. Californian old, landed 30s.-35s.; new, ex ship 30s.-41s. as to sample; Chilian brewing, landed 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, ex ship to arrive 13s. 6d.; landed, 14s. 9d.; Danubian, ex ship to arrive, 13s. 6d.; landed 14s. 9d.; Persian, landed 13s. 6d. per 490 lbs.; English new malting, 6s. 3d.-12s. 6d.; feed, 5s.-5s. 9d. per 112 lbs.

OATS.—Dull. Plate, landed 11s. 6d.; ex ship 10s. 3d.; Chilian tawny, landed 13s.; best whites, ex ship 18s. 6d.; landed 19s. 9d. 21s.; mixed Canadian feed, landed 10s. 9d.; North Russian, landed 12s. 9d.-13s. 6d. as to sample; South Russian, landed 13s. 6d. per 320 lbs.; English new, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Jan. 3.	Cwts. 62,350	Cwts. 151,162	Cwts. 74,850	Cwts. 109,912
16 weeks to Jan. 3.	2,257,350	4,646,346	4,870,534	4,313,530
Average price of English wheat per cwt.	s. d. 5 11	s. d. 9 6	s. d. 9 5	s. d. 9 10

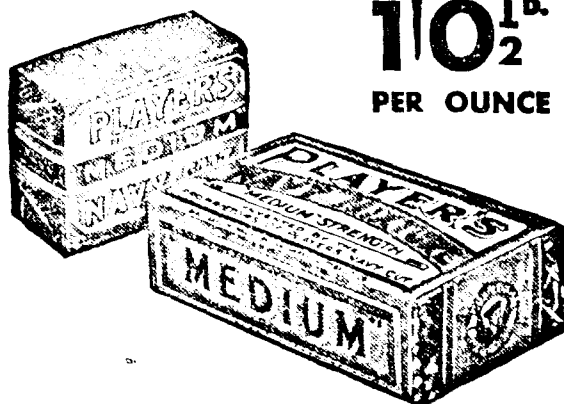
The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Dec. 27, 1930	Cwts. 61,025	Cwts. 141,744	Cwts. 22,288	s. d. 5 0	s. d. 8 3	s. d. 5 6
Jan. 3, 1931	62,350	174,631	25,735	5 11	8 3	5 10
Jan. 1, 1927	257,648	286,150	65,717	11 10	10 7	8 2
Dec. 31, 1927	150,443	228,020	45,009	9 10	11 4	9 3
Jan. 5, 1929	74,850	161,335	34,120	9 5	9 11	9 1
Jan. 4, 1930	151,162	181,686	28,574	9 6	8 10	7 0

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

No man lights his pipe with greater expectancy or smokes it with greater satisfaction than the one who regularly fills it with **PLAYER'S**



N.C.T.S.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 8, 1930.	Dec. 22, 1930.	Dec. 31, 1930.	Jan. 2, 1931.	Jan. 7, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	141½	50½	51½	56½	58½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	128½	76½	76½	79½	80½

The visible supply of wheat in Canada at 62,598,000 bushels shows an increase on the week of 591,000 bushels. Supplies a year ago stood at 75,567,000 bushels.

SUGAR.—General stability continues and chief feature is reserve of sellers in all directions, pending developments in the matter of better regulating production. Improvement in trade of late marked further extension to-day, quite liberal quantities being absorbed and prices responded. British refined goods advanced 3d., yellow pieces 6d., Anglo-Scottish granulated 3d., and Anglo-Dutch 4d. All raw refining sugars still held with marked reserve. Estimated Java shipments to all parts during last month totalled 181,000 tons, as compared with 196,000 shipped in December, 1929. Terminal market opened stronger, but assumed a quieter tone later, though business proved of fair dimensions. March delivery sold 6s. to 6s. 2½d.; May, 6s. 2½d. to 6s. 4½d.; August, 6s. 5½d. to 6s. 7½d.; December, 6s. 9½d. to 6s. 11½d. Crystallised West India ranges from 18s. 6d. to 22s. as to quality. Foreign 96 per cent., January, to the United Kingdom, quoted 6s. 3d. c.i.f. terms. Cuban receipts last week, 19,000 tons, against 13,060 same time last year; exports, 33,680, against 28,160; stocks, 668,800, against 166,140. Stocks on plantations and in course of transit, according to Messrs Willett, amount to 746,000 tons, against 155,690 last year. Stocks of raw sugar in the three chief ports of the United Kingdom for week ending January 3rd totalled 191,589, against 223,106 last year.

COFFEE.—Quite a fair amount of business was arranged in spot parcels and general tone of market is very steady. All attractive qualities were readily taken, in which high-grown Costa Rica and Kenya figured largely. Brazilian for shipment remains slow of sale.

COCOA.—Spot market shows but little change in prices, but trade partakes of retail proportions. Forward positions dull and a decline set in for most descriptions. Accra F/F, January-March, London contract, quoted 25s. 6d. f.o.b.; G/F, December-January, to Continent, sold 28s. 3d.; December-February, 28s. to 27s. 9d.; and January-March, 28s. to 27s. 6d., c.i.f. Terminal idle. March sold 29s. 9d.

TEA.—At public sales during the week, quantity of Indian totalled 59,417 packages. With active and generally well-distributed competition, quite a good steady market prevailed with medium broken, perhaps, the strongest feature. Ceylon sales amounted to 29,886 packages. There was a fairly good demand, all good qualities bringing steady rates, but poor leaf and light liquoring teas closed generally easier, while showing certain irregularity. Java and Sumatra sales met with fair inquiry, and rates ruled mostly steady.

RICE.—New business is still rather difficult to arrange, but market keeps steady. Meantime, Burma shippers are very reserved and quotations forward rendered somewhat nominal. Two Stars, January-February, to London, 8s. 1½d.; Spanish oiled, 11s. 9d. to 12s. 6d., c.i.f., as to quality.

BEANS AND PEAS.—Trade in beans is slow. Butters, spot, London, 24s. to 26s., as to sample; January-February, steamer, 20s. 6d. c.i.f. The market in peas is steady on the part of sellers, but demand quiet. Japanese, spot, London, 14s. 3d.; afloat, 13s. 6d.; January-February, 14s. 3d. c.i.f.

POTATOES.—The market in potatoes has been quiet, but prices remained steady.

SPICE.—Pepper market again quiet and prices in forward positions tended against the seller. Lampung, October-December, quoted 5½d.; January-March, sellers, 5½d.; Muntok white, October-December, sold 9½d. to 9d., and January-March, 9½d. Cloves dull, unaltered. London stocks of black 6 tons lower on the week at 443, against 1,333 last year; white reduced 23 tons to 333, against 1,466.

FRUIT (Dried).—Currants: Market firm with improved inquiries Pyrgos, 30s. 6d.-31s.; Amalias, 31s.-32s.; Patras, 33s. 6d.-41s. Sultanias firm and in fair demand. Smyrna, 44s.-68s. Dates maintained. Evaporated Fruits: General position remained unaltered with moderate inquiries for peaches, apricots and plums. Californian peaches, 1930 crop re-cleaned, 42s. 6d.-56s.

CANNED GOODS.—Fruit: Increased orders are circulating for most descriptions and business is expected to develop on broader lines in the near future. Californian varieties are obtainable at attractive rates, while English and Australian move off steadily. Fish: Sardines steady with a fair demand for best quality. Salmon dull of sale. Meat: Trade restricted for beef and tongues, but price changes were unimportant. Condensed Milk: Market quiet and prices occasionally easier. Dutch condensed milk, full cream, sweetened, 5-cwt. casks, 31s. 6d.; English ditto, 35s. Honey: Market was well supplied and trade fails to expand. Jamaican white, 40s.-45s.; Californian, 40s. to 48s.

To the Shareholders of SVENSKA TÄNDSTICKS AKTIEBOLAGET (Swedish Match Company)

The Board of Directors of the Swedish Match Company have issued the following statement:—

The business of the Swedish Match Company has during the past year shown steady progress. The most important step in the consolidation of the Company's position during 1930 has been the ratification of the agreement regarding the German Match Monopoly, which became effective as from 1st June, 1930, and is operating in a satisfactory manner. The depression now prevailing in most other lines of business has had little influence on the match industry and the consumption of matches seems to have increased during 1930 at practically the same rate as during previous years. Although no final figures are as yet available, it has been established that the profits for the year 1930 will be in excess of those for the year 1929, and the Board will propose a final dividend of 10 per cent., payable after the Ordinary General Meeting in 1931, thus making a total dividend of 15 per cent. for 1930.

In May, 1931, the Company will take up at 93 per cent. \$37,500,000 6 per cent. German Government Bonds, being its share of the \$125,000,000 loan to the German Government contracted for in connection with the German Match Monopoly, and representing 50 per cent. of the final instalment of that loan. The Company has further called for redemption on 15th February, 1931, its outstanding 7 per cent. Bond Loan of 1921 totalling Kr.20,000,000.

To provide funds for these and other transactions in connection with the industrial expansion of the Company, the Board of Directors have decided at a meeting held to-day, subject to the approval of an Extraordinary General Meeting to be held on 13th January, 1931, to increase the share capital of the Swedish Match Company from Kr.270,000,000 to Kr.380,000,000 through issuing 900,000 new "B" shares of the par value of Kr.100 each at a price of Kr.150 per share. At the same time the Board have authorised an issue of Kr.60,000,000 Bonds, which will be offered for subscription in Sweden in the immediate future.

The Board of Directors consider that the future prospects of the Company are very satisfactory, and are confident that the profit for 1931 will be such as to enable the Company to pay on the increased capital the same dividend of 15 per cent. that has been paid in respect of previous years. They also have every reason to believe that for following years that dividend can be maintained.

The issue of the new "B" Shares will be made on the following terms:—

1. The new shares will carry No. 22 and subsequent coupons and will have equal rights with the old shares in the profit from 1st January, 1931.

2. Existing shareholders have preferential rights to subscribe at a price of 150 per cent. to the new "B" shares in the proportion of one new "B" share for each three old "A" and/or "B" shares held. In the event of the issue being over-subscribed the allotment will be according to the direction of the Board, this, however, without prejudice to the preferential rights of the existing shareholders to acquire one new "B" share for each three old "A" and/or "B" shares held.

3. Subscriptions will be received at the offices of the Skandinaviska Kreditaktiebolaget, Gustav Adolfs Torg 22-24, Stockholm, from 7th January to 3rd February, 1931, both days inclusive.

4. Subscriptions should be accompanied by payment of Kr.30 per new "B" share as a first instalment or of Kr.150 per new "B" share as payment in full, together with accrued interest at the rate of six per cent. per annum on the amount paid from and including 1st January, 1931, to date of payment.

If payment in full is not made on subscription the remaining instalment of Kr.120 per new "B" share, together with accrued interest at the rate of six per cent. per annum from and including 1st January, 1931, to date of payment, should be paid on or before 14th March, 1931.

5. Share Coupon No. 20 will entitle to subscription and the Swedish Match Company has decided that said coupon shall be used only for the purpose of this subscription. The final dividend for the year 1930 will be paid on Coupon No. 21.

6. From 7th January up to and including 14th January, 1931, receipts will be issued in respect of all subscriptions received, but after 14th January, 1931, Letters of Allotment will be issued in respect of partly paid subscriptions and Definitive Share Certificates will be issued in respect of fully paid subscriptions.

On and after 15th January, 1931, receipts in respect of partly paid subscriptions may be exchanged for Letters of Allotment and receipts in respect of fully paid subscriptions for Definitive Share Certificates. On surrender of Letters of Allotment accompanied by payment of the final instalment, Definitive Share Certificates will be delivered.

No payment can be received in respect of fractions of shares, but Fractional Rights Certificates will be issued which may be amalgamated with other Fractional Rights Certificates and/or coupons to aggregate complete shares.

7. Coupons No. 20 and Fractional Rights Certificates will become invalid after 3rd February, 1931.

8. The new "B" shares will be registered in the name of Administratie Maatschappij voor Algemeene Nijverheids Waarden, and will be endorsed in blank by that Company.

9. Swedish stamp on the new "B" shares will be paid by the Company.

10. Rights to subscribe for new "B" shares can also be claimed in Belgium, Germany, Great Britain, Holland, and Switzerland, and holders of shares wishing to claim their rights in any of these countries can obtain the necessary directions from Higginson and Co., Coupon Department, 32, St. Swithin's Lane, London, E.C.4.

THE BOARD OF DIRECTORS.

Stockholm, 5th January, 1931.

Holders of existing shares wishing to claim their rights in London and to pay in sterling should present Coupon No. 20 to Higginson and Co., Coupon Department, 32, St. Swithin's Lane, London, E.C.4, where listing forms can be obtained. Holders of the old type of certificate without coupons should present their certificates to Higginson and Co. for marking.

For the purpose of payment in sterling the subscription price has been fixed at £8 5s. 6d. per share, the first instalment being £1 13s. and the final instalment £6 12s. 6d. The accrued interest mentioned above will be calculated on the sterling price and will be payable in sterling.

Subscriptions will be received on any business day, excepting Saturdays, from 7th January to 3rd February, 1931, both days inclusive, between the hours of 11 and 2 o'clock. Coupons No. 20 and Fractional Rights Certificates will become invalid after 3rd February, 1931.

If the final instalment is not paid on or before 14th March, 1931, the allotment will be cancelled and the first instalment will be liable to forfeiture.

All documents to be surrendered or presented to Higginson and Co. in connection with this Offer must be left three clear business days for examination.

It is recommended that holders should claim and exercise their rights either in person or through the medium of a banker, as the relative documents will only be forwarded through the post at the risk of the owner.

Application will be made to the Committee of the Stock Exchange, London, for permission to deal in all documents resulting from this Offer.

HIGGINSON & CO.,

Fiscal Agents of Svenska Tändsticks Aktiebolaget.
LONDON, 5th January, 1931.

(Advt.)

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.		FRUIT (continued)—		WOOL—		HIDES—	
CEREALS AND MEAT.		Spanish Onions,		English Southdown, washed		Wet salted—Australia.	
	s. d.		s. d.		s. d.		s. d.
GRAIN, &c.—		Valencia:—		per lb.		per lb.	
Wheat, No. 3, N. Man. 496 lb. ...	nom.	case, 4s.	6 0 6 6	per lb.	13	0 4 0 4	
Barley, Eng. Gaz. av. ...	5 11	case, 5s.	7 3 8 0	per lb.	9	0 3 0 3	
Oats, ...	8 3	Onions, Oporto ...	0 0 0 0	Queensland, sod. super cmbg.	23	0 4 0 4	
Maize, La Plata, landed, 490 lb. ...	5 10	Chestnuts, Huayla ...	0 0 0 0	N.S.W. greasy, super	11	0 6 0 6	
Flour, Lon. stan. ex mill, ...	17 6	Grapes, Lisbon ...	0 0 0 0	N.Z., gray, half-bred 50-56	8 1/2	0 6 0 6	
280 lb. ...	0 0	Almeria ...	0 0 0 0	Crossbred 40-44	6 1/2	0 5 0 5	
Rice, No. 2 Burma, per cwt. ...	1 1/2	LARD—		Topa—		Best heavy ox and heifer	0 5 0 6
Sago, Pearl, per cwt. ...	18 6	Irish bladders ...	70 0 80 0	Merino 70's ...	25	Best cow	0 3 0 4
Tapoca, per cwt. ...	17 6	American, boxes 56 lbs. 50	6 51 0	64's ...	22	Best calf	0 8 0 9
E.I. flake, fair spot ...	20 0 0	SPICES—		Crossbred 48's ...	11		
Medium pearl ...	0 0 0	Pepper, per lb.—		46's ...	10		
Potatoes, good English		Mustard, fair White ...	0 10 1/2 0 10 1/2				
per cwt. ...	5 6 6 6	Black Lampson ...	0 6 0 0				
Beef, per 8 lbs.—		Cinnamon—1st sort, per lb.	0 10 1/2 0 0				
English long sides ...	5 0 5 6	Cloves—Zanzibar per lb.	1 1 0 0				
Argentine chilled hinds ...	4 9 5 0	Ginger—per cwt.—					
Mutton, per 8 lbs.—		African ...	38 0 0 0				
English wethers ...	6 8 7 8	Jamaica, ord. to good ...	50 0 0 0				
N.Z. frozen ...	3 6 4 0	Mace ...	1 4 2 2				
Pork, English, per 8 lbs.—	5 8 8 4	Notmags 65's ...	1 3 0 0				
		SUGAR—					
BACON—		(Duty, 11s. 8d. per cwt.)	19 6 22 6				
Irish ...	84 0 102 0	B.W.I., crystallised	19 6 22 6				
Danish ...	59 0 68 0	Java, white, c. & f. India	7 11 0 0				
Canadian ...	58 0 64 0	Jan-Mar.	7 11 0 0				
HAMS—		REFINED—London—					
Irish ...	0 0 0 0	Yellow Crystals ...	18 7 1/2 0 0				
Canadian ...	0 0 0 0	Cuba ...	23 0 23 6				
American ...	86 0 96 0	Crisped ...	6 22 0 0				
BUTTER—		Granulated ...	19 4 20 1/2				
Irish ...	140 0 0 0	Home Grown (Jan.)	18 9 19 4 1/2				
Australian ...	100 0 116 0	TEA—					
New Zealand ...	108 0 120 0	Indian & Ceylon—per lb.	0 9 2 1				
Danish ...	140 0 0 0	Broke Pekoe ...	0 9 2 1 1/2				
CHEESE—		Orange Pekoe ...	0 9 2 1 1/2				
Canadian ...	70 0 80 0	Broken Orange ...	0 9 2 1 1/2				
New Zealand ...	57 0 62 0	TOBACCO—					
English Cheddars ...	66 0 108 0	(Duty 8/10-11/24 per lb.)					
Dutch ...	41 0 72 0	Empire growths, 6/9 1/2					
COCOA—		Virginia leaf—					
(Duty, British grown,		Common to fine ...	0 10 2 6				
11s. 8d.; foreign, 14s. cwt.)		Rhodesian leaf ...	0 6 1 3				
Acacia, f.f., per cwt. ...	26 0 31 0	Nyasaland leaf ...	0 7 1 0				
Trinidad ...	46 0 53 0	strips ...	0 10 1 10				
Grenada ...	38 0 50 0	East Indian leaf ...	0 4 0 6				
COFFEE—		strips ...	0 5 1 0				
(Duty, British grown,		COTTON—					
11s. 8d.; foreign, 14s. cwt.)		Mid-American ...	5 39				
R.I. good to fine, per cwt. ...	90 0 130 0	Sakelardis, f.f. ...	7 80				
Costa Rica, good to fine ...	95 0 145 0	Yama, 32's twist ...	9				
Cent. Amer., mid to fine ...	70 0 105 0	60's twist ...	16				
Kenya, hold sizes ...	68 0 115 0	FLAX—					
Colombian, mid to fine ...	70 0 105 0	Livonian ZK ...	31/17/6 0 0				
EGGS—		Pernau HD ...	32 0 0 0				
English ...	16 0 22 6	Slants Medium 1st sort, 36	0 35 0 0				
Danish ...	13 0 19 0	ITALY—					
FRUIT—		Italian P.O. ...	33 0 0 0				
Oranges, South African bza.	0 0 0 0	Manila, Jan-Mar. "J2"	22 0 0 0				
Oranges—		N.Z. ...	nom.				
Dania and Valencia		Sisal, African, Jan-Mar.	£17/10				
cases 300 ...	8 0 20 0	Mexican ...	nom.				
360 ...	6 0 11 0	JUTE—					
Costa Rica, good to fine ...	95 0 145 0	Native 1st mks. ...	£15/2/6				
Cent. Amer., mid to fine ...	70 0 105 0	Jan-Feb.	£15/5				
Kenya, hold sizes ...	68 0 115 0	SILK—					
Colombian, mid to fine ...	70 0 105 0	Canton ...	8 0 10 6				
EGGS—		Tussah ...	5 0 8 0				
English ...	16 0 22 6	Japan ...	10 6 13 6				
Danish ...	13 0 19 0	Italian—Raw, fr. Milan	9 6 12 0				

MEAT.—According to the Smithfield Market official report, supplies of meat during last week amounted to 9,562 tons, as compared with 8,894 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.7 per cent. of the supplies, as against 81.9 per cent. a year ago, and imported mutton, mainly New Zealand, formed 77.4 per cent. of the total supply, as against 74.5 per cent. last year. Prices of mutton and pork have been generally higher, while beef remained at last week's level.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Rather a better feeling has made itself manifest in the markets, and with the advent of buyers there is some recovery from the low levels touched at the opening of the year. Linseed is in fair demand on United Kingdom account, and £8 10s. has been conceded for Plate, January-February and February-March shipment, against £8 recorded a few days ago. Seed on spot is steady at £9 5s., and for January loading, £8 15s., and February-April, £8 12s. 6d. are now quoted. Shipment of the new Argentine crop is proceeding apace, the quantity afloat for Europe now exceeding 125,000 tons. Cottonseed has also commanded more attention, black Egyptian being in good demand, £5 17s. 6d. having been paid for seed on passage and £5 15s. for January and February loadings. Linseed oil, after having touched the low figure of £18 12s. 6d. on spot ex Hull has improved to £19 5s., with January-April delivery quoted £17 12s. 6d. Supplies now are good and consumers more actively interested. Cotton oil is quiet and neglected, crude Egyptian ex Hull offering at £19 and common edible at £22. Oleochemicals and meals are in fair demand and prices are about unchanged. Reserve on the part of sellers resulted in a further upward turn in copra, which tended to curtail operations. Straits S.D. January, to Rotterdam, held for £15 5s.; Dutch East Indies, January, £15 5s.; Ceylon, quoted £16 2s. 6d.; sundried South Sea, nominally £14 5s. Palm kernels, February-March, to Hamburg, £10 12s. 6d. c.i.f.

HIDE, LEATHER AND ALLIED TRADES.—Prices for most classes of hides were steady at the auctions held in Manchester this week, the only alteration in regard to ox and heifers being a reduction of 1d. per lb. on the two top weights in both clear and warbled. Despite the fact that, so far, there has been very little increase in the turnover in imported hides, the feeling seems to be gaining ground that signs of improvement cannot be much longer delayed. In the South American market, European countries, together with the United States, have participated in the purchasing of frigorifics, and Argentine ox have been sold on the basis of 6 1/2d. and light ox at 5 1/2d. Prices for dry South American hides are lower, sales of B.A. Americanos having been made at 6 1/2d., and of M.V. Americanos at 7 1/2d. The market for Capes is quiet, with a few parcels of first and second dries changing at round about 7 1/2d. and 6 1/2d. respectively, while drysalted in the same classes have realised 6d. and 5d. for 20-30 lbs. Australian hides evince rather more interest at the lower prices now being quoted. Tanners and merchants of sole leather are doing a fair turnover. In English and wet-salted the heavier weights in bends are being taken up in moderate quantities on repairing trade account, but so far only a limited inquiry has come to hand for this class of leather for the manufacturing side. Business in the upper leather section has been chiefly confined to small parcels of willow calf and black and brown glaze kid. Producers and distributors in both the sole and upper sections consider the market as being sound in spite of the small amount of interest being taken at the present time by shoe manufacturers. Prices, with very few exceptions, are firm, and any change is expected to be in an upward direction.

RUBBER.—There was no new feature to touch upon. Prices mark but little change and trade meantime pursues a quiet course. Standard sheet, spot and January, sold 4 1/2d.; February, 4 1/2d.; March, 4 1/2d.; April-June, 4 1/2d.; July-September, 4 1/2d.; October-December, 4 1/2d. To New York: estate sheet, February-March, sold 4 1/2d. c.i.f. London stocks increased 714 tons at 78,042, against 56,616 last week. Liverpool stocks, 923 tons higher, at 41,516, against 19,438 last year.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, JANUARY 17, 1931.

No. 4,560.

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Correspondents to the Italian Treasury.

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THE MONEY MARKET.

The week was characterised by several important monetary developments, including Thursday's heavy movements of funds, the decision of the Banque de France to accept standard gold, the further break in the Australian exchange, and the announcement that arrangements were being made to ship gold from Buenos Aires in support of the Argentine peso. This last point is discussed briefly on a subsequent page. Thursday's transfers arose from the fact that the final

call of 90 per cent. on last autumn's Treasury bond issue fell due, while the Government had also decided to redeem in cash on that day the outstanding portion of the 4 per cent. (tax compounded) War Loan. The problem set to the market by these two operations was whether on balance money would be absorbed by the Bank or released. As shown below, this problem had its immediate and its final aspects.

The total amount of the final Treasury bond call was known to be £94.5 millions, but the latest revenue returns showed that up to January 10th £85.6 millions of this sum had been paid up in advance under discount, so that, allowing for payments that were made early this week, possibly only £55.0 millions had to be found on Thursday. Against this, the outstanding portion of the 4 per cent. War Loan, which was paid off on Thursday, amounted to £75.0 millions, so that, apart from the unknown factor of "inside" holdings of War Loan and Treasury bonds, the market stood to gain from the Bank £20.0 millions more than it lost. This, however, was only the final aspect of the dual transfer. The immediate aspect was that whereas on Thursday the £55.0 millions due on the Treasury bond call had to be paid over on the spot, the £75.0 millions paid out by the Bank in redemption of the War Loan was not made immediately available to the market. When the Bank paid out this money, it did so by sending cheques to all the War Loan holders, scattered all over the country. The market rightly anticipated that it would take several days before all these cheques were presented at the Bank for payment, and in the meantime the market feared, with reason, that it would be short of funds.

Thus Wednesday witnessed a certain amount of preparatory borrowing at rates running up to 2½ per cent., and on Thursday, when it became apparent that money was short, 2½ per cent. had to be paid for renewals, while new money at times commanded as much as 3 per cent., and finally a small amount had to be borrowed from the Bank. The discount market, however, was inactive, with February bills quoted at 2½ per cent., March at 2½ per cent., and three months' bills at 2½ per cent. Longer maturities were quoted at 2½ and 2½ per cent. The stringency is purely temporary and will diminish as the War Loan cheques are presented.

	Dec. 23, 1930.	Jan. 1, 1931.	Jan. 8, 1931.	Jan. 15, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	1½ (May 1, '30)
Discount (Call)	1	1	1	1	1½ (May 1, '30)
Houses (Notice)	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

On Wednesday it became known that the Banque de France was intending to accept, as from an early date, standard gold as well as fine gold against its purchases. As several details arising out of this change in its procedure remain to be settled, the new arrangements will not come into force at once, and it is generally understood that February 2nd is the date appointed for the change. The Banque de France will pay for standard gold on the basis of its fine gold content, and has agreed not to raise its minting charges. The effects of this concession, when it comes into force, will be that the franc exchange export gold point will be raised from Frs. 123.65 to Frs. 123.89, the premium on fine gold in London will disappear, and gold shipments to Paris will no longer be restricted by the capacity of the refiners to about £300,000 a day.

The remaining seventeen days of January are thus witnessing an interim phase, during which the old arrangement and old gold points operate under the shadow of the new. The first effect of the announcement was to drive the Paris exchange up to Frs. 123.84, or a rate which made it profitable to cancel Wednesday's and

Thursday's arrangements with the refiners. Subsequent cancellations are proceeding upon a day-to-day basis, for it is recognised that until the appointed date there is nothing to stop the exchange slipping back to under Frs. 123.70. The Cape gold due on January 20th and 27th has been brought forward upon French account, and these arrangements stand. In the meantime, so long as it is profitable to cancel arrangements with the refiners—and this can be done when the exchange is over Frs. 123.80—no appreciable amount of gold is leaving the Bank. Thus the first important result of the change is the cessation of the flow of gold to France.

The next point of interest is what will happen next month when the new arrangement comes into force. At first sight, it would be reasonable to expect a big movement of gold to France, amounting to several millions and sufficient to satisfy current French needs for good and all, followed by a final cessation of the outflow. City opinion, however, is disposed to take a more hopeful view. One reason for the extent of the aggregate outflow of gold to France during recent months was undoubtedly the obstacles arising from the disinclination of the Banque de France to accept standard gold. Thanks to the Banque de France's co-operation in agreeing to accept standard gold, there is now complete freedom of movement. This, it is held with some justice, may have so great a psychological effect that, now that anyone who wants gold can have it in unlimited quantities, there will be no desire to take it. On these grounds it is conceivable that no gold will be taken next month, and that the outflow is already at an end.

On Monday the Associated Australian Banks announced that their selling rate for cable transfers would be raised from £115 10s. to £118 7s. 6d. Australian for £100 London. This represents another advance since the break-away last week. The selling rate for New Zealand cable transfers has been fixed at £107 10s. New Zealand for £100 London. Thus New Zealand is breaking free from the depreciation of the Australian pound.

NEW YORK.

Credit conditions have been easy. At the end of last week the Chicago Reserve Bank reduced its rediscount rate from 3 to 2½ per cent., while on Tuesday the New York rate on bankers' acceptances was lowered by a further ½ per cent. Call money was also easy at 1½ per cent. Gold continues to arrive from Canada, \$11,000,000 being reported during the week. At the end of last week a further reduction of \$47 millions was announced in brokers' loans, the current figure being \$1,879 millions.

THE FOREIGN EXCHANGES.

The Foreign Exchange market was fairly active this week. Sterling maintained its recent recovery except against the dollar, where the rate moved against us by ¼ to 4.85½. Montreal recovered from 4.87½ to 4.86½. Paris went from 123.70 to 123.83 after touching 123.84, for reasons already discussed. Brussels declined sharply to 34.84 from 34.79½. The peseta was very irregular and went from 45.80 to 47.40. Amsterdam lost ½ at 12.06½. Berlin and Switzerland moved sharply in our favour to 20.42½ and 25.07½ respectively. Stockholm gained ¼ at 18.13½. Oslo lost ½ at 18.16½, and Copenhagen ½ at 18.16½. The South American currencies also reacted differently, Rio gaining ¾d. at 4½d., whilst Buenos Aires lost ½d. net at 34½d., and Montevideo 1½d. at 33½d. In the forward market, New York went from a discount to par for both periods. Paris from par was one centime discount for both periods. Milan was better at 14 and 42 centesimi discounts, as was Madrid at 1½ and 6 centimos premium. Amsterdam recovered to ¼ and ½ cent premium, and Berlin was rather better at 1½ and 5 pfennigs discount for the two periods. Silver established new low records during the week, but recovered a little at the close, cash at 13½d. and forward at 13½d. showing declines of ¾d. and ½d. respectively. The China silver exchanges fell in sympathy. Hongkong from 1s. 0½d. to 11½d. and Shanghai from 1s. 3½d. to 1s. 3½d.

GERMANY AND EUROPE.

THERE are times when the game of international politics looks like that nightmare game of croquet which Alice tried to play in Wonderland, with hedgehogs for balls and flamingos for mallets. Whenever the hedgehog was nicely curled up and placed in position, the devoted flamingo would refuse to straighten his neck for the stroke; and by the time the flamingo's neck had been straightened out, the long-suffering hedgehog had uncurled himself and crawled away. At the present moment, that scene from Wonderland provides an apt simile for the portentous difficulties which are being encountered by international statesmanship in its attempt to make the flamingos and the hedgehogs of Europe—the ex-Ally and the ex-Enemy Powers—co-operate in playing the game of European understanding and reconstruction.

As matters stand, those who have worked hardest in this country for peace during the last twelve years are inclined to be vexed with Germany. "Look," they say to their German friends, "how hard we have worked for the good cause, and in the teeth of what formidable obstacles. Sincere friends and admirers of France, we have had to contend with the French 'system of Europe' founded on the four European peace treaties—a rigid system championed by a great nation in a rigid frame of mind. And look how much has been accomplished. Thanks in some part to our persuasion, the French have accepted first the Dawes Plan and then the Young Plan. They have evacuated first the Ruhr and then the Rhineland (and this, five years in advance of the latest treaty date); they have entered into the Locarno Pact on a basis which places France and Germany on an equal footing; and they have agreed not only to the admission of Germany to membership in the League of Nations, but to her being given a permanent seat on the Council. For this you owe us (and France) some thanks. We admit freely great assistance from Dr. Stresemann on the German side. Take all the credit for him, if you like, if only you will stop committing the inexplicable folly of repudiating his 'policy of fulfilment' just when it has begun to bear fruit. The French evacuate the Rhineland and accept the Young Plan; and incontinently you hold anti-French demonstrations in the evacuated territory and return 'Nazi' members to the Reichstag in ten times their previous numbers. For heaven's sake, return to 'the policy of fulfilment'! Recurl yourself, impatient hedgehog that you are, into that neat and convenient Stresemannic ball!"

What do those Germans who are of like mind to these English peacemakers say in reply? Their reply is couched in ludicrously similar terms to those of the English indictment. "Have we not worked hard for the good cause too? Have we not been up against the rigid frame of mind of German Nationalism, ever seeking to repress into its own mould the ductile spirit of the German people—the spirit of a people that has been defeated, unnerved, disillusioned? Do you at all realise the stubbornness and the weariness of the daily battle which we had to wage, under Stresemann's leadership, against critics who were dinning into the ears of our countrymen a perpetual warning that 'the policy of fulfilment' was all in vain. 'We told you so,' the German Nationalists are calling to the German people; and we peacemakers are reduced to silence, for we can no longer say that the critics and the sceptics have failed to prove their case. It is you English peacemakers who have let us in for this, by your inexplicable weakness and complacency in the matter of armaments and minority rights at the critical moment when the Stresemann 'policy of fulfilment' had either to bear fruit or be discredited."

What is the explanation of this unhappy and dangerous misunderstanding between two groups of people in Germany and England who are like-minded and who are working for the same ends? The misunderstanding arises from a profound difference of psychological "tempo,"

which arises in turn from a certain difference in material circumstances. The Englishman is entirely in earnest in wanting to get the French "system of Europe" modified; but, after all, he is not the immediate victim of this system himself, so he can afford to take his time about changing it, and to let France take hers. For the German, on the other hand, who feels himself like an Atlas bearing up an intolerable weight, time is of the essence of the problem. He feels that the burden is going to crush him unless he is given substantial relief at once.

Now a dispassionate observer from China or Peru, after looking at our present European discontents, would probably pronounce that Germany was not so completely exhausted as Germans suppose, nor England so comfortably situated as she appears to be in German eyes. He would probably say that both countries, like all Europe and all the world, are suffering bitterly from the present world-wide economic depression, and that the difference between their actual situations is one of a small and scarcely discernible degree. On the other hand, it is proverbially true that, when the camel's back is at breaking point, it is the last straw that makes it snap; and for Germany, as she faces the unemployment problem this winter, "the last straw" appears to be this feeling that, in the field of international relations, she has been cheated; that the Stresemann "policy of fulfilment" has been pursued in vain; that the French "system of Europe" is not going to be modified in essentials after all—at any rate, not by pacific, constructive, League of Nations methods.

A sign of the times is an article which has just been published* by Dr. Mendelssohn Bartholdy, a German who is well known outside Germany, as well as at home, as one of the editors of the great series of German documents on the origins of the war, and as a statesmanlike and conciliatory publicist. Dr. Mendelssohn Bartholdy is no more a Nazi than he is a Communist. His passing strictures on the Nazis, in this very article, are severe almost to savagery. He represents the sensible, well-balanced, enlightened minds of Germany; and that is why it gives an English reader a shock when he heads his article "Shall Germany renounce her membership in the League of Nations?" and when he proceeds to argue out the pros and cons in cold blood, Dr. Mendelssohn Bartholdy does not shirk the cons. He points out that for Germany to withdraw from the League would not be a heroic gesture; that it would bring Germany no immediate relief; that it would probably be unpopular in the United States; that France and England would probably succeed in bribing Italy not to follow suit; and that it would mean the loss of Germany's economic opening in her former colonies, which are now mandated territories. Yet he sums up by exclaiming that, however many cons he may pile up as a student of politics, he cannot, after all, forget that he is a man; that he must follow not only his reason but his conscience; and that the man in him declares: "We must get out of Geneva!"

Now Dr. Mendelssohn Bartholdy sees quite clearly what this step would mean. "If Germany and Italy," he writes, "were shortly to withdraw from the League, and if America were to remain aloof from it, then the League could not be kept going. In the British Empire, the policy of turning a cold shoulder to the European Continent, which the Dominions have long wished for anyhow, would at once become an accomplished fact." And he declares, in terms, that the destruction of the League in this manner is the supreme pro which outweighs all the cons against withdrawal from the League from the German point of view.

Now there is one further thing that Dr. Mendelssohn Bartholdy does not say outright. He does not say that the destruction of the League, by a concerted withdrawal of Germany and Italy, would mean another great war in Europe within the next ten or twenty years. But palpably he knows it; and his knowledge of it can be

* "In Europäische Gespräche," Jahrgang viii, Heft 12.

read between the lines. That Germans like Dr. Mendelssohn Bartholdy should be in this mood now is a portent. Something must be done. But in what direction helpful policy is to be sought is not so easy to say. To attempt to arraign France for desiring to perpetuate in Europe a post-war balance of power whose price must be another hell of poison-gas and slaughter is neither politic nor fair; for in France to-day, if "security" (for reasons which Germany is none too well fitted by past history to question) is an obsession, grandiose visions of *Machtpolitik* have no hold whatever on mass opinion. Conceptions of a "system of Europe" which may engross the mentality of the Quai d'Orsay elicit little enthusiasm from the great body of *moyen* Frenchmen who live between the Pas de Calais and the Pyrenees. Equally we decline to believe that the great mass of "middling" German opinion has much sympathy with a policy whose objective is a new Triple Alliance of Germany, Italy and the U.S.S.R., dividing Europe once again into two armed camps. It is on the statesmen of the Powers, therefore, that responsibility of the gravest possible character rests. And the supreme task which lies before M. Briand and Herr Curtius this year is to persuade their countrymen—the one, that men are made more dangerous by hopelessness than by any other emotion; the other, that the worst way to secure the co-operation of friendly sympathisers is to try to force the pace, to surrender—as children do—to unreasoning despair, or (above all) to endeavour wrong-headedly to capitalise the cry of "Wolf, wolf."

A POLITICAL DILEMMA.

WHEN Parliament reassembles next week members will have to face the fact that the month's recess, so far from producing any signs of alleviation in the troubled state of the nation, has provided definite proof of the full continuance of the economic storm. Since the December adjournment the figure of total unemployment has risen by over a quarter of a million—a painful reminder, not merely of the persistence of the industrial malaise but also of the urgency of that thorny task of overhauling the whole system of unemployment insurance and relief, upon which a Royal Commission is belatedly deliberating. At the same time, the publication of nine months' figures of public revenue and expenditure has provided another reminder, equally painful, that the Budget of next April is being contemplated with growing anxiety, and that the duty of the House of Commons to force retrenchment upon the Government is becoming plainer and more pressing. In the weeks between now and Easter the most important business of the Commons should be the exercise of their function as guardians of the public purse, and circumstances demand that the estimates for the spending departments for 1931-32 should be subjected to something far more rigorous than the customary complacent scrutiny.

But before the House can settle down to constructive work of this kind it has to face, at the outset of the Lent term, a purely political dilemma of first-rate importance. For on Thursday next, two days after the reassembly, the Trade Disputes Bill will be presented for second reading. It may be presumed that the whole of the Conservative ranks will be marshalled against the Government; while there is some disposition to expect that a considerable section of the Liberals will join Sir John Simon in refusing to sanction the second reading of a Bill which they regard as definitely injurious to the national interest. In the hands of the remaining members of the Liberal Party may well lie the fate of the Government, for defeat on the second reading of a major measure would almost certainly be followed by the resignation of the Cabinet or an appeal to the country.

The dilemma is both serious and difficult. On the one hand, we believe that the destruction of the Government next week, before Parliament has had any opportunity to review the work of the Indian Conference and the policy

of the Government in relation to it, is highly undesirable; nor can we see any possible good at this juncture in a general election on a class issue, which could only serve to distract the nation's attention from what should be the absorbing task of co-operative reconstruction. Yet, in our view, the Bill, whose provisions were fully discussed in our issue of December 27th, is in one or two essential respects an unfortunate and even dangerous measure. If the Government take their stand firmly upon the present intentions of the Bill they will court a defeat, which nobody wishes to see them sustain at this particular moment. On the other hand, if the majority of the Liberals give reluctant acquiescence to the worst features of the measure they may be doing the country an ultimately greater disservice than by forcing an immediate political crisis.

There are, as far as we can see, only two satisfactory solutions, and they lie in the hands of the Prime Minister. The alternative methods of escape which are open to him are, firstly, to fulfil his early promise to regard the House of Commons as a Council of State and announce the Government's willingness to consider substantial amendments in the Committee stage of the Bill; and, secondly, to agree to postpone the later stages of the Bill pending examination by a Special Commission of the whole problem of Trade Union Law, and of such specific possibilities as those of defining the phrases "intimidation" and "sympathetic strikes" and "essential services," with due and proper regard, not only to trade union susceptibilities, but also to the safety of the State and the just rights of the individual citizen.

Of these two courses the second would be preferable, but is, perhaps, the less likely, for it is a method of procedure which the Government's trade union supporters might regard as impotent dalliance. But against the first course we can see no valid argument, and we appeal to Mr MacDonald to pursue it. He would lose no prestige, and would certainly be enabled to carry legislation removing the bad features of the 1927 Act, while avoiding the mistakes of the new Bill, if he promised to make every endeavour to meet the Opposition on the two vital points with which they are chiefly concerned. The first is that the non-striker should be safeguarded against intimidation far more effectively than the present Bill proposes, and the second that the "essential services" precluded from the right to strike should be so defined as to secure that the nation should never again be forcibly threatened with a cessation of its daily life.

Are the Prime Minister and his Cabinet really reluctant to concede these two demands of national safety and individual safeguard? We can hardly conceive that they are. If not, let them say so, and with minor give and take over lesser questions in the Committee stage, they may be certain of placing on the Statute Book a new charter of trade union privilege in no proper way inferior to that which existed before the 1927 Act. On these lines we hope and believe that common sense will prevail.

INDUSTRIAL PROFITS.

FROM our last quarterly analysis, published three months ago, of the accounts of British industrial joint-stock undertakings compiled in our weekly Profit and Loss summaries, it was evident that a phase of substantially diminished earnings had begun to be disclosed. Up to the end of the second quarter of last year the "time-lag" between the end of companies' financial working periods and the publication of the results was sufficient to delay the disclosure of the effects on profits produced by the major trade depression which set in towards the end of 1929. In the third quarter of 1930, however, a decline of over 6 per cent. was revealed; and the accounts of 509 companies tabulated in our columns during the three months ended December 31st show a contraction in net earnings, after payment of debenture interest, amounting to over 18 per cent.

NET PROFIT (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	Number of Companies.	Reports Published In		Increase (+) or Decrease (-).	
		1929.	1930.		
First quarter.....	516	£ 60,888,497	£ 62,021,337	+ 1,132,840	+ 1.9
Second quarter.....	578	73,424,411	79,717,393	+ 6,292,982	+ 8.6
Third quarter.....	529	25,232,486	23,626,502	- 1,605,984	- 6.4
Fourth quarter.....	509	39,272,377	32,174,677	- 7,097,700	- 18.1
	1,932	198,817,771	197,539,909	- 1,277,862	- 0.6

From the next table, which gives quarterly fluctuations in net profits since the beginning of 1924, it will be seen that for the calendar year 1930 the decrease amounted to less than 1 per cent., the progressively heavy decline of the last two quarters being offset by the increases recorded in the quarters ended March and June. Since trade conditions began to deteriorate from the beginning of the fourth quarter of 1929 onwards, it may be noted that some nine months had to elapse before the influence of the trade recession began to be reflected in earnings statements. In this respect the experience of the slump which followed the collapse of the 1919-20 boom was somewhat similar. Preceded in April, 1920, by a turning point in our index number of wholesale prices, the deflationary collapse which led to the severe depression of 1921-22 began actually to affect companies' working results from mid-summer 1920 onwards. But it was not until the second quarter of 1921 that our analysis of industrial profits recorded a downward movement with a fall of 8 per cent. Six months later the maximum quarterly fall, 53 per cent., was registered; and on this analogy the full brunt of the present depression may be expected to be revealed in our next analysis three months hence, though, since the latest quarterly decrease of 18.1 per cent. compares with a decrease of 42.4 per cent. in the second "decline return" of 1921, it may be hoped that our next quarterly statement will show a decrease in profits considerably less severe than 53 per cent. :—

	1924.	1925.	1926.	1927.	1928.	1929.	1930.
First quarter.....	+ 8.7	+ 9.1	+ 7.6	- 4.0	+ 15.2	+ 1.5	+ 1.9
Second quarter.....	+ 3.0	+ 11.1	+ 8.3	+ 5.7	+ 1.3	- 0.7	+ 8.6
Third quarter.....	+ 2.3	+ 9.8	+ 2.8	+ 2.4	- 0.7	+ 3.0	+ 6.4
Fourth quarter.....	+ 13.3	+ 6.4	+ 3.8	+ 0.3	+ 3.1	+ 1.4	- 18.1
Year.....	+ 6.6	+ 8.7	+ 6.3	- 3.0	+ 7.2	+ 0.0	- 0.6

In the next table we show the results of the past quarter in greater detail. With the exception of breweries (whose earnings have so far been affected to a surprisingly small extent by trade depression and unemployment), iron, coal and steel companies and telegraphs—and the figure for this group is based on so few returns as to be scarcely representative—every group in our analysis shows a decline. Moreover, it so happened that the majority of the colliery companies, whose results showed a moderate improvement on the none too satisfactory returns of a year ago, closed their financial year on June 30th, since when coal earnings have certainly declined :—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports published in Quarter ended Dec. 31st.		Increase.		Decrease.	
		1929.	1930.				
Breweries.....	52	£ 4,334,201	£ 4,498,486	164,285	3.8	£	%
Hotels, Restaurants, &c.....	20	648,539	639,508	...	...	9,031	1.4
Iron, Coal and Steel.....	37	1,548,472	1,770,703	222,231	14.4	...	...
Land, Mortgage, &c.....	28	2,573,881	1,191,15	...	...	1,374,165	53.4
Motor and Cycle.....	16	532,352	795,443	...	...	137,333	14.7
Nitrate.....	4	757,167	272,74	...	...	484,333	64.0
Oil.....	6	774,56	603,441	...	...	171,119	22.1
Rubber, &c.....	92	1,051,010	204,193	...	...	846,817	80.6
Shipping.....	10	1,883,739	1,594,09	...	...	289,650	15.4
Shops and Stores.....	10	1,513,14	1,182,977	...	...	330,167	21.9
Tea.....	12	408,214	268,531	...	...	139,683	34.2
Telegraphs, &c.....	2	32,416	43,371	10,955	33.8	...	...
Textiles.....	6	166,513	82,322	...	...	114,197	68.6
Tramways.....	4	110,835	110,029	...	...	806	0.7
Trusts.....	47	3,877,080	3,665,157	...	...	207,923	5.4
Miscellaneous.....	161	18,658,682	15,269,921	...	...	3,388,761	18.2
Total.....	509	39,272,377	32,174,677	...	...	7,097,700	18.1

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Most significant as an indicator of general conditions is the heavy fall of 18.2 per cent. shown above for the large miscellaneous group, whose figure three months ago registered a fall of only 4.6 per cent. A serious drop in the earnings of land mortgage undertakings is strikingly indicative of the diminished prosperity of overseas countries, such as Australia and the Argentine, whose national economy is largely dependent on the sale of primary products—a consideration which applies equally to the poor showing made by rubber and nitrate. In the shops and stores group the decrease in net profits is due mainly to the effect of the results of Waring and Gillow and of the South American shops controlled by Harrods, and is not necessarily a correct pointer to the earnings of retail distributors as a whole in this country. In the case of the investment trusts group, where a decline of only 5.4 per cent. is recorded, it would be natural to expect that the time-lag between the development of an industrial depression and a shrinkage in net earnings would be greater than in the case of undertakings trading directly on their own account.

In our next table we set out the distribution of profits during each of the past four quarters :—

DISTRIBUTION OF PROFITS.

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1930.	£	£	%	£
First quarter.....	62,021,337	38,408,282	61.9	12,233,520
Second quarter.....	79,717,393	45,045,105	56.5	19,448,375
Third quarter.....	23,626,502	14,850,457	62.8	4,469,225
Fourth quarter.....	32,174,677	20,766,299	64.5	6,564,790
	197,539,909	119,050,143	60.2	43,115,910
			21.9	35,373,856

An unsatisfactory feature disclosed by the foregoing table is the appreciable decline in the percentage of total profits "left in the business" during the past quarter. A year ago the proportion reserved was 18 per cent., and in the fourth quarter of 1928, 23.2 per cent. The average for the year, 17.9 per cent., contrasts with 19.0 per cent. in 1929 and 22.3 per cent. two years ago. The next table shows in detail for each of the different groups how the aggregate distribution was divided :—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
Breweries.....	£ 4,498,486	£ 2,467,471	54.9	£ 805,781
Hotels, Restaurants, &c.....	639,508	333,432	52.1	184,407
Iron, Coal and Steel.....	1,770,703	730,785	41.3	305,074
Land, Mortgage, &c.....	1,191,15	770,715	64.2	565,706
Motor and Cycle.....	795,443	522,669	65.7	73,860
Nitrate.....	272,74	2,274	Nil	260,000
Oil.....	603,441	287,998	47.7	Nil
Rubber, &c.....	204,193	128,322	62.8	11,067
Shipping.....	1,594,09	1,432,33	89.9	161,760
Shops and Stores.....	1,182,977	624,252	52.8	383,515
Tea.....	268,531	189,830	70.7	28,656
Telegraphs, &c.....	43,371	10,955	25.3	8,629
Textiles.....	52,322	33,202	63.5	50,767
Tramways.....	110,029	65,528	59.6	5,432
Trust Companies.....	3,665,157	2,214,89	60.4	977,863
Miscellaneous.....	15,269,921	11,626,311	76.2	2,472,667
Total.....	32,174,677	20,766,299	64.5	6,564,790
			20.4	4,843,588

Conservative policy in the matter of distributing profits to shareholders is exemplified chiefly by the iron, coal and steel, oil, rubber, telegraphs and tramways groups, while at the other end of the scale come the land mortgage, nitrate and textile groups, which paid out in dividends more than their aggregate earnings. In the case

of the miscellaneous group, the reserved proportion of 7.7 per cent. compares with 9.5 per cent. a year ago and no less than 22.2 per cent. in the last quarter of 1928.

Turning to earnings on capital, we next give the ratio of net profits and of sums reserved to total ordinary and preference capital:—

	Total Ord. and Pref. Capital.	Net Profits.	Carried to Reserve, &c.	
1930.	£	£	%	%
First quarter	595,281,227	62,021,337	10.4	11.379,535
Second quarter	751,903,913	79,717,395	10.6	14,823,913
Third quarter	265,078,042	23,526,502	8.8	4,326,820
Fourth quarter	392,547,450	32,174,577	8.2	4,843,588
	2,007,816,632	197,539,903	9.8	35,373,856

At 8.2 per cent. the ratio of net profits to total capital compares with 10.3 per cent. at this time last year and 11.0 per cent. two years ago. The average for 1921, it may be recalled, was 10.3 per cent., and in 1922—the lowest of the post-war period—7 per cent.

Our next table summarises for each quarter since the beginning of 1927 the average rates of interest and dividend paid on debenture, preference and ordinary share capital:—

AVERAGE RATES PAID.

	On Debenture Capital.				On Preference Capital.				On Ordinary Capital.			
	1927.	1928.	1929.	1930.	1927.	1928.	1929.	1930.	1927.	1928.	1929.	1930.
1st quarter	4.80	4.78	4.89	4.89	5.1	5.3	5.4	5.8	10.4	11.3	10.9	10.0
2nd "	5.30	5.43	5.10	4.94	5.9	6.0	5.9	6.3	11.8	10.0	9.8	10.3
3rd "	4.98	4.90	4.88	5.36	5.2	5.4	6.0	5.0	10.2	10.7	10.3	8.3
4th "	5.19	5.04	5.29	5.19	4.9	4.9	4.7	4.5	10.1	10.3	10.6	8.4
Year	5.08	5.02	5.15	5.39	5.3	5.4	5.5	5.7	10.8	10.6	10.5	9.5

Examination of average rates or ordinary dividend paid by the various groups shows that, with the exception of breweries, hotels, tramways, trusts and (near the bottom of the dividend scale) the iron, coal and steel undertakings, reductions have been almost uniformly substantial:—

	Debenture Capital.	Rate of Int.	Preference Capital.	Rate of Div.	Ordinary Capital.	Rate of Div.	Rate of Div. year ago.
Breweries	£ 21,224,890	4.9	£ 13,904,812	5.8	£ 19,050,596	12.9	13.1
Hotels, Restaurants, &c.	2,545,317	4.9	3,244,803	5.7	3,870,479	8.8	6.9
Iron, Coal and Steel	10,712,521	5.1	13,148,600	5.3	26,519,168	2.8	1.8
Land, Mortgages, &c.	12,796,357	5.5	14,190,744	3.5	24,413,212	3.2	8.4
Motor and Cycle	211,000	6.3	1,706,133	4.3	4,398,640	11.9	14.1
Nitrates	8,751,293	6.1	8,000,000	3.5	1,322,750	...	0.5
Oil	395,834	7.0	Nil	...	8,530,355	3.4	7.5
Rubber, &c.	220,203	7.2	396,231	2.8	13,247,247	1.0	4.4
Shipping	10,313,160	4.9	7,681,960	5.4	9,781,888	7.6	10.6
Shops and Stores	1,844,740	6.2	5,220,311	7.2	6,808,196	9.2	12.1
Tees	224,737	5.0	510,200	5.6	1,313,542	14.5	21.8
Telegraphs, &c.	221,900	5.9	136,975	6.3	523,950	3.2	7.2
Textiles	1,640,452	6.4	1,857,104	2.7	1,980,745	1.7	4.2
Tramways	231,151	5.8	200,000	2.7	1,600,303	4.8	4.8
Trusts	18,824,552	4.6	22,855,674	4.3	27.3, 8,725	8.1	8.8
Miscellaneous	13,505,487	5.6	49,464,262	5.0	97,209,825	11.1	15.6
Total	101,466,494	5.2	144,597,829	4.5	247,949,621	8.4	10.6

While the average rate of ordinary dividend, 11.1 per cent. in the case of the large miscellaneous group, may afford some encouragement to the Chancellor of the Exchequer in estimating income assessable to tax in 1931-32, the fact that, as we have shown, the average rate of 8.4 per cent. for all companies together was achieved only at the price of making barely adequate provision for reserves is somewhat disquieting. It is possible that holding companies, whose numbers have greatly increased in the past decade, may have the advantage of being able to include in their receipts for 1930 the dividends earned in 1929 accruing to them from subsidiaries; but though this may retard the influence of the depression on many important profit and loss accounts, reference to the experience of 1921 suggests strongly that shareholders may have to face considerably less agreeable dividend declarations in coming months. From the

point of view of the stock market, the depressing effects of poor earnings statements this spring is a factor which obviously cannot be overlooked, though in the case of most sound companies prices of stocks already discount substantial reductions in the profits available for distribution to shareholders.

CO-ORDINATION OF TRANSPORT.

THE Royal Commission on Transport has enjoyed the rare satisfaction of seeing the main recommendations of its first two Reports embodied in an Act of Parliament before it had rounded off the full tale of its labours. In a sense, therefore, its final Report* appears as something of an anti-climax, for though it contains many sound and valuable suggestions, there is nothing in it which could form the basis of an immediate legislative enactment, having as its object the co-ordination of transport, though that was the end to which the Commission's inquiries were directed.

In pursuit of this object, however, the Commissioners found material for many suggestions which, in their view, if carried into effect, would "go far to make co-ordinated working more easy to accomplish in the future." They suggest, for example, that the division of territory brought about by the Railways Act, 1921, should be made complete by the elimination of overlapping areas, the discontinuance of joint lines, and the pooling of services which are at present run in competition, over lines near the boundaries of two companies' territory.

While recognising that the difficulties of the railways are, in the main, due to the general trade depression and road competition, the Report suggests that the companies have been led by long years of virtual monopoly to adopt a take-it-or-leave-it attitude, and that they could do much to secure increased passenger traffic by speeding-up services, especially on the shorter cross-country runs; by a general downward revision of fares in preference to their present policy of excursions hedged about by restrictions; and by making greater efforts to provide seats for all passengers. While commending the railways' activities in road transport, where these supplement their own services, the Commission is opposed to the development by the railway companies of road services which may compete with the railways, and advocates the expenditure of capital on the electrification of suburban lines instead. Apart from recommendations as to the use of larger wagons and of containers, the Report makes few suggestions for improving the transport of goods by rail.

On the question of road transport the Commission has already seen its main recommendations carried into effect. It now expresses itself strongly opposed to the construction of any new arterial roads, but advocates a generous use of by-passes, and the improvement of existing roads by widening, the elimination of blind corners, the abolition of tolls, the provision of footpaths and usable grass margins, and the improvement of bridges. These recommendations, we think, are on sound lines. It proposes to make pneumatic tyres compulsory on all road vehicles except locomotives, and to discourage the use of excessively heavy vehicles by a sharply graduated tax.

The passages in the Report which deal with the Road Fund are of particular interest. Raids are very properly condemned in the strongest terms, and the Commission also disapproves (less convincingly) of the proposal to capitalise a part of the Fund for immediate improvements. The difficulties of principle in determining upon whom the cost of the upkeep of the highways should fall are discussed at some length, and the conclusion is reached that motorists are paying about their fair share, but that ratepayers are paying too much. Owing to the fact that not only the proceeds of the petrol tax, but also one-third of the taxation paid on private cars and motor vehicles does not find its way into the Fund, motorists are taxed to the extent of two-thirds of the annual cost

* "Royal Commission on Transport. Final Report. The Co-ordination and Development of Transport." Cmd. 3751. H.M. Stationery Office. 4s. 6d. net.

of the highways, but, when the Exchequer has taken its heavy toll, two-thirds still remain for the ratepayer to pay. The Commission therefore recommends that the share of the ratepayer be reduced to one-third and that no proceeds of the licence and petrol duties be diverted from the Fund if such diversion would reduce the motorists' contribution to less than two-thirds.

The only recommendation in connection with road transport which directly bears on co-ordination is that which would require road hauliers to be licensed by the Area Traffic Commissioners, with a view to eliminating unfair competition in the transport of goods by carriers who do not conform to decent standards of wages and hours. The Commission claims that this measure, by putting the road transport service on an organised basis, would be a preliminary to general co-ordination.

Tramways are rightly regarded by the Commission as obsolete, and their gradual elimination is recommended. Not so canals, to many of which the Commission concedes a limited sphere of usefulness; it is in connection with them that the Report advocates the most definite measures of reorganisation, under a system of Public Trusts. The question of their competition with other forms of transport might, in the Commission's opinion, be referred to a Permanent Advisory Council on Transport.

This Council represents the most constructive suggestion the Commissioners make on the main subject of their Report. Baffled, as who would not be, by the complexity of the problem of co-ordination, they "confess that, for the present, we can see no positive solution," and, convinced that any attempt at coercion would be misguided and ineffective, they propose, instead, constant guidance and assistance by the Ministry of Transport. For this purpose, they recommend that a permanent advisory body should be set up, to keep in close touch with the Area Traffic Commissioners and to "study transport problems—both in the country generally and in particular areas—and to advise the Minister as to the action which he might usefully take to promote the co-ordination, improvement and development of transport generally," and they express the view that "by means of suggestion and persuasion the Advisory Council might be able to bring about a co-ordination of transport facilities which might not otherwise be possible."

Perhaps the view which the Commission takes as to the possibilities of "suggestion and persuasion" is optimistic, but the general idea of a permanent body whose function is to study and advise on transport problems is sound, and if such a body made the best use of its opportunities, its work might render it easier at some future time to devise and undertake a more positive and comprehensive scheme of co-ordination. As to what form such scheme might take, the Commissioners, after discussing various possibilities, discreetly decline to commit themselves.

THE YEAR'S OVERSEAS TRADE.

THE complete results for 1930 are now available, and it is possible to tell how bad the year's overseas trade figures are. On the face of it they are very bad indeed, for, as the first table shows, imports have fallen in comparison with 1929 by £176 millions, exports by £158.7 millions, and re-exports by £22.7 millions. The fact that 1929 was a fairly typical post-war year only adds to the disappointment of the 1930 results.

FOREIGN TRADE VALUES.

	1924.	1928.	1929.	1930.
Imports	£ mill. 1,277.4	£ mill. 1,195.6	£ mill. 1,220.8	£ mill. 1,044.8
British exports	801.0	723.6	729.3	570.6
Re-exports	140.0	120.3	109.7	87.0
Total exports	941.0	843.9	839.1	657.5
Excess of imports over total exports	336.4	351.7	381.7	387.3

Nor is the detailed analysis, given in the second table, much more reassuring. Here again, 1929 was a not

unrepresentative year, and here again there has been an extensive decline in practically every component of the trade returns. In some respects these detailed figures are more disappointing than the totals, for they reveal substantial declines in raw material imports and "finished" exports, and a lesser decline in "finished" imports. In this latter connection, the Statistical Tables (Cmd. 3737), recently issued by the Board of Trade, showed that in 1929 £157.3 millions out of the total of £305.5 millions retained imports classed as "wholly or mainly manufactured" represented articles requiring in various degrees further manufacture before they were ready for consumption; and to this extent, if the proportion in 1930 was similar, the relatively small decline in this category of our imports may be regarded as indicating that demand for "semi's" on the part of some of our "finishing" trades was fairly well maintained. The drop, however, of £134 millions in "wholly or mainly manufactured" exports is a feature whose gravity cannot be disguised.

	1924.		1929.		1930.	
	Retained Imports.	Exports.	Retained Imports.	Exports.	Retained Imports.	Exports.
Food, drink and tobacco	£ mill. 541.2	£ mill. 57.0	£ mill. 509.5	£ mill. 55.7	£ mill. 451.8	£ mill. 48.3
Raw materials and articles mainly unmanufactured	323.8	106.5	285.3	78.9	212.4	63.8
Articles wholly or mainly manufactured	265.0	618.9	305.5	573.8	283.3	439.8

In comparing the figures for the past two years, adequate allowance must of course be made for the fall in commodity prices. In round figures, the wholesale price-level of 1930 compares with that of 1929 in the ratio of 85:100; and this is a rough measure of the extent to which the contraction in the trade returns represents lower declared values and not lessened volume. A closer measurement, though one which cannot as yet be extended up to the end of 1930, is provided by the quarterly official calculations of changes in the volume of overseas trade. These are summarised briefly below:—

	1924.	1928.	1929.	1930.*
Imports	100.0	107.8	114.1	106.1
Exports	100.0	104.7	108.3	90.6

* To Sept. 30th only.

The foregoing figures showed that up to the end of the third quarter of last year, even after eliminating the effect of price changes, there had been a serious contraction, especially in our export trade; and since the figures for the first quarter were relatively good, a still less satisfactory story may be told when the volume results for the whole year can be averaged.

Meantime, some indication of the true position for the year is to be found in the two final tables, giving detailed imports and exports:—

SOME LEADING IMPORTS.
(Quantity '000's omitted.)

	1924.	1927.	1928.	1929.	1930.
Wheat	117,421 cwt.	110,436	103,577	111,769	105,007
Beef	13,611 cwt.	14,464	13,324	12,665	12,814
Sugar	35,995 cwt.	32,913	38,611	42,025	38,233
Raw cotton	15,777 cwt.	15,483	15,076	15,398	12,102
Sheep and lamb's wool	7,603 cwt.	8,220	7,793	8,139	7,834
Raw silk	5,241 lbs.	3,662	3,923	4,683	3,977
Flax, hemp and jute	339 tons	400	332	352	26
Iron ore	5,927 tons	5,235	4,495	5,757	4,35
Wood and timber, sawn, soft	5,137 loads	6,026	4,605	5,224	4,85
Rubber	1,457 cwt.	3,246	2,443	3,954	3,913
Crude petroleum	464,363 gals.	664,810	498,002	487,349	460,964
Wood pulp	1,228 tons	1,431	1,263	1,638	1,532
Hides, wet and dry	1,806 cwt.	1,532	1,503	1,174	1,300

The foregoing table records numerous substantial declines in imports of the principal raw materials. In fact, hides, rubber and wood-pulp are the only items in which a more or less serious recession did not occur. Faced with rapidly declining prices and diminished demand from consumers in many important markets, British manufacturers inevitably reduced their own needs during the year now closed; and the other, even more

depressing side of a gloomy picture is presented in the final table, which deals with their sales in foreign markets. Here locomotives are practically the solitary exception to an unending tale of contractions, in which the "heavy" industries and textiles generally play a rôle of unenviable distinction:—

SOME LEADING EXPORTS.
(Quantity '000's omitted.)

	1924.	1927.	1928.	1929.	1930.
Coal..... tons	61,651	51,149	50,952	60,267	54,879
Total iron and steel manu- factures..... tons	3,851	4,196	4,261	4,379	3,158
Total machinery..... tons	483	512	566	562	451
Cotton yarns..... lbs.	163,056	200,465	189,297	166,637	136,710
Cotton piece goods, sup. yds.	3,443,959	4,116,883	3,866,509	3,671,637	2,408,767
Wooden tops..... cents	411	429	344	327	288
Wooden tissues..... sup. yds.	164,740	130,514	128,339	108,185	79,642
Worsted tissues..... sup. yds.	59,843	39,580	42,111	47,281	34,711
Linen piece goods, sup. yds.	110,188	73,911	69,135	71,540	61,450
Boots and shoes, doz. pairs	998	990	1,079	1,096	997
Paper and cardboard, cwt.	4,757	4,317	4,539	5,047	4,259
Locomotives..... tons	24	27	41	40	51
Motor cars and chassis No.	15	36	33	42	30

The monthly course of export values in 1930 has been one of almost steadily progressive decline, and while the aggregate for the first half of the year was passable, the year's average has been pulled down by the deplorable results of the second half. There is, however, no economic advantage to be derived from tears over spilt milk. The important question is how soon an upward turn in the curve will come, and what we can do to accelerate recovery. It is clear that it has not come yet, for the December export figures, which we discuss in a later column, were the lowest of the year, while the January returns will be affected by current labour troubles. The foreign trade returns of other countries show that we are not alone in our exporting difficulties; but, at the same time, it is evident that if this country's economic position, the exchange value of its currency, and the material well-being of its population are to be permanently maintained, our competitive power in markets abroad must be enhanced. And this cannot be done without concerted effort and sacrifice on a scale not yet, we fear, by any means fully realised.

THE SUGAR PROBLEM.—II.

(BY A CORRESPONDENT.)

IN a previous article an account was given of the so-called Chadbourne Plan for sugar restriction, upon which agreement had been reached between the producers of the United States, Cuba, Java and the principal European exporting countries other than Germany. The day after that article went to press it was announced that Mr Chadbourne's negotiations with Germany had been successful. Germany is to have an export quota of 500,000 tons for the first year, 350,000 tons for the second year, and 300,000 tons for the remaining three years, making a total of 1,750,000 tons, compared with her demand of 1,850,000 tons. This removes the last obstacle to the implementation of the scheme, and it remains to discuss its prospects of success.

The essential purpose of the Plan is to make room for the absorption of the present unprecedentedly huge carry-over by restricting further production or export during the coming five years. Last year's disconcerting relapse in the recovery of consumption and the unexpectedly large European beet crop in the current season have added to the difficulties of dealing with the stock situation. The problem, therefore, may be resolved into two main questions: first, whether it is possible to restore confidence in the market in the next few months; secondly, whether there is a possibility of the parties to the agreement pursuing a steady and united policy during the five-year period.

As for the coming months, with the assurance of a firm policy on the part of the conference members, a reversal of the recent downward trend of prices is not unlikely. The ratification of the agreement in February should restore to buyers a reasonable degree of confidence

in the stability of the market, and there is a likelihood that invisible stocks will again be built up, absorbing a very considerable part of the present deadweight of "visibles," which is mainly responsible for the depression.

As regards the further success of the plan, world conditions of sugar production and consumption in the next five years are not wholly unfavourable. On the side of production there is good ground for supposing that a natural pause in the upward trend has been reached. Cuba itself, for internal reasons, has little motive to extend the area under cane even in the absence of restriction, while increased unit yields are equally improbable within such a period. In Java a natural halt seems to have been reached in the upward march of production, after the remarkable spurt of recent years (due to the spread of the high-yielding P.O.J. 2,878), as further increase of the area under cane is restricted by the Government in order to secure sufficient land for the production of food for the dense population. In Europe the beet lands have completed the process of recuperation from the war and its aftermath, while the encouragement of the beet-sugar industry by exaggerated protective tariffs has probably reached its limits. Such rise in price as might be expected from the putting into force of the scheme is not likely to stimulate new producers, and in any case the bringing of new cane areas into production is a comparatively lengthy process.

The strain on the plan is likely to come, not, indeed, from natural conditions of production, but from the mutual disagreements and distrusts of producers, both within the separate groups and between the groups. Meanwhile, in the face of a great common danger and the urgent need for action, unity is well within the bounds of probability in the coming months; the strain on loyalty will come as the danger recedes, with the restoration of an upward trend in prices. On the one hand are the usual difficulties of continued common action by groups of producers in very diverse circumstances, a difficulty that is peculiarly marked in the case of sugar, owing to the varying conditions of production and to the different parts it plays in the economy of the respective countries; on the other hand are the latent internal disagreements within the various groups. In the case of Europe, the initial struggles over quotas have already reflected some of these difficulties.

The internal position, however, of the two great cane-sugar exporters deserves further attention. In Cuba, restriction has never been a really popular idea, and under the Chadbourne Plan, as ratified by the Cuban Government, restriction depends on the consent of 65 per cent. of the producers. The mills, partly for economic reasons and partly, it would sometimes seem, for psychological reasons not entirely of economic origin, dislike limiting the amount of cane dealt with; the smaller mills, that is, those owned by native Cubans, which are already distinctly marginal producers, suffer most severely from the increase in costs as the scale of production is reduced. In the past, administrative difficulties in connection with the distribution of milling "contingents" have been very much in evidence. The scheme, too, means additions to the already high tax burdens. The colonos, or cane-farmers, dislike leaving their cane uncut, with consequent prolongation of exposure to the usual risks and steady diminution of sugar content; while the mills experience additional chemical difficulties in dealing with such cane when it is eventually cut. The agricultural labourers suffer hardship owing to the inevitable increase in unemployment which follows restriction. The Cuban Government itself has to steer a precarious course between increased control of the industry and the danger of adding fuel to the ever-latent unrest by increased unemployment and the awakening of anti-American elements of public opinion against a scheme engineered by American interests.

In Java the recent history of the V.I.S.P. shows, too, the danger of internal strain. Java producers have been reported to be still, on the whole, disinclined towards restrictive interference, having in the past, to some extent, tolerated the V.I.S.P. because of the strict limitation of its powers to co-operative selling of as much

of the available surplus as possible at the best possible price. The introduction of a new policy of restrictive control of exports may, therefore, imperil the measure of agreement hitherto existing amongst its members. The holding back of sugar by the V.I.S.P. means also additional risks and costs of warehousing and associated charges that may be unpopular with members, and, in addition, though the V.I.S.P. controls 90 per cent. of the output, the opportunity given by a waiting policy to the remaining 10 per cent. to skim the market when the chance arises is an additional strain on loyalty. Finally, there is the danger of friction with the exporting firms, on whose specialised knowledge of the complexities of Eastern markets the V.I.S.P. relies and who take much of the commercial risk at the present time. In the background lies the well-founded belief that the conditions of production of Javan sugar give the industry there a sounder basis than in any other country in the world and that, with its exceptionally low cost of production, it might even now weather the storm that would utterly destroy a more or less considerable proportion of producers in other countries.

Now, therefore, that the negotiations with Germany have been successful and the ratification of the Chadbourne Plan in February may be expected, the unfolding of a new chapter in the history of attempts at restrictive control will be awaited with interest, not unmixed with scepticism. The critical period for such an agreement among sugar producers will not be the coming months, for the prospects of success in the very near future are good, but the subsequent phase, when the results of initial success are beginning to be felt and the danger of an immediate collapse of the market is past.

SLAVERY IN LIBERIA.

A TRAGIC and moving story of the misery of a native people, told mainly in their own broken and pathetic words, is contained in the report of the International Commission of Enquiry (1930) into the alleged existence of slavery, of conditions analogous to slavery, and of forced labour in Liberia—a report just issued by the League of Nations Secretariat. It is a poignant document, and the indignant note already sent by the United States Government to Liberia will command universal approval. The subject is on the agenda of the League of Nations Council, which opens next week, and the United States has requested the Secretariat to circulate copies of its note to all the signatories of the League's Slavery Convention, which has been ratified by a large number of countries, including the United States. There had been suspicion for some time regarding the conditions of life in Liberia, and it was under pressure that the Liberian Government set up an international commission, whose chairman was appointed by the League Council, the other two members being the respective nominees of the Governments of the United States of America and Liberia. The chairman was an Englishman, Dr. Cuthbert Christy, and it is on the British Government's request that the question is placed on the Council's agenda.

"They have told us," said one of the chiefs in his evidence, "that if we talk our towns will be burned. I have thought about this much, and now I say, 'Then let it be history for our children that the towns of the people of — were destroyed this day because they told their troubles.' " This fear of reprisals runs all through the record. Without malice, with a desire to avoid any impression of disloyalty, in no mood of rebellion or vindictiveness, but (says the Commission) in despair and appeal, these uneducated natives related an accumulation of woes, many of which could be corroborated in their major details.

"The Sad Song of the Wedabo Women" quoted in the report is a native lament for the miseries inflicted on them and their menfolk:—

We were here when trouble came to our people;
For this trouble Jeh was imprisoned and fined,
For this reason Yancy came to our country—
He caught our husbands and our brothers,
Sail them to 'Nana Poo,

And there they die!
And there they die!
Tell us
Yancy. Why?
Yancy why?
Wedabo women have no husbands,
Yancy why?
Wedabo women have no brothers,
Yancy why?
Mothers, fathers, sons have died,
Waiting for the return.
Yancy why?

That is the native picture of the rounding up of villagers, in brutal conditions and under the direct responsibility of Yancy (afterwards Vice-President of the Republic) for export as labourers to the Spanish island of Fernando Po, to which they will not go willingly by reason of the reputation given to it by returned natives. But it is not the whole story of the oppression and cruelty inflicted upon the indigenous native races by the so-called "civilised" elements of the State, that is to say, the Americo-Liberians and others in the coastal area with a smattering of education. It is a sad development of an experiment in independent government by a race whose own emancipation from slavery is not many decades old. It is a long tale of virtual slavery, raiding, forced labour without pay, extortion, cruelty and corruption.

Slavery as such has no legal status, but inter-tribal domestic slavery exists, and pawning, which is legal, has essentially the same result as slavery. Pawning is simply putting wives and children in pawn for cash, and it is recognised by the Government as an old native custom. A pawned person remains captive until redeemed, and it may be for an indefinite period; if the pawner dies, there is no hope of redemption. Human beings are pawned for the payment of fines, and the Commission says there are instances of handing over pawns to a justice of the peace to pay the cost of court litigation. Pawned women are sometimes used as decoys for men, who are then seized, fined and made to work out their fines.

Some of the worst features of the report, however, are those relating to what is euphemistically described as the official recruitment of labour, for export, mainly to Fernando Po, and to forced labour conditions. With the aid of the frontier force soldiers, of armed messengers, and of certain Government officials, men have been rounded up consistently in the villages, ill-treated, herded together, imprisoned, and shipped to Fernando Po, hundreds at a time; chiefs repeatedly fined if the men are not at once forthcoming; women and old men captured to make young men surrender, and every form of intimidation exercised. Efforts made to complain at the capital, Monrovia, were futile, and those who tried were victimised on their return. Several hundred women marched to petition the Vice-President before that office was held by Yancy; they ranged hopelessly about the town, but without avail, and returned to their homes disheartened. Cases are given of men working in Fernando Po for two years for 30s., and for fourteen months for 34s. The Spanish vice-consul (a Liberian), when questioned about records of payment to native workers in Fernando Po, replied: "The Spanish Government does not bother with a lot of books." But there is ample enough evidence of the corruption of Liberian officials without the need of discussing Spanish responsibility on this point. Money is extorted from the chiefs on little or no excuse and money is demanded for the release of prisoners; the native workers are robbed of pay. Figures run from £300 to £1,248 from individual chiefs to officials exclusive of demands for cattle and rice. There is one item of £72 paid by a chief to Superintendent Yancy for a motor launch sent to arrest him for sending messages to Monrovia, and another total sum of £900 extorted in various ways from three chiefs on promises of settlement of a land dispute, which is still unsettled and remains a potential source of further extortion. It is no wonder that in these and other conditions many native towns were found deserted, or depopulated, with the number of women far in excess of the number of men.

The forced labour conditions, mainly on the roads, are as bad, if not worse. The chiefs, under the usual threats

of punishment and humiliation—which have only too frequently been carried out—have to provide the men, the food for them, and the tools for road construction. The men have to work, whether sick or well, under the ruthless soldiery, and they have been freely made use of by officials in their private rubber, coffee, cocoa, and rice enterprises. It is also asserted that the requisitions of foodstuffs have been diverted to private ends. "Every work they give us to do," says a native witness, "the whip is our pay." Whips, sticks and scars were exhibited to the Commission, which stigmatises the callous exploitation in no undecided terms. The words development and social progress are unknown; "servitude and slavery have taken their place." The terrible indictment is accompanied by a mass of evidence in the words of the natives and their chiefs, who, while speaking with gratitude of the Commission, foretell with hopeless resignation that they will be victimised and their villages burnt for having spoken.

The conclusions and recommendations of the Commission are drastic, and definitely associate Vice-President Yancy and other officials with recruitment conditions analogous to slave raiding and slave trading to their own advantage. Vice-President Yancy "being the chief beneficiary . . ." "Intimidation has apparently been and is the keyword of the Government's native policy." The Commission details the long list of abuses, cruelties, and depredations which must be abolished if the Republic is to survive, calls for complete re-organisation, and, what is most essential—"the first radical change"—for the removal of the five District Commissioners in the hinterland "as dishonest and corrupt officials, skilled only in devising means of intimidation for the purpose of extracting money from the natives and in creating opportunities for extracting more." The Commission suggests that they should be replaced by European or American commissioners, with strictly selected subordinates. This is really the crux of the matter. The rulers of Liberia have so far failed to reveal any capability of decent government. Outside control is necessary. The Liberian retort so far seems to have been that these facts relate to the past and that conditions are as bad elsewhere in Africa. It is scarcely possible to be convinced of the first assertion; the second may be true, and ought not to be lost sight of.

It is an ironical fact that when the League first took up the question of slavery several years ago, there was the customary accusation that it was looking for things that did not exist. Few, however, could have realised the appalling conditions which the International Commission has now made known, and the miserable natives are entitled to expect international protection. The United States Government evidently intend to take energetic action, and the Members of the League will surely do likewise.

Notes of the Week.

India's Federal Structure.—Final judgment on the fruits of the Round Table Conference must be deferred until next week, by which time the Prime Minister will have made his statement of the policy of the British Government, and, we earnestly trust, the cloudy waters of Hindu-Moslem controversy in the matter of communal electorates will have been clarified by some sort of tentative agreement at least. By Wednesday the differences appeared to have been narrowed down to such a small margin (the stumbling-block was inability to satisfy the claims of the Sikh minority in the Punjab), that it seems reasonable to hope that complete accommodation may be realised. Meantime, the draft report of the Federal Structure Sub-Committee—for all that many of its recommendations are provisional and many points of detail require closer definition—represents a solid body of agreed principles which are a notable testimony to the utility of the Round Table Conference. Broadly, the report follows the lines advocated by Sir Tej Bahadur Sapru and accepted with minor qualifications by Lord Reading, whose courageous and statesmanlike speech we welcomed

in these columns last week. In brief outline the report proceeds upon the basic assumption that there is to be responsible government, with certain transitional reservations, at the Centre. The Executive should consist of the Governor-General and a Cabinet of Ministers; defence and external relations are to be the responsibility of the Governor-General, who should have powers to act extra-constitutionally in specified cases of emergency and should not be dependent on the assent of the Legislature for supply in respect to reserved subjects. Ministers responsible for these subjects should be chosen at the Governor-General's unfettered discretion, but the rest of the Ministry should be formed on the same lines as a Cabinet at Westminster. In the sphere of finance, it is suggested that powers of intervention should be reserved to the Governor-General in regard to budgetary arrangements and borrowing, if in his opinion methods are being pursued seriously prejudicial to the credit of India abroad. The management of currency and exchange should be entrusted to a Reserve Bank and the sanction of the Governor-General should be required for the introduction of any bill to amend the Currency Act. With regard to the Legislature, it is proposed that there should be an Upper Chamber, to be described as the Senate, consisting of 100 to 150 members, partly nominated by the Indian States and partly elected by the provincial legislatures of British India by the single transferable vote. The Senate should be subject to dissolution, but a fixed proportion should retire and be replaced or re-elected at regular intervals. The Lower Chamber, it is proposed, should have 250 members, but there were differences of opinion in the sub-committee whether election should be direct or indirect. An equally important point in respect of which the report recommends "that the matter be further explored" is whether the representatives of the States in the Federal Legislature should or should not take part in the decision of matters "which, being outside the range of federal subjects, have no direct interest to the States." The sub-committee were in general agreement that the States could not help being interested in any question which involved the existence of the Ministry. We should have been glad, however, if complete agreement could have been reached that just as the Federal Executive is to have collective responsibility, so the Federal Legislature, representing both the States and the Provinces, should also function collectively without qualification. Next week must be left to provide answers to two crucial questions, whether the statement of British Government policy can strike a note that will satisfy both British and Indian opinion, and whether a way will be found to bridge the narrow gulf between the Hindu and Moslem positions. Whatever these answers may be, it can at all events be claimed that the Round Table Conference has been far more successful than most people dared to hope in creating the foundations on which the constitutional structure may be built.

The Industrial Disputes.—The week has seen deplorably slow and difficult progress towards settlement of the intractable coal dispute in South Wales. The negotiations at Cardiff on January 9th broke down over a difference between the owners and men on the terms of reference to the Conciliation Board, the latter wishing to confine arbitration to the wage alteration specifically conditioned by the hours reduction, and the former requiring the whole problem of wages to be raised. On Thursday a formula was reached in which arbitration more or less within the scope desired by the owners was conceded, but its acceptance on Saturday by the miners' delegates was still doubtful. Nor, up to Thursday afternoon, could much advance be recorded in the Lancashire weaving dispute, in spite of the intervention of officials of the Ministry of Labour. Burnley weaving sheds have been idle all the week, and as we go to press the crucial meetings are taking place from which must emerge either a settlement or the certainty that on Monday next the whole of the weaving section of the cotton industry will be brought to a standstill. Late on Thursday the Weavers' General Council decided to ballot its whole membership on the employers' proposals, but failing re-

sumption of work at Burnley it was not certain that this decision would suffice to avert a ruinous and unnecessary stoppage. The only bright spots in the week's story of the labour position is that an agreement has been reached in the wage discussions in the linen industry, and that owners and mixers in the Warwickshire district have patched up a temporary agreement to last for three months.

The Pope on Marriage.—The Papal Encyclical "Casti Connubii" is a portentous document. And those non-Catholics who sympathise most with the Pope's fundamental aim of maintaining, or restoring, the efficacy of the institution of marriage will the most regret the manner in which His Holiness has gone to work. When he denounces the subversive effect of certain current presentations of sex in popular fiction and on the films, he speaks for all men and women of wisdom and good will; and we can also follow him when he champions the rights of the child against the rights of the parents—even though it is, surely, somewhat extreme to lay down rigidly that, in every case of a conflict of interests, the interest of the child shall prevail. But what are we to say when he insists that the particular rules of marriage which happen to be canonised by the Roman Catholic Church are beyond criticism and beyond change? Surely this need not necessarily follow even from the thesis that the institution of marriage is a divine sacrament; for a divine, even more than a human, law may be expected to adapt itself with deep insight and wisdom to the infinitely various conditions of social life in different times and places. For His Holiness, however, the divineness of the sacrament simply consecrates the *status quo* of the Roman Catholic Canon Law; and from this position every kind of reactionary consequence follows: a veto on divorce, a veto on birth-control, a veto on equality between wife and husband. Birth-control is denounced as "an offence against the law of God and nature, and those who indulge in such are branded with the guilt of a grave sin." In diplomatic but unmistakable language, the pronouncement of the Lambeth Conference on this subject is castigated. In this, as in other matters, the Encyclical is characterised by a ruthless disregard for human considerations, while the economic problem is evaded by casting the burden of supporting unlimited families on to State-aid and private charity. Signor Mussolini may like this Encyclical; for it will perhaps help him in his own purpose of increasing the "man-power" of Italy. For ourselves, we are sorry that the Pope should have taken a line so little consonant with the realities of modern conscience and feeling and so unhelpful to the cause of co-operation between the Churches.

Tribal Control on the N.W. Frontier.—Last Sunday the Government of India announced that, with the concurrence of His Majesty's Government in the United Kingdom, it had appointed a committee to examine the existing system of tribal control and of defence against tribal risings on the North-West Frontier. The committee should be effective, for it is small, representative and authoritative. Its appointment is important in itself and also in relation to the work of the Round Table Conference; for it is obvious that the nearer we can approach to a solution of the tribal problem, the less difficulty there will be in getting rid of the present peculiar status of the North-West Frontier Province and in assimilating this territory, administratively and constitutionally, to the rest of British India. At the same time, a complete solution is perhaps too much to hope for, considering the inherent difficulty of the frontier problem and the number of times that the possible alternative policies have been debated during the three quarters of a century which have elapsed since the British Indian Government took over the responsibility for the defence of this frontier from the Sikh States, when it annexed these to its own dominions. The root difficulty in controlling these highlands is that we are not in control of the lowlands on both sides of them. Further south, in the Baluchi sector of the frontier, where we have been astride the mountains for more than

sixty years, the problem has been substantially solved. Down here the highlanders, hemmed in between Sind on the one side and Quetta on the other, have been successfully tamed. In the north, however, the Punjab and the North-West Frontier Province are balanced, on the other side of the mountains, not by other territories under British Indian administration, corresponding to Quetta, but by the independent State of Afghanistan; and the international boundary between Afghanistan and the Indian Empire runs through the heart of the tribal country in the fastnesses of the hills. In this difficult sector, there have been two alternative—and alternating—policies, with endless compromises between them. There is the policy of leaving a zone, between the international boundary and the limit of effectively administered territory, in which the tribesmen are allowed to police themselves through a tribal militia organised and subsidised by the British Indian Government; and there is the policy of pushing forward the limit of effective administration until it coincides with the Afghan frontier. The respective merits of these two policies largely depend on a factor which is outside our control, namely, the *régime* on the Afghan side of the line. Obviously the case for the more radical and thorough-going, but also more costly, of the two policies would be strengthened if there were a likelihood of an Afghan Government, modernised on the new Turkish model, bringing the tribal territories under effective administration, up to the international boundary, on its own side. Besides this political factor there are technical factors to be taken into account: the tribesman's proficiency in the use of the modern rifle; the unexpected ineffectiveness of the air arm in bringing him to order; and the equally unexpected effectiveness of motor-roads patrolled by armoured cars, which make it possible simultaneously to control him militarily and to initiate him into the arts of peace. At bottom, this tribal problem is economic; for if the tribesman is to be forbidden to earn his livelihood by raiding, he must be enabled to earn it in some alternative way that is not anti-social.

Sir Otto Niemeyer's New Task.—But recently returned from his mission to Australia, Sir Otto Niemeyer has received and accepted an invitation to perform a similar task on behalf of Brazil. According to an official statement the specific points upon which he is asked to give advice are: (1) The prompt reconstitution of the Bank of Brazil as an orthodox central bank on independent lines; (2) monetary reform and stabilisation of the exchange; (3) maintenance of Budget balance and the publication of periodical Budget figures; and (4) limitation of direct or indirect foreign borrowing by the Brazilian Federal Government, the States or the Bank of Brazil, in accordance with a scheme to be agreed. Despite the wide differences between Australia and Brazil, Sir Otto has clearly much the same problems to consider in Brazil as he was faced with on his Australian visit, though with the addition that he is directly invited to examine questions of the establishment of a central bank, and of monetary reform and exchange stabilisation. The announcement of his acceptance of the Brazilian Government's invitation was favourably received in the City, and, as we show on a later page, led to firmer quotations for Brazilian stocks. From a wider point of view, the fact that Brazil should have turned to the Bank of England for an economic adviser not only indicates that the new Government is anxious to set its financial house in order, but is a welcome testimony to the continuance of the goodwill that traditionally exists between Brazil and the United Kingdom.

Mr Keynes and Spending.—While Christmas shopping was at its height we deprecated the idea that deliberate retrenchment of personal expenditure, not dictated by narrowing of the means of the individual, was socially desirable in present economic conditions. Mr Keynes, in a recent broadcast address, has gone further, and has advocated a course which, in our view, might prove the worse of two evils. Every pound saved, according to Mr Keynes, is so much added to the burden of unemployment, and now is the time for everybody, and especially

for public authorities, to "spend magnificently." In so far as trade depression is psychological, this might be sound advice if enthusiastic spending in Great Britain were sufficient to revive industrial confidence throughout the world. If it were not, the consequences (some degree of credit inflation is presumably implied) would be a brief and glorious boom for the sheltered industries and a rise in the domestic price level which, through its effect on costs, would give their quietus to the export trades. Mr Keynes, in fact, advocates a policy which could only be carried out in a Utopian country which was prepared and able to forgo almost all international trade and retire into self-sufficiency behind (presumably) a tariff wall. We are not converted. On the contrary, we adhere to our conviction that salvation lies for this country not in visions of "managed insulation" but in the reduction of costs; that retrenchment in many sections of wages and, furthermore, in unproductive State expenditure is essential if this desideratum is to be realised; that continuance of saving, particularly by corporate concerns, is necessary, in a greater degree than at present, if capital is to be adequately cheap when trade recovers, and hence normal thrift is essential to continuance of employment; and that so far as it can be reconciled in these conditions "spending as usual," but not "spending magnificently," is sound policy.

Argentine Gold Policy.—On Wednesday it was announced that the Banco de la Nacion has been authorised to issue drafts against its conversion fund of 30,000,000 gold pesos now deposited abroad in its name, and to obtain in exchange for these drafts gold from the Conversion Office, which it can retain or ship abroad as may be required by the state of the foreign exchange market. This is equivalent to the creation of a revolving credit in specie, up to a limit of 30,000,000 gold pesos; in other words it provides a means whereby that amount of the gold held by the Conversion Office can be set free to support the exchange in case of need. Obviously this new instrument will be used with discretion, and so a rapid recovery of the peso cannot be expected. Still, the low level of 33½d. to which the peso had fallen from its par value of 47½d. represented, with Argentina's substantial gold reserves, an anomalous position which stood badly in need of correction. The financial and business world will be disposed to welcome a step which puts a partial end to conditions that have existed ever since gold shipments were suspended rather over a year ago.

December Overseas Trade.—The figures of overseas trade in the last month of 1930 are far from encouraging, as the following table shows:—

MONTH OF DECEMBER.
(000's omitted.)

	1930.	Inc. or Dec. on December, 1929.	Inc. or Dec. on December, 1928.
Imports.....	£ 82,630	-16,85	-11,81
British exports.....	36,418	-19,42	-21,935
Re-exports.....	5,214	-2,697	-3,819
Total exports.....	43,702	-22,665	-25,751
Excess of imports over total exports.....	45,928	+ 5,880	+13,951

Of the decrease of nearly £17 millions in imports, as compared with December, 1929, £11 millions were on account of raw materials, textiles being responsible for the greater part of the decline. The fall of £20 millions in British exports, as compared with the corresponding month in 1929, was caused largely by a decrease of £17 millions in manufactured goods. Textiles accounted for £7 millions of the decline, while manufactures of iron and steel, machinery, vehicles and chemicals together showed a fall of £5½ millions. The decrease of £2.6 millions in re-exports, as compared with December, 1929, occurred chiefly in the raw materials class, whose total fell by £1.6 millions. The figures for the complete year are discussed in a leading article in this issue.

British Iron and Steel Production.—Owing to the general slackness of demand, steel works were closed for a longer period than usual at Christmas time, so that steel production in December fell by nearly 100,000 tons to 337,200 tons, or little more than 50 per cent. of the output in December, 1929. Pig iron production was affected to quite the same extent, but eleven blast-furnaces were "damped down" and five blown out, reducing the number of active furnaces to 76, compared with 162 at the beginning of the year. The production of pig iron amounted to 349,800 tons, compared with 384,100 tons in November and 643,000 tons in December, 1929. The December outputs bring the total pig iron production for the year to 6,196,800 tons, and steel production to 7,298,500 tons—figures which are lower than any previous post-war years except 1921, 1922 and 1926. Imports of iron and steel in December amounted to 283,000 tons, and for the fourth month in succession exceeded exports—this time by the unprecedented total of 113,500 tons. Imports for the whole year thus reached 2,908,300 tons, exceeding those for last year by 86,000 tons; exports, on the other hand, amounted only to 3,157,900 tons, or 1,221,600 tons less than last year. It should, however, be remembered that ships are a large "invisible" iron and steel export. The following table shows the average monthly production of pig iron and steel, and the imports and exports of iron and steel in 1924 and 1929-30:—

	PRODUCTION. (In thousands of tons.)			
	Pig Iron.	Steel.	Imports.	Exports.
1924, monthly average ...	610.0	685.0	202.4	321.1
1929, " " " " " "	632.4	803.0	234.7	364.9
1930, " " " " " "	516.4	608.2	242.4	263.2
1930, 1st quarter.....	640.9	791.2	283.3	327.9
2nd " " " " " "	599.1	662.7	227.7	271.2
3rd " " " " " "	442.6	551.1	206.0	240.8
4th " " " " " "	383.0	427.8	252.4	212.6

In the first quarter of the year production compared not unfavourably with 1929, but in the second quarter of the year a decline set in which continued until the end of the year and still shows no signs of having been checked.

British Coal Exports.—In view of the present serious wage difficulties in the coal industry, it is of considerable interest to note the course of our export trade in that commodity during the past twelve months. In the following table we show the quantity and value per ton of our average monthly exports during the past three years and in 1925:—

	AVERAGE MONTHLY EXPORTS.	
	Thousand tons.	Value per ton f.o.b. s. d.
1925	4,235	19 10
1928	4,171	15 7
1929	5,022	16 2
1930	4,573	16 7

Average prices in 1930 showed a somewhat firmer tendency as compared with the two preceding years. The volume of shipments, however, fell to a level only slightly above that of 1925. The course of trade with our chief foreign markets is indicated in the following table:—

Destination.	Tonnage (000's omitted).				Value per ton f.o.b.			
	1925.	1928.	1929.	1930.	1925.	1928.	1929.	1930.
Scandinavia (a)	605	366	498	407	s. d.	s. d.	s. d.	s. d.
Germany	347	447	460	411	17 2	13 10	14 1	15 0
Holland	127	203	260	238	17 2	13 10	14 2	14 7
Belgium	207	188	315	247	16 8	12 11	13 7	13 10
France	855	755	1,087	1,081	19 9	15 5	15 11	16 7
Italy	568	552	591	597	20 4	16 0	16 11	17 3
S. America (b)	351	394	420	350	23 4	17 5	17 11	18 5
Spain	146	156	149	143	21 10	16 7	18 11	17 7
Egypt	164	182	189	151	21 10	16 2	16 6	17 0

(a) Norway, Sweden, Denmark. (b) Brazil, Chile, Uruguay, Argentina.

It will be noticed that in only one of the above markets, namely Italy, did our exports in 1930 increase. We appear to have lost most ground during the past twelve months in Scandinavia and in South America; and it is perhaps significant that the average price of shipments to the former market show a considerable increase. In the rest of Europe, our exports to France and Spain were fairly well maintained, but purchases by Germany, Holland and Belgium fell off considerably.

The Slump in Shipbuilding.—Full comment on the fortunes of the shipbuilding industry in 1930 may conveniently await the issue of Lloyd's Register returns for the completed year. Meanwhile, the figures for the fourth quarter of 1930, published this week, afford little ground for satisfaction. Launchings during the past three months amounted to 297,000 tons, a decrease of some 82,000 tons on the previous quarter; and tonnage commenced, even including the new giant Cunarder, totalled only 132,000 tons, or 29,000 tons less than in the three months ended September 30th. The volume of work in hand, 909,000 tons, fell by 208,000 tons, as compared with the position three months ago, and was 651,000 tons lower than the corresponding figure for December 31, 1929. When consideration is given to the fact that tankers under construction at the end of last month represented as much as 389,000 tons, in comparison with 398,000 tons a year ago, the tremendous contraction in the building of general passenger and cargo shipping in British yards becomes still more apparent; and a further disquieting feature is that the tonnage now under construction abroad, 1,417,000 tons, is only 35,000 less than at the end of September, so that the British proportion of the world total has fallen to 39 per cent., against 57 per cent. in 1913. In this industry, as opposed to most branches of British production, costs do not appear to be disproportionately high in relation to those of our competitors abroad, but if the influences of "economic nationalism" in shipbuilding are to be counteracted, and our old position regained, it is evident that a very special effort will be required.

American Banking Results.—Summaries of the December 31, 1930, accounts of several of the largest American banks have now appeared, and they make extremely interesting reading. The National City Bank records deposits of \$1,460.0 millions, against \$1,649.6 millions a year ago, while, on the other side of its accounts, cash and money due from other banks stand at \$391.2, against \$437.1 millions; loans, discounts and bankers' acceptances at \$1,015.4, against \$1,245.4, and investments at \$288.1, against \$284.1 millions. The bank's liability on acceptances and foreign bills is only \$237.0 millions, against \$292.2 millions a year ago. The deposits of the Guaranty Trust Company amount to \$1,341.6 millions, against \$1,224.6 millions at the end of 1929. Cash is \$394.8, against \$430.0 millions, and loans and bills purchased \$1,118.7, against \$1,105.4 millions. The bank's liability for acceptances and endorsements is only \$296.2 millions, against \$348.1 millions a year ago. In the case of the Chase National Bank, the accounts are not comparable with those of a year ago, owing to the intervening merger with the Equitable Trust Company. Deposits now amount to \$2,074.0 millions. Reviewing these results as a whole, it is possible to detect a certain similarity between British and American banking results. Bad trade and lower commodity prices have made substantial inroads into banks' acceptance business upon both sides of the Atlantic, while the National City Bank's results reveal a slight change-over in earning assets from loans and discounts to investments. It is unwise, however, to press the similarity too far, in view of the great differences in banking and money market conditions in London and New York.

A Canadian Banking View.—Sir Herbert Holt and Mr C. E. Neill, respectively president and vice-president of the Royal Bank of Canada, had much to say at the bank's annual meeting upon international monetary policy. Sir Herbert Holt was critical of the United States and France, holding that whereas the concentration in their hands of 60 per cent. of the world's monetary gold had placed the world price-level under their control, neither country had perfected its central banking machinery to the point where such control could be made effective. While on occasions blunt criticism of its kind

has its uses, it is doubtful if it is helpful towards a solution of the problem to begin by putting certain countries in the wrong. For this reason, we welcome Mr Neill's very elaborate and detailed analysis of the present monetary situation and of the causes that brought it into existence. In the main, Mr Neill follows Sir Henry Strakosch. Thus he agrees that a fall in the prices of all commodities is not evidence of over-production, but must be explained by "an under-supply of that in which prices are expressed, i.e., money"; and he follows up these words by some timely observations upon central banking policy. Thus he holds with Dr. Randolph Burgess, of the New York Reserve Bank, that it is the duty of central banks to go contrary to public opinion, relaxing credit when there is little demand for funds, and tightening credit when money is in keen request. On this premise, he argues that on the collapse of the stock market boom, the principal central banks of the world should have decided that a drastic contraction of currency and credit was not to be permitted, and that if they had done so a drastic fall in the price-level could not have occurred. Of course, up to a point this is exactly what the central banks were aiming at when they reduced their rediscount rates time and time again during the early part of last year; but Mr Neill is entitled to point out that they were hampered by the previous absence of a common monetary policy and by gold movements which had gravely increased the maldistribution of the world's monetary gold. The result, in his opinion, is that the United States is now in such a commanding position, with 40 per cent. of the world's gold supply, that the main responsibility for the world price-level rests with her. Reviewing the difficulties of bringing production costs into line with the current level of prices, Mr Neill says that the easiest way out would be a restoration of the 1922-28 price-level. Recognition of the Utopian character of this hope, however, is to be found in his alternative suggestions of a special conference between the financial leaders of Great Britain, the United States and France and of the formation of a British financial syndicate, of a character possessing the complete confidence of the New York and Paris markets, for the purpose of diverting capital from centres where there is a surplus to others where it is needed. He concludes somewhat unfortunately by belittling the effectiveness of the Bank for International Settlements and the Gold Delegation of the Financial Committee of the League of Nations as mediums for promoting an acceptable international gold policy, and by calling for the appointment of a new committee of the world's outstanding economists. Even allowing for political considerations, such a committee could do little more than cover ground already explored by the League's Gold Delegation, and there is no guarantee that it would not meet with much the same difficulties as have confronted the organisations Mr Neill is inclined to belittle. A better line of approach would be to try to convince the world that the League's Gold Delegation is influenced by purely scientific and not by political considerations.

The Bank of New South Wales.—Mr. Thomas Buckland, the President of the Bank of New South Wales, had some pertinent comments to make at the general meeting of the Bank held on November 28th last. Thus, while he urged that it was impossible for the banks to control the exchange—and in saying this he foreshadowed by implication the action of his own bank in breaking away last week from the "pegged" rate of exchange—he pointed out that each 1 per cent. fall in the exchange added £360,000 to the annual interest burden of Australia's external debt. Again, in order to illustrate the difficulties involved in the high level of Australian production costs at a time of rapidly falling prices, he said that early last autumn wool, which in three different districts cost from 9½d. to 11½d. per lb. to produce, averaged only a little over 8½d. per lb. on the sale floor. Earlier in his address, an extended report of which will be found in a later column, he discussed

the fortunes of the Bank of New South Wales itself. Its accounts may be briefly summarised as follows:—

	Sept. 30, 1929.	Sept. 30, 1930.
	£ mill.	£ mill.
Deposits	66.6	66.8
Bills payable	7.3	6.1
Cash	11.2	11.5
Investments	8.3	7.5
Bills receivable and remittances in transit	4.8	3.4
Discounts and advances	59.4	60.4
Profits to date	0.99	0.73
Dividend	10%	9½%

The contraction in bills payable and in bills receivable and remittances in transit is a natural reflection of the general trade depression and the fall of commodity prices. Deposits were well maintained, though Mr Buckland pointed out that their size varied from day to day. As regards the Bank's assets, he said that during 1929, in order to meet emergencies, they had strengthened their investments available at short date. In another passage in his speech he indicated that the Bank was doing all it could to help its customers in their difficulties, and that this explained the slight increase in discounts and advances in the face of contracting business. Finally, he said that in order to strengthen the Bank during so critical a period the directors had made substantial appropriations to contingencies, and also recommended the reduction of the dividend from 10 to 9 per cent. per annum as from the last quarter of the year.

State Purchase of German Wireless.—Our Berlin correspondent writes:—The Reichspost has informed the Transradio A.G. (transmarine wireless communications) that it proposes to make use, on January 1, 1932, of its right to purchase the company's plant. The Transradio, which is the only German wireless company, has a share capital of 16½ millions, of which 20 per cent. is held by Siemens A.E.G. and 30 per cent. by Telefunken. Smaller shares are held by the Radio Corporation of America and the D.D. Bank. The Transradio has hitherto had a 7 per cent. dividend guarantee from the Reich; the Reich has to take over the plant at its original cost, plus 40 per cent., which will cost it about 28 million. The actual value of the Transradio plant, the Nauen station, is, at most, a quarter of this, for the original equipment for long-wave transmission has long been out of date, and only the newly-constructed short-wave transmitters are kept in operation. The Deutsch-Atlantische Telegraphengesellschaft is strongly opposing the taking over of Transradio by the Reichspost. The Deutsch-Atlantische, since the loss of the German cables under the Treaty of Versailles, has been operating newly-laid German-American cables, and has been working towards a union of cable and wireless on the lines of the English and proposed American mergers. To this end it has been endeavouring to bring about a merger with Transradio. These negotiations have, so far, produced no result, as the Reichspost rejected the proposed terms. The Deutsch-Atlantische Telegraphengesellschaft is connected with the Commercial Cable Company to the extent that the Deutsch-Atlantische laid a cable from Emden to the Azores, which is there joined to the cable of the two American companies. The German cable was financed by an American loan. The Deutsch-Atlantische is now afraid that if wireless telegraphy is operated by the Reich its competition will be ruthless and impossible to meet. The Reichspost, on the other hand, offers an assurance that it will only compete by fair means. Against the principal argument, that the State is handicapped in international news service, as against private undertakings, the Reichspost insists that that is only true of cable communications, and not of wireless. The Deutsch-Atlantische, which belongs to the D.D. Bank group, has appealed to the Chancellor, who has reserved the decision to himself.

Social Insurance in France.—Our Paris correspondent writes:—The national insurance law, which came into force less than six months ago, is now generally admitted to have made a very bad start, and much is likely to be heard in the near future of further extensive amend-

ments. The provisions affecting agriculturists are proving so objectionable to both employees and employers that in most of the country districts the law remains a dead letter. Actuarially, the scheme is stated by experts to be badly in need of drastic revision, if the Budget is not to be seriously upset by the much larger expenditure on sickness and other charges than was originally anticipated. The enormous army of French friendly society adherents are chafing at the discovery that, although they were given to understand that the administration of the law would be largely in their hands, the clauses affecting them have been so drafted that almost at any moment—whenever a socialistically-inclined Government may think fit—they may be eliminated and replaced by some thousands of additional public officials, with all the red tape and inelasticity of practice that characterise the average professional bureaucrat. The remuneration of the doctors is another cause of strong dissatisfaction. The medical profession proved sufficiently well organised to impose their will on the Government during the revision of the law, and are giving no sign of dissatisfaction with their terms. One reason for this will be realised, perhaps, when it is mentioned that it is now seriously stated that insured patients in many districts are finding that, instead of having to pay doctors' fees on a scale 30 per cent. lower than those in vogue for private patients, they are being treated at the full normal rates. M. de Lasteyrie (M. Poincaré's Finance Minister) and a number of other deputies have put forward a proposal for immediate revision of the law, with a view to removing its major objections. They propose that old age pensions alone shall remain obligatory, and that the operation of the sickness, life insurance and maternity clauses shall become optional. It is urged that the entire cost of old age pensions and two-thirds of the cost of sickness insurance (the other third being met by the State) shall be at the charge of the employers, and that for the other forms of insurance, although each party would continue to pay their respective shares, employers and employed shall be made solely responsible for their respective parts, with no deduction of premiums from wages. In order to reduce cost and complexity of working, it is proposed that the old age pension funds shall be restored to the hands of the autonomous organisations created for the purpose in 1898, and of the friendly societies, and that these bodies shall also handle the "optional" forms of insurance. The communist municipal council at Strasburg has taken the bold step of relieving the whole of the corporation employees of their share of the insurance premiums and charging the whole cost to the ratepayers.

Russia and the World's Wheat Supply.—The unexpectedly large shipments of Black Sea grain last autumn, offered for sale by the Government of the U.S.S.R. without much regard for market conditions, caused in the wheat market a disturbance of prices disproportionate to the actual volume of this addition to the world's market supplies. At the same time, this re-emergence of Russia as a grain exporter on a large scale, with the possibility of still larger shipments in coming years, has attracted attention in the United States and Canada somewhat forcibly to the problem which increased production may present in view of the existing world glut of wheat. In this connection an article by Dr. Marbut, Chief of the Division of Soil Surveys of the U.S. Department of Agriculture, which appeared in the January number of *The Geographical Review* of New York, is of considerable interest. Russia possesses a potential advantage over the United States in having available a larger area of first-grade wheat land, and though the latter country has certain compensations, Dr. Marbut is of opinion that this vital fact of increasing Russian competition cannot be ignored in the consideration of future plans for wheat cultivation in America. As was pointed out in the recent Russian Supplement to the *Economist*, Russia is making a tremendous effort under the Five Year Plan as applied to agriculture to create and maintain an exportable surplus of wheat. The Plan, which involves the collectivisation of peasant

holdings and the establishment of large-scale mechanised State farms, is possible, in Dr. Marbut's view, largely because of the quality of Russia's soils and the amount of land at the Government's disposal. It is estimated that the acreage of suitable land available for these large-scale State grain farms is approximately 25,000,000 acres. If this area is used to advantage, and if the increased production foreshadowed under the new Soviet experimental materialises, Dr. Marbut anticipates that Russia's export of wheat in 1933 should amount to 200,000,000 bushels. On the somewhat low yield in 1929 of 12 bushels per acre of the Giant Farm (the largest of the existing State grain farms in Russia), the total area covered by these institutions as now planned should, when in full cultivation, produce 300,000,000 bushels—a figure which Dr. Marbut finds disturbingly large. The Five-Year Plan contemplates that the total acreage will be under cultivation by 1933, in which case, after allowing for all eventualities, Dr. Marbut feels justified in assuming that in that year Russia will be in a position to export more than the maximum amount of wheat exported in any year before the war.

Transvaal Gold Output.—The total output of gold of the mines of the Transvaal during December amounted to 908,492 ozs. of fine gold, as compared with 884,753 ozs. produced during November. In December, 1929, the output amounted to 851,134 ozs. of fine gold. The following table shows the monthly output since the beginning of 1924:—

Months of	1924.	1925.	1926.	1927.	1928.	1929.	1930.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January ...	796,768	823,692	796,270	839,782	843,857	876,452	862,801
February ...	760,617	753,925	753,924	779,339	816,133	816,284	818,148
March ...	795,671	825,479	834,340	860,511	877,380	866,529	889,370
April ...	768,923	787,519	803,303	824,014	825,907	872,123	868,606
May ...	809,003	813,246	849,214	859,479	886,186	897,598	916,213
June ...	773,053	780,251	822,145	855,154	862,363	856,029	887,867
July ...	829,437	816,202	860,134	851,861	867,211	883,450	912,652
August ...	809,371	808,218	843,854	863,345	891,863	889,601	921,681
September ...	799,422	797,247	839,939	842,118	857,731	849,553	903,176
October ...	827,583	812,832	853,296	855,743	897,720	888,690	926,561
November ...	802,313	787,633	840,276	848,059	872,484	851,593	884,753
December ...	825,273	791,455	836,157	851,225	859,751	851,134	908,492
Total ...	9,597,634	9,699,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	April, 1930.	May, 1930.	June, 1930.	July, 1930.	Aug., 1930.	Sept., 1930.	Oct., 1930.	Nov., 1930.	Dec., 1930.
Gold mines	202,434	202,182	201,324	201,111	202,257	205,061	206,778	205,030	203,473
Coal mines	15,109	15,028	14,943	14,670	14,788	14,706	14,482	13,973	13,763
Diamond mines	5,555	5,340	5,126	5,490	5,754	5,767	5,032	4,748	4,507
	223,108	222,550	221,393	221,271	222,799	225,534	226,292	223,751	221,843

The number of natives employed at the gold mines showed a further decline on the month.

Overseas Correspondence.

UNITED STATES.

Money Market — Capital — Railroad Consolidations — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 3.

THE United States is beginning the new year without the delusions over quick recovery in business and security markets which did so much to retard readjustment a year ago. It is now expected that by spring a start toward improvement will have been made, and that on the whole 1931 will be a better year for business than 1930; but improvement is expected to be gradual and modest. Little sign of it has occurred in the past week.

With the holiday and year-end currency demands, bank and corporation window-dressing and other financial settlements out of the way, easy money is reasserting itself. Two Federal Reserve banks, Boston and Cleveland, have followed the New York lead with a reduction in discount rate. Bankers' bill rates have dropped ½ per cent. to the lowest level in history. Day money, after rising to 4 per cent. on the Stock Exchange at the year-end, the highest rate since last spring, is again quoted at 1½ per cent. there, and goes begging at 1 per cent. in the open market.

The extent to which the recent bank failures added to the usual December increase in currency circulation is reviewed by the Federal Reserve Bank of New York. In the week of December 13th alone a net amount of more than \$170 millions was drawn from the New York Federal Reserve Bank. Part of this cash was used to meet withdrawal of bank deposits and part was a preparation against contingencies. This currency demand was comparable in some respects to that of 1907, when the banks resorted to cashier's checks, the Federal Reserve system not having been formed. In contrast with that time of strain, the recent emergency was met with but a passing stir in the money markets.

The Federal Reserve system statement as of December 31st is distorted by the year-end operations. Although borrowing was invited by the cut in the New York discount rate, total discounts dropped nearly \$200 millions, while sales of bills by the banks in order to maintain their reserves added more than \$100 millions to the portfolio. At the same time the system bought nearly \$90 millions of Government securities, the bulk of these as well as of the bills being bought on the 15-day repurchase agreement plan. Total Reserve credit outstanding declined slightly on the week, and finished the year at \$1,351 millions, as against \$1,547 millions a year ago; the reserve ratio was 73.7 per cent. compared with 69.6 per cent. The statement shows that the deflation in currency circulation had become pronounced before the closing days of the year.

Meanwhile brokers' loans, after 13 consecutive weeks of decline which reduced the total by \$1,303 millions, increased \$6 millions in the week ended December 31st, and there has probably been some increase in miscellaneous public buying as an offset to the press of sales to establish losses for income tax purposes. The better tone in the share market, particularly among the railroad issues which have been stimulated by railroad merger developments, has been duplicated in the bond market. The fresh dose of easy money provided by the cut in the Federal Reserve Bank's discount rate is calculated to lift bonds further. If the advance be sustained, a considerable volume of new financing, dammed up by the poor market of recent months, will appear.

December financing declined sharply from November, which in turn was lower than the small totals of October and September, and was only about a third of that of a year ago. Virtually no financing for industrial and railroad corporations was done by security flotations last month and foreign financing was quite small.

New capital flotations in this country in 1930 are estimated at \$7,400,000,000, which figure compares with \$11,600,000,000 in the previous year and is the lowest since 1925. In general only high-grade bond issues were offered and met with success. Foreign financing, including Canadian issues, was slightly over \$1,000,000,000. Railroad issues were \$1,026,000,000, and public utility offerings were \$2,500,000,000.

A real beginning has finally been made towards consolidating the railroads of the country into a few large systems of approximately equal size and earning power. Conceiving railroad mergers as of first-rate importance as a means of avoiding receiverships for the weak roads, hard hit by the business slump and the development of new modes of competition, such as motor conveyance and oil and gas pipe-line extensions, and of promoting expenditure for additions and improvements, President Hoover some time ago used his influence to start negotiations for mergers in the East.

Although late in 1929 the Interstate Commerce Commission had published its plan for consolidation of the

180 Class 1 railroads and the numerous short lines into 21 grand systems (including the Canadian owned lines), the Commission had indicated its willingness to approve mergers which followed the general lines laid down but which failed to conform in every respect. That plan provided for five trunk line systems in so-called "eastern" territory, serving the States lying east of the Mississippi River and north of the Ohio, in the trans-Alleghany region, and those States between the Great Lakes and the Atlantic Ocean each of the Alleghanies, exclusive of the New England States. One of the systems suggested was, however, an agglomeration of weak roads, and no one gave it serious consideration.

Last week President Hoover announced that an agreement on a four-system trunk line consolidation had been reached among the interested roads, and this week a formal joint application was made to the Interstate Commerce Commission for approval of the plan. It is expected that the Commission will take the matter up immediately and that approval will come as soon as formal hearings can be held, but the matter can scarcely be disposed of for several months. Meanwhile a group of malcontents in the Senate, led by Senator Couzens, are hostile to the scheme and they probably will attempt legislation designed at least to delay matters. Their main grievance seems to be that the President himself took a hand in the matter.

The proposed alignment of railroads involves about one-fourth of the entire railway mileage of the country, the four systems averaging about 15,000 miles each. These roads, nearly sixty in number, last year earned about half the gross revenues of all roads and reported net railway operating income of \$650 millions, or about half the total. Practical difficulties in the way of consummation of the merger are not great, if official approval can be secured. Certain minor points have already been referred to boards of arbitration, of which President Hoover, contrary to earlier reports, will not be a member.

A comprehensive Eastern merger will make it easy to effect consolidations in other parts of the country. If opposition to the eastern plan becomes too formidable, it will probably mean that nothing further will be done along railroad merger lines for a good many years to come, but otherwise a general strengthening of the country's transportation system will result, with considerable aid to the business position.

A good deal of interest attends the opening of the national automobile show here. New models are generally shown, and price reductions are the rule. Some of the more optimistic people in the motor trade now predict sales of 4,000,000 vehicles for 1931, but others feel that as much as can be expected is about the 3,500,000 produced in 1930. Steel industry operations, which fell to a very low point at the year-end, may be expected to rise, as usual, in January. Building construction will, of course, be dull during the remainder of the winter, and the customary slackness in retail and wholesale trade will be felt over the next several weeks. In this period also corporation earning statements for 1930 will appear, and reading them will do little to bolster confidence. Despite all this, there is by no means the pessimism among business men and bankers which might be expected from the unfavourable revelations of statistics.

FRANCE.

Politics — Public Finance — Production — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, January 14.

THE Chambers reassembled yesterday for the new session, which should terminate in June, but which will doubtless be prolonged, as usual, at least until the eve of the Fourteenth of July national holiday. The new session has opened in an atmosphere of nervousness and uncertainty—nervousness as to the effect the present extraordinarily confused relations between the various political parties may have on the general elections due next spring, and uncertainty as to the future of the

Ministry, in view of the damaging revelations of the Oustric inquiry. Everything points at present to the probability of a further series of Ministerial crises in the near future. The continued existence of a Cabinet which must depend on Socialist support in all matters on which its policy is opposed to that of the old Tardieu majority, and on the help of the latter in connection with national defence and other important questions, in regard to which the international Marxians have made it clear they will refuse their support, must necessarily be doubtful. The Steeg Cabinet has made it clear from the start that it aspires to exist rather as "the Right of the Left than as the Left of the Right," but its Press is already loudly appealing for the help of more of the members of the Centre Parties, which have so far refused to disown M. Tardieu. In any case, it cannot be long before the fate of the new Cabinet is put to the test. The Oustric inquiry is steadily involving more members of parties of the Left, and it is difficult to see, in view of the suggestions that are being made of the possibility of stifling the investigation, how it will be possible to avoid the two interpellations on the matter of which notice has been given from being pressed to a crucial vote.

The Government's immediate programme is heavy, and the increasing economic depression is rendering more urgent every day the speedy passage of the Budget, the plan for strengthening the national economic equipment, and the list of great colonial loans. The report of M. de Chappedelaine, rapporteur-general of the Chamber Finance Commission, which was distributed yesterday, shows that during its examination by the Commission the Budget Bill, as drafted by the Tardieu Government, has been slightly revised upwards on both the expenditure and the revenue sides. The comparative totals are as follows:—

	Original proposals.	As modified.
Estimated revenue	50,251,748,329f.	50,457,483,468f.
Estimated expenditure	50,145,286,389f.	50,351,574,180f.
Estimated surplus	106,461,940f.	105,909,288f.

The increased expenditure is chiefly due to the proposals that the war pension scale of 400 francs for widowed fathers of deceased claimants should be brought up to the 800-franc level of that for widowed mothers, and that seamen's old-age pensions, which are still below those of miners and others, should be slightly increased. It is proposed to obtain part of the additional money required by authorising the reopening of gambling clubs in Paris (which were suppressed as from March 31st next under the last Tardieu Budget, and from which 55,000,000 francs are expected to be derived), and by revising upwards the estimated revenue from Customs duties.

In view of the general slowing down of economic activity, the new Finance Minister, M. Germain Martin, has found it prudent to modify to some extent the scheme proposed by the Tardieu Government for the financing of the programme for the development of the national economic plant. This programme, it may be recalled, proposed an expenditure of 17,500,000,000 francs, spread over five years (towards which the Treasury was to have furnished 5,000,000,000 francs out of realised surpluses, while the balance was to have been found by local authorities and other directly interested bodies). One object of the Tardieu Government in launching this programme was to furnish help to industry and check unemployment during the anticipated leaner period of the immediate future. As a result of a searching examination of the financing programme, in association with M. Loucheur, Minister for National Economy and Labour, M. Palmade, Budget Minister, and the high officials of the Treasury, the Caisse d'Amortissement, and the Bank of France, the Finance Minister has decided that a more elastic financing system is advisable. In this he has been influenced by the fact that, although during the first eight months of the financial year revenue exceeded Budget estimates by slightly over 1,000,000,000 francs, total recoveries for December were, for the first time for over three years, slightly (30,000,000 francs) below the expected level. This, M. Martin admits, was the inevitable result of the fact that, since the current



CAPITAL,
SURPLUS
and
UNDIVIDED
PROFITS
\$224,554,298.54

Head Office :
55 Wall Street,
New York

Forty-nine
Offices in
Greater New York

One hundred
Offices in
twenty-four
Foreign Countries

London Offices :
36 Bishopsgate,
E.C.2,
11 Waterloo Place,
S.W.1

The National City Bank of New York

(Incorporated with limited liability under the National Bank Act of the United States of America)

including

Domestic and Foreign Offices

Condensed Statement of Condition as of December 31, 1930.

ASSETS	
Cash in Vault and in Federal Reserve Bank	\$169,860,333.15
Due from Banks and Bankers	221,357,472.53
Loans, Discounts and Bankers Acceptances	\$391,217,805.68
United States Government Bonds and Certificates	1,015,388,385.68
State and Municipal Bonds	\$177,466,655.15
Stock in Federal Reserve Bank	21,973,495.01
Other Bonds and Securities	6,600,000.00
Other Assets	82,047,733.70
Ownership of : International Banking Corporation	288,087,883.86
Bank Buildings	8,000,000.00
Items in Transit with Branches	52,347,936.90
Customers' Liability Account of Acceptances	33,845,489.46
Other Assets	148,092,023.59
TOTAL	7,264,997.67
TOTAL	\$1,944,244,522.84

LIABILITIES	
Capital	\$110,000,000.00
Surplus	90,000,000.00
Undivided Profits	24,554,298.54
Reserves for : Contingencies	\$224,554,298.54
Accrued Interest, Discount and other Unearned Income	\$8,495,846.34
Taxes, Dividends and Accrued Expenses, &c.	4,203,167.73
Liability as Acceptor, Endorser or Maker on Acceptances and Foreign Bills	9,933,491.17
Deposits	22,632,505.24
TOTAL	237,026,383.05
TOTAL	1,460,031,336.01
TOTAL	\$1,944,244,522.84

FIGURES OF FOREIGN OFFICES WHICH ARE INCLUDED HEREIN ARE AS OF DECEMBER 24, 1930.

City Bank Farmers Trust Company

(Incorporated with limited liability under the laws of the State of New York, United States of America)
(Affiliated with The National City Bank of New York)

Head Office : 22 William Street, New York.

London : 11 Waterloo Place, S.W.1

Condensed Statement of Condition as of December 31, 1930.

ASSETS	
Cash and due from Banks and Bankers	\$38,904,634.39
Loans and other Secured Advances	7,761,742.94
United States Government Bonds	5,200,000.00
Other Bonds, Mortgages and Securities	14,467,253.09
Real Estate Owned	5,000,000.00
Other Assets	3,417,750.00
TOTAL	\$74,751,380.42
LIABILITIES	
Capital	\$10,000,000.00
Surplus	10,000,000.00
Undivided Profits	2,894,776.04
Deposits	49,216,358.06
Reserves for Dividends, Interest, Taxes and Expenses	2,640,246.32
TOTAL	\$74,751,380.42

Budget was adopted, taxation has been reduced by 2,000,000,000 francs. In the new Budget estimates the drop in revenue from the taxation reductions in question has been allowed for. Further, the mass of supplementary credits voted already, or inevitable before the end of March, will total approximately 1,800,000,000 francs, which will more than swallow up the realised "surplus." It has become advisable, therefore, to safeguard the Treasury's available resources, otherwise it may be necessary, to meet a possible deficit, to make an issue of Treasury bills—which, if the period of stringency is prolonged, might have to be transformed into more or less long-term bonds, and thus constitute a return to the objectionable policy of balancing the Budget by a loan. The Government therefore proposes to agree in principle that the State's share in the cost of the scheme shall remain at 5,000 millions, but to adopt an amendment put forward by M. Loucheur, which would render it possible, if necessary, for part of the money required from the Treasury to be raised by loan, or from the Caisse d'Amortissement, out of money become available as a consequence of debt extinction.

The index of production for November (1913 = 100), covering nine of the principal industries, is 135, as compared with 136 in October, 137 in September, 144 during the period December, 1929-May, 1930 (the highest level recorded in French industrial annals), and a mean of 139 in 1929 and of 127 in 1928. The French general index figure for production in November is returned by the Statistique Générale as 6 per cent. above the 1928 level, and 4 per cent. above that for 1929, as against United States, German and British figures showing declines respectively of 18, 19 and 12 per cent. below 1928 levels. Contrary to expectation, the detailed returns for November do not show a general decline. On the contrary, the figures for the motor-car and leather industries remain unchanged, while those for rubber goods show a rise of seven points and for extractive industries and textiles a rise of one point each. The continued improvement in the textile figure, which in August and September touched 20 per cent. below its 1913 level, or the lowest since the war, and recovered four points in October, is especially interesting. The textile industry, which for a few weeks in 1928 rose slightly above the pre-war level, is the only great French industry that has failed so far substantially to exceed its 1913 output. Engineering, metallurgy, building and paper fell back slightly during the month, but all, with the exception of metallurgy, are still well above their 1928 levels.

The wholesale price index at the end of December was 498 (July, 1914 = 100), against 504 for November and means of 623 in 1929 and 634 in 1928. The French figure for December corresponds to 101 gold, against Great Britain 112, Germany 120. The index for French products remained unchanged at 565, as in November, while that for imported commodities shows a further drop of 18 points to 377. In March, 1929, the figure for domestic products was 647 and that for imported goods 665, while in the following month that for imported commodities was 23 points lower than that for native products. Since then the ratio between the two categories has been steadily widening. The reasons generally adduced are the excessive incidence of French taxation, and, latterly, the advent of the national insurance system, which is popularly alleged to be largely responsible for maintaining many prices here at a higher level than they are abroad.

The index figures of retail prices continue to rise, but it is a question whether this is not due to defective methods of calculation rather than to any real increase. So far as Paris is concerned, this figure is based on the selling prices of 13 commodities only. This defect, which has often been pointed out here, is tacitly recognised to the extent that in its returns for the current month the Statistique Générale has dropped the ambiguous heading "Retail Prices" and replaced it with the safer one of "Index of the Prices of Thirteen Household Articles."

GERMANY.

Politics — Foreign Policy — Ruhr Wage Settlement — Unemployment Proposals — Chain Store Developments.

(FROM OUR CORRESPONDENT.)

BERLIN, January 13.

THE departure of the Foreign Minister to Geneva to represent Germany's interests, especially in the matter of the protection of the minority in Poland, is taken in the knowledge that his policy has the support at home of all thinking people. Recently feeling has been very forcibly expressed, especially by members of the Centre Party, against any alliance with the extreme Nationalists. The leader of the Centre fraction, Herr Kaas, informed the National Socialists, in a speech which attracted much attention, that it might be theoretically the soundest plan to let them govern, but that it could not be acted upon because they would govern in such a manner that nothing would be left of Germany when they had done. The very restrained and constructive New Year article by Dr. Brüning in the official correspondence of the Reich also rejected in unmistakable terms the National Socialist ideas on home and foreign policy.

The Brüning Government, based on the Catholic Middle classes, and the other Liberal elements, aided by the Social Democrats, and having the co-operation of the Prussian Government with its Socialist leadership and Catholic support, needs only one thing more for its firm establishment: a success in the field of foreign policy. If this is not forthcoming, if Germany receives no definite concession in the matter either of disarmament or of the minority in Poland, then there is bound to be a new crisis with consequences impossible to predict. Herr Curtius's position would become impossible, and if the Chancellor, who has so long postponed, for excellent reasons, the completion of his Cabinet, were forced to find a new minister for this important post, he would be involved in most difficult negotiations with each of the small parties which have hitherto supported the Government. It is doubtful whether, in such circumstances, Herr Brüning's authority would be sufficient to maintain his highly artificial and complicated majority. If Germany can obtain from the League effective protection for its minority in Poland, the way will be opened for negotiations as to the economic relations between the two countries, and the commercial treaty, will at long last be completed. As the treaty is to be presented for ratification to the Sejm, the German Cabinet has decided to bring it before the Reichstag.

The Government has been very active in the settlement of the Ruhr wages dispute. Proceedings had reached a deadlock, as the employers would in no circumstances accept a cut of less than 8 per cent., and the unions would not concede more than 4 per cent. The arbitrator would not take the responsibility of enforcing either of these proposals, and as, according to a Labour Court judgment of 1929, he cannot issue an award of his own as an impartial arbitrator, but must enforce the offer of one or other of the parties, a stoppage of work seemed unavoidable. Thereupon the Government obtained from the President a decree which, in principle, restored the *status quo ante* 1929. Though the arbitrator still cannot determine on his own authority the amount of the wage change, he can, with the consent of the Minister of Labour, call in two other impartial members and require the representatives of the disputants to withdraw, so that the award is given by the three impartial arbitrators acting together. The Ruhr dispute was brought to an end in this way by an award of a 6 per cent. reduction. The Communists tried to engineer a strike against this award and organised a special union, but, so far, it does not look as though they will have much success.

It has long been expected that a reduction of wages in the coal industry will bring about a further fall in iron prices. In preliminary discussions in the industry a reduction of 5-8 per cent. has been contemplated.

A proposal of Herr Dietrich, the Finance Minister, that, instead of unemployment benefit, the funds should be

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used for bounties on employment, in order to give work instead of mere maintenance to the unemployed, has attracted widespread attention. It is a specious idea which constantly recrudesces in all countries in which there is unemployment, but it has always become evident on trial that this system burdens the public funds even more than do benefits, and develops into a regular system of subsidies. For this reason public opinion is inclined to be suspicious of Herr Dietrich's proposals, which he apparently wishes to apply, first of all, in the coal and iron industries, but they cannot be judged until it is seen how they look when they are submitted in concrete form to the Cabinet.

Meanwhile another proposal for the solution of the unemployment problem, strongly advocated by various political groups, has been almost unanimously rejected by a conference of employers, workers and experts—the idea of forced labour. There was a widespread demand for the mobilisation of young unemployed persons for work on public construction, but the Government experts intimated that the expense, even if no wages were paid, would exceed the cost of unemployment benefit.

The largest German chain-store company, Rudolf Karstadt A.G., of Hamburg, is undergoing important changes which should offer an opportunity for a consolidation of part of the very large volume of short-term debt, which exceeds the capital of Rm. 100 millions. The manufacturing side of the company's activities, which was more highly developed than in other German retail store companies, is to be very much cut down. A small participation in a Solingen bleaching works has already been sold. The Berlin fur company, Heymann and Telsenburg, which has been carrying on with heavy losses, is now to be liquidated, and the confectionery firm, William Herz and M. I. Meyer A.G., which belongs to Karstadt, is to be wound up, whereas hitherto Rm. 7.8 millions of confectionery was made by the Karstadt subsidiaries. Still more important is the conversion into an independent company of the "E.P.A." single-price store in Hamburg, which is increasing its capital from Rm. 6 millions to Rm. 30 millions. At present all the shares in this, the largest German one-price store company, are held by Rudolf Karstadt A.G. Its proposed introduction on to the Stock Exchange is postponed until conditions are more favourable for new issues.

In contrast to most other single-price stores operating in Germany, the Karstadt concern conducts its business in buildings which are its own property. The "E.P.A." will now take over the buildings in which it carries on business, against an issue of Rm. 15 millions new shares. Of the remaining 9 millions only 25 per cent. will be paid up to begin with. The "E.P.A.," whose turnover is said to amount to nearly 100 millions, is now to finance itself and relieve the parent company of the burden, for the capital of the Karstadt, on which 12 per cent. dividends have so far been paid, is severely depressed in value by the burden of unfunded debt. In 1930 the quotation fell from 142 to 60, and it is little higher than that at present. The introduction of the shares on to the New York Stock Exchange, so enthusiastically acclaimed at the time, contributed to this, as foreign shares were the first to go when Americans began to sell. The return to Germany of Karstadt shares at a very unfavourable moment severely depressed their quotation, and the dark side of the sale of securities abroad is beginning to be apparent.

IRISH FREE STATE.

Agricultural Prices — Progress of Electrification — Unemployment Insurance — Currency Commission.

(FROM OUR CORRESPONDENT.)

DUBLIN, December 27.

THE continued depression in butter prices causes some anxiety. The emergency duty on the import of butter into the Free State is still in force, and an application for a permanent duty is being investigated by the Tariff

Commission, whose report is expected daily. Meanwhile the marketing of dairy produce forms the subject of a separate inquiry, the conclusions of which are awaited with interest. A recommendation in favour of some form of compulsory marketing through a central selling agency would not come as a surprise, but it is doubtful if the Government could go so far in the direction of regimenting farmers even in their own best interest. The slump in butter prices is largely compensated by the good prices of cattle and other livestock. The advantages of a diversification in agricultural production were never better illustrated than at the present time.

The success of the Shannon scheme, from the financial as well as from the purely technical standpoint, appears to be already assured. Dublin, Cork, Limerick and twenty-four other cities and towns have closed down their own generating stations and now derive their current from the Shannon, while electricity has been introduced for the first time into eighty-eight towns and villages. Over a hundred towns use electricity for public lighting purposes, and the growth of the domestic use of electricity is shown by the large sales of cooking and heating apparatus made by the Electricity Supply Board. The use of electric power for industrial purposes is also on the increase. Already it is employed in thirty creameries, in the Ford Works in Cork and in several other factories. The Dublin and Cork trams are also run from the Shannon. The development which, it was originally hoped, would take place in three years, has in fact taken place in fourteen months, and plans are already being made for extending the scheme.

Great interest is being displayed in the experiments with the Drumm battery, which, if it proves a success, may result in the electrification of the Free State Railways. The Minister for Industry and Commerce, moving a resolution granting a sum of £25,000 for the purpose of further experiments, stated that he had received a most enthusiastic report on the battery from Professor Allman, of London University. The only doubtful question remaining to be solved is the life of the battery. This can obviously be tested only by prolonged experiments, and it is proposed to build four rail coaches, each seating 160 passengers, which will be driven by the battery over a few miles of railway in the suburbs of Dublin. The success of these experiments would doubtless lead to the use of such coaches in other areas, and a very important additional demand for Shannon current would thus be provided.

The position of the Free State in respect of unemployment insurance is singularly fortunate compared with that of Great Britain. In recent years the contribution income has exceeded the amount paid out in benefits, and the Government has consequently decided to reduce the rates of weekly contributions payable by all parties—employers, employed and the State. This relief will reduce costs of production in manufacturing industry by £225,000 a year. The attitude of the Free State Government towards unemployment insurance has always conformed with the highest standards of financial orthodoxy. Except during a brief period of exceptional distress no unconvenanted benefit or "dole" has ever been granted, and the scheme has been maintained on a sound actuarial basis. The numbers registered as unemployed on November 3, 1930, were 18,472 males and 4,518 females, and the numbers being paid unemployment benefit at that date were 9,603 males and 2,036 females.

The accounts of the Currency Commission for the year 1929-30 can be briefly summarised as follows:—

	£
Notes outstanding March 31, 1929	6,557,998
Notes issued March 31, 1929-March 31, 1930.....	9,208,600
Total issues	15,766,598
Notes redeemed March 31, 1929-March 31, 1930.....	8,569,624
Notes outstanding March 31, 1930	7,196,974

The assets by which these notes are secured are as follows:—Cash (British legal tender), £7,907; British

Government securities (maturing within twelve months), £6,825,359; balances at Bank of England and other banks, £363,707. The Currency Commission is responsible also for the issue of the consolidated bank notes which are limited in amount to a maximum of £6,000,000.

POLAND.

The New Parliament — Budget and Loans — Tariff Revision — Bourse and Money Market — Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, December 23.

Just before the opening of the new Parliament, on December 9th, the Cabinet was re-formed, with Colonel Slawek replacing Marshal Pilsudski as Premier, and with a further strengthening of the military forces in the Administration. Not only are the principal ministerial appointments and most of the under-secretaryships now held by army officers, but such important financial positions as the presidency of the National Economic Bank and the Comptroller of the Budget are occupied by generals. Political nominees are also in control at the Bank of Poland.

The opening of the legislatures was accomplished without incident, and the Sejm is now occupied with the Budget project for the fiscal year beginning April 1, 1931. The estimated revenues and expenditures are fixed at 2,890 and 2,886 million zlotys respectively, including 836 million zlotys for the Ministry of War. The anticipated revenues and expenditures by individual departments are substantially the same as for the present year. It is believed, however, that during the course of the next fiscal period the "axe" will be vigorously wielded in most of the Ministries, which are very much over-stuffed, so that the diminished revenue which is inevitable in the next fiscal period may be offset by economies and by foreign borrowing. The system of monthly Budgets is to be continued next year, but in a somewhat weakened form, and transfers of appropriations between Ministries are now to be legalised.

Parliament has also been asked to ratify the agreement signed on November 17th with the Swedish Match Company for the revision and extension until 1965 of the Match Monopoly lease against a loan of \$32,400,000 at 6½ per cent., to mature in 1965. As was indicated in the *Economist* of November 29th, the new loan includes the conversion of the unpaid balance of the \$6,000,000 loan secured several years ago, and provides for an increase in the retail price of matches of approximately 30 per cent. This item alone will amply repay the loan long before 1965. The Monopoly contract is also extended to cover boxes and other products accessory to matches, as well as providing for effective control over the sale of mechanical lighters. The conditions are hard, but the Government appears to be so urgently in need of loans that almost any terms offered had to be accepted.

As was also foreshadowed in these columns last month, the Schneider-Creusot concern of France has offered the State Railways (which were theoretically "commercialised" by a law published and made effective on December 2nd) a loan for the completion of the new railway line from Katowice (Upper Silesia) to the port of Gdynia. The offer is reported to be for a loan of one milliard francs on a yield basis of approximately 10 per cent., but the details are not known.

When the Budget and other fiscal measures are disposed of, the Sejm will, no doubt, be asked to enact a considerable amount of economic legislation which it has not been possible hitherto for the Government to entrust to Parliament, because of the hostility between the administrative and legislative branches.

The Polish tariff wall, already one of the highest in Europe, was raised still higher on the seventh of this month by the publication of duty increases on a large number of commodities. The increases in most cases are substantial, and especially so on leather shoes for

women and children (imported mainly from Czechoslovakia); on bricks, mouldings and tiles; articles for electro-technical purposes, such as insulators, globes and sockets; rosin, on which the duty has been raised from 5.20 to 20.00 zlotys per 100 kilogrammes, and potassium salts (raised from 1.50 to 6.00 zlotys); a large number of chemical products for industrial purposes; tanning extracts; bicycles and parts (increased from 206.00 to 450.00 zlotys per 100 kilogrammes); milling machinery; machine fittings, such as valves, cocks, injectors, separators, etc., on which the duty has been more than doubled; pulp, cellulose and various kinds of paper, and some textile products. While these increased duties are obviously for the most part aimed at Germany, it is stated that they are for the purpose of still further protecting domestic industries; although if these industries were not sufficiently protected by the duties in force before December 7th, it is hard to see how the latest increases will enable home manufacturers to solve their difficulties. A complete revision of the Polish customs tariff is now in preparation, and if the emergency increases which have been made during recent months afford a reliable indication of what the new tariff will be like, the Polish customs barrier will, indeed, be difficult to surmount. There is a great deal of shallow thinking in Poland on economic matters, and especially on the unqualified "benefits" of high protective tariffs.

The expectation that Bourse and money market conditions would improve following the success of the Government Party in the recent elections has not materialised. Bills protested at the Bank of Poland increased from 3.64 per cent. in October to 4.22 per cent. in November, despite great selectiveness in the acceptance of paper for rediscounting; and, for the protection of its declining reserves, the Bank has found it necessary to restrict credit by accepting for rediscount bills of a maximum of 75 days—except in the case of agricultural paper. The Bank is permitted by its statutes to rediscount 90-day bills. There is undoubtedly plenty of short-term money available at the banks, but only for lending against quick-maturing, prime paper. The Bourse has been very weak since the elections, with selling orders exceedingly difficult to execute. The shares of the Bank of Poland, for instance, which were 164 zlotys immediately after the elections, are now quoted around 153 zlotys, representing a yield of over 13 per cent., based on the 1929 dividend of 20 zlotys per share. The Bank is expected to pay a 15-zloty coupon for 1930, so that the yield is still over 10 per cent., considering that the present price includes the 1930 coupon. This is a considerably higher yield than is offered by the shares of any other European bank of issue.

Trade is also very unsatisfactory, with unemployment increasing rapidly now that the building season is over, and with a renewal of the depression in the textile industry after a brief pick-up in the autumn. Russian orders alone are saving the iron and steel industry of Upper Silesia from a considerable shut-down; while railway rolling-stock, farm equipment, machinery, chemical, leather and other manufacturing industries are operating on greatly reduced schedules.

CANADA.

Reception of Mr Bennett's Policy for the Prairie Provinces — Business Conditions — Australian Trade Treaty — Railway Earnings.

(FROM OUR CORRESPONDENT.)

OTTAWA, December 31.

MR BENNETT's speech outlining his programme for the relief of the Prairie Provinces, the gist of which was given in a Note of the Week in the *Economist* of January 3rd, has been very coldly received in the West, and on the following day the price of wheat declined 2 cents per bushel. The *Manitoba Free Press* gave its approval to the plan of guaranteeing bank advances to the wheat pools, but Premier Brownlee, of Alberta,

expressed the opinion that this scheme unduly favoured the members of the pools and that a guarantee of a minimum price of 70 cents per bushel would have been a more equitable solution. Practically all the leaders of the western agrarian organisations have expressed disappointment with what they regard as the indefiniteness and inadequacy of Mr Bennett's proposals, and frank scepticism is being expressed about the possibility of developing any substantial market in China for Canadian grain; the wheat pools have already made determined attempts to do so, but have been foiled by the confused political conditions and the depreciation of China's silver currency.

Mr Beatty has estimated the recession of Canadian business in 1929 as compared with 1930 at 16 per cent., and suggested that a comparison with more normal years, like 1925, would show Canada to be in a relatively fortunate economic position, but so far there is no convincing evidence of any definite upturn in business, and any such development seems to lie still some distance away. It is true that the Christmas sales of stores in the larger cities like Toronto and Ottawa were well up to the average, but the purchasing power of the rural communities remains deplorably low, and until it is revived there can be no permanent business improvement. It is estimated that probably 100,000 farming families in the prairie provinces, or about one sixth of the total, will require some sort of relief, possibly in many cases only seed grain, before spring arrives. The Bennett Ministry's plans for special public works for the relief of unemployment have done considerable good, but the problem remains very serious in many places, and, according to the Mayor of Vancouver, has reached a critical point in that city.

The weekly carloading figures show a further contraction of business; for the week ending December 20th they were 47,494 cars, as compared with 50,232 cars for the previous week and 54,079 cars for the corresponding week of 1929. In the industrial field the textile firms alone profess any satisfaction with their present situation, but it is noted that despite the stimulus which is supposed to have been given to the textile industries by the tariff changes of September, the latest records of the Bureau of Statistics show a further curtailment of employment in them. However, the shares of Penmans, Ltd., the largest woollen manufacturers in Canada, have moved up 20 points to 72 since September, and the Canadian Celanese Co. claims to be operating at full capacity and to have nearly completed a plant enlargement which will increase its operating capacity by 50 per cent.

The Massey-Harris and other farm implement companies are experiencing very difficult times, and the recent resignation of Mr Thomas Bradshaw, the President of the Massey-Harris Co., is said to be connected with its present troubles. The negotiations for another large merger of newsprint companies, which would bring practically all the Canadian plants, except those of the International Paper and Power Co., into a common organisation, are still proceeding, and it is reported that Price Bros., whose refusal to take part in the negotiations has been an obstacle to the consummation of the merger, are now ready to come in. Canadian pulp and paper interests are known to have been exercising vigorous pressure at Washington for an embargo upon imports of Russian pulpwood into the United States, as they believe these have aggravated the troubles of the Canadian industry.

It is announced at Ottawa that the negotiations for a new trade treaty with Australia, which have been in progress between Mr Parker Moloney, Minister of Markets in the Scullin Government, and Mr Stevens, Canada's Minister of Trade and Commerce, have been completed as far as it is possible to complete them until Mr Moloney has conferred with his colleagues, and that confident hopes of satisfactory results are entertained. Apparently, however, it has been discovered that while it was comparatively easy to arrive at an agreement on the general principles of the new treaty, the task of

working out the necessary tariff readjustments in a way which would not be unpalatable to various interests in each country, as, for example, the dairymen of Canada, has proved extraordinarily difficult. Canadian manufacturers are also discovering that a high protectionist policy which seeks to reduce imports to the lowest possible volume is a two-edged sword. For example, the duties on Canadian manufactured products like motors and rubber goods in retaliation for Canada's change in her butter duties are hitting certain Canadian industrial interests very hard, and New Zealand dairymen, shut out of the Canadian butter market, are now beginning to sell cheese in South Africa at prices which threaten to destroy a promising market for Canadian cheese.

The earnings of the Canadian Pacific Railway for November are considered satisfactory in the light of present conditions; the net profits for the month, placed at \$4,921,612, show a gain of \$371,963 over the figure for November, 1929, and this result has been achieved by a rigid curtailment of expenditure. It is probably because a similar policy of stern economy is not possible for a State-owned system like the Canadian National that its earnings are less satisfactory.

ARGENTINA.

Crop Conditions — Grain Prices — Railways — Public Finance.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, December 6.

CROP conditions in Argentina at the moment of writing promise an extraordinarily good yield of linseed, a normal wheat harvest, and, if the present satisfactory state of the growing maize prevails until March, there will also be a large corn crop. The rust reports, though not exaggerated as regards the area affected, have certainly over-estimated the amount of actual damage suffered by wheat. Many of the fields in the northern and central areas have shown signs of rust, but, nevertheless, on being harvested the grain turns out to be excellent. Indeed, the yield has run as high as 1,500 kilos to the hectare, and although the crop threatens to be less satisfactory down south, where harvesting has not yet begun, there will be at least 5,500,000 tons to 6,000,000 tons exportable surplus, estimating local consumption at 2,000,000 tons and the carry forward of old wheat at 1,000,000 tons.

Prices for all cereals are admittedly far below what are generally considered normal quotations, but a rising tendency may accompany the demand that has set in during the last week. Spot quotations, Buenos Aires delivery, are \$6.15 paper per 100 kilos for wheat, \$12.55 for linseed and \$4.25 for maize. Chartering during the past fortnight suddenly became brisk, and freight rates rose by something like 5s. per ton after a period of unusual inactivity. Enquiry in cereal circles shows that there is a large and increasing demand for both maize and wheat. As regards linseed, the reasonable certainty that Argentina will have over 2,300,000 tons of seed to sell has depressed prices considerably, the February quotation being \$11.65, with every likelihood of even lower figures before the end of the year. If it be true that world stocks of linseed oil are at present unusually high, Argentina may find it difficult, even at the current low prices, to dispose of her seed as rapidly as she would like.

There is reason to hope that the railways will benefit by the good crops in prospect. A well-meant but ill-directed effort to persuade them to reduce their freight rates as an aid to the farmer has, however, been made, under official auspices. The railways have, nevertheless, had no difficulty in making it perfectly plain to the Government that even a heavy reduction in freight, say 20 per cent., would do little to compensate the grower for current low prices, while the loss to the railways collectively would be severe. Stress was laid on the fact that the Anglo-Argentine railways are, in the first place,

essentially a national industry. Secondly, the bulk of their receipts go on upkeep, maintenance, and operation charges; all of which remain in Argentina, and all of which have risen of recent years, and will rise still further in accordance with the terms of the current legislation governing the administration of the railways. Over and above this, of course, there is the loss to capital incurred through the heavy depreciation of Argentine exchange, but even if this be left out of the question for the time being, it is as plain as a pikestaff that the actual grower would benefit next to nothing by lower freights, while the operation of the railways would be handicapped very seriously. Moreover, such an act would be the worst possible advertisement for Argentina at the present time, and might even seriously prejudice the terms upon which future financial assistance would be offered. For quotations of Argentine railway shares have a barometric value in New York, as well as in London. And although American interests in Argentine rails are believed to be comparatively slight, the relations between the official world of Argentina and the railway companies are known to be very closely followed by New York financiers, and even by Washington.

Meanwhile the official finances continue to be handled in a manner that has called for universal approbation. The balance of the local loan has been taken up from the bankers, some of whom varied the terms of their original offer and, instead of discounting six months Treasury bills at $5\frac{1}{2}$ per cent. per annum, bought Credito Interno Bonds, yielding 6 per cent. per annum, at an agreed price of 95.20, the current market quotation being 97. Some twenty millions face value was thus absorbed, and about the same amount in Treasury bills was discounted. The Government has issued a statement to the effect that since taking office it has paid up no less than \$126,000,000 paper of outstanding debts. It has also published its preliminary scheme for next year's budget. Receipts are estimated at \$650,000,000 paper, and the Minister of Finance insists that expenditure must not surpass this figure. The service of the public debt will take \$239,000,000 paper, and the balance will have to cover the requirements of the various Ministries, according to an equitable scheme of division which has yet to be decided upon. Public works will be carried out only when it is possible to dispose of the bonds authorised by Congress to cover the cost of same.

There is no indication of any intention to approach the question of exchange by other than normal means arising out of the state of trade. The Government will continue to export gold to meet external debt services, both on its own account and also on behalf of those provinces and municipalities having foreign obligations of this nature to meet. It is hoped that the increased shipments of cereals and other produce will also help to improve the quotation of the Argentine dollar, but beyond that nothing concrete can be said. Nevertheless, the most summary observation of Argentina's present financial position indicates the advisability of seeking an important foreign loan in the comparatively near future. Present international conditions are, however, such as to put this operation out of the question for the time being. Argentina feels that she must help herself, and set her house in order, before listening to the proposals which reach her from foreign markets. Nothing on this subject has been published, but it is known in financial circles that when concrete terms have been mentioned they were not such as this country could with dignity and prudence accept. Economy all round is the order of the day; which means diminished import totals and reduced business in many directions. The result is a plethora of money seeking profitable investment, also a healthy undertone, and a renewal of confidence in the future which warrants one in repeating that Argentina has passed the worst of a very bad time, and that though convalescence may be slow, it will, in the long run, leave her stronger and in every way better than she was before her change of course on September 6th.

Letters to the Editor.

GOLD: PRICES: WAGES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—All the best controversies arise from misunderstandings. If E. M. D. thinks I misunderstood him to "wish to suggest the pegging of real wages till times are better," in so thinking he misunderstands me. That phrase was my own description of my proposal, and I questioned his calling its consequences a "burden of sacrifice," but where did I attempt to father the proposal on him? Further on, he writes: "It is not established that any real wages are too high for the community to bear, if only industry were better regulated. Unless and until that is established, even if temporarily some money wages are so high as to upset the appropriate economic equilibrium, how do we justify the reduction of those money wages if that means a reduction in their real value?" And he adds that such a reduction is certainly involved, because the price reductions following from the cut in wages will not completely restore their real value. I now realise that, by omitting to state the time-relations of my events, I have failed to make my proposal clear to him. I mean such a reduction of present money wages as will bring real wages back to where they were a year ago. He is thinking of how the reduction will affect future prices, and says quite truly that the cut (say 6 per cent.) in money wages made now would not produce at any early future date a (further) price fall of as much as 6 per cent. How, then, do I justify my proposal? By reference to the 6 per cent. price-fall that has already occurred, from causes other than wage-cuts. If wages are reduced only in respect of price-falls already declared, E. M. D.'s difficulty does not arise, and any further price-fall following on the wage reduction is left to be dealt with on its merits when it has declared itself. If by that time the upstroke of the trade cycle has arrived and prices show signs of early recovery, no further wage-reduction may be necessary.

As to the "better regulation of industry," we must remember that rationalisation means not merely the linking-up of the boards and capital of different firms and the writing-off of losses, but also a new orientation of effort in the works themselves, to cut out waste of every kind and take full advantage of all new machinery and methods for cost-reduction, old customs and traditions notwithstanding. To rationalisation in this latter sense, the chief opposition comes from labour itself (e.g., "more looms to a weaver") inspired partly by the fallacy that labour gains by forcing the employer to pay three men to do the work of two, and partly by its habit of demanding a price for the acceptance of even such a patent fact as that a fall of prices is equivalent to a rise of wages. To reiterate the vague assertion that industry could afford to pay even higher money wages than at present, if only employers had better brains, merely serves to divert attention from the demonstrated fact that personal remuneration has gained, all round, an unearned increment of 6 per cent. in the past year, and to impede action based on that fact by raising interminable discussions of indefinite possibilities. "It is not established" that (after lost capital has been written off) it is still in the employer's power, without the willing co-operation of labour, to reduce his costs by anything approaching 6 per cent. of their whole wages-content in the sense explained in my last letter. Does anyone suppose that our leading shipbuilders, iron-masters and others are so stupid as to close down their works, in whole or part, and write off their capital, without first trying by all means they can devise to carry on? Those who would teach them their business must condescend to particulars.

Five years ago it might have been an open question whether the "sacrifice necessary to restore economic equilibrium" should fall on employers or employees. It is no longer, nor is it pertinent to present conditions to speak of "confining the sacrifice" to the latter. The employers have borne the whole loss arising from the price-falls of recent years, while the employees, so far as they have continued in employment, have pocketed unearned increment without any acknowledgment; and when employers' losses have forced them to restrict employment abnormally, the employees have been supported by "public assistance." Only in the latter case has there been any question of "sacrifice," and then it has been the inevitable counterpart of the unearned increment of the lucky ones.

E. M. D. asks whether it is within the terms of long-term loan contracts for capital that the real remuneration of money

lent at fixed rates should be increased by price-falls. In a legal sense I imagine there is no doubt that the contract requires a periodical payment of so much sterling, and the lender takes the risk of the relation of sterling to goods, up or down, including the risk of such a revaluation of currency as has hit hard the subscribers to (e.g.) certain French war loans. If any provision were grafted on to the loan contract affecting the balance of probability of profit or loss by price movements, etc., I should expect it to affect other terms of the contract such as rate of interest, price of issue or conditions of redemption. Capital is a shy bird, of increasingly migratory habit, and any alteration such as E. M. D. desiderates would raise international questions and jeopardise London's position as the great financial centre, unless it were adopted universally.

He argues that as present rates of wages have been determined by agreement between the workers and "those who invest capital for profit," there is a moral presumption that if a temporary sacrifice is necessary, it should be borne rather by "those whose remuneration arises from the loan of capital," if practicable. But the entrepreneur, who alone has any hand in settling wages, has for years been making crippling sacrifices, which have largely gone into the workers' pockets. The fixed-interest man (debenture holder, etc.), who has profited with the workers, has no hand in settling wages. Perhaps E. M. D. will restate this particular argument in a form consistent with the vital distinction between these two classes of capital? Unwilling as he is to admit it, the best cure for exactions on the part of capital lies in the accumulation of it. That such accumulation will reduce the rate of remuneration of capital is as certain as any other operation of "supply and demand." If we have not the sense to permit the accumulation, it is idle to complain that the remedy is not prompt, unless we are prepared with a better plan.

The passage above quoted from E. M. D.'s second letter, about wages being not too high for "the community" to bear, and a later passage laying on "the community as a whole" the responsibility for chronic depression in industry, might be read as sympathising with the attitude of the miners who the other day, having been convinced that their own industry had been bled white, were ready to ask for a renewed Exchequer subsidy. If that were E. M. D.'s position, I should despair of reaching agreement with him, as it is fundamental in my view that each industry must bear its own wages and its own responsibilities. But if he means nothing of that kind, I think we afford one more proof that "the better is the enemy of the good." I plead for prompt action to set industry on its feet before it is too late—a first step, merely, but in the right direction. He opposes me because he contemplates ideal reforms which should some day be perfectly equitable to everybody. Let me restate my position in bare outline:—

(1) There is no time to reconstruct the fundamentals of our economic system on socialistic or other untried lines. Given those fundamentals, Mr. Keynes has summed up the position in a recent letter to the *Times*: "Nothing can cure unemployment which does not create in the minds of manufacturers and contractors the expectation of an improved margin of profit."

(2) The employer has borne the whole loss and in many cases has thrown in his last reserves of cash and credit; it is now the turn of the employee. The proposal is that, universally but temporarily, he should relinquish the 1930 portion of the gain which the price-fall, in ruining the employer, has incidentally made over to the employee.

(3) A general return to the real wage level of a year ago cannot be represented as serious hardship. If the new spirit of partnership in industry has any reality, such a return would be a quite reasonable application of the good precedent set by the railway men two years ago, and within the compass of good leadership.

(4) The alternative of starting by readjusting wage levels between the sheltered and unsheltered industries, however sound in theory, is impracticable. It can neither be secured by general agreement within the time available, nor enforced without agreement, because it raises every possible feeling of rivalry and jealousy between different trades.

(5) To demand, as a precedent condition of (2), that the fixed-money man should relinquish a corresponding part of his gain by the price-fall, whatever its equity, is impracticable as an immediate measure, because it involves repudiation of legal contracts, and the mobility of capital makes it an international question.

If E. M. D. would state plainly how far he accepts or rejects these facts and conclusions, we could estimate the chances of agreement as the result of this correspondence.

Cookham.

January 12, 1931.

C. HARRIS.

A NATIONAL EMERGENCY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have read the *Economist* for some years and admire the sound practical way in which it approaches every problem; but "A National Emergency" in your last issue falls below your standard. The decisions of the conferences and committees proposed could be enforced by no conceivable form of government, other than a dictatorship, against all the interests involved.

To borrow your old simile, we truly stand between the devil and the deep sea—or rather two seas, both equally deep. Unless we decide to plunge ourselves into the deep sea of Protection or that of Inflation, the devil of Unemployment is going to drive us in or swallow us up. By Protection or Inflation only can the necessary all-round reduction in real salaries and wages be made in this country. We may as well face the position now and do the best we can to minimise the evils which either remedy must bring.—I am, Sir, your obedient servant,

C. M. DAVIES.

The Brewery House, Harlow, Essex.
January 12th.

[We admire our correspondent's "courage in despair," but we decline to accept the inexorability of his dilemma. Even in the absence of the questionable blessing of a dictatorship, need "all the people be fooled all the time"? If sufficient educative publicity be devoted to demonstrating the facts (which, we gather, Mr. Davies does not dispute) that (1) a protected home market, at the inevitable cost of enhancing British costs in general, offers no basis for supporting our population, and (2) that though inflation, if wages and salaries were kept constant, might temporarily benefit the entrepreneur at the expense of the rentier and employee, it would not redress the balance as between "sheltered" and "unsheltered" earnings, and would be in any case a drug, with "dope's" inherent defects—does it necessarily follow that public opinion cannot be induced to recognise the vital need to reduce manufacturing costs by more direct methods without recourse to the "evils" of Mr. Davies's fallacious expedients?—Ed., *Econ.*]

Books and Publications.

BRITISH ECONOMIC HISTORY, 1820-1850.

FIVE years after the publication of the first volume of Professor Clapham's "Economic History of Modern Britain" the Cambridge University Press has had to put the type again to press for the second edition,* which everyone knew would sooner or later become inevitable. For although it cannot be described as a "popular" book, it was obviously destined to stand in the first rank, even if it had not been the only work on such a scale yet published. It provides, indeed, a new corpus of reference for the interpretation of British economic evolution at the dawn of the modern age, which the controversies it has aroused have done little to disturb. Their main result has been to throw into relief the different mental attitudes lying behind much recent work in this field. Professor Clapham has since taken the opportunity afforded by an inaugural lecture at Cambridge to explain his own views of the duty of an economic historian. He should, he said, regard himself as a "sort of osteologist, a collector and student of economic bones." Questions of social justice or political expediency are therefore foreign to his main task.

It is worth while emphasising this single-minded concentration on purely economic questions, since the main criticism which the book has received turns on this choice of viewpoint rather than on questions of fact. Thanks to Professor Clapham's work, there should in future be progressively fewer writers on the subject to whom his quiet classification of "historians who neglect quantities" will apply. His view is, indeed, a more conservative one than many writers have been willing to take, but it clearly requires no laboured justification. Amplification it does require if there is to be a general "philosophic" history of the period. There is little fear that this will not be forthcoming, although it is clear that we may not expect it at Professor Clapham's

* "An Economic History of Modern Britain. The Early Railway Age, 1820-50." By J. H. Clapham, Litt.D., F.B.A. Second Edition. Cambridge University Press, 1930. 25s. net.

hands; at any rate, as long as his next two volumes remain unpublished. These will be awaited with the most lively anticipation, but meanwhile it is satisfactory to have this reissue of the first volume. It has given the author an opportunity to revise and correct some dates and references and to take account of more recent work than his own. The changes made are slight on the whole and do not materially affect the broad picture already drawn.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

A Journey to China, or Things Which Are Seen. By A. J. Toynbee. (London) Constable and Company, Ltd., Orange Street. 15s. net.

It is seldom that profound erudition on that, to Occidentals, most baffling subject, China, is combined with such acuteness of observation and such charm of style. Professor Toynbee can write entertainingly about anything; when his subject is China the entertainment becomes also an education.

Coming of Age. Studies in South African Citizenship. (Cape Town) Maskew Miller, Ltd., 29, Adderley Street. (London) Simpkin Marshall, Ltd., Stationer's Hall Court. 10s. 6d.

An interesting collection of essays, by different writers, on South African political and economic problems.

The Prosperity of Australia. By Frederic C. Benham. Second Edition. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 12s. 6d.

An interesting discussion, packed with statistics, of the economic situations and policy of Australia.

In Quest of Justice. By Claud Mullins. With an Introductory letter by the Rt. Hon. Sir Leslie Scott, K.C. (London) John Murray, Albemarle Street. 12s. net.

A discussion, of great interest to the layman, of the inordinate cost of litigation.

Stephen J. Field. By Carl Brent Swisher. (Washington) The Brookings Institution. \$4.00.

A biography of an American Judge of the Supreme Court whose eventful life and striking personality make him an interesting biographical subject.

Railroad Valuation and Fair Return. By Shao-Tseng Wu. (London) Oxford University Press, Warwick Square. 12s. 6d. net.

A study of the problems of fair return for American railroads.

State and Local Taxation of Property. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$2.50.

A very detailed analysis of property taxation in the United States.

The Fiscal Problem in Missouri. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$3.00.

A very elaborate analysis of the public finance of Missouri.

Die Einwirkungen der Reparationen auf die Weltwirtschaft. By Dr. Karl Weber. (Jena) Verlag von Gustav Fischer.

An analysis of the effect on world economics of the levying of reparations.

Socialisme libéral. By Carlo Roselli. Translated from the Italian by Stefan Priacel. (Paris) Librairie Valois, 7, Place du Panthéon. 15 frs.

An essay written while the author was exiled from Italy.

Le Procès de Rosa. With a Preface by Jean-Richard Bloch. (Paris) Librairie Valois, 7, Place du Panthéon. 12 frs.

A full account of the Rosa case.

Russian Co-operative Banking. By H. Baron. With a Foreword by T. G. Davies. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 3s. net.

A very informative pamphlet, lavishly furnished with statistics.

Der Wirtschaftliche Zusammenbruch Österreich-Ungarns. By Dr. Gustav Gratz and Dr. Richard Schüller. (London) Oxford University Press, Warwick Square. 15s. net.

A study, forming one of the Carnegie Endowment series, of the economic exhaustion of Austria during the war.

Russian Local Government during the War and the Union of Zemstvos. By Tikhon J. Polner. In collaboration with Prince Vladimir A. Obolensky and Sergius P. Turin. With an Introduction by Prince George E. Lvov. (London) Oxford University Press, Warwick Square. 15s. net.

A Carnegie endowment publication.

Statistical Methods for Measuring Occupational Morbidity and Mortality. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 5s.

An International Labour Office study.

The Political Quarterly, January-March, 1931. (London) Macmillan and Company, Ltd., St. Martins Street. 14s.

The list of contributions remains as strong as ever. Articles include, *inter alia*: "The State as an Organ of Rationalisation," by J. A. Hobson; "The Function of the Press," by C. P. Scott; "Irresponsibility in Economic Life," by Henry Clay; and "The Agricultural Problem," by C. S. Orwin.

The International Digest, December, 1930. (New York) The International Digest Company, Forest Hills. 25 cents.

A new monthly containing articles of international interest, reprinted from a wide range of periodicals.

The People's Year Book. (Manchester) Co-operative Wholesale Society, Ltd., 1, Balloon Street. 2s. and 3s.

An illustrated account of the progress of the co-operative movement during the past year. There are also articles and statistics of more general economic interest.

The Agricultural Landowner's Handbook. By R. Strachan Gardiner. With a Foreword by the Rt. Hon. Lord Clinton. (London) Central Landowners' Association, 7, Charles Street, St. James's Square. 5s. net.

A reference booklet on taxes, rates, tithe rentcharges and death duties.

Zeitschrift für Nationalökonomie. (Vienna) Verlag von Julius Springer.

Reprint of an article on the relation between international trade and the international movements of capital and labour.

British Chemicals and their Manufacturers. 1931. (London) Association of British Chemical Manufacturers, 166, Piccadilly. Gratis to genuine users of chemicals.

A classified list, in five languages, of products with a directory of manufacturers of each. There is also a list of proprietary articles.

Official Directory of the British Chemical Plant Manufacturers' Association. 1931. (London) British Chemical Plant Manufacturers' Association, 166, Piccadilly.

Institute of Chartered Accountants. List of Members. 1931. (London) Gee and Company (Publishers), Ltd., 8, Kirby Street. 2s.

Great Western Ports. Compiled and published by H. N. Appleby by arrangement with Great Western Railway Company.

Contains some trade statistics and a great number of illustrations and maps.

Praktischer Ratgeber zu den Aufwertungsschlusgesetzen. (Berlin) Wilhelm Christians Verlag, Unterwasserstrasse, 8, S.W. 19.

A handbook on the mortgage valorisation laws of last July.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2 :

Palestine: Report on Immigration, Land Settlement and Development. By Sir John Hope Simpson. 1930. Cmd. 3687. 2s. net.

Empire Marketing Board: Production and Trade of Nyasaland, January, 1931; 2d. net; Production and Trade of Zanzibar. January, 1931. 2d. net.

Report of the Chief Registrar of Friendly Societies for the year 1930: Part 4. Trade Unions—Section II. Directory and Summaries. 2s. net.

REICHSBANK

At the General Meeting of the shareholders on 15th February, 1930, it was decided to offer the shareholders a compensation for the alteration of the distribution of profits due to the amendment of Section 37 of the Bank Act by granting them an optional right of acquiring, gratis

for every four Reichsbank-shares of Rm. 100 each

1. One junior share certificate of the Reichsbank of Rm. 100 and
2. One share of the Golddiskontbank of £10,

both to be profit-sharing as from January 1, 1930.

In pursuance of this resolution we hereby invite the shareholders to avail themselves of this offer on the following terms:—

1. The right shall be exercised within the period from January 12 to April 17, 1931 inclusive, at the offices of the Zeichnungsabteilung des Kontors der Reichshauptbank für Wertpapiere,

Berlin, SW. 111, Hausvogteiplatz 14.

Moreover, all Reichsbank branches having facilities for payments will likewise act as agents and accept such applications within the period fixed above.

2. For exercising the above-mentioned right the share-certificates (mantles) of the Reichsbank have to be submitted; coupon-sheets need not be sent in.

Those persons are entitled to exercise such right whose names, at the time of their submitting the share-certificates, are registered as shareholders in the books of the Reichsbank, or those persons who, in accordance with the statutes of the Reichsbank, are entitled to have their names thus registered. The Reichsbank shall be authorised, but not compelled, to verify the legitimacy of the shareholders.

Together with the share-certificates (mantles) an application must be sent in written on a special form provided for the purpose and signed by the claimant; a statement containing the numbers of the shares in numerical order shall be attached in triplicate. Furthermore, the application shall indicate, on a special printed form, the person in whose name the junior share-certificate shall be made out. All necessary forms can be obtained at the offices mentioned above.

The share-certificates (mantles) sent in with a view to exercising the right of option will be returned as early as possible after being marked with a stamp denoting their having served for the exercise of said right. Simultaneously shall be delivered the new stock, i.e., the junior registered shares of the Reichsbank and the shares to bearer of the Deutsche Golddiskontbank. The allotment of the stock will be effected by the Reichsbank. The Bank will as far as possible comply with any wishes of shareholders in regard to the denominations of the junior Reichsbank-stock applied for, which will be issued in shares of Rm. 1,000 and Rm. 100, as well as in regard to Golddiskontbank-shares, which will be issued in shares of £50 and £10. In this connection, please note our cash-offer as explained in paragraph 5.

3. Holders submitting senior Reichsbank-stock, the nominal amount of which cannot be divided by 400, will receive for each senior Reichsbank-share of Rm. 100 face value delivered in excess of a nominal amount divisible by 400—

- (a) an interim-certificate (scrip) to bearer made out to a quarter of a junior Reichsbank-share of Rm. 100; and
- (b) an interim-certificate (scrip) to bearer made out to a quarter of a Golddiskontbank-share of £10.

The same applies to shareholders submitting less than Rm. 400 senior stock: they will receive for each Rm. 100 adequate scrip.

4. The interim-certificates issued and made out to a quarter of a junior Reichsbank-share of Rm. 100 and to a quarter of a Deutsche Golddiskontbank-share of £10 will be accepted for exchange for definitive share-certificates, from April 18 to May 1, 1931.

An exchange of such interim-certificates, however, cannot be effected unless one and the same applicant submits as many interim-certificates of each kind as are divisible by 4. Holders, therefore, may supplement the number of their interim-certificates by purchase or reduce the same by sale if they wish to receive non-fractional stock of the Reichsbank and of the Golddiskontbank respectively. The Reichsbank is prepared to buy and to sell such interim-certificates, charging the spot price for junior stock of the Reichsbank or for shares of the Deutsche Golddiskontbank, respectively.

Orders to sell the junior shares which are presented together with the application for the newly issued shares can only be executed after the right of exercising the option has been verified.

When submitting interim-certificates for exchange the name of the owner of the definitive share-certificates to be entered in the registers of the Reichsbank should be stated.

The forms required for the exchange transaction may be obtained at the offices mentioned above from the beginning of April, 1931.

5. To those entitled to acquire the stock of the Golddiskontbank, including dividend-warrants and the interim-certificates made out for shares of the Golddiskontbank, we are prepared (if required) to pay Rm. 224.40 in cash for each £10 share of the Deutsche Golddiskontbank in lieu of delivering the shares and/or the interim-certificates. This amount paid in cash shall be taken to likewise include the dividend, due for the financial year 1930, which presumably will not exceed 4 per cent. The persons entitled shall, when exercising their right of option, declare whether they wish to accept this offer or not. Their declaration concerning the exercise of the right of selection will be irrevocable. Our offer will lapse on April 17, 1931. The money will be paid when the stamped share-certificates (mantles) as well as the junior stock of the Reichsbank and the interim-certificates are handed over.

6. The junior Reichsbank-stock and the shares of the Deutsche Golddiskontbank will very shortly be listed on the Stock Exchange. Once the former have been duly listed, any obligation resulting from transactions carried out in these stocks may likewise be discharged by delivering senior Reichsbank-stock stamped in the manner above indicated.

7. The Bank will charge no commission to the applicant when exercising his right of option. All expenses arising from forwarding senior stock to the Reichsbank have to be borne by the party concerned; whereas all expenses arising from returning the said stock as well as from forwarding new share-certificates to the persons entitled will be defrayed by the Reichsbank.

Pursuant to Section 36 K.V.G. ("Kapitalverkehrsteuergesetz"), the allotment and delivery of the junior stock of the Reichsbank are exempt from the tax on Stock Exchange transactions, provided the applicants notify direct to the Reichsbank their intention of exercising their option or, provided on their applying through a banking institution as agent, their names are communicated to the Reichsbank. The tax on Stock Exchange transactions due by reason of the allotment and delivery of the shares of the Golddiskontbank will be borne by the Reichsbank.

Berlin, 18th December, 1930.

Reichsbank-Direktorium.
LUTHER DREYSE.

The Stock Exchange.

ELECTRICAL EQUIPMENT SHARES.

THROUGHOUT the Stock Exchange depression of the last two years, electrical securities have shown a rock-like stability. Although the *Investors' Chronicle* "General Business" share index declined by 36 per cent. between March, 1929, and the end of last year, the index for "gas and electricity" shares actually showed a slight rise during that period. In recent weeks, however stagnant markets may have been, a certain investment demand for electricity shares, both of "supply" and "equipment" companies, has always been forthcoming.

The market's instinct, in this respect, would appear to have a sound foundation. The industry has many years of rapid world development in prospect. Great Britain, after a somewhat slow start, is vigorously proceeding with a national electrification policy, which will provide orders for the electrical equipment trades for years to come. Despite all trade depression, the national output of electricity continues annually to expand. In 1928 authorised undertakings in Great Britain generated approximately 9,073 million units. In 1929 the total was 10,294 million and in 1930, 10,869 million units.

On a long view, the outlook for well-managed electrical manufacturing concerns holds undoubted promise, but competition in the industry is keen, and discrimination is as valuable a quality for the investor in this market as in any other. Few British companies sell the whole of their output at home, and the trade slump has recently fallen with severity on certain of Great Britain's best overseas customers for electrical goods—particularly on Australia. Broadly, past experience suggests that there may be a time lag of something like twelve months before the export side of the industry experiences the full effect of world trade recession on the volume of new orders. The latter were well maintained last year up to October, but a subsequent falling off has occurred, and 1931 may be a less favourable period than 1930. At present the most promising outlets for British electrical goods are in Europe, in Egypt (where certain large electrical schemes may shortly come to fruition), and possibly in Canada; while a revival in prosperity in China may be followed by the inception of considerably overdue measures of electrification.

As regards the home market, new electrification orders from industry will probably be below normal until the industrial outlook has clarified, but this tendency may be at least partially offset by the placing of valuable contracts from special quarters. The Central Electricity Board is understood to be contemplating something like £15,000,000 of new construction in connection with national electrification schemes. The industry may also benefit from the work of the Unemployment Grants' Committee. The financial importance of these developments is illustrated by the extent of the business placed or to be placed in connection with the standardisation of frequency on the north-east coast, the Cockfosters extension of the Underground Railways (of the total cost of which about £1,500,000 may be represented by electrical products), and by the electrification of the Southern Railway main line to Brighton (in connection with which orders to the electrical industry of about £500,000 have already been placed, and a further £500,000 to £1,000,000 are in prospect).

A further reason for discrimination on the investor's part arises from the structure of the industry itself. Like other branches of the engineering trades, it includes small specialised firms which, in many cases, have a conservative capitalisation and are doing an active business, together with much larger companies, which may have grown up around a single nucleus, or have resulted from the amalgamation of numerous independent concerns. The smaller concerns are of special interest, since some

of their specialised products have lately been in sustained demand in connection with large national electrification schemes. The recent results of four such companies are given below:—

Company and Date of Balance-sheet.	A. Reyrolle (Dec. 31).	Allen West (July 31).	Ferranti (June 30).	Crompton, Parkinson (June 30).
Present ordinary capital.....	£ 460,000	£ 300,000	£ 300,000	£ 326,769
Net profits:—				
1927.....	88,306	...	35,982	26,928*
1928.....	89,615	...	54,616	70,826†
1929.....	97,022	21,291	66,976	82,572
1930.....	...	44,444	68,749	103,614
Ordinary share earnings and dividends:—	Earned. Paid. % %	Earned. Paid. % %	Earned. Paid. % %	Earned. Paid. % %
1927.....	26.5 12.5	...	44.1 20(a)	5.2 Nil
1928.....	24.9 12.5	...	75.1 20(a)	97.4 50†
1929.....	22.4 12.5	13.4 8	57.4 12(a)§	54.1 30
1930.....	...	11.3 6	23.3 6**	51.8 30
Ordinary share prices:—	£1 shares (c)	£1 shares.	£1 shares (b)	5/- shares.
Highest, 1929.....	...	...	...	27/3
Highest, 1930.....	...	21/-	...	25/9
Lowest, 1930.....	...	20/4	...	19/-
Present price.....	...	20/3	...	21/3
Yield at present price (%).....	...	£5 18s. 6d.	...	£7 1s. 2d.

* Year to March 31st. † 15 months. ‡ Plus capital bonus of 100 per cent.
§ Plus capital bonus of 66½ per cent. ** Plus capital bonus of 200 per cent.
(a) Tax free. (b) Privately held. (c) Not quoted in London.

Of the four companies shown, A. Reyrolle specialises mainly on switch gear, Allen West on industrial products (which have a wide market in France, Belgium and South Africa), Ferranti on transformers and radio apparatus, and Crompton, Parkinson on industrial motors, transformers, switchgear and lamps. All these companies have followed a conservative financial policy. All have a low capitalisation, despite recent increases, and all have so far maintained their trade in gratifying fashion throughout the general depression. In the two cases where the ordinary shares have a London quotation, the indicated yield is moderate, but the yield on earnings relatively high.

The results of three larger concerns are shown in the next table:—

Company and Date of Balance Sheet.	General Electric. (March 31.)	Associated Electrical Industries. (December 31.)	English Electric. (December 31.)
Present ordinary capital	£ 2,253,645	£ 3,498,900	£ 1,664,023†
Net profits:—			
1927.....	584,382	160,112	Dr. 321,399
1928.....	611,839	160,663	Dr. 33,676
1929.....	630,980	261,812*	Dr. 47,211
1930.....	714,604	...	...
Ordinary share earnings and dividends:—	Earned. Paid. % %	Earned. Paid. % %	Earned. Paid. % %
1927.....	16.5 7.5	8.9 6	Nil Nil
1928.....	17.4 10	8.9 6	Nil Nil
1929.....	18.5 10	6.8 6	Nil Nil
1930.....	22.4 14	...	...
Ordinary share prices:—	£1 shares.	£1 shares.	£1 shares.
Highest 1929.....	80 44	58/6	9/3
Highest 1930.....	56 8	32/-	20/9
Lowest 1930.....	41 6	19/9	9/9
Present price.....	45/-	21/-	10/-
Yield at present price (per cent.).....	£6 4 5	£5 14 3	Nil

* After agreement in November, 1928, with International General Electric, Inc. for purchase of controlling interest in British Thomson-Houston, Edison Swan Electric, and Ferguson Pallen.
† Reduced to £1,344,000 under reconstruction scheme.

The General Electric Company affords a notable example of successful "expansion from the centre," and now controls a long list of manufacturing and trading companies, together with certain supply concerns. Six months ago the chairman reviewed the company's immediate outlook in studiously restrained terms, but

it is understood that orders have recently been well maintained for switchgear and general accessories under national schemes, that radio business has been profitable, and that export contracts have been relatively satisfactory. As the table shows, the company's profits have increased consistently for some years past. The earnings yield of the ordinary shares, on last year's figures, is nearly 10 per cent. As a result of a refunding operation last September, the company has increased its working capital without adding to its annual charge for debenture interest, or finding it necessary to issue the additional ordinary capital forecast at the time of the much-discussed "British share" proposals.

The Associated Electrical and the English Electric Companies are composite concerns. The English Electric Company amalgamated numerous units immediately after the war, at a period of high values, and, after ceasing to pay ordinary dividends after 1924, was recently reconstructed. Its whole financial position has now been overhauled. A new chairman has been appointed, and a participation in the ordinary share capital has been taken by the American Westinghouse interests. The operation has thus resulted not merely in an accession of working capital, but also in a change of management, and, to some extent, of outlook. Much depends on the ability of the substantial interests now represented among the proprietors to increase the company's share of the world's electrical trade. Shareholders are concerned less with immediate results than with the probable effects over the next three or four years of the far-reaching measures now in hand.

The Associated Electrical group, similarly, has an international organisation and outlook, and is engaged in the process of welding together an organisation created by the Metropolitan Vickers-British Thomson Houston agreement of 1928. The General Electric interests of America have a substantial holding, and in the allocation of orders the effects of the American slump may not have been negligible. On the other hand, the work of concentration of the group's resources has been pushed forward with energy. The company, with its extensive geographical ramifications, is obviously destined to be a permanent power in the industry; but, in view of the recency of the change in its organisation and scope, it is difficult to say how far present figures afford an indication of future earning power.

It would be optimistic to assume that even the strongest British electrical equipment concerns could hope to emerge unscathed from a severe depression such as the whole world is now experiencing. At present, however, it is true to say that the omens are as favourable as those of any other industry, and better than most. Contemporary indications suggest that home trade may be less susceptible to recessionary influences than the export trade—a possibility which may have some bearing on the relative position of the more "international" companies, whose interests may, in addition, be bound up to some extent with the relations between certain large producers abroad. If, unfortunately, the depression should prove prolonged, shareholders in many cases have the reassurance that a considerable fall in earnings would be necessary to bring profits below last year's dividend levels.

AUSTRALIAN STOCKS.

LIQUIDATION in Australian Government stocks developed in greater volume this week, and at times it became almost impossible to deal, the market being unable to absorb the stock which was offered. Unprecedented low prices were established, as the table in the next column shows.

It is evident that the private holder of Australian stocks—we are excluding the institutional investors who have been conspicuous by their absence from the market—has become thoroughly disturbed by the fresh fall in the

	High, 1930.	Prices Nov. 12, 1930.	Jan. 14, 1931.	Yields % with Redn.
				£ s. d. £ s. d.
Commonwealth 5%, 1945-75.....	95½	82	70	7 2 10 7 6 0
N. S. Wales 4%, 1942-62.....	77½	59½	51	7 16 9 8 10 6
N. S. Wales 5½%, 1947-57.....	96½	79½	70	7 10 0 8 1 0
Queensland 6%, 1930-40.....	100½	89½	81½	7 8 2 9 3 10
S. Australia 5%, 1945-75.....	91½	77½	66	7 11 6 7 14 9
W. Australia 4½%, 1935-65.....	83½	70½	62	7 4 10 7 13 10

† Ex dividend.

Australian pound and the alarmist talk of currency inflation among Australian politicians and labour leaders.

There have been two changes in the Australian exchange in the last few days, the initiative in both cases coming from the Bank of New South Wales. As a result the selling rate for telegraphic transfers on Australia has risen from £108 10s. to £118 7s. 6d. per £100 sterling. An attempt to "peg" the rate at an artificial figure was bound to encourage the activity of the so-called "black" market. Stockholders may reflect, however, that if the recent action of the Bank of New South Wales and the other associated Australian banks has been prompted by the desire to secure exchange for the Government "pool" in London, this itself is an earnest that interest payments on the Australian external debt will continue to be paid. It may be recalled that the arrangement which was concluded last year between the Federal Government and the Commonwealth Bank provided for a sterling exchange "pool" in London to be formed to the extent of £36,000,000 per annum, to provide for the interest payments of the Federal and State Governments and public authorities, the Federal Government undertaking to pay a like sum to the credit of the Commonwealth Bank in Australia. The further depreciation in the Australian pound makes the payment of interest on the external debt a heavier burden for the Federal Government, but on the other hand it stimulates the export trade, which ultimately must provide the exchange cover required for the Government "pool."

As regards the talk of inflation, some anxiety has been aroused by the by-election at Parkes, a Sydney metropolitan constituency, on January 31st, where the Labour candidate is a pronounced inflationist. Mr Scullin is opposed to inflation in the abstract, but is less inflexible as regards the releasing of a £20,000,000 credit for the relief of unemployment. A further complication is the suggestion that efforts are being made, in some quarters, to secure the re-appointment of Mr Theodore as Federal Treasurer. Mr Theodore is reported to have stated that the release of £20,000,000 credit for the relief of unemployment is not inflation, though he led the cheering for Mr Scullin when the latter, in his "policy speech" in the by-election, denounced the evils of inflation in strong terms. Clearly, if any measure of currency inflation were introduced the market would be inclined to regard it as the beginning of the end of Australian Government credit in London—though the interest on the sterling external debt is payable in British, not Australian pounds.

In these conditions, the market has welcomed the sound lead given by the Loan Council this week, in the direction of a comprehensive overhaul of the Australian situation. On Wednesday this body passed a resolution unanimously recommending that Mr Scullin be invited to call a conference of the Commonwealth State Premiers and Treasurers at an early date, with the object of laying down a three-year plan aiming at the adjustment, within that period, of public finance and general monetary conditions. Meanwhile, an expert committee, consisting of a representative of each Government, is to be appointed to investigate the position and to prepare information for consideration by the conference. If this plan can be carried to its logical conclusion, despite all extremist opposition, the outlook for Australian stockholders may take on a new and far more hopeful appearance.

NOTE.—Shares with a New York quotation, or with definite American market, are shown in calculating the yield on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment taken upon the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Year 1929.		Year 1930.		Name of Security.		Jan. 7, 1931.	Jan. 14, 1931.	Rise or Fall.	Present Yield.	Year 1929.		Year 1930.		Name of Security.		Jan. 7, 1931.	Jan. 14, 1931.	Rise or Fall.	Present Yield.
High.	Low.	High.	Low.						f s d.	High.	Low.	High.	Low.						f s d.
British Funds.																			
56 1/2	52	59 1/2	52 1/2	Consols 2 1/2 %		57 1/2	57 1/2	...	4 7 0	5 1/2	4 1/2	4 1/2	4 1/2	G.W. of Brazil £10.....		10 1/2	11 1/2	...	20 0 0
88 1/2	81 1/2	91 1/2	82 1/2	Consols 4 %		91 1/2	91 1/2	...	4 7 0	5 1/2	4 1/2	4 1/2	4 1/2	In. Ry. C. Am. No. par		10 1/2	11 1/2	...	20 0 0
80 1/2	72 1/2	83 1/2	74 1/2	Cons. Loan 3 1/2 %		81 1/2	81 1/2	...	4 7 0	5 1/2	4 1/2	4 1/2	4 1/2	Leopoldina Ord. Stk.		21	22	...	22 10 0
100	93	103	96	Do. 4 1/2 % 1934-64		101 1/2	101 1/2	...	4 7 11	5 1/2	4 1/2	4 1/2	4 1/2	Do. 5 1/2 % Cum. Pr. Stk.		51 1/2	54 1/2	...	10 1 9
91 1/2	82 1/2	94 1/2	85 1/2	Do. 5 1/2 % 1944-64		101 1/2	101 1/2	...	4 9 3	5 1/2	4 1/2	4 1/2	4 1/2	Nitrate Ry. (£10)		55 1/2	57 1/2	...	26 15 9
100 1/2	93 1/2	103 1/2	96 1/2	Funding 4 1/2 % 1960-90		94 1/2	94 1/2	...	4 5 6	5 1/2	4 1/2	4 1/2	4 1/2	Paraguay Gen. D. Db.		70 1/2	70 1/2	...	14 1/2
91 1/2	82 1/2	94 1/2	85 1/2	Treasury 4 1/2 % 1932-34		102 1/2	102 1/2	...	3 14 0	5 1/2	4 1/2	4 1/2	4 1/2	San Paulo Ord. Stk.		138 1/2	144 1/2	...	8 6 3 1/2
101 1/2	97 1/2	104 1/2	99 1/2	Treasury 5 1/2 % 1933-35		103 1/2	103 1/2	...	3 11 1	5 1/2	4 1/2	4 1/2	4 1/2	Tatal Ry. Ord. Stk.		65 1/2	65 1/2	...	9 4 6 1/2
95 1/2	90 1/2	97 1/2	91 1/2	Victory Bonds 4 %		103 1/2	103 1/2	...	4 16 3	5 1/2	4 1/2	4 1/2	4 1/2	Utd. Havana Ord. Stk.		7 1/2	7 1/2	...	NU
103 1/2	99 1/2	106 1/2	101 1/2	War Loan 5 1/2 % 1929-47		103 1/2	103 1/2	...	4 8 9	5 1/2	4 1/2	4 1/2	4 1/2						
65 1/2	60 1/2	63 1/2	61 1/2	Do. 4 1/2 % 1934-64		65 1/2	65 1/2	...	5 11 1	5 1/2	4 1/2	4 1/2	4 1/2						
51 1/2	44 1/2	49 1/2	40 1/2	India 2 1/2 %		55 1/2	55 1/2	...	5 11 1	5 1/2	4 1/2	4 1/2	4 1/2						
61 1/2	56 1/2	59 1/2	47 1/2	Do. 3 1/2 %		55 1/2	55 1/2	...	5 9 5	5 1/2	4 1/2	4 1/2	4 1/2						
71 1/2	60 1/2	68 1/2	55 1/2	Do. 3 1/2 %		64 1/2	64 1/2	...	5 9 5	5 1/2	4 1/2	4 1/2	4 1/2						
92 1/2	80 1/2	90 1/2	78 1/2	Do. 4 1/2 % 1938-68		86 1/2	86 1/2	...	5 7 11	5 1/2	4 1/2	4 1/2	4 1/2						
105 1/2	94 1/2	106 1/2	100 1/2	Palestine 5 1/2 % 42-67		105 1/2	105 1/2	...	5 1 10	5 1/2	4 1/2	4 1/2	4 1/2						
109 1/2	103 1/2	109 1/2	104 1/2	Sultan 5 1/2 % Bonds		109 1/2	109 1/2	...	4 11 1	5 1/2	4 1/2	4 1/2	4 1/2						
94 1/2	88 1/2	99 1/2	87 1/2	Ulster 4 1/2 % 45-75		99 1/2	99 1/2	...	4 11 1	5 1/2	4 1/2	4 1/2	4 1/2						
Dom. & Colonial Govts.																			
99 1/2	90 1/2	95 1/2	76 1/2	Australia 5 1/2 % 1945-75		77 1/2	70	-7 1/2	7 5 11	...	...	...	...	Anglo-French (£1).....		16 1/2	16 1/2	+6d	3 12 6
91 1/2	81 1/2	95 1/2	80 1/2	Canada 4 1/2 % 1945-70		94 1/2	94 1/2	...	7 4 3	...	...	...	...	Anglo-Internat. (£1).....		11 1/2	11 1/2	...	NU
107 1/2	102 1/2	106 1/2	82 1/2	Ceylon 6 1/2 % 1936-60		104 1/2	104 1/2	...	4 5 0	...	...	...	...	Anglo-S. of A £10 25 pd		4 1/2	5	+10	0 0 0
97 1/2	91 1/2	98 1/2	82 1/2	Gold Loan 5 1/2 % 1936-60		98 1/2	98 1/2	...	4 12 8	...	...	...	...	American (Belty) pd		23 1/2	22 1/2	-6d	8 17 9
94 1/2	88 1/2	99 1/2	82 1/2	Kenya 5 1/2 % 1948-58		103 1/2	103 1/2	...	4 15 0	...	...	...	...	Bank of N. Zealand £1		50 1/2	51 1/2	-1/3	5 12 6
104 1/2	99 1/2	105 1/2	101 1/2	Nigeria 5 1/2 % 1950-60		103 1/2	103 1/2	...	4 15 1	...	...	...	...	Bank of Eng. Stk.		267 1/2	267 1/2	...	4 9 9
95 1/2	88 1/2	92 1/2	70 1/2	N. S. Wales 5 1/2 % 35-55		69 1/2	65	-4 1/2	8 13 0	...	...	...	...	Barclay B. (£1).....		57 1/2	58 1/2	+9d	4 16 3
104 1/2	98 1/2	105 1/2	99 1/2	N. Zealand 5 1/2 % 1945-65		102 1/2	101 1/2	-1 1/2	4 18 1	...	...	...	...	Bard. (Dom. &c) A21		25 1/2	26 1/2	+6d	3 13 0
100 1/2	93 1/2	97 1/2	70 1/2	Queensland 5 1/2 % 40-60		97 1/2	87	-7 1/2	8 2 2	...	...	...	...	Bk. of Montreal (\$100)		£57 1/2	£59	-£1 1/2	4 16 6
104 1/2	99 1/2	104 1/2	99 1/2	S. Africa 5 1/2 % 1945-75		102 1/2	102 1/2	...	4 15 0	...	...	...	...	Bk. of Australia (£5)		7 1/2	7 1/2	...	9 6 6 1/2
97 1/2	91 1/2	98 1/2	93 1/2	Stra. Sett. 4 1/2 % 35-45		99 1/2	99 1/2	...	4 11 11	...	...	...	...	Bk. of S. West (£200 95) Dv		27 1/2	25 1/2	-1 1/2	7 12 9
Foreign Governments.																			
88 1/2	83	89 1/2	82 1/2	Argentina 4 1/2 % 1945-75		85 1/2	85 1/2	...	5 6 9	...	...	...	...	British Overseas A 5		5 1/2	5 1/2	...	5 9 0
103 1/2	100	105 1/2	100 1/2	Austrian 6 1/2 % 1925-43		102 1/2	101 1/2	-1 1/2	5 15 6	...	...	...	...	Chtd. of India (£5).....		16 1/2	16 1/2	...	4 4 0 1/2
62 1/2	54 1/2	61 1/2	51 1/2	B. Arg. (Prov.) 3 1/2 %		60 1/2	50 1/2	-10 1/2	7 0 0	...	...	...	...	Com. Bk. of Aus. 10/-		13 1/2	12 1/2	-1	12 0 0
109 1/2	105 1/2	113 1/2	108 1/2	Belgian 7 1/2 % 1935-65		109 1/2	109 1/2	...	6 7 0	...	...	...	...	Dom. B. of Aus. £1 pd		62 1/2	62 1/2	+1/3	12 0 0
99 1/2	94 1/2	99 1/2	74 1/2	Bulgaria 7 1/2 % 1940-60		74 1/2	75 1/2	+1	10 2 9	...	...	...	...	Eng. Govt. A & S £3 pd		41 1/2	41 1/2	...	4 17 0
90 1/2	71 1/2	92 1/2	63 1/2	Brazil 5 1/2 % Funl. 1914		70 1/2	73 1/2	+3	6 19 10	...	...	...	...	Hambros & Co. £24 pd		8 1/2	8 1/2	...	6 10 0
102 1/2	99 1/2	104 1/2	94 1/2	Ch. 6 1/2 % (1927).....		70 1/2	73 1/2	+3	9 1 0	...	...	...	...	Honk. & S. (£125).....		£106	£111 1/2	+5 1/2	6 5 6
95 1/2	89 1/2	94 1/2	79 1/2	Chile 6 1/2 % (1929).....		89 1/2	89 1/2	...	9 16 0	...	...	...	...	Lloyds £5, with 1/4 pd.		58 1/2	61 1/2	+2 1/2	4 18 0
65 1/2	41 1/2	55 1/2	27 1/2	China 5 1/2 % (1912).....		51 1/2	51 1/2	...	7 18 9	...	...	...	...	Martins £20, £2 1/2 pd.		79 1/2	79 1/2	-6d	4 11 0
94 1/2	59 1/2	69 1/2	54 1/2	Do. 5 1/2 % (1913).....		67 1/2	67 1/2	...	7 18 9	...	...	...	...	Midland £1, fully pd.		26 1/2	27 1/2	+1	6 10 0
114 1/2	105 1/2	115 1/2	102 1/2	Czechoslovakia 8 %		111 1/2	111 1/2	...	7 3 3	...	...	...	...	Nat. of Egypt £10		76 1/2	79 1/2	+2 1/2	6 8 0
71 1/2	58 1/2	62 1/2	48 1/2	Danish 3 1/2 %		81 1/2	81 1/2	...	3 13 0	...	...	...	...	Nat. of India £25, £12 1/2 pd		41 1/2	39	-2	6 8 0
95 1/2	88 1/2	96 1/2	81 1/2	Danzig 6 1/2 %		86 1/2	86 1/2	...	7 18 0	...	...	...	...	Nat. Prov. £20, £4 pd.		13 1/2	14	+1	5 2 9
96 1/2	76 1/2	80 1/2	70 1/2	Egypt United 4 1/2 %		71 1/2	72 1/2	+1 1/2	5 11 1	...	...	...	...	Royal Bk. of Scotland		35 1/2	35 1/2	...	4 17 0
95 1/2	85 1/2	92 1/2	73 1/2	Estonia 7 1/2 % 1927		70 1/2	70 1/2	...	9 18 6	...	...	...	...	S. of S. A. £20, £5 pd.		14 1/2	13 1/2	-1 1/2	6 6 0
100 1/2	90 1/2	100 1/2	91 1/2	Finland 6 1/2 % 1925		91 1/2	91 1/2	...	6 13 9	...	...	...	...	Westminster £4, £1 pd.		79 1/2	77 1/2	+6d	5 3 3
10 1/2	1 1/2	21 1/2	10 1/2	French 4 1/2 % (British)		20 1/2	20 1/2	...	3 17 0	...	...	...	...						
107 1/2	100 1/2	109 1/2	99 1/2	Do. 5 1/2 %		20 1/2	20 1/2	...	4 16 0	...	...	...	...						
93 1/2	84 1/2	93 1/2	85 1/2	German 7 1/2 %		100 1/2	100 1/2	...	7 4 1	...	...	...	...						
103 1/2	95 1/2	104 1/2	100 1/2	Greek 6 1/2 % Stab. Ln.		91 1/2	92 1/2	+1	6 16 6	...	...	...	...						
103 1/2	95 1/2	104 1/2	100 1/2	Do. 7 1/2 % Refuge		101 1/2	101 1/2	...	7 0 0	...	...	...	...						
103 1/2	95 1/2	104 1/2	98 1/2	Hungary 7 1/2 %		103 1/2	103 1/2	...	7 6 0	...	...	...	...						
100 1/2	95 1/2	100 1/2	91 1/2	Japanese 5 1/2 % 1935-65		94 1/2	95 1/2	+1 1/2	5 15 0	...	...	...	...						
100 1/2	95 1/2	100 1/2	91 1/2	Do. 6 1/2 % (1934)		102 1/2	101 1/2	-1 1/2	5 18 6	...	...	...	...						
100 1/2	95 1/2	100 1/2	91 1/2	Mexican 5 1/2 % (1899)		13 1/2	13 1/2	...	...	...	...	...	...						
105 1/2	101 1/2	104 1/2	100 1/2	Norwegian 6 1/2 % 1921		101 1/2	101 1/2	...	5 15 0	...	...	...	...						
107 1/2	100 1/2	106 1/2	82 1/2	Peru 7 1/2 % 1922		82 1/2	82 1/2	...	9 1 9	...	...	...	...						
99 1/2	93 1/2	97 1/2	77 1/2	Poland 7 1/2 %		82 1/2	85 1/2	+3	8 18 6	...	...	...	...						
106 1/2	99 1/2	107 1/2	101 1/2	Siam 6 1/2 % 1934-64		104 1/2	103 1/2	-1 1/2	4 18 0	...	...	...	...						
80 1/2	75 1/2	88 1/2	77 1/2	S. Africa 5 1/2 % 1945-75		88 1/2	89 1/2	+1 1/2	10 15 9	...	...	...	...						
104 1/2	78 1/2	86 1/2	61 1/2	S. Paulo (Coffee) 7 1/2 %		68 1/2	69 1/2	+1 1/2	...	...	...	...	...						
104 1/2	78 1/2	86 1/2	61 1/2	Turkish 4 1/2 % United		8 1/2	8 1/2	...	...	...	...	...	...						
93 1/2	81 1/2	89 1/2	73 1/2	Uruguay 5 1/2 % 1919		73 1/2	73 1/2	...	6 16 0	...	...	...	...						
Corporation Stocks.																			
96 1/2	86 1/2	96 1/2	74 1/2	Berk. 6 1/2 % 1932-57		70 1/2	71 1/2	+1	8 11 6	...	...	...	...						
105 1/2	94 1/2	106 1/2	92 1/2	Brinsford 5 1/2 % 1945-56		105 1/2	105 1/2	...	4 10 11	...	...	...	...						
105 1/2	94 1/2	106 1/2	92 1/2	British 5 1/2 % 1945-58		106 1/2	106 1/2	...	4 8 0	...	...	...	...						
105 1/2	94 1/2	106 1/2	92 1/2	Danzig 7 1/2 % 1935-45		92 1/2	92 1/2	...	7 17 0	...	...	...	...						
99 1/2	91 1/2	101 1/2	96 1/2	E. London 5 1/2 % 1940-70		99 1/2	99 1/2	...	5 1 9	...	...	...	...						
104 1/2	100 1/2	104 1/2	98 1/2	Johnston 5 1/2 % 1937-52		103 1/2	103 1/2	...	5 3 0	...	...	...	...						
60 1/2	60 1/2	60 1/2	60 1/2	L.L.C. 3 1/2 % 1938		6													

† Free of Income Tax

Year 1929.		Year 1930.		Name of Security.		Jan. 7, 1931.		Jan. 14, 1931.		Rise or Fall.		Present Yield.											
High.	Low.	High.	Low.																				
12/3	6 1/4	7 1/8	2/9	Coal, Iron and Steel.	3/6	3/6	...	NH	26/3	15 1/2	20 7/8	9/9	Anglo-Burmese Ind. E...	11/-	11/3	+3d	6	5	0				
16/9	12/-	16/-	11/6	Anzol Anthracite £1	13/9	13/9	...	NH	65-	42/6	53/5	35/-	Anglo-Egyptian B. E...	37/6	35/10	-7d	12	5	0				
1/3	7d	10/-	5d	D. 7% Cum. Pref. £1	6d	6d	...	NH	48/9	73/5	55/-	53 1/2	Anglo-Persian O. E...	56/3	5/3x	-1/2	7	7	0				
73/6	55/6	63/-	47/9	Balcoek, Wilcox £1 ...	50/-	48/9	-1/3	6	3	0	0	33 1/2	Ajex (Trinidad) 5/- ...	19/3	12 1/2	+1 1/2	10	16	0				
5/6	2 1/8	4/2	1/9	Baldwins 4/- ...	1/9	1/9	...	NH	67/9	20 7/8	40 1/2	16 1/2	Attack £1 ...	12/3	12 1/2	...	...	...	...				
24 1/2	13/-	13 1/2	4/4	Bengal Iron £1	5/-	4/3	-9d	11	13	3	0	7 1/2	Brit. Con. Oil Ref. E...	16 1/2	16 1/2	...	...	...	...				
15/6	13/-	13 1/2	10/3	Pearl Peacock £1	12/6	12/6	...	NH	4	16	0	0	Burns Oil £1 ...	72/-	70/-	-2/-	8	11	6				
...	...	...	...	Brown (John) Ord. P...	2/9	2/9	...	NH	96/10	74 1/2	95 7/8	65 1/2	Canadian Eagle, no par	7 1/2	6 1/2	-1/2	...	...	...				
...	...	...	...	Carmell Laird £1	1/3	1/3	...	NH	8 10 1/2	5 1/2	6 1/2	2 1/2	Carron River Oil 10/- ...	3/-	2 10 1/2	-1 1/2	...	...	...				
...	...	...	...	Consett Iron £1	5 7/8	5 7/8	...	NH	52/6	36 3/4	54 1/2	24 1/4	Lobitos Oilfields £1 ...	28	29	-1	8	16	0				
68/9	56 1/2	63/3	54/6	Corn, William £1	56 3/4	56 3/4	...	6	4	0	0	18 3	Mexican Eagle (£1/0/6)	7 1/6	7 1/4	-1 1/2	...	...	...				
11/9	6/6	7/3	3/4	Corman, Long £1	4/-	4/-	...	NH	16/3	8	14	6 1/2	Phoenix Oil £1	6 10 1/2	7 1/3	-1 1/2	13	6	0				
3/10 1/4	1 1/2	1 1/2	6 1/2	Gibbs Vale £1	7 1/4	7 1/4	...	NH	38 1/2	31	35 1/2	23 1/4	Royal Dutch (£84)	24 1/2	23 1/2	-1	8	8	0				
41/3	34/3	36 1/2	23/9	Guest Keen, & Co. £1	23/9	22 1/2	-1/3	8	17	9	0	118	Sail £1	75 1/2	72 1/2	-3	5	6	0				
18/4	8/9	10/-	5/-	Hadfield's £1	5 1/2	5 1/2	...	NH	8	17	0	95 3/4	Trinidad Leaseholds £1	28/9	28 1/2	-7 1/2	...	...	...				
24 10 1/2	20 3/4	23 1/2	17/3	Horden Colliers £1	17/6	17/6	...	8	11	6	0	...	...	...	...	...	...	...	...				
13/9	6 7/8	9 1/4	2/6	Millom & Askam £1 ...	3/9	3/9	...	NH	...	...	...	...	...	...	...	...	...	...	...				
14/8	12/-	14/9	8 1/2	Ocean Coal & Wilsons	9/6	9/6	...	10	9	0	0	30/-	Acetate Broad £1	18/9x	18/9	...	5	6	8				
6 7/8	3/9	4 1/4	1/6	Pease and Partners £1 ...	1/6	1/6	...	NH	85/-	62/6	62/6	28	Agar Cross £1	30/-x	30/-	...	7	6	9				
20/9	11/6	12/9	5/6	Powell Duffry £1	6/-	6/-	...	NH	57 7/8	23/9	33/9	17 3/4	Allied Newspapers £1	17/6	17/6	...	11	9	0				
39/9	22/9	23/6	17/6	S. Durham Steel £1	17/-	17/-	...	7	2	9	9	28	Amal. Dental Def. 5/-	3/6	3/6	...	...	...	...				
17/6	9 1/4	11/-	4 1/2	Do. B. Ord. £1	20	20	...	5	15	0	0	44 1/2	Army, Dress 10/-	20/-	20/-	...	7	10	0				
37/4	29 1/2	31/6	20/6	Steele & Co. £1	20 6	20 6	...	5	15	0	0	44 1/2	Army & Navy 10/-	36/3	37/-	-9d	6	19	0				
35/9	24/3	28/-	20 1/4	Stewart & Lloyds £1 ..	22 6	22 6	...	6	13	3	0	50/-	Assoc. Newspapers 5/-	20/-	19 3x	-3	10	6	0				
26/6	21/-	24/-	18/9	Swan, Hunter £1	18/9	18/9	...	8	0	0	0	32/6	Assoc. P. Cement £1	25/-	23/-	-2	6	18	0				
4/10 1/4	1/9	3 1/4	1 1/6	Thomas (Richard) £1 ..	1/6	1/6	...	NH	76/-	62 1/2	69	52 6	Barker (John) £1	55/-	55/-	...	7	6	9				
12/6	6/3	11/-	5/6	Do. 6 1/2% Cum. Pref. £1	5/9	5/9	...	NH	...	...	...	...	Barry & Staines Ltd	43/9	42 1/2x	-3d	...	...	...				
100/-	54 1/4	78/9	28 1/2	Thornycroft, John £1 ...	30/-	30/-	...	8	13	3	0	24/-	Borax Deferred £1	10/6	10/6	...	...	...	...				
26 5/8	15 1/2	20 3/4	13/9	U. States Steel £100 ...	14 1/2	14 1/2	-82	7	0	0	0	34/6	Brit. Def. £1	3/6	3/6	...	7	0	0				
13 1/4	7 1/4	9/3	6/3	Vickers 6/8	7/3	7/3	...	9	8	0	0	34 1/4	Brit. Alum. £1	24/-	23/6	-6d	5	1	0				
17/14	15/3	16/9	12/9	Ward (Thos. W.) £1 ...	13/9	13/9	...	9	8	0	0	135/-	Brit.-Am. Tobacco £1 ..	101/3	88/9	-12/6	5	12	6				
														Textiles.									
7/9	5/6	6/3	3 1/2	B. Ctn. & Wool Da. Sa.	3/6	3/6	...	8	12	6	0	18 1/2	Carlton Hotel £1	22 6	23/9	+1/3	10	2	3				
36/6	22 1/4	24/-	14/9	Bleachers £1	15/-	14/3	-9d	13	18	9	0	43	Carreras "A" Ord. £1	5 1/2	5 1/2	...	10	0	0				
47/3	30/9	33/9	17/9	Bradford Dyers (£1) ...	20 6	20/-	-6d	8	6	9	0	70 7 1/2	Chinese Eng. £1	30/-	30/-	...	6	0	0				
44 1/4	15/-	21 6 1/2	6/3	Brit. Celanese Ord. 10/-	7/6	6/6	-1 1/2	...	...	...	...	360/-	Columbia Graph. 10/-	35 3/4	34/3	-1 1/2	...	...	...				
13 1/3	11 1/3	15 6	8 1/2	Do. 7 1/2% Cum. Pref. £1	5 1/2	5 1/2	-3d	16	0	0	0	56 7/8	Dobson's Cons. (5/-) ...	20 1/2	20 1/2	...	11	6	9				
14/3	13	15 1/2	10/3	Do. 7 1/2 End. Cum. Pf. £1	5 1/3	5/3	...	NH	0	26/9	13/-	15 6	Dunlop 6/8	12/-	11/6	-6d	8	17	9				
28/6	15/-	16 1/3	7/6	Calico Printers £1 ..	8/-	7/6	-6d	...	...	...	...	33/9	Emer. Ready Co. 5/-	16/-	18/-	...	9	15	0				
73/3	63/-	67/-	52/9	Coats, J. and P. (£1) ...	54/3	52/6	-1/9	6	13	3	0	117 6	Finlay (James) & Co. £1	31x	3 1/2	...	7	5	6				
20 5/-	51 10 1/4	57/2	35/-	Contraolds £1	36/3	31/3	-5/-	6	8	0	0	14/9	Frederick House 7/6	6/3	6/3	...	8	0	0				
65/-	40 7/8	45/-	29 7/8	English Swg. Ctn. £1 ..	32/6	30/-	-2/6	8	6	9	0	28/9	Gaumont-Brit. (10/-)	13 1/3	13/-	...	...	...	...				
45/9	25/-	29 7/8	17/3	Fine Cotton Spun. £1 ..	20	20	...	6	12	6	0	37/6	Graphophone Co. £1 ..	37/6	36/-	...	...	...	...				
38/6	28/-	28 1/2	23/9	Flax Thread (£1)	23/9	22 1/2	-1 1/2	7	0	0	0	16 1/2	Grain & Seed Co. Def.	70/-	70/-	...	5	15	0				
27 1/2	19 1/3	19 1/3	12/6	General Electric (£1) ...	10 9	10 9	-1/3	NH	0	27/6	17 6	21 10 1/2	Harrods (B.A.) 15/- Ord.	12 6	11 3x	-6d	6	13	3				
36/9	22 6	23 1/2	16 3	Patons & Baldwins £1 ..	20/-	19/6	-9d	2	11	6	0	79/-	Harrods £1	56 3	57/-	...	7	0	6				
29/14	10/-	15 1/6	6/3	Saia Viscosa L120	7/-	6/6	-6d	NH	0	33/-	20/-	30/-	Imperial Airways £1 ..	17/-	16/6	-6d	6	3	0				
														Electrical Manufact.									
58/6	23/9	32/-	19/9	Associated Elec. (£1) ...	21/6	21/-	-6d	5	15	0	0	45 1/2	Imperial Tobacco	84 1/2	84 1/2	...	5	2	6				
99/4	66 3/8	80/9	64/-	British Insulated (£1)	67/6	66/3	-1/3	4	10	0	0	138/9	Imperial Holdings	92 1/2	92 1/2	...	...	...	...				
89/6	69/3	78/9	62/-	Callenders (£1)	61/3	61/3	...	4	14	0	0	10 1/2	Inter. Nickel of Can. ...	10 1/2	10 1/2	...	...	...	...				
60 1/4	31 5/8	35/6	19/-	Crompton Parkington 5/-	21/3	21/3	...	4	7	0	0	10 1/2	International Tea 5/-	19 3x	19 3x	...	7	11	6				
8 1/4	5 1/8	6 1/8	5 1/8	General Electric (£1) ...	45 7/8	45/-	-7 1/4	5	4	0	0	42 1/2	Kreuger & Toll (Kr. 100)	42 1/2	42 1/2	...	6	11	0				
42 10 1/2	30 6	40 9	33/-	Hendley (W. T.) (£1) ...	5 1/2	5 1/2	...	5	4	0	0	23/9	Lever 7 1/2% Cum. £1	23/6	23/6	...	6	0	0				
33/6	23/9	26 1/4	20/-	Johnson & Phillips £1	37/-	37/-	...	5	8	0	0	23/9	Loos 1 1/8% Cum. A.P. £1	23/3	23/3	...	6	16	0				
														Electric Light, &c.									
88 1/4	32 1/2	35 1/2	20 1/2	Brazil Trac. no par	82 3	82 4	+8 1	...	...	...	...	14 1/3	Loos 20 1/2% Pr. Ord. 5/-	12 6	12 6	...	2	10	0				
78/3	53/-	64 5/8	54/-	Bournemouth & Poole	61/3	61/3	...	4	...	...	...	6 1/6	Lipsons Ord. £1	38 9	38 9	...	7	14	9				
60 1/2	49 6	52 1/2	42 1/2	Calcutta Electric £1 ..	45 9	45 9	...	6	5	0	0	44 3/4	Lyons (J.) £1	93 9	95/-	+1/3	4	15	0				
27/3	23/9	25 1/4	19/6	Clarke Cross Elec. £1 ..	25/-	25/-	...	5	10	0	0	106/9	Macbr & Garton £1	93 9x	93 9x	...	8	15	0				
34/9	30/-	34 9	31 9	City of London £1	36 3	36 3	...	5	9	0	0	130/-	Marks & Spencer 10/-	91 3x	91 3	...	2	3	6				
44 6	31 7/8	39 6	33 9	Clyde Valley Elec. £1 ..	34 3	34 3	...	4	10	6	0	6/3	Maypole Dairy 2/-	4 6	4 6	...	7	0	0				
8/-	41/-	51 2	43 9	County of London £1 ..	48 9	48 9	...	4	10	6	0	18/-	Millars Timber £1	3 9	3 9	...	...	...	...				
88 1/4	30 1/2	35 1/2	22 1/2	Hydro-Elec. Com. Stk.	82 4	82 4	-8 1	...	...	...	...	15 10 1/2	Platt Brothers £1	3 3	3 3	...	...	...	...				
31/-	26/-	28/-	22 1/2	Lancashire Electric £1 ..	25/-	25/-	-6d	5	17	0	0	60/-	Ranger & Co. £1	34 10 1/2	34 10 1/2	...	8	5	6				
43/9	35/-	43 9	35 10 1/2	Manitow. Elec. £1	42 1/2	42 1/2	...	4	18	0	0	23 1/2	Ranger & Co. £1	33 6	33 6	...	8	8	5				
35 1/6	25 1/2	25 1/2	21 1/2	Midland Counties £1 ..	28 6	28 6	...	4	18	0	0	48 9	Sail Union £1	32 6	32 6	...	7	2	9				
27 10 1/2	22 6	25 7/8	21 7/8	Newcastle-on-Tyne £1 ..	24 3	24 3	...	4	18	6	0	42/-	Savoy Hotel £1	26 3	26 3	...	7	12	6				
58/-	44 6	49 1/4	44/-	North Metropolitan £1 ..	48 9	48 9	...	4	2	0	0	41/3	Schweppes Def. £1	33 9	33 9	...	5	18	6				
35/-	26 3	31	27/-	Scottish Power £1	30/-	30/-	...	5	6	9	0	27/6	Seas (J.) Ord. 5/-	20/-	20 7/8	...	8	8	0				
37 7/8	30/-	35/-	30 9	Yorkshire Electric £1 ...	34 3	34 3	...	4	13	0	0	29 9	Slater & Rodger £1 ..	27 1/2	27 1/2	...	8	16	6				
														Gas.									
20 6	17 6	20 1/2	17/-	Gas Light & Coke £1 ..	19 9	19 9	-1 1/2	5	12	0	0	32 6	Spencer & Co. (Kr. 100)	112	110 1/2x	...	7	0	0				
43 5/8	28	31 1/2	23	London District Stk.	34 5	35 0	...	5	0	0	0	45 1/2	Tate and Lyle £1	3 1/2x	3 1/2x	...	5	10	3				
17 10 1/2	16 1/9	15 1/6	12 1/2	Newcas. on-Tyne £1	16 1/6	16 6	...	6	10	0	0	123/9	Tilling. Thos. £1	97 6	98 9	+1/3	4	1	0				
110	99	105 1/2	97	S. Metropolitan Stk. ...	106	106	...	5	18	0	0	39/-	Tube Investments £1 ..	26 3	26 3	...	7	12	0				
														Telegraphs, &c.									
88 1/2	73 1/2																						

* Free of Income Tax

than average falling-off in earnings. Companies, again, with a large stake in the export trade have probably experienced a worse recession in profits than those operating at home, the experience of the British American Tobacco (discussed in a later note) being a significant "pointer" in this respect. In certain trades, such as the tanker business, where the bottom has temporarily gone out of the market, even more severe declines in earnings are inevitable. As regards individual companies, however, much may depend on internal factors. Depression is an acid test of good management, particularly in retail trading. Certain companies, again, which have large hidden reserves may draw on them to meet a temporary contingency, but many boards will doubtless feel that a policy of conservation of resources is more appropriate until the duration of the depression can be more closely estimated. The worst results are likely to be shown by relatively new concerns, which had not time to find their feet before the depression started, and by companies with inside sources of weakness, such as over-generous capitalisation during the recent "boom" or large holdings of the shares of other companies which have depreciated heavily in the market. The further outlook depends on many factors, including the possibility of a halt in the falling tendency of commodity prices (which up to the present has shown few signs of immediate abatement), the possibility of a downward adjustment in the prices of manufactured articles, and the likelihood or otherwise that a reduction in costs can be effected without serious labour disputes.

The Cost of Stock Exchange Membership.—The hand of death has been busy during the past few weeks, writes a "House" correspondent, among the ranks of Stock Exchange members. One result has been a shrinkage in the price of Stock Exchange nominations. The cost of obtaining membership of the London Stock Exchange is now about a third of what it was a year or two ago, chiefly as the outcome of the fall in the price of nominations from the neighbourhood of £1,700 to £300. Nominations, indeed, have changed hands recently at £250 each, a price which offers a tempting opportunity to men at present acting as clerks, of realising their ambition to obtain membership for a moderate expenditure. A clerk, authorised or unauthorised, who has been in the Stock Exchange for a period of four years, is admitted to membership on payment of an entrance fee of 300 guineas. In addition, he must acquire a nomination, and buy at least one Stock Exchange share, which now costs £168. His total expenditure, at present, need thus be no more than £783. The nomination and the share may be regarded as capital assets, since in the ordinary way they will always be saleable. Any general revival of Stock Exchange activity, bringing an inevitable increase in the number of candidates for membership, would be followed by a rapid increase in the price of nominations. The price of Stock Exchange shares has dropped from 227 to a present price of 168, through the operation of the normal laws of supply and demand for an investment necessarily limited to a narrow circle, since the shares cannot be held by non-members of the "House." The nominal paid-up value of the shares is £36, and the dividend for the last completed year was £13 per share, so that at the present price the yield, on the last dividend, is 7½ per cent.—a return which has not been obtainable from Stock Exchange shares for many years past. It is the intention of the Stock Exchange to encourage, as much as possible, the candidature of clerks who have served four years in the Stock Exchange, on the ground that men coming in without previous experience of the business are more likely to undertake risks the rashness of which they do not fully appreciate. Stock Exchange business involves a large element of mutual dependence, and it is a distinct advantage to have, among new members, men who have more than a nodding acquaintanceship with concrete details, and are unlikely to rush blindly into speculations, which may endanger not merely their own interests, but also those of their fellow members.

Further Bank and Discount Company Profits.—The publication of further bank statements reveals in the smaller institutions the same tendency to reduced profits for 1930 which was marked in the case of the "Big Five." The District Bank reports net profit totalling £459,038, against £510,526, a decline of 10 per cent., but the dividend remains unchanged at 18½ per cent. on the "A" shares and 10 per cent. on the "B" shares. Pensions fund and bank property account again take £40,000 and £20,000 respectively, leaving £201,263 to go forward, against £189,225 brought in. Martin's Bank announces a drop from £836,240 to £793,551, or 5.1 per cent. Dividend is maintained at 16 per cent., and £150,000 is placed to contingency account, compared with £100,000 to premises account, and £50,000 to reserve. The carry forward shows a decrease of £22,056 at £110,076. The directors of the Manchester and County Bank announce a final dividend of 6s. per share, which makes 12s. per share, (against 13s. per share) for the year. The leading discount houses, on the other hand, report an all-round advance in profits. The Union Discount Company shows a gross profit of £1,025,398, compared with £977,122, while dividend is maintained at 20 per cent. Premises account and provident fund each take £15,000, against £10,000, while the carry forward item is increased from £269,292 to £299,656. The National Discount Company reveals gross profits totalling £691,539, against £667,046, the dividend on the "B" shares being maintained at 24 per cent. Reserve account is augmented to the extent of £110,000, against £25,000, while pensions fund receives £5,000 against £14,076, and carry forward is diminished by £35,654. Alexanders reports a gross profit of £474,422, against £412,397, the ordinary dividend again being 20 per cent. Reserve takes £31,250, against nothing, and pensions fund £5,000, while the carry forward is increased from £53,089 to £60,396. The results contained no surprises, and share quotations were hardly altered.

Courtaulds' Prospects.—Courtaulds' shares have recently suffered from somewhat widespread selling, their present quotation being 30s. 7½d., against 37s. at the beginning of this year and a high point for 1930 of 57s. 2d. The fall is almost entirely due to fears of a reduction in the final dividend. The carry-forward was reduced last year and the interim was cut to 3 per cent. It has been suggested in the market that the final dividend may be restricted to a similar amount. It may be assumed that actual working profits have been appreciably lower this year than last, but certain dividends received from subsidiaries may, on the other hand, relate to the comparatively good year, 1929. Last year the company's Continental investments were severely written down, and, in view of the conservative attitude of the board, it is not beyond possibility that a further writing down may be effected. On the other hand, it is improbable that the American Viscose asset will require to be reduced, and the company has a very substantial investment in Government securities. The actual trading position is stronger to-day than twelve months ago, since the company has a larger proportion of the total trade of the country—and possibly of the world. The effects of trade depression and price reductions have done much to eliminate unhealthy competition from weak concerns formed during the boom. Though the demand for artificial silk has shown a falling off, this has been less extensive than in certain other textiles. On the other hand, the margin between the price of real and artificial silk fabrics has been much reduced, to the relative advantage, naturally, of real silk. However, while artificial silk prices have been reduced, quality has been more than maintained, the standard yarn of to-day being greatly superior to that of two years ago. Altogether, while Courtaulds' shares, even at present prices, may not give a high yield for some little time to come, their prospects of affording, ultimately, a more handsome return are reasonably good.

British American Tobacco Outlook.—Shareholders in the British American Tobacco Company were unpleasantly surprised to learn, at last Monday's meeting, that the immediate outlook was considerably less satisfactory than they had imagined. According to the chairman's business has shown a considerable decline during the last six months. The company's operations are world-wide, and have suffered not only from political and other troubles in certain countries, but from reduced demand from consumers in general, one aspect of which has been a shifting of consumption from the dearer to the cheaper grades of cigarettes and tobacco. The company's interests in the East are of great importance, and have been sensibly affected by such factors as the fall in silver, the economic boycott in India and the unsettlement in China. The chairman made no secret of his belief that "the black spots very much exceeded the good spots," and that he found it impossible to estimate the level of earnings during the remainder of the company's year (which ends on September 30th next). A reduced final dividend would, in all probability, be inevitable. The announcement was unfavourably received in the market, the shares falling from 100s. at the end of last week to 88s. on Tuesday. The significance attached to the news was the greater as the B.A.T. was regarded as one of the strongest and best-managed of British companies, though one section of market opinion was not inclined to regard the development as presaging a necessarily proportionate falling off in the earnings of the Imperial Company, or of other tobacco concerns whose interests, unlike those of the B.A.T., lie mainly in the home market. At an extraordinary meeting which followed the general meeting, the B.A.T. shareholders agreed to the conversion of the company's issued shares into stock on the lines indicated in an Investment Note in the *Economist* of December 20, 1930 (page 1181).

Brazilian Stocks.—A general rise in Brazilian securities has followed the announcement that Sir Otto Niemeyer is to visit the republic in connection with the Central Reserve Bank. Some representative quotations are shown:—

	Dec. 31.	Jan. 7.	Jan. 14.	Rise since Dec. 31.	Rise %
Brazil 4½%, 1888 ...	48	52½	52½	4½	9.3
Brazil 5%, 1895 ...	52½	52½	55	2½	4.7
Brazil 4% Resen....	46½	48½	48	3½	7.5
Brazil 5%, 1903 ...	69½	70½	76	6½	9.3
Brazil 5%, 1908 ...	91½	92½	95½	6½	9.1
Brazil 4%, 1910 ...	39½	42½	44½	5	12.6
Brazil 4%, 1911 ...	52½	52½	58	5½	10.5
Brazil 5%, 1913 ...	48	50½	52	4	8.3
Brazil 5%, 1914 ...	65½	70½	73½	8	12.2
Brazil 6½%	64½	70½	73½	9	13.9
Rio State 7%	70½	70½	71½	1	1.4
San Paulo 7½%	66½	68½	69½	6½	9.4
San Paulo 7%	71½	71½	74	2½	3.5
San Paulo 6%	50	47½	54½	7½	15.0
Leopoldina Railway	20½	21	22	1½	7.3
San Paulo Railway	140½	138½	144½	4	2.8
Brazil Traction.....	\$21½	\$23	\$24	2½	11.6

* Ex dividend.

The recent delay in the payment of the interest on the Rio State 7 per cent. loan (funds for which were subsequently remitted) may be reflected in the relatively small advance made by that stock. Brazilian railways have improved on the announcement that the Leopoldina Railway is to be compensated for losses sustained during the revolution. Satisfactory rises have also been shown in the case of stocks which have recently paid their half-yearly interest, especially the San Paulo 6 per cent. loan. On Thursday the market had a weaker tone.

The Affairs of R. E. Jones.—The acrimonious controversy which absorbed the attentions of directors and shareholders of this company during a large part of last year has not exercised a beneficial effect upon its financial position. It may be recalled that, following a prolonged dispute over the appointment of a managing director, and the issue of several circulars to shareholders, an extraordinary meeting was called for the purpose of removing certain directors from the board. High Court proceedings

failed to bring about any agreement as to the interpretation of the poll then taken, and, at a further extraordinary meeting, the motions for removal, which required a three-fourths majority, were lost by very small margins. The accounts for the year, which are now available, reveal a net trading profit of £7,459, against £16,206. Losses on branches closed down or disposed of, and other costs require £5,817, and with the debit balance of £184,271 brought in, there remains a debit balance of £182,629 to be carried forward to the next account. The legal proceedings cost shareholders £3,217. Three of the directors whose removal was demanded have now decided to resign—Sir Nicholas Grattan-Doyle and Sir T. E. Jones, who retire by rotation, are not offering themselves for re-election, while Mr A. J. Howell is willing to resign from the date of the annual meeting upon certain terms, which will be placed before shareholders and recommended for acceptance. These resignations will make possible the appointment of Mr R. A. R. Field as managing director of the company. The 72 per cent. of the shareholders who voted last year for the reconstruction of the board will, doubtless, welcome the prospect of a restoration of unanimity, however much the retiring directors may have stayed upon the order of their going.

Allied Cement Manufacturers Receivership.—In the *Economist* of January 3rd reference was made to the extraordinary general meeting of Allied Cement Manufacturers on December 23rd at which the chairman remarked that the company could be put upon a profit-earning basis if immediate finance were found to meet pressing liabilities. The new directors subsequently declared that the company had no resources to pay its debenture interest due on January 1st. Further, the company has guaranteed the dividends on £450,000 preference share capital of Dunstable Portland Cement. A circular issued by the latter company on January 6th stated that funds to meet the preference share dividends had not been provided. It would appear that the Dunstable Cement creditors were proceeding to take legal action to enforce their claim, for a receiver was appointed for Allied Cement Manufacturers on January 14th, on the application of debenture holders. It would be interesting to know what attitude was adopted by the banks in this matter, seeing that there was some reason to believe that the company, given a solution of its immediate financial difficulties, might ultimately have justified its place in the cement trade in this country. The 6½ per cent. debenture stock, which was as high as 70 last month, has fallen to 30. A possibly optimistic estimate is current in the market that the debenture holders will receive about 5s. 6d. in the pound.

Increasing Interest in South American Markets

THE Bank of London & South America welcomes and fosters the ever increasing interest in the fast growing markets of Latin-America. With Branches and Sub-Branches in South America, in London, Bradford and Manchester; in France, Belgium, Portugal and U.S.A.; with the concentrated experience of 67 years this Bank is singularly well equipped to provide up-to-date market information and to undertake Banking Business of every description. Status reports are supplied on request, and a Monthly Review of Market information is issued free on application.

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Jute Industries Costs.—At the annual general meeting of Jute Industries, Mr J. Ernest Cox discussed, with some detail, the reasons for the loss of £36,498 suffered by the company last year. At the time of the last annual meeting, he declared, the company was working at full pressure. Unfortunately, some of the company's customers were unable to take delivery of their commitments. The mills, in fact, worked at an average of 75 per cent. capacity during the year. By cutting salaries the directors effected a saving of £34,000 (of which £11,500 was applicable to directors), thereby offsetting, to a certain extent, the effect of increased charges on idle machinery. Three mills have been closed in Dundee. During the last six years the cost of production has been reduced by 14 per cent., but as wages are regulated by the Board of Trade it has been impossible to bring about further reductions. Though wages were lowered by 4 per cent. in January, 1930, this left remuneration at the level of six years ago. The increase in present wages over those of 1914 is estimated at 120 per cent.

Sir Enoch Hill on Building Society Prospects.—Last Wednesday's address by Sir Enoch Hill to West of England building society officials is of special importance in view of recent discussions on the subject of interest rates. Sir Enoch Hill occupies a position of unusual authority, since he is Chairman of the National Association of Building Societies, and is President of the Halifax Building Society, which is much the largest institution in this country. Sir Enoch justly took pride in the achievements of the movement, which between 1918 and 1929 increased its total assets from £68 millions to over £312 millions, its amounts advanced to borrowers during a single year from £7 millions to £75 millions, and its membership (exclusive of depositors) from 625,000 to 1,894,000. He estimated the funds at the end of 1930 at not far short of £360 millions—an increase of about £48 millions during the year. The rapidity of recent development, he declared, had been the more significant since the acute stages of the housing famine had passed, and the figures reflected rather the changed vision of householders on the question of ownership. Sir Enoch gave impressive figures for his own society, which, founded 78 years ago in what was then a small Yorkshire town, is now the custodian of over £68 millions of the people's savings, and has 430,000 open accounts and 350 offices spread over Great Britain. Of its resources, some £15 millions are held in gilt-edged securities. Sir Enoch agreed with the views expressed in the *Economist* on January 3rd last (page 31), declaring that the large sums of money which had been deflected from industry during the present depression could not, and ought not to be, invested in building societies at rates of interest higher than could be obtained elsewhere with equal security. Whilst building societies must ultimately adapt themselves to permanent changes in the value of money, it was not desirable that frequent alterations should be made in temporary periods of abnormally low Bank rates. At the same time, he emphasised the desirability of a common basis for building society rates all over the country. He believed that any move for a reduction must take effect earlier in the South than in the North of England, since, for some years past, the demand for mortgage loans has been less insistent and rates have been lower in the latter than in the former area.

Perak River Hydro-Electric—Proposed Moratorium.

In a circular to shareholders, the directors of this Malayan undertaking draw attention to the critical situation in which the company finds itself as a result of the prevalent depression in the tin producing areas, and give particulars of a scheme of arrangement, failing the adoption of which, they declare, the company will undoubtedly pass into the receiver's hands. The scheme involves the creation of £400,000 5½ per cent. prior lien debenture stock, ranking in front of all other securities created by the company and redeemable on or before

August 1, 1931, of which not more than £200,000 will be issued immediately. As from January 31, 1931, to August 1, 1934, the net earnings of the company (which are closely defined in the statement) are to be applied first in payment of the interest and any arrears on the F.M.S. Government Loan, and next in payment of the fixed interest and any arrears on the 7 per cent. participating debenture stock. After August 1, 1934, such net earnings are to be applied first in payment of the interest on the F.M.S. Government Loan, secondly in payment rateably and *pari passu* of arrears of interest on that loan and current fixed interest on the 7 per cent. participating debenture stock, and thirdly in payment of any arrears of the fixed interest on that stock. Under the scheme, the F.M.S. Government agree that they will not require payment of their cumulative arrears until August 1, 1937, and the 7 per cent. participating debenture stockholders that they will not require payment of their fixed interest charges until August 1, 1937, except in so far in each case, as there are net earnings of the company available. The new issue of debenture stock will replace the capital utilised to make up the amount required for financial charges paid over and above the revenue available for that purpose during the year ended July 31, 1930, and will provide additional working capital. H.M. Treasury, who guaranteed the £1,250,000 5 per cent. guaranteed debenture stock, and the F.M.S. Government, who in January last lent the company the sum of £850,000, have acquiesced in the scheme, which has now to be submitted to the 5 per cent. guaranteed debenture holders and the 7 per cent. participating debenture holders.

Ashanti Goldfields.—The substantial expansion in earnings which characterised the two preceding periods was last year succeeded by a leap forward to over 120 per cent. upon the capital. This gratifying result arose from a combination of favourable factors. An increased tonnage of higher-grade ore was treated, with an improved ratio of extraction at a substantially reduced level of costs. In the latter connection, it may be noted that mines development represented only 5s. 6d. per ton, as against 7s. 11d. in 1928-29; depreciation showed a small increase, and Government royalty was naturally higher than before. The payment of a round 100 per cent.—a record on the present capital—still leaves a balance of £70,600. The whole of this, and a little more, is utilised in a special appropriation to reserve of £25,000, and a depreciation allowance of £10,000, in addition to the repetition of the transfers to exploring account, etc., made twelve months ago. The usual table is appended:—

	Year ended September 30.			
	1927.	1928.	1929.	1930.
	£	£	£	£
Net profit	141,437	163,440	203,584	320,560
Brought forward	111,799	83,236	59,176	63,260
Ordinary dividends:				
Amount paid	125,000	137,500	162,500	250,000
Earned per cent.	56.5	65.3	81.4	120.8
Paid per cent.	50	55	65	100†
To reserve	45,000	50,000	37,000*	78,000*
Carried forward	83,236	59,176	63,260	48,410*

* Including Pensions and Benevolent Fund.

† With capital bonus of 50 %.

At 607,600 tons the ore reserves display an expansion of 17,400 tons, the value—perhaps rather surprisingly—being ½ dwt. lower at 24.7 dwt. The tonnage, which does not include material at present classed as unpayable, represents about four years' supply for the mill. That the directors would declare a final dividend of 65 per cent., making 100 per cent., had been generally anticipated; but it had not been thought they would also declare a scrip bonus of 50 per cent. This will increase the capital to £375,000 (in 4s. shares). An interesting question arises as to what dividend rate the company will pay in future. Current earnings are equivalent to about 150 per cent., but

it is, of course, necessary to allow for special appropriations. A conservative calculation suggests the probability of 80 per cent. On this basis the shares appear attractive—provided developments continue their recent favourable trend.

Shell Union and the "Dubbs" Process.—An important step in the rationalisation of the American oil industry was taken last week when the Shell Union Oil Corporation and the Standard Oil Company of California combined in the purchase of the Universal Oil Products Company, which owns the Dubbs "cracking" process, for \$22,000,000. For a long period the American oil industry has been wasting time and money on costly and complicated litigation in connection with the various patents for the "cracking" of heavy oils or distillates. The Dubbs process was specially designed to "crack" fuel oil, and is in general use throughout the world. The various disputants in the "cracking" process litigation have now apparently agreed to drop their claims against one another, so that users of the Dubbs process will no longer be sued by rival process owners for infringement of patents. The Shell Union and the Standard Oil of California, which were the biggest licensees of the Dubbs process in America, have at the same time agreed to buy out the Universal Oil Products. In other words, they have agreed to compound future royalties by payment of a sum of \$22,000,000. The royalties paid by other licensees of the Dubbs process will in future accrue as revenue to the Shell Union and Standard Oil of California, and no doubt the transaction from a financial point of view will prove highly advantageous to these two companies. It is interesting to recall that a controlling interest in the Universal Oil Products had been held by the estate of the late J. Ogden Armour, the meat-packing magnate. Mrs. Armour, the widow, obtains approximately \$8,216,000 for her share in Universal Oil Products, while the son of the inventor, who was strangely christened by his eccentric father Carbon Petroleum Dubbs, secures about \$4,582,000.

Premier Diamond.—The report for the year ended October 31st, writes our mining correspondent, makes an even worse showing than had been anticipated. After deduction of £25,500 expended upon equipment, the net profit amounted to only £13,100, of which the Union Government took 60 per cent. Sundry revenue totalled £49,400, or just about enough to cover the interim dividend on the preferred shares. Taxation absorbs £8,200 and capital outlay £15,900, the carry-forward being reduced from £48,800 to £28,700. Naturally, in these circumstances, there is no dividend for the second half of the year; and in this connection the directors remark that "the depression in the diamond trade is still acute." The ground treated last year showed a further slight falling off both in quantity and value, while costs again rose. Development of the 610-ft. level in the central section of the mine was completed early in the year, and good progress has since been made towards the opening up of that level throughout the mine. The blue ground in sight is estimated to be 14,000,000 tons, or about three years' supply. The bulk of the Premier ordinary capital is owned by the De Beers Company, which also has a substantial holding of the preference shares. On this ground, and on inferences drawn from the experience of the Premier Company, there has been considerable liquidation of the De Beers issues. The latter are now at the lowest levels ever known.

Rand Selection.—In the case of this company, the expansion of the interest held in diamond concerns and the acquisition of interests in Northern Rhodesia, has proved anything but profitable. For the year ended September 30, 1929, a final dividend of 10 per cent., making 25 per cent. in all, was extracted, although the financial position was far from warranting such a distribution. In respect of the past year the shareholders receive nothing. The profits amount to £189,000

(against £274,000); the balance forward was £83,500, and the £375,000 standing to the credit of share premium account is transferred. Of the total of £647,500, taxation absorbs £29,800; the 10 per cent. dividend above mentioned £90,000; £325,000 is written off shares and interests, and £100,000 is placed to reserve, leaving £102,700 to carry over. The balance sheet shows a shortage of £137,800 in the "quick" assets. Shares and interests figure at £1,382,700, against £2,089,500, the bulk of the difference being due to writings off. It is fortunate that the company's Rand gold holdings have a satisfactory appearance.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Bank of New South Wales, Burma Corporation, Rio de Janeiro Flour Mills and Granaries, Fanti Consolidated Investment, Rhodesian Anglo-American, and Apex (Trinidad) Oilfields. At the meeting of the Burma Corporation, Mr P. E. Marmion said that the policy of demonetising silver continued unabated in those countries which already used the gold standard, and in January last Indo-China linked its currency to the French franc, thus adding one more to the number of countries which had deserted the white for the yellow metal. There could be no doubt that the severity of the fall in silver had contributed directly to the distress of a very large proportion of the world's population, and it seemed desirable that attention should be directed towards the restoration of silver to its traditional use in the monetary mechanism of the world. Presiding at the meeting of Rio de Janeiro Flour Mills, Mr A. G. Weigall told shareholders that the business done by the Rio Flour Mills during the last financial year had been maintained to within 10 per cent. in the markets in which they were then trading.

CAPITAL ISSUES.

The new issue market remained in a state of suspended animation. The week's new offer was only partially of a public character, some 55,000 of the 75,000 £10 shares issued by the *London and Clydesdale Trust* having already been privately placed. The issue followed normal investment trust lines, and was well backed. The amount required was heavily over-subscribed. *Tottenham and District Gas Company* on Friday offered by tender £150,000 5½ per cent. irredeemable preference stock at a minimum price of £104 per £100, yielding, at that price, £5 5s. 9d. per cent.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to January 10, 1931, £1,654,357.
Total, including conversion, recorded January 1 to January 10, 1931, £2,625,500.

National Savings Certificates.

Net sales, week ended January 10, 1931, £300,600.
Total receipts, April 1, 1930, to January 10, 1931, £7,250,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
London and Clydesdale Trust...	750,000	...	750,000	37,500	712,500
Total offered to Public, week ended January 17, 1931.....	750,000	...	750,000	37,500	712,500
To Shareholders only.					
Anglo-Eastern Tin, 135,717 participation preference 2s., at par	13,571	...	13,571	3,393	10,178
Beechams Pills, 300,000 8% cum. ptg. preferred £1, at par	300,000	...	300,000	37,500	262,500
British Oxygen, 122,221 6½% cum. pref. £1, at par	122,221	...	122,221	15,277	106,944
122,221 ord. £1, at par	122,221	...	122,221	15,277	106,944
Malayan and General Trust, £40,000 8% deb. stk. at 91½%	40,000	...	39,000	2,000	37,000
Total offered to shareholders only, week ended January 17, 1931	598,013	...	597,013	73,447	523,566

	Including Conversions.	Excluding Conversions.		Including Conversions.	Excluding Conversions.
Total Offered for Subscription—			Whole year—		
Jan. 1 to date	£	£	1930	£	£
1931	4,272,513	3,301,370	1929	454,888,784	267,800,700
1930	3,052,460	3,052,460	1928	488,164,940	285,239,400
1929	43,296,605	30,386,605	1927	693,100,056	369,058,073
1928	...	100,189,539	1926	...	355,165,970
1927	...	81,308,089	1925	...	230,782,600
1926	...	24,216,685	1924	...	232,214,500
1925	...	12,712,665	1923	...	209,326,101
1924	...	3,823,625	1922	...	271,399,175

Nature of Borrowing.				
	Debtors, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	1,655,857	313,571	1,331,942	3,301,370
1930	2,172,725	650,900	229,735	3,053,460
Whole year—				
1930	230,613,800	12,593,800	24,593,300	267,800,600
1929	137,870,300	31,543,400	116,025,700	285,439,400
1928	212,817,900	43,064,600	111,177,600	366,059,100
1927	228,958,000	36,836,000	83,371,400	355,165,400
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Begun.	Total Cash Involved.
Amount previously recorded	2,456,375	...	2,508,632
Total for week ended January 17, 1931...	Nil	...	Nil
Total to date, 1931	2,456,375	...	2,508,632
Total to date, 1930	1,914,187	...	1,138,840

London and Clydesdale Trust.—Issue of 75,000 shares of £10 each at par. No part of the issue has been underwritten. The directors are aware of applications to be made in terms of the prospectus to the extent of 55,000 shares, which will be allotted in full. The shares will be converted when fully paid, as from August 1, 1931, into preference and ordinary stock in the proportions of 60 per cent. of the former and 40 per cent. of the latter, the preference stock to be entitled to a cumulative preferential dividend of 5 per cent. The company has been formed for the purpose of carrying on the business of an investment trust company.

Sheringham Gas and Water.—Issue by tender of £4,000 preference stock, Water Undertaking, entitled to a dividend of 6 per cent. until December 31, 1935, and thereafter of 5 per cent., minimum price £102 per £100, and £2,166 5 per cent. perpetual debenture stock, Gas Undertaking, minimum price £90 per £100 stock. Interest on the debenture stock was covered in 1929 over six times, and on the preference stock over three times.

East Surrey Water Company.—Issue by tender of about 5,200 ordinary (B) shares of £10 each or such number as may be necessary to produce, including premiums, the capital sum of £55,000. Minimum price of issue £12 10s. per share. The shares will be entitled to a dividend not exceeding £7 per cent. per annum.

Tottenham and District Gas Company.—Issue by tender of £150,000 5½ per cent. Irredeemable Preference Stock at minimum price £104 per £100 stock.

[Other Stock Exchange information, including the latest summary of balance sheets, reports and notices, dividend announcements, profit and loss figures, Transvaal gold output statistics, and oil outputs, will be found on page 143 under the heading "Company News."]

MINING OUTPUT STATISTICS.

GOLD.

Company.	Period.	Ozs. Recovered.	Company.	Period.	Ozs. Recovered.
Associated Gold	Dec.	3,596*	Mysore	Dec.	12,100
Balogat	Dec.	2,107	Sudan Kalerli	Dec.	6,042*
Bakaver	Dec.	2,509	Tapiha and Abosso	Dec.	10,000*
Bombay Petroleum	Dec.	5,152*	New Kienforren	Dec.	15,900*
Chambers Ref.	Dec.	5,763	Nandydrood	Dec.	50,700*
Fronton and Bolivia	Dec.	2,470*	Goratum	Dec.	7,457
Glyn's Lydenburg	Dec.	6,200*	Sons of Gwalia	Dec.	6,139
Great Boulder	Dec.	7,474	Transvaal G.M.E.	Dec.	8,514*
Lonely the	Dec.	5,400	Wahli	Dec.	15,200
Liquidated Nier	Dec.	7,605			9,034

* Tons crushed.

TIN.

Company.	Period.	Tons Recovered.	Company.	Period.	Tons Recovered.
Anglo Burma	Dec.	25	Patino	Dec.	1,330
Ayer Hitam	Dec.	119	Patino	Dec.	65
Buntin	Dec.	69	Perak	Dec.	66
Jeralt	Dec.	6	Perak	Dec.	145
Ischit	Dec.	40	Perak	Dec.	59
Kamkat	Dec.	60	Perak	Dec.	71
Consolidated Tin	Dec.	115	Perak	Dec.	46
East End and Agur	Dec.	38	Perak	Dec.	60
Geopet	Dec.	61	Perak	Dec.	139
Hongkong	Dec.	38	Perak	Dec.	231
Idris	Dec.	38	Perak	Dec.	34
Ipon	Dec.	80	Perak	Dec.	39
Jos Tin	Dec.	24	Perak	Dec.	134
Kagera	Dec.	28	Perak	Dec.	113
Kanva	Dec.	82	Perak	Dec.	14
Kay Yew	Dec.	17	Perak	Dec.	28
Kint	Dec.	44	Perak	Dec.	32
Kinta	Dec.	35	Perak	Dec.	46
Lahat	Dec.	20	Perak	Dec.	54
Lower Bishit	Dec.	61	Perak	Dec.	19
Malayan	Dec.	134			
Mamayan	Dec.	24			
Pahang	Dec.	202			

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Jan. 11, 1931. (c) Week ended Jan. 10, 1931.	Miles Open.	Week ended Jan. 11, 1931. (000's omitted.)					Aggregate 2 weeks, 1931. (000's omitted.)				
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for 2 Weeks.
Great Western	3,758	189	172	59	231	420	384	327	148	475	859
Do. for 1930...	3,751	207	207	139	346	553	414	397	278	675	1,089
L. & N. Eastern (c)	6,362	278	327	257	584	412	578	614	485	1,100	1,578
Do. for 1930...	6,361	299	377	279	656	955	619	713	503	1,215	1,835
Lon. Mid. & Scot.	6,955	405	433	294	727	1,132	835	797	538	1,333	2,170
Do. for 1930...	6,957	427	540	293	833	1,260	875	988	546	1,554	2,406
Southern	2,179	261	65	28	93	354	522	129	67	196	718
Do. for 1930...	2,179	273	72	30	102	375	542	141	67	208	750
Total of above...	19,254	1,133	997	638	1,635	2,768	2,319	1,867	1,239	3,106	5,425
Do. for 1930...	19,248	1,206	1,196	741	1,937	3,143	2,450	2,239	1,394	3,633	6,083
Metropolitan (c)	59	32.8	3.9	...	...	36.7	66.2	8.1	...	...	74.3
Do. for 1930...	59	33.1	4.0	...	...	37.1	66.7	8.2	...	...	74.9
† Undgd. E.R. (c)	...	293.1	...	...	...	293.1	431.6	...	...	...	431.6
Do. for 1930...	...	305.7	...	...	...	305.7	448.1	...	...	...	448.1
Lon. & Sub. Grp.	...	41.8	...	...	...	41.8	62.2	...	...	...	62.2
Do. for 1930...	...	44.2	...	...	...	44.2	65.4	...	...	...	65.4
B.I. & C. (c) (b) wnb	80	2.1	...	...	...	2.1	2.8	...	...	...	2.8
Do. for 1929...	80	2.1	...	...	...	2.1	2.8	...	...	...	2.8
* Gt. Northern (b)	562	10.3	12.8	...	...	23.1	10.3	12.8	...	...	23.1
Do. for 1929...	562	10.2	12.8	...	...	23.0	10.2	12.8	...	...	23.0
Gt. Southern (b)	2,187	20.0	37.0	...	...	57.0	20.0	37.0	...	...	57.0
Do. for 1929...	2,187	24.2	41.1	...	...	65.3	24.2	41.1	...	...	65.3

* Aggregate 52 weeks.

† Includes receipts from independent omnibuses during current year.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Percent. Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	50	Dec. 13	1,306	4,02,000	- 37,917	Rs. 1,45,67,802	- 7,53,999
Baral Lt. Ry.	30	20	202	30,100	- 30,500	14,45,000	- 3,65,200
Bombay & N. Western	12	20	2,078	5,98,147	- 110,891	65,69,975	- 11,04,415
Bombay-Nagpur	35	6	3,139	14,04,000	- 3,91,814	5,45,66,877	- 76,06,508
Bombay, Bar., & C.I.	40	Jan. 3	3,039	21,06,000	- 442,000	7,99,76,000	- 65,07,000
Madras & S. Mahr.	51	Dec. 3	3,229	16,31,000	- 1,44,311	5,66,99,159	- 1,01,79,289
† Rohilkhand Kumaon	12	20	561	1,28,855	- 15,894	12,46,922	- 1,14,336
South Indian	38	20	2,407	12,35,751	- 1,17,650	4,55,13,321	- 30,07,620

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	1	Jan. 7	20,413	2,775,684	- 821,600	\$ 2,775,684	- 821,600
Canadian Pacific	1	Jan. 7	15,470	2,422,000	- 134,000	2,422,000	- 134,000

SOUTH AMERICAN.

Antofagasta (Unit and Individual)	2	Jan. 11	804	24,050	- 13,120	\$ 32,950	- 19,240
Argentina N.E.	28	10	753	13,100	- 1,100	391,900	- 48,900
Argentine Transp.	28	10	111	3,417	- 1,055	95,045	- 28,956
B.A. and Pacific	28	10	2,866	115,000	- 42,000	3,380,000	- 732,000
B.A. Central	28	11	...	11,000	- 855	355,274	- 17,588
B.A. Gr. Southern	28	10	5,009	238,000	- 48,000	5,469,000	- 902,000
B.A. Western	28	10	1,926	65,000	- 30,000	1,931,000	- 440,000
Central Argentine	28	10	3,359	222,000	- 1,000	5,639,000	- 1,049,000
Central Uruguay	28	10	273	27,112	- 4,839	8,52,573	- 35,872
C. Urug. (East Ext.)	28	10	311	6,187	- 1,802	179,049	- 17,068
C. Urug. (N. Ext.)	28	10	185	3,155	- 496	96,716	- 5,797
C. Urug. (W. Ext.)	28	10	211	2,560	- 255	81,163	- 6,680
Corrientes Central	28	10	1,218	49,000	- 1,000	1,651,000	- 92,000
Entre Rios	28	10	804	32,900	- 5,800	718,490	- 23,100
G. Western of Brazil	2	10	1,052	9,800	- 9,800	13,400	- 14,100
Leopoldina	2	10	1,918	24,238	- 8,568	33,934	- 14,311
Leopoldina Termal	2	10	Mrs. Rs. 295,000	6,000	- 430,000	430,000	- 17,000
Nitrate (c) monthly	† 12	Dec. 31	410	13,382	- 13,118	426,774	- 386,850
San Paulo	1	Jan. 4	1,553	28,132	- 6,731	28,132	- 6,731
United of Havana	28	11	1,369	26,445	- 24,615	919,945	- 451,306

† Months.

OTHER OVERSEAS.

Gt. South. of Spain	1	Jan. 3	104	105,143	- 15,018	\$ 105,143	- 15,018
Mexican Railway	1	7	483	\$174,500	- 56,800	1,474,500	- 56,800
Paraguay Central	28	10	274	3,590	- 170	104,430	- 11,890
Salvador	27	3	100	4,423	- 813	69,624	- 29,531

* Including motor buses.

† Months.

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	1	Jan. 7	329	72,129	- 8,867	\$ 72,129	- 8,867
B. Aires Lacroze	28	11	...	12,954	- 742	312,052	- 15,491
Liverpool Corp.	1	7	124	27,275	- 3,244	27,275	- 3,244
Madras Electric	† 12	Dec. 31	...	Rs. 50,523	- 4,460	1,105,065	- 50,563
L.C.C. Tramways	40	Jan. 7	166	73,552	- 5,254	3,323,117	- 60,241

* Including motor buses.

† Months.

MONTHLY TRAFFICS.

Month.	Ending.	Des. cription.	Receipts for Month.		Receipts to Date.	
			1930.	+ or -	1930.	+ or -
Talbot Railway Co.	6	Dec. 31	Gross £ 7,940	- £ 6,670	£ 60,565	- £ 29,083
Algonia Central and Hud.	5	Nov. 30	Gross \$99,786	- 80,177	751,097	- 125,176
Donora Railway	12	Dec. 31	Gross 14,000	- 11,500	224,400	- 213,300
Donora Railway (Rope-way F.C.)	12	Dec. 31	Gross 3,800	- 100	42,800	- 12,300
Singapore Tramway	3	Dec. 31	Gross \$138,000	+ 9,000	414,000	+ 26,000
Sancti Spiriti and Santiago R'way	12	Dec. 31	Gross 2,730	+ 366	33,400	- 404
La Plata Elec. T'ways	12	Dec. 31	Gross 10,689	+ 362	...	...

COMPANY MEETINGS, &c.

BANK OF NEW SOUTH WALES.

MR THOMAS BUCKLAND'S INTERESTING REVIEW OF CONDITIONS IN AUSTRALIA.

BOARD'S SOUND DIVIDEND POLICY.

At the ordinary general meeting of the Bank of New South Wales, held at the head office, Sydney, on Friday, November 28, 1930, the chairman, Mr Thomas Buckland, president of the bank, in moving the adoption of the report and balance sheet, said:—Ladies and Gentlemen,—Events have been marching at such a pace during the last year that your directors felt something more than an annual review was due to our shareholders and customers. They therefore decided to issue from time to time a circular setting forth in as simple language as possible such matters of financial and economic interest as called for immediate attention. Three issues have been made of this circular, copies of which are available to every shareholder and customer, and I take this opportunity of saying that, if anyone is not receiving such copies on issue, an application to the nearest branch of the bank or to the Secretary will put the matter right. The issue of these circulars will enable me to pass over much that I might otherwise desire to discuss in my address. I shall therefore limit myself to brief references to certain outstanding problems.

The seasonal conditions generally throughout Australia could hardly be better or more promising than they are at present. Everything points to a heavy crop of wheat, the wool clip has been well up to expectations, and the other sources of our wealth—sugar, fruit, butter, etc., will be productive of good yields. The season in the tropical portion of Australia has opened well and there has been a general rainfall in the northern half of the continent much above the average for the month of October. Meanwhile the southern portion of Australia is having a suitable season for the garnering of cereal and other crops.

In New Zealand the seasonal conditions are good, as is usual with that favoured Dominion, and full advantage has been taken of the opportunity afforded to increase output of primary products. As in the case of Australia the effect of the low prices obtaining for exports has been felt, but the position is recognised and steps are being taken to combat it.

In considering our balance sheet figures for the past year I would ask you to bear in mind two outstanding changes in the general situation: (1) the unexpected severity of the recent fall in the prices of primary products and (2) the difficulty of further Government borrowing overseas. Wool has fallen in value by 48

men are prolonging the misery and waste of unemployment. It is to be hoped that wiser counsels will prevail and that once the corner is turned employment and energy will revive at the bidding of lower costs and better prices.

Turning now to our shareholders' funds invested in the business of the bank the capital remains the same at the substantial sum of £7,500,000. Last year we appropriated the sum of £250,000 as an addition to the reserve fund, which now stands at £6,150,000, making a total of capital and reserve fund of £13,650,000. This is your contribution to the loanable funds which the bank turns over in the service of Australian industry. Let me remind you of the dominant facts of our present position: (1) that production is to-day being carried on in Australia at a loss, and (2) that we must rely upon our own resources to furnish loans. In view of these facts your directors feel that it is your wish that they should place in the forefront of their policy the maintenance of the reserves of the bank in such strength that they will be able to assist the bank's customers in their affairs until the present period of recession of trade and its readjustment have passed us by and we are once again on the fair road to prosperity.

With such substantial reserves and so large a capital, your directors have therefore decided that it is wiser on this occasion to make substantial appropriations to contingencies accounts. You will recognise that the bank can only prosper in the prosperity of its customers and that of the peoples in those countries where it carries on its operations. While we all hope that the prices of our exports have reached their lowest level, it is not possible as yet to be assured that this is so. Proper preparation for contingencies must be made while this is still practicable.

As a further step towards maintaining the resources of the bank in a condition ready for any emergency, so that it may lend a strong hand in the restoration of Australia and give assistance in other fields where it operates, your directors recommend the payment of the dividend for the last quarter of the year at the reduced rate of 9 per cent. per annum. In conjunction with the payments for the other quarters, this represents the moderate return of 5.36 per cent. on the total of capital and reserve fund. By these two proposals your directors will be able to maintain the reserves of the bank in a satisfactory position.

A matter of cardinal importance in considering the figures of the balance sheet and more particularly the figures of gross and net profit is that of the depreciation of the Australian pound. Your directors have not overlooked this, and in the recommendations referred to above the fact that the £ Australian is at a discount compared with sterling has been taken into consideration in the allocation of net profit. It is necessary to draw special attention to this, as nowhere have we noticed any recognition of it in the published accounts or reports of companies, firms, etc. The outside market for exchange which, although statements are frequently made to the contrary, is free of any control by the banks, is operating at present on a basis round about £110 Australian being equal to £100 sterling. Some authorities state that on the question of purchasing power parity the £ Australian is at a greater discount than this, being somewhere between £120 and £125 Australian for £100 sterling. At this juncture it is probably not necessary to go further than to accept the rate ruling in the outside market, and that is a depreciation of 10 per cent. To give you a simple illustration, this means that those in control of Australian finance should recognise that a profit of, say, £100,000 in pounds Australian would be worth £90,000 in sterling if the depreciation of the Australian currency is 10 per cent., and £80,000 sterling if that depreciation is 20 per cent., and the paper profit should be dealt with upon that basis.

Such a discrepancy between the Australian pound and the sterling money that has so long been a synonym for security and strength brings out again the element of fluctuation in business that has been all too evident of late. Australians are being urged to "stabilise" prices, wages and business generally. It would be a fine thing to "stabilise" business, but the business situation is what many millions of people make it by their individual actions. We in Australia are a very insignificant part of the world of business.

Some critics are varying the general cry for stability by accusing the banks of "pegging" the exchange rates at a point which is above the true value of the pound Australian in terms of currencies on a gold basis, such as sterling and the dollar. It is very flattering to hear people attribute to the banks power to control the exchanges. The true position, however, is far different. The rates quoted by the banks do not control the exchange market in Australia. There is a very large body of exchange operations carried on entirely outside the banks. The rates at which these are transacted are not necessarily the rates quoted by the banks, and operators in the open market are free to vary their rates from time to time. The rates quoted by the banks are those at which the banks are prepared to do business. In normal times they serve to

balance the buying and selling of drafts and transfers by the banks' customers, bank rates in buying and selling being separated only by a fine margin, out of which the bank must pay expenses and find its profit. The rationing of customers, by which of late banks have sought to restrain the purchase of sterling, has been due to a reluctance to raise the rate at which the Commonwealth Government buys the London money needed to pay the overseas interest and other national charges. In this they have responded to the lead of the Commonwealth Bank and have honoured the exchange agreement. It seems to be generally overlooked by those who ask for higher rates of exchange, that every additional one per cent. of discount to which the Australian pound sinks involves additional taxation in Australia amounting to £360,000 per annum. This is the added exchange cost to our Governments of providing interest in sterling on our external loans.

Simultaneously with the claim that exchange rates are too low one hears the suggestion that interest rates are too high. High rates of interest are not an advantage to banks. They are, in fact, a disadvantage in that they limit severely, especially in a time of falling prices, the bounds of profitable borrowing by customers. High rates of interest were, nevertheless, necessary at a certain phase of the trade-cycle as a means of damping the excessive zeal to borrow of folk who calculated on a continuous rise of prices and of capital values. When that function has been fulfilled it is usual, in the next phase of the cycle, after costs have fallen, to lend money for short terms at low interest as an incentive to the revival of enterprise. In almost all countries except Australia and New Zealand this phase of the present recession has arrived. Among the reasons for the anomalous position of credit in these Dominions are the unsound schemes of public finance advocated in some quarters and the persistence with which Governments are leaning upon the banks to finance policies and commitments already responsible for the severity of the local recession. Their insistent demands for credit have absorbed funds which should have been held in readiness to aid, at lower interest charges, the revival of enterprise when prices turn for the better and confidence returns. To make matters worse, the expenditure of those funds on relief works and on the payments of salaries and wages to establishments built up by boom time activities has supported standards of living and internal price-level which the earning power of the general tax-payer cannot long sustain. That expensive support retards the fall in costs imperatively necessary to bring back to our exporting and home industries the incentive of hope of profit.

I agree with the statement made recently by the chairman of a large English trust company when he said: "I do not see any possibility of a reduction in the rate of interest on investments. While Government and the municipalities continue their prodigious expenditure and are prepared to offer to the public obligations secured on taxes and yielding 5 per cent. interest (Australia 6 per cent.) those raising money for industrial ventures must needs pay a considerably higher rate."

As a necessary result of the procrastination of the legislatures to face the situation that confronts us the position is rapidly becoming worse. When I addressed you twelve months ago we could have avoided serious trouble by a reduction of between 10 per cent. and 20 per cent. in our costs and, possibly within a period of three to five years could have passed through the depression. By this time we would have been on the road to recovery. The retrogression since has required us to face a lengthened period of trouble and a more severe reduction in costs. Further delay will make the process of readjustment still more difficult. As an illustration of the impossible position in which the legislation existing in the Commonwealth places our producers I may give three instances out of many where we have obtained figures, based upon actual results, showing the costs of production as against the returns received therefrom. It must always be borne in mind that such figures vary in every district, but these three instances will serve to draw attention to the impossible position which has to be rectified. In three different districts in which we have branches we find that the cost of wool production ranges from 9½d. to 11½d. per lb. Wool from these districts at the date these calculations were made, about two months ago, was averaging little over 8½d. per lb. on the sale floor. It is easy to see that the reduction that will have to be made in costs in these instances amounts to some 30 per cent. The wheat farmer is in a similar position and the manufacturer of our secondary produce as well as our primary producers must be given relief until a point is reached at which he can export his surplus output at a profit in competition with his rivals overseas.

Australian treasurers have sought to meet their commitments by the imposition of fresh or increased taxes, but it would seem that the point has been reached at which increased rates of taxation will not produce more revenue. In view of the excessive costs of production many concerns and individuals will be unable to pay the taxes even though demand is made for them and pressure to collect such taxes will be of no avail but will tend to aggravate the situation. Australia is rapidly becoming, if it has not already

become, the most heavily taxed country in the world in order to support its unsound and uneconomic systems of regulating trade and industry and of developing the country in excess of economic possibilities. The burden is now becoming overwhelming, and unless it is reduced considerably at an early date will bring disaster upon the treasurers who have imposed it as well as upon those on whose shoulders it has been laid. To quote a Canadian writer of eminence, "Economic ignorance has bred legislative restraint; the labour vote helps to shut labour out of its inheritance."

The creation of a Central Reserve Bank for Australia has been before Parliament and the public of Australia for some time past. The Bill is at present in the Senate. It will serve no good purpose to create an institution intended to become a Central Reserve Bank for Australia unless it is established upon sound principle. Should an institution be created which does not comply with these principles, it will not be recognised as a Central Reserve Bank by other such institutions throughout the world, and will therefore be useless in that direction. On the other hand, it will be a menace to the Australian community so far as internal finance is concerned. It is now generally recognised that a Central Reserve Bank should be an institution discharging a public function but independent and therefore of private origin. It is advisable to require certain qualifications in the men elected by the shareholders to become directors, to have reasonable restrictions upon the shareholdings, voting power, payment of dividends, etc., but all authorities lay it down as a fundamental principle that the State should not have the power to appoint the board or to control the institution beyond this one concession, viz., that the State may have the right of appointment of a minority of directors including possibly the governor. If this course be taken, however, it must be required of the man appointed to fill this important position that he is a man of wide experience in and knowledge of banking in its practical as well as its theoretical aspects and especially of reserve banking.

In any event, it must be emphasised that neither Government nor the trading banks nor a Central Reserve Bank, however well constituted, can by monetary manipulation lift Australians out of their troubles. Only one fund can ultimately afford the means of a sound national living, viz., the volume of our actual services to one another. This fund, whatever the unit in which you reckon it, constitutes the national income. To emphasise the great significance of this common social fund out of which and from which alone we are all paid, let me quote Dr. Benham's warning written in 1928:—

"Australians may, for a time, meet some of their needs by selling property externally, but apart from this the sole source of all expenditure, both private and public, and of all saving, is the national income. Food, clothing, shelter, education, amusements, necessities, comforts, luxuries, everything which is 'consumed' (in the widest sense of the word) within Australia—all must come from this one source alone. From this, too, all the vast expenditure of Governments and local authorities must be met. From this 'saving' in the form of developmental work, new buildings, and other additions to assets, must be made. Thus the prosperity of a nation depends so very largely upon its national income that this must be the chief test." In applying this test faithfully and without bias we have all to admit that the only solution for our difficulties is to be found in some conjunction of harder work, longer hours, and more thrift.

It is with profound regret that I refer to the death on June 8th last of one of our directors, the late Dr. R. L. Faithfull, who during sixteen years of office rendered valuable service to the bank. To fill the vacancy caused by his death, the Right Honourable Sir Adrian Knox, P.C., K.C.M.G., was asked to join the directorate.

I also wish to place on record our appreciation of the services rendered to the bank by Messrs James Burns and J. M. Dunlop, who resigned their positions as directors during the year owing to lengthened absence abroad. Their respective places have been filled temporarily by the appointment of Sir Alexander MacCormick, K.C.M.G., M.D., and Mr T. H. Kelly.

In conclusion, I wish to express the directors' appreciation of the work of the staff throughout the year. In times such as these all officers in executive positions have to carry a heavy load which increases as it passes up through the various ranks, and a special tribute is therefore due to our senior executive officers for the care and devotion they are showing to the welfare and interests of the bank.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Boulevard Street, Fleet Street, London, E.C.4.

BURMA CORPORATION, LIMITED.

EFFECT OF FALL IN METAL PRICES.

STRONG ORE POSITION.

INCREASED EFFICIENCY AND ECONOMY.

The annual general meeting of the Burma Corporation, Ltd., was held at the registered office of the company in Strand Road, Rangoon, on December 19th.

Mr. P. E. Marmion (vice-chairman) presided in the unavoidable absence of the chairman (Sir Robert Horne) and, in moving the adoption of the report and accounts, said: Unfortunately, the working profit set out in the last and most important column shows only too plainly the effect of the great depression which has overhung the whole world for more than a year, and which is still casting a dark shadow over the producing industries of every land.

The tonnage of ore mined was 500,585, which is 37,000 tons in excess of the previous year. This large increase is due to the extraction of an additional 30,000 tons of copper ore.

The production of refined lead at 79,267 tons shows only a modest increase over the previous year. In the difficult conditions of trading, metal markets were extremely sensitive to any increase in production. For this reason the intention to increase our output of lead by milling a larger tonnage of a somewhat lower grade of ore was abandoned, and we were fortunate that the design of the newly-erected section of the mill was sufficiently flexible to enable it to be adapted at short notice to the treatment of copper ore.

The output of silver at 7,225,881 ozs. was approximately 100,000 ozs. less than the previous year, due to the lower silver ratio in the lead ore to which I have referred previously.

The production of zinc concentrates fell from 60,180 to 58,335 tons, due to the decline in the zinc content of the ore treated, which, however, was partly counterbalanced by an improvement in grade from 51½ to 52½ per cent.

The metallurgical efficiency of our mill again shows progress, recovery of lead having improved from 92 to 93 per cent., silver from 93½ to 95 per cent. and zinc from 57 to 64½ per cent.

The output of copper matte increased from 10,719 to 12,904 tons, with an improvement in its copper, lead and silver content which enhanced its value.

In the last quarter of the year our production of copper matte had increased to 4,239 tons, against 2,515 in the first quarter, and for the first quarter of the current year it has increased still further to 4,900 tons.

Production of antimonial lead and copper nickel speiss increased slightly, with an improvement in grade of the latter product.

Great attention throughout the period was paid to improving the grade of all mill products, even at some sacrifice in recovery, and the success of your staff in this direction assisted materially in obtaining great economies in subsequent operations which have resulted in a very considerable reduction in the unit cost of production, more especially since the close of the financial year.

The efficiency of the new third section of the mill after its adaptation to the treatment of copper ore has been entirely successful, the recovery of copper being over 95 per cent. in a concentrate assaying 15.6 per cent.

METAL PRICES.

The decline in metal prices has had a serious effect on revenue. The average price of lead was £20 19s. 6d., a decline of £1 14s. compared with the previous year, equivalent to a difference in revenue of about £135,000.

The drop in the price of silver reached the high figure of 4.9d. per standard ounce, which, with the reduction of about 100,000 ozs. in output, adversely affected revenue in comparison with the previous year by about £170,000.

Spelter had the very serious fall of nearly £3 per ton, equivalent with the lesser production to a difference in revenue of about £145,000.

The average price of copper remained unchanged, but unfortunately since the close of the year it has had a calamitous drop.

PROFIT AND LOSS ACCOUNT.

The total revenue from the sales of all products, including the value of metals on hand, was £3,099,000 or £524,000 less than the preceding year.

The operating expenditure was £1,991,844, equivalent to £3 19s. 6d. per ton treated, against £4 10s. the previous year. This represents a very appreciable reduction, and I am pleased to inform you that further material progress in the same direction has been made since the close of the financial year, with the result that our present cost of production is the lowest ever reached in the history of the corporation. The net profit resulting from the year's operations was £693,603, which is over £360,000 less than the previous year's figure, and is more than accounted for by the difference in revenue consequent upon the decline in metal prices, as previously pointed out.

A new item in the accounts is the charge of £39,600 for silver Excise duty. The imposition of this duty was followed immediately by a countervailing Excise on all silver produced in India, which is, in effect, a direct tax on this corporation, since it is the sole important producer within the Indian Empire. We made strong representations to the Government of India, but our representations thus far have been unavailing.

ORE RESERVES.

Details of the tonnages of ore in reserve are set out in the general manager's report. The total of 4,265,665 is 124,696 tons in excess of the previous year, while the grade is only slightly lower. From these figures you will appreciate that development work during the year has yielded satisfactory results, particularly when it is remembered that the figures do not include any estimate of tonnage from the large body of ore exposed on No. 2 level and subsequently located on No. 6 level in the Meintha section.

The total tonnage developed during the year was 625,281, of which 369,455 was in the Shan and 255,826 in the Chinaman section, which goes to confirm my remarks two years ago that, on account of the northerly pitch of the ore-bodies, the Shan would probably become the more important section in the future.

The Chairman next referred to the developments which had taken place during the year, dwelling particularly on the importance and significance of the discovery on No. 2 level of an orebody worked by the ancient Chinese. He added that this discovery did not exhaust the possibilities of further deposits in the southern portion of the lease, and that the prospects already revealed gave them great encouragement for the future.

POSITION AND OUTLOOK FOR METALS.

Continuing, he said: The world production of lead for 1929 was 1,725,000 tons, or approximately 25,000 tons in excess of my estimate last year, while consumption reached a total of 1,650,000 tons. It can, therefore, be said that production and consumption were reasonably balanced, and, so far as can be ascertained, the present statistical position of the metal remains sound.

The estimated production for 1930 is about 1,640,000 tons, and stocks of metal in the hands of producers are not greatly in excess of normal, showing that consumption has maintained a highly satisfactory level notwithstanding the general depression which has persisted throughout the period.

World production of spelter for 1929 was about 1,447,000 tons, or 7,000 tons in excess of the estimate made last year. Consumption was about 1,433,000, thus indicating a satisfactory balance up to the end of the year.

It is not possible to form any reliable estimate of the production for 1930 owing to the absence of figures from some important producing countries in Europe, but it is probably on a somewhat lower level than the previous year. Consumption, however, has declined materially, with the result that stocks have accumulated and the price of the metal has fallen to a figure which deprives the miner of any possibility of profit on the realisation of his concentrates.

No one denies that the present price of the metal is uneconomic; the only question is how long it can last without seriously affecting supplies of raw material, which ultimately must jeopardise production.

World production of copper for 1929 was 1,879,000 tons, or about 20,000 tons below the estimate of last year, while consumption is reported at almost a similar figure.

Production for 1930 is estimated at 1,576,000 tons, which shows a very material curtailment, but even at this figure the stock position is far from satisfactory and indicates a serious recession in consumption.

The price of the metal was maintained at the high level prevailing since May, 1929, long after it was evident that consumption was on the wane, with the result that buying was discouraged and stocks in the hands of producers became excessive and caused the precipitous decline in price to its present low level.

Notwithstanding the unfavourable stock position, there will be considerable resistance to any further recession in the price level, which already represents an uneconomic figure for much of the world's production.

SILVER.

World production of silver for 1929 at 261,265,718 was over 6,000,000 ozs. in excess of the previous year, of which the United States contributed 4,000,000.

Not only does this production represent the greatest ever recorded in any single year, but it is estimated that there became available from other sources, including debasement and demonetisation in European countries and sales by the Indian Government, a further 55,000,000 ozs., making the total available for absorption no less than 316,000,000 ozs., or approximately 1,000,000 less than for the previous year.

India and China maintained their traditional demand, and together absorbed almost 220,000,000 ozs., while about 44,000,000 ozs. were consumed in art and manufacture. Germany took 12,000,000 ozs., and about 25,000,000 ozs. were used for coinage by different countries. These figures indicate the distribution of the bulk of the supply.

It is difficult to forecast accurately the world's production of silver in the present circumstances, but probably from mining operations it will reach about 235,000,000 ozs. this year, in addition to which there will be the supplies from former silver currency which cannot be estimated.

The policy of demonetising silver continues unabated in those countries already using the gold standard, and in January last Indo-China linked its currency to the French franc, thus adding one more to the number of countries which have deserted the white for the yellow metal. Altogether 1930 has been a period of great distress for silver, causing its price to recede to a level never previously recorded in its long and proud history.

ECONOMIC DEPRESSION.

In common with all other producers, our revenue during the current half-year has been seriously impaired by the catastrophic fall in commodity price level. Compared with last year the average prices of the metals in which we are particularly interested show the following declines:—Lead, over £4 per ton; silver, over 4½d. per ounce; spelter, over £5 per ton; and copper, nearly £29 per ton. It is not difficult to calculate the effect of such heavy falls on our revenue, but fortunately we were not entirely unprepared and without means of taking prompt steps, at least, to soften the blow.

By expediting the completion of certain units of plant and raising the grade of ore it has been possible for us to adjust operations to an extent which has enabled reductions to be made in almost every item of expenditure, with the result that savings in the aggregate amount to a considerable sum. This will benefit shareholders by mitigating the full consequence of the fall.

The problem of ascertaining the causes of the debacle in price level and considering means of rectifying them to alleviate the world's distress at the earliest moment is engaging the attention of the greatest economists and bankers in every country.

There can be no doubt that the severity of the fall in silver has contributed directly to the distress of a very large proportion of the world's population, and it would seem desirable that attention should be directed towards the restoration of silver to its traditional use in the monetary mechanism of the world so that it may render more and not less help to gold in the increasingly difficult task it now performs alone.

BOARD'S DIVIDEND POLICY.

Having regard to the period of great stress through which the whole world is passing, the board will continue to take a liberal view regarding any dividends which our earnings may allow in the immediate future. In this connection it will interest you to know that since the inception of the company no less than 95 per cent. of the net available profits have been distributed as dividends, the aggregate figure of which appears in the report in your hand—namely, £5,719,953.

I hope I have made it clear that we have attained a high degree of efficiency and economy in all departments and continue to press forward to still higher attainments.

As a result of these efforts, and our satisfactory ore reserve position, we are entitled to expect to maintain to the full our present position among the great and cheapest producers in the world and, when the turn in world trade comes, to advance it.

In such abnormal conditions as those through which we are now passing, the producer, who has to sell his production in the open markets of the world, can, as a general rule, exercise little or no influence on the price he is called upon to accept; his main efforts must, therefore, be directed towards the attainment of the highest degree of efficiency and economy, and that, ladies and gentlemen, as I have just pointed out, has been, and is, our constant endeavour.

Again, there is a considerable range of expenditure to be incurred by the producer over which he has little or no voice or control. I refer to the costs of transportation by land and sea, and, in a lesser degree, to the cost of actual marketing. I cannot help being struck by the fact that in many countries, including Burma's latest rival in the rice trade, Italy, important reductions in the cost of railway transportation have been made in the interests of the export trade. Thus, I think, is a warning to the producers of the British Commonwealth of Nations. Public opinion must be mobilised if this great factor of producers' cost is not to lag behind that of our rivals in world trade in the process of its reduction to accord with the new level of commodity prices which may well emerge from the readjustment of world conditions now taking place.

Mr. Payne seconded the resolution, which was carried unanimously.

APEX (TRINIDAD) OILFIELDS, LIMITED.

EFFECTS OF LOWER PRICES.

The eleventh ordinary general meeting of Apex (Trinidad) Oilfields, Ltd., was held, on the 15th instant, at Winchester House, London.

Mr. Walter MacLachlan (chairman and one of the managing directors) said that, after providing £120,713 for amortisation of wells, there was a net profit of £205,596. The decrease of £107,612 as compared with the previous year was entirely due to the decrease in revenue resulting from the materially lower prices realised from the sale of the production. This experience, unfortunately, was common to all oil undertakings at the present time, owing to the world-wide overproduction and decrease in consumption, with the resultant continued fall in the price of oil. The balance-sheet, although it reflected the decreased profits and increased capital expenditure, continued to disclose a thoroughly sound and satisfactory position. The directors recommended a final dividend of 10 per cent., less British income tax at 2s. 5-064d. in the £. That made a total dividend for the year of 25 per cent., but the lower rate of income tax deducted made the return equal in fact to over 28 per cent. less full tax at 4s. 6d. in the £. The distributions to shareholders, including the dividend now proposed, amounted to £1,499,500.

OIL PRODUCTION AND DELIVERIES.

The production of oil for the year was 425,036 tons, as compared with 414,328 tons for the previous year—thus constituting a further high record—and was obtained from 122 wells. The production for the first three months of the current financial year had been 115,820 tons, and the average rate of production for 1929-30 was thus being more than maintained. The total production of the company's oilfield up to date had been approximately 2,250,000 tons. During the year 39,407 ft. were drilled, making a total footage of 245,840 ft. Twenty wells, including five that were deepened, were brought in during the year, of which none were failures. The development of the property was being attended with most satisfactory results, and continued in every way to confirm the directors' complete confidence in its future. The result of the amortisation plan which they had followed from practically the commencement of the company was that they now possessed a large number of wells which had been completely amortised several years ago, and from which very satisfactory results still continued to be obtained.

A considerable portion of the year's capital expenditure of £65,496 was in respect of the purchase and installation of a plant for dealing with the very large volume of gas which accompanied the production of oil from their wells. The new plant extracted from this gas a very volatile and high-grade petrol spirit, known as casing-head gasoline, which commanded a good price, and the company had entered into a contract for a term of years for the sale of their production of such spirit to the United British Refinery. The plant was now in successful operation and was exceeding their expectations as to its capacity, and the result should constitute a welcome addition to the revenue from the sale of their oil.

Referring to the fact that, in order to meet capital expenditure, it had been necessary to encroach, from time to time and to a considerable extent, upon profits which should have been available for distribution to shareholders, the Chairman said it was obvious that this could not continue indefinitely, and the board would have to consider to what extent and when this should be rectified by the provision of further capital.

PROSPECTS.

It was difficult to speak with any degree of certainty regarding the outlook for the current financial year. The continuance of overproduction and decrease in consumption, with the consequential low prices ruling for oil, constituted most serious factors in the oil industry. Attempts were being made to deal with these matters which already had met with a certain degree of success, particularly as regarded the progress which had been made in carrying into effect the policy of restriction in America. The directors felt sure that concerted action must eventually bring about a solution of these difficulties, but even those who were best qualified to do so hesitated to express any authoritative opinion as to how long they would have to wait before this could be arrived at.

The policy of this company as regarded production would be to maintain at least the rate of last year, and the satisfactory results which were attending their operations should readily enable them to carry out this programme. Trinidad Leaseholds had intimated that they were prepared to take delivery of this production. Every effort was being made to reduce still further the company's working costs, which already stood at a figure that reflected the greatest credit upon their Trinidad management, and the conservative policy, especially as regarded amortisation and depreciation, which they had consistently followed, placed them in all the better position to meet the existing situation, pending the renewal of more satisfactory conditions in the industry.

The report and accounts were adopted after some discussion.

RIO DE JANEIRO FLOUR MILLS AND GRANARIES, LIMITED.

MR. A. G. WEIGALL ON TRADING CONDITIONS IN BRAZIL.

The Forty-fifth Ordinary General Meeting of the Rio de Janeiro Flour Mills and Granaries, Limited, was held, on the 13th instant, at River Plate House, London. Mr. A. G. Weigall presiding.

The Chairman, in moving the adoption of the report, said that there was a reduction in profits of £41,000, in spite of the transfer of £42,000 from reserves, and, while both the flour mill and London accounts were down, the cotton mill profit was higher than last year's. The board proposed to pay a final dividend of 1s. 6d. per share, less income-tax, which would leave £35,000 to be carried forward.

The reasons for the reduced profits were, briefly, the continued fall in the price of wheat, of which the company had necessarily to carry stocks for the working of their mills, keener competition, and the fact that trade was more a question of price and credit than ever before. Trading conditions had proved more difficult than ever, as the purchasing power throughout Brazil had been curtailed by the decrease in prices of commodities therein produced. The reports of the general manager were expectant of a recovery in the near future.

The business done by the Rio flour mills during the period under review had been maintained to within 10 per cent. in the markets in which they now traded. The biscuit and macaroni factories continued to act as large consumers of the flour manufactured by the company's mills and contributed to the profits of the year. The cotton mill, which had experienced some very lean years, was evidencing renewed activity as far as profits were concerned. The Bahia mill's contributions continued on a satisfactory scale. As to the future, there was little on which to base a forecast, but the Rio management had put them at their ease by the good remittances they had been able to make, and he thought this could be taken as a happy augury that confidence was not shaken. Conditions must improve, and as they did so none better than this company was in a position to take advantage of them.

Mr. S. C. Sheppard reviewed in detail the company's operations during the year, and seconded the resolution, which was unanimously adopted.

RHODESIAN ANGLO AMERICAN, LIMITED.

INCREASE OF CAPITAL APPROVED.

An extraordinary general meeting of Rhodesian Anglo American, Ltd., was held on the 15th instant, at Winchester House, London, to consider a resolution increasing the capital of the company to £6,500,000 by the creation of 3,000,000 new shares of 10s. each.

Sir Edmund Davis (deputy-chairman) said that of the present authorised capital of 10,000,000 shares, 7,563,811 were issued, and a further 1,199,996 shares were under option, leaving a balance of 1,236,193 shares available. The new 3,000,000 shares would, together with the above balance, provide sufficient shares to meet further options which it was proposed to grant to subscribers of the proposed issue of debentures by the company, and to leave a substantial number of free shares available for future issue, if the necessity should arise.

The merging of the mining interests of the Rhodesian Congo Border Concession, the Bwana M'Kubwa Copper Mining Company, and the N'Changa Copper Mines, would effect economies in overhead charges, and the fullest possible advantage would be taken of the availability for mining and treatment purposes of high grade ores on the combined properties to produce the maximum tonnages of copper which might be warranted by the state of the market for the time being. In the initial stage they might estimate that the production of copper would be in the neighbourhood of 75,000 to 80,000 long tons per annum.

So soon as the various formalities connected with such a large amalgamation scheme had been complied with, the Rhodesian Congo Border Concession would issue £4,500,000 of seven per cent. convertible debentures. Of that, £1,750,000 would be offered to the shareholders of the Bwana M'Kubwa Copper Mining Company. Shareholders in that company would be entitled to subscribe for one £25 debenture of the Rhodesian Congo Border Concession in respect of about every 182 Bwana shares, and each subscription for one debenture would carry the right for about twelve shares to call one Rhodesian Congo Border share at £8.

The Rhodesian Anglo American Company's debentures, £400,000, would be redeemable on December 31, 1945, at par, or on three months' notice, at £101. The subscribers of each £20 debenture would receive an option on ten shares of 10s. each at 12s. until July 31, 1932, and on twenty shares at 20s. per share until July 1, 1938, in the form of bearer certificates.

The resolution was carried.

FANTI CONSOLIDATED INVESTMENT COMPANY,
LIMITED.

EFFECTS OF WORLD-WIDE DEPRESSION.

The ordinary general meeting of the Fanti Consolidated Investment Company, Ltd., was held on the 14th instant, at the Cannon Street Hotel, London.

Sir Edmund Davis (the chairman) said: It is very disappointing for the directors to have to put before you this time a statement that compares unfavourably with those of recent years. The sharp setback in the profits disclosed in the accounts is to be regretted, but, in view of the world-wide depression, it is not surprising, most other finance companies having suffered alike.

Referring to profit and loss account, the balance at December 31, 1929, was £78,896. From this we deducted the final dividend of 4½d. per share and bonus of 7½d. per share for the year ended December 31, 1929, paid on January 18, 1930, £67,500, and the balance of the directors' and managing directors' percentage of profit for the year to December 31, 1929, leaving a balance of £5,321. To this has been added the balance of profit and loss account for the year ended December 31, 1930, £33,097, making a total for appropriation of £38,419. Out of this amount we recommend the payment of a dividend of 6d. per share (which is 6½ per cent.), less income-tax, for the year ended December 31, 1930, which will absorb £33,750, leaving £4,669 to be carried forward, subject to the directors' percentage of profit.

Taking the investments at December 31, 1930, at the value at which they stood in the books, and the cash and debtors, less creditors, they amount in total to £588,419, against £678,896 at December 31, 1929, a decrease of £90,477. Taking the investments at the market prices on December 31 last where there was a quotation, and the unquoted securities at cost or the written-down value, and our holding of African Manganese Debentures at par, and adding thereto cash and debtors, less creditors, at the same date, the total amounts to £706,200, which is equivalent to 10s. 5½d. per share on our issued capital of £540,000.

It is, of course, impossible to prophesy what conditions will be at December 31st next, and what opportunities may present themselves during the year for profitable transactions, but we may at least express the hope that we shall be in a position to submit to you a more favourable balance sheet, and that a substantial proportion of the amount provided this year for depreciation will be recovered to enable us to build up a reserve again.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

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In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

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CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30.6.30):
Fmk. 3,065,966,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI

(HELSINGFORS), FINLAND

Established 1859.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended January 10, 1931, amounted to £19,130,400, against ordinary expenditure of £10,321,300. After allocating £727,100 to Sinking Fund and having allowed for an increase in Exchequer Balances of £218,100, the week's operations, as shown below, reduced the National Debt by £7,864,000 to £7,760,963,000:—

(000's omitted.)

National Savings Certificates	£ 300	Treasury Bills	£ 3,204
4% Treasury Bonds	4,600	Bank of England Advances	6,000
Road Fund	1,440	Public Department Advances	5,000
	6,340		14,204

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Jan. 10, 1931.	April 1, 1929, to Jan. 11, 1930.	Week ended Jan. 10, 1931.	Week ended Jan. 11, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	250,000,000	91,117,000	89,675,000	8,991,000	11,788,000
Sur-tax, including Arrears of Super-Tax	64,500,000	23,400,000	20,180,000	4,380,000	3,180,000
Estates, &c., Duties	83,000,000	61,600,000	60,250,000	900,000	730,000
Stamps	27,000,000	13,960,000	17,980,000	530,000	500,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	190,000	190,000	10,000	...
Total Inland Revenue	437,000,000	190,367,000	188,295,000	14,811,000	16,198,000
Customs and Excise—					
Customs	122,710,000	94,574,000	94,846,000	2,031,000	1,839,000
Excise	129,860,000	96,700,000	99,870,000	897,000	1,012,000
Total Customs and Excise	252,570,000	191,274,000	194,716,000	2,928,000	2,851,000
Motor Vehicle Duties (Exchequer share)	4,950,000	2,428,041	7,555,468	726,000	4,587,644
Post Office (Net Receipts)	10,125,000	9,550,000	8,350,000	Dr 700,000	Dr 350,000
Crown Lands	1,300,000	1,050,000	1,010,000	...	...
Receipts from Sundry Loans	33,000,000	28,374,567	25,008,367	226,039	524,422
Miscellaneous Receipts	34,500,000	23,389,125	28,442,827	1,139,405	570,569
Appropriation from Rating Relief Suspense Account	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	788,445,000	462,432,757	453,407,682	19,130,444	24,381,635
SELF-BALANCING REVENUE.					
Post Office	60,275,000	43,950,000	44,550,000	1,700,000	1,350,000
Motor Vehicle Duties appropriated to Road Fund	23,560,000	10,884,959	9,270,532	1,987,000	1,023,356
Total Self-Balancing Revenue	83,835,000	54,834,959	53,820,532	3,687,000	2,373,356
Total	...	517,267,716	507,228,214	22,817,444	26,754,991

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments from			
		April 1, 1930, to Jan. 10, 1931.	April 1, 1929, to Jan. 11, 1930.	Week ended Jan. 10, 1931.	Week ended Jan. 11, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	264,434,902	281,204,103	3,029,117	3,203,847
Payments to Northern Ireland Exchequer	6,000,000	4,133,539	3,595,998	292,464	178,572
Payments to Local Taxation Authorities	3,300,000	2,091,695	7,686,185	199,676	...
Other Consolidated Fund Services	...	...	2,581,108	...	204,216
Supply Services (excluding Post Office)	429,433,000	329,137,467	278,674,628	6,890,000	5,600,000
Total Ordinary Expenditure	743,333,000	599,797,603	573,742,022	10,321,257	9,186,635
Sinking Fund	55,400,000	39,781,623	37,287,778	727,086	734,486
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	43,950,000	44,550,000	1,700,000	1,350,000
Road Fund	23,560,000	10,884,959	9,270,532	1,987,000	1,023,356
Total Self-Balancing Expenditure	83,835,000	54,834,959	53,820,532	3,687,000	2,373,356
Total	...	694,414,185	664,850,332	14,735,343	12,294,477

The aggregate revenue and expenditure to January 10, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO JANUARY 10TH.			
(000's omitted.)			
Expenditure	£ 59,798	Revenue	£ 462,433
Sinking Fund	39,781	Decreases in Balance	3,157
	639,579	Net Amount borrowed	173,989
			639,579

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Jan. 11, '30.	Mar. 31, '30.	Jan. 10, '31.	Movement, Week ended Jan. 10, '31.
Advances by Bank of England	£	£	£	£
Advances by Public Departments	33,980,000	48,530,000	43,300,000	5,000,000
Treasury Bills outstanding	784,455,000	588,885,000	706,225,000*	3,205,000

Total Floating Debt

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on January 9, 1931, and the total amount applied for was £54,100,000. Tenders were accepted for bills at three months, dated Monday, at £99 9s. 5d., and above in full and Tuesday to Saturday, at £99 9s. 3d., about 47 per cent., and above in full. The amount allotted was £32,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1930.			
Dec. 19	45,000,000	59,115,000	2 10 3-41
Dec. 24	40,000,000	63,800,000	2 5 2-46
1931.			
Jan. 2	40,000,000	49,765,000	2 2 11-11
Jan. 9	35,000,000	54,100,000	2 3 4-45

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, January 14, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Debt	£
In Circulation	349,942,802	Other Government Securities	233,147,006
In Banking Department	54,599,793	Other Securities	11,476,551
		Silver Coin	4,361,243
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	144,542,595
			£404,542,595

BANKING DEPARTMENT.		BANKING DEPARTMENT.	
Proprietors' Capital	£ 14,553,000	Government Securities	£ 52,026,247
Reserve	3,488,000	Other Securities	233,147,006
Public Deposits	22,377,274	Discounts and Advances	£ 8,355,676
Other Deposits	...	Securities	22,954,811
Bankers'	64,710,968	Notes	31,310,487
Other Accounts	33,412,741	Gold and Silver Coin	607,417
7-Day and other Bills	1,954		
	£138,543,944		£138,543,944

* Including Exchequer, Savings Bank, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Both Departments.	
Amount, Jan. 14, 1931.	Inc. or Dec. on Last Week.	Amount, Jan. 14, 1931.	Inc. or Dec. on Last Week.
Note circulation	£ 349,942,802	Public deposits	£ 22,377,274
Public deposits	£ 22,377,274	Other deposits	£ 64,710,968
Bankers' deposits	£ 64,710,968	Other deposits	£ 33,412,741
Other deposits	£ 33,412,741	7-day and other bills	£ 1,954
7-day and other bills	£ 1,954	Total, outside liabilities	£ 470,445,739
Total, outside liabilities	£ 470,445,739	Capital and rest	£ 18,041,007
Capital and rest	£ 18,041,007		
Government debt and securities	£ 296,188,353	Discounts and advances	£ 8,355,676
Discounts and advances	£ 8,355,676	Other securities	£ 34,314,462
Other securities	£ 34,314,462	Silver coin in issue department	£ 4,361,243
Silver coin in issue department	£ 4,361,243	Coin and bullion (bank's reserve)	£ 145,150,012
Coin and bullion (bank's reserve)	£ 145,150,012	Reserve of notes and coin in banking department	£ 55,207,210
Reserve of notes and coin in banking department	£ 55,207,210	Proportion of reserve to outside liabilities	45% + 8% - 11%
Proportion of reserve to outside liabilities	45% + 8% - 11%		

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1930.					
Dec. 3	£ 414,649	£ 359,219	£ 7,843	£ 81,858	£ 31,727
Dec. 10	£ 411,598	£ 364,474	£ 5,891	£ 72,112	£ 33,483
Dec. 17	£ 410,581	£ 372,141	£ 6,524	£ 64,295	£ 33,479
Dec. 24	£ 408,201	£ 379,677	£ 10,285	£ 56,217	£ 33,683
Dec. 31	£ 407,626	£ 368,802	£ 6,581	£ 132,447	£ 36,159
1931.					
Jan. 7	£ 405,916	£ 363,505	£ 13,206	£ 68,875	£ 33,293
Jan. 14	£ 404,543	£ 349,943	£ 22,377	£ 64,711	£ 33,413

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Govt. Securities.	Other Securities.	Govt. Securities.	Other Securities.	Reserve & the "Proportion."
1930.					
Dec. 3	£ 244,058	£ 11,477	£ 155,631	£ 32,411	£ 58,366
Dec. 10	£ 244,058	£ 11,477	£ 152,449	£ 32,411	£ 54,291
Dec. 17	£ 244,059	£ 11,478	£ 151,316	£ 31,113	£ 53,866
Dec. 24	£ 244,053	£ 11,477	£ 148,821	£ 31,113	£ 51,736
Dec. 31	£ 244,154	£ 11,477	£ 148,271	£ 27,811	£ 51,021
1931.					
Jan. 7	£ 244,158	£ 11,477	£ 146,558	£ 30,411	£ 53,081
Jan. 14	£ 244,162	£ 11,477	£ 145,150	£ 30,411	£ 52,026

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Coun'ty.	Total.
1930.				
January 1 to December 31	£ 38,782,577	£ 1,812,146	£ 2,953,631	£ 43,558,854
Week ended Jan. 7, 1931	808,163	46,777	75,051	929,991
Week ended Jan. 14, 1931	683,360	36,363	56,250	775,973
Total to date, 1931	£ 1,491,533	£ 83,140	£ 131,301	£ 1,705,954
Total to date, 1930	£ 1,619,817	£ 86,856	£ 139,837	£ 1,846,530
Increase or decrease in 1931	£ -128,284	£ -3,716	£ -8,536	£ -140,566
	7.9%	4.3%	4.3%	7.6%
Total for year, 1930	£ 38,782,577	£ 1,812,146	£ 2,953,631	£ 43,558,854
Do, 1929	£ 39,335,924	£ 1,881,989	£ 3,078,764	£ 44,896,477
Increase or decrease in 1930	£ -553,347	£ -69,843	£ -115,133	£ -1,337,623
	-2.9%	-3.7%	-3.7%	-3.0%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended January 10.		Month of December.			Aggregate Totals January 1 to January 10.	
	1930.	1931.	1929.	1930.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	24	25	£	£	£
BIRMINGHAM	2,331	2,303	10,651	10,588	- 0-5	5,350	4,365
BRADFORD	1,125	635	4,456	3,192	-28-3	1,886	1,096
BRISTOL	1,058	981	4,798	4,524	- 5-7	1,948	1,624
DUBLIN	4,370					12,035	11,324
HULL	885	713	8,437	3,151	- 8-3	1,802	1,340
LEEDS	906	702	3,908	3,395	-13-1	2,018	1,535
LEICESTER	788	645	3,152	3,042	- 3-7	1,591	1,289
LIVERPOOL	6,453	5,552	30,798	26,006	-15-5	13,388	12,141
MANCHESTER	11,841	9,244	52,951	41,420	-21-7	20,073	15,181
NEWCASTLE	1,252	1,074	6,199	5,507	-11-1	2,264	2,036
NOTTINGHAM	688	544	2,566	2,779	+ 8-3	1,458	1,196
SHEFFIELD	945	897	4,043	3,568	-16-6	2,054	1,593
Total	33,241	28,549	125,946	106,972	-15-7	65,555	54,626

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Jan. 10, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.	Jan. 9, 1931.
Gold	42,458,382	53,283,850	53,577,609	53,736,958	54,103,387
Foreign assets	7,201,903	6,683,571	6,791,069	7,226,388	7,124,398
State deposits	18,729,237	19,444,648	19,430,221	19,454,330	19,385,995
Commercial bills discounted	6,675,522	7,200,260	8,353,588	7,364,493	...
Advances against securities	8,811,552	8,504,399	8,504,399	8,504,399	8,504,399
To the State	2,586,240	2,930,071	2,900,672	3,114,875	2,982,107
Other assets (including forward exchange)	3,268,114	3,478,547	3,441,104	4,484,806	...
LIABILITIES.					
Notes in circulation	69,346,770	75,369,154	75,436,267	78,937,682	77,734,065
Public deposits	11,304,139	13,577,590	12,624,298	12,154,653	13,133,779
Private deposits	6,359,139	9,718,404	11,125,533	10,076,020	9,808,162
Other liabilities	2,710,507	2,650,198	2,713,164	2,718,584	...

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	Jan. 7, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 7, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,283,332	2,215,597	2,215,781	2,215,945
Of which deposited abroad	149,788	222,017	222,230	222,445
Reserve in foreign currencies	403,824	536,148	469,243	400,419
Bills of exchange and cheques	2,393,731	2,008,460	2,571,556	2,096,969
Notes of other German banks	107,015	152,509	135,808	161,136
Silver and other coins	13,063	15,784	3,290	12,937
Notes of other German banks	51,224	91,284	256,013	66,630
Advances	92,608	102,474	102,454	102,549
Investments	581,883	479,532	496,658	456,272
Other assets	122,788	122,788	122,788	122,788
LIABILITIES.				
Reduced capital	177,212	177,212	177,212	177,212
Increase of capital (shares not yet issued)	319,608	371,139	371,139	371,139
Reserve	4,604,679	4,275,312	4,778,259	4,325,785
Notes in circulation	584,513	651,279	651,279	651,279
Other daily maturing obligations	295,593	381,270	328,568	302,617

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of the gold equals 1,982 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, Jan. 9, 1930.	Jan. 9, 1930.	Dec. 18, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 8, 1931.
Gold	1,175,182	1,175,182	1,317,869	1,340,222	1,372,330	1,372,777
Foreign bills and balances abroad	232,650	591,147	899,650	881,526	970,450	953,252
Silver and other coins	697,600	826,389	760,129	787,183	895,928	848,287
LIABILITIES.						
Notes in circulation	934,150	2,777,744	3,131,803	3,158,837	3,283,774	3,257,498
Current accounts	112,125	157,256	162,724	173,187	213,266	235,115

(a) Complete figures not yet available. (b) In thousand francs.

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 1, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.	Jan. 10, 1931.
Gold	22,971	139,384	178,200	178,700	179,100	179,800
Silver	29,785	28,885	178,200	178,700	179,100	179,800
Discounts, advances, and other investments	77,567	157,557	99,700	97,500	101,400	106,500
LIABILITIES.						
Notes in circulation	109,499	232,071	256,000	252,500	253,700	257,300
Deposits and bills payable	11,250	37,715	42,800	47,100	45,600	46,000

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, May 31, 1930.	Jan. 7, 1930.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 7, 1931.
Gold	171,175	595,005	671,989	692,313	712,922	716,844
Foreign bills and balances abroad	...	355,765	334,773	344,808	344,702	344,400
Discounts, advances, and other investments	103,000	64,760	30,904	40,209	94,725	73,488
LIABILITIES.						
Notes in circulation	275,925	912,310	938,853	1,002,945	1,062,087	975,528
Deposits	33,750	245,543	238,016	198,282	242,075	295,733

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Dec. 31, 1929.	Nov. 30, 1930.	Dec. 10, 1930.	Dec. 20, 1930.	Dec. 31, 1930.	Jan. 10, 1931.
Gold, coin and bullion	5,190,100	5,291,700	5,294,800	5,296,700	5,296,700	5,296,700
Foreign bills and balances abroad	5,147,000	4,496,700	4,351,700	4,295,700	4,327,600	4,327,600
Other cash	197,500	677,200	589,200	594,100	594,100	710,900
Gold deposited abroad due by the State	1,813,100	1,786,200	1,786,200	1,784,300	1,784,300	1,784,300
Discounts, advances, and other investments	4,318,400	2,802,300	2,924,500	2,964,400	3,717,900	3,717,900
Advances	1,800,700	1,469,700	1,506,400	1,477,900	1,661,200	1,661,200
Credit with "Istituto di Liquidazione"	896,900	628,000	628,000	628,000	628,000	628,000
Government securities	1,074,000	1,164,000	1,166,300	1,160,100	1,161,700	1,161,700
LIABILITIES.						
Notes in circulation	16,916,900	15,678,400	15,639,900	15,603,100	15,600,300	15,600,300
Public deposits	300,000	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,675,600	1,591,200	1,529,100	1,759,200	2,109,100	2,109,100
Ratio of reserve to notes and sight liabilities contained	54.71%	55.74%	55.10%	54.30%	53.21%	53.21%

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Jan. 11, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.	Jan. 10, 1931.
Gold	243,480	240,988	240,988	240,988	240,788
Government securities—Swedish	22,140	7,803	3,802	3,804	3,551
Foreign	51,539	63,949	63,949	63,949	63,949
Other Swedish bonds quoted on foreign bourses	162	84	84	84	84
Bills payable in Sweden	229,111	208,013	215,141	236,609	168,200
Government securities—Swedish	128,310	74,703	54,730	52,722	58,714
Bills discounted abroad	56,411	253,717	213,173	201,173	254,369
Advances made on Government securities and bonds	48,408	55,563	47,178	50,417	39,347
LIABILITIES.					
Notes in circulation	49,372	56,170	54,441	54,323	509,307
Government deposits	23,715	29,840	28,143	27,838	230,439
Private deposits	12,402	7,602	15,648	15,501	17,324

* The sum of the items "Bills payable in Sweden" and "Advances made on Government securities and bonds" is calculated in accordance with the new legal prescription of one pound of the gold equals 1,982 Reichsmarks.

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1930.	Dec. 31, 1930.	Dec. 15, 1930.	Dec. 22, 1930.	Dec. 31, 1930.
Coin and bullion—Gold	44,224	146,651	146,437	146,427	146,425
Balance abroad and foreign bills	28,533	58,472	32,666	34,745	40,153
Norwegian and Foreign Government securities	8,816	26,956	48,182	46,508	47,194
Discounts and loans	76,911	239,660	197,850	195,548	199,955
LIABILITIES.					
Notes in circulation	113,484	317,722	308,304	321,464	311,567
Deposits at sight	7,188	87,944	49,882	42,275	63,897

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 11, 1930.	Dec. 20, 1930.	Dec. 27, 1930.	Jan. 3, 1931.	Jan. 10, 1931.
Gold	521,775	2,566,013	2,438,389	2,439,082	2,439,671	2,439,582
Silver	728,600	703,98	704,282	701,042	698,954	698,725
Loans & Discounts	800,725	2,288,627	2,265,836	2,324,152	2,375,875	2,354,968
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,484,145	4,663,689	4,724,138	4,779,651	4,781,537
Deposits	477,500	1,004,355	847,769	828,177	870,261	866,443

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	Jan. 7, 1930.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 7, 1931.
Cash Reserve—Gold coin and bullion	168,634	214,415	214,415	214,415	214,415
Foreign exchange	221,890	198,822	202,685	197,560	180,492
Other foreign exchange	323,712	499,816	519,071	517,850	512,530
B. is discounted	280,976	142,678	119,642	148,011	132,498
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	9,283	10,272	10,272	10,272	10,272
Notes in circulation	991,545	1,017,276	999,363	1,090,072	982,123
Deposits	115,677	142,178	159,974	92,703	162,898

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengö. (000's omitted).

ASSETS.	Jan. 15, 1930.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 7, 1931.
Metal reserve—Gold coin and bullion	162,750	162,651	162,652	162,652	162,653
Drains and notes	9,684	20,561	17,510	33,538	22,006
Silver coin and bullion	8,922	10,493	10,490	10,139	10,392
Inland bills, warrants and securities	271,416	218,487	233,323	29,655	254,366
Advances to the Treasury	87,506	65,775	65,055	64,340	64,033
LIABILITIES.					
Share capital (gold coins 30,000,000*)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	399,188	393,273	392,315	469,150	408,363
Current accounts, deposits, &c.	14,610	38,111	47,680	66,762	64,762

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Jan. 7, 1930.	Dec. 15, 1930.	Dec. 23, 1930.	Dec. 31, 1930.	Jan. 7, 1931.
Gold and silver holdings	1,261,441	1,546,036	1,545,686	1,545,203	1,544,591
Balance at road and foreign currency	2,242,367	2,366,651	2,370,914	2,447,177	2,445,743
Discounts and advances	685,392	163,319	149,823	325,222	452,170
State notes debt balance	3,754,137	3,476,330	3,471,602	3,476,514	3,446,786
Other assets	1,242,116	915,168	1,018,771	1,211,280	988,252
LIABILITIES.					
Bank to cash in circulation	7,264,748	7,011,729	6,829,415	7,823,691	6,827,762
Check account balances	1,163,803	654,867	858,074	569,766	1,347,146
Other liabilities	276,480	352,760	360,316	279,574	204,077

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Jan. 8, 1930.	Dec. 15, 1930.	Dec. 22, 1930.	Dec. 31, 1930.	Jan. 8, 1931.
Cash Reserve—Gold	95,541	98,471	98,505	98,576	98,591
Other coin and notes	18,976	18,218	18,566	18,682	17,864
Foreign credits	286,154	165,789	198,110	118,455	111,086
Bills	1,247,266	1,321,347	1,350,178	1,433,584	1,411,010
Government advances	4,153,088	4,074,759	4,073,254	4,020,906	4,020,508
LIABILITIES.					
Notes in circulation	5,784,354	5,244,034	5,158,380	5,396,533	5,321,369
State credits	205,903	148,273	148,269	126,263	126,263
Deposits	1,461,140	1,021,885	1,226,590	922,240	847,171

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.						
	Dec. 31, 1929.	Nov. 30, 1930.	Dec. 10, 1930.	Dec. 20, 1930.	Dec. 31, 1930.	Jan. 10, 1931.
Gold.....	700,517	562,071	562,122	562,197	562,244	562,244
Of which held abroad	19,553	77,536	77,396	77,396	77,396	77,396
U. S. currency.....	526,148	425,510	398,938	398,938	398,134	412,212
Real-estate.....	704,220	680,830	699,749	699,749	699,114	672,000
Loans against securities ..	82,509	85,034	85,27	90,028	95,396	95,396
Reserve fund securities ..	74,551	86,396	86,396	86,396	86,396	86,396
LIABILITIES.						
Share capital.....	150,000	150,000	150,000	150,000	150,000	150,000
Reserve funds.....	100,000	110,000	110,000	110,000	110,000	110,000
Notes and circulation	1,340,263	1,332,494	1,274,619	1,235,675	1,235,675	1,328,000
Current accounts.....	467,855	232,579	232,579	272,076	272,076	272,076

INDIA COUNCIL REMITTANCES.

The total remittances from the Government of India to the Secretary of State for India in Council effected by purchases of sterling in India, from April 1, 1930, to January 10, 1931, were £5,395,000. During the same period £3,263,491 was transferred from the sterling reserves against corresponding contraction of currency in India. Of this amount, £2,623,491 was to meet sales of sterling in India, while the balance was required for Home Treasury purposes.

GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on December 31, 1930:—

In India: £	£
Gold	401,106
In England:	
Cash at the Bank of England	4,728
Gold	2,152,334
British Treasury Bills:—Value as on December 31, 1930	13,256,519
Other British and Dominion Government Securities:—At or below market value on December 31, 1930	24,185,313
	39,598,894
	£40,000,000

BULLION.

The following statistics of imports and exports of gold for week ended January 15, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From: £	To: £
British S. Africa	874,158
Strait Settlements	79,139
Australia	78,000
Other Countries	369
Total declared value of imports	1,031,717
	Total declared value of exports
	3,198,385

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931. ARRIVALS.	1931. WITHDRAWALS.
Jan. 9	Jan. 9 Bars sold
10 Sols. from abroad	10 Sols. for export
12	10 Bars sold
13	10 Sols. for export
14	12 Bars sold
15 Sols. released	12 Sols. for export
	12 Sols. set aside
	14 Bars sold
	14 Sols. for export
	15 Sols. for export
	15 Bars sold
Total	328,000
	Net withdrawals, £1,147,551.

GOLD.

Messrs Samuel Montagu and Company write on January 14, as follows:—

The Bank of England gold reserve against notes amounted to £145,916,269 on the 7th instant, as compared with £147,625,622 on the previous Wednesday. The bar gold which arrived from South Africa this week amounted to £874,000, all of which had been sold forward to France. The most important news of the week concerns a matter of great interest to the gold market. It has been authoritatively reported that the Bank of France has decided to accept bar gold of standard quality as delivered by the Bank of England. Although the official announcement has not yet been made, it is expected that this will be forthcoming shortly and that the new arrangements will come into force about the beginning of next month. The news had the effect of moving the French exchange in favour of sterling, as a result of which there have already been some cancellations of arrangements previously made with refiners for the treatment of standard gold on behalf of French buyers. Movements of gold at the Bank of England during the week show a net efflux of £1,377,142. Receipts consisted of £300,000 in sovereigns "released" and £78,000 in sovereigns from Australia, and withdrawals totalled £1,755,142, of which £250,000 was in sovereigns "set aside," £37,000 in sovereigns taken for export, and £1,468,142 in bar gold; of the latter, about £1,350,000 was for export to France after refining.

NATIONAL PROVIDENT INSTITUTION
VALUATION 1930.BONUS RESULTS WILL BE
ANNOUNCED SHORTLY.

48 Gracechurch Street, London, E.C.3.

SILVER.

Although the market has shown more fluctuation, the trend has again been downward, a still lower level being touched during the past week. Following further weakness in the China exchanges, silver was offered freely, particularly from America, prices giving way until, on the 9th instant, yet another low record was created when 13½d. for cash and 13¾d. for two months' delivery were quoted. Sellers showed more hesitation at this level and buying orders from India found the market poorly supplied, prices reacting on the 10th instant to 13½d. and 13¾d., a rise of ½d. The demand from India caused a further slight improvement, yesterday's quotations being 14½d. and 13¾d., but to-day, with no inquiry from this quarter and heavy offerings from China, a relapse ensued, prices being fixed ½d. lower at 13½d. and 13¾d. for cash and two months' delivery respectively. As a result of the demand for silver for prompt shipment, the premium for cash silver was increased to ½d. on the 8th instant, then to ¾d. yesterday.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 5th instant to mid-day on the 12th instant:—

IMPORTS.	£	EXPORTS.	£
Persia	44,593	British India	30,549
U.S.A.	37,815	Other countries	4,793
Mexico	52,201		
Australia	10,000		
Canada	8,454		
Other countries	2,855		
	£155,918		£35,342

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Jan. 7.	Dec. 31.	Dec. 22.
Notes in circulation	16,099	16,134	16,191
Silver coin and bullion in India	12,023	11,999	12,085
Silver coin and bullion out of India			
Gold coin and bullion in India	3,136	3,174	3,174
Gold coin and bullion out of India			
Securities (Indian Government)	940	961	932
Securities (British Government)			

The stocks in Shanghai on the 10th instant consisted of about 93,000,000 ounces in sycee, 154,000,000 dollars and 5,260 silver bars, as compared with about 92,400,000 ounces in sycee, 153,000,000 dollars and 2,760 silver bars on the 3rd instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash Forward		Cash.
1931.	s. d.	d.	Jan. 16, 1925	d.
Jan. 9	85 0	13 ½	" 15, 1926	31 ½
" 10	85 0	13 ½	" 14, 1927	25 ½
" 12	85 0 ½	13 ½	" 12, 1928	26 ½
" 13	85 0 ½	13 ½	" 16, 1929	26 ½
" 14	85 0 ½	13 ½	" 16, 1930	21 ½
" 15	85 0	13 ½		

NOTICES.

We are glad to note the honour recently conferred upon Sir Alfred Lewis, director and chief general manager of the National Provincial Bank Limited, when he received the honorary degree of LL.D. at the University of Birmingham.

The Midland Bank announces the opening of a new office at 63 Prince of Wales Road, Norwich, and the transfer of the business of the Market Street, Manchester, branch to new premises at 8 High Street, Manchester. A new branch has also been opened at 42 Cranbrook Road, Ilford, Essex. The night safe banking service will be in operation at this branch. New sub-offices have also been opened at Cam (near Dursley, Gloucester), and at Culmstock (Devon).

Barclays Bank, Ltd., announce that after 41 years' service, Mr P. C. Galloway, joint manager with Mr F. J. Smith at City office, 170 Fenchurch Street, E.C.3, has expressed a desire to retire on pension as from December 31st last, and that the directors have accepted his resignation with regret. Consequent upon this retirement, Mr F. J. Smith has been appointed manager of the City office and Mr F. D. Stanwell deputy manager.

Barclays Bank announce the opening of a new branch at 4 and 5 Smithdown Place, Smithdown Road, Liverpool.

Lloyds Bank, Ltd., announce that sub-branches of the bank are now open at 1 Bridge Parade, Wensleydale Road, Hampton, and at 14 Musters Road, West Bridgford.

National Provincial Bank, Ltd., announce that Mr William Hadwick, an assistant general manager, has been appointed a joint general manager.

The Chartered Bank of India, Australia and China announce that a sub-branch of the bank has been opened at Sitiawan in the Federated Malay States.

The Ottoman Bank inform us that their new branch at Sultanabad, Persia, opened on January 1st, and that their new branch at Kirkuk, Iraq, opened on January 7th.

Mr H. R. W. Brown has been appointed joint assistant sub-manager of the National Discount Company, Ltd.

National Provincial Bank, Ltd., announce the following appointments: Mr John Dennington to be assistant general manager; Mr R. H. Cutting, D.S.O., M.C., to be secretary.

Company News.

SUMMARY OF BALANCE SHEETS.

The audited Balance Sheet of the Midland Bank Limited, made up on December 31, 1930, compares as follows with the position shown by the Bank on December 31, 1928 and 1929:—

	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.
LIABILITIES.			
Capital paid-up	13,432,968	13,432,968	14,248,012
Reserve fund	13,432,968	13,432,968	14,248,012
Current, deposit and other accounts	394,591,227	376,703,193	395,632,143
Advances to customers and other accounts	2,915,564	3,973,406	3,973,406
Profit balance, &c., and dividend payable	1,815,737	1,826,432	1,845,086
Acceptances and confirmed credits on account of customers	24,942,269	19,779,218	16,271,676
Engagements on account of customers	49,498,865	17,695,148	9,038,916
Total	497,714,034	445,789,491	455,256,851

	£	£	£
ASSETS.			
Coin, bank notes and balances with the Bank of England	45,440,918	46,918,243	47,219,369
Collection on other banks in Great Britain and Ireland	20,247,083	18,375,202	15,119,408
Money at call and short notice	27,681,297	21,670,909	21,716,360
Investments	36,868,998	32,928,891	38,671,575
Bills discounted	63,547,503	58,783,657	83,922,588
Advances to customers and other accounts	214,050,972	210,374,230	203,582,971
Midland Bank Executor and Trustee Co., Ltd.:—Loans on behalf of clients		164,444	87,196
Belfast Banking Co., Ltd.:—Govt. of Northern Ireland guaranteed loans		1,800,000	1,800,000
Liabilities of customers for acceptances, confirmed credits and engagements	74,441,134	37,474,366	25,310,192
Bank premises	8,725,101	8,964,535	8,978,290
Other properties and work in progress for extension of the business		1,213,349	1,568,301
Capital, reserve and undivided profits of Belfast Banking Co., Ltd.	6,911,328	7,121,665	7,280,631
North of Scotland Bank, Ltd.			
Midland Bank Executor & Trustee Co., Ltd.			
Total	497,714,034	445,789,491	455,256,851

ALEXANDERS DISCOUNT COMPANY, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
Ord. shares, £2	800,000	Cash	604,344
6% pref. shares	200,000	Investments in War Loan	17,817
Reserve fund	1,000,000	Short-dated Imperial and Indian Government Securities	4,590,176
Loans, deposits and other accounts	23,267,445	at market values	+ 1,569,159
Bills re-discounted	4,134,326	Bills discounted	+ 2,302,628
Rebate on bills discounted	234,545	Loans on security, &c.	356,645
Balance of profit and loss	166,396		— 214,011
Total	29,742,712	Total	29,742,712

BARCLAYS BANK, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
Current, deposit and other accounts	349,273,283	Cash in hand and with Bank of England	52,509,164
Acceptances	12,710,524	Money at call and short notice	22,316,100
"A" shares	3,430,356	Loans, &c.	10,600,254
"B" shares	11,760,811	Bills discounted	50,901,977
"C" shares	667,050	Investments	61,061,611
Reserve fund	10,250,000	Advances	169,672,248
		Liability for acceptances, &c.	12,710,524
		Bank premises	6,320,146
Total	388,092,024	Total	388,092,024

NATIONAL DISCOUNT COMPANY, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
"A" shares, fully-paid	423,332	Cash	694,907
"B" shares, £7, with £2½ paid	576,668	Investments	4,038,844
Reserve fund	1,000,000	Loans	719,346
Deposits, &c.	26,858,059	Bills discounted	44,813,614
"C" shares	423,584	Interest receivable, &c.	63,772
Bills re-discounted	20,883,210	Freehold premises	100,000
Rebate	259,630		
Profit and loss	259,630		
Total	50,430,483	Total	50,430,483

MARTINS BANK, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
£20 shares, £2½ paid	2,348,890	Cash	8,870,439
£1 shares, fully-paid	1,811,152	Treasury Bills	4,715,000
Reserve fund	3,507,872	Loans, &c.	3,087,592
Current, deposit, and other accounts	78,562,604	and cheques in course of collection	3,099,076
Note circulation	16,774	British banks	3,099,076
Isle of Man	749	Money at call or notice	6,750,000
Bank's acceptances	2,512,394	Investments	18,677,143
Endorsements	3,087,592	Bills of exchange	2,667,145
Balance of profits	442,879	Loans and advances to customers, &c.	37,445,477
		Customers' liability for bank acceptances	2,512,394
		Endorsements	3,087,592
		Bank premises	2,574,419
		Items in transit	1,227,259
		Other assets	462,083
Total	92,289,957	Total	92,289,957

UNION DISCOUNT COMPANY OF LONDON, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
£5 shares, £2½ paid	1,250,000	Cash	1,350,871
Reserve	1,750,000	British Govt. and other securities	8,601,576
Loans deposits	47,521,063	Loans, &c.	516,522
Bills re-discounted	15,527,441	Bills discounted	56,595,142
Rebate on bills discounted	678,184	Debtors	22,389
Profit and loss	434,812	Premises, &c.	75,000
Total	67,161,500	Total	67,161,500

DISTRICT BANK, LIMITED.

	December 31, 1930.	ASSETS.	Compared with Dec. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
"A" shares	1,896,000	Cash in hand and in Bank of England	7,849,197
"B" shares	316,000	Money at call and notice	4,409,670
Reserve fund	2,000,000	Bills of exchange	6,798,985
Dividend for half-year, subject to tax	189,600	Investments	16,022,966
Balance of profit and loss	201,264	British Government Securities	16,022,966
Current deposit, and other accounts	52,443,952	British Railways debentures, Corporation stocks, &c.	530,581
Acceptances	436,153	Other investments	97,600
Endorsements	575,793	Investments in subsidiary co's	400
		Advances in current and other accounts	20,577,120
		Acceptances	1,071,945
		Bank property	760,298
Total	58,118,762	Total	58,118,762

LIEBIG'S EXTRACT OF MEAT COMPANY, LIMITED.

	August 31, 1930.	ASSETS.	Compared with Aug. 31, 1929.
LIABILITIES.	Amount.	Amount.	£
5% cum. pref. shares, £5	1,000,000	Land, buildings, &c.	510,268
Ord. shares, £5	2,000,000	Investments	2,042,001
Bills payable	610,000	Debtors	200,435
Creditors	614,620	Stock	3,414,160
Reserve	1,650,000	Cash	201,558
Profit and loss	368,591		
Employees' Prov. Fund	104,578		
Div. prov.	20,833		
Total	6,368,422	Total	6,368,422

REPORTS AND NOTICES.

The directors of United British Insurance Company, Limited, have appointed Mr. Norman Temple, the present secretary, to the position of manager and secretary to the company.

The Union Discount Company of London, Ltd., announce the appointment of Mr A. W. Trinder to be an assistant manager.

Messrs Morgan Grenfell and Company announce that Mr F. A. Ross has decided to retire from active business on account of ill-health.

On and after Monday, January 19, 1931, the registered offices of the Anglo-Oriental group of companies will be 55-61 Moorgate, London, E.C.2, and the London offices of the companies incorporated in the Federated Malay States will also be at that address. The transfer department for all the companies in the group is 49 Moorgate, London, E.C.2.

BANKS.

ANGLO-FRENCH BANKING CORPORATION.—The Anglo-French Banking Corporation announce that their net profits for the year 1930, after making full provision for bad and doubtful debts and for directors' fees and the remuneration of the management committee, have amounted to £72,450, which compares with £58,160 for 1929. The directors recommend the distribution of a dividend of 3 per cent. less tax, and the transfer of £10,000 to contingencies account and of £20,000 to reserve. The bank has just completed the second full year of its existence, and this is its maiden dividend.

GLYN, MILLS AND CO.—The balance sheet dated December 31, 1930, shows total assets £43,898,167, as compared with total assets £43,958,361 on December 31, 1929. Advances have risen from £14,844,651 to £15,593,356. Acceptances are lower at £2,552,638, against £2,699,728. Total investments amount to £6,638,253, against £8,430,000. British Government securities comprise £5,748,398 of total investments, against £7,821,315 at end of December, 1929. Bills discounted amount to £1,540,103, against £1,591,753. Money at call and notice is at £8,153,400, against £7,051,500. Cash, bank notes, &c., stands at £7,157,644, against £6,924,665. Deposits, &c., stand at £39,535,509, against £39,458,633.

ROYAL BANK OF CANADA.—In the annual statement at the end of the fiscal year, November 29, 1930, total assets are shown of \$889,917,191, as compared with \$1,001,442,741 a year ago. Cash on hand and in banks amounts to \$164,251,285, being equal to 21.17 per cent. of liabilities to the public. Other liquid assets, such as Government and municipal bonds, call loans, &c., bring the aggregate of liquid assets to \$379,120,433. This is equal to 48.87 per cent. of liabilities to the public. Deposits bearing interest are reported at \$543,843,554, and free deposits at \$151,745,505, against \$591,380,470 and \$180,707,298 last year. After providing for charges of management, &c., and making full provision for bad and doubtful debts profits of \$6,572,627 are shown. This compares with \$7,145,137 a year ago. Dividends and bonus to shareholders absorbed \$4,900,000, contributions to officers' pension fund, \$200,000; appropriation for bank premises, \$400,000; reserve for Dominion Government taxes, \$540,000, leaving \$4,106,778 to be carried forward, as against \$3,574,151, an increase of \$532,627.

INSURANCE.

THE STANDARD LIFE ASSURANCE COMPANY.—The new life assurances completed in the year ending November 15, 1930, aggregated over £3,275,000 gross, and after allowing for the amount re-assured with other offices the net amount exceeded £3,150,000. Both these amounts constitute new records for the company.

MISCELLANEOUS.

GREYHOUND RACING ASSOCIATION TRUST, LIMITED.—The directors announce that they have purchased on terms which, in the opinion of the board, are satisfactory, the property of the White City Stadium, London, on a ground lease of 73½ years, thus assuring security of tenure for the operating company.

IDRIS, LIMITED.—The report and accounts for the year ended October 31, 1930, shows a profit, after charging all depreciation, of £17,438 (last year, £17,776). Deducting debenture interest, £2,200, and adding £4,526 brought forward, there is a balance of £19,764 (last year, £19,526), from which are deducted dividends on: "A" preference shares, 6 per cent.; "B" preference shares, 7 per cent.; "A" ordinary shares, 10 per cent.; "B" ordinary shares, 10 per cent.; and founders' shares, 5 per cent.; leaving £4,764 to be carried forward (last year, £4,526).

JUTE INDUSTRIES, LIMITED.—The report for year ended September 30, 1930, shows a net loss of £36,499. The amount brought in was £7,745, thus leaving a debit of £28,754 to carry forward. Early in the year the directors took steps to bring down working costs. The total saving to the company as a result of this policy in a full year will amount to £34,000, of which £11,500 is applicable to the salaries of directors of the company and its subsidiaries. During the past six years manufacturing costs have been lowered by 14 per cent.

STERLING SECURITIES INVESTMENT.—It has been the custom of the Company in recent years to declare an Interim dividend on the Ordinary shares, payable on December 1st. On the present occasion, having regard to the advisability of conserving the cash resources, the Board considers it in the best interests of shareholders to defer consideration of the payment of a dividend on account of the Company's financial year to May 31, 1931, until the termination of the financial year.

THE SOUTH AMERICAN STORES (GATH AND CHAVES), LIMITED.—The trading result of the South American Stores (Gath and Chaves), Ltd., for the thirteen months ended August 31, 1930, shows a profit of £684,041. Deduct: Interest on debentures, £83,664; debenture redemption and premium thereon, £93,135; London office expenses, directors' and trustee's fees, £16,063; balance of interest account, £12,638; employees' help and relief fund, £7,816; leaving a balance of £470,725; from which is deducted: Realised loss on exchange, £114,283; net profit for the period, £356,440. The above profit of £470,725 for the thirteen months ended August 31, 1930, compares with £453,303 for the previous twelve months. Subject to final audit, the directors recommend the appropriation of the profits as follows:—To the preference shares (dividend at the rate of 14 per cent. per annum, less tax, for the period), £60,941; to the ordinary shares (dividend at the rate of 16 per cent. per annum, less tax, for the period), £248,911; to the deferred shares (dividend of 11d. per share, less tax), £46,688.

THE SUSSEX BRICK COMPANY, LIMITED.—The report shows that the profit for the year ended September 30th increased from

£43,174 to £48,638, and net profit, after providing for directors' fees, taxation and bank interest from £32,919 to £34,587. Allocations proposed are £1,500 to employees' welfare and bonus, £5,000 to depreciation reserve (bringing this reserve up to £14,000), final dividends of 4 per cent. on 8 per cent. Preference shares and of 15 per cent. on Deferred shares (making 22½ per cent. as before) and £9,855 carried forward against £8,505 brought in.

THE SWEDISH MATCH COMPANY.—Higginson and Company, fiscal agents of the company, announce that at the extraordinary general meeting held in Stockholm, the issue of 900,000 new "B" shares to shareholders on the basis of one new share for each three shares held, was confirmed. The subscription period closes on 3rd prox.

WATERLOW AND SONS.—Net profit for year ended September 30, 1930, was £162,395 (against £171,546). Dividends of 4 per cent. on preference, 6½ per cent. on preferred ordinary and interim of 2½ per cent. (same) on deferred ordinary paid. Directors recommend final payment on deferred ordinary of 9 per cent. tax free (against 10 per cent.), making 11½ per cent. (against 12½ per cent.); £30,000 (same) to reserve (raising this fund to £650,000); £47,251 forward (against £50,995).

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Rohilkund and Kumaon Railway	6%+	plus bonus	us of 5%	18	18
BANKS.					
Anglo-French Banking Corp.	...	...	Less tax	3	...
Bank of New South Wales	9%	...	Quarterly	18	18
Clydesdale Bank	...	...	...	18	18
District Bank "A"	1/10 p.s.†	...	...	18½	18½
District Bank "B"	1/10 p.s.†	...	...	10	10
Hong Kong and Shanghai	...	...	...	£7 p.s.	£7 p.s.
Imperial Bank of India	16%	...	Tax free	12½ p.s.	13½ p.s.
Manchester and County	...	...	...	16	16
Martins Bank	...	...	...	14	14
Munster and Leinster	...	...	...	18	18
National Provincial	18½	...	...	18	18
Queensland National Bank	11½%*	Feb. 12	...	...	...
Royal Bank of Canada	3%*	Mar. 2	Quarterly	...	...
Union Discount Co.	...	...	Less tax	20(b)	20(b)
INSURANCE.					
United Insurance	...	...	...	10	10
TEA AND RUBBER.					
Taiping Rubber	...	...	...	2½	7
MIXING.					
Ashanti Goldfields	65%+	...	...	100	65
Ayer and Fin Drilling	2½%*	Jan. 30	...	...	...
Jos Tin Area (Nigeria)	...	...	...	10	12½
Secretariat	...	...	...	1½ d. p.s.	...
OTHER COMPANIES.					
Allen Liveridge	3%*	...	...	...	...
Anglo-American Telegraph	11½%*	...	...	1½	1½
Bell and Nielson	5%†	...	Tax free	10(c)	10(c)
Central Bahia Railway Trust "A"	4%†	...	...	4	4
Central Bahia Railway Trust "B"	11%†	...	...	1½	1½
Charter Trust and Agency	4%†	Feb. 2	...	6	6
Coltarm Investment Trust	2%†	...	...	4	4
Consolidated American Selection Trust	15%*	Feb. 4	...	...	...
C. W. Randall and Co.	...	...	...	190	190
Debtenture Corporation	6%†	...	...	10	10
Distillers	7½%*	Feb. 2	Less tax	...	5
English and New York Trust	3%†	...	...	4	4
Ever Ready Trust and Finance	...	...	...	...	...
Frederick Levey and Sons	22½%†	...	Less tax	32	23(d)
Freehold and Leasehold Invest.	5%*	Jan. 31	...	...	...
Gerrard Wire Tying Machines	5%*	Jan. 15	...	...	...
Guard-Bridge Paper	5%*	Feb. 2	...	...	...
J. and E. Hall	3%†	...	...	2½	8½(a)
John Daven, Oct and Sons	20%†	...	...	10	10
John Lovibond	31%†	...	...	10	10
Liebig's	...	...	Tax free	14	16
London and Edinburgh Shipping	6½ p.s.†	Feb. 2	Less tax	13	13
London Scot. Invest. Trust (Def.)	21%†	...	...	5	5
Norfolk and Norwich	15%†	...	...	20	20
Norfolk and Norwich	...	...	...	12½	12½
Michael Naim and Greenwich	...	...	...	10	10
And European Corporation	3%*	Jan. 31	...	10	10
Mills and Rockleys (Def.)	...	...	...	15	15
Milton Proprietary	10%†	...	...	15	4½
Mulliners (Holdings)	...	Jan. 27	Less tax	...	...
New York and General Trust	5%†	...	...	10	10
Omni Investment Trust (Def.)	5%†	...	...	10	10
Paraph, Gath and Hotel	...	...	Tax free	10	10
Pharmacia, Gath and Hotel	...	...	Less tax	10	10
Phoenix, Barrett and Co.	...	...	...	21	Nil
Price and Pierce	10%†	...	...	17½	20
Quabast	5%*	Jan. 31	...	...	...
River Plate and General Invest-	12%†	...	...	20	20
ment Trust	...	...	...	20	20
S. Symons and Co.	20%*	Jan. 16	Quarterly	...	...
Scottish American Investment	10%†	...	...	20	20
(Def.)	...	...	...	10	10
Second Scottish Western Invest.	10%†	Feb. 2	Less tax	...	...
Scottish and New South	3%†	...	...	10	10
Third Scottish Western Inv. Tr.	...	...	...	6	6
Traction and General Investment Trust	11%†	...	...	17	17
Western Sugar Refineries	...	...	Tax free	10	7½
Wells Watford Brewery	21%*	Feb. 2	Less tax	...	...
Wilkinson and Riddell	4%†	plus bonus	us of 2½	10½	10½

(a) Four months. (b) 5% tax free. (c) Plus bonus of 33½ per cent. (d) 11½ bonus of 5 per cent. tax free.

BRITISH GLUES AND CHEMICALS, LTD.—In view of the present condition of trade, the directors consider that it is in the best interests of the company to defer payment of the interim preference dividend due on January 31st.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%
Alexanders Discount Co. ...	Dec. 31	53,090	198,681	251,771	12,000	143,125	20(t)	36,250	60,396	132,100	20(t)
Bank of New South Wales	Sept. 30	163,479	734,699	898,178	...	731,250	9½	...	166,928	994,825	10
Barclays Bank	Dec. 31	552,432	1,821,207	2,373,639	...	1,614,276	{ 10A 14B }	200,000	559,363	2,331,580	{ 10A 14B }
Belfast Banking Co.	Dec. 31	148,108	118,054	266,162	...	68,200	...	100,000	97,962	116,727	...
Canadian Bank of Commerce	Nov. 30	97,627	1,005,906	1,103,533	...	800,550	13	196,883	106,100	894,088	13
Clydesdale Bank.....	Dec. 31	90,054	336,488	426,542	...	234,000	18	100,000	92,542	331,634	18
District Bank	Dec. 31	189,225	451,239	640,464	...	{ 347,600 31,600 }	18½A 10 B }	60,000	201,264	502,726	{ 18½A 10B }
Martins Bank, Ltd.	Dec. 31	132,132	793,551	925,683	...	665,607	16	150,000	110,076	836,240	16
Midland Bank.....	Dec. 31	859,258	2,318,690	3,177,948	...	1,976,660	18	350,000	851,288	2,665,042	18
Munster and Leinster Bank	Dec. 31*	44,015	93,336	137,351	...	52,500	14+	40,000	44,851	88,642	14+
National Discount Co.	Dec. 31	211,842	219,414	431,256	...	{ 32,806 107,260 }	10A 24B }	115,000	176,188	154,861	{ 10A 24B }
North of Scotland Bank ...	Dec. 31	100,655	281,473	382,128	...	205,380	18	75,000	101,748	277,563	18
The National Bank	Dec. 31*	31,092	134,932	166,024	...	105,000	14	30,000	31,024	126,086	14
Union Discount Co. of Lond.	Dec. 31	269,292	268,176	537,468	...	207,812	20(t)	30,000	299,656	260,185	20(t)
Breweries.											
Davenport (John) and Sons	Oct. 31	23,895	23,736	47,631	2,875	13,940	25	...	30,816	20,928	25
Lovibond (John) and Sons..	Sept. 30	25,641	14,294	39,935	3,025	5,250	10	5,750	25,910	14,318	10
Hotels, Restaurants, &c.											
Jones (R. E.), Ltd.....	Oct. 31	Dr. 190088	7,459	Dr. 182629	...	...	...	...	Dr. 182629	23,322	...
Rubber.											
Batu Kawan Rubber.....	Sept. 30	1,431	Dr. 1,843	Dr. 412	...	...	...	...	Dr. 412	3,479	2½
Gien Bervis Rubber	Sept. 30	2,701	Dr. 4,869	Dr. 2,168	...	...	...	Dr. 3,060	832	6,235	5
Stoughton (Perak) Rubber..	Sept. 30	3,655	1,377	5,032	...	...	...	1,500	3,532	14,615	10
Taiping Rubber	Sept. 30	20,757	8,408	29,165	...	7,277	2½	2,350	19,538	31,066	7
Shops and Stores.											
Stead and Simpson	Dec. 31	49,903	47,487	97,390	9,794	14,000	10	22,000	51,596	50,699	10
Taylor's (Cash Chemists) ...	Oct. 4	3,497	38,339	41,836	37,282	3,895	10	...	659	41,626	25
Tramways and Omnibuses.											
Sunderland District Omnibus	Oct. 31	2,192	34,964	37,156	...	15,000	15	18,000	4,156	21,607	10
Trust.											
Ever Ready Trust & Finance	Dec. 31	14,586	42,053	56,639	...	20,000	4	32,040	4,599	24,122	Nil
New York and General Trust	Jan. 3	13,467	33,499	46,966	13,950	18,600	10	...	14,416	43,019	10
River Plate and General In- vestment Trust	Dec. 31	37,986	76,633	114,619	12,375	55,000	20	5,000	42,244	78,399	20
Other Companies.											
Hall (J. and E.)	Sept. 30	9,676	30,793	40,469	9,000	28,000	5	...	3,469	60,379	8½
Liebig's Extract of Meat ...	Aug. 31	256,949	301,442	558,391	50,000	280,000	14+	...	228,391	371,126	15½
Michael Naim and Greenwich	Dec. 31	56,037	215,532	271,569	...	212,959	12½	...	58,610	231,126	12½
Mills and Rockleys.....	Oct. 31	5,239	41,331	46,570	...	27,212	10	10,000	9,358	38,978	10
Mulliners (Holdings)	Dec. 21	767	15,004	15,771	11,625	1,453	2½	1,886	807	13,475	4½

Commercial Reports.

MARKET SUMMARY.

The issues in the South Wales mining dispute have now been narrowed down as a result of the negotiations conducted by Mr Graham and Mr Shinwell, and it would seem that a settlement may soon be reached. Stocks of coal in South Wales, which have been heavy before the stoppage, are now almost exhausted, and certain qualities are already being drawn from other districts where activity showed a slight expansion. The severity of the depression in the iron and steel industries is reflected by the low production of pig iron and steel during last month, coupled with large imports from the Continent. Although activity has not yet increased, the reduction in pig-iron prices has successfully countered Continental competition. It is hoped that the decision of the British Steel Makers' Association to increase the rebate on English steel will improve the position of makers in this country. Non-ferrous metals have been weaker, and there was a considerable decline in tin and zinc. The textile markets have not yet shown any improvement. No agreement was reached last week on the "more looms per weaver system" in the cotton industry. Since then the Ministry of Labour has intervened in the dispute, but unless agreement is reached by Saturday all the weaving mills will be closed next week. The threatened stoppage in the linen industry of Northern Ireland has fortunately been averted, agreement having been reached on the basis of a 10 per cent. cut in wages, as against a reduction of 20 per cent. proposed by the employers. The food markets continue quiet. Wheat has again shown a declining tendency. Sugar has been slightly firmer on the news that the German Sugar Industrialists' Association has accepted Mr Chadbourne's new proposal which allows Germany an export quota of 500,000 tons for 1930-31, 350,000 tons for 1931-32, and 300,000 tons for the subsequent three years. The improved outlook has, however, already been disturbed by the possibility of considerable Russian shipments. The market in coffee continued steady, and fine qualities have been well supported. Among miscellaneous commodities, oilseeds show some improvement, but hides were again weaker, although there was some improvement in the demand for leather. The rubber market continued dull and inactive, but prices show a slight advance on the week.

THE COAL TRADE.

Our Sheffield correspondent writes:—The disturbance in South Wales has bristled up somewhat sales of South Yorkshire hards, but forward export business is still being held up until the questions of quotas and subsidies are settled. In the circumstances, sellers are not willing to commit themselves forward. Demand for gas and house coal continues on a moderate scale. The blast-furnace coke position is no better, consumption being at a low ebb. Prices range from 10s. 6d. to 12s. at ovens. South Yorkshire steams are 10s. to 10s. 6d. f.o.b.

Our Glasgow correspondent writes:—The first effect of the working of the output quota system under the Coal Mines Act is now seen in a growing scarcity of supplies for prompt shipment. Home demand is good, notably for screened fuel, and with some

covering of orders on account of Welsh producers values all round have a hardening tendency. Inquiries from abroad are, however, only moderate, and mostly for early business, so that the outlook for a continuance of current prices on a return to normal elsewhere cannot be considered certain. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 17s.; splint second, 16s. 6d.; navigation, 17s.; navigation second, 15s.; Hartley, 16s.; steam, 14s.; trebles, 14s. 6d.; doubles, 14s.; singles, 14s.; pearls, 13s.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 13s. 6d.—14s.; third-class steam, 13s.; trebles, 14s.—16s. 6d.; doubles, 13s.; singles, 12s. 6d.; pearls, 12s. LOTHIAN.—Prime steam, 13s. 6d.; secondary steam, 13s. 6d.; trebles, 15s.; doubles, 13s. 9d.—14s.; singles, 12s. 6d.—13s.; pearls, 12s. 3d.—12s. 6d. Ayrshire.—Un-screened navigation, 16s.; jewel, 18s.; steam, 13s.; trebles, 14s. 6d.; doubles, 14s.; singles, 13s. 9d.; pearls, 12s. 6d.—13s.; dross, 11s.

Our Cardiff correspondent writes:—With nearly all the pits idle in the South Wales coalfield, business on the Cardiff coal market this week has been confined to the disposal of stocks. When the stoppage began these were exceptionally heavy, and some of the largest groups of collieries had many thousands of wagons loaded at the various sidings. These have now been reduced, and will probably be exhausted if the collieries remain idle for the whole of the present week. Coals from the Midlands are being imported in increasing quantities to meet the requirements principally of household consumers, while exporters in some cases are substituting Yorkshire and North Country coals in the fulfilment of their contracts. Prices are governed by individual positions, but for all qualities that are available they are above the minimum schedule figures of the Marketing Association. The iron and steel works continue to operate chiefly on their accumulated stocks, but these are being exhausted, and it is feared that a large number of the mills will cease working if the strike is prolonged. The president of the Board of Trade has again intervened in an effort to reconcile the conflicting claims of the employers and the workmen, but Mr Graham is finding his task extremely difficult owing to the persistence of the men's leaders in their opposition to any reduction in wages that would be more than proportionate to the reduction in hours, and to the reluctance of the owners to reopen the pits in the definite knowledge that to do so on the terms demanded by the workmen would involve them in large losses. Negotiations for a settlement, however, were still in progress on Wednesday evening.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—Business in Cleveland iron has improved as a result of the recent reduction in prices and there are prospects of a further expansion. Consumers who have been running very bare of stocks for some time are buying in increased quantities for early delivery, and have also placed contracts a few months ahead. There is now no inducement to buy Continental iron as the difference is so small, and it is expected that the ground lost recently will be gradually regained by local producers as current contracts for the foreign material are completed. Tuesday's weekly market exhibited a better tone and a fair amount of new business was reported for local and inland consumption, at the recently amended prices, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite consumers are holding back orders in anticipation of lower prices following the drop in Cleveland, but little encouragement is shown by makers in this direction seeing that the make on

GILT-EDGED OUTLOOK AND FRANC EXCHANGE.

AUSTRALIA'S PROBLEM.

TOBACCO SHARES.

CENTRAL URUGUAY.

ASHANTI GOLDFIELDS.

A STOCKBROKER'S NOTEBOOK.

By AUSTIN FRIARS.

SEE

The

Investors' Chronicle

and Money Market Review

THIS WEEK.

The Investors' Chronicle may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

The Publisher:

"THE INVESTORS' CHRONICLE"
20 BISHOPSGATE, LONDON, E.C.2.

the Tees is reduced to three furnaces. Ordinary mixed numbers are generally quoted at 70s. for early delivery and 70s. 6d. over a few months, but slight concessions would be granted for suitable business. In the manufactured departments no further new orders of importance are reported, but it is understood that some work is being kept back in anticipation of a reduction in prices at the meeting of the British Steel Makers' Association in London on Wednesday, January 14. Ore continues practically an idle market, and the nominal price for best rubio for early delivery is 16s. c.i.f., although it is stated that an odd prompt cargo has been sold at less, under special circumstances. The rate of freight Bilbao/Middlesbrough for early loading is about 5s. Coke is offering at 17s. delivered works for good furnace qualities, but there is only a poor demand, and this price might be shaded. There are now only 23 furnaces in blast in the district, one producing hematite having gone out at Consett works.

Our Sheffield correspondent writes:—The recovery of industrial activity after the stoppage makes slow progress, but there is some increase in the production of open-hearth steel. Prices of hard basic open-hearth billets have been reduced this month by 10s. per ton. The quotation for soft billets remains as before. Production of steel ingots and castings in the Sheffield area last year amounted to 968,200 tons, compared with 1,217,000 tons in 1929. The Lincolnshire steel works continue at the previous low standard of production. Business continues quiet for the time of the year in tools, cutlery and various products of steel. Special alloy steels command a fair amount of attention.

Our Glasgow correspondent writes:—Business in iron and steel remains somewhat quiet, not all plants having yet resumed operations after the New Year holidays. There is not a great amount of work on hand, but steelmakers, as well as manufacturing firms, report an increased number of inquiries, some of which involve a considerable tonnage. Trade in semis remains quiet but is showing an upward tendency. In the sheet trade, export demand for both black and galvanised is poor, and a number of mills are idle. The situation at the moment is practically the same as at the close of the year, but the amount of work on the market for which tenders are invited has given rise to a more hopeful feeling as regards the immediate future.

Our Cardiff correspondent writes:—Conditions in the iron and steel trades continue very depressed, and this week there has been a further decline in the prices of tinplates. Quotations have receded to 15s. 6s.—15s. 9d. per basis box, and some manufacturers are preferring to keep their mills idle than accept business at the prices offering. A general stoppage of the blast furnaces, steel works, and tinplate and sheet mills is threatened unless the stoppage in the coalfield is brought to an early termination. Local steel bars are unchanged at £5 per ton and foreign bars at £4 5s. per ton, but tin has again eased off, and this week's quotations have ruled between £113 12s. 6d. and £115 per ton. Shipments last week were again considerably below the average, and for the whole year they are down nearly 83,000 tons, or over 19 per cent., compared with those in 1929.

OTHER METALS.

TIN.—The market displayed weak features, with considerable irregularity at times. Occasional spells of buying led to some recovery, but subsequent selling pressure combined with lower Eastern cables resulted in a downward movement. Standard cash changed hands at £114 15s.—£113; three months, £116 15s.—£114 10s. Sales in the East were reported at £120 to £118 5s., £120 5s. and £118 per ton c.i.f. terms.

COPPER.—Market active and values responded, inquiries embracing all positions, though a further reduction in the Exporters' Association price and some selling pressure imparted slight irregularity. Standard cash sold at £44 11s. 3d.—£44 7s. 6d. and £44 12s. 6d.; and three months £44 5s. to £45 2s. 6d. and £44 8s. 9d. per ton.

LEAD.—In fairly good support but prices easier on realisations. Good soft foreign pig, January, sold £14 17s. 6d. to £14 1s. 3d.; February, £14 3s. 9d. to £14; March, £14 3s. 9d. to £14; April, £14 17s. 6d. to £14 1s. 3d. per ton.

SPELTER opened steady but later eased on selling pressure, offerings being moderately absorbed. January sold £13 5s. to £12 12s. 6d. and £12 13s. 9d.; February, £13 6s. 3d. to £12 13s. 9d.; March, £12 18s. 9d.; April, £13 12s. 6d. to £13; May, £13 10s. to £13 5s. per ton.

ALUMINIUM maintained. Home trade, also export, £85 per ton.

ANTIMONY fully steady and offers reservedly made in face of improved inquiries. English regulus, £38 to £45; Chinese regulus, spot £26 10s.; January-February, sellers £25; Chinese crude, January-February, £15 5s. per ton c.i.f. terms.

ANTIMONY OXIDE.—January-February, £25 10s. per ton c.i.f.

ANTIMONY ORE, 60 per cent. January-February, 3s. 2d.; 50 per cent. ditto, 2s. 9d. per unit c.i.f.

WOLFRAM steadier on reserved offerings. Chinese, January-February, sellers 13s. 6d. to 14s. per unit c.i.f.

QUICKSILVER firm. Spot £12 11s. 6d. net, or £22 5s., less 3 per cent., per bottle.

TIN PLATES steady with moderate sales. I.C. coke, prompt and forward, 15s. 9d. per box f.o.b. Swansea.

DISTRICT BANK

LIMITED



Established 1829.

Subscribed Capital £9,796,000	Paid-up Capital £2,212,000
Reserve Fund £2,000,000	Deposits £52,443,952
Total Assets £58,118,761	
31st December, 1930	

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Spring Gardens, MANCHESTER

LONDON OFFICES: 75 Cornhill, E.C.3

West End Branch: 46 Old Bond St., W.1

LIVERPOOL OFFICE: 3 Water Street

FOREIGN DEPARTMENT:

13 Spring Gardens, Manchester

2 Castle Street, Liverpool

76 Cornhill, London, E.C.3

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13 Spring Gardens, Manchester

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TEXTILES.

THE COTTON TRADE.—Liverpool, January 14th. Prices have moved within a very narrow compass during the week, and operations have been very small, hedge selling being mainly absorbed by the Farm Board. Consumption figures in U.S.A. for December are 406,000 bales, compared with 415,000 bales last month and 454,000 for December, 1929, the daily rate being 900 bales less than for November last. Spot sales for the week 8th to 14th (inclusive) are 25,000 bales, of which 14,790 bales are American, 850 Brazilian, 250 Argentine, 4,500 Peruvian, 1,650 Egyptian, 620 African, 1,160 East Indian, and 1,180 sundries. Imports for the same period are 46,296 bales, of which 23,673 are American, 508 Brazil, 876 Peruvian, 10,555 Egyptian, 2,030 African, 216 East Indian, and 8,438 sundries. Quotations to-day are: American middling, 5-32; Egyptian Sakel, 7-60; Egyptian uppers, 6-20; Brazil fair, 5-54; Peru G.F. smooth, 5-84; West African mid., 5-39; East African G.F., 6-44.

Manchester, January 14th. Trade in the market during the week has been overshadowed by the labour dispute, although many people have treated the situation with a good deal of complacency, there being belief that the threatened general lockout for next Monday will be averted. When negotiations have taken place between buyers and sellers the question of delivery has been an important factor. Our customers have not been disposed to concede a strike clause in contracts. News from India remains disappointing, and only scattered sales have occurred in piece-goods. Not more than a retail business has been done for China, chiefly in fancies. A little more inquiry has been about for Egypt and the Near East, and some printing cloths have been sold for South America. Certain buyers have displayed more interest in stock lots. There has been very little life in home trade fabrics. American yarns have moved off slowly, business being largely confined to odd lots for quick delivery. Restricted operations have also occurred in Egyptian spinnings.

Statement of the Cotton Trade.

	1930.		1931.		Corresponding Date.	
	Dec. 22.	Dec. 31.	Jan. 7.	Jan. 14.	1929.	1930.
Raw Cotton —Mid. American..... per lb.	5-36	5-34	5-39	5-39	10 69	9 56
Sakel-Bardle Fully Good Fair..... per lb.	7-95	7-70	7-80	8-10	19 20	14 45
Yarns —32's twist..... per lb.	9 1	9 1	9 1	9 1	15 1	15 1
40's twist..... per lb.	9 1	9 1	9 1	9 1	15 1	15 1
60's twist (Egyptian)..... per lb.	16 1	16 1	16 1	16 1	28 1	23 1
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
18 0	17 10	17 10	17 10	17 10	26 3	23 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 3	20 0	20 0	20 0	28 6	26 6
11 4	11 2	11 2	11 2	11 2	15 6	14 4
39-in. ditto, 37 yds., 16 by 15, 32's and 40's	10 3	10 1	10 1	10 1	14 0	13 0

THE WOOL TRADE.—Our Bradford correspondent writes: The first series of London sales for this year will commence next Tuesday, and according to present arrangements will continue till February 11. As there is an offering of 171,500 bales, including 54,850 bales of New Zealand, and generous offerings of New South Wales, Queensland and Victorian wools, it is quite likely that every section of buyers will have no difficulty whatever in satisfying all their requirements without forcing the pace in the slightest degree. The period which has elapsed since the December series has been extremely disappointing, notwithstanding the mild optimism with which the opening of the new year was greeted. Demand for tops, yarns and piece-goods has signally failed to give any encouragement to the raw material end. Any advantage which may be given in transferring wool from Australia to this country as a result of the higher exchange rates is lost immediately in the depressing effect upon prices for the raw material here, and there is every probability of a decline of 5 to 10 per cent. when the London sales open. That this decline will have already been discounted in the market value of tops will unfortunately not make the news any more palatable to the industry as a whole. Instead of definite recovery in prices which was expected to come by virtue of the reasonable level which had already been reached, the trade seems to be in for another period of disappointment. Manufacturing conditions are extremely disappointing. There is an increase of standing spindles and looms, neither dress goods manufacturers nor firms making men's wear goods being able to maintain their recent standard of employment. This is reacting upon spinners, and topmakers are suffering accordingly. In the absence of expanding consumption, there is no real confidence in extensive speculative buying of the raw material so far as importers and users in this district are concerned.

THE HEMP TRADE.—The market for Manila grades has been steady with buyers more in evidence. Sales include: K grade, January, £19 15s.; January-March, £19 10s.; February-April, £19 10s.; L.2, January-March, £18 10s.; M.1, January-March, £18 10s. African sisal, afloat, sellers £16 10s.; March-May,

buyers, £16 10s. c.i.f. According to a cable, last week's receipts amounted to 24,000 bales, against 24,000 last year and 22,000 in 1929. Next week's receipts have been estimated at 21,000 bales and at 26,000 for the following week. Manila shipments last week totalled 15,000 bales, of which 4,000 have been consigned to the United Kingdom, 5,000 to the Continent, 1,000 to the United States, 4,000 to Japan and 1,000 to other countries. Local consumption at 1,000 bales leaves stocks at 109,000.

THE JUTE TRADE.—Although operators have shown more interest in raw jute at the lower prices, the market continues quiet and European spinners operate sparingly. Quotations: Firsts, January-February, Continent, buyers £15; February-March, quoted £15 2s. 6d.; March-April, £15 5s.; April-May, £15 7s. 6d. Lightnings, January-February, £14 2s. 6d.; Hearts, £12 17s. 6d.; Daisee, £14; and Tossa, £15 c.i.f.

THE FLAX AND LINEN TRADES.—There is little activity in the flax market and prices are more or less unchanged. Business in linen yarns and cloth continues quiet. It appears that Ulster now has 92,000 fewer flax spindles than before the war, that five Belfast mills have stopped or closed down, and that the remainder are now operating at only about 50 per cent. of normal working hours. Fortunately the wages dispute in Northern Ireland was settled on Tuesday. Agreement has been reached on the basis of a 10 per cent. wage reduction as against a 20 per cent. cut proposed by the employers.

THE RAYON TRADE.—Although the demand for rayon piece-goods has shown some improvement, trade is still on a limited scale and orders are usually for small quantities. Business in the home trade is mainly confined to high-class fabrics and furnishing cloths. Overseas orders are few in number, and trade with India and China shows no signs of an early expansion. Some important sales to Canada have, however, been reported, and it appears that Argentina is taking a little more interest. The demand for acetate has been rather better than that for viscose, the production of which is still in excess of current requirements. Meanwhile it is interesting to note that the American Viscose Company have again reduced their yarn prices, 150 denier 40 filament now being quoted as a standard yarn at 75 cents per lb.

FOOD.

THE GRAIN MARKET.—The continued spell of wintry conditions experienced over the United Kingdom will prove beneficial in hardening the young wheat plant, and cereal crops generally present a healthy appearance. Official reports confirm the favourable condition of autumn sowings, but preliminary indications do not support expectations of an increased acreage under cultivation. Adverse climatic conditions have retarded threshings, so that only limited supplies of native wheat were forthcoming at the principal Statute markets. Trade, however, marked some improvement, and prices tend to harden in sympathy with the improvement in overseas varieties. On the import market, a good business resulted in Australian cargoes and parcels, exports being facilitated by a further weakening of exchange currency, and grain chartering from Commonwealth ports is now proceeding on active lines, as sellers were thus able to adjust prices on a competitive basis. The general tone of the market has remained steady under the influence of firm North American advices, but buyers are very reluctant to follow the upward trend. As a rule, millers were able to cover pressing requirements by purchases of Canadian and Russian on spot and near at hand at reasonable rates, and there appears no legitimate factor in the international situation to support a rise. The Argentine movement is not yet in full swing owing to the pressure to ship maize, but there is scarcely any doubt that this shipper will make a bold bid for European custom at the earliest opportunity, especially as weak exchange rates favours export sales. Meanwhile, Russian is still freely obtainable, and chartering continues steadily from the Black Sea ports. Of feeders, Plate maize declined sharply under selling pressure, and a declining rate of exchange, values touching a new low record level at 14s. 1½d. per quarter paid for passage parcels, with a steamer cargo at 15s., January-February shipment. Barley and oats dull and weaker.

WHEAT.—Steadier. No. 1 hard Manitoba, ex ship, 27s. 6d.-27s. 9d.; No. 1 Northern Manitoba, ex ship, 26s. 9d.-27s. 3d.; No. 2 ditto, 25s. 6d.-26s. 6d.; Barusso 63 lbs., 22s. 9d.; Rosafe, 63½ lbs., 22s. 6d.; Australian, 24s. 9d.; Russian on sample, ex ship, 19s.-23s. 6d.; landed, 20s. 6d.-22s. 6d. per 496 lbs. English, new, 5s. 6d.-5s. 8d. per 112 lbs.

FLOUR.—Quiet. London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 22s. 6d.-24s. 6d.; Buffalo, ditto, 22s. 6d.-24s. 6d.; Australian, 20s. 6d.-22s. 6d. ex store, per 280 lbs.

MAIZE.—Easier. Plate, landed, 16s. 9d.; ex ship, to arrive, 15s. 6d.; January-February, 15s. 9d.; February-March, 16s. per 480 lbs. Yellow maize meal, 25 15s. f.o.r. London. Yellow African, ex ship, 45 17s. 6d. per ton.

BARLEY.—Dull. Californian old, landed, 30s.-35s.; new, ex ship, 30s.-41s. as to sample; Chilian brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 14s. 9d.; ex ship, 14s. 3d.; Danubian, landed, 14s. 9d.; Persian, landed, 13s. 9d. per 400 lbs. English new malting, 6s. 3d.-12s. 6d.; feed, 5s.-5s. 9d. per 112 lbs.

OATS.—Easy. Plate, landed, 11s.; ex ship, 10s.; Chilian, tawny, landed, 13s. 6d.; best whites, ex ship, 18s. 6d.; landed, 19s. 6d.-20s. 6d.; Canadian feed, landed, 10s. 6d.; North Russian, landed, 12s. 6d.-13s. as to sample; South Russian, landed, 12s. 3d.-13s. per 320 lbs. English, new, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat	Cwts. 65,094	Cwts. 241,02	Cwts. 219,146	Cwts. 227,205
1 week to Jan. 10	2,352,444	4,888,248	5,089,680	4,541,135
19 weeks to Jan. 10				
Average price of English wheat per cwt.	s. d. 5 9	s. d. 9 7	s. d. 9 6	s. d. 9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 3, 1931	Cwts. 62,350	Cwts. 174,631	Cwts. 25,735	s. d. 5 11	s. d. 8 3	s. d. 5 10
Jan. 10, 1931	65,094	176,252	27,505	5 9	8 1	5 8
Jan. 8, 1927	178,693	263,379	45,730	11 11	10 10	8 2
Jan. 7, 1928	109,912	173,223	32,835	9 10	11 1	9 4
Jan. 12, 1929	219,146	332,244	67,210	9 6	10 1	9 1
Jan. 11, 1930	241,902	288,703	36,524	9 7	8 7	7 0

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2 1930	Jan. 15 1930	Dec. 31 1930	Jan. 2 1931	Jan. 7 1931	Jan. 14 1931
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	135½	51½	56½	58½	57½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	124	76½	79½	80½	82½

The visible supply of wheat in Canada at 62,830,000 bushels shows an increase on the week of 232,000 bushels. Supplies a year ago stood at 75,326,000 bushels.

SUGAR.—The market was again quiet and featureless. Only small sales transpired in spot parcels, prices for which remained unchanged. Apparently, trade buyers stocked themselves freely some little time back with sugar for December delivery. The Java Trust has disposed of 50,000 tons white and brown at an advance, 8½ and 7½ guilders respectively, ex go-down. Terminal market continued steady but at the same time very quiet. December delivery sold 6s. 5d. Foreign, 96 per cent. afloat, quoted 6s. 1½d. c.i.f. Cuban receipts last week, 15,225 tons against 17,410 in corresponding week last year, exports 16,998 against 35,317, stocks 661,868 against 147,805 same time last year. Total Java shipments last month, 183,070 tons against 196,000 in December, 1929, British India contributed 61,025 against 118,000, Japan, etc., 32,480 against 7,000, Hong-Kong/Canton 41,340 against 14,000,

The Royal Bank of Canada.

(Incorporated in Canada with Limited Liability.)

General Statement



29th November, 1930.

LIABILITIES.		ASSETS.	
Capital Stock Paid up...	\$ 35,000,000.00	Gold and Subsidiary Coin on hand ...	28,721.12
Reserve Fund ...	35,000,000.00	Dominion Notes on hand ...	37,939.28
Balance of Profits carried forward ...	4,106,778.29	Deposits in the Central Gold Reserves ...	5,000,000.00
		United States and other Foreign Currencies ...	18,694,369.42
Dividends Unclaimed ...	39,106,778.29		90,355,298.57
Dividend No. 173 (at 12% per annum), payable 1st December, 1930 ...	18,131.09	Notes of other Canadian Banks ...	3,393,697.59
Bonus of 2%, payable 1st December, 1930 ...	1,050,000.00	Cheques on other Banks ...	22,555,309.57
	700,000.00	Balances due by other Banks in Canada ...	2,544.53
	40,874,909.38	Balances due by Banks and Banking Correspondents elsewhere than in Canada ...	47,944,435.69
Deposits not bearing interest... ..	151,745,505.70	Domestic and Provincial Government Securities (not exceeding market value) ...	81,119,014.89
Deposits bearing interest, including interest accrued to date of Statement	543,843,554.37	Canadian Municipal Securities and British, Foreign and Colonial Public Securities other than Canadian (not exceeding market value) ...	18,764,127.89
		Railway and other Bonds, Debentures and Stocks (not exceeding market value) ...	12,674,516.79
Total Deposits	695,589,060.07	Call and Short (not exceeding thirty days) Loans in Canada on Bonds, Debentures and Stocks and other Securities of a sufficient marketable value to cover Call and Short (not exceeding thirty days) Loans elsewhere than in Canada on Bonds, Debentures and Stocks and other Securities of a sufficient marketable value to cover	57,985,224.11
Notes of the Bank in circulation	37,730,321.74		44,326,263.47
Advances under the Finance Act	10,000,000.00		379,120,433.10
Balances due to other Banks in Canada	1,155,670.35		
Balances due to Banks and Banking Correspondents elsewhere than in Canada	28,429,971.22		
Bills Payable	3,589,518.77		
Liabilities not included in the foregoing	246,353.34		
Letters of Credit Outstanding	775,742,775.49		
	38,299,506.90		
	\$889,917,191.77		\$889,917,191.77

NOTE.—The Royal Bank of Canada (France) has been incorporated under the laws of France to conduct the business of the Bank in Paris, and the assets and liabilities of The Royal Bank of Canada (France) are included in the above General Statement.

H. S. HOLT, President. C. E. NEILL, Vice-President and Managing Director. M. W. WILSON, General Manager.

TO THE SHAREHOLDERS, THE ROYAL BANK OF CANADA: AUDITORS' CERTIFICATE.

We have examined the above statement of Liabilities and Assets at 29th November, 1930, with the books and accounts of The Royal Bank of Canada at Head Office and with the certified returns from the branches. We have verified the cash and securities at Head Office at the close of The Bank's fiscal year, and during the year we counted the cash and examined the securities at several of the important branches. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank, which have come under our notice, have been within the powers of the Bank. The above statement is in our opinion properly drawn up so as to disclose the true condition of the Bank as at 29th November, 1930, and it is as shown by the books of the Bank.

W. GARTH THOMSON, C.A., of Peat, Marwick, Mitchell & Co., Auditors. A. B. BRODIE, C.A., of Price, Waterhouse, & Co.

PROFIT AND LOSS ACCOUNT.	
Balance of Profit and Loss Account, 30th November, 1929	\$3,574,151.10
Profits for the year, after deducting charges of management, accrued interest on deposits, full provision for all bad and doubtful debts and rebate of interest on unmatured bills	6,572,627.19
	\$10,146,778.29
APPROPRIATED AS FOLLOWS:	
Dividend No. 170, 171, 172 and 173 at 12% per annum	4,209,000.00
Bonus of 2% to Shareholders	766,000.00
Contribution to Officers' Pension Fund	206,000.00
Contribution for Bank Premises	409,500.00
Provision for Dominion Government Taxes, including Tax on Bank Note Circulation	540,000.00
Balance of Profit and Loss carried forward	4,106,778.29
	\$10,146,778.29

H. S. HOLT, President. C. E. NEILL, Vice-President and Managing Director. M. W. WILSON, General Manager.
 Montreal, 26th December, 1930.
 R. B. McEwen, Manager. BANK BUILDINGS, PRINCES STREET, E.C.2.
 WEST END BRANCH: Cockspur Street, S.W.1. J. A. Noonan, Manager.

toll upon the market's supplies of funds, but revenue now being collected is used partly to pay off Treasury bills, so that the money is rapidly returned to the market. For example, this week only £29,000,000 of new Treasury bills are being issued, against £40,000,000 of maturities; and next week issues will be £30,000,000, against £45,000,000 of maturities.

Early this week, the market discount rates rose to 2½ per cent. for three months' bills, as a result of the heavy gold shipments to France, discussed below. On Wednesday, when no gold shipments were made, the rate eased slightly to 2½ per cent., and the following day 2½ per cent. was quoted in earlier dealings, but subsequently, when news of a large shipment to France became known, a recovery to 2½ took place; and it was hoped that it might be possible to raise Friday's Treasury bill rate to what the market would consider to be a more reasonable level.

	Jan. 1, 1931.	Jan. 8, 1931.	Jan. 15, 1931.	Jan. 22, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	1½ (May 1, '30)
Discount of Call	1	1	1	1	1½ (May 1, '30)
Houses' Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

Contrary to expectation, the Banque de France found it possible to bring into force its decision to accept standard gold as from so early a date as January 16th. The immediate consequences of this change—which put an end both to the London premium upon fine gold and to the physical limitation of £300,000 a day upon gold withdrawals from the Bank of England—were that the Paris exchange rose to its former gold point of Frs. 123.89, and that heavy withdrawals of gold, amounting in the succeeding four days to £3,454,000, were made on Paris account from the Bank of England. On Wednesday of this week, the shipments suddenly ceased, but £402,257 was withdrawn the following day. In fact, sterling is still very weak against the franc, and it is known that the Cape gold due on January 27th has already been bought on French account, while it is believed that the £1,074,000 due on February 3rd will be bought largely for France. Furthermore, recurrent large gold withdrawals from the Bank at any rate during the next few weeks will not cause any surprise.

The other source of anxiety to the money market is the continued weakness of sterling against the dollar. It is becoming clear that the American financial difficulties are having the same effect on the international flow of money as those of France, in that American money, just like French money, is being called in from abroad. Much of this American money is being withdrawn through London from the Continent, and this explains not only the weakness of sterling against the dollar, but also the improvement, from London's point of view, in the German and Swiss exchanges. The trouble is that the low level of money rates in London and New York means that the export gold point is now ½ cent or so above \$1.85, and this week the exchange has been practically down to that level. It is known, however, that the American authorities are anxious that gold should not come to New York from London, and it is conceivable that banks would refrain from shipping gold, if the profit so obtained were only trivial, though it would be unwise to rely on official support being given to sterling.

Thus, though the past week has seen a fractional increase in market rates, it is questionable whether their present level adequately meets the real needs of the situation, which requires that London rates should be above those of Paris if the drain is to be checked. Meanwhile the week's gold movements have re-

duced the Bank of England's gold holdings by £2.3 millions to £142.9 millions. So far, this movement has been more than balanced by a return of a further £3.5 millions of notes from circulation, with the result that the Reserve is £1.2 million higher than in the previous week. Public deposits are practically unchanged, which suggests that the Treasury bill call, the War Loan redemption, tax collection, and Treasury bill repayments, all cancelled each other out. The increase of £2.6 millions in discounts and advances is easily explained by the small market borrowings of January 15th. The net result of these changes, and also of a reduction of £2.8 millions in Government securities—possibly representing Treasury bill repayments—is that market resources, as measured by bankers' deposits, have risen by £4.1 millions to the very adequate level of £68.8 millions.

In New York money remains very easy. About 1½ per cent. is still the prevailing call rate, and prime commercial paper is quoted at 2½ per cent. More significant still, a further reduction in the buying rate for bankers' acceptances has brought this rate to a new record low level, and in the open market bankers' acceptances are now quoted at 1½ per cent. for three months, and at 1½ per cent. for six months. The complete trade returns for 1930 have been published. Exports are \$3,841 millions against \$5,241 millions in 1929, and imports \$3,061 millions against \$4,399 millions in 1929. Gold movements during the year comprised imports of \$396 millions and exports of \$116 millions, or a net importation of \$280 millions. In the middle of the week some vague talk was heard of an impending reduction in the New York rediscount rate with the object of diverting short money into long-term loans, and so facilitating the issue of home and foreign bonds. Too much importance should not be attached to this at present.

Following the lead given by the Banque de France, the Swiss National Bank on Thursday announced that its rate was reduced to 2 per cent. This change, which may influence in turn the policy of the Netherlands Bank, is fresh evidence that the phase of general cheap money is by no means passing away. Coupled with the recent decision of the Swiss National Bank to admit for rediscount bills financing trade between two foreign countries, a 2 per cent. Bank rate in Switzerland should result in the Swiss franc moving further in favour of sterling.

The Foreign Exchange market was inactive this week, sterling being very weak at one time against the dollar. Several currencies were irregular, with the tendency in the main against us. The New York rate was ½ lower on balance after being at one time down to 4.85½, or below the estimated gold point. Montreal improved to 4.86½. Paris lost 6 points at 123.89. Brussels was better at 32.83½, and Milan gained a point at 92.73. Madrid was irregular but improved to 46.00 after touching 47.40. Amsterdam lost ½ at 12.06½. Berlin was erratic, and after touching 20.44½ gained a point on balance at 20.41½. Switzerland again weakened this week to 25.08½. Stockholm, after touching 18.12½, gained ½ on balance at 18.13½, and Copenhagen was better by the same margin at 18.16½. The South American exchanges displayed divergent tendencies. Rio lost ½ d., at 4½ d., Buenos Aires gained ½ d. at 34½ d., while Montevideo lost ½ d. at 32½ d. In the Far East the rupee and yen remained unchanged, but Batavia gained a point at 12.06. In the forward market dollars were firmer at ½ cent and ¾ cent premium. Paris went from one centime discount for both periods to 1½ and 3 centimes premium. Brussels and Milan were unchanged. Madrid was harder at 3 and 9 centimos premium, against 1½ and 6 centimos last week. The premium on forward Amsterdam advanced to ¾ cent and 1½ cents for one and three months respectively. Berlin was unchanged. Silver prices fluctuated a good deal, but were better at 14d. for cost and 13½ d. for forward. The Chinese silver exchanges improved in sympathy, Hong-kong gaining ½ d. at 11½ d. and Shanghai ½ d. at 1s. 3½ d.

THE CONFERENCE AND THE FUTURE.

HAVING reached the limits of agreement immediately attainable, the Round Table Conference has adjourned. We use the word "adjourned" deliberately and with emphasis, for though the progress which the Conference has made in clearing the ground and laying the foundations whereon to build a constitutional structure is greater by far than India's best friends in this country dared hope for three months ago, much patient work remains to be done; and it would be regrettable if the fact that the Conference had in the nature of things to be brought to a close should create an impression of discontinuity in negotiations so full of promise, but so dependent for their full fruition on steady pursuit of the objectives at which, it is now agreed, Great Britain and India in concert shall aim.

The declaration of policy with which Mr MacDonald, on behalf of His Majesty's Government, rounded off the proceedings of the final plenary session on Monday followed closely the lines already marked out by the agreed findings of the Conference's main sub-committees and assured, in advance, of the unqualified support of the Liberal Party's delegates and the tempered sympathy at least, though with some reservations, of the Conservatives. The Government, the Prime Minister announced, accepted the view that responsibility for the government of India should be placed upon Legislatures, central and provincial, "with such provisions as may be necessary to guarantee during a period of transition the observance of certain obligations and to meet other special circumstances; and also with such guarantees as are required by minorities to protect their political liberties and rights." The Governors' Provinces should be constituted on a basis of full responsibility; their Ministries should be taken from the Legislature and should be jointly responsible to it, subject to the over-riding authority of the central Government in subjects defined as of All-India concern; and there should be reserved to the Governor only the essential minimum of emergency powers. At the centre, on the basis (accepted by all parties) that the central Government should be a federation of All-India with a bi-cameral Legislature, the principle of the responsibility of the Executive to the Legislature should also be recognised. The subjects of defence and external affairs should be reserved at present to the Governor-General, in whom necessary powers must be vested to maintain in the last resort the tranquillity of the State and the constitutional rights of minorities; and the safeguards indicated by the Federal Structure Sub-Committee as desirable in the financial sphere should be incorporated in the constitution. It would, however, be "the primary concern of His Majesty's Government to see that the reserved powers are so framed and exercised as not to prejudice the advance of India through her new Constitution to full responsibility for her own government."

On this striking note one of the most remarkable assemblies of our time has closed. Though the Indian delegates had no very definite mandate from anybody, though the Government entered the Conference with no clear policy or even precise suggestions as to procedure, and though the Round Table was an attempt to deal in almost public meeting with a highly complex and in many respects technical subject matter covering a vast field, a striking corpus of negotiated agreement on fundamentals has crystallised in this declaration. We have set out its salient points at some length, because we believe they represent the broad principles of a policy which should satisfy every legitimate aspiration of India on the one hand, and from which, on the other hand, there can be no retreat. We do not seek to belittle, or to doubt the sincerity of the appreciable body of Conservative opinion in this country which views with some apprehension this vast experiment in self-government. For our own part we have frankly admitted to misgivings lest the introduction of western democracy's constitutional machinery "ready made" in a

sub-continent of 300 million people of widely different races, religions and stages of culture may raise grave problems. But, as we have said and would emphasise again, this is no question of Britain "surrendering to extremist pressure." The proceedings of the Round Table Conference have awakened people in this country to the dominating fact that, with whatever transitional safeguards you please, real responsibility in the Central Government, as in the Provinces, is demanded by all shades of "moderate" Indian opinion, without distinction of race, faith or caste, and is also supported by the rulers of the States. It is a demand which the great majority of British citizens both in this country and in the Commonwealth as a whole are disposed to recognise as just in principle. We have no interests, moral or material, in India which would warrantably lead us to contemplate, as an alternative to co-operating in the realisation of that demand, the intolerable prospect of repression and revolution which refusal of it would inevitably entail. With all respect to Mr Churchill, who has suggested that "It is not yet too late," the key to Indian government is still in our hands," we venture to assert that there can be no going back. This country has heard the case stated in the capital of the Empire by India's spokesmen, and the opinion of the country has conceded the essential principles for which they asked. The rest is for the lawyer or the expert. The Indian Empire is ended, the day of the Indian Federated Commonwealth has begun. It is useless for Mr Churchill to moan for the past.

On the other side of the picture, we join with every true friend of India in the earnest hope that the Congress leaders will have the patriotism, the courage and the wisdom to admit that, though they were not parties to the Conference, the Indian Delegation has returned—in terms of Congress politics—not defeated nor "bought over," but victorious, having obtained the free and willing verdict of this country in their favour. It would doubtless be easy by incendiary propaganda to whip up baseless suspicions of British good faith in the matter of the reserved subjects and emergency powers; but we find it difficult to believe that any Indian of intelligence could object, in a transitional period, to vesting in the titular head of the State powers analogous to those which a great western nation like Germany has entrusted, with generally admitted advantage, to its President. Moreover, apart from the fact that every violent manifestation of intransigence in India is bound to strengthen the reactionary minority of opinion in this country, and so hamper the establishment of the new constitution, we trust that Congress will take to heart the tremendous factor that, if the agreed principles laid down by the Round Table Conference represent, in the matter of safeguards, less than the maximum demands of Swaraj, they embody in another direction more than Congress itself dared hope for—the immediate realisation of an All-India embracing Provinces and States from the Himalayas to Cape Comorin.

It would be idle to ignore the fact that just as in this country there are those to whom the vision of such a State, freed from British tutelage, appears as a perilous mirage fraught with dangers of confusion and anarchy, so in India there are subversive elements at work whose plans would be ill-suited by the establishment of a Federal Legislature strengthened by the adhesion of the Princes. For this very reason, and because the formation of such a Federal structure will alone suffice to allay apprehensions in Conservative quarters in Great Britain, we trust that further negotiations will be vigorously pursued. Mr MacDonald, ably supported by Lord Sankey, has displayed at the Conference great qualities of tact and understanding. We hope that he will lose no time in strengthening the forces of moderation by defining with more precision the steps which he proposes to take to fill in the details of the structure which is to rise on the

Conference's ground plan. We are glad to note in his broadcast address on Tuesday the statement that "work is to be begun at once" on the findings and the unsolved questions of the Conference; and it would be natural and appropriate that the Prime Minister should desire to have an opportunity of conferring with Lord Willingdon before finally settling the machinery for further negotiation. But, as Mr Lloyd George wisely emphasised in his speech to the Indian delegates at a dinner on Tuesday, if the present opportunity for an agreed solution of the constitutional problem of India be lost, through "failure to keep step" in coming months, it will not readily recur.

The precise nature of the Federal structure, the definition of Federal subjects (with the associated question of the scope of authority not ceded by the Princes), the franchise, the details of the financial safeguards—all these are matters demanding an immense amount of careful thought and labour. If a solid, workable constitution is to emerge from the draftsmen's hands, it is of the highest importance that the necessary committees and expert bodies should get to work before the atmosphere of good will and mutual confidence engendered during the past two months has been dissipated by delays, and by the distance that separates Westminster from Delhi. The still unresolved communal problem is a difficulty? True, but it is a difficulty more likely to be settled in detailed drafting negotiations than by waiting for India to settle her differences *in vacuo*. The paramount consideration to-day is that every effort should be made by rapid action on the Government's part in getting consequential machinery at work without interruption, to convince India that we are determined to place no obstacle in the way of her attaining, with all the speed whereof she is capable, the constitution she demands, and that the realisation of the dignity of status to which she aspires depends solely on the use to which she puts the tremendous responsibility entrusted to her hands—not grudgingly, but freely of sincere goodwill.

THE CHOICE BEFORE EUROPE.

THE Council of the League of Nations is holding this week at Geneva one of the most important sessions in its history. Two main problems, on the solution of which the fate of Europe may hang, are being discussed by the Council and by two special League Commissions. The first is the problem of closer political and economic co-operation between the States of Europe on lines adumbrated by M. Briand; the second the ways and means of reaching international agreement on the restriction of armaments. A letter in this week's issue from a League correspondent indicates the great difficulties that lie in the way of progress with either project. The obstacles are many and various, but all and each of them owe their existence to one cause—fear. We cannot disarm, say some nations, because we have no security. What is the use, ask others, of this talk of political and economic co-operation, so long as European territories bristle with armed camps, the European sky is darkened by bombing aeroplanes, and while talk of war is on the lips of apprehensive citizens of many nations?

Yet the most profound truth of all is that security and confidence will come, and the psychology of fear be banished, when and only when the nations have found a way to co-operate through moral and economic as well as military disarmament. To say that we cannot agree to disarm or to co-operate until we have security, is just about as sensible as the attitude of the small boy who said that he could not bear to go to school until he got used to it. A plain choice lies before European nations to-day. They must either find some method of drawing closer together, instead of drawing further apart, in military, political and economic policy—or else they must think of the future, and plan for the future, in terms of preparation for the next great war. If anyone be inclined to regard these phrases as those of alarmist exaggeration, let him turn to the resolution passed at Geneva on Wednesday by the members of the Committee on European Federation, all of them Foreign Ministers in their

respective Governments. Hehe is the opening paragraph:—

As the result of our discussions and conversations during the last few days concerning the problems which our Governments have respectively to face, it has become plain that economic recovery is now being hindered by lack of confidence in the course of future events, due to widespread political anxiety. That anxiety has been increased by irresponsible talk in various quarters concerning the possibility of international war.

Those who are familiar with official phraseology will realise that in these words lies a very formidable and striking recognition of a dangerous situation, to meet which the Foreign Ministers announce their determination to "use the machinery of the League to prevent any resort to violence." Foreign Ministers customarily deal in soothing words. When, as here, they unite to give us a picture of a Europe talking of war, it is time for the world to listen with all its attention.

The warning of the Ministers, particularly in its bearing on the economic aspects of Europe's dangerous situation, was heavily underlined by M. Colijn, who gave it as his deliberate opinion that, nearly four years after the World Economic Conference had unanimously called for a halt in tariff rivalry, the present situation is worse than in 1927. Here are some points from M. Colijn's speech:—

Recent conferences had shown that, with one possible exception, the Governments did not find themselves able to enter into collective tariff negotiations.

The conference on the treatment of foreigners had been a failure.

In consequence, people in a good many countries had lost all faith in the economic work of the League.

The opposition to narrow economic nationalism was weakening.

Sooner or later Free Trade countries would no longer be able to resist the forces of Protection, and the removal of their moderating influence would leave the way open to a general tariff war.

The menace of a tariff war constituted a grave obstacle to a closer understanding between nations.

That is the deliberate diagnosis, not of a pessimist, a dreamer, or a distant observer, but of a man who, after being Prime Minister of Holland, has devoted enthusiastic energies to forwarding the successive practical attempts by the League to promote sanity in international economic policy. Unfortunately, it is difficult to quarrel seriously with his conclusions, and we are left to face the question whether there is any way out of this economic warfare, which, if it continues, must be a main factor in perpetuating the public psychology of fear and insecurity, and can only lead Europe ultimately into the paths of open and destructive conflict.

Is there any light anywhere? Is there any new sign or omen which suggests the possibility of a new avenue of approach by which national economic policies may be brought nearer to harmony? We think that there are some gleams of light on the dark horizon. One comes from an unlikely quarter, namely, the Balkans, which has grievously earned its reputation as the danger spot of Europe. At successive conferences at Athens, Warsaw, Bucharest and Sinaia the seeds have been sown of closer economic liaison between the States of Eastern Europe. Another gleam comes from just that quarter of Europe from which it might have been expected—from Scandinavia and the "Low Countries," which differ from other Continental States in that they are not in the least contemplating the possibility of fighting each other or anyone else, and, moreover—partly, no doubt, for that very reason—have always adhered to a low tariff policy and eschewed the temptations of narrow economic nationalism. Just before Christmas, Norway, Sweden, Denmark, Holland and Belgium signed an agreement at Oslo, undertaking to make no alteration in their Customs tariffs henceforward without giving due notice to their co-partners in the agreement. The text of this convention is not yet available in London, and fuller judgment must await its publication. But we do suggest here and now that this move has a peculiar significance which should not be overlooked by the British Government.

Europe, says M. Colijn, is "going from bad to worse" in the matter of tariff warfare. Here, on the other hand, is a group of five European countries, with

an aggregate commerce of over £1,150 millions, or 9 per cent. of the world's international trade, concerting between themselves measures for stabilising their tariffs on a level which is very low compared with the Continental average—treading in fact the very road on to which Britain has long been trying to lead the other nations. Does this not provide a conspicuous opportunity for Britain to throw the whole weight of the influence which she still wields as the greatest international trader and the protagonist of Free Trade, into the scale of fiscal sanity? Many difficulties may yet beset this new international agreement. But its initiation is promising and most timely at a moment when the rest of Europe is threatening to move the other way. We profoundly hope that our Government is alive to its importance, and is prepared to lend to it all the encouragement in its power. From the British point of view it should be an axiom of our policy to show the utmost willingness to co-operate with any nation or group of nations which sets out to check the mad race in the building of tariff walls; from the broader standpoint of general European interests, it is by that policy alone that we may most helpfully use our influence towards restoring that degree of economic understanding and common sense which must be a condition of Europe's success in the hard struggle to regain security, peace and prosperity.

BANKERS AND MONETARY POLICY.

It is natural that the bankers' speeches this year should be mainly concerned with the present world-wide trade depression. As to the causes of that depression and, in particular, how far monetary influences are responsible for it, and how far it is curable by monetary policy or by means at the disposal of central banks, the opinions of leaders of economic thought in all countries have differed widely. Indeed, since by common consent the responsibility cannot be ascribed entirely to any single factor, what tends naturally to distinguish one diagnosis from another is the relative weight attached to the various elements in a complex aggregate of causes. Hence readers of the addresses delivered this week by the chairmen of Barclays and the Midland banks need not be surprised that the views put forward by these two distinguished bankers were by no means wholly in agreement.

Mr Goodenough thinks that "monetary influences have played a much smaller part in bringing about the trade depression than is sometimes thought." He emphasises the lack of flexibility of wages and retail prices as an important factor in the domestic situation, and stresses in the international field the lack of balance between industrial and agricultural production, quoting figures to show that while the world's population has increased since 1913 by 10 per cent., production of food-stuffs has risen by 16 per cent., and that of raw materials by 40 per cent. This in itself does not prove over-production; for the world might well have been able to absorb such increases, especially if they had come about as a result of a rising demand from the more backward nations. But when it is considered, firstly, that a very large part of the increases has occurred in the last two or three years, and secondly, that they have been fostered by the various attempts to interfere with the national play of supply and demand—in fixing prices, fostering production at comparatively high costs behind tariff walls, maintaining prices by holding back supplies and thus accumulating redundant stocks—Mr Goodenough is right in regarding temporary "over-production" at least of primary products as a formidable influence at the moment in producing depression.

Nor does this list exhaust the factors which are not of a purely monetary nature, or at least not connected directly with central banking policy. Mr McKenna, in his very interesting analysis of the situation, gave as the three main causes of the economic troubles of the world first, the maldistribution of gold; secondly, the fact that the public has not yet recovered from the reaction from the American stock market collapse; and thirdly, the effects, still operative, of the long anterior period of deflation in Great

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Britain. But though maldistribution of gold takes first place in this analysis, Mr McKenna emphasised the fact that an essential cause of that maldistribution was to be found in the inability or unwillingness of creditor countries to lend to debtor countries. Dealing with the complication in economic troubles resulting from the drift of gold to France and America—a complication which Mr Goodenough likewise recognises—Mr McKenna admitted freely that neither of these countries has any desire to increase its gold stock. Nevertheless, "a creditor country must either make new external loans or accept gold in payment of the final balance. . . . America has shown less readiness to lend abroad than in former years, and France as a source of capital has been almost entirely closed to the foreign borrower." Moreover, the influx of gold has not created in either country a demand for the goods of other countries or set on foot influences that would restore the balance of payments. Both countries have obstructed imports by tariffs and neither country has yet recognised fully that, given a consistent credit balance of trade, failing imports of goods, there must be export of capital.

Here politics play a prominent rôle. The preceding article discusses the feeling of general insecurity prevalent in Europe, which is, of course, a formidable obstruction to international financial operations; but apart from political considerations, the fact is that at the moment it is very difficult to know who is a good borrower. As a correspondent recently pointed out, Frenchmen have lost their pre-war savings in Russia; they have lost their home savings through the depreciation of the franc, they have lost on their U.S.A. investments of two years ago, the Young Loan has proved a bad bargain, and now their own stock market fall has driven them back to their traditional habits of hoarding. This "stocking" psychology accounts for the fact that a large increase of currency has occurred in France without any corresponding reactions on trade. We referred a fortnight ago to suggestions that have been made to encourage French foreign investments by setting up investment trusts or by quoting existing foreign securities on the Bourse; but banking circles in Paris are not in favour of the former, and the latter has been resisted through fear of affecting prejudicially the price of home securities. The Oustric affair and the noisy campaign conducted by M. Coty through his great popular organ, *L'Ami du Peuple*, are calculated to impede changes that will have the effect of facilitating France's foreign lending. The restoration of confidence, both political and economic, must precede any substantial change in this respect.

Similarly, in the United States, the aftermath of the collapse of the speculative boom in Wall Street has been what Mr McKenna termed "the psychology of fear," which has been so far an insuperable obstacle to enterprise taking advantage of cheap money provided by the banks; and an analogous "instance of the power of mass psychology to neutralise the efforts of monetary policy" was adduced by Mr McKenna in the growth since 1928 in the proportion of time deposits to total deposits in his own bank. Absence of confidence, he truly observed, led to savers continuing to withhold their funds from investment in commerce or industry, creating thus conditions of "under-consumption" which bankers were powerless to remedy.

Finally, there is a further cause contributory to the depression which these distinguished bankers might also have mentioned. In considering the fact that the inter-

national payments of France and the United States have not readjusted themselves as a result of gold movements, it is well to bear in mind that payments for which no goods or services are given in exchange are being made as a result of the debt settlements. As against a net annual outflow of £85 millions from Germany, the net excess of receipts over payments enjoyed by the United States amounts to £46½ millions, by France to £27 millions, and by Italy, Belgium, Yugoslavia and other creditor countries combined to £11½ millions, receipts and payments in the case of Great Britain approximately balancing.

When due weight is given to all the foregoing factors, we agree with Mr Goodenough that there is a danger lest the responsibility of central banks' monetary policy for the present depression be exaggerated. At the same time, reviewing the range and extent of the price decline since 1924, we find it difficult not to detect in the monetary policy of the leading countries a main cause of the downward drift. How much can be done in present circumstances by central banks to put matters right is another matter. Mr Goodenough replies "very little." He goes further, and is inclined to traverse critically the whole idea of central banking co-operation. He is afraid that there is danger of the gold standard becoming a matter of management and that the "substitution of co-operation for the automatic working of the standard might result in great difficulties." He fears that in emergencies central banks will consult their own and not the general interest; that the use of Bank rate leaves each people more free than if it is dependent upon "the theory of controlling prices through some arbitrary regulation of output or by the contraction and expansion of credit." International trade will never be healthy to the extent that "co-operation prevents the settlement of debt by natural means."

We find these misgivings of Mr Goodenough somewhat misplaced. As Sir Charles Addis remarked in his recent admirable address to the Institute of Bankers: "That central banks can and do exercise at any rate some influence on the course of prices cannot be gainsaid, and most people would agree that it is better that it should be used consciously and of set purpose rather than unconsciously and at haphazard." The problem of the proper exercise of that influence is by no means simple. Mr McKenna rightly pointed out that its complete solution is impossible for any single central bank; that the difficulties of monetary policy are essentially international and can be dealt with only by co-operation between central banks, and that the first essential must be a full recognition of the imperative need of "a steady general level of commodity prices." But though we may agree, for want of a better word, that "stabilisation" is the *desideratum*, many questions remain to be answered: For example at what level is it desired to stabilise prices, i.e., at the present, or a higher or lower level? Again, is there agreement among the nations that stability on any particular level is desirable, or are their interests believed by them to be conflicting? Moreover, as Mr McKenna truly observed, though central banks by keeping money plentiful and cheap can "preserve conditions favourable to recovery," they cannot control the use of money—its velocity of circulation and the direction of its employment whether for speculation, consumption or investment in capital goods.

But though "stabilisation" will in any case be difficult, we are by no means inclined to accept the view, that we should not endeavour to explore all possible steps in that direction. A further report from the League's Gold Delegation, whose publication is now awaited, may contribute something to our knowledge of what steps are considered practical and advantageous at the present juncture. We do not expect that the report will contain any revolutionary proposals, and, indeed, it is clear that until a much greater measure of co-operation between central banks has been achieved, and until there is greater unanimity of opinion as to both the effects and proper aims of monetary policy, the world is not yet in a position to control the monetary machine. But if we are to avoid the recurrence of the present economic *débâcle*, it is

urgently necessary that in coming years trade should not be handicapped, or the recovery of prices checked by disagreement as to the proper use of gold or by failure to allow adjustments to take place that will have the effect of correcting the balance of payments and ensuring the proper functioning of the gold standard. The first aim to-day of those responsible for monetary policy should be to secure timely agreement at least on desirable objectives.

BY-PRODUCTION IN INDUSTRY.

(BY A CORRESPONDENT.)

THE manufacturer who first turned his waste into a marketable product was the father of an industrial technique which has been responsible for the discovery of countless new products, for the growth of small undertakings into concerns with world-wide markets, and for tilting the profit-and-loss scale of many a company in the right direction. Elimination of waste is the key to prosperity. In a world in which profitable marketing rather than simple production is the governing factor, by-production may be vital to success. And since it is in periods of depression like the present that waste is most carefully overhauled, it is often in such periods that the greatest commercial discoveries are made.

Successful by-production means the discovery of some neglected opportunity in a business to turn space, power or material into cash. In the remunerative utilisation of raw material or in the application of a manufacturing principle or patent to an entirely new process, may lie the origin of a new industry. For example, at one time, the disposal of cotton-seed as waste was a great problem. To-day, the gross income from the cotton-seed industry is reckoned at over fifty million pounds a year; among the industries which depend on cotton-seed to a certain extent are the lard compound, the cattle-feed and the fertiliser industries; soap manufacturers also make use of cotton-seed; and a new product of cotton-seed hulls has been discovered recently in the form of a sugar called xylitol. Another new industry is expected to result from the experiments now being made with cornstalks. Millions of pounds of shavings and sawdust are ground into wood-flour which is used as a filler in a number of articles such as linoleum. Soap manufacturers are responsible for the establishment of the glycerine industry. Oils are extensively used in the manufacture of paint and varnishes; some of these oils are edible and thus the same raw material may serve both as a paint and a food ingredient. The portable electric storage battery resulted from Edison's being asked to find some means of preventing or decreasing the number of mining accidents. A man living in a part of Canada, where hard wood is the chief fuel, collects the ashes from wood-burning homes for miles around, and sells them to the gardening trade of the United States.

But though the discovery of a by-product may often be the making of a business or the saving of a failing firm, by-products may represent a most disturbing element in business; for what is one company's by-product is another company's main product. Moreover, since the material which now goes to make the by-product went formerly to waste, anything which it may realise may be considered pure gain; hence price is no object in selling. In marketing the by-product, the cost of production, overhead and other charges need not be considered and, to ensure sales, prices may be cut far below those possible to a company whose sole business is the manufacture of this particular article. For instance, the cornstalk production companies are going to prove a formidable competitor of the organised paper industry.

Nevertheless, with the growth of large-scale business, by-product or synthetic product development is nowadays almost inevitable. Thus we have nearly all the gramophone companies entering the wireless field; most car manufacturers now make a motor-boat engine, and many also manufacture aeroplane engines; while the Eastern Kodak Company's catalogue includes such items as cellulose, acetate, wood alcohol, lumber, wood preservatives, pitch, charcoal, acetate of lime for lacquers, etc. All these

chemical materials have sprung logically one by one from the film business. But Ford, perhaps, provides the most amazing example of the industrialisation of waste. The following facts and figures refer to the Detroit Ford factory but, with the new Dagenham factory outside London, many British firms may awake to find that a new source of competition has arisen in their midst. In America Ford uses a portion of his own by-products, but sells most of them to outside channels. He sells the gas he does not need to the city of Detroit. Chips, sawdust, shavings and other small particles of wood are turned into charcoal, and a variety of chemicals. The old pieces of glass left over after Ford car windows have been cut are converted into glass shelving, door push plates, etc. Large size coke being used in the Ford plants, the small pieces are sold for domestic use, while benzol, methyl and ethyl alcohol are made from garbage. Here are the amounts of Ford by-products turned out during 1928:—

Coal tar	(gallons)	13,552,394
Ammonium sulphate	(tons)	17,238
Motor benzol	(gallons)	13,661,595
Gas	(million cubic ft.)	16,845
Coke	(tons)	1,101,689
Charcoal briquets	(tons)	15,898
Hardwood pitch	(lbs.)	2,827,237
Wood alcohol	(gallons)	197,406
Calcium acetate	(tons)	853
Ethyl acetate	(gallons)	550,408
Portland cement	(barrels)	620,075
Slag	(tons)	283,210
Plate glass	(sq. feet)	14,155,507
Paper	(tons)	4,443
Pig iron	(gross tons)	304,191
Ingots	(gross tons)	321,476
Coal	(tons)	2,884,728

It is not to be supposed that the Dagenham factory, with its infinitely smaller car output, will equal these figures for its by-products; but the figures furnish a striking example of this new trend in industry, a trend that is developing rapidly until few large manufacturing undertakings exist which do not overlap the activities of another. The problems of competitive prices entailed by this element in industrial organisation are far-reaching and intricate.

THE BANK BALANCE SHEETS.

SUFFICIENT has been known for some time concerning the reactions of the trade depression upon the money market and the business of banking for the contents of this year's bank balance sheets to have been anticipated with a fair amount of accuracy. Bad trade and lack of confidence in the future, shared in various degrees by bankers and

industrialists alike, have forced the banks to write down in rigorous fashion their outstanding loans and deterred traders from seeking, and bankers from granting, fresh accommodation on the usual scale. Thus a substantial contraction in bank advances was expected; and, as the table at the foot of the page shows, the aggregate contraction that has actually occurred amounts to £62.0 millions, or 6.1 per cent. Lloyds Bank shows the largest proportionate fall with a drop of £16 millions.

Again, bad trade and depressed stock markets spell idle money as well as idle men and machinery; and notwithstanding the discouragement of low deposit rates, many individuals in times of uncertainty such as this prefer to leave their money "in the bank," rather than cast bread on the perilous waters of investment. Hence it was to be expected that deposits would be maintained at their level of last year, or even be increased, and here again anticipations are borne out by current results. Deposits in the aggregate have increased by £68.2 millions, or 3.6 per cent. The National Provincial accounts for £20½ millions out of this total.

The joint-stock banks' cash holdings also are changed only in a minor degree since a year ago. During 1930, the Bank of England's gold gains and losses practically cancelled out, and for this reason as well as because of the care taken by the Bank to maintain the nation's credit fund intact, no actual deflation occurred. Indeed, bankers' deposits in the Bank of England at the end of 1930 were £22.1 millions higher than at the end of 1929.

The ratio of cash to deposits has fallen owing to the increase of deposits, the ratio for the "Big Five" being 15.9 per cent., compared with 16.7 per cent. a year ago. The ratios, however, vary from 18 per cent. in the case of Barclays to 14.6 per cent. for the National Provincial. Similar differences in ratio have obtained in recent years.

As bank deposits are higher, and cash unchanged, while bank advances had fallen, it was arithmetically inevitable that the banks should have added during 1930 to their other principal earning assets, namely discounts and investments. And this again is just what has actually happened. Investments in the aggregate for all the banks included in the table have expanded by £42.5 millions, or 16.8 per cent., and discounts by £94.9 millions, or 44.3 per cent.

The fact that, *faute de mieux*, the banks have had to divert an abnormal proportion of their resources into discounts goes a long way to explain the contraction in bank earnings, both net and gross. Another, though allied consequence of the trade depression, and still more of the collapse of commodity prices, has been the reduction in the total value of commercial bills available in

	LIABILITIES.						ASSETS.									
	Capital and Reserves.		Deposits.		Acceptances.		Cash.		Call Money.		Discounts.		Investments.		Advances.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
Barclays	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.	£ mill.
Lloyds	26.1	26.1	337.4	349.3	22.0	12.7	62.7	63.1	23.6	22.3	37.0	50.9	52.7	56.1	174.5	169.7
Martins	25.8	25.8	353.1	365.9	52.2	42.5	57.0	55.8	26.5	29.0	39.6	53.7	37.1	52.6	191.8	175.9
Midland	26.9	28.5	381.4	401.4	37.5	25.3	65.3	62.3	21.7	21.7	58.8	83.9	32.9	38.7	210.4	203.6
Nat. Provincial	18.9	18.9	272.6	293.1	15.2	10.1	41.9	42.8	19.4	20.3	28.2	51.1	35.8	38.3	156.7	149.5
Westminster	18.6	18.6	286.3	292.7	27.6	17.8	46.0	46.0	33.2	25.7	32.5	48.8	37.9	50.6	147.4	131.9
Total	116.3	117.9	1,630.9	1,702.4	154.5	108.4	272.9	270.0	124.4	119.0	196.1	288.4	196.4	236.3	880.8	830.6
Countess	2.0	2.0	19.8	19.5	0.4	0.4	3.1	2.9	2.1	3.5	1.1	1.5	3.8	3.8	11.3	9.3
Glyn, Mills	1.8*	1.8*	39.5	39.5	2.7	2.5	8.6	8.8	7.1	8.2	1.6	1.5	8.4	6.6	14.8	15.6
Martins	7.6	7.7	83.2	79.0	7.2	5.6	13.3	12.0	6.0	6.7	6.9	7.4	17.8	18.7	42.2	37.4
District	4.2	4.2	52.6	53.0	2.4	1.1	8.1	7.8	3.9	4.4	5.0	6.8	14.8	16.6	24.3	20.6
Manchester and County	2.2	2.2	18.4	17.9	0.5	0.1	4.4†	4.6†	...	...	0.6	0.6	4.2	4.2	11.0	10.2
Union of Manchester	1.4	1.4	16.8	17.9	0.6	0.5	5.5†	7.3†	...	...	0.5	0.4	2.9	2.3	8.9	8.8
Williams	3.0	3.0	31.8	32.0	1.0	0.7	5.2	5.2	3.4	2.5	2.4	2.5	5.6	7.9	16.8	15.6
Deacons																
Total	138.5	140.2	1,893.0	1,961.2	169.3	119.3	321.1	318.6	146.9	144.3	214.2	309.1	253.9	296.4	1,010.1	948.1

* Includes "reduction of bank premises account."

† Includes call money.

the London discount market for the banks and other buyers. Eloquent testimony to this contraction is afforded by the columns in our table showing the banks' own acceptances, which have fallen since last year by £50.0 millions, or 29.5 per cent.

Thus the banks' need for bills coincided—again inevitably—with a shortage of commercial bills; and the banks, in common with others, had to fall back upon the only other way of employing their surplus resources, namely, upon Treasury bills. Here, too, they have been faced with a relative shortage, for the effect of the Government's conversion operations of last spring was to make a substantial reduction in the number of Treasury bills available. The inevitable result of this combination of an abnormal demand for bills and a shortage in their supply was that the price of bills rose, or, in other words, market discount rates fell. This explains to some extent the frequent reductions in Bank rate that were made early in the year, and still more the wide margins that have existed between Bank rate and market rates of discount. From the banks' standpoint, it meant that bills of exchange were a most unremunerative way of employing their funds. In fact, money which could otherwise have been normally lent to customers at rates of 4½ and 5 per cent., had to be invested in bills which yielded little more than 2 per cent.

It may be asked why, in these circumstances, the banks did not prefer investments to bills, for the table shows that the banks added far less to their investments than they did to their bill portfolios. The answer is simple. A bill of exchange matures at an early date, and is then paid at its nominal value. Investments, however, even if of a gilt-edged character, can only be realised by being sold on the Stock Exchange for what they may fetch. Even a break of only two points in their market price is sufficient to destroy any gain arising from the margin between stocks yielding 4½ per cent. and bills yielding 2½ per cent., and so it is easy to comprehend the banks' decided preference for bills.

The main lesson of this year's bank balance sheets and profit and loss accounts is that money is just as liable to unemployment, or rather to unremunerative employment, as are any of the elements of industry. The balance sheets, as well as the profit and loss accounts of the banks, illustrate the extent of this unemployment.

IVAR KREUGER.

(BY A CORRESPONDENT.)

AMONG business men who, on account of their achievements during the last ten difficult post-war years, have won international repute, few have attained the notoriety of the managing director of the Swedish Match Company and of Kreuger and Toll. Yet few have kept themselves so immune from the limelight of personal publicity. Ivar Kreuger was born in 1880 in a small Swedish country town, his father being the manager of a match factory which belonged to the family. Having at the early age of 20 passed his final examinations at the Royal Technical University in Stockholm, he went abroad to gain experience and to try his fortune. Starting with no capital at his disposal, in New York he worked for a real estate firm; in Illinois he was employed by a railway contractor; and in Mexico he worked on bridge-building. After that he went to Johannesburg, which was the scene of his initial venture as *entrepreneur*. A syndicate which was constructing an hotel was unable to complete its undertaking; Kreuger managed to secure the necessary backing, took over the enterprise and made a profit of several thousand pounds, which, characteristically, he spent on travelling through many countries and acquiring first-hand knowledge of markets and languages. As he remarked to a friend in later life: "The money was useful to gain experience while I had the time. I never doubted the possibility of getting more money. But time and opportunity come only once." When, at the age of 27, he returned to Sweden, he had been actively engaged in business under varying conditions, not only in the employ of others, but also on his own account; and he had seen that hard work, careful

calculation and sound sense are necessary requisites for success.

It was in 1907 that Ivar Kreuger, together with his friend Paul Toll, also an engineer, started a contracting firm in Stockholm for construction works, which four years later was transformed into a limited company, Kreuger and Toll. Thanks to the family interest in match production, Ivar Kreuger in 1913 became more actively occupied with that industry, and it was then that Kreuger and Toll acquired its first holdings of shares in a match-manufacturing company. Having seen the great possibilities that this industry offered, he became, in 1917, the driving force in bringing about the great amalgamation of Swedish match manufacturers, which was given the name "The Swedish Match Company." More than 90 per cent. of the production of Swedish matches being exported, management of the new company meant that Ivar Kreuger became confronted with the great problems of selling on the world markets. He was able to attach to himself a staff of highly qualified collaborators, with whose assistance the Swedish match industry was gradually transformed into a world industry, with subsidiary companies or other allied enterprises in all the most important countries. A great step forward was taken when, in connection with the acquisition of match monopoly concessions, loans were granted to governments against the security of the royalties payable for the concessions—a combination of financial and industrial enterprises which was attractive both to the states in need of money and to those who provided the funds, to whom it afforded special guarantees. Indeed, it was in this salient example of striking a new line in business policy that Ivar Kreuger showed pre-eminently his power of creating original ideas. As the originator of a system (fairly comparable with the League idea of international loans) where security for international borrowing in the disturbed aftermath of the war could be wedded with commercial advantage for the lender, he is entitled to credit for a real *idée géniale* springing from a mind determined to overcome difficulties, and fruitful of notions when lesser men are inclined to shrug shoulders over the insurmountable.

It is difficult to write of Ivar Kreuger except in relation to what he has done. This is not only because his life is his work, but also because Ivar Kreuger has wholeheartedly and single-mindedly devoted himself to his enterprises without any excursions into political or other side channels. Not that he has no other interests: he reads a great deal—novels, biography, political and geographical literature; and he is a frequent playgoer and a lover of music. In his outlook he is probably most akin to the Anglo-Saxon nations, but he takes a great interest in, and is very much charmed by, French culture. He finds the time to occupy himself with his books and his friends, because he has absolutely refused to take any part in ordinary society life. He regards himself as a business man who has too much responsible work to do to fritter away his time, and who is intent on keeping fit for his main tasks.

Through his work in many countries while he was still in the early twenties, Ivar Kreuger learnt to speak and write three or four foreign languages. In this he was helped by his remarkable memory, which is a great asset to a man with such world-wide interests. For example, he has shown himself capable of remembering the precise terms of a letter hastily read four years ago; and his power of recollecting the exact words of long-past conversations is extraordinary. He is a perfect master of his material: what is most striking in the workings of his mind as well as in the organisation he has built up is the astonishing simplicity by which it is characterised. No efforts seem to be wasted; but, on the other hand, no efforts are spared when it is a question of judging the value of a new investment or embarking upon a new financial scheme. Successful business certainly depends greatly on flair, but only he can be lucky in the long run who bases his judgment upon an intimate knowledge. It is significant that Ivar Kreuger began his career as a builder, and his most deep-rooted inclination is always to construct something durable. No example can be quoted of his acquiring control of an enterprise,

squeezing out from it what could be obtained and then leaving it to its fate. He has concentrated upon a relatively limited number of enterprises with which he is intimately concerned and to which he can devote his energy. His whole attitude towards business has been to keep in mind what will prove valuable in the long run; and he once said to a friend that he was always willing to make an immediate sacrifice if thereby he could gain some important advantage in years to come.

It has often been said in Sweden that while the country produces excellent technicians, it is difficult to find leaders with sufficient business capacity. Ivar Kreuger has shown himself to be a rare combination of technical knowledge and sense of financial realities. He would probably himself admit that the development of his enterprises has partly been due to unique opportunities. Few industries would be so well suited for the acquisition of government concessions and to be a basis for government loans as the match industry, and few countries would have been so acceptable from the political point of view as the ex-neutral country of Sweden; but it is to the credit of Ivar Kreuger that, with his collaborators, he has been able to take the fullest advantage of all the possibilities which the situation offered. It is also fair to say that though, naturally, as a business man, he has had to further the interests of his companies, he has not lost sight of the wider aspects of the vast financial operations undertaken under his leadership. The reconstruction of post-war Europe has been a matter of genuine concern to him; and he has been anxious throughout to ensure, so far as possible, that funds supplied in return for concessions should not be used by the borrowers for unproductive or internationally deleterious purposes.

Each year in the reports of the Swedish Match Company and Kreuger and Toll an account is given of the progress of the Kreuger concern and of the lines of policy adopted; but apart from these statements, it has been the habit of Ivar Kreuger to refrain from public appearance, a line of conduct motivated to some extent by personal shyness. Last year he made, however, an exception to his rule in twice addressing American audiences—on the problems of "transfers" of international debts and monetary policy. In his speech in Chicago he laid stress on the fact that to-day "the money policy of the great nations must be governed to a large extent by international considerations rather than by local ones, and any attempt by a large creditor country to treat its money policy as a purely local problem may lead to disastrous results for the country itself, and particularly for its export trade." But apart from these isolated public pronouncements, he remains a figure curiously withdrawn from the gaze of a world in which his financial activities are of more than a little international moment. Acutely interested in human affairs, he enjoys an even temper which has its physical counterpart in an excellent constitution. Among his friends he is known for his almost proverbial kindness, and as a business man he has gained his position and his wealth without leaving enemies behind him.

Notes of the Week.

A Government Defeat.—The Government met with an unexpected defeat in the House of Commons on Wednesday night, when an amendment on the Report stage of the School Attendance Bill was moved by a Labour member, Mr Scurr, and carried by a majority of 33. The purpose of the amendment was to secure expenditure out of public funds for non-provided schools, and the Minister of Education, though expressing willingness to legislate if any agreement could be reached between the various sectarian interests involved, stood by the sound principle that public money could not be voted unless control were vested in public boards. The passing of the amendment is inconvenient for the Government, for it delays the enforcement of the measure until a further Act has been passed empowering public money to be spent on the re-

conditioning and re-equipment of non-provided schools, and before any satisfactory agreement between the Government and the Churches can be reached, long and difficult negotiations are inevitable. Nevertheless, the defeat was not of major political importance, and did not affect the principle of the Bill; and the Prime Minister took the obvious course in not regarding the occurrence as a reason for resignation. Indeed, for the Government to resign over a matter of time-honoured sectarian controversy, at a moment when a vital session of the League Council is in progress, and when Parliament is about to debate the results of the Round Table Conference, would have been unthinkable. Nevertheless, in spite of Mr MacDonald's personal success at the Indian Conference, the menace to the Government's security is not lessening. A defeat, like that of Wednesday, weakens prestige in the House. The Liberal Party's decision to abstain from voting in the division on the Trade Disputes Bill (which Sir John Simon and some others will doubtless disregard) renders the Government's prospective majority on this major measure precarious. The Conservative Party are tabling a full vote of censure on unemployment policy; while Sir Oswald Mosley has determined to arraign the Cabinet on the same issue before the convened representatives of the Labour Party in the country. This concatenation of events creates a position in which a real threat to the Government's life might arise at short notice. We trust that it will not arise too soon, and that the Government will in particular show tractability over the Trade Disputes Bill, for in our view no useful purpose could be served, and serious consequences might in some directions result, from a general election at this particular juncture.

The Alternative Vote.—The text of the new Representation of the People Bill contains no unexpected provisions, and, if there is any surprise, it lies in the omission of clauses to clarify such dubious points in the present electoral law as, for instance, the definition of purposes on which election expenditure on behalf of a candidate may properly be incurred. The main provision is, of course, the substitution of the system of the alternative vote for the single direct vote in parliamentary elections, and the rules governing the conduct of the system are set out in a schedule. The institution of the new system involves the division of certain large constituencies, which at present return two members each. These are Blackburn, Bolton, Brighton, Derby, Norwich, Oldham, Preston, Southampton, Stockport, Sunderland, and Dundee. All the other clauses are of a nature expected in any electoral reform Bill framed by a Labour administration. Plural voting receives its almost final death blow, by the abolition of the "business premises qualification" for registration as an elector—this method of qualifying being maintained only in the City of London. University representation is to be abolished; maximum election expenses reduced by the reduction of a penny per head of voter; and the use of private motor cars on polling day restricted to the owner's personal use for conveying himself or resident members of his family to the booth, or to registration with the returning officer, who will apportion their use between the candidates "having regard to the needs of the several parties of the constituency." None of these changes are of first-rate importance, nor in themselves reprehensible. The arguments in favour of university representation have always been rather thin, and if there is need in the counsels of the nation for some of our outstanding leaders of academic life, there is, after all, a second chamber, where their presence would perhaps be more efficacious and suitable.

The League Council.—A serious note was struck by Mr Henderson at the opening of the League Council meeting at Geneva on Tuesday, January 20th. He began by reminding his colleagues of the repeated obligations to disarm which the States members of the League have taken upon themselves from their signature of the Covenant onwards. He insisted that no mere limitation of armaments, but only a reduction, would meet the

case. He spoke frankly of the anxiety which the failure, so far, to achieve reduction was causing. There was a widespread fear that the nations might be falling back from the League system of co-operation into the pre-war system of rival alliances for warlike ends. He declared that in his view no alliance could be made that was not subject to the Covenant, and that, on behalf of the British Government, he would say that he knew no alliance, and could know none, except that of the Covenant itself. This straightforward and timely declaration in the Council was followed up on Wednesday, in the Commission of Inquiry on European Union, by the passing of the arresting resolution quoted on a previous page, in which the Foreign Ministers pledged themselves "to use the machinery of the League to prevent any resort to violence." So far so good. The responsible engineers have assured the public that they do not propose to let the steam gather head again until it once more bursts the boiler. But the public knows enough about the mechanism of international affairs to realise that this assurance can only be fulfilled if the engine is equipped with safety-valves which will operate effectively. One safety-valve which remains to be fitted is that of economic co-operation. Another is a solution of the Minorities question, and the view taken by our League correspondent on a later page, that in the matter of Minorities the League is comparatively impotent, is extremely discouraging. In proportion as the League succeeds in securing tolerable conditions of life for subject minorities, by the League method of peaceful co-operation, in that measure will it succeed in its direct efforts to safeguard the world against a fresh explosion in the form of another world war.

The Crisis in Spain.—A few weeks ago we had to chronicle the failure of an ambitious but abortive attempt in Spain at a political revolution in the traditional grand manner. We prophesied at the time that this would not be the end of the stirring and strivings which were at work in the heart of the Spanish body politic; and this impression is confirmed by the news that is coming in. Last week Señor Cambo, the Catalan statesman, made an appeal for a genuine campaign on real issues, at the forthcoming General Election, instead of the traditional system by which the party leaders used to allocate the seats in advance in consultation with the Minister of the Interior of the day. Señor Cambo is a Catalan who has always played a part in Spanish politics and who does not regard the interests of Catalonia and Spain as irreconcilable. He naturally carries great weight with Spanish public opinion. This week it is announced that an "Institution for the service of the Republic" has been founded by a group of eminent Spanish intellectuals. Their manifesto combines a severe criticism of the present régime with the recommendation of a Fabian policy—a combination which is much more likely to succeed and to have a success which will be permanent and fruitful, than any project for revolution by violence. Two things seem clear. The first is that Spain is experiencing something like a *risorgimento* not merely in her political aspirations but in all spheres of her national life. The second is that the Monarchy appears, in Spanish eyes, as the symbol and the citadel of the corrupt and moribund past, from which the nation is now determined to break free. We believe that a movement of this kind is ultimately irresistible, and that the wisest and most patriotic course for those concerned is to bow to the inevitable with a good grace and in good time. For the moment, however, Spain is still under martial law and the Press censorship more severe than at any time during the Primo de Rivera régime. The peseta, which is a sound enough barometer of the political situation, continues to decline. The Government, apparently at cross-purposes with the Bank of Spain, can no longer hold out any hopes of stabilisation *de facto*, pending the passage of a bill by a *Cortes*, and has now resorted to draconian measures of control over export transactions bearing a family resemblance to those of the late dictator-

ship which were to be so incontinently reversed. There are indications that King Alfonso is still prepared to rule the country through the Army and damn the consequences. In an interview published in the *Morning Post* last Saturday he told the Madrid correspondent of that paper "with calm confidence" that he "still had lots of work to do and was not going to leave the country." This suggests that he is deaf to the warning that the great majority of experienced politicians of all parties have united with liberal and professional opinion in demanding not an ordinary *Cortes* but a *Cortes Constituyente*, which will give the nation its chance of declaring for Monarchy or Republic. Events are moving swiftly to a crisis.

Sir Arthur Salter's Mission to China.—On January 7th the President of the Chinese Republic, General Chiang Kai-shek, and the Minister of Finance, Mr T. V. Soong, telegraphed jointly, on the Chinese Government's behalf, to the League of Nations, asking that Sir Arthur Salter, the Director of the Economic and Financial Section of the Secretariat, and Mr Robert Haas, the Director of the Transit and Communications Section, should be permitted to accept an invitation to pay a brief visit to China—Sir Arthur Salter "to discuss questions relating to the effect on China's economic activities of the present world depression," Mr Haas "to discuss the problems of inland waterways and land reclamation." The Chinese Government's request was granted, and the necessary authorisations were given, by the Council of the League last Monday. It would, indeed, have been discourteous and impolitic to rebuff an overture on the Chinese Government's part which marks a further stage in the ebb of the tide of Chinese xenophobia—and this at a moment when the opportunity for economic reconstruction in China is perhaps more favourable than it has been at any time during the last twenty years. The tide of Chinese feeling definitely turned from xenophobia towards a desire for international co-operation at the close of 1927, when the final break occurred between the Nanking Government and the Bolsheviks; but three full years have had to pass before the internal situation in China has made it possible for the Chinese to profit effectively from foreign expert assistance. The spell of peace and unity which followed the entry of the Nationalist forces into Peking in the summer of 1928 was a passing gleam; but we may hope that the fair weather which set in recently with the co-operation between Mukden and Nanking and the elimination of the Shensi and Shansi war-lords, Fêng and Yen, will prove to be the settled weather that China so badly needs. Certainly the symptoms point that way. Chang Hsueh-liang and Chiang Kai-shek remain on the best of terms; and Chang is grappling in the north with the demobilisation of Fêng's and Yen's armies, while Chiang is taking energetic measures for finishing once for all with the plague of large-scale brigandage and terrorism by so-called Communist armies of marauders south of the Yangtse. In the near future, the indefatigable Finance Minister, Mr T. V. Soong, may have the chance, which has been denied him so far, of putting China's financial chaos into order; and it will make a great difference to his prospects of success if, at this moment, he has Sir Arthur Salter at his elbow. Of course, we must not expect any achievement so dramatic as the post-war financial reconstruction of Austria and Hungary, which will ever be associated with Sir Arthur's name. The Chinese problem is on a vastly greater scale; the Chinese Government is hardly in the mood for accepting stringent external controls; and the investing public of the world will be less ready to stake its money in China than in Central Europe. For these reasons we do not expect an early flotation, under Sir Arthur Salter's direction and under the League's auspices, of anything like a China Reconstruction Loan. At the same time, a quite moderate and undramatic improvement in the financial and economic condition of China would make some contribution towards overcoming the present depression in the world as a whole.

A South Wales Settlement.—After a fortnight's stoppage of work in the South Wales coalfield, it is some consolation to be able to record that the Miners' Delegate Conference decided last Saturday, by 169 votes to 72, that the terms of the provisional settlement agreed to between their representatives and the mineowners in London on the previous Thursday should be accepted. A resumption of work was thereby rendered possible on Monday. By the terms of the new agreement the miners have succeeded in safeguarding certain of the points on which they sought an assurance that reference to arbitration at the owners' instance would not be possible in the event of the Conciliation Board disagreeing. The ratio for the distribution of proceeds, the bonus turn and week-end overtime are not referable to the independent chairman. On the other hand, the miners have had to abandon the position which they endeavoured to hold that in the matter of wages any arbitration award should be restricted to the amount of reduction strictly proportionate to the reduction in working hours. The new agreement provides explicitly that both the minimum percentage addition to the basis wage as well as the subsistence wage can be referred to the independent chairman of the board. The fact that the agreement is to last for three years, subject to an annual revision of wage rates, and to special revision in the event of further statutory change in the hours of work, is of good augury for future peace in this coalfield; but over and above the fact that there may be difficulty in Scotland at the end of this month, the general problem of readjustment to meet conditions next July remains exceedingly grave.

Railwaymen's Wages.—The hearing by the National Wages Board of the railway companies' claims for alterations in wages and working conditions began last Tuesday with a statement of the companies' case by Mr Lazenby, who claimed that, in meeting the conditions brought about by bad trade, the railways were hampered by road competition on the one hand and by high labour costs and rigid conditions of service on the other. He pointed out that the basis of present wages and conditions was fixed in 1919-20, an exceptionally optimistic period, and that the wages bill had risen from £47 millions in 1913 to £114 millions in 1929. Whereas the cost of living was now 55 per cent. and general wages 70-75 per cent. above the pre-war level, railway salaries had on the average doubled, and wages in the conciliation grades risen by 120 per cent., though traffic in 1929 was less than in 1913. In 1929 the net receipts of the companies were £5½ millions below the standard revenue; in 1930 the deficiency would probably be £13.75 millions, and in 1931 £16½ millions. Mr Lazenby urged the need for an adequate return on capital, and estimated that the relief sought through the Board would save £9.5 millions, and other sources, not within the jurisdiction of the Board, would bring the total to £11 millions. Broadly, the companies asked for a reduction of 6s. a week with a reduction of the minimum to 38s. This would reduce average wages to 51s. 11d., and average earnings (allowing also for the effect of the proposed changes in conditions) to 57s. 2d., whereas pre-war wages and earnings, increased by 55 per cent. to allow for the cost of living, would amount respectively to 40s. 5d. and 44s. 11d. per week on an average for the conciliation grades. The remaining proposals involve the cancellation of the present agreements as to the guaranteed day and guaranteed week, overtime on a daily basis, the separate treatment of Sunday, and the penalty rate for night duty. The companies contend that conditions of service should allow of split shifts of varying lengths, and varying numbers to a week, subject to the limitation of a total 48-hour week. Mr F. W. Wood amplified Mr Lazenby's financial statement, and then Mr Marchbank began his reply for the N.U.R. Briefly, his arguments were that the present conditions do not have a restrictive effect on the handling of traffic, and that the railway companies' proposals afford no guarantee of adequate meal times, of intervals of more than a few minutes between shifts, or of the receipt of more than half an hour's pay on some days. If this is technically true it seems unlikely that an agreement could not be worded preventing abuse

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of the elasticity for which the companies are asking. On the question of wages, Mr Marchbank made the valid point that comparison with 1913 rates is not necessarily a convincing argument, since railwaymen were very badly paid before the war. He produced some impressive statistics in support of his contention that 38s. is an unreasonably low minimum, but when he attempted to show that the railways were far more prosperous than they admitted, he was on less strong ground. His attempt to read into the Report of the Royal Commission on Transport support for his contention that the railways have ceased to be injured by road competition was, to say the least of it, *disingenuous*, while his stress on the economies which could be realised by the abolition of private wagons (a point also laboured by the other two trade union representatives) was not a very helpful contribution. The impression given by the evidence so far was that the railway companies have a strong case for some reduction in wages, and greater elasticity of working conditions, but that certain of their proposals will have to be considerably modified in order to secure the support of public opinion.

Cotton Trade Lock-out.—Our Lancashire correspondent writes:—At the end of last week the Ministry of Labour intervened in the Lancashire weaving mills dispute, but, after joint discussions on Friday lasting ten hours, there was a breakdown, as the operatives declined to withdraw the strike at Burnley, and the employers refused to cancel the lockout notices. The lockout started on Monday last, and it is estimated that about 80 per cent. of the looms in Lancashire are standing idle, involving 200,000 operatives. The weaving firms belonging to the Master Spinners' Federation will close down next week, and another 20,000 workpeople will be affected. The position is of vital importance to spinners of yarn as there is now a much smaller consumption as a result of the stoppage. The Master Spinners' Federation has recommended members to restrict output to prevent any undue accumulation of yarn stocks. It is anticipated that, if there is no settle-

ment, nearly 90 per cent. of the whole of the industry, both spinning and weaving, will be idle at the end of the month. In the meantime, a ballot of the Operative Weavers' Amalgamation is now being taken on the question of power being given to the Executive Committee to negotiate a settlement. The result will not be known until the end of this week, but if it is favourable there is a probability of a joint conference with the employers on Monday next. The dispute is very complicated, and the leaders of the workpeople are demanding that, if the new system is universally adopted, their wages should be safeguarded by a "fall-back" or minimum wage per loom. The employers have stated that, if discussions are resumed, they are prepared to consider all matters relating to the problem, but it is not likely that the principle of a minimum wage will be granted. It has been suggested that the present crisis would never have arisen had the rank and file of the workpeople had confidence in their leaders, and given them power several weeks ago to reach an agreement with the employers. History, however, is repeating itself in that the cotton operatives of Lancashire have always opposed strongly any introduction of changes in working which involved a displacement of labour.

The Volume of Overseas Trade.—Last week we indicated that even when full allowance had been made for the decline in prices, our overseas trade in 1930 would still prove to have been seriously below the level of 1929. The figures now published in the *Board of Trade Journal*, showing the trade of 1930 recalculated at the average values of 1924, prove this statement to have been only too painfully true. The figures for the past seven years are shown below:—

TRADE ON BASIS OF 1924 VALUES.
(In £'s million.)

	Total Imports.	British Exports.	Re-exports.
1924	1,277.4	801.0	140.0
1925	1,318.9	795.1	137.4
1926	1,354.7	711.8	119.9
1927	1,391.2	819.4	126.1
1928	1,349.0	838.3	123.1
1929	1,415.6	867.6	118.7
1930	1,381.1	710.5	113.6

Imports were actually higher than in any of the past few years, except 1927 and 1929, while exports, after increasing steadily for three years, have in one year fallen below the 1926 level. Expressed as a percentage of the 1924 level, retained imports and exports of British produce and manufactures were as follows:—

	1924	100.	1928.	1929.	1930.
Retained imports:—					
Total.....	103	114.1	111.3		
Food, drink and tobacco	101.1	104.6	105.9		
Raw materials and articles mainly unmanufactured	101.3	112	101.2		
Articles wholly or mainly manufactured	129.6	135.1	135.7		
British exports:—					
Total.....	104.7	108.5	88.7		
Articles wholly or mainly manufactured	108	109.3	87.5		

Retained imports of raw materials fell very heavily in 1930 as compared with 1929. Unhappily the decline in exports of manufactures was considerably more severe even than this, and the only increase was in exports of vehicles. Retained imports of manufactures, on the other hand, which in 1929 were already over one-third higher than in 1924, showed a further slight expansion, which was most marked in the electrical, rubber, oils and fats, timber, paper and cotton groups. Retained imports of chemicals and vehicles declined during the year. It cannot be said that the volume statistics in any way mitigate the bad impression caused by the Board of Trade returns.

Discount Company Speeches.—The rise in profits shown by the Discount companies in contrast with the decline in the profits of the banks lent special interest to the speeches of the chairmen of the former at the annual shareholders' meetings held this week; and a feature of the addresses of Mr Colin Campbell, of Alexanders, of the Hon. Sydney Peel, of the National, and of Sir William Goschen, of the Union, was, as will be seen from the reports published on later pages of this issue, their explanations of the reason why Discount companies' profits are apt to move in inverse ratio to the state of trade. "Falling rates of money," said Mr Campbell, "with a declining Bank rate, always produce conditions favourable to the discount market, and if a rise in Government securities occurs at the same time, it adds to their good fortune." But, as the Hon. Sydney Peel reminded his shareholders, the reverse will occur when the trade tide turns: "When trade is getting bad, Discount houses do well; when trade is improving, and money, therefore, becoming tighter, Discount houses lose. In the long run the thing equalises itself out." Meanwhile shareholders in these old-established and skilfully managed institutions may count themselves happy in their choice of an investment to stand them in good stead in times of trouble. The Discount chairmen do not as a rule survey the economic world in general, after the fashion of the bank chairmen. But Mr Campbell joined this year in the common search for the main causes of the great depression. He defended the banks against charges of restrictive credit policy, and emphasised his view that lack of confidence is at the root of our troubles: "Until confidence is restored in the minds of those who direct industry, it is hopeless to look for any sustained recovery." In Mr Campbell's opinion the first step towards re-establishing confidence is for the politicians to show that a policy of economy in national expenditure "is a fact and not merely a theory."

A New Index.—In the Monthly Supplement accompanying this week's issue of the *Economist*, details will be found of a new index of electrical consumption, which we shall publish regularly in future by the courtesy of the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association. We show below the annual figures of this index for the years 1925-28, and the quarterly figures for 1929-30 in comparison with the corresponding indices of production compiled by the Board of Trade and the London and Cambridge Economic Service:—

	PRODUCTION INDICES (1924 = 100).		
	New Electrical Index.	Board of Trade Index.	London and Cambridge Index.
1925	98.7	...	97.5
1926	89.6	...	75.3
1927	102.2	106.8	108.1
1928	101.9	105.5	102.5
1929—1st Quarter	101.5	110.5	108.3
2nd Quarter	103.1	112.0	111.0
3rd Quarter	101.8	110.6	108.2
4th Quarter	102.3	113.9	114.8
1930—1st Quarter	97.5	110.9	109.6
2nd Quarter	92.1	103.1	100.9
3rd Quarter	91.7	99.5	89.8
4th Quarter	91.1	...	...

In comparing the three foregoing indices it should be borne in mind that the electrical index contains a small constant factor represented by the load for lighting and heating, which, even after allowance has been made for seasonal trend, represents an increment not directly influenced by short-term fluctuations. Thus it would be natural to expect that the movements of the two other indices would be larger in dimensions. Moreover, for reasons explained in our Supplement, the electrical index does not reflect fully the real growth over long-term periods of industrial productive activity.

Foreign Trade—An International Comparison.—The table which is printed below giving the summary figures of the foreign trade of France, Germany, Great Britain and the United States in 1930, affords an opportunity for comparing the losses in international commodity exchanges suffered by four of the leading industrial countries in the world:—

	Imports.		Exports.	
	1930.	Decrease on 1929.	1930.	Decrease on 1929.
France (Million Francs)	52,344	-10.9	42,830	-14.6
Germany (Million Marks)	16,393	-22.7	12,035*	-10.7
Great Britain (Million £)	1,045	-14.4	658	-21.6
United States (Million \$)	3,061	-28.8	3,841	-26.7

* Excluding re-exports.

Although the export trade of each of the four countries was substantially reduced during the year, Germany and France suffered in this respect to a much smaller extent than Great Britain or America. Germany's exports, in particular, at 12,035,000,000 marks, showed a percentage fall, as compared with 1929, of less than half that recorded by this country or the United States. On the import side, Great Britain and France have maintained their purchases from abroad to a considerably greater extent than either Germany or America, although even in the case of the two former countries the reductions have been substantial. It will be noticed that two of our rivals have maintained an export surplus during the past year, while in the case of Germany, even if reparation deliveries in kind are excluded, this excess of sales over purchases has substantially increased during 1930.

New Life Assurance Business, 1930.—Further returns have been published during the past fortnight as to totals of new Life Assurance business transacted in the year 1930. The figures are as follows:—

	1929.	1930.
	£	£
Alliance Assurance	3,027,438	3,210,646
Gresham Life Assurance Society	2,240,369	2,285,000
Life Association of Scotland	1,133,540	1,376,289
Royal London Mutual	4,164,154	4,250,000
Standard	2,800,470	3,150,000
Sun Life	16,014,342	13,323,524
U.K. Provident	3,335,080	3,079,723
	32,715,393	30,675,182

The U.K. Provident and the Sun Life are the only offices amongst this batch which record a decline in new business for the year 1930; but in the case of the Sun Life, as we show below, the decline is wholly due to the cessation of single premium surtax saving policies.

Employment and the Cost of Living in December.—Apart from a slight improvement in the middle of the month due to Christmas trade, employment during December continued to decline, and at the end of the month the numbers unemployed were the highest recorded in the ten-year period for which comparable statistics are available. According to the *Ministry of Labour Gazette*, among the workpeople insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at December 22nd was 20.2, as compared with 19.1 per cent. at November 24th and 11.0 per cent. a year ago. It is estimated that the number of insured persons in work at December 22nd was approximately 9,397,600. This compares with 9,501,200 insured persons employed a month ago and 10,213,300 a year ago. The total number of persons registered as "wholly" unemployed at December 29th was 1,766,398. This was 106,531 more than at the end of November and 747,672 more than a year ago. Those temporarily without work amounted to 774,630 at the end of December, as compared with 521,305 a month ago and 415,542 at the end of December, 1929. Of those normally in casual employ-

ment, 102,099 were unemployed at December 29th, this number being 3,189 less than a month ago, but 26,136 more than a year ago. The Ministry of Labour announced this week that the number of persons on the registers of the employment exchanges on January 12th amounted to 2,636,168, which included 1,878,456 wholly unemployed, 650,264 temporarily stopped and 107,448 usually in casual employment. With regard to the cost of living during December, the index of the Ministry of Labour stood, on January 1st, at approximately 53 per cent. above the level of July, 1914, as compared with 55 per cent. at December 1, 1929, and 66 per cent. a year ago. For food alone the corresponding figures were 38, 41, and 57 per cent. respectively. The fall of 7.8 per cent. in the cost of living in 1930 compares with a decline of 22.2 per cent. in our index of wholesale prices during the same period.

Treaty Reinsurances, Limited.—Since this company's year ends on June 30th, the report, which is usually issued at this time, is generally regarded as affording some slight indication of the general course of underwriting profits in the preceding calendar year. To the extent that this may be so, the outlook for the forthcoming reports of the big companies is not encouraging, for after a comparatively poor year in 1928-29 the company has had a far worse experience in the year ended June 30, 1930, though the peculiar conditions under which reinsurance companies operate make it difficult to push the analogy too far. For instance, while the expenses of management are extremely low, commissions form a disproportionately heavy charge on the premiums. Thus, expenses in the year under review accounted for under 3 per cent. of the premiums, and 20 per cent. of this amount was accounted for by overseas taxes, while commissions absorbed as much as 32½ per cent. of the premium. At the same time the claims ratio is on a much higher level than can be supported by a company doing direct business, the figure for 1929-30 working out at 68.4 per cent. of the premiums. The outcome of the year is an underwriting loss amounting to as much as 8.2 per cent. of the premiums, compared with a loss in the preceding year of 4.8 per cent. of the premiums. The interest income has always been considerably greater than the cost of the dividend, and this has enabled the company to maintain the same rate of dividend as before, namely, 25 per cent. free of tax; and after taking account of this margin the net result of the year's operations has reduced the company's free resources by £58,636. In the preceding year there was a corresponding reduction of £26,910 following a series of years during each of which substantial sums were added to free resources. The situation has been met in part by a transfer of £50,000 from the General Reserve Fund, and as to the remainder by a reduction in the carry forward. Although the company ceased transacting marine insurance so long ago as 1926, it is rather odd to find that nearly £3,000 in claims was paid in the year to June 30, 1930, and still more so that a payment of commission of £63 was also made. The circumstance gives point to the characteristic time-lag in marine insurance between the receipts of premiums and the payment of claims. Fortunately the company is in a strong position to meet any period of temporary difficulty, for even after the transfer from General Reserve Fund there remains in that fund a sum of £100,000 against paid-up capital of only £30,000. In addition the company is supported by the backing of three of the large offices, namely, the Century, the Phoenix and the London and Scottish, each of which has a representative on the board, and the company's contracts are guaranteed by these offices.

Sun Life Assurance Society.—The same characteristic which has dominated the accounts of this society during each of the last five years has again made itself felt in the 1930 accounts, but this time in the reverse direction. The society was associated with the evolution of a scheme for saving on surtax payments by means of short-term single premium assurances, under which upwards of 90 per cent. of the single premium was advanced by way of loan on the policy at the outset. Early last year the

Treasury were moved to insert a clause in the Finance Act which had the effect of putting a stop to this loss of revenue. The particular form taken by the clause in the Act was the subject of negotiations between the Treasury and the Life Offices, and associated with it was an undertaking by the Insurance Companies to refrain from any action in the future which would constitute an evasion of the Act, in the letter or in the spirit. The consequences of this new legislation are apparent in the case of the Sun Life Society in two directions. In the first place surrenders have risen from £600,000 to £9,742,000, the difference presumably being represented almost wholly by surrenders of these particular policies; and this has been reflected in turn in a substantial reduction in the balance-sheet item of loans on policies from £18,000,000 to £11,000,000. The extent to which the society has been dependent in the past on this class of business is shown in the following table:—

Year.	Total New Business.	Single Premiums Received.
1924	£ 6,853,323	£ 254,662
1925	7,899,226	856,645
1926	8,979,070	1,716,283
1927	13,382,494	4,649,131
1928	15,274,880	5,016,980
1929	16,014,342	5,340,740
1930	13,323,534	2,976,006

Assuming that the single premiums amounted on the average to at least 80 per cent. of the corresponding sums assured, it is apparent that latterly more than 40 per cent. of the total business was accounted for by these single premium assurances. It will be noticed that a substantial sum was still received in 1930 in the form of single premiums, but this was no doubt in part received prior to the negotiations with the Treasury, and partly in connection with certain forms of single premium contracts which still remain perfectly legitimate. The 1930 total new business is naturally somewhat lower, but as the annual premium income is slightly larger, it is clear that the society has more than maintained its volume of ordinary new business. As a result of the repayment of so large a sum invested in policy loans, at a comparatively low rate of interest, the total net rate of interest earned on the Life Assurance Fund has risen from £4 13s. 9d. per cent. in 1929 to £5 0s. 10d. per cent. in 1930, and this in spite of the increase in the standard rate of income-tax. The report states that the directors have under consideration the question of sub-dividing the shares, a step which would no doubt enhance their marketability in the Stock Exchange. The share capital consists of 48,000 shares of £10 fully paid, quoted at £54, and the suggestion presumably is to split the £10 shares into £1 shares.

Overseas Correspondence.

LEAGUE OF NATIONS.

The Council Meeting — Disarmament — Briand Plan — Minorities.

(FROM A LEAGUE CORRESPONDENT.)

GENEVA, January 20.

It is clear that none of the twenty-two or twenty-three foreign ministers meeting in Geneva to consider M. Briand's idea of a European Union has his heart in the project, and M. Briand himself seems jaded. The truth is that the replies to the original French memorandum showed how little inclination there was to follow M. Briand, and how divergent were the views about the principles upon which his plan should be based. But the affair has been allowed to trail on, possibly out of deference to the distinguished French statesman, and, as a French critic cruelly observes, the European communion has the appearance of a gathering observing the rites of a religion in which it does not believe. About two days have been occupied in discussing whether Russia and Turkey should be invited to participate, and if so in what

way; it is still undecided. Apart from that, all that has happened is a proposal by M. Briand to pursue the problem of agricultural credits, already under study by the League, and an energetic trouncing of European economic nationalism by Mr. Colijn, President of the Second Conference for Concerted Economic Action, who was invited to address the meeting. Rarely can so many foreign ministers have been addressed with such candour on the utter failure of their governments to understand the elementary principles of economic co-operation, and on the danger to closer understanding if tariff passions are eventually let loose. Mr. Henderson promptly rubbed this in, but the Yugoslav Foreign Minister simply observed that the resolutions of the International Economic Conference of 1927 were not put into effect because they could not be. It is so far a sorry spectacle of the collective wisdom of most of the foreign ministers of Europe. There is little willingness to go ahead, and no courage to say "No."

Alongside the Commission is the ordinary session of the League of Nations Council, which in a very full and important agenda has two major European problems—minorities and disarmament. It is not yet certain how the Council will deal with these two questions, but there are several observations which may usefully be made. In the first place, it is certain that the German Foreign Minister will not return to his own country with that resounding triumph over Poland so aggressively demanded from him. There are few who are not convinced that Poland has committed excesses, but there has been little consideration given to the possible responsibility which rests upon German provocation, both official and unofficial. Germany has her obligations, too. Anyhow, on the minorities dispute between Poland and Germany, the Council is not going to award laurels to one State over the prostrate body of another. The Council attempts to conciliate differences, to ease the situation and to exercise a persuasive influence towards more reasonable conduct. In face of the astute Polish reply, the Council is not at all likely to attempt to appoint a commission of enquiry. It would probably not be accepted, and Poland's assertion that she has taken and will, where necessary, continue to take administrative and legal action makes such a step additionally unlikely. Poland will probably be asked to keep the Council informed of what is done to give redress where due, and that is about as much as can be done if the situation is not to be aggravated. It is a good deal, compared with pre-League days, and if it is not sternly minatory—as some demand—it is only because the League is not a punitive tribunal able to enforce rights or impose decisions. The minority problem will improve only with improved political relations, and when the minorities are not made the sport of international politics. It is futile to attempt to put the problem on a purely humane footing. It is largely a problem of irredentism, and as long as it remains so, it is not possible to expect contented and prosperous minorities.

This is a spreading sentiment in unexpected quarters of Europe and the spirit of it applies even more to the armaments problem. This morning's debate in the Council accentuated it. Mr. Henderson's insistence on obligations to disarm, and Dr. Curtius' observation that it is not admissible to base the security of some on the insecurity of others are fair enough. But protestations are not necessarily contributions to the work in hand, and Dr. Curtius, in his necessity to bear in mind the rather violent polemics now the vogue in Germany, altogether exaggerated the shortcomings of the draft disarmament convention, declared that it would have to be remodelled before the figures were filled in, demanded the principle of equality, and yet pressed once more for an early sunning of the General Conference. Even as it stands, the convention calls for a great deal of negotiation before the conference meets, and if Germany is to re-open the basis of it, so laboriously prepared, the conference will not be ready for 1932, let alone 1931. The time has come for a common effort, constructive and energetic, to make the utmost of this first opportunity, and not to cry incessantly for the moon.

The feeling is growing that for the time being Germany has had her say in the way of repeated claims and protests.

She has attained a great deal of sympathy. Now it is the moment to co-operate for action. That is the growing feeling of those who have nothing but hatred for alliances, hegemonies, and excessive armaments. It is a feeling of which Germany will have to take account if the sympathy is to be retained, and if it is not to be made difficult for other States to do what is required of them.

The Council has not yet fixed the date of the Conference, which will most probably begin early in 1932. M. Benes is suggested as President, and the Danish Foreign Minister (Dr. Munch) as Vice-President. There is difficulty over Dr. Benes, and the presidency may possibly be left over until the May session of the Council; it would be an unfortunate delay, as the President will have largely to handle the exchanges of views which must precede the Conference.

Amongst a number of other subjects, note should be made of the official invitation of the Chinese Government, accepted by the Council, to send Sir Arthur Salter, Director of the Financial and Economic Section of the Secretariat, and M. Haas, Director of the Transit Section, to China to advise on economic and transit questions. Dr. Rajchman, Director of the Health Section, is now in China in connection with the public health service scheme drawn up by him in consultation with the Government.

UNITED STATES.

Business — Money — Prices — Farm Board Problems — Sugar Agreement — Public Finance.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 10.

WILLINGNESS to look on the brighter side is a noticeable change in public sentiment which has come with the new year. Reason for the more cheerful feeling is rather nebulous. Reports have come of rehiring of labour here and there in the motor industry and on the railroads, but such increases in activity are largely a seasonal recovery from the extreme stagnation which marked the closing days of December. In the past week upwards of 100,000 men have been added to full- or part-time payrolls. On the other hand, unemployment over the country has undoubtedly increased and now amounts to between 4,000,000 and 5,000,000, according to President Hoover's own commission appointed to study the matter. Most observers are inclined to accept the larger total and feel that it may increase before the end of the winter.

Some encouragement is derived from the recovery in the bond market, although the advance in prices is in itself partly a reflection of returning confidence. Issuing houses are testing the demand for new capital loans, and two small railroad flotations this week were well received. A number of railroad and public utility loans are being prepared, and success for a large issue would probably greatly revive the new capital market. A good deal of foreign financing is being held in abeyance.

Extreme ease in short-term money continues. Banks are having difficulty in placing their available funds at as low as 1 per cent. on day-to-day loans. Meanwhile six regional Federal Reserve Banks have followed the lead of the New York institution in reducing discount rates. The others are expected to follow, leaving 3 per cent. as the top and 2 per cent. as the bottom rate. Although cheap money has had little effect in the past year, either in helping business or in lifting bond prices, some signs of stimulation to both are now visible.

The banks have published their statements for the close of the year. No striking changes occurred. Earnings are down from 20 to 25 per cent., on the basis of dollars earned per share of stock. Percentage earned on capital funds (capital, surplus and undivided profits) is down about 50 per cent., but there are some notable exceptions. At any rate, the majority of the banks covered their dividend requirements with a fair margin and added something to book value. Liquidity naturally increased greatly, the usual year-end window-dressing proclivities

having been stimulated by the recent bank failures. Aggregate deposits were not greatly changed from a year ago, though there was a large seasonal gain since September 24th, the date of the last report.

Gold is again beginning to come to this country. After a few days' interruption, while the discount on the Canadian dollar would have made shipments possible, more gold has been received from Canada. Since the inflow began last month about \$36,500,000 has arrived, which balances the efflux to the Dominion in the preceding eleven months. It is expected that the Japanese Government will resume shipments to the United States next month, as a protection for the yen. Pressure on the exchange has been increased with the fresh collapse in silver. There has also been a consignment of \$5,000,000 gold from the Argentine to cover debt service.

Both the steel trade and the motor industry are looking for mild improvement during the next month or two. Steel mills are working at over 40 per cent. of capacity, after the sharp drop of last month, but many of the recent orders have not meant actual specifications and work. The exhibit of new models at the national automobile show was fairly successful so far as attendance was concerned, but new buying is slow, and production is likely to be kept in pace with public demand, the lesson of overstocking the dealers having been learned.

Commodity price weakness continues to be the chief cause of anxiety. Farm Board purchases of wheat and cotton have kept those markets steady, but distrust of the whole farm stabilisation idea is growing. Congress will shortly be called upon for the remaining \$100,000,000 of the \$500,000,000 originally designed for the Board's use. This money has gone into the purchase of approximately 135,000,000 bushels of wheat and 1,300,000 bales of cotton, at prices averaging well above the present market.

The wheat market is being held at from 20 to 25 cents a bushel above the world price, the Farm Board counting heavily on enough consumption and sufficient reduction in next year's harvest to maintain this country on a domestic basis. Assuming that no grain is available for export next summer, it is conceivable that the higher prices can be maintained, but chairman Legge has asserted that a reduction of 22 per cent. in production of wheat is necessary; and winter wheat sowing dropped only 5 per cent. Meanwhile it is feared that, if other countries are convinced of the Farm Board's determination to keep this country out of the export market, their harvests will be increased to capture the markets.

The most striking feature of the whole farm relief programme and operations is the dense muddle into which the thing has fallen. Neither the Farm Board nor the Congressional supporters of the idea appear to have any but hazy notions of purpose or direction. Certainly the public is at sea, and is only certain that eventually it will have to pay the bill. Thoughtful people are fearful lest, in the event of a good business recovery by the end of this year, the wheat price control scheme will collapse and cause a fresh setback to trade. It is felt that country banks and farmers who are being carried along on the basis of artificially high wheat and cotton prices would do better to face the facts and readjust themselves to natural price levels now.

Satisfaction over the agreement on sugar output made by the Chadbourne Committee with the German beet sugar industry is tempered by the feeling that it did not go far enough. However, it is realised here that Germany is bound to raise as far as possible her excess of exports.

The next Treasury financing will probably be a bill issue of about \$50 millions for refunding. This money might be borrowed somewhat in advance of needs. It could be obtained at about 1½ per cent., which is also the rate of interest which the deposit banks pay on Treasury deposits. Authorisation by Congress of an addition of \$8,000 millions to the Liberty Loan borrowing power paves the way for the refunding operation which will begin on the March tax date, involving at least \$1,000 millions. An issue running about fifteen years, at 3 per cent., is being discussed.

FRANCE.

Politics — Capital Expenditure — Budget — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, January 21.

THE Chamber has now settled down steadily to work, and it is becoming clear that M. Steeg's astute idea of availing himself in turn of each of the two alternating majorities in the present House stands at least a good probability of proving practicable. M. Léon Blum, the Socialist leader, stated plainly a few days ago that his party, no matter what happens, will continue to refuse to vote credits for national defence purposes. In this he has behind him a vote of the Socialist Party's National Council, which has just called on its 107 representatives in the Chamber to vote in support of the Steeg Cabinet on all questions other than those concerning national defence. A handful of Socialist deputies, led by M. Paul Boncour, will doubtless ignore this embargo in regard to war credits, but this will make no difference to the result. Almost simultaneously, last Monday, M. Maginot, the ex-War Minister, stated categorically that in any case he will vote for the war credits proposed by the Steeg Cabinet and will also ask his friends to do so. "National defence," he insisted, "must not be at the mercy of party rivalries." Apart from these pronouncements, the domestic political situation remains distinctly obscure. The economic horizon is thick with clouds, and it is possible that the new Ministry's predecessors feel that their prospects at the 1932 elections may not be lessened by leaving the Cartellists to deal with a situation that is certainly much more difficult than that which existed when M. Tardieu was overthrown.

The Chamber's first experience of the return of the Cartel des Gauches to power was on Thursday last, when the House, by a majority of 272 to 257, decided to allow two Communist deputies—one of whom has been in prison for some months and the other a fugitive—to resume parliamentary service. M. Steeg again showed his keen tactical sense by refraining from making the question one of confidence, and leaving the voting entirely in the hands of the House. The nominal majority of 15 scarcely represents the situation, as the 64 deputies who abstained from voting included all the members of the Cabinet. On this occasion the 51 members of the Radical Left were split into three sections, nine voting for the motion, 20 against, and 19 abstaining. When the first real trial of strength between Ministry and Opposition will come still remains in doubt. The unknown factor in the situation lies in the development the Oustric affair will take, and on this not even the most venturesome dare hazard a forecast.

The application of the previous Government's plan for the improvement of the national economic plant has been begun, but it is already evident that the scheme is likely to be considerably reduced in importance, and to provide much less immediate benefit to industry than had been expected. When M. Tardieu, a few months ago, set forth a comprehensive plan, involving an expenditure of 17,500,000,000 francs, spread over five years, leading Opposition members, who have since received Ministerial posts, ridiculed the scheme as inadequate and insisted that at least double the amount mentioned was necessary. With the change of Government there has been an entire change of front, both in regard to the plan itself and the method of applying it. The Tardieu proposal that the plan should be worked out for application as a whole has been abandoned, and is to be replaced, apparently, by a long series of more or less improvised credits. The first section of these, which totalled 670,000,000 francs, was definitely voted a few days ago. It includes 120,000,000 francs (originally 80,000,000 francs) for additional water supply; 120,000,000 francs (originally 80,000,000 francs) for the electrification of further rural areas; 210,000,000 francs for additional school buildings (this represents an entirely new project); 175,000,000 francs for roads, and 80,000,000 francs for the organisation of an inquiry into agricultural produc-

tion. A second series of proposals is under consideration by the Finance Commission.

The discussion of the Budget began on Monday, and under such satisfactory circumstances that the "general discussion" of the measure, which usually occupies several sittings, was completed the same day, thus leaving the House free to take up the various departmental Budgets in turn. The discussion was prefaced by a striking statement from M. Palmade, Minister for the Budget, who warned the House that the "realised surplus" since the beginning of the financial year on April 1st, which amounted at the end of November to 1,200,000,000 francs, had by the latter date already been transformed, owing to the voting of Supplementary Credits to a total of 1,700,000,000 francs, into a deficit of 500,000,000 francs. This deficit, he estimated, would be increased, by the end of the financial year, to 1,500,000,000 francs, by other Supplementary Credits which have already been voted or which will be necessary by the end of March. The new Budget, the Minister announced, had been balanced as follows:—

		Frs.
Estimated revenue	...	50,252,000,000
" expenditure	...	50,145,000,000
Estimated surplus	...	107,000,000

M. Palmade pointed out the precarious nature of this surplus, however, by mentioning that it was already mortgaged to the extent of 60,000,000 francs in respect of a bond issue, which will most probably be needed to cover the deficit on the railways' common fund. It is known, further, that the Budget, as it left the Finance Commission, would inevitably have presented a deficit (owing to additional expenditure proposed by that body) had not the device been adopted of arbitrarily revising upwards by 250,000,000 francs, the estimated yield from Customs duties—and this in spite of the fact that 1,800,000,000 francs, representing part of the cost of the funded debt service, hitherto charged to the Budget, was transferred to the charge of the Caisse d'Amortissement.

M. de Chappedelaine, the Finance Commission's *rapporteur général*, characterises this transfer as one of the two outstanding characteristics of the 1931-32 Budget Bill. But for the adoption of this method, which had been necessitated by the fact that the Bill calls for 1,700,000,000 francs of additional expenditure, it would have been necessary either to vote increased taxation, or have recourse to a loan. The effect of calling on the Caisse d'Amortissement to shoulder debt service charges hitherto borne by the Budget will be that the Caisse's capacity for debt extinction, which has hitherto been about 6,000,000,000 francs a year, will be reduced to about 4,000,000,000 francs.

Incidentally, the Budget Estimates show that the credits for national defence comprised in the new Budget total 13,185,000,000 francs, or over 26 per cent. of the total expenditure. This total is about 700,000,000 francs larger than the amount provided under this heading for 1930-31. The increase is stated, paradoxically enough, to be chiefly due to the reduction of the term of compulsory military service to one year, which has rendered it necessary to pay much higher premiums to induce men to re-engage as professional soldiers. This need for increasing the number of professional soldiers, in turn, has been necessitated by the fact that owing to the drop in the birth rate, the annual contingent of conscripts, as from next year, will number only 140,000, or 110,000 below the previous normal strength. The credits originally demanded by the army, navy and air departments this year were, as usual, substantially higher than the amounts eventually accepted by the Tardieu Cabinet. It is significant that loud applause from practically every part of the Chamber followed the statement that the Finance Commission (in which the Left has a definite majority) had not felt justified, owing to the outburst of Hitlerism in Germany and Signor Mussolini's unfortunate speeches, in reducing the Government's draft estimates of military expenditure by more than "about 100,000,000 francs."

The revenue returns for December show a total yield of 3,629,959,000 francs, as compared with 3,842,433,000



Statement of Condition as of December 31, 1930

RESOURCES

Cash in Federal Reserve Bank and on hand	\$34,214,281.21	
Due from Banks and Bankers	81,913,880.73	\$116,128,161.94
U.S. Government Securities		24,180,623.26
Other Bonds and Securities		40,853,814.63
Loans and Discounts		186,056,531.87
Bankers' Acceptances Bought and Sold		18,158,030.04
Customers' Liability under Acceptances Outstanding		43,501,937.84
Banking Houses, Vaults, etc., equity		6,489,478.85
5% Redemption Fund with U.S. Treasury		225,000.00
Accrued Interest Receivable and Other Assets		1,808,847.22
		<u>\$437,402,425.65</u>

LIABILITIES

Capital	\$36,775,300.00	
Surplus	37,000,000.00	\$73,775,300.00
Undivided Profits		3,579,668.52
Reserved for Contingencies, Taxes, Interest, etc.		664,342.90
Deposits		290,162,894.82
Acceptances Outstanding, including Liability as Endorser on Acceptances and Foreign Bills		64,011,148.75
Circulation		4,500,000.00
Unearned Discount and other Liabilities		709,070.66
		<u>\$437,402,425.65</u>

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MEMBER FEDERAL RESERVE SYSTEM

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francs in December, 1929, and 3,564,661,400 francs in December, 1928. Of this total 1,534,853,000 francs represented "taxation on consumption, properly so called," 1,164,137,000 francs "direct taxation on income" (income tax and imposts on securities), and 596,447,000 francs from "taxes on private fortunes and stamp duties" (registrations, stamp duties and tax on Bourse operations). The luxury taxes yielded only 25,867,000 francs, against 87,074,000 francs in December, 1929. The motor-car tax totalled 25,000,000 francs, against 19,000,000 a year ago. The general economic situation is reflected in the fact that the tax on turnover (which it should be remembered was reduced some months ago) produced 657,373,000 francs (representing business done in November), against 786,118,000 francs in December, 1929, or a drop of 16½ per cent. The yield from the tax on Bourse operations was only 10,725,000 francs (against 33,786,000 francs in December, 1929), and was no less than 49,533,000 francs below Budget estimates. Income tax produced 1,008,698,000 francs or 48,315,000 francs more than in December, 1930. For the first time for some years the yield for the month from indirect taxation and monopolies fell below Budget estimates, although the deficit was merely 38,651,000 francs. The total yield from these sources for the first nine months of the financial year, after allowing for this deficit, now shows a total excess of 1,009,297,750 francs over estimates.

GERMANY.

Foreign Trade — Relief to Eastern Provinces — New Price Reduction Measures — Foreign Exchange and Money Markets.

(FROM OUR CORRESPONDENT.)

BERLIN, January 20.

THE German foreign trade returns for 1930 show estimated exports of 12 milliard Reichsmarks and estimated imports of 10.4 milliards. Reparations in kind, but not exports of gold and silver, are included. The Bureau of Statistics considers the import figure about 200 millions too high, for technical statistical reasons, so that the surplus of exports amounted to about 1.8 milliard Reichsmarks and was thus sufficient to cover reparation payments. The balance of payments was not, however, completely met by it, as only a quarter of the debit balance of about one milliard for interest was offset by the credit balance on account of services. Germany therefore had to incur new indebtedness, most of which took the form of loans raised by the Reich.

The total of foreign trade as compared with 1929 showed a decline. Imports fell nearly 25 per cent. in value and over 10 per cent. in volume. The fall in prices affected them particularly severely owing to the large part played by raw materials. The difference between the rates of decline in volume and value of exports is much less marked: the value fell 11 per cent. and the volume of exports by 5 per cent. The following table shows the value figures for recent years:—

FOREIGN TRADE OF GERMANY.

	(In Million Reichsmarks.)		
	Imports.	Exports.	Balance.
	(Including Reparation in kind.)		
1927	13,801	10,954	- 2,847
1928	13,650	12,421	- 1,229
1929	13,435	13,482	+ 47
1930	10,200	12,030	+ 1,830

This development of the German trade balance is to be attributed mainly to the pressure of reparation requirements, which made necessary an active balance as soon as the inflow of foreign capital ceased. It would be a mistake, therefore, to infer that this favourable development implies a corresponding development in Germany's productive power. Still, it shows that the heavy borrowings of 1926 and 1927 were not unproductive, and that Germany will in the long run have no difficulty in procuring by means of export the necessary foreign means of payment to meet her debt obligations.

The Chancellor's journey to the East has had the effect of arousing in the Government a desire to increase the relief granted to those afflicted districts which transcends even the financial objections. In spite of the resistance which the Finance Minister at first showed, there is now unanimous agreement that all the Eastern Provinces should participate in relief measures, and that these should cover not only agriculture, but also trade and industry in the necessitous area. In order to provide the necessary funds, the special tax on industry which was introduced under the Dawes Plan to meet the service of the industrial bonds, and survived the Hague Agreement as an ordinary domestic tax, is to be taken out of the general revenue and used as a special tax for relief to the Eastern Provinces. Of its total yield of 230 millions in 1930, 50 millions were already earmarked for that purpose, so that the additional funds available will amount to 180 millions.

Some substitute for this 180 millions must, of course, be found for the Treasury, whether in the shape of fresh resources or of retrenchment. Herr Dietrich has expressly pledged himself to introduce no new taxes, and though the pledge was made before the Cabinet decision to extend this relief, he will presumably still feel bound by it. The German People's Party is pressing for economies, but these will be very difficult to realise, as the Budget seems to be framed on very economical lines, and any attempt to effect retrenchment would be fraught with great political dangers.

In order to promote as rapidly as possible their campaign for the reduction of prices, the Government have issued a new decree requiring that proprietary articles be sold at prices at least 10 per cent. below those of June 1, 1930. Failure to comply with this requirement will invalidate the contract between retailer and manufacturer for the maintenance of specified prices. These contracts, which retailers are obliged to sign in order to obtain supplies, and breach of which is subject to heavy penalty, ensure the maintenance of a wide margin between cost and selling price by eliminating price competition between retailers. If the Government were to declare them no longer legally binding the whole system of high manufacturers' and retailers' profits would be undermined, and it may be assumed that manufacturers will prefer to accept voluntarily a small sacrifice rather than make a much larger one under compulsion.

The German exchanges have been very weak lately, and by January 19th, after a steady fall, the dollar, the pound and the franc were all very near export point. The German exchange market is dominated by the Reichsbank, and high exchange rates in Berlin mean that the Reichsbank is only willing to sell foreign bills at a relatively high rate. The demand for bills has not been excessive; the Reichsbank had to supply 60 million Reichsmarks in the last week of December and 200 millions in the first two weeks of January. These sums include the 100 million Reichsmarks which were required for the transfer of the reparation payment on January 15th. Withdrawals of foreign short-term credits, for the most part loans in respect to which three months' notice of withdrawal had been given at the beginning of October, were mainly responsible for this development. A part, but only a small part, was also played by the flight of capital from Germany.

Far more important than the condition of the foreign exchange market is the closely associated state of affairs on the German money markets. The improved liquidity which always comes about in January and has already manifested itself on the principal foreign markets, has not appeared in Berlin. Market discount rate at 4½ is more than twice as high as in London, and first-class German borrowers have to pay over 6 per cent. for one-month money—nearly three times the rates obtaining abroad.

The reserve which other countries are showing towards Germany is mainly responsible for these high rates. The big German banks are still having to pay 4-5 per cent. for dollar and sterling credits in New York and London, a rate which is entirely out of harmony with conditions on

the foreign money markets. Foreign lenders require very high premiums on risk, in lending to Germany, which seem to us here to be entirely unjustified. The high money rates which Germany has to pay to foreign creditors prevent the fall of domestic rates and render a reduction in the Berlin discount rate impossible, at any rate for the present. The Reichsbank rate of 5 per cent., in comparison with the rates of neighbouring central banks, is a good indication of the effect upon Germany's position of the present political tension.

BELGIUM.

Coal — Metallurgy — Agriculture — Stock Markets — Capital Issues — Prices — Unemployment.

(FROM OUR CORRESPONDENT.)

LOUVAIN, January 10.

CONDITIONS in Belgium at the close of 1930 were in general far from satisfactory, though the depression is not as severe as elsewhere. The coal industry has recently begun to feel the crisis more severely, and many collieries curtailed their output by stopping a few days in December. The unsold coal stocks, which amounted at the beginning of December to 2,400,000 tons, exceeded by 500,000 tons the highest figure of stocks at the pit-head previously recorded. Until December the decrease in the output of coal was only slight, and the total output for 1930 will be hardly below the figure of last year. On the other hand, 1931 is certain to show a diminution. The output per man-day has remained relatively high; it was, for example, 575 kilos in November. In the metallurgical industry there are only 44 blast-furnaces in activity, against 58 a year ago. Cast iron and steel production has decreased by one third. In the industries producing finished metallurgical products the outlook is particularly bad. The constructional engineering enterprises, which have enjoyed till lately a favourable market, are now short of orders.

The striking fall in cereal prices has rendered the agricultural crisis more and more acute. Belgium has fortunately specialised on products which have fallen much less than the average, namely, vegetables, butter and eggs. Nevertheless, complaint has arisen from agricultural quarters, and an increase in the import duty on sugar from 60 centimes to 1 franc per kilogram has been obtained. Agriculturists will probably obtain the restoration of the pre-war import duty on oats, which represents 21 paper francs. These measures have met with vehement opposition from supporters of unconditional free trade.

Though no notable improvement occurred in the Belgian financial market, the bear movement has not extended. Banking stocks were particularly weak for a few months, and Société Générale de Belgique shares, which were quoted one time at the equivalent of 14,000 francs, fell to 6,600 francs. This unusual bear movement is due to a Press attack from abroad, which has not, however, affected the standing of the banks. The fundamental structure of the Belgian banks has not been touched by the stagnation of business, and their policy has always been discreet. Losses incurred by certain financial participations and investments in shares have only lessened the amount of reserves.

The "Algemeene Bankvereeniging Cy. Ltd.," which belongs to the Belgian Boerenbond (League of Agriculturists) concern, amalgamated at the end of December with the "Bank voor Oost-Vlaanderen," an important bank of the same group. A projected amalgamation with the "Algemeen Beleggingskantoor" (of Antwerp) has not been carried out.

In the Belgian stock market new issues of shares have practically come to a standstill, while new issues of bonds have been ventured only on a very small scale. The demand for industrial debentures in the domestic market has been so limited that enterprises have often been obliged to raise long-term money by issuing

securities in foreign markets. In the presence of a very easy home money market such a situation is abnormal.

A large volume of securities will be offered for public subscription in the course of 1931. The Belgian Railways Company, Ltd., is preparing a 600 million franc new issue of bonds in the inland market, and the Government will have to contract a loan of about the same amount to pay for public works. These loans will probably be issued in the form of 5 per cents. at or about par on the home market. The foreign conversion loan, which Belgium contracted in November to redeem the balance due of the 8 per cent. American 1921 loan, was offered for public subscription in 4½ per cents. at 95.75, but the result, though successful, proved that the yield was fixed a little too low.

As in many countries, the problem of the retail price level in connection with wholesale prices and cost of living has been hotly debated here in the Press. Here as everywhere there is great disappointment at the fact that nominal retail prices have not fallen in anything like the same proportion as wholesale prices. Industrialists, who would like to reduce wages, charge merchants and shopkeepers with exacting excess profits, or assert that the official index is erroneous. A legend has been circulated that in Great Britain the cost of living has decreased 25 per cent. since the beginning of the crisis. In fact, the price level has been quite normal in Belgium. The gold index of retail prices has only fallen from 131 to 124, as it was still rising towards parity with the world prices when the crisis appeared. The fall in wholesale prices had first to counterbalance this trend of the retail price index before it could bring about a decline. The results of many investigations suggest that the general stores and the big shops reduced their quotations much earlier than the other shops. Undoubtedly they will all be compelled to give way, so that the Belgian people may reasonably expect a moderate diminution in the cost of living in the course of the next few months. In any case, the prices of commodities remain very much lower in Belgium than in other countries. White bread, for instance, is sold at 1.80 franc a kilo (1½d. per lb. avoirdupois).

Unemployment has remained relatively moderate: there are 25,000 workmen totally and 60,000 partially unemployed. A large number of unemployed would involve a heavy burden on the State and local treasuries, as the rates of benefit are high. The father of six children under age receives 4s. 6d. per working day, though the insurance premium paid amounts only to 5d. per month. At present employers do not contribute. Apart from the underwriter, the state, the communes and the provinces contribute to the fund. Public expenditure in this direction is likely to increase seriously, though it is not anticipated that the unemployment relief system will disturb the Budget, since it did not do so during the crisis of 1920.

ARGENTINA.

Crop Forecast — Trade — Prices — Exchanges and Banking.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, December 27.

THE first official crop forecast has just been published by the Ministry of Agriculture, and the figures are shown below:—

(000's omitted.)

	Area Sown.	Area Harvested.	Production.
	Hectares.	Hectares.	Tons.
Wheat	8,614	7,972	7,386
Linsod	3,044	2,939	2,144
Oats	1,610	830	1,054
Barley	571	373	432
Rye	535	253	179
Bird seed	34	33	30

The exportable surplus of wheat as at December 19, based upon the above figures with a carry-over of 500,000

tons, and a deduction of 2,440,000 tons for consumption and seed, amounts to 5,443,000 tons. For linseed the exportable surplus is estimated at 2,100,000 tons, stocks in hand more or less counterbalancing the 230,000 tons at which local consumption of the seed is estimated. Prices are unfortunately abnormally low, with wheat at \$5.60 paper per 100 kilos., maize \$3.80, linseed \$10.30, and oats \$3. These are spot quotations, and, roughly speaking, the Futures market for February delivery is barely 10 cents better all round.

These quotations, taken in conjunction with the state of Argentine exchange, which, at the moment of writing, is 35½d. banks' cable drawing rate on London and \$137.80 on New York, are causing great uneasiness in business circles generally. For the present, trade is still hopeful of a recovery in exchange, if not in cereal prices. Nor does the idea seem credible that Argentina will be left with her wares on her hands. It is therefore reasonable to expect that railway traffics will show a marked improvement in 1931. At the same time, there is no denying that the situation is grave, and may easily become alarming if the Government take no steps to check the downward movement of the Argentine dollar. It is reported that early in January some official move will be made, and it is argued that therefore current rates, which do not represent any volume of business worth mentioning, are but speculative quotations and do not reflect the true position. This is, however, at best but an intelligent hypothesis, and the fall in freights for ocean shipment to 17s. for January loading, San Lorenzo to U.K./Cont., is a natural consequence of the lack of interest shown by charterers.

Import trade in general is gradually falling off, though as yet this fact is not noticeable in the retail movement, which has been decidedly active at the year-end. Moreover, bank deposits have risen by some 43 million dollars paper as compared with the October totals; discounts and advances show an increase of some 50 million dollars paper, while the cash in hand is less by 4 million dollars gold and 14 million dollars paper. In a word, the banking figures are beginning to reflect very plainly the usual symptoms of unchecked exchange depreciation. As yet prices for every-day commodities have not been affected, and therefore the general public in Argentina cannot be said to have realised the extreme gravity of the position. It is, however, reasonable to hope that the Government do so, and that they will not procrastinate unduly before deciding to apply the only effective remedy, namely, the opening of the Conversion Office and the export of gold to an amount sufficient to bring the dollar within sight of parity.

How great this would have to be depends not only on the shipment and sale of the crops, but also on the prospects of raising a long-term loan in foreign markets. The £5,000,000 loan due in London on December 31st was replaced by two fresh discounts, for six and twelve months respectively, at a rate which works out on the whole transaction at ½ per cent. below the rate charged at the end of 1929, when 5½ per cent. per annum plus a commission of ½ per cent. was paid. The Argentine official world is said to have been highly pleased at this mark of confidence in the new order of things, and doubtless there will now be some \$25,000,000 gold held in London, against which the Banco de la Nacion will be empowered to draw.

SWEDEN.

Extension of Depression — Foreign Trade — Money and Exchanges.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, January 12.

THE latest statistics of unemployment show very clearly that the depression has extended still further. The National Unemployment Commission reports that the number of unemployed seeking assistance during November rose by 70 per cent. to 25,000. There is normally a

seasonal increase at this time, but a year ago the corresponding figure was not quite 10,000. This unemployment is not, absolutely, at all alarming, and compared with unemployment in other countries is entirely insignificant. It is only as a measure of the continued intensification of the depression that it is a serious factor in the situation.

The production statistics for the same month confirm this impression. During recent years the index of production of *Svensk Finanstidning* for November has shown a marked increase over October. Thus in 1927 it went up from 110 to 120 (1923-24 = 100), in 1928 from 125 to 133, and in 1929 from 134 to 137, despite the beginning of the depression. This year it fell from 126 to 121. The extent of the decline varied very much as between different industries; it was conspicuous in the iron ore industry, as is seen in the restricted output forced upon the Grängesberg concern at the beginning of November, whereas in the pulp industry it was quite insignificant.

During the autumn imports fell more rapidly than exports, owing to a relative increase in exports of pulp and paper on the one hand and a new setback in grain on the other. The latter fact is the consequence of the State—so-called voluntary—agreement with the millers to mill Swedish wheat and rye in fixed proportions. The reduction of pulp shipments amounted to 11 per cent. against 23 per cent. in October. In other staple articles the decline in shipments progressed still further, for timber from 36 to 39 per cent. and for iron ore from 35 to 45 per cent. At the same time, the weakening in the "quality" industries was quite pronounced. For ball bearings the reduction of exports was increased from 19 per cent. in October to 28 per cent. in November, for motors from 16 per cent. to 15 per cent. and for separators from 22 per cent. to 27 per cent. For matches the figure went to 56 per cent. and for pig iron 53 per cent. Electrical machinery maintained its exceptional position with a 4 per cent. increase of exports. The 35 per cent. reduction in exports of telephones in October was converted into an increase of 2 per cent. for November, compared with 1929.

Naturally the effects of this development are reflected in the balance of payments. Broadly speaking, the effects of the intensified depression are in this direction remarkably slight. The reduction of the net bank claims abroad which has occurred by no means corresponds to the unfavourable change in the balance of trade. This is all the more striking since capital exports were greater in 1930 than in 1929. November, however, showed a decided change. As late as September net claims abroad increased by Kr. 33 millions, an increase which continued in October, though at a slower rate. Whereas November normally registers an improvement in the balance of payment there was this year a setback of about Kr. 15 millions. Despite this the net claims abroad exceeded those of a year ago. They amounted to Kr. 564 millions, against Kr. 562 millions in 1929.

The change of tendency in November became still more pronounced in December, and has clearly affected both the exchange and the money market. The reduced demand for capital and the surplus of money in the commercial banks have been accentuated by the maintenance of too high a discount rate during the greater part of the year. Since the much lower rates abroad yielded a very poor reward on investments there it was of much greater advantage to the commercial banks to sell their foreign holdings to the Riksbank than to rediscount at the relatively high home rate. The consequence was that short-dated claims abroad were rapidly transferred from the commercial banks to the Riksbank, while rediscounting sank to an abnormally low level, and the foreign exchanges were forced considerably below the normal rates.

Gradually the resources of the commercial banks were exhausted, and as at the same time the flow of exchange became an ebb in consequence of the effects of the depression on the balance of trade, a change in the money and exchange market was inevitable, and occurred in December. Under the pressure of tax payments at the beginning of the month, and of the special Christmas

and New Year requirements, the commercial banks were compelled to resume rediscounting to a rapidly growing extent. The normal exchange realisations, which usually reach a peak at this time, did not take place. The change of tendency was so strong that the commercial banks were compelled, just before the turn of the year, to reappear as buyers of exchange.

The consequence was clearly seen in a weakening of the Swedish krona. Normally in December the latter is steadily rising and the foreign exchanges reach their lowest point. Thus a year ago the dollar was down to 3.70½ (par = 3.73) just before the middle of December, and closed at 3.71½. Three years ago (1928 is unsuitable for comparison owing to the great labour disputes) it went down to 3.70½ and 3.70½ respectively. Last December, on the other hand, it rose slowly but steadily from 3.72½ at the beginning of the month to 3.73½ at the close.

Books and Publications.

BRITISH ECONOMICS IN A NUTSHELL.

WE must admit at once that the nut is of very substantial dimensions, but when the reader sees for himself the amount of solid matter concentrated in the 900 odd pages of this convenient-sized volume* he may agree that our title is not misplaced. Mr Hugh Butler, a former American Trade Commissioner in London, has prepared for the Department of Commerce an account of the economic structure and conditions of Great Britain which should be on the shelves of every reference library, if only for the sake of its unique collection of statistics.

Mr Butler describes the general development of British industry and goes in detail into such matters as unemployment insurance, labour conditions, power equipment and its cost, public trading, transport and foreign trade. There is a chapter on each of the principal industries, a whole section on finance, and a section on "The British Market" which gives very full information for persons abroad desirous of trading with Great Britain. A separate section is devoted to Northern Ireland.

Equipped as it is with maps, diagrams, bibliography and a very efficient index, this volume should be of great service, not only to American business men, for whom it is primarily intended, and to other traders abroad, but to business houses, research departments, and students of economics in this country.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Rationalization. By James A. Bowie. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 1s. net.

Reprint of a series of articles in the *Times Trade and Engineering Supplement*.

Free Trade. Compiled by Julia E. Johnsen. (New York) The H. W. Wilson Company, 953, University Avenue. 90 cents.

A collection of articles, extracts from reports, and manifestos on both sides of the question. There is a very good bibliography.

Fiscal Fraud and Folly. By J. M. Robertson. (London) British Periodicals, Ltd., 19 and 19a, Cursitor Street. 3s. 6d. Paper 1s.

A somewhat violent discussion of protectionist doctrine by a convinced free trader.

* "The United Kingdom." Compiled by H. Butler. (Washington, D.C.) Superintendent of Documents. \$1.75.

Tate's Money Manual. By William F. Spalding. (London) Effingham Wilson, 16, Copthall Avenue. 5s.

Users of Tate's Modern Cambist cannot dispense with this annual supplement, which contains important additions, alterations and amendments to the latest edition.

Share Transfer Audits. By Reginald A. Davies. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 3s. 6d. net.

A full and practical guide.

The Securities Clerk in a Branch Bank. By F. J. Lewcock. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A very thorough account of the matters with which a securities clerk needs to be familiar.

The Cable and Wireless Communications of the World. By F. J. Brown. Second Edition. Revised. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A descriptive account, with discussions of finance, the problems raised by the new method of construction, competition, and State versus private enterprise.

Die Einkommensverteilung im Lichte der Einkommensteuer statistik. By Dr. Angelos Angelopoulos. (Leipzig) Akademische Verlagsgesellschaft M.B.H., Schlossgasse, 9. Rm. 7.50.

A valuable study of the distribution of income in Germany.

Margarine as a Butter Substitute. By Katharine Snodgrass. (Stanford University, California) Food Research Institute. \$3.00.

The results of extensive research, embodied in over 300 pages with many tables and diagrams. According to the publisher, "emphasis falls not only upon the economic aspects but also on the technological, legal and nutritional." The consumer, unconscious of so many aspects to his food and laying the emphasis elsewhere, has reached very different conclusions from those of the author.

This Age of Plenty. By C. Marshall Hattersley. Second edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 3s. 6d. net.

A revised edition of a book largely based on the ideas of Major Douglas and Professor Soddy.

Sea Power. By Geoffrey Drage. (London) John Murray, Albemarle Street. 10s. 6d. net.

A collection of the author's letters and articles.

Studies in Industrial Relations. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 5s.

This first volume of the series covers the Siemens Works, the Lens Mining Company, the London Traffic Combine, the State Mines of the Saar Basin and the Bata factory.

Wirtschafts-Statistisches Jahrbuch. 1929-30. (Vienna) Verlag der Kammer für Arbeiter und Angestellte in Wien.

An Austrian yearbook which contains a very comprehensive collection of economic statistics.

Survey of the Direct and Indirect Means at the Disposal of Foreign Buyers to enable them in a Number of Countries to Ascertain the Quality of the Goods Acquired by them. (Geneva) Economic and Financial Section of the League of Nations. 5s. 6d.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2 :

Department of Overseas Trade: Economic Conditions in the Argentine Republic. October 31, 1930. 3s. 6d. net.

Ministry of Labour: Report of Committee on Conditions of Service of Women Staff Employed in the Navy, Army and Air Force Institutes. Cmd. 3769. 2d. net.

League of Nations: Despatch from Viscount Cecil of Chelwood enclosing the Report of the Preparatory Commission for the Disarmament Conference. December 10, 1930. Cmd. 3757. 1s. 6d. net.

Treaty Series No. 1 (1931): International Treaty for the Limitation and Reduction of Naval Armament. April 22, 1930. Cmd. 3758. 9d. net.

Treaty Series No. 7 (1931): International Agreement in Regard to the German 5½ per Cent. Loan, 1930. Cmd. 3761. 4d. net

The Stock Exchange.

SOUTH AMERICAN BONDS.

EVEN if the outside world had remained normal last year, the bond market in New York would have had its spate of troubles. It experienced a more or less continuous pressure to sell, emanating partly from banks struggling against adversity and partly from life insurance companies faced with urgent demands for loans from policyholders. On the top of these domestic trials the market felt the shock of political and economic upheavals in the leading South American republics. In these circumstances the prices of South American Government bonds fell to unprecedented levels, and only in a few cases has any substantial recovery yet been achieved. The bond market in London presented a firmer front—British capital being less involved than American in the weaker Latin-American republics—but the confidence of both British and American investors in foreign government bonds has undoubtedly been somewhat shaken.

When successive revolutions began to sweep through South America last year the cumulative effect on bondholders was naturally severe. The first revolutionary news came in August from Bolivia, where the administration of Dr. Siles was overthrown. The next *coup d'état* was staged in Peru, where two factions, one in the South and the other in the North, swept away the twelve-year dynasty of President Leguia, authority being finally yielded to the Southern group under the leadership of Colonel Cerro. Early in September came the downfall of President Irigoyen of Argentina. This was the most bloodless of all the South American revolutions, and ended in the assumption of supreme power by General Uriburu. Finally, rebellion broke out in the Brazilian State of Rio Grande do Sul. After some weeks of fighting between armed forces the then Brazilian Government capitulated, and Dr. Vargas took the presidential chair forcibly vacated by Dr. Washington Luiz. Chile, which enjoyed a bloodless revolution nearly seven years ago, was the only major republic which remained politically tranquil in 1930.

Despite the natural alarm of many bondholders at these developments, the degree of political risk attaching to South American bonds may, in fact, have been exaggerated. The root of South America's present troubles is economic, for the collapse in commodity prices has severely affected primary producers in every republic. Many countries are anxious to change their governments when trade falls upon evil times, and the nature of the constitutions of the South American republics, which are modelled on the American executive system, tends to render a speedy change impossible except by revolutionary methods. Although many South American republics during the last fifty years have defaulted at various times as regards payment of coupons or sinking fund service, none has ever threatened repudiation of debt. Even the Peruvian revolutionary leader, who thought fit to complain of the behaviour of certain American interests, made it clear that all the foreign engagements of the Leguia administration would be fulfilled. Similar reassurances came from Bolivia and Brazil. In the case of Argentina such reassurances were not even necessary. It is true that in Brazil's case delay occurred in the payment of a coupon, due on December 15th, on the 7 per cent. Rio State Sterling Loan of 1927, but this was explained by the fact that the retiring Treasurer of that State, in the hurry of departure, had omitted to make the necessary arrangements for payment. The coupon, however, was paid by the end of the month. Indeed, a friendly and diplomatic attitude towards foreign capital appears to be typical of the normal South American "revolution," and should

contribute, in due time, to the recovery of confidence in the bond market.

The following table shows the highest and lowest prices for 1930, and the present prices of representative South American bonds in New York and London:—

	Interest Rate and Final Date.	NEW YORK.				Yield.	
		1930 Prices.		Present Offered Price.*	Yield.		
		High.	Low.†		Flat.	Redem.	
Argentina	6% 1960	100	88	90½	6.62	6.76	
Buenos Aires City	6½% 1955	100½	87½	85	7.64	7.90	
Do., do., Prov.	6% 1961	91	62	66½	9.02	9.35	
Bolivia	7% 1969	84	29½	35½	19.86	20.20	
Brazil	6½% 1957	88½	46	65	10.00	10.40	
State of San Paulo Coffee Realisation ...	7% 1940	96½	67	81½	8.59	10.20	
Chile	6% 1960	94½	70	79½	7.52	7.70	
Colombia	6% 1961	82	55	65½	9.12	10.20	
Peru	6% 1960	84	33	40	15.00	15.10	

LONDON.							
Argentina	5% 1949	94½	90	90	5.56	6.00	
Buenos Aires City	6½% 1950	90	82½	97½	5.13	5.20	
Do., do., Prov.	3½% 1975	61½	50	49	7.10	6.00	
Brazil	6½% 1954	94½	54	74	8.78	9.82	
State of San Paulo Coffee Realisation ...	7% 1940	95½	74½	82½	8.48	11.52	
Chile	6% 1962	100	79	87	7.43	8.00	
Colombia	6% 1947	93	83½	87	6.89	7.40	
Peru	6% 1961	87½	43	50	12.00	...	

† The New York low prices were all established in December except in the case of Buenos Aires City 6½% and Brazil 6½%, which were October prices.
* Prices quoted "and interest" in New York.

The prices current in the New York bond market suggest, broadly, that a somewhat conservative view is taken as regards Bolivia and Peru, that expectations are more optimistic concerning Brazil, and that confidence is clearly being placed in the recovery of Argentina. The position of Bolivia reflects, in part, the country's dependence on its mining industry—particularly its tin mines, the output of which has been severely restricted. Further, Bolivia has borrowed heavily in recent years, chiefly for its railroads, which may remain relatively unproductive for some years. Thus the revenues of Bolivia are being strained to meet its financial obligations, and a moratorium has even been discussed in commercial circles.

Peru is also suffering from a severe economic crisis. The values of all its principal exports—copper, sugar, cotton and oil—have fallen sharply (with the possible exception of oil). Peru has also borrowed heavily in New York, and over 75 per cent. of its total debt is external. Colombia, similarly, is feeling the effects of increasing its external debt too rapidly. Several of its departments, particularly Antioquia, have borrowed freely in New York, and over 80 per cent. of the debt of the Republic itself is held abroad. Oil exports, again, have been a large factor in the recent development of Colombia, and would be greatly affected if, as has been suggested, a tariff were imposed in America on foreign oil.

The economic position of the "A.B.C." group, though less acute, is not without difficulty. In Chile, for example, the shutting down of nitrate oficinas, outside the Guggenheim group, and the restriction of output in the copper mines have brought about a serious economic depression. Exports, which amounted to 2,239,874,483 pesos (£57,304,165) in 1929 had fallen to 982,905,000 pesos (£24,597,222) in the nine months ended September, 1930. The Government added greatly to its external obligations in the period 1927-30, borrowing about £41,000,000 abroad. Brazil has had even more difficult economic problems to meet, arising out of the breakdown

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
February 3.

ACCOUNT.
February 5.

The Stock Exchange lost no further ground, and even gained a little, this week. Though the threat of further gold shipments to France remained with the market, the lull in actual withdrawals in the middle of the week had a beneficial effect on gilt-edged stocks. In the industrial markets a slight ray of sunshine came from much the same quarter which provided last week's storm, the increased dividend of the Imperial Tobacco Company being the more welcome because of its unexpected nature. In the mining markets the continued firmness of Kaifirs was a feature, the future significance of which caused a division of opinion. The markets as a whole may not yet have fully gauged the effect of current depression on earning power, and must, consequently, be liable to intermittent spells of liquidation whenever individual results fall below expectation. The undertone, however, is not unsatisfactory, few holders being anxious to change their investments until clearer evidence is forthcoming, either way.

Gilt-edged stocks were affected at the outset by the heavy gold exports, Conversion issues being particularly heavy. Later, however, more favourable developments caused a measurable recovery, in which 4 per cent. Consols and War Loan were prominent. India Loans came on offer despite the comparatively favourable atmosphere in which the Round Table Conference concluded. Australians were steadier after early selling, and the liquidation of New Zealand issues showed signs of having spent its force.

Business in foreign bonds was restricted. Germans obtained fair support and Brazilians improved on the partial confirmation of a reported £7,000,000 credit for the Bank of Brazil. Numerous questions affecting holders of South American stocks are discussed in a leading article on an earlier page. Among Europeans, a spurt in Turkish Unified, originating in Paris, was induced by rumours of a resumption of negotiations on the debt service.

The home railway market was neglected. Dealers obtained no guidance as to wage possibilities from the sittings of the National Wages Board, though the evidence as to costs and receipts given by the companies confirmed the conservative views as to forthcoming dividends expressed in these pages three weeks ago. Quotations continued slowly to sag, even Undergrounds being easier on a continued decline in traffic. Argentine rails were again sold on unfavourable traffic returns and fears regarding the interim dividends.

Last week's liquidation in industrial shares was not, happily, repeated, though business as a rule was meagre and mainly professional. Imperial Tobaccos rallied on the increased dividend announcement, which is discussed on page 179. The Turner and Newall report (analysed on page 180) was considered fairly satisfactory, but induced no recovery in the shares. Among motors, Ford, Austin and Thomas Tilling were again in favour, but a slump occurred in Leylands on pessimistic dividend rumours. Some investment demand was in evidence for electrical supply shares, with special activity again centred on Egham and Staines, on persistent absorption talk. Coal and steel shares were irregular, Babcock and Wilcox losing ground, while Stewarts and Lloyds deferred were firmer on the cessation of forced liquidation. Imperial Chemical recovered part of last week's losses. Little business was done in textiles, but the extension of labour troubles in Lancashire caused no widespread selling. Bank shares were firm and in moderate demand, while insurance shares showed few quotable changes.

The rubber share market was dull, Rubber Trusts continuing their downward trend. A comparatively small amount of liquidation depressed tea shares, Jokais suffering a further setback. Slightly better conditions

(Continued on page 178.)

of the "Coffee Defence" scheme towards the end of 1929 and a further collapse in coffee values last year. Exports, which amounted to £94,831,000 in 1929, fell to £57,137,000 for the ten months to October, 1930. Powerful banking houses in London and New York, however, came to the rescue in April last year, when the £20,000,000 San Paulo Seven per Cent. Coffee Realisation Loan was issued, which provided for the gradual liquidation of surplus coffee stocks. It was reported last week that the Brazilian Government had been granted a credit of £7,000,000 by a group of London bankers, headed by Rothschild and Sons, to tide over exchange difficulties. The Government has given proof of its earnest desire to restore the national finances and will shortly have the expert advice of Sir Otto Niemeyer on its financial problems, including the conversion of the Banco de Brazil into an effective central bank and the unification of the note issues.

Argentina, finally, is suffering from the collapse in the prices of wheat and other cereals, and of wool. Its export trade for the first six months of 1930 amounted (at par of exchange) to £69,501,869, as against £189,067,826 in the twelve months of 1929. The closing of the Conversion Office, following on the decline in export trade, aggravated the depreciation in the peso exchange. It is generally believed that the peso may be restored if the national gold reserves are allowed to perform their ostensible function. The new Government, indeed, expressed its intention to return to the gold standard and to convert the Banco de la Nacion into a central bank proper. Last week it was announced that arrangements had been made, under which up to 30,000,000 of gold pesos held by the Conversion Office would be set free to support the exchange in case of need. Other Argentine problems include the balancing of the budget and the consolidation of the huge floating debt, which amounts to \$565,000,000 (paper), pesos, as against an internal funded debt of \$1,156,407,000 (paper), and an external debt of \$1,111,676,000 (paper).

The following table gives a summary, in sterling at current rates of exchange, of the Federal internal and external debts of the South American republics mentioned in this article, together with a statement of the par value of the currency and the present rate of the sterling exchange:—

	Argentina. £	Brazil. £	Chile. £
Internal	149,687,565	57,686,785	10,956,831
External	96,667,391	148,828,066	63,269,518
Par of exchange \$ = 47.577d. milreis = 5.899d. \$40 = £strg.			
Present rate	34.25d.	4.5d.	39.96

	Peru. £	Bolivia. £	Colombia. £
Internal	7,176,026	1,477,743	2,975,266
External	21,883,760	12,887,077	13,760,069
Par of exchange.....	12.166 soles.	13.33 bolivi.	5 pesos
	per £.	anos per £.	per £
Present exchange...	16.30	13.45	5.03

The investor in foreign government funds should appreciate the risks he runs in dealing with debtor countries such as Argentina and Brazil, whose "invisible" balance of trade is unfavourable. In the normal course of affairs these debit balances on international account are made good by shipments of gold or by foreign loans. In an abnormal period of trade, when the value of the visible export trade has been lowered by the fall in commodity prices and when foreign loans have become difficult, it is not impossible, to arrange, such debtor countries may find difficulty in continuing interest payments on their external debt. Whether some of the South American republics will be able to emerge from their present economic crises without the help of foreign loans remains doubtful; but the investor has at any rate the assurance that the Governments in power are doing their best to meet their present difficulties, and have so far shown no tendency to flirt with unorthodox and dangerous financial expedients.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

[illegible]

† Free of Income Tax.

Year 1929.		Year 1930.		Name of Security.		Jan. 14, 1931.		Rise or Fall.		Present Yield.		
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	
								£ s. d.				
12/3	6 1/4	7 1/16	2/9	Coal, Iron and Steel.	3/6	3/6	...	NH	26/3	15/17	20/71	9/9
15/9	12/-	16/-	11/6	Coal Anthracite £1 ...	13/9	13/9	...	NH	65/-	42/6	53/5	35/-
1/3	7d	10 1/4	5d	Do. 7% Cum. Pref. A 1/2	6d	6d	...	NH	48/9	73/52	95/51	53/11
23/6	55/6	63/-	47/9	Babcock, Wilcox £1 ...	48/9	43/9	-5/-	6 17 37	33/11	22/-	28/9	11/-
13/13	11/6	13/13	10/3	Baldwins 4/- ...	1/9	1/9	...	NH	67/92	20/71	40/71	16/3
15/6	13/-	13/7	10/3	Bengal Iron £1 ...	12/6	12/6	-6d	13 6 9	7/6	3/9	4/10	1/3
...	...	...	...	Beyer Peacock £1 ...	2/9	2/9	...	NH	95/104	74/44	95/71	65/11
7/9	2 1/16	3/7	11/4	Brown (John) Ord. 6/-	1/3	1/3	...	NH	81/04	5/71	14/-	6/3
16/9	8/7	10/3	5/6	Cammell Laird £1 ...	5/71	5/71	...	NH	52/6	36/3	54/01	24/41
68/9	56/10 1/2	63/3	54/6	Corn, William £1 ...	56/3	55/-	-1/3	6 6 9	18/3	12/11	15/01	6/11
31/10	10/6	11/7	3/4	Dorm, Long £1 ...	4/-	4/-	3/9	3d	16/3	8/9	14/11	6/3
41/3	34/3	36/10 1/2	23/9	Ebbw Vale £1 ...	7d	7d	-14d	NH	38 1/4	31	35 1/4	23 1/4
18/4	8/9	10/1	5/-	Guardsfield £1 ...	5/71	5/71	-2/6	10 0 0	118/8	88/9	99/4	69/4
26/10	20/-	22/3	4/10 1/4	H. & W. 6% Cum. Pf.	5/-	4/6	-6d	NH	95/32	75/-	78/9	18/9
13/9	6/7 1/2	9/11	2/6	Harold Collieries £1 ...	17/6	17/-	-6d	8 16 0	...	...	...	...
6/7 1/2	3/9	4/11	1/4	Milom & Askam £1 ...	3/9	3/9	...	NH	...	...	...	...
20/9	11/6	12/9	5/6	Ocean Coal & Wilsons	1/6	1/6	...	NH	...	...	...	...
39/4	22/9	23/6	17/6	Peso and Partners £1	6/7 1/2	6/7 1/2	+1/3	NH	...	...	...	...
17/6	9 1/4	11/-	4/11	Do. B. Ord. £1 ...	5/6	5/-	-6d	NH	...	...	...	...
27/9	20/-	22/-	18/6	Staveley Coal, &c. £1	20/6	20/6	...	5 15 0 1/4	...	...	...	...
35/9	24/3	28/-	20/6	Stewart & Lloyds £1	22/6	20/-	-2/6	7 10 0	...	...	...	...
41/10 1/2	1/9	3/11	1/11	Sweet's High & Cent. P. £1	18/9	19/3	+6d	7 15 0	...	...	...	...
12/6	6/3	11/-	5/6	Thames (Richd.) £1 ...	5/9	5/9	...	NH	76/-	62/10 1/2	67/9	52/6
100/-	54 1/4	78/9	28 1/4	Do. 6% Cum. Pref. £1	30/-	28/9	-1/3	9 0 9	...	...	...	...
285 1/2	155	203 1/2	139	Thornycroft, John £1...	145 1/2	145 1/2	...	5 2 0	...	...	...	...
13 1/2	7 1/4	9/3	6/3	U. S. Steel \$100 ...	7/-	6/9	+3d	7 3 0	...	...	...	...
18 1/2	15/3	16/9	12/9	Vickers 6% £1 ...	13/9	13/9	...	9 8 0	...	...	...	...
...	...	...	...	Ward (Thos. W.) £1 ...	...	...	...	...	...	...	...	...
7/9	5/6	6/3	3/11	Textiles.	3/6	3/3	-3d	8 12 6	...	...	...	...
36/6	22/4	24/-	14/9	B. Ctn. & Wool Ds. 5s.	14/3	13/-	-1/6	15 6 0	...	...	...	...
47/3	30/9	33/9	17/9	Bradford Dyers (£1) ...	20/-	17/6	-2/6	9 8 0	36/01	62/6	147/31	31/01
44/4	15/-	21/6	6/3	Brit. Celanese Ord. (10/-)	6/6	7/3	+9d	15 11 0	55/5	28/9	31/71	16/6
14/3	11/3	14/6	8/71	Do. 1st Lm. Cn. P. £1	8/3	9/-	+9d	15 11 0	16/7	7/9	11/2	4/9
28/6	15/-	16/3	7/6	Calico Rinters £1 ...	7/6	7/-	-6d	NH	26/9	13/-	15/6	9/6
73/3	63/-	67/-	52/9	Costs, J. and P. (£1) ...	52/6	52/-	-6d	6 15 0	33/9	17/3	21/6	15/1
205/-	51/10 1/2	57/2	35/-	Courtauld £1 ...	31/3	30/7 1/2	-7 1/4	10 6 1/2	11/9	7/8	9/6	6/5
65/-	40/7 1/2	45/-	29/7 1/2	English Sav. Ctn. (£1)	30/-	30/-	...	8 6 9	26/9	10/3	19/9	9/10 1/2
45/9	25/-	29/7 1/2	17/3	Fine Cotton Spuns. £1	18/-	17/6	-6d	6 17 3	37/2/6	88/9	109/3	31/10 1/2
27/-	19/3	19/9	11/3	Linen Thread (£1) ...	22/6	22/6	...	7 11 0 1/2	163/-	12/6	138/-	6/7
36/9	22/6	26/3	16/3	Patons & Baldwins £1	19/3	19/3	-1/3	2 15 0	27/6	17/6	21/11	12/11
29/11	10/-	15/3	6/3	Snia Viscosa L.120...	6/6	7/-	+6d	...	79/-	66/3	74/6	51/3
58/6	25/9	32/-	19/9	Electrical Manufg.	21/-	21/-	...	5 15 0	45/6	25/3	30/-	16/7
99 1/4	63/6	80/-	64/-	Associated Elec. (£1) ...	66/3	63/9	-2/6	4 14 0	17/11	8/5	9/10 1/2	4/6
89/6	58/-	78/9	52/-	British Insulated (£1)	21/3	19/9	-1/3	4 16 0	138/9	9/1	101/62	89/4
...	...	...	...	British Insulated (£1)	21/3	19/9	-1/3	4 16 0	...	...	...	...
80/4	51/6	56/6	41/6	Crompton Parkman £1	45/-	44/3	-9d	4 1 0	7/4	82 1/2	84/5	81/3
6 1/2	5	6 1/8	5	General Electric (£1) ...	5/-	5/-	...	5 4 0	33/-	20/-	27/11	17/3
42/10 1/2	30/6	40/9	33/-	Henleys (W. T.) (£1) ...	37/-	37/-	...	5 8 0	42/9	22/-	33/3	22/3
35/6	24/9	26/4 1/2	20/-	Johns & Phillips £1	21/3	21/3	...	7 1 3	23/9	22/6	25/3	21/6
...	...	...	...	Siemens £1 ...	21/3	21/3	...	7 1 3	14/3	13/-	14/6	11/6
85/3	53/2	55 1/2	42/01	Electric Light, &c.	82/4	82/4	...	4 18 0	6/6	3/6	7/-	3/7 1/2
78/-	53/-	64/6	54/-	Brazil Tacc, no tax	61/3	61/3	...	4 18 0	46/3	34/9	44/-	35/3
60/-	49/6	52/3	42/9	Bournemouth & Poole	45/9	45/-	-9d	6 9 0	108/9	92/7	102/6	91/6
27/3	25/3	28/4	25/-	Calcutta Electric £1 ...	29/3	29/3	...	5 0 0	46/6	33/11	42/3	37/6
34/9	30/-	34/9	31/9	Charing Cross Elec. £1	36/-	36/-	...	5 0 0	...	...	...	...
44/6	17 1/2	39/6	33/3	City of London £1 ...	34/3	34/3	...	4 10 6	18/-	7/4	8/6	3/7
8/-	41/6	47/7 1/2	35/9	Hyde Valley Elec. £1 ...	48/9	48/9	...	4 10 6	6/3	4/10 1/2	5/10 1/2	4/11
85/3	53/01	59/2	42/3	London & London £1	48/9	48/9	...	4 10 6	18/-	7/4	8/6	3/7
31/-	26/-	28/-	22/10 1/2	Hydro-Elec. Cn. Siks	82/4	82/4	...	5 1 0	15/10 1/2	6/6	9/3	3/7
49/-	35/-	43/9	35/9	Lancashire Electric £1	24/6	25/-	+6d	4 9 0	51/6	41/6	52/4	34/10 1/2
37/6	25/-	31/3	25/7 1/2	Metro. Electric £1 ...	42/-	41/3	-9d	4 9 0	29/3	28/9	30/7 1/2	24/3
35/10	22/6	25/11	21/7 1/2	Midland Counties £1	28/6	28/6	...	4 18 0	48/9	34/6	38/3	28/3
31/6	22/6	25/11	21/7 1/2	Newcastle-on-Tyne £1	24/3	23/9	-6d	5 1 1/2	42/-	33/6	38/3	24/3
35/-	26/3	31/-	27/-	North Metropolitan £1	48/9	48/9	...	4 2 0	41/3	32/-	36/3	32/4 1/2
37/7 1/2	30/-	35/-	30/9	Social Power £1 ...	30/3	30/3	...	5 6 9	37/9	27/6	31/6	19/9
...	...	...	...	Yorkshire Electric £1 ...	34/3	34/3	...	5 13 0	29/6	23/9	27/9	25/10 1/2
20/6	17/6	20/11	17/-	Gas.	19/7 1/2	19/9	+1 1/2	5 12 0	32/6	20/9	26/7	16/7
48/9	19 1/4	18/9	13/9	Gas Light & Coke £1 ...	19/7 1/2	19/9	+1 1/2	5 12 0	32/6	20/9	26/7	16/7
17/10 1/2	11/9	16/9	15/9	Imp. Continental Siks	35/0	35/0	...	5 0 0	52/6	35/4	47/3	32/1
...	...	...	...	Newcastle-on-Tyne £1	16/6	16/6	...	6 10 0	123/9	92/6	105/-	90/-
...	...	...	...	S. Midland Siks	10/6	10/6	+1	5 17 0	39/-	28/9	34/3	26/-
88 1/2	73 1/2	77	18 1/2	Telegraphs, &c.	22/6	20/1	-2	NH	115/6	74/4	86/3	37/-
88	34	39 1/2	8 1/2	Cables & A. Ord. Siks	12	10	-2	NH	129/6	58/9	76/3	31/10 1/2
99 1/4	91 1/4	99 1/4	64 1/4	Wireless & B. Ord. Siks	67 1/2	65 1/2	-2	11 9	170/7	75	123 1/2	14 1/2
99 1/4	91 1/4	99 1/4	64 1/4	Wireless & B. Ord. Siks	67 1/2	65 1/2	-2	11 9	23/-	20/7 1/2	21/9	14/3
35 1/2	12/6	36/6	9/-	Canad. Marconi £1 ...	11/10 1/2	10/7 1/2	-1/3	6 15 0	92/6	80/-	83/9	71/9
152 1/2	70	82	22 1/2	Great Northern £100...	30	29 1/2	-1/2	6 15 0	76/3	13/-	16/10 1/2	6/1
78/-	39/4	48/11	32/-	International Teleph.	39/3	37/6	-1/9	8 0 0	54/9	41/9	49/6	28/-
62/-	52/6	55/9	45/7 1/2	Marconi Marine £1 ...	39/3	37/6	-1/9	8 0 0	25/3	15/-	28/11	3/4
...	...	...	...	Oriental Telephone £1	47/6	47/6	...	5 1 0 1/2	19/3	17/6	18/9	5/4
...	...	...	...	Motors and Cycles.	...	...	...	...	...	...	...	...
16/6	4/10 1/2	39/-	22/9	Austin Se.	30/9	33/6	+2/9	14 18 0	...	...	...	...
13/6	7/10 1/2	10/10 1/2	6/6	Arm. Sm. Arms £1 ...	7/9	7/9	...	13 6 9	...	...	...	...
64/4	41/10 1/2	52/6	33/9	Dennis J. £1 ...	58/9	58/9	-2/6	9 0 0	...	...	...	...
91/3	60/-	93/11	56/9	Ford Motors £1 ...	58/9	58/9	-2/6	9 0 0	...	...	...	...
88/9	72/6	75/-	58/9	Lucas (J.) £1 ...	68/9	68/9	+3/4	7 0 0	...	...	...	...
60/7 1/2	29/6	75/-	47/6	Leyland £1 ...	53/6	50/6	-3/-	NH	...	...	...	...
21/6	19/4	22/9	19/3	Morris 7 1/2% Pref. £1...	22/6	22/6	...	6 16 0	...	...	...	...
51/3	39/6	50/7 1/2	8/6	Napier 5% £1 ...	8/-	7/6	-6d	...	...	...	...	...
51/3	39/6	50/7 1/2	8/6	Rods-Royce £1 ...	39/3	39/3	...	5 2 6	...	...	...	...
39/4	24/-	35/6	15/-	Singer £1 ...	17/6	17/6	...	21 0 0	...	...	...	...
...	...	...	...	Shipping.	...	...	...	...	...	...	...	...
27/7 1/2	17/6	25/-	15/6	Argentine Nav. Ord. £1	23/6	23/6	...	8 8 6	...	...	...	...
30/3	20/-	25/-	18/6	Do. 6% Cum. Prg. P. £1	22/-	22/-	...	10 18 0	...	...	...	...
44/3	29/4	36/3	19/6	Canard £1 ...	14/-	14/-	+6d	10 6 9	...	...	...	...
51/3	33/9	35/9	15/7 1/2	Parsons & Whitney £1 ...	29/-	27/-	-2/-	7 8 0	...	...	...	...
69/3	48/-	56/9	30/6	P. & O. Def. £1 ...	32/6	30/9	+1/3	5 18 6	...	...	...	...
76	25	36	9	Royal Mail Ord. Siks	10	10	...	...	...	...	...	...
81 1/2	39	41	10	Do. 5 1/2% Prg. Siks	10	10	...	...	...	...	...	...
102 1/2	37	42	10	Do. 6 1/2% Prg. Siks	10	10	...	...	...	...	...	...
23/-	12/-	14/6	6/-	White Star 6 1/2% Pref.	5/6	5/6	...	...	...	...	...	...
...	...	...	...	Tea and Rubber.	...	...	...	...	...	...	...	...
20/7 1/2	12/9	18/3	7/9	Allied Sumatra £1 ...	8/3	8/3	...	5 14 3	...	...	...	...
44/3	29/4	36/3	19/6	Anglo-Dutch £1 ...	21/9	20/3	-1/6	9 14 0	...	...	...	...
45/-	21/3	30/4	12/6	Bah Lias £1 ...	16/3	15/-	-1/3	6 13 3	...	...	...	...
35 1/4	19 1/4	26 1/4	16 1/4	Cons. Tea & Lands £10	13	12 1/2	-1/2	3 11 3	...	...	...	...
39/3	65/7	70/4 1/2	55/6	Grand Cl. (Ceylon) £1	11							

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 15, 1931.	Price, Jan. 22, 1931.
Assam Ry. & Trading 5½% deb.	97½	57½	1 dis-½ pm	1 dis-½ pm
Bermuda Development 5½% deb.	97½	57½	98-99	98½-98½
Birkenhead 4½% 1951-51	99	5	1 dis	1 dis
British Aluminium 5½% deb.	98½	60	2½-1½ dis	2½-1½ dis
Cape Town 5½% 1961	101	61	1 dis-½ pm	par-½ pm
Central Electricity Board 4½% stock	95½	60	1½-1½ pm	1½-1½ pm
Canal House 4½% deb.	90	60	1½-1½ pm	2½-1½ pm
Darnell (C) 10½% 1961	16½	16½	15½-17½	15½-17½
Gas Light and Coke 4½% deb.	91½	66½	2½-3 pm	3½-3½ pm
General Electric 5½% deb.	98	66½	101½-102½	101½-102½
Grosvenor House (Park Lane) 7½% cum. pref. £1	par	16½-17½	16½-17½	16½-17½
India 6½% 1935-37	100	75	2½-2½ pm	1½-1½ pm
Kenya 4½% 1961-71	98½	45	1½-1½ pm	1½-1½ pm
London and Clydesdale Trust	10	2	1½ pm	1½ pm
London and Home Counties Electric 4½% stock	95½	30½	1½ pm	par-½ pm
London Power 5½% deb. 1972	100½	75	1½-1½ pm	1½-1½ pm
Metropolitan Housing 5½% deb.	95½	50	1 dis-½ pm	1 dis-½ pm
Myatt (Frank) 5½% deb.	98½	50	1½ pm	1½ pm
Nottingham (City of) 4½% 1951-61	98½	50	98½-99½	98½-99½
Second British Steamship Trust New £10	£10	£5	10½-5½ dis	10½-5½ dis
Smethwick 4½% deb.	98½	28½	1½-1½ dis	1½-1½ dis
Stirling C.C. 4½% 1951-61	97½	28½	98½-99½	98½-99½
Yorks Electric Power	98½	104-105	103½-104½	103½-104½

(Continued from page 175.)

ruled in the oil market, though public interest was conspicuously absent. The leading issues mainly held their ground, though the American trade figures showed the customary seasonal increase in stocks of petrol.

A noticeably better tone prevailed in certain sections of the mining share market, and, with the cessation of last week's liquidation from Paris, a little public buying developed. Increased interest was taken in Kaffirs, including Goldfields, Rand Mines and Central Mining, while among Far Eastern shares, Sub Nigel was a strong feature. A South African view of possible developments in the gold mining situation is given on page 182. Northern Rhodesians were dull for the most part, but Chartered enjoyed a recovery. Diamond shares had a firmer tone than for some weeks past, De Beers in particular gaining ground. Tin shares were firmer, though no further official news was available regarding the restriction position.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Barains recorded in Stock Exchange Lists.)

	Jan. 15, 1931.	Jan. 16, 1931.	Jan. 19, 1931.	Jan. 20, 1931.	Jan. 21, 1931.	Jan. 22, 1931.
Government and Municipal Loans	1,923	1,836	2,068	1,588	1,618	1,626
Transport, Communications, and Public Utilities	1,100	1,197	1,170	1,009	933	913
Commercial and Industrial Banks, Insurance and Financial	1,903	2,143	2,241	1,811	1,840	1,885
Mines (including Nitrate)	638	621	674	595	531	629
Oil	394	470	555	445	499	673
Rubber, Tea and Coffee	99	135	140	111	100	91
Total	6,154	6,545	7,011	5,652	5,623	5,888

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 15.)	Jan. 15, 1931.	Jan. 16, 1931.	Jan. 19, 1931.	Jan. 20, 1931.	Jan. 21, 1931.	Jan. 22, 1931.
72.3	68.3	68.9	68.3	68.5	69.1	69.1	69.3

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets have reached a stagnant condition, eloquent of exhaustion after a long decline. On Monday, for the first time for many years, less than 1,000,000 shares were dealt in at a full session. In recent weeks a steadily diminishing interest has been taken in successive rallies and declines. The whole market is tending to settle down to a period of featureless stability, pending a revival in trade conditions, whose date no one now attempts to forecast. This week the much discussed Wickersham report on prohibition failed appreciably to affect the market, owing to the wide variance of the individual views revealed, and the refusal of President Hoover to support a modification of the Eighteenth Amendment. Rails displayed some strength, but United States Steel were re-

actionary on an estimate that earnings in the December quarter were only about 40c. per share. Bethlehem Steel, Westinghouse Electric and Allied Chemical broke their 1930 low records, owing to dividend fears in each case. Trade indicators pointed to a fair seasonal recovery, steel production having risen to 45 per cent. of capacity, while car loadings showed a sharp increase last week. Moderately satisfactory wholesale buying of commodities for the spring is reported. Call money has been easy at 1½ per cent., with some talk of a possible further reduction in the New York Federal Reserve rediscount rate.

	Jan. 8, 1931.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 8, 1931.	Jan. 15, 1931.	Jan. 22, 1931.
U.S. 3½% T. Bds.	106½	106½	106½	81½	77½	79½
U.S. 4½% T. Bds.	101½	102	102½	21	20	20½
Do. 4½% 32-47	103½	103½	103½	57	54	55
Do. 4½% 33-38	103½	103½	104	50½	47½	50½
Atchafalpa	190	185½	193	23½	22½	22
Ches. & Ohio	42	39½	43½	58½	54½	59
Erie	32½	29½	32	51	48½	51
Illinois Central	79	83	85	12½	11	12½
N.Y. Central	121½	117½	123½	144½	139	141½
Pennsylvania	61	59½	61½	93½	84	86½
Southern Pacific	101½	100	103½	58½	56½	58½
Southern Ry.	57½	56½	60	64	61½	65½
Union Pacific	188	185½	190	186½	180	187½
Am. Can.	114	107½	111½	24½	22½	24½
Amer. Smelting	45	43½	44	14	13½	14½
Anacosta	32½	31½	33½	24	23	24½
Bethlehem Steel	53½	49½	48½	142½	136	138
Chrysler Motor	17½	16	16½	21	21	20½
Corn Producers R.	80	77½	81	34½	34	35
Eastman Kodak	156	145½	152	30½	30	29½
Gen. Electric (New)	46½	42½	44	8½	8	9½
Gen. Motors	36½	35½	37½	11½	11	12½
Int. Harvester	51½	48	51	49½	45½	47½
Montg. Ward	18½	17½	18½	50½	48½	48

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Jan. 14.	Jan. 21.
337 Industrials	134.5	218.9	98.2	174.1	99.6	102.8	102.3
33 Bails	127.8	173.5	89.1	145.5	92.0	99.0	100.6
34 Utilities	177.6	330.4	153.2	267.4	158.1	162.3	161.9
Total, 404 Stocks	140.3	228.1	105.5	184.2	107.6	111.5	111.3

	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.77%
					5.80%	

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 15.)	Jan. 14, 1931.	Jan. 15, 1931.	Jan. 16, 1931.	Jan. 17, 1931.	Jan. 19, 1931.	Jan. 20, 1931.	Jan. 21, 1931.	Jan. 22, 1931.
125.1	118.6	121.9	119.1	120.7	119.6	118.6	121.4	121.2	

TOTAL DEALINGS IN NEW YORK.

	Jan. 15, 1931.	Jan. 16, 1931.	Jan. 17, 1931.	Jan. 19, 1931.	Jan. 20, 1931.	Jan. 21, 1931.	Jan. 22, 1931.
Stock Exchange—Shares (Thous.)	1,932	1,321	642	1,112	1,326	1,407	1,857
Bonds (Value Thous. \$)	10,156	8,876	5,696	8,161	10,691	11,730	9,496
Curb—Shares (Thous.)	349	297	215	190	229	366	388

* 2-hour session.

AMSTERDAM.

Although the last fortnight of the old year proved very disappointing on the Amsterdam stock market, the New Year made an encouraging start. The better tendency was chiefly attributable to the improvement in the New York market and to the release of funds for fresh investment owing to distribution of dividends and redemptions. This alarmed bear operators, who promptly covered their short engagements, and a fairly sharp recovery set in. As a result, further forced liquidation on the part of the public was avoided, and the desire to pick up some stock at the prevailing low levels was soon apparent in a modest scale. The bond market also presented a firmer aspect, particularly as regards German issues. Bank shares profited by the better tendency, and partly in view

of the example set by the English "Big Five," a substantial reduction in bank dividends for 1930 is not expected. Leading industrials, like Philips and Margarine Unie, reached higher levels, although a reaction set in later. Artificial silks were firmer at first, in view of the closer co-operation achieved between the General Art Silk Union and the Breda Silk concern. Sugar shares were better. Opposition to the Chadbourne scheme in the V.I.S.P. does not appear to be as great as had first been announced. The V.I.S.P. sold no less than 120,750 tons of sugar last week at the previous prices, so that approximately 1,000,000 tons are left over. In conformity with the international agreement, 500,000 tons of this will be kept off the market, while Java itself will need fully 100,000 tons in the next few months, leaving only about 400,000 tons over for export by June. It is not surprising, therefore, that when the V.I.S.P. received an enquiry for 250,000 tons of sugar at the old price, the bid was not accepted, the company preferring to await developments. The buyers, in fact, then bid higher than the previous price, so that the V.I.S.P. succeeded in realising 8.25 guilders for about 50,000 tons. Tobaccos were firmer, on good prospects for the 1930-31 crop, due to beneficial weather. Rubbers were well maintained, with quieter trading. Shipping shares were neglected, but the undertone was firm. Among oils, Royal Dutch and Shell Union made some recovery, but relapsed later.

	Nov. 15, 1930.	Dec. 15, 1930.	Jan. 15, 1931.	Nov. 15, 1930.	Dec. 15, 1930.	Jan. 15, 1931.
4½% Gov. Bds. 1916	101½	102½	102½	111½	91	93
4½% Bonds, 1915-16	100½	100½	100½	262½	228½	235½
4½% Bonds East Indies	98½	97½	97	210	203½	207
4½% Amsterdam, 1913/1914	100½	101½	101½	309½	297½	283
4½% Rotterdam, 1930	100½	100½	101½	114½	104	104
Amsterdam Bank	176½	159	166½	63½	54	55½
Coloniale Bank	160½	155½	159½	147½	138	133
Ned. Ind. Handelsbank	130	123½	125	94½	82	80
Neth. Trading Soc.	147½	141½	144	66½	62½	63½
Rotterdam Bank	102½	100½	101½	46	45	40
Van Berckelaer Pat.	41½	59½	52	18½	16	13½
Central Sugar	65½	35	37	168½	164½	169½
Shipbuilding Wilton	53	52½	8	139½	137½	132
Dutch Art. Silk	75½	65	62	139	137½	133
Unilever	225½	168½	177½	57	54	48
KuehneMeist.Aco.	78½	65	79½	79½	71	66½
General Art Silk	68½	51	46½	113½	105½	103
Dutch Ford	225	184	222	386½	378	358½
Philips Elect. Lamp	231	202	186½	307½	282	268
Swedish Match	240	236	194	185	172½	158
Kreuger & Toll	433	407½	384	326	304½	...
Intern. Cred. Trad.	212½	201	207	283½	250	239½
Redjang Leong	64½	64½	65	273½	241½	236½
Singkep Tin	115	93	108	314½	276½	266
Bolton	82½	64½	64			

x Ex dividend.

† Ex rights.

INVESTMENT NOTES.

B.A.T. and Imperial Tobacco Dividend.—Some discussion has been aroused by this week's declaration of an enhanced dividend by the Imperial Tobacco Company, eight days after the chairman of the British American Tobacco Company had painted a somewhat gloomy picture of the latter company's prospects, and forecast a reduced final dividend for the year ending September 30th. The figures of the British American Tobacco Company, to September 30, 1930, had shown that profits had been well maintained, and, as the company, following its usual practice, declared simultaneously (on December 16th) its final dividend for 1929-30 and an interim dividend (at the normal rate) for 1931, the chairman's remarks at the meeting came as a bolt from the blue. Their significance was regarded as enhanced by the company's admittedly high position in the estimation of British investors and by the proverbial reticence of the board in ordinary circumstances. The announcement naturally induced extensive selling of tobacco shares, as a result of which B.A.T. ordinary fell from 100s. to 88s. and Imperial Tobacco ordinary from 94s. 3d. to 88s. 9d. Liquidation spread to other share groups, many investors deeming it advisable to revise in a downward direction their estimates of industrial earnings generally. When, therefore, it was

announced, on Tuesday last, that the Imperial Tobacco Company was increasing its final dividend from 8½ per cent., tax free, to 9 per cent. tax free, and preliminary figures were given suggesting that profits had increased by over £400,000, a substantial rise in values ensued, Imperials rising to 93s. 9d. Though the two companies have separate boards of directors, the market was inclined to the view that the connection between them was sufficiently close to have warranted a warning, at the B.A.T. meeting, of the danger of placing too wide a construction on the chairman's remarks. That the Imperial Company does not look for any considerable contraction in its business in the near future is suggested by the decision to increase its dividend, at a time when the directors have before them, presumably, the approximate results of nearly three months' operations during the current financial year. Any contraction in turnover which the company may have suffered as a result of general trade depression may have been more than counterbalanced, so far, by the decline in raw tobacco prices. According to the Board of Trade returns, the average price of all tobacco imports into this country last year was 1s. 4d., against 1s. 6½d. in 1929. Imports for home consumption have, in fact, been well maintained, their total being 151,700,000 lbs. last year, against 147,800,000 in 1929. Though the B.A.T. chairman, last week, made no statement which ostensibly referred to any company but his own, it would be well, as a general rule, when close connections exist between companies of high status in any industry, that allowance should be made for the human tendency to argue from the particular to the general.

The National Shipbuilders' Issue.—This week's issue of £1,000,000 of 5 per cent. first mortgage debenture stock at 95 by the National Shipbuilders' Security, Ltd. (particulars of which are given on p. 184) is noteworthy as the first offer made under the auspices of the Bankers' Industrial Development Company. The latter was formed (as shown in the *Economist* of April 19, 1930, page 875) with the backing of the Bank of England and large banking interests in the City of London, to assist in the rationalisation of British industries. The present offer has various unique features. Though the debentures are essentially of an "industrial" character, their security resembles that of many Government loans, interest and sinking fund being secured on a species of "turnover tax." This takes the form of a levy of 1 per cent. of the contract price of vessels over 300 feet in length, built after November 1, 1930, by leading shipbuilders of the country, who last year were responsible for 93 per cent. of the tonnage launched in Great Britain and Ireland. The proceeds will be used to finance the purchase and dismantling of redundant shipyards, in order to enable efficient British yards to compete more favourably with foreign companies as the result (to quote the prospectus) of "concentration of building . . . increased output . . . and lower working costs." The method adopted has been,

INVESTMENT

by L. L. B. Angus.

(Author of "The Coming Collapse in Rubber, 1926.")

The publication of this book marks a new epoch in the science of investment for profit; no speculator, investor, trustee or stockbroker can afford to leave this work unread.

CONTENTS.

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- How to detect the beginnings and endings of booms and slumps in single industries.
- Methods of forecasting the short-run market fluctuations which occur simultaneously every few months in the majority of ordinary shares.
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in fact, to amortise the cost of eliminating obsolete plant by spreading the burden over the next 30 years. The method of apportioning liability as between different firms is in some respects rough and ready, and a levy based not on profits but on gross contract prices will, even under "rationalised" conditions, tend to fall with greater weight on the less than on the more efficient companies. From the investor's point of view, however, the procedure has the merit of simplicity. It succeeds, further, in creating an imposing "cover" for the stock, whose annual requirements are shown to have been met four and a half times by the average annual shipbuilding figures for the six years ended December 31st last. The profits of the issue will not, of course, be used for the acquisition of any new and directly productive assets in the way of shipbuilding plant. The offer, however, is welcome evidence of a determined effort by a great British industry to set its affairs in order, and of the willingness of the Bankers' Industrial Development Company to help those who are prepared first to help themselves. The stock gives a flat yield of £5 5s. 3d. per cent., and a redemption yield (at par on the latest date) of £5 6s. 7d. per cent. These figures are attractive in view of the influential backing of the issue, and may be taken as evidence of the desire of the Bankers' Industrial Development Company to ensure an outstanding success for its initial flotation.

The Outlook for Sugar Beet.—The appeal for further intervention in the sugar beet industry addressed by the Brigg Urban Council to the Government this week suggests that this trade is feeling the effects of the universal depression. It may be recalled that from 1924 until 1927 a State subsidy was granted on beet sugar of 19s. 6d. per cwt., reduced in 1928 to 13s. per cwt. Under the present arrangement this subsidy is to be halved for the next three years. At the same time, the beet sugar industry at home, in common with Imperial producers, has enjoyed a preference amounting to 3d. per lb. of refined sugar. Since 1924, however, the average price of refined granulated sugar in London has fallen from 46s. 4d. per cwt. to about 20s. per cwt., and a crisis has arisen between the Beet Sugar Factories Committee, representing the English refiners, and the Sugar Beet Committee of the National Farmers' Union, representing the growers, with regard to the contract price for the coming season's crop. Last week twelve of the eighteen refining factories made an offer of 37s. 6d. for 17½ per cent. beet, whereas the growers demanded a minimum of 46s. This week the Anglo-Dutch group, which operates factories at Cantley, Kellam, Ely, Ipswich and King's Lynn, states that it is impossible to offer the N.F.U. a price even approximating to that demanded, but affirms that it is prepared to operate its factories during 1931 not for the purpose of making profits or accumulating reserves, but in order to utilise the whole net proceeds of such manufacture in payment to farmers for beets delivered. The profits and dividends of the Anglo-Dutch group for the past three years are set out below:—

Name.	1928.				1929.				1930.			
	Net Profit.	Ord. Div. %.		Net Profit.	Ord. Div. %.		Net Profit.	Ord. Div. %.		Net Profit.	Ord. Div. %.	
		Earned.	Paid.		Earned.	Paid.		Earned.	Paid.		Earned.	Paid.
Brigg Beet	£	22.8	12.5	£	26.5	12.5	£	29.2	12.5	£	29.2	12.5
Sugar Factory	192,462			119,133			131,490			155,318		
Eastland do.	199,326	24.9	20.0	142,707	28.5	20.0	155,318	31.1	20.0	155,318	31.1	20.0
Ipswich do.	112,556	28.1	12.5	54,540	15.6	12.5	66,596	16.6	12.5	66,596	16.6	12.5
King's Lynn do.	50,428*	11.2	10.0†	40,737	9.8	8.0†	56,787	12.6	10.0	56,787	12.6	10.0

* 13 months.

† Tax free.

The English beet sugar industry has satisfactorily survived the earlier years of its infancy. Since 1924 production has advanced from 26,000 tons to 324,000 tons in 1929-30, when the greatest acreage was farmed. The situation at the moment is undoubtedly difficult, and there is a possibility that the growers and refiners may make a concerted request for further Government aid to tide them over the bad years. Ultimately, however, if

the British sugar beet industry is to exist and expand, it must do so on a self-supporting economic basis, setting good against bad times. During the latter the refineries may be compelled to accept low profits or no profits until the sugar market recovers its equilibrium.

Turner and Newall.—Apart from a few minor adjustments, the final accounts of this great asbestos combine add little to the preliminary profit statement, which was set out in the *Economist* for January 3, 1931. Trading profit totalled £1,101,845, compared with £904,633, and expenditure, including amalgamation costs, £272,082, against £99,835, the net profit of £829,768 showing an arithmetical increase of £24,970 on last year. The ordinary dividend was 11½ per cent. out of 15.4 per cent. earned, against 17½ per cent. out of 23 per cent. earned, the difference being due to the increase of the ordinary capital from £2,232,848 to £3,096,505 on account of the Rhodesian and General Asbestos merger. From the statement accompanying the accounts, it now appears that a final dividend of 15 per cent. was received by Turner and Newall from Rhodesian and General Asbestos on December 1, 1930, amounting to £157,210, which it was not possible to include in the Turner and Newall accounts. The sum of £120,000 which was brought into profit and loss as the "balance on purchase account of Bell's United Asbestos" was clearly a non-recurring item, and as such cannot legitimately be considered as augmenting the net profit for the year. Clearly, the immediate future of the company turns on the market prospects of raw asbestos. Asbestos prices, while comparing not unfavourably with those of 1924, are apparently well below the 1929 level, and the possibility of future competition cannot be overlooked. While the asbestos output of Soviet Russia is steadily increasing, it is as well to remember that her own constructional programme is providing a continually increasing drain on her resources, so that the amount of asbestos she can export during the next few years can only be a very small proportion of the world supply.

Metropolitan Trust.—The report of the Metropolitan Trust for the year to January 1, 1931, is another reminder that the old-established investment trust companies, which have had time to build up adequate reserves, are able to withstand even an abnormal cataclysm in security values without serious disturbance to their financial strength. The Metropolitan Trust, which belongs to the Robert Fleming group, was formed in 1899. Its revenues last year were more than maintained, and its investments at current market prices are still £415,000 in excess of the book value of £3,247,562. A year ago the market value of its investments was £725,000 in excess of book value of £3,205,479: in other words the company's investment portfolio depreciated last year by about 7½ per cent., which is a creditable record attributable to the fact that 48.2 per cent. of its holdings are in bonds and debentures, 24.1 per cent. in preference and guaranteed stocks, and only 27.7 per cent. in ordinary stocks. A classification by countries shows that 38.4 per cent. of the investments are located in Great Britain, 12.4 per cent. in the U.S.A. and 11.3 per cent. in the Argentine. The financial results for the past two years compare as follows:—

	Year to—		
	Jan. 1, 1929.	Jan. 1, 1930.	Jan. 1, 1931.
Net revenue (after tax)	£ 195,516	£ 200,793	£ 198,269
Deb. interest	50,000	50,000	50,000
Prof. dividends	28,125	28,125	28,125
Earned on ordinary	23.5%	24.5%	24.8%
Paid on ordinary	19½%	20%	20%
To reserve	Nil	75,000	Nil
Carry forward	72,670	20,338	43,607

The ordinary stock, which was as high as 407 last year, is quoted to-day at 380 to yield 5.26 per cent. The 4½ per cent. preference stock at 90, and the 4 per cent. debenture stock at 80, both return yields of 5 per cent.

Hudson's Bay.—The extraordinary meeting of the proprietors of the Hudson's Bay Company, which was called on January 17th to consider the report of the Investigation Committee (see *Economist*, January 3, 1931), promised to be a noisy and unruly affair. Fortunately, however, wiser counsels prevailed, and the meeting ended in a compromise. The deputy governor, Sir Frederick H. Richmond, dealt with the report of the Special Investigation Committee, of which Mr Alfred Shepherd, a director of a number of well-known insurance and trust companies, was chairman. He denied that the position of the company was financially unsound. He said that, even after taking into consideration the loss anticipated in the current year, the shares valued on a most conservative basis were represented by assets very much in excess of the present market quotation. This statement he justified by an analysis of the balance sheet. The company, he declared, was structurally, financially and fundamentally sound. As the governor, Mr Sale, did not agree with the recommendations of the Special Committee for the formation of a Canadian company to acquire and conduct the stores in Canada, Mr Sale was resigning, but the deputy governor took the opportunity of paying a tribute to the great work which he had done for the company. In the meantime the Special Committee had been negotiating with Mr Nordon, and the following compromise had been agreed to. Three new directors were to be appointed to the board in place of the governor and two other directors who would retire, and the persons to be appointed were to be selected by the board in consultation with the committee, Mr Nordon and certain other shareholders. In the event of disagreement the selection was to be decided by Sir Robert Horne as arbitrator. Mr Alfred Shepherd, the chairman of the Special Committee, then addressed the meeting. He pointed out that the reconstituted board would have to decide whether the recommendations of the committee would be carried out. Mr C. L. Nordon followed, and expressed the difficulties of his position. He had been supported by a very large number of proxies, but after the powerful advocacy of Sir Robert Horne, supported by Captain Cazalet (representing his father as the largest shareholder), he had agreed to accept the amendment put forward. He pointed out that the newcomers to the board would be in a minority of three to six, but he hoped that the board would see fit to carry out some of his suggestions. On the whole, the meeting was a triumph for the spirit of compromise, which, we think, reflects great credit on the City of London—and not a little on the moderation of Mr Nordon.

Ever Ready Trust.—Formed in 1928 by the Ever Ready Co. (Great Britain), Ltd., with the assistance of a company in the Horne group, this company was designed as an investment trust and finance concern. An appreciable part of its resources is invested in 500,000 £1 8 per cent. cumulative preference shares of Lissen, Ltd., valued at par. Other holdings, according to the last accounts, include "miscellaneous" investments of £24,846 and 128,845 5s. shares in the Ever Ready Company. The latter investment has a present market valuation of £114,350. The report states that the book-value of investments exceeded the market valuation on December 31st last by £48,548.

	December 31,	
	1929.†	1930.
Revenue	£ 56,087	£ 54,246
Net profit	35,162	42,053
Ordinary shares—		
Dividend	...	20,000*
Earned	6.27% p.a.	8.41%
Paid	...	4.0%*
Written off	11,040	11,040
To reserve account	9,536	21,000
Carried forward	+ 14,586	— 9,987

* Contingent on acceptance of capital proposals.

† 13½ months.

The return on the investments for the year amounted to just over 8 per cent. The annual report is accompanied

by a notice calling an extraordinary meeting, at which a resolution will be submitted to give the £100,000 of deferred shares the right to receive a dividend after the ordinary shares have received 5 per cent., both ranking *pari passu* for any further distribution. Another resolution provides that not more than 5 per cent. of the company's capital shall at any time be invested in any one security. The circular states that the Board considers the time is approaching when the company's holding of Lissen's shares may be advantageously disposed of. This would place the company "in possession of liquid funds." The proposal may be associated with the recent registration of Lissen, Ltd., as a public company with a capital of £1,000,000, which, presumably, is to be offered to the public. The liquidation, on satisfactory terms, of the Ever Ready Trust's holding would be welcomed by the latter company's shareholders, some of whom have evinced a certain curiosity as to the reasons which originally induced the company to lock up so large a part of its capital in a single non-liquid investment. It is anything but clear, however, why "such a change" (in the directors' words) "would render it equitable to modify the dividend rights of the shareholders." The directors have so far failed to disclose any sound reasons for such a step.

American Railway Consolidation.—A fortnight ago we published a brief outline of the situation, so far as it was then known, as regards the consolidation of the American railroads serving the territory between New York and Chicago. The plan, it was understood, aimed at consolidating the Eastern American railroads into four large groups, primarily based on the Pennsylvania, New York Central, Baltimore and Ohio, and Nickel Plate systems—the latter embracing the Erie, Pere Marquette, and the Chesapeake and Ohio. Later information shows that in reality the announcement made by President Hoover on December 30th last merely marked one further stage in the progress towards the solution of a very complex problem. Apparently, at the beginning of the year the presidents of the four large systems came to a "gentlemen's agreement" which was to form the basis for a written application to the Interstate Commerce Commission, but at that time nothing was committed to paper. That any such plan when presented formally to the Commission will meet with considerable opposition is clear from the declaration of Senator Couzens, chairman of the Senate Interstate Commerce Committee, a body intimately concerned, to the effect that the action of President Hoover is "most unethical." According to Senator Couzens, the question is primarily to be decided in the interests of the public by the independent Interstate Commerce Commission, whose members have already made public their own plan (which of course is subject to amendment), providing for a five-system railway grouping in this territory. Since the Commissioners are nominated by the President, they might find it diffi-

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cult to pass an adverse judgment on a plan which apparently was evolved at the instigation of the President himself and to which he has given his backing. Opposition to any such four-company plan has already been voiced by important interests in the Middle West, and the proposal is likely also to be attacked by stockholders of the smaller but very powerful Eastern railroads engaged primarily in the anthracite coal traffic, which seem to have been treated as pawns in the negotiations. The main outlines of the agreement would appear to be the addition of the Delaware, Lackawanna and Western to the New York Central; and the acquisition of the Lehigh Valley, the Chicago and Eastern Illinois, the Wheeling and Lake Erie, and the western half of the Virginian by the Chesapeake and Ohio-Nickel Plate system. To the Pennsylvania is to be allocated the Norfolk and Western, the Wabash, the eastern half of the Virginian, and certain running rights over the Lehigh Valley. The Baltimore and Ohio is to be allowed to consolidate its position by acquiring an entry into New York City over the Reading and the Central of New Jersey, and is to retain the Western Maryland and the Chicago and Alton, which it now controls, and to acquire the Ann Arbor and the Monon Line. Such a scheme surmounts many of the problems involved in the Interstate Commerce Commission's five-company plan, but until the official application is presented to the Commission there would seem no cause for any material rise in the securities of the companies concerned. Any progress towards consolidation is likely to be so slow as to afford little prospect of the relief to American unemployment by way of operations involving heavy capital expenditure.

The Tin Outlook.—The tin industry is now embarking upon a new venture. The industry is heavily loaded with high-cost producers, who increased and multiplied as a result of the 1927 boom, and whom schemes of voluntary restriction have done little to check. The price has fallen from £180 a year ago to a low level of £105, with a subsequent recovery to £117. Despite the slowing down of production, shown below, large stocks have accumulated as a result of slack consumption and excessive plant capacity:—

OUTPUT OF TIN BY COUNTRIES.
(Long tons of metallic tin.)

	1929.	1930.
Federated Malay States.....	67,040	62,062
Unfederated Malay States.....	2,326	1,700*
Imports to Straits Settlements.....	35,124	33,719
Bangka.....	13,376	14,831
Bolivia.....	43,033	37,051
Nigeria.....	10,412	8,692
Cornwall.....	2,750	2,100*
Total.....	174,061	160,355

* Estimated.

Consumption has apparently diminished from 168,020 tons to 145,100 tons. The total available stock, at 51,030 tons, is over 40 per cent. greater than at the end of 1929. The diminution in consumption last year was well distributed. The United States took 78,225 tons, or nearly 11,000 tons less than in the previous year. In Great Britain deliveries declined by some 2,000 tons, and there is known to have been a substantial fall in ex-smelter consumption, which does not enter into the statistics. Other deliveries were but little affected, but the chief changes again have been outside the scope of the statistical records. Despite the persistent optimism of the Producers' Association, the decline in prices has been continuous. Unsuccessful manipulation widened the range of fluctuations last year, when the year's average price, at £142, was lower than in any year since 1909. A new restriction is now proposed, which, unlike its predecessors, imposes no obligations upon individual producers. It allocates quotas (based on 1929 production) to the different Governments; it leaves the internal adjustment of output to be undertaken by official decree. It has apparently been decided to fix output for 1931 at 145,000 tons, a figure which will clearly allow of no depletion of stocks unless consumption revives. This aspect may conceivably have prompted the Senior Warden

of Mines (F.M.S.) to remark that "the quota might frequently be changed so as to avoid disturbing the industry." The negotiations have been marked by a mass of uninformative publicity. Last Monday's newspapers, for example, contained the Senior Warden's statement that agreement would be for one year. Side by side with this was printed an interview with Sir Philip Cunliffe Lister, chairman of the Tin Producers' Association, stating a minimum period of two years. Sir Philip proceeded to argue that the scheme provided for the gradual reduction of existing stocks. This argument, again, would be more impressive if it were not related to the Senior Warden's output figure of 145,000 tons. The market hitherto has been sceptical regarding the new scheme; the Eastern market, in particular, has sold forward in large quantities. Various features have combined to lend to the transaction a certain remoteness, among them being the lack of information regarding methods of enforcement; the absence of any estimate of the scheme's provisions as affecting individual companies; and general ignorance of concessions which may have been made in order to secure a full quota for Malaya's "overburden" of high-cost producers. Again, there is a feeling that the industry's troubles are due to a plethora of capacity rather than to the slump in consumption. Until unwanted producers are forced out, it is feared that potential production will be too great for any normal demand, and that, so long as this condition is unfulfilled, no restriction scheme can have a sound economic basis.

South African Gold Mining Possibilities.—Signs of a possible revival of activity have recently been observable, from time to time, in the "Kaffir" share market. According to advices from South Africa, the political atmosphere may be changing to the advantage of the industry. The Low Grade Ore Commission is attracting some attention. Commissions and other inquiries of this nature are far from novel in South Africa. On previous occasions, however, the terms of reference have specified "low-grade mines"—a phrase which confined the inquiries to mines in being, and consequently implied a consideration of the relation between working costs and revenue on individual properties. The present commissioners are instructed to investigate the problems connected with the working of low-grade ore (say, 4 or 5 dwts. per ton)—which covers existing mines and also untouched ore deposits. It appears, therefore, that the Government are now alive to the desirability of attracting capital for the development of such areas as those on the West Rand, as well as improving the profit-making capacity of the poorer existing mines. The Government Mining Engineer, in his lately published estimate of the future production of the Rand, presupposes the continuance of existing conditions and costs, and at the same time quotes an estimate that a fall of 2s. in working costs, or the securing of a steady and fully adequate labour force, would prevent any fall in output for ten years. As regards the former condition, some relief in the cost of stores seems not unlikely, and the Government may possibly recognise its obligations as a partner in the industry by contributing to the phthisis funds. Falls in wages are dependent on financial, political and social circumstances in the country as a whole, but generally the outlook for working costs is not unfavourable, in spite of increasing technical difficulties (of depth, etc.). The labour problem could be greatly mitigated by the admission of tropical natives, and with the experience in care and administration of the native labour force now possessed by the industry, serious difficulty might not arise if these natives were secured. The Government's decision on this point may, in the opinion of South African observers, be conceivably affected by the political consideration that the influence of Colonel F. H. P. Cresswell in the Cabinet is now less than formerly. If the present more favourable atmosphere were to result in definite action after the presentation of the Commission's report (which can hardly appear for some months), certain South African authorities believe that an opening might be created for the investment of new

capital in the industry, provided that investors were prepared to accept from mining holdings the yield and the security ordinarily offered by industrial stocks. Holders of these views declare that in its magnitude, its conditions, and its methods the Rand gold-mining industry has for years been more akin to a large manufacturing business than to the majority of mining industries. Though the days of spectacular profits may be over, investors, on this argument, may still look forward to a moderately lengthy period of security and sound average profits. There are in the Transvaal large tonnages of ore below the present pay limit, and also of ore which under present reduction processes is refractory. The Government is apparently considering whether a policy of facilitating the working of this ore might not pay the country better than the promotion of secondary industries. On this view the situation holds possibilities which, if realised, may enable the Rand again to falsify the more pessimistic prophecies as to its future.

Insurance Share Index.—The publication of our periodical Insurance Share Index provides an opportunity for surveying the course of the Insurance Share Market during 1930. The first three months of the year witnessed a substantial rise in prices, as is customary in a period during which anticipations are formed as to forthcoming dividends. As trade depression deepened this rise was lost during the second quarter of the year, and although the last half of the year saw some recovery, prices on December 31st were below their best for the year. Nevertheless, as our Index shows, there has been an appreciation during 1930 of approximately 4½ per cent. Incidentally it may be mentioned that this computation agrees very closely with that of the Actuaries' Investment Index which shows an appreciation in the Index of shares of 24 leading Insurance Companies from 87.0 on December 31, 1929, to 90.9 on December 31, 1930. The table which appears below exhibits the history of an investment in 1913 of £1,000 in the ordinary shares of each of 25 leading companies, and an index also of the total. A column has been added to show the values as at December 31, 1930. The figures are based on the mean of the highest and lowest prices in each year, except in the case of the last 4 columns which relate to the middle market prices on the dates specified. In all cases where an issue of bonus shares has been offered due allowance has been made by assuming that the rights are sold, and the proceeds utilised to purchase an additional holding in the original shares. The shares of only 6 companies out of 25

SHARE INDEX.
(1913 = 1,000 in every case.)

	1928.	1929.	Dec. 31, 1929.	Mar. 31, 1930.	June 30, 1930.	Sept. 30, 1930.	Dec. 31, 1930.
Alliance.....	1,738	1,675	1,491	1,575	1,491	1,554	1,638
Atlas.....	5,595	5,532	3,174	3,397	3,048	3,175	3,270
Caledonian.....	5,254	5,700	4,655	4,906	4,780	4,529	4,529
Commercial Union.....	5,038	4,545	4,092	4,528	3,918	4,092	4,179
Employers' Liability.....	2,955	2,725	2,568	2,838	2,567	2,432	2,432
Equity and Law.....	1,725	2,009	1,942	1,964	1,875	1,830	1,875
General Accident.....	6,538	8,133	7,466	8,600	7,466	7,933	8,133
Gresham Fire.....	3,885	2,872	2,381	2,143	2,381	5,129	4,885
Gresham Life.....	3,852	4,030	4,152	4,336	4,436	4,436	4,436
Guarant.....	2,678	2,496	2,372	2,551	2,436	2,436	2,558
Legal and General.....	5,233	6,536	6,339	6,776	6,448	6,448	6,885
Life Association of Scotland.....	1,804	1,989	2,010	1,749	1,819	1,819	1,819
London and Lancashire.....	4,673	4,548	4,077	4,539	4,192	4,000	4,346
London Assurance.....	2,350	2,126	1,892	1,941	1,771	1,819	1,844
North British & Mercantile.....	4,467	4,514	4,015	4,522	4,045	4,076	4,363
Northern.....	2,068	2,011	1,851	2,000	1,731	1,910	1,910
Phoenix.....	1,937	1,945	1,742	1,911	1,708	1,776	1,827
Prudential.....	1,995	2,163	2,038	2,302	2,134	2,254	2,302
Royal Exchange.....	3,461	3,227	3,019	3,204	2,834	2,957	3,142
Royal.....	2,561	2,882	2,753	2,839	2,624	2,538	2,796
Scottish Life.....	2,242	2,680	2,552	2,839	2,697	2,697	2,697
Scottish Union and National.....	5,032	5,213	4,658	5,028	4,437	4,584	4,732
Sun Fire.....	2,604	2,853	2,524	2,720	2,631	2,622	2,756
Sun Life.....	2,138	2,237	2,055	2,176	2,096	2,096	2,116
Yorkshire.....	3,905	3,041	2,525	2,783	2,525	2,577	2,783
Average.....	3,330	3,431	3,139	3,337	3,142	3,187	3,277

companies represented in the Index have failed to register an appreciation, namely:—Caledonian, Employers' Liability, Equity & Law, Gresham Fire, Life Association of Scotland and the London Assurance, while the shares of the Scottish Life show no change on the year. At the other end of the scale the two offices whose shares again

show an outstanding appreciation are the General Accident and the Legal and General, each with an appreciation of approximately 9 per cent.

Company Meetings of the Week.—On later pages of this paper will be found the reports of the following companies:—Barclays Bank, Midland Bank, Barclays Bank (Dominion, Colonial and Overseas), Hungarian Commercial Bank of Pest, Hudsons Bay Company, Alexanders Discount, National Discount, Union Discount of London, National Building Society, United Serdang (Sumatra) Rubber Plantations, Liebig's Extract of Meat, and Michael Naim and Greenwich. At the annual meeting of the National Building Society, the Chairman referred to the question of the future interest rate, declaring that the society saw no reason to reduce its customary rate of 5 per cent. to investors, since it had been able to obtain a satisfactory amount of mortgage business. Presiding at the annual meeting of United Serdang, Mr Eric Miller said that the company was planning to produce a crop of about two-thirds of the normal, but the proportion of producers who were following that lead was as yet inadequate to remedy the position. He estimated world production of rubber in 1930 at 810,000 tons, or about 40,000 tons less than in 1929, but world-absorption at about 700,000 tons showed a decline of 100,000 tons compared with 1929. The speeches of the chairmen of Barclays Bank and the Midland Bank are discussed on page 157, and a critical review of the Hudson's Bay speeches will be found on page 181.

CAPITAL ISSUES.

THE new issue market shows signs this week of a moderate revival. Three public issues have accounted for £4,500,000 (nominal) of new stock this week, the largest individual offer being that of the *London Power Company*. The latter derives its revenues from the sale of bulk electricity to ten constituent companies, all operating in London under an arrangement which provides that the price paid for the electricity shall be sufficient to cover the expenses and interest, etc., of the company. The stock was well secured, and, at 100½, offered an attractive yield of just under 5 per cent. As the company's 5 per cent. stock previously in issue stood in the market at a price equivalent, after the payment of stamp duties, etc., to approximately 104, the issue was quickly over-subscribed. The offer made by the *National Shipbuilders' Security, Limited*, was the first flotation under the auspices of the Bankers' Industrial Development Company, and is discussed in detail on page 179. The third issue, that of *Lewis's Investment Trust*, took the form of debenture stock giving a flat yield of £5 1s. 6d. per cent., the proceeds being required for the acquisition of a site and the erection of a new store in Leeds. The issue is unconditionally guaranteed by Lewis's, Ltd., of Liverpool, Manchester and Birmingham. The average annual profits for the last four years have been sufficient to cover the guarantee of interest and sinking fund more than 18 times. The real security for a stock of this nature, however, is the ability shown

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by the management of the shops concerned. In this respect, the record of Lewis's is sound, but the yield offered by the stock is not in itself over-attractive.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to January 17, 1931, £3,301,370.
Total, including conversion, recorded January 1 to January 17, 1931, £4,272,513.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
London Power Co.	3,000,000	...	3,015,000	150,000	2,865,000
National Shipbuilders' Security	1,000,000	...	950,000	100,000	850,000
Lewis's Investment Trust	500,000	...	492,500	25,000	467,500
Total issued to the public, week ended January 24, 1931.	4,500,000	...	4,457,500	275,000	4,182,500

To Shareholders only.					
Kagera (Tanganyika) Tinfields, 100,000 5% Pref. 5s. at par...	25,000	...	25,000	25,000	...
Malay United Rubber Estates, £40,000 8% Deb. Stk. at par	40,000	...	40,000	4,000	36,000

Total offered to Shareholders only, week ended January 24, 1931, £65,000.

	Total Offered for Subscription—Including Conversions.	Excluding Conversions.	Total Offered for Subscription—Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1931	9,395,013	8,423,870	1930	454,888,784
1930	6,527,460	6,527,460	1929	488,764,940
1929	52,463,741	39,553,741	1928	693,100,056
1928	...	104,913,970	1927	355,165,970
1927	...	89,470,654	1926	230,782,600
1926	...	25,438,504	1925	232,214,500
1925	...	14,362,040	1924	209,326,101
1924	...	6,864,625	1923	271,399,173

Nature of Borrowing.

	Preference Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	6,753,357	338,571	1,331,942	8,423,870
1930	5,007,725	650,000	229,735	6,037,460
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,700
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,456,375	...	2,508,632
Total for week ended January 24, 1931.....	Nil	...	Nil
Total to date, 1931	2,456,375	...	2,508,632
Total to date, 1930	1,014,187	...	1,138,840

London Power Co.—Issue of £3,000,000 5 per cent. Redeemable Debenture Stock at £100½ per cent. The stock is constituted a charge on the undertaking and revenues of the company and will rank *pari passu* with the existing 5 per cent. redeemable debenture stock as regards principal and interest. The company is required to set up a sinking fund of 1 per cent. per annum for the redemption and cancellation of the stock, and it also reserves the right to redeem the whole or any part of the stock outstanding at par on or after October 1, 1952, on three months' notice. The proceeds of the present issue are required to provide for extensions in the company's business, in particular for the first section of the new selected station at Battersea.

National Shipbuilders' Security.—Issue of £1,000,000 5 per cent. First Mortgage Debenture Stock at £95 per cent. The stock will be redeemable by a cumulative sinking fund calculated to redeem the whole of the stock by 1961. Stock not previously redeemed will be repaid at par on August 1, 1961, but the company reserves the right to redeem on February 1, 1938, outstanding stock at 103 per cent. on three

months' notice. The company was incorporated in February, 1930, to assist the shipbuilding industry by the purchase and dismantling of redundant and obsolete shipyards. A levy on shipbuilders under a deed of covenant is estimated to yield approximately £293,190 per annum, covering interest and sinking fund on the present issue more than four and a half times.

Lewis's Investment Trust.—Issue of £500,000 5 per cent. Guaranteed First Mortgage Redeemable Debenture Stock at 98½ per cent., guaranteed as to principal and interest by Lewis's, Ltd., whose average profits for the past four years have exceeded £600,000. The stock will be redeemable by means of a cumulative sinking fund of ½ per cent. per annum, commencing in the year 1935, any stock not previously redeemed to be repaid on December 1, 1985. The Trust will reserve the right to repay the stock at par on December 1, 1965, on six months' notice. The Trust was incorporated on July 5, 1929, to acquire the issued deferred ordinary shares of Lewis's, Ltd., and to provide a financial instrument for the development under the same control of other businesses. Net profit of the company for the eight months to February 28, 1930, totalled £318,182, covering interest on the present issue over twelve times.

[Other Stock Exchange information, including the latest summary of balance sheets, profit and loss figures, weekly traffic returns, reports and notices, will be found on page 204 under the heading "Company News."]

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.		Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Date of Payment.	Method of Payment.		
RAILWAYS.					
Barranquilla Railway and Pier	8*	Feb. 2	Quarterly	...	...
Bengal and North Western Railway	7%+	Plus bonus	us of 3%	19	19
BANKS.					
Commercial Banking Co. of Sydney	9*	...	...	...	...
Hibernian Bank	...	...	...	6½(c)	...
Len and Co.'s Bank	...	...	...	8	...
Nordiska Föreningsbanken	...	...	...	19	19
Union Bank of Manchester	...	...	...	13	16
Williams Deacons	6½%+	...	...	12½	13½
TEA AND RUBBER.					
Bogawantalawa District Tea	5%*	Jan. 24	...	2½	...
Sednak Rubber	...	...	...	...	10
MINING.					
Sungel Way Dredging	...	...	...	15	15
OTHER COMPANIES.					
Adelaide Electric Supply	6%+	...	...	12	12
A. Millar and Co.	...	...	...	3	3
Associated Provincial Picture Houses	4%*	Jan. 30	...	...	...
Bell and Nicholson	5%+	...	...	10(a)	10(a)
Charter Trust and Agency	4%+	...	...	6	6
Commercial Gas	3%*	...	...	...	...
Cockshill Plow Co.	15c. p.s.	Feb. 1	...	...	...
Crown Brewing	12½*	...	Less tax	12½ (g)	12½ (g)
Crompton Parkinson	11½%*	Mar. 31	...	...	...
Daveports C. B. and Brewery (Holdings)	6%+	...	...	9	8½
Delhi Electric Supply and Traction	4%*	Jan. 31	...	...	...
East Indian Coal Co.	10%*	...	Less tax	...	...
Fairy Dyes	7½d. p.s.†	...	...	12½	12½
General Guarantee Corporation	...	...	...	5	5
George Angus	...	...	...	6d. p.s.	1½ p.s.
Glasgow Albion	...	...	...	4	8
Governments Stock and Other Securities	...	...	...	10	10
Guardian Investment Trust	12+	...	...	11	11
Hellorn Viaduct Land	...	...	Tax free	10	10
J. Cawthra and Co.	4½%+	...	...	7½	10
John Daly and Co.	10%+	...	Tax free	...	...
Karrier Motors	6%+	Feb. 1	...	6	...
L. and W. Weller and Phillips	7½%+	...	...	12½	12½
Leonard's Real Property	3½%+	...	...	7½	7½
London Scottish Investment Trust (Def.)	2½%+	...	...	5	5
London Produce Clearing House (Def.)	3½ p.s.	...	...	12(b)	...
Margate Estates	3%*	...	...	5	5
Manchester Corn, Grocery and Produce	3½%+	...	Less tax	7½	8
Mayfair and General Property Trust	5%+	...	...	10	...
Metropolitan Trust	...	...	...	20	20
Morganue Co. of River Plate	10%+	...	...	18	18
Noske and Co.	5%*	...	...	50(d)	50(d)
Northern Trust	10	...	...	10	10
Openshaw Brewery	2 6 p.s.†	...	...	3 6 p.s.	3 6 p.s.

(a) Plus bonus of 5% tax free. (b) Plus bonus of 1s. 6d. p.s.
(c) Plus bonus of 1 per cent. (d) Plus bonus of 25 per cent.
(e) Plus bonus of 1s. p.s. (f) Plus bonus of 1s. 6d. p.s.
(g) Plus bonus of 7½ per cent. (h) Rate per annum for 3 months.

COMPANY MEETINGS &c.

BARCLAYS BANK LIMITED.

REASONS FOR THE DECREASE IN PROFITS.

CAUSES OF TRADE DEPRESSION ANALYSED.

AFTERMATH OF AMERICAN BOOM.

MONETARY AND ECONOMIC CONDITIONS.

MR F. C. GOODENOUGH'S DEMAND FOR NATIONAL ECONOMY.

The thirty-sixth ordinary general meeting of the shareholders of Barclays Bank Limited was held, on the 20th instant, at the Cannon Street Hotel, London, E.C.

Mr Frederick Craufurd Goodenough (the chairman), who was received with cheers, said: My lords, ladies and gentlemen,—I will call upon the secretary to read the notice of meeting and the certificate of the auditors which appears at the foot of the balance sheet that has been submitted to you.

The Secretary (Mr W. N. Seeley) then read the formal notice convening the meeting and the report of Messrs Price, Waterhouse and Company and Messrs Kemp, Chatteris, Nichols, Sendell and Company.

The Chairman: My lords, ladies and gentlemen,—Is it your pleasure that the report and accounts of the bank for the year ended December 31 last should be taken as read? (Agreed.)

TRIBUTE TO THE LATE MR HENRY BIRKBECK.

Before I proceed to deal with the report and accounts for the past year and other matters of financial and economic interest I wish to refer to the great loss sustained by the bank through the death of Mr Henry Birkbeck, which took place in February last. Mr Birkbeck was an original director of the bank since 1896, and on his retirement from the board in 1928 he was appointed an advisory director, which position he continued to hold, besides being an active local director in the County of Norfolk, until the date of his death. He was a great banker and was possessed of a wonderful knowledge of human nature and human affairs. He was a man of outstanding character and was held in great respect by all who knew him.

The board have appointed the Right Hon. the Earl of Home, K.T., who lately was elected Governor of the British Linen Bank (of which institution we hold practically the whole of the capital), to be an advisory director of Barclays Bank Limited.

PROFIT AND LOSS ACCOUNT.

The net profit for the year ended December 31st last, after making full provision for bad and doubtful debts, amounted to the sum of £1,821,207 0s. 4d., which compares with the sum of £2,331,579 12s. 2d. for the preceding year, thus showing a large decrease, which is the result of the changes that have taken place in monetary and economic conditions during the year, to which I will refer again directly.

Out of the profits for the year the directors have set aside the sum of £200,000 to premises account. We are carrying out considerable alterations and additions to our head office premises in order to provide the further accommodation that is required owing to the growth of the business. These alterations and additions will cost approximately £300,000, to be spread over a period of about three years. The amount now allocated to premises account out of profits will be applied partly towards meeting the above-mentioned outlay and also to other expenditure on premises account.

After making this appropriation the directors recommend the payment of final dividends at the rate of 10 per cent. per annum on the "A" shares and 14 per cent. per annum on the "B" and "C" shares (less income tax), in addition to the interim dividends already paid at the same rates in August last. We are, therefore, recommending the payment of the same dividends for the full year as we paid a year ago. (Hear, hear.)

DIMINUTION IN BANKING TURNOVER.

The difficulties in which many industries, including agriculture, are finding themselves at the present time, the great falling-off in the export trade of the country, and the general decline in business have led to a substantial diminution in the banking turnover during the past year, and there has been a reduction in profits under that head. There has also been a large decrease in the amount

received for discount on bills and for interest on loans and overdrafts, as the result of lower rates for money throughout the year.

These details in regard to the profits will show to what extent bankers are adversely affected in times of industrial depression. The shareholders may feel satisfied that owing to the conservative policy which we have pursued in the past in regard to the distribution of dividends full provision has been made during the good years to meet future contingencies. It is, however, impossible as yet to foresee for how long the present period of depression may last, and it may continue for some time. There is still a considerable amount of activity in certain trades and businesses; extensions of electrical services and other works are being carried out, and also Government relief works, which are not of a directly remunerative character.

MONEY MARKET CONDITIONS.

The falling-off in industrial activity has led to a decrease in the advances to customers, to an increase in the credit balances with the banks, and to greater ease in the monetary position during the past year than has been experienced for a very considerable time. More or less similar conditions have prevailed in the other chief money markets of the world.

The Bank of England rate of discount has been reduced by successive stages from 5 per cent. at the beginning of the year to 3 per cent. on May 1st last, and there have been corresponding reductions in the rates for short-term money and for discounts, but the competition for sterling bills, the scarcity of bills owing to trade depression, and the smaller volume of Treasury bills have had the effect of increasing the usual margin between market rates and the official rate.

The balances in London have been increased as the result of the uncertain outlook regarding monetary and economic conditions in many parts of the world. Because of the pressure placed upon the London market by overseas borrowers whose credit facilities have been withdrawn by other centres, we have probably lent abroad more than the actual surplus for the year, which has been partly responsible for the fact that the principal foreign exchanges have been unfavourable to London almost throughout the year, but there is no reason to doubt that a rise in the Bank rate, together with some contraction in market resources, would rectify the position.

THE TRADE DEPRESSION.

The existing depression can be attributed to many causes, some of which are purely domestic and relate exclusively to this country, while others are of an international character.

On the domestic side, apart from questions of reorganisation, the more important factors seem to be the immobility of labour and the lack of flexibility in wages and in retail prices. A study of the industrial history of this country seems to show that there has always been an ebb and flow of industries of varying character, and that while some industries have declined others have been growing up to take their place. This has perhaps occurred to a greater extent in recent years than during any previous period, but while certain of the newer industries are making substantial progress they are not developing sufficiently rapidly to counteract the decline which is taking place in many of the more important older industries.

The difficulties experienced in the transfer of labour, not only from one part of the country to another but also from one industry to another, have certainly been contributory causes in retarding growth in the newer industries. The housing shortage, trade union restrictions, and unemployment insurance have all tended to make labour less mobile.

UNEMPLOYMENT INSURANCE.

The unemployment insurance scheme has played a great part in reducing many of the hardships during the difficult post-war years and has become a permanent feature in our industrial organiza-

Castbury
Maker
of Fine Chocolates.

tion, but it is clearly wrong that one result of unemployment insurance should be to restrict the free flow of labour and so to prolong unemployment. (Hear, hear.) The question of unemployment insurance is now being considered by a Royal Commission, and it may be hoped that, as a result of its investigations, action will be taken to remove undesirable features which have crept into the system and are partly responsible for the unemployment in this country during the past ten years.

During a period of falling prices the rigidity of wage rates, the difficulty of reducing overhead charges, and the undue delay in adjusting retail prices to a lower level all tend to accentuate depression, particularly in a country such as Great Britain, which is largely dependent on her overseas trade. In my view, the removal of these difficulties is vital, for it is a mistake to feel that any change in our currency and credit policy will produce prosperity. The Government can help in various ways. They can set an example of drastic economy—(hear, hear)—and they can deal with certain other matters which are hampering trade, such as the undesirable features of the unemployment insurance scheme which I have mentioned. The fact remains, however, that, to a very considerable extent, the solution of industrial problems lies with industry itself—with employers and employees. (Hear, hear.)

THE FALL IN WORLD PRICES.

Turning to the causes of an international character which have led to the present state of depression, there has been the heavy fall in prices of commodities, principally of primary products such as wheat, sugar, cocoa, and other articles of food, as well as of raw materials used in manufacture, including cotton, wool, copper, rubber and tin.

The Board of Trade index figure of wholesale prices in the United Kingdom fell between January, 1926, and December, 1929, by 12.4 per cent., and there has since been a further fall of 17.8 per cent. during the year 1930. The present index figure stands at 108.9 (1913 = 100), as compared with an average of 307.3 for the year 1920, in which year the highest point since the outbreak of the war was reached.

There have been various reasons for this decline. Probably the principal cause has been that, whereas the population of the world increased by about 10 per cent. between the years 1913 and 1928 inclusive, the production of foodstuffs rose during that period by approximately 16 per cent. and that of raw materials by 40 per cent. The fall in values, as you will understand, relates to wholesale prices only and principally to prices of primary products, and not to retail prices, which still remain at a relatively much higher level, owing to the lack of flexibility in wages in the "sheltered" industries, to highly developed social services and to heavy taxation.

SURPLUS PRODUCTION.

As regards the fall which has taken place in wholesale prices, there was a succession of good harvests, especially in the case of wheat in the years 1926 to 1928, and there was a surplus production very greatly in excess of world requirements. In order to prevent an undue fall in price and in the expectation that full years would be succeeded by lean years, certain Governments have assisted in carrying surplus stocks, and "pools" were formed with the same object. The good harvests continued, however, for longer than was expected, and the world is therefore now in the position of carrying, by means of credits, some very large surpluses. While the interest and charges on these credits are continuously mounting up, the value of the stock has been rapidly decreased, and this is leading to a very difficult position.

The delay in marketing these crops and the low prices realised as they are sold when opportunity offers have, in turn, prevented the growers from buying manufactured goods from those countries which produce them, in exchange for food supplies, so that the decline in the price of those raw materials, which are the basis of manufactures, has been accentuated. The fall in one commodity thus reacts upon others. There has also been over-production as the result of the imposition of tariffs by various countries, and there are other reasons for the decline in trade, such as the fall in the price of silver, speculation, and political unrest in many parts of the world.

I believe that monetary influences have played a much smaller part in bringing about the trade depression than is sometimes thought. In my opinion, far more important factors are to be found in the lack of balance which exists between industrial and agricultural production, and in the fact that interference with the freedom of trade has prevented prices playing their proper part in adjusting supply to demand. (Hear, hear.)

SAFEGUARDING AND PREFERENCES.

In speaking of freedom of trade, I am referring to freedom from such restrictions as result from the carrying of surplus stocks, such

as has taken place, and also to artificial restrictions of production of foodstuffs and raw materials. I do not refer, as you will understand, to the question of protective tariffs or preferences, as to which a great deal has been said lately, owing to the industrial depression, and in connection with the Imperial Conference.

The latter question is one of extreme difficulty and has many aspects. Neither this country nor any of the other self-governing units of the Empire can afford to lose the power to trade with other countries outside the Empire, which in the aggregate contain much larger populations at the present time than those existing within the Empire itself. On the other hand, there is a great deal to be gained through the fostering of trading relations and economic and social ties of many kinds within the Empire, with a view to the unification of interests and ideals, and, from the business point of view, much is to be gained by the building up of a larger home market for those items which the various parts of the Empire produce.

Much can be done in the case of manufactures by fusion of interests between the great manufacturing firms or companies. Improvements and extensions of Imperial transport, telegraph and postal communications are needed in order to provide the most efficient and extended services at the lowest possible cost. A great deal can also be done through banking extensions, together with Imperial facilities, as this bank is proving at the present time. Some fiscal preferences should also be possible without injury to ourselves, especially in view of the high tariffs which have been raised almost throughout the world, and of the need for giving some help to industry, pending the readjustment of economic conditions which are still in the melting-pot. (Hear, hear.)

STRONG FINANCIAL CENTRE ESSENTIAL FOR THE EMPIRE.

The great pressure upon the manufacturing centres of the world to reduce costs of production so as to meet external competition, accentuated by the payment of War debts and Reparations, has forced us since the War to safeguard certain industries, and so to save them from passing out of existence altogether. It seems to me that the time when the safeguarding of some industries can be discontinued has not yet arrived, and that in the continuance of this policy there may be opportunities for arranging mutual preferences with the Dominions. (Hear, hear.)

On the other hand, the Dominions will recognise that, as partners with Great Britain and her Colonies, there are unlimited possibilities for the future, and that the interests of each single section of the Empire have to be considered.

It is clear that, not only in the interests of Great Britain but also of the whole Empire, the power of London to earn a large surplus through her invisible receipts must be maintained, and it is certain that no other part of the Empire could, for economic reasons, achieve such a position as she holds. It is also clear that a strong financial centre is essential, for without it the Empire cannot attain full prosperity. The estimates of the invisible earnings of this country for the year 1930 are not yet available, but they will certainly show some reduction on the previous year. It would be a grave error to adopt any change of policy that might jeopardise that surplus whatever it may be.

These earnings form a reservoir from which fresh capital is poured out for the purpose of further development, and especially the development of the Empire. It has been due to extravagance and overspending at the home centre and the drying-up of the fertilising influences of fresh capital that many countries and empires in the past have declined.

Protection as a policy would, in my opinion, be entirely incompatible with the duties and responsibilities of a great creditor nation and international money market, and only such tariffs should be imposed as would not injure that position, but would help towards a solution of our unemployment problem on sound lines and the fostering of trade within the Empire. (Hear, hear.)

AMERICAN INFLUENCES.

I think that the underlying causes of the boom in America, which has produced a world-wide reaction on the general economic position, were her tariff wall and the accumulation and congestion of gold in that country, which gave her the power to expand credit to a degree far beyond that which could be utilised in a healthy and satisfactory manner. There were also the trading balances accumulated abroad at a time when America was not prepared to invest with confidence in foreign securities to the full extent of her enormous surplus wealth, with the result that a general atmosphere of "boom" developed in America and wild speculation followed, which has resulted in great loss.

These factors have, no doubt, been mainly responsible for the speculative boom which ended so disastrously, and the deprivation to the other countries of the gold which is needed by them is certainly reacting unfavourably upon the industrial and trading

position throughout the world, and has helped to accentuate the fall in world prices. It is also making it more difficult to operate the gold standard. It is that portion of the indebtedness of the world to America for which payment will not be accepted in goods or securities which is causing the flow of gold to that country, and it is the maldistribution of gold which is a contributory factor to the present trade depression.

BRITISH AND U.S. SYSTEMS.

The expansion of credit in America which actually took place was much less than could have been allowed were it not for the control exercised by the Federal Reserve authorities, and without which it might have gone much farther. Up to a point, therefore, the Federal Reserve system has thus proved to be effective, but the British system is certainly more effective, especially in boom periods, besides which it has become more than ever evident that bills form a better security for call loans than Stock Exchange securities. If a crisis of such magnitude as that in America had happened in this country through our having a less effective system than that which we possess, the consequences would have been far more serious than those even which have befallen America, we being, as we are, the world's principal centre for the settlement of international trade. (Hear, hear.)

In the circumstances, however, partly owing to the fact that the short-term money in the London market is largely secured by self-liquidating bills and short-term Government indebtedness, money has now gravitated to London because of the soundness of our system and the security which it affords. I think that the advantages which London offers in this way can perhaps be more greatly appreciated in difficult times than when times are good. When world conditions have again settled down to normal, it is certain that there will be an industrial and trade recovery, and the earning power of the banks will then also again become normal.

THE SETTLEMENT OF THE BALANCE OF INTERNATIONAL TRADE.

The difficulty at present is that neither France nor the United States will accept payment of the whole of their overseas trading surpluses in goods or investment securities. As a consequence, they have accumulated large floating balances and there is a tendency to convert them into gold. In America there has been an increase of the equivalent of £59,000,000 in the monetary gold stocks during the first 11 months of 1930, while the Bank of France has increased its stock of gold during the year by £91,000,000.

When we come to look at the total of the gold stocks held by the Central Banks and Governments of 45 principal countries of the world, they amounted at the end of October, 1930, to approximately £2,233,000,000, of which 38½ per cent. was held by the United States, 18 per cent. by France, and 7 per cent. by Great Britain, while the total held by the 42 other countries was about £800,000,000, a large proportion of this being required for supporting currencies according to their legal ratios. The surplus available in the hands of the debtor countries for the settlement of international debts is therefore small. But it should be sufficient if the world's stock of gold were more evenly distributed, because investment operations and the interchange of goods should be the basis of the settlement of debts, leaving only small balances to be settled in gold.

It should be borne in mind that in 1929 the favourable balance of trade (exclusive of gold movements) of the United States was estimated at £99,000,000 and that of Great Britain at £136,000,000. No official estimates are available in the case of France, but undoubtedly that country also had a substantial excess of income over expenditure on her international trading account. It is clear that, if, with the existing stocks of gold, the proportion of international debt which is settled in goods, services, and securities should decline appreciably, the gold standard would be imperilled. If this should happen much of the good that has been done towards improving the economic condition of the world within the last ten years would be lost.

CENTRAL BANKS AND GOLD STANDARD.

Before the war the gold standard worked more or less automatically, whereas to-day there is a danger of its becoming largely a matter of management. In existing circumstances, co-operation between the Central Banks is essential, but, in my opinion, the permanent substitution of co-operation for the automatic working of the gold standard might result in great difficulties. It is clear that in times of real emergency the natural tendency would be for Central Banks to safeguard their own immediate interests and those of the people they represent, and it would, therefore, be much safer to rely, as far as possible, upon the automatic action of the exchanges and of the laws of supply and demand, and upon the use of the Bank rate, which leaves greater freedom to each individual people, than to depend upon the theory of controlling prices through

some arbitrary regulation of output or by the contraction or expansion of credit, both of which need world co-operation.

There has, I think, been a considerable change of view in regard to these theories, and I have little doubt that it is safer to rely upon the flexibility which free markets would afford than to aim at a more or less rigid control of credit and of human activity and endeavour. It should be realised that if, through the operation of tariff restrictions, purchases from abroad are not made, then the countries refusing to buy will, in the long run, be equally unable to sell. (Hear, hear.) Until this important fact is more fully appreciated, international trade will never be healthy, and to the extent that co-operation prevents the settlement of debt by natural means it cannot be for the good of the world.

FRENCH GOLD POSITION.

The French gold position is of special interest at the present time, owing to the large increase in the stock of gold held by that country. The Bank of France has increased its stock of gold during the year by the equivalent of approximately £91,000,000 and now holds about £433,000,000. A large part of the gold offered in the open market in London has been secured by French buyers. The Bank of France has now made a reduction in its official rate of discount, which may enable London to stop the outflow of gold on French account. It should be noted that the French withdrawals of gold from this country are made on account of the French banks, and not on French Government account, which indicates that the demand originates with customers, and not in pursuance of Government policy.

France, with the aid of her Colonial Empire, is self-supporting to a much greater extent than this country, and owing to her economic position she has been able, since the war and pending the ultimate stabilisation of the franc which has now taken place, to maintain her currency at a relatively higher value for internal purposes as compared with its exchange value with other countries, and thus to encourage her exports. These, with the addition of her "invisible" receipts, including large amounts spent by visitors from abroad, as well as interest and shipping freights, have for many years exceeded her imports, and her favourable balance of trade has resulted in her having large credit balances abroad.

FRANCE'S FOREIGN INVESTMENT POLICY.

Before the war she invested a substantial amount of her surplus in foreign securities, in Russia and with other Continental Powers, and in the development of her Colonial Empire, whereas now there is less inducement in that direction, and she is, therefore, maintaining large balances in London and in other centres at her immediate disposal, in order that she may be in a position to draw gold, or to use them for any other purpose. Her recent acquisitions of gold may have been due to various causes—among others, to strengthen the general credit position during the recent difficulties of certain small banking institutions in France.

Besides this, an expansion of her note issue has been required to satisfy the demands of the public when they wish to hold notes of the Bank of France in their pockets, and also in order to meet the increase in everyday requirements as the result of the rise in retail prices in France, following on the stabilisation of the franc. Although the foreign investment policy of France can be clearly understood, having regard to the general uncertainty that prevails as to world conditions, it would tend greatly towards the restoration of commercial prosperity if France were to invest her surplus abroad in long-term loans, or, alternatively, to make it easier for her debtors to pay in goods.

WAR DEBTS.

The people of Great Britain realised in 1922 that there was a great difference between commercial debts and debts incurred between Governments as the result of the Great War. They also realised that the debtor countries of the world could not by any means discharge their war debts, as first arranged, without insolvency and economic chaos as the consequence, and by a voluntary act of unparalleled generosity Great Britain undertook not to exact from them more than she might have to pay to America. In this way she cancelled the sum of £2,550,000,000 of war debt due to her, which sum she has, therefore, definitely and directly lost; but this action on the part of Great Britain has enabled those countries and their peoples to continue their economic existence, and thereby Great Britain and, indeed, every exporting and trading country, is gaining the benefit now to some extent, and should gain a greater benefit in the future.

The same would happen in the case of America, if she should cancel the war debts due to her, which amount to nearly £2,400,000,000. The gain to her as a great exporting country, through having solvent customers for her goods, and through the increase of their purchasing power, would be immense. There

would also be a gain to other countries, including Great Britain, although, owing to the terms of our concession in regard to war debts, we should not directly benefit. Looking at the matter as a purely business proposition, there can be no doubt that it would pay, and I think that America and other countries in a similar position should seriously consider the way in which they would certainly gain by such an act. (Hear, hear.)

Although Germany is to some extent benefited by the fall in prices, owing to the fact that she is a manufacturing country and has to purchase raw materials abroad, yet the fall in prices has increased the real burden of her debt. She is, therefore, being forced, in order to make payment, to rationalise her industries to such a degree that she is destined to become an even greater competitor with all countries interested in industrial production. It would answer the world's purpose better if Germany could be relieved of her debt and become a larger importer of foreign manufactured goods, as well as an exporter of her own goods.

URGENT NEED FOR NATIONAL ECONOMY.

It cannot be denied that one of the principal contributory causes to the shrinkage in our export trade, both "visible" and "invisible," has been the lack of economy in our national expenditure. (Hear, hear.) The cost of the social services in Great Britain has risen rapidly in recent years, and whereas in 1911 the amount was approximately £63,000,000, in 1929 the total had increased to about £396,000,000. There is no doubt that our national expenditure is much too high, and that there is an urgent call for economy. (Hear, hear.)

By "economy" I not only mean a frugal and judicious expenditure of money on the part of the Government, but more than that: I mean a drastic reconsideration of all present expenditures, with a view to effecting saving wherever this can be achieved. Owing to the piling up of Government expenditure, which has been allowed to take place in recent years, it requires great strength and ability on the part of any Government to bring about a reduction, and, even so, this must take time to achieve.

A firm intention on the part of the Government resolutely to take the position in hand and deal with it adequately would, in my opinion, do more than anything else at the present time towards the restoration of confidence, and would help to bring about the revival in trade and industry necessary to restore the trading surplus which we formerly used to enjoy.

CAMPAIGN FOR ECONOMY.

The City of London is now taking a lead through the organising of a campaign for economy, and a meeting will be held in this hall on Tuesday next, the 27th instant, at 3 p.m., when many prominent speakers will address those present upon that subject. I think that such a campaign, which will bring home to people the necessity for a reduction not only in Government and local government expenditure but also in personal expenditure, cannot fail to have a great effect, and I hope that, following upon the lead given by the City of London, this important movement will extend throughout the country. (Cheers.)

I now beg to move:—"That the report of the directors produced, together with the annexed statement of the company's accounts as at December 31, 1930, duly audited, be received, approved, and adopted, and that a final dividend at the rate of 10 per cent. per annum on the 'A' shares and 14 per cent. per annum on the 'B' and 'C' shares, less income tax, be declared, payable on the 2nd proximo to the shareholders registered in the books of the company on December 31st last, making, with the interim dividend paid on August 1st last, 10 per cent. for the year on the 'A' shares and 14 per cent. for the year on the 'B' and 'C' shares." (Cheers.)

SIR HERBERT HAMBLING'S SPEECH.

Sir Herbert Hambling, Bt. (deputy chairman):—"My lords, ladies and gentlemen, it is not my intention to detain you for many minutes, but I am sure you would wish to join with me in congratulating the chairman on his most excellent and able address. (Hear, hear.) He has carefully explained the figures in the balance sheet, and, in particular, you will no doubt be gratified that your dividend is the same as last year—(hear, hear)—and you can now see the result of the very conservative policy your bank has consistently pursued, by not paying increased dividends or bonuses when profits would have justified this being done.

Dealing with general conditions, the address is both thoughtful and convincing, and it would repay a careful reading at your leisure.

WORST TRADING CONDITIONS FOR 55 YEARS.

There is no question that trading conditions in 1930 were extremely bad. I can safely say that they are the worst that I can

remember during the 55 years that I have been connected with banking. We must not, however, lose our sense of perspective and imagine that the present depression differs in its essentials from others previously experienced.

Sooner or later prices will touch bottom and begin to rise, and when this happens recovery may be speedy, for people who will only buy from hand to mouth on a falling market will buy for stock on a rising market. I cannot say when the turn will come, but come it will, and that possibly sooner than many people imagine.

Even so, we shall still be left with our own special problems, and among them none is more important than that of economy. The chairman has dealt with this subject at some length, and I would draw your particular attention to his statement that the cost of publicly administered social services has increased from £63,000,000 in 1911 to £396,000,000 in 1929.

Many of these services are, no doubt, excellent, but the question is—can we afford them? (Hear, hear.) Moreover, although every Government should show a sense of responsibility for the welfare of the people, yet it is very easy to go too far. It seems to me that there is a grave risk of people losing their sense of personal responsibility and initiative and of their relying on the Government to care for them in every emergency and every difficulty. (Hear, hear.)

BURDEN OF TAXATION.

The fact is that, with prices at their present level, the burden of taxation has become intolerable. (Hear, hear.) Adjustment is essential throughout the whole economic structure of the country; but the example must come from the top. Government expenditure must be adjusted to the new conditions. (Hear, hear.) This is the first step towards getting back to prosperity.

My last word to you is to suggest that the slogan for everybody should be "Economy." (Hear, hear.) I have now great pleasure in seconding the motion. (Cheers.)

SHAREHOLDERS' CONGRATULATIONS.

Mr Frederick Tomkinson said he wished to thank the chairman and his colleagues for the very able way in which the business of the bank had been managed during a period of unprecedented difficulty, and to join with Sir Herbert Hambling in what he had said with regard to the chairman's most excellent speech. (Hear, hear.) He considered that the directors had done extraordinarily well and that they deserved the congratulations of the whole body of shareholders. (Hear, hear.)

Mr E. T. Hargraves said he wished to have the privilege of thanking both Mr Goodenough and Sir Herbert Hambling for their remarks. With regard to the general position, his view was that this country had in the past got over greater difficulties than those which faced it to-day, and that it would get over its present difficulties. Certainly the country was not entirely on the down-grade, and, although it was of no use expecting help from the Government, there was something which shareholders could do for themselves; they ought all to be a band of missionaries on behalf of economy and of good trade.

MR HAROLD COX'S VIEWS.

Mr Harold Cox also thanked the chairman for his admirable speech, remarking that it was a great pleasure at the present time to come to a meeting and hear such good common sense. At a time of trade depression such as the present many people abused the bankers; they said that the bankers were robbing the country and that that was why there was unemployment. As a matter of fact, the bankers were making less money because of the unemployment. They were serving the country, and if the country was not in a position to pay them for that service their profits went down. Another popular outcry—and it came from some people who ought to know better—was the attack on gold, and he was particularly glad that Mr Goodenough had dealt with that question and had pointed out that the influence of gold was not so important as many people imagined. It was absolutely inaccurate to attribute to gold the decline in prices, for there was more gold in the world than there used to be, and yet prices had fallen.

Looking at different countries, they saw that America had about £900,000,000 of gold in the banks there as compared with £150,000,000 in the Bank of England, and yet America was suffering from unemployment practically as much as England was. Further, it would be found that the decline in prices varied from trade to trade, whereas if a shortage of gold was responsible it would be the same for all trades. Although in the last four or five years prices had fallen considerably the amount of gold in the world had risen appreciably. As a matter of fact, we based on a small amount of gold an immense amount of credit for doing the work of exchange, both national and international, and that work was only done according to the demand for it. He was very glad the chairman had referred

to the importance of this country's invisible earnings—that was to say, money which it received in the shape of dividends, etc., from abroad. Few people understood the matter. Lots of them looked at our Board of Trade returns and saw that we were importing more than we were exporting, but it did not occur to them to ask what the ultimate cause of that might be. One of the principal ultimate causes was that we had lent a lot of capital abroad, and, happily, many of the people to whom we had lent it were paying interest on it, and this came to us in the shape of what were known as invisible earnings.

BANKERS AND TRADE.

Sir Alfred Stephens said that in his opinion the results shown in the report submitted spoke exceedingly well for the chairman, directors, managers, and all the branch managers of the bank, because there were very many concerns in Great Britain to-day which were making no profits or which, indeed, were making a big loss. A good deal was said nowadays about banks helping trade. The fact was that banks were naturally anxious to help trade, because they lived entirely upon the trade of the country and the movement of money; but there was one thing they had to do, and that was to be exceedingly careful what they did with other people's money—that was money belonging to customers. There was no doubt that, once confidence was re-established in the stability of the country trade would get all the money it required.

The chairman in his speech had referred to the lack of flexibility in wages and to the fall in wholesale prices with the undue delay that there had been in the adjustment of retail prices. There was no doubt that there were many working men in the country to-day receiving wages that were too low for them to live comfortably on, while on the other hand there were others in sheltered industries receiving more than the country could afford.

The Chairman having thanked the several speakers for their kind remarks, the resolution was put to the meeting and carried unanimously.

Sir J. Fortescue Flannery, Bt., then moved: "That Colonel Hugh Gurney Barclay, M.V.O., Mr Robert Leatham Barclay, C.B.E., Sir William Carruthers, Mr Ernest Ralph Dodsworth, the Right Hon. Lord Melchett, Mr Roger Henry Parker, M.C., Mr John Hayes Simonds, Sir James Smith, and Sir Harold Edward Snagge, K.B.E., the retiring directors, be re-elected directors of the company."

Mr H. E. Seebohm seconded the motion, which was unanimously adopted.

REAPPOINTMENT OF AUDITORS.

The Right Hon. Lord Ebbisham, G.B.E., proposed that Messrs Price, Waterhouse, and Company and Messrs Kemp, Chatteris, Nichols, Sendell, and Company, chartered accountants, be re-appointed auditors to the company. In doing so he said he felt sure that the shareholders all realised and appreciated the invaluable work done by those two firms for Barclays Bank since their appointment many years ago. He wished to add a tribute of appreciation of the chairman's important and interesting address and to express the shareholders' sincere satisfaction with the accounts presented. They must all have been attracted by his reference to safeguarding and preferences, and if, at this time next year, the much-hoped-for improvement in the trade of the country had been realised it would be largely due to what steps were taken, and how speedily, in connection with those vastly important questions. They must also entirely agree with the chairman in his reference to war debts. There could be no doubt, as Mr Goodenough had said, that America and other countries in a similar position should seriously consider the way in which they would gain by the cancellation of those debts.

Mr E. T. Hargraves seconded the motion, and it was unanimously agreed to.

VOTES OF THANKS.

Sir Frederick W. Lewis, Bt., proposed: "That the cordial appreciation and thanks of the shareholders be given to the general managers and the whole of the staff for the manner in which they have carried out their duties during the past year." He was very grateful to the chairman for entrusting to him the pleasing task of proposing the resolution of thanks to the staff.

"Staff," he said, was a somewhat peculiar word to use in the sense in which it was used in that resolution, and yet, if one analysed it, it was an extraordinarily appropriate word. Before coming to that gathering it occurred to him to trace its meaning, and he found in the dictionary two peculiarly applicable definitions when applied to the staff of a huge organisation such as Barclays Bank. The first definition was "a body of highly-skilled officers." What more appropriate definition could there possibly be for the executive staff of that bank? The general managers and their assistants

were most highly skilled officers, and their skilful care of the bank's business and constructive helpfulness towards the bank's clients were never more apparent than in the difficult conditions with which the business world was at present faced. The second definition he came across was "a stick carried for support or defence; a prop." Now that most aptly described the administrative staff of the bank. Defence and support—a guide and stay, in other words, and a prop upon which the executive staff could rely for the proper carrying out of the manifold details of the bank's business.

The only method they had of recording their appreciation was the passing of the resolution he had the honour to propose at a representative meeting of the shareholders of the bank.

It was, of course, invidious to particularise. Those directors who, like himself, were not in constant and daily touch with the staff came more into contact with the general managers and the heads of departments. They recognised the energy and loyalty of the three general managers, Mr Fisher, Mr Mitchell, and Mr Stevenson. But those who were in daily touch came into contact with the rank and file—those who might be described as heroes of the commonplace, but on whom they were none the less dependent. A resolution of that kind was apt to be platitudinous; but that did not detract from the sincerity with which he moved it, and after it had been seconded by Mr Quintin Gurney and put to the meeting he was sure the appreciation of the shareholders would be shown in the acclamation with which it would be carried. (Cheers.)

Mr Quintin E. Gurney, in seconding the motion, said that, having regard to their keenness on the welfare of the bank, the staff deserved the heartiest thanks of the shareholders for the valuable services which they rendered. (Hear, hear.)

The vote was unanimously accorded.

MR FISHER'S ACKNOWLEDGMENT.

Mr Edwin Fisher (one of the general managers) said that on behalf of the staff he wished to thank both Sir Frederick Lewis and Mr Quintin Gurney for the way in which they had referred to the work done by the staff during the past year. The staff would greatly value the compliment which was paid to them by the shareholders in passing the resolution, and the appreciation thus expressed was not only very encouraging but was particularly appropriate in difficult times, which brought with them added responsibilities. The general management of the bank would certainly wish to associate themselves with everything that had been said on the present occasion as to the capable, excellent, and loyal way in which the staff had carried out their duties. (Cheers.)

Sir Alfred Stephens proposed a vote of thanks to the chairman for presiding; and Lord Ebbisham seconded the motion, which was passed unanimously.

The Chairman, in acknowledging the compliment, said he would like, on behalf of the whole board, to express their appreciation of the confidence of the shareholders.

The proceedings then terminated.

LIEBIG'S EXTRACT OF MEAT COMPANY, LIMITED.

SATISFACTORY TURNOVER.

SMALLER MARGIN OF PROFIT.

The sixty-sixth annual general meeting of Liebig's Extract of Meat Company, Ltd., was held, on the 22nd instant, at the Cannon Street Hotel, London, E.C.

Mr C. E. Gunther (chairman and managing director), having mentioned that the reserve, which now included the share premium account, stood at £1,650,000, said that, after the steady expansion recorded during the past four years, it was disappointing to have to register a fairly substantial reduction in the profit, but it could not well be expected that they should remain unaffected by the great fall in commodity values and the wave of depression which had inundated the whole world during the past year.

The decline in the value of practically all produce had been severe and progressive, and had affected the many articles on the satisfactory realisation of which the company relied in no small measure to reduce the manufactured costs of their primary products. The fall in market values arose from the world economic situation, and it would be idle to pretend that there were any possibilities of controlling them, or of knowing how long this state of affairs was going to last.

THE DIVIDEND.

In view of the uncertain outlook, it was wise to conserve the company's financial position, and the directors accordingly recommended that the final dividend be at the rate of 7s. per share, free of tax. The steady maintenance of regular dividends was, of

course, the ideal which they would all like to attain, but they had to recognise that their business was liable to ups and downs in common with other trading concerns, and that it had been largely due to conservative finance in the past that their good results had been made possible, and would, they hoped, again be possible in the future. It would be rash to attempt to forecast what the immediate future might hold forth, but the tendency should doubtless be towards a gradual stability of price levels. Meanwhile, the great volume of their trade and the knowledge that their products met with a ready demand at the hands of the public, encouraged them in the belief that, when the slump was spent, they would reap the benefit which a regained stability would bring in its train.

DIFFICULT CONDITIONS.

Having regard to all circumstances, including a mild winter and the generally reduced spending power of the populace in the countries in which the company traded, the turnover of their manufactures had been on a satisfactory basis in respect of volume, but, owing to a lower range of values for the by-products, the margin of profit had been a more meagre one. On the whole their marketing organisations had done well in difficult circumstances and had maintained a high level of enthusiasm and salesmanship in the face of adverse conditions. In addition to a reduced margin of profit, there had been a very considerable writing down in stocks of all categories in order to bring their value as at their closing date into line with the generally lower level of prices then ruling. It was impossible to say whether bottom had yet been reached, but, as many of the products of their factories overseas were now quoted below their 1914 parity, while every factor, including taxation, incidental to their cost had remained high, it would seem that the tendency towards a further fall must soon come to a halt.

ARGENTINA AND SOUTH AFRICA.

Referring to the change of Government in Argentina, the chairman said that the task of reconstituting the finances of the country on a sound basis and re-establishing the equilibrium of trade would be a formidable one, but he had no doubt that the high ideals of administration with which the members of the new Government were imbued would be instrumental in pulling the country out of the temporary difficulties into which the universal trade depression had helped to precipitate her. In Uruguay their farming company had again been able to record a fairly satisfactory year's working.

With regard to their enterprises in South Africa, Rhodesia had shown much the same results as in the previous year. The season as regarded rainfall and pasture was on the whole favourable, but the effects of the severe drought experienced in 1927 left the company with fewer grown stores of prime quality to market. South-West Africa had suffered for the second year in succession from a very severe drought, the effects of which had been far-reaching, and had caused serious losses to the farming community in that territory. They had received news that good rains fell towards the end of December, and it was hoped that conditions on their properties there would soon return to normal.

In conclusion, the chairman said that he proposed to visit the River Plate next month, and hoped during the course of his trip to pay a visit of inspection to the company's establishments at Colon and Asuncion, as well as to go over a number of their estancias, and to confer with their local representatives on all matters concerning their business there.

The report and accounts were unanimously adopted.

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UNITED SERDANG (SUMATRA) RUBBER PLANTATIONS, LIMITED.

POSITION OF THE RUBBER INDUSTRY.

The 23rd annual general meeting of the United Serdang (Sumatra) Rubber Plantations, Ltd., was held on Friday, January 16th, at Winchester House, E.C.

Mr H. Eric Miller (the Chairman) said that the year under review had been a difficult one and, taking everything into account, they were glad they were able to recommend the distribution of a dividend. The problem of reducing expenditure was complicated in Sumatra, because the bulk of their labour came from Java under contract, on first engagement for a period of three years, with annual renewals thereafter. The cost of bringing each coolie over was considerable, and the contract rightly imposed on the employer obligations which could not be ignored, even in times of difficulty. Since the close of the financial year, it had been possible to reduce the labour force by nearly 30 per cent., the reduction being to a large extent in married women who were remaining on the estates many of whom, it was anticipated, would be available again if required later on. The pay-roll would gradually be further reduced as contracts expired.

Dealing with the present position of rubber, the Chairman said that as a result of the cessation of tapping during the month of May, some 30,000 tons of rubber had been kept off the market. In view of the adverse trend of business conditions throughout the world, it had soon been realised that that curtailment in itself was not sufficient to stem the tide. It had been impossible to devise any scheme on a voluntary basis that could effectively meet the critical situation, and the Governments of the Straits Settlements and the Dutch East Indies had been unwilling to contemplate taking action for the benefit of the rubber industry. At the end of September, the Rubber Growers' Association had issued advice to rubber growers generally on the advisability of curtailing expenditure and losses by selective tapping. The United Serdang Company were aiming to produce a crop of about two-thirds of normal, a policy which had been adopted by a number of other companies. It was clear, however, that the proportion of producers who were following that lead was as yet inadequate to remedy the position.

He (Mr Eric Miller) estimated world production of rubber in 1930 at 810,000 tons, which was about 40,000 tons less than in 1929, but world absorption at about 700,000 tons for 1930 showed a decline of 100,000 tons against 1929. The U.S.A. had absorbed 90,000 less in 1930 than in 1929, and Australia about 10,000 tons less. With the possible exception of Australia, there was every inclination that the consumption of rubber, particularly in the running of tyres, had been at least as great in 1930 as in 1929, but the slump had definitely curtailed the sale of tyres for replacement purposes, and for the equipment of new motor vehicles. There were many unsafe tyres on the roads of this country too, and there was no doubt that the slump had been responsible for a world-wide postponement of necessary tyre replacement. Tyre prices had just been substantially reduced by many leading manufacturers and overdue purchases should thus be encouraged.

It was, nevertheless, within the power of rubber growers to help themselves very materially by producing economic crops well within their capacity, rather than striving to extract the maximum from their trees. Unfortunately, the native smallholder was incapable of taking a sensible course. The whole world was suffering to-day from over rapid expansion. Without Dutch co-operation, however, no comprehensive organised scheme could be made effective now to regulate supplies to the needs of the market, but there was every commercial reason why each producer on his own should adopt what was the obvious common sense policy. The position would ultimately right itself at the cost of much unnecessary hardship, but shareholders would doubtless share his regret that more enlightened counsels did not prevail. They had the satisfaction of knowing that rubber was more than ever essential to modern transport, the development of which it had helped to speed up in a truly wonderful way, and that saturation point was a very long way off.

The whole community should be grateful to the Royal Commission on transport for their valuable report, much of which was of particular interest to them. It was good to see the recommendation that no additional tramways should be constructed, and that those existing should be substituted by trackless trolley vehicles, or motor omnibuses. The Minister of Transport had just issued new regulations, the most important of which would ensure that, as soon as practicable, all motor vehicles should be equipped with pneumatic tyres. In addition, there was a regulation insisting that all the tyres of a motor vehicle or trailer should at all times be maintained in such condition as to be free from any defect which might in any way cause damage to the surface of the road or danger to persons. If that regulation was enforced as it should be, there was big business to be done by tyre manufacturers at once.

The report and accounts were unanimously adopted.

MIDLAND BANK LIMITED.

BUSINESS DEPRESSION AND ITS EFFECT.
CAUSES OF WORLD'S ECONOMIC TROUBLES.
EFFECT OF MASS PSYCHOLOGY ON TRADE.
FALLACY OF EXCESSIVE THRIFT.
MR McKENNA ON THE WORLD SITUATION.

The ordinary general meeting of shareholders of the Midland Bank Limited, was held at the Cannon Street Hotel, London, E.C.4, on Wednesday, January 21, 1931, for the purpose of receiving the report and balance sheet, declaring a dividend, electing directors, appointing auditors and transacting other ordinary business.

The Chairman (the Right Hon. R. McKenna) said: My Lords, Ladies and Gentlemen,

Among the outstanding economic developments of recent months none has given rise to so much comment as the absorption of gold by France and the United States. Neither of these countries has any desire to increase its gold stock; but it is easier to find the cause of the movement than to stop it. It is often asked why gold continues to flow in large volume into these two particular countries, which differ so widely in many important economic respects. Nations, like individuals, may be roughly divided into two classes, debtors and creditors. We may define a debtor country as one which is called upon to remit to other countries, on account of imports of goods and services and of interest charges, a larger sum year by year than it receives in respect of exports and other claims. It has a deficit on its balance of current international payments. A creditor country, on the other hand, is one which is entitled to receive year by year a larger sum than it is required to remit abroad. The difference between a debtor country's current receipts and payments can be covered in one or both of only two ways, if we ignore the final possibility of default: it can borrow externally, or it can export gold. Correspondingly, a creditor country must either make new external loans, or accept gold in payment of the final balance.

DEBTOR AND CREDITOR COUNTRIES.

In the past few years the debtor countries, which in general are producers of primary commodities, have found it more and more difficult to provide, by sales of their products and new borrowings abroad, sufficient external funds to meet their current obligations. On the one hand, the decline in prices has seriously reduced the proceeds of their exports; on the other, it has become increasingly difficult for them to raise new external loans. America has shown less readiness to lend abroad than in former years, and France as a source of capital has been almost entirely closed to the foreign borrower. The other principal creditor, Great Britain, while continuing to lend substantial sums abroad, has had too small a surplus to meet all the demands for accommodation. As a result of these conditions the United States and France have been compelled to accept large quantities of gold, while two at least of the debtor countries have been forced off the gold standard. During the past year alone the stock of monetary gold in the United States, which was already far in excess of requirements, has grown by about £60 millions, while the gold holding of the Bank of France has risen by well over £90 millions. These two countries together have thus absorbed in a single year, largely from the debtor countries, the equivalent of two years' total new gold supplies, or three years' supplies if we allow for the normal drain into industry and personal hoards.

Meanwhile the debtor countries, which, as I have said, are mainly producers of primary commodities, have been driven to throw their products on a falling market, intensifying the decline in prices. They have been compelled, moreover, to restrict their purchases of finished goods, so that the exports of manufacturing countries have been curtailed and the lending power of creditor nations impaired. Maldistribution of gold and falling prices, inability to borrow and unwillingness to lend, have thus gone hand in hand in a continuous process of action and reaction. The wholesale price level in this country has suffered the almost unprecedented fall of roughly twenty per cent. in a year, and we have no assurance in the latest statistics that the full extent of the downward movement has even yet been reached.

GOLD STANDARD UNDER POST-WAR CONDITIONS.

According to pre-war experience of the working of the gold standard, the flow of gold into the creditor countries should have caused an expansion of money supplies. The stimulating effect upon prices would in turn have enabled the debtor countries to dispose of their products to greater advantage, thus reducing their adverse

balance of payments and enhancing their credit as potential borrowers. By this means a more or less automatic adjustment might have been anticipated. The recent movement of gold has had no such effect. Statistics for the United States show no appreciable increase in money supplies, the natural effect of the import of gold having been offset by a reduction in the earning assets of the central banks. In France, it is true, the note issue has risen substantially, but much of the increase has probably been absorbed into bank reserves and a further and larger part into private hoards, so that no expansion at all commensurate with the inflow of gold has so far taken place in the volume of actively circulating money. As a consequence, the United States and France have offered almost as little resistance to the fall in wholesale prices as this country, which has received no accession to its gold stock. It is clear, therefore, that the gold standard has not been working as might have been anticipated from a study of pre-war practice, and the question naturally arises whether in the new conditions it is possible for central banks to prevent such a precipitous fall in the price level as that of the last eighteen months. This question is of the very essence of monetary policy, and the urgency of finding an early answer is pressing.

DIFFICULTIES OF PRICE LEVEL STABILISATION.

We know already from recent economic history in America something of the difficulties with which a central bank has to contend in an endeavour to maintain a stable price level, and we shall find a clear indication of their nature if we examine the course of business and banking in that country from 1921, which marked the depth of the post-war slump, to 1928, the year before the crest and collapse of the stock-market boom. The fact which strikes us at the outset is that the wholesale commodity price level in 1928 was unchanged in comparison with 1921, a relatively small rise in the earlier years having been cancelled out by the succeeding decline. Along with this stability of prices went a remarkable growth in the volume of business, accompanied by a large expansion of bank deposits. Indeed, it is evident that more money was created than trade actually needed, for much of the supply was, in fact, not used in ordinary business at all. The excess was employed in speculation or left with the banks as more or less permanently inactive deposits so far as trade was concerned. Time deposits were growing at a far higher rate than demand deposits, or actively circulating money. Bank holdings of investments and loans on securities were rising rapidly, while "all other loans," which are generally taken as a measure of bank accommodation to industry and trade, were almost stable.

The high degree of prosperity during the greater part of this period confirmed the desirability of steadiness in the price level as a basic condition of economic welfare, and controversy arose as to the supposed capacity of central banks to maintain this stability. On the one hand, it was asserted that the price level was subject to definite control by the central banks; on the other, it was alleged that central banks were quite powerless in this respect. As generally happens, the truth lies somewhere between the extremes, and it is worth while examining in the light of these facts the various elements in monetary and business conditions which restrict the powers of central banks.

PRICE LEVEL AND THE CENTRAL BANKS.

It is undeniable that one of the factors which govern the price level is under the control of the central bank, namely, the total quantity of money outstanding in the form of bank deposits and currency. It is equally true that the rates charged by the banks to borrowers, though not controlled by the central bank, tend in normal times to respond to its policy. Central bank purchases and sales of gold or securities, and changes in the bank rate, are the instruments by which policy is exercised, and in our own country a highly sensitive technique has been evolved for their operation. The belief that the central bank could make itself master of the price level arose from concentration on these two single factors, the quantity of money and the rates charged for loans.

There are two further monetary factors, however, over which no definite control can be exercised by the central bank, although it

would be too much to say that it has no influence on them. The first of these is the rate at which money circulates; the second the use to which money is put. It is a matter of common observation that the velocity of turnover is strongly affected by changes in public sentiment. If business prospects look bright and a confident feeling prevails, people spend freely; if the outlook is uncertain or definitely bad, spending is restricted. The rate of circulation of money depends, then, upon the actions of individuals, as prompted, not always rationally, by influences quite outside the direct control of the central bank. Business becomes better when people feel better about it. The expectation of profit is the natural stimulus to enterprise, and without such expectation new enterprise, which is the foundation of business expansion, will not come into action.

THE USES OF MONEY.

The question of the use of money is not less important than the rate of turnover, which, after all, is primarily an effect and only secondarily a cause of business depression. It has been seen that in America a relatively small part of the additional money provided by the central banks was used in trade and industry. Much more was employed in speculation, which was notoriously carried to an extreme. Indeed, near the end of the period the funds thus absorbed became so great that the money used in trade, properly speaking, appears to have actually declined, though an increase was still shown in the total volume. Some speculation in commodities, securities or other capital values goes on at all times and fulfils a legitimate and useful function, but in this case it rose to wholly abnormal heights and reached a point at which the Federal Reserve banks, given the existing banking structure, had no power of effective resistance. It is clear that the policy of a central bank in relation to the total quantity of money may be wholly nullified by violent changes in the amount devoted to speculation.

The importance of the use of money has frequently escaped attention, particularly in discussions and attempted applications of what is commonly known as the quantity theory of money. The equation which this theory, in its simplest form, adduces is in reality a truism, for it says in effect that the amounts spent by individuals and combinations of individuals in buying goods and services equal in the aggregate the sums paid for those goods and services. Unfortunately, the unduly simplified statement of the equation has led people to suppose that the price level is governed by the volume of trade transacted, the quantity of money outstanding, and the rate at which money circulates, whereas the truly relevant quantity factor is not the money outstanding, but the amount currently used in buying goods and services.

EFFECTS OF AMERICAN STOCK MARKET COLLAPSE.

The events of the succeeding period of American history emphasise again the importance of factors outside the direct, effective control of central banks. Between 1928 and 1930 the volume of money in America has been approximately stable. Yet the maintenance of total money supplies, even though supplemented by a vast release of funds from speculative activity, has failed to prevent a precipitous fall in prices, accompanied by disastrous trade depression. Briefly, we may say that from 1921 to 1928 the growing supplies of money were largely diverted into speculation; between 1928 and 1930 the existing supplies of money were immobilised to a great extent and the rate of turnover drastically reduced, as a result of the psychology of fear which developed from the stock market collapse. American monetary policy failed to maintain prosperity, first, because it could not control the use of money, and subsequently, and as a consequence, because it could not persuade the public to use the money it provided.

THE LESSON OF BRITISH EXPERIENCE.

The British experience of recent years, though widely different from the American, demonstrates almost as clearly the importance of these uncontrolled elements in the monetary situation. America has enjoyed a period of unexampled prosperity and suffered a succeeding slump; in this country we have had continuous depression, which has been no more than deepened under the pressure of world forces; yet much the same conclusions can be drawn from monetary developments in the two countries. It is true that we have not experienced in this country any riot of speculation. We have, however, witnessed a prolonged tendency for money to accumulate as time deposits with the banks, a process which has been greatly accentuated in the last year. To take the figures of our own bank as an example, we find that, whereas in 1929 time deposits averaged 48.8 per cent. of the whole, in 1930 the figure rose to 49.4 per cent., and towards the end of the year was over 50 per cent. Thus, although the total supply of money has shown no shrinkage between 1929 and 1930, yet the quantity of actively circulating money has probably decreased materially, the volume

of business has declined, and the price level has fallen heavily. A larger part of the total volume of money has been left idle by its owners, a fact which furnishes a striking instance of the power of mass psychology to neutralise the efforts of monetary policy.

There is still, however, another aspect of this matter. Even though money accumulates as time deposits and becomes idle, so far as the public are concerned, yet the banks make use of it, and the way in which they do so is shown by the movements in their earning assets. The American statistics have already been given, but here again we may refer for illustration to the figures of our own bank, where we find that, although deposits have increased over the past year, advances have fallen. The decline in advances has occurred, not because of any change in the policy of the bank, but solely because less accommodation has been demanded. For the first time for many years the legitimate demand for accommodation has been below what we have been prepared to grant. The result is that we have been driven to employ more of our resources in buying Government securities and bills. The discounting of bills might conceivably have been a form of business accommodation, but trade bills have not in fact been in exceptional supply. Almost the whole of the increase in our bill portfolio over the past year is accounted for by a much larger holding of Treasury Bills, which on December 31 had reached the total of £36½ millions, a figure not previously approached at the end of any year.

EXCESSIVE THRIFT NOT AN UNQUALIFIED BLESSING.

All these facts, taken from both sides of the Atlantic, lead to the conclusion that the most skilful plans of monetary authorities may, under some conditions, be defeated by developments in public psychology. So far the failure to use money has been attributed to a widespread feeling of depression. The non-use of money, however, need not always arise from this cause alone; it may be at times the consequence of excessive saving. It has long been the custom to give an unqualified blessing to thrift, mainly on the grounds of personal discipline and the due recognition of responsibilities. Whatever blessings thrift may confer, however, on the individual, there are times when, judged by the interests of general economic welfare, it may be carried to excess. To realise the truth of this statement it is only necessary to consider the two extreme suppositions in which, first, everyone saves all his income beyond the amount necessary to keep body and soul together, and, next, nothing is saved, but the whole of all money expended is devoted to consumption. In the first case it is obvious that the greater part of industry would rapidly run down and cease operations for lack of customers for its output, while, in the second plant and machinery and public and private equipment would ultimately break down for want of proper maintenance and renewal. Somewhere between these two extremes lies the point of maximum advantage, which may be roughly defined as the amount of saving necessary to meet all demands for capital which can be profitably employed. The subject is worth mentioning because there are indications that in the United States the expenditure of the American people on consumption is less than is required to keep the existing business organisation going, and below what their earnings would justify.

INFLUENCE OF PUBLIC PSYCHOLOGY.

Returning now to the influence of mass psychology, it is an important fact in the present situation that for the time being business derives no stimulus from low commodity prices, because of the fear that they may fall yet further. Producers are still reluctant to meet anything more than immediate demands; industrialists and traders endeavour to curtail more drastically rather than augment their stocks; consumers buy only as pressing needs dictate; and savers continue to withhold their funds from investment, preferring to leave their money on deposit at the banks. In a very real sense the crisis is one of under-consumption, having its roots in a continuous downward movement of the price level. Until sufficient confidence has returned to stimulate buying, stocks of goods are not likely to dwindle, nor production to increase. And a marked revival of confidence is unlikely until prices show a tendency to harden. We shall see an end to the growth of unemployment and business losses when the recent trend of prices is arrested and reversed.

MAIN CAUSES OF ECONOMIC TROUBLES.

Summarising the situation in all its aspects, I would ascribe the economic troubles of the world to three main causes, all of which, unfortunately, are in operation at the same time. First, we are suffering from maldistribution of gold due to the relative inability or unwillingness of creditor countries to lend to debtor countries. Secondly, the public has not yet recovered from the reaction from the American stock market collapse. And, thirdly, we are still feeling the effects of the long period of deflation in this country.

In this situation it may be asked: From what direction can recovery be expected? Low money rates, which provide an inducement to the long-term investment of accumulated bank deposits, will naturally help to stimulate industrial activity. The United States and France would seem to be realising more clearly the necessity of lending abroad on a large and continuous scale if international equilibrium is to be restored and maintained. Further, the policy of deflation, in the sense of periodic reductions of money supplies, has probably been abandoned in this country. It is earnestly to be hoped that under the combined influence of these factors the state of public sentiment will gradually improve.

If monetary policy can do little in present circumstances to stimulate recovery by positive action, it can at any rate preserve conditions favourable to recovery by keeping money plentiful and cheap. The question arises whether catastrophes as bad as the present one might not be altogether avoided. True, a central bank in a creditor country cannot directly regulate the volume of external lending, but it can stimulate it by keeping internal money rates low; and, though a central bank has no direct influence over public psychology, we must remember that a depressed state of mind is initially a resultant of bad trade before becoming a cause of its continuance. There remain for consideration possible ways and means by which the central bank may be able to regulate the use of money.

THE POWERS OF CENTRAL BANKS.

It has long been recognised that, in this country at any rate, the central bank can go far towards checking a speculative boom, particularly in its early stages, by the use of the official discount rate, supported when necessary by open market policy. In America the bank rate instrument is more difficult to use, for the whole structure of markets and rates is different in nearly every important particular from our own. The American banking system, moreover, is by no means so cohesive as the British. With many thousands of banks, less than two-thirds of which, measured by resources, are in direct touch with the central banks, it is clear that any given policy is far more difficult to execute in America than here. Further, the American authorities are called upon to cope with a popular interest in the stock market of exceptional magnitude. It is not surprising, therefore, that American bank rate policy proved ineffective to check the recent boom. The problem is one for that country to solve, and I refer to it now only because the United States fills so vast a place in international trade and finance that every important movement there has repercussions which are felt throughout the world.

NEED FOR CO-OPERATION BETWEEN CENTRAL BANKS.

The difficulties of monetary policy with which we are now faced are, then, not wholly international, nor, on the other hand, can they be overcome entirely by individual central banks. Obviously the problem of the use of the world's gold supplies is international in character, and can be dealt with only by co-operation among central banks. There is already evidence of a general willingness to co-operate, but no indication yet of continuous common action based upon an agreed policy. The first essential must be a full recognition of the imperative need of a steady general level of commodity prices. Trade cannot prosper while the world's monetary units are subject to such wide variations in purchasing power as we have witnessed in recent years. When this fact has been realised, and the common policy of central banks has been translated into action, we may anticipate much more rapid progress in the field of monetary policy and a nearer approach to the time when we can regard our monetary system as fully abreast of our productive organisation.

PROGRESS OF THE BANK.

I turn now from more general considerations to the figures of our own bank, which bear, as I have already mentioned in respect of one or two items, the marks of protracted business depression. Our net profit for the past year has naturally been seriously affected by these conditions, the total being £350,000 below that of 1929. While money has earned low returns, overhead charges are comparatively inelastic and do not fluctuate with the earning powers of our assets or the outgoings on account of deposits. Last year, for example, our costs for personnel alone amounted to almost £5 millions, to which has to be added a further large sum for rents, rates, taxes and other charges. We have to cope with relatively rigid costs under conditions of widely fluctuating gross earnings.

Our reduced profit, however, still leaves us in such a position that we can safely recommend the payment of a final dividend at the same rate as that which has prevailed for more than a quarter of a century. As a result of the increase in capital, announced a year ago, the sum required for dividends is somewhat larger than for 1929. We have appropriated £250,000 to bank premises

redemption fund and £100,000 to officers' pension fund, leaving to be carried forward a sum approximately the same as a year ago.

I need not detain you long with regard to the items in our balance sheet not already touched upon. The new issue of shares added rather more than £800,000 to both the paid-up capital and reserve fund. Approximately 661,000 shares were taken up by existing holders, and in addition the customary opportunity of acquiring shares was presented to the staff of our own bank and its affiliations, a total of 154,000 being issued on this account. Our shareholders now number over 76,000, and their total funds shown in the balance sheet, if we add together capital, reserve and undivided profits carried forward, amount to nearly £30 millions.

STRIKING RISE IN DEPOSITS.

Perhaps the most striking feature of the balance sheet is the rise in deposits to the unprecedented total of £399½ millions, an increase on a year ago of £20 millions, which has more than neutralised the fall in the preceding year. The cash ratio stands at 11.8 per cent., which compares with an average of 11.1 per cent. for the whole year. The higher ratio at December 31st is not due to anything in the nature of window-dressing, but to the accidental requirements of customers, which may turn out to be more or less than we can foresee. I may perhaps add, on this point, that we do not make a practice of calling in large sums from short-term borrowers week by week in order to strengthen the ratio shown in our monthly average statements. In fact, the average of our cash holding on the weekly making-up days is only slightly above the daily average throughout the year, and the difference is accounted for mainly by the outflow of currency over the week-end for wage payments.

If any additional evidence were required of the world trade depression, it could be seen in the fall in our contingent liabilities in respect of acceptances and confirmed credits and engagements. The decline in these figures represents a material reduction in our earnings, which can be made good only as conditions of world trade improve.

I have already drawn your attention to the fall in advances, the roughly compensating rise in investments, and the very large increase in bills discounted. The total amount of money at call and short notice is practically the same as a year ago, but that part of it which is in the form of fortnightly stock exchange loans shows a considerable reduction. These facts give some indication, not only of the severity with which the general depression in trade has impressed itself upon the stock market, but also of the difficulty experienced by the banks in employing their funds at profitable rates. When trade and industry recover we shall be in an exceptionally liquid position, which will enable us to assist them with the necessary increased credits.

PREMISES.

The premises item is almost unchanged from a year ago, the figure of nearly £9 millions having been arrived at after taking account of the £250,000 allocated from the past year's profits to bank premises redemption fund. This appropriation is considerably lower than in several previous years, but our expenditure on premises was by no means so heavy in 1930, and we are fully satisfied that the figure placed upon them considerably understates their value, either as banking offices or as marketable assets. The total of £9 millions represents about 900 freehold properties and 500 leaseholds. The value of each leasehold property is written down yearly by an amount, which is charged against earnings before striking net profits and sufficient to extinguish the cost at the expiry of the lease.

The freeholds have cost us in all approximately £12,800,000, but many of these properties were acquired at their book values from the various banks taken over in the course of our history, and had already been written down substantially out of profits before coming into our possession. In addition, we have set aside out of our own profits no less than £7,600,000 for writing down the cost of freehold properties, so that a net figure of £5,200,000 is included in the premises item, and this sum is below the actual site values of the premises, counting nothing for the buildings. You will doubtless agree that these facts give ample evidence of the cautious policy pursued in dealing with this part of our assets.

The item "Other properties and work in progress" represents the cost of further sites acquired with a view to the extension and improvement of our services, together with money spent in developing properties not yet taken over for banking business. As a matter of domestic history I may mention that during the past year the central management of the bank has moved into the new building in Poultry, where the whole of our head office organisation is now concentrated. The full occupation of the premises has enabled us to offer a new and valuable service to the public in the form of safe deposit facilities, and we hope to extend this arrangement to a wider circle of clients in the fairly near future.

INVESTMENTS IN AFFILIATED COMPANIES.

Investments in affiliated companies make up a total in the balance sheet about £160,000 more than a year ago, the increase arising from additions to their paid-up capital and published reserves and undivided profits. The balance sheets of the Belfast Banking Company, the Clydesdale Bank and the North of Scotland Bank, as well as of our Executor and Trustee Company, are most encouraging, and clearly indicate the advantages to be derived from close co-ordination in policy and management between institutions operating in different parts of the kingdom or in somewhat different spheres of activity. I should like once again to express our congratulations to the directorate, management and staff of each of our affiliated banks on the continued prosperity and stability of their undertakings.

At a later stage I shall be calling upon one of my colleagues to move the customary resolution of appreciation of the services of our own management and staff. Although, therefore, I may be anticipating what will then be said, I cannot allow the occasion to pass without myself expressing, however inadequately, our sense of indebtedness to them for their continued loyalty and efficiency. The results achieved in the past year are convincing proof, if any were still needed, of the high quality and character of our personnel. Finally, I am sure you would wish me to say a very special word to our managing director. Mr Hyde has borne the immense burden of his office with the genius and devotion that we have learned through long association to appreciate and admire. He has been most ably assisted by our joint general managers, who share with him the responsibility of managing a business of unequalled complexity and magnitude. I would tender to him and to them on your behalf a sincere expression of our confidence and respect.

The report was adopted, other ordinary business was transacted, and the proceedings terminated with a vote of thanks to the chairman.

HUNGARIAN COMMERCIAL BANK OF PEST.

The balance sheet for the year 1930—as approved by the board of directors in their meeting of January 17th—shows, including the amount brought forward from 1929, a net profit of P. 5,938,510.63, against P. 6,009,140.95 last year. Following an old practice, profits realised on several transactions already carried out have not been accounted for in this balance sheet.

The board of directors will submit a resolution to the eighty-ninth ordinary general meeting of the shareholders, to be held on February 4th, to allocate from the net profit, as last year, an amount of P. 3,500,000 for the payment of a dividend of P. 7 per share, and to add P. 1,000,000 to the ordinary reserve fund. The benevolent funds of the staff are to receive P. 60,000. The unallocated balance of the profit and loss account to be carried forward to 1931 will be, on the other hand, P. 463,605.95, against P. 226,021.74 last year.

This result has been achieved without taking recourse to the silent reserves of the bank.

The earnings on the Hungarian business of the bank were smaller than in the previous year. This is the consequence of the general economic conditions, and is more especially due to the fact that loans commanded during the year ever decreasing rates, and the margin between the rates of interest allowed on deposits and obtained for loans also permanently narrowed down. A compensation for the fall-off in the inland business was provided by the further development of the foreign business of the bank involving long- and short-term loans and other transactions.

The figures of the balance sheet for 1930 compare with the year 1929 as follows:—

Savings deposits declined from P. 137,687,909 to P. 133,968,748 during the year, whereas deposits in current accounts rose from P. 107,505,635 to P. 117,379,446. The two together show an increase of P. 6,154,600. The item other creditors, consisting only of reimbursement credits opened abroad on behalf of the clients of the bank, declined to P. 6,329,823 from P. 10,657,409 in 1929.

The turnover of mortgage and communal bonds increased considerably. The total amount of bonds in circulation rose from P. 22,932,663 in 1929 by P. 26,872,112 to P. 49,804,776.

Deposits with banks and bankers declined from P. 37,617,979 to P. 27,627,656, whereas cash in hand increased from P. 9,874,343 to P. 12,973,375, and bills discounted from P. 104,008,842 to P. 119,759,678. The increase of these three items aggregates P. 8,859,000.

The securities owned by the bank were valued very conservatively. The decline in the prices of the securities, which in several cases has been very heavy, was fully considered.

The turnover, as shown on one side of the general ledger, rose from P. 12,401,585,000 to P. 13,212,846,000 in 1930. Out of the items included herein the turnover of the foreign exchange department shows an increase from P. 4,239,843,000 to P. 5,225,634,000.

MICHAEL NAIRN AND GREENWICH, LIMITED.

DIVIDEND MAINTAINED IN DIFFICULT YEAR.

The ninth annual general meeting of Michael Nairn and Greenwich, Ltd., was held, on the 20th instant, at Winchester House, Old Broad Street, London.

Sir Michael Nairn, Bart. (the chairman), in moving the adoption of the report and accounts, said: At our last annual meeting I referred to the fact that the year 1929 had been a difficult one, and I am sorry to say that the same description applies in an even greater degree to 1930.

Our principal associated company—Michael Nairn and Company, Ltd.—experienced fairly normal conditions during the first half of their financial year, but during the second half the usual demand for their productions was not maintained, and there was a serious falling off in the export trade. It is not possible for any industrial company with widespread interests to remain immune from the consequences of the present unprecedented depression, as the economic uncertainty which prevails throughout the world results not only in decreased sales, but in violent fluctuations in commodity prices, which naturally affect manufacturing profits.

In the linoleum industry it is necessary to carry large stocks of raw materials, and our associated companies, on account of the fall in prices, have found it necessary to write down the value of these stocks before their balance sheets were prepared.

Last year I referred to the new Australian company, a subsidiary of Michael Nairn and Company, Ltd., and I expressed the hope that when trade revived the Australian company would, no doubt, share in the returning prosperity. Unfortunately, the financial crisis in the Commonwealth has not only resulted in the severe restriction of imports into Australia, but has had the most prejudicial effect on domestic industries, and the operations of the Australian company show a loss on last year's trading. This loss has been duly provided for by Michael Nairn and Company, Ltd., out of their profits for the year. Australia is a country of vast resources, and when the Australian people put their house in order I have not the slightest doubt that ultimately our Australian company will prove to be a sound and profitable investment. I have referred to these matters as being of some interest to our shareholders, but, as I have stated at previous annual meetings, we are simply a holding company concerned almost entirely with the dividends paid into our coffers by the associated companies.

YEAR'S INCOME AND DISTRIBUTION.

From the accounts now in your hands you will observe that our income for the year, represented by dividends from investments, &c., amounts to the sum of £219,223 3s., as compared with £234,602 14s. 4d. last year, which shows a decrease of £15,379 11s. 4d. The board recommend a final dividend of 7½ per cent., making 12½ per cent., less income tax, for the year, leaving to be carried forward the sum of £58,609 4s. 9d., as compared with £56,037 2s. 4d. last year. As I have pointed out on previous occasions, there is no need for this company to build up reserves of its own, as our associated companies provide for their own reserves.

I feel sure that you share the satisfaction of the Board that, in spite of the adverse trade conditions to which I have already referred, we are able to maintain our dividend in a year which, from the industrial point of view, has been the most trying within living memory.

It is not for me to forecast the future. The immediate outlook is not encouraging. The growth of unproductive national expenditure and the increased burden of taxation are fettering industrial development in every direction and crushing individual effort and enterprise. The compelling need of the moment is rigid economy in all our Government and municipal spending departments so that taxation may be reduced and the drag removed from the wheels of industry.

In conclusion, I would like to add that it is entirely due to the prudent and expert management of the directors and staffs of the various companies with which we are connected that it is possible to present to you this satisfactory balance sheet. We are passing through a trying period, and it is in times like the present that these companies reap the reward of their conservative policy in the careful husbanding of their resources during the years of greater prosperity. I can say with confidence that the various works are being maintained in the highest state of efficiency. Research is continually going on, the plant and equipment are of the most modern character and no effort is being spared in any department to retain the vanguard position held by these companies in the linoleum and floorcloth industry. You may rest assured that all the necessary experience of manufacture and administration, combined with a competent selling organisation, are in readiness to take the fullest advantage of a revival in trade, which I trust may not be long delayed.

The resolution was carried unanimously.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

DIVIDEND AGAIN INCREASED.

STEADY PROGRESS OF BARCLAYS BANK (CANADA.)

The fifth ordinary general meeting of Barclays Bank (Dominion, Colonial and Overseas), was held, on the 20th instant, at Cannon Street Hotel, London, E.C.

Mr Frederick Craufurd Goodenough, the chairman, presided. Mr H. R. Bradfield, assistant general manager, having read the notice convening the meeting,

The Chairman, in moving the adoption of the report and accounts, said: Mr Walter Osborne Stevenson, the foreign general manager of Barclays Bank, Limited, has been elected to a seat on the board, and this meeting will be asked to confirm his election in accordance with the articles of association.

In view of the rapid development of Northern Rhodesia, the board have considered it desirable to enlarge the Rhodesian committee, and I am pleased to inform you that Sir Francis James Newton, K.C.M.G., C.V.O., lately the High Commissioner in London for Southern Rhodesia, has accepted the appointment of chairman of that committee and has taken up his residence in Salisbury.

BALANCE SHEET ITEMS.

If you will refer to the balance sheet and profit and loss account for the year ended September 30, 1930, you will observe that the total figures at that date exceeded £74,000,000, and that the current, deposit and other accounts amounted to £62,690,264, which is an increase on the previous year of £1,647,002.

Cash in hand and at bankers and gold bullion amounted to £11,844,752. Bills discounted were £14,081,479, being £1,516,560 more than the previous year. Investments were £12,970,040, being an increase of £3,769,263 in consequence of surplus moneys being invested in short-dated Government securities. Advances to customers at £25,090,490 showed a decrease of £3,599,609, largely owing to a considerable reduction in the value of most of the commodities which the bank finances.

BANK PREMISES.

The "bank premises account" now stands at £2,086,808 and shows a reduction on balance of £26,629. The net reduction, after allowing for purchases, has been due to the sale of our premises in King William Street, formerly the head office of the Anglo-Egyptian Bank, Limited, to Barclays Bank, Limited, our parent company, who will use them for the purposes of a branch bank. The rebuilding of our Gracechurch Street premises has furnished us with all the room that we require in that quarter.

Satisfactory progress is being made with the rebuilding of our premises in Adderley Street, Cape Town, in accordance with the designs of Sir Herbert Baker, A.R.A., F.R.I.B.A., to which I made reference a year ago. Our policy with regard to buildings, under the present conditions, is being restricted as far as possible, but it will be appreciated that the development of the bank's business, particularly in Northern Rhodesia and East Africa, necessarily entails capital expenditure on premises.

PROFIT AND DIVIDENDS.

The net profit for the year ended September 30, 1930, after making full provision for bad and doubtful debts, amounted to the sum of £465,070, which is £51,523 less than the profit for the preceding year. When it is remembered that the territories served by this bank are largely occupied in the production of foodstuffs and raw materials, a reduction in the earnings of the bank during the past year comes as a natural consequence, having regard to the fall in commodity prices to which reference has already been made. The liquid funds of the bank employed in bills and money at short notice have also earned materially lower rates.

An interim dividend on the "A" and "B" shares at the rate of 4½ per cent. per annum was paid in July last, and it is proposed to pay a final dividend on these shares at the rate of 5 per cent. per annum, making 4½ per cent. for the year, against 4½ per cent. for the previous year. The reserve fund has been further increased by £100,000, bringing it to £1,650,000, which compares with £1,000,000 at which it stood at the time of the amalgamation some five years ago. The carry-forward has also been increased from £137,981 to £164,730.

BARCLAYS BANK (CANADA).

I am pleased to inform you that Barclays Bank (Canada), in which, as you are aware, this bank holds a substantial interest, has made steady progress. I had the opportunity, during the Holiday period last autumn, of visiting Canada, and I was assured on all hands that the advent of Barclays Bank in Canada was warmly

welcomed and was regarded as a new and important link between that Dominion and this country. A similar appreciation was also expressed in New York, where I was able to pay a brief visit. A branch of Barclays Bank (Canada) has just been opened in Toronto.

We look forward to a considerable development of the trade between Canada and the West Indies, and our branches already established in the West Indies, together with those which are now being opened in Canada, will form a valuable financial link for this purpose.

The shareholders will be interested to hear that Mr H. L. M. Tritton, a director of this bank, has visited our East African territory at the request of the board, and is now on his homeward journey. Mr W. O. Stevenson paid a visit to South Africa during the year, at the request of the board, and Mr Charles H. Hewett, formerly general manager of the Colonial Bank and now a local director, is at present in the West Indies seeing our branches there. By these visits the board is kept in constant personal touch with the business and with the management and staff abroad.

CONGRATULATIONS TO THE GENERAL MANAGER.

I am sure the shareholders would wish to join with me in congratulating our general manager, Sir John Caulcutt, upon the honour of knighthood recently conferred upon him in recognition of the valuable public service which he has rendered and is rendering as deputy-chairman of the Export Credits Guarantee Advisory Committee. Sir John Caulcutt has also been appointed chairman, for the current year, of the committee of the British Overseas Banks Association.

I am pleased also to have this opportunity of informing the shareholders that the staff of the bank continue to give them excellent service. I have been impressed by the loyal manner in which the staff have fully recognised that, under existing conditions, it is necessary to curtail expenditure as far as possible.

TRIBUTE TO THE LOCAL BOARDS AND MANAGERS.

I can also assure the shareholders that, in these difficult times, the business controlled by the bank's local boards and managers has been handled with judgment and ability, so that the interests of the bank have been safeguarded, whilst nothing has been done to restrict legitimate commercial activity.

A summary of conditions in the various areas in which the bank is established will be circulated for the information of shareholders, together with a copy of the report of proceedings at this meeting.

There will be circulated also a copy of my address to the shareholders of Barclays Bank, Ltd., at the annual meeting which has taken place to-day.

Sir Herbert Hambling, Bart. (deputy-chairman), seconded the resolution.

Mr H. Hamel Smith referred to the importance of the cocoa industry to them as a bank, and suggested that some organisation should be created to further the interests of that industry.

The Chairman thanked Mr Hamel Smith for his remarks, which he said, would receive the attention of the board, and the resolution was carried unanimously.

The retiring directors (the Right Hon. Earl Buxton, G.C.M.G., Sir John Caulcutt, Mr Herbert Leslie Melville Tritton, and Mr Walter Osborne Stevenson) were re-elected; and Messrs Deloitte, Plender, Griffiths and Company, Price, Waterhouse and Company, Peat, Marwick, Mitchell and Company, and Cooper Brothers and Company were reappointed auditors.

VOTE OF THANKS TO OFFICERS AND STAFF.

Mr C. F. Wood proposed a hearty vote of thanks to the general manager, the assistant general managers, and also to the officers and staff at home and abroad for the admirable and efficient way in which they had carried out their duties during the past very difficult year. In doing so he said that he would like especially to pay a tribute to those members of the staff overseas, who were necessarily placed in the forefront of the battle lines of the bank as it extended. The bank had 455 offices overseas and was constantly extending, and he particularly wished to mention the staff abroad who were in control in the vast territory which the bank served. It was due to their organising ability, thoroughness and zeal that the directors were able to report such satisfactory results. (Cheers.)

Mr R. A. Foà seconded the vote, which was carried with acclamation.

Sir John Caulcutt (general manager), in acknowledging the vote, said that during a year of falling prices considerable discretion had been required on the part of the senior officers and the staff generally. They had shown the greatest loyalty and zeal in a period of difficult business conditions, and all would be encouraged by the appreciative remarks made by Mr Wood and so cordially received by the shareholders.

A hearty vote of thanks having been accorded to the chairman and directors, the proceedings terminated.

HUDSON'S BAY COMPANY.

RECONSTITUTION OF THE BOARD.

AMENDED PROPOSAL APPROVED.

An extraordinary general court of the governor and Company of Adventurers of England trading into Hudson's Bay was held, on the 16th instant, in London (1) to receive and consider the report of the special committee appointed in July last and, if approved, instruct the governor and committee to take steps to carry the recommendations of the committee into effect, and (2) to comply with a requisition made by certain proprietors for the convening of an extraordinary general court to consider certain resolutions contained in the notice of requisition.

Mr Charles V. Sale (the governor), at the outset, said that, as he was somewhat at variance with the special committee on their recommendations, he proposed to ask Sir Frederick Richmond to take the chair and conduct the proceedings.

Sir Frederick H. Richmond (deputy governor) then took the chair, remarking that the fact that the governor had tendered his resignation and was not in agreement with one of the recommendations of the special committee was sufficient explanation for his doing so. Proceeding, he described the circumstances in which the special committee was appointed, and said that it consisted of Mr Alfred Shepherd, Mr W. Sandford Poole, Mr H. M. Trouncer, and Mr George Watson, and that the aggregate number of shares held by those gentlemen or by the companies which they represented was 44,310 ordinary shares and 4,000 preference shares. It was hardly necessary for him to state that the names and qualifications of those gentlemen were such as to create the greatest possible confidence in the report they had prepared. The special committee was originally formed to investigate personal charges made against certain of the directors, but had been willing to go much further, and, as far as possible, investigate the present position of the company's affairs.

VALUE OF COMPANY'S ASSETS.

Before putting the resolution which he would submit he felt it to be his duty to reassure shareholders on certain points as to which they might have gained a wrong impression. He had reason to believe that some of them had formed the opinion that the company was in serious difficulties, and that their investment was in jeopardy. He would beg of them to get out of their minds any idea that the position of the company was financially unsound, and that it was advisable for them to sell their shares and cut their loss. Indeed, the reverse was the case, as even when valued on a most conservative basis, and after taking into consideration the loss that was anticipated on the current year's trading, the ordinary shares were represented by assets very much in excess of the present market quotation.

A brief analysis of the assets of the company as set out in the last balance sheet showed that the proprietors possessed assets to the net value of say £11,000,000. They had in addition an immense reserve in the 2,400,000 acres of land which they still held, and the outstanding instalments on lands already sold amounting to £2,200,000. Assuming this land to be worth only £1 per acre—and in the fullness of time it undoubtedly should be worth much more, as it included all the town sites—they arrived at a total of £4,600,000, and this large sum did not appear on the balance sheet as of any value. This gave a gross value of over £15,000,000, from which had to be deducted £2,000,000 preference capital, leaving a balance which, after full provision for current losses caused by the present trade depression, conclusively proved that the price at which the company's shares were quoted on the Stock Exchange to-day had no relation whatever to their actual value. (Hear, hear.) The directors estimated that the losses incurred during the current year would amount to approximately £600,000, the great bulk of which was attributable to the fur trade.

FINANCIALLY AND FUNDAMENTALLY SOUND.

The company, which had no debentures or mortgages, was a great company, with a great history behind it and in his view a great future in front of it. It was structurally, financially, and fundamentally sound but, like every other business enterprise, was suffering from what was probably the greatest business crisis the world had ever known. He thought they could congratulate themselves on the fact that their business was in Canada, and although in common with the rest of the world she was suffering from the present intense depression and fall in commodity prices, more particularly wheat, Canada was so rich in natural resources and her population so virile and enterprising that in his view she would be one of the very first countries in the world to recover. Whenever that time arrived the company was in a wonderful position to take the fullest advantage of it.

THE AMENDED PROPOSAL.

Having paid a warm tribute to the work Mr Sale had done for the company, the chairman said that the special committee, who had been having discussions with Mr Nordon and other proprietors, asked the board on Wednesday last to meet them with a view to coming to an agreement, which would be in the best interests of the company and obviate the necessity for a protracted discussion, which was bound to be harmful to the company. He was happy to say it had been agreed that an amendment to the first resolution should be proposed by a member of the committee, the effect of which would be that three new directors should be appointed to the board in place of the governor and two other directors who would retire, the persons so to be appointed to be selected by the board in consultation with the committee and certain proprietors and, in the event of disagreement as to the persons to be appointed, the question would be decided by the Right Hon. Sir Robert Horne, P.C., G.B.E., K.C., M.P., who had a substantial interest in the company. He might mention that Mr Sale did not approve of that amendment. The newly constituted board would consider the recommendations of the special committee and would submit their report upon them to the proprietors at a general court to be held before the end of July.

The chairman formally moved the resolution adopting the report of the special committee.

Mr Vivian H. Smith seconded the motion.

ATTITUDE OF SPECIAL COMMITTEE.

Mr Alfred Shepherd, chairman of the special committee, moved the amendment outlined by the chairman in his concluding remarks. In doing so he said that the committee believed as strongly as ever that the recommendations they had made should be put into effect at the earliest possible moment, but they appreciated that it was probably of even greater importance to the welfare of the company as a whole that the trouble and agitation which had been going on for many months should be brought to an end, and they were, therefore, willing to accept the modifications embodied in the amended resolution in the hope that by this means a road might be found down which the whole body of shareholders would be prepared to march as a united body.

Mr W. Sandford Poole seconded the amendment.

The Right Hon. Sir Robert Horne, G.B.E., K.C., M.P., said that there was one thing which stood out more than anything else—as big and obvious as the dome of St. Paul's—if they were to go on squabbling and have attacks upon the administration, either in the Press or in private circulars, then their way to disaster had become plain. Their duty, accordingly, was that they should get rid of differences, and the time to do it was now.

With a view to composing the differences, he, along with the committee and Mr Nordon, had spent many hours arriving at the amended resolution which had been put before them to-day, and he asked shareholders in their own interests to support it. Mr Nordon had suggested that by the proxies which he had received more votes had been cast in his favour than in favour of the committee, but he (the speaker) had the actual figures, and, so far from that being the case, the directors were in the strong position that they could have come to this meeting to-day and the recommendations of the committee could undoubtedly have been carried by a very considerable majority.

He had pressed the board, in the interests of the company and for the purpose of bringing about peace and harmony, to give way and to make concessions by which the governor and two others of the board should resign, and their places be occupied by people selected as had been described. He thought that the board deserved consideration for the generosity with which they had met that suggestion, and Mr Nordon also had shown a desire to benefit the company and had been of great help in designing the amended resolution.

Sir Robert Kindersley said that in his opinion the aspersions which had been cast upon Mr Sale were entirely unjustified. He knew the work which Mr Sale had done on behalf of the company.

The amendment was carried by an overwhelming majority, there being very few in a crowded meeting voting against it.

The resolution as amended was then put to the meeting and was carried.

On the proposition of Mr Shepherd the meeting expressed its approval of the suggestion that out-of-pocket expenses incurred by Mr Nordon should be paid by the company in the same way as those of the special committee.

Mr Sale said that he would like it to be known that he was interested with his family in the company to the extent of 20,000 ordinary shares and 2,000 preference shares. The last shares which he had bought were in the early part of 1929, and he had not parted with a single one since then, but had taken up his full proportion of the new issue.

The proceedings then terminated.

NATIONAL DISCOUNT COMPANY, LIMITED.

SOUND POSITION DISCLOSED.

THE HON. SIDNEY PEEL'S SPEECH.

The ordinary annual meeting of the National Discount Company, Ltd., was held at Cannon Street Hotel, E.C., on Wednesday, January 21st, Colonel the Hon. Sidney Peel, C.B., D.S.O., (chairman of the company), presiding.

The Secretary (Mr Charles H. Gough), having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, before we come to the business of the day, you would, I am sure, like me to pause for a moment to allude to the loss which we have sustained during the past year by the death of Mr P. H. Wade. Mr Wade had devoted his life to the service of the company; he joined it in 1885; he became manager in 1904, and held that post until 1925. Since his retirement from that office he had continued to serve on the board. No one has played a greater part in building up the high position which this company has attained. He was very well known in the City as a remarkable and forceful personality. I think you would wish me to convey to his family a message of deepest sympathy from all who are connected with the company. (Hear, hear.)

We also regret to announce the death of Mr. B. T. Petley, a highly valued colleague. Mr Petley had already retired from the board owing to ill-health. His untimely death was a great loss to us.

A LIFE OF PROGRESS.

This year, gentlemen, your company attains the ripe age of 75 years, to be exact, on May 21st next.

Joint stock companies, like men, require a great deal of attention to keep them in good condition at all ages. At times there is a good deal of infant mortality among the younger fry, but, contrary to human analogy, age sometimes brings greater security of tenure, greater activity and a greater pace of growth. I hope this is true of the National Discount Company; I see no reason why it should not continue to be so as long as the City of London, in which we move and have our being, maintains its world-wide position, which it can only do if based upon a prosperous nation.

As to the increased pace, I will give you one illustration. We began operations in 1856. By 1886 we had discounted £1,000,000,000 of bills, £2,000,000,000 by 1909, £3,000,000,000 by 1923, and £4,000,000,000 by 1930. This year, too, our reserve fund reaches the sum of £1,000,000, equal to our paid-up capital.

So much for anniversaries, let us come to the results of the year 1930.

Our gross profits for the year are £691,538, £24,492 higher than last year. We propose to maintain the dividend and bonus at the figure to which they were increased last year, to put £5,000 to pensions fund, and to carry £110,000 to reserve fund, making it up to £1,000,000, as I have already stated.

This will involve drawing upon the carry-forward to the extent of £35,655, which it can well afford. I do not think you will require me to expatiate on the advantages of strong reserves.

THE BILL DISCOUNTING BUSINESS.

Some people may ask how it is that discount houses are showing improved results, when banks are showing smaller profits, and when general trade is notoriously in a bad way. The explanation is not very difficult. Over an extended period of time, the profits of the bill discounting business are bound to follow the general trend of prosperity or the reverse, but in any particular year the rise or fall in profits does not coincide with the general rule.

Everybody knows that when trade is declining, funds are released and accumulate in the short money market. The rate which has to be paid on deposits, therefore, declines.

In so far, therefore, as securities bearing a fixed rate of interest are carried on deposit money, it is obvious that there is a larger margin of profit; such securities have also a tendency to appreciate in value, and, if you are skilful enough, or lucky enough, you may make a profit by getting out of them at the right time. This, however, is very difficult to do. As a matter of fact, however, funds so employed by companies like ours, consist largely of their own capital and reserves, and the deposit money used for carrying securities is proportionately very small indeed. We must look elsewhere for the principal source of profit.

CONDITIONS DURING 1930.

When money, owing to the falling off of trade, becomes easy, the discount rate falls, but the rate which is to be paid on deposits falls too, and, therefore bills already discounted show a greater margin of profit than they did when first discounted. This is the condition which prevailed during the first half of 1930. The year began with the Bank of England rate at 5 per cent.; four changes of $\frac{1}{2}$ per cent. each time brought it down to 3 per cent. on May 1st, where it has remained ever since.

Over the whole year, the difference between deposit rate and discount rate was no more than 1s. 6d. per cent.; but the bills already in hand on January 1st, those discounted in January at an average rate for that month of £4 1s. 2d., and those discounted in February at an average rate of £3 16s., showed an increased profit during the remainder of their currency, as the deposit rate fell with the Bank rate.

On the other hand, the time will inevitably arrive when the Bank rate and deposit rate will rise, and bills in hand will then prove as unprofitable as they were profitable during the falling period. In other words, when trade is getting bad, Discount Houses do well, when trade is improving, and money therefore becoming tighter, Discount Houses lose. In the long run the thing equalises itself out.

I see no reason to modify the conclusion, that what suits Discounting Houses best is a long period of stable rates for money and discount.

Thus our interests and those of general trade coincide, whatever differences there may be for short periods.

THE BALANCE SHEET.

One word as to our balance sheet, which I think you will agree, discloses a sound position at the end of the year. The only items to which I need call your attention are the increase in investments of about £1,000,000, a natural development under present conditions, a decrease in our loans, and a slight diminution in the amount of bills in hand. These changes are closely inter-connected.

In conclusion, we have had, I repeat, a good year, but in times like these, more than average skill is required to steer a successful course. Last year I described 1929 as a tumultuous year. I should probably be described as a pessimist, which I am not, if I attempted to produce for you a suitable epithet for 1930 from the general point of view.

What 1931 will bring forth it is difficult to forecast, but, seeing with what skill Mr Goldsmith and his colleagues have managed our affairs during the last two difficult years, I think we can look forward, if not with optimism, at any rate with reasoned serenity, so far as our company is concerned.

I have pleasure in moving: "That the Report and Accounts now read, be received, adopted, and entered on the Minutes."

Sir Sigismund F. Mendl, K.B.E., seconded the resolution, and it was carried unanimously.

NATIONAL BUILDING SOCIETY.

SOCIETY'S STRONG POSITION.

The annual general meeting of the National Building Society was held, on the 16th instant, at the Cannon Street Hotel, London, E.C., the chairman, Mr George Elkington, J.P., F.R.I.B.A., presiding.

The Chairman, in moving the adoption of the report and accounts, congratulated the members upon the continued and unqualified success in every direction which had been obtained in the past year's working, and on the strong position of the society, which now had over 62,000 members.

FUTURE INTEREST RATE.

Dealing with the question of the future interest rate, the chairman said that recently a few large societies had either given official notice of a definite reduction or foreshadowed a possible reduction at early dates in the 5 per cent. interest they had been paying. In some cases the reduction was apparently to apply to all shares, past and future, in others to new shares only, while yet in other cases the reduction was limited to certain classes of existing shares in excess of certain amounts. But there was also a considerable expression of opinion by responsible officials and representatives of other societies that, so far as their societies were concerned, any such reduction appeared unnecessary and was not contemplated.

NO NEED FOR PESSIMISM.

He thought there was no need to be pessimistic; the movement as a whole was in a very strong position, and he had noted a very definite desire on the part of its leaders to act with due caution and in co-operation, and while proceeding, as the particular requirements of their individual societies might compel, not to overlook the interests of the movement as a whole. So far as their own society was concerned, the board was fully alive both to the general situation and to the possible repercussion of the action of other societies on such situation. Their opinion was that they saw no reason at present to depart from their current 5 per cent. to investors, for they, like so many other societies, had found themselves able to obtain a sufficient amount of satisfactory mortgage business.

The report and accounts were unanimously adopted.

ALEXANDERS DISCOUNT COMPANY, LIMITED.

RECORD GROSS PROFITS.

INCREASED CAPITAL USEFULLY EMPLOYED.

MR COLIN F. CAMPBELL ON CONDITIONS IN THE MONEY MARKET.

The sixty-third ordinary general meeting of shareholders of Alexanders Discount Company, Ltd., was held, on the 21st instant, at the office of the company, 24, Lombard Street, London, E.C., Mr Colin Frederick Campbell, the chairman of the Company, presiding.

The Secretary (Mr A. K. Bruce) having read the notice convening the meeting and the auditors' report,

The Chairman said: Ladies and gentlemen, I assume you will take the report as read, as usual.

When we met in June for the purpose of increasing the capital of the Company, I gave you the impression that the business of the Company was proceeding normally, and I am glad to be able to say that this forecast has been proved to be on the conservative side.

This is indeed evident from the statement of the accounts in your hands.

I have always refrained, when addressing you at these annual meetings, from speaking at any length on the general situation in the country, and have confined myself to our own affairs, and I do not propose to depart from this to any great extent to-day, but it seems necessary on this occasion to say something, in face of the successful year enjoyed by this Company while world-wide depression exists on every side.

We are compelled, in fact, to take notice of this marked contrast and to appreciate its cause. Falling rates of money, with a declining Bank rate, always produce conditions favourable to the discount market, and if a rise in Government securities occurs at the same time, it adds to their good fortune.

ROOT OF THE INDUSTRIAL DEPRESSION.

When we come to consider, however, what has caused cheaper money and a substantial rise in Government securities in 1930, we begin to get at the root of the grave industrial depression that now exists in this country.

We hear frequently in political and other circles that the policy of the Banks has been far too restrictive, and that greater credit facilities should be placed at the disposal of traders. I would ask you to dismiss this theory as being incorrect, and I go further and ask you to believe that, owing to the pressure exerted in high quarters during the early post-war period to provide facilities generously to meet the requirements of increased trade which was in prospect, there is no doubt that in many directions bankers did respond to the utmost of their ability. Unfortunately, owing to heavy taxation and the short-lived period of high prices, traders did not enjoy conditions of prosperity sufficiently long to enable them to provide reserve funds adequate for meeting the losses which fell upon them when the collapse came in 1921.

Looking back, we can see that it would have been better had bankers adopted a more restrictive attitude towards the proposals for great capital outlay during the period of excessive high prices. Undoubtedly, it was during this time that the seed of much of the subsequent trouble was sown.

WANT OF CONFIDENCE—NEED FOR NATIONAL ECONOMY.

To-day there is plenty of credit available, but there is a lack of borrowers. Want of confidence is the main cause of our present troubles and because there is no confidence there are no borrowers, and, in consequence, rates for money have fallen away and Government securities, as being the best means of employing money, have been pushed up in value.

I am fully aware that other reasons can be given for the present depression, all of which are contributory causes, but until confidence is restored in the minds of those who direct industry it is hopeless to look for any sustained recovery, and the first step towards establishing confidence is for our politicians to demonstrate that a policy of economy in our national expenditure is a fact and not merely a theory. (Hear, hear.)

THE MONEY MARKET.

Turning now to the money market, with which we are specially concerned, the average rate for money was £2 10s. 2d., against £5 4s. 4d. in 1929, and for bills £2 12s. 7d., against £4 13s. 4d. The year commenced with an official discount rate of 5 per cent., but this did not last long, as it was reduced first to 4½ per cent., then to 4 per cent., then to 3½ per cent., and, finally, on May 1st,

to 3 per cent., at which it remained throughout the year, and this is the rate to-day.

The discount rate ruled a good deal below the official rate during the year, so that the margin between money and bills was only 2s. 5d., against 11s. in 1929, a smaller profit than had been experienced for some time, and it does not appear as if any great change in this situation is likely to take place in the near future. The Clearing Banks hold considerable balances, owing to the fall in demand for trade purposes, and, although it might be expected that money both from New York and Paris would have been largely transferred to London, due to the still lower rates current at those centres, so far actually, as we have seen, there is no evidence of such a movement having taken place to any material extent.

STERLING ACCEPTANCES AND FOREIGN COMPETITION.

It has been stated that one result of the cheap rates at which bills can be discounted in London has been that foreign exporters have availed themselves of sterling acceptances on London for financing their merchandise in competition with British goods, and that British bankers and Financial Houses have been too ready to extend their credit for this purpose.

Alexanders are large buyers of bills throughout the year, and while, of course, a vast volume of trade is always financed by means of sterling bills on London, our experience does not confirm the suggestion that there has been any particular increase of such bills in this market.

The statement of accounts in your hands reflects the changes brought about by the increase in the capital.

That issue was a great success and the shareholders secured for themselves a pleasing bonus on the shares allotted to them.

THE RESERVE FUND.

In consequence of the transfers made to the Reserve Fund from the premium on the issue and from the profits of the year, this fund now stands at a million sterling, which is the same amount as the paid-up capital and which constitutes a very substantial protection to the shareholders.

As you will have seen from the report, we have placed £5,000 to the clerks' widows and pension fund, and I am very pleased to tell you that an exceedingly generous gift of £7,000 has been made by certain members of the Alexander family to the Staff Pension Fund, in recognition of the long, close and happy connection between the staff and that family. (Cheers.) The Company has in the past made several allocations to this Fund, and I am happy to say that it is now actuarially in a thoroughly satisfactory condition. (Hear, hear.)

Our holding of short-dated Government securities is substantially higher than a year ago. You may remember that I told you last year that we had decreased our holding of securities in 1929 because of the rising rates for money, and because of the uncertainty of the outlook in regard to rates. We reversed this policy in 1930 because, in view of the condition of trade, we saw no prospect of a continuation of high rates prevailing during the year. I am glad to say this forecast was correct and our increased holdings of securities have proved profitable for us.

Our bill case is also larger than a year ago, being about £20,000,000, against £17,000,000 in 1929. We have substantially increased our holding of Treasury bills, as Bank and Commercial paper have been very limited in quantity.

LARGE INCREASE IN BILLS AND SECURITIES.

If the Bills and Securities are taken together, we arrive at a total of £24,500,000 against about £20,000,000 a year ago.

This bears out the statement I made to you in June that, with the steady growth of the business, we were of opinion that the Company could usefully employ the increased capital then proposed. That we have been able to do so is some tangible evidence of the useful service we are rendering as part of the machinery of the London Money Market.

The gross profits have amounted to £474,421 compared with £412,397 in 1929, which constitutes a record, as the previous highest profits were in 1922 when they were £429,000. The amount carried forward to this year is £60,396 against £53,087 brought into the account a year ago, being an increase of £7,309.

Once again I would like to bear testimony to the very successful way in which Mr Newcomb and those working with him have piloted the company throughout another year. (Hear, hear.)

THE RESOLUTION.

I now beg to propose: "That the report and accounts be received, adopted and entered on the minutes, and that dividends for the half-year ended December 31st last be declared at the rate of 6 per cent. per annum on the £200,000 preference capital, and at the rate of 15 per cent. per annum on the £800,000 ordinary capital, both less income tax, and a bonus of 1s. per share on the ordinary shares, free of tax, payable on and after the 22nd instant, and that the balance of £60,396 6s. 10d. be carried forward to next account."

I will ask Sir Austin Harris to second that, and then, if anybody has any questions to ask before I put it to the meeting I shall be pleased to do my best to answer them.

Sir Austin E. Harris, K.B.E.: I have great pleasure in seconding that resolution.

The Chairman: Those in favour of the resolution please signify the same by holding up their hands. On the contrary; that is carried unanimously.

RE-ELECTION OF DIRECTORS.

The next resolution is for the re-election of the retiring directors. There are two in accordance with the articles, and I have great pleasure in proposing the re-election of Sir Austin E. Harris, K.B.E., and Mr. Eric Gore Browne, D.S.O., who retire by rotation. I ask Mr George Alexander to second that.

Mr George C. Alexander: I have much pleasure in seconding that.

The Chairman: Those in favour; on the contrary; carried unanimously. Now I will ask some shareholder please to move the reappointment and the fixing of the remuneration of the auditors for the ensuing year.

Mr Antony Macnaughtn: I have much pleasure in proposing: "That Messrs. Price, Waterhouse and Company be reappointed auditors of the company for the ensuing year at a remuneration of 306 guineas."

The Chairman: Will someone second that?

Sir Philip J. G. Henriques, K.B.E.: I shall be pleased to second that.

The Chairman: That has been proposed and seconded. Those in favour; on the contrary; carried unanimously.

Mr Herbert G. Alexander then proposed that the fees of the directors be increased from £3,000 to £4,000 per annum, free of income tax.

Mr George R. Pember seconded the proposal.

Major Charles J. Alexander, whilst not dissenting, submitted that the preference shareholders should receive some compensation for the voting rights they gave up when the business was converted into a public company in 1911.

Mr Herbert G. Alexander's proposal was generally agreed to.

A vote of thanks to the Chairman having been proposed and seconded, the proceedings came to an end.

UNION DISCOUNT COMPANY OF LONDON, LIMITED.

"A GOOD YEAR."

SIR WILLIAM GOSCHEN ON MONETARY CONDITIONS.

The seventy-third ordinary general meeting of the shareholders of the Union Discount Company of London, Ltd., was held at the Cannon Street Hotel, London, E.C., on Thursday, January 22nd, the Hon. Sir William H. Goschen, K.B.E., presiding.

The secretary, Mr C. W. Holliday, having read the notice convening the meeting and the auditors' report,

The Chairman said:—Ladies and gentlemen: I presume that you will take the report and accounts as read.

The year 1930 started with a 5 per cent. Bank Rate. By May 1st it had fallen by four successive drops of ½ per cent. to 3 per cent., at which figure it has remained ever since.

BANK RATE CHANGES.

In theory, discount companies should recover what they lose on each rise in Bank Rate (as they must always be large holders of stocks of bills bought at lower rates) with each fall in the Bank Rate. When the Bank Rate falls come very quickly, as they did from 6½ per cent. in October, 1929, to 3 per cent. in May, 1930, this progression is too fast for the losses which were made on the much more slow rises, say from 4½ per cent. in April, 1927, to 6½ per cent. in September, 1929, to be fully recovered.

When rates move upward, and the discount market finds it has bought too cheaply, it has to take its loss at once, as the higher cost

of carrying its bill stock takes effect immediately the Bank Rate rises.

If the prices of other commodities were equally responsive to changes in values and as quickly adjusted themselves, as in the case of bills held, many of the obstacles that are now paralysing trade and creating unemployment would be avoided.

One of the few bright spots in the revenue returns of the present fiscal year will be the enormous saving that has taken place in the financing of Treasury bills.

The unprecedented stagnation in world trade has offered unique opportunity for reducing the cost of the interest service on other forms of Government debt, and it is most regrettable that no advantage has yet been taken of these favourable monetary conditions, nor are there any signs of anything being done to induce the investing public to co-operate and make a major conversion scheme the outstanding success it ought to be.

BALANCE SHEET ITEMS.

I will now proceed to examine the accounts in detail. Our capital and reserve remains at £3,000,000 as in 1929. Our loans, deposits and other liabilities, and provision for contingencies at December 31, 1930, were £47,521,062 18s. 4d., which compares with £45,591,127 15s. 8d. at December 31, 1929. The bills rediscounted were £15,527,440 14s. 3d., against £12,310,529 0s. 3d. in December, 1929. The rebate in bills discounted was £678,183 17s. 0d., a larger figure than that of £634,033 12s. 8d. of the previous year. This is due partly to our larger portfolio, and partly to the longer life of the bills in hand.

On the other side of the balance sheet, the cash in hand stands at £1,350,870 13s. 2d., comparing with £1,328,876 16s. 9d. Our holding of British Government, India Government and other securities is £8,601,575 13s. 8d., against £7,629,621 6s. 7d. Loans on securities at call and short dates and other accounts were £516,521 15s. 0d., a considerably larger figure than that of the previous year, viz.: £208,767 14s. 6d.

The bills discounted figures were £56,595,142 7s. 3d., against £52,574,107 10s. 3d. This constitutes a record figure for the company. Debtors happen to be small, viz.: £22,389 7s. 2d. against £111,109 0s. 2d. We show freehold and leasehold premises at £75,000, which figure reflects the writing down this year by £15,000, as shown in the appropriation account.

ALLOCATION OF PROFITS.

Coming to the profit and loss account, the items of directors' fees and current expenses, taken together, are £79,037 11s. 2d., a slight decrease from £82,903 18s. 7d. in 1929. The rebate of £678,183 17s. I have already referred to in the balance sheet.

You will notice that we have, for the sake of clearness, this year introduced into the accounts an appropriation account, which we credit with the balance carried from profit to loss. This balance shows at £268,176 12s., and to that has to be added the balance of undivided profit from the previous year, which was £269,291 19s. 8d., which gives a total of £537,468 11s. 8d., the allocation of which is as follows:—

	£	s.	d.
To premises account	15,000	0	0
Trustees of provident fund	15,000	0	0
Interim dividend paid in July	72,656	5	0
Proposed dividend for the final half-year at the rate of 15 per cent., less income tax	72,656	5	0
Bonus of 2s. 6d. per share free of income tax	62,500	0	0
Balance to be carried forward to next year	299,656	1	8
	£537,468	11	8

This carry-forward compares favourably with that of £269,291 19s. 8d. of last year.

DIFFICULT CONDITIONS.

The past year has been a most difficult year for all those connected with the credit business, following, as it did, an uncertain year in 1929. The decline in the price of so many commodities carried under credits, such as wool, cotton, coffee, grain, metals, furs, rubber, &c., led to a serious position on the Continent. It affected the genuine trader who found himself faced with a loss in his stocks purchased for his ordinary business at higher prices and it affected still more adversely those houses who from time to time thought that the bottom had been reached and bought speculatively with a view to a rise.

This unfortunate form of speculation in some cases led to further disasters, because in several big failures there was found to be falsification of balance sheets, the last despairing effort to tide over difficulties.

Broadly speaking, the position has led to the necessity of the closest scrutiny in taking bills, and it reflects the greatest credit on all concerned that, in the difficult circumstances that I have outlined, so few errors in judgment are made.

One of the outstanding features of the year has been a general lack of confidence in business circles. This is not to be wondered at, even by taking the most cursory examination into the state of most parts of the world: those vast countries of India, Russia and China have been largely closed from a British market point of view, and there are grave situations to be faced in Australia, the Argentine and Brazil.

Confidence in our own country can hardly be described as great, as we have our unemployment troubles, fears of extravagant legislation, and general dislocation of trade. This situation has led to there being a larger supply of money available for short investment, but we naturally should much prefer to see this surplus disappear, and a healthier state of trade re-established. In spite of all these adverse circumstances, the past year has been a good one for the company—in fact, nearly all the figures, as you will have observed, are the highest in the history of the company.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended January 17, 1931, amounted to £26,188,200, against ordinary expenditure of £9,253,500. After allocating £620,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £87,500, the week's operations, as shown below, reduced the National Debt by £16,402,000 to £7,744,561,000:—

(000's omitted.)	
National Savings Certificates	+ 600
4% Treasury Bonds	+ 69,500
4% War Loan paid off	+ 70,610
Board Fund	+ 3,500
	+ 74,000
Treasury Bills	- 9,142
Public Department Advances	- 10,250
4% War Loan paid off	- 70,610
I.O. & Telegraph Money	- 400
	- 90,402

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Total Receipts into the Exchequer.				
	Estimate for the year 1930-31.	April 1, 1930, to Jan. 17, 1931.	April 1, 1929, to Jan. 18, 1930.	Week ended Jan. 17, 1931.	Week ended Jan. 18, 1930.
ORDINARY REVENUE.					
Inland Revenue	£260,000,000	£101,551,000	£99,578,000	£10,434,000	£9,903,000
Income Tax	260,000,000	101,551,000	99,578,000	10,434,000	9,903,000
Sur-tax, including Arrears of Super-Tax	64,500,000	25,850,000	22,040,000	2,450,000	1,860,000
Estates, &c., Duties	85,000,000	54,160,000	51,440,000	2,480,000	1,180,000
Stamps	27,000,000	14,180,000	13,160,000	200,000	200,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	190,000	270,000	...	80,000
Total Inland Revenue	437,000,000	205,931,000	201,518,000	15,564,000	13,223,000
Customs and Excise—					
Customs	122,710,000	95,933,000	96,393,000	1,359,000	1,547,000
Excise	129,860,000	101,240,000	106,435,000	4,540,000	6,565,000
Total Customs and Excise	252,570,000	197,173,000	202,828,000	5,899,000	8,112,000
Motor Vehicle Duties (Exchequer share)	4,950,000	4,458,041	4,149,488	2,030,000	1,316,000
Post Office (Net Receipts)	10,125,000	9,800,000	8,800,000	100,000	450,000
Crown Lands	1,100,000	1,000,000	1,000,000	...	...
Receipts from Sundry Loans	33,000,000	29,749,087	25,302,887	1,375,000	294,000
Miscellaneous Receipts	34,500,000	24,609,395	28,981,369	1,220,168	38,842
Appropriation from Rating Relief suspense Account	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	488,621,923	472,089,221	26,188,166	19,681,542
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	45,150,000	45,400,000	1,200,000	850,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	16,148,959	13,946,532	5,264,000	4,676,000
Total Self-Balancing Revenue	83,835,000	61,298,959	59,346,532	6,464,000	5,526,000
Total	873,280,000	549,919,882	531,435,753	32,652,166	24,207,542

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments from			
		April 1, 1930, to Jan. 17, 1931.	April 1, 1929, to Jan. 18, 1930.	Week ended Jan. 17, 1931.	Week ended Jan. 18, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£304,600,000	£265,793,138	£281,956,914	£1,358,236	£752,811
Payments to Northern Ireland Exchequer	6,000,000	4,178,852	3,639,424	45,313	43,426
Payments to Local Taxation Accounts	3,500,000	2,091,695	7,736,185	...	50,000
Other Consolidated Fund Services (excluding Post Office)	429,433,000	336,987,467	266,624,628	7,850,000	7,950,000
Total Ordinary Expenditure	743,533,000	609,051,152	582,538,259	9,253,549	8,796,237
Sinking Fund	55,400,000	40,401,623	37,902,778	620,000	615,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	45,150,000	45,400,000	1,200,000	850,000
Road Fund	23,560,000	16,148,959	13,946,532	5,264,000	4,676,000
Total Self-Balancing Expenditure	83,835,000	61,298,959	59,346,532	6,464,000	5,526,000
Total	873,280,000	710,751,734	679,787,569	16,337,549	14,937,237

The aggregate revenue and expenditure to January 17, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO JANUARY 17TH. (000's omitted.)	
Expenditure	£609,051
Sinking Fund	40,402
	£649,453
Revenue	£649,453
Decrease in balances	£3,444
Net Amount borrowed	£157,588
	£649,453

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-stand- ing—	Jan. 18, '30.	Mar. 31, '30.	Jan. 17, '31.	Movement, Week ended Jan. 17, '31.
Advances by Bank of England ..	£37,930,000	£48,530,000	£33,050,000	—10,250,000
Advances by Public Departments ..	757,710,000	588,885,000	697,095,000*	—9,130,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	795,640,000	637,415,000	730,145,000	—19,380,000

* Includes £22,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on January 16, 1931, and the total amount applied for was £33,875,000. Tenders were accepted for bills at three months, dated Monday, at £99 9s. 6d., and above in full and Tuesday to Saturday, at £99 9s. 4d., and above in full. The amount allotted was £29,925,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1930.			
Dec. 24	£40,000,000	£63,800,000	2 5 2-46
1931.			
Jan. 6	£40,000,000	£49,765,000	2 2 11-11
Jan. 9	£35,000,000	£54,100,000	2 3 4-45
Jan. 16	£30,000,000	£33,875,000	2 2 11-22

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, January 21, 1931.

ISSUE DEPARTMENT.	
Notes issued—	£
In Circulation	346,461,899
In Banking Department	55,758,227
Government Debt	11,015,100
Other Government Securities	233,146,155
Other Securities	11,477,218
Silver Coin	4,361,527
Amount of Fiduciary Issue	260,000,000
Gold Coin and Bullion	142,220,126
	£402,220,126

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£49,246,247
Reserve	3,524,481	Other Securities	25,358,943
Public Deposits	22,323,852	Discounts and Advances	£10,994,845
Other Deposits	£68,812,580	Securities	25,358,943
Bankers'	33,384,543	Notes	36,953,788
Other Accounts	102,197,129	Gold and Silver Coin	641,640
7-Day and other Bills	1,440		
	£142,599,902		£142,599,902

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Jan. 21, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	346,461,899	— 3,480,903	+ 62,359
Public deposits	£	22,323,852	— 5,422	+ 6,827,564
Bankers' deposits	£	68,812,580	— 4,101,612	+ 8,864,224
Other deposits	£	33,384,543	— 28,192	+ 2,627,423
Seven-day bills	£	1,440	— 514	+ 1,799
Total, outside liabilities	£	470,984,320	— 538,581	+ 530,203
Capital and rest	£	18,077,481	+ 36,474	+ 21,028
Government debt and securities	£	293,407,502	— 2,780,851	+ 8,923,802
Discounts and advances	£	10,994,845	— 2,639,159	+ 5,215,279
Other securities	£	37,436,161	— 3,004,699	+ 11,701,345
Silver coin in issue department	£	4,361,527	— 284	+ 116,844
Coin and bullion (bank's reserve)	£	142,861,766	— 2,288,246	+ 8,427,209
Reserve of notes and coin in banking department	£	56,399,867	— 1,192,657	+ 8,489,568
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		45½%	— ½%	— 5½%
(b) Gold stocks to deposits and notes ("reserve ratio")		29½%	— ½%	— 2½%

Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	
1930.						
Dec. 10	£411,598	£364,474	£5,891	£72,112	£33,483	3/05 out
17	410,581	372,141	6,524	64,295	33,479	1/045 out
24	408,201	379,677	10,285	56,217	33,688	2/388 out
31	407,626	368,802	6,581	132,447	36,159	6/49 out
1931.						
Jan. 7	405,916	363,505	13,206	68,875	33,293	1/710 out
14	404,543	349,943	22,377	64,711	33,413	1/377 out
21	402,220	346,462	22,324	68,813	33,355	2/326 out

Issue Department.		Both Depts.		Banking Department.			Reserve & the "Proportion."
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1930.							
Dec 10	£244,058	£11,477	£152,449	£32%	£54,291	£4,911	47/975 43%
17	244,059	11,478	151,316	31½%	53,886	5,341	39/175 37½%
24	244,053	11,477	148,821	31	51,735	14,199	29/145 29%
31	244,154	11,477	148,271	27½%	81,021	48,962	39/470 22½%
1931.							
Jan. 7	244,158	11,477	146,558	30½%	53,081	14,358	43/053 37½%
14	244,162	11,477	145,150	30½%	52,026	14,358	43/053 37½%
21	244,161	11,477	142,662	29½%	49,246	10,995	56/400 45½%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Jan. 7	£808,163	£46,777	£75,051	£929,991
Week ended Jan. 14	683,350	36,363	56,250	775,973
Week ended Jan. 21	807,342	37,408	60,490	905,240
Total to date, 1931	2,298,855	120,548	191,791	2,611,204
Total to date, 1930	2,311,911	124,366	200,707	2,636,984
Increase or decrease in 1931	— 13,056	— 3,818	— 8,916	— 25,780
	= 0.6%	= 3.0%	= 4.4%	= 0.9%
Total for year, 1930	£8,782,577	£1,812,145	£2,963,631	£13,558,353
Do. 1929	39,335,924	1,881,989	3,076,764	44,294,697
Increase or decrease in 1930	— 1,153,347	— 69,843	— 115,133	— 1,338,323
	= 2.9%	= 3.7%	= 3.7%	= 3.0%

PROVINCIAL CLEARING RETURNS.

(000's omitted).							
	Week ended January 17.		Month of December.			Aggregate Totals January 1 to January 17.	
	1930.	1931.	1929.	1930.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	24	25			
BIRMINGHAM	2,588	2,066	10,551	10,588	— 0.5	7,938	6,428
BRADFORD	804	612	4,456	3,192	— 28.3	2,689	1,707
BRISTOL	1,203	1,127	4,798	4,524	— 5.7	3,151	2,751
DUBLIN	4,916	4,973				16,939	16,297
HULL	980	1,020	3,437	3,151	— 8.3	2,453	2,250
LEEDS	1,104	1,022	3,908	3,395	— 13.1	3,122	2,560
LEICESTER	865	825	3,159	3,042	— 3.7	2,456	2,114
LIVERPOOL	7,217	6,274	30,798	26,066	— 15.5	20,505	18,419
MANCHESTER	10,127	12,609	52,331	41,420	— 21.7	32,683	25,308
NEWCASTLE	1,390	1,353	6,199	5,507	— 11.1	3,654	3,392
NOTTINGHAM	644	509	2,666	2,779	+ 8.3	2,103	1,696
SHEFFIELD	1,015	826	4,343	3,358	— 16.6	3,068	2,418
Total.....	32,833	33,205	126,964	106,972	— 15.7	100,661	85,350

The South African Banks quote the following rates:—

	Union of South Africa.		Union of South Africa.	
	From November 3, 1930.		From November 25, 1929.	
	London on South Africa.		South Africa on London.	
	Buying.	Selling.	Buying.	Selling.
T.T.				
Demand	1 1/2% dis.	1 1/2% dis.	par to 1/2% pm.	1 1/2% prem.
30 days	1 1/2%	1 1/2%	1/2% dis.	1/2% "
60 days	2 1/2% "	2 1/2% "	1 1/2% "	1 1/2% "
90 days	3% "	3% "	1 1/2% "	1 1/2% "
120 days	3 1/2% "	3 1/2% "	2 1/2% "	2 1/2% "

COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.			
	Buying.		Selling.		Buying.		Selling.	
	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New Zealand.	Aus- tralia.	New- Zealand.
T.T.	...	...	125	107½	125	107½	125½	107½
Sight	125½	108½	125½	107½	124½	108	125½	106½
30 days	126½	109¼/6	...	...	123½	105½	124½	106½
60 days	128	109½/6	...	...	123½	105	124½	106½
90 days	128½	110/6½	...	...	122½	104½	124½	105½

INDIA COUNCIL REMITTANCES.

Changed.			From To	Changed.			From To
	Mar. 24, 1930	%			Nov. 7, 1930	%	
Amsterdam	Dec. 2, 1928	10	3	Oslo	Jan. 2, 1931	2	4
Athens	Mar. 10, 1930	5	4	Paris	June 24, 1930	4	4
Batavia	Oct. 9, 1930	4	5	Prague	Sept. 29, 1930	6	5
Belgrad	Oct. 9, 1930	4	5	Pretoria	Oct. 4, 1930	7	6
Berlin	Nov. 23, 1929	9	9	Riga	Oct. 1, 1930	7	7
Brussels	May 28, 1930	5	5	Rome	May 20, 1930	6	5
Bucharest	Jan. 15, 1931	4	5	Sofia	July 2, 1929	9	10
Buenos Aires	Nov. 23, 1929	9	9	Stockholm	Apr. 2, 1930	4	3
Calcutta	Aug. 26, 1930	6	6	Swiss places	Jan. 22, 1930	2	2
Canton	Oct. 10, 1930	4	5	Tokio	Oct. 6, 1930	5	5-11
Danzig	Apr. 1, 1930	7	6	Vienna	Sept. 9, 1930	5	4
Helsingfors	June 2, 1930	8	7	Warsaw	Oct. 3, 1930	6	7
Kovno	Dec. 2, 1928	10	3	Irishw	May 1, 1930	4	4
Lisbon	May 28, 1930	5	5				
New York Federal Reserve	Jan. 15, 1931	4	5				
Madrid	Oct. 9, 1930	4	5				

BULLION.

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
^a 6% applied to banks and credit institutions.
^b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.
The Irving Trust Company cable the following money and

exchange rates in New York:—

	Jan. 22, 1930.	Dec. 22, 1930.	Dec. 31, 1930.	Jan. 7, 1931.	Jan. 14, 1931.	Jan. 21, 1931.
Call money	4	2	3	1	2	1
Time money (90 days' mixed coll.)	4	2	2	2	2	1
Bank acceptances:—						
Members—eligible, 90 days	4	2	2	1	2	1
Non mem.—eligible, 90 days	4	2	2	2	2	1
Ineligible, 90 days	4	2	2	2	2	2
Commercial accept. 90 days	5	3	3	3	3	3

Rates of Exchange, New York on—	Par Level	Jan. 22,	Jan. 7,	Jan. 14,	Jan. 21,
		1930	1931	1931	1931

	Dec. 20, 1929.	Nov. 21, 1930.	Dec. 5, 1930.	Dec. 12, 1930.	Dec. 19, 1930.
ASSETS.					
Gold at home	63,244	61,658	62,269	62,260	61,629
Gold abroad	375,520	375,524	291,494	296,550	278,885
Dis counts and advances	81,579	48,838	90,723	100,145	100,065
LIABILITIES.					
Notes of the bank in circulation	342,394	288,676	298,242	291,858	286,833
Deposits	128,279	43,722	57,340	79,040	65,564
Paid-up capital	90,832	90,832	90,832	90,832	90,832

New York on	Local	1930.	1931.	1931.	1931.
London.....					
60 days.....					
Cable.....	Dollars for \$1	4-8656	4-822	4-82	4-83
Cheques.....			4-862	4-85	4-85
Paris.....	Cents for 1 franc	5-918	4-862	4-85	4-85
Brussels.....	Cents for 1 Belg.	15-90	13-92	13-92	13-91
Switzerland.....	Cents for 1 franc	19-30	19-31	19-38	19-35
Italy.....	Cents for 1 lire	5-263	5-222	5-23	5-20
Berlin.....	Cents for 1 mark	23-31	23-86	23-79	23-75
Amsterdam.....	Gla. for 1 guilder	14-07	14-07	14-07	14-06
Madrid.....	Cents for 1 peseta	15-30	12-93	10-60	10-33
Amsterdam.....	Cents for 1 guilder	40-195	40-15	40-23	40-22
Copenhagen.....			26-72	26-70	26-71
Celo.....	Cents for 1 kroner	26-80	26-70	26-72	26-71
Athens.....	Cents for 1 drachma	1-297	26-82	26-75	26-75
Montreal.....	Can. Cents for \$1	100	12-23	12-22	12-22
Yokohama.....	Cents for 1 yen	49-85	49-10	49-44	49-44
Hong Kong.....	Cents for H. Kong	—	40-1	25-20	24-25
Shanghai.....	Can. for 1 Sh. tang	—	33-12	32-00	32-12
Calcutta.....	Cents for 1 rupee	36-50	30-31	35-88	35-88
Buenos Aires.....	Gold Pesos for \$100	103-65	109-60	140-20	137-45
Rio de Janeiro.....	Cents for 1 milreis	32-42	11-20	9-05	9-30
Valparaiso.....	Cents for 1 peso	12-125	12-00	12-03	12-07

	Jan. 15, 1931.	Jan. 16, 1931.	Jan. 17, 1931.	Jan. 19, 1931.	Jan. 20, 1931.	Jan. 21, 1931.	Jan. 22, 1931.
Bank rate (checked from 5% Mar. 3, 1930)	3 %	3 %	3 %	3 %	3 %	3 %	3 %
Market rates of discount—							
60 days' bankers' drafts	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
3 months' do.	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
4 months' do.	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
6 months' do.	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
Discount (Treasury Bills)—							
2 months	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
3 months	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
Loans—Day to day.	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
Short	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3	2½ — 3
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1½	1½	1½	1½	1½	1½	1½

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.
The Anglo-South American Bank, Ltd., quotes the following rates of exchange :—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
193'.	o/o	%	%	%	%	%	%
Jan. 1	1½-2	2½	2½	2½-1	3	3½	4
" 8	2	2½	2½	2½	3	3½	4
" 15	2-1	2½	2½	2½	3	3½	4
" 22	2	2½	2½-1	2½	3-1	3½-1	3½-4
" 29	2	2½	2½	2½	3	3½	4

* Calculated at pre-war parity of exchange.

Messrs Samuel Montagu and Company write on January 21, 1931, as follows :—

GOLD.

Messrs Samuel Montagu and Company write on January 21, 1931, as follows :—

The Bank of England gold reserve against notes amounted to £144,542,595 on the 14th instant (as compared with £145,916,269 on the previous Wednesday), and represents a decrease of £3,083,027 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to £649,554, nearly all of which had been sold forward to France. About £60,000 was available in the open market yesterday, and at the fixed price of 84s. 11½d. per fine ounce £25,000 was taken for India and the Home and Continental trade, £35,000 being secured for France. The arrangements under which the Bank of France accepts standard gold as delivered by the Bank of England became operative sooner than was expected. Withdrawals for despatch direct to France, commencing on the 16th instant, have been substantial, the daily amount being no longer limited to the capacity of refiners. It is understood that henceforth the Bank of France is prepared to accept gold bars of 900-1,000 quality and over. Movements of gold at the Bank of England during the week show a net efflux of £2,325,937. Receipts consisted of £1,000,000 in sovereigns understood to be from South America, and £250,000 in sovereigns "released." Withdrawals totalled £3,575,937, of which £20,833

was in sovereigns "set aside," £54,000 in sovereigns taken for export, and £3,501,104 in bar gold; of the latter, about £3,300,000 was for France.

SILVER.

The market has been unsettled and the week under review has seen continued fluctuation in prices. America was again inclined to sell, but China has been more disposed to support the market by purchases to cover near bear commitments. The Indian Bazaars have given further support with orders for silver for near shipment. Demand has been mostly for silver for prompt delivery, either for shipment or to cover bear contracts falling due, and the effect has been to increase the premium on cash delivery, which now stands at ½d. The position as regards delivery adds to the uncertainty of the market.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 12th instant to mid-day on the 19th instant:—

IMPORTS.		EXPORTS.	
	£		£
U.S.A.	71,811	British India	294,101
Persia	20,948	Other countries	12,321
Iraq	9,430		
Mexico	8,982		
Other countries	10,117		
	£121,288		£306,422

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Jan. 15.	Jan. 7.	Dec. 31.
Notes in circulation.....	15,940	16,099	16,134
Silver coin and bullion in India ...	12,022	12,023	11,999
Silver coin and bullion out of India ...	...	...	...
Gold coin and bullion in India ...	2,852	3,136	3,174
Gold coin and bullion out of India ...	...	...	...
Securities (Indian Government)...	966	940	961
Securities (British Government)...	...	...	...
Bills of Exchange.....	100	...	...

The stocks in Shanghai on the 17th instant consisted of about 92,200,000 ounces in sycee, 155,000,000 dollars and 5,720 silver bars, as compared with about 93,000,000 ounces in sycee, 154,000,000 dollars and 5,260 silver bars on the 10th instant.

GOLD AND SILVER PRICES.

	Gold		Silver—		Date.	Silver.
	Per	Ounce.	Per	Ounce.		
	Cash	Forward	Cash	Forward		Cash.
1931.	s. d.	d.	s. d.	d.		d.
Jan. 16	84 11½	13½	13½	13½	Jan. 23, 1925	32
" 17	84 11½	13½	13½	13½	" 22, 1926	32
" 19	84 11½	13½	13½	13½	" 21, 1927	26½
" 20	84 11½	13½	13½	13½	" 19, 1928	26½
" 21	84 11½	14	13½	13½	" 23, 1929	26½
" 22	84 11½	13½	13½	13½	" 23, 1930	20½

NOTICES.

Banco de Chile (London agency) has been advised by cable that Mr Pedro A. Torres has been elected President of the bank.

Barclays Bank announce the opening of a new branch at 48, High Street, Budeleigh Salterton; also a new sub-branch at 3, Station Terrace, Westgate-on-Sea.

The Midland Bank announces the opening of a new branch at 97, High Street, Epsom, Surrey. The night safe banking service will be in operation at this branch. A sub-office has also been opened at Tamworth Cattle Market.

The Union Bank of Australia, Ltd., announce that the branch of this bank at Bahman, Sydney, New South Wales, has been closed.

Company News.

SUMMARY OF BALANCE SHEETS.

TURNER AND NEWALL, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Sept. 30, 1930.	Amount.	Compared with Sept. 30, 1930.
Ord. shares (£1) 4,849,213	1,743,714	Properties & plant 2,181,088	178,468
7% cum. pref. 11,444,250	116,435	Stocks	892,540
Divs. unclaimed 183	116,435	Debtors	53,103
Creditors	706,581	Investments	107,067
Deposits	438,850	Cash	1,791,934
General reserve	200,000		233,923
Investment res.	200,000		
Profit and loss	370,335		
Total	8,842,869	Total	8,842,869

LLOYDS BANK LIMITED.

LIABILITIES.		ASSETS.	
Dec. 31, 1929.	Dec. 31, 1930.	Dec. 31, 1929.	Dec. 31, 1930.
Capital paid up 15,810,252	15,810,252	Cash	44,203,999
Reserve fund 10,000,000	10,000,000	Balances with other banks	12,798,849
Profit and loss 1,495,178	1,281,649	Money at call and notice	26,484,815
Current deposits	351,644,965	Balances with banks abroad	4,665,647
Other accounts	5,839	Treasury bills	27,180,000
Notes in circulation (Isle of Man)	8,603,470	British bills of exchange	8,179,604
Acceptances	5,939,798	Colonial and foreign bills	4,265,673
Endorsements, guarantees, and other obligations	43,622,815	Short-term Brit. Govt. securities	17,135,696
	36,573,554	Other British Govt. Sec'ts.	16,581,905
		Indian & Coll. Govt. Sec'ts.	1,179,095
		Corp. stocks	2,237,431
		Other invests.	2,656,908
		The National Bank of Scot.	3,422,695
		Bk. of London & S. America	54,502
		Indian Premises Co.	54,502
		Lloyds & Nat. Prov. Foreign Bank	620,000
		Loans, &c.	191,752,253
		Transit	3,910,385
		Other assets	4,820,054
		Bank premises	6,957,722
		Acceptances	8,603,470
		Endorsements, &c.	43,622,815
Total	431,182,519	Total	431,182,519

NATIONAL PROVINCIAL BANK, LIMITED.

LIABILITIES.		ASSETS.	
December 31, 1930.	Compared with Dec. 31, 1929.	December 31, 1930.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
120,000 shares, £25 with 5% paid	420,000	Cash and notes	33,266,050
1,972,354 shs., £20, with 5% paid	7,889,416	Balances and cheques	9,467,028
234,000 shares, £5 fully paid	1,170,000	Money at call and notice	20,298,534
Reserve fund	9,479,416	Bills discounted	51,061,059
Current deposits	292,205,568	Investments	38,327,813
Other a/c's	10,089,723	Stk. in Courts	2,504,184
Due to subsidiary co's	174,225	Shrs. in Grindlay and Co.	2,000,000
Profit and loss	673,814	Shrs. in Bank of British West Africa	100,000
	175,440	Lloyds & Nat. Provincial	600,000
		Yorkshire Penny Bank	218,750
		Advances	149,492,770
		Bank premises	6,666,405
		Acceptances	10,089,723
Total	322,102,162	Total	322,102,162

WESTMINSTER BANK, LIMITED.

LIABILITIES.		ASSETS.	
December 31, 1930.	Compared with Dec. 31, 1929.	December 31, 1930.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
7,070,990 shrs., £4, £1 paid	7,070,990	Cash, notes, &c. 35,843,864	376,668
2,249,167 shrs., £1 fully paid	2,249,167	Balances with other banks	10,155,706
Reserve fund	9,320,157	Money at call and notice	25,683,550
Deposits, &c.	291,579,675	Bills discounted	48,759,717
Notes in circulation	16,223	Investments	50,616,095
Acceptances	17,814,532	Westminster Foreign Bk.	1,030,000
Profit and loss	1,121,245	Other sub's.	35
	63,196	Advances, &c. 131,950,516	15,400,676
		Acceptances	17,814,532
		Bank premises	5,346,149
Total	329,172,010	Total	329,172,010

WILLIAMS DEACON'S BANK LIMITED.

LIABILITIES.		ASSETS.	
December 31, 1930.	Compared with Dec. 31, 1929.	December 31, 1930.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
Issued capital	1,875,000	Coin, bank, currency notes and balances with Bank of England	3,786,044
Reserve fund	1,000,000	Balances other banks	1,370,081
Unpaid divs.	143,988	Money at call and notice	2,428,863
Balance sheet profit	25,447	Bills discounted	2,492,730
Deposits, &c.	32,608,587	Investments	8,306,444
Due to subsidiary co's	200	Advances	15,590,259
Acceptances	522,520	Bank premises	994,231
Endorsements	214,002	Acceptances	522,520
		Endorsements	214,002
Total	35,765,174	Total	35,765,174

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%
Anglo-French Banking Corp.	Dec. 31	2,190	72,450	74,640	...	29,063	3	43,000	2,577	46,528	Nil
Bank of Ireland	Dec. 31	86,259	537,145	623,404	...	411,923	17½	130,000	81,481	542,089	17½
British Mutual Banking	Dec. 31	8,468	27,190	35,658	...	14,400	12	12,500	8,758	20,292	12
Hibernian Bank	Dec. 31*	32,132	55,261	87,393	...	36,250	14½	15,000	36,143	46,419	14½
Lloyds Bank	Dec. 31	508,235	2,129,516	2,637,751	...	1,670,857	15A	400,000	511,199	2,542,084	16A
						55,695	5B				
Manchester and County Bank	Dec. 31	75,851	171,255	247,106	...	163,806	15	...	83,300	181,225	16A
National Provincial Bank	Dec. 31	849,255	1,930,855	2,780,110	...	1,706,295	18	400,000	673,815	2,189,704	18
Provincial Bank of Ireland	Dec. 31*	38,877	55,376	94,253	...	30,341	14½	25,000	38,912	50,794	14½
Union Bank of Manchester	Dec. 31	12,041	145,880	157,921	...	75,563	6.6 p.s.	70,000	12,358	176,167	8 p.s.
Westminster Bank	Dec. 31	506,305	1,821,888	2,328,193	...	1,096,003	20	550,000	464,301	2,160,385	20
						217,889	12½				
Williams Deacon's Bank	Dec. 31	31,226	278,627	309,853	...	234,375	{A12½ B12½}	50,000	25,478	297,901	{13½A 12½B}
Breweries.											
Crown Brewing Co.	Dec. 31	7,180	27,631	34,811	...	23,101	20	5,000	6,710	33,694	20
Lloyd and Yorath	Nov. 30	9,812	10,652	20,464	3,000	2,710	2½	5,000	9,754	16,222	7½
Canals and Docks.											
Smith's Dock Co.	Sept. 30	31,169	80,754	111,923	10,000	60,000	6	10,000	31,923	144,153	8
Electric Lighting, &c.											
Adelaide Electric Supply	Aug. 31	32,030	313,970	346,000	112,500	{60,000 60,000}	8 Pfd 12 Or	82,000	31,500	331,534	{8Pfd 12Or
Financial, Land, &c.											
Alto Parana Development	June 30	Dr. 242,124	729	Dr. 241,395	...	...	...	...	Dr. 241,395	1,386	...
Australian Pastoral	June 30	6,272	Dr. 8,162	Dr. 1,890	...	...	...	Dr. 2,500	610	14,364	5
Law Debenture Corporation	Dec. 31	...	63,859	63,859	7,750	44,000	12½	12,109	...	68,337	10
Mortgage Co. of River Plate	Dec. 31	103,156	78,196	181,352	15,000	54,000	18	10,000	102,352	82,365	18
North Queensland Mrtg. &c.	Sept. 30	819	7,560	8,379	3,679	1,472	3	2,000	1,229	5,486	7
Rubber.											
Bila (Sumatra) Rubber	Aug. 31	24,370	Dr. 412	23,958	...	...	...	...	23,958	14,873	6
Escot. Rubber	Sept. 30	7,733	189	7,922	...	...	...	1,000	6,922	7,355	...
Sedenak Rubber	Oct. 31	15,713	3,851	19,564	...	3,846	2½	...	15,718	18,823	10
Sendayan (F.M.S.) Rubber	Sept. 30	9,780	225	10,005	...	...	...	...	10,005	20,761	5
Soember Ajoie Rubber	Sept. 30	7,766	Dr. 3,226	4,540	...	...	...	...	4,540	9,841	7½
Shops and Stores.											
Weber (L. & J.) and Phillips	Dec. 31	16,748	22,216	38,964	...	23,250	12½	2,000	13,714	19,330	12½
Textiles.											
Hollins Mill Co.	Nov. 30	11,822	Dr. 49,344	37,522	...	...	...	Dr. 50,000	12,478	62,346	5
Lister and Co.	Nov. 30	67,547	Dr. 79,047	11,500	40,542	...	...	Dr. 55,000	2,958	13,436	5
Wilkinson and Riddell	Dec. 31	25,102	66,838	91,940	6,500	48,000	10½	15,000	22,440	67,768	10½
Trust.											
Charter Trust and Agency	Nov. 30	10,012	42,368	52,380	19,375	23,250	6	...	9,755	44,310	6
Government Stock and other Securities Investment	Dec. 31	...	73,415	73,415	18,919	45,784	10	8,712	...	85,978	10
Mayfair & Gen. Prop. Trust	Sept. 30	1,365	21,277	22,642	11,524	6,500	10	2,000	2,618	...	...
Metropolitan Trust	Jan. 1	20,338	148,269	168,607	28,125	96,875	20	...	43,607	150,793	20
Northern Trust	Dec. 31	252	2,290	2,542	900	1,165	10	...	477	2,346	10
Omnium Investment Co.	Dec. 31	10,029	91,008	101,037	24,630	49,261	10	...	27,146	97,992	10
Other Companies.											
Angus (George) and Co.	Dec. 31	22,424	6,243	28,667	6,000	10,750	2½	Dr. 10,000	21,917	Dr. 2,545	5
Bell and Nicholson	Dec. 31	24,147	44,296	68,443	2,170	30,000	15½	10,000	26,273	50,622	15½
Consolidated Signal	Sept. 30	840	24,468	25,308	10,145	14,856	12½	...	307	25,126	12
Cork Improved Dwellings	Dec. 31*	1,377	1,364	2,741	...	1,125	7½	181	1,435	1,431	7½
Crossley (John) and Sons	Dec. 6	2,399	Dr. 49,949	Dr. 47,550	29,700	...	...	Dr. 80,000	2,750	16,564	5
Darnell (J.) and Son	Dec. 31	...	42,065	42,065	...	14,523	16	27,431	111	...	...
Davenport's C. B. and Brewery (Holdings)	Oct. 31	5,150	40,804	45,954	...	34,875	9	5,700	5,379	31,519	8
Lennards Real Property	Dec. 31	15,240	30,044	45,284	18,750	11,250	7½	...	15,284	28,460	7½
London Produce Clearing House	Dec. 31	27,797	34,797	62,594	...	33,750	15	...	28,844	35,011	15
Lunt (Richard) and Co.	Dec. 31	20,613	21,693	42,306	800	20,100	15	...	21,406	28,949	15
Margate Estates	Sept. 30	573	21,277	21,856	4,000	8,234	8	5,000	4,622	15,963	8
Millar (A.) and Co.	Oct. 31	6,995	6,376	13,371	2,550	3,825	3	...	6,996	6,432	3
Olympia Limited	Dec. 31	13,809	92,804	106,613	40,968	30,701	10	...	34,944	52,150	11
Pratt (J. Alfred) & Co. (1928)	Oct. 31	9,025	29,919	38,944	7,500	9,500	10	5,000	16,944	25,525	10
Timpson (William)	Dec. 31	724	71,496	72,220	20,393	33,796	15	12,500	5,531	72,265	1½
Turner and Newall	Sept. 30	13,128	949,767	962,895	101,099	544,544	11½	300,000	17,252	824,798	17½
Wembley Stadium	Dec. 31	3,987	38,540	42,527	...	33,000	{8.54a 17½b}	5,159	4,368	25,964	Nil

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND

(b) Week ended Jan. 16, 1931. (c) Week ended Jan. 17, 1931.	Miles Open.	Week ended Jan. 16, 1931. (000's omitted.)					Aggregate 3 weeks, 1931. (000's omitted.)				
		Passen- gers, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts	Passen- gers, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total Receipts
Great Western...	3,758	192	142	66	248	440	576	509	214	799	1,229
Do. for 1930...	3,751	216	217	140	357	565	622	614	418	1,032	1,654
L. & N. Eastern (c)	6,362	276	348	288	636	912	854	962	774	1,736	2,590
Do. for 1930...	6,361	295	407	295	702	997	914	1,120	798	1,918	2,832
Lon. Mid. & S. (c)	6,554	404	462	315	777	1,181	1,239	1,258	854	2,112	3,351
Do. for 1930...	6,557	429	534	302	856	1,285	1,304	1,542	848	2,350	3,694
Southern (c)	2,179	250	67	36	103	363	782	196	103	299	1,081
Do. for 1930...	2,179	271	76	34	110	381	813	217	101	318	1,131
Total of above...	19,254	1,132	1,059	705	1,764	2,896	3,451	2,925	1,945	4,870	8,321
Do. for 1930...	19,248	1,203	1,254	771	2,025	3,228	3,653	3,493	2,165	5,658	9,311
Metropolitan (c)	59	31	8	4	0	35	98	0	12	1	111
Do. for 1930...	59	32	9	4	0	36	99	5	12	2	111
Undel. E.R. (c)	...	294	6	...	...	294	6	726	...	...	726
Do. for 1930...	...	300	2	...	...	300	2	748	...	...	748
Lon. & Sub. (c)	...	42	5	...	...	42	5	104	...	...	104
Do. for 1930...	...	43	7	...	...	43	7	109	...	...	109
B.I.R. (c)	80	2	1	...	...	2	2	9	...	...	9
Do. for 1930...	80	2	1	...	...	2	2	9	...	...	9
Gt. Northern (c)	562	2	71	...	...	2	71	27	...	...	27
Do. for 1930...	562	2	71	...	...	2	71	27	...	...	27
Gt. Southern (c)	2,188	21	1	...	...	21	1	81	...	...	81
Do. for 1930...	2,183	21	3	...	...	21	3	83	...	...	83

* Aggregate 2 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Building.	Present Mileage.	Gross Receipts for Week.	Total Gross Receipts.
				1931.	1931.
				+ or -	+ or -

INDIAN.

		Rs.	Rs.	Rs.	Rs.
Assam Bengal	51	Dec. 20	1,305	3,955,000	37,772
Barelly L. Ry.	31	27	292	33,700	23,800
Bengal & N. Western	13	27	2,078	5,75,191	1,25,941
Bombay-Nagpur	36	6	3,139	14,04,000	3,91,814
Bombay, Bar. & C.I.	41	Jan. 10	3,094	21,85,000	419,000
Madras & S. Mahr.	52	Dec. 27	3,229	17,95,000	1,12,878
Hyd. & Kanam	13	27	562	1,28,177	12,513
South Indian	39	27	2,407	11,98,984	57,534

† Including Lucknow-Bareilly State Railway.

CANADIAN.

		Jan. 14	20413	3,052,826	690,455	5,828,510	1,512,055
Canadian National	2	Jan. 14	20413	3,052,826	690,455	5,828,510	1,512,055
Canadian Pacific	2	Jan. 14	15410	2,487,000	258,000	4,909,000	531,000

SOUTH AMERICAN.

Antofagasta (Chil. and Bolivia)	3	1931.	Jan. 18	804	28,750	5,120	61,700	24,360
Argentine N.E.	29	17	755	13,700	500	405,600	48,400	
Argentine Transam.	29	17	111	3,000	2,754	101,307	31,388	
B.A. and Pacific	29	17	2,806	131,000	33,000	3,511,000	765,000	
B.A. Central	29	18		12,222	1,492	355,496	18,780	
B.A. Gt. Southern	29	18	5,009	258,000	42,000	5,727,000	944,000	
B.A. Western	29	18	1,926	70,000	30,000	2,001,000	470,000	
Central Argentine	29	17	3,442	235,000	3,000	5,874,000	1,040,000	
Central Uruguay	29	17	2,13	31,755	3,985	884,328	31,887	
C. Urug. (East Ext.)	29	17	311	7,000	2,301	18,107	5,75	
C. Urug. (N. Ext.)	29	17	185	3,400	435	190,371	5,364	
C. Urug. (W. Ext.)	29	17	211	3,000	189	84,256	6,511	
Corriola Central	29	17	1,218	53,000	3,000	1,714,000	89,000	
Entre Rios	29	17	804	35,000	4,700	754,300	27,800	
G. Westn. of Brazil	3	17	1,052	12,100	10,400	25,500	24,500	
Leopoldina	3	17	1,918	24,700	11,382	58,639	25,693	
Leopoldina Term.	3	17	Mbs.	Rs 270,000	22,000	700,000	39,000	
Nitrate (monthly)	14	15	410	13,433	18,789	13,043	16,789	
San Paulo	2	11	1,532	32,764	5,018	60,826	11,749	
United of Havana	29	18	1,569	26,765	25,661	946,710	476,972	

† Months.

OTHER OVERSEAS.

Gt. Southern, of Spain	2	Jan. 10	104	188,917	50,675	174,322	65,693
Mexican Railway	29	14	483	222,000	23,200	397,000	80,000
Faraway Central	29	17	274	3,170	—	107,600	14,500
Salvador	29	17	190	3,918	3,124	78,011	33,241

TRAMWAYS WEEKLY GROSS RECEIPTS.

			£	£	£	£
Anglo-Argentine ...	2	Jan. 14	329	78,311	7,528	150,440
B. Aires Lacroze ...	29	18	...	12,746	564	331,223
Liverpool Corp. ...	2	14	124	27,988	2,408	52,243
Madras Electric ...	4	18	...	Rs. 88,248	3,804	53,248
L.C.C. Tramways ...	41	18	106	78,198	4,734	3,401,641

* Including motor buses.

MONTHLY TRAFFICS.

		Month.	Ending.	Des. cription.	Receipts for Month.	Receipts to Date.
					1930.	1930.
					+ or -	+ or -
Brazilian Traction	12	Dec. 31	Gross	1,548,667	399,244	46,898,444
			Net	2,106,252	135,063	27,549,594
Burma Elect. Supply	12	Dec. 31	Gross	59,976	589	...
			Net	11,819	2,677	11,810
Para Elect. Railways	1	Dec. 31	Gross	4,809	1,566	3,804
			Net	443,589	103,974	4,423,441
Shanghai Elect. Con- struction Co.	12	Dec. 31	Gross	139,273	8,189	1,535,367
			Net	59,198	8,098	637,915
Inter. of Cent. Am.	12	Dec. 31	Gross	...	...	...
			Net	...	...	...

REPORTS AND NOTICES.

BANKS.

ANGLO-FRENCH BANKING CORPORATION.—The balance sheet dated December 31, 1930, shows an expansion of assets from £1,097,545 at end of 1929 to £6,931,291 at end of 1930 to the present total of £9,088,476. Cash in hand and at clearing banks is at £52,051 against £51,526. Money at call has grown from £725,000 to £1,080,000. British Treasury Bills and other bills stand at £517,976. British Government and Corporation securities stand in balance sheet at £1,074,836. Acceptances are higher at £3,522,097 against £2,950,206. Loans, advances, &c., have expanded from £693,401 to £1,296,830. Reserve account is at £30,000 against £10,000. Deposits, &c., have risen from £2,718,895 to £3,811,880. Profits higher at £72,450 against £65,846 in 1929. A first dividend is paid of 3 per cent., less tax. The carry-forward is £2,578. Meeting, River Plate House, Finsbury Circus, January 26th, at 2.15 p.m.

BANQUE NATIONALE DE CREDIT.—There have been persistent rumours in the City to the effect that the Banque Nationale de Crédit, one of the French "big five," was about to amalgamate with another powerful French bank. We are officially informed that there is no truth whatever in such rumours. The only change of note is that at a meeting held on January 14th the following gentlemen were elected to the board: M. Alexandre Dreuix, M. Louis Marlio, M. René Verneim, M. le Baron Petiet, M. Jean de Grailly.

BARING BROTHERS AND CO., LIMITED.—A comparison with last year's figures shows that the capital of the company has been increased and the total of deposits diminished. At the extraordinary general meeting called to authorise the increase of capital, it was explained that part of the moneys hitherto provided by the directors and intimate associates on deposit account would be converted into ordinary and non-cumulative preference shares. After providing for current expenses, bad debts, &c., and dividends for the year on the preference and ordinary shares, the balance to be carried forward is £19,283, as compared with £18,440 a year ago. Acceptances show a reduction for the year. The cash in hand and at call and short notice stands at £6,323,962, while bills receivable are lower at £7,000,415. Investments stand at over £3,700,000, as compared with £1,421,000 a year ago, and of the present total £2,641,767 is in British Government securities.

ERLANGERS, LIMITED.—The balance sheet dated December 31, 1930, shows total assets £10,091,946 as compared with £9,199,556 at end of 1929. The directors have paid the fixed cumulative dividend of 6 per cent. per annum on the £600,000 preference capital—absorbing £36,000—and recommend payment of the non-cumulative dividend on the £950,000 of ordinary at the rate of 5 per cent. per annum, which will absorb £47,500, and of the non-cumulative dividend on the £50,000 management shares at the rate of 20 per cent. per annum. £10,000, leaving an increased balance to be carried forward. Deposits appear in the balance sheet at £4,043,389, against £3,056,885 at December, 1929, while acceptances are £94,113 lower at £4,123,557. Cash items stand at £2,309,361, an increase of £542,444. Investments are £72,947 higher at £1,709,961. Advances and other accounts at £1,449,600, an increase of £481,310.

WILLIAMS DEACON'S BANK, LIMITED.—The directors of Williams Deacon's Bank, Ltd., have declared a dividend for the half-year at the rate of 12½ per cent. per annum (less tax) upon the "A" shares and at the rate of 12½ per cent. per annum (less tax) upon the "B" shares. The net profits for the year to December 31, 1930, amount to £278,627; the balance brought forward from last year was £31,225; the full year's dividend absorbs £234,375; the directors have added to contingencies account £50,000; carrying forward a balance of £25,477. The dividend warrants will be payable on and after February 3, 1931.

Commercial Reports.

MARKET SUMMARY.

The dispute in South Wales which extended over fifteen working days, has been settled on the terms reached in London last week, and work was resumed on Monday. The general situation in the other districts has slightly improved, but there is still hardly any forward contracting, and most orders are for early delivery. Activity in the iron and steel industries continues on a low level. The reduction in Cleveland pig-iron prices has stimulated demand, but the increase in the rebates on steel announced last week by the British Steel Makers' Association is not considered to be substantial enough to result in a definite expansion in business. Among non-ferrous metals, tin has been firmer following a rumour that the adoption of the compulsory restriction scheme by the Federated Malay States is almost certain. Copper has been somewhat steadier, but little interest was shown in zinc, and lead weakened further. The textile markets remain quiet. The lock-out in the weaving section of the cotton trade, which began last Monday, completely disorganised the market, and the firmer tendency of the raw material remained without effect. The London wool sales opened this week with a drop of 15 to 20 per cent. in values, but as there are no signs of an early improvement in the demand for finished goods, manufacturers did not show much eagerness to buy. As a result of the depression in the jute industry, it is thought probable that production in Indian mills will be reduced further. The food markets have been dull, and no early recovery is expected in wheat and other cereals. Among miscellaneous commodities, vegetable oils and oilseeds have been weaker, and hides declined further in value, the rubber market experienced a dull and inactive week, and prices are slightly easier.

THE COAL TRADE.

Our Sheffield correspondent writes:—The question of subsidies being still in abeyance, forward export contracts are not being sought. The price has firmed up somewhat of late, and quotations are 16s. 6d. to 17s. f.o.b. Humber ports. The industrial and household sales are poor. The coke position has worsened since the recent damping down of several blast-furnaces.

Our Glasgow correspondent writes:—A rather peculiar position obtains in the Scottish coal market. Prices for prompt shipment are firm, notwithstanding a scarcity of business. Orders, however, are mostly for early delivery, and with outputs restricted under the working of the quota system, home demand fairly brisk, and some business diverted to Scotland as a result of the recent Welsh stoppage, supplies fall short of requirements. The scarcity of large coal, notably screened qualities, is most pronounced, as, although washed nuts move readily, the position here varies in the different districts. Very little forward business is being arranged. Shipment prices (f.o.b. district ports):—LANARKSHIRE:—Ell best, 15s. 6d.; splint best, 17s.; splint second, 16s.-16s. 6d.; navigation, 17s.; navigation second, 15s.; Hartley, 16s.; steam, 14s.; trebles, 14s. 6d.; doubles, 13s. 9d.; singles, 13s. 3d.-13s. 6d.; pearls, 12s. 9d.-13s.; dross, 10s. 3d. FIRE:—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 13s. 6d.-14s.; third-class steam, 13s.; trebles, 14s.-16s.; doubles, 13s.; singles, 12s. 6d.-12s. 9d.; pearls, 12s.-12s. 3d. LOTHIAN:—Prime steam, 13s. 6d.; secondary steam, 13s. 6d.; trebles, 14s. 6d.; doubles, 13s. 6d.-13s. 9d.; singles, 12s. 6d.; pearls, 12s. 3d. Ayrshire:—Unscreened navigation, 16s.; jewel, 18s.; steam, 14s.; trebles, 14s. 6d.; doubles, 13s. 9d.; singles, 13s. 6d.; pearls, 12s. 6d.; dross, 12s. 3d.

Our Cardiff correspondent writes:—After a stoppage extending over fifteen working days, operations were resumed at the South Wales collieries on Monday, under the terms of agreement reached in London last week, as the result of the mediation of Mr. William Graham, President of the Board of Trade, and Mr. E. Shinwell, the Secretary for Mines. This agreement provides for a 7½-hour shift for six days of the week and for the continuance of the wage conditions prescribed by the Conciliation Board Agreement which expired on November 30th last. The parties have agreed to the re-establishment of a Conciliation Board with an independent chairman, and the settlement of all differences has been delegated to this Board, the decisions of the Independent Chairman on any issues remitted to him to be binding on both sides. One useful result of the stoppage has been the almost complete exhaustion of the huge stocks which had accumulated at the collieries and on the various railway and dock sidings during the recent depression, and the industry is now better supplied with empty wagons than it has been at any other period during the past four years. Repairing work delayed the production of coal at some pits in the earlier part of the week, but it is anticipated that in the course of a few days working conditions underground will again become normal. Among the inquiries in the market this week has been one from the Egyptian State Railways for 300,000 tons, another from the French marine for 100,000 tons of large coal, and a third from the Spanish Norte Railways for about 35,000 tons. Prices are nominally at the minimum schedule of the Marketing Association, but there has been no abnormal pressure of demand.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—A steady business is being transacted in Cleveland iron on home account, and a favourable outlook is taken of the future. Prices are now at a level that will not allow of any further reduction under present working conditions and consumers are buying with more confidence. The importation of Continental iron and the use of Midland brands will now be practically eliminated, which will mean more trade for local furnaces. Scotch consumers can still secure imported iron at very low prices, but Cleveland makers are prepared to make special concessions to secure as much of the trade as possible, and it is expected that deliveries to Scotland will shortly expand, although Scotch foundries are not overburdened with work at the present time. The export trade is dull as Continental iron controls most neutral markets in the matter of prices. At the weekly meeting on Tuesday a fair business was transacted, prices being: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s. f.o.b. or f.o.t. In hematite there is a fair business passing, but mostly for early delivery. Consumers hesitate to place orders for forward delivery as they expect lower prices to rule. Makers quote ordinary mixed numbers at 70s. for early delivery and 70s. 6d. forward, but would accept a little less for substantial business. The ore market continues almost idle. Best Bilbao rubio is nominally 16s. c.i.f., and the current freight Bilbao Middlesbrough is about 5s. For steel materials for home consumption under the rebate scheme the extent of the reductions announced last week were disappointing as larger concessions had been looked for. Prices for plates and sections were left unchanged, but the rebate was increased by 5s., making the total rebate now 15s. Joists were advanced 5s., but the rebate increased 10s., bringing the total rebate up to 22s. 6d. Export prices were not altered. Prices under the rebate arrangement are now: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other quotations for home are: Heavy steel rails, £8 10s.; iron crown bars, £10 15s.; 24-gauge galvanised corrugated sheets, £11 5s.; 24-gauge black sheets, £8 10s. The coke market is weak, supply being in excess of demand. Producers generally quote

17s. delivered works for early delivery, but this price can be shaded for reasonable quantities. The number of furnaces in blast in the district is unchanged at 23.

Our Sheffield correspondent writes:—The recovery of the local industries after the holidays is disappointingly slow. So far as the most important branches of the steel trade are concerned, including tools, cutlery, plate and finished goods generally, there is less doing than in December before the stoppage. An improvement in the international situation would mend matters immediately, but a change of this kind is not yet in sight. The home market is suffering from reduced buying on the part of the public, due to a considerable extent to the paucity of orders from the overseas markets. Australia is buying on the restricted scale of the last few months. Orders from Canada, New Zealand, South America and India are all down compared to a year ago. The output of the open-hearth steel branch is maintained at previous levels and there is no further loss of ground. Buying of raw materials is still restricted to hand-to-mouth quantities; there is little or no forward buying.

Our Glasgow correspondent writes:—Things remain very quiet at the iron and steel works in the Glasgow and Lanarkshire areas, and most of the plants are running at far below output capacity. So far, the increased rebate on ship-plates, sections and joists to purchasers of British material only has not resulted in any greatly increased demand. There is a steady business being done in materials for locomotive builders and structural engineers, the majority of whom in this district are fairly well employed. There is no improvement in the demand for bar iron. Tube makers have been finding business slow since the beginning of the year. The moderate demand for both black and galvanised sheets from home buyers is maintained and during the present week export merchants have been showing more interest and there have been a number of good inquiries on the market.

Our Cardiff correspondent writes:—On the Swansea Metal Exchange on Tuesday it was reported that inquiries from the principal buying countries were a little more active and that for prompt shipment prices were firmer. The mills are being operated only up to approximately 55 per cent. of capacity, and small parcels from stocks are reported to have been sold at as low as 15s. 3d. per basis box. Both Welsh and foreign tinplate bars are unchanged, quotations being £5 and £4 5s. per ton respectively. Tin, however, has hardened slightly. There has been no improvement in the condition of the galvanised sheet market where prices are ruling at £11 5s. per ton. There was a slight increase last week in the shipments of tinplates, but stocks further slightly increased to 221,098 boxes.



Truth

"Truth lies at the bottom of a well," said a philosopher, but this

OTHER METALS.

TIN.—Market opened firmer on reserved offerings and higher Eastern advices, but subsequently became irregular and easier, with dealings on a fair scale. Standard cash changed hands at £117 5s. to £115 12s. 6d.; and three months, £119-£116, and £117. Sales in the East were reported at £120 5s. to £117 15s. and £120 7s. 6d. per ton c.i.f.

COPPER.—Commenced with a firm tone on a fair demand and reserved offerings, but later an easier tone set in on selling pressure. Standard cash sold at £45 7s. 6d. to £44 16s. 3d.; and three months, £45 12s. 6d. to £44 17s. 6d. per ton.

LEAD.—Market dull and rates barely steady, offerings being in excess of requirements. Good soft foreign pig, January, sold £13 15s. to £13 12s. 6d.; February, £13 15s.; March, £13 17s. 6d.; April, £13 13s. 9d. to £13 16s. 3d. and £13 15s. per ton.

SPELTER. in poor support and tone easy. January sold £12 10s. to £12 12s. 6d.; February, £12 10s. to £12 11s. 3d. and £12 10s.; April, £12 18s. 9d. to £12 16s. 3d.; May, £13 per ton.

ANTIMONY.—Market quiet, but tone steady on limited offers from China. English regulus, £38 to £45. Chinese regulus, spot, £26 10s.; January-February, £25 5s.; Chinese crude, January-February, £15 10s., buyers, per ton c.i.f.

ANTIMONY OXIDE.—January-February, £25 10s. per ton c.i.f.

ANTIMONY.—Ore, 60 per cent., January-February, 3s. 2d.; 50 per cent. ditto, 2s. 9d. per unit c.i.f.

WOLFRAM. quiet, but generally steady. Chinese, January-February, sellers, 13s. per unit c.i.f.

ALUMINIUM. maintained. Home trade, also export, £85 per ton.

QUICKSILVER. steady. Spot, £21 11s. 6d. to £22 5s. per bottle.

TIN PLATES. easier, with sales of moderate extent. I.C. coke, prompt and forward, 15s. 6d. per box f.o.b. Swansea.

TEXTILES.

THE COTTON TRADE.—Liverpool: January 21st.—Spot sales for the week 15th to 21st (inclusive) are 20,000 bales, of which 11,200 bales are American, 900 Brazilian, 250 Argentine, 4,000 Peruvian, 1,650 Egyptian, 350 African, 1,350 East Indian, and 300 sundries. Imports for the same period are 50,362 bales, of which 40,305 are American, 5,998 Brazilian, 1,895 Peruvian, 432 African, 1,851 East Indian, and 61 sundries. Quotations to-day are: American midling, 5-49; Egyptian Sakel, 8-33; Egyptian uppers, 6-44; Brazil fair, 5-66; Peru G.F. smooth, 5-96; West African mid., 5-51; East African G.F., 6-56.

Manchester, January 21st.—Business in the market has been vitally affected by the lock-out in the weaving section. It has been very difficult to arrange fresh contracts as much uncertainty prevails with regard to deliveries. In certain directions there has been rather more demand for stock lots. Cables from India remain disappointing, although according to the mail just to hand, stocks of cloth are being reduced in Bombay. Small quantities of light whites have been sold for Calcutta, and some white shirtings have been booked for Karachi. Clearances in Shanghai are rather larger, which is not unusual just before the New Year celebrations, but fresh business remains at a low ebb. Restricted quantities of bleaching cloths have been sold for Egypt and the Near East, but the general demand for South America and the Continent remains poor. A fair amount of inquiry has come through in home trade fabrics. The yarn market has been depressed by the decreased consumption as a result of the stoppage of looms. More spinning mills are being compelled to close down. Some exceptional sales have occurred in Egyptian yarns for export purposes, the buying being stimulated by the stiffening of Sakel cotton.

Statement of the Cotton Trade.

	1930.				1931.				Corresponding Date.	
	Dec. 31.	Jan. 7.	Jan. 14.	Jan. 21.	Dec. 31.	Jan. 7.	Jan. 14.	Jan. 21.		
Raw Cotton—Mld. American	5-34	5-39	5-39	5-51	10-54	9-47				
" Sakelardis Fully Good Fair										
Yarns—32's twist	7-70	7-80	8-10	8-45	15-15	14-55				
" 40's twist	9-1	9-1	9-1	9-1	15-1	14-1				
" 60's twist (Egyptian)	16	16	16	16-1	28	23-1				
32-in. Printers, 116 yds., 16 by 16, 32's and	17-10	17-10	17-10	17-10	26-3	25-6				
36-in. Shirtings, 75 yds., 19 by 19, 32's and	20-0	20-0	20-0	20-0	28-6	26-6				
38-in. ditto, 34 yds., 18 by 16, 10 lb.	11-2	11-2	11-2	11-2	15-6	14-4				
39-in. ditto, 34 yds., 16 by 15, 8 lb.	10-1	10-1	10-1	10-1	14-0	13-0				

THE WOOL TRADE.—Our Bradford correspondent writes:—The London sales commenced on Tuesday with a most unfortunate collapse in values. This is largely due to the increase in the Australian and South American exchange rates. Everybody was prepared for a decline of 10 per cent., but though it was known that this would no more than cover the fall in tops in Bradford since December last, it is questionable whether anyone expected seeing prices 15 to 20 per cent. down. This has upset importers, and seriously queered the pitch for users. At the same time, it is to the credit of owners, particularly the Australian companies, that they were prepared to accept the best prices bid. There were plenty of home and Continental buyers interested in the movement of

values, and prepared to take any wool which seemed at all likely to be turned to good account, and it is very gratifying indeed that so much wool actually passed the hammer. Though values are now so much lower, a fairly definite lead has been given, and it is not too much to expect a steady absorption of the catalogues. Yorkshire buyers have operated fairly freely in both merinos and crossbreds, and the chief weakness of the Continental operations has been the lack of French buying. So far as users of wool are concerned, there is not at the moment much disposition to operate on speculative lines. At the same time, an expansion of requirements in the shape of demand for tops, yarns and piece goods is urgently needed. There is no important development in any consuming centre in Yorkshire, except that prices for tops, yarns, and everything else, are lower.

THE JUTE TRADE.—Dundee, January 21st.—The jute trade continues to pass through dismal times, and business since the year opened has been even quieter if anything. Some hope is entertained of the Indian jute mills further extending their curtailment of production programme, and rumours of this are responsible for a firmer tendency in prices of Calcutta goods. A meeting is to be held on February 15th to consider whether the present arrangement, covering a 54-hour week, and a stoppage of one week per month, will be carried on after March 31st next, which is the date of expiry of the agreement. It is understood that proposals for more drastic restriction of output, probably to alternate week working, will be put forward at that meeting. The further curtailment by the Indian Jute Mills seems to be the only solution to a very vexed problem. Stocks of jute goods throughout the world are very large, and even their present output is not being absorbed, owing to the depression surrounding those industries in which jute goods are used. The existence of these huge stocks, if allowed to remain, will prove to be a deterring factor by hindering improvement in the jute trade when the turn in the tide of depression does come. Sellers of raw jute are reluctant to reduce their prices further, so that little change is noticeable, despite the fact that buying is on a very small scale. Good First Marks are obtainable at from £18 10s., and good Lightnings from £16, while Hearts are from £14 10s. to £15, the latter price being for Ram, January-February. Daisies, twos, threes, is usually quoted at £14 15s., but one or two sellers might take £14 10s., with threes at £14 5s., and fours at £13 5s., while Tossa twos, threes is rated at £16, threes at £15 15s., and fours at £14 5s., January-February. Business in jute yarns is confined to small lots, and buyers have succeeded in breaking 2s. 0d. for common 8 lb. cops, and 2s. 1d. for 8 lb. spools, purchasing at 1d. less in each case. Twist is from 3½d. for 3-ply 8 lb., and sacking yarns from 2½d. for 24 lb. web and 3½d. for 8 lb. chains. Rove is easier for 48 lb., and business has been done at as low as £22, but £17 is the lowest quoted for 200 lb. Fine yarns are more or less nominal, but sellers would accept lower prices, owing to trouble which has arisen over the raising of tariffs in Brazil. That country has raised the duties on jute yarns to a prohibitive level, being advanced from £7 to £9 per ton to from £46 to £61 per ton, according to quality. Carpet yarns are slow. Very few orders of any consequence are being placed for jute cloth, and as a rule buyers are only taking the smallest quantities to meet their immediate needs. Prices rule from 2½d. for 10½ oz. 40 in. hessians, and from 1½d. for 8 oz. Linoleum hessians and heavy goods are idle. Prices of Calcutta goods have advanced 6d. for hessians during the period under review. For 10 oz. 40 in. 18s. is quoted for January-March shipment, and 14s. 6d. for 8 oz.

THE HEMP TRADE.—The market for Manila qualities has been quiet, but prices denoted no material change. K grade, February-March and February-April, sold at £19 2s. 6d. c.i.f. African Sisal, No. 1, f.a.q., February-April, was quoted at £16 5s. c.i.f. According to a cable, last week's receipts amounted to 17,000 bales, against 28,000 last year, and 32,000 in 1929. Next week's receipts have been estimated at 26,000 bales, and at 23,000 for the following week. Manila shipments last week totalled 10,000 bales, of which 2,000 have been consigned to the United Kingdom, 1,000 to the Continent, 3,000 to the United States, 3,000 to Japan, and 1,000 to other countries, leaving stocks at 116,000 bales.

FOOD.

THE GRAIN MARKETS.—Mild and open weather of late over the United Kingdom has stimulated growth of cereal crops, which are fairly well forward, though it is doubtful if the total acreage under cultivation is as large compared with last year. Offerings of native wheat came to a dull market, there being almost an absence of milling demand, and rates exhibit weakness. There was no fresh development of note in the position of imported descriptions, general course of trade being dull, with prices showing minor fluctuations, but tendency proved in buyer's favour. The chief feature was a good movement from Australia, exports being facilitated by the favourable course of exchange, and active chartering continues on European account for all positions up to April loading. Further business also transpired to Eastern destinations, though the full purchasing power of Oriental countries is somewhat curtailed by the low price of silver. India, however, continues to book freely, doubtless in view of unfavourable prospects for new crops owing to lack of sufficient rain, and unless conditions improve, it is likely that further purchases may be necessary, instead of a surplus being available for export. Unsettled climatic conditions are retarding the wheat movement in Argentina, consequently shipments, so far as are comparatively small, but ample supplies of Russian available impart a depressing influence, despite efforts on the part of North America to hold up the market. Although substantial supplies will be needed by European consumers up to next domestic harvests, it is feared that considerable difficulty may be experienced in maintaining values when Argentine supplies are moving in volume. The market for feeding stuffs continues weak, and prices were

MIDLAND BANK LIMITED

HEAD OFFICE: POULTRY, LONDON, E.C.2

2100 BRANCHES IN ENGLAND AND WALES

DIRECTORS

THE RIGHT HON. REGINALD MCKENNA, *Chairman*

WILLIAM GRAHAM BRADSHAW, Esq., C.B.E., STANLEY CHRISTOPHERSON, Esq., <i>Deputy Chairmen</i>	BERNARD D. F. DOCKER, Esq., Birmingham	ROBERT ALEXANDER MURRAY, Esq., Glasgow
The Right Hon. LORD AIREDALE, Leeds	FREDERICK HYNDY FOX, Esq., Liverpool	FREDERICK WILLIAM NASH, Esq., Birmingham
HENRY ALLAN, Esq., Glasgow	SIR ARTHUR ADLINGTON HAWORTH, Bart., Manchester	EMMANUEL MICHEL RODOCANACHI, Esq., London
The Right Hon. LORD ASHFELD, London	Sir HARRY CASSIE HOLDEN, Bart., London	HUGH L. ROXBURGH, Esq., Liverpool
Sir PERCY ELLY BATES, Bart., G.R.E., Liverpool	Admiral of the Fleet The Right Hon. EARL JELlicoe, G.C.B., O.M., London	Sir THOMAS ROYDEN, Bart., C.H., Liverpool
Sir JOHN FIELD BEALE, K.B.E., London	The Right Hon. LORD KYLSANT, G.C.M.G., London	Sir EDWARD D. STERN, Bart., B.L., London
WILLIAM BENNETT, Esq., London	Colonel H. Le ROY-LEWIS, C.B., C.M.G., D.S.O., London	LEWIS H. WALTERS, Esq., London
Sir HUGO CUNLIFFE-OWEN, Bart., London	GEORGE MCBAIN, Esq., Aberdeen	A. HALL WILSON, Esq., Aberdeen
JOHN F. DARLING, Esq., C.B.E., London	Sir HARRY MCGOWAN, K.B.E., London	The Right Hon. Sir GUY FLEETWOOD WILSON, K.C.B., K.C.M.G., G.C.I.E., London
DAVID DAVIES, Esq., Llandnam	FREDERICK HYDE, Esq., <i>Managing Director</i>	EDGAR W. WOOLLEY, Esq., London
The Right Hon. The EARL OF DENBIGH, K.C.V.O., London		Colonel WILLIAM FITZTHOMAS WYLEY, Coventry
FRANK DUDLEY DOCKER, Esq., C.B., Birmingham		

Joint General Managers: E. T. PARKES, J. G. BUCHANAN, H. A. ASTBURY, A. T. JACKSON, R. W. TAYLOR, G. P. A. LEDERER, H. WRIGHTON

BALANCE SHEET, 31st December, 1930

LIABILITIES		\$		s		d		ASSETS		\$		s		d	
Share Capital Authorised:—								Coins, Bank Notes and Balances with the Bank of England ...		47,219,368	15	0			
2,869,079 Shares of £12 each ...		34,428,948	0	0				Balances with, and Cheques in course of Collection on other Banks in Great Britain and Ireland ...		15,119,408	8	2			
2,000,000 Shares of £2 10s. each ...		5,000,000	0	0				Money at Call and Short Notice ...		21,716,360	6	10			
5,771,052 Shares of £1 each ...		5,771,052	0	0				Investments at or under Market Value:—							
		45,200,000	0	0				War Loan and other British Government Securities (of which £411,401 5s. is lodged for Public and other Accounts) ...		37,072,268	10	10			
Share Capital Issued:—								British Corporation Stocks ...		257,261	19	2			
2,869,079 Shares of £12 each, £2 10s. paid ...		7,172,597	10	0				Colonial and Foreign Government Stocks and Bonds ...		628,414	2	1			
1,921,677 Shares of £2 10s. each, fully paid ...		4,804,192	10	0				Sundry Investments ...		713,830	18	1			
2,271,122 Shares of £1 each, fully paid ...		2,271,122	0	0				Bills Discounted ...		83,922,557	11	6			
Reserve Fund ...		14,248,012	0	0				Advances to Customers and other Accounts ...		206,649,270	11	7			
Dividend payable on 2nd February, 1931 ...		993,798	16	9				Midland Bank Executor and Trustee Company, Limited:—		203,582,971	0	9			
Balance of Profit and Loss Account, as below ...		851,287	10	2				Loans on behalf of clients ...		87,195	17	7			
		30,341,110	6	11				Belfast Banking Company Limited:—							
Current, Deposit and other Accounts ...		395,632,142	17	2				Government of Northern Ireland Guaranteed Loans Account		1,800,000	0	0			
Including £267,542 10s. on Public and other Accounts secured as per contra)								Liabilities of Customers for Acceptances, Confirmed Credits and Engagements ...		25,310,192	13	5			
Balances due to Affiliated Companies ...		3,973,405	16	3				Bank Premises at Head Office and Branches, at cost less amount written off ...		8,978,289	19	10			
Acceptances and Confirmed Credits on account of Customers ...		399,605,548	13	5				Other Properties and work in progress for extension of the business, at cost less amount written off ...		1,568,300	12	9			
The Bank has contracts running for the sale of Foreign Currencies to the value of £14,245,206 0s. 3d. which are covered by purchases to a corresponding amount.		16,271,676	9	2				Shares in Affiliated Companies:—							
The total sum paid to Directors as remuneration for their services is as follows:—								Belfast Banking Company Limited:—							
Fees and Income Tax thereon paid by the Bank ...		42,939	15	3				200,000 Shares of £12 10s. each, £4 paid ...		1,497,961	16	7			
Fees and Income Tax thereon paid by Affiliated Companies to such Directors of those Companies as were also Directors of the Bank ...		6,836	6	11				Reserve and Undivided Profits ...							
Total ...		49,776	2	2				The Clydesdale Bank Limited:—							
		455,256,851	13	9				100,000 Shares of £50 each, £10 paid ...		2,992,542	0	9			
								30,000 Shares of £10 each, fully paid ...							
								Reserve and Undivided Profits ...							
								North of Scotland Bank Limited:—							
								100,000 Shares of £20 each, £7 paid ...		2,407,747	15	9			
								Reserve and Undivided Profits ...							
								Midland Bank Executor and Trustee Company Limited:—							
								200,000 Shares of £5 each, £1 paid ...		382,379	4	9			
								Reserve and Undivided Profits ...							
										455,256,851	13	9			

Dr. PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1930 Cr.

		\$		s		d				\$		s		d	
To Interim Dividend at the rate of 18 per cent. per annum, less Income Tax, paid 15th July, 1930 ...		982,861	5	5				By Balance from last Account ...		859,258	0	2			
Dividend at the rate of 18 per cent. per annum, less Income Tax, payable 2nd February, 1931 ...		993,798	16	9				Net Profits for the year ended 31st December, 1930, including the sum of £413,544 10s. dividends from the Affiliated Companies, full provision having been made for Rebate, Expenses, and all Bad and Doubtful Debts ...		2,318,689	12	2			
Bank Premises Redemption Fund ...		250,000	0	0											
Officers' Pension Fund ...		100,000	0	0											
Balance carried forward to next Account ...		851,287	10	2											
		3,177,947	12	4						3,177,947	12	4			

R. MCKENNA, *Chairman*W. G. BRADSHAW, } *Deputy Chairmen*
S. CHRISTOPHERSON, }F. HYDE, *Managing Director*

REPORT OF THE AUDITORS TO THE MEMBERS OF THE MIDLAND BANK LIMITED

In accordance with the provisions of Sub-section 1 of Section 134 of the Companies Act, 1929, we report as follows:—
We have examined the above Balance Sheet in detail with the Books at Head Office and with the certified Returns from the Branches. We have satisfied ourselves as to the correctness of the Coin, Bank Notes and Balances with the Bank of England, Balances with, and Cheques in course of Collection on other Banks in Great Britain and Ireland and Bills Discounted, and have verified the correctness of the Money at Call and Short Notice. We have also verified the Securities representing the Investments of the Bank, and having obtained all the information and explanations we have required, we are of opinion that such Balance Sheet given to us and as shown by the books of the Company.

LONDON, 10th January, 1931

WHINNEY, SMITH & WHINNEY, CHARTERED ACCOUNTANTS, *Auditors*

AFFILIATED COMPANIES:

BELFAST BANKING COMPANY LIMITED

THE CLYDESDALE BANK LIMITED

NORTH OF SCOTLAND BANK LIMITED

MIDLAND BANK EXECUTOR & TRUSTEE CO. LTD.

marked down, chiefly due to selling pressure of maize. Large arrivals and shipments from Argentina, combined with heavy old crop reserves, also the favourable progress of new crop sowings caused buyers to operate cautiously, while adversely affecting barley and oats.

WHEAT.—Dull and tone weak. No. 1 hard Manitoba, ex-ship, 27s.-27s. 6d.; No. 1 Northern Manitoba, ex-ship, 26s. 3d.-26s. 9d. No. 2 ditto, 25s. 3d.-26s. 3d.; No. 3, 24s. 6d.; Barusso, 63 lbs. 21s. 9d.; Rosafé, 63½ lbs., 21s. 6d.; Australian, 24s. 6d.; Russian on sample, landed, 20s.-22s. 6d. per 496 lbs. English, new, 4s. 8d.-5s. 6d. per 112 lbs.

FLOUR.—Quiet. London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 22s.-24s. 6s.; Buffalo ditto, 22s.-24s. 6d.; Australian, 20s.-21s. 6d., ex-store. On c.i.f. terms, Manitoba top patents, January-February, 20s. 3d.-20s. 6d.; export ditto, 18s.-18s. 6d.; Australian, 16s. 6d.-17s. per 280 lbs. Argentine low grade, January-March, £5 3s. 9d. per ton.

MAIZE.—Again easier. Plate landed, 16s.; ex-ship to arrive, 14s. 9d.; February-March, 15s.; March-April, 15s. 3d. per 480 lbs. Yellow maize meal, £5 5s. f.o.r. London, per ton.

BARLEY.—Dull. Californian old, landed, 30s.-35s.; new, ex-ship, 30s.-41s., as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s., per 448 lbs. Black Sea, landed, 14s. 6d.; ex-ship, 13s. 3d.; Danubian, landed, 14s. 6d.; Persian, landed, 13s. 6d. per 400 lbs. English, new, 6s. 3d.-12s. 6d.; feed, 5s.-5s. 9d. per 112 lbs.

OATS.—Quiet. Plate landed, 11s.; ex-ship, 9s. 9d.; Chilean, tawny, landed, 13s. 6d.; whites, ex-ship, 18s. 6d.; landed, 19s. 3d.-20s. 6d.; mixed Canadian feed, landed, 10s. 6d.; North Russian, landed, 12s. 6d.-13s., as to sample; South Russian, landed, 12s. 3d.-13s. per 320 lbs. English, new, 5s. 8d.-6s. per 112 lbs.

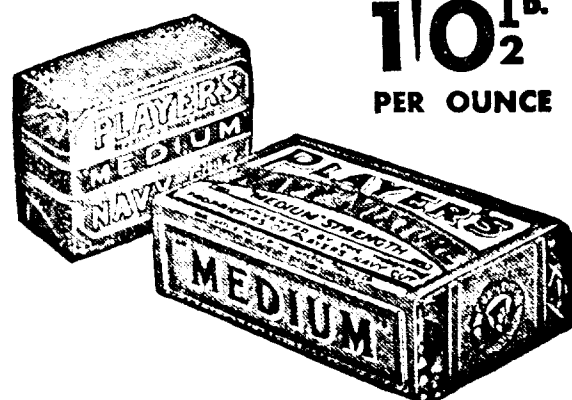
COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Jan. 17	Cwts. 101,963	Cwts. 233,871	Cwts. 308,706	
20 weeks to Jan. 17	2,454,407	5,206,173	5,323,551	4,849,841
Average price of English wheat per cwt.	s. d. 5 7	s. d. 9 7	s. d. 9 6	s. d. 9 11

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

No man lights his pipe with greater expectancy or smokes it with greater satisfaction than the one who regularly fills it with **PLAYER'S**



N.C.T.S.

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 10, 1931	Cwts. 65,094	Cwts. 176,252	Cwts. 27,505	s. d. 5 9	s. d. 8 1	s. d. 5 8
Jan. 15, 1927	340,941	458,723	88,970	11 11	10 11	8 3
Jan. 14, 1928	227,205	314,858	74,856	9 11	11 4	9 5
Jan. 19, 1929	233,871	419,853	86,108	9 6	10 3	9 3
Jan. 18, 1930	317,925	374,958	55,235	9 7	8 6	6 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2 1930.	Jan. 22 1930.	Jan. 2 1931.	Jan. 7 1931.	Jan. 14 1931.	Jan. 21 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	135½	56½	58½	57½	56½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	124½	79½	80½	82½	80½

The visible supply of wheat in Canada at 62,425,000 bushels shows a decrease on the week of 405,000 bushels. Supplies a year ago stood at 75,575,000 bushels.

SUGAR.—Nothing occurred to relieve the market of the monotony existing for some little time past. Trade demand is rigidly confined to pressing requirements, but no change was made in quotations of British refined or home-grown granulated. Business in raw refining sugars is very quiet, but prices remain steady. Terminal section opened weaker, but improved slightly though business was confined to a narrow compass. March delivery quoted 5s. 11½d.; May, 6s. 1½d.; August sold 6s. 4½d.; December quoted 6s. 9d.; 150 tons Surinam, 96 per cent. centrifugal, January to London, sold 6s. c.i.f. Cuban receipts last week 21,816 tons, against 16,500 last year; exports 7,829, against 33,340; stocks 764,710, against 130,570. Centrals at work total 73, against 125 last year and 154 in 1929. Stocks of raw sugar in the three chief ports of the United Kingdom for week ending January 17th totalled 209,053, against 236,029 last year.

COFFEE.—Home-trade buyers still operate with some freedom and such qualities realise full prices. Export inquiry counts for little. Ample quantities from Costa Rica and Kenya now coming to hand.

COCOA.—Small spot sales were made at late rates. Forward positions quiet. Accra F.F. January-March, London contract, sold 22s. 6d. to 22s. 9d. f.o.b.; G/F, January-March, to Continent, 25s. c.i.f. Terminal, December delivery, sold 28s. 3d. to 28s. 4½d. to 28s.

TEA.—Indian sales during the week amounted to 63,553 packages. Good competition was experienced and a steady to firm market resulted for most descriptions. Medium, however, still inclined to show irregularity when thin in liquoring. Ceylon auctions embraced some 26,185 packages. These came to a much quieter market than experienced for some time past, and apart from marked irregularity, prices for most kinds were decidedly against the seller. Perhaps a few finest invoices made good prices, but this was the exception rather than the rule. Low medium broken proved a very weak feature at ¼d. to a full 1d. per lb. lower. Even a falling-off in quality was not solely due to this. Java and Sumatra sales quiet and lower prices registered for grades above 9½d. per lb., but qualities below this price sold firmly.

RICE.—Steady on the part of sellers, but buyers respond slowly.

BEANS AND PEAS.—Beans remain dull. Madagascar butters, spot London, 21s. to 24s. as to sample; afloat, 20s.; January-February, 19s. 6d. c.i.f. Rangoon haricots, spot, 9s. 6d.; December-January, 7s.; new crop, February, 7s. 9d. c.i.f. The market in peas is quiet but steady. Japanese spot, 14s. 9d.; afloat 14s. to 14s. 3d.; January-February, 14s. 9d. c.i.f. Dutch marrowfats, 17s. f.o.b.

POTATOES.—Although the market in potatoes has been dull, supplies were firmly held for steady rates.

SPICE.—Pepper in moderate request and prices for the chief part upheld. Lampung, January-March, quoted 5½d.; March-May, 5½d.; Muntok, January-March, 8½d.; March-May, 9½d. Cloves: Zanzibar, spot 1s. London stocks of black increased 24 tons on the week to 460 against 1,191 same time last year; white stocks 12 tons higher at 390, against 1,473 last year and 269 in 1929.

FRUIT (Dried).—Currants quiet but steadily held. Pyrgos, 30s. 6d.-31s.; Amalias, 31s.-32s.; Australian, 28s.-37s. Sultanas steady. Smyrna, 44s.-68s. Raisins cleared. Dates slow. Figs in limited supply. Evaporated fruits: General position unchanged and trade moves on quiet lines. Californian peaches, 1930 crop reclaimed, 42s. 6d.-56s.; South African, 29s.-35s. Californian plums, 31s.-52s.

CANNED GOODS.—Fruit: There is no improvement in demand for Californian varieties on spot, but forward parcels of pears are firmly held and peaches tend dearer, but apricots are offering at attractive prices. Liberal quantities of Australian are available, and English sells steadily. Fish: Sardines in moderate demand, but market steady. Portuguese, quarter clubs, 3s. 6d. Salmon firm. Alaska red tails, spot, 54s.-56s. Meat: Demand continues quiet for beef and tongues, which are obtainable at low rates. Condensed milk: Market quiet and prices occasionally the turn easier. Dutch condensed milk, full cream, sweetened,

BARCLAYS BANK

LIMITED.

Head Office: **54, LOMBARD STREET, LONDON, E.C.3**
and over 2,090 Branches in England and Wales.

Chief Foreign Branch: 168, FENCHURCH STREET, LONDON, E.C.3.

FREDERICK CRAUFURD GOODENOUGH, Esq., Chairman.
SIR HERBERT HAMBLING, Bart., Deputy-Chairman.
WILLIAM FAVILL TUKE, Esq., Vice-Chairman.

General Managers:
EDWIN FISHER. HENRY THOMAS MITCHELL.
Foreign General Manager: WALTER OSBORNE STEVENSON.

Dr.		BALANCE SHEET, 31st December, 1930.		Cr.	
LIABILITIES.				ASSETS.	
	£ s. d.		£ s. d.		£ s. d.
Current, Deposit and other Accounts including Reserve for Income Tax and Contingencies and balance of Profit and Loss ...	339,388,361 1 6	Cash in hand, and with the Bank of England ...	52,509,164 8 10		
Balances in Account with Subsidiary Banks ...	9,884,922 4 8	Balances with other British Banks and Cheques in course of collection ...	10,600,253 15 1		
Acceptances and Endorsements, &c., for account of Customers ...	12,710,524 1 4	Money at Call and Short Notice ...	22,316,100 0 0		
Capital:—		Bills Discounted ...	50,901,976 16 5		
Authorised:—		Investments (including £609,051 4s. 6d. lodged as security for Public Authority and other Accounts):—			
1,425,000 "A" Shares of £4 each	5,700,000 0 0	Securities of, or guaranteed by, the British Government ...	53,893,050 14 5		
14,300,000 "B" and "C" Shares of £1 each	14,300,000 0 0	British Dominions and Colonial Government Securities, Bank of England & British Corporation Stocks	1,724,765 11 4		
	£20,000,000 0 0	Other Investments	469,830 1 1		
Issued:—		Investments in Subsidiary Banks:— (at cost, less amounts written off)	56,087,646 6 10		
857,589 "A" Shares of £4 each, fully paid	3,430,356 0 0	The British Linen Bank—			
11,760,811 "B" Shares of £1 each, fully paid	11,760,811 0 0	£1,237,909 Stock ...	3,713,727 0 0		
667,050 "C" Shares of £1 each, fully paid	667,050 0 0	Union Bank of Manchester Limited—			
		300,000 Shares of £5 each, £2 10s. paid	1,050,000 0 0		
Reserve Fund ...	15,858,217 0 0	Other Subsidiary Banks:— (including fully paid Shares and 500,000 "B" Shares of £5 each, £1 per Share paid up, in Barclays Bank (Dominion, Colonial and Overseas) ...	2,210,237 18 7		
	10,250,000 0 0	Advances:—			
		Customers and other Accounts	168,479,836 13 9		
		Staff for purchase of Barclays Bank Limited "C" Shares ...	52,014 12 5		
		Balances in account with Subsidiary Banks ...	1,140,396 11 3		
			169,672,247 17 5		
		Liability of Customers for Acceptances and Endorsements, &c. ...	12,710,524 1 4		
		Bank Premises and Adjoining Properties (at cost, less amounts written off) ...	6,320,146 3 0		
			£388,092,024 7 6		

F. C. GOODENOUGH, Chairman.
HERBERT HAMBLING, Deputy-Chairman.
W. FAVILL TUKE, Vice-Chairman.
E. FISHER.
H. T. MITCHELL,

J. H. BECKWITH.
C. D. CARRUTHERS, } Joint
Chief Accountants.
W. N. SEELEY, Secretary.

AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS BANK LIMITED.

We have compared the above Balance Sheet with the balances on the Books at the Head Office, and with the detailed Returns from the Branches. We have verified the Cash with the Bank of England, the Cash and Bills at the Head Office, the Investments of the Bank and the Securities held against Money at Call and Short Notice. We have obtained all the information and explanations we have required, and we are of the opinion that the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the Books and Returns of the Bank.

LONDON, 8th January, 1931. PRICE, WATERHOUSE & CO., KEMP, CHATTERIS, NICHOLS, SENDELL & CO., } Auditors.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.				FRUIT (continued)—				WOOL—				HIDES—			
CEREALS AND MEAT.				Spanish Onions, Valencia:—				English Southdown, washed				Wet salted—Australian			
	s.	d.			s.	d.			s.	d.			s.	d.	
GRAIN, &c.				case, 4s.	7	0	0	12				West Indian, per lb.	0	4	0
Wheat, No. 2, N. Man. 496 lb.	25	3		case, 5s.	8	6	9	12				Cape	0	4	0
Eng. Gas. av., per cwt.	5	7		Onions, Oporto	0	0	0	18				Dry and Drysalted Cape	0	6	0
Barley, Eng. Gas. av.	8	1		Chestnuts, Hueva	0	0	0	9				Market Hides, London	0	5	0
Oats	5	9		Grapes, Lisbon	0	0	0	7				Best heavy ox and heifer	0	5	0
Maize, La Plata, landed, 490 lb.	16	0		Almonds, Almeria	0	0	0	5				Best cow	0	3	0
Flour, Lon. stan. ex mill, s. d.								23				Best calf	0	8	0
280 lb.	22	6	0	LARD—				204							
Rice, No. 2 Burma, per cwt.	8	3	0	Irish bladders	70	0	80	104							
Sago, Pearl, per cwt.	18	3		American, boxes 56 lbs.	49	9	50	91							
Tapioea, per cwt.	17	6	0	SPICES—											
E.I. flake, fair spot	20	0	0	Pepper, per lb.	0	9	10								
Potatoes, good English, per cwt.	7	0	7	Muntok, fair White	0	6	0								
Best, per 8 lbs.	4	8	5	Black Lampong	0	10	0								
Argentine chilled hinds	4	2	4	Cinnamon—1st sort, per lb.	0	10	0								
Mutton, per 8 lbs.	6	0	6	Cloves—Zanzibar	0	11	0								
English wethers	3	2	3	Ginger—per cwt.	35	0	0								
N.Z. frozen	3	2	3	African	50	0	90								
Pork, English, per 8 lbs.	3	8	8	Jamaica, ord. to good	1	4	2								
				Mace	1	3	0								
				Nutmeg 65's	1	3	0								
BACON— OTHER FOODS.				ST GAB—											
Irish, per cwt.	85	0	100	(Duty, 11s. 8d. per cwt.)	18	6	22								
Danish	61	0	68	B.W.I. crystallised	18	6	22								
Canadian	59	0	64	Java, white, c. & f. India	7	11	0								
HAMS—Irish	0	0	0	REFINED—London—											
Canadian	0	0	0	Yellow Crystals	18	10	0								
American	83	0	93	Cubes	23	3	23								
BUTTER—				Crushed	31	9	23								
Irish creamery per cwt.	100	0	114	Granulated	19	7	20								
Australian	100	0	114	Home Grown (Jan.)	18	9	19								
New Zealand	106	0	120	TEA—											
Danish	130	0	0	Indian & Ceylon—per lb.	0	9	2								
CHIEF—				Pekoe	0	9	1								
Canadian	70	0	78	Broken Pekoe	0	9	1								
New Zealand	55	0	57	Orange Pekoe	0	10	2								
English Cheddar	56	0	106	Broken Orange	0	10	2								
Dutch	42	0	72	TOBACCO—											
COCOA—				(Duty 6/10-11/24 per lb.)											
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Empire growth, 6/94											
Acorn, F.F. per cwt.	26	0	31	per lb.											
Trinidad	46	0	52	Virginia leaf	0	10	2								
Ground	38	0	47	Commen to fine	0	6	1								
COFFEE—				Rio de Janeiro leaf	0	6	1								
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)				Nyassaland leaf	0	10	1								
E.I. 1st to 5th, per cwt.	90	0	135	East Indian leaf	0	4	0								
Costa Rica, good to fine	90	0	150	strips	0	5	1								
Cent. Amer. mid to fine	70	0	120	COTTON— TEXTILES.											
Kenya, hold size	70	0	120	Mid-American	5	51									
Colombian, mid to fine	70	0	85	Sakellaridis, L.F.	8	45									
EGGS—				Yarns, 32's twist	9	7									
English	120	13	6	60's twist	16	1									
Danish	11	6	18	FLAX—											
FRUIT—				Livonian ZK	30	10	0								
Oranges, South African box	0	0	0	Pernau HD	31	0	0								
Denia and Valencia	8	6	17	Sauvignac Medium 1st sort	32	0	0								
300	8	0	13	HEMP											
504	7	6	10	Italian P.O.	31	0	0								
Lemons, Naples	0	0	0	Portland, best Eng. pr. ton	45	0	48								
Sisal	6	3	9	N.Z.	nom.										
Malaga	8	0	21	Sisal, African, Mar-May	215	5									
Apples: Amer. (var.) box	21	0	34	Mexican	nom.										
(var.) boxes	8	0	12	JUTE—											
Tasmanian	0	0	0	Native 1st mks.	per ton										
Australian	0	0	0	Jan.-Feb.	£15										
				Feb.-Mar.	£15										
				SILK—											
				Canton	per lb.	8	0	10	6						
				Tussah	4	0	6	0							
				Japan	11	0	14	0							
				Italian—Raw, fr.	10	0	12	6							

5-cwt. casks, 30s. 6d. Dutch full cream milkpowders, 5-cwt. casks, 26 per cent. butter fat, Honey: Market dull, and rates weak on liberal offerings.

MEAT.—According to the Smithfield Market official report, supplies of meat during last week amounted to 9,997 tons, as compared with 9,076 tons in the corresponding week last year. Imported beef, principally Argentine, formed 82.7 per cent. of the supplies, as against 79.1 per cent. a year ago, and imported mutton, mainly New Zealand, formed 74.5 per cent. of the total supply, as against 74.2 per cent. last year. Beef prices show a decline on the week, but mutton and pork have been maintained.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets are anything but active, and generally lack confidence. Linseed oil offers more freely for near delivery, crushers being more inclined to meet the market and the intensified competition of Continental oil. Values have accordingly further declined to £16 10s. per ton on spot, ex Hull: £16 5s. January delivery; £16 February-April; and £16 5s. May-August. Demand is only fair. Cotton oil is quiet, and lower, crude Egyptian, ex Hull, offering at £17 10s.; and common edible at £20. Oilcakes are a fair trade, and linseed cakes firmer. In the oilseed section, linseed is weak and inactive. Plate on spot at Hull having relapsed to £8 17s. 6d.; and shipment, January-March, to £8 2s. 6d. Shipments at Argentine ports continue substantial, and the quantity about for Europe has increased to 167,300 tons (including 7,200 tons Indian), against 129,700 tons a year ago. Cottonseed is steady but inactive. Offers are few, and buyers not interested. Current value of black Egyptian for January loading is £5 17s. 6d., with February and March a fraction less. Reserve on the part of sellers has again characterised the market in copra, and while fair inquiries circulated, prices hardened further. Straits, S.D., January, to Rotterdam, quoted £15 12s. 6d.; February, £15 12s. 6d.; Dutch E.L., February, £15 11s. 3d.; Ceylon, £16 10s.; sun-dried South Sea, £14 17s. 6d. Palm Kernels, February, March, to Hamburg, quoted £11 5s. c.i.f.

HIDE, LEATHER AND ALLIED TRADES.—Hides from domestic cattle were cheaper at the auctions held in Manchester on Tuesday, prices for ox and heifers in certain instances being from 4d. to 3d. per lb. lower than the previous week. No further improvement has taken place in connection with imported hides, and prices for most descriptions are round about the level of the previous week. A fair amount of trade has been done in South American wet salted, with Argentine ox selling at 6½d., second and light ox at 5½d., and Montevideo ox at 6½d. Both America and Europe have been buyers, the trade of this country confining their purchases chiefly to light and second ox. Prices for most descriptions of dry River Plates are as last quoted, with sales of B.A. Americanos taking place at 6½d., and Inservibles at 4d. The market for African hides has inclined to be quiet. Small business has transpired in Capes at 7d. and 6d. for first and second dries, with dry salted 20 30 lbs. selling at 5½d. and 4½d. Fair sales have been made of Australians at the slight reductions prevailing. Tanners and merchants of sole leather have experienced a fair inquiry, although here and there the turnover has not been quite up to the average of last week. However, some satisfactory business has been put through for bonds on account of the repairing trade requirements. Upper leathers continue to meet with a fair inquiry, and demand for the most part is still for box and willow calf, and black and brown glacé kid. Shoe manufacturers have experienced a slight improvement in the number of orders coming to hand, but, considering the time of the year, business in regard to spring footwear continues to be confined to small quantities.

RUBBER.—Business in rubber has again been quiet, and prices are a shade easier on the week. Standard sheet, spot and February, sold 4½d.; March, 4½d.; April-June, 4½d.; July-September, 4½d.; October-December, 4½d.; and January-March, 1932, at 4½d. To New York, standard estate sheet, February-March sold 4½d. c.i.f. London stocks increased 500 tons on the week; landings, 1,527; deliveries, 1,027; stocks, 79,261 tons, against 59,670 last year. Liverpool stocks rose by 456 tons; landings, 731; deliveries, 275; stocks, 42,270, against 19,515 last year.

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Correspondents to the Italian Treasury.

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THE MONEY MARKET.

A DEFINITE change came over the money market a week ago, for the continued outflow of gold to France and the weakness of sterling, not only against the franc but against the dollar, led to official intervention in the market. At the end of last week it became known that in order to establish an adequate margin between London rates and those current in Paris and New York the Bank of England desired that the three months' market rate in London should rise substantially above 2½ per cent. —the level at which it then stood. To bring about this

increase, the Bank sold bills steadily in the open market at $2\frac{1}{8}$ per cent. during the early part of this week, and, as the Bank return for both departments shows, disposed of no less than £9.2 millions of its holding of Government Securities and £3.1 millions of its Other Securities, or a total of £12.3 millions. In order to support this policy, the clearing banks refrained from buying bills, while to ease the monetary stringency caused by the Bank's action (which led to a reduction of £13.6 millions in Bankers' Deposits), the clearing banks did not make-up this week on their usual scale.

So far, this application of the "hidden hand" has met with a fair degree of success. The desired discount rate of $2\frac{1}{8}$ per cent. was at once established, while money became distinctly usable, $2\frac{1}{8}$ per cent. being quoted on Wednesday afternoon. Better still, the new level of discount rates proved high enough to be attractive to Paris and New York houses, and purchases of bills on account of both centres are known to have been made in the London market. So far as can be told, Paris purchases have been limited, but even so the franc exchange rose on Wednesday to Frs. 123.92 $\frac{1}{2}$, and on that afternoon hopes were entertained in London of a further rapid improvement to Frs. 124. Sterling unfortunately weakened on Thursday, but even so the rate remained above the gold point. New York is believed to have made fairly heavy purchases of Treasury bills, and the exchange in that direction also has improved to the point where sterling may be said to be for the moment "out of danger." It is significant, however, that when, on Thursday, the pressure of the "hidden hand" was slightly relaxed, market rate at once slipped back to $2\frac{3}{8}$ per cent.

	Jan. 8, 1931.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{3}{8}$	$\frac{3}{8}$	$3\frac{1}{4}$ (May 1, '30)
Banks' Deposit Rate	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 1, '30)
Discount (Call)	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$	$\frac{1}{8}$ (May 1, '30)
Houses' Notice	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$	$1\frac{1}{8}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{3}{8}$	$2\frac{3}{8}$	$2\frac{3}{8}$	$2\frac{3}{8}$	...

The weakness in the Bank's open-market policy of driving up discount rates by selling bills is that its operations are limited by the amount of bills available. Now, there has for a long time been a notorious scarcity of commercial bills, and at this season of the year the number of outstanding Treasury bills is being steadily reduced each week, as revenue continues to be paid into the Exchequer. This imposes definite limits upon the effectiveness and duration of the Bank's intervention, and hence it is not surprising that the money market is already beginning to discuss the likelihood of an early rise in Bank rate, and even to say that if a 4 per cent. Bank rate has to come, it had better come at once, instead of following upon a protracted period of uncertainty. This point of view can readily be understood, but it is still a little early to say that the application of the "hidden hand" has proved ineffective. It is something that the Bank's intervention has for the moment checked the depreciation of sterling against the dollar, and there is no doubt that the relative level of short money rates now current in London and New York is such as to divert to the latter centre demands for funds which normally would be addressed to London. The French position is admittedly less certain, and for that reason more serious. Still, as a normal rule, once Christmas is passed, money begins to be set free by the French Treasury, and there is no reason to fear that this year will prove an exception, especially as certain debt redemptions are due next month. Hence there is ground for hoping that the pressure for francs may ease, and even that the relief will come before the Bank of England's open market policy has exhausted its possibilities. It should be recognised, however, that if these hopes are not fulfilled, and if gold continues to flow to France at its recent rate, the Bank may have to raise its rate.

Meanwhile, foreign Bank rates are still falling. On Thursday of last week, the National Bank of Switzerland

reduced its rediscount rate from $2\frac{1}{2}$ to 2 per cent., and its rate for advances on securities from $3\frac{1}{4}$ to 3 per cent. Immediately afterwards, the Netherlands Bank reduced its rate from 3 to $2\frac{1}{2}$ per cent., but notwithstanding the fall, there is still a margin of $\frac{1}{4}$ per cent. between the official and the market discount rate.

The December averages of the nine English clearing banks, reproduced below, bear as usual clear evidence of the effects of the preparations for the end of the year.

	December, 1929.	September, 1930.	October, 1930.	November, 1930.	December, 1930.
Capital and reserves	130.7	132.1	132.1	132.1	132.2
Acceptances	169.6	117.8	115.4	116.5	117.4
Deposits (including undivided profits, &c.)	1,773.3	1,764.1	1,791.2	1,800.8	1,839.1
Total liabilities	2,073.6	2,014.0	2,039.7	2,049.2	2,088.7
Coin, notes, balance at bank, and cheques in course of collection	266.3	232.6	239.3	237.8	262.0
Money at call	139.0	132.9	141.9	135.1	140.6
Investments	260.4	261.3	263.3	291.0	295.7
Discounts	223.7	283.8	296.0	309.5	319.7
Loans and advances	972.7	925.4	922.3	918.7	912.2
Cover for accept., premiums, &c.	208.5	158.0	156.9	157.1	158.5
Total assets	2,073.6	2,014.0	2,039.7	2,049.2	2,088.7

The main feature is the big increase in deposits, but it must be remembered that this week Mr Beckett stated that in the case of the Westminster Bank the increase at the end of the year was fortuitous. The expansion in the banks' cash holdings, entirely for balance sheet purposes, has left little margin for any additions to earning assets. Nevertheless discounts are higher by £10.2 millions, but this partly results from a contraction of £6.5 millions in advances.

Money in New York is easy, with call rate at $1\frac{1}{8}$ per cent. The New York Federal Reserve Bank has reduced its buying rate for bankers' acceptances to $1\frac{1}{8}$ per cent. for those of not more than 45 days' maturity. Previous rates had been $1\frac{3}{8}$ per cent. for acceptances of not more than 15 days' maturity, and $1\frac{1}{2}$ per cent. for longer dates. It is now computed that bank suspensions during 1930 numbered 1,326 with aggregate liabilities of \$904,000,000. A gold shipment of \$4,290,000 from Buenos Aires has just been arranged.

The foreign exchange market was more active this week, rates moving in many cases in favour of sterling in response to the firmness of the London discount market. Unfortunately there was a slight falling away at the close. New York went from 4.85 $\frac{1}{2}$ to 4.85 $\frac{1}{4}$ after touching at one time 4.83 $\frac{3}{4}$. Montreal improved by $\frac{1}{4}$ to 4.86. Paris improved by Wednesday to 123.93, but reacted to 123.91 the following morning. Brussels lost $\frac{1}{4}$ at 34.83. Milan was again weaker at 92.75. Madrid depreciated sharply to 47.20 from 46.00. Amsterdam, after touching 12.08, closed at 12.07 $\frac{1}{2}$, against 12.06 $\frac{1}{2}$ last week. Berlin also moved considerably in our favour to 20.43 $\frac{1}{2}$. The Swiss exchange moved from 25.08 $\frac{1}{2}$ to 25.10 $\frac{1}{2}$ on the Bank rate reduction. Stockholm improved from 18.15 $\frac{1}{2}$ to 18.14 $\frac{1}{2}$, but Oslo weakened to 18.16 $\frac{1}{2}$, while Copenhagen gained $\frac{1}{4}$ at 18.16. The South American exchanges all weakened, Rio losing $\frac{1}{2}$ d. at 4 $\frac{1}{2}$ d., Buenos Aires $\frac{1}{4}$ d. at 34 $\frac{1}{2}$ d. and Montevideo $\frac{1}{4}$ d. at 32 $\frac{1}{2}$ d. In the Far East the rupee was firm at 1s. 5 $\frac{3}{4}$ d., and the yen fractionally weaker at 2s. 0 $\frac{1}{2}$ d. In the forward market, dollars were at enhanced premium quotations of $\frac{3}{8}$ cent and $\frac{3}{4}$ cent. Paris remained at $\frac{1}{4}$ centimes premium for one month, but lost $\frac{1}{4}$ at $2\frac{1}{2}$ centimes premium for three months. Brussels was more wanted at $\frac{1}{4}$ and 2 centimes premium, against $\frac{1}{4}$ and $\frac{1}{2}$ centimes last week. Madrid was unchanged for one month, but better at 13 centimos premium for three. Amsterdam improved slightly to $\frac{1}{4}$ and $\frac{1}{2}$ cents premium, but Berlin was rather weaker at one and $\frac{3}{4}$ pfennigs discount. Silver was rather steadier. The spot price fell by $\frac{1}{4}$ d. to 13 $\frac{1}{2}$ d., but forward quotations rose by $\frac{1}{4}$ d. to 13 $\frac{1}{2}$ d. on some Indian buying and China bear covering. The China silver exchanges improved in sympathy, Hong Kong by $\frac{1}{4}$ d. to 1s. 0d. and Shanghai by $\frac{1}{4}$ d. to 1s. 3 $\frac{1}{4}$ d.

THE GOVERNMENT'S REPRIEVE.

THE expected happened at Westminster on Wednesday night. Owing to the abstention of most of the Liberal members, the second reading of the Trade Disputes Bill passed the House of Commons by a majority of 27. Thus the Government is reprieved from the execution which at one time appeared to be impending. The Government "victory"—which, in fact, represents no more than a success for Mr Lloyd George's tactics in delaying a general election—is in no sense a victory for the Bill. Indeed, the three days of debate have shown unmistakably that although the Cabinet's life has been saved, the Bill must be transformed. If ever there was a hope in the mind of the Government that this measure would pass the House without radical amendment, it must have faded away at the very outset of the debates.

On the first day the Attorney-General devoted the whole of his ingenuity to the argument that the Bill was entirely inoffensive, since, in framing it, he had merely followed the lines of the legislation passed in 1871, 1875 and 1906 by Mr Gladstone, Mr Disraeli and Sir Henry Campbell-Bannerman. But the effect of this disarming eloquence was speedily and effectively shattered by the critical analysis of Mr Norman Birkett, who made it clearly understood that the amendments in Committee demanded by the Liberals who would acquiesce in the second reading, were many and substantial, including an unequivocal prohibition of general strikes, the provision of quicker procedure for testing the legality of a "doubtful strike," the exclusion of Civil Servants from political activity, and the retention of the system of "contracting in" for the Trade Unions' political levy. By the time Mr Birkett sat down it had become obvious that emasculation was the fate awaiting the Bill.

On the second day of debate, in one of his most brilliantly incisive Parliamentary performances, Sir John Simon riddled the Bill with destructive criticism, and announced his preference for "humane slaughter" on the second reading division as against Mr Birkett's "death by a thousand cuts" in the Committee stage. The greater part of Sir John's speech was directed to testing the Bill by the question whether, under its provisions, the general strike of 1926 would have been legal or illegal. In Sir John's view it would have been legal, and he pressed the Government for its own interpretation—without success, until the closing hours of Wednesday's debate, when the Solicitor-General gave his considered opinion that it would have been illegal. To those Trade Unionists who still endeavour to persuade themselves that the general strike of 1926 was a legitimate industrial action and not an attempt by a section to coerce the whole community, this opinion may be a grave disappointment; to the Opposition it carried little conviction—the less because the Attorney-General refrained from supporting it, and Mr J. H. Thomas, in winding up the debate, took a line which cannot easily be reconciled with it.

Thus in spite of the fact that Sir John Simon has elicited from the Government Front Bench the view that, even if the Bill passes as it stands, a repetition of the events of 1926 would be illegal and would be so declared by the Courts, it is impossible to be satisfied on the point. Is it possible for the country to feel assured that the Courts would agree with Sir Stafford Cripps and hold Sir John Simon to be wrong? Nevertheless, the Solicitor-General's statement of opinion is of first-rate importance, for, unless it is explicitly disavowed by the Government, it must be held to be a statement of the Government's intention that Clause 1 should make a general strike like that of 1926 illegal. If that is the intention, then the Government cannot logically resist the amendment of the Clause in a way that makes that intention clear and ensures its proper interpretation. If that is done, the first fundamental objection to the Bill will be removed, albeit to the disgruntlement of some of the Government's trade union supporters. This really is the central issue. In the last resort the community must arm itself against any attempt of a section to coerce it. If it be admitted that to some extent sympathetic strike action is per-

missible, and that to deny its legitimacy altogether would be regarded as an intolerable interference with the rights of the workers, then it becomes a matter of definition—whether in terms of the presumed primary purpose of the strike, the scale of its operations, the close or remote economic connection of the strikers with the original dispute, or by means of the classification of industries—to determine where the line is to be drawn.

There is room for endless discussion on these matters. All that can be said positively is that in the public view the events of 1926 fall outside the boundaries of what should be permissible. Many people would give their reasons for this view in varying terms, and the lawyers seem to have some difficulty in framing words to give a clear-cut division in a region where, as the Solicitor-General truly pointed out, the landmarks are very ill-defined. But in practice what the public demands is that in the event of widespread industrial stoppages occurring, the services essential to the reasonably normal continuance of its daily life will not cease to operate. This entails the withholding from servants of the State of the right to strike and the limitation of that right in key industries in regard not only to so-called "political," but also industrial disputes. What such limitation should be is a matter for careful consideration. In Canada the Lemieux Act imposed in essential services a sort of League of Nations scheme of delay, pending inquiry. The Liberal Yellow Book, recognising that you cannot limit the right to strike without some *quid pro quo*, suggested, as did Mr Birkett also in the debate, a right of arbitration coupled with long-term service agreements and various other advantages in definite key industries. If these points are safeguarded, the limits of sympathetic strike action in other industries become of much less importance. It may be that in Committee it will be found that the only satisfactory plan is to approach the question from this angle, and not by means of a single definition of legality.

The concentration of attention on the "General Strike" clause had the result that comparatively little was said in the debate regarding the "intimidation" clause. As we indicated when the Bill was printed, this clause opens the door too wide to improper practices. On the other hand, the Act of 1927 was drafted in such sweeping terms as to render almost any picketing activity liable to a criminal prosecution. The clause is one on which agreement may be reached in Committee, for the gulf between the Government and Opposition views is probably not so wide as to be unbridgeable. The debate, however, made it quite clear that there is little hope of the Government getting the reinstatement in its old form of the political levy.

In these circumstances, it might be argued that, if the whole Trade Union demand from which this measure sprang is not to be satisfied, Parliamentary time will be largely wasted in its further discussion. Nevertheless, if the Government is prepared to get to grips with the real issues, good may result. In spite of the Government's majority, it is clear that the Bill will emerge from Committee in a very different form from the one in which it is sent upstairs. The Government is committed to the task of modifying the sweeping restrictions of the Act of 1927, but manifestly the country will not let the trade unions get away with anything that resembles an approbation of 1926. No sane man wishes to put the clock back in the matter of the trade unions' privileges in the industrial sphere. But now that the Government has forced upon Parliament a reconsideration of the law, the country requires to be assured that no section shall be empowered to coerce the State, and that in times of serious crisis the daily life of the community shall go on. The Government will be well advised to recognise that, as in the international sphere, so in the industrial, the trend of national opinion—including opinion friendly to labour—is strongly in the direction of limitation and regularisation, and not of giving freedom to declare predatory and unlimited warfare against the community.

THE LEAGUE AND UPPER SILESIA.

THE action taken by the Council of the League of Nations in the matter of the Germano-Polish dispute over minorities in Upper Silesia has produced for the moment a welcome *détente* in the somewhat strained relations of the Continent of Europe. As our League correspondent points out, in a letter on a subsequent page, the Council's firm and skilful diplomacy has succeeded unexpectedly in satisfying the Germans without humiliating the Poles. It has found that the substance of the German complaint is justified, and it has indicated what has to be done to put things right. At the same time, it has left it to the Polish Government, in the first instance, to take the necessary steps without supervision from outside.

The presentation of the case was made with moderation on both sides; and MM. Zaleski and Curtius thus co-operated to create the most favourable atmosphere possible for the Council's work. The rest of the credit belongs to the Council's chairman, Mr Henderson, and to its rapporteur, Mr Yoshizawa (Japan). As the representative of a country which is happily free from minority problems itself and which has no direct concern in the political aspect of the Upper Silesian problem as one of the factors which may determine the grouping of Powers in Europe, Mr Yoshizawa was less severely handicapped than any other Council Member of equal importance; and his report, which was presented last Saturday, and was adopted by the Council unanimously on the same day, has certainly justified the Council's judgment in asking him to undertake this delicate job.

No doubt Mr Yoshizawa was assisted by the circumstance that in Upper Silesia the rights of the local minorities and the duties of the ruling Governments are determined, not by minority treaties drawn up in general terms, but by the Germano-Polish Convention relative to Upper Silesia which was signed on May 15, 1922, and was ratified on June 3rd of the same year. This Convention has a number of strong points. First, it applies equally to both portions of Upper Silesia: the portion where a German minority has come under Polish rule, and the portion where a Polish minority has remained under German rule. Thus, in so far as either Government violates the Convention on its side, it is directly undermining the position of its own "lost sheep" on the other side of the frontier. In the second place, the Upper Silesia Convention was not imposed on the parties by the Principal Allied Powers, but was agreed between them in long and laborious negotiations, freely conducted between them, on an equal footing, under the auspices of a president who had been appointed by the League Council.

Now the League Council had insisted in 1921 upon the conclusion of the Convention as the necessary condition for making the partition of Upper Silesia workable. Moreover, after the Convention had been concluded, the Council placed its stipulations, so far as those related to the protection of minorities, under its own guarantee, on the terms on which it had guaranteed the general minorities treaty which had been concluded between Poland and the Principal Allied Powers on June 28, 1919. It will be seen that, on the one hand, the existence of the Convention gave Mr Yoshizawa valuable guidance and authority for making his report; and that, on the other hand, for this very reason, his report on this occasion was a test case. If the Council had failed to deal effectively with the minorities problem in a case coming under the Upper Silesia Convention, they would have stood convicted of incompetence to deal with the problem at all. If the Council had stultified itself in this way at this critical moment in the post-war history of international relations in Europe, there is no need to point out how serious the consequences might have been.

Mr Yoshizawa reported that there had been violations of Articles 75 and 83 of the Upper Silesia Convention in numerous cases. He accepted the German Government's view that, in connection with the local conduct, in Polish Upper Silesia, of the recent Polish General Election, the Polish local authorities were directly, and the Polish

Government indirectly, responsible for the acts of violence from which the German minority had suffered. He passed special strictures on the behaviour of a local organisation of Polish ex-service men and on the relations which had subsisted between this organisation and the local Polish officials, and he recommended the Polish Government to see to it that such relations were brought to an end. With regard to the specific irregularities in the local conduct of the elections—some of which were admitted by the Polish Government itself—Mr Yoshizawa advised the Council that it had not to take any immediate action for the moment, because these matters were being brought before the Polish courts by an organisation representing the German minority. He noted, however, that this German organisation had reserved the right to appeal to the Council at a later session, if the decisions of the Polish courts were unsatisfactory. In regard to the misbehaviour of the local Polish officials, he noted that disciplinary and reparatory measures were being taken by the Polish Government; and he recommended the Council to call upon the Polish Government to supply the Council, before its session in May, with a complete and detailed report setting forth the results of the Government's inquiries in the different cases, as well as the punishments inflicted and the compensation awarded for damage to persons and property.

The unanimous adoption of Mr Yoshizawa's report by the Council implies that it had been accepted in advance by the two parties directly concerned. As the background of the report, we must picture a series of strenuous negotiations in which Herr Curtius and Monsieur Zaleski were brought together by the efforts of their Japanese colleague—assisted, no doubt, by other members of the Council and particularly by the chairman, Mr Arthur Henderson. What estimate are we to place upon the results of these labours? Sceptics will point out that the next steps are all left to the Polish Government and to the Polish courts; and they will prognosticate that, when the Council has dispersed and when public attention has been diverted to other things, the Poles will dispose of the business by the simple method of doing nothing—trusting to escape further castigation at the hands of the Council through the mighty power of *vis inertiae*.

As far as it is possible to form an opinion at this stage, we are inclined to think that, on both points, such scepticism is mistaken. Of course, if there were in existence at this moment a Permanent Minorities Commission of the League, with a constitution and functions corresponding to those of the Permanent Mandates Commission or of the Permanent Disarmament Commission which is provided for in the Draft Disarmament Convention, then no doubt the task of putting things right in Upper Silesia would be very greatly facilitated. The necessity for the establishment of such a commission is the recurring moral of every "incident" that arises over minorities, the present incident included. We would go so far as to say that the minorities problem will never be handled successfully until such a commission has been brought into being. But, unfortunately, it is not in existence here and now to take a hand in the solution of the problem before us; and the appointment of a committee of inquiry and control *ad hoc* would be a very different matter. Governments are ready to take it as being all in the day's work when they come under the flail of permanent international bodies who are there at all times to deal with all governments without discrimination. An *ad hoc* committee would carry with it an odium and a humiliation which it would not be practical politics to seek to impose upon the Polish Government in this instance.

As for the view that the course actually adopted has put the game in the Polish Government's hands, we fancy that this view does not take sufficient account of the force of publicity and public opinion. For it is evident from Monsieur Zaleski's manner and policy on this occasion at Geneva that he is alive to the seriousness of the affair from the Polish standpoint. He certainly realises that Poland cannot ignore or evade the Council's recommendations with impunity. He is aware of the potency in international affairs of the imponderable force

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of public opinion; and we believe that there are enough people in Poland who share his understanding of the situation to bring "the wild men" to heel.

There are two other symptoms which are also of good augury. First, Monsieur Briand did not intervene, on the Council, to prevent action from being taken. There is a school of thought in France whose motto is "my ally, right or wrong"—on the short-sighted calculation that the best security for France lies in a combination of military force and that this combination depends on the members of the French alliance supporting one another, on all points, through thick and thin. Monsieur Briand's policy on this occasion indicates, we hope, that this school is not in the ascendant to-day. Finally, we note with pleasure that the Council's action has been fairly well received in Germany, even though, as our Berlin correspondent writes, Herr Curtius' return was not greeted "with elation." Herr Brüning's Government has emerged rather stronger, if anything, than before on the home front. The Upper Silesian incident has not been such a good card for the Nazis as they had hoped. This is a point on which not only Germany but Europe may congratulate herself.

THE GOLD REPORT.

COMMENTING last week on the divergent views held by eminent British bankers as to the proper objectives and potentialities of monetary policy as a remedy for some, at least, of the world's economic ills, we expressed (without much conviction) the hope that the League's Gold Delegation might contribute something towards clearer understanding of what is advantageous and practical in this sphere. The text of the Delegation's Second Interim Report is now available, and will repay careful study; but though it contains many points of interest and makes several valuable suggestions, the Report is too technical to make much impression on general lay opinion, too qualified in its statements and hedged about with reservations to provide much guidance for Treasuries or central banks.

In fairness to the Delegation let it be said that though in this stage of their enquiry they were addressing themselves to the question of the distribution of monetary gold, their terms of reference were formulated before the present collapse of prices and world-wide trade depression set in; and they were not asked to report whether the gold distribution of 1928 and the slump of 1929-31 were a case of cause and effect. If, therefore, the fact that the Delegation do not deal directly either with the immediate economic depression, or with the recent gold movements on which popular interest has centred, necessarily gives the Report a slightly "far away," academic flavour, this is not strictly the Delegation's fault. Nor would it be reasonable, in a matter wherein experts—to say nothing of finance ministers—quarrel *à l'outrance*, to expect the Delegation to produce a comprehensive

"Central Bankers' Code" embodying agreed conclusions on every issue in a complex problem. At the same time, it would be idle to pretend that any clear indications of policy emerge from the present Report. Not only does it bear many signs of compromise and of obscurity due to reluctance to tread on sensitive toes; worse than that, it dwells so much on details of technique, is couched in language which so often seems to suggest that the working of the gold standard is an end in itself, that it gives the impression that the Delegation found it impossible to reach even tentative agreement on the essential question—what objectives of monetary policy should be.

It is difficult adequately to summarise a closely-written document of sixteen large quarto pages, but a bald outline of the Report's main arguments may help to make our meaning clearer. The Delegation begin by noting, as a rider to their First Interim Report published last year, that since 1928 prices of commodities have tumbled, and, were they to settle down near to-day's level, there would be less need than they previously thought for apprehension lest insufficiency of supplies of new monetary gold should exercise a long-period influence towards depressing prices. They then turn to the consideration of the manner in which the monetary stocks are now divided between various centres. Here they observe that "by no policy can a distribution of gold appropriate to real needs be assured when political conditions are unstable, or when the demand for gold is largely affected either by an endeavour on the part of any country to maintain a level of prices out of tune with that in the rest of the world or by sudden and violent changes in economic policy." The present distribution of gold is largely the logical result of post-war political and economic conditions—disruption of normal trade relations, changes within the general price-structure, budgetary deficits, lack of confidence, unwillingness of some countries to liberate gold, unwillingness of others to lend abroad, "inappropriate fiscal measures," and other non-monetary causes. In any case, "the past cannot be undone."

After these preliminary observations, the Report proceeds to examine "certain principles inherent in the gold standard." The pre-war operation of that standard was not automatic; the control over credit exercised by central banks acted as a supplementary influence on prices and hence on the balance of commodity imports and exports and the balance of foreign lending and borrowing. "But the general result of the system as it was actually applied was to allow gold, by its direct influence and its indirect influence through the bank rate, to act as a corrective to any disturbance in the international equilibrium."

Since the war a number of changes have occurred. In almost all countries monetary gold (no longer in circulation) has been concentrated in central banks, whose statutory obligation is now in most cases to convert their notes into (a) gold or (b) foreign gold exchange, generally

located in London or New York; and in most cases, whether foreign gold exchange is allowed to constitute a part of the gold reserves or not, a fixed percentage system of total reserves is imposed by law. The concentration of monetary gold, coupled with the development of open-market operations in such centres as London and New York, has increased the power of central banks; but in some cases their potential influence has been restricted by the reserve percentage system, by the practice of depositing foreign assets reserves with commercial banks, and by the growth of the independence and power of commercial banks as a result of the recent increase in the volume of liquid funds not invested on long term. Moreover, not only has reduction in transport charges narrowed the gold points and made national monetary systems "more sensitive to international disequilibrium," but invisible items in the trade balance, owing to the growth of international indebtedness, larger short-term borrowings, heavier tourist traffic, etc., have acquired proportionately greater weight, while the visible trade balance has been rendered more inelastic, less susceptible of correction by gold movements, owing to tariff barriers, rigidity of wages, and similar causes.

Hence the task, which the Delegation evidently regard as crucial, of ensuring that the gold standard produces its proper, normal "reactions" has become more complicated: "post-war conditions have increased the occasions when the exercise of conscious direction is necessary," and "adequate powers" should be given to central banks. From this postulate derive the following recommendations:—

- (1) Existing legal stipulations concerning fixed reserve percentages should be modified.
- (2) Gold coin should not be put back in circulation, thus diminishing central banks' *masses de manœuvre*.
- (3) Gold movements arising from disequilibria of non-temporary character should be allowed to make their effects felt; but a gold influx or efflux caused by "temporary disequilibria" may appropriately be neutralised by central banking policy.
- (4) Central banks in countries employing the gold exchange standard should avoid stimulating gold imports and restricting gold exports by restricting purchases of foreign exchange when its exchange rate is near gold import point and selling only gold exchange when the exchange is moving towards gold export point.
- (5) Foreign reserve assets of central banks should be kept as a general rule with other central banks, or at all events the central bank in whose money market such reserves are held should be acquainted with their magnitude.
- (6) Borrowing States should raise loans only for productive purposes, not to postpone necessary fundamental adjustments of values; lending States should maintain an "even flow" of capital; the international capital market should be stabilised by as many countries as possible admitting international securities to quotation on their local bourses.
- (7) Central banks, in their task of preventing disequilibria and restoring equilibrium if balance has been lost, should be assisted by inter-bank co-operation, e.g., in the mutual provision of short-term credits.
- (8) Central banks' control should be further strengthened by the development of the bill market and the "adoption or perfection" of the technique of open-market operations; and the liquid funds of the State and of semi-public institutions should be concentrated with central banks.

With many of these conclusions and recommendations there will be general agreement; in particular it is of value that the Delegation should have emphasised the obligation of creditor countries to maintain a steady flow of foreign lending—a point pressed cogently by Mr J. M. Keynes in his speech at the National Mutual Insurance meeting this week. Nevertheless, the foregoing summary brings out, only too clearly, the lacunæ and obvious weaknesses in the Report. The Delegation have not dealt seriously either with the results achieved so far by central banking co-operation or (save for the single suggestion (7) quoted above) with methods available. Much more, too, might have been said with reference to (8) "the adoption or perfection" of open-market operations. If the recommendation is intended to apply primarily to Paris, well and good; but we should have liked to have the Delegation's considered views on the merits and results of the open-market policy actually carried out since the war in other centres, e.g., New York. Moreover, apart from the question whether open-market operations have always been well advised, there is an unresolved contradiction (*vide* (3) above) between the Delegation's insistence on gold being allowed to "produce its effects" and their desire to have temporary losses of balance "smoothed out." In effect, central

banks are left, with no guidance, to exercise "horse sense" in deciding whether or not a disequilibrium is temporary or fundamental, and in relation to what tests or standards credit is to be manipulated.

But criticism of the whole burden of the Report may fairly go deeper. We do not complain that the Delegation have not produced a fool-proof new technique for the gold standard; nor do we quarrel with the emphasis which they lay on the non-monetary factors which have combined to create maldistribution of gold and which, as Mr Szarvasy pointed out in his admirable address at the meeting of the Anglo-French Banking Corporation on Monday, have been important contributory causes of the prevailing crisis. We also agree with the Delegation that the restoration of political confidence is a vital element in future betterment; and we endorse their implicit warning that central banks have no magic power to cure every trouble, or to obviate the need for each and every painful readjustment as economic conditions change. Our complaint is that the Report buries the hard fact that other things being as they have been, the monetary policy of the nations has not prevented an economic catastrophe in the collapse of prices, trade, and employment. No one seriously imagines that it could have done so. But has the gold standard been as helpful as it might have been? If not, and if its delinquencies are due to abnormal or non-monetary circumstances, the urgent problem is to deal with these matters. Given fairer weather, say the Delegation, in effect, the gold standard—with certain modifications to meet new conditions—should be its old self again. The trouble is that it is raining hard, and the whole world wants to know where to find an umbrella.

Nor can the Delegation escape so lightly as it has sought to do from the Seylla of 1931 prices and the Charybdis of the prices of, say, 1928. If prices remain as at present, we have appalling readjustments to face, whose scope must eventually extend far beyond the tough, yet relatively simple, problem of wages, to embrace every contractual relationship—national and international—entered into in terms of money possessing a purchasing power half that which we may be asked to accept as a *fait accompli*. Alternatively, if prices were to revert to a level 25 or 30 per cent. above the present, the problem of the insufficiency of new gold would re-emerge, and the gravity of its existing maldistribution ("the past cannot be undone") increase immeasurably. The whole process of economic readjustments—in wages, budgets, and production of goods—is hampered by the absence of any certainty whether those responsible in the various leading countries for monetary policy will, or will not, agree to aim at conscious stabilisation of prices, and, if so, what level will be their objective.

The Delegation has done great service in raising and in probing into problems of monetary policy far more complex and intangible than the question of the supply and demand for gold, which formed the main theme of its first report. In a number of instances it has raised matters for discussion, rather than reached finality, and much water will flow under the bridges before there is general agreement on aims and methods. At the same time, it is no mean achievement to have secured unanimity even on the points we have summarised above. If this report is the means of securing a similar unanimity in national banking circles on the majority of the points mentioned, it will mark a real advance.

THE SLUMP IN SHIPBUILDING.

THE issue last week of £1,000,000 of debenture stock by National Shipbuilders' Security, Limited, for the purpose of financing the purchasing and dismantling of redundant British shipyards, lends a particular interest to the industry's position as revealed by the latest returns published by *Lloyd's Register* of output and work in hand. The *Register's* annual summary, issued on Wednesday, of the past year's total output naturally does not disclose the full effects of the depression which, so far as this country is concerned, became progressively worse during the twelve months; but it is significant

that, as compared with 1929, tonnage launched from British yards in 1930 showed a decrease of 44,000 tons, whereas launchings abroad rose by 140,000 tons. In the following table tonnage output in Great Britain and foreign countries during the past two years is compared with the average figures for 1909-13, and 1922-25 and 1926-28:

TONNAGE OUTPUT.							
Period.	Tons launched. (000's omitted.)			British Per- centage.	Output as Percentage of 1909-13.		
	U.K.	Abroad.	World.		British.	Foreign.	World.
Average, 1909-13	1,522	967	2,489	61	100	100	100
" 1922-25	1,050	1,087	2,137	49	69	112	86
" 1926-28	1,104	1,116	2,220	49.5	72.5	115	89
1929	1,523	1,270	2,793	54.5	100	131	108
1930	1,478	1,411	2,889	51	97	146	116

A striking feature which the foregoing figures bring out is the steady increase of foreign shipbuilding since the war in comparison with the average for 1909-13. So far as Great Britain is concerned, the effects of the trade recession and the decline in shipping freights, which began in the autumn of 1929, were at first masked to a great extent by the large contracts for the tanker tonnage which were placed with shipbuilders between August, 1929, and the end of that year. Indeed, it was not until June, 1930, that the amount of tanker tonnage under construction in British yards as a result of these contracts attained its maximum, viz.:—634,000 tons. Work in hand on vessels other than tankers reached a turning point in September, 1929, at 1,221,000 tons; fell by the end of 1929 to 1,163,000 tons; and at the end of 1930 amounted to no more than 520,000 tons, or the lowest point recorded at the end of any quarter since the war. Tankers building in foreign countries at the end of 1930 amounted to 518,000 tons, a record figure, but the corresponding figure for Great Britain had fallen to 389,000 tons and, in view of the recent slump in freights for bulk oil, a further rapid decline in this class of work must be anticipated.

As the tanker orders were worked off, and neither the conditions in the charter-freight market nor the situation of the regular liner service was such as to encourage fresh contracts for general passenger and cargo tonnage, the history of 1930 for British shipbuilders became one of consistent failure of tonnage commenced to keep pace with tonnage launched; and at the end of the year work in hand totalled only 909,000 tons, as compared with 1,560,000 tons a year ago. But, as the following table demonstrates, the depression has not by any means fallen with equal severity on the yards of all our competitors abroad:—

	THOUSAND TONS.			Work Commenced in 1930.			
	Work in Hand, December 31.			1st qr.	2nd qr.	3rd qr.	4th qr.
	1928.	1929.	1930.				
United Kingdom...	1,243	1,560	909	427	230	161	132
Germany	382	253	218	55	64	14	69
Italy	93	78	180	83	14	66	16
France	162	157	174	23	21	27	Nil
Holland	192	232	160	15	24	44	25
Denmark	85	105	108	33	41	26	39
Japan	119	184	86	34	18	34	18
Sweden	99	98	145	37	47	36	39
U.S.A.	48	179	232	74	58	40	75
Total abroad	1,375	1,551	1,417	430	350	320	289

Among foreign countries, Germany, Holland and Japan were alone in having less work in hand at the end of 1930 than they had at the end of 1929, and, except in the case of Japan, the percentage decline in tonnage under construction was not nearly commensurate with the setback in Great Britain. Thus at the end of December only 39 per cent. of the total tonnage under construction in the world was building in the United Kingdom, a percentage which compares with 50 per cent. a year ago, and 57 per cent. on the average of the last twelve months before the war.

At the end of 1930 the percentage of unemployment

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among insured workers in the shipbuilding industry amounted to 45.1 per cent., as compared with 23.3 per cent. in December, 1929. These figures are eloquent testimony to the serious situation in which the industry finds itself. Even in 1929 only 55 per cent. of the available berths in British yards were ever in use; to-day the proportion occupied barely exceeds 25 per cent.; and the returns of idle tonnage (with which we deal in a Note of the Week), published by the Chamber of Shipping, point to such a vast surplus of carrying space in present circumstances that palpably trade recovery must go some considerable way before shipowners are likely to have sufficient confidence to place orders for more than the minimum of replacements necessary to keep fleets at bare level of efficiency. Even allowing for the large proportion of the total represented by tankers, the output of 5.7 million tons of new shipping during the past two years has created, in a phase of world-wide trade depression, a tonnage glut of almost unexampled severity; and even though British shipbuilders' current quotations for contracts compare not unfavourably, all things considered, with those obtainable from foreign yards, attempts to increase the British proportion of world construction during the next two inevitably difficult years are bound to be hampered by the strong forces of "economic nationalism" which in shipbuilding, as in other directions, have been a feature of the past decade. Backed by subsidies and other discriminatory devices, these forces have tended to provide our competitors with orders from their own nationals which, in the easier, irrecoverable days of Britain's pre-war shipbuilding supremacy, would have been enjoyed by the yards of the Clyde, Belfast and the Tyne.

AGRICULTURAL MARKETING.

(BY A CORRESPONDENT.)

THE new Agricultural Marketing Bill, introduced by Dr. Addison shortly before Christmas and summarised in the *Economist* of December 27, proposes for the solution of the difficulties confronting British agriculture an extension of the principle of co-operative marketing backed by loans of Government funds. This projected incursion of the State into agricultural affairs parallels closely the Agricultural Marketing Act adopted by the United States of America when the Federal Farm Board was created in June, 1929. Thus it is interesting to note that almost at the same time that Dr. Addison presented his Bill, the Chairman of the Federal Farm Board submitted his first annual report to the Speaker of the House of Representatives at Washington. In it he gives a brief account of the work done to develop national and regional co-operative associations integrating hundreds of little associations in such branches of agriculture as the grain trade, wool and mohair, cotton, beans, livestock, dairy products, fruits and vegetables, pecan nuts, tobacco and sugar beet. He makes it clear that the machinery of co-operation is being mobilised as rapidly as possible.

This side of the work may ultimately prove to be of much greater importance than the other branch of it devoted to attempts at price stabilisation; but meantime

these efforts, which have received far more publicity owing to the Board's activities in the wheat and cotton markets, have already created formidable difficulties. By the purchase of some 60,000,000 bushels of wheat through the Grain Stabilisation Corporation, beginning in October, 1929, the Board is saddled with a surplus which promises to be very difficult to liquidate, especially since the wheat was bought at prices ranging from \$1.13 to \$1.25 a bushel. Within a twelvemonth of the purchase, prices had already fallen to 80 cents a bushel and under, and it is difficult to see when they will rise sufficiently to float this large stranded surplus off the rocks. The Board's cotton purchases have proved equally unfortunate; and, taken together, these attempts show in no uncertain light the kind of difficulties which the co-operatives themselves will ultimately be called upon to face, if they are to vindicate their claim that they can not only secure for their members substantial economies in marketing at the expense of the existing commercial organisations, but that they can, by a unified selling policy, so influence the market price as to secure a more favourable return than could otherwise be obtained.

The economic principle lying behind all such schemes can never have been in much doubt, but apparently nothing save the expenditure of several millions of public money could bring it out sufficiently clearly for there to be some chance of its general acceptance. That price control in the absence of control over the volume of supply is fundamentally impossible is no very novel lesson, yet it is the chief result which has emerged from the stabilisation efforts of the Board.

The time chosen for the experiment could hardly have been more difficult. The stock market crash and the resultant industrial and commercial dislocation were disturbing factors in a situation already sufficiently uncertain. At a time when drastic remedies and sudden stimulants were being prescribed and adopted in order to restore confidence, the Board might be excused some rashness. It refers to the fact that it "has resisted great pressure" during these difficult days, and although a final judgment on the action it then took would be premature, sufficient time has now elapsed for a good deal of the fog to have cleared and for the difficulties of stabilisation to stand revealed.

Surveying the scene in the aftermath of the economic upheaval which it has witnessed and found itself powerless to control, the Board summarises its own experience as follows. In the first place, the rôle of stabilisation is envisaged rather as one of "limiting fluctuations and cushioning the shocks from severe fluctuations" than of fixing or levelling prices at fanciful figures. Four types of stabilisation are recognised by the Board:—

- (1) The normal action of co-operative associations over a period of years.
- (2) *Ad hoc* stabilisation measures by co-operative associations undertaken in an emergency, with or without government funds.
- (3) Major stabilisation measures by national stabilisation corporations such as those undertaken for wheat and cotton at the Board's instigation.
- (4) Production control, removing the fear of surpluses at their source.

The first of these possibilities is clearly regarded as valuable by the Board mainly in so far as it is able to bring the fourth into play. On the second group, which has also had support from the Board, the following comment is made: "There is, in the opinion of the Board, a limited field for such operations, but the experience of the last year has reinforced earlier experience in showing that such measures cannot wisely be undertaken lightly, for many involve not only excessive risk of public funds, but grave danger of serious disaster to co-operatives themselves."

Stabilisation operations on a major scale—the third of the Board's classes and the most spectacular, are analysed in more detail. It is observed in the first place, in connection with the Board's experience with wheat, that in order to exert any material effect on the market

it is inevitable that a large quantity of the commodity must be taken. When once this large quantity is accumulated it exerts a depressing effect on prices which cannot be dispelled by the most emphatic announcements that it will not be thrown on the market without good warning. Furthermore, since cash purchases would inflict grave hardship on the option market, they must be backed up by the purchase of futures. But incursion into the futures market is subject to the grave drawback that once begun, "there is no good place to stop, even within the limits of a single crop marketing period." In fact, as the Board laconically observes, "stabilisation corporation activities, as usually conceived, mean principally buying, not selling." If the corporation threatens to sell, howls go up from everyone who considers his market damaged by its action. If it does not sell, its competition for storage facilities is likely to be equally resented; while carrying charges, accumulating at the rate of about 1½ cents a bushel a month, add heavily to the cost, and therefore greatly increase the difficulty of ultimately disposing of the stock without loss.

In the face of these difficulties the Board exhibits some heroism in concluding that "there is a field for stabilisation measures," although it qualifies its conclusion by adding "just how large, the Board is not in a position to determine." It is quite clear, however, that the Board regards stabilisation machinery as subordinate to the supreme task of production control which has now for some time figured in the forefront of its educational programme. When supply exceeds demand, it is useless to regard falling prices as an unwarranted injury to the growers' interests resulting from the machinations of enemies variously supposed to lurk in the grain pits, in Wall Street or in Russia. How to secure acreage reduction, especially in the large single-crop areas of the United States, presents a difficult task; yet the Farm Board, foreseeing a decline in the prices of wheat and presumably of other staples during the next five or six years, regards it as absolutely indispensable.

Given adequate tariff protection, it is theoretically possible that the United States could move towards a state of agricultural self-sufficiency in which "adequate" price levels for domestic agricultural produce were secured by a strict co-operative control of production. This control would be exerted at the expense not merely of the sub-marginal lands (which would probably be eliminated if economic forces were allowed free play), but of every producer alike. Probably this is one of the features of the scheme which its enemies have in mind when they denounce it as "European and Russian in conception." If the postulated increase in prices were obtained by this method, the export surplus would no doubt have largely to go.

In these projected monopoly conditions no machinery for the protection of the general public, such as the "consumers' committees" of Dr. Addison's Bill, is provided by the American scheme. In fact, co-operative societies have enjoyed in recent years an increasing immunity from the application of the American anti-trust laws, although these laws could probably still be invoked to prevent any large-scale victimisation. As the aim of Congress in establishing the Federal Farm Board was expressly declared to be "to place agriculture on a basis of economic equality with other industries," the American public must be prepared for some readjustments in favour of the farmers if the scheme is to be anything but a mockery.

It is not often that a country is afforded the chance of benefiting by the results of an experiment on which another country has lavished a hundred millions sterling; and the first "account rendered" of the Federal Farm Board may well give pause to Dr. Addison's supporters. For, even apart from the fact that Great Britain's economic position of dependence on export trade renders it impossible for her to follow the United States in tariff palliatives, the first fruits of American experience of State intervention in agriculture suggest that it would be unwise to pin sanguine hopes of salvation for the British farmer on the principle of supporting by public funds "marketing" policies aimed at higher prices.

ELBOW ROOM.

STANDING Room Only, or Race Suicide? The study of population is one of the most interesting, because obviously the most human branches of economics. But it is also of great practical importance from many points of view; the future state of a country's population, when it can be forecast, may have a sensible influence on its domestic policy in financial and economic matters. The pressure, or the anticipated pressure of population in certain countries, and the slow growth of population in others with large empty spaces, can be elements of international friction, and are certainly factors which influence the progress of moral and material disarmament.

We are taught that the birth-rate reacts to economic circumstances. In times of prosperity more people will marry, and they will be more fertile than in times of adversity. If conditions are unfavourable enough the growth of population will be checked not only by economic difficulty, but by plague, famine and violent death. But the unfortunate thing is that population can only adjust itself with a time lag of, say, twenty years, during which interval conditions may undergo a radical change. The babies born in a five-year period of prosperity may result in an increased population of working age in a period of depression twenty years later, and conversely a failure to produce a number of children sufficient to maintain the working population after the same lapse of time may mean a pronounced scarcity of labour.

In the nature of the case, the growth or decline of population has not been and cannot be intelligently controlled with regard to the future needs of the community. It is quite evident, however, that in all civilised countries a control, horrifying to some and comforting to others, is being exercised in ever greater degree over individual fertility. If, then, the community cannot adjust its population to communal needs two decades later, it is becoming more and more possible to frame present policies designed to have continuing effect with some regard to the size of the future population. Moreover, the growing prevalence of conscious deliberate control, not solely or even mainly actuated by the economic conditions of the moment, makes it somewhat less hazardous than it has hitherto been to forecast the future movement of populations.

Conscious control has now reached dimensions which, according to Dr. Ernst Kahn, entitle it to the name of "The International Birth Strike."* He, at any rate, is so far convinced that the present trend is likely to persist that, while explicitly pointing out and emphasising the unforeseen factors which may confound any prophet, he ventures to estimate the future population of Germany in 1975. His short study of two hundred odd pages contains a good deal of matter about other countries, and, in bare outline, a picture of the economy of the future as it will appear if his forecast is approximately correct. He also discusses summarily the steps which could be taken to combat the present trend, without concealing his opinion that any measures which have been suggested would be difficult of execution, and probably wrecked by the new "rationalism."

The most immediately interesting portion of his book is, however, his presentation of the figures affecting Germany. The present population of Germany is about 65 millions, and the loss of population resulting from war and territorial amputations has already been made good. State this fact to any well-informed person and ask him to hazard a guess at the probable future population of Germany in 1975; it is extremely unlikely that he will pitch his guess at a lower figure than 80 million. Dr. Kahn's figure is just under 50 millions. The apparent opposition between the present growth of the population and this estimate of the remoter future is explained by the existing age structure. To-day, the marriage market is booming, for whereas before the war there were roughly 9½ million people at any time aged between twenty and thirty, there are 12½ millions in this year of

* "Der Internationale Geburtenstreik." Ernst Kahn. Societäts Verlag, Frankfurt-am-Main.

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grace. Those who enter into matrimony to-day were born between 1900 and 1910, during which decade two million German children a year came into the world, and the rate of infant mortality sank steeply. Before the war the annual marriage rate was about 8 per cent; that rose in 1920, for reasons easily imagined, to 14.5 per cent., and in 1928 and 1929 it remained as high as 9.3 per cent. In five years' time, however, German marriages will begin to be dependent on the Germans still surviving who were born between 1915 and 1929, when there were only 17.4 million births, as compared with 29.4 in the preceding fifteen years. Other things being equal, the marriage figure is destined to fall to 5.6 per cent. on the average from 1940 to 1954.

But worse—or better—is to follow. Fertility has diminished in such a degree that less than two children (including illegitimate) are being born per marriage, where the number necessary merely to maintain the *status quo* is calculated to be almost exactly three. In 1901 the number of children born per marriage was 4.4; and Dr. Kahn shows how this decreased fertility, which can be ascribed only to conscious birth control, has spread from the metropolis to the large town, and thence to the small town, until it has finally reached the rural districts. In Upper Silesia, where as recently as 1918 there were 5.54 children per marriage, there are at present only 3.01; again, in 1901 the Berlin marriage produced 1.9 children less than the average German marriage; and while both sank in the subsequent thirty years, the fall was so much more rapid in the Reich as a whole that the difference now amounts to only 1.02.

With the most explicit warning as to the hazardous nature of the most careful statistical estimate, Dr. Kahn proceeds to a consideration of the future course of the German population figures, based on the following suppositions, which are individually explained and defended:—

- (1) That the number of marriages contracted annually will fall from the present figure of 587,000 to an average of 242,000 in the five years 1970-74;
- (2) That the number of children per marriage will further sink to 1.50 in 1950-54 and remain constant round that figure;
- (3) That the expectation of life will gradually be prolonged, infant mortality sinking from 10 per cent. to 8 per cent. in twenty-five years, and the rate of adult mortality improving by 20 per cent. in forty-five years; and finally,
- (4) That emigration and immigration will cancel out.

The result is to produce the following figure of total population in the years stated:—

	Thousands.		Thousands.
1935 ...	65,190	1960 ...	59,110
1940 ...	65,420	1965 ...	56,450
1945 ...	63,800	1970 ...	52,930
1950 ...	62,940	1975 ...	49,610
1955 ...	61,380		

But these figures, without consideration of the age structure which they imply, tell only half the story. It is estimated that in 1930 the population of working age (15 to 65 years) numbered 45.46 millions; the corresponding figure in 1975, on Dr. Kahn's premises, will be 32.14 millions.

Space does not permit mention of the many stimulating and suggestive comments which this book contains on

the political and economic reactions of a declining population. But attention may be specially directed to the figure given respecting France. A mortality figure of 18 per cent. for France looks high compared with 12.6 per cent. for Germany; it is entirely due to the difference in age structure of the two populations, and the French figure only shows what Germany has to expect. The average duration of life is longer and the rate of infant mortality much lower in France than in Germany.

If these facts are realised, and if it can be accepted that the present trend of population is likely to continue (unfortunately we shall have to wait long for a confirmation), are we not entitled to hope that one of the apprehensions which encourage armaments will lose a great deal of its present strength?

In conclusion, mention may be made of the highly interesting and curious statistics given of the Jewish population in Germany. Official figures for Prussia, which may be taken as representative enough of Germany as a whole, show that whereas in 1876-80 there was a surplus of births over deaths amounting to 13.9 per cent. for all Prussia and 14.1 per cent. for the Jewish population, in 1928, in face of a Prussian surplus of 7.1 per cent., there is a Jewish deficit of 3.4 per cent. There are at present about 537,000 Jews in Germany; Dr. Kahn estimates that by 1970 the number may well have sunk to 265,000, of whom 39 per cent. will be over 65 years of age. Here is comfort for the Hitlerites as well—but not pure Nordic comfort, for every fourth German Jew who marries unites himself or herself with a Gentile.

Notes of the Week.

National Economy.—The full weight of informed opinion in the City of London, and, we believe, in the country at large, is behind the campaign for retrenchment of national expenditure which was launched at the Cannon Street Hotel on Tuesday. This initial demonstration, over which Mr E. C. Grenfell, M.P. for the City, presided, was the occasion of one of the rare public appearances of Lord Grey of Fallodon, and was also addressed by Sir Robert Horne, a former Conservative Chancellor of the Exchequer, and by Sir Ernest Benn. The proceedings were non-party in tone, and Lord Grey pilloried all parties for their competition in spending public money. His Lordship's main points were that high taxation is crippling the competitive power of our export trades; that, if extravagance continues, there is real danger of a shortage of capital to finance the industrial requirements of a trade revival; and that we are drawing on capital (especially through the Death Duties) to meet annual expenditure. "How," he asked, "can we hold our own in a competitive export trade when the revival comes, if we are to bear the exceedingly heavy handicap of the burden of our taxation?" Sir Robert Horne equally emphasised the weight of taxation, traced the growth of the Social Services, declared that great and demoralising waste was going on under the unemployment insurance scheme, and called for a cessation of fresh expenditure even on "the most excellent objects." Sir Ernest Benn took up the story and declared that "there is nothing worse that can happen to money than for it to get into the public purse." The main objects of this campaign are those which we have frequently urged in these columns. We agree that the tax burden is inordinately heavy, that public money is being spent in ways that hamper trade and enterprise, and that there is most urgent need for a drastic rooting out of unwise, unnecessary and unproductive expenditure. At the same time, it is apparent that there is confusion of thought in some quarters as to the meaning of economy. As a prelude to the Cannon Street demonstration, Lord Grey and Mr Runciman addressed a letter to the *Times* following very much the same line as the speeches of the former and of Sir Robert

Horne, to which we have just referred. In Wednesday's *Times* they are taken to task by Sir Austen Chamberlain, because, while they call for economy, their fellow-Liberals have tabled a resolution, to be brought forward in next week's debate on unemployment, recommending that the Government should embark upon certain big public works of a constructive nature. In reality there is not necessarily any inconsistency between the two attitudes. The essence of economy is not merely to refrain from spending, but to spend wisely and to secure that the nation gets full value for money spent. We have never wholly shared "the Treasury view" set out in a memorandum commenting on Mr Lloyd George's unemployment plans and amounting to a general disapproval of public works as a means of combating unemployment in times of depression. On the contrary, we hold that, when remunerative schemes of public importance are likely to be carried out within a few years, steps should be taken to hurry them on when times are bad. For, provided that work is necessary and reproductive, it is better to pay for work than to hand out doles. In fact, we agree with Mr. Snowden's attitude, namely that, in deciding whether the State should finance public works, he is prepared to consider every scheme strictly on its merits. That really is the test the public should demand to be applied to the whole range of State expenditure, and we hope that this new economy campaign will so far succeed in mobilising public opinion that at the next general election candidates of all parties will become aware of a general demand that waste and extravagance should be cut out and the national purse managed, not with a blind and intransigent parsimony, but with a determination to see that national value is received for every pound extracted from the taxpayer's pocket.

The Position at Westminster.—The House of Commons has been seen at its best this week—and at its worst. The almost general willingness to face the Indian situation in a statesmanlike attitude, and the very high level of speeches in the debates on the Trade Disputes Bill revealed the House to the country clothed in much of its old prestige as the representative Council of the nation, and so far bereft of pure partisanship as to allow Mr Baldwin to disown Mr Churchill and Sir John Simon to indulge in a tilt against Mr Lloyd George. But at the same time it cannot be denied that the position at Westminster has assumed an unreality which is somewhat distressing at a moment when the difficulties besetting that country, and calling for Parliament's best essays in collective action, are so formidably and so distressingly real. It may have been necessary, from the Party point of view, for the Cabinet to produce a Bill to amend the Trade Disputes Bill of 1927; but it is hardly encouraging that, when so many pressing economic problems are knocking at the door, so much of our legislators' time should be absorbed by discussions on the right to strike. The Government's second-reading victory on the Trade Disputes Bill is unreal, in the sense that everybody knows that the Bill will not eventually pass in anything like its present form. Unreal, too, is the position regarding the next week's outstanding item on the menu of the House of Commons. The Conservatives are to move a vote of censure on the Government for not curing unemployment—a task which, during four years of office, they themselves declared to be beyond the power of any Government; while the Liberals will draw a red herring across the track by tabling an amendment demanding measures of public relief works, whose nominal acceptance by the Government, if forthcoming, will be rather of the lip-service variety. In a position of real and unusually severe national difficulty there is no assurance anywhere, with the happy exception of Indian policy, that political manoeuvre is yielding place to a search for concerted policy to do even that little which Parliaments can do to remedy present discontents.

Mr Gandhi's Open Mind.—The debate on the Indian Conference staged in the House of Commons on Monday night not only succeeded in keeping discussion on a high plane worthy of Parliament's best traditions; it revealed

an essential fact of good augury for the future treatment of India's vast constitutional problem. If we may except the isolated intervention of Mr Churchill, whose familiar views on Anglo-Indian relations were explicitly repudiated by Mr Baldwin and other leading speakers on the Conservative benches, the debate revealed no fundamental dissent in any quarter from the broad principles upon which the Round Table Conference agreed, and which His Majesty's Government, by their declaration, endorsed. The varying degrees of confidence displayed as to the successful completion of the picture which the Conference had outlined were really a reflection not of any party alignment, but of personal temperament. There was unanimous agreement that the task of filling in details must go forward on the lines marked out. How far that task will be furthered or impeded by the decision to release Mr Gandhi and the other Congress leaders from internment remains to be seen. It is a decision on whose merits opinions may legitimately differ. Given this fresh rope, the intransigents may work mischief; on the other hand, if it be admitted, as we think it must, that it is of great importance that Congress should be induced to come into the picture on agreed terms of peace, then the fact must be faced that you cannot effectively bring persuasion to bear on men in gaol, nor can you hope to counteract by liberal policy the influence of extremists, so long as the extremists, popularly regarded, are in the position of martyrs. Mr Gandhi has declared that he emerges from prison with "an absolutely open mind, unfettered by enmity and unbiassed by argument." So far, his attitude has not been particularly helpful, but we must hope for the best. Opinion in this country will be inclined to agree that the Government of India was in the best position to decide policy in this amnesty question; but if it was well worth running considerable risks in this direction, the responsibility which rests on Mr Gandhi and the Congress leaders not to block the progress of peaceful negotiations has now become greater than ever.

The New Government in France.—As a result of two changes of government, in two months, which have practically cancelled one another out, the political situation in France is really back where it was before Monsieur Tardieu fell in December. On Thursday, January 22nd, the ministry which had been constructed so laboriously and held together so precariously by Monsieur Steeg was brought to the ground by an indiscretion of the Minister of Agriculture, Monsieur Boret. The Minister, apparently without securing the agreement of his colleagues or even taking them into his confidence, had publicly announced his intention of raising the price of wheat from 166 frs. 75 centimes to 175 frs. a quintal, as a measure of relief for French agricultural producers. He was openly criticised by the Under-Secretary for National Economy; and a parliamentary question from a member of Monsieur Franklin Bouillon's group, Monsieur Guyat, did the rest. The question referred to "the persistent and public split in the Cabinet on the question of the price of wheat, which favours speculation harmful to farmers and consumers." Monsieur Steeg made it a question of confidence; and his Government was defeated by 293 votes to 283. On the 24th, the President of the Republic, Monsieur Doumergue, telegraphed an invitation to form a government to Monsieur Briand at Geneva. Monsieur Briand—who has other fish to fry—declined; and thereupon Monsieur Doumergue invited Monsieur Laval, the Minister of Labour in Monsieur Tardieu's late Government, who had already tried and failed to form a Government before Monsieur Steeg. The problem confronting Monsieur Laval last week was the same as ever: could the middle groups be induced to combine in a centre coalition? And, as before, the issue turned on whether Monsieur Herriot's Party, the Socialist-Radicals, would maintain their refusal to co-operate with Monsieur Marin's Party, the Republican Democratic Union. Although Monsieur Laval is reported to have offered the Socialist-Radicals no less than five portfolios, they refused to be tempted. The result is that the new Ministry, which Monsieur Laval has succeeded, this time, in forming, in the small hours of this Tuesday morning, is very much to the Right. It is

true that Monsieur Briand remains Minister for Foreign Affairs, and this is so much to the good. On the other hand, Monsieur Tardieu reappears as Minister of Agriculture—the key ministry at the moment, next to the Premiership itself—and Monsieur Maginot is Minister of War. No doubt the Socialist-Radicals are looking ahead towards the next general election, which is now hardly more than a year distant; and their refusal to compromise themselves with the parties of the Right in the interim indicates that they have great ambitions. How long Monsieur Laval's Ministry may last under these conditions there is no telling; but the events of the last two months show fairly plainly that, though ministries may come and go, there will be no substantial change so long as the present Chamber, with its present balance of Party power, remains in being.

Prohibition: Enforcement or Revision?—It will be remembered that President Hoover, soon after his accession to office, appointed a National Commission on Law Observance and Enforcement, *à propos* the illicit liquor traffic. The report of this Commission on the Enforcement of the Prohibition Laws of the United States, was transmitted to Congress by the President, under a covering communication of his own, on January 20th. The report consists of a joint statement of facts and conditions, followed by eleven separate recommendations from the eleven commissioners. One commissioner advocates the immediate repeal of the Eighteenth Amendment to the Constitution of the United States, six advocate not repeal but revision, three are in favour of a further trial of the law as it stands, or as it might be made to stand with certain provisions for more effective execution. At the other extremity of the line, one commissioner "is not convinced that the present system will not be the best attainable." This gamut of notes probably echoes fairly faithfully the voice of the American people. Nobody thinks the present working of the law satisfactory, yet almost everybody shrinks from taking the plunge of repealing it outright. This, of course, is not much guidance for the chief executive officer of the Federal Government; and in Mr Hoover's covering communication there is a perceptible tone of embarrassment and perplexity. After pointing out that the Commission, by a large majority, does not favour a repeal of the Eighteenth Amendment as a method of cure for the inherent abuses of the liquor traffic, the President has been careful to add that he does see serious objections to, and, therefore, must not be understood as recommending, the Commission's proposed revision of the Amendment, which is suggested by them for possible consideration at some future time if continued effort at enforcement shall not prove successful. As the next Presidential election approaches, it will be curious to see the effect on American party politics of the interplay between the prohibition issue and the prosperity question.

More Bankers' Speeches.—The country has seldom been in greater need of enlightenment from its leaders on economic and financial matters, and has awaited the bank chairmen's annual pronouncements with more than usual interest. On the whole, it has not been disappointed, for although there has been some diversity of diagnosis and advice, the speeches have ranged over a very wide field and gone to the roots of current problems. Among the chairmen-speakers this week was the new chairman of the Westminster Bank, the Hon. Rupert Beckett, whose maiden effort was characterised by an incisive review of Britain's special difficulties. Mr Beckett, whose speech was illustrated by interesting graphs (reproduced in our company meeting columns), showing the curves of price movements, insisted that the cause of Britain's troubles was the rigid maintenance of high production costs; and his call for a national effort to solve the problem lacked nothing either in courage or in the ability to face realities: "It is not sectional sacrifices but a co-operative effort of the whole nation that is required; and the best that one can hope of 1931 is that this fact will be fully appreciated by the country and will

result in the first place in bringing together the leaders of our industrial life, employers and employees, in a spirit of goodwill, with the common determination to produce an economic reorganisation and readjustment, which shall be both fair to all parties and effective in operation." This need for co-operation was also stressed by Sir Harry Goschen, of the National Provincial Bank, who, in addition, agreed with Mr Beckett in condemning output restriction schemes and in demanding public economy. Not unnaturally, bankers have this year been chary of prophecy, but Sir Harry proclaimed his belief that any further serious depreciation in commodity prices is unlikely, and struck in conclusion a note of tempered optimism. At the meeting of the District Bank, Sir Christopher Needham vied with Mr Beckett in emphasising the importance of narrowing the gap between wholesale and retail prices, proclaimed that taxation was "unduly" high, and agreed with recent criticism to the effect that Britain's economic system is too inelastic and unadaptable. He, too, agrees that a national effort in co-operative sacrifice is necessary. Mr G. P. Dewhurst, chairman of Williams Deacon's, whose speech was mainly concerned with the troubles of Lancashire, made a striking demand for a new "Geddes" Committee to review national expenditure: "The effect of the world-wide slump in commodity values had fallen on this country, where industry is already taxed to its limit, with exceptional severity, and if the Geddes Committee fulfilled a useful function in the period immediately following the war, such a body, armed with plenary powers, was a vital necessity now to insist on drastic economy in the conduct of national and municipal affairs." Mr A. A. Paton, of Martins Bank, took the view that the situation calls for "action, definite, drastic and immediate," if England's industrial competitive power is to be restored; and he, too, complained of "enormous" taxation. At the meeting of the Provincial Bank of Ireland, Mr R. D. Trotter was able to give a satisfactory account of the situation in the Irish Free State. For closer study of the text of these speeches readers may turn to later pages in this issue.

Agricultural Credits.—The disequilibrium between the prices of primary products and manufactured goods, which has been a feature of the present economic depression and has brought with it all the difficulties caused by the impoverishment of farmers throughout the world, has naturally brought the question of the better organisation of agricultural credits to the forefront. On a later page our Berlin correspondent refers to a somewhat curious scheme now being canvassed in Germany with this end in view. Of more general interest is the Report, issued last week by the Financial Committee of the League of Nations, dealing with the possibility of concerted measures being taken in this direction. The Financial Committee observes that so far as the agricultural countries of Central and Eastern Europe are concerned, the obstacles which have been impeding the influx of capital for agricultural development are largely of a political nature and cannot be removed by technical financial measures only. On the other hand, it suggests that improvements of the present available machinery could be devised. It suggests the creation of a special international institute which would borrow on its own credit in the international markets and would lend (mainly in the form of long-term credits based on first mortgages backed by a cumulative series of guarantees, including those of the governments of the borrowing countries concerned) the money so obtained, using national or local mortgage institutes as intermediaries. It is recognised by the committee that the creation and working of such an international institute raises complicated questions, and the Report, which the Council of the League has adopted, proposes to set up a special delegation to elaborate a concrete plan for consideration by the Financial Committee at its next session. The developments thus foreshadowed appear to us to be of a helpful nature. It is true that simple alleviation of the onerous rates of interest now paid in many countries by farmers for accommodation secured on their personal credit would

not *ipso facto* do anything to restore lost equilibrium between agricultural prices and those of manufactured articles. Further, though augmentation of the flow of foreign capital into agricultural loans might have the advantage of lowering the general rate of interest in agricultural countries, this advantage would be neutralised if the result were to be expansion of agricultural production beyond the immediate absorbing capacity of the world's markets. But a reduction of excessive burdens on the peasantry would not only have a stimulating psychological effect, but would make it more possible for producers to improve their methods, vary their output and assist trade by catering for new demands. Subject to the qualification that nothing would be gained by accentuating the overproduction of certain staple products, we welcome the Financial Committee's Report. If they can produce a technically sound scheme, and, particularly, if it contains provisions calculated to stimulate some transformation of agricultural production, e.g., from wheat to dairy produce, they will have done a very useful work.

Australian Developments.—News from Australia indicates that events have again moved quickly in both the economic and the political sphere. At the end of last week the Arbitration Court declared that to meet the existing national emergency there should be a general cut of 10 per cent. in all industries named in the basic wage case submitted to them. This decision affects certain of the railway and a large number of other trades. The Commonwealth statistician is reported to have described this cut as the first stage in a reduction of £30,000,000 a year in the nation's wage bill, and to have intimated that a further big cut may be expected so soon as the latest cost-of-living figures are available. The Court's decision is of importance in that it represents the first definite step towards the restoration of Australian economic life to a parity with world conditions, and the fact that during this week the official exchange rate has risen to £130 Australian per £100 sterling shows how urgent is the need for such adjustment. Mr Scullin has reinforced the good effects of the wage award by a declaration that he is opposed to the financing of public works by the issue of fresh notes, but his somewhat ambiguous statement that the right way to finance public works is by the proper use of bank credits was not quite so reassuring. His reinstatement of Mr Theodore to the post of Commonwealth Treasurer is also a questionable move. It will be recalled that Mr Theodore resigned some months ago as the result of allegations contained in the report of the Royal Commission on the Mangana Mines transaction. His plea that the matter should be tested in the courts has so far not been met, and from one point of view Mr Scullin can fairly claim that the Government should not be deprived of Mr Theodore's undoubted abilities for an indefinite period by the dilatoriness of the Queensland courts. On the other hand, the merits of the allegations have not yet been determined, and the fact that Mr Theodore's reinstatement has led to the immediate resignation of the two members of the Cabinet, Mr Fenton and Mr Lyons, who were foremost in the stand for sound finance while Mr Scullin was in London, arouses grave fears lest Mr Scullin should have paid too heavy a price for Mr Theodore. To round off the story of this week's developments, Mr Gullett has issued a statement embodying the Nationalist Party's proposals. These include an immediate cut of £5,000,000 a year in Federal expenditure, an operation which, in his opinion, would facilitate the flotation of an internal loan of £10,000,000 to provide for rural relief and urgent public works; and the funding in London of £40,000,000 of the existing floating debt, and also of £10,000,000 of Australia's annual overseas interest for five years. The present political situation makes this programme of somewhat academic interest, and it would be premature to discuss how far the City of London would be ready to respond. Still the recent decisions of the Arbitration Court would undoubtedly make London more willing to co-operate in this operation, especially if reductions in national expenditure were not offset by fresh Government borrowing.

The Cotton Trade Lockout.—A deplorable position of affairs has arisen in connection with the labour dispute in the cotton industry. The lockout in the weaving branch involves about 200,000 operatives in that section, and indirectly affects another 200,000 workpeople in the spinning branch, yet the representatives of the operatives have no power to negotiate a settlement with the employers. Last week there was a ballot of the members of the Operative Weavers' Amalgamation on the question of giving the executive committee power to negotiate with the employers on the "more looms per weaver" system. The result showed, however, that 90,770 members were against negotiating powers being given and only 44,990 were in favour, leaving a majority against of 45,780. In view of this complete and insensate deadlock, officials of the Ministry of Labour had interviews at the beginning of this week with the trade union officials and the leading employers, and on Tuesday it was announced that the Prime Minister had extended invitations to representatives of the several organisations concerned to meet him in London on Thursday with the Minister of Labour. Before proceeding to London, Mr John Grey, the chairman of the Manufacturers' Association, said that their position was unchanged, but the invitation contained the germ of an opportunity to settle. He stated: "We are as desirous as anyone that this dispute should be brought to an end as speedily as possible, but we consider that we are contending for a very big principle, the right to introduce changes in order to effect economies when it can be proved that such changes will accomplish these results, and to insist that no body, however powerful they may think themselves to be, have the right to veto such changes because they may not just like them. That is the fundamental principle at issue, and it is that principle that has brought about the solidarity in the employers' ranks that is such a marked feature of this dispute." The failure to bring the dispute to a close, writes our Manchester correspondent, is having an increasing effect upon Lancashire trade. Gradually more weaving concerns are closing down, and owing to the smaller consumption of yarn the owners of spinning mills are being compelled to stop production. A development which has caused some interest has been the decision of the directors of the Lancashire Cotton Corporation, Ltd., to join in the lockout and notices are being given to stop their weaving sheds. It is understood that this decision will affect about 20,000 looms and nearly 5,000 operatives.

Cotton Yarn Prices Control.—"For many months," writes our Manchester correspondent, "a special sub-committee of the Federation of Master Cotton Spinners' Associations has been considering a scheme for the stabilisation of yarn prices and the regulation of production by fixing marginal rates for the sale of yarns and by organising a system of 'spindle hours run' designed to prevent over-production. In Manchester, last Tuesday, a mass meeting of the employers concerned decided to take a ballot on the proposals, and the voting papers have to be returned not later than February 11th. Before the scheme can become operative compulsory powers will have to be obtained. Under the scheme yarn would not be sold 'below the average cost of production of efficient and reasonably financed mills on full-time working.' The marginal rates include an economic allowance for depreciation and maintenance, and it is calculated that the scheme would encourage amalgamations or other financial arrangements between the units. There would be no organised short-time working, production being automatically regulated in accordance with demand by a pool of spindle hours run. No limitation of productive capacity would be fixed, and every registered millowner would be at liberty to run his spindles as suited his purpose, subject to the maintenance of the minimum marginal rates over the cost of clean cotton. There is much difference of opinion in Lancashire trade circles as to the success of this movement, and the result of the ballot will be awaited with interest. An important factor, however, is that the membership of the

Master Spinners' Federation is not so large as a few years ago. For instance, the mills under the control of the Lancashire Cotton Corporation, Ltd., are not in the Masters' Federation. A scheme of this kind, therefore, would require the support of the Cotton Corporation if it is to be successful. On the other hand, the proposals are being criticised on the grounds that action of this kind would mean an advance in prices, and it is urged that if Lancashire is to regain her lost trade something will have to be done to lower prices in order to make them competitive against other countries." With such criticism we are in complete agreement. The aims and conceptions behind this scheme appear to us to be fundamentally wrong; and it is fortunate that the obvious difficulty of ever agreeing on a definition of the "efficient and reasonably financed mill" renders it unlikely that this ill-conceived foundling will survive.

Laid-up Shipping.—Striking evidence of the extent to which the world depression of trade has resulted in unemployment of shipping tonnage is afforded by the latest quarterly return issued this week by the Chamber of Shipping. Taking only the principal ports of the United Kingdom, idle tonnage at the beginning of January amounted to 1,331,147 net tons, as compared with 885,418 net tons at the beginning of October last and 352,659 net tons a year ago. In addition, at minor ports not previously included in the Chamber's returns, there were 262,100 net tons laid up on January 1, 1931, as compared with 116,285 net tons on October 1, 1930, and 12,770 net tons at the beginning of last year. On the basis of the latest available information, the Chamber has compiled an estimate in terms of gross tons showing the total volume of unemployed tonnage in the principal maritime countries of the world. The figures are as follows:—

Country.	Gross tons.	Country.	Gross tons.
U.S.A. :—		Sweden	125,684
Privately owned	891,165	Denmark	100,000
U.S. Shipping Board	1,417,646	Italy	476,843
Great Britain & Ireland	2,549,198	Greece	47,260
Japan	296,237	Germany	444,209
France	199,584	Spain	102,906
Norway	533,333	Australia	119,507
Holland	325,380		
		Total	7,628,952

The total tonnage owned in the foregoing list of countries last June amounted to 58.4 million gross tons, so that the percentage of unemployment was over 13 per cent. at the beginning of January. This calculation, of course, takes no account of the fact that under present conditions a considerable proportion of the carrying space of vessels in active service, i.e., on regular liner routes, is unoccupied.

British Production in 1930.—The London and Cambridge Economic Service has published its index of the physical volume of production for the last quarter of 1930. A sharp seasonal increase in that quarter is usual and as the rise recorded for October-December, 1930, is sub-normal, it appears that the "absolute" downward trend in industrial activity has continued during the last three months of the past year:—

	1924 = 100.		
	1928.	1929.	1930.
First quarter	105.7	108.3	109.6
Second quarter	103.7	111.0	100.9
Third quarter	95.4	108.2	90.7
Fourth quarter	105.2	114.8	93.5
Average	102.5	110.6	98.7

The latest averages for the food, chemicals and non-ferrous metals groups show a slight rise, but the advance in the complete index is ascribed mainly to the seasonal increase in the output of coal and textiles. The figure for paper production, which is usually higher in the last quarter of the year, shows a decline, the outstanding feature being the low level of activity reached in the heavy industries. The indices for pig iron and steel have dropped from 107.5 and 115.4 in the corresponding period of 1929 to 62.9 and 64.0 respectively. The figure

for shipbuilding at 66.2 compares with 113.6 in the last quarter of 1929. The average for the whole year is 1.3 per cent. below the level of 1924, and it shows a decline of more than 10 per cent. as compared with 1929. The only groups which show a level of activity above that attained in 1924 are non-ferrous metals, food and paper. Present information indicates that little improvement may be expected during the current quarter.

Wages in 1930.—According to the preliminary figures given in the *Ministry of Labour Gazette*, the net reduction in rates of wages during 1930 was less than in any year since 1926. The statistics, which do not cover agricultural labourers, government employees, shop assistants, clerks, and some unorganised workers, show an aggregate net increase of £57,800 in the weekly full-time rates of wages of 760,000 workpeople and a net decrease of about £115,800 in those of 1,100,000 workpeople. The most important increases were in the wages of railway employees, owing to the termination of the 2½ per cent. cut, and in shipbuilding wages. Textiles and building accounted for nearly 80 per cent. of the workpeople whose wages were reduced. In most branches of industry the general level of wages remained unchanged throughout the year. The following table shows the estimated changes each year since the war:—

CHANGES IN WAGES, 1919-1930.
(000's omitted.)

Year.	Approximate Number of Individuals affected by		Estimated Net Weekly Amount of Change in Rates of Wages.		Estimated Net Weekly Increase (+) or Decrease (—)
	Net Increases.	Net Decreases.	Increases.	Decreases.	
1919.....	6,240	0.1	2,547	0.06	+ 2,547
1920.....	7,867	0.5	4,793	0.18	+ 4,793
1921.....	78	7,244	14	6,074.5	— 6,061
1922.....	74	7,633	11	4,221.5	— 4,210
1923.....	1,202	5,079	169	486.00	— 317
1924.....	3,019	441	616	62.10	+ 554
1925.....	873	851	159.00	—	+ 78
1926.....	420	740	133	83.70	+ 49
1927.....	282	1,855	31	388.50	— 358
1928.....	217	1,615	22	163.80	— 142
1929.....	142	917	13	91.70	— 79
1930.....	760	1,998	58	115.80	— 58

Since large groups of workpeople are excluded from the statistics, this table can only be taken as a very rough indication of the changes from year to year, but it serves to bring out clearly enough the extreme rigidity in the British wage-structure since 1924, notwithstanding the sweeping decline which has occurred in wholesale prices.

Canadian Crops.—According to the final estimate of the Dominion Bureau of Statistics, the total wheat crop of Canada in 1930 is estimated at 397,872,000 bushels, showing an increase of 2,000,000 bushels on the provisional estimate in November. The aggregate value of all field crops is estimated at \$631,593,000, as compared with \$948,981,000 in 1929, and \$1,125,000,000 in 1928. The total area under field crops last year is estimated at 62,214,000 acres, an increase of 1,000,000 acres on 1929. The average yield of wheat per acre is 16 bushels, compared with 12.1 in 1929 and 18.6 for the five years' average. The total production of oats was 423,148,000 bushels, against 282,838,000 in 1929, with average yields per acre respectively of 31.9 and 22.7 bushels. The total crop of barley was 135,160,000 bushels, compared with 102,813,000, with average yields respectively of 24.3 and 17.3 bushels per acre. The total yield of rye was 22,018,000 bushels, compared with 13,160,000 in 1929, with average yields respectively of 15.2 and 13.3 bushels. Other field crops show generally somewhat larger yields than in the preceding year, although values received by producers are considerably less. The total yield of potatoes was 48,241 cwt., as compared with 39,930 cwt. in 1929; of sugar beets 471,000 tons, as compared with 364,000 tons in 1929; of flax seed 4,399,000 bushels, against 2,060,000 bushels. For wheat the average price received was 44 cents a bushel, compared with 105 in 1929, and 101 for the five years' average; for oats 24 cents a bushel, compared

with 59 in 1929, and 49 for the five years' average; for barley 20 cents a bushel, compared with 59 for 1929, and 57 for the five years' average; for rye 20 cents a bushel, compared with 84 in 1929 and 80 for the five years' average. The total value of the wheat crop is estimated at \$174,792,000 compared with \$319,715,000 in 1929, and \$435,739,000 dollars for the five years' average; and the comparative values of other grain crops show relative declines. The repercussions of this tremendous deflation of purchasing power in the hands of the Canadian farmers could not fail to be far-reaching. In his letters our Ottawa correspondent has written of the Secessionist movement in the Western provinces. While this movement need not be taken very seriously, it is clear that Mr Bennett, in consenting to stand behind the banks and the Governments of the Prairie Provinces, has involved his administration in a problem of tremendous difficulty—enhanced by the fact that, so far, reduction of acreage has lagged so remarkably behind the fall in prices.

A Canadian Cable Merger?—Our Ottawa correspondent writes:—An ambitious project is afoot in connection with the telegraphic and cable services of Canada. It had its origin in proposals recently submitted by Sir Basil Blackett, the chairman of Imperial and International Communications, Ltd., to the Bennett Ministry and other interested parties. Sir Basil suggested the formation of a Canadian External Communications Company in whose creation his own company, the Canadian Pacific, and the Canadian National Telegraph companies (the two last are subsidiaries of the railways of the same name) and the Canadian Marconi Company would participate. To this new corporation there would be turned over the two transatlantic cables—one of them the old "Imperial" cable and the other the formerly German-owned cable *via* the Azores, now owned by the I.I.C.—and these cables would be brought by mechanical and other improvements to a pitch of efficiency under which they could offer a service as good as that of the competing American cable companies. Heretofore they have secured comparatively little traffic because the Canadian Pacific Telegraph Company has had a working arrangement with the Postal Telegraph Company, which is a subsidiary of the American-owned International Telegraph and Telephone Company, and the Canadian National Telegraph Company has had a similar arrangement with the Western Union Company. It is understood that the C.P.R. authorities are very sympathetic to the project, but the position of the Canadian National executive is more difficult as the lines which they operate in the United States are vitally dependent upon the service of the Western Union Company. The Bennett Ministry, however, proved decidedly receptive to Sir Basil's proposals, and they are now giving consideration to them, and also to an enlargement of the scheme in the shape of a plan for a merger in a new fifty million dollar corporation of the Canadian Pacific and Canadian National Telegraph Companies. Obviously, such a merger would offer the prospect of great economies; it would mean lower rates as the result of smaller operating costs, and the eight existing telegraph zones would probably be reduced to three, with a flat rate for the whole of Eastern Canada. On the other hand, there are considerable difficulties in the way of the consummation of the scheme; the supporters of public ownership would be averse to conferring any monopoly of telegraphic services upon the C.P.R., and the C.P.R. would be equally hostile to any plan of rigid governmental control. A solution, however, might be achieved through some such corporate structure as characterises the Imperial and International Communications, Ltd., and the Railway Commission could be allowed to retain its present powers over telegraph rates.

National Mutual Life Assurance Society.—The well-known investment policy of this society has undergone a severe test in the past two years, for during this period ordinary shares have experienced a shrinkage in value of upwards of 36 per cent., British preference shares a shrinkage of 9 per cent., and British debentures of 2 per cent. Moreover the values of many foreign Government

securities and those of certain of the Dominions have shown important depreciation in the same period. In these circumstances it was only to be expected that the National Mutual would show substantial capital losses. The actual amounts of the losses suffered were £317,000 in 1929 and £179,000 in 1930, equal to 6 per cent. and 3½ per cent. respectively of the mean fund. Judged by comparison with the results of investment trust companies or by comparison with the various published indices of security prices, the percentages of loss are low. Their occurrence has naturally led to a large reduction in the carry-forward, but the society can legitimately point to the fact that notwithstanding these losses, and in spite of a centenary bonus in 1929 costing £162,000, it has maintained its previous high rate of annual reversionary bonus and enters upon 1931 with a carry-forward in excess of £200,000. Gross new business shows a small increase despite the new single premium surtax legislation, but owing to a larger amount of reassurances placed with other offices the net business was £813,403, compared with £862,675. The gross rate of interest has jumped from £5 15s. 11d. to £5 19s. 10d., but the increase in the standard rate of tax has prevented a corresponding rise in the net rate, which has remained practically stationary at £4 18s. 10d. Expenses were almost the same in amount, but the stoppage of the supply of single premiums has raised their ratio to the premium income from 13.1 per cent. to 14.7 per cent. The annual report is accompanied by the actuary's report on the annual valuation, the results of which are as follows:—

	1929.	1930.
Losses on investments	— 317,420	— 179,733
Trading profits earned during the year	149,403	141,487
Brought forward from previous year	877,524	386,019
	£709,507	£347,773

Allocations:—

To Ordinary annual bonus to policyholders	129,270	133,992
" Centenary bonus to policyholders	162,421	...
" Pension fund	18,417	5,476
" Valuation expenses and staff profit-sharing	2,880	3,000
" Special centenary expenses	10,500	...
" Carried forward to next year	386,019	205,305
	£709,507	£347,773

In his speech at the annual meeting the chairman, Mr J. M. Keynes, in referring to the increase in 1930 of £220,000 in British Government securities and the decrease of £254,000 in ordinary shares, stated that these changes were in pursuance of the board's policy of extreme caution. He also stated that ordinary share investments had been further reduced since the date of the balance sheet and made the interesting announcement that holdings of European Government bonds were now of "very small dimensions" and that the society had not held for some time any securities of the Australian Government or States. It is obvious, therefore, that even if the stock market depression persists, the society's area of risk has been greatly circumscribed and that it has nothing to fear from the default of debtor countries.

Overseas Correspondence.

LEAGUE OF NATIONS.

Minorities — European Union — Disarmament Conference.

(FROM A LEAGUE CORRESPONDENT.)

GENEVA, January 26.

LAST week saw considerable improvement in the situation at Geneva. Though little progress was made in the preliminaries to be settled about the General Disarmament Conference, the Council's handling of the Germano-Polish minority dispute was probably the most effective

and vital piece of work which it has so far done. No subject has come before it in such an atmosphere of passionate controversy, and the consequences of bitter prolongation threatened to be serious for the prestige of the League and for the peaceful development of Europe. By its decision the Council succeeded in satisfying Germany in a way which secured Poland's assent. It was an altogether unanticipated success which redounds greatly to the credit of the whole Council. Its members had made it clear that they took a serious view of the situation, and this undoubtedly influenced both the German and Polish Foreign Ministers, who addressed the Council with candour, but with moderation. Due credit must be given to Dr. Curtius and Mr. Zaleski for the statesmanlike way they approached their exceedingly difficult duties. Poland recognised that the game was against her, and it is only just to say that Mr. Zaleski faced an embarrassing situation with courage and wisdom. His deft admission of culpability and his acceptance without demur of the strongest political declaration yet made by the Council earned him sympathy. No other course would have succeeded in obtaining it, but he is left with difficult things to accomplish on his return to Poland.

The fact remains that minorities cannot be happy and contented so long as they are made the sport of irredentist claims. Germany, equally with Poland, has her responsibilities, and unless she fulfils them and refrains from using the minorities to forward her political ambitions it will be difficult, if not impossible, for Poland fully to carry out the letter and spirit of the Council's report. One hopeful sign in this connection is that the German minority organisation in Upper Silesia took in certain important respects a more moderate and positive attitude than the German Government, and it was the principles contained in the conclusions of the German minority petition that Mr. Zaleski definitely accepted. Mr. Henderson, who presided over the Council with exceptional success, reminded both the majority and the minority in Upper Silesia of their respective obligations and hoped the results of the Council would mark the beginning of a new effort to give permanent and successful form to the system which the Minorities treaties were intended to set up. The skilful and firm diplomacy of the Council should not only reassure the minorities of Upper Silesia, but give new faith and confidence in the League to the millions of minorities in different parts of Europe. Germany should certainly be more inclined towards a different view of the value of the League as a centre of discussion and conciliation. The mere fact of public debate deflated passions which otherwise would have run on indefinitely with little hope of redress.

The Committee on European Union has agreed that, for the time being, economic problems have overshadowed the political aspect of the issue before it, and the first general resolution decides to study the world economic crisis and to invite the Governments of Russia, Turkey and Iceland to participate in this study. The Italian, German, and, to some extent, British desire to have Russia and Turkey participating in the work of the Committee in a more general way has been set aside, or at any rate postponed. Grain-exporting countries of Central and Eastern Europe and the grain-importing countries are called upon to meet at any early date in order to find means of disposing of the grain surplus at present available, their conclusions to be put into effect without further reference to the Committee. A committee is also to consider and report on the problem of the export of future harvest surpluses, and the Committee looks also to the Wheat Conference in Rome next March to make suggestions on this subject with the collaboration of overseas countries. The Financial Committee of the League is asked to develop its study of agricultural credits, and to submit to the League of Nations Council in May a complete scheme which, if approved, can be put into effect forthwith; and a committee has been appointed to keep in touch with the Financial Committee's work.

The Committee calls upon all its members to do everything in their power to see that the Commercial Con-

vention of 1930 is put speedily into force, and expresses the hope that the bi-lateral tariff negotiations will be actively pursued. The Secretariat is asked to acquaint the Committee at its next meeting in May with the first results of the work undertaken by the Economic and Financial Organisation and the International Labour Office as a result of the Assembly resolution on the unemployment position in Europe and its consequences. For the rest, a committee is formed to examine the situation, organisation and procedure of the Committee of Inquiry, and the other questions which have been put forward in the memoranda from various Governments. While there is a certain danger of confusion and overlapping in the programme which has been outlined, it does nevertheless show a promising sign of a determination to get to grips with the real problems facing Europe to-day.

As anticipated, the Council fixed the date of the first General Disarmament Conference for February, 1932, with Geneva as the place of the meeting, on the understanding that the Secretary-General is able to report in May that the town is in a position to offer all the requisite facilities. It instructed the Secretary-General, in consultation with the Rapporteur, to undertake between now and May the initial work for the technical preparation of the Conference, but it has postponed the appointment of the President of the Conference to one of its later meetings. The Italians and Germans declined to accept the proposal that M. Benes should be President on the ground that he is too closely associated with a definite view of the problem. There has been some discussion on the possibility of an American President, but the United States Government is understood to be not very favourably disposed for the curiously limited reason that they are not much concerned with other than naval armaments. There have been indications of a desire to see Mr Henderson as President, and there would certainly be advantages in having someone with his authority who has consistently emphasised the necessity, not of limitation only but of substantial reduction of armaments. At the meeting of the Council where the final resolution was taken, Dr. Curtius again made reservations on the draft convention, and this drew from M. Briand the reasonable reply that it is impossible to ignore the extent of the agreement reached in the draft convention after five years' effort. As for the date of the Conference, the wisdom of not pressing it too hastily is becoming more and more apparent. Not only has much to be done, but time will be given for growing pressure towards the most substantial results possible.

It is not possible to do justice to the large number of other subjects dealt with by the Council. In the prolonged struggle to get some sanity into the conditions along the Polish-Lithuanian administrative line, the Council postponed the subject with the expectation that the two countries will continue negotiations and reach some agreement to obviate existing difficulties. The Council appointed a committee of eight, under the chairmanship of Mr Henderson, to study the question of administrative and financial assistance for Liberia, so that she may be helped to correct the terrible state of affairs disclosed by the International Commission's Report on slavery conditions. The Financial Committee presented the second interim report of the Gold Delegation, which is to be communicated to all States. The Council decided to appoint a delegation to draw up concrete proposals on the basis of the Financial Committee's report on improvements which could be introduced in the machinery to be used for agricultural credits; and it was resolved to summon the third session of the Consultative Economic Committee before next summer.

The report of the Commission of Inquiry into Opium Smoking in the Far East was presented to the Council, which decided to summon a conference on the subject at Bangkok early this year. It invited the Opium Advisory Committee to study the possibility of summoning a conference for the limitation and control of poppy cultivation. The draft convention prepared by the Opium Advisory Committee on the limitation of drug manufacture was submitted to the Council and was forwarded to Govern-

ments in preparation for the Conference which is to meet next May. The Mandates Commission seems to have been puzzled about the instructions received from the Council to study the general conditions for the termination of a mandate, and the Council has now asked the Commission to confine its investigation to the question whether a country under mandate has become capable of conducting its affairs alone, without examining the question of its admission to the League. The British Government reaffirmed its intention of recommending the admission of Iraq to the League in 1932, and undertook to prepare a special report for the Commission before June next on the situation in Iraq. Whether Iraq is or is not admitted to the League is a question not for the Mandates Commission but for the Assembly.

UNITED STATES.

Bankers' Speeches — Money — Improved Bond Market — Motor Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 17.

VIEWS expressed by leading bankers at annual shareholders' meetings, on economic subjects and the business outlook, have stirred up a good deal of discussion throughout the country. Principal attention was given to the observations of Mr Albert H. Wiggin, chairman of the board of governors of the Chase National Bank, Mr Paul M. Warburg, chairman of the Manhattan Company, and Mr Charles E. Mitchell, chairman of the National City Bank. All three were in accord in predicting nothing better than a slow recovery in trade, and they avoided setting any dates at which a turn might be expected. Mr Mitchell hopes that "a new state of mind will be developed, more sane and constructive than that which ruled in the boom period." Mr Wiggin feels that the country is on the way to recovery, the permanency of which will depend upon "the progress we make in correcting the causes which have brought about and prolonged the depression." He lists these causes as tariffs, commodity market valorisation schemes, slowness of "finished" wholesale and retail prices to follow the decline in raw materials, and political difficulties, especially in Russia and the Far East.

Mr Warburg also lays much blame for the depression on tariff barriers, valorisation schemes and cartels, fantastic overbuilding, overproducing and overbuying, which finally resulted in "production overwhelming manipulation." Mr Warburg expresses his "entire disbelief in the thesis that a shortage of gold should be considered as the sole or principal disturber of general price stability." He contrasts the high money rates and high prices of a year ago with the present ease in money and declining prices, and points out that the same amount of gold, then and now, was available to the world's central banks. He indulges in plain speaking in pointing out the fallacies of nostrums proposed in this country and Canada for ending the business depression, such as providing extra work on a large scale. Finally, Mr Warburg makes a plea for co-operation between central banks and the independence of the Federal Reserve system from political control, and warns us that we should beware of high prices. He would end our "splendid isolation" and have greater co-operation with Europe. Our tariff policy and our attitude towards inter-allied and reparation payments should be guided by the consideration that our prosperity is linked with that of the rest of the world.

Mr Wiggin is even more outspoken. He has no sympathy with price-fixing palliatives or with the forced fixing of wage scales at levels on which labour cannot find employment. He feels that this country must either reduce tariffs or adjust itself to greatly reduced exports. Moreover, noting that cancellation or reduction of the inter-allied debts has been increasingly discussed throughout the world, he says: "Without commenting on the many arguments on both sides of the controversy and aside from the question of the justice of cancellation, I

am firmly convinced it would be good business for our Government to initiate a reduction in these debts at this time." But although Mr Wiggin's proposals on debt reduction have brought forth a good deal of discussion, nothing is likely to come of it at this time. Many agree with him, particularly in Wall Street, but the country as a whole probably is not very friendly to the idea. In particular it is thought that this country should not take the lead.

Further ease in short-term money rates, without appreciable effect in stirring up trade activity, is taking place. Day-to-day money can be placed in only small amounts at as low as 1 per cent., although the official Stock Exchange renewal rate is pegged at 1½ per cent. Time funds are now offered at 2½ per cent. for six months, the lowest figure recorded in nearly 40 years. Few takers are found, inasmuch as there is little prospect of having to pay an average of that much for day-to-day money in the next few months.

Money ease is still more the result of slack demand than of gold imports, which have been insignificant lately, or of Federal Reserve Bank operations. The discount rate cuts have helped to depress the interest rates charged by banks to their customers, to lower bill rates and to stimulate the bond market because of the psychological effect on confidence. Member banks, however, have reduced their borrowings, the decline this week amounting to \$49 millions. At the same time the Reserve system has taken up much of the slack in the money market created by the usual January reduction in currency circulation and inflow of money from the interior. Holdings of Government bonds, bankers' bills and other bank credit, apart from discounts, dropped \$88 millions. Total reduction in credit brings that item down to within \$89 millions of the billion dollar mark, which is the normal for times of moderate or slack business.

A good deal of encouragement is derived from the moderate success which the week's heavy new capital offerings have had. Approximately \$250 millions of industrial, public utility and municipal financing has been offered. Much of it has been for the purpose of funding bank loans, but the fact that the public has the money and is willing to invest it in corporation bonds at low yields is calculated to encourage prosecution of expansion and improvement projects long held in abeyance. After temporary hesitation the market for old bonds has resumed its advance, and a good deal of financing is expected in the next few weeks. A good deal of foreign borrowing is under consideration, but political disturbances will hamper that sort of operation.

The motor industry is taking heart at the good reception given their new models at the national shows, and this year is expected to bring a modest gain in sales. Steel mills have increased operations to about 40 per cent. of capacity and prices are firmer, but there is nothing like a sharp revival. Wholesale and retail prices are still inclined to weaken, and it is realised that a good deal of downward revision remains to be done in the retail field. Little attention is paid here in responsible quarters to stories of a British Government credit or bond offering here. Bickering in Congress over drought relief appropriations continues, and the prospect of an extra session, which no one really seems to desire, looms large.

FRANCE.

New Cabinet — Reconstruction of Devastated Areas — Foreign Trade — Coal Production.

(FROM OUR CORRESPONDENT.)

PARIS, January 28.

THE overthrow of the Steeg Ministry last Thursday caused no surprise in political circles, where its downfall before the end of the current month had been regarded as a foregone conclusion since the day it assumed power just before Christmas. The basic fact of the present Chamber is that it comprises an undoubted anti-Cartellist majority, which has existed since the 1928 elections, but that this

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majority depends almost entirely on the loyalty of a portion of the Radical Left (the Loucheur group) of 51 members, and parts of certain other and smaller sections, which cannot always be relied upon. This has been successively proved by the unfortunate outcome of M. Chautemps' attempt, early last year, to form a Cartellist Cabinet, and by the recent effort of M. Steeg. All this enormously aided M. Pierre Laval's second attempt to create a stable Ministry based on "a large concentration of the centre parties," including the Radicals. M. Laval had the advantage of coming forward at a moment when the vast majority of the Senate—which overthrew the Tardieu Cabinet (as is now admitted) under the conviction that the only means of securing a stable majority in the Lower House was for the Radical Socialists to resume Ministerial co-operation with the Parties on their Right—were convinced that their experiment had failed. Unfortunately, the same elements of the Radical Socialist Party who insisted, at the tail end of their Angers Congress in 1928, on the withdrawal of M. Herriot and his three colleagues from the last Poincaré Ministry, again rendered impossible the cessation of party warfare by a general burial of the hatchet. M. Laval went so far as to offer the Radicals five important Ministerial portfolios, as well as some of the under-secretaryships. Gambetta's now almost forgotten slogan, "Clericalism—that is the enemy," is still the vital issue of the day with the Radical provincial militants. Under the pressure of the local party leaders in the constituencies, the Radical executives were compelled to regard the inclusion of the Marin Nationalists in the proposed new Ministry as an insuperable obstacle to their association with it, and all hopes of the widely desired Ministry of all the Centre Parties vanished. One strong reason for the Radical attitude was their conviction that any co-operation with what is regarded as "the reactionary Marin Party" may result in their losing a further substantial number of seats at next year's general elections.

The new Ministry has been well received both by the general public and by the financial and business world. It is generally regarded as largely a reconstitution of the Tardieu Cabinet, with a general reshuffling of portfolios. M. Briand, as was inevitable, remains at the Quai d'Orsay, after declining (on the ground of the burden of his work for European union) to undertake the task of forming a Cabinet. The new Premier, following M. Tardieu's example, has taken control of the Ministry for the Interior, and thus to some extent placated Radical bitterness. M. Tardieu is at the Ministry for Agriculture, which is at present one of the more important posts. The new combination is particularly strong in financial experts. M. Flandin, who displayed sound qualities as a former Minister for Commerce, has taken charge of the Ministry of Finance, and M. Pietri, one of the younger financial authorities of the Chamber, is Minister for the Budget. M. Charles Dumont (Marine), a former Finance Minister, and M. Charles de Chappedelaine (Merchant Shipping) have had long experience as *rapporteurs* for the Budget. M. Paul Reynaud, M. Tardieu's Finance

Minister, is at the Colonial Office. Altogether, the Cabinet is regarded as well balanced, and likely to attain at least a fair measure of success.

M. Laval, who began political life as a Unified Socialist, like M. Briand, has the good opinion of both Houses, and especially of the Senate, in which he sits. The general party situation indicates an appreciable *détente*, and the presence of M. Mario Roustan (Education), a Radical senator (as well as M. J. L. Dumesnil, until recently a member of the same party), cannot but help this tendency to appeasement. Parliamentary business will remain at a standstill until the Ministry meets the Chamber on Friday, but it is generally considered that the new Cabinet will meet with a cordial reception and that it will be found possible to get the Budget through by the end of March, notwithstanding the expected renewal of strong Radical opposition. There are indications that, thanks to recent events, M. Laval will command an appreciably larger majority than M. Tardieu did.

The report on the Budget for the Liberated Regions shows that to the end of the current financial year there will have been paid to sufferers from war losses in the devastated regions a total of 79,800,000,000 francs, of which 34,875,508,000 francs represents cash payments, and the balance of 44,924,492,000 francs "payments in other forms" (namely, in kind or in long-term bond issues). As there will remain to be paid a further 6,000,000,000 francs or thereabouts, of which 2,800,000,000 francs will be in the form of cash, the total indemnities will eventually total about 86,000,000,000 francs. The number of decisions already rendered by the liquidation commissions and the various courts totals 6,100. The total number of buildings destroyed was 641,000, of which all have been rebuilt except 3,900, which still remain to be reconstructed. So far, the destroyed buildings have been replaced by about 813,000. Out of a total of 7,515,460 acres of land rendered useless, all but 6,500 acres have been reconditioned.

The foreign trade returns for December indicate total imports to a value of 4,330,435,000 francs, as compared with 5,010,257,000 francs in November, and 5,010,247,000 francs in December, 1929. Exports totalled 3,226,934,000 francs, against 3,440,404,000 francs in November, and 4,478,942,000 francs in December, 1929. The figures for the twelve months just closed are as follows:—

Imports.	1929.	1930.	Difference in
	Francs.	Francs.	1930.
Foodstuffs	13,167,422,000	11,814,250,000	- 1,353,172,000
Raw materials ...	35,125,030,000	29,299,328,000	- 5,825,702,000
Manufactured goods	9,928,170,000	11,230,791,000	+ 1,302,621,000
Totals	58,220,622,000	52,344,369,000	- 5,876,253,000
Exports.			
Foodstuffs	6,077,916,000	5,881,368,000	- 196,548,000
Raw materials ...	12,568,172,000	9,990,600,000	- 2,577,572,000
Manufactured goods	31,493,063,000	26,957,684,000	- 4,535,379,000
Totals	50,139,151,000	42,829,652,000	- 7,309,499,000

The effect of the drop in world prices during the year may be gauged from the fact that imports were about 2 per cent. larger in tonnage, although 10 per cent. lower in value. Exports fell off 14 per cent. in value, but only 8 per cent. in tonnage. Purchases of raw materials were 3 per cent. larger in bulk, but nearly 17 per cent. less in value. Exports of manufactured goods had a tonnage 10 per cent. larger, but were 14½ per cent. less in value.

Coal production figures for December show a total output of 4,458,467 tons in the 25 working days, against 4,377,044 tons in November (23 days). This brings the total output for the year to 55,026,000 tons, as compared with 54,924,000 tons in 1929, 52,848,000 tons in 1928 and 52,875,000 tons in 1927. These figures do not include the tonnage from the mines in the Saar area, which average well over a million tons per month. The average daily output from the French mines in December was 178,339 tons (with a labour force of 300,714 units), against 190,306 tons in November (300,355 units) and 186,070 tons (301,425 units) in December, 1929. The

pits within the pre-war French frontiers furnished during December 22,108 tons per day more than in 1913, but 7,806 tons less than in 1929. Production figures for January are expected to show a still further decline from the fact that the Northern pits (now that hopes of profiting from a British strike are ended) have now found it necessary to cut down working time by one day per week. Coke production by the colliery plants in December totalled 423,804 tons, against 416,798 tons in November, and 424,410 tons in December, 1929. The total output of metallurgical coke during the year was 5,054,812 tons, against 4,781,169 tons in 1929. Total coal and coke imports in 1930 were 30,665,672 tons, with a value of 4,488,000,000 francs, against 30,418,283 tons (4,288,483,000 francs) in 1929, and 22,867,000 tons (583,997,000 francs) in 1913. Imports of coal in December totalled 2,044,000 tons (against 1,932,000 in November, of which 1,111,973 tons came from Great Britain (against 1,073,822 in November), 350,000 tons from Germany, 275,000 tons from Belgium-Luxemburg, and 189,000 tons from Holland. Last week's entries of foreign coal at Rouen totalled 105,000 tons, against 77,000 tons. Similar increases are reported from the other ports.

GERMANY.

Politics — Agricultural Relief — Financial Plight of Berlin — Copper Subsidy.

BERLIN, January 27.

(FROM OUR CORRESPONDENT.)

DR. CURTIUS' return from Geneva was not received with rejoicing. The German public, however, realises that if the outcome of the proceedings of the League Council was not a triumph for Germany, the attitude of the Council to the German-Polish question has refuted the idea that decisions at Geneva depend entirely on the opportunism of the victor powers, without any reference to the justice of a given claim.

It is of the greatest importance that an end has been put to Germany's complete despair of the possibility of international co-operation. Just as events in German home politics steady or disturb the course of foreign politics, so, at present, foreign politics determine the possibility of resistance to the destructive forces at home. If reason is to become a political force at home, it must prove its value by protecting Germany against foreign injustice, and no Government which practises *Realpolitik* can maintain itself in Germany if this *Realpolitik* does not protect the German people from patent fresh injustice.

It is to be presumed that Herr Curtius' position has been strengthened by his attitude at Geneva and its results. His own party, the German People's Party, has been so bound to the Government by it that it will probably form part of Herr Brüning's certain following for the rest of the session. It is certain also that the Social Democrats will not refuse their support to the Cabinet. The speeches of the Chancellor and his closest political friends, especially Dr. Kaas, the President of the Centre Party, have been directed against the National Socialists with increasing energy during recent weeks. The National Socialists themselves have declared that they do not want any share in the Government during the life of the present Reichstag. There has recently been no lack of persons who would like to bridge the gap between the Centre and the Radicals of the Right, but these intermediaries have almost all abandoned their activities, and the Brüning Cabinet now has more clearly than ever the character of an anti-Hitler Cabinet, with a consequent greater certainty of support from the Left.

Parliamentary difficulties may, however, arise from the agrarian problem. The agricultural organisations are again asking for heavy increases in the duties on foodstuffs, and even the Food Minister, Dr. Schiele, though he has lost influence with a large circle of agriculturists for being too moderate, appears to have identified himself with proposals which are hardly reconcilable with the interests

of consumers or with the necessities of German commercial policy. Nor has any agreement been reached on the question of subsidies and credits for the Eastern Provinces.

The differences of opinion within the Cabinet which seemed to have been settled last week, have now broken out again. Measures of the scope envisaged by Herr Treviranus and even by Dr. Schiele would be so costly that the Finance Minister has not yet given his final consent. The plan at present under consideration was drawn up by Dr. Silverberg, and is sufficiently extensive to meet the wishes of the agriculturists. It would be financed by a continuance of the industrial tax from 1932 to 1936, the proceeds to form a fund for the granting of mortgages at reduced rates. The fund would not belong to the State, but to industry, and representatives of industry would have the ultimate decision as to what was to be done with the sums paid as interest and amortisation.

Political objections have been raised to this scheme, according to which industry, as such, would become the creditor of agriculture. Chief among these is the difficulty of seeing how, in the absence of an improvement in economic conditions, the Treasury can do without the proceeds of the industry tax. Moreover, the Silverberg proposal anticipates the raising of a loan by the fund to supplement its resources, and it is very doubtful whether this would be possible. The dispute is not, however, confined to the question of finance. The Government had intended that relief in future, as in the past, should only be extended to those farmers who appeared likely, after searching investigation, to be really helped by the credits and to be able to repay them on the easy terms prescribed. The agricultural organisations, however, object to such strict selection, and demand a much more comprehensive distribution of assistance. The Silverberg plan does retain the principle of inquiry into credit-worthiness, but leaves the decision so entirely in the hands of the farmers' representatives that it would be impossible to rely on the strictness of the selection. Although there are a great many progressive farmers in Germany who are anxious to help themselves, the spirit of the associations is one of distributing relief and appealing to the State whenever the coffers are empty.

Dr. Brüning's principal desire is to get the 1931 Budget through Parliament. Greatly as the farmers' demands are hampering the conduct of business at the moment, they do, on the other hand, afford him an opportunity of winning the support of the various agrarian groups by partial concessions and by making the fate of their demands dependent on that of the Budget.

Of all German towns Berlin is in the most disquieting financial position. The total debt of the city, at Rm. 1,600 millions, is not immoderately high, as the resources of the city were recently estimated at Rm. 2,600 millions, but nearly Rm. 500 millions, almost one-third of the debt, consists of short-term obligations, and in the present extraordinarily difficult state of the German capital market renewal is difficult. The issue of a long-term loan is almost impossible on the home market and quite impossible abroad, as is evident from the New York and London quotations of existing Berlin loans. In the first half of 1931 about Rm. 150 millions of the city's short-term debt falls due for payment, and the city has decided to meet its payments, at least in part, by the sale of city property, though that also is difficult at this time of general depression. Public utility shares are to be sold first, and negotiations are at present going on for the sale of the city's shares in the Berlin gasworks. The entire holding amounts to over Rm. 100 millions, and it is intended to sell about half. The Prussian State, or rather its electricity holding company, the Preussische Elektrizitäts A.G., already possesses numerous gasworks in Central Germany, and its credit stands high, as last year it founded, in conjunction with certain Swiss bankers, a finance company in Basle, the Continentale Elektrizitätsunion. The sale of Berlin gasworks shares to Prussia would be the simplest way of providing State assistance for the financially burdened capital.

The Government decided last year to discontinue all subsidies to particular industries. An exception to this decision is Mansfeld, the only copper-producing company in Germany, though the total output from the copper mines of this company, amounting to about 23,000 tons, covers only 10 per cent. of the country's requirements. Its cost of production is extraordinarily high, as the yield of copper is small and the mines have to be worked at a great depth. So far it has been impossible to reduce costs below 15 cents a pound, so that with the current world price little over 10 cents the company is working at a heavy loss. In consequence the company wanted to close down in the spring of 1930, but this would have thrown 12,000 people out of work in a district where there is no alternative employment. The Government therefore determined to subsidise the company, on social-political grounds, in the interest of the workers. The Reich and the Prussian State are to pay Rm. 6.8 millions a year for the next two years, and the company is pledged in return to maintain production and to meet further losses, estimated at about 2½ million marks a year, out of its own resources. There was strong opposition to this decision, but the Government carried it on the grounds that there was no possibility of finding other employment for the Mansfeld workers, and that the loss of revenue and the cost of unemployment benefit would far outweigh the subsidy.

ITALY.

New Bank Governor — Stock Exchange — Company Embarrassments — Bank Return.

(FROM OUR CORRESPONDENT.)

TURIN, January 15.

THE Board of Directors of the Bank of Italy, which exercises functions rather of supervision on behalf of the shareholders than of direct management, has appointed Signor Vincenzo Azzolini as successor to Signor Stringher, the late Governor. The appointment was agreed to by the Government, as is required by law and the rules of the bank. Many other names were rumoured, including those of prominent politicians; but the Government and the representatives of shareholders' interests evidently felt that the bank ought to be kept away from even the suspicion of meddling with politics. Signor Azzolini, like Signor Stringher, comes from the ranks of Treasury officials. Born in 1883, he took part in the Paris negotiations which led, in 1906, to the conversion of Consols from 4 to 3.50 per cent; in 1927 he was appointed Director General at the Treasury, and soon afterwards Director General of the Bank of Italy, when Signor Stringher was created Governor.

The best wishes of the economic and financial community greet the new Governor at his accession, especially as it comes at such a difficult time. Last year was a thoroughly bad year for all those concerned in finance. There is no direct connection between the big campaign for the reduction of prices initiated with the reduction of public employees' salaries on November 20th and the state of the bourses. Nobody asked for a fall in the securities quotations. But the bourses were, as it appears, in an irritable and gloomy temper, and a new slump took place. The following are the indices of variable-dividend shares, as worked out by the Milan Council of Economy:—

	DECEMBER, 1925 = 100.					
	Dec. 29, 1928.	Dec. 24, 1929.	May 3, 1930.	Oct. 31, 1930.	Nov. 29, 1930.	Jan. 3, 1931.
Banks	110.5	98.2	102.4	95.3	92.8	92.4
Navigation and trans- ports	80.4	80.2	84.0	73.8	68.7	66.4
Textiles	42.6	24.3	28.4	21.8	20.1	19.0
Minerals, metallurgical and engineering	97.0	76.1	80.0	66.9	63.1	60.8
Electrical	103.3	99.2	100.5	89.1	82.7	77.6
Land and real estate ...	80.5	71.1	68.4	61.5	51.2	48.0
Food and miscellaneous	96.7	98.0	104.5	86.1	80.5	73.1
General index	88.3	81.2	84.2	74.2	69.4	66.4

After a short-lived spurt in the spring, quotations went from bad to worse, until in some groups of stocks the unlucky shareholders have been left with a thin slice of their former assets. Banks, the electrical industry and food have sustained best the brunt of the depression. The slump in individual cases was much more marked than the indices suggest. For instance, Cotonificio Veneziano's index was, on January 3rd, at 3.54; Snia Viscosa at 8.58; Officine Meccaniche at 5.09; Aedes (real estate) at 10.16; and Fondi Rustici at 13.25 per cent. of their 1925 basis. Bonifiche Ferraresi, after being, on August 29th, down to 2.63, were dropped altogether from the index, as past any hope of recovery; and the Roman Immobiliare Co. was substituted.

The feature of the slump was the fall of old-established concerns, which were considered as a safe port for thrifty and prudent investors. Only less astonishing than the fall in Bonifiche Ferraresi, of which I have written in previous letters, is that of Fondi Rustici. This is a company formed in 1905 to buy a vast extent of agricultural land, which after the 1893 crisis had been left by mortgaged owners to the Bank of Italy. The purchase consideration was so low that, with careful management, the company ought to have had a very successful career. Successful it was, indeed, for a time; until, after the inflation, the demon of selling good old developed estates and embarking in new speculative ventures took hold of the board of directors. A merger with a company formed to redeem the ancient Pontine marshes and some dubious transactions between directors precipitated the situation. With great patience, under the leadership of men of experience, reconstruction should ultimately prove possible.

The same may be said of another big affair which is attracting the attention of thousands of capitalists and families of very modest means in Northern Italy. The Italiana Gas Co. was a small Turin concern started in 1856, with an original capital of 3,500,000 lire, which in 1907 had been as yet only increased to 4 million lire. In 1918 the capital was increased to 10 millions, in 1924 to 80, in 1925 to 130 and 146, and in 1928 to 260 million lire. The old gas-producing concern was transformed into a holding company. How many companies were affiliated with the Italiana Gas Co. is not easy to know; certainly not less than 32. The net of interlocking capitals and of huge debts became so entangled, that a winding-up was necessary. At a stormy meeting of the shareholders a new board of directors was appointed, charged with the disagreeable duty of reconstruction. The new chairman of the board is Senator Frassati, an ex-Ambassador to Berlin, an energetic man, who has kept aloof from politics since 1923. Shareholders trust that he is the man best capable of rescuing from the wreck as much as can be saved; but in the meantime shares, which rose during the speculative frenzy as high as 800, are changing hands at 45 lire.

The technical situation was made worse by the announcement on the morning of December 30th that Signor Giani, a widely-known broker in Milan, was not to be found at his usual desk in the Bourse and had sent a letter purporting to show that he was unable to meet his engagements. As these amounted to about forty million lire, the monthly settlement appeared difficult. It soon became apparent, however, that somebody would have to intervene; and Signor Mazzotti-Biancinelli, perhaps the best known speculative Italian financier, came forward with an offer, as principal of the defaulting broker, to pay Giani's debts by instalments distributed over the next two years. The interesting fact was that Signori Mazzotti and Giani, universally considered as professional bears, should have come to grief over bull transactions. Obviously the difficulty of digesting so big a figure as 40 million lire makes bourses uneasy; and everybody is asking whether we are at the bottom of forced liquidation and low prices, or not.

As yet liquidation of bad businesses and distressed concerns has not affected that bulwark of financial sanity, the Bank of Italy. The public was somewhat disturbed that gold and gold securities fell below the 10,000 million

mark for the first time after the stabilisation on November 20th. On December 20th total reserves were at 9,590.7 million lire, against 10,260.1 on September 30th; a serious loss of 669.4 million, probably caused by big imports of wheat in recent months. As, however, the notes issued decreased also, between the same dates, from 16,171.7 to 15,608.5, while discounts and advances, as shown below, are normal, the monetary situation seems sound.

DISCOUNTS AND ADVANCES.

	(Million lire.)	1928.	1929.	1930.
March 31st.....	3,911.7	5,299.1	4,489.5	
June 30th.....	4,948.2	6,132.5	4,730.4	
September 30th	4,509.4	5,571.9	4,247.6	
December 31st.....	5,655.9	6,233.9	4,789.0*	

* December 20th.

What the proportion of frozen credits, if any, to the total may be, it is impossible to say, but certainly as long as there is no inflation in the discount and advances figures of the Bank of Italy, the core of the economic situation is sound, and, no matter how long the depression drags on, no essential organ is out of gear.

HOLLAND.

Money — Trade — Savings — Public Debt — Capital Issues.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, January 10.

THE great liquidity of the money market in Amsterdam is clearly illustrated by the average prolongation rates, as below:—

	1929.	1930.
1st quarter	4.7726	2.8036
2nd quarter	5.6652	2.5368
3rd quarter	4.9508	1.7803
4th quarter	4.2091	1.6073

These low rates have naturally been detrimental to the interests of the banks, and the profits of the credit establishments for the past financial year are being estimated at a much lower figure, as a result of which the shares of the principal banks have declined considerably.

The plentiful supply of money and the low rates of interest and discount are caused partly by the insignificance of the requirements of new capital by Dutch enterprises, while at the same time there is a constant flow of foreign capital towards our market. Despite the high money rates in Germany, there is very little attraction in investing money there, because of the precarious political situation, and the result is that foreign capital seeks refuge in the Netherlands.

Another factor contributing to the extraordinary liquidity of the money market is the lack of activity on the Amsterdam stock market. All kinds of rumours continue to find a ready welcome there, while too little attention is evidently paid to undeniable facts, such as are to be found in the official statistics. One fact, for instance, is that the State revenue in November exceeded the annual estimate by several hundred thousand guilders, notwithstanding that the estimate was issued at a time when the crisis of 1930 could not possibly have been foreseen. To offset the argument that the proceeds of direct taxation cover a period some time past, it may be pointed out that the import duties in the first eleven months of 1930 amounted to 62,341,711 guilders, or over a hundred thousand guilders more than in the corresponding period of 1929. From these facts it can be concluded that both our trade and our industry are being remarkably well maintained. The radio statistics, for instance, show that wireless goods to a value of 58,646,000 guilders were exported from the Netherlands in the first eleven months of 1930. Owing to the prevailing lower prices of the articles themselves, the value is of course lower than during the corresponding period of 1929, when

HUNGARY.

Public Finance — Commercial Treaties — Foreign Trade — Banking and Dividends — Stocks and Prices.

(FROM OUR CORRESPONDENT.)

BUDAPEST, January 17.

THE economic prospects of the New Year are not bright. In order to secure the equilibrium of the Budget, Parliament has voted additional taxes affecting salaried employers' and directors' fees. Also the postal and telephone rates were increased. It is expected that the additional taxes and dues will bring into the Treasury about 30 million pengő. At the same time an Economy Act was passed providing for curtailing the expenditure by 45 million pengő. It is of paramount importance that the projected economies should be carried into effect because owing to the economic depression the Treasury's receipts are considerably smaller than in previous years. According to the Finance Minister's report, the estimated deficit for the first five months of the present financial year (July-November, 1930) is 59.9 million pengő. Expenditure in July-November, 1930, as estimated by the Treasury, amounted to 409.0 million pengő, as against 416.9 million pengő in the same period of 1929. Revenue in July-November, 1930, totalled 349.1 million pengő, as against 388.2 in the corresponding months of 1929. The Budget for 1931-32 is in preparation, and it is of imperative necessity that expenditure should be further reduced, as the receipts of the Treasury are not likely to increase in 1931.

Negotiations for the renewal of the Commercial Tariff Treaty with Austria are going on, and it is to be expected that an agreement will be reached before June 1, 1931, when the present Treaty will cease to operate. In all probability negotiations with Germany for the conclusion of a New Tariff Treaty will begin in February in Budapest, following the preliminary parleys between the Hungarian Prime Minister and Dr. Curtius, the German Foreign Minister, when Count Bethlen visited Berlin last November. On the other hand, there is no sign of any resumption of negotiations with Czechoslovakia. That country denounced the existing Commercial Treaty on December 15, 1930, and has so far not made a satisfactory offer for the basis of new negotiations. Consequently there is practically a Customs war between the two countries, which was brought about by the prohibitive duties on the import of flour into Czechoslovakia. It seems that the Customs war will last several months, and this state of affairs will certainly not improve the already unsatisfactory political situation.

Foreign trade returns for the first eleven months show an active balance of 75.3 million pengő, as against a deficit of 58.6 million pengő in the same period of 1929. This bears witness to a remarkable economic adaptation, because it shows that in times of international financial strain Hungary is able to pay for her imports in merchandise exports. The value of foreign trade in consequence of the fall in prices shows a decrease both in exports and imports, but it should be added that the quantity of exports, especially that of live stock, has considerably risen in 1930. The detailed figures are as follows:—

(In million pengő.)

First eleven months:	Imports.	Exports.	Balance.
1929	978.2	919.6	-58.6
1930	766.6	841.9	+75.3

There is little doubt that the December figures will not materially alter the balance of foreign trade, so that Hungary will produce her first active balance since the War.

The money market is easy. Foreign short-term loans are abundantly offered at very low terms, but in view of the depressed economic conditions there is no new demand for them. None the less, banks profit considerably by the low cost of foreign funds, which are lent to their customers. Reliable estimates put the amount of foreign short-term loans placed with Hungarian banks approximately 600-650 million pengő (£20-£25 millions).

the figure was 74,764,000 guilders, but compared with 19,392,000 guilders in the first eleven months of 1928 the value has been trebled, while in terms of quantity the increase has been still greater.

It is also remarkable that the Post Office Savings Bank deposits rose in 1930 to a still greater extent than in the preceding year. At the end of November deposits totalled 363.8 million guilders, as compared with an aggregate of 342.5 millions on the same date in 1929 and 332.1 millions in 1928. The increase is all the more remarkable in view of the fact that the earnings of the agricultural population have certainly been on a much lower scale.

A further reduction in the Consolidated National Debt is shown last year, from 2,461.7 million guilders at the end of 1929 to 2,388.3 millions at the close of 1930. On the other hand, the Consolidated Debt of the Dutch East Indies rose from 974.6 millions at the end of 1929 to 1,072.1 millions at the end of 1930, as the result of the issue of the Indian loan.

In contrast with the year 1929, in which the economic crisis first began to make itself felt, 1930 brought more activity in our market for new capital issues. An analysis of the issues shows, however, a number of important changes. Issues of shares, which in 1929 represented 63 per cent. of the total amounts issued, accounted for only 5 per cent. of the actual amounts taken from our issues market in 1930, the remainder representing issues of bonds and debentures. The search after less speculative investments is also reflected in the proportion of issues for private enterprises as compared with issues for account of public bodies. If the so-called Ecclesiastical Loans be included under the latter heading, it will be seen that of the 601,599,000 guilders issued in 1930, 369,635,000 were for public bodies but only 231,964,000 for private enterprises. The first therefore accounted for 62 per cent. of the total and the latter only 38 per cent. In 1929 the position was exactly the reverse, 375,820,000 being taken from the capital market by private enterprises while only 102,494,000 was for account of public undertakings, that is to say, 78½ per cent. and 21½ per cent. of the total respectively. The very considerable increase in the issues for public bodies in 1930, involving over 267 million guilders more than in 1929, is accordingly solely responsible for the rise of 123 million guilders in the total of issues in 1930 as compared with the preceding year.

The most striking change is this increase in the issues for countries, provinces and municipalities and the very considerable decrease in industrial issues. The latter dropped from 242 million guilders in 1929 to 75 millions in 1930; moreover, only 11 millions of this latter amount were accounted for by share issues, against 224 millions in 1929. The issues of shares in gas, electricity and water undertakings decreased from 21 millions in 1929 to 4 millions in 1930.

Divided into domestic and foreign issues on the Dutch market during the last four years, the figures are:—

	1927.	(In thousands of guilders.)	1928.	1929.	1930.
Domestic ...	162,363	356,272	333,837	352,298	
Foreign	369,256	317,524	144,477	249,361	

The foreign issues included:—

	1928.	1929.	1930.
For Germany	140,309	35,249	142,274
„ Belgium	31,888	22,746	39,197
„ North America...	33,833	18,100	24,218
„ South America...	26,559	13,997	15,071

According to the official statistics, the value of imports into Holland in November, 1930, was 181 million guilders, against 238 millions in November, 1929, and 198 millions in October, 1930. The value of exports also fell considerably, amounting to 126 million guilders in November, 1930, against 166 millions in November, 1929, and 151 millions in October, 1930.

The National Bank has published its balance sheet for 1930, and according to its diminished profits has reduced its dividend from 13 to 12 per cent. The decrease of the profits of the National Bank is due to the lower discount rate throughout the year (on the average 2 per cent. lower than in 1930) and also to the decreased bills portfolio owing to the slump.

Banking balance sheets and dividends are awaited with great interest. One of the foremost financial institutions, the Commercial Bank of Pest, has just published its balance sheet and declared the same dividend as last year of 7 pengő. The total net profits for 1930 amounted to 5,938,510 pengő, as against 6,009,140 in 1929, which is a fine showing considering the bad economic conditions of the past year. The amount allocated for the distribution of dividend is 3,500,000, the reserve fund will be increased by 1,000,000 and 463,605 pengő will be carried forward to the new year. The balance sheet of the Commercial Bank was received with great satisfaction, and it is expected that some of the other banks and savings banks will be able to maintain last year's dividend.

The Stock Exchange is very dull. Quotations touched new low levels. The uncertainty of dividends of industrial stocks is chiefly responsible for the heavy declines. The warning of President Weiss, of the Commercial Bank, that all undertakings should benefit their shareholders according to their earnings and should not demoralise the already depressed market by adjusting dividends to lower quotations is very timely, and it would be to the interest of the credit of the country if directors would act upon his sound advice. During the past year considerable blocks of Hungarian securities placed abroad, mainly in the United States, have found their way back to Hungary and have contributed in no small degree to depress the market. Reliable estimates put the amount of repurchased securities at approximately 70 million pengő (£2,500,000).

The wholesale index at the end of November was 92, against 107 on December 31, 1929. The index of agricultural commodities is 80, that of industrials 120, as against 97 and 132 at the end of 1929. The discrepancy between industrial and agricultural prices has thus been further widened to the detriment of the rural population, whose standard of living is adversely affected by the high prices of textiles, coal, machinery, fertilisers and building material.

Letters to the Editor.

GOLD: PRICES: WAGES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In his letter appearing in your issue of January 10th, E. M. D. asks the following questions: "Does it not appear to be desirable that, besides a system of wage regulation we should adopt generally a means of securing in practice a more equitable fulfilment of long-term money contracts? And if it is theoretically desirable, are we satisfied that it is quite impracticable?"

It seems to be generally agreed that the principal peculiar disadvantage under which the trade of this country suffers is the rigidity of the structure of its industry and its inability to adapt itself readily to any change in world economic conditions. The causes of this inelasticity are variously attributed to high taxation, the conservative character of the people, an excessive wage level, and the capital structure of a great many companies engaged in basic industries.

With the first two of these causes I do not propose to trouble you. That the wage level is on an average excessive is indicated by the course of the unemployment figures and is, I think, common ground. Your correspondent E. M. D. prefers to call this an "uneconomic relation of basic wage levels in different industries to one another," but admits that such uneconomic relations can only be adjusted in a downward direction at present. This does not, however, solve the dilemma of industry which is faced with the alternative of continuing with an uneconomic wage level with its cumulative burden of unemployment or of endeavouring to secure a reduction in the wage level at the risk of industrial upheavals

of which the cost is incalculable. The rigidity of money wages has been achieved not by a long-term contract but by the perfection of trade union organisation. The sanction of force is for practical purposes apt to be more effective than the sanction of law. The fixed amounts due to discharge the claims of holders of prior charge securities are secured by contract and within the limits of that contract are absolutely rigid. Relatively the burden imposed on industry by too onerous prior charges is less than the burden imposed by too high wages, but the cases are not essentially dissimilar.

I would submit that the moral sense of the community and of the trade unions themselves tends to the view that any necessary sacrifice should be borne in just proportions by wages, salaries and fixed interest capital, after the equity shareholder has made all the sacrifice which is his just liability. The problem of how to induce the fixed interest man to contribute his quota to a general sacrifice bristles with as many difficulties as that of how to induce the wage earner to contribute his. Any suggestion tending to undermine confidence in the strict fulfilment of contracts would have consequences as incalculable as those of an industrial upheaval.

If we are to get away from rigidity, we should cease to burden industry with either wage agreements or interest agreements which, though economic at the time they are made, may rapidly cease to be so and which contain within themselves no provision for the easy and rapid adjustment of the rates of wages or the rate of interest to new economic conditions. If a wage scale to vary with a recognised index is advocated as a means of bringing about necessary readjustments quickly and with the minimum of dislocation, the "fixed interest" investor should be induced to lend his money on a security on which the rate of interest also varied with a recognised index, preferably the same index as that by which wage rates were regulated. Such a system, while allowing variations in money income, would tend to keep real income more stable and would have the advantage of increasing the probability of the capital of the safety-first investor remaining intact.—Yours faithfully,

14, Buckingham Palace Gardens,
London, S.W.

L. PALMER.

January 16th.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Equality. By R. H. Tawney. (London) George Allen and Unwin, Ltd., 40, Museum Street. 7s. 6d. net.

This book is based on a series of lectures delivered in 1929 under the auspices of the Halley Stewart Trust. The author discusses the meaning of equality, the various aspects of class distinctions, their past history and possible future diminution.

The Development of Local Government. By W. A. Robson. (London) George Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

An interesting account of the most important questions relating to local government, including the municipal structure, the functions of local authorities, public health administration, etc.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Russia No. 1 (1931): A Selection of Documents relative to Labour Legislation in force in the Unions of Soviet Socialist Republics. Cmd. 3775. 3s. net.

Ministry of Transport: Tramways and Light Railways.—Returns of Capital, Gross Receipts, Working Expenditure, etc., Local Authorities, 1929-30, and Companies, 1929. 2s. 6d. net.

Department of Overseas Trade: Hints for Commercial Visitors to Spain. January, 1931; Ref. No. C. 3424; *Hints for Commercial Visitors to the Canary Islands.* January, 1931; Ref. No. C. 3433.

Report from the Select Committee on Capital Punishment. £1 2s. 6d. net.

Department of Overseas Trade: Report of the United Kingdom Trade Mission to the Union of South Africa, Southern Rhodesia and Northern Rhodesia. 1931. 1s. net; *Economic Conditions in the British West Indies.* October, 1930. 2s. 6d. net.

League of Nations: Second International Conference with a view to Concerted Economic Action—Final Act. Cmd. 3770. 3d. net.

The Stock Exchange.

THE PRICE OF NEW CAPITAL.

For many years past we have analysed the results of new capital applications in London, with special reference to the price at which borrowers have satisfied their requirements. The volume of new capital borrowed last year was sub-normal, as a result of industrial depression and Stock Exchange inactivity. Industrial concerns, new and old, whose capital applications had reached a high total in 1927 and 1928, but had tended substantially to fall off in 1929, remained largely outside the market in 1930. Among other borrowers, home municipalities were fairly prominent in the earlier months, but there was no widespread tendency to accelerate the carrying out of large public works, and the flow of new corporation issues was reduced to a mere trickle in the latter part of the year. The issue of foreign bonds was restricted by world-wide economic depression, a secondary effect of which was the occurrence of numerous revolutions, which, in turn, accentuated the political risk attaching to foreign securities in the eyes of the investor. Even British Dominion flotations which have long enjoyed a specially advantageous position in London by reason of their trustee status, were discouraged by the publicity given to the difficulties of Australia. The British Government, whose credit position was sensibly improved by the rise in the price of gilt-edged stocks after cheap money had been established, did not effect any very considerable amount of new borrowing after a somewhat high-priced operation early in the year.

The world-wide depression, in short, left its imprint on the capital market last year, as on other branches of national activity. If the average annual issues in London for the years 1925-27 be taken as 100, the figures for succeeding years are: 1928, 135; 1929, 105; and 1930, 98. Omitting all borrowings by the British Government, the figures show the following annual movements: 1925-27 (average), 100; 1928, 122; 1929, 95; and 1930, 86.

A second feature of the year's story was a significant decline in the flotation of new "equity" capital. The investor, intimidated by the widespread decline in Stock Exchange quotations for existing shares, insisted on more stringent requirements in the matter of security. As the following table shows, no less than 85 per cent. of the year's public offerings took the form of bonds or prior charge securities:—

PUBLIC ISSUES OF NEW CAPITAL IN LONDON.

Class.	1913.	1927.	1928.	1929.	1930.
Debentures, bonds, &c.	139,920,400	228,958,000	212,817,900	137,670,300	227,658,500
Preference stocks and shares	22,955,600	36,836,600	45,062,600	31,543,400	15,548,800
Ordinary stocks and shares	33,661,300	89,371,400	111,177,600	116,017,600	24,593,300
Total	196,537,300	355,166,000	369,058,100	285,231,300	267,800,600

If the total issues are divided as between Government and municipal borrowers and industrial borrowers, it appears that whereas in 1929 governments and municipal authorities, at home and overseas, raised £108 millions of new capital in London, and general industry (including transport), £177 millions, the former increased their total in 1930 to £181 millions, while the "industrial" aggregate, at £87 millions, was less than one-half of its dimensions in 1929.

The increase in "public" borrowings, however, is not to be attributed to lower rates for long-term capital resulting from cheap money in the short-term market, for, indeed, the following table, which contrasts the average interest yields offered by three groups of Government borrowers in 1929 and 1930 shows that no such

fall has taken place. All rates are shown subject to British income tax, and profit on redemption is allowed for when necessary:—

BRITISH, COLONIAL AND FOREIGN GOVERNMENT SECURITIES. (000's omitted.)

	+ Total for Year 1913.	British Government Loans.		Dominion and Colonial Government Loans.		Foreign Government Loans.		Total.	
		Year 1929.	Year 1930.	Year 1929.	Year 1930.	Year 1929.	Year 1930.	Year 1929.	Year 1930.
Yielding from:									
3½% to 4½% ...	4,000	...	19,000	...	...	...	...	...	19,000
4½% to 5½% ...	21,323	...	...	...	...	...	...	...	...
5½% to 6½% ...	7,863	67,000	...	6,650	9,786	...	...	73,650	9,786
6½% to 7½% ...	11,171	...	39,040	19,716	14,425	...	...	19,716	53,465
7½% to 8½% ...	6,653	...	...	...	12,000	1,890	...	1,890	12,000
8½% to 9½% ...	1,392	...	...	...	6,930	...	...	...	6,930
9½% to 10½% ...	...	...	...	...	5,940	...	10,800	...	16,740
10½% to 11½% ...	...	...	...	...	...	...	2,850	...	2,850
11½% to 12½% ...	...	...	...	...	...	...	7,680	...	7,680
12½% to 13½% ...	...	...	...	...	...	1,760	...	1,760	...
Total	152,437	67,000	58,040	26,366	49,081	3,650	21,330	97,016	128,451
Average yield %	4.77	5.00	4.67	4.97	5.57	7.21	7.14	5.07	5.43

* Includes all borrowing at over 6%. † This total of £52,437,000 includes £26,299,000 by Colonial Governments, at an average yield of 4.15%, and £26,138,000 by Foreign Governments, at an average yield of 5.31%. The British Government was not in the market.

The figures for British Government loans exclude net receipts of £7,600,000 from sales during 1930 of National Savings Certificates, the yield on which varies according to their "life" before encashment. Leaving these non-marketable securities out of account, the British Government borrowed at a somewhat lower rate last year than in 1929, when the figure was swollen by the issue of a 5 per cent. Conversion Loan in a period of tight market conditions. The decline in the average rate paid by foreign borrowers outside the British Empire was negligible, while that paid by Dominion and Colonial Governments actually rose by over ½ per cent. This higher yield was, however, due in the main to the fact that the Indian Government borrowed on three occasions on a short-term basis. The Indian Government's total borrowing in London in 1930 was £24,870,000, giving an average yield of 6.19 per cent. to the investor. The average yield on other colonial government borrowings in 1930 was 4.93 per cent., which was a slightly lower yield than the average for 1929.

The average rates offered by municipal borrowers and by railways are shown below:—

	Amount borrowed in Years			Average Yield.		
	1928.	1929.	1930.	1928.	1929.	1930.
British municipalities, &c.	14,871,000	8,316,000	11,657,600	4.75	4.96	4.98
Colonial municipalities, &c.	7,236,100	3,859,917	3,001,500	5.25	5.19	5.09
Foreign municipalities, &c.	4,332,000	472,500	NH	6.61	6.90	...
British railways	2,080,900	1,920,000	13,164,500	5.21	5.36	5.12
Colonial railways	NH	NH	2,512,500	...	...	5.95
Foreign railways	3,070,000	2,835,000	7,615,000	6.34	5.30	5.66

British municipalities borrowed on a much larger scale in 1930 than in 1929, offering a practically identical average yield. For the first five months of the year they paid just over 5 per cent., but as the year advanced cheaper money rates enabled them to borrow at about 4½ per cent. Five debenture issues on behalf of British railways were made at a lower yield than in 1929. Foreign railways, however, paid a higher rate of interest on their borrowings in 1930 than in 1929.

The average rates offered by industrial borrowers are shown in the next table:—

INDUSTRIAL AND COMMERCIAL BONDS, DEBENTURES, ETC.
(EXCLUDING ISSUES GUARANTEED BY BRITISH GOVERNMENT
UNDER TRADE FACILITIES ACT.)

	Year 1913.	Year 1927.	Year 1928.	Year 1929.	Year 1930.
Yielded from—	£	£	£	£	£
3½% to 4%...	60,000	Nil	Nil	Nil	Nil
4% to 4½%...	1,182,000	Nil	Nil	Nil	Nil
4½% to 5%...	2,582,000	167,000	52,500	57,475	Nil
5% to 5½%...	6,852,000	7,990,000	6,840,300	7,900,400	6,676,139
5½% to 6%...	...	4,087,800	9,425,300	669,519	3,658,249
6% to 6½%...	5,158,000	6,845,500	3,653,000	5,528,831	3,492,662
6½% to 7%...	...	1,951,400	214,000	1,194,500	2,960,000
7% to 7½%...	9,252,000*	1,793,700	4,174,300	1,183,880	Nil
7½% to 8%...	...	2,533,000	3,999,400	1,094,750	1,094,750
8% to 8½%...	...	4,188,500	2,333,700	3,956,000	1,239,100
8½% to 9%...	...	1,001,300	5,461,700	2,489,000	1,527,200
9% to 9½%...	...	93,100	2,411,200	293,250	1,485,000
9½% to 10%...	...	3,465,000	3,106,000	90,000	290,000
10% to 10½%...	...	1,176,000	1,219,000	482,500	Nil
10½% to 11%...	...	350,000	150,000	74,000	1,705,750
11% to 11½%...	...	Nil	Nil	1,760,000	Nil
11½% to 12%...	...	74,600	Nil	33,250	33,250
12% to 12½%...	...	2,274,000	Nil	Nil	237,500
12½% to 13%...	...	39,700	122,500	50,000	Nil
Total	25,086,000	37,987,600	4,5162,900	25,849,355	24,399,600
Average yields%	5.5	6.18	6.08	6.05	5.97

* Including all capital yielding over 6 per cent.

The average yield on industrial debentures has been very slowly, but quite regularly, declining over the last few years. Last year the average was approximately ½ per cent. more than before the war. The figures, however, do not show that capital was markedly cheaper in 1930 than in 1929, the difference between the average rates in the two years being only 0.08 per cent. Some 68½ per cent. of the total borrowings were effected at a price of under 6 per cent., against 59 per cent. in 1929 and 46½ per cent. in 1928.

The popularity of the preference share, in this country, has been waning for some years past. Though underlying conditions last year favoured fixed interest as distinct from equity stocks, preference shares formed a very small proportion of the whole, their total representing less than 6 per cent. of the aggregate emissions. The average rates offered in recent years are shown in the next table:—

PREFERENCE STOCKS AND SHARES.					
	1913	1920	1921	1922	1923
5-74	5-74	5-74	5-74	5-74	5-74
8-09	8-09	8-09	8-09	8-09	8-09
8-39	8-39	8-39	8-39	8-39	8-39
7-17	7-17	7-17	7-17	7-17	7-17

The average rate paid in 1930 was less than in any other year during the last decade, but this result was mainly due to the fact that two borrowers (the Southern Railway and the "Shell" Company, who jointly accounted for over half the preference total) were of admittedly high credit reputation. The average offered in these two cases was 5.1 per cent. and 5.6 per cent. respectively, while the yield on the remaining preference issues was as high as 6.6 per cent.

The results emerging from this investigation are shown in a long-term context in a final table, where "short-term" and "long-term" money rates are compared for each year since 1920:—

	Average Bank Rate.	Average 3 Months' Bill Rate.	Average Rate Paid by all Government Borrowers.	Average Rate on New Issues of Industrial Debentures.
1913	4.77	4.37	4.77	5.5
1920	6.82	6.40	6.05	7.92
1921	6.12	5.21	6.49	8.09
1922	3.79	2.65	5.65	6.72
1923	3.49	2.70	5.34	6.4
1924	4.00	3.54	5.95	6.61
1925	4.55	4.10	4.82	6.43
1926	5.00	4.52	6.01	6.48
1927	4.65	4.24	5.09	6.18
1928	4.50	4.15	5.09	6.10
1929	5.50	5.27	5.07	6.10
1930	3.42	2.61	5.43	5.96

Thus, there was no fall in the price of new long-term capital last year comparable with the decline in money-market rates. Even when allowance has been made for

the effect of high-yielding short-period borrowing by India on last year's "Government" figure, it may confidently be stated that the steady decline in the average yield on new Government securities, during the first half of the post-war decade, which was abruptly checked five years ago, has not yet been resumed. On the other hand, borrowers on industrial debentures have, on the whole, benefited from a steady reduction in the rate of interest on their new issues, which has been largely independent of fluctuations in short-term money rates. These figures in themselves do not tell the whole story regarding the "net" rate on long-term investment as determined by demand and supply, for the figures of 1930, like those of other years, include a "risk" premium, which has unquestionably increased during the present slump, both as regards overseas Governments, whether of the Empire or of foreign countries, and industrial undertakings. But even if this influence is in part responsible for maintaining rates, there is certainly no sign in these tables of any superfluity of savings seeking a permanent home—in spite of a not very active demand. In short, the fall in long-term interest rates has still to come.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
February 3.	February 5.

THE week's gains and losses were, with few exceptions, of minor importance, and reflected no change in underlying market conditions. A very few operators endeavoured to put some shares better, early in the week, on the possibility that the Government (which cannot by any stretch of imagination be described as popular on the Stock Exchange) would come to grief over the Trade Disputes Bill. The result of Wednesday's decision, however, had been correctly forecast by the majority of dealers, and only a limited reaction in prices occurred. Gilt-edged benefited from the improved foreign exchange position, following the levering-up of money market rates, though the effect was a halt in the downward tendency of values, rather than any definite improvement. Speculative activity was again concentrated almost chiefly on one group—South African gold mines—which continued to make headway despite incipient profit-taking.

Gilt-edged stocks were less stable than in previous weeks, but their downward movement was arrested when the appreciation of the franc exchange above the gold point, following the authorities' efforts to strengthen bill rates, removed immediate apprehensions of more drastic action. War Loan, however, was easier and Funding Loan was sold. Some holders of India stocks interpreted the release of the Congress leaders as a "bear" point, but though prices were marked down, no large volume of selling occurred. Australians were moderately steady, despite the fresh drop in the exchange rate.

Foreign bonds attracted little interest. Brazilians however, reflected the weakness of the milreis, though a few buying orders in mid-week caused a partial recovery. Far Eastern stocks remained firm, while among European issues Germans were in better demand, and Austrian Sevens were bought from Vienna.

Scattered selling gave a weak appearance to home railway stocks. The week's traffic figures were discouraging, but a heavier blow was the Metropolitan final dividend, on Thursday, which brought the year's distribution to 3½ per cent., against 4 per cent. for 1929. In view of the company's increased gross receipts, the decision was a complete surprise, and caused a break of 4 points in Metropolitan ordinary. Little business was done in foreign rails, a modest recovery in Argentine stocks at the beginning of the week collapsing on the publication of a further batch of bad traffic figures. American rails (whose position is dealt with in a note on page 244) opened firm, but lost ground in mid-week.

The recovery in industrial shares, initiated last week, proved short-lived. The market was

(Continued on page 240.)

DISCOUNT CORPORATION OF NEW YORK

This Corporation discounts and resells Bankers' Acceptances and approved Bank endorsed Trade Acceptances, deals in United States Treasury Certificates of Indebtedness, Treasury Notes and other Short Term Government Obligations, and receives funds repayable on demand or at fixed maturity against the security of Bankers' Acceptances, or Government Obligations.

Statement of Condition.

December 31, 1930

ASSETS		
Acceptances:		
On Hand	\$3,350,344.66	
Pledged as Collateral	29,721,790.51	
Sold under Re-purchase Agreements	13,477,050.05	
Acceptors' Liability on Endorsed Bills Sold	129,124,529.41	\$175,673,714.63
United States Bonds, Treasury Notes and Certificates of Indebtedness at par:		
On Hand	2,248,800.00	
Pledged as Collateral	13,500,000.00	
Bought under Re-sale and Sold under Re-purchase Agreements	78,850,000.00	94,598,800.00
Deposit with the New York State Banking Department New York State Bond, Par Value \$1,000.00, at Cost		985.00
Premium on United States Bonds, Treasury Notes and Certificates of Indebtedness		934,431.11
Interest Receivable Accrued		290,019.66
Interest and Expenses Paid in Advance		54,113.10
Cash in Banks and on Hand		2,835,006.65
		<u>\$274,387,070.15</u>

LIABILITIES		
Capital:		
Authorized and Issued—50,000 Shares of \$100.00 each		\$5,000,000.00
Surplus		4,000,000.00
Undivided Profits:		
Balance as at December 31, 1929	\$1,018,860.27	
Add Net Profits for Year ended December 31, 1930	1,290,684.59	
	2,309,544.86	
Less Dividends	550,000.00	
	1,759,544.86	
Transferred to Surplus	1,000,000.00	759,544.86
Unearned Discount		9,759,544.86
Reserves:		
Taxes (Estimated), Etc.	152,564.30	
Interest Payable and Expenses Accrued	32,012.74	184,577.04
Loans Payable:		
Secured by Acceptances	29,025,000.00	
Secured by United States Government Securities	2,000,000.00	31,025,000.00
U.S. Government Deposit Account		
(Subscription U.S. Treasury Certificates)		11,466,000.00
Due to Banks and Customers		125,805.40
Dividends Payable January 2, 1931		175,000.00
Re-purchase Agreements on Acceptances Sold, per contra:		13,477,050.05
Acceptances Re-discounted and Sold with endorsement, per contra:		129,124,529.41
United States Government Securities bought under Re-sale and Sold under Re-purchase Agreements, per contra:		78,850,000.00
		<u>\$274,387,070.15</u>

CERTIFICATE OF AUDITORS
We have made an examination of the statement of condition and books of the Discount Corporation of New York, as at the close of business on December 31, 1930, and certify that the foregoing statement is in accordance with the books and that, in our opinion, it is properly drawn up so as to disclose the true condition of the Corporation as at that date.
PEAT, MARWICK, MITCHELL & CO., New York, N.Y., January 8, 1931.

DIRECTORS

George W. Davison, President Central Hanover Bank & Trust Company	J. P. Morgan, J. P. Morgan & Co.
Walter E. Frew, Chairman of the Board Corn Exchange Bank Trust Company	Seward Prosser, Chairman of the Board Bankers Trust Company
John McHugh, Chairman of the Board Chairman of the Executive Committee The Chase National Bank of the City of New York	Gordon S. Rentschler, President The National City Bank of New York
Dudley H. Mills, Vice-President and Secretary	Charles H. Sabin, Chairman of the Board Guaranty Trust Company of New York
Charles E. Mitchell, Chairman of the Board The National City Bank of New York	Ernest C. Wagner, President
	Albert H. Wiggins, Chairman of the Governing Board The Chase National Bank of the City of New York

OFFICERS

John McHugh, Chairman of the Board.	M. Greacen Briggs, Vice-President.	Robert M. Coon, Asst. Treasurer.
Ernest C. Wagner, President.	Charles W. Belmer, Vice-President.	Herbert N. Repp, Asst. Treasurer.
Dudley H. Mills, Vice-President-Secretary.	Edward E. Anderson, Treasurer.	Thomas G. Schaedle, Asst. Treasurer.

DISCOUNT CORPORATION OF NEW YORK
TELEPHONE: John 4-0010.
OFFICES: FIFTY-EIGHT PINE STREET
FORWARD RATES AND SPECIAL OFFERINGS ON REQUEST.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

Notes.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yield on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1931. Jan. 1 to Jan. 28 (Inclusive).							Prices Year 1931. Jan. 1 to Jan. 28 (Inclusive).										
High- est.	Low- est.	High- est.	Low- est.	Name of Security.	Price Jan. 21, 1931.	Price Jan. 28, 1931.	Rise or Fall.	Present Yield.	High- est.	Low- est.	High- est.	Low- est.	Name of Security.	Price Jan. 21, 1931.	Price Jan. 28, 1931.	Rise or Fall.	Present Yield.
									£ s. d.								
British Funds.																	
59 1/2	52 1/2	58 1/2	57 1/2	Consols 2 1/2 %	58	58	...	4 6 2	41	1 1/2	1 1/2	1 1/2	G.W. of Brazil £100.	18	18	...	Nil
94 1/2	82 1/2	92 1/2	91 1/2	Consols 4 1/2 %	91 1/2	91 1/2	...	4 7 0	83 1/2	81 1/2	81 1/2	81 1/2	In. Ry. C. Am. No. par	\$104	\$111	+ 7	...
83 1/2	74 1/2	82 1/2	81 1/2	Gen. Loan 3 1/2 %	82 1/2	81 1/2	- 1/2	4 7 5	57 1/2	58 1/2	58 1/2	58 1/2	Leopoldina Ord. Stk.	22 1/2	22 1/2	...	22 4 3
103 1/2	102 1/2	103 1/2	103 1/2	Do. 4 1/2 %	103 1/2	103 1/2	...	4 7 5	83 1/2	83 1/2	83 1/2	83 1/2	Do. 5 1/2 % Cum. Def. Stk.	55	55	...	10 5 9
106 1/2	105 1/2	106 1/2	106 1/2	Do. 4 1/2 % 1944-64	106 1/2	106 1/2	...	4 9 9	97 1/2	49	42 1/2	42 1/2	Nitrate Rvra. (£10)	45	45	...	26 13 3
96 1/2	85 1/2	95 1/2	94 1/2	Funding 4 1/2 % 1950-90	95	95	...	4 5 6	42	18	18 1/2	18 1/2	Paraguay Gen. D. Deb.	17 1/2	17 1/2	...	Nil
106 1/2	102 1/2	106 1/2	106 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	...	3 14 6	85 1/2	65 1/2	70 1/2	70 1/2	Salvador Ord. (£10)	70 1/2	70 1/2	...	14 5 9
100 1/2	100 1/2	100 1/2	100 1/2	Treasury 5 1/2 % 1933-35	102 1/2	102 1/2	...	3 12 6	198	100	148	138	San Paulo Ord. Stk.	146 1/2	146 1/2	- 1	8 5 0 1/2
97 1/2	91 1/2	97 1/2	96 1/2	Victory Bonds 4 1/2 %	97 1/2	97 1/2	...	4 2 6	80 1/2	65 1/2	65 1/2	65 1/2	Tatlat Rly. Ord. £5	65 1/2	65 1/2	...	9 4 6 1/2
105 1/2	100 1/2	104 1/2	103 1/2	War Loan 5 1/2 % 1929-47	103 1/2	103 1/2	...	4 16 0	26 1/2	4	7	5 1/2	Ud. Havana Ord. Stk.	6 1/2	6 1/2	- 1/2	Nil
69 1/2	61 1/2	66 1/2	64 1/2	Local Loans 3 1/2 %	43	43	...	4 8 9	...	...	...	...	...	...	...	...	...
45 1/2	40 1/2	46 1/2	44 1/2	India 2 1/2 %	45	44 1/2	- 1/2	5 12 4	...	...	...	...	...	...	...	...	...
59 1/2	47 1/2	55 1/2	52 1/2	Do. 3 1/2 %	54	52 1/2	- 1 1/2	5 14 3	17 1/2	14 1/2	16 1/2	15 1/2	Anglo-French (£1)	15 1/2	16 1/2	+ 3d	3 15 0
68 1/2	58 1/2	64 1/2	61 1/2	Do. 4 1/2 %	63	62 1/2	- 1/2	5 13 0	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-Internat. (£1)	11 1/2	11 1/2	...	Nil
90 1/2	78 1/2	86 1/2	84 1/2	Do. 4 1/2 % 1958-68	85 1/2	84 1/2	- 1 1/2	5 11 0	7 1/2	4 1/2	5 1/2	4 1/2	Anglo S. £ A £10 65pd	5 1/2	5 1/2	...	9 6 1
106 1/2	100 1/2	106 1/2	106 1/2	Palatine 5 1/2 % 42-67	106	106	...	4 8 0	26 1/2	23 1/2	24 1/2	22 1/2	American £ Belfry pd	22 1/2	22 1/2	+ 3d	8 17 9
109 1/2	104 1/2	109 1/2	109 1/2	Sudan 5 1/2 % Bonds	109	109	...	4 5 10	57 1/2	47 1/2	52 1/2	49 1/2	Bank of N. Zealand £1	51 1/2	51 1/2	...	5 12 6
99 1/2	87 1/2	99 1/2	98 1/2	Uster 4 1/2 % 45-75	99	99	...	4 11 1	27 1/2	24 1/2	25 1/2	26 1/2	Bank of Rng. Stk.	26 1/2	26 1/2	...	4 7 0
Dom. & Colonial Govts.																	
95 1/2	76 1/2	80 1/2	66 1/2	Australia 5 1/2 % 1945-75	75	75	...	6 16 0	12 1/2	8 1/2	8 1/2	7 1/2	Barclay B. (£1)	58 1/2	57 1/2	- 1/2	3 13 0
95 1/2	82 1/2	95 1/2	94 1/2	Canada 4 1/2 % 1940-60	94	95	+ 1	4 7 3	69 1/2	56 1/2	60 1/2	58 1/2	Barcl. (Dom. &c.) A £1	7 1/2	7 1/2	...	9 0 9 1/2
106 1/2	102 1/2	105 1/2	104 1/2	Ceylon 6 1/2 % 1930-60	104	104	...	5 4 0	38 1/2	28 1/2	26 1/2	24 1/2	Bk. of Australasia (£5)	7 1/2	7 1/2	...	4 16 0
98 1/2	90 1/2	98 1/2	98 1/2	Gold Coast 4 1/2 % 1935-65	98	98	...	5 12 4	5 1/2	5 1/2	5 1/2	5 1/2	Bk. of Montreal (\$100)	£59	£59 1/2	+ 1/2	4 16 0
105 1/2	100 1/2	104 1/2	103 1/2	Kenya 5 1/2 % 1948-58	103	103	...	4 15 0	24 1/2	14 1/2	14 1/2	13 1/2	Bk. of S.W. (£20) 98 1/2pd	25 1/2	25 1/2	...	7 12 9
105 1/2	101 1/2	104 1/2	103 1/2	Nigeria 5 1/2 % 1950-60	103 1/2	103 1/2	...	4 15 1	68 1/2	56 1/2	66 1/2	63 1/2	British Overseas A £5	18 1/2	18 1/2	...	5 9 0
92 1/2	70 1/2	72 1/2	61 1/2	N.S. Wales 5 1/2 % 55-55	65	67	+ 2	8 9 2	42 1/2	37 1/2	42 1/2	40 1/2	Ch. of Ind. £100	12 1/2	11 1/2	- 1 1/2	13 0 9
105 1/2	99 1/2	102 1/2	97 1/2	N.Z. 5 1/2 % 1946-...	98 1/2	99 1/2	...	5 2 0	7 1/2	4 1/2	4 1/2	4 1/2	Colonial Bk. of Aus. 10/-	63 1/2	63 1/2	...	5 15 0
92 1/2	70 1/2	72 1/2	61 1/2	Queensland 5 1/2 % 40-60	67	67	...	8 2 1	9 1/2	8 1/2	8 1/2	8 1/2	Do. B £1 fully paid	41 1/2	42 1/2	+ 1 1/2	4 14 0
104 1/2	99 1/2	102 1/2	101 1/2	S. Africa 5 1/2 % 1945-75	102	102	...	4 16 0	120	99 1/2	113	107 1/2	Eng. Scot. & Aust. £5, £3pd	3 1/2	3 1/2	...	10 0 0 1/2
98 1/2	93 1/2	99 1/2	98 1/2	Stras. Set. 4 1/2 % 35-45	99	99	...	4 11 11	62 1/2	59 1/2	63 1/2	57 1/2	Hambro £10, £24 paid	£11 1/2	£11 1/2	...	6 10 0
Foreign Governments.																	
89 1/2	82 1/2	85 1/2	83 1/2	Argentina 4 1/2 % 1924-43	84	84	...	5 12 3	82 1/2	73 1/2	80 1/2	77 1/2	Hong. and Aust. (£125)	61 1/2	61 1/2	...	6 4 6
105 1/2	100 1/2	103 1/2	101 1/2	Austrian 6 1/2 % 1923-43	102	103	+ 1	5 16 3	34	27 1/2	29 1/2	27 1/2	Ind. £100, £25 pd	61 1/2	62 1/2	+ 1 1/2	4 11 0
61 1/2	51 1/2	58 1/2	56 1/2	B. Aires (Prov.) 3 1/2 %	49 1/2	49	...	7 2 10	14 1/2	12 1/2	14 1/2	13 1/2	Martine £20, £24 pd	7 1/2	7 1/2	+ 1/2	5 12 0
113 1/2	108 1/2	110 1/2	108 1/2	Belgian 7 1/2 % Loan	111	110	...	10 2 9	360	33 1/2	35 1/2	34 1/2	Midland £1, fully paid	80 1/2	79 1/2	- 9 1/2	4 11 0
92 1/2	74 1/2	78 1/2	73 1/2	Bolivia 7 1/2 %	75 1/2	75 1/2	...	7 0 0	80 1/2	74 1/2	80 1/2	77 1/2	Nat. of Egypt £1	28 1/2	28 1/2	...	6 8 0
87 1/2	62 1/2	75 1/2	66 1/2	Brazil 5 1/2 % Fund, 1914	73 1/2	73 1/2	...	7 0 0	...	...	...	...	Nat. of India £25, £124 pd	38	38	...	6 10 0 1/2
94 1/2	54 1/2	78 1/2	63 1/2	Do. 6 1/2 % (1927)	74 1/2	74 1/2	...	9 0 0	...	...	...	...	Nat. Prov. £20, £4 pd	35 1/2	35 1/2	...	4 13 0
99 1/2	79 1/2	88 1/2	82 1/2	Chili 6 1/2 % (1929)	87	88	+ 1	7 0 0	...	...	...	...	Royal Bk. £20, £5 pd	13 1/2	13 1/2	...	4 18 6
55 1/2	27 1/2	52 1/2	49 1/2	China 5 1/2 % (1912)	50	50	...	10 0 0	21 1/2	17 1/2	21 1/2	20 1/2	St. S. £20, £5 pd	13 1/2	13 1/2	...	5 10 0
69 1/2	54 1/2	68 1/2	63 1/2	Do. 5 1/2 % (1913)	106	106 1/2	...	7 17 0	13 1/2	12 1/2	13 1/2	12 1/2	Westminster £4, £1 pd	79 1/2	80 1/2	+ 1 1/2	5 10 0
115 1/2	109 1/2	112 1/2	110 1/2	Czechoslovakia 8 1/2 %	81 1/2	81 1/2	...	3 13 0	16 1/2	13 1/2	15 1/2	15 1/2	...	...	...	...	...
82 1/2	74 1/2	78 1/2	73 1/2	Danish 6 1/2 % Fund, 1914	87 1/2	87 1/2	...	5 11 0	30 1/2	24 1/2	28 1/2	27 1/2	...	...	...	...	...
96 1/2	81 1/2	87 1/2	86 1/2	Danish 6 1/2 %	87 1/2	87 1/2	...	7 15 0	32 1/2	26 1/2	28 1/2	27 1/2	...	...	...	...	...
80 1/2	70 1/2	73 1/2	70 1/2	Egypt United 4 1/2 %	72 1/2	73 1/2	+ 1	5 11 0	37	30 1/2	34 1/2	33 1/2	...	...	...	...	...
92 1/2	73 1/2	71 1/2	65 1/2	Estonia 7 1/2 % 1927	66 1/2	66 1/2	...	10 10 6	...	...	...	...	...	...	...	...	...
100 1/2	91 1/2	92 1/2	90 1/2	Finland 6 1/2 % 1923	91 1/2	91 1/2	...	6 13 9	17 1/2	14 1/2	16 1/2	15 1/2	...	...	...	...	...
21 1/2	19 1/2	20 1/2	20 1/2	French 4 1/2 % (British)	20 1/2	20 1/2	...	4 15 6	15 1/2	14 1/2	14 1/2	14 1/2	...	...	...	...	...
109 1/2	100 1/2	101 1/2	101 1/2	German 7 1/2 % 1924-34	20 1/2	20 1/2	...	2 5 1	24 1/2	21 1/2	24 1/2	23 1/2	...	...	...	...	...
93 1/2	85 1/2	93 1/2	90 1/2	Do. 5 1/2 % 1924-34	71 1/2	72 1/2	+ 1	7 15 0	41 1/2	35 1/2	40 1/2	38 1/2	...	...	...	...	...
104 1/2	100 1/2	102 1/2	100 1/2	Greek 6 1/2 % Stab. Ld.	92	92	...	6 16 6	7 1/2	5 1/2	6 1/2	6 1/2	...	...	...	...	...
104 1/2	100 1/2	102 1/2	100 1/2	Hungary 7 1/2 % 1924-34	101	102	+ 1	7 0 0	8 1/2	7 1/2	8 1/2	7 1/2	...	...	...	...	...
96 1/2	91 1/2	96 1/2	92 1/2	Japanese 5 1/2 % 1935-65	95 1/2	95 1/2	...	5 18 0	14 1/2	12 1/2	14 1/2	13 1/2	...	...	...	...	...
102 1/2	98 1/2	103 1/2	99 1/2	Do. 6 1/2 % (1924)	100 1/2	101 1/2	...	...	...	...	...	...	...	...	...	...	...
104 1/2	100 1/2	102 1/2	101 1/2	Mexican 5 1/2 % (1899)	101 1/2	102 1/2	...	5 17 3	156 1/2	147 1/2	149 1/2	142	...	...	...	...	...
106 1/2	102 1/2	104 1/2	101 1/2	Norwegian 6 1/2 % 1921	102 1/2	102 1/2	...	9 16 0	29 1/2	20 1/2	21 1/2	20 1/2	...	...			

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 22, 1931.	Price, Jan. 29, 1931.
Assam Ry. & Trading 5½% debts.	97½	fy. pd.	1 dis-1 pm	96½-97½
Bermuda Development 5½% debts.	97½	fy. pd.	98½-99½	99-100
British Aluminium 5% debts.	95½	60	2½-2½ dis	3-2½ dis
Central Electricity Board 4½% stock	95½	60	2½-2½ pm	2½-2½ pm
Cunard House 4½% debts.	90	60	2½-2½ pm	2½-2½ pm
Darnell (J.) 10/-	16/-	fy. pd.	16/-17/-	16½-17/0
Gas Light and Coke 4½% debts.	91½	66½	3½-3½ pm	4½-5 pm
General Electric 5% debts.	98	fy. pd.	101½-102½	102½-103½
Grovenor House (Park Lane) 7½% cum. pref. £1	par	fy. pd.	16/6-17/6	15/6-16/6
India 6½ 1915-37	100	fy. pd.	1½-1½ pm	101½-102
Kenya 4½ 1911-71	98½	45	1½-1½ pm	1½-1½ pm
Lewis's Investment Trust 5% debts.	98½	20	1½-1½ pm	1½-1½ pm
London and Clyde-dale Trust	10	2	1½-1½ pm	1½-1½ pm
London and Home Counties Electric 4½% stock	95½	30½	par-1 pm	1 dis-1 pm
London Power 5% deb. 1972.	100½	30½	1½-1½ pm	1½-1½ pm
Metropolitan H. using 5½% debts.	95½	50	1 dis-1 pm	1 dis-1 pm
Navy (Frank) 5½% debts.	95	10	1½-1½ pm	1½-1½ pm
Nat. Shipbuilders Security 5% debts.	95	10	1½-1½ pm	1½-1½ pm
Nottigham (City of) 4½% stock 1951-61.	98½	fy. pd.	98½-99½	99-99½
Second British Steamship Trust New £10	£10	£5	10/-5/- dis	10/-5/- dis
Smithwick 4½% debts.	95½	28½	1½-1½ dis	1½-1½ dis
Southern C.C. 4½ 1951-61.	95½	fy. pd.	95½-96½	96-96½
York Electric Power.	95½	...	103½-104½	103½-104½

(Continued from page 236.)

less affected by definitely unfavourable news than by a general atmosphere of aimlessness and lethargy. The reduction in the Watney Combe interim dividend from 8 per cent. to 7 per cent. checked investment buying of brewery shares. Dealings in tobacco shares were fewer than for weeks past. Electrical issues remained steady. In the motor group, Fords were easier on profit-taking and Leylands suffered a further decline. Iron and steel shares were featureless with the exception of Babcock and Wilcox, which were bought from the provinces, on the placing of a large boiler order by the London Power Company. Little interest was taken in textiles, though J. and P. Coats hardened slightly. Following the Royal Mail circular (discussed on page 242) Royal Mail ordinary fell 2½ to a nominal 7½, but other shipping securities were unaffected. The twelve months' receipts of the Imperial Communications Company (analysed on page 243) were disappointing, and Cables and Wireless stocks were sold on fears that the preference dividend had not been fully covered. Insurance shares were steady and banks remained firm, though dealings were of small dimensions.

The rubber share market was easy on the decline in the price of the commodity to the 4d. level. A "bear" movement forced down the price of Rubber Trusts still further, though covering produced a slight rally on Wednesday. A better tendency in tea shares proved short-lived, the appearance of a few small sellers causing prices to give way. Amalgamated Teas remained dull, and Jhanyies declined sharply on a modest amount of selling. Though Paris was a tentative buyer of its favourite oil shares, domestic business showed slight expansion. The market leaders, however, held their ground.

In the mining share market, Kadirs continued to monopolise attention. The outlook is discussed in a Note on page 242. Union Corporation and Randfontein were among the leaders, and East Geduld rose sharply later in the week on a satisfactory development cable, Geduld following suit. Rhodesians were almost featureless, "Chartered" being sold rather heavily from Paris, while among the Northern issues changes were mostly against holders. Tin shares were irregular, and Tintos weak. Australians were an active market, and, among West Africans, Ashanti received further attention.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Batches recorded in Stock Exchange Lists.)

	Jan. 22, 1931.	Jan. 23, 1931.	Jan. 26, 1931.	Jan. 27, 1931.	Jan. 28, 1931.	Jan. 29, 1931.
Government and Municipal Loans	1,626	1,421	2,026	1,467	1,471	1,414
Transport, Communications, and Public Utilities	913	1,186	1,159	997	904	938
Commercial and Industrial Banks, Insurance and Financial	1,885	1,874	2,509	1,903	1,739	1,634
Mines (including Nitrate)	629	644	844	503	572	616
Oil	673	862	1,076	615	531	556
Rubber, Tea and Coffee	91	131	182	131	149	177
	71	87	115	107	98	113
Total	5,888	6,205	7,911	5,728	5,464	5,438

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 16.)	Jan. 22, 1931.	Jan. 23, 1931.	Jan. 26, 1931.	Jan. 27, 1931.	Jan. 28, 1931.	Jan. 29, 1931.
72.3	68.3	69.3	71.5	70.3	70.5	70.1	69.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets opened undecided, and in mid-week became reactionary. The change in sentiment was due to various factors. Bond offerings, it is believed, have been overdone. Fears over the proposal to pay cash on Veterans' Compensation Certificates have also affected the market. Despite Mr Mellon's assertion that the payment would involve the Government in a borrowing operation of \$3,500 million, the measure is recognised as having strong political forces behind it. The seasonal recovery in trade has been exaggerated in some quarters. Steel production is showing a relatively slow upward movement, which does not speak well for first quarter's earnings. Car loadings showed only a moderate increase last week. The various railroad figures for last year, which have been appearing this week, do not come up to the most optimistic expectations in every case, and the recovery in share values has been arrested. The week's reaction has been particularly noteworthy in Liberty Bonds, some of the selling coming from financial quarters which would regard the passing of the Veterans' legislation as a prelude to increased taxation.

	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.		Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.
U.S. 3½% T. Bds.	106½	106½	105½	Natl. Biscuit	77½	78½	78½
Lib. 3½% '32-47	102	102½	101½	Phelps Dodge	20	20½	20½
Do. 4½% '32-47	103½	103½	103	Fullman	54½	55	54
Do. 4½% '33-38	103½	104	103	Sears-Roebuck	47½	50½	51½
Atchafalca	185½	193	196½	Studebaker	22½	22	21½
Coke & Ohio	39½	43½	43½	Un. Fruit	54½	59	59
Erie	29½	32	30½	U.S. Rubber	11½	12½	13
Illinois Central	83	85	88	U.S. Steel	139	141½	140½
N.Y. Central	117½	123½	124	Westinghouse	64	66½	65
Pennsylvania	59½	61½	61½	Woolworth	56½	58½	58
Southern Pacific	100	103½	103	Worthington Pump	61½	65½	76
Southern Ry.	58½	60	60½	Am. Tel. & Tel.	180	187½	187½
Union Pacific	185½	190	196½	Int. Tel. & Tel.	25	26	25
Am. Can.	107½	111½	111	Radio Corp.	13½	13½	15
Amer. Smelting	43½	44	44½	Utilities P. & L.	23	24½	25½
Alcoa	31½	33½	33½	W. Union Tel.	136	138	138
Bethlehem Steel	49½	48½	49½	Associated Gas "A"	21	20½	20½
Chrysler Motor	16	16½	17½	Pan Amer. B.	34½	35	34½
Corn Produce R.R.	77½	81	80½	Shell	30½	29½	32½
Eastman Kodak	145½	152	156½	Shell Union	8½	9½	9½
Gen. Electric (New)	42½	44	44½	Sinclair Oil	11	12½	11½
Gen. Motors	35½	37½	38½	Std. California	45½	47½	47
Int. Harvester	48	51	52½	Do. N.J.	48½	48	47½
Montg. Ward	17½	18½	20½				

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Re-opening of Year	Jan. 21.
337 Industrials	114.5	218.9	98.2	174.1	99.6	102.3
33 Railroads	127.8	173.5	89.1	145.5	92.0	100.6
34 Utilities	177.6	330.4	153.2	267.4	158.1	161.9
Total, 404 Stocks	140.3	228.1	105.5	184.2	107.6	111.3

	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
Yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.80%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Jan. 6.)	Lowest of 1931. (Jan. 19.)	Jan. 21, 1931.	Jan. 22, 1931.	Jan. 23, 1931.	Jan. 24, 1931.	Jan. 26, 1931.	Jan. 27, 1931.	Jan. 28, 1931.
125.1	118.6	121.2	123.3	125.8	124.2	125.6	124.7	122.2

TOTAL DEALINGS IN NEW YORK.

	Jan. 22, 1931.	Jan. 23, 1931.	Jan. 24, 1931.	Jan. 26, 1931.	Jan. 27, 1931.	Jan. 28, 1931.	Jan. 29, 1931.
Stock Exchange—Shares (Thous.)	1,857	2,858	1,124	1,534	1,601	1,600	1,600
Bonds (Value Thous. \$).....	9,496	10,901	5,606	8,727	13,017	11,509	13,800
Over-the-Counter—Shares (Thous.)	388	798	224	384	397	370	300

* 2-hour session.

INVESTMENT NOTES.

Stockbrokers and Their Liability.—Stockbrokers have been feeling a natural anxiety this week at the result of the action of Davidson v. Schwab and others. Apart from raising troublesome questions about the agency position of the half-commission man—a very difficult and unsatisfactory matter—the action turned on whether a firm of stockbrokers gave negligent advice and were liable for the client's loss of capital. Lady Theodora Davidson won her case, and as the first Press reports were so much abbreviated as to give an incorrect impression of the facts and the jury's finding, members of the Stock Exchange seemed to be faced with the possibility that all unsuccessful advice given to a client was advice negligently given and carried with it a liability for subsequent depreciation. If this view were correct a large part of the capital losses of the last eighteen months would be transferable from the shoulders of investors to the backs of their brokers, the broadest of which would be likely to crack under the strain. Insurance, by an old oft-quoted definition, is a means whereby losses are made to fall rather lightly on many than heavily on a few, and it seemed to some stockbrokers on Tuesday that the Stock Exchange was working on precisely the opposite plan. Fortunately, when the verbatim report of Mr Justice Horridge's summing-up was published it threw a very different light on the case, making it clear that the advice given by the half-commission man did not consist in saying, "I recommend you to buy such and such a share," but went very much further. Being approached by Lady Theodora Davidson for help in her investment business he not merely held himself out as an expert but said it was essential for her to fill up a card with the list of her holdings, undertaking to watch them for her and advise her in such a way as to produce

capital appreciation and a higher yield. Such an offer as this is very far removed from the ordinary advice of a broker, and would appear to impose on the man who makes it a higher standard of caution than the ordinary; but so far from working to a higher standard the gentleman apparently sold sound Corporation stock and invested the proceeds in speculative shares. He even went so far as to carry over because there was not enough money in the account to pay for the shares outright, and admittedly did not explain to his client the significance of what he was doing. In view of such facts it is not surprising that the jury found there had been negligence, and where negligence is proved no one supposes that the stockbroker, any more than any other agent or professional adviser, is free of liability for the results of his conduct. The surgeon who negligently advises an operation, the nurse who negligently forgets a hot-water bottle, the solicitor who negligently advises on a point of law, the accountant who negligently passes a fraudulent balance sheet, the insurance broker who negligently leaves a client uninsured—all are liable for the consequences, because they have fallen short of the skill which they hold themselves out to possess. The only happy exception is the barrister, who brings the sins of other professional men home to them. He, be he never so negligent, is immune. The mere stockbroker must not expect such peaceful security as is enjoyed by the more learned gentlemen who cross-examine him.

Australian Finance.—The market in Australian Government stocks has found difficulty in interpreting the surprising and somewhat conflicting news which has been cabled from that continent. On balance it has closed higher but not without giving the benefit of many doubts to Mr Scullin. Why has Mr Scullin secured the re-appointment as Federal Treasurer of Mr Theodore, who has not yet cleared his name from the Mungana scandals, and so alienated his supporters in the Cabinet who upheld the fight for economy and reform in his absence? The political situation created by Mr Theodore's return is discussed at length in a "Note of the Week" on page 224. Meanwhile, the market has been partially reassured by the news of the decision of the Federal Arbitration Court ordering a reduction of 10 per cent. in the wages of members of all trade unions coming within its jurisdiction, with the exception of the Union of Wool Shearers, who are paid for piece-work. The decision was taken on the ground that "the sudden and violent change in the economic conditions of the Commonwealth

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CAPITAL ISSUED ...	...	...	...	...	...	...	...	£8,125,000
CAPITAL PAID UP ...	...	...	...	...	...	...	...	1,875,000
RESERVE FUND ...	...	...	...	...	...	...	...	1,000,000
CURRENT AND DEPOSIT ACCOUNTS ...	...	...	...	...	...	...	...	32,008,887
CASH IN HAND AND AT BANK OF ENGLAND ...	...	...	...	...	...	...	...	3,786,044
MONEY AT CALL AND SHORT NOTICE ...	...	...	...	...	...	...	...	2,488,863
INVESTMENTS ...	...	...	...	...	...	...	...	8,306,443
BILLS DISCOUNTED ...	...	...	...	...	...	...	...	2,492,729
ADVANCES ...	...	...	...	...	...	...	...	15,590,258

31st December, 1930.

made the maintenance of the existing standard wages impossible." The reduction is to take effect for twelve months from February 1st, and may be extended, if necessary, for a further period. It applies to all trade union workers, whether they are in receipt of the basic wage or a higher remuneration. The basic wage varies in the different States, but the average is £4 3s. a week, the lowest rate being about £3 12s. 6d. a week in Queensland. The Federal Court, however, has no power under the constitution to enforce its decisions. Hence it cannot be assumed that an immediate reduction of 10 per cent. in the Australian wage level will necessarily result from this decision. The further depreciation in the Australian pound, which is now quoted at £130 per £100 sterling in London, emphasises the serious problem which Australia has to face—that of finding sufficient exchange cover to pay for its imports and meet its external debt obligations. Its primary exports are still selling at low prices—wool prices at this week's auctions in London were 15 per cent. to 20 per cent. below those of the previous auctions. Whether a substantial debit in Australia's international balance of payments may necessitate the raising of a loan in London is discussed in our earlier "Note." The market has no confidence whatever in the success of Mr Theodore's reported plan to "control" the exchange. Measures of this nature have been tried already in many countries, and have invariably and ignominiously failed.

Transfer of American Securities.—Some misapprehension was caused by a notice posted in the Stock Exchange on Tuesday to the effect that, as from January 26th, "American" shares in the names of limited liability companies, corporations, societies or institutions, would constitute a bad delivery. In some quarters this was taken as a move directed against "nominee" companies established by banks, etc., to hold securities on behalf of customers, and as being calculated to further the interests of the Stock Exchange firms which specialise in the business of holding clients' shares in their names. The Stock Exchange Committee were, in fact, criticised for their alleged "parochial" spirit. Actually, it has been the practice, for a considerable time, for American share certificates carrying endorsements by the registered holders to change hands more or less on the lines of bearer shares, in order to prevent the delay of sending shares to the United States for registration, which would obviously restrict their negotiability. The Committee's decision, however, was based on a literal interpretation of Rule 135 (2), which states that "a member shall not be required to accept delivery of American shares or registered bonds in names requiring legal or other documents to be attached in order to effect transfer." The difficulty as between legality and expediency, however, was recognised as demanding further consideration, and on Thursday it was announced that the Committee had rescinded their earlier ruling and decided that American shares, under the conditions previously mentioned, would be bad delivery after March 6th unless each certificate were stamped with the signed guarantee of the limited company, etc., in whose name the shares were registered, certifying that the necessary papers had been filed with the Registrar and/or transfer agent, to ensure delivery. This ruling overcomes many of the disadvantages incidental to the literal application of Rule 135 (2) and allows a reasonable interval of time for the making of the necessary arrangements.

Royal Mail Position.—A circular has been issued this week announcing that meetings of the 4½ per cent. and 5 per cent. debenture stockholders of the Royal Mail Company and of the preference shareholders of the White Star Line will be held on February 12th next, when the company will ask for a moratorium until June 30, 1931. This procedure has been adopted under Section 153 of the Companies' Act of 1929, under which creditors' schemes may be made binding by the court on a three-fourths majority. The group is clearly being ably advised from the legal point of view, since if the debenture or share-

holders concerned had been left to press their claims in the ordinary way, an application to the court by holders of a relatively small fraction of the capital concerned might have upset the whole edifice which the reconstruction committee are endeavouring laboriously to rebuild. The debenture and shareholders are not asked to submit to any modification of their rights beyond, firstly, a postponement of their interest and dividend claims for five months, and, secondly, the raising of not more than £250,000 of debentures, which will rank *pari passu* with the 4½ per cent. Royal Mail debenture stock, and in front of the 5 per cent. debenture stock and the White Star preference guarantee. By the end of June it is hoped to submit a plan to deal with the position. This should not be taken to mean that a complete scheme for the reorganisation of the Royal Mail group will be ready in anything like that time. Having regard to the complex nature of that problem and its manifold difficulties, it would be asking too much of human ingenuity to produce an exhaustive scheme in so short a period, particularly as the present depressed condition of the shipping industry throughout the world has an intimate bearing on the reconstruction question. More probably, the plan to be submitted before the end of June will deal merely with the position of the debenture stockholders and the White Star preference shareholders, in order to leave the hands of the reorganisation committee free for its main task. All things considered, the policy adopted by the Royal Mail Company is reasonable, and the stockholders and shareholders concerned, having heard the explanations to be given at the meetings, may be disposed to fall in with it.

A "Kaffir" Revival.—In a recent article on "Kaffir" shares (see the *Economist* of December 18th last) it was stated that improved technical positions on both the Johannesburg and Paris markets had at least partially cleared the way for a revival of activity in these shares. The inference was drawn that the year-end dividends would provide the necessary impetus for a general improvement in share values. The dividends were, in fact, fully up to expectation and the market has responded. An all-round revival of interest has occurred, with trading on a larger scale than for many months past. Appreciable price improvements have been recorded, accompanied by a fresh crop of "rumours" which invariably characterise an active market. The December quarterly reports have now been published, and a number of ore reserve re-estimates have been made known. As these, with few exceptions, have been satisfactory, prices have continued to improve. The following list includes various companies whose shares have shown significant appreciation during the seven weeks prior to January 28th:—

Company.	Percentage Rise in Share Values.	Company.	Percentage Rise in Share Values.
Randfontein	26	*Modder East	16
East Rand Pty.	25	*Brakpan	14
†Witpoort	25	*Sub Nigel	14
*Robinson Deep B. ...	22	*Simmer & Jack ...	13
*Cons. Main Reef	18	*Witwatersrand Gold	13
†Daggafontein	18	†East Geduld	12
West Rand Cons.	18		

* Dividend payers.

† Properties under development.

The table suggests that the greatest percentage gains have been recorded, not so much by the established dividend-payers, whose intrinsic merits can be fairly reasonably assessed, but rather by the mines with problematical potentialities, such as Randfontein and East and West Rands; also, as a class, by the three companies now in process of developing their properties—Daggafontein, East Geduld and Witpoort. These are the "dark horses" of the "Kaffir" market, and naturally the most sensitive to market sentiment. Next, as a class, come dividend-payers with a somewhat fluctuating dividend history, including Robinson Deep "B," and Simmer and Jack, which re-entered the fold of dividend-payers last month. Consolidated Main Reef's last dividend also reflected the recent improvement in conditions at that mine. Lastly come the "heavy guns," including Brakpan and Sub Nigel, whose actual capital appreciation has been the most substantial. The former's rise

is difficult to account for in the face of indifferent recent development results and a further reduction in the ore reserve tonnage and value. The rise in Sub Nigel, however, has reflected higher profits and an increased dividend, with the possibility of continued satisfactory results, based upon good mine developments, increased ore reserves and the forthcoming enlargement of the treatment plant. The upward trend in "Kaffir" values has been accompanied this week by professional profit-taking, which has been accentuated by the approaching end of the account. A firm tone, however, still prevails. Various "Kaffir" shares will be marked ex-dividend next week.

Imperial and International Communications Receipts.

—A statement has been issued by the Imperial and International Communications, Ltd., the operating subsidiary of Cables and Wireless, Ltd., showing that the estimated traffic receipts for the twelve months ending December 31, 1930, amounted to £5,365,561, as compared with £6,146,452 in the previous year, a decline of 12.7 per cent. The average daily takings work out as follows:—

	1929.	1930.	Decline.
	£	£	%
January	21,000	19,200	8.6
February	20,900	19,100	8.6
March	21,500	19,000	11.6
April	20,600	19,000	7.8
May	19,300	17,300	10.4
June	19,300	18,000	6.7
July	19,100	16,200	15.2
August	18,900	16,500	12.2
September	19,400	16,300	16.0
October	19,100	16,500	13.6
November	19,700	16,100	18.3
December	21,600	17,400	19.5

It will be seen that up to the end of December the decline in traffic receipts showed no sign of abating. In the report of Imperial and International Communications, issued last July, the 1930 traffics were forecast at £5,405,084. Apparently this estimate made allowance for deduction of various taxes payable to Governments abroad, while the traffic figures quoted above make no such allowances. Comparison is, therefore, impossible. If it is fair to apply the percentage decline last year in the traffic receipts of Imperial and International Communications, Ltd., to the estimated 1930 income of the parent company, and allow for a 10 per cent. saving in general expenses, it will be found that the 5½ per cent. dividends on the £22,964,611 preference share capital of Cables and Wireless, requiring £1,263,054, fall short of being earned by about £140,000. The next table shows the extreme market quotations for Cables and Wireless stocks last year, and to-day's prices:—

	1930.			
	High.	Low.	Present Price.	
5½ per cent. preference	100	62	66½	
7½ per cent. A ordinary	77	18½	19	
B ordinary	39½	8½	10	

At the present market price the 5½ per cent. preference stock allows a yield of over 8½ per cent. In the view of the market the preference stock holders may rest assured that their dividends will be paid.

The Tea Position.—During the last few weeks negotiations have been in progress for a continuance during 1931, with modifications, of the tea restriction scheme in force last year. The attitude of those concerned suggests that while concurrence in such a policy is more than probable, the modifications in the original scheme will be substantial. In the first place, no effort will be made to control production by "native" growers in the Dutch East Indies. At present this represents about one-fourth of the total output of Java. It was found last year that the refusal of European growers to handle this tea merely transferred the business to Chinese and other local interests without succeeding in keeping the tea—much of which was of low quality—off the market. This year, the

Dutch companies will be free to deal with native "Kampong" leaf as they think best. Native production, in other words, is proving as uncontrollable in the tea as in the rubber industry. Secondly, the "restriction ratios" in the various tea-growing areas, British and Dutch, will be modified, so that while in the Dutch areas a "flat" percentage of restriction will apply, in the British areas restriction will be least in the case of high-priced teas. In all cases an allowance will be made, on a sliding scale, for newly planted areas coming into partial production this year. The net result is expected to be a measurable increase in the total tea output in coming months. So far, the expectation that lower output of tea would result in improved quality has not been borne out to any striking extent. Some growers who subscribe to the contemporary doctrine that restriction is necessary to prevent a price slump are anxious, nevertheless, lest its prolongation, after 1931, should damage the permanent interests of the industry. So far, despite the recent dullness of tea shares on the Stock Exchange, the industry has had some cause for congratulation. Tea prices, on the average, remain approximately 60 per cent. above the 1913 level. During 1930, they even rose slightly—a result which contrasts forcibly with the experience of producers in many other primary industries. Last year, for example, coffee prices declined by 26 per cent., cocoa by 21 per cent., rubber by 47 per cent., cotton by 45 per cent., wool by 33 per cent., and wheat by 56 per cent.

City of London Brewery Company.—Though this company still retains a certain amount of property, its main interest is now that of an investment trust company. The accounts for the year to December 31st last reveal an increase in gross profit of £4,046, and in net profit of £21,710. It has been decided that a capital bonus of one deferred share in ten shall be paid

MARTINS BANK

LIMITED

CENTENARY

1831

1931



Head Office:

7, WATER STREET, LIVERPOOL.

London Office:

68, LOMBARD STREET, E.C.3.

Manchester District Office:

43, SPRING GARDENS.

Capital Paid Up and Reserves - £7,777,990

Deposits, etc., at 31st Dec., 1930 £78,562,603

The Bank has over 570 Offices, and Agents in all the principal towns at home and abroad.

All descriptions of Banking, Trustee and Foreign Exchange Business transacted. The Bank is prepared to act as Registrar for Public and Corporate Bodies.

to deferred shareholders out of the £55,000 which is placed to reserve:—

Year to December 31,	1928.	1929.	1930.
Gross profit.....	281,921	299,981	304,627
Net profit	180,574	196,585	218,295
Brought forward	80,508	26,919	27,341
Prof. share dividend.....	47,815	47,815	46,321
Prof. stock dividend.....	22,000	24,000	23,250
Preferred ord. dividend	*	94,348	91,400
Ordinary capital:			
<i>Earned, £</i>	110,759	30,422†	57,324†
Paid, £.....	94,348	Nil	Nil
<i>Earned, per cent.</i>	23.5	10.3	19.5
Paid, per cent.	20§	Nil	Nil
To reserve.....	70,000	30,000	55,000
Carried forward	26,919	27,341	29,665

* Not issued. † On deferred shares. § Plus capital bonus of 50 per cent.

The report states that "the general outlook as to future dividend receipts is not encouraging," but shareholders will be able to derive comfort from the considerable figures standing to the credit of reserve and dividend equalisation funds (£155,500 and £80,000 respectively). Moreover, the market value of such of the company's investments as are quoted in London, and the estimated value of the remainder, exceed in the aggregate the amount shown in the balance sheet. Of these investments approximately 15 per cent. are in the form of debentures and bonds, 34 per cent. in the form of preference and preferred ordinary stocks, while 51 per cent. are ordinary and deferred ordinary stocks. Over 80 per cent. of the total holding of 350 investments are located in Great Britain or the Dominions and Colonies. That the market takes an optimistic view of the company's prospects is shown by the fact that the 5s. deferred shares, which have not yet received a dividend, are quoted at 11s. 3d.

American Railroads.—A remarkable and unheralded recovery has occurred since the end of the year in the American railroad market. Up to December, 1930, it had become a matter of general comment that railroad bonds were returning lower yields than the bonds of public utility and industrial companies, while railroad common stocks were returning higher dividend yields than the common stocks of other companies. This paradoxical situation was accentuated by the organised "bear" attacks which had been made upon railroad equities, and has now been largely corrected by a run to "cover" on the part of the "bears" after publicity had been given to the real earnings position of the leading railroads. The Dow Jones index of 20 representative railroad common shares which stood at 91.65 on December 16th—the lowest point of the year—had risen to 109.49 by January 26th, a

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"
8, Boulevard Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....
Address

rise of nearly 20 per cent. The following table shows the position of nine leading railroad "equities":—

AMERICAN RAILROADS.					
Railroad.	% Decline in 1930 net Operating Income.	Estimated 1930 Earnings.	Div. Rate.	Equity in Subsidiaries, &c.	Total Est. Earnings and Equity.
Atchafalaya	36.3	13.50	10	...	13.50
Baltimore and Ohio ..	20.5	6.20	7	1.00	7.20
Chesapeake and Ohio ..	7.0	4.70	2.50	0.10	4.80
Illinois Central	17.2	5.80	7	...	5.80
New York Central	44.8	6.80	8	0.10	6.90
Pennsylvania	32.7	5.10	4	.70	5.80
Southern Pacific	28.3	7.90	6	...	7.90
Southern Railway	36.7	4.50	8	...	4.50
Union Pacific	22.8	16.70	10	...	16.70

Railroad.	1930.		Jan. 15 Approx. Price.	Present Price.	Div. Yield %.
	High.	Low.			
Atchafalaya	242½	168	186	195	5.12
Baltimore and Ohio ..	122½	55½	76	78	8.9
Chesapeake and Ohio ..	51½	32½	40	43	5.80
Illinois Central	135½	65½	85	86½	8.10
New York Central	192½	105½	117	125½	6.50
Pennsylvania	86½	59	62½	64½	6.45
Southern Pacific	127	88	100	102½	5.85
Southern Railway	136½	46½	58	59½	13.30
Union Pacific	242½	166½	186	195	5.13

* Unascertainable.

The "bear" attack on railroad equities, which had brought about drastic liquidation, had been based upon the idea that the decline in railroad earnings was due less to the general business depression than to a permanent and increasing loss of railroad traffic to competitive means of transport. Oil and gas pipe lines, air and motor transport, and inland waterways were cited as villains in the piece. This varying competition was grossly exaggerated. Oil and gas pipe lines and inland waterways presented no new menace. The threat of motor competition was certainly no more serious than in 1929, when 23,121,000 automobiles with a capacity 24 times the passenger mileage of the railroads took away from the railroads only 2 per cent. of their passenger traffic, while 3,380,000 motor trucks did not even prevent a 3 per cent. increase in the amount of goods tonnage carried on the railroads. At the beginning of last year the railroads may certainly have shown a bigger drop in net earnings than was warranted by the general decline in trade, but this must be attributed to their desire to meet President Hoover's call to maintain labour forces on a normal basis. The actual loadings of revenue freight on the railroads in 1930 ranged from a 7 per cent. decline in the first quarter, as compared with the corresponding quarter of 1929, to a 16½ per cent. decline in mid-summer, a 21 per cent. decline in late September, and a 15.7 per cent. decline in the final week of the year. Although the prices of railroad common stocks have recovered somewhat sharply it must not be supposed that the outside public has come into the market. It is generally anticipated that for the first quarter of this year car loadings will compare unfavourably with those of the first quarter of 1930, which were only about 7 per cent. below those of 1929. Until an actual increase is shown in the 1931 car loadings the market in railroad equities may remain largely in the hands of the "professionals."

Chinese Customs Revenue.—The figures of the maritime customs revenue for 1930 have been published by the Chinese Ministry of Finance and are of special interest to investors in the loans secured on the Chinese Maritime Customs. The total for 1930 amounted to Haikwan taels 180,570,000, which compares with the totals of the previous three years as follows:—

	Haikwan Taels.	Sterling Equivalent.
1927	69,770,352 at 2s. 9½d.	9,829,625
1928	85,968,000 at 2s. 11½d.	12,028,000
1929	152,760,000 at 2s. 7½d.	20,248,600
1930	180,570,000 at 1s. 7.7265d.	14,841,725

The large increase in the 1929 revenue was due to the higher tariff imposed in February, 1929. It may be recalled that by the trade treaty of December, 1928, the Chinese claim to tariff autonomy had been accepted and an increase in the customs duties, which were formerly 5 per cent. to 12 per cent. *ad valorem*, was immediately authorised and came into effect on February 1, 1929. It will be observed that the sterling equivalent of the total customs in 1930 was 26.7 per cent. below the figure for 1929, although the amount in Haikwan taels was 21.5 per cent. higher. This follows as a result of the stabilisation of the Haikwan tael for customs revenue purposes on a gold basis at a rate of 19.7265d. All the foreign loans secured directly or indirectly on the customs revenues have been met in full, but the cost of their service calculated on a silver basis increased from 65,336,000 Shanghai taels in 1929 to 91,474,000 Shanghai taels in 1930. The further depreciation in silver threatens to have serious effects on the finances of the Chinese Government, apart from the disastrous reactions upon Chinese trade. In this connection the proposal may be mentioned of a large international silver loan which has been put forward by the chairman of the American Smelting and Refining Company, with the object of restoring the normal value of silver and improving the purchasing power of the East. It is proposed that Great Britain, France and Japan should be asked to take part. But opinion in China appears to be sceptical, and the Chinese Finance Minister has denounced the proposal as detrimental to China and only intended to help the American silver mines which had been hit by the slump in the price of silver.

Failures in 1930.—The bankruptcy figures for 1930, compiled by Mr Richard E. Seyd, show aggregate failures of 7,483, an increase of 456. The total includes 4,549 bankruptcies and 2,934 deeds of arrangement. The largest number of failures (6,102) occurred among the retail trades and the working classes, followed by financial, wholesale and manufacturing trades with 902, while there were 479 cases of insolvency among the professional classes. Grocers and provision merchants head the list with 540, followed by farmers, builders and drapers with 432,416 and 413 respectively. Among the professional classes (which included "private individuals, 177"), the highest total was shown by "actors, artists and cinemas, etc.," and the lowest total by "clerks in Holy Orders." Failures among private persons have lately shown steady decreases, the figures being 1928, 224; 1929, 199; and 1930, 177. These figures include returns from Scotland and the Irish Free State. During the year 1,591 companies were voluntarily wound up—121 in Scotland, 10 in Northern Ireland and 24 in the Irish Free State.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Westminster Bank, National Provincial Bank, District Bank, Williams Deacon's Bank, Martins Bank, Anglo-French Banking Corporation, Provincial Bank of Ireland, The National Bank, Canadian Bank of Commerce, National Mutual Life Assurance Society, Sun Life Assurance Society, and Metropolitan Trust. Presiding at the annual meeting of the Provincial Bank of Ireland, Mr R. O. Trotter said that 1930 had been a year of steady progress for the Irish Free State. The prices of milk, butter, eggs and poultry at the fairs had been lower than for the last quarter of the previous year, but there had been a general improvement in the prices of the cattle trade. The total exports from the Free State had reached the high figure of £18 millions. Presiding at the annual meeting of the National Mutual Life Assurance, Mr J. M. Keynes said that it was a striking testimony to the society's strength that, in spite of a period of two years of unprecedented difficulties, they had started the year 1931 with a carry-forward of over £200,000, after writing off all depreciation and declaring not only the

usual annual bonus, but also the special centenary bonus of £162,000. The bank chairmen's speeches are dealt with in a special article on an earlier page.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to January 24, 1931, £8,423,870.
Total, including conversion, recorded January 1 to January 24, 1931, £9,395,013.

National Savings Certificates.
Net sales, week ended January 24, 1931, £700,000.
Total receipts, April 1, 1930, to January 24, 1931, £8,550,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Total offered to the Public, week ended January 31, 1931	Nil	Nil	Nil	Nil	Nil
To Shareholders only.					
Simonds (H. and G.), 96,040 Ord. £1 at 25s.	90,040	...	112,550	45,020	67,530
Total offered to shareholders only, week ended January 31, 1931	90,040	...	112,550	45,020	67,530
Total Offered for Subscription—					
Including Conversions.					
Excluding Conversions.					
Jan. 1 to date—					
1931	10,207,563	9,236,420	1930	454,888,784	267,800,700
1930	13,988,985	13,988,985	1929	488,764,940	285,239,400
1929	43,610,116	43,610,116	1928	693,100,056	369,058,073
1928	116,554,763	116,554,763	1927	...	355,165,970
1927	96,205,780	96,205,780	1926	...	230,782,600
1926	28,710,551	28,710,551	1925	...	232,214,500
1925	17,293,290	17,293,290	1924	...	209,326,101
1924	11,705,125	11,705,125	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	7,453,357	338,571	1,444,402	9,236,420
1930	12,306,725	763,262	342,997	13,988,985
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,417,900	45,062,600	111,777,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

J. DARNELL AND SON, LIMITED

Established 1854.

WHOLESALE BOOT & SHOE FACTORS,
76/94, Kingsland Road, London, E.2.

CAPITAL.
AUTHORISED & ISSUED - £250,000
(500,000 Ordinary Shares of 10/- each).

Summary of Balance Sheet as at Dec. 31, 1930.

ASSETS.	£	s.	d.
Cash at Bank and in hand	83,155	14	10
Debtors	87,689	13	6
Stock	92,401	7	6
Fixtures, Fittings, Motorcars, &c.	4,749	19	9
Freehold & Leasehold Properties	33,806	11	10
Goodwill	20,649	6	4
Less written off this year	20,649	6	4
	Nil		
	£301,803	7	5
LIABILITIES.			
Creditors	37,169	4	7
NET ASSETS	£264,634	2	10
NET PROFITS	£54,746	10	5
1st Annual Meeting held Friday, January 30th, 1931.			
Dividend at the rate of 16% per annum declared.			

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,456,375	...	2,508,632
Total for week ended January 31, 1931 ...	Nil	...	Nil
Total to date, 1931	2,456,375	...	2,508,632
Total to date, 1930	1,014,187	...	1,138,840

Aldershot Gas, Water and District Lighting Company.—Issue by tender of sufficient 4 per cent. consolidated preference stock to produce the net sum of £150,000. Minimum price of issue £74½ per £100 stock. During the past seven years the sales of gas and electricity have increased by 44.4 per cent. and 459.2 per cent. respectively.

Bilston Gas Light and Coke.—Issue by tender of £20,000 5½ per cent. redeemable debenture stock, to be redeemed at par on September 30, 1930. Minimum price of issue, par. The net revenue of the company for the year ended September 30, 1930, was £4,628, covering interest on the above stock over four times.

Metropolitan Water Board.—Issue by tender of £2,000,000 Metropolitan Water Board Bills in amounts of £500, £1,000, £5,000, and £10,000, repayable on February 7, 1932.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction:—**London and Lomond Investment Trust.** Share capital, £500,000, in 50,000 shares of £10 each. The company was incorporated in January, 1931, to carry on the usual business of an investment trust company.

[Other Stock Exchange information, including the latest dividend announcements, reports and notices, and profit and loss figures, will be found on page 271, under the heading "Company News."]

MINING OUTPUT STATISTICS.

MISCELLANEOUS.

Company.	Period.	Output.	Company.	Period.	Output.
Bwana M'Kubwa ...	Dec.	452 tons	Natal Navigation Co. (Ld.)	Dec.	93,767 tons
Glydestale (Transvaal) ...	Dec.	37,172 tons	New Vaal River ...	Dec.	266 tons
Collieries ...	Dec.	9,130 tons	South African Coal	Dec.	62,724 tons
Crown Diamond ...	Dec.	44,398 carats	Bates ...	Dec.	65,164 tons
Dundee Coal ...	Dec.	21,368 tons	West African Diamond	Dec.	15,000 tons
Durban Navir. Colls.	Dec.	600 tons	Witbank Colliery ...	Dec.	69,912 tons
Indian Copper ...	Dec.	800 tons			
Messina (Transvaal) ...	Dec.	800 tons			

MOUNT LYELL.—During quarter to December 31st there were smelted North Lyell ore (direct to smelters), 2,496 tons concentrates, 11,290 tons. Converters produced 2,254 tons of blister copper, containing copper, 2,236 tons; silver, 39,052 ozs.; gold, 913 ozs. The mill treated 63,762 tons of ore and produced 12,361 tons of concentrates. Furnace ran 48 days, Cathode copper produced, 2,282 tons.

NORTH BROKEN HILL.—December production: 23,191 tons of crude ore treated, assaying 15.5 per cent. lead, 9.5 ozs. silver per ton, and 13.3 per cent. zinc, producing 4,680 tons lead concentrates, assaying 73.5 per cent. lead, 42 ozs. silver per ton and 5.2 per cent. zinc.

PONDEROSA.—Production for December: 588 metric tons, estimated at 21½ per cent. copper.

SAN FINX.—December: Extracted 3,420 tons, mill crushed 3,098 tons, yield 14 tons tin concentrates, 15 tons wolfram. Estimated value, £2,520.

TETICHE.—December: Ore treated, 9,306 tons; zinc concentrates produced 2,415 tons, assaying 46.75 per cent. Lead concentrates produced 970 tons, assaying 75.47 per cent. lead, 56 ozs. silver.

WORKING PROFIT, TRANSVAAL.—The total estimated working profit of the gold mines of the Transvaal for the month of December, 1930, amounted to Witwatersrand, £1,099,320; outside districts, £25,648; total, £1,124,968. The estimated working profit in November, 1930, was: Witwatersrand, £1,082,572; outside districts, £22,525; total, £1,105,097.

OIL OUTPUTS.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended January 10, 1931, was 208,000 barrels. Production for the week ended January 17, 1931, was 212,000 barrels.

STRAVA ROMANA (BRITISH), LTD.—The production of the Stesua Romana Company, Bucharest, for the month of December, 1930, was 91,260 tons, making a total for the year of 840,261 tons, as compared with the total production for the year 1929 of 833,734 tons.

TRINIDAD CENTRAL OILFIELDS, LTD.—Production for December quarter: Light oil, 7,672 barrels; heavy oil, 27,433 barrels.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Jan. 23, 1931. (c) Week ended Jan. 24, 1931.	Miles Open.	Week ended Jan. 25, 1931. (000's omitted.)					Aggregate 4 weeks, 1931. (000's omitted.)				
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total
Great Western...	3,758	180	180	119	299	479	756	689	333	1,022	1,778
Do. for 1930...	3,751	193	223	139	362	555	815	837	557	1,394	2,209
L. & N. Eastern (e)	6,362	270	358	283	641	911	1,124	1,320	1,057	2,377	3,501
Do. for 1930...	6,361	287	415	303	718	1,005	1,201	1,535	1,101	2,636	3,837
Lon. Mid. & Scot.	6,355	391	463	294	757	1,148	1,530	1,721	1,148	2,859	4,499
Do. for 1930...	6,351	419	549	295	845	1,263	1,723	2,090	1,145	3,235	4,958
Southern...	2,179	249	67	35	103	352	1,031	263	139	402	1,433
Do. for 1930...	2,179	260	76	35	111	371	1,073	293	136	429	1,502
Total of above...	19,254	1,090	1,058	732	1,800	2,890	4,541	3,993	2,678	6,671	11,212
Do. for 1930...	19,248	1,159	1,263	773	2,036	3,195	4,512	4,775	2,939	7,624	12,506
Metropolitan (e)	59	31.4	3.9	...	...	35.3	129.4	16.0	...	...	145.4
Do. for 1930...	59	33.0	4.0	...	...	37.0	132.6	16.2	...	...	148.8
Unkd. E.R. (e)	...	291.0	...	...	...	291.0	1,012.2	...	...	...	1,012.2
Do. for 1930...	...	301.8	...	...	...	301.8	1,050.1	...	...	...	1,051.8
Lon. & Sub. Grp.	...	42.6	...	...	...	42.6	147.3	...	...	...	147.3
Do. for 1930...	...	43.7	...	...	...	43.7	152.8	...	...	...	152.8
*B.I.F. & Co. (D)wb	80	2.0	...	...	...	2.0	6.9	2.4	...	...	9.3
Do. for 1929...	80	2.2	...	...	...	2.4	7.1	2.3	...	...	9.4
*Gt. Northern (b)	562	9.0	15.5	...	...	24.5	29.0	43.2	...	...	72.2
Do. for 1929...	562	9.5	15.2	...	...	24.7	29.3	42.7	...	...	72.0
*Gt. Southern (b)	2,188	18.4	42.7	...	...	61.1	59.5	123.8	...	...	183.3
Do. for 1929...	2,188	12.1	5.44	...	...	65.9	67.0	128.0	...	...	195.0

* Aggregate 3 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	52	Dec. 27	1,308	3,74,000	41,204	1,52,82,315	8,87,462
Barsi Lt. Ry.	32	Jan. 3	202	40,700	1,800	15,19,400	3,90,800
Bengal & N. Western	14	3	2,078	5,73,595	1,80,047	77,18,381	13,80,403
Bombay-Nagpur	37	Dec. 13	1,173	14,84,000	3,00,822	5,60,30,817	79,07,330
Bombay Bar. & C.I.	41	Jan. 10	3,094	21,85,000	419,000	8,11,61,000	69,26,000
Madras & S. Mahr.	1	3	3,229	15,53,000	1,41,612	1,63,000	1,41,612
†Bombay & Kanamoo	14	3	572	1,40,457	14,101	15,15,556	1,41,005
South Indian	39	Dec. 27	2,407	11,38,084	57,534	4,66,06,256	31,70,303

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	3	Jan. 21	20,413	3,120,037	\$ 874,967	\$ 8,948,547	\$ 2,35,022
Canadian Pacific...	3	Jan. 21	15,470	2,701,000	478,000	7,510,000	1,209,000

SOUTH AMERICAN.

	1931.	1931.	1931.	1931.	1931.	1931.	1931.
Antofagasta (Chili and Bolivia) ...	4	Jan. 25	804	25,330	5,890	87,030	30,250
Argentina N.E. ...	30	24	753	12,900	400	418,500	48,800
Argentine Transp'do.	30	24	111	3,264	1,501	104,571	32,889
B.A. and Pacific ...	30	24	2,806	134,000	36,000	3,645,000	801,000
B.A. Central ...	30	25	...	10,913	3,388	376,409	22,168
B.A. Gt. Southern	30	24	5,009	346,000	38,000	5,973,000	982,000
B.A. Western ...	30	24	1,928	65,000	35,000	2,066,000	505,000
Central Argentine	30	24	3,442	230,000	4,000	6,104,000	1,042,000
Central Uruguay	30	24	273	30,400	5,458	914,734	26,429
C. Urug. (East Ext.)	30	24	311	8,385	1,878	194,492	2,453
C. Urug. (N. Ext.)	30	24	185	3,446	918	103,837	4,448
C. Urug. (W. Ext.)	30	24	211	3,527	514	87,783	7,025
Corrientes Central...	30	24	1,218	48,000	3,000	1,762,000	92,000
Entre Rios ...	30	24	802	32,400	8,800	786,600	36,700
G. Western of Brazil	4	24	1,612	11,700	1,600	37,200	35,100
Leopoldina ...	4	23	1,918	25,319	9,605	84,958	35,298
Neoroldina Terminal	4	24	Mrs. 27,000	15,000	...	970,000	54,000
Litton (monthly)	1	15	410	13,433	16,789	13,433	16,789
San Paulo ...	3	18	1531	32,539	3,640	95,435	15,389
Union of Havana	30	24	1,369	40,549	44,361	987,259	521,333

† Months.

OTHER OVERSEAS.

	1931.	1931.	1931.	1931.	1931.	1931.	1931.
Gt. Southern of Spain	3	Jan. 17	104	Rs. 71,793	34,004	246,115	99,697
Mexican Railway	3	21	483	\$209,300	7,500	597,300	12,500
Paraguay Central	30	24	274	3,470	110	111,070	12,560
Salvador ...	30	24	100	5,066	1,318	83,077	34,519

TRAMWAYS WEEKLY GROSS RECEIPTS.

	1931.	1931.	1931.	1931.	1931.	1931.	1931.
Anglo-Argentine ...	3	Jan. 21	329	74,122	10,448	224,562	26,843
B. Aires Larco...	30	25	...	11,786	654	345,614	15,621
Liverpool Corp. ...	3	21	124	27,864	2,356	57,629	8,038
Madras Electric ...	14	15	...	Rs. 53,245	3,894	53,245	3,894
L.C.C. Tramways	42	22	156	80,846	2,106	3,482,584	67,659

* Including motor buses.

MONTHLY TRAFFICS.

	Month.	Ending.	Receipts for Month.	Receipts to Date.
			1930. + or -	1930. + or -
Barcelona Traction ...	12	Dec. 31	Gross: 1,969,640 + 96,171	1,072,5048 + 510,9847
			Net: 1,829,287 + 35,550	1,038,938 + 491,080
Canadian Pacific ...	12	Dec. 31	Gross: 1,632,000 + 406,000	180,000,000 + 283,100,000
			Net: 1,416,000 + 100,000	382,900,000 + 489,600,000
Columbia Ry. & Nav.	6	Dec. 31	Gross: 111,103 + 15,295	85,480 + 81,829
Costa Rica Railway	5	Nov. 30	Gross: 226,277 + 4,579	143,855 + 48,251
Kalgoorlie Elec. Trams	10	Oct. 31	Gross: 11,939 + ...	17,772 + ...
			Net: 3,942 + ...	...

COMPANY MEETINGS &c.

WESTMINSTER BANK LIMITED.

ADVERSE FACTORS OF THE PAST YEAR.

EFFECTS UPON BANK'S EARNING POWERS.

SHRINKING IN ADVANCES DUE TO BAD TRADE.

ECONOMIC PROBLEMS—PECULIAR DISABILITIES OF GREAT BRITAIN.

THE HON. RUPERT E. BECKETT'S INTERESTING SURVEY.

The annual general meeting of the Westminster Bank, Ltd., was held on January 28, 1931, at the head office, 41 Lothbury, London, E.C.2. The Hon. Rupert E. Beckett (the chairman) presided.

The notice convening the meeting and the auditors' report having been read by the secretary (Mr F. Mytton), the directors' report, the balance sheet, and profit and loss account were taken as read.

The Chairman (who was received with cheers) said:—My lords, ladies, and gentlemen,—I am sure it will be in accordance with the wishes of all present to-day if my first remarks are to express the regret we all feel at the retirement from the chairmanship of Mr R. Hugh Tennant on December 31st last. Mr Tennant was deputy chairman of this bank from 1918 to 1927, when he succeeded the late Mr Leaf as chairman. After a service of close upon four years in that capacity he decided to take some measure of relief from the onerous duties involved. His qualifications for the post were manifold; he had an intimate knowledge of the producing and manufacturing side of business, based on first-hand experience, and in addition he possessed a capacity for, and grasp of, the financial side of affairs that made him a bank chairman well equipped, and worthy in every sense. I am glad to tell you that Mr Tennant will retain his seat on the board, so that his outstanding abilities will not be lost to us.

Your directors did me the honour of electing me to the chairmanship, and Sir Malcolm Hogg, who has been a director of the bank since 1922, was appointed a deputy-chairman to serve with Sir Montagu Turner.

Since we met here a year ago, several changes have occurred in the personnel of your board. We sustained a heavy loss by the death of Lord Melchett, which took place during the closing week of last year. Lord Melchett was no ordinary man. He combined Parliamentary activities with industrial and commercial interests on the largest scale, and his grasp of economics and his practical experience enabled him to envisage the true relationship of capital and organised labour in a more lucid manner than almost any other man of his time. It is a matter of deep regret to your board of directors that such a distinguished colleague has been taken from them.

CHANGES ON THE BOARD.

We suffered a further loss, only last week, by the death of Mr C. J. Cater Scott, at the advanced age of 82. He had been a director of the London and County Bank and then of the Westminster Bank since 1903. Many will remember the prominent part he took in the reorganisation of the docks of the Thames, resulting in the formation of the Port of London Authority.

I have to announce also the retirement from the board on December 31st last, owing to failing health, of Mr N. Harrington Eckersley, who gave sterling service to this bank and its constituents over a period of 38 years.

In July last, your board elected two new directors; they are Lord Glenapp and Mr Roger Wright.

Lord Glenapp's activities, as is generally known, are mainly connected with shipping, he being a joint deputy-chairman and managing director of the P. & O. and British India Steam Navigation Companies.

Mr Roger Wright since he entered business life has been interested in South American railways, insurance, and trust companies. He is a director of the Buenos Aires and Pacific Railway, London and Scottish Insurance Corporation and Omnium Investment Company.

Your board are pleased to have secured the services of these gentlemen and regard them as a strengthening acquisition to your directorate.

THE CHIEF GENERAL MANAGERSHIP.

I then have to record the retirement on September 30th last from the position of chief general manager of our co-director, Mr John Rae. Mr Rae, after commencing his banking career with the National Bank of Scotland, joined Parrs Bank nearly forty years ago. Save for the period of four years from 1918 to 1920, when he was treasurer of the Bank of Scotland, Mr Rae has spent the rest of his banking life with the Westminster and its constituents.

His career was one of devotion to the interests of this bank, and he filled every position assigned to him, including that of chief general manager, with conspicuous ability and success. I am glad to say Mr Rae retains his seat on the board, and his wise counsel is regularly available.

To succeed to the post of chief general manager, on October 1st last the directors appointed Mr Charles Lidbury, who is present at the general meeting to-day for the first time in

neighbourhood of £50,000. I should not have stressed these figures so much did they not bear some implication. It is (to put the matter in a nutshell) that banks are no more immune from the vicissitudes of bad trade than any other members of the trading community. Consequently, so long as this heavy cloud of industrial depression overhangs the country, it must be a matter for your directors' earnest consideration whether they will be justified in maintaining the dividend at the present rate.

OUR ASSOCIATED INSTITUTIONS.

The figures appearing in the balance sheet in respect of our subsidiaries, Ulster Bank Limited and Westminster Foreign Bank Limited, show little change. Their progress is well maintained and their activities continue to contribute satisfactorily to the earnings and prestige of the parent institution.

INDUSTRIAL SURVEY.

This brief review of the recent experience of our own institution has given some slight reflection of the difficulties besetting the world of economics and business, and I will now ask you to turn with me to this wider sphere, that we may consider the situation in which we find our country to-day.

There is no denying the fact that 1930 has been the most difficult year since 1921. Ten years ago we were in the depths of a great depression, as we are to-day. But the two depressions differ fundamentally both in origin and in character. The former represented a collapse of a bubble of inflated activity which had been stimulated by world-hunger for goods of all kinds after a long period of world war. The present depression, which began eighteen months ago, represents a very sharp decline from the improved level of activity even then existing, hard-won by years of endeavour, but barely satisfying as a base-line for further advancement towards the recovery of real well-being. But instead of advancement from that base, we have suffered severe recession, and our disappointment is only slightly relieved by the contemplation of other great countries struggling with equally formidable difficulties.

The chief manifestations of the depression are plain for all to see. The total figure of unemployed rose during 1930 from 1½ millions to over 2½ millions. Wholesale prices fell by over 20 per cent. and are back in the neighbourhood of the 1913 level, while the cost of living index is 53 per cent. above the 1914 line; the widening of the gap between wholesale and retail prices is, as I shall emphasise later, at the root of our difficulties. The value of our overseas exports fell by 21½ per cent.; average values of industrial shares quoted on the Stock Exchange declined by a further 17 per cent., after a fall of 25 per cent. in 1929, and ended the year no higher than in 1922. Some of these figures need qualification. The unemployment total has, by general admission, been swollen by the effects of recent legislation, as well as by growing industrial *malaise*; the decline in the value figures of our exports is partly attributable to the fall in the price level. But when all allowances are made, the cumulative proof of a serious and progressive slowing-down of national productivity is overwhelming. The Board of Trade's official index of British industrial production indicates that the level of activity in the July-September quarter of 1930 was 10 per cent. lower than the comparable figure for 1929. All available evidence combines to show that the reduction gathered force in the last quarter of the year, and the figures for the ends of the two years cannot fail to reveal a still more unsatisfactory position.

Before we enter upon any deeper diagnosis, let us glance briefly at the recent experiences of a few of our outstanding industries.

COAL.

Judged by the test of output, the coal-mining industry suffered a less pronounced set-back than did many others, the total tonnage of saleable coal raised in 1930 having been approximately 244 million tons, or only 5½ per cent. less than in the previous year. Exports of coal, at nearly 55 million tons, were 9 per cent. lower. From other aspects, 1930 was another extremely difficult year for both owners and miners. The industry continued to bear a very heavy burden of unemployment, coal miners out of work in December numbering 211,000, compared with 157,000 at the end of 1929. In many districts, the industry was carried on unprofitably, and this fact lent especial difficulty to the adjustment of working conditions to the reduction of hours from 8 to 7½ per day decreed by the Coal Mines Act. Moreover, even after these immediate difficulties have been composed, the industry is still faced with the task of accommodating itself to the further reduction of daily hours of work to seven, which is due to take place next July.

IRON AND STEEL.

The iron and steel industry, as a producer of capital goods, is inevitably a severe sufferer from every world depression in trade. The total British production of pig-iron fell in 1930 by 18 per cent.,

from 7,579,200 tons to 6,196,800 tons, while the decline in production of steel ingots and castings was from 9,655,200 tons to 7,298,500 tons, or 24 per cent. The latter fall was greatest in the last quarter of the year, during which steel production fell more than 40 per cent. below the level recorded for the corresponding quarter of 1929. To view the facts in their proper perspective, however, it should be noted that the steel industries of the other principal producing countries have suffered even more severely. Towards the end of the year, American steel producers were working at 37½ per cent. of capacity, while the British were working at approximately 45 per cent. Severe declines were recorded in every European steel-producing centre, and the difficulties encountered led to the virtual breakdown of the European Steel Cartel. The past year has seen little advance in this country in the process of rationalisation, towards which important steps had been taken in the preceding years.

SHIPPING AND SHIPBUILDING.

As an index of the trade and commerce of the world, shipping holds the first place. Overseas traffic has fallen to a low ebb, and this was most apparent in the movements of grain. The total shipments of United States and Canadian wheat, maize, barley, and oats, fell from 44,000,000 quarters in 1929 to 38,000,000 quarters last year, whilst in the case of the Argentine the fall was from 54,000,000 to 32,000,000. The increase of about 10,000,000 quarters in shipments from Russia did not go far to make up the heavy deficiencies from elsewhere. The exports of coal from this country fell simultaneously, and cargo vessels found it extremely difficult to obtain employment. The shrinkage in the volume of shipments in bulk cargoes was reflected in the liner traffic, and probably at no time within recent memory have the gross earnings of British shipping been so low as they were last year. The index figures of the Chamber of Shipping show that in the year 1930 freights were some 18 per cent. below, while costs of operating ships were on the whole not less than 50 per cent. above, the pre-war levels. The freight index number for May last, at 73.12 (1913=100) was, in fact, the lowest figure ever recorded. The supply of tonnage is very much above world requirements, and the amount laid up idle exceeds all previous records. There has been much discussion of artificial means of disposing of surplus ships. The problem is difficult and is complicated by the fact that at the present time old vessels, and very new vessels of the modern type, are proving themselves to be the most economical; the "middle-aged" vessels have neither the advantage of the low capital cost of the pre-war type nor the efficiency of the latest designs of hulls and engines.

A year ago about one in every four of the workers in the shipbuilding industry was unemployed. To-day, 45 per cent. of the labour force is idle. Here again heavy unemployment has been the experience also of the corresponding industries of other countries. During 1930, only 950,000 tons of new ships of all classes were commenced in British yards, as compared with 1,488,000 tons launched. The vessels under construction at the end of the year totalled 908,902 tons gross, as against 1,560,254 tons at the close of 1929. Until signs appear that substantial trade revival is near at hand, there can be little inducement to shipowners to give out orders for new tonnage, except for urgently needed replacements.

In this industry, a step towards effective reorganisation was the formation of National Shipbuilders Security, Ltd., one of whose objects is to close down redundant or uneconomic yards, and important progress in this direction has already been made.

ENGINEERING.

This is another industry which is particularly dependent upon world trade conditions, for normally about one-third of its total production is sold in overseas markets, and in some branches, such as textile machinery and locomotives, the export proportion is usually even higher. Builders of marine engines have naturally been hard-hit by the depression in shipbuilding, while the fall in grain prices and the intensity of the depression in the great grain-producing countries have severely restricted the demand for agricultural machinery. Two branches of engineering which have suffered less severely are the manufacture of motor-cars and of electrical machinery. The production of motor-cars and commercial vehicles in 1930 is estimated at 236,500, as against 238,800 in the previous year, while comparatively busy conditions have been maintained for makers of electrical machinery, thanks to the progressive work of intensive electrification both in Great Britain and abroad.

COTTON.

The year 1930 must be described as the worst experienced by this industry during the long depression which has persisted since 1920, and both the American and the Egyptian sections have suffered serious losses.

During the first quarter of the year, trade was moderately maintained, although on considerably reduced figures as compared with the corresponding period of 1929. The position then became seriously and adversely affected by the increase of Indian import duties, followed by the boycott of foreign cotton goods, which immediately brought about a great curtailment of Lancashire trade in its most important market. This curtailment continues, and prosperity cannot return to the industry until the Indian market becomes more normal.

In the next important outlet, China, the recurrence of civil war and the falls in the value of silver have reduced trade with that country to a state of stagnation.

In addition, the collapse of agricultural and commodity values generally throughout the world has very greatly reduced the purchasing powers of the peoples in all the outlets for cotton goods; buyers' confidence has been destroyed, and trade has been of a hand-to-mouth description. The position has been worsened by the variations and falls in raw cotton values, more especially over the last six months of the year. Owing to these causes, producers in all sections of the industry—which in normal times must depend upon overseas trade to absorb 80 per cent. of its production—have experienced great difficulty in keeping machinery working and in marketing even the much curtailed output.

The effect of these adverse conditions is clearly to be seen in the shipments of yarns and piece-goods over the year, as compared with those in the two preceding years. The figures appear at the foot of this column.

Business generally was at very unsatisfactory prices, and the year witnessed the closing-down of numerous spinning mills and weaving sheds—many permanently. The industry has shown a record increase in unemployment figures. The position is that generally speaking no section can work profitably at the present time, unless under special conditions.

The outlook for the present year is not bright, as although it is unlikely that world commodity values will fall to anything like the same extent as in 1930, any considerable rise is not at present within sight. The prospects of the cotton trade must depend upon how far production costs can be lessened, and it is sad to reflect that the attempt made materially to reduce these costs by the introduction of the "more-looms-per-weaver" system has resulted in industrial strife. This in itself is more than sufficient further to depress the outlook for the year we have just entered upon.

WOOL.

This industry too has suffered from depression, though less severely perhaps than cotton. The outstanding feature was an almost progressive decline in value of the raw material, amounting in the year to over 30 per cent. Prices at all stages of the industry are quite uneconomic for the producer. The obvious cheapness, however, has failed to attract large-scale buying, as normally it would, owing in part to the world's reduced purchasing power, and in part to the availability of cheaper foreign goods. Our export trade continued to dwindle, and statistics show that we are somewhat worse off in this respect than our Continental competitors.

AGRICULTURE.

The agricultural year has again been a difficult one, a dry spring having been followed by a wet summer and autumn. A good hay crop was obtained, but wheat growers, after a favourable start to the season, suffered disappointment. Harvesting took place in stormy weather, which wrought severe damage, and much of the crop was eventually gathered in a damp and soft condition. This circumstance, coupled with the heavy fall in prices, spelt hard times for the British wheat grower. English wheat quotations actually fell by over 35 per cent. during 1930. The aggregate yield of potatoes was fairly well maintained, but disease was more prevalent than in the previous year. On the other hand, conditions were much more favourable for livestock, and the outlook is brighter for this section of the industry than for most others.

THE DISTRIBUTION OF UNEMPLOYMENT.

To this brief review of our chief industries, figures relating to the distribution of unemployment make an interesting rider. The blackest spots are as follows, the figures in each case being the totals of wholly and temporarily unemployed on December 22nd last:—Textile trades, 501,000; building and public works, 247,000; mining of all kinds, 235,000; engineering, 182,000; distributive trades, 174,000; transport and communications, 170,000; shipbuilding, 92,000. These industries alone account for over 1½ millions.

Cotton Exports.	1930.	1929.	1928.
Yarns, lbs.	136,710,100	166,637,300	169,206,900
Piece-goods, sq. yds. ...	2,406,766,700	3,671,588,500	3,866,498,700

THE ECONOMIC POSITION.

It is not necessary to proceed further with this survey to realise that, just as there is no country which has been able to avoid the track of the economic storm, so there is no British industry into which the effects of the depression have not penetrated. The history of the years 1924 to 1928—that is, of the period prior to the general depression—shows quite clearly that, while other countries were rising to a reasonable level of activity and the United States to a period of unexampled prosperity, this country for one reason or another was lagging behind her competitors. It may be assumed from this fact that in those years there were at work special causes hampering Britain in her efforts to return to normality. It is unfortunately clear that those special disabilities continue to operate. Therefore, while the depression, its causes, and its lessons, must be surveyed in the world-wide sense, it is incumbent upon us to examine also the peculiar shortcomings of our own economic system and to search for the appropriate remedies.

PRIMARY CAUSES OF DEPRESSION.

As regards the international influences affecting all countries, current diagnoses by economic and financial observers are many and various. But upon several primary causes there is fairly general agreement. Production is outrunning consumption, not only in basic commodities but also in manufactured goods. Well-meaning efforts directed towards the artificial restriction of output and the maintenance of prices of many commodities have met with failure, which has caused disorganisation, panic selling, and further price collapse. The catastrophic decline in the price of silver has impoverished the teeming millions of eastern countries, whose prosperity had already been reduced by political upheavals. There is in process a change in the nature of the demand for commodities, which tends to swing from necessities to luxuries, and to this change industrialists have not yet adjusted their plans. Finally, side by side with the recent rapid increase in the output of raw materials, there has developed an improved technical knowledge which enables a volume of manufactured goods to be produced, greater than ever before, from a given quantity of material. Of these causes which act as a deterrent to trade the world over, some will pass away gradually through the automatic working of economic laws.

Yet another cause is held by many to be largely responsible for the world's present ills—the maldistribution of gold—and it has been suggested that the Central Banks of Europe can by concerted action go far to effect a cure. Certainly, the accumulations of gold both in America and more particularly in France, largely augmented as they have been during the past year, have exercised a disturbing influence on the London money market and in the exchange position. In this connection, I welcome the formation of the Bank for International Settlements, and if its activities can bring about a more equitable distribution of the world's gold, thereby achieving a greater measure of stability both in prices and in international exchange, it will have rendered signal service to world commerce.

A "BARTER" CRISIS.

At the same time, I cannot help thinking that the effect of these gold accumulations on the general trade situation has perhaps been overstressed. We are passing through, not so much a gold crisis, nor yet a credit crisis, but what I may term a "barter" crisis. The majority of the population of the world are producers of the primary commodities—foodstuffs, minerals, animal products such as wool, and vegetable products such as cotton and rubber. In almost all of these, Nature has yielded a series of bumper harvests and gatherings, with the natural consequences of a plethora of supplies and constantly falling prices. Now, international trade is fundamentally an interchange of raw materials and manufactured products. It follows, then, that the quantity of the latter which the primary producing countries are able to take from the manufacturing countries will depend upon the relative cheapness or dearth of the two classes of goods. Between the raw material and the finished product, there are numerous preparatory and finishing processes, at each stage of which production costs of all kinds have to be added. When a violent fall occurs (as it now has) in the value of the raw material, because these intermediate costs cannot be reduced simultaneously, their weight becomes disproportionate, and the price of the finished product is thrown completely out of harmony with that of its basic constituent. The primary producer is thus unable to take in exchange for his commodity as large a quantity of manufactured goods as that to which he has been accustomed—to the impoverishment of himself and the manufacturer alike. This disequilibrium is a feature of all abrupt price movements, but its seriousness for the British industrialist is aggravated at the present time by the already swollen expenses which he has to meet, and much of which it is not in his power to alleviate. For a number of reasons, our manufacturing costs are

substantially higher than those of our competitors. If we are to sell our goods to the primary producers of the world, it is of urgent necessity to explore every possible avenue of economy and to put into immediate operation every means this search may reveal of reducing our costs.

OUR NATIONAL DEBT.

If it is true, as I am suggesting, that Britain is suffering from peculiar disabilities, there is nothing surprising about that fact. For one thing, we are the oldest of the great industrial nations, and inevitably it is more difficult for us than for some of our competitors to accomplish a rapid overhaul of policy, method and machinery. In the second place, we have upon our shoulders as a legacy of the Great War a more formidable fiscal and economic burden than any other country, for we have deliberately eschewed every path of escape from that burden which other nations have found it expedient to follow. We as a nation have observed the strictest financial rectitude *vis-à-vis* the rest of the world. And so to-day we find ourselves faced with a National Debt of £7,000 millions, mainly contracted in a period of high war prices, while the wholesale price level itself has now fallen back to the 1913 line. A dozen years after the war, 20 per cent. of our whole national income is still passing through the hands of the tax-gatherer, and the effects of this drain become more serious in times of depression like the present. Moreover, our tax system, by its inroads upon capital, serves in several ways to exacerbate the position. Nearly a half of our annual budget represents deferred payment for the war and is therefore more or less fixed; the remainder—more than a half—instead of being strictly and rigidly curtailed in view of this fact, has shown a ceaseless tendency to rapid expansion, under successive Governments. For years, the demand that the country should begin to cut its coat according to its cloth has fallen upon deaf ears; but to-day, when the general and sharp fall in prices has proportionately increased the real burden of taxation, the need for national economy must be brought home to the whole people. We have surely reached a time when any new expenditure should be judged not by its intrinsic desirability, but by the question whether the country can afford it.

We are paying heavily for the war, too, through the prevalence in many groups of society of the conscious or unconscious belief that somewhere or other there is a bottomless purse, an inexhaustible national fund from which arbitrarily high standards of life can be maintained whatever the course of economic events. We shall not have begun to prepare ourselves to participate in eventual trade recovery until this fallacy has been rooted out of the public mind—until the plain truth is everywhere recognised that anyone who takes more out of the national pool of wealth than he contributes to it is retarding the country's slow and painful march to better times.

There is yet another way in which we may be said to be still paying for the war. We are paying through the persistence of a new nationalist spirit, which in many countries has been translated into narrow economic action and has led to the establishment there, behind high tariff walls, of industries which without those high tariffs could not hope to compete even in their home market with the established and more experienced British industries.

BRITISH PRODUCTION COSTS.

The crux of the whole matter is that British production costs are too high to admit of the possibility of present expansion in trade in competitive markets, whether at home or abroad. Somehow or other costs have got to be reduced to a level which facilitates effective competition, and this brings me back to one of the gravest features of the situation, namely, the wide and increasing disparity between wholesale commodity prices and the cost of living. Appended to the text of this address you will find two graphs. In the first of these, the most important point brought out is that the gap between the levels of wage rates and of wholesale prices has been doubled since 1924, and that the widening process continues. The second presents the problem of wages and prices from a new angle. The worker measures the value of his wages against the retail price level; to the manufacturer the standard for judging the burden of wage costs as an item in production costs is the wholesale price level. Here, too, we find the gap widening. How is it to be narrowed?

If we can find the answer to this question, we shall have struck a blow at the deepest roots of our present trouble. For unless retail prices and the cost of living can be reduced, there is grave danger that every attempt at readjustment of nominal wages will meet with resistance, and that the country will be plunged into a series of formidable industrial disputes which would provide an incalculable aggravation of the handicaps under which we are already suffering. Wage reductions alone, especially in the transport and distributive industries, would lead to some reduction in retail prices, but workers are quite naturally suspicious that such reduction of prices would probably be disproportionate to their own sacrifices.

There is a strong case, therefore, for a sweeping investigation of all the causes contributing to the maintenance of the big gap between wholesale and retail prices, and also of the possibility of removing all obstacles which stand in the way of their closer relationship. Until this matter is taken in hand the necessary correlation of earnings with productivity cannot be expected to proceed smoothly.

QUESTION OF WAGES.

In the same connection there are two other main difficulties. Wages, although usually the predominant item, are by no means the only one on the sheet of production costs, and workers will submit to sacrifices willingly only when convinced that they are to be common among all parties concerned. It can hardly be denied that in many industries a lack of the required degree of managerial efficiency, a reluctance to jettison obsolete methods and machinery, and a parochiality which obstructs the formation of larger and more efficient units of production, are contributing substantially to-day towards keeping manufacturing costs at a swollen figure. The process of recovery is retarded by the worker who resists the introduction of labour-saving machinery or methods, and equally by the employer whose own industry is not as efficient and up to date as its counterpart in other countries and who fails to pursue resolutely every method for making it so.

Nothing, therefore, could be less helpful than merely to say that wages must come down, without considering the essential conditions involved and realising that every section, from the shareholder, through the management, down to the unskilled worker, must be brought under the application of the principle of adjusting earnings to their proper economic relationship with to-day's value of the services performed.

The meaning of this is quite plain. It is not sectional sacrifices but a co-operative effort of the whole nation that is required; and the test that one can hope of 1931 is that this fact will be fully appreciated by the country and will result, in the first place, in bringing together the leaders of our industrial life, employers and employees, in a common determination to produce an economic reorganisation and readjustment which shall be both fair to all parties and effective in operation. By this means alone can we hope to restore prosperity to Britain, and to maintain our position in the van of industrial progress.

The Chairman then moved the adoption of the report and accounts, and Sir Montagu Turner seconded the resolution.

BANK CHAIRMEN AND NATIONAL CONDITIONS.

Mr E. T. Hargraves observed that while he felt fully satisfied that the chairman in his speech had set before the shareholders what he considered to be the actual position of national conditions, yet he could not entirely agree with him in what he considered had been the gloomy outlook set before the shareholders that day. Generally he thought that bank chairmen, so far as they had yet spoken, had rather overdone the "cold water douche." He considered that the experts in finance had rather neglected considerations of the psychological effect which their speeches had upon the community.

He had no desire to see a reduced dividend, but he felt that the logical conclusion from the chairman's observations that day should have been a reduction. The chairman had been frank enough to say that they might have to receive a lower dividend for the current year. He himself did not think that would happen, and he sincerely hoped that the directors would not have to take that course. He urged upon bank chairmen generally to keep a cheerful countenance and not to forget that if they talked matters down there was always considerable difficulty in talking them up again. *Possunt quia posse videntur*—"You can, because you think you can."

He himself was an optimist; he believed that things at the foundation were quite right, and did not think that this country was going down. All that was needed was co-operation. As to the Westminster Bank, it had an excellent staff and had splendid avenues for making money. Generally, there were ample opportunities in this country for increasing its wealth, and he felt that a considerable amount of the losses incurred in recent years could be recovered. But they would not do that by jeremiads. The task would be accomplished by hard work.

The resolution was then carried unanimously.

RE-ELECTION OF DIRECTORS.

The retiring directors were re-elected, and Sir Malcolm Hogg (deputy chairman) responded on their behalf. Messrs. Turquand, Youngs and Company, Messrs. Kemp, Chatteris, Nichols, Sendell and Company, Messrs. Price, Waterhouse and Company, and Messrs. Stead, Taylor and Stead were reappointed auditors for the year 1931.

Mr Hargraves proposed a vote of thanks to the directors for the able manner in which they had conducted the affairs of the bank.

To a vote of thanks to the staff for their admirable work during the past year, proposed by Sir Montagu Turner and seconded by Mr F. Tomkinson, Mr Charles Lidbury (chief general manager)

responded. The privilege fell to him for the first time, he said, of responding, on behalf of the whole staff, to this resolution of thanks, and on their behalf he begged to thank the shareholders very sincerely for the generous terms in which it had been proposed, and for the kind and encouraging remarks of Sir Montagu Turner, confirmed, as they had been in so appreciative a manner, by this representative gathering of the shareholders of the bank.

As they knew, Mr John Rae occupied a unique position in the affections of every member of the staff, and he, Mr Lidbury, was happy in the knowledge that the spirit of service, good will, and sympathy which Mr Rae engendered had helped him considerably in assuming the onerous post which Mr Rae had occupied with such grace and distinction and for so long a time.

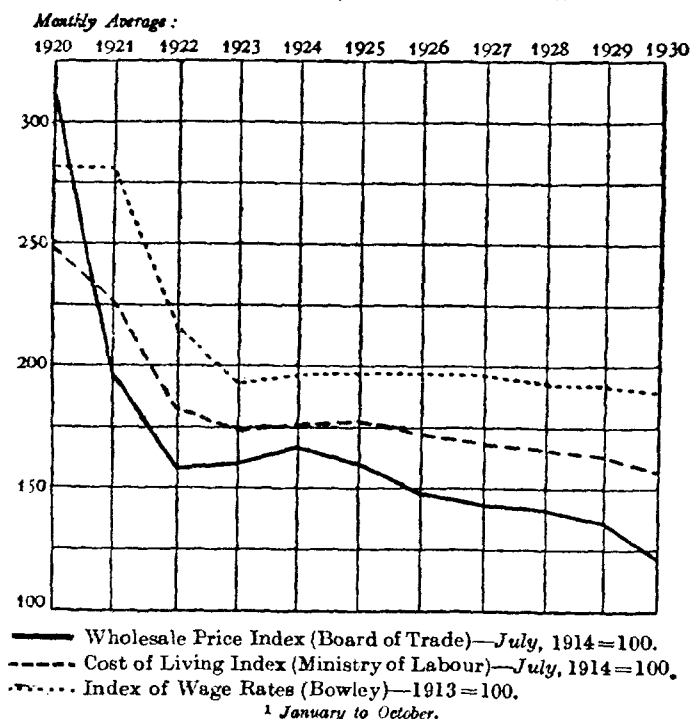
He would, moreover, like to place on record his personal appreciation of the loyal and helpful co-operation which he had at all times received from his colleagues in the general management, as well as the other administrative officials at the head office, all of whom had, with himself, received whole-hearted and unstinted support from the branch managers and the staff generally. On behalf of the whole staff he again thanked the shareholders for their cordial reception of this resolution.

Other formal votes were carried, and the proceedings terminated.

THE FOLLOWING ARE THE GRAPHS REFERRED TO BY THE CHAIRMAN IN THE COURSE OF HIS SPEECH.

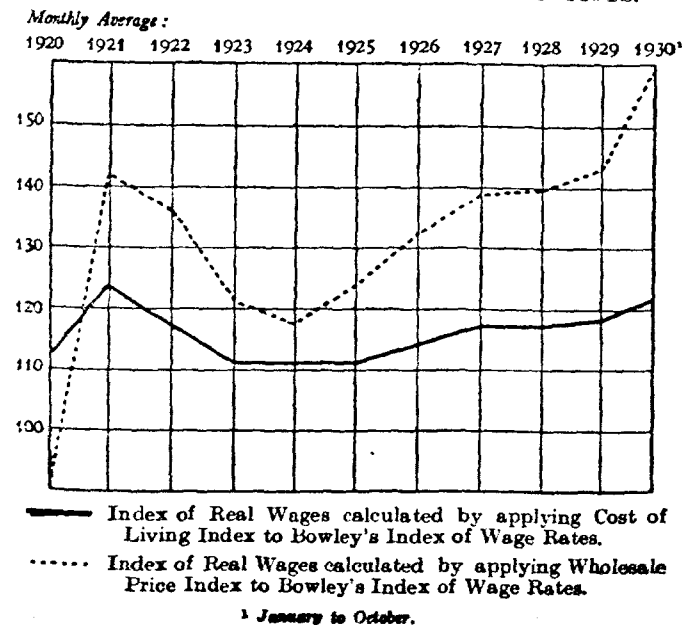
Graph No. 1

Relation of WHOLESALE PRICES, COST OF LIVING, and WAGE RATES.



Graph No. 2

Relation of REAL WAGES and REAL WAGE COSTS.



ANGLO-FRENCH BANKING CORPORATION, LIMITED FURTHER PROGRESS—MAIDEN DIVIDEND.

The ordinary annual general meeting of the Anglo-French Banking Corporation, Ltd., was held, on the 26th instant, at River Plate House, Finsbury Circus, London, Mr F. A. Szarvasy (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—I am happy to say that, in spite of the adverse conditions which prevailed during the current year throughout the world, our bank has made further appreciable progress.

It is the more gratifying, as interest rates fell sharply during the year, and have for some considerable time ruled at an unremunerative level. As compared with last year, this made a very substantial difference in the return on our capital, and moreover, the margins obtainable on our clients' deposits have been materially reduced.

You must remember that we are still in the development stage of our activities, which are world-wide, and which consequently require a considerable time to bring to fruition. If, therefore, we are able to show a profit in excess of last year, and pay our maiden dividend, I think you will agree that we have cause for satisfaction.

SATISFACTORY LIQUID POSITION.

You will observe that the resources at our disposal to meet our deposits reveal a highly satisfactory degree of liquidity, by which in banking parlance is meant the extent to which a bank holds assets that are immediately realisable, and the proportion of such assets to its liabilities would indicate the degree of liquidity. Fifty to sixty per cent. is normally looked upon as a satisfactory ratio; we have over 70 per cent. in cash and funds in the money market, British Treasury Bills, London Bank Bills and British Government and Corporation Securities, and 84 per cent. if we add balances with banks abroad, sundry bills and other securities.

Turning to the profit and loss account, I am glad that it has been possible to fulfil the expectations which I voiced at last year's meeting, and to recommend a maiden dividend of 3 per cent.

I should like to refer to an aspect of the ruling economic depression which seems to me of particular importance. We are fatally weighed down by our National Debt, which is evidence that we have not yet paid for the war. Payment for the war means that either the capitalist has to pay by a direct levy on his assets or, as nearly all European nations have done, by depreciation of the national currency through inflation, followed by stabilisation on a gold basis, which also is confiscation, only put in another way.

By this process France has reduced its National Debt by four-fifths, Germany has wiped out its internal debt completely, and other countries have acted similarly, but to varying degrees.

The alternative is that all classes of the population should accept a lower standard of living, effect rigorous savings, and submit to these savings—or part of them—being taken from them by the State through the medium of taxation, and that the proceeds of taxation should be devoted to the reduction of the war debt.

BURDEN OF NATIONAL DEBT.

How have we in this country put this theory into practice? We subscribed for the major part of our War Loans at a time when, due to various forms of inflation, internal control of prices, the pegging of exchanges, &c., the real purchasing power of the £ sterling as expressed in gold was hardly more than 15s., but holders of these loans are now drawing interest on their original investment when the equivalent purchasing power of the same £ in goods and services is appreciably greater than it was at the time they made payment. Thus, our debt constitutes a much heavier burden now than ten years ago.

Capital during the same period had to submit to penal taxation; unfortunately, however, the proceeds of income tax, super-tax and death duties have not been applied in sufficient measure to the reduction of the National Debt, but are being expended on social services which the nation can ill afford.

The last fourteen years were spent in a fruitless struggle, as evidenced by the continuous strikes which prevailed, between the capitalist and the working classes, to determine which of the two, and to what extent either or both, should bear the burden of a reduced standard of living. The fight goes on and is still undecided, but as a result, taxation is transferred as a burden on industry, and wages are not on a gold basis, though commodities are.

This has produced a state of affairs in which our industries are no longer able to maintain world competition, our exports are rapidly falling, and the vitality of the nation is being undermined.

It would be too optimistic to expect that any comprehensive conversion of the National Debt can be effected until the intrinsic credit situation of the country justifies such a transaction.

I cannot see any very early revival, as faith can only be put in the operation of economic laws, remembering that they operate slowly but very surely.

The report and accounts were unanimously adopted.

NATIONAL PROVINCIAL BANK LIMITED.

RETROSPECT OF A DIFFICULT YEAR.
POSITION OF GREAT BASIC INDUSTRIES.
GENERAL FALL IN COMMODITY PRICES.
"ENGLAND NOT DOWN AND OUT."
CHANGE IN FISCAL POLICY NEEDED.
SIR HARRY GOSCHEN'S VIEWS.

The annual general meeting of the National Provincial Bank Limited was held, on the 29th instant, in the Great Hall, Cannon Street Hotel, London, E.C.

Sir Harry Goschen, Bt., K.B.E. (the chairman), presided.

Sir Alfred Lewis, K.B.E. (chief general manager), read the notice convening the meeting and the report of the auditors.

The Chairman, who was received with applause, said: Ladies and gentlemen, I am sorry to have to commence my address to you to-day on a somewhat sombre note, but the report which you have in your hands will have shown you what ravages death has made during the past year in our directorate, and I cannot pass over the absence of old colleagues and friends who have worked with us for so many years, without a few words as to the services they have rendered the Bank.

DEATHS OF DIRECTORS.

Colonel Sir Claude Laurie was, at the time of his death, our senior director, having been elected to the board in 1886. He had served his country with honour and distinction both in the field and at home, and brought the same devoted attention to his duties at the bank as characterised his military career; his constant presence at the bank will be missed by all his colleagues.

In the person of Francis Le Marchant, we lose a colleague whose memory will always be held in affectionate regard. He, too, was one of our most senior directors, having joined the board in 1887, and the absence of his charming and courteous personality and mature judgment will be long felt, not only by his colleagues, but by the whole bank. He was a type of the old English man of business, who can ill be spared in these troublesome times.

I also much regret to tell you that in the last week of the past year our old friend and colleague, Mr Lindsay Smith, passed away. His resignation was referred to in a previous report, and we regret that he was only able to enjoy the leisure he well deserved for so short a time.

LOSS OF LOCAL DIRECTORS.

We also have to deplore the loss of five of our local directors. Mr Robert Fenton Miles was an extraordinary director of the bank and a local director for Bristol and district, where the bank has had the advantage of his ripe experience for very many years.

In Yorkshire, Mr James Bairstow, a local director for Bradford and district, died in June last. Mr Bairstow was a well-known and respected personality in the Bradford area, and his wide knowledge of the textile trade had been of great benefit to the bank over a long period.

Sheffield and its trade have suffered, together with the bank, a loss in the death of Mr H. H. Bedford who was a local director of the bank in that district.

In the West of England, Mr John Dingley, a local director at Launceston, formerly a partner in Dingley and Company, who were merged in this bank in 1922, and at Newark, Mr J. O. Wardley, a local director, who had served the bank there throughout his business life, both died last year, to the regret of all who knew them.

ELECTION OF SIR PERCIVAL PERRY.

During the year your directors have appointed Sir Percival Lea Dewhurst Perry to a seat on the board, and we cordially welcome him as one of our number. His wide experience of affairs will prove of good service to the bank. His name will, as usual, be submitted to you later on for re-election.

As announced in the report, we have appointed Mr A. Kingsford Wilson, lately Master Cutler of Sheffield, and the head of the trade commission just returned from South America, to a seat on our Sheffield local board, where his wide experience of the trade of the district at home and abroad will be of great value.

We regret that, owing to ill-health, Mr A. McClelland has felt it necessary to resign his appointment as a general manager at a comparatively early age—after 41 years of devoted service. His absence is regretted by all who came in contact with him.

NEW BRANCHES.

We have continued our policy of opening branches wherever suitable opportunities for remunerative business present themselves, and our total number of offices, including 56 opened during the past year, now amounts to 1,363, an increase of 432 during the past ten years.

Notwithstanding the precautions taken in regard to the register of shareholders, and the transfer of shares, which had hitherto proved adequate, we have this year instituted an additional safeguard in the form of an external examination of all operations in this department, and certificates relating to such independent examination are furnished periodically to the directors.

CHANGES IN THE BALANCE SHEET.

The figures of our balance sheet, to which I now draw your attention, show considerable changes in many respects from those submitted to you last year, but while they present satisfactory features in regard to the deposits and the liquid position of the bank, they effect in no uncertain manner the trade depression and contraction of business which generally pervades the country.

There is no change in the capital or reserves, but the current, deposit and other accounts, which now stand at over £292,000,000, constitute a record for the bank. This figure is an increase of about £20,000,000 over our last figures, some portion of which, at all events, I hope is a sign of an increased appreciation by the public of the efficiency of the services we offer. The contraction in trade is answerable for the reduced figures of our liabilities for acceptances, &c.

CASH ITEMS.

On the other side of the accounts, the three items representing our cash, which total £63,031,611, show an increase over 1929 figures, corresponding to our larger deposits, and our bills, with a total of £51,061,089, exceed the figures in our last accounts by almost £23,000,000, nearly all of which, unfortunately, is represented by our increased holding of Treasury Bills. I say unfortunately, for while these two items of cash and bills alone form a total of £114,000,000 of liquid assets, and represent practically 39 per cent. of our deposits, they bear some indication of the contraction in the demand from our customers for discount of their commercial bills and for temporary advances for the conduct of their business. It certainly disposes of the idea that we are not able to provide for all the reasonable requirements of our customers, and is ample evidence that should a welcome revival in trade take place, the bank is in an eminently satisfactory position to render adequate assistance. The small increase of £2,500,000 in the figure representing our investments is entirely accounted for by our larger holding of Government securities, now standing at £32,859,000 as compared with £30,163,000 in our last accounts.

There is no material change to report in our investments in associated and subsidiary companies. The decreased figures of our advances to customers, which disclose a fall of over seven millions from the 1929 total, is an important sign of the unfortunate state of our trade at the present time.

The increase, amounting to about £590,000, in our premises account, represents the expenditure on our Princes Street office and on the new branches, to which I have already referred.

PROFIT AND DIVIDEND.

Turning to the profit and loss account on the next page, you will see that the net profit is £1,930,854, against £2,189,704 in the previous statement, showing a decrease of £258,850 as compared with the 1929 accounts, another indication of the slackness of trade and the unremunerative rates and narrow margins available during the past twelve months. Adding the carry forward of £849,254 from the previous year, we have a total of £2,780,109 available for distribution.

The amount of £853,147 has already been utilised for the payment of the interim dividend in July last. Of the remainder, we have allotted £100,000 to our pension fund, £100,000 to bank premises account and £200,000 to contingencies account, and after providing

for a final dividend of 9 per cent., making 18 per cent. for the year, we carry forward to the new account the balance of £673,814 10s. 5d., or £175,440 less than we brought in at the beginning of the year.

BENEFIT OF CONSERVATIVE POLICY.

You will doubtless remember that I have on previous occasions said, in answer to shareholders' criticisms of the large sum we were carrying forward rather than distributing in additional dividend, that we looked on this item as a compensating account, which might well be useful in future years for assisting us in maintaining the dividend at a constant level, and now in these lean times we are reaping the benefit of our conservative policy in more prosperous days.

It is interesting to note that the total amount passed through the bankers' clearings during 1930 shows a diminution of 3 per cent. In the year under review, the average Bank of England rate was only £3 8s. 5d. as compared with £5 10s. in the previous year, and the market rate for three months' bills did not average more than £2 12s. 3d. as compared with £5 5s. 4d. in 1929, all evidence of the general contraction in trade as well as an indication of the difficulty of utilising the bank's resources in a profitable manner.

SUBSIDIARY BANKS.

We append as usual the balance sheets of our affiliated banks, Messrs Coutts and Company and Messrs Grindlay and Company, Ltd. Again the figures speak for themselves (and show satisfactory progress), and we congratulate Messrs Grindlay and Company that they have been able to maintain their position during the difficult times in India.

It is a pleasure again to bear testimony to the care, zeal and ability of our chief general manager, the general managers, and, indeed, of the entire management and staff of the bank, which have brought our institution safely through these anxious and critical times, so that, despite all the troubles of the past year, we are able to pay the same dividend as before and present to you such a sound and liquid statement of the bank's position.

THE PAST YEAR.

A retrospect of the past year must, I regret to say, present a sorry picture. Fortunately, we have been spared any important industrial disputes or prolonged stoppages of work to aggravate the situation, but the world-wide wave of trade depression has continued to make its inroads on trade and industry, and this country, with its meagre defences against foreign competition, has felt the full effect of the storm.

As is only natural, the great basic industries which afford the largest amount of employment to our people have been the greatest sufferers, and the large increase in the unemployment figures provides eloquent evidence of the difficulties with which they have been confronted.

The Board of Trade figures of our exports and imports afford little consolation. In the year 1930, our exports and re-exports amounted to £657,533,000 against £839,051,000 in 1929, while our imports also show a reduction, the figures being £1,044,840,000 and £1,220,765,000 respectively.

AGRICULTURE.

Agriculture is in a parlous state. The price of wheat, which just after the harvest was quoted at 32s. to 35s., has now fallen to 24s. or 25s. a quarter, against a production cost under existing conditions in this country of 45s. to 50s. No doubt this excessive fall in value has been accentuated by the special circumstances attaching to the large quantities of grain which have been forced by Russia on the markets of the world, without any regard to its economic value or the cost of the production, low though that may be, owing to the conditions under which it is produced. Whether these sales were actuated by political reasons or whether they were dictated by the necessity for that country to obtain balances in Europe is not of great importance, but it is to be hoped that measures will be adopted, and these at an early date, to counteract this policy which might in time not only affect our whole agricultural population, but seriously impair the prosperity of the agricultural industry of all countries. When, however, we consider that other countries such as Canada, America, Argentina and Australia are all probably able to produce and sell wheat in this country at under 35s. a quarter, with a good margin of profit, it is clear that unless some assistance is afforded to arable farmers disaster stares them in the face.

As in previous years, sugar beet probably has afforded some relief, but we must, I think, realise that unless our arable farmers, and particularly those growing wheat, are afforded some assistance, further large tracts of land will be laid down to grass, and the arable section of this industry, which employs the greatest number of men for its cultivation, will be so seriously reduced that we must expect further unemployment in this direction.

TEXTILES.

In other directions, the trading conditions of the country, particularly in textiles (both cotton and wool sections) and in the iron and steel industries, continue to be a source of deep concern.

There is no relaxation in the severity of the competition from the Continent, and even where there is up-to-date plant and also the most efficient organisation, British makers frequently have to allow business, both in the home and overseas markets, to pass to foreign competitors who are more favourably situated as regards wages and other conditions, or to conduct it themselves at a loss. With wages at 25 per cent. or 50 per cent. lower on the Continent and longer hours of employment, together with other advantages arising from lower costs of production and taxation, British makers are sorely tried in their efforts to secure the trade which, under other conditions, was previously obtained for this country.

COMPETITION OF INDIA AND JAPAN.

The emergence of India and Japan as manufacturers during recent years has continued to be a serious factor, particularly in the inferior grades, but great efforts are being made in this country to reduce the price of our goods, and, I believe, with some success, by the installation of new machinery and by the reorganisation of the manufacturing and marketing ends. Unfortunately, the workers are showing disinclination to co-operate in some of the measures necessary if the fullest advantage is to be taken of modern machinery, the introduction of which unfortunately must imply, for a time at any rate, a reduction in the labour employed. It is, however, reasonable to expect that if the cost of production can be lowered, such an increase of trade will be secured in the textile industry as will enable manufacturers to reinstate, at all events, most of the labour which they may have to dispense with during the transition period.

An illuminating deduction may be drawn from the following comparison. At the end of 1913, the year before the War, the price of Midl. American cotton stood at 7-14 pence per lb., and at the same date the price of 39-inch shirtings of the weight of 2½ lbs. per piece was quoted at 9s. 2½d., but while on December 30, 1930, the price of cotton had fallen to 5-39 pence, the price of the finished article had risen to 10s. 2d. per piece. It will be seen from these figures that while in 1913 the manufacturing costs of this piece of cloth were apparently 4s. 2d., these charges had risen in 1930 to 6s. 5d.

Although he remarks I have just made refer chiefly to the cotton section of the textile trade, they apply with equal force to the wool section of that industry, and the following figures of exports of both sections tell their own tale.

Our exports of all cotton goods during 1930 show the large decrease of £47,875,910, while the exports of woollen and worsted goods have also experienced a drop in value of £15,926,813 as compared with the previous year.

IRON AND STEEL STATISTICS.

I am sorry to say that the statistics of the iron and steel trade, which disclose a falling off in exports of £16,732,749, can give us no satisfaction, and the further fact that the 3,000,000 tons of steel which we annually import from abroad might well, under other fiscal arrangements, be produced at home, must give us serious food for thought.

Not only would this increased production provide employment for an additional 120,000 men now without work, but it would enable our factories to run at something nearer their full capacity, and so bring down their cost of production, thus enabling them to compete under more favourable conditions in the markets of the world, with, in addition, far-reaching benefits for our railways, coal and other industries. It must be very galling to the large number of men out of work in this trade and living on unemployment relief to see the very materials which they themselves could make being imported into this country.

There are, I am glad to say, some iron and steel concerns which, as a result of reorganisation and drastic reduction of overhead and management expenses, have improved their position during the past year and are, at all events, probably now working without actual loss. Amalgamation of similar businesses, with the consequent allocation of each branch of manufacture to the particular section of the combination most capable of carrying it out effectively, has contributed both to efficiency and economy of production. To my mind, we must, however, be careful that the large combinations brought into being and still contemplated by the policy of rationalisation do not assume too gigantic dimensions without some assurance that the necessary brains are available for controlling such enormous organisations.

INDUSTRIES THAT SHOW IMPROVEMENT.

I am glad that all our industries do not show such depressing results. The returns from the shipbuilding industry, which show

a diminished output of only 35,000 tons as compared with 1929 (which was a good year as far as production was concerned), are not so unsatisfactory as might have been expected, but profits, wherever existent, must have been on the low side. Of the world tonnage under construction at the end of 1930, however, totalling 2,326,086 tons, Great Britain's share is only 908,000 tons, as compared with 1,560,000 tons at the end of 1929, or 39.1 per cent., as compared with a pre-war average of 57.2 per cent. A feature of the trade is the striking advance of the internal combustion engines, which appears to be rapidly taking the place of steam; indeed, the value of our exports of motor vessels has risen to £9,313,679 in 1930, as compared with £2,529,108 in 1929.

THE MOTOR TRADE.

The motor trade is an outstanding example of what British industry can do when given a fair chance; of how safeguarding duties have not only fostered increased output and large-scale production, but have enabled manufacturers to market their goods at greatly reduced prices.

Some of our subsidiary trades are not doing so badly, and the cinema industry still continues to prosper. The industry has, fortunately, provided an outlet for a considerable amount of constructional material, and both in the equipment and upkeep of its innumerable properties throughout the country, it has found considerable employment for a large number of people. The importance of such service should not be overlooked when considering an industry which is primarily established for the recreation of the people.

WORLD CONDITIONS.

In reviewing the state of trade in our country, we must not leave out of consideration the wider question of the conditions of industry and affairs throughout the world. The general fall in commodity prices which became acute in the autumn of 1929, simultaneously with the great depression in America, gathered momentum in the early months of 1930. Indeed, it was only in the latter months of the past year that the rapidity of the downward movement was somewhat arrested. In no previous period has the fall been so continuous or so acute, but we may hope, now that the downward movement has largely spent its force and prices have fallen to a lower level than prevailed in pre-war days, that any further general depreciation of a serious nature is unlikely.

Much consideration has been given to the cause of this continuous fall in world prices and many theories have been enunciated without, however, providing any efficient remedy for the disease. At one time the concentration of the greater part of the world stock of gold in one or two hands was held to be responsible for this fall in prices, as well as most of the other evils that have befallen us, but there are indications that greater importance is being attached, and in my opinion correctly so, to other causes.

ATTITUDE OF AMERICA.

It cannot be denied that had America seen fit, in the early years following the close of the war, to utilise the large accumulation of wealth she had acquired in making loans to the many countries who were eager and ready to borrow money from her, the long period of recuperation might have been materially abbreviated, but one must also remember that up to 1914 America had been a debtor, and not a creditor nation; her people were unaccustomed to, and, in fact, looked with suspicion on, the making of loans to foreign countries; indeed, they had required their own savings as well as loans from this country for the development of their vast territory and resources. It would have been perhaps an over-entprising experiment to embark on an extensive policy of loans to foreign countries at a time when those who might have been responsible for such a policy were unable to give intending investors full assurance of the solvency, present and future, of the prospective borrowers.

At any rate, I do not think we can say that the large accumulation of gold in the United States has had the effect of bringing about a restriction of credit in this country; in fact, the charge has been made against the banks that if credit had not been granted with so lavish a hand a few years ago, much trouble would have been saved. It is, however, easy to be wise after the event.

It seems to me that the fall in the value of commodities to their present prices from the high level obtaining in 1929 is really the natural sequence of production having overtaken consumption after post-war conditions had exhausted their influence.

POST-WAR SITUATION.

Consider the situation at the close of war. The whole of Europe was bare of stocks both of raw material and finished goods. Factories had been engaged on war work and the entire population had cut down their requirements to a bare minimum. With the

coming of peace, manufacturers in all countries hastened to transfer their energies to the fulfilment of the urgent requirements of their own people, as well as of their customers in other countries, resulting in an insistent demand for more machinery. New plants were installed with greatly increased capacity, and there arose from all sides the keenest competition and scramble to obtain raw material for supplying the needs of existent and new factories throughout the world. In view of such urgent and increasing demands, it is only natural that the prices of all primary products were driven up to excessive figures, cotton, for instance, rising in 1920 from a pre-war price in 1913 of 7.14 to 28.15 pence per lb.; wool tops (64's merinos) from 32 to 170 pence per lb., and twofold 24's worsted yarns spun from such tops from 2s. 11d. to 16s. 6d. per lb.; while pig iron, which was quoted in 1913 at 49s. 10d., reached a price of 200s. in 1920, and hides rose from 1s. 7d. to 4s. 3d.

As was only natural, as these urgent demands were satisfied, prices began to fall away, and already in 1921 and 1922 considerable reductions had taken place.

PLIGHT OF MANUFACTURERS.

It may well be that many people held the opinion that the conditions obtaining in those years were likely to be of permanent duration, and made their arrangements accordingly, but as the exceptional demands of the immediate post-war days were satisfied, the world began to realise that it was poorer than it believed, and having learnt from their wartime experience they could do without much they had previously regarded as essential, enquiries from all sides began to fall away, and manufacturers found themselves with large extensions of plant, which had entailed heavy capital expenditure, standing idle.

During the same period, however, large outlays had been effected in the primary markets to cope with the urgent demand that had arisen. New cotton fields were planted in many parts of the world, new rubber plantations opened up, every source of raw material developed with feverish activity, and, as these came into production, primary markets were faced with supplies far in excess of the requirements of manufacturers. As a result producers were obliged to realise their produce at ever declining prices. Serious losses were experienced and their power of purchasing manufactured goods was greatly impaired.

FOREIGN MARKETS.

The decline in the purchasing power of the foreign markets is evidenced by the latest figures relating to the total exports from the countries mentioned:—

		1929.	1930.
		£	£
		000's	000's
Canada	9 months	177,000	136,000
South Africa	10 "	65,332	59,440
India	11 "	228,600	180,210
Brazil	10 "	80,483	57,137
Australia	10 "	103,601	80,094
New Zealand	11 "	51,012	41,971
Argentina	11 "	177,354	113,439
		(at parity)	

From the foregoing it will be seen how greatly dependent on each other are the various sections of industrial life throughout the world.

RAW MATERIAL PRICES.

I feel that to-day we should regard with suspicion any scheme evolved for holding raw materials off the market or for the maintenance of prices at levels which bear no relation to the position established by the world-wide fall in values of primary products. The attempt to bolster up prices against consumers by artificial means cannot but be foredoomed to failure in the long run.

It is quite possible that the velocity in the fall in value of many articles has been accelerated by the collapse of such possibly well-meaning schemes; the only result has been that the natural laws of supply and demand have defeated these aims, and markets have been unable to absorb the accumulation of stocks which have suddenly become available, so that, in the end, all that has been achieved has been an aggravation of our difficulties.

Prices of most raw materials have now reached the pre-war level, and in many cases can be bought at lower figures, so I think there is reason to expect that, with the contracted production which is almost sure to result from such a fall in values, any further serious depreciation is unlikely.

TWO GREAT GATHERINGS.

Politics now, unfortunately, play such an important part in all our industrial and trade questions, that it is difficult to eliminate their influence from the problems which confront us. I cannot

refrain from referring briefly to the two great gatherings that have taken place during the past twelve months for the consideration of inter-Imperial relations and interests.

The great Imperial Conference of our Dominions and self-governing Colonies, on the results of which many of us had built high hopes for the improvement and extension of our mutual commercial relations by means of reciprocal and preferential trade agreements, came to an end without a definite arrangement being reached, for reasons into which I will not enter here. Fortunately, the door has not been definitely closed, and I, for one, hope that when discussions are renewed this year at Ottawa, a basis may be found for a more satisfactory exchange of the commodities we respectively need and produce to our mutual advantage.

INDIAN CONFERENCE.

The Indian Conference has just closed, and although no settlement has so far been possible on the great questions under discussion, it is to be hoped a good foundation has been laid upon which ultimately an agreement may be reached satisfactory to all parties with regard to the future government of India. There have been valuable exchanges of views resulting undoubtedly in better understanding among the great parties represented at the Conference. May we hope that when the delegates return to India their influence will be used, and will prove effective in restoring tranquillity and in bringing to an end the unrest in that country, which has been no less harmful to the peoples themselves than to the great organisations which have so largely contributed to the prosperity and well-being of that country.

It is unfortunate that the opening days of the year have been overshadowed by the anxiety engendered by the two important trade disputes. Fortunately, a prolonged stoppage in the South Wales coalfield has been avoided by the agreement reached between the miners and owners, but the failure of negotiations in the Lancashire cotton dispute will entail, I fear, much suffering, much dislocation of business, and will bring heavy losses to employers and employed, and, indeed, to the whole community.

GREAT POSSIBILITIES IN THE POSITION.

Although it would be rash indeed to speak of the prospects of the present year with confidence, one cannot help feeling that there are great possibilities in the present position. As I have pointed out, the prices of many of the primary products we need are down to pre-war level and even below it, and many of the staple foodstuffs such as flour, sugar, cocoa, etc., show heavy declines in value. It remains to be seen now whether retail prices will respond as they should, and whether the cost of living will reflect the decline in wholesale prices.

If, however, we are to take advantage of this more favourable position, certain essentials must, to my mind, be complied with. Difficult as it may be in view of our past experience, we must banish from our minds that feeling of depression which is all too prevalent at the present time. England is not yet down and out, and we must have no patience with those who, like people who enjoy bad health, luxuriate in depression and revel in gloomy forebodings. The country has met crises and depressions before with courage and endurance, and though, perhaps, the present times are the most trying we have ever experienced, it is characteristic of the British people that, at the moment of greatest strain and difficulty, they rise to the occasion. Our industries, however, must be given a fair and equal chance to compete with other nations. It is unfortunate that our fiscal policy is subject to party discussions and politics, but we must take things as they are, and now that it has been widely recognised that universal free trade is an unattainable ideal, I feel bound to say that my personal opinion is that some measure of protection should and must be extended to our trade, and that at an early date.

NEED FOR ECONOMY.

Another essential, to my mind, is the exercise of the strictest economy in all Government and municipal expenditure. We simply cannot afford at the present moment costly and unremunerative schemes of social legislation, however worthy in themselves, and every effort must be made to reduce the crushing burden of taxation which harasses our industry, impairs our spending, depletes our resources, and saps our energies and enterprise. Finally, and most important of all, there must be co-operation between employers and employed whereby costs of production may be reduced. A reduction in wages is a hard road to travel—the road to success always is—but I feel some move in this direction is inevitable. I quite agree that operatives have a right to expect that there should be the utmost efficiency in machinery and in administration, as well as in organisation and in marketing, but when it comes to the point whether the undertaking must be closed down and abandoned (for no one's purse is long enough to carry on a business

indefinitely at a loss) or, as the only alternative, that expenses must be reduced, I cannot believe that labour will refuse to shoulder its share of the burden. It is not only a hope but definitely a certainty that increased business would in time bring its recompense to all concerned.

THE PRINCE'S JOURNEY.

The keen interest that is being taken in all measures for the restoration of the trade of the country in the highest quarters, and especially the efforts of His Royal Highness the Prince of Wales to extend our trade by his journey to South America to open the great exhibition at Buenos Aires, should inspire us to renewed efforts to increase and improve the commerce of our country.

I believe, ladies and gentlemen, if we follow the lead thus given us, and if the suggestions I have ventured to make were translated, as they well might be, into facts, there is no reason why we should not again regard the future with hope and confidence. (Applause.)

I now beg to move: "That the report and accounts, as presented, be received and adopted."

Mr Colin Frederick Campbell (deputy chairman) seconded the motion, and the chairman having replied to shareholders' questions, it was carried unanimously.

RE-ELECTION OF DIRECTORS.

Mr Colin F. Campbell then proposed the re-election of Sir Harry Goschen, Bart., K.B.E., Mr Ronald Malcolm, Sir George John Marjoribanks, K.C.V.O., Mr John Roberts and Sir Percival Lea Dewhurst Perry, K.B.E., as directors.

Mr M. O. FitzGerald seconded the motion, which was unanimously adopted.

On the proposition of Mr A. Kingsford Wilson, seconded by Mr H. Carron Serimgeour, Sir Nicholas Edwin Waterhouse, K.B.E. (of Messrs Price, Waterhouse and Company), and Sir William Henry Peat, K.B.E. (of Messrs Peat, Marwick, Mitchell and Company), were re-appointed auditors for the current year.

Mr H. J. Mulrenan moved a vote of thanks to the directors, general managers, branch managers and other officers of the bank for their efficient management and services.

Mr John Cadogan seconded the vote, which was cordially passed and a brief acknowledgment was made by Sir Alfred Lewis.

A vote of thanks to Sir Harry Goschen for his able conduct in the chair, proposed by Mr John Hedges and seconded by Mr Cecil Braithwaite, concluded the proceedings.



DISCOVERY.

Over 400 years ago, Balboa crossed the Isthmus of Panama from the Atlantic Coast and discovered the Pacific Ocean.

To-day, the Isthmus is traversed by the Canal, while other vital arteries of modern commerce are provided elsewhere by the great railway systems which link the two Oceans.

The great and growing trading development of the New World is also largely dependent upon complete international banking facilities, and these are afforded by

**THE ANGLO-SOUTH
AMERICAN BANK LTD**
117 OLD BROAD ST, LONDON, E.C2

MARTINS BANK LIMITED.

HUNDREDTH MEETING.
DIVIDEND MAINTAINED IN A DIFFICULT YEAR.
INDUSTRY'S CRITICAL POSITION.
TAXATION BURDEN TOO HEAVY.
MR A. A. PATON'S OUTSPOKEN REVIEW.

The one hundredth annual meeting of shareholders of Martins Bank Ltd., was held, on Tuesday, January 27th, at the Exchange Hotel, Liverpool.

Mr Alex. Allan Paton, C.B., the chairman, presided over a large attendance.

The Chairman, in proposing the adoption of the report and accounts for the past year, said: With your permission, we will take the report and accounts, which are in your hands, as read.

This is the hundredth annual general meeting of shareholders, and I think we may look back with pride on the progress made since the first meeting on September 5, 1832. We shall not actually complete our hundred years of corporate life until May 16th, the date in 1831 on which the Bank of Liverpool opened its doors in Brunswick Street.

We owe much to our forefathers who guided the destinies of the new bank with wisdom and established it on such a sure foundation that it was able to weather several severe financial crises which occurred during the last century. As our centenary year approached we had hoped, as possibly some of you have done, that we should be able to mark the occasion by a bonus distribution in some form or another. That hope has had to be abandoned during the past year, and we feel that while you may experience some disappointment you will commend us in using the same prudence as our predecessors in an endeavour to hand on the bank to those who succeed us in the condition of stability in which we received it, rather than that we should make a concession now which might have to be paid for later on.

MOST ANXIOUS POST-WAR YEAR.

The past year has been the most anxious of all the post-war years. Bad trade and falling prices have brought a corresponding decline in customers' requirements, and the total turnover of the bank has been much reduced. It has also been impossible for some time to buy bills at remunerative rates, or to employ our day-to-day money profitably, and we cannot yet fully measure the duration and extent of the depression we are experiencing. Added to this, expenses have remained at a high level, although we use every effort to keep them within a proper ratio.

It is not surprising, in view of such difficulties, that our profits at £793,550 show a decrease of £42,690 as compared with last year's results. We are paying the usual dividend, but have decided in view of the state of trade to set aside £150,000 as provision for contingencies instead of making any allocations to the reserve fund and to premises account. This leaves £110,076 to be carried forward.

Deposits, at £78,562,603, are £4,057,890 less than a year ago, while advances are also down by £4,800,693, reflecting the falling off in trade. A reduction of £1,564,844 in acceptances tells the same story.

Deposits being lower, cash in hand is less at £8,870,438, but shows a ratio of 11.29 per cent. to liabilities to the public. Taking cash in hand, money at call and short notice, balances with other British banks, and cheques in course of collection, we get a ratio to liabilities of 23.82 per cent., a very liquid position.

Treasury bills are £1,345,000 more, while British bills of exchange are £1,141,776 less, yet another indication of diminished trade.

Investments are up by £869,280, our holding of British Government stocks having been increased. There is a small increase in other assets, the principal item in which is, as I mentioned last year, our holding of Yorkshire Penny Bank shares, a remunerative investment.

Bank premises are more by £375,770, mainly caused by the expenditure on our new head office (which we hope to occupy before the end of the year), and on our new London office in Lombard Street. But I would remind you that in the new head office there will be considerable rentable space, which we expect to return an income commensurate with the outlay. The London office was completed and our staff transferred from the temporary premises in Abchurch Lane last November, giving us very suitable accommodation for our London business.

I now turn to a review of the principal industries in which the bank's customers are interested.

COTTON TRADE.

In common with other industries, the cotton trade has experienced a year of trials and difficulties involving serious and heavy losses. Throughout the world the trade has been under a cloud of depression; on the Continent much machinery is unemployed; even in France organised production is under consideration, while in Japan, although wages have been reduced by 20 per cent. during the year, mills are on short time.

The further contraction of world buying power has caused over-production and diminished consumption, with the inevitable disastrous decline in prices. The effect has probably been most acute in Lancashire which has been to a large extent dependent upon selling cotton goods in bulk to countries where the population at all times comparatively poor, is now quite unable to make normal purchases. Her capacity to market her goods has been further weakened by the boycotting of foreign cloths and by increased import duties in India; by continued civil war and a steadily falling exchange in China; by tariff increases in Egypt, Canada and Australia, and in the last-named country by a financial crisis; finally, too, by the aftermath of speculation in America, and political unrest and erratic exchanges in South American countries.

Coincident with the fall in the value of raw material during the year, the average price of yarns, both American and Egyptian, has fallen no less than 30 per cent., while during the same period cotton cloths have lost one-quarter of their value, involving serious loss to a trade which, of necessity, must carry a considerable amount of stock.

CUTTING PRICES DISASTROUS.

In the hope of an improvement in conditions, many firms have struggled along, adopting a policy of cutting prices, a policy necessary to enable them to find ready money, but one that can only bring disaster in its wake. This, of course, militates against the survival of the fittest, as in the process concerns in themselves financially sound gradually sink to a condition of difficulty and insolvency.

Cotton manufacturers have experienced, financially, the worst twelve months for many years. During the year more mills than ever have closed down; a few where the proprietors have decided to cut their losses and save what they can from the wreck, but the majority from force of circumstances, with nothing to be saved.

In the spinning section of the trade, with few exceptions, losses have been incurred, even though in many cases depreciation has not been provided.

The fine spinning trade has followed the American section and under unparalleled conditions has experienced serious losses.

With regard to amalgamations, nearly 10,000,000 spindles and 25,000 looms now are, or soon will be, under the control of the Lancashire Cotton Corporation, which was formed towards the end of 1929. Such a combine should, in itself, result in great economies, but its activities are viewed in different lights by the trade, and its first report, due early this year, is anticipated with considerable interest. Towards the end of December the Combined Egyptian Mills (embracing some 3,100,000 spindles) issued its first report covering a period of 17 months and showing a heavy loss.

FINE SPINNING LOSSES AVOIDABLE.

As we possess such a large proportion of the world spindleage in the fine spinning section, it would appear that such losses could be avoided, the world being dependent upon us for a considerable proportion of its requirements of these finer yarns. To avoid price-cutting, an attempt was made in July to form an Egyptian Spinning Convention whose functions would be to allocate productive quotas, &c., and to fix margins for selling prices. Unfortunately the proposals were not acceptable to the whole of the trade and the scheme was not adopted.

In the American section, also, there is a movement in favour of a scheme for price control.

For many years this country has annually exported £10,000,000 worth of general textile machinery. America, Germany and Japan are now producing looms and other machinery which compete with

our own. Every country is intent on producing as far as possible its own cotton requirements, and with up-to-date machinery available and a steady improvement in the abilities of the workers more and finer goods are being made. If Lancashire is to hold her export cloth trade, manufacturers must be able to put it on the neutral markets at competitive prices. This can only be effected by reduction of costs. Our manufacturers, however, cannot escape the increased taxation imposed upon them, nor have they the advantage of the cheaper labour, the long hours, and the lower standard of living of the foreign worker.

CLOSING DOWN OF REDUNDANT MILLS.

The closing down of redundant mills (either by liquidation or by voluntary arrangement) is likely to continue. Further amalgamations will take place, but it matters little whether the excessive competition for business is between combines or individuals if orders are accepted at less than cost; in addition, schemes of arrangement will tend to increase the number of weak sellers and prevent the concerns which still show a measure of liquidity from securing a profit.

At the same time we must hope that the limit of depression has been reached. Prices are at a very low level, beyond which it would seem that they cannot drop much further.

Although circumstances indicate that we should be well advised to realise that a certain proportion of our trade has disappeared, this country still conducts a very considerable proportion of the world's cotton trade in spite of foreign competition, and it should be the aim and object of all concerned to use their utmost endeavours that this should be at a profit.

COAL INDUSTRY.

The outlook in the coal trade is anything but promising, and it is in the highest degree unfortunate that the industry should again have been subjected to Parliamentary interference through the Coal Mines Act.

At the same time, nobody would object to a reduction of working hours if production were increased to a compensating extent. The collieries, many of which are already working at a loss, cannot as an economic proposition bear any further addition to their costs. Equally the home consumer, for example the maker of iron or steel, will practically be excluded from the world market if he has to pay more for his coal.

IRON AND STEEL TRADE.

The iron and steel trade is at the present moment in the depths of depression, and foreign material is being imported into the country at prices far below those at which it can be produced here.

As compared with British wages in the steel industry, the following figures may be quoted:—

Wages in France	are 50% of those paid at British works.
Wages in Belgium	are 47% of those paid at British works.
Wages in Czechoslovakia	are 42% of those paid at British works.

To meet world competition, large reductions in wages have been made voluntarily in Germany.

These figures are heavily against us, but in addition, longer weekly hours are worked in other countries than here, whilst we have as already mentioned much heavier overhead charges in the shape of taxation than they have.

SHIPPING.

The freight market has been very poor, and it is estimated that there is not far short of 1,600,000 tons of British shipping lying idle. Many new steamers have been laid up on completion, as profitable employment could not be found for them.

The shipbuilding industry is faced with depleted order books for both mercantile and naval work.

GRAIN TRADE.

The price of wheat has declined almost continuously and is now, practically speaking, down to the low level of 1894. For a still lower record, I am informed that we must go back to the year 1855. To illustrate the fall in value, it may be mentioned that Russian wheat is quoted 31s. to 32s. a quarter lower than North American wheat of equal quality at the beginning of the year.

Conditions have not favoured merchants, but trading has not been wholly unprofitable since it was known that world supplies were in excess of demand and traders were careful not to carry large stocks. Practically no failures occurred as all buyers and holders hedged their purchases, an illustration of the value of the Liverpool futures market.

Outstanding events were the reappearance of Russia as an important exporter and the reversal of the Canadian pool's selling policy. The pool has announced that it will in future make all

offers to established merchants instead of trying to sell direct to millers, as formerly.

Maize has suffered a severe fall, and as there are no option markets here for feeding grain, importers must have made heavy losses.

Prospects for the wheat trade in 1931 point to continued large supplies and low prices in the early months. In later months the market will be governed by the new crops of North America and Europe.

WOOLLEN TRADE.

The wool textile industry has passed through another disappointing year, in which the cumulative effect of the long period of depression and falling prices has been severely felt. Apart from occasional temporary upward movements, prices have steadily declined during the past three years, and have now reached a level that has seldom been experienced in the history of the trade. The persistent fall in values has involved the trade in disastrous losses, and has brought about a conspicuous lack of confidence, with curtailed production and a consequent increase in unemployment, which, towards the close of the year, reached a figure equivalent to 25 per cent. of the total operatives engaged in the industry.

The volume of home trade has been affected by the reduced spending power of the people, owing to the unsatisfactory state of our leading industries, and intensive foreign competition has again been experienced. Commencing in April, and continuing through May and early June, there was a strike of wool textile operatives, which caused a partial stoppage of the mills in the West Riding. The employers insisted on a reduction of wages as recommended by Lord Macmillan, who was appointed by the Government to furnish a report. After a strike which lasted eight weeks, work was resumed at wage reductions which in the main were based on the Macmillan award. Notwithstanding wage reductions and other economies, our costs are still high as compared with our Continental competitors.

OVERSEAS MARKETS.

The unfavourable conditions which have prevailed in almost every part of the world have seriously affected the export trade, upon which the wool textile industry depends so largely for its success, and some of the most important markets have been partially or completely closed to us. The disturbances in the Far East, together with the fall in the price of silver, have seriously affected our trade with China and India, which in normal times provide valuable outlets for wool products. Political unrest, economic difficulties, and tariff increases have also caused a diminution of foreign business with other countries, and exports to the United States of America, South America, Australia and elsewhere, have declined substantially.

With wool values at such a low level, it is unlikely that there will be any further substantial fall in prices, and it is hoped that the present low values will contribute to the expansion of demand for wool products as the year advances. A revival of demand is, however, largely dependent on improvement in other industries and more settled conditions abroad.

ENGINEERING TRADE.

The machine tool trade has been affected by the general depression in the engineering industry which has increased as the year advanced. Competition from the Continent has been exceedingly keen, but makers of machine tools in this country have probably received their full share of new business owing to their excellent reputation for design, workmanship and performance.

AGRICULTURE.

Those farmers who have been chiefly engaged in stock-rearing and sheep-producing have had a fairly successful year. Arable farmers, on the other hand, have found difficulty in carrying on, and many farms in the Midlands and the South are being put down to grass.

Dairy farmers have experienced difficult conditions and are in need of improved methods of marketing.

An Agricultural Marketing Bill has been introduced into Parliament, but for the most part it is merely permissive. It is a very experimental measure, the success of which is largely dependent on the initiative shown by farmers themselves.

TO SPEND OR TO SAVE?

It has been interesting during the past year to note the varying reasons given by economists for the present depressed condition of trade. Within the last few days we have all been advised to spend more as a means to recovery. While this might reasonably be expected to stimulate our internal trade temporarily, I cannot see that the orgy of spending during the past ten years has helped to maintain our export trade on which we so vitally depend. Walter Bagehot took the view that "wealth which creates wealth

is augmented mainly by our not enjoying our incomes," and further says: "The principal way in which capital increases in England is by abstinence from enjoyment."

Again, we have been assured that the sterilisation of gold is the cause of reduced credits with the consequent decrease of purchasing power. The importance of the gold factor cannot be denied. I think there is no doubt that the concentration of gold in two large financial centres and its being kept passive there, instead of being used as a basis for currency or credit issues, tends to reduce the price of primary products and must have its effect on the international flow of exports.

The economist who stated recently that, if pressed, he could name eighteen other causes was not altogether exaggerating the case. In a multiplicity of counsellors there is much perplexity.

EARNED SURPLUSES DISAPPEARING.

Figures of the Board of Trade returns disclose that during the past year our export trade has rapidly declined.

In addition, our earned surpluses represented by the capital of our industries, which have been so great in the past, are declining, and our so-called capitalists may in consequence soon disappear. And it should not be forgotten that any man who has an earned surplus invested in a savings certificate, a post office bank account, or is a shareholder in any one of our industries, is a capitalist.

I said last year that if the wisdom of modifying the restrictions imposed upon production could be realised, bringing it into a proper relation to the world's purchasing power, the result would be of tremendous benefit. I can only reiterate that. We all feel that these restrictions, together with the enormous taxation to which we are subjected, have placed a burden on the shoulders of industry too heavy to be longer borne.

DRASTIC ACTION REQUIRED.

I see that one of the Government's industrial advisers is reported as saying that there is too much gloom and self-depreciation, and that confidence and common sense will get the country through. Valuable as these qualities are, I think the picture I have been obliged to present to you shows that the situation requires more than that: it calls for action, definite, drastic and immediate, for, in the words of the late Sir Cecil Spring Rice, in speaking of England: "If she fails in commerce, she must gradually be extinguished politically, and then the rich inheritance can be divided."

Before moving the adoption of the report, I would like to express the thanks of the board to the executive and staff for their loyal service and devotion to the interests of the bank. I am sure you will wish to associate yourselves with us in this expression of appreciation. Difficult times such as we are passing through call for the greatest effort, and this we have received in unstinted measure from all connected with the bank.

The Chairman concluded by moving the adoption of the report of the directors.

Lord Colwyn, P.C., one of the deputy-chairmen, seconded, and the motion was carried unanimously.

Mr Hugh Lewis proposed that the retiring directors, viz., Mr Charles Booth, Mr Richard D. Holt, Mr Edward B. Orme and Col. Sir James P. Reynolds, Bart., be re-elected.

Mr W. S. Crichton seconded the motion, which was agreed to.

Mr G. Audley proposed the reappointment of the auditors, and Mr J. E. Gordon, having seconded, the resolution was adopted.

RELATIVELY GOOD RESULTS.

Sir Harold Mackintosh, proposing the thanks of the meeting to the directors, committee of management, the general manager and other officers of the bank for their services during the past year, said that, relatively and comparatively speaking, the results of the year were the best the directors had ever shown, because, although there was a slight decrease in the profits, when they considered the difficulties that had to be encountered and considered also the results of the other big banks, they could be satisfied they had been well and truly served. He paid a tribute to the outstanding loyalty of the officers of the bank, and of the general manager said they were getting to value him more and more each year. (Applause.)

The motion was seconded by Mr S. Mason Hutchinson, and heartily carried.

The general manager (Mr A. F. Shawyer), in response, said the bank was fortunate in having a loyal and efficient staff in these difficult times.

At an extraordinary meeting which followed, a resolution, proposed by the chairman and seconded by Lord Ebbisham, was passed adopting new articles of association.

The meeting concluded with a very cordial vote of thanks to the chairman, proposed by Mr A. B. Leather.

THE NATIONAL BANK, LIMITED.

RESULTS NOT DISCOURAGING.

The annual general meeting of the National Bank, Ltd., was held on Thursday, January 29th, at 13 Old Broad Street, London, E.C. Mr J. B. Meers, C.B. (the chairman), said: Ladies and gentlemen, the half year under review has not been without its anxieties. The accounts, however, which we have the pleasure of submitting to you are not of a discouraging nature; indeed, in view of ruling conditions, I think you will regard them as satisfactory. Notes in circulation show a decrease of £176,355. This is due to the gradual redemption of our old note issue in Ireland. Deposit and current accounts show a decrease of £1,108,000. This is due largely to the lower rates of interest offered for deposits and the consequent investment by many of our customers in gilt-edged securities.

Summarising the totals, it will be observed that our aggregate means stand at £40,711,284, whilst our liquid assets give the proportion of 57.6 per cent., as against our liabilities to the public payable on demand.

Turning to the profit and loss account, after paying a dividend at the rate of 14 per cent. per annum, less tax, we transfer £10,000 to reserve fund, and £10,000 in reduction of bank premises. We also place £10,000 to contingencies account, and we carry forward £31,023.

WAR DEBTS SETTLEMENT.

In view of the prominence given to the subject during the past months, it seems hardly necessary for me to draw attention to the world-wide chaos that has been caused by the slump in commodity prices and the attendant effect on trade generally. I feel, however, I must say that I always considered that the War Debts settlement would prove to be, at least, a contributory cause to this regrettable state of affairs. On several occasions at our meetings I have drawn attention to this point of view.

Three years ago I said: "The settlement of the debts, incurred by reason of the Great War, still continues to evoke discussion in all countries, and anything like a fair solution of the whole problem involved thereby should, when the future is borne in mind, prove of all-round benefit. A study of the existing situation cannot fail to suggest to the impartial mind that the position needs revision."

Further, in January, 1927, when referring to the effects of the "unavoidable deflationary period after the Great War," I said, "the value adjustments attendant on same—i.e., the deflationary period—have not yet reached rock bottom in any country, and cannot do so, I hold, until an equitable solution of the War Debt problem has been evolved." I am very glad to see that this important question has now been referred to by the president of the largest bank in the United States, as well as some of our own prominent bankers. I sincerely trust the whole matter will be reconsidered in the interests of all the nations, creditor as well as debtor, concerned. Although the time may not yet be ripe for a complete cancellation of all these debts, mainly owing, I must say, to political difficulties, still I welcome the indications of the growing opinion amongst financial experts in the United States that the time for an all-round moratorium has arrived.

It is needless to say that economy in public expenditure is of vital necessity. The fact that taxation in this country is so high is a most disquieting feature; there is a limit to the productiveness of this form of revenue, and the indications are that this point has been reached. Very many of us have, I fear, been living on capital for some years.

PROGRESS OF IRISH FREE STATE.

In contradiction to the position just narrated, it is satisfactory to be able to point to the healthy condition of the Irish Free State and the steady progress it continues to make, even in face of world-wide depression. It is practically free from War Debt settlements and, though mainly agricultural, is not exempt from the slump in commodity prices. Still, as I have said, it is forging ahead—its National Debt is small, and its three national loans stand in the market at very substantial premiums. Further, income and other taxes are low, when compared with other countries. The majority of the loans have been wisely used for productive purposes, as exemplified by the Shannon scheme, which can provide for the complete electrification of the country, and which will shortly furnish a good return on the capital invested. This will undoubtedly make for further prosperity.

The latest external trade statistics afford much satisfaction. Exports are on the increase and imports show a substantial reduction, the significance of which is emphasised when account is taken of the reduced prices prevailing. The morale of the people is high and their standard of living well maintained, thus bearing testimony to a high degree of economic self-sufficiency.

The Free State Government deserve warm approbation, both from their people and the well-wishers of the country, who are many.

The report and accounts were unanimously adopted.

DISTRICT BANK, LIMITED.

BANK'S STRONG LIQUID POSITION.

CONDITIONS IN THE COTTON TRADE.

DECREASE IN EXPORT TRADE AND ITS CAUSES.

SIR CHRISTOPHER T. NEEDHAM'S INTERESTING REVIEW.

The annual meeting of the shareholders was held at the head office, Spring Gardens, Manchester, on the 23rd instant, the Chairman, Sir Christopher T. Needham, presiding.

The chairman, in moving the adoption of the report and balance sheet, said:—

Ladies and gentlemen, I assume that you will take the report of the directors and accounts as read.

Before dealing with the accounts, I wish to refer to the retirement from the board of Mr McGowan. He was a director of the Bank of Whitehaven, and when we absorbed that bank in 1916 he joined our board. Owing to advancing years he does not seek re-election. He has been especially interested in the Bank's affairs in the Whitehaven district, and I wish on behalf of the board to thank him for his valuable services.

TRADE CONDITIONS IN 1930.

A review of the trade situation a year ago showed that 1929 had been a better year than 1928, and although towards the end of 1929 there could be found signs of the falling away of prices and a slackening of trade, there was a definite carry-over of activity into the first quarter of last year. The year 1930 was characterised by the enormous and growing figures of the unemployment returns and by a rapid fall of prices of commodities which, owing to its steepness, may be described as catastrophic. The average of wholesale prices had fallen 8.1 per cent. during 1929; it dropped another 21.3 per cent. in 1930, and by the end of December last the *Economist* complete index figure is actually 1.3 per cent. below the pre-war level of 1913.

The Board of Trade estimates of production, taking 100 as the basis of comparison for the year 1924, when the last census of production was made, were 110.9 per cent., 103.1 per cent., and 99.5 per cent. for March, June, and September quarters respectively. The estimate for the December quarter is not yet available, but it is unfortunately clear from all available data that there was a further diminution of volume of production.

Compared with 1929, our exports diminished by £158,796,376; our imports also diminished by £175,925,106; and including bullion the net adverse visible balance was £392,337,000, an increase of £26,361,000. In view of lower freight rates and the reduction of other "invisible exports" it is certain that the national income for overseas transactions for 1930 will be much less than that of 1929, estimated at £151,000,000, and our capacity for lending abroad will be diminished. In the past our export trade has been greatly assisted by our ability to lend abroad freely, and the lessening of this power is to our disadvantage.

THE COTTON TRADE.

The cotton textile trade during 1930 was depressed throughout the world, and Lancashire had a difficult and unsatisfactory year. In common with other primary commodities the price of raw cotton fell persistently during the year, with the inevitable result that, apart from other reasons, yarns and piece-goods were bought sparingly. In January, American cotton was priced round 9½d. per pound, and by the middle of December it had fallen to round 5½d. per pound. It is estimated that the United States Government holds indirectly over three million bales of cotton, and this large holding makes for uncertainty. Similarly, there was a serious fall in Egyptian cotton from about 14½d. per pound to below 8d. per pound, and in Egypt, too, stocks of cotton are known to be held by the Government.

Lancashire exports its products to all parts of the world, and quickly reacts to adverse conditions in overseas markets. In India political unrest and the increase in tariffs were serious factors against our trade, and India, in common with other countries, suffered from a heavy fall in the value of her products, resulting in reduced buying power. Lancashire has had for long years so many links with India that everyone must hope that the outcome of the Round Table Conference will be to the mutual advantage of both countries. Trade with China has been much hampered through the unsettled condition of the country and the collapse in the price of silver. There has been continued serious competition from other countries exporting cotton goods.

Spinners using American and similar cotton worked about 60 per cent. of capacity, whilst those using Egyptian cotton ran about 65 per cent. to 70 per cent. The weaving trade was irregularly occupied with production of not above 60 per cent. of capacity. The result of last year's export trade showed a drop from £135,449,000 in 1929 to £87,600,000 in 1930, which, even allowing for the fall in prices, is a very heavy one.

REPORT OF GOVERNMENT'S COMMITTEE.

The Government's Committee of Inquiry, which reported last July, emphasised the importance of adopting means of reducing costs of production if we are to recover the lost export trade in cotton goods. They recommended, *inter alia*, the formation of larger units in the spinning and manufacturing sections, and stated: "We are assured that, for any comprehensive and satisfactory rationalisation scheme having for its object the reduction of production costs and improved marketing, the necessary finance will be forthcoming." The publication of the report was followed by discussions between Government representatives and representatives of the various sections of the trade. The Joint Committee of Cotton Trade Organisations has continued its useful work as the natural organ for discussion of general problems of the trade, and its activities and its policy won the warm approval of the Committee of Inquiry. There has indeed been no lack of investigation into the organisation of the cotton trade during the last two years, and a great deal of valuable information is now available, and although there have been no actual developments since the publication of the report, a good deal of discussion is taking place in the various sections of the industry with the object of improving its organisation so that it may be placed on a competitive basis, the urgency of which is imperative.

Changes of methods of production are bound to come, and in this connection it is disappointing to note the difficulty of introducing the system of more looms to the weaver. The present stoppage, coming on top of the depression, is disastrous. In addition to the losses to those directly and indirectly affected, there is the grave danger of trade being diverted to other countries, a diversion which may become permanent.

Last year the Joint Committee created a Trade Development Committee to investigate the possibilities of increasing and extending the demand for cotton goods. The first step in its organised propaganda is represented by the British Cotton Textile Exhibition, which is to be held in London next month.

The British Cotton Industry Research Association has continued to make considerable progress, and they are now equipped with a comprehensive range of cotton machinery which will allow of large-scale trials for the corroboration and testing of laboratory research results in what is the finest research organisation of its kind in the world. In these days of strenuous competition the industry can only keep abreast of the times if it takes advantage of every improvement and saving which scientific research can suggest.

IRON AND STEEL.

The experience of the iron and steel industry during 1930 was one of great disappointment. The production during 1929 had been on an increased scale, but the story of 1930 is one of contraction, the production of pig iron being down by 1,382,700 tons, and that of steel by 2,356,200 tons. The decision of the International Steel Cartel in December, 1929, to curtail production was a sign that the production in 1930 was not expected to reach the level attained in 1929, but it is doubtful whether anyone foresaw the length to which the depression would go. The depression was not confined to Great Britain, and it is estimated that against our diminished production of 22 per cent. there was also a decrease of about 20 per cent. throughout the world. Imports to this country were increased by about 86,000 tons of steel, but the exports diminished much more largely, to the extent of 1,221,600 tons.

Prices of steel were maintained with slight variations, and the Board of Trade price index, which stood at the beginning of last year at 15 per cent. above pre-war, declined by only six points through the year. On the other hand, the decline in prices in other producing countries, starting in May last year, was very marked, the worst point being reached in November, when some of the

Continental prices were lower than they have been at any period during the last thirty years.

One of the biggest consumers of iron and steel is the shipbuilding industry. The tonnage commenced in the third quarter of 1930 amounted only to 160,714 tons, compared with 426,570 tons in the first quarter of the year, and the fact that the number of ships laid up in British ports at the present time is more than double the total of January last does not indicate an early revival in shipbuilding. The decline in the export trade of iron and steel was particularly severe to India, Australia, and the Far East.

CONSUMPTION REDUCED TO A MINIMUM.

There is no doubt that during the last few months consumption throughout the world has been reduced to a minimum and stocks drawn upon wherever possible. It is felt in the trade that there must be a large potential demand, which can only become effective when there are definite signs of improvement in price levels. There have been important economies in the cost of production effected in the past year, and further amalgamations of important works have been announced. Consideration is being given to methods of organisation and equipment of plant with a view to minimising production costs and putting the industry on a thoroughly competitive basis.

The engineering industry in the early part of last year was fairly active, but during later months there was reduced activity. The electrical engineering trade enjoyed greater activity than the mechanical trades. Locomotive builders, in face of severe competition, were moderately occupied. They increased their exports by 11,000 tons.

The coal trade during last year was not good, and exports show a considerable falling off. It is not yet clear what will be the effect of the legislation which has recently come into force.

GENERAL TRADE REVIEW.

When we come to take a comprehensive view of the trade situation as a whole we find that the falling off in our trade in 1930 indicated by the enormous increase in unemployment has its counterpart in other countries. The other big industrial countries, Germany and the United States, have their millions of unemployed workers, while the big agricultural countries, too, cannot find profitable markets for their products. The depression is world-wide, and its reactions are international: the difficulties of one country accentuate, if they do not actually produce, the difficulties of another. But we should not be content to accept the simple explanation that the bad trading results of last year in Great Britain are wholly due to world depression, the factors governing which are outside our control. For this country, the great slump of 1930 comes on top of other bad years, during which unemployment figures have been gradually rising, and an endeavour should be made to find out what are the adverse causes which are within our control.

To begin with, we have to face the unpleasant fact that our share of world trade was declining before 1930. The British percentage of world export trade as stated in the Board of Trade Fiscal Blue-book, published last month, was 12.94 per cent. in 1924 and 10.86 per cent. in 1929, a reduction of over 16 per cent. We are dependent so largely upon our export trade that this shrinkage is serious. The real trouble lies in the fact that the prices of our finished articles have been too high to allow for expansion of our export trade in competitive markets. What handicaps are there which prevent us from maintaining our proportion of world trade which had actually increased in volume during the years from 1924 to 1929? Critics tell us that in comparison with other countries we are too inelastic. They suggest that traditional conservatism makes us averse to breaking away from old and accepted methods which served admirably in the past but are now unsuitable to changed world conditions, and that we lack adaptability and are too slow in making adjustments. In other words, we are still working too much on pre-war lines under post-war conditions.

OBSTACLES TO REORGANISATION.

It is easier to diagnose the complaint than to prescribe remedies. The need for reorganisation and change is generally admitted, but the obstacles to them are very real ones. Reconditioning of works and equipment need not only brains and money but goodwill, courage, and the spirit of confidence. We find industry hampered by restrictions affecting employers on the one hand and workpeople on the other; both partners in industry are thus inclined to be more self-protective than adaptive.

The weight of taxation, already unduly heavy, has become more burdensome with the rapid fall in prices. Economy is often spoken about but is very little practised, and national and municipal expenditure continues to rise.

Unemployment insurance, the principle of which is now firmly established in this country, has mitigated much hardship, but misuses

of the scheme which were never contemplated at its inception have grown up. The time was ripe for an inquiry into the working of the system, and the Royal Commission now sitting has a responsible task in drafting proposals for putting it on a more satisfactory basis. Unemployment insurance as well as the housing shortage has helped to make labour static, a serious drawback when adaptability and mobility are needed.

There is, too, the great disparity between retail prices and wholesale prices which constitutes a problem of the first importance. In 1924 the disparity between these prices was not much greater than in pre-war days. But gradually the gap has widened, and, by the end of 1930, retail prices stood at 89 and wholesale prices at 59 (year 1924 = 100). If this gap could be reduced and a fairly close relationship established, an immense help would be given toward diminishing general costs of production of finished goods.

It is not possible here to pursue these questions further, but it is clear that the gravity of the situation is such as to call for a national determination to amend it, if we are not to submit in a fatalistic spirit to a continuance of excessive unemployment. Sustained effort and co-operation will be called for to make the necessary adjustments to bring us to that point of efficiency so as to be ready to share fully in the world trade revival which is bound to come.

MONETARY CONDITIONS.

In contrast with the fluctuations of the Bank of England discount rate between 4½ per cent. and 6½ per cent. during 1929, the changes last year were all downward from 5 per cent. by three stages to 3 per cent. on May 1, where it remains. The Bank of England stock of gold increased by £1,665,538, the total at the year end being £147,625,622. Sterling was almost all the time at a discount with the chief currencies, so that it was not easy for the bank to maintain its gold. Amongst the various senders of gold were Australia and Argentina, both countries whose conditions have forced them off the gold standard. The outflow of gold was chiefly to France, whose stock from all sources was increased by fully £90,000,000, the total at the end of the year being about £420,000,000, roughly three times the amount held by the Bank of England. There is another concentration of gold in America estimated at about £850,000,000.

The effect on the stability of prices of these vast sums—i.e., about three-fifths of the monetary supply of the world—being locked up in these two countries is the subject of much controversy. In some quarters it is held that the maldistribution of gold is the cause of the collapse of prices. There can be no doubt, in my opinion, that its effect on prices has been very serious, but it is not the sole cause of the collapse. This problem is one which is being considered by the Macmillan Committee, whose findings and constructive proposals we await with considerable interest.

The interim report of the finance committee of the Council of the League of Nations issued recently urges strongly the need for economy in the use of gold, and suggests methods by which this may be attained through international agreements. During the year the Bank for International Settlements was set up. Its main function is to act as trustee for creditor nations in the matter of German Reparations, but it is to be hoped that this organisation will also become an effective instrument of international co-operation in economising the use of gold, since the importance and urgency of international action cannot be too strongly insisted upon in this matter.

THE BALANCE SHEET.

I turn now to consideration of the report and balance sheet which have been circulated.

In times of such acute commercial depression and anxiety it is satisfactory to place before you a balance sheet which discloses so liquid a position. Thus, with but little change in liability to depositors, total liquid assets exceed the corresponding figures for 1929 by nearly £4,000,000, and amount to no less than 67.9 per cent. of our liabilities to customers on current, deposit and other accounts, of which cash and money at call and short notice represent 23.3 per cent., showing little change as compared with last year.

Bills of exchange, which stand at £6,798,984, the greater portion of which consists of Treasury bills, and British Government and other securities have each increased by approximately £1,700,000. The increase in these items represents the sums released by the repayment of advances not required owing to diminished trade needs.

Our investments stand at £16,022,965, a figure which is, in fact, materially below their market value; we never write up our investments.

"Other investments," amounting to £97,600, appears as a separate item amongst the assets. This item includes shares in the Yorkshire Penny Bank, Ltd., and also a share in the Bankers' Industrial Development Company, Ltd. The District Bank has taken an interest in this new company, which was organised by the Bank of

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England to assist rationalisation, the capital being subscribed chiefly by the joint-stock banks and financial houses.

The general trade situation is clearly reflected in the reduction in advances by £3,750,000 to £20,577,120.

The liquidity of the resources of the bank affords ample indication of our ability to meet readily the needs which will arise on the revival of trade.

Liabilities of customers for acceptances, confirmed credits, and other obligations show a reduction on the year of £1,300,000, which reflects mainly the smaller imports of raw materials.

Difficulties of the past trading period are clearly reflected in reduced bank earnings for 1930. The contraction of business is also revealed in the clearing-house returns for the last twelve months. The Manchester clearing transactions declined from £648,000,000 to £532,000,000, a fall of 17.9 per cent.

Easier money conditions and lack of demand for money in trade circles, together with the conversion by the Government in the early part of the year of floating debt into a long-term issue, resulted in a heavy fall in the marginal return obtainable upon bills and short money.

VALUE OF PROPERTIES.

Our property stands at £760,297 15s. 7d. after debiting the expenditure of the year and crediting the sum of £20,000 allocated from our profits. As has been stated on previous occasions, the actual value of our properties is much in excess of the balance-sheet figure. Criticism has been directed to the banks on the subject of the extensive opening of new offices at a time when the trade of the country can scarcely be said to require more bank offices. So far as this bank is concerned, apart from necessary work of reconstruction, we are confining ourselves to the opening of new offices in those districts in which building development suggests the need for banking facilities.

From the profit and loss account you will see that after payment of all expenses and after making ample provision for bad and doubtful debts, net profit for last year is shown as £459,039, which is a reduction of £51,487 as compared with 1929.

As you are well aware, banks have suffered losses owing to the difficulties of the cotton trade.

I may say that we have made full provision for our actual and anticipated losses.

After appropriations for directors' fees, pensions, bank property, and dividend, we are carrying forward £201,263, as compared with £189,225 in 1929.

GROWING ACTIVITIES OF TRUSTEE DEPARTMENT.

I am pleased to report that a wider public knowledge of the facilities afforded by the bank in the capacity of executor, administrator, or trustee is reflected in the growing activities of our trustee department. This year a branch office of the department has been opened at the West End office of the bank, 46 Old Bond Street, London. I trust that shareholders and customers of the bank and others will not hesitate to avail themselves of the great advantages which may be derived by appointing the bank in any of the capacities I have mentioned.

The Chairman then moved the adoption of the report and balance sheet. This was seconded and carried.

Messrs T. D. Barlow, W. R. Easterby and A. A. G. Tulloch, retiring directors, were re-elected. Messrs Halliday, Pearson and Company were reappointed auditors.

The meeting closed with the usual votes of thanks.

THE CANADIAN BANK OF COMMERCE.

SUCCESSFUL YEAR—INCREASED PROFITS.

EXCEPTIONALLY STRONG CASH POSITION.

The sixty-fourth annual meeting of The Canadian Bank of Commerce was held in Toronto on Tuesday, January 13, 1931.

GENERAL MANAGER'S ADDRESS.

Mr S. H. Logan, the general manager, in the course of his address, said:—

In the face of the prolonged and trying period through which general business has been passing, it is very gratifying to be able to place before you one of the strongest statements the bank has ever issued.

Our profit and loss account shows that we made \$5,378,000, which is \$312,000 in excess of the preceding year. It should, however, be pointed out that the proceeds of the shares of the new stock issue of 1929, which added \$10,000,000 to the shareholders' funds, were earning assets for only a part of that year, whereas they were fully employed in 1930.

Interest-bearing deposits show a shrinkage of \$23,000,000 and non-interest bearing a decline of \$19,000,000.

Our cash position is exceptionally strong. It will be noted that gold, silver and Dominion notes at \$74,500,000 were only about \$2,000,000 less than in 1929, when our liabilities to the public were considerably larger. Total cash assets aggregated \$126,000,000, representing over 20 per cent. of our total liabilities to the public.

Our call loans in Canada declined by \$6,000,000 and call loans outside Canada by \$25,000,000.

Our total quick assets of \$345,000,000 amount to 55 per cent. of our liabilities to the public and 50 per cent. of all liabilities, a highly satisfactory liquid situation.

Current loans and discounts in Canada at \$268,000,000 compare with \$342,000,000 on November 30, 1929, and those outside Canada, \$25,000,000, compare with over \$27,000,000 in the preceding year.

When we met a year ago no one expected such a difficult year as has been experienced. We felt that we were due for a setback, but frankly, the liquidation and depreciation in the values of stocks, bonds and commodities, and the decrease in business activity throughout the world, have been much more severe than was anticipated.

There is a general impression that we must be at, or near, the bottom of this depression, but when the turn comes it is apt to come without advance notice, and progress on the upturn may be comparatively slow.

THE PRESIDENT'S SPEECH.

Sir John Aird, president, in the course of his address, said:—

No one needs to be told that the world is in the throes of a business depression. There is nothing strange or new about this condition, for there is no record of prosperity lasting longer than six years. Fortunately, we have been spared a financial crisis such as attended former major depressions.

The present economic troubles appeared on the surface in the summer of 1929, but the causes are of earlier origin.

Among the most hopeful signs pointing the way to world economic recovery is a series of conferences now in progress by financial and business leaders who have for their object the removal, or at least the easing, of some of the burdens that weigh down world business.

The time required to bring it about will be determined largely by our resourcefulness and ingenuity. It is necessary that we work harder, reduce production costs so as to establish an intimate relationship between producers' and consumers' prices, particularly as affecting the farmer, and generally display the same high courage that in the past helped us to overcome depression. Let us throw off our fears and turn our minds resolutely to clearing the way to prosperity in a country that is one of the most fertile in opportunity for progress.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

NATIONAL MUTUAL LIFE ASSURANCE SOCIETY. RESULTS OF A DIFFICULT YEAR.

PROBLEM OF CREDIT OF DEBTOR NATIONS.

The 101st annual general meeting of the National Mutual Life Assurance Society was held, on the 28th instant, at the Society's House, 39 King Street, Cheapside, London.

Mr J. M. Keynes, C.B. (Chairman of the Society), in moving the adoption of the report and accounts, said:—The new life assurance business which we obtained in 1930 was the greatest in the history of the society, and the number of new policies written was substantially greater than last year. But as the result of our having re-assured a little more than before, in pursuance of our policy of carefully limiting our risk on any one life, the net business shows a slight reduction. Our expenses remained at almost exactly the same figure as in each of the previous two years, though their proportion to premium income was somewhat increased by the decrease of single premium business (from £63,000 to £18,000) as a result of the new legislation—business, however, which we have never welcomed and which has never played an important part in our activities. Our rates of bonus on the various classes of policies have been maintained at the same high level as in the previous year.

Our total trading profits for the year, exclusive of appreciation or depreciation on investments, have amounted to £141,487.

The gross rate of interest earned has—as I forecast in my speech of last year—again increased substantially—from 15s. 11d. per cent. to 15s. 10d. per cent.—and is now no less than 10s. per cent. higher than it was three years ago. The gain on the year has, however, been required to offset the increase in the rate of income tax. There may be yet a further increase in the gross rate of interest during the current year, partly as a result of our having written down our securities to a lower figure. But looking further ahead, I should be disposed to predict, with great confidence, the beginning of a substantial downward movement.

INVESTMENT POLICY.

One of the main pre-occupations of the past year has naturally been the question of investment policy. We have suffered a depreciation on the year in respect of securities realised or re-valued of £179,733, which represents about 3½ per cent. on our mean fund. Having regard to the fact that we have been passing through one of the greatest slumps in economic history, I think that even the critics of our well-known investment policy will agree that we have no occasion for serious disappointment. The indexes of the prices of securities, now currently compiled by various authorities, including the Institute of Actuaries, show conclusively that we have been a great deal more successful than we should have been with an average sample of the leading securities similarly distributed between the different categories. Nor has anything occurred, even in the present exceptional circumstances, to upset the principles of our policy over the period during which it has been operating. For after writing off the whole of the depreciation of 1929 and 1930, we have earned over the last ten years an average annual return on our assets—from interest and capital appreciation together—of nearly 6 per cent. free of income tax.

It will be seen on reference to our balance sheet that our holdings of ordinary shares stand at £254,000 less than a year ago, and there has been a further reduction since the close of the year; whilst at the same time our holdings of British Government securities have increased by £220,000. This movement reflects an opinion on the part of your board that it would not be safe to assume that the end of the slump is yet in sight—a matter to which I will refer in a few minutes. Our view is that we are still in the phase of the investment cycle at which it is prudent to exercise extreme caution, and we have repeatedly overhauled our list of securities from this point of view, retaining only those where we feel the price fully discounts the prospects. We have taken particular precautions to avoid risk on Foreign Government securities. It may be interesting to mention that we have now reduced our holding of European Government securities to very small dimensions, and that for many years past we have held no securities of the Australian Government or States. It is a striking testimony to the society's strength that, in spite of a period of two years of unprecedented difficulties, we start the year 1931 with a carry-forward of over £200,000, after writing off all our depreciation, and declaring not only the usual high rate of annual bonus, but also the special centenary bonus of £162,000. In addition, although the society's basis of valuation is that which is conventionally known as the "Om 3 per cent. net premium valuation," in reality the reserves include in a number of ways a considerable sum in excess of what is strictly required to satisfy the conditions of that basis, which is in itself extremely strong.

Before proceeding to other matters I would like to refer briefly to certain developments in relation to our new business which have

taken place during the year. The society is now prepared, within certain limits, to issue policies without the usual medical examination. This has been done for some years by many of the life offices and we thought the time had come when your society should offer this facility to those who are eligible. We have also during the year brought out a new form of policy—the Reinforced Income Policy—an extension of the new series of low-premium policies which I referred to in my speech in 1929. From our short experience of this new scheme I can say that it appears to supply a want. Most people can make provision for their dependents in the event of untimely death only by means of life assurance, but viewed in the light of the income produced by the capital sum assured the provision is generally quite inadequate. This inadequacy could hardly be avoided under an ordinary policy, as the cost of providing a sufficient capital sum was in many cases prohibitive. This difficulty has now been overcome. Under the Reinforced Income policy a substantial income on death is provided at a low cost, during the years when it will be most needed. For in addition to the payment of the capital sum assured with bonuses immediately on death, there is also payable an income of 12 per cent. of the sum assured until the expiry of a period of 20 years from the date of the policy. For example, assuming that the capital sum is invested at 5 per cent., a man of 25 for an annual premium of £21 3s. 4d. can, in the event of his premature death, secure for his dependents an annual income of £170 for the period stated, whilst they will still retain the capital sum of £1,000 at the end of that period. This new policy, therefore, carries us a considerable step forward in fulfilling the main function of life assurance—the adequate financial protection of dependents in the event of the premature death of the breadwinner.

Turning from our own affairs to those of the world at large, I am sorry that my gloomy prognostications of a year ago have been more than fulfilled. I then forecast that the storm centres would be found, not in Great Britain or in the United States, but in the great producers of raw materials overseas, and that we had to watch with anxiety Australia, South America, Asia and Central Europe. I added that the fall of wholesale prices had "already reached the dimensions of a first-class disaster," and that "it was not by any means certain that a further movement in the same direction was going to be avoided." These warnings, which were widely commented on at the time, have proved to be a serious understatement. Nor do I see much reason for being cheerful about the immediate future. In particular, I would emphasise that the mere lapse of a few more months of time will not by itself bring about a lasting recovery. For one thing, on the basis of our experience of past disturbances, relatively little time has yet passed by. But, apart from this, the recovery will only come, in my opinion, after the emergence of some definite new factor.

SUMMARY OF THE POSITION.

The worst of it is, moreover, that, whilst we can still do something to help ourselves out of the slough of inactivity and negative-mindedness into which we have fallen—I made, a week or two ago, some rash confidences about this to the ether, which staggered, I am told, under the impact—the main root of the problem is international in character. If I were asked to sum up briefly the essence of the present position, I should say that it is to be found in the behaviour of the creditor countries in pursuing a course of action which is calculated to bankrupt the debtor countries. We have always known that the whole course of international trade and finance depends on a steady flow of lending, equal to the amount of their surplus resources, from the creditor countries as a whole to the debtor countries as a whole. If this flow is interrupted, we know that there is no means whatever by which the whole body of debtor countries, unable either to sell their goods or to borrow, can possibly pay in gold the amount of their annual indebtedness. The contraction of credit and purchasing power attendant on their efforts to do so, in combination with the tremendous falling off in the production of capital goods in the United States and a consequent reduction in their demand for goods from the rest of the world, was bound to produce the catastrophic fall of prices which has actually occurred. Besides, a vicious circle is set up. For the fall of prices destroys the credit of the debtor countries and it becomes increasingly unsafe, from the point of view of the individual investor, to lend to them.

It is, therefore, becoming increasingly important that some sort of joint action should be taken to prevent the further deterioration of the credit of the debtor countries. Or alternatively the creditor countries must find an outlet in home investment—which, failing an early revival in general confidence, might require a very great fall in the current rate of interest—for the savings which they are no longer lending to debtor countries; for this, also, would bring considerable relief to the debtor countries by increasing the demand for their products at an improved price.

The report and accounts were unanimously adopted.

WILLIAMS DEACON'S BANK, LIMITED.

RESULTS OF A DIFFICULT YEAR'S TRADE.

CONDITIONS IN THE COTTON INDUSTRY.

WHOLESALE AND RETAIL PRICES.

MR GERARD POWYS DEWHURST'S SURVEY OF CONDITIONS.

The annual meeting of the shareholders of Williams Deacon's Bank, Ltd., was held on Thursday, January 29th, in the board-room, Mosley Street, Manchester, Mr Gerard Powys Dewhurst (the chairman) presiding.

The secretary (Mr R. Thorburn) read the notice convening the meeting, and the auditors' report.

The Chairman, in moving the adoption of the directors' report and statement of accounts, said:—

Gentlemen, I have to apologise in the first instance for certain unavoidable absences on the part of members of the board. Sir Robert Williams and Mr J. F. W. Deacon have both been unable to come to-day on account of illness, and Sir Alan Sykes is abroad at the moment.

LOSSES IN THE DIRECTORATE.

You will have seen from the report that we have to deplore the death during the year of Mr Robert Leader, who was a director of the Sheffield and Rotherham Banking Company at the time of their amalgamation with this bank, and since then has been a member of our Sheffield advisory board. His services to the bank were greatly appreciated alike by this board and his colleagues, and he will be much missed. Then only last week, since our report was issued, we have news of the death of our old friend and director, William Aldam Milner. For 23 years Mr Milner has sat on this board as one of our Sheffield representatives, and in spite of continued ill-health in recent years, he was most conscientious in the performance of his duties, and we shall all feel his loss, both as a colleague and a friend.

BALANCE SHEET ITEMS.

And now, with your permission, taking the report as read, I will turn to the figures contained in the balance sheet.

Our capital, at £1,875,000, and reserve fund, at £1,000,000, show no change, whilst our deposits, at £32,000,000, are slightly higher by some £200,000. On the other hand, our liabilities for acceptances and endorsements on our customers' account, taken together, are lower by some £280,000, lessened trade demand for this form of accommodation, coupled with the fall in prices, having a marked effect in this direction.

Turning to the other side of the sheet, our cash, at £3,786,000, is lower than a year ago by some £100,000, and at this figure represents roughly 11·8 per cent. of our deposits.

Balances with other banks show little change, but compared with a year ago we have some £900,000 less short money on the market. Bills discounted show an increase of £118,000—our holding in Treasury Bills more than accounting for the larger figure.

We have made considerable purchases of British Government securities during the year, our present holding of over £7,000,000 showing the substantial increase of £1,900,000. This figure should be taken in conjunction with the decrease of a million and a quarter in our advances shown below, which, in common with other banks, is an outstanding feature of our balance sheet. Other investments at £606,000 show an increase on last year's totals of £345,000. Our bank premises account shows little change on the year.

Taking the balance sheet as a whole, and with due regard to the difficulties of the year, it is satisfactory to find that the figures disclose such a liquid position.

PROFIT AND LOSS ACCOUNT.

Dealing now with the figures of profit and loss, our nett profit, after making the usual provisions, appears at a total of £278,626, as compared with £297,900, showing a decrease of £19,274. This profit, with the balance of £31,225 brought forward from last year, gives us a total of £309,852 now to be dealt with.

After transferring £50,000 to contingencies account, we are enabled to pay a dividend at the rate of 12½ per cent. on both our "A" and "B" shares, which was the rate paid in the second half of 1929, and carry forward to next year's account £25,477, as against £31,225 brought in.

ADVERSE FACTORS.

In view of the general trading conditions in the country, and particularly of those prevailing in the heavy industries, the reduction of profit earned by the bank is not difficult to appreciate, and, in addition, lower money rates in the latter part of the year have had a marked effect in reduced bank earnings. The clearing-house returns also provide a further indication of the diminished turnover in the business of the country, though here it is gratifying to note that our proportion of both the London and Manchester clearing shows a satisfactory increase; in fact, apart from the special difficulties of the year, the general business of the bank gives evidence of steady progress.

ARRANGEMENTS WITH ROYAL BANK OF SCOTLAND.

And now I come to a matter of special domestic interest to the bank, namely, the arrangements entered into last summer, whereby this bank became associated with the Royal Bank of Scotland, through the acceptance by our shareholders of Royal Bank of Scotland stock in exchange for their shareholding interest in Williams Deacon's Bank.

For a considerable time now, the possibility of adopting such a policy had been in the minds of the board, and our attitude may be summed up in the reply I gave to a shareholder's question on the subject of amalgamation a year ago, when I said we should consider most carefully any such proposal and would only put it forward if we were satisfied it was for the good of the bank, their shareholders and customers.

Well, gentlemen, in our opinion the arrangement with the Royal Bank of Scotland interprets most literally those provisions—the identity of this bank is preserved, the interests of our shareholders are safeguarded, the goodwill of our customers is maintained and, by the interchange of directors, this board will be materially strengthened by the benefit of their counsel and experience. I am glad to be able to report that our shareholders by their acceptance of this offer have so completely endorsed our action.

COTTON TRADE.

As regards the year under review, I am afraid the position of the cotton trade in Lancashire has gone steadily worse. With a reduction of nearly 40 per cent. in the values of the raw material, holders of stocks of yarn and cloth have had to face a very heavy depreciation, and with largely diminished exports, especially to the East; the running of machinery has been still further curtailed, with its consequent effect on production costs, and as a culmination of these adverse factors comes the news of a general stoppage of work in the weaving section of the trade. For some time now experiments have been proceeding at Burnley with the idea of reducing costs of production, by increasing the number of looms to be worked by a weaver, and from this point of view have proved successful. Obviously this necessitated a new scale of wages, but powers to negotiate on this point have been refused to the operatives' representatives and the present deadlock has ensued.

There is no need for me to stress the gravity of the situation, or its effect both on the industry and allied trades, but it does appear deplorable that this conflict of views on such a vital matter concerning technical efficiency and cost of production could not be settled by negotiation.

TRADE WITH INDIA.

Trade in piece goods between this country and India has been practically at a standstill for the last six months owing to the activities there of the Congress party, who by intimidation or personal violence have enforced the boycott of British goods on all native dealers in the principal markets; in fact, this admittedly revolutionary party can fairly claim to have effectually impeded, for political purposes, the normal flow of trade between the two countries.

In view of these activities and the vast importance of our mutual trade, one would have appreciated some more definite pronouncement at the Round Table Conference in London as to future safeguards.

Last March the import duty into India on all cotton piece goods was raised from 11 per cent. to 15 per cent., with an additional protective duty of 5 per cent. for three years on non-British goods; but a later amendment withdrew this discrimination as regards plain grey goods, while maintaining the preference of 5 per cent. as regards bleached, printed and coloured goods of British make. The political situation, however, has hardly permitted any definite conclusion as to the effect of these duties.

CONDITIONS IN CHINA.

Evidence appears of a certain improvement in the internal conditions prevailing in China, but unfortunately the continued fall in the price of silver to a record low level has accentuated Exchange difficulties, and exports to that market from this country have been still further handicapped. Bearing in mind that silver is the standard of value for millions of our customers in Eastern markets, it would seem that our monetary policy in this direction during the last ten years, as exemplified in the debasement of our silver coinage and the placing of heavy duties on silver imported into India, needs fresh consideration and possibly revision.

FALL IN WHOLESALE COMMODITY PRICES.

Taking a general view of the trade of the country, the outstanding feature is the steady and continued fall throughout the year in wholesale prices of all the principal commodities to a point approximating to and in some cases lower than the prices of 1913. Various causes have contributed to this universal decline in values, but over-production in the main necessities of life appears to have played the principal part, and this feature has been accentuated by the fact that retail prices generally to the consumer have only responded to a small extent to the reduction in wholesale values. In other words, especially as regards food and clothing, nothing like a proportionate benefit has been passed on to the consumer, nor has his purchasing power been increased by a corresponding reduction in his cost of living. Then again, whilst various efforts have been made to bolster up commodities at artificial prices, the invariable failure of these efforts has merely made the position worse.

It is also generally agreed that the unequal distribution of gold has been an important factor in depressing the price of commodities, both France and the United States of America having accumulated and immobilised large stocks of gold drawn from the Central Bank reserves of other countries.

The effect of this world-wide slump in values has fallen on this country, where industry is already taxed to its limit, with exceptional severity, and the trade returns for both imports and exports show serious declines, whilst the figures of unemployment have mounted in an alarming fashion.

EXCESSIVE GOVERNMENT EXPENDITURE.

In the meantime, Parliament continues to propose measures involving large fresh liabilities, quite regardless of whether the nation can afford it or is getting value for its expenditure. Surely, if the Geddes Committee fulfilled a useful function in the period immediately following the war, such a body, armed with plenary powers, is a vital necessity now, to insist on drastic economy in the conduct of national and municipal affairs. We have freely given our expert advice upon such matters to our Dominion friends, and might, with advantage to ourselves, adopt the principles we have recommended.

TRIBUTE TO STAFF.

In conclusion, I should like to convey to the executive and staff of the bank the best thanks of the board for their loyal and efficient services, and the keen appreciation they feel for the way in which the work of the bank has been conducted during the past year. We receive testimony from time to time from customers of the bank as to the quality of the services of its staff and, hardly less important, the manner in which they are rendered, and, as I feel on these occasions that I am not merely rendering an account to the shareholders of the bank but to all its customers, I hope I am right in saying that they would, as a body, be prepared to join in this expression of appreciation.

I have now pleasure in proposing "that the report and accounts now presented be received and approved, and be entered on the minutes of this meeting."

The Deputy Chairman, Mr B. G. Wood, seconded the motion, which was put to the meeting and carried unanimously.

Resolutions were also carried unanimously:—

Re-electing the retiring directors, Sir Alan J. Sykes and Mr George Hervey Wood.

Confirming the appointment as directors of Mr Herbert William Haldane, Mr Alexander Maitland, K.C., and Sir Alexander Kemp Wright, K.B.E., D.L.

Re-electing Messrs Ashworth Mosley and Company, chartered accountants, as auditors for 1931.

The meeting terminated with a vote of thanks to the Chairman for his conduct in the chair, to which the Chairman briefly responded.

METROPOLITAN TRUST COMPANY, LIMITED.

APPRECIATION OF INVESTMENTS.

MR ROBERT FLEMING ON CURRENT YEAR'S PROSPECTS.

The thirty-third ordinary general meeting of the Metropolitan Trust Company, Ltd., was held on the 27th instant, at the company's offices, Gresham House, 24 Old Broad Street, London, E.C.

Mr Robert Fleming (the chairman) presided.

The Secretary (Mr H. Carlisle) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen, As you all know, the past year has been an anxious one for those dealing with international finance.

Over the whole world trade is stagnant. The great Republic of Brazil is contending with the after-effects of revolution; Peru the same; Cuba, with sugar selling at but a little over one cent per pound, is in the depths. Mexico still struggles with internal politics. In the Far East and South, India, China and Australia are depressed. At home, Lancashire and other almost equally important districts are in distress, while the Continent of Europe is far from happy.

REVENUE.

Amid such almost universal difficulties, we are able to present a report with little indication of the evil times through which we are passing. Our revenue of the past year, 24.80 per cent. on our ordinary stock, is fully equal to that of the previous year, which was a record one; while the market value of our holdings has fallen in comparison with most other like companies to a comparatively small extent. The depreciation in Stock Exchange values, compared with last year, is £310,000, leaving a surplus beyond our reserve and carry-forward of £415,000. So much for the present.

CURRENT YEAR'S PROSPECTS.

In the presence of such difficulties as beset the world we cannot be expected to speak with great confidence as to the future, but I think I am able to say that we do not expect our income to be so materially less than that of the present year as to endanger the payment of the 20 per cent. dividend. How much that falling off on revenue account may be will depend to some extent on the dividends we receive on our Argentine Railway ordinary stocks, which are, in present circumstances, a doubtful item. But, as our surplus revenue for the year, beyond the 20 per cent. dividend, is £23,268, a reduction in their dividends would not shake the position of the company much.

Other items of reduction might also occur in a year such as this—as Brazil, for example—though it is at present impossible to make any prediction under this heading. With regard to Brazil, I may mention that we have none of the bonds of the Federal Government of Brazil. With regard to the State, City, Railway, Tramway, Electric Light and Power, and other companies, many of which are under British management, we have so far had no default, but it is not to be expected that that huge country can come through such a time as the present without here and there some financial trouble.

THE FUTURE.

With regard to the immediate and more distant future, what can one say? I am very much at a loss, but, as the farmer said when asked if it was never going to stop raining, "It always has." So we hope that before long we may get through this stormy financial weather and be back again among smooth seas where losses are rarely recorded.

I now beg to move: "That the report and accounts, as presented, be and they are hereby received, approved and adopted, and that dividends of £2 5s. per cent., less income tax, on the preferred stock, making, with the interim dividend, £4 10s. per cent. for the year, and £13 per cent., less income tax, on the ordinary stock, making, with the interim dividend, £20 per cent. for the year, be and the same are hereby declared."

Mr Henry A. Vernet seconded the resolution, which was carried unanimously.

The retiring director, Mr H. A. Vernet, was re-elected; Messrs. Deloitte Plender Griffiths & Co. were reappointed auditors, and a hearty vote of thanks to the chairman and directors concluded the proceedings.

PROVINCIAL BANK OF IRELAND, LIMITED.

A VERY SATISFACTORY STATEMENT.

PROFITS INCREASED AND DIVIDEND MAINTAINED.

PROGRESS IN THE FREE STATE.

MR TROTTER'S ADDRESS.

The 106th annual general meeting of the shareholders of the Provincial Bank of Ireland, Limited, was held, on the 28th instant, at the office of the company, No. 8, Throgmorton Avenue, London, E.C., Mr Richard Durant Trotter (the Chairman) presiding.

The Secretary (Mr Francis S. Forde) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen, the report and statement of accounts have been in your hands for some days, and I trust you will be good enough as usual to take them as read. (Agreed.)

The statement we submit to you on this occasion, I venture to think, will be regarded as very satisfactory. You will have noticed that a great many of the banking institutions at this side have had to show considerably reduced profits, but fortunately our requirements do not call for the keeping of large sums in the money market, so that we are not at the same disadvantage as they are, which is especially noticeable having in view the very low rates ruling during the past half-year. We are in the position of being able not only to maintain our dividend at the rate of 14½ per cent., but to show somewhat increased profits. You will have observed that we deal on this occasion with net profits of £55,376, as against £52,964 in June last, and £50,794 this time twelve months ago.

DEPOSITS AND NOTE CIRCULATION.

Our deposits show a slight decrease on the total as at December, 1930, but this was to be expected, having in mind the calls made on the Irish public by the 4½ per cent. loan of £6,000,000 so successfully floated by the Free State Government in May last, and in a minor degree by the more recent and equally successful issue by the Agricultural Credit Corporation of a further £250,000 5 per cent. debenture stock.

Our note circulation, £848,650, shows a decrease compared with the figures at December last of £921,677, but this, you will remember, is owing to the redemption of our old issue, which continues in progress and follows on the new currency regulations of the Free State. You will observe the allocations we have made, and, with the £10,000 now added, our reserve fund stands at £660,000, being £120,000 in excess of the paid-up capital of the bank. Our advances show a comparatively small decrease from the figures of a year ago; but we have responded, I believe, to all legitimate demands for accommodation where, in our opinion, this could be done with reasonable safety.

The ratio of our liquid assets to liabilities stands at the high figure of about 63 per cent., which I am sure you will regard as indicating the bank to be in a sound position.

With the world-wide trade depression, which to some extent is reflected in the business in Northern Ireland, and to a lesser degree in the Free State, banking during the past year has not been without difficulty, and the continued fall in the values of securities has necessitated special watchfulness to see that proper margins were maintained. The long-hoped-for improvement in market prices has not yet come about, and it would be somewhat optimistic to say that any appreciable improvement is likely to be apparent in the near future, though it is hoped that at all events further depreciation may not occur. The fall in prices represents a huge depreciation in capital values, and it is singular that, to some extent at all events, the market value of securities appears to be regulated more by the particular dividend in prospect rather than the profits earned or by the sound position of the undertaking.

CONDITIONS IN IRISH FREE STATE.

Turning to the affairs of our own country, we are fully appreciative of the steady progress made by the Free State Government, and it is very heartening and indicative of sound and careful administration to find that the adverse balance against us shows a reduction over a period of twelve months to October last by the large figure of close on £4,000,000 on the figures of 1929. It is also gratifying to note that the figures of unemployment show a satisfactory decrease, and you will have observed that the various Free State issues have been maintained at appreciable premiums, which clearly indicates that investors have no apprehension as to the soundness of the securities.

I have referred previously to the successful issue of new stock by the Agricultural Credit Corporation to enable them to extend in suitable directions the admirable work they are carrying out for the benefit of the farmers generally.

The recently issued report of the Tariff Commission on Butter contains such a large amount of information on all aspects of the dairy trade that farmers in this line of business will be well advised to study the report carefully.

The cultivation of sugar beet has increased considerably and, according to the last return, now amounts to over 14,000 acres.

In regard to the harvest, reports seem to point to this as being, on the whole, favourable, though bad weather conditions in the autumn adversely affected matters to some degree, and some of the hay crop suffered.

Nevertheless, it is considered that prices generally are proving remunerative, and while the farmer may not have made large profits out of his labour for the year, I think it may be said he has not gone back, and this is a matter for congratulation, having regard to the world-wide depression in evidence at the present time.

While the prices of milk, butter, eggs and poultry at the fairs were lower than for the last quarter of the previous year, there was a general improvement in the prices of the cattle trade, and the number of store cattle and calves exported rose very considerably. In this connection you will have noted that the total exports from the Free State have now reached the high figure of £18,000,000.

NORTHERN IRELAND.

Turning to Northern Ireland, the past half-year has been a very difficult one for the linen trade, in view of the unsettled conditions generally, and more especially due to the dullness of trade in the United States. Generally speaking, however, it may be mentioned that inquiries for linen goods have been larger than might have been expected, but production has been wisely regulated to meet demands, and, as a consequence, stocks of yarn and cloth are low. It appears to be confidently expected, however, that at its present attractive price and durability, the demand for finished cloth will show improvement.

The outlook in the shipbuilding trade is not so hopeful for the current year, for, following a large increase in the tonnage output from the Belfast yards last year, orders to replace the work now being completed are not so far coming in.

Messrs. Harland and Wolff have again headed the list of shipbuilders throughout the world, and now have on hand the construction of the White Star Liner "Georgic," of 27,000 tons.

I have already briefly referred to the present world-wide depression, which unfortunately has continued so long. Generally speaking, it would seem that the trading community is afraid that prices of commodities, which have already fallen very considerably, may fall still lower, and therefore is unwilling to purchase beyond its immediate needs. There is thus no demand for commodities, owing to this lack of enterprise, and prices fall once more. Add to this the difficulty of bringing the costs of production into line with the new low level of prices, and it becomes evident that industry has a heavy task of reorganisation before it.

Our ancestors faced conditions which must have seemed to them just as difficult as those in which we now find ourselves, and I am convinced that we shall find that with returning confidence our trade will recover its former position in the world. We can only hope that this may soon materialise.

Referring again to our own position, I would wish to add that the present market value of our investments shows a very appreciable increase on the book cost as written down from time to time; while, in regard to bad and doubtful debts, we believe that we have fully provided for these.

TRIBUTE TO THE STAFF.

Before I sit down, gentlemen, I desire again to recognise the loyalty and fidelity of our staff, who have carried out their duties wholeheartedly, and on whose zeal the success we have achieved so largely depends. In this connection I wish to refer to the retirement of Mr Hume Robertson, which has been brought about by

the call of advancing years. We very much regret that this has to be, as Mr Robertson has proved a very efficient and capable official who never spared himself, and I may say he carries with him, after a service in the bank of fifty years, and as secretary of twenty-three years, our good wishes for his health and happiness in his retirement.

In his place we have appointed Mr Francis S. Forde, who was Chief Inspector of Branches in Ireland before coming to London as Assistant Secretary ten years ago.

I now beg to move: "That the report of the directors and statement of accounts as at December 31, 1930, already in the hands of the members, be adopted," and I will ask Sir William Goschen kindly to second this.

Hon. Sir William Henry Goschen, K.B.E.: I beg to second the resolution.

The Chairman: Gentlemen, if anybody has any questions they would like to ask before I put the motion, which has been proposed and seconded, I will be very glad to answer them.

No questions being asked, the resolution was put to the meeting and carried unanimously.

THE DIRECTORATE.

The Chairman: I now have to propose the re-election of the two directors going out by rotation. I beg to propose the re-election of Mr Robert John FitzGerald, who is very well known in the West of Ireland and over most of the Free State.

Mr H. S. H. Guinness: I have much pleasure in seconding that. The resolution was unanimously approved.

The Chairman: I now beg to move the re-election of Mr Alexander Brodrick Leslie-Melville, who has been a member of this board for many years, and is well known to all of you.

Mr R. A. Gradwell: I have pleasure in seconding the resolution. The resolution was passed unanimously.

Mr Charles S. Montefiore: Mr Chairman and gentlemen, I have very much pleasure in moving that Mr Stuart R. Cooper, F.C.A., and Mr G. Brock, F.C.A., be elected auditors for the ensuing year.

Mr Steward: I have much pleasure in seconding that. The motion was unanimously adopted.

VOTE OF THANKS.

Mr Waley: Gentlemen, before we separate I think we ought to move a vote of thanks to the Chairman and directors. It is refreshing to the shareholders of an Irish bank to know that what used to be called a distressful country is not suffering to the same extent as other countries from the world-wide depression, and knowing, as we all do, the great difficulties which banking directors have had to face during the year, I think we have every reason to congratulate ourselves on the report and balance sheet which you have been able to bring before us. I therefore have much pleasure in moving this vote of thanks.

Mr Charles S. Montefiore: I have very much pleasure in seconding that, and no remarks are needed from me, for I feel sure all the shareholders will re-echo the words of the proposer of this resolution. The vote was unanimously accorded.

The Chairman: Mr Waley and gentlemen, on behalf of my colleagues and myself may I thank you very much for your kind resolution?

The proceedings then terminated.

164 Branches in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30.6.30):
Fmk. 3,065,966,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

SUN LIFE ASSURANCE SOCIETY.

STEADY PROGRESS—STRONG INVESTMENT POSITION.

SIR W. H. GOSCHEN'S REVIEW.

The general meeting of the Sun Life Assurance Society was held, on the 27th instant, at its chief office, No. 63 Threadneedle Street, London, E.C., the Hon. Sir William Henry Goschen, K.B.E. (the chairman of the society), presiding.

The Chairman, in moving the adoption of the report and accounts, said: If we regard the new assurances issued in the year as evidence of the progress of the society, I think we should be satisfied. The size of our business seems to depend upon the amount of energy we can afford to put into the obtaining of it. So long as our social state exists more or less in its present condition, life assurance in this country must have a great future, and the fact that life assurance forms only about 3½ per cent. of the estates of deceased persons liable to estate duty, shows that saturation point must be in the far distant future. Too much importance can be attached to new business figures, but taking them for what they are worth, 20,000 policies for sums assured of £13,000,000 are very large figures, at any rate for an office that confines its business to Great Britain.

TWO TYPES OF RISK.

We have now two distinct kinds of risk. The first is the ordinary old-established type in which each life is regarded as a separate unit. We endeavour to make the individual's benefits and payments suit his requirements, and premiums are charged having regard to the chances of longevity. The society has introduced a new form of policy which we have called "The Protector." This provides, in certain events, for periodical payments as well as a capital sum. In effect, the office acts as trustee for the beneficiaries, generally the wife and children of the life assured. Assurances on individual lives are still the principal part of our business.

The other kind of risk is that known as "Group" assurances—policies effected on the lives of groups of employees by or with the aid of the employer. There are many kinds of schemes in existence; in fact, one of the difficulties of this business is that each firm requires special consideration with a view to adapting the scheme to its own peculiar requirements. We have carried through some quite satisfactory contracts, some being in the form of assurances and some of pensions. Rates of premium are, however, on a very competitive basis, and we consider that a great part of the value of the business is in the connection obtained. It is to be feared that many firms, finding that they cannot provide superannuation on such a generous scale as that applicable to our own staff or to banks, civil servants or municipal employees, abandon the idea altogether. That is a great pity both from the firm's point of view and that of the employees, and it is up to our representatives to press home the need for making some form of provision for retirement or previous death, even if it must necessarily, owing to cost, be on a more modest scale than that originally contemplated.

YEAR'S WORKING.

The total result of our efforts is a new business quite adequate to ensure the steady progress of the society despite increased competition and depressed conditions. The name of the Sun is a great asset, and the possession of a clear contract and liberal policy-conditions and the determination to open the doors to the public as wide as possible are continually securing us goodwill and friendship.

Our interest income has been affected by the recent Finance Act, but the effect of the rise of 6d. in the rate of income-tax from last April has been neutralised by the good rate of interest obtained on new investments. The average rate obtained in the life assurance fund is at least £5 per cent. after deducting the income-tax for which the fund is liable. The rate of interest earned is one of the largest of the factors that determine the amount of bonus that we hope to declare as at the end of this year, 1931, and it is the maintenance or increase of this that requires so much attention and care on the part of those responsible for our investments. The rates of mortality resulting from the numbers of deaths fluctuate only slightly from year to year, but 1930 was somewhat better than 1929 owing to the absence of any epidemic such as influenza.

The details of the society's assets are known to the proprietors and the public through the medium of the list that we publish each year. In these days of great expectations regarding bonuses, those responsible for our investments are continually searching for high interest yields combined with undoubted security. The past year has perhaps been free from violent fluctuations such as happened during the latter part of 1929. So far as the society is concerned, I am glad to be able to tell you that the market value of our securities is considerably above the balance-sheet values, so that in addition to earning a good rate of interest, we have our funds intact.

In referring to the market values of our assets, I may repeat that periodical fluctuations are of no great concern to the society so long as the securities we hold are sound, and repayment on the due dates is secure.

The question whether it is better for the nation in times like the present that people should cut down their expenses and so save as much as possible, or whether they should spend freely, is still much disputed by our economists. Most of us, however, have responsibilities in the future either for our own old age or for those we may leave behind us; saving for these purposes is imperative. As a representative of a popular life assurance company and one who has spent his life in financial circles, I cannot help saying that I think people would do well to give more favourable consideration than they do to the merits of life assurance.

I trust that the current year will yield good results to our efforts. December 31, 1931, is the date of our quinquennial valuation. We have a year to go yet and much may happen, but I think that we already know enough to promise you satisfaction.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended January 24, 1931, amounted to £24,681,500, against ordinary expenditure of £9,613,900. After allocating £955,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £216,230, the week's operations, as shown below, reduced the National Debt by £14,329,000 to £7,730,232,000:—

(000's omitted.)		(000's omitted.)	
National Savings Certificates	+ 700	Treasury Bills	- 10,374
4% Treasury Bonds	+ 45	Public Department Advances	- 2,500
		4% War Loan paid off	- 2,200
	+ 745		- 15,074

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Jan. 24, 1931.	April 1, 1929, to Jan. 25, 1930.	Week ended Jan. 24, 1931.	Week ended Jan. 25, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	111,434,000	108,248,000	9,883,000	8,670,000
Sur-tax, including Arrears of Super-Tax	64,500,000	28,050,000	24,300,000	2,200,000	2,260,000
Rates, &c., Duties	83,000,000	66,210,000	63,450,000	2,050,000	2,010,000
Stamps	27,000,000	14,360,000	18,640,000	180,000	460,000
Excise Profits Duty and Corporation Profit Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	270,000	320,000	80,000	50,000
Total Inland Revenue	437,000,000	220,324,000	214,968,000	14,393,000	13,450,000
Customs and Excise—					
Customs	122,710,000	98,211,000	98,945,000	2,278,000	2,552,000
Excise	129,860,000	104,800,000	107,700,000	3,560,000	1,265,000
Total Customs and Excise	252,570,000	203,011,000	206,645,000	5,838,000	3,817,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	8,053,041	9,365,468	3,595,000	5,216,000
Post Office (Net Receipts)	10,125,000	10,250,000	9,650,000	600,000	850,000
Crown Lands	1,300,000	1,210,000	1,190,000	160,000	180,000
Receipts from Sundry Loans	33,000,000	29,749,587	25,340,024	...	37,637
Miscellaneous Receipts	34,500,000	24,704,826	28,576,642	95,531	95,273
Appropriation from Rating Relief Suspense Account	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	513,302,454	495,735,134	24,681,531	23,645,910
SELF-BALANCING REVENUE.					
Post Office	60,275,000	46,350,000	46,250,000	1,200,000	850,000
Motor Vehicle Duties appropriated to Road Fund	23,560,000	17,237,959	14,980,532	1,089,000	1,034,000
Total Self-Balancing Revenue	83,835,000	63,587,959	61,230,532	2,289,000	1,884,000
Total	...	576,890,413	556,965,666	26,970,531	25,529,910

* Temporarily swollen by the sum of £3,904,000 representing share due to Road Fund.

Barclays Bank, Ltd., announce the opening of a new sub-branch at Cippenharn.

The Westminster Bank have opened a new branch at Wimbledon Chase (5 Station Parade, Kingston Road, West Wimbledon).

The Midland Bank announces the opening of new branches in Park Royal Road (corner of Acton Lane), London, N.W.10, and at 23 Malden Road, Cheam, Surrey. The night safe banking service is in operation at each of these branches.

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments from			
		April 1, 1930, to Jan. 24, 1931.	April 1, 1929, to Jan. 25, 1930.	Week ended Jan. 24, 1931.	Week ended Jan. 25, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	266,489,012	282,905,953	695,874	949,039
Payments to Northern Ireland Exchequer	6,000,000	4,196,852	3,937,043	18,000	297,619
Payments to Local Taxation Accounts	3,300,000	2,091,695	8,195,313	...	459,128
Other Consolidated Fund Services	...	...	2,610,171	...	29,963
Supply Services (excluding Post Office)	429,433,000	345,887,467	291,874,628	8,800,000	5,250,000
Total Ordinary Expenditure	743,333,000	618,665,026	589,523,108	9,613,874	6,984,849
Sinking Fund	55,400,000	41,356,623	39,057,778	955,000	1,155,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	46,350,000	46,250,000	1,200,000	850,000
Road Fund	23,560,000	17,237,959	14,980,532	1,089,000	1,034,000
Total Self-Balancing Expenditure	83,835,000	63,587,959	61,230,532	2,289,000	1,884,000
Total	...	723,609,608	689,811,418	12,857,874	10,023,849

The aggregate revenue and expenditure to January 24, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO JANUARY 24TH. (000's omitted.)

Expenditure	£ 618,665	Revenue	£ 513,302
Sinking Fund	41,356	Decreases in Balances	5,460
		Net Amount borrowed	143,259
	660,021		660,021

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-	Jan. 25, '30.	Mar. 31, '30.	Jan. 24, '31.	Jan. 24, '31.
Standing				
Advances by Bank of England ..	34,730,000	48,530,000	30,550,000	2,501,000
Advances by Public Departments ..	738,925,000	588,885,000	686,710,000*	10,385,000
Treasury Bills outstanding	733,655,000	637,415,000	717,260,000	12,885,000
Total Floating Debt	733,655,000	637,415,000	717,260,000	12,885,000

* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on January 23, 1931, and the total amount applied for was £53,870,000. Tenders were accepted for bills at three months, dated Monday, at £99 8s. 9d., and above in full, Tuesday to Friday, at £99 8s. 8d. and above in full, and Saturday at £99 8s. 9d. and above in full. The amount allotted was £29,870,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1931.			
Jan. 2	40,000,000	49,765,000	2 2 11.11
Jan. 9	35,000,000	54,100,000	2 3 4.45
Jan. 16	30,000,000	33,875,000	2 2 11.22
Jan. 23	30,000,000	53,870,000	2 5 11.43

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, January 28, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£ 11,015,100
In Circulation	346,824,255	Other Government Securities	232,145,903
In Banking Department	52,661,601	Other Securities	12,477,305
		Silver Coin	4,361,692
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	139,465,856
	£399,485,856		£399,485,856

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 4,086,247
Reserve	3,523,142	Other Securities	12,477,305
Public Deposits	19,359,578	Discounts and Advances	£ 9,747,914
Other Deposits	£55,162,756	Securities	21,822,592
Bankers'	35,368,102		31,570,906
Other Accounts	88,530,858	Notes	62,661,601
	2,156	Gold and Silver Coin	655,390
Total	£125,973,734		£125,973,734

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount.		Inc. or Dec. on	
	Jan. 28, 1931.	£	Jan. 28, 1931.	£
Note circulation.....	346,824,255	+ 362,356	1,191,717	
Public deposits.....	19,359,578	- 2,964,274	4,756,719	
Bankers' deposits.....	55,152,756	- 13,649,824	12,300,546	
Other deposits.....	33,368,102	+ 16,447	2,619,201	
Seven-day bills.....	2,156	+ 716	842	
Total, outside liabilities.....	454,716,847	- 16,267,473	11,347,537	
Capital and rest.....	18,081,142	+ 3,661	59,677	
Government debt and securities.....	284,247,250	- 9,160,252	14,763,400	
Discounts and advances.....	9,747,914	- 1,246,931	4,247,891	
Other securities.....	34,289,897	+ 3,136,264	9,517,121	
Silver coin in issue department.....	4,361,632	+ 165	121,944	
Coin and bullion (bank's reserve).....	140,141,236	- 2,720,530	10,286,932	
Reserve of notes and coin in banking department.....	53,316,981	- 3,082,886	9,093,215	
Proportion of reserve to outside liabilities.....	49½%	+ 4½%	- 3½%	
(a) Banking department only ("proportion").....	49½%	+ 4½%	- 3½%	
(b) Gold stocks to deposits and notes ("reserve ratio").....	31½%	+ 1½%	- 1½%	

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1930.	£	£	£	£	£	£	%
Dec. 17	410,581	372,141	6,524	64,295	33,479	1,045 out	3 1/2
24	408,201	379,677	10,285	66,217	33,688	2,388 out	3 1/2
31	407,626	368,802	6,581	132,447	36,139	649 out	3 1/2
1931.	£	£	£	£	£	£	%
Jan. 7	405,916	363,505	13,206	68,875	33,293	1,710 out	3 1/2
14	404,543	349,943	22,377	64,711	33,413	1,377 out	3 1/2
21	402,220	345,462	22,324	68,813	33,385	2,326 out	3 1/2
26	399,486	346,824	19,350	55,162	33,358	2,740 out	3 1/2

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion.	Govt. Securities.	Discounts & Advances.		
1930.	£	£	£	£	£	£	%
Dec. 17	244,059	11,478	151,316	53,886	5,341	39,175	3 1/2
24	244,053	11,477	148,821	51,736	14,199	29,145	3 1/2
31	244,154	11,477	148,271	51,736	14,199	39,470	2 1/2
1931.	£	£	£	£	£	£	%
Jan. 7	244,158	11,477	146,558	53,081	14,358	22,912	3 1/2
14	244,162	11,477	145,150	52,028	14,358	22,955	4 1/2
21	244,161	11,477	142,862	52,028	14,358	22,955	4 1/2
26	243,161	12,477	140,141	51,085	9,748	21,823	4 1/2

BANKERS' CLEARING RETURNS (000's omitted.)

Date.	Town.		Metropolitan.		Country.		Total.
	£	£	£	£	£	£	
Jan. 1 to Jan. 14, 1931.	1,491,523	83,140	131,301	1,705,964			
Week ended Jan. 21	807,342	37,408	60,490	905,240			
Week ended Jan. 28	709,744	33,567	51,419	794,750			
Total to date, 1931	3,008,609	154,135	241,210	3,403,954			
Total to date, 1930	3,024,282	159,520	251,834	3,435,636			
Increase or decrease in 1931.....	- 15,673	- 5,385	- 11,624	- 32,682			
Do. 1929.....	- 0.5%	- 3.3%	- 4.5%	- 0.9%			
Total for year, 1930	3,872,577	1,812,146	2,963,631	43,558,854			
Do. 1929.....	3,935,924	1,881,989	3,078,764	44,996,477			
Increase or decrease in 1930.....	- 1,153,347	- 69,843	- 1,115,133	- 1,337,623			
Do. 1928.....	- 2.9%	- 3.7%	- 3.7%	- 3.0%			

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

Week ended January 24.	Month of December.		Aggregate Totals January 1 to January 24.	
	1930.	1931.	1930.	1931.
Number of working days.....	24	25	24	25
BIRMINGHAM.....	2,304	2,556	10,651	10,588
BRADFORD.....	979	689	4,456	3,192
BRISTOL.....	999	929	4,798	4,524
DUBLIN.....	4,615	4,690	...	...
HULL.....	877	749	3,437	3,151
LEEDS.....	853	931	3,908	3,395
LEICESTER.....	610	576	3,159	3,042
LIVERPOOL.....	7,518	8,867	30,738	26,096
MANCHESTER.....	11,070	8,866	52,931	41,420
NEWCASTLE.....	1,354	1,474	6,199	5,507
NOTTINGHAM.....	598	508	2,566	2,779
SHEFFIELD.....	696	820	4,043	3,368
Total.....	32,473	28,875	126,946	106,972
			- 15.7	133,316

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Egypt appeared in the *Economist* for December 20; Canada December 27; Bank for International Settlements, Denmark, Roumania, and Bulgaria in January 10; Lithuania, Japan, and Latvia in January 17; Estonia, Austria, Danzig, Italy, Portugal, Russia, and Chile in January 24.

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)

Date.	Jan. 30, 1930.		Jan. 14, 1931.		Jan. 21, 1931.	
	1930.	1931.	1930.	1931.	1930.	1931.
Total gold reserve.....	1,066,440	1,122,500	1,122,500	1,130,230		
Total bills discounted.....	65,100	69,490	51,180	42,590		
Bills bought in open market.....	93,000	70,720	50,930	34,140		
Total U.S. Govt. securities.....	210,800	238,040	233,890	194,930		
Total bills and securities.....	377,010	381,110	336,890	273,710		
Deposits—Memberbank.....	931,820	1,027,870	1,087,440	1,064,520		
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	77.3%	78.8%	82.0%	85.0%		

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)

RESOURCES.	Jan. 30, 1930.	Jan. 7, 1931.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.
	1930.	1931.	1931.	1931.	1931.
Total gold reserve.....	2,985,210	2,993,520	3,058,580	3,074,150	3,091,710
Total bills discounted.....	406,940	292,380	243,340	229,880	215,140
Bills bought in open market.....	258,470	265,460	196,180	151,620	120,240
Total U.S. Govt. securities.....	476,540	658,900	644,320	624,590	609,880
Total bills and securities.....	1,154,330	1,223,300	1,083,390	1,006,750	945,400
Total resources.....	5,062,532	5,078,230	5,078,700	4,957,390	4,855,380
LIABILITIES.	Jan. 30, 1930.	Jan. 7, 1931.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.
	1930.	1931.	1931.	1931.	1931.
Federal Reserve notes in actual circulation.....	1,701,900	1,624,900	1,552,700	1,517,840	1,478,300
Deposits—Memberbank—reserve account.....	2,307,950	2,443,860	2,463,600	2,440,730	2,434,910
Total deposits.....	2,307,950	2,443,860	2,463,600	2,440,730	2,434,910
Capital paid in and surplus.....	2,369,010	2,499,720	2,521,310	2,488,150	2,484,470
Total liabilities.....	5,062,530	5,078,230	5,078,700	4,957,390	4,855,380
Ratio of total reserves to deposit and Federal Reserve note liabilities combined.....	78.3%	76.3%	79.3%	81.2%	82.7%

SOUTH AFRICAN RESERVE BANK.—In \$'s (000's omitted.)

ASSETS.	Jan. 3, 1930.	Dec. 5, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.
	1930.	1930.	1930.	1930.	1930.	1931.
Gold coin and bullion.....	7,394	6,652	6,338	6,509	6,717	6,717
Subsidiary coin.....	156	156	174	176	167	167
Bills discounted.....	9,045	6,878	7,531	7,534	8,249	8,070
Investments.....	984	1,581	1,645	1,645	1,639	1,433
LIABILITIES.	Jan. 3, 1930.	Dec. 5, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.
	1930.	1930.	1930.	1930.	1930.	1931.
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	600	720	720	720	720	720
Notes in circulation.....	9,541	8,048	7,561	7,598	8,032	8,811
Government deposits.....	1,291	1,114	1,417	1,842	1,994	2,088
Bankers' deposits.....	4,907	4,736	4,611	4,647	4,689	4,606
Ratio of cash reserves to liabilities to public.....	46.9%	47.3%	45.3%	46.5%	45.9%	45.6%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted.)

ASSETS.	Jan. 3, 1930.	Dec. 5, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.
	1930.	1930.	1930.	1930.	1930.	1931.
Total securities.....	33,03,78	29,43,22	29,15,59	29,28,06	29,32,71	29,28,78
Loans.....	6,92,45	15,56,70	15,37,56	15,30,07	15,13,53	14,76,51
Cash credits.....	25,3,76	25,10,88	24,88,51	25,22,17	25,09,70	25,82,92
Inland bills.....	7,89,05	1,71,46	1,95,51	2,67,10	3,17,68	3,83,01
Foreign bills.....	37,58	44,45	40,48	44,15	36,92	34,95
Dead stock.....	2,72,83	2,79,05	2,79,40	2,79,60	2,78,56	2,74,88
Real with other banks.....	17,28	98,16	28,10	23,51	14,00	13,28
Cash.....	12,98,56	16,82,72	14,79,20	14,51,41	12,02,53	11,92,04
LIABILITIES.	Jan. 3, 1930.	Dec. 5, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.
	1930.	1930.	1930.	1930.	1930.	1931.
Capital paid up.....	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve.....	5,27,50	5,37,50	5,37,50	5,37,50	5,37,50	5,37,50
Total deposits.....	79,37,05	81,58,75	81,14,25	81,53,71	81,32,05	83,36,59
The above includes.....						
Deposits in London.....	820	6,765	6,798	6,830	6,786	6,730
Advances in London.....	723	6,624	5,626	6,678	6,682	6,744
Cash, &c., at other Banks in London.....	121	145	207	179	107	100

BANK OF FRANCE.—In francs (000's omitted.)

ASSETS.	Jan. 24, 1930.	Jan. 2, 1931.	Jan. 9, 1931.	Jan. 16, 1931.	Jan. 23, 1931.
	1930.	1931.	1931.	1931.	1931.
Gold.....	42,830,671	53,736,958	54,103,387	54,402,710	55,043,841
Foreign assets.....					
Sight deposits.....	6,995,667	7,226,388	7,124,398	7,032,727	7,005,895
Bills discounted.....	18,721,488	19,454,330	19,385,995	19,377,847	19,367,192
Commercial bills discounted at home.....	7,491,321	7,364,493	7,744,961	7,302,969	...
Advances against sec.....					
To the State.....	8,652,545	8,504,399	8,504,399	8,452,399	8,452,399
Other advances.....	2,467,494	3,114,875	2,982,107	2,986,781	2,915,955
Other assets (excluding forward exch.).....	2,645,764	4,484,806	3,802,892	3,782,781	...
LIABILITIES.	Jan. 24, 1930.	Jan. 2, 1931.	Jan. 9, 1931.	Jan. 16, 1931.	Jan. 23, 1931.
	1930.	1931.	1931.	1931.	1931.
Notes in circulation.....	68,374,617	78,937,582	77,734,065	76,992,418	76,539,270
Public deposits.....	10,547,932	12,154,053	13,133,779	13,478,538	14,324,049
Private deposits.....	8,506,492	10,076,020	9,808,162	9,988,504	11,084,921
Other liabilities.....	2,375,909	2,718,584	2,978,133	2,877,751	...

THE REICHSBANK.—In Reichsmarks* (000's omitted.)

	Jan. 23, 1930.	Jan. 7, 1931.	Jan. 15, 1931.	Jan. 23, 1931.
ASSETS.				
Reichsbank shares not yet issued.....	177,212	177,212	177,212	177,212
Gold and bullion.....	2,286,459	2,215,945	2,215,828	2,244,358
Of which deposited abroad.....	149,788	222,445	222,445	207,654
Reserve for foreign currencies.....	399,849	400,419	268,085	195,535
Notes of exchange and cheques.....	1,053,151	2,096,965	1,678,737	1,685,783
Silver and other coin.....	160,053	187,073	207,334	207,334
Notes of other German banks.....	24,704	12,937	18,034	22,665
Advances.....	51,433	66,630	114,948	68,890
Investments.....	92,622	102,549	102,519	102,519
Other assets.....	580,386	495,272	514,303	527,557
LIABILITIES.				
Reduced capital.....	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued).....	177,212	177,212	177,212	177,212
Reserve.....	319,608	371,788	371,788	371,788
Notes in circulation.....	3,952,553	4,325,786	3,962,289	3,755,760
Other daily maturing obligations.....	708,698	422,527	322,757	454,798
Other liabilities.....	298,996	301,617	323,204	323,757

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Jan. 15, 1930.	Dec. 15, 1930.	Dec. 15, 1931.	Jan. 15, 1931.	Jan. 15, 1931.
Gold.....	535,339	509,693	510,011	510,284	511,070
Gold exchange.....	3,897,490	3,319,694	3,121,736	3,195,373	3,022,707
Other foreign exchange.....	3,086	2,944	2,825	2,867	2,809
Bills discounted.....	171,272	140,428	142,948	141,719	144,145
Advances.....	194,435	174,855	181,822	180,638	184,587
Debt to the State.....	3,596,491	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	5,020,046	4,720,485	4,853,499	4,803,158	4,630,472
Deposits and current accounts.....	1,493,422	1,792,853	1,492,678	1,613,472	1,695,077
Foreign exchange liabilities.....	1,667,172	827,218	814,978	766,382	712,750

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Jan. 20, 1930.	Dec. 20, 1930.	Dec. 31, 1930.	Jan. 10, 1931.	Jan. 20, 1931.
Gold.....	700,681	562,197	562,244	562,288	562,393
Of which held abroad.....	179,553	177,396	177,396	177,396	177,396
Foreign currency.....	489,252	398,134	417,685	399,719	388,385
Bills discounted.....	675,497	666,114	672,047	642,273	627,602
Loans against securities.....	79,715	90,028	95,171	85,581	89,083
Reserve fund securities.....	75,896	86,396	86,344	86,473	87,804
LIABILITIES.					
Share capital.....	450,000	150,000	150,000	150,000	150,000
Reserve funds.....	110,000	110,000	110,000	114,000	114,000
Notes in circulation.....	1,161,534	1,235,675	1,328,198	1,204,660	1,154,465
Current accounts.....	540,992	272,076	210,322	281,461	308,992

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Jan. 15, 1931.	Dec. 31, 1930.	Jan. 8, 1931.	Jan. 15, 1931.
Gold.....	35,091	301,615	301,245	301,074	301,006
Balance abroad and foreign bills.....	90,379	663,702	942,628	974,508	943,331
Finland and Foreign Government securities.....	21,826	323,208	371,293	370,803	370,791
Discounts and loans.....	105,151	1,369,756	934,873	945,556	907,544
LIABILITIES.					
Notes in circulation.....	123,941	1,256,675	1,279,351	1,221,200	1,206,770
Deposits at notice.....	21,225	241,673	176,420	242,566	166,250

LONDON RATES.

	Jan. 22, 1931.	Jan. 23, 1931.	Jan. 24, 1931.	Jan. 25, 1931.	Jan. 26, 1931.	Jan. 27, 1931.	Jan. 28, 1931.	Jan. 29, 1931.
Bank rate (changed from 3½% May 3, 1930).....	3	3	3	3	3	3	3	3
Market rates of discount.....								
60 days' bankers' drafts.....	2½	2½	2½	2½	2½	2½	2½	2½
3 months' do.....	2½	2½	2½	2½	2½	2½	2½	2½
4 months' do.....	2½	2½	2½	2½	2½	2½	2½	2½
6 months' do.....	2½	2½	2½	2½	2½	2½	2½	2½
Discount (Treasury Bills).....								
2 months.....	2½	2½	2½	2½	2½	2½	2½	2½
3 months.....	2½	2½	2½	2½	2½	2½	2½	2½
Loans—Day to day.....	1½	1½	1½	1½	1½	1½	1½	1½
Short.....	2	2	2	2	2	2	2	2
Deposit allowances: Bank.....	1	1	1	1	1	1	1	1
Discount houses at call.....	1	1	1	1	1	1	1	1
At notice.....	1½	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.	Trade Bills.
	3 Months.	4 Months.	6 Months.
1931.			
Jan. 8	2	2½	2½
" 15	2½	2½	2½
" 22	2½	2½	2½
" 29	2½	2½	2½

RATES OF EXCHANGE

London on	Usance.	Par.	Jan. 30, 1930.	Jan. 22, 1931.	Jan. 29, 1931.
New York.....	dollars to £1	Cable	4.86½	4.86½	4.85½
Montreal.....	dollars to £1	Cable	4.86½	4.86½	4.85½
Paris.....	francs to £1	T.T.	124.21	123.95	123.90
Berlin.....	marks to £1	T.T.	20.43	20.36	20.43
Amsterdam.....	guilder to £1	T.T.	12.107	12.111	12.051
Brussels.....	belges to £1	T.T.	35.00	34.93	34.82½
Milan.....	lire to £1	T.T.	92.46	92.97	92.72
Bombay.....	rupees to £1	T.T.	25.24	25.20	25.08
Calcutta.....	rupees to £1	T.T.	18.159	18.20	18.16
Stockholm.....	krone to £1	T.T.	18.159	18.12	18.13
Copenhagen.....	krone to £1	T.T.	18.159	18.18	18.16
Madrid.....	pesetas to £1	T.T.	25.224	25.90	26.33
Lisbon.....	escudos to £1	T.T.	204.1	108½	108½
Vienna.....	schillings to £1	T.T.	34.55	34.51	34.52
Prague.....	koruna to £1	T.T.	164½	164½	164½
Belgrade.....	dinars to £1	T.T.	25.224	27.52	27.41
Budapest.....	pengo to £1	T.T.	27.82	27.52	27.80
Bucharest.....	leu to £1	T.T.	813.6	818.819	817.817
Sofia.....	leva to £1	T.T.	25.224	670.676	667.672
Athens.....	drachmas to £1	T.T.	375	374½	374½
Constantinople.....	piastres to £1	T.T.	110	1025	1025
Moscow.....	roubles to £1	T.T.	4.46	19.47	19.465
Warsaw.....	zloty to £1	T.T.	43.38	43.4	43.4
Helsingfors.....	F. marks to £1	T.T.	193.23	193½	192½
Kyiv.....	hryvnia to £1	T.T.	48.66	48½	48½
Reval.....	krone to £1	T.T.	18.159	18.19	18.20
Riga.....	lats to £1	T.T.	25.224	25.23	25.18
Alexandria.....	piastres to £1	Sight	97.4	97.4	97.4
Buenos Aires.....	pesos to £1	T.T.	47.620	34½	34½
Rio de Janeiro.....	pesos to £1	T.T.	16	51½	51½
Montevideo.....	pesos to £1	T.T.	51	44½	44½
Valparaiso.....	pesos to £1	T.T.	40	39.80	39.95
Lima.....	soles to £1	T.T.	110	23½	23½
Caracas.....	soles to £1	T.T.	110	15½	15½
Bombay.....	rupees to £1	T.T.	18	15½	15½
Madras.....	rupees to £1	T.T.	18	15½	15½
Hong Kong.....	dollars to £1	T.T.	111½	111½	111½
Shanghai.....	dollars to £1	T.T.	2.44	2.44	2.44
Singapore.....	dollars to £1	T.T.	2.44	2.44	2.44
Kobe.....	dollars to £1	T.T.	2.44	2.44	2.44
Manila.....	dollars to £1	T.T.	2.44	2.44	2.44
Mexico.....	pesos to £1	T.T.	9.76	10.05	10.50
Buenos Aires.....	pesos to £1	T.T.	21.814	17.109	17.109

† Rate for previous day.

OVERSEAS BANK RATES.

	Changed.	From	To		Changed.	From	To
			%				%
Amsterdam.....	Jan. 24, 1931		3 2½	Olo.....	Nov. 7, 1930	4 ½	2 ½
Athens.....	Dec. 2, 1930	10	9	Paris.....	Jan. 2, 1931	2 ½	2 ½
Batavia.....	Mar. 10, 1930	5	4	Prague.....	June 24, 1930	4 ½	4 ½
Belgrade.....	May 28, 1930	6	5	Pretoria.....	Sep. 29, 1930	6	5 ½
Berlin.....	Oct. 9, 1930	4	8	Reval.....	Oct. 4, 1930	8	7 ½
Brussels.....	July 31, 1930	3	2 ½	Riga.....	Oct. 1, 1930	7	6 ½
Bucharest.....	Nov. 23, 1929	9 ½	9	Rome.....	May 20, 1930	6	5 ½
Budapest.....	May 28, 1930	8	5 ½	Sofia.....	Jan. 29, 1931	10	9 ½
Calcutta.....	Jan. 15, 1931	6	7	Stockholm.....	Apr. 2, 1930	4	3 ½
Canton.....	Nov. 12, 1930	4	3 ½	Swiss Bank.....	Jan. 22, 1930	2 ½	2
Danzig.....	Oct. 10, 1930	4	5	Tokio.....	Oct. 6, 1930	5 ½	5 11
Helsingfors.....	Aug. 26, 1930	6 ½	6	Vienna.....	Sep. 9, 1930	5 ½	5
Kyiv.....	Apr. 1, 1930	7	6	Warsaw.....	Oct. 3, 1930	6 ½	7 ½
Lisbon.....	June 2, 1930	8	7 ½	Irish.....	May 1, 1930	4 ½	4
New York Federal Reserve.....	Dec. 23, 1930	2 ½	2				
Madrid.....	July 17, 1930	5 ½	6				

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
• 5% applied to banks and credit institutions.
• 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Jan. 22, 1931.	Dec. 31, 1930.	Jan. 7, 1931.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.
Call money.....	4½	3½	4½	4½	4½	4½
Time money (90 days' mixed coll.).....	4½	2½	4½	4½	4½	4½
Bank acceptances:—						
Members—eligible, 90 days.....	4½	2½	4½	4½	4½	4½
Non-mem.—eligible, 90 days.....	4½	2½	4½	4½	4½	4½
Uneligible, 90 days.....	4½	2½	4½	4½	4½	4½
Commercial accept. 90 days.....	4½	3	4½	4½	4½	4½

RATES OF EXCHANGE, New York on—

	Par Level.	Jan. 29, 1930.	Jan. 29, 1931.	Jan. 29, 1931.	Jan. 29, 1931.
London.....					
60 days.....	Dollars for £1	4.8666	4.82½	4.83	4.83½
Cable.....			4.86½	4.85½	4.85½
Cheques.....			4.86½	4.85½	4.85½
Paris.....	Cents for 1 franc	5.918	5.92	5.91	5.91
Brussels.....	Cents for 1 franc	13.90	13.92	13.93	13.94
Switzerland.....	Cents for 1 franc	19.36	19.35	19.35	19.34
Italy.....	Cents for 1 lira	6.263	5.22½	5.20	5.23
Berlin.....	Cents for 1 mark	23.31	23.87	23.75	23.74
Vienna.....	Cts. for Aust. shilling	14.07	14.07	14.06	14.05
Madrid.....	Cents for 1 peseta	19.30	13.13	10.35	10.34
Amsterdam.....	Cents for 1 guilder	40.195	40.12	40.22	40.19
Stockholm.....	Cents for 1 krona	26.73	26.71	26.70	26.73
Olo.....	Cents for 1 krona	26.80	26.70	26.71	26.72
Stockholm.....	Cents for 1 krona	26.82	26.75	26.75	26.75
Athens.....	Cents for 1 drachma	1.297	1.292	1.292	1.292
Montreal.....	Can. Cents for \$1	100	1½ dis.	1½ dis.	1½ dis.
Yokohama.....	Cents for 1 yen	49.85	49.10	49.44	49.40
Hong Kong.....	Cents for \$1	24.25	24.25	24.24	24.18
Shanghai.....	Cents for 1 Shing tael	49.30	32.00	32.12	31.62
Calcutta.....	Cents for 1 rupee	36.50	36.20	35.88	35.88
Buenos Aires.....	Gold Pesos for \$100	103.65	111.03	143.75	144.50
Rio de Janeiro.....	Cents for 1 milreis	32.42	11.40	9.30	8.50
Valparaiso.....	Cents for 1 peso	12.125	12.00	12.07	12.01

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Rate.
Ecuador.....	Sucres to £	24.3525	Sight London	24.53
Venezuela.....	Bollivares to £	25.25	"	27.30
Colombia (Bogota).....	Pesos to £	5	"	5.03½
Nicaragua.....	Ordobases to £	4.8665	"	4.92
Salvador.....	Colonos to £	9.73	"	9.83
Bolivia.....	Bolivianos to £	13.33	"	13.45

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.	Union of South Africa.
	From November 3, 1930.	From November 25, 1929.
	London on South Africa.	South Africa on London.
	Buying.	Selling.
T.T.	11½ dis.	1½ dis.
Demand.....	1½ dis.	1½ dis.
30 days.....	2½ dis.	1½ dis.
60 days.....	3½ dis.	1½ dis.
90 days.....	4½ dis.	1½ dis.
120 days.....	5½ dis.	1½ dis.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.*
	Buying.	Selling.
	Aus. traile.	New. Zealand.
T.T.	130	109
Sight.....	131	109
30 days.....	132	109
60 days.....	133	109
90 days.....	134	109

* All rates (Australia and New Zealand) now based on £100—LONDON.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.
	Interim or Final.	Date of Payment.	Method of Payment.	
RAILWAYS.				
Midland Railway Co. of W. Australia.....	...	...	...	3
BANKS.				
Banque des Artisans.....	...	...	...	8
Canadian Bank of Commerce.....	3%*	Feb. 28	Quarterly	7
London Merchant Bank "A".....	...	...	...	4
London Merchant Bank "B".....	...	...	...	...
INSURANCE.				
Indemnity Mutual Marine Assurance.....	14½ p.s.	...	Less tax	...
TEA AND RUBBER.				
Pabban Tea.....	71%*	Feb. 11	...	...
OTHER COMPANIES.				
Anglo-Ceylon and General Estates.....	2½%*	Feb. 7	...	10
Birmingham Railway Carriage & Bradford Exchange.....	...	...	...	12½
Brewery and Commercial Investment (Def.).....	4%*	Feb. 16	...	...
British Investment Trust (Def.).....	13½	...	...	...
British Overseas Stores.....	3%*	Feb. 1	...	...
Canadian City & Town Properties Capital and National Trust.....	2½%*	Jan. 31	Less tax	2
Cleveland Water.....	10%*	Feb. 16	Less tax	10
Comsett Spanish Ore.....	50 p.s.*	...	Tax free	7
Dalmellington Iron.....	5½	...	...	10
Devas Routledge and Co.....	3%†	...	Tax free	6
Dublin Artisans' Dwellings.....	5%*	...	Tax free	2
Dublin (South) City Market.....	3%†	...	...	5
Eastwoods.....	3%†	...	...	5
English and New York Trust.....	...	...	...	5
Fleetwood Estate.....	...	...	...	5
General Funds Investment Trust.....	3½%†	...	...	5
Glasgow Stockholders Trust.....	13%†	...	...	6
Grand Canal (Dublin).....	2%†	...	Tax free	4
Greyhound Racing Assocn. Trust.....	2%†	...	...	10
Guildhall Trust.....	...	...	...	4
Huddersfield Fine Worsteds.....	10%†	...	Less tax	15
John Boldring and Sons.....	4%*	...	...	5
John Lovells & Co.....	2½%†	Feb. 14	...	25
Jones Sewing Machine.....	2½%†	...	...	5
Liverpool Daily Post and Echo.....	2½%†	...	...	12½
London Stockholders' Investment New Transvaal Chemical.....	2½%*	Feb. 7	...	16
Northampton Gaslight.....	10%†	...	...	16
Northern Corporation.....	5%*	Jan. 29	...	10
Parker's Burslem Brewery.....	5%†	...	...	8
Public Benefit Boot Co. (Def.).....	5%†	...	...	13
Read Bros.....	15%†	...	...	10 (c)
R. H. & S. Rogers.....	7½%*	Jan. 31	Tax free	10
Romney Trust.....	6½%†	...	...	20
Sangers.....	9½ p.s.*	Feb. 2	...	...
S. C. Larkins and Sons.....	10%†	...	...	6½
Scottish American Investment "A".....	5%†	...	...	6½
Scottish Assets.....	11%†	...	...	4
Scottish Motor Traction.....	3%†	Mar. 2	Less tax	10
Scottish Standard Reversionary.....	6%†	...	Tax free	10
Scottish United Investors.....	2½%*	...	...	6
Second Scottish United Investors.....	2½%*	...	...	8
Sentinel Wagon Works.....	2½%*	...	...	14½
Standard Trust.....	...	...	...	...
Staveley Coal and Iron.....	...	...	...	...
Sniffitt's Duck.....	...	...	...	...
Sterling Trust.....	...	...	...	...
Third Canadian General Investment.....	...	...	...	...
Threlfall's Brewery.....	...	...	...	...
Timothy Whites (1928) (Def.).....	...	...	...	...
Town Properties of Bulawayo.....	...	...	...	...
Turner and Newall.....	...	...	...	...
Victoria Palace.....	...	...	...	...
Vulcanite.....	...	...	...	...
Wagon Finances Corporation.....	...	...	...	...
Watney Combe Reid.....	...	...	...	...
Westminster Chambers Association.....	...	...	...	...
William Griffiths.....	...	...	...	...
William Timpon.....	...	...	...	...
Yorkshire Railway Wagon.....	...	...	...	...
Zambrene.....	...	...	...	...

REPORTS AND NOTICES.

BANKS.

THE CANADIAN BANK OF COMMERCE.—The general statement dated November 29, 1930, reveals total assets of £141,188,549. Government and other public securities amount to £15,947,831. Railway and other bonds and stocks stand at £2,330,596. Call and short loans on bonds, etc., amount to £26,364,805. Balances due by other banks amount to £6,093,365. Gold and silver coin stands at £6,070,607 and Dominion notes at £9,249,229. With regard to liabilities. Deposits bearing interest stands at £81,840,111. Deposits not bearing interest amount to £25,207,704. Notes in circulation amount to £5,994,748. The profit for the year was £1,105,155. The dividend is 12 per cent. for the year, and there is also a bonus of 1 per cent., making 13 per cent. for the year.

THE DOMINION BANK.—According to a cable received by the London office of the Dominion Bank from the Head Office, Toronto, the sixtieth annual statement of the Dominion Bank for the calendar year 1930, shows a profit of \$1,409,000, or \$113,000 below the high record of 1929. Deposits are well maintained. Immediately available assets, 53½ per cent. public liabilities.

GÖTEBORGS BANK.—After deduction of taxes and applying to writing down on claims the sum of Kr. 2,887,249.45, the Aktiebolaget Göteborgs Bank, Gothenburg, report for the year 1930 net profits of Kr. 4,500,360.52. Upon adding to the net profits a sum of Kr. 3,081,951.68, brought forward from 1929, there is a total sum available of Kr. 7,582,312.20, which is placed at the disposal of the shareholders. The directors propose that a dividend of Kr. 25 per share be declared, or 10 per cent., requiring a sum of Kr. 4,375,000, which leaves Kr. 3,207,312.20 to be carried forward.

THE LONDON MERCHANT BANK, LTD.—The net profit for 1930 amounts to £50,838 (against £74,418), making with £31,485 brought in a total of £82,323. Allowing for the dividends paid during the year on the "A" and "B" shares, there remains £50,823 out of which the directors have transferred £10,000 to contingency fund (against £25,000), and now recommend the payment of a final dividend of 2 per cent. on the "B" shares, making the dividends for the year 7 per cent. on the "A" shares and 4 per cent. on the "B" shares, both subject to tax (against 7 per cent. and 5 per cent. respectively), leaving £30,323 to be carried forward.

MISCELLANEOUS.

JOHN BROWN AND THOMAS FIRTH AND SONS.—Circulars have been sent to the debenture-holders of John Brown and Company, containing proposals for the transfer of certain properties to Thomas Firth and Sons, as a preliminary to the fusion of the two companies. It is proposed to transfer the Atlas Works (Sheffield) and the Scunthorpe Works of John Brown and Company to Thomas Firth and Sons. It is indicated that further amalgamation schemes may probably follow. The total share and loan capital of the two companies amounts to some £5,000,000.

MILLS AND ROCKLEYS, LIMITED.—The second report and accounts shows a net profit, after deducting income tax, of £41,330 for the year ended October 31, 1930. The previous report showed a profit for 15 months of £48,722, i.e., yearly average of £38,977. With the amount brought forward there is £46,569 available, from which the interim dividends, at the rate of 10 per cent. per annum, on the preferred ordinary shares are deducted, leaving £26,688, from which it is recommended to pay the preferred ordinary dividend at the rate of 10 per cent. for the three months ended October 31, 1930, and a dividend of 10 per cent. on the deferred ordinary shares (last year same), and to transfer £10,000 to reserve account (last year same), leaving £9,357 to be carried forward (last year £5,238).

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.		
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefce.	Ordinary.						
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%	
Ile of Man Bank	Dec. 31	10,741	23,629	34,370	...	11,000	22		12,000	11,370	24,271	20
London Merchant Bank ...	Dec. 31	31,485	50,838	82,323	...	42,000	7A 4B		10,000	30,323	74,419	7A 5B
Breweries.												
City of London Brewery ...	Dec. 31	27,341	218,297	245,638	69,572	91,400	20		55,000	29,666	196,585	20
Heavitree Brewery.....	Oct. 31	12,648	19,422	32,070	3,460	7,830 10,890	18 (a)		5,000	4,890	18,303	18
Electric Lighting and Power. Melbourne Electric Supply	Aug. 31	...	132,621	132,621	40,000	80,060	10½		12,561	...	99,009	10½
Financial Land, &c.												
Canadian City and Town Properties	Oct. 31	1,184	4,540	5,724	...	2,975	2		1,500	1,249	7,033	4
Gas.												
South Metropolitan Gas ...	Dec. 31	2,406	489,570	491,976	30,000	419,368	6½		40,000	2,608	479,412	6½
Rubber, &c.												
Culloden Consolidated	Dec. 31	8,750	5,166	13,916	...	...	...		...	13,916	20,374	2½
Garing (Malacca) Rubber ...	Sept. 30	3,859	1,514	5,373	...	...	...		700	4,673	7,897	7½
Langen (Java) Rubber	Aug. 31	13,415	547	13,962	...	...	...		...	13,962	14,246	10
Shops and Stores.												
Public Benefit Boot	Dec. 31	45,299	45,557	90,856	32,629	15,000	10		5,000	38,227	31,313	...
Textiles.												
Huddersfield Fine Worsteds	Dec. 31	6,702	24,751	31,453	13,064	6,228	2½		5,000	7,161	23,454	2½
Tramways and Omnibuses.												
Singapore Traction Co.	Sept. 30	3,357	41,944	45,301	16,000	...	...		25,576	3,725	37,098	...
Trusts.												
English and New York Trust	Dec. 31	5,499	37,354	42,853	17,438	11,625	5		...	13,790	33,457	5
Gen. Consol. Invest. Trust	Dec. 31	3,907	26,100	30,007	...	18,600	6		6,762	4,645	23,139	6
Greyhound Racing Associa- tion Trust	Dec. 31	1,199	113,128	114,327	89,740	...	...		22,845	1,742	87,519	10
Lond. Stk. Holders Inv. Tr.	Dec. 31	2,218	20,175	22,393	7,673	10,462	5		1,330	2,928	(b) 22,018	5½
Waterworks.												
Cleveland Water Co.	Dec. 31*	5,142	3,450	8,592	...	3,400	10A 7B		...	5,192	2,486	10A 7B
York Waterworks Co.	Dec. 31	17,950	17,557	35,507	3,603	10,800	10 7		3,000	18,104	16,255	10 7
Other Companies.												
Dublin (South) City Market	Dec. 31*	6,823	4,573	11,396	...	4,000	4½		500	6,896	4,289	3½
Fore Street Warehouse	Dec. 31	12,887	13,317	26,204	...	18,000	5		...	8,204	18,325	5
Larkins (S. C.) and Sons	Dec. 31	14,644	40,063	54,707	2,906	18,750	12½		16,000	17,051	37,395	12½
Lotus, Limited	Dec. 31	9,509	54,717	64,226	18,987	26,363	5		1,000	17,876	43,922	5
Loveys (John) and Company	Dec. 31	4,575	6,798	11,373	3,600	5,000	5		...	2,773	10,064	7
McIntyre, Hogg, Marsh & Co.	Nov. 30	47,506	59,563	107,069	12,900	38,325	17½		4,000	51,844	73,889	17½
New Transvaal Chemical ...	June 30	5,090	64,954	70,044	24,000	31,250	12½		...	14,794	50,975	12½
Northern Corporation	Dec. 31	3,886	16,318	20,204	10,000	4,000	16		1,500	4,704	...	...
Outram (George) and Co.	Dec. 31	23,229	141,665	164,894	...	118,838	17½		20,000	26,056	186,495	22½
Phillips Rubber Soles	Nov. 30	14,002	96,955	110,957	18,000	54,000	15		24,000	14,957	105,855	15
Sparrow, Hardwick and Co.	Dec. 31	15,309	20,346	35,655	14,000	5,000	2½		...	16,655	26,854	5
Stevenson (Hugh) and Sons	Sept. 30	9,834	37,910	47,744	8,719	...	...		26,355	12,670	54,598	...
Victoria Palace	Nov. 5	1,396	6,982	8,378	...	6,975	7½		...	1,403	15,511	15
Vulcanite, Limited	Oct. 31	384	6,026	6,410	1,419	484	5		4,000	507	2,015	4
Yorkshire Railway Wagon	Dec. 31	2,535	29,387	31,922	...	27,500	10		3,300	1,122	33,768	10

(a) Capitalised.

* Half-year.

† Free of income tax.

(4) October 24, 1928, to December 31, 1929.

Commercial Reports.

MARKET SUMMARY.

The slight spurt in activity experienced in some of the coal-mining districts as a result of the stoppage in South Wales has been arrested by the resumption of work in that area. House coal requirements are still satisfactory, but the industrial demand remains stagnant and forward contracting continues on a limited scale. The outstanding feature in the iron and steel industries is the improvement in the demand for British pig iron following the reduction in prices. Although the demand for steel is still quiet, the position appears to be a little more hopeful. The principal non-ferrous metals have been dull. The market in tin was quiet on the absence of any definite news about the participation of the Federated Malay States in the restriction scheme. The principal textiles do not show any signs of an early improvement. Raw cotton gained ten points on the week, but the market in finished goods continues to be affected by the lock-out in the weaving section, and contracts including a strike clause are difficult to arrange. The London wool sales have received a stimulus from increased Continental competition, and the demand for Bradford goods appears to have shown some improvement. The rayon trade is slow to recover, and although the demand for piece-goods has been maintained, the turnover is still on a small scale. The Board of Trade's estimate of the production of rayon yarn and waste for December at 3,240,000 lbs. shows a decline of 840,000 lbs., as compared with the preceding month. Raw jute values have been well maintained, and the demand for finished goods has slightly expanded. The sale of large quantities of Russian flax has had a depressing effect on the price of the raw material, but it appears that the outlook in Northern Ireland is more encouraging, as considerable orders for linen goods have been placed by a number of large stores. Little interest has been shown in the principal food stuffs. Wheat prices are scarcely changed on the week, and the delay in Argentine shipments due to unfavourable climatic conditions has hardly affected the market. Sugar has been firmer, but tea and coffee were in poor demand with the exception of the best qualities. Beef and mutton have been steadily declining since the beginning of the year. Among miscellaneous commodities, hides declined further in value, while the demand for leather has so far failed to expand to any considerable extent. The market in timber has been more active, as a result of the offering of the Russian stocks in this country which have been taken over by the syndicate of British importers. Rubber has again been dull and featureless.

THE COAL TRADE.

Our Sheffield correspondent writes:—The export trade for steam coal has been brisker lately and prices have hardened somewhat, but little or no forward business is being transacted. Best steams are quoted 16s. 9d. and 17s., f.o.b. Hull. The industrial demand keeps at a low level, and slacks are a drug on the market. House coal is fairly active, quotations being 25s. 6d. to 27s. for best hand-picked branch, 20s. 6d. to 21s. 6d. for ordinary house, and 20s. 6d. to 22s. 6d. for best Derbyshires. Consumption of furnace coke continues at a low level, and prices are about 11s. at ovens. Accumulations at some plants have assumed serious proportions, and prices are being cut to clear, especially on export account.

Our Workington correspondent writes:—The coal trade is poorer than it was at this time a year ago. There is no punch in the demand, and Irish business is entirely of a hand-to-mouth character. The collieries are, however, working full time, and no coal is under load. Industrial fuel is in better request, and house coal is in steady demand. Shipping prices have been raised by one shilling per ton. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b.; smalls, 16s. 6d.; best house coal, 31s. 8d., and house nuts, 30s. at station; gas coal, 28s. Local coke is from 17s. 9d. to 18s. 3d. per ton.

Our Glasgow correspondent writes:—Supplies of large coal for prompt shipment are still in short supply, although first Fife steam can be had more readily. Washed smalls, however, are more plentiful, and easy in tendency. It is notable that demand is largely for immediate shipment, and forward business is very quiet. Complaints are voiced about the difficulty of securing the quantities of coal desired, the result being considerable interruption of what in the past has been more or less regular business. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 17s. 6d.; splint second, 16s. 6d.; navigation, 16s. 6d.—17s.; navigation second, 15s.—15s. 6d.; Hartley, 16s.; steam, 15s.; trebles, 14s. 6d.; doubles, 13s.—13s. 6d.; singles, 12s. 6d.—13s.; pearls, 12s. 3d.—12s. 6d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 13s. 6d.; third-class steam, 13s.; trebles, 13s. 6d.—15s.; doubles, 12s. 3d.; singles, 12s.; pearls, 11s. 6d. LOTHIAN.—Prime steam, 14s.; secondary steam, 14s.; trebles, 13s. 6d.—14s.; doubles, 12s. 9d.; singles, 12s.; pearls, 11s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 18s.; steam, 15s.—15s. 6d.; trebles, 14s.; doubles, 13s.; singles, 12s. 9d.; pearls, 12s.; dross, 11s.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—Business in Cleveland iron continues to improve and there is a good undertone which portends a further expansion of purchasing on the part of consumers. Deliveries are now on a better scale owing to increased contracts

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in hand, and as the quantity of iron available is not large, stocks are being drawn upon to meet current needs. The elimination of Continental imports by the recent reduction of local prices is a satisfactory feature, and if trade develops as it promises to do it may not be long before more furnaces are put into operation. A fair business was reported at the weekly market on Tuesday, practically all on home account, prices being unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite there is a constant flow of orders for small parcels for early delivery, but forward buying is held up by consumers in the hope that lower prices may rule. This view, however, seems scarcely justified by the actual position, as although stocks are heavy in one or two cases the holders are firm, and with the make on the Tees reduced to two furnaces stocks have to be drawn upon. For early delivery ordinary mixed numbers are quoted at 70s. for prompt and 70s. 6d. forward, although a shade less would be accepted for suitable business. In the steel trade the orders placed with three local works, Cargo Fleet, Dormans, and Peases-Skinningrove, for 21,565 tons steel rails for South Africa has given a welcome fillip to industry, and it is understood that there are more orders of importance pending in different directions. Altogether, works in this district are likely to be much better employed in the near future. Prices are unchanged from last week, except that iron crown bars are 5s. lower at £10 10s. Business in ore is almost negligible. Best Bilbao rubio is nominally 16s. c.i.f. for early delivery, and the current freight Bilbao/Middlesbrough is slightly easier at 4s. 9d. There is a surplus supply of coke available for early delivery and producers have difficulty in making sales. Good furnace qualities are offering freely at 17s. delivered works and less has been accepted in some cases. For forward, however, higher prices are asked. The number of furnaces in blast in the district remains at 23.

Our Sheffield correspondent writes:—The customary quietude in the iron and steel industries in January has been more pronounced this month than formerly, and signs of improvement are still absent. The lack of substantial and forward orders for steel of most kinds continues to be the outstanding feature of the situation. Railway companies' specifications are being drastically curtailed and there is not much overseas demand. The Government plans for the allocation of the Chinese Boxer indemnity fund will ensure a considerable amount of work in this department in a month or two. There is no considerable demand for alloy and special steels apart from the automobile industry, whose requirements, however, are a good deal less than a year ago. Makers of best tool steels complain that orders, while numerous, are small in bulk, and foreign trade continues restricted. All kinds of finished steel goods are suffering from the reduced buying of nearly every overseas market of importance, Australia in particular. New tool lists show many reductions of prices.

Our Workington correspondent writes:—Largely owing to the renewal of activity in the steel industry on the North-West Coast, an improvement has taken place in the hematite pig iron trade. Two additional furnaces have been put into blast at Barrow, and the number in draught is now only two short of the total during the first half of last year. The whole of the make is being absorbed, but the heavy stocks have been but slightly reduced, and there is apparently no early prospect of considerable progress being made in this direction. With the consuming industries poorly employed, users are content to buy as needs arise, and no forward bookings are therefore being placed. The Midland and Continental demand is considerable, and South Wales requirements are rather heavier, but Scottish users are taking very small supplies. Prices remain fairly steady. Bessemer mixed numbers are quoted at £3 17s. 6d. per ton at Glasgow; £4 4s. 6d. at Manchester; £4 6s. 6d. at Sheffield; and £4 8s. 6d. at Birmingham. Special and semi-special brands of iron are from 2s. 6d. to 5s. per ton above these figures. There is a steady demand for charcoal iron. Malleable iron is a quiet market at £6 2s. 6d. per ton delivered at Birmingham, and there is little demand for ferro-manganese at £12 per ton export. The steel industry is more briskly employed on railway material. Orders from South America, Africa, the Dominions and home railways have been booked that will, it is expected, maintain the mills at Workington and Barrow in almost continuous operation during the remainder of the quarter. Native ore at from 18s. 6d. to 18s. 6d. per ton is in increased local demand, but the deliveries to East Coast and Scottish smelters are few and far between.

Our Glasgow correspondent writes:—With the past week several good contracts have been placed in the West of Scotland, rail makers, lifeboat builders and boiler-makers all having secured work which in the two last-named cases will keep them employed for a considerable time. There has been no expansion of business at the steel plants generally, and most of the new orders placed are for small parcels. There is a slightly better demand for large diameter tubes, but the tube trade on the whole remains quiet. So far the recent reduction in sheet prices has not stimulated demand for export. To-day's basis prices for 24-gauge sheets are £11 per ton for galvanised and £8 10s. for black, both f.o.b. or f.o.r.

OTHER METALS.

TIN.—Market generally displayed quiet features, with a good deal of irregularity at times, partial rallies being offset by liberal selling orders, lack of support from consumers, and erratic Eastern cables. Standard cash changed hands at £115 10s.-£113 17s. 6d.; three months, £117-£115 15s., £117 2s. 6d., and £115 10s. Sales in the East were reported at £120 to £118 5s. per ton c.i.f.

COPPER was accorded fair support, but initial firmness was not fully maintained, owing to subsequent realizations. Small sales in cash were recorded at £44 7s. 6d. to £44 with three months at £44 10s.-£44 13s. 9d. to £44 5s. and £43 18s. 9d. per ton.

LEAD slightly irregular, and liberal offerings were moderately absorbed. Good soft foreign pig, February, sold £13 6s. 3d. to £13 2s. 6d.; March, £13 6s. 3d. to £13 5s.; April, £13 6s. 3d.-£13 5s., and £13 7s. 6d. and £13 3s. 9d.; May, £13 7s. 6d. to £13 3s. 9d.

SPELTER maintained with business on a fair scale. January sold £12 7s. 6d.; February, £12 6s. 3d.-£12 3s. 9d., and £12; March, £12 8s. 9d. to £12 7s. 6d.; April, £12 10s. to £12 12s. 6d. and £12 11s. 3d.; May, £12 12s. 6d.; June, £12 15s. per ton.

ALUMINIUM steady. Home trade also export, £85 per ton.

ANTIMONY easier. English regulus, £38 to £45. Chinese regulus, spot, £26; January-February, £23 5s.; Chinese crude, January-February, £15 7s. 6d. per ton, c.i.f.

ANTIMONY OXIDE, January-February, £25 per ton, c.i.f.

ANTIMONY ORE, 60 per cent., January-February, 3s. 2d.; 50 per cent. ditto, 2s. 9d. per unit, c.i.f.

WOLFRAM quiet of sale. Chinese, January-February, sold 12s. 9d. per unit, c.i.f.

QUICKSILVER steady. Spot, £21 11s. 6d. to £22 5s. per bottle.

TIN PLATES remain quiet. I.C. coke, prompt and forward, 15s. 6d. per box, f.o.b. Swansea.

TEXTILES.

THE COTTON TRADE.—Liverpool, January 28th. Spot sales for the week 22nd to 28th (inclusive) are 22,000 bales, of which 9,450 are American, 900 Brazilian, 180 Argentine, 7,500 Peruvian, 2,390 Egyptian, 510 African, 850 East Indian, and 220 sundries. Imports for the same period are 53,486 bales, of which 27,365 are American, 473 Argentine, 332 Peruvian, 14,983 Egyptian, 1,662 African, 8,667 East Indian, and 4 sundries. Quotations to-day are: American Middling, 5-70; Egyptian Sakel, 8-90; Uppers, 6-57; Brazil Fair, 5-80; Peru G.F. Smooth, 6-10; West African Middling, 5-65 and East African G.F., 6-70. For the greater part of the week the market has been quiet with small fluctuations, but more activity has been seen during the last few days and prices are about 10 points higher than those of a week ago, mainly due to some moderate short covering. The Census Bureau gave the quantity of cotton ginned to January 15th as 13,592,000 bales against 14,177,000 bales last year. The report was regarded as bullish, but it had no effect on prices. Holders of cotton in the South are not pressing for sale, and any demand, however small, seems to find a shortage in contracts. The Egyptian futures market has been much more active, Sakella showing an advance of 25 points and Uppers 15 points from Wednesday, January 21st. Some speculative buying of Sakella and short covering was in evidence.

Manchester, January 28th. The market continues to be vitally affected by the lockout in the weaving section, and much uncertainty exists as to future production in view of the deadlock relating to the dispute. A fair amount of business has been under consideration, but much difficulty has been experienced in arranging terms of fresh contracts, especially with regard to deliveries. Stock lots of certain kinds of cloth have been in active request, but on the other hand some manufacturers who hold supplies are meeting with very little demand. Only occasional sales have been put through for India. It is recognised that trade developments depend upon the political situation. Less favourable advices have been received from China and business continues practically at a standstill. Some orders have been put through for Egypt and the Near East in bleaching descriptions. Useful lines have been booked in home trade fabrics. Yarn quotations have been generally firm and it is quite evident the large curtailment of output is preventing any accumulation of stocks. Not much has been done in home counts, but a few more contracts have been arranged in shipping numbers for India and the Continent.

Statement of the Cotton Trade.

	1931.				Corresponding Date.	
	Jan. 7.	Jan. 14.	Jan. 21.	Jan. 28.	1929.	1930.
Raw Cotton—Mkt. American, per lb.	5-39	5-39	5-51	5-70	10-34	9-23
" Sakellaria Fully Good Fair	7-80	8-10	8-45	8-90	18-40	14-40
Egyptian, per lb.	9	9	9 1/2	9 1/2	15 1/2	13 1/2
Yarns—32's twist, per lb.	9 1/2	9 1/2	9 1/2	9 1/2	16 1/2	15 1/2
" 40's twist, per lb.	16	16	16 1/2	16 1/2	27 1/2	25
" 60's twist (Egyptian), per lb.	16	16	16 1/2	16 1/2	27 1/2	25
32 in. Printers, 116 yds., 16 by 16, 32's and 50's	17 10	17 10	17 10	18 2	26 0	23 3
36 in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 0	20 0	20 0	20 3	28 3	26 3
38 in. ditto, 58 yds., 18 by 18, 10 lb.	11 2	11 2	11 2	11 4	15 3	14 3
38 in. ditto, 57 yds., 16 by 15, 8 1/2 lb.	10 1	10 1	10 1	10 3	13 9	12 10 1/2

THE WOOL TRADE.—Our Bradford correspondent writes:—The trade is now beginning to recover from the severe blow inflicted by the fall in wool values in London. This week new factors

have been introduced which encourage the belief that the downward tendency has been definitely checked. Pastoral companies and selling brokers will have every reason for satisfaction if the interest in the raw material results in the current series closing with values 5 per cent. higher than at the opening. This week withdrawals have been less numerous, and there is still a very commendable willingness to meet the market. On the bulk of the offerings there are no unreasonable reserves, and though the full selling programme is not now expected to be carried out, the entire situation is more encouraging. Besides the continued operations on the part of Bradford and other home trade buyers, Continental firms have come more into the picture. The latter have really provided the additional competition needed to make larger clearances, and to make values slightly better. No fault at all can be found with the offerings, the wools from all the Australian States being in very good order, and this is no doubt one reason for the greater interest which is being shown on both home and Continental account. Buyers are now beginning to feel that wool is a much safer proposition, and will probably demonstrate their confidence in it by continuing to operate on the market level which has been established. The news received from Australia does not indicate that prices there are much more than steady, and, consequently, any inspiration which London can provide will be more than welcome. No great development has yet taken place in Bradford. Following private advices of a better tone in London, topmakers are now a little stiffer in their quotations. The policy of spinners is still largely dictated by the state of affairs among manufacturers, many of whom are not yet able to place any big orders for yarns. At the same time the outlook is more promising, and there is no doubt that, though superficially the lead will be given by the raw material, the actual driving power is an improvement in the demand for partly and fully manufactured goods.

THE HEMP TRADE.—Manila qualities have been steady and there has been an increase in orders from spinners. Quotations: J 2, January-March, £19 15s.; K, £19 5s.; L 1, £18 10s.; L 2, £18 5s.; M 1, £18 5s.; M 2, £17 10s.; G, £21; H, £19 15s. According to a cable, last week's receipts amounted to 21,000 bales, against 31,000 last year, and 31,000 in 1929. Next week's receipts have been estimated at 26,000 bales, and at 22,000 for the following week. Manila shipments last week totalled 18,000 bales, of which 3,000 have been consigned to the United Kingdom, 4,000 to the Continent, 5,000 to the United States, and 6,000 to Japan. Local consumption at 2,000 bales leaves stocks at 117,000.

THE RAYON TRADE.—The slight improvement in the demand for piece-goods has been maintained, but the turnover is still on a relatively small scale and orders for the spring have so far been disappointingly few in number. The only bright feature is the continued support given to high-class dress materials. In the export section, India and China remained quiet, but Australia, New Zealand and Canada are showing a little more interest, and sales to Argentina have shown some improvement. Meanwhile the lock-out in the weaving section of the Lancashire cotton industry is beginning to have an adverse effect on the position. In the table below we reproduce estimates of the total production of rayon yarn during the past year for the United Kingdom and the United States. The figures for the United Kingdom have been prepared by the Board of Trade, and those for the United States by the *Daily News Record*, New York:—

Year.	United Kingdom. Lbs.	United States. Lbs.
1929	56,900,000	121,568,000
1930	48,770,000	110,208,000

1930 is the first year in which consumption has shown a considerable decline, and although prices and output have been greatly lowered, the accumulation of stocks, which are particularly heavy in the United States, could not be prevented.

FOOD.

THE GRAIN MARKETS.—A spell of mild and open weather enabled farmers to make preparations in anticipation of an early start on spring sowings, though the wet state of the ground in some districts prevents ploughing operations for the time being. Winter cereals are well established and present a healthy appearance, while comparing favourably with the condition of crops in certain Continental countries. The market continues dull and rates easy for native wheat, owing to lack of milling demand, and competition by cheap foreign varieties, but there is a good inquiry for poultry feed. On the import market, prices have maintained a fairly steady level, due largely to a good Eastern demand, principally from Oriental countries. China, in particular, purchased freely of Australian wheat up to April shipment. Quite a fair business also transpired in cargoes on European account, the movement being assisted by further depreciation of the Australian currency here, which enabled sellers to offer at attractive prices compared with Canadian grades. Millers, however, are reluctant to book far ahead owing to liberal supplies available and on passage, while ex store lots of Russian help to satisfy immediate requirements. In this connection, it is interesting to note that Soviet offerings have been renewed for alfalfa and early shipment, and prove a depressing factor. The movement of new crop wheat from Argentina has been delayed by adverse climatic conditions, but pressing offers leave no doubt of heavy shipments when working is resumed. The necessity of large exports is emphasised by the weakness of Australian and Argentine exchange rates, thus ensuring free marketing despite unremunerative prices current. Values of feeding stuffs remain weak, though partial rallies occurred regarding maize, despite heavy Argentine shipments. Continental consumption of this feeder appears to be improving, but buyers generally operate

cautiously in view of exceptionally favourable new crop prospects. Barley and oats remain featureless.

WHEAT.—Slightly irregular. No. 1 hard Manitoba, ex ship, 27s. 3d.-27s. 9d.; No. 1 Northern Manitoba, ex ship, 26s. 6d.-27s.; No. 2 ditto, 25s. 6d.-26s. 6d.; No. 3 25s.; Barusso, 63 lbs., 21s. 6d.; Rosato, 63 1/2 lbs., 21s. 6d.; Australian, 23s. 3d.-24s. 6d.; Russian, on sample, landed, 20s.-22s. 6d. per 496 lbs. English now, 4s. 8d.-5s. 6d. per 112 lbs.

FLOUR.—Quiet. London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 22s.-24s. 6d.; Buffalo ditto, 22s.-24s. 6d.; Australian, 20s.-21s. 6d. ex store. On c.i.f. terms, Manitoba top patents, January-February, 20s. 3d.-20s. 6d.; export ditto, 18s.-18s. 6d.; Australian, 16s. 6d.-17s. per 280 lbs. Argentine low grade, January-March, £5 3s. 9d. per ton.

MAIZE.—Unsettled. Plate, landed 16s. 3d.; ex ship to arrive, 15s.; February-March, 15s. 3d.; March-April, 15s. 6d. per 480 lbs. Yellow maize meal, £5 5s. f.o.r. London, per ton.

BARLEY.—Dull. Californian old, landed 30s.-35s.; new, ex ship, 30s.-41s. as to sample; Chilian brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed 14s.-14s. 6d.; ex ship, 13s.; Danubian landed, 14s.-14s. 6d.; Persian, landed, 13s. per 400 lbs.; English new malting, 6s. 3d.-12s. 6d.; feed, 5s.-5s. 9d. per 112 lbs.

OATS.—Quiet. Plate, landed, 10s. 9d.; ex ship, 9s. 9d.; Chilian tawny, landed, 13s. 6d.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.-20s. 6d.; mixed Canadian feed, landed 10s. 6d.; North Russian landed 12s. 6d.-13s. as to sample; South Russian, landed 12s. 3d.-13s. per 320 lbs. English new, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Jan. 24	117,320	310,308	291,230	330,449
21 weeks to Jan. 24	2,571,727	5,516,481	5,614,781	5,180,340
Average price of English wheat per cwt.	s. d. 5 6	s. d. 9 6	s. d. 9 8	s. d. 9 11

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 17, 1931	101,963	256,912	36,612	s. d. 5 7	s. d. 8 1	s. d. 5 9
Jan. 24, 1931	117,320	270,015	50,868	s. d. 5 6	s. d. 8 7	s. d. 5 10
Jan. 22, 1927	330,284	470,751	99,600	11 10	11 1	8 3
Jan. 21, 1928	308,706	412,776	82,104	9 11	11 2	9 7
Jan. 26, 1929	291,230	393,327	122,248	9 8	10 3	9 5
Jan. 25, 1930	310,308	357,415	56,606	9 6	8 5	6 11

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 29, 1930.	Jan. 2, 1931.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.
	1930.	1930.	1931.	1931.	1931.	1931.
Winnipeg (No. 1 Manitoba), Cents per 60 lb.	14 1/2	12 1/2	5 1/2	5 1/2	5 1/2	5 1/2
Chicago (No. 2 Winter), Cents per 60 lb.	13 1/2	11 1/2	7 1/2	8 1/2	8 1/2	8 1/2

The visible supply of wheat in Canada at 61,840,000 bushels shows a decrease on the week of 585,000 bushels. Supplies a year ago stood at 75,084,000 bushels.

SUGAR.—The market disclosed steadiness, and trade buyers showed more disposition to operate. In fact, spot transactions were on an extended scale, but prices remained without change. Meantime, offers from the chief producing countries are still reservedly made and full rates asked. The terminal market opened steadier, but became quieter, though a fair amount of business was arranged. February delivery sold 5s. 8 1/2d.; March, 5s. 10d. to 5s. 9 1/2d.; May, 6s. 1d.; August, 6s. 4 1/2d. to 6s. 4 1/2d.; December, 6s. 8 1/2d. Mauritius 99 per cent. refining crystals, February-March, sold 10s. 3 1/2d. c.i.f. United Kingdom, with sales in Continental beet, 88 per cent., February-March, at 5s. 7 1/2d. c.i.f. Foreign, 96 per cent. centrifugal, quoted 6s. c.i.f. Cuban receipts last week, new crop, 22,866 tons, against 66,815 same time last year; exports nil, against 3,627; stocks, 22,417, against 69,724. Receipts of old sugar, 37,486, against 26,831; exports, 18,517, against 39,407; and stocks, 779,893, against 115,037. Stocks of new on plantations and in transit estimated at 154,000 tons. Centrals working, 97, against 139 last year. Stocks of raw sugar in the three chief ports of the United Kingdom for week ending January 24th totalled 208,886 tons, compared with 248,285 last year.

COFFEE.—With the exception of East African kinds, which were freely absorbed at full rates, a quieter tone prevailed. Larger quantities from Costa Rica now come to hand and rates in most instances are decidedly easier.

COCOA.—Only retail spot sales occurred at late rates. Forward positions slow. Accra, G.F., January-March, to Continent, sold 25s. 6d. c.i.f. Terminal, December delivery, sold 28s. 6d.

TEA.—61,402 packages Indian brought to auction this week met a quiet and somewhat irregular demand. Prices ruled easier except for a few good autumnal flavoured parcels. Ceylon sales

of 29,127 packages evidenced a poor market. General run of quality marked decided falling off, and medium grades declined 1d. to 1d., with fine 1d. to 2d. A few finest sold steadily. Java and Sumatra sales mostly easier.

RICE.—In continued quiet request, but sellers asked previous rates.

BEANS AND PEAS.—The market in beans showed no essential change, though new business is still difficult to arrange. Peas have been steady on the part of sellers, but there is not much trade doing.

POTATOES.—The market in potatoes was again dull, but good qualities remained steady.

SPICE.—Pepper generally quiet and forward positions barely steady. Lampong, January-March, quoted 5 1/2d.; March-May, 5 1/2d.; Muntok, white, January-March, 9d.; and March-May, sold 9d. Cloves quiet, unaltered. London stocks of black for past week, 472 tons; white, 453.

FRUIT (Dried).—Currants steady, but trade proceeded quietly. Pyrgos, 30s. 6d.-31s.; Amalias, 31s.-32s. Sultanias maintained. Smyrna, 44s.-68s. Raisins cleared. Dates quiet of sale. Evaporated Fruits: Quiet conditions prevailed with quotations occasionally the turn in buyers' favour. Californian peaches, 1930 crop, reloaded, 42s.-56s. Almonds steady. Mazagan, spot, 85s. French shelled walnuts firm, at 185s.

CANNED GOODS.—Fruit: Trade generally is slow to expand, but the outlook is considered favourable, owing to small stocks in distributors hands, which will need replenishing in the near future. Liberal supplies of Australian are available, and move slowly, also Californian varieties on spot, but the forward position remains firm. English fruits meet with fair attention. Fish: Sardines in quiet demand with ample supplies on offer. Portuguese, 1/4 clubs, 3s. 6d. Salmon steady. Meat: Demand shows improvement at recent reduced prices. Condensed Milk and Milk Powders: There is a brisk demand for forward delivery, and powders are scarce owing to a shortage of liquid milk supplies. Dutch condensed milk, full cream, sweetened, 5 cwt. casks, 30s. 6d. Dutch full cream milk powders, 26 per cent. butterfat, roller process, 1 cwt. cases, 70s. Honey: In quiet request, with ample supplies on offer. Jamaican white, 40s. to 45s.

MEAT.—According to the Smithfield Market official report, supplies of meat during last week amounted to 9,297 tons, as compared with 9,136 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.8 per cent. of the supplies, as against 81.3 per cent. a year ago, and imported mutton, mainly New Zealand, formed 78.3 per cent. of the total supply, as against 73.6 per cent. last year. The downward tendency in beef and mutton continued during the past week and prices are now substantially below those ruling at the beginning of the year.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.			FRUIT (continued)—			WOOL—			HIDES—				
CEREALS AND MEAT.			Spanish Onions,			English Southdown, washed			Wet salted—Australian				
GRAIN, &c.—			Valencia:—			per lb.			per lb.				
Wheat, No. 2, N. Man. 496 lb.	26	3	Onions, Oporto case, 4s.	7	6	0	0	0	West Indian.....	0	42	0	42
Eng. Gas. av., per cwt.	5	6	Onions, Oporto boxes	0	0	0	0	0	Cape.....	0	35	0	42
Barley, Eng. Gas. av.	8	7	Onions, Oporto barrels	0	0	0	0	0	Dry and Drysalted Cape.....	0	44	0	42
Oats, 100 lb.	5	10	Onions, Oporto barrels	0	0	0	0	0	Market Hides, London—	0	64	0	72
Maize, La Plata, landed, 480 lb.	16	3	Onions, Oporto barrels	0	0	0	0	0	Best heavy ox and heifer	0	5	0	64
Flour, Lon. stan. ex mill, a. d.			Onions, Oporto barrels	0	0	0	0	0	Best cow	0	38	0	42
280 lb.	22	6	Onions, Oporto barrels	0	0	0	0	0	Best calf	0	82	0	92
Rice, No. 2 Burma, per cwt.	8	3	Onions, Oporto barrels	0	0	0	0	0					
Sago, Pearl, per cwt.	18	6	Onions, Oporto barrels	0	0	0	0	0					
Tapioea, per cwt.	17	6	Onions, Oporto barrels	0	0	0	0	0					
B.T. flake, fair spot	20	0	Onions, Oporto barrels	0	0	0	0	0					
Medium pearl	20	0	Onions, Oporto barrels	0	0	0	0	0					
Patatoes, good English,	7	0	Onions, Oporto barrels	0	0	0	0	0					
per cwt.	7	0	Onions, Oporto barrels	0	0	0	0	0					
MEAT—			Onions, Oporto barrels	0	0	0	0	0					
Beef, per 8 lbs.	4	10	Onions, Oporto barrels	0	0	0	0	0					
English long sides	4	10	Onions, Oporto barrels	0	0	0	0	0					
Argentine chilled hinds	3	6	Onions, Oporto barrels	0	0	0	0	0					
Mutton, per 8 lbs.	6	4	Onions, Oporto barrels	0	0	0	0	0					
English wethers	6	4	Onions, Oporto barrels	0	0	0	0	0					
N.Z. frozen	3	0	Onions, Oporto barrels	0	0	0	0	0					
Pork, English, per 8 lbs.	6	0	Onions, Oporto barrels	0	0	0	0	0					
BACON— OTHER FOODS			Onions, Oporto barrels	0	0	0	0	0					
Irish, per cwt.	80	0	Onions, Oporto barrels	0	0	0	0	0					
Danish, per cwt.	54	0	Onions, Oporto barrels	0	0	0	0	0					
Canadian, per cwt.	50	0	Onions, Oporto barrels	0	0	0	0	0					
Dutch, per cwt.	50	0	Onions, Oporto barrels	0	0	0	0	0					
HAMS—Irish	80	0	Onions, Oporto barrels	0	0	0	0	0					
Canadian, per cwt.	80	0	Onions, Oporto barrels	0	0	0	0	0					
American, per cwt.	80	0	Onions, Oporto barrels	0	0	0	0	0					
BUTTER—			Onions, Oporto barrels	0	0	0	0	0					
Irish creamery per cwt.	nom.		Onions, Oporto barrels	0	0	0	0	0					
Australian, per cwt.	100	0	Onions, Oporto barrels	0	0	0	0	0					
New Zealand, per cwt.	102	0	Onions, Oporto barrels	0	0	0	0	0					
Danish, per cwt.	134	0	Onions, Oporto barrels	0	0	0	0	0					
CHIESE—			Onions, Oporto barrels	0	0	0	0	0					
Canadian, per cwt.	74	0	Onions, Oporto barrels	0	0	0	0	0					
New Zealand, per cwt.	52	0	Onions, Oporto barrels	0	0	0	0	0					
English Cheddars	54	0	Onions, Oporto barrels	0	0	0	0	0					
Dutch, per cwt.	42	0	Onions, Oporto barrels	0	0	0	0	0					
COCOA—			Onions, Oporto barrels	0	0	0	0	0					
(Duty, British grown,			Onions, Oporto barrels	0	0	0	0	0					
11s. 6d.; foreign, 14s. cwt.)			Onions, Oporto barrels	0	0	0	0	0					
Acorn, f.f., per cwt.	25	0	Onions, Oporto barrels	0	0	0	0	0					
Trinidad, per cwt.	46	0	Onions, Oporto barrels	0	0	0	0	0					
Grenada, per cwt.	36	0	Onions, Oporto barrels	0	0	0	0	0					
COFFEE—			Onions, Oporto barrels	0	0	0	0	0					
(Duty, British grown,			Onions, Oporto barrels	0	0	0	0	0					
11s. 6d.; foreign, 14s. cwt.)			Onions, Oporto barrels	0	0	0	0	0					
B.I., good to fine, per cwt.	85	0	Onions, Oporto barrels	0	0	0	0	0					
Costa Rica, good to fine...	90	0	Onions, Oporto barrels	0	0	0	0	0					
Cent. Amer., mid to fine...	70	0	Onions, Oporto barrels	0	0	0	0	0					
Kenya, bold sizes...	74	0	Onions, Oporto barrels	0	0	0	0	0					
Colombian, mid to fine...	70	0	Onions, Oporto barrels	0	0	0	0	0					
EGGS—			Onions, Oporto barrels	0	0	0	0	0					
English, per 120	13	6	Onions, Oporto barrels	0	0	0	0	0					
Danish, per 120	12	9	Onions, Oporto barrels	0	0	0	0	0					
FRUIT—			Onions, Oporto barrels	0	0	0	0	0					
Oranges, South African box	0	0	Onions, Oporto barrels	0	0	0	0	0					
Oranges, South African box	0	0	Onions, Oporto barrels	0	0	0	0	0					
Dania and Valencia	10	0	Onions, Oporto barrels	0	0	0	0	0					
Lemons, Sicilian, boxes	7	0	Onions, Oporto barrels	0	0	0	0	0					
SILK—			Onions, Oporto barrels	0	0	0	0	0					
Malaga, cases 420 No. 1	0	0	Onions, Oporto barrels	0	0	0	0	0					
Apples: Amer. (var.) boxes	21	0	Onions, Oporto barrels	0	0	0	0	0					
" (var.) boxes	8	12	Onions, Oporto barrels	0	0	0	0	0					
" Australian	0	0	Onions, Oporto barrels	0	0	0	0	0					

MISCELLANEOUS COMMODITIES.

COPRA.—A steady market has been characterised by reserve on the part of sellers. Straits, S.D., February-March, to Rotterdam, sellers, £15 10s.; Dutch East Indies ditto, £15 10s.; Ceylon, to five ports, held for £16 11s. 3d.; sun-dried, to Rotterdam, quoted £14 12s. 6d.

HIDE, LEATHER AND ALLIED TRADES.—Hides from English cattle continue to cheapen in price. The position of imported hides remains dull, and with buying restricted to narrow limits, any alteration in values is generally in buyer's favour. There has been less activity in regard to South American frigorifics and as a consequence Argentine ox have this week been sold on the basis of 6d., with light ox realising 5½d. In the Saladero market last week 16,000 Liebig Colon hides were sold by inscriptions, for which prices ranging from 6½d. to 7½d. were realised. In the River Plate quotations for several descriptions are more or less nominal in view of the small amount of business transacted of late, while for Africans and Australians values are again on a lower basis. Sole leather business is still confined to parcels for immediate needs and the best turnover continues to be on account of repairing trade requirements. All things considered, the market is steady so far as values are concerned, the only weak point being in regard to offal, of which there is a fair accumulation. Upper leathers account for a steady turnover in small parcels, particularly in regard to box and willow calf.

THE TIMBER TRADE.—The market for building woods has experienced some remarkable changes since our last report a month ago, and on the whole is in a much better position for United Kingdom operators and consumers generally than was the case in the first month of 1930. The principal event in the trade was the taking over, on January 1st, by the syndicate of British importers, of the whole of the Russian stocks in this country left in shippers' hands. These are being offered at prices in keen competition with other Russian wood on the spot market, and are creating no small activity in buying on the part of importers and merchants. Demand for softwoods generally has shown improvement compared

with a month ago, but there is still plenty of scope for improvement in view of the decline in values this year for the Russian material. As the control of the whole of the Russian import this year is in the hands of the syndicate of British importers, the c.i.f. and other forward departments are likely to be more steady than during the last shipping season, when a free market ruled. It is to be hoped that the Russo-English timber trade will not be impeded by any outside influences, otherwise the market will firm up appreciably against British consumers. The proposed 20 per cent. addition in Russian shipments this year compared with last may be set off by a reduction in output and export to the United Kingdom from Russia's principal competitors, but, on the other hand, the tendency of foreign wood exporters for years past has been to send too much rather than too little. The moot point at present is whether the United Kingdom will keep up to last year's actual consumption. Whereas the softwoods market, as already stated, shows activity, hardwoods continue to be slow in demand. Mahogany last year dropped to its lowest log importation for many years, the demand, especially for inferiors, continuing quiet. Teak is in only poor request. American hardwood lumber receipts last year were generally above consumption, consequently prices continue weak. All other hardwoods, home, Colonial and foreign, are quiet to moderate in demand. The plywood trade has improved a little this month compared with last. Imports dropped by 35 million square feet on total receipts of 417 millions. There is still room for much further improvement in demand for that material.

RUBBER.—The rubber market again experienced a lack of interest and prices show a further decline on the week. Standard sheet, spot and February, sold 4½d.; March, 4½d.; April-June, 4½d.; July-September, 4½d. to 4½d.; October-December, 4½d.; January-March, 4½d.; July-December, 4½d.; and April-June, 1932, at 4½d. To New York, estate sheet, February-March, buyers 3½d. c.i.f. London stocks increased 933 tons, landings 2,082, deliveries 1,149, stocks 80,194 against 59,984 last year; Liverpool stocks decreased 99, landings 90, deliveries 189 and stocks 42,171 against 20,063.

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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THE MONEY MARKET.

MONEY has been fairly stringent this week. On Thursday up to 3½ per cent. was paid for new money, and the preceding day some bankers were charging up to 2½ per cent. for their weekly fixtures, while on several occasions the market was nearly driven into the Bank. It is true that, as the Bank return shows, market resources, measured by bankers' deposits, expanded by £7,413,000, but the banks were making-up more heavily than last week, and funds were at times immobilised for other purposes. In these circumstances Monday's disbursements by the Bank on behalf of the Treasury, in respect of the Funding Loan dividend and repayments of those 4½ per

cent. Treasury bonds for which notice had been given a year ago, afforded no relief to the market, and money remained tight.

The Bank continued to sell bills in the open market until early this week, and successfully maintained market discount rates at the desired level of $2\frac{1}{4}$ per cent. No sign of the extent of its open market operations appears in the Bank return, for there increases of £1,942,000 and of £1,381,000 are recorded in Government and Other Securities. Probably what has happened is that in order to finance the disbursements alluded to above the Treasury has had to borrow on Ways and Means from the Bank, and that such borrowings were in excess of the Bank's sales of Treasury bills during the week. The fall of public deposits to the low level of £9,861,000 affords some corroboration of this suggestion, but if confirmation is forthcoming at all it will be found in the Revenue Returns for next week.

So far, the Bank's open market policy has proved a success. It has put the three months' discount rate up to $2\frac{1}{4}$ per cent., and has kept it there, though Continental buyers of sterling bills have been quoted $2\frac{3}{4}$ per cent. Nevertheless, the Continent and the United States have bought a fair number of bills during the week, and are also believed to have applied for some of last Friday's Treasury bill issue. This in turn has exercised the desired effect upon the exchanges, for in the middle of this week the dollar rate rose to \$4.86 and the franc rate to 123.94 francs. Both these rates are above the gold point, and no gold has been withdrawn from the Bank since January 28th. Thus the Bank has realised its hopes of arresting the gold outflow by means of open market operations and without having to impose a higher Bank rate.

	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.	Feb. 5, 1931.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
{ Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	$2\frac{3}{4}$	$2\frac{3}{4}$	$2\frac{3}{4}$	$2\frac{3}{4}$	...

It is, however, necessary to recognise that the situation needs continuous watching, and that the ground won is being held only with difficulty. Internally, there is still a shortage of bills, and as the weeks progress and Treasury bills are paid off, the shortage may become more acute. At present the reduction in Treasury bills is at the rate of £10,000,000 a week, and in face of this the Bank will have to sell bills on a large scale in order to keep up discount rates. So long as money remains stringent the Bank will find its task easier, provided that money does not become so stringent as to drive the market into the Bank. Once money is borrowed from the Bank to meet a passing and momentary need, it remains out of the Bank for a whole week, and once the immediate need for it has gone it is free to be used in competing for bills and so is liable to depress discount rates. It is conceivable that one reason why the market escaped the Bank this week is that the impression was abroad that resort to the Bank was to be avoided if it was humanly possible.

Externally, too, it is by no means certain that the defence of the Bank's gold stocks will prove successful. The most favourable sign is that current London discount rates are attractive to French and American short money, and it is possible that some deposits are being fixed in London on American account. The most ominous aspect of the situation is the high premium now current for forward dollars and francs. Paris three months' forward is at 5 centimes premium, equivalent to a net rate of 123.87 francs, or 2 centimes below the export gold point. New York three months' forward is $\frac{1}{2}$ cent premium, which is equivalent to a net rate of \$4.85½, or very little if at all above the gold point. It is clear that operators in both centres possess so little faith in the pound that they think it necessary to cover their spot purchases of the sterling

needed to pay for the bills they are now buying in London by forward sales, rather than to run their purchases of sterling, and that they are doing this even though the cost to them of hedging their spot exchange purchases is commensurate with the loss they would be involved in if, when the time came, they had to withdraw their funds from London in the form of gold.

Moreover, it is still true to say of the Paris exchange that there is no real strength in sterling. The reaction on Thursday from 123.94 francs to 123.92 francs is clear evidence of this, and there is no doubt that if only a moderate amount of sterling were thrown on the market there would be a sharp decline in the exchange. Although gold withdrawals from the Bank have ceased, both next week's Cape gold, amounting to £708,000, and the following week's supply of £875,000, will without doubt go to Paris, and this is further evidence of the continuance of the pressure. This week the Bank of England has had a net gold influx of £863,000, while next Tuesday £250,000 sovereigns are due from South Africa. These acquisitions, though hopeful, are small in relation to the Bank's recent gold losses. The possibility of a higher Bank rate within the next few weeks cannot yet be ruled out of account.

NEW YORK.

Money has again been easy. Call rate stood at $1\frac{1}{4}$ per cent., and in the middle of the week bankers made a further reduction of $\frac{1}{4}$ per cent. in their acceptance rates, both bid and asked, for all maturities. The bond market has been heavy, mainly under the discussions at Washington on the soldiers' bonus bill, with its suggestion of the issue of \$3,400,000,000 of Government bonds to finance the immediate repayment in cash of war veterans' twenty-year insurance certificates. Leading bankers have testified against this proposal, urging that it would be impossible to market such an issue, and that the proposal would cause existing bonds to depreciate, and would in one sense be equivalent to inflation. The latest news is that the opposition to the bill may be successful, but meanwhile some money is being frightened out of the bond market and into acceptances and other short-term channels of employment.

FOREIGN EXCHANGES.

The market was more active this week, with steady trading and a fair turnover. The tendency was generally in favour of sterling. New York, after touching 4.86, closed at 4.85½, while Montreal lost $\frac{3}{4}$ at 4.86½. Paris at one time rose to 123.94, but closed on Thursday one point worse on balance at 123.92. Brussels lost $\frac{1}{2}$ at 34.83½. Milan was appreciably weaker at 92.80, and Madrid was weak and uncertain at 48.20, against 47.20 last week. Amsterdam moved sharply in our favour to 12.09½. Berlin was better by $\frac{1}{4}$ on balance at 20.43. Switzerland depreciated sharply from 25.10½ to 25.15, and at one time touched 25.16½. The Scandinavian currencies were little affected, Stockholm losing $\frac{1}{2}$ at 18.14½, Oslo being unchanged at 18.16½ and Copenhagen losing $\frac{1}{2}$ at 18.16½. Of the South American exchanges, Rio gained $\frac{3}{4}$ d. at 4½d., Buenos Aires was unchanged at 34½, and Montevideo was better by one penny at 33½d. In the Far East the rupee was firm at 1s. 5½d., as was the yen at 2s. 0½d. Batavia weakened from 12.08½ to 12.10½. While the official Australian rate last week was £130 to £130 10s., the unofficial quotation in a narrow market ranged between £130 10s. and £132 10s. In the forward market dollars were quoted at $\frac{3}{4}$ cent. and $\frac{1}{2}$ cent premium. Paris was better at 2 and 5 centimes premium. Brussels was little changed at $\frac{1}{2}$ and 2 centimes premium for one and three months respectively. Milan was at rather wider discounts of 12 and 39 centesimi. Madrid was firmer at 5 and 17 centimos premium, against 3 and 13 centimos premium last week. Amsterdam was decidedly firmer at 1 cent and 2½ cents premium. Berlin was unchanged for one month, but the discount for three months' delivery narrowed from 3½ to 2½ pfennigs. Silver fell to 12½d. for both cash and forward, as a result of general selling after heavy sales by India on rumours of an intention to increase the import duty. The Chinese silver exchanges declined in sympathy, Hong Kong losing $\frac{1}{4}$ d. at 11d. and Shanghai $\frac{1}{4}$ d. at 1s. 2½d.

SECOND THOUGHTS ON PROTECTION.

THE publication this week under the auspices of the Federation of British Industries of a Protectionist brochure, entitled "The Passing of Free Trade," suggests some reflections on the trend of public opinion on this aspect of our economic problem. We are not here very much concerned with the text of the brochure itself, for though this author, Mr Glenday, Economic Adviser to the F.B.I., has contributed much to better understanding of the economic conditions of recent years, he has no new contribution to make on the fiscal issue. Indeed, knowing, as he does, the weaknesses of arguments for a policy of restriction, he finally entrenches himself in one of the least defensible of the protectionist trenches. When certain of our neo-Protectionists tell us that, in their view, our basic export trades are doomed, and that therefore we must concentrate on the home market and aim at a greater degree of self-sufficiency, we can follow the argument and combat the pessimism which reconciles them to a picture of a lesser Britain with lower standards of living for a reduced population. Similarly, when the Empire Crusaders preach their ideal of an Imperial economic *ἀντάρκεια*, we can meet them on the ground of fact and demonstrate the impossibility of vast schemes of artificial trade diversion. But when Mr Glenday, after starting from the viewpoint that "the paramount need of British industry at the present time is a foreign trade development policy" and that our depressed basic industries must be restored, finds in a tariff policy (with its inevitable raising of production costs) the means to this end, we find his argument unconvincing, and his conclusions explicable only by his touching faith—widely held, it is true, by his constituents—that protection in Britain would bring about a reduction of tariffs elsewhere; unless we may infer that his reasoning is distorted by the consequences of his failure to recognise the check to effective industrial reorganisation which the erection of tariff shelter would almost certainly entail.

But, although the thesis of this brochure is familiar, the nature of its public reception is not without significance. When six months ago certain leading bankers were persuaded to append their signatures to a Protectionist manifesto, the affair was regarded as a portent and as an indication that Britain's Free Trade days were numbered. To-day a plea for Protection claiming—we do not know exactly how far the claim can be pressed—to represent the views of the chief industrial organisation of the country has not created, so far as we can see, even a ripple on the surface of current controversy. What is the explanation? Why has a pronouncement, which six months ago would have been blazoned throughout the land, passed almost unnoticed? The reason, we believe, is that the past six months have taught many lessons, which have served to check, if not to reverse, the tide of informed public opinion which in mid-1930 was admittedly flowing towards acquiescence in some radical change in this country's fiscal policy.

It is worth while, then, to consider what the past six months have contributed towards the education of the country in the matter of the possible shortcomings of Free Trade or the possible merits and advantages of Protection. Several potent influences have been at work. One is the spectacular and steadily accumulating evidence that the world slump has fallen upon the chief Protectionist countries with at least as great a violence as upon Free Trade Britain. Until quite recently there was a disposition in many quarters to regard Britain as the severest sufferer and to assume that the extra severity of her *malaise* might be due to her fiscal system. But the progressive march of economic depression through the United States and Germany—to mention only two of many Protectionist countries which are now sharing fully in the general economic troubles of the period—has substantially shaken this growing belief that a simple remedy for our own troubles lay ready at hand in the shape of a tariff. Moreover, the restoration of a proper perspective in this matter has been assisted by

such studies as those of Sir Arthur Salter and Mr Love-day, who, surveying the world in general (and Britain in particular) from the impartial vantage-point of Geneva, have concluded that just as tariffs have not sheltered other countries from the economic storm, so the lack of tariffs has not been responsible for exposing Britain to its attack. It really amounts to this. When one man is sick and envious of his stronger fellows he is pathetically ready to copy any of the methods of life which, in his fevered imagination, may appear to be responsible for their comparative well-being. But when he sees these temporarily happier fellow-men fall sick of the same disease as his own he will look further and deeper for appropriate remedies. That, we believe, is the process that has been going on in this country of late with regard to the trend of public opinion on the merits of various fiscal policies.

Hardly less effective in its influence upon opinion was the brutal thoroughness with which the Dominion Premiers at the Imperial Conference killed, quartered and buried Lord Beaverbrook's attractive idol of Empire Free Trade. There can be no doubt that in the earlier days of the depression many people were sincerely impressed by his glowing picture of the vast potential markets within the British Commonwealth, and temporarily deceived by his assurance that in them we could find a full recompense for the trade denied to us by the growing nationalism and tariff walls of our European neighbours. But the pleasant picture has been rudely riddled by the arrows of trade facts and economic logic, and there are signs that the noble artist has decided to take his brush in hand and touch up his canvas. For Lord Beaverbrook's recent speeches have suggested that his mind is turning from the needs of our export industries to the plight of British agriculture, and his policy evolving towards one of purely agricultural Protection—following the precedent of Mr Joseph Chamberlain's famous campaign. It is true that, after the withdrawal of one Empire Free Trade candidate another has come forward to contest the urban constituency of East Islington. But, for all the much-advertised enthusiasms of General Critchley, we are inclined to believe that this may well prove to be the last appearance of the policy in its old form.

In these various developments lies the most hopeful tendency of the past six months. It is very much to the good that the country, contemplating the very serious conditions in most other countries, has to a large extent emerged from the state of mind in which it was inclined to search for easy panaceas which do not exist. In so far as that search is abandoned, the greater and more efficient will be the concentration on the essential and pressing tasks of industrial reorganisation and readjustment. There is another important result which follows from the recession of the wave of Protectionist inclination, which was swelling to its crest last summer. It leaves our Ministers in a stronger position in European council chambers to influence the trend of fiscal policy in saner directions and to support with their encouragement and co-operation all initiatives, whether in Scandinavia or elsewhere, for checking tariff warfare.

True, there remains Mr Baldwin. If the tide of tariff enthusiasm has receded, he at least is left by the ebb to make what he can of the tangled seaweed on the fiscal beach. Backed by the official Conservative Party, he has his twin policy of an emergency tariff at home and wide extensions of preferences to the Dominions. But we do not believe that his policy is gaining ground, either in his own party or the country at large. It may be that the swing of the electoral pendulum, after a period of lifeless Labour administration in a time of overwhelming difficulty, might put Mr Baldwin into power. But if he places these two proposals in the forefront of his next electoral programme—as he must do if he is to attempt to secure a plain mandate for carrying them into action—we regard his chances of receiving such a mandate as depreciating day by day.

THE FUTURE OF IRAK.

AMONG the matters considered by the Council of the League at its meeting in January was the proposal of Great Britain for the admission of Irak to membership of the League of Nations, which means that the Mandate for Irak will come to an end in 1932. The Council did not pronounce finally on the proposal, but the French and Italian members declared the approval of their Governments, and it is probable therefore that the proposal will become effective. The British Government is to lay a full report of the progress of the mandatory régime before the Permanent Mandate Commission, and that body will advise the Council of the fitness of the young state for emancipation.

The advance of Irak to the status of full independence has been remarkably rapid. It has been said that Article 22 of the Covenant of the League was designed rather to guide an evolution than to define a status, and Irak has never been completely subjected to the condition of a mandated territory. The mandate for the country was drafted in 1921 at the same time as the instruments for Palestine and Syria; but before it was confirmed by the Council of the League, Great Britain concluded a treaty of alliance with King Feisal, and set out therein the main terms of the mandatory relations. From the beginning there was a strong feeling in the country against the words "mandate" and "mandatory," which were misunderstood to mean an imperative requirement and one exercising authority. By the terms of the treaty the King of Irak undertook to be guided by the advice of the representative of the British Government in all important affairs concerning international and financial interests; and he was to frame an organic law and give effect therein to the principles of the Covenant of the League. The treaty was made for a limited period of years and was to terminate upon Irak becoming a member of the League of Nations, and, in any case, not later than four years from the ratification of the treaty with Turkey.

In 1926, when the Council of the League gave a decision with regard to the inclusion of the territory of Mosul in the Kingdom of Irak, it attached the condition that the treaty relations of Great Britain and Irak should be prolonged for twenty-five years. In 1927, Great Britain entered into a further treaty and gave an undertaking to press for the admission of Irak as a member of the League in 1933 provided that the country was progressing satisfactorily. Two years later the British Government, moved by the general discontent at the veiled mandate, announced that it proposed a more radical modification of its relations, and would recommend without further condition that Irak should be admitted to the League. It communicated its decision to the Permanent Mandates Commission as well as to the Council of the League, and made it clear that in its view the country was fitted for complete self-government. Meantime Great Britain proceeded with her negotiations with Irak on the assumption that the mandate would come to an end, and concluded a treaty of alliance which was signed at Baghdad on June 30, 1930, and now awaits ratification.

Article 1 of the treaty, which is to come into operation on the entry of Irak into the League, provides that there shall be perpetual peace and friendship between the two kingdoms, and there shall be established between them a close alliance "in conservation of their friendship, their cordial understanding and their good relations." There shall be full consultation between them in all matters of foreign policy which may affect their common interests. Each party will be represented at the Court of the other by a diplomatic representative. The Irak Government agrees that the British representative shall have the status of an ambassador and precedence in relation to the representatives of other Powers. The two parties are to consort together in case of any international dispute, with a view to its settlement by peaceful means; but in case either becomes engaged in war, the other will come to his aid as an ally.

Responsibility for the maintenance of internal order and the defence of the country will rest with the King of Irak; but that principle is qualified by the recognition of the permanent maintenance and protection of the essential

communications of Great Britain to the East. The King will therefore grant to Great Britain sites for air bases in the neighbourhood of Basra and to the west of the Euphrates, and authorise the maintenance of British forces at these places. An annexe to the treaty provides also for the maintenance of British forces at Hinaidi, on the Euphrates, and at Mosul for a period of five years after the coming into force of the new agreement, to give time for Irak to organise the necessary forces to replace them. The King will further give all facilities for the movement of British forces in transit across Irak.

By a further exchange of notes arrangements are made for the transfer to the Irak Government of the aerodromes and encampments of the British Air Force and the port works at Basra which were constructed during the war. The aerodromes will be purchased by the Irak Government at one-third of their original cost price, after the expiration of the period of five years during which the British Government may retain possession. The legal ownership of the railway system will be vested in the Irak Government, but the beneficial ownership will pass by lease or otherwise at a nominal rent to a special corporation to be constituted by the legislature; and the capital of the corporation will be divided between the British and Irak Governments, an amount of preferred stock representing the expenditure incurred in the construction being allotted to Great Britain. Of the five directors of the corporation two will be appointed by the British and two by the Irak Government, and the chairman will be chosen by the two governments in agreement. Similarly, the property of the Government at the Port of Basra will be transferred to the legal ownership of Irak; but the port will be administered by a special trust to be constituted by the legislature, so long as any debt owing to Great Britain in respect of the construction is outstanding. The British Government will have a voice in the appointment and management of the trust. In this way its financial interests will be protected, while the kingdom will become immediately the legal owner of its railways and ports.

The course of the new State, when it comes of age and has to "stand alone under the strenuous conditions of the modern world," may not run smooth. For Irak is a territorial compromise, without natural frontiers for the most part, and with ambitious neighbours. The mandatory Power has, indeed, helped to bring about an understanding between King Feisal and the neighbouring King of Nejd of the Hedjaz, who was the hereditary enemy of his family. In February, 1930, the Arab sovereigns came together on board an English warship in the Persian Gulf and reached an agreement of *Bon Voisinage*. It is possible that, when the kingdom becomes entirely independent, an adjustment of the frontier may be made with the neighbouring States which will simplify the position. But another difficulty for Irak will be the development of its economic resources. This is possible only with the help of foreign capital. The principal potential wealth of the country lies in the employment of its vast oilfields and the restoration of its irrigation system. From the beginning of its history, the development of its oil has been one of the dominant issues, and it is to-day a more tangled problem than ever. The country contains two great fields: that near Mosul, for which the Irak Petroleum Company has a concession, and that on the Turkish border, which is being worked by the Anglo-Persian Oil Company. The concession of the latter has been extended for a period of thirty-five years to 1936 and is in full working. The concession of the Irak Petroleum Company provides an exclusive right of prospecting for a period of four years; and the company is then required to select twenty-four plots, each of an area not exceeding eight square miles, and to begin the construction of a pipe-line from the oilfield to the sea. The period of prospecting has been extended by agreement until 1934, and the question of the course and outlet of the pipe-line has been under active consideration between the company and the English, French and Irak Governments. France has argued that the oil should be brought to a Mediterranean port under her control, and pressed for the immediate construction of a line to Tripoli or Alexandretta. On the other hand, the Irak Government desires that the pipe-line shall be carried to Haifa and be accompanied by a

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railway passing through the territory of Trans-Jordan and Palestine, which would best serve her strategic and economic interests; and a concession agreement, signed on January 12th, between the High Commissioner for Palestine and the Irak Petroleum Company gives the latter the right to construct a pipe-line ending just north of Haifa in the Bay of Acre.

In this criss-cross of interests, political and economic, another element enters. A rival group, the British-Oil Development Company, is pressing for a concession in the oilfields, and claims that the Irak Petroleum Company should be held strictly to its undertaking to complete prospecting within the time limit and select its twenty-four plots so that other companies should be able to take up other areas. On the other hand, the Irak Petroleum Company is not anxious immediately to work fully the Mosul field, because of the present glut of oil; but the Irak Government is anxious immediately to draw its royalties from full production.

So much for the intricate politics of oil. For the restoration of its irrigation system, which for centuries until its destruction by the Tartars, made Mesopotamia one of the richest countries in the world, the kingdom must depend largely on attracting foreign capital. And to secure that she will have to maintain the confidence of the older States. During her first ten years of tutored independence she has received liberal assistance, financial and military, from the guardian power, which has, on the one hand, provided the basis of material prosperity, and, on the other, preserved her from the dangers of attack during the years of infancy. Under the new treaty with Great Britain she will no longer be bound to follow advice in international and financial matters; but self-interest may lead her to continue to rely on that advice.

PUBLIC WORKS.

NEXT week the House of Commons will be asked to address itself on the one hand to a Conservative motion of censure on the Government for failure to effect economies in administrative expenditure, and, on the other hand, to a motion tabled for the Liberal Party by Mr Lloyd George expressing "grave concern" at the situation of unemployment, and calling upon the Government to formulate "an extensive policy for utilising the labour of the workless in useful and essential schemes of national development . . . the works to be such as are needed for the improvement of the national equipment, and the cost to be met by inviting subscriptions to public and national loans from the capital resources which now await investment." The types of work indicated in the motion as being "of public utility" are broadly those familiarised in *How to Tackle Unemployment*; and the restatement by Mr Lloyd George of his policy in regard to public works seems likely to awaken all the old controversy, whose gamut ranges from the proposition that capital expenditure by the State as a remedy for unemployment is ineffective, if not deleterious, to the thesis, at the other extreme, that if only the expenditure be sufficiently large a permanent upward swing from depression can be given to the trade cycle. This is a subject on which Parliamentary debate has created, and is likely to create, so much more heat than light, that it is worth while endeavouring, if possible, to disentangle the real issues from the confusion. A brochure just published by the International Labour Office on "Unemployment and Public Works,"* in which the action taken, the methods employed, and the purpose aimed at in various countries is summarised and examined, affords valuable assistance to this end.

In the first place, a clear distinction should be drawn between (a) "public works" proper, i.e., works executed (either by "direct" labour or through the medium of a contractor) under public authority for a specific and useful purpose inherent in the nature of the works, and (b) "relief works," the primary purpose of whose institution is simply to provide occupation—and wages—for

* "Unemployment and Public Works." (P. S. King and Son. 4s.)

the unemployed. True, the distinction is not always as clear in practice as it is in theory; but it is very desirable that it should be constantly borne in mind. For the present situation is such that there is a great body of unemployed workers who have no desire either "to dodge the column" or to batten on the Exchequer, but in whose case the danger of demoralisation through idleness is an increasingly serious factor. To counter that danger a strong argument exists for providing occupation, organised by the State or by local authorities, as a condition of receipt of benefit. For the sake of morale, as well as to eliminate sheer exploitation of an improvidently loose Act, the case for "test work" is very strong indeed. But let us be clear: such work, if instituted, is instituted for the sake of the unemployed, or to stop abuse of the "dole," not for its own sake. And this being so, the utility, or otherwise, of "relief works" proper is not a strictly relevant consideration. Given the State's obligation to provide a man with the means of subsistence in any event, the unemployed may as well remove dandelions from the Royal Parks or wash the grimy façades of Whitehall as stand at a street corner. To put in hand works of this kind might involve some additional expenditure; but if the amount of raw material and capital equipment were small it would be possible to introduce a system analogous to that recently in force in Germany without a great increase in the present expenditure on unemployment pay. But though such schemes might be of advantage sociologically, this does not imply that the occupations would *ipso facto* be economically useful, that they would carry with them the right to wages reckoned in terms of analogous ordinary employments, or that they would do anything at all to "cure unemployment."

On the other hand, we are not likely to do very much for the morale of the worker if we set him to work at a job which he knows to be more or less useless; and from the community's point of view there would be an immense gain if by launching plans on a commercial basis—paying standard wages, taking steps to secure competitive contracts, etc.—we could secure the social advantage of taking men off the dole and at the same time produce results which are worth their cost to the country either in immediate return or as an investment which will yield results in the future in the shape of increased efficiency, health or public well-being. But once again let us be clear: "public works" as thus defined must conform to commercial tests not only as to wages paid, but also from the point of view of efficiency both of labour, administration and technique.

Whether public works run on a commercial basis can increase aggregate employment in any given phase of the trade cycle and in any country is a matter which we have no space to argue fully here. We would only say that the Treasury Memorandum of 1929, which held that the issue of a loan for public works must, as a rule, reduce other employment at least in proportion by withholding capital from investment elsewhere, embodied an attitude barely defensible then and quite untenable to-day. To argue that no enterprise financed by public investment (whether the State or a private individual be the entrepreneur) can add on balance to the volume of employment is absurd; and though in 1929, considering the then attractive pull of Wall Street, a large State loan

might have raised the general level of interest in this country, no such immediate risk exists to-day.

In short, we endorse the general argument—put forward by Professor Bowley before the Poor Law Commission as long ago as 1909 but never seriously given experimental test in any country—that public works, planned in advance, should be retarded in prosperity and accelerated in times of depression; and, further, we believe that in the present situation of the capital issue and money markets a substantial Government loan for "works" could be raised without diverting a serious amount of capital from other enterprise or raising the general level of long-term interest. But there are qualifications. Trade depressions have often been caused by over-investment of capital in a particular direction, and the case of public works is certainly no exception. Moreover, it must not be forgotten that Britain's ordinary industrial equipment is desperately in need of drastic improvement, and when the tide turns the capital requirements of trade may not easily be met from a volume of savings which, though for the moment in excess of the demand, is small in proportion to our long-term needs. In other words, there are limits to the extent to which such public investments can be made with advantage, and if continued indefinitely they would undoubtedly prejudice private industry. Thus the policy of instituting "public works" on a large scale is unquestionably one to meet a temporary situation, whose drawbacks increase as the depression is prolonged, and cannot be put forward as a permanent cure. For though we may agree with Mr Lloyd George that conditions for raising a "development loan" are propitious, and that good would be done by pressing on to-day with a programme of reproductive public works, we do not for one moment think that such schemes could turn the tide or give such a stimulus to business as to overcome the causes of the present depression.

For the cure we must look elsewhere. "Public works," says the I.L.O. report to which we have already referred, "are not a cure for deep-seated causes of unemployment, but are a desirable means of providing employment for as large a number as possible of the unemployed while other steps are being taken to improve the economic situation, such as rationalisation, lowering of costs, international trade agreements, tariff agreements and so on." For Great Britain the implications of this caveat are peculiarly significant. A predominantly exporting country, Great Britain has suffered from persistent "secular" unemployment, quite apart from the present cyclical depression, as a result partly of out-of-date equipment but mainly of our attempt to maintain wages at a level out of all proportion to selling prices of goods and the productive efficiency of labour. A stimulus to domestic trade which resulted from "works" expenditure by the State, and whose results obscured the need for fundamental restoration of our lost balance between costs and prices, would be an unmitigated disaster.

PROGRESS OF THE U.S.S.R.

So far as can be judged from the latest official data, very substantial progress has been made during the second year of Russia's Five-Year Plan. Since its inception in October, 1928, the Piatiletka has seen two major changes. The first occurred in the autumn of 1929, when it was decided, in view of the unexpectedly high level of achievement, to revise all estimates in an upward direction. The second took place last September, when it was resolved that henceforth the economic year should be identified with the calendar year, instead of being reckoned from the beginning of October to the end of the following September. The object of the change was apparently not to prolong the year 1928-9 by three months because the estimates had not been realised, but merely to ensure that before the final plan for each succeeding year was adopted, the results of the all-important harvest should be available. Actually, for the transition period October 1, 1930, to December 31, 1930, popularised in Russia as the

"shock quarter," a special plan was prepared, and, judging by the results so far available, this has been largely fulfilled.

In Year II. of the plan, ended last September, the chief obstacles to the full realisation of the programme were found to lie in transport, fuel supply, and the mobilisation of labour. The unprecedented advance in industrial activity during the past few years has put a great strain on a transport system whose efficiency, even in pre-war days, was of a very moderate order. The supply of fuel, the keystone of the economic arch, failed to keep pace with general industrial expansion, partly owing to a shortage of labour in the mining districts and partly to the impossibility of sinking rapidly enough the necessary new shafts. The third problem was noteworthy in that for years Russia has had an excess, rather than a shortage, of at least semi-skilled labour; but the absorption of millions of workers in industry during the past few years has disclosed the necessity of carefully organising and planning the use of the available supply.

The official output figures of Soviet industry for the year to September 30th last show that, while the original estimates of the Piatiletka have in most cases been exceeded by a wide margin, the revised estimates have been realised only in isolated instances. The gross output of all State industry, valued in roubles at 1926-7 prices, is stated to have exceeded that of the plan's first year by 25 per cent., while for the two years combined, output amounted to 30,500 million roubles, compared with 29,300 million roubles provided for in the original estimates. In general, the heavy industries, upon which the greatest efforts were concentrated in 1930, record the most outstanding successes. Thus, the production of coal increased by 20 per cent., of iron ore by 41 per cent., of pig iron by 24 per cent., and of steel by 18 per cent. The output of crude oil considerably exceeded even the "revised" plan, with an increase of 26 per cent. instead of 18 per cent. In the manufacture of machinery the "revised" plan was likewise exceeded, though the output of agricultural machinery fell below estimates. In the timber industry, though complete results are not yet available in London, it seems probable that the estimates were not realised.

The production of consumers' goods was less satisfactory, partly as a result of comparative neglect and partly owing to a lack of raw materials. The output of cotton cloth, for instance, actually fell by 15 per cent. compared with last year, while a shortage of raw wool was responsible for the fact that the production of woollen goods increased by only 8 per cent. against the 16 per cent. projected. In the following table the comparative results in a number of industries are given for the first and second years of the plan, together with estimates, where they are available, of the output planned for 1931:—

PRODUCTION IN SOVIET RUSSIA.

Commodity.	Method of Measurement.	1928-9. Year I.	1929-30. Year II.	Year II. as % of Year I.		1931. Year III.
				Projected.*	Realised.	
Coal.....	Thous. tons	38,400	45,700	133	119	85,600
Iron ore.....	"	7,270	10,250	147	141	16,100
Pig iron.....	"	4,026	4,969	137	124	8,000
Steel.....	"	4,720	5,554	134	118	8,800
Oil.....	"	13,555	17,083	118	126	25,500
Agricultural machinery.....	Mill. roubles†	202.4	312.9	184	155	760
All machinery.....	"	1,413	2,101	144	149	2,483
Cotton.....	Thous. tons	347	299	112	86	410
Wool.....	"	52	63	†	121	†
Cotton goods.....	Mill. metres	2,830	2,414	111	85	†
Woollen goods.....	"	115	125	116	108	†
Electricity.....	Mill. kwts.	†	2.9	†	†	4.5
Cement.....	Thous. tons	2,181	2,969	151	156	†
Acids.....	"	360	485	152	135	†
Superphosphates.....	"	182	377	225	207	†
Rubbers.....	Thous.	15,920	20,072	114	126	†

* According to "revised" plan.
† Figure not available in London.
‡ Value in all years at 1926-7 prices.

In agriculture, progress was fairly general. The total area under cultivation in 1930 amounted to 127.7 million hectares, compared with 118 million hectares in 1929, while the grain harvest totalled 86.5 million tons, against 71.7 million tons in 1929, an increase of 20.6 per cent. It is now confidently hoped in Moscow that, granted a

succession of average harvests, the grain problem has been solved. There is still much to be done before the cultivation of technical crops reaches a satisfactory position, but in 1930 the area under sugar beet increased by 11.1 per cent. and the area under cotton by 23 per cent., though in the latter case the harvest was poor. On October 1, 1930, more than a fifth of all the peasant holdings in the U.S.S.R. were "collectivised," while in the grain areas of the Ukraine, Siberia, and the Upper and Middle Volga, the level of "collectivisation" reached 43.8 per cent. of the whole. The "socialist sector" of agriculture now provides over 50 per cent. of the total grain supply, compared with the 43 per cent. which it was hoped it would supply in 1933. At the same time, a marked increase has occurred in the proportion of livestock held in collective hands, and it is hoped to solve the livestock problem along the same lines as those which were followed in the organisation of grain production.

A part of the admitted hardships which the Russian people are enduring is attributable to the fact that the country is living for the future. Immense sums have been applied to capital investments and new construction during the last two years. Whereas during the three years which preceded the inauguration of the Piatiletka new construction formed only 18 per cent. of the total amount of capital works, in the Five-Year Plan it amounts to 54 per cent., or, if house-building is included, to 61 per cent. of the whole. While, in 1928-9, new industrial construction cost 430 million roubles, in 1930 it absorbed 1,000 million roubles, and in 1931 will take 3,700 million roubles of the national resources. During the past year the great tractor works at Stalingrad and the agricultural instrument works, Selmashstroi, at Rostov-on-Don, have been completed, while the "Turksib" railway was opened twelve months before the scheduled time. Work on Dnieprostroi, the large hydro-electric station near Zaporozhie, is proceeding in advance of estimates.

In the field of foreign trade, the second year of the plan brought considerable expansion. Exports from U.S.S.R. in 1929-30 totalled 1,002 million roubles, against 878 millions in 1928-9, a large proportion being represented by wheat, oil, and timber. Imports totalled 1,069 million roubles, as compared with 836 millions in the previous year. Thus the visible balance became adverse, but the export plan for 1931 suggests that shipments of the commodities above-mentioned will materially increase during the coming year.

As regards the condition of the workers, the Soviet Government claims that equally concrete achievements stand to its credit. The average wage paid to workers engaged in State industry has increased, in roubles, by 12.1 per cent. in two years. No satisfactory figures have been given, however, to show what is the real buying power of these wages. The number employed in 1930 was returned at 13,684,000, against a planned total of 12,793,000, and on October 1, 1930, 40.3 per cent. of the whole were working a seven-hour day, compared with 19.1 per cent. twelve months before.

According to the estimates for 1931, it seems that the greatest attention is to be devoted to the coal and metallurgical industries, and to oil. The planned output of coal, 83½ million tons, represents an increase of over 80 per cent. as compared with 1930. Pig-iron production is planned to increase by 60 per cent. to 8 million tons, steel production by 60 per cent. to 8.8 million tons, and oil by 50 per cent. to 25½ million tons. Production of agricultural machinery is to be more than doubled, and the output of electrical power is to be increased from 2.9 million kilowatts to 4.5 million kilowatts. The aggregate gross output of all State industry in 1931 is to exceed that of 1930 by 45 per cent., which means that 79 per cent. of the Piatiletka will have been fulfilled in three years. The total area under cultivation is planned to exceed 143 million hectares, against 128 million hectares in 1930, while in the grain belts 80 per cent. of the peasants will be "collectivised." The estimated national income for 1931 is 49 million roubles, at which figure it is practically equivalent to the original estimate for 1933. Wages in 1931 are to exceed those in 1930 by 6 per cent. while 92 per cent. of the workers in the industries controlled by the Supreme Economic Council will be working a seven-hour day.

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Past experience has shown how difficult it is for the foreigner accurately to forecast to what extent these astronomical estimates will be realised, for, while the progress made in the last two years is very remarkable, the "expectations" for 1931 are on a far more expansive scale. The points upon which greatest doubt may be felt are the adequacy of transport facilities to cope with the projected increase in production; the ability of the authorities to recruit sufficient skilled labour, particularly technicians; and, perhaps above all, the question whether the undoubted upward movement of "uncontrolled" prices (i.e., of articles not rationed in favour of the workers) may not impose too great a strain on the morale of the people.

IRON AND STEEL IN 1930.

From published monthly figures of output, supplemented by the best estimates available for those countries which do not publish monthly statistics, it appears that world production of pig iron in 1930 amounted to 78,650,000 tons, and of steel ingots and castings to 93,000,000 tons. In the case of pig iron this is 19 per cent. below the production of 1929, and in the case of steel 21 per cent. lower. Compared with 1913, pig-iron production was 1 per cent. and steel production 24 per cent. greater. Details are set out in the following table:—

WORLD PRODUCTION OF PIG IRON AND STEEL.

	1913.	1929.	1930.
(In millions of tons.)			
Pig Iron:—			
United Kingdom.....	10.26	7.59	6.20
Germany.....	10.73	13.19	9.54
France.....	8.93	10.20	9.85
Belgium.....	2.45	4.03	3.35
Luxemburg.....	2.51	2.86	2.44
Saar.....	1.35	2.07	1.88
Russia.....	4.55	4.24	4.88
Poland.....	†	0.69	0.48
Italy.....	0.42	0.71	0.52
United States.....	30.97	42.61	31.40
Canada.....	1.02	1.16	0.82
Other countries.....	4.71	7.88	7.29
Total.....	77.90	97.23	78.65
Steel Ingots and Castings:—			
United Kingdom.....	7.66	9.64	7.30
Germany.....	11.99	15.99	11.16
France.....	6.86	9.55	9.15
Belgium.....	2.43	4.07	3.32
Luxemburg.....	1.31	2.66	2.23
Saar.....	2.05	2.17	1.89
Russia.....	4.75	4.76	5.50
Poland.....	†	1.36	1.23
Italy.....	0.92	2.11	1.75
United States.....	31.30	56.43	41.20
Canada.....	1.04	1.39	1.01
Other countries.....	4.84	8.30	7.26
Total.....	75.15	118.43	93.00

It will be seen that the decline, compared with 1929, was general, but was most marked in the United States, Germany and the United Kingdom, where the reductions of steel output amounted to 27 per cent., 30 per cent. and 24 per cent. respectively. In France steel production declined by only 4 per cent., while in Russia output actually increased. Naturally the United States still occupies first place as an iron and steel producer, and contributed in 1930 about 40 per cent. of the world's.

output of pig iron and 44 per cent. of the world's steel output; but it will be noticed that France now takes second place in the list of pig-iron producers, having exceeded Germany's production by over a quarter of a million tons, although Germany retains the second place as a steel producer. Great Britain retains the fourth place in pig-iron production, but drops from third to fourth in steel production. In most cases production in the early part of the year was at a level only slightly below the average for 1929, but a decline began in the spring and continued unchecked to the end of the year. In the United States, for example, steel production in the fourth quarter of the year was only 57 per cent. of that in the first; in the United Kingdom 54 per cent.; in Germany 64 per cent.; in Belgium 74 per cent.; and in France 90 per cent.

In the United Kingdom home demand was poor owing to the depressed position of shipbuilding, engineering and other industries consuming iron and steel, while export demand was curtailed owing to the fall of silver in the silver currency countries and the disturbed financial or political conditions in some of our best markets for iron and steel, e.g., Australia, India and South America. Exports of iron and steel, which in 1929 amounted to 4,379,500 tons, fell in 1930 to 3,157,900 tons. In spite of the low home and export demand, however, imports of iron and steel amounted to 2,908,300 tons, or 86,000 tons in excess of the previous year.

That imports were higher than in 1929 and exports much lower was very largely due to the demoralisation of market conditions on the Continent. Towards the end of 1929 the Continental Steel Cartel had decreed a curtailment of steel production of 10 per cent., but this decision was not only taken too late; it was not adhered to when taken. If even the huge "rationalised" works on the Continent are to work economically they must operate nearly up to capacity, and the desire for low production costs led to over-production and price demoralisation. Continental sheet bars, for instance, which at the beginning of the year were quoted at £4 15s. f.o.b. Antwerp, were £3 15s. at the end of the year after having been some shillings lower; girders fell from £5 1s. 6d. to £3 16s.; and similar falls occurred in other iron and steel products. These prices were admittedly below cost, and the report on the "Economic Aspects of International Industrial Agreements" prepared for the Economic Committee of the League of Nations, in drawing attention to the failure of the Steel Cartel's proposals for controlling prices, states: "As a result, the price of metallurgical products dropped considerably, and is at present below cost price. This is an abnormal and indeed unendurable situation; there is a complete lack of stability in the metallurgical market which is as prejudicial for the consumers as for the producers."

In Great Britain the progress of the rationalisation movement has been somewhat slow, but considerable progress was made during the past year. As from January 1, 1930, the heavy steel departments of Messrs Guest, Keen and Nettlefolds and Baldwins, Ltd., in South Wales were taken over by a new company known as the British (Guest, Keen, Baldwin) Iron and Steel Company. In Scotland, Messrs David Colville and Sons, who had already taken over the business of Beardmore's in plates, sections and rails, amalgamated with James Dunlop and Company and formed a new company, to be known as Colville's, Ltd., with a capitalisation of £4½ millions. In Lancashire, the Wigan Coal and Iron Company, the Pearson and Knowles Company, and the Partington Iron and Steel Company were amalgamated into two corporations—the Wigan Coal Corporation and the Lancashire Steel Corporation. The amalgamation of Dorman Long with Boleckow Vaughan took place in 1929, and no further expansion of this group has yet taken place. In the Sheffield district, a scheme for the amalgamation of Messrs John Brown and Company, Ltd., and Messrs Thos. Firth and Sons, Ltd., was announced at the end of January, 1931.

It was quite impossible for British iron and steel manufacturers to follow Continental prices, and British prices

remained practically stable throughout the year. The Board of Trade price index for iron and steel fell from 115.2 in January to 108.9 in December, a fall of only 6 points, whereas the index for "all commodities" fell by 22 points. The fall in the case of the iron and steel index was due chiefly to reductions in the price of pig iron, since imports of Continental and Indian pig iron were assuming substantial proportions. As a result of the acute depression, the iron and steel industry has contributed more than its quota to the increase in unemployment which took place during the year; the percentage unemployed in pig iron manufacture, which was 12 per cent. in January, had risen to 35.7 per cent. in December, while in steel manufacture the percentages were 23.7 and 50.6 respectively. Nor is the outlook immediately promising; for it cannot be said that any marked improvement has appeared in any of the chief producing countries since the turn of the year.

IRISH PROSPERITY.

(BY OUR DUBLIN CORRESPONDENT.)

THERE has been a striking difference in tone between the speeches recently delivered by the chairmen of British and Irish banks. Whereas the speeches of the chairmen of the British banks were guarded, even pessimistic, as to the future, those of the Irish bank chairmen were decidedly optimistic. The Governor of the Bank of Ireland, for example, stated that, "although the country has not come unscathed out of the general wave of depression, it is a matter of congratulation that we have not suffered as severely as other parts of the world"; and the chairman of the National Bank said, "it is satisfactory to be able to point to the healthy condition of the Irish Free State and the steady progress it continues to make in face of world-wide depression. . . . It is forging ahead . . . the morale of the people is high and their standard of living is well maintained, thus bearing testimony to a high degree of economic self-sufficiency." Similar statements occur in the speeches of the other bank chairmen, and it is impossible to resist the conclusion that the Free State has escaped, comparatively unharmed, from the prevailing world depression. It may not be without interest to indicate some of the signs of this relatively fortunate situation, and to attempt to discover some of its causes.

For many years the volume of emigration has been accepted as a reliable index of economic conditions in Ireland. In good years emigration has always fallen, while in bad years it has invariably risen. The following table shows the number of emigrants from the Free State to overseas destinations in the past five years:—

Year.	Emigrants.	
	To U.S.A.	Total.
1926	26,367	30,359
1927	23,947	27,309
1928	21,775	24,800
1929	18,119	20,882
1930 (first 10 months)	13,680	15,359

It is obvious that the tide of emigration is tending to slow down. That this is not wholly the result of conditions in the United States is shown by the unbroken decrease that has taken place during a period which has witnessed phases both of prosperity and of depression in America. While it cannot be doubted that the recent slump in America has discouraged emigration, it would appear that there must also have been some internal factor affecting the movement in Ireland. The most obvious cause of a slackening of the stream of emigration would be an increase of employment at home, and the fact of such an increase having taken place is proved by the diminution in the number of persons receiving unemployment relief. This diminution in unemployment has permitted the Government to reduce the contribution by employers and employed to the Unemployment Insurance Fund, which will become solvent in the course of a few years in spite of the reduced rates of contribution.

The trade statistics for 1930 are also satisfactory and show a decided improvement in the visible balance of trade:—

Twelve months ending	Imports.	Exports.	Adverse Balance.
Nov. 30, 1929	£ 61,676,983	£ 46,549,675	£ 15,127,308
Nov. 30, 1930	56,931,782	45,205,119	11,725,663

The reduction in the adverse balance, it will be observed, is the result of a large diminution in the value of imports; and the maintenance of the value of exports is caused largely by the increased shipments of live stock at comparatively satisfactory prices. The numbers of cattle and pigs exported in 1930 were greater than in the previous year by 59,227 and 83,963 respectively, while the numbers of sheep and horses showed a decrease of 17,917 and 117 respectively. Thus, on balance, the exports of live stock of all sorts showed a substantial increase, and the value of the exports also increased in spite of the general fall in prices. This fortunate result was caused by the relatively slight fall that took place in the price of live stock and live-stock products. The following table, quoted by Mr Colbert at the annual meeting of the Agricultural Credit Corporation, shows the decline in the price level of different groups of commodities between the average price of 1928 and the price prevailing on November 30, 1930:—

	Percentage Fall.
Vegetable foodstuffs.....	32.8
Animal foodstuffs	11.5
All foodstuffs.....	23.6
Industrial materials.....	28.8

Towards the end of the year cattle prices showed a downward tendency, and a sharp slump took place in the price of butter; but, taking the year as a whole, the decline in the prices of the principal products of Irish agriculture was more than offset by the fall in the price of feeding stuffs and other raw materials of agricultural production. The course of prices during the year amply justified the Government's policy of refusing to place any artificial impediment in the way of importing feeding stuffs, or to encourage, by means of tariffs or subsidies, the home production of cereal crops.

The public credit of the Free State improved considerably during the year. A loan of £6,000,000, bearing interest at 4½ per cent., was floated at 93, and its price is now above par, while the earlier 5 per cent. loans now stand at a higher price than the British Five per Cent. War Loan. An issue of 5 per cent. mortgage bonds by the Agricultural Credit Corporation at the price of 101 was heavily oversubscribed, and it may be taken that the Free State can now borrow all the money it requires at 4½ per cent. Dublin bank clearings were greater than in 1929, and the five principal banks operating in the Free State succeeded in increasing their profits and maintaining their dividends. The advances of these five banks declined by only 1.3 per cent., compared with a decline of nearly 6 per cent. for the "Big Five" banks in Great Britain. In short, the readings of all the "economic barometers" are comparatively satisfactory; if the glass is not rising, it has not seriously fallen.

It is obvious that the relatively high price of live stock is the principal cause of the Free State's having avoided the full impact of the economic depression. Moreover, the agricultural products in which the Free State specialises are all articles of good quality, consumed mainly by better-off people whose purchasing power in those directions is not sensitive to fluctuations in industrial prosperity. The concentration of production on such commodities has been encouraged by the Government's agricultural programme, which has aimed at an increased output of live stock and live-stock products of high and uniform quality. In pursuance of this policy, the breeding of cattle and swine and the manufacture and export of meat and dairy produce have been placed under strict regulation and control, and an attempt has been made to reduce costs of production in every direction. The wisdom of this policy is being partially demonstrated in the present depression, but it will not be fully realised at its true value until prices once more begin to rise.

Indeed, it might be said generally that the economic policy of the Free State, in contrast with that of some of its neighbours, has aimed at increasing the size rather than at improving the distribution of the national divi-

dend. The whole agricultural programme has aimed at bigger and better production; even the recently imposed duty on imported butter is justified by its supporters on the ground that it will encourage winter dairying and thus increase the volume of the output of butter available for export. The tariff on industrial products has also increased production in some of the protected trades, and the harnessing of the Shannon has provided a plentiful supply of cheap electric power, which will undoubtedly encourage productive undertakings.

In comparison with its "productional" programme the Government's "distributional" programme has been very modest. Every demand that the Free State should extend its social services whenever they were extended in Great Britain and Northern Ireland has been sturdily resisted, with the result that these services are at the same level as that at which they stood in Great Britain in 1921. The unemployment insurance fund has been very strictly administered and has been kept on a sound actuarial basis. Except during a brief period of acute distress several years ago, no uncovenanted benefit or "dole" has ever been given. The absence of the "dole" has unquestionably reduced the volume of unemployment, because wage rates have proved more elastic than they would have been if unemployment relief were available on the British scale. In this connection it is important to remember that the majority of the productive workers in the Free State are farmers and their families, who are not paid money wages, and that there is therefore no problem arising out of the "lag" between prices and wages. The fall in prices is transmitted direct to the primary producer, and the problem of unemployment, through resistant wage levels, is avoided.

The Government's refusal to extend social services and its strict insistence on economy in all branches of public expenditure have enabled taxation to be kept at a relatively low level. Income tax has been reduced to three shillings in the pound and shows no sign of rising again. The annual budget balances, and the public debt is very small—about £6½ per head of population, or 70 per cent. of one year's normal revenue. Moreover, the greater part of the debt was incurred in respect of productive undertakings, such as the Shannon Scheme and the improvement of agriculture. Owing to the excellent financial settlement made in 1925, the Free State has escaped from the burden of the British war debts, and it is not burdened with any of those international payments arising out of the war which are proving such an embarrassment to other countries. Apart from two terminable annuities amounting to £850,000 and the sums collected in respect of pre-Treaty advances for land purchase which are payable to the British Government, there are no items in the Free State's international payments that do not represent real commercial or financial transactions.

It must not be taken from what has been said above that the Free State is not confronted with many economic problems and difficulties. What country is free of them to-day? There is much poverty, both rural and urban, and there is still room for a great development of production and for an improvement in the general standard of living. An attitude of complacent optimism would be completely unjustified. The point is that, during a period of world-wide economic disequilibrium, when nations have been afflicted with innumerable evils caused by forces outside their own control, the Free State has escaped the worst ravages of the storm.

Notes of the Week.

A Warning from the Treasury.—Any lingering remnants of complacency with regard to the situation of the Unemployment Insurance Fund and the terms under which benefit can be claimed as a result of the Government's ill-timed Act of 1930, are likely to be shattered by the disquieting evidence in the form of a Treasury Memorandum presented to the Royal Commission on Thursday of last week. Sir Richard Hopkins, Controller of Finance, tabled figures of Exchequer contributions to,

and net borrowings by, the Fund summarised in the following table:—

UNEMPLOYMENT INSURANCE. (£ millions).			
Financial Year.	Exchequer Contributions.		Net borrowing by Fund.
	Ordinary Contribution.	Transitional Benefit.	
1928-29	11.75	...	11.43
1929-30	15.43	3.98	2.99
1930-31*	14.97	22.00	33.36
1931-32†	15	35-40‡	40-50

* Estimated.

† Conjectural estimate based on existing situation.

‡ Possibly more.

The effect on the Budget of the tremendous growth disclosed above in the cost of "transitional" benefit now payable directly by the Exchequer to those whose claims to ordinary benefit have lapsed, requires little emphasis. Equally serious is the steady increase in the Fund's net borrowings from the Treasury by way of loans, whose repayment, unless the task is transferred to the shoulders of the taxpayer, is very questionable. Sir Richard put the point cogently: "These vast Treasury loans are coming to represent in effect State borrowings to relieve current State obligations at the expense of the future." He added the grave warning: "Continued State borrowing on the present vast scale without adequate provision for repayment . . . would quickly call in question the stability of the British financial system." The Government Actuary, Sir Alfred Watson, giving evidence to the Royal Commission on the same day, pointed to the fact that not only had transitional benefit become in many cases "a pension" whose cost was far in excess of anything contemplated by Parliament when the last Act was passed, but that claims of many types now admissible under the Act were flagrantly at conflict with sound insurance principles. He instanced "short-timers," women who had left employment on marriage, coal trimmers earning £5 to £7 a day on two days a week, even professional footballers drawing high salaries but nominally unemployed on four days of the week, as types of claimants who could continue to enjoy existing benefits only if the contributions to the Fund were "loaded up to meet them"; and, as Sir Alfred rightly added, "the injustice of such an impost to industry, to workers generally and to the taxpayer need not be laboured." It is obvious that the present situation cannot be allowed to continue while the Government drifts on Micawber-like in the hope that some improvement in trade and employment will turn up. We are glad to note that the Treasury Memorandum has Mr. Snowden's "approval"; and we earnestly trust that the Royal Commission will lose no time in issuing an interim report giving its views as to immediate practicable policy aimed, if not at completely restoring the solvency of the Fund (though this must be the ultimate objective), at least at checking the present profligate drain.

The Trade Disputes Bill.—A week ago it appeared that one of the difficulties threatening the progress of the Trade Disputes Bill in Committee had been removed by the statement of the Solicitor-General that in his view the 1926 "general strike" would not have been legal under the terms of the new Bill. Assuming that this represented the Government view and intention, we suggested that there should be no difficulty in amending Clause I. so as to render the position quite clear. But now the position has become completely confused once more. Speaking at Watford on Friday of last week, the Prime Minister said: "The strike of 1926 was not a political strike. If it had been a political strike, this Bill would have made it illegal; if it was an industrial strike, this Bill ought not to make it illegal." This pronouncement induced Mr. Neville Chamberlain to invite Mr. MacDonald by letter to clarify the position. So far as

it has gone, the resulting correspondence has thrown no new light on the vexed question; for Mr. MacDonald evaded the real issue—which is whether the Government intend the Bill to legalise events such as those of 1926—and contented himself with saying that the opinion of the court on the events of 1926 was never taken, and that it was a point that neither he nor the Solicitor-General could finally decide. Mr. Chamberlain thereupon replied, making two points: (1) That he assumed the Prime Minister's belief to be that a recurrence of the events of 1926 would be made legal by the present Bill; and (2) that, in the view of the Solicitor-General, if that be the intention of the Government, it is not carried out by the Bill. The next word lies with the Prime Minister, who appears to be impaled upon the horns of a dilemma. Unless he agrees to amendments of Clause I. making it clear that a repetition of the 1926 strike is not legalised, he has no chance whatever of getting the Bill through the Committee stage. On the other hand, Mr. Hayday, the Chairman of the Trades Union Congress General Council, has stated that, if the general strike is ruled out by the Bill, then the T.U.C. has no further interest in the Bill. It is not easy to see where Mr. MacDonald can find a loophole of escape, and the Bill begins to look more than ever moribund.

Mr. Churchill's Lonely Furrow.—The interesting but chequered political career of Mr. Winston Churchill has this week entered upon a new phase. After representing Oldham in the Conservative interest from 1900 to 1904, he then crossed the floor, and from 1906 was almost continuously in high office, first with the Liberal Government, and then with the three war and post-war Coalitions until 1922. After an interval of two years he returned to his first love and became Chancellor of the Exchequer in Mr. Baldwin's second administration from 1924 to 1929, during which period he veered from strict Free Trade to a sort of fiscal "no-man's land" in which the feature of the landscape was a tariff for revenue. For the past five years he has overcome Conservative doubts of his orthodox Conservatism by his vigorous and untiring opposition to Socialist policy. Now this kaleidoscopic career has taken a new turn. Following his dissident speech on Indian policy, and its open disavowal by Mr. Baldwin, Mr. Churchill has withdrawn from the Conservative "Shadow Cabinet," and a courteous interchange of letters between himself and his leader reveals that, although there is no difference between the two in their opposition to the general home policy of the Government, the rift between the ex-Premier and the ex-Chancellor on the question of India is too deep to be bridged. So Mr. Churchill, although retaining his seat on the Front Opposition Bench, has withdrawn to a position of political isolation, which he has lost no time in emphasising by a vigorous speech at Manchester last week-end. What next? In the case of a personality so volatile and a past career so consistently, if brilliantly, inconsistent, prophecy is dangerous. Mr. Churchill has time and again shown an amazing ability to swim back into the main stream of popular opinion. But circumstances to-day are against him. In endeavouring to annul the work of the Round Table Conference he is making a futile attempt to put back the hands of a clock which has been wound up by the co-operative efforts of the three British parties. We have no doubt that he will plough his new furrow resolutely. But it is a very lonely one.

Italy's Flag at Kufra.—The Italian occupation of the Kufra oasis, the headquarters of the Senussi Muslim militant order in the depths of the Libyan desert, is a notable feat. Kufra lies some 500 miles south of the Mediterranean coast of Cyrenaica and 400 miles from the nearest oasis, Jalo; and 250 of these 400 miles are without water, food or fodder. This was the route taken by one of the two Italian columns which converged upon Kufra. The other column marched from Fezzan, the country in the hinterland of Tripoli, to the west of Kufra, which was occupied by the Italians last year—or, rather, reoccupied, since the Italians held Fezzan for a moment in 1914. Thus the effective Italian occupation of the

ex-Ottoman provinces of Tripoli and Benghazi, with their hinterlands, has been completed in the twenty years which have elapsed since the beginning of the Turco-Italian War of 1911. With the defeat and dispersal of the Senussi warriors, there remains no native force in North Africa which can stand up against the Italians. Such questions as are still outstanding are all between Italy and other European Powers. The occupation of Kufra does not affect the relations between Italy and Egypt; for the Italo-Egyptian Treaty of 1925 settled the Libyan-Egyptian frontier from the coast of the Mediterranean southwards as far as the boundary between Egypt and the Anglo-Egyptian Sudan, which the Libyan-Egyptian frontier strikes at right angles at the intersection of longitude 25 E. and latitude 22 N. Between the south-west corner of Egypt at this point and the north-east corner of the French territory of Equatorial Africa, which was fixed in 1923, by an Anglo-French agreement, at the intersection of longitude 24 E. and latitude 19 degrees 30 N., there is a gap where Italian Libya marches with the Anglo-Egyptian Sudan. The Italian occupation of Kufra raises the question of fixing a frontier here; and on Monday night Mr. Dalton stated, in the House of Commons, in answer to a question, that the matter was engaging His Majesty's Government's attention. There is no reason to anticipate that a settlement will be difficult; for in this region of "very light soil" (to quote Lord Salisbury's famous phrase) it does not matter very much to either party whether the line on the map is drawn rather further to the north-west or to the south-east, as the case may be. The crux will be the frontier between Italian Libya and French Equatorial Africa; for here the Italians would like to see the "rectifications of African frontiers in Italy's favour" (which the French and British Governments promised as a *quid pro quo* when Italy intervened in the Great War) interpreted by a sweeping gesture which would bring Italian territory down to the shores of Lake Chad. This is something which the French are in no mood to grant; and there are possibilities of sore feeling here.

The Gallows in Turkey.—It will be remembered that, several weeks ago, there was an abortive revolt against the present régime in Turkey at the little country town of Menemen, on the west coast of Asia Minor, a few miles north of Smyrna. Of the 105 persons who have been tried by court martial on account of this affair, no fewer than 37 have been condemned to death and 41 to various terms of imprisonment, while only 27 have been acquitted. The sentences, as they stand, are startling in their numbers and in their severity; and the seriousness with which the Government has taken this seemingly insignificant revolt is particularly interesting in view of the religious complexion which the revolt assumed. The moving spirits appear to have been a Naghibendi dervish abbot, Sheykh Esad (aged 93; on hearing his sentence, he died of shock), and his son, Mehmed Ali (aged 64). These dervishes were breaking the law of the Turkish Republic by the very fact of keeping up the practices of their order; for all dervish orders were suppressed in 1925, and the majority of those who could not bring themselves to abandon the religious life went into exile. For instance, the famous community of Mevlevi dervishes ("the spinning dervishes") which had lived for more than six centuries at Konia has now found asylum, under the French mandate, at Aleppo. Evidently the Turkish Government is alarmed to discover that some members of the forbidden orders have kept their orders alive, in secret, on the territory of the Republic for half a dozen years; and, not unnaturally, this alarm is increased when these crypto-dervishes are found to have instigated a revolt against the Government's authority. This is the first militant reaction, in the name of religion, against President Mustafa Kemal's secularising policy during the span of ten years which has elapsed since his first open breach with the Islamic "Establishment." In 1920, the last Ottoman Sultan-Caliph procured a legal opinion from the Sheykh-al-Islam (chief Islamic jurisconsult) of Turkey, declaring that "the Kemalists" were enemies of religion and that the Faithful ought to rise up against them. But

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this antiquated squib made no splutter; and it was not Kemal and his policy but the Sultanate and the Caliphate and Islam itself that went to the wall. Islam suffered blow after blow at the Ghazi's hands, and this year's incident at Menemen is the first overt attempt that there has been to answer force with force. Hence, no doubt, the Government's determination to show its teeth. Yet we may doubt whether, even on this occasion at Menemen, religious feeling was the real driving force behind the *émeute*. It seems more probable that the dervishes found a following because of the desperation arising out of the economic misery which is now acute in all parts of Turkey, and perhaps nowhere more than in the Smyrna district. If this diagnosis is correct, death-sentences are no cure for the disease.

More Trouble in Brazil.—The new régime which came into power in Brazil as a result of the civil war of last October has received its first serious challenge. In the Northern State of Piahy, the local State militia, led by civilians, have overthrown the Commissioner who had been appointed to govern the State by the present Provisional President at Rio de Janeiro, Dr. Getulio Vargas. There is nothing surprising in this news, for an upheaval like that of last October was unlikely to cure either the economic or the political ills which gave the stimulus for it. The economic ills of Brazil are those which are common, to-day, to all countries in the world whose national economy depends on the world-price of certain foodstuffs and raw materials; and falls in world-prices cannot be cured by local revolutions. Hence, the economic incentive to unrest in Brazil is, presumably, as strong since the October revolution as it was before. Nor was there much reason to expect that the political cause of the October revolution would have been removed once for all by the victory of the revolutionaries—though this political, in contrast to the economic, factor is really something peculiar to the Brazilian situation. The fact is that the political unity of the immense area covered by the

United States of Brazil has always been something of a *tour de force*. At the time when Latin-American independence was achieved, the ex-Spanish colonies split up into more than a dozen separate republics, while the ex-Portuguese colonies, after their secession from the mother-country, maintained their unity with one another, first as a Brazilian Empire and latterly as a United States. Hitherto, the unity of Brazil has been maintained by the rather crude method of a virtual monopoly of political power on the part of the Central States, in the immediate neighbourhood of the Federal capital, Rio. A clique of politicians from these States practically controlled the Federal Government, keeping office, and the fruits of office, for themselves, and leaving the distant States out in the cold. The revolution of last October represented a joint effort, by the outlying States, in the south and in the north alike, to bring this unsatisfactory condition of affairs to a close. The converging movement of the Northern and the Southern forces upon Rio was victorious; but the Southerners (who correspond, in the Antipodes, to Northerners in our part of the world) were the predominant partners in the alliance. Dr. Getulio Vargas is their man; and the Northern States of Brazil are now evidently feeling that the October revolution has not done much for them. They have simply helped the South to capture the monopoly of the Federal Government from the Centre, while the weaker North finds itself out in the cold again. This feeling led the Commander of the Northern revolutionary armies, General Juarez Tavora, to withdraw at an early date from Dr. Vargas's Government, in which he had been given a subordinate post. It is now announced that he has obtained from Dr. Vargas a commission to pacify the Northern States by investigating their grievances; and it seems safe to prophesy that more will be heard of him. It is to be hoped that another civil war will be avoided.

Australian Wages.—Events have quickly confirmed the suggestion made in the *Economist* last week that the resignations of Mr Fenton and Mr Lyons might prove a heavy price for Mr Scullin to pay for the reinstatement of Mr Theodore as Treasurer to the Commonwealth Government. Early this week the result of the Parkes, New South Wales, by-election was announced; and it was found that a Labour majority of 8,774 had been turned over into a Nationalist majority of 7,524. It is reasonable to discount the rejoicings and explanations of the respective parties, and also to recall that Parkes is normally a Nationalist seat. Even so, it is a significant reply to Mr Scullin's vacillations on Australia's pressing financial problems, including the Niemeyer recommendations; and still more to the extravagant claims put forward by Mr Lang, the New South Wales Premier, immediately following his recent victory at the polls. Unfortunately, there is ground for fearing that Mr Scullin regards the Parkes defeat as good ground for making further attempts to mollify the extreme elements in his party. Two days later, Mr Brennan, the Federal Attorney-General, applied to the Arbitration Court for the postponement of its recent award reducing the basic wage by 10 per cent. from February 1st to May 1st. In support of his application, he submitted an affidavit to the effect that wage reductions alone would not materially alter the situation, and that, apart from controversial banking and currency questions, many other changes were necessary for spreading the sacrifice equitably and concurrently among all sections of the community. It is reported that discussions which have been proceeding between Mr Scullin, Mr Theodore, and Sir Robert Gibson, the chairman of the Commonwealth Bank, are now approaching fruition; and Mr Brennan in his affidavit outlined many headings which between them covered the whole field of monetary policy, the national finances, and the relation between prices, wages, and interest rates. This suggests that Mr Scullin is hoping to produce some concerted plan that will solve in one operation all the problems created by the fall in prices, and by Australia's attempt to maintain a standard of living out of all correspondence with prevailing world conditions. Australia is not the only country to be faced with that problem, for we too are beginning to realise its many

and grave difficulties. The danger is that while in theory Mr Brennan's application may be justified, in practice it may well mean that, if the Arbitration Court accedes to Mr Brennan's request, the operation of its award, which after all is a necessary step towards readjustment, will be postponed until the Greek Kalends.

Cotton Trade Lock-out.—Despite further efforts to bridge the differences existing between the two sides, there are no signs of a settlement of the labour dispute in the Lancashire cotton industry. The conversations initiated by the Prime Minister in London at the end of last week were not fruitless, but the end was very disappointing. There was some progress in the fact that both the employers and the representatives of the operatives agreed that the basis of settlement should be a further trial period of the more looms per weaver system. When the details were discussed, however, the proceedings broke down. In the first instance, the employers suggested that the system should be tried at 23 mills in 13 districts, but this proposal was later modified to 14 mills in 6 districts, 5 of the mills to be at Burnley. On the other hand, the trade union officials insisted that the trial should be limited to three mills in three districts. The idea of the employers was that the system should be confined to 80 to 100 looms in each shed, so as to enable a large number of firms to take part. Owing to the failure to agree, the representatives left London, but on Tuesday last, writes our Manchester correspondent, there was a conference in Manchester between the employers and the Northern Counties Textile Trades' Federation, an organisation of which the Operative Weavers' Amalgamation is a member. It was announced at the close, however, that no progress had been made and that a delegate meeting of the Operative Weavers' Amalgamation had been called to be held in Manchester on Saturday. It is evident the influence of the Prime Minister and other Cabinet Ministers has had very little effect upon the negotiators. In a letter sent to the leaders of both sides Mr MacDonald points out very truly that the prolongation of the dispute "will contribute nothing in the way of evidence by which these divergent opinions can be justified, nor will the industry be placed in any better position to deal with the many other problems with which it is confronted." There is every appearance of each side trying to tire the other out. It is well known that a big majority of the employers in Lancashire who have locked out their operatives have nothing to gain by the introduction of the more looms per weaver system. So far, these firms have been distinctly loyal to their colleagues, but there must be a limit to the sacrifices which can be made under the circumstances. On the other hand, there is by no means unity amongst the operatives, and a section of the extremists has protested against the Executive Committee negotiating with the employers in face of the recent ballot, which was decidedly against such action. So far as the employers are concerned, there is a danger of a truce being arranged with the trade union leaders and the agreement not being ratified by the rank and file of the operatives.

Our Index Number.—A further downward plunge of prices carried our index number at the end of January to a fresh low level at 63.3 (1927 = 100), a fall of 3.5 per cent. on the month, following a decline of 3.1 per cent. in December. As compared with a year ago, the average level of prices as measured by our index number has fallen by 23 per cent. :—

AVERAGE, 1927 = 100.

End of	Jan., 1930.	Oct., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.
Cereals and meat	89.2	76.8	73.2	70.0	67.4
Other foods	83.1	73.7	70.2	71.0	69.5
Textiles	76.7	55.8	55.1	51.4	49.2
Minerals	52.6	79.1	79.0	78.0	75.3
Miscellaneous	88.0	77.7	77.8	75.2	72.6
Complete Index	86.1	72.4	70.9	68.7	66.3

In the cereals and meat group, which showed a fall of 3.7 per cent., movements were irregular, the heaviest declines being registered by beef and mutton prices, maize and home-grown wheat, whereas Canadian wheat, barley, oats and potatoes were dearer. Among other foods, refined sugar, Canadian cheese and tobacco were the only exceptions to a general downward movement, but the amounts of fall were comparatively small. In the textiles group, cotton prices were firmer, but severe declines occurred in the prices of wool, flax and hemp, with the result that the group index figure fell by 4.3 per cent. The minerals group was 3.5 per cent. lower, reflecting further weaknesses in non-ferrous metal prices and a reduction in the price of Cleveland pig iron. Among the miscellaneous commodities in the concluding section, linseed oil and rubber figured prominently among the declines :—

	Inc. (+) or Dec. (−) per cent. compared with			Inc. (+) or Dec. (−) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign	+ 9.2	− 44.8	Flax	− 8.6	− 43.9
Wheat, English	− 9.7	− 43.5	Hemp	− 15.2	− 43.3
Flour	− 6.4	− 42.1	Jute	− 1.6	− 42.5
Barley	+ 3.0	+ 0.9	Textiles	− 4.3	− 35.9
Oats	+ 4.5	− 16.9	Pig iron	− 7.9	− 19.3
Rice	− 8.4	− 39.8	Steel rails	...	...
Maize	+ 3.7	− 23.8	Iron bars	...	...
Potatoes	+ 8.3	+ 73.3	Timber	− 1.6	− 18.7
Beef, English	− 9.5	− 10.9	Coal, Welsh exp.	...	− 0.6
Beef, Argentine	− 21.4	− 24.0	Coal, Durham gas ...	...	− 8.9
Mutton, English	...	− 2.4	Coal, household	...	+ 9.5
Mutton, New Zealand ..	− 15.0	− 35.7	Lead	− 10.8	− 37.0
Bacon, Danish	− 2.4	− 44.9	Tin	− 2.2	− 35.5
Cereals and meat	− 3.7	− 24.4	Copper	− 5.0	− 38.6
Tea	− 6.2	− 1.8	Spelter	− 9.5	− 37.0
Coffee	− 2.0	− 29.4	Minerals	− 3.5	− 18.7
Cocoa	− 3.0	− 22.6	Timber, English	− 7.1	− 7.1
Sugar, cane	− 2.4	− 8.0	Timber, Swedish	− 2.8	− 7.9
Sugar, refined	+ 1.3	− 10.2	Cement	− 4.3	− 11.9
Cheese, Canadian	...	− 21.6	Hides	...	+ 4.8
Butter, Danish	− 2.8	− 19.8	Leather	...	− 11.4
Coconut oil	− 3.7	− 22.4	Petrol No. 1	...	− 4.2
Tobacco	...	− 6.7	Petroleum oil	...	− 20.0
Other foods	− 2.1	− 16.4	Fuel oil	− 2.2	− 38.8
Cotton A.	+ 6.5	− 35.7	Tallow	− 2.3	− 38.8
Cotton E.	+ 16.2	− 37.2	Rubber	− 7.3	− 48.3
Cotton yarn	+ 1.3	− 31.2	Soda, crystals	...	− 8.3
Cotton cloth	+ 1.3	− 19.6	Sulphate of ammonia ..	− 3.5	− 14.8
Wool, English	− 11.1	− 35.1	Cresote	...	− 17.5
Wool, Australian	− 37.3	− 38.5	Miscellaneous	...	...
Wool tops	4.8	− 22.2			
Blilk	+ 4.6	− 40.0			

If 1924 be taken as 100, the current figure of our index number works out at 57.3, as compared with 59.4 at the end of December, and 74.4 a year ago. In a final table we show the index expressed as a percentage of the average for 1913 :—

AVERAGE, 1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscel- laneous.	Complete Index.
Average, 1924	168.5	215.8	214.7	149.3	122.6	166.2
" 1929	143.0	173.5	144.7	119.5	105.0	132.8
" 1930	119.5	156.1	101.1	104.6	94.7	111.5
End Jan., 1930	131.6	168.0	120.4	115.8	102.1	123.7
" Dec., 1930	103.3	143.6	80.7	97.5	87.3	98.1
" Jan., 1931	99.5	140.5	77.2	94.2	84.3	95.3

There was little in the technical position of the chief markets at the end of January to warrant the inference that the recession in prices has yet reached finality.

French Rentes and British Holders.—The publication in the form of a White Paper (Cmd. 3779 of 1931) puts *finis* to a controversy in which strong moral claims have had perforce to yield to unassailable legal rights. In the series of despatches, dated from last July to December, the British Government did its best for the holders in this country of French war loans, whose capital value has depreciated through the devaluation of the franc from £50 millions to £13½ millions, but the Government of the Republic, having declined to assent to the final

suggestion that the question "should be referred by agreement to an arbitrator of high international standing who should be asked to decide the equity of a just basis" for repayment, there is no more to be said. In any event it would be difficult now to trace in all cases the persons upon whom the brunt of this serious loss has fallen, since the stock may have changed hands several times. Whether France has been well advised to stand on the letter of the contract, notwithstanding the fact that her claim for transport of British troops during the war was settled at 27 francs instead of 92 francs to the £, is another matter. It is at any rate difficult to follow the French contention that generous treatment of British bondholders of the loans of 1915-18 would have created "a precedent which might undermine the monetary reform achieved in France in 1928."

M. Moret's Report.—M. Moret, in his first annual report to the shareholders of the Banque de France, was at some pains to explain and justify the recent huge additions to French stocks of monetary gold. Those who have been inclined to regard France as deliberately the villain of the piece would be well-advised to give his report careful consideration, for it makes it clear that within the limits of its powers the Banque de France has endeavoured to counteract the influx of gold. Instances of this are to be found in M. Moret's references to the two reductions in Bank rate made during the past year, in the bank's efforts to extend the use of international acceptances expressed in francs, and in the part it played in the constitution of the Banque Française d'Acceptations and in encouraging foreign bill operations in the Paris market. M. Moret emphasised the desire of his country to re-establish Paris as an international long-term capital market, and called attention to the substantial tax concession recently made by the Government at the recommendation of the bank. M. Moret also said that it was the ardent desire of the Banque de France to maintain the closest and friendliest relations with other central banks, and that the existence of the Bank for International Settlements was furnishing the Governors of the banks of issue with welcome opportunities for regular and fruitful meetings. So far, M. Moret had a strong and timely case to present, but other passages of his report reveal that he was also conscious of the weaknesses of the French position. He passed over, it is true, the inability of the Banque de France to adopt and execute an open-market policy, and he apparently did not feel free to discuss any connection there might be between French gold imports and the immobilisation for long periods of large Treasury and Caisse d'Amortissement balances in the Banque de France. He did, however, concede that French banks, on several occasions during 1930, in order to meet demands for francs from their customers, "were naturally induced to call home a portion of their not very remunerative foreign balances rather than resort to the rediscounting facilities of the Banque de France"; and he admitted that a large number of the fresh notes issued against gold acquisitions during the closing weeks of 1930 did not pass into active circulation, but were "very certainly hoarded." Thus M. Moret's report confirms the view already expressed in the *Economist*—that the Banque de France is anxious to co-operate to the full in establishing world monetary equilibrium; but that it is still prevented from doing so by the prevailing state of French public opinion, by the definite limits to its powers, and by the restricted character of the Paris money market.

Railways and Road Transport.—A correspondent writes:—The official announcement last Friday of the agreement reached between the L.M.S. Railway and Todmorden Corporation, whose pioneer municipal omnibus service commenced operation as far back as January 1, 1907, marks a further step taken by the railway companies to secure interests in municipally-owned omnibus services. As in the case of the four other Yorkshire Corporations, Huddersfield, Leeds, Halifax and Sheffield, with which

agreements have for some time been concluded, a Joint Omnibus Committee will be formed, consisting of an equal number of representatives of the Corporation and the railway company; and expenses and profits will be shared on an equal basis. It is now understood that there are also five Lancashire Corporations with which the L.M.S. Railway are anxious to secure close working agreement, and already negotiations are progressing with the Corporations of Lytham St. Annes and Blackpool. Although the L.M.S. Railway have thus made considerable headway with what has now developed into a settled policy of securing an interest in as many municipally-owned road services as possible, they are not the only railway company to develop their road powers along these lines. The L.N.E.R. have an equal interest with the L.M.S. Railway in the Leeds, Halifax and Sheffield services and have recently offered to purchase both the buses and trams of the Middlesbrough Corporation; while the Hants and Dorset Motor Services, in which the Southern Railway have a one-third interest, have also approached Bournemouth Corporation. The reason for this development on the part of the railway companies is not far to seek. The Omnibus Bill, which was designed to facilitate and stimulate the running of public service vehicles by local authorities, was incorporated bodily into the Road Traffic Act (as Part V), and since so much attention was given to municipal omnibus services it was reasonably assumed that when the Traffic Commissioners come to review the road services operating within their respective areas, and to examine the extent, if any, to which competing services overlap, preference may be given to services owned by local authorities.

The Deep Sea Fisheries.—The landings of British and foreign caught fish, together with imports, at the ports of Great Britain in 1930 had a first-hand value of over £23½ millions sterling, or slightly more than a million less than in 1929, though the quantity in 1930 was larger. The following is an abstract of the official returns issued by the Ministry of Agriculture and Fisheries:—

	Weight in Cwts.		Value.	
	1929.	1930.	1929.	1930.
British caught—				
England and Wales...	14,287,296	15,677,789	£ 14,444,058	£ 14,143,559
Scotland	6,774,036	6,199,821	4,672,916	4,177,775
Shellfish	...	...	378,333	377,551
Total	21,061,332	21,877,610	19,495,317	18,698,885
Foreign landings.....	1,276,056	1,483,456	1,096,989	1,152,373
Imports	2,087,072	1,933,707	3,828,350	3,482,292

In the case of England and Wales the average realised was 18s. 0½d. per cwt. against 20s. 2½d. per cwt. in 1929. This has no doubt been contributed to mainly by the large increases in the catches of the cheaper kinds of fish, notably cod, which again heads the list with 4,333,652 cwt., of 41 per cent. more than in 1929. Haddock follows with 2,445,588 cwt., an increase of 18.7 per cent. Prime fish, and other kinds such as lemon soles, hake and plaice, appeared to have maintained their value, but cod and haddock realised on the average considerably less. At the same time a rather smaller total of herrings resulted in better prices, the average being 9s. 7d. against 8s. 11d. per cwt. At Scottish ports the average realised was 13s. 5½d., against 13s. 9½d. per cwt. in 1929. The proportion of the foreign-caught fish of the total landings (British and foreign) was 6.3 per cent., against 5.6 per cent. Imports of wet fish, of which herrings needed for our curing industry, and exported from Norway during the season, form a considerable part, were slightly less in quantity and substantially less in aggregate value. As against these imports, Great Britain exported 1,431,994 cwt. of wet fish, valued at £1,459,889, as compared with 1,481,826 cwt. and £1,354,014 in 1929. This country also did a good export trade in "cured or salted" fish (not canned) consisting of herrings, 5,117,358 cwt.; and other kinds, 624,319 cwt.; against 6,035,891 cwt. and 761,576 cwt., the f.o.b. value being £5,580,084 against £6,551,175. The fishing companies are making great

efforts to develop new grounds and increase supplies, and are keeping their fleets up to date. During 1930 no fewer than 52 steam trawlers, apart from drifters and line-fishing vessels, were launched from the Humber ship-building yards, principally for Hull and Grimsby owners.

The Austrian Economic Commission.—The Economic Commission set up by the Austrian Government in May of last year, on the lines of the Balfour Committee in England, has issued a report, through a special sub-committee, on the causes peculiar to Austria of the present depression. The force of the world depression is recognised, together with the special difficulties of Austria owing to the break-up of the monarchy; but the actual period of comparison begins with 1925, which is regarded as the first year of normality after stabilisation and the Stock Exchange crisis of 1924. In many ways the report is favourable; population is practically stationary, and productivity has considerably increased both in manufactures and agriculture. Despite labour-saving devices, manufactures employ the same number of workers as in 1925. During the past five years a fall of 14 per cent. in the wholesale price index (chiefly in foodstuffs) compares with a 30 per cent. fall in the price of wholesale raw materials abroad. Owing to natural and artificial protection, the inland prices of raw materials and finished goods (wholesale) have risen by 4½ per cent., and retail prices by 8 per cent. The report finds that these comparatively favourable conditions lose their advantages through the rise in the costs of industry, which hinder Austria's competitive power abroad. Costs have been mitigated by a cheapening of credit through the fall of the Bank rate from 13 per cent. in April, 1925, to 5½ per cent. in May, 1930; but nevertheless taxation as a whole increased from 1925 to 1929 by 31.4 per cent., including the rise of employers' contributions to the various forms of social insurance from 125 to 191 million schillings. While the cost of living in the same period rose 8 per cent. wages increased by 24 per cent., although by 1929 at least 14.6 per cent. (including partly pensioned older workers, 17 per cent.) of the potential number of workers (employed and receiving benefit) were unemployed. The solutions offered by the report are: prevention of further increase of costs, and measures to reduce the present level (i.e., wage and taxation reductions); removal of hindrances to the elasticity and mobility of industry; and better understanding between employers and workers. The report sternly rebukes two popular fallacies, that increase in the productivity of labour leads to unemployment, and that matters can be improved by increased consumption. It maintains that any improvement must start through production.

Japanese Foreign Policy.—For some years it has been customary for the Japanese Minister for Foreign Affairs to deliver a speech in the Diet, early in the calendar year, surveying the course of Japanese foreign relations during the past year and the outlook for the year to come. It has fallen to the lot of Baron Shidehara, who initiated the custom, to deliver this annual speech this year; and his survey was distinguished by the importance of the events which he had to report and by the conciliatoriness of the policy which he foreshadowed. Beginning, appropriately, with the London Three-Power Naval Treaty, he dwelt equally upon its general effect, for good, on international relations and upon the particular benefits which it was bringing to Japan in reductions of taxation. Turning to China, he pointed out, first, that when the zone of the Japanese-controlled Tsinan-Tsingtao Railway again became the theatre of a Chinese civil war in the early months of last summer, the fighting came and went this time without any damage to Japanese life or property (and therefore, by implication, without any damage to Sino-Japanese relations). He spoke in hopeful and sympathetic terms of the marked change for the better which has come over the Chinese situation since the autumn; compared the efforts which the Chinese Government is making to get rid of "unequal treaties" with the similar efforts which Japan

made—and made with success—no more than a generation ago; and intimated, though naturally in rather guarded language, that Japan would not show herself unreasonably obstructive or dilatory in satisfying Chinese desires in this matter. From the point of view of future peace, Baron Shidehara's most interesting observations were those relating to that storm centre, Manchuria. He announced in general that Japan intended to attempt a comprehensive solution of Manchurian problems before long. In particular, he declared that, while Japan would oppose the construction of railways by the Chinese which infringed Japanese treaty rights by directly competing with the Japanese-owned South Manchuria Railway, she would assist in the carrying out of other Chinese railway schemes in Manchuria. These declarations are welcome; for a Sino-Japanese understanding over Manchuria would remove one of the chief ultimate dangers to international peace.

Overseas Correspondence.

UNITED STATES.

Prohibition Report — Banking Inquiry — Industry —
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Market.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 23.

WALL STREET, along with the rest of the country, has paid more attention this week to the Wickersham Committee's report on the Prohibition law than to business and the security markets, although efforts by both the "wets" and the "drys" to support their case with the argument that a change in the Eighteenth Amendment would aid or hurt business (depending on the point of view on liquor) are not very sincere. As a political question, Prohibition promises to play an even more important role than it did in the last presidential election, but the country knows well enough that it has had both prosperity and depression before and during the dry regime.

Some interesting testimony was offered before the Senate Banking Committee at Washington by Governor Harrison of the New York Federal Reserve Bank, by Mr. Pole (Comptroller of the Currency) and by members of the Federal Reserve Board, but it is too early to say what sort of legislation may be proposed or what chance it will have of passing Congress. A Bill to extend branch banking will undoubtedly be proposed, and will have the support of the majority of city banks, but will not be especially favoured by rural banks. Some changes in the Federal Reserve Act also may be proposed, but they will have only divided support.

Undoubtedly the country is working into a more optimistic frame of mind over the business outlook, though it seems to be making too much of some purely seasonal increases in a few industries. The case is summed up by the Federal Reserve Board in its monthly bulletin in the observation that "In early January, following year-end inventory periods, reports indicate increased employment in certain industries, particularly automobiles, steel and railroads." The steel mill operating rate has risen to around 47 per cent. of capacity, or about 10 per cent. above the average rate for December—the usual seasonal increase. Motor output is rising, and reception of the new models at reduced prices is reported to be fair. Employment may also be increasing on some railroads, but freight car loadings continue below the level of the previous year. Foreign trade figures for December and the twelve months of 1930 were about as unfavourable as had been expected. Exports of \$273 millions and imports of \$209 millions were the smallest in recent years. On the year there was a decrease of \$1,399 millions in exports and a drop of \$1,337 millions in imports, which totalled \$5,240 and \$4,399 millions respectively. Excess of gold imports was \$280,087,000, compared with \$175,066,000 in the previous year.

Commodity prices continue to weaken, but the decline has been less violent since the beginning of the year. For December the Bureau of Labour Statistics index stands at 78.4, a drop of 2½ per cent. The decline for the year was 15.8 per cent. Price changes by groups follow:—

(1926 = 100.0.)

Groups and sub-groups.	Dec., 1929.	Nov., 1930.	Dec., 1930.
All commodities	94.2	80.4	78.4
Farm products	101.9	79.3	75.2
Foods	98.6	85.7	81.8
Hides and leather products	107.4	94.0	91.2
Textile products	90.4	73.3	72.4
Fuel and lighting materials	81.3	71.8	70.5
Metals and metal products.....	102.1	90.2	90.0
Building materials	96.2	85.6	84.4
Chemicals and drugs	93.6	85.2	84.8
House-furnishing goods	97.3	95.2	91.3
Miscellaneous	79.8	67.8	66.9
Raw materials	95.0	76.8	74.3
Semi-manufactured articles	94.3	75.6	74.3
Finished products	93.9	83.7	81.9

Interest in Treasury financing plans centres in the Liberty Loan refunding operation. The Bill authorising an additional \$8,000 millions to the Second Liberty Loan Act is on its way through Congress. This will enable the Treasury to make provision for refunding the First and Fourth Liberty Loans, which are callable in 1932 and 1933 and are due in 1947. A beginning will be made on the first quarter tax date on March 15th with a flotation to take care of \$1,150,000,000 of 3½ per cent. notes then due. On February 16th the Treasury will have maturing a bill issue of \$127,000,000, which no doubt it will meet with a fresh issue.

Whether the Treasury will wish to float a long-term bond issue or short notes to replace the March maturity is not yet known, but in view of the extreme ease in the money market Wall Street looks for a long-term flotation; it thinks the Treasury could sell bonds on a 3 per cent. basis. Refunding of the \$1,933,000,000 of First Liberty Loan 3½'s, callable in June, 1932, and the \$6,268,000,000 Fourth Liberty Loan 4½ per cents., callable in October, 1933, will, of course, involve long-term financing. Some discussion has arisen whether the new bonds will be tax free, as is the case with the Liberties. While an estimate is made that the full tax exemption would cost the Government as much as \$60,000,000 a year of taxable income, it is nevertheless probable that tax-free bonds will be decided upon.

All sections of the Government bond list have mounted to new high prices. Liberty 3½ per cents. are yielding less than 2 per cent. and the Fourth Liberties are less than 2½ per cent. Long-term Treasury certificates are a little better than 3½ per cent., but short notes due in June, which are the same as time money, are 1 per cent. and the autumn and early winter maturities range from 1.30 to 1.55 per cent.

With heavy refunding operations set for the next two years, and with the prospect of a Treasury deficit, the Treasury is naturally somewhat exercised over the proposal before Congress to provide immediate payment to world war veterans of the cash surrender value of their "adjusted compensation certificates." These certificates are in reality paid-up insurance policies maturing in 1945. Every veteran is entitled to one, and 3,395,000 are outstanding. The Secretary of the Treasury estimates that their cash surrender value is in excess of \$2,100,000,000, and he declares that a bond issue will be necessary if they are to be paid, and that such financing would be embarrassing and costly. The maturity value of the certificates is \$3,420,000,000. At present, veterans can borrow on their certificates up to 22 per cent. of face value, and more than half have done so. At the beginning of the year loans were estimated at \$325,000,000 out of a possible total of \$725,000,000. Loans are handled by the Veteran's Bureau, and only about 2 per cent. have been redeemed.

New capital flotations are continuing in large volume. The total for this week was approximately \$100,000,000, as compared with \$250,000,000 in the previous week. Some of the "stickier" issues of last week were worked

off, and the market for old bonds has progressed in buoyant fashion. It is expected that the next few weeks will see a considerable further list. Some large amounts of State and municipal financing are under consideration. Issuing houses are taking care not to let the market be pressed too hard, and they are finding the continued fall in short-term money rates of considerable aid.

This week two reductions in bankers' acceptance bill rates were made, bringing the total for the year to four. These successive cuts of $\frac{1}{4}$ of 1 per cent. each have placed all maturities to include 90 days at $1\frac{1}{4}$ per cent. asked, as against the New York Federal Reserve Bank's discount rate of 2 per cent. For some time the demand for call money on the Stock Exchange at $1\frac{1}{4}$ per cent. has been so small that the banks have freely offered funds at 1 per cent. outside, and daily amounts untaken have ranged from \$25,000,000 to \$50,000,000. Scarcity of short-term investments and the dullness of the time money market have forced the banks, as yet unwilling to buy long-term second-grade bonds on a large scale, to scramble for bills. Banks are retaining bills which they themselves are issuing, leaving the dealers without much business, and meanwhile the seasonal decline in bill volume is taking place.

It is expected that the spread which now exists between the New York and the London market will to some extent relieve the pressure on sterling by attracting bill financing. Moreover, the same causes making for lower bill rates are forcing some money abroad. Eventually the situation ought to result in an overflow of long-term money into the interior, where the ordinary borrower still finds money rather difficult and expensive to obtain. Federal Reserve policy will undoubtedly be firmly on the side of cheap credit until that aim is accomplished, although there is a disposition to regard the present discount rate as low enough. Banks in this district are virtually out of debt at the Federal Reserve institution.

It is believed here that serious consideration will be given to the proposal of the Mexican Finance Minister for a downward revision of the debt agreement made last July with the committee of bankers. It is recognised that the fall in silver has greatly increased the debt service burden to the Mexican Government.

FRANCE.

New Cabinet — Budget — Conversion — Iron and Steel Output — Unemployment.

(FROM OUR CORRESPONDENT.)

PARIS, February 4.

THE Laval Ministry made a successful first appearance before the Chamber on Friday, and its declaration of policy was approved by a majority of 54 votes (312 against 258) on a motion of confidence which automatically revealed the real strength of the majority on which the Cabinet can probably count more or less permanently. The new Premier, who is the youngest man who has ever held this high office in France, made an excellent impression by his plain but tactful speech, and the outcome was a foregone conclusion long before the actual division. M. Laval summed up his policy, at the close of a reply to a somewhat disappointing attack by H. Herriot, in two sentences: "I do not look towards parties, but towards the men who represent the country. I have come here to work and not to fight." This won the approval of even part of the Left, and, with the tenour of the declaration itself, appears to have hardened the tendency towards a split in the Radical-Socialist Parliamentary Party, of which there have been indications for some time past. The division confirms the resurrection of the old Tardieu majority, but slightly strengthened. It revealed another reversal of preponderance in the Radical Left or Loucheur group of 51 deputies, 35 of whom voted for the Government and 10 (including M. Loucheur) against. Another significant factor was the unusual number of absent Radical-Socialists, of whom no

fewer than 12 were "absent on leave." The general impression in the lobbies was that the new Ministry will continue in power at least until after the Presidential elections in June, and possibly longer.

The House has this week again taken up the Budget Bill, and in a manner which gives reason to expect that the measure has now a probability of being passed before the end of March, so that a renewal of the costly method of *douzièmes provisoires* may be avoided. Much will depend, however, on the Opposition. There is a fear that, when the education grants come up for discussion, M. Herriot and his friends will make a stubborn fight in order to secure an extension of free admission to the secondary schools for fifth-form pupils (gratuitous teaching in these schools being at present limited to members of the sixth form). M. Laval made it clear last week that, although he and all the groups of the present majority had entire sympathy with the extension proposed and were convinced it would benefit youths in the larger centres, it was questionable whether it would be practicable to apply the system to the country districts, unless cash scholarships were also ensured. Further, more school accommodation and larger teaching staffs would undoubtedly be required, therefore he urged that, before further extension was considered, full information should be gathered as to ways and means. The free admission of pupils to the sixth forms of the secondary schools was hastily incorporated in the last Finance Act, it will be recalled, without preparatory inquiry of any kind, under Radical-Socialist pressure, and there is little doubt that immediate extension will now be pressed for.

Another problem that will soon call for solution is the extensive conversion of War Loan issues which it was long ago decided to put into operation, if conditions proved favourable, during 1931 and 1932. The situation has now been complicated by the fact that the present financial year will almost certainly result in a deficit of something like 1,500,000,000 francs, owing to the effects of the economic depression on the revenue, coupled with the voting of unduly generous supplementary credits, which have more than swallowed up the surplus actually realised during the earlier part of the year. Further, when drafting the Budget for the coming year, the ex-Ministers for Finance and the Budget, in order to balance the Budget without an increase in taxation, entered into a convention with the Caisse d'Amortissement, under which the latter undertook to take over for the future some 1,800,000,000 francs of debt extinction hitherto included in normal Budget expenditure. This agreement was come to, it is now alleged, by the chiefs of the Caisse d'Amortissement solely on condition that the transfer should constitute an integral part of the preparation for wholesale Rente conversion, which they regarded, and still regard, as urgent, unless their plans are to be dislocated. Experience has shown, however, that the proposal to reduce the yield of large issues of Rentes from 6 or 5 per cent. to $4\frac{1}{2}$ per cent., or possibly even 4 per cent., is meeting with strong opposition, and there is hesitation as to when the conversion scheme shall be put into operation. The Caisse d'Amortissement heads insist that if the conversion plan is not to be applied during the coming financial year the Government are under obligation to reimburse the 1,800,000,000 francs which has been taken out of the Budget. This would, of course, necessitate the entire recasting of the measure.

M. Palmade, the *rapporteur* for the Budget during the last Tardieu Ministry, estimated that the saving to be obtained by the conversion scheme as drafted would amount, if application were begun now, to 1,400,000,000 francs during the coming year, 1,800,000,000 francs in 1932-33, and 2,100,000,000 francs in the following years. As matters stand, the Chamber is faced with the alternative of either adopting the conversion plan, and thus securing the extra resources needed, or having to impose an equivalent amount of fresh taxation—which would be equivalent to re-imposing taxation suppressed only a few months ago.

Iron and steel production figures for December, which were issued yesterday, show increased tonnage under

both headings, as compared with November, but are still well below both the October returns and those for December, 1929. The total output of iron (with 138 blast furnaces in operation, against 154 in December, 1929) was 800,000 tons, against 781,000 tons in November, and 874,000 tons in December, 1929. Steel production totalled 756,000 tons, against 706,000 tons in November, and 813,000 tons in December, 1929. Total output of pig iron during the year was 10,038,000 tons, as compared with 10,453,000 tons in 1929 and 10,092,000 tons in 1928. Steel tonnage for the year was 9,425,000 tons, against 9,655,000 tons in 1929 and 9,396,000 tons in 1928. The declines registered in both steel and iron were in the second half of the year only. The situation has been aggravated by the fact that, while export trade has fallen off, imports have largely increased owing to the wide difference between world prices and French domestic rates, which has greatly favoured foreign competition in this market. Since the beginning of the year the general economic depression has become intensified in the French metallurgical industry, and January production figures are expected to show a substantial drop.

Uneasiness in regard to the continuing increase of unemployment in France has been greatly accentuated this week in consequence of an official statement at Geneva last Saturday, at the last sitting of the International Labour Bureau Council, that there are now 350,000 French workers entirely without employment, and that there are 1,000,000 others only partially employed. This announcement occasioned great surprise, owing to the totally inadequate statistical information available in regard to unemployment. The weekly returns published by the Ministry for Labour last Saturday showed that the number of workless people actually in receipt of unemployment pay was 29,465, or about 7,000 more than in the previous week, and that the number for whom the labour bureaux had been unable to find jobs had increased from 38,222 to 45,098. These data are obviously insufficient as a basis for gauging the labour situation as a whole. Nor can the system adopted by the Labour Ministry, which takes into account only industrial concerns employing over 100 workers, be regarded as adequate. In America, where a similar principle is employed, experience has proved that such methods result in an almost farcical understating of the facts. M. Emile Borel, a deputy and former Minister, goes so far as to say that "French official statistics in no way correspond to the real situation and are not to be compared with those of neighbouring countries." By the latter comment he probably refers to Great Britain and Germany, where national insurance systems automatically provide fairly exact data as to unemployment. The French national insurance system does not cover unemployment benefit, while the scale of the French "dole" is so small—equivalent to a shilling a day only—that the vast majority of the workless prefer to do without it rather than suffer the irritation of the bureaucratic procedure that accompanies it.

GERMANY.

Agricultural Relief Difficulties — Unemployment — Railway Electrification — Berlin Finance Scheme — Krupp's Losses.

(FROM OUR CORRESPONDENT.)

BERLIN, February 3.

THE conflict of opinion on agrarian relief apparently abated last week, for it was announced that the Chancellor had agreed with the representatives of the agricultural societies upon a long-term programme. In spite of the marked differences of opinion within the Cabinet, Dr. Brüning's authority would probably have sufficed to bring the dispute to an end if it had really been a question of a complete agreement with the farmers themselves, but apparently it was not. The Reichslandbund, the strongest component of the "Green Front," has passed a long resolution at its assembly in Berlin, censuring

the Government in the most severe terms, and demanding their resignation. Demands for substantial increases in duties, denunciation of the Geneva tariff agreement, non-ratification of the Polish trade treaty, relief to agriculture in the east without State control, and an immediate attack on the Young Plan were formulated in a very tempestuous atmosphere. The Brüning Government will not be in a position to meet these demands, so they will still have to reckon with violent opposition from the agricultural groups in Parliament. Whether the substantial concessions which the Chancellor was prepared to make to the farmers will command the support of Parliament and of a sufficient section of the public, if peace cannot thereby be purchased, is very doubtful.

Unemployment on January 15th amounted to 4.8 millions, against 3.1 millions last year. Of these 4.8 millions, 2.4 millions are supported by unemployment insurance, 739,000 by emergency relief, and the rest only by local poor relief, apart from assistance from private and personal sources. The situation is therefore exceedingly serious, with a quarter of all German employees, including salaried workers, out of employment. The percentage of wage earners alone must be very much higher. In these circumstances the pressure on the Government to take active measures to provide work is steadily increasing, and a commission has been set up to examine all possible methods. The question whether such measures can really diminish unemployment is, in Germany, even more difficult to answer with an unequivocal affirmative than it is elsewhere. In countries which export capital it is possible to hope that a considerable number of workers may be employed with funds that would otherwise have gone abroad, though even here it is questionable whether the check to the export of capital does not check employment in the exporting industries, but in Germany the Government can only employ workers with capital taken from private industry, and therefore probably diminish employment on the one hand as much as they increase it on the other.

In spite of these considerations the Government has now decided to give financial assistance to the Reichsbahn for the carrying out of electrification schemes. Many of the lines in South Bavaria are electrified, and it is now proposed to deal with the Vienna-Munich-Stuttgart-Strasbourg-Paris line. The Reichsbahn is to raise a loan of Rm. 50 millions for this purpose from the large firms in the electrical industry, and the Reich is to pay the interest until the enterprise begins to yield a profit. It is hoped that the scheme will provide work for 10,000 men for a year and a half.

In private industry also proposals for mitigating unemployment keep coming forward. Vereinigte Stahlwerke recently wanted to close their foundry at Meiderich-bei-Duisburg. This meant destitution for 7,500 employees, and under pressure from the Mayor of Duisburg the firm formulated conditions under which it was prepared to keep on 5,000 men. It required a 20 per cent. reduction in hourly wages and the right to curtail hours by 10 per cent. That would have meant a reduction of 30 per cent. on full-time earnings at the present tariff rates, but as short time is at present much more than 10 per cent. the workers' incomes would have been practically unchanged. All the same, the unions refused the offer for fear it should be the signal for a general attack on wages. Probably, if the scheme had been carried out, it would only have meant relief to the local labour market at the expense of employment elsewhere, as the domestic price of iron is fixed by the Cartel, so that a reduction of costs in Duisburg could not have altered the market and would merely have meant the transfer by Vereinigte Stahlwerke of contracts from its other works to those at Duisburg.

The idea of a guarantee by employers to provide regular work for a specified number of men in return for the acceptance by the unions of a reduction in hourly rates has not, however, been killed by this incident. Dr. Krupp has made a statement containing the same idea, and the unions are also considering it, but the influence of the Communists is of course being exerted very strongly against the proposal.

The plan for the relief of the Berlin municipal finances by the Preussische Elektrizitäts A.G., whose shares are all held by the Prussian State, has now been announced in outline. The city of Berlin has over 600 million marks floating debt, of which about half falls due this year. If it can consolidate this the rest need cause no anxiety, for Berlin owns vast quantities of land, worth fully a milliard, part of which it could sell on the return of normal conditions, to meet the remainder of its debt. The 300 millions which is needed for the current year, is if possible to be raised from the Preussen-Elektra, with the help of foreign capital, by the sale of the city gas and electricity works, 60 millions being paid for the gasworks and 240 millions for the electricity works. The gasworks are at present run by a special operating company, 15 millions of whose shares belong to the city of Berlin. Side by side with this company is now to be created a holding company, and the Preussen-Elektra, through its subsidiary, the Thüringen Gas-Gesellschaft, is to hold a 60 million marks interest in the two companies. The Berliner Elektrizitätswerke A.G. (Bewag), whose shares also are held by the city, is to increase its capital, which is to be divided between the city of Berlin, the Preussen-Elektra and the Reichselectrowerke. The city would realise 240 millions from the sale of its interest. The plan is financially sound and the capitalisation not excessive, but everything depends on the success of the Preussen-Elektra in securing foreign capital for taking over the debentures and financing the shares. The Preussen-Elektra itself founded a few months ago a Swiss finance company, the Continentale Elektrizitäts-Union, Basle, which is to co-operate in financing the transaction. A general willingness in principle was evident when the Preussen-Elektra made inquiries in various foreign countries, but whether any concrete result will follow the negotiations, which are already under way, is not yet clear. If an agreement on the general principle is reached, an attempt will be made to raise temporary funds to tide Berlin over its acute difficulties.

The accounts of Friedrich Krupp-A.G. for 1929-30 show a net loss of 4.45 million Reichsmarks. As Vereinigte Stahlwerke are probably maintaining their dividend unchanged and Gutehoffnungshütte, in consideration of certain large shareholders, is actually increasing it, while Hoesch and Klöckner have only reduced theirs by 1 per cent., Krupp's losses are commonly regarded as a political demonstration to justify further wage reductions. As Krupp's shares are all held by the family, there is no need in drawing up the accounts to consider the stock exchange, and the firm can therefore afford to maintain its conservative balance-sheet principles even in bad times. Coal output has fallen from 8 to 7.79 million tons, and production of raw steel from 1.59 to 1.37 million tons. Trading profit has fallen from 38.2 to 31.8 million marks. Krupp's has distributed no dividends since the inflation. Since the close of the financial year, on September 30th, business has grown still worse, and output is said to have reached the lowest point since the end of the inflation period.

CZECHOSLOVAKIA.

Business Conditions — Output — Traffic — Foreign Trade — Commercial Treaties.

(FROM OUR CORRESPONDENT.)

PRAGUE, January 26.

Economic conditions show no sign of change. The wholesale gold price index has dropped to 111.1 (July, 1914 = 100); the index for farm products, foodstuffs and fodder has declined to 101.9; while the industrial index number of raw material and manufactured goods stands at 121.1. Unemployment rose further in December to 230,766; and the economic crisis is clearly reflected in the higher number of insolvencies, which, in November, 1930, was the highest since January, 1923. Business conditions continued to be difficult in December. Coal output declined to 14,572,332 tons in 1930, against 16,521,457 tons in 1929. The consumption of coal and

lignite calculated in terms of coal amounted only to 24,299,192 tons in 1930, against 28,728,816 tons in the previous year. Similarly the output of coke declined heavily, being 2,136,080 tons in 1930, against 3,163,194 tons in 1929. The output of pig iron dropped by 6.5 per cent. to 1,536,500 tons, in comparison with 1,642,600 tons in 1929, and the output of raw steel fell by 14 per cent. to 1,835,800 tons, from 2,145,400 tons in 1929. The decline of trade prosperity is evident also from the railroad traffic returns. The number of trucks loaded on the Czechoslovak railways in December, 1930, was, roughly, 447,000, against 492,000 in the corresponding month in 1929.

Imports in 1930 amounted to 15,726.960 million Cz. K., against 19,987.858 million Cz. K. in 1929. Exports were 17,494.763 million Cz. K., against 20,498.869 million Cz. K. in 1929. Even if we take into consideration the corresponding decline of prices, the comparison of statistics by weight in the individual sections indicate that the volume, both of imports and exports, markedly diminished. Imports of raw materials amounted to 7,123.373 million Cz. K., against 9,777.879 million Cz. K. in 1929; manufactured goods to 5,149.929 million Cz. K., against 6,234.109 million Cz. K. in 1929. Exports of manufactured goods fell from 14,606.628 Cz. K. in 1929 to 12,865.596 million Cz. K. in 1930.

A commercial treaty between Czechoslovakia and Turkey was concluded on January 18, 1931. The Government has also opened new negotiations with a view to concluding a tariff agreement with Yugoslavia. This is to supplement the old general treaty of commerce based on the most-favoured-nation clause. The negotiations with Yugoslavia were meeting with obstacles primarily due to the question of concessions on the import of agricultural produce into Czechoslovakia. The situation, however, appears now to be more favourable, as the absence of a trade agreement with Hungary leaves the Government with a freer hand. It may, therefore, be expected that the negotiations with Yugoslavia will soon lead to the conclusion of a definite tariff agreement.

A new trade agreement with Hungary remains, of course, an open question. The Czechoslovak Government seem to be willing to enter into negotiations with Hungary at any time. A revision of the trade agreement with Austria is also likely to be considered in the very near future, as Austria intends to raise some of her duties and is making preparations for the revision of her whole tariff. The trade agreement with Poland is also likely to be revised, owing to some changes in the Polish tariff. Finally, the present economic crisis has brought under consideration the question of Government co-operation in export credit insurance, and in guarantees against export losses.

JUGOSLAVIA.

Agriculture — Industry — Prices — Foreign Trade — Public Finance.

(FROM OUR CORRESPONDENT.)

BELGRADE, January 14.

The year 1930 did not close altogether brightly for Yugoslavia, though the country has withstood the crisis better than some highly industrialised states. In agriculture, the continued slump in prices (the agricultural index fell from 1,854 in December, 1928, to 1,032 in 1929 and 808 in 1930) has hit heavily the maize and wheat growers, who have only just covered costs of production. Hence the peasant is inclined to change to other forms of production, especially fruit growing and poultry farming, whose products had an excellent export season. This process is actively encouraged by the Government, which is distributing apple and walnut trees and purchasing select breeding stock for stock-raising.

A further change is taking place in the gradual elimination of the middleman, who has often combined the rôles of usurer and exploiter of the peasant. The peasant prefers now to sell to the Privileged Export Society, which offers him the full international price; his greater use of

the co-operatives has given that movement (which has been dormant for several years) a new impetus; he asks for direct loans from the Privileged Agrarian Mortgage Bank, which cost him less than half the usurer's rate. Finally, the decision of the Government to lower land taxes and to free implements and goods necessary for agricultural production from import duty has helped to recoup the peasant to some extent, so that, with his infinite capacity for reducing his standard of living, he has been able to weather the storm relatively well, although he has had to curtail his purchases of town goods.

This has naturally hit industry and lowered the general standard of consumption. Judging by the amount of coal used in industry, production has declined on the average by 15 per cent. Among export industries that of timber has suffered most, owing to the severe Russian competition. The total production of the mines is also somewhat less, although copper exploitation has risen. Some indication of the extent to which consumption is lowered may be had from the comparative survey of monopoly statistics, though these figures cover only the years 1928 and 1929 and do not touch 1930, during which year the fall was sharply accentuated. Consumption of salt has gone down from 142 to 134 million kgs., or from 10.2 to 9.4 kgs. per head; that of matches from 181 to 179 million boxes (13½ boxes per head) although the boxes in 1929 were considerably smaller.

The picture of the general depression is completed by figures of turnover in banking and the fall of the index of the cost of living (compiled by the *Privredni Pregled*). The turnover of the National Bank has declined by 4 per cent., that of the chief financial institutions (semi-government bodies and bourses) by 9.6 per cent. The retail index has declined from 1,523 in December, 1928, to 1,413 in 1929 and 1,175 in 1930, the last figure being equal to 108 gold points as compared with 100 in 1913. The falling number of bankruptcies alone is reassuring; they fell to 608 from 1,063 in the previous year.

Foreign trade returns for 11 months of 1930 were: exports 6,287 million dinars, imports 6,438 million dinars. The fall amounts to 12 per cent. in export and 8 per cent. in import trade. In contrast to this, State and private finances give an apparently different picture. State receipts beat all post-war records, and for the third quarter of 1930 were 3,169 millions, or 174 million dinars more than in 1929. Indirect taxation yielded in eleven months 2,111 millions, as against 1,667 millions in 1929. This phenomenon may be explained by two facts: first, assessment for 1930 was made on the basis of the excellent returns for 1929; second, the collection of taxation, formerly very slack, is now much more efficient and rigorous. Private savings deposits have grown from 12 milliard dinars at the end of 1929 to 13,160 millions by October 1, 1930, but this accumulation is less due to any prosperity in business than to the withdrawal of money owing to industrial uncertainty. The banks emphasise the fact that the margin between deposits and outgoing loans was much more unfavourable to them in 1929. Together with this accumulation of national savings, we should notice a certain influx of foreign capital into industries, mining and municipal loans, though the amount of the influx declined sharply during the second half of the year. In consequence of the abundance of funds the interest rate has further declined from 12-16 per cent. to 8-12 per cent. on business loans, although the level in villages is still about double that amount.

CANADA.

Secessionist Agitation — Business Conditions — Results of Tariff Changes — Trade Returns — Wheat Outlook.

(FROM OUR CORRESPONDENT.)

OTTAWA, January 15.

The winter so far has been remarkably mild, although the snowfall has been heavy, and the hardships of the unemployed have been considerably mitigated thereby. Unemployment, however, is still very serious, not only in the large cities but in the smaller towns, and the resources of all relief organisations are being continuously taxed to

the limit. On Sunday, January 11th, leaders of the farming communities in North-Western Saskatchewan met at the town of Wilkie and, after a ten hours' discussion, formulated what they called a "Charter of Liberty," of which they submitted one copy to Mr Bennett and sent another to Mr Ramsay MacDonald. In it they made the following demands upon the Federal Government:—

1. The fixing of a temporary basic price of wheat at a figure to cover the average cost of production, retroactive to August 1, 1930.
2. Abolition of all grain exchanges and speculation in the marketing of farm products, and the establishment of a 100 per cent. pool for marketing by the producers.
3. Socialisation of currency and credit and all natural resources.
4. Introduction of a system of crop insurance guaranteeing to all farmers protection against natural risks.
5. Establishment of a Board of Standards to arrive at a proper relationship between the price the farmer has to pay for the commodities which he buys and the price of commodities which he sells.

They couched these demands in the form of an ultimatum and intimated that if they were not complied with at an early date they would proceed to organise at once for the political conquest of Saskatchewan along with such other provinces as would join it for the purpose of forming a co-operative Commonwealth in the British Empire, trading directly with Great Britain on a free trade basis. Apparently leaders of public opinion in the West who are hostile to the policies of the Bennett Government are disposed to give some encouragement to secessionist sentiment, in the hope that it will frighten Mr Bennett and his colleagues into the adoption of fiscal policies more favourable to the West, or at least prevent them from raising the tariff any higher, as Mr Bennett threatened in his budget speech.

General business conditions are in a very depressed position and no immediate improvement is looked for. The car loading figure of 36,336 cars for the week ending January 4th showed a gain of 1,249 cars over the figure for the previous week, but it was no less than 8,094 cars below that for the corresponding week a year ago. The almost complete cessation of orders from the prairie provinces has been responsible for a great curtailment of industrial activity in the Eastern provinces, and the troubles of the lumber, newsprint and asbestos industries have reduced the purchasing power of many Eastern communities.

The asbestos industry, which has been an important factor in the Eastern townships of Quebec, is in a very unfortunate position owing to Russian and Rhodesian competition in its former European markets, and it has been found impossible to pay interest on the bonds of the Asbestos Corporation, whose holders have formed a protective committee. A certain element of the manufacturers are continuing to bring pressure upon the Government to fulfil its pledge of a general revision of the tariff at the forthcoming session of Parliament in the hope that it would yield them further increases, but other manufacturers are reported to have become completely disillusioned about the results of the upward tariff revision undertaken in September. For example, one of the results of the increase of duties on canned soups was to induce the Campbell Soup Manufacturing Company, a powerful American corporation, to establish a plant in Toronto. This corporation, whose brands of soup have a world-wide reputation for quality, is going to put its products on the Canadian market at a lower price than its Canadian competitors will be able to do, and the latter are now understood to be wishing devoutly that it had never been forced to establish a plant of its own in Canada. Again, it is stated that Canadian manufacturers of cocoa and chocolates are finding themselves unable to compete with the Canadian branches of English firms like Cadbury's. Furthermore, the woollen manufacturers of Canada are far from pleased with the Yorkshire woollen firms like Hirst and Company, of Batley, to acquire factories in Canada.

Undoubtedly the tariff legislation passed at the emergency session of Parliament has been responsible for a drastic curtailment of imports, but the evidence of the Canadian trade returns for November shows that

it is hurting the United States much more than Great Britain. During November imports from the United States dropped from \$70,044,000 to \$43,092,000, a decrease of 38 per cent., but imports from Great Britain only declined 6 per cent., from \$17,230,000 to \$16,153,000. Actually, despite the increased tariff duties, imports of fibre, textiles and allied products from Great Britain increased by more than half a million dollars as compared with November 1929, and there was also a gain of about \$600,000 in iron and its products emanating from Britain. On the other hand, hard times in Canada have been responsible for a marked diminution of the consumption of alcohol, and, during November, imports of alcoholic beverages from Great Britain showed a decrease of \$1,635,000. Canada's total imports for the month were valued at \$76,325,000 as compared with \$108,734,000 in November, 1929, a fall of 32½ million dollars. Exports in November were \$73,060,871. The comparative figures for December are as follows:—

	Dec., 1929.	Dec., 1930.
Imports	\$ 84,365,155	\$ 60,460,832
Exports (Canadian produce) ...	111,068,332	66,819,668

The Western farmers and the grain trade are decidedly depressed by cable dispatches from Europe intimating that there is very little hope of disposing of much of Canada's exportable surplus of wheat on the Continent of Europe, and Mr McFarland, the new manager of the wheat pools, has issued a statement preparing the public for a very substantial carry-over of wheat at the end of the crop year. On January 2nd the volume of Canadian wheat in stock in North America was given by the Bureau of Statistics at 217,055,712 bushels, which shows a decrease of roughly 700,000 bushels from the previous week's figure and is almost 12½ million bushels less than the volume in stock at the corresponding date of 1929.

AUSTRALIA.

Public Finance — Central Bank — Gold Bounty — Wheat Advances — Sheepskin Duty — Wheat Harvest.
(FROM OUR CORRESPONDENT.)

MELBOURNE, December 24.

ALTHOUGH the efforts made to secure the success of the Conversion Loan of £28,000,000 were successful, a total of £29½ millions being subscribed in cash and conversions, there is still much disappointment at the slight progress made in reducing public expenditure, especially as this is accompanied by readiness on the part of the Labour Party to enter on schemes, such as the wheat advance and the gold bounty, which will mean fresh charges on the Treasury. The banks have issued a statement to the effect that unless the Government take steps immediately to balance the budgets and to reduce costs, the time is coming when banks and others will be unable to finance expenditure, "except at the expense of widening the gap already in evidence between the costs of and returns from Australian industries." Continuance of Government demands for assistance would necessitate drastic curtailment of bank advances to customers, which would be at the expense of industries and employment. During the last three years the additional assistance in accommodation to the Australian community and Governments in Australia and London has reached a total of £70,000,000. For a number of years past there have been complaints at intervals from such bodies as Chambers of Commerce that the amount of money absorbed by Governments through loan issues in Australia tended to reduce the supply of capital available for private employment, but the present statement by the banks goes further, as it displays the effect of the recent tendency of Governments to lean more and more heavily upon the banks.

The Central Reserve Bank Bill has been further adjourned by the Senate after receiving the report of the Select Committee appointed by it. The Government opposed the appointment of the Select Committee, which

from its point of view was unnecessary, as the Bill had been approved by the Labour Party and passed by the House of Representatives; and when the Select Committee asked the Government to place it in communication with Sir Otto Niemeyer and Professor Gregory, the request was without result until the Committee communicated direct with them. The report makes it clear that the Bill requires much amendment in order to place the proposed institution in a position independent of politics, while under present circumstances it is inadvisable to change existing arrangements, under which the Commonwealth Bank is discharging the principal functions of a central bank with the co-operation of the other banks.

The Gold Bounty Bill introduced by the Commonwealth Government provides for the payment of a bounty of £1 per ounce fine on gold produced in excess of the average for 1928, 1929 and 1930, the bounty being payable for ten years from January 1, 1931. The most important object of the Bill is to assist in dealing with unemployment, while provision is made for ensuring that "fair and reasonable" rates of wages and conditions of employment, to be determined by the Arbitration Court or similar authority, shall be observed. The question of a gold bounty has been under discussion for some time past, and one criticism has been that it offers little or no attraction to investors in view of the well-known intention that the benefit should be absorbed by labour. Another criticism is that the true remedy for depression in the gold-mining industry would be to relieve it of burdens, especially those due to the protective tariff.

The Wheat Advances Bill was sprung upon Parliament and the trade as a surprise by the Labour Party caucus. Votes adverse to compulsory pooling had been given by farmers in New South Wales and Victoria about three months ago, but the eagerness of the Labour Party to apply Socialistic notions of organisation and the practical importance of doing something to conciliate the farmers' vote by the guarantee of 3s. per bushel f.o.b. led to a sudden decision. The export trade has been disorganised, business being at a standstill for the time being, and unless a substantial advance takes place in the European markets the 3s. guarantee will lead to a considerable loss to the Government.

The sudden imposition of an export duty of ½d. per lb. on sheepskins has stopped business, the sales being postponed until the new year. This duty has been desired by the fellmongering interests for many years past, but no Government has yet ventured to deal such a palpable blow at the principal country interest, and there is reason to believe that the leading members of the present Government, though bound by party discipline to carry out the instructions of the caucus, have no belief in the duty.

The wheat harvest is turning out large in quantity, but the variations in the spring weather have been followed by irregularity in individual yields, and wet weather at intervals early in December has delayed harvesting. A total yield of approximately 190 million bushels is looked for, which would mean about 4,000,000 tons available for shipment.

Letters to the Editor.

GOLD: PRICES: WAGES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The difference between Sir Charles Harris and myself which emerges from the correspondence which has taken place under the above heading resolves itself into the question of immediate practical policy. Sir Charles Harris proposes that the employees should universally, but temporarily, have their wages reduced. He argues that such a step would not amount to a hardship as it would merely serve to restore real remuneration to the figure at which it stood before the fall in prices of recent months. I agree that some wages should be reduced. I do not agree, however, that there is any practical value in

suggesting that all wages should be reduced; in the first place because that would maintain the present relationship between wages in different industries, which is an inequitable and uneconomic relationship, as Sir Charles Harris agrees; and in the second place because, quite apart from the question of an appropriate relationship between wages in different industries, there is in my view no possible hope of persuading the employees to accept his proposal, or of convincing them that the argument based upon real remuneration which Sir Charles Harris adduces in support of his proposal, although logically valid, is "economically" sound.

I will proceed to answer the five points which Sir Charles Harris puts to me in his letter appearing in your issue of January 17th; but, before doing so, I should like at once to correct an impression of what must have appeared to be a stupid presumption on my part to which Sir Charles Harris refers in para. 2 of his letter. When I spoke of present real wages being not necessarily too high for the community to bear "if only industry were better regulated" I was not implying any criticism upon the capacities of brain or character in our present leaders of industry. I was referring to the adoption of a system of wage-regulation throughout industry such as had been mentioned in our previous correspondence. Sir Charles Harris had spoken of a "system of wages" in his first letter appearing on November 22nd; and I so far agreed with his comments in that letter upon "gold" and "wages" that I expressed the view in my own letter, on December 13th, that the chronic unemployment from which we are suffering may to a large extent actually originate from the maladjustment of wage-rates between different industries, a phenomenon which is common to most of the civilised countries. I thereby implied agreement with Sir Charles Harris that it behoved us to cure that fault systematically at home if we wished to make the best of the tide of trade whenever it should begin to turn.

Now, as to the five points on which I am asked to express my view.

1. I agree that there is no time to reconstruct the fundamentals of our economic system. I accept the dictum as axiomatic that nothing can cure unemployment which does not create in the minds of manufacturers and contractors the expectation of an improved margin of profit. But I would add that nothing can go so far to create the expectation of an improved margin of profit as a step to secure the permanent goodwill and understanding trust of the other partners to prosperity, viz., the employees; and that to secure that trust and goodwill the community is under obligation to the representatives of the employees not only to explain the necessity for any reductions of wages, but also to offer a "square deal" by meeting, as far as it is practically possible to do so, the objections to which I referred in my last letter.

2. In principle, I do not agree that because employers have lost in the past it is now necessarily "the turn of the employee." My objection to this is that it offers no standard basis on which to build an economic structure of any stability. So far as the immediate proposal is concerned, I am aware that Sir Charles Harris suggests this as an emergency measure only, but I do not agree that it is a practicable proposal for the reasons given at the beginning of this letter.

3. I agree that a return to the real wage level of a year ago as an emergency measure could not rightly be represented as serious hardship; but there remains the practical difficulty already referred to of securing acceptance of the proposal even as an emergency measure.

4. I agree that there is no possibility of securing an agreed readjustment of wage levels between sheltered and unsheltered industries throughout industry at any early date. The main difficulty is, of course, that the general readjustment would involve the movement of some wages downwards. Sir Charles Harris, however, proposes the movement of all wages downwards; and the difficulties are of the same nature over a wider field. The main objection offered to any proposal for a reduction of wages is not that the reduction is unfair unless all other wages (and salaries) are reduced as well, but that Capital, an Ogre to the unlearned working man, is assumed to be aiming to secure greater wealth at the expense of the workers. It is fundamentally that view which we have to combat. My last letter was intended to meet this point by indicating that, apart from the acceptance of the principle that it is desirable that wages themselves should be regulated as far as practicable on the basis of

- (1) Determining an appropriate "general basic level," and
- (2) Determining an appropriate relationship between wage-levels in different industries.

we strengthen our case in combating the unlearned view about Capital if we do in fact take steps to secure a more equitable fulfilment of long-term money contracts.

5. I do not demand the relinquishment of any existing contractual income on the part of the fixed-money men. That would clearly amount to a breach of contract. But I do

ask that industry (and Government) should seriously consider the possibility of modifying the existing practice in all future cases; and that, where practicable, they should arrange the early "conversion" of existing liabilities of that kind to the modified form. It is in the interest of all that they should do so. Naturally, such a practice would affect the terms of future contracts, such as rate of interest, price of issue and conditions of redemption. As regards the first two, however, I suggest that in normal times the effect would be immaterial; and, as to the amount of redemption, similar considerations apply as to the amount of interest. I submit, also, with all respect, that the adoption of such a practice would not have any prejudicial effect upon industry or finance, even although the practice were not adopted universally. Those who originally invest money for a steady return are no more apt to hope for a windfall in the form of an increase in real income resulting from a general fall in prices than they are to anticipate a decrease in real income resulting from a general rise in prices. On the contrary, an assurance of a stable real income and a stable real value for their invested money might in many circumstances be an additional attraction. On the other hand, banks, insurance companies, &c., who buy stock in the market as temporary security are then dealing with a market value, not a nominal value; and such market value is not likely to suffer more violent fluctuation than under present conditions. As regards funded Government Debt, the financial burden on the community would be more manageable, as well as more equitable to all parties.

The vital distinction between the two classes of capital, viz., capital on long loan and capital invested for profit, is precisely, I suggest, what the unlearned working man, like very many others of the general public, does not sufficiently appreciate. It is quickly apparent (from the tendencies of unemployment) when new money is not forthcoming for fresh enterprise and for the adequate maintenance of existing plant; and the worker will, I suggest, be the more ready to concede reductions in wages as a bait to capital if he understands that money (and its equivalent) lent for long periods at fixed rates is not allowed to gain at the community's expense; particularly as prices all along the channel of trade should more quickly adjust themselves to reduced labour costs when the burden on industry of fixed charges is reduced in parallel.

It is not disputed that the best cure for the exactions of capital lies in the accumulation of it. I did not intend to convey in my last letter that reduction in the rate of remuneration of capital would not be certain to follow if capital were accumulated. What I meant was that a simple reduction of wages without any approach to some system of "industrial government" was not certain to result in any degree of permanent prosperity such as would allow capital to accumulate.

Let me also state quite clearly that I agree that each industry must bear its own wages and its own responsibilities. The "responsibility of the community" is in the direction of "industrial government" as a whole; and by that I mean the appropriate adjustment as far as practicable on a scientific basis of the several factors contributing to the community's material prosperity. The Trade Unions must take an important part in this "industrial government," as rates of wages are primary factors in industry, and any maladjustment of rates must bring trouble in its train. It is for the other partners in industrial life, including loaned capital of every kind that takes a fixed rate of return, to play their part too.

In my view, the immediate need is a reduction of the wage-level in those industries where the level is highest. This would be a sufficiently important step in the right direction, and would serve as an approach to the application in due course of a policy based upon the twofold system of wage-regulation throughout industry which I have suggested.

You, Sir, in your leading article on January 10th, advocated the calling of a representative conference of Trade Union leaders and captains of industry. Such a body, which, I suggest, should remain a standing body for "industrial government" and not merely an emergency conference, might forthwith discuss the proposal of an immediate reduction in the highest wage-levels. "Capital" should consider the possibility of offering as a "quid pro quo" and as an earnest of its good faith, the determination to adopt, as opportunity offers, the practice of more equitable fulfilment of all long-term money contracts. Capital should also, as a matter of course, give an undertaking that simultaneously with reductions in wages there should be reduction in the prices of the products and services concerned. The further work of the Conference as time goes on, would be to fit the current wage adjustments into a permanent structure whose balance would be constantly regulated by reference to the two-fold system of wage-regulation referred to above, in accordance with the needs of the nation's industry regarded as one whole.—Yours faithfully,

53 Anson Road, N.W. 2.
January 26th.

E. M. D.

Books and Publications.

EAST AND WEST.*

MANY travellers are erudite; some are observant; a few have brilliant pens. But rarely, indeed, is the combination of these qualities concentrated in one traveller as it is in Professor Toynbee. The book before us, in consequence, is a treat. It is a sparkling narrative, with thought-provoking aphorisms on every page. You can pick it up, open it anywhere and start reading with that instantaneous interest and pleasure that makes you forget that you are being most capably instructed. And wherever you chance to open the book (whether the chapter be "Top-hats and Chrysanthemums," "Yin and Yang," "Laputans or Houyhnhnms," or, indeed, any other), you will very soon decide to start again at the beginning.

Professor Toynbee motored from Calais to Constantinople, and thence his trail took him by rail, sea and road to Angora, through Syria and Iraq, through India, thence via Malaya to Hongkong and Shanghai, then Japan, Korea, Manchuria, China, Siberia, Soviet Russia, and so home to the west via Berlin. We do not propose to follow him step by step, nor, in the ordinary sense, to review his book—which would be to attempt the impossible. But we may perhaps try to indicate two reasons why everyone should read this book. The most compelling reason is that of Professor Toynbee's method. He entirely avoids the temptation besetting all travellers of delivering pontifical judgments based on brief acquaintance. Instead, he gives pictorially the first impressions made upon a trained and receptive mind. The second reason is that his trail lay through countries in which profound changes are taking place, of which the Englishman is too seldom aware.

If you want to know the precise constitutional machinery or the trade per head of population in the countries visited, you will not find it in this book. What you will find is a wealth of thought-provoking *obiter dicta*, fundamental questions freshly posed, changing scenes painted with a lightning brush, and, often, arresting prophecies adumbrated.

Too often one lays down a travel book with the wish that fewer travellers would write. One lays this book down with the wish that more writers of Professor Toynbee's calibre would travel.

* "A Journey to China, or Things Which Are Seen." By Arnold J. Toynbee. (London). Constable. 15s. net.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Moody's Manual of Investments. Government Securities, 1931. (London) Moody's Investors' Service, Ltd., King William Street House, Arthur Street.

The early appearance of this indispensable work of reference will be widely welcomed. It contains very full information, not only about all the securities of all governments, but of the general financial position and resources of each of the countries they represent.

A Contributive Society. By J. R. Bellerby. (London) Education Services, 28, Commercial Street. 7s. 6d. net.

A stimulating essay in social theory. Mr Bellerby examines the economic system which has founded itself on "enlightened self-interest," and discusses the possibility and the effects of substituting "contributive spirit."

The Coming Rise in
GOLD SHARES

According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression. He applies the principles of his work Investment to an analysis of this section of the market.

SPECIALISED BUSINESS SERVICES, 19 Buckingham St., W.C.2. 5/- nett.

Newest Europe. By Martin MacLaughlin. (London) Longmans, Green and Company, Ltd., Paternoster Row. 6s. net.

An interesting account of the vital elements in the recent political and social development of certain of the most conspicuous countries in Europe to-day.

L'Europe Centrale Economique et Sociale. By Paul de Csikay. With a preface by Charles Gide. (Paris) Librairie Félix Alcan, 108, Boulevard Saint-Germain. 15 francs.

An interesting little book on Central Europe, designed to dissipate the ignorance of those who confuse Budapest with Bucharest, and think of Hungarians as a species of Austrian.

Unemployment and Public Works. (London) P. S. King and Son, 14, Great Smith Street. 4s.

An International Labour Office publication embodying the practical experience of a great many countries.

The Australian Banking and Credit System. By A. L. Gordon Mackay. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 12s. 6d.

A historical and critical study, which appears at a very appropriate moment. Its appendices containing lists of banks in existence, banks that have failed, amalgamations and branches, together with total capital and reserves back to 1850, make it also useful for reference.

The Case for Action. By Innes H. Pearse and G. Scott Williamson. With prefaces by the Right Hon. Lord Moynehan and A. D. Lindsay. (London) Faber and Faber, Ltd., 24, Russell Square. 5s. net.

A most interesting discussion of the problems attacked by the Pioneer Health Centre at Peckham.

Die Kursbildung am Rentenmarkt. By Ernst Wolfgang. (Stuttgart) C. E. Poeschel Verlag, Calwer Strasse 18. Rm. 10.50.

A very detailed study of the influences governing the value of fixed-interest securities and of the relation between the movements of their prices and those of other economic indices. In the second part, different classes of fixed-interest securities are considered separately.

L'Influence de l'Emission et de l'Amortissement des Emprunts d'Etat sur le Marché des Capitaux industriels et commerciaux. By Giuseppe-Ugo Papi. (Brussels) Goemaere, 21, Rue de la Limite.

A short monograph on the influence in the commercial capital market of the issue and redemption of Government loans.

England und Palästina. By Joseph Cohn. (Berlin) Kurt Vowinkel Verlag, G.M.B.H. Rm. 6.80.

A fully documented study of British policy towards Judaism. While the background is historical the major part of the book is devoted to the developments of the last ten years.

The Manufacturing Industries of the British Empire Overseas. Part II, Australia. (London) Erlangers, Ltd., 4, Moorgate. 2s. 6d.

A valuable statistical analysis, with very striking diagrams, of Australian manufacturing industries.

International Affairs, January, 1931. (London) Royal Institute of International Affairs, Chatham House, St. James's Square. 2s. 6d.

Includes, among a number of interesting contributions, articles on "The National Socialist Movement in Germany," by Herr Wolf von Dewall; "The Present Situation in Palestine," by Professor Toynbee; and "The International Aspects of the Wheat Market," by Dr. A. E. Humphries.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

India Round Table Conference: Proceedings. Cmd. 3778. 7s. 6d. net; Sub-Committees' Reports, Conference Resolution and Prime Minister's Statement. Cmd. 3772. 1s. 8d. net.

Statistical Abstract for the United Kingdom for Each of the Fifteen Years, 1913 and 1916 to 1929. Cmd. 3767. 6s. net.

Revenue Department's Appropriation Accounts, 1929. 9d. net.

Civil Appropriation Accounts, 1929. 7s. net.

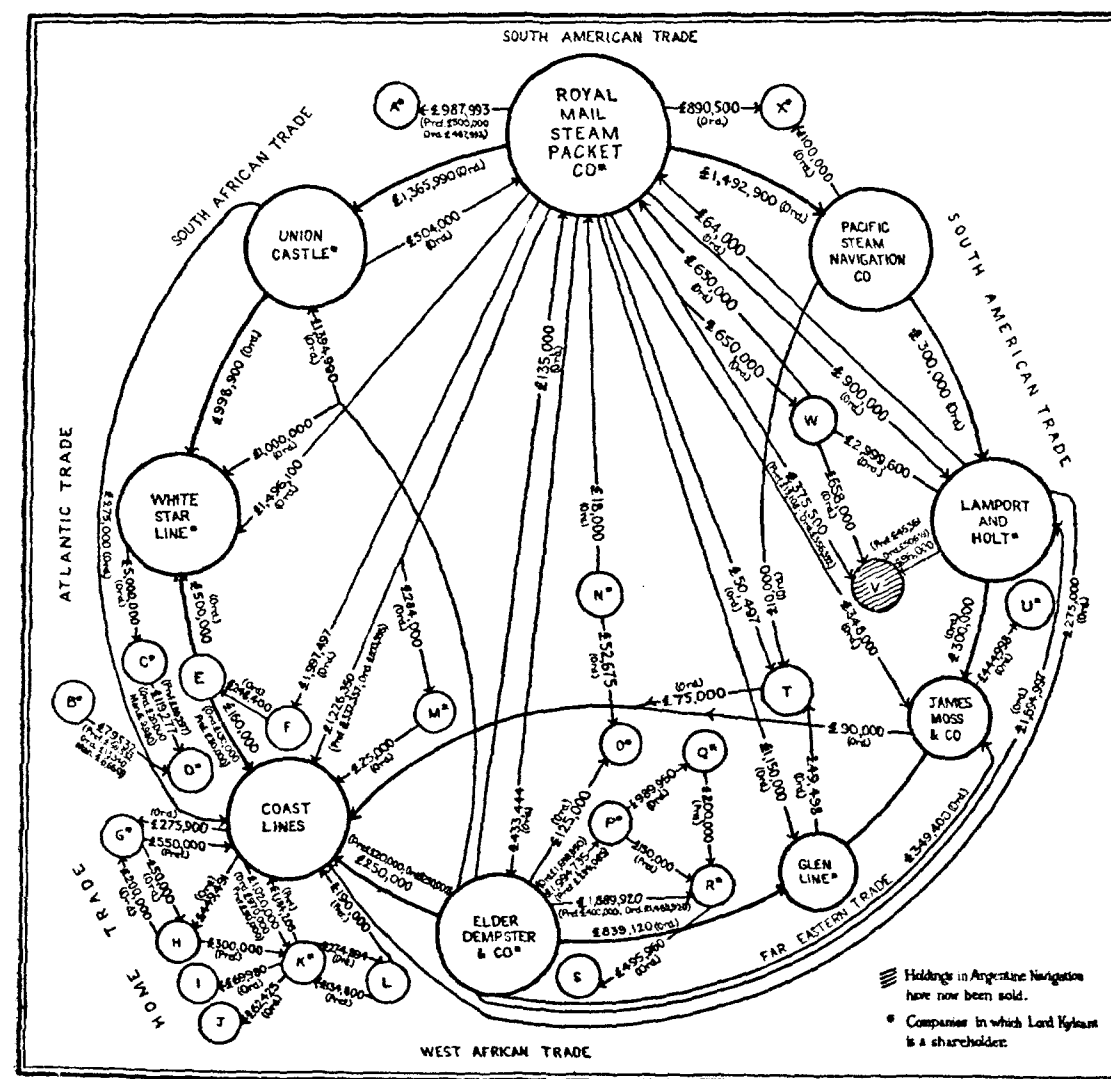
Colonial Reports: No. 1515, State of Johore, 1929, 2s. net; No. 1516, Northern Rhodesia, 1929, 2s. net; No. 1517, Bermuda, 1929, 9d. net; No. 1518, Falkland Islands, 1929, 1s. 3d. net.

The Stock Exchange.

THE ROYAL MAIL.

THE meetings to which the debenture stockholders of the Royal Mail Steam Packet Company and the preference shareholders of the White Star Line have been summoned on February 12th for the purpose of passing a scheme for a five months' moratorium, are momentous. A great organisation with a paid-up share and loan capital of over £80,000,000, controlling the largest merchant fleet in the world, has been reduced to a condition verging on insolvency. To what extent this disaster can be attributed to world causes outside its control, and to what extent to mismanagement and an unwise financial policy, is an important question which we hope will be discussed fairly and frankly. The management has already been changed. A committee was set up in June last, consisting of Mr F. Hyde, managing director of the Midland Bank, General A. Maxwell, managing partner of Glyn, Mills and Company, and Sir William McIntock, the well-known accountant. Following the committee's report, voting control of the various companies was transferred to three trustees, namely, Mr Walter Runciman, General Maxwell and Sir William McIntock, the first-named joining the boards of all the companies concerned. The stockholders can thus rest assured that everything that skilled and prudent management can do to repair this disaster will be done; but time, an improvement in world trade—and, eventually, new financial resources—will be required before a general reconstruction scheme can be attempted. The problem of reconstruction is immense and, as we shall show in this article, it is complicated by the hopelessly involved interlocking of the finances of the associated companies.

To understand the present misfortunes of the Royal Mail group, it is necessary to go back to the years following the war, when the company and its subsidiaries were committed to a programme of expansion involving the purchase and construction of ships on a grandiose scale. In 1919, the Royal Mail group purchased 77 vessels from the Government at a cost of over £15,000,000. It was no doubt patriotic on the part of the directors to help the Government dispose of its war-commandeered fleets, but this transaction must have involved the Royal Mail group in enormous losses, taking present day values of tonnage. Vessels which had been lost during the war had, of course, to be replaced, but the Royal Mail group, not satisfied with its Government purchase, entered upon an ambitious building programme, a number of vessels being built on the extravagant "time and line" basis and costing three or four times more than they would have done in 1913. The Royal Mail group borrowed, either directly or through its subsidiaries, under the Trade Facilities Acts of Great Britain and of Ireland, no less than £15,140,886 for the construction of new vessels. Could such a programme ever have been justified as a commercial proposition unless Lord Kylsant and his colleagues had received divine assurance of ten years of unlimited prosperity? In 1927, control of the White Star Line and Shaw, Savill and Albion was acquired by the purchase from the International Mercantile Marine Company of New Jersey of the whole of the share capital of the Oceanic Steam Navigation Company for £7,000,000, of which £4,650,000 has been paid in cash and the balance of £2,350,000 is payable on December 31, 1936.



A.—R.M.S.P. Meat Trapt
B.—Shaw, Savill & Albion
C.—Oceanic S. N.
D.—Geo. Thompson.
E.—H. & W. Nelson
F.—Nelson S. N.
G.—Belfast S. S.
H.—Burns & Laird Lines.
I.—Michael Murphy.
J.—Dundalk & Newry S. P.
K.—British & Irish S. P.
L.—City of Cork S. P.
M.—David MacIver.
N.—Scottish S. S.
O.—King Line.
P.—African S.S.
Q.—Elder Line.
R.—British & African S. N.
S.—Imperial Direct Line.
T.—McGregor, Gow & Holland.
U.—J. & P. Hutchison.
V.—Argentine Navigation.
(Nicholas Mihanovich)
W.—Liverpool, Brazil & R. Plate.
X.—McAndrews.

* As shown in the table on p. 300, the total holdings in the chief concerns in which Lord Kylsant is interested amount to £1,385,000 nominal.

Holdings in Argentine Navigation have now been sold.
* Companies in which Lord Kylsant is a shareholder.

There followed the acquisition of the Commonwealth Government Line from the Australian Government for a sum of £1,900,000. Interest payments on outstanding amounts under these headings are not among the least of the current financial problems of the group.

This expansion programme, in which no sign of ordinary commercial prudence can be detected, finally sealed the fate of the Royal Mail group. It is probably true to say that no vessel purchased or built immediately after the war at the peak of cost has earned sufficient to provide for the abnormal depreciation which has occurred in shipping values in the last ten years. Incidentally, it is questionable whether close connection between shipbuilding and -shipping groups has worked to the latter's best advantage, since the war. Lord Kylsant has stated that a lifelong experience as shipowner had convinced him that 4 per cent. per annum is a correct basis for depreciation. The whole of the group's vessels, he said (amounting to approximately 2,600,000 gross tons), had cost £106,000,000, and on January 1, 1930, had been written down by £54,000,000, which was over £6,000,000 more than the 4 per cent. rate allowed by the income tax authorities. This gave a book cost of £20 per ton, the average age of the vessels being 11½ years. For ships purchased or constructed at three or four times the pre-war cost of building, this would seem to be a wholly inadequate depreciation. Indeed, Lord Inchcape, at a meeting of the P. and O. Company in December, 1929, remarked that, as a rule, British shipowners endeavoured to set aside sufficient depreciation to wipe out the original cost of their vessels in eighteen or twenty years. Lord Kylsant has, in fact, admitted that his group has never earned enough profits in the last five years to meet such a rate of depreciation. On his own statement at the meeting in June last, the profits of the Royal Mail group, before charging interest or depreciation, in the four years 1926-29, had been £4,827,000, £5,697,000, £5,100,000 and £4,900,000 respectively. If depreciation at 5 per cent. had been allowed, the allocation out of profits would have amounted to £5,300,000 per annum. So that, since 1926, the Royal Mail group has never earned sufficient to allow for proper depreciation of its fleet. The group, in fact, has been burdened not merely with normal depreciation, but with a catastrophic decline in the value of ships built near the top of the short-lived post-war boom. It is this last fact that makes a proper charge for depreciation such a millstone round the neck of all the companies in the group.

It is difficult, in the light of these figures, to regard the dividend policy of the Royal Mail group as anything but reckless. The Royal Mail, the White Star, and Elder Dempster did not stop payment of dividends on their ordinary capital until 1929. Elder Dempster paid 4 per cent. for each of the three years 1926-28, and earned only 0.9 per cent., 1.4 per cent. and 2.5 per cent. respectively. The Royal Mail in the same period paid 4 per cent., 5 per cent., and 5 per cent., and earned nil, 5.19 per cent. and 4 per cent. respectively. The African Steamship Company paid 2½ per cent. in 1929, although its earnings were only 1.8 per cent. So it went on. An examination of the 1929 accounts of fifteen of the principal companies disclosed profits and income from investments amounting to £3,088,052 (after allowing an undisclosed amount for depreciation, but before charging interest) which was equivalent to 3.74 per cent. on the paid-up share capital of £51,470,750 and loan capital of £31,080,233.

What is the present earnings position? The Royal Mail has certainly had its full share of misfortunes common to the shipping industry. The South American trade from Europe and North America, in which the group is largely interested, has always had to meet difficult and intense competition, seeing that practically every maritime nation has its own services which are, in some cases, receiving Government subsidies. The Atlantic trade also suffered from acute competition after the White Star Line had been acquired, and the Australian trade has been upset by strikes and high tariffs before and since the Commonwealth Line was acquired. The West African trade has also been difficult on account of the quarrel with the vested interest in the oil and cocoa trades. Finally came the world trade slump in 1930, affecting American, South Atlantic and African routes alike. Even in normal times

the Royal Mail group would not have been able, as we have shown, to earn sufficient to cover adequate depreciation on the vessels which it had acquired or built at inflated prices after the war. The world slump gave the coup de grâce. To-day, only three subsidiary companies—Union Castle, Shaw, Savill and Albion and Coast Lines, are understood to be working at a profit.

This is deplorable enough, but the position is made much worse on account of the liabilities left over from the improvident financial policy which characterised the expansion programme and the complicated system of interlocking of the different companies by share holdings and loans. It was apparently the policy of Lord Kylsant to distribute the liabilities of the group among the associated companies as far as possible. This was no doubt the line of least resistance, when money had to be found, but the logical outcome of this policy is that when one company sinks, all sink together. The liabilities which were incurred in the more important acquisitions were never squarely faced. So complex is the interlocking in the Royal Mail group that we have compiled a chart which we hope will show more clearly the inter-company holdings of shares and loans. It is curious but significant that the only way in which this chart could be graphically presented is in the form of a vicious circle. Our chart has been based on the data regarding shareholdings given in the 1930 edition of *Fairplay's Annual Summary of British Shipping Finance*—a recognised authority. The following figures show the present position as regards the ordinary share interlocking of the most important concerns, and the effect of various changes which have taken place in the last few months:—

PRESENT INTERLOCKING OF CHIEF COMPANIES.
(Ordinary Capital only; Thousand £.)

	Companies shown in first column have ordinary share holdings in following concerns:—								
	Royal Mail S.P.	Elder Dempster	African S.S.	Union Castle	Lampport & Holt (a)	Glen Line	James Moss	Coast Lines	White Star Line (a)
Royal Mail (b)	...	433	...	1,370	1,200	1,150	350	1,130	1,501
Elder Dempster	1,010	...	1,699	1,370	1,700	1,140	350	230	1,000
Union Castle	1,070	...	...	...	...	...	...	275	959
Lampport and Holt	764	...	...	...	...	...	300	275	...
James Moss	...	...	...	...	...	...	...	90	...
Harland and Wolff	50	62	...	...	...	...	...	...	...
Pirraea Trust	...	537	37	...	50	...	...	...	...
Lord Kylsant*	624	720	1	...	50	...	...	...	...
H. and W. Nelson	...	...	...	...	...	...	...	...	500

* Including, in some cases, joint holdings with other persons, and holdings by other companies in which Lord Kylsant is interested.
† And Ocean Transport Company (subsidiary of Harland and Wolff).
(a) Includes partly-paid and fully-paid shares.
(b) Royal Mail and subsidiaries, in some cases.

In some cases the outside public's holding of ordinary shares is comparatively small. It is believed, for example, not to exceed £1,482,000 of the £5,000,000 ordinary stock of the Royal Mail Company. This means, of course, that calls on unpaid capital in such concerns as Lampport and Holt and White Star Line will fall to be met by other members of the group. It is understood, for example, that calls have been, and are being made, in the case of White Star ordinary.

The Stock Exchange, if not the public, has fully appreciated the catastrophe which has befallen the world's largest shipping combine. With the exception of the stocks of the Union-Castle and the preference shares of the White Star Line, it is well-nigh impossible to sell any of the stocks of the Royal Mail group. In a subsequent table we give the nominal quotations as compared with the highest prices recorded last year.

The story to be unfolded to the debenture stockholders of the Royal Mail and the preference shareholders of the White Star at the meetings on February 12th can scarcely be pleasing, but we suggest that more will be gained by the exercise of patience than by insistence on strict legal rights. The White Star preference shareholders, if the Royal Mail does not implement the guarantee of their dividends, can no doubt take proceedings against the Royal Mail. But what advantage would they gain? The Royal Mail debenture stockholders, who have a prior charge on Royal Mail assets, would immediately take legal action, and it is quite evident that the Royal Mail assets would not be sufficient to meet the claims

	Nominal £	Highest Price, 1929. £	Middle Prices, Jan. 28, 1931. £
Elder Dempster 5½% pref. shs. £1.....	425,000	19/-	403,750
Elder Dempster 6% pref. shs. £1.....	3,750,000	17/3	3,234,375
Elder Dempster 6½% pref. shs. £1.....	2,500,000	16/-	2,000,000
Elder Dempster deb. stk.....	1,000,000	97½	976,250
Elder Dempster deb. "A" stk.....	1,000,000	93½	933,750
Lampport and Holt pref. shs. £1.....	1,000,000	8/6	425,000
Lampport & Holt deb. stk.....	2,950,000	71½	2,101,875
Royal Mail ord. stk.....	5,000,000	76	3,800,000
Royal Mail 5% pref. stk.....	900,000	81½	733,500
Royal Mail 6½% pref. stk.....	2,900,000	102	2,958,000
Royal Mail 4½% 1st deb. stk.....	1,400,000	89½	1,253,000
Royal Mail 5% deb. stk.....	5,100,000	97	4,947,000
Union-Castle pref. shs. £10.....	240,000	7½	180,000
Union-Castle 6% pref. shs. £1.....	1,000,000	19/10½	993,750
Union-Castle 6½% pref. shs. £1.....	1,500,000	20/-	1,500,000
Union-Castle 6% deb. stk.....	2,000,000	102½	2,052,500
White Star 6½% pref. shs. £1.....	5,000,000	23/7½	5,906,250
	37,665,000	34,399,000	6,736,875

of the Royal Mail debenture stockholders in full, and also those of its ordinary creditors, including the White Star preference shareholders. An opinion has been expressed by counsel, which is referred to in an Investment Note on page 306, that the stockholders of the Royal Mail are under an unlimited liability for their company's debts, but this has been immediately denied by two counsel of acknowledged authority in matters of company law. The White Star preference shareholders may argue that the appointment of a receiver for the Royal Mail would hasten the severance of the connection between the Royal Mail and White Star which a reconstruction may involve. But a receivership would not be regarded by the public as the beginning of a reconstruction, and it is surely to the advantage of White Star preference shareholders that the Royal Mail, which is their debtor, should remain as a going concern without further loss of good-will. We feel, therefore, that their real interests lie in supporting the Voting Trustees who are now in charge of the Royal Mail group's affairs. The disposal of out-lying interests and the consolidation and reorganisation of companies engaged in the same trade are being undertaken by the committee as fast as practicable. A first step towards reconstruction was taken last September when the group's holding in the Argentine Navigation Company (Nicolas Mihonovich) was sold to an Anglo-Argentine group. It would be unwise, in our opinion, to interfere with the task of reconstruction which is slowly but steadily going forward. We would, therefore, advise the White Star preference shareholders to give the trustees their full support and to wait patiently for the outcome of their labours.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS
TICKET. ACCOUNT.
February 17. February 19.

THE opening of the new account did little to revitalise spirits which had become weary to the point of exhaustion. On every hand appeared a growing manifestation of anxiety with regard to the financial plight of the country, and as the prospect of an early general election receded dissatisfaction with the uncertain political outlook was both felt and expressed. Though in certain sections of the market, like Kaffirs and Oils, Paris came in with renewed vigour and let in a ray of hope, the general tone was one of mild gloom, while the existence of such weak spots as the Royal Mail counters induced caution. The redeeming feature of the week was the success

of the Surrey County Council loan, which was largely over-subscribed and immediately went to a quarter premium.

Gilt-edged stocks had a languid appearance, the cessation of the gold drain to France and the prospect of dearer money rates warring indecisively, while well-supported rumours of an impending issue from Whitehall and the East were accompanied by fractional losses all round. Indian loans declined perceptibly during the week, and the increased volume of selling suggested that second thoughts on the effect of Gandhi's release had proved unfavourable. Australian stocks were distinctly steadier, following the defeat of the Government candidate in the Parkes by-election, while New Zealand issues, after being marked down £1 as a precautionary measure on receipt of the news of the Napier earthquake, rallied for the most part when it became known that the first reports of the disaster had been exaggerated.

In the Foreign market, Brazilian bonds lost a point or two on rumours of a revolt in Piahy, but subsequent denials of any untoward event were followed by relative steadiness. Peruvians were marked down following the official request for a moratorium, and prices became nominal. Among Europeans, the German "Young" loans were well supported, and Austrian bonds were also prominent. Chinese issues were irregular in mid-week, but subsequently displayed a harder tendency.

The Home Rail market had hardly a single redeeming feature. Anxiety on the part of holders with regard to the trustee status of some stocks, coupled with a growing realisation that the outcome of the present wages dispute, even though relatively favourable to the companies, would not suffice to solve outstanding difficulties, led to an all-round decline, in the course of which Midland and Scottish ordinary touched 29½, the lowest on record. Undergrounds shared in the liquidation, hazy rumours with regard to the final dividend payment creating uneasiness. Argentine rails, in the Foreign section, were likewise affected by poor "traffics," resulting from unfavourable harvest operations, while Indian rails were also lower.

In the Industrial department, only the counters with a transatlantic market exhibited any tendency to rise above the dead level of stagnation. Royal Mail ordinary shares, which were once regarded as being of the "industrial gilt-edged" category, were being offered gratis to anyone who would free holders from the spectre of "unlimited liability." Swedish Match were well supported on news from Stockholm that the recent issue of "B" shares had been fully subscribed. Motors were dull, but Fords and Tillings proved to be satisfactory exceptions to the general tendency. Electrical shares were irregular, and among the supply shares Calcutta Electric declined when the terms of the proposed new issue became known. Textiles and rayons were sold, a sizeable recession occurring in the quotation for J. and P. Coats. Breweries were undecided, newspapers were weak, and bank and

(Continued on page 304.)

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by L. L. B. Angas.
(Author of "The Coming Collapse in Rubber, 1926.")

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466
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† Free of Income Tax.† Free of League Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Jan. 29, 1931.	Price, Feb. 4, 1931.
Ascom Rlys. & Trading 5½% debts. ...	97½	fy. pd.	96½-97½	96½-97½
Bermuda Development 5½% debts. ...	97½	fy. pd.	99-100	99-100
British Aluminium 5½% debts. ...	98½	60	3-2½ dis	3½-2½ dis
Central Electricity Board 4½% stock	95½	75	¾-¾ dis	¾-¾ dis
Cunard House 4½% debts. ...	90	60	2½-3 pm	2½-3 pm
Darnell (J.) 10½-17½	15½	fy. pd.	16½-17½	15½-16½
India 6% 1935-37	100	fy. pd.	101½-102	101½-101½
Kenya 4½% 1961-71	98½	45	¾-¾ pm	¾-¾ pm
Lewis's Investment Trust 5½% debts. ...	98½	20	¾-¾ pm	¾-¾ pm
London and Clydesdale Trust	10	2	¾-¾ pm	¾-¾ pm
London and Home Counties Electric 4½% stock	95½	60½	¾ dis-¾ pm	¾ dis-¾ pm
London Power 5½% deb. 1972	100½	30½	1½-1½ pm	1½-1½ pm
Metropolitan Housing 5½% debts. ...	95½	50	¾ dis-¾ pm	¾ dis-¾ pm
Myatt (Frank) 5½% debts. ...	95	10	1½-2½ pm	2½-2½ pm
Nat. Shipbuilders Security 5½% debts. ...	95	10	1½-1½ dis	1½-1½ dis
Notttingham (City of) 4½% stock 1951-61	98½	fy. pd.	99-99½	99-99½
Second British Steamship Trust New £10	£10	£5	10½-5½ dis	1½ dis-par
Smethwick 4½% debts. ...	98½	58½	¾-¾ dis	¾-¾ dis
Stirling County Council 4½% 1951-61	97½	fy. pd.	99-99½	99-99½
Surrey County Council 4½% 1950-70	99	5	...	1½-1½ pm

(Continued from page 301.)

insurance shares were lifeless. Imperial Chemicals, Turner and Newall and United Molasses all came on offer at different times, but mild improvements were recorded by Cables and Wireless and Babcocks, which proved to be a strong feature in a weak engineering list.

Rubber shares were overshadowed by the steady decline in the spot price of rubber from 4½d. to 3½d., and by the increase in stocks in the United Kingdom. Anglo-Dutch exhibited fresh weakness and declined sharply, while Trusts fell to 17s. 10½d., the lowest price recorded for some years. Little activity was noticeable among tea shares, and the few changes which occurred were mostly against holders. Oil shares made a poor start, with little interest from Amsterdam or Paris, but a sharp demand sprang up later for Mexican Eagles and a steadier tone supervened.

The Mining share market was less active than during the preceding week. The uncertainty of copper and tin prices and the steady decline in silver once again concentrated attention on gold-mining shares, to the detriment of other sections. Kaffirs became steadier after initial weakness, but activity halted when many shares were marked ex dividend on Thursday. Rhodesians were lethargic, and "Chartered" were again offered from Paris, though the subsequent dividend declaration was up to market expectations. In the northern section, the closing of the Bwana mine, though not unexpected, brought a marked decline. Tin shares were irregular, but gained strength with an improvement in the metal on Wednesday, while Tintos rallied on Paris support in spite of a further fall in copper.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Jan. 29, 1931.	Jan. 30, 1931.	Feb. 2, 1931.	Feb. 3, 1931.	Feb. 4, 1931.	Feb. 5, 1931.
Government and Municipal Loans	1,414	1,444	1,767	1,416	1,155	1,323
Transport, Communications, and Public Utilities	938	858	1,170	942	976	985
Commercial and Industrial Banks, Insurance and Financial	1,634	1,820	2,017	1,611	1,570	1,502
Mines (including Nitrate)	616	570	664	503	530	610
Oil	586	827	1,026	478	566	564
Rubber, Tea and Coffee	137	148	103	97	105	130
	113	119	138	126	108	116
Total	5,438	5,786	6,945	5,173	5,010	5,230

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 16.)	Jan. 29, 1931.	Jan. 30, 1931.	Feb. 2, 1931.	Feb. 3, 1931.	Feb. 4, 1931.	Feb. 5, 1931.
72.3	68.3	69.7	70.0	69.0	68.8	68.6	68.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets have developed a firmer tone. Though the prospect of legislation on the Veterans' Bonus proposals still clouds the outlook, the extreme nervousness of last week has subsided, and the bond market has turned strong again under the leadership of Government issues. After a dull start, industrials have risen, on a revival of the hope, which springs eternal, that the business recession has touched bottom for the time being at least. Dealings, however, have been narrow and the main trade "indicators" have failed to disclose much ground for optimism. Steel production has risen only to 48 per cent. of capacity (against 47 per cent. a week earlier), and car loadings have shown rather more than a seasonal decline. Market strength has chiefly been concentrated on the merchandising and amusement groups. Woolworths have been particularly well supported, on the statement that January sales showed a gain of 4½ per cent. over last year. Some railroad stocks have declined on anticipated dividend reductions. Coppers have remained firm despite the marking down of the metal by the Customs' smelters. Oils have been steady, the statistics being regarded as favourable.

	Jan. 1931.	Jan. 1931.	Feb. 1931.	Jan. 1931.	Jan. 1931.	Feb. 1931.
U.S. 3½% T. Bds.	106½	105½	105½	Natl. Biscuit	78½	78½
Lib. 3½% '32-47	102½	101½	101½	Phelps Dodge	20½	20½
Do. 4½% '32-47	103½	...	102½	Pullman	55	54
Do. 4½% '33-38	104	103	103½	Sears-Robuck	50½	51½
Atchafalpa	193	196½	193	Standbaker	28	21½
Ches. & Ohio	43½	43½	42½	Un. Fruit	5	5
Erie	32	30½	30½	U.S. Leather	5	4½
Illinois Central	85	88	88	U.S. Rubber	12½	13
N.Y. Central	123½	124	124	U.S. Steel	141½	140½
Pennsylvania	61½	61½	62	Westinghouse	86½	85
Southern Pacific	103½	103	104	Woolworth	58	60½
Southern Ry.	60	60½	61½	Am. Tel. & Tel.	187½	187½
Union Pacific	190	196½	199	Interboro R.T.	26	25
Am. Can.	111½	111	111½	Int. Tel. Tele.	24½	26
Amer. Smelting	44	44½	44	Radio Corp.	13½	15
Ansoconda	33½	33½	32½	Utilities P. & L.	24½	25½
Bethlehem Steel	43½	49½	51½	W. Union Tel.	138	138
Chrysler Motor	16½	17½	16½	Associated Gas "A"	20½	20½
Corn Producers Rf.	81	80½	81½	Pan Amer. B.	35	34½
Eastman Kodak	152	156½	158½	Shell	29½	32½
Gen. Electric (New)	44	44½	44½	Shell Union	92	93
Gen. Motors	37½	38½	38½	Sinclair Oil	12½	11½
Int. Harvester	51	52½	51½	Std. California	47½	47½
Montg. Ward	18½	20½	20½	Do. N.J.	48	47½

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Jan. 28.	Feb. 4.
337 Industrials	134.5	218.9	98.2	174.1	99.6	103.4	104.9
33 Rails	127.8	173.5	89.1	145.5	92.0	102.4	103.3
34 Utilities	177.6	330.4	153.2	267.4	158.1	165.8	168.8
Total, 404 Stocks	140.5	228.1	105.5	184.2	107.6	113.0	114.4
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.75%	5.63%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 16.)	Jan. 28, 1931.	Jan. 29, 1931.	Jan. 30, 1931.	Jan. 31, 1931.	Feb. 2, 1931.	Feb. 3, 1931.	Feb. 4, 1931.
125.1	118.6	122.2	123.5	123.7	127.9	123.6	124.1	124.8

TOTAL DEALINGS IN NEW YORK.

	Jan. 29, 1931.	Jan. 30, 1931.	Jan. 31, 1931.	Feb. 2, 1931.	Feb. 3, 1931.	Feb. 4, 1931.	Feb. 5, 1931.
Stock Exchange—Shares (Thous.)	1,600	2,200	800	1,200	1,200	1,500	1,500
Bonds (Value Thous. \$)	13,800	11,739	6,915	9,196	9,279	9,970	9,250
Over-the-counter—Shares (Thous.)	300	1,400	180	340	250	410	330

* 2-hour session.

INVESTMENT NOTES.

New Zealand Stocks.—The disastrous earthquake in New Zealand has not appreciably affected the market in New Zealand stocks. On the other hand, there has been a certain amount of selling on the part of holders who have become anxious at the depreciation in the exchange and the unfavourable trade situation. The following table shows the present market prices as compared with a month ago:—

	Price a Month Ago.	Present Offered Market Price.	Flat Yield %.	Yield with Redemption %.
New Zealand 5%, 1935-45	101	99½	5 1 0	5 2 0
" 4½%, 1944...	98	93½	4 16 6	5 4 6
" 4%, 1933-43	91	89½	4 10 6	5 5 6
" 3%, 1945 ...	81	79	3 17 0	5 5 0

The slump in wool and wheat prices has badly affected the export trade of New Zealand. In the year ended March, 1930, the "visible" balance of trade showed a debit of £122,000, against an excess of exports over imports in the previous year of over £12,000,000. For the year ending March, 1931, another unfavourable balance of trade must be expected, but imports are being curtailed as far as possible. The following table shows the visible overseas trade for the last three years:—

Years ended March 31.	Imports. £	Exports. £
1928	44,419,357	54,962,031
1929	45,105,865	57,154,343
1930	49,167,914	49,045,817

The depreciation in the New Zealand exchange is evidence of the difficulty which the country is experiencing in meeting its external obligations. The present rate for telegraphic transfers London and New Zealand is £109 9s. New Zealand per £100 sterling. The interest payments in London amount to about £7,600,000 per annum, the gross public debt of the Dominion being £272,883,843, of which £152,080,502 has been issued in London. If there is a large adverse balance of visible trade in the year ending March 31, 1931, it is evident that the transfer problem may become serious and that the country may have to have temporary financial assistance. The budget for the financial year (ending March 31, 1930) showed a slight surplus, but it is estimated that for the current year there will be a deficit of over £3,000,000 on account of the lower yield from Customs and a railway loss of £1,250,000. The financial policy of the New Zealand Government has, however, been essentially sound. Revenue surpluses since 1914 total about £30,000,000, which have been applied almost entirely to debt reduction or transferred to capital expenditure on development works. If there were any occasion for the New Zealand Government to seek temporary accommodation to meet its overseas interest payments, there is no doubt that help would be immediately forthcoming.

Movements in Share Values.—The issue of the latest figures of the Actuaries' Investment Index brings up to date the story of declining equity share values and slowly rising fixed interest security prices which has been characteristic of the last few months on the Stock Exchange. The Actuaries' Index was discussed in the *Economist* of November 8, 1930, page 871. The Index is revised periodically and now includes the equity shares, debentures and preference shares of all public companies operating in Great Britain with an "ordinary" market capitalisation of over £2,000,000. The nominal amount of any issue of debentures or preference shares included must, however, be at least £500,000. If the figures of

the Actuaries' Index be compared with those of various other indices, the results are as follows:—

(End December 1928 = 100.)

Class of Securities.	Index.	No. of Securities.	End of				
			Dec., 1929.	July, 1930.	Sept., 1930.	Dec., 1930.	Jan., 1931.
Industrial ordinary shares.	" Actuaries "	131	81.9	72.3	70.1	64.3	62.1
	" Fin. News "	30	84.3	75.9	74.3	69.7	68.5
	" Inv. Chron. "†	70	75.9	68.1	66.8	61.5	...
	" Bankers' Mag. "†	278	92.7	86.5	84.8	74.6	75.1
British Government.	" Actuaries "	3	94.7	100.5	100.9	104.6	104.7
	" Inv. Chron. "†	6	93.5	97.7	98.6	100.7	...
Industrial debentures.	" Actuaries "	41	94.1	95.5	96.1	98.1	98.3
Industrial pref. shares.	" Actuaries "	86	92.1	90.9	89.9	91.2	91.0
	" Inv. Chron. "†	10	93.5	94.7	93.8	94.3	...

* "General business." † "Variable dividend." "Bankers' Magazine" figures are calculated on prices in the middle of each month.

† Industrial fixed interest—includes four debentures and six preference.

The Actuaries' Index is based on a geometric average, whereas the other indices shown in the table are computed arithmetically. The figures suggest that the decline in ordinary share values has not yet been arrested. The Actuaries' Index shows a total drop since the end of 1928 (which marked practically the top of the boom) of approximately 38 per cent. The *Financial News* Index (based on 30 marked leaders) shows a somewhat smaller decline of 31½ per cent., but this may be in part attributed to the inclusion of one or two shares (e.g., Leyland Motors) which have shown a considerable rise since 1928, and tend to weight an arithmetical index somewhat heavily. The Bankers' Magazine Index includes a large amount of American railway common stock. The table shows, further, that the rise in British Government stocks which was halted in the third quarter of last year, gathered momentum in the last quarter, but has again been checked in the New Year. Appreciation in good industrial debentures has continued up to the present time, though at a slower rate than in the case of British Government securities. As regards industrial preference shares, however, it is clear that the "industrial risk" has outweighed the effects of cheap money, the curve of values showing, in fact, no upward trend. Holders of investment trust preference shares, however, had a more favourable experience, the thirteen shares included in the Actuaries' Index having risen from 96.6 at the end of December, 1929, to 103.0 at the end of last month. The broad conclusion suggested by the table is that so long as the depression continues, the axiom "buy the best" has particular relevance for the investor in fixed interest securities.

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GOVERNMENT, MUNICIPAL, RAILWAY, PUBLIC UTILITY, INVESTMENT TRUST AND INDUSTRIAL FINANCING

Royal Mail and White Star—Further Questions.—Stockholders of the Royal Mail Steam Packet Company, whose position is discussed in a leading article on page 299, were naturally perturbed this week by the publication of opinions given last year by a counsel named Mr H. B. Vaisey at the request of an interested party to the effect that they were under an unlimited liability for the company's debts in the event of a winding-up. Their anxiety was somewhat allayed by a subsequent statement issued by the Voting Trustees of the Royal Mail—Mr Walter Runciman, General A. Maxwell, and Sir William McIntock—containing a contrary opinion which they had obtained from two eminent counsel, Mr W. Gordon Brown and Mr Wilfrid Greene, K.C., who are acknowledged as leading authorities in matters of company law. This is the view which is generally recognised in the Stock Exchange. Indeed, members of the "House" long ago consulted the Royal Mail on this crucial point of stockholders' liability, and the company replied that under the terms of its articles stockholders were only liable up to the actual nominal amount of their stock. In the case of the P. & O., which is another shipping company incorporated by Royal Charter, it is expressly stated that the liability of members is limited. The common-sense, and equitable, view is that if there is no provision in the Royal Mail Charter imposing an unlimited liability on its members, the common law rule prevails, namely, that they are liable only up to the nominal amount of their shares. This question apart, it is probable that some difficulty may be experienced in inducing the White Star preference shareholders, at the meeting called on February 12th, to consent to a moratorium up to June 30th unless they can be satisfied that it is to their advantage not to press matters to an extreme, but to allow the Voting Trustees to salve what they can. A suggestion has been put forward that the White Star preference shareholders may be offered the opportunity, with the Royal Mail debenture stockholders, to set up committees of their own to act with the Voting Trustees. In this way they would obtain a *locus standi* and be made cognisant from time to time of all negotiations affecting their interests—a factor of undoubted importance in view of the complexity of the interlocking among the companies.

Boot and Shoe Company Profits.—The returns of a representative selection of boot and shoe manufacturing and retailing companies suggest that so far the industry has weathered the prevalent depression without undue strain. Indeed, though in 1930 the quantity of boots and shoes exported from this country declined by nine per cent. and their value by 11½ per cent., several companies have succeeded in recording an increase in profits. In the following table are set out the comparative results of nine companies for 1929 and 1930:—

Company.	Net Profit, 1929.	Ord. Div.	Net Profit, 1930.	Ord. Div.	Present Price.	Yield.
W. Abbott.....	£ 29,609	15	£ 24,882	10	1½	8 17 9
J. Darnell and Sons ..	42,568	12½	35,233	16	17½	9 8 3
Lennards.....	60,940	10	51,022	10	—	—
Lilley and Skinner ..	45,922	5	53,718	5	14½	7 2 10
Lotus.....	31,313	Nil	45,557	10	—	—
Public Benefit Boot Co.	50,639	10	45,447	10	—	—
Stead and Simpson ..	10,396	14	71,496	15	—	—
William Timpson ..	19,330	12½	22,216	12½	11½	10 8 4
Weber and Phillips ..						

† 10s. shares.

Four companies announced a reduced profit, but only two, W. Abbott and Lennards, reduced their dividend, the former from 15 per cent. to 10 per cent., and the latter from 12½ per cent. to 7½ per cent. The sharp decline in Lennards' profits was partly attributable to the reorganisation of shops taken over from Alfred Tyler and Sons. Lilley and Skinner again paid 10 per cent. on an augmented capital. Three companies increased their profit, but in the case of William Timpson the gross profit was actually lower, the net profit showing an advance because last year certain non-recurring items of expenditure had to be met in connection with

the purchase of the business. The Public Benefit Boot Company increased its profit by £14,244, and its ordinary shares, which last year went without a dividend, received 10 per cent. J. Darnell and Sons, who, in their prospectus of October last, prophesied a net profit of £50,000, actually made a profit of £35,283 and paid 16 per cent. on their ordinary capital, a result which, in a year of depression, cannot be regarded as unsatisfactory.

Linen Thread Company.—The depressed state of the linen industry is exemplified by the results of the Linen Thread Company, Ltd., for the year ended September 30th last. After providing for debenture interest and taxation, the net profit is £110,556—a decline of £153,993 as compared with 1929:—

	Years to September 30th.		
	1928.	1929.	1930.
Net profit	£ 263,862	£ 264,549	£ 110,556
Preference dividend.....	121,000	121,000	121,000
No. of times covered	2.18	2.19	0.91
Ordinary capital:—			
Dividend amount.....	140,250	140,250	99,000
Earned per cent.....	8.66	8.70	Dr. 0.63
Paid per cent.	8½	8½	6½
Reserve fund	—	—	Dr. 100,000
Inc. or dec. in carry forward	+ 3,612	+ 3,299	— 9,444

† Free of tax.

The directors have recommended a final dividend of 3 per cent., making 6 per cent., but have not declared the customary bonus of 2½ per cent. as in the three previous years. This somewhat generous "gesture" has involved the transfer of £100,000 from the reserve fund. At 23s. 9d. the £1 shares yield £5 3s. 8d. per cent. (free of tax), but the maintenance of a 6 per cent. tax-free dividend next year presupposes a considerable recovery in trade.

Turner and Newall Meeting.—At the annual meeting of this leading asbestos combine on January 30, Mr Samuel Turner gave shareholders a reassuring survey of the activities and prospects of the company. The reduction in dividend, he declared, was to be regarded as a precautionary measure, since it could not be expected that their company would come wholly unscathed through the prevalent depression. Nevertheless, in every phase of its activities advances had been made. Fruitful results had attended the continued research work, and new products were constantly issuing from the producing units, of which the asbestos cement pipe was an example, while another important development during the year had been the production on a factory scale of fire-proof and non-organic sound-absorption materials. The problem of raw material, which had always been one of anxiety in the asbestos industry, had been largely solved by the complete reorganisation of the mining operations of the unit companies' principal mines. In that connection, the directors had no reason to be dissatisfied with the investment in Rhodesian and General Asbestos Corporation, in view of the growing vitality of the asbestos industry as a whole. It was untrue to say that Turner and Newall had a virtual monopoly in the industry, since there was not one of their unit companies which was not subjected to active competition at home and abroad. Referring to the possibilities of exports from the U.S.S.R. during the present year, the chairman pointed out that Russia was an important producer of raw asbestos before the war, and that, granted normal development in future, there was no reason why the industry should not be able to absorb any anticipated exportable surplus from Russia without undue disturbance to trade.

Peruvian Moratorium.—The cautionary note sounded in our recent review of the outlook for Peruvian and other South American bonds (see *The Economist*, January 24, 1931, p. 174) has been speedily vindicated. The new Finance Minister of Peru, appointed since the

recent revolution, has asked for a moratorium "until economic stability is reached." He states that the Government intends to honour its obligations, but "is unable to pay interest and provide sinking funds without endangering the foundations of national economic life." No mention is made as to the probable length of the moratorium. The following are the prices of Peruvian stocks listed in London:—

	Jan. 2.	Jan. 28.	Feb. 3.
7½% (Guano)	82½	75½	74½
Nat. 6% Extl. Sinking Fund	42½	50	45
Lima Prov. Council 5%	52½	50½	50½
Lima Light and Power 6% ...	92½	90½	90½
Peruvian Corp. 5% Pref. Stk.	22	20	20
Ordinary Stock	4	4	4

The market received the news with stoicism. On Wednesday, however, Peruvian Corporation stocks fell to 19½ and 3½ respectively, on the publication of figures showing that in January last gross receipts had fallen, as compared with the preceding January, by 33½ per cent. The decline for the seven months to January 31st amounts to 27½ per cent.

Some Investment Trust Reports.—The reports published by three well-known investment trust companies this week are of particular interest, since they reveal in rather striking fashion the difference which the date of birth makes to the investment portfolio. The Sterling Trust, of which Baron d'Erlanger is chairman and Mr R. Fleming and Sir G. A. Touche are directors, was registered in 1881 and a valuation of its investments at market prices on December 31st showed a surplus over book value of £4,939,068. The Standard Trust, of which Mr A. Shepherd is chairman, was registered in 1903 and a market valuation of its investments at the same date showed a depreciation of 12.13 per cent. on their book value of £1,962,261. The Glasgow Stockholders' Trust, of which Mr P. Rintoul is chairman, is a comparatively young company, formed in 1927, and the market value of its investments at January 2, 1931, showed a depreciation of 24.89 per cent. on their book value of £1,416,807. The net revenue (after tax) of the Sterling Trust, curiously enough, showed a very slight decline from the figures of the previous year and that of the Glasgow Stockholders a very slight increase. The Standard Trust increased its revenue substantially as the result of the issue of new ordinary shares, preference shares and debenture stock. The results of the three companies for the past two years, together with percentage earned and paid on the ordinary capital, are shown in the following table:—

	Sterling Trust.		Standard Trust.		Glasgow Stockholders.	
	1929.	1930.	1929.	1930.	1929.	1930.
Net profit after tax (thousand £)	159.2	158.8	56.4	60.2	32.0	33.9
Ordinary—						
earned.....%	17.7	18.4	14.9	13.3	8.9	8.0
paid.....%	14.5	14.5	10.0	10.0	5.0	4.0
To reserve (thousand £)	24.0	25.0	10.0	10.0	25.0†	Nil

† £20,000 from premium on shares.

The directors of the Glasgow Stockholders, after paying off the expenses of the issue of debenture stock and terminable debentures, have decided to reduce the ordinary dividends from 5 per cent. to 4 per cent. The Sterling and Standard ordinary stocks are quoted in the market at 230 and 157, to yield 6.3 per cent. and 6.37 per cent. respectively.

Stock Exchange Options.—So many stocks and shares, writes a "House" correspondent, have been attacked by financial malaise that some people are asking whether, in certain cases, the decline has not been overdone. The investing power of the public is, however, so closely concentrated on "safety first" stocks that money available for investment in good industrial shares is comparatively slender. The more interest attaches, therefore, to dealings in options, which are being used, by some operators, as a means of taking an interest in shares which "look cheap," while strictly limiting possible losses if things go wrong. Option dealings, as practised under the rules and regulations of the "House," may be described

as an established method of limiting liability to a specified amount of money, in order to secure for a definite period an interest in the price fluctuations of stocks and shares. "An option may cover the purchase of shares, or their sale, or may combine the double operation, in which case the cost is usually double that for the single operation. A "call" option is the right to buy or not, at the choice of the giver, at an agreed future date, a stock or share at an agreed price. Beyond the option money, the brokerage and the contango rate, there is no further liability if the shares should not move sufficiently to give a profit on the transaction. Options can be done for a day, or for three months. The three-monthly option is the most popular one, and its cost is always comparatively cheaper than that of options for shorter periods. A brochure recently issued by a Stock Exchange firm points out that the price of an option is usually based on the marketability of the share concerned. Where a free market exists, the option rate is lower than that in a restricted market. There are, however, many other considerations. For example, it appears, at first sight, incongruous that the option-rate on Courtaulds should be about the same as that on Imperial Tobacco shares, seeing that Courtaulds stands about 31s. and Imperial Tobacco at 92s. 6d. But in the former case, the "risk" of a sharp rise is considered to be greater than in the latter. The common Stock Exchange practice is for the taker of the option money to buy half the amount of stock or shares over which he accepts the option-rate. He must, therefore, be prepared to finance his purchase for the period during which the option runs. For this reason, a "giver" for the "call" of shares is called upon to pay contango money in addition to the option rate. For the sake of illustration, a concrete example may be taken. Imperial Chemical ordinary shares stand at about 16s. 3d., at which price an option for three months can be obtained for about 1s. 6d. per share. In addition to the 1s. 6d., there is, say, 3d. for contango money, and 3d. brokerage—making 2s. per share, of which the option money and the brokerage (totalling 1s. 6d. per share) will represent the full extent of loss if the price of Chemicals at the end of three months does not permit the sale of the shares at a profit. The contango money is added to the price of the shares, and does not have to be paid for as an item of expense, but the price of Chemicals must rise from 16s. 3d. to 18s. 3d. before the giver of the option, by selling, can come out square, with neither loss nor profit, on the transaction. The sale can be effected at any time during the period over which the option runs, and if the giver should consider, for example, that it will pay him to sell at 17s. 3d., he reduces his loss by 1s. per share. Should the price rise to 20s., and he thinks it well to sell, he makes 1s. 9d. a share net profit. A sale, it is useful to insist, can be made at any time during the option's currency, and, as a rule, the bargain may be settled if the holder of the call wishes to complete the transaction then and there. But this, as a matter of fact, is an extravagance, because an option should be allowed to run for its full length whether or not the giver of the money has sold in the interval, for if a fall should take place after the shares are sold, this gives the opportunity for repurchasing, still leaving the option alive for further possibilities. According to the conventional Stock Exchange view, option dealing is the most



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scientific of all means of speculation. It requires, however, a wide experience in dealing, and may be a dangerous weapon in the hands of an amateur speculator.

Markings in the Supplementary List.—On Friday, January 24th, a meeting took place between the Stock Exchange Sub-Committee and twelve jobbers, representing different markets, to discuss possible modifications in the Stock Exchange Supplementary List. It was argued that in its present form this list was unsatisfactory, since the only information it gave was the date and price of the last transaction in any particular security. If no business was done in a security for three months, its name was automatically removed from the list. Such a method, it was suggested, was misleading when, as often happened, a transaction was several weeks old, and made business extremely difficult for the holder of shares which had been removed from the list altogether. In certain quarters the view was held that when no transactions were recorded dealers should have the right to mark bids or offers until it was possible to record fresh business, while others recommended that the Unofficial List should be brought more into line with the Official List by the insertion of the date when a security went "ex dividend," and of the par value of the share. From the point of view of the jobbers, there is doubtless much to be said for revision, since, when a stock becomes inactive, and the Unofficial List consequently proves of little assistance, brokers frequently endeavour to satisfy their clients by going direct to other brokers known to have direct contact with the company concerned. From the public point of view, however, the reform proposals are more open to criticism. In New York it is recognised that securities are not suitable for public transaction until they have served a period of probation in the curb market, whereas in London permission to deal may be granted to new securities directly their sponsors have complied with certain formal requirements. It is arguable that any move which facilitates the public purchase of untried securities is retrogressive, and that, if the Stock Exchange Committee takes steps to see that the transference of stocks which have proved their right to inclusion in the Official List is made without undue delay, and at the same time provides a record of transactions in "unofficial" securities, it is doing as much as can reasonably be expected.

New Capital Issues in January.—In the table below we show the new capital raised in London by issue to the public or shareholders in January and recent years:—

Monthly Average.	(000's omitted.)			
	United Kingdom.	British Possessions.	Foreign Countries.	Total.
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Total.				
	Govt.	Other.		
January, 1929 ...	650	14,080	24,897	42,610
January, 1930 ...	500	9,033	1,671	13,989
January, 1931 ...	1,800	6,331	118	8,249

A feature of the "capital" market during last month was the marked advance in purchases of National Savings Certificates as compared with the corresponding month of 1930. Of the seven new issues to the public, the Borough of Birkenhead was responsible for £1,000,000 of 4½ per cent. stock at 99, the greater part of which was for conversion purposes, and Belfast Corporation for £500,000 at a slightly dearer rate. Two trusts, the London and Clydesdale and the Lewis Investment, seized the opportunities of cheap money. Two of the major issues were the offer of £3,000,000 of debentures by the London Power Co. and £1,000,000 by the National Shipbuilders' Securities—the first flotation under the auspices of the Bankers Industrial Development Company. The other issue was that of the Belfast Omnibus Company, which raised £100,000. Issues to shareholders were all of relatively small amount.

San Francisco.—Our mining correspondent writes:—The depreciation in metal prices is strikingly reflected in the results of this Mexican enterprise. Despite an increase of 30,000 tons in the quantity of ore treated, the operating surplus shrunk from £415,270 to £165,360; while the net profit came out at little more than one-fourth the previous year's total. No interim dividend was declared, and the final of 10 per cent., payable upon an increased capital, left an enhanced balance to go forward. We contrast the results of the past four years:—

	YEAR ENDED SEPTEMBER 30.			
	1927.	1928.	1929.	1930.
Net profits	320,029	283,130	333,589	88,360
Brought forward	114,885	129,122	125,260	172,560
Ordinary shares:				
<i>Earned</i>	320,029	283,130	333,590	88,360
<i>Paid</i>	300,792	281,992	286,280	78,280
<i>Earned</i>	42.6	37.7	43.7	11.3
<i>Paid</i>	40.0	37.5	37.5	10.0
Other allocations	5,000*	5,000*	...	...
Carried forward	129,122	125,260	172,560	182,650

* Directors' commission, since included in expenses.

The increase in capital above referred to arose from the issue of 38,600 shares, taken at 17s., in payment for certain additional plant—a very satisfactory arrangement from the company's point of view. Naturally, having regard to the condition of the metal markets, the directors decided to add only one unit to the mill instead of the two originally contemplated. Allowing for the sum required to cover the distribution, the balance sheet shows a cash surplus of £73,000, irrespective of a loan of £27,000 to a subsidiary company. Despite the restriction of the development by 28 per cent., the ore reserves, at 2,316,500 tons, display an expansion of no less than 442,000 tons. In the case of the fully blocked out material (1,763,600 tons), the increase is 389,800 tons. Since the date of the accounts lead has further declined to the lowest price recorded for some twenty years, while zinc has become cheaper than ever previously known.

Chinese Customs Loans.—In an Investment Note in last week's issue of the *Economist* on the Chinese Customs, we converted the total Customs revenues for 1930, amounting to 180,570,000 Haikwan taels, at the rate of 1s. 7.7265d. It has been pointed out to us that the average rate of exchange over the year was 1s. 10½d., which would give a sterling equivalent of £16,834,395, sufficient to cover the total interest and sinking fund payments on the Customs loans, including the total Boxer indemnity obligations, 2.3 times. It may be recalled that as from February 1, 1930, the Haikwan tael was discontinued as the basis for payment of duties on imports from abroad and a new "gold unit" substituted equal to 19.7265d. sterling. The general effect of this measure is to restore the import duties to the same percentage of dutiable value as at the time the new tariff of February, 1929, came into force and to stabilise these duties on a gold basis irrespective of any subsequent fluctuations in the exchange value of the tael. Of course, those duties which are actually paid in taels at whatever rate is fixed for the tael to the gold unit (this was at first 1½ and at the present time is 1½ Haikwan taels per gold unit, the Haikwan tael being 11.4 per cent. dearer than the Shanghai tael) will subsequently involve an exchange operation if the taels are converted into sterling. But a large part of the duties are paid (always on the basis of the gold unit) by means of demand drafts on London, and to this extent exchange operations are not involved. For this reason it is somewhat misleading to take the sterling equivalent of the Customs revenue at the average rate of exchange.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Lloyds Bank, London Merchant Bank, Midland Railway Company of Western Australia, South Metropolitan Gas, Mortgage Company of the River Plate, Turner and Newall, William Timpson, Sedenak Rubber Estates, Olympia, and Ashanti Goldfields Corporation.

CAPITAL ISSUES.

On Monday the *Surrey County Council* issued £1,500,000 of 4½ per cent. stock at 99 per cent., the yield reflecting the measurable decline in interest rates on sound trustee securities during the last twelve months. About £870,000 of the proceeds were to be applied in the repayment of existing temporary loans. The stock was very favourably received, recent issues of full trustee status having fallen considerably short of satisfying normal demand. Among other operations which are in prospect may be mentioned a gilt-edged issue (which will probably be announced over the week-end) and a corporation stock to an amount of £700,000. It is also understood that the Reading Corporation may shortly be in the market for £1,000,000.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to January 31, 1931, £9,236,420.
Total, including conversion, recorded January 1 to January 31, 1931, £10,207,563

To the Public.	Nominal Capital.	Conversions or Repayments.		First Payment.	Further Liability.
		£	£		
Surrey County Council	1,500,000	...	1,485,000	75,000	1,410,000
Total issued to the Public, week ended Feb. 7, 1931 ...	1,500,000	...	1,485,000	75,000	1,410,000
To Shareholders only.					
Foyle (W. and G.), 8% £50 Debts, £25,000 at par	25,000	...	25,000	25,000	...
Total offered to Shareholders only, week ended Feb. 7, 1931 ...	25,000	...	25,000	25,000	...
Total Offered for Subscription—					
Including Conversions.	...	...	...	...	...
Excluding Conversions.	...	...	...	...	...
Jan. 1 to date—	£	£	£	£	£
1931	12,017,563	11,046,420	1929	454,888,784	267,800,700
1930	15,671,306	15,671,306	1928	488,764,940	285,239,400
1929	66,510,374	52,935,823	1927	693,100,056	369,058,073
1928	124,132,239	124,132,239	1926	...	355,165,970
1927	101,694,785	101,694,785	1925	...	230,782,600
1926	33,821,791	33,821,791	1924	...	232,214,500
1925	19,113,622	19,113,622	1923	...	209,326,101
1924	24,949,955	24,949,955	1922	...	271,399,173

Nature of Borrowing.

Debtures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
	£	£	£
January 1 to date—	£	£	£
1931	9,285,357	338,571	1,444,492
1930	14,027,386	763,262	880,818
1929	227,658,500	15,548,800	24,593,300
1928	137,670,300	31,543,400	116,025,700
1927	212,817,900	45,062,600	111,177,600
1926	228,958,000	36,836,600	89,371,400
1925	145,180,000	39,393,200	46,209,400
1924	...	...	...

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Introduced.	Total Cash Involved.
	£	£	£
...	2,456,375	...	2,508,632
Total for week ended February 7, 1931 ...	Nil	...	Nil
Total to date, 1931	2,456,375	...	2,508,632
Total to date, 1930	1,014,187	...	1,138,840

Surrey County Council.—Issue of £1,500,000 Surrey County Council 4½ per cent. redeemable stock, 1950–70, at £99 per cent. Trustees are authorised to invest in this stock. The stock will be redeemed at par on April 1, 1970, unless previously cancelled by purchase or agreement, but the Council will have the option of redeeming the stock, in whole or part, at any time on or after April 1, 1950, on three months' notice. A rate of 1d. in the £ produces £34,400.

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representatives

148 Leadenhall St. London, E.C. 3.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Jan. 30, 1931.	Miles Open.	Week ended Feb. 1, 1931.					Aggregate 5 weeks, 1931.				
		(000's omitted.)					(000's omitted.)				
		Passen.	Merch.	Coal and	Total	Total for Week.	Passen.	Merch.	Coal and	Total	Total for 5 weeks.
Great Western...	3,761	170	188	125	313	483	926	277	458	1,335	2,261
Do. for 1930...	3,755	179	221	135	356	535	994	1,059	692	1,750	2,744
L. & N. Eastern (c)	6,362	267	370	273	643	910	1,391	1,690	1,330	3,020	4,411
Do. for 1930...	6,361	285	443	290	733	1,018	1,486	1,978	1,391	3,369	4,855
Lon., M. & Scot.	6,956	385	459	282	741	1,126	2,015	2,180	1,430	5,610	5,625
Do. for 1930...	6,957	412	541	292	833	1,245	2,135	2,631	1,437	4,068	6,203
Southern	2,179	244	75	45	120	364	1,275	339	183	522	1,797
Do. for 1930...	2,179	250	82	37	119	369	1,323	376	172	548	1,871
Total of above...	19,258	1,046	1,092	724	1,816	2,862	5,607	5,085	3,402	8,487	14,094
Do. for 1930...	19,252	1,126	1,287	754	2,041	3,167	5,938	6,042	3,693	9,735	15,673
Metropolitan (c)											
Do. for 1930...	59	30.7	3.9	...	...	34.6	160.1	19.9	...	...	180.0
Undgd. E.R. (c)	...	285.7	...	...	...	285.7	1,302.9	...	...	...	1,302.9
Do. for 1930...	...	285.7	...	...	...	285.7	1,302.9	...	...	...	1,302.9
Lon. & Sub. Gp.	...	41.7	...	...	...	41.7	189.0	...	...	...	189.0
Do. for 1930...	...	42.4	...	...	...	42.4	195.2	...	...	...	195.2
*R.I. & Co. (d)	80	1.8	6	...	...	2.4	8.7	3.0	...	...	11.7
Do. for 1929...	80	1.9	9	...	...	2.8	9.0	3.2	...	...	12.2
*Gt. Northern (b)	562	8.4	17.7	...	...	26.1	37.4	60.9	...	...	98.3
Do. for 1929...	562	10.2	17.9	...	...	28.1	39.5	60.6	...	...	100.1
*Gt. Southern (b)	2,188	18.5	39.6	...	...	58.1	78.0	163.6	...	...	241.6
Do. for 1929...	2,188	20.9	42.4	...	...	63.3	87.9	170.4	...	...	258.3

* Aggregate 4 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	52	Jan. 3	1,306	3,89,000	- 32,274	1,56,71,315	- 9,19,736
Barai Lt. Ry.	41	10 202	29,100	23,600		15,48,500	- 14,40,000
Bengal & N. Western	15	10 2,078	6,25,658	- 1,09,363		83,44,039	- 14,89,766
Bengal-Nagpur	40	3 3,173	14,37,000	- 3,04,106		6,05,82,458	- 86,93,243
Bombay, Bar. & C.I.	43	24 3,094	23,75,000	- 2,29,000		8,56,45,000	- 76,49,000
Madras & S. Mahr.	2	10 3,229	16,97,000	- 10,032		33,60,000	- 1,51,644
*Rohilk'd & Kumaon	15	10 572	1,42,495	- 27,075		16,58,051	- 1,68,080
South Indian	40	3 2,407	10,96,296	- 1,13,256		4,77,02,552	- 32,83,559

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	3	Jan. 21	204,133	3,120,037	- 874,967	8,948,547	- 2,387,022
Canadian Pacific	4	Jan. 31	154,701	3,808,000	- 591,000	4,418,000	- 1,600,000

SOUTH AMERICAN.

Antioquieta (Chilli and Bolivia)	5	Feb. 1	804	27,250	-	7,150	114,280	-	37,400
Argentine N.E.	31	Jan. 31	753	12,600	-	5,000	431,100	-	53,800
Argentine Trans'dn.	31	Jan. 31	111	2,976	-	2,247	107,547	-	35,136
B.A. and Pacific	31	Jan. 31	2,806	146,000	-	32,000	3,791,000	-	833,000
B.A. Central	31	Feb. 1	...	11,349	-	2,616	387,758	-	24,784
B.A. Gt. Southern ..	31	Jan. 31	5,009	245,000	-	65,000	6,218,000	-	1,047,000
B.A. Western	31	Jan. 31	3,926	70,000	-	35,000	2,136,000	-	54,000
Central Argentine ..	31	Jan. 31	3,442	239,000	-	12,000	6,343,000	-	1,030,000
Central Uruguayian ..	31	Jan. 31	273	31,743	-	5,043	946,477	-	21,384
C. Urug. (East Ext.) ..	31	Jan. 31	311	8,921	-	247	203,413	-	2,900
C. Urug. (N. Rxt.) ..	31	Jan. 31	185	3,855	-	1,139	107,702	-	3,700
C. Urug. (W. Rxt.) ..	31	Jan. 31	211	3,143	-	10	90,926	-	7,000
Cordeba Central ...	31	Jan. 31	1,218	52,000	-	2,000	1,814,000	-	90,000
Entre Rios	31	Jan. 31	609	2,600	-	2,500	823,700	-	38,000
La Plata	5	Jan. 1	1,052	11,100	-	10,100	48,300	-	52,000
Leopoldina	5	Jan. 1	1,918	25,644	-	17,602	110,622	-	45,200
Leopoldina Terminal ..	31	Mirs. 31	239,000	-	64,000	1,209,000	-	118,000	
Nitrate (monthly)	1	Jan. 1	410	14,442	-	18,661	27,875	-	35,450
San Paulo	4	Jan. 1	25 1534	34,219	-	13,935	127,654	-	29,330
United of Havana	31	Jan. 31	1,369	48,349	-	44,837	1,035,600	-	566,170

COMPANY MEETINGS. &c.

LLOYDS BANK LIMITED.

LARGE REDUCTIONS IN LOANS AND ADVANCES.

REASONS FOR THE LOWER RATE OF DIVIDEND.

NOT A PESSIMISTIC BUT A PRECAUTIONARY MEASURE.

EXAGGERATED "GOLD SHORTAGE" TALK.

MR J. BEAUMONT PEASE REVIEWS THE POSITION AND PROSPECTS.

The seventy-third ordinary general meeting of the shareholders of Lloyds Bank Limited was held, on the 30th ultimo, at the Cannon Street Hotel, London.

Mr J. Beaumont Pease (Chairman of the Bank) presided.

The auditors' report having been read by Sir Gilbert Garnsey, K.B.E.,

The Chairman, in moving the adoption of the directors' report, said:—Before I proceed to the examination of our report and balance sheet, I should like to take this opportunity of expressing our great regret at the resignation from our board for reasons of health of Mr Lambert W. Middleton. Mr Middleton has been associated with banking since his earliest business days, and his experience as a partner in the old private banking firm of Messrs Lambton and Company and his own shrewd judgment were of the greatest service to the bank. We shall miss him greatly, not only for his value as a director, but for his personal characteristics, which endeared him to all his colleagues both on the board and on the staff. His place has been taken by Captain C. E. Benson, D.S.O., a partner in the firm of Messrs Robert Benson and Company.

I have also to record the retirement of Mr V. W. Wanklyn and the pleasure with which we elected him to the local board of the West Yorkshire section in recognition of his services to the bank in that district.

BALANCE SHEET ITEMS.

I should like now to go through with you the main items in our balance sheet. Our capital and reserve figures remain the same as before, and I shall have something to say presently in regard to the profit and loss account.

Our current, deposit, and other accounts stand at over £364,000,000, an increase of £13,000,000 over the previous year, and constitute a record figure in the history of our bank under this heading. The items acceptances, endorsements, guarantees, and other obligations show a substantial decrease as compared with last year, and are an indication of the slackness in trade prevailing during the last 12 months.

On the other side of our balance sheet are some £55,787,000 under the heading of cash in hand and with the Bank of England, together with the balances with, and cheques in course of collection on, other banks in the British Isles. This large sum of course is entirely unremunerative, earning no interest at all, and represents no less than 15.3 per cent. of our total deposits. This is a fact which is sometimes overlooked by our depositors and others, who would like to persuade us to make a bigger interest allowance on our deposit accounts.

Money at call and short notice, which also stands at a high figure, was very unremunerative owing to the low rates prevailing last year.

Our balances with banks abroad are down by £3,000,000. On the other hand, while our trade bills show a slight reduction, there is a very large increase of £15,000,000 in the amount of Treasury Bills, another indication of the difficulty we have experienced in profitably employing our money.

For the same reason, our investments are up by over £15,000,000.

The figure at which our shares in subsidiary companies stand is based on a price below the market price or on the value of the net assets, whichever is applicable.

ADVANCES.

When we come to the item loans and advances I have to report a drop of, roughly, £16,000,000, which is a still further indication of the reduced requirements of trade.

I have in previous years given you some particulars of the analysis which we yearly make of our overdrafts. We have a net increase of 7,727 in the number of overdrawn accounts, of which 4,946 come under the heading of personal and professional. Out of the 31 groups into which our overdrafts are classified, 21 show a decrease of £17,000,000. Of these, the principal headings are Banking, Insurance and Finance; Foodstuffs and Tobacco; Cotton; Wool; and Corn. Ten groups show an increase of £4,500,000. Of these the

principal items are Retail; Building Trades; Theatres and Hotels; and Chemicals.

Other assets and accounts is an omnibus item, comprising various impersonal and suspense accounts, stocks of stamps, and freeholds and leaseholds not immediately required for bank premises.

BANK PREMISES.

There are one or two points in connection with the item bank premises which I would like to make. Owing to provisions which we have made in the past, the freeholds and cost of buildings thereon have now been written down to less than half their cost, and our leasehold premises are written down by annual instalments sufficient to wipe off the debit balances at the expiry of the leases. I think I may say that our programme under this heading is now nearing completion, and, in view of the large provision which we have made in previous years for writing down the cost of our premises, I think we can safely be satisfied with smaller allocations in the future.

While discussing this item I must not omit to mention that, during last year, we entered into our new and handsome head office building, which now houses our City office and all our head office departments, with the exception of our Trustee Department. Our Colonial and Foreign Department have still got a separate building in Gracechurch Street. The convenience and economy of centralisation in this way, we hope, will be very considerable. I should like again to remind our shareholders that the whole cost of the building of our new head office premises was entirely provided for some years ago, and not a penny of this cost has been added to our premises account. (Hear, hear.)

PROFIT AND LOSS ACCOUNT.

We now come to the profit and loss account, and you will see that our net profit brought in after making provision for rebate, income tax, and for all bad and doubtful debts and contingencies, is £2,129,515, out of which we have paid interim dividends for the half-year ending June 30th.

We have placed £200,000 to contingency fund and £200,000 to staff superannuation fund.

We recommend a dividend of 1s. 4d. a share on the "A" shares, making a total dividend of 15 per cent. for the year, and a dividend of 6d. per share on the "B" shares, making a total dividend of 5 per cent. for the year.

The balance carried forward is £511,198, about £3,000 higher than the balance brought in.

BOARD'S DIVIDEND POLICY.

Having declared profits of £2,100,000, the point of special interest to shareholders naturally is why did we not declare the usual dividend. The answer very simply is that, in our opinion, the normal banking profits for the year did not warrant it. With our largely increased deposits, and with the reduced facilities for employing them profitably in loans and overdrafts; with an average Bank rate which had fallen from £5 9s. 10d. to £3 8s. 2d.; and with a still larger reduction in the average discount rate for three months' bills from £5 4s. 2d. to £2 10s. 2d., the ordinary normal profit-earning capacity of the business during last year showed a very considerable falling away as compared with the previous year.

It is true that this was compensated by large abnormal profits resulting from the sale of investments. It is true, also, that by having greater recourse to our internal reserves, which may be legitimately used in an ordinary way, either for meeting bad debts or for the equalisation of dividends, we could have shown a higher profit figure for the year. Undoubtedly, if we had been clear that 1930 was an isolated instance, and that the results for 1931 would be of a more normal character, we probably should have recommended the usual dividend. But, after taking all the circumstances into the most careful consideration, we came to the conclusion that it would be more in conformity with the prudence and prestige of English banking, of which you shareholders are as proud as anyone—(hear, hear)—and for which you have every reason to be

grateful, if we placed the whole of the profits arising from the sales of investments to our internal reserves. (Hear, hear.) I quite agree that there is room for more than one opinion on this subject, and I shall anticipate the possible expression of some of these by alluding to them.

NEED FOR PRUDENCE.

In the first place it is not unnatural for anyone to argue that in past years we have built up these substantial internal reserves for the very purpose of meeting abnormal conditions if and when they arise, and probably we should have so used them if we had been confident that these conditions would not still continue. But without that clear expectation, would it have been wise to contemplate further inroads for the current year on our inner resources? We wish above all things to be strong and to have increasing and not diminishing strength on which to lean in years to come. One of our leading organs of public opinion stated recently: "Everything points to the probability that 1931 will be a year of grave economic difficulties." If we have erred in this respect, though we think not, we have erred on the safe side, and we believe our decision is one for which in future years our shareholders will thank us. As a commentator recently said with true wisdom: "Many companies have been the worse for paying too high dividends; none have even been the worse for paying too little." (Hear, hear.)

You must remember, too, that what we have withheld from you this year is not lost. It is still in the business, capable of earning fresh profits, and is as much your property as if it were in your pockets, and perhaps may remain your property longer than if it had been actually distributed to you. (Laughter.)

BUSINESS CONDITIONS AND BANKING PROSPERITY.

Then, further, it may be argued against our decision that it was undesirable when there was so much in industry and finance of a depressing nature to add to the depression by reducing the dividend on a class of share the return on which had come to be regarded as irreducible and immune from the troubles which vex others less fortunate. This argument is based on a misconception. It is true that bank shares have gained a stability and have maintained a regular rate of dividend through good times and bad, which gives some superficial colour to such a contention, but only because of the exercise of that same prudence in the past which I am commending to you for your acceptance now. The prosperity of banking business is dependent on the prosperity of business generally, and it has no sacred charm, other than past prudence, which can make it invulnerable to the attacks of poor trading conditions.

In arriving at our decision we had also to consider the possibility that it might give rise to certain erroneous conclusions in the minds of the public as to the reasons behind it. We realised possibly that some people might be found who would think it was a matter not of policy but of necessity. For instance, they might argue that it was an indication that the results of the liquidation of last year's troubles were proving to be more unfavourable than had been anticipated. Others might be disposed to think that the bank's position was not so strong as it ought to be for some other imaginary reason, and that our prestige might suffer in consequence.

HIGHER FIGURE OF INTERNAL RESERVES.

These were possibilities which we did not exclude from our deliberations, and if it showed some courage to arrive at a decision which we strongly suspected might stand alone, or nearly alone, in the world of English banking, and might prove to be unpopular in some quarters, it also demonstrated an unshakable belief in the minds of your directors of the fundamental soundness of the bank which could rise superior to any such mistaken inferences. (Hear, hear.) I am glad to be able to inform you that we see no reason to reconsider the conclusion we came to last year as to the amount of provision necessary. Everything points to the fact that the £500,000 we then provided will be sufficient. Nor are there any other bad debts of an abnormal nature for which we have had to make provision, and our internal reserves now stand at a higher figure than they did at the commencement of last year. (Hear, hear.)

Although we naturally sympathise with the shareholders that the return on their shares is somewhat reduced for 1930, there is no sign that our decision has proved generally unpopular. On the contrary, we have had general congratulations from various classes of business and other people best qualified to give an opinion, and of our 65,000 shareholders there have been four only who have written to express any criticism, and you will notice that the price of our shares is practically at the same figure as before our announcement.

UNFAVOURABLE BUSINESS FACTORS.

If you consider with me for a moment the circumstances in which we had to come to a decision, I think you cannot but agree that that decision was sound. Neither the enormous destruction of wealth during the War nor the greatly increased productive capacity of the world has yet been caught up. Signs of depression and want of confidence are seen on every side. The numbers of unemployed have already reached alarming figures in this country, and are increasing elsewhere. Low prices, coupled with high costs of production, form a most unpromising antithesis. The free flow of trade, already impeded by every kind of obstacle, is still further impeded and diverted from its natural course by huge international payments which have no commercial significance or basis whatever.

Vast accumulations of gold in countries which do not require them have been accompanied by an inability to discover trustworthy borrowers in those countries which might be benefited by a greater supply of that commodity. High taxation, especially in this country, has killed enterprise, while low prices have failed so far to produce new orders to any appreciable extent. These are all matters of commonplace knowledge. They have occurred before and they have passed away. I have no doubt they will pass again. But when? Our decision in regard to our dividend was not pessimistic but precautionary. If we had seen a definite term to the present difficulties, if we had seen any immediate prospect of improvement, if we had been convinced that there was a clear-cut and simple remedy which could effect a speedy cure of our evils, our recommendation to reduce the dividend might not, as I have already said, have been made. But we looked in vain for any immediate remedy of the kind.

GOLD AND BANKING CREDIT.

The constant reiteration of the cry "More gold, more gold" effects no faith cure in my unbelieving mind. Without belittling the general truth of the quantitative theory of money, I see very little reason for supposing that the present depressed state of trade is due to the operation of this principle. Even though gold may not be increasing in the same ratio as the increase of production, nevertheless the ordinary purchasing medium as expressed in the amount of bank deposits has increased in a far greater proportion. A distinguished American banker and economist, in answer to the accusation that the United States of America had rendered its gold sterile, recently made this retort: "Our net gain in monetary gold stocks from 1914 to the end of 1929 was about \$2,500,000,000 and the increase in outstanding bank credit was over \$37,500,000,000, or about \$15.5 of new credit for each dollar of new gold. Whatever that may be it is sterilisation."

If men were prepared to trade and to make purchases there is no lack of banking credit with which to make the necessary payments. The plain truth is that, for want of confidence, for want of belief that business is on the upward trend, the business world is refraining from giving more than the minimum of orders. It is true that in some spheres, on account of political or for other reasons, a large portion of the world is out of the buying market. It is also true that those engaged in primary production, such as agriculture, find that their products are fetching such a poor price as compared with that of manufactured products, that they are unable to give as many orders for ploughs or other agricultural requirements as otherwise they would. If the prices of the two were in closer affinity there would be no lack of the necessary purchasing medium, if orders were considered justifiable. It is not because of any shortage of gold that these orders are not given.

DECREASED DEMAND FOR ADVANCES.

It is not because of any shortage of gold that America and France think themselves unjustified in lending to those countries who would like to borrow. If America and France are disinclined, with their present stock of gold, to lend to would-be borrowers, does anyone suppose that they would be more disposed to do so if an addition of 100 millions of gold were suddenly made to their existing large stocks? Is any trader in this country unable to obtain credit if he is a reliable man and ready to place an order? You have seen from our figures that our advances have greatly decreased, and the reduction in our profits is largely due to the fact that our proportion of advances has fallen to 45.5 per cent. Obviously that was not in accordance with our wishes, or due to the fact that we could not or would not lend, but because there was no demand. Certainly there is a maldistribution of gold in the world, and it gives rise to many difficulties, but this talk of the use of gold, or the shortage of gold and the shortage of credit, and faults in our monetary system, as being the causes of present low prices and depressed trade, appears to be immensely exaggerated. The whole subject is a difficult and complicated one, and little understood by the ordinary man. It is all the more to

be regretted, therefore, that the suggestion should be made with every appearance of authority that all our troubles could easily be cured by some clever manipulation of monetary matters if only those in control of these things had the wit to put it into operation.

PATIENCE AND ECONOMY.

None of these critics makes any definite suggestion as to what they would do if they were in authority to deal with the situation. When Bank rate was high they said it was killing trade. Now that it is low and the position is worse, they seek for other causes. In spite of their theories about gold, now that the stock is considerably greater than it was, they fail to explain why trade is more depressed. The truth is, I believe, that what is really required is old-fashioned and has no imaginative appeal. The humdrum virtues of patience and economy are out of date, and I wish I were able to suggest something more startling with immediate promise of success. But I believe time is required in which demand can overtake supply. The Economic and Financial Section of the League of Nations recently issued a memorandum on production and trade, which pointed out that the increase of population in the world was 10 per cent. greater in 1928 than in 1913, whereas the increase of foodstuffs and raw material was 25 per cent. greater. Time and patience are also required for political unrest throughout the world to die down, and for the costs of production to be reduced so that the lower price of products of manufacture can offer more inducement to potential buyers.

DISCOURAGEMENT OF ENTERPRISE.

Trade requires some lightening of its vast load of taxation. Confidence must be restored and enterprise encouraged. Just as a recipient of the dole finds it unattractive to work for the few extra shillings which separate the dole allowance from a worker's wage, so is a capitalist discouraged from entering upon any enterprise by the fact that if it is successful the balance of profit remaining after the deduction of income-tax and surtax is insufficient to compensate him for the risks run, whereas on the other hand, if it prove a failure he has to bear the whole of the loss.

Until there is some amelioration of these hindering conditions it would seem to be necessary that no obligation, whether national or individual, should be entered into which the nation or the individual cannot afford to carry out. Neither a nation nor an individual has any divine right to possess those things which either desires to have. It all depends upon whether they are in a position to pay the adequate price, or give full consideration for the bargain.

Whether an improvement under these heads is far off or near at hand it would be foolhardy to prophesy. Some of them are in the sphere of politics; some of them are in the hands of traders themselves, both employers and employed; while others are largely psychological in character. When men believe that prices are temptingly low and are likely to improve, orders will be given, and the result on trade may be surprisingly rapid. The fact that in some commodities the price is down to a pre-War level gives us some encouragement to believe that we are not far from bottom, but in all the circumstances I have enumerated I trust that you will agree with me in thinking that for a bank a counsel of prudence is not only justified but commendable. (Hear, hear.)

THE RESOLUTION.

I now beg to move:—

"That the report just taken as read be received and adopted, and that, in accordance with the recommendation of the directors therein, a dividend be declared for the half-year ended December 31st last of 1s. 4d. on each 'A' share, making a total dividend of 15 per cent. for the year, and of 6d. on each 'B' share, making a total dividend of 5 per cent. for the year, payable, less income-tax, on and after January 31, 1931."

I shall now ask the deputy-chairman to second this resolution, but before putting it to the meeting I shall be glad to give an opportunity to any shareholder to make any comments or ask any questions which he may desire, and I shall do my best to reply. (Cheers.)

The resolution was seconded by Sir Austin E. Harris, K.B.E., the deputy-chairman, and carried unanimously.

The retiring directors were re-elected, and Messrs Price, Waterhouse and Company were reappointed auditors for the year 1931.

VOTE OF THANKS TO THE STAFF.

The Deputy-Chairman, in moving a vote of thanks to the staff of the bank for their excellent work during the past year, said:—

I am glad to have this opportunity of moving a hearty vote of thanks to the staff, from the chief general managers downwards, for their loyal, willing and efficient services during the period of exceptional difficulty through which we are now passing. There is a fine spirit of co-operation throughout the bank and a feeling of great pride in its reputation and progress.

We have been well served by our staff in the past, and I am confident that we shall receive equally good service in years to come. (Hear, hear.)

The increasing complexity of modern finance calls for the maintenance of a high standard of intelligence and efficiency in banking staffs, and, looking ahead, we have introduced staff grading and training schemes which should make our service attractive to young men of character and ability who are seeking a career. There has perhaps in the past been some justification for the prevalent idea that promotion in the joint-stock banks depended more upon seniority than ability, but, however that may be, it will not be perpetuated in this bank. The principal object of these schemes is to ensure that an appropriate standard of technical knowledge and efficiency is reached before promotion to a superior grade is gained. The period spent by exceptionally promising youths upon purely routine work will be shortened, and transfer to a higher grade will carry with it a special increment in salary. The scheme is calculated to build up that vital factor in our organisation, an adequate supply of trained men.

I cannot sit down without referring to the admirable souvenir which was designed, written and illustrated by the staff of the bank to commemorate our entry into our new premises. This work of art has received an extraordinary and well-merited measure of acclamation. I now move: "That the best thanks of this meeting be most heartily voted to the whole of the staff of the bank for their excellent work during the past year."

The resolution was seconded by Mr C. E. Barnett, and was cordially approved.

A vote of thanks to the directors for their services during the past year, and to the chairman for presiding, was carried unanimously, and the proceedings then terminated.

WILLIAM TIMPSON, LIMITED.

HIGHLY SATISFACTORY RESULTS.

The annual general meeting of William Timpson, Limited, was held, on the 28th ultimo, at Empiric House, Great Ducie Street, Manchester, Mr W. H. F. Timpson (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—I think you will agree with me when I say that, in the opinion of my colleagues and myself, the profit for the year, amounting to £111,995 19s. 5d., is, under all the circumstances, highly satisfactory.

After making provision for income tax, £26,000, the balance of profit for the year is £85,995 19s. 5d., to which must be added the amount brought from the previous year, £724 11s. 11d., leaving us with a disposable balance of £86,720 11s. 4d.

During the year the company has opened five new branch shops in important trading centres, and also an additional repairing factory, and, to cope with the company's growing needs, two further repairing factories are in course of construction.

A new retail shop is being fitted, and further branches will be acquired as suitable opportunities arise, but the directors consider that in many cases the rental or purchase price asked for available premises is above the market value, and until property owners adopt a more reasonable attitude it would be unwise to extend widely.

Throughout the year attention has been given to effecting economies in all departments, and the satisfactory results attained have only been secured by the whole-hearted and loyal co-operation of the staff.

There has been a decline in selling prices during the year, and this, of course, has affected the turnover, but it is satisfactory to note that there has been a large increase in the number of customers served. This is further evidence of the continued appreciation by the public of the excellent value and quality of our footwear.

I am glad to report that the William Timpson Pension Fund has now been established, and the capital sum required on actuarial estimate to start the fund, viz., £45,000, has been paid over to the trustees.

The final dividend on the preference shares, less tax, amounts to £10,196 14s., the instalment to the reserve for dividend on preference shares absorbs £12,500, a final dividend of 10 per cent., less tax, on the ordinary shares (making 15 per cent. for the year) amounts to £22,530 16s., and there remains the bonus to managerial, etc., staff, £7,500, and to the working directors £7,000, leaving an amount to carry forward to next year of £5,530 19s. 4d.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

SOUTH METROPOLITAN GAS COMPANY.

HOUSING ESTATES AND GAS SUPPLIES.

GOVERNMENT'S ATTITUDE TOWARDS GAS INDUSTRY.

The ordinary general meeting of the South Metropolitan Gas Company was held, on the 4th instant, at the Cannon Street Hotel, London, E.C.

Dr. Charles Carpenter, M.Inst.C.E. (the President), in moving the adoption of the report and accounts, said:—The working results of the undertaking for the past twelve months are typical of many that have preceded them, and we might congratulate ourselves upon what we have accomplished were it not for the unprecedented happenings with which we are confronted, as, indeed, is the case with every other gas company in the kingdom. As the report tells you, we had a decrease in the sale of gas in the early months of the year, due to the fact that the temperatures then prevailing were above the average. I am glad to say, however, that we are now making good this decrease, which for the year under review amounted to 2.97 per cent.

The payment of the dividend at the rate of 1½ per cent. above the basic rate of 5 per cent. carries with it the obligation to divide among our employees a co-partnership bonus amounting in the aggregate to £83,874.

I have come before you with stories of labour troubles (not, I am proud to say, our own), strikes of miners, or of transport workers, shortage and high prices of coal, disappearing dividends under war conditions, inability to maintain our work and plant in times of war, and the hampering effect of the legislative fetters upon our business. But I have never come with such a serious condition of things to place before you as I must now endeavour to do.

ELECTRICITY AND GAS.

Now one often hears the remark, "Ah! electricity is only in its infancy," but, ladies and gentlemen, it is 50 years or thereabouts since the Jablochhoff electric candle first made its appearance upon the Thames Embankment, and it was but a short time afterwards that Sir Coutts Lindsay was supplying not only his own public picture gallery, known as the "Grosvenor," with electricity from steam-driven generators installed in the basement, but had carried across Bond Street and some adjacent thoroughfares overhead wires to give a supply to some of the luxury shops of that area. From that time the business of electric supply has gone on developing until it has become the extensive organisation we know to-day.

These two great industries of gas and electricity supply have gone on developing side by side, each recognising that there were fields of usefulness for both, and each recognising that both forms of energy possessed advantages and disadvantages peculiar to themselves, and each, as I have said, by its commercial and scientific activities stimulating its competitor. Take, for instance, the distribution of power from a central source. There are a great number of instances where this is a convenience and advantage, but the applications of electricity for this purpose are not universal. For instance, the use of compressed air would be far less dangerous than electricity in a mine liable to outbursts of fire-damp, and, furthermore, a large amount of the mechanical energy consumed in the Metropolis is distributed hydraulically.

GAS EMPLOYEES AND THE MINISTER.

Now, commercially it is easier to advertise electricity than gas. We know quite well that it is only necessary to call a body-belt or a hair-brush "electric" to ensure for it a ready sale. Gas has no such advantage; it is neither novel nor fashionable any more than is "Shank's pony" as a mode of locomotion. Even so, and if gas undertakings are not wholly free from blame by reason of the fact that they have not used systematically and scientifically the medium of advertising, the fact remains that there are many people to-day who continue to use gas-lighting, not because they cannot get electricity, but because they prefer the pleasant warmth and soothing light of gas.

It is possible that this omission to advertise the acknowledged advantages of gas-light is partly, though certainly not wholly, responsible for what I will call the official and indeed the Governmental attitude to-day towards gas undertakings. In a recent letter to the Press, Lt.-Col. Ogilvie records the fact that in nearly 100,000 municipally-owned houses in this country the tenants are not allowed to choose the form of lighting or heating they prefer. He states that in thirteen areas the Local Authorities have prohibited the use of gas for any purposes whatever on their estates, and in forty-seven other cases specific uses of gas, that is, for lighting or heating, are forbidden.

This serious state of affairs has been developing, too, in this Company's area, and while we were considering what we could do to meet this new and unprecedented situation, some of our employees took the matter into their own hands, and, having regard to the seriousness to them of any part of our business being compulsorily shut down, decided first to form from among themselves a small committee and then to get into touch with London

County Councillors and Members of Parliament representing districts in which our employees were interested, either as workers or dwellers.

MINISTER OF TRANSPORT'S REPLY.

Amongst others they wrote to the Minister of Transport. I will not trouble you by reading the whole of the letters passing between these workpeople and the Minister, but I must quote from one. The Minister says, *inter alia*, "I am inclined to the opinion that the South Metropolitan Gas Company is employing somewhat undesirable means in furthering the interests of a particular commercial undertaking. Provided the public interest is served, I have every desire in public matters to be fair between the various industrial undertakings, but the South Metropolitan Gas Company does not ease the difficulties which arise out of the competition between gas and electricity by employing political methods of furthering trade interests (using their employees in the process) on lines which were alleged against the brewers before the war. At any rate, so far as I am concerned in my public work, I shall continue to be guided solely by the furtherance of the public interest, and I will not submit to attempts at intimidation, however scientific, made by political pressure of commercial undertakings."

Now, I must confess my complete ignorance of what the brewers were alleged to have done before the war. I am not like the Minister of Transport—a politician! I make the confession here to you, ladies and gentlemen, that I have never meddled in politics, and if that implies any discredit and lack of a quality which should be possessed by the head of your undertaking, I can only plead in extenuation that for over half a century I have been too deeply engaged in the scientific and technical development of a public utility undertaking in which I found myself as a young man, with ideals of the supply of pure and cheap gas, and the furtherance of the social and physical welfare and health of the employees engaged therein.

There is not a shadow of truth in the suggestion of the Minister that what has happened is of political origin engineered by this company. What did happen was that our employees took alarm over the fact that one Municipal Housing Committee after another declined the offer of this company to take the chance of the business it could get, and completely to pipe the newly-constructed houses free of cost to tenant or owner. This privilege, for, of course, it was one, the Councils, being the property owners, refused, their attitude being quite different from that of the ordinary estate builder, who is quite content for the pipes and wires to go in while building is in progress.

It is curious and certainly significant that the Councils should have taken up so peculiar an attitude. The proffered service of gas facilities would cost them nothing. Their tenants are unrestricted in the use of coal or oil; they may consume either in the Municipal tenement; but gas, No! I cannot help thinking that in some way or other this attitude may have been inspired in some measure by Whitehall.

MINISTER'S SPEECH.

It is true that in a speech made at Woolwich a little over a year ago by the Minister of Transport upon the development of the electrical industry, he is reported as saying that "he was not attacking or seeking to minimise the great gas industry, one of the most progressive industries in the country. There was room for both, and the electrical industry would be wise if it learned much from the enterprise and initiative of the gas supply industry." "Room for both," said the Minister of Transport! Some months earlier he told us through the Press his own ideal. "In my own home," said he, "electricity is lighting the rooms, is heating the rooms, though not to the exclusion of the Sunday evening coal fire in the winter, is cooking the food, giving us a constant hot-water supply, heating the flat iron and boiling the kettle." There does not seem much room for both there!

I rather think the speech at Woolwich must have been "political." If the example of the Minister goes for anything, and the influence he wields as the official propagandist of the electrical industry is certainly an enormous one, electricity on week-days and a coal fire on Sunday would not provide much occupation for gas undertakings, even though most consumers were not so fortunate as the Minister in having the borough council's station handy for the correction of domestic electrical defects. There is no disguising the fact that if his example is taken rather than his precept, the use and service of gas would be completely wiped out of existence.

The Minister of Transport is a member of a Government which stands for freedom for the citizen, justice and fair play. The gas industry of to-day does not need the assistance of Government credit to carry on and develop its business. It never has. Cannot State-supplied credit be more properly applied to find work for the unemployed? Must industrious Peter be destroyed in order to make work for unemployed Paul?

The report and accounts were unanimously adopted.

TURNER AND NEWALL, LIMITED.

PROFITS AND PROGRESS MAINTAINED.

MR SAMUEL TURNER'S REVIEW OF THE ASBESTOS INDUSTRY.

The annual general meeting of the ordinary shareholders of Turner and Newall, Ltd., was held, on the 30th ultimo, at the Royal Station Hotel, York.

Mr Samuel Turner (chairman of the company) presided.

The notice convening the meeting was read by Mr W. W. F. Shepherd, joint secretary, and the report of the auditors was read by Mr H. C. Gill, of Messrs Parkinson, Mather and Company.

Mr Samuel Turner read the directors' report, which had been circulated to all shareholders. The directors regret to report the death of Mr F. S. Newall in June last, and take this opportunity of expressing their sense of the great loss sustained thereby, and their appreciation of the services which he rendered to this company and its associates over a period of many years. The directors feel that they have lost a valued friend and able colleague, who had endeared himself to everyone with whom he came in contact.

PROFITS MAINTAINED DESPITE DIFFICULTIES.

The year under review has been one of great difficulty for all industries, and your directors are gratified to be able to confirm that despite the abnormal world economic crisis which has continued to develop during that period, the profits and progress of your company have been maintained.

You now have the figures before you, and you will no doubt feel that, in the circumstances, they are most gratifying. The progress of your company is a matter involving more than the figures of any particular year, and your directors are able to report that in every phase of its operations advances have been made, including greater economy in production and greater efficiency in distribution. Research work has continued unabated and with fruitful results.

The efforts of your directors have continued towards the consolidation and strengthening of the company's position in the asbestos and magnesia industry of the world. The position now achieved in this respect is satisfactory, and the influence of your board in the counsel of the world's asbestos industry is greater than ever. This influence is steadily exercised towards the end of attaining a rational basis of operations between the various elements engaged therein.

SUPPLIES OF RAW MATERIAL ASSURED.

Following upon the absorption of the Rhodesian and General Asbestos Corporation a complete reorganisation of the mining operations of the principal mines now owned by the unit companies of Turner and Newall is in process of development, the result of which will be a great saving in the cost of production and an improvement in quality. The problem of raw material has always been one of anxiety in the asbestos industry, which for the last thirty years has alternated between periods of scarcity amounting in some cases to famine and high prices, and periods of over-supply and low prices. Consequent upon the immensely increased mineral resources now owned by the mining unit companies of Turner and Newall, Ltd., all of which are managed by their respective boards in Africa, the manufacturing unit companies are now assured for an indefinite period of ample supplies of first-class raw material, and will thus be enabled to carry on the manufacture and marketing of their products without the recurring periods of anxiety and uncertainty which have during the past discouraged development.

THE YEAR'S DEVELOPMENTS.

At the beginning of the year under review the Quasi-Arc Company entered the Turner and Newall group. The Quasi-Arc Company is recognised as the pioneer of the electric welding industry, in which large quantities of high-grade blue asbestos are used. Twenty years ago, when the company started operations, no construction work was being electrically welded; since then this company has been responsible for the introduction of electric welding in practically all the industries which find it so useful to-day, and the future of the company is one of great promise.

The working of the international cartel, of which your company is a member, has been satisfactory, and much progress has been made during the year. Some details of this cartel were given in last year's report, and you will be gratified to learn that it is progressing steadily in the direction of the attainment of its aims and ideals.

The producing and marketing units of your company are in a state of health and vigorous activity. New products are constantly issuing from them, the most far-reaching development at present in hand being the installation of a new asbestos cement pipe factory at Widnes, the product of which will be marketed by your unit com-

pany—Asbestos Cement Building Products, Ltd., Trafford Park. Your directors have great faith in the future of asbestos cement pipes, which possess many advantages over cast iron or steel—notably they are rustless, and, owing to their light weight, particularly suitable for export. Their use is now approved by the Ministry of Health, after the most exhaustive investigation. Another important development during the past year has been the production on a factory scale of fire-proof and non-organic sound-absorption materials.

The world depression has only during the last three months affected the volume of business done by the unit companies, but it would not be reasonable to expect that they can continue to escape the effects of the economic disorder now prevailing in practically all the world's markets. Indeed, the operations of your unit companies are beginning to show a diminution. In deciding to recommend a considerable reduction of dividend your directors have in mind the necessity of keeping the company in a state of such financial strength that it shall be in a position to meet, from its own resources, any vicissitudes of the future—social, political or economic, the nature of which it is at the moment impossible to forecast.

RHODESIAN AND GENERAL ASBESTOS ACQUISITION.

The chairman further stated, with regard to the Rhodesian and General Asbestos Corporation, Ltd., that the cost to the company of this acquisition represents only the 1,309,114 ordinary shares of £1 each which were issued at par value, and that more than the nominal value of the shares so issued had been spent by that company on the opening up and development of its property prior to its absorption by Turner and Newall, Ltd.

With regard to the position of the old shareholders of the Rhodesian and General Asbestos Corporation, Ltd., he pointed out that, while it is difficult to visualise what the position of that company would have been had it remained independent, other independent producers of raw asbestos are at present experiencing very unsatisfactory trading conditions, and it is, therefore, reasonable to assume that, had it remained an independent unit, the Rhodesian and General Asbestos Corporation, Ltd., would have been quite unable to maintain its past rates of dividend, and inevitably the market value of the shares would have been very much reduced.

RUSSIA AND THE INDUSTRY.

With reference to the present position created in the industry by the possibility of large exports of raw asbestos from Russia, the chairman pointed out that this situation is not new, as before the war Russia was an important producer of raw asbestos, and that, granted normal development in future, there is no reason why the industry should not be able to absorb any anticipated exportable surplus from Russia without undue disturbance to trade.

The resolution was seconded by Mr. G. S. Newall and carried unanimously.

The usual resolution was then passed authorising payment of the ordinary dividend at 11½ per cent. for the year, subject to income tax, following which Messrs B. E. Williams, Harold Jones, John Carter and R. H. Turner, the directors retiring by rotation, were re-elected directors of the company.

Messrs Deloitte, Plender, Griffiths and Company, chartered accountants, were elected as auditors for the ensuing year.

A vote of thanks to the chairman terminated the proceedings.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"

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In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

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ASHANTI GOLDFIELDS CORPORATION, LIMITED.

DIVIDEND 100 PER CENT.—BONUS ISSUE.

Presiding, on the 5th instant, at the thirty-fourth ordinary general meeting of the Ashanti Goldfields Corporation, Ltd., held at River Plate House, E.C., Mr James H. Batty (the chairman), after expressing regret at the retirement of Mr Jeremiah Colman, the late chairman, and announcing that the vacancy on the board had been filled by the appointment of his son, Mr Leonard M. Colman, said that, having accepted the invitation of his colleagues to become chairman on the retirement of Mr Colman, he had felt it incumbent on him to visit the property. He had found everything in excellent condition.

During the past two years they had had exceptional geological conditions to deal with. They had two reefs which came together between levels 22 and 23, and since then the country had been very disturbed. The conditions in levels 24 and 25 were becoming more normal.

DR. MACLAREN'S REPORT.

It was mainly owing to that interesting geological feature that they had decided to invite Dr Malcolm MacLaren, the eminent geologist, to visit their property. Dr. MacLaren had completed his investigations, and his report was now in their possession. In that report he stated that in lode fissures of the Ashanti-Obuasi type in pre-Cambrian rocks gold ore might be expected to persist to great depths. On the question of the necessity of a new main shaft, he confirmed the opinion previously expressed by their consulting engineer that such a contingency was not likely to arise until No. 30 level had been reached. They had thus ample time ahead of them to make provision for the cost.

His report stated that the prospect of the concession yielding another great mine like that at Obuasi was not very hopeful. In depth, however, the old Ashanti shoot held out a real promise of further ore bodies, and vigorous exploration was urged.

Since 1925 they had made steady progress year by year in output, reduction in costs and increase in profits. Between 1925 and 1930 the output had increased from £392,079 to £614,606; the cost per ton had been reduced from 48s. 7d. to 44s. 4d., and the net profit, including London revenue, had increased from £137,155 to £320,561. He was confident that they would show still further progress during the present year. They had made a good start, the first three months showing a gross output of £173,023 and an estimated net profit of £95,425. Should those figures be repeated for the remainder of the year, the net profit would be in the region of £380,000 for the twelve months. They had in sight about five years' supply of ore.

MAL-DISTRIBUTION OF GOLD SUPPLIES.

The supplies of gold in the world were at present unevenly distributed. He believed he was right in saying that nearly 80 per cent. was held in the United States of America and France, so that there was only 20 per cent. left for the remainder of the world. Under the circumstances, it was not surprising that all commodities were a "drug on the market." It was obvious that while the mal-distribution continued and a supply was not forthcoming to make up the deficiency, gold discontinued to function and the world's currency system was out of gear. The British Empire produced nearly 75 per cent. of the world's supply and much more could be done in that direction with some encouragement. For some years gold had been neglected and enterprise had centred on base metals. Now that base metals were below the parity of gold, he looked for a change and believed that they would see attention being given to gold enterprise in the near future.

He believed that West Africa offered a fair field if they could depend on a sympathetic Government in those colonies to give gold mining a chance to be worked as cheaply as it was in South Africa. At present the harbour dues and railway rates were among the highest in the world, and because it was bullion the Government appeared to imagine it could stand any exorbitant charge.

With regard to the accounts, they could congratulate themselves on a very satisfactory financial position. The total profit was £320,561, an increase of nearly £117,000. They had paid an interim dividend of 35 per cent. and now recommended a final dividend of 65 per cent., making 100 per cent. for the year, as against 65 per cent. last year. It was proposed to increase the capital to £375,000, to alter the articles in order to authorise the capitalisation of profits or reserves and to make a bonus issue to the shareholders.

The report and accounts were unanimously adopted; the proposed increase of capital was approved, and at a subsequent extraordinary general meeting resolutions were passed altering the articles and capitalising £125,000 of undivided profits to enable the directors to make a capital bonus at the rate of 50 per cent. per share, free of tax, on the issued ordinary shares.

SEDENAK RUBBER ESTATES, LIMITED.

BENEFIT OF COMPANY'S FORWARD CONTRACTS.

The ordinary general meeting of Sedenak Rubber Estates, Ltd., was held, on the 30th ultimo, at 7, Great Winchester Street, London, Mr Philip C. Turnbull presiding.

The Chairman said that the price realised for their crop was somewhat above the year's average in the open market. For this result they had to thank the working of a forward contract which was entered into shortly after the last annual meeting, and would run to the end of 1931, supplemented by a further similar contract, both of which together would take about 17 tons monthly throughout this year at a minimum of 7½d. per lb. The utmost efforts in the way of reduction in working costs had been put forth in order to make ends meet, and that they had been successful was shown by the profit earned during the year. It was far from being one to boast about, but the directors felt justified in recommending the payment of a dividend which would practically absorb it. In better times reserves had been built up out of profits, but now, adys, when most investors found their dividends shrinking, or being entirely cut off, the Board felt they were justified in keeping Sedenak among the dividend payers.

The accounts showed an item of £4,527 expenditure on new areas in process of being planted; this consisted of just over 200 acres which were being planted out with bud-grafted rubber on the latest and most scientific lines. This increase in acreage was not so much to increase their planted area with the view of greater production, as to enable them to have higher yielding and therefore cheaper costing areas, thus admitting the older areas to be rested. In deciding the tapping policy for 1931 consideration had to be given to the question as to whether a maximum crop at a minimum price would be justified, and after mature deliberation the board decided to limit the crop to 90,000 lb. per month. The sad plight of the rubber industry had been brought about not so much by over-production as by the most extraordinary shrinkage in the consuming powers of the manufacturing countries, particularly the United States. This was a position that must right itself, and it only needed a return of something like trade prosperity to start an upward movement in manufacturing figures.

The motion for the adoption of the report and accounts and the payment of a dividend of 2½ per cent. less income tax was seconded by Mr G. M. Weekley and carried unanimously.

OLYMPIA, LIMITED.

NEW BUILDING COMPLETED.

MR PHILIP E. HILL'S SPEECH.

The second annual general meeting of Olympia, Limited, was held, on the 30th ultimo, in the Pillar Hall, Olympia, Kensington, London, W., Mr Philip E. Hill (chairman of the company) presiding.

The Secretary (Mr H. M. Draper) having read the notice convening the meeting and the report of the auditors,

The Chairman said: The net profits for the year, after charging all expenses, including management, amount to £143,507 8s. 4d., which, under all circumstances, I hope you will consider satisfactory.

We have taken our properties at the amount of the valuation at the time our last issue was made, disclosing a surplus of £453,514 7s. 5d., which has been carried to capital reserve account. Out of this we have written off the cost of the issue in February last, amounting to £39,453 12s. 10d., and we have written down the value of the company's plant, machinery and fixtures by the sum of £52,900 to the nominal figure of £100. In the opinion of the board, these assets were conservatively valued at £53,000, but we thought it advisable to create this further reserve.

The company's new building, which in future is to be known as the "Empire Hall," has now been completed and handed over. During the year the company has acquired the freehold interest in several adjoining properties in which they previously only held a leasehold interest, so that all the properties now owned by the company are freehold. I am glad to say that our lessees and tenants are all prosperous, and, without exception, pay what I consider to be very moderate rents.

It is not the intention of the board to depart from the policy that they originally laid down—namely, that the company would operate purely as a property company and would take no part in financing exhibitions or entertainments. The national necessity, in trade interests, of a building like Olympia becomes more apparent every day, and as the lettings of our new building increase we can reasonably look forward to additional revenue. Our thanks are due to the managing director, Mr R. G. Heaton, the general manager, Mr J. Fortescue, and the staff at Olympia generally for the results they have achieved during the past year. They have had unusual difficulties to contend with, consequent upon our building improvements.

The report and accounts were unanimously adopted.

MIDLAND RAILWAY COMPANY OF WESTERN AUSTRALIA.

SET-BACK DUE TO DEPRESSION.

The annual general meeting of the Midland Railway Company of Western Australia, Ltd., was held, on the 5th instant, at Winchester House, Old Broad Street, London, E.C.

Sir George A. Touche, Bt. (the chairman) said that the outstanding feature of the accounts submitted was the break which they showed in a long record of steady and continuous progress. The gross traffic receipts of £224,414 and the net traffic receipts of £127,686 compared with figures in the previous year of £240,237 and £144,163. This falling off was in no sense due to factors peculiar to the company or to the State of Western Australia. It was the natural reflection of the difficult situation in which the whole Commonwealth of Australia had been placed. The root of the trouble was in the change brought about by world-wide declines in the prices of produce and commodities, and in the great primary products of wool and wheat the slump had been ruinously severe.

The net revenue was £127,334, which compared with £148,495 in 1929. They had transferred £40,000 to depreciation and renewals account and were placing £10,000 to the general reserve, increasing it to £110,000. They had deemed it advisable to create an exchange contingency account and to transfer £10,000 thereto. The directors recommended a dividend of 3 per cent. on the unified ordinary stock, which compared with 4 per cent. for the previous year, and was the same as that paid for the year to June 30, 1928.

The accounts for the current year would show a greater reaction to the state of tribulation which Australia was enduring than those now submitted. The remedies for the present difficult situation were more easily prescribed than taken, but a recognition of the need for them, which was frankly acknowledged by Australia's statesmen, and a spirit which did not shrink from applying them, were half the battle. The hardest task of governments at a time like this was to persuade all classes of a community of the economic necessity for measures which must be unpalatable.

There was a measure of encouragement in the fact that seasonal conditions had been favourable alike to agriculture and the pastoral industry. Without indulging in a too easy optimism, they might look forward hopefully.

The report was unanimously adopted.

LONDON MERCHANT BANK, LIMITED.

THE HEAVY FALL IN PRICES.

The fifty-ninth ordinary general meeting of the London Merchant Bank, Ltd., was held on the 5th instant, at 38 Lombard Street, London, E.C.

Mr. Edward H. Tootal, who presided, said that the year 1930 had been a noteworthy one from many points of view. Quite apart from serious political events in a number of countries, industry, commerce and finance had had to contend with conditions of a profoundly disturbing nature. The happenings which had proved detrimental to the business world had been numerous. A very important factor in the position last year had been the almost continual, and in the aggregate, heavy fall in the wholesale prices of commodities extending to nearly all Colonial produce and raw materials. Equally serious from the point of view of the competitive ability of our export trade was the discrepancy between those prices and those of manufactured articles, and also the failure of retail prices to follow expeditiously and sufficiently the source of wholesale prices.

In referring to financial events in their bearing on industry and commerce, the crisis which had overtaken the New York stock market in the autumn of 1929 must again be mentioned, because its consequences had made themselves more and more felt in 1930. Another result of the events in America had been the selling in London and New York of European and South American securities previously acquired by investors in the United States. The heavy depreciation of foreign bonds had had wider consequences than merely causing a loss to the holders, as it had rendered in some cases the raising of urgently required new loans impossible, while in other instances new long-term financing became very costly.

In contrast with most foreign bonds, gilt-edged Home securities had been an active and rising market owing to cheaper money rates. As the average Bank Rate in 1930 had been £3 8s. 5d., against £5 10s. 0d. in 1929, their interest earnings had been materially lower, the more so as the compensating advantage of an increased demand for credit accommodation, which normally resulted from easy money market conditions, had been absent during the greater part of the year. The foreign trade figures of the United Kingdom for the past year showed, in consonance with the fall of prices, heavy declines. Exports had paid for 60 per cent. of net imports, whilst for 1929 that ratio had been over 65 per cent., but the severe restriction of imports by countries such as Australia, Brazil and India, to

mention only a few, had been bound to leave its mark upon our export trade. It might be that, when the raw materials more recently purchased at lower values came to be re-exported in the shape of manufactured goods, the volume of exports would increase, because the heavy fall in the prices of commodities should benefit some categories of consumers and users sooner or later, and thereby create fresh or increased outlets for certain articles. In some such adjustment lay one hope for a gradual improvement of trade.

In summing up, they might safely say that there had never been a period in commercial history in which so many unfavourable factors had been at work almost simultaneously. The profits of merchant bankers, always sensitive to disturbances in international trade, had been affected accordingly, and the board trusted shareholders would regard their profit figure for the year of £50,838 as not unsatisfactory in the light of the entirely abnormal conditions. Including £31,485 brought in from 1929, an amount of £82,323 had to be dealt with. Of that, £10,000 had been allocated to contingency fund, while the dividend on the "A" shares and the interim dividend of 2 per cent. on the "B" shares had absorbed together £31,500. They now recommended that a final dividend of 2 per cent. be paid on the "B" shares, making the dividends for the year 7 per cent. on the "A" shares and 4 per cent. on the "B" shares, and that the remaining £30,323 be carried forward to new account. The reduction of the dividend on the "B" shares was much regretted by the board, but the state of commodity markets and the absence of definite indications of an early improvement in the export and import trades here and abroad could not be disregarded at this juncture. Changes in the trade position, however, often came when least expected, and he sincerely hoped that a year hence they might meet under more cheerful conditions.

The report and accounts were unanimously adopted.

MORTGAGE COMPANY OF THE RIVER PLATE, LIMITED.

The forty-fourth ordinary general meeting of the Mortgage Company of the River Plate, Ltd., was held, on the 30th ultimo, at the company's offices, 52, Moorgate, London.

Mr. James Anderson the (chairman) said that the year 1930 was not a happy one in the industrial history of the Argentine Republic. So far as their company was concerned, the main prejudice to them had been in the depreciation in the value of the Argentine currency, in which their capital in the Republic was invested. It was reasonable to assume that the present depression, caused by temporary adverse conditions, did not express the real value of the currency, and that a return to real value might be looked for when times improved. There was no need, therefore, to consider the depreciation in the company's assets, mentioned in the balance sheet at £137,000, as an actual loss; moreover, it was amply covered by the reserve fund of £460,000 without taking into account the big item of £102,000 carried forward. As to the assets in London, a valuation made on the prices current at the close of the year showed that the book value was more than maintained.

The net results of the year enabled the board to recommend a dividend of 18 per cent., the same rate as had been paid for the two preceding years, with a surplus of £9,196; they added £10,000 to the reserve and carried forward £102,352. On the original £200,000 paid up in cash the rate of the present dividend was equivalent to 27 per cent.

The report was unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended January 31, 1931, amounted to £18,744,600, against ordinary expenditure of £8,726,000. After allocating £650,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £300,683, the week's operations, as shown below, reduced the National Debt by £9,068,000 to £7,721,164,000:—

(000's omitted.)			
Public Department Advances...	5,750	Treasury Bills	14,263
National Savings Certificates ...	750	4% War Loan paid off	950
4% Treasury Bonds	45	P. O. & Telegraph Money	400
	6,545		15,613

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Jan. 31, 1931.	April 1, 1929, to Feb. 1, 1930.	Week ended Jan. 31, 1931.	Week ended Feb. 1, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	125,701,000	125,544,000	14,267,000	17,296,000
Sur-tax, including Arrears of Super-Tax	64,500,000	30,740,000	26,780,000	2,690,000	2,480,000
Estate, &c., Duties	83,000,000	67,520,000	66,470,000	1,310,000	3,020,000
Stamps	27,000,000	14,920,000	18,870,000	560,000	230,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	270,000	370,000	...	50,000
Total Inland Revenue ...	437,000,000	239,151,000	238,044,000	18,827,000	23,076,000
Customs and Excise—					
Customs	122,710,000	99,900,000	100,602,000	1,689,000	1,657,000
Excise	129,860,000	105,700,000	108,523,000	900,000	823,000
Total Customs and Excise ...	252,570,000	205,600,000	209,125,000	2,589,000	2,480,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,341,041	4,336,458	7,372,000	7,309,000
Post Office (Net Receipt) ...	10,125,000	11,050,000	11,000,000	800,000	1,350,000
Crown Lands	1,300,000	1,210,000	1,190,000	...	...
Receipts from Sundry Loans	33,000,000	29,782,587	25,343,699	33,000	3,675
Miscellaneous Receipts	34,500,000	24,912,460	28,595,189	207,634	18,547
Appropriation from Rating Relief Suspense Account ...	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue ...	789,445,000	532,047,088	517,634,356	18,744,634	21,899,222
SELF-BALANCING REVENUE.					
Post Office	60,275,000	47,550,000	47,100,000	1,200,000	850,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,103,959	21,083,532	4,866,000	6,103,000
Total Self-Balancing Revenue ...	83,835,000	69,653,959	68,183,532	6,066,000	6,953,000
Total	...	601,701,047	585,817,888	24,810,634	28,852,222

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Jan. 31, 1931.	April 1, 1929, to Feb. 1, 1930.	Week ended Jan. 31, 1931.	Week ended Feb. 1, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	267,097,599	296,649,378	608,587	13,743,425
Payments to Northern Ireland Exchequer	6,000,000	4,534,293	3,950,543	337,441	13,500
Payments to Local Taxation Accounts	3,300,000	2,277,686	2,636,783	185,991	50,000
Other Consolidated Fund Services (excluding Post Office)	429,433,000	353,481,467	298,225,278	7,594,000	6,350,650
Total Ordinary Expenditure ...	743,333,000	627,391,045	609,707,295	8,726,019	20,184,187
Sinking Fund	55,400,000	42,006,623	39,512,778	650,000	455,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	47,550,000	47,100,000	1,200,000	850,000
Road Fund	23,560,000	22,103,959	21,083,532	4,866,000	6,103,000
Total Self-Balancing Expenditure	83,835,000	69,653,959	68,183,532	6,066,000	6,953,000
Total	...	739,051,627	717,403,605	15,442,019	27,592,187

The aggregate revenue and expenditure to January 31, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO JANUARY 31ST.

(000's omitted.)			
Expenditure	627,391	Revenue	532,047
Sinking Fund	42,007	Decreases in balances	3,160
	669,398	Net Amount borrowed	134,191
			669,398

POSITION OF THE FLOATING DEBT.					
Ways and Means Advances Outstanding—	Feb. 1, '30.	Mar. 31, '30.	Jan. 31, '31.	Jan. 31, '31.	Movement, Week ended Jan. 31, '31.
standing—					
Advances by Bank of England ..	46,430,000	48,530,000	36,300,000	+	5,750,000
Advances by Public Departments ..	718,915,000	588,885,000	672,445,000	+	14,263,000
Treasury Bills outstanding	...	...	...	...	...
Total Floating Debt	765,345,000	637,415,000	708,745,000	—	8,515,000

* Includes £9,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on January 23, 1931, and the total amount applied for was £53,900,000. Tenders were accepted for bills at three months, dated Monday, at £99 8s. 2d., and above in full, Tuesday at £99 8s. 3d., about 87 per cent. and above in full, and Wednesday to Saturday at £99 8s. 2d. and above in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1931.			
Jan. 9	35,000,000	54,100,000	2 3/4 4-45
Jan. 16	30,000,000	33,875,000	2 2 11-22
Jan. 23	30,000,000	53,870,000	2 5 11-43
Jan. 30	30,000,000	53,990,000	2 8 5-77

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.			
ASSETS	£29,048,500		
CLAIMS PAID	£286,933,000		
Accidents and Illness. Fidelity Guarantees.			
Employers' Liability. Burglary. Fire. Motor Cars. Public Liability.			
Insurance of Boilers, Engines, Electrical Plant and Lifts.			
Executors and Trusteeships.			
Head Office: 38-44 MOORGATE, LONDON, E.C.			

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, February 4, 1931.

ISSUE DEPARTMENT.			
Notes issued—	£	Government Debt	£
In Circulation	349,486,432	Other Government Securities	11,015,100
In Banking Department	50,864,485	Other Securities	232,143,875
		Silver Coin	12,477,398
		Amount of Fiduciary Issue	4,363,687
		Gold Coin and Bullion	260,000,000
			140,350,917
	£400,350,917		£400,350,917

BANKING DEPARTMENT.			
Proprietors' Capital	£14,553,000	Government Securities	£43,029,952
Reserve	3,552,757	Other Securities	...
Public Deposits	9,860,978	Discounts and Advances	£6,324,544
Other Deposits	£62,575,654	Securities	23,203,946
Bankers'	33,558,033		29,528,490
Other Accounts	96,143,687	Notes	50,864,485
7-Day and other Bills	1,849	Gold and Silver Coin	689,344
	£124,112,271		£124,112,271

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Feb. 4, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	349,486,432	+ 2,662,177	+ 796,011
Public deposits	£	9,860,978	— 5,497,600	— 13,433,195
Bankers' deposits	£	62,575,654	+ 7,412,898	+ 8,325,480
Other deposits	£	33,558,033	+ 199,931	+ 2,658,868
Seven-day bills	£	1,849	— 307	— 521
Total outside liabilities	£	455,492,946	+ 776,099	+ 6,971,093
Capital and rest	£	18,105,757	+ 24,615	— 54,251
Government debt and securities	£	286,188,927	+ 1,941,677	+ 8,321,980
Discounts and advances	£	6,324,544	— 3,423,370	— 721,847
Other securities	£	35,681,344	+ 1,381,447	+ 10,842,232
Silver coin in issue department	£	4,363,627	+ 1,935	+ 95,598
Coin and bullion (bank's reserve)	£	141,040,261	+ 899,025	+ 10,171,845
Reserve of notes and coin in banking department	£	51,553,829	— 1,763,152	— 10,967,856
Proportion of reserve to outside liabilities—				
(a) Banking department only (of proportion "A")	%	48 1/2	— 1/2	— 6 1/2
(b) Gold stocks to deposits and notes ("reserve ratio")	%	31 1/2	— 1/2	— 1 1/2

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1930.					
Dec. 24	408,201	379,677	10,285	56,217	33,688
31	407,626	368,802	6,581	132,447	36,159
1931.					
Jan. 7	405,915	363,505	13,206	68,875	33,293
14	404,543	349,943	22,377	64,711	33,413
21	402,220	346,462	22,324	68,813	33,385
28	399,485	345,824	19,360	55,162	33,368
Feb. 4	400,351	349,486	9,861	62,576	33,568

(000's omitted.)									
Issue Department.			Both Depts.		Banking Department.				
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."	
	\$	\$	\$	%	\$	\$	\$	\$	%
1930.									
Dec. 24	244,053	11,477	148,821	31	51,736	14,199	23,014	29,145	29
31	244,154	11,477	148,271	27 1/2	51,021	48,962	23,690	39,470	22 1/2
1931.									
Jan. 7	244,158	11,477	146,558	30 1/2	53,081	14,358	22,912	43,063	37 1/2
14	244,162	11,477	145,150	30	52,028	8,356	22,955	55,207	45
21	244,161	11,477	142,862	29 1/2	49,215	17,285	25,359	64,400	45 1/2
28	243,161	12,477	140,141	28	44,086	9,748	21,823	53,317	49
Feb. 4	243,169	12,477	141,040	31	43,930	6,325	23,204	51,554	48

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Jan. 21	2,298,865	120,548	191,791	2,611,204
Week ended Jan. 28	704,744	33,577	51,419	790,750
Week ended Feb. 4	745,126	37,399	56,077	838,602
Total to date, 1931	3,753,735	191,534	299,287	4,244,556
Total to date, 1930	3,825,124	201,891	322,493	4,349,508
Increase or decrease in 1931	-71,389	-10,357	-23,206	-104,952
%	-1.8%	-5.1%	-7.2%	-2.4%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do, 1929	39,935,824	1,861,989	3,078,764	44,876,577
Increase or decrease in 1930	-1,153,247	-69,843	-115,133	-1,338,223
%	-2.9%	-3.7%	-3.7%	-3.0%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended January 21.		Month of January.			Aggregate Totals January 1 to January 31.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	27	27					
BIRMINGHAM	2,696	2,261	11,940	11,245	- 695	12,938	11,245
BRADFORD	1,147	943	4,559	3,339	- 1,220	4,815	3,339
BRISTOL	1,112	1,082	5,120	4,762	- 358	5,262	4,762
DUBLIN	4,208	4,138				25,765	25,125
LIVERPOOL	894	832	4,141	3,841	- 300	4,140	3,841
LEICESTER	1,287	1,121	4,940	4,512	- 428	5,262	4,512
LONDON	564	575	3,511	3,254	- 257	3,511	3,254
MANCHESTER	6,268	5,508	31,981	26,704	- 5,277	34,391	29,814
NEWCASTLE	13,012	9,515	54,405	43,688	- 10,717	56,764	43,688
NOTTINGHAM	1,620	1,581	6,057	5,447	- 610	6,629	5,447
SHEFFIELD	563	370	2,999	2,460	- 539	3,263	2,460
	916	750	4,454	3,988	- 466	4,681	3,988
Total.	34,287	28,676	134,107	114,240	- 19,867	167,548	142,689

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Egypt appeared in the *Economist* for December 20; Bank for International Settlements, Denmark and Roumania in January 10; Lithuanian in January 17; Danzig, Portugal and Chile in January 24; Poland, Yugoslavia, Hungary and Sweden in January 31.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)

	Feb. 6, 1930.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.	Feb. 4, 1931.
RESOURCES.					
Total gold reserve	2,976,560	3,058,580	3,074,150	3,091,710	3,076,410
U.S. Govt. securities	381,420	243,340	229,880	215,140	222,920
U.S. Govt. bonds	295,790	196,180	151,620	120,240	104,270
Total U.S. Govt. securities	677,210	439,520	381,500	335,380	327,190
Total gold and securities	3,653,770	3,498,100	3,455,650	3,427,090	3,403,600
LIABILITIES.					
Federal Reserve notes in circulation	1,683,480	1,552,700	1,517,840	1,478,300	1,476,740
Deposits—Member bank—reserve account	2,338,850	2,463,600	2,440,730	2,424,910	2,378,810
Total deposits	2,338,850	2,463,600	2,440,730	2,424,910	2,378,810
Capital paid in and surplus	448,480	444,440	444,350	444,170	444,000
Total liabilities	5,070,760	5,070,760	4,957,390	4,853,380	4,843,460
Ratio of total reserves to deposits	78.0%	79.3%	81.2%	82.7%	82.9%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)

	Feb. 6, 1930.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.	Feb. 4, 1931.
RESOURCES.					
Total gold reserves	537,665	1,122,900	1,123,730	1,130,520	1,083,080
U.S. Govt. securities	109,560	51,160	42,770	42,590	44,470
Total U.S. Govt. securities	109,560	51,160	42,770	42,590	44,470
Total gold and securities	647,225	1,174,060	1,166,500	1,173,110	1,127,550
LIABILITIES.					
Federal Reserve notes in circulation	956,480	1,087,440	1,061,780	1,064,520	1,093,400
Deposits—Member bank—reserve account	2,338,850	2,463,600	2,440,730	2,424,910	2,378,810
Total deposits	2,338,850	2,463,600	2,440,730	2,424,910	2,378,810
Capital paid in and surplus	448,480	444,440	444,350	444,170	444,000
Total liabilities	5,070,760	5,070,760	4,957,390	4,853,380	4,843,460
Ratio of total reserves to deposits	76.5%	82.0%	85.0%	86.6%	86.0%

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)

	Oct. 31, 1929.	July 31, 1930.	Apr. 30, 1931.	Jan. 31, 1931.	Oct. 31, 1930.
ASSETS.					
Cash and bank balances	537,665	576,261	561,698	427,114	418,703
Bank balances abroad	121,999	114,182	94,456	112,396	133,289
Call and short loans	520,619	421,799	444,568	412,432	379,845
Securities	487,481	447,026	457,580	479,801	544,383
Loans in Canada	1,596,233	1,393,645	1,378,484	1,380,793	1,350,942
Loans abroad	241,866	224,780	222,243	225,302	225,192
Other assets	204,832	193,035	187,819	188,129	190,482
LIABILITIES.					
Note circulation	185,086	152,177	166,154	163,513	160,035
Deposits—					
Government	204,003	105,969	85,503	78,727	125,564
Public in Canada	2,255,814	2,067,310	2,002,296	2,087,528	2,064,331
Foreign	423,145	384,818	374,818	372,364	374,535
Bank balances					
Canadian	24,410	11,348	11,459	18,243	17,366
Foreign	162,448	71,426	67,543	72,138	63,868
Bills payable, etc.	117,704	102,926	90,117	96,791	99,035
Capital and res.	298,704	305,603	305,860	305,846	306,085
Other liabilities	6,256	5,475	7,519	4,770	5,955

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

	Jan. 10, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Jan. 2, 1931.	Jan. 9, 1931.
ASSETS.					
Gold coin and bullion	7,198	6,338	6,509	6,717	6,731
Subsidiary coin	94	174	176	169	191
Bills discounted	8,463	7,531	7,534	8,249	7,759
Investments	934	1,645	1,639	1,493	1,455
LIABILITIES.					
Capital	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720
Notes in circulation	8,475	7,561	7,598	8,032	7,811
Government deposits	1,612	1,417	1,442	1,994	1,310
Bankers' deposits	4,679	4,811	4,647	4,689	4,569
Ratio of cash reserves to liabilities to public	47.0%	45.3%	46.5%	43.9%	44.8%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted.)

	Jan. 10, 1930.	Dec. 12, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.	Jan. 9, 1931.
ASSETS.						
Total securities	32,98,75	29,15,59	29,28,05	29,32,71	29,47,07	29,47,07
Loans	7,43,76	15,37,56	15,30,07	15,13,53	14,76,51	14,32,67
Cash credits	26,66,68	24,88,51	25,22,17	25,09,70	25,82,92	25,35,20
Inland bills	6,26,62	1,95,51	2,67,10	3,17,68	3,83,01	5,09,04
Foreign bills	38,99	40,48	44,15	36,92	34,95	31,58
Dead stock	2,80,00	2,79,40	2,79,60	2,78,56	2,74,86	2,74,85
Bal. with other banks	14,77	28,10	23,51	14,00	13,28	42,10
Cash	13,38,93	14,79,20	14,51,41	14,02,53	11,92,04	11,49,03
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,27,50	5,37,50	5,37,50	5,37,50	5,37,50	5,37,50
Total deposits	78,37,34	81,14,25	81,53,71	81,32,05	83,36,59	82,67,99
The above includes—						
Deposits in London	787	6,798	6,830	6,786	6,730	6,792
Advances in London	727	6,626	6,678	6,682	6,744	6,743
Cash, &c., at other						
Banks in London	109	207	179	107	100	317

BANK OF FRANCE.—In francs (000's omitted.)

	Jan. 31, 1930.	Jan. 9, 1931.	Jan. 16, 1931.	Jan. 23, 1931.	Jan. 30, 1931.
ASSETS.					
Gold	42,921,007	54,109,387	54,402,710	55,043,841	55,510,102
Foreign assets—					
Sight deposits	6,983,711	7,124,398	7,032,727	7,005,895	6,997,702
Bills discounted	18,779,871	19,385,995	19,377,844	19,367,132	19,362,167
Commercial bills discounted at home	5,865,759	7,744,961	7,302,969	8,346,176	...
Advances against sec.	8,652,545	8,504,399	8,452,399	8,452,399	8,398,572
Other assets (excluding forward exch.)	2,578,059	2,982,107	2,986,781	2,915,965	2,866,142
LIABILITIES.					
Notes in circulation	70,338,986	77,734,065	76,992,418	76,539,270	78,568,638
Public deposits	10,172,143	13,133,779	13,479,538	14,328,049	13,843,648
Private deposits	7,130,424	9,808,162	9,988,504	11,268,421	11,213,711
Other liabilities	2,413,963	2,978,133	2,877,751	2,628,654	...

THE REICHSBANK.—In Reichsmarks* (000's omitted.)

	Jan. 31, 1930.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.
ASSETS.				
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,297,050	2,215,828	2,244,358	2,244,228
Of which deposited abroad	149,788	222,445	207,654	207,638
Reserve in foreign currencies	397,094	268,085	195,536	199,359
Loans of exchange and cheques	2,052,835	1,678,737	1,665,783	2,028,261
Notes of other German banks	136,186	189,723	207,334	171,867
Advances	4,152	18,034	22,465	4,268
Investments	169,601	114,948	68,890	17,785
Other assets	92,617	102,519	102,519	102,518
LIABILITIES.				
Reduced capital	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	191,608	371,139	371,139	371,139
Notes in circulation	4,653,242	3,962,289	3,755,960	4,333,413
Other daily maturing obligations	356,844	322,757	454,798	266,558
Other liabilities	303,067	323,204	329,757	337,032

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted.)

	Position, May 30, 1914.	Jan. 30, 1930.	Jan. 8, 1931.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.
ASSETS.						
Gold	232,650	542,009	953,252	932,272	890,060	889,364
Foreign Bills and Balances Abroad	1,401,811	648,981	648,981	648,981	648,981	648,981
Silver and other coin	697,600	816,061	848,287	828,662	795,851	793,229
LIABILITIES.						
Notes in circulation	934,150	2,768,152	3,257,498	3,235,803	3,198,798	3,206,209
Current accounts	112,125	100,892	236,115	209,861	199,910	197,643

(a) Complete figures not yet available. (b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted.)

	Position, May 30, 1914.	Jan. 27, 1930.	Jan. 5, 1931.	Jan. 12, 1931.	Jan. 19, 1931.	Jan. 26, 1931.
ASSETS.						
Gold	163,092	439,532	426,142	426,127	426,110	436,104
Silver	8,436	26,421	23,974	24,054	24,704	27,215
Foreign Bills discounted	199,313	50,429	50,206	49,418	48,707	...
LIABILITIES.						
Notes in circulation	934,150	2,768,152	3,257,498	3,235,803	3,198,798	3,206,209
Current accounts	112,125	100,892	236,115	209,861	199,910	197,643

BANK OF JAVA.—In florins (000's omitted.)

	Position, May 30, 1914.	Feb. 1, 1930.	Jan. 10, 1931.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31
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SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
Electric Lighting, &c.		£	£	£	£	£	%	£	£	£	%
Yorkshire Electric Power ...	Dec. 31	81,413	342,557	423,970	75,470	155,000	8	110,000	83,500	341,084	8
Financial Land, &c.											
Exploration Co.	Dec. 31	78,326	<i>Dr. 2,731</i>	75,595	...	...	...	...	75,595	35,061	...
London Property Invest. ...	Dec. 31	1,507	13,599	15,106	...	11,713	{ 6A 5B }	1,791	1,602	12,461	{ 6A 5B }
Gas.											
Commercial Gas	Dec. 31	35,489	137,745	173,234	...	124,296	6	...	48,938	114,479	6
Gas Light and Coke Co. ...	Dec. 31	145,290	1,322,057	1,467,347	171,797	{ 91,000 106,2495	3½ 5½ }	20,000	122,055	1,378,330	{ 3½ 5½ }
Maidstone Gas Co.	Dec. 31*	12,717	7,432	20,149	...	5,780	4½	1,140	13,229	...	...
Newport (Mon.) Gas	Dec. 31	223	12,006	12,229	...	13,700	5	<i>Dr. 2,000</i>	529	13,951	5
Motor and Cycle.											
"Romac" Motor Accessories	Sept. 30	1,170	8,046	9,216	...	3,500	5	1,010	4,706	17,778	10
Rubber, &c.											
Takau (F.M.S.) Rubber ...	Oct. 31	3,999	3,149	7,148	...	...	...	2,500	4,648	3,254	2½
Shops and Stores.											
Lennards, Ltd.	Dec. 31	22,021	4,904	26,925	15,000	18,750	7½	<i>Dr. 20,000</i>	13,175	42,568	12½
Textiles.											
Ashton Brothers & Co.	Dec. 31	1,720	<i>Dr. 23,957</i>	<i>Dr. 22,237</i>	...	...	...	15,367	<i>Dr 37,604</i>	17,116	...
English Velvet & Cord Dyers	Dec. 31	18,395	36,550	54,945	10,594	26,108	6	...	18,243	57,882	8
Tramways and Omnibuses.											
Tilling and British Auto- mobile Traction.....	Dec. 31	24,943	217,060	242,003	20,000	160,000	10	10,000	52,003	192,017	10
Trusts.											
Central Bahia Railway Trust	Dec. 31	3,057	31,091	34,148	...	30,997	{ 4A 1½B }	...	3,151	31,646	{ 4A 1½B }
City of Aberdeen Property and General Invest. Trust	Dec. 31	793	6,300	7,093	1,350	3,697	9	1,250	796	5,788	8½
Equatorial Trust	Dec. 31	26,054	11,051	37,105	...	...	...	...	37,105	24,049	4
Foreign and Colonial Invest.	Jan. 10	45,754	112,272	158,026	29,063	58,125	10	25,000	45,838	117,987	10
Glasgow Stockholders Trust	Jan. 2	2,470	33,898	36,368	16,392	8,746	4	2,488	8,742	32,020	5
Guardian Investment Trust	Jan. 20	17,795	77,083	94,878	17,438	42,625	11	15,000	19,815	77,882	11
Railway Debenture and General Trust.....	Jan. 15	14,400	103,937	118,337	29,250	58,500	9	15,000	15,587	103,125	9
Railway Share Trust and Agency.....	Jan. 15	23,902	126,382	150,284	49,500	60,000	10	15,000	25,784	128,016	10
Romney Trust	Dec. 31	8,406	28,202	36,608	9,688	13,563	7	2,539	10,818	28,165	7
Scottish American Invest....	Dec. 31	105,319	266,309	371,628	61,745	162,750	{ 20A 10B }	50,000	97,133	264,326	{ 20A 10B }
Second British Assets Trust	Dec. 31	28,922	81,205	110,127	18,200	40,612	15	22,000	29,315	66,112	15
Standard Trust	Dec. 31	13,667	60,790	74,457	22,653	28,300	10	10,584	12,920	56,438	10
Sterling Trust	Dec. 31	78,553	158,836	237,389	33,906	98,328	14½	25,000	80,155	159,240	14½
Traction and General Invest.	Dec. 31	42,509	86,242	128,751	27,755	39,634	17	10,000	51,362	85,958	17
United States and General Trust.....	Dec. 31	12,161	112,273	124,434	39,642	57,536	14	...	27,256	108,027	14
Waterworks.											
Sunderland and South Shields Water	Dec. 31	52,877	58,498	111,375	1,085	55,613	{ 7½ 7½ 5½ }	...	54,677	67,716	{ 7½ 7½ 5½ }
Whitby Waterworks	Dec. 31	1,983	2,919	4,902	855	1,532	{ 7½ 7½ 5½ }	500	2,015	3,515	{ 7½ 7½ 5½ }
Other Companies.											
Barrow, Hepburn and Gale	Dec. 31	<i>Dr. 6,782</i>	57,767	50,985	41,850	...	...	...	9,135	<i>Dr. 95746</i>	...
Barton Transport	Sept. 30	2,466	273	2,739	...	...	...	1,519	1,220	...	...
Bradbury, Greatorex & Co.	Jan. 9	64,274	63,357	127,631	13,000	43,560	12	...	71,071	83,199	12
Clapton Stadium	Dec. 31	8,541	81,273	89,814	...	37,371	40	35,000	17,443	63,095	30
Cotton Plantations	Aug. 31	<i>Dr. 36,606</i>	<i>Dr. 11,618</i>	<i>Dr. 48,224</i>	...	...	...	...	<i>Dr 48,224</i>	1,734	...
Craigton Cemetery	Dec. 31	695	3,330	4,025	...	1,550	4	1,950	525	3,680	4
Devas, Routledge & Co.....	Dec. 31	24,537	8,714	33,251	...	10,500	7½	...	22,751	14,836	10

† Free of income tax.

MARKET SUMMARY.

prices have been below those ruling last week, but if Mr Chadbourne's attempts to come to an agreement with Russia should prove successful, an improvement in the sugar position is probable. Tea has been a dull market, but coffee has been firmer. Among miscellaneous commodities, hides have again been weaker, and the demand for leather remains on a limited scale. Rubber shows a considerable decline on the week occasioned by renewed speculative selling and an increase in stocks.

THE COAL TRADE.

Our Sheffield correspondent writes:—Demand for best steams for export tends to improve and prices have hardened since a month ago, but there are large accumulations of small coals, sales of which are at a low level. Prices of the first-named are 10s. 9d. to 17s. f.o.b. Humber ports. For inland delivery producers quote 14s. to 15s. at pits. The house coal trade is moderate with prices from 20s. 6d. to 21s. 6d. at pits. Best hand picked branch commands 23s. 6d. or more, supplies being rather on the short side. Export sales of furnace coke are down, and prices have dropped further. The home price is about 12s. at ovens.

Our Glasgow correspondent writes:—The main feature of the market during the past week, from a domestic point of view, has been the continued weakening of prices for washed nuts, which are plentiful in all districts. This arises partly from the falling-off in home requirements, owing to the lengthening of the day and partly from the effort to satisfy prompt orders for round coal. From the

broader aspect a more important consideration is the scarcity of forward business, for colliery quotations for dealing ahead are considered much too high, while the restriction of output, besides creating difficulty in supplying brands of coal required, also raises the general production cost. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s.; splint best, 17s. 6d.; splint second, 16s. 6d.; navigation, 16s. 6d.—17s.; navigation second, 15s.—15s. 6d.; Hartley, 16s.; steam, 15s.; trebles, 13s.; doubles, 12s.; singles, 11s. 6d.; pearls, 11s.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 12s. 9d.; third-class steam, 12s. 6d.; trebles, 13s.—14s.; doubles, 12s.; singles, 11s. 6d.; pearls, 11s. 6d. LOTHIAN.—Prime steam, 13s. 6d.—14s.; secondary steam, 13s. 6d.—14s.; trebles, 13s.; doubles, 12s. 3d.; singles, 11s. 6d.; pearls, 11s. 6d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 14s.; trebles, 13s. 6d.; doubles, 13s.; singles, 12s.; pearls, 11s. 6d.; dross, 10s. 6d.

Our Cardiff correspondent writes:—Depressed conditions continue to prevail on the South Wales coal market. Since work was resumed after the recent stoppage production has been restricted by the 74-hour shift, and the reduced quota for the first quarter of the year is now in active operation. Output, however, is in excess of the absorbing capacity of the market, and stocks are once again accumulating. Foreign inquiries are inactive, and the bunker demand is adversely affected by the increase in the volume of idle tonnage, which throughout the world has been estimated by the Chamber of Shipping as equivalent to approximately 12½ million tons d.w., or 13 per cent. of the existing carrying power. Prices for practically all classes are at the minima. Considerable progress has been made by the Joint Sub-committee that is negotiating the terms of a new Conciliation Board agreement, and it is expected that the new agreement, subject to the reservation of the minimum wage, the subsistence wage, and one or two other important questions for the arbitration of the independent chairman, will be submitted to a full meeting of the Joint Board next week. Shipments have steadily improved since the resumption of work after the stoppage, but they are still in volume considerably less than those at the corresponding period last year. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s. 6d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; best anthracite large, 36s. to 37s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubble culm, 8s. 6d. to 9s.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 24s. 9d. to 25s. 3d.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—New business in Cleveland iron at the moment is quiet, but there is no weakness in the position. Consumers have their early requirements well covered and have also bought a little ahead. They are therefore now inclined to look on to see how trade develops for their manufactures. Some have good orders booked which will enable them to carry on for a few months, and there are further inquiries on the market, which if they result in business, will mean further buying of pig iron. In the meantime producers of the latter find the present production insufficient to meet current needs and have to draw upon stocks, which is a favourable market feature. A moderate business on home account was reported at Tuesday's market, mostly for early delivery, prices being unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. There is very little doing with Scotland, in spite of specially cut prices quoted for that area. In hematite a disinclination still exists on the part of consumers to place any important contracts for forward delivery, but a fair number of orders are coming along for prompt. With the very restricted make, stocks are still being drawn upon, which strengthens the makers' position. Although the general quotation for mixed numbers for early delivery is 70s., it is possible to buy some brands at sixpence or even one shilling less. For delivery a few months ahead 70s. 6d. is the figure generally asked, but this would be shaded for attractive business. In the steel trade a few orders are coming to hand and works are better employed generally. Prices are unchanged. The ore market presents no new feature and transactions are few and far between. Best Bilbao rubio is nominally 16s. c.i.f. for early delivery, and the current freight Bilbao-Middlesbrough is about 4s. 9d. Producers of coke have difficulty in making sales, and as their stocks are large the price is weak at 17s. for ordinary blast-furnace qualities delivered works. In some cases 3d. to 6d. less has been accepted. The number of furnaces in blast in the district remains at 23.

Our Sheffield correspondent writes:—The beginning of a new month has brought no relief to the depression which prevails throughout the iron and steel industry. Conditions have undergone no important change since last reported upon, although one hears that owing to the exhaustion of stocks some overseas countries are beginning to send orders for certain classes of steel material, and this movement should develop as the year advances. The open-hearth steel department continues working at less than half capacity, both in the Sheffield and Lincolnshire districts. There is a marked shortage of work in railway steel and steel bars and rods. The steel sheet department is picking up a little. Demand for shipbuilding steel keeps low. There is a fair inquiry for alloy steels and stampings for commercial cars. The price of high-speed and other special steels was reduced 3d. per lb. this week. The market for steel scrap is rather weaker. Unfavourable reports are to hand from the tool, cutlery and plate trades.

Our Glasgow correspondent writes:—Business in the West of Scotland remains disappointingly dull, and while on all sides one hears expressions of belief that trade is improving, there seems little to warrant such belief. Most of the Lanarkshire steel plants are in operation, but the orders coming in are not nearly sufficient to keep them fully occupied. There is no increased activity in the market for semis; prices for Continental material—though stiffening somewhat—are still much below home makers'. Tube makers are still finding business poor, some makers experiencing more difficulty in keeping plants going than they have had for many years. In the sheet trade business is just a shade better, but the export demand for both black and galvanised sheets remains unsatisfactory.

Our Cardiff correspondent writes:—There has been no improvement lately in the conditions of the South Wales tinplate and sheet trades. The factories in the tinplate industry are operating at less than 50 per cent. of capacity, while in the sheet industry the depression is even relatively greater. Prices of tinplates continue unregulated, and quotations per basis box on the Swansea Metal Exchange on Tuesday ranged at the further reduced figures of 15s. 3d. to 15s. 9d., compared with 15s. 6d. to 15s. 9d. the previous week, and 18s. 7½d. to 18s. 10½d. in the corresponding week last year. Some makers are holding out for 15s. 9d. per box, but there have been weak sellers of stock plates at 15s. 3d. The output of tinplates, terneplates and blackplates in South Wales last year was 814,404 tons, compared with 879,844 tons in 1929. Galvanised sheets are unchanged at the new minimum of £11 per ton for corrugated bundles. There has been no improvement in the prices of Welsh tinplate bars, but foreign bars have been quoted at £4 15s. per ton, as against £4 5s. the previous week. Shipments were slightly more active last week, but they were less than 50 per cent. of those in the corresponding period last year, and stocks are approaching 250,000 boxes, compared with 162,000 boxes a year ago.

OTHER METALS.

TIN.—The market generally presented dull features and, with sellers prominent, prices gave way, while influenced by unfavourable statistics for January, and lower Eastern cables. Later dealings marked a recovery. Shipments from the East during January were 5,115 to the U.S.A., 800 tons United Kingdom, 1,290 Continent, 338 other countries. American deliveries: Atlantic ports, 7,100 tons; Pacific ports, 110; stock, 2,488; landings, 2,416. United Kingdom stock and landing on January 31st, 23,841; total visible supply, 43,209 tons. Standard cash changed hands at £113 10s. to £112 2s. 6d., £114 12s. 6d., and £114 5s.; three months, £115 5s., £113 12s. 6d., £116 5s., and £115 12s. 6d. Sales in the East were reported at £117 10s. to £116 15s. and £118 15s. per ton c.i.f.

COPPER proved a fairly active market but offerings proved excessive, which imparted slight irregularity. Standard cash sold £43 12s. 6d. to £43 5s., and three months, £43 10s.—£43 2s. 6d. per ton.

LEAD in moderate support, but market weaker on liberal selling orders. Good soft foreign pig, February, sold £13 to £12 12s. 6d.; March, £13 1s. 3d. to £12 13s. 9d.; April, £12 17s. 6d.; May, £13—£12 15s. per ton.

SPELTER easier on free offerings of near positions, and a moderate business transpired. February, sold £12 1s. 3d. to £11 10s.; March, £12 2s. 6d. to £11 13s. 9d.; April, £11 17s. 6d.; May, £12 11s. 3d. to £12 1s. 3d.; June, £12 5s. per ton.

ALUMINIUM quiet. Home trade, also export, £85 per ton.

ANTIMONY quiet of sale. English regulus, £38 to £45; Chinese regulus, spot, £25; February-March, £22 10s.; Chinese crude, February-March, £15 10s. per ton c.i.f.

ANTIMONY ORE easier.—60 per cent., February-March, 3s.; ditto 50 per cent., 2s. 6d. per unit c.i.f.

ANTIMONY OXIDE easier. February-March, £24 per ton c.i.f. WOLFRAM easier. Chinese, February-March, 12s. 9d. per unit c.i.f.

QUICKSILVER maintained. Spot, £21 11s. 6d. to £22 5s. per bottle, as to terms.

BARCLAYS BANK

LIMITED

HEAD OFFICE: 54 Lombard Street, London, E.C.3.

TRUSTEE DEPARTMENT.

CHIEF OFFICE: 37 King William St., London, E.C.4.

BRANCHES:

London (City) 37 King William St., E.C.4.
 (West End), Piccadilly Circus,
 27 Regent Street, S.W.1
 Birmingham: 67 Colmore Row.
 Bournemouth: 61 Old Christchurch Road.
 Brighton: 170 North Street.
 Manchester: York Street.

The Bank has power to act as EXECUTOR and TRUSTEE under Wills and Settlements, and as Trustee for Debenture Holders. A Pamphlet stating terms and conditions for transacting business may be obtained from the Manager of the Trustee Department, or from any Branch Manager.

TEXTILES.

THE COTTON TRADE.—Liverpool, February 4th. Spot sales for the week January 29th to February 4th (inclusive) are 19,000 bales, of which 10,700 bales are American, 950 Brazil, 350 Argentine, 2,750 Peru, 3,100 Egyptian, 150 African, 400 East Indian, and 600 sundries. Imports for the same period are 35,445 bales, of which 16,315 are American, 298 Peru, 1,151 Egyptian, 1,725 African, 9,812 East Indian, and 6,144 sundries. Quotations to-day are: American Middling, 5-65; Egyptian Sakel, 8-90; Uppers, 6-56; Brazil Fair, 5-79; Peru G.F. Smooth, 6-09; West African Middling, 5-65, and East African G.F. 6-69.

Manchester, February 4th. Spinners and manufacturers have experienced much difficulty in securing orders, and apart from the difficulties arising in arranging contracts as a result of the labour dispute the general demand continues disappointing. Considerable disappointment has been expressed at the failure to reach a settlement on the more-looms-per-weaver question. In piece goods for India, operations have been confined to miscellaneous lots. There are indications of the boycott of foreign goods being intensified, and for the most part the political situation is as bad as ever. Fair buying, however, has taken place for Karachi. With regard to China, the further slump in the price of silver has been a discouraging factor, and trade at the moment is being checked by the approaching New Year celebrations abroad. Now and again moderate lots of bleaching and finishing styles have been booked for Egypt, the Near East and South America, but the total sales have been unimportant. Some fair lines have been put through in home trade fabrics. On the whole, the yarn market has been quieter than last week. There can be no improvement in buying for home use just at present. Export demand continues more active, some very fair contracts being arranged for India and the Continent.

Statement of the Cotton Trade.

	1931.				Corresponding Date.	
	Jan. 14.	Jan. 21.	Jan. 28.	Feb. 4.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5-39	5-51	5-70	5-64	10-28	8-77
" Sakellaridis Fully Good Fair..... per lb.	8-10	8-45	8-90	8-90	18-15	13-95
Yarns—32's twist..... per lb.	9	9½	9½	9½	15½	13½
" 40's twist..... per lb.	9½	9½	9½	9½	16	13½
" 60's twist (Egyptian)..... per lb.	16	16½	16½	16½	27	22½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	17 10	17 10	18 2	18 3	26 0	23 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	20 0	20 0	20 3	20 4	28 0	26 0
38-in. ditto, 38 yds., 18 by 18, 10 lb.....	11 2	11 2	11 4	11 4	15 3	14 1½
39-in. ditto, 37½ yds., 16 by 16, 8½ lb.....	10 1	10 1	10 3	10 3	13 9	12 9

THE WOOL TRADE.—Our Bradford correspondent writes: A remarkable change has come about in the position of wool in London, prices for all descriptions having made a distinct recovery compared with the low level registered during the first week. Comparing prices then realised for portions of leading grease merino clips, with what has since been forthcoming, an improvement of 1d. to 2d. per lb. is seen. Even greasy bellies, which had been realising 5½d. to 5½d., have made 6½d. to 6½d., whilst the super combing of the same marks show an advance of 1½d. These are no doubt fairly outstanding examples of the improvements which has come about in merinos wool, but besides the recovery in prices, there has been a far more general buying spirit, and less wool has been withdrawn. No doubt the curtailment of the offerings, and putting forward small quantities daily, has done something to convince buyers of the desirability of operating whilst the descriptions wanted were available. Really speaking, the driving force was imparted to the trade when, during the first week, certain home trade buyers operated on a very large scale. The impression was then given that values had touched the bottom, and subsequent events have proved this to be true. The advance in crossbreds has not been as definite as that in merinos, but even in this description the larger offerings this week have not had the slightest adverse influence upon selling values. Indeed there is an improvement of fully 5 to 7½ per cent., particularly in fine qualities. The improvement in good greasy combing merinos is 10 per cent., but even this has not prevented buyers getting some very reasonable wools, and speculative purchases should ultimately prove to be a good investment. The Bradford market has become rather quieter, but the advance in merino tops and the strengthening of crossbreds has put an entirely different complexion upon the outlook. Top-makers are realising that further substantial requirements in all qualities of the combed article will be needed to enable the ground gained to be held, and spinners have only been partially able to cover the increased cost of wool in the prices at which they have sold yarns. It is a fact, however, that the entire position from a manufacturing standpoint is better than when the wool sales commenced.

THE HEMP TRADE.—The market in Hemp has been steady, Manila descriptions show a slight rise, £19 15s. being quoted for "J2," February-April, as against £19 10s. last week. According to a cable, last week's receipts amounted to 26,000 bales, against 27,000 last year and 51,000 in 1929. This week's receipts have been estimated at 24,000 bales and at 25,000 for next week. Manila shipments last week totalled 40,000 bales, of which 13,000 have been consigned to the United Kingdom, 6,000 to the United States, 16,000 to the Continent, 4,000 to Japan and 1,000 to other countries. Local consumption at 1,000 bales leaves stocks at 102,000.

THE JUTE TRADE.—Dundee, February 4. Some interest has been caused in the jute trade this week by the intimation received from Calcutta that the Committee of the Indian Jute Mills' Association had recommended to the meeting of the Association to be held

on February 15 that the production of hessian cloth should be curtailed further by stopping 10 to 15 per cent. of the looms, and continue working the same hours as at present after March 31st next, the date on which the last agreement expires. The Calcutta goods market has been stimulated by the news that prices at the moment are advancing, speculators dominating the situation. The stocks of hessian cloth have increased during the year 1930 from 85,000,000 yards to 242,500,000 yards at the Calcutta centre, and at the end of January a further increase was noted, the stocks being augmented by two days' output and now representing 30 days' production. Stocks of heavy goods, however, showed a decrease from 10½ days to 9 days during January. Trade has still ruled fairly slow all round and it really requires some further move on the part of the Indian mills to bring supply on a more equitable basis with demand. The raw jute market has remained quiet and prices have shown a tendency to decline, probably due to the prospects of even less being required. Good First Marks can be bought at £18 5s. and good Lightnings at £15 17s. 6d., while Daisee assortment good marks have been sold at £14 10s. and Tossa assortment rules at £15 15s., with threes at £15 10s., February/March shipment. Spinners are not showing much interest owing to the lack of demand for yarns generally. The finer spins of yarns have been quite freely bought for export to Brazil, the Government of which country agreed to postpone the date for coming into operation of the high duties which they intend to place on jute yarns entering Brazil. Spinners have now until April 1st to ship yarns, and those engaged on these fine qualities are going full speed ahead until March 5th in order to get as much as possible there by the former date. The Government of Brazil have also agreed to reconsider the question of tariffs. A fair business has been done in common 8 lb. cops at from 1s. 10d. to 1s. 11d., and in 8 lb. spools at 1s. 11d. to 2s., and now the higher rates are the lowest possible. Other yarns are quiet. Cloth continues rather dull and only occasionally is there an order of any consequence being placed. The quoted rates are from 2½d. to 3d. for 10½ oz. 40 in., and from 1½d. to 2½d. for 8 oz. Linoleum hessians are slightly improved, American buyers now specifying from old contracts. Heavy goods are quiet, though quite a fair inquiry comes in for sackings.

FOOD.

THE GRAIN MARKETS.—General rains followed by frost and snow over the United Kingdom during the past week have interrupted preparations for spring work. Winter cereals present a healthy appearance apart from slight deterioration in some districts by excessive moisture. Only small supplies of native wheat continue to come forward at the Statute markets, and despite the resistance of holders, prices marked a downward tendency owing to lack of

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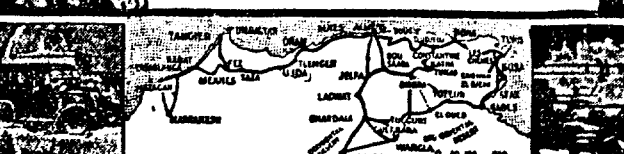
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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		s. d. s. d.		s. d. s. d.		s. d. s. d.	
GRAIN, &c.—							
Wheat, No. 2, N. Man. 496 lb.	25 0	Irish bladders	70 0 80 0	English Southdown, washed	13	Best heavy ox and heifer	0 5 0 6 1
Barley, Eng. Gav. av.	8 6	American, boxes 56 lb.	47 0 47 6	Lincoln hog, washed	9	Best cow	0 3 0 4 1
Oats	5 9	SPIGGS—		Queensland, soda super embg.	18	Best calf	0 2 0 3 1
Maise, La Plata, landed, 480 lb.	15 9	Pepper, per lb.—		N.S.W. greasy, super	11		
Flour, Lon. stan. ex mill, s. d.		Muntok, fair White	0 9 1 0 9 1	N.Z., grey, half-bred 50-56	8		
280 lb.	21 6 0 0	Black Lampong	0 6 1 0 6 1	Crombred 40-44	6		
Rice, No. 2 Burma, per cwt.	8 3	Cinnamom—1st sort, per lb.	0 10 0 0	Top—			
Sago, Pearl, per cwt.	18 0	Cloves—Zanzibar per lb.	1 0 0 0	Merinos 70's	25		
Tapoca, per cwt.	17 6 0 0	Ginger—per cwt.		64's	22 1		
N.I. flake, fair spot	20 0 0 0	African	34 0 0 0	Crombred 48's	11		
Medium pearl	20 0 0 0	Jamaica, ord. to good	50 0 90 0	46's	10 1		
MEAT—		Nutmeg 52's	1 2 0 0				
Beef, per 8 lbs.—		Potatoes, good English,	7 0 7 6				
English long sides	5 0 5 8						
Argentine chilled hinds	3 4 4 0	SUGAR—					
Mutton, per 8 lbs.—		(Duty, 11s. 8d. per cwt.)					
English wethers	6 0 7 0	B.W.I., crystallised	18 6 21 6				
N.Z. frozen	2 10 3 10	Java, white, c. & f. India	7 9 1 0 0				
Pork, English, per 8 lbs.	5 8 8 0	REFINED—London—					
BAOON— OTHER FOODS.		Yellow Crystals	18 4 1 0 0				
Irish	78 0 106 0	Crushed	22 9 23 3				
Danish	53 0 64 0	Granulated	21 3 21 9				
Canadian	nom.	Home Grown (Jan.)	18 6 19 0				
Dutch	48 0 58 0	TEA—					
HAMS—Irish	0 0 0 0	Indian—per lb.					
Canadian	0 0 0 0	Pekoe	0 8 1 11 1				
American	75 0 90 0	Broken Pekoe	0 8 1 11 1				
BUTTER—		Orange Pekoe	0 8 2 10 1				
Irish creamery per cwt.	nom.	Broken Orange	0 8 2 10 1				
Australian	100 0 113 0	Ceylon—per lb.					
New Zealand	104 0 118 0	Pekoe	0 9 1 11 1				
Danish	132 0 0 0	Broken Pekoe	0 9 1 11 1				
ORBSH—		Orange Pekoe	0 9 1 11 1				
Canadian	78 0 76 0	Broken Orange	0 11 2 5 1				
New Zealand	51 0 52 0	TOBACCO—					
English Cheddar	54 0 106 0	(Duty 8/10-9/10 per lb.)					
Dutch	40 0 67 0	Empire growths, 6/9-7/6 (per lb.)					
COCOA—		Virginia leaf					
(Duty, British grown,		Common to fine	0 8 2 6				
11s. 6d.; foreign, 14s. cwt.)		Rhodesean leaf	0 9 1 6				
Acacia, Lf., per cwt.	23 0 28 0	Broken leaf	0 7 1 0				
Trinidad	46 0 52 0	Orange leaf	0 7 1 0				
Grenada	35 0 46 0	Orange leaf	0 7 1 0				
COFFEE—		East Indian leaf	0 3 0 0				
(Duty, British grown,		Orange leaf	0 4 0 10				
11s. 6d.; foreign, 14s. cwt.)		Orange leaf	0 4 0 10				
Java, good to fine, per cwt.	85 0 130 0	COTTON— TEXTILES.					
Costa Rica, good to fine	90 0 130 0	PLAX—					
Cent. Amer., mid to fine	70 0 95 0	Livonian ZK	32 0 0 0				
Kenya, bold sides	78 0 125 0	Pernau HD	31 10 0 0				
Colombian, mid to fine	70 0 92 0	Saxena Medium 1st sort	34 0 0 0				
EGGS—		HEMP					
English	per 120 15 0 17 9	Italian P.O.	per 31 0 0 0				
Danish	10 6 16 6	Manila, Feb-Apr. "J2"	19 15 0 0				
ORANGES—		N.Z.	nom.				
Orange-South African bxs.	0 0 0 0	Sisal, African, Mar-May	16 5 16 15				
Denia and Valencia		Mexican	nom.				
3 cases 300	9 0 18 0	JUTE					
Lemons, Sicilian, boxes	7 0 10 0	Native lat mks. per ton					
Malaga	9 0 18 0	c.f. H.A.R.R.					
Apples: Amer. (var.) bxs.	20 0 31 0	Feb-Mar.	£14/7/6				
.. Australian	0 0 0 0	Dalce 2/3 c.f. Dundee	£14/10				
Spanish Onions,		SILK—					
Valencia		Canton	per lb. 8 0 10 6				
Onions, Oporto	case 5 0 9 0	Tueah	4 0 6 0				
Grapes, Lisbon	0 0 0 0	Japan	11 0 14 0				
.. Almeria	0 0 0 0	Italian—Raw fr.	10 0 12 6				

MEAT.—According to the Smithfield Market official report, supplies of meat during last week amounted to 9,798 tons, as compared with 8,771 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.5 per cent. of the supplies, as against 81.2 per cent. a year ago, and imported mutton, mainly New Zealand, formed 79 per cent. of the total supply, as against 72.9 per cent. last year. The market in meat has been slightly firmer, but Argentine beef was again cheaper.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets are not very active, but the tone is steady and prices not subject to wide fluctuations. Linseed is still coming along in substantial volume, and the quantity afloat for Europe has increased to 231,000 tons, or 25,400 tons more than last week, and comparing with 160,600 tons a year ago. Demand, however, is only moderate. Plate, on spot at Hull, quoting around £9 5s.; and January to April shipment, £8 7s. 6d. Small quantities of Baltic linseed continue to arrive, current spot value being £10 12s. 6d. Cottonseed is steady, but the trade is poor and confined to near positions. Black Egyptian on spot and afloat is quoted £6 2s. 6d. and for shipment £6. Linseed oil is steady, but demand is only moderate. Raw oil, ex Hull mill, on spot is around £17 15s.; and February delivery, £17 5s.; and March, forward to August, about the same figure. Cotton oil is steady, crude Egyptian offering at £17 and common edible at £20 ex Hull. Demand for oil cakes and meals continues satisfactory and prices are maintained. Copra, which has been steady early in the week, subsequently showed an easier tendency, S.D. Straits c.f. at £15 per ton showing a decline of 7s. 6d. as compared with last week.

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides from home-slaughtered cattle were again slightly easier at the auctions held at Manchester on Tuesday, when 59 lbs. and under ox and heifers made 1d. per lb. less money, while heavy cows were 1d.

per lb. cheaper. Imported hides sales continue to be confined to lots for immediate requirements, and with no speculative element apparent in any direction values have recorded a further setback. In the South American market for wet salted, sellers have accepted lower figures for Argentine ox, which have changed hands this week on the basis of 5½d., while cows have sold at 5½d., and Montevideo ox at 6½d. Although prices remain more or less steady for dry River Plates, business is restricted to a few parcels of B.A. Americanos at 6½d., and M.V. Americanos at 7½d. Inquiry has been experienced for Capes at the lower prices now ruling, and sales have been made in first and second dries at 6½d. and 5½d., while dry salted, 20-30 lbs., have been sold at 5½d. and 4½d. The Australian market is difficult on account of the fact that sellers are asking more than buyers are prepared to pay. Sole leather tanners and merchants have experienced a moderate inquiry during the week, and although trade is by no means what it should be, there is a feeling of optimism apparent in some quarters. Upper leathers find a steady outlet so far as willow calf, and black and brown glacé kid are concerned, in addition to which there has been rather more inquiry for the cheaper grades of patent. Suede and novelty leathers experience a small but steady call in certain quarters, and most distributors are anxiously awaiting signs of improvement in the shoe industry in the hopes of better business.

RUBBER.—The market in rubber has again suffered from a lack of interest, and as a result of an increase in stocks and renewed speculative selling, the spot price per lb. of standard ribbed market sheet steadily declined from 4½d. to 3½d. In forward positions, business has been done at 4d. to 4½d. for February, at 4½d. for March, at 4½d. for April-June, at 4½d. to 4½d. for July-September, at 4½d. to 4½d. for October-December, and at 4½d. for January-March, 1932. Stocks in London and Liverpool have again increased by 2,137 tons, the total being 124,502 tons, as compared with 80,358 at the corresponding date last year. Deliveries at 1,092 tons during the last week show a decrease of 246 tons, as compared with the preceding week, and are 987 tons below those for the corresponding week last year.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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SATURDAY, FEBRUARY 14, 1931.

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THE MONEY MARKET.

MONEY has again been stringent, and on Thursday 3 per cent. and more was being paid for night money. It is generally agreed that all the week the market has been narrowly escaping the Bank, and, in fact, the Bank has had to reverse its open market policy of the previous week, and to buy bills in order to relieve the pressure. Discount rates have also been very firm at a full 2½ per cent. for three months' bills, and a fair amount of French and American buying has been in evidence. Both exchanges

have responded, sterling rising to a full Frs. 124 and to \$4.86 early in the week, though neither rate was maintained as the week progressed.

Although the Bank this week had to reverse its open market policy, this does not mean that the Bank has been guilty of inconsistency. The Bank's sole object is to maintain market discount rates at levels which will be attractive to France and the United States, and the account of events given in the preceding paragraph shows how well it has succeeded. The Bank does not wish to penalise the market by driving it into the Bank, and, indeed, were it to do so, it would defeat the Bank's object for reasons described a week ago. It must also be remembered that even apart from last week's application of the hidden hand, this month is normally one of stringency, as money is steadily being taken off the market as a result of revenue collection. Hence when the Bank found that the situation needed easing, it naturally proceeded to give some assistance, especially as it was able to do so without depressing discount rates.

These movements are to some extent masked in this week's Bank return. The increase of £3,641,659 in Public Deposits is clear evidence of revenue collection, but Government Securities have fallen by £7,279,282, a movement which *prima facie* is not in accord with the Bank's buying of bills. The probable explanation is that just as last week sales of bills by the Bank were more than off-set by Government borrowing on Ways and Means—so that Government Securities showed an increase—so this week the Bank's purchases of Treasury bills have been more than off-set by the repayment of these Government borrowings, with the result that Government Securities have fallen. Discounts and Advances have risen by £3,272,548, but none of this increase is due to market borrowings. Thanks mainly to a contraction of £2,241,007 in the note circulation, the Reserve is £2,467,905 higher.

As a result of these and minor changes, Bankers' Deposits have fallen by £4,920,137 to £57,655,497. This is a fairly low figure, and so it is not surprising that money has remained tight. In some quarters, the opinion has been expressed that this stringency will persist until the end of March, and now that it is clear that the Bank is going to help the market when it can, that will not be entirely a bad thing. The first need, however, is to keep discount rates up at the level at which they now stand, and especially the rates at which tenders are made each Friday for Treasury bills.

	Jan. 22, 1931.	Jan. 29, 1931.	Feb. 5, 1931.	Feb. 12, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate	1	1	1	1	1½ (May 1, '30)
Discount / Call	1	1	1	1	1½ (May 1, '30)
Houses / Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

The urgency of this need is clear when it is realised that the resistance of sterling against the franc is still very limited. Already sterling has reneted from the week's high point of Frs. 124 to Frs. 123.95, and the three-months' forward rate is Frs. 123.86, or well below the gold point. The Bank is still unable to add appreciably to its gold holdings, for when £324,000 of gold was somewhat unexpectedly offered for sale this week, it was bought on Belgian account at 84s. 11½d. an ounce, and next week's Cape gold is expected to go to Paris. The following week, £500,000 in sovereigns will arrive from South Africa, and these, of course, will go into the Bank. Still, the main point remains that sterling is only holding ground and not gaining it, and that is why high discount rates are still desirable.

The January returns of the nine English clearing banks reflect mainly the return to normal conditions after the disturbances due to preparations for the end of the year.

This explains the reduction since December of £18.1 millions in cash:—

	January, 1930.	October, 1930.	November, 1930.	December, 1930.	January, 1931.
Capital and reserves	130.5	132.1	132.1	132.2	132.1
Acceptances	14.4	116.4	116.3	117.4	114.9
Deposits (including undivided profits, &c.)	1,767.5	1,791.2	1,800.8	1,839.1	1,836.1
Total liabilities	2,052.4	2,039.7	2,049.2	2,088.7	2,083.1
Coin, notes, balance at bank, and cheques in course of collection	248.0	239.3	237.8	267.0	243.9
Money at call	139.9	141.9	135.1	140.6	141.1
Investments	259.6	283.3	291.0	295.7	306.9
Discounts	242.9	236.0	309.5	319.7	327.7
Loans and advances	96.9	92.3	91.8	91.2	907.4
Over for accept., premises, &c.	202.9	156.9	157.1	158.5	156.1
Total assets	2,062.4	2,039.7	2,049.2	2,088.7	2,083.1

The steady decline in advances continues, and consequently there have been further substantial increases in bills and investments. Thus, once more the January averages reflect the prevailing trade depression.

Money in New York has again been easy, and even the spasmodic recrudescence of activity on Wall Street last Tuesday failed to move call rate from its now "normal" level of 1½ per cent. At the end of last week, a further general cut of ¼ per cent. was made in the rate on bankers' acceptances, and new record low rates were consequently established, thirty- and ninety-day maturities being quoted at 1½-¼ per cent., and six months' maturities at 1½-½ per cent. Time money has lately been on offer for thirty days at the extremely low rate of 1 per cent., or the same as the "outside" call rate, and it has been possible to obtain three months' time money at no more than 2 per cent.

The Foreign Exchange market was fairly active this week, and sterling maintained its recent strength against most currencies, although there was some reaction at the close. New York went from 4.85½ to 4.86 after 4.86½. Montreal was ½ better at the same level. The Paris rate rose from 123.92 to 123.95, after having touched 124.00, and Brussels was considerably weaker at 34.86, as was Milan at 92.86 after 92.88. The approach of the elections and possible internal troubles induced fresh irregularity in the peseta, which weakened from 48.20 to 49.40. Amsterdam, after touching 12.11, lost a point on balance at 12.10½. Berlin at one time touched 20.45½, but recovered to 20.44½, against 20.45 last week. Switzerland weakened from 25.15 to 25.17½, after being 25.18. The Scandinavian exchanges were again steady, Stockholm losing ½ at 18.15, Oslo gaining ½ at 18.16½, and Copenhagen losing ½ at 18.16½. The South American exchanges were better, with the exception of Rio, which lost ½d. on balance at 4½d. Buenos Aires recovered sharply from 34½d. to 35½d., as did Montevideo from 33½d. to 34½d. In the Far East the rupee was very steady at 1s. 5½d., but the yen weakened slightly to 2s. 0½d. Batavia fell away from 12.10½ to 12.11. In the forward market dollars were firmer at rather enhanced premiums of ½ cent and ¾ cent. Paris was decidedly stronger at 6 and 9 centimes premium, against 2 and 5 centimes last week. Brussels was better at one centime premium for one month's delivery, but unchanged at 2 centimes premium for three months. Milan remained at discounts of 11 centesimi for one month and 32 centesimi for three. Madrid was firmer at 9 and 28 centimos premium, as compared with 5 and 17 centimos premium last week. Amsterdam also was better at 1½ cent and 3½ cents premium, as was Berlin at slightly lower discounts of ½ pfennig for one month's delivery and 2 pfennigs for three. Silver established new low records at 12d. for cash and 11½d. for forward, but recovered at the close to 12½d. and 12½d., a gain in each case of ½d. on the week. The Chinese silver exchanges, which had been weak and irregular, rallied in sympathy, Hong Kong improving to 11½d., a net loss on the week of ½d., whilst Shanghai gained ½d. net at 1s. 2½d.

THE CHANCELLOR AND ECONOMY.

THE debate on public economy in the House of Commons on Wednesday began as a party sham fight and ended as a State occasion. In moving a vote of censure on the Government for profligate expenditure, Sir Laming Worthington Evans produced familiar statistics and framed a familiar indictment, to which Mr Snowden responded by arraigning the expenditure record of the late Conservative administration. All this was good party debating, but it contributed nothing towards the solution of the very formidable problems with which the country is faced. Had the debate ended there, or continued on those lines, the country would have been given nothing more useful or edifying than a picture of its chosen representatives throwing stones in a house built of peculiarly brittle glass. But, happily, in the middle of his speech Mr Snowden abandoned the rôle of political debater for that of an anxious and statesmanlike Chancellor; and before the House rose two really useful things had been done. Firstly, the Chancellor has accorded official and grave recognition to the financial position and needs of the country; and secondly, the Government had acquiesced in the appointment of a small, independent, expert committee to advise upon ways and means of public retrenchment.

The turn in the debate was dramatic. At one moment Mr Snowden was poking political fun at the Opposition. The next moment the Chancellor was speaking: "I say with all the seriousness I can command that the national position is so grave that drastic and disagreeable measures will have to be taken, if Budget equilibrium is to be maintained and if industrial progress is to be made." This stern warning led the Chancellor up to the following passage, which, since it goes to the very roots of current economic problems, we make no apology for quoting in *extenso*:—

"An expenditure which may be easy and tolerable in prosperous times becomes impossible in a time of grave industrial depression. The right hon. gentleman made a quotation from my last Budget speech that I was anxious to avoid the imposition of any further imposts upon industry. In view of the deeper depression since that time, I feel the importance of that statement to-day more than I did twelve months ago. I believe, if I may put it so bluntly as this, that an increase of taxation in present conditions which falls on industry would be the last straw. Schemes involving heavy expenditure, however desirable, will have to wait until prosperity returns. This is necessary—I say this more particularly to my hon. friends behind—to uphold the present standard of living, and no class will ultimately benefit more by present economy than the wage earners. I have been active in political life for forty years, and my only object has been to improve the lot of the toiling millions. That is still my aim and my object, and if I ask for some temporary suspension, some temporary sacrifice, it is because I believe that that is necessary in order to make future progress possible."

Those who have been insistently proclaiming the necessity for a national effort of common sacrifice to restore economic equilibrium, and for a clear lead from the Government, find in these striking words an adequate and satisfying epitome of their doctrines. And that this statement is no pious lip-service to sane policy is proved both by the Chancellor's promise that "in the general sacrifice members of the Cabinet are prepared to make their substantial contribution," and by his acceptance—albeit rather lukewarm and reluctant—of a new "Geddes Axe" committee. The country now knows that the Chancellor is in earnest, that the Treasury will frown upon all but really essential expenditure, and that the Government will set the country an example in the "temporary suspension" of the pursuit or maintenance of standards which are temporarily unjustified by the circumstances of the moment. We do not consider that our Cabinet

Ministers are over-paid. On the contrary, we have advocated an increase in the Prime Minister's emoluments. Nevertheless, we welcome their promised essay in self-sacrifice, because a lead from the top cannot fail to produce a profound psychological effect throughout all ranks of society, from which involuntary sacrifices are being demanded. The measure of the practical usefulness of Mr Snowden's statement is the heated opposition that it aroused from a group of left-wing Socialists.

So far so good. But one or two pertinent questions remain to be answered. Mr Snowden, by his own admission, is faced by a serious deficit; yet, to use his own phrase, further taxation falling upon industry would be the "last straw." How then will he balance his accounts? Partly, presumably, by retrenchment and by stopping up indefensible holes in the unemployment insurance system. But the gap will be wide. Assuming—and we can only read his words in that sense—that he is intent on keeping new taxation down to an irreducible minimum, does he consider that the present emergency justifies a less orthodox sinking fund policy? Is debt repayment to share in his scheme of "temporary suspension"? On the one hand Mr Snowden must be fully alive to the fact that laxity in sinking fund policy would both check the fall in the debt charge and impair the chances of successful debt conversion. Yet, on the other hand, there will be, we think, a large measure of agreement that the present emergency temporarily absolves the Chancellor from the duty of interpreting orthodoxy in the matter of sinking funds in the heroic sense. But Chancellors do not disclose Budget secrets in advance, and his precise meaning must remain a matter for conjecture.

Another vital question is whether the new "Axe" committee can succeed in indicating the field for really substantial retrenchment, and in rallying public opinion to force such retrenchment upon the Government. It is a little disquieting to find Sir Eric Geddes addressing a letter to the Press arguing that a committee on the pattern of the one over which he presided would be "analogous to using a small pruning knife when an axe or saw is needed." Mr Snowden, too, pointed out a fundamental difficulty when he remarked that of our present expenditure no less than £620 millions is statutory. The dilemma, as Sir Eric Geddes sees it, is that questions of policy must remain in the hands of the Cabinet, and that, outside changes of policy, the field for economy is very small to-day compared with that which existed in 1921. We agree. But there is surely a way out. Sir Donald Maclean, who moved the Liberal amendment calling for the new committee, made it clear that the terms of reference should be such as to enable it to advise on matters of policy. This is essential, in our view, if the committee is to be successful. Policy, it is true, must in the ultimate resort, always be the responsibility of the Cabinet. But may we not hope that a fearless and strongly-manned committee may be able to recommend modifications of policy which will both involve very substantial savings and also command the support of the majority of the country? Sir Eric points out that his committee "endeavoured to encroach as little as possible on questions of policy... realising that these would remain for the exclusive consideration of the Cabinet." We venture to remind him that his committee recommended substantial cuts in the Navy, Army, Air Force, Education, Health, and Pensions, and we pointed out in the *Economist* at the time (February 18, 1922) that "these reductions raise in almost every case very far-reaching questions of policy." Again, the recommendations of the Incheape Committee in India touched vital questions of Government policy, especially that of the size and composition of the Army.

If, then, the Government are really in earnest—as Mr Snowden clearly is—they must follow up an excellent beginning by taking two steps. The first is to select as members of the committee a few men of recognised integrity, courage and political impartiality; the second to draft the terms of reference so as to make it quite plain

that, although ultimate decisions on policy must inevitably be reserved for the Cabinet, the committee is not to be debarred, by fear of impinging upon forbidden ground, from making any and every recommendation for economies which they may consider to be desirable and proper in the interests of the nation as a whole. The result, we admit, might well be a programme which no Cabinet could adopt *in toto*, and which the present Cabinet might find largely unpalatable. But at least this much would be gained. There would be brought into being a real economy programme for the country to accept or reject, and public retrenchment would become a live and practical issue. We look to Mr Snowden, whose courage is not doubted, to act in this sense and to act quickly.

THE SLUMP.

THERE is no parallel in times of peace to the far-reaching, well-nigh universal depression of 1930. No part of the world has been left untouched by the severe slump in commodity prices; agricultural countries, encumbered with unsaleable stocks, have suffered a disastrous reduction in their purchasing power and are faced with a very great difficulty in paying their debts; and manufacturing countries are burdened with a mass of unemployment still growing to unexampled dimensions. The three chief industrial countries of the world have, in fact, between them probably 14 millions out of work. Measured by any test, the volume of the world's industrial production has fallen immensely; the 20 to 25 per cent. fall in the foreign trade of leading countries in a single year is an unprecedented change to have occurred over so wide an area; and the repercussions on the budgetary position of countries all over the world has been disastrous.

Exposed, like her neighbours, to the full fury of this storm, Great Britain is beset also with difficulties which are peculiar to herself, and for which she alone can find the cure. Mr Snowden's speech, dealt with in the previous article, is a welcome sign that the Government is alive to the need of drastic action to deal with some of the chief of these problems. But it is idle to hope that a country which is the greatest trading nation of the world can remedy the international crisis by any action of its own, or even escape its inevitable consequences by shutting itself up in an economic fortress and attempting to maintain a price level divorced from that of the world in general; or that it can find a substitute for its all-important foreign trade, commerce and shipping in an artificially inflated home market. It is natural, therefore, when we stop to take stock of the situation, that we should ask ourselves what is the nature of this crisis into which we have been flung so precipitately and in what condition can we hope to emerge from it?

One of the many questions that press for an answer is suggested by the heavy fall of prices. Is this slump due to the fact that production is really in excess of the world's needs, is it due simply to disorganisation and unbalanced production, or is it due to the collapse of the monetary system of the world? The question is of very great significance, for, if it is the result of unbalanced production, exaggerated by tariffs and other schemes for maintaining artificial prices, the cure will be a long one; it takes time even in the most developed countries to divert population from one occupation to another, and in countries or in districts with only one or two economic activities the process of adjustment may involve prolonged distress. To the extent, on the other hand, that it is due to, or, at all events can be cured by monetary action, recovery may be much more rapid.

We are not among those who think that monetary policy is alone responsible for the present situation, but the suggestion in certain quarters that the gold problem and monetary policy have nothing to do with the matter is a very inadequate and short-sighted view. The fact that world production, both of primary products and of manufactures, has recovered since the war, and now considerably exceeds pre-war production, is no reason whatever for drawing the all too simple conclusion that prices must naturally revert to a pre-war level. In the last century

there were at least two long periods when prices were rising at the same time that immense strides were being made in both manufacturing and agricultural production. The price level depends on the use that is made of the standard of value, and the great changes that have been made in the world's banking and currency systems since the war mean that the processes which determine the price-level start from an entirely new basis. The fact that it is difficult to control the value of gold in a world where there is so little unity of monetary and economic policy does not mean that there is a "natural" level of prices—there is certainly no special sanctity about the price-level of 1913.

These reflections bring us to a second leading question: Are we in an exceptionally severe depression of a type similar to that experienced in pre-war trade cycles, which were with some justification regarded as rhythmical movements in the world's economic progress and in which recovery succeeded depression in more or less orderly sequence? Or are we in the presence of an historic upheaval in economic conditions which will ultimately involve drastic changes in world trade and economic life? Now it is clear that so long as the nations are still obsessed with the idea that every one of them can and should do everything for itself and believe that by a policy of exclusiveness it is possible to carry out the laudable ambition of maintaining an exceptionally high standard of living, so long as the future of Russia and her ambitious economic experiments is wrapped in obscurity, and the economic situation of India and China highly uncertain, it is singularly difficult to forecast the future of world trade. But just as it is human to imagine in times of boom that prosperity will last for ever, so in depression there is always a tendency to fear that it may never return. Nor is the situation so radically different from past experience. It is not right to assume that pre-war cycles were merely movements of a pendulum idly swinging backwards and forwards. In every period of the nineteenth century great changes of a more or less far-reaching kind were taking place, accompanied by shifting of the centres of gravity of population, trade and agricultural and industrial production. On a balanced view there is no reason to doubt that the pendulum is playing a very important part in the present crisis, and that the curtailment of economic activity is creating conditions which will at the proper time generate a new forward movement. Indeed, there are already signs that the downward rush has spent most of its force.

What, then, will be the nature of the reaction, and when and how will it come? These are questions to which the answer can be no more than a matter of guesswork; but there is one aspect of the recovery on which it is worth while to reflect for a moment—namely, the future course of the price level. Are we likely to see commodity prices recover to 20, 30 or 40 per cent. above the present figure, or will prosperity be slowly rebuilt on a very small recovery from the existing low basis? Consider for a moment what this last possibility implies. Unless the scales are to be weighted for a long time to come against the agriculturists of the world, wages and salaries of all sections of the community, retail prices and the cost of personal services of all kinds will have to be revised downward, while all fixed charges (including a large part of the taxation of all countries) will become a greatly increased burden which can only be escaped by defaults or arbitrary reduction of interest. Countries which have already written down large amounts of public and private debts by devaluation of their currencies may find this increased burden less intolerable than those in which no such violent change has been made; but it is a mistake to suppose that any can escape the consequences or that this is purely a British difficulty.

It is true that our national debt charge is the heaviest in the world; but if there is no recovery of prices all debtor countries will find themselves in grave difficulties. The commercial debts of the countries of South America, for example, though less than those of Australia, are very great; and so are those of many European countries. The greater part of the Budget of India's Central Government is such that it cannot quickly be adjusted to price movements, and if prices and commerce do not recover, it

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will not be possible to obtain the resources so urgently needed for the social and economic development of that country. Even in the United States, which has a small Government debt, and has been in the happy position of being able to finance so much of its industry in recent years by means of shares, there has been created an enormous volume of bonded debt by public bodies, semi-public undertakings and large corporations. In short, if wholesale prices of primary products do not recover to meet retail prices and wages, the world will be faced with a very severe and difficult process of readjustment which may mean a decade of difficulty involving friction and widespread social disturbance, and probably a violent disturbance of the world's monetary arrangements. Fortunately there is ground for confidence that there will be some recovery of prices from their present level in the not distant future. One argument only need be mentioned to support this view: in no country—even in those with the most flexible of wage systems—can costs of production be very rapidly adjusted, and, since output of many commodities is now taking place at a loss, prices must inevitably before long be restored, by the elimination of marginal producers, to a level which will cover costs. That is to say, equilibrium may well be re-established by falling wages meeting rising prices half-way.

If, then, we conclude that monetary policy—to which we might perhaps add a wise treatment of inter-governmental indebtedness—may play a rôle in facilitating revival: that in the present depression there is a considerable element of the swing of the pendulum already perhaps close to its turning point; and that we may expect to escape some part at least of the painful adjustment that would be needed if we had to readjust all economic relationships to a pre-war level of prices, we shall give a not entirely pessimistic answer to the question posed in our annual supplement, "The Commercial History of 1930," in which we ask whether it surpasses the wit of man to solve the paradox of economic distress in the midst of superabundance.

AUSTRALIA IN DANGER.

As it is always good to face realities, the "default" speech of Mr Lang, Premier of New South Wales, at the Conference of Australian Premiers may be welcomed. What Mr Lang, the politician, feels compelled to say is not very important; but the occasion to which his speech drew attention is of the utmost importance to everyone in the Empire. Here was a conference of Australian Premiers summoned to consider the grave economic plight of their country. The national income of Australia, whose total production is estimated at about £450,000,000 a year, has suddenly been cut down by £100,000,000 a year or even more. The export of wool in the financial year to June, 1930, brought in only £36.5 millions, against £61.6 millions in the previous year; and the export of wheat £10 millions, against £20.3 millions. And

since June, 1930, wool and wheat prices have continued to fall. Apart from the loss of export income, long-term overseas borrowing, which had been proceeding at the rate of £30 millions a year, has been entirely eliminated since 1929. It is small wonder that unemployment in Australia is severe, that business depression is widespread, that State and Federal Budgets cannot be balanced, and that, in spite of drastic import restrictions and prohibitive tariffs and the formation of an exchange pool in London, the Commonwealth Government has been unable, without banking help in London, to secure sufficient sterling exchange to meet the £36,000,000 interest due each year on the external debt of the governments and public authorities.

This was the desperate situation which confronted the Conference of Australian Premiers. Three plans for relief were submitted for their consideration. The first was put forward by the Treasury officials, who advised an annual reduction of £15 millions in the Commonwealth and State Government expenditures, the revision of the old age, invalid and war pensions, and maternity bonus, a reduction in the salaries of Government officials, the elimination of overlapping and duplication in the public services, and an expert inquiry into the whole problem of railway control and finance. This plan, at any rate, had a sense of realities. It recognised that Budgets had to be balanced, that Government expenditure had to be reduced, and that costs of national production had to be brought down. But the Treasury proposals were not even considered, for Mr Scullin maintained that the officials had exceeded their instructions by making recommendations.

The second plan was Mr Lang's. This intransigent Labour politician began by declaring that Australia should not pay any further interest to British bondholders until Great Britain had dealt with the Australian war debt in the same manner as she had settled her own debt with the United States. It is reported that negotiations to this end have already been opened up; but though this proposal should have the sympathetic attention of the British Treasury, its acceptance, apart from its sentimental effects, would bring no great relief to the Australian Budget. The overseas debt of the Commonwealth and States amounted to £574 million at June 30, 1930, whereas the balance outstanding of the war debt to the British Government (£92 millions funded in 1921) is only about £80 millions. The remainder of the war debt—£190,075,790 at June 30th last—is held in Australia in the shape of internal loans. The interest paid by the Commonwealth Government to the British Treasury in respect of the funded war debt is at the rate of £4 18s. 4d. per cent. with £1 1s. 8d. per cent. additional for amortisation. But Mr Lang went on to propose that within Australia the interest on all Government loans should be reduced to 3 per cent. (which he said would bring down by half the interest rates on farms and factory mortgages) and that the gold standard should be abandoned for a paper currency based on the wealth that Australia could produce. New South Wales, he added, would refuse to pay any further interest on its overseas debt.

This threat does not affect the British bondholder, for, under the Financial Agreement Validation Act of 1929, the Commonwealth took over the debts of the States and assumed their obligations to the bondholders. New South Wales could default in her payments to the Commonwealth Treasury, but could not impose default on the overseas bondholders. As regards the gold standard, Mr Lang remarked that the only reason it was observed was because the Bank of England wanted it. But why, he asked, could not the paper £ be the monetary unit—a purely book-keeping unit based on the proceeds of the annual national production? If the producers in Australia were paid with the paper currency, the whole of the revenue from the surplus exported overseas could be applied, after paying for imports, to the amortisation of the external debt. In other words, Mr Lang threw default in the face of the British bondholders, but envisaged the halcyon day when they would be paid off altogether. As for his currency plan, it may be pointed out that Australia went off the gold standard when the Federal Government prohibited the free export of gold in December, 1929, and enabled the Commonwealth Bank to acquire the gold reserves held by the private banks. Over £30 millions of gold have been shipped to London under the aegis of the Federal Government in order to meet Government obligations overseas. We believe that there is no surplus gold left in Australia beyond the amount required to preserve the Commonwealth Bank ratio of gold to notes.

The third plan before the Conference was that of Mr Theodore, the reappointed Federal Treasurer. As against the default and paper currency policy of Mr Lang, Mr Theodore advocated inflation on hardly less unorthodox lines. To reduce Government expenditure would not, he said, solve the serious economic problems of Australia. To cut down wages and pensions without reducing the interest on war debt and other debts was inequitable. Hence he proposed to restore prices to the 1929 level, thus reducing the real value of wages and the real income of the rentier classes on equal terms, by means of credit inflation, the detailed measures of which he has not announced. This plan, he said, would increase the national income by £100,000,000 and provide work for 100,000 to 200,000 people. It stands to the credit of Mr Theodore's colleagues that his policy met with a mixed reception. The Conference adjourned after resolving that each Government should undertake to balance its Budget within three years and that an "appropriate monetary policy" on the lines of Mr Theodore's plan for the promotion of production should be examined by the Board of the Commonwealth Bank and the Federal Treasury. Meanwhile it agreed to the flotation of a loan of £6 millions to assist the wheat growing industry, of which £3.5 millions are to be paid as a 6d. per bushel export bounty up to October 31st.

Whether the Commonwealth Bank will agree to Mr Theodore's proposals any more readily than to Mr Lang's may be doubted, but the depressing part of the situation is the attitude of Australian politicians. They are still refusing to face economic realities; they are still trying to find a short cut to prosperity. The painful truth is that there is no short cut. The road to prosperity lies along the straight and narrow way of drastic cuts in Government expenditures, reduction in the national costs of production, and the abandonment of the traditional policy of overseas borrowings—save only for definitely productive purposes. The 10 per cent. cut in the basic wage recently proposed by the Federal Arbitration Court was a reasonable beginning, but even this has been postponed at the request of Mr Theodore to allow his plan to be worked out. Yet there can be no question about the efficacy of a solution along the orthodox economic lines. The causes of the present crisis in Australia are beyond dispute, and there is now an extensive literature* on the subject which any politician may read to advantage. In the last century Australia has had four financial crises, which have been clearly analysed, docu-

mented and labelled by Mr Gordon MacKay, Lecturer in Economics at the University of Adelaide, in his book, *The Australian Banking and Credit System*. The last serious crisis, which was in 1893, arose out of speculation in land and properties, and brought about the failure of twelve Australian banks. The present crisis, fortunately, is in no way attributable to unsound banking or property speculation. It is a crisis which was precipitated by the catastrophic collapse in the values of wheat and wool, but which had its origins in the unsound borrowing policy pursued by Australian Governments over the period 1922-1928. Dr. Gordon Wood, of the University of Melbourne, has studied the correlation between imports of capital and changes in national prosperity in his book, *Borrowing and Business in Australia*. He has shown clearly the advantages and disadvantages of the recent orgy of Government borrowings. Over the period from June, 1919, to June, 1928, Australia met a debit balance on her international account of £275 millions by borrowing overseas on long-term to the tune of £266 millions, of which £226 millions represented Government and municipal and £40 millions business loans. The ratio of debt interest to production rose during this period from 10.8 per cent. to 13.3 per cent.; and the effect of this colossal overseas borrowing on the primary producing industries was disastrous. The swelling tide of imports led to demands for higher tariffs from the protected manufacturers; the higher tariffs put up internal prices and led to demands for higher wages from the labour unions; the higher wages increased the national costs of production and the State Budgets; and, the higher the Governments' expenditures became, the more the Governments borrowed overseas. This was the vicious circle around which Australia was travelling when she was arrested by the world fall in commodity prices.

What is to be the outcome of the present *débâcle*? There has been no clearer analysis of the Australian problem than was contained in Dr. Frederic C. Benham's *The Prosperity of Australia*, which was first published in 1928, and has now achieved a second edition. We agree with Dr. Benham that Australia, having got itself into difficulties by inflating its internal prices, cannot get out of these difficulties without deflating prices, which means in this case reducing wages and accepting temporarily a lower standing of living. The immediate steps to be taken, in our opinion, involve a substantial cut in wages and salaries, a surtax on income derived from interest and rents (so as to meet the argument that labour and capital should make equal sacrifices), and a high premium on sterling until the balance of international payments is restored. The depreciation in the exchange has this great advantage: it raises the income and spending power (measured in Australian £s) of the export industries. Nevertheless much depends upon a recovery in wheat and wool prices, and, if this be deferred, the restoration of Australia to economic health is bound to be a protracted business. There is no doubt that Australia will require temporary help from overseas if interest on overseas loans is to be met, but it is equally certain that no loan will be forthcoming if Australian politicians are not prepared to give satisfactory assurances of sound financial behaviour.

RETRENCHMENT ON THE RAILWAYS.

In addition to the interest naturally attracted by any proceedings which affect the earnings of a very large body of workpeople, a special significance attaches to the present hearings of the National Wages Board for Railways. Elsewhere in this issue we refer to the peculiar disabilities imposed on Great Britain, in this phase of collapsing prices and trade depression, by the rigidity of our structure of costs and wages. In that rigidity—fatal to the maintenance, by readjustment to altered values, of our export trade—the greatest single factor is the "pegging," by Trade Union resistance, of rates of wages in the industries more or less immune from competition; and, if we except the Jeshurun-like army of State and municipal officers and subordinate employees, there is perhaps no section of "sheltered" labour whose remuneration affects British production costs so widely and deeply

as that of the six or seven hundred thousand workers on the railways. Thus the proposals submitted to the Wages Board and, still more, the arguments adduced to defend and to attack them, have obviously a far-reaching importance in relation to our whole economic position.

For practical purposes we may dismiss the claims for improved conditions put forward by the Unions; these are the common form of counter-attack from an insecure line of defence. The substantial point before the Board is the companies' proposals: to reduce weekly wages, broadly, by 6s.; to abolish the guaranteed day and the guaranteed week; to make the acceptance of a daily "spread-over" enforceable in any grade; and to eliminate overtime for night work and work on Sunday. These demands, drastic in their scope, were preferred doubtless on the old bad basis of horse-dealer's haggling which has embittered and obstructed most British wage adjustments of this generation; but, discounting the normal "margin for bargaining," we have here a set of proposals—to economise in working costs at the expense of labour—for whose acceptance the companies have pressed in all seriousness.

What is the companies' case? Reduced to essentials, the argument pleaded on their behalf by Mr Lazenby falls under three heads:—

(1) *Railway net revenue is inadequate to remunerate stockholders reasonably.*

In 1929 net receipts were £5½ millions below the standard revenue (£50½ millions) approved by the Statutory Railway Rates Tribunal; in 1930 the deficiency would be £13½ millions; and in 1931 probably £16½ millions. That is to say, in 1931 net revenue would be only £34 millions, against £45 millions in 1929. Fixed and prior charges require over £33 millions; and it must be made possible to attract fresh capital.

(2) *Net revenue could not be augmented by increasing charges.*

An increase in charges would (a) be detrimental to trade, and (b) hinder the railways in meeting road competition. "The companies must be placed in a better position to concede reductions of rail charges, at least in cases in which this would aid them to retain or recover traffic."

(3) *Wage costs are (i) a necessary avenue for economies; (ii) justifiably reducible.*

The wages and salaries bill was £17 millions, for the four railway groups, in 1913; in 1929 it was £114 millions—an increase of 143 per cent. In the "conciliation grades" the average increase in wages was 120 per cent., as compared with an increase in living costs of 55 per cent., and in the general wage level of 70.75 per cent. The companies' proposals for these grades would give average wages of 51s. 11d. per week, and average earnings, including overtime, of 57s. per week, or an increase of 11s. 6d. and 13s. 1d. per week, respectively, over the pre-war figures raised by 55 per cent. The guaranteed day and week, and the rigid application of an eight-hours' day were inordinately expensive.

In refutation of these arguments the Unions have made the following submissions:—

(a) Present wage rates are not unduly high, having regard to the railwaymen's "economic needs and the requirements of social amenities."

(b) The railway stockholders have no just claim to regard "standard revenue" as their right, regardless of economic conditions. They must share in the common sacrifice, if any.

(c) The railways are over-capitalised, and are paying now for reckless distribution of earnings before the war.

(d) Management (e.g., toleration of private wagons) is inefficient.

(e) It is unfair to ask for wage reductions unless the benefit is to be passed on to the consumer.

What conclusions the Wages Board will reach, after weighing these conflicting arguments, we do not know. The reflections which will occur, we suggest, to the mind of the average impartial observer are briefly these:—

To plead statutory warrant for eating a cake which you have not baked is lunacy; but if claims to enjoy unconditionally "standard revenue" are untenable, so equally are claims to draw a fixed, supposedly "just," wage, irrespective of what net earnings (after deducting from gross traffic receipts the costs of coal and other non-wage expenses) may be available.

Though it would be unwise yet to conclude that we must accommodate ourselves to a level of wholesale prices as low as it was in 1913 and is to-day, any reasonable estimate of price probabilities in the near future suggests that even current railway gross revenue cannot be maintained without grave damage to our whole national economy. The gross "railway receipts" of the four groups, if British industry and commerce are not to be

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Swedish stocks
and bonds

fatally penalised, may well have to be scaled down by lower charges to, say, £150 millions (against £182 millions in 1929), even in the event of some recovery from the present acute trade depression increasing the physical volume of traffic.

The working results of 1927-29 showed an average annual margin of only £9.3 millions, after meeting debenture interest and prior charges, for distribution to "equity" stockholders. Default on the prior charges would render it impossible for the railways to raise the fresh capital for development which they will certainly need; to pass all dividends on "equity" stocks would render even fresh debenture issues extremely expensive; and in 1930 the "equity" margin was negligible.

Admittedly the capitalisation of the British railway system is high by comparison with that of American and Continental systems, but different physical conditions and legislative obligations imposed on the British railways largely explain the difference. It is difficult to argue, on the basis at least of replacement costs, that the British railways are now "over-capitalised," and, in any case, the larger amounts allocated out of revenue since the war to replacements and renewals suggest that the present ratio of real asset values to nominal capital is appreciably better than in 1913.

Even if management is susceptible of betterment in detail (though the extra cost of hauling private wagons is Parliament's responsibility, the amenities of British railway stations, and, above all, the standard of railway catering, are perhaps the worst in Europe) administrative improvements could do comparatively little, given existing freight and fare rates, to recapture traffic or increase net earnings.

Average weekly earnings of railwaymen may not be such as demonstrably to give an "undue" margin for luxuries (the latest official return reveals average payments ranging from 51s. 1d. in the case of goods porters to 101s. in the case of engine drivers); but the fact remains that (i) large classes of relatively unskilled railway labour, e.g., permanent-way undermen (average earnings 54s. 7d. per week), are substantially better off than analogous farm-workers; (ii) that the cost of retail food has fallen and is continuing to fall; (iii) that heavy sacrifices have already been made by the stockholders. Not only have investors in the "equity" stocks (whose dividends in any case have to bear high post-war taxation) seen the amount available for distribution to them dwindle in 1930 to near vanishing point; it should also be remembered that, at present Stock Exchange prices, debenture and share capital of the four groups with a nominal value of some £1,100 millions, has a market value of only about £650 millions.

In short, though the companies weakened their case by repeatedly harking back to their "right" to "standard" net revenue, and by equivocating when asked to say whether the benefit of lower wages would be passed on to the consumer (it would have shown a better grasp of realities had they stated emphatically that rates must and would be reduced) we are convinced that the weight of the evidence is overwhelmingly in favour of a substantial cut in payments to labour. How the cut is to be effected, the Wages Board in its wisdom may be left to decide. For our part, we should be inclined to think that economies resulting from a more elastic working day might be preferable to a drastic reduction in basic rates, though some reduction in any case seems inevitable. Even though com-

* "The Prosperity of Australia." An Economic Analysis, by Dr. Frederic C. Benham (P. S. King & Son, 12s. 6d.).

"Borrowing and Business in Australia." By Dr. Gordon Wood (Oxford University Press, 12s. 6d.).

"The Australian Banking and Credit System." By A. L. Gordon MacKay (P. S. King & Son, 12s. 6d.).

plete abolition of the guaranteed week might be a socially retrograde step re-introducing an undesirable element of casualisation, great savings could be effected without hardship by abandoning the present rigid eight-hour shift system of work. In these and similar details there is ample room for negotiations between the companies and the Unions. What is first and foremost to be desired is that the Wages Board should enunciate clearly and convincingly the principle that, unless the railways are to repudiate their obligations and so give confidence in British financial solidity an irreparable blow, working expenses must be reduced; that cold economic facts, within the limits of the so-called "capitalistic" system, cannot be twisted to support a theoretic claim to "fair" wages; that we cannot permanently carry "sheltered" wages on a level higher than that imposed on workers in industries directly open to competition; and that the quicker the all-round readjustment of wages to conform to the past two years' fall in selling prices of goods, the better will be our none too roseate prospects of national recovery.

THE WICKERSHAM REPORT.

(BY A CORRESPONDENT.)

THE Commission appointed by President Hoover to investigate the problem of the prohibition laws and their enforcement made public its long-awaited report on January 21st. Headed by Mr George Wickersham, a distinguished New York lawyer, who had been Attorney-General in the Cabinet of President Taft, its other ten members included four well-known judges and representative figures like Mr Newton D. Baker, a former Secretary for War, and Miss Ada Comstock, the head of Radcliffe College, and about a year and a-half had been occupied in its investigations. The report offers an exhaustive survey of the processes of prohibition in the United States and other countries, and gives an account of their results and the causes of their failure or partial success. Reviewing the abundant testimony which it had taken about the operation of the prohibition laws in the United States, the Commission frankly expresses its dissatisfaction with the existing system of enforcement of the prohibition laws. It finds that, as a result of their failure widely to influence the American people in the direction of abstinence, a significant change has taken place in the social attitude towards drinking. They declare that:—

There is a mass of information before us as to a general prevalence of drinking in homes, in clubs and in hotels; of drinking parties given and attended by persons of high standing and respectability; of drinking by tourists at winter and summer resorts, and of drinking in connection with public dinners and at conventions. It finds a conflict of evidence about drinking by young people, but admits that votes taken in universities reveal an attitude of hostility to, or contempt for, the law among those who are likely to be the leaders of the next generation. Evidence showed that in a State like Virginia, where dry sentiment is strong and the machinery of enforcement is as efficient as it can hope to be, the arrests for drunkenness in Richmond, the capital, have been growing steadily and increased by one-third in five years, while in Kansas, which has had State prohibition for fifty years, the death-rate from alcoholism has been rising sharply.

The report deals at length with the manifest evils which have developed in the machinery of enforcement, the enormous difficulties of recruiting an organisation which would honestly and wholeheartedly undertake the enforcement of the laws, and the undoubted corruption which now exists on every side. It finds that the bootlegging fraternity rely upon three main sources of supply for their wares: beverages smuggled from abroad, the diversion of industrial alcohol and the illicit distilling of whiskies and brandies. As regards the former, Canada is the chief source of importation, and, apparently, the King Government's ban upon direct liquor exports to the United States merely served to divert the traffic via St. Pierre Miquelon and Bermuda; substantial quantities are still entering of rum from the West Indies, of brandy from France and of gin from Holland. But the Commission finds that illicit dis-

tilling has become for the time being the chief source of supply, and that, thanks to the high development of this industry which, often carried on to-day in plants comparable in size to the old lawful distilleries, is "well organised, has found how to shift locations systematically and has learnt to calculate for the seizure and destruction of stills as part of its overhead," a steady volume of whisky, much of it of good quality, is put into circulation at prices which are "a convincing testimony of the ineffectiveness of enforcement against this source of supply."

The Commission also deals broadly with the state of public opinion, the graft and corruption now prevailing, and the economic, political, geographical and physiological difficulties which are an obstacle to effective enforcement, and it then discusses the strain upon the law courts, the prosecuting machinery and the penal institutions which prohibition has imposed. It records lawyers as deploring everywhere, as one of the most serious effects of prohibition, the change in the public attitude towards the Federal Courts.

"Formerly," the report says, "these tribunals were of exceptional dignity, and the efficiency and despatch of their criminal business commanded wholesome fear and respect. But the effect of the huge volume of liquor prosecutions which has come to these courts under prohibition has injured their dignity, impaired their efficiency and endangered the wholesome respect for them which was once entertained. Instead of being impressive tribunals of superior jurisdiction, they have had to do the work of police courts, and that work has been chiefly in the public eye. These deplorable conditions have been aggravated by constant presence in and about these courts of professional criminal lawyers and bailbond agents whose unethical and mercenary practices have detracted from the valued institutions."

The point here made is buttressed with concrete evidence. It is admitted that it is practically impossible for the Federal Government by itself to enforce the Volstead Act, and, consequently, what is for all practical purposes local option exists. The Commissioners, therefore, admit most of the facts upon which the opponents of the prohibition laws have been basing their case for their repeal or reform.

All the Commissioners admit the existence of notorious evils in the prohibition regime, and it is, therefore, surprising to find that ten of them declare themselves, at least temporarily, in favour of the continuance of what President Hoover called "a noble experiment." They pronounce against the restoration of the legalised saloon in any shape or form, against the adoption of a system of Government control of liquor sales either by the Federal or State authorities, and against a modification of the Volstead Act which would permit the manufacture and sale of light wines or beer. They find, however, that there is, so far, no adequate observance or enforcement of the prohibition laws, and that the present organisation for enforcement, although it has been greatly improved since the enactment of the Bureau of Prohibition Act in 1927, is still inadequate. Therefore they advocate that the Federal appropriations for the enforcement of the 18th Amendment should be substantially increased and that there should be introduced certain improvements in the statutes and in the organisation, personnel and equipment of the enforcement system in order to give it the greatest practicable efficiency. The ten Commissioners signed the report subject to the right to make individual reservations, and every one of them, as well as Mr Monte M. Lemann, of New Orleans, who refused to sign the document at all, has exercised this right. Mr Lemann delivers the verdict that the 18th Amendment cannot be effectively enforced without the active and general support of public opinion, that such support simply does not exist, and since there is no prospect that it can be obtained, the only alternative is the repeal of the Amendment. Five other Commissioners, including Mr Newton Baker and Dr. Roscoe Pound, the Dean of Harvard Law School, agree with Mr Lemann in despairing of the possibility of correcting the existing evils under the present system. Mr Baker urges that the 18th Amendment should be repealed and the whole problem of policy in regard to intoxicating liquors turned over to the States; while Mr Henry W. Anderson, a corporation lawyer, submitted in a lengthy memorial a plan for the creation of a series of privately-owned and publicly-regulated corporations. Miss Ada Comstock, the solitary woman member, favoured an im-

mediate change, but in the direction of a revision of the 18th Amendment rather than its repeal. On the other hand Mr George Wickersham, the Chairman, and the four judges sitting on the Commission, took the view that an experiment of such far reaching and momentous consequence should not be abandoned after seven years of imperfect enforcement, and expressed varying degrees of hope that a further trial under more efficient machinery would produce a great improvement in the liquor situation.

The publication of the report has naturally evoked a flood of comment and controversy throughout the United States. From the "dry" point of view, the most important development was the whole-hearted espousal of the "dry" cause by President Hoover in his special message to Congress transmitting the report. He declared himself in complete accord with the view of the ten Commissioners that the repeal of the 18th Amendment would be no cure for the inherent abuses of the liquor traffic; expressed approval of the constructive steps proposed to eradicate the social economic and political evils which have been revealed; and emphasised that it was the duty of himself and all executive officials to enforce the law with all means at their disposal.

The "Wets," while deriving some encouragement from the fact that six members of the Commission obviously regard repeal of the 18th Amendment as inevitable sooner or later, are decidedly contemptuous of the report. The New York *Evening Post*, asserting that the Commissioners are "dry" in their general report, but "wet" in their separate reports, thinks it is not a pretty exhibition by honourable men, supposedly seated around a table to solve a great national problem. But the Press generally expresses disappointment with the report, and thinks that it leaves the prohibition question still adrift. Yet all commentators agree that the decision of Mr Hoover to emerge flat-footedly on the "dry" side, overshadows everything else. Clearly he will now have to bend his energies to carrying the Republican party with him, and, as the Democrats are now virtually certain to nominate someone "wet," like Governor Roosevelt, as their Presidential candidate, a straight "wet" versus "dry" fight is promised for the election of 1932.

"IF —"

THE "conditional sentence" is the grand exception to the rule that grammar is an uninviting science; for the particle "if" is intriguing in every language—in the tongues of men and angels, in the speech in which the dramatist and the novelist spin the web of men's and women's lives, and in the kindred speech in which the historian discourses upon public affairs. And now eleven men of letters have had the happy thought of writing as many exercises on the potentialities of our particle in the domain of history, and have published the results of their fancies in a single volume.*

It need not be said that the book is entertaining; the list of authors' names speaks for itself. But while the authors are alike in being adepts at their art, they represent between them a remarkable variety of nationalities, backgrounds, outlooks, idiosyncrasies; so that, in comparing their contributions, it is particularly illuminating and instructive to notice the points on which their minds converge. These points must surely reveal thoughts that are very widely diffused through the minds of the present generation. We observe, then, with interest that, out of the eleven contributors, three—Monsieur Maurois, Mr Belloc and Mr Fisher—take Revolutionary and Napoleonic France for their theme, and that four of them—Monsieur Maurois, Mr Belloc, Mr Churchill and Herr Ludwig—lead their chains of "ifs" up to the question whether any contingency, or concentration and cumulation of contingencies, could have availed to prevent the Great War. Here we seem to discern the *Weltanschauung* of our generation: the French Revolution as

* "If: Lapses into Imaginary History." By Winston Churchill, Emil Ludwig, André Maurois, G. K. Chesterton, Harold Nicolson, Ronald Knox, H. A. L. Fisher, J. C. Squire, Hilaire Belloc, Philip Guedalla, Milton Waldman. (Longmans Green, 1931. 21s. net.)

the dominant feature in the background of the landscape; the Great War as the dominant feature overshadowing the valley through which it has fallen to us, in our day, to make our pilgrimage.

Yet while these eleven *jeux d'esprit* converge on these two points, they range themselves, from another standpoint, in two antithetical groups. There is one school which amuses itself by postulating the least possible change in the smallest possible event and by deriving from this, with the utmost historical plausibility, a succession of changes which broaden and deepen until, by the time we reach our own age, the face of the world has been transformed. Perhaps the cleverest of the exercises in this vein is Mr Belloc's "If Drouet's cart had stuck." In June, 1791, Drouet fails to bring off his historic coup of stopping the career of Louis XVI's coach, in its dash for safety, by wheeling a cart out of a shed so as to block the roadway at Varennes. The cart sticks; and therefore . . . in 1928 Great Britain finds herself under the suzerainty of a Holy Roman Emperor ruling all Europe from Vienna! We will not rob the reader of his pleasure by showing him the map of Mr Belloc's road. He must play the game of follow-my-leader over Mr Belloc's bridge of "ifs" by reading the book for himself. But, just to indicate the manner of this school, we will venture upon an essay or two ourselves.

If young King Alexander of Greece had not been bitten by a pet monkey he would not have been cut off on the threshold of manhood on October 25, 1920; Monsieur Venizelos would not have been beaten at the elections on November 14th, or King Tino have returned to Greece on December 19th; France and Italy would not have had an excuse to throw over the Greeks and support the Turks (which they had been longing to do, for fear a Greek victory might bring predominance in the East to Great Britain). Then Mustafa Kemal would have been crushed in 1921; the whole of the Middle East, from the Straits to the Pamirs, would have followed suit to India and Africa in falling under the rule of European Powers, while China—deprived of the example and the stimulus of the Middle Eastern *risorgimento*—would have succumbed to the joint control of Great Britain, the United States and Japan. If that small monkey had not been moved to make that bite, how stupendously different the face of Asia would have been in this year of grace 1973. Why, poor old Nordic Man would have been sitting in the seats of the mighty from Constantinople to Shanghai and from the Cape to Vladivostok at this moment when actually it is China who has set the seal upon her supremacy in the Pacific and the Indian Ocean by annexing British Malaya and concluding an offensive and defensive alliance with Egypt. There is still one grain of comfort: India, now encircled by Chinese imperialism on both flanks, seems disposed, in this year, 1973, to rejoin the British Commonwealth again. But think what high destinies for the White Race were bitten off short by those simian teeth. . . .

That is one school for you; but there is also the other school, which is too sceptical and ironic to allow itself these amusing flights of fancy. This second school's motto is *Plus ça change, plus c'est la même chose*. Mr Fisher, for instance, makes Napoleon, after Waterloo, escape to the United States; but, for all the difference this escapade makes to the course of history, the Eagle might just as well have been immured in St. Helena after all. Restless as ever, he puts himself at the head of the South American insurgents against the Spanish dominion in the New World and founds an immense Latin American Empire; but the resulting Latin America is not very different from the Latin America which we know; and in a trice Napoleon is off again to conquer India from the British—and founder in a gale in mid-ocean on the way! In North America and in Europe, where the history of the next century was to be made, Napoleon's last escapade has faded out without leaving a ripple.

Monsieur Maurois reaches the same conclusion in another way:—

The celestial historian whose task it is to compare these possibilities, more numerous than the pieces of sand on the river bank, soon discovers that the history of human societies, viewed over a

fairly long period, is always more or less the same. The facts change; on one hypothesis there is a little more suffering, on another a little more order, but a hundred years sooner or a hundred years later, things reach the same point. . . .

This coincides oddly with the latest pronouncements of our physical scientists, who are telling us nowadays that "the Laws of Nature" are more like an actuary's averages than the Ten Tables that came down from Sinai. On this theme the classic apologue is the passage in Lewis Carroll's "Sylvia and Bruno" about the machine which could put back the clock of events. Machine in hand, we stand at a street corner and see successively a basket fall off a coster's cart, a cyclist spin round the corner and come to grief over the basket, and the same cyclist lying unconscious and broken-limbed. Now we can do some good! Now we can make the world better than it would have been! We set back the clock to the moment before the passage of the coster's cart. The cart passes and the basket drops as before, but this time we rush to pick it up; and, the next instant, the cyclist rounds the corner and whizzes past without mishap. Hurrah! But we have cheered too soon; for, when the moment comes at which, in the unpurged version, the cyclist had been lying unconscious and broken-limbed, there he is after all, lying in that tragic posture just the same.

But of course the theme of *Plus ça change* can be worked out comfortably as well as tragically if we choose. "If Germany had not gone Communist in March, 1931," we may ponder in 1981, "if . . . But then it really would have made very little difference when one comes to think it out dispassionately. When Germany went Communist, the Communists in Russia shouted that the victory was theirs, and the Capitalists in America wailed *Tout est perdu!* But the mills of economic necessity grind inexorably; and, even if the gallant Dr. Brüning's bourgeois Government had held its own, the state of bliss in which we live to-day—we mechanised, mass-productive robots—could not have failed to materialise. Under a Capitalist or a Communist label, the predestined movement of history was bound to come this way. Why, if the March Revolution of 1931 had been a White Revolution in Moscow instead of a Red Revolution in Berlin, it would have been just the same story. In the names of Benjamin Franklin and Henry Ford, we should have been doing just what we are doing, and living just as we are living, in the names of Marx and Lenin. The world would still have been our familiar robot world of to-day."

Projected forwards, these reflections on human life's "Strange Interlude" are perplexing; and it is perhaps better that we should be encouraged to confine our hypothetical speculations to the past. If you read "If," you will be—perhaps not wiser, but certainly not sadder than before.

Notes of the Week.

Forty Millions More.—The Minister of Labour, Miss Bondfield, is condemned to play the rôle of Oliver Twist, and this week she announces her intention of coming again to the House of Commons, plate in hand, to ask for a larger helping than ever. A memorandum published on Thursday as a White Paper,* explains a Financial Resolution which is to be proposed relative to unemployment insurance. This resolution, it appears, is to grant powers to increase from £70 millions to £90 millions the maximum which the Treasury is authorised to lend to the Unemployment Insurance Fund. When seeking an increase of £10 millions last November, Miss Bondfield explained that she would have to ask for more before the end of the financial year; for the Fund is out-of-pocket to the tune of roughly £1 million a week. So far as this goes, therefore, the resolution follows expected lines, although it is rather ominous that the extension of borrowing powers by as much as £20 millions should be de-

* Cmd. 3788. Price 1d.

manded while the Royal Commission is sitting to consider the whole problem of the fund. We suggest that the figure should be halved, and Parliament thereby assured an earlier chance of reviewing the situation. A further part of the Resolution, however, is disturbing in the extreme, and seems to us to be a direct negation of the general policy laid down by Mr Snowden on Wednesday night. In this part it is proposed to extend for six months, from April 18th to October 18th, the date on which, under existing legislation "transitional benefit" begins to expire. During this period it is apparently the intention of the Government to continue to pay "transitional benefit" at existing rates, and the cost of the extension is estimated at £20 millions, of which £13 millions will fall in the Budget year 1931-32, and the other £7 millions presumably go to swelling the deficit of the current year. We sincerely hope that the House of Commons will refuse to pass the Resolution in this form. With a Royal Commission about to report, and with a volume of information accumulating as to the wasteful and inequitable working of the system, it is preposterous to ask the House of Commons to give it a clear run for eight months from now. Long before then the Government should be in a position to propose to the House a complete overhaul. In the light of his speech in the economy debate, it is difficult to see how the Chancellor himself can possibly support the Resolution.

Anti-Bolshevism and Commonsense.—The debate in the House of Lords at the end of last week was significant in that it revealed a very real sense of repugnance sincerely felt in wide circles of opinion in this country at the accounts, to which considerable publicity has recently been given, of conditions in Russian convict camps, and, particularly, those concerned in part with the supply of timber exported to Great Britain. The exact evidential value of the various affidavits and statements made as to these camps is not a matter of great practical moment. There is little room for doubt that persons judged to be criminals—justly or unjustly—under the laws of the U.S.S.R. are apt to have treatment meted out to them no less harsh than that familiar in Czarist days. Equally, it is futile to endeavour to argue that the vast population of Russia is, as a whole, groaning under a tyranny from which it actively desires to escape or to secure whose destruction it would welcome foreign aid. The weight of evidence is quite to the contrary. This being so, we would ask the proponents of a policy of "boycotting the Soviet Slave State" what precisely they would like to do. Simply to prohibit the import of Russian goods into this country would, obviously, be an ineffective step, costing us the loss of our now not inconsiderable exports to that country; for the danger—and it is a real one—which we have to apprehend from Russian dumping lies in our foreign markets, particularly in the East, not at home. On the other hand, to seek to organise a world economic blockade of Russia would be quite impracticable; and, even if such a scheme could be realised, it does not follow that the Soviet State could not survive, for, though the fulfilment of the Five-Year Plan would be seriously hindered, the Government might be able to use effectively this evidence of a hostile world ringing Russia round as a means to nerve the Russian people to greater and greater sacrifices. That the sort of civilisation which the Soviet Government is endeavouring—with considerable material success—to create is revolting to Western conceptions of "the good life" may be readily admitted; and that ultimately Communism and Individualism cannot live together in Europe without dangerous strain is an arguable proposition. But though all European countries may well have to concert steps for meeting the monopolised trade of Russia with measures of control on their side, politically the way to repel the "Bolshevik menace" is not by idle denunciation of slavery and talk of boycott, but by using all our efforts to ensure that Western Europe does not fail, from lack of organisation, from economic nationalism, childish fears and mean suspicions, to produce for the masses of its citizens material conditions on whose account "capitalism" cannot be fatally arraigned and of which it need not be ashamed.

Alarums and Excursions.—By all accounts East Islington is proving one of the brighter elections. The comic relief is provided mainly by the "Crusaders" at the expense of the Conservative candidate's prospects, while issue has been vehemently joined between the Liberal and Labour candidates on the allied questions of unemployment and wages. The fun began when the Labour candidate seized upon a passage in a recent broadcast address by Mr Seeborn Rowntree as evidence that the Liberal Party were in favour of a general reduction in wages. In reality, Mr Rowntree only supported a reduction in wages as a last resort after every other means of cutting down production costs had been tried, and he both implied that such a step would be a confession of failure and urged that if it had to be taken it should fall upon everyone engaged in industry, and not, as in the past, upon the working classes alone. Subsequent events were not unmixed with irony. First of all came a letter to the *Daily Herald* from Mr Pugh, who lent his weight as a leading trade unionist in favour of the real gist of Mr Rowntree's address, which Mr Pugh described as "a courageous call for national action to deal with unemployment." Next, some unkind person pointed out that the only wages under direct Government control were those of the Civil Service, and that Mr Snowden had in point of fact just announced that a drastic cut in the Civil Service bonus was about to be made. Next, Mr Rowntree wrote to the Labour candidate, pointing out that he was sure she was using his address under a misapprehension as to its real purport. Finally, after Wednesday's economy debate in the House of Commons and Mr Snowden's speech, Mr W. J. Brown, a Wolverhampton Left-Wing Labour member, has written to the unfortunate Labour candidate at Islington regretting that he cannot give her his blessing. While the actual value of Mr Brown's blessing has still to be assessed, there is no doubt that Mr Snowden's "stern warning" may intensify the already serious dissensions in his party; and it will be instructive to learn from Sunderland, where another vacancy has occurred, what is thought of the Government in one of the most depressed areas of the country. Meanwhile, at St. Marylebone, one of the safest Conservative seats in the Kingdom, a comedy of a different order has been played out to a happy conclusion. Sir Rennell Rodd, the sitting member, threatened to retire at the next election, whereupon the Conservative Association's selection committee set to work to choose a new candidate. By a strange coincidence, there was a sudden influx of no less than 53 new vice-presidents to the association, and it was rather tactlessly noticed (a) that anyone could become a vice-president by the simple process of subscribing five guineas; (b) that many of these new vice-presidents lived outside the constituency; (c) that vice-presidents were *ex officio* members of the selection committee; and (d) that the selection committee was far from unanimous in its choice of candidate. A situation developed which would have proved impossible both for the new candidate and the association. In the end, an influential body of St. Marylebone Conservatives, including Captain Reid, upon whom the selection committee's choice had fallen, pressed Sir Rennell Rodd to reconsider his intention to retire; and Sir Rennell Rodd has gracefully complied. All's well that ends well? Perhaps; but it is difficult to find in these forays and manoeuvres in the constituencies much appreciation of the real needs of the country at a time of national economic crisis.

Dr. Brüning Holds Fast.—On Saturday, February 7th, a debate in the Reichstag—nominally on the subject of the estimates for the Chancellor's Department—led to a closing of the ranks on both sides and a significant trial of strength. The Nazis, supported by the Right Wing Nationalists and co-operating with the Communists—attempted to overthrow the Government in successive motions; but the German People's Party and the Economic Party rallied to the Government's support, with the consequence that all the hostile motions were defeated by majorities ranging from 72 votes to 111.

This Tuesday the 10th there was a second encounter, in which the victory of the Government and the discomfiture of the Nazis was more signal. By large majorities, the Reichstag carried various reforms of parliamentary procedure which were designed to frustrate the Nazis' tactics of obstruction; and it also suspended the parliamentary immunities of a number of Nazi and Communist Deputies who had committed acts which would bring a private citizen under the arm of the law. Eventually the Nazis left the House in a body with the intimation that they intended to boycott it until further notice—a gesture which, though made with a grand sweep, was really a confession of weakness. The Communists remained in their seats, and the Right Wing Nationalists were left in the air. Thus the extremists' aspiration to carry the Reichstag, and thence the Government, by storm has been frustrated by a rally of the constitutional parties. This development is encouraging; for while the co-operation between the two extreme wings is a purely destructive and therefore precarious alliance against a common opponent, we may reasonably hope that a middle bloc, once formed, would realise its fundamental common aims and interests sufficiently to hold together at least until Germany—and Europe with her—has emerged from her present perilous pass. Grim as the economic and financial situation is this winter in Germany, we believe that it can be successfully surmounted by the stoicism and energy of the German people, guided by the wisdom and courage of the German Government, if only the wild men in Germany do not succeed in upsetting the political applecart. How can we, in the rest of the world, strengthen Dr. Brüning's hands in fighting a battle in which world-interests are at stake? Probably we can do nothing dramatic. Neither in the domain of Reparations nor in that of Disarmament can we put it in Dr. Brüning's power to bring back to the German people results so sensational as immediately and finally to put the Nazis out of countenance. What we can do, in both the economic and the political field of international affairs, is to convince the German people, by a consistent policy in things small and great, that we are working strenuously and sincerely—under difficulties only less formidable than theirs—for the establishment of a world order which will be tolerable for Germans as well as for the rest of mankind. In the field of politics, Mr Henderson showed what could be accomplished at the last session of the Council of the League of Nations. Mr Henderson himself is the last person at this moment to rest on his oars. This Tuesday, in a notable speech, he launched an international disarmament campaign in preparation for the Disarmament Conference which is to meet a year from now. This is the right reply to the Nazis. The Nazis are promising their countrymen to achieve the impossible. The best way to open the German people's eyes, and to dissuade them from making a false move which might be irretrievable, is for us to convince them that we are too honest to promise impossibilities yet are enough in earnest to do the utmost that lies in our power in the common interest of the world, Germany included.

The Coming Elections in Spain.—General Berenguer's Government have taken the plunge. Last Sunday they published a decree ordering elections for the Cortes—for the Chamber on March 1st and for the Senate on March 15th. Simultaneously, the rights of meeting, association, propaganda, free speech and other activities indispensable for the genuine working of parliamentary institutions have been restored by the re-establishment of the relevant constitutional guarantees, and the censorship has been raised since Monday. Further, the Government have announced that they will not take advantage of their power to "make" the elections. Undoubtedly, these are the right things to do, and the Government have done them, at last, with a fine gesture. It remains to be seen whether they have not done them too late. Had General Berenguer published this decree, with this commentary, a year ago, on the morrow of the fall of the Directory, he would have had a fair prospect of obtaining the co-operation of all.

parties in a restoration of the constitutional regime; and the picture of the King, in the public mind, as the bearer of the ultimate responsibility for half a dozen years of dictatorship might have been effaced by a new picture, more to the public liking. The risk of letting loose a revolution would have been far smaller than it is now that this unhappy year has passed. It has been a year in limbo, under a regime which has been neither one thing nor the other, but which has acquired much of the odium of the dictatorship owing to the dictatorial measures into which it has been led while "marking time." Hence the abortive but significant revolutionary outbreak of a few weeks ago, and the alienation from the monarchy of a large and influential section of the upper class and the intellectuals. As soon as the Government's intention to hold a general election became known, the Republicans, the Socialists and the "Constituents" proclaimed their resolve to boycott it, and the Government have so far failed to dissuade them from their decision by conciliatory moves. The first of these moves, which was made last week, was the reversal of the Government's previous decision not to carry out its constitutional obligation to hold provincial and municipal elections before the national elections for the Cortes. Last week it was announced that elections for mayors were to be held in all towns that were not provincial capitals. The Government's second concession—embodied in the preamble to the general election decree—is to invest the Cortes, now to be elected, with certain constituent powers. The Cortes, on this occasion, are to be empowered to revise anything in the existing constitution that may be susceptible of modification within the framework of monarchical institutions. This has not, however, induced the "Constituents" to think better of their boycott, so far. Evidently the next few weeks in Spain will be critical.

Engineers' Wages.—Yet another industry is added to the list of those in which the question of readjustment of wage costs to conform with the general fall in prices has arisen. Last week, at a conference between the Engineering and Allied Employers' Federation, and the executive committees of the unions in the industry, Sir Allan Smith emphasised the gravity of the situation in which the engineering industry finds itself, particularly in respect to the lessened volume of exports. With a view to securing lower production costs, and a consequent improvement of competitive ability, the employers made four main proposals, namely:—(1) That the working week should be lengthened from 47 to 48 hours; (2) that overtime should be computed by the week instead of by the day; (3) that the present agreement relating to extra payment for night shifts should be modified; and (4) that payment by results should be so fixed as to enable a man of average ability to earn 25 per cent. on the base rate instead of 33½ per cent. as at present. The employers did not propose any all-round reduction of standard wages, and in this we think they were well advised. In engineering, as in many other British industries, the burden of labour costs has been inflated unduly by rigid demarcation rules and other working conditions justifiable by no canon of economic law. If some relief in these respects can be secured, as is clearly a matter of urgency, the case for maintaining basic wages at their present level is much stronger—a consideration which, we hope, will be taken seriously into account by the unions before they meet, as arranged, on February 24th to frame their reply to the employers' proposals.

Cotton Trade Lockout.—Since a week ago, writes our Manchester correspondent, the probability of an early settlement of the labour dispute in the cotton industry has become worse rather than better, and the deadlock is decidedly pronounced. On Saturday last there was a long and excited meeting in Manchester of the General Council of the Operative Weavers' Amalgamation. The Council consists of about 160 representatives. It was announced at the close that after a protracted discussion the Council emphatically declared that they were not pre-

pared to give their Central Committee authority to proceed with a ballot of the members of the Amalgamation upon the question of a scientific experiment on the more looms per weaver system. It is understood that the vote against negotiating was carried by 114 to 49. It has been learned unofficially that when the employers and the trade union officials were in London in consultation with the Prime Minister it was the suggestion of the Government that the proposed further experiment should be confined to three mills that are at present stopped in three districts. It seems that when the operatives on Saturday last were considering the question of giving the Committee power to negotiate a settlement with the employers, it was suggested that the new form of experiment should include one closed mill to be put on the more looms per weaver system, but the remainder of the experiment to be sets of looms in different sheds. It is believed that if such a proposal was brought before the employers it would receive favourable consideration. On the whole, therefore, the two sides are not very far apart, but the stumbling block to progress is the fact that the Committee of the operatives has no power to effect a settlement with the employers. It is understood that the officials of the Ministry of Labour still have the matter in hand. On Tuesday last the Committee of the employers met in Manchester and reviewed the situation in the light of the decision of the Weavers' Amalgamation. Mr John Grey, the chairman of the employers, said that they were anxious to seize any and every opportunity to urge a settlement by agreement and reason, and not merely by a triumph of brute force. He pointed out that, however long the conflict might last, reason and agreement would have to prevail and a settlement be arrived at with mutual consent. There are rumours in Manchester that certain employers are agitating for the dispute to be widened by a claim being made for a general reduction in wages and an increase of working hours. Other employers, however, are decidedly against action of this kind, but the matter may be raised again at the end of this week if there is no other move towards a settlement. A few manufacturers have become tired of the dispute and are reopening their mills, but at the moment there are no signs of any general breakaway. The situation is causing dismay amongst many leaders of the industry, and if there is a continuance of distrust amongst the operatives of their leaders, it looks as though the reputation which Lancashire has had for conciliatory methods in labour disputes will be lost. It is also being realised that in view of what has happened during the last few weeks there seems to be little probability of a reduction in production costs being achieved so far as labour is concerned in the proposals which are constantly being considered for the reorganisation of the industry.

Higher Cotton Prices.—Our Manchester correspondent writes:—In trading circles there has been some surprise during the last few weeks at the rising tendency of raw cotton prices. With regard to the American staple, the low point for middling on the spot in Liverpool, 5.12d. per lb., was reached on December 15, 1930, whilst on Wednesday last the quotation was 5.91d. The advance, however, has been more striking in Sakel Egyptian cotton, as the price for fully good fair on the spot in Liverpool on December 29th was 7.60d. per lb., whilst on Wednesday last the figure was 9.45d. During the last couple of months the position with regard to the American staple has altered very little. The weekly statistics relating to supplies have been bearish, and the visible supply is now of record dimensions. The strength of prices has been largely due to the shortage of contracts in the futures market and the support given by the Farm Board in America. Considerable attention in trading circles has been centred on the position of Egyptian Sakel cotton. During the last few weeks there has been freer buying by the trade and also by speculators. The Egyptian Cabinet has passed a law limiting the cultivation of Sakel cotton to definite areas in the Northern Nile delta. According to a report

prepared by the Ministry of Finance, the quantity of Sakel cotton consumed each year is about 1,500,000 cantars, and it is urged by the Government that the yield should be restricted to that amount. The feeling is growing, therefore, that prices for Sakel cotton, despite the recent advance, are reasonable. It may be pointed out that whereas there are substitutes for most cottons, Sakel qualities have a special market, and they are absolutely necessary for the production of certain fine yarns.

January Overseas Trade.—A search through the detailed lists of the January trade returns reveals very little to counteract the unfavourable impression made by the totals. These totals, shown below, compare even less satisfactorily with those of a year ago than did the December returns:—

MONTH OF JANUARY. (000's omitted).					
	1931.	Increase or Decrease as compared with			
		January, 1930.		January, 1929.	
	£	£	%	£	%
Imports	75,570	-26,271	-35.8	-40,976	-53.1
British exports	37,564	-20,699	-55.5	-23,316	-62.1
Re-exports	6,037	-2,137	-35.1	-3,773	-62.5
Total exports	43,601	-22,836	-52.4	-27,089	-62.1
Excess of imports over total exports	31,969	-3,435	-10.7	-13,887	-43.4

Imports and re-exports are both down by over a quarter of the 1930 level, and exports of British produce are more than one-third lower in value than they were last January. A few raw materials, namely wool, some oil seeds, petroleum, wet hides and chemical woodpulp were imported in slightly larger quantities; but imports of iron ore and scrap were only half as great, and imports of raw cotton little over two-thirds as great as in January, 1930. Against this must be set the fact that imports of manufactured goods also declined, for the most part; exceptions were pig iron and copper, tanning materials and fertilisers (all of which may from certain points of view be regarded as raw materials, and the increase in their imports, therefore, as some indication of trade activity), watches, woollen tissues, gloves, cotton and rayon hosiery, fuel oil, buttons, oilcloths, cosmetics and starch. The decline in our principal exports appears only too plainly from the following table:—

SOME LEADING EXPORTS.				
Month of January.				
	1929.	1930.	1931.	
Coal	4,472,651	5,493,410	3,271,331	tons
Pig iron and ferro-alloys	49,498	40,445	18,743	tons
Railway material	51,635	43,597	10,694	tons
Total iron and steel	421,191	351,846	167,373	tons
Textile machinery	11,618	9,060	4,898	tons
Total machinery	52,175	46,213	32,857	tons
Cotton yarns	16,923,900	13,156,500	11,336,500	lbs.
Cotton piece-goods	379,342,300	313,183,000	155,623,900	sq. yds.
Wool tops	31,245	27,197	23,993	centals
Woollen tissues	12,424,500	9,695,100	6,717,300	sq. yds.
Worsted tissues	1,138,300	4,394,000	3,677,500	sq. yds.
Linear piece-goods	6,411,200	6,539,200	5,650,800	sq. yds.
Boots and shoes	67,111	67,571	46,095	doz. pairs
Leather	2,016	22,657	12,886	cwt.
Paper and cardboard	401,851	403,583	299,822	cwt.
Locomotives	4,218	4,475	4,549	tons
Motor cars and chassis	4,258	3,211	2,498	number

Exports of cotton piece-goods are only half what they were last January, while the declines in exports of pig iron, railway materials and textile machinery are even worse. Locomotives alone show a slight increase, but ships, commercial vehicles, and certain chemicals, notably coal-tar products, potassium compounds and dyestuffs, which do not appear in the table, have all done slightly better than a year ago. These few signs of life, together with the fact that some exports whose totals are down have improved their position in particular markets, must suffice for assurance that, when world trade revives, British exports will be ready to share in the recovery.

Argentine Gold Policy.—Our Buenos Aires correspondent writes:—In theory, the decision of the Argentine Ministry of Finance to authorise continuous employment of the Conversion Fund of \$30,000,000 gold held abroad for the purpose of providing cover against sales of drafts by the Banco de la Nacion Argentina, is equivalent to the reopening of the Conversion Office. For, with the proceeds of the drafts—proceeds received in Argentine paper notes—the Banco de la Nacion will withdraw from the Conversion Office gold at the statutory rate of \$100 gold for \$227.27 paper. This gold it will ship abroad when necessary, by that means providing fresh cover for further drawings, and will repeat the process as and when the weakening of exchange makes such action desirable. Whether the practical results of this measure will be what is aimed at depends largely on whether the Banco de la Nacion takes a broad view of its faculties or merely niggles at the position, peddling out small sums to importers and altering its policy without notice from one day to another. There is reason to fear that too much reliance is placed in Argentine official circles on the "moral" effect of the announcement made in regard to future gold withdrawals, and too little attention paid to the actual state of the market. Indeed, a leading article in *La Prensa* does not hesitate to say that it is merely playing fast and loose with the exchange to make loans to local exporters, who are thereby enabled to keep back the bills they would otherwise draw against shipments of produce. The monetary situation in Argentina to-day is marked by inflation of the means of payment as expressed in terms of paper currency. Of the 1,200 millions in notes in circulation, 400 millions are in the banks and 800 millions in the hands of the public, while bank deposits are rising. Only by shipping specie freely and drawing freely at the same time for the benefit of remitters who, day in and day out, must fulfil their foreign commitments, can the Argentine peso be brought up to something near its gold parity.

The Oustric Inquiry.—Our Paris correspondent writes:—Recent developments in connection with the Oustric inquiry, and its far-reaching ramifications, have now made this matter the outstanding problem of the moment. In the belief that the investigation of the circumstances attending the authorisation for the quotation of Snia Viscosa shares here had been sufficiently advanced to justify the drafting of recommendations, the Commission last week requested M. Buyat, one of their number, to prepare a report. M. Buyat, after considering the question, pointed out that three courses were open to the Commission, to recommend (1) that the alleged guilty parties should be sent for trial before the Senate, sitting as a High Court; (2) that they should be sent to the assizes; or (3) that they should be called before Parliament and publicly disgraced. Personally, he intimated, he favoured a High Court trial. At this stage one or two members emphasised their opinion that the Commission has not yet accumulated sufficient evidence to justify them in making recommendations of any kind. This view seems to have prevailed, and the question of drafting a report gave place to the taking of further evidence—which has already brought several further surprises. M. Oustric was again summoned to appear before the Commission this week, and he confirmed, in person, his previous written refusal to give evidence, by declining to be sworn (which, under French law, renders him liable to a fine of anything from 100 to 1,000 francs), and he was told that his refusal would be communicated to the judicial authorities. M. Raoul Péret, who was again convoked before the Commission, replied by letter flatly refusing to appear, on the ground that the Commission, by their discussion of potential recommendations, obviously regarded him as already incriminated. Meanwhile, public opinion is becoming agitated at the slowness of the Commission's proceedings. It is being publicly asserted that the long drawing out of the Snia Viscosa inquiry, by members of the Left in the Commission, is intentionally designed to bore the public to such an extent that inquiry into the Naphte de Bakou, "Gazette du Franc" and other "affairs," in which several politicians belonging to the Left are alleged to have been concerned, may be safely suppressed.

The German Chemical Industry.—Our Berlin correspondent writes:—The I.G. Farbenindustrie reports that in the last quarter of 1930 there was a general tendency among its customers to reduction of stocks, so that the business of the new year should not be hampered by previous stock accumulations on the part of colour users. The dyestuffs market has been well maintained in spite of the unsatisfactory state of the textile industries. The change of fashion in the direction of dark shades, and the comparatively favourable situation of the paper industry, have balanced a considerable part of the decline in the activity of the textile industries. Export has been maintained at about the same level as in the other principal producing countries. There has been a decline in the market for nitrates, but this was mainly confined to sulphate of ammonia, and the demand for special products remains almost unchanged. In view of the general depression the state of the market for photographic materials may be considered satisfactory. Artificial silk prices declined, and the pressure of foreign competition increased still further. The sale of pharmaceutical products continued active. The general condition of I.G. Farbenindustrie, considering the world-wide depression of trade, is to be regarded as thoroughly satisfactory.

Shipping Freight Index Number.—During the greater part of January the whole cargo freight market showed a steadier tendency, and our index number, compiled on the basis of monthly average rates, works out at 94.5, as compared with 94.8 a month ago, and 94.4 at this time last year. Recent movements of the various group indices are summarised below:—

AVERAGE 1898-1913=100.

	Average, 1913.	Jan., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.
European Waters	110.0	104.2	89.5	89.7	88.0
North America	113.1	91.2	85.0	86.9	90.1
South America	123.4	95.1	90.4	93.8	90.1
India	106.3	97.8	99.8	103.8	101.3
Far East and Pacific	117.4	85.2	81.0	85.2	88.8
Australia	127.9	88.1	107.7	109.5	108.6
Total	116.3	94.4	92.2	94.8	94.5

Outward coal business was adversely affected by the stoppage of production in South Wales, and homeward grain traffic showed no signs of general expansion; but Argentine maize moved rather more freely, and there was a fair inquiry for tonnage from Australia and the Eastern rice ports. North American rates were also firmer, though the number of charters actually concluded was small. Towards the end of the month a weaker tone again developed in all sections, quotations from the Plate moving sharply downwards. The month's changes in the index of each group and sub-group are shown in the following table, the figure 100 representing in each case the average rate during the basic period 1898-1913:—

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	78.2	- 0.2	South America - out- wards	74.9	- 1.6
Bay - outwards	101.6	- 5.5	South America - homewards	105.3	- 5.8
Bay - homewards	91.9	...	India - outwards	98.2	- 4.8
Mediterranean - out- wards	83.4	- 2.5	India - homewards	106.5	...
Mediterranean - homewards	91.6	- 1.7	Far East, Aus- tralia	88.8	+ 3.6
North America	90.1	+ 3.2		108.6	- 0.9

Expressed as a percentage of the average for 1913, the total figure of our index number for January works out at 81.2, as compared with 81.5 in December, and 81.2 a year ago. Little improvement can be expected until the present enormous volume of laid-up tonnage has diminished.

The Indemnity Mutual Marine Assurance.—This company is a subsidiary of the Northern Assurance Company which acquired the share capital in 1917. Like most marine companies, it has recently passed through a very lean period characterised by heavy underwriting losses and a continually declining rate of dividend. The 1930 report, which, under the form of accounting peculiar to marine companies, shows the final results of the 1929 underwriting account, is, however, for the first time definitely encouraging. A halt has been called to further reductions in dividend, the account has been closed without a loss, and the new 1930 underwriting account has experienced a very favourable first year. The results of the last six closed underwriting accounts are as follows:—

Year.	Premium Income.	1st and 2nd Year Claims.	Expenses.	Transfers to Suspense to Close Account.	Surplus + or Deficit -.
1924	£ 750,229	£ 650,048	£ 33,995	£ 68,076	- £ 1,889
1925	613,170	550,256	32,106	61,366	- 30,558
1926	611,516	548,762	31,587	166,167	- 135,000
1927	630,100	562,737	32,116	35,246	...
1928	458,016	341,711	32,505	77,800	...
1929	378,231	301,462	29,919	46,850	...

The 1930 premium income is slightly lower at £361,649 than that of 1929, but whereas claims and expenses in 1929 left a balance of only 57 per cent. of the premiums to enter upon the second year, the 1930 account has emerged from its first year's experience with a balance equal to 65 per cent. of the premiums. As already stated the dividend has been maintained at the same rate as for 1929, namely 28s. per share, and the cost, £73,868, has been fully covered by interest earnings of £77,113. The balance sheet of the company is a strong one. The total funds amount to over £2,000,000 compared with a premium income of under £400,000, and the book value of the assets no doubt includes a certain amount of hidden reserves.

Life Assurance Bonus Announcements.—A number of life offices have now made announcements as to the rate of bonus declared for the valuation period ended December 31, 1930. The Royal Exchange, in respect of the recently completed quinquennium, have declared a compound reversionary bonus at the rate of 40s. per cent. per annum, compared with 35s. per cent. per annum for the previous quinquennium. The National Mutual have maintained their annual compound reversionary bonus at the rate of 51s. per cent. per annum for whole life assurances and 45s. per cent. for endowment assurances. The Scottish Amicable Life Assurance Society have announced that in respect of the quinquennium ended December 31, 1930, a compound reversionary bonus has been declared at the rate of 42s. 6d. per cent. per annum, which compares with 40s. per cent. per annum for the quinquennium 1921-25 inclusive. In addition, the society has decided to pay an interim bonus for the current quinquennium at the full rate now declared in respect of all claims by death or survival. The Prudential has increased its rate of reversionary bonus for the year 1930 in respect of whole life assurances from 50s. per cent. to 52s. per cent. per annum, and has maintained that for endowment assurances at the same rate as before, namely, 46s. per cent. per annum. The directors of the Wesleyan and General Assurance Society have declared reversionary bonuses for the year 1930 at the rate of 42s. per cent. simple for endowment assurances and 48s. per cent. simple for whole life assurances. These rates are the same as those declared for the years 1926-29 inclusive. The London Assurance, in respect of the quinquennium ended December 31st last, have declared: to policyholders in the old series a bonus equivalent to a cash distribution of 55 per cent. of the ordinary whole term premiums paid during the quinquennium; to policyholders in the 1911 series a compound reversionary bonus at the rate of £2 5s. per cent. per annum, calculated on the sum assured and existing bonuses. An interesting announcement is that of the National Provident Institution, whose valuation as at December 31, 1930, was for a broken period from November 20, 1927. For whole life assurances a simple rever-

sionary bonus at the very high rate of 60s. per cent. per annum has been declared, gradually increasing after attainment of expectation of life to as much as £5 per cent. per annum. This rate compares with 50s. per cent. per annum for the previous quinquennium, in addition to which a further bonus of approximately 10s. per cent. per annum was paid after survival of the expectation of life. For endowment assurances varying rates of bonus have been declared according both to age at maturity and to duration in force. Full details of the rates declared compared with those paid in the preceding quinquennium are as follows:—

Maturity age	1927 Bonus Per Annum.	1930 Bonus Per Annum.	In force 15 years or less.	In force over 15 years.
	%	%	%	%
55 ...	43s.	43s.	43s.	53s.
" 60 ...	48s.	48s.	48s.	58s.
" 65 ...	53s.	53s.	48s.	63s.
together with a further 5s. % p.a. payable on survival only.				
together with a further 10s. % payable on survival only.				

Accompanying the announcement as to the rates of bonus is a statement to the effect that the basis of valuation has been maintained as heretofore. After declaration of these bonuses the carry-forward has been increased from £392,000 to £409,000.

Transvaal Gold Output.—The total output of gold of the mines of the Transvaal during January amounted to 914,576 ozs. of fine gold, as compared with 908,492 ozs. produced during December. In January, 1930, the output amounted to 882,801 ozs. of fine gold. The following table shows the monthly output since the beginning of 1925:

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January ...	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February ...	753,925	753,924	779,339	816,133	815,284	818,158	...
March	825,479	834,340	860,511	877,380	866,529	889,370	...
April	787,519	803,303	824,014	825,907	872,123	868,606	...
May	813,249	849,214	859,479	886,186	897,598	916,213	...
June	780,251	852,145	855,154	862,363	856,029	887,867	...
July	818,202	863,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,653	889,601	921,021	...
September ...	797,247	839,939	842,118	857,731	849,553	903,176	...
October ...	812,832	853,296	855,743	897,720	888,590	926,561	...
November ...	787,633	840,276	848,059	872,484	861,593	884,753	...
December ...	791,455	836,157	851,225	859,761	851,134	908,492	...
Total ...	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	914,576

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	May, 1930.	June, 1930.	July, 1930.	Aug., 1930.	Sept., 1930.	Oct., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.
Gold mines	202,182	201,324	201,111	202,257	205,061	206,778	205,030	203,473	209,442
Coal mines	15,028	14,943	14,670	14,788	14,706	14,482	13,973	13,763	13,865
Diamond mines	5,340	5,126	5,490	5,754	5,767	5,032	4,748	4,607	4,325
Total	222,550	221,393	221,271	222,799	225,534	226,292	223,751	221,843	227,632

There was a marked increase in the number of natives employed at the gold mines during the month.

At the meeting of the Royal Statistical Society, on the 17th inst., Mr D. Caradog Jones, M.A., will read a Paper entitled "The Social Survey of Merseyside." The meeting will be held in the hall of the Royal Society of Arts, John Street, Adelphi, W.C.2, at 5.15 p.m.

A course of eight public lectures on "America Since the World War" will be delivered at University College, Gower Street, by Professor David S. Muzzey, Ph.D., of Columbia University, New York, on Mondays and Thursdays at 5.30 p.m., beginning Thursday, February 19, 1931. The chair will be taken at the first lecture by The Right Hon. Lord Loch, C.B., C.M.G., M.V.O., D.S.O. The lectures are open to the public without fee or ticket.

Overseas Correspondence.

UNITED STATES.

Ex-Service Men's Bonus — Money — Savings — Industry — Mexican Debt — Moratorium.

(FROM OUR CORRESPONDENT.)

NEW YORK, January 30.

AGITATION over the huge proposed Government outlay of cash to war veterans greatly disturbed financial markets. Until recently politicians in and out of Congress have done a good deal of squabbling over appropriations to relieve unemployment and to provide assistance in certain rural areas where last summer's drought aggravated the usual state of destitution. Lately the American Legion endorsed a plan on which they had hitherto frowned, for the Government to pay immediately in cash either the face value or the present value of the so-called adjustment compensation certificates granted them some time ago. Such payments would involve approximately \$3,400,000,000 on face value, or over \$2,000,000,000 on present value.

The mere possibility of the Treasury having to raise such a sum sent shivers down the spine of the bond market. Governments sagged heavily, the banks being large sellers. Virtually all the gain of the past few weeks was speedily lost, and weakness spread to other sections. Some recovery, however, took place on the growing feeling that President Hoover would veto a cash payment Bill, and that Congress might not be able to muster the necessary two-thirds vote to override the veto.

Soldiers' adjusted compensation certificates are in effect paid up insurance endowment policies, maturing in 1945. They were issued in 1925, and intended as a substitute for a general pension system. The certificates provide for loans from the Government, at the present rate of 6 per cent., to the extent of cash surrender value, which now amounts to about 22½ per cent. of face value. Of the 3,395,000 certificates outstanding, approximately 1,600,000 have been used as security for loans, estimated at \$325,000,000. Only about 2 per cent. of these loans have been repaid.

Mr Mellon, Secretary of the Treasury, has made out a strong case against the passage of any Bill providing for a large cash outlay. He estimates a Treasury deficit in any case at \$375,000,000 for the fiscal year ending June 30 next. He has said that the national debt this year will be reduced by only \$65,000,000. The Treasury has a maturity of \$1,100,000,000 to meet next March, and in the next 2½ years must refund about \$8,000,000,000 of maturing Liberty bonds. Cash bonus payments would, it is calculated, increase annual interest charges by \$200,000,000.

Treasury estimates are that \$2,000,000,000 of Government bonds are held by individual investors, and that member banks of the Federal Reserve system hold \$4,000,000,000, to say nothing of holdings by other banks. A fresh large issue would, of course, tend to depress the price for old bonds, and Secretary Mellon fears that it would be impossible to float all on savings capital, and that much would have to be provided for by bank credit. He points out the danger of renewed inflation, which he fears would only prolong business recovery, perhaps after a momentary inflationary boom.

The market is in full accord with Mr Mellon that another large Government bond issue, or the probability of it, would kill the market for other new issues, particularly foreign bonds, and thereby retard genuine trade improvement. Bankers generally and those who take the long-range view are opposed to the payments. On the other hand, the ex-soldiers naturally would like to have the money. It is probable that they have always felt that sooner or later they would get pensions in addition to the insurance policies, and doubtless they will. Also small merchants, motor manufacturers and others who think they would benefit from increased circulation are inclined

to favour the cash distribution plan, hoping for at least a momentary stir in trade.

Meanwhile a considerable increase in borrowing on certificates has taken place since the first of the year, with the increase in unemployment and the exhaustion of private savings. Borrowings are now running at the rate of \$1,000,000 a day, against an average for last year of \$5,000,000 to \$8,000,000 a month. The Treasury has just offered a \$60,000,000 Bill issue to cover increased cash needs. This issue will probably not affect new borrowing to take care of the \$127,000,000 of maturing bills next month. It is thought that a new low-price will be bid by the banks on the current offering, probably $1\frac{1}{2}$ per cent.

Short-term money has been easier than ever, and four reductions in bankers' bill rates brought the open market rate to $1\frac{1}{8}$ per cent. asked for 90-day maturities, the banks buying as well as holding bills accepted by themselves. The Federal Reserve Bank also has cut its buying rate to $1\frac{1}{8}$ per cent. to make good a portion of maturities in its portfolio, amounting this month to about \$48,000,000. Nevertheless this week's statement shows a sharp drop in bill holdings. Open market rates meanwhile have recovered $\frac{1}{2}$, largely as a result of the fright of the bond market over talk of a new Government issue, which has resulted in some selling by the banks.

Some interesting figures have just been published on savings bank deposits for 1930. The National Association of Mutual Savings Banks estimates deposits at a new high record of \$9,464,732,000 at the end of 1930, a gain of approximately \$1,000,000,000. Careful analysis of these figures, however, indicates that the bulk of the increase has been due to commercial money rather than to private savings. Commercial banks, corporations and rich individuals, unable to find profitable employment for all their surplus funds in ordinary channels have taken advantage of the high rates, ranging here from 4 to $4\frac{1}{2}$ per cent., paid by the savings banks. The amount which the savings banks will accept from one name is limited, but various devices are used to overcome this obstacle, such as deposits in names of employees. Corporation money probably accounted for 60 per cent. of the gain, and of the remainder it is estimated that half came from individuals who ordinarily do not use the savings banks. In many parts of the country the rush to savings banks was spurred by distrust of the commercial banks, due to the large number of failures.

Little change has taken place in the industrial situation. Unemployment has, undoubtedly, risen. Government figures place the total at 5,000,000 for December, and recent estimates of the American Federation of Labour show a further considerable rise in January. Raw materials and wholesale commodity prices have been somewhat steadier, but retail prices are weak and wage reduction talk seems to be on the increase.

Corporation earning reports for 1930 are running about midway between the pessimistic and the optimistic estimates of a few weeks ago. The United States Steel Corporation reports net earnings of \$9.12 a share, or more than \$2 in excess of annual dividend requirements, but the corporation failed to cover the dividend in the last quarter. Earnings were less than half those of 1929, which were \$21 a share. Profits in December in particular were negligible. Some of the other large steel companies failed to cover dividends. The average rate of operations for the steel industry is now around 47 per cent. of capacity, which is slightly better than the average rate for the last quarter of 1930, but there is no certainty of much further advance immediately ahead. Railroad traffic is showing only a slow seasonal increase, but is far below that of a year ago. The motor trade is hopeful, and estimates of output of 175,000 cars are made for January, against 155,000 in December. Last year's official figures of production are 3,354,870 vehicles.

It is learned that a moratorium on Mexican debt service transfers has been agreed upon by the committee of bankers with the Mexican Finance Minister, and that the modified agreement will be presented for ratification by the Mexican Congress. Payments are not to be reduced, but no deliveries in gold need be made for a period not to exceed two years.

FRANCE.

Bankers' Negotiations with Germany — Prices — Industry — Stock Exchange — Capital Issues.

(FROM OUR CORRESPONDENT.)

PARIS, February 11.

THE Chamber continues steadily at work on the Budget, and has now disposed of about one-half of the departmental estimates. M. Laval, the new Premier, has made it clear that any marked recurrence of delay in completing the work in hand will be followed by the imposition of night sittings, in order that the Finance Bill may be got through before the beginning of the new financial year on April 1st, and this appears to have had good effect.

The fact that negotiations appear to be in progress between the German Government and an international banking group, in which the Banque de Paris is understood to represent French interests, became known here through second-hand reports from Berlin, which represented the proposed banking credit operation as taking the form of "a French loan to Germany." In this form the news of the negotiations undoubtedly seriously alarmed a very large section of French public opinion, and provoked the notification of several interpellations of the Government. Now that the real facts are more or less known, and it has been made clear that there is no question of any public issue, this alarm has been allayed. The incident, nevertheless, has been significant, and has emphasised the increased nervousness that has been felt here since the development of Hitlerism at the last German elections. Had the banking groups concerned thought fit to take the public into their confidence by making known the facts of a perfectly innocuous banking operation, a disagreeable impression might easily have been avoided.

The general index of wholesale prices at the end of January is 494, a drop of four points on the month, 82 points since January, 1930, and 129 points on the average in 1929. The detailed figures are as follows:—

	(July, 1914 = 100.)	End of November.	End of December.	End of January.
General index figure	(45)	504	498	494
French products...	(29)	565	565	567
Imported do.	(16)	395	377	364
Foodstuffs	(20)	516	525	533
Raw materials	(25)	494	475	462

It will be noted that the figure for foodstuffs has risen no fewer than 8 points on the month and 17 points since November. This is due almost entirely to the dearth of vegetable foods, owing to the poor crops after the bad weather last autumn. Meat is now dearer than for some years past, owing principally to the shortage of fodder. The drop of over 100 points in mineral and metal prices during the past six months, and of nearly 150 points in textile raw materials (all of which the French are compelled largely to import) has, of course, been due to the general drop in commodity prices in the world markets. The fact that French domestic prices are still being maintained at a level considerably above world prices for the some commodities is now receiving serious attention here. It is difficult, however, to see how they are to be appreciably brought down, in view of the general internal situation, and particularly in presence of high production costs, due to steadily-increasing burdens on industry (despite recent taxation reductions), and particularly to the recent coming into operation of the national insurance law, which is proving appreciably more costly than was expected.

The index figure for the end of January, representing the prices of 13 articles of household consumption, is returned at 651 (1914 = 100), or an increase of 12 points on the month, 41 points since the end of June last, and 75 points on the average of 1929. The cost of living for a Paris working-class family of four persons at the end of the fourth quarter of 1930 (food, lighting, heating, rent, clothing and sundries), which is a much more comprehensive figure, is 597, against an average of 556 in 1929 and of 519 in 1928.

Industrial production figures for December show a drop in the general figure of under 1 per cent., which is considerably less than was expected. The general figure is returned as 134 (1913 = 100), against 135 at the end of

December, 144 (the high record figures) in January, March, April, May and June, and means of 139 for 1929 and 127 for 1928. In other words, after a world slump lasting nearly a year and a half, French industrial output in December was still 34 per cent. above the pre-war level, 7 per cent. above the general average in 1928 and only 5 per cent. lower than the average in 1929. The mean figure for 1930 works out at a trifle over 140, or nearly 2 per cent. above that for 1929, and over 16 per cent. better than in 1928. With the exception of the leather industry, which has recovered another 2 points on the month, the rubber goods trade (the figure for which has risen 8 points on the month, and is returned as 899, against 100 in 1914), and the paper industry (which stands unchanged at 111), the other leading industries generally show declines of a single point, while that for engineering is 3 points down on the month. The monthly figures for the motor industry work out at a mean for the year of 640, against 657 in 1929 and 610 in 1927.

The index of Bourse quotations of 300 French issues of variable yield at the end of January is 365 (1913 = 100), against 349 in December (the lowest registered for over three years), 425 at the end of September (a month before the Oustic group collapse), 496 at the end of January, 1930, and averages of 507 in 1929 and 415 in 1928. The weekly figure issued to-day, representing the general index figure at the close of trading last Saturday, shows a further improvement of 7 points to 372. The figure for the end of January for 17 foreign issues quoted here is 427, against 411 at the end of December, and means of 675 in 1929 and 659 in 1928. The general index of quotations of 3 per cent. Rentes, Crédit Foncier 3 per cent. and 4 per cent. bonds, and 3 per cent. and 4 per cent. railway and industrial bonds (35 issues) is returned for the end of January as 95.7, against means of 85 in 1929 and 81 in 1928.

Total new French capital issues here in 1930 were 21,925,000,000 francs (as compared with 18,808,000,000 francs in 1929 and 13,800,000,000 francs in 1928), thus setting up a new high record. New companies' share capital represented only 622,000,000 francs, against 996,000,000 francs in 1929 and 1,068,000,000 francs in 1928. Increases of capital by old companies were 3,765,000,000 francs, against 7,320,000,000 francs in 1929 and 5,484,000,000 francs in 1928. Mortgage and other bond issues totalled 17,538,000,000 francs, against 10,492,000,000 francs in 1929, and 13,800,000,000 francs in 1928. The monthly average issue was 1,827,000,000 francs. The record month was October, with 3,142,000,000 francs of new offers of shares and bonds, which included the great Crédit Foncier conversion issue of 2,200,000,000 francs. The average rate of interest offered for bond issues during the year was 4.68 per cent., as against 5.36 per cent. in 1929 and 6.03 per cent. in 1928. The average return from issues of variable yield during 1930 was 3.37 per cent., against 2.70 in 1929 and 2.72 in 1928. The average return from issues of fixed yield in 1930 was 3.82 per cent., against 4.89 per cent. in 1929 and 5.33 per cent. in 1928. Total new issues in December were 2,684,000,000 francs, of which 596,000,000 francs were railway bond issues, 13,000,000 francs new company share capital, 210,000,000 francs increases of capital by old companies, and 2,088,000,000 francs new bond issues by old companies. The average interest offered by new bond issues in December was 4.95 per cent., the highest during the year.

GERMANY.

Parliament — New Standing Orders — Foreign Loan — Railways and Road Competition — Export Credits.

(FROM OUR CORRESPONDENT.)

BERLIN, February 10.

THE Brüning Cabinet has enjoyed conspicuous success in the introductory skirmishes at the reopening of the Reichstag, and the vote of "no confidence" was rejected by a substantial majority. The Government is unable for the moment to turn its attention to the important matters in hand as it is still occupied in securing the

parliamentary debates against obstruction, and in ensuring some degree of protection against the degenerate demagoguery practised by the National Socialists and the Communists. Among the means to this end are the reform of the rules of procedure, an Act prohibiting members of Parliament from appearing as the responsible editors of newspapers or periodicals, and the rejection of a proposal of the Hitlerites and Communists that the Reichstag shall refuse its consent, without inquiry into the individual circumstances, to any criminal proceedings against its members. Most of the divisions on these questions have been taken, and the will of the Government, who found a very effective supporter in Herr Löbe, the President of the Reichstag, prevailed. The big questions, the Budget and the question of agricultural relief which is closely bound up with it, are still to be settled, but the victory in the preliminary skirmishes has greatly strengthened the Government's hand for the main battle.

The new standing orders for the Reichstag contain an important financial provision. A bill brought in by members of the Reichstag which may involve an increase in expenditure or a diminution in revenue is only to be debated if it includes proposals for balancing this increase or diminution, and the proposals for increasing expenditure and those for balancing the increase must be voted on together. As the Reichstag has occasionally in the past, in order technically to cover increased expenditure, made an upward revision of the estimates of revenue which sometimes, but not always, turned out to be right, such dangerous methods of balancing are now proscribed. A revised estimate of revenue or expenditure is only to be valid compensation for a corresponding change on the other side of the balance if the Government of the Reich approves it.

This reform, the principles of which had already been advanced in parliamentary Bills and experts' proposals, is certainly worth something. As a matter of fact, however, the Reichstag is not nearly so accommodating as might be supposed from the numerous complaints in the Press, and the responsibility for excessive complaisance with the demands of particular interests, at the expense of the Exchequer, lies far more often with the administration than with Parliament. Before the formation of the Brüning Cabinet the Reichstag usually showed far more will to economy than the Government; and even Herr Brüning learnt his methods of handling financial questions not in the Cabinet, but in Parliament.

According to reliable reports, the negotiations with a consortium of foreign banks for a foreign credit are on the verge of completion. Lee Higginson and Company are at the head of the consortium, though the American share of the credit is only a quarter of the total of \$32 millions. The French are to take a third. There were internal political difficulties in the way of French participation, but they have evidently been overcome. English, Swiss and Dutch banks are also participating. The conditions are not favourable to Germany; the interest is $6\frac{1}{2}$ per cent., which is out of all proportion to the present state of the money markets of the world. Still, this may mean the beginning of the reopening to Germany of the international money market. It is against all reason that the overstocked money markets of the world should not overflow into the one great industrial country with a large unsatisfied demand for credit. Incidentally, Germany has just received a small industrial credit—a \$7½ million American bank loan at 7 per cent. for five years, for the Rheinisch-Westfälische Elektrizitätswerk.

The railway company has taken fresh steps to meet its old bugbear, the competition of motor goods transport. The effectiveness of this competition depends on two things: first on the convenience of motor transport, which, by taking the goods from door to door relieves both consignor and consignee of trouble; and second, on the peculiarity of the railway tariff which charges expensive goods at a higher rate than cheap bulk goods, and so offers an incentive to the consignor of valuable goods to use the road companies which have no such differentiation. The Reichsbahn is now instituting a door-to-door service, and has concluded a contract with a well-known

firm of carriers, Schenker and Company, which will make possible the quotation of through rates inclusive of collection and delivery charges. Schenkers are pledged to share the collection and delivery business with other carriers, but although they receive no monopoly, their position will be extremely advantageous, and protests from other carrier firms have already begun.

In an attempt to combat the second cause of the strong competition from road transport, the Reichsbahn is obliging all carriers who wish to join the new collection and delivery organisation under the leadership of Schenkers to abstain from long-distance goods transport by road, except with the consent of the Reichsbahn. The railway company has no desire to attack short-distance road transport, which it rightly considers to have the technical advantage, and which it is even willing to subsidise in order to make its plans more acceptable to the motor industry.

The Golddiskontbank is negotiating with a consortium of banks, under the leadership of the D. and D. Bank, for a relaxation of the conditions under which bills arising out of the financing of exports to Eastern countries, especially Russia, are rediscounted. As these bills have an average maturity of 9-24 months, they are not suitable for the Reichsbank itself. The Golddiskontbank, whose function since its latest reorganisation is the financing of exports, is prepared to provide up to Rm. 100 millions, but only for those bills which carry a 70 per cent. guarantee by the Reich and States. Unguaranteed Russian bills are still only discounted privately at rates between 25 and 30 per cent., a prohibitive level which forces the exporting firms to keep them in their own portfolios.

AUSTRIA.

Revenue Distribution — Railway and Housing Economies — Iron Industry — Commercial Policy — Foreign Trade — Stock Exchange — Banking.

(FROM OUR CORRESPONDENT.)

VIENNA, January 31.

THE hotly disputed question of the distribution of tax revenue has at last been completely settled. It changes the quotas to be received by the various provinces from general taxation in favour of the provinces at the cost of Vienna, and increases the veto rights of the Federal State over the financial administration of the individual provinces and municipalities. The new arrangement is to remain in force until 1935. At the same time, the special taxes on automobiles have been dropped, and in place of these a Federal State tax has been imposed in the form of an increased price for motor spirit. The bulk of the proceeds will be divided among the individual States, and will permit them to do more road work than they have done so far.

The Government and the Opposition agreed to put the new Bill through Parliament quickly. This agreement afforded a friendly basis on which to pass a number of other important Bills dealing with national and general economy. This was the more desirable, as economic conditions are becoming steadily worse, while some measure of relief from the burden of taxes is urgently needed. The difficulty lies in the fact that the revenue from normal taxation is declining, and that reduction in taxation would only aggravate the evil. The only compromise that can be made lies in the direction of retrenchment.

The Federal Railways have to face a similar situation, for they will have a deficit of 50 to 60 million schillings this year. As it is not practicable further to increase railway fares and rates, it is necessary to reduce the number of railway servants, which is fully 15,000 in excess of requirements. In the circumstances it is impossible to make rapid headway with electrification, for though it may effect savings in running costs the initial outlay is considerable.

The administration has declared that it will not accept any further applications for State advances for the pro-

motion of house building. About 400 million schillings were to have been used for this purpose over three years, and this sum has already been exhausted by the first year's applications. Up to the present it has not been possible to place the housing scheme loan abroad, but about 100 million schillings have been advanced by the banks and savings banks in the form of credit.

The notice to terminate all the collective agreements, which the Alpine Montangesellschaft had made with its workmen and employees, has created some commotion. The company demanded a wage cut of 8 per cent. to 10 per cent., which would, it is estimated, together with other retrenchments, increase its gross profits by three million schillings. It is doubtful, however, whether the company will be in a position to maintain its prices. In contrast to Czechoslovakia and Germany, the Austrian ironworks have not reduced their prices. Activity in the production of crude iron is 19½ per cent. below normal; unfilled orders are only 29 per cent. of normal; and the Alpine's output of iron ore is only 71,200 tons, which is only about half of the output figure for the year 1929. The demand for a further increase of the duty on iron is meeting with great difficulties, but it may be successful.

The most important trade treaty negotiations still to be undertaken are those with Hungary, Yugoslavia, Czechoslovakia and Switzerland. During the last negotiations in Budapest the question was raised of an agreement that Hungary should take from Austria in industrial products the value of the farm produce taken by Austria from Hungary. The sliding-scale duty on sugar has not benefited the consumers; on the contrary, the augmented duty has made sugar seven groschen dearer. It is characteristic of the increasing poverty that consumption of butcher's meat during the past month is only 64.8 per cent. of that of the corresponding period of last year.

The value of total imports in 1930 was 2,733.9 million schillings, against 3,317.7 millions in 1929, and the value of exports was 1,882.8 millions, against 2,219.6 million schillings. Efforts are now being made further to reduce imports, particularly by promoting consumption of domestic coal. It should be possible to make an improvement in this direction, for of the 1.15 million tons of house coal burnt in Vienna last year only 2.6 per cent. came from the domestic mines, and the rest was imported. In spite of the keen competition negotiations are in progress for the erection of no fewer than three pipe works: the Alpine Montangesellschaft is co-operating with Witkowitz in regard to the manufacture of gas and water pipes, a second project is being studied by the Felten Works, while a third works for the same purpose is being founded with the aid of Swiss and Czechoslovakian capital. One is naturally inclined to wonder where all the consumers are suddenly to be found for so much piping.

There is a demand that the Federal State should promote exports by assuming 70 per cent. of the credit risk on a sum not to exceed 100 million schillings to cover deliveries to Russia, Turkey, China, the South American States, and Greece. For the moment the Government does not seem disposed to accept this heavy risk.

The turnover on the stock and share market is slight. The price index of the Austrian shares negotiated on the Vienna Exchange was 1,339 in November, 1,295 in December and 1,262 in January. The biggest drop was observable in electricity shares and those of the machine and wagon building works. The index of Czechoslovakian shares traded on the Vienna exchange sank from 2,263 to 2,120, and that of the Hungarian shares traded here from 881 to 830. The public still continues to put its spare money into savings deposits or to buy small quantities of fixed-interest stock, which has lately gone up a little in value. The mortgage institutes have been able to place even more mortgages, though they are exercising a certain caution in view of the indebtedness of agriculturists and are examining estates and property very carefully before issuing credits. This is the more important as the value of land has fallen as a consequence of the crisis in agriculture.

At the end of the year savings deposits at the principal institutions in Vienna and the important provincial towns amounted to 1,879 million schillings, an increase of 260 millions as compared with the end of 1929. Unemployment has not yet reached its height. In the middle of January there were 316,993 unemployed in receipt of benefit, while there were a further 42,000 unemployed without benefit. The banks are continuing to reduce their staffs. Issue and stock exchange business is at a standstill, and the accounts about to be published will show profits on interest and commission account only. The National Bank has no intention at the moment of making any further reduction in the Bank rate, though the call for accommodation is very slight and short-term foreign credits are offered in abundance. A modification of the Bank rate is hardly feasible, as the banks and savings banks dare not further reduce the interest they pay on deposits.

ROUMANIA.

Political Situation — New Loan — Proposed Roumanian Bank of Agriculture — Usury Law.

(FROM OUR CORRESPONDENT.)

BUCAREST, January 17.

WITH Vintila Bratianu, who died a few days before Christmas, disappeared a personality who exercised a very far-reaching influence on the destinies of this country during the last ten years. His single-mindedness and patriotism, as well as his undoubted ability, made him very valuable to the Liberal Party and the country. Unfortunately he held an exaggerated opinion concerning the possibilities of Greater Roumania's inherent wealth, and his uncompromising attitude on economic questions resulted in precipitating and aggravating an economic crisis which, through well-known outward influences during last year, has become acute to an unprecedented degree. The same characteristics of the man and the attitude which they prompted him to take on the constitutional question on the return of King Carol, caused a split in his party, thereby jeopardising its very existence, and might possibly have brought about his eventual withdrawal from the political arena.

The leadership of the party is now entrusted to Mr Ducea, the able lieutenant of the two Bratianus, but who has yet to prove his capacity as leader where so far he has been only follower. The indications are that he possesses the confidence of the King, and the chances of the Liberal Party returning to power have undoubtedly been enhanced. It is probable that he will endeavour to bring about a reconciliation with the dissentient section of the party under G. Bratianu. Meanwhile, endeavours are being made by the Government and Opposition parties to come to an understanding on economic questions. If they should be crowned with success a very important step would have been made towards greater stability in economic and administrative measures.

Interest in political and financial circles centres for the moment in the negotiations which are being carried on in Paris for the second issue of the Monopoly Institute loan. The first issue, bearing 7 per cent. interest, was made at the time of the stabilisation at the price of 88, including a 5 per cent. commission to the issuing houses. This loan is now quoted in Bucarest at about 79½. It is reported that the second issue will be made dependent on the conclusion of an arrangement with the foreign holders of certain pre-war municipal loan bonds somewhat on the lines of the arrangement concluded with holders of the Roumanian pre-war State loans. The negotiations have been carried on for a long time already, and now representatives of leading Bucarest banks have been called to Paris in this connection. The wisdom of launching the loan at this moment is questioned in many quarters, as by increasing the burden of payment for interest and sinking funds which is weighing on the Monopoly Institute, it reduces the revenue of the State from this source at a time when revenue from all sources is declining. On the

other hand, funds are urgently needed for many purposes, by no means the least important of which is the maintenance of the rate of exchange in view of diminishing exports and a consequent unfavourable balance of payments.

Two important new Bills have been introduced into Parliament. The first provides for the foundation of the Roumanian Bank of Agriculture with a capital of 650 million lei, 500 millions of which is to be paid by the State while 150 millions are to be found by public subscription. The State will forgo for thirty years all remuneration and amortisation of the capital invested by it, and the funds so obtained will serve to reduce interest and to assist agricultural debtors. The bank will issue bonds to bearer for an amount three times its capital, interest thereon to be guaranteed by the State in lei and in foreign currencies. It is also authorised to issue within the country conversion bonds at par bearing 11 per cent. interest. The purpose of the new foundation is to assist the farmer. The bank will take over, on certain well-defined conditions, debts of agriculturists which are subject to interest of more than 12 per cent. It is evidently hoped to attract foreign capital by guaranteeing the bonds also in foreign currency, but it is doubtful whether the foreign capital will be forthcoming.

The second Bill is aimed against usury. It fixes legal interest at 5 per cent. above the discount rate of the National Bank. This would bring legal interest to the figure of 14 per cent. at the moment. It is actually 12 per cent. now. Interest charges are not allowed to be higher than 9 per cent. above the discount rate of the National Bank. This is more than is charged now in Bucarest, at least by the more important banks, but the provinces complain that the maximum is too low, stating that they work under different conditions and do not enjoy the same facilities as the Bucarest banks. It is very improbable that this law will stamp out usury, but the measure must be regarded as an attempt by the Government to ingratiate itself with the masses of the population, among whom agitation has been carried on for some time with regard to this question.

NORWAY.

Budget Estimates — New Loan — Bank Results — Unemployment.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, January 31.

FOLLOWING the assembly of the new Storting on January 12th, the Minister of Finance presented the Budget Estimates for the financial year 1931-1932. The Budget balances with a sum of 376.5 million kroner, which exceeds that of the preceding period by 1.3 million kroner. Ordinary expenditure amounts to 326.3 million kroner, and capital expenditure to 50.1 million kroner, as against 324.9 and 50.2 million kroner respectively for 1930-31. Among the chief revenue items Customs receipts rank foremost with an estimate of 105 million kroner, against 106 million kroner for the preceding financial year, while direct taxes aggregate 68.5 million kroner, against 67.5 million kroner. The Budget Bill provides for the abolition of the so-called "Beverningsskat" (Consumption or Restaurant Tax), and includes appropriations for the amortisation of the State debt to an amount of 27 million kroner. A 20 per cent. reduction in fares on the State railways is also proposed, and the Bill also provides for the cancellation of the tax on funds, reserved according to the Bank and Joint Stock Companies Act, and for compensation in cases where income is derived from funds that have been assessed previously. Otherwise, the Government have not considered it expedient, under the present difficult conditions, to propose further reductions of rates and taxes.

The new 4½ per cent. Government Loan, amounting to 87 million kroner, of which 30 million kroner have been guaranteed by a syndicate of Norwegian banks and insurance companies, has been offered for subscription from

January 20th at a rate of 96½ per cent. The lists have been withdrawn to-day, and it is estimated that the loan has been fully subscribed, chiefly, of course, by holders of the 1918 Loan bonds, which can be tendered in payment of subscriptions to the new conversion loan.

The money market continues very easy. The note circulation of the Norges Bank has diminished in the course of the month, and on January 23rd stood at 287.3 million kroner. Loans and discounts have also decreased somewhat, while deposits and balances abroad have increased, especially the former. The question of a reduction of the bank rate will, as has been the case lately, chiefly depend on international developments, but there seems at any rate to be sufficient justification for such a step as far as domestic conditions are concerned.

A large number of the private joint-stock banks have now published their balance sheets for 1930. It appears that the turnover, especially in the case of the "big three" in Oslo, shows an appreciable increase, and that the consolidation of the position, that was commenced a few years ago, has now been carried a stage further. According to a computation published in the *Aftenposten* concerning 33 private joint-stock banks, there was an increase of 8.4 per cent. in the item "Interest and Discount" as compared with the previous year; profits (before appropriations for bad and doubtful debts, etc.) increased by 9.4 per cent. and dividends by 4.4 per cent. The average rate of interest allowed to depositors was lower by nearly one-quarter during 1930 than during 1929, while the average discount rate for bills, etc., declined by less than one-fifth, a fact which automatically brought an increase of bank earnings.

Unemployment figures are increasing, and at 28,600 are higher than at the corresponding period of any previous year (except 1927). With an addition of 60 per cent. for districts without labour exchanges, the figure will reach 45,800, as against 43,500 on December 15th last. The commodity price index of the Statistical Central Bureau of Statistics for January 15th is 135, against 136 for December 15, 1930.

NEW ZEALAND.

Export Prices — Farmers' Difficulties — Unemployment — Railways.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, December 20.

THE opening of the export season has brought to New Zealand farmers a new realisation of what the fall in world prices means to them. Three years ago the average price for New Zealand wool was nearly 17d. per lb. The average price received for wool sold at local sales during the present season has been in the neighbourhood of 6d. per lb. Last year the pay-out to dairy farmers was approximately 1s. 6d. per lb. for butter-fat, while at present most dairy factories are paying farmers about 9d. per lb. for their butter-fat. Hides, skins and tallow have fallen heavily in price and the reduction has diminished substantially the returns both of farmers and of the meat export companies. Frozen meat has suffered less from the price decline, but the official index number of all export prices is now only 3 per cent. above the 1914 level, and it is anticipated that the volume of exports, which brought £56 millions in 1928 and 1929, will be worth only about £40 millions for the current season. Local prices paid for farm products are also determined by export prices, hence it is expected that the reduction in the farmers' income below the levels of two years ago may be in the neighbourhood of £20 millions. Up to date, however, production has continued to increase.

So far, the impact of falling prices has fallen mainly on pastoral farmers producing for export, but a considerable part of the demand for the products of the other industries comes from farmers, and a reduction of farmers' income means that further losses will be suffered by the more sheltered producers. Signs of depression are already in evidence. Imports are falling slowly, and despite a substantial increase in customs duties, revenue

from customs has declined. The total bank debits to private accounts, an excellent indicator of business activity, is 8 per cent. lower for the first ten months of 1930 than for a similar period in 1929. Building permits and land transfers also show substantial declines. No adequate figures of unemployment are available, but there is no doubt that it is increasing.

In the circumstances it is not surprising that the farmers are clamouring for reduced costs of production. A recent official index number of farm costs estimates that those costs were recently 64 per cent. above their level in 1914. With prices round about 1914 level, it is obvious that farm production must shrink greatly unless costs of production are reduced. Many representative meetings of farmers have been held and strongly worded resolutions have been passed demanding, first, the suspension or abolition of the Arbitration Court, whose awards have fixed labour costs in many industries at high levels during recent years; second, the abolition of the graduated land tax; and third, drastic reductions in customs duties and other taxation. There can be no doubt that in certain cases interest and rent will have to be remitted during the present year, and if prices do not advance beyond present levels some reductions in mortgages will have to be made. A number have, in fact, been made already. A suggestion of a moratorium on mortgage payments met with much opposition and little support, and the objection of the acting Prime Minister that the Government could not support a moratorium because State institutions held nearly half of the total mortgages in the country, was very significant. Organised labour strenuously opposes any interference with Arbitration Court awards, but in at least one industry a body of unemployed workers has suggested that the award should be suspended in order to enable them to obtain employment.

The Government is procrastinating. The responsibility for dealing with unemployment has been placed on the shoulders of an Unemployment Board. The personnel of the Board is far from impressive and it is plainly groping for a policy. A poll tax imposed under the Unemployment Act, together with a £1 for £1 subsidy from the Consolidated Fund, is expected to yield about £1 million per annum. From this the Board is subsidising relief work at standard wages (14s. a day; a rate introduced by the present Government), which are high enough to attract many impoverished farmers and some farm labourers into the ranks of the unemployed. Despite the strong recommendations of a recent Commission, the Government has so far refused to remove the railways from political control. The returns for the first half-year suggest that the railway deficit on its interest bill for the current year may approach £2 millions. Certain charges have been increased, but a large amount of over-staffing remains and many internal economies suggested by the Commission are still unattempted.

Letters to the Editor.

PROGRESS IN THE U.S.S.R.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I notice that in your article last week on the second year of the Soviet Five-Year Plan, you state that the average wage paid to workers engaged in State industry increased, in roubles, by 12.1 per cent. in two years. You then proceed to cast some doubt on the value of the increase by saying "no satisfactory figures have been given to show what is the real buying power of these wages." Few persons, probably, would challenge your assumption that a measure of inflation has occurred in Russia: according to official returns, currency in circulation increased from 2,642 million roubles in October, 1929, to 4,263 millions in October, 1930, an increase of 60 per cent. in one year, which far and away exceeds the by no means inconsiderable advance in trade turnover. Whereas, however, in a capitalist economy, such inflation would bring about a proportionate or more than proportionate rise in

prices, in Russia 95 per cent. of the goods turnover is transacted in markets where prices are rigidly controlled. In these markets, according to the index published by the Russian State Bank, retail prices were, if anything, slightly lower in October, 1930, than in October, 1929. In the circumstances, we should expect inflation to result in a marked goods shortage, and this can, in fact, be measured by the extent of ration cards and queues. The 12.1 per cent. increase in money wages which you note does not, however, entail a depreciation in purchasing power per rouble, and the worker is considerably better off, since he has a money surplus with which he can purchase those commodities the sale of which is not restricted. Also, there can be no question of the upward movement of "uncontrolled" prices "imposing too great a strain on the morale of the people," when "uncontrolled" goods represent only 5 per cent. of the total available. Prices in the private market can, and will, soar to astronomical heights until private trade finally disappears, but these prices have long since ceased to be a matter of any significance to the Russian worker.—Yours faithfully,

Clapham,

February 10th.

[But if "controlled" supplies are not available, is the worker better off?—Ed., *Economist*.]

PAUL WINTERTON.

GOLD: PRICES: WAGES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I am grateful to E. M. D. for his full and reasoned answers to my questions, and to you for allowing full scope to an argument ending in so near an approach to agreement. The difference between us is reduced, as E. M. D. says, to a question of immediate practical policy; and on that I may perhaps add a last word.

E. M. D. argues that while the "immediate need" of a wage reduction in selected industries would be difficult to secure, and a general readjustment between sheltered and unsheltered wages impossible at any early date, my proposal of an all-round cut would encounter "difficulties of the same nature over a wider field" to such a degree as to be valueless. That contradicts my personal experience, no longer quite recent but considerable, in the practical handling of wages questions. I found wage-earners largely impervious to logic, but most responsive to the appeal of equal treatment as they understand it—not the ultra-scientific doctrine of "equal sacrifice" which can only be stated in curves and graphs, but "if anything's to be done, we will all stand in" by a levy of either a fixed sum or a flat proportion of wages (the latter being obviously the way to counter the action of the price-fall). Few workmen will break away from "share and share alike"; most will go into the last ditch if threatened with what they would call victimisation.—Yours faithfully,

C. HARRIS.

Cookham,

February 10th.

THE REMEDY?

TO THE EDITOR OF THE ECONOMIST.

SIR,—I write as a life-long Free-trader who has for fifty years worn that badge, but who now finds himself "perplexed in the extreme." I pay a tribute to the splendid dialectic of your "Second Thoughts on Protection," but though the display is magnificent, the meal is not satisfying.

My troubles are these: (1) Our export industries have been languishing for ten years, not for eighteen months as those of other countries. Can we ever compete in the world's markets against Czechoslovakia, Italy, Japan, etc., and now Russia, unless our standard of living from top to bottom is reduced to something nearer their level. One of the Labour leaders told me that his followers would rather starve and die than consent to a reduction of wages and social services or an increase of hours. Do you think it can be done? Is that what you mean by "industrial reorganisation and adjustment"? If so, why do we not all plainly say so? (2) The Home markets are open to the inroads of all the low standard nations and our manufacturers are beaten there.

My perplexity is this. How are our unemployed ever to be put to work again? Our producers are beaten in the international competitive markets and equally in the Home markets. The Barbarians are upon the civilisations as of old. America will now be in as bad a way as we are in world markets, but they reserve the Home markets for competition amongst themselves.

What are we in England to do? The masters and managers will not willingly give up their golf, motoring, bridge, Riviera, and long holidays. The men will fight to starvation against longer hours, piece-time work, less wages (witness the votes of the Lancashire weavers on Saturday last). They must have their football and ca' canny.

If you have a remedy, please dispense it to us, neat, not covered with jam.

In the middle of last century the men were at their work (to my knowledge) at six in the morning. The masters soon after. Leaving-off time was six at night. This was when England was made.

Now the country by legislation gives 46 hours a week, with bread and circuses, which, being translated, is doles and cinemas, and the Barbarians are upon us. May Heaven and the Economist help us!—Yours, etc.,

Staines.

J. S.

February 12th.

[We do not believe it to be necessary (as our correspondent seems to suggest) to put the clock back in the matter of working hours or the standard of living to the middle of last century. But we do believe, with Mr Snowden, that a temporary "suspension" of progress and temporary all-round sacrifice by every section of the community are demanded by the temporary circumstances of one of the most severe depressions in history. In every class of the community, from the highest capitalist to the humblest wage-earner, earnings must be brought into a proper relation to effective service. The process is not easy, but it has got to be done here, as it is being done in other countries.—Ed., *Economist*.]

THE UNILEVER ENQUIRY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In a letter which appeared in the *Economist* of November 29, 1930, I expressed uneasiness as to the figures given in the Unilever report on international middle-class living costs, representing the taxes paid in respect of the earned incomes of families of man, wife and two children of school age in the eight countries under review; and said that it would take some time to obtain an independent statement of the amounts payable. I have since been in correspondence with the statistical authorities of the several countries and am now able to give the purport of their replies.

The question was not easy to formulate. If I asked for the taxation of incomes of the par equivalent of £500, £1,500 and £3,000 per annum, I should get figures on a different base from those given in the Unilever table, inasmuch as the total income in each country was there made to vary with the supposed cost of living; and if I asked for the taxation payable on the income computed by the Unilever inquiries, I should be giving an income figure which included as an important element the taxation item in question. I accordingly asked for figures on both bases and have interpolated, where necessary, to find the approximate taxation on the income which, after the correct tax is deducted, leaves a net income equal to that shown in the Unilever tabulations.

I may say briefly that the taxation figures given in the Unilever report for Great Britain, Germany, Sweden and France are approximately confirmed by my correspondents.

For Holland the nominal figures appear to be correct, but, says my correspondent, "to these amounts should be added the 'personal' taxes on the rent value of the inhabited house, the value of furniture, expenditure on servants, &c., besides which both province and community impose additional taxes, the amount of which is fixed by themselves." My correspondent furnishes me with a printed schedule of the "personal taxes," which appear to be considerable; but I cannot reduce them to a form in which the appropriate amounts could be added to the figures given in the Unilever report so as to make them represent correctly the taxes payable in Holland.

For Denmark the compilers of the Unilever report would appear to have overlooked the fact that "when declaring his income the taxpayer has the right to subtract the amount of tax paid in the year for which the income is being declared"; also, that "in late years the tax rates for Copenhagen have been reduced by 10 per cent." Applying interpolation to the two sets of figures given by my Danish correspondent, the correct figures appear to be approximately £60, £210, and £450; instead of the Unilever £76, £313, and £690.

For Norway, the taxation figures given by my correspondent, adjusted by interpolation to give the same net income as shown by the Unilever inquiry, are £76, £321, and £670, instead of the £100, £461, and £906 given in the Unilever table.

The Belgian figures given in the Unilever report stir my Belgian correspondent to indignation. Apart from other substantial errors of basis, the compilers would appear to have overlooked the fact that "in place of the super-tax there has been introduced a special equivalent tax based on certain elements of expenditure which reflect the style of living of the taxpayer." These include house, servants, horses, motor-cars, boats, &c. These taxes are not easily related in summary

form to the income tax and communal tax, but since they are designed to give the same yield as the former super-tax, it is reasonably safe, says my correspondent, to apply the 1928-9 ratios. On this basis the taxation in Belgium of incomes which, when tax is deducted, yield the net incomes shown in the Unilever table are round about £40, £170, and £750, instead of the Unilever £21, £86, and £187, and Belgium moves, at one stride, from the lowest-taxed to the highest-taxed country.

My uneasiness in regard to the Unilever taxation figures was based on nothing more than a feeling that, in a table where other figures were demonstrably erroneous the taxation figures must be held suspect. This uneasiness was increased by obvious wide discrepancies between the Unilever figures and the only official figures I had readily at hand. The results of these direct inquiries show that my doubts were not groundless.

The subject investigated on behalf of Messrs Unilever is one of very greatest interest and importance. The figures arrived at by the methods and data hitherto adopted are, as I have shown, worthless. May I suggest that the compilers should revise their work in the light of this correspondence and offer to the Royal Statistical Society a paper setting out their data, methods, and results for examination and discussion by the Fellows of the Society; or, if that is not feasible, should publish a report embodying the fullest detail of their data and procedure. —Yours faithfully,

London, S.W.1.
January 22nd.

JEREMY HALFORD.

Books and Publications.

AN EXPERIMENT IN INDUSTRY.

THE further historians of industry extend their researches into the detailed history of individual industries and individual firms, the more does it appear that the generalisations of the older economists apply only to "the average"—that is, to nobody. It is generally stated that the growth of industry during the industrial revolution was a happy-go-lucky, one-man, personal affair, in which great fortunes were made without business science, almost without combinations and without care for the employees. But the early history of the famous firm of Boulton and Watt, carefully told and fully documented in this study by Mr Erich Roll,* gives the lie to almost all these statements. No doubt the firm of Boulton and Watt was non-typical in many ways; nevertheless, its history, as shown here, is a very interesting case of a firm developing, within fifty years, from eighteenth-century methods to those usually associated with the last quarter of the nineteenth.

The first part of Mr Roll's study does not add very much, except in documentation, to the admirable brochure of Mr Lord, published some years ago under the title *Capital and Steam Power*. Most students of the period familiar with the early characteristics of the Soho works, with the batty or journeyman system of labour prevalent in the West Midlands, against which Boulton and Watt had to struggle, and with the devious method they adopted of charging for their engines by asking that a proportion of the saving effected in fuel should be paid annually to them—a method which few manufacturers would care to revive to-day and which certainly laid them open to the maximum of disputes. The difficulties of manufacture, also—the difficulties of finding metal-working firms on the spot who could accurately cast the parts of the machines for which Boulton and Watt made the design—are also well known, though, perhaps, all are not aware that, as early as 1780, Boulton was seriously considering the possibility of securing a ready service of spare parts for the repair of his engines. So far, however, these

difficulties, like the unending difficulty of finding good workmen who would not get continually drunk and getting hold of sufficient coin to pay their wages, are not unusual experiences of the period. But in the latter half of this book, Mr Roll recounts the development of the Soho Foundry, Mr Roll recounts the development of the firm into an "efficient modern business," mainly under the influence of James Watt the younger and Boulton's son. In the annals of the second stage many interesting facts emerge, of which the most notable is the amount of "scientific management" that was applied both to the lay-out of the shops, to the routine of work in them, and to the actual speed at which the machinery and the machinist were supposed to work. The work's sick insurance scheme, and the attempts made, in the case of copper production, for example, to get the masters to combine against falling prices by a restriction of output, and a "freezing-out" of the more inefficient concerns, are only two other cases of the same spirit of modernity. An interesting story and a valuable book.

PROBLEMS OF LEGAL REFORM.

THE fruits of much reading and of a good deal of thinking, on possible avenues of law reform are presented by Mr Clair Mullins in the interesting volume which he has entitled "In Quest of Justice."* Of the need for rationalisation in legal as well as in economic affairs Mr Mullins is firmly convinced. The London Chamber of Commerce and other business organisations have been perturbed of late about the heavy costs of litigation as well as its delays and uncertainties, and Mr Mullins, who classes himself with "the progressive minority of lawyers"—he regrets the general conservatism of the profession—feels that very soon it will be recognised that inquiries should be set on foot. Then reforms must come, "for present conditions cannot be seriously defended."

The book, in which the author's proposals for reform are put forward, is made more readable by the layman by reason of the fact that it is pleasantly discursive about the law in fiction, about the personalities of legal luminaries, and so on. Its purpose is quite serious, nevertheless. The author touches on the strictness of our law of evidence, discusses the relaxation of fixed rules allowed by the procedure of the Commercial Court (a section of the King's Bench Division of the High Court), suggests that something should be done by making more use of facilities of this kind already open to the practitioner, and comes finally to his main point. This is to revert to the original idea of the Judicature Acts that there should be only one final appeal from the High Court. The legal members of the House of Lords (to whom a further appeal now lies) would then be left free to undertake constructive work (subject to Parliamentary approval) in reforming our law. They could, it is suggested, gradually codify "our vast judge-made law," and also declare doubtful points of law instead of these being left open, as at present, until some unfortunate litigant comes along with a case involving the question to be decided. This certainly is a controversial point, and English lawyers have always made a stand against rulings on hypothetical questions such as were given under the Roman system. The law lords could also, the author thinks, assist by improving the form of new legislation so as better to ensure that Bills mean what Parliament really intends.

In view of the extent to which business circles have been interesting themselves in the subject, Mr Mullins' book has appeared at a very appropriate time, and his vigorous, though restrained, statement of his proposals is a useful contribution to the discussion of the matter. His survey includes many incidental questions, such as the County Court system, the "poor persons" procedure, bureaucratic justice, and so forth, and upon all of them he has some points to make.

* "An Early Experiment in Industrial Organisation." By Erich Roll. Longmans. 15s.

* "In Quest of Justice." By Clair Mullins. John Murray. 12s. 6d. net.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Problems of the Japanese Exchanges, 1914-1926. By Junnosuke Inouye. (London) Macmillan and Company, Ltd., St. Martin's Street. 10s. 6d. net.

A valuable contribution alike to the financial history of Japan and to the study of foreign exchanges.

French-English and English-French Dictionary of Commercial and Financial Terms, etc. By J. O. Kett-ridge. (London) George Routledge and Sons, Ltd., 68-74, Carter Lane. 25s. net.

This dictionary comes as a boon and a blessing to all business people who have to deal with French publications or correspondence. It is a very good twenty-five shillings-worth.

Britain's Economic Illness. By Henry Somerville. (London) Harding and More, Ltd., 119, High Holborn. 3s. 6d.

The author rejects the various remedies which are being canvassed at present, and suggests instead a form of gild socialism.

The Future of American Industry, Its Problems and Needs. By Magnus W. Alexander. (New York) National Industrial Conference Board, 247, Park Avenue.

Reprint of an address.

Second Interim Report of the Gold Delegation of the Financial Committee. (London) George Allen and Unwin, 40, Museum Street. 1s.

Dawson's Accountant's Compendium. By the late S. S. Dawson. Fifth edition. Revised by A. L. Morell and W. B. Cullen. With an Appendix on Scots Law by A. G. McBain. In two volumes. (London) Gee and Company (Publishers), Ltd., 6, Kirby Street. 50s. net.

A most valuable book of reference, consisting of articles arranged in the form of an encyclopedia.

Taxation as it Affects the Doing of Business Abroad in England, France, Germany, U.S.A. (London) Sweet and Maxwell, Ltd., 2 and 3, Chancery Lane. 7s. 6d. net.

The first volume in a foreign law series published in English, German and French.

Manuel des Valeurs Cotées aux Bourses Suisses Volume II—Obligations. (Basle) Banque Commerciale de Bale.

Includes, in addition to the usual Stock Exchange information, particulars of the currencies and relevant taxation of the countries whose bonds are dealt in on the Swiss Stock Exchanges.

Foreign Trade with Special Reference to the Cotton Trade and to the Payment for a Motor Car from Abroad. By Gilbert Beard. (London) John Heywood, Ltd., 20-22, St. Bride Street. (Manchester) 121, Deansgate. 6d.

An able little pamphlet in which the advantages of foreign trade are skilfully demonstrated by a simple analysis of the Trade Returns.

Production and Trade. By E. G. R. Taylor. (London) George Philip and Son, Ltd., 32, Fleet Street. 12s. 6d. net.

A useful survey of geographical conditions affecting production and trade in almost every country in the world.

The Banker. February, 1931. (London) Financial Newspaper Proprietors, Limited, 20, Bishopsgate. 2s. 6d.

Includes articles on "Gold, Business and Psychology" and "India under Safeguards."

The Bankers' Magazine. February, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

The leading article is devoted to a review of the Bank Balance Sheets. There is also an article on the census and remedies of the industrial depression.

Wirtschaftsgemässe Gestaltung der Arbeitslosenversicherung. By Dr. Erich Häussermann. (Nürnberg) Verlag der Hochschulschulbuchhandlung Kriecher and Company. 2 Rm.

A plan for the reform of the German unemployment insurance system.

La Crisis Mundial y el Oro. By Carlos Montesino G. (Santiago de Chile) Imprenta Rapid.

A discussion, in Spanish, of the problem of the instability of the value of money.

Les Effets Economiques et Sociaux de la Guerre en Serbie. By Dragoljub Zovanovitch. (London) Oxford University Press, Warwick Square. 8s. 6d. net.

A Carnegie endowment publication.

The National Income of Hungary. By Frederick de Fellner. (Tokio) L'Institut International de Statistique.

An interesting statistical study.

I Mercati del Vino e dell'Olio D'Olive. Il Mercato del Rayon. Il Mercato della Seta. Il Mercato del Grano. By Giorgio Mortara. (Milan) Università Bocconi.

Commodity market studies by an economist of Professor Mortara's standing are particularly valuable in present conditions. The text is in Italian.

Nuovi Problemi di Politica Storia Ed Economia, December 15, 1930. (Ferrara) S.A.T.E.

Includes an essay by Dr. Carlo Pagni on Mr Snowden and his fiscal policy, in which the conclusion is reached that drastic public economy is indispensable to economic revival in this country. The text is in Italian.

Elastizität der Nachfrage. By Jakob Marschak. (Tübingen) Verlag von J. C. B. Mohr. (Paul Siebeck.) 10.50 marks.

A very intensive monograph on elasticity of demand.

Die deutsch-italienischen Handelsbeziehungen. By Dr. Paul Schubert. (Bethel bei Bielefeld) Buchdruckerei. 3.50 Rm.

A monograph on the commercial relations of Germany and Italy since the foundation of the Italian kingdom.

Prices of Illinois Farm Products from 1921 to 1929. By L. J. Norton. (Urbana) University of Illinois, Agricultural Experiment Station.

A statistical account of the course of prices of twenty Illinois farm products during the period 1921-29.

Italy To-day, January, 1931. By Friends of Italian Freedom. (London) Hendersons, 66, Charing Cross Road. 6d.

Contains an article by Professor Salvemini.

Estonia. (Tallinn) Office de Publicité.

A beautifully illustrated brochure with numerous articles on Estonian history, art and economics.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2 :

Public Departments: Gross and Net Cost of Civil Services and Revenue Departments and the Navy, Army and Air Services for the year ended March 31, 1930. 3d. net.

Board of Education: Proposals for Aid to Non-Provided Schools for purposes of Reorganisation. Cmd. 3786. 2d. net.

Imperial Institute: Survey of the Mineral Position of the British Empire. 2s. net.

Treaty Series No. 2 (1931): International Agreements regarding the Financial Obligations of Germany resulting from the Treaty of Versailles, etc. Cmd. 3763. 4s. 6d. net.

Registrar-General's Statistical Review of England and Wales for the year 1929. 2s. 6d. net.

Post Office Commercial Accounts, 1929. 9d. net.

Unemployment Fund Account, 1929. 1d. net.

Ministry of Agriculture and Fisheries: Report on the Preparation of Fruit for Market—Part II. 6d. net

Thirteenth Annual Report of the Minister of Pensions, April 1, 1929, to March 31, 1930. 4d. net.

Empire Marketing Board: Production and Trade of Northern Rhodesia, February, 1931. 2d. net.

The Coming Rise in

GOLD SHARES

by L. L. B. Angus.
According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression.
He applies the principles of his work Investment to an analysis of this section of the market.

SPECIALISED BUSINESS SERVICES, 19 Buckingham St., W.C.2 5/- nett.

The Stock Exchange.

GILT-EDGED STOCKS.

THROUGHOUT the last two troubled years, gilt-edged securities, with certain exceptions, have shown their traditional strength. The market has maintained its reputation as a dealer in pounds or in millions, which caters alike for the banker, the insurance company, the widow and the orphan, and offers a safe roadstead for investment resources when the Stock Exchange is swept by its periodical gales.

Though gilt-edged stocks are still the *doyen* of the Stock Exchange, the events of the last sixteen years have not left their position entirely unaffected. Such factors as the increased yield which India has lately deemed it necessary to offer on new issues of stock, and the effect of Australia's past borrowing and present financial troubles on the prices of her stocks, have been fully dealt with in the *Economist*. Even the position of British Government stocks has changed since the war. The Stock Exchange List shows an outstanding total of Government stocks, issued since 1914, of £4,700 millions (omitting short-dated issues such as Treasury bonds), which puts the £276 million of pre-war 2½ per Cent. "Consols" in the shade. The "cover" for interest and principal is, naturally, less extensive than in pre-war days. The total tax revenue of Great Britain in 1915-14 represented about 7 per cent. of the national income and the service of the national debt absorbed 15 per cent. of the total tax revenue. In 1930-31 tax revenue calls for 17 or 18 per cent. of the national income, and the debt service for

44 per cent. of the tax revenue. Yields on long-dated British Funds of 4½ to 4¾ per cent. to-day compare with £3 11s. 6d. per cent. on "Consols" in July, 1914.

The rise in gilt-edged prices during recent months has been welcomed by the whole financial community. Before its continuance can be confidently predicted, however, its underlying causes demand careful analysis. While the prices of British Government stocks, in the last resort, reflect the world's appraisal of British Government credit, quotations on any given day may be due to many other factors. It is a text-book axiom that cheap and dear money, other things being equal, involve, respectively, high and low prices for gilt-edged stocks, while long-period changes in the price of capital—exemplified by the decline in the average rate offered on new bond and debenture borrowings in London from 8.09 per cent. in 1921 to 5.96 per cent. in 1930—are also a relevant factor. Stock Exchange and business depressions, like that of 1930-31, again, bring many millions of "unemployed" resources temporarily into the gilt-edged market. While these conditions are largely uncontrollable by the British Government, the latter can influence the price of the Funds in innumerable ways; more particularly by its policy as regards expenditure, taxation, debt reduction, new borrowing, the conversion of maturing liabilities, and by changes in the proportion of floating to funded debt.

The interplay of these various forces, during the last decade, can be traced in the chart on the previous page, which shows, side by side, the movements, since 1920, of Bank rate, 5 per Cent. War Loan and two long-term Government stocks. On the whole, the impression given is disappointing. Until money rates began to fall, towards the end of 1929, the advance in gilt-edged prices which followed the cessation of war and post-war loan issues would seem to have been arrested for nearly eight years. The chart shows a certain correlation between money rates and gilt-edged prices, but it is difficult to dissociate the lack of resiliency shown by the latter between 1922 and 1929 from certain features of British financial policy. The following table is significant in this connection. It reveals that the period of large Budget surpluses came to an end in 1923-24, that the expenditure side of the Treasury balance sheet has more or less steadily increased since 1924-25, that the amounts actually applied to debt reduction have averaged £42 millions annually during the last five financial years, against £117 millions in the previous quinquennium, and that while debt reduction and conversion operations have slightly relieved the annual interest burden of the debt (apart from that of Treasury Bills and Savings Certificates), they have not greatly reduced its nominal total:—

(000'000 omitted.)

Financial Year ended March 31.	Total National Revenue.	Total National Expenditure.*	Surplus or Deficit.	Amount Actually Applied to Debt Reduction. ^a	Total Charge for Debt Interest and Management. ^b	Total Dead-weight Debt on March 31.
1914	£ 198	£ 197	+ 1	£ 8	£ 17	£ 650
1921	1,426	1,195	+ 231	252	328	7,574
1922	1,125	1,079	+ 46	71	307	7,554
1923	914	812	+ 102	125	299	7,742
1924	837	769	+ 68	88	307	7,541
1925	799	795	+ 4	49	312	7,598
1926	812	826	- 14	36	308	7,559
1927	803	842	- 39	23	319	7,555
1928	843	839	+ 4	65	314	7,501
1929	835	818	+ 17	57	311	7,560
1930	815	829	- 14	23	312	7,479
1931	873†	871†	+ 2†	...	...	...

* Including sinking fund.

^a Budget estimates. In addition, the Colwyn Committee pointed out that £87 millions in cash, mostly due to non-recurrent transactions, was applied to debt reduction between 1920-21 and 1925-26. These extra moneys may have totalled about £100 millions by the end of the current financial year.

^b Total interest charges, exclusive of amounts for Treasury bills and National Savings Certificates, have been as follows: 1923-24 onwards (in millions)—£281, £281, £275, £275, £272, £256.

It is clear that investors in gilt-edged securities, whether they are endeavouring to frame a short-term or a long-term policy, must give the closest possible attention to the British budgetary position. It is not too much to say that the course of gilt-edged prices in the last twelve months has been a game of "pull-devil-pull-baker," in which cheap money, in a trade depression, has triumphed over definitely unfavourable "Exchequer" influences. The temporary check to rising values last April may be associated with a Budget which endeavoured to meet enhanced revenue requirements mainly by increased direct taxation. To-day the Budget of 1931-32 is beginning to cast its shadow over the market. As yet there are few tangible signs of a speedy upswing in trade and industry which, by raising the national income, would, *pro tanto*, alleviate the burden of higher taxation.

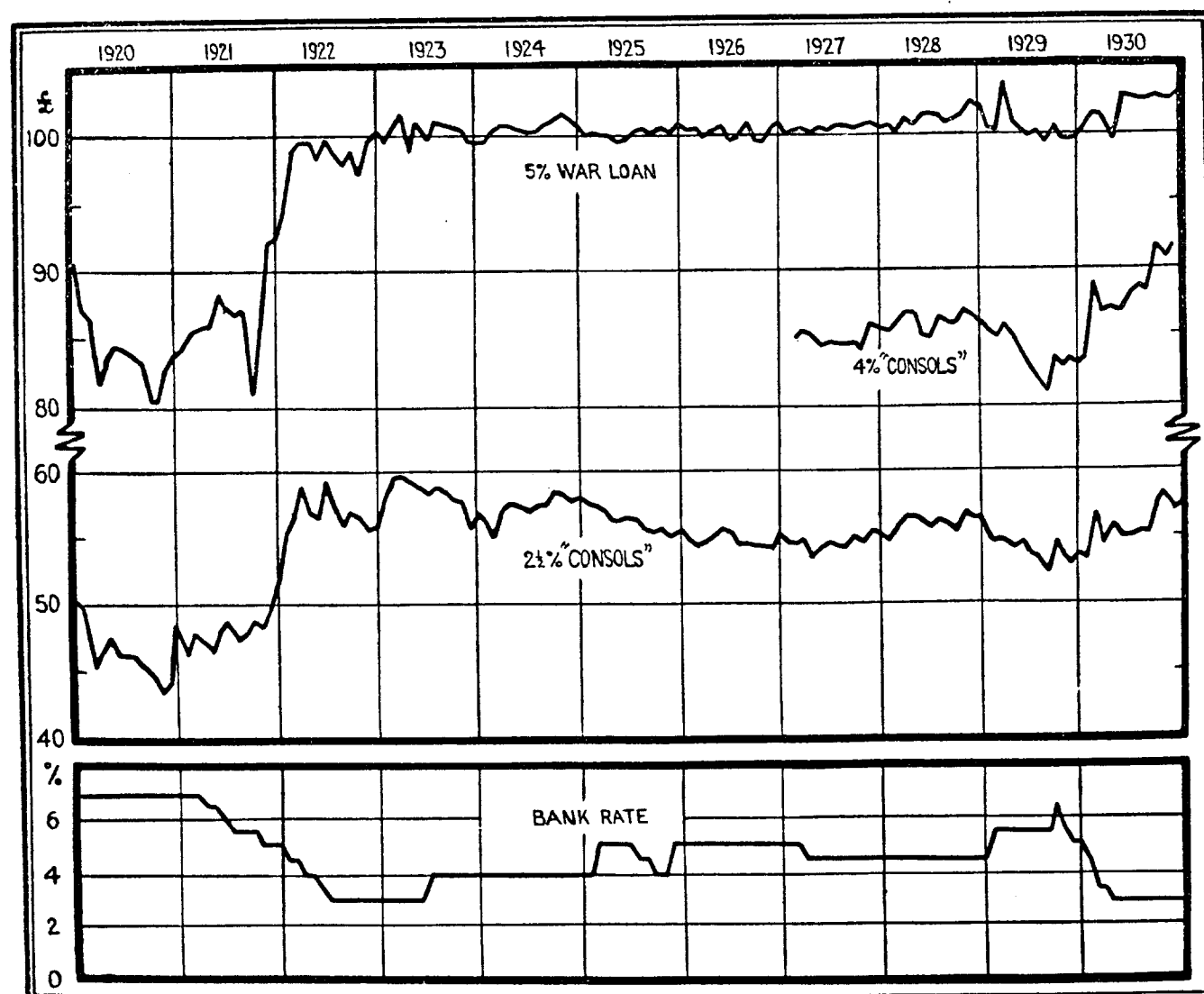
Market disquietude, however, with the trend of British public finance, has been lately intensified by two developments. The first is the statement by the Treasury, in its evidence submitted, on January 29th, to the Royal Commission on Unemployment Insurance, that "continued State borrowing (for unemployment relief) on the present vast scale without adequate provision for repayment by the Unemployment Fund would quickly call in question the stability of the British financial system." Borrowing for unproductive purposes, the Treasury declared, was now on a scale which in substance obliterated the effect of the Sinking Fund. This year, it was declared, the Unemployment Fund would borrow from £33 to £36 millions from the Treasury, and in the coming year would borrow £40 to £50 millions, or even more. This official description of unemployment relief as a Danaides Jar into which vast loans are being poured in order to relieve current State obligations at the expense of the future, shook

the confidence of the gilt-edged market more than any other event of recent months. Its effect was greatly intensified this week by Mr Snowden's grave pronouncement on the national financial position, on Wednesday, and, even more by the Ministry of Labour Memorandum, issued on Thursday, covering a proposed increase of £20,000,000 in the borrowing powers of the Unemployment Fund, and an extension of Transitional benefit. The significance of these developments is discussed on pages 331 and 338 of this issue.

A second arresting influence has been the impression that a conversion operation of 5 per Cent. War Loan—the prospects of which were eagerly canvassed a few months ago—is by no means certain to take place during the present spell of cheap money. To-day, the high yield of £4 16s. per cent. on War Loan (which compares with one of £4 8s. per cent. on 4 per Cent. Consols, and £4 6s. per cent. on 4 per Cent. Funding Loan) is a resultant of the theoretical possibility that the £2,096 millions of this loan, with its Treasury option of repayment at three months' notice, will be converted on a lower interest basis at any time, and the fear (to which Mr Snowden's statement of February 5th regarding the "foolishness" of rumours of conversion operations perhaps unintentionally appeared to give confirmation) that conversion may, in fact, be indefinitely postponed. Some weeks ago there was a tendency for War Loan to fall or remain stable, while long-dated stocks were rising. An opposite tendency in the next few weeks might be a sign that certain holders were exchanging from long-dated stocks into War Loan on the argument that if no conversion can be successfully carried out in the near future, the higher yield of nearly ½ per cent. on War Loan becomes very attractive. From 1922 to 1929, as our chart shows, this stock obstinately remained about par. Its huge nominal amount, with its "risk" of repayment in 1929 or later, has for years been a millstone round the neck of the British Government, preventing its credit from moving very far from a 5 per cent. level. If the current state of the Government's finances, or any other cause, were to postpone the conversion of this stock until the next spell of abnormally cheap money, whenever that might be, the prospects of a further significant rise in gilt-edged prices, over the next few months, would be greatly reduced.

So much for "Treasury" factors. Those who have recently followed the day-to-day movements of gilt-edged stocks will, however, be aware of the extreme sensitiveness they have shown to changes in the prospects of the London short loan market. Three weeks ago, when the return of the Governor of the Bank of England from the Continent was followed by official intervention to screw up discount rates in the money market, gilt-edged prices immediately reacted to the suggestion that the central authority had decided to take an independent initiative in checking the outflow of gold from the national reserves, and, if other means failed, would take the ultimate step of raising Bank rate. The unsettlement caused by this fear left the market unusually susceptible to the influence of rumours—like last week's report of an enormous "Development Loan"—which would normally have obtained slight credence. The threat of dearer money has been averted for the time being, but it remains as a disturbing possibility in the background.

The general conclusions suggested by this survey are that the 1930 rise in gilt-edged stocks was based on cheaper money rather than on any permanent increase of confidence in the financial position of Great Britain. But in 1931, to the normal reactions of trade depression on the national income and the Budget, there has been added the immediate effect of increased unemployment in the shape of increased Treasury borrowing for the Unemployment Fund. Consequently, the world trade depression, which by bringing about cheap money has raised the prices of gilt-edged stocks, is now strengthening the downward tendency by lessening confidence in the budgetary position. During the next few weeks the latter factor must become increasingly prominent, even though the money market outlook may remain satisfactory. A recovery in world trade, whenever it comes about, will ultimately involve higher money rates, but this is scarcely a factor of which investors need take immediate cognisance.



ROYAL MAIL REVELATIONS.

White Star Line preference shareholders and Royal Mail debenture stockholders came to last Thursday's meetings prepared for unpleasant surprises, and were not disappointed. The gist of Sir William McIntock's frank and lucid *expose* was that, if the group assets were valued on a reasonable basis as "going concerns," the whole of the Royal Mail ordinary capital of £5,000,000 had been lost, and only £1,809,855 of the £3,800,000 of preference capital was represented by free assets. The White Star Line had lost the whole of its ordinary capital, and possessed surplus assets of no more than £3,952,320 against its preference capital of £5,000,000.

Sir William's remarks were confined almost entirely to an unimpassioned professional statement of facts, with a minimum of comment. Taking, first, the White Star Line, Sir William showed that the company's main assets are of a threefold nature. Its shares in the Oceanic Steam Navigation Company have a present value of £3,000,000, against a book value of £7,000,000. It holds 56 per cent. of the ordinary shares of Shaw, Savill and Albion, which are to-day valued at £30 a share, against a purchase price of £42. It owns seven vessels of the Aberdeen Commonwealth Line, valued at £1,900,000, against a book value of £2,232,684. All these estimates (together with many others made in the course of the investigations) are to be regarded with reserve. They are arrived at on a "going concern" basis, and are admittedly well above present "break-up" value. Of the 4,000,000 £1 ordinary shares in the White Star, which were issued to companies within the Royal Mail group, £1,000,000 had been paid up when the Voting Trustees took control, and the whole of the remaining £3,000,000 has since been called. Of this total £2,500,550 is still due, and it is hoped that eventually £2,275,550 will prove to be "good," though at present only the Union Castle Company is in a position to meet its calls.

The liabilities of the White Star Line are onerous. They include: (1) £2,350,000 due to the American vendors of the shares of the Oceanic Steam Navigation Company, due in 1936; (2) £400,000 owing to the vendors of the Shaw, Savill and Albion shares (payable in annual instalments of £100,000); (3) £1,320,000 due to the Australian Government for the Commonwealth ships (payable in eight years at £165,000 per annum); and (4) £350,614 owed to Shaw, Savill and Albion for expenditure incurred in reconditioning certain vessels.

The finance of the White Star deal would appear to have been ill-advised from the outset. Firstly, in the opinion of the Voting Trustees, the price of £7,000,000 paid for the Oceanic Company's shares was extravagant. Secondly, there was little justification for the raising of so large a proportion as £5,000,000 of the company's capital requirements by fixed interest shares, or the guaranteeing of the preference dividend (requiring £325,000 per annum) in perpetuity by the Royal Mail Company. Thirdly, the White Star Company undertook commitments (up to April, 1928) of £10,960,000 and raised only £6,000,000 in paid-up share capital (preference and ordinary) leaving £4,960,000 on loan, at a very heavy interest charge. Finally, the ability of the White Star to pay its preference dividends was made to depend on the receipt of dividends from its principal operating subsidiary, the Oceanic Company. The latter's financial resources were strained by its efforts to make annual distributions—so much so that the 1929 payment was rendered possible only by an addition to the company's already heavy bank overdraft.

The Royal Mail Company's position is similarly involved. The Trustees value its fleet and its investments in fully owned subsidiaries at £6,000,000, against a book value of £9,371,734—the £1,000,000 investment in R.M.S.P. *Mea Transports* being treated as of no value. The "cut" in the valuation of the partly owned subsidiaries is even more drastic, investments of £8,598,316 being reduced to about £3,000,000. Of this, shares in the Union Castle and Coast Lines companies account for as much as £2,600,000. In addition, the company has freehold and leasehold properties valued at

£1,133,353. Altogether, the assets of the Royal Mail Company on a "going concern" basis are put at £13,965,573, and the actual liabilities, as at December 31, 1930, at £12,156,018. The surplus of £1,809,855, however, is dependent on the liabilities which may emerge in respect of certain contingencies.

The past dividend policy of the company has been injudicious, to say the least. For the four years 1926 to 1929 the published profits were arrived at after transferring large sums from internal reserves and taking credit for dividends from fully-owned subsidiaries, which the latter, in fact, did not earn. During these years, when adjusted trading results would have shown substantial losses, the Royal Mail Company paid dividends to its shareholders aggregating over £1,000,000. Last year the Royal Mail Company made a loss of £345,749 before providing for depreciation or the losses of subsidiaries, but before crediting certain profits on the sale of ships and investments.

The debenture and share holders were clearly impressed by the gravity of the facts revealed at the meetings and their comments showed a commendable restraint. The resolutions for a moratorium to the end of June and the raising of £250,000 ranking with the 4½ per cent. debentures, were passed by large majorities, and arrangements were made for the appointment of a committee representing the Royal Mail preference shareholders, to consult with the Voting Trustees in the preparation of a scheme dealing with the whole position.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
February 17.	February 19.

Though the market again found it difficult accurately to weigh up the value of conflicting tendencies, a distinctly better tone prevailed in most departments. Whispers of a forthcoming trade revival met with considerable scepticism, despite the receipt of more satisfactory news from America. The fact that the prospect of dearer money had temporarily receded into the background failed to offset the growing fears with regard to the forthcoming Budget, which Mr Snowden's speech on Wednesday night did little to allay. Weak spots were again in evidence, noticeably in Australian securities and Home Rails, but with the revival of Continental interest Internationals led a general forward movement in other markets.

Gilt-edged opened in good form, and for a time the Conversion loans went ahead, while War Loan were a strong feature, but Mr Snowden's speech, and the Ministry of Labour memorandum on unemployment insurance brought about a marked reaction. Indian loans were dull on the renewal of nervous selling, combined with the quotation of the largely oversubscribed 5½ per cent. issue at a discount. Australians registered a complete break on Monday, following the receipt of news of Mr Theodore's inflation proposals and Mr Lang's threat of default in payment of interest. Declines of from seven to eleven points occurred in most descriptions, and quotations became nominal. Small improvements occurred later when the Loan Council in turn repudiated Mr Lang, but New South Wales bonds relapsed further.

Foreign bonds appeared less satisfactory than formerly, Brazilians revealing reactionary tendencies, despite an improvement in the milreis. A feature was the temporary decline in Chinese counters, on unconfirmed rumours that China would ask for a moratorium on her gold bonds if the price of silver declined further. The silver position is discussed in a Note on page 362. Peruvians were dull and unsupported. Among Europeans, City of Vilna bonds went ahead on a favourable official announcement with regard to a settlement (discussed on page 360). German issues were well maintained, the Nazi demonstration having little effect on quotations.

Home rails were better on Monday, but quickly relapsed as the day of dividend reckoning approached. Fears were

largely justified when it was announced that, though the Great Western would pay 5½ per cent. for the year, the London Midland and Scottish would pay only a further 1 per cent., making 2 per cent. for the year, of which no more than ½ per cent. had been earned. The ordinary fell to 27½, while most other issues were marked down. Among foreign rails, Argentines were a better market on improved traffic receipts, while several improvements were recorded among Americans.

In the industrial market, interest centred in the Transatlantic section, where shares continued to forge ahead. International Nickels, Columbias, and Radio Corporation were in keen demand, while Cables and Wireless were exceptionally firm on Thursday. Leyland Motors advanced on the news of a 20 per cent. dividend, which came as a pleasant surprise to the market. Textiles were mainly firm, in spite of the gloomy outlook in Lancashire, but Courtaulds continued to evince weakness pending the expected dividend announcement. Royal Mail stocks were marked up in anticipation of a favourable outcome of Thursday's meetings, which are dealt with in a leading article on page 354. Swedish Match and Kreuger and Toll suffered from profit-taking, but Unilevers remained firm, together with others in the provision group. Harrods added a fraction despite the fall in profits. Guinness were firmer on the usual interim dividend, while Coal and Engineering shares were harder for choice. Newspapers improved, but bank shares, especially Australians, were less satisfactory.

Oil shares opened with a fresh burst of strength, which was not maintained. Eagles were again in demand from Paris, and Royal Dutch were bought from Amsterdam, but quieter conditions obtained later in the week. No expansion of business was witnessed among rubber shares, but Paris continued to support her favourites, and the tone remained steady. Teas came in for renewed selling.

In the mining share market fresh support was forthcoming for gold-mining shares, and Kaffirs again found favour, though a certain inactivity became apparent on Thursday. West Rand advanced on unconfirmed rumours of a good "strike," but Central Mining drooped. Business in Rhodesians was at first almost non-existent, but the market hardened, and "Chartered" advanced, while the Northern issues at last showed signs of life. De Beers advanced in mid-week, but failed to hold their rise, and Australians were weak in sympathy with Government bonds. Tin shares showed some improvement, though no fresh news came to hand with regard to the "quota" scheme. Tintos and Tharsis advanced sharply on improving copper prices and Paris support.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 5, 1931.	Feb. 6, 1931.	Feb. 9, 1931.	Feb. 10, 1931.	Feb. 11, 1931.	Feb. 12, 1931.
Government and Municipal Loans.....	1,323	1,427	1,876	1,433	1,271	1,640
Transport, Communications, and Public Utilities.....	985	911	1,022	1,022	1,008	1,127
Commercial and Industrial Banks, Insurance and Financial.....	1,502	1,474	1,821	1,651	1,727	1,748
Minerals (including Nitrates).....	610	615	644	588	632	576
Other.....	564	598	782	624	709	571
Oil.....	130	141	169	145	166	141
Balloon, Tea and Coffee.....	116	98	157	124	161	147
Total.....	5,230	5,255	6,471	5,592	5,665	5,950

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Jan. 16.)	Feb. 5, 1931.	Feb. 6, 1931.	Feb. 9, 1931.	Feb. 10, 1931.	Feb. 11, 1931.	Feb. 12, 1931.
72.3	68.3	68.8	68.8	69.3	69.5	69.4	68.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

Early this week the leading price averages broke into new ground for the year, with the bears in full retreat. The market's activity (which is described at length in an "Investment Note" on page 358) was based on technical factors rather than on any decided change in the position of trade and industry, and had only a limited amount of public investment support behind it. Nevertheless, prices put up a strong resistance when the inevitable professional profit-taking appeared on Wednesday on the eve of the "Abraham Lincoln" holiday. The report of the railroads on the consolidation question, published on Tuesday, declared that no substantial working economies could be expected from consolidation, which on other grounds was declared impracticable. The Federal Court has approved the merger of Standard Oil of New York and Vacuum Oil, despite the Standard Oil dissolution decree of 1911. The Government is to appeal against the decision in the Supreme Court. The failure of the appeal would probably be followed by negotiations for a merger agreement between Standard Oil of New Jersey and Standard of California.

	Jan. 29, 1931.	Feb. 5, 1931.	Feb. 11, 1931.		Jan. 29, 1931.	Feb. 5, 1931.	Feb. 11, 1931.
U.S. 3½% T. Bds.	105½	105½	105½	Natl. Biscuit	73½	74½	81½
U.S. 4½% 32-47	101½	101½	101½	Phelps Dodge	20½	20½	22½
Do. 4½% 32-47	102½	102½	102½	Pullman	54	54½	56½
Do. 4½% 33-34	103½	103½	103½	Sears-Roebuck	51½	51½	56½
Atchafalpa	196½	193	196½	Standard Oil	21½	20½	22½
Ches. & Ohio	43½	42½	45½	Un. Fruit	59	59½	60½
Erie	30½	30½	36	U.S. Leather	44	5	51
Illinois Central	88	88	86½	U.S. Rubber	13	13½	13½
N.Y. Central	124	124	126½	U.S. Steel	140½	138½	147½
Pennsylvania	61½	62	62½	Westinghouse	85	85½	95½
Southern Pacific	103	104	106½	Woolworth	58	60½	62½
Southern Ry.	60½	61½	63	Am. Tel. & Tl.	187½	187½	194½
Union Pacific	196½	199	202½	Interboro R.T.	25	28	29
Am. Can.	111	111½	117½	Int. Tel. Tele.	26	26½	29½
Amer. Smelting	44½	44	48½	Radio Corp.	15	16	18½
Anacosta	33½	32½	37½	Trillium P. & L.	25½	25½	27½
Bethlehem Steel	49½	51½	59½	W. Union Tel.	138	135	145
Chrysler Motor	17½	16½	19½	Associated Gas "A"	20½	19½	21½
Corn Produce Rf.	80½	81½	83½	Pan Amer. B.	34½	32½	32½
Eastman Kodak	156½	156½	170½	Shell	32½	32½	33½
Gen. Electric (New)	44½	44½	49½	Shell Union	94	94	98
Gen. Motors	38½	39½	43½	Shell Oil	11½	11½	124½
Int. Harvester	52½	51½	54½	Std. California	47½	47½	50½
Moutg. Ward	20½	20½	24½	Do. N.J.	47½	47½	50½

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Jan. 28.	Feb. 4.
33 Industrials	134.5	213.9	98.2	174.1	99.6	103.4	104.9
33 Bonds	127.8	173.5	89.1	145.5	92.0	102.4	103.3
34 Utilities	177.6	330.4	153.2	267.4	158.1	165.8	168.8
Total, 404 Stocks	140.3	228.1	105.5	184.2	107.6	113.0	114.4
Average yield of 50 Industrial Common Stocks	3-10%	5-23%	4-15%	5-95%	5-91%	5-75%	5-63%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Jan. 6.)	Lowest of 1931. (Jan. 19.)	Jan. 28, 1931.	Jan. 29, 1931.	Jan. 30, 1931.	Jan. 31, 1931.	Feb. 2, 1931.	Feb. 3, 1931.	Feb. 4, 1931.
125.1	118.6	122.2	123.5	123.7	122.9	123.6	124.1	124.8

TOTAL DEALINGS IN NEW YORK.

	Feb. 5, 1931.	Feb. 6, 1931.	Feb. 7, 1931.	Feb. 9, 1931.	Feb. 10, 1931.	Feb. 11, 1931.	Feb. 12, 1931.
Stock Exchange—Shares (Thous.)	1,500	1,700	1,200	4,100	4,800	4,700	†
Bonds (Value Thous. \$)	9,250	10,992	5,265	8,809	11,315	11,658	†
Curb—Shares (Thous.)	330	300	275	670	730	740	†

* 2-hour session.

† Holiday.

† Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 4, 1931.	Price, Feb. 11, 1931.
Assam Ry. & Trading 5½% debts. ...	97½	fy. pd.	96½-97½	96½-97½
Bermuda Development 5½% debts. ...	97½	fy. pd.	99-100	99-100
British Aluminium 5½% debts. ...	98½	60	3½-2½ dis	3-2 dis
Central Electricity Board 4½% stock	95½	75	1-1 dis	1-1 dis
Cunard Home 4½% debts. ...	90	fy. pd.	2½-3 pm	2½-3 pm
Darnley (G.S.) 10½% debts. ...	167	fy. pd.	150-160x	150-160x
India 5½% 1936-38	97	5	1-1 dis	1-1 dis
Kenya 4½% 1961-71	98½	45	1-1 pm	1-1 pm
Lewis's Investment Trust 5½% debts. ...	98½	20	1-1 pm	1-1 pm
London and Clydevale Trust	10	2	1-1 pm	1-1 pm
London and Home Counties Electric 4½% stock	95½	60½	1-1 dis	1-1 dis
London Power 5½% debts. 1972	100½	30½	1½-1½ pm	1½-1½ pm
Metropolitan H. using 5½% debts. ...	95½	50	1-1 dis	1-1 dis
Myatt (Frank) 5½% debts. ...	95	35	1-1 pm	1-1 pm
Nat. Shipbuilders Security 5½% debts. ...	95	35	1-1 dis	1-1 dis
Nottingham (City of) 4½% stock 1951-61	98½	fy. pd.	99-99½	99-99½
Second British Steamship Trust New £10	£10	£5	1-1 dis	1-1 dis
Smethwick 4½% debts. ...	98½	58½	1-1 dis	1-1 dis
Surrey County Council 4½% 1951-61	97½	fy. pd.	99-99½	98½-99½
Surrey County Council 4½% 1950-70	99	19	1-1 pm	1-1 pm

INVESTMENT NOTES.

The Stock Exchange and Mr Snowden's Speech.—Mr Snowden's speech on Wednesday, which is discussed elsewhere in this issue, was closely examined on the Stock Exchange. Its immediate effect was a general fall in the longer-dated British Government stocks, such as 3½ per Cent. Conversion, though 5 per Cent. War Loan was hardly affected, the stock being regarded nowadays as a more or less short-dated security. The vagueness of the speech, writes a Stock Exchange correspondent, caused a certain amount of selling, though, apart from its intangible character, Mr Snowden's pronouncement was considered a step in the right direction. That the speech might cause a cleavage in the Labour ranks was fairly generally assumed, but speculation was concerned mainly with the concrete ideas underlying Mr Snowden's somber warning. One theory was that the Chancellor

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was contemplating increased death duties, a super-surtax, or some other imposition that would strike directly at large accumulations of wealth. Another was that Mr Snowden might be contemplating an appeal to holders of British Government fixed-interest securities to accept lower rates of interest, but this opinion was not given credence in the more responsible quarters. Until more tangible announcements are made by Mr Snowden as regards the direction of his promised economies, the Stock Exchange markets will be inclined to suspend final judgment. In the meantime, however, the initial reaction of the "House" has not been favourable. When the Chancellor's pronouncement was followed, on Thursday, by a Ministry of Labour memorandum covering an increase in borrowing by the Unemployment Fund from £70 millions to £90 millions, the marking down of security prices spread from the Consol market to shares of the industrial class.

A New York Recovery.—A recovery on the New York Stock Exchange developed this week with surprising suddenness. Strong buying was seen on Saturday last, and on Monday and Tuesday the "bears" were rushing to cover. As usual, sentiment was not influenced so much by trade returns—which showed no more than the usual seasonal improvements in certain industries—but by an outside event of unexpected character. In this case it was a political event. Business sentiment had been depressed by the demand, strongly voiced by Senator Borah, for the introduction into American economies of something resembling a "dole" system, as well as by the prospect of legislation on the Veterans' Bonus proposal. After the Democrats had threatened to force an extra session of Congress if relief for the unemployed were not voted, the outlook for Wall Street seemed black. When, however, a compromise was reached whereby President Hoover approved of a loan of \$30,000,000 for the drought areas in return for the passage of his appropriation measures, confidence returned to the stock market, and the buying began. From February 2nd, when common stocks touched their last low level, the Dow Jones indices have now shown a rise of 10½ per cent. for industrial shares, and 2 per cent. for railroad stocks as the following table will show:—

	Feb. 2.	Feb. 3.	Feb. 4.	Feb. 5.	Feb. 6.
20 representative rail shares.....	108.26	108.54	107.97	107.74	107.43
30 industrial shares ...	164.48	169.88	171.45	169.36	170.01

	Feb. 7.	Feb. 9.	Feb. 10.	Feb. 11.
20 representative rail shares.....	107.78	109.00	111.17	110.48
30 industrial shares ...	172.98	177.45	181.09	181.97

Rises were well-spread throughout the list, but there were numerous special advances as a result of "pool" operations and drives against the "short" interest. Representative stocks are shown in the next table:—

	Price Feb. 2	Price Feb. 11		Price Feb. 2	Price Feb. 11
Anaconda	32½	37½	Radio Corpora- tion	15½	18½
Electric Power and Light ...	47½	51½	Standard Oil of New Jersey...	47½	50½
General Motors	38½	45½	Union Carbide...	59½	63½
North American	70½	82½	United Carbon...	26½	27
Paramount	45	49	U.S. Steel	140½	146½

The influence of New York was immediately felt on the London Stock Exchange, International Nickel and Columbia Graphophone being especially prominent. Both Paris and Amsterdam joined in the upward movement, and oil shares in particular benefited from the attention of both these centres. To what extent the public has participated in the "bull" movement it is difficult, at the moment, to gauge, but the increasing volume of dealings indicates that something more than the usual "professional" or technical recovery has been in progress. In the two-hour session on Saturday last, 1,200,000 shares changed hands, as against 1,700,000 on the whole of the previous day. On Monday dealings increased to 4,100,000, on Tuesday to 4,800,000, and on Wednesday to 4,700,000. Although optimism is tempered in most quarters by the expectation that no quick recovery is possible in the

present state of world trade, it may be that sentiment in New York has now changed for the better. It will be interesting to watch its immediate development in the stock markets.

Home Railway Dividends.—This year's batch of home railway dividends naturally makes unpleasant reading for stockholders. The Great Western alone has borne out the expectations of the more optimistic section of the market, though its total dividend is reduced from 7½ per cent. to 5½ per cent. The Southern has halved its deferred dividend, and the London Midland and Scottish is paying a final dividend of 1 per cent. entirely out of reserves. The total L.M.S. payment of 2 per cent. falls by 1 per cent. to attain the minimum laid down in the Trustee Acts, and the company's prior stocks revert to "Chancery" status:—

		Dividends.				
	Stock.	1925.	1927.	1928.	1929.	1930.
L.M.S.	Ord.	3	4½	5½	4½	2
G.W.R.	Ord.	3	7	5	7½	5½
S.R.	Def.	1½	2	2	2½	1½

The Metropolitan Railway is paying a total of 3½ per cent. for the year, against 4 per cent. for 1929. This setback is due less to a fall in net revenue than to enhanced debenture interest requirements. Though the reductions had been approximately discounted in the other cases, the ordinary stocks were weak following the announcements, and the prices of London Midland and Scottish fixed interest stocks were marked down on their change of status.

	Highest and Lowest Prices.				Present Price.	Yield at Present Price.*
	1929.		1930.			
	High.	Low.	High.	Low.		
L.M.S. Ord.....	59	47½	57½	31	27	£ s. d. 7 14 0
G.W.R. Ord.	90½	78½	94	62½	67½	8 11 0
S.R. Def.	34½	27½	32½	21½	19½	6 18 0

* After deducting final dividend.

The London and North-Eastern dividend has not yet been declared. A small payment (from reserves) is expected on the preferred ordinary. The relatively strong position of the Great Western becomes increasingly clear, year by year. The dividend policy of the London Midland and Scottish is difficult to understand. The board might conceivably have decided to make a special effort to maintain the full trustee status of its stocks—even at the cost of drawing on reserves to the extent of about £2,300,000, in order to pay a 3 per cent. ordinary dividend—on the ground that any other policy would have prejudiced the company's future borrowing power. On the other hand, the directors might have argued that, in a severe depression, the end of which was not in sight, conservation of available resources was an obvious duty. On this reasoning, as no earnings were available for the payment of a final dividend, they might have restricted the year's distribution to the 1 per cent. interim paid last July. As things are, they have laid themselves open to the accusation of making the worst of both worlds. Under Clause 1 (1) (r) of the Trustee Act of 1925 and Order XXII (Rule 17) of the Supreme Court the prior charges and preference stocks of the railway will remain eligible for the investment of trust funds in England and Wales so long as the railway pays any dividend whatever on its ordinary stock. In Scotland (where London Midland and Scottish stocks have been widely held since the amalgamation with the Caledonian and other Scottish lines), the debenture stocks will remain eligible investments, but the 4 per Cent. preference 5 per cent. redeemable preference and 4 per Cent. preference (1923) will no longer be eligible for new investment, though trustees are under no obligation to sell their existing holdings. Thus both the great British

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railways, which have a heavy stake in the North and in the country's basic industries, have found it impossible to meet the full provisions of the British Trustee Acts—an eloquent commentary on the state of the great export trades, the loss of the railways' former "monopoly" position, and, it must be added, on their policy of "dividing profits up to the hilt" in previous years.

General Store Profits.—The extensive fall in prices, and the publicity given to the financial difficulties of Waring and Gillow affected the market for store company shares last year. Many of the leading concerns make up their accounts during January, and their reports will be available during the next few weeks. The preliminary figures so far issued suggest that the companies have experienced, on the whole, less unfavourable conditions than might have been expected. Though Harrods' profits have fallen from £834,000 to £752,000, the company has maintained its 20 per cent. dividend, without dividing the whole of the year's earnings. Its subsidiary, D. H. Evans, actually records a small increase in profits (from £110,000 to £116,000) and has raised its dividend from 25 per cent. to 30 per cent. Maple and Company show an appreciable falling off in earnings. These would appear from the preliminary statement to be in the neighbourhood of £320,000, against £402,000 last year, and the dividend is reduced from 12½ per cent. to 9 per cent. The large provincial house of Lewis's, however, which has stores in Liverpool, Manchester and Birmingham, has shown a gratifying increase in earnings from £774,000 to £866,000, and has maintained its dividend. The figures are given on another page. On the whole, these results are not surprising. The retail business of the country has been maintained remarkably well throughout the depression, as the Board of Trade indices show. Though profit figures have been struck after writing down stocks to current values, the fall in retail prices has attained nothing like the catastrophic dimensions of that in wholesale prices and is scarcely

likely to have much exceeded 10 per cent. on the average. The process of adjustment between wholesale and retail prices may proceed further during the next few months, and it is quite possible that in a year's time the large stores may find it necessary again to write down stock values to some extent. Inventories, however, are in no case excessive, and provided retail business maintains its recent comparatively satisfactory record prospects are reasonably good in the case of well-managed companies which have no embarrassing outside commitments.

London Power Company.—The report of the London Power Company consists of 135 words, and is a meagre document in view of the size and importance of the undertaking. During 1930 the output increased from 733,238,288 units to 819,438,020 units—an increase of 11.75 per cent. as compared with 23.46 per cent. in 1929. The kilowatt demand increased by 4.77 per cent., against 11.45 per cent. The following concerns are now controlled by the London Power Company:—Brompton and Kensington, Central Electric, Charing Cross, Kensington and Knightsbridge, London Electric, Metropolitan, Notting Hill, St. James and Pall Mall, and Westminster. All these take their electricity from the company until 1971, (when all will be handed over to the Joint Electricity Authority), except the Metropolitan, which has bound itself only for ten years. The London Power Company's capital of £50,000 is held by the constituent companies, the investing public being interested in the debenture stock, of which £13,608,400 was outstanding on December 31st last. No issue was made by this company during 1930. The following table shows the results for the past three years:—

	1928.	1929.	1930.
Total receipts	1,651,864	1,953,447	2,043,388
Generation, repairs, &c. ...	999,961	1,062,652	1,066,917
Sinking funds	271,740	316,643	406,593
Debt interest	377,163	571,152	566,878
Ordinary dividend—			
Amount	3,000	3,000	3,000
Per cent.	6%	6%	6%

The sinking funds and interest on debentures were just covered in 1930. Should it, at any time, be impossible for the company to meet these charges, each constituent concern will provide a percentage of the deficiency equal to the proportion the amount of electricity purchased by it during the year bears to the total amount of electricity sold by the company during the period. The work on the Battersea site is progressing, and the plant of the first section (130,000 k.w.) is on order. The company's 5 per cent. debenture stock touched 104½ last year. At the present price of 103 the stock yields £4 17s. 1d. per cent.

Leyland Motors.—This company, after accumulating nearly a million to the debit of profit and loss during the post-war slump, has now rehabilitated itself in distinctly creditable fashion. A dividend of 20 per cent. has been declared on the ordinary capital, representing the first payment of this kind since 1919. The gross profit for the year ended September 30 last was £699,000, a decline of £62,000 as compared with the previous year, and £180,000, as against £120,000, is to be added to the reserve fund. In 1929 the company paid the arrears for seven and a half years on the 7½ per cent. cumulative preference shares, wiping out the arrears to December 31, 1927, and in June last the arrears were extinguished. This paved the way for a resumption of the payment of the ordinary dividend. The net profit would appear to

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be in the region of £450,000, assuming that the amount of £66,000, mentioned as to be carried forward, is the balance of the net profit after paying dividends and making the allocation to reserves. At the present price of 52s. the yield on these shares is £8 6s. 8d. per cent. The market had been inclined to adjust its dividend estimates downwards before the announcement, and appreciable activity subsequently developed in the ordinary shares.

Imperial Tobacco Company.—The accounts of this great tobacco combine for the year to October 31st last serve to strengthen the excellent impression given by the preliminary figures (discussed in the *Economist* last month). Increasing consumption of tobacco and cigarettes and declining prices for leaf have combined to raise profits from £9,967,098 to £10,177,046, and ordinary dividend from 23 per cent. to 23½ per cent., out of 24.9 per cent. earned on the ordinary capital.

	1928.	1929.	1930.
Net profit	9,599,706	9,967,098	10,177,046
Brought forward	959,042	1,169,098	1,176,468
Preference dividends	852,206	852,206	852,206
No. of times covered	11.3	11.6	11.9
Ordinary capital—			
Earned £	8,747,500	9,114,889	9,324,840
Paid £	7,787,441	8,619,594	8,810,767
Earned %	29.2	24.3	24.9
Paid %	26½*	23*	23½*
To reserve	500,000	487,925	500,000
Other allocations	250,000		
Carried forward	1,169,098	1,176,468	1,190,539

† Plus share bonus of 25 per cent.

* Tax free.

Some £500,000 is transferred to reserve account, which now stands in the balance sheet at £5 millions, and £1,190,539 is carried forward to the next account, against £1,176,468 brought in. The company's financial position is immensely strong, no less than £10 millions of assets taking the form of Government and trustee stocks. Stock-in-trade, including leaf in transit, is down by nearly £400,000, but whether the decline is due to the reduced cost of raw tobacco is not stated. Cash totals £4,667,638, against £4,426,579. At the present price of £4 7s. per share, the £1 ordinary shares give a yield of £5 8s. per cent., tax free, allowing for a final dividend and bonus of 16½ per cent.

City of Vilna Bonds.—On February 5, holders of City of Vilna 5 per cent. bonds were notified by their committee that the payment of interest coupons would be resumed on May 15th next. This followed on a statement of August 15th last, in which the committee advised bondholders against disposing of their bonds at the prices then ruling in the market. The latest circular reproduces a letter, dated February 5th, from the Commercial Counsellor of the Polish Legation in London, declaring that the Ministry of Finance, Warsaw, has requested the City of Vilna to make arrangements for the payment of the coupon dated May 15th next, and has also decided that the service of the loan shall be regular. This has been interpreted as an intimation that the payment of both interest and principal is now guaranteed by the Polish Government. The last coupon was cashed in London on May 1, 1915. The question of dealing with arrears to November 15, 1930, is now under consideration, and the committee have hopes that a substantial payment will be obtained in the near future. Vilna was formerly a most important railway centre between Eastern and Western Europe. In 1929 its population was 190,000, against 218,000 in 1912, when the loan was floated. At present some £446,820 is outstanding of an original sum of £449,160 issued at £96 per cent. Poland's decision has given considerable satisfaction in London, and the resulting enhancement of her prestige may have valuable results in the future, she desires to utilise the financial facilities of this market. The City of Riga might well follow her example, and end a default which has no extenuating feature.

New Capital in 1930—Nature of Borrowers.—In the *Economist* of January 31st we discussed the price of new capital in London during 1930. The figures given in our article may be supplemented by the following table, which shows the main groups of borrowers during the year:—

NATURE OF CAPITAL OFFERED ON THE LONDON MONEY MARKET.

	Total. 1929.	Ordinary Stocks or Shares. 1930.	Preference Stocks or Shares. 1930.	Debentures, Bonds, &c. 1930.	Total. 1930.
British Govt. loans ...	£65,400,000	£	£	£65,400,000	£65,400,000
Colonial Govt. loans ...	26,366,100			49,081,300	49,081,300
Foreign Govt. loans ...	3,550,000			21,330,000	21,330,000
Brit. Corporations, &c. ...	8,316,000			41,657,600	41,657,600
Colonial Corporations ...	3,853,000			3,001,500	3,001,500
Foreign Corporations ...	472,500			Nil	Nil
British railways ...	1,920,000		2,955,000	13,164,500	16,119,500
Colonial railways ...	10,200,000	363,100		2,512,500	2,875,600
Foreign railways ...	7,835,000			7,615,000	7,615,000
Australian mines ...	12,000	257,800		Nil	257,800
South African mines ...	1,611,585	493,500		3,265,800	4,597,500
Other mines ...	11,971,635	1,331,700		2,811,200	6,316,000
Explor., financial, &c. ...	27,472,475	3,200,900	303,900	1,153,800	2,078,500
Breweries ...	4,346,455	524,700	400,000	Nil	Nil
Mech., Importers, &c. ...	4,225,355			Nil	Nil
Stores and Trading ...	3,839,730	88,100	2,112,200	1,020,000	3,220,300
Estate and land ...	3,973,222	190,600		254,800	445,400
Rubber ...	2,075,213	152,500	27,000	980,500	1,150,000
Oil ...	4,320,855	1,800,000	6,250,000	8,050,000	8,050,000
Iron, coal, steel and engineering ...	4,485,800		100,000	1,185,000	1,285,000
Electric light, power and telegraph ...	15,028,448	2,723,400	70,000	935,000	3,728,400
Tramway and omnibus	275,683			Nil	Nil
Motor traction and manufacture ...	380,674	531,600	150,000	3,288,600	681,600
Gas and water ...	1,476,080	104,700		3,393,300	3,393,300
Hotels and theatres ...	4,011,000		20,000	Nil	20,000
Facilities and properties	7,107,375		100,000	267,500	367,500
Docks, harbours and shipping ...	544,500			Nil	Nil
Banks and insurance ...	6,273,075	2,073,600		950,000	3,023,600
Manufacturing and miscellaneous ...	56,970,608	10,757,100	3,060,700	7,543,900	21,361,700
Total	285,231,269	24,593,300	15,548,800	227,658,500	267,800,600

† Five per cent. Conversion Loan £67,000,000, less £1,600,000 net encashments of National Savings Certificates.

It will be seen that industrial borrowings were much less considerable in 1930 than in the previous year. In 1929, governments and municipal authorities, at home and overseas, raised £108 millions of new capital in London, and general industry (including transport) some £177 millions. Borrowings in the former category, however, increased in 1930 to £181 millions, while those in the latter fell to £81 millions. In other words, "public" borrowers accounted for over two-thirds of the total new issues in London last year, and "industrial" borrowers for less than one-third. The figures are an eloquent commentary on the effect of trade depression on the capital market.

Oil Shares.—The activity in the oil share market which developed this week does not appear to have had its origin in any striking development in the oil industry. Indeed, the production of crude oil in America for the week ended February 7th increased by 30,550 barrels to 1,116,500 barrels a day. Trouble, in fact, has been encountered in maintaining the restriction of output programme. The independent producing companies in Oklahoma have protested that their State is bearing more than its fair share of the restriction plan. The operators in the Oklahoma City field in particular have demanded an increase in the allowable output of their field to 10 per cent. of its potential production, which is estimated at not less than 5,000,000 barrels a day. The output of the entire State of Oklahoma at the present time is in the neighbourhood of 450,000 barrels a day. The request of the operators of the Oklahoma City field is being considered by the Oklahoma Corporation Commission, and it appears likely that some increase in the output of that field will be allowed. In other producing areas, notably in California, restriction of output is being rigidly enforced, and the improvement in the statistical position of the American oil industry recorded last year has not yet been upset. The refiners have agreed not to "stock up" petrol—the usual practice in the winter in anticipation of the spring demand—but to bring their stocks of gasoline down to approximately 40,000,000 barrels by next April, as against 55,000,000 barrels as at April 1st last year. Crude oil "runs" to refinery stills have, therefore, been restricted to about 10 per cent. below last year's level. Neverthe-

less, gasoline stocks are still increasing, and gasoline prices remain extremely weak. It was, no doubt, with the idea of raising internal gasoline prices that the independent companies demanded a tariff on foreign oil imports and, pending a tariff, an embargo. This was aimed at the large oil groups such as Standard Oil and Royal Dutch-Shell, which are producing in Mexico and Venezuela and shipping part of their output to the East Coast of America. A tariff bill was introduced in Congress and met with considerable support, but has now been postponed until the next session. An embargo on foreign oil is not considered feasible, as it would infringe the commercial treaties existing between the United States and Mexico and Venezuela, but an import tariff sooner or later seems inevitable. To what extent this would affect the Royal Dutch-Shell group is a matter for conjecture. From the competitive point of view, a more serious menace to the Royal Dutch-Shell group lies in the merger between the Standard Oil Company of New York and the Vacuum Oil Company, which has now received judicial approval. These two companies are the chief rivals of the Royal Dutch-Shell group in European and Eastern markets. A merger between the Standard Oil Company of New Jersey and the Standard Oil Company of California is now considered possible. Meanwhile, dividend distributions by both American and British oil companies are bound to be conservative in view of the low level of oil prices. The Standard Oil Company of Indiana has reduced its dividends from \$2.50 to \$2 per share, and the Standard Oil Company of Kansas from \$2 to \$1 per share. The Royal Dutch-Shell Transport final dividends are not announced till June, but it is estimated that, allowing for the effect of lower petrol prices in Great Britain and Europe, and the loss of Shell Union dividends for half a year, Shell Transport and Royal Dutch may suffer a reduction in net revenue equivalent to dividends of 5 per cent. and 4 per cent. respectively.

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Silver and the Producer.—Among the numerous repercussions of the steady decline in the value of silver one of the most significant is the effect of the fall on those mining companies which rely on the silver content of their ore to defray total production costs. During 1930 the cash price of silver fell continuously from 21½d. per troy ounce on January 2nd to 14½d. on December 31st, and the price has since dropped below a shilling. The decline is probably due partly to the same world causes as those which brought about the general fall in commodity prices, and partly to Government sales of silver following the widespread demonetisation of the white metal and the adoption of a gold bullion standard by Indo-China in February last. The last annual returns of the most important silver mining companies reveal that the decline has materially contributed to the decrease in profits in those cases where silver is an important factor in earnings. Thus San Francisco Mines of Mexico reported a decline in profits from £333,589 in 1929 to £88,362 in 1930, though the situation was also unfavourably affected by an uncertain power supply and by the collapse in zinc prices. The profits of Burma Corporation declined from £1,054,842 to £693,603, though the falling off in base metal prices again proved an additional source of loss. Mexican Corporation turned a loss of £23,131 into a profit of £55,171, the loss on silver being more than offset by the successful exploitation of sulphide ores. The position of Santa Gertrudis, whose profits increased from £280,075 to £297,523, was affected by the fact that the growing value of her gold interests, following the decline in commodity prices, offset the poor returns from silver. In all cases the accounts were made up to June or September, 1930, so that the worst effects of the slump were still to come. The problem of the future of silver is undoubtedly difficult. On the one hand it is difficult to censure governments for seeking some cheaper medium than silver for their subsidiary currency, while, on the other, it must be conceded that the effect on Eastern trade, particularly that of China, of a depreciating standard of value must be highly deleterious. Finally, so far as the producers are concerned, since silver is a by-product, any appreciable decline in its value must inevitably be accompanied by an increased cost of production and/or an increased price for the base metals.

Company Registrations in 1930.—The list of company registrations at Somerset House, which is compiled annually by Messrs Jordan and Sons, of Chancery Lane, not unexpectedly reveals a considerable falling off in registrations during last year. The aggregate nominal capital of new companies totalled £103,725,362, compared with £229,568,122 last year, and of that amount private companies accounted for £57,924,827, against £73,375,965. Though the number of private companies increased slightly from 8,049 to 8,082, public company registrations numbered only 328, against 623, bringing the total down from 8,672 to 8,410. Moreover, of the 328 public companies, many represented amalgamations or reconstructions, which are the inevitable corollary of prolonged depression. Messrs Jordan and Son draw attention to certain interesting features of the year, including the collapse of the Allied Stores merger, which promised to be the biggest event of the year, and the appearance of more than forty companies formed to exploit "midget golf" courses, many of which must be already suffering from a marked flagging of public interest. During the year, ten companies were incorporated with capitals of over £1 million, six being in the first half-year and four in the second, whereas ten years ago (in 1921) the number was forty-six. Practically all the "millionaire" public companies were concerned with

iron, coal and steel mergers. The greatest amount of capital among public companies was absorbed by the group "iron, brass, etc.," at £15,700,200, while mines accounted for a further £12,497,955.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Gas Light and Coke Company, Railway Share Trust and Agency, Railway Debenture and General Trust, Sterling Trust, Standard Trust, United States and General Trust, and San Francisco Mines of Mexico. At the annual meeting of the Gas Light and Coke Company the chairman stated that in his opinion it was grossly unfair that a Minister of the Crown, whose duty it was to be impartial, should so far forget his public position as to come forward as special pleader for a particular industry, and not only recommend the use of electricity in general terms, but advocate the installation in particular of electric fires and cookers for domestic use.

CAPITAL ISSUES.

The most important new issue of the week was made by the *Government of India*, which offered no less than £12 millions of stock for cash, a further £5 millions being available for conversion by holders of India 5½ per cent. stock, due January 15, 1932. The new stock has a maximum life of seven years and carries a running yield of 5½ 13s. 6d. per cent and a yield, on redemption in 1938, of 46 0s. 4d. per cent. Early in 1929 the Government of India obtained £9,100,000 in London on a yield basis of almost exactly 5 per cent. A year later, in February, 1930, when political agitation in India had affected the Government's credit, some £5,940,000 (cash) was obtained, for three years, at £11s. per cent. In May the Government borrowed £6,930,000 (cash) on bonds with a maximum life of five years, yielding 46 4s. 9d. per cent.; and in October, £12 millions in bonds, with a maximum life of seven years at 6 per cent. Thus, in little over twelve months, India has obtained nearly £37 millions in the London market, all her issues being on a "short-term" basis (though the "currency" has shown a tendency to lengthen with each issue) at prices which suggest that the authorities regard 6 per cent. as an appropriate index of India's credit at the present time. Despite the political situation, India's finances are in a healthy condition, but her requirements in the next few years must inevitably be considerable, and presumably the Government does not wish to tie India's hands too far ahead. The last two issues, however, have been criticised as having a currency too long for the money market and too short for the private investor. The present issue was rapidly over-subscribed, but fell to a discount of ½ on "stag" selling in the market. A second issue was that of the *Reading Corporation*—a full trustee stock giving a flat yield of a shade over 4½ per cent., which the market regarded as "giving nothing away." The *London and National Property Company* issue of £2 millions 5 per cent. First Mortgage Stock was secured on the new central office block for Shell-Mex. Ltd., which is being erected on the Hotel Cecil site. The issue was made under good auspices, and was quickly subscribed. It represents a type of issue which has become popular during the present period of cheap money, a wealthy group floating a separate property concern which raised debentures on its own security. Other examples have been Cunard House and Lewis's Investment Trust. The method has its advantages from the borrower's point of view, but subscribers should appreciate that their security depends on the earning power of the properties charged.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to February 6, 1931, £11,046,420.
Total, including conversion, recorded January 1 to February 6, 1931, £12,017,563.
National Savings Certificates.
Net sales, week ended February 6, 1931, £550,000.
Total receipts, April 1, 1930, to February 6, 1931, £9,400,000.

	Nominal Capital.	Conversions or Repayments.	New Money Subscriptions.	First Payment.	Further Liability.
To the Public.					
Government of India	17,000,000	5,000,000	115,400,000	850,000	107,900,000
London and National Property	2,000,000	...	1,980,000	200,000	1,780,000
Reading Corporation	700,000	...	696,500	35,000	661,500

Total offered to public, week ended February 14, 1931, 19,700,000 5,000,000 143,165,000 1,085,000 132,315,000

To Shareholders only.					
Calcutta Elec. Supply, 300,000 new ord. £1 at 31s.	300,000	...	455,000	165,000	300,000
Mayfair and General Property Trust, 23,000 7½ cum. pref. shares, £1 at par.	23,000	...	23,000	1,650	21,350
Peacock and Nilambe (Ceylon) Tea and Rubber Estates, 100,000 7½ pref. shares, 2s. at par	10,000	...	10,000	10,000	...

Total offered to shareholders only, week ended February 14, 1931, 333,000 498,000 176,650 321,350

	Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.
Total Offered for Subscription—				
Jan. 1 to date—				
1931	32,382,063	26,410,920	454,888,784	267,800,700
1930	22,557,881	22,557,881	488,764,940	285,239,400
1929	72,300,979	58,726,423	693,100,055	369,058,073
1928	...	129,710,207	...	355,155,970
1927	...	104,911,535	...	230,782,600
1926	...	38,457,373	...	232,214,500
1925	...	21,792,362	...	209,326,101
1924	...	26,624,955	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	24,129,857	371,571	1,909,492	26,410,920
1930	20,913,601	763,262	880,818	22,557,881
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,155,000
1926	145,180,000	39,393,300	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,456,375	...	2,508,632
Total for week ended February 14, 1931	Nil	...	Nil
Total to date, 1931	2,456,375	...	2,508,632
Total to date, 1930	9,414,078	...	9,538,731

Government of India 5½ per cent. Stock 1936-38.—Issue of £12,000,000 stock for payment in cash at 497 per cent. and offer of a further amount of like stock in exchange for holdings not exceeding £5,000,000 nominal of Government of India 5½ per cent. stock, due January 15, 1932, at the rate of £103 12s. 6d. of the new stock for each £100 nominal of Government of India 5½ per cent. stock, 1932, surrendered. The stock is a trustee security. If not previously redeemed, it will be repaid at par on July 15, 1938, but the Secretary of State for India reserves the right, on three months' notice, to redeem the stock at par on or after July 15, 1936.

Reading Corporation.—Issue of £700,000 4½ per cent. redeemable stock, 1931-61, at £99½ per cent. The principal will be repayable at par on March 15, 1961, unless previously cancelled by purchase or agreement, the Corporation having the option of redemption in whole or part on or after March 15, 1931, on three months' notice. The rateable value of the borough of Reading is £693,909, and a rate of one penny in the £ produces about £2,790.

London and National Property Company.—Offer for sale at 200 per cent. of £2,000,000 5 per cent. first mortgage debenture stock. Shell-Mex. Ltd. has agreed to take a lease of the whole of the freehold property on the site formerly occupied by the Hotel Cecil, on which property the stock is secured. The stock is to be redeemed on or before April 15, 1967, by the annual operation of a cumulative sinking fund. The stock not previously redeemed is to be repaid on April 15, 1967, at par.

[Other Stock Exchange information, including the latest summary of balance sheets, oil outputs, reports and notices, profit and loss figures and dividend announcements, will be found on page 373, under the heading "Company News."]

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

	Miles Open.	Week ended Feb. 8, 1931. (000's omitted.)				Aggregate 6 weeks, 1931. (000's omitted.)			
		Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Passenger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.
(b) Week ended Feb. 8, 1931.									
(c) Week ended Feb. 7, 1931.									
Great Western...	3,761	168	186	117	305	471	1,094	1,063	575
Do. for 1930...	3,755	179	270	140	589	1,173	1,278	832	2,110
L. & N. Eastern (c)...	5,362	255	316	248	564	1,646	2,006	1,578	5,230
Do. for 1930...	5,361	289	388	278	666	1,775	2,359	1,669	5,810
Lon., Mid. & Scot....	6,956	378	458	281	749	1,127	2,393	2,648	1,711
Do. for 1930...	6,957	407	561	296	857	1,264	2,842	3,192	1,733
Southern...	2,179	237	58	25	64	321	1,812	358	210
Do. for 1930...	2,179	250	67	27	94	344	1,573	443	199
Total of above...	19,254	1,038	1,028	672	1,700	7,738	6,645	6,113	4,074
Do. for 1930...	19,252	1,125	1,236	741	1,977	8,102	7,063	7,279	4,433
Metropolitan (c)...	59	30.2	4.2	...	34.4	190.3	24.1	...	...
Do. for 1930...	59	31.7	4.3	...	36.0	199.9	24.4	...	...
Unigad, E.R. (c)...	...	28.5	...	...	28.5	181.4	...	...	...
Do. for 1930...	...	28.8	...	...	28.8	189.3	...	...	...
Lon. & S.W. Grp. (c)...	...	40.7	...	...	40.7	229.7	...	...	...
Do. for 1930...	...	41.4	...	...	41.4	236.6	...	...	...
* Belfast (C.I.W. (b)...	80	1.8	...	...	2.5	10.5	3.7	...	...
Do. for 1929...	80	1.9	...	...	2.9	10.9	3.9	...	...
* Gr. Northern (c)...	562	3.8	12.2	...	22.0	37.3	83.1	...	...
Do. for 1929...	562	11.4	11.2	...	22.6	50.9	71.8	...	...
* Gr. Southern (b)...	2,188	21.7	44.9	...	66.6	99.7	208.5	...	...
Do. for 1929...	2,188	23.1	46.1	...	69.2	111.0	216.6	...	...

* Aggregate 5 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal ...	45	Jan. 10	1,306	3,89,000	- 52,449	1,60,60,315	- 9,72,185
Barelly L.R. ...	42	17	202	33,500	- 18,400	15,81,800	- 4,32,800
Bengal & N.W. ...	16	17	2,078	6,33,352	- 1,15,487	89,77,391	- 16,05,253
Bengal-Nagpur ...	41	10	3,173	15,40,000	- 4,31,024	6,21,22,458	- 91,24,267
Bombay, Bar. & C.I. ...	44	31	3,094	25,94,000	- 1,00,000	8,81,49,000	- 77,49,000
Madras & S. ...	3	17	3,229	15,14,000	- 1,16,830	6,33,43,350	- 1,06,75,420
* Rohilkhand ...	15	17	168	27,42,495	- 2,42,495	...	- 1,58,000
South Indian ...	42	17	2,407	9,50,553	- 1,46,943	4,97,55,507	- 36,20,980

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	4	Jan. 31	204,313	4,808,328	12,727,5	13,758,875	3,664,297
Canadian Pacific...	5	Feb. 7	114,740	2,662,000	429,000	14,080,000	2,023,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia) ...	6	Feb. 8	804	27,210	- 3,010	141,490	- 40,410
Argentine N.E. ...	31	7	753	12,400	- 2,700	445,500	- 36,500
Argentine Transand. ...	31	7	1,111	3,184	- 2,211	110,731	- 37,347
B.A. and Pacific ...	31	7	2,805	149,000	- 24,000	3,940,000	- 857,000
B.A. Central ...	32	8	...	11,349	- 1,925	399,569	- 26,447
B.A. Gr. Southern ...	32	7	5,009	284,000	- 28,000	6,502,000	- 1,075,000
B.A. Western ...	32	7	1,625	75,000	- 20,000	2,211,000	- 560,000
Central Argentine ...	32	7	3,442	239,000	- 30,000	6,382,000	- 1,000,000
Central Uruguay ...	32	7	273	34,273	- 1,550	290,754	- 19,796
C. Urug. (East) ...	32	7	311	8,499	- 2,512	212,322	- 3,212
C. Urug. (W. Ext.) ...	32	7	185	3,434	- 488	111,136	- 2,819
C. Urug. (W. Ext.) ...	32	7	211	3,659	- 244	94,851	- 7,259
Cordoba Central ...	32	7	1,218	53,000	- 3,000	1,867,000	- 87,000
Entre Rios ...	32	7	804	38,200	- 700	861,900	- 40,300
G. Western of Brazil ...	6	7	1,052	10,200	- 11,000	58,500	- 8,200
Leopoldina ...	6	7	1,135	24,227	- 15,272	1,123,854	- 68,172
Leopoldina Terminal ...	6	7	...	Rs. 275,000	- 54,000	1,424,000	- 172,500
Nitrate (monthly) ...	† 1	Jan. 31	410	14,442	- 18,841	27,875	- 35,450
San Paulo ...	5	Feb. 1	1,153	32,907	- 19,726	159,661	- 49,050
United of Havana ...	32	7	1,369	58,329	- 44,403	1,093,937	- 610,573

† Months.

OTHER OVERSEAS.

Gr. Southn. of Spain ...	5	Jan. 31	104	Rs. 83,351	- 44,978	404,950	- 191,069
Mexican Railway ...	5	Feb. 7	483	814,000	- 51,400	1,063,100	- 201,000
Paraguay Central ...	32	7	274	3,300	- 610	117,930	- 13,800
Salvador ...	32	7	100	6,010	- 1,322	94,833	- 37,028

TRAMWAYS WEEKLY GROSS RECEIPTS.

				£	£	£	£
Anglo-Argentine ...	5	Feb. 4	329	74,487	- 9,959	369,734	- 45,944
B. Aires Tramways ...	32	8	...	12,397	349	368,231	16,1
Liverpool Corp. ...	5	4	124	27,723	1,445	113,090	11,3
Madrac Electric ...	+1	Jan. 31	...	Rs. 47,784	+ 2,824	101,029	+ 6,7
L.C.C. Tramways	44	Feb. 4	166	78,940	3,537	3,642,881	71,9

COMPANY MEETINGS &c.

GAS LIGHT AND COKE COMPANY.

COMPANY'S BUSINESS "SOUND TO THE CORE."

GOVERNMENT BOOSTING OF ELECTRICITY.

A VIGOROUS PROTEST AGAINST DISCRIMINATION.

SIR DAVID MILNE-WATSON'S SPEECH.

The ordinary general meeting of the Gas Light and Coke Company was held, on the 6th instant, at Horseferry Road, Westminster, London, S.W.

Sir David Milne-Watson, LL.D., D.L. (the Governor), presided.

The Secretary, Mr W. L. Galbraith, read the notice convening the meeting. The report and accounts were taken as read.

The Chairman, in moving the adoption of the report and accounts, said: I propose first to deal with the capital account. We have expended during the year a total of £1,005,000. We have depreciated our ships and stoves by £117,000, making a net increase in the capital of £888,000.

Expenditure this year has been exceptionally heavy, partially due to the large number of mains which have had to be laid in the areas we have taken over in recent years, and also to the work we have done at the request of the Government in respect of gas-holders, mains, and other plant.

AN EXCEPTIONALLY MILD YEAR.

You will have seen from the report that we have experienced a decrease in business of 2½ per cent. During the second half of the year the increase in our business was normal, but it was not sufficient to make up for the decrease in the sales of gas during the first part of the year, when we experienced exceptionally mild weather. In the year 1929 we had an abnormal increase in the first six months of over eight per cent. owing to the severe climatic conditions then prevailing and, therefore, it was only to be expected that with a mild winter in the following year there would be a falling-off in gas sales. There is no reason, therefore, for anxiety with regard to the company's position. During the year we had an addition of 25,000 consumers and sent out 90,000 additional gas appliances. This is eminently satisfactory, and in due course we shall reap the reward.

The decrease in gas sales cost the company £180,000.

The cost of coal was more by £75,000, due chiefly to the fact that the percentage of coal gas made was larger than in the corresponding period. This led to a reduction in the proportion of water gas made and there was a saving of £52,000 on oil.

SERVICE TO THE CUSTOMER.

The large figure spent on repairs and maintenance of mains and service pipes, repair and renewal of meters and stoves is an indication that the company is pursuing its established policy of giving satisfaction to its consumers. Rentals of meters and stoves show a satisfactory increase. With regard to residuals, coke and breeze show an improved position, having brought in over £100,000 more. Tar and its products were not so satisfactory, and the revenue from them shows a reduction, a matter which we hope may be remedied in future years. The one feature which is thoroughly unsatisfactory is sulphate of ammonia, on which, in 1929, we made a profit of £77,000, and last year a loss of £16,000. For this unpleasant result the company is in no way responsible.

UNSATISFACTORY SULPHATE MARKET.

The unsatisfactory market position has been brought about by the large quantity of nitrogen which is now being extracted from the air by synthetic plants, not only in Great Britain, but also in Germany, France, Italy, the United States, Japan, and elsewhere. There is no prospect of the situation improving, inasmuch as it is the policy of the countries mentioned to possess their own nitrogen plants, not only for producing the fertilisers they require but also as a home source of nitrogen in the event of war. We received about £12 a ton for sulphate before the war, and to-day we obtain less than £5 per ton. We cannot avoid the manufacture of sulphate of ammonia, as we are not allowed to run the ammoniacal liquor into the sewer and are compelled to work it up into sulphate of ammonia. We are doing all we can to find means to remedy the position, and research is taking place all the time to see whether any other use for ammoniacal liquor can be discovered.

DIVIDENDS.

The balance transferred from revenue to profit and loss was £1,810,000, as against £1,883,000 for the previous year. This balance,

after allowing for interest on borrowed money and dividends distributed in respect of the June half-year, leaves £804,000, from which to pay dividends for the December half-year.

This enables us to declare the usual dividends on the 4 per cent. consolidated preference stock and the 3½ per cent. maximum stock, and a dividend at the rate of £5 12s. per cent. per annum on the ordinary stock. These dividends leave £122,000 to be carried forward to the credit of the current year's account, as against £160,000 last year.

THE LORD MAYOR AT BOW COMMON.

With regard to the company's works, everything is being done to keep them thoroughly up to date. At Bow Common the works have been reconstructed and in June the Lord Mayor of London did us the honour of opening them officially. Work is progressing on a large installation of coke ovens at Beckton, a reconstructed retort house has been completed at Fulham and another at Nine Elms, and at Brentford and Southall the work on vertical retorts and other plant is nearing completion.

NEW SHOWROOMS.

New showrooms have been opened at Barking Road, and others are in course of erection at Woodford, Harrow, Hackney and Acton, and we have acquired sites at Billericay, Rayleigh and Wickford for further showrooms.

The Grays and Pinner Gas Companies were taken over at the beginning of last year and the reorganisation of these new districts is nearing completion. There is no doubt that they will prove of great value to the company.

NEW GASHOLDERS.

New gasholders have been erected at Southall and Richmond, and others are in course of erection at Beckton, Battersea, Kensal Green and Harrow. Considerable discussion arose as to the Harrow gasholder and strong local opposition was encountered on the score that it would spoil the view from the top of Harrow Hill. The Harrow District Council, however, after discussing the matter, dropped their opposition on the understanding that they are to be notified when we reach 180 feet and that they should be allowed to have a say with regard to the painting of the holder.

In the summer of 1929 we were approached by the Government and asked whether we would put certain constructional work in hand at an earlier date than otherwise, on the understanding that the interest on the money so expended would be found for us for a period of years. We agreed, and accordingly we are in the process of expending some £500,000 or £600,000 on plant which will, of course, be ultimately needed. The work is proceeding rapidly and the expenditure for the year is included in the capital expenditure already referred to.

You will realise that during the past year we have not been idle but have been pressing forward with work for the ultimate benefit of the company. In this connection we are actively continuing our research work, without which little real progress can be made.

LOW TEMPERATURE CARBONISATION.

The low temperature plant at Richmond has been operated during the year, and we have come to an arrangement with the Government Department concerned to carry on work there for another year. "Gloco," the smokeless fuel produced, has been generally considered satisfactory. Unfortunately, however, the process has not been a commercial success. The tar produced has been found unsuitable for roadwork and is only at present saleable for fuel. Research is being actively carried on, however, in the hope of finding some better use for this product.

The Coal Mines Bill has now become an Act, but it is perhaps too early to say what its effect will be so far as the gas industry is concerned.

SOUTHEND-ON-SEA AND BRENTWOOD COMPANIES.

The company is promoting a Bill to provide for the transfer to this company of the undertaking of the Southend-on-Sea and Brentwood Companies, and for such other purposes as will be explained

to you at the extraordinary general meeting to follow at the close of this meeting.

During the autumn we made an issue of 2½ million 4½ per cent. redeemable debenture stock, which was applied for no less than twenty-six times over. It is very gratifying to find that the public hold gas stocks in such high repute.

PROTEST AGAINST MINISTERIAL PROPAGANDA FOR ELECTRICITY.

I should like to draw your attention to a subject on which we feel very strongly, namely, the boosting that is being given to electricity by the Government and many local authorities. I am not complaining particularly of this Government, as we experienced the same thing under the previous Government, and apparently it is becoming the common practice in Government circles, whatever their complexion. Recently we had the spectacle of the Minister of Transport holding meetings in the cities of London, Manchester, Leeds and Glasgow, and I wish, on behalf of this company and the industry generally, emphatically to protest against his action.

It is grossly unfair that a Minister of the Crown, whose duty surely it is to be impartial, should so far forget his public position as to come forward as special pleader for a particular industry, and not only recommend the use of electricity in general terms, but advocate the installation in particular of electric fires and cookers for domestic use. We may ask ourselves how a Minister of the Crown thinks that he is benefiting the country by advocating the displacement of gas fires and cookers by electric fires and cookers. What advantage is it to the unemployed of the country if a gasworker is put out of employment in order that an electrician may be found work?

STRANGE IDEAS OF "FAIR PLAY."

It will be a bad day for Governments and for industry if this precedent is followed and if Ministers of the Crown are engaged in boosting and advertising particular trade interests to the detriment of others. What would be said if the President of the Board of Trade were to stomp the country in support of gas at the expense of electricity, or in favour of motors as against railways? Not long ago the Minister of Transport, in speaking at a public meeting, called attention to the way the gas industry fought, and apparently he thought he was making the "amende honorable" in so doing, very much as if a warrior, after beating down an opponent by unfair means, called upon his followers to admire the fortitude and fighting qualities of the man he was trying to destroy. No! These are not our ideas of fair play. The unfortunate part of it is that the injustice does not end there, as the example set by a Minister of the Crown is followed by local authorities owning electricity undertakings where, taking heart no doubt from the lead given them, they do everything in their power to prevent the tenants of their housing estates from using gas.

The following letter was recently addressed to the tenants of Council houses by the Clerk of a Corporation in the North of England:—

"It has been brought to the notice of the Corporation that the gas company have been canvassing tenants of the Corporation houses with a view to having gas installed.

"I am, therefore, instructed to inform you that, by the terms of your tenancy, you are not entitled to agree to the gas company installing gas in your premises, without the previous consent, in writing, of your landlord, the Corporation.

"In no circumstances, therefore, must you permit gas to be installed in your premises. If this is done it will be regarded as a breach of the conditions of your tenancy, and the Council will be compelled to serve notice to quit and take steps to obtain possession of your house."

In a part of our own district the Local Council concerned, who are the landlords, went so far as to ensure that the gas pipes which had been installed in the houses should not be used for a gas supply for any purpose by taking the extreme step of filling these pipes with liquid cement.

IS THIS A FREE COUNTRY?

We rub our eyes and wonder if we really live in a free country. This conduct is all so un-British. It is a breach of two principles to which we have laid claim with pride in this country—first, liberty of the subject, and, second, unbiased administration of their districts by the local authorities—and strong steps ought to be taken to prevent its continuance. When one reads of all this activity on the part of this particular Minister, one begins to wonder whether an element of doubt is creeping into the minds of those responsible as to whether the electricity scheme is going to be the financial success promised. Will the Government be called upon ultimately to implement the guarantee they have given? Might not this account for some of the desperate remedies adopted and for the abnormal activity of the Minister of Transport at the present time?

INDUSTRY FETTERED BY OUT-OF-DATE ACTS.

There is another matter on which I desire to say a few words, namely, the dilatoriness of Government departments in dealing with new legislation urgently required by statutory industries. We, as everyone knows, carry on our business under certain general Acts of Parliament. These general Acts of Parliament can really be regarded as the minutes of a superior board of directors. The principal provisions under which we work date as far back as 1847, when gas was a monopoly. To-day, as you are all aware, it is not a monopoly. It is face to face with acute competition not only from electricity but also from oil, and yet we are still fettered in many respects by the operation of out-of-date Acts. It is true that Parliament gave us some relief in 1920 and again in 1929, but delay after delay is encountered when we endeavour to get the industry put upon a proper basis. The Government National Fuel and Power Committee recommended in 1928 that certain alterations should be made in the general law governing gas undertakings, and this was recommended even more strongly by the Government Area Gas Supply Committee last year. For some time we have been agitating to obtain amending legislation to give us the freedom already accorded to our electrical rivals, but so far all we know is that a Committee is being established to consider the matter. We are thankful, however, for small mercies, and I would therefore urge that the Committee should get to work at the earliest possible date and legislation immediately follow.

DELAYS SERIOUS FOR THE INDUSTRY.

These delays are most disheartening and very serious for the industry. A year is a long time in our history, although it may not seem so to the politician. When it is unanimously admitted that there are grievances which ought to be put right, what would be thought of a board of directors who postponed carrying out reforms for two or three years because they would not give the time for their discussion? If Parliament assumes the role of a directorate and takes upon itself the control of an industry, the least it can do is to give sufficient time to attend to that control, and if things are wrong put them right forthwith. I am not complaining of any particular department, but I am complaining of the attitude Governments adopt towards statutory industries which in effect they control. It is the fashion to say that more industries should be controlled, and my reply is that until we see that control is not another word for delay, the country should be most reluctant to allow any other industries to be put under Government control.

I think I would be lacking in my duty if I did not refer to the serious position in which this country finds itself to-day.

It used to be the accepted maxim that one should live within one's income—and I for one believe that this simple maxim is as true to-day as it was. It is important for an individual, and for a trading concern, but even more for a Government, whose expenditure for the most part is unproductive.

NEED FOR ECONOMY.

This fundamental principle of economics is easily understood by everyone, but is being lost sight of at the present time, and the public mind confused by the different and contradictory theories put forward by financial experts.

Theories with regard to the influence of the gold standard, over-production and lack of purchasing power are no doubt important subjects for discussion. We may, however, have to wait a long time for a solution of these questions. In the meantime, what can we do to help ourselves? The principal thing is to give up extravagance, and not pursue a policy of spending what we cannot afford. This is a thing that can be put in hand immediately while we are waiting for these world problems of over-production, distribution of gold, etc., to be discussed and, if possible, settled by the experts. There was a time, not so long ago, when taxation was considered as only to be resorted to with reluctance, but now no further excuse for taxation is considered necessary than that the object is desirable, whether the country is in the position to afford it or not. Until the country comes to its senses on this subject, there is no hope for a general improvement.

THE COMPANY'S FOUNDATIONS SOUND.

Coming back to our company, I may say that I consider our business sound to the core, and, provided the dice are not loaded against us with regard to boosting electricity and that the price of coal is not unduly increased by Government intervention, the prospects of the company are excellent.

Before I close I should like to pay tribute to the good work done during the past year by all ranks in the company. We have an excellent general manager in Mr Foot, and a most capable chief engineer in Mr Hardie. Our controller of gas sales, who is so well known for the good work he has done for the gas industry, was appointed chairman of the Government Committee on Education for Salesmanship, and was recently knighted by his Majesty the

King. I am sure you will wish to join with me in heartily congratulating Sir Francis Goodenough on this honour.

BENEFITS OF CO-PARTNERSHIP.

Our co-partnership scheme attained its majority last year. Since its inception there has been a steady growth of the co-operative spirit in the company with an increased realisation by the co-partners of the value of the common good. This co-operative spirit has contributed very largely to the success of the company, and I should like to say how gratified I am when, from time to time, I get unsolicited testimony from gas consumers saying how considerate, attentive and anxious to please our staff is. This, I think, is the best test of the working of the co-partnership ideal in the company.

It is, indeed, no longer a question of taking things easily and waiting for business to come. It is a struggle all the time. For that purpose we are continuing to train our staff for the strenuous fight that lies before us. No effort will be spared to see that the company's work is well done and that the consumer is given complete satisfaction.

The report and accounts were adopted.

At the subsequent extraordinary general meeting, the Chairman explained that the main object of the Bill was to take over the Southend-on-sea and Brentwood Gas Companies' areas, which were promising and capable of satisfactory development.

The Bill also proposed to give the company power to invest a certain amount of money in concerns closely allied to their business.

THE BASIC PRICE.

He added: Perhaps the most interesting section of the Bill is the one in which we propose to adopt what is called the basic price principle—a method which Parliament has already agreed to in the case of the South Metropolitan Gas Company and other London and Provincial companies. The adoption of the principle will be to the advantage of the company as well as to the consumer.

A resolution that the Bill be approved was adopted.

STANDARD TRUST, LIMITED.

SATISFACTORY INVESTMENT POSITION.

The twenty-eighth annual general meeting of the Standard Trust, Ltd., was held, on February 11th, at the company's office, 25-31 Moorgate, London, E.C.

Mr Richard S. Guinness, who presided in the absence through indisposition of the chairman of the company (Mr Alfred Shepherd, W.S.), read the speech prepared by that gentleman, in the course of which he said that the income received was larger by nearly £7,000, due to a considerable extent to the new money received during the year. The directors now recommended final dividends on the increased capital of 2½ per cent. on the preference stock and 6 per cent. on the ordinary stock, transferring to staff superannuation fund £584 and £10,000 to general reserve, bringing the latter up to £150,000.

On the assets side the investments had increased by about £200,000. As to the valuation of their investments, in view of the general condition prevailing in most countries it was to be expected that there would be a considerable fall. The valuation now made showed a depreciation of 12·13 per cent. on the balance-sheet figure, but against that there was the reserve fund and carry-forward. If these were deducted from the cost the loss was reduced to under 4 per cent. on the book value, a position which he thought might be considered not unsatisfactory.

With regard to the distribution of investments in Australia and New Zealand, the trust had a percentage of 4·63. These investments were almost entirely ordinary investments such as a trust company would be likely to make in companies operating in Australia, and only 1·3 per cent. of their investments was in companies domiciled in Australia, where repayment, if made, or realisation, if effected, would be in Australian currency.

Within the last month or so shareholders had had the opportunity of hearing or reading the views of eminent bankers and economists on the present position of trade and financial affairs. He hesitated to criticise the views of these gentlemen, but with all deference would like to express his opinion on two points—first, that it seemed to him the curtailment of expenses and the practising of strict economy on the part of individuals, public bodies, and the Governments were essential; and, secondly, that no one should allow anything to interfere with the policy of thrift which he was sure could not materially injure the prospects of a revival of trade and prosperity in this country, and could only endure to the advantage of those who practised it.

The report and accounts were unanimously adopted, and the dividends recommended were approved.

STERLING TRUST, LIMITED.

DIVIDEND MAINTAINED—ECONOMIC POSITION AND OUTLOOK.

The fourteenth ordinary general meeting of the Sterling Trust, Ltd., was held, on the 10th instant, at Winchester House, Old Broad Street, London.

Sir George A. Touche, Bart., who presided in the absence, through indisposition, of the Chairman (Baron Emile d'Erlanger), said that the accounts submitted related to a year of extraordinary depression, the intensity of which, and the consequent cheapness of money, had dominated the course of investment values. In these circumstances, it was gratifying to know that the experience of this Trust was better than that indicated by the movement of values generally. While they had suffered a shrinkage in market values, he was glad to say that, owing to careful selection and the provision which had been made for contingencies in past years, the valuation on December 31st last of their 544 investments exceeded in the aggregate the sum of £4,939,068 at which they stood in the balance sheet. That they were able, after nearly two years of crumbling prices, to report any margin over book value was very encouraging.

COUNTRY'S ECONOMIC POLICY.

Whether they would long continue to be able to say there was no depreciation depended in substantial measure on the conditions which might prevail in this country. They could hardly be worse than they were at present. The pity of it was that we appeared to be making no satisfactory progress towards a better state of affairs. If a trade revival came we were far from being in a good position to take advantage of it in competitive markets. Our costs were all wrong. Our industries were overburdened by legislative interference and taxed out of the running. Happily, there were evidences that we were on the eve of great changes in the economic policy of the country. Bankers, industrialists and the more thoughtful and observant elements in the Labour party were all realising the folly of slavish persistence in fiscal methods which belonged to the days when men played cricket in tall hats. Right-thinking about economics, however, was hardly yet an attribute of our 28 million electors. The stability of the nation's financial fabric, already threatened, depended on how these puzzled electors might vote; yet they did not even know that it was they who would suffer most if the fabric fell.

The fact that at present the largest percentage of the investments of this Trust was in Britain would not be mistaken as an indication of satisfaction with existing conditions. It represented rather a conviction that the common sense of the nation would insist on a return to methods of economic sanity.

The income from their holdings in the past year, at £277,718 showed an apparent reduction of nearly £4,000, but the income was shown after deduction of tax, and £6,600 more had been deducted in 1930 than in 1929. The apparent decrease, therefore, was more than accounted for by the marauding instincts of the Chancellor of the Exchequer, who, under the Finance Act, 1930, added another 6d. to the already penal rate of income tax. That Act was the dirge of industry and the presage of increased and continuing unemployment. It could not be expected that prosperity would be restored unless the present crippling expenditure was reduced enormously. Considering the many defaults the past year had seen, and the dividends which had been passed or reduced, the experience of this Trust spoke well for the discrimination with which its investments had been selected.

DIVIDEND.

The dividend for the year on the ordinary shares was being maintained at 14½ per cent., and a balance of £80,154 was being carried forward, being, in substance, a supplementary reserve. It made the reserve virtually £555,000, or more than 63 per cent. on the ordinary capital. It would have been possible to increase the dividend to 15 per cent., but the directors would rather progress slowly than have to go back.

Nobody really knew what the future had in store except that whether flowing or ebbing, every tide would turn. People were asking: When and where will the turn for the better begin? It was easier to answer the second part of the question than the first. There were many who believed it would begin in the United States of America and flow over the border to Canada. As yet there was no convincing sign that the decline was at an end in either of those countries. It was, however, anticipated by those who had made a close statistical study of what had happened after past periods of sub-normal business that the decline would cease in the present half-year and that a moderate improvement would ensue. An upward turn certainly seemed about due, but it could not help revenues of the current year. For this reason, if for no other, the directors would like to see a little more of the trend of events before considering any increased distribution.

The report and accounts were unanimously adopted.

UNITED STATES AND GENERAL TRUST CORPORATION, LIMITED.

APPRECIATION OF INVESTMENTS.

MR MELVILLE BALFOUR'S REVIEW.

The forty-first ordinary general meeting of the United States and General Trust Corporation, Ltd., was held, on the 12th instant, at the registered office, Gresham House, Old Broad Street, London, Mr Melville Balfour, M.C. (the chairman of the company), presiding.

The secretary (Mr Hildred Carlisle) having read the notice convening the meeting and the report of the auditors,

The Chairman said: The gross revenue shows an increase of some £8,000 over that of last year, but this is on a larger capital, we having since last February issued the small balance of the authorised share capital and the unissued debenture stock, the proceeds of which the company has not had the full use of during the period covered by this report.

After paying debenture and preferred stock interest, we are able to recommend that the same final dividend as last year—namely, 9 per cent., making 14 per cent. for the year—be paid, and to carry forward an increased amount of £27,255 12s. 5d., as against £12,161 5s. 3d. in the previous year.

CAPITAL VALUES.

As regards capital values, we are able to state that there was a surplus over the book cost of investments of about £100,000 on December 31st, which was not the best day to make a valuation. This surplus shows a shrinkage of slightly less than 10 per cent. on that existing on the corresponding date last year. Under the very exceptional conditions that have prevailed during the past twelve months I hope the stockholders will not think this unsatisfactory. Too much importance need not be attached to this valuation, the supreme test of a security being the revenue it produces, its value being susceptible to a variety of influences, political, economic and financial. If values were abnormally high two years ago, during the past few months some of them have been abnormally low; the pendulum has swung a long way in the opposite direction. At one time in recent years, when 3½ per cent. Conversion Loan, now quoted at 81, stood at 72½, no one suggested then that because of this it was necessarily a bad investment.

WORLD CONDITIONS.

It is quite outside the province of this meeting to attempt to analyse the causes of the recent depression, which have probably been more acute and prolonged than anyone living has experienced. Some distinguished authorities appear to disagree on the subject, and it is easy to become involved in a vicious circle of politics and economics and of cause and effect. The price of the world's chief products has been disastrous and the purchasing power of nations reduced to the lowest level, but, if one looks at the political and economic conditions of such countries as Germany, Russia, India, Egypt and Australia, not to mention South America—where most of the countries have been in a state of open revolution—it is not to be wondered at that trade is bad, but rather that there is as much trade as there is.

CURRENT YEAR'S PROSPECTS.

That this state of things can continue indefinitely is unthinkable, and the pendulum will surely swing in time, if slowly, to greater prosperity. There must, however, be an unpleasant aftermath, and it is not easy for a company such as this to forecast its revenue for the current year with the same accuracy as usual. There are bound to be serious reductions in certain dividends, and the possibility of default in more than one country cannot be ignored. It is therefore satisfactory to have an amount carried forward which is equal approximately to 5 per cent. gross on the deferred stock.

DIVIDEND.

I now have to propose: "That the report and accounts, as presented, be and they are hereby received, approved and adopted, and that dividends of £2 10s. per cent., less income tax, on the preferred stock, making with the interim dividend 5 per cent. for the year, and £9 per cent., less income tax, on the deferred stock, making with the interim dividend 14 per cent. for the year ended December 31, 1930, be and the same are hereby declared."

Mr F. H. Ramsden seconded the resolution, and it was carried unanimously.

The retiring director, Mr Melville Balfour, M.C., was re-elected, and the auditors, Messrs Price, Waterhouse and Company, were reappointed.

SAN FRANCISCO MINES OF MEXICO, LIMITED.

EFFECTS OF LOW METAL PRICES.

The eighteenth ordinary general meeting of the San Francisco Mines of Mexico, Ltd., was held, on the 12th instant, at Winchester House, Old Broad Street, London.

The Right Hon. the Earl of Denbigh, K.C.V.O., who presided, said: I need hardly remind you that since October, 1929, the beginning of the financial year under review, prices of all commodities have suffered severely as a result of the extraordinary depression which has spread over the world. This has affected the values especially of raw materials, and of metals not the least. Perhaps production during the few years to 1929 had gone ahead rather too fast, but the main trouble has been due to the quite exceptional falling off in consumption, with the result that, although the position led to an appreciable reduction of the world's metal production in 1930, consumption has declined at an even greater rate and unsold stocks have grown instead of falling off as a result of the generally lower output. Happily we sell our product currently and therefore have not to carry stocks, but the prices we have received have, of course, been influenced by the general position. For the twelve months to last September lead averaged £19 13s. 10d. per ton as compared with £23 2s. 5d. in the previous year, zinc £18 12s. 6d. per ton as against £25 16s. 2d., and silver 20·9d. per fine ounce as against 27·5d., the average fall in all three metals being 22 per cent.

The scale of our production increased from 307,450 tons of ore in 1928-29 to 337,480 tons in 1929-30. In spite of a very satisfactory reduction in costs, our profits suffered severely, especially as regards zinc. The operating profit has been brought down from £415,267 to £165,359, and our net profit from £333,589 to £88,361, while the dividend of 1s. for the year compares with 3s. 9d. The amount carried forward is increased from £172,565 to £182,653.

THE ORE RESERVES.

There has been a very considerable advance in our ore reserves, those blocked out increasing from 1,458,900 to 1,763,600 tons, or by 21 per cent., and the partly blocked out from 435,600 to 552,900 tons, or by 27 per cent. The Brown vein continues to develop well and is likely to bulk increasingly as compared with the San Francisco vein. Of the reserves 54½ per cent. apply to the San Francisco vein, 20½ per cent. to the Brown vein, 10½ per cent. to the Footwall vein, and 10 per cent. to the Madronos vein, other lesser veins making up the balance. A year earlier the proportion applying to the Brown vein was only 8 per cent.

Metal prices have been falling almost monthly for a long time. So great has been the decline that lead, zinc and silver, taken together are now standing, after allowing for the improvement of 10 per cent. in the past two or three days, at about 55 per cent. of the prices of 1913, a result which even a few months ago one would have thought to be out of all reason. The new financial year has therefore not opened well. Though we increased the output to 136,340 tons for the four months to January, as compared with 94,010 tons for the corresponding period of the previous year, our declared operating profit has amounted to only \$156,496 as compared with \$294,521.

While our position as regards profits is for the time being greatly influenced by the state of affairs in the world to-day, there is another side to the picture. You may be assured that when metal prices recover, we have a mine with an exceptional quantity of ore reserves awaiting treatment. While we must expect the San Francisco vein, which has served us so well and will continue to do so for many years to come, to recede in importance as time goes on, we are being reinforced to a substantial extent by the Brown vein, as I have already mentioned, and, apart from our original property, we have added considerably to our mining area with a view to securing the future. In the Clarines we have a mine which we hope will prove to be a considerable asset, and we have already in that mine, as a consequence of the small amount of development already done, some hundreds of thousands of tons of ore which we do not take into our calculation of reserves as it will not be available until transport arrangements have been made. The San Francisco mine is in good shape, and the operating cost last year was 16s. 7d. per ton as against 19s. 1d. in the previous year, while all we require to enable us to show good profits is a satisfactory level of metal prices. One can perhaps get some encouragement from the fact that during the five years to September, 1929, although metal prices in general fell during the period, we were able, by increasing the milling capacity and reducing the operating cost per ton, to show net profits averaging £314,000 per annum, while we paid dividends of either 3s. 9d. or 4s. each year. The period under review has unfortunately broken the sequence, and I do not venture to say what the current year will show, but I do feel that the present condition of world affairs is altogether abnormal, and that after a time we shall again be able to show much better results.

The report and accounts were unanimously adopted.

RAILWAY SHARE TRUST AND AGENCY COMPANY, LIMITED.

CAPITAL AND RESERVE INTACT.

The forty-second ordinary general meeting of the Railway Share Trust and Agency Company, Ltd., was held, on the 12th instant, at Winchester House, Old Broad Street, London, E.C.4.

Mr Richard S. Guinness (the chairman) said that the past year had witnessed contraction of trade in practically every industry, and the precipitate fall of commodities had caused severe and widespread dislocation in the commercial and financial world. The depression had grown in intensity, and to-day showed little, if any, sign of lifting in the near future. Their company, even with its well-distributed list of investments, had felt the effects of the depression, and for the first time for several years the revenue showed a decrease—only about £1,000—instead of an increase. By far the most important reductions were in respect of their South American holdings. These alone accounted for more than the difference shown in the total revenue.

The company's chief holdings in South America were in the leading railways of the Argentine Republic, and, while they might look for a further reduction in the dividends to be received in the present year, the companies were so well and conservatively managed that any improvement in the conditions obtaining in that country should soon be reflected in a return to normal dividends. The board recommended a final dividend of 6 per cent. upon the ordinary stock, making with the interim dividend 10 per cent. for the year, and leaving £25,784 to be carried forward.

The valuation of investments made as at January 15th last showed that both capital and reserve account were intact, and in addition he was pleased to say that, notwithstanding the severe fall in values which had taken place during the past year, there was still a substantial surplus over and above the amount at which the investments stood in the balance sheet. (Applause.) In November last the board decided to take advantage of the demand for high-class fixed interest-bearing investments, and placed £100,000 4½ per cent. debenture stock on just under a 5 per cent. basis. A good deal of that money had still to be invested, and as no interest was credited until actually received, the revenue for the past year had received no benefit from the investments that had been made, although the interest accrued on the stock issued had been charged.

The report and accounts and dividends recommended were unanimously approved.

RAILWAY DEBENTURE AND GENERAL TRUST, LIMITED.

DIVIDEND MAINTAINED.

The fifty-eighth ordinary general meeting of the Railway Debenture and General Trust Company, Ltd., was held on the 12th instant, at Winchester House, London.

Mr Richard S. Guinness (the chairman) said that a year ago he had referred to the general fall in values all over the world. The difficulties that they were then facing had, however, become during the year very much accentuated, and there would be general agreement that the Trust's revenue account had held up well, as it showed an increase of nearly £1,000 in the interest received from investments. The board were therefore enabled to recommend the same dividend as last year, after once more transferring £15,000 to reserve. The defaults and reductions in dividends experienced were directly due to world conditions, and a large proportion arose from the Trust's holdings in the ordinary stocks of the Argentine railways.

The board did not anticipate, unfortunately, any improvement in revenue from those holdings during the coming year: in fact, in their estimate they had allowed for further considerable reductions in income. It had been an unusually difficult matter to make an estimate of revenue for the coming year and the directors could only hope that they had been conservative. The result indicated, however, that although the income would show a fall, it should not on estimate be of sufficient extent to alter materially the transfer to reserve or to prevent the maintenance of the present dividend. At the same time, in deciding on the dividend declaration next year the board would be largely influenced by the conditions then ruling, and although in theory the amounts transferred to reserve account were available for distribution as dividend, to encroach upon that account or to make any substantial reduction in the annual allocation to that account in order to maintain the dividend would be reversing the policy that had proved so successful in the past.

Of the total investments of the company, 70 per cent. was in bonds and Government loans, and 14½ per cent. in preference shares; consequently, in respect of some of those fixed interest bearing securities which were or might be temporarily in arrear, the interest should be recovered in future years.

The valuation showed a further depreciation on the year, the amount being £226,000, equivalent to nearly 8 per cent. upon the book value of the investments, or a fall of 6½ per cent. during the year.

The report and accounts and the dividend recommendation were unanimously approved.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended February 7, 1931, amounted to £36,969,900 against ordinary expenditure of £22,586,700. After allocating £490,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £238,653, the week's operations, as shown below, reduced the National Debt by £13,655,000 to £7,707,509,000:—

(000's omitted.)			
	£		£
Public Department Advances...	+ 1,330	Treasury Bills	- 4,277
National Savings Certificates ..	+ 550	4½% War Loan paid off	- 200
Sundries	+ 10	Treasury Bonds paid off	- 11,038
	+ 1,860		- 15,515

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930 to Feb. 7, 1931.	April 1, 1929 to Feb. 8, 1930.	Week ended Feb. 7, 1931.	Week ended Feb. 8, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	149,918,000	145,640,000	24,217,000	20,096,000
Sur-tax, including Arrears of Super-Tax	64,500,000	34,790,000	30,290,000	4,050,000	3,510,000
Estate, &c., Duties	83,000,000	69,090,000	68,110,000	1,570,000	1,640,000
Stamps	27,000,000	15,120,000	19,420,000	200,000	550,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	390,000	450,000	120,000	80,000
Total Inland Revenue ...	437,000,000	269,308,000	263,920,000	30,157,000	25,876,000
Customs and Excise—					
Customs	122,710,000	102,164,000	102,761,000	2,254,000	2,159,000
Excise	129,860,000	106,803,000	109,500,000	1,100,000	1,077,000
Total Customs and Excise ..	252,570,000	208,967,000	212,261,000	3,354,000	3,236,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,704,041	4,396,468	367,000	60,000
Post Office (Net Receipts) ..	10,125,000	11,950,000	11,900,000	900,000	900,000
Crown Lands	1,500,000	1,210,000	1,190,000	...	...
Receipts from Sundry Loans ..	33,000,000	29,853,677	25,415,374	71,090	71,675
Miscellaneous Receipts	34,500,000	27,023,287	31,261,126	2,110,827	2,665,939
Appropriation from Rating Relief Suspense Account ...	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	569,017,005	550,443,970	36,969,917	32,809,614
SELF-BALANCING REVENUE.					
Post Office (Net Receipts) ..	60,275,000	48,550,000	48,100,000	1,000,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,103,959	21,380,532	...	297,000
Total Self-Balancing Revenue ..	83,835,000	70,653,959	69,480,532	1,000,000	1,297,000
Total		639,670,964	619,924,502	37,969,917	34,106,614

164 Branches in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30.6.30):
Fmk. 3,065,960,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930 to Feb. 7, 1931.	April 1, 1929 to Feb. 8, 1930.	Week ended Feb. 7, 1931.	Week ended Feb. 8, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	282,410,645	300,068,424	15,313,047	3,419,046
Payments to Northern Ireland Exchequer	6,000,000	4,871,733	4,248,162	337,440	297,619
Payments to Local Taxation Accounts	3,300,000	2,309,870	2,636,783	32,184	...
Other Consolidated Fund Services	429,433,000	360,385,467	308,339,278	6,904,000	10,114,000
Supply Services (excluding Post Office)	743,333,000	549,977,716	523,537,960	22,586,671	13,830,665
Total Ordinary Expenditure ..					
Sinking Fund	55,400,000	42,496,623	40,007,778	490,000	495,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	48,550,000	48,100,000	1,000,000	1,000,000
Road Fund	23,560,000	22,103,959	21,380,532	...	297,000
Total Self-Balancing Expenditure	83,835,000	70,653,959	69,480,532	1,000,000	1,297,000
Total		763,128,298	733,026,270	24,076,671	15,622,665

The aggregate revenue and expenditure to February 7, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO FEBRUARY 7TH.

(000's omitted.)	
Expenditure	£ 649,978
Sinking Fund	42,496
	692,474
Revenue	£ 569,017
Decrease in balances	2,921
Net Amount borrowed	120,536
	692,474

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out-	Feb. 8, '30.	Mar. 31, '30.	Feb. 7, '31.	Feb. 7, '31.
standing—				
Advances by Bank of England ..	...	...	...	...
Advances by Public Departments ..	42,930,000	48,530,000	37,600,000	+ 1,300,000
Treasury Bills outstanding	698,710,000	588,885,000	668,185,000*	- 4,260,000
Total Floating Debt	741,640,000	637,415,000	705,785,000	- 2,960,000

* Includes £28,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on February 6, 1931, and the total amount applied for was £44,180,000. Tenders were accepted for bills at three months, dated Monday, at £99 8s. 1d., about 65 per cent. and above in full, Tuesday at £99 8s. 3d., and above in full, and Wednesday to Saturday at £99 8s. 1d., about 65 per cent. and above in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months Average Rate.
1931.			
Jan. 16	30,000,000	33,875,000	2 2 11-22
Jan. 23	30,000,000	33,870,000	2 5 11-43
Jan. 30	30,000,000	53,997,000	2 8 5-77
Feb. 6	30,000,000	44,180,000	2 8 8-37

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, February 11, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Debt	£
In Circulation	347,245,425	Other Government Securities ..	110,610,100
In Banking Department	53,282,529	Other Securities	231,479,593
		Silver Coin	13,147,468
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	140,527,954
			£400,527,954

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 36,419,952
Reserve	3,578,306	Other Securities	...
Public Deposits	13,502,637	Discounts and Advances	£ 9,597,092
Other Deposits	£ 57,655,497	Securities	23,232,922
Other Accounts	33,959,860	Notes	32,830,014
		Gold and Silver Coin	53,282,529
7-Day and other Bills	2,400		719,205
			£123,251,700
			£123,251,700

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Feb. 11, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	347,245,425	- 2,241,007	- 757,751
Public deposits	£	13,502,637	+ 3,641,659	+ 4,434,609
Bankers' deposits	£	57,655,497	+ 4,920,157	+ 1,428,155
Other deposits	£	33,959,860	+ 391,827	+ 1,521,878
Seven-day bills	£	2,400	+ 551	+ 97
Total, outside liabilities	£	452,365,819	+ 3,127,127	+ 8,142,296
Capital and rest	£	18,131,306	+ 25,549	+ 47,929
Government debt and securities	£	278,909,645	- 7,279,282	- 10,415,614
Discounts and advances	£	9,597,092	+ 3,272,548	+ 1,633,832
Other securities	£	36,380,390	+ 699,046	+ 10,942,244
Silver coin in issue department	£	4,362,839	- 788	- 98,627
Coin and bullion (bank's reserve) ..	£	141,247,159	+ 206,898	- 10,252,060
Reserve of notes and coin in banking department	£	54,001,734	+ 2,447,905	- 9,494,309
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")		51½	+ 2½	- 5½
(b) Gold stocks to deposits and notes ("reserve ratio")		31½	+ ½	- 1½

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1930.							
Dec. 31	£ 407,626	£ 36,802	£ 6,581	£ 132,447	£ 36,159	£ 649 out	% 3
1931.							
Jan. 7	405,916	363,505	13,206	68,875	33,293	1,710 out	% 3
14	404,543	349,943	22,371	64,711	33,413	1,377 out	% 3
21	402,220	346,462	22,324	68,813	33,385	2,326 out	% 3
28	393,486	346,224	19,360	55,162	33,516	2,740 out	% 3
Feb. 4	400,351	349,486	9,861	62,576	33,518	864 in	% 3
11	400,528	347,245	13,503	57,655	33,960	176 in	% 3

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Banking Department.			Reserve & "Proportion."
				Govt. Securities.	Discounts & Advances.	Other Securities.	
1930.							
Dec. 31	£ 244,154	£ 11,477	£ 148,271	27½	81,021	49,962	23,890
1931.							
Jan. 7	244,158	11,477	146,558	30½	53,081	27,912	43,053
14	244,162	11,477	145,150	30½	52,026	8,356	22,955
21	244,161	11,477	142,962	29½	49,216	10,995	22,959
28	243,161	12,477	140,141	31½	41,035	9,748	21,813
Feb. 4	243,159	12,477	141,040	31	43,030	6,325	23,204
11	242,490	13,147	141,247	31½	35,420	9,597	23,233

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Jan. 28	£ 3,008,609	£ 154,135	£ 243,210	£ 3,405,954
Week ended Feb. 4	745,126	37,399	56,077	838,602
Week ended Feb. 11	756,383	34,626	62,585	853,594
Total to date, 1931	4,510,118	226,160	361,872	5,098,150
Total to date, 1930	4,607,049	237,765	382,942	5,227,756
Increase or decrease in 1931	- 96,931	- 11,605	- 21,070	- 129,606

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the Bank of Egypt appeared in the *Economist* for December 20; Portugal in January 24; Canada, Reichsbank, Bulgaria, Russia, U.S.A. Federal Reserve Bank, and New York Federal Reserve Bank in February 7.

BANK FOR INTERNATIONAL SETTLEMENTS.
(In Millions of Swiss Francs.)

ASSETS.	Oct. 31, 1930.	Nov. 30, 1930.	Dec. 31, 1930.	Jan. 31, 1931.
Cash	4.6	4.3	6.1	5.7
Sight funds	28.9	71.4	74.8	85.5
Bills and acceptances:—				
Commercial bills	225.0	239.9	319.6	347.0
Treasury bills	166.5	171.8	177.6	185.4
Time funds:—				
Not exceeding 3 months	999.1	1,050.8	653.0	722.1
Between 3 and 6 months	156.8	134.4	145.3	162.2
Between 6 and 9 months	...	...	...	...
Sundry investments	191.8	191.0	190.9	187.7
Other assets	11.3	13.6	11.3	12.3
LIABILITIES.				
Capital paid up	102.5	102.5	102.9	102.9
Special deposits:—				
Annuity trust account	154.5	154.5	154.4	154.3
German Government deposit fund	80.0	80.0	77.2	77.1
French Government guarantee fund	68.7	68.7	68.7	68.8
Time deposits of Central Banks:—				
Between 3 and 6 months	103.6	15.6	...	6.2
For their own account	0.1	...	55.1	124.7
Not exceeding 3 months	361.6	481.8	605.0	580.4
For their own account	697.0	665.0	...	156.6
For account of others	...	...	8.7	8.7
Other deposits	...	...	...	...
Sight deposits of Central Banks:—				
For their own account	74.8	99.7	109.0	237.8
For account of others	128.4	193.2	140.1	182.9
Other deposits	0.1	0.1	225.1	0.2
Undistributed proceeds of Reparations Loan	12.7	15.0	12.0	13.3
Miscellaneous items	...	...	...	...

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	Jan. 17, 1930.	Dec. 19, 1930.	Dec. 24, 1930.	Jan. 2, 1931.	Jan. 9, 1931.	Jan. 16, 1931.
Gold coin and bullion	7,155	6,509	6,717	6,717	6,371	6,620
Subsidiary coin and bullion	103	175	169	167	191	226
Bills discounted	8,731	7,534	8,243	8,070	7,579	7,328
Investments	826	1,645	1,639	1,493	1,455	1,549
LIABILITIES.						
Capital paid up	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	7,944	7,598	8,032	8,811	7,814	7,158
Government deposits	2,218	1,842	1,994	2,083	1,310	1,988
Bankers' deposits	5,118	4,647	4,689	4,606	4,569	5,017
Ratio of cash reserves to liabilities to public	48.2%	46.5%	43.9%	45.6%	44.8%	47.6%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

ASSETS.	Jan. 17, 1930.	Dec. 19, 1930.	Dec. 26, 1930.	Jan. 2, 1931.	Jan. 9, 1931.	Jan. 16, 1931.
Total securities	33,156.65	23,28.06	23,32.71	23,28.78	23,47.07	23,70.83
Loans	8,135.25	15,30.07	15,13.53	14,76.51	14,32.67	14,62.50
Cash credits	28,28.99	25,22.17	25,09.70	25,82.92	25,35.20	26,10.84
Inland bills	6,44.99	2,67.10	3,17.68	3,83.01	5,09.04	5,19.50
Foreign bills	41.92	44.15	36.92	34.95	31.58	24.35
Dead stock	2,79.88	2,79.80	2,78.56	2,74.86	2,74.85	2,75.12
Bal. with other banks	14,00.51	14,00.51	14,00.51	14,00.51	14,00.51	14,00.51
Cash	13,56.37	14,51.41	12,02.53	11,92.04	11,49.03	10,50.34
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve	5,32.50	5,37.50	5,37.50	5,37.50	5,37.50	5,40.00
Total deposits	81,44.17	81,53.71	81,52.05	83,36.59	82,67.99	82,10.91
The above include:						
Deposits in London	829	6,830	6,786	6,730	6,972	6,986
Advances in London	723	6,878	6,682	6,744	6,743	6,857
Cash, &c., at other banks in London	174	179	107	100	317	261

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	Feb. 7, 1931.	Jan. 16, 1931.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.
Gold	42,931,049	54,402,710	55,043,641	55,510,102	55,632,074
Foreign assets	6,978,660	7,032,727	7,005,895	6,997,702	7,010,604
Bills discounted	18,777,088	19,377,844	19,367,192	19,362,167	19,340,765
Commercial bills in home	6,398,696	7,302,969	8,346,176	9,394,505	...
Advances against sec.	8,652,545	8,452,399	8,452,399	8,398,572	8,398,572
To the State	2,578,449	2,986,781	2,915,965	2,866,142	2,976,535
Other assets (excluding forward exch.)	2,874,788	3,782,781	3,633,426	3,729,663	...
LIABILITIES.					
Notes in circulation	69,429,473	76,992,418	76,539,270	78,568,638	77,772,474
Public deposits	10,051,343	13,479,538	14,322,049	13,643,631	14,180,368
Private deposits	7,189,057	9,988,504	11,268,921	11,213,711	9,873,760
Other liabilities	2,621,402	2,877,751	2,628,654	2,632,856	...

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 6, 1930.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.	Feb. 5, 1931.
Gold	232,650	1,176,641	1,373,421	1,373,356	1,376,254	1,387,366
Foreign bills and balances abroad	...	520,816	932,272	890,060	889,364	875,700
Silver and other coin	...	2,731	5,613	4,585	4,254	4,252
Securities	697,600	794,697	828,662	795,851	793,229	762,531
LIABILITIES.						
Notes in circulation	934,150	2,760,662	3,335,803	3,198,798	3,206,209	3,231,841
Current accounts	112,125	7,881	209,861	199,910	197,343	157,205

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 6, 1930.	Jan. 12, 1931.	Jan. 19, 1931.	Jan. 26, 1931.	Feb. 2, 1931.
Gold	163,092	437,019	426,127	426,110	436,104	436,088
Silver	8,436	27,298	24,054	24,704	27,115	26,800
Foreign bills and balances abroad	...	521,204	50,206	49,418	48,707	48,295
Loans and advances to current acc't.	153,504	211,308	247,093	248,461	250,671	250,373
LIABILITIES.						
Notes in circulation	316,632	824,025	832,869	814,296	801,398	841,810
Deposits	5,016	30,190	25,216	38,825	64,199	23,342

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 8, 1930.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31, 1931.	Feb. 7, 1931.
Gold	22,971	133,189	179,200	170,600	171,600	162,500
Silver	29,785	29,712	...	...	...	...
Discounts, advances, and other investments	77,567	140,054	103,500	102,900	104,200	111,400
LIABILITIES.						
Notes in circulation	109,499	283,142	251,300	246,100	243,500	246,400
Deposits and bills payable	11,250	32,072	47,000	45,500	43,600	38,600

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, May 31, 1914.	Feb. 7, 1930.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 29, 1931.	Feb. 5, 1931.
Gold	171,175	553,901	654,654	654,516	654,536	654,431
Foreign bills and balances abroad	...	365,248	376,137	376,294	376,975	375,305
Discounts	...	32,343	44,888	35,247	28,721	27,272
Advances	103,000	41,976	37,271	36,004	37,509	38,420
LIABILITIES.						
Notes in circulation	275,925	849,171	913,760	891,728	949,151	914,067
Deposits	33,750	200,289	319,397	317,854	262,035	286,586

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Jan. 31, 1930.	Dec. 31, 1930.	Jan. 10, 1931.	Jan. 20, 1931.	Jan. 31, 1931.
Gold, coin and bullion	5,189,500	5,296,700	5,236,800	5,239,700	5,236,800
Foreign bills and balances abroad	4,905,000	4,327,600	4,195,400	4,072,100	4,036,800
Other cash	207,700	710,900	608,100	604,700	284,700
Gold deposited abroad due by the State	1,813,100	1,784,300	1,784,300	1,782,400	1,782,400
Discounts	3,592,800	3,717,900	3,655,300	3,837,600	3,817,500
Advances	1,120,100	1,661,200	1,117,300	1,005,600	1,178,100
Credit with "Istituto di Liquidazione"	803,700	628,000	628,000	626,200	626,200
Government securities	1,054,900	1,161,700	1,161,700	1,160,400	1,159,100
LIABILITIES.					
Notes in circulation	16,328,800	15,680,300	15,579,700	15,271,600	15,199,500
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,711,800	2,109,100	1,981,000	2,100,200	2,232,500
Ratio of reserve to note and sight liabilities combined	55.04%	53.21%	53.14%	53.03%	52.65%

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Feb. 8, 1930.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31, 1931.	Feb. 7, 1931.
Gold	244,129	240,762	240,729	240,575	240,420
Government securities—Swedish	22,155	3,443	3,410	3,343	3,331
Foreign	51,359	63,949	63,949	65,434	65,434
Other Swedish bonds quoted on foreign bourses	...	84	84	84	84
Bills payable in Sweden	165,054	152,011	139,111	121,552	106,911
"abroad"	120,180	62,850	66,454	77,367	93,367
Balance abroad	63,723	247,074	235,977	227,064	207,230
Advances made on Government securities and bonds	54,975	31,659	29,448	39,811	29,681
LIABILITIES.					
Notes in circulation	495,252	499,065	478,519	533,319	506,401
Government deposits	172,884	237,311	222,606	196,071	190,508
Private deposits	3,434	13,499	26,703	7,682	14,069

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1914.	Jan. 31, 1930.	Jan. 15, 1931.	Jan. 22, 1931.	Jan. 31, 1931.
Coin and bullion—Gold	44,224	146,627	146,434	146,423	146,421
Balance abroad and foreign bills	28,553	30,090	24,300	23,307	24,217
Norwegian and Foreign Government securities	8,816	26,897	48,293	48,860	49,076
Discounts and loans	76,911	232,920	182,597	181,651	186,978
LIABILITIES.					
Notes in circulation	113,484	297,954	290,309	287,257	289,827
Deposits at sight	7,188	71,419	52,709	52,426	56,829

NATIONAL BANK OF DENMARK.—In kroner (000's omitted).

ASSETS.	Position, May 30, 1914.	Jan. 31, 1930.	Oct. 31, 1930.	Nov. 29, 1930.	Dec. 31, 1930.	Jan. 31, 1931.
Coin and bullion	76,644	172,337	172,124	172,091	172,041	171,944
Loans & discounts	88,470	102,381	101,414	100,558	115,445	112,873
Debts abroad	24,102	102,657	87,950	79,550	83,232	73,660
Securities	11,988	30,256	47,613	47,592	50,557	44,299
LIABILITIES.						
Circulation	157,266	346,789	369,741	351,191	360,213	340,939
Deposits	6,698	34,513	27,299	30,252	68,682	32,381

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 1, 1930.	Jan. 10, 1931.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31, 1931.
Gold	521,775	2,557,387	2,439,822	2,440,157	2,415,096	2,415,198
Silver	728,600	713,393	698,725	703,151	705,047	710,717
Loans & Discounts	800,725	2,193,468	2,354,968	2,265,569	2,186,512	2,170,404
Spanish &c. stock	344,475	344,475	344,475	344,475	344,475	344,475
Advs. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	971,550	4,410,497	4,781,537	4,726,456	4,679,152	4,666,964
Deposits	400,500	1,091,326	866,443	876,570	852,173	871,721

Messrs Samuel Montagu and Company write on February 11, 1931, as follows:—

SOUTH AFRICAN EXCHANGE RATES.
The South African Banks quote the following rates :—

OVERSEAS DOMINION RATES.
COMMONWEALTH OF AUSTRALIA AND DOMINION OF
NEW ZEALAND.

* All rates (Australia and New Zealand) now based on £100—LONDON.

The total remittances from the Government of India to the Secretary of State for India in Council effected by purchases of sterling in India, from April 1, 1930, to February 7, 1931, were £5,395,000. During the same period £7,843,936 was transferred from the sterling reserves against corresponding contraction of currency in India. Of this amount, £5,209,736 was to meet sales of sterling in India, while the balance was required for Home Treasury purposes.

Statement showing the form in which the balance of the Reserve was held on January 31, 1931 :—

<i>In India :</i>		
Gold		4,548,895
<i>In England :</i>		
Cash at the Bank of England	4,671	
Gold	2,152,334	
British Treasury Bills:—Value as on January 31, 1931	12,642,277	
Other British and Dominion Government Securities:—At or below market value on January 31, 1931	20,651,823	
		<u>35,451,105</u>

The following statistics of imports and exports of gold for week ended February 12, 1931, are issued by the Statistical Department of H.M. Customs and Excise :—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
<i>From—</i>	<i>£</i>	<i>To—</i>	<i>£</i>
France	349	Poland	2,550
Roumania	679,430	Germany	76,300
Brazil	828,030	Belgium	1,487,050
British S. Africa	958,355	France	61,242
Straits Settlements	80,940	Switzerland	10,300
		Spain	3,000
		Austria	4,780
		British India	37,614
		Other Countries	850
Total declared value of imports	2,547,104	Total declared value of exports	2,239,686

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Feb. 6	.....	Nil	Feb. 6	Sovs. for export.....	2,000
7	Foreign coin bought	517	7	Bars sold.....	17,490
9	Sovs. from abroad.....	250,000	9	Sovs. for export.....	4,000
10	.....	Nil	9	Bars sold.....	3,400
11	.....	Nil	10	Sovs. for export.....	2,000
12	Sovs. from abroad.....	860	11	Bars sold.....	33,121
			12	Sovs. for export.....	14,000
			12	Bars sold.....	22,728
				Sovs. for export.....	4,000
	Total	251,377		Total	102,744

Net arrivals. £ 148,633

The Bank of England gold reserve against notes amounted to £140,350,917 on the 4th instant (as compared with £139,485,856 on the previous Wednesday), and represents a decrease of £7,274,705 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to about £708,000, none of which was available in the open market yesterday, having been sold forward. However, about £325,000 from an outside source was on offer, and was disposed of at the fixed price of 84s. 11½d. per fine ounce. The whole of this gold was consigned to Belgium, who again appears as an important purchaser in the London market. Movements of gold at the Bank of England during the week have resulted in a net influx of £175,695. Receipts totalled £254,711, of which £250,000 was in sovereigns from South Africa, and withdrawals consisted of £25,000 in sovereigns taken for export and £54,016 in bar gold.

The week under review opened with prices at 12½d. for cash and 12⅞d. for two months' delivery, but, on the 6th instant, free selling on account of the Indian Bazaars and China found the market poorly supported and caused a sharp fall of ½d. to 12¼d. and 12⅞d. A further fall of ½d. on the 9th instant brought quotations down to yet another record low level, namely, 12d. for cash and 11⅞d. for two months'. The low prices thus reached attracted buying, support being given by the India Bazaars, who bought silver for prompt shipment as well as to cover bear sales; consequently, the market made a good recovery, especially as sellers showed more reluctance following steadier advices from Shanghai. The free selling from America has not continued; on the contrary, American operators have been keen buyers at the lower rates. China has both bought and sold. A premium on silver for cash delivery was re-established during the week and varied between ⅞d. and ¼d.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 2nd instant to mid-day on the 9th instant :—

IMPORTS.	£	EXPORTS.	£
Germany	9,856	British India	487,534
Java	25,350	Other countries	12,960
U.S.A.	145,371		
Mexico	19,524		
Other countries	10,131		
	<u>£ 210,232</u>		<u>£500,494</u>

INDIAN CURRENCY RETURNS (in lacs of rupees)

	Feb. 7.	Jan. 31.	Jan. 22.
Notes in circulation.....	15,879	15,820	15,786
Silver coin and bullion in India....	12,086	12,112	12,064
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India.....	2,485	2,621	2,664
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)....	1,008	987	958
Securities (British Government)....	...	...	...
Bills of exchange	300	100	100

The stocks in Shanghai on the 7th instant consisted of about 91,000,000 ounces in sycee, 153,000,000 dollars and 1,530 silver bars, as compared with about 92,200,000 ounces in sycee, 155,000,000 dollars and 980 silver bars on the 31st ultimo.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.	s. d.	d.	d.		d.
Feb. 6	84 11½	12½	12 ⅞	Feb. 13, 1925	32 ⅞
" 7	84 11½	12½	12 ⅞	" 12, 1926	30 ⅞
" 9	84 11½	12	11 ⅞	" 11, 1927	26 ⅞
" 10	84 11½	12 ⅞	12 ⅞	" 9, 1928	26 ⅞
" 11	84 11½	12½	12½	" 14, 1929	25 ⅞
" 12	84 11½	12 ⅞	12 ⅞	" 13, 1930	20 ⅞

SUMMARY OF BALANCE SHEETS.

IMPERIAL TOBACCO COMPANY (OF GREAT BRITAIN AND IRELAND)

LIABILITIES.		October 31, 1930.	ASSETS.		October 31, 1930.
Amount.	£	Compared with Oct. 31, 1929.	Amount.	£	Compared with Oct. 31, 1929.
"A" cum. pref. shares	4,959,249	...	Land, &c.	5,120,021	+ 150,329
"B" non-cum. pref. shares	5,260,469	...	Goodwill, &c.	9,422,582	...
"C" 10% non-cum. pref. sha.	2,638,218	...	Investments (ass. companies)	5,127,079	+ 195,681
Ordinary	37,492,625	...	Stock in trade	28,945,520	- 395,216
Creditors, &c.	14,073,272	- 19,006	Debtors	6,602,224	- 1,582
Deposits, &c.	396,957	+ 396,957	Investments	10,200,672	+ 138,231
Widows and orphans' account	240,294	+ 240,294	Cash	4,667,638	+ 241,059
General reserve	5,000,000	+ 500,000	Loans & current accounts	2,448,275	+ 1,127,277
Profit and loss	7,802,927	+ 201,534			
Total	77,864,011	+ 1,319,779	Total	77,864,011	+ 1,319,779

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Gold		4,548,895
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Cash at the Bank of England	4,671	
Gold	2,152,334	
British Treasury Bills:—Value as on January 31, 1931	12,642,277	
Other British and Dominion Government Securities:—At or below market value on January 31, 1931	20,651,823	
		<u>35,451,105</u>

The following statistics of imports and exports of gold for week ended February 12, 1931, are issued by the Statistical Department of H.M. Customs and Excise :—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
<i>From—</i>	<i>£</i>	<i>To—</i>	<i>£</i>
France	349	Poland	2,550
Roumania	679,430	Germany	76,300
Brazil	828,030	Belgium	1,487,050
British S. Africa	958,355	France	61,242
Straits Settlements	80,940	Switzerland	10,300
		Spain	3,000
		Austria	4,780
		British India	37,614
		Other Countries	850
Total declared value of imports	2,547,104	Total declared value of exports	2,239,686

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Feb. 6	.....	Nil	Feb. 6	Sovs. for export.....	2,000
7	Foreign coin bought	517	7	Bars sold.....	17,490
9	Sovs. from abroad.....	250,000	9	Sovs. for export.....	4,000
10	.....	Nil	9	Bars sold.....	3,400
11	.....	Nil	10	Sovs. for export.....	2,000
12	Sovs. from abroad.....	860	11	Bars sold.....	33,121
			12	Sovs. for export.....	14,000
			12	Bars sold.....	22,728
				Sovs. for export.....	4,000
	Total	251,377		Total	102,744

Net arrivals. £ 148,633

The Bank of England gold reserve against notes amounted to £140,350,917 on the 4th instant (as compared with £139,485,856 on the previous Wednesday), and represents a decrease of £7,274,705 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to about £708,000, none of which was available in the open market yesterday, having been sold forward. However, about £325,000 from an outside source was on offer, and was disposed of at the fixed price of 84s. 11½d. per fine ounce. The whole of this gold was consigned to Belgium, who again appears as an important purchaser in the London market. Movements of gold at the Bank of England during the week have resulted in a net influx of £175,695. Receipts totalled £254,711, of which £250,000 was in sovereigns from South Africa, and withdrawals consisted of £25,000 in sovereigns taken for export and £54,016 in bar gold.

The week under review opened with prices at 12½d. for cash and 12⅞d. for two months' delivery, but, on the 6th instant, free selling on account of the Indian Bazaars and China found the market poorly supported and caused a sharp fall of ½d. to 12¼d. and 12⅞d. A further fall of ½d. on the 9th instant brought quotations down to yet another record low level, namely, 12d. for cash and 11⅞d. for two months'. The low prices thus reached attracted buying, support being given by the India Bazaars, who bought silver for prompt shipment as well as to cover bear sales; consequently, the market made a good recovery, especially as sellers showed more reluctance following steadier advices from Shanghai. The free selling from America has not continued; on the contrary, American operators have been keen buyers at the lower rates. China has both bought and sold. A premium on silver for cash delivery was re-established during the week and varied between ⅞d. and ¼d.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 2nd instant to mid-day on the 9th instant :—

IMPORTS.	£	EXPORTS.	£
Germany	9,856	British India	487,534
Java	25,350	Other countries	12,960
U.S.A.	145,371		
Mexico	19,524		
Other countries	10,131		
	<u>£ 210,232</u>		<u>£500,494</u>

INDIAN CURRENCY RETURNS (in lacs of rupees)

	Feb. 7.	Jan. 31.	Jan. 22.
Notes in circulation.....	15,879	15,820	15,786
Silver coin and bullion in India....	12,086	12,112	12,064
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India.....	2,485	2,621	2,664
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)....	1,008	987	958
Securities (British Government)....	...	...	...
Bills of exchange	300	100	100

The stocks in Shanghai on the 7th instant consisted of about 91,000,000 ounces in sycee, 153,000,000 dollars and 1,530 silver bars, as compared with about 92,200,000 ounces in sycee, 155,000,000 dollars and 980 silver bars on the 31st ultimo.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver— Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.	s. d.	d.	d.		d.
Feb. 6	84 11½	12½	12 ⅞	Feb. 13, 1925	32 ⅞
" 7	84 11½	12½	12 ⅞	" 12, 1926	30 ⅞
" 9	84 11½	12	11 ⅞	" 11, 1927	26 ⅞
" 10	84 11½	12 ⅞	12 ⅞	" 9, 1928	26 ⅞
" 11	84 11½	12½	12½	" 14, 1929	25 ⅞
" 12	84 11½	12 ⅞	12 ⅞	" 13, 1930	20 ⅞

SUMMARY OF BALANCE SHEETS.

IMPERIAL TOBACCO COMPANY (OF GREAT BRITAIN AND IRELAND)

LIABILITIES.		October 31, 1930.	ASSETS.		October 31, 1930.
Amount.	£	Compared with Oct. 31, 1929.	Amount.	£	Compared with Oct. 31, 1929.
"A" cum. pref. shares	4,959,249	...	Land, &c.	5,120,021	+ 150,329
"B" non-cum. pref. shares	5,260,469	...	Goodwill, &c.	9,422,582	...
"C" 10% non-cum. pref. sha.	2,638,218	...	Investments (ass. companies)	10,457,079	+ 195,681
Ordinary	37,492,625	...	Stock in trade	28,945,520	- 395,216
Creditors, &c.,	14,073,272	- 19,006	Debtors	6,602,224	- 1,582
Deposits, &c.	396,957	+ 396,957	Investments	10,200,672	+ 138,231
Widows and orphans' account	240,294	+ 240,294	Cash	4,667,638	+ 241,059
General reserve	5,000,000	+ 500,000	Loans & current accounts	2,448,275	+ 1,127,277
Profit and loss	7,802,927	+ 201,534			
Total	77,864,011	+ 1,319,779	Total	77,864,011	+ 1,319,779

THE GAS LIGHT AND COKE COMPANY.

LIABILITIES.	Dec. 31, 1930.	Compared with Dec. 31, 1929.	ASSETS.	Dec. 31, 1930.	Compared with Dec. 31, 1929.
Net revenue.....	804,134	- 39,453	Capital.....	1,631,152	+ 88,312
Redemption fund.....	20,000	—	Cash.....	230,977	+ 37,651
Reserve fund.....	160,102	+ 4,697	Deposits with banks.....	453,000	+ 453,000
Special purposes fund.....	652,311	- 11,055	Amount invested.....	Nil	- 4,508
Depreciation fund.....	117,412	+ 4,423	Stores—		
Int. on deb. &c.....	187,521	+ 1,952	Coal.....	485,042	+ 36,626
Unclaimed divs.....	3,807	- 37	Gas oil.....	78,148	- 3,124
Cons'mrs' deposits.....	46,703	- 1,450	Coke.....	78,116	+ 34,346
Creditors, &c.....	2,326,605	- 290,238	Tar &c.....	181,568	- 2,360
Officers' guarantee, &c., funds.....	175,910	+ 9,986	Sundry stores.....	1,098,605	+ 39,124
Officers' super-annuation fund.....	657,436	+ 109,321	Debtors—		
Co-partners' pension fund.....	390,774	+ 97,922	Gas, fittings, stove & fittings.....	2,411,977	+ 48,068
Co-partnership bonus, &c.....	105,491	+ 2,227	Coke, &c.....	634,847	+ 50,993
Officers' insurance society, &c.....	110,707	+ 9,909	Sundry accounts.....	94,073	- 6,415
Benevolent fund.....	1,657	-	Leasehold premises.....	423,513	+ 14,972
War memorial fund.....	71,302	+ 2,996			
Additional deb. capital.....	1,984,196	+ 1,984,196			
Temporary loan.....	Nil	- 284,201			
Total.....	7,816,078	+ 1,601,295	Total.....	7,816,078	+ 1,601,295

LEWIS'S LIMITED.

LIABILITIES.	February 1, 1931.	Compared with Feb. 1, 1930.	ASSETS.	February 1, 1931.	Compared with Feb. 1, 1930.
6% cum. pref. £1 2,000,000	...	...	Freehold & leasehold properties.....	5,205,622	+ 156,625
15% cum. pref. ord. £1.....	1,057,500	...	Fixtures, &c.....	592,749	+ 35,631
Deferred ord. £1.....	117,500	...	Motor vehicles.....	25,585	+ 14,834
5% deb. stk.	1,866,300	- 47,590	Stocks.....	327,105	- 50,434
Deposit accounts.....	849,169	+ 413,374	Debtors.....	45,363	+ 28,385
Creditors.....	396,638	- 44,410	Accrued interest, &c.....	55,502	-
Accrued liabilities.....	135,436	-	Banking dept.....	31,826	+ 12,795
Capital reserve.....	422,512	- 3,133	Investments at cost.....	386,729	+ 67,253
Debt-redeemtion reserve.....	108,045	+ 24,285	Shares in subsidiary cos.....	199,990	- 100
General reserve.....	300,000	+ 128,365	Loan to subsidiary Loan to Lewis's Investment Trst.....	3,960	- 117
Staff pensions reserve.....	60,000	+ 10,000	Current account.....	4,324	+ 4,324
Depreciation reserve.....	15,000	+ 15,000	Debt-redeemtion fund.....	563	+ 21,426
Leasehold amortisation.....	17,475	+ 7,971	Cash.....	602,866	- 8,836
Unclaimed dividends.....	93	- 34			
Profit and loss.....	536,468	+ 619			
Total.....	7,882,186	+ 504,447	Total.....	7,882,186	+ 504,447

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of January are as follows: Production of oil, 40,060 tons; deliveries, 41,450 tons.

THE ATTOCK OIL COMPANY, LTD.—Production for January, 12,068 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended January 28th: Venezuela, 35,504 barrels; Trinidad, 20,145 barrels. Total, 55,649 barrels. Production for the week ended February 4th: Venezuela, 35,454 barrels; Trinidad, 20,188 barrels; total, 55,642 barrels. Production for January: Venezuela, 157,313 barrels; Trinidad, 95,200 barrels; total, 252,513 barrels. Deliveries for January: Venezuela, 143,440 barrels; Trinidad, 79,694 barrels; total, 223,134 barrels.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of January amounted to 108,840 barrels, or approximately 15,549 tons.

SERVICE PETROLEUM COMPANY.—Cables received from Roumanian manager state that production from the company's oil wells at Gura-Oenitzei, Moreni and Ceptura for the week ended January 18th was 3,900 tons (27,300 barrels), and for the week ended February 1, 1931, was 4,952 tons (34,664 barrels).

STEAUA ROMANA (BRITISH), LTD.—Production of the Steaui Romana Company, Bucharest, for the month of January was 88,950 tons.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during December was 22,198 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,665 barrels. The total production on the company's properties in Mexico during January was 22,307 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,673 barrels.

TOCUYO OILFIELDS OF VENEZUELA, LTD.—Oil produced during January, 1931, 2,382 tons.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during December, 24,400 tons; oil purchased during December from other companies, 48,450 tons. Oil produced during January, 23,550 tons; oil purchased during January from other companies, 47,650 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended January 3, 1931, was: Bolivar district, 86,447 m. tons; Maracaibo district, 16,064 m. tons; total, 102,511 m. tons. Production for the week ended January 10, 1931, was: Bolivar district, 83,409 m. tons; Maracaibo district, 17,305 m. tons. Total, 100,714 m. tons. Production for the week ended January 17th was: Bolivar district, 82,342 m. tons; Maracaibo district, 18,117 m. tons. Total, 100,459 m. tons. Production for the week ended January 24th was: Bolivar district, 83,541 m. tons; Maracaibo district, 16,737 m. tons. Total, 100,278 m. tons. Production for the week ended January 31, 1931, was: Bolivar district, 84,513 m. tons; Maracaibo district, 16,808 m. tons; total, 101,321 m. tons.

REPORTS AND NOTICES.

GOVERNMENT STOCK, &c.

SAN PAULO (STATE OF) 7 PER CENT. COFFEE REALISATION LOAN 1930.—The returns for the seventh month's operation of the scheme of the above loan as compared with the fixed minimum figures are as follows:—Special tax, 3s. per bag, seventh month, £195,075; redemptions, Government coffee, £62,500; planters' coffee, £112,500; port entries, 980,549 bags. Total for seven months, from June 30, 1930: Special tax, £1,237,466; Government coffee, £437,500; planters' coffee, £787,500; port entries, 6,724,576 bags. Minimum to be received for year ended June 30, 1931: special tax, £1,905,000; redemptions, £750,000; planters' coffee, £1,350,000; port entries, 10,000,000 bags. Santos stock available on January 31, 1931, was 1,050,086; the fixed minimum is 1,000,000 bags.

BANKS.

SWISS BANK CORPORATION.—The net profit for the year 1930 (including the carry-forward of £40,770 from the previous year), amounts to £683,267, against £724,343 for 1929 (including a carry-forward of £28,611). At the annual general meeting, to take place on February 27th, the board will recommend the allocation of £20,000 to the pension fund, the payment of 8 per cent. as for the preceding year, the placing of £80,000 to the reserve fund, and the carrying forward of £41,017. The reserve fund, including the amount carried forward, will thus reach a total of £2,160,000—i.e., 33½ per cent. of the paid-up share capital of £6,400,000.

THE BANK OF NOVA SCOTIA.—The net profits of this bank for 1930 amounted to \$2,535,600, as compared with \$2,761,100 in 1929. Four quarterly dividends of 4 per cent. each have been paid, absorbing \$1,836,200. Dominion Government tax on circulation amounted to \$115,400, against \$100,000; contributions to officers' pension fund to a similar sum (against \$110,000); while \$400,000 was written off the bank premises and \$1,000,000 placed to reserve fund, as compared in 1929 with \$400,000 and nil respectively. The balance brought forward is \$534,800, against \$1,465,800. The balance sheet records a total of \$263,115,700, as compared with \$274,241,400. Deposits are lower at \$200,042,300, against \$205,737,400, while current loans in Canada amount to \$89,755,800, against \$102,339,200, and current loans outside Canada to \$16,114,300, against \$20,643,100. Call loans within the country totalled \$30,813,100, as compared with \$32,376,900, while those abroad amounted to \$7,298,100, against \$12,763,000. Investments stood at \$48,752,600, against \$37,209,600.

MISCELLANEOUS.

AUSTRIAN AND HUNGARIAN PRE-WAR UNSECURED PUBLIC DEBTS ISSUED IN GOLD OR FOREIGN CURRENCIES.—The Council of Foreign Bondholders announce that ratification has now been signed, by all the Successor and Cessionary States concerned in the above debts, of the additional agreement made between them and the Caisse Commune on December 13th last. The substance of this agreement was contained in a notice issued by the Council on December 22, 1930, and the full text will be available upon application at the Council House, 17 Moorgate, London, E.C.2, on and after February 9th.

DICKINS AND JONES, LIMITED.—The directors of Dickins and Jones, Ltd., announce a profit for the year ended January 31, 1931, of £115,910, against £129,367 for the previous year. After paying the interest on the debenture stock and the dividend of 5½ per cent. on the preference shares, the directors recommend a final dividend of 14 per cent. for the half-year, making 12 per cent. for the year on the ordinary shares, the same as last year, the amount carried forward being £42,908, against £47,748 last year.

HUDSON'S BAY COMPANY'S LAND SALES.

	Quarter ended January 31st—	Year ended January 31st—
	1930.	1931.
Farm lands:		
Acres.....	40,348	7,826
Sold for.....	\$80,400	\$15,800
Town lots:		
Sold for.....	\$750	\$600
Total receipts (gross).....	\$152,600	\$61,100
	\$509,300	\$244,100

JOHN BROWN AND COMPANY, LIMITED.—At meetings of the first mortgage debenture holders and the second mortgage debenture holders of John Brown and Company, Ltd., the proposed amalgamation of part of the undertaking with Thomas Firth and Sons, Ltd., was approved in so far as the proposals affect the debenture holders.

WEMBLEY STADIUM, LIMITED.—The report and accounts for 1930 show a profit during the past year of £48,053, which is £7,729 more than in 1929. After allowing for debenture interest, depreciation and other writings off, and also taxation reserve, there is a balance of £33,380 to be dealt with. The directors recommend the payment of a dividend on the preference shares, and also, for the first time since the company was formed in 1927, a payment of 17½ per cent. is proposed on the deferred shares. During the past three years a total profit of £101,431 has been made. Including the dividend recommended for last year, the sum of £59,287 has been paid in dividends to shareholders. Debenture stock outstanding is now £15,915. £10,535 of the debenture stock was redeemed during 1930. The balance outstanding on the preliminary and registration expenses has been written off.

WOLVERHAMPTON CORPORATION 3 PER CENT. STOCK, 1924-54.—Williams Deacon's Bank, Ltd., give notice that in order to prepare the dividend warrants due March 1, 1931, on Wolverhampton Corporation 3 per cent. stock, 1924-54, the books will be closed from February 15, 1931, to February 28, 1931, inclusive.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefco.	Ordinary.					
					Amount	Amount.	Rate.				
Electric Lighting & Power.		£	£	£	£	£	%	£	£	£	%
London Power	Dec. 31	...	438,653	438,653	...	3,000	6	435,653	...	348,749	6
Financial Land, &c.											
Elect. and Industrial Invest.	Dec. 31	21,737	28,500	50,237	13,000	8,000	8	...	29,237	23,798	7
Leicester Real Property.....	Dec. 31	2,618	1,398	4,016	...	1,966	7½	1,000	1,050	3,775	7½
National Dom. and Gen. In.	Dec. 31	1,365	12,094	13,459	5,812	6,200	8	...	1,447	10,355	8
Gas.											
Croydon Gas Co.	Dec. 31	34,220	117,575	151,795	9,000	77,784	{ 5 7 }	22,644	42,367	122,664	{ 5 7 }
Ipswich Gas Light Co.	Dec. 31	17,073	16,699	33,772	1,119	14,856	...	...	17,797	18,030	...
Malton Gas.....	Dec. 31*	3,488	1,883	5,371	...	1,500	6½	...	3,871	1,816	6½
Southend-on-Sea & District	Dec. 31	29,983	31,861	61,844	6,800	16,767	{ 6½ 6½ }	32,305	5,972	28,822	{ 6½ 6½ }
Portsmouth Gas Co.	Dec. 31	38,100	57,257	95,357	...	46,026	{ 5 8 }	4,305	45,026	33,021	{ 5 8 }
South Suburban Gas Co. ...	Dec. 31	565	101,992	102,557	...	100,346	6½	...	2,211	54,819	6½
Tottenham and District Gas	Dec. 31	45,376	113,110	158,486	11,362	71,317	6½	24,817	50,990	92,195	6½
Wakefield Gas Light.....	Dec. 31	1,766	10,618	12,384	1,125	9,841	{ 5 6½ }	...	2,418	10,944	{ 5 6½ }
Walton-on-Thames &c. Gas	Dec. 31	3,720	7,156	10,876	720	4,691	{ 12A 9B }	...	5,465	5,420	{ 12A 9B }
York Gas.....	Dec. 31	10,840	26,673	37,513	1,550	14,338	5	1,188	10,437	17,144	5
Hotels, Restaurants, &c.											
Imperial Hydropathic Hotel, Blackpool	Nov. 30	9,744	14,694	24,438	...	7,675	15	5,000	11,763	14,042	15
Iron, Coal and Steel.											
Burnell and Co.	Dec. 31	11,039	12,522	23,561	9,568	2,500	5	...	11,493	13,044	7
Steel Developments	Dec. 31	3,787	4,578	8,365	...	4,494	6½	...	3,871	4,997	6½
Rubber, &c.											
Ampat (Sumatra) Rubber...	Sept. 30	5,969	Dr. 2,944	3,025	...	...	...	1,034	1,991	3,835	...
Bah Lias Rubber	Oct. 31	50,818	Dr. 1,596	49,222	...	...	...	...	49,222	26,098	5
Buloh River Rubber	Sept. 30	1,881	Dr. 3,838	Dr. 5,719	...	...	...	...	Dr. 5,719	Dr. 1,159	...
Glendon Rubber.....	Sept. 30	1,339	Dr. 3,150	Dr. 1,811	...	...	...	...	Dr. 1,811	...	...
Toerangie (Sumatra) Rubber	Oct. 31	22,988	437	23,425	...	...	...	...	23,425	17,353	7½
Val d'Or Rubber	Oct. 31	11,194	Dr. 1,368	9,826	...	...	...	...	9,826	6,473	5
Wampoe Tobacco & Rubber	Oct. 31	5,600	Dr. 1,424	4,176	...	...	...	...	4,176	4,967	2½
Shops and Stores.											
Lewis's, Ltd.	Feb. 1	17,179	831,391	848,570	120,000	{ 158,625 323,125 }	15a 12½	222,608	24,212	773,466	{ 12½a 12½b }
Randall (H. E.).....	Dec. 27	55,831	31,367	87,198	5,100	24,750	15	...	57,348	35,365	15
Textiles.											
Linen Thread.....	Sept. 30	188,654	110,555	299,209	121,000	99,000	6½	Dr. 100,000	179,209	269,549	8½
Tramways and Omnibuses.											
City of Buenos Ayres Trams.	Dec. 31	501	70,590	71,091	...	62,000	5	8,500	591	71,156	5
Bristol Tramways.....	Dec. 31	4,278	120,767	125,045	20,000	100,000	10	...	5,045	129,231	10
Trust.											
Average Trust.....	Dec. 31	552	1,458	2,010	350	1,050	7½	...	610	2,378	10½
British Investment Trust...	Jan. 1	192,406	270,221	462,627	58,125	162,750	21	...	241,752	269,556	21
General Funds Investment	Jan. 15	1,134	11,492	12,626	3,937	3,937	5	3,500	1,252	11,495	5
Power Securities Corp.	Dec. 31	18,294	81,655	99,949	27,125	27,125	7	25,000	20,699	79,924	7
Scottish United Investors...	Dec. 31	1,357	80,509	81,866	28,275	33,920	9	...	19,671	80,746	9
Second Scottish United Inv.	Dec. 15	1,724	36,972	38,696	17,578	9,362	4	...	11,756	36,674	5
Waterworks.											
Chester Waterworks.....	Dec. 31	9,263	12,476	21,739	4,492	5,557	...	...	11,690	...	...
East Worcestershire.....	Dec. 31*	4,667	3,899	8,566	545	3,296	9	...	4,725	4,721	10
South Staffs. Waterworks...	Dec. 31	23,873	142,123	165,996	55,186	86,524	7	5,000	19,286	130,608	7
Other Companies.											
Blundell, Spence and Co. ...	Oct. 31	7,948	Dr. 6,195	1,753	7,928	...	...	Dr. 6,175	...	21,943	4
British Wagon Co.	Dec. 31	12,613	24,819	37,432	...	15,113	15	10,000	12,319	27,195	20
Copestake, Crampton & Co.	Dec. 31	1,352	14,390	15,742	...	12,400	2	...	3,342	23,787	3½
Crookers, Limited	Dec. 31	4,893	Dr. 419	4,474	4,250	...	...	...	224	10,007	3
Ewart and Son	Dec. 31	20,927	38,222	59,149	16,112	28,573	36	...	14,464	58,828	41
Foster, Porter and Co.	Dec. 31	8,553	7,095	15,648	...	15,000	5	...	648	15,046	5
Gray (William C.) and Sons	Dec. 31	38,805	30,770	69,575	16,269	14,000	5	5,306	34,000	73,684	10
Griffiths (William) and Co...	Oct. 31	23,453	27,452	50,905	...	17,530	12½	10,000	23,375	18,367	12½
Hall Telephone Accessories	Dec. 31	4,313	64,156	68,469	...	21,971	15	40,100	6,398	38,415	12
Hart and Levy	Dec. 31	1,136	23,671	24,807	10,800	11,250	5	2,000	757	33,262	10
Hayes, Candy and Co.	Dec. 31	14,148	18,132	32,280	10,400	7,518	6	...	14,362	21,440	8
Imperial Tobacco Co. (G.B. and I.).....	Oct. 31	1,176,469	10,177,046	11,353,515	852,209	8,810,767	23½	500,000	1,190,539	9,967,098	23½
Kent, G. B. and Sons	Sept. 30	1,229	Dr. 518	711	4,262	...	...	...	Dr. 3,551	6,091	2
London Necropolis Co.	Dec. 31	4,068	11,161	15,229	...	9,696	6½	2,000	3,533	14,336	7
Manchester Corn, Grocery and Produce Exchange...	Dec. 31	1,620	16,500	18,120	...	14,298	7½	...	3,822	17,219	8
M'Laren (Wm.), Sons & Co.	Dec. 20	3,008	Dr. 7,503	Dr. 4,495	3,488	...	...	Dr. 10,000	2,017	1,727	...
North of Ireland Paper Mill	Dec. 31	21,298	4,902	26,200	...	4,000	2½	...	22,200	8,687	3½
Pawsons and Leafs	Dec. 23	46,978	Dr. 2,490	44,488	...	6,900	2½	...	37,588	18,588	6
Philips (J. and N.).....	Dec. 31	30,639	99,417	130,056	101,500	13,750	2½	...	14,806	133,161	4
Read Brothers	Dec. 31	9,875	15,176	25,051	5,000	11,200	8	...	8,851	27,569	13
Redfern's Rubber Works ...	Dec. 31	17,994	21,747	39,741	9,000	8,000	10	9,000	13,741	13,899	7½
Royal Exchange Co., Leeds	Dec. 31	3,871	4,711	8,582	...	4,175	13½	250	4,157	5,054	17
Sentinel Wagon Works ...	Dec. 31	2,283	48,474	50,757	22,500	4,500	3	21,329	2,428	71,620	7½

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
London Midland and Scottish ...	1% ^a	...	...	2	4 ¹ / ₂
Great Western ...	3 ¹ / ₂ % ^a	...	...	5 ¹ / ₂	7 ¹ / ₂
Southern Railway ...	...	...	...	12	2 ¹ / ₂
BANKS.					
Credito Italiano ...	...	...	...	8	8
Dominion Bank ...	...	...	...	12	12
Swiss Bank Corporation ...	...	...	...	8	8
Union Bank of Switzerland ...	...	...	...	7	7
INSURANCE.					
Prudential "A" ...	...	...	Tax free	18/3 p.s.	...
Prudential "B" ...	...	...	Tax free	1/4 p.s.	...
MINING.					
British South Africa Co. ...	2 ¹ / ₂ % ^a	...	...	1/3 p.s.	60
Petaling Tin ...	...	...	...	30	...
OTHER COMPANIES.					
Aberdeen Comb Works ...	11% ^a	Mar. 5	Less tax	1/6 p.s.	1/4 p.s.
Aberdeen Heritable Securities ...	4 ¹ / ₂ % ^a	...	...	9 ¹ / ₂	...
Altrincham Gas ...	15% ^a	...	...	...	...
Arthur Guinness, Son and Co. ...	1s. p.s. ^a	...	...	...	...
Australian Agricultural Co. ...	...	...	...	...	...
Average Trust ...	3 ¹ / ₂ % ^a	...	Tax free	...	...
Bath Gas ...	...	...	...	5	5
Bent's Brewery ...	1/4 p.s. ^a	plus bonus	us of 1/3 p.s.	16 ¹ / ₂	...
Birmingham Racecourse ...	...	...	Tax free	...	...
Bovril (def.) ...	...	...	...	13	13
Bristol Gas ...	6% ^a	...	...	10	10
Bristol Tramways and Carriage ...	13% ^a	...	Less tax	21	...
British Investment Trust (Def.) ...	...	...	...	...	...
British Land ...	6 ¹ / ₂ % ^a	Mar. 16	Less tax	...	7 ¹ / ₂
Bursledon Brick ...	...	...	...	...	...
Cheshire Waterworks ...	1/3 p.s. ^a	...	Half-yearly	...	...
City of Buenos Aires Tramways ...	5% ^a	...	...	5	5
City of Durham Gas ...	...	...	...	...	...
Clarence Hotels ...	...	...	...	...	...
Copestake Crampton ...	...	...	...	...	...
D. H. Evans ...	15% ^a	...	...	30	3 ¹ / ₂
Dickins and Jones ...	...	...	...	12	12
Dublin United Tramways ...	...	...	...	3	Nil
East Worcestershire Waterworks ...	9 ¹ / ₂ % ^a	...	Half-yearly	...	...
Edinburgh Securities ...	6 ¹ / ₂ % ^a	...	Less tax	...	...
Electrical and Industrial Devt. ...	...	...	...	8	7
Equitable Loan Co. of Scotland ...	6d. p.s. ^a	Mar. 2	Less tax	...	...
General Funds Investment Trust ...	...	...	...	5	5
Grantham Gas ...	21% ^a	...	...	...	...
Grantham Waterworks ...	21% ^a	...	...	...	...
Guardian Investment Trust ...	...	...	Less tax	11	11
Harrods ...	15% ^a	...	...	20	20
Hart and Levy ...	2% ^a	...	...	5	10
Heritable Securities and Mortgage Investment ...	12	...	...	9	...
H. E. Randall ...	...	...	...	15	15
Hull Central Dry Dock ...	...	...	...	10 ¹ / ₂	17 ¹ / ₂
Imperial Hydropathic Hotel ...	...	...	Less tax	15	15(c)
Improved Wood Pavement ...	3/4 p.s. ^a	...	...	20	20
J. and N. Phillips ...	...	...	...	20	4
J. Gerrard and Sons ...	...	...	...	12	...
Johnston, Mooney and O'Brien ...	31% ^a	...	...	10	6
Leicester Real Property ...	31% ^a	...	...	7 ¹ / ₂	7 ¹ / ₂
Leyland Motors ...	...	...	...	20	...
Lincoln Thread ...	3% ^a	...	Tax free	6	8 ¹ / ₂
London Commercial Sale Rooms ...	5% ^a	...	Less tax	10	10
London Electric Supply ...	5% ^a	...	...	9	6
London Power Co. ...	...	...	...	6	6
London Necropolis ...	...	...	...	6 ¹ / ₂	7
Madstone Gas ...	41% ^a	...	Half-yearly	...	...
Malton Gas ...	...	...	Tax free	6 ¹ / ₂	6 ¹ / ₂
Manchester Corn and Produce Exchange (Def.) ...	3 ¹ / ₂ % ^a	...	Less tax	7 ¹ / ₂	8
Mather and Platt ...	11 ¹ / ₂ % ^a	...	...	10	15
Mercantile Investment & General Merchants Trust ...	9% ^a	...	Less tax	14	14
Merthyr Tydfil Gas ...	4 ¹ / ₂ % ^a	...	...	9 ¹ / ₂	...
Midland Electric Manufacturing Moss' Empires ...	10% ^a	plus bonus	us of 12 ¹ / ₂ per cent.	...	...
National Dominion and General Investment ...	5% ^a	...	...	10	15
Newport (Mon.) Gas ...	21% ^a	...	Less tax	8	8
Northampton Electric Light and Power ...	6% ^a	...	...	5	5
Penkese and District Gas ...	3% ^a	...	...	10	10
Perry and Co. ...	7 ¹ / ₂ % ^a	...	Less tax	10	10
Planters Stores and Agency ...	30% ^a	...	...	15	15
Power Securities ...	...	...	...	7	7
Read Bros. ...	5% ^a	...	...	8	13
Redfern's Rubber Works ...	61% ^a	...	...	10	7 ¹ / ₂
Rochdale Canal ...	1% ^a	...	...	...	...
Royal Exchange, Glasgow ...	21% ^a	...	Less tax	5	6
Rushden and District Electric Supply ...	41% ^a	...	...	8	8
Sackville Estates ...	31% ^a	...	Less tax	6 ¹ / ₂	...
Scottish Central Investment ...	4% ^a	...	Less tax	6 ¹ / ₂	6 ¹ / ₂
Scottish United Investors ...	5% ^a	...	...	9	9
Second Scottish United Investors ...	14% ^a	...	...	4	...
Sentinel Waggon Works ...	20% ^a	...	Tax free	20	7 ¹ / ₂
Sheffield Billposting ...	1 p.s. ^a	...	Less tax	...	...
Sheffield Gas ...	31% ^a	...	...	6 ¹ / ₂	6 ¹ / ₂
Sheffield Steel Devt. Co. ...	5% ^a	...	Tax free	6	6
Trade Indemnity Co. ...	51% ^a	...	...	6	8
Union Commercial Investment ...	9 ¹ / ₂ % ^a	...	...	6 ¹ / ₂	6 ¹ / ₂
United Grain Elevators ...	4% ^a	...	...	6 ¹ / ₂	6 ¹ / ₂
Wakefield Gas ...	...	...	...	...	...
Westminster Chambers Association ...	7% ^a	...	Half-yearly	13	13
Weston-super-Mare Gas Light ...	7 ¹ / ₂ % ^a	...	...	5	5
Whitworth and Mitchell ...	...	...	...	...	...
William C. Gray and Sons ...	...	...	...	...	...
William Griffiths & Co. ...	...	...	...	...	...
W. V. Bowater and Sons ...	8% ^a	Feb. 27	...	12 ¹ / ₂	12 ¹ / ₂
Wm. France Fenwick and Co. ...	3% ^a	...	...	5	5
York Gas ...	3% ^a	...	...	5	5

^a Plus bonus of 1s. per share. (c) Tax free.
^b Plus bonus of 5d. p.s. ^c Plus bonus of 10d. p.s.

Mr John Edward Cowen has been elected a director of the Tyneside Investment Trust, Ltd.

Mr William Francis Robertson has been appointed a director of the Scottish Union and National Insurance Company, in succession to the late Mr James Simpson Craig.

The directors of the Legal and General Assurance Society, Ltd., have made the following appointments: Mr Vernon E. Boys to be assistant manager, Mr G. W. Bridge to be agency manager, Mr C. S. Johnson to be city branch manager, Mr H. T. Jennings Clark to be assistant foreign fire manager.

At a general meeting of the Life Offices' Association, held on January 19, 1931, Mr W. Penman, actuary and life manager of the Atlas Assurance Company, Ltd., was elected chairman, and Mr C. R. V. Coutts, manager and actuary of the Provident Mutual Life Assurance Association, was elected deputy chairman.

Commercial Reports.

MARKET SUMMARY.

The low level of activity in the coal trade is reflected by the January exports, which, at 3.3 million tons, compare with 5.5 million tons for the corresponding month last year, while bunker shipments at 1.2 million tons have reached a new low level. Industrial demand shows no signs of expansion, and requirements for heating purposes, which have formed a mainstay of the market during recent months, are beginning to slacken off. Apart from an increased demand for British pig iron, business in the iron and steel industries continues slack. It is interesting to note that the restriction of production enforced by the International Raw Steel Cartel amounts to 30 per cent. for the first quarter of this year, and it appears that at its meeting at Düsseldorf next month, the cartel may even increase the restriction for the second quarter. Non-ferrous metals have been decidedly more active, all showing a rise in price on last week. The new materials of the principal textile trades have been firm. Unfortunately the dispute in the weaving section of the cotton industry has not yet been settled, and its hampering influence on the market in finished goods is becoming more and more felt. The wool trade has remained quiet, but there has been a slight improvement in the demand for rayon goods. The principal foodstuffs have been more active. Wheat advanced on the news of the delay in the Argentine harvest, and reduced crop estimates for Australia. Increased confidence in the sugar position is mainly ascribed to the hope of an early ratification of the Chadbourne Scheme by the Government of the Dutch East Indies, and to rumours of decreased cane supplies from Porto Rico. Coffee, cocoa and tea have been weaker, while meat prices continued the downward tendency which had begun early in January. Among miscellaneous commodities, vegetable oils and oilseeds have been steadier, while hide prices were again lower. Rubber has been firmer as a result of an improvement in the demand from the United States.

THE COAL TRADE.

Our Sheffield correspondent writes:—The position of the South Yorkshire coal market is unchanged. Best steams are in regular demand for prompt shipment, but forward business is being held up by the current high prices (17s. f.o.b.) which it has been necessary to quote since the subsidy ceased. Medium qualities move slowly and there is still a glut of small fuel. The household demand is mainly for the cheaper qualities. Best house coal is quoted at 20s. 6d. to 21s. 6d. at pits, and best hand-picked branch commands 26s. or even more, but is not selling freely. There are heavy stocks of blast furnace coke on hand notwithstanding the curtailment of output. Best brands are worth 11s. to 11s. 6d., but there are cheaper prices about, as low as 10s. having been accepted to clear stocks.

Our Glasgow correspondent writes:—Business tends further to diminish on the Scottish coal market, and the result is a continued weakening of prices. Washed nuts are plentiful in all districts; and large coal moves less readily than recently. The seasonal falling-off in home requirements has brought an increase in supplies available for shipment and at the same time some shading of prices for household varieties. The labour outlook appears more hopeful, an extension of the spread-over having, it is understood, been agreed upon. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 17s.; splint second, 16s. 3d. navigation, 16s. 6d.-17s.; navigation second, 15s.-15s. 6d.; Hartley, 16s.; steam, 15s.; trebles, 13s.; doubles, 11s. 9d.-12s.; singles,

11s.; pearls, 10s. 9d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 12s.; trebles, 12s. 6d.-13s. 6d.; doubles, 12s.; singles, 11s.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s. 6d.-14s.; secondary steam, 13s. 6d.-14s.; trebles, 13s.; doubles, 12s. 3d.; singles, 11s. 6d.; pearls, 11s. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 14s.; trebles, 13s. 6d.; doubles, 12s. 6d.; singles, 11s. 9d.; pearls, 11s.; dross, 10s. 6d.

Our Cardiff correspondent writes:—Although current inquiries continue scarce on the Cardiff coal market, employment at the collieries this week has been regular and shipments active. Colliery companies have now to conform strictly with the conditions of the output regulation scheme, and the dock authorities are complaining of an actual shortage of coal, particularly of large grades. The supply of tonnage is good, and at the Cardiff Docks this week many vessels have been waiting their turn for loading berths. Prices, however, are nominally unaltered. As anticipated, the negotiations between the representatives of the employers and the workmen have resulted in the signing of a new agreement for a period of three years, but both the subsistence wages and the subsistence allowance questions have been referred to the Independent Chairman, who, it is expected, will be nominated in time to attend a meeting of the new Joint Board which has been convened for February 23. The current approximate quotations are as follows:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dross, 18s. 6d. to 19s. 6d.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; ruddy culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 25s. 6d. to 26s.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—There is little new in connection with Cleveland iron. Business is on a small scale, but requirements are well maintained against contracts, and inroads are being made into stocks, the quantity available from the current make being still very limited. Trade at the present time is practically confined to home consumers, there being very little export demand. Continental foundry iron continues to be offered to Scotch founders at much below Cleveland prices and orders for the latter are therefore considerably below expectations. Only a moderate business was reported at the weekly market on Tuesday and this was made up of small quantities on home account for early delivery. Prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The position of hematite is rather weaker. Orders are not coming to hand very freely and makers are now willing to accept 60s. for ordinary mixed numbers for early delivery, although there are one or two that prefer to hold rather than accept this figure. For delivery a few months ahead 70s. is generally quoted, but there are no orders of importance offering to actually test the market. The ore market is practically idle. Best Bilbao rubio is nominally 16s. c.i.f., and the current freight Bilbao-Middlesbrough is 4s. 9d. Coke is in abundant supply and although the general quotation is 17s. delivered works for ordinary blast-furnace qualities, 16s. 9d. and down to 16s. 6d. has been accepted in some instances. In the finished trades some departments are better employed and there are indications of further expansion. Prices for steel materials for home, subject to the increased rebates, are: Plates, £8 15s.; angles, etc., £8 7s. 6d.; joists, £8 15s. Among other quotations heavy steel rails are £8 10s.; iron crown bars, £10 10s.; 24-gauge black sheets, £8 10s.; and 24-gauge galvanised corrugated sheets, £11, all for home use. One or two constructional orders of fair importance have been secured by local firms during the last week and there are prospects of more to follow. The number of furnaces in blast in the district is unchanged at 23.

Our Sheffield correspondent writes:—There is still no sign of the tide of depression turning as regards the heavy steel branches. Producers are still awaiting a buying movement, but large orders and contracts continue on the meagre side and there are possibilities of output of open-hearth steel being curtailed further unless an early change for the better occurs. Many of the workpeople suspended for the Christmas holidays are still unemployed, which indicates that the position has receded since December. Some good contracts are on hand for special steel lines required in modern engineering. The overseas position continues unfavourable as regards all sections of local trade. The call for corrosion-resisting alloys tends to shrink, although a considerable tonnage is being sold. Prices of iron and steel are on the easy side, but makers hold the view that concessions would fail to increase buying while the present stagnation continues.

Our Glasgow correspondent writes:—The position remains practically unchanged in the iron and steel trades in this district. The pig-iron market is very quiet and furnaces in blast are able to produce more than sufficient to meet all requirements. At the steel plants work is scarce and irregular. Makers of material for the use of structural engineers are relatively better employed than those specialising in shipbuilding materials, as a majority of the structural engineers are now confining their purchases to British steel and also they are much better off for work than are the ship-

builders. Continental semis are being offered here at exceedingly low prices, but there is little business being done, partly, it is said, on account of the heavy stocks already on the hands of users and partly because an increasing number of firms are taking advantage of the rebate scheme. Tube makers remain quiet and also the export trade in both black and galvanised sheets; the demand from home users shows some expansion this week.

Our Cardiff correspondent writes:—Business on the Swansea Metal Exchange on Tuesday was again quiet, and the works are employed at only from 50 per cent. to 55 per cent. of capacity. Many mills have been idle under the output control scheme, and there is no apparent prospect of an immediate improvement. Prices have been a shade steadier at from 15s. 6d. to 15s. 9d., compared with 15s. 3d. to 15s. 9d. the previous week. South Wales tinplate bars are unaltered at £5 per ton, but foreign bars are weaker, and are reported to have been bought at prices ranging down to £4 5s. per ton. Tin has been firmer at from £116 5s. to £117 15s., compared with £112 2s. 6d. to £113 12s. 6d. the previous week. There was an improvement in shipments last week, and stocks have consequently been reduced to 234,544 boxes.

OTHER METALS.

TIN.—The expectation of an early statement by the Government of the Federated Malay States to take part in the restriction scheme which has the support of the principal producing countries strengthened the market. Wednesday's price of standard cash at £117 10s. 0d. to £117 12s. 6d. per ton compares with £114 2s. 6d. to £114 15s. 0d. quoted on the corresponding day last week, and "three months" at £118 17s. 6d. to £119 0s. 0d. shows a rise of £2 15s. 0d. Stocks in London and Liverpool warehouses at the end of last week at 23,024 tons, show an increase of 415 tons on the preceding week.

COPPER.—The market in copper, in common with that of the other non-ferrous metals, has been decidedly more active. Mine production and refinery production in the United States during January were on a slightly lower level than in December last, and stocks of rough and refined copper in North and South America, which stood at 513,035 tons at the end of January, show a decline of 10,040 tons as compared with the preceding month. After reducing its quotation from 10.05 cents per pound to 9.80 cents c.i.f. Continent over the week-end, Copper Exporters, Inc., subsequently raised its price to 10.05 cents on Tuesday, and to 10.30 cents on Wednesday. The London metal market quickly responded, and Wednesday's price for "standard" at £46 2s. 6d. to £46 3s. 9d. per ton, shows an increase of more than £2 on the week.

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LEAD.—There was an improvement in the demand for lead, and Wednesday's quotation for soft foreign pig lead at £13 15s. 0d. to £13 16s. 3d. shows recovery of nearly £1 from the low level reached last week.

SPELTER.—Spelter was an active market, supported by speculative buying, and Wednesday's prices for G.O.B. at £12 12s. 6d. to £13 1s. 3d. per ton show a gain of about £1 on the week.

Among other non-ferrous metals aluminium remained unchanged at £85 per ton, and nickel sold at last week's price of £170 to £175 per ton. Antimony was slightly easier at £24 10s. 0d. to £25 10s. 0d. per ton for "foreign," but quicksilver rose 3s. per bottle to £22 15s. 0d.

TEXTILES.

THE COTTON TRADE.—Liverpool: February 11th.—Spot sales for the week 5th to 11th (inclusive) are 19,000 bales, of which 8,440 are American, 900 Brazil, 400 Argentine, 5,550 Peru, 1,400 Egyptian, 1,000 African, 850 East Indian and 460 sundries. Imports for the same period are 77,783 bales, of which 17,767 bales are American, 5,051 Brazil, 181 Peru, 11,200 Egyptian, 3,101 African, 27,826 East Indian, and 12,857 sundries. Quotations to-day are: American Middling, 5-91; Egyptian F.G.F. Sakel, 9-35; F.G.F. Uppers, 6-75; Brazil Fair, 6-06; Peru G.F. Smooth, 6-36; West African Middling, 5-91; and East African G.F., 6-96. During the past week the market has shown more steadiness in spite of continued depressing conditions, and prices are about ½d. per lb. higher. The chief buying has been from Bombay and Alexandria. The reversing of straddles and the South inclined to hold for higher prices has forced some shorts to cover. Reports from America indicate a slight improvement in consumption there. Fertiliser sales are reported to be 28 per cent. lower than this same time last year, and with the mild winter some land has been prepared, but so far little indication has been shown of the reduction in acreage likely for the new crop. Fears are expressed that the mild weather may mean a heavy insect survival.

Manchester: February 11th.—Since a week ago the market has been under the influence of a hardening movement in raw-material rates and in some quarters inquiry in yarn and piece-goods has broadened. Difficulties in arranging transactions, however, are more pronounced than ever as a result of the continuance of the lockout. Very few buyers have been prepared to give a strike clause in contracts. On the whole, advices from India have been

slightly better and a fair amount of cloth inquiry has come through, but merchants complain of definite bids being scarce. Retail quantities of light goods have been sold, chiefly for Calcutta and Karachi. Operations for China remain practically at a standstill and no developments are likely until after the Chinese New Year. A little more inquiry has been about for the Near East and South America, but the sales have been unimportant, and rather less activity is now showing itself in home-trade fabrics. Quotations in American and Egyptian yarns have gone against buyers, but it has been difficult for spinners to secure advances. Only a moderate trade has been done in home counts and export numbers.

Statement of the Cotton Trade.

	1931.				Corresponding Date.	
	Jan. 21.	Jan. 28.	Feb. 4.	Feb. 11.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5-51	5-70	5-64	5-91	10-48	8-62
" Sakellaridis Fully Good Fair.....	8-45	8-90	8-90	9-45	17-95	13-55
Yarns—32's twist..... per lb.	9-9	9-9	9-9	9-9	15-1	13
" 40's twist..... per lb.	11-2	11-4	11-4	11-4	16	13½
" 60's twist (Egyptian)..... per lb.	16½	16½	16½	17	26½	22
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	17 10	18 2	18 3	18 6	26 0	23 0
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	20 0	20 3	20 4	20 6	28 0	26 0
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	11 2	11 4	11 4	11 6	15 3	14 1½
39-in. ditto 37½ yds. 16 by 15, 8½ lb.....	10 1	10 3	10 3	10 5	13 9	12 9

THE WOOL TRADE.—Our Bradford correspondent writes:—Conditions in the wool trade are still encouraging. The London sales have closed since last writing without the development of any further outstanding feature. Competition was good, even on the last day or two when interest sometimes wanes. Values having recovered substantially from the low level seen during the first week without getting back to a parity with December, simply means that the trade has found a working basis. Perhaps it would have been a good thing if more wool could have been passed into users' hands, for 90,000 bales is a big quantity to carry forward to next March, particularly as there will be further big arrivals before then. The policy of sellers has, however, been sound. No good whatever can be done by forcing wool on to an unwilling market, and cable information received from Australia and elsewhere since the sales closed shows that values are holding their own very well. The Cape market is more settled, and the continued steady offering of wool will no doubt meet with a good response from buyers. It is known in Bradford that large quantities of tops were sold forward during the recent period of activity, and these requirements will have to be met in wool at the best price possible either in London or Australia. With regard to operations in the latter markets, the policy of some Australian interests is to transfer capital to London. In this way there is a reasonable prospect of a profit being made on the wool, and financial interests are safeguarded. The big buying movement in London which resulted in a marked recovery in values was prompted by extensive sales of tops and yarns, and the entire industry is now on a much sounder footing. The Bradford market is rather quiet, but there is still some turnover in all commodities. Having satisfied their requirements for the time being, spinners are now rather indifferent, but except for such occasional forced sales as are found in any market, it is impossible to buy tops at less than a week ago. Topmakers are prepared to await developments.

THE HEMP TRADE.—The market has been weak during the greater part of the week, but on Wednesday buyers were more in evidence, while sellers adopted an attitude of reserve. Manila "J.2." February-April was quoted at £19 per ton on Wednesday, which shows a decline of 15s. on the week. According to a cable, last week's receipts amounted to 27,000 bales, against 34,000 last year. This week's receipts have been estimated at 25,000 bales, and at 27,000 for next week. Manila shipments last week totalled 17,000 bales, of which 3,000 have been consigned to the United Kingdom, 6,000 to the Continent, 2,000 to the United States, and 6,000 to Japan. Local consumption at 1,000 bales, leaves stocks at 114,000.

FOOD.

THE GRAIN MARKETS.—Drying winds and spells of sunshine during the past week enabled farmers to resume field work, and preparations are proceeding for Spring sowings. Improved climatic conditions also benefited winter crops, which are recovering from excessive rains, and the general agricultural outlook remains favourable in the United Kingdom. Moderate supplies of native wheat were available at the statute markets, but prices were too high compared with foreign sorts to stimulate milling interest, business being mostly for poultry feed. Trading on the import market has assumed considerably larger proportions of late, and an outstanding feature was the liberal absorption of Australian cargoes and parcels both to European and Oriental destinations. Canadian grades also received attention from United Kingdom and Continental millers, and with the new Plate crop now moving in volume, a firmer market resulted. Stimulating cables from Argentina and North America supported the advance, a good export demand on Eastern account inducing Canadian sellers to raise their limits, while the delayed Argentine harvest, and reduced crop estimates, both in that country and Australia, were influencing factors. Buyers, however, still confine purchases to near at hand parcels and early shipments, in view of large prospective Plate shipments, and the renewal of Russian grain chartering for March loading. Huge tonnage bookings are now taking place from the River Plate, and with substantial Commonwealth shipments, supplies coming forward

OVERSEAS TRADE RETURNS.

(Values.)

	IMPORTS.		EXPORTS.	
	Month Ended January 31.	1930.	Month Ended January 31.	1931.
I.—Food, Drink, and Tobacco—	£	£	£	£
A. Grain and flour.....	6,509,148	4,430,393	398,086	253,293
B. Feeding stuffs for animals.....	779,273	474,496	239,021	234,795
C. Meat.....	8,507,511	8,416,353	153,575	130,900
D. Animals, living, for food.....	1,608,467	1,455,932	13,436	20,931
†E. Other food and drink, non-dutiable.....	18,218,570	15,195,486	2,950,649	2,426,138
†F. Other food and drink, dutiable.....	5,631,895	4,735,465	856,070	621,757
G. Tobacco.....	1,656,905	1,536,759		
Total, Class I.....	42,911,715	36,244,884	4,610,837	3,687,814
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal.....	3,849	3,030	4,710,268	2,563,035
B. Other non-metallic mining and quarry products and the like.....	515,647	349,055	194,736	95,689
C. Iron ore and scrap.....	535,528	227,063	79,628	54,900
D. Non-ferrous metalliferous ores and scrap.....	1,510,722	699,247	77,364	45,254
E. Wood and timber.....	2,951,863	2,052,585	23,974	24,518
F. Raw cotton and cotton waste.....	7,517,856	2,992,929	66,759	21,759
G. Wood, raw and waste, and woollen raw.....	6,635,722	4,575,853	582,204	246,204
H. Silk, raw, knaps and noils.....	291,913	144,322	1,371	771
I. Other textile materials.....	1,950,613	843,131	28,838	10,264
J. Oil seeds, nuts, oils, fats, resins, and gums.....	2,903,173	2,250,344	446,556	225,526
K. Hides and skins, undressed.....	1,371,452	1,355,727	196,139	95,489
L. Paper-making materials.....	1,125,170	953,078	127,763	64,907
M. Rubber.....	1,237,903	626,421	18,912	12,351
N. Miscellaneous raw materials and articles mainly unmanufactured.....				
Total, Class II.....	981,597	797,356	342,811	288,607
Total, Class I & II.....	30,133,008	17,873,151	6,897,323	3,749,274
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel.....	3,759	3,369	427,728	320,195
B. Earthenware, glass, abrasives, &c.....	922,787	685,262	1,139,416	741,768
C. Iron and steel and manufactures thereof.....	2,442,623	1,610,399	5,471,358	2,866,303
D. Non-ferrous metals and manufactures thereof.....	3,154,593	1,590,112	1,231,171	784,553
E. Cutlery, hardware, implements, and instruments.....	518,880	471,218	711,058	475,964
F. Electrical goods and apparatus.....	743,877	438,032	1,166,606	824,830
G. Machinery.....	1,514,406	1,180,837	4,456,173	3,279,970
H. Manufactures of wood and timber.....	934,584	580,421	204,982	129,076
I. Cotton yarns and manufactures.....	850,517	619,278	10,914,027	5,510,847
J. Woollen and worsted yarns and manufactures.....	1,254,682	984,250	4,482,477	2,846,157
K. Silk and silk manufactures.....	1,034,381	800,306	166,903	96,143
L. Manufactures of other textile materials.....	1,408,117	1,125,883	2,101,483	1,253,366
M. Apparel.....	1,566,091	1,516,662	1,897,872	1,172,546
N. Chemicals, drugs, dyes, and colours.....	1,259,061	973,658	2,172,831	1,707,446
O. Oils, fats, and resins, manufactured.....	4,594,892	3,149,500	847,533	538,162
P. Leather and manufactures thereof.....	1,149,476	994,479	436,658	284,704
Q. Paper and cardboard.....	1,624,878	1,196,655	835,275	601,149
R. Vehicles (including locomotives, ships, and aircraft).....	496,913	291,328	3,141,225	3,053,068
S. Rubber manufactures.....	332,003	197,392	254,506	174,880
T. Miscellaneous articles mainly or wholly manufactured.....	2,157,649	2,032,145	2,613,321	2,060,065
Total, Class III.....	27,964,169	20,441,186	44,672,603	28,721,192
IV.—Animals, not for food.....	273,556	256,863	193,869	111,235
V.—Parcel Post, non-dutiable articles.....	558,622	753,660	1,887,846	1,294,215
Total.....	101,841,130	75,569,744	58,262,478	37,563,730

† Duty on Tea repealed as from April 22, 1929, inclusive. Figures transferred from Group F to Group E.

will probably be more than adequate for consumers' requirements. Chartering has opened for Spring loading from Montreal, and it is certain that the shipping movement will be resumed on an active scale in the Danube and Black Sea shortly. The United States is the only country that is not pressing supplies for export, and the position there is becoming more difficult by favourable winter crop prospects. Home milled flour was advanced by 1s. per sack, and a fair business transpired, but North American moves off slowly for shipment. The general tone of feeding stuffs also improved under a steady demand for Plate maize from both U.K. and Continental consumers.

WHEAT.—Again firmer. No. 1 hard Manitoba, ex ship, 30s. 3d. 31s.; No. 1 Northern Manitoba, ex ship, 29s. 6d.-30s.; No. 2 ditto, 28s. 6d.-29s. 6d.; No. 3, 28s. 3d.; No. 4 Manitoba, 27s.; Barusso, 63 lbs., 23s. 6d.; Rosafe, 63 lbs., 23s. 3d.; Australian, 23s. 6d.-24s. 6d.; Australian (on sample), landed, 21s.-24s. per 496 lbs. English, 4s. 5d.-5s. 2d. per 112 lbs.

FLOUR.—Firm. London, straight run, 24s. per sack for country deliveries and 23s. London area. Of imported, Manitoba patents, 22s.-25s. 6d.; Buffalo ditto, 22s. 6d.-26s.; Australian, 18s. 6d.-18s. 6d., ex store, per 250 lbs.

MAIZE.—Firm. Plate, landed, 17s. 6d.; ex ship to arrive, 16s. 3d.; February-March, 16s. 6d.; March-April, 16s. 9d. per 480 lbs. Yellow maize meal, £5 10s., f.o.r. London, per ton.

OVER ONE HUNDRED YEARS OF SERVICE.

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ASSETS EXCEED - £15,500,000

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BARLEY.—Dearer. Californian, old, landed, 30s.-35s.; new, ex ship, 30s.-41s., as to sample; Chilian brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s., per 448 lbs.; Black Sea, landed, 15s. 6d.; ex ship, 14s.; Persian, landed, 14s. per 400 lbs.; English malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—Firm. Plate, landed, 11s.; ex ship, 10s.; Chilian tawny, landed, 13s.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.; North Russian, landed, 12s.-12s. 9d.; South Russian, landed, 12s. 6d., per 320 lbs.; English, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat				
1 week to Feb. 7.....	109,085	222,941	263,661	307,295
23 weeks to Feb. 7.....	2,795,188	6,014,888	6,205,454	5,823,572
Average price of English wheat per cwt.	s. d. 5 3	s. d. 9 2	s. d. 9 10	s. d. 9 9

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Jan. 31, 1931.....	114,376	244,944	48,241	5 5	8 6	5 9
Feb. 7, 1931.....	109,085	217,005	50,035	5 3	8 7	5 11
Feb. 5, 1927.....	289,882	360,036	91,325	11 10	11 2	8 3
Feb. 4, 1928.....	335,937	353,027	102,125	9 10	11 0	10 0
Feb. 9, 1929.....	263,661	262,339	101,222	9 10	10 5	9 9
Feb. 8, 1930.....	222,941	244,538	42,742	9 2	8 2	6 7

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1929:—

NEAREST FUTURE.	Jan. 2, 1930.	Feb. 11, 1930.	Jan. 1, 1931.	Jan. 28, 1931.	Feb. 4, 1931.	Feb. 11, 1931.
	1929.	1930.	1931.	1931.	1931.	1931.
Winnipeg (No. 1 Manitoba).....	148½	127½	56½	57	60½	64½
Chicago (No. 2 Winter).....	130½	119	79½	80½	79½	79½

The visible supply of wheat in Canada at 62,535,000 bushels, shows an increase on the week of 1½,000 bushels. Supplies a year ago stood at 75,180,000 bushels.

SUGAR.—At the prevailing low level of prices, the market is very sensitive, and the news of a decline in cane supplies from Porto Rico coupled with the hope of an early ratification of the Chadbourne scheme by the Government of the Dutch East Indies, resulted in an improvement in demand. The market became decidedly firmer, and on Thursday morning quotations of refined sugar were raised 3d. per cent., thus cancelling out last week's decline. Wednesday's sales of raw futures included March delivery from 5s. 9½d. to 5s. 10½d. as against 5s. 7d. to 5s. 7½d. on the same day last week; May from 6s. 0½d. to 6s. 1½d. as against 5s. 11d. to 5s. 11½d.

COFFEE.—The market in coffee has been quiet, and prices were scarcely changed on the week, but good qualities continue to be well supported.

COCOA.—Transactions in cocoa have been small in quantity, and prices were below those of last week. On Wednesday, Accra, fair fermented, sold at 21s. to 26s. per cwt. as against 23s. to 28s. last week. Futures were easier, in sympathy with spot prices.

TEA.—The weakness of the market has continued, and prices show a further decline. Wednesday's price of Indian Pekoe was from 8d. to 1s. 4d. per lb., as compared with 8d. to 1s. 11½d. at the same day last week. Ceylon grades have been generally better supported than those of Indian origin, and C. Pekoe realised from 9d. to 1s. 11d., as compared with 9½d. to 1s. 11½d. last week. Although week-to-week fluctuations are normally governed by the quantities offered at the auctions, it is known that this year's production will probably exceed that of last year, despite the continuance of restriction.

RICE.—The market in rice remained dull, with quotations unchanged at 11s. 9d. per cwt. for Burma No. 2, cleaned, spot.

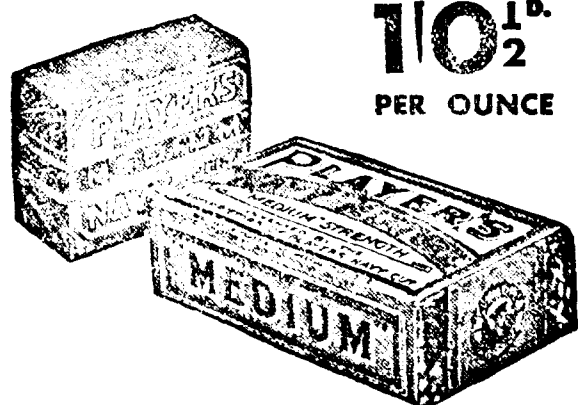
POTATOES.—Supplies were plentiful, but although the market was quiet, quotations remained at last week's level.

SPICES.—The spot market in pepper was steady, with little change in quotations, but forward values hardened on reserve of sellers, and fair support. Black: Landed in London last week, 25 tons; delivered, 30; stocks, 440 tons, against 1,126 a year ago. White: Landed, 78 tons; delivered, 50; stocks, 501 tons, against 1,219 a year ago.

PLAYER'S

NAVY MIXTURE or
NAVY CUT TOBACCO

No man lights his pipe
with greater expectancy
or smokes it with greater
satisfaction than the
one who regularly fills
it with PLAYER'S



COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
GRAIN, &c.		SPOICES—		English Southdown, washed		Best heavy ox and heifer	
Wheat, No. 2, N. Man. 496 lb.	29 6	Pepper, per lb.	0 9 0 9 2	per lb.	13	Best cow	0 3 0 3 1
Barley, Eng. Gas. av.	5 3	Muntok, fair White.	0 9 0 9 2	Queensland, sud. super cmbg.	18	Best calf	0 6 0 6 9 2
Oats, "	5 11	Black Lampong	0 6 0 6 0	N.S.W. greasy, super	11		
Maize, La Plata, landed, 480 lb.	17 6	Cinnamon—1st sort, per lb.	0 9 0 9 0	N.Z., grey, half-bred 50-56	8-8 1		
Flour, Lon. stan. ex mill, a. d.	22 0	Clove—Zanzibar per lb.	1 0 0 0 0	Crombred 40-44	6		
280 lb.	0 0	Ginger—per cwt.	32 0 0 0 0				
Rice, No. 2 Burma, per cwt.	7 9 0 0	Jamaica, ord. to good	50 0 90 0 0				
Sago, Pearl, per cwt.	18 0	Mace	1 3 2 0 0				
Tapioea, per cwt.	17 6 0 0	Nutmegs 65's	1 2 0 0 0				
B.I. flake, fair spot	20 0 0 0	Good English Potatoes,	7 0 7 6				
Medium pearl	17 0 0 0	per cwt.					
MEAT—		SUGAR—		COAL—		INDIGO—	
Beef, per 8 lbs.	5 0 5 6	(Duty, 11s. 8d. per cwt.)	18 6 21 6	Welsh, best Ad'ty...ton	20 0 0 0	Bengal gd. red-vio, to	5 6 6 6
Argentine chilled hinds	3 4 3 10	B.W.I., crystallised	18 6 21 6	Durham, best gas, f.o.b.	15 0 0 0	fine—per lb.	5 6 6 6
Mutton, per 8 lbs.	6 0 6 8	Java, white, c. & f. India	7 9 0 0 0	Tyne	15 0 0 0		
English wethers	6 0 6 8	Refined—London—	18 6 21 6	Sheffield, best house, at	20 6 21 6		
N.Z. frozen	2 8 3 8	Yellow Crystals	18 6 21 6	Sheffield, best house, at	20 6 21 6		
Corn, English, per 8 lbs.	5 4 7 8	Cuba	22 9 23 3	Sheffield, best house, at	20 6 21 6		
BACON— OTHER FOODS.		Cubana	21 3 21 9	Sheffield, best house, at	20 6 21 6		
Irish	52 0 106 0	Granulated	19 3 19 10 1	Sheffield, best house, at	20 6 21 6		
Danish	51 0 54 0	Home Grown (Jan.)	18 6 19 0	Sheffield, best house, at	20 6 21 6		
Canadian	nom.			Sheffield, best house, at	20 6 21 6		
Dutch	47 0 58 0			Sheffield, best house, at	20 6 21 6		
HAMS—				Sheffield, best house, at	20 6 21 6		
Irish	0 0 0 0			Sheffield, best house, at	20 6 21 6		
Canadian	0 0 0 0			Sheffield, best house, at	20 6 21 6		
American	74 0 90 0			Sheffield, best house, at	20 6 21 6		
BUTTER—				Sheffield, best house, at	20 6 21 6		
Irish creamery per cwt.	dom.			Sheffield, best house, at	20 6 21 6		
Australian	100 0 116 0			Sheffield, best house, at	20 6 21 6		
New Zealand	105 0 120 0			Sheffield, best house, at	20 6 21 6		
Danish	142 0 144 0			Sheffield, best house, at	20 6 21 6		
CHEESE—				Sheffield, best house, at	20 6 21 6		
Canadian	72 0 74 0			Sheffield, best house, at	20 6 21 6		
New Zealand	53 0 55 0			Sheffield, best house, at	20 6 21 6		
English Cheddars	52 0 108 0			Sheffield, best house, at	20 6 21 6		
Dutch	42 0 75 0			Sheffield, best house, at	20 6 21 6		
COCOA—				Sheffield, best house, at	20 6 21 6		
(Duty, British grown,				Sheffield, best house, at	20 6 21 6		
11s. 8d.; foreign, 14s. cwt.)				Sheffield, best house, at	20 6 21 6		
Acacia, f.f., per cwt.	21 0 26 0			Sheffield, best house, at	20 6 21 6		
Trinidad	44 0 50 0			Sheffield, best house, at	20 6 21 6		
Grenada	34 0 36 0			Sheffield, best house, at	20 6 21 6		
COFFEE—				Sheffield, best house, at	20 6 21 6		
(Duty, British grown,				Sheffield, best house, at	20 6 21 6		
11s. 8d.; foreign, 14s. cwt.)				Sheffield, best house, at	20 6 21 6		
B.I., good to fine, per cwt.	85 0 130 0			Sheffield, best house, at	20 6 21 6		
Costa Rica, good to fine...	70 0 150 0			Sheffield, best house, at	20 6 21 6		
Cent. Amer., mid to fine...	70 0 95 0			Sheffield, best house, at	20 6 21 6		
Kenya, bold sizes	98 0 125 0			Sheffield, best house, at	20 6 21 6		
Colombian, mid to fine...	70 0 92 0			Sheffield, best house, at	20 6 21 6		
EGGS—				Sheffield, best house, at	20 6 21 6		
English	15 0 18 0			Sheffield, best house, at	20 6 21 6		
Danish	10 9 17 0			Sheffield, best house, at	20 6 21 6		
FRUIT—				Sheffield, best house, at	20 6 21 6		
Oranges, South African box	0 0 0 0			Sheffield, best house, at	20 6 21 6		
Oranges—				Sheffield, best house, at	20 6 21 6		
Doña and Valencia	9 0 12 0			Sheffield, best house, at	20 6 21 6		
Lemons, Sicilian, boxes	7 0 11 0			Sheffield, best house, at	20 6 21 6		
Malaga, case 420 No. 1	0 0 0 0			Sheffield, best house, at	20 6 21 6		
Apples: Amer. (var.) boxes	18 0 34 0			Sheffield, best house, at	20 6 21 6		
(var.) boxes	0 0 12 0			Sheffield, best house, at	20 6 21 6		
Australian	0 0 0 0			Sheffield, best house, at	20 6 21 6		
ONIONS—				Sheffield, best house, at	20 6 21 6		
Valencia, case, 4s.	7 6 0 0			Sheffield, best house, at	20 6 21 6		
5s.	9 0 0 0			Sheffield, best house, at	20 6 21 6		
Grapes, Lister	0 0 0 0			Sheffield, best house, at	20 6 21 6		
Almeria barrels	0 0 0 0			Sheffield, best house, at	20 6 21 6		

MEAT.—The downward tendency in meat prices which began at the beginning of the year has become more marked in foreign beef and mutton. Wednesday's price of Argentine chilled hindquarters, at from 3s. 4d. to 3s. 10d. per 8 lbs., compares with 4s. 10d. to 5s. 4d. at the beginning of the year, and New Zealand frozen mutton, which realised from 3s. 6d. to 4s. 2d. for 8 lbs. two months ago, stood at 2s. 8d. to 3s. 8d. on Wednesday. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,521 tons, as compared with 9,129 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.7 per cent. of the supplies, as against 82.6 per cent. a year ago, and imported mutton, mainly New Zealand, formed 77.9 per cent. of the total supply, as against 78.1 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally are steady, but only a moderate business is passing. Linseed is firmer in sympathy with wheat, but consumers are not following the advance. Prior to this some trade had been done on Continental account, mainly in Plate on passage, for which £8 7s. 6d. was paid. Current value on spot at Hull and for seed near at hand is £9 5s., and for shipment to April, £8 12s. 6d. Shipments continue on a large scale from Argentina, the total on passage to Europe having increased to 275,900 tons, or 45,900 tons more than last week, and comparing with 174,300 tons a year ago. Small quantities of Baltic linseed are coming to hand. A fair trade has been done in cottonseed in near positions, and values are firmer, black Egyptian affloat quoting £6 7s. 6d., February loading £6 5s., with March and April somewhat less. Linseed oil, following the rise in seed, is firmer, raw oil on spot ex Hull being held for £17 10s.; February and March-April £17, and May-August £17 5s. Cotton oil is quiet, crude Egyptian, ex Hull, offering at £17, and common edible at £19 10s. Demand for oil-cakes and meals continues good, and prices are about unchanged. The market in copra has been firmer, Wednesday's price of S.D. Straits c.i.f. at £15 5s. per ton showing a rise of 5s. on that of the corresponding day of last week.

HIDE, LEATHER AND APPLIED TRADES.—Lower prices continue to be realised for hides from home slaughtered cattle, the sales at Manchester this week again recording reductions of from 1d. to 1 1/2d. per lb. on ox and heifers. The market for foreign hides continues dull and uninteresting, in spite of the fact that prices have again moved in buyers' favour, the actual turnover is disappointing. In the South American market Argentine ox have changed hands at 5 1/2d., while light ox have dropped to 4 1/2d., and Montevideo ox to 6 1/2d. Dry hide from the same origin are also weaker, B.A. Americanos being quoted at 6 1/2d., and M.V. Americanos at 7 1/2d. Small business has been done in Cape hides at 5 1/2d. and 4 1/2d. for dry salted firsts and seconds, 20/30 lbs. and 6 1/2d. and 5 1/2d. for drys. Australian hides at origin are quoted too dear for much business on this side, and sales during the week have been very small. The turnover in sole leather has shown a slight improvement, and although the bulk of the business is still confined to small quantities, buyers appear to be taking more interest in the future of the market. English and wet-salted hides have been taken up moderately well in all weights for the repairing trade, in addition to which the demand from the footwear manufacturing and for dry hide bends has been better. Steady trade is experienced in the upper leather section, and although orders are usually for small lots, the business is regular.

RUBBER.—An improvement in the demand from the United States, coupled with a slight decrease in the stocks in the United Kingdom, resulted in a better tone in the market at the beginning of this week. The spot price for standard ribbed smoked sheet at 4d. per lb. shows a rise of 1/2d. as compared with that of the corresponding date last week. For forward positions, business has been done at 3 1/2d. for February, at 4 1/2d. to 4d. for March, at 4 1/2d. to 4 1/2d. for April-June, at 4 1/2d. to 4 1/2d. for July-September, at 4 1/2d. to 4 1/2d. for October-December, and at 4 1/2d. to 4 1/2d. for January-March, 1932. Stocks in London and Liverpool have decreased by 46 tons, the total being 124,456 tons at the end of last week as compared with 81,243 tons at the corresponding date last year. Deliveries at 2,012 tons during the last week show an increase of 920 tons, as compared with the preceding week, and are 12 tons above those of the corresponding week last year.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, FEBRUARY 21, 1931.

No. 4,565.

ALLIANCE

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(Established in 1824.)
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THE MONEY MARKET.

MONEY this week has been erratic. On Monday and on Tuesday morning it was extremely stringent, and at times up to 3 1/2 per cent. was paid. By Tuesday afternoon, however, it had suddenly become so easy as to be almost unobtainable at rates running down to 2 1/2 per cent. It remained easy until Thursday, when it firmed up again to 2 1/2 per cent. In the discount market, the rate on three-months' bills had been pulled up as high as 2 1/2 per cent. by the beginning of the week, but, when money became easier rates naturally sagged, and by Thursday the three-months' rate was no better than 2 1/8 per cent. Even this last rate,

however, represents an advance on the preceding week, which shows that the Bank's efforts to maintain high discount rates are still proving successful.

Various explanations have been heard of Tuesday's sudden ease in money. The Bank return reveals a further contraction of £3,114,901 in the note circulation, with a consequent increase of £3,074,405 in the Reserve. This contraction is purely seasonal, for the note circulation usually falls to its lowest point at this time of year. There has also been an increase of £2,178,698 in Other Securities, a movement which is always difficult to explain. Government Securities have contracted by £980,083, possibly due to Treasury bill maturities, and Public Deposits have risen by £1,664,403, presumably as a result of revenue collection. When all these movements are off-set against each other, they lead to an increase of £3,490,043 in market resources as measured by Bankers' Deposits. This to some extent accounts for the ease in money, but as Bankers' Deposits now stand at the relatively moderate figure of £61.1 millions, this explanation is very partial.

The truth is that the money market is the victim of countless cross-currents, which can neither be foreseen nor measured. Revenue may be transferred to the Bank a day later than had been expected, or some Government Department such as the Post Office may one day make an exceptionally large payment. External influences may also come into play. Thus this week it has been suggested that one cause of the ease was extensive American buying of bills, and another cause put forward was that the Commonwealth Bank was pressing on the market sterling that it has in hand in readiness for the redemption of £5,000,000 of Australian Treasury bills maturing on March 2nd. The real point is that market resources depend upon two factors, namely, the amount of money in existence, and the extent to which that money is immobilised for other purposes, or is being transferred from one holder to another. The second factor is quite incalculable, but more often than not is the most important of the two.

	Jan. 29, 1931.	Feb. 5, 1931.	Feb. 12, 1931.	Feb. 19, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Bank's Deposit Rate..	1	1	1	1	1½ (May 1, '30)
Discount / Call	1	1	1	1	1½ (May 1, '30)
Houses / Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

Meanwhile the essential point is to maintain high market discount rates, and there is much to be said in favour of keeping the three months' rate at its present level of 2½ per cent. There is no doubt that recent political developments have had a prejudicial effect upon the exchanges, for in addition to a reaction during the week in spot rates, the premiums on forward francs and dollars have again increased. Three months' forward francs on Thursday were quoted at a premium of 20 centimes, equivalent to a net forward rate of Frs. 123.72. Were the spot rate at or above par, this spread of 20 centimes would not call for any comment, for the margin now existing between London and Paris interest rates is such as to require a spread of about 30 centimes before it becomes profitable to buy francs spot and sell them forward, holding the money in Paris in the meantime. The spot rate, however, is now so low as to mean that the forward rate is 17 centimes below the export gold point. This either means that certain operators are automatically covering themselves forward without realising exactly what they are doing, or else that they do not feel absolutely confident of being able to draw gold from London in three months' time.

The first explanation is *prima facie* unlikely, for it can only arise in cases where a foreign buyer of sterling bills is covering himself by forward sales of sterling, without finding out how the forward rate stands in relation to the

gold export point, as well as to the spot rate. In any case, there is no doubt that foreign financial centres, with their imperfect acquaintance with British politics, have been led to take a serious view of British finances by the events of the past fortnight. While it would be an exaggeration to talk of a "flight from the pound," the monetary developments described above reinforce the view that if gold losses are to be prevented, it is of far greater importance to maintain the high status of British credit than to maintain high discount rates in the City.

It is semi-officially reported that the Argentine Government has completed its preparations for balancing the budget, and that it has definitely decided to bring the peso back to parity. A sudden restoration to parity of the peso would be neither practicable nor desirable, and so the intention is to bring about a very gradual improvement, so as to relieve traders from the disturbances that a violent monetary readjustment would cause. It will be interesting to see if these intentions can be carried out, without the recovery either being too quick, or else being interrupted by unfavourable reactions.

Money rates in New York have developed a firmer tendency. Although call money has remained at 1½ per cent., it has this week been a definitely stronger rate, with less outside money available. More significant still, the downward trend of the rate on bankers' acceptances has at last been reversed. Late last week an increase of ½ per cent. was announced, and according to the latest reports, a second increase is not impossible. The bond market has been weak. The Soldiers' Bonus Bill is passing through Congress, and though the original provisions have been watered down, the cost is still estimated at from \$500 to \$700 millions. Imports for January, 1931, were \$183 millions, against \$209 millions for December and \$310 millions for January last year. Exports were \$250 millions, against \$273 millions for December and \$411 millions for January last year.

The Foreign Exchange market was irregular but fairly active. Earlier in the week the tendency was against sterling, but there was a partial recovery towards the close. New York went from 4.86 to 4.85½, after being as low as 4.85¼. Montreal improved from 4.86½ to 4.85½. Paris gained three points at 123.92. Brussels improved by ½ to 34.85½, as did Milan by four points to 92.82. Madrid was at one time nominal owing to the political uncertainty, but after touching 50.00 recovered to 47.30, against 49.40 last week. Amsterdam moved in our favour to 12.10½, after being ½ higher. Berlin gained ½ at 20.44. The South American exchanges were firmer than for some time past, Rio being steady at 4½d., while Buenos Aires gained ¼d. at 36½d., and Montevideo ¼d. at 34½d. In the forward market one month's dollars were unaltered at 3½ cent premium, but the three months' rate rose by ½ cent to 3½ cent premium. Paris also was better at 7 and 20 centimes premium, against 6 and 9 centimes last week for the two periods, as was Brussels at 3 and 5 centimes premium against 1 and 2 centimes premium last week. Milan improved by 2 points for one month at 9 centimes discount, and by 5 points for three months at 27 centimes discount. Madrid, after some uncertainty, closed the week appreciably stronger at 12 and 30 centimos premium. Amsterdam was fractionally better at 1½ cent and 3½ cent premium, and Berlin was practically unchanged at 3 pfennig and 1½ pfennigs discount for one and three months respectively. Silver prices fell by ¾d. for both cash and forward to 12½d. and 12½d. respectively, chiefly as the result of persistent China sellings in a small market. Still India is inclined to buy at present levels. The China silver exchanges declined in sympathy, Hong Kong losing ¾d. at 11d. and Shanghai ¼d. at 1s. 2½d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 6, Boulevard Street, London, E.C.4.

THE OPEN CASH-BOX.

ON Wednesday night at 11.17 p.m. Parliament completed a bad day's bit of work. By 279 votes to 218—a division for whose result the Liberal Party, in supporting the Government, incurred an unenviable responsibility—the House of Commons agreed, firstly, that the Minister of Labour should "sweeten the jack-pot" of an already hopelessly insolvent Unemployment Insurance Fund by no less than £20 millions of additional borrowing; secondly, that Transitional Benefit should be extended under existing conditions—at an estimated further cost of £20 millions—for six months after the date, April 18th, on which benefit payments under that head were due to begin to expire. In the light of this Vote and of the Government's calculated reluctance to press the Royal Commission for an early Interim Report, there is every reason to fear that, at least until next autumn, nothing will be done even to inaugurate the process of dealing with this critical situation. Yet, as the minutes of evidence taken before the Royal Commission demonstrate, the crucial facts are simple enough; the gravity of the present position is painfully obvious; and the first steps to be taken—setting aside points of administrative detail within the proper province of the Departments—are already clear beyond dispute.

Let us very briefly recapitulate the essentials of the immediate problem. Given continuance of the present figures on the Live Register—say, 2,650,000 persons, of whom about 2,100,000 are claimants to Ordinary Benefit, 400,000 are drawing Transitional Benefit, and 150,000 are non-recipients—the Fund's debt at March 31, 1930, will be in the neighbourhood of £75 millions. For the financial year ending March 31, 1932, calculations of cost must necessarily be guesswork, for it is impossible to forecast the numbers that will be unemployed. There are also minor difficulties—for example, in estimating the rate of transference from "Ordinary" to "Transitional" Benefit. Nevertheless, the figures submitted to the Royal Commission by the Accountant-General of the Ministry of Labour in relation to a Live Register of 2,300,000, and the later estimates put in by Sir Richard Hopkins of the Treasury, make it possible to form a provisional budget by making certain assumptions. The following figures assume that the number unemployed will remain round about a figure of 2,650,000, and that Transitional Benefit will continue to be paid throughout the year:—

UNEMPLOYMENT FUND ACCOUNT.			
INCOME.		EXPENDITURE.	
	£Mn.		£Mn.
(A.) Ordinary Benefit—		Ordinary benefit, administration, and debt interest	86
(i) Contributed by employers and employed	28	Transitional benefit and administration	40
(ii) Contributed by Exchequer out of Budget	15		
(iii) To be borrowed	43		
(B.) Transitional Benefit—			
(iv) Contributed by Exchequer out of Budget	40		
	126		126

Thus, even if unemployment during the next financial year does not average more than the present figure, not only will the Exchequer have to find £55 millions out of the Budget, but by March 31, 1932, the debt will have risen to some £120 millions—an increase of debt which will practically absorb the whole sinking fund provision of recent years. The figures show that income items (i) and (ii), which constitute the normal resources of the fund, are to-day only meeting about one-third of the outgoings and that the total expenditure is considerably larger than our total expenditure upon armaments. Moreover, he would be a bold man who would confidently assert that we shall not have to deal with a still larger

total of unemployed than that on which these figures are based.

How has this critical situation, which manifestly jeopardises the equilibrium of the Budget, come to pass? On the one hand, admittedly, there is the influence of the world depression of 1929-31, which has placed on the Insurance Fund a strain which, with the aid of the most rigorous administration, it could not have borne unsupported; on the other hand, there has been, particularly since 1927, the contributory factor of optimistic and generous open-handedness on the part of successive Governments, and particularly of the Government in office to-day. Between 1920 (the pre-war rate of 7s. per week benefit, single or married, was then raised to 15s.) and 1927, the history of Unemployment Insurance was one of steadily increasing benefits—particularly in respect of dependents—notwithstanding the decline in the cost of living; but the cash-box was protected to some extent by the rule limiting benefit to one week's pay for every six contributions. The Act of April, 1928, removed this protection; instead, it provided (a) that claimants with not less than thirty contributions to their credit in the preceding two years might draw benefit for 78 weeks, provided they were meanwhile "genuinely seeking work," and (b) that, for a "transitional" period, claimants should be entitled to benefit if they had paid eight contributions in the past two years, or 30 contributions at any time since 1920 or (in certain occupations) since 1911. Last stage of all: the Act of 1930 abolished the "genuinely seeking work" proviso; still further eased the conditions imposed on "transitional" beneficiaries; and made their cost a direct charge on the Exchequer. The result was an immediate increment of 160,000 claimants to Transitional Benefit, of whom only 50,000 (it is pertinent to note) had been previously claiming poor relief; and while the slump in trade has been responsible for a further increase in the number of transitional beneficiaries to 400,000, as compared with 140,000 a year ago, those statutorily entitled to benefit under the "30 contributions" rule are now considerably more than double the number which the Fund can pay for out of income—even if the Exchequer covers all Transitional Benefit—at present rates of contribution.

The facts and figures thus marshalled are so formidable that there is a danger lest public opinion may be induced by the Government to acquiesce in "letting things rip," for the simple reason that restoration of the Fund to a sound actuarial basis (a condition which involves not only making the Fund self-supporting, but also repaying a debt now soaring unchecked to £100 millions) may seem a hopeless task. That way—let us not mince words—lies disaster. Though the objective of restoring the Fund to self-supporting solvency cannot be realised in a day—nor can it, indeed, be fully accomplished until the weight of the present acute trade depression has been partly lifted—a beginning can, and must, be made at once. The longer remedial measures are delayed, the more drastic must be the action that will inevitably be forced upon us.

The first step must be to recognise that workers whose claims to statutory benefit—even under the present easy conditions—have lapsed, cannot properly be regarded as "insurable." Those now classed as "transitional" beneficiaries have lost—some temporarily, some permanently—all claim to benefit from an insurance scheme. Their right to public assistance, in cases of need, is indefeasible, and will be readily conceded; but such assistance must be conditional on acceptance by the recipients, if required, of (a) any work (public or private) at market rates of pay, or (b) pure relief work—as a test—at unemployment rates of pay. We do not suggest that the cost of assistance should necessarily be transferred from the Exchequer to the rates, though local administration might be desirable; what we do maintain is that the modification of the "transitional" conditions suggested above would eliminate most of the notorious abuses

of the 1930 Act now practised, and would reduce the charge for so-called transitional benefit in the next year's Budget from £40 millions to well under £30 millions, without inflicting any hardship. On the contrary, "test" work and a "means" limitation are urgently necessary if wholesale demoralisation is to be avoided.

The next step is to take emergency measures to arrest the rake's progress of the Fund proper. Here the Government Actuary, Sir Alfred Watson, has indicated the obvious lines of wisely-conceived policy. Since benefits were scaled up to meet the higher post-war cost of living, there is no moral or contractual obligation to refrain from scaling them proportionately down. Accepting the post-war principle of supplementary dependants' benefit as fair and actuarially defensible, the fact remains that present rates of benefit could be reduced by at least one-third and still give the same purchasing power as they did in 1921. Let us not ask too much of democracy; let the rates be reduced by one-fifth. Then, if contributions were increased by 5d. per week per man (with proportionately smaller increases in the case of women and juveniles) the Fund's deficit, according to Sir Alfred Watson, would be reduced to the relatively manageable figure of £10 millions per annum, on the basis of the present Live Register position. Not only so; after a brief period, either (a) the diminution of the Live Register as a result of trade improvement, or (b) the progressively accelerating passage of claimants from the Fund to the proposed "publicly-assisted" class, would enable the Fund to become wholly self-supporting. Who would pay the extra contributions? Here, again, the answer is clear. The Exchequer will be sufficiently hard-pressed if it is to carry the requisite "public assistance"; we cannot afford economically to increase costs of production by imposing an additional charge on employers' wage bills; but the employed can fairly be asked to assume this fresh obligation (which they cannot possibly, under present conditions, pass on to wage costs) as a just off-set to the heavier taxation which the wealthier income-earners will doubtless have to bear in order to finance the support of those "lapsed" from the Insurance Fund.

In this short outline of policy we have endeavoured to suggest simply the immediate legislative actions which appear to us to be urgently required. The questions whether the "30 contributions" rule should be permanently supplemented by a stricter limitation than at present on the number of weeks' Ordinary Benefit receivable, whether a more acid test of willingness to work should be restored, and what should be the ultimate rates of contribution and benefit when the present emergency has been surmounted—these and other issues may well be left for the Royal Commission's deliberate investigation; but, so far as immediate exigencies are concerned, the Commission can tell the Government nothing it did not know before the Commissioners were appointed; and the time to act is now.

The objections may doubtless be raised—by the Labour Party, that such proposals are "inhuman"; by the cynic, that no conceivable Government will carry them into effect. The first objection we rebut: the most mistaken kindness at this juncture is to delude people into the belief that pensions for the able-bodied unemployed, at rates little below the economic wage in many trades, can indefinitely be maintained, regardless of individual need, save at the risk of placing on our national finances a quite intolerable strain. Moreover, the matter by no means ends with the Exchequer case. For one thing, continuance of the payment of benefits, whether on "covenanted" terms or as pure relief, on a scale and in conditions quite disproportionate to our national means and to the economic level of unsheltered wage-rates, is gravely prejudicial to the readjustments absolutely essential if our competitive power in the export markets is to be restored, and our industrial mechanism to function efficiently. Further, if the principle of insurance is not disentangled from the morass of dole expenditure, a serious injustice will be done to contributors, and the whole scheme will be discredited and ultimately destroyed beyond repair.

The second objection—that of the cynic—we must leave to the arbitrament of the nation. Admittedly, there is little sign of action from the present Cabinet; but facts

remain facts, and the impossibility of continuing unemployment insurance as an undisguised dole, on the basis of a supposedly inexhaustible cash-box, wide open to every claimant, remains impossible. If a political leader will have the courage to tell the country straight that it has two alternatives—(1) a tightening of the belt by every class of the community, employed or unemployed; (2) a risk of undermining the financial solidity on which our economic life depends—we do not yet despair that the choice will rest on the course of sanity and retrenchment.

THE SPANISH CRISIS.

THE situation in Spain is disquieting. For eight years, now, the clouds have been piling up, and for more than one year—ever since the resignation of the Directorate—the storm has been threatening to burst. Each time, so far, the deluge has been stayed after the fall of the first few warning drops. But the cloud-bank does not disperse. It piles higher and higher; and it is to be feared that, when the break in the political weather does come at last, it will be far more violent, and perhaps destructive, than it need have been if the discharge had taken place betimes.

One example of this curious political phenomenon was the abortive rising of last December. Another is the abortive Cabinet crisis of this week, which has ended as inconsequently as it began. The immediate background was the late Prime Minister, General Berenguer's, decision to hold a general election for Cortes which were to be invested with certain exceptional "constituent" powers, but this without any substantial inroad upon the powers assigned to the Crown by the Constitution of 1876. The move failed to win the co-operation of the Republicans and the Socialists, but part of the Constituent group was induced to participate in the elections by the concession that the new Cortes were to have a "semi-constituent" character and by certain other liberal gestures—the lifting of the censorship and a partial implementing of the constitutional requirement that a general election for the Cortes should be preceded by elections for the local authorities (on whose conduct the "making" of Spanish elections largely depends). On Saturday, the 14th, however, the prospects of an election on these terms were suddenly destroyed by the action of two politicians of "the old gang" which was pushed off the stage of Spanish politics in 1923 by General Primo de Rivera's pronunciamiento in that year. Count Romanones and the Marquess de Alhucemas announced that, as soon as the Cortes had met, they would demand fresh elections for a Constituent Assembly. This announcement (unexpectedly following the decision of these two leaders to nominate candidates for the elections which General Berenguer had decided to hold) knocked the bottom out of General Berenguer's plans. He resigned, and a decree cancelling the general election was signed by the King.

At mid-day on Monday King Alfonso took what seemed, at the moment, like a courageous and statesmanlike step towards relieving the political tension. He commissioned Señor Sanchez Guerra—a veteran Conservative leader who has publicly criticised the King in unmeasured terms—to form a Cabinet, without any limitations on its membership, to preside over a Constituent Assembly. Señor Guerra sought to take full advantage of his mandate by constructing a new Government on a genuinely representative basis; and, with this in view, he visited, in prison, certain of the Republican Socialist leaders who are awaiting trial on charges of complicity in the abortive rising at the end of last year. This move was a failure, and it settled the fate of Señor Guerra's whole endeavour. Once more the Socialist and Republican leaders refused to co-operate—in the hope, apparently, that, sooner or later, their intransigence would make a revolution inevitable. But the rebuff which they administered to Señor Guerra did not leave the situation where it was, for the incident aroused the Conservatives to action. While Señor Guerra was laboriously executing his mandate by seeking a Cabinet on a narrower basis, the Duke of Maura and his associates appear to have been advising the King to withdraw the concessions, on the part of the Crown, on which Señor Guerra's programme depended. It was, in fact,

one of the Constituent Group's conditions that the King should agree to the suspense of the power of veto and of certain other prerogatives assigned to him under the Constitution of 1876 until the proposed Constituent Assembly should have decided either to ratify that Constitution or to reform it.

Thus, when, shortly after mid-day on Tuesday, Señor Guerra returned to the palace with a list of names for a Cabinet in his pocket, he came out again, after a short interview with the King, to announce that he had failed in his task after all. Thereafter, the King consulted Count Romanones and the Marquess de Alhucemas, and also the Constituentist Don Melquiades Alvarez. Señor Guerra had advised the King to entrust Don Melquiades Alvarez with the task in which he had failed himself, but this advice was not followed. Instead, the Press censorship was re-imposed that evening; and on Wednesday the crisis was shelved—not solved—by the formation of a Monarchist Coalition Cabinet. The new Prime Minister is a sailor, Admiral Aznar; and the Liberals, Count Romanones and the Marquess de Alhucemas, who precipitated the crisis, emerge in possession of portfolios, side by side with the Conservatives Señor de la Cierva and the Duke of Maura. General Berenguer returns to office as Minister of War. The Catalan leader, Señor Cambó, who is personally incapacitated by ill-health, is represented by Señor Ventosa, who has been given the Ministry of Finance.

Thus, King Alfonso has retrieved all the powers of the Crown and has secured a Ministry which is prepared to serve him on these terms. But what will be the end thereof? For this is a Ministry without a policy. If General Berenguer's compromise plan proved impossible last week, it will be doubly impossible now, when the Constituentists will assuredly have been driven into the arms of the Republicans and Socialists. Once more, the real issues in Spanish politics have been momentarily faced, only to be hastily shrouded again; and, once more, this rather futile proceeding has distinctly diminished the chances of a peaceful and constructive solution. At the moment, it looks as though Spain could hardly escape a choice of two evils: on the one alternative, a revolution; on the other, a new military dictatorship. Nothing but a dictatorship can now keep the prerogatives of the Crown intact; and it is hardly possible to see how anything short of a revolution can now bring into office those political parties which, between them, represent the great majority of the Spanish nation. The blame for this unhappy development must be divided between the revolutionary intransigence of the Republicans and the Socialists and the autocratic intransigence of the King. But such apportionments of blame are unprofitable. We can only hope that somehow Spain will find a reasonable way out of the *impasse* into which the political perversity of her pastors and masters has led her.

MR LLOYD GEORGE AND THE CITY.

MR LLOYD GEORGE's reputation as the most outstanding political figure of our time rests securely on the many and great services which he has rendered to his country. Not the least of these has been his ability to make the nation face up to facts; and in recent years he has almost acquired the reputation of a Cassandra by his constant reiteration that all is not well with England. But there have undoubtedly been occasions when Mr Lloyd George's judgment or his temperament have misled him into act or speech that has proved to be a disservice. His attack on the City of London in the House of Commons last week was such an occasion. When Mr Lloyd George speaks of the City's "frigid and flapping penguins" even the victims can afford to smile at his inimitable railery. But it becomes a very grave matter when an Elder Statesman seriously makes the sweeping assertion that the City of London is always wrong in policy and judgment and is the deliberate obstructor of progress and prosperity.

This attack is general in form, but its weight is necessarily directed mainly at the Bank of England, for the Bank is at once the leader of City opinion and the chief instrument of monetary policy. We urge no claim to

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infallibility either for the Bank of England, which we have not hesitated to criticise from time to time, or for the banking community generally; nor would we attempt to argue that City men are more free than any other community from political prejudices. But we do not forget that the policy of European reconstruction, of re-establishing stable currency conditions, and of promoting monetary co-operation which have been the guiding principles of Mr Norman's policy for the last ten years has had the sanction of a whole series of international conferences, in some of the earlier of which Mr Lloyd George himself played a leading rôle.

Starting from what we believe to be an inaccurate reading of the history of the past decade, assuming a false antithesis between the supposed interests of industry and finance, and imputing a narrow and reactionary outlook where in fact there has often prevailed a much wider view of world affairs than that prevalent in political circles, Mr Lloyd George's speech must inevitably have three definitely mischievous results. It must strengthen the unreasoning belief that the City can wax fat on the misfortunes of the rest of the country and so hamper the efforts that are being made to strengthen the association between banks and industry; it leaves the City to assume that, if Mr Lloyd George's policy prevails, the steps that have laboriously been taken to restore Britain's credit and to maintain her finances may be reversed—thus undermining the confidence of the investor at home; and it gives the impression abroad of a challenge to the principles on which British credit has been re-established. This is a deplorable result—at all events to those who believe with Mr Snowden that the maintenance of our credit is vital and of more importance to the workers of the country than to any other class of the community. A depreciation of something approaching £100 millions in the value of British securities is a heavy price to pay for a debating triumph.

Our most serious complaint is thus against the general tone of Mr Lloyd George's speech. But let us look at some of his charges seriatim. Mr Lloyd George's first count is this: "Rapid deflation was a mistake and it had an injurious effect." He is clearly referring to the early post-war years, and therefore we can only assume from this laconic utterance that he is imputing to the leaders of the City the blame for the collapse of the post-war boom. We see no way in which such a charge can fairly be substantiated. That boom, as everyone knows, was caused by the artificial stimulus of world-hunger for goods after four and a half years of war. It collapsed, as it was bound to collapse, as soon as the force of that special stimulus was spent. If any criticism lies against the City it is certainly not for restriction of credit at that time; it would be easier to make the case that the City was too generous in boom financing and afterwards too gentle in the application of a financial purge—a gentleness that resulted in the accumulation and persistence of huge frozen credits. If fault there was—and who except politicians would claim to have been always right in those bewildering times?—it lies in the opposite direction to that in which Mr Lloyd George attempts to place it.

There is, moreover, another side to the question. It is true that in monetary as in military matters civilian Ministers must look to their experts for advice. But theirs is the final responsibility, and Mr Lloyd George

can certainly not have forgotten that after the war, and, indeed, until comparatively recent times, the Treasury played as important a rôle—and, indeed, in the post-war boom and slump possibly even a more important rôle—than the Bank of England. It was under Mr Lloyd George's own Government that the famous Treasury minute was issued by Mr Austen Chamberlain, providing for the steady contraction of the Treasury Note issue. The description of the City as deliberately obstructing the well-intentioned plans of the Government of the day for promoting national prosperity is a fantastic travesty of the situation in the past decade under Coalition, Tory and Labour Governments, all of whom have assumed responsibility in varying degrees—whether by legislation or by administration—for the policy that has been pursued.

We pass on to the much more formidable charge that the City was responsible for a precipitate return to the gold standard, which "dealt a staggering blow at our export trade." The case for the gold standard is clear. From 1920 to 1925 the supreme obstacle to the recovery of international commerce and of our own export trade was the persistent and riotous instability of the exchanges. To restore stability was the greatest of British industrial needs. Britain's lead in resuming the gold standard in 1925 was successful in restoring comparative stability. That the return to gold was precipitate is a view shared by certain authorities, including some prominent bankers; but the alternative was to prolong uncertainty. It was the F.B.I. that declared some months before Mr Churchill took the plunge that whatever might be the arguments for and against this or that course, the vital thing for industry was that it should have a definite decision and a sure and certain basis on which to found its calculations. Of the Committee of four who advised Mr Churchill to take the step when he did, only one was a City man, and finally the last straw that turned the scale was the urgent representations of the Dominions, one of whom had already decided, and another of whom had indicated its intention, to take a step which would have tied them monetarily to the £ and divorced them from the £ if Great Britain had hesitated. What a reflection for our present-day Crusaders!

It would undoubtedly have eased our problem if we had devalued the £ and returned to gold at, say, \$4.40 to the £, and we have repeatedly dissented from the ultra-Conservative view of the City that this would have been a breach of faith. But we have to consider public opinion as it is, not as we would like it to be; and before the change finally took place we were sharply reminded that the mere suggestion of devaluation created abroad a distrust of London and weighted the scales against us in the struggle between New York and London—the issue of which was still in doubt—for commercial and financial predominance.

The return to gold at pre-war parity necessarily involved readjustments in our economic life, and though these were painfully made, the fact remains that in the four following years the numbers employed in this country reached the highest level ever attained in Great Britain and at the highest known standard of living. It is true that the gold standard throughout the world has not worked fully according to our expectations, and the subsequent downward drift of prices has meant that we have now to face still further readjustments. But those who think that we should have done better to stand out and endeavour to maintain an arbitrary domestic price level and, in spite of our vast overseas interests, face all the risks of fluctuating exchanges, should reflect on the monetary history of recent years. Experience has shown that the attempt of Governor Strong to maintain stable prices in America—in the interests not only of American but of world prosperity—produced quite unexpected reactions and landed us all in a speculative mania, which precipitated the present disastrous crisis. Would Mr Lloyd George, if he had had the responsibility at the critical moment for the welfare of the millions of the population who depend on our international trade and finance, have been prepared to run the risk of an artificial price level—subject at all times to manipulation under

political pressure, based on index numbers on the making of which even the experts cannot agree, and controlled by a technique which has never been tried and very few even claim to understand?

One major count and several minor ones remain. "They (*i.e.*, the City) are using the whole of their tremendous influence for the purpose of restricting the raising of money for national development." In its literal sense this is simply untrue. Certainly, much money to-day is lying idle, and bankers would gladly apply these funds to the financing of really sound and reproductive enterprises, whether public or private. What City opinion is definitely opposed to is the raising of big national loans for vague purposes as yet unspecified. Looking forward to the time when trade revives, the City foresees a very great demand for financing industry which may strain the resources of British saved capital. But show the City to-day a sound and reproductive project, and quick over-subscription of the necessary capital is a certainty.

But even with this list of arrows Mr Lloyd George has not emptied his quiver. He complains that the City flourishes while industry languishes. Does he mean that the City likes dear money? If so, any City man would point out the fallacy of his supposition. The City prospers when industry prospers. It may be, too, that Mr Lloyd George has in mind the theory, dear to many Socialists, that British industry suffers because of London's functions as an international money market. The reverse is nearer the truth. London's ability to attract balances from all over the world tends to cheapen the financing of home industry.

Two arrows remain, but their points are very blunt. The world depression is largely due, says Mr Lloyd George, to the mishandling of gold supplies by the "money Barons." Here the Bank of England is certainly "not guilty." It is London that bears the brunt of the strain created by the maldistribution of gold; and it is London that is supremely interested in finding a remedy. No one who knows the facts could find the Bank of England responsible for the fact that co-operation in central banking policy has so far been disappointing in its definite results. Now for the final barb. The leaders of the City, apparently, are engineering a flight of capital from London to queer the pitch of the progressive parties. The accusation is preposterous. No sane man will cut off his own nose to spite his face, and the picture of Mr Norman and Mr McKenna deliberately driving foreign balances away, cheapening sterling exchange, and depressing the value of gilt-edged securities for political motives is too topsy-turvy even for "Alice in Wonderland."

So much for Mr Lloyd George's indictments. With the eloquent imagery for which his perorations are famous, he declared that the Government cannot "build the City of God" because "the City of London occupies the site." Let us change the metaphor. The tree of prosperity grows from the seeds of confidence, and those most delicate seeds will not sprout unless they are carefully tended and watered. Speeches like that which we have been discussing tend to scorch and sterilise. We look to Mr Lloyd George to take an early opportunity of undoing the harm that he has done to the cause of national recovery.

WORLD TRADE IN 1929.

THE time necessary for the collection and analysis of world trade statistics is so great that their detailed examination is never possible until more than a year after the completion of the period to which they relate. In the depths of the profound slump of 1931, therefore, we are invited by the publication of Volume I. of the League of Nations Memorandum on International Trade and Balances of Payments, 1927-29,* to don "a sorrow's crown of sorrow" and remember the happier things which happened nearly two years ago.

In spite of the fall in prices which took place during 1929, the value of world trade, as nearly as it can be

* Allen and Unwin. 4s.

computed from a mass of statistics sadly lacking in uniformity of principle as between different countries, continued to rise. World imports increased from \$33,764 millions in 1927 to \$34,639 millions in 1928 and \$35,343 millions in 1929; exports in the same years were \$31,378, \$32,499 and \$32,742 millions respectively. The difference between imports and exports is due to a number of factors, of which the inclusion in import prices of the cost of freight and insurance is the most important.

The Continental distribution of this increase in world trade is shown in the table below, in which the trade of each continent, including trade between the countries of that continent, in 1928 and 1929, is expressed as a percentage of that in 1927:—

INDICES OF GROWTH IN WORLD TRADE, BY CONTINENTAL GROUPS.
1927 = 100.

	Imports.		Exports.		Total.	
	1928.	1929.	1928.	1929.	1928.	1929.
Europe, including U.S.S.R.	103	104	103	107	103	105
North America	101	106	107	104	104	105
Latin America	102	106	104	102	104	104
Africa	107	114	109	108	108	111
Asia, excluding Asiatic Russia	103	105	99	98	101	101
Oceania	92	92	103	103	97	97
Total	103	105	103.5	104	103	104.5

The most conspicuous changes in the table are the rapid growth in the trade of Africa and the decline in that of Oceania. Of the remaining groups, it is noticeable that Europe shows the smallest increase in imports and the largest increase in exports.

The peculiarities in the development of world trade in 1929 may largely be attributed to four factors. In the first place, the bad harvests in the main cereal-exporting countries, coinciding with bumper harvests in most European countries, helped to reduce European imports and to diminish the exports of the two American groups and of Oceania, while India and China bought wheat in large quantities. Secondly, a rise in the standard of living and the tendency to increased investment expanded the trade in manufactured articles and in capital goods more than that in staple goods and raw materials, and therefore tended to encourage European exports more than imports and more than the exports of newer countries. Thirdly, there was a tendency on the part of lending countries to export less capital, so that the European borrowing countries were forced to curtail their imports. Finally, the effect of these developments on the volume of trade was reinforced—as far as values were concerned—by the fall in prices, which was, towards the end of the year, most marked in the case of vegetable foodstuffs and raw materials, and therefore affected the exports of manufacturing countries in a smaller degree than those of countries which export mainly agricultural produce.

In consequence largely of these circumstances, Europe was the only continental group whose exports in 1929 were greater than in 1928, while European imports increased less than those of any other group except Oceania. The table below shows the changes in the percentage distribution of trade:—

PERCENTAGE DISTRIBUTION OF WORLD TRADE, BY CONTINENTAL GROUPS.

	Imports.			Exports.			Total.		
	1927.	1928.	1929.	1927.	1928.	1929.	1927.	1928.	1929.
Europe, including U.S.S.R.	55.9	56.2	55.7	47.2	47.0	48.3	51.8	51.7	52.2
North America	15.7	15.5	15.9	19.3	19.9	19.3	17.4	17.7	17.5
Latin America	7.2	7.2	7.3	9.5	9.7	9.3	8.3	8.4	8.3
Africa	4.4	4.6	4.8	4.5	4.7	4.7	4.4	4.6	4.7
Asia	13.7	13.8	13.7	16.4	15.7	15.4	15.0	14.7	14.5
Oceania	3.1	2.7	2.6	3.1	3.0	3.0	3.1	2.9	2.8

The increase in Europe's share of world trade is very marked, though, if freights were included in the import figures of the United States and Canada, the North American percentage of world imports and of total trade respectively would be about 17.1 and 18.2 per cent., and

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the European share would be less by almost the same amount. In view of the fact that the imports of European countries rose, although there was no increase in the exports of countries in other continents, and a substantial increase in their imports, it is probable that the increase was largely due to a continuation in that growth of trade between European countries themselves which has resulted in recent years from the increasing part played by trade in finished manufactures.

In 1929, the countries of Europe appear to have had a total passive visible balance of trade amounting to nearly four milliard dollars, but when allowance is made for freight, insurance, middlemen's profits, reparation deliveries and under or over-valuation, this is reduced to \$3,100 millions. As an offset to this it is calculated that Europe's net income from investments amounted to \$1,500-1,600 millions; from shipping earnings, \$900-1,000 millions; and from tourists' and immigrants' remittances respectively \$240-300 millions each. When the services of banks and insurance companies are added, it appears therefore that the total exports, visible and invisible, of European countries, at least balanced their imports in 1929. The apparent active balance of North America is wiped out when the undervaluation of United States imports and the exclusion of freights from the import statistics of the United States and Canada are taken into account. The sharp decline in North American exports in 1929 was entirely due to the decline in Canadian grain shipments to Europe.

The share of the British Empire in world trade declined during the years under discussion, as the following table shows:—

BRITISH EMPIRE TRADE.
(Million dollars.)

	Imports.			Exports.			Total.		
	1927.	1928.	1929.	1927.	1928.	1929.	1927.	1928.	1929.
Total, British Empire	10,228	10,132	10,464	8,780	8,954	8,775	19,008	19,086	19,239
Total, less United Kingdom	4,897	4,899	5,053	5,329	5,433	5,225	10,226	10,332	10,278
Indices (1927 = 100):	%	%	%	%	%	%	%	%	%
Total, British Empire	100	99.1	102.3	100	102.0	99.9	100	100.4	101.2
Total, less United Kingdom	100	100.0	103.2	100	102.0	98.0	100	101.0	100.5
British Empire, percentage share of world trade	30.3	29.3	29.6	28.0	27.6	26.8	29.2	28.5	28.2

The merchandise balance of the Empire is more passive than this table suggests, owing to the fact that certain bullion and specie shipments from Australia, South Africa, Canada and the Gold Coast are included in the export figures, but not in the imports. Re-calculated to allow for these discrepancies, the passive balance of the whole Empire increased from \$1,580 millions in 1928 to \$2,169 millions in 1929, chiefly owing to increased imports into the United Kingdom and Canada, together with a decline in Canadian exports.

Among individual countries, it is noticeable, though not surprising, that those which are most industrialised show least change in their foreign trade figures, whereas those which specialise in the production of oil and certain other minerals, notably Venezuela, Chile and Persia, show increases far above the average, and many of the predominantly agricultural countries, especially

Roumania, Cuba, Malaya, Australia, Ceylon, Bolivia, Argentina and Mexico, show actual decreases.

Some idea of the development of the foreign trade of various countries during recent years, with the effect of price changes roughly eliminated, may be gathered from the following indices, extracted from a fuller table in the Memorandum:—

QUANTUM INDICES OF IMPORTS AND EXPORTS.

1913 = 100.

	Imports.			Exports.		
	1927.	1928.	1929.	1927.	1928.	1929.
Denmark	138	144	147	167	174	170
Finland	137	159	155	143	141	150
France	109	116	133	146	148	147
Germany	105	103	99	76	86	95
Italy	113	132	131	130	132	146
Norway	117	125	136	121	124	142
Russia (present territory)	49	66	57	44	46	55
Sweden	149	160	167	117	107	134
Switzerland	91	98	101	99	102	101
United Kingdom	117	113	119	83 ^a	84 ^a	87 ^a
China	107	122	120 [†]	133	143	133 ^b
New Zealand	147	150	164	152	157	162
United States	180	181	206	157	164	168

^a Domestic Exports

[†] Net Imports.

The most noticeable developments in the last three years are the rapid growth in exports from Germany, Italy and the Scandinavian countries, the increase in imports into France, Norway, Sweden, New Zealand and the United States, and the decline in German imports. Swiss trade was maintained at about the pre-war level, while British exports, though rising slightly, were far below it.

A chart in the Memorandum, based on such data as were already available for the first half of 1930, shows, as was to be expected, a steep decline in world trade, out of all proportion to the fall in prices. When the analysis for the whole year is available it is likely to show, in addition to the reversal of the expanding trend of the last few years, a considerable degree of reorientation of trade, owing to the change in the character of demand which has been brought about by slump conditions. Meantime, the League Memorandum is valuable in providing a picture of the world trade position on the eve of the depression, and pre-depression tendencies and conditions may be of no small importance in helping us to estimate the relative success with which various countries will emerge from the ordeal.

BANKING IN THE UNITED STATES.

(BY A CORRESPONDENT.)

WHEN the Stock Exchange speculation came to its disastrous end in the autumn of 1929, many American financiers publicly rejoiced that the crisis of 1929, unlike those of 1907 and earlier, was confined entirely to the capital market and was not accompanied by more than temporary disturbances either to industry or to the banking and financial structure of the country. All the world now knows that the first of these boasts was woefully premature, and events of the last few months have led to some questioning of the soundness of the banking system. The present is a suitable moment for reviewing that system, as the appearance of several annual reports, notably those of the Comptroller of the Currency and of the New York State Superintendent of Banks, has coincided with the inception of "hearings" before Congressional Committees, at which the leading bankers of the country are testifying.

According to the Comptroller's figures, total bank deposits increased between June 30, 1929, and the same date in 1930, from \$57,911 millions to \$59,847 millions, whereas demand deposits declined from \$24,350 millions to \$24,099 millions. On the other side of the account, loans, discounts and overdrafts fell from \$41,433 millions to \$40,510 millions, while investments increased from \$17,349 millions to \$17,945 millions. Moreover, this decline in loans has been less rapid as regards loans on securities than as regards "all other" loans (which latter

are usually taken as an indication of industrial and commercial borrowing). Between January, 1930, and January, 1931, the loans on securities of the "reporting member banks in leading cities" declined from \$7,733 millions to \$7,425 millions, or by \$308 millions, while "all other" loans declined from \$8,974 millions to \$8,414 millions, or by \$560 millions. Credit supplied to the security markets by bank investments and through loans on securities to the banks' customers has evidently not been liquidated as quickly as that represented by brokers' loans, which declined in the same period by about \$2,100 millions. According to the same statistics, the average bank in the United States has a capital of about \$160,000, deposits of rather less than \$2½ millions, and loans of about \$1,700,000.

There is very little reason to doubt that the majority of banks in the large cities are in a sound position. It is still the pride of the New York and Chicago Clearing House Associations that none of their members has ever failed. Among the smaller banks, however, the carnage was far greater in 1930 than in any other year. In the course of the year, 1,326 banks, with \$904 millions in deposits, were forced to close their doors. This compares with 372 banks with \$129 millions in deposits in the normal year 1928, and 182 banks with \$233 millions in the "panic year" of 1907. By far the largest suspension was that of the Bank of United States in New York City, with over \$160 millions belonging to more than 400,000 depositors. Apart from this, the largest totals both of suspended banks and of deposits involved are for the Federal Reserve districts of Chicago and St. Louis, comprising the States of Illinois, Michigan, Indiana, Iowa, Arkansas, most of Wisconsin, Missouri and Kentucky, and parts of Tennessee and Mississippi. This sufficiently illustrates how the Middle West has suffered from the double blow of agricultural and industrial depression.

Most of these failures can, undoubtedly, be blamed on the depression, but in some of the more spectacular cases, notably that of the Bank of United States, the difficulties appear to have been the result of mismanagement and "frenzied finance." Most of the large banks in New York City now have "security affiliates," and are, consequently, committed in the stock market to a greater or less extent. Apart altogether from illegalities such as are coming to light in the case of the Bank of United States, it is believed that these subsidiaries, and through them the banks themselves, have suffered very heavy losses during the last fifteen months. Moreover, there have been other undesirable features of this development, such as the temptation to banks to invest trust funds in securities sponsored by their affiliates. Mr J. A. Broderick, the New York State Superintendent of Banks, himself a practical banker and, through the State examining system, perhaps in the best position to know the true condition of these "security affiliates," asked in his recent report for legislation to prohibit officers of banks from being associated in any way with corporations dealing in securities. This question is also being examined by the Senate Committee on Banking and Currency, and it is possible that legislation will be introduced into Congress to curb the tendency.

Another subject which is agitating banking circles in the United States is the problem of branch banking. This whole question, like so many others, is immensely complicated by the existence of forty-nine different bodies of law under which banks may be set up and function. Broadly speaking, there are three types of banks, national banks (automatically members of the Federal Reserve System), State member banks, and State non-member banks. Under the present state of the law national banks are allowed to have branches only in their home city where this is permitted by State law, and State member banks may not have branches outside their home city except such as they had under State law in 1927. In nine States, of which California is the chief, State non-member banks are unrestricted as to branches, in twelve more States branches are restricted to the home city, and in the remaining twenty-seven States branches are prohibited altogether. The chief advocate of branch banking for national banks is Mr J. W. Pole, the Comptroller of the Currency, who maintains that the change would lessen

bank failures, diffuse capital, now concentrated in the cities, into the country districts, and tempt more banks into the national system, where they would come under the direct control of the Federal Reserve system. Mr Pole proposes that national banks be allowed to open branches within "trade areas," which he conceives as the spheres of influence of the chief banking cities. These areas would be of no particular size, unconnected with any political boundaries, and possibly overlapping each other. As an alternative, he suggests that branch banking be permitted within each of the twelve Federal Reserve districts.

The trend of banking opinion, as revealed both by deeds and by words, appears to be moving strongly in favour of such a change, though it can hardly be said to have the support of a majority of the bankers of the country as yet. Several influential members of the Federal Reserve Board are known to favour it, and the American Bankers' Association, always until now a staunch advocate of the unit bank, passed a resolution at its last annual meeting in favour of county-wide branch banking. The American county is a very small unit, with an average population of only about 40,000, but this resolution is undoubtedly only a first step. In June of last year there were only some 305 banks operating branches outside their home cities, with 1,148 branches, as against more than 23,000 unit banks, but the number is slowly increasing. Far more significant is the development of bank "chains," where a number of banks are connected through a holding company, or some similar device. The fact that this growth has been very largely confined to States where branches are prohibited shows that the "chains" are only a makeshift for branch systems, and it has been estimated by Mr Frederick A. Bradford that nearly a quarter of the loans and investments of all the banks in the country are those of banks with State-wide branch systems or in groups or chains. During the first six months of 1930 the loans and investments of these banks increased by \$340 millions, or 2.47 per cent., while the loans and investments of all other banks diminished by \$650 millions, or 1.45 per cent. By this typically American method of evading the law, the banks of the country are quite rapidly approaching a branch system in fact, if not in law, and in the opinion of many competent observers it is only a matter of time until the law is changed.

PREFERENCES—A DOMINION VIEW.

On Wednesday last, Lord Beaverbrook with great insistence informed the electors of East Islington that the Prime Minister of Canada, at the Imperial Conference, "advocated Empire Free Trade." On reference to the report of Mr Bennett's speech, we find that what he actually said was that "In our opinion Empire Free Trade is neither desirable nor possible." In the face of such misrepresentation it is perhaps worth while to try and ascertain the real mind of the people of the various Dominions towards the question of tariff policy. The following letter, from our correspondent in Christchurch, commenting on the reception in New Zealand of the debates at the Conference gives an illuminating picture of the state of opinion in the most distant of the units of the Empire, and shows how very different is the point of view from that depicted by some of our hysterical politicians.

THE reports of the Imperial Conference published in the Dominions have given many people seriously to think. These reports depict Imperial Preference as having been the main issue before the Conference, and make it appear that the Dominion Prime Ministers strongly urged the claims of Dominion products to a substantial measure of preference in British markets, largely on the ground that the Dominions have given preference to British goods, and that "Imperial Economic Unity," whatever that may mean, is essential to the maintenance of a united Empire. But there has been so little of reasoned statement, so much of mere political catch-phrases, that the issue has been made to appear quite unreal even to the average resident of the Dominions.

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It must not be forgotten that in all the self-governing Dominions there are many leaders of industry, commerce and thought who were born and trained in Great Britain, and who have never lost the outlook gained from their British experience. Moreover, there are keen students of Imperial affairs who are familiar with the general principles and the main facts of Empire trade, and who have read publications such as the Reports of the Balfour Committee. These people, however, are not in politics, and they realise that the political representatives they send to Imperial Conferences may understand adequately neither the basic facts of Imperial trade nor the public opinion on preferences of the Dominions they purport to represent. Probably no Prime Minister in the Dominions holds his position on account of his views on Imperial affairs. The Dominions are, for the most part, obsessed with their internal concerns. Here questions and issues are many and complex, opinions and parties change, and it is difficult enough to secure in Parliament even rough representation of public opinion on local matters. Imperial matters are often regarded as outside the field that Parliament is primarily concerned with. Moreover, public opinion in the Dominions would not welcome British interference with Dominion fiscal policy; on the other hand, it certainly would not support any suggestion of Dominion interference with British fiscal policy.

It happens that there exist fairly strong leanings towards economic nationalism in the Dominions, and protectionist policies are the result. Imperial sentiment, finding some expression in advocacy of Imperial Preference, has proved very useful as a stalking-horse for Protection. Usually the Dominions grant preference to Britain by retaining their tariffs against British goods, and raising substantially their tariffs against foreign goods. The next step is to narrow the definition of British goods by increasing the percentage of British output in the products imported. Judiciously used, such methods can be made to lead to a measure of protection for local industries that public opinion in the Dominions would never sanction were it not for their strong Imperial attachment. Governments support the procedure on account of the increased Customs revenue it brings, politicians talk about binding the Empire closer together, and local manufacturers benefit.

But the bewilderment in the Dominions is increased by uncertainty as to what Britain really wants. There is no doubt that they sympathise with the Mother Country in her present difficulties, and many of their people are ready and anxious to help if any clear plan of mutual aid should be laid down. They know that one party in Britain advocates protection of British manufactures—that, they consider, is Britain's affair. Some in Britain speak of Imperial economic unity without defining how it

is to be effected. It is known in the Dominions that about 26 per cent. of British imports come from other parts of the Empire, and about 74 per cent. from foreign sources, that such imports, particularly from Empire sources, are mainly foods and raw materials, and that these imports cannot be taxed without raising costs of living and of production, and so adding to the present difficulties of Britain's export industries. Should Britain choose to grant preference to Empire products, the Dominions would welcome the increased security and the better prices that would result in their principal market, but they would regard these benefits as pure strokes of luck—there are few people in the Dominions who would press for them or suggest that they have any valid claim to them. There are many, on the other hand, whose conscience is somewhat uneasy regarding Imperial trade. They realise that while Britain admits Empire products free the principal Dominions impose tariffs on British goods, and that, even though some preference be given, British exports are not permitted to compete freely with local products in Dominion markets. Further, Britain buys substantially more from the self-governing Dominions than they buy from her, and if Imperial trade is to be encouraged a beginning might well be made with a lowering of Dominion tariffs on British goods.

It was probably not expected that the Dominion Prime Ministers would suggest any complete plan for the encouragement of Empire trade which would be of advantage to all parts of the Empire. It is doubted whether any such plan could be designed. It might have been anticipated, too, that certain Prime Ministers would group themselves to support a common policy which would benefit the Dominions they represented, regardless of its effect on Britain. But it is surely wrong to suggest, as has been suggested, that any real disappointment exists in the Dominions because Britain has refused to tax imports from foreign sources in order to give preference to Empire products. The facts are that, speaking generally, the Dominions were ready to support any sound plan for increasing Empire trade, and were quite ready to help both Britain and themselves. They looked to the Imperial Conference to find a plan that would recognise the facts of Empire trade, and that, if adopted, might stimulate both trade and production within the Empire. No such plan has been found, and the issue remains where it was.

Notes of the Week.

Mr Snowden and Economy.—A week ago we were congratulating the Chancellor of the Exchequer upon his promise of a firm stand in the cause of national retrenchment and upon his recognition of the need for a common sacrifice and a national effort. His speech in the economy debate last week alarmed the spendthrift section of his party so much that a party meeting was specially called on Tuesday, at which Mr Snowden apparently climbed down, and explained that his much-discussed speech did not mean what we and many others had naturally assumed that it meant. "Common sacrifice," he is reported to have said, did not mean any sacrifice by the wage-earner. Economy did not mean cutting down rates of insurance benefit, transitional or otherwise, or retrenchment in social services; while the "drastic and unpleasant measures" demanded by the situation only meant increased taxation to balance the Budget. This looks like weakening under party pressure, but the report of the meeting was accompanied by rumoured threats of resignation. Mr Snowden can hardly escape the necessity for some increase of taxation; but he is well aware that there is no source of revenue which will not make the situation more difficult and that a modest cut in defence expenditure will not fill the bill. The Chancellor has a deservedly high reputation for courage and persistence, and we are confident that when the test comes he will not hesitate to take the steps that the situation obviously requires.

A Drastic Programme.—The National Confederation of Employers' Organisations has now entered the field with a manifesto in which industrial Capital puts forward a programme not unfairly describable as "hard-faced." Starting from the premises that unemployment is a reflection of our inability to hold our export trade, and that this inability arises from excessive costs of production due to disproportionately high wages, unemployment and other social benefits, and direct taxation—the manifesto reaches the conclusions that existing rates of unemployment benefit should be reduced by 33½ per cent. and this curtailed benefit confined to claimants with six contributions to their credit for every week's benefit drawn; that claimants failing to satisfy the foregoing condition should be transferred to a relief scheme on a means test basis; that wages of Governmental and local authorities' employees should be scaled down to conform to corresponding "unsheltered" rates; that Trade Boards should have their statutory wage-fixing powers limited to that of imposing "anti-sweating" rates; that a new Geddes Committee should fix an aggregate sum (considerably smaller than at present) to cover all Social Services expenditure; and that so long as unemployment exceeds 5 per cent. there should be no more talk of "restrictive" legislation affecting conditions of employment. There is so much sound sense in the Confederation's ably-written pamphlet, so many arguments and proposals which we wholeheartedly endorse, that we regret that this influential organisation of employers should have "laid it on so thick." Demands for restoration of the "one-in-six" rule for unemployment insurance beneficiaries, so drastic a cut in unemployment benefit rates, arbitrary lump-sum fixation of Civil Votes and the denial for what may prove to be an indefinite period of the right of the State to regulate conditions of employment—these are crudities which will merely evoke unhesitating opposition from organised labour. Taking, as we do, a grave view of the situation of our industries and of our national finances, we would, nevertheless, beg employers to realise that there can be no going back to pre-war conditions, still less to those of 1831. Labour, for all the mouthings of the Left Wing in Parliament, is beginning to recognise that it must make its sacrifices; but acceptance of that necessity will not be without travail, and grave risk of disaster, unless Capital is at pains to prove to Labour that it is asking for the essential minimum. This pamphlet would carry more conviction if it had been more explicit as regards the contribution which Capital will make in this national crisis.

A Political Medley.—It is a day's task to read the past week's contributions made by our political leaders, actual and aspiring, to the discussion of the nation's economic crisis, and it is a day for the most part wasted. While Mr Baldwin and Sir William Morris have been indulging in a little community singing of the familiar ditties, "Free Trade has been our downfall" and "Protection is our salvation," Lord Beaverbrook, in his favourite fancy dress as a Prosperity Crusader, has been riding a plunging horse through the ranks of his Conservative fellows. The spectacle may be amusing, but the amount of light and guidance that emerges is unfortunately imperceptible. The most astounding political performance of the week was that of Lord Beaverbrook, who, according to his own organ (the *Evening Standard*), claimed at East Islington that at the Imperial Conference of 1930 the Prime Minister of Canada "advocated Empire Free Trade." The truth, of course, is that Mr Bennett, in his famous "Canada First" speech, ruled out the possibility of anything in the nature of Empire Free Trade, and in this he was explicitly supported by the other Dominion Premiers. His Lordship has been complaining bitterly of misrepresentation, but we defy him to produce any case of misrepresentation so flagrant as this of which he himself is guilty. Worthy of more attention than all these contributions of which we have spoken is the plea of Sir William Morris and his organisation, the National Council of Industry and Commerce, for the salvation of agriculture. It is a cogent exposition of the protectionist view, and although we cannot accept the premise from

which it precedes—that the home market is more important than the world market—nor the conclusions which it reaches (taxes on foreign foodstuffs and a wheat subsidy), it is at least a serious and thoughtful contribution from a slightly new angle.

British Policy in Palestine.—The explicit formulation, in detail of British policy in Palestine is a good thing in itself; but the fashion in which it is being accomplished is not altogether happy. Last autumn we had a White Paper which mildly gratified the Arabs and made the Zionists very angry. Last Saturday there was made public an exchange of letters between Mr Ramsay MacDonald and Dr. Weizmann which seems calculated to produce mild gratification in Zionist quarters, while news of the anger which it is arousing among Palestinian Arabs is already coming in. In this last correspondence, the Prime Minister tells Dr. Weizmann that he is interpreting the autumn White Paper in order to demonstrate that it is all in line with a British policy which has never varied; on the other hand, Dr. Weizmann tells Mr MacDonald that his letter has "re-established the basis for co-operation" between the Zionist organisation and the Mandatory Power—which is another way of saying that the White Paper has been re-interpreted in a manner which amounts to a revision or even a reversal of policy. Where is this to stop? For the obvious cue for the Arabs, now, is to bring to bear upon the Government the same degree of pressure that the Zionists have been exerting during the past four months, in the hope of extracting a re-interpretation of the re-interpretation. Is not this very like what is technically called "an infinite regression"? In these circumstances, it is important to make out whether Mr MacDonald's letter does really alter the terms of the White Paper, or whether it simply clears up ambiguities and corrects certain clumsy turns of phrase which had wounded Jewish susceptibilities. In support of the latter view, it can be pointed out that the Government re-affirm their intention of retaining their control over immigration into Palestine (a control which they have always exercised), as well as their intention of investing the British High Commissioner with "some centralised control of transactions relating to the acquisition and transfer of land during such interim period as may reasonably be necessary to place upon a sure foundation the development scheme" for which a loan is to be arranged. At the same time, Dr. Weizmann's view that Mr MacDonald's letter really revises or reverses the White Paper has certain points in its favour. For example, the landless Arab cultivators who are to be provided for before State lands can be made available for Jewish settlement, are now defined as being only those who "can be shown to have been displaced from the lands which they occupied, in consequence of the lands passing into Jewish hands." On the other hand, the congestion of the Arab agricultural population in the hill country is to be relieved by local development, "without, save in exceptional cases, having recourse to transfer." Again, in regard to the Government's power (which is to be retained) of fixing a "labour schedule" of wage-earning immigrants, Mr MacDonald re-introduces a consideration which was raised in Sir John Hope Simpson's report but was not referred to in the White Paper. "Consideration will be given to anticipated labour requirements for works which, being dependent on Jewish or mainly Jewish capital, would not be or would not have been undertaken unless Jewish capital was made available." This last consideration is obviously pertinent and reasonable. But it remains a misfortune that policy should be decided—whether well or ill—by the process of "Pull Devil, pull Baker."

Naval Conversations.—The distinctive quality which Mr Henderson has revealed as a foreign minister is a persistence which does not weary of well doing and at the same time does not defeat its own ends by producing a sense of weariness and irritation in the minds of the other

parties concerned. This spirit, which the British Secretary of State has lately displayed at a session of the League Council at Geneva and at a public meeting in London at which he inaugurated a disarmament campaign, is also apparent in his efforts to promote a naval understanding between France and Italy. This is an object of first-class international importance, since anything like a race in armaments between these two Powers would affect Great Britain—who finds herself their neighbour in the North Sea and the Mediterranean—and would thus undermine the figures on which a stabilisation of British, American and Japanese naval armaments was founded in the Three Power Treaty concluded in London last year. Hence, in this Franco-Italian difficulty, all the parties to the Three Power Treaty are ultimately concerned. But, inasmuch as Great Britain would be the first of the three to feel the effect, it has naturally fallen to the British Government to offer its friendly offices to the French and Italian Governments, in so far as the services of a third party may be found useful in helping the two principals in this affair to arrive at an agreement. In this transaction, Mr Henderson has been represented by a Foreign Office official, Mr Craigie, who visited Rome in December and is visiting Paris now. Mr Craigie's task is to prepare the ground for bringing France and Italy into a numerical ratio with one another and with Great Britain—thus opening the way for an enlargement or supplementing of the existing Three Power Treaty which would produce the same result as the abortive Five Power Treaty that failed to materialise last year. This is a task that requires a large fund of tact and patience. At the same time, it is a field in which these qualities have a real prospect of being rewarded. For, in this field, the path to success lies through an unwearying consideration and reconsideration of details. Thus, though the temper of the Press, both in Rome and Paris, may be unpropitious, there is no reason to despair of success.

King Alexander Visits Zagreb.—The recent visit of King Alexander and Queen Marie, of Yugoslavia, to Zagreb, the capital of Croatia, and the second city of the United Kingdom of the Serbs, Croats and Slovenes, seems to have been made on the spur of the moment and against the inclinations of the King's Serb advisers at Belgrade; but in the minds of disinterested observers there can be no doubt that the visit was an act of statesmanship—one of those personal gestures, vivid in themselves, which are apt to have important political consequences when they are made at the right moment by the right man. National sentiment is an elusive thing; and the Croats are more likely to be convinced by King Alexander's presence in their midst than by any administrative arrangements or constitutional guarantees that Yugoslavia is not a pseudonym for the "Greater Serbia" which the Croats fear and abhor. Of course, the Croats have good grounds for this apprehension—the grounds which the present dictatorial regime has not dissipated but solidified; for, under parliamentary regime and dictatorship alike, the Serbs retain their hegemony in the new State; and, the more high-handed the system of government, the more heavily it presses upon the subordinate elements in the population of the kingdom. The moral of the history of Yugoslavia during these first dozen years is that national feeling is something entirely subjective, which is not necessarily bound up with any particular objective factors whatsoever. The objective basis of the Yugoslav State is community of language. Take a linguistic map of Europe; draw a line round the Serbo-Croat bloc (handling your pencil so as to be generous at the expense of Germans, Magyars and Bulgars, and niggardly where the Serbo-Croat language happens to march with the Italian); you will find that you have described the political frontiers of Yugoslavia as they run to-day. But no stroke of the pencil can reconcile the Croat to being dominated by the Serb. If it is his destiny to be dominated by somebody, he would rather be under the domination of the German, Austrian or the Magyar—rulers to whom he has been taught by long tradition and usage to accustom himself. Dominated,

as he now is by the Serbs, it is no comfort to him to be reminded that his new masters speak his own mother-tongue. This community of language is outweighed, in its effect on his feelings, by the cultural gulf of which he is so acutely aware. To bridge this gulf will require all the statesmanship that King Alexander can muster.

The Education Bill.—By a majority of 168 votes to 22 the House of Lords on Wednesday rejected the Education Bill. In so doing they administered a formal *coup de grâce* to a measure robbed of any serious prospects of life by the amendments forced on the Government by its Catholic supporters in the House of Commons. Until the controversial issue of the non-provided schools has been composed, there is no chance of the Government putting through an agreed Bill raising the school age. Under present circumstances, this is perhaps as well. However sincerely we may endorse the principle of extended education, there are obvious limits to the amount which can be devoted to such an object in the present budgetary situation.

Australia and New Zealand.—Australian financial affairs are still drifting. The Commonwealth Bank has refused to have anything to do with Mr Theodore's plan for "restoring the 1929 price-level," and has promised its aid "subject to the adoption of equitable reductions in all wages, salaries and allowances, pensions, social benefits of all kinds, interest and other factors affected by the cost of living." Nor has Mr Theodore had much better fortune at the hands of the Premiers' Conference, which has adopted a three-year plan that includes proposals for the reduction of all public service salaries in conformity with the fall in the cost of living, for the imposition of a special income tax of 3s. 6d. in the pound on interest on Commonwealth and State loans in lieu of the present 1s. 6d. supertax, and for substantial reductions in bank interest rates. Meanwhile the opening of a by-election campaign in East Sydney has provided the occasion for a general re-statement of Labour aims, and in short, recent messages suggest that there is still no prospect of definite or immediate action being taken. A welcome contrast to this inaction and abortive discussion is to be found in New Zealand. Here the Government has issued a definite programme, which begins with a 10 per cent. reduction in all State salaries, continues with proposals for additional taxation, and ends with the statement that further possibilities for economy are being explored. A clear-cut and determined statement, especially as it comes at a time when New Zealand still lies under the shadow of the earthquake, will do much to maintain confidence in the economic integrity of the Dominion.

Shipowners and the Depression.—In the light of all the now only too familiar data illustrating the severity of the 1930 slump in world trade, it was scarcely to be expected that British shipowners, in the annual meetings of their organisations, would have much cause for self-congratulation. The reports both of the Chamber of Shipping and of the Liverpool Steamship Owners' Association dwell inevitably on the difficulties of a gloomy year which ended with no less than 2½ million gross tons of British shipping laid up out of commission. Freights were low and cargoes scanty; gross revenue of "tramp" shipping declined by probably 20 per cent.; the loading factor of liners was only four-fifths of the normal pre-war standard; State subsidies in a number of foreign countries intensified the competition arising from the world glut of tonnage; and many fixed charges, such as Suez Canal and British port dues were a heavy burden on diminished earnings. Signs of appreciable recovery in freights and in the volume of cargoes are still lacking; and the situation is not one which investors in shipping securities can view with much satisfaction, quite apart from the peculiar financial difficulties surrounding the R.M.S.P. Company and its unfortunate satellites. The only consolation is that physically the British mercantile marine has been maintained during the past decade at a high pitch of

efficiency, and that (in contradistinction to the position of dock and harbour authorities) shipowners have succeeded in securing from their direct employees' labour organisations agreements providing for reasonable rates of wages and working conditions which do not impose on the industry an undue burden of costs. If harbour charges could also be scaled down to an economic level, the shipping industry would be much better placed to withstand the storm.

Cotton Lockout Ended.—Our Manchester correspondent writes:—The lockout in the manufacturing section of the cotton industry was brought to a close at the end of last week, when the employers decided to call off the lockout notices and to discontinue the eight-loom experiment which has been conducted at Burnley for a period of nearly two years. Mr John Grey, the acting chairman of the Cotton Manufacturers' Association, in making the official announcement, said that the primary consideration which had dictated the employers' action was the fact that the leaders of the operatives' trade union had no power to negotiate. The manufacturers were also impressed by the very grave warning as to the condition of industry and finance in this country that was given by Mr Snowden in the House of Commons last week, and they had to consider the effects of a continuance of the more looms dispute in its relation to that appeal. Furthermore, the cotton trade was holding an Exhibition in London, and they recognised the situation whereby "we are seeking to increase sales to the world by this great exhibition effort and at the same time giving to the world an exhibition of folly by continuing the dispute for a relatively minor question which ought to have been taken up by mutual consent." The employers' statement concluded by saying that the more looms to a weaver system could not be ignored. It had proved itself to be successful, both technically and economically, and, in the employers' opinion, was bound ultimately to extend. With regard to the question of industrial reorganisation, which has been one of the cries of the rank and file of the operatives, the employers state that they recognise that much would have to be done in this direction, but there was one thing that the operatives should bear in mind—that the cause of the dispute was a sincere attempt on the part of the employers to bring down costs of production without at the same time reducing individual earnings. "The question of our ability to compete abroad still remains, and will have to receive the further earnest consideration of all engaged in this industry. We are prepared to discuss with our operatives the question of technical reorganisation and to take into consideration many aspects of the industry when the proper atmosphere for doing so has been re-established. By our action in calling off the lockout we are making a gesture of goodwill." The general lockout in the industry had been in progress a month, and the strike at the Burnley mills had been going on for six weeks. It is estimated that the dispute has cost the industry between six and seven million pounds. In this dispute the fact that between 50 and 60 per cent. of the operatives in Lancashire were unemployed before the dispute began and were drawing unemployment benefits had a vital influence on the situation, and the money received from that source, along with lockout pay, enabled the workpeople to maintain their resistance for a much longer period than in the old days. In view of the vital need for the reduction of costs in Lancashire the weavers' "victory" is likely to prove barren. If rationalisation on these lines is to be opposed with such intransigence by Labour, the outlook is dark.

Iron and Steel Production.—The production and foreign trade figures for iron and steel for January were awaited with more than usual interest on account of the very unsatisfactory position revealed in December, when, it will be remembered, production both of pig iron and steel were the lowest since operations were resumed after the coal stoppage of 1926, and imports exceeded exports by the unprecedented total of 113,500 tons. It was almost inevitable that pig-iron production should decline still further, for the number of furnaces in blast at the beginning of January (76) was sixteen less than at the

beginning of December; it is not surprising, therefore, that pig-iron production fell from 349,800 tons in December to 337,200 tons in January, which is little more than half of the production in January, 1930. The most encouraging feature was that nine blast furnaces resumed operations during the month, which, after allowing for two being blown out, makes the total blowing at the end of the month 83. We pointed out last month that the extremely low production of steel was partly to be accounted for by the extended Christmas holidays taken at many works on account of lack of orders. Some slight accumulation of orders took place as the result, and production in January rose to 402,000 tons, compared with 337,200 tons in December; this is lower by 369,000 tons than production in the previous January. The slight improvement in the steel production is reflected in the percentage unemployed in that branch of industry, which fell from 50.6 in December to 45.2 in January. The balance of 113,500 tons of imports over exports in December was reduced to 54,400 tons in January, although, unfortunately, this was not due to an increase in exports (which actually declined by 2,100 tons to 167,400 tons), but by a decrease of 61,200 tons to 221,800 tons in imports. Imports of pig iron at 22,100 tons were the lowest since August, and it may be hoped that, as a result of the cut of 5s. in the price of Cleveland pig iron, imports of pig iron will still further decline in February. Other products to show a marked decline were sheet and tinplate bars (52,900 tons to 31,100 tons); billets, blooms and slabs (64,600 tons to 56,200 tons); and steel bars, rods, etc. (37,300 tons to 30,400 tons). Exports of the various iron and steel products were at approximately the same level as in the previous month. The price index for iron and steel products fell slightly from 108.9 in December (1913 = 100) to 108.5 in January, and for the first time since August, 1921, are above the "all commodities" price index which fell from 108.9 in December to 106.9 in January.

Employment and the Cost of Living in January.—There was some fluctuation in the state of employment during January, the net result of which was that at the end of the month the numbers unemployed, although higher than in the week immediately before Christmas, showed a reduction as compared with the end of December. According to the *Ministry of Labour Gazette*, among the workpeople insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at January 26th was 21.5, as compared with 20.2 per cent. at December 22nd, and 12.4 per cent. at January 27, 1930. It is estimated that on these dates the numbers of insured persons in work were 9,128,300, 9,397,600 and 10,064,000 respectively. Those registered as "wholly" unemployed amounted to 1,875,330 at January 26th, as compared with 1,766,398 a month ago, and 1,076,099 a year ago, while the number of persons temporarily without work totalled 607,443, which was 167,187 less than at December 22nd, and 275,013 more than a year ago. Of those normally in casual employment, 109,887 were unemployed at January 26th, against 102,099 a month ago, and 82,990 at this time last year. The latest returns of the Ministry show that on February 9th 2,637,131 persons were registered as unemployed. This includes 1,897,836 wholly unemployed, 627,245 temporarily stopped, and 112,050 usually in casual employment. With regard to the cost of living, the index number of the Ministry of Labour continued its downward course, registering at January 31st 52 per cent. above the level of July, 1914, as compared with 53 per cent. at the end of December, and 64 per cent. a year ago. For food alone the corresponding percentages were 36, 38 and 54 respectively.

Prevention of Disinheritance.—The authoress of "The Disinherited Family" is launching an attack on another form of disinheritance, and though the chances of a private member's Bill have seldom been poorer than they are at present we wish Miss Rathbone luck in her efforts to deprive the tyrannical parent or spouse of the ancient right of cutting off with a shilling. The Wills and Intestacies

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(Family Maintenance) Bill is modelled, with certain variations, on the Scottish principle. It provides for a priority payment to the surviving spouse of half the value of the personal chattels, plus £1,000, or half the net estate other than personal, whichever is the less, plus interest at 5 per cent. per annum from the date of death until payment. Of the surplus of the net estate after this payment, one-half is to be set aside if there is a surviving spouse but no surviving child, or if there is a surviving child but no spouse; one-third if there is a surviving spouse and any surviving child above the defined age but no surviving child below the defined age; and two-thirds if there is a surviving spouse and a surviving child under the defined age. The defined age is the age attained two years after the completion of full-time education, but may not exceed 23 years unless the child is physically or mentally incapable of self-support. The portion set aside is to be held in trust for a spouse until death or remarriage and for a child until it reaches the defined age or dies not having reached that age. The children share their provision equally. The annual income, when added to any independent income, shall not exceed £2,000 in the case of a widow or widower and £300 in the case of any one child. The general principles of this Bill seem sensible, and the limitation of children's rights to £300 a year during the age of dependence leaves parents all the necessary freedom to deal with ne'er-do-well offspring. The measure should not prove seriously controversial, and we hope that Parliament will be able to find time for it.

Provident Mutual Life Assurance Association.—The 1930 report of this association records a further quantitative expansion in every direction. The association's business is largely derived from railway workers, and a feature of it is that premiums are paid automatically by deduction from wages. Notwithstanding the depressed conditions of 1930, new business has shown a large expansion from £1,941,265 to £2,297,457. The nature of the

business is indicated by the fact that the number of policies issued in 1930 was 21,270, and the average sum assured was therefore slightly over £100. The premium income has been increased by some £42,000 and is now £915,000, compared with a life assurance fund of £7,737,000. The expansion of business is responsible for a slight increase in the expenses, which have grown from 13.6 per cent. of the premiums to 14.5 per cent., and the rise in the standard rate of income tax has been responsible for a small decline in the rate of interest from £4 17s. per cent. net to £4 14s. 6d. per cent. net. The rates of interim bonus have been maintained for the current year at the increased rates declared at the last quinquennial valuation at the end of 1927, namely, from 45s. per cent. to 50s. per cent. per annum for whole life and 40s. per cent. per annum for endowment assurances. There have been numerous changes in the constitution of the assets in the balance sheet during the year, though the movements follow similar lines to those noted in the 1929 balance sheet a year ago. There has been a further realisation of British Government securities, though on a smaller scale than formerly, and Indian and Colonial Government securities have been reduced from £160,000 to £115,000. Foreign Government securities have been increased from £428,000 to £500,000. A normal increase has been shown in the debenture group and also in the preference share group, and further purchases have evidently been made of ordinary shares, which have risen from £1,013,000 to £1,188,000, and now represent about 14 per cent. of the total balance-sheet assets. There is no direct indication of capital profits or losses in the balance sheet, and the Stock Exchange securities are stated to have been taken at or below cost. The certificate as to the value of the assets now states that they are "in the aggregate fully of the value stated less the investment reserve fund," the last five words being an addition to the certificate as given in former years. It is fair, therefore, to draw the inference that there is now an undisclosed depreciation in the book value of the assets equal to something less than the amount of the investment reserve fund of £160,000. Apart from this the association has, of course, a considerable carry-forward amounting to £170,000 from the valuation of 1927, in addition to the security afforded by the stringent methods employed in the valuation of liabilities.

Overseas Correspondence.

UNITED STATES.

Ex-Service Men's Bonus — Banking Committee — Industrial Output — Capital Issues.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 7.

AFTER a brief but sharp setback on what perhaps were exaggerated fears of a huge Government bond issue to provide for a cash distribution to ex-soldiers, the bond market has recovered about half the lost ground. The plan of the more irresponsible and demagogic politicians to saddle the Treasury with a new loan of around \$3,400,000,000 quickly brought vigorous protests from the country's leading bankers and economists. The latest suggestion, endorsed by Mr Owen D. Young, that the Government make cash advances only to those veterans who may be actually in need of assistance, has much to recommend it. Although it may involve the payment of as much as \$500,000,000, that sum is acceptable to bankers and the bond market as a relief from the much larger amount first proposed. There is, of course, little to be said in favour of full cash payments on the veterans' insurance policies to those with jobs, and it is fairly certain that President Hoover will veto an extreme measure. Passage of a Bill late in the present session of Congress (which ends on March 4th) might enable the President to delay action until the expiration of the life of the present Congress, when the Bill would automatically die.

One effect of the uncertainty over the bonus affair was to stifle the market for new capital flotations. Offerings this week were only approximately \$20 millions, compared with \$200 millions last week and \$250 millions in the previous week. A good many new loans are on the way, and will come out as soon as times are more propitious. The largest now under consideration is a \$75,000,000 loan, mostly of a refunding nature, for the New York Central Railroad, which during recent years has been able to do most of its financing with share issues. As it is prevented by law from selling new shares below par and as the price for the existing shares is too close to that price for comfort, the road has been forced to resort to bonds.

Mr Young was a witness this week at a hearing on national banking laws before the Senate Banking Committee. Other prominent men, including the Comptroller of the Currency and the Governor of the Federal Reserve Bank of New York, had testified to the need of changes in the bank laws and on points of Federal Reserve policy. Mr Young held that the root of the evils of banking practice in this country, which brought more than 1,200 failures in 1930, is in the generous and indiscriminate granting of charters to operate. Blame for this he laid to the fact that charters are available either under the national banking system or under the systems of the several States; that rivalry to extend one system at the expense of the other exists, and that in any event too much laxity prevails.

Mr Young, who is a director of the New York Federal Reserve Bank, would amend the Constitution to give the Federal Government authority over all banks, if it is found that it has no such authority now. This view is not accepted by bankers generally, even though it would tend to place a check on the chartering of new banks, inasmuch as it would involve a curtailment of States' rights. In any event, Mr Young would require all banks to become members of the Federal Reserve system, and then strengthen the powers of the system over members to the extent that disciplinary measures could be used to check violations of sound banking practice even within the law. He pointed out that of the 7,000 banks which have failed in the last ten years, five out of six have been State banks and not members of the Federal Reserve system.

On the question of branch banking, which is the ostensible subject of the Banking Committee's present investigation, Mr Young thought there was no escape from such a system, but he would confine it within definite geographical limits. It is probable that a Bill based on these hearings will be drawn up, but nothing is likely to be done before the next session of Congress. Chances for an extra session are about even. In addition to the soldiers' bonus matter, on which a vote will surely be taken this month, the Mussel Shoals controversy is still raging. Then there is the squabble over the appropriation for general relief. It now looks as though President Hoover will agree to a \$25,000,000 appropriation, to be used in the drought areas, provided no extra session of Congress be foisted upon him. His stand against this appropriation, which he characterised as a species of dole, was approved by the best elements in the country; but no one wishes to see an extra session of Congress, and such an appropriation would in any case be rather difficult to head off.

For the moment the improvement in the steel trade has slowed down. Mills are now operating at about 48 per cent. of capacity, or but little better than the rate of a fortnight ago. Steel ingot output last month was 2,483,206 tons, an increase of 475,432 tons over December but a decrease of 1,312,884 from a year ago. The average rate of operations last month was 46 per cent. of capacity, against 38.5 in December and 70 per cent. last year. Pig iron production increased 3 per cent. to 1,714,266 tons, the first gain since last April. Railroad traffic has fallen slightly, and is running far under that of recent years for this season. Motor production for January is estimated by the National Automobile Chamber of Commerce at 184,000 vehicles for this country and Canada, a rise of 14 per cent. over December but a drop of 35 per cent. from a year ago. Business failures in January, as reported by Dun's, were 3,316, the highest figure ever reported for a single month. This figure does not include bank casualties.

Commodity prices, while firmer in raw material sections generally, continue to decline over most of the wholesale list. Both the Dun's and the Bradstreet's indices show a drop of approximately 2½ per cent. for January.

The recent 90-day non-interest-bearing bill offering of \$60,000,000 by the Treasury was taken at a record low rate of between ¾ and 1 per cent. The February maturity of \$127,000,000 will, it is expected, be replaced with a larger issue, perhaps as great as \$200,000,000, to supply the Treasury with cash until the March 15th income tax date. The bill offering of this week was entirely the result of demands for cash for borrowing on soldiers' compensation certificates. Thanks to the mid-month spurt, January's new security flotations amounted to about \$637.4 millions, of which about one-third was for refunding. New flotations were more than four times the volume in December, but fell about 20 per cent. below that of January of last year. Public utility borrowing led with about 50 per cent. of the total. Railroads were next with nearly 30 per cent. Share offerings only reached about \$100 millions. In addition to the above total for corporation issues, there were Canadian provincial loans of \$33 millions.

FRANCE.

Budget — Education — Unemployment — Balances Abroad — Foreign Trade.

(FROM OUR CORRESPONDENT.)

PARIS, February 18.

NIGHT sittings of the Chamber were begun towards the end of the week in order to complete the Budget discussion before the end of the month. The effect of M. Laval's effort for speeding up the work in hand was immediate, and the system of sitting all night is being continued with equally satisfactory results. A good deal of time, nevertheless, has been devoted to a full-dress debate (during the discussion of the Education Estimates) on the favourite Radical-Socialist doctrine proclaiming the supreme importance of the extension of free secular education to the secondary schools. The Government, while notoriously in favour, in principle, of the application of the Radical thesis, is opposing the further extension asked for on the ground that it is impossible, for the time being, to find the necessary additional funds. Free entry to the secondary schools, so far as the sixth (or lowest) class is concerned, was brought into operation a year or so ago. The effect has been, in one of the Paris schools, to increase from 185 to 250 the number of children belonging to the class in question, which is regarded even in this country, where school classes are normally extraordinarily large, as being too unwieldy for practical teaching. More school accommodation and larger teaching staffs are obviously needed, and this will require time and heavy additional expenditure. The debate on the subject is still unfinished, but whether public opinion is seriously interested seems doubtful.

The general economic and industrial situation is obviously growing worse. There are no exact figures of unemployment except in regard to those actually in receipt of benefit, which are slowly increasing every week. The official return issued for the week ending last Wednesday reports 32,300 workers in receipt of relief, against 28,500 in the previous week. The number unable to secure employment at the Labour Exchanges was 50,715, an increase of 5,750. Reductions of labour are reported in several trades, metallurgical industries being chiefly affected. The institution of a five-day week is apparently meeting the situation fairly well in the northern coalfield. In the midland field there is some agitation as the result of proposals for wage reductions. That the situation is as yet by no means taken seriously may be gauged from the fact that the Chamber Finance Commission yesterday decided to limit the credits to be applied for in regard to unemployment relief to a maximum of 20,000,000 francs, or £160,000.

The revenue returns for January show that total recoveries from normal and permanent sources, in respect

of the General Budget (exclusive of receipts by the Caisse d'Amortissement) totalled 4,295,122,800 francs, or 136,000,000 francs less than Budget estimates and 332,000,000 francs less than in January, 1930. In this connection it should not be overlooked that taxation relief amounting to about £40,000,000 has come into effect during the past year or so.

A writer in one of the Paris financial newspapers estimates that the total French balances abroad now amount to about 10,000,000,000 francs, most of which is being employed in short-term loans on not very remunerative conditions, in Great Britain, America, Germany and other countries. In view of the nominal rates for money existing here at present, the universal opinion in banking circles here is that there can be no question of this enormous volume of funds being brought back to France. For one thing, quite apart from the impossibility of finding profitable employment for it, the effect would be to send the franc so far above gold point that the Bank's reserve of gold would be increased to a still more unwanted level than at present, with disastrous effects on internal prices. This unusual situation was undoubtedly one of the contributing causes to the desire of the French banks to participate in the credit operation for the benefit of Germany, which was brought to a definite decision on Monday last.

In view of the hesitation of the Finance Ministry to authorise the introduction of further foreign issues here, the Coullisse authorities are steadily pushing forward the plan for assimilating a large number of the shares in South African and other companies already quoted here to those belonging to the same companies which are dealt in on the London and other markets. Henceforward, instead of dealings being allowed in this market in only a limited number of shares in certain companies, all the shares in such companies will soon be able to be dealt with, both in Paris and elsewhere, on practically the same conditions, without discrimination of any kind. A beginning has already been made with Tanganyika and two other issues, and this week statutory notices are published freeing Geduld and Union Corporation shares from the shackles that have hitherto hampered dealings in them in this country.

The foreign trade returns for January show a sharp drop on the month in both exports and imports. Imports were 3,816,897,000 francs (4,436,839 tons), against 4,330,935,000 francs (5,014,401 tons) in December, and 4,753,887,000 francs (5,204,656 tons) in January, 1930. Exports were 2,573,756,000 francs (2,359,146 tons), against 3,220,937,000 francs (2,966,039 tons) in December and 3,704,583,000 francs (3,914,910 tons) in January last year. All categories of both imports and exports were affected, with the exception of foodstuffs entries, which were 186,960 tons (232,000,000 francs) larger than in December. The largest drop was in imports of raw materials, which were 20 per cent. less in quantity than in January, 1930, and 12 per cent. lower than in December, the next largest being one of nearly 15 per cent. in the value of exports of manufactured goods, as compared with December, and of over 20 per cent. as against January, 1930. Nothing could mark much more clearly the sudden extension of the general economic depression to this country since the beginning of the year.

The returns of French foreign trade "by countries," which are now available for the past year, indicate that Great Britain continued to be this country's best customer by far, with total purchases of French products amounting to 6,839,000,000 francs. The Belgo-Luxemburg Union came second, with 5,440,000,000 francs, and Germany, Switzerland, United States, Italy, Holland and Spain next, in the order given, and all showed much lower totals than in the previous year. The heaviest drop in French exports was in those to Belgium-Luxemburg, which were 1,785,000,000 francs lower, while those to America fell off 899,000,000 francs, or over 25 per cent. Germany occupied first place in the list of countries exporting to France, with a total of 7,906,000,000 francs, or 1,294,000,000 francs (16 per cent. more than in 1929 (this total including reparation payments in kind). American imports into this country were 6,089 millions, or 15 per cent. lower than in the previous year, while purchases

from Great Britain fell from 5,827,570,000 francs to 5,249,291,000 francs, or nearly 10 per cent. French trade with Russia last year comprised imports of Soviet products (chiefly oil) totalling 886,000,000 francs, or an increase of 98,000,000 francs, and exports to Russia of 170,000,000 francs, or a drop of well over 30 per cent.

About 12½ per cent. of the French imports last year came from the Republic's colonies and protectorates, and over 20 per cent. of the total exports were consigned to those regions. France has always maintained a free and protected market for herself in her colonial empire, while the free entry of colonial products into France itself is carefully regulated, and the quota system largely used to protect home production. The quota system is used especially in regard to entries of Algerian wines, wheat, fruit, etc., the quantities admitted free being systematically fixed every month by presidential decree. "Colonial foodstuffs" constitute a distinct classification in the Customs tariff, and are in many cases subjected to import duties, on the same principle as those applied to products from countries not under French control.

GERMANY.

Nazi Discomfiture — Foreign Credit — Agrarian Relief — Coal Syndicate Dispute — January Trade.

(FROM OUR CORRESPONDENT.)

BERLIN, February 17.

THE withdrawal of the National Socialists from the Reichstag is patently a sign of weakness. Their friends, the Hugenberg Nationalists, fully realised this and followed them only with the greatest reluctance. The gesture of withdrawal would only have had point if it could have been followed up by direct revolutionary action, but there is not the remotest question of that. What Herr Hitler failed to do in 1923 cannot even be attempted now. Even apart from the fact that the severest trade depression is less productive of a revolutionary spirit than such catastrophic inflation as Germany experienced in 1923, and that Herr Brüning is much stronger than the Cabinets of that time, the strongest protection of the State is the unity which exists among its highest executive organs. The Hitler *putsch* of 1923 was possible because the defensive forces of the State were crippled by Bavarian opposition to the Government, whereas to-day Bavaria, the point of origin of the National Socialist movement and the principal centre of its organisation, is no less watchful than Prussia against any illegal actions on the part of the National Socialists, and the Bavarian Prime Minister, Herr Held—in spite of small differences of opinion on the subject of tax laws which in Bavarian opinion seem to encroach on the rights of the States—is supporting the Chancellor with no less determination than his Prussian colleague, Herr Otto Braun.

The influence of the National Socialists in Thüringen and Brunswick is negligible in comparison with the defence forces of these and many of the smaller States. The withdrawal of the National Socialists from the Reichstag will therefore find no complement in any kind of action, and even the effect of their agitation meetings seems to be diminishing. It took a great deal to rouse the propaganda organisation of the Social Democratic Party against the National Socialists, but it has now been in action for some weeks, and this comprehensive party organisation has in many districts completely stifled the Nazi propaganda with meetings, banners and newspapers. The effect is reinforced, in Catholic localities, by a complete clerical boycott. The bishops have strictly forbidden any Catholic priest to show any form of sympathy to the National Socialist movement.

All this does not mean that the tide of National Socialism has subsided. The withdrawal of the Nazis from the Reichstag certainly betokens a discomfiture, whether they return or not; but it need not be a defeat. Not until after the summer elections in Bavaria at the soonest, and possibly not until the Prussian elections

next spring, will it be possible to see whether a turning point has been reached. Everything, of course, will depend upon the course of business, which seems recently to have shown some signs of improvement.

The negotiations for the interim financing of the Reich sale of railway preference shares have now been concluded. The advance to be provided by the foreign bank consortium is not after all to be \$32 millions, but Rm. 119½ millions, or about \$28½ millions. Besides Lee, Higginson and Co., the consortium consists of the Banque de Paris et des Pays Bas, the Schweizer Kreditanstalt and the Schweizer Bankverein, Rothschilds, Baring Brothers, Higginson and Co., and Schroeder, all of London; Mendelssohn and Co., of Amsterdam, Nederlandsche Handels Mij. and the Skandinaviska Kredit A.B. The French are taking over, not a third as originally planned, but about a quarter. The delay has been due partly to the change of Government in France and partly to formal difficulties in Paris. No special security is being given for the advance, which will be repaid by instalments between July, 1931, and December, 1932.

The Cabinet has approved a new form of the "Osthilfe" Bill, in which the relief scheme follows the lines of the Silverberg Plan discussed in a previous letter. The plan envisages the formation of a fund of Rm. 500 millions out of the proceeds of the industry tax, which is to belong to industry, but to be lent to agriculture for the replacement of short-term credits at high rates by long-term loans at low rates of interest. The fund is to be gradually augmented in the course of the next few years by the raising of loans to a further 370 millions. The Reich and Prussia would give a joint guarantee of 25 per cent. to cover defaults on mortgages. A further 10 per cent. is collectively pledged by the farmers whose mortgages are being converted, so that the good farmers are in effect going surety for the bad ones. Defaults in excess of these guarantees will be met by the fund. Although industry is very well protected against loss, it is hoped that the representatives of industry will insist on very careful selection of debtors from the point of view of their suitability to receive credit.

Representatives of industry, agriculture and the Government are jointly to examine applications for credit. If the two former are in favour of granting an application, the conversion can proceed without the agreement of the Government representatives, but in that case the guarantee of the Reich and State ceases to be operative. This scheme will only come into effect if the Budget is passed by Parliament. If the Budget has to be put into effect by emergency decree, the Osthilfe scheme will be cut down to the dimensions of that proposed by the Government last summer.

The Ruhr coal syndicate has become involved in an interesting dispute with the Deutsche Continentale Gasgesellschaft in Dessau. The Dessau Gas Company owns the Westphalia mine, in the territory of the Ruhr Syndicate, and also the Magdeburg Gas Works, a central gasworks in Magdeburg. It had intended to send coal from the Westphalia mine direct to Magdeburg, not through the syndicate, as this would be a delivery to its own works, and therefore constitute "own consumption" in the sense of the cartel agreement. Delivery for "own consumption" is much more advantageous than delivery through the syndicate, as it is not included in the sales quota and pays a lower contribution to the syndicate. The syndicate, however, places a narrower interpretation on the relevant clauses, and refuses to recognise these coal deliveries as "own consumption" because the gasworks naturally sell the coke which is incidentally produced. The Dessau Gas Company cannot afford syndicate coal for the Magdeburg works, and so is obliged to use English coal. It has, therefore, lodged a complaint with the Ministry of Economy. The case is particularly important because the syndicate agreement expires again in March, and in the present circumstances the Dessauer Gasgesellschaft would not be disposed to renew it while it would be difficult for the Ministry of Economy to renew it compulsorily.

Imports increased in January to Rm. 715 millions against Rm. 681 millions in December, while exports fell

from Rm. 902 millions in December to Rm. 775 millions in January. This means an export surplus of about 60 millions, but when statistical errors are allowed for it becomes about 150 millions against 222 millions in December. In the two preceding years there was an especially large passive balance in January: 216 millions in 1928 and 213 millions in 1929. The severe decline in foreign trade turnover is only to be explained by the effects of the world depression.

HOLLAND.

Depression — Capital Market — Banking — Foreign Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, February 4.

NOT only is Dutch agriculture passing through a most difficult period, but Dutch industries are also undergoing the effects of the prevailing trade depression to a more and more serious extent. Further retrenchment and the discharge of workmen is the result, and the general decline is illustrated by the state of the capital market. One would have to search back very far in the annals of the Netherlands capital issues market to find a month recording such a poor showing as January, 1931. In contrast with last year, when the economic depression confined its influence on our issues market chiefly to the proportion in which the total issues were divided amongst the various classes of borrowers, it is now finding expression in the extraordinarily low amount of the total issues. The figures for January in each of the last four years are shown below:—

(Thousand guilders.)

1928	34,738	1930	51,037
1929	68,210	1931	10,444

This lack of activity in the capital issues market, together with the reduced turnover in stocks and shares and the low rates of interest, have had a detrimental influence on the profits of the Dutch banks, and several of them have announced reduced dividends for 1930. Negotiations have been carried on between several Dutch provincial banks and brokers with a view to the flotation of a central bank at Amsterdam to offset the competition of the big banks. A provisional committee has been formed to work out the details of the scheme, and it is understood that the new institution is to be called N.V. Central Bank. It is believed that the foundation meeting will be held in June.

The great drop in prices during 1930 is also reflected in the Netherlands trade balance. Imports in 1930 amounted to 31,884,000 tons, with a value of 2,418 million guilders, as compared with 30,989,000 tons and a value of 2,752 million in 1929. The value of exports declined in a larger proportion. In 1930 merchandise weighing 16,605,000 tons, with a value of 1,719 million guilders, was exported, as against 16,301,000 tons and a value of 1,989 millions in 1929.

The export balance of our trade with England in 1930 was 6 million guilders higher than in 1929, the figures being:—

(In million guilders.)

	Imports.	Exports.	Balance of Exports over Imports.
1928	252	432	180
1929	258	408	150
1930	227	383	156

The most striking decline in imports from England were in yarns, which dropped to 22,000 tons (26,000 in 1929), with a value of 27.3 million guilders (37.7 in 1929), and in fabrics, which recorded a decline to 16,500 tons (19,600 in 1929), with a value of 29.3 million guilders (39.6 in 1929). In our exports to England there was a decline in bacon to 43,500 tons (against 47,300), with a value of 42.6 million guilders (against 49.5). In the case of other dairy products, the quantities exported were larger than in 1929, but the values show a decline. The exports of flowers, bulbs and other horticultural products to England

showed an improvement, the value increasing by 4.1 million guilders. There was also an increase in the exportation of vegetable oils and train oil.

At the end of January the Netherland Bank lowered its official discount rate from 3 per cent. to 2½ per cent. owing to the very easy Amsterdam money market. This measure should not have a great effect on the Amsterdam Stock Exchange or on business activity, because the difference between the official Bank rate and the open market rate is very great. Private discount rate ruled between 1 per cent. and 1½ per cent., and "prolongation" was quoted at 1½ per cent.

BULGARIA.

Price Discrepancies — Unsuccessful Protective Policy — Foreign Trade — Banking Legislation.

(FROM OUR CORRESPONDENT.)

SOFIA, January 24.

BULGARIA is witnessing a large and continued decrease in the purchasing power of almost every class of consumer. For this, the continued weakness of prices of agricultural produce prevailing in world markets is the official justification, but had other important factors not been operative in the process of gradually widening the gap between agricultural and industrial prices, many of the peasants would have found substantial compensation in the favourable results of their production of eggs, fruit, tobacco and other goods not so heavily affected by the fall of prices abroad.

The Government has deliberately and steadily pursued a high tariff policy, chiefly on two grounds: first, as a source of budgetary revenue, and secondly, in order to protect industries whose costs are much higher than those abroad. In the first case, the yield of duties went to the Treasury, but in the second it went to the industries where, in too many instances, it melted away as a consequence of inadequate organisation and deficient management.

There are no precise statistical data to illustrate the growing discrepancy between agricultural and industrial prices, but it is a fact of daily experience that the products of local industry and imported goods are artificially held at prices much in excess of those prevailing on other markets. The raising of the customs co-efficient, in 1930, has aggravated the position, without even increasing the revenue, and this state of things has brought about an almost unprecedented deadlock in nearly all branches of economic activity, the consequences of which are beginning to make themselves acutely felt by the Treasury. Receipts are reported to be at least 900 million leva short of the estimates, after 600 million leva short-term accommodation by the National Bank has been exhausted. The Government, at last realising the situation, is endeavouring to fill up the gaps by emergency legislation. The much discussed and criticised Grain Purchasing Office has been put into operation with apparently little effect in strengthening prices. An all-round reduction of the salaries of the notoriously underpaid State employees has been decreed, but no serious attempt is being made at dealing in a constructive and radical way with the major points at issue, such as protection, high tariffs and excessive State expenditure.

The Government's financial policy has never met with such a widespread and thorough criticism as in the last two or three months. Misgivings are loudly expressed, even among the supporters of the party in power, and the prospects of the coming elections are by no means reassuring for the Government. Much emphasis is being laid on the foreign trade results for last year, which are shown below:—

(Thousand Levas.)

	Imports.	Exports.	Balance.
1929	8,162,017	6,097,356	-2,064,661
1930	4,605,096	5,927,800	+1,322,704

(In Metric tons.)

	Imports.	Exports.
1929	495,884	299,393
1930	326,437	532,064

The heavy reduction in imports can hardly be considered normal; it is very probably a result of the much advertised imports restriction policy, of the diminished purchasing power of consumers and of the clearing of the heavily overstocked position of importers and distributors. However, these results have enabled the National Bank to maintain a satisfactory ratio of gold and gold-exchange cover to sight liabilities.

Having regard to the heavy deflation of credits and trade commitments in 1930, there have been very few collapses of banks, though losses have been sustained by every banking undertaking in the country. In order to strengthen the banking organisation as a whole, the Protection of Savings Act has recently been put into force. According to its main prescriptions, the opening of new banks or branches of banks is subject to authorisation by the Minister of Finance, to be granted after certain requirements essential to public safety have been complied with. One-tenth of sight liabilities must remain in liquid money, eligible trade bills, or State bonds lodged with the National Bank. Two-thirds of bank assets are to be covered by adequate securities, or good trade bills, which must have a duration of 90 days. Commercial and speculative transactions are prohibited. Balance sheets are to be published in an officially prescribed form to give a true and clear position of every bank's affairs. The accounts and operations of all banks are to be audited by delegates of a special Banking Board at the Ministry of Finance. Heavy penalties are provided for failure on the part of directors or executives to comply with these prescriptions. According to expert opinion, this measure will probably bring about a widespread amalgamation of smaller banking concerns and increase the security of the whole banking system.

CANADA.

Western Provinces — Premier's Visit to Washington — Wheat Situation — Effects of Steel Duties.

(FROM OUR CORRESPONDENT.)

OTTAWA, January 28.

LAST week Eastern Canada had its first spell of severely low temperatures this year; on the whole the winter has been remarkably mild. The news of Western conditions continues to be very depressing, but the relief measures which are being organised by the provincial administrations, with the help of the Federal Government, are now beginning to operate, and through the Red Cross and other organisations supplies of food, clothing and fuel are being distributed to indigent families. Meanwhile Mr. Beatty, the President of the C.P.R., has gone ahead with his scheme for a farm finance corporation which would use its capital as a revolving fund to enable prairie farmers to buy livestock and diversify their operations; apparently he has secured a very sympathetic response from banks, mortgage companies and industrial corporations, and been able to raise the necessary capital.

Business conditions generally remain thoroughly depressed, and many firms are known to be just keeping their heads above water in the hopes that the advent of spring will give a general filip to trade. The difficulties of industrial firms who were largely dependent upon the Western market are illustrated by the recent announcement that the Massey-Harris Company, the largest manufacturers of farm implements in Canada, have found it necessary to pass their preferred dividend. The car-loading figure for the week ending January 17th, placed at 47,115 cars, shows a gain of 3,149 cars over the figure for the previous week, but it is still 8,858 cars below the figure recorded for the corresponding week of 1930. Production of steel ingots and castings during December, estimated at 56,101 tons, showed a decline of 22 per cent. from the previous month's figure and was 33 per cent. under the figure for December, 1929; the decline for the whole year 1930 was 26.6 per cent. Pig-iron production in December also fell off 17 per cent.

compared with November, and was less than half the figure for December, 1929.

Speculation is rife in Ottawa about the purposes of the visit which Mr. Bennett is to pay to Washington next week. It is suggested that he will discuss most of the problems which are pressing for solution between the two countries, such as the St. Lawrence Waterway, the problem of the "border commuters," broadcasting arrangements, and the difficulties about rum running, and there is also an idea that he will try to induce the American Government to impose an embargo upon Russian imports of newsprint and lumber, which have curtailed the American demand for similar Canadian products and have had a very adverse effect upon the fortunes of Canadian workers and investors. At the annual meeting of the Canadian Forestry Association, held in Montreal last Friday, a resolution was unanimously passed asking the Bennett Ministry to move for the prevention of imports of Russian forestry products produced by forced labour into British countries.

With wheat prices virtually stationary, not only the farmers but the whole business community of the prairies are in a very pessimistic mood. The Dominion Bureau of Statistics, in a recent bulletin, tries to offer them some comfort by estimating that the exportable surplus of Canadian wheat at the end of 1930 was 253 million bushels and that this figure was not unreasonable. It pointed out that in the first five months of the present crop year, which began on August 1st, the exportable surplus of 398 millions then forecast had already been reduced by more than one-third, and also that there had been a gain of eight million bushels in December, 1930, over the export figure for December, 1929. It was also argued that for the remaining seven months of the crop year the five-year export figure per month had been 20 million bushels, and that, if this figure was equalled in 1931, there was a prospect of a total of 140 million bushels being sold abroad before August 1st. This would reduce the possible carry-over to 113 million bushels, which would be smaller than the carry-over on July 31, 1930, and it was also contended that there was the possibility of a further reduction of this amount because the low price of wheat would induce farmers to feed large quantities of the poorer grades to livestock. But it is also plain that the severe competition of Australia and Argentina (who through lack of adequate storage facilities have of necessity to sell their crops quickly) will prevent effectually any rise in prices, and the prospects are that for some time to come Western Canada's wheat will have to be sold below cost. It is understood, however, that the Bennett Ministry is contemplating negotiations with other wheat-producing countries to secure concerted action for a stabilisation of wheat prices.

Previous reference has been made to the apprehensions of certain groups of Canadian manufacturers that the increased protection granted to them last September was about to produce untoward results for them in the shape of intensified domestic competition within the tariff barrier, and now the steel companies have begun to share these fears as a consequence of the announcement that the United States Steel Corporation is laying plans for the establishment of a Canadian plant costing 60 million dollars. Before the work of construction is actually begun the directors of the United States Steel want some guarantee of tariff stability, and arrangements have been made for Mr. James A. Farrell, the president of the corporation, to discuss the matter with Mr. Bennett. Naturally many Canadian protectionists are claiming that this move is proof of the efficacy of the heightened tariff as an instrument for stimulating Canada's industrial growth, but the directors and shareholders of the existing steel companies of Canada, the Algoma Steel Company, the Steel Company of Canada, and "Besco," can scarcely be expected to view the prospect in the same light. They know that the capacity of the existing steel mills is well in excess of the local demand for the lines of steel products which they make, and they foresee a rapid diminution of their dividends. Indeed, it is an open secret that some of the shrewder leaders of the

Canadian steel industry tried to stave off any tariff increase for fear of precisely this development. Mr. Bennett can give no permanent assurance about tariff stability, but it is understood that Ministers are prepared to give encouragement to the project of the United States Steel Company on the theory that if a large proportion of the steel products now imported from the United States can be manufactured in Canada, even by American capital, an important fruit will be the diminution of the heavy adverse trade balance which Canada now has in her commercial intercourse with her neighbour.

JAPAN.

Banking Conditions — Foreign Trade — Balance of Payments — Bank Amalgamations.

(FROM OUR CORRESPONDENT.)

TOKYO, January 12.

THREE more banks were added to the list of failures during December, bringing the total number of casualties, since the wave of bank suspensions set in in October, to nineteen, with aggregate deposits of nearly 120 million yen. But the outbreak of bank failures was arrested by the early part of last month without the general banking situation being in the least impaired. Despite apprehensions of an unusually severe end-of-the-year stringency, December 31st was negotiated without undue difficulty. The Bank return shows that the note issue at the close of the year was 205.5 million yen lower than a year ago, while advances were 74.5 millions higher, and after the turn of the year both rapidly contracted. The money market has appreciably relaxed, and day-to-day loans are obtainable at as low as 2½ per cent. The stock market, which was further depressed by a fresh break in the price of silver, has become firm in anticipation of an early reduction in Bank rate. The downward movement in commodity prices has slackened. The Bank of Japan's wholesale index number for December last, following the fall of 1.5 per cent. in November and of 2.5 per cent. in October, registered a drop of 0.9 per cent. on the month, and is now 27.8 per cent. above the pre-war level.

The value figures of foreign trade for last year reflect the low prices and the trade depression, which has been especially severe in the case of this country owing to the return to the gold standard at the beginning of the year. The 1930 returns disclose that, as compared with the preceding year, imports at 1,546,075,000 yen declined by 670 millions, or 30.2 per cent., and exports at 1,469,850,000 yen fell by 678.7 millions, or 31.6 per cent. The decline in imports is widely spread over the whole list, but is substantial in raw materials, while the decrease in exports is mainly accounted for by textiles—raw silk, silk fabrics and cotton manufactures being responsible for more than four-fifths of the shrinkage. Trade with China also reveals a heavy contraction. Japan's imports from China during 1930 amounted to 278,374,000 yen, and exports to her to 399,424,000 yen. As compared with 1929, imports and exports show decreases of 87.2 millions and 126.4 millions respectively.

According to the tentative estimates of the balance of payments in 1929, lately published by the Treasury, Japan had a credit balance of 12.9 million yen in her international transactions, as against a debit balance of 171.8 millions in 1928. While the excess of merchandise imports and net Government payments abroad totalled 266.8 million yen, or 161.4 millions less than in 1928, the official estimate of invisible exports was 279.7 millions, or 23.3 millions higher. Invisible items, on balance, are set out below in comparison with the preceding year:—

OFFICIAL CALCULATION OF INTERNATIONAL PAYMENTS.

(Million yen.)

Debit.	1928.	1929.
Excess of merchandise imports (including Korea and Formosa)	333	168
Net Government payments abroad	95.2	98.8
Total	428.2	266.8

Credit.

Net income from overseas investments and business and emigrants' remittances	80.1	89
Net national shipping income	138.3	159.1
Tourist expenditure, &c.	15.3	15.3
Other items	22.7	16.3
Total	256.4	279.7

Excess of income over expenditure — 171.8 12.9

The official calculation of invisible exports for last year is not yet available, but, according to the private estimate of the chairman of the Yokohama Specie Bank, the 1930 merchandise excess of imports of 161.5 million yen was more than offset by net invisible items, Japan's income from international transactions, including gold and capital movements, amounting to 805.2 millions and expenditure to 634.4 millions. The chairman estimated repayment of loans and new investments abroad during the year at just the same amount as the gold efflux of over 300 millions, and expressed the opinion that this is a fairly satisfactory record for the first year of the effective gold standard.

The bank amalgamation movement is making steady progress. During 1930 the number of ordinary commercial banks was reduced by 99, that of savings banks by five, and that of chartered banks by five. Of the above reduction of 109, 89 went out of existence by way of merger and 20 ceased to exist owing to bankruptcy and voluntary liquidation. The total number of Japanese banks at the end of last year was 897, as against 1,006 in 1929 and 1,162 in 1928.

Letters to the Editor.

UNILEVER INQUIRY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The following is our reply to your correspondent's letter in your issue of the 14th inst.

The taxation figures forming part of the comparison of equivalent salaries in eight European countries do not purport to show the *total* taxation in these countries (see our letter to you of November 17th last). Where taxes are definitely related to and separately charged on rents, servants, &c., such taxes are regarded as part of the cost of accommodation or of the hire of servants, as the case may be. This answers the criticism of the Dutch tax figures.

With reference to the comments on Belgian taxation, the "reasonably safe" method of your correspondent's Belgian friend is found to have been unsafe—because the operation of the present law is to reduce the old super tax considerably. The figures for direct taxation given in our statement were right at the date of its compilation. At that time the super tax was abolished by the 1930 Budget and the "projet de loi" contemplated the substitution of a personal tax, the incidence of which on the standard incomes was small (estimated at nil, £5 and £30 on the three groups). Subsequent to the investigation the personal tax was considerably increased on incomes over Frs. 300,000 by reintroducing certain features of the super tax. Our figures do not reflect this increase because they were compiled before it was known. If it were included, only the highest income of the three groups would be affected, and the tax figure for this group would be in the neighbourhood of £246 (instead of the £187 shown in our table).

We have not been able up to the present to investigate your correspondent's figures in respect to Denmark and Norway, but as the computations used by us have been made by experts in the respective countries, we have no reason to doubt their accuracy. In Norway there is municipal as well as State income tax to be considered, and the former varies from 3 per cent. to 20.4 per cent. in the several townships.

In conclusion, we would add that our figures were compiled for internal use, and have not been challenged by those whom they directly concern and who are resident in the various countries.—Yours faithfully,

THE COMPILERS.

Books and Publications.

ECONOMIC AMERICA, 1492-1930.

For many years Professor Bogart's "Economic History of America" has served very many students as an introduction to the remarkable story of the rise of America from a colonial backwater to a position of industrial and commercial pre-eminence. It is good news, therefore, that he has now written a new book* on the subject on a good deal larger scale and with less of the text-book atmosphere about it.

Dividing the subject into three periods, Professor Bogart describes briefly the main developments in the principal spheres of economic life (agriculture, manufacture, commerce, banking and currency, transport, population and labour) as they characterise the colonial period and the periods before and after the Civil War. His arrangement does not obviate frequent repetition, but this is in any case difficult to avoid, and a less serious fault in a book which will find its chief use as a college text. There are about 50 maps and charts, but no illustrations. The inclusion of a few good line blocks illustrating such things as technical inventions, a description of which is often attempted in the text, would be an advantage. The utility of the book would also be increased if an account of the main trends in economic thought were related to the main developments described.

An omission which is to be regretted is the absence of reference to the charitable and social welfare activities which are struggling to remedy some of the evil consequences of the inequality in the distribution of wealth in America and to supplement a tardy recognition by the State of some of the elementary demands of social justice. Three other small matters also invite comment. First, the account of the Land Bank scheme of 1739 in Massachusetts would have been more complete if some reference had been made to the failure of similar projects in England (1696) and France (John Law and the Mississippi Company, 1716-1720). Secondly, in his explanation of the American failure to maintain maritime supremacy when British iron ships were beating the famous New England clippers, Professor Bogart does not point out that the proximity of British coal and iron to the sea-coast gave Great Britain an advantage which was more decisive than the "unreasoning confidence in our wooden sailing vessels" to which he ascribes the American defeat. And thirdly, sometimes (as on p. 521) it is not always clear whether dollar values are adjusted to allow for currency fluctuations, a point which, as the author himself makes in other places, is of great importance in assessing such things as the extent of the export trade.

Criticisms on points of detail would be unfair to a book of this scope unless a tribute was at the same time paid to the author's very just sense of proportion, his clear, even if not very energetic style, and his very sound treatment of questions which have been very much longer controversial in America than in this country. The book should find increasing usefulness in future years, not only in America, but, it is to be hoped, here also.

* "Economic History of the American People." By E. L. Bogart, Professor of Economics, University of Illinois. 8vo, pp. xii, 797. Longmans Green and Co., 1930. 16s. net.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Fight for Financial Supremacy. By Paul Einzig. (London) Macmillan and Co., Ltd., St. Martin's Street. 7s. 6d. net.

After examining the advantages and disadvantages as financial markets of London, New York, and Paris, the author comes to the conclusion that London will ultimately emerge supreme as the world's leading banking centre.

A Realist Looks at Democracy. By M. Alderton Pink. With a Preface by Aldous Huxley. (London) Ernest Benn, Ltd., 154, Fleet Street. 10s. 6d. net.

A provocative essay, at the end of which the author reaches the conclusion that democracy will die a natural death through the increasing apathy of the electorate.

The Economic Life of Soviet Russia. By Calvin B. Hoover. (London) Macmillan and Company, Ltd., St. Martin's Street. 12s. 6d. net.

A careful and considered examination which should be widely read. Mr Hoover endeavours to explain and resolve the bewildering conflict between the various accounts of Russia given by different observers.

The Case for Agriculture. Presented by the National Council of Industry and Commerce, 92, Fleet Street.

The scheme of Sir William Morris and his colleagues for the rehabilitation of British agriculture.

La Crisi Economica Mondiale. By Prof. Filippo Carli. (Rome) "Politica Sociale," Via Francesco Crispi, 10.

A very short essay, in Italian, on the world economic crisis.

Dreifache Krise. By Erich Welter. (Frankfurt-am-Main) Societäts-Verlag.

A discussion of the world crisis with special reference to Germany.

The Coming Rise in Gold Shares. By L. L. B. Angas. (London) Specialised Business Services, 19, Buckingham Street. 5s. net.

An interesting forecast in which Mr Angas examines the economics of the gold-mining industry and discusses the outlook for gold-mining shares.

Dictionary of Income Tax and Surtax Practice. By W. E. Snelling. Eighth Edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 25s. net.

This extremely useful book of reference has been brought completely up to date, but the law covering recent years is still included in order to eliminate the necessity of reference to older editions.

International Labour Review. January, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

This issue contains special articles on "French Legislation on the Dismissal of Workers," "The European Lignite Industry," and a tabular analysis of the unemployed insurance legislation in force in various countries.

The Incorporated Accountants' Year Book, 1931. (London) Society of Incorporated Accountants, Incorporated Accountants' Hall, Victoria Embankment.

Contains lists of officers, committees, branches and members and general information about the society and its activities.

Report from the Select Committee on Central Reserve Bank Bill. (Canberra) H. J. Green, Government Printer. 1s. 8d.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2 :

Navy Appropriation Account, 1929. 1s. 6d. net.

Widows', Orphans' and Old Age Contributory Pensions Accounts for 1929. 2d. net.

Department of Overseas Trade: Economic Conditions in Siam, September, 1930. 1s. 9d. net; *Economic Conditions in East Africa.* 2s. 9d. net; *Economic Conditions in the Republics of Guatemala, Honduras and Nicaragua, October, 1930.* 2s. 3d. net.

Police: Report of His Majesty's Inspectors of Constabulary for the year ended September 29, 1930. 6d. net.

List of Commercial Treaties, etc., with Foreign Powers, January 1, 1931. 9d. net.

Accounts relating to the Trade and Commerce of certain Foreign Countries and British Countries Overseas during the period ended September 30, 1930. 2s. net.

The Coming Rise in

GOLD SHARES

by L. L. B. Angas.

According to Mr. Angas, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression. He applies the principles of his work *Investment to an analysis of this section of the market.*

SPECIALISED BUSINESS SERVICES, 19 Buckingham St., W.C.2. 5/- net.

The Stock Exchange.

PRE-WAR INVESTMENT TRUST COMPANIES.

ONLY as recently as May, 1930, Dr. G. T. Moody wrote, in a foreword to a book on the English Investment Trust Companies: "In my time there have been only two serious and prolonged upheavals in the City." Now there have been three, while Dr. Moody is still, happily, with us. The first crisis to which Dr. Moody refers, namely, the Baring crisis, followed within a few years upon the formation of a number of large investment trust companies. The crisis brought disaster, for no reserves had been accumulated. Several companies ceased dividends on their ordinary stocks, and some even on their preference stocks. In many cases the capital of the companies was substantially written down. When the second upheaval came in 1914, most of the companies had accumulated reserves and they continued during the period 1914-1918 to pay dividends to shareholders. Some even increased their dividends during this period. Now a third crisis has arrived—originating in a world trade depression which has affected the values of commodities and securities to a disastrous extent. It is gratifying to find that the pre-war investment trust companies, so far as they have yet published their results, are emerging from the test as satisfactorily as in 1914-18. There have been no reductions in dividends, while in the majority of cases profits have not only been maintained but increased. The same statement, unfortunately, cannot be made of the post-war investment trust companies whose accounts we shall examine in a later article.

The success of the pre-war investment trust companies is attributable partly to the conservative financial policy which they have pursued for a long period of years, and partly to the practice of holding the major proportion of their funds in fixed interest securities—with emphasis on the first-named factor. If an investment trust company distributes, say, only 75 per cent. of its net profits and re-invests the balance, a constantly increasing income will be derived from a constantly increasing reserve fund, which will enable constantly increasing dividends to be paid on the ordinary stock. As Mr Glasgow remarks in his book on the English Investment Trust Companies, the height of a trust company's prosperity is reached when reserves have been built up and book values written down to such a pitch that even if the dividend is regularly increased the company's rate of earning is likely to increase at a still greater rate. The company then begins a progression which mathematicians call "geometric."

Company.	Year ending Dec. or Jan.	Income after Tax.	Available for ordinary	Per cent. earned.	Div. Declared.	To Reserve	Carried Forward	Per cent. to Investments
		£	£	%	£	£	£	%
British Assets Trust.	1929	186,304	107,714	26.93	20	55,000	11,285	5.44
	1930	209,671	117,071	27.78	20	47,000	11,071	6.11
	1931	226,509	139,656	31.29	20	58,741	11,747	6.99
Gov. Stocks and Others.	1928	82,856	63,431	11.87	10	22,639	...	6.10
	1929	85,978	66,553	12.46	10	23,818	...	6.09
	1930	73,415	54,496	9.27	10	8,711	...	5.33
Mercantile Investment.	1929	310,911	250,911	16.73	16	50,000	8,912	6.10
	1930	335,559	273,559	16.63	16.5	50,000	9,009	5.95
	1931	342,795	274,983	15.71	16.5	50,000	1,202	5.96
Metropolitan ...	1929	145,516	117,391	18.78	19.5	...	19,893	7.31
	1930	150,793	122,668	19.62	20	75,000	52,332	7.51
	1931	148,268	120,143	19.22	20	...	52,368	7.46
Omnium	1928	91,328	68,338	11.88	10	57,500	35,142	5.91
	1929	97,992	72,703	11.49	10	20,000	2,125	5.91
	1930	91,008	66,378	10.49	10	...	17,127	5.61
Rio Claro Rly. & Invest.	1928	154,081	94,925	12.03	10	15,000	1,050	6.25
	1929	162,178	105,022	13.31	10	20,000	4,147	6.42
	1930	162,880	103,124	13.07	10	20,000	4,849	6.31
Scottish Investment.	1928	73,811	41,203	20.60	20	...	9,203	5.13
	1929	104,406	52,881	21.15	20	18,828	5,947	5.80
	1930	112,248	59,935	23.97	20	20,000	1,185	6.92
Second Scottish Investment.	1928	98,309	51,230	25.61	20	15,000	4,230	5.38
	1929	128,290	67,469	26.99	20	23,666	3,894	6.06
	1930	142,066	78,574	26.19	20	29,077	2,247	6.92
Total of above	1928	114,3106	795,143	15.49	14.76	215,139	3,142	5.94
	1929	127,867	878,031	16.71	15.11	278,312	28,123	6.18
	1930	129,949	897,293	16.62	14.98	186,528	61,625	6.29

This is the position which the pre-war investment trust companies had arrived at when the great slump fell heavily upon the security markets. It must not be supposed that investment trust companies, in a period of trade depression, sell all their ordinary share holdings and re-buy at advantageous prices. Few markets would be able to withstand the shock if investment trust companies switched out of ordinary shares into bonds with each downward move of the trade cycle or from bonds into ordinary shares with each upward move. Since the average investments held by the trusts of this country amount to about five times the total capital, and the combined capital exceeds £200,000,000, the total investments held by British trust companies may be in the neighbourhood of £1,000,000,000. "Switching" in the stock markets by investment trust companies on the grand scale is therefore a physical impossibility.

For our present analysis we have selected eight pre-war companies which have lately issued their reports. The tables show the revenue and capital results for these companies for the past three years.

Taken as a whole, these eight companies show an increase of 2.1 per cent. in the combined profits, as compared with 1929 and of 13.6 per cent., as compared with 1928. It must, however, be remembered that all these concerns show their profits after tax, and consequently in some cases the amount earned per cent. is shown as less than the dividend declared; nevertheless, after allocating certain sums to reserves, there is an increase in the sum carried forward, the explanation being that taxation payable on dividends is taken into account before reaching the net profit, though the dividend is shown gross. The amount distributed in dividends by these companies in 1930 represented 14.98 per cent. of capital, as compared with 15.11 per cent. in 1929, increases in capital having been made by two companies in the interim. One point of particular interest is that the amount carried to reserves during the present year is below the additions made in 1929. A truer appreciation of the position, however, can be arrived at by the additions to, or deductions from, the "carried-forward" amounts. On this basis, it will be seen that the companies retained £248,153 of their 1930 net profits, against £250,189 in 1929. The revenue obtained by the companies averaged 6.29

Company.	Date of Formation and Group.	Year ending Dec. or Jan.	Ordinary Capital.	Reserve Account.	Investments.	Surplus or deficiency of Investments.	% Return to Investments.	Date of B/S.
			£	£	£	£	%	
British Assets Trust.	1898	1929	400,000	550,000	6,671,717	•	8.24	Jan. 15
	Ivory	1930	425,000	600,000	6,735,585	•	8.91	
		1931	446,250	487,500	6,357,352	•	7.67	
Gov. Stocks and others.	1871	1928	534,187	97,413	2,111,674	•	4.61	Dec. 31
	Lord	1929	534,187	121,231	2,206,344	•	5.49	
	St. David's	1930	587,606	76,523	2,262,432	•	3.48	
Mercantile Investment.	1884	1929	1,500,000	700,000	6,982,201	•	10.02	Jan. 31
	Robt.	1930	1,750,000	1,000,000	7,645,089	•	13.07	
	Fleming	1931	1,750,000	1,050,000	7,701,381	•	13.63	
Metropolitan	1889	1929	625,000	550,000	3,215,944	+900,000	17.10	Jan. 1
	Robt.	1930	625,000	625,000	3,205,479	+725,000	19.49	
	Fleming	1931	625,000	625,000	3,247,562	+415,000	19.18	
Omnium ...	1887	1928	574,750	60,000	2,404,584	•	2.49	Dec. 31
	Lord	1929	632,225	80,000	2,615,220	•	3.06	
	St. David's	1930	632,225	80,000	2,660,326	•	3.01	
Rio Claro Rly. and Investment.	1912	1928	788,750	364,394	3,059,332	•	11.91	Nov. 30
		1929	788,750	412,376	3,097,123	•	13.31	
		1930	788,750	460,440	3,184,798	•	14.77	
Scottish Investment.	1887	1928	200,000	375,000	2,847,988	•	13.61	Nov. 1
	R. G. Simpson	1929	250,000	500,000	3,567,540	•	14.01	
		1930	250,000	500,000	3,320,633	-80,811	7.53	
Second Scottish Investment.	1889	1928	200,000	400,000	3,460,607	•	11.56	Oct. 1
	R. G. Simpson	1929	250,000	680,000	4,210,797	•	16.15	
		1930	300,000	280,000	4,140,473	•	6.76	
Total of above	...	1928	4,822,687	3,096,807	30,754,047	...	10.07	
		1929	5,255,162	4,018,607	33,287,177	...	12.07	
		1930	5,397,831	3,309,463	33,874,869	...	9.77	

* Market valuation stated to exceed book value of investments.
† Slight depreciation reported, but said to be covered by reserves.
‡ Not stated.

per cent. of their total investments, as compared with 6.18 per cent. twelve months previously. Net earnings, calculated on the same basis, remained the same at 3.83 per cent.

During the year British Assets Trust, Government Stocks and Others, Scottish Investment, and the Second Scottish Investment Trust reduced their reserve accounts, the greatest change being made by the Second Scottish Investment Trust Company, Ltd., whose reserve fund was reduced from £680,000 to £280,000. Of the four remaining trusts, the Mercantile Investment and the Rio Claro showed their reserve at a higher figure than in 1929. The combined funds were £708,144 less than was the case twelve months before, while ordinary capital, increased in three cases, was £142,669 greater than in 1929. In the accounts of the British Assets Trust, the Scottish Investment and the Second Scottish Investment Trusts, the book-values of the investments were lower than those shown in the previous accounts, but the eight companies returned a total increase of £587,692. The Scottish Investment Trust, whose reserve fund was reduced by exactly half to £250,000, shows its investments £246,907 lower at £3,320,633. Apparently the reduction in reserves has been applied to writing down investments which are stated to exceed the market valuations of November 1st last by £90,811. In most cases the percentage of reserves to investment is not arithmetically impressive, the figures ranging from 3.01 per cent. to 19.18 per cent. The average for the eight companies is 9.77 per cent.

Our final table shows the present market prices as compared with the highest and lowest for 1930:—

Company.	Highest 1929.	Highest 1930.	Latest Price.	Earnings, %	Div., %	% Yield on Earnings.	% Yield on Divs.
British Assets Trust*	45/3	38/-	25/-	31.29	20	6.26	4.00
Gov. Stocks and Others	273	214	160	11.33	10	7.08	6.25
Mercantile Investment	350	344	313	15.71	16½	5.46	5.27
Metropolitan	430	407	370	19.22	20	5.22	5.41
Omnibus	207	182	152	10.49	10	6.90	6.58
Rio Claro Rly. and Investment	223	195	156½	13.07	10	8.35	6.39
Scottish Investment*	23/6	25/-	17/6	23.97	20	6.85	5.71
Second Scottish Investment*	36/-	29/6	17/6	26.19	20	7.48	5.71

* Shares of 5s. denomination.

It will be noticed that a comparatively low yield is obtainable on the shares of the British Assets Trust. This arises out of the avowed policy of the directors of declaring low dividends, but offering shareholders each year the opportunity to acquire new shares on bonus terms. For example, in March, 1928, new ordinary shares were issued to shareholders at 15s. per share in the proportion of one for every seven held; in April, 1929, one new share for every 16 held at par; in March, 1930, one for every 20 shares held at par; then, in June, 1930, 5 per cent. preference shares were issued at 5s. credited with 2s. 6d., in the proportion of one new preference share to each two ordinary shares. Again, this year, the directors propose to issue new ordinary shares of 5s. at par in the proportion of one new share for every 20 shares held. In view of the heavy taxation in this country, this distribution policy may become increasingly popular with investment trust companies.

The conclusion suggested by a careful analysis of the figures set out in this article is that the pre-war investment trusts of Great Britain has shown stability in the face of a critical situation. The highest compliment one can pay to the various managements is to say that, in the light of their traditions and internal strength, such a result is completely in accord with expectation. For it is clear that the strength of these companies is internal—that it has been built up by long years of consistently conservative treatment of available resources, and has not "automatically" accrued as a result of any particular policy of "spreading" investments or investment risks. This lesson has not always been fully acted upon by American and other overseas adapters of British investment trust theory—nor, it may be added, was adequate stress laid upon it in every new trust prospectus published in this country in the years preceding the slump of 1930. Its relevance to current conditions will be made apparent in a later article, in which the results of representative post-war trust companies will be discussed.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
March 3.	March 5.

A RECRUDESCENCE of nervous selling marked the opening of the new account, and throughout the week the trend of quotations was steadily downwards. Although Transatlantic counters were again fairly active, there was still no sign that London dealers had been infected by the "revival" in New York, and business remained restricted in most departments. The "revised version" of Mr Snowden's speech, following protests from the rank and file of the Labour Party, caused, if anything, a rather worse impression than the original statement, and emphasised the depression caused by the growing prospect of disequilibrium in the national accounts. In isolated sections, as, for instance, Argentine Rails, exceptional improvements were registered, but the gains were more than offset by the heaviness of high-class securities, which cast a shadow over the "House."

The slump in Gilt-edged was broken only by a certain amount of bear covering on Tuesday, after which most quotations touched the lowest point of the year. The causes of the decline are outlined in a note on page 406. Home corporations were dull, the new Surrey and Reading loans both being offered at a discount. Indian loans developed fresh weakness in sympathy with home government securities, and dealings in the new 5½ per Cent Loan also opened at a discount, though the tone generally improved later. Uncertainty as to which of the conflicting forces in Australia would prove to be predominant induced further selling of Commonwealth stocks, the New South Wales issues being the worst sufferers. New Zealand descriptions were weak, and South Africans little better. Foreign bonds were mostly inactive, Argentines being a notable exception, while the "Dawes" and "Young" loans were well supported in the European section. Brazilians registered cumulative declines. Perus were weak, and Chinese sagged persistently.

Movements in the Home Rail market were once again almost entirely against holders, the continuance of "traffic" declines and uncertainty regarding the outcome of the wages negotiations militating against any revival of confidence. Serious losses were recorded on all lines. Midland and Scottish ordinary declining to 24½, a new low record. The reports which have been published so far are discussed in a Note on page 408. Undergrounds were mainly firm on the satisfactory accounts, also analysed on page 408. Among Foreign Rails, Argentines went rapidly ahead on the improved financial prospects of the Republic and the more encouraging harvest outlook, optimistic operators beginning again to look for small dividends from the better lines.

Marked heaviness pervaded the industrial section, and, where improvements occurred, they were due rather to special circumstances than to a strengthening of confidence. Breweries were again marked down on fears of impending taxation, while Imperial Tobacco and "Bats" led declines in the tobacco section for the same reason. Fords came into request on anticipations of a good report, and National Omnibus advanced on the successful preliminary negotiations with Thomas Tilling, which lost a fraction. Textiles were out of favour, and Courtaulds, in the Rayon group, came in for renewed selling, though American Celanese improved. Nitrate shares were little affected by the latest "Cosach" scheme (discussed on page 407), which was only partially understood. Transatlantic counters were in a less-flourishing condition, but International Nickels were a firm spot. "Record" leaders were again in evidence and moved up. Unilevers were dull. Banks and insurance shares declined in sympathy with gilt-edged.

The oil share market was disturbed by news of increased output of crude oil from America, and, in the absence of Paris support, prices ruled lower generally. The Royal Dutch-Shell group were not affected by the judgment

against Anglo-Saxon petroleum. Among rubbers, Trusts and Anglo-Dutch continued on offer, the former on the near approach of the accounts, while United Sua Betong lost ground. Tea shares were as lifeless.

The mining share market did not wholly escape the effects of the general lack of confidence, and prices tended downwards. Business in the Kaffir section was more restricted than of late, and gains and losses were about equally divided. "Tanks" and "Zams" improved appreciably, but "Chartered" were heavily sold on the report. Northern issues were steadier, and Congo Border advanced on "inside" support. A continuous crop of rumours with regard to tin restriction failed to impress the market, and shares remained dull. Wiluna recovered after initial weakness. Tintos were in request, and Ashantis also went ahead.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 12, 1931.	Feb. 13, 1931.	Feb. 16, 1931.	Feb. 17, 1931.	Feb. 18, 1931.	Feb. 19, 1931.
Government and Municipal Loans.....	1,640	1,504	1,875	1,419	1,536	1,425
Transport, Communications, and Public Utilities.....	1,127	994	1,269	926	1,023	970
Commercial and Industrial Banks, Insurance and Financial.....	1,748	1,757	1,904	1,638	1,699	1,615
Mines (including Nitrates).....	576	628	670	598	636	545
Oil.....	571	512	534	353	493	494
Rubber, Tea and Coffee.....	141	118	128	123	138	118
Other.....	147	97	149	97	95	79
Total.....	5,950	5,590	6,579	5,154	5,620	5,246

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 19.)	Feb. 12, 1931.	Feb. 13, 1931.	Feb. 16, 1931.	Feb. 17, 1931.	Feb. 18, 1931.	Feb. 19, 1931.
72.3	65.2	68.7	68.0	67.4	67.1	66.0	65.2

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock markets advanced into new high ground this week, and immediately attracted increased profit-taking. In mid-week, indeed, the entire list turned reactionary. A factor in the change was the menace of the Veterans' Bonus Bill, which threatens to compel heavy Government borrowing. The measure was passed by the House of Representatives by a majority of 363 to 39, but the Senate may endeavour to cut the proposed rate of interest from 4½ per cent. to 2½ per cent. Any disagreement between the two Houses on this question might allow President Hoover to veto the Bill without sufficient time for its re-enactment over his veto before Congress rises on March 4th. In the mid-week share reaction, specialities like Auburn Auto and J. C. Case suffered severely, but the movement also included seasoned market leaders like U.S. Steel, reports of a slight reduction in the latter's operations disappointing those who expected a steady seasonal improvement in the spring. The steel industry generally has now reached 50½ per cent. of capacity. Though authorities like Mr John McHugh, chairman of the Executive Committee of the Chase National Bank, continue to forecast a speedy improvement in business, current indications afforded little solid evidence of any major movement. Last week's car loadings failed to show even a seasonal improvement. Copper shares have shown moderate strength on the firmness of base metals, but the sluggishness of oil shares has reflected distrust of recent developments on the producing side of the industry.

	Feb. 5, 1931.	Feb. 11, 1931.	Feb. 19, 1931.		Feb. 5, 1931.	Feb. 11, 1931.	Feb. 19, 1931.
U.S. 3½% T. Bds.	105½	105½	105½	Natl. Biscuit.....	78½	81½	81½
Lib. Lm. 3½% '32-47	101½	101½	101½	Phelps Dodge.....	54½	52½	52½
Do. 4½% '32-47..	102½	102½	102½	Pullman.....	51½	56½	56½
Do. 4½% '33-38..	103½	103½	103½	Sears-Robuck.....	51½	56½	56½
Atchafalpa.....	193	196½	200	Studebaker.....	20½	22½	23½
Cons. & Ohio.....	42½	45½	44	Un. Fruit.....	58½	60½	61
Enid.....	30½	35	35	U.S. Leather.....	5	5½	5½
Illinois Central.....	88	88½	85½	U.S. Rubber.....	13½	13½	14½
N.Y. Central.....	124	125½	127½	U.S. Steel.....	138½	147	148½
Pennsylvania.....	62	62½	62½	Westinghouse.....	85½	95½	97½
Southern Pacific.....	104	106½	107	Woolworth.....	60½	62½	62½
Southern Rly.....	61½	63	62	Am. Tel. & Tlg.....	187½	194½	194
Union Pacific.....	199	202½	201½	Interboro R.T.....	28	29	30½
Am. Can.....	111½	117½	123	Int. Tel. Teleg.....	26½	29½	33
Amer. Smelting.....	44	48½	52½	Radio Corp.....	16	18½	18½
Anaconda.....	32½	37½	39½	Utilities P. & L.....	25½	27½	27½
Bethlehem Steel.....	51½	59½	62½	W. Union Tlg.....	135	145	141½
Chrysler Motor.....	16½	19½	20½	Associated Gas "A".....	19½	21½	20½
Corn Produce Ref.....	81½	83½	86½	Pan Amer. R.....	32½	32½	32½
Eastman Kodak.....	158½	170½	171	Shell.....	32½	32½	32½
Gen. Electric (New).....	44	49½	49½	Shell Union.....	11	14	9½
Gen. Motors.....	38½	43½	42½	Sinclair Oil.....	11	12	12
Int. Harvester.....	51½	54½	56½	Std. California.....	47½	50½	49½
Montg. Ward.....	20½	24½	23½	Do. N.J.....	47½	50½	49½

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Cophall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Feb. 11.	Feb. 18.
337 Industrials ..	134.5	218.9	98.2	174.1	99.6	110.9	110.7
33 Rails	127.8	173.5	89.1	145.5	92.0	105.2	104.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	177.7	177.6
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	120.3	120.0
Average yield of 50 Industrial Common Stocks..	3.10%	5.23%	4.15%	5.95%	5.91%	5.30%	5.34%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 16.)	Lowest of 1931. (Jan. 19.)	Feb. 4, 1931.	Feb. 5, 1931.	Feb. 6, 1931.	Feb. 7, 1931.	Feb. 9, 1931.	Feb. 10, 1931.	Feb. 11, 1931.
133.3	118.6	124.8	123.8	124.4	126.6	130.7	132.8	133.0

Highest of 1931. (Feb. 16.)	Lowest of 1931. (Jan. 19.)	Feb. 12, 1931.	Feb. 13, 1931.	Feb. 14, 1931.	Feb. 16, 1931.	Feb. 17, 1931.	Feb. 18, 1931.
133.3	118.6	*	132.4	132.2	133.3	130.7	132.0

* Holiday.

TOTAL DEALINGS IN NEW YORK.

	Feb. 12, 1931.	Feb. 13, 1931.	Feb. 14, 1931.	Feb. 16, 1931.	Feb. 17, 1931.	Feb. 18, 1931.	Feb. 19, 1931.
Stock Exchange—Shares (Thous.)	†	2,700	1,100	3,200	4,000	2,800	2,500
Bonds (Value Thous. \$)	†	9,825	5,542	8,630	8,309	9,265	9,941
Over-the-counter—Shares (Thous.)	†	480	290	568	645	420	388

* 2-hour session.

† Holiday.

(Continued on page 406.)

INVESTMENT

by L. L. B. Angas.

(Author of "The Coming Collapse in Rubber, 1926.")

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LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

NOTE.—Shares with a New York quotation, or with foreign quotation, are shown at the closing price on the last day of trading. Shares are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date the final date of redemption is taken when the stock stands at a discount, and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

[illegible]

† Free of Income Tax.

[illegible]

↑ Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Feb. 11, 1931.	Price, Feb. 18, 1931.
Bermuda Development 5½% debts. ...	97½	fy. pd.	99-100	99-100
British Aluminium 5% debts.	98½	60	5-2 dis	4½-5½ dis
Central Electricity Board 4½% stock	95½	75	1-1 dis	2½-2½ dis
Cunard House 4½% debts.	90	fy. pd.	2½-3 pm	92½-93½
Darnell (J.) 10½-11½	167	fy. pd.	15/0-16/0x	15/0-16/0x
India 5½%, 1936-38	97	fy. pd.	1-1 dis	2-1½ dis
Kenya 4½%, 1931-71	98½	fy. pd.	1-1 pm	98½-99½
Lewis's Investment Trust 5% debts.	98½	50	1-1 pm	1-1½ pm
London and Clydesdale Trust	10	2	1-1 pm	1-1½ pm
London and National Property 5½% debts.	99	30	...	1-1½ pm
London and Home Counties Electric 4½% stock	95½	60½	1-1 dis	3-1½ dis
London Power 5% deb. 1972	100½	30½	1½-1½ pm	1½-1½ pm
Myatt (Frank) 5½% debts.	95	35	99½-100½	98½-99½
Nat. Shipbuilders Security 5% debts.	98½	50	1½-1½ dis	2½-2½ dis
Notttingham (City of) 4½% stock 1951-51	98½	fy. pd.	99-99½	97½-98½
Reading 4½% 1951-51	99½	5	...	3-2 dis
Second British Steamship Trust New £10	110	£5	1 dis-par	1 dis-par
Smethwick 4½% debts.	98½	58½	1½-1 dis	2½-1½ dis
Stirling County Council 4½%, 1951-51	97½	fy. pd.	98½-99½	98-98½
Surrey County Council 4½%, 1950-70	99	19	1-1 pm	2-1 dis

(Continued from page 403.)

BERLIN.

Following the heavy decline in quotations at the end of last year, January developments brought fresh disappointment. Sales by both home and foreign holders continued, and all leading securities fell to new low levels. The unfavourable tendency was principally due to the state of the money market and the foreign exchanges. Withdrawals of foreign credit and the flight of German capital occasioned a heavy demand for foreign exchange in spite of the active trade balance, and in a few weeks the Reichsbank had to part with over Rm. 300 millions of foreign exchange. This prevented the usual seasonal relaxation of the money market in January; rates were high and the nervousness of the Stock Exchange continued. At the very end of January the long expected turn came, both in the foreign exchanges and in the security market, and in the first week of February securities experienced a definite rise, a lively demand causing a considerable improvement in the prices of popular shares; I.G. Farben rose from 110 to 140, Siemens from 140 to 180, Salzdettfurth from 180 to 210. Other shares advanced only very slowly, but the average index rose 8 per cent. It depends upon political conditions and upon the future course of interest rates whether the improved tendency of the Berlin securities market will last. If Germany were to receive long and short-term money from abroad within the next few months so that the present rate of 8-10 per cent. for long-term investments could be reduced, the present level of quotations, which is still very low in comparison with last year, could hardly continue.

Official "Cosach" Quotations in all cases.

Banking and Insurance.	Jan. 10, 1931.	Feb. 9, 1931.	Industrials—cont.	Jan. 10, 1931.	Feb. 9, 1931.
Berliner Handelsbank	119½	123½	Deutsche Erdöl...	58½	67½
Commerzbank und Privatbank	110	112	Deutsche Linoleum	99½	109½
Darmstädter Bank	143	144	Dynamit Nobel...	61½	68
Deutsche und Disconto	109½	110½	Farbenindustrie	124	140½
Dresdener Bank	110½	110½	Feldmühle Papier	104	111
Reichsbank	236	243½	Gelsenkirchen	78½	79½
Allianz und Stuttgarter	161	149	Gürtler Waggon	82½	84½
Norddeutsche	201	195	Harpener	74½	79
Communications.			Karl Ascherleben	126	139½
Deutsche Reichsbahn Pref.	84½	87	Karlsruhe	68	68½
Hamburg-Amerika	58½	65½	Lindström	380	415
Hamburg-Süd			Mannesmann	60½	69½
Amerika	132½	128	Nationale Autom.	8½	8
Hansa	106½	109	Norddeutsche		
Norddeutscher Lloyd	59½	61½	Wollkammerei	40	56
Industrials.			Orenstein und Kopp	43½	48½
Allg. Elektrizität	90½	102½	Polyphon	136½	151
Augsburg-Nürnberg	158½	59	Riebeck Montan	74½	82½
Berg. Mach.	45½	61½	Rütgers	43½	46½
Berlin	103	117	Schottel	194½	212½
Brennerei			Schottel	82	85
Continental Gummi	110½	117	Schlesische Textilwerke	4	5½
Daimler-Benz	21½	24½	Schultheiss-Patzenhofer	145½	167
Düsseld. Gas	101½	116½	Siemens und Halske	143	180
			Tietz	101½	108
			Verein. Glanzstoff	82	85
			Verein. Stahlwerke	57	59
			Zellulose Waldhof	90	98½

AMSTERDAM.

Generally speaking, markets were satisfactory on the Amsterdam Stock Exchange, and decided advances were scored all round, not only by the leading favourites, but by the less popular lines. Among indus-

trials, Unilever and Phillips were well to the fore, and gained 10 per cent. and more in a day. Among artificial silks there was a brisk demand for General Art Silk Unions, in sympathy with Berlin. Under the influence of better prices for the commodity, rubber shares also recovered. Tobaccos and sugars were firm. Interest in sugar shares was stimulated by the formation of the "Visoco," an association of Dutch East Indies sugar enterprises founded with the object of negotiating on matters concerning the restriction of production. Undoubtedly this can be regarded as being an initial step towards putting the plan evolved out of the Chadbourne scheme into practice, but it should not be overlooked that this agreement is not in force yet, and it is to be doubted whether the Government of the Dutch East Indies will be inclined to enforce upon the entire sugar-producing industry measures which do not meet with the full approval of all the parties involved. It is computed by Dr. Geerlings that at the end of the current Java crop year on April 30, 1931, 400,000 tons of sugar will be left unexported; some other experts estimate that the carry-over will be 500,000 tons. On the corresponding date last year the quantity was 144,000 tons. Oil shares were firm, in conformity with the better tendency on Wall Street. The tone of shipping shares was, generally speaking, a trifle better, although trading was still very restricted.

	Dec. 15, 1930.	Jan. 15, 1931.	Feb. 16, 1931.		Dec. 15, 1930.	Jan. 15, 1931.	Feb. 16, 1931.
4½% Gov. Bds., 1916	102½	102½	102½	Algem. Explorat.	91	93	109½
4½% Bonds, 1916	100½	100½	101½	Aniem.	228½	235½	260
4½% Bonds East Indies	97½	97	98½	Ned. Ind. Gas.	203½	207	221½
4½% Amsterdam, 1913/1914	101½	101½	102	Royal Dutch	297½	283	311½
4½% Rotterdam, 1930	100½	101½	101½	Amsterdam Rub'r	104	104	109½
Amsterdam Bank	159	166½	172	Deli Batavia	54	55½	61½
Koninklijke Bank	155½	159½	143	East Java	138	133	142½
Ned. Ind. Handelsbank	123½	125	132	Hessa Rubber	82	80	87½
Neth. Trading Soc.	141½	144	147	Serbadiadi Sumatra	62½	63½	69
Rotterdam Bank	100½	101½	103½	Allied Sumatra	45	40	43
Van Borkels Pat.	59½	52	59½	Holland Amer.			
Central sugar	35	37	37	List	16	13½	14½
Shipbuilding Wilton	52½	8	20	Royal Packet	164½	160½	162½
Dutch Art. Silk	65	62	74	Neth. Shipping U.	137½	132	140
Unilever	168½	177½	200½	Navigation "Nederl."	137½	133	140
Kuechenmeister Aoc.	65	79½	89½	Royal Steamship	54	48	57½
General Art Silk	51	46½	71½	Java China Japan Line	71	66½	72½
Dutch Ford	184	222	262½	Vorstenlanden	105½	103	105
Phillips Elect. Lamp	202	186½	228½	Trading Co. Amsterdam	378	358½	366½
Swedish Match	236	194	220½	Java Plantations	282	268	291
Kreuger & Toll	407½	384	424	Neth. India Sugar	172½	158	165
Intern. Cred. Trad.	201	207	218	Besocki	304½	...	347
Redjang Lepong	64½	65	74	Deli Batavia	250	239½	260
Sinkop Tin	93	108	126½	Deli	241½	236½	244½
Boston	64½	64	74½	Seembah	276½	266	306½

† Ex rights.

INVESTMENT NOTES.

The Gilt-edged Reaction.—To what extent the reaction in the gilt-edged market is attributable to Mr Snowden's speech last week, and to what extent to Mr Lloyd George's, it would be invidious to say. But there can be no doubt that the confidence of the investor in British Government stocks has been rudely shaken at a critical time. With the sterling exchanges in a by no means stable condition, it is important, above all things, to prevent the withdrawal of foreign balances for this or any other reason. The extent of the reaction which has overtaken the gilt-edged market since the day before Mr Snowden's speech can be seen from the following table:—

	Feb. 12.	Feb. 13.	Fall.	Present Yield.
2½% Consols	57½	55	2½	4 10 11
4% Consols 1957 or after	90½	86½	3½	4 12 0
3½% Conversion 1961 or after	80½	77½	2½	4 12 0
4½% Conversion 1940-44	101½	99½	1½	4 13 0
4½% Funding 1960-90	93½	90½	3½	4 15 9
4% Victory Bonds, 1976	96½	94½	1½	4 6 6
3% Local Loans 1912 or after	66½	64½	1½	4 14 6
5% War Loan 1929-47	103½	102½	1½	4 17 3
5% Conversion 1944-64	105½	104	1½	4 15 9

So far the selling has not assumed large proportions. The fall in prices has been over-accentuated by the technical conditions of the gilt-edged market. Professional dealing

had carried prices up to a high level, and a considerable "bull" account had been built up. The correction of this bull account has occurred, however, at an unfortunate time. Whereas, a few weeks ago, it was possible to deal closely in £100,000 of stock, it is now common to find a half-point quoted in as little stock as £20,000. In other words, dealers are unwilling to take stock, and it would be impossible to unload large blocks of British Government securities in the present condition of the markets. To this pass has the Stock Exchange been reduced by political events outside its control. No substantial recovery is expected until after the Budget—for reasons which we discussed in a leading article last week.

A Royal Mail Disclaimer.—The wording of certain questions regarding the Royal Mail position put in the House of Commons this week, suggests than an unwarranted construction has been placed in some quarters on Sir William McLintock's reference, at the meeting on February 12th, to the dividend policy of the company between 1926 and 1929. In his statement, Sir William showed that the published profits of the R.M.S.P. Company during this period were arrived at after the transfer of large sums from internal reserves and after taking credit for dividends from 100 per cent. subsidiaries which were not, in fact, earned from the trading operations of the companies during those years. Sir William further pointed out that the "adjusted trading results of the company and its 100 per cent. subsidiaries together would show substantial losses for those years," but that the company, nevertheless, had paid to its shareholders dividends amounting in all to over £1,000,000. The suggestions made in certain irresponsible quarters, that these statements amounted to a constructive accusation of fraud against the Royal Mail directors, and that the papers should be forwarded to the Public Prosecutor, argue both an ignorance of the elementary principles of company finance and a loose reading of Sir William McLintock's statement, and scarcely merit the distinction of even a semi-official *démenti*. There is, of course, nothing criminal in the payment of dividends out of reserves, internal or external. Many companies, in fact, protect their shareholders from the full effect of jolts and jars in their trading experience by following precisely this policy in periods of temporary adversity. A policy which is thoroughly legal, however, may in some circumstances be more than inexpedient. In the case of the Royal Mail, the repeated dividend payments between 1926 and 1929 undoubtedly tended to deplete the company of liquid resources at a most critical period. If the voting trustees had held at their disposal, to-day, half the ordinary dividends paid out during those four years, there would have been no occasion to hold last week's meetings at all. The greatest financiers and captains of industry, however, are liable to make errors of judgment in the matter of over-generous dividend policy, without leaving any reflection on their good faith—though the subsequent results in this case have been disastrous.

Gas versus Electricity.—The grievances of the gas industry have been ventilated at the recent general meetings of the Gas, Light and Coke Company, the South Metropolitan Gas Company, Commercial Gas and South Suburban Gas. The trouble arises from the different attitudes adopted by the Government to the electricity and gas industries—to the first an enlightened supervision, but to the second a disregard so complete that it still carries on the Statute Book gas legislation dating back to the last century. Both Sir D. Milne-Watson at the meeting of the Gas, Light and Coke Company, and Dr. Carpenter at the meeting of the South Metropolitan Gas Company complained bitterly of special pleading on behalf of electricity by the Government in the person of the Minister of Transport and by many local authorities. The Minister of Transport has apparently given details of the remarkable benefits in his household which have followed upon the introduction of electricity and the banishment of gas. Various instances have been given of alleged victimisation

of the gas industry by local authorities in connection with their housing estates. In nearly 100,000 municipally-owned houses in this country tenants, it has been stated, are not allowed to choose what form of light and heat they will use. In thirteen localities the local authorities have prohibited the use of gas for any purpose whatsoever. In 47 other cases, the use of gas for lighting and heating has been forbidden. There is no doubt but that two such important public utility undertakings as electricity and gas should be developed in co-ordination, and not in opposition. The gas industry, as Dr. Carpenter stated, asks for "a fair deal." Parliament can at least revise the antiquated Acts which now hamper the gas industry's development on rational modern lines by laying down the amount of capital it can raise, how it can raise it, the interest to be allowed on it, and so forth. In France, Germany and America the development of the gas industry is going hand-in-hand with the development of electricity. There would appear to be no good reason why in this country, with its huge domestic coalfields, the same policy should not be followed.

"Cosach" Moves On.—Seasoned railway travellers are painfully familiar with the advertised "express" which meanders like the slowest local train at the beginning of its run, and only achieves a respectable burst of speed when the patience of passengers is beginning to wear thin. "Cosach," the Chilean nitrate combine, which obtained legislative sanction in Chile last summer, dragged its slow length into New York station four months ago. Its subsequent delay in working up a head of steam has been unofficially attributed to insufficiency of fuel supplies. An authoritative statement has now been made by Messrs Aikman (London), Limited, in their annual review of the nitrate industry, from which it would appear that Cosach is now definitely to move forward. Messrs Aikman's review recalls the original features of the plan (which have been discussed in detail in earlier issues of the *Economist*), but shows that the intervention of a world economic crisis prevented those concerned from raising the necessary new capital to build two important nitrate plants which had been projected. These have been postponed for the present, and other measures agreed upon have reduced the amount of new capital immediately required. The wording of the circular suggests the making of sacrifices by various parties, particularly by the Chilean Government, which was to have received, between 1930 and 1933, a minimum of £16,650,000 from Cosach in return for its abolition of the export duty of £2 10s. per ton. The payment for 1930 has already been collected in the form of export duties, and the remainder will be funded, so that only its service will be a direct charge on the profits of the combine. Messrs Aikman anticipate that 95 per cent. of the productive capacity of Chile will join Cosach, and that by working the cheapest producers at full production and keeping only sufficient capacity employed to supply the market's

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requirements, the cost of production should not exceed £3 5s. per ton f.o.b. Chile. If the total Cosach charges (including amortisation and preference dividends) be added, together with freight costs, the aggregate expenses of delivering the product in the principal consuming markets may be put at about £6 15s. per ton, against a selling price to-day round about £8 7s. 6d. per ton. On these terms, Messrs Aikman believe, "Cosach" should not only be able to work profitably, but to negotiate for a more favourable agreement with the synthetic producers. Such an agreement, they suggest, might include the fixing of the price of Chilean nitrate at a price per ton not higher than that of nitrate of lime and other similarly constituted fertilisers. In the meantime, all earnings on the ordinary shares of Cosach will be conserved for the first three years of its existence to strengthen the company's position. It would appear that banking interests, to which the Chilean nitrate industry as a whole is appreciably indebted, have successfully insisted on a conservative policy both as regards immediate finance and the treatment of any profits which may accrue in the early years of working. It is far too early as yet to attempt to estimate the dimensions of earnings, even in 1931. Further particulars of the revised finance of the plan (which apparently is to include the raising of cash by means of a bond issue) must precede a more detailed judgment on the merits of the "Cosach" scheme under present conditions.

Great Western and Southern Railways.—The accounts of the Southern Railway and Great Western Railway, the two "group" companies which have so far issued their reports, are summarised in the following table, which sets out the results for the past three years. Detailed analyses of the railway figures will appear in the *Economist* as usual when the complete results are available.

(000's omitted.)

		Railway Gross Receipts.	Railway Expenditure.	Miscellaneous Income (net).*	Ordinary Stock.				Carried forward.
					Earned for Div.		Paid.		
					Amt.	%	Amt.	Rate.	
Great Western	1928 ...	£ 30,486	£ 24,476	£ 110	£ 2,160	5.1	£ 2,123	5	£ 105
	1929 ...	31,028	24,309	255	3,301	7.7	3,220	7½	186
	1930 ...	29,590	23,617	147	2,241	5.22	2,361	5 7/8	65
Southern	1928 ...	23,019	18,447	801	2,039	2.1	2,009	5 1/2 Def.	136
	1929 ...	22,993	18,175	775	2,193	2.6	2,167	5 1/2 Def.	162
	1930 ...	22,396	17,928	721	1,705	1.03	1,773	5 1/2 Def.	93

* Road transport, steamboats, canals, docks, hotels, parcels service, etc.

In the case of the Great Western, gross receipts declined by £1,438,000, while economies in working expenses resulted in a reduction in railway expenditure of £692,000. How far savings during the past year will necessitate increased expenditure in the future is not wholly apparent, but it is noticeable that only £573,224 was expended on "Maintenance of Roads, Bridges and Works," against £816,635 in 1929. Net receipts from miscellaneous sources declined from £255,000 to £147,000, most of the fall being accounted for by a sharp drop in the receipts from docks and harbours. The ordinary capital earned only £2,241,000, against £3,301,000, while the amount of the distribution was £2,361,000, of which a part was not earned. The carry-forward likewise declined from £186,000 to £65,000. In the case of the Southern Railway, gross railway receipts showed a falling off of £597,000, while savings in expenditure accounted for £247,000. Miscellaneous net receipts contributed only £721,000, against £775,000, a large part of the difference being attributable to the fact that a loss of £2,217, against a profit of £22,436, was made on the collection and delivery of parcels and goods. Here, again, economies were effected at the expense of maintenance, the expenditure

on Roads, Bridges and Canals being £27,790 down at £489,937, and on Permanent Way £48,415 down at £591,309. Dividend on preferred ordinary and deferred ordinary capital absorbed £1,773,000, earnings being only £1,705,000, and the carry-forward was reduced from £162,000 to £93,000.

Underground Railway Results.—The accounts of the Underground Electric Railway Company for 1930 suggest that a progressive development policy is bearing satisfactory fruit. Income from investments brought in £1,235,829, against £1,159,028, and miscellaneous income £23,792. Expenditure declined by £28,760 to £40,560, giving a net income of £1,219,061, compared with £1,113,213 for the previous twelve months. Fixed charges absorbed only £351,676, against £518,466, and the ordinary dividend rate was increased from 7 per cent. to 8 per cent., absorbing £856,865, compared with £581,301.

Year to December 31.	1928.	1929.	1930.
Income from investments	1,118,473	1,159,028	1,235,829
Miscellaneous income	35,325	23,505	23,792
Expenditure	68,277	69,320	40,560
Net income	1,085,521	1,113,213	1,219,061
Brought forward	169,761	262,504	*352,192
Debt interest, &c.	535,881	518,466	351,676
Commission, discount, &c., written off	10,000	10,000	10,520
Ordinary capital:—			
Paid £	446,897	581,301	856,865
Earned %	8.8	8.2	8.0
Paid %	7	8	8
Carried forward	262,504	265,950	352,977

* Including £86,242 transferred from special reserve for equalisation of interest.

The five companies which contribute to the common fund recorded aggregate traffic receipts of £15,848,088, an increase of £750,495 on last year's total. The greater part of this increase, however, was provided by the London General Omnibus Company, which achieved an advance of £853,717, while of the aggregate increase of £149,963 in net receipts, the L.G.O.C. provided £149,425. The sum of £1,156,537 paid in dividends on ordinary capital compared with £1,150,426 last year and represented an average distribution of 5.74 per cent., against 5.69 per cent. in 1929. The carry-forward, at £504,305, exceeded the previous amount by £20,519.

(000's omitted.)

Year.	Traffic Receipts.	Expenditure.	Miscellaneous Receipts (net).	Earned for Dividend.	Common Fund.		Carried forward.
					Paid.	% (average).	
1928	£ 14,942	£ 12,046	£ 1,053	£ 1,173	£ 1,127	5.69	£ 461
1929	15,098	12,288	1,080	1,150	1,127	5.69	484
1930	15,848	12,889	1,029	1,157	1,136	5.74	504

The total sum appropriated to reserves for contingencies and renewals was £923,727, of which £298,981 was charged direct to expenditure, and £624,746 carried to reserve for contingencies and renewals. In 1929 the addition to this fund was £547,659. The accumulated reserves of the common fund companies now amount to £6,854,625, while in addition the trustees of the Lots Road Power House Depreciation Fund hold £265,103. The total sum expended by the companies on new works and improvements in 1930 was £2,895,000, and new works projected involve the expenditure of £13,184,000, of which grants from the Treasury under the Development (Loan Guarantees and Grants) Act, 1929, form a considerable part. Contracts have already been placed for the extension of the London Electric Railway from Finsbury Park to Cockfosters, and work has been started on the Western extension of the London Electric from Hammersmith, while a number of stations and escalators are in process of reconstruction.

Selfridge's and John Barker's.—In a note in the *Economist* last week we showed that the net profits of four store companies had fallen during the past year from an aggregate of £2,120,060 to £2,054,000—a not unsatisfactory result in a year of depression. The preliminary figures issued this week by Selfridge and Company and John Barker's serve further to emphasise the powers of resistance of the country's retail business. The net income of Selfridge and Company totalled £366,277, compared with £401,492 in 1929, after allowing £45,000, against £60,000, for depreciation. After payment of the preference dividend, which, including that of 12 per cent. on the staff participating shares, was covered nearly twice, the balance of £176,745 represented 23.6 per cent. on the ordinary capital. Though the previous dividend of 20 per cent. was therefore fully earned, the distribution was reduced to 10 per cent. in order to conserve resources. The carry-forward was reduced from £147,774 to £133,315. The accounts of John Barker for the year to January 31st last reveal a slight reduction in net profit from £468,685 to £466,140, though the latter total is considerably in advance of the figure for 1929. Ordinary dividend is maintained at 20 per cent., out of 38 per cent. earned:—

	Year to January 31.		
	1929.	1930.	1931.
Net profit	£ 444,901	£ 468,685	£ 466,140
Brought forward	289,818	291,010	297,254
Preference divs.	46,175	46,175	46,175
No. of times covered	9.6	10.1	10.1
Ordinary capital:—			
Earned, £	398,726	422,510	419,965
Paid, £	221,266	221,266	221,266
Earned, %	36.0	38.2	38.0
Paid, %	20	20	20

Rebuilding reserve	100,000	125,000	150,000
Pension fund	10,000	10,000	10,000
Written off goodwill	25,000	35,000	...
Written off fixtures	41,268	25,000	35,000
Carried forward	291,010	297,254	300,953

The sum of £150,000 was added to the fund for the rebuilding and modernisation of premises, against £125,000 last year. No further amount was written off goodwill, but a further sum of £85,000, against £25,000, is to be written off fixtures, fittings and furniture. The carry-forward was increased from £297,254 to £300,953. The ordinary £1 shares give a yield of about £7 8s. per cent., allowing for a final dividend of 15 per cent.

Warehouse Company Results.—The decline in the earnings of the majority of warehouse companies, last year, is regrettable but scarcely surprising. The ten companies which have published results since the beginning of this year all reveal declines in net profit, and two show a balance on the wrong side. In the following table, comparative results are set out for the past two years.

Company.	Net profit, 1929.	Ord. Div. %	Net profit, 1930.	Ord. Div. %
	£		£	
Bradbury Greatorex	78,199	12	63,358	12
Cook, Son & Co.	147,739	2½	117,172	5
Copestake Crampton	23,786	3½	14,390	2
Crookers	10,007	3	Dr. 419	Nil
Devas Routledge	14,837	10	8,714	7½
Fore Street Warehouse	18,324	5	13,317	5
Foster Porter	15,047	5	7,094	5
Hayes Candy	21,441	8	18,132	6
Pawsons and Leaf	18,588	5	Dr. 2,490	2½
Rylands	225,908	8	106,892	4

Six companies have reduced their dividend, and one—Crookers—has passed it. Three have maintained their dividend, and one—Cook, Son and Company—has doubled its payment, though its net profit reveals a decline from £147,739 to £117,172. The amount of the dividend was £50,069 for 1930, compared with £33,379 for 1929, the ordinary capital having been reduced during the year from £1,335,180 to £1,001,285. Though all the companies have been badly hit by textile trade depression and falling prices, they should quickly react to improved general conditions, whenever these occur.

Tilling-National Omnibus Merger.—This week's offer by Thos. Tilling to purchase the £1 ordinary shares of the National Omnibus Company at 43s. and the outstanding options (on ordinary shares, at par) at 22s., marks the culmination of a series of steps beginning in 1927, when—before the railways had even obtained statutory power to engage in road transport—negotiations were initiated between the National Omnibus Company and the Great Western Railway. During the subsequent period the National Company has changed its status from that of an operating to a holding company, in partnership with the railways. When the present proposal has been carried through, National Omnibus will become an intermediary holding company controlled by Thos. Tilling. The arrangement will secure for the latter control of the National's shareholdings in, and management of, Western National Omnibus Company, the Southern National Company and the Eastern National Company. In each of these concerns, voting control is already divided between the National Company and the railways. The three operating companies will be important additions to the growing list of partnerships between the railway groups and Thos. Tilling. The terms should be entirely satisfactory to the ordinary shareholders of the National Company, who have already received a capital bonus and a return of capital during the last twelve months. The 7 per cent. preference shares are not directly concerned in the offer, but their investment status should be appreciably enhanced. If all National shareholders accept, the total purchase consideration payable by Tillings will be £491,000, this figure including compensation to two retiring directors who are being replaced by the purchaser's nominees. The last balance sheet showed that Thos. Tilling held British Government and other securities and cash totalling £731,494, so that the acquisition may well be financed without any fresh issue of capital. Such a policy would be in accord with the company's traditions during the last decade, in which the "internal" financing of the company's extended interests has been made possible by conservative dividend distributions.

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The "Chartered" Report.—Our mining correspondent writes:—That the profits of the British South Africa (Chartered) Company for the year ended September 30th would show a substantial falling off was a foregone conclusion. In 1928-29 no less than £456,500 was brought in as balance of profits on realisation of investments. Last year, of course, market conditions were unfavourable, but it had scarcely been anticipated that transactions in this regard would show a deficit—although a small one. There is, again, a loss on the operation of the estates. It is less than before, but is supplemented by a writing off of £11,000 in respect of citrus trees uprooted. The net result is a balance insufficient by £40,000 to cover the usual dividend of 1s. 3d. per share. For the preceding period there was a bonus of 9d., and for 1927-28 one of 3d. Investments now figure at £6,065,300, a shrinkage of approximately £200,000. Public or brokers' quotations are available for all save an unimportant amount of the total. They considerably exceed book values. The directors intimate that they "have written off such depreciation as they consider necessary":—

	(Years to September 30th.)		
	1928.	1929.	1930.
Ordinary capital (in 15s. shares)...	6,570,377	6,570,377	6,570,377
Interest and dividends	417,618	424,013	431,815
Profits on sale of investments	86,858	456,485	...
Mining royalties, &c., less expenses	93,260	107,883	112,304
Estate revenue, less expenses	34,450	Dr. 19,531	Dr. 6,433
Other revenue, less expenses	8,397	2,483	2,807
	640,583	971,123	540,993
General expenditure in London and South Africa	70,663	117,226	*130,731
Profit to balance sheet	569,920	853,897	409,762
Brought forward	524,535	544,186	686,723
Disposable balance	1,094,456	1,398,083	1,096,485
Dividend	550,269	711,360	449,432
% earned	10.80%	16.24%	6.23%
% paid	10%	13½%	8.33%
Carry-forward	544,187	686,723	647,053

* Including £4,201 written off investments.

The future of the company is, of course, to a considerable extent bound up with that of the copper industry of Northern Rhodesia. It will be remembered that during the boom of some twelve months ago one of the "bull points" for Chartered was the revenue which the company stood to receive as royalties on copper production. In the meantime the price of the metal has fallen seriously. Nevertheless, preparations for production are proceeding apace; in fact, more than one undertaking is likely to start sooner than was originally expected. A tabulation of the proved ore reserves in the different properties shows what might be termed the astronomical total of 449,000,000 tons, the average value being 4 per cent. This computation obviously represents something like 18,000,000 tons of copper—less loss in extraction. The views of the Chartered directors as to the outlook for the metal, and for the different companies, will doubtless be attentively read by those interested. On the basis of the distribution for the past year the yield is slightly under 5 per cent.

Bwana M'Kubwa Closing Down.—This month's announcement that the Bwana M'Kubwa mine is to be closed down ends a remarkable record of company promotion. The company was registered in 1922 as a reconstruction of a company formed in 1910. It acquired copper and other concessions in Northern Rhodesia, the two copper mines being Bwana M'Kubwa and N'Kana. No dividends have been paid, but the company has never lacked capital funds. In 1923 the capital was increased from £400,000 to £900,000; in 1924 to £1,500,000; in 1926 to £2,000,000 and in 1928 to £3,500,000, in addition to which £1,000,000 7½ per cent. debentures were issued. At the company's meeting in December, 1925, when the Bwana M'Kubwa mine was approaching the production stage, Mr (now Sir) Edmund Davis, the chairman of the company, drew a comparison with American copper-

producing companies, to the great advantage of Bwana M'Kubwa. "In 1924," he said, "ten of the well-known American copper-producing companies made very large profits out of treating 44,428,508 tons of ore, assaying from 0.825 to 1.98 per cent. copper, the average being 1.181 per cent. copper, and the dividends paid being \$32,751,528. I invite you to compare these figures with those relating to our Bwana M'Kubwa mine alone, where we have present an average copper value of close upon 4 per cent." Again, at the company's meeting in December, 1926, when the Bwana M'Kubwa mine had started production, shareholders were reminded that twenty-three of the largest American companies had made huge profits out of ore containing on the average only 1.59 per cent. of copper. They were then informed that the Bwana mine had ore developed averaging 3.9 per cent. copper, and that "the costs of the American-worked mines are about what it is estimated our own will be." In spite of these promises the profit and loss account of the company at March 31, 1929, showed a debit balance of £313,145. In the year to March 31, 1930, the company's revenue, from the sale of copper, amounted to £459,182, and its accounts showed a credit balance of £60,250, but this was subject to the auditors' note that no provision had been made for depreciation in machinery, plant and buildings since April, 1927. The statement that the mine is now to be closed down was accompanied by the following two lines of explanation:—"At prices at present obtained and likely to be obtained in the near future, copper cannot be produced at a profit from the low-grade ore of the Bwana mine. By the beginning of 1932 production will commence on the high-grade ore of N'Kana mine." But shareholders would scarcely have imagined from the addresses of Sir Edmund Davis that the ore of the Bwana M'Kubwa mine was of particularly low grade. Bwana M'Kubwa is now a holding company, its interests having been fused with those of the Rhodesian Congo Border Concession and the N'Changa Copper Mines in December, 1930. The merger proposes to take the name of Rhokana Corporation, so that henceforth Bwana will march on as the third star in Rhokana's banner. Not long ago the 5s. shares of Bwana M'Kubwa were quoted at 35s. They are now quoted at 5s. 6d.

German Bank Reports.—Our Berlin correspondent writes:—The Reichskreditgesellschaft has recently published its accounts for 1930. The shares of the big German banks fell by over one-third last year, to the accompaniment of rumours of exceptionally heavy losses from bad debts and from declines in security values. The accounts of the Reichskreditgesellschaft do not confirm these rumours. The profits of this bank, on an almost unchanged volume of business, have declined very slightly. The dividend on the 40 million Reichsmarks capital has, indeed, been reduced from 8 to 7 per cent., but this is chiefly a precautionary measure. The bank is anxious to increase its reserves, as the duration of the depression cannot be foreseen. It is true that most of the German bank balance sheets will probably show a less favourable result. This is not, however, due to the fact that the entire capital of this bank is directly held by the Reich, for in its conduct of business the Reichskredit is a private bank. It differs from most of the big German banks in that it conducts an easily supervised centralised business with a relatively small number of large customers and possesses no subsidiaries or deposit banks. In consequence it lost little from the numerous bankruptcies of last year, and even its stockholding losses were kept within small limits. The Reichskreditgesellschaft has a very good name in foreign banking circles. The relatively small decline in its creditors from 626 million to 597 million Reichsmarks was due to the reduction in German deposits; there was no diminution during 1930 in the money received from abroad. The Hamburg mortgage bank reports an unchanged dividend of 10 per cent. Its share capital of 9 million Reichsmarks is to be increased to 12 millions. Sales of new mortgage bonds rose to nearly 35 million Reichsmarks, the highest level for any post-war year, and the record would have been even higher had not the September elections reversed the movement. The increase was confined to 8 per cent. mortgages. The volume of

7 per cent. was reduced by 3.3 million Reichsmarks as compared with the previous year. In spite of the increased issues in the balance sheet the holdings of gold mortgages rose from 163 to 188 millions, and the mortgage bonds outstanding rose from 152 to 181 millions. The replacing of 8 per cent. by 7 per cent. mortgages is considered premature by the Hamburger Hypothekbank, which is sceptical as to the future of the 7 per cent. type.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—British and Hungarian Bank, Provident Mutual Life Assurance Association, Imperial Tobacco, South Suburban Gas, Bah Lias Rubber Estates, and Bovril. At the Imperial Tobacco Company meeting, Lord Dulverton referred to the words of caution recently uttered by the chairman of the British-American Tobacco Company with regard to its next final dividend, and their bearing on the affairs of Imperial Tobacco. He pointed out that the accounting periods of the two companies were on different dates, and said that they felt that it would be unduly straining their policy of caution and conservatism if they recommended a smaller distribution on account of something which might possibly affect one particular source of revenue in two years' time. Presiding at the meeting of Bah Lias Rubber Estates, Mr Eric Miller stated that, in spite of a reduction in output by a proportion of producers, the shipments of rubber during 1930 were more than 110,000 tons greater than the absorption by manufacturers, and even in January, 1931, the output was nearly 70,000 tons, against a world absorption of less than 55,000 tons.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to February 13, 1931, £25,410,920.
Total, including conversion, recorded January 1 to February 13, 1931, £32,382,063.
National Savings Certificates.
Net sales, week ended February 13, 1931, £800,000.
Total receipts, April 1, 1930, to February 13, 1931, £10,200,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders only.					
Kilian-Kellas, £5,000 5% Prior	6,000	...	5,700	600	5,100
Lion Deb. Stk. at 95% Prior	...	...	...	...	...
Monk's Investment Trust, £150,000 5% 1st Deb. Stk. at 95%	150,000	...	142,500	142,500	...
Rhodesian Anglo-American £1,500,000 7½% Deb. at par	1,500,000	...	1,500,000	375,000	1,125,000
West Mexican Mines, 500,000 "B" shares 2s., at par	50,000	...	50,000	25,000	25,000
Total offered to shareholders only, week ended Feb. 21, 1931	1,706,000	...	1,698,200	543,100	1,155,100.
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1931	34,880,263	28,909,128	Whole year—		
1930	29,375,674	29,375,674	1930	454,888,784	267,800,700
1929	78,967,979	65,393,428	1929	488,764,964	285,239,400
1928	...	134,768,207	1928	693,100,056	369,058,073
1927	...	111,910,709	1927	...	355,165,970
1926	...	51,083,959	1926	...	230,782,500
1925	...	28,782,546	1925	...	232,214,500
1924	...	27,707,730	1924	...	209,326,101
			1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Or Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	26,578,057	371,571	1,959,492	28,909,120
1930	26,600,552	1,305,072	1,470,050	29,375,674
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	21,543,400	116,025,700	275,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	32,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,456,375	...	2,508,632
Ashby's Staines Brewery, £300,000 5½% Red. Deb. Stk. at 96	288,000	99½	298,500
Total for week ended February 21, 1931...	288,000	...	298,500
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	9,414,074	...	9,538,731

Portsmouth Gas Company.—Issue by tender of £80,000 Ordinary Consolidated Stock ranking for a standard dividend of 4 per cent. equally with the existing similar stock. Minimum price of issue £12½ per £100 stock, yielding at that price £6 10s. per cent.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div.	Final div.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.						
Central London	2½%	...	...	...	5	5
City and South London	2½%	...	...	...	5	5
London Electric	2½%	...	...	...	5	5
Metropolitan District	2½%	...	...	...	5	5
Midland Junction Railway	2½%	...	...	...	4½	4½
Underground Railways	5%	...	...	...	8	8
BANKS.						
Bank of Norway	...	...	...	...	8	8
MINING.						
Bolover Colliery	...	...	...	...	3½	2½
British South Africa Co.	2½%	...	...	...	8½	...
OTHER COMPANIES.						
Assets Co.	4%	Mar. 19	...	...	7	8
Associated Equipment	6%	...	...	Tax free	10	8
Atlantic Leased Lines	2½%	...	...	...	4½	4½
Barlow and Jones	2½%	...	...	Tax free	5	10
Barnet District Gas and Water	...	...	...	...	7	7
Bent's Brewery	5%	...	...	...	10(n)	10(b)
Birmingham Railway Carriage and Wagon	...	...	...	Less tax	2/- p.s.	2/- p.s.
Blackwell Colliery	...	...	...	...	12½	15
Boddington's Breweries	5% plus bonus of 2½%	...	...	...	10d.p.s.	17/8p.s.
Bradford Dyes	5d. p.s.	...	...	...	20	20
British Assets Trust	6d. p.s.	...	...	...	10	10
Brooks, Thomas and Co.	1/- p.s.	...	...	...	5	7
Burnell and Co.	...	...	...	Less tax	10	10
Buxton Palace Hotel	...	...	...	...	16	16
Calcedonia Trust	8%	...	...	...	14	17
Cardiff High Street Arcade	7%	...	...	...	...	...
Charrington, Gardner, Locket and Co.	5%	...	...	...	...	...
Chiswick Electricity Supply	6%	...	...	...	12	...
City Offices	15/6p.s.	...	...	...	31 p.s.	30 p.s.
City Property Investment (Def.)	9%	...	...	...	4½	4½
Cordova Land	...	...	...	...	11	11
County of London Electric	8%	...	...	Less tax	...	...
Daily Mirror Newspapers	7½%	Mar. 14	...	...	5½	...
East Surrey Gas	...	...	...	...	5	5
Edinburgh and Canadian Investment	...	...	...	Less tax	5	5
Edinburgh Securities	6%	...	...	...	6	6
E.N.V. Engineering	6½%	...	...	...	10	12½
European Gas	3½%	...	...	Tax free	5½	5½
Fleming Field	5%	...	...	...	10	15
General Investors and Trustees	11%	...	...	...	17	17
Hampton Court Gas	6%	...	...	...	6	7½
Harrison, Barber and Co.	6%	...	...	...	...	...
Hughes-Johnson Stampings	5%	Feb. 27	...	Less tax	...	...
Illinois Car and Equipment	10c. p.s.	Mar. 31	...	...	10	10
International Investment Trust (Def.)	6%	...	...	...	5	6
Isle of Man Steam Packet	...	...	...	...	4	4
Isle of Thanet Electric Supply	3%	Feb. 28	...	Less tax	...	...
Jeremiah Rotherham & Co.	9d. p.s.	...	...	Quarterly	...	...
J. and P. Coats	9d. p.s.	...	...	...	10	10
J. Gerard and Sons	9d. p.s.	...	...	Tax free	22½	22½
J. Sears and Co.	5% plus bonus of 2½%	...	...	...	12½	12½
Langham Hotel	...	...	...	...	20	20
London Border and General Trust	4½%	...	...	Tax free	8	8
London Brick Co.	...	...	...	...	2	3½
London General Omnibus	6½%	...	...	...	9	12½
Manchester Ship Canal	...	...	...	Tax free	10	...
Maple and Co.	...	...	...	...	16½	16½
Mather and Platt	...	...	...	Less tax	15	15
Mercantile Investment & General Trust	...	...	...	...	8	8
Meux's Brewery	2/- p.s.	...	...	...	7½	7½(c)
National Dominion and General Investment	4½%	...	...	...	5½	5½
National Mortgage and Agency of New Zealand	...	...	...	...	10	10
Newcastle Gas	2½%	...	...	...	18½	18½
North Metropolitan Elec. Power	13½%	...	...	Less tax	3	5
Octagon Brewery	...	...	...	...	10	10
Orient Trust	...	...	...	...	10	10
Perry and Co.	...	...	...	...	...	...

(a) Plus bonus of 1/3 p.s.
(c) Plus bonus of 2s. p.s.

(b) Plus bonus of 1/- p.s.

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COMPANY MEETINGS, &c.

IMPERIAL TOBACCO COMPANY (OF GREAT BRITAIN AND IRELAND), LIMITED.

SUCCESSFUL RESULTS OF THE YEAR.
INCREASED PROFIT AND DIVIDEND.

The twenty-ninth annual ordinary general meeting of the Imperial Tobacco Company (of Great Britain and Ireland), Ltd., was held, on the 17th instant, in Bristol, the Rt. Hon. Lord Dulverton (chairman) presiding.

The Chairman, in the course of his address, said: Turning first to the balance-sheet, the first item is land, buildings, plant, and machinery—at cost, less amounts written off—£5,120,021, an increase of £150,329 over the previous year. The increase represents the net expenditure on additions to buildings, plant, etc., at our various branches, less amounts provided for depreciation. Goodwill, patent rights and trade marks stand at £9,422,581, as in previous years, being the cost (as reduced by the sale of goodwill of the export business in 1903) less amounts written off. As I have said on previous occasions, this is a very conservative figure, having regard to the extent of the company's business, the profits earned, and the great commercial value of our brands and trade marks.

INVESTMENTS IN SUBSIDIARY COMPANIES.

Investments in subsidiary and associated companies amount to £10,457,078, an increase of £195,680. As stated in the balance sheet, in the aggregate the market value of investments in associated companies is largely in excess of the book value. This excess, as you are aware, is chiefly due to the company's holdings in the British-American Tobacco Company. I shall have something more to say about our interest in that company before I sit down. Loans to, and current accounts with, subsidiary and associated companies amount to £2,448,275, an increase over last year of £1,127,277, due principally to expanding trade. Stock-in-trade, taken at approximate cost, including leaf in transit and advances to branches abroad for purchase of leaf, etc., amounts to £28,945,519—a decrease of £395,217. I should like to dwell for a moment on this item. Certain references have been made to a fall in leaf prices last season, and, although it is never considered appropriate to go into too much detail at these meetings, I think it only right that our shareholders should be given some indication of the way in which the company is affected. Owing to the magnitude of the company's operations and its time-honoured policy of maintaining large stocks of selected leaf which are drawn upon over a period of years, the advantage or disadvantage arising from abnormal conditions which may operate in the tobacco markets in any one particular year is reduced to the absolute minimum. We are thus little affected by temporary fluctuations in the price of our raw material; we buy plentifully from a good crop, and sparingly when good tobacco is scarce. That policy, ably carried out as it is by our excellent leaf buying organisations, is one of the greatest sources of strength to our company.

Turning to the other side of the balance sheet, the capital issued remains at the same figure as last year, namely, £50,350,561.

The general reserve account has been increased by £500,000 transferred from profit and loss account, and now amounts to £5,000,000.

PROFIT AND LOSS ACCOUNT.

The net trading profit for the year, and interest and dividends on investments (including considerable sums derived from dividends on capital employed outside the United Kingdom), after fully providing for all charges, depreciation of property, plant, etc., bonus to customers, taxation, and £10,000 for directors' fees, amounted, with the item of transfer fees, etc., to £10,187,045, an increase of £209,947, as compared with the previous year. After transferring £500,000 to the general reserve account there remains a balance of profit for the year of £9,677,045. Adding to this balance of £9,677,045 the undivided profit brought forward from last year, £1,176,469, there remains an amount to be dealt with of £10,853,514. Out of this total, the dividends upon the three classes of preference shares, representing a capital of £12,857,936, have been provided. Upon the ordinary share capital of £37,492,625, an interim dividend of 7 per cent., free of tax, was paid on September 1 last, and it is now proposed, with your approval, to declare a final dividend of 9 per cent., and a bonus of 1s. 6d. per share, both free of tax, making a total for the year of 23½ per cent., which is an increase of ½ per cent. over the dividend for the year 1929. After these allocations, there will remain to be carried forward to the current year, as undivided profit, the sum of £1,190,538. That this result is satisfactory, from the strictly financial point of view, will, I am sure, be generally agreed. The fact, however, from which you will justly derive no less satisfaction—and it is one which I think reflects the greatest

credit on our manufacturing and selling branches in this country and the Irish Free State—is that in a year of acute industrial depression and exceptionally keen competition the volume of our trade has shown a satisfactory increase. We can, therefore, derive not only comfort, but confidence from the knowledge that the base on which the strength of this company is founded—the goodwill attaching to our brands—has been made still more secure.

GIFT TO STAFF AND WORKPEOPLE.

It is difficult to express how much we all owe to the loyalty and devotion of those in our employ. I can safely say that no company is better served, and it is with the greatest personal pleasure that I ask your endorsement of the decision of your directors to make, as on many previous occasions, a gift to staff and workpeople over and above their ordinary salary or wage. The general conditions of the gift remain the same, the directors reserving to themselves a discretion to grant or withhold a share in the gift in any case which may appear to them to require exceptional treatment.

REVIEW OF THE TRADING POSITION.

It is customary on these occasions for your Chairman to comment on the trading conditions of the year that is past, and to say a few words as to the prospects for the year upon which we have already entered.

In general, as we are only too well aware, last year was one of acute industrial depression. In the tobacco trade in particular it was certainly one of extremely keen competition; in fact, in the form of coupons and gift schemes the competition was intensified.

Such schemes are inconsistent with the policy on which our business has been built up. As I have said before, we always put quality first, and the value is in the goods we sell. Our policy in this matter has quite definitely been welcomed by the trade, and it is one which the consumers of our products and the public generally have not been slow to appreciate. It is a matter for satisfaction that the increased volume of our trade has been achieved by the well-merited popularity of our goods themselves.

CURRENT YEAR'S PROSPECTS.

When we turn our eyes to the immediate future we cannot ignore a matter which closely affects our interests. I refer to the recent speech of the chairman of the British-American Tobacco Company at the annual meeting of that company, in the course of which some words of caution were uttered as to their next final dividend, and in view of the fact that there has been a certain amount of comment regarding the bearing of these words upon your company in the light of its interest in the British-American Tobacco Company, I think it well to say a word or two in that connection.

The fact is that the accounting periods of the two companies end on different dates. The accounts now before you include the final dividend paid by the British-American Tobacco Company in January, 1930. The accounts for our current year will include the final dividend we have already received from the British-American Tobacco Company in January of this year. The final dividend to which the chairman of the British-American Tobacco Company referred will not be carried into our accounts until our year, which will terminate on October 31, 1932, and will consequently not be under the consideration of the shareholders until February, 1933. Therefore, although it is and has always been the aim of your directors to adopt a policy of caution and conservatism, we felt that we should be unduly straining that policy if, on account of something which may possibly affect one particular source of revenue in two years' time, we were now to recommend to you that the distribution should be less than is in our opinion amply justified by our results and present position.

Having dealt with that point, I will proceed to my unenviable task of prophecy. It is, at the best of times, a rash proceeding to endeavour to forecast the trend of human events, and at the present time many exceptional and abnormal difficulties cloud the horizon. Nevertheless, I shall make an attempt, and I shall try, on the one hand, to avoid raising unjustifiable hopes, and, upon the other, adding another shadow to the prevailing gloom. We regard our trade during the first three months of the current year as satisfactory, but for the rest of the year—if I am to prophesy—I must begin with at least two hypotheses. If none of the fresh clouds, which at the present time in different quarters darken the industrial horizon of the country, break into a storm; and if the depression of the past twelve months does not increase in intensity—with the result that the purchasing power of the public undergoes a further contraction; then I see no reason why the results of the present year's working should not be at least as satisfactory as those of the year now under review. I now have pleasure in moving: "That the report and accounts for the year to October 31, 1930, now presented, be received and adopted," and I will ask Mr. H. W. Gunn to second the resolution.

Mr. H. W. Gunn seconded the motion, which was unanimously agreed to, and the usual formal business having been transacted, the proceedings closed with a cordial vote of thanks to the chairman.

PROVIDENT MUTUAL LIFE ASSURANCE
ASSOCIATION.

GRATIFYING PROGRESS.

The annual general meeting of the Provident Mutual Life Assurance Association was held, on the 18th instant, at the offices of the Association, 25-31 Moorgate, London, Mr. Owen Hugh Smith (the chairman) presiding.

The Manager and Actuary (Mr. C. R. V. Coutts, F.I.A.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said: It is remarkable that the world-wide depression in trade and industry has not affected the progress of the Association. Our funds have increased by nearly £600,000 to £7,737,000, and our premium income by £42,000 to £915,000. It must not be assumed, however, from these figures that by some miracle our many thousands of members engaged in industry have passed through this difficult year unscathed. You will see from the accounts that the amount paid out on surrender of policies shows a substantial increase, and there is also a considerable addition to the loans on the Association's policies, as shown in the balance sheet. The increase in these items is due in the main to the reduction in staffs, which has thrown many of our members out of work to join the ranks of the unemployed. Although our members are drawn from all classes of the community, large numbers of them are assured under staff schemes, which we believe were first devised and put into operation by this Association. This plan, with the wise co-operation of the employer, enables the wage-earners to assure their lives by premiums paid in weekly instalments deducted from their wages at the same rates of premium as those enjoyed by the salaried and professional classes, who pay yearly premiums.

FAVOURABLE MORTALITY EXPERIENCE.

The gross rate of interest earned on our funds is £5 10s., which is identical with that of the previous year. The rate, after deducting income tax, is £4 14s. 6d. The reduction in this is, of course, due to the increase in the rate of income tax imposed in last year's Budget. The rate of expenses to premium income has risen slightly to 14.5 per cent., thus reflecting the increased volume of new business. Claims by death, £187,000, show very little variation compared with those of the previous year, £179,000. The actual mortality is only 51 per cent. of that expected by the tables we employ. We know that these tables are now out of date, but, after making every allowance for the fact that the tables employed are obsolete, there is no doubt that our mortality is and has remained for many years very favourable.

I now turn to the question of our investments. We have held fast to what we believe to be the fundamental principle of life insurance investment policy—that we should invest our funds as far as is practicable to cover our liabilities. Our liabilities are to pay the sums assured under our policies, most of which we hope will not become claims for many years to come. We have, therefore, continued to invest our funds, as in the past, mainly in the form of well-secured, long-dated bonds or stocks, with the result that, in spite of the increase in income tax, our net interest revenue is £20,000 more last year than it was in the previous year.

We have taken the opportunity of increasing our holding of mortgages on property in this country. These mortgages are based on conservative valuations of the properties made by our surveyors, and in each case we have included in the security a policy which provides for the ultimate redemption of the amount advanced.

The increase under the heading "Railway and other Ordinary stocks" is in the main due to investments in some of the smaller gas and water companies' stocks in this country, which carry a fixed rate of interest, but are technically classified as ordinary stocks. These securities, though they do not possess a free market, we consider very suitable for our funds, because they are well secured and many of them are ultimately absorbed in larger undertakings, with a consequent increase in capital value.

Previous to 1930 we considerably reduced our holdings in certain Dominions and foreign countries, whose securities have fallen heavily during the past year. On the year the fall in the aggregate market value of our investments is 2.3 per cent. of the mean fund. After taking into account the investment reserve fund, the market values of our assets still exceed the book values, in spite of the very severe falls in many securities during the past two years. In this respect we are reaping the reward of our conservative policy in the past of not bringing into account any capital profit or appreciation on our securities.

What may be called our "trading profit" for the year amounts to £232,000, and we have had no hesitation in deciding that the interim bonus should be continued at the full rate of bonus declared for the last quinquennium.

Mr. Herman B. Sim seconded the resolution, and it was carried unanimously.

BOVRIL, LIMITED.

ANOTHER PROSPEROUS YEAR.

INCOME TAX AND BRITISH EXPORTS.

Presiding at the thirty-fourth annual general meeting of Bovril, Ltd., held, on the 19th instant, in London, the Lord Luke of Pavenham (chairman) said that the directors met the shareholders again with pleasure and were able to present a satisfactory report and set of accounts.

This island of Britain was not a spot selected by Providence on which to give over 40,000,000 people an easy time; it was, in fact, a remarkable historical phenomenon that so many people had been kept here in greater comfort than in most other parts of the world. The industry and energy of previous generations had built up a great export trade, and by their savings, a store of investments abroad—it was only with the receipts from exports and interest on overseas investments that food and comfort generally could be brought into this island. They had been warned that, owing to high costs, their export trade had decreased, but little had been said of the fact that their investments abroad were becoming denationalised. A company registered here had to pay not only the taxes of the country in which it worked, but also the taxes of this country. This double burden was becoming greater than they could bear, if they were to compete successfully with local companies, and so, gradually, great concerns operating abroad were being transferred to companies registered in the countries in which they carried on business, thus saving English taxation on their reserves, on depreciation, and in fact on all except the dividends remitted to shareholders who happened to live here.

DRIVING COMPANIES TO REGISTER ABROAD.

The only thing that kept the majority of such companies still here was the prejudice or patriotism of those who controlled them, but excessive taxation would strangle this altruistic control and would loosen the ropes that bound these valuable assets to this country.

In the case of the Argentine alone, three great companies (involving several millions of capital), for long registered here, and paying income tax in this country, had during the last six months dropped their connection here and registered local Argentine companies to take over their businesses in that country.

It was not only the income tax that was lost to this country—a British company, trading overseas, controlled the orders for plant and goods that were sent out to the lands in which they worked, because the management was centred here; and because the management was centred here, and was in touch with British manufacturers, British exports were assisted—transfer of the undertaking meant a local board of directors, and gradually the certainty of orders for Britain was weakened. They should observe carefully why the final break would take place. The Inland Revenue authorities of this country held that if a company, registered overseas, showed any signs of being controlled from here, British income tax would be payable by the concern that so controlled it, and, therefore, to avoid double taxation, a British concern operating overseas must transfer the control overseas also, with every likelihood of eventually completely severing this link, so that it might buy locally, or from Germany or America, instead of being a kind of tied order-giver to this country. In fact, their income tax laws not only drove companies to register abroad, but insisted on them being free from British control, thus handing over those assets to foreign management, and Americans and others were usually ready to buy such control.

SUGGESTED INCOME-TAX REFORM.

The only way to rectify this unfortunate state of affairs would be to make income-tax laws for overseas concerns different from those at home. For instance, to avoid penalising such companies and driving them away altogether, they should see that the local foreign shareholder was free from British tax, and that allowances for reserves and depreciation were as favourable as those permitted by the taxation laws of the overseas country concerned.

To show how a British company could be hit at home and abroad, he would mention that, although Argentine Estates of Bovril, Ltd., were probably the largest owners of cattle in Argentina, and farmed at least as industriously as any, they had recently been dubbed absenteees in two provinces, simply because the company was registered in England. The penal taxation in one province meant a 100 per cent. addition to their land tax.

The report and accounts were unanimously adopted. Proposing the re-election of the Duke of Atholl as a director, Sir James Crichton-Browne, M.D., LL.D., F.R.S., said the Duke brought to the service of the board an honoured name, a large and varied knowledge of affairs, and a genial personality, and one further very special qualification for the post in a confirmed faith in Bovril.

The resolution was carried unanimously.

SOUTH SUBURBAN GAS COMPANY.

OFFICIAL "STUMPING" FOR ELECTRICITY.

The annual ordinary meeting of the proprietors of the South Suburban Gas Company was held on the 13th instant, at the Cannon Street Hotel, London, Mr Charles Carpenter (the chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said: Taking the year as a whole we have done rather more than pay our way, and we consider there is full justification in our results for the payment of dividend on the ordinary stock at the same rate as last year, namely, 6½ per cent. per annum.

Speaking generally, we have had worse years than the past one, and we have also had better. We may, however, sleep contented in our beds, to use the late Lord Fisher's expression for security, were it not for the fact that a cloud of unknown portent hangs over us, as over the entire gas industry to-day. I allude, of course, to the remarkable and extraordinary attitude taken up by one of the Ministers of State in the matter of the sale of electric energy. Parliament has never discussed nor, I suggest, visualised the extermination of gas undertakings. It has always regarded them as having a permanence similar to waterworks, railways, harbours, and so forth. With this in mind it has hedged round their financial activities with all kinds of restrictions. The evidence of the last fifty years has shown there is an important field of usefulness which the gas industry can occupy, notwithstanding the competition of its more fashionable rival, electricity. If the choice of use is left to the public's unfettered judgment I have no fear whatever of the result. I do not want to be disrespectful to a high official of State, but I feel bound to deplore his action of "stumping" the country, and advocating a method of relieving industrial distress by a panacea the wildest and most extravagant that could be conceived. Only in England, I believe, would it be possible to put forward a case like that fathered by the Minister of Transport. Who would imagine that any municipality would commit such an act of sabotage as to fill up with liquid cement the gas pipes in houses of which they were owners so as to prevent their tenants enjoying the source of light or heat they preferred? The gas industry asks but one thing—a fair deal. It asks that every member of the public, wherever he lives and whoever's house he occupies, may have free choice as to how he may light it, cook in it, warm it; in fact, how he may occupy it.

The resolution was carried unanimously.

BAH LIAS RUBBER ESTATES, LIMITED.

MR ERIC MILLER ON THE STATISTICAL POSITION.

The twentieth annual ordinary general meeting of the Bah Lias Rubber Estates, Limited, was held, on the 18th instant, at 2, 3 and 4 Idol Lane, London.

Mr H. Eric Miller (the chairman), in moving the adoption of the report and accounts, said that after deducting the loss of £1,595 from the unappropriated profit brought forward, there remained to the credit of profit and loss account £49,222, which it was proposed should be carried forward. As would be seen from the balance sheet, the financial position of the company was a strong one, for which they could not be too thankful in these difficult times.

In conclusion, the chairman said: I do not intend to go into detailed statistics with you, but the fact remains that, in spite of a reduction in output by a proportion of producers, the shipments of rubber during 1930 were more than 110,000 tons greater than the absorption by manufacturers. Even in the month of January, 1931, the output was nearly 70,000 tons, against a world absorption of less than 55,000 tons, and this in spite of the fact that a number of producers are definitely curtailing their tapping operations. "None are so blind as those that will not see" and it is almost waste of time to stress, as I have repeatedly done, the utter folly of continuing a policy of full output as so many producers are still doing. The history of 1921-22 in that respect is just repeating itself. A continuance of over-production will force the price of rubber still lower, and, unless there is intervention by the Governments concerned, financial distress will gradually bring about the elimination of the weaker units.

Stocks of tyres and other manufactured rubber goods have been reduced during 1930, but until definite indications of improving trade bring about a return of confidence, it is more than likely that users will continue to run their tyres out and the manufacturers to keep their stocks of tyres and manufactured goods on the low side. It is no use producers banking on an upward turn coming unless and until they bring their own rate of production into harmony with the demand by manufacturers. We are satisfied that our policy of selective tapping and moderated production is the only sensible one. If all producers would shape their policy accordingly the industry might be put on a much sounder basis in a short space of time.

The reports and accounts were unanimously adopted.

BRITISH AND HUNGARIAN BANK, LIMITED, BUDAPEST.

RESULTS OF THE PAST YEAR.

DEVELOPMENT OF THE BANK'S BUSINESS.

The board of directors of the British and Hungarian Bank, Ltd., considered at its meeting held on February 12, 1931, the final accounts for the business year 1930 (the 40th of the company).

The balance sheet figures prove another development of the general business of the bank. The following are the main balance sheet items as of December 31, 1930, the respective figures for 1929 are quoted in parenthesis:—

PROFITS AND ALLOCATIONS.

Gross profits P. 8 millions (P. 8.1 millions). Net profits P. 3,408,055.38 (P. 3,482,618.92).

Therefrom on 460,000 shares 11 per cent. dividend will be paid, i.e., P. 5.50 per share, being altogether P. 2,530,000 (last year on 360,000 shares P. 7 each, i.e., 14 per cent., totalling P. 2,520,000).

Allocations to reserve fund P. 250,000 (P. 250,000), and to pension reserve P. 325,000 (P. 325,000). Balance carried forward to 1931 P. 183,348 (P. 172,161).

BALANCE SHEET.

Own capital P. 40 millions. Deposits and creditors P. 146.5 millions (P. 132 millions). Own dollar and pound sterling mortgage bonds outstanding P. 11.1 millions (P. 11.3 millions). Cash in hand P. 15.7 millions (P. 12.4 millions). Bills P. 64.4 millions (P. 63 millions). Turnover of bills discounted P. 358 millions (P. 315 millions). Advances on securities quoted on the Stock Exchange P. 2.1 millions (P. 3.1 millions). Advances on grain P. 9.1 millions (P. 4 millions). Debtors P. 69.6 millions (P. 65.1 millions). Sinking fund mortgage loans P. 12.4 millions (P. 12.6 millions). Total of balance P. 211.5 millions (P. 196.3 millions).

STOCKS AND SECURITIES.

Stocks and securities held have been included under observance of same severe estimates as in the past. Naturally, the very considerable fall in prices caused by Stock Exchange depression has been fully considered in the balance sheet.

SATISFACTORY PROFITS.

The profits stated, which exclusively show results of the bank's general business, are very satisfactory, for they were made without any dividend being received on the shares of the International Machinery Trading Company, Ltd. Owing to the world agricultural crisis the latter company only attained during the past business year 60 per cent. of its turnover of the year before, and consequently the net profits it made were considerably lower than those in 1929. These profits, under agreement with the large foreign shareholders of the said company, will be allocated to reserves.

On the occasion of the forty years' anniversary celebration of the company, the board of directors will propose to the general meeting that the pension reserve, which, as stated above, is being increased to P. 2,000,000, should be allocated to the strengthening of the bank's pension fund and also to the benefit of the old pensioners' pension and assistance fund.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended February 14, 1931, amounted to £31,030,700 against ordinary expenditure of £4,951,400. After allocating £620,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £452,741, the week's operations, as shown below, reduced the National Debt by £25,912,000 to £7,681,597,000:—

(000's omitted.)

National Savings Certificates	+ 800	Public Department Advances	- 4,350
		Treasury Bills	- 21,762
		4% War Loan paid off	- 200
		P.O. Telegraph Money	- 400
	+ 800		- 26,712

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Feb. 14, 1931.	April 1, 1929, to Feb. 15, 1930.	Week ended Feb. 14, 1931.	Week ended Feb. 15, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	250,000,000	169,636,000	162,050,000	19,718,000	16,410,000
Sur-tax, including Arrears of Super-Tax	64,500,000	39,070,000	33,530,000	4,280,000	3,240,000
Estate, &c., Duties	83,000,000	70,180,000	69,340,000	1,090,000	1,230,000
Stamps	27,000,000	15,710,000	19,800,000	590,000	380,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	390,000	540,000	...	90,000
Total Inland Revenue	437,000,000	294,986,000	285,270,000	25,678,000	21,350,000
Customs and Excise—					
Customs	122,710,000	104,084,000	104,627,000	1,920,000	1,866,000
Excise	129,860,000	108,520,000	111,310,000	1,720,000	1,710,000
Total Customs and Excise	252,570,000	212,604,000	215,937,000	3,640,000	3,576,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,439,041	4,437,468	Dr 269,000	41,000
Post Office (Net Receipts)	10,125,000	12,550,000	12,600,000	600,000	700,000
Crown Lands	1,300,000	1,210,000	1,190,000	...	...
Receipts from Sundry Loans	33,000,000	29,854,576	25,415,374	4,999	...
Miscellaneous Receipts	34,500,000	28,399,996	32,842,919	1,376,709	1,581,791
Appropriation from Rating Relief Suspense Account	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	600,047,713	577,692,761	31,030,708	27,248,791
SELF-BALANCING REVENUE.					
Post Office	60,275,000	49,550,000	49,100,000	1,000,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,589,959	21,590,532	486,000	210,000
Total Self-Balancing Revenue	83,835,000	72,139,959	70,690,532	1,486,000	1,210,000
Total		672,187,672	648,383,293	32,516,708	28,458,791

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Feb. 14, 1931.	April 1, 1929, to Feb. 15, 1930.	Week ended Feb. 14, 1931.	Week ended Feb. 15, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	283,120,511	300,707,131	709,865	638,707
Payments to Northern Ireland Exchequer	6,000,000	4,871,733	4,248,162	...	...
Payments to Local Taxation Accounts	3,300,000	2,311,454	8,245,313	1,584	190,000
Other Consolidated Fund Services	...	...	2,826,783	...	...
Supply Services (excluding Post Office)	429,433,000	364,625,467	318,289,278	4,240,000	9,950,000
Total Ordinary Expenditure	743,333,000	654,929,165	634,316,667	4,951,449	10,778,707
Sinking Fund	55,400,000	43,116,623	40,622,778	620,000	615,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	49,550,000	49,100,000	1,000,000	1,000,000
Road Fund	23,560,000	22,589,959	21,590,532	486,000	210,000
Total Self-Balancing Expenditure	83,835,000	72,139,959	70,690,532	1,486,000	1,210,000
Total		770,185,747	745,629,977	7,057,449	12,603,707

The aggregate revenue and expenditure to February 14, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO FEBRUARY 14TH.		(000's omitted.)	
Expenditure	£ 654,929	Revenue	£ 600,048
Sinking Fund	43,117	Decreases in balances	3,374
		Net Amount borrowed	94,624
	698,046		698,046

POSITION OF THE FLOATING DEBT.		Movement.	
Ways and Means Advances Out- standing—	Feb. 15, '30.	Mar. 31, '30.	Feb. 14, '31.
Advances by Bank of England	£ 47,730,000	£ 48,530,000	£ 33,250,000
Advances by Public Departments	678,440,000	585,885,000	645,400,000*
Treasury Bills outstanding	...	...	...
Total Floating Debt	726,170,000	637,415,000	679,650,000

* Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on February 13, 1931, and the total amount applied for was £35,415,000. Tenders were accepted for bills at three months, dated Monday, at 99 7/8. 7d., and above 92 per cent. and above in full, Tuesday at 99 7/8. 9d., and above in full, and Wednesday to Saturday at 99 7/8. 7d., about 92 per cent. and above in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1931.			
Jan. 7	30,000,000	53,870,000	2 5 11-43
Jan. 30	30,000,000	53,990,000	2 8 5-77
Feb. 6	30,000,000	44,180,000	2 8 8-37
Feb. 13	30,000,000	35,415,000	2 10 7-15

The Bankers' Gazette.

BANK OF ENGLAND.
Return for Week ended Wednesday, February 18, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Securities	£
In Circulation	344,130,524	Other Government Securities	230,779,510
In Banking Department	56,312,073	Other Securities	13,844,512
		Silver Coin	4,360,878
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	140,442,597
	£400,442,597		£400,442,597

BANKING DEPARTMENT.		BANKING DEPARTMENT.	
Proprietors' Capital	£ 14,553,000	Government Securities	£ 36,154,952
Reserve	3,603,347	Other Securities—	
Public Deposits	15,167,040	Discounts and Advances	£ 9,688,839
Other Deposits	£61,145,540	Securities	24,714,576
Other Accounts	33,144,077		34,403,415
	94,283,617	Notes	56,312,073
7-Day and other Bills	1,502	Gold and Silver Coin	764,066
	£127,614,506		£127,614,506

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Inc. or Dec. on Last Week.	
Date.	Amount, £ Feb. 18, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	344,130,524	- 3,114,901	- 1,450,249
Public deposits	15,167,040	+ 1,564,403	+ 1,295,819
Bankers' deposits	61,145,540	+ 3,490,043	+ 1,978,519
Other deposits	33,144,077	- 815,783	- 1,272,594
Seven-day bills	1,502	- 898	- 2,017
Total, outside liabilities	453,588,583	+ 1,222,864	+ 549,478
Capital and rest	18,156,347	+ 25,041	- 50,627
Government debt and securities	277,929,562	- 980,083	- 5,257,042
Discounts and advances	9,688,839	+ 91,747	+ 4,956,071
Other securities	38,559,088	+ 2,178,698	+ 11,341,257
Silver coin in issue department	4,360,878	- 1,961	- 99,598
Coin and bullion (bank's reserve)	141,206,663	- 40,496	- 10,431,837
Reserve of notes and coin in banking department	57,076,139	+ 3,074,405	- 8,981,588
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	52 1/2 %	+ 1/2 %	- 9 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	31 1/2 %	- 1/2 %	- 2 1/2 %

(000's omitted.)

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.					
Jan. 7	£ 405,916	£ 363,505	£ 13,206	£ 68,875	£ 33,293
14	404,543	349,943	22,377	64,711	33,413
21	402,220	346,462	22,324	68,813	33,385
26	399,486	345,824	19,350	55,162	33,368
Feb. 4	400,351	349,486	9,861	62,576	33,568
11	400,528	347,245	13,503	57,655	33,960
18	400,443	344,131	15,167	61,146	33,144

(000's omitted.)

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.							
Jan. 7	£ 244,158	£ 11,477	146,558	53,081	14,358	22,912	£ 43,053
14	244,162	11,477	145,150	52,026	8,356	22,955	55,207
21	244,161	11,477	142,862	29,946	10,995	25,959	66,400
28	243,161	12,477	140,141	31	41,085	9,748	53,317
Feb. 4	243,159	12,477	141,040	31	43,030	6,325	51,554
11	242,490	13,147	141,247	31	36,420	9,597	54,002
18	241,795	13,845	141,207	31	36,135	9,689	57,076

BANKERS' CLEARING RETURNS (000's omitted.)

		Town.	Metropolitan.	Country.	Total.
1931.					

BANK OF FINLAND.—In F. Marks (000's omitted).

BANK OF FINLAND.—In F. Marks (000's omitted).						
ASSETS.		Position, May 30, 1914.	Feb. 8, 1913.	Jan. 23, 1913.	Jan. 31, 1913.	Feb. 7, 1913.
Gold		35,091	301,280	300,940	300,873	300,873
Balance abroad and foreign bills		90,379	754,941	917,482	922,205	905,841
Finnish and Foreign Government securities		218,826	322,430	371,289	372,243	371,692
Discounts and loans		105,151	1,356,796	888,187	855,882	834,846
LANDS.						
Notes in circulation		123,941	1,247,407	1,270,616	1,230,609	1,229,596
Deposits at notice		21,225	315,247	212,311	131,017	102,897

BANK OF ESTONIA.—In Est. kronas (000's omitted).

	Feb. 7, 1930.	Jan. 15, 1931.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1932.
ASSETS.					
Gold coin and bullion	6,443	6,560	6,556	6,566	6,530
Net foreign exchange	18,775	15,496	16,292	16,221	15,500
Subsidiary Estonian coin	726	1,950	1,831	1,898	1,951
Home bills discounted	15,230	12,341	12,249	12,475	12,258
Loans and advances	12,189	12,358	12,350	11,985	10,885
LIABILITIES.					
Notes in circulation	31,633	30,982	34,079	33,314	32,725
Sight deposits and current accounts	16,732	15,482	13,424	14,886	13,122
Ratio of reserve to current liabilities	52:14	47:47	48:09	47:24	47:22

BANK OF LATVIA.—In lats (gold francs) (000's omitted)

	Feb. 12, 1930.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 25, 1931.	Feb. 4, 1931.	Feb. 11, 1931.
ASSETS.						
Gold bullion and coins.....	23,942	24,070	24,070	24,069	24,070	24,070
Silver coin.....	6,466	6,065	6,174	6,238	6,421	6,438
Balance abroad.....	42,993	32,551	33,030	33,050	33,167	31,929
Treas. notes and am. change.....	15,321	14,812	14,716	14,138	14,404	15,375
Short term bills.....	93,909	85,525	85,909	85,950	86,112	85,487
Loans against securities.....	54,950	69,674	69,761	71,622	71,626	72,257
Other assets.....	13,657	19,502	21,015	19,525	18,387	18,658
LIABILITIES.						
Notes in circulation.....	46,150	48,287	47,758	48,547	47,312	46,400
Capital paid up.....	17,017	18,735	18,735	18,735	18,735	18,735
Reserve.....	3,661	4,352	4,352	4,352	4,352	4,352
Special reserve.....	3,590	3,590	3,590	3,590	3,590	3,590
Deposits.....	25,157	25,160	20,562	20,715	20,900	20,947
Current account.....	64,043	57,160	67,623	67,723	67,723	67,723
Government accounts.....	87,750	86,870	85,099	83,524	84,527	81,134
Other liabilities.....	12,524	13,105	12,593	12,595	12,108	11,312

LONDON RATES

	Feb. 12, 1931.	Feb. 13, 1931.	Feb. 14, 1931.	Feb. 16, 1931.	Feb. 17, 1931.	Feb. 18, 1931.	Feb. 19, 1931.
Bank rate (changed from 3½% May 3, 1930)	3%	3%	3%	3%	3%	3%	3%
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½— 2	2½— 2	2½— 2	2½
3 months' do.	2½— 2	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½— 2	2½	2½— 2	2½	2½— 2	2½— 2
6 months' do.	2½— 2	2½— 2	2½— 2	2½— 2	2½	2½	2½
Discount Treasury Bills —							
2 months'	2½	2½— 2	2½	2½	2½— 2	2½— 2	2½— 2
3 months'	2½	2½— 2	2½	2½	2½— 2	2½— 2	2½— 2
Loans—Day to day	2— 3	2— 2	2— 3	2— 3	2— 3	2— 2	2— 2
short	2— 2	2— 2	2— 2	2— 2	2— 2	2— 2	2— 2
Deposit allowances: Bank							
Discount houses at call	1½	1	1	1	1	1	1
At notice	1	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1951.		%	%	%	%	%	%
Jan. 29	2-21	2 7/8	2 1/2	2 1/2	3	3 1/2	4
Feb. 5	2-21	2 7/8	2 1/2	2 1/2	3	3 1/2	4
" 12	2-21	2 7/8	2 1/2	2 1/2	3	3 1/2	4
" 19	2-21	2 7/8	2 1/2	2 1/2	3	3 1/2	4

RATES OF EXCHANGE

London on	Usance.	Par.	Feb. 20, 1930.	Feb. 12, 1931.	Feb. 19, 1931.
New York.....	dollars to £1	Cable	4-86½	4-86-86½	4-85½
Montreal	dollars to £1	Cable	4-86½	4-85½-86½	4-85½
Paris	frances to £1	T.T.	12-21	124-25-27	123-90-92
Berlin	marks to £1	T.T.	20-43	20-46½	20-44½
Amsterdam.....	florins to £1	T.T.	12-107	12-12½	12-10½
Brussels	belgas to £1	T.T.	35-00	34-89-90	34-86½-87
Milan	lire to £1	T.T.	92-46	92-83-85	92-80-82
Borneo	baucos to £1	T.T.	25-22	25-18½	25-18-18½
Sole	krone to £1	T.T.	18-159	18-18½	18-18½

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS	Feb. 10, 1930	Jan. 10, 1931	Jan. 20, 1931	Jan. 31, 1931	Feb. 10, 1931
Gold.....	700,953	562,288	562,393	562,483	562,557
Of which held abroad	179,555	77,396	77,396	77,396	77,396
Foreign currencies.....	467,498	399,719	388,385	384,792	373,004
Bills discounted.....	765,126	642,273	627,602	622,881	604,209
Loans against securities	79,214	85,581	89,083	100,364	91,078
Reserve fund facilities	82,155	86,473	87,804	90,717	90,717
LIABILITIES					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve funds.....	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,208,149	2,041,660	1,154,465	1,276,555	1,199,720
Current accounts.....	483,840	280,261	308,992	184,828	227,565

RUSSIAN STATE BANK.—Note-Issuing Department.

* As from October 13, 1927, 8-91 slots equals 1 U.S. dollar.

RUSSIAN STATE BANK.—Note-Issuing Department.
(In Tchernovets—600's omitted.) (NOTE: 1 Tchernovets = 10 gold roubles.)

	Feb. 16, 1930.	Jan. 1, 1931.	Jan. 16, 1931.	Feb. 1, 1931.	Feb. 16, 1931.
ASSETS.					
Gold in coin and bullion	28,581	48,364	48,364	48,361	48,359
Other precious metals	236	2,226	3,289	2,189	2,073
Foreign currency	6,406	5,207	5,120	4,239	4,165
Drugs in foreign currency	295	302	305	305	257
Collateral for short-term loans	113,323	155,900	157,025	157,886	156,147
LIABILITIES.					
Bank notes transferred to State Bank	151,011	210,041	210,235	210,835	209,292
Balance to which notes may					

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Amsterdam.....	Jan. 24, 1931 3 2½	Oslo.....	Nov. 7, 1930 2 ½
Athens.....	Dec. 2, 1928 10 9	Paris.....	Jan. 2, 1931 2 ½
Batavia.....	Mar. 10, 1930 5 ½	Prague.....	June 24, 1930 4 ½
Belgrade.....	May 28, 1930 6 ½	Pretoria.....	Sept. 29, 1930 6 ½
Bombay.....	Oct. 9, 1930 4 5	Reval.....	Oct. 4, 1930 8 7
Brussels.....	July 31, 1930 3 2½	Riga.....	Oct. 1, 1930 7 6a
Bucharest.....	Nov. 23, 1929 9 ½	Rome.....	May 20, 1930 6 ½
Budapest.....	May 28, 1930 6 ½	Sofia.....	Jan. 29, 1931 10 9
Calcutta.....	Jan. 15, 1931 6 7	Stockholm.....	Feb. 5, 1931 3 ½
Copenhagen.....	Nov. 12, 1930 4 5	Swiss Bank	
Danzig.....	Oct. 10, 1930 4 5	places.....	Jan. 22, 1931 2 ½
Helsingfors.....	Aug. 26, 1930 6 ½	Tokio.....	Oct. 6, 1930 5 4-11
Kovno.....	Apr. 1, 1930 7 6	Vienna.....	Sept. 9, 1930 5 ½
Lisbon.....	June 2, 1930 8 7½	Warsaw.....	Oct. 3, 1930 6 7½
New York Fed- eral Reserve.....	Dec. 23, 1930 2 ½	Irish.....	May 1, 1930 4 ½
Madrid.....	July 17, 1930 5 ½		

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Feb. 19, 1931.	Jan. 21, 1931.	Jan. 28, 1931.	Feb. 4, 1931.	Feb. 11, 1931.	Feb. 18, 1931.
Call money.....	4 ½	4 ½	4 ½	4 ½	4 ½	4 ½
Time money (90 days) mixed coll.....	4 ½	4 ½	4 ½	4 ½	4 ½	4 ½
Bank acceptances:—						
Members—eligible 90 days.....	3 ½	3 ½	3 ½	3 ½	3 ½	3 ½
Non-mem.—eligible 90 days.....	3 ½	3 ½	3 ½	3 ½	3 ½	3 ½
Indefinite, 90 days.....	4 ½	4 ½	4 ½	4 ½	4 ½	4 ½
Commercial accept 90 days.....	4 ½	4 ½	4 ½	4 ½	4 ½	4 ½

Rates of Exchange, New York on—	Par Level.	Feb. 19, 1931.	Feb. 4, 1931.	Feb. 11, 1931.	Feb. 18, 1931.
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London—					
60 days.....		4-86 ½	4-86 ½	4-86 ½	4-86 ½
Cable.....		4-86 ½	4-86 ½	4-86 ½	4-86 ½
Cheques.....		4-86 ½	4-86 ½	4-86 ½	4-86 ½
Paris.....	Cents for 1 franc	3-91 ½	3-91 ½	3-91 ½	3-91 ½
Brussels.....	Cents for 1 franc	13-90	13-90	13-90	13-90
Switzerland.....	Cents for 1 franc	19-27 ½	19-27 ½	19-27 ½	19-27 ½
Italy.....	Cents for 1 lire	5-26 ½	5-26 ½	5-26 ½	5-26 ½
Berlin.....	Cents for 1 mark	23-31	23-31	23-31	23-31
Vienna.....	Cents for 1 schilling	14-07	14-07	14-05 ½	14-05 ½
Madrid.....	Cents for 1 peseta	19-30	12-46	10-12 ½	9-96
Amsterdam.....	Cents for 1 guilder	40-195	40-065	40-17	40-10 ½
Copenhagen.....	Cents for 1 kroner	26-80	26-745	26-73 ½	26-73 ½
Oslo.....	Cents for 1 kroner	26-80	26-71	26-73 ½	26-73 ½
Stockholm.....	Cents for 1 krona	26-80	26-73 ½	26-73 ½	26-73 ½
Athens.....	Cents for 1 drachma	1-297	1-295	1-295	1-295
Montreal.....	Can. Cents for \$1	100	100	100	100
Yokohama.....	Cents for 1 yen	49-85	49-10	49-40	49-45
Hong Kong.....	Cents for 1 Hong Kong dollar	38-15	38-15	38-15	38-15
Shanghai.....	Cents for 1 shilling	48-00	30-00	30-00	30-00
Calcutta.....	Cents for 1 rupee	36-50	36-50	36-50	36-50
Buenos Aires.....	Gold Pesos for \$100	103-65	116-50	144-25	139-40
Rio de Janeiro.....	Cents for 1 milreis	32-42	11-40	8-85	8-70
Valparaiso.....	Cents for 1 peso	12-125	12-00	12-01	12-02

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Rate.
Ecuador.....	Sucres to £	24-3325	Sight London	24-52
Venezuela.....	Bolivaros to £	25-25	"	27-70
Colombia (Bogota).....	Pesos to £	5	"	5-03 ½
Nicaragua.....	Centavos to £	4-8665	"	4-92
Salvador.....	Colonos to £	9-73	"	9-83
Bolivia.....	Bolivianos to £	13-33	"	13-45

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.	Union of South Africa.
	From November 3, 1930.	From November 25, 1929.
	London on South Africa.	South Africa on London.
	Buying.	Selling.
T.T.	11 ½	11 ½
Demand	11 ½	11 ½
30 days	11 ½	11 ½
60 days	11 ½	11 ½
90 days	11 ½	11 ½
120 days	11 ½	11 ½

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.
	Buying.	Selling.
	Australia.	New Zealand.
T.T.	130	109 ½
Sight	131 ½	111 ½
30 days	132 ½	112 ½
60 days	133 ½	113 ½
90 days	134 ½	114 ½

* All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

The following statistics of imports and exports of gold for week ended February 19, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
France.....	Poland.....
British W. Africa.....	Germany.....
British S. Africa.....	Netherlands.....
British Guiana.....	France.....
Other countries.....	Switzerland.....
	Austria.....
	Morocco.....
	Kenya.....
	Other Countries.....
Total declared value of imports.....	Total declared value of exports.....

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	1931.	WITHDRAWALS.
Feb. 13	Nil	Feb. 13	Bars sold.....
14	Nil	14	Sovs. for export.....
15	Nil	15	Sovs. for export.....
16	Nil	16	Sovs. for export.....
17	Nil	17	Sovs. for export.....
18	Nil	18	Sovs. set aside.....
19	Nil	19	Sovs. for export.....
Total.....	4	Total.....	79,991

Net withdrawals, £79,987.

Messrs Samuel Montagu and Company write on February 18, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £140,527,954 on the 11th instant (as compared with £140,350,917 on the previous Wednesday), and represents a decrease of £7,097,668 since December 31, 1930. About £950,000 of bar gold arrived from South Africa this week, nearly all of which had been sold forward to France. The same quarter also secured £20,000 of the £75,000 which was available in the open market yesterday, the remaining £55,000 being taken for India and the Home and Continental trades. Movements of gold at the Bank of England during the week have resulted in a net efflux of £88,367. Receipts totalled £864 and withdrawals £89,231; of the latter, £20,833 was in sovereigns "set aside," £16,000 in sovereigns taken for export, and £52,398 in bar gold.

SILVER.

The recovery in prices made at the end of last week was not maintained, buyers showing hesitation at the higher level. Offerings on China account met with poor resistance and falls of ½d. on both the 12th and 13th instant brought quotations down to 12½d. for cash and 12d. for two months' delivery. Covering operations on account of the Indian Bazaars caused only temporary improvement, bears as yet showing no disposition to follow a rising market. America has been willing to sell, but support was also forthcoming from the same quarter. Owing to the China New Year holidays, which commenced yesterday, the market was quiet at the close of the week. The following were the United Kingdom imports and exports of silver registered from mid-day on the 9th instant to mid-day on the 16th instant:—

IMPORTS.	EXPORTS.
U.S.A.....	British India.....
Mexico.....	Other countries.....
Canada.....	
Other countries.....	

£148,487 £142,597

No fresh Indian Currency Returns have come to hand. The stocks in Shanghai on the 15th instant consisted of about 91,000,000 ounces in sycee, 153,000,000 dollars and 940 silver bars, as compared with about 91,000,000 ounces in sycee, 153,000,000 dollars, and 1,530 silver bars on the 7th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash		Cash.
1931.		Forward		
Feb. 13.....	84 11 ½	12 ½	Feb. 27, 1925	32 ½
" 14.....	84 11 ½	12 ½	" 26, 1926	30 ½
" 16.....	84 11 ½	12 ½	" 25, 1927	26 ½
" 17.....	84 11 ½	12 ½	" 23, 1928	26 ½
" 18.....	84 10 ½	12 ½	" 21, 1929	25 ½
" 19.....	84 11 ½	12 ½	" 20, 1930	19 ½

NOTICES.

The Midland Bank announces the opening of a new branch at 219 and 221 Stamford Street, Ashton-under-Lyne, Lancs.

The Westminster Bank have opened a new branch at 13 and 15 Upper Green, Mitcham.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Bent's Brewery Co.	Dec. 31	53,303	93,597	146,900	16,275	25,187	16½	24,000	81,438	82,910	15
Meux's Brewery Co.	Dec. 31	128,053	208,889	336,942	21,002	120,640	15	7,000	188,300	205,208	15
Canals and Docks.											
Manchester Ship Canal	Dec. 31	27,566	279,790	307,356	197,138	75,028	2	7,000	28,190	379,503	3½
Electric Lighting, &c.											
Smithfield Markets Electric	Dec. 31	2,781	8,186	10,967	...	4,800	8	3,500	2,667	8,073	8
St. James' and Pall Mall ...	Dec. 31	100,462	98,385	198,847	7,000	52,900	1/6-949	63,681	75,266	100,391	1/6-949
Westminster Electric.....	Dec. 31	25,574	242,508	268,082	24,750	110,824	1/9-12	102,825	29,683	219,444	1/9-12
Financial Land, &c.											
Nat. Mort. & Ag. Co. of N.Z.	Sept. 30	15,177	21,286	36,463	...	22,649	7½†	...	13,814	30,860	12½†
Gas.											
Barnet District Gas	Dec. 31	28,269	42,573	70,842	...	36,586	7	2,500	31,756	39,334	7
Newcastle-upon-Tyne, &c.,	Dec. 31	56,353	138,847	195,200	27,314	110,796	5½	...	57,090	143,981	5½
Rosendale Union Gas	Dec. 31*	7,494	4,880	12,374	...	4,451	...	388	7,553	4,523	...
Scarborough Gas.....	Dec. 31	4,208	18,364	22,572	3,688	13,876	5½	269	4,739	19,880	5½
Sheffield Gas	Dec. 31	74,884	79,666	154,550	...	86,848	6½	...	67,702	78,438	6½
Southampton Gaslight, &c.	Dec. 31	1,709	38,713	40,422	5,890	27,414	5	...	7,208	32,269	5
South Shields Gas	Dec. 31	14,051	16,300	30,351	...	13,820	8½	1,500	14,363	14,952	8½
Swindon United Gas	Dec. 31	7,589	9,015	16,604	567	3,233	5½	...	12,804	5,963	5½
Wandsworth Gas	Dec. 31	16,727	101,885	118,612	...	112,442	7	...	6,170	77,940	...
Hotels, Restaurants, &c.											
Holborn and Frascati	Dec. 31	16,929	45,766	62,695	7,500	29,000	12½	10,000	16,195	46,790	12½
Langham Hotel	Dec. 31	25,472	11,151	36,623	...	17,773	12½†	...	18,850	12,257	12½†
Iron, Coal and Steel.											
Bolsover Colliery	Dec. 31	43,835	163,655	207,490	62,500	51,684	2½	50,000	43,306	201,514	3½
Mather and Platt	Dec. 31	109,855	132,946	242,801	20,000	136,366	10†	30,682	55,753	228,398	15†
Motor and Cycle.											
Crossley Motors	Oct. 31	5,705	Dr. 49,823	Dr. 44,118	...	...	...	...	Dr. 44,118	2,025	...
Willy's Overland Crossley...	Dec. 31	66,376	Dr. 62,263	4,113	...	...	...	...	4,113	21,885	...
Shipping.											
France, Fenwick (Wm.).....	Dec. 31	10,853	63,892	74,745	6,394	29,062	5	21,527	17,762	58,574	6
Isle of Man Steam Packet...	Dec. 31	13,449	28,273	41,722	...	30,000	5	...	11,722	34,417	6
King Line	Dec. 31	40,260	Dr. 14	40,246	...	...	...	...	40,246	24,002	6
Shops and Stores.											
Freeman, Hardy and Willis	Dec. 31	102,696	268,537	371,233	45,000	95,000	20 (a)	...	100,608	270,865	20 (a)
Maple and Co.	Dec. 31	33,676	217,961	251,637	60,000	162,000	55 (b)	3,000	26,637	274,741	55 (b)
Sears (J.) and Co.	Dec. 31	134,024	323,416	457,440	173,046	125,157	9	25,000	134,237	314,580	12½
Spencer Turner and Boldero	Jan. 15	39,044	36,755	75,799	10,800	22,825	22½†	5,000	37,174	40,634	22½†
Textiles.											
Barlow and Jones	Dec. 31	68,965	51,707	120,672	30,081	20,000	5†	...	70,591	100,034	10†
Fleming, Reid and Co.	Dec. 31	50,721	105,023	155,744	8,138	81,375	15	25,000	41,231	139,687	15
Henry (A. and S.) and Co.	Nov. 30	160,361	Dr. 174,076	13,715	5,000	...	...	...	8,715	Dr. 5,009	...
Rylands and Sons	Dec. 31	20,902	106,893	127,795	93,000	62,000	4	Dr. 100,000	72,795	225,908	8
Tramways and Omnibuses.											
Tyneside Tramways, &c. ...	Dec. 31	85	77	162	...	...	...	...	162	...	...
Trust.											
British Assets Trust	Jan. 15	38,659	226,609	265,268	86,952	69,169	20	58,741	50,406	209,671	20
Edinburgh & Canad. Invest.	Jan. 15	1,480	12,327	13,807	5,000	5,000	5	...	3,807	12,176	5½
General Invest. and Trustees	Jan. 31	4,356	72,552	76,908	13,810	52,173	17	6,000	4,925	80,966	17
London Border and General	Jan. 31	6,759	68,300	75,059	34,875	23,350	5	10,000	6,834	72,555	5
Merc. Invest. & Gen. Trust	Jan. 31	54,239	342,795	397,034	67,812	223,781	16½	50,000	55,441	335,560	16½
Premier Investment Co. ...	Jan. 31	20,912	118,031	138,943	45,000	60,000	10	...	33,943	122,908	10
Telephone & General Trust	Dec. 31	2,567	77,114	79,681	40,918	12,126	8	...	26,637	35,909	6
Union Commercial Invest.	Jan. 31	4,203	48,684	52,887	22,500	24,000	8	...	6,387	52,329	8
Waterworks.											
Newcastle and Gateshead	Feb. 1	45,993	133,859	179,852	55,253	76,170	9	...	48,429	138,714	9
Sutton District Water Co....	Dec. 31	13,358	39,793	53,151	7,188	24,390	6½	6,000	15,573	37,596	10
Tendring Hundred Water...	Dec. 31	12,625	14,047	26,672	3,356	7,736	7½	2,500	13,080	14,993	7½
Other Companies.											
Birmingham Rly. Carriage	Dec. 31	34,127	79,778	113,905	4,650	76,800	10	...	32,455	67,411	10
City Offices Co.	Dec. 31	1,234	35,620	36,854	1,299	27,272	31/- p.s.	7,000	1,283	35,122	30/p.s.
Cook, Son and Co. (St. Paul's)	Dec. 31	7,973	125,326	133,299	85,313	50,069	5	Dr. 41,846	39,763	147,740	2½
Cory (Horace) and Co.	Dec. 31	419	3,356	3,755	2,750	...	...	...	1,005	4,350	2½
Crossley Brothers	Dec. 31	157,403	30,205	187,608	28,238	...	...	70,000	89,370	60,341	...
Ferguson, Shiers and Co....	Dec. 31	...	17,387	17,387	...	12,500	10	3,500	1,387	...	...
Liverpool Daily Post, &c....	Dec. 31	20,675	234,741	255,416	10,000	175,000	25	50,000	20,416	263,716	25
Lon. & Th. Hav. Oil Whar.	Dec. 31	112,446	180,858	293,304	1,085	146,250	15†	...	145,969	176,434	15†
London Pavilion	Dec. 31	4,575	17,046	21,621	3,000	7,800	8½	3,000	7,821	...	...
Moss' Empires	Dec. 31	61,431	92,889	154,320	18,553	61,026	10	28,333	46,408	103,680	15
Oxford and Shipton Cement	Dec. 31	Dr. 44,587	6,773	Dr. 37,814	...	...	...	...	Dr. 37,814	Dr. 37,930	...
Perry and Co.	Dec. 31	32,298	24,146	56,444	11,659	12,428	10	...	32,357	32,373	...
Scottish Waggon Co.	Dec. 31	1,654	16,994	18,648	...	17,577	9	...	1,071	21,749	10
Selincourt and Sons.....	Dec. 13	38,242	72,867	111,109	17,500	40,000	16	11,105	42,504	63,600	14
Slazengers, Limited	Dec. 31	13,140	22,169	35,309	6,000	14,444	7½	2,857	12,008	24,969	7½

Company News.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Feb. 13, 1931. (c) Week ended Feb. 14, 1931.	Miles Open.	Week ended Feb. 15, 1931. (000's omitted.)					Aggregate 7 weeks, 1931. (000's omitted.)				
		Pas- senger cars, &c.	Mer- chant- ship, &c.	Coal and Coke.	Total Goods.	Total Receipts.	Pas- senger cars, &c.	Mer- chant- ship, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western...	3,761	167	183	120	303	470	1,261	1,246	695	1,941	3,502
Do. for 1930...	3,755	169	216	143	359	529	1,353	1,494	975	2,459	3,822
L. & N. Eastern...	6,362	266	344	258	602	866	1,912	2,350	1,536	4,185	6,998
Do. for 1930...	6,361	268	417	303	769	1,000	2,063	2,783	1,972	4,755	6,818
Lon. Mid. & Scot.	6,564	352	474	282	736	1,148	2,755	3,122	1,993	5,115	7,900
Do. for 1930...	6,957	415	557	317	874	1,264	2,955	3,749	2,050	5,799	8,754
Southern...	2,140	244	57	34	110	361	1,755	463	244	707	2,463
Do. for 1930...	2,179	256	76	35	110	361	1,823	519	234	753	2,576
Total of above...	19,294	1,069	1,068	694	1,762	2,831	7,714	7,181	4,769	11,949	19,653
Do. for 1930...	19,254	1,131	1,266	798	2,064	3,193	8,194	8,545	5,231	13,776	21,970
Metropolitan (c)	59	30.4	4.1	...	...	...	34.5	220.7	28.2	...	248.9
Do. for 1930...	59	31.7	4.2	...	...	...	35.9	227.6	28.6	...	256.2
Unifed. E.I. (c)	...	286.3	...	...	...	...	286.3	1,867.7	...	...	1,867.7
Do. for 1930...	...	286.3	...	...	...	...	286.3	1,916.8	...	...	1,916.8
Lon. & S.W. (c)	...	41.7	...	...	...	...	41.7	271.4	...	...	271.4
Do. for 1930...	...	41.3	...	...	...	...	41.3	277.9	...	...	277.9
• B.I. & G. (c)	80	1.8	...	...	...	...	2.5	12.3	4.4	...	16.7
Do. for 1930...	80	1.8	...	...	...	...	2.6	12.7	4.7	...	17.4
• G. Northern (b)	562	8.9	15.2	...	...	...	24.1	46.2	98.2	...	144.4
Do. for 1930...	562	9.2	14.3	...	...	...	24.2	60.8	85.2	...	147.0
• G. Southern (b)	63	2.8	...	...	...	...	6.7	119.8	23.1	...	371.9
Do. for 1930...	63	2.8	...	...	...	...	7.0	135.1	26.5	...	399.6

* Aggregate 6 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Billings.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	46	Jan. 17	1,306	Rs. 3,77,000	- 59,179	1,64,37,515	- 10,31,364
Barsd Lt. Ry.	43	24	202	57,300	- 12,100	16,19,100	- 6,84,490
Bengal & N. Western	17	24	2,076	6,64,451	- 2,65,939	56,25,686	- 18,91,343
Bengal-Nagpur ..	42	17	3,173	14,18,000	- 3,55,211	6,35,40,458	- 97,79,472
Bombay, Bar. & C.I.	45	Feb. 7	3,094	25,43,000	+ 73,000	9,06,92,000	- 76,76,420
Madras & S. Marit.	5	Jan. 17	3,225	15,14,000	- 1,16,820	6,33,43,550	- 1,06,75,420
North-Western	17	24	572	1,48,722	- 19,401	19,48,908	- 2,08,708
South Indian	42	17	2,407	9,50,353	- 1,46,343	4,97,56,501	- 35,20,980
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	5	Feb. 7	2,042	\$ 3,236,890	- 1,000	1,00,000,000	- 1,000
Canadian Pacific	6	Feb. 14	1,547	2,564,000	- 1,000	1,00,000,000	- 1,000
SOUTH AMERICAN.							
Antofagasta (Chili)	6	Feb. 8	804	\$ 27,210	- 1,000	1,00,000,000	- 1,000
Argentine N. Ry.	33	Jan. 14	753	12,900	- 1,000	1,00,000,000	- 1,000
Argentine Trans. Ry.	33	Jan. 14	111	2,951	- 1,000	1,00,000,000	- 1,000
B.A. and Pacific	33	Jan. 14	2,806	153,000	- 1,000	1,00,000,000	- 1,000
B.A. Central	32	Jan. 8	...	11,349	- 1,000	1,00,000,000	- 1,000
B.A. G. Southern	33	Jan. 14	5,009	290,000	- 1,000	1,00,000,000	- 1,000
B.A. Western	33	Jan. 14	1,926	80,000	- 1,000	1,00,000,000	- 1,000
Central Argentine	33	Jan. 14	3,442	245,000	- 1,000	1,00,000,000	- 1,000
Central Uruguay	33	Jan. 14	273	35,326	- 1,000	1,00,000,000	- 1,000
C. Urug. (East Ext.)	33	Jan. 14	311	8,603	- 1,000	1,00,000,000	- 1,000
C. Urug. (N. Ext.)	33	Jan. 14	185	3,682	- 1,000	1,00,000,000	- 1,000
C. Urug. (W. Ext.)	33	Jan. 14	211	3,926	- 1,000	1,00,000,000	- 1,000
Corbela (Chili)	33	Jan. 14	1,213	54,000	- 1,000	1,00,000,000	- 1,000
Entre Rios	33	Jan. 14	804	9,200	- 1,000	1,00,000,000	- 1,000
Gt. Southern of Spain	7	Jan. 14	1,052	9,500	- 1,000	1,00,000,000	- 1,000
Leopoldina	7	Jan. 14	1,918	22,591	- 1,000	1,00,000,000	- 1,000
Leopoldina Terminal	7	Jan. 14	...	5,012	- 1,000	1,00,000,000	- 1,000
Nitrate	7	Jan. 14	...	12,579	- 1,000	1,00,000,000	- 1,000
San Paulo	7	Jan. 14	...	15,518	- 1,000	1,00,000,000	- 1,000
United of Havana	23	Jan. 14	1,369	53,271	- 1,000	1,00,000,000	- 1,000
† Month.							
OTHER OVERSEAS.							
Gt. Southern of Spain	6	Feb. 7	104	Pes. 77,670	- 1,000	1,00,000,000	- 1,000
Mexican Railway	5	Feb. 7	485	\$184,000	- 1,000	1,00,000,000	- 1,000
Paraguay Central	33	Jan. 14	274	3,500	- 1,000	1,00,000,000	- 1,000
Salvador	33	Jan. 14	100	5,726	- 1,000	1,00,000,000	- 1,000

TRAMWAYS WEEKLY GROSS RECEIPTS.

Name.	Weeks.	Ending.	Receipts for Week.	Total Gross Receipts.	
				1931.	+ or -
Anglo-Argentine	32	Feb. 11	329	£ 76,749	£ 9,632
B. Aires Tramways	32	Feb. 11	...	12,397	349
Liverpool Corp.	4	Feb. 11	124	£ 28,409	£ 3,495
Madras Electric	711	Feb. 11	155	Rs. 49,563	312
L.C.C. Tramways	45	Feb. 11	155	£ 76,749	£ 1,038

MONTHLY TRAFFICS.

Name.	Month.	Ending.	Receipts for Month.	Receipts to Date.	
				1931.	+ or -
Manchester Ship Canal	12	Jan. 31	Gross	106,706	9,714
Rangeon Elec. Tram.	12	Dec. 31	Gross	Rs. 490,735	8,325
Costa Rica Ry.	6	Dec. 31	Net	Rs. 230,495	11,461
				37,524	1,042

SUMMARY OF BALANCE SHEETS.

MANCHESTER SHIP CANAL COMPANY.

LIABILITIES.	December 31, 1930.		ASSETS.	December 31, 1930.	
	Amount.	£		Amount.	£
Temporary loan	150,700	+ 2,480	Capital account	12,361	- 221,380
Unpaid interest, &c.	108,508	+ 1,027	Balance at debit	406,231	+ 164,665
Amount due to rail- way clearing house	193,729	- 13,925	Cash	94,944	+ 328
Superannuation fund	86,918	+ 23,091	Stock and materials	222,140	- 22,614
Accounts payable	161,352	+ 1,710	Traffic accounts	67,428	+ 9,250
Liabilities accrued	40,125	- 702	Accounts receivable	101,586	+ 4,125
Miscellaneous ac- counts	7,270	- 3,878	Miscellaneous ac- counts	20,703	- 3,753
Insurance fund	2,447	+ 506	Investments	149,850	- 31,981
Dredging insurance	7,809	+ 506	Amounts paid to- wards extinguish- ment of 2nd de- bentures	63,252	+ 4,888
Renewal fund	17,436	+ 3,383	Discount, &c., 6%	64,019	- 2,910
Ship Canal cranes	5,520	- 3,250			
Reserve for contin- gencies	113,344	- 20,586			
Balance for divi- dends	307,356	- 88,645			
Total	1,202,514	- 98,782	Total	1,202,514	- 98,782

REPORTS AND NOTICES.

MISCELLANEOUS.

COURTAULD'S PRELIMINARY FIGURES.—As predicted by the chairman, at the last annual meeting, the net profit for 1930 was below that of 1929. The net earnings were £1,469,420 lower at £2,274,408, as compared with those of the previous period. After paying the preference dividend of £400,000 the percentage earned on the ordinary shares was 7.81 per cent., as against 13.95 per cent. in 1929, resulting in the ordinary dividend being reduced from 10 per cent., free of tax, to 6 per cent., free of tax.

December 31.	1928.	1929.	1930.
	£	£	£
Net profit	5,171,997	3,743,828	2,274,408
Preference dividend.....	400,000	400,000	400,000
No. of times covered	12.9	9.4	5.7
Ordinary dividend—			
Amount	3,600,000	2,400,000	1,440,000
Earned %	19.9	13.9	7.8
Paid %	15.0†	10.0†	6.0†
Reserve fund	1,000,000	...	...
Written off investments	...	1,651,856	925,339
Inc. or dec. in carry-forward	+ 171,997	— 708,028	— 490,931
† Free of tax.			

After paying the ordinary dividend, the sum of £925,339 was written off investments, thereby reducing the amount carried forward by £490,931 to £195,756. As in the previous year, the sum written off was placed against Continental investments.

Commercial Reports.

MARKET SUMMARY.

The general situation in the coal trade is still far from satisfactory. There is a brisk export demand for best steam coal from Cardiff and Sheffield, and household requirements are substantial. Consumption of industrial fuel, however, continues on a very limited scale and there is still little forward contracting. Little headway has been made by the iron and steel industries during the past week, and the recent improvement in pig iron has barely been maintained. The "finished" departments are still suffering from a lack of new orders. The heavy pipe foundries in Derbyshire are among the few sections in which business remains good. Production in the tinplate industry in South Wales is restricted to about 50 per cent. of capacity, but nevertheless stocks continue to increase. With the exception of tin, non-ferrous metals have all reacted from the higher level of prices attained last week. The further advance in tin is mainly ascribed to the fact that the restriction scheme is almost certain to come into operation at the beginning of March next. There has been a slight improvement in the position of the principal raw materials of the textile trades. Cotton values have again advanced some 15 points, and the higher level of raw wool prices has been maintained. The termination on Monday last of the lock-out in the weaving section of the cotton industry coupled with a better outlook in India has created more confidence in Manchester, while in the wool industry the increased absorption of raw wool by manufacturers is pointing to an expansion in the demand for Bradford goods. The demand for rayon fabrics is still slow to expand. A slight improvement has become noticeable in the jute industry, but business in cloth is still on a limited scale. The principal foodstuffs have been quiet. The market in wheat has been dominated by Canada and Argentina, and decreased estimates for the latter country's crop resulted in a slight improvement in prices. There have been no new developments in the sugar position, but the final agreement of the Chadbourne scheme will probably be signed in March next. It appears that serious steps are taken by the Brazil Government to improve the position of coffee. Indian tea has again been cheaper, but Ceylon qualities received better support. Among miscellaneous commodities, vegetable oils and oilseeds have been firmer, while hides still show a sagging tendency. Rubber has not maintained its improvement, and the market has again been rather dull.

THE COAL TRADE.

Our Sheffield correspondent writes:—There is a fairly brisk prompt demand for best steams for export and prices are firm at 16s. 9d. and 17s. f.o.b. Humber ports. Very little contract or forward business is coming forward. Demand for industrial fuel continues dull, and there are considerable accumulations of slacks and secondary qualities. Household demand is substantial. Ordinary best house is quoted from 20s. 6d. to 22s. at pits, and best washed up to 26s. The market for coke is as depressed as ever, and supplies exceed consumption. Prices of furnace coke range from 10s. 6d. to 11s. 6d. at ovens.

Our Glasgow correspondent writes:—The state of affairs in the Scottish coal trade is well illustrated by the volume of shipments for the past week, these amounting to about 175,000 tons, against 197,000 tons in the preceding week, and 265,000 tons in the corresponding week last year. Inquiry is, perhaps, a shade more active, but the outlook remains unpromising. Washed nuts are plentiful, and, owing to a seasonal falling-off in home requirements, round coal less scarce than recently. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 9d.; 17s.; splint second, 16s. 3d.; navigation, 16s. 3d.; navigation second, 15s. 15s. 6d.; Hartley, 16s.; steam, 15s.; trebles, 13s.; doubles, 11s. 9d.-12s.; singles, 11s.; pearls, 10s. 9d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 6d.; third-class steam, 12s.; trebles, 12s. 6d.-13s. 6d.; doubles, 12s.; singles, 11s.; pearls, 11s. 6d. LOTHIAN.—Prime steam, 13s. 6d.; secondary steam, 13s. 3d.; trebles, 13s.; doubles, 12s.; singles, 11s. 3d.; pearls, 11s. Ayrshire.—Unscreened navigation, 16s. 6d.; splint, 17s.; steam, 14s.; trebles, 13s. 6d.; doubles, 12s. 6d.; singles, 11s. 9d.; pearls, 11s.; dross, 10s. 6d.

Our Cardiff correspondent writes:—Although the number of long-period contracts placed with the collieries is far below normal, the demand for coal, and particularly for the best steam descriptions, continues fairly regular, and little part time working is reported from the various districts. It must be borne in mind, however, that part of the current business represents deliveries deferred owing to the stoppage of work in the first fortnight of January, and the majority of collieries hope to be able to produce the whole of their prescribed quotas for the first quarter. The shipments are not quite as heavy as they were in the weeks immediately preceding the Christmas holidays, but under the marketing scheme stocks are being kept down to a relatively low figure. Prices are nominally unchanged, but with few exceptions they are ruling at the scheduled minima. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dross, 18s. 6d. to 19s.; Black veins, 18s. 3d. to 18s. 6d.; Eastern Valleys, 17s. to 17s. 9d.; Western Valleys, 18s. to 18s. 3d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; anthracite best large, 36s. to 37s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 25s. 3d. to 25s. 6d.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—The market for Cleveland iron has fallen into a state of lethargy and transactions are now almost entirely confined to small quantities for early delivery. The principal local consumers' requirements are practically covered for the first quarter and there is little trade with Scotch users owing to the keen competition of Continental foundry iron. Very little demand exists on export account, but some satisfaction is gained from the fact that Continental iron is no longer competitive in this district and only a few hundred tons have recently been received in completion of old contracts. The weekly market on Tuesday was distinctly quiet, only a small business being reported. Prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The hematite trade is dull. Orders are only for small quantities for early delivery, little disposition being so far shown by consumers to enter into contracts for forward delivery. For prompt, mixed numbers are obtainable at 69s., and for delivery four or five months ahead 69s. 6d. would probably be accepted if substantial business were offered. In the finished trades some departments are working more regularly, but new orders are urgently wanted, particularly in sheets, where the export demand is very poor, and home requirements only moderate. Prices are generally unchanged. News is just to hand that orders have been placed with local foundries, Pease and Partners, Ltd., Middlesbrough, Tees Side Bridge and Engineering Works, Ltd., Middlesbrough, and Head, Wrightson and Company, Ltd., Thornaby-on-Tees, for 10,000 tons, 4,000 tons, and 5,000 tons respectively (total, 19,000 tons) of railway chairs for home railways. This is very welcome business and will cause an extra demand for pig iron. There is no improvement in the demand for ore and consumers have considerable arrears of old contracts of practically all descriptions still to take out. Best Bilbao rubio remains nominally 16s. c.i.f. for early delivery, and the current freight Bilbao-Middlesbrough is about 4s. 9d. Coke is freely offered, but there is only a very limited demand. Ordinary blast-furnace qualities are now obtainable at 16s. 6d. delivered works. The number of furnaces in blast in the district remains at 23.

Our Sheffield correspondent writes:—There are still no signs of a turn in the tide of iron and steel trade depression. Unemployment tends to increase and is heavier by 7,000 than at the close of

December. Indian competition is now a factor in the pig iron market. Consignments from India have arrived at several English ports since the beginning of the year and some considerable new purchases are reported. Steel makers report a multitude of small orders. Consumers are buying with extreme caution and cannot be induced to place substantial orders notwithstanding the favourable state of the markets. Steel scrap has again eased owing to the absence of buying and restricted deliveries. The present limited production of open-hearth steel is with difficulty being maintained. Inquiries are poor in number and consequence. The heavy pipe foundries in the Derbyshire district have been well employed for a long time and the opening of the season for outdoor excavation work is bringing large new orders. Recent improvements in gas and water-pipe manufacture have had good results both in the home and export markets. Toolmakers are quiet and the cutlery and plate factories have little to do.

Our Glasgow correspondent writes:—The depression in the iron and steel trades in Glasgow and the West of Scotland shows no abatement, and in practically every department the situation is much the same as during the past few weeks. In no branch does there appear any feature of outstanding interest. Generally there is a continued scarcity of export business, but in the manufactured iron trades the Canadian business is again opening up and there have been a considerable number of inquiries and several orders received in this district during the past week for the Canadian trade. The home demand is maintained generally, but no decided improvement noted. Prices are unchanged, to-day's prices being: Ship plates, 1/2 in. and up, £8 15s. per ton; sections, £8 per ton; both subject to usual rebate; and galvanised corrugated sheets, 24-gauge, £11 per ton.

Our Cardiff correspondent writes:—Production in the tinplate industry continues to average only about

Among other non-ferrous metals, aluminium remained unchanged at £85 per ton, while nickel sold at last week's price of £170 to £175 per ton. Quicksilver was slightly easier at £22 8s. 9d. to £22 10s. per bottle as against £22 15s. last week, but there was no change in the price of antimony, which remained at £24 10s. to £25 10s. per ton for "foreign."

TEXTILES.

THE COTTON TRADE.—Liverpool, February 18th. Prices show an advance on the week of some 16 points, better reports from New York and an easier political feeling in India being the cause of more optimism. When contracts are wanted, very little seems to be offering. The U.S. consumption for January is 454,000 bales against 415,000 bales for December and 577,000 for January last year; the daily rate of consumption, which is the best indication, being 18,900 bales for January, against 17,700 for December and 18,900 bales for November, the rates for these months last year averaging 23,000 bales. Preparations for the coming season are well in hand and are reported to be ahead of last year. There has been a scarcity of rain, but this was relieved last week. Temperatures have been higher than normal, which points to an unfavourable survival of weevils. Spot sales for the week 12th to 18th (inclusive) are 24,000 bales, of which 11,750 bales are American, 1,750 Brazil, 600 Argentine, 5,000 Peruvian, 1,750 Egyptian, 1,250 African, 950 East Indian, and 950 sundries. Imports for the same period are 17,297 bales, of which 6,169 are American, 351 Brazil, 154 Argentine, 963 Peru, 3,634 Egyptian, 5,963 East Indian, and 63 sundries. Quotations to-day are: American Middling, 6-05; Egyptian Sakel, 8-60; Uppers, 7-17; Brazil Fair, 6-15; Peru G.F. Smooth, 6-45; West African Middling, 6-00, and East African G.F., 7-05.

Manchester, February 18th. The termination of the labour dispute, which resulted in the mills resuming work on Monday morning, has caused a more cheerful tone to prevail throughout the Manchester market. Inquiry in yarn and cloth has broadened, and although a large number of mills remained closed down owing to shortage of contracts, there are indications of more machinery being restarted at an early date. Better news has been received from India. It is realised that the conversations between the Viceroy and Gandhi may have an important effect upon trade. There is evidence that the dealers in the bazaars are eager to resume ordinary trading relations. More demand has been about in light bleaching cloths and fancies for Calcutta, Karachi and the up-country districts, and some encouraging transactions have taken place. In some centres a shortage of piece-goods is reported. Inquiry has been mentioned in white shirtings for China, but business will not develop until the New Year celebrations are over. Rather more contracts have been arranged for the smaller markets. The demand in American and Egyptian yarns has broadened and more business has been done. Prices generally are still unsatisfactory.

Statement of the Cotton Trade.

	1931.				Corresponding Date	
	Jan. 28.	Feb. 4.	Feb. 11.	Feb. 18.	1929.	1930.
Raw Cotton—Mid. American..... per lb	5-70	5-64	5-91	6-05	10-43	8-57
" Sakelaria Fully Good Fair..... per lb	8-90	8-90	9-45	9-60	17-90	13-55
Yarns—32's twist..... per lb	9 1/2	9 1/2	9 1/2	9 1/2	15 1/2	13
" 40's twist..... per lb	9 1/2	9 1/2	10	10 1/2	16	13 1/2
" 60's twist (Egyptian)..... per lb	16 1/2	16 1/2	17	17 1/2	26 1/2	22
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	18 2	18 3	18 6	18 7 1/2	25 9	22 10 1/2
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	20 3	20 4	20 6	20 9	28 0	25 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	11 4	11 4	11 6	11 7 1/2	15 0	14 0
39 in ditto 32's and 40's, 16 by 15, 8 1/2 lb.....	10 3	10 3	10 5	10 6	13 9	12 7

THE WOOL TRADE.—Our Bradford correspondent writes:—Most of the developments associated with wool are favourable to selling interests. The demand is very well maintained, and the raw material is passing into users' hands at a creditable rate. Doubts have been expressed as to whether all the wool which is being bought in Australia will go into consumption immediately on its arrival here. The presence of any big quantity of second-hand offerings in Coleman Street would admittedly operate against any definite advance, particularly as there is already a fairly large quantity of Australian and New Zealand wool in the London warehouses awaiting sale. The main consideration to-day is, however, not the quantity to come forward, but the price at which it is obtainable. There is reason for saying that any nervousness now felt about the absorption of current supplies at a profitable level is due more to recollection of past failures when wool was much dearer than it is to-day, than to anything being wrong with the present rate of consumption or prospects for its continuance. The tendency in all Australian selling centres this week has been against the buyer, there being active competition on Continental and other foreign account. The fact that stocks of tops in France and Germany are fairly large has not prevented big operations on account of the former country, and the South American crossbred market has made a further move against the buyer. Quotations for tops are very firm, strong efforts being made, particularly in merinos, to get prices into line with the cost in Australia. Within the past week there have been further reasonable sales, and now all the leading makers are either asking protective prices or refusing to quote at all. Their policy is not to sell unless they can realise prices which cover original cost, and certainly nothing less than 23d. is needed for a good 64's top to accomplish that to-day. Spinners are also pressing hard for an improvement in yarn prices, but though reports have been published of certain merchandising and retail houses placing orders for big quantities of textile goods, the West Riding has not yet reaped any benefit in the running of its machinery. At the same time there is sufficient ultimate demand on the one hand, and sufficient confidence in the raw material on the other, to justify the belief that wool values are quite safe.

THE JUTE TRADE.—Dundee, February 18th. It was expected that the Indian Jute Mills Association would have declared last week-end their policy for further restriction of output of hessian cloth, but some delay has been occasioned by Government intervention. It is understood that the Government of India consider the proposals recommended by the mills' committee too drastic, and that the stopping of 24 per cent. of the hessian looms, besides working only 40 hours per week, will throw a considerable number of workers out of employment. It is believed, however, that the mills will agree to the change of working conditions after March 31st next, on which date the present agreement expires. A 54-hours week, with a stoppage of one week per month, constitutes the present working arrangement. Stocks of Hessians have accumulated to abnormal dimensions, and this has led to a severe depression in prices of these goods. Since the mills commenced to negotiate for further curtailment, however, values have decidedly improved. The lowest previous price for 10 oz. 40 in. was 16s. 9d., and of 8 oz. 13s. 4 1/2d., but to-day's values are 21s. for 10 oz. and 16s. 9d. for 8 oz. Bazaar speculators have been operating freely and this has been mainly responsible for the advance in prices. Actual demand has not increased much. The raw jute market has continued to fluctuate, without showing much change. Daisie assortment has been down to £14 2s. 6d. and up to £14 15s., with to-day's price £14 10s.; threes sold at £14 2s. 6d. and fours offered at £13 10s. February/March. Tossa assortment rules at £15 17s. 6d., threes at £15 15s. and fours at £14 5s., same shipment. Good first marks are anything from £17 15s. to £19, while lightnings are quoted from £15 15s. for SV to £16 5s. for red H. February/March. Jute yarns are very quiet all round and it requires actual business to test the prices which spinners would accept. In some cases these are lower. Since the rate of 1s. 10d. was done for common 8 lb. cops and 1s. 11d. for 8 lb. spools, buyers are not inclined to pay more, though spinners are quoting 1s. 11d. and 2s. respectively. The finer yarns are quieter, though spinners are all very busy with deliveries for Brazil before the increased tariffs come into force on April 1st next. For local deliveries next month, the lower rates of 2s. 3d. for fourth grade 8 lb. Rio warp and 2s. 6d. for third grade are being accepted. Twist is firm at from 3 1/2d. to 3 3/4d. for 3-ply 8 lb., and a fair business has recently been concluded. Rove is irregular and some cheaper prices have been possible, viz., £21 for 48 lb. and £16 10s. for 200 lb. Carpet yarns are slow again. Only small quantities are still being bought by consumers of jute cloth, and there is not the improvement in trade that might have been expected through the firmness of the Indian market. No increase in prices here has yet been recorded and the rates of 2 1/2d. for 10 1/2 oz. 40 in. and 1 1/4d. for 8 oz. must be accepted by manufacturers before

they can obtain even the small orders going. Linoleum Hessians and heavy goods are without movement.

THE HEMP TRADE.—This week's heavy receipts resulted in considerable selling, which had a depressing effect on the market. Prices declined 15s. per ton early this week, but recovered slightly on Wednesday when Manila "J2" February-April was quoted at £18 15s. per ton as compared with £19 on Wednesday last week. Last week's receipts amounted to 26,000 bales, against 31,000 last year. This week's receipts have been estimated at 29,000 bales and at 26,000 for next week. Manila shipments last week totalled 17,000 bales, of which 5,000 have been consigned to the United Kingdom, 5,000 to the Continent, 2,000 to the United States, and 5,000 to Japan. Local consumption of 1,000 bales leaves stocks at 121,000.

FOOD.

THE GRAIN MARKETS.—Climatic conditions over the United Kingdom during the past week were not favourable for outdoor work, rain and snow interrupting preparations for spring sowings, and some time is necessary to allow the land to dry out before ploughing can be resumed, particularly on heavy soil. Autumn sown cereals, however, have made good progress, and the wheat plant presents a healthy appearance. Native wheat continues in light supply at the statute markets, the tone being steadier in sympathy with foreign sorts, but milling demand is still lacking, and business mostly confined to best samples for poultry feed. Steady conditions prevailed on the import market, following higher North American cables, and a reduction in the Argentine crop estimate. Buyers, however, appear to have covered pressing needs by recent liberal purchases, and were not disposed to follow the higher limits of Canadian sellers. More attention is given to Australian supplies, which offer on more reasonable terms, while Argentine and Russian descriptions were also supported. Large shipments are taking place from the seasonal exporting countries, with a marked increase in floating supplies. Heavy freight bookings from Argentina indicate a substantial movement, while an unexpected increase in Russian clearances proved a somewhat depressing factor. A feature was the earlier bookings of wheat this season for spring loading from Montreal to Continental and Mediterranean destinations compared with initial operations in July last year, indicating a desire by Dominion sellers to resume the export movement at the earliest opportunity. Although international prices are largely governed by North America and Argentina, attempts to raise values above current level prove difficult in face of large world's visible supplies, despite steadily increasing purchases by European consumers. The demand for home-milled flour proved quieter following the recent advance in prices, while North American parcels are difficult to move, being held above the parity of this market. Australian for shipment, however, was pressed for sale, business being reported down to 16s. c.i.f. terms, though slightly more money is now asked. Feeding stuffs are fully steady, but trade marked no appreciable expansion.

WHEAT.—Steady. No. 1 hard Manitoba, ex ship, 29s. 3d.-29s. 9d.; No. 1 Northern Manitoba, ex ship, 28s. 9d.-29s.; No. 2 ditto, 27s. 9d.-28s. 9d.; No. 3, 26s. 6d.; No. 4 Manitoba, 25s. 9d.; Barusso, 63 lbs., 23s. 6d.; Rosafe, 63 lbs., 23s. 6d.; Australian, 23s. 6d.-24s.; Russian, on sample, landed, 22s.-25s., ex ship, 21s.-24s. per 496 lbs.; English, 4s. 6d.-5s. 6d. per 112 lbs.

FLOUR.—Maintained. London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 22s. 6d.-25s. 6d.; Buffalo ditto, 23s. 3d.-27s. 6d.; Australian, 18s. 6d.-19s. 6d. ex store per 280 lbs.

MAIZE.—Firm. Plate, landed, 18s.; ex ship to arrive, 16s. 9d.; February-March, 16s. 9d.; March-April, 16s. 9d. per 480 lbs. Yellow maize meal, £5 10s. f.o.r. London per ton.

BARLEY.—Quiet. Californian old, landed, 30s.-35s.; new ex ship, 30s.-41s. as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 15s. 3d.; ex ship, 14s.; Persian, landed, 14s. per 400 lbs.; English malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—Fully steady. Plate, landed, 11s., ex ship, 10s.; Chilean tawny, landed, 13s.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.; North Russian, landed, 12s. 6d.; South Russian, landed, 12s. 3d.-12s. 9d.; ex ship, 11s. 9d.-12s. per 320 lbs.; English, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930	1928-1929	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Feb. 14.....	Cwts. 101,361	Cwts. 217,170	Cwts. 277,114	Cwts. 277,908
24 weeks to Feb. 14.....	2,896,549	6,232,058	6,482,568	6,101,480
Average price of English wheat per cwt.....	s. d. 5 2	s. d. 9 0	s. d. 9 9	s. d. 9 6

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 7, 1931.....	109,085	217,005	50,035	s. d. 5 3	s. d. 8 7	s. d. 5 11
Feb. 14, 1931.....	101,361	183,226	42,101	5 2	8 5	5 10
Feb. 12, 1927.....	207,876	322,522	106,391	11 10	11 1	10 4
Feb. 11, 1928.....	270,295	274,511	91,445	9 9	10 11	8 1
Feb. 16, 1929.....	217,114	234,598	88,772	9 9	10 3	9 9
Feb. 15, 1930.....	217,170	235,368	40,470	9 0	8 0	6 5

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Feb. 19, 1930.	Jan. 2, 1931.	Feb. 4, 1931.	Feb. 11, 1931.	Feb. 18, 1931.
Winnipeg (No. 1 Manitoba).....	148 1/2	116 1/2	56 1/2	60 1/2	64 1/2	63
Chicago (No. 2 Winter).....	130 1/2	110 1/2	79 1/2	79 1/2	79 1/2	79 1/2
Cents per 60 lb.....						

The visible supply of wheat in Canada at 62,342,000 bushels, shows a decrease on the week of 193,000 bushels. Supplies a year ago stood at 74,971,000 bushels.

SUGAR.—The market has been quiet during the past week, and a rise on Thursday last week of 3d. per cwt. for refined sugar has been maintained. Raw futures have been slightly firmer, Wednesday's sales, including March delivery from 5s. 10 1/2d. to 5s. 10 1/2d., as against 5s. 9 1/2d. to 5s. 10 1/2d. on the same day last week; May delivery from 6s. 1 1/2d. to 6s. 2d., as against 6s. 0 1/2d. to 6s. 1 1/2d.; August, from 6s. 4 1/2d. to 6s. 5 1/2d., as against 6s. 4d. to 6s. 4 1/2d. Meanwhile, preparations are being made for the meeting of the participants of the Chadbourne Scheme at Cannes in March, in order to sign the final agreement. It appears that an organisation has been formed at the Hague, to be known as the "Association of Managers of Java Sugar Plantations for arriving at export quotas by means of international contracts" for the purpose of concluding the necessary agreements with the other parties to the Chadbourne Scheme.

COFFEE.—Steadiness characterised the market in coffee, and good liquoring qualities were again well supported. The world's visible supplies at the beginning of February at 5,458,000 bags show an increase of 269,000 bags as compared with the previous month. The quantity held by the Defence Committee in Brazil at the beginning of February amounted to 21,739,000 bags. A decree has been promulgated in Rio de Janeiro authorising the purchase of all the stocks of coffee available on June 30th next, at a maximum price of 60 milreis per bag of Santos No. 5 type. The stock guaranteeing the Sao Paulo twenty million sterling loan is exempted.

COCOA.—Business in cocoa has been on a limited scale, but the market was steadier. Accra, fair fermented, February-April, at 21s. 9d. per cwt., value, f.o.b., London contract, shows a rise of 2s. 6d. on last week. The market in futures was quiet.

TEA.—The downward tendency in the price of Indian tea continued during the past week and quotations for all common and medium descriptions were from 1d. to 1d. below those of last week. Even the finer qualities met with a less active demand, although satisfactory rates were forthcoming for the good autumnal sorts. Ceylon teas marked an improvement on last week, which is due to a general improvement in the qualities offered.

RICE.—Rice has been dull and Wednesday's price for Burma No. 2, cleaned, spot at 11s. 6d. per cwt., shows a fall of 3d. on the week.

POTATOES.—Supplies have again been considerable in amount, and although the demand was on a limited scale, prices remained unchanged.

SPICES.—An improvement in the demand for pepper, met with reserve by sellers, resulted in firmer prices. Wednesday's price of black Singapore at 6 1/2d. per lb. shows a rise of 1/2d. on the week. Black: landed in London last week, 66 tons; delivered, 4; stock, 502 tons, against 1,104 a year ago. White: landed, 75 tons; delivered, 55; stock, 521 tons, against 1,195 a year ago.

MEAT.—The market in meat has been irregular, but the downward tendency in the price of beef and mutton has not yet been arrested. Wednesday's price of 4s. 8d. to 5s. 4d. per 8 lbs. for English long sides compares with 5s. to 5s. 8d. on the same day last week, and New Zealand frozen mutton was sold at 2s. 8d. to 3s. 6d. per 8 lbs., against 2s. 8d. to 3s. 8d. last week. According to the Smithfield Market official report, supplies of meat during last week amounted

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.															
GRAIN, &c.	s.	d.	s.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Wheat, No. 2, N. Man. 496 lb.	28	9		Irish bladders	70	0	80	0		Best heavy ox and heifer	0	44	0	5	
Eng. Gas. av., per cwt.	5	2		American, boxes 56 lb.	45	6	46	6		Best cow	0	34	0	3	
Barley, Eng. Gas. av.	5	5		Good English per cwt.	7	0	7	6		Best calf	0	64	0	9	
Oats, "	5	10		SPICES—						INDIGO—					
Maize, La Plata, landed, 480 lb.	18	0		Pepper, per lb.—						Bengal g.d. red-vio. to	5	6	6	6	
Flour, Lon. stan. ex mill, a. d.				Muntok, fair White.....	0	92	0	10		fine—per lb.					
280 lb.	22	0	0	Black Lampong	0	62	0	0		LEATHER—					
Rice, No. 2 Burma, per cwt.	7	4	0	Cinnamon—1st sort, per lb.	0	92	0	0		Sole Benda 8/14 lb.—	1	2	2	6	
Sago, Pearl, per cwt.	18	0		Cloves—Zanzibar per lb.	1	0	0	0		per lb.	2	3	3	2	
Tapioca, per cwt.	17	6	0	Ginger—per cwt.—	30	0	0	0		Bark Tanned Sole	0	6	0	9	
Medium pearl	20	0	0	African	50	0	0	0		Do. Eng. or W.S. do.	0	9	1	4	
MEAT—				Jamaica, ord. to good ..	50	0	90	0		Belles from DS. do.	0	5	4	0	
Beef, per 8 lbs.—				Mace	1	3	2	0		Do. Eng. or W.S. do.	0	7	4	0	
English long sides	4	8	5	Nutmegs 65's	1	2	0	0		Dressing Hides	1	2	1	6	
Argentine chilled hinds.	3	10	4	SUGAR—						Ro. Eng. Calif. 20/30 lb.	3	6	5	6	
Mutton, per 8 lbs.—				(Duty, 11s. 8d. per cwt.)						Aust. Benda	1	0	1	4	
English wethers	5	8	7	B.W.I., crystallised ..	18	6	21	6		VEGETABLE OILS—					
N.Z. frozen	2	8	3	Java, white, c. & f. India	7	92	0	0		Linseed, naked, p. ton net	18	17	6		
Pork, English, per 8 lbs.	5	8	8	REFINED—London—						Rape, refined	28	0	0	0	
BACON— OTHER FOODS				Yellow Crystals	18	74	0	0		Cotton-seed, crude	18	10	0		
Irish	42	0	106	Cubes	23	0	23	6		Cocunut, crude	27	0	0		
Danish	53	0	64	Crushed	21	6	22	0		Palm	17	5	0		
Canadian	47	0	58	Granulated	19	42	20	14		Oil Cakes, Linseed, Eng.	8	0	0	0	
Dutch	47	0	58	Home Grown (Jan.) ..	18	9	19	3		per ton					
HAMS—Irish	0	0	0	TEA—						La Plata, p. ton ..	9	10	0	6	
Canadian	0	0	0	Indian—per lb.						Calcutta—per ton ..	12	2	6	Nom.	
American	72	0	88	Pekoe	0	7	1	4		PETROLEUM PRODUCTS—					
BUTTER—				Broken Pekoe	0	7	1	8		Motor spirit, No. 1, Lon.	1	3			
Irish creamery per cwt.	106	0	124	Orange Pekoe	0	8	1	94		Petroleum, Amer. Hd.	0	11			
Australian	114	0	128	Broken Orange	0	7	2	8		bri. ....per gal.					
New Zealand	150	0	0	Ceylon—per lb.						Fuel oil, in bulk, for					
Danish	0	0	0	Pekoe	0	8	2	2		contracts, ex instal.					
OTHERS—				Orange Pekoe	0	10	2	5		Thames	62	6			
Canadian	70	0	78	Broken Orange	0	8	2	5		Furnace ..per ton	75	0			
New Zealand	55	0	59	TOBACCO—						Lubricating oil ex store,					
English Cheddars	50	0	106	(Duty 8/10-9/10 per lb.)						London—per ton ..	9	17	6	21	0
Dutch	42	0	70	Empire growths, 6/94-						Reds	10	15	0	16	10
COCOA—				7/64 per lb.)						Cylinder	10	10	0	23	0
(Duty, British grown,				Virginia leaf	0	8	2	6		ROBIN—					
11s. 8d.; foreign, 14s. cwt.)				Rhododend leaf	0	9	1	6		American	12	0	19	0	
Acra, f.f., per cwt.	21	0	26	Nyassaland leaf	0	7	1	0		RUBBER—					
Trinidad	44	0	50	strips	0	10	1	8		St. ribbed smoked sheet	per lb.	0	3	4	0
Grenada	34	0	45	East Indian leaf	0	3	0	6		per lb. or 0 4 1 0					
COFFEE—				strips	0	4	0	10		SHELLAC—					
(Duty, British grown,				COTTON— TEXTILES.						TN Orange	72	6	75	0	
11s. 8d.; foreign, 14s. cwt.)				Mid-American	6	05				SHELLS—					
E.I. good to fine, per cwt.	85	0	130	Mt. American	6	05				W. Aust. M.-o.-P. ..	3	10	11	10	
Costa Rica, good to fine.	90	0	150	Sakellaria, f.f.,	9	60				TALLOW, London Town per cwt	22	0			
Cont. Amer. mid to fine	70	0	95	Yarns, 32's twist	94					TIMBER—					
Kenya, bold sizes	78	0	125	60's twist	174					Swedish n/3 x 8 per std.	17	10	0		
Colombian, mid to fine.	70	0	92	FLAX—						Do. 2 1/2 x 7	17	0	0		
EGGS—				Livonian ZK	31	0	0	0		Do. 2 x 4	15	0	0		
English	13	6	16	Pernau HD	31	0	0	0		Can'tn Spruce, Dis.	24	0	0		
Danish	10	6	14	Slavonic Medium 1st sort.	34	0	0	0		Pitchpine	per load	9	0	0	
FRUIT—				HEMP—						Rio Deals	per std.	30	0		
Oranges, South African bra.	0	0	0	Italian P.C. ....per lb.	29	0	0	0		Teak	per load	30	0		
Oranges	0	0	0	Manilla, F.B. Apr. "32"	18	15	0	0		Handras Mahg. Jaga. c. ft.	0	10	6		
Denia and Valencia				N.Z.	nom.					African	0	6	0		
4 cases 300	10	0	20	Sisal, African, Mar.-May ..	15	10	16	10		Amer. Oak Boards	"	0	6	0	
Lemons, Sicilian	7	0	12	Mexican	nom.					Do. Ash	"	0	7	0	
boxes	9	0	22	JUTE—						English Oak Planks	"	0	6	0	
Malaga	1	0	0	Native 1st mks. ... per ton						Do. Ash	"	0	6	0	
Apples: Amer. var. Feb. Mar.	19	0	30	c.i.f. H.A.R.B.						DRUGS—					
(var.) boxes	9	0	11	Peppermint, Wayne Co. ..	9	3	9	6		Camphor	s.	d.	s.	d.	
Australian	0	0	0	Daltee 2/3 c.i.f. Dundee ..						Japan, refined	2	2	2	24	
Onions—				Feb. Mar.	14	10	10	0		Castor oil	85	0	95	0	
Valencia, case, 4s.	7	6	8	SILK—						Insulin	11	6	0	0	
5s.	10	0	0	Canton	s.	d.	s.	d.		Peppermint, Wayne Co. ..	9	3	9	6	
Tunah	4	0	6	Tussah	7	6	9	6		HIDES—					
Japan	10	0	13	Japan	10	0	13	6		Wet salted—Australian					
Almeria	0	0	0	Italian—Raw, fr. Milan	10	0	12	0		per lb.	0	4	0	4	
										West Indian	0	34	0	4	
										Cape	0	42	0	4	
										Dry and Drysalted Cape...	0	6	0	7	

to 9,110 tons, as compared with 9,238 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.4 per cent. of the supplies, as against 82.4 per cent. a year ago, and imported mutton, mainly New Zealand, formed 80.3 per cent. of the total supply, as against 72.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—A firmer tone has been imparted to linseed by the second official estimate of the yield of the Argentine crop placing the probable output at 1,750,000 tons, as against 2,144,000 tons given in the first estimate. The large decrease is attributed mainly to excessive rains during the harvest. In spite of the reduction the total is still substantial and half a million tons in excess of last season's second estimate. There are still large supplies at hand, the quantity afloat for Europe having advanced to 281,200 tons (including 4,500 tons from India), this setting up a new record and comparing with 184,400 tons afloat a year ago. Prices have hardened, current value of Plate on spot at Hull being around £9 15s. and for shipment £9 10s. Cottonseed is dearer, but only a slow trade is reported, black Egyptian on passage and for shipment being quoted £8 5s. Linseed oil is in only moderate request and prices erratic, but on the whole dearer, in sympathy with seed. Current value of raw oil on spot (ex Hull mill) is £19; February and March-April delivery, £18 10s.; and May-August, £19 5s. Cotton oil is steady, crude Egyptian ex Hull being quoted £18 and common edible £20. Oil cakes and meals continue in good demand and prices generally are unchanged. Copra was dull early this week, but later it showed more steadiness. The price of S.D. Straits c.i.f. at £15 2s. 6d. per ton compares with £15 5s. on the same day last week.

HIDE, LEATHER AND ALLIED TRADES.—Prices for cattle hides were barely steady at the auctions held at Manchester this week, the three top weights in clear ox and heifers selling at the previous week's figures, while the three bottom weights were from 3d. to 1d. per lb. lower. Although advances are being talked of in con-

nection with certain kinds of imported hides the market continues weak for practically all descriptions, and business is difficult to negotiate. In the South American market sales of wet salted Argentine ox at 4½d., and bulls at 3½d. Dry hides from the River Plate have shown little variation in price, B.A. Americanos being quoted at 6½d. and M.V. Americanos at 7½d. Sales of Capes have been made on the basis of 5½d. and 4½d. for first and second drysalted 20-30 lbs., with 6½d. and 5½d. paid for first and second drys. Australian hides are inclined to recede from the prices quoted last week; at any rate, holders are more inclined to listen to offers. A fair turnover has been done in many descriptions of sole leather during the past week and on certain lines tanners appear to be well sold up. This is more particularly the case with light weight English and wet salted, for which there has been quite a respectable call. Medium and heavy weights in repairing bends have also been asked for to a lesser degree, while the inquiry for the lighter weights in dry hide varieties are also a fair market. Sales of upper leather continue to be chiefly concerned with black and brown glaze kid, for which the call remains fairly satisfactory. Willow calf is also selling in moderate quantities, but inquiry for box calf has fallen off considerably. Patent, however, has shown further improvement.

RUBBER.—Last week's improvement was not maintained and adverse statistical factors have depressed the price. On Wednesday, however, more interest was taken in the commodity, and the official spot price per lb. for standard ribbed smoked sheet was 3½d., as compared with 4d. on Wednesday last week. In forward positions, business has been done at 4d. to 3½d. for March, at 4½d. to 4d. for April-June, at 4½d. to 4½d. for October-December, and at 4½d. to 4½d. for January-March, 1932. Stocks in London and Liverpool have increased by 655 tons, the total being 125,111 tons at the end of last week, as compared with 82,336 tons a year ago. Deliveries, at 2,044 tons, during the past week show an increase of 32 tons, as compared with the preceding week, and are 755 tons above those of the corresponding week last year.

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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cent. has been the effective rate. Last week's Treasury bills were also allotted at practically 2½ per cent., this being the highest rate recorded for many months.

The Bank return records an increase of £3,535,000 in the note circulation. This is only the beginning of the normal seasonal expansion, which begins in the middle of February, and continues, with the usual fluctuations at the holiday periods, for the remainder of the year. As the Bank, however, is gaining practically no gold at the moment—the return shows a net increase of only £386,000—the effect of this increase in the note circulation was to reduce the reserve by £3,149,000. Simultaneously Public Deposits have risen by £1,054,240. It is not certain to what extent this increase is due to the influx of revenue, for much depends on the days on which old Treasury bills matured and new bills fell due for payment this week. Finally, discounts and advances were reduced by £1,171,000, presumably owing to the maturity of bills in possession of the Bank, so that these three causes alone, had other things remained unchanged, would have brought about a contraction of nearly £5.4 millions in market resources.

As the market was already short of funds, such a depletion would have been more than the market could have stood, and so, early this week, the Bank had to give some relief. It did so mainly by buying early April bills, at the high rate, it is reported, of 2½ per cent. Some indication of the extent of these operations is given by the increase, shown in the Bank return, of £3,768,000 in Government securities. Thus, in the end, market resources, as measured by Bankers' Deposits, were reduced by only £2,074,000 to £59,072,000. This figure, though small, was just big enough to keep the market out of the Bank.

	Feb. 5, 1931.	Feb. 12, 1931.	Feb. 19, 1931.	Feb. 26, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate...	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
Houses { Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½—1½	...

For reasons already explained in the *Economist*, there is no desire to bring the market into the Bank, if only because if the market borrowed from the Bank for a week, a day's stringency would be succeeded by a temporary glut of funds. At the same time, it must be recognised that it is still essential to maintain discount rates, and that for this to be possible, the market must be prepared to look ahead. Thus on Wednesday last money was a little more comfortable, and there was also an improvement in the Paris exchange to Frs. 124, based apparently on nothing more substantial than favourable Paris reactions to Mr Snowden's statement on the recent Franco-British Treasury conversations. These developments stimulated a demand for bills, which extended to the point where the three months' discount rate was only kept with difficulty at 2½ per cent.

Now it must be realised that the French and American money which has been attracted here by higher discount rates must be kept here if gold losses are to be avoided; and the fact that both forward francs and dollars have this week risen to higher premiums is a warning of the difficulty of keeping foreign funds in London. The bills bought during the past few weeks on Paris and New York account will eventually mature, and their holders will then have to be tempted to buy fresh bills. For these reasons it appears advisable to keep London discount rates at their present level of 2½ per cent., and while the market must to some extent be guided in their operations by the needs and conditions of the moment, it is permissible to suggest that were the market to drive rates down below their present level, they would be acting in a way not wholly in accordance with the country's needs, and

might find themselves faced with the consequences of such corrective action as was necessary to restore equilibrium.

In New York greater activity on Wall Street led to a slight stiffening in call rates. Inside money was quoted consistently at 1½ per cent., but the outside rate which recently has been only 1 per cent., rose to 1½ per cent. on Tuesday, the day following Washington's birthday. The following day, however, it relapsed to 1 per cent. The rate on bankers' acceptances was raised by another ¼ per cent. at the end of last week. Brokers' loans, according to the most recent statistics, have been reduced by \$23 millions to \$1,772 millions. It is known that owing to the higher discount rates now current in London a fair amount of short money has been transferred from New York to London. While call rates in New York have so far failed to respond appreciably to the greater activity on Wall Street, it remains to be seen whether, if this activity continues, some of the American money now in London may not be attracted home again.

Business in the exchange market was more active, and turnover on a larger scale than during the previous week. Sterling displayed a firmer tendency against most foreign currencies. The American exchange, after touching 4.85½, closed at 4.58½, as against 4.58½ a week ago. Montreal was also slightly higher at 4.85½. The Paris exchange was influenced considerably by the Anglo-French Treasury *communiqué*, and up to Thursday the rate was distinctly more favourable to London, touching 124.00 on Wednesday, and after temporary reactions closing at 123.98. On Thursday, however, the market was inclined to attach less importance to the results achieved by the Paris monetary conversations, and a sharp reaction to 123.95½ occurred in the franc quotation. Bussels was lower at 34.84½, as was Milan at 92.79. Madrid at first improved steadily to 45.15, but a break then took the rate to 46.30. Still there was a net gain of one peseta on the week. Amsterdam continued moving in favour of sterling, the closing rate being 12.10½. Berlin was steady between 20.43 and 20.44. Sterling was in considerable demand against Swiss francs, rising to 25.22½, as against 25.18 last week. The close was 25.21½. Among the South American exchanges Buenos Aires was firm and closed at 37d. Rio was slightly easier at 4½d. The Eastern exchanges were unchanged, with rupees at 1s. 5½d. and yen 2s. 0½d. In the forward market dollars moved to a wider premium with the rise in the spot rate, being quoted ½ cent and ¾ cent premium. The close was somewhat better at ⅙ and ⅙ cents premium. Paris forwards were also in strong demand, 12 centimes premium being quoted for one month and 24 centimes premium for three, as against 7 and 20 centimes a week ago. Brussels forwards were at premiums of 1 and 2½ centimes respectively. Forward Madrid was extremely erratic, one month moving between 2 centimos and 11 centimos premium, and three months between 14 and 30 centimos premium. The close was uncertain at 6 centimos and 19 centimos for one and three months. Amsterdam forwards were in better demand at premiums of 1½ cents and 3½ cents, but Berlin forwards were nearer to par at ½ and 1½ pfennigs discount. A strong demand was in evidence for forward Switzerland at premiums of 4½ and 9½ cents for the two periods. Silver was in demand during the week on Chinese account, and rose rapidly to 12½ on February 24th, but relapsed at the close to 12¾d. for spot and 12½d. for forward. Hong Kong was 11½d. and Shanghai 1s. 2½d.

MONTHLY TRADE SUPPLEMENT.

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade price movements, currency, and production of the leading commercial countries of the world. Its contents include an Index of electricity production, and a series of indices of British trade activity. A special feature of our Supplement this month is an article giving the results of recalculating our index number of wholesale prices, in relation to 1913, using our revised post-war list of commodities as a basis.

POLITICAL CONFUSION AND ECONOMIC HOPE.

It has been fashionable of late to talk vaguely about the apathy of the electorate towards political affairs and of a waning public belief in the usefulness of Parliament as an instrument of government. Such talk has received at least some vindication from the polling figures at recent by-elections. In more than one instance the total of votes polled represented less than 50 per cent. of the enfranchised constituents, and even the picturesque vigour of the Crusaders failed to persuade as many as half of the voters of East Islington that it was worth their while to record a vote for or against any candidate.

For a democracy to lose interest in the proceedings of representative democratic institutions is unhealthy. Recent by-elections perhaps suggest not so much indifference to national affairs—which are indeed very much in the mind of the average elector—as a complete divorce between public opinion and the various partisan, mostly unconvincing programmes put forward by various political factions. Indeed, at the present time perplexity resulting in abstention from the polls is easily intelligible. How shall we blame the man in the street for a waning faith in Parliament when an experienced ex-Cabinet Minister and practical business leader of the calibre of Mr. Walter Runciman proclaims among his reasons for retirement from politics that he has lost confidence in the usefulness of the House of Commons? Who, again, can be surprised that millions of voters are completely bewildered by cross-currents in the political stream so numerous and illogical that the most practised observer finds them difficult to follow or to apprehend? The confusion which exists at Westminster to-day is by no means confined to the splits in each of the three parties. That aspect is in itself perplexing enough. Inside the Labour Party Mr MacDonald and his faithful followers are opposed by two separate groups under the leadership respectively of Mr Maxton and Sir Oswald Mosley. Among the Liberals Mr Lloyd George and Sir John Simon, who fought side by side at the general election for the Liberal unemployment policy, have parted company on a divergence of view as to whether the Government should be bolstered up or destroyed. Nor are the domestic affairs of the Conservative Party more harmonious in nature. Mr Baldwin repudiates his late Chancellor, Mr Churchill; and the former and Lords Beaverbrook and Rothermere, though all three put Empire development in the forefront of their programmes, are engaged in war to the knife. Small wonder if the humble voter gives up trying to understand what effect his vote will have if given to any particular candidate, or if he decides to abstain from the polling booth, as the line of least resistance.

All this is difficult enough. But the difficulty is much more than that which is sometimes presented by the task of judging between divergent but clear-cut policies advocated by different groups. The confusion is worse founded by the inability of political leaders of all colours to present to the country any policy adequate to meet the most pressing of our existing troubles. Even worse, individual policies are guilty of real or apparent incongruities and contradictions within themselves. The Prime Minister, elected on the plea that in Socialism we had the only cure for unemployment, makes no move to apply Socialist remedies, and exhorts private enterprise to go boldly forward, while his Cabinet does nothing to tackle the public extravagance which handicaps such enterprise with the burden of high taxation. The Liberals have laid themselves open to the public belief—unfair, perhaps, but widespread—that they are simultaneously calling for public economy and for reckless expenditure on public works; and it is the Liberal leader, not the Socialist, who, by his criticisms of the City, lays verbal siege to the citadel of the capitalist system. Orthodox Conservatives urge that production costs must be reduced, and yet propose to raise them by means of a tariff; while Mr Churchill calls at one and the same time for retrench-

ment and for a reactionary policy in India which would have most dangerous repercussions and might easily involve the country in a very heavy bill for repressive action.

Only one group leader has put forward a "national policy," and that is Sir Oswald Mosley, who rushes in where angels fear to tread. But the brochure* in which it is expounded is entirely unconvincing. Sir Oswald errs at the beginning, for he starts from the assumption that the decline of our export trades is permanent and must be progressive. This leads him to advocate extreme concentration on the home market ("our greatest asset"), which is to be protected by bulk control of imports, and to support the Beaverbrook idea (long since exploded) of a vast diversion of trade into Empire channels. He is involved, by his concentration on the home market, in the policy that standards of living and social service expenditure must be maintained at all costs, even though the cost be the failure of our export trades to regain a competitive basis; and his way out by means of a British Fiatletka is scarcely practical politics at the moment.

To put the matter tersely, all our political leaders, if they are not following will-o'-the-wisps, are groping for a policy in the darkness of the economic depression. They are, perhaps, no more to blame than their counterparts in other countries. For where in the world to-day is there to be seen in action a comprehensive national policy, good or bad, unless it be in Italy under Fascism, or in Soviet Russia under Communism—two systems which are, and probably will always remain, foreign and repugnant to the temperament and judgment of the British people?

It is unreasonable, then, to expect our statesmen to evolve a short cut out of the economic morass. But it is not unreasonable to call upon them to clear up some of the present confusion and to fix their attention on a few definite first steps which are urgently needed. The first and most urgent is clearly the checking of the costly abuses of the dole and the sound reform of the unemployment insurance system. The second, the all-round application of the "axe" to all superfluous or wasteful State expenditure. These two steps, energetically taken, would go far towards re-establishing confidence; and the re-establishment of confidence would be quickly reflected in trade improvement, and would give employers fresh heart to proceed with the work of effective reorganisation and readjustment. For the rest, the best contribution which any Government can make is zealously to promote peace and confidence in the international sphere, and in this direction it cannot be said that Mr Henderson is either idle or unsuccessful.

It is weary work waiting while, with or without the help of Cabinet and Parliament, the economic clouds roll slowly by. At times the sky has seemed so thick that pessimists have almost persuaded themselves that this is no passing storm but perpetual darkness. But although he would be a bold man who prophesied that days of sunshine are really near, we may at least be grateful that in the past week or two the sun has been making valiant, if fitful, efforts to break through. A number of important commodities have taken an upward turn in price, which may or may not prove temporary, but which in any case is a welcome change from the long-continued downward slide. Partly owing to this upward turn Wall Street has developed a definite cheerfulness, which has not gone without reflection on the London Stock Exchange. The Anglo-French Treasury conversations, while barren of sensational result, have shown that international efforts for financial co-operation are proceeding on lines which promise at least some success. The Franco-Italian naval *rapprochement* is a substantial gain, for it not only promises to round off the London

* "A National Policy." By Sir Oswald Mosley. (London) Macmillan and Company, Ltd. Price 6d. net.

Naval Treaty, but also makes the way a little smoother for the pursuit of armament restriction on land and in the air. In India a truce with the irreconcilables appears to be nearer. At home, the British Trade Fair has attracted more attention than was hoped for from foreign buyers, while the increase in the total of unemployed has shown some signs of halting.

Some of these occurrences are as yet of dubious or intangible importance. But in the aggregate they are suggestive of at least a slight improvement in the general outlook. And to those whose hearts are still heavy we would venture to suggest a rather more solid reason for comfort. Two years ago the alarming fact about this country was that she appeared to be failing to ascend to the level of moderate prosperity achieved and held by many other countries. This experience gave birth to the fear that, as the great depression gathered force, Britain would suffer more gravely than any other country. This has not occurred, and when we remember the natural and inevitable sensibility and vulnerability of Britain's peculiar economic position in the world it is remarkable that, after eighteen months of accentuated depression, she should be weathering the storm better than some of her chief industrial rivals.

In our view the reason for this is that in the three years preceding the slump—in spite of Sir O. Mosley's defeatist views regarding our international trade—we had been slowly strengthening our competitive position by rationalisation and by a slow process of readjustment of costs. The landslide in trade and in prices has made a new adjustment of prices, wages and salaries probably inevitable. But we stand at a lesser disadvantage than before. If we will only pursue as our main, indeed our sole, objective the preparing of the country to resume its place as the leader of world trade; and if this is our guiding line in all spheres of policy—economic, financial and political—there is no reason why we should not be the first to benefit from the turn in the tide.

THE NAVAL CONVERSATIONS.

THE exchanges of views between the British, French and Italian Governments over French and Italian naval ratios have rather suddenly gathered momentum and at the same time taken a hopeful turn. The favourable situation which has at last arisen as a result of long and patient negotiations, conducted under difficult psychological conditions, is evidently regarded by the statesmen concerned as being something of first-class importance. At any rate, Mr Henderson and Mr Alexander have put aside all other business at a few hours' notice in order to visit Paris and Rome and discuss in person, with their French and Italian colleagues, certain concrete proposals that are now on the table. Arriving in Paris on Monday afternoon, they made sufficient headway there to warrant their moving on to Rome within twenty-four hours. The conversations at Rome are taking place at this moment; and it is possible that, before this issue of the *Economist* appears, the definite success or failure of the whole transaction will have been announced. In the meantime, it is only possible to report that all the external symptoms are promising, and to recall the history of the affair and the issues at stake.

The issues are really momentous. Not only the outlook for peace in Continental Europe but the preservation of the comprehensive naval limitation agreement of last year between the British Empire, Japan and the United States is involved in the Franco-Italian controversy which is now, we hope, on the point of being settled to the satisfaction of all parties.

The peace of Europe is involved because the post-war tension between Italy and France is a disturbing factor which has steadily extended its range. Its place of origin is North Africa, where France, with no surplus population in need of new homes overseas, is in possession of all the desirable territories, while Italy, with a growing population

that presses for outlets, has nothing but the leavings: Tripoli and Benghazi as against Tunisia, Algeria and Morocco. This Italian grievance is half a century old; but it has been accentuated by a clause in the London Treaty of 1915 (the treaty in virtue of which Italy intervened in the war on the side of the Allies), whereby Italy is promised a rectification of frontiers in Africa in her favour at the expense of Great Britain and France. The trouble has also, of course, been rendered more acute by the rather aggressive form of Italian national consciousness that has prevailed under the Fascist regime. During the last five or six years the disturbing effects of this Franco-Italian trouble have spread from North Africa to South-Eastern Europe, where the two Powers have been competing with one another in building up rival followings of satellites—Italy enlisting Albania and Bulgaria and Hungary under her banner as against France's followers—Jugoslavia, Roumania, Czechoslovakia and Poland. This is an unpleasant development, because such rival hegemonies have been potent causes of European wars in the past.

But the situation was not seriously disquieting so long as only two great Powers were concerned—especially in a Europe which is still under the shadow of a terrible war and which has found a new organ of international co-operation in the League of Nations. So long as it was a pull between the League system and spirit on the one side and the Franco-Italian rivalry on the other, there was little fear that the underlying causes of the Franco-Italian trouble would prove permanently intractable to League of Nations treatment. The new, and profoundly disturbing, factor which entered into the European situation last year was the threat (symbolised in the Nazi and Communist gains in the general election for the Reichstag last September) that Germany might abandon the policy of fulfilling the treaties and working through the League, which she had been pursuing for seven years under the leadership of Herr Stresemann, and might, so to speak, "turn savage." This possibility opened up a really alarming prospect that the division into two camps, which already existed between two powers and their satellites, might become extended again, as it was before 1914, to the whole Continent. The lines which the division might take this time were indicated at the last session of the Preparatory Commission for the Disarmament Conference, when Italy, Germany and Russia frequently voted *en bloc* against France and her allies. A *détente* between France and Italy would do more than anything, at this moment, to check that dangerous tendency. If France and Italy succeed, this week, in agreeing upon their naval ratios, it is safe to prophesy that the steadying effect of such agreement will make itself felt quickly and powerfully throughout Europe.

It will also make itself felt in the world at large, since French and Italian naval armaments are the link between the problem of disarmament and security on the European Continent and the same problem as it presents itself in the outer world. To the United States and Japan, of course, the strengths of the French and Italian navies are of no more direct concern than, say, those of the Chilean, Argentinian and Brazilian navies are to the British Empire; but the British Empire is unfortunately unable to regard with the same indifference the strengths of two Continental European fleets which potentially command British sea communication both in the Channel and in the Mediterranean. The strength of the British Navy is necessarily determined with reference to French and Italian naval strength as well as to American and Japanese; and, through this inevitable factor in British naval calculations, French and Italian naval strength becomes of indirect but vital interest to the United States and to Japan likewise. For either France or Italy, or *à fortiori* the two together, are in a position to set the pace for the British Empire in certain important categories of naval armaments, and thus, indirectly, to set the pace for all the "High Seas" or "Principal" Naval Powers.

On this account, one of the chief concerns of President Hoover and Mr MacDonald, when they were preparing for the London Naval Conference the year before last, was to make sure of French and Italian as well as

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Japanese co-operation in the proceedings. When the Conference met no effort was spared in attempting to bring France and Italy into line with the other three Powers. And when the failure of this attempt had to be acknowledged in the adjournment of the Conference without the inclusion of France and Italy in the crucial Part III. of the Treaty, the other parties continued—with well-meant and well-received importunity—to labour at the task of converting the three-Power agreement for the comprehensive limitation of naval armaments into a five-Power agreement.

There are two problems to be solved: to secure agreement on a ratio between France and Italy respectively and the three "High Seas" Naval Powers; and to secure agreement between France and Italy as to their relative strengths *vis-à-vis* one another. The second problem is, of course, by far the more difficult of the two. If it were only France or only Italy whose ratio had to be adjusted to those of the British Empire, Japan, and the United States, the adjustment would be easy—or, at least, no more difficult than the adjustment between the three "High Seas" Powers which was accomplished in London last year. The *impasse* as between France and Italy has been the crux; and, so long as that *impasse* exists, the agreement reached between the three "High Seas" Powers remains precarious—as witness the last article in Part III. of the London Treaty:—

If, during the term of the present Treaty, the requirements of the national security of any High Contracting Party in respect of vessels of war limited by Part III. of the present Treaty are in the opinion of that Party materially affected by new construction of any Power other than those who have joined in Part III. of this Treaty, that High Contracting Party will notify the other Parties to Part III. as to the increase required to be made in its own tonnages within one or more of the categories of such vessels of war, specifying particularly the proposed increases and the reasons therefor, and shall be entitled to make such increase. Thereupon the other Parties to Part III. of this Treaty shall be entitled to make a proportionate increase in the category or categories specified, and the said other Parties shall promptly advise with each other through diplomatic channels as to the situation thus presented.

In other words, the three-Power agreement, unless and until it were converted into a five-Power agreement, had to be contingent instead of absolute.

During the ten months that have passed since the signature of the Treaty on April 22, 1930, it has hitherto proved impossible to reconcile Italy's claim to parity, in total naval strength, with "the strongest Continental European Naval Power," and the French contention (resembling the British contention *vis-à-vis* the United States) that, in apportioning ratios, account should be taken of the relative extent and importance of the objects which the respective navies are called upon to defend. The French Government has been inclined to maintain an attitude of courteous intransigence—relying, no doubt, on the present superiority of the French fleet over the Italian and on the financial ability of France to out-build Italy if the latter should attempt anything in the nature of a race in naval armaments. The Italian position

is more difficult, inasmuch as Italy is asking for a drastic change, whereas France is simply declaring herself content with an existing situation. Nor was the Italian position improved by the flamboyant speeches which Signor Mussolini delivered last May. On the other hand, such conciliatory and constructive proposals as were made last year were of the Italian Government's making. On June 3rd Signor Grandi proposed that both Powers should suspend all naval construction until December, in the hope of arriving at an understanding in the interval. The French Government left this proposal unanswered for more than a month and then merely agreed that no more keels should be laid down before December 1st—an empty concession, since by that time both Powers had already laid down all the keels which were to be laid down by December 1st according to their respective programmes. In August, again, Italy proposed that Franco-Italian parity should be accepted in principle, but that in practice it should be translated into an "equivalence" which would leave France a margin of actual superiority during the period for which the London Naval Treaty was to run. This latter proposal, likewise, fell through. Thereafter Mr Henderson and Mr Hugh Gibson took a hand, and latterly Mr Craigie, of the Foreign Office, in successive visits to Rome and to Paris, has brought the discussions to the point at which they stand to-day. If Mr Henderson can now convert Mr Craigie's "try" into a "goal," his steadily rising reputation as an international player will be notably enhanced and the cause of peace will be signally furthered.

THE REDISTRIBUTION OF LABOUR.

Last November the Ministry of Labour, in publishing its annual analysis of numbers employed in various industries, drew attention to the fact that, owing to changes in the conditions of insurance against unemployment, the movement in the numbers insured in a given industry was no longer an accurate guide to the expansion or contraction of that industry. An analysis of numbers actually in employment in insured trades was promised, and has now appeared in the February issue of the *Ministry of Labour Gazette*.

The figures for persons employed have been arrived at by subtracting the number unemployed in each group from the number insured in that group, no deduction being made for persons who are absent from work from sickness or other causes which do not affect the unemployment figures and are not relevant to a consideration of the volume of employment available. The figures are taken as at the end of June in each year, the time of the annual count of insured workpeople, and the indices are shown as a percentage of the June, 1928, figures, which

are the earliest available on a comparable basis. The difference in the movement of the numbers insured and those actually in employment is illustrated by the following table:—

INDICES OF ESTIMATED NUMBERS INSURED AND ESTIMATED NUMBERS OF INSURED PERSONS IN EMPLOYMENT.
(June 1923 = 100.)

	Persons Insured.	Insured Persons in Employment.		Persons Insured.	Insured Persons in Employment.
June, 1923...	100.0	100.0	June, 1927...	105.6	108.6
" 1924...	101.6	103.8	" 1928...	106.5	107.2
" 1925...	103.5	102.9	" 1929...	108.4	110.5
" 1926...	104.8	90.2	" 1930...	111.2	106.1

The fact that the employment indices for 1924, 1927, 1928 and 1929 were higher than the indices of persons insured shows that improvement in trade, as compared with 1923, had absorbed some part of the unemployed as well as the natural increase in population. In 1925, 1926 and 1930, on the other hand, the reverse was true, and by December, 1930, the index of insured persons in employment had fallen to 100.2.

The following table shows the growth, during recent years, in the numbers employed in some of the more important industrial groups in Great Britain and Ireland:—

GROWTH IN THE ESTIMATED NUMBERS OF INSURED WORKPEOPLE IN EMPLOYMENT.

	Estimated Numbers of Insured Persons aged 16-64 in Employment.	June, 1930.	June, 1927.	June, 1928.	June, 1929.	June, 1930.
Silk and artificial silk	60,855	148.5	137.0	199.6	179.4	179.4
Electrical wiring and contracting	16,512	139.5	149.5	160.8	173.3	173.3
Tramway and omnibus service	151,487	124.5	134.7	147.5	153.8	153.8
Electrical engineering	153,208	132.8	135.8	144.4	148.8	148.8
Public works contracting	145,250	140.8	126.6	139.3	146.7	146.7
Electrical cables, wire and lamp	94,304	120.0	126.6	139.3	146.7	146.7
Distributive trades	1,622,112	127.9	132.2	135.9	140.0	140.0
Hotel, boarding-house, club services	311,257	126.4	129.4	136.3	136.0	136.0
Road transport not separately specified	161,858	125.6	131.9	136.0	135.3	135.3
Furniture making, upholstery, &c.	112,602	125.3	130.4	135.2	134.2	134.2
Laundries, dyeing and dry-cleaning	131,892	121.0	126.2	131.1	132.7	132.7
Local government	249,107	108.4	112.1	120.1	122.2	122.2
Motor vehicles, cycles and aircraft	214,696	126.8	125.3	134.4	125.2	125.2
Printing, publishing and book-binding	256,368	114.0	116.4	119.7	122.2	122.2
Building	726,268	126.5	123.5	126.8	121.8	121.8
Food industries, not separately specified	101,658	119.7	118.7	122.0	120.7	120.7
Professional services	122,079	109.3	111.6	115.6	119.3	119.3
Shipping service	113,192	115.6	112.8	114.3	108.0	108.0
Tailoring	183,962	110.8	109.9	109.9	107.9	107.9
Commerce, banking, insurance, finance	224,790	100.5	100.6	103.4	104.2	104.2
Gas, water and electricity supply	154,198	101.8	100.8	100.3	101.1	101.1

Apart from the artificial silk and motor industries, which are recognised examples of young industries still in the stage of rapid expansion, growth during recent years has been most marked in the electricity industries, in those branches of manufacture which cater for the building industry (among groups not shown in the above table, artificial stone and concrete, heating and ventilating apparatus, paint and varnish, brick and tile making, clay, sand, gravel and chalk pits, and wallpaper making all showed very much more than the average rate of growth between 1923 and 1930), and in various kinds of services. The more detailed table from which the above figures are taken clearly illustrates the effect on industry of the rising standard of living, for, apart from the groups already mentioned, those which show the greatest expansion are, broadly speaking, those which cater for recreation, as, for example, toys, games and sports apparatus, entertainments and sports, and musical instruments. Among the few industries which continued to increase between June, 1929, and June, 1930, the electrical industries, some of the industries ancillary to building, tramway and omnibus services, laundries, dyeing and dry-cleaning, printing, publishing and book-

binding, and, owing to unemployment relief schemes, public works contracting and local government, were the most noticeable.

In contrast to the list of increases, in which manufacturing industry, with certain important exceptions, plays a comparatively small part, the table of industries in which decreases have occurred consists almost entirely of manufacturing industries, and predominantly of what used to be regarded as our staple industries. These figures are largely influenced by trade depression; but in a number of cases labour-saving machinery has doubtless played some part:—

DECLINE IN THE ESTIMATED NUMBERS OF INSURED WORKPEOPLE IN EMPLOYMENT.

	Estimated Numbers of Insured Persons aged 16-64 in Employment.	June, 1930.	June, 1927.	June, 1928.	June, 1929.	June, 1930.
General Engineering: Engineers' Iron and Steel Founding	499,399	103.2	104.2	105.8	98.7	98.7
Shipbuilding and Ship Repairing	141,947	109.1	101.1	108.9	97.5	97.5
Bread, Biscuits, Cakes, &c.	137,327	95.6	95.9	96.2	97.5	97.5
Pottery, Earthenware, &c.	57,952	97.1	95.6	102.9	93.5	93.5
Boots, Shoes, Slippers and Clogs ..	112,870	102.5	91.6	93.1	89.9	89.9
Dress Making and Millinery	97,540	93.0	92.9	91.7	89.0	89.0
Linens	58,433	113.5	88.9	102.1	87.3	87.3
Dock, harbour, river and canal service	111,215	95.7	87.8	87.9	83.7	83.7
Textile bleaching, printing, dyeing, &c.	81,152	105.2	105.9	102.8	83.2	83.2
Steel melting and iron puddling, iron and steel rolling and forging ..	126,846	97.1	87.0	89.6	78.8	78.8
Woolen and worsted	181,505	89.8	88.7	85.2	75.3	75.3
Cotton	329,853	118.9	109.7	109.0	75.1	75.1
Railway service (non-permanent workers)	129,190	79.4	76.8	76.1	74.5	74.5
Coal mining	25,372	99.4	103.3	98.2	74.2	74.2
Coal mining	813,711	79.7	69.4	74.0	69.2	69.2
National Government	103,148	89.3	77.3	72.5	67.2	67.2
Total of all industries and services, including those not shown above ..	10,493,951	108.6	107.2	110.5	106.1	106.1

Of the principal textile and heavy industries, engineering, shipbuilding and cotton were above the 1923 level until the onset of the 1930 depression, but employment in coal mining, iron and steel and the wool textile industries has never regained the level of June, 1923.

Both in 1923 and in 1930 just over half the number of insured people in employment were comprised in the ten largest groups, but, though nine of the ten groups were the same in both years, the order was slightly different, and the percentage of the total represented by some of the groups was substantially changed, as the following table shows:—

NUMBERS AND PERCENTAGE OF TOTAL INSURED WORKPEOPLE IN EMPLOYMENT COMPRISED IN TEN LARGEST GROUPS.

June, 1923.			June, 1930.		
Industry.	Number Employed	Percentage of Employed in all Industries	Industry.	Number Employed	Percentage of Employed in all Industries
Coal mining	1,211,559	11.9	Distributive trades	1,622,112	15.5
Distributive trades	1,180,548	11.6	Coal mining	813,711	7.8
Building	626,440	6.1	Building	726,258	6.9
General engineering	525,737	5.2	General engineering	499,399	4.8
Cotton	445,422	4.4	Cotton	329,853	3.1
Wool and worsted	259,755	2.5	Hotel, &c.	311,257	3.0
Hotel, boarding-house, &c.	253,437	2.3	Local government	279,107	2.7
Local government	227,563	2.2	Printing, &c.	256,502	2.4
Commerce, banking, insurance, &c.	216,735	2.1	Commerce, &c.	224,790	2.1
Printing, &c.	215,010	2.1	Motors, cycles and aircraft ..	214,696	2.0
Total of above ..	5,133,206	50.4	Total of above ..	5,277,561	50.3

* Insured persons aged 16 and over. † Insured persons aged 16-64 inclusive.

The most significant changes are the decline in the part played by coal mining, the immense absolute and relative expansion in the distributive trades and the departure of the wool textile industries from the list, in favour of the motor industry.

These changes in the distribution of labour as between different occupations have naturally resulted in changes in its geographical distribution. Attention has frequently been drawn to the southward trend of industry since the

war, and the latest figures, incorporated in the table below, show that it has been accentuated by the depression:—

GEOGRAPHICAL ANALYSIS OF INSURED PERSONS IN EMPLOYMENT.*

	Number aged 16 and over at June, 1923.	Number aged 16-64 at June, 1930.	Index numbers, June, 1923 = 100.		
			June, 1928.	June, 1929.	June, 1930.
London	Thousands. 1,810	Thousands. 2,093	115.8	119.7	119.0
South-Eastern ..	693	873	123.5	128.0	129.9
South-Western ..	691	789	113.2	117.0	117.9
Midlands	1,510	1,572	106.2	111.0	107.2
North-Eastern ..	1,741	1,638	99.0	103.0	97.1
North-Western ..	1,759	1,660	107.4	108.0	97.0
Scotland	1,110	1,083	104.2	104.8	100.4
Wales	583	443	82.1	84.6	78.6
Northern Ireland	211	205	98.0	107.2	96.9
Great Britain and Northern Ireland	10,108	10,357	106.8	110.0	105.5

* Excluding persons insured under special schemes for the banking and insurance industries.

The steady decline in employment in Wales, after a slight interruption in 1929, has been resumed; North-Eastern and North-Western England, which showed some signs of recovery in 1927 and 1929, had fewer insured persons employed in June, 1930, than in 1923; employment in Scotland and Northern Ireland declined to about the 1923 level; while South-Eastern and South-Western England continued their steady upward trend and London showed only a very slight fall from the 1929 peak.

It is becoming increasingly evident from these annual analyses that this country's habit of regarding itself as mainly a producer of coal, textiles, and iron and steel, with its industry concentrated around the coalfields of the North, the Midlands and South Wales, is gradually becoming an anachronism. The part played in our manufacture by the newer industries, and the increasing proportion of labour in occupations other than manufacture, are circumstances of which sight must not be lost in the framing of economic policy.

FORD IN EUROPE.

(BY A CORRESPONDENT.)

In an article published not long ago in the *Economist*, an attempt was made to analyse the position of the Ford Company of England, having regard to the approaching entry into production of the new factory at Dagenham. It was pointed out at the time that the success of the Dagenham venture depended on the increase of sales within the markets controlled by the British company. The total consumption of these markets during 1929 only reached 100,000 units, whereas the prospectus of the Ford Motor Company issued in December, 1928, estimated it at 120,000. Great Britain was largely responsible for the failure to reach the estimated figure, but, as has been already shown, this shortcoming should be made good as soon as there is a factory producing 100 per cent. British cars within the British Customs frontier. The low price which has given Ford a 40 per cent. share of motor consumption in the United States will then be more nearly available in Great Britain, and the doubling of sales should not present a difficult task. The production figure which has been announced for Dagenham is 200,000 units per year; 25,000 cars were sold in Great Britain during 1929; and with a probably substantial drop in prices, a sale of 50,000 cars during the first year of Dagenham production should be feasible. On the other hand, Continental sales during 1929 numbered only 75,000, and the doubling of this figure presents a far greater problem.

Ford is playing an increasing part in motor production in every European country; in many small countries which have no motor industry of their own, almost the whole market is shared by Ford and General Motors, since other European manufacturing companies, while able to compete within their own frontiers, cannot compete on foreign

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ground protected by high tariffs. In countries such as France, Germany and Italy, Ford claims a very substantial percentage of sales and competes very successfully with the most popular and low-priced national makes. Nevertheless, to attain the dominating position in the Continental markets which a Dagenham export figure in excess of 100,000 would entail, a very real price advantage is essential.

Now, save in a minor degree, Ford prices cannot be reduced in any one country unless an increasing proportion of materials and parts is manufactured or bought locally, and is not subject to heavy import duties. The fact that the Continental companies will be able to obtain their supplies from Dagenham instead of from Detroit will not help them appreciably. Transport costs will be less, but the duty weighs as heavily on goods imported from Britain as from America. In France, any decrease in transport costs will be offset by the recent increase in the tariff affecting imported cars and parts. The lowering of the selling price in each country and consequent increase in sales depend primarily, therefore, on the progress made by each company in manufacturing and buying locally. A review of the position in a number of Continental markets will thus give some idea of the prospects of the subsidiary companies in each of which the British Company holds a 60 per cent. interest.

Each of the various Ford companies established in Europe exports to markets which are either geographically or colonially related. The French company's factory is at Asnières, and it is here, perhaps, that the greatest progress can be made with regard to local purchasing of materials and parts. There is reason to believe that nitro-cellulose, lacquers, oils, varnishes and lubricants, roller and ball bearings, tyres, steel pressings, steel forgings, electrical outfit, tools, body material, glass, disc wheels, mufflers, chassis springs, seat springs, wooden parts, rubber mats, carpets and accessories are all being manufactured or obtained in France; and it is hoped that further development of local purchasing will save the French Ford Company from having to increase their prices substantially as a result of the increase in the import duties. No sales figures are available for France, but to judge by experience of road travelling in France, Ford sales are considerable and increasing.

In Germany exact figures are available in the form of registrations by makes, and it is thus possible to obtain some picture of Ford's position in an average European market in which it has to compete with a vigorous national industry under the heavy handicap of Customs duties. During the first six months of 1930, Ford sales of passenger vehicles (commercial vehicles are excluded from these statistics) numbered 4,295; this figure represents 17 per cent. of total sales in the medium horsepower group, 9 per cent. of total sales of cars in Germany, and 31.7 per cent. of total sales of imported cars. Total production for the period, which includes commercial vehicles and an export business of about 10 per cent. to Austria, Czechoslovakia and Hungary, numbered 7,809, which may be compared with a total output for the whole of 1929 of 5,210. The development of Ford activities in Germany up to last summer was unimpeded by the depression which hit the German motor industry severely; for while total German motor production for the first half of 1930 showed a fall of 22 per cent.,

Ford production increased 55 per cent.; turnover for this period was £1,400,000, compared with £1,800,000 for the whole of 1929 and with £600,000 for the whole of 1928. A new factory is being constructed at Cologne, which is expected to start producing in a few weeks; special terms were offered the company by the city as an inducement to build there; and it has been announced that 2,000 men will be employed there and a hundred cars produced a day, though, as with Dagenham, it must be remembered that employment and output are not likely to be constant—when stocks are piling up it is the Ford practice to suspend production, every effort being made to re-engage the same employees when production recommences. The Berlin works, which have hitherto served Germany and the neighbouring markets, will not necessarily be closed down, but will probably be retained, as will Trafford Park, Manchester, in England, as an assembly centre. Cologne's position on the Rhine will offer the Ford company water transport for distribution down the Rhine and Danube to the Near East. The price of models in Germany, though recently subject to 5 per cent. reduction, still stands above the prices ruling in Great Britain. But the new factory and the close association with the I.G. Farbenindustrie, a large Ford shareholder and a potential supplier of many Ford requirements, promise lower prices in the future.

No public issue of shares has yet been made by the Ford company of Italy, which remains a private company owned by the Ford Motor Company, England. Negotiations for manufacturing facilities of one kind or another have been going on for some time; but a scheme for co-operation with the Isotta Fraschini company has long been under consideration, and, while nothing definite has yet been agreed, would seem to be the one most likely to be brought into effect. Under this scheme, as at present understood, the new Ford will be assembled at the Milan works of the Isotta Fraschini company, the Ford company taking up 49 per cent. of the re-organised capital of the Isotta Fraschini company—a holding which, it has been said, might amount to £1,000,000. The Ford company would acquire the right to manufacture the Isotta Fraschini aeroplane engine in the United States. Local manufacturing facilities, such as this scheme would offer, should enable the new Ford to be sold in Italy for about £140 and thus to share with Fiat the entire cheap car market of Italy; for the Italian tariff is so high as to exclude any foreign low-priced car. A newspaper report has stated that the car as produced in Italy will be called the "Ford-Isotta-Fraschini," an association which may give rise to one or two witticisms, but which is well merited after the old "T" model's music-hall reputation has so seriously prejudiced real appreciation of the new "A" model. The Italian company exports to the Near East and, of course, to Italy's colonial possessions.

In Spain, where the Ford company has an assembly plant at Barcelona, Ford sales represent 32.4 per cent. of total car registrations, which were, in 1929, 36,910. Sales of Ford passenger vehicles during the year numbered 6,904 and of commercial vehicles 5,123. Ford's plans in Poland would seem to have been abandoned, for the project to build an assembly plant at the new port of Gdynia has not been carried any further. Russia comes under the province of the American parent company, and while Mr Ford has been invited to grant a licence to a Soviet plant to manufacture under the direction of Ford engineers, no particulars are available on this side of the Atlantic. Assembly plants are established in almost every leading European country, the most recent to be opened being one at Istanbul, Turkey. New and bigger assembly plants are also being constructed in Stockholm, Antwerp (in place of the present works at Hoboken), and Rotterdam.

An interesting development in the financial organisation of Ford in Europe lies in the establishment of a Ford investment company registered in Luxembourg. This company will act as a clearing-house for all the European Ford companies, controlling the collective investment of the reserve funds of some companies, lending funds to others of the companies who may require them for the construction or extension of plant.

THE DIRECTION OF OVERSEAS TRADE.

AFTER the heavy all-round decline shown by the trade returns for 1930, it was only to be expected that the analysis of the trade of that year according to countries of origin and destination, included in the January Trade and Navigation Returns, should resolve itself into a study of comparative rates of decrease. This has, in fact, proved to be the case, and few indeed are the countries with which our trade in 1930 was greater than that in 1929.

Trade with European countries suffered least. Whereas our total imports declined by 14 per cent. to £1,044,840,194 and our exports of British produce and manufactures at £570,552,946 were 20 per cent. lower than in 1929, imports from and exports to European countries fell by less than 7 and 14 per cent. respectively. Trade with individual European countries is shown below:—

TRADE WITH EUROPEAN COUNTRIES.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1928.	1929.	1930.	1913.	1928.	1929.	1930.
Russia.....	40,271	21,576	26,487	34,245	18,103	2,716	3,743	6,790
Finland.....	...	13,240	14,945	12,641	...	3,601	3,363	2,415
Estonia.....	...	2,272	2,497	1,992	...	601	464	388
Latvia.....	...	5,748	5,467	4,836	...	1,293	1,496	1,132
Sweden.....	14,213	22,050	25,709	22,585	8,220	9,712	10,548	10,073
Norway.....	7,437	12,013	14,149	11,976	6,147	7,928	9,858	12,333
Denmark.....	24,053	53,061	56,211	54,138	6,061	9,770	10,678	10,256
Poland.....	...	5,781	6,908	7,947	...	5,253	4,504	3,564
Germany.....	30,998	63,726	68,818	65,341	41,307	40,947	36,967	26,830
Netherlands.....	27,913	58,722	60,302	52,522	22,794	32,236	31,858	25,643
Belgium.....	23,426	43,876	44,297	38,589	13,528	17,595	20,163	15,629
France.....	49,448	67,232	63,474	54,459	32,396	32,055	38,734	35,730
Switzerland.....	11,070	14,361	13,741	12,640	4,212	7,921	6,424	5,187
Portugal.....	3,895	4,692	5,429	4,653	6,055	5,329	8,145	7,476
Spain.....	15,976	21,784	22,063	19,491	9,728	11,728	13,825	10,796
Italy.....	8,131	15,815	16,877	15,089	14,640	14,439	16,123	13,914
Austria.....	7,706	2,319	2,782	3,388	4,481	2,706	2,521	2,044
Czechoslovakia.....	...	8,188	6,676	6,393	...	1,099	1,059	739
Hungary.....	...	2,202	3,262	2,742	2,186	2,537	4,777	4,947
Greece and Crete.....	...	2,037	1,763	2,965	4,727	1,947	2,989	2,317
Roumania.....	...	1,165	1,285	803	659	2,414	2,016	1,572
Turkey in Europe.....	...	...	...	...	...	...	...	...
Other European countries.....	74	2,039	2,334	2,358	568	3,232	3,467	2,581
Total.....	320,065	445,374	466,386	434,051	195,138	225,122	235,501	203,247

* Including dependencies.

A substantial increase appears in our imports from Russia, and small increases in those from Poland, Austria, Hungary and Roumania. These were very much more than offset by declines of nearly £9 millions in imports from France, and nearly £8 and £6 millions in those from Holland and Belgium respectively, together with declines of £2.3 millions each in imports from the Scandinavian countries, Germany and Spain, and small falls in imports from the remaining countries. To Russia and Norway alone did we succeed in increasing our exports, while those to Germany declined by £10 millions, to Holland by £6 millions, to Belgium by £4½ millions, to France and Spain by £3 millions each and to all other countries by smaller, though relatively high, amounts. Exports to Germany are now one-third lower than in 1913, while imports from her are more than double the pre-war value.

Imports from and exports to non-European foreign countries are shown below:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1928.	1929.	1930.	1913.	1928.	1929.	1930.
Turkey in Asia.....	4,251	1,370	1,442	1,219	5,291	722	628	296
Egypt.....	21,395	26,337	23,583	13,910	9,805	11,186	12,576	9,808
Iraq.....	...	1,27	1,676	1,130	...	2,681	2,426	1,693
Persia.....	430	9,045	9,148	8,774	725	1,629	2,261	2,695
China.....	4,672	11,974	12,157	9,914	14,845	15,724	14,029	8,572
Japan.....	4,389	8,734	9,133	8,065	14,783	14,688	13,630	8,374
United States.....	143,854	18,826	198,176	155,585	30,478	47,947	46,803	29,592
Cuba.....	3,675	10,240	7,934	6,871	2,214	1,649	2,027	1,283
Mexico.....	1,880	2,369	2,690	2,886	2,333	2,800	2,538	2,434
Colombia.....	1,089	2,276	2,106	1,399	1,693	3,654	3,241	1,553
Peru.....	1,378	6,710	6,462	4,483	1,488	1,954	2,007	1,443
Chile.....	5,359	9,104	10,615	7,347	6,010	5,128	9,196	5,963
Brazil.....	10,008	4,685	7,293	8,132	12,465	16,034	13,383	7,955
Uruguay.....	2,749	7,026	5,651	7,382	2,916	3,106	3,723	3,561
Argentina.....	42,485	76,789	82,447	56,744	22,641	31,210	29,074	25,270
Other foreign countries (non-European).....	9,540	17,428	15,024	12,805	7,215	10,677	11,854	8,711
Total.....	257,154	386,640	395,537	306,647	341,800	170,789	169,396	119,203

This group shows the largest decline: imports were 22½ per cent. lower in 1930 than in 1929, and exports 30 per cent. lower. Imports from Brazil and Uruguay were higher, but those from all the other countries shown were lower, and the fall in imports from Egypt, the United States and Argentina amounted to £9½, £42½ and £26 millions respectively. Except for Persia, none of these countries took more of our exports in 1930 than in 1929, while the United States took £17 millions less, Brazil, China and Japan each about £5½ millions less, and the Argentine nearly £4 millions less. Many of these countries afforded far less good markets for our produce than before the war, though Egypt, Turkey and Brazil were the only ones from which we imported less in 1930 than in 1913. The third table shows our trade with the Empire:—

TRADE WITH BRITISH COUNTRIES.
(000's omitted.)

	Imports from				Exports to			
	1913.	1928.	1929.	1930.	1913.	1928.	1929.	1930.
Irish Free State.....	£ 45,147	£ 45,087	£ 45,087	£ 42,953	£ 35,080	£ 36,078	£ 34,498	£ 34,498
West Africa.....	5,174	11,458	11,336	8,173	6,601	14,827	12,316	10,730
South Africa.....	12,495	24,146	24,309	20,334	22,185	31,503	31,536	26,464
India and Ceylon.....	56,218	78,246	77,995	64,576	74,458	89,862	84,147	56,943
Straits Settlements.....	15,880	10,167	14,173	9,134	5,835	11,434	12,272	7,464
Australia and Papua.....	38,065	54,463	55,685	46,543	34,470	55,725	54,375	31,738
New Zealand.....	20,338	47,274	47,727	44,939	10,838	19,288	2,393	17,868
Canada.....	30,488	57,143	46,410	38,160	24,795	34,466	35,008	28,904
West Indies.....	2,116	5,344	5,327	5,139	2,339	5,111	5,043	4,749
Other possessions.....	10,742	30,197	30,743	24,291	13,785	30,372	31,283	38,745
Total.....	191,516	363,585	358,842	304,142	195,307	327,668	324,451	248,103

Here the decline is greater than in our European trade but less than in our trade with other foreign countries, imports being down by 15½ per cent. on 1929 and exports by 23½ per cent. Both imports from and exports to each of the countries specified fell off, and the decline was especially severe in trade with India, Australia and Canada.

The result of the different rates of decline in the three groups has been to redistribute the proportion of our trade with them as follows:—

PERCENTAGE OF BRITISH TRADE WITH BRITISH, EUROPEAN AND OTHER FOREIGN COUNTRIES.

	Imports.		British Exports.	
	1929.	1930.	1929.	1930.
European foreign countries.....	38.2	41.5	32.3	35.6
Other foreign countries.....	32.4	29.4	23.2	21.0
British countries.....	29.4	29.1	44.5	43.4

Exports of imported merchandise showed a decline of 20 per cent. to £86,980,279. Those to British countries declined by 15 per cent., and those to foreign countries, which formed over three-quarters of the total, by 23 per cent. The severest falls were in re-exports to Germany (— £6 millions, to) the United States (— £5 millions) and to France and Belgium, which fell about £3 millions each.

RE-EXPORTS.

(000's omitted.)

	1913.	1924.	1925.	1926.	1927.	1928.	1929.	1930.
Russia.....	9,591	7,212	13,017	8,543	6,781	2,785	2,799	2,556
Sweden.....	1,014	1,811	1,739	1,289	1,029	1,239	1,156	859
Denmark.....	530	1,710	1,227	884	767	782	830	742
Germany.....	19,823	28,930	27,263	20,922	27,538	26,392	23,253	17,312
Netherlands.....	5,160	7,430	7,009	4,755	4,922	5,017	5,361	4,311
Belgium.....	7,435	10,230	10,300	8,131	8,307	10,382	9,241	6,511
France.....	12,072	18,626	23,584	20,429	18,575	18,776	17,708	14,722
Italy.....	1,012	2,374	2,874	1,967	2,247	2,121	1,583	961
United States.....	30,222	24,603	31,159	25,865	21,463	22,096	16,489	11,267
Other foreign countries.....	9,040	11,148	9,565	9,027	8,630	8,614	8,220	7,144
Irish Free State.....	...	11,216	10,963	10,417	9,356	9,441	10,220	9,800
South Africa.....	1,861	1,595	1,651	1,641	1,531	1,604	1,574	1,242
India and Ceylon.....	1,528	1,239	1,342	1,631	1,526	1,405	1,362	1,476
Australia.....	3,359	5,159	3,857	2,433	2,566	2,286	2,110	1,394
New Zealand.....	952	1,025	1,111	784	792	763	793	764
Canada.....	3,512	2,450	3,131	2,367	2,110	2,553	2,503	2,110
Other British countries.....	2,403	3,806	4,245	4,410	4,153	4,517	4,500	3,739
Total.....	109,575	139,970	154,037	125,495	122,953	120,283	109,702	86,980

* Including dependencies.

In view of these figures Sir Oswald Mosley's recent assertion that "we are losing ground in nearly every other market" except the Empire seems somewhat dis-

ingenuous. Actually, though during the past year we have lost ground almost everywhere, our European markets have withstood the pressure best, probably because their trade is more diversified than that of most of the newer countries. Evidence has been accumulating of late that European countries are each other's best customers, and a commercial policy which makes light of that evidence may do incalculable harm to the overseas commerce on which Britain is so dependent.

THE B.I.S. AT WORK.

Speaking to his shareholders recently on the fall of prices, Mr C. E. Neill, Vice-President and General Manager of the Royal Bank of Canada, declared that "these wide fluctuations in the money value of output are clearly a monetary phenomenon which, if properly understood, could be prevented. . . . If the central banks of all the countries on a gold basis should deliberately adopt a common policy they could, within a certain time lag, raise or lower the price level almost at will." The British bankers, on the other hand, in their recent speeches rather warned the public not to expect too much from banking co-operation, and the second interim report of the League of Nations Gold Delegation also emphasised that the depression was not due to purely monetary influences, and therefore could not be cured solely by a joint monetary policy. But whatever view be held as to the precise weight to be attached to central bank action, it is certain that the policy of the central banks is a major influence in the situation and that, whether it be by organising joint action or by refraining from action, the monthly consultations at Basle are of prime importance. We therefore make no apology for reproducing the substance of an address given in Paris recently by Mr MacGarrah, President of the B.I.S., to the American Chamber of Commerce in Paris, in which he sketched the progress, organisation and policy of the bank.

After explaining the international character of the bank, with its twenty-two participating banks, its operations in twenty-four currencies, and its staff drawn from ten different nations, and having referred to the studies that have been made with regard to the organisation of facilities for central dealings in foreign exchange and the adjustment of gold movements, Mr MacGarrah proceeded to describe the work of the bank.

While in the popular mind the bank's activity in connection with the German debt payments is regarded as its principal operation . . . the truth is that this duty has already become the smaller side of the work. . . . Consequently nearly the whole thought and energy of the bank are devoted to other financial fields. Reparation funds proper represented on our last balance sheet under 20 per cent. of our total assets, which then amounted to about \$340,000,000. Similarly, it is a mistake to consider that the institution is one for handling the so-called inter-Ally debts. While Creditor Treasuries may use us like any other bank as a depository for funds which may or may not be ultimately employed to discharge public debts as well as private debts, there is no provision in the Young Plan or in the bank's statutes by which the bank collects from the principal debtor on the one hand and remits directly to the principal creditor on the other.

In addition to the seven founder banks or groups, viz., the central banks of Belgium, England, France, Germany and Italy, the Yokohama Specie Bank of Japan and Messrs J. P. Morgan and associates of America, shares were at once allotted to the central banks of Sweden, Switzerland and Holland, and subsequently to those of Austria, Bulgaria, Czechoslovakia, Danzig, Denmark, Finland, Greece, Hungary, Poland, Roumania, Esthonia, Lithuania and Latvia. The proceeds of the subscriptions were invested in the respective markets of the subscribers. About 35,000 shares out of 200,000 remain for issue to central banks in other countries of the world whose currencies are on the gold or gold-exchange standard. The issue of shares to Portugal and Yugoslavia is awaiting the stabilisation of their currencies. The bank's technical organisation has been placed at the disposal of the central bank of Spain.

The growth of the banking department of the institution has been rapid. The first balance sheet of May 31st of last year showed assets of approximately 300,000,000 Swiss francs. The statement of January 31st last disclosed assets of slightly over

1,700 million Swiss francs. This advance has been primarily due to the co-operation of central banks, which deposit a steadily increasing portion of their foreign currency reserves with us. Such reserves now represent one-half of our assets and liabilities. Another one-quarter relates to deposits of central banks for the account of their Treasuries, and the remaining quarter represents our paid-in capital and permanent deposits entrusted to us pursuant to The Hague Agreements. No deposits have so far been accepted from private banking institutions or individuals.

The Bank does not publish the interest rate it pays for deposits lest it be mistaken as something in the nature of a world discount rate, and alterations in our terms given a significance they do not have. I may say, however, that at present we are allowing one average rate for all currencies on the gold or gold exchange standard."

On the question of the geographical distribution of the bank's growing funds, the President said that hitherto they had not considered it appropriate to publish such business details, giving as one of the reasons that "one of the functions of the bank is to assist the exchanges in times of anticipated stress or temporary need, and it would hardly be helpful to advertise a situation we were assisting to correct by disclosing the changing directions which our funds take." Whether this is a conclusive argument against the powerful considerations which have been urged from time to time on the other side is open to doubt, but at least Mr MacGarrah lifted the curtain a little way.

I may add that we have, and have had, substantial investments in Germany which, as a debtor nation, naturally requires foreign capital. In fact, of our total investments at the end of the last calendar year about 25 per cent. were placed on the German market. The Reich's special need is for longer term credits. Consequently, of our investments for periods of six months or more, over 95 per cent. have been made within Germany. While I cannot discuss our investments in detail, I can say that they are very widespread and that, contrary to some current reports, only a small fraction is placed in the Balkan States, and nothing in countries whose currencies are not yet stabilised.

We may hazard a guess that if the whole schedule were given, it would appear that far the largest investment is in the United States, for though the B.I.S. is not officially a clearing house for international debts, in fact most of the treasuries authorise it to pay the money received from Germany straight to America, and the bank must accumulate its resources against the date of payments.

Dealing with its investment policy, Mr MacGarrah observed that in view of its important main functions the bank subordinates the profit-making aim to a consideration of the effect on central banking policy, the foreign exchanges and the improvement of world credit. The following are its guiding principles:—

The maintenance of great liquidity. This is requisite because half of our funds constitute the foreign exchange reserves of central banks. Such reserves must be quickly forthcoming in emergencies. Besides, to serve as a stabiliser of the exchanges, the bank must be ready to move funds rapidly from one point to another. Consequently, though a third of our funds are placed with us for over thirty-seven years, only 10 per cent. are invested for over six months and nothing over two years, eight to three months being the preference.

We have endeavoured to relate investments directly to the promotion of trade and commerce, national or international, and consequently are large holders of commercial and export bills. We do not finance governments. . . .

We have been prepared, however, to act as trustee for government loans. We are now trustees for the two German loans popularly known as the "Dawes" and "Young" Loans, and also for the Austrian Government 7 per cent. Loan of 1930. We have also been asked to serve as trustee for certain other government loans which will be issued in the near future. . . .

With due regard to our commitments in a given currency and to liquidity, we have endeavoured to move capital from markets where it is superabundant to markets where it is needed.

We move capital from markets of low interest rates to markets of high interest rates, in order to help the trend towards a levelling out of rates and to assist commerce and agriculture in those centres where the interest rate is excessive. Thus, with proper security, we have made advances in certain Eastern European countries.

We have moved our funds in ways aiming to be helpful to currencies which are temporarily or seasonally weak. . . .

We have endeavoured to avoid competition with existing agencies or private banking enterprise and instead to supply new facilities which have hitherto been lacking or unco-ordinated.

Finally, we make investments with a view to organising credit mechanism in monetary centres where necessary instruments of credit are lacking. . . .

The President added that the right of veto which each central bank has over the operations of the B.I.S. in its market has never yet been exercised.

In certain markets we have the central banks as our sole agent and correspondent. In others we have relations with private banks, but only through the intermediary of the central bank. In some markets we work directly with private banks, where the central bank is not prepared to act for us but has no objection to our operating with private banks, but the central bank concerned is fully apprised of every operation undertaken.

Referring to the co-ordinating influences of the bank, the speaker stated that, in addition to the meetings of the board, contact was maintained by repeated visits of central bank officials to Basle and return visits of the officers of the bank and by "a practically continuous series of gatherings of experts to study problems of common concern. It is now an open secret that the recent decision of several central banks to accept a common standard of gold fineness is the outcome of the governors' conversations in Basle."

The President then proceeded to the very interesting problem of future policy, and spoke of two great needs of the movement.

The first is the encouragement of the transfer of capital from the short money market, where it is so plentiful that it is practically impossible to invest even at low rates, over into the intermediate credit market where the supply is insufficient, and to the long-term market where the supply is woefully inadequate. The next need is the reopening of great capital markets, like that in the City of Paris, to foreign financing, especially at intermediate and long term.

The speaker welcomed the recent address of Governor Moret, in which the latter stated that it was good policy to encourage foreign loans at long terms, and expressed the hope that there would soon be such a re-establishment of confidence in America that it would resume the rôle of supplier of funds to sound foreign borrowers.

He then proceeded to make in the following interesting passage the suggestion that the investments of the B.I.S. might be of importance not only in their direct effects, but as an example and an encouragement to others.

The B.I.S. endorses the view that intermediate credits are necessary and desirable; and to demonstrate that its interest is not merely academic its board has authorised the bank gradually to invest \$25,000,000 in such credits of from six months' to two years' maturity. The B.I.S. hopes that its example will set a fashion that will be followed by others who have greater resources which can be utilised in this type of financing.

In conclusion the speaker observed that "under present economic conditions the pressing requirement of the moment to ameliorate world trade and business is the active expansion of long-term credits and foreign lending, which in turn demand political tranquillity and stability, both national and international, to render them practically possible. It is most appropriate that I should mention this subject before the American Club in the City of Paris, because it is upon Paris and upon New York that, owing to the special conditions now prevailing in London, the opportunity and the obligation fall to help themselves by helping others, through making long-term investments." It is to be hoped that the expression of these views representing the joint opinion of the chief central banks of the world may do something to accelerate the processes to which Mr MacGarrah refers.

Notes of the Week.

Indian Developments.—The face of the political situation in India is that of the Sphinx. The secret of the nature of Mr Gandhi's conversations with Lord Irwin has been well preserved, and there is little to be gained by speculating on the outcome. According to cabled reports from India to the London Press, those members of the Round Table Delegation, such as Sir Tej Bahadur Sapru and Mr Jayakar, who have been in contact with the Mahatma since their return to India, profess to find in him more signs of "sweet reasonableness"; and the message which Mr Gandhi has sent to his followers deprecating the use of pickets in circumstances involving a risk of a breach of the peace possibly supports this view. On the other hand, the Mahatma's statement in his newspaper, *Naraji Van*, that intensive boycott of foreign cloth is "the greatest task before the country" can hardly be construed as of good omen for a more accommodating attitude on

the part of Congress extremism, whose damage to India's economic welfare is already illustrated by the nature of this year's budget. Differing profoundly as we do from the Indian policy propounded by Mr Winston Churchill, and somewhat surprisingly endorsed by the Central Council of the National Union of Conservative and Unionist Associations, we are by no means inclined to criticise the policy of the Viceroy in pursuing by every means consonant with the dignity of Government a *rapprochement* with the Congress leader. At the same time there is an obvious danger—so successfully, perhaps *malgré lui*, does Mr Gandhi attract the limelight—that these conversations with Lord Irwin may distract public opinion in India from the work of the Round Table Conference itself and the case which the Indian Delegation to that Conference has to lay before India. We hope that an announcement by the British Government of its plans for taking up the constitutional problem at the point at which the Conference left it will not be long delayed, and that the Cabinet will appreciate the paramount importance of sending to India, to conduct further negotiations, not only a statesman of the highest calibre, but one who, like Lord Sankey, has already won Indian confidence in the past proceedings.

The Trade Disputes Bill.—The Standing Committee of the House of Commons on Thursday evening passed the official Liberal amendment to Clause I. of the Trade Disputes Bill after two days of discussion. The amendment provided that a strike or lock-out shall be illegal "if the effect at any time, by reason of its extension or continuance, is to expose the community, or any substantial portion of it, to danger to health or safety by interfering with the supplies or distribution of essential food, water, light, medical or sanitary services, or other necessities of life." From the outset the Labour members of the Committee made it clear that the amendment was unacceptable to the Government. Sir James Sexton, for instance, said bluntly: "When a strike is declared it is war against society. . . . The only way we can succeed is to stop supplies." Similarly Mr Hayday, President of the Trade Union Congress, described it as a wrecking amendment. Clearly the trade unions have no use for the Bill thus amended, and although no statement of the Government's intention is available up to the time of going to press, it is thought probable that the Government will drop the Bill and make the whole question of strike legality an issue at the next general election. If the Bill is dropped it is all to the good. It has no bearing on the pressing economic problems of the day, and it has wasted a great deal of Parliamentary time. With this red herring removed from the political path, it should be easier for the House of Commons to settle down to more useful work.

South America and the World.—South America has figured rather prominently in the Press during the past week. Sir Eric Drummond, the Secretary-General of the League of Nations, has just returned to Geneva from a journey down the east coast of the continent. The Prince of Wales and Prince George are at this moment in Chile, at the mid-point of a journey which has carried them down the west coast of the continent and is to bring them home the other way. And a new revolution has broken out in Peru. Is this just a fortuitous collection of occurrences, or is there some common factor at the back of them all? Perhaps we can discern some such factor in the new-found solidarity of the world, South America inclusive. The South American Republics can no longer live—or die—unto themselves under the insulating *ægis* of the Monroe Doctrine. The fresh outbreak in Peru is doubtless to be explained in large measure as a reaction to the distress produced by the slump in the world market for South American exports (an export trade on which the economy of most South American countries has now come to depend). The previous revolution, which occurred in Peru last summer, was the first in a whole series of successful or abortive revolutions which ran through South America last year, without sparing even a country like

Argentina, which had established almost as great a reputation for political stability as the English-speaking countries. In Latin America, political revolution, so far as it is not a personal affair, is apt to be the expression of economic *malaise*. But, if South America needs the world-market, the South American market is equally needed by the manufacturing countries of Europe and North America. The Princes' tour synchronises with a "drive" that is being made for the promotion of British trade with South American countries. And, since, in the world of to-day, the economic aspect of international relations is becoming more and more closely integrated with the political aspect, it is not surprising that the Princes' visit should coincide with Sir Eric Drummond's "drive" on behalf of the League of Nations. The Secretary-General of the League was chiefly concerned with Brazil and the Argentine; for the two leading countries of South America have hitherto sat more lightly to the League than the rest. Brazil, who gave notice of withdrawal simultaneously with Spain, because she was not granted a permanent seat on the Council side by side with Germany in 1926, has not, like Spain, returned to the fold, but has allowed her membership to lapse. And the Argentine has been a passive member ever since she failed to carry certain proposals of hers at the first Assembly in 1920. Indeed, it is doubtful whether, in Argentinian law, Argentina is properly a member of the League, since the Government's act of adhesion has never yet been ratified by Congress. Possibly the world slump has inclined South American public opinion to recognise that, for good or evil, every country nowadays is deeply concerned in the general fortunes of the world. Peru can no more live in isolation than China, or Brazil than Poland, in the world as it is.

An American Withdrawal from Nicaragua.—On Friday, February 13th, it was announced at Washington, by the Secretary of State, Mr Stimson, that the President of Nicaragua, General Moncada, has approved an agreement under which all United States marines in Nicaragua are to be withdrawn by June, except a small contingent on non-combatant duty. This announcement heralds the close of a remarkable chapter in the relations between the United States and one of those Central American republics that exist under her shadow. The interest of the United States in Nicaragua is particularly close, because the route for a second inter-oceanic canal in Central America lies in Nicaraguan territory. The United States holds an option for constructing this canal; and the time when the traffic-capacity of the Panama Canal will be exceeded by the demands upon it is already sufficiently within sight to have moved the United States Government, last year, to put in hand a survey of the Nicaraguan "second string." With these considerations in mind, public opinion (not only outside the United States, but also in certain North American circles) was inclined to take a cynical view of United States policy when, in 1926, Mr Stimson himself, as the special representative of President Coolidge, imposed peace upon the main combatants in the Nicaraguan civil war of that year. Thereafter, when one Nicaraguan combatant, General Sandino, refused to come into line, and when United States marines were sent into the interior of Nicaragua to bring General Sandino to heel, the odium under which United States policy was already suffering became accentuated. Nevertheless, the professions which the United States Government made from the outset have now been made good. While some United States marines were campaigning against General Sandino, others were supervising a Nicaraguan general election. And this election, held on November 4, 1928, resulted in the return of General Moncada, the insurgent leader who had been compelled by Mr Stimson to lay down his arms two years before. Thus, perhaps for the first time in Nicaraguan history, a political issue was settled by the vote and not by the sword—and this under conditions which ensured that the vote should be genuinely representative of opinion. The election, thus peacefully and efficiently conducted under the auspices of the United States, produced an immediate *détente* in Nicaraguan party animosities. Its further fruits are apparent in the decision, now announced, that

the presence of United States marines in the country can be dispensed with. In the half sordid, half pathetic annals of the relations between the weak and the strong, this is a welcome chapter.

The Last Terra Incognita.—The conquest of the Poles, and even the discovery of the sources of the Nile, are events that are still within living memory; and even after the tropical forests and the Arctic ice had been mastered by the explorer, the sands of the desert still defied him. Man did not really become master of the desert until he had equipped himself with caterpillar-wheeled motor-cars and aeroplanes. It is these that have conquered the African Sahara. But there is a sister desert, the Rub'-al-Khali, or Empty Quarter of Arabia, which has only been conquered within the last few months—the news of the feat has arrived this very week. It is a wonderful achievement; for the hero of it, Mr Bertram Thomas, is no native of the surrounding Arab countries, but an Englishman; and at the same time he has not done his journey in an aeroplane or a motor-car or any other new-fangled machine from the West, but on camelback. In fact, he has used the Arab "ship of the desert" to make an overland voyage which no Arab, so far as we know, has ever made before him. For the Arabs, who range at will over the steppes and sands of the other three-quarters of their peninsula, have a holy terror of the Empty Quarter, and skirt its fringes with superstitious shrinking. Mr Thomas, on the contrary, has plunged into the unknown and cut right across the Empty Quarter from Dhufar, on the south-east coast of Arabia (roughly half-way between Aden and Muscat) to Dohar, a place on the east coast of the Qatar Peninsula that sticks out into the Persian Gulf. Intrepid though the journey was, it was no foolhardy venture that succeeded by a stroke of luck, but a carefully considered sequel to a series of reconnaissances. So Mr Thomas has caused the last *terra incognita* to be expunged from the map of the world. It is strange that the tract which defied the explorer's efforts the longest should have lain so near to some of the most frequented routes—the routes by which Muslim pilgrims converge annually on Mecca, and the route by which Americans and Europeans travel (calling at Aden on their way) to India and the Far East; that the Arabian hinterland of Aden and Mecca did not yield up its secret till we had become familiar with Central Africa and established a nodding acquaintance with the Poles.

Anglo-French Monetary Discussions.—The *communiqué* issued on Tuesday, summarising the progress of the recent conversations between the representatives of the British Treasury and of the French Ministry of Finance, may have disappointed exaggerated hopes raised by antecedent rumours that some spectacular agreement was on the point of being concluded; but, though the wording of the statement is somewhat colourless and guarded, its general tenor is by no means unsatisfactory. The *communiqué* places it on record that the French authorities have been, and are, anxious to avoid any measures tending to bring about abnormal gold movements. Though the view is held in Paris that the methods of managing public funds in France cannot have the influence on gold movements sometimes attributed to them (the immobilisation of Treasury balance is, of course, referred to), the French Treasury announces its intention "of continuing to take account in this respect, so far as consistent with its own requirements, of the repercussions which the operations of the public accounts might have on the monetary market." It is further stated that the two Treasuries are in agreement in attaching cardinal importance to the resumption of foreign lending on a normal scale by the "creditor countries," though it is recognised that the present credit difficulties are largely due to lack of confidence on the part of the investor. It is agreed that it is desirable to take any practicable steps to promote effective co-operation between loan markets, and in this connection it is hoped that good results may come from the schemes being explored by the League of Nations with a view to facilitating the placing of

agricultural credits in Central and Eastern Europe. So far, so good; and if it be objected that the *communiqué* expresses pious aspirations rather than concrete plans for co-operation, the answer is that the technique of international monetary co-operation cannot be evolved, as it were, over-night. It is of great importance that friendly contact between the authorities in London and Paris should have been established and, further, that there should be an assurance that this contact will be maintained and strengthened by exchanges of views in the future.

The Balance of Payments.—The current issue of the *Board of Trade Journal* contains the usual annual estimate of our balance of foreign payments, including goods, services, interest, etc. The details, which are, of course, only approximations and liable to a considerable margin of error, are as follows:—

BALANCES OF INCOME AND EXPENDITURE IN THE TRANSACTIONS (OTHER THAN THE LENDING AND REPAYMENT OF CAPITAL) BETWEEN THE UNITED KINGDOM AND ALL OTHER COUNTRIES.

	1928.	1929.	1930.
	In £ million.		
Excess of imports of merchandise.....	352	382	387
Bullion imports (+) or exports (—).....	+6	—16	+5
Excess of imports of merchandise and bullion.....	358	366	392
Estimated excess of Government receipts from overseas*	15	24	21
Estimated net national shipping income†.....	130	130	105
Estimated net income from overseas investments	270	270	235
Estimated net receipts from short interest and commissions	65	65	55
Estimated net receipts from other sources	15	15	15
Total	495	504	431
Estimated total credit balance on items specified above	137	138	39

* Including some items on loan accounts.

† Including disbursements by foreign ships in British ports.

Comparing 1930 with 1929, it will be seen that on "trading account" there has been an increase of £5.0 millions in the adverse commodity trade balance; and decreases of £3.0 millions in Government receipts, of £25.0 millions in shipping earnings, and of £10.0 millions in receipts from short interest and commissions. These add up to a "loss" compared with last year of £43.0 millions, to which must be added an estimated contraction of £35.0 millions in net income from overseas investments, and also a figure of £21.0 millions, representing the replacement of £16.0 millions of bullion exports in 1929 by £5.0 millions of bullion imports in 1930. Thus there has been a total contraction of £99.0 millions in the country's final credit balance on "current" as opposed to "capital" account, and the 1930 credit balance stands at the very low figure of £39.0 millions. This contraction of £99.0 millions, unwelcome though it is, is easily explained. The trade depression has reduced the earnings of British ships, bad trade and low commodity prices have made inroads into the profits from acceptance commissions and general financial business, short interest rates are appreciably lower than in 1929, and income from overseas investments of an industrial character has also felt the effects of the trade depression. It will be noticed that this year there has been a revision of the estimates of the net income from overseas investments, the figures for 1928 and 1929 having been scaled down by £15.0 millions. The *Board of Trade Journal* explains that in 1929, as a result of investigations made by Sir Robert Kindersley, the Board revised its estimate of the net interest receipts from foreign investments for recent years, giving a figure of £285 millions for 1927 and 1928, this figure being substituted in the estimate for 1927 for £270 millions, which was the figure previously given for that year. The figure of £285 millions was retained for the year 1929, as it appeared that the reduction in profits of certain companies about balanced income from new investments. The Board has, however, reconsidered its estimate as a result of the investigations made by the *Economist* and published by us in two series of articles, the first of which appeared in March, 1930, and the second in October and November,

1930. Our readers will remember that as a result of our investigation we suggested that the figure of £285 millions was excessive by about £30 millions. The Board points out that our investigation was based upon a sample covering something over 40 per cent. in the case of issued capital of British companies operating abroad and companies registered abroad in which British capital is invested, and it is, of course, impossible to be certain that a sample inquiry—even covering so large a proportion as 40 per cent.—is accurate. Moreover, the Board suggests that the *Economist's* calculation makes an insufficient allowance for the capital built up out of reserve, and its examination of the data given in the annual reports of the Commissioners of Inland Revenue does not appear to require so large a reduction of the estimate as we have suggested. They have, therefore, provisionally taken the intermediate step of reverting to the basis of the estimate employed until three years ago and substituting £270 millions for £285 millions in the estimates for 1928 and 1929 pending further inquiries which Sir Robert Kindersley is making. We shall have occasion to refer to this matter and to the views expressed by the Board of Trade on a subsequent occasion.

Deadlock in Australia.—The week's news from Australia suggests that Mr Scullin's position is becoming more and more uncomfortable. On the one hand, the unity of the Labour Party is being increasingly impaired by the domestic quarrels of the Caucus in New South Wales; on the other hand, little progress is being made by the Commonwealth Premier in bringing about the essential agreement between the Cabinet and the banks. On February 13th, it will be recalled, the Conference of Premiers adopted a so-called "Three-Year Plan" for dealing with the financial problem. Its main heads were a reduction in public service salaries to equal the fall in the cost of living; a flat rate of 3s. 6d. in the £ income tax to be imposed at the source on the interest on Commonwealth and State loans which are subject to federal income tax; the preparation of plans to relieve unemployment by a Council representing the banks and Governments; immediate action to fund the floating debt; the provision of overseas interest by the banks from an exchange pool; and finally, substantial reductions in bank interest rates. Following prolonged negotiations between Mr Scullin, Mr Theodore and the bankers during last week-end, it was announced at the Premiers' Conference, on Wednesday, that the bankers were unfavourable to this plan. Mr Theodore then appears to have put forward the notorious scheme for inflation by the Commonwealth Bank which was adopted last November by the Labour Caucus. Acceptance of this wild-cat proposal by the Premiers' Conference seems unlikely, and Mr Scullin, faced with this impasse, has a difficult task in deciding what his next move shall be.

Sheffield and South America.—The mission of Sheffield manufacturers which went to Brazil, Argentina, Chile, Uruguay and Peru to investigate the possibilities of improving the sale of their goods has now issued its report.* The relative loss of ground by British exporters to these and other South American markets, as compared with the progress made by Germany and the United States, which is illustrated by a table of official export statistics, is attributed in part to the effects of the war, which forced upon South Americans the discovery that cutlery and tools could do satisfactory work even when not branded with the word "Sheffield," but mainly to that old bugbear of British trade, neglect of the markets. Very few Sheffield firms have adequate representation in South America, and visits from managing directors are infrequent, so that manufacturers have lost touch with changes in requirements. The most serious development, whose effects might have been forestalled if

Sheffield firms had been more closely in touch with their South American customers, has been the substitution of cheaper types of goods for the high quality products formerly bought from Sheffield. It is believed that in some cases competitive qualities are already available in Sheffield, and that the immediate need is to find means of placing the manufacturers of these in touch with South American importers. Smaller points, which in the aggregate make up a substantial balance in favour of our competitors, especially of Germany, who has made great strides in these markets in the last three years, are attention to convenient terms of payment, to the quotation of c.i.f. terms including the supply of cases, to methods of packing, to frequent replacing of samples, and to the preparation of catalogues with special regard to the peculiar requirements of the market. A further minor point worthy of attention is the study of the intricacies of the tariffs of these countries. Remarkable instances are quoted of the ingenuity of German firms in so adapting their goods to the peculiarities of tariff specifications as to secure the lowest possible rates of duty. The most important recommendations made by the Mission with a view to remedying these deficiencies in the British handling of the market are: the formation of a special South American section of the Sheffield Chamber of Commerce; the appointment of a special Sheffield Trade Commissioner to follow up the work of the Mission; the grouping into selling organisations of non-competing Sheffield firms; and more frequent and less hurried visits to the market by principals and managing directors. The personnel of the Mission, which was headed by the then Master Cutler, is calculated to inspire the confidence of the Sheffield manufacturers, so that we may hope that steps will be taken to carry out these recommendations.

British Production.—Industrial activity last year, as reflected in the Board of Trade index of production, was 7.6 per cent. lower than in 1929, and 2.1 per cent. below that of 1928. The following table shows the figures for the respective groups in each of the last three years, and in the September and December quarters of 1930:—

INDEX OF PRODUCTION (1924 = 100).

Group.	Year 1928.	Year 1929.	Year 1930.	Sept. Quarter, 1930.	Dec. Quarter, 1930.
1. Mines and quarries	89.2	96.8	91.3	84.3	91.4
2. Iron and steel and manufactures thereof	102.3	114.0	88.8	80.0	65.8
3. Non-ferrous metals	119.3	120.5	119.1	128.6	118.3
4. Engineering and shipbuilding	113.1	121.0	116.7	112.2	106.5
5. Textiles	99.9	92.5	79.3	71.5	75.2
6. Chemical and allied trades	110.3	115.8	101.2	104.2	94.5
7. Paper and Printing	(a)	(a)	(a)	(a)	(a)
8. Leather and boots and shoes	102.0	98.5	101.4	98.3	95.0
9. Food, drink and tobacco	101.9	106.0	104.9	108.3	109.4
10. Gas and electricity	125.0	135.8	139.7	(a)	(a)
Total of manufacturing industries (2-10)*	109.4	115.5	106.3	103.3	100.9
Total of all groups (1-10)*.....	105.5	111.8	103.3	99.4	99.0

* Including also various industries not specified above.

(a) Adequate information not available. Information received is included in the general index.

A comparison of the past year with 1929 shows a decline in each group with the exception of gas and electricity, and leather, boots and shoes. The recession in activity has been most pronounced in the iron and steel, textile, and chemical groups, which declined by 22 per cent., 20 per cent. and 12.5 per cent. respectively. The output of coal was about 5 per cent. below that of 1929. A relatively small decline of 3.6 per cent. in the engineering and shipbuilding group is ascribed to the improvement, during the latter half of the year, in electrical engineering and allied industries, which partially offset the depression in shipbuilding and marine engineering. As the quarterly figures of the complete index show, there has been a downward trend in the volume of production throughout the year, whereas in 1928 there was a recovery of over 8 per cent. in the last quarter, and even in the last quarter of 1929, though the depression had

* "Report of the Sheffield Industrial Mission to South America." H.M. Stationery Office. 1s. 3d.

already set in, the index rose 3 per cent. above the level of the third quarter:—

	1924 = 100.			
	March Quarter.	June Quarter.	September Quarter.	December Quarter.
1928	109.3	103.6	100.2	108.4
1929	110.6	112.0	110.7	114.0
1930	110.9	103.1	99.4	99.0

In the past quarter a seasonal increase in coal and textiles was outweighed by a further recession of activity in the heavy industries, in non-ferrous metals, and in the chemical trades. The London and Cambridge figures for the four quarters of the past year (109.6, 100.9, 90.7 and 93.5 respectively) show a different trend. The decline in this index was more rapid in the first three quarters, but was followed by a small recovery in the last quarter. This is partly due to the fact that, whereas according to the Board of Trade figures the production of non-ferrous metals was 8 per cent. and that of chemicals 9 per cent. lower in the fourth than in the third quarter, the London and Cambridge indices for the same groups show rises of 4 per cent. and just under 1 per cent. respectively. These divergences, arising from differences in compilation, serve to emphasise the fact that, as long as complete data covering all branches of industrial activity are not available, it is impossible to construct an index which exactly reflects the changes in the total volume of production.

World Rayon Production in 1930.—For the first time for many years the extraordinarily rapid progress of the world's rayon industry suffered in 1930 a slight setback. The following table shows the output of rayon yarn in the principal producing countries, with an estimate of world production and consumption:—

PRODUCTION OF RAYON YARN. Million lbs. (excluding waste.)									
Period.	U.K.	U.S.A.	Italy.	Germany.	France.	Japan.	World Production.		World Consumption.
							Total.	British proportion of total.	
1924 ...	24.2	38.7	18.5	23.7	12.3	1.4	141	17.2	Not known
1925 ...	26.4	51.0	24.0	25.0	14.0	2.8	173	15.3	"
1926 ...	25.5	61.5	35.0	26.0	17.5	5.5	219	11.6	"
1927 ...	38.6	75.0	36.0	31.0	21.0	8.0	267	14.5	275
1928 ...	52.0	98.7	47.0	41.0	30.0	12.0	347	15.0	328
1929 ...	53.1	122.1	59.0	45.0	37.0	18.0	403	13.2	398
1930 ...	47.0	100.0	65.2	46.0	37.7	34.5	389	12.1	368

Although world production in 1930 shows a decline of 14 million lbs., the decrease was confined to the United States and the United Kingdom, whose output declined by 22 million lbs. and 6 million lbs. respectively. Elsewhere the outstanding feature was the rapid advance of the industry in Japan, which nearly doubled its output during the past year. Italy, too, made considerable headway with an increase of 6 million lbs., while France and Germany both slightly exceeded their previous figure. A comparison of world production with consumption shows that in spite of a reduction of 14 million lbs. in output, there remained a surplus of yarn amounting to 21 million lbs. As will be seen from the above table, the proportion of the world's rayon yarn produced in this country has been steadily declining from 17.2 per cent. in 1924 to 12.1 per cent. in 1930.

Higher Wool Prices?—After their prolonged decline, the prices of fine wools have lately been firmer. The outlook, writes a Bradford correspondent, favours the probability of still higher prices. In the first place, consumption is by no means unsatisfactory. Low prices have led to greater demand for fine merino wools, and merino combers in Bradford have been working since the strike of last summer at a higher percentage of capacity than they have enjoyed for some time. Whereas cross-bred consumption is far below normal, manufacturers

who have turned in the last few years from botany worsted to the production of rayon fabrics are in some cases turning back to high-class worsted again, finding orders more plentiful. In the second place, wool, unlike cotton or wheat, has not been subject to the influence of artificial methods of supporting prices and output. In both Australia and South Africa the past eighteen months' low prices have led to reductions in flocks and considerable slaughter for mutton purposes. Stocks of fine wool overseas are not abnormally high, and reduced production for the next two years may be regarded as almost certain. Under these conditions, since the flocks cannot be rapidly increased again, higher prices for fine wools are a long-run probability, and it is not surprising that a number of people desirous of transferring balances from Australia to London should have purchased Australian wool. Their calculation—by no means unreasonable—is that by holding the commodity for a few months, and then re-selling in London, they may obviate the greater part at least of the loss which an ordinary exchange transaction would involve.

The Swiss Bank Corporation.—The Swiss Bank Corporation is, by common consent, one of the leading international banks; and its balance sheet and, still more, its profit and loss account will therefore repay study at the present moment. The main features of the balance sheet, which is summarised in the first table, are a steady increase in fixed deposits, a marked increase in bills, and (since last year) a small contraction in acceptances and advances. The increase in fixed deposits is easily explained by the greater amount of money now lying idle as the result of bad trade, and the decreases in advances and acceptances are less than might have been feared.

	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.
	£ mill.	£ mill.	£ mill.
Fixed deposits	7.35	9.10	9.84
Time deposits	16.79	22.50	21.78
Sight deposits	19.55	18.17	20.32
Acceptances	4.70	4.77	4.39
Cash	2.80	2.66	3.81
Balances with other banks	9.77	11.30	11.07
Bills receivable	9.70	13.08	14.29
Investments	2.9	3.4	3.3
Advances	27.02	29.90	29.73

The profit and loss account, which is presented with a commendable amount of detail, is particularly instructive.

	Dec. 31, 1928.	Dec. 31, 1929.	Dec. 31, 1930.
	£ mill.	£ mill.	£ mill.
General expenses and taxes	0.94	0.99	1.06
Provision for bad and doubtful debts, depreciation, &c.	0.05	0.08	0.08
Discounts	0.66	0.72	0.61
Interest	0.27	0.35	0.43
Commissions	0.46	0.49	0.52
Investments and syndicates	0.16	0.15	0.16
Coupons, foreign moneys, &c.	0.06	0.06	0.07
Net profit	0.61	0.69	0.64

Despite the expansion in the bank's bill portfolio, there has been a decline of £110,000 in earnings from "discounts," which is readily explained by the fall in rates. "Interest," on the other hand, shows a somewhat surprising increase of £80,000, although advances and investments are both lower than a year ago. Other items, such as commissions, investments and syndicates, display a general improvement, and, as the report shows, the bank had its full share during the past year of a fairly extensive amount of world long-term financing business. Unfortunately, the bank's general costs, including taxes, increased by £70,000, so that, with the diminished return from discounts, net profits fell by £53,000. Allocations of £40,000 made in 1929 to the reserve fund are not being repeated, and the contraction is thus reduced to £13,000. Hence, the bank is easily able to repeat its dividend of 8 per cent., and its directors and management are to be congratulated on the way in which they have guided the bank with small loss through a difficult year.

Anglo-International Bank.—In view of the intensity of the trade depression and the general fall in prices, it might have been expected that the principal items in the accounts of this bank, and also the profits for the year, might have shown a contraction since 1929. This, however, has not happened, for with the single exception of advances, which have fallen to £44,000, there has been a general increase. The salient figures in the accounts are given below:—

	Dec. 31, 1929.	Dec. 31, 1930.
	£ mill.	£ mill.
Deposits	4.41	4.55
Acceptances	2.56	3.03
Cash	0.13	0.20
Money at call	0.40	0.52
Bills receivable	0.44	0.75
British Government securities (including Treasury bills)	0.60	0.75
Investments in banking and industrial undertakings, &c.	0.63	0.59
Advances	3.76	3.32
Profits to date	0.12	0.12

The increase in acceptances is particularly notable, for most banks have suffered a marked decline in this class of business. Such a decline is the natural result of bad trade and low prices, and this bank is to be congratulated upon the way in which it has improved its position in the face of the present adverse circumstances. Another matter for congratulation lies in the small increase in the bank's profits from £117,695 to £120,475. As in past years, no dividend is declared, the year's profits being retained in hand, mainly for reserve and contingencies. Still, the low level of interest rates, and the less fortunate experience of other banks, makes this increase in profits, small though it is, a notable achievement.

INSURANCE NOTES.

Pearl Assurance Company.—The 1930 report of the Pearl shows that, while the volume of new life assurance business transacted in that year fell off both in the ordinary and in the industrial branches, the profits earned (more particularly the rate of profit earned) underwent a further expansion. The valuation results of the last three years are shown as follows:—

ORDINARY BRANCH.			
	1928.	1929.	1930.
	£	£	£
Surplus earned during year	837,363	980,508	1,105,580
Brought forward from previous year	73,798	113,113	76,355
	911,161	1,093,621	1,181,935
Allocations:—			
To Policyholders' bonus	617,375	684,132	736,013
„ Shareholders' account	154,344	171,033	183,692
„ Investment reserve fund	...	135,196	150,000
„ Staff pension fund	26,329	26,905	26,274
„ Carry forward to next year	113,113	76,355	85,956
	911,161	1,093,621	1,181,935

INDUSTRIAL BRANCH.			
	1928.	1929.	1930.
	£	£	£
Surplus earned during year	359,334	1,004,895	1,208,679
Brought forward from previous year	86,296	96,959	117,284
	445,630	1,101,854	1,325,963
Allocations:—			
To Policyholders' bonus	...	506,671	553,850
„ Shareholders' account	275,000	340,000	360,000
„ Investment reserve fund	...	64,804	200,000
„ Staff pension fund	73,671	73,095	73,726
„ Carry forward to next year	96,959	117,284	138,387
	445,630	1,101,854	1,325,963

The feature of the allocations in both branches is the further substantial amount set aside for investment reserve fund, bringing the amounts of these funds in each

case to £300,000. As the total life funds in the two branches now amount to over £54 millions, these are still comparatively small reserves, though the book value of the assets no doubt covers a further undisclosed hidden margin for contingencies. The reversionary bonus declared in the ordinary branch has been maintained at the same rate as before, namely, 46s. per cent. on the sums assured in force. In the industrial branch in which profit-sharing was inaugurated in 1929, the sum allocated has again been utilised to provide a reversionary bonus on all policies now in force which were effected prior to 1924 at rates equivalent in the case of whole life assurances to 16s. for policies subject to a weekly premium of 1s., and in the case of endowment assurances to 12s. for policies subject to the same weekly premium. With regard to the new life assurance business, the single premiums received were heavily reduced, following upon the Finance Act, 1930, and this has been largely responsible for the decline in new sums assured from £11,652,887 to £10,377,395. In the industrial branch new sums assured were issued in respect of nearly 1½ million policies for £19,980,266, compared with £20,603,266 in 1929. In both branches the company has evidently experienced a favourable mortality year, the amount paid in death claims showing a reduction. Interest earnings, in spite of the rise in income tax, were maintained at £4 14s. 4d. per cent. net in the two branches combined, compared with £4 15s. 2d. per cent. net in 1929. The expense ratios in the ordinary and industrial branches respectively were 10.8 per cent. and 32.9 per cent., in both cases a substantial reduction on the corresponding figures for the previous year. The balance sheet shows two features of interest. In the first place mortgages on properties outside the United Kingdom have been increased during the year by £660,000, and now amount to £785,000. This item appeared for the first time in the 1928 balance sheet. The other item of interest is the further large increase in the amount invested in British Government securities, which are responsible for an unusually large proportion of the total assets, amounting to nearly 40 per cent. The name of the company has been associated for so many years with the conduct of industrial, and more recently with ordinary life assurance, that it is not generally realised that it now also has a flourishing business in fire and general insurance, this development having been started in 1919. In 1930 the total premium income in these branches showed a small increase, and now amounts to £665,000, and after taking account of interest earnings, contributed to profit and loss account a sum of £61,633, compared with £47,757 in 1929. In spite of the increase of £200,000 in paid-up capital, the dividend has been maintained at 50 per cent. net at an additional cost of £75,000. At the present price of 12½ for the £1 fully-paid shares, the yield is approximately 4 per cent. net.

Scottish Provident Institution.—This institution issued 3,677 new life policies in 1930, compared with 3,888 in 1929. Proposals were received for a total amount of £3,860,000, but owing to non-completions, etc., and more particularly to a large increase in the amount re-assured with other offices, the total net new business showed a decline from £3,098,580 to £2,891,393. On the other side of the picture the institution appears to have had an extremely favourable year for death claims, the amount paid out under this heading being £779,256, compared with £908,977 in the previous year. The ratio of the amount of the actual to the "expected" claims is stated to have been under 60 per cent., compared with 69 per cent. The total funds show a further large increase, and now amount to £22½ millions. Of this sum, £200,000 has been transferred, in 1930, to the investment reserve fund, increasing it to £500,000. The rise in the income tax has been responsible for a small decline in the net rate of interest earned, from £4 18s. 4d. per cent. to £4 15s. per cent. The expense ratio of 17.24 per cent. (compared with 17.98 per cent.) appears at first sight to be high, but is largely explained by the fact that the institution, which has a special method of bonus distribution, charges unusually low rates of with-profits premium. During the year the amount invested in mortgages on properties within Great

Britain and Northern Ireland has been reduced from £1,408,000 to £1,294,000. For the first time for some years British Government securities show an increase, amounting to over £400,000. A rise in foreign Government securities has been approximately balanced by a fall in foreign provincial securities, while both the items of debentures and preference stocks have undergone a normal increase. There has also been a further small rise in the amount invested in ordinary stocks, the total investment in this form of security being now £2,611,000, or approximately 12 per cent. of the total assets. The chairman, in his speeches at the last two annual meetings, has afforded a certain amount of information as to the value of the institution's Stock Exchange securities. From this it appears that on December 31, 1929, the market value of the Stock Exchange securities showed a substantial surplus over the value at which they stood in the books. At the annual meeting, held this week, he stated that the difference between the market value of the Stock Exchange securities and the values at which they stand in the balance sheet, shows a depreciation of less than three-fifths of 1 per cent. This depreciation, amounting to approximately £100,000, is amply covered by the investment reserve fund of £500,000.

United Kingdom Provident Institution.—The year 1929 was a bonus year for the institution, and, as usually happens on such occasions, was characterised by an increased volume of new business. This circumstance explains a falling off in total new business in 1930 from £3,335,080 to £3,079,723, the reduced amount being practically equal to the 1928 total. The fund appears to have followed a normal course of expansion and has increased from £18,232,000 to £18,860,000. The only item of particular interest in the revenue account is "Surrenders," which are responsible for an increase from £128,000 to £201,000, to be explained partly, no doubt, by the conditions of trade depression. Bonuses in cash, as might be expected following upon a bonus distribution, have increased from £1,500 to £11,000. The rate of interest earned by the institution is on the low side in comparison with other companies, though, in spite of the rise in income tax, it was increased during the year from 4 11s. 11d. per cent. net to 4 12s. 3d. per cent. net. Expenses, on the other hand, are substantially below the average, and the expense ratio of 1930, namely, 13.4 per cent., compares with 12.4 per cent. in 1929. In addition to an increase of £200,000 under the heading "Mortgages on Property," the balance sheet shows several important changes during 1930. British Government securities have undergone a reduction of nearly £500,000, and United Kingdom municipal securities a reduction of over £150,000. Indian and Colonial Government securities have been reduced by £161,000, and Colonial municipal securities have been increased by almost the same amount. Foreign Government securities have gone up by £180,000 and foreign municipal securities by £135,000. Practically no increase is shown in the holding of preference and guaranteed stocks, but debentures, both home and foreign, have risen by £740,000.

Marine and General Life.—This highly respected society is the smallest amongst the Mutual offices, though founded in 1852. As its name suggests, it has always had a close connection with the shipping industry, and its present chairman and deputy-chairman, Mr. A. M. Lubbock and the Hon. R. D. Denman, are directors of the R.M.S.P. and P. & O. Company respectively. In spite of the fact that 1929 coincided with the closing year of the quinquennial period, and the circumstance that the 1930 Finance Act cut out single-premium policies as a source of business, the society succeeded in slightly increasing the total sums assured granted under new policies in 1930, the amount having risen from £333,606 to £358,871. The rise in the standard rate of income tax has been responsible for the drop in the net rate of interest earned from £4 19s. to £4 16s. 11d. A small reduction in expenses has been more than counterbalanced by a rise

in commission paid, and the expense ratio has risen from 16.8 per cent. to 18.8 per cent. The total assets amount to just over £3½ millions, of which an unusually high proportion, namely, 82 per cent., is invested in Stock Exchange securities. In valuing its assets the society adopts the conservative practice of giving immediate effect to all depreciation, but of taking credit for no appreciation, with the result that at the end of 1929 the book values of the assets included a certain amount of hidden reserve, in addition to which the society carried forward from the 1929 valuation the sum of £84,000.

National Mutual of Australasia.—This important Australian mutual office, with assets of over £30,000,000, transacts a larger proportion of its total business in this country than any other of the Dominion offices. In the year 1928, for instance (the latest year for which the information is available), approximately 25 per cent. of the total business was attributed to the United Kingdom. Commenting on the report a year ago, we noted that the new business showed a decline owing to a reduction in the amount of endowment policies issued, and in policies issued for single premiums. This same tendency has been continued during the year ended December 30, 1930, with the result that the total new business has declined from £9,863,350 to £9,201,023, but no information is furnished as to the business separately transacted in this country. The association has been accustomed to earning a high rate of interest on the funds, and the net rate earned has increased somewhat during the year under review, being £5 6s. 11d. per cent., compared with £5 6s. 0d. per cent. in the preceding financial year. The business has always been characterised by a moderate expense ratio, having regard to the United Kingdom organisation, and the figure worked out last year at 13.8 per cent., compared with 14.2 per cent. in the year 1928-1929. In view of the depreciation which has occurred in Australian Government securities during the past three years, the greatest interest attaches to the balance sheet. The latest year for which the Board of Trade returns are available is that for the year ended September 30, 1929, and on that date the total assets amounted to £32,000,000. The distribution of these assets was as follows:—

	£
Mortgages on property outside the U.K.	8,756,000
Loans on the Association's life policies	5,202,000
Other loans	1,081,000
British Government securities	712,000
Indian and Colonial Government securities ...	8,098,000
Indian and Colonial municipal securities.....	1,642,000
Other Stock Exchange securities.....	2,543,000
Properties	1,792,000
Other assets	2,342,000
	£32,168,000

It may be assumed that the item "Indian and Colonial Government and Municipal Securities" is mainly Australian, and the same, no doubt, applies to "Mortgages." Holdings of Australian Government and municipal securities are no doubt for the most part in the form of internal bonds, which have depreciated to a much lesser extent than have sterling securities. For instance, the movement of the prices of Commonwealth of Australia 5 per Cent. Stock, 1945-75, may be compared with that of Australia 5½ per Cent. Stock, 1943:—

	Prices on		
	Sept. 30, 1929.	Sept. 30, 1930.	Feb. 19, 1931.
Commonwealth of Australia 5% Stock, 1945-75 (External Loan) ...	94	85	65
Australia 5½% Stock, 1943 (Internal Loan)	99½	91½	89½

According to the certificates attached to the balance sheet, the values of Stock Exchange securities on December 30, 1929, were "the respective amounts at which they were purchased after proper allowance in the case of redeemable stocks to provide for redemption at par." The association has an investment fluctuation reserve of £181,000.

Overseas Correspondence.

UNITED STATES.

Soldiers' Bonus — Public Finance — Share Market — Industry — Money.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 13.

AFTER many quick changes in sentiment towards a Soldiers' Bonus Bill, the Ways and Means Committee of the House of Representatives has reported to Congress a Bill which may go through. Whether President Hoover will sign it is difficult to say, but pressure on him to do so will be strong. He has already been criticised for his opposition to food relief appropriations, and the bonus bill now before Congress merely increases the present loan limit on the soldiers' compensation certificates to 50 per cent. of face value and lowers the rate of interest which the Government shall charge borrowers from 6 to 4½ per cent.

Mild as this Bill is compared with the first proposal to pay outright the entire face value of the certificates, involving approximately \$3,400,000,000, the outlook is considered gloomy by banks holding large portfolios of Government bonds and by corporations which had hoped to borrow in an exceedingly easy money market. The Treasury will be obliged to provide cash for the bonus by long-term financing. It is estimated that at least \$700,000,000 will be required should the Bill pass. If all ex-soldiers took advantage of the Bill to borrow their full allowance at the reduced rate, nearly two billions would be required.

An indication of how much the Treasury's credit has already been hurt by the increased needs for soldiers' loans under existing provisions and by the outlook for further financing will be available when bids are submitted shortly on the recent tender of \$150 millions of discount bills. The issue will retire \$127 millions falling due and provide additional money for soldiers' loans.

Bids made on a \$50 millions issue a fortnight ago were accepted at an average rate of around 1 per cent. Some predict that the best the Treasury will be able to do this time will be close to 2 per cent., although others regard that figure as too high. Changed conditions have caused revision of ideas on Treasury financing for the March 15th tax quarter, when approximately \$1,100,000,000 in 3½ per cent. notes must be refunded. It had been planned originally to deal with that by a long-term issue, but a portion at least must be covered with short-term borrowing. Definite plans probably cannot be made until next month, when more will be known about soldiers' bonus and the market for Government securities.

Recently the Treasury again cut the interest rate which it requires banks to pay on its deposits. The new rate of 1 per cent. will make it more desirable for banks to subscribe to short-term notes and certificates, whenever offered, because payment by banks for such issues is made by crediting the Treasury with a deposit. Probably it would be possible for the Treasury to refund the entire amount due in March with a note or certificate issue, but since many holders of the maturing notes took them as a conversion of the Second Liberty Loan bonds and desire to continue as long-term investors, it is likely that the Treasury will issue at least \$250 millions in long terms. At present the Treasury would probably have to pay at least 3½ per cent. on long terms.

Pessimism over the state of Government finance has increased recently. The Under-Secretary of the Treasury, in a speech here a few days ago, suggested that the deficit for the current fiscal year might reach \$500 millions. It may easily be greater than that in the 1932 fiscal year, with increased expenditures and the prospect for smaller corporation and individual earnings this year than in 1930.

General business sentiment has been helped a good deal by nearly a week of advance in the share market. Naturally the rise has been hailed as a sign of clearing skies, and the market's signal failure to forecast correctly

just a year ago is largely forgotten. Undoubtedly the firmer tone has had much sound buying under it, by investors who are confident that the worst has passed. At the same time, there is no longer any great press of liquidation. Many who sold last year to establish losses for tax purposes have sought to replace their securities. The main stimulant has, however, come from speculative cliques and individual professional operators who have seized the opportunity which excessively cheap money and an overcrowded short interest has given them. The short interest has proved larger than was generally supposed and volatile issues have run up sharply. The increase in speculation on the long side is indicated by a rise this week of \$33 millions in brokers' loans, the first upturn for twenty weeks, apart from a negligible advance at the beginning of the year which had nothing to do with market conditions.

Obviously the advance is based on hopes of business improvement rather than on visible signs of it. Such recovery as has taken place is only seasonal in some instances and less than that in others. The steel trade has had no more than seasonal improvement, operating around 50 per cent. at present. Motor producers have not sold many cars since the beginning of the year, although they have manufactured more. Building has been stagnant. Railroad traffic has risen slightly, but the gain is below normal and car loadings are still down to the 1921 level. Earning statements for January show continued declines. The copper industry is making some progress. Surplus stocks of refined metal were down 3,000 tons in January, the decline being about the same as that for December. It will take a long time to reduce them to manageable proportions, but the end to the increase is encouraging. Prices were marked up to 10 cents a pound in the hope of attracting buyers who had refused to take metal at 9½ cents, but the market remains thin.

Conditions in the oil industry are growing rather more unsettled. It is now believed that the proposal to restrict imports cannot pass this session of Congress, and it is generally opposed by the oil industry, with the exception of the very small producers in the mid-continent area. The greatest apprehension has been raised by the increasing output of a new pool in East Texas, which is threatening the shaky price structure. Some satisfaction was felt by the Court decision permitting the Standard Oil Company of New York to merge with the Vacuum Oil Company, and it is likely that the Government will not appeal to the Supreme Court. The decision is liked principally as significant of a changing attitude of the courts towards large industrial combinations, for the actual benefit to Standard Oil of New York is not generally expected to be great, as little can be done towards reducing operating expenses.

Credit is still too plentiful and the recent export of funds in search of better short-term employment has made no appreciable difference. Banks are finding it difficult to place all their money day to day at the 1 per cent. rate which has been almost unbroken since the beginning of the year. This week's statement of the Federal Reserve system shows unchanged holdings of Government bonds and member bank discounts, but bill holdings are down slightly, leaving a reduction of \$17 millions in total credit outstanding and an increase in the reserve ratio to 83.5 per cent. Gold movement is negligible. Reporting member banks reveal a continuation of the process of increasing investments and diminishing loans, both against security collateral and for commercial purposes.

FRANCE.

Disarmament Discussions — Monetary Conversations — Colonial Loans — Impending Conversions.

(FROM OUR CORRESPONDENT.)

PARIS, February 25.

THE visit to Paris of the British Foreign Secretary, for the purpose of furthering, in conference with the Quai d'Orsay, an agreement on naval disarmament, has occupied a large

amount of space in the Paris Press, while the renewed conversations here between British and French Treasury officials, in regard to the general international monetary situation, have been allowed to pass almost without comment. The reason is perhaps not far to seek. French opinion is deeply interested in the question of naval disarmament from the fact that, as it is generally considered here, this country occupies a much more difficult situation and stands to lose much more, from any agreement in this regard, unless some means can be found to modify the Italian attitude, than it can hope to gain from any eventual agreement in regard to its monetary policy.

Reading between the lines, it is not difficult to gather that the impression here is that France is being asked to make concessions in respect of her own monetary interests which do not appear to be likely, from her own point of view, to bring her any corresponding advantages, however beneficial they might prove to other countries. Paris is less inclined than London to attach great weight to the intangible value of "established contacts" and of "frank and cordial conversations." Opinion here is disposed rather to emphasise the statement in the *communiqué* that "the present credit difficulties are largely due to the lack of confidence on the part of lenders," and that "borrowers themselves must take all possible steps to restore that confidence." In other words, the French investor in foreign loans issued here has been so despoiled by defaulting countries since the war that, unless the latter are prepared to make good the losses they have caused, they need not expect to be able to borrow any more French money. Still less encouraging, perhaps, is the preceding statement in the *communiqué*, in which the French Treasury definitely declares that "the conditions of the management of the public funds in France have not had the consequences on gold movements which have sometimes been attributed to them." These two declarations—in spite of the repetition once more in the same *communiqué* of the French Government's frequently expressed desire to encourage foreign loans on the French market—appear to sum up in unmistakable terms the present settled policy of this country; and the pending issue here of loans to Roumania and Jugoslavia, taken in conjunction with the difficulties that have barred the way to other would-be borrowers, in spite of the powerful support given to some of them by the banks, confirms the view that France, for some time to come, will continue to be, at best, a somewhat "selective" foreign lender.

The laws recently passed by the two Houses, authorising the issue of the following colonial loans, are promulgated by Presidential decree published in this morning's *Journal Officiel*:—

	Million francs.
French Western Africa.....	1,570
Indo-China	1,250
Madagascar.....	700
French Togoland.....	65
Cameroons	15
New Caledonia	95

Expenditure authorised in New Caledonia totals 130,435,000 frs., but 35,435,000 frs. of this amount is to be furnished "from other resources." Other issues which are already being made, or will be shortly, include those on behalf of Morocco, Tunis, Roumania and Jugoslavia. The various colonial loans will absorb only about £36,000,000 of the huge mass of capital awaiting investment, and would form no obstacle, other things being equal, to a number of important foreign loans of the ordinary pre-war type; nor would the new *Crédit Foncier* issue of 1,500,000,000 frs., which has just been announced, or the same institution's more important conversion loan of 2,500,000,000 frs., which is due shortly. Legal notices have just been published in view of an issue of 742,900,000 frs. by the group organised to finance the mobilisation of war damages awarded some years ago to the great metallurgical concerns in the north and east of France. This issue is designed to replace, by new issues at 4 per cent., the outstanding balance of 6 per cent. issues made in 1921 and 1922. A similar operation was carried out not long ago by the colliery concerns in the Nord and the Pas de

Calais, and another is announced to be in preparation for issue shortly.

The most important operation of the near future, however, still awaits definite decision. This concerns the commencement of the plan for the comprehensive conversion of a large number of the Rente issues. The 1925 Four per Cents., the 1915-16 Fives, the 1920 Fives, and the 1920 Sixes, as well as several issues of 5 per cent. and 6 per cent. bonds, delivered to *sinistrés* in lieu of cash, are now convertible. On May 1st next the 1927 6 per Cent. Rentes will become convertible, and on July 10th the 6 per Cent. Obligations, issued in the same year. At the present moment the credit of the State is represented by an interest rate of about 3½ per cent. Three per Cent. Irredeemable Rentes, at 88, yield, as nearly as possible, 3.40 per cent., and the 3½ per cent. issue about the same, so that the moment for the putting into operation of the conversion plan would appear to be rapidly ripening. In these circumstances it is difficult to suggest that there is any prospect of the issue of any appreciable quantity of foreign loans in this country for some time to come.

GERMANY.

Proposed Tariff Increases — Industrial Opposition — Unemployment Insurance Problems — Motor Industry.

(FROM OUR CORRESPONDENT.)

BERLIN, February 24.

DURING the last week the Cabinet has been obliged to give further serious consideration to agricultural questions. Agreement having been reached within the Cabinet, the "Osthilfe" bills were sent back to the Reichsrat, and discussion turned to the tariff demands which have been put forward by the Minister of Agriculture, Herr Schiele. So far the tariff policy of Germany has been primarily one of protecting grain growers. The protection of rye necessitated a rise in the prices of barley and maize, and so fell very hardly on hog raisers, and the raising of the prices of fodder, grain and bran has been detrimental to the dairy interests, so that there necessarily arose a demand for compensatory tariffs on cattle products. To this were added long-standing complaints of farmers and market gardeners about the import of fruit and vegetables, and, more recently, the really catastrophic fall in timber prices in consequence of Russian dumping.

Herr Schiele is, therefore, asking for increases in the duties on bacon and lard, compensatory duties on cattle, the initiation of commercial negotiations which would pave the way for further increases in the duties on eggs, vegetables and fruit, and a substantial rise in the rate of duty on butter and pulses. It appears that he has secured, at least nominally, the agreement of the Cabinet to most of these proposals, though Dr. Trendelenburg, for the time being in charge of the Ministry of Economy, which has had no Minister for several months, has pointed out the dangers to German export in a very vigorous memorandum to the Chancellor.

Industrial circles have also begun to display much more activity in their opposition to increases in the agricultural duties. The Association of German Industry has passed a resolution pointing out that German exports provide work for more than three million wage-earners and salaried employees, and that these exports would be seriously threatened by the measures at present contemplated. Increased unemployment in industry would mean diminished purchasing power with which to buy the products of German agriculture. Excessive duties would, therefore, do great and lasting damage to agriculture, while the relief to be expected from them would be only transitory.

This pressure may very likely have some effect, as the decision on the question of duties will not only rest with the Reichstag. In many cases existing duties will not be

altered, but the Government will be empowered to raise them according to the result of negotiations with other countries and according to the movement of prices. If industry stands firm it may be able to effect something in this connection, even if agrarian influences are paramount in the Reichstag itself. The bounds of resistance to agrarian protectionism are set by the weakness of the Government's parliamentary position. Dr. Brüning's great energy and outstanding gift of leadership are constantly cramped by the necessity of securing small agrarian groups for the maintenance of a majority. Industry could have rid itself of the danger of excessive protectionism if it had allied itself last summer with the Socialist working classes and maintained in existence the old Reichstag and the "Great Coalition."

There is still a dangerous lack of co-ordination in the provision for unemployment benefit. During the first six or twelve months, according to the number of previous contributions, unemployed persons receive insurance benefit. For the next thirty-two weeks they receive emergency benefit on a lower scale, and only in case of necessity. After that the commune provides relief for an unlimited period, but this is preceded by a still closer inquiry into the applicant's need, and covers only the bare necessities of life. This threefold division was reasonable as long as it could be assumed that every tolerably competent worker outside the specially depressed trades would find work again within six or twelve months. Emergency benefit, originally confined to certain specified trades, provided for workers in particularly depressed industries and communal relief for those who had become unemployable. But since unemployment has reached its present level, and now that it is the fate of every worker, once dismissed, to go through all three stages, the system appears unnecessarily complicated and its financial basis increasingly inadequate. Moreover, it is felt to be unjust that the test of necessity for emergency benefit should be less severe than that for poor relief, as recipients of the latter, owing to the longer time they have been out of work, are the most severe sufferers.

The Association of German Towns has brought a Bill before the Reichstag providing for the complete amalgamation of emergency relief and poor relief, so far as the latter is concerned with the unemployed. The States would have to contribute to the expense, in order to lighten the burden on the communes, and the Reich would be required to bear a larger share. This reorganisation would not solve all the problems, but would merely free the communes from the danger of having their finances radically disorganised by the growth in the number of the unemployed. It would also be rather more economical and equitable, as there would no longer be two separate standards for inquiry into need. The price of this, however, would be a considerable hardship to skilled workers, in that they would not, as at present under emergency relief, be able to prolong the enjoyment of a somewhat higher standard of living than the lower paid unskilled workers, for the unified benefits would only cover bare necessities. It is also doubtful whether the Reich and the States could meet their additional share of the cost.

The outstanding event of this week is the Berlin Motor Exhibition, which offers a chance of estimating the economic importance of the German motor industry, its progress, its difficulties and its relation to foreign competition. In 1930 only about 100,000 cars were sold in Germany, against about 130,000 in the preceding year. Of these, 28,000 were of foreign manufacture in 1930. There are, however, some branches of the market in which there is no foreign competition. The most important of these is in the class of small private cars costing under Rm. 3,000, which are mainly supplied by Hanomag, D.K.W. and by B.M.W. under the English Austin patent. The German market for commercial vehicles is also entirely in the hands of the German industry, except for the small truck class, in which Chevrolet and Ford also compete. On the other hand, there is very substantial foreign competition, amounting to 40 or 50 per cent., in the sale of medium-

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size and large private cars. The import of complete cars is relatively small, but the foreign factories which have a large market in Germany have in recent years built assembly plants in which imported parts are assembled. Ford, Chevrolet, Buick, Essex and Chrysler are the most frequently seen American cars, and Fiat and Citroën the chief European competitors. There are only three German producers whose sales exceed those of foreign models: Opel, in which General Motors are controlling shareholders, a long way the first, Adler and Mercedes-Benz.

The severe competition has forced motor car prices down by about 20 per cent. during the past year. There can be no hope of profits in view of the enormous depreciation; before dividends can be paid an expansion of the market, with the consequent more economical utilisation of plant, is absolutely necessary. The foreign assembly plants, on the other hand, have in some cases made substantial profits. The German Ford works have done best, with a net profit of Rm. 3.3 million, against Rm. 2.2 million in the previous year, but they are only paying a 10 per cent. dividend on their capital of Rm. 15 million. Ford is building a large factory in Cologne, in which the manufacture of cars, mainly out of German materials, is to begin in April.

SWEDEN.

Money Market — Stock Exchange — Production.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, February 6.

IN lowering its discount rate from 3½ per cent., at which it has stood since April 3, 1930, to 3 per cent., the Riksbank has merely done what has been expected since last spring. There can be no doubt that the Riksbank has pursued an unnecessarily restrictive discount policy. As in other countries, the depression has occasioned here a marked reduction in the demand for credit. The consequence has been an excess of liquid funds in the commercial banks, which in its turn has involved a very remarkable change in their relations with the Riksbank. This development was stimulated by the fact that the fall in interest rates abroad made it more profitable for the commercial banks to sell their foreign investments to the Riksbank than to obtain liquid means from it on ordinary account. The already strong position of the krona, which was due to Sweden's relatively favourable position during the depression, was thus further accentuated. The greater part of last year was characterised by the sale of exchange, which raised the quotation of the Swedish krona and forced the Riksbank on several occasions to peg the pound in order to avoid the risk of gold imports. Gradually the bulk of the short-dated foreign claims were transferred to the Riksbank, whose reserves thereby

touched a record. The present year has not brought any material change in the situation.

It is possible that another circumstance has played a part in the lowering of the discount rate. The Government is on the threshold of a large conversion operation, in so far as the 6 per cent. 1921 loan, of which Kr. 94 millions are outstanding, may be notified for redemption at three months' notice on February 15th. In addition, the 1921 premium bonds of Kr. 100 millions may be converted in the early autumn. In the very comprehensive conversions of last year—no less than Kr. 445 millions in all—the State invited loans at $4\frac{1}{2}$ per cent. and the price of issue was below par. These bonds now stand at 104 $\frac{1}{2}$ to 105, so that it is fairly certain that the rate this time will be 4 per cent.

On the definite news of the new Kreuger issue there followed a very pronounced fall, which began with Kreuger stocks and gradually spread to all other stocks. Some large realisations were effected and in a number of cases new low records were reached. Clearly the match issue was not the sole cause. The general sense of insecurity and indifferent trade prospects, as well as a number of political motives, naturally played an important part, but the effects were magnified by the entirely unexpected Kreuger transactions. Normally, the New Year optimism results in a considerable rise in Stock Exchange quotations—last year of Kr. 292 millions. This year there was a fall of Kr. 178 millions, measured by the so-called A-list shares. The significance of this may best be seen by a comparison with the fall for the whole of last year, which amounted to Kr. 188 millions.

The general impression is that the depression has touched bottom, but this does not mean that there is any certainty when an improvement will set in. There is a marked reluctance to take risks and a waiting attitude in business circles. Great interest, therefore, attaches to the fuller statistical data now available for last year, by the aid of which it is possible to form an accurate opinion of the influences of the depression on Swedish economic life. Broadly speaking they confirm the view that these effects have been surprisingly small. Measured by *Svensk Finanstidningen's* index number of production, the volume of output remained unchanged in December at 120 (1923-24 = 100). The average for the third quarter was 122, compared with 134 a year earlier. The decline is much more clearly visible during the second half-year. Whereas in 1929 the quarterly averages were 140, 136, 132, 134—a remarkably even series—the corresponding figures for 1930 were: 149, 134, 126, 122. Had it not been that industry showed a surprising increase of output during January-May, the decline in the second half of the year would not have appeared nearly so great, and the average for the whole of last year was as high as 131, compared with 135 in 1929. Thanks to favourable developments in foreign trade during the latter part of the year, the trade balance was less passive than had been expected, at under Kr. 103 millions.

POLAND.

State Salary Reductions — Commercial Treaties — Timber Exports — Budget Deficit — Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, February 16.

THE main activity of Parliament during the past six weeks has been in connection with the Budget project for the fiscal year which begins on April 1st. The Deputies have voluntarily voted a reduction of their own salaries by the elimination as from April 1st of the 15 per cent. bonus which was added to all salaries of State employees several years ago to meet the increased cost of living, and which has come to be regarded as a permanent addition. The Budget Committee of the Sejm has also recommended that the Government should apply this 15 per cent. reduction to all State salaries; but it has been decided that,

for at least the first quarter of the next fiscal period, this reduction will not be made. If, however, the Budget for the first quarter of the year shows a deficit, the expectation is that the Government will give heed to the recommendation of the Budget Committee in this respect, and in the meantime, a revision of the tax rate on officials' salaries will be equivalent to a wage reduction of about 10 per cent. as from April 1st.

The Government have recently organised a campaign for forcing a reduction in retail prices, laying particular stress on the present excessive disparity between the returns to the primary producer and what the consumer pays at the retail shops. At the same time, however, the official spokesmen have definitely declared themselves opposed to wage reductions, so that the Government are not disposed to lead the way in an assault on wages.

Besides passing the new Match Monopoly Act required by the terms of the loan agreement with the Swedish Match Company, signed last November, and the first reading of a Road Fund Bill providing for additional taxes to be levied on motor vehicles in order to finance in part the Government's road building programme, the Sejm has ratified a dozen or more commercial treaties and other international agreements that have been arranged during the past two years, but which could not be submitted to the previous Parliament because of its hostility to the Administration. The most important of these is the commercial treaty with France signed in April, 1929, under which Poland revises and enlarges the preferential Customs duties on a number of French products (including fresh fruits and vegetables, bicycle and motor tyres, rubber shoes, cosmetics, etc.). When this treaty passes the Senate and the ratification procedure has been completed, the duty revisions prescribed therein will, of course, be made applicable to all countries having most-favoured-nation agreements with Poland.

It is expected that the next step in this direction will be the ratification of the commercial treaty with Germany signed in March, 1930, as the Government have finally announced their intention of submitting this treaty to Parliament and then leaving it to Germany to assume responsibility or otherwise for the continuation of the so-called Customs war which began in 1925. It is expected, however, that German ratification will follow, since the Poles make no secret of the fact that by extending most-favoured-nation treatment to imports from Germany (both actual as to duty rates and in principle as to import quotas) they are giving under the commercial treaty much more than they are receiving. The only certain and immediate benefit of a tangible character to Poland by this treaty is the export of 320,000 tons of coal monthly from Upper Silesia to Germany (which practically means from one German mine-owner to another) and a problematical export of from 200,000 to 350,000 pigs per annum. Germany's total pig imports at present, however, aggregate less than the minimum quota specified under the treaty, so it is not at all likely that the entire Polish contingent would be used. As an offset to this, Germany's refusal to renew the timber convention which expired on December 31st last has greatly restricted Poland's most important outlet for wood, and even when the commercial treaty becomes effective it is feared that Russian products will continue to supplant Polish wood in the German market. Despite the Customs war which has prevailed since 1925, Poland supplied about 40 per cent. of Germany's total timber imports in 1927, 32 per cent. in 1928, 29 per cent. in 1929 and less than 18 per cent. in 1930. On the other hand, imports from Russia increased from 3 per cent. of the total in 1927 to more than 10 per cent. of the 1930 total.

With 1930-31 Budget revenue running approximately 10 per cent. below the estimates, the returns for the first nine months (i.e., to December 31, 1930) show a deficit of 6 million zlotys, plus about 13 million zlotys, representing the amount the Treasury had overdrawn the Unemployment Fund by that date. The preliminary Budget figures for the month of January show a surplus (of about 1 million zlotys), and the Finance Minister has informed the Sejm that he does not anticipate a deficit for the full year in

excess of 30 million zlotys. In the next fiscal year the Treasury will receive the proceeds of the new Match Monopoly and also, it is anticipated, of the loan from the French group now under negotiation to complete the Upper Silesia-Gdynia railway line, on which the Ministry of Communications has already expended a considerable amount, and which is expected to be reimbursed to the Treasury out of the French loan. While it is fully recognised that the next fiscal year will be very difficult, it is believed that the Swedish and French loans will enable the Ministry of Finance to scrape through, and that thereafter the anticipated improvement in financial and economic conditions will permit the Treasury adequately to provide by taxation for Budget expenditure at the present rate.

The monthly index of industrial production compiled by the Institute for Economic Research (average 1925-27 = 100) shows a decline from 114.2 in September last to 99 at the end of December. The highest point, 130, was reached towards the end of 1928. With the curtailment of Polish timber exports to Germany, and the difficulties which have arisen with Czechoslovakia over pig exports in consequence of the abrogation in December last of the Czechoslovak-Hungarian commercial treaty, Poland's foreign trade problem has been greatly intensified. In virtually all lines the depression is being increasingly felt, and the number of registered unemployed manual workers not entitled to insurance benefit has reached a new record in excess of 350,000.

CANADA.

Business — Industry — Prairie Problem — Attacks on Bank Policy — Parliament — Tariff Revision.

(FROM OUR CORRESPONDENT.)

OTTAWA, February 10.

THE Eastern Provinces of Canada have experienced two weeks of cold weather, with substantial snowfalls, but in the West the winter has remained abnormally mild with very little snow. This condition eases the problem of wintering stock, but, on the other hand, with the subsoil exceedingly dry as the result of last year's drought, the absence of a heavy carpet of snow in the prairies augurs ill for the moisture reserves which are indispensable to a good grain crop.

It is claimed that the business situation has shown signs of improvement since February began, but the level of activity is still well below that recorded a year ago. The car-loading figure for the week ending January 30th, at 46,604 cars, though only 1,009 cars below the figure for the previous week, is no less than 12,471 cars, or 21 per cent., below the figure for the corresponding week of 1930. Wholesale houses report a more satisfactory demand for groceries, winter sports equipment and rubber products, but most country storekeepers are still loaded with unsold stocks, and orders from the prairies are very meagre. Retail merchants are only able to maintain their sales at a fair volume by means of persistent advertising and price cutting. There is some evidence now that retail prices are at last coming down, and both food and clothing are substantially cheaper than they were last autumn.

In the industrial field many factories are short of orders, and in Toronto and other industrial centres manufacturers are giving their married employees four days' work per week and the single ones only two or three. Senator Robertson, the Minister of Labour, lately admitted that there were 300,000 people out of work in Canada at the end of January, an increase of 100,000 since the Bennett Ministry took office in July under definite pledges to cure unemployment; part of the increase is due to the normal winter unemployment, but it is larger than usual this year. Some industries, however, are picking up; the boot and shoe factories are reasonably busy, the motor plants have increased their scale of operations, and the transportation equipment firms are getting the benefit of substantial contracts lately placed by the railways; while

the Dominion Government has awarded contracts to the amount of \$500,000 with various aircraft companies. One helpful psychological change is visible in the growing realisation that there will be no short cut out of the present trough of depression, and that an optimistic viewpoint will not suffice to restore prosperity, but must be reinforced by the abandonment of uneconomic practices and the adoption of sound policies by the business community and governments. How serious the setback of 1930 has been may be gauged from the fact that a survey of the earning records of 83 Canadian corporations for the year shows a decline of nearly 17 per cent. in the amount available for dividends; amusement and textile manufacturing companies were the only ones to show any increase over the figures for 1929.

The outlook for the prairie farmers still remains very dark. Wheat prices have risen a little, but the spread between the price of Canadian wheat and its competitors in the European market is thought to be too high to last. Wheat exports have been moving at the rate of more than 4 million bushels per week since the year began, but the stocks in store at the end of January were estimated at 203 million bushels, and it is considered unlikely that they can be disposed of at a price which will repay the cost of production. So, while the measures organised by the Federal Government in co-operation with the Prairie Provincial Administration are now beginning to operate for the relief of actual want and suffering among the prairie grain growers, which in some areas had become acute, nothing has been done to solve the fundamental problem of the prairies, the provision of foreign markets which will yield the grain grower an adequate return for his labours and remove his present apprehension that he may be submerged to the level of the peasantry of Eastern Europe in his standards of living. Whatever hopes were raised about the possibilities of a good outlet in China for Canadian wheat have vanished as a result of a report by Mr Marler, the Canadian Minister in Tokio, who was despatched to investigate the situation in China, and finds that the depreciation of the Chinese currency and other adverse factors are fatal obstacles to any serious development of an export trade with that country. The western farmers are being deluged with exhortations to turn to mixed farming, and Mr Beatty, the President of the C.P.R., has secured the necessary capital of five million dollars for his Agricultural Credits Corporation, which is designed to be used as a revolving fund to enable the western farmers to buy livestock. Already many of them are turning to hog-raising, and brood sows on the prairies are bringing enormous prices, but here again the problem of foreign markets has to be solved, and there is a prospect of a superfluity of hogs next year.

Bitter complaints have been forthcoming from the West about the rigid attitude of the banks in regard to credits to farmers; in view of their experiences with the wheat pools they have been adopting a very conservative policy about their prairie commitments. But the agitation which has arisen has evidently impressed the Bennett Ministry for last week Mr Weir, the Minister of Agriculture, presumably with the authority of the Cabinet, went to Toronto, and in a public speech rebuked the banks for their attitude, citing several cases where farmers with good security had been refused credit. He also issued a blunt warning that if the banks would not furnish adequate credit to deserving farmers, somebody else must and would. Some Western progressive members have also lately been in Ottawa trying to persuade Mr Bennett to countenance a temporary abandonment of the gold standard and encourage deliberately a depreciation of the Canadian dollar by 20 per cent. They argue that such action would operate as a bonus upon Canadian exports, and they calculate that the Canadian manufacturers should be sympathetic to the idea as it would afford them so much additional protection against foreign competitors. But it is unlikely that Mr Bennett, who is sternly orthodox in financial matters, will lend an ear to such suggestions.

Meanwhile the Premier and his colleagues are busy with preparations for opening of Parliament on March 12th. The problem of the Budget presents many difficulties, as a deficit of at least 60 million dollars is now regarded as

inevitable, and speculation is rife about what form the necessary dose of increased taxation will take. It is generally assumed that the income tax, which the King Ministry reduced, will be raised, and Mr Bennett is on record as having advocated in the past the impost known as a "turnover" tax. There are also indications that the Government, after many doubts and hesitations, is going to carry out its promise, made at the emergency session last September, that it would undertake a general revision of the tariff at the regular session. In view of the resentment in the West over the recent tariff increases and the secessionist murmurings which have developed, one wing of the Cabinet has notoriously been anxious to postpone any further tariff revision until more auspicious times, but those manufacturers who failed to receive any tariff largesse at the emergency session have been exercising persistent pressure upon Ministers at Ottawa. Scores of briefs, setting forth the clamant need of various industries for more protection, have been submitted to the Cabinet, and a vigorous protectionist lobby has been in progress. So the Bennett Ministry has reluctantly arrived at the conclusion that it cannot evade its pledges to carry out a general upward revision of the tariff, and has announced that a Committee of the Cabinet will hold special hearings at which representations for and against existing schedules may be made. The changes will mainly be upward, but it is believed that they will be confined to the general and intermediate schedules, and that the British preferential rates will be left untouched at least until the adjourned Imperial Economic Conference has held its sessions.

ARGENTINA.

Exchange Depreciation — Prices — Failures — Money Market — Public Economy.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, February 3.

CONDITIONS in Argentina continue to be influenced by two main factors; the depreciation of the currency, as registered in terms of foreign exchange, and the persistent decline in cereal prices. Wheat is \$5.50 paper per 100 kilos spot Buenos Aires, maize \$3.70, and linseed \$10.70. On costs of cultivation, as generally estimated, these are disastrous figures, and the steady fall shows very clearly that the supposed advantage to producers from the depreciated exchange is a myth. Practically all Argentina's wheat is by now in the hands of exporters, or their direct representatives, and the producer has been obliged to cut his losses. The situation of linseed and maize is somewhat similar.

The commercial result of this year's harvest is frankly disastrous; but it will not be irremediable unless the country persists in keeping exchange at a figure that is already having a serious reaction upon practically every form of industry and production. As yet, little use has been made of the faculty to establish recurrent shipments of gold in order to raise the quotation of the Argentine dollar. Banks' cable drawing rate is virtually pegged at 34½d. on London, and at 144.50 on New York. Below this the rate cannot now fall, humanly speaking, but while the Government persistently refuses to ship its surplus gold no rise is to be looked for. Thus, the country is condemned to suffer a loss which amounts, on the basis of the import figures for the first half of 1930, to \$26,000,000 gold a month; and if continued for a year would amount to \$709 millions paper. These figures are, naturally, only estimates, yet there is no denying the stark truth of the lesson they enforce, and *La Prensa* has on various occasions spoken out in no uncertain tone warning the powers that be of the disaster that must ensue if this well-intentioned yet short-sighted and mistaken policy is kept up much longer.

The general financial position of the country, though sound, is admittedly one of extreme delicacy, and the fact that commercial failures for the month of January totalled \$46,194,635 paper, as compared with \$15,681,354 paper for January of 1930, is a bitter commentary on the commercial situation. Improvement of the quotation of

the Argentine dollar is to-day almost as important to the reorganisation of the country as is the very necessary insistence upon a consistent policy of economy and reduced expenditure in every department of the State and private life. Failing this there is grave danger that Argentina may awaken some day to find herself in a position not unlike that of her neighbour Brazil, though such a possibility is still far distant.

Meanwhile, frequent rumours of large foreign loans from European sources are voiced from time to time, and, apparently, with a certain amount of foundation. Official *démentis* notwithstanding, one can read between the lines that various tentative offers of money both from Paris and from London have been made. American financial interests are, apparently, not so much to the fore at the moment, but this may be merely because the Argentine Ministry of Finance considers that the time is not yet ripe for a large long-term loan on the conditions they consider suitable. There is, indeed, no immediate call for any large sums of ready money. Argentina at the moment enjoys a plethora of the means of payment, though it is now generally recognised that the superfluity of funds in the local money market is tantamount to inflation, and, therefore, may be suspect as unhealthy. There is, however, no question that the present Government, though hopelessly at sea in this matter of exchange depreciation, are working heart and soul for the economic re-establishment of the country, and the maintenance of law and order. Their programme of national economy is being firmly insisted upon, and the salaries of everyone in the national administration have been remorselessly docked on a sliding scale ranging from ½ per cent. for those wage-earners receiving \$105 paper per month to 22½ per cent. on the highest salary paid. There is a general feeling that things to-day are healthier all round in Argentina, for which reason it is all the more important that business men and investors should be freed from the numbing check to enterprise which is exercised by the actual state of the exchanges.

Letters to the Editor.

THE F.B.I. AND THE GOLD STANDARD.

TO THE EDITOR OF THE ECONOMIST.

SIR,—My attention has been drawn to a reference made to the views of this Federation in connection with Great Britain's resumption of the gold standard in 1925 in an article entitled "Mr Lloyd George and the City," which appeared in the issue of the *Economist* dated the 21st inst.

As this article is calculated seriously to mislead the public regarding the views taken by the F.B.I. in connection with that momentous decision, I shall be obliged if you will be good enough to insert the following explanation:—

The article states:—"It was the F.B.I. that declared some months before Mr Churchill took the plunge that, whatever might be the arguments for or against this or that course, the vital thing for industry was that it should have a definite decision and a sure and certain basis on which to found its calculations."

It is perfectly true that at the time that the question of returning to the gold standard was being considered by a Committee presided over by Lord Bradbury, this Federation emphasised the need of industry for monetary stability. But they were most careful to point out that such stability could not be achieved by Great Britain acting alone. To quote from the actual written evidence submitted to Lord Bradbury's Committee in July, 1924: "that stability cannot, in their opinion, be achieved by one country acting alone, but only by a joint agreement on the part of the principal trading countries of the world to re-establish a common monetary standard."

This quotation, it may be added, is taken from the concluding paragraph of a report which was almost wholly concerned with stressing the disastrous consequences to British industry which the F.B.I. anticipated must inevitably follow a return to the gold standard at that time.—Yours faithfully,

F.B.I.,

21, Tothill Street, S.W. 1.

February 24th.

Guy Locock,

Acting Director.

[We regret that Mr Locock should think that we misrepresented the position of the F.B.I. in 1925. The various statements of the Federation at that time certainly make it quite clear that the Federation was nervous of the results if Britain acted alone, and constantly stressed the importance of international action; they were anxious that when the chief countries had returned to gold steps should be taken to carry out the Genoa policy of endeavouring to stabilise gold prices; and in any case they were seriously concerned at the necessity of bringing British and American price levels to a parity if this was done by depressing the British level. We venture to suggest, however, that the statement in our article was not unfair in view of the following extracts from a letter written by the Federation to the Chancellor of the Exchequer in March, 1925:—

"The expiration of the Gold and Silver (Export Control) Act of 1920 in December next would . . . seem to render some decision on the question inevitable in the near future. . . ."

" . . . It is . . . of such importance to all engaged in industry, both employers and employed, that the present uncertainty should be dispelled, and that industry should be able to make its plans for the immediate future with a definite knowledge of the general monetary conditions to be anticipated, that the advantages of an early declaration by His Majesty's Government would seem to outweigh the objections which might, in more ordinary circumstances, be urged against such a course."

"In conclusion (the Federation) desire to state clearly that in their opinion since Great Britain is the principal international clearing house both for money and goods, any step which would lead to a general return to a gold standard by the principal industrial countries in the world would be greatly to the benefit of British industry."

It will be recalled that the currencies of Sweden, Germany, Switzerland, Hungary and Czechoslovakia had already been restored, either *de jure* or *de facto*, to a gold basis; that Holland, Australia, South Africa and New Zealand took the same step or undertook to do so at the same time that Great Britain returned, and that within two years, either *de jure* or *de facto*, stabilisation was achieved by France, Italy, Belgium, Poland, Denmark and Finland. In five of the European countries the restoration was made on the pre-war parity. It may be argued that we should have established a new ratio to gold, but it certainly cannot be held that we acted alone.—Ed., *Economist*.]

MR GLADSTONE AND THE CITY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—You are very severe in your comments on Mr Lloyd George's attack on the City. In this connection the following from Lord Rendel's papers may be of interest:—

"Mr G. said he had, he feared, never been in good odour in 'the City,' and that in truth he had never been much impressed with 'City' men of his day. . . . In all his thirteen budgets he had derived nothing from 'the City' or 'City' men. And he did not see that the House of Commons itself had fared much better."—Yours, etc.,

Reform Club, Pall Mall, S.W.1.

February 23rd.

CHAS. WRIGHT.

Books and Publications.

KELLY'S DIRECTORY.

Few works of reference are so useful both to the business man and to the private individual as Kelly's Post Office London Directory.* It covers the administrative county of London and the Borough of West Ham, and its four main sections consist of a classified trades directory, a commercial directory, a somewhat selective private residents' directory and a streets directory, which last is particularly useful for locating vaguely remembered places of business whose exact name is not known.

In addition, there are separate sections on Chambers of Commerce, law, transport and hotels, banking, members of Parliament, postal information, Government and municipal officials and clergymen. A street plan, a one-inch map, and a thorough index complete the usefulness of this indispensable volume.

* Kelly's Directories, Ltd., 186, Strand, W.C.2. 55s.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Rationalisation of German Industry. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$3.00.

A general analysis of German industry from the point of view of production and distribution, followed by a detailed examination of the coal, potash, iron and steel, electro-technical and chemical industries. There is also a chapter on the balance of payments.

The Dynamics of Industrial Combination. By H. A. Marquand. (London) Longmans, Green and Co., Ltd., 39, Paternoster Row. 12s. 6d. net.

A discussion of combination and rationalisation with special reference to the part played by finance.

Political Handbook of the World. Edited by Walter H. Mallory. (New York) Council on Foreign Relations, Inc., 45, East 65th Street. (London) Royal Institute of International Affairs, Chatham House, St. James's Square. \$2.50.

A very useful reference book, revised to January 1, 1931, giving the essential information on the rulers, the political parties, programmes and leaders, and the Press of sixty-two countries.

International Labour Review. February, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

Includes articles on "Old-Age Pensions in the United States" and "The Continuous Working Week in Soviet Russia."

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Report of the Sheffield Industrial Mission to South America, August to November, 1930. 1s. 4d. post free.

Civil Estimates: Statement of Excesses in Civil Departments for Year ended March 31, 1930. 1d. net.

THIRD THOUSAND.

A TREATISE ON MONEY

By J. M. KEYNES.

Vol. I. The Pure Theory of Money. 15s. net.

Vol. II. The Applied Theory of Money. 15s. net.

Prof. A. C. Pigou in *The Nation and Athenæum*: "This is an ambitious, elaborate and important book. All serious students of monetary problems will need not merely to read but thoroughly to study it . . . a notable addition to economic literature."

THE FIGHT FOR FINANCIAL SUPREMACY

By PAUL EINZIG, author of "International Gold Movements" and "The Bank for International Settlements." 7s. 6d. net.

Morning Post: "Dr. Einzig's book deals with the contradictory aspects of the subject in a very clear and broad fashion. . . . The facts are very fairly stated and most of the essential points of development during the past sixteen years are carefully kept in mind."

PROBLEMS OF THE JAPANESE EXCHANGE 1914-1926.

By JUNNOSUKE INOUE, Minister of Finance in the Japanese Imperial Government of 1924 and 1929-30. English version by E. H. DE BUNSEN, formerly British Vice-Consul in Japan. 10s. 6d. net.

Morning Post: "The book will be read with interest by at least two classes of readers—those who have pleasure in studying Foreign Exchange problems from the standpoint of another country and those who are interested in the financial and economic developments of Japan during an exceptionally interesting period."

THE ECONOMIC LIFE OF SOVIET RUSSIA

By Professor CALVIN B. HOOVER. 12s. 6d. net.

This book is the result of an investigation carried out while the author was a Fellow of the Social Science Research Council in the Soviet Union in 1929-30.

MACMILLAN & CO. LTD. LONDON W.C.2

The Stock Exchange.

THE STATUS OF HOME RAILWAY STOCKS.

THE depression of 1930 has not merely driven the fixed-interest stocks of the largest British railway from the full Trustee List to sanctuary within the Chancery List. It has confirmed the view that, under contemporary conditions, home railway equities (with certain exceptions) have exchanged their former status of investments for that of speculative media.

All the four railways, under the grouping effected by the Act of 1921, have a decidedly "high-gear" capitalisation, i.e., a high proportion of fixed interest stock to equity stock. Every £1 of ordinary capital has £3.35 of fixed interest capital ranking in front of it on the London Midland and Scottish, £3.80 on the London and North-Eastern, £2.43 on the Great Western, and £1.65 on the Southern. The disadvantages of this form of capital structure, from the investor's viewpoint, are mitigated, by many British companies in other industries by a policy of fixing on a relatively low initial ordinary dividend rate, which can be maintained in good times and bad, and of gradually "filling out the equity" by the accumulation of strong reserves. The railways, by contrast, have chosen annually to pay out practically the whole of each year's available earnings. As a result, all the jolts and jars of trade variations have been passed on to ordinary stockholders, and Stock Exchange values have fluctuated in a manner recalling the dervish dance of the foreign exchanges in the years immediately following the war. During the last four years L.M.S. ordinary have been as high as 79½ and as low as 24½. L.N.E.R. preferred have fluctuated between 56½ and 13, the deferred between 22½ and 4½, and Southern deferred between 45½ and 18½. Even the Great Western, whose post-war record has been much the best of any of the four groups, has seen its consolidated ordinary stock standing since 1927 as high as 103½ and as low as 62½.

The characteristic feature of a speculative counter *par excellence*, such as a rubber or tin-mining share, is that, over a relatively short period, it may yield its holder an income far above the average for securities in general, or no income at all. This is precisely the position to which trade developments and past dividend policy have brought the majority of home rail ordinary stocks. L.M.S. ordinary, for instance, are quoted to-day at 25½. A falling off of only 4 per cent. in total net earnings this year as compared with 1930 (apart from receipts from extraneous sources) would leave L.M.S. ordinary with an earnings yield of nil; while a return to the level of profits

(000's omitted.)

	L.M.S.R.		L.N.E.R.		G.W.R.		S.R.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
Net earnings*	£ 17,175	£ 13,426	£ 13,061	£ 11,169	£ 8,199	£ 6,987	£ 6,548	£ 6,134
Total deb. interest, &c.:								
Amount	4,364	4,418	4,033	4,083	1,550	1,550	1,754	1,754
No. of times covered	3.9	3.0	3.2	2.7	5.3	4.5	3.7	3.5
Total guar. and pref. requirements:								
Amount	8,474	8,474	7,203	7,203	3,348	3,348	2,601	2,676
No. of times covered	1.5	1.1	1.3	0.98	1.9	1.6	1.8	1.7
Ordinary capital:								
Earnings	4,337	534	1,825	Dr. 117	3,301	2,089	2,193	1,704
Paid	4,284	1,901	1,271	106	3,220	2,361	1,379	1,379
Earnings %	4.5%	0.56%	4.3%	Dr. 1.3%	7.7%	4.8%	7.0%	6.1%
Paid %	4.5%	2%	3%	0.25%	7½%	5½%	5%	5%

* After all expenses, but before debenture interest.
 † In 1930, excess of dividends over year's earnings made up as follows: £212,000 brought forward; £392,000 profit on realisation of investments; £488,000 reserve for income-tax released; £279,000 appropriation from general reserve.
 ‡ On preferred ordinary: nil on deferred; £500,000 to general reserve.
 § On preferred ordinary: Excess of dividend over earnings made up by profit on realisation of investments £123,000; transfer from general reserve £100,000. Nil on deferred stock.
 ¶ Excess paid over earned derived: £121,000 brought forward; £150,000 profit on realisation of investments.
 †† Preferred ordinary: Deferred received 2½ per cent., out of 2.6 per cent. earned, in 1929, and 1½ per cent., against 1.03 per cent. earned, in 1930; excess paid over earned (£65,000) being drawn from amount brought forward.

of 1929 would give a purchaser, at present prices, an earnings yield of no less than 18 per cent.

Last year, the trading experience of the great British railways was less unfavourable than that of their counterparts in many other countries. Nevertheless, the two largest British railways taken together, earned only ½ of 1 per cent. on a total of £173,000,000 of equity stock. As the preceding table shows, debenture requirements were covered 4½ times and preference requirements only 1½ times on the "best railway" (the Great Western), while on the London and North Eastern debentures were met only 2½ times, and preference dividends were not quite covered.

All the groups paid out, in dividends for 1930, appreciably more than they earned. The L.M.S. drew no less than £1,370,000 of a total dividend of £1,904,000 from sources other than the year's trading. The reasons for this policy are not easy to follow. Events in the latter part of the year showed that, on balance, not even the interim dividend of 1 per cent. had been completely covered. As the final of 1 per cent. involved the depletion of the company's internal resources by a further £952,000, without preventing its prior stocks from lapsing from the full Trustee List to the Chancery List, it would seem that the dividend was decided upon for no better reason than that the hungry sheep looked up—and were fed. This action might have been praiseworthy had it been part of an effective "stable dividend" policy backed by an extensive "dividend equalisation fund" accumulated in past years. The L.M.S., however, has a general reserve fund of only £2,571,000, against a total ordinary capital of £95,202,000.

Depreciation in home railway securities during the last few years has not been confined to ordinary stocks. In the following table we show the present amounts, prices and yields of "senior" debenture, guaranteed, and preference stocks, as well as the ordinary stocks of the four groups:—

	L.M.S.	L.N.E.	G.W.	S.R.
"Senior" Debenture—				
Rate of interest	4%	3%	4%	4%
Present price	74½	54½	82½	78½
Yield %	£5/7/5	£5/10/1	£4/17/0	£5/2/0
"Senior" Guaranteed Stock—				
Rate of interest	4%	4% (1st)	5%	5%
Present price	73½	69½	100½	99
Yield %	£5/11/11	£5/15/2	£5/2/0	£5/3/9
"Senior" Preference—				
Dividend rate	4%	4% (1st)	5%	5%
Present price	52½	51½	92½	88½
Yield %	£7/18/6	£7/18/5	£5/11/0	£5/16/3
Ord. or Pref. Ord.—				
Present price	25½	14½	67	61½
Dividend yield	£8/3/3	£1/14/3	£8/11/9	£8/9/6
Earnings yield				
Deferred Ord.—				
Present price	...	5	...	19
Dividend yield	...	...	...	£7/0/10

It will be seen that the investor demands an appreciably higher yield from L.M.S. and L.N.E.R. prior stocks than from the similar securities of the other two groups, or from trustee stocks in general. The "best" preference stocks of both these great railways yield around 8 per cent.—a figure associated with the preference issues of speculative concerns. The yield compares, incidentally, with £4 15s. 3d. per cent. on the 5 per cent. cumulative preference shares of British American Tobacco and of £5 1s. 3d. per cent. on the 6 per cent. cumulative preference of Guinness and Company. These, it is true, are cumulative shares, but neither, on the other hand, is a trustee security.

Though contemporary trade depression may have intensified the decline in home railway stocks, its root causes

go deeper. Investors have undoubtedly been perturbed by the downward "secular trend" of railway receipts, apart altogether from the ups and downs of the annual figures. Even in 1929, admitted by all railway men to have been a relatively good year, gross receipts were considerably below those of 1923, the first year after grouping. The following table shows the relevant figures as regards gross receipts, expenditure and net income for 1913 (presuming the present grouping), 1923, 1929 and 1930, the 1913 figures being shown as 100 in each case. Close comparison between the 1929 and 1930 figures for railway gross receipts and expenditure, and those for earlier years, has been rendered impossible by changes in compilation made under a Ministry of Transport order. This qualification, however, does not vitiate the broad conclusions which the figures suggest:—

(1913 = 100.)					
		1913.	1923.	1929.	1930.
L.M.S.	Railway gross receipts ...	100	169	152	142
	Railway expenditure	100	217	192	185
	Total net income (including miscellaneous receipts*)	100	101½	88½	69
L.N.E.	Railway gross receipts ...	100	168	152½	144
	Railway expenditure	100	214	185	178½
	Total net income (including miscellaneous receipts*)	100	98	91	78
G.W.	Railway gross receipts ...	100	180	172	164
	Railway expenditure	100	229½	212	205½
	Total net income (including miscellaneous receipts*)	100	109	108½	92½
S.R.	Railway gross receipts ...	100	171	165	161
	Railway expenditure	100	220	207½	204½
	Total net income (including miscellaneous receipts*)	100	104½	109	102½

* From docks, hotels, steamers, etc., and interest.

* From docks, hotels, steamers, etc., and interest.

A downward trend in gross receipts is not, in itself, conclusive evidence of decadence. It may reflect the closing down of unremunerative services. For instance, if no railway were to run trains north of Inverness, the gross receipts of the L.M.S. and L.N.E. would show a permanent drop, but net earnings would be substantially improved. Unfortunately, only a comparatively minor part of the fall in gross revenue of the last seven years can be explained in this way, a much larger part being attributable to depression in basic British industries and loss of railway traffic to competitive transport agencies.

The railways have undoubtedly been hampered by the survival of restrictions and disabilities imposed upon them as general carriers at a time when their "monopoly" position was much more in evidence. They cannot refuse to handle unremunerative traffic if it is offered them, and their powers of "rationalising" by closing down activities which "do not pay" are decidedly limited. The "standard revenue" provisions of the Act of 1921 limit their maximum earnings, without effectively insuring them against a drop in profits below any given figure. Their rating burdens, as compared with those of their competitors, are inequitable. Labour in the industry has pressed home the advantages of its "sheltered" position to obtain an increase in wages, which is reflected in the expenditure figures of the preceding table, and to maintain rigid service conditions which gravely limit administrative elasticity in the face of changed conditions. It is now seen that post-war grouping, which was based, not on a scientific re-allocation of the railway mileage of the country, but on a reshuffling of the pre-war ownership of railway capital, has not given, and is unlikely to give any spectacular results. It has saved some lines from ruin, and has enabled managements to achieve economies of several millions a year—which are by no means to be despised. That the economic efficiency of the British railway system as a whole has increased is undeniable, but how far this has resulted from grouping and how far from other causes (such as the pressure of increased outside competition) it is difficult to say.

The figures given in this article (which we hope to supplement with our usual detailed analyses during the next few weeks), suggest that the investor's interests will best be served by a "selective" attitude towards railway stocks in the near future. Modest buying of home rail securities early this week was actuated partly by hopes of

a substantial improvement in general trade conditions before the end of the year and partly by anticipations that the National Wages Board's award, to be made shortly, will provide for a reduction in the wage level. These "bull points" would, of course, apply to all British railways. On other grounds, however, it is clear that the Great Western stands in a class by itself. It is the most homogeneous of all the groups. It has always successfully emphasised its individuality. It possesses what many in the industry regard as the best railway property in Europe, and it has only one really "black spot"—South Wales—in its system. Next comes the Southern, which at the outset had possibly the greatest scope for the economics of grouping. This company's interests lie entirely in the "prosperous half" of England, and being of a passenger rather than of a goods character, have been predominantly advanced by a vigorous electrification policy, by which the company, alone among the group railways, has attested its sensitiveness to the long-term trend of post-war transport development. The L.M.S. and the L.N.E.R. are not only compelled to maintain (doubtless much against their will) a large number of unremunerative and anachronistic services; they have the heaviest stake in the pre-war distribution of industry in Great Britain. Apart from any internal changes they may make, or any alteration in their relations to the State, the future of these great railways is inextricably bound up with the re-orientation of British industry, particularly of the Lancashire cotton trade in the case of the L.M.S. and the heavy steel industries of the North-East Coast in that of the London and North Eastern.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
March 3.	March 5.

FOLLOWING a week of inspissated gloom, a more cheerful tendency accompanied the opening of the second half of the account, and quotations were cautiously marked up in most markets. The "House" could not lose sight of the fact that basic conditions showed little change, and that Budgetary considerations had still to be reckoned with, but a certain amount of over-selling led to a favourable reaction, while the strength of sterling, and the Chancellor's statement with regard to the French gold conversations, were regarded as encouraging features.

Gilt-edged stocks managed to thrive on the crumbs of comfort scattered by the Treasury, and movements, though not spectacular, evinced a steady upward tendency. Funding and War Loan being again prominent. Home corporation issues made further progress. Australians improved at the outset. The Conference of Premiers made new proposals for the treatment of Australia's financial problems, and news of a cleavage in the ranks of the New South Wales Labour Party encouraged more cheerful views. Important gains were registered, the 4½ per cent. New South Wales 1935-45 Loan adding as much as eight points in a day. Indian securities were firm, the political outlook being no worse, and New Zealand stocks advanced. In the Foreign market, Perus became a nominal market on receipt of news of a revolutionary outbreak. Argentines were maintained in spite of a reaction in the exchange, but Brazilians continued to sag. Among Europeans, the German loans again attracted attention, and Austrian Sevens were in demand. Chinese loans were flat.

(Continued on page 452.)

The Coming Rise in GOLD SHARES

by L. L. S. Angus.
 According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression.
 He applies the principles of his work *Investment to an analysis of this section of the market.*
SPECIALISED BUSINESS SERVICES, 19 Buckingham St., W.C.2. 5/- nett.

[illegible]

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 18, 1931.	Price, Feb. 25, 1931.
Bermuda Development 5% debts. ...	97½	fy. pd.	99-100	99-100
British Aluminium 5% debts.	98½	60	41-3½ dis	2½-4 dis
Central Electricity Board 4½% stock	95½	75	21-2½ dis	22½-24 dis
Cunard House 4½% debts.	90	fy. pd.	92½-93½	92½-93½
Darnley (C.) 10%	16½	fy. pd.	15/0-16/0x	15/0-16/0
India 5½% 1936-38	97	5	2-1½ dis	1½-1¾ dis
Kenya 4½% 1961-71	98½	fy. pd.	98½-99½	98½-98½
Lewis's Investment Trust 5% debts.	98½	50	1-1½ pm	1-1 pm
London and Clydesdale Trust	10	2	1-1½ pm	1-1 pm
London and National Property 5% debts.	99	30	1-1½ pm	1-1½ pm
London and Home Counties Electric 4½% stock	95½	60½	3-1½ dis	3½-2 dis
London Power 5% deb. 1972	100½	60½	1-1½ pm	1-1 pm
Myatt (Frank) 5½% debts.	98½	35	98½-99½	97-99
Nat. Shipbuilders Security 5% debts.	95	35	2½-1½ dis	2½-1½ dis
Norwicham (City of) 4½% stock 1951-61	98½	fy. pd.	97½-98½	98-98½
Reading 4½% 1951-61	99½	34½	3-2 dis	1½-1½ dis
Second British Steamship Trust New £10	£10	£5	1 dis-par	1-1½ dis
Smethwick 4½% debts.	98½	58½	2½-1½ dis	1-1½ dis
Stirling County Council 4½% 1951-61	97½	fy. pd.	96-98½	98-98½
Surrey County Council 4½% 1950-70	99	19	2-1 dis	1½-1½ dis

(Continued from page 449.)

The Home Rail market was more cheerful than for some time past, and several improvements were recorded earlier in the week, particularly in prior charges. Dullness ensued, however, on the publication of a batch of very poor "traffic" receipts, while the market was not impressed by the attitude of the Great Western chairman with regard to the reduction of salaries and fees. The London Passenger group was firmer on the week's improved results. Foreign Rails were inclined to dullness, apart from Antofagastas. Argentine "traffics" were better than usual, particularly those of the Central, but the market was not impressed and quotations fell away. American rails proved erratic.

Despite the presence of several weak spots, the Industrial section cast off much of its despondency, and changes were mostly in favour of holders. Irregularity developed in mid-week in Transatlantic issues, as a result of profit-taking, but Radios continued to attract attention. Cables and Wireless pursued an uneven course, a decline following the receipt of disappointing "traffic" figures for January, though a firmer tone ensued subsequently. Among Engineering descriptions, Guest, Keen declined on unfavourable rumours, but their subsequent official denial brought some improvement. Leylands led a decline in the motor group, consideration of the report inducing more selling than buying. The Courtaulds report likewise produced an unfavourable impression, though the market had largely discounted the unsatisfactory trading position. Tobacco shares advanced steadily and Breweries also recovered much of their previous loss, the idea being prevalent that if further taxation were imposed by the Budget it would again be passed on to the consumer. Insurance shares strengthened, and Electrical Supply shares (the outlook for which is discussed in a Note on page 453) were in steady demand.

The Oil Share market failed to share in the general improvement, vague fears of a "cut" in petrol prices undermining confidence. Amsterdam was a seller of Royal Dutch, and Paris evinced little interest, though V.O.C. proved a bright feature. Rubber shares were somewhat steadier after a quiet week. United Sui Betong were out of favour, and relapsed, but Trusts and Anglo-Dutch again reported progress. Business among Tea shares was restricted, but buyers predominated.

A temporary lull occurred in the Mining share markets, and Kaffirs were irregular. Daggafontein was strong, and Rand Mines and "Johnnies" were both firmer. The effect of the meeting was to depress "Chartered," which suffered a serious relapse, but "Tanks" and "Zams" were in request and moved up. Northern issues were harder than of late, and Diamond shares advanced. Little interest was apparent in tin shares, despite the confirmation of the restriction proposals by the Malayan Government, and the report of London Tin was not well received. Tintos fluctuated uncertainly, but Ashanti Goldfields again went ahead.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 19, 1931.	Feb. 20, 1931.	Feb. 23, 1931.	Feb. 24, 1931.	Feb. 25, 1931.	Feb. 26, 1931.
Government and Municipal Loans	1,425	1,275	1,663	1,296	1,319	1,357
Transport, Communications, and Public Utilities	970	1,006	1,148	963	949	850
Commercial and Industrial Banks, Insurance and Financial	1,615	1,513	1,994	1,621	1,745	1,631
Mineral Products	545	644	754	602	592	656
Alloys (including Nitrate)	494	565	944	658	639	506
Oil	118	94	134	126	114	167
Rubber, Tea and Coffee	79	106	152	162	142	174
Total	5,246	5,203	6,789	5,428	5,500	5,341

* Including iron and steel and brewers.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Feb. 19, 1931.	Feb. 20, 1931.	Feb. 23, 1931.	Feb. 24, 1931.	Feb. 25, 1931.	Feb. 26, 1931.
72-3	65-0	65-2	65-0	66-2	66-3	66-7	66-7	66-7

FOREIGN STOCK EXCHANGES.

NEW YORK.

After Monday's holiday, for Washington's Birthday, the upward swing in prices continued on Tuesday. The impetus of the movement was entirely sentimental, no definite news being forthcoming of developments to which a bullish interpretation could be given. Gains of one to ten points were registered in oils, rails, chemicals, utilities and selected industrials. Much speculative activity centred on Radio Corporation, which rose nearly four points on a revival of merger rumours with Columbia Graphophone. Exceptionally, Warner Brothers Pictures showed weakness on bank liquidation. In mid-week, however, profit-taking which had previously been readily absorbed, was much augmented, utilities and amusement issues being the worst sufferers—the latter being affected by the filing of a suit in California claiming infringement of talking-picture patents. The leading stocks lost from 2 to 5 points, and the technical position showed signs of strain, as a result of an over-rapid rise without the backing of improved trade conditions. Firm conditions, however, again obtained on Thursday. The position is further discussed in a Note on page 453.

	Feb. 11, 1931.	Feb. 19, 1931.	Feb. 26, 1931.		Feb. 11, 1931.	Feb. 19, 1931.	Feb. 26, 1931.
U.S. 3½% T. Bils.	106½	105½	104½	Natl. Biscuit	21½	20½	22½
Lib.Ln. 3½% '32-47	101½	101½	101½	Phelps Dodge	22	23½	24
Do. 4½% '32-47	102½	102½	102½	Pullman	56½	52½	56½
Do. 4½% '33-38	103½	103½	103½	Sears-Robuck	56½	56½	60½
Atchafalpa	196½	200	199	Studebaker	22½	23½	24
Ches. & Ohio	45½	44	45	Un. Fruit	60½	61	64½
Erie	36	36	38½	U.S. Leather	13½	14½	16
Illinois Central	86½	85½	87½	U.S. Rubber	147	148½	150½
N.Y. Central	126½	127½	130	Westinghouse	95½	97½	106½
Pennsylvania	62½	62½	63½	Woolworth	62½	62½	63½
Southern Pacific	106½	107	106	Am. Tel. & Tlg.	194½	194	199½
Southern Ry.	63	62	61	Interboro R.T.	29	30½	29
Union Pacific	202½	201½	203½	Int. Tel. Teleg.	29½	33	35½
Am. Can.	117½	123	125	Radio Corp.	18½	18½	18½
Amer. Smelting	48½	52½	56½	Utilities P. & L.	27½	28	26½
Anacosta	37½	39½	41½	W. Union Tlg.	145	141½	145
Lehigh Valley	59½	62½	69	Associated Gas "A" ..	21½	20½	22½
Chrysler Motor	194	204	227	Pan Amer. B.	32½	32½	32½
Corn Produce Rf.	83½	86½	85½	Shell	32½	32½	32½
Eastman Kodak	170½	171	181	Shell Union	9½	9½	9½
Gen. Electric (New)	49½	49½	53½	Sinclair Oil	12½	12½	15
Gen. Motors	43½	42½	43½	Std. California	50½	49½	49½
Int. Harvester	54½	56½	57½	Do. N.J.	50½	49½	50½
Montg. Ward	24½	23½	27½				

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :—

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Feb. 25.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	110.7
33 Rails	127.8	173.5	89.1	145.5	92.0	104.4
34 Utilities	177.6	330.4	153.2	267.4	158.1	177.6
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	120.0
Average yield of 50 Industrial Common Stocks ..	3.10%	5.23%	4.15%	5.95%	5.91%	5.34%
					5.11%	

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

	Highest of 1931. (Feb. 16.)	Lowest of 1931. (Jan. 19.)	Feb. 18, 1931.	Feb. 19, 1931.	Feb. 20, 1931.	Feb. 21, 1931.	Feb. 23, 1931.	Feb. 24, 1931.	Feb. 25, 1931.
133-3	118-6	132-0	134-3	136-8	138-4	†	140-2	148-0	

TOTAL DEALINGS IN NEW YORK.

	Feb. 19, 1931.	Feb. 20, 1931.	Feb. 21, 1931.	Feb. 23, 1931.	Feb. 24, 1931.	Feb. 25, 1931.	Feb. 26, 1931.
Stock Exchange—Shares (Thous.)	2,500	3,800	2,400	†	5,300	4,400	4,600
Bonds (Value Thous. \$)	9,941	8,065	5,498	†	9,877	9,940	9,713
Over-the-Counter—Shares (Thous.)	388	592	529	†	924	782	1,096

* 2-hour session.

† Holiday.

INVESTMENT NOTES.

The Wall Street Recovery.—The recovery in the New York Stock Exchange, to which we drew attention in the *Economist* of February 14th, has made further progress. It is evident that the movement is more than "professional" and that the public is returning to the Stock Exchange in greater numbers. The total of shares changing hands daily has increased from 1,700,000 on February 6th to 5,300,000 early this week. The advance has been orderly and practically all sections of the market have participated. The peak of the present movement was reached on Thursday, and the extent of the advance achieved up to February 24th, as compared with the low levels ruling on December 16th, is shown in the following table :—

(Dow, Jones' Index.)

	Dec. 16.	Feb. 2.	Feb. 6.	Feb. 10.	Feb. 17.	Feb. 24.
20 railroads	91.65	108.26	107.43	111.17	109.55	111.75
30 industrials	157.51	164.48	170.01	181.09	179.86	193.90

It will be observed that railroad stocks have advanced by nearly 20 per cent. and industrials by 23 per cent. Allowance must be made for "bear" covering, which is always responsible for a sharp upturn when the trend changes, but the present rate of progress is clearly too rapid to last. On Wednesday some profit-taking set in, but the upward trend was resumed on Thursday. The stock markets usually move in advance of trade, but no one seriously imagines that business in America is likely to improve by 20 per cent. within the next few months. The most that can be said is that sentiment in America has changed. Improvement in business is not much more than seasonal, but at any rate trade has ceased to recede. The steel industry has been increasing its operations and in the last week rose a further two points to 52 per cent. of capacity. The U.S. Steel Corporation is believed to have worked, recently, at 53 per cent. of capacity, an increase of 1 per cent. Car earnings have been showing an advance but are still 20 per cent. below the level of twelve months ago. There has been an improvement in retail trade, though activity is also below last year's level. Perhaps the most encouraging feature has been the increase of 21 per cent. in the number of building permits for New York City as compared with December, and 13 per cent. as compared with January, 1930. It is clear that the recovery on the New York stock market is not entitled to go much further in view of the current state of business, but it may be recalled that last year the process of discounting a recovery in trade in the spring or summer went on steadily from the autumn to the middle of April. Whether another big break in the market will occur in April or May this year is a question which many American investors are asking.

Electricity Supply Companies.—At a time when almost every major industry is making heavy weather, the progress of the electricity companies stands out in welcome relief. Of the eight concerns whose results for the past three years are shown in the table below, six increased

their net profit in 1930, and only one, the Chiswick Electricity Supply Corporation, reduced its dividend, the "cut" from 16 to 12 per cent. resulting from reductions in the retail price of current, made at the request of the Ministry of Transport. In the aggregate, the eight companies recorded net profits totalling £1,415,705, compared with £1,234,245 in 1929, and £1,223,257 in 1928.

Name of Company.	1928.		1929.		1930.	
	Net profit.	Ordinary	Net profit.	Ordinary	Net profit.	Ordinary
	£	%	£	%	£	%
Chiswick Electricity Supply	24,442	16.3	25,174	16.7	25,445	14.5
Electrical Distribution of Yorkshire	78,281	12.2	96,481	11.2	106,319	9.8
Midland Counties Electric	168,064	6.6	211,079	7.9	233,196	8.6
Northampton Electric	50,679	11.2	64,455	11.6	64,613	11.7
North Metropolitan Electric	325,365	22.7	355,492	19.9	398,269	23.6
St. James' and Pall Mall	107,702	16.8	79,189	11.5	70,341	9.9
Westminster Electric	157,654	11	161,292	11.4	184,964	13.9
Yorkshire Electric Power	310,070	14.5	341,083	13.2	332,558	13.3

The progressive trend of earnings is strictly "according to plan." It is a commonplace that this country has lagged seriously behind America and some Continental countries in the production and supply of current, and it is impossible, as yet, to estimate to what extent the very high elasticity of demand for electricity will result in increased consumption, once the national "grid" system is completed. The official returns of the Electricity Commissioners for the past three years, which show a constant increase in current generated every month, compared with the corresponding month of the previous year, are sufficient indication of present tendencies. Recent legislation affecting the industry has, on the whole, been well received by both producers and consumers. While it is certain that profits and dividends will be continually reviewed by the authorities, with a view to bringing down retail prices to the lowest possible level, cheap production and a widespread extension of demand for current should ensure a consistent return and a widening "equity" to the investor. The trend of prices of the companies' ordinary shares since 1929 is shown in the following table :—

Company.	Highest 1929.	1930.		Price, Feb. 26, 1930.	Present "Flat" Yield (%).
		High.	Low.		
Chiswick Electricity Supply £1	69½	56½	36/3	39/6	£ 5 d.
Electrical of Yorkshire £1	47/4	38½	31/10	33/9	6 5 0
Midland Counties Electric £1	35/6	31/3	25/6	27/6	5 5 6
Northampton Electric £1	53/6	48½	40/6	45/7	4 9 3
North Metropolitan Electric £1	58/3	50½	44½	47/6	4 6 0
St. James' and Pall Mall £1	27/9	22½	24½	28/6	5 14 6
Westminster Electric £1	27/3	22½	24½	29½	6 5 9
Yorkshire Electric Power £1	37/6	35/3	30/4	33/9	4 14 0

The decline in quotations from the highest of 1929 has been relatively moderate, while present prices are, as a rule, little below the highest of 1930. The fact that the yield on the shares of the London companies is in every case considerably higher than in the case of the provincial companies is due largely to the fact that, under the electricity legislation of 1925, the London companies are to be taken over by the Joint Electricity Authority in 1971, under special terms of payment covering assets acquired

Castbury
Maker
of Fine Chocolates.

subsequent to July 29, 1925. In the same way, the Chiswick Electricity Supply Corporation can be purchased by local authorities at the end of any five-year period from 1914 to 1939 in the case of its Chiswick undertaking, and from 1914 to 1934 in the case of its Aberystwyth undertaking, or subsequently under the Act of 1888. Ten of the London companies are also under agreement to take their current from the London Power Company, whose 6 per cent. ordinary shares they hold. The London Power Company is debarred from making any "profit," all surplus being carried to the company's sinking funds, but the constituent companies guarantee a proportion of the fixed charges of the London Power Company if its own receipts are insufficient to meet all obligations.

Courtaulds Bad Year.—Shareholders in Courtaulds, who were informed a fortnight ago that the ordinary dividend was being reduced from 10 per cent. tax free to 6 per cent. tax free, have learned with dismay from the report that no profit whatever was shown on the company's trading in Great Britain last year. The company's income was, in fact, derived entirely from interest and dividends on investments, including a final dividend for the previous year received from America. Unprofitable trading conditions were reflected in renewed falls in the value of the company's Continental share holdings, from which £925,339 was written off out of net revenue, following an appropriation of £1,651,856 twelve months ago:—

	Years ended December 31.		
	1928.	1929.	1930.
Ord. capital	24,000,000	24,000,000	24,000,000
Net profit	5,171,997	3,743,828	2,274,409
Brought forward	1,222,719	1,394,716	686,687
Preference dividend	400,000	400,000	400,000
No. of times covered	12.9	9.4	5.7
Ordinary capital:			
Earned £	4,771,997	3,343,828	1,874,409
Paid £	3,600,000	2,400,000	1,440,000
Earned %	19.9	13.9	7.8
Paid %	15.0*	10.0*	6.0*
Reserve	1,000,000	...	...
Other allocations	...	1,651,856†	925,339†
Carried forward	1,394,716	686,688	195,757

* Free of tax. † To writing down Continental investments.

The directors' conservatism, which has always marched on the border of pessimism, is exemplified in the phraseology of the report, which admits no gleam of light in any quarter. For once, however, the picture would scarcely appear to be overdrawn. Practically all "current" items in the balance sheet are down—stock-in-trade by £408,176, creditors by £698,895 (this item includes taxation and contingencies' reserve), debtors by £165,749, and cash by £1,689,865. The last-named amount, however, would appear to have been expended mainly in the purchase of further British Government and other marketable securities, which have increased by £1,931,641 to a total of £11,742,523, and are clearly a very present help in time of difficulty. The report admits that a certain amount of weak competition has been eliminated from the rayon industry in the last twelve months, but declares that the volume of "effective potential production" is still in excess of present requirements. The latter, however, are subnormal—the rapid increase in rayon consumption being sharply checked last year, when the world's absorption was less than in 1929. Whenever recovery occurs, however, the strength of Courtaulds financial and tactical position will be clearly revealed. Nevertheless, recent events have shown that, quite apart from the aftermath of the "bubble" company boom, the newest textile industry is subject, like the older textile trades, to wide and disturbing fluctuations in earnings between good and bad times. Courtaulds ordinary shares, at 31s. 3d. (including a final dividend of 3 per cent. tax free), yield 3.9 per cent. tax free.

Harrods.—The accounts of this famous departmental store, on the whole, are not unsatisfactory in view of the difficult conditions of 1930. Net profits show a decline of £74,206 to £752,482:—

	Year to January 31.		
	1929.	1930.	1931.
Net profit	767,656	826,688	752,482
Brought forward	108,556	108,533	142,200
Preference dividend	300,000	300,000	300,000
No. of times covered	2.5	2.7	2.5
Ordinary capital:			
Earned £	467,656	526,688	452,482
Paid £	442,679	443,021	443,039
Earned %	21.4	24.7	20.5
Paid %	20	20	20
To reserve	25,000	50,000	25,000
Carried forward	108,533	142,200	126,643

The percentage earnings and dividends of the company's ordinary capital for the past decade are shown in the following table:—

ORDINARY CAPITAL.					
Year to Jan. 31.	Earned.	Paid.	Year to Jan. 31.	Earned.	Paid.
1922	Nil	5	1927	21.3	18½
1923	8.1	8	1928	22.2	20
1924	13.5	11	1929	21.4	20
1925	16.0	15	1930	24.7	20
1926	21.0	16	1931	20.5	20

The sum of £25,000 is set aside for "special reserve," which, however, is earmarked for alterations and depreciation of freeholds. No addition has been made to general reserve, which stands in the balance sheet at £1,000,000. The carry-forward item has fallen from £142,200 to £126,643. At their present price of 2½ the £1 Ordinary shares give a yield of about £7 7s., allowing for a final dividend of 15 per cent.

Selfridge and Company.—Although this famous store company itself withstood last year's depression in gratifying fashion (its gross profit declining only from £481,312 to £481,097), other factors contrived to reduce net earnings by 26½ per cent.—from £339,336 to £248,934. The company's guarantee of a 25 per cent. dividend on the ordinary shares of William Whiteley cost it no less than £56,508, against £31,002 in 1929. It is difficult to see how the immediate future can be expected to relieve the company of this burden. Taxation requires £58,000 compared with £38,000, and a special contribution to Selfridge Provincial Stores takes £10,000. Dividend on the £750,000 ordinary capital, at 10 per cent., is only half last year's allocation.

	Year to January 31.		
	1929.	1930.	1931.
Net profit	337,019	339,336	248,934
Brought forward	148,950	146,937	147,775
Preference dividend, &c.	189,032	188,498	188,394
No. of times covered	1.8	1.8	1.3
Ordinary capital:			
Earned £	147,987	150,838	60,540
Paid £	150,000	150,000	75,000
Earned %	19.6*	20.1*	8.0*
Paid %	20	20	10
Carried forward	146,937	147,775	133,315

* Net.

For the third year in succession no addition is made to reserve account, which stands in the balance sheet at £425,000. The amount set aside for depreciation is £15,000 less at £45,000, some £10,000 of this sum representing depreciation of interests in subsidiaries. Obviously no estimate of the probable future earning power of Selfridge's can be framed without reference to the company's liabilities, direct and indirect, outside its own business.

Manchester Ship Canal.—The accounts of the Manchester Ship Canal for the year ended December 31st last reflect the depression in the industries of Lancashire and the North. The total seaborne traffic and barge traffic tonnage showed a decline of 4.1 per cent., at 6,290,625

tons. The net profit was £99,713 lower at £279,790, and covered the preference dividend less than 1½ times:—

	December 31.		
	1928.	1929.	1930.
Total tonnage	6,256,895	6,558,589	6,290,625
Total revenue	2,134,872	2,163,196	1,954,867
Net profit	355,890	379,503	279,790
Preference dividend	237,137	237,137	197,138
Corp. pref. stock, per cent. paid	3½%	3½%	3½%
Preference shares, per cent. paid	5%	5%	4%
No. of times covered	1.5	1.6	1.4
Ordinary dividend—			
Amount	131,298	131,298	75,028
Earned %	3.16%	3.79%	2.18%
Paid %	3½%	3½%	2%
Reserve fund	...	...	7,000
Inc. or dec. in carry-forward	—12,545	+11,068	+624

The falling off in receipts was partly due to reductions in the company's charges. At 6s. the £1 ordinary shares yield £7 2s. 7d. per cent.

Investment Trust Reports.—Five more pre-war investment trust companies have issued their 1930 reports in the last few days. With one exception all show an increase in revenue and net profits. The capital results, however, vary greatly. The Merchants Trust, which was formed in 1889, and is managed by Robert Benson and Company, reports an investment depreciation of 1.73 per cent. on the balance-sheet figure of £3,629,369. The International Investment Trust, registered in 1888, disclosed a slight decline in income and profits and an investment depreciation of about 5 per cent. on the balance-sheet figure (less reserves of £2,068,334). Both these trusts publish a list of holdings in their investment portfolios. The market valuation of the investments of the United States Debenture Corporation, formed in 1899, showed a depreciation of 6½ per cent. on the balance-sheet figure of £4,535,548. On the other hand, the Scottish Western Investment (1907), which belongs to the Fleming group, reported a substantial surplus at market valuation for investments over the balance-sheet figure of £2,749,592. The Caledonian Trust (1910), another of the Fleming group, had a depreciation of only 0.5 per cent. on its investments of £2,395,224. The trading results for these companies over the past two years are shown in the following table:—

	Merchants.		International.		Scottish Western.	
	1929.	1930.	1929.	1930.	1929.	1930.
Income (before tax)	£249,731	£254,425	£115,468	£109,338	£187,201	£197,360
Earned for dividends (before tax)	£142,377	£142,612	£70,796	£66,242	£109,450	£114,849
Percentage earned on ordinary	16.9	17.5	15.3	14.6	27.8	27.1
Per cent. paid	14	14	10	10	19	19
Carry forward	£102,375	£104,331	£4,337	£4,459	£30,363	£58,218
	Caledonian.		U.S. Debenture Corporation.			
	1929.	1930.	1929.	1930.		
Income (before tax)	£157,765	£169,718	£287,934	£283,444		
Earned for dividends (before tax)	£84,112	£90,425	£221,957	£215,906		
Percentage earned on ordinary	19.9	20.0	16.7	15.8		
Per cent. paid	16	16	15	15		
Carry forward	£18,404	£32,120	£68,445	£76,601		

The highest and lowest prices last year, the present market prices and the dividend yields are shown:—

	1930 Prices.		Present Price.		Div. Yield.	
	High.	Low.	Price.	Price.	Div.	Yield.
Merchants Trust	267½	248	229	14	6.11	
International	130	123	170	10	5.88	
Scottish Western	...	...	385	19	4.93	
Caledonian	338	300	305	16	5.24	
U.S. Debenture Corporation	264	231	237	15	6.33	

The United States Debenture Corporation is amending its articles so as to authorise the issue of preference shares

carrying interest below 5½ per cent., as the directors are satisfied that 5 per cent. preference shares can be issued on relatively more favourable terms than 5½ per cent. The company is also increasing its authorised capital by £302,000 to £3,000,000.

H.P. Sauce.—During the past financial year this progressive company acquired the business of Messrs Lea and Perrins, Ltd. Some 351,420 additional £1 ordinary shares were issued, including 100,000 issued as fully paid to holders of ordinary shares in H.P. Sauce and 251,420 to shareholders in Lea and Perrins, Ltd., by way of consideration for handing over the assets of their company. The results of the acquisition are reflected in the net profit, which has grown by £77,377 to £236,903. The ordinary dividend is maintained at 30 per cent.:—

	December.		
	1928.	1929.	1930.
Net profit	153,172	159,526	236,903
Preference dividend	14,560	14,560	14,105
No. of times covered	10.52	10.95	16.79
Ordinary capital:			
Dividend	60,000	72,000	151,455
Earned %	46.30%	48.32%	34.20%
Paid %	25%	30%	30%
Reserve fund	75,000	60,000	70,000
Written off investments	...	9,443	...
Increase in carry-forward	3,618	12,966	1,343

The Lea and Perrins' purchase accounts for the lion's share of the increase of £275,300 in shares held in subsidiaries, which now stand at £312,816. Holdings of Trustee stock have increased by £65,527 to a total of £572,763, and cash is £36,606 greater at £101,229. Liquid assets exceed current liabilities by £596,959, compared with £512,358 a year earlier. The ordinary shares, at £5, yield £6 7s. 8d. per cent.

LIETUVOS BANKAS

(Bank of Lithuania)

KAUNAS, LITHUANIA

Telegraphic Address: "EMISBANK."

BALANCE SHEET December 31st, 1930.

Litas = 0.150462 grams fine gold.

ASSETS.

1. Gold reserve	...	30,385,589.43
2. Silver coins	...	2,920,088.—
3. State Treasury coins	...	1,398,241.83
4. Foreign currency	...	86,310,422.80
5. Loans and discounts	...	101,620,178.45
6. Other assets	...	11,157,725.80
		242,804,225.91

LIABILITIES.

1. Capital	...	12,000,000.—
2. Reserve capital	...	1,553,000.—
3. Bank notes in circulation	...	117,183,195.—
4. Deposits	...	102,674,455.10
5. Other liabilities	...	7,113,575.81
6. Profit for 1929	...	2,300,000.—
		242,804,225.91

PROFIT AND LOSS ACCOUNT

for the Year ending December 31st, 1930.

Expenses, depreciation and other write-offs	...	7,363,353.60
Net profit	...	2,300,000.—
		9,663,353.60
Gross profit for 1930	...	9,663,353.60

V. STASINSKAS, Governor.

J. PAKNYIS, Vice-Governor.

J. MASULIS, Directors.

I. MUSTEIKIS, Directors.

B. MINIATAS, Chief Bookkeeper.

At the annual meeting of stockholders of the Lietuvos Bankas, held February 14th, 1931, 7 p.m., at the Bank's offices, Kaunas, presided over by Mr. J. Tubelis, reports of the Directors, of the Advisory Board and of the Auditing Committee were presented. The reports were by motion unanimously carried, ordered received and filed. It was further voted to pay to the stockholders 10 per cent. dividend.

Building Society Reports.—The first batch of building society reports shows that the year 1930 was one of continued expansion in the movement. The largest society in the country, the Halifax, increased its total assets by over £10 millions to £70 millions, and the second largest, the Abbey Road, by nearly £12 millions to £31 millions. The Halifax increased the number of its accounts by 40,947, a record figure. The total shareholders and depositors in the Abbey Road increased by 62,652. The Halifax now has 438,628 members, the Abbey Road has 197,471 shareholders and depositors. Another London society, the Westbourne Park, showed a rise in total assets of £1,675,000 to £9,007,000. The figures suggest that the movement is still advancing with much greater rapidity in the South than in the North of England, though the largest societies do not now confine their operations to any particular part of the country. Whether the pace of 1929 and 1930 can be long maintained is an open question, and it remains to be seen whether the Southern societies, in particular, will follow the lead recently given by the Abbey Road and place a limit on the amounts of new money from shareholders.

Burndeft Wireless.—A further stage in the troubled history of Burndeft Wireless is signalised by the report of the committee of shareholders this week, that they see no possibility of continuing the business without the provision of substantial capital. As a public company Burndeft goes back to 1925, when the wireless business started and managed by Mr Burnham at Blackheath was taken over. The first trading period resulted in a loss (attributed by the directors to a temporary slump in wireless) and although nearly half a million pounds of capital had been raised from the public the concern was soon running short of capital. Various devices were resorted to, including a loan on debentures from Phillips, but three years after its large capital had been secured the company had to reconstruct and Burndeft Wireless (1928), Ltd., rose from the funeral pyre of Burndeft Wireless. Now, after two years of trading, the reconstructed company, which made in 1929-30 a loss of £21,867, seems to have reached the end of its resources, and a receiver and manager have been appointed. The whole story is instructive. A business with technical skill and an excellent reputation, enjoying an early start in a new and growing industry, prosperous in every way except that it was believed to have suffered from want of capital, applied to the investor successfully. Why has so great a promise been so completely belied? The explanation would appear to be in the sphere of management. In its early days Burndeft had a sound technical staff, of sufficient business capacity to run a small business with credit. But the influx of capital was fatal, because the managers who could run the small business proved unable, apparently, to run a big one. As the committee say in their report, "there is evidence of the machine not working well as a whole, due largely to the absence of a responsible head." This particular concern was not so big that a really capable administrator with adequate authority might not have pulled it round, but really capable administrators are rare. The story of Burndeft is a useful warning that when a business outgrows the brains of its management it is in jeopardy.

Tin Restriction.—That most public of mysteries, the new scheme for tin control, was in no way cleared up by the announcement of Dr. Drummond Shiels, Under-Secretary for the Colonies, on Friday of last week. The Imperial Government has, it appears, approved in principle of restrictive legislation in Nigeria and Malaya; but this sanction is subject to the Government's further approval of the details of the plan. The date for the start of restriction operations is fixed as March 1st. The market was, not unreasonably, disappointed to find that matters were not at a more advanced stage. London prices had risen in anticipation of a more favourable an-

nouncement. This week, in spite of strong support, the general tone has been less firm; the Eastern market, in the meantime, has been selling fairly heavily. Even restriction's supporters can scarcely take exception to the caution implied in the attitude of the Colonial Office. Objections to the details of restriction proposals are, as a rule, more potent with Governments than those urged against the general principle. Very properly, the Colonial Office has expressed a wish to be satisfied as to the protection afforded to consumers against an excessive rise in price. There are other matters, not specifically mentioned by Dr. Shiels, which will doubtless be considered with an equal gravity. The surplus stock which, at present, gives buyers a tactical advantage in the market, will need stable finance. Output capacity still exceeds the probable needs of a normal year, and arrangements must, therefore, be made for eliminating the unwanted producers. The national quotas must be equitably distributed, and all participants must be assured that the plan, once started, will be effective. Finally, the Government may well require some assurance regarding the adequacy of the statistical control. The past year's experience of the Tin Producers' Association has served to emphasise both the ease with which over-optimistic estimates can be made, and the dangers which result from acting upon them. This point is of particular importance in the light of the statement by the Senior Warden of Mines, Federated Malay States, that Siam, Burma and the lesser producing countries are not to be consulted regarding the scheme until the latter is actually working. From this it would seem that fully a sixth of the world's output comes outside the scheme, and, further, is situated in the more recently developed fields, where the possibility of expansion is, *prima facie*, greatest. After the experience of the rubber industry, the Imperial Government may well desire some assurance that there will be no considerable growth of "outside" production.

Income Tax on "Kaffir" Dividends.—The revival of interest in South African gold-mining shares gives special relevance to the position as regards income-tax liability, which is not always clearly understood. The common practice in calculating the yields obtainable on Kaffir shares is, firstly, to deduct from the dividends declared an amount sufficient, when reinvested at compound interest, to amortise the purchase price over the estimated profitable life of the mine; and, secondly, to calculate the net yield with the resultant figure as a basis. This method, however, entirely ignores the fact that the rate of income tax chargeable on Kaffir dividends is lower than that on dividends declared by British companies. This, in fact, appreciably benefits the recipient of Kaffir dividends. A resident British holder of "Kaffirs" is subject to income tax on dividends at the full rate of British tax (4s. 6d. in the £), less Dominion tax relief (at present 2s. 3d., namely, half the British rate). He is thus liable at the "relieved" rate of 2s. 3d. This is charged, however, not on the dividend declared, but on the amount which, after deduction of tax at the rate of relief (2s. 3d.), gives the amount declared, i.e., on the "grossed-up" dividend. A simple algebraic calculation shows the net result of this procedure to be that the amount of dividend received (subject only to super-tax) is approximately 87½ per cent. of the dividend declared. The amount of dividend received under similar circumstances by a shareholder in a British company (with tax at 4s. 6d.) is 77½ per cent. of the dividend declared. To put the same thing another way, such a shareholder would receive as much, net, from a "Kaffir" declaration of £100 as from a British company declaration of £112.7. For purposes of comparison of net receipts, obtainable by a shareholder, for example, last year's West Springs dividend of 10 per cent. should be related to one of 11.27 per cent. by a "home" company. By the same formula Crown's 67½ per cent. compares with 76 per cent., while New Modder's declared 132½ per cent. looks even more imposing when thus scaled up to 149½ per cent. It is the "scaled-up" figure which should be the basis of subsequent adjustments for amortisation.

A.E.G. and Siemens.—Our Berlin correspondent writes:—The results of the two important electro-technical undertakings, Siemens and A.E.G., have been awaited with great interest this year in German financial and industrial circles. The business year which ended on September 30, 1930, was the first unfavourable year after a very successful period, and heavy losses were sustained on stocks, owing to the depreciation of metal prices. Both this stock depreciation and the decline in contracts placed by local authorities hit most severely the high-power section of the industry which is concerned with the construction of large power plant, dynamos, transformers, etc., so that the A.E.G. and Siemens-Schuckert (a subsidiary of Siemens and Halske) which conduct this branch of the business have had to reduce their dividends substantially. Siemens-Schuckert are distributing 7½ per cent. against 10 per cent. in the previous year, on a capital of 120 million Reichsmarks, and whereas last year 3 million Reichsmarks was carried to reserve, no such provision is made this year. The turnover of A.E.G. in 1929-30 only declined from 580 million to 520 million Reichsmarks, but the gross profit declined in a much higher ratio, from 40 million to 30 million Reichsmarks. In order to make the net profit cover a 7 per cent. dividend on the ordinary shares, against 9 per cent. last year, the amount written off for depreciation has had to be heavily reduced, from 8.9 millions to 3.8 millions. The serious deterioration of the prospects of this industry is best indicated by the decline in the unfilled orders of the A.E.G. to 250 million Reichsmarks on January 2, 1931, from 350 million Reichsmarks a year before. The low-power section of the industry, which caters for telephone, telegraph, radio and talking films, has done much better. Siemens and Halske have been able to maintain their dividend of 14 per cent., though here, too, there has been a decline in net profits, so that there is no allocation to reserve this year, whereas last year 2½ millions were carried to reserve. The dividend is being maintained partly for other than industrial reasons. In January of this year the company issued \$33 million participating debentures in New York. The issue was made on the basis of a 14 per cent. dividend, and the company was under a moral if not a legal obligation not to let its first distribution fall below this level. In spite of these considerations, the unchanged dividend has made a very good impression on the Berlin Stock Exchange, where it is regarded as evidence of the fundamental strength of German industry.

Vereinigte Stahlwerke.—This German mining trust, formed in 1926 by the amalgamation of a large number of companies, and now by far the largest producer of coal, iron and steel on the Continent, has had to reduce its dividend for the year ended September 30, 1930, from 6 to 4 per cent., writes our Berlin correspondent. Total sales declined by 13 per cent. to 1,250 million Reichsmarks. Gross profit declined only by 8 per cent. to 262 million Reichsmarks, in spite of the decline in prices. Net profit, however, at 31 million Reichsmarks, against 48 million Reichsmarks, is over one-third lower, for bond interest, taxes and provision for depreciation have not diminished. The 800 million Reichsmarks ordinary shares have always paid 6 per cent., and this is the first reduction. There was a prolonged conflict about the rate of dividend. Some large shareholders and bankers, in the interest of the Stock Exchange, spoke in favour of maintenance of the usual rate, whereas the directors wished to pass the dividend altogether, in view of the deterioration of conditions in the opening months of the new business year. The decision to distribute 4 per cent. represents a compromise. The balance sheet was favourably received by the Stock Exchange, as an even worse showing had been expected. The depression is very clearly reflected in the item "stocks," which has risen, in spite of the decline in prices, from 191 Reichsmarks to 270 Reichsmarks, owing to the heavy increase in unsold output of coal and steel. The principal shareholders of Vereinigte Stahlwerke are the Gelsenkirchener Bergwerks A.G., the Phoenix A.G. and the Rheinische Stahlwerke. These companies will also be under the necessity of reducing their dividends for the past year.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Great Western Railway, Southern Railway, The Underground, Pearl Assurance, Clerical, Medical and General Life Assurance, Scottish Provident Institution, Manchester Ship Canal, British Assets Trust, Telephone and General Trust, Wandsworth, Wimbledon and Epsom District Gas, City Offices, London and Thames Haven Oil Wharves, Borax Consolidated, Selfridge and Company, and Jeremiah Rotherham. Presiding at the annual meeting of the Great Western Railway Company, Viscount Churchill informed shareholders that an analysis of the figures showed that no less than 82 per cent. of the total decrease in general merchandise traffic, and over 76 per cent. of the decrease in other minerals traffic, was accounted for by the fall in traffic forwarded from South Wales stations. At the annual meeting of Borax Consolidated, the chairman said that the board believed the position of the company had been materially strengthened, firstly, by the development of its new borate mine and the works at Wilmington, California, and, secondly, by its recent acquisition of an interest in the potash industry. At the annual meeting of the Scottish Provident Institution the chairman pointed out that statistics recently published established the remarkable fact that England was still much under-insured as compared with her neighbours, especially the United States and Canada, and it behoved every thinking man seriously to ask himself if he had taken out sufficient life assurance to protect his dependants in the event of his death.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to February 20, 1931, £28,909,128.
Total, including conversion, recorded January 1 to February 20, 1931, £34,880,263.

National Savings Certificate.
Net sales, week ended February 20, 1931, £800,000.
Total receipts, April 1, 1930, to February 20, 1931, £11,000,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
£	£	£	£	£	£
To Shareholders only.	Nil.	Nil.	Nil.	Nil.	Nil.
Lutpaards VI Estate and Gold Mining, £100,000 7½ per cent. notes at par	100,000	...	100,000	10,000	90,000
Total to shareholders only, week ended Feb. 28, 1931	100,000		100,000	10,000	90,000
Total Offered for Subscription—			Total Offered for Subscription—		
Including Conversions.	Excluding Conversions.	Including Conversions.	Excluding Conversions.		
Jan. 1 to date	£	£	Whole Year—	£	£
1931	35,780,263	29,639,128	1930	454,888,784	267,800,700
1930	36,438,174	36,438,174	1929	488,764,940	285,239,400
1929	82,250,529	68,675,928	1928	633,100,056	369,058,073
1928	...	144,167,729	1927	...	355,165,970
1927	...	116,656,331	1926	...	230,782,600
1926	...	53,271,455	1925	...	232,214,500
1925	...	30,295,871	1924	...	209,326,101
1924	...	27,649,075	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	27,478,057	371,571	1,959,492	29,809,120
1930	26,850,552	8,005,072	1,582,550	36,438,174
Whole Year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,500	89,371,400	355,165,900
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
£	£	£	£
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended February 28, 1931	Nil	...	Nil
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	9,414,078	...	9,538,731

Plymouth and Stonehouse Gas Light and Coke.—Sale by tender of £70,000 5 per cent. perpetual debenture stock, minimum price £97 per £100 stock. The issue is being made to repay the 7½ per cent. debenture stock due for redemption on March 31, 1931.

Oxford and District Gas.—Sale by tender of £51,000 5 per cent. perpetual debenture stock, minimum price £98 per £100 stock, yielding at that price £5 2s. per cent. The net revenue of the company for the year to December 31, 1930, was £46,357, covering interest on loan capital, including the present issue, nearly five times.

COMPANY MEETINGS, &c.

PEARL ASSURANCE COMPANY, LIMITED.

"WONDERFULLY GOOD RESULTS."

GRATIFYING PROGRESS IN INDUSTRIAL BRANCH.

ANOTHER INCREASE OF NEARLY £5,000,000 IN FUNDS.

MR GEORGE TILLEY REVIEWS A DIFFICULT YEAR.

The sixty-seventh annual general meeting of the Pearl Assurance Company, Ltd., was held, on Thursday, February 26th, at the Registered Offices, High Holborn, London, W.C.1. Mr George Tilley (the chairman of the company) presided.

The Secretary (Mr W. N. Proddow, F.C.I.S.) having read the auditors' certificate,

The Chairman said: Ladies and gentlemen,—Before dealing with the matters covered by the report, I would like to mention that our esteemed president, Mr Shrubbsall, has now passed the 60th anniversary of his entry into the service of the company. I am sorry he is not here present to-day to receive in person the congratulations which we all tender him, but he found it desirable to seek sunshine in a climate warmer than England in February. You will be glad to know, however, that he is a regular attendant at our board meetings, and from the fund of his wide experience gives great help to my colleagues and myself in the problems with which we have to grapple.

Coming now to the 67th annual report and statement of accounts, I am in the fortunate position of being about to record a tale of results which, especially when regard is had to the times of almost unparalleled difficulties which are affecting this nation, and, indeed, the whole of the civilised world, must be regarded as wonderfully good.

THE PAST YEAR.

When we met to review the operations of the Company at this time last year we were suffering under some of the first results which followed the breaking of what may be called the boom period through which some countries, particularly the U.S.A., had been passing. At that time most people had latent, if not strongly expressed, hopes that the worst had been seen, and that some recovery might reasonably be looked for before the end of another year. Unfortunately, any such hopes were doomed to disappointment, since, economically, not in this country alone, but throughout the world, there has been experienced rapidly falling prices and the conditions of gloom and stagnation normally attendant upon such falls. We may not yet be at the end of this period, but without venturing far into the realms of economics we can comfort ourselves with the reflection that reaction is a natural law, that heretofore depressions have passed away and given place again to periods of active progress. Judged on this simple basis, and by reference to similar cases in the past, it would seem that a turning point cannot be far distant.

Notwithstanding the adverse features of the period, however, we have solid ground for satisfaction in a record of what has been achieved since I last addressed you. In periods of economic instability insurance shows a high degree of stability, and when the citizen, as investor, realises by painful experience the superior advantages of a safety-first policy, he is attracted to the contracts offered by a good assurance company. It is this, I think, which accounts for the fact that when nearly every type of business and enterprise shows signs of diminished activity, insurance is successful in maintaining its position and popularity unimpaired. The instinct which prompts people to turn to insurance in times of difficulty is thoroughly sound and one which deserves encouragement.

I venture to think that one of the consequences of the economic changes through which we have been passing is to give an added importance to the work of institutions such as our own. In recent years there has been a growing tendency to place the main burden of increases in taxation on the higher ranges of income and on the capital of large estates, with the result that these sources, from which in the past has been drawn a large proportion of the capital required for the development and re-equipment of industrial production, have become less and less fruitful. Latterly there has occurred coincidentally a sharp fall in prices unaccompanied by a corresponding reduction in money wages, so that the purchasing power, measured in terms of the wages and salaries of those who have remained in employment, has increased. The combined effects of these processes has been to transfer much of the control of the surplus production of the country from the hands of wealthy individuals and corporations to the multitude of wage and salary earners.

LIFE ASSURANCE COMPANIES AND NATIONAL THRIFT.

In these circumstances it has become more urgently necessary that the utmost possible shall be done to encourage savings by those in enjoyment of the lower ranges of income in order that the impaired sources of capital may be made good. To be made available as capital for the development of industry, these small savings must not merely be aggregated, but they must be given a degree of permanence. While according the fullest recognition to the work of the National Savings movement and of the savings banks, I feel that it is fair to say that life assurance institutions are the most energetic and the most successful advocates of thrift among the wage-earning and salaried classes, and that a very important element in their success is their ability to point to the encouragement afforded by the life assurance abatement of income tax. This abatement of income tax in respect of life assurance premiums has been a feature of our income tax laws for more than three-quarters of a century, but I am sure that at no time was its retention more indisputably justified in the best interests of the nation. It is true that in proportion as the abatement achieves the object of encouraging thrift and provision for dependents in the form of life assurance, it results in loss of tax revenue, but if these difficult times are to become less difficult it is necessary to take a wider view of this question than the mere immediate effect on the yield of the income tax. It was very gratifying that this wider view received so much recognition in the House of Commons last year that a Government proposal to restrict still further the amount of the abatement was subsequently abandoned. In common with other life offices, we are and have been unwilling to lend ourselves to the exploitation of the abatement as a device for tax evasion, but I do plead that the use of the abatement in life assurance propaganda shall not be so hedged about with restrictions and restraints as to hamper us in making legitimate use of its designed encouragement of thrift.

ORDINARY BRANCH.

In one direction this year we have not written as much business as usual. I refer to assurances of large amounts effected under the single premium plan with the help of a loan. The Chancellor of the Exchequer concluded that the assured under such types of policy benefited too great an extent by reason of tax exemption, and a section was incorporated in the Finance Act of 1930, referring to this type of contract, which deprived it of one of the advantages which had largely contributed to its popularity. Hence the item of single premiums this year in the ordinary branch amounts to £52,265, as compared with £873,398 for the previous year.

The loss of premium from this special cause is perhaps the chief reason for our not having recorded the usual handsome increase in the premium income of this branch. We need not greatly regret, however, the diminution of this class of business, since the premiums in question, being in the main financed by loans from the company, never represented in their nominal amount real investment in life assurance.

You will have seen by the report on the valuation of this branch by our actuary, Mr. Austin, that a reversionary bonus of £2 6s. 0d. per cent., on the sums assured was recommended, and the recommendation adopted by the directors. This is a striking comment on, and endorsement of, what I have stated on the subject of the desirability of life assurance in general, and of assurance with the Pearl in particular, as a medium of safe and profitable investment. This is the third successive year for which this rate of bonus has been declared, it having risen from one of £2 for the year ending December 31, 1924. While we can maintain bonuses at rates not less favourable than that now declared (and under present conditions we feel quite confident that we can), we can hardly fail to attract a large volume of business from both old and new policyholders desiring to share in the prosperity of the company.

INDUSTRIAL BRANCH.

The progress of this branch has been especially gratifying, particularly when regard is had to the adverse economic conditions which have obtained in the period under review, although it is to be noted that we have been free from any great industrial strife,

either during the year or in the immediately preceding period. Owing to the sympathetic treatment by the company of its policyholders when strikes and lock-outs have brought exceptional and widespread distress, the full adverse effects of these disasters upon our figures are rarely seen until the lapse of a considerable period of time. Frequently we have kept on our books in full benefit thousands of policies which by ordinary rules and conditions would have lapsed by reason of non-payment of premiums. Experience shows that although these policies need to be nursed over long periods, sometimes extending to several years, a large proportion of the policyholders so dealt with are able to recover their position and to bring their policies back within the ordinary conditions of premium payments. Another contributory cause to the good results shown has been the absence of any severe epidemic of influenza—always a great influence upon the figure of claims paid.

AUTOMATIC PAID-UP POLICIES.

In the course of the year a decision of great importance to industrial branch policyholders was taken by the directors, whereby as from September 1st last paid-up policies are automatically granted and set up in respect of every policy upon which premiums cease to be paid, provided that not less than two years' premiums have actually been paid. This decision was arrived at partly for the reason that it meets certain difficulties arising out of the Industrial Assurance Act, 1923, which were experienced in dealing with those policyholders who lapsed their policies and re-entered by effecting fresh assurances; but it has other advantages to commend it. Thus those policyholders who do not wish to continue or who are forced by circumstances to discontinue payment of premiums, are now secured of every benefit that could reasonably be expected in return for their premium payments. Upon a cessation of premium payments a period of grace is allowed varying from four to thirteen weeks, during which the assurance remains in force and payment may be resumed. Failing this, those qualified are protected by the grant of a paid-up policy of an amount not less than that given in accordance with the bases set out in the Industrial Assurance Acts of 1923 and 1929.

BONUS—INDUSTRIAL BRANCH.

We initiated last year a policy of granting bonuses on policies in this branch by the allocation for the purpose from surplus of a sum of £508,671. You will, I doubt not, be pleased to see from the report that we are able to continue this benefit, for which purpose an allocation of £553,850 has been provided from the surplus of this year. This will provide for bonuses at the same rates as were granted last year to those policies to which the scheme applies. On whole life assurances the rate is 1s. 4d. for each policy, subject to a weekly premium of one penny, or a monthly premium of fourpence, and in proportion for policies subject to premiums of other amounts. For endowments and endowment assurances, a bonus of 1s. 0d. for each policy subject to a weekly premium of one penny or a monthly premium of fourpence, and in proportion for policies subject to premiums of other amounts. Thus, on a whole life policy subject to a weekly premium of 1s. 0d., the bonus would be 16s. payable at death. Thus, in two years we have voluntarily allocated over £1,000,000 for the purpose of increasing the contractual benefits under policies of over seven years' duration.

Voluntary distributions of surplus to industrial branch policyholders on such a magnificent scale as has been adopted by this company in recent years (and in this connection I have in mind the addition of over £9,000,000 to sums assured granted in 1926) are striking and significant developments in the history of the business. As shareholders I am sure that you will heartily approve the policy of the board in consistently improving the value given to our policyholders, so attracting the support of the public on the best of all possible grounds.

EXPENSES.

The rate of expense at which we operate is always a subject of interest and importance, not only to you as shareholders, but also to our policyholders, since both bodies benefit more or less directly by good management reflected in a low rate of operating expense.

In the ordinary branch the rate is 10·80 per cent. of the premium income, showing a fractional increase, but this is more than accounted for by the drop in the single premium business, with which subject I have already dealt. We have, in fact, attained a satisfactorily low rate as compared with the rates of other offices.

In the industrial branch the rate is 32·86 per cent. of the premiums—the lowest point we have ever attained—and is a decrease from the previous year of nearly one and one-third per cent.

I feel assured that our steady progress in this direction is a cause of gratification to everyone connected with the business.

FIRE AND OTHER CASUALTY INSURANCE BRANCHES.

Contrary to previous custom, I propose to deal this year with these branches conjointly, as their interests and activities are to a great extent bound up together, and are becoming more so as time goes on.

The combined premium income of these branches amounted to £664,568, representing an advance of £15,478 upon that of the previous year. You will see the figures relating to the respective branches in the report before you.

In the fire branch claims paid and outstanding equalled 56·9 per cent. of the income, whilst expenses accounted for 45·1 per cent., and with the release of premium reserve there is a small trading surplus. Our experience in respect of our direct business at home has been very satisfactory, and the same may be said, speaking generally, of our foreign business. The experience of the United States and the re-insurance business, however, has not been so favourable as in the past. We have been sharing the common experience in these two last-mentioned fields, and taking everything into consideration I feel that we may be well satisfied with the results achieved.

Expenses, unfortunately, show a further increase, due partly to constantly increasing acquisition costs, to which I have referred on a previous occasion, but attributable also to expenses incurred in the expansion of our organisation throughout the world. Money spent in that direction, however, must be regarded as being in the nature of capital expenditure from which we will benefit in the future, and I am not, therefore, unduly disturbed on that account.

Turning to the accident branch, there has been, I am glad to say, an advance in all sections. Whilst claims paid and outstanding are somewhat higher at 48·4 per cent., the ratio of commission and expenses of management has dropped from 32·7 per cent. to 31·4 per cent., which is a very welcome feature.

As I have just stated, we are still pursuing a policy of steady expansion throughout the world. The current and widespread trading depression has, however, robbed us of some of the gains that we could reasonably have anticipated under more normal conditions, but I feel convinced that in laying the foundation of our business as we have been doing in these branches during a period of depression, we are building on surer ground, and that we will benefit accordingly when the long-looked-for revival sets in.

FUNDS AND INTEREST.

The funds of the company as shown in the balance sheet now amount to £63,318,401, and again show a growth of nearly £5,000,000 since the previous accounting.

The management of investments has this year presented problems of unusual difficulty for all institutions. The credit of many borrowers has undergone a rapid deterioration, and the protection of the company's funds has called for exceptional vigilance. The field for new investments has become very restricted, and it is much to be deplored that the very urgent needs of credit in many countries cannot be met, either because of political instability or because of the incurable inability of politicians the world over to realise that when income fails a reduction of expenditure is inevitable, and that delay in effecting it merely aggravates the difficulties. If the requisite adjustments were effected promptly and with justice and equity to all classes, we should not so often witness the apparent perversity of credit failing in its purpose of facilitating the exchange of goods just at the moment when goods to be exchanged are most abundant.

In our efforts to keep intact the values of our enormous investments we rely on a careful choice in each case and a considered distribution of the risks in relation to types and classes of security, as well as to a spreading in geographical areas. Further, we regularly keep the existing holdings under review. To my mind, a good distribution of risks, aiming at the production of good average results, is the soundest principle upon which it is possible to act, and in the long run is bound to be the most profitable. I do not mean, of course, anything like an equal proportion of various types, but a strictly reasoned one. Thus we hold a specially large proportion of British Government stocks, although this is due partly to the fact that in the course of our business we have issued a large number of policies securing to the holders War Loan, Funding Loan, and Victory Bonds.

At the end of the year 1929 there had been a serious fall in the value of investments, and in addressing you last year on that subject I referred to an allocation then made to our investment reserve funds in the following words:—"This additional safeguarding of our position was determined on partly because of the troubled financial history of the past year; not that it had become necessary by reason of anything that we have experienced, but rather as a further safety margin against the possibility of anything unforeseen which may happen in the future."

Well, ladies and gentlemen, as you probably know, perhaps by some personal experience, there has since then occurred a further and very severe fall over a great range of securities. I can, however, immediately reassure you on the matter that must be in your minds as to how we have been affected, and I am gratified to be able to inform you that, taken as a whole, the actual market value of our securities shows a very substantial appreciation over the

year. Notwithstanding this very gratifying fact, we are continuing the policy of providing a margin of safety for our policyholders by allocating to our investment reserve funds a further sum of £350,000 from the ascertained surplus of the year.

The gross yield on the assurance funds shows an increase, but the greater part of this increase is the result of a combination of accounting features rather than a real increase in the gross rate yielded by our investments. The yield on the assurance funds reflects not merely the earning power of the investments, but also the extent to which the interest on the investments representing special reserves goes to swell the interest on the investments representing the actual funds.

STAFF PENSION FUND.

We are allocating to this fund from the surplus of the year the usual substantial contribution of £100,000, which, when added to the fund standing in the balance sheet, makes a total of £1,080,879.

The interest earned on this fund provides at the present time the bulk of the calls made upon it, so that the annual allocations are reserved nearly in full, and increase the income accordingly.

This would not be the case to so marked an extent, however, were all the pensions we grant charged on the fund, since, in actual fact, there is a number of pensions granted to members of the staff who do not qualify under the terms of the fund proper. In the course of time we anticipate that the moneys in the fund itself, in addition to the income, will be drawn upon to reinforce the ever-expanding stream of payments, but in the meantime I am sure you all feel great satisfaction in the contemplation of the growth of this provision for the needs of those who bid us farewell on retirement from active work after long and faithful service.

NATIONAL HEALTH INSURANCE.

I desire once more to commend to your attention the prominent part played by your company and its representatives in that great branch of social activity, National Health Insurance. Our connection with this work through the National Amalgamated Approved Society shows a continuation of the efficient and successful working that has characterised it in the past.

The Pearl membership continues to increase and during the year 1930 our representatives enrolled 52,452 new members. There was paid to our insured members no less than 1,124,830 benefit payments in respect of sickness, disablement and maternity benefits, amounting in all to a total of £734,071. During the year our representatives were responsible for the payment of no less than 41,520 maternity claims amounting to £89,886.

The smooth working and steady progress of this branch of our activities is evidence of the care and attention paid to the work by our representatives, and also of the efficient organisation built up by Sir Thomas Noill and his officers at the head office of the society. To all concerned in this work I tender most cordial thanks on behalf of this company.

The committee of the National Amalgamated Approved Society, on which we have three representatives, including myself, are grateful that the Government has passed the prolongation of Insurance Act, 1930.

They have by this means dealt with the problem of maintaining on an insurance basis the insured status of those genuinely unemployed workers of the country which would otherwise have been lost at the end of the past year as a consequence of the prolonged industrial depression.

The new Act is a valuable safeguard for persons who are genuinely unemployed, and gives what is most needed, maintenance of their membership and medical benefit. This latter benefit by helping the members to retain health, and consequently the capacity for employment, is of inestimable value to them.

SURPLUS OF THE LIFE FUNDS.

The total surplus for the year from the life funds amounts to £2,507,898, and this has been dealt with as follows: To policyholders, £1,289,863; to staff pension fund, £100,000; to investments reserve funds, £350,000; to profit and loss account, £543,692; while £224,343 is carried forward.

PROFIT AND LOSS ACCOUNT.

In addition to profits from the life funds, there has, during the year, been carried to this account from the fire and accident branches a total of £37,000, and the balance of the account at the end of the year amounts to £160,553. This, with the addition of the amounts transferred from the life branches, totals £704,245, out of which it is proposed to pay £265,025 as a final dividend to the ordinary shareholders.

The report was adopted, other ordinary business was transacted, and the proceedings terminated with a vote of thanks to the chairman.

THE SCOTTISH PROVIDENT INSTITUTION.

MUTUAL LIFE ASSURANCE.

SUCCESSFUL RESULTS OF THE YEAR.

GROSS NEW BUSINESS RECORD.

The ninety-third annual general meeting of the Scottish Provident Institution was held in Edinburgh on Wednesday, February 25, 1931, Mr J. Maxtone Graham, C.A., in the chair.

The Chairman, in moving the adoption of the report, said:—

The report, covering the year 1930, having been advertised in the papers of last Saturday and a copy having been handed to each member on entering this room, I presume that I may hold it as read.

NEW BUSINESS FIGURES.

The gross new business completed, amounting to £3,452,893, is the largest total ever recorded in the institution's history. The net business, however, does not constitute a record, as we reassured with other offices no less than £561,500, as against £91,500 in the previous year. The reason for these large reassurances is that in many cases we received proposals for sums above the maximum which we retain at risk on any one life. While we regard these large policies as a proof of the suitability of our distinctive system to present-day requirements and of the public appreciation of our low rates of premium, we do not specially seek this big business. We are a mutual office. For ordinary assurances the rich man and the poor man, if they are of the same age, pay the same rate of premium, and we like nothing better than to see our risks well distributed over a large number of policies for moderate amounts.

So far as the claims by death are concerned, we have again had a most favourable experience, the ratio of the amount of actual to "expected" claims being under 60 per cent.

TOTAL FUNDS.

The total funds as at December 31st last amounted to £22,495,464, practically 22½ millions sterling, showing an increase during the year of £873,121. Of this sum £200,000 has been transferred to the investment reserve fund, raising it to £500,000. I think you will agree that, under existing conditions and with aggregate funds of 22½ millions, it is a sound and prudent provision to have a substantial reserve fund. When I tell you that the difference between the market value of our Stock Exchange securities and the value at which they stand in the balance sheet shows a depreciation of less than three-fifths of 1 per cent. you will appreciate that the increase in the reserve fund has been made not because it is demanded by the present position, but really as a provision against the future, into which the vision of the most expert financial authorities cannot penetrate to any far extent.

The rate of interest realised on the total funds was £5 11s. 9d. per cent., or £4 15s. per cent. after deduction of income tax. The yield is somewhat less than last year, but, looking to the increase in the rate of income tax, the drop from the net rate of £4 18s. 4d. per cent., earned the previous year, was not unexpected.

ADVANTAGES OF LIFE ASSURANCE.

I cannot remember a year fraught with so much anxiety and which ended with the future so obscure as 1930. Seldom has there occurred a period of such unrelieved and universal depressing sweeping like a miasma over every continent and country. The process of recovery, when it sets in, must inevitably be gradual. It is, however, satisfactory to feel that the great financial institutions in the country are so circumstanced that they can await the turning of the tide without apprehension. But what of the individual investor, who, during the past year, has seen the value of his securities crumbling to the extent of 20 per cent. or more, and who, in many cases, will have to face a consequential reduction in his income? There is only one sure and certain method by which he can at once cover the loss in capital value, and that is by an investment—and I use the word advisedly—in a life assurance policy. To restore the value of your estate at an annual expenditure of a few pounds per cent. is surely purchasing peace of mind at a cheap rate. I am sure that there are many to-day who do not realise the fact that they can, by means of life assurance, cover the depreciation of their capital in event of their death, or, what is perhaps more important, save the forced realisation of sound securities at prices below their intrinsic value.

NATION STILL MUCH UNDER-INSURED.

Statistics recently published establish the remarkable fact that, as a nation, we are still much under-insured as compared with our neighbours, especially the United States and Canada, and it behoves every thinking man seriously to ask himself if he has taken out sufficient life assurance to protect his dependants in the event of his death. Our low premiums and our equitable system cannot fail to be attractive to such as these. There is a vast number of people in

this country still unprotected who can afford to open a policy for £100, £250 or £500 and who ought to do so. The doors of practically every office in the country are open to them, and it would be for their benefit and for the good of the nation if they made the small sacrifice necessary to secure this provision.

The motion was seconded by Mr James B. Adshead, J.P., and carried unanimously.

SELFRIDGE AND COMPANY, LIMITED.

WHOLESALE AND RETAIL PRICES.

The twenty-third annual ordinary general meeting of Selfridge and Company, Ltd., was held, on the 26th instant, at the company's Store, Oxford Street, London.

Mr H. Gordon Selfridge (chairman and managing director) said that the year 1930 had started by showing reasonable increases in their returns over the corresponding periods of the previous year. February and May had practically balanced 1929, while March, April and June had put them well into black figures. July had shown a small loss, but the first six months had been substantially on the right side. The second six months had not been so good. Prices had continued to fall. A greater volume of merchandise had been more and more necessary to equal the amount in sovereigns of the corresponding months of 1929, and with that had come also a further decrease in the buying strength of the consuming public. They, therefore, in company with all similar distributing houses in the country, had found it necessary to increase more than ever the number of customers. In that they had been reasonably successful, for their figures showed that they had served several hundred thousand more customers than during any previous year.

Prices in their Store were continually being pulled down as rapidly as their first cost of production made possible, but they still saw occasional public criticisms that retail prices were failing to keep pace with wholesale reductions. The basis which these critics had to go on is the so-called "Wholesale List," as supplied by the Board of Trade, and when one analysed that "Wholesale List" one found in it very many items which were not even remotely related to the cost of living and which in no way enter into the question of the average price in retail distribution. For example, the list included pig iron, wrought-iron hoops, steel angles, boiler plates, rivets, ship plates, etc., copper, tin, lead, zinc, nickel, raw cotton, wool rags, yarns, raw silk, jute, hemp, sulphuric acid, ammonium sulphate, sodium carbonate, mechanical wood pulp, Australian tallow, raw linseed oil, cowhides, calf skins, rubber, etc., etc. The list also included wheat, corn and bread (which incidentally was now sold at the same price as in 1913), barley, oats, maize, meal, rice, also such articles of daily consumption as milk, butter, cheese, potatoes, onions, oranges, sugar, tea, coffee, cocoa and tobacco.

But the list of "Producers' Prices" on such a list as above should not be looked upon as a "Wholesale" list. It was, instead, practically a list of the "costs of production of raw materials." The difference between such costs and the finished product was made up almost entirely by wages or other labour costs, and these were practically all high and very much above pre-war. The price, for example, of a lady's dress or child's frock, or man's overcoat or suit, or nearly any article of wear, should not be compared with the price of raw wool, which, incidentally, was a very small item in its cost, but should be compared instead with these few shillings worth of wool and, in addition, the labour costs in all of the many different processes which go to build that wool into the finished article.

The great distributing house paid the manufacturer for the wool, which was a small item, plus the labour, which was a large factor, and these, added together, made the article cost more than pre-war. Their contention was that retail prices had followed the reductions which had been obtained from the manufacturers and had been quickly passed on to the public, and that the great stores had been foremost in helping to reduce the cost of living.

They would start within a month or two a very great but not rapid scheme of premises enlargement. They had realised that the store was too small. The throngs of customers on their various floors were often almost too great. With that fact evidently and continually before them, they had approached some time ago the heads of the two estates who held most of the land between their store and Wigmore Street. Leases for 90 years had been made and the directors would begin very shortly a building on the corner of Duke and Somerset Streets measuring about 230 by 200 ft.

But, inasmuch as they would not quite require the entire complete building at once, they would build at the start only the ground floor and three basements. This structure they hoped to have at least partially ready for next Christmas trade. Then, as they might require the additional space, they would cover more land with their building and add the upper stories to those about to be built. The report and accounts were adopted.

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY.

QUINQUENNIAL VALUATION AND BONUS.

The 107th annual meeting was held, on the 26th instant, at the Chief Office, 15, St. James's Square, London, S.W.

Mr Francis E. J. Smith (the chairman) said: Gentlemen,—We have a story to tell you which you will, I think, regard as being thoroughly satisfactory. An increase in the net new life business of over £200,000, a substantial advance in the premium income, a decrease in the amount of the death claims, a decrease in the ratio which the expenses of management bear to the premium income, and, finally, an addition, after all outgoings had been accounted for, of £369,000 to the life assurance fund—these are indeed features upon which a society holding its 107th annual meeting may well congratulate itself.

The report and accounts were unanimously adopted.

The "Bonus" meeting was afterwards held.

The Chairman, in the course of his speech, said: After our confident prophecy a year ago the directors are glad that they can now declare £1,285,990 as the society's divisible profit for the 4½-year period which ended on December 31st last with over £82,000 carried forward. In 1926 we divided £1,028,000 as the result of five years' working.

Glancing now at the progress of the society in the last 4½ years, the average annual number of new policies has risen to 2,187, having nearly doubled in the last 14½ years, while the annual average of the net new sums assured has risen by over three-quarters of a million pounds. Our life assurance fund has risen in the last 4½ years by £1,593,109. The average net annual rate of interest earned during the 4½ years was £4 15s. 9d. per cent. As to our assets, we pride ourselves on publishing a full list of investments so that you, or any intending policyholder, may gauge his security.

We have retained the shares of the Clerical, Medical and General Canadian Investment Company at their purchase price of £5,000. The company has invested £584,865 in some 353 mortgages in Toronto at remunerative rates, sub-mortgaging them to us at 6 per cent., a rate which leaves the company a margin out of which to pay expenses.

The General Reversionary and Investment Company's shares have been retained at £726,696. This book value is very amply secured, for we have valued the assets of this company on the most stringent tables. The valuation discloses an excess over the book value of the shares amounting to £113,412.

Our latest subsidiary, the Investment Trust Company, has been in existence less than a year. The paid-up capital is £250,000, entirely owned by us. On December 31st there was a depreciation on the securities purchased amounting to £19,823 8s. 5d., just under 10 per cent. of the invested capital, but on February 19th the depreciation had fallen to 5.41 per cent. Launched in difficult times, the company is carefully husbanding resources, has written off all preliminary expenses out of revenue and has paid no dividend for the broken period of the twelve months.

As to the society's Stock Exchange securities, we have written up no single security, and where book values have been higher than the market values taken at lowest selling prices less accrued interest—we have written down our book values to those figures. This has cost us £76,638 and left us in the proud position of being able to say that no Stock Exchange security has been written up, or stands in the books at a price exceeding either its market value or its cost price. The market value on December 31st exceeded the book value by no less than £145,738.

Turning now to the valuation of our liabilities, we have, for the ninth time in succession, valued all our life assurance and annuity contracts on a 2½ per cent. basis. In the case of the non-profit life assurances, we have set up additional loading reserves which raise the total to £126,038.

We have increased our bonus maintenance reserve fund from £300,000 to £400,000, and have, of course, maintained the permanent reserve of £50,000 required by our Acts of Parliament. By subtracting the total liabilities from the life assurance fund, we reach the net surplus of £1,289,855 available for division. Adding to this the £78,714 already paid as interim and intermediate bonus, our gross surplus becomes £1,368,569, of which the directors are now dividing £1,285,900, and are carrying forward an undivided surplus of £82,579.

Regarded from the cash bonus point of view, whole life policyholders are now receiving, on an average, about 52 per cent. of all the premiums paid by them during the valuation period just closed. In 1926 this class of policyholder received, on the average, 46 per cent. and in the three previous quinquenniums, 41 per cent. The effect of our bonus upon policies under the prime cost, or discounted bonus, system, is very noticeable, although the premiums are so low as to be nearly identical with the usual non-profit rates. The report and accounts submitted were received and recorded.

GREAT WESTERN RAILWAY COMPANY.

RESULTS OF A DIFFICULT YEAR.

FURTHER SUBSTANTIAL ECONOMIES.

The annual general meeting of the Great Western Railway Company was held, on the 25th instant, at Paddington Station, London, the Right Hon. Viscount Churchill, G.C.V.O., in the chair.

The Chairman, in moving the adoption of the report and accounts, prefaced his remarks by referring to the changes on the board and to the criticism which is periodically raised in certain quarters in regard to the number of directors on railway boards. As the result of the amalgamations under the Railways Act, 1931, the number of directors on the Great Western Board was fixed at 25, and in the aggregate a substantial saving in directors' fees for the group was effected. He had very carefully considered whether it would be of real advantage to the company to reduce the number. In his view it would be unfortunate if, owing to some limitation in regard to numbers, the board were deprived of the assistance they now received from these directors, whose experience in the world of commerce and industry made their services extremely valuable, and also from those members who were in close touch with local interests and the requirements of the districts which they represented. Continuing, he said the receipts from railway and ancillary businesses amounted to £34,346,867, as compared with £36,184,053, a decrease of £1,837,186. Of this decrease £1,438,557 was attributable to the railway and £324,534 to the docks. These heavy decreases reflected the acute state of depression from which the country suffered during the greater part of last year. The number of passengers carried fell by 7,603,942, or 5.75 per cent., and the tonnage of merchandise and coal was 6,675,845 less, or 8.16 per cent. The gross expenditure on railway and ancillary businesses amounted to £28,226,477, compared with £29,208,791, a decrease of £982,314, which was more than 50 per cent. of the reduction in the gross revenue, and was a result which reflected the greatest credit on all concerned. The Chairman was satisfied that the efficiency of the undertaking had not been impaired by this reduction. Net receipts from railway and ancillary businesses amounted to £6,120,390, compared with £6,975,262, a decrease of £854,872, and the net revenue for the year amounted to £6,987,146, compared with £8,198,644, a decrease of £1,211,498. With the balance brought forward from last year's account, amounting to £186,227, plus £150,488 representing profit on realisation of investments, the net revenue reached a total of £7,323,861. After meeting all prior charges the amount available for dividend on the ordinary stock enabled the payment of a dividend of 3½ per cent. for the past half-year, making 5½ per cent. for the whole year, and leaving a balance of £65,396 to be carried forward.

POSITION IN THE SOUTH WALES COALFIELD.

Turning to the report, Lord Churchill referred to the serious depression in trade which obtained during the greater part of last year. This depression, he was sorry to say, still continued, and there were no indications that a trade revival was yet in sight. The position in the South Wales coalfield had been adversely affected by the uncertainty which had prevailed in consequence of the introduction of the Coal Mines Act during a period of falling prices, and, although he hoped the three years' agreement which had recently been concluded between the colliery owners and the unions would bring about a greater degree of stability in the industry, he regretted to say the stoppage which took place in January resulted in a heavy loss to the company. Their coal carryings last year were 4,357,000 tons less than in 1929, the decrease in shipment traffic being 2,417,000 tons, and in land sale traffic 1,940,000 tons. The decline in the land sale traffic was mainly due to the depressed state of the iron and steel trade. There were forty-five blast furnaces situated on the company's system, and of these only five were now in blast, and the general position of this industry could only be regarded with grave anxiety. During the past year the tonnage of iron and steel traffic originating on the company's system declined by over 1,750,000 tons, a reduction of 30 per cent. compared with the year 1929, but even this did not represent the full seriousness of the present situation, as the traffic had been steadily decreasing during recent months, the figures for December being 46 per cent. below those for the corresponding period of 1929, and in the case of pig iron 63 per cent.

DUMPING OF FOREIGN GOODS.

He was informed that pig iron was being dumped into South Wales at 2s. to 4s. per ton below the South Wales prices, and that roughly 86,000 tons were imported last year at their South Wales docks. Had this pig iron been manufactured in South Wales it would have meant that an additional 280,000 tons of coal, iron ore, limestone, etc., would have been conveyed by the company. A similar position obtained in regard to manufactured iron and steel goods. The business of the Great Western Company in South Wales

was largely dependent upon the coal and iron and steel trades, and, in view of the depressed state of these industries, it was perhaps not surprising to find that their losses in both passenger and freight traffic were much greater in this particular area than in any other part of the company's system. An analysis of the figures showed that, in addition to the heavy loss in coal traffic, no less than 82 per cent. of the total decrease in general merchandise traffic and over 76 per cent. of the decrease in other minerals traffic was accounted for by the fall in traffic forwarded from South Wales stations.

The figures published by the Ministry of Labour in regard to unemployment indicated the serious position which obtained in South Wales, and in the Chairman's view no material improvement could be expected until steps were taken by the Government of this country to prevent the dumping of foreign goods and to place the heavy industries in a position to meet foreign competition.

He need hardly say they had been making every endeavour to render assistance to the iron and steel industry. The schemes which they had undertaken with Government assistance had enabled them to place large orders for iron and steel, and in addition they had considerably extended the use of steel sleepers in carrying out their relaying programmes. They had also quoted a large number of exceptionally low rates to meet the needs of the industry, and he thought they could fairly claim to have played their part in endeavouring to bring about a revival of trade.

The Chairman, having dealt at length with the question of wages, continued:—With regard to the second annual review of the standard and exceptional charges by the Railway Rates Tribunal in pursuance of the provisions of the Railways Act, 1921, the tribunal approved a small addition to the standard revenue in respect of capital expended since the previous review was made, and they decided that no modification of the charges should be made for the year ending June 30th next. In coming to this decision the tribunal took the view that under present conditions no modification of charges would be likely to enable the companies to earn their standard revenue, and they intimated that they were satisfied that the deficiency was not due to lack of efficiency or economy in management.

CO-OPERATION WITH ROAD TRANSPORT.

Lord Churchill then commented on the progress of the company's endeavours to promote further co-operation between passenger services on the railway and the road. They had acquired an interest in practically all the principal road motor companies operating in Great Western territory, and the amount invested in those undertakings up to the present was approximately £2,500,000, on which they were receiving a return of about 6½ per cent.

From a financial standpoint this return might be considered satisfactory, and their policy of co-ordination, as opposed to competition, had enabled better facilities to be given to the travelling public, particularly in the direction of interavailability of return tickets and the improvement of connections between rail and road services. The final report of the Royal Commission on Transport, which was issued in December last, had been awaited with a good deal of interest. As the Commission mentioned, there were, and always would be, criticisms of railway management, but the Great Western Company had never shirked the fullest investigation into the efforts which they had made, and intended to go on making, to satisfy the requirements of those who used their railway system, and it was a matter of no little gratification that in some instances the Great Western were singled out for special mention in the Commissioners' report.

In conclusion, the Chairman said that, although the company's business suffered so severely from trade depression, they had not relaxed their efforts to improve the efficiency of their services, and he was glad to say that a good deal of progress had been made in this direction during the past year.

THE OUTLOOK.

Although the prospects in the coal, iron, and steel industries were still very gloomy, the recent agreement between the owners and the men in the South Wales coalfield should place that industry in a more favourable position to secure contracts abroad. They were looking forward to an increase in the shipments of anthracite coal, as that section of the coalfield well maintained its traffic at their docks last year, and he understood there was a likelihood of additional business with Canada being obtained.

When the trade of the country revived—as he sincerely hoped it would do before long—the Chairman looked forward with confidence to the proprietors reaping the fruits of the expenditure which was now being incurred to increase the efficiency of the undertaking.

The report and accounts were adopted, and the bill submitted to the special general meeting was approved.

THE UNDERGROUND.

LONDON'S TRAFFIC PROBLEMS.

The annual general meetings of the Metropolitan District Railway Company, London Electric Railway Company, City and South London Railway Company, Central London Railway Company, London General Omnibus Company, Ltd., Metropolitan Electric Tramways, Ltd., London United Tramways, Ltd., South Metropolitan Electric Tramways and Lighting Company, Ltd., London and Suburban Traction Company, Ltd., and Underground Electric Railways Company of London, Ltd., were held, on the 26th instant, at the Caxton Hall, Westminster, London.

The Right Hon. Lord Ashfield (the chairman) said: We meet to-day under the shadow of proposals which may radically alter our relations one with another, for the Minister of Transport has given notice of a Bill by which he seeks to transfer the ownership and control of your several undertakings to a London Passenger Transport Board, and in exchange for your present stocks and shares to issue to you bonds or securities of different classes of this board. Now we cannot help but pursue a consistent policy. We have always held that there were great advantages to flow from a co-ordination of all the means of passenger transport in the London traffic area, so that the planning of its development might take place on unified and well-considered lines and so that wasteful and injurious competition might be extinguished.

In so far as the Minister of Transport has this in mind, he is entitled to our full support. But we must remind ourselves of our own history, because in that history, brief and recent though it be, can be learned the lessons which must guide the future of London transport. For I think it is fair to say that the Minister of Transport could not have brought forward his scheme if it had not been for the policy which we have pursued and executed in the last 16 years, for it was in 1915 that the Act of Parliament was secured which first established our common fund and so laid the wide and sure foundation upon which a more comprehensive structure could be built.

GOVERNMENT'S SHARE OF REVENUE.

Dealing with the results of the last ten years and the allocation of revenue, the Chairman said: It may surprise you to learn that there is still another party interested in our results because of the share of the revenue which it obtains from them. I refer to the Government, central and local. In 1921 we paid in rates and taxes £601,896. In 1930 we paid almost exactly double, £1,210,135. Further, in 1921 we had thrust upon us statutory obligations for national insurance and other matters affecting our staff, costing £81,511. In 1930 these obligations had again almost doubled, amounting to £157,943. In addition, the companies voluntarily found £80,410 for the welfare of the staff in 1921 and £158,961 in 1930. Omitting what we paid voluntarily, in 1921 we paid out £683,407 to meet statutory demands made on us, and in 1930 £1,368,078, or £684,671 more.

It is true that our revenues meanwhile have increased, but while this increase measures only 23 per cent. the tolls which we pay to the Government have increased 100 per cent. The Government, central and local between them, without taking any risks in the business, now enjoys an aggregate return exceeding your return as shareholders.

A WARNING.

The result is, indeed, striking, and I must utter a clear word of warning that, so far as human foreknowledge can be trusted, we cannot see that these undertakings can be used as instruments for further taxation and, at the same time, fulfil their functions and their duty to the public and their employees. It must be borne in mind that duty includes the constant expansion of the facilities afforded to the vast population of London for travelling to and from their daily occupations. It is a duty which the companies endeavour to fulfil, yet they cannot do so if they are deprived in an ever-increasing degree of their available surplus. It may be suggested that the loss by taxation should be made good at the expense of the travelling public; but we are satisfied that we should not add appreciably to our revenues by increasing our fares. The present scale of fares is, in our opinion, producing the maximum revenue possible. Or it may be suggested that the shareholders should bear the additional burden, but I would remind you that the return to those persons who have invested their money in these undertakings is still of a modest description, and no one can reasonably expect them to give up any part of that modest return in order to widen the extent of our activities. To make such an attempt would only be to dry up the springs of capital.

I should perhaps give you notice of yet another Bill which we hope to promote in the present session of Parliament, but for which we have not yet obtained the necessary consents. We have in mind to promote a Bill which will enable us to build an exten-

sion of the Bakerloo Section of the London Electric Railway from the Elephant and Castle to Camberwell Green, a distance of 1½ miles, at a gross cost of £1,875,000, approximately.

GREEN LINE COACHES.

Another venture of the year 1930 was the formation of a new company—Green Line Coaches, Ltd. The whole of the shares of this company are held by the London General Omnibus Company and it is to be regarded as one of its subsidiaries. So long as the motor coaches running in and out of London went long distances and charged fares on the basis of these long distances, we could disregard them, but when they suddenly turned to running between the outskirts of Greater London and the centre, charging fares of 1s. and even less, we were compelled to take steps for the protection of our traffics. Ever since 1912 we have been operating long distance omnibuses to points on the circumference of the London traffic area, and we have built up a substantial traffic upon these routes by maintaining services all the year round, even if in the earlier trial years and during the winter months this involved us in some loss. Now we see the traffic, which we have diligently built up at some expense, taken from us and our labours wasted. The patient omnibus stopping from point to point to serve the route is outstripped by the speedy coach, so that once more we are faced with the running of our country omnibuses at a loss. There would appear to be no remedy except by the provision of coach services of our own, and realising this we have now in operation a complete alphabet of routes running from London to all the important centres of population on the outskirts of London within a radius of 25 to 30 miles. These routes employ 250 motor coaches, and our aim will be to give a reliable and comfortable service in every way as good as other services which have been given by your group of companies. Only by this means can we retain and satisfy our passengers.

The coach business has come to stay. As I have already told you, Green Line Coaches carried four millions of passengers in 1930 although it was not in full operation that year. This year the coaches are already carrying passengers at the rate of nearly 200,000 per week and a substantial growth is certain to accrue. They have created a fresh class of traffic which was neither on the omnibuses nor in the railways. Some part has indeed been diverted from one or other, but some part represents that itch for movement which an efficient and convenient traffic facility creates. The public must be served; there is no check or stop to it. But the coach business in London has, unfortunately, taken on a controversial character.

The policy of restriction is the antithesis of our policy as a group of companies. It is the policy of failure. The briefest glance at history will reveal this.

THE MINISTER'S SCHEME.

Before I come to deal with the affairs of your companies as revealed in the annual reports and accounts, which I have to present to you, I must return once more to the important subject of the co-ordination of London traffic and say just a few further words to you about the scheme of the Minister of Transport. I am sorry that I can give you so little information, but although we have met the advisers of the Minister on several occasions, no concrete proposals have been put before us which it would be our duty to put to you. If you have read the newspapers you will know almost as much as we do about the Minister's intentions. This is not to accuse the Minister and his advisers of delay or neglect. The questions at issue are of extreme difficulty. We have been face to face with them for many years. No one can step in and take them on hastily, thinking to answer them easily and truly. Haste may be fatal to any settlement.

I can commend the caution and care of the Minister, but until there is something specific upon which to proceed, I can only reaffirm our policy—your policy, as I venture to express it—that so long as the Minister's scheme will provide for the continued progress and expansion of the undertakings to serve the public, for enterprise and skill in management, for the security and welfare of the staffs which we employ, and at the same time will afford you a fair exchange for your stocks and shares, it will be our duty to assist and help him at every point. That exchange must give you protection against any impairment of your security so that your capital investment may remain intact and yield you a fair return, based upon what we have been able to provide for you under our present management, and for some equitable share in the future prospects of your undertakings.

When you come to study the results for the present year, I am confident that you will find that economies in costs have been made which will offset the adversities which have diminished our traffic receipts, so that when next year I come to present to you the results for the year 1931 you will have no reason to be less satisfied with them than you should be with the results that I present to you to-day. Our spirit remains one of optimism.

The reports were unanimously adopted.

SOUTHERN RAILWAY COMPANY.

INCREASE IN NUMBER OF PASSENGERS.

The annual general meeting of the Southern Railway Company was held, on the 26th instant, at the Cannon Street Hotel, London. Brig.-Gen. the Hon. Everard Baring, C.V.O., C.B.E. (the chairman), said that their gross receipts from railway working showed a decrease of £596,000. Passenger train traffic receipts had declined by £405,000, goods train traffic receipts by £167,000, and miscellaneous receipts by £24,000. They had again to record a remarkable increase in the number of passengers carried during the year, namely, 11,633,000. In the electrified area they had carried 12,592,000 more passengers than in 1929, with an increase in receipts of £192,000. Outside the electrified area the number of passengers had decreased by 959,000 and the receipts by £544,000.

Throughout the line the average fare per journey, excluding season ticket holders, had decreased by just under 1d. per passenger journey. To arrest that decrease they had considered it necessary to raise slightly a certain number of their cheap fare tickets. The ordinary merchandise traffic had again suffered by reason of the depressed state of industry, and, to a certain extent, through more intensive road competition, but the greatest falling off had been in the carriage of coal, which had decreased by 328,000 tons, with a falling-off in revenue of £117,000.

He turned to railway expenditure next and to a brighter side of the picture. Railway expenditure showed a decrease of £246,000, brought about almost entirely by better organisation and by the exercise of strict economy, and he could say that they were reaping those benefits of amalgamation which could only be attained after years of preparation.

The total decrease in net receipts was £404,000, and the amount available was £6,134,000, or £114,000 less than in 1929. They recommended a dividend on the preferred ordinary stock of $\frac{3}{4}$ per cent., making 5 per cent. for the year, and a dividend on the deferred ordinary stock of $\frac{1}{4}$ per cent.

The past year had been a very anxious and trying one, and the present year had opened in an atmosphere of depression and want of confidence seldom equalled, but they had the consolation of knowing that they had not suffered quite so severely as the other three group railways. They were doing all they possibly could to stem the loss in traffic receipts. Under the new traffic manager they had organised an efficient staff of canvassers; they had supplemented their cartage services and were continually improving their railway services with the view to encouraging traffic, both passenger and goods, but unfortunately the usual amount of traffic was not passing.

Last year he had given them particulars of the various omnibus companies with whom they had entered into agreements, and in whose undertakings they had acquired a financial interest. They had slightly extended their activities during the past year, and at the present time had invested in those companies over £1,300,000. The dividends which they had received, or would receive, gave them a return on the total amount invested of over $\frac{5}{2}$ per cent. per annum, but, what was more, they had arrived at a means of co-ordination which would inevitably lead to the benefit, not only of the railway company, but of the omnibus companies and the public.

With each of the omnibus companies they had established a joint committee, whose duty it was to see that the interests of both parties were co-ordinated by the issue of combined tickets available by railway and omnibus, by the inter-availability of tickets and by the correlation of fares and services wherever possible. They now had a financial interest in nearly all the large omnibus companies operating through their district outside the London traffic area.

Within the London traffic area they had lately been subjected to most severe and unfair competition from certain long-distance express omnibus services. They understood that a Bill was to be submitted to Parliament for the setting up of a London Traffic Authority. Under the original proposal that Authority would have been invested with extensive powers which might have been used to the detriment of the main line railway companies. They had, however, been in close touch with the Minister of Transport on the matter; he had shown every inclination to secure fair treatment for the main line railway companies, and it might be said that there was every indication that their position would be properly and adequately safeguarded.

With regard to the proposals for the reduction of wages now before the National Wages Board, the matter was *sub-judice*, but he would say that the directors would gladly share in any sacrifice that had to be made. The points for and against any reduction in wages had been fairly and ably argued, and he had no reason to think that an amicable solution would not be found in what was, after all, a time of national emergency.

The report and accounts were adopted, and, at a subsequent special meeting, a Bill proposed to be presented to Parliament was approved.

MANCHESTER SHIP CANAL.

EFFECTS OF STRIKE—TRAFFIC DEVELOPMENTS.

The annual meeting of shareholders of the Manchester Ship Canal Company was held, on the 23rd instant, in the Houldsworth Hall, Manchester. Mr Alfred Watkins presided.

Mr Watkins, in the course of his speech, referred to the death of Capt. Bacon, chairman, and to his election as chairman. Continuing, he said: The year 1930 commenced in a promising way, and the traffic was well maintained until April, when the unofficial strike of the dockers took place. That strike was little short of a crime. It took place without the slightest notice and without any reasonable cause. It brought no advantages of any importance to the men, but it caused a serious loss to the company, and not only in the Ship Canal undertaking but also in the Bridgewater undertaking.

The net receipts of the whole undertaking—Ship Canal, Bridgewater Canals, and working of railways—amounted to £760,641, and miscellaneous receipts to £49,672, making a total of £810,313. Deducting from this miscellaneous charges, chief rents, way leaves, rent of elevators, dock and transit sheds, together amounting to £108,637, there remains a net revenue for the year of £701,676, as compared with £796,754 for 1929—a decrease of £95,078.

Adding the balance of £27,565 from last year's account, there is a total of £729,241. From this must be deducted interest on loan capital, £421,885, leaving a balance available of £307,356.

The dividends recommended are $\frac{3}{4}$ per cent. on the Manchester Ship Canal Corporation preference stock, 4 per cent. on the preference shares, 2 per cent. on the ordinary shares, and £7,000 has been transferred to reserve for contingencies and repairs, absorbing a total of £279,166, and leaving a balance of £28,190 to be carried forward to next year's account. In all the circumstances of the case I venture to think the result is better than might have been expected. As you will see, we have recommended the payment of dividends absorbing practically all the profit for the year.

TRAFFIC DEVELOPMENTS.

Last year you were informed that Messrs Bowaters were erecting a large paper mill at Ellesmere Port. The mill is now completed and working, and we are assured of large imports of the raw material used in the mill, and also of exports of the finished products. The English and Scottish Co-operative Wholesale Society have opened their new tea warehouse at the Manchester Docks, and in December last the first cargo of tea for the new warehouse arrived at Manchester in the steamer "Makalla" from Calcutta and Colombo, carrying, I believe, the largest cargo of tea ever imported in one vessel to the United Kingdom. Messrs R. and W. Paul have purchased land from the company near Ordsall Lane and are there erecting a provender mill which is nearing completion. This we hope will lead to an increased import of grain to Manchester. We have other inquiries and negotiations in hand in respect of sites at various points on the canal.

You will doubtless have observed the efforts that are now being made by the Empire Marketing Board and other trade organisations to develop the consumption of Empire products. Needless to say, we all wish this movement every success. It has always struck me as remarkable that with the teeming population of Lancashire and Yorkshire there has not been a greater import to the North of England ports of New Zealand and Australian products. A determined effort is now being made by the New Zealand Government and the New Zealand Dairy Produce Board to develop the North of England markets, and we are advised that a steamer is about to leave New Zealand for Manchester with large consignments of butter and cheese. It is hoped that the distributors and buyers in this district will support the sale of those products on arrival and thereby encourage further shipments.

I feel that it would be idle for me at this juncture to attempt to forecast what may happen in the future regarding the development of your company's business. Everything depends upon events affecting the country's foreign trade as a whole. The export trade is the lifeblood of the country, but I am afraid there is no hope of any permanent improvement until the cost of production in all our basic industries is reduced by at least 15 per cent.

In the end those engaged in industry, employers and workers alike, will have to decide whether it is worth their while to accept the conditions under which alone foreign trade is possible in the competitive world conditions of the present time. I can only say that the Port of Manchester has fully maintained its competitive position with the other ports of the country, and there is no doubt that any improvement in trading conditions would produce immediate beneficial effects in the prosperity of your undertaking. The reduction in receipts for the past year, after taking into account the saving in local rates, amounted only to 5.9 per cent., so that only a relatively small improvement is required to enable us to regain our position.

The report was adopted.

WANDSWORTH, WIMBLEDON AND EPSOM DISTRICT GAS COMPANY.

CONTINUED EXPANSION—CHAIRMAN CONFIDENT OF FUTURE.

The ordinary general meeting of the Wandsworth, Wimbledon, and Epsom District Gas Company was held, on the 24th instant, at the Hotel Metropole, Northumberland Avenue, London, Mr Frank H. Jones (chairman and managing director) presiding.

The secretary (Mr W. H. Cromarty, F.C.I.S.) having read the notice convening the meeting,

The Chairman, in moving the adoption of the report and accounts, said:—During 1930 your company has laid over thirty-two miles of new mains and connected 6,167 new consumers, while the number of stoves, cookers, etc., has increased by 11,208, and you may ask what have we got to show for it. Well, during 1930 we had only a very small increase in the sale of gas, and had to spend a good deal of new capital. Your board can keep control of expenditure, but we cannot control climatic conditions or the ups and downs of the prosperity of our district.

During the year under review we have, as you know, taken over the Kingston Gas Company. We have raised £500,000 5 per cent. debenture stock, and we shall soon have to raise some more capital to meet our obligations in the more southern portions of our area, where, as most of you know, a very great deal of new building is going on, and, ladies and gentlemen, we have done something else in 1930.

We have reduced the selling price of gas by .4d. per therm in the whole of the area of the old Mitcham and Wimbledon Company, and we have also reduced the price of gas by 1d. per therm since July 1 in the Kingston area. These reductions in price were given following the very definite policy of our company laid down long ago to sell gas as cheaply as possible consistent with giving an abundant and efficient supply to all our consumers.

THE DIVIDEND.

On the expenditure side of the revenue account you will see that the employees' share of the profits is over £25,000, and we, the shareholders, get the same figure, which is the reason I shall be able to propose presently that a 7 per cent. dividend be declared. That is 2 per cent. more than the basic dividend of 5 per cent. On the receipts side you will see our receipts for gas are down. This is not due to selling less gas, but is entirely due to the reductions in selling prices that have been mentioned.

The total result of the year's trading for the Wandsworth undertaking for the whole of 1930, and including the last six months of the Kingston Company, is that, after paying all interest and the June dividends, there is a balance left of £62,391. The final dividend for the whole undertaking requires £56,927, leaving a surplus to carry forward to the current year of £5,463. This means we have to take £20,628 from our carry forward.

As I have told you in previous years, it is very difficult to strike a balance exactly. In the year we are in we must budget for a surplus, so as to add to our carry-forward.

You will see that the reserve fund and the special purposes fund are both increased considerably, for two reasons. Firstly, similar accounts of the Kingston Company are amalgamated with our funds, and, secondly, the appropriate amount of interest accrued to each fund is added. One more figure I must call your attention to in the balance sheet. You will see we have investments in securities amounting to £207,392, of which £172,000 are outside the company. This is a much greater figure than that which appeared in our balance sheets a few years ago.

All our works and plant have been well maintained during the year. Our working results—that is, what our different works do with a ton of coal—compare not unfavourably, on the whole, with those of similar undertakings. There are many more details I could tell you, but I have tried to give you a general picture of your undertaking, and I do not wish to bore you.

As to the future I must say a few words. The Sutton Gas Company and ourselves, as you know, have entered into an agreement to amalgamate, and, as that agreement is now before the Board of Trade for their scrutiny, I think I should say no more than that I hope it will be approved. What is the future of the gas industry? I have spent most of my working life trying to do something for it, and I am in a position to view it both here and abroad from many different angles, and to-day I feel more confident that it has a greater future than ever.

I cannot sit down without paying tribute to all the people that work for the company. I see a great many of them, and the result of the work of all of them. I do not claim, and they would not claim, that we are a perfect company. We are not, but I can assure you that the majority are daily and weekly striving to make our company a really first-class one in the service that is given to our consumers and to you. The large majority are stockholders in the company, and between them they to-day hold £114,867 of the company's stock.

The report and accounts were unanimously adopted.

BRITISH ASSETS TRUST, LIMITED.

MR ROBERTSON DURHAM'S REVIEW.

The thirty-third ordinary general meeting of the company was held in the Gartshore Hall, 116, George Street, Edinburgh, on Wednesday, February 25th, Mr A. W. Robertson Durham, C.A. (chairman), presiding.

In moving the adoption of the report and accounts, the Chairman said: You will have heard with much regret of the loss the company has sustained through the death of Mr Bowhill. He was an original director of the company, so that his connection with it extends over the long period of over thirty-two years. He was also a director of the Edinburgh American Land Mortgage Company (now Second British Assets Trust, Ltd.) for a number of years before the control was acquired by this company. He rendered valuable services to the company and always took a keen interest in its affairs, and his presence will be much missed at our meetings.

The accounts have been in your hands for some time now, and with your permission I do not propose to deal with them in detail.

"A TRYING TIME."

You will all appreciate what a trying time we have come through during the past year following upon the disastrous events of the previous year. I am afraid we have still a long way to go, especially in this country, before we can expect to see anything like normal conditions again. The Chancellor of the Exchequer has told us of the grave state which the finances of the country are in, but he says nothing about taking steps to remedy the situation, not even regarding the growing burdens in connection with the dole, which are costing the country millions a year.

MATERIAL INCREASE IN REVENUE.

Notwithstanding all this we are again able to show a material increase in the revenue. Although we made issues of ordinary and preference capital last year to the shareholders on terms that meant a material bonus, the balance earned on the ordinary shares this year amounted to over 40 per cent. as against 37 per cent. last year. As you will have seen from the report, we have again decided to make an issue of new ordinary shares to the shareholders, which will be allotted at par as nearly as possible in the proportion of one new share for every twenty shares held. We have as usual prepared a conservative estimate of revenue for the current year, and while we do not expect the results to be as favourable as those shown for the past year, we expect to have a substantial margin after maintaining the dividend of 20 per cent. on the increased ordinary capital. In common with all other trust companies we have met with a material shrinkage in the value of our assets, but after deduction of the capital reserve and contingent funds there is still a surplus over the book cost, and our general reserve fund is intact.

AMERICAN INVESTMENTS.

You will no doubt be interested to know that we have a substantial amount of our funds invested in America, and fortunately only a small proportion in Australia. Both the rise and fall in security values in the United States has been greater than in other parts of the world, but since the close of the year it is almost the only country that has shown any material improvement in market values. For example, we have recently heard from a leading utility investment company in the United States, in which our company has a substantial interest, that a valuation on February 11 showed an appreciation of over 25 per cent. as compared with the valuation made at December 31, 1930. This, of course, is an exceptionally favourable result, but goes to show that a distinct improvement in values is taking place. I am glad to say that we have made a material increase in the value of our American investments since the close of the accounts, although not to the same extent as this.

We had pleasure in reporting to you that the Marquess of Linlithgow had agreed to join our board, and his appointment falls to be confirmed to-day. I consider that we are fortunate in having secured his services as a director, which I am sure will be of great benefit to the company.

The Chairman completed his remarks by moving the adoption of the report and accounts and the payment of the dividend recommended therein. The motion was seconded and adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

TELEPHONE AND GENERAL TRUST, LIMITED.

INCREASED PROFIT AND DIVIDEND.
FIELD FOR FURTHER EXPANSION.

The fifth ordinary general meeting of Telephone and General Trust, Ltd., was held, on the 26th instant, at the Incorporated Accountants' Hall, London, W.C.

Sir Alexander Roger (the chairman of the company), who presided, said that the net profit for the year amounted to £77,114, as compared with £35,909. It was true that during the year the trust's capital had been substantially increased, but the growth in profit was only partly due to that, and he thought shareholders had every reason to be satisfied with the figures. The directors recommended the payment of a dividend of 8 per cent., less income tax, on the ordinary shares, as against 6 per cent., less tax, for last year, carrying forward £26,636.

Shareholders had been called together on two occasions during the year to sanction increases in the authorised capital, and the total now stood at £1,300,000, as against £710,000. A valuation of the trust's investments made at December 31, 1930, showed the valuation to be in excess of the figure shown in the balance sheet, while the valuation to-day showed some improvement over the figures of December 31st last, all of which was something to be proud of in these days. Their subsidiary companies were progressing satisfactorily; shareholders would be pleased to read the statement at the foot of the balance sheet to the effect that those companies all showed profits.

A NEW SUBSIDIARY.

The directors had decided that the volume of work in the way of auxiliary services given by the trust to its subsidiary and associated companies had now reached a stage when those services should be segregated from the investment business which formed the real activities of the trust. The board had, therefore, constituted a new subsidiary—"Telephone and Associated Services, Ltd."—which would take over from the trust, as from March 1st next, those activities which might be described by the word "Services." It was anticipated that that step would enable the trust to take advantage of further development in that direction, with resultant benefit to their revenue.

While he would not like to say that the trust's expansion would continue each year at the same rate as in the past year, it was perfectly true that there was further scope for their activities, both in a general way, and by further development of their associations and relationships with important allied concerns of an international character playing a great part in the furtherance of their mutual business interests.

Deeply interested as they were in the telephone industry, it was pleasant to remember that an efficient telephone service became more and more an essential part in the daily life of business and the individual, and even in these times there was recorded a steady increase in the number of telephone subscribers throughout the world. 1930 had seen, for example, rapid extension in the number of international telephone connections made available. Eleven new direct radio services had been established, which, by means of land line connections, made available international telephone service to individual subscribers in ninety-two telephone groups. The result was that, while at the beginning of 1930 there had been seventy-four different international telephone radio services in regular daily use, by the end of the year that number had increased to 177.

THE TELEPHONE HABIT.

Trunk telephone services in this country and in many others were steadily becoming more prompt and efficient and at the same time not so costly. Gradually, but surely, the telephone subscriber was beginning to realise that, when his telephone was installed, he was immediately provided with inter-connecting facilities to the whole of the existing subscribers, not only in his own country, but, with the development of international telephone, most of the countries in the world. The progress in telephony led to the cultivation of the telephone habit and the increasing use and development of the telephone generally.

The telephone industry in this country was very much alive to the situation, and the Telephone Development Association, whose work deserved the warm support of every section of the telephone industry, was carrying on an active educative campaign designed to encourage the telephone habit among all classes of our population. It was satisfactory to note that the good example set by that association here was being followed by other countries.

The board believed that there was still a considerable field of activity and expansion lying ahead of this company, and, despite the gloominess which now prevailed, perhaps he would not be regarded as too optimistic if he said that he hoped and believed the trust would further improve its position during the coming year.

The report and accounts were unanimously adopted.

LOST.—Within the past twelve months, all over the country, much money invested in stocks and shares; owners desirous re-creating estates.

FOUND.—A gilt-edged security liable to appreciate, not depreciate; carries rights to income tax rebates; buyable in a rising market; creates an immediate estate. Apply LIFE DEPT., THE LIVERPOOL AND LONDON AND GLOBE Insurance Company, Ltd., 1, Dale Street, Liverpool.

RE-CREATE YOUR ESTATE
THROUGH THE
LIVERPOOL AND LONDON
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JEREMIAH ROTHERHAM AND COMPANY, LIMITED.

STRONG FINANCIAL POSITION.

The thirty-third annual general meeting of this company was held, on the 25th instant, in London.

Mr Joseph Hockley (the chairman) said the results, no doubt, were somewhat disappointing to the shareholders, as they were to the directors, but they would readily realise the effect that a fall in values of 10 per cent. to 15 per cent.—and in some cases even as much as 20 per cent.—had on the sales and profits, and the extra turnover required to make that up. The board fully realised the difficulties that confronted them, and had not left a stone unturned in their endeavours to further increase the business. In this respect they had opened up fresh avenues which had brought many new accounts to the company. Upon a revival of trade they would certainly reap the benefit of their efforts. It was not possible to foretell when the revival would come—it might come sooner than many of them imagined—but he felt convinced that directly prices touched rock-bottom and began to rise, the confidence of buyers would be re-established, resulting in freer buying instead of the present hand-to-mouth purchases.

The net profit, after providing for interest on debenture stock, directors', trustees', and auditors' fees, income tax, and bad debts—including provision for any they considered at all doubtful—amounted to £23,457. The volume of trade last year was equal to that of the previous year, and would have shown a much better result had it not been for the reasons he had previously stated. The financial strength of the balance sheet was unquestionable. If they took the liquid assets (excluding the stock of £291,856) over liabilities, they had a surplus of £585,989, or not very far short of the ordinary share capital. Adding the amount brought forward from last year to the net profit this year they had a disposable balance of £92,450.

Deducting the dividend on the preference shares for the half-year to July 15, 1931, and the interim dividend on the ordinary shares paid on September 1st, they were left with £69,450. They proposed to apply this as follows:—A dividend of 5 per cent. per annum on the preference shares for the half-year to January 15, 1931, and a final dividend at the rate of 6 per cent. per annum on the ordinary shares, making with the interim dividend 6 per cent. for the year, leaving to be carried forward £46,450.

The report and accounts were adopted, and a resolution to appoint two additional directors was defeated.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"
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In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....

Address.....

THE LONDON AND THAMES HAVEN OIL
WHARVES, LIMITED.
DIVIDEND AND BONUS MAINTAINED.

The thirty-third ordinary general meeting of this company was held, on the 25th instant, at Winchester House, London.

Before the ordinary business was taken Mr Thomas C. J. Burgess (one of the managing directors) announced his appointment as chairman in succession to Lord Kysant, retired, and strongly appealed to the shareholders to re-elect Lord Kysant as a director when that motion came before the meeting.

The Chairman went on to say: It was proposed to pay a final dividend of 5 per cent. on March 28th and a bonus of 5 per cent., free of income tax, up to 4s. 6d. in the £, to be paid on June 30, 1931—the same as for the last six years—and it was proposed to carry forward £146,969, or about £31,600 more than was brought into the accounts. The board did not take a pessimistic view of the future. They had behind them a record of solid service for their clients and the most conservative finance and careful management to assist them in meeting the trials and difficulties that must inevitably arise.

It was because of the board's conservative policy in the past that the company had been able to withstand the strain of present-day difficulties better than many concerns which had in days of prosperity been less cautious, and whatever the future had in store the directors felt they could meet it with confidence. The handling of oil products for the trade was a highly specialised business in which the company had been pre-eminently outstanding for over thirty years. The company had over 1,000,000 tons of tankage. It owned about 1,700 acres of freehold land with over three miles of frontage to the Thames, five deep-water jetties with two for smaller craft, and four freehold and two leasehold properties in the London area, also facilities for the distribution of petroleum, and refineries capable of handling very large quantities of crude and other petroleum products. Further, it had a staff of highly trained technical people. The reorganising and developing of the refinery position at Thames Haven and other developments, as well as the completing of the company's plans in France, necessitated an extension of their financial resources, and the shareholders would shortly have put before them a financial proposal to deal with the situation.

The report was unanimously adopted, and Lord Kysant was re-elected a director.

THE CITY OFFICES COMPANY, LIMITED.
SUCCESSFUL YEAR—FIFTY YEARS OF PROGRESS.

The annual general meeting of The City Offices Company, Limited, was held, on the 24th instant, at the offices of the company, Palmerston House, Old Broad Street, London, Mr E. M. Rodocanachi (Chairman) presiding.

The Chairman said it was most gratifying to the Board to put so favourable a report before the shareholders for the past year—a year disastrous for many great institutions. Thanks to the company's policy of granting long leases they had security of tenure in bad times, and were in the fortunate position of having no empties, even this year, when many of the company's neighbours had numerous empty offices. Perhaps the latter were wrong in their policy in not reducing rents in bad times. He preferred to reduce rentals to attract demand rather than to keep premises empty. Mr Snowden and his Government were causing great anxiety in the City, and in trade and industry generally. The policy of the Government in not taking advice from experts in the City, as Governments were accustomed to do sixty years ago, was, in his opinion, detrimental to the public interest. The Government, County Councils, and Municipalities must now reduce taxation to enable the country to save and to replace lost capital.

That meeting was his jubilee as a director, he having been elected in February, 1881. (Applause.) For the year 1880 the gross rentals were £42,836, against £100,604 for 1930; ground rents were £14,936, against £7,756 for 1930, the reduction being due to the company's policy of buying in its ground rents whenever possible. Rates and taxes in 1880 were £6,388, against £19,527 for 1930. The dividend for 1880 was 9s. a share, and as the capital had not been altered at that date, the 9s. included 6s. for the £10 Three per Cent. Debenture Stock allotted to each shareholder on the alteration of the capital in 1897. The dividend for 1930 was 31s., being a net increase of 28s. in the 50 years. In 1880 they had £5,575 unlet, but last year, and at the present moment, the company had not any vacant office for the company's account in any of their buildings. Their rentals had more than doubled in 50 years. History told them that real property had always increased in value since records had been kept, and he saw no reason why this increase should not continue.

The report and accounts were unanimously adopted. The formal business having been transacted, a vote of thanks was accorded to the chairman, and he was presented with souvenirs in commemoration of his 50 years' service to the company.

BORAX CONSOLIDATED, LIMITED.
DEVELOPMENT OF POTASH ORE.
LORD LEVEN AND MELVILLE'S SURVEY.

The thirty-third ordinary general meeting of Borax Consolidated was held, on the 25th instant, at the Cannon Street Hotel, London, E.C. The Right Hon. the Earl of Leven Melville (chairman) presided.

The Chairman said that the past year did not show a profit much in excess of the previous twelve months, but actually the company had done better, as it had made a substantial recovery in its profit-earnings capacity compared with the six months to September 30, 1929, which was a bad time for the company, as they were then completing the reorganisation of mines and works, since completed, and they are now getting the benefit of the low cost from them. Unfortunately, the volume of business was not yet sufficient to offset the present low prices of the company's products, which had, however, remained at stable figures during the year. Therefore, the position must, in that limited sense, be considered as satisfactory. A revival of business, and a consequent increase in sales, was the remedy. The situation had had their constant attention, and they had concluded that, to strengthen the position of the company and to hasten the recovery of its earning capacity, it had become necessary to supplement the products in which it was now interested by the inclusion of potash. Owing to the present close association between borax and potash, due to the joint production in the United States from Lake brines of these two products, it became evident that the company must either develop its property at Searles Lake, California, by working the brines there for the production of borax and potash, or become associated, if possible, with any promising development which might occur by the discovery of beds of potash ore. An opportunity was offered to the American branch of their company to take a substantial interest in an American company which was developing beds of potash ore, the existence of which had been shown by the cores from a number of boreholes spread over a large area. A shaft was being sunk when the company's associates became interested. This had now been completed, and had a very large daily tonnage capacity. It had opened up a number of beds of sylvite, the most suitable potash ore for sale either as mined or for conversion into muriate of potash. This constituted the first discovery of high-grade potash soluble in water in the form of sylvite made in the United States, and marked a very important phase of the industry. The United States Government had been very anxious to promote the discovery of potash in order that they might be independent of outside sources of supply of one of the most important elements in the fertiliser and other industries.

The demand for potash for agricultural purposes was very large and in most countries was rapidly increasing. There was, therefore, every prospect that the American company would command its share of the potash trade, and, according to the estimated cost of mining, as made by the engineers in charge of the mine, and of the cost of refining, as made by the chemists who had studied the refining of the ore, the cost of production of the crude salts as mined and of the refined salts would be such that a very substantial margin of profit on the present selling prices could be expected. It was anticipated that a refining plant would be in operation by the end of this year, and Borax Consolidated should afterwards substantially benefit from the investment of its American branch in the company which had developed this enterprise.

Following upon a full review of the accounts, he said that the board had confidence that the position of the company had been very

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30.6.30):
Fmk. 3,065,966,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

materially strengthened recently, firstly, by the development of its new borate mine and the works at Wilmington, California, and, secondly, by its recent acquisition of an interest in the potash industry. These advantages, with a recovery in trade generally, thereby increasing the volume of the business, would, the board anticipated, enable the company eventually to recover its dividend-earning capacity comparable to that it enjoyed for so many years. The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended February 21, 1931, amounted to £31,063,000 against ordinary expenditure of £7,337,400. After allocating £1,842,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £216,640, the week's operations, as shown below, reduced the National Debt by £21,617,000 to £7,659,980,000:—

(000's omitted.)

National Savings Certificates.....	+ 800	Public Department Advances..	£ 3,100
		Treasury Bills	19,117
		4% War Loan paid off.....	200
	+ 800		22,417

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Feb. 21, 1931.	April 1, 1929, to Feb. 21, 1930.	Week ended Feb. 21, 1931.	Week ended Feb. 21, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	283,662,890	301,586,534	542,379	879,403
Payments to Northern Ireland Exchequer	6,000,000	4,963,538	4,269,162	91,805	21,000
Payments to Local Taxation Accounts	3,300,000	2,314,630	2,890,627	3,176	445,314
Other Consolidated Fund Services			2,829,683		2,900
Supply Services (including Post Office)	429,433,000	371,375,467	324,589,278	6,750,000	6,300,000
Total Ordinary Expenditure	743,333,000	662,316,525	641,965,281	7,387,360	7,648,617
Sinking Fund.....	55,400,000	44,958,623	42,026,778	1,842,000	1,404,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	51,450,000	51,100,000	1,900,000	2,000,000
Road Fund	23,560,000	22,589,959	21,590,532	...	...
Total Self-Balancing Expenditure	83,835,000	74,039,959	72,690,532	1,900,000	2,000,000
Total		781,315,107	756,682,594	11,129,360	11,052,617

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Feb. 21, 1931.	April 1, 1929, to Feb. 21, 1930.	Week ended Feb. 21, 1931.	Week ended Feb. 21, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	183,973,000	175,170,000	14,337,000	13,120,000
Sur-tax, including Arrears of Super-Tax	64,500,000	41,980,000	36,130,000	2,910,000	2,600,000
Estate, &c., Duties	83,000,000	73,560,000	71,490,000	3,380,000	2,150,000
Stamps	27,000,000	15,830,000	20,530,000	120,000	730,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	...	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	540,000	620,000	150,000	80,000
Total Inland Revenue	437,000,000	315,883,000	303,950,000	20,897,000	18,680,000
Customs and Excise—					
Customs	122,710,000	106,310,000	106,586,000	2,225,000	2,059,000
Excise	129,860,000	114,150,000	117,600,000	5,630,000	6,290,000
Total Customs and Excise	252,570,000	220,460,000	224,186,000	7,855,000	8,349,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,439,041	4,437,468	...	...
Post Office (Net Receipt)	10,125,000	11,900,000	11,400,000	Dr 650,000	Dr 1,000,000
Crown Lands	1,500,000	1,210,000	1,190,000	...	...
Receipts from Sundry Loans	33,000,000	31,233,676	25,420,274	1,375,000	4,300
Miscellaneous Receipts	34,500,000	29,984,996	32,361,365	1,955,000	118,446
Appropriation from Rating Relief Suspense Account	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	631,110,713	603,645,107	31,063,000	25,952,346
SELF-BALANCING REVENUE.					
Post Office	60,275,000	51,450,000	51,100,000	1,900,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,589,959	21,590,532	...	...
Total Self-Balancing Revenue	83,835,000	74,039,959	72,690,532	1,900,000	2,000,000
Total		705,150,672	676,335,639	32,963,000	27,952,346

The aggregate revenue and expenditure to February 21, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1st to FEBRUARY 21st.

(000's omitted.)

Expenditure	£ 662,316	Revenue	£ 631,111
Sinking Fund.....	44,959	Decreases in balances	3,157
		Net Amount borrowed	73,007
	707,275		707,275

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	Feb. 22, '30.	Mar. 31, '30.	Feb. 21, '31.	Week ended Feb. 21, '31.
Advances by Bank of England ..	£ 51,630,000	48,530,000	30,150,000	— 3,100,000
Advances by Public Departments ..	51,630,000	583,885,000	627,295,000	— 19,105,000
Treasury Bills outstanding.....	657,615,000	627,295,000	627,295,000	— 19,105,000
Total Floating Debt	709,245,000	637,415,000	657,445,000	— 22,205,000

* Includes £15,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on February 20, 1931, and the total amount applied for was £30,550,000. Tenders were accepted for bills at three months, dated Monday, at £99 7s. 2d., about 93 per cent. and above in full; Tuesday at £99 7s. 4d., and above in full; Wednesday at £99 7s. 1d., and above in full; and Thursday to Saturday at £99 7s. 2d., about 93 per cent. and above in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months.	Average Rate.
1931.				
Jan. 30	30,000,000	53,990,000	2 8	5.77
Feb. 6	30,000,000	44,180,000	2 8	8.37
Feb. 13	30,000,000	35,415,000	2 10	7.15
Feb. 20	30,000,000	36,550,000	2 12	4.52

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, February 25, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£ 11,015,100
In Circulation	347,665,402	Other Government Securities.....	233,947,568
In Banking Department	53,150,898	Other Securities	10,580,449
		Silver Coin	4,356,883
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	140,816,300
	£400,816,300		£400,816,300

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 36,734,684
Reserve	3,669,930	Other Securities	8,357,766
Public Deposits	16,221,280	Discounts and Advances	£ 8,517,846
Other Deposits	£59,071,685	Securities	27,649,821
Other Accounts	33,312,230	Notes	36,167,667
7-Day and other Bills	1,414	Gold and Silver Coin	53,150,898
	£126,829,539		£126,829,539

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Feb. 25, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	£ 347,665,402	+ 3,534,878	+ 853,237
Public deposits	16,221,280	+ 1,054,240	+ 4,234,227
Other deposits	59,071,685	+ 2,073,855	+ 8,357,766
Seven-day bills	33,312,230	+ 168,153	+ 2,919,137
Other bills	1,414	88	1,343
Total, outside liabilities	456,272,011	+ 2,683,328	+ 10,524,751
Capital and reserve	18,222,930	+ 66,583	+ 35,825
Government debt and securities.....	281,697,352	+ 3,767,790	+ 2,642,499
Discounts and advances	8,517,846	+ 1,173,993	+ 3,801,491
Other securities	38,330,270	+ 228,818	+ 14,536,765
Silver coin in issue department	4,356,883	+ 3,995	+ 105,181
Coin and bullion (bank's reserve) ..	141,592,590	+ 385,927	+ 10,386,648
Reserve of notes and coin in banking department	53,927,188	+ 3,148,951	+ 11,239,885
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	49 1/2%	— 2 1/2%	— 16 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio")	31%	— 1%	— 3 1/2%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Jan. 14	£ 404,543	£ 349,943	22,377	£ 64,711	£ 33,413	1,377 out	5.75
21	402,220	346,462	22,324	68,813	33,385	2,326 out	5.75
28	399,486	346,824	19,360	55,162	33,568	2,740 out	5.75
Feb. 4	400,351	349,486	9,861	62,576	33,568	864 in	5.75
11	400,528	347,245	13,503	57,655	33,960	176 in	5.75
18	400,443	344,131	18,167	54,131	33,144	88 out	5.75
25	400,816	347,665	16,221	59,072	33,312	316 in	5.75

Date.	Issue Department.			Banking Department.			Reserve & "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1931.							
Jan. 14	£ 244,162	£ 11,477	145,150	52,026	8,356	22,955	55,207
21	243,161	11,477	142,162	49,216	10,995	25,959	56,400
28	243,161	12,477	140,141	41,085	9,148	21,823	53,517
Feb. 4	243,159	12,477	141,040	43,030	6,325	23,204	51,554
11	242,490	13,147	141,247	35,420	9,597	23,233	54,002
18	241,795	13,845	141,207	36,135	9,689	24,715	57,076
25	244,963	10,680	141,593	36,735	8,518	27,650	53,927

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to Feb. 11, 1931.	£ 4,510,118	£ 226,160	£ 361,872	£ 5,098,150
Week ended Feb. 11	692,424	32,120	53,994	778,538
Week ended Feb. 25	647,833	30,443	48,057	726,333
Total to date, 1931	5,850,375	288,323	463,923	6,602,621
Total to date, 1930	6,028,339	305,220	492,238	6,825,797
Increase or decrease in 1931	— 177,964	— 16,897	— 28,315	— 223,176
	— 2.9%	— 5.5%	— 5.7%	— 3.2%
Total for year, 1930	£ 38,782,577	£ 1,812,146	£ 2,963,531	£ 43,558,254
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	— 1,153,347	— 69,843	— 1,115,133	— 1,338,323
	— 2.8%	— 3.7%	— 3.7%	— 2.9%

PROVINCIAL CLEARING RETURNS.

	Week ended February 21.		Month of January.		Aggregate Totals January 1 to February 21.	
	1930.	1931.	1930.	1931.	1930.	1931.
Number of working days	27	27	27	27	27	27
BIRMINGHAM	£ 1,125	£ 2,145	£ 11,940	£ 11,245	£ 20,240	£ 18,602
BRADFORD	778	536	4,559	3,339	7,446	5,424
BRISTOL	1,212	1,217	5,120	4,762	8,924	8,197
DUBLIN	4,459	4,418	...	...	39,889	38,796
LONDON	817	713	4,141	3,841	7,2	6,807
LEEDS	1,084	1,023	4,340	4,612	6	8,270
LIVERPOOL	668	588	3,511	3,254	7-3	5,954
MANCHESTER	7,349	5,886	31,981	26,704	16-5	57,391
NEWCASTLE	11,131	8,715	54,405	43,688	19-7	94,110
NOTTINGHAM	1,350	1,285	6,057	6,447	11-2	10,591
STEELEFIELD	576	421	2,999	2,360	21-3	5,248
Sheffield	846	829	4,454	3,988	10-4	7,793
Total	32,395	27,736	134,107	114,240	14-8	127,289

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Egypt appeared in the *Economist* for December 20; Portugal in January 24; Chile, Denmark, and Bank for International Settlements in February 14; Switzerland, Sweden, Poland, Norway, and Russia in February 21.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	Feb. 27, 1930.	Feb. 4, 1931.	Feb. 12, 1931.	Feb. 19, 1931.	Feb. 26, 1931.
Total gold reserve	2,989,630	3,076,410	3,077,490	3,084,410	3,181,320
Total bills discounted	342,780	222,926	222,190	199,820	183,850
Bills bought in open market ..	292,310	1,427	87,740	93,990	106,320
Total U.S. Govt. securities ..	482,750	609,510	603,220	599,670	599,440
Total bills and securities ...	1,138,520	936,700	919,550	893,490	896,610
Total resources	5,147,300	4,843,400	4,790,500	4,848,850	4,848,150
LIABILITIES.					
Federal Reserve notes in actual circulation	1,637,090	1,476,740	1,481,010	1,449,760	1,448,420
Deposits—Memberbank—re- serve account	2,345,860	2,378,810	2,364,690	2,379,740	2,378,410
Total deposits	2,407,980	2,454,800	2,417,330	2,439,550	2,427,570
Capital paid in and surplus ..	448,750	444,000	443,930	443,500	443,770
Total liabilities	5,147,300	4,843,460	4,790,500	4,848,850	4,848,150
Ratio of total reserve to deposits and Federal Reserve note liabilities as defined	78.8%	82%	83.5%	84.0%	84.1%

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	Feb. 10, 1930.	Jan. 10, 1931.	Jan. 20, 1931.	Jan. 31, 1931.	Feb. 10, 1931.
Gold, coin and bullion	5,189,700	5,296,800	5,298,700	5,298,800	5,298,800
Foreign bills and balances abroad	4,872,500	4,995,400	4,072,100	4,036,800	4,044,800
Other cash	209,700	608,100	604,700	284,700	215,900
Gold deposited abroad due by the State	1,813,100	1,784,300	1,782,400	1,782,400	1,782,400
Discounts	3,417,500	3,655,900	3,837,600	3,817,500	3,758,700
Advances	980,500	1,117,300	1,005,600	1,178,100	1,128,300
Credit with "Istituto di Liquidazione"	803,700	628,000	626,200	626,200	626,200
Government securities	1,053,300	1,161,700	1,160,400	1,159,100	1,159,400
LIABILITIES.					
Notes in circulation	16,085,400	15,579,700	15,271,600	15,199,500	15,120,800
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,794,300	1,981,000	2,100,200	2,232,900	2,159,800
Ratio of reserve to note and slight liabilities combined	55.35%	53.14%	53.03%	52.65%	53.15%

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 15, 1930.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.
Gold	521,775	2,517,092	2,415,096	2,415,198	2,415,343	2,415,547
Silver	728,600	709,314	706,047	710,717	707,224	708,022
Loans & Discounts	800,725	2,122,131	2,186,512	2,170,404	2,176,793	2,132,520
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,444,346	4,679,152	4,666,964	4,736,062	4,713,016
Deposits	477,500	955,384	852,173	817,721	818,639	813,000

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	Feb. 15, 1930.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.
Cash Reserve	168,634	214,358	214,358	214,358	214,363
Gold coin and bullion	201,634	146,805	140,396	136,265	132,171
Foreign exchange	309,388	498,271	495,550	488,352	483,019
Other foreign exchange	199,388	107,241	135,937	107,152	92,516
Bills discounted	108,558	101,167	100,718	100,718	100,718
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	9,283	10,272	10,272	10,272	10,272
Notes in circulation	873,500	850,889	976,882	899,816	872,704
Current accounts, deposits, &c.	117,634	221,081	111,730	150,835	153,375

In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő. (000's omitted).

ASSETS.	Feb. 15, 1930.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.
Metal reserve	32,657	162,658	162,658	162,658	161,957
Gold coin and bullion	28,206	14,516	13,772	13,779	12,974
Drafts and notes	10,073	13,049	12,324	12,250	12,629
Silver coin and bullion	232,674	213,596	265,103	223,400	206,120
Inland bills, warrants and securities	82,937	63,803	63,803	60,167	60,167
Advances to the Treasury	34,756	34,756	34,756	34,756	34,756
Share capital (gold crowns 30,000,000*)	410,141	347,292	446,017	397,236	368,354
Notes in circulation	80,623	69,608	18,828	29,644	33,778

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Feb. 15, 1930.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.
Cash Reserve	95,884	98,657	98,657	98,705	98,724
Gold	743	18,365	17,921	18,003	18,161
Other coin and bullion	292,073	125,110	123,129	118,003	103,861
Foreign credits	1,175,729	1,363,319	1,349,594	1,330,600	1,293,700
Bills	4,145,093	4,020,907	4,020,907	4,020,907	4,020,907
LIABILITIES.					
Notes in circulation	5,464,216	4,877,587	5,064,470	5,020,655	4,860,510
State credits	137,903	126,265	126,265	126,258	126,258
Deposits	1,706,412	1,299,704	1,039,647	1,131,675	1,062,432

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF ROMANIA.—In lei (000's omitted).

ASSETS.	Feb. 1, 1930.	Jan. 10, 1931.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31, 1931.
Gold & gold exchange	14,160,013	11,019,911	11,017,830	11,014,737	10,971,772
Commercial bills	8,649,757	7,260,330	7,164,602	7,147,896	7,143,811
State debt, advances to State, &c.	5,630,510	4,916,745	5,516,746	5,616,746	5,616,746
LIABILITIES.					
Notes in circulation	19,717,004	18,531,635	18,343,323	18,342,656	18,448,874
Other liabilities	9,095,434	6,674,455	6,881,008	6,631,251	6,069,706

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	Feb. 7, 1930.	Jan. 15, 1931.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 7, 1931.
Gold and silver holdings	1,565,758	1,455,641	1,456,857	1,456,208	1,460,158
Balances abroad and foreign currencies	779,302	798,581	720,600	704,028	674,951
Discounts and advances	1,214,160	718,889	697,914	683,183	663,611
Advances to the Treasury	3,340,302	3,100,845	3,100,845	3,100,845	3,100,845
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,246,962	1,187,037	1,184,987	1,183,677	1,183,654
Bank notes in circulation	3,337,567	3,231,454	3,109,361	3,058,535	3,068,843
Sight liabilities	1,658,677	1,429,749	1,453,764	1,502,594	1,457,236
Deposits	332,078	269,166	268,719	268,708	268,285

BANK OF GREECE.—In drachmas (000's omitted).

ASSETS.	Feb. 15, 1930.	Jan. 15, 1931.	Jan. 23, 1931.	Jan. 31, 1931.	Feb. 15, 1931.
Gold	645,582	511,070	511,789	512,526	513,676
Gold exchange	3,674,588	3,022,707	2,864,769	2,840,062	2,539,859
Other foreign exchange	2,642	2,809	2,806	2,772	3,164
Bills discounted	176,473	144,145	144,956	146,224	146,043
Advances	184,906	184,557	179,738	178,313	193,214
Debt to the State	3,596,491	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,892,985	4,630,472	4,507,731	4,521,092	4,474,364
Deposits and current accounts	1,923,351	1,695,077	1,733,422	1,797,100	1,875,320
Foreign exchange liabilities	1,128,299	712,750	619,553	570,090	244,301

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Feb. 15, 1930.	Dec. 15, 1930.	Dec. 31, 1930.	Jan. 15, 1931.	Jan. 31, 1931.	Feb. 15, 1931.
Gold	35,155	38,383	39,388	39,389	39,390	39,410
Silver	4,068	2,904	2,920	2,984	2,993	2,978
State Treasury coins	1,673	1,411	1,338	1,404	1,408	1,408
Foreign currency	80,343	85,326	85,340	76,518	73,976	71,074
Discount and credit	84,762	98,729	103,037	99,511	101,116	102,634
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,553	1,553	1,553	1,553	1,553
Banknotes in circulation	94,840	115,486	117,163	110,620	110,219	105,886
Deposits	98,149	100,040	100,966	96,749	94,884	99,085

BANK OF DANZIG.—In Danzig gulden (000's omitted).

ASSETS.	Feb. 15, 1930.	Nov. 29, 1930.	Dec. 15, 1930.	Jan. 15, 1931.	Jan. 31, 1931.	Feb. 14, 1931.
Coin and bullion	3,413	3,345	3,566	3,226	3,825	3,479
Of which gold coin	12	118	118	118	118	118
Danzig subsidiary coin	3,401	3,227	3,448	3,108	3,707	3,361
Inc. notes	12,779	16,337	12,971	16,645	11,099	17,100
Bills of exchange	18,872	18,865	21,713	21,070	20,588	19,488
Loans	20	20	20	20	20	225
Foreign exchange	11,429	15,099	13,420	17,133	17,996	16,151
Other bills	24	51	51	51	30	44
Securities	2,703	4,406	4,406	4,406	4,406	4,233
LIABILITIES.						
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	31,012	37,345	33,838	37,948	31,454	36,519
Deposits on demand	1,842	1,344	2,617	2,356	3,520	1,795

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1914.	Feb. 1, 1930.	Jan. 10, 1931.	Jan. 17, 1931.	Jan. 24, 1931.	Jan. 31, 1931.
Gold coin & bullion	221,320	1,071,685	826,898	829,109	830,789	832,225
Other coin & bullion	201,634	146,805	140,396	136,265	132,171	126,259
Foreign exchange	309,388	498,271	495,550	488,352	483,019	478,019
Other foreign exchange	199,388	107,241	135,937	107,152	92,516	92,516
Bills discounted	108,558	101,167	100,718	100,718	100,718	100,718
LIABILITIES.						
Notes	362,270	1,406,118	1,117,916	1,067,324	1,127,087	1,213,445
Govt. deposits	87,340	437,579	384,707	435,685	423,182	402,294
Other deposits	11,440	234,839	254,900	225,344	251,978	175,185

LONDON RATES.

	Feb. 19, 1931.	Feb. 20, 1931.	Feb. 21, 1931.	Feb. 23, 1931.	Feb. 24, 1931.	Feb. 25, 1931.	Feb. 26, 1931.
Bank rate (changed from 3 1/4% May 3, 1930)	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4	3 1/4
Market rates of discount—							
60 days' bankers' drafts	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
3 months' do.	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
4 months' do.	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
6 months' do.	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Discount Treasury Bills—							
2 months	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
3 months	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Loans—Day to day	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Short notice	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4	2 1/4
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4

Comparison with previous week—

Short Loans.	Bank Bills.			Trade Bills.		
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
Feb. 5	2 1/4	2 1/4	2 1/4	3	3 1/4	4
" 12	2 1/4	2 1/4	2 1/4	3	3 1/4	4
" 19	2 1/4	2 1/4	2 1/4	3	3 1/4	4
" 26	2 1/4	2 1/4	2 1/4	3	3 1/4	4

RATES OF EXCHANGE.

London on	Usance.	Par.	Feb. 27, 1930.	Feb. 19, 1931.	Feb. 26, 1931.
New York.....	dollars to £1	Cable	4.86 1/2	4.85 1/2	4.85 1/2
Montreal.....	dollars to £1	Cable	4.86 1/2	4.85 1/2	4.85 1/2
Paris.....	francs to £1	T.T.	124.21	124.26-28	123.90-92
Berlin.....	marks to £1	T.T.	20.43	20.36 1/2	20.43 1/4-44
Amsterdam.....	florins to £1	T.T.	12.107	12.12 1/2	12.10 1/2
Brussels.....	belgas to £1	T.T.	35.00	34.84-89	34.84-88
Milan.....	lire to £1	T.T.	92.46	92.74-76	92.74-76
Rome.....	lira to £1	T.T.	25.22 1/2	25.19	25.21 1/2
Oslo.....	kroner to £1	T.T.	18.159	18.16 1/2	18.15 1/2
Stockholm.....	kroner to £1	T.T.	18.159	18.10 1/2-11	18.14 1/2
Copenhagen.....	kroner to £1	T.T.	18.159	18.16 1/2	18.15 1/2
Madrid.....	pesetas to £1	T.T.	25.22 1/4	39.63-8	46.95-47
Lisbon.....	escudo to £1	T.T.	4.40	108 1/4	108 1/4
Vienna.....	schillings to £1	T.T.	4.40	34.58-59 1/2	34.58
Frankfurt.....	marks to £1	T.T.	16.64	164 1/2	163 1/2-164
Belgrade.....	dinara to £1	T.T.	25.22 1/2	275 1/2-61	276 1/2
Budapest.....	pengo to £1	T.T.	27.82	27.79-83	27.85-8
Bakarest.....	lei to £1	T.T.	813.6	817-19	816-818
Sofia.....	leva to £1	T.T.	673.659	669-75	667-672
Athens.....	drachma to £1	T.T.	375	374-38	375-376
Constantinople.....	piastres to £1	T.T.	10.95	10.95-110	10.925-109
.....	roubles to £1	T.T.	9.46	49.438-457	9.427-446
Warsaw.....	zloty to £1	T.T.	43.38	43 1/2-1 1/2	43 1/2-1 1/2
Helsingfors.....	F. marks to £1	T.T.	193.23	193-8	193-193 1/2
Kovno.....	litas to £1	T.T.	48.66	48 1/4-49	48 1/4-49
Reval.....	kroon to £1	T.T.	18.159	18.20-27	18.20-27
Riga.....	lata to £1	T.T.	25.22 1/2	25.20-28	25.28
Buenos Aires.....	pesos to £1	Sight	97 1/2	97 1/2-1 1/2	97 1/2-1 1/2
Rio de Janeiro.....	pence to peso	90 days	47.62 1/2	47 1/2-1 1/2	47 1/2-1 1/2
Montevideo.....	pence to mils.	90 days	16.70	5 1/2-1 1/2	4 1/2-1 1/2
Valparaiso.....	pence to peso	90 days	51	43 1/2-1 1/2	34 1/2-1 1/2
Lima.....	peros to £1	90 days	40	39-78	39-92
.....	Eng. to Per £1	par	27 1/2	premi.	17.80
Calcutta.....	pence	18 {	1/5 1/2	1/5 1/2	1/5 1/2
Bombay.....	rupee	T.T.	1/5 1/2	1/5 1/2	1/5 1/2
Madras.....	rupee	T.T.	1/5 1/2	1/5 1/2	1/5 1/2
Hong Kong.....	ster. to dollar	T.T.	1/6 1/4-1 1/2	1/10 1/2-1 1/2	1/10 1/2-1 1/2
Shanghai.....	ster. to tael	T.T.	1/11 1/2-1/11 1/2	1/2 1/2	1/2 1/2
Singapore.....	ster. to dollar	T.T.	2 1/2-4d.	2/3 1/2-2/3 1/2	2/3 1/2-1 1/2
Kobe.....	ster. to yen	T.T.	24.57 1/2	20 1/2-1 1/2	20 1/2-1 1/2
Manila.....	ster. to peso	T.T.	24.56 1/2	20 1/2-1 1/2	20 1/2-1 1/2
Mexico.....	pence to £	T.T.	9.76	10.15-30	10.50-70
Siam.....	ster. to baht	T.T.	21.82 1/2	1/10 1/2	1/10 1/2-1 1/2

The stocks in Shanghai on the 21st instant consisted of about 89,900,000 ounces in sycee, 153,000,000 dollars and 940 silver bars, as compared with about 91,000,000 ounces in sycee, 153,000,000 dollars and 940 silver bars on the 14th instant.

GOLD AND SILVER PRICES.

	Gold		Silver—		Date.	Silver.
	Per Ounce.	Cash	Per Ounce.	Forward		
1931.	s. d.	d.	d.	d.		d.
Feb. 20.....	84 11½	12 ½	12 ½	12 ½	Feb. 27, 1925	32 ½
" 21.....	84 11½	12 ½	12 ½	12 ½	" 26, 1926	30 ½
" 23.....	84 11½	12 ½	12 ½	12 ½	" 25, 1927	26 ½
" 24.....	84 11½	12 ½	12 ½	12 ½	" 23, 1928	26 ½
" 25.....	84 11½	12 ½	12 ½	12 ½	" 27, 1929	26 ½
" 26.....	84 11½	12 ½	12 ½	12 ½	" 27, 1930	19 ½

NOTICES.

The National Provincial Bank Ltd., announce that a new branch of the bank is now open at 42, Leicester Square, W.C.2.

Barclays Bank Ltd., announce the opening of a new branch at 113 Wells Road, Totterdown, Bristol, and of a new sub-branch at Front Street, Frosterley, Co. Durham.

Company News.

REPORTS AND NOTICES.

The 1931 edition of *The Stock Exchange Official Intelligence* will be published on March 25th. This will be the fiftieth annual issue of this official work.

MISCELLANEOUS.

CITY OFFICES COMPANY, LIMITED.—The revenue account for the year 1930 shows a balance of £35,620, compared with a balance of £35,122 for 1929. The sum of £4,000 is transferred to general reserve, against £3,500, while £3,000 is put to equalisation of dividend fund, against £4,000. The preference dividend absorbs £1,299. The ordinary dividend is raised from 30s. per share to 31s. per share, less tax. The carry forward is increased from £1,234 to £1,283. The receipts for 1930 amounted to £100,604, against £100,288 for 1929. Cash is at £9,623, against £10,227. The meeting was held on February 24th, at Palmerston House, 34, Old Broad Street, London, at 12.30 p.m. Mr E. M. Rodocanachi, the chairman, was presented by the shareholders with a silver gilt standing cup of Elizabethan design, to commemorate his jubilee as a director of the company. The staff also presented Mr Rodocanachi with a silver inkstand, the inscription speaking of the esteem and affection in which he is held throughout all grades of the staff. Mr Rodocanachi, who has been chairman of the company for the last 37 years, is also a director of the Midland Bank. The City Offices Company, Ltd., owns valuable freehold and leasehold sites in the City of London and has paid dividends averaging over 12 per cent. for some years.

GUEST KEEN AND NETTLEFOLDS, LIMITED.—Rumours have recently been current on the Stock Exchange which have had an adverse effect on the price of the shares of Guest Keen and Nettlefolds. A statement has been published on the authority of the Chairman (Sir John Field Beale). The statement is as follows: "There is no foundation of any sort for the rumours which have been in circulation that the company has recently lost large sums by speculation in investment or in exchanges. Nothing of the sort has occurred. On the contrary, the business of the company is proceeding in an ordinary manner apart from reduced turnover due to the serious trade depression."

LEYLAND MOTORS.—The accounts of the Leyland Motors, which is paying a dividend of 20 per cent. on its £900,000 of ordinary share capital, the first payment since 1919, have just been issued. They show that gross profits for the year to September 30, 1930, were £62,023 below the preceding year's figures. The net balance was £193,129 lower at £366,245. This is accounted for by an additional £65,008 for income tax, £4,765 for depreciation, and arrears of directors' remuneration £52,984. After deducting preference dividends, including two years' arrears on the 7½ per cent. preference, amounting to £140,081, as against £324,600, including arrears for 1928-29, the available balance is £385,511, compared with £279,347. The general reserve is to be increased to £300,000 by the allocation of £180,000 (against £120,000), and the ordinary dividend requires £139,500, leaving £66,011 to be carried forward, as against £159,347 brought in. The full-time directors have offered to waive their claim to the £52,984 provided they are indemnified against any claims against them for super-tax in respect of the amount, and that an appeal lodged by the company against the Court's decision is withdrawn. The meeting will be held in Leyland on March 4th, at 3 p.m.

MERCANTILE INVESTMENT AND GENERAL TRUST.—We are asked to contradict the statement inadvertently made in a table on page 401 of our issue of last week, to the effect that the Mercantile Investment and General Trust Company belongs to the "Robert Fleming" group. For purposes of record we would ask our readers to note that the board of this trust company is as follows: Sir Miles Martinson (chairman), Mr J. H. Clifford Johnston, Sir Robert Kindersley, Viscount Mersey, and Mr W. K. Whigham. Its manager is Mr A. H. Wynn, and its joint secretaries, Messrs W. E. Taylor and W. F. Croft.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Year.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.					
Beira Railway.....	...	...	Less tax	1/3 p.s.	1/9 p.s.
BANKS.					
British Linen Bank.....	...	...	...	16	16
INSURANCE.					
Federated Employers' Insurance	9d. p.s.†	...	...	1/6 p.s.	1/6 p.s.
Road Transport and General Ins.	...	...	Less tax	15	15
MINING.					
Withbank Colliery.....	5%*	...	...	...	...
OTHER COMPANIES.					
Aberdeen Combworks.....	...	...	...	1½	4
Allied Dairies.....	4%*	Apr. 10	...	6	7½
Amalgamated Zinc.....	...	...	...	...	...
Artisans', Labourers' and General	3½	...	...	6	6
Dwellings.....	5%*	...	...	5	6½
Barney's Brewery.....	2½%†	...	...	...	...
B. Morris and Sons.....	5%*	Mar. 2	...	...	...
British and Allied Investments	...	...	...	...	...
British and South Wales Railway	5%†	...	...	10	10
Wagon.....	1½ p.s.†	...	Tax free	10	10
Buttons.....	4%†	...	Tax free	30	30
Cash and Company.....	5%†	...	Tax free	15	15
Cerebos.....	5%†	...	plus bonus of 5 p.c.	5	5
Charles Clifford and Son.....	...	...	...	14	14
Chetnam Gas Ltd. & Coke (Def.)	9%†	...	Less tax	15	15
City Property Investment Trust	10%†	...	...	10	11
(Def.).....	2½%†	Mar. 7	...	7½	10
Civil Service Mutual Furnishing	...	...	...	15	15
Clarke Chapman and Co.....	...	...	...	10	10
Cowans, Sheldon and Co.....	...	...	...	10	10
Cutter Mills Paper.....	...	...	...	10	10
Delta Metal.....	...	...	...	10	10
Dolton, Bournes and Dolton.....	...	...	...	10	10
Drage's.....	...	...	...	10	10
Dublin United Tramways.....	...	...	...	10	10
East Asiatic Co.....	...	...	...	10	10
E.N.V. Engineering.....	...	...	...	10	10
Frederick Goringe.....	...	...	...	10	10
General Hydraulic Power.....	...	...	...	10	10
Glasgow Greyhound Racecourse	...	...	...	10	10
Harrison Barber and Co.....	...	...	...	10	10
Hartlepool Gas and Water.....	...	...	...	10	10
Heritable Securities and Mortgage	...	...	...	10	10
Hill Evans and Co.....	...	...	...	10	10
Holborn and Frascati.....	...	...	...	10	10
Holt Brewery.....	...	...	...	10	10
H.P. Sauce.....	...	...	...	10	10
Hugon and Co.....	...	...	...	10	10
Imperial Tobacco Co. of Canada	...	...	...	10	10
India Tyre and Rubber (Def.).....	...	...	...	10	10
International Investment Trust	...	...	...	10	10
John Barker.....	...	...	...	10	10
John Oakey and Sons.....	...	...	...	10	10
Lancashire Shipping.....	...	...	...	10	10
London Brick.....	...	...	...	10	10
London United Dairies.....	...	...	...	10	10
Manchester Brick and Tile.....	...	...	...	10	10
Manchester Bonding Warehouse	...	...	...	10	10
Manchester Commercial Buildings	...	...	...	10	10
Manchester Warehouse Property	...	...	...	10	10
Martinez, Gasior and Co.....	...	...	...	10	10
Matlock and District Gas.....	...	...	...	10	10
Mercantile Dry Dock.....	...	...	...	10	10
Metropolitan Electric Supply.....	...	...	...	10	10
Midland Counties Electric.....	...	...	...	10	10
Midland Counties Motor Finance	...	...	...	10	10
Northampton Electric Light	...	...	...	10	10
Norwich Electric Tramways.....	...	...	...	10	10
Peter Robinson.....	...	...	...	10	10
Premier Investment.....	...	...	...	10	10
Reckitt & Sons.....	...	...	...	10	10
Reckitt & Sons Securities and	...	...	...	10	10
General Investment.....	...	...	...	10	10
R. H. Wynn & Sons.....	...	...	...	10	10
River Plate Trust Loan and	...	...	...	10	10
Agency, "A".....	...	...	...	10	10
Do., "B".....	...	...	...	10	10
Rushden and Dist. Elec. Supply	...	...	...	10	10
Rylands.....	...	...	...	10	10
Salt Lagoon.....	...	...	...	10	10
Sandown Park.....	...	...	...	10	10
Saxone Shoe.....	...	...	...	10	10
Scarborough Gas.....	...	...	...	10	10
Settle Speakman and Co.....	...	...	...	10	10
Scottish Northern Investment	...	...	...	10	10
Trust.....	...	...	...	10	10
Scottish Temperance and General	...	...	...	10	10
Assurance.....	...	...	...	10	10
Scottish Wagon.....	...	...	...	10	10
Scottish Western Investment...	...	...	...	10	10
Second American Trust.....	...	...	...	10	10
Selfridge and Co.....	...	...	...	10	10
Shelford Gas.....	...	...	...	10	10
Sheppey Gas.....	...	...	...	10	10
Slazengers.....	...	...	...	10	10
Smart Bros.....	...	...	...	10	10
Smithfield Markets Elec. Supply	...	...	...	10	10
South London Electric Supply...	...	...	...	10	10
South Metropolitan Electric	...	...	...	10	10
Light.....	...	...	...	10	10
South Slides Gas.....	...	...	...	10	10
Spencer, Turner and Boldero...	...	...	...	10	10
Sunday Pictorial Newspapers...	...	...	...	10	10
Swan and Edgar.....	...	...	...	10	10
Swindon United Gas.....	...	...	...	10	10
Switzer and Co.....	...	...	...	10	10
Temperance Billiard Halls.....	...	...	...	10	10
Tenninge Hundred Waterworks	...	...	...	10	10
Thomas Dockrell, Sons and Co.	...	...	...	10	10
Union Commercial Investment	...	...	...	10	10
United States Debenture.....	...	...	...	10	10
Utilities and General Trust.....	...	...	...	10	10
Variety Theatres Consolidated...	...	...	...	10	10
Vye, Sons and Co.....	...	...	...	10	10
Wandsworth and District Gas...	...	...	...	10	10
Warren.....	...	...	...	10	10
West Surrey Water.....	...	...	...	10	10
Wharfedale Dwellings (Def.).....	...	...	...	10	10
Worthing Gas Light and Coke...	...	...	...	10	10

(a) Plus bonus of 1s. 6d. per share.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefere.	Ordinary.					
					Amount	Amount.	Rate.				
Banks.											
Anglo-International Bank...	Dec. 31	28,227	120,475	148,702	...	...	...	125,000	23,702	117,695	...
British Linen Bank	Jan. 15	90,726	327,421	418,147	...	155,000	16	200,000	63,147	325,954	16
Breweries.											
Boddington's Breweries ...	Dec. 31	14,618	64,445	79,063	16,500	41,250	12½	5,000	16,313	70,022	15
Octagon Brewery	Dec. 31	10,339	14,051	24,390	2,000	6,562	18½	5,000	10,828	14,630	18½
Canals and Docks.											
Seaham Harbour Dock ...	Dec. 31	35,162	36,160	71,322	20,250	...	...	16,000	35,072	...	...
Electric Lighting, &c.											
Chiswick Electricity Supply	Dec. 31	3,828	35,274	39,102	...	21,000	10½	14,371	3,731	51,022	16
Electrical Dist. of Yorkshire	Dec. 31	23,657	106,319	129,976	...	97,650	9	10,000	22,326	96,482	9
Midland Counties Electric...	Dec. 31	4,578	240,930	245,508	82,537	123,807	7	34,097	5,067	218,669	7
Northampton Electric	Dec. 31	9,770	61,114	70,884	2,625	47,750	10	10,500	10,009	64,445	10
Financial, Land, &c.											
Assets Co.	Dec. 31	813	1,655	2,468	...	1,550	7	...	918	3,290	8
Cordova Land.....	Dec. 31	35,681	38,756	74,437	...	39,264	4½	...	35,172	51,087	4½
River Plate Trust Loan, &c.	Dec. 31	225,276	307,544	532,820	75,000	210,000	{ 24A 9B }	25,000	222,820	323,188	{ 24A 9B }
Gas.											
Bishop's Stortford Gas	Dec. 31	5,479	8,374	13,853	1,636	6,829	{ 7½ 6½ }	134	5,254	8,239	{ 7½ 6½ }
Bournemouth Gas & Water	Dec. 31	55,124	96,234	151,358	26,348	53,336	{ 7 9 }	15,000	56,674	87,534	{ 7 9 }
Cork Gas	Dec. 31*	...	6,871	6,871	...	4,679	9	1,900	292	...	...
Dover Gas	Dec. 31	8,085	9,836	17,921	...	7,948	8½	978	8,995	9,928	8½
Gloucester Gas Light.....	Dec. 31	6,236	15,936	22,172	...	11,962	5	3,000	7,210	15,419	5
Hartlepool Gas and Water...	Dec. 31	18,384	33,654	52,038	...	28,365	5	...	23,673	32,516	5
Leyland Gas	Dec. 31*	2,912	1,416	4,328	871	1,228	6	200	2,029	1,574	6
Liverpool Gas	Dec. 31	109,330	169,896	279,226	42,000	128,754	6	...	108,472	174,556	6
South Staffords. Mond Gas	Dec. 31	15,818	5,910	21,728	...	...	...	...	21,728	9,046	1
Tunbridge Wells Gas	Dec. 31	26,567	16,273	42,840	1,065	13,775	{ 7-2 5 3½ }	1,250	26,750	17,109	{ 7-2 5 3½ }
Wolverhampton Gas	Dec. 31	66,100	33,306	99,406	4,722	13,452	{ 5½ 3½ }	21,000	60,232	23,233	{ 5½ 3½ }
Hotels, Restaurants, &c.											
Scott's Restaurant	Dec. 31	1,569	9,551	11,120	5,906	...	...	...	5,214	...	...
Iron, Coal and Steel.											
Shireoaks Colliery	Dec. 31	Dr. 45,811	13,266	Dr. 32,545	...	...	...	...	Dr. 32,545	Dr. 8,555	...
Motor and Cycle.											
Leyland Motors	Sept. 30	159,347	366,245	525,592	140,081	139,500	20	180,000	66,011	559,374	Nil
Rubber, &c.											
Gedong (Perak) Rubber	Oct. 31	2,162	Dr. 1,885	277	...	...	...	...	277	5,486	5
Ipoh Rubber Estates.....	Oct. 31	1,850	Dr. 1,604	246	...	...	...	...	246	2,664	...
Krian Rubber Plantations	Dec. 31	4,702	894	5,596	...	...	...	...	5,596	9,102	7
Ratanui Rubber Estates ...	Sept. 30	3,459	Dr. 1,333	2,126	...	...	...	...	2,126	5,684	...
Shipping.											
British Oil Shipping	Dec. 31	2,247	60,928	63,175	...	...	...	41,000	22,175	30,481	...
Fairwater Shipping	Dec. 31	1,506	1,655	3,161	...	...	...	2,500	661	3,300	...
Shops and Stores.											
Harrods, Ltd.	Jan. 31	149,700	752,482	902,182	300,000	443,039	20	32,500	126,643	834,188	20
Saxone Shoe Co.....	Dec. 31	17,302	85,627	102,929	23,928	46,016	12½	15,000	17,985	82,898	12½
Selfridge and Co.	Jan. 31	147,775	360,442	508,217	178,000	{ 75,000 10,394 12 Stf. }	{ 10 Ord. 12 Stf. }	111,508	133,315	415,339	{ 20 12 7 }
Wallis (Thomas) and Co. ...	Jan. 31	2,013	29,602	31,615	15,810	12,163	6	...	3,642	34,454	7
Textiles.											
Bradford Dyers' Association	Dec. 31	337,205	Dr. 110,649	226,556	127,462	94,116	4½	Dr. 94,116	99,094	271,100	8½
Courtaulds, Limited	Dec. 31	686,687	2,274,409	2,961,096	400,000	1,440,000	6½	925,339	195,757	3,748,827	10½
Jackson and Steeple	Dec. 31	Dr. 20,358	Dr. 13,477	Dr. 33,835	...	...	...	...	Dr. 33,835	Dr. 1,816	...
Kelsall and Kemp	Dec. 31	42,569	Dr. 21,064	21,505	10,850	...	...	...	10,655	16,209	2½
Woolcombers	Dec. 31	74,213	30,562	104,775	15,750	45,000	11½	...	44,025	47,396	11½
Tramways and Omnibuses.											
Dublin United Tramways...	Dec. 31	12,038	92,496	104,534	30,600	16	...	45,000	12,104	48,852	...
Lancashire United Transport	Dec. 31	...	28,721	28,721	...	...	...	28,721	...	47,933	...
Trust.											
Caledonian Trust	Jan. 31	18,404	90,425	108,829	21,856	54,853	16	...	32,120	85,104	16
City Property Investment...	Jan. 31	1,053	11,833	12,886	5,073	5,432	14	1,000	1,381	12,017	14
Denman Street Trust Co. ...	Dec. 31	7,427	37,548	44,975	...	28,747	4½	...	16,228	22,714	3
International Investment...	Jan. 31	4,337	66,242	70,579	20,925	31,000	10	14,195	4,459	70,796	10
Merchants' Trust	Jan. 31	102,375	142,612	244,987	32,500	88,156	14	20,000	104,331	142,377	14
Orient Trust	Dec. 31	10,317	18,310	28,627	...	9,300	3	7,500	11,827	...	...
Redeemable Soc., &c., Trust	Dec. 31	1,968	20,749	22,717	12,000	7,460	3	...	3,257	26,142	...
Scottish Western Investment	Jan. 31	30,364	114,848	145,212	21,856	65,138	19	...	58,218	109,451	19
United States Debenture ...	Jan. 31	68,445	215,906	284,351	57,750	150,000	15	...	76,601	221,596	15
Utilities and General Trust	Dec. 31	3,118	24,226	27,344	9,688	9,687	5	3,000	4,969	25,448	6
Waterworks.											
Bristol Waterworks	Dec. 31	54,201	142,881	197,082	49,613	77,117	6½	15,000	55,352	137,024	6½
Luton Water Co.	Dec. 31	13,764	4,281	18,045	...	4,455	4	...	13,590	5,167	4
South Essex Waterworks ...	Dec. 31	58,190	87,070	145,260	13,925	56,036	...	10,000	65,299	77,683	...
Woking Water and Gas	Dec. 31*	7,212	8,101	15,313	...	7,257	{ 10 7 }	800	7,256	7,228	{ 10 7 }
Other Companies.											
Aberdeen Combworks	Dec. 31	346	1,042	1,388	...	1,211	1½	...	177	2,190	4
Allied Dairies	Feb. 2	1,561	11,143	12,704	1,616	7,440	6	3,000	648	15,430	7½
Artisans', Labourers' and General Dwellings	Dec. 31	30,419	157,045	187,464	41,172	81,777	6	30,000	34,515	150,984	6
Associated Paper Mills	Sept. 30	Dr. 45,783	18,797	Dr. 26,986	...	...	...	...	Dr. 26,986	25,241	...
Borax Consolidated	Sept. 30	208,675	62,399	271,074	44,000	...	...	35,825	191,249	60,983	6½

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS—continued.

Company.	Period Ending	Balance from Last Account.	Not Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.			Corresponding Period Last Year.	
					Dividend.		Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefer.	Ordinary.			
		£	£	£	Amount	Amount	Rate.	£	%
Bovril, Ltd.	Dec. 31	75,955	301,183	377,138	60,000	75,000	7½ Ord.	30,000	82,138
Cerebos, Limited	Nov. 30	92,319	226,218	318,537	...	130,000	13 Def.	50,000	118,537
City Safe Deposit	Dec. 31	3,753	5,564	9,317	1,300	1,875	7½	2,500	3,642
Cotton (John), Ltd.	Oct. 31	1,339	31,789	33,128	5,425	15,346	40	10,462	1,895
Culter Mills Paper Co.	Dec. 31	23,918	21,109	45,027	...	7,875	7½	13,877	23,275
Dalton, Bournes and Dalton	Dec. 31	7,049	20,602	27,651	4,800	12,000	10	4,000	6,851
Drages, Limited	Dec. 31	105,755	158,338	264,093	71,688	25,000	25	55,771	111,634
General Hydraulic Power	Dec. 31	5,908	87,620	93,528	2,500	56,000	7	28,000	7,028
Harrison, Barber and Co.	Dec. 31	2,931	8,375	11,306	...	7,800	6	1,000	2,506
Hewitt (F.), and Son	Dec. 31	...	26,799	26,799	22,669	1,836	18 11½	2,294	42,023
Hooper, Struve and Co.	Dec. 31	1,095	2,898	3,993	2,500	...	...	289	5,709
H.P. Sauce	Dec. 31	48,002	236,903	284,905	14,105	151,455	30	70,000	49,345
India Tyre and Rubber	Dec. 31	39,201	235,566	274,767	46,500	53,029	57½	131,500	43,738
London Brick Co. & Folders	Dec. 31	221,000	488,143	709,143	32,000	280,000	20	175,000	222,143
Maidenhead Brick and Tile	Sept. 30	1,398	27,751	29,149	17,250	9,275	70	...	2,624
Morris (B.), and Sons	Dec. 31	1,964	12,672	14,636	7,000	6,718	5	500	418
Oakey (John) and Sons	Dec. 31	2,796	35,522	38,318	6,000	25,217	10	7,101	45,019
Settle Speakman and Co.	Dec. 31	8,869	23,770	32,639	...	12,090	6	10,607	9,942
Variety Theatres Consol.	Dec. 31	21,870	16,367	38,237	9,305	5,622	5	3,230	20,080
Vyse, Sons and Co.	Nov. 30	14,940	24,329	39,269	10,875	17,400	12	...	10,994
West Ham Stadium	Dec. 31	6,555	26,626	33,181	9,758	2,500	10	19,631	1,292
Wharfedale Dwellings Co.	Dec. 31	876	6,230	7,106	2,615	1,745	3	1,500	1,246
Yorkshire Indigo, &c.	Dec. 31	1,503	2,678	4,181	...	...	...	4,181	6,063

† Free of income Tax.

SUMMARY OF BALANCE SHEETS.

BRADFORD DYERS' ASSOCIATION, LIMITED.			
December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares	2,549,237	Properties, &c.	3,648,906
Ord. shares	2,258,794	Stocks	278,759
4% deb. stock	1,453,750	Sundry debtors	409,814
Int. accrued	29,075	Investments and loans	3,134,860
Int. outstanding	676	Cash	126,791
Sundry creditors	289,832		
Subsidiary cos.	84,962		
Investments, contingencies fund	100,000		
Reserve for equalisation fund	217,036		
Reserve fund	500,000		
Profit and loss	115,768		
Total	7,599,130	Total	7,599,130

THE BRITISH SOUTH AFRICA COMPANY.

September 30, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares (15s. fully paid)	6,570,377	Cash	72,326
Creditors	256,955	Loans	105,000
Staff reserve	205,505	British, Colonial, Indian and Foreign Govt. and Municipal stks., bonds, & Notes	647,597
Reserve account	3,991,045	British, Colonial, & Foreign Railway and other securities	926,088
Profit and loss	1,096,485	Shares, debts, and interests	4,491,592
Total	12,120,167	Total	12,120,167

COURTAULDS, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares (£1)	24,000,000	Freehold properties, &c.	6,389,196
5% cum. pref. (£1)	8,000,000	Stock-in-trade	1,932,105
Creditors & current liabilities	3,051,485	British Govt. stks. and other investments	11,742,523
Capital reserve	766,426	Investments in artificial silk and allied cos.	22,144,113
Special reserve	2,114,923	Debtors	564,370
General reserve	6,000,000	Cash	2,076,283
Profit and loss	915,756	Total	44,848,590
Total	44,848,590	Total	44,848,590

HARRODS, LIMITED.

January 31, 1931.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares	2,215,194	Property & goodwill, &c.	90,000
Pref. shares	4,600,000	Sundry leaseholds	244,244
Deposits, &c.	1,173,193	Freeholds	4,176,307
Sundry creditors	1,203,639	Plant, &c.	753,550
Reserve	1,000,000	Horses, vans, &c.	25,570
Special reserve	8,611	Sundry debtors	1,204,256
Pension funds	77,469	Investments	2,322,066
Unclaimed divs.	6,012	Stocks	905,033
Profit and loss	608,922	Unexpired insur.	15,730
Total	10,297,120	Subsidiary cos.	8,861
		Cash	551,503
		Total	10,297,120

LEYLAND MOTORS, LIMITED.

September 30, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
6% Cum. Pref. £1	200,000	Properties	1,046,315
7½% Cum. Pref. £1	750,000	Investments at or under cost	4,023
Ord. shares £1	900,000	Stocks	949,477
Unclaimed divs.	1,807	Debtors	460,538
Creditors	513,825	Bills receivable	67,905
Capital surplus	20,580	Cash	399,377
Pension fund	9,463		
General reserve	120,000		
Profit and loss	411,958		
Total	2,927,633	Total	2,927,633

SELFRIE AND CO., LIMITED.

January 31, 1931.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares	750,000	Purchase consideration, &c.	3,286,827
Staff, pte. shares	96,097	Fixtures, &c.	2,909
Pref. shares	1,300,000	Vans, &c.	69,113
10% pref. ord.	1,000,000	Stocks	456,924
5% Debentures	249,400	Debtors	400,331
Interest on deb.	4,157	Managing director's account	47,191
Reserve fund	425,000	Investments in subsidiary cos.	670,281
Mortgages	483,811	Associated cos.	4,419
Creditors	484,111	Payments in advance	19,372
Accs. with allied & subsidiary cos.	104,434	Cash	91,275
Taxation reserve	57,167		
Accrued dividend on pref.	67,078		
Div. on ord. shares	75,000		
Profit	133,315		
Total	5,215,569	Total	5,215,569

Mr Francis Henderson has resigned his position as a director of Anglo-Scottish Investment Trust, Ltd. The board have unanimously elected Mr W. W. Brock, C.A., to fill the vacancy.

Mr Guy E. de Pass, D.S.O., has been elected a director of the Vereeniging Estates, Ltd., in place of Mr E. S. Marcus, deceased.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Feb. 20, 1931.	Miles Open.	Week ended Feb. 22, 1931.					Aggregate 8 weeks, 1931.				
		(000's omitted.)					(000's omitted.)				
		Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western...	3,761	169	184	117	301	470	1,430	1,430	812	2,242	3,672
Do. for 1930...	3,755	183	217	139	356	539	1,536	1,711	1,114	2,625	4,361
L. & N. Eastn. (c)	6,362	267	345	271	616	883	2,179	2,695	1,107	4,802	6,981
Do. for 1930...	6,361	292	424	298	722	1,013	2,354	3,207	2,270	5,477	7,831
Lon. Mid. & Scot.	9,957	396	470	289	755	1,125	3,181	3,592	2,282	5,874	9,055
Do. for 1930...	9,957	425	556	317	873	1,398	3,380	4,306	2,366	6,872	10,052
Southern	2,180	244	68	36	104	348	2,000	531	280	2,811	2,811
Do. for 1930...	2,179	256	76	39	115	371	2,079	595	273	2,947	2,947
Total of above...	19,259	1,076	1,067	713	1,780	2,856	8,790	8,248	5,481	13,729	22,519
Do. for 1930...	19,252	1,155	1,273	793	2,068	3,221	9,349	9,819	6,023	15,842	25,191
Metropolitan (c)	59	30	7	4	2	34	251	32	4	283	283
Do. for 1930...	59	31	9	4	3	36	259	5	32	292	292
Undgd. E.R. (c)	...	288	7	...	...	295	215	4	...	219	219
Do. for 1930...	...	290	1	...	...	291	226	9	...	235	235
Lon. & So. Grp. (c)	...	41	6	...	...	47	313	0	...	313	313
Do. for 1930...	...	41	3	...	...	44	319	2	...	321	321
*B.I.R. & Co. (b)	...	80	1	...	...	81	14	5	...	19	19
Do. for 1930...	...	80	1	...	...	81	14	5	...	19	19
*G. Northern (b)	562	8	7	15	5	24	54	9	113	168	168
Do. for 1930...	562	8	7	15	5	24	54	9	113	168	168
*Gt. Southern (b)	2,188	19	3	39	8	59	139	1	291	431	431
Do. for 1930...	2,188	21	5	46	5	68	154	1	311	466	466

* Aggregate 7 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal.....	47	Jan. 24	1,306	Rs. 3,90,000	- 75,305	Rs. 1,68,27,315	- 11,04,669
Baris L. Ry.	44	31	202	60,700	+ 11,600	16,79,800	+ 4,33,300
Bengal & N. Western	18	31	2,078	6,52,097	- 2,77,173	1,02,77,783	- 21,68,521
Bengal-Nagpur ..	43	24	3,173	15,31,000	- 4,84,426	6,50,71,458	- 99,63,904
Bombay Bar. & C.I.	46	Feb. 14	3,094	24,52,000	- 19,000	9,31,44,000	- 76,95,000
Madras & S. Mahr.	4	Jan. 24	3,229	17,96,000	+ 90,146	6,51,39,350	+ 1,05,85,225
†Rohilk'd & Kumaon	18	31	572	1,59,655	- 12,637	21,08,563	- 2,21,345
South Indian	43	24	2,407	11,75,182	- 2,35,938	5,09,05,133	- 37,83,474

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Canadian National	6	Feb. 14	20,426	\$ 3,303,797	- 982,196	\$ 20,297,562	- 5,475,428
Canadian Pacific	7	Feb. 21	15,545	2,670,000	- 456,000	19,314,000	- 3,006,000

SOUTH AMERICAN.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
Antofagasta (Chili and Bolivia)	7	Feb. 15	804	\$ 2,410	- 6,550	\$ 166,900	- 46,960
Argentine N.E.	34	Feb. 21	753	12,800	- 1,300	463,200	- 59,800
Argentine Transd'n.	34	Feb. 21	111	5,905	+ 1,007	119,587	- 38,274
B.A. and Pacific	34	Feb. 21	2,866	154,000	- 28,000	4,247,000	-

week, and a general rise in prices was recorded. Tin advanced on the announcement by the Under-Secretary for the Colonies that the Government approved the tin restriction scheme in principle. It should be noted, however, that it is restriction of output in one way or another rather than any marked increase in consumption which is responsible for this rise in metals. The prices of textile raw materials show a further advance, and the outlook of the cotton and wool industries is definitely more encouraging. The demand for rayon goods has been better lately, and British production of yarn and waste in January at 3,870,000 lbs. shows an increase of 630,000 lbs. as compared with December. No important change is recorded in the situation of the principal foodstuffs and prices have been comparatively steady. It is interesting to note, however, that meat, which so long seemed to be relatively immune from the general fall in prices, has again been lower. Among miscellaneous commodities, hides have declined further in value, while the rubber market suffered from a lack of interest.

THE COAL TRADE.

Our Sheffield correspondent writes:—The Coal Mines Act has now come into force and the output of the pits in this district is being controlled. In some cases the fixing of the quotas is the cause of dissatisfaction and interference with trade. For export there is a fair prompt demand for best steams, but forward business is as weak as before. Quotations are 17s. 3d. to 17s. 9d. f.o.b. Secondary coals and smalls are neglected and output is excessive. The house-coal trade is steady. Best Yorkshire brands are quoted at 20s. 6d. to 22s. at pits. Hand-picked branch fetches up to 27s. The depression in the market for blast-furnace coke continues, prices being 10s. 9d. to 11s. 3d. at ovens.

Our Workington correspondent writes:—The coal trade is brisk. As the Whitehaven pits have not worked since the Haig Pit disaster, there is a shortage of production, and demand is difficult to satisfy promptly. Ireland is the mainstay of the market, the Cross-Channel shipments of house and gas coal being heavy. Industrial fuel is in only fair request, but there have been Continental sales of small coal for briquetting purposes. Prices are unchanged. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b.; smalls, 16s. 6d.; best house coal, 31s. 8d.; and house nuts, 30s. at station; gas coal, 28s. West Coast coke is in steady demand at from 17s. 9d. to 18s. 3d. per ton, and the whole of the make is being absorbed.

Our Glasgow correspondent writes:—Inquiry from abroad remains quiet, and with home requirements showing a seasonal falling off the outlook is not very promising. Washed nuts are very plentiful in all districts, and as a result production of round coal is being further curtailed. First Fife steam is practically unobtainable for prompt shipment, and Dysart Main has a firmer trend. Lothian steams and Lanarkshire prime splint being steady. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 9d.; splint second, 16s.; navigation, 16s.; navigation second, 15s. 15s. 6d.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 13s.; doubles, 11s. 9d.-12s.; singles, 11s.; pearls, 10s. 9d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 13s.-13s. 6d.; third-class steam, 12s.-13s.; trebles, 12s.-12s. 6d.; doubles, 11s.; singles, 10s. 6d.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s.-13s.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 12s.; singles, 11s. 3d.; pearls, 11s.; dross, 10s. 6d.

Our Cardiff correspondent writes:—Business on the Cardiff coal market this week has been extremely quiet. Large coals are commanding a steady sale at minimum prices, but great difficulties are being experienced in the disposal of small coals owing to the extremely depressed condition of the pig-iron and other branches of the iron and steel industry in South Wales and Monmouthshire, and at some of the collieries the stocks of unwashed grades are again accumulating. Shipments are appreciably below normal and last week they totalled only 439,500 tons, compared with 587,949 tons in the corresponding month last year. The fears of a stoppage in the Nord and Pas-de-Calais coalfields of France have apparently led to inquiries for washed coals, but otherwise the market has been featureless. Mr Ferdinand Schiller, K.C., the independent chairman of the Joint Coal Board, presided over a meeting of representatives of employers and workmen on Monday, convened for the consideration of the claims of the two sides relating to the minimum wage rate and the subsistence allowances, and his award is anticipated in the course of the next few days. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dross, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; coking smalls, 15s. to 15s. 3d.; cargo smalls, 12s. to 12s. 6d.; anthracite, best large, 36s. to 37s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 25s. to 25s. 6d.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—The market for Cleveland iron is steady. Although purchases lately have been small, additional quantities will now be necessary to cover the

orders for railway chairs recently placed locally by home railways. This will mean an increased call on makers' stocks and as the reserves were already drawn upon to meet current contract requirements, the statistical position is quite a favourable one, though there are no indications yet of any extra furnaces being put into blast. Producers, however, are using more iron at their own works, which promises to extend, and an increase in the make may not be altogether a remote possibility before long. A moderate business on home account was reported at the weekly market on Tuesday and prices were unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. Trade with Scotland continues disappointing owing to the very low prices at which Continental iron is offering on that market. In hematite the position is a little better. Fair home sales have been made lately and a few moderate-sized lots have been sold for export, but all for early delivery, there still being no disposition on the part of buyers to contract ahead. With the present very low production stocks are being steadily reduced. Ordinary mixed numbers are obtainable at 69s. per ton for early delivery and 69s. 6d. forward, though more is asked for some brands. In the finished trades the departments producing railway and structural materials are fairly well employed, but the sheet trade continues quiet and there is very little demand for shipbuilding materials. Prices for steel for home consumption, subject to rebates, are unchanged, viz.:—Plates, £8 15s.; angles, etc., £8 7s. 6d.; joists, £8 15s. Other prices for home are: heavy steel rails, £8 10s.; iron crown bars, £10 10s.; 24-gauge black sheets, £8 10s.; 24-gauge galvanised corrugated sheets, £11. The ore market shows no change, there being an almost entire absence of new business. Best Bilbao rubio is nominally 16s. c.i.f. for early delivery, and the rate of freight Bilbao-Middlesbrough for prompt tonnage is about 4s. 9d. Coke is weak and lower at 16s. delivered furnaces for ordinary qualities, and the supply is in excess of demand. The number of furnaces in blast in the district remains at 23.

Our Sheffield correspondent writes:—Suppliers of raw materials report a slightly better tone in several iron and steel centres, but it is too early to decide whether this is the beginning of a general revival. It is a good sign, however, that the market for steel scrap has hardened and that the present supply of such material barely meets consumption. The position in Sheffield is unchanged. Orders from home sources and several overseas markets are increasing, but while the number is large their individual smallness is disappointing. Inquiries, too, are unsatisfactory. While there may be improvement in demand for quality steels, conditions are almost stagnant in the crude and basic steel departments, and foreign orders generally are decidedly scarce. Leading Sheffield firms are installing the new high-frequency electric furnace for melting crucible steel. One of these produces as much fine steel as a dozen coke-fired crucibles and the innovation is causing the dismantlement of many of the latter. The new system of melting is much more economical than the old. The tool branches are moderately employed, but stagnation is general in cutlery and plate. Prices of most finished steel products have declined.

Our Workington correspondent writes:—The reduction of two shillings per ton in the price of West Coast hematite pig-iron has not brought to Cumberland and North Lancashire smelters the increase in business that might have been expected at a time when East Coast hematite is the dearer metal, and it is due entirely to the greater activity in the steel industry on the North-West Coast that two additional furnaces were lighted and that the number in operation between Workington and Ulverston is now eight. The Scottish demand remains poor, that from South Wales is small, and only to Continental and Midland users are normal supplies being delivered. Nothing more than early or immediate needs have to be satisfied. Forward business of any considerable extent is lacking. The best that can be said of the position is that the make is being absorbed, and that occasionally there are slight inroads into the heavy stocks accumulated last year. Prices are firm and steady, with Bessemer mixed numbers quoted at £3 15s. 6d. per ton at Glasgow; £4 2s. 6d. at Manchester; £4 4s. 6d. at Sheffield, and £4 6s. 6d. at Birmingham. Low-phosphorus iron is 2s. 6d. to 5s. per ton above these figures. Malleable iron is a somewhat better trade since the cut of 5s. per ton, and is now £5 17s. 6d. per ton delivered at Birmingham. Ferro-manganese is quiet at £11 15s. per ton home and £12 per ton export. While hardly any orders are at present being obtained by steelmakers, those booked in January represent a tonnage that will keep engaged the mills at Workington on rails, sleepers and fish-plates for South African, Crown Colonies and the home railways until well into April. Native ore is in rather brisker local request at 16s. 6d. to 18s. 6d. per ton. East Coast and Scottish requirements are poor.

Our Glasgow correspondent writes:—Things remain very quiet in the West of Scotland, most of the steel plants working only part time, but even so the output exceeds the tonnage of orders coming in. Tube makers continue badly off for work, as are also bar-iron makers. In the sheet trade there is a somewhat better home demand for galvanised corrugated sheets, these being in considerable request at present for sheds, &c., for agricultural purposes. Export trade remains poor. During the week it is announced that Messrs Wm. Denny Bros., Ltd., of Dumbarton, have secured an order for a turbine steamer from the Southern Railway Company for their Channel Island service. It is also announced that the Glasgow firm of Henry Lees and Company have received a contract for mechanical coaling plant for coaling railway locomotives from the L. & N.E. Railway Company.

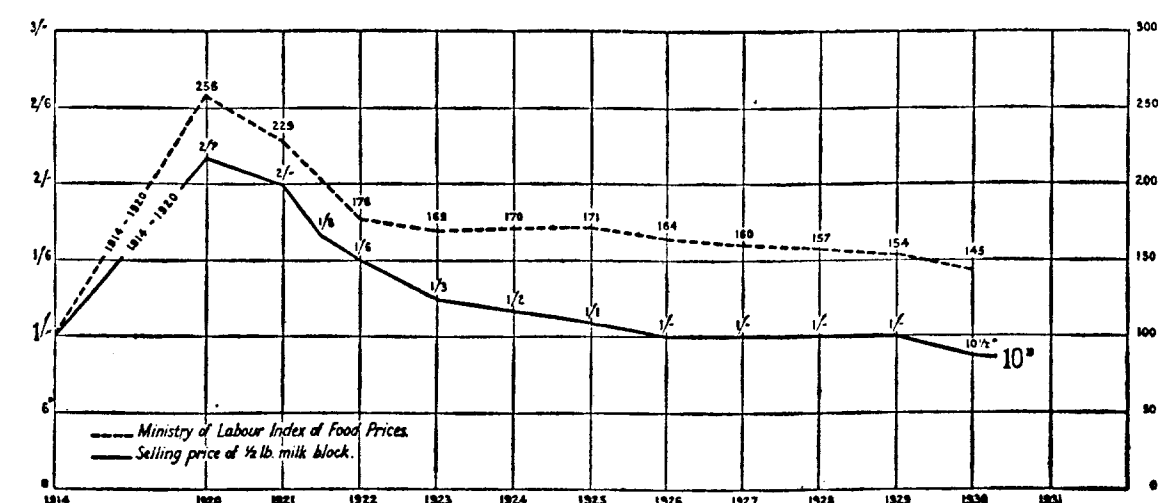
THE FALL IN PRICES

A Statement of Policy by Cadbury Bros. Ltd. of Bournville

BANKERS and economists are emphasising the necessity for a reduction of retail prices as a step towards better trade.

It has always been our policy to pass on to the public any reduction in costs arising from cheaper raw materials or increased productive efficiency. Accordingly during the last twelve months alone we have reduced the price of our Milk and Plain Chocolate Blocks 16 per cent. and 25 per cent. to 10d. and 9d. per half-pound respectively, without any alteration in the quality whatsoever. We shall continue to follow this policy, the success of which was proved in 1930. That year, despite depressed conditions, was a record one in the sales history of our firm.

The chart below shows that the price of Cadburys Milk Chocolate has been falling more rapidly than the Ministry of Labour index of food prices during the post-War period, and is now 16 per cent. below the pre-War selling price.



Issued by Cadbury Bros. Ltd. from Bournville, the Factory in a Garden

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,500,000
FIRE. LIFE. ACCIDENT. MARINE.
 Edinburgh: 35, St. Andrew Square.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1.

Our Cardiff correspondent writes:—A slightly improved tone marked business on the Swansea Metal Exchange on Tuesday, when inquiries both on Continental and Australian account were a little more active. Prices, however, are showing a hardening tendency under the influence of the continued rise in tin which is now quoted at £122 7s. 6d.-£123 15s., compared with £118 2s. 6d.-£119 15s. a week ago. The quotations for steel bars are unaltered.

OTHER METALS.

TIN.—On Friday, February 20th, the Under-Secretary for the Colonies announced in the House of Commons that the Government had approved in principle the passing of legislation by the Government of the Malay States and of Nigeria to regulate the production and export of tin, with effect from March 1st. In spite of the qualified nature of the Government's approval, the market quickly responded, and the price of standard cash advanced further from £120 7s. 6d.-£120 10s. per ton on Wednesday last week to £123-£123 5s. on Monday. Later, however, it became apparent that no immediate improvement can be expected in the statistical position, although the scheme covers about 87 per cent. of the total production, and quotations relapsed to £121 7s. 6d.-£121 10s. on Wednesday.

COPPER.—Although demand in the United States has not shown any marked improvement, exports have been rather more active, which led Copper Exporters, Inc., to advance their price on Thursday last week from 10-30 cents per lb. electrolytic to 10-55 cents, c.i.f. Continent. The turnover of the metal in this country has lately been increasing, and prices, though relapsing occasionally, continued their upward trend. Wednesday's price of standard copper at £47 7s. 6d. to £47 10s. per ton compares with £45 12s. 6d. to £45 13s. 9d. on the corresponding day last week.

LEAD.—The demand for lead has shown some improvement during the week, and the metal was well supported, particularly in forward positions. Wednesday's price for soft foreign lead at £14 7s. 6d. to £14 10s. per ton compares with £13 10s. to £13 12s. 6d. last week.

SPELTER.—At last week's low level of prices, spelter was subject to considerable speculative buying, and quotations for G.O.B. advanced from £12 6s. 9d.-£12 13s. per ton on Wednesday last week to £13 2s. 6d.-£13 8s. 9d. on the corresponding day this week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals nickel remained again unchanged at £170 to £175 per ton, while aluminium sold at last week's price of £85 per ton. Antimony remained steady at £24 10s. to £25 10s. per ton, "foreign," but quicksilver declined from £22 9s. 4½d. per bottle on Wednesday last week to £22 7s. 6d. on the corresponding day this week.

TEXTILES.

THE COTTON TRADE.—Liverpool, February 25th.—The markets have shown quite a steady undertone and prices are some 11 points higher on the week. The chief demand has come from India and Egypt, where operators have been reversing straddles. Trade advices the world over seem a little more optimistic and quite a fair business has been done in America. The recent advance has not brought much fresh business into this market, however, though some improvement is noticeable. Spot sales for the week 19th to 25th (inclusive) are 35,000 bales, of which 16,720 are American, 2,050 Brazilian, 450 Argentine, 7,500 Peruvian, 4,150 Egyptian, 1,300 African, 1,350 East Indian and 1,480 sundries. Imports for the same period are 30,933 bales, of which 16,577 are American, 6,880 Brazilian, 4,381 Egyptian, 793 African, 2,168 East Indian and 134 sundries. Quotations to-day: American Middling, 6-29; Egyptian Sakel, 10-06; Uppers, 7-42; Brazil Fair, 6-44; Peru G.F. Smooth, 6-74; West African Middling, 6-29; and East African G.F., 7-34.

Manchester, February 25th.—Prices in the market have tended to go against buyers in sympathy with the further upward movement in raw material rates. It has been difficult for spinners and manufacturers to secure advances, but inquiry has tended to broaden. Rather more demand continues to be met with in piece-goods for India, and better advices are being received as to clearances on the other side. A more hopeful feeling prevails with regard to the political situation. Light fabrics have been sold on a freer scale for Calcutta, Karachi and Madras, but practically nothing can be done for Bombay. Operations for China remain very restricted and there will have to be a further improvement in exchange rates before trade can broaden. Printing, bleaching and dyeing fabrics have attracted rather more attention for Egypt, South America and the Continent, and some useful lines have been booked for the Dominions and the home trade. A more hopeful feeling prevails in the weaving branch. Quotations in American and Egyptian yarns have stiffened and rather more business has been under consideration, but very few users have been prepared to place orders of weight. Some fair lines have been put through in two-fold yarns for India.

Cotton Prices.

	1931.				Corresponding Date.	
	Feb. 4.	Feb. 11.	Feb. 18.	Feb. 25.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5-64	5-91	6-05	6-29	10-71	8-44
" Sakellaridis Fully Good Fair..... per lb.	8-90	9-45	9-60	10-35	18-15	13-55
Yarns—32's twist..... per lb.	91	99	91	91	151	121
" 40's twist..... per lb.	91	101	101	101	161	131
" 60's twist (Egyptian)..... per lb.	161	171	171	171	261	221
32-in. Printers, 116 yds., 16 by 16, 32's and 50's..... s. d.	18 3	18 6	18 7½	18 9	25 9	22 7½
35-in. Shirtings, 75 yds., 19 by 19, 32's and 40's..... s. d.	20 4	20 6	20 9	20 10	28 0	25 3
38-in. ditto, 38 yds., 18 by 18, 10 lb..... s. d.	11 4	11 6	11 7½	11 8	15 0	13 10½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb..... s. d.	10 3	10 5	10 6	10 7	13 9	12 6

THE WOOL TRADE.—Our Bradford correspondent writes:—A very encouraging state of affairs is revealed in home and overseas wool markets. Competition at all public auctions is quite good, and there is a definitely firm tendency in values. At sales held this week in Melbourne and Sydney prices have gone definitely against the buyers, cable information stating that merino wool bought for Bradford would cost fully 1d. per lb. more in the top than could be realised. This has naturally created a very determined attitude among topmakers, and there is reason for saying that the raw material is once again setting the pace. In some quarters the rapid movement of the Australian clip is being regarded somewhat critically on the ground that the volume consumed by machinery does not correspond with arrivals. It is known that banks are prepared to make large advances to firms who have been accustomed to operate heavily in wool, and even admitted that large weights are being shipped from Australia in lieu of cash. Both merinos and crossbreds will be sufficiently reasonable when offered at the next London sales to be quite an attractive proposition, and there is no reason why values should not show distinct firmness. Crossbred wool is coming forward much more slowly than merino, owing to the fact that requirements are comparatively small. Nevertheless, prices are quite firm. In Bradford there is a very large consumption of merino tops and yarns. Besides the ordinary Bradford trade big quantities are being used for hosiery purposes. Neither spinners nor manufacturers are buying freely, and the former are making a strong point of the fact that the advance in yarn prices is not commensurate with the advance in tops. At the moment even the latter are not advancing at the same rate as wool, but they did not fall quite so low as the raw material in the slump.

THE HEMP TRADE.—Selling pressure coupled with absence in demand resulted in a decline in prices during the week. On Wednesday, Manila J2, February-April, was quoted at £17 10s. per ton, as compared with £18 15s. on Wednesday last week. Last week's receipts of "Manila" amounted to 28,000 bales, against 27,000 a year ago. This week's receipts have been estimated at 27,000 bales and at 25,000 for next week. Shipments from Manila last week totalled 19,000 bales, of which 2,000 bales have been consigned to the United Kingdom, 2,000 to the Continent, 6,000 to the United States, 8,000 to Japan, and 1,000 to other countries. Local consumption at 1,000 bales leaves stocks at 131,000 bales.

THE GRAIN MARKETS.

WHEAT.—Climatic conditions over the United Kingdom do not yet favour active field work, the saturated condition of the ground in many parts of the country militating against preparations for Spring sowings. The condition of winter cereals gives satisfaction, especially on light soils. Native wheat was in better demand at the principal statute markets, and with offerings on a light scale, prices manifested a hardening tendency, especially for best samples. There was not much change in the position of imported descriptions, and fair purchases made by United Kingdom and Continental millers, chiefly of Australian and Plates, tended to keep values at a steady level. Although new Southern Hemisphere supplies are coming forward rather slowly, shipments are now proceeding at a good pace, with a further increase in floating supplies to Europe. The reduction of 4 million quarters in the second Argentine official estimate was rather larger than expected, but produced no appreciable effect on this side in view of the much larger surplus available for export, compared with last season. With ample supplies of Plate and Russian wheat on hand, buyers are content to cover only pressing requirements, while reluctant to pay the comparatively higher prices asked for Canadian grades. The movement in Argentina is gaining strength, and Russia is still making substantial contributions for the time of year. Although larger quantities are now being taken by importers, the supply position is more than adequate to fill all requirements. Some attention is directed to North American surplus holdings. Chartering from Montreal has commenced much earlier this year, and foreshadows large shipments when navigation can be resumed. Selling pressure may become pronounced, especially if official support in the United States is withdrawn at the end of May next. Prices were as follows:—No. 1 hard Manitoba, ex-ship, 28s. 9d.-29s. 3d.; No. 1 Northern Manitoba, ex-ship 28s. 3d.-28s. 9d.; No. 2 ditto, 27s. 3d.-28s. 3d.; No. 3, 26s. 3d.; No. 4 Manitoba, 25s. 3d.; Barusso, 63 lbs., 23s. 3d.; Rosafe, 63 lbs., 23s.; Australian, 23s. 6d.-24s. 6d.; Russian on sample landed, 21s.-24s. 6d.; ex-ship, 21s.-25s. per 496 lbs. English new, 4s. 6d.-5s. 6d. per 112 lbs.

WHEAT FLOUR.—Trading remains quiet, but prices tend firmer for home milled in sympathy with wheat, Australian parcels showing a hardening tendency for shipment, with spot stocks here much reduced. Quotations: London straight run, 24s. 6d. per sack for country deliveries, and 23s. 6d. London area. Of im-

ported, Manitoba patents, 22s. 6d.-26s.; Buffalo ditto, 22s. 6d., 26s. 6d.; Australian, 19s.-19s. 6d. ex store. On c.i.f. terms, Manitoba top patents, February-March, 23s.-23s. 3d.; export ditto, 21s. 6d.-20s. 9d.; Australian, 16s. 6d. per 280 lbs. Argentine low grade, January-February, £5 10s. per ton.

BARLEY.—Barley was quiet but steady. Quotations: Californian, old, landed, 30s.-35s.; new, ex ship, 30s.-41s., as to sample; Chilean, brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 15s. 9d.; ex ship, 14s. 9d.; Persian, landed, 14s. 3d. per 400 lbs. English-malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—The market in oats has been quiet, but last week's prices have been maintained. Quotations: Plate, landed, 11s.; ex ship, 10s.; Chilean, tawny, landed, 13s.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.; North Russian, landed, 11s. 9d.-12s. 6d.; South Russian, landed, 12s. 3d.-12s. 9d.; ex ship, 11s. 9d.-12s. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

MAIZE.—A steady tone governed the market for feeding stuffs, and values of maize improved under a good consumptive demand. New crop Plate, however, was obtainable at a discount owing to prospects of a record yield. Quotations: Plate, landed, 18s. 6d.; ex ship, to arrive, 17s. 3d.; March-April, 17s. 3d.; April-May, new crop, 17s. per 480 lbs. Yellow maize meal, £5 15s. f.o.r. London per ton.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Feb. 26, 1930.	Jan. 2, 1931.	Feb. 11, 1931.	Feb. 18, 1931.	Feb. 25, 1931.
Winnipeg (No. 1 Manitoba).....	148½	114	56½	64½	63	62½
Chicago (No. 2 Winter).....	130½	105½	79½	79½	79½	79½

OTHER FOODS.

SUGAR.—The market in sugar has again been quiet, and prices of British refined underwent no change. Raw futures have again been firmer, reaching their highest level on Tuesday; there was a slight reaction on Wednesday owing to selling pressure and limited demand. Wednesday's sales included March delivery at 5s. 11½d., as compared with 5s. 10½d. to 5s. 10½d. on the corresponding day last week; May at 6s. 2½d. to 6s. 2½d., as against 6s. 1½d. to 6s. 2d.; August at 6s. 5½d. to 6s. 6½d., as against 6s. 4½d. to 6s. 5½d., and December at 6s. 9½d. to 6s. 10d., as against 6s. 9d. to 6s. 9½d. The course of the Chadbourne scheme is still the main topic of the market. The final ratification is expected to take place in March, and it is hoped that Mr. Chadbourne will be successful in inducing Russia to become a party to the scheme. The acreage which will be

sown on the Continent during the coming Spring may influence prices to some extent, but although there will probably be a reduction of sowings, definite information on this point is not yet available.

COFFEE.—The demand for coffee was good, and steady prices were realised at the auctions with finest qualities strongly supported. Last week's movements of coffee were as follows:—Brazilian, landed in London, 251 bags; delivered for home consumption, 71 bags; stock, 2,805 bags, as against 6,120 last year. Central American, landed, 14,283 packages; delivered for home consumption, 3,470; exported, 3,004; stock, 86,786 packages, against 76,947 last year. Other kinds: landed, 14,005 packages; delivered for home consumption, 3,697; exported, 4,760; stock, 88,748 packages, against 55,652 a year ago.

COCOA.—The market in cocoa has been easy at the beginning of the week. Later, the commodity received better support in New York, and London prices responded. Wednesday's price for Accra, fair fermented, February-April, at 20s. 3d. per cwt., f.o.b., London contract, shows a rise of 3d. on the week. Futures were quiet, but slightly firmer on the week. Last week's movements were as follows: Landed in London, 4,902 bags; delivered for home consumption, 6,896; exported, 890 bags; stock, 188,508 bags, against 171,932 last year.

TEA.—The quantities catalogued for this week's auctions comprised 55,424 packages of Indian, 27,289 packages of Ceylon, and 11,725 packages of Java and Sumatra tea. Good Indian qualities were well supported, but common teas showed a decline, particularly marked on Wednesday. At Tuesday's auction of Ceylon tea, buyers were quick in supporting finest qualities, but as in the case of Indian, the lower grades suffered a decline.

RICE.—Rice was a steady market at unchanged rates.

POTATOES.—The continuous excess of supplies over current requirements resulted in easier prices.

SPICES.—The market in pepper has been quiet, but last Wednesday's prices have been maintained. Movements of pepper in London show no particular change. Black: landed in London last week, 33 tons; delivered, 43; stock, 492 tons, against 1,090 last year. White: landed, 30 tons; delivered, 56; stock, 494 tons against 1,116 a year ago.

MEAT.—The market in meat has again displayed an easier tendency. Wednesday's price of 3s. 8d. to 4s. 2d. per 8 lbs. for Argentine chilled hindquarters compares with 3s. 10d. to 4s. 4d. on the corresponding day last week, while English wethers sold at 5s. 4d. to 6s. 4d. per 8 lbs., against 5s. 8d. to 7s. last week, and English pork realised from 5s. to 7s. 8d. per 8 lbs., against 5s. 8d. to 8s. a week ago. According to the Smithfield official report, supplies of meat during last week amounted to 9,655 tons, as compared with 9,268 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.7 per cent. of

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LONDON S. W. 1 / 25, EVELYN MANSIONS, CARLISLE PLACE.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.				LARD—				WOOL—				Market Hides, London—			
CEREALS AND MEAT.				Irish bladders				English Southdown, washed				Best heavy ox and heifer			
GRAIN, &c.—				American, boxes 56 lbs.	45	6	47	0				Best cow	0	3	0
Wheat, No. 2, N. Man. 496 lb.	28	3		POTATOES—				per lb.	13			Best calf	0	6	0
Eng. Gas. av., per cwt.	5	1		Good English per cwt.	7	0	7	6							
Barley, Eng. Gas. av.	5	3		SPICES—											
Oats	5	9		Pepper, per lb.—											
Maise, La Plata, landed, 480 lb.	18	6		Muntok, fair White.....	0	9	2	0							
Flour, Lon. stan. ex mill, s. d.				Black Lampong.....	0	6	2	0							
280 lb.	22	6	0	Cinnamon—1st sort, per lb.	0	9	2	0							
Rice, No. 2 Burma, per cwt.	7	6	0	Cloves—Zanzibar per lb.	1	0	0	0							
Sago, Pearl, per cwt.	18	0	0	Ginger—per cwt.	29	0	0	0							
Tapoca, per cwt.	17	6	0	African.....	50	0	90	0							
N.I. flake, fair spot	17	6	0	Jamaica, ord. to good	1	3	2	0							
Medium pearl	20	0	0	Mace.....	1	2	0	0							
MEAT—				Nutmeg 65's	1	2	0	0							
Beef, per 8 lbs.—				SUGAR—											
English long sides	4	8	5	(Duty, 11s 8d. per cwt.)											
Argentine chilled hinds	3	8	4	Java, white, c. & f. India	7	9	2	0							
Mutton, per 8 lbs.—				Feb.-Mar.											
English wetters	5	4	6	REFINED—London—											
N.Z. frozen	2	6	3	Yellow Crystals	18	7	2	0							
Pork, English, per 8 lbs.	5	0	7	Cubes	23	0	0	0							
BACON— OTHER FOODS				Crushed	21	6	22	0							
Irish..... per cwt.	75	0	102	Granulated	19	4	20	1							
Danish..... per cwt.	49	0	60	Home Grown (Mar.)	18	9	19	3							
Canadian.....	44	0	54	TEA—											
HAMS— Irish	0	0	0	Indian—per lb.											
Canadian	0	0	0	Pekoe	0	6	2	0							
American	70	0	88	Broken Pekoe	0	5	1	10							
BUTTER—				Orange Pekoe	0	7	1	6							
Irish creamy per cwt.	nom.			Broken Orange	0	6	2	7							
Australian	112	0	126	Ceylon—per lb.											
New Zealand	114	0	130	Pekoe	0	7	2	4							
Danish	145	0	0	Broken Pekoe	0	8	2	1							
CHICKENS—				Orange Pekoe	0	8	2	5							
Canadian..... per cwt.	74	0	78	Broken Orange	0	9	2	3							
New Zealand	57	0	60	TOBACCO											
English Cheddars	76	0	106	(Duty 9/10-9/10 per lb.)											
Dutch	43	0	77	Empire growths, 6/9-7/6											
COCOA—				7/6 per lb.)											
(Duty, British grown,				Virginia leaf—											
11s 8d.; foreign, 14s. cwt.)				Common to fine	0	8	2	6							
Acra, f.p., per cwt.	21	0	26	Rhodesean leaf	0	9	1	6							
Trinidad	44	0	50	Nyasaland leaf	0	7	1	0							
Grenada	33	0	44	0	10	1	8								
COFFEE—				East Indian leaf	0	3	0	7							
(Duty, British grown,				strips	0	4	0	10							
11s 8d.; foreign, 14s. cwt.)				COTTON— TEXTILES.											
B.I., good to fine, per cwt.	85	0	130	Mid-American..... per lb.	6	29									
Costa Rica, good to fine.	90	0	150	Sakellaria, f.g.f.	10	35									
Cent. Amer., mid to fine	70	0	95	Yarns, 32's twist	9										
Kenya, bold sizes	78	0	125	60's twist	17										
Colombian, mid to fine.	70	0	92	FLAX—											
EGGS—				Livonian ZK..... per ton	31	0	0	0							
English..... per 120	12	6	16	Peru H.D.	30	0	0	0							
Danish.....	10	6	13	Siamet Medium 1st sort.	34	0	0	0							
FRUIT—				HEMP—											
Oranges, South African box.	0	0	0	Italian P.O..... per ton	29	0	0	0							
Oranges—				Manila, Mar-May "J2"	17	10	0	0							
Dania and Valencia				N.Z.	nom.										
4 cases 300	11	0	24	Sisal, African, May-July	16	15	0	0							
Lemons, Sicilian, boxes	7	0	12	MEXICAN	nom.										
cases	8	6	22	JUTE—											
Malaga..... cases 420 No. 1	0	0	0	Native 1st mks. per ton											
Apples: Amer. (var.) bins	20	0	0	c.f.f. H.A.R.B.											
(var.) boxes	9	6	12	Dalsee 2/3 c.f.f. Dundee											
Australian	0	0	0	Feb.											
Onions—				STICK—											
Valencia, cases, 4s.	7	6	8	Canon..... per lb.	7	6	9	6							
" 5s.	10	0	10	Tussock.....	4	0	6	0							
Grapes, Lisbon boxes	0	0	0	Japan.....	10	0	13	6							
" Almeria..... barrels	0	0	0	Italian—Raw, fr. Milan	10	0	12	0							

the supplies, as against 81.9 per cent. a year ago, and imported mutton, mainly New Zealand, formed 80.1 per cent. of the total supply, as against 76.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—After a period of firmness and advancing values, a rather quieter tone prevails. Linseed has been in fair demand, especially in near positions and for shipment up to £9 7s. 6d. was paid, since when on lower Plate options and a slight depreciation in the exchange prices eased to about £9 5s., but recovered to £9 12s. 6d. for all positions to April. Shipments from Argentina continue on a liberal scale, while the quantity afloat for Europe has increased to 291,100 tons (including 1,900 tons from India), or 10,000 tons more than last week and comparing with 165,800 tons a year ago. Cottonseed has given way, and black Egyptian afloat and for February loading offers at £6 10s., but buyers hold off. A good demand has been experienced for linseed oil, values of which sharply advanced, raw oil on spot, ex Hull, mill, reaching £19 15s., with March-April delivery quoted £19 5s. Later positions are at a small premium. Cotton oil is firmer and dearer, crude Egyptian, ex Hull, quoting £19 5s., and common edible £21 10s. prompt. Other seed oils also are steadier, and in cases quoted more money. Oilcakes and meals continue in good demand, and prices are steady and about unchanged. Copra has displayed more steadiness this week. Wednesday's price for S.D. Straits c.f.f., per ton, at £15 7s. 6d., showing an advance of 5s. as compared with the corresponding day last week.

HIDE, LEATHER AND ALLIED TRADES.—Light ox and heifer hides were again cheaper at the auctions held at Manchester on Tuesday, a reduction of 4d. per lb. being recorded on the two bottom weights. Cows, 50/50 lbs., were also 4d. per lb. cheaper, while all other weights together with bulls and irregulars sold at the previous week's figures. Although a rather better feeling seems to animate the market for imported hides, business continues to be difficult to negotiate and sales for the most part continue to be confined

to the usual small parcels. In South American wet salted hides business has been done in Argentine ox on the basis of 5½d. to 5¾d., while second ox have changed hands for tanners in this country at 5d. In dry hides M. V. Americans are now on offer at 7½d., and B. A. Americans at 6½d. More interest than for several weeks past has been shown in Capes, sales of which have been made at 5½d. and 4½d. for first and second drysalted 20/30 lbs., while 6½d. and 5½d. has been paid for first and second drys. Business in regard to Australian hides is difficult owing to the difference in the rate of exchange. Turnover in regard to sole leather has been of a fair average so far as English and wetsalted bends—more particularly for the repairing trade—are concerned. Inquiry has covered most weights, but the lighter averages have been most sought after, together with a moderate call for the heavier descriptions. Dry hide bends are only wanted in the lighter weights, and the turnover in mediums and heavies has been on very modest lines. In the upper leather section business for the most part is confined to day-to-day requirements, with the bulk of the inquiry for black and brown glacé kid. Fair trade is being done in willow calf and to a lesser degree in box, while at the same time there is a continuance of the inquiry for the cheaper grades of patent leather.

RUBBER.—Little interest has been shown in the market for rubber during the past week, and a further increase in United Kingdom stocks had a depressing influence on prices. Wednesday's official spot price per lb. for standard ribbed smoked sheet at 3½d., compares with 3½d. on the corresponding date last week. Forward positions have been neglected with an easier tendency. Business has been done at 3½d. for March, at 3½d. to 3½d. for April-June, at 3½d. to 4d. for July-September, at 4d. to 4½d. for October-December, and at 4½d. to 4½d. for January-March, 1932. Stocks in London and Liverpool have increased by 1,555 tons, the total being 126,666 tons at the end of last week, as compared with 82,429 tons a year ago. Deliveries, at 1,420 tons, during the past week show a decrease of 624 tons, as compared with the preceding week, and are 641 tons below those of the corresponding week last year.

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THE MONEY MARKET.

this operation had previously been lent in the market by the Commonwealth Bank with whom they had been lodged. Probably the real explanation of the ease that prevailed early in the week was the familiar one of heavy Treasury bill maturities, accentuated possibly by discrepancies between the dates at which the old bills matured and the new ones fell due for payment. Some colour is lent to this suggestion by the fact that by Thursday money was becoming tighter. This looks as if payments for new bills were mainly concentrated in the latter half of the week.

Despite the easier tendency of money, discount rates were on the whole well maintained, for although on Tuesday the rate fell from a weak $2\frac{1}{4}$ per cent. to a full $2\frac{3}{4}$ per cent., it did not fall below the latter rate. On that day the Bank of England sold a few May bills at $2\frac{3}{4}$ per cent., but the Bank return suggests that this was little more than a warning gesture, for if Government and Other Securities were added together their net change during the week was an insignificant increase of £63,000. Thus apparently the market is acting upon the view advanced here a week ago that the rate should not be allowed to fall below $2\frac{3}{4}$ per cent. Last week's Treasury bills were allotted at practically $2\frac{1}{4}$ per cent. The explanation of this high rate was that the bills were an unpopular maturity with the banks, and that the market was therefore able to tender for them at higher rates without much danger of being outbid. For this reason it was suggested that the bills to be tendered for on March 6th might be allotted at a lower rate, but against this it must be remembered that if Treasury bill payments at the end of the week are going to make money as tight as it was before, there may not be any appreciable change in the rate.

	Feb. 12, 1931.	Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.	Previous Rate and Date changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$ (May 1, '30)
Banks' Deposit Rate..	1	1	1	1	$1\frac{1}{4}$ (May 1, '30)
Discount { Call	1	1	1	1	$1\frac{1}{4}$ (May 1, '30)
{ Notice ...	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$ — $2\frac{1}{2}$	$2\frac{3}{4}$	...

Meanwhile, the course of the foreign exchanges shows that the open-market policy of the Bank continues to prove efficacious. The New York rate remains steady, and the Paris rate has risen to over Frs. 124 for the first time for nearly a year. The premium on forward francs is several points smaller than it was a week ago, which is another favourable sign. So far, the Cape gold has continued to go to Paris, and it is understood that the bulk of the gold due on March 10th has also been bought forward on Paris account. It must be remembered that these French forward gold purchases are practicable because the exchange required to finance them is also bought forward at the same time, and the wide spread between spot and forward rates has brought the latter below the gold point. Now that the spot rate is rising, and the spread between the two is becoming narrower, it is possible that the point may soon be reached at which these forward gold purchases will cease to be profitable, especially as the price at which they are made is, to some extent, a matter of arrangement. So far as can be ascertained, the gold due in London on March 17th has yet to be disposed of, and in any case it would be wrong to assume that the Banque de France has permanently replaced the Bank of England as the immediate and principal absorber of the world's new gold.

Recent American news, as summarised in the following paragraph, shows that conditions on Wall Street have quietened down, and that in any case the recent outburst of stock market activity never reached the point where it led to a marked expansion in brokers' loans or was in danger of raising the existing low call rates. Thus, there seems no reason to fear at present the withdrawal of such American short money as is at present lodged in London, and this means that there is no apparent reason why the

American exchange should relapse any further. The fears recently aroused in international banking circles by pronouncements regarding the state of British national finances are also to-day less in evidence, and, taking a broad view of the situation, sterling appears to be in a stronger position than it has been for some time. It does not follow, however, that it is safe to relax the efforts made to maintain high discount rates in the London market. The present margin of $\frac{3}{4}$ per cent. between Bank rate and market rate is by no means unusually narrow, and it is still to be hoped that it will not be allowed to increase.

Apart from any definite action taken to maintain discount rates, the main question in determining the level of discount rates lies in the relation between the influx of revenue, on the one hand, and the release of Government funds through the weekly excess of Treasury bill maturities over issues, on the other hand. Both sides of this equation have now assumed considerable magnitude, and up to a point they will cancel each other out. On the other hand, revenue collection, payments for new Treasury bills and disbursements in respect of maturing Treasury bills between them involve large and irregular movements of funds, a state of affairs that always makes money stringent. So there should be no difficulty in maintaining discount rates at the desired level.

In spite of last week's rise in New York stock prices and the increase in activity on Wall Street, brokers' loans only rose by \$26 millions, the latest figure being \$1,798 millions. Call money has, consequently, remained easy. The inside rate is still $1\frac{1}{2}$ per cent., and early in the week money was lent freely "outside" at 1 per cent. Despite a set-back this week on Wall Street, leading bankers have expressed greater confidence in the stock market outlook, and the rise in steel production to 52 per cent. of capacity is regarded as a favourable factor. The week's gold arrivals include \$1,200,000 from Uruguay, and \$5,475,000 from the Argentine. A further amount of \$4,000,000 is to be shipped from the Argentine early next week.

The foreign exchange market was dull and inactive, with fluctuations as a rule within narrow limits. New York moved slightly in our favour to 4.85 $\frac{1}{2}$. Montreal improved by $\frac{1}{16}$ to 4.85 $\frac{1}{2}$. Paris depreciated sharply to 124.02, and Brussels also was weaker at 34.85. Milan gained seven points at 92.72, and Madrid appreciated from 46.30 to 45.20. Amsterdam moved strongly in our favour to 12.12 $\frac{1}{2}$, against 12.10 $\frac{1}{2}$ last week. Berlin lost $\frac{1}{4}$ at 20.43 $\frac{1}{2}$. Switzerland, after touching 25.44, improved to 25.23 $\frac{1}{2}$, a loss on balance of one point in the week. The Scandinavian currencies were variable, Stockholm improving to 18.13 $\frac{1}{2}$, while the Oslo rate rose to 18.16 and Copenhagen to 18.16 $\frac{1}{2}$. Rio weakened by $\frac{1}{4}$ d. to 4 $\frac{1}{4}$ d., Buenos Aires gained $\frac{1}{16}$ d. at 37 $\frac{1}{16}$ d., and Montevideo was also better at 35 $\frac{1}{4}$ d. In the Far East the rupee was very firm at 1s. 5 $\frac{3}{4}$ d., as was the yen at 2s. 0 $\frac{3}{4}$ d. In the forward market one month's New York was unchanged at $\frac{1}{16}$ cent premium, but the three months' rate weakened to a premium of $\frac{1}{16}$ cent, against $\frac{1}{8}$ cent last week. Paris was quoted at reduced premiums of 8 and 19 centimes, and forward Brussels also weakened to $\frac{1}{2}$ centime and 1 $\frac{1}{2}$ centimes premium for the two periods. Milan went to 11 and 30 centesimi, and Madrid was decidedly weaker at premiums of 3 and 14 centimos, against 6 and 19 centimos last week. Amsterdam weakened slightly to 1 $\frac{1}{2}$ and 3 $\frac{1}{2}$ cents premium. Berlin was at slightly wider discounts of $\frac{1}{4}$ pfennig and 2 pfennigs for one and three months respectively. The premium on forward Geneva declined slightly to 4 centimes for one month and to 8 $\frac{1}{2}$ centimes for three. The silver market was quiet, with prices slightly higher at 12 $\frac{1}{2}$ d. for cash and 12 $\frac{1}{4}$ d. for forward, a rise of $\frac{1}{16}$ d. and $\frac{1}{4}$ d. respectively. The China silver exchanges rose in sympathy, Hong Kong by $\frac{1}{4}$ d. to 11 $\frac{1}{4}$ d., and Shanghai by $\frac{1}{4}$ d. to 1s. 2 $\frac{3}{4}$ d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Boulevard Street, London, E.C.4.

THE OPEN QUESTION.

WE suggested last week that various economic developments, although individually dubious and intangible, provided in the aggregate some ground for hope that the general outlook has improved. The burst of optimism which is conspicuous in some quarters should be severely discounted; for it is only natural that watchers for the economic dawn, with eyes long strained on the horizon, should fondly imagine that they see a roseate streak before it has really appeared. Nevertheless, there is sufficient evidence to-day that the recent progressive darkening of the skies has, whether temporarily or permanently, ceased. For the first time for over eighteen months the fall in our index number of commodity prices has been checked, while the long-continued increase in the figure of those wholly unemployed has given way to a small decline which, although it may or may not be merely seasonal, is at least a welcome change. On the whole, opinion is gaining ground in responsible quarters that the rapid downward slide has ceased, and that, even though substantial recovery be yet afar off, we have quite possibly touched the bottom of the great depression.

These signs of economic improvement, such as they are, have a strong bearing upon the political situation. So long as the curve of trade activity continued to move heavily downwards, there was always present the likelihood of the development of a discontent which would overthrow the existing Administration, and, at the same time, with the probability of a long-continued aggravation of economic difficulties ahead, there was an obvious temptation for the Government to ride for a fall and leave their successors to face a sea of trouble. In proportion as the economic situation changes for the better, the threat from the Government's enemies loses force, and the will of the Government to continue in office increases; and it may be assumed that brighter hopes of future trade recovery are in some degree responsible for Mr MacDonald's recent announcement of his determination to remain in power until the Indian constitutional question is settled, and the Disarmament Conference of 1932 has been held. Other influences have, of course, worked strongly in the same direction. The outstanding success of Mr Arthur Henderson in bringing France and Italy to agreement, and thereby rounding off the London Naval Treaty, has increased the prestige of the Government, which has also gained substantially—pace Mr Churchill—from the success of Lord Irwin in making terms with Mr Gandhi.

We have, therefore, a new political situation in which the Government's motive for remaining in office has been greatly strengthened and in which its ability to put this motive into effect has become less dubious. Again, this week's events in the House of Commons suggest that in the political maze at Westminster the Government's path has been rendered easier than was thought likely a few weeks ago. The acquiescence of the Trade Union group in the dropping of the Trade Disputes Act is significant proof not only that the Government have no intention of challenging the opinion of the country on any major issue, but also that no considerable body of Labour supporters wish to compel it to do so. Precisely the same indication of a growing cohesion and discipline in the ranks of the bulk of the Labour Party is given by the surprising smallness of the vote from the Government back benches against the second reading of the Alternative Vote Bill. Moreover, the various small dissentient groups inside the Labour Party show no signs of making headway. The Mosley revolt has attracted unexpectedly little support; Sir Charles Trevelyan's resignation has caused scarcely a ripple on the political waters; and among the Clydeside group there is no evidence either of determined leadership or successful recruiting. Finally, if it be true that the weakness of the Opposition is the strength of the Government, then the present Government must be judged to be fairly firmly in the saddle, for, as we note on a later page, the crisis in the Conservative

Party has at last come to a head, and questions both of Conservative leadership and of Conservative policy are in the melting-pot.

It is, therefore, becoming increasingly possible that the present Government both can and will remain in office for at least another eighteen months. This is a prospect which will be viewed with very mixed feelings. On the one hand, we agree with Mr MacDonald that a change of administration during the progress of the Indian negotiations is in itself undesirable, and in view of the success which has attended the Government's efforts in the sphere of foreign policy, starting with the Anglo-American rapprochement and continuing through to the Franco-Italian naval agreement of this week, we have no wish to see a change at the Foreign Office before the all-important Disarmament Conference. It is essential also to consider what might be the result of an appeal to the country at the present juncture. Of all possible results only two seem in any degree likely. If the Conservative Party could compose their quarrels and show a united front to the electorate, it is conceivable that Mr MacDonald's Cabinet might be replaced by one that was pledged to a policy of indiscriminate and high protection, a result which in our view would be deplorable. The alternative would be the return of the Labour Party with a new mandate, and possibly an independent majority, to carry out far-reaching and costly schemes of a socialistic nature. That prospect certainly is no less alarming. As regards other possibilities, we are as yet far away from the time when party regrouping may give us another choice in some such direction as that of the revival of a Liberal-Unionist Party. So much may be said at least for the negative advantage of the present Administration's retention of office. On the other hand, it is impossible to contemplate with complacency the indefinite continuance of the extravagant expenditure and ineffective unemployment policy which have been a cardinal feature of the Government's record in domestic affairs.

Two questions, therefore, arise. What price is the country prepared to pay in the shape of unsatisfactory domestic administration for a continuity of a successful foreign policy through a period of supreme international importance? The second is the question, posed not long since by Sir John Simon, how far fear of what a General Election might bring about should properly frighten us into a tolerance of an unsatisfactory regime? For our own part we find the answer to these questions to hinge very largely upon the Government's willingness and ability to tackle in earnest and without delay the whole system of unemployment insurance and transitional benefit, whose present working is sapping the resources of the nation. In a recent issue we suggested reforms by which the Unemployment Insurance Fund could be brought within sight of solvency, legal abuses under the present Act discontinued, and large savings made to the Exchequer, without any injustice or hardship being imposed either upon the actuarially insured or upon recipients of dole relief. The measures involved would admittedly be unpalatable to a large section of the country, but they are essential, not merely as a method of eliminating waste at a time when economy is imperative, but also as a stage, and a vital stage, in the task of restoring to this country adequate competitive ability to prosper when general trade recovery returns.

Now it is in some ways easier for a Labour Government to carry this task to completion than for a Conservative; for any Conservative action on the lines required would be liable to misrepresentation as a deliberate attack by the capitalist upon the rights and livelihood of the worker. If the present Government will set about this task in grim earnest, it is assured of the full support of the Conservative and Liberal Parties. It therefore has the power to put it through. In short, Mr MacDonald and his Cabinet are presented with a unique opportunity of

continuing an honourable record in foreign policy through the next critical years and also of leading the way in the reconditioning and readjustment of the economic life of the country in conformity with the irresistible requirements of changed conditions.

It is quite clear that bold statesmanship of a rare quality is needed, and there is much less reason than we could wish to see for confidence that the present Government can rise to the occasion. Will they utilise the opportunity offered, or forfeit the credit which they have won in the field of international affairs by yielding to the temptation to seek electoral advantage, like certain of their Australian contemporaries, in following the line of least resistance in the whole sphere of social expenditure and economic readjustment? The matter will soon be put to the proof—by the Budget, by the Cabinet's attitude in several pending wage issues, and above all by the action or inaction which follows the Report of the Royal Commission on Unemployment. What remains to-day an open question must be answered in the next few months, and the answer will affect profoundly the course of British history in this generation.

THE NAVAL AGREEMENT.

EVENTS have moved rapidly since we discussed the naval conversations in our last issue, and Mr Henderson has now scored the success for which Mr Craigie's earlier work had prepared the ground. By the end of last week Mr Henderson and Mr Alexander had reached an agreement with the Italian Government on the proposals which they had brought with them to Rome as a result of their previous conversations at Paris. Last Sunday they secured the French Government's acceptance of the results of the conversations at Rome; and therewith the new arrangement between France, Italy and Great Britain was completed. It only remains to obtain the concurrence of the other signatories of the London Naval Treaty of April 22, 1930, that is, the United States, Japan and the Dominions; and this concurrence is really a foregone conclusion.

It is true that from Japan there came certain very human complaints that France, under the new agreement, seems to have been more indulgently treated in the matter of submarines than Japan was last year at the London Conference. The French arguments about the protection of French communications with Africa apply, *mutatis mutandis*, say the Japanese, to Japan's communications with the mainland of Asia. But there is no likelihood that the Japanese will press their grievance (if they have one) so far as to reopen a question which was settled at London with such difficulty as between Japan, the United States and the British Empire. After all, the French might build any number of submarines without threatening Japanese security. What really matters to Japan is that the French shall not go to lengths which will impel Great Britain to increase her navy by availing herself of the contingent clause in the London Naval Treaty, Part III, which we cited last week and this object has presumably been achieved. We may take it, then, that the consent of the non-European parties to the London Naval Treaty will be forthcoming without delay, and that thereupon the new Franco-Italo-British understanding will be implemented by writing into the London Treaty, Part III, the figures now agreed upon for the limitation of the French and Italian navies. Thus the London Treaty will become a Five-Power Treaty through and through, instead of being, as it has been so far, a mere Three-Power Treaty in respect of its most important chapter.

Pending the concurrence of the Overseas Powers, the figures for the French and Italian navies which are to be written into the London Treaty are being kept confidential. But in knowing that these figures are such as to bring France and Italy into line with the British Empire, the United States and Japan on an agreed ratio, we already know the most important fact about them. We can also venture upon certain surmises. For instance, the limitation expressed in these figures is comprehensive. It covers all categories of naval armaments, over and above the capital ships and aircraft-carriers which were covered in the Washington Treaty. Furthermore, it is not simply

a limitation but a reduction of existing construction programmes. For the period of the Treaty (that is, until the close of 1936), the two Powers are to build for replacement, on a reduced scale, and not for increase. In the third place, the agreement is framed entirely in concrete terms. It deals with specific vessels, armaments and tonnage, and it leaves Italy's claim, in principle, to parity with France both unwithdrawn and unaccepted for the next half-dozen years. After that the parties can reopen the question, "without prejudice," if they choose. But will they choose? If the course of Franco-Italian relations during the interval runs smooth, it is conceivable that they may prefer to negotiate a fresh reduction, once more in concrete terms, for a further term of years. Or, again, they may elect to call it parity before the first term of six years has run out. For our British and American experience seems to show that parity comes to mean, in practice, any set of figures that are accepted by two parties with mutual goodwill. In fact, parity means equivalence, not in those objective quantities that are denoted by figures, but in that subjective psychological value which the Chinese have taught us to call "face."

As Mr Henderson said in the statement which he made when he arrived in London on Monday, "the outstanding feature of the success, whatever may be the limitation imposed upon one category of ships or another, is the political achievement." If French and Italian statesmanship rises to the occasion, it will now proceed, without delay, to grapple with those North African problems which have been at the back of the Franco-Italian naval controversy and which, conversely, may now yield to settlement in the good atmosphere created by the removal of the naval difficulties. In themselves, these North African problems are not serious. The two principal heads are the status of the Italian settlers in Tunisia and the rectification of frontiers between the Italian possessions in Libya and the French Protectorate of Tunisia (and possibly French Equatorial Africa as well). If these vexatious and long pending questions could be settled out of hand the seal would be set upon the improvement in Franco-Italian relations which the naval agreement has inaugurated. But it must be added that the utmost generosity which France could be expected to show in this North African field would not enable Italy to solve her fundamental problem of providing an adequate outlet for her population. This is a problem of large dimensions which can only be solved on the grand scale. Yet, is it too much to hope that some solution for it may emerge from the development, on the economic side, of the Briand Plan for a European Union? If once the trouble between Italy and France is removed—as it will be if the naval agreement is followed up by a North African agreement—then the prospects of "closer union" in Europe will be improved very considerably. And some perceptible lowering of the internal barriers to the flow of goods and population from one compartment of Europe into another would do more to ease Italy's problem than the political transfer of many thousand square miles of "the very light soil" of the Sahara.

But, though a Franco-Italian *détente* may give an impetus to the Briand Plan, it can hardly carry it this far unless the limitation of naval armaments, now happily achieved as between five Powers, is confirmed and extended to the land and air armaments of all countries at the forthcoming general Disarmament Conference. "The immediate effect of the agreement," said Mr Henderson on Monday, "will be that our three countries will enter the Disarmament Conference in the closest friendship and, without making any pact whatever against any other country, that friendship should mark the discussions that will take place. It has been suggested that the result might be a combination of the three countries against a fourth country. I wish to emphasise the fact that no Mediterranean Pact, or any other pact, has ever been mentioned throughout the whole of the discussions." It will be remembered that "a Mediterranean Locarno" was mooted at the London Conference last year as a possible means of giving France security in return for an acceptance by France of the Italian claim to parity. Since, in the new agreement, this Italian claim has been suspended, the question of a Mediterranean Pact evidently does not now arise.

The other possible pact, to which Mr Henderson clearly alluded, was some understanding that, in consideration of the new naval agreement, Great Britain and Italy should support the French policy in regard to land armaments against the German policy at the Disarmament Conference next year. Such an understanding has been hinted at in the French Press; and it is satisfactory to find it authoritatively and emphatically denied. Not, indeed, that it was a likely story *à priori*; for why should Italy be supposed to have given France any such *quid pro quo* for the new naval agreement when, after all, it is Italy, more than France, that has made the concessions which have rendered the agreement possible? At the last session of the Preparatory Commission for the Disarmament Conference Italy took her stand side by side with Germany and the U.S.S.R. in demanding a really substantial reduction of armaments all round. At that time, when the Franco-Italian naval controversy was still unsettled, the French had some reason for fearing that this Italian move might be aiming not so much at disarmament as at a new combination of forces in Europe to balance—or outbalance—the French system of alliances. Meanwhile, Italy has conclusively proved her good faith by making substantial concessions, embodied in the new naval agreement, to France individually. We may hope that, when the Disarmament Conference meets, Italy will champion the cause of reduction with no less insistence and with still greater authority than before. With each step that we make in advance it is becoming more difficult for the French to persuade their neighbours that French security is still unprovided for. One day the French will no longer be able to persuade even themselves. Perhaps that day will dawn on the polling day of the French General Election, which will occur while the Disarmament Conference is in session. In any case, we can say confidently that, as a result of last week's work, the outlook for the Disarmament Conference has been enormously improved. What started almost as a forlorn hope has become a practical proposition. Let us go on doing our best, during these next twelve months, to make this crucial conference a success.

THE FINANCES OF INDIA.

THE Budget unfolded last Saturday by Sir George Schuster revealed a deficit of unexampled dimensions, resulting from a combination of world depression and political disturbance. The boycott and political uncertainty are matters which are within India's control. The world depression, on the other hand, is something which she shares with other countries and can do little by herself to influence. Any attempt, therefore, to look ahead and appraise India's future financial situation requires that the influence of these two great causes of depression should be distinguished. Sir George Schuster, in his Budget speech, however, made no attempt to analyse the deficit from this point of view, but stated that he would circulate a paper dealing with the commercial situation of the country and its causes. To this aspect of the question we shall return.

Those who have followed the recent history of India realise that the great increase in the Budget of the Central Government since the war has been based mainly on Customs revenue, with a much smaller contribution from the income- and super-taxes. Indeed, apart from the salt tax, the Centre has very few other sources of revenue, since revenue from the land tax, from liquor taxation and from stamps, as well as from State domains, has been allocated to the provincial governments. Seeing that agricultural incomes are exempt from income-tax and that the revenue from this tax comes—apart from salaries—mainly from one or two specialised industries, it follows that the main sources of revenue at the Centre are far more vulnerable to the influences of trade depression than the revenue of, say, the British Government. On the other hand, the expenditure of the Centre is very largely of a fixed contractual nature. The greater part of it consists of the cost of the Army; the pay of the Civil Service is fixed on long-term agreements; while the debt

charges, though not relatively large, and pension payments are equally incapable of reduction.

In the face of these comparatively inelastic charges, Sir George Schuster finds himself with a deficit of 13½ crores for the current year, 1930-31, instead of a surplus of 0.86 crores, and with a gap between revenue and expenditure to be filled in 1931-32 of 14½ crores. These figures are arrived at as a result of the following changes:—

	Revised Estimates, 1930-31, compared with Budget. Crores.	Budget, 1931-32, compared with Budget 1930-31. Crores.
Customs and excise	- 9.50	- 8.00
Income, etc., taxes	- 2.20	- 4.50
Other taxes	- 0.40	- 0.66
Total taxes	- 12.10	- 13.16
Railway receipts	...	- 0.38
Post and telegraph receipts	- 0.89	- 0.80
Financial items	- 1.38	- 3.76
Other receipts	- 0.05	...
Total	- 14.42	- 18.10
Deduct estimated budget surplus	+ 0.86	+ 0.86
Deficit	- 13.56	- 17.24
Economies in expenditure 1931-2	...	+ 2.73
Final deficit 1931-2	...	- 14.51

These figures mean that the Customs revenue is likely to fall short of the estimate by about one-sixth, but that in the coming year the fall will be slightly less—about one-seventh. Income tax, on the other hand, shows a bigger drop next year than this, the fall being no less than 25 per cent. The fall under the heading of financial items both this year and next is due mainly to the contraction of the currency and the consequent reduction of profits arising therefrom.

It will be seen that Sir George Schuster has contrived to reduce his deficit of 17½ crores for 1931-32 to one of 14½ crores by economies and various adjustments. The chief of these is the saving of 1½ crores in the Army estimate. The Finance Member explained that with the helpful collaboration of the Army authorities, and in view of the present financial stringency, this saving had been made possible, partly by extending the period of the stabilised Budget by one more year, partly by taking advantage of the reduced cost of various articles and savings effected by the military in their economy campaign, and partly by postponing expenditure on the ordinary military engineering services. A warning was given that it may not prove possible to repeat the whole of these savings. After taking credit for a windfall of 54 lakhs received from the sale of the Indo-European Telegraph undertaking, balanced, however, by special expenditure on the census of 34 lakhs, and on the aviation services of 19 lakhs, the civil estimates are lower by 98 lakhs as a result of economies totalling 1.26 crores, less a certain number of normal automatic increments.

Sir George Schuster reiterated his frequently expressed opinion that it is of supreme importance at this critical juncture, when great changes are in contemplation, that those whom he termed the "old managers" should hand over the finances of India in a sound condition, and that those on whom the responsibility would subsequently rest should give an earnest of their intention to maintain them in that condition if the credit of India is to be maintained. He, therefore, eschewed any attempt to make subtle adjustments or to resort to those measures of camouflage which have had an irresistible attraction for the Chancellors of the Exchequer of some other countries when placed in similar difficulties, and bluntly proposed to provide ample cover for his deficit by a general increase of his main items of revenue, namely, Customs and income-tax. The comparatively small 10 per cent. schedule of the Customs is to be raised to 12½ per cent.; the main schedule, now 15 per cent., including the duty on cotton, is to be raised to 20 per cent.; while the luxury schedule, now 30 per cent., is to be raised to 40 per cent. The effect of these increases on the various classes was not separately shown in his speech,

but together they amount to somewhere about 30 per cent. on the average, whereas the Finance Member expects to add to his revenue about 10 crores (9.82 crores to be precise), i.e., an increase in the present reduced Customs revenue of under 25 per cent. Sir George Schuster made special reference to an increase of 2 annas in the silver duty, making a total of 6 annas an ounce, and also to the sugar duty. The Tariff Board, it will be recalled, has just reported in favour of a heavy protective duty for the sake of stimulating the Indian sugar industry, but as this recommendation has not yet been debated, Sir George has not adopted at this stage the proposal to impose the high duty of 7½ rupees per hundredweight, and is imposing one of 1½ rupees per hundredweight purely as a revenue proposition.

So far as the income-tax is concerned, additional rates are imposed on all taxable incomes from the lowest to the highest; additional graduations are made in the income-tax classification, which now ceases at 40,000 rupees; while new graduations are also imposed in the super-tax. The combined effect of these changes is to produce an evenly graduated scale and to add an extra charge of about 25 per cent. on all incomes. The Finance Member added that steps would also be taken to prevent leakage in the income-tax figures due to the regulations relating to income received from overseas investments. The new system will remove one of the inducements which at present exist to invest Indian capital abroad, and it will also bring in additional revenue, though he has taken no credit for this in the revenue estimates. The net effect of his income-tax changes will be to produce 5 crores of additional revenue, and thus a little more than make up for the slump in the income-tax yield.

The Customs increase will certainly not facilitate trade. Its effect upon Lancashire is dealt with elsewhere by our Manchester Correspondent, and in general it is to be deplored that in times like these India's main tariff should have to be raised from what may be described as a moderate tariff level of 15 per cent. to one of 20 per cent., which is certainly approaching the high tariff level. But it is difficult to see that Sir George Schuster could have succeeded in raising the income tax by more than 25 per cent. without risking losing revenue by evasion, and until India broadens the basis of her taxation and is prepared to raise more direct taxation, there is no other source open to the Finance Member. There are indications in the cabled summary of the Budget speech that these increases are to be regarded as provisional surcharges levied in order to enable the Government to raise the same revenue from a lower turnover of trade. But this method certainly has its dangers, seeing that many of these duties will have a protective effect and be very difficult to remove when the crisis is passed.

It remains briefly to consider the situation disclosed by Sir George Schuster and created by his new proposals in relation to the future financial requirements of India. Readers of the Simon Report will recall that for political, economic and social reasons one of the urgent needs of India is that the Provinces should have funds available for so-called "nation building" services, and that the report of the Financial Assessor proposed that these resources should be forthcoming in part from a surplus which is likely to emerge in the course of years in the Central Budget from expanding revenue combined with a stationary or falling expenditure, but in the main from new sources of taxation. So far as new sources of taxation are concerned, Sir George mentioned that he was discussing with the Provinces the possibility of raising revenue from tobacco, and that a duty on matches was also in contemplation, though this could not be developed to produce important sums until some form of economic union between British India and the Indian States could be established. The very important question of making agricultural incomes liable to taxation was not touched upon, but this was hardly to be expected in view of the expression of opinion in the Viceroy's Despatch of October last in which the Government of India said:—"We have some sympathy with the view expressed by more than one province that it is a form of taxation which should only be imposed by a representative and responsible Government."

As regards important measures of economy at the Centre, Sir George quite properly observed that substantial reductions in the Army were a matter involving political questions and had already received special consideration at the Round Table Conference. He did, however, discuss at length the problem of the cost of India's Civil Service. Speaking as an outsider, he expressed the view that India had one of the finest Civil Services in the world, and that she got full value for her money in good administration. But with growing Indianisation the case for a lower level of salaries gets stronger every year. He pointed out that a cut of 10 per cent. of officers' salaries would produce a saving of only 1.60 crores, of which the Centre would get 38 lakhs and each province on the average 14 lakhs. Sir George thought that the proper way to deal with established servants with definite contractual rates was by way of income tax, which falls on everyone living in the country. Any other method would be a breach of contract. These arguments, however, do not apply to future entrants, and the Government has decided to hold a conference at Simla with representatives of provincial governments at which the possibility of revising the terms of service of new entrants will be considered. Sir George, moreover, announced that a retrenchment committee is to be appointed, consisting of five non-official members of the Assembly and two officials, for the purpose of exploring the possibility of further and more permanent economies in expenditure.

The key to the financial position, however, is quite obviously the prospect of increased revenue, and it will be remembered that a year ago Sir George Schuster himself in his Budget speech spoke of some of the additional taxation then imposed as laying the foundation for a surplus which would make possible the transfer in future years of some of the Central revenue to the Provinces. The present slump in revenue has obviously postponed this possibility. There is, however, reason to hope that in view of the decision of Congress to take part in the framing of the new constitution, part of the drop due to the boycott and the political situation in the past year may be regarded as temporary and that this part of the gap will be quickly refilled. But to the extent that the drop in revenue is due to world causes and to the fall in the price level of agricultural products, the Chancellor of the Exchequer of India is faced with the same problem that faces most other countries of the world, and none of them will be able to give the answer until we know to what level world prices are likely to recover after the present slump. If prices remain at their present level, India's total national income will be reduced and she will be faced either with the task of scaling down fixed charges to something like a pre-war level, or with a situation in which her Central charges are definitely an increased burden on the country. In this latter event any contribution from Central revenue towards expenditure on the economic and social development of India will be further postponed through the earmarking of the whole of her large Customs revenue and the proceeds of the income tax for the primary functions of defence and administration. Her interest, therefore, like that of most other countries, is bound up with a return to a higher level of general and in particular of agricultural prices, and whoever is in charge of India's monetary policy should be anxious to co-operate with other countries to this end.

BRITISH RAILWAY RESULTS.—I.

LAST week, in the leading article of our Stock Exchange section, we reviewed the position of home railway stocks, and reached the conclusion that the Great Western Company is now in a class by itself, while the London Midland and Scottish and the London and North Eastern, burdened as they are with the service of most of the hardest-hit industrial areas, stand at the opposite end of the scale, with the Southern Railway in a position mid-way between. This conclusion is borne out by a more detailed analysis of the railway accounts.

On the revenue side of the balance the picture is far from cheerful in any of the four lines, as the table below shows:—

GROSS RECEIPTS. (000's omitted.)								
	Passenger Trains.		Freight Trains (excluding livestock).		Total Railway Receipts (including livestock).		Total Gross Receipts (including ancillary businesses).	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
	£	£	£	£	£	£	£	£
London Midland and Scottish ...	28,723	27,217	42,997	39,575	73,195	68,241	81,661	76,445
London and North Eastern ...	19,097	18,368	35,367	33,021	55,561	52,391	63,295	59,825
Southern ...	16,969	16,554	5,656	5,492	22,993	22,396	25,507	25,890
Great Western ...	12,781	12,350	17,654	16,625	31,028	29,590	35,184	34,347
	77,570	74,499	101,674	94,713	182,777	172,618	207,647	196,487

Receipts, both from passenger trains and freight trains, were lower than in 1929 in each group, and though the effect of the severe industrial depression was naturally most marked in the revenue from freight traffic, which fell by nearly 7 per cent., the general diminution in purchasing power, combined with road transport competition, reduced revenue from passenger trains by more than 4 per cent. In the second table passenger traffic is analysed in more detail:—

PASSENGER TRAFFIC.* (000's omitted.)								
	Total Number Carried.		Receipts.		Average Fare per Passenger.		Coaching Train-miles.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
			£	£	s. d.	s. d.		
London, Midland and Scottish ...	315,748	298,906	18,865	17,714	1 2 34	1 2 22	89,306	88,967
London and North Eastern ...	213,613	205,717	12,064	11,377	1 1 55	1 1 27	62,195	61,891
Southern ...	208,638	216,523	11,707	11,269	1 1 45	1 0 49	50,150	52,443
Gr. Western	132,359	124,755	8,781	8,298	1 3 92	1 3 97	39,311	39,598
	870,538	845,881	51,417	48,658	1 2 18	1 1 81	241,462	242,899

* Excluding season ticket traffic.

The number of passenger journeys decreased on three of the four lines; the Southern secured a remarkable increase on the electrified lines, with a resultant expansion of £192,000 in the revenue from those lines, but this was more than counterbalanced by a fall of £544,000 in receipts from passengers on other parts of the system. The group has since decided that in some instances fares were too low, and some of the cheap fares have now been revised upwards. On the Great Western the decrease in the number of passengers was greater than in the revenue and there was a small rise in the average fare. Fewer train-miles were worked on the two larger groups, but on the Great Western and the Southern there was a small increase.

Goods traffic, as was to be expected, shows even more unfavourable results:—

FREIGHT TRAFFIC (LIVESTOCK EXCLUDED) (000's omitted.)								
	Tonnage.		Receipts.		Average Receipts per Ton.		Freight Train-miles.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
			£	£	s. d.	s. d.		
London Midland and Scottish ...	149,333	139,646	42,997	39,575	5 9 10	5 8 01	53,125	51,054
London and North Eastern ...	150,983	138,719	35,367	33,021	4 8 22	4 9 13	40,597	39,517
Southern ...	17,769	17,347	5,256	5,492	6 4 44	6 3 98	7,089	7,078
Gr. Western	81,815	75,139	17,654	16,625	4 3 79	4 5 10	22,686	22,168
	393,891	370,851	101,674	94,713	5 1 04	5 1 29	123,497	119,817

The Chairman of the Southern Railway stated that the bulk of the decline in freight revenue on his group was due to the reduction in the tonnage of coal carried; in this

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respect 1929 was an exceptionally good year, so that comparison is unduly unfavourable to 1929. Coal from the Kent collieries, however, continued to increase. The London Midland and Scottish experienced the most severe decline, but two charts with which the Chairman illustrated his speech show that the decline in tonnage since 1927 has only just kept pace with the fall in the index of national production, while the effect of the depression on the gross and net revenues of United States and German railways has been far more pronounced than on the London Midland and Scottish revenue. This may be good evidence that the unfortunate results of last year's railway working are attributable more to general causes than to conditions peculiar to the railways, but it does not prove that British railway costs and charges are not themselves unduly high.

Average receipts per ton of freight carried were higher than in 1929 on both the London and North Eastern and the Great Western, owing to a relatively greater decline in traffic of the lower-rated grades. The comparatively small diminution in freight train mileage on all four groups, in spite of the reduction in tonnage, is an example of the indirect loss which the railways suffer from road competition, in that they are obliged to maintain a full service however far each train may be from carrying a sufficiently large load to be economic.

The last table shows the freight tonnage under three principal heads, together with the proportion which revenue under each head forms of the total freight revenue:—

FREIGHT TRAFFIC (LIVESTOCK EXCLUDED). (000's omitted.)						
	Merchandise.†		Coal, Coke and Patent Fuel.		Other Minerals and Merchandise.‡	
	1929.	1930.	1929.	1930.	1929.	1930.
London Midland and Scottish—						
Tons*	20,966	19,376	69,413	65,618	26,426	23,768
Per cent. of total receipts	51.1	50.7	33.0	33.8	15.9	15.4
London and North Eastern—						
Tons*	20,734	18,697	82,422	76,146	24,333	21,807
Per cent. of total receipts	44.0	43.4	40.0	40.7	16.0	15.9
Southern—						
Tons*	3,513	3,437	2,368	2,359	2,271	2,166
Per cent. of total receipts	30.2	30.6	30.1	28.8	14.7	15.5
Great Western—						
Tons*	10,160	9,677	45,588	42,099	9,869	8,259
Per cent. of total receipts	47.1	48.0	36.8	37.3	16.1	14.7
	55,373	51,187	199,791	186,222	62,899	56,000
	48.2	48.1	35.9	36.5	15.9	15.4

* Originating on the company's lines. † Classes 7-21. ‡ Classes 1-6.

"Merchandise," which includes the more highly-rated classes of goods, accounts for a lower proportion of the receipts of the two larger groups, and a slightly higher proportion of those of the others, but in all cases the absolute amount, as well as the tonnage, was less than in 1929. That the decline is not greater is due to the fact that the depression in the textile areas and the effect on the lighter merchandise of road competition were already being painfully felt in 1929. All except the Southern owe a larger proportion of their receipts to coal. Tonnage under each heading declined in all groups, but the Southern enjoyed a small increase in the revenue from "other minerals and merchandise."

The fortunes of the various ancillary undertakings have varied very much from group to group. On road transport the London Midland and Scottish and the London and North Eastern have turned their respective losses for

1929 of £5,992 and £17,230 into profits for 1930 of £8,342 and £3,078 respectively. The Southern experienced a smaller profit under this head, and the Great Western a smaller loss than in 1929. Revenue from steamboats declined except in the case of the Great Western, where the net loss was smaller. The London Midland and Scottish reduced the loss on its canals, but the canals of all the other groups showed a drop in net revenue. The two smaller groups received a smaller net revenue from docks, while the London and North Eastern enjoyed a rise in revenue from this source, and the London Midland and Scottish experienced a smaller deficit than in 1929. Hotels, restaurants and dining cars had a worse year except on the Southern, where the loss on them was reduced. Collection and delivery of parcels was a source of net loss in every instance, but, except on the Southern, where it made a profit in 1929, the deficit was reduced in 1930. On balance, the three groups which derived a net revenue from their ancillary undertakings in 1929 received a smaller income from this source in 1930, but the London Midland and Scottish succeeded in reducing the net loss from these businesses from £287,000 in 1929 to £191,000 in 1930.

Happily the most gloomy chapter of the story is now told. The expenditure of the railways in 1930 reflects economies in working consequent upon the measures of rationalisation which have been proceeding during the last few years. With this side of the account we hope to deal next week.

THE PRUDENTIAL.

THE total assets of the Prudential now amount to £241 millions, the operations of the year 1930 having contributed an increase in the total of nearly £12½ millions. Of this total, £232 millions belong to the life branch (ordinary and industrial combined), £3½ millions to the fire, accident and marine branch, and the balance of £5½ millions is represented by various special funds. Exactly how strong the company really is is known only to the directors and management, but the aggregate of the disclosed reserves and their variety form an impressive total. A study of the balance sheet has enabled the following compilation to be made:—

Ordinary life branch carry forward	£ 210,912
Industrial life branch carry forward	288,923
Life branch—Investment reserve funds	10,250,000
General branch—Excess over usual 40 per cent. premium income reserve—fire and accident	617,262
Excess of marine fund over 2 years' premium income	230,722
Profit and loss account	123,011
Common contingency fund	1,914,179
Contingency fund	350,000
Special contingency fund	2,414,699
Share premium account	945,574
Total	17,345,282

But this is not all; for a note to the balance sheet states that "the assets set forth therein are, in the aggregate, in excess of the value stated." The amount of reserves concealed beneath this bland statement cannot be estimated; but, in spite of the blizzard of depreciation, they are probably even yet considerable.

Since the company is the largest corporate investor in this country it is always of interest to examine the distribution of its assets. The investments are chosen with a catholic taste, every item in the statutory classification of assets being represented by a substantial figure. The broad results may be indicated under the following groups:—

Mortgages and loans	£ 35,442,000
Loans on the company's own policies	7,298,000
Stock exchange securities:—	
British Government	58,722,000
British municipalities	5,883,000
Indian and Dominion Government and municipalities	11,882,000
Foreign Government and municipalities	16,277,000
Debentures	37,310,000
Preference stocks and shares	19,630,000
Ordinary stocks and shares	29,956,000
Property investments	13,148,000
Life interest and reversions	273,000
Miscellaneous	5,129,000
Total	240,950,000

Relatively to other life assurance companies the Prudential has a more considerable stake in Stock Exchange investments, which comprise 75 per cent. of the total. The large holding of British Government securities may be noted, and also, at the other end of the scale, the substantial interests in ordinary shares. One measure of the success with which these huge totals are managed is the fact that the interest earnings last year represented no less than £5 5s. 8d. per cent. net on the combined funds.

If the static position is a study in strength and stability, the dynamic position, as reflected in the earnings, is even more striking. For, briefly stated, the total profits earned in 1930 were £9,683,064. The life policyholders take by far the largest portion, £6,279,605; bonuses to the outside staff absorb £642,209; reserves benefit by £1,569,583; while the shareholders receive the balance of £1,191,667. The shareholders' portion is approximately one-eighth only of the total profits, though (by reason of the small capital) this suffices for a dividend on the "A" shares at the handsome rate of 9½ per cent., free of income tax.

The life branch completely dwarfs the activities of the general branch, and is responsible for about 98 per cent. of the total profits. The steady growth in the life branch profits is now less remarkable than their absolute amount, as may be judged in the following table:—

Year.	Ordinary Life Branch. Fund. £	Profits. £	Industrial Life Branch. Fund. £	Profits. £
1926	81,454,000	2,742,063	102,129,000	4,624,586
1927	84,040,000	2,868,073	108,216,000	5,203,614
1928	87,105,000	2,884,124	113,108,000	5,444,404
1929	90,105,000	3,203,959	117,481,000	5,739,419
1930	93,928,000	3,355,794	124,057,000	6,156,705

It is clear from these figures that the industrial branch has been growing at a faster rate than the ordinary branch, not only quantitatively, but also in profit-earning capacity. Bearing in mind the growth in the national social services and the deepening of the trade depression, the rate of absolute growth is interesting and significant. In 1930 the industrial branch issued over 2½ million new policies, compared with 2,365,000 in 1929, and there are now in force over 26 million policies subject to premiums amounting to £19 millions per annum. Approximately one out of every two inhabitants of the United Kingdom has a Prudential policy. The growth in the profits earned has been assisted by a continually increasing rate of interest, and also by a spectacular reduction in the expense ratio. The following table shows the improvement in both branches:—

Year.	Ordinary Branch.		Industrial Branch.	
	Net Rate of Interest.	Expense Ratio.	Net Rate of Interest.	Expense Ratio.
1920	4 s. 2	12.9	4 s. 0	40.5
1927	4 14 8	11.2	5 9 0	25.5
1928	4 16 6	10.8	5 7 7	24.9
1929	4 19 7	10.4	5 9 11	24.8
1930	4 19 10	11.9	5 9 10	24.7

As is now well known, the savings in the industrial branch have been made possible by a reorganisation of the collection of premiums on the basis of allotting definite areas to each agent and changing over remuneration from a commission to a salary system. The effect of the reduction in the expense ratio from 40 per cent. to 25 per cent. is such that the annual saving on the present premium income is approximately £2,700,000. The corresponding benefit to the present fund from the rise in interest earnings amounts to nearly £1½ millions per annum.

The rates of reversionary bonus to the ordinary branch policyholders are now 52s. per cent. on the sum assured for whole-life assurances, and 46s. per cent. for endowment assurances, compared with 50s. per cent. and 46s. per cent. respectively a year ago. The industrial branch has now for many years enjoyed the benefit of a profit-sharing scheme voluntarily conceded by the company. In the case of policies effected on or after January 1, 1923, an ordinary reversionary bonus is granted, and for 1930 the rate is the same as before, namely, 34s. per cent. on the sum assured. For pre-1923 policies the rate varies with duration in force, and the bonus is payable only in the event of a claim arising within a period of years, now increased from fifteen years to sixteen years.

The company's general branch is a post-war development, and recent results, owing to a disastrous marine experience, have been none too happy. The marine account, however, has now been entirely reorganised, fresh underwriting arrangements have been completed, and the account has been greatly curtailed in size. In pursuance of this policy the premiums in 1930 were halved as compared with 1929, and the fund now amounts to four years' premiums. In the other departments a very satisfactory fire account has turned a loss of £7,000 in 1929 into a profit of £60,000 in 1930, but the miscellaneous department has experienced a loss of £5,500, compared with a profit of £16,700. The combined results of the general branch, and the effect of the marine account on the whole, may be seen below:—

	1926.	1927.	1928.	1929.	1930.
Net trading surplus	— 120,359	— 546,117	— 61,665	— 102,970	— 64,296
Marine	95,928	127,570	94,802	134,124	124,456
Fire, accident, &c.	— 24,431	— 418,447	33,137	31,154	60,160
Net interest earnings	64,967	72,251	93,320	112,913	110,405
Total	40,536	— 346,196	126,457	144,067	170,565

A dividend was declared in the general branch (on the "B" shares) for the first time in 1928, when 25 per cent., free of tax, was paid at a cost of £66,667. This rate was maintained in 1929, and is now repeated for 1930. Assuming that the marine account can now take care of itself, it is clear that interest earnings would even now permit a substantially increased rate of dividend, and recognition of this fact, combined with the great potential future of this branch, presumably accounts for the low yield on the shares, which, at 35s., return only £3½ per cent. gross.

BRÜNING OR HITLER?

(BY A CORRESPONDENT IN GERMANY.)

MEASURED in terms of sheer pessimism, December, 1930, was probably the blackest month in German history since 1923. Some time in January, however, a change occurred, and, during the last month or so, it has been possible to observe a growing feeling that the worst is over—at least for the time being. It is as yet impossible to speak of a revival of optimism, although a marked rise on the Stock Exchange from the lowest levels has taken place. The difficulties to be faced by those responsible for the Government and the business of the country are immense and perhaps are still not fully realised. The only really concrete grounds for optimism lie, economically, in the development of the balance of trade, and, politically, in the temporary stabilisation of the parliamentary basis of the present Government.

The improvement thus depends on intangible rather than on tangible considerations. Most important of all is undoubtedly the growing authority of the Chancellor. Dr. Brüning is, to say the least, a very remarkable man. He has undoubtedly a touch of the fanatic in the best sense of being a convinced believer in his mission. A bachelor and a Catholic, he lives in the most simple, almost monastic, manner, concentrating exclusively on his work. Although no public announcement has ever been made, since Dr. Brüning is the last man to seek self-advertisement, it is rumoured that he returns a large proportion of his scanty emoluments to the State. With this personal character he combines both unquestionable firmness and tactical skill. When he assumed office in the spring of 1930 his Government was insecurely based upon a parliamentary minority, and the support even of that minority was not to be depended upon. From the beginning he had to reckon with the bitter opposition of the extreme parties; he has been attacked by the right wing of his supporters for his supposed willingness to compound with the Social-Democrats; the left wing of his supporters, through the mouth of the powerful Democratic Press, raised a violent outcry against his utilisation of the power to make decrees under Article 48 of the Constitution; and he was blamed almost as severely by the same quarters for his unwillingness to form a Grand Coalition with the Social-Democrats after the September elections. (These elections, incidentally, were almost universally hailed as a Government defeat.) Throughout all this Brüning went quietly on with

his work, paying as little attention to these attacks as he did to the abuse heaped upon him by the extreme parties. From the beginning, he has taken the line that there is no alternative to his programme, so that if the Reichstag will not have it, or at least a programme of equally drastic reform, it must be put through by other means—meaning President von Hindenburg and Article 48.

The results of this firm stand are now at last beginning to show themselves. The country is gradually waking up to the fact that, for the first time since Dr. Luther stabilised the mark, it is really being led. Not only is the body of moderate opinion which is the direct support of the Government rallying more firmly around it, but the Socialists, in spite of the fact that the policy of the Government is diametrically opposed to what they have been preaching for years, seems likely to give active support in putting the Budget through. It should be realised that it is by no means easy for parties dependent upon popular votes to support a Government programme which, if proposed for England, would probably frighten the hardest Conservative. Although this is not stated in so many words, the policy undoubtedly implies a considerable reduction of the general standard of living. Wages and salaries are to be reduced all round, and, although the Government has made some attempt to bring down the cost of living in order to sugar the pill for the masses, the policy of extreme agricultural protection seems likely to prevent the workers receiving anything like full compensation for their cuts. The leaders of business in Germany frankly declare that, in their opinion, a cut in real wages sufficient to restore an adequate margin to the profits of enterprise is the only cure for unemployment. In this connection a most significant suggestion was lately advanced, according to which the employers should bind themselves, against a certain percentage wage reduction, to re-engage the same percentage of unemployed and to guarantee the whole staff a certain number of working hours per week. This suggestion seems unlikely to be accepted in this precise form, but it is felt that there is, nevertheless, a fair chance of putting through some such scheme and thus effecting an appreciable reduction of unemployment. Wages, it should be remembered, have already been reduced in many leading trades, while the reduction in salaries has been practically universal. It is impossible to deny that the German people, on the whole, are taking their medicine thoroughly.

The extreme Right, Nationalists and National Socialists, have shown their displeasure at the consolidation of the Government's position by a general exodus from the Reichstag. The Nationalists were cautious enough to keep a back-door entrance open by emphasising the temporary character of this move, but the Hitlerites have crossed the moat and burned their boats. Unless they can, by widespread agitation in the provinces, produce a big swing of opinion in their favour, they seem likely to look rather foolish, whether they stay out of the Reichstag indefinitely or not. Precisely, this swing of opinion, however, does not seem likely to materialise at present; indeed, the trend seems rather to be the other way. The National Socialist movement gained its strength, not only from economic distress and discontent, but at least in equal measure from general dissatisfaction at the weak and often corrupt regime of party bargaining from which Germany has suffered during the past few years. Dr. Brüning has always maintained that what the Germans wanted was a strong Government, and, if the doubtful voters who contributed a very considerable proportion of the six million odd Nazi votes come to realise that Hitler is less likely to give it them than Brüning, they may well transfer their allegiance. Most competent observers, both in Berlin and in the provinces, agree that since January the Nazis have been on the defensive, whereas until then they were definitely attacking with some success. The Socialist Republican Reichsbanner organisation has been exceedingly active lately, and Nazis with whom one engages in conversation tend to say less about their own activities than about the "brutal" attacks to which they are subjected by their opponents. A very competent British observer put the situation in a nutshell by saying that the September wave of Hitlerism is subsiding, but that other waves might follow, larger or smaller according to circumstances.

If the Brüning Government's policy meets with some success, particularly by reducing unemployment, the situation may show very considerable improvement both politically and economically. A general revival of confidence would undoubtedly produce a fundamental change in the financial position of the country. In common with many other debtor nations, Germany is suffering from an intense shortage of capital brought about by withdrawals of funds and sales of investments held abroad, as well as by the difficulty of renewing old and obtaining fresh credits. Unlike many other debtor countries, however, the shortage is aggravated by a serious flight of domestic capital. As a result, money is tight; first-class bonds yield 8-10 per cent.; and, as far as the banking situation is concerned, the recent statement of the chairman of a British bank, that no sound borrower in England need hold up his enterprise for lack of the necessary credit, would make any German banker's or industrialist's mouth water. There is thus an immense scope for improvement, and any appreciable flow of capital into Germany could scarcely fail to have important repercussions on the general business situation.

It is thus by no means out of the question that the current year will see a substantial recovery. How far that recovery can proceed is a matter of conjecture, and must depend largely on the political developments with which 1932 is bound to be crowded. If the Germans decide to make a move on Reparations, that year will probably see the bulk of the relevant discussions; the results of the Disarmament Conference will be vital; and in domestic politics there will be elections both for the Presidency and for the Prussian Diet. The results of the latter can scarcely fail to depend on the former, especially as regards disarmament. The issue should be frankly faced. Although the German Right are now showing distinct signs of developing a more reasonable policy under the strong light of publicity, a new nationalist wave, brought about by the humiliation of a courageous government on a question on which every German is convinced that his country is in the right, would set back the clock many years. If Europe prefers Hindenburg and Brüning to Hitler and Hugenberg, it will have to act accordingly.

Notes of the Week.

The Indian Truce.—The agreement reached late on Tuesday night between Lord Irwin and Mr Gandhi, and initialled on Thursday with the approval of the Viceroy's Council on the one hand, and the Working Committee of the Congress Party on the other, is one of the most important landmarks in the history not only of India, but of the Empire. Even if the co-operation of the Congress Party had been withheld, the work of formulating a new Constitution for India on the lines discussed at the Round Table Conference must have gone on; for when great changes of the kind now contemplated have been set in motion there can be no turning back. Mr Churchill's advice to put back the clock is not a practical alternative for this country, for it would lead, as *The Times* observes, to nothing less than the loss of India. But there is a vast difference between the inauguration of a new Constitution in co-operation with all parties in India and an attempt to inaugurate it with the support of a portion only of Indian public opinion. Clearly, if the most active, and even fanatical, of Indian parties, which has unquestionably captured the imagination of immense numbers of Indian men and women, had been left outside in an attitude of hostility, the task of those responsible for directing the new regime would have been one of the utmost difficulty. The existence of Nationalist minorities when South Africa and Ireland were launched upon their career of self-government called for high qualities of courage and wise statesmanship on the part of those who were responsible for launching those countries on their new career. But the difficulties in India would be far greater still. In both those countries there were large loyal and homogeneous populations. In India the white population is a tiny fraction of the whole; a federal Con-

stitution for India is an experiment in government on a scale which has never yet been attempted; and if the forces of Nationalism in India were organised to obstruct these efforts, they would be able to make immense play by appealing to the sentiment of the East against what would be represented as the domination of Western ideas, if not of British suzerainty. We can, therefore, well understand and sympathise with the great efforts that have been made by Sir Tej Bahadur Sapru, Mr Jayakar, Mr Sastri and others of the Round Table delegates to procure the co-operation of Mr Gandhi and his Congress friends in this tremendous new experiment. From the narrower economic point of view of this country, too, there is a vast difference between launching an agreed Constitution and introducing one into a divided and partly hostile country. Lord Rothermere, apparently with a complete lack of understanding of the great forces that are stirring in the East, talks of the policy of a firm hand and of forcing India to take British goods. Apart altogether from the sheer impossibility of such a programme—which incidentally would strange the public opinion not only of Japan, but of America and other countries—the recent figures of our trade have shown the great power of the weapon of the boycott. In spite of present Lancashire doubts regarding the immediate outlook, there can be no question but that in the long run it will be to the advantage of the whole of our Indian trade to deal with a friendly instead of with a hostile India. The question has been raised as to the effect upon India's revenue of the agreement regarding salt, which permits coast-dwellers to make salt for domestic purposes from sea water; but many of those who have studied the question have long held that this concession would not be unreasonable, and we may be sure that Sir George Schluter, who is well aware of the present and prospective importance of the Salt Tax, would not have made this concession if it would have serious budgetary repercussions. From whatever angle this agreement is looked at, it is one on which both Lord Irwin and Mr Gandhi are most sincerely to be congratulated; for it opens a brighter prospect of a satisfactory settlement of the Indian problem than has seemed possible for a long time past. If it leads to this happy result, it is one of the most important steps yet taken towards establishing the relations between the Western world and Asia on a harmonious basis.

The Conservative Leadership.—South Paddington—East Islington—St. George's, Westminster: the Press Lords' by-election Fun Fair has now really "reached the West End" in the stronghold of Metropolitan Conservatism. Last Friday Sir Ernest Petter, having announced that any official Conservative candidate for this constituency ought to be opposed, saved the generalissimo commanding the Crusade and United Empire Parties the trouble of searching for a protagonist (after all, the Navy and the Army Retired List is not inexhaustible) by consenting to stand himself. His decision was followed by his unqualified adoption as *protégé* of the anti-Baldwin Press, with the further inconvenient result for Conservative headquarters that Colonel Moore-Brabazon, one of the short list of prospective official candidates, immediately withdrew on the ground that, since Mr Baldwin's leadership was clearly to become the chief issue, he could not "allow himself to be manoeuvred into pleading a cause he had not wholly at heart." So far no alternative official candidate has been definitely adopted, although at the time of going to press the name of Mr Duff Cooper is freely mentioned; and the Conservative Whips are apparently delaying their application for a writ. The situation, for Mr Baldwin, is becoming almost intolerable, and the question of leadership of the Conservative Party obviously cannot long be left where it is.

A Liberal-Unionist Party?—With conflicting cross-currents and antagonisms more visible than clear-cut policy in all the three political parties, it is natural that the possibility of new party orientations and groupings should be freely explored. A common line of exploration leads to the territory ranging from the extreme

right wing of the Labour Party, through the Liberal Party to the progressive wing of the Conservative Party, and it was this *terrain* that was evidently in the mind of Sir Edward Grigg, when, in a speech at the Queen's Hall on Tuesday, he pleaded for the revival of the Liberal-Unionist Party. Apart from certain formidable difficulties of a personal nature, the main obstacle to this form of political coalition is, of course, the cleavage of opinion on the fiscal issue, and how great is that obstacle was once more illustrated by Sir Edward's speech, in which the demand for Liberal-Conservative co-operation was coupled with a demand for a full programme of protection and preference. Sir Edward, ex-Liberal M.P. himself, can hardly hope that co-operation can be achieved without give and take on both sides; but on the basis of his speech it would be all "take" on the Conservative side in the fiscal sphere. Of far greater significance was a speech delivered on the same day in the Free Trade Hall at Manchester by Sir John Simon. By his eminence as a lawyer, by his outstanding public services, especially as chairman of the Indian Commission, and by his detached position on the right wing of the Liberal Party, Sir John has become the focal centre of many political eyes, both at Westminster and in the country; and when he, with a long record behind him as a protagonist of orthodox Free Trade, moves so far across the fiscal bridge as to advocate (by implication) a tariff for revenue, the gesture becomes one of definite political significance and importance. Having stressed the need for balancing the budget and the undesirability of higher direct taxation, Sir John remarked: "I feel bound to invite my fellow-countrymen—those who, like myself, have inherited Free Trade traditions among them—to ponder on the fiscal methods we may be bound to adopt." The words in their context can only be interpreted as an expression of willingness to consider the imposition of a tariff for revenue purposes. But is Sir John ready for an even further retreat from the Free Trade position? The question is suggested by the final paragraph of his speech, in which he says: "The despondency which pervades so many British trades suggests that we have to judge fiscal remedies not only by their economic consequences, but by their psychological effects." We invite Sir John to elaborate and explain. Can it be that he, a past-master of logical thought and argument, would have us throw logical economic argument to the winds and try vaguely to cater for the requirements of a false psychology? To put it bluntly, does Sir John want Britain to try, as America tried and failed so lamentably by the Smoot-Hawley tariff in 1929, to create an artificial trade stimulus by injecting into our economic system a strong dose of the virus of protection? It is important that Sir John should answer both these questions clearly, and we sincerely hope that both will be answered in the negative.

Monsieur Briand on his Foreign Policy.—The debate in the French Chamber, last Tuesday, on the estimates for the Ministry of Foreign Affairs, was devoted almost exclusively to Franco-German relations; and although Monsieur Briand made a brief (and necessarily non-committal) statement on the naval agreement in the course of the proceedings, Franco-German relations were the main subject of his principal speech. Monsieur Briand had to meet an elaborate attack from Monsieur Franklin-Bouillon, who inveighed against what he represented as being the policy of Germany, and argued that, in the circumstances which he assumed to exist, the notion of a Franco-German rapprochement was chimerical. He asked Monsieur Briand, among other things, whether, in the naval negotiations, he had obtained an undertaking from Italy that she would cease to support Germany in her demand for the revision of the peace treaties. Monsieur Briand began with the common-sense proposition that "it was necessary to prevent nations from everlastingly attacking one another, and to this end the Franco-German problem must be solved." He took the line that the two countries could work together in a friendly spirit even if, on certain important matters, they found themselves unable to accept one another's desiderata. Through co-operation, even under difficult conditions, progress could be made—and the speaker skill-

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fully illustrated his point by reminding his audience of his own achievements, ending up with the Briand-Kellogg Pact and the Briand Plan for "closer union" in Europe. His skill was, perhaps, greatest when he was talking about the two critical questions of disarmament and treaty revision; for he pointed out that the French Government had resisted German pressure thus far, without committing himself to any indication of what French policy would be in the future, *e.g.*, at the Disarmament Conference. It was natural that this debate should turn upon Franco-German relations, considering the militant temper which has been displayed in Germany since the successes of the National Socialists and the Communists at the General Election for the Reichstag last September. It is fortunate that the debate did not take place before the League Council meeting in January and the discomfiture of the "Nazis" in the Reichstag last month. These events have cleared the air; and at the moment it looks as though Herr Brüning's Government will hold its own until the return of spring comes to its aid by diminishing the terrible figures of German unemployment. So long as the Brüning Government remains in office, we may be reasonably sure that the Stresemann "policy of fulfilment" will be maintained. But Dr. Brüning cannot fight this battle without support. The support which he most needs is some evidence that the Disarmament Conference will not be made ineffective. In this matter, French policy during the next twelve months may be decisive, for good or evil.

Party, People and Dictator in China.—The direction in which the political tide in China is flowing is indicated by the resignation, this week, of Mr Hu Han-min from his position as State Councillor and President of the Legislative Board at Nanking. Mr Hu Han-min is one of the leading politicians on the right wing of the Kuomintang Party, and at the same time one of the leading champions, in China, of the system of government by a single party dictatorship. He has resigned because the Standing Committee of the Central Executive of the Kuomintang Party decided, last Monday, to draft a provisional constitution for China to be submitted to the National Convention which is to meet in May. This decision, like the previous decision in virtue of which the National Convention is to be summoned, represents a victory for the views of President Chiang Kai-shek and "the Young Marshal" Chang Hsueh-liang of Manchuria, and Mr T. V. Soong, the Nanking Government's Minister of Finance. Mr Hu Han-min's resignation means that these opposing views have definitely prevailed, at any rate, for the time. The victors would say that the issue is one between party dictatorship and parliamentary democracy. Mr Hu Han-min would reply that it is really an issue between two forms of dictatorship: the rule of a Party and the rule of a clique of War-Lords and their civilian satellites. The Kuomintang Party, he would say, represents the politically conscious and experienced and mature element in the Chinese nation at the present stage of Chinese political development; and a dictatorship by an organisation representing this element is the nearest approach that the Chinese people can make towards self-government for the moment. In Dr. Sun Yat-sen's apocalyptic vision of the coming of the Chinese political millennium, this is "the period of tutelage"; and if this period is prematurely terminated, the effect will be, not to hasten on the beginning of the millennial period of

parliamentary democratic self-government, but to throw China back into the lately transcended "period of militarism" by replacing the dictatorship of the Party by a new dictatorship of War-Lords. This is Mr Hu Han-min's case—to which his opponents will retort, first, that the Kuomintang is by no means fully representative of political China to-day, and, second, that it has already gravely abused its powers. Mr T. V. Soong will testify that the mercantile and manufacturing class, which every efficient Finance Minister wishes to have at his back in order to govern the finances of his country with the consent of the governed, is at present virtually excluded from political power. And there will be testimony from all over China that, although Mr Hu Han-min at Nanking may be a "sea-green incorruptible" of as pure a dye as Robespierre, the local representatives of the Party in the country districts are often oppressors of the poor. These are the arguments, and only time will show which view is right. Much turns upon the National Convention which is to meet in May.

Navy Estimates.—The Navy Estimates for 1931-32, published this week, show at £51,605,000 a reduction, when account is taken of the supplementary estimate of last July, of £342,000 as compared with the estimates for 1930-31. (Including a further supplementary estimate for 1930-31 now presented to the tune of £495,000, the decrease is £837,000.) In the statement by the First Lord of the Admiralty, which accompanies the estimates, it is pointed out that the gross total of the estimates for the coming year is £1,818,779 less than that of 1930 (again including the July supplementary), owing to a reduction of £1,476,579 in the Appropriations-in-Aid. This decline in the Appropriations is largely due to the completion in the current year of the instalments made by the Federated Malay States towards the cost of the Singapore Base, a heavy fall in the earnings of the Admiralty Oversea Oilers resulting from the depression in the shipping freight market, smaller anticipated payments by the Dominion Governments, and other similar causes. In the following table we show the expenditure and personnel of the naval service in recent years as compared with pre-war:—

Year.	Total Expenditure.		Personnel.
	Thous. £		
1913-14	48,833		142,960
1924-25	55,694		99,453
1925-26	60,005		100,284
1926-27	57,143		100,791
1927-28	58,123		101,916
1928-29	57,139		100,680
1929-30	55,988		99,300
1930-31*	52,442†		97,050 (a)
1931-32*	51,605		93,650 (a)

* Estimate.

(a) Maximum in year.

† Including supplementary estimates amounting to £703,200.

The building programme includes provision for commencing two six-inch gun cruisers, one cruiser of 5,000 tons, nine destroyers, four sloops, three submarines and several minor vessels. Of the £51½ millions of estimated expenditure in the coming financial year, £5,294,000 represents provision for new construction, which compares with £5,534,000 in 1930-31, and an average of rather more than £9 millions for the previous four years. Taking the average total expenditure for 1926-27 to 1929-30 as £57 millions, it will be noted that after allowing for a reduction of £4 millions on account of new construction, a net saving of only one million has been effected on other expenditure, as compared with that in the earlier years. In view of the fall in the cost of living and in commodity prices generally during the past two years, and the vital need for economy in all Government expenditure, the taxpayer will be inclined to question forcibly whether this relatively small decrease in operative and administrative costs represents the maximum reduction that could have been effected. It is almost impossible for the layman, as it is for the average Member of Parliament, to point to any particular detail in the individual Votes as indicative of extravagance, but we find it hard not to believe that the Retrenchment Committee which Parliament has appointed can discover, if it tackles the job in earnest, substantial means of saving without necessarily impinging on questions of high naval policy.

The Revenue.—At this season of the year the forecasting of the position of the revenue returns on March 31st becomes an intriguing, if not very profitable, pastime. On the income side of the account, the inflow of tax receipts has been going rather better for Mr Snowden than might have been expected two months ago. Thanks mainly, of course, to the enhancements of direct taxes which take effect this quarter, tax revenue on February 28th shows an increase of £11.6 millions over last year's receipts, against an increase of only £1.6 millions realised up to December 31st, and an expansion of £39.8 millions estimated for the whole financial year. Whether or not it be as a result of a "squeeze" in collection which may leave next year with an abnormally low proportion of "carried-over arrears," income tax, surtax and estate duties look like living up very nearly at least to the Chancellor's expectation of an aggregate £34 millions increase. On the other hand, the Customs position has deteriorated since December 31st, and receipts from Excise and Stamps are heavily down. In consequence of loss of income from these sources Mr Snowden will probably have to face a total revenue deficiency on March 31st of not less than £15 millions. The expenditure position is always more difficult to forecast, and comparisons with a year ago are complicated on this occasion by the fact that last year's return included March 1st, on which day there are substantial disbursements of interest. Making allowance for this factor, we are inclined to suggest very tentatively that when the balance is struck on March 31st revenue will be insufficient by at least £25 millions to meet outgoings, including the full amount of £360 millions provided in the last Budget for debt interest and sinking fund. If, however, savings on interest in excess of Budget estimates are not devoted to redemption of debt, but are regarded as some offset to the increased charge made on the revenue in respect of unemployment, the deficit can perhaps be made to appear smaller, and Mr Snowden may be satisfied to take a lower figure than £25 millions as the deficit to be carried forward to his next Budget, along with the balance of £9½ millions from last year's deficit outstanding.

Our Index Number.—For the first time since July, 1929, our index number of commodity prices at the end of last month shows an upward movement, and, though the percentage increase is only one-third of 1 per cent., it is at least satisfactory that the prolonged downward sweep appears momentarily to have been arrested. As compared with a year ago, the fall in the average level of prices as measured by our index number amounts to 21 per cent.:—

AVERAGE, 1927 = 100.

	Feb., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.
Cereals and meat	85.4	73.2	70.0	67.4	66.4
Other foods	85.0	70.2	71.0	69.5	68.0
Textiles	74.7	55.1	51.4	49.2	50.6
Minerals	90.5	79.0	78.0	75.3	76.9
Miscellaneous	87.0	77.8	75.2	72.6	72.7
Complete Index	84.2	70.9	68.7	66.3	66.5

A further encouraging feature is that whereas the movement of food prices was irregular, resulting on balance in a further appreciable decline, a considerable number of important raw materials moved upwards, and both the textiles and minerals groups showed a rise of over 2 per cent. Among cereals and meat there was a sharp increase in the price of maize; and imported wheat, flour and Argentine beef were also distinctly dearer. On the other hand, there were substantial falls in the price of both English and imported mutton, bacon, rice and English wheat. The fall of 2.2 per cent. in the other foods group reflects a further cheapening of cocoa, and, notably, a marked recession in tea prices. In the textiles group both cotton and wool moved upwards, whereas the trend of other textile materials, particularly hemp, was downwards. Iron and steel and coal prices showed no change; non-ferrous metals were all dearer. In the miscellaneous section a rise in the

price of linseed oil was offset by declines in the case of tallow, rubber and creosote.

	Inc. (+) or Dec. (-) per cent. compared with			Inc. (+) or Dec. (-) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign	+ 3.7	-38.0	Flax	- 3.1	-44.1
Wheat, English	- 6.3	-41.9	Hemp	-10.3	-45.3
Flour	+ 4.5	-34.3	Jute	- 1.6	-41.7
Barley	+ 4.9	+ 2.0	Textiles	+ 2.8	-32.3
Oats	+ 1.4	- 7.9	Pig iron	...	-19.3
Maize	+13.8	-30.8	Steel rails	...	...
Rice	- 6.1	-34.0	Iron bars	...	...
Potatoes	+ 1.7	+100.0	Finplates	...	-17.6
Beef, English	+ 4.4	-13.6	Coal, Welsh exp.	...	-7.6
Beef, Argentine	+ 4.4	-20.7	Coal, Durham gas	...	+ 9.5
Mutton, English	- 9.7	-13.9	Coal, household	...	+ 6.9
Mutton, New Zealand	- 9.9	-44.6	Lead	+ 6.9	-27.9
Bacon, Danish	- 8.3	-47.4	Tin	+ 6.9	-27.5
Cereals and meat	- 1.5	-22.2	Copper	+ 5.2	-32.6
Tea	-19.6	-20.4	Spelter	+ 4.5	-30.2
Coffee	- 4.2	-26.2	Minerals	+ 2.1	-15.0
Cocoa	...	- 7.0	Timber, English	...	- 7.1
Sugar, cane	...	-10.2	Timber, Swedish	...	- 7.9
Sugar, refined	...	-25.7	Cement	...	-11.0
Cheese, Canadian	+ 2.9	-17.4	Hides	...	+ 4.8
Butter, Danish	+ 3.8	-20.6	Leather	...	-11.4
Cocunut oil	...	- 6.7	Petrol No. 1	...	-11.4
Tobacco	- 2.2	-18.1	Petroleum oil	...	- 4.2
Other foods	- 2.2	-18.1	Fuel oil	+15.3	-51.2
Cotton A.	+ 5.8	-29.1	Finseed oil	+15.3	-51.2
Cotton E.	+10.1	-27.3	Tallow	- 6.7	-42.2
Cotton yarn	+ 6.9	-22.0	Rubber	- 1.8	-50.8
Cotton cloth	+ 2.4	-17.7	Soda, crystals	...	- 4.3
Wool, English	+ 8.3	-27.8	Suphate of ammonia	- 3.3	- 9.6
Wool, Australian	+12.5	-30.8	Creosote	...	...
Wool tops	+ 4.8	-18.2	Miscellaneous	+ 0.1	-16.4
Silk	- 2.2	-41.3			

If 1924 be taken as 100, the current figure works out at 57.5, as compared with 57.3 at the end of January and 72.8 a year ago. In a final table we show our index number recalculated, in a manner explained in last week's Monthly Trade Supplement, as a percentage of the average for 1913.

AVERAGE, 1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	159.9	169.9	210.6	145.2	131.5	159.3
1928	145.0	149.4	161.7	111.9	114.3	135.1
1929	115.6	136.8	141.9	116.2	112.7	117.2
1930	113.4	122.9	99.1	101.6	101.5	105.8
End Feb., 1931	119.5	122.2	115.1	110.1	108.4	115.9
Jan., 1931	84.3	110.8	75.8	91.5	90.4	91.3
Feb., 1931	92.9	108.4	78.0	95.5	90.5	91.6

It will be observed that even wholesale foodstuffs, taking the average of the two first groups in the index, are now approximately at their pre-war level.

The Australian Inflation Proposals.—Although the Premiers' Conference was equally divided on the question, the Federal Government is apparently going ahead with its proposals to relieve the situation by creating an issue of fiduciary currency of a maximum amount of £18,000,000. As the most recent return of the Commonwealth Bank records a note issue of £45.6 millions, against gold holdings of £15.6 millions and securities and other assets of £30.0 millions, it is not surprising that Mr Tranter, the chairman of the Associated Banks, has roundly condemned this scheme, and has once more declared that the country must make a determined effort to reduce expenditure and balance the Budget. Although the Government seems determined to press forward its inflation measures, the outcome is extremely uncertain, for there is no doubt that they will be rejected by the Senate, in which case a dissolution of both Houses and a general election seem inevitable. If that happens, a Labour defeat is quite on the cards, and this would mean so radical a change in the whole position as to nullify the value of any forecasts at the present moment. Taking the short view, in some respects the situation has changed for the better, for the Premiers' Conference has rejected Mr Lang's repudiation proposals, and has refused to give his administration in New South Wales the further borrowing powers it sought. Furthermore, Mr Scullin has successfully reconstructed his Government, with the ex-

clusion of the three extremist Ministers, and his action has been endorsed by the Labour caucus. On the other hand, Mr Theodore has now committed himself to the somewhat hopeless attempt at reducing the yield on Government securities to 5 per cent. by means of purchases in the market, and it is difficult to see how he can hope to succeed so long as the financial deadlock prevails. Still, all these events are of comparatively minor importance, for if the Government persists in their proposals, it is clear that their inevitable rejection by the Senate will very quickly bring matters to a head.

The International Mortgage Bank.—The recommendation of the League Financial Committee that an international institution should be formed to lend money on mortgage to agricultural interests through the medium of existing national and local channels has been quickly followed by definite action. On March 3rd a new bank was founded in Basle under the title of the International Mortgage Bank. The share capital is to be Frs. 25,000,000 Swiss, of which Frs. 5,000,000 will be paid up, and further capital will be raised in the form of debentures. The President is Dr. Rudolf Miescher, of Basle, and the Vice-Presidents Dr. Arnaud Dreyfus, of the Swiss Bank Corporation, and Dr. Adolf Jöhr, of the Credit Suisse. The objects of the bank are stated to be the granting of credits in Europe by taking over mortgage bonds and debentures from the leading mortgage banks, and possibly the direct granting of loans on mortgage. The bank has a lengthy and influential list of sponsors drawn from Zurich, London, Paris, Berlin, Stockholm and New York, whose calibre is revealed by the fact that they include the Swiss Bank Corporation, Messrs Helbert Wagg, Messrs Higginson and Co., Lazard Frères, the Skandinaviska Credit A/B, Kreuger and Toll, the Chase National Bank, and the German "D" banks. As to the merits of the scheme, we recently discussed in some detail the Report of the Finance Committee of the League of Nations on the general question of agricultural credits, and observed that their ampler provision would be most useful if they were accompanied by measures for stimulating greater diversity of agricultural production. But, apart from the requirements of agriculture, there is a crying need for the diversion of a part of the existing plethora of short money into medium and long-term channels. To this end, and to the more even distribution of the available capital supplies of Europe, the new bank should make a substantial contribution, and we welcome its establishment as a useful addition to the mechanism of co-operative international finance.

Lancashire and India.—Our Manchester correspondent writes:—Better prospects for trade with India, as a result of the Irwin-Gandhi agreement have been considerably offset by the new Indian Budget, which enacts that instead of 15 per cent. on cotton goods the new Customs duty will be 20 per cent. Further information with regard to this matter is required. It will be remembered that a year ago it was ultimately arranged that the duty on plain grey cloth, which was then 11 per cent., should be raised to 15 per cent., or 3½ annas per lb., whichever was the higher. Owing to the low prices for cotton goods it has invariably been the case that 3½ annas per lb. has been operative and manufacturers are anxious to know whether the additional 5 per cent. is to be added to the actual amount of tax previously paid in practice. Another point of interest is that Sir George Schuster, the Finance Minister, in introducing the Budget, made no reference to the preference of 5 per cent. for British manufacturers. The situation was discussed at several meetings in Manchester on Tuesday last. The members of the India section of the Manchester Chamber of Commerce took a serious view of the position and it was decided to ask the Joint Committee of Cotton Trade Organisations to give early consideration to the question. Meetings have also been held this week of the Committees of the Federation of Master Cotton Spinners' Associations and the Cotton Spinners' and Manufacturers' Association. It is possible that joint action will be taken by the several Associations in Lancashire and that ultimately a request will be made

for the Secretary of State for India to receive a deputation. Owing to the boycott of foreign goods it has been very difficult to estimate the effect of the increase in the duties of a year ago, but it is now recognised that a tax of 20 per cent. will make it practically impossible for Lancashire manufacturers to regain the trade lost during the last few years in coarse and medium goods.

Retail Distributors.—This association may congratulate itself upon a very active year's work in 1930 as revealed by its annual report. In addition to the launching, in co-operation with the Bank of England, of a monthly index of the volume of retail trade, upon which comment was made in the *Economist* of September 27th, the association embarked upon preparations for the construction of a retail price index. Such an index would be of inestimable value, and the association hopes to be able, with the aid of the Bank of England, to begin its publication during the current year. Another activity of public importance was an investigation into the proportion borne by goods of foreign manufacture to total stocks of retail merchandise, as a result of which the association estimates the proportion at 10.15 per cent. Other achievements of the year were the killing of a scheme for selling goods to the public at wholesale prices in order that the profits might be devoted to charity; the bringing of pressure to bear on manufacturers of proprietary merchandise to boycott coupon schemes; and the presentation of evidence before the relevant committees of inquiry on the hours of work of shop assistants, the fixation of retail prices, and the proposal to set up a Trade Board for the catering trade. Numerous minor inquiries into trade matters for the guidance of members are also in progress.

INSURANCE NOTES.

Clerical, Medical and General Life Assurance.—The 1930 report of this society is accompanied by a report on the valuation of liabilities for the period from July 1, 1926, to December 31, 1930, and denotes a position of great strength and prosperity. For the eighth time in succession the extremely low rate of 2½ per cent. interest has been assumed in the valuation of liabilities. The results of the last two valuations are shown below:—

	June 30, 1926— 1921-1926.	Dec. 31, 1930.
Trading profits earned in period	1,265,438	1,471,231
Capital profits earned in period.....	181,560	21,326
Brought forward from previous valuation	1,394	37,262
	1,448,392	1,529,819
Allocations:—		
To Bonuses to policyholders	925,767	1,157,391
Staff pension fund	70,000	50,000
Shareholders	115,363	139,849
Reserve for maintenance of bonus.....	300,000	100,000
Carried forward to next valuation ...	37,262	82,579
	1,448,392	1,529,819

The policyholders are entitled to nine-tenths of the divisible surplus and the shareholders to the remaining one-tenth, and it will be seen that the allocation to policyholders is well within the trading surplus earned. A feature of the society's method of bonus distribution is that the rates of reversionary bonus are not uniform, and increase not only with duration in force, but with the age at entry and the rate of premium. The bonus is calculated first of all as a cash percentage of the premiums paid during the valuation period, and thereafter converted to a reversionary bonus. It is stated that in the case of whole-life policies the cash bonuses declared represent on the average 52 per cent. of the premiums paid during the 4½ years, compared with 46 per cent. and 41 per cent. respectively for the two previous valuation periods. The equivalent reversionary bonuses for whole-life assurances range from 44s. 8d. per cent. per annum for age 20 at entry, to 73s. 8d. per cent. per annum for age 60 at entry, for policies five years in force, these rates increasing

with each year's duration. The allocation to Bonus Maintenance Reserve Fund raises that fund to £400,000, and, after allowing for other reserves, including the statutory reserve fund of £50,000, it is claimed that the total reserves now exceed by more than £1,000,000 the usual 3 per cent. valuation standard, which is usually regarded as fully adequate for valuation purposes. In his speech at the annual meeting the chairman was able to point to evidence of sound progress during the valuation period, noting, amongst other things, that the Life Assurance Fund had risen from just under £9,000,000 to just over £10,500,000, and that the premium income had been increased from £668,000 to £774,000. Actually in the year 1930 new life assurances were issued for sums assured of £1,913,711, compared with £1,700,842 in 1929. The net rate of interest earned was £4 13s. 8d. per cent. and the average net rate of interest during the 4½ years was £4 15s. 9d. per cent. The expenses of management, after allowing for the cost of the annuity business, represented 14.9 per cent. of the premium income in 1930. The society makes a particular feature of disclosing in the report a complete list of the Stock Exchange securities. A number of changes have taken place during the year in this list, the most interesting being a fairly considerable reduction in British Government securities. The existing holding of British Government securities now consists of £26,500 5 per Cent. War Loan 1929-1947, £200,000 4½ per Cent. Conversion Loan, and £9,000 4½ per Cent. Victory Bonds. The society's investment policy has been associated largely with mortgages, and in more recent times with Canadian mortgages, the latter being now represented by £585,000, mainly on residential property in Toronto, where the amount originally advanced in no case exceeds 55 per cent. of the society's valuation, and the rate of interest is 6 per cent.

Refuge Assurance Company, Ltd.—This company has its headquarters in Manchester, and the greater part of its *clientèle* in the North of England. Notwithstanding the handicap of adverse trade conditions, the company continues to show a satisfactory amount of progress each year, accompanied by indications of good profit-earning capacity. The results of the annual valuation in 1930 are included in the annual report, and they are as follows:—

	1928.	1929.	1930.
Ordinary Branch:—			
Surplus earned during the year	1,077,630	1,089,490	1,108,804
Brought forward from previous year	726,447	725,592	537,821
	1,804,077	1,815,082	1,646,625
Allocations:—			
To bonuses to policyholders	880,636	924,535	964,691
Shareholders account ...	97,849	102,726	107,188
Investment reserve fund	100,000	250,000	...
Carry forward to next year	725,592	537,821	574,746
	1,804,077	1,815,082	1,646,625
Industrial Branch:—			
Surplus earned during the year	267,024	467,092	481,463
Brought forward from previous year	37,571	44,715	49,691
	604,595	511,807	531,154
Allocations:—			
To bonuses to policyholders	407,728	164,842	164,948
Shareholders account ...	52,152	47,274	42,812
Investment reserve fund	100,000	250,000	250,000
Carry forward to next year	44,715	49,691	73,394
	604,595	511,807	531,154

The annual reversionary bonus in the ordinary branch has been maintained at the rate of 44s. per cent. on the sums assured. In the industrial branch a voluntary profit-sharing scheme was conceded for the first time in 1928. The amount allocated for this purpose in 1930 has again been applied to increase the benefits under various tables in order to bring them into line with those now offered under the current and more favourable prospectus. No allocation has been made on this occasion from the ordinary branch to investment reserve fund, but the 1929 allocation from the industrial branch has been repeated. The amount of the investment reserve fund in each branch

is now considerable, being £975,000 in the ordinary branch, compared with a fund of £31½ millions; and £875,000 in the industrial branch, compared with a fund of £15½ millions. The only information furnished as to the value of the assets is that contained in the certificate attached to the balance sheet to the effect that they are in the aggregate fully of the value stated less investment reserve fund taken into account. So far as new business is concerned, the totals have been well maintained in both branches. In the ordinary branch policies for new sums assured were issued for £6,481,784, compared with £6,479,796. The number of new policies issued in the industrial branch, namely, 934,972, was almost the same as the 1929 total, but the corresponding sums assured show a reduction from £17,711,086 to £17,368,126. We are glad to observe a small reduction in the expense ratio in both branches, for the high rate at which the business has been worked has been the subject of criticism in former years. In the ordinary branch the proportion of expenses and commission to premiums has been reduced from 15.6 per cent. to 15.1 per cent., and in the industrial branch is now 36.5 per cent. compared with 31.1 per cent. The increase in the net rate of income tax has been responsible for a fall in the combined net rate of interest earned in both branches from £5 3s. 1d. per cent. to £5 0s. 9d. per cent. The company has a very small capital amounting to 150,000 shares of £2 each fully paid, and the allocations to profit and loss account were sufficient to maintain the dividend at the rate of 50 per cent.

The Scottish Widows' Fund.—The most remarkable feature of the satisfactory report for 1930 of this society is the large expansion in the amount of new business which has taken place under the new management. After deducting re-assurances, the net sums assured under new policies issued in 1930 were £3,492,000, compared with £2,899,759 in 1929. This increase is achieved notwithstanding that the amount re-assured with other offices has risen from £92,500 to £228,000, and in spite of a considerable reduction in single premium business as a consequence of the sur-tax legislation in the Finance Act, 1930. The net new business constitutes a record in the society's history, while the gross total has been exceeded only once, in 1920. It seems that the society has taken advantage of the financial *débâcle* of 1929 to press home the great advantages which life assurance has to offer, not only as a protection, but as a high-class gilt-edged investment. The chairman, in his speech at the annual meeting, stated, with justice, that "The increased new business, coming in a year of acute industrial depression, is particularly gratifying, and, I think, indicates a return to 'Safety First' investment after the Stock Exchange boom of the preceding years." As an indication of the high bonuses paid by the society in the past, it is stated in the report that the bonuses added to policies becoming claims by death in 1930 represented, on the average, as much as £161 2s. for each £100 originally assured, though even this does not show the full effect of bonus additions owing to a number of policyholders having commuted from time to time bonuses for cash or reduction of premiums. The society's interest earnings are on a lower level than the average of other offices, and have been slightly reduced in 1930, owing to the rise in income tax, from £4 14s. 9d. per cent. net to £4 12s. 3d. per cent. net. The expense ratio, however, has always been very moderate, and amounted in 1930 to 12.45 per cent., compared with 11.24 per cent. in 1929. Among the changes in the balance sheet during the year may be noted a reversal of the trend, previously noted, towards reduced holdings of British Government securities. In commenting on this the chairman observed that it has seemed desirable, in the general and universal state of uncertainty, to increase British Government securities. This movement has been accompanied by further purchases of ordinary shares, which now total £1,200,000, compared with £719,000 in 1929. Substantial reductions have been made in the society's investments in Indian and Colonial Government securities, Colonial municipal securities, and in foreign Government and municipal securities. It was disclosed a year ago that the 1929 balance sheet showed a substantial margin in the difference be-

tween the market values and the balance-sheet figures. The society is to be congratulated on being able to state that, even in such a year as 1930, this margin has actually been increased.

Maritime Insurance Company, Ltd.—The 1930 balance sheet of this company shows a strong position. The shares are fully paid, and, as compared with the total capital of £500,000, there is a general reserve fund of £200,000 and a profit and loss account of £285,000. Considering that the company has been controlled since 1924 by the Scottish Union and National, it is unfortunate that the underwriting accounts are not presented in an intelligible manner. The claims are lumped together into one item irrespective of the underwriting account in respect of which they have arisen, and the only observation possible from this mode of treatment is by a comparison of the amount paid in claims for a number of years past. From this comparison it would appear that the experience has undergone an improvement, which is confirmed by the fact that the transfer to profit and loss account has been raised from £15,000 to £20,000. The dividend has been maintained at the same rate as before, namely, 6 per cent., but there is obviously scope for a very considerable increase in the rate of dividend, since the net interest earnings amount to over £60,000, compared with a dividend at present costing only £23,000.

Overseas Correspondence.

UNITED STATES.

Business — Prices — Soldiers' Bonuses — Public Finance — Wheat Situation — Foreign Trade.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 20.

THE feeling toward the business outlook continue moderately cheerful, nourished by a firm tone in the security markets rather than by much actual increase in trade activity. Improvement is confined chiefly to the steel and motor industries. Operations in steel are rising very slowly, the average rate now being slightly above 50 per cent. of capacity. Rumours of price advances have little basis in fact. Hope is strong, nevertheless, that motor buying, already feeling moderate stimulation, will increase considerably in the spring, at which time also the building industry ought to improve. Generally, however, the movement of goods into consumption, if increasing at all, is doing so slowly. Railroad traffic fails to rise above the 1921 level, nor has there been the usual seasonal increase since the first of the year. Freight loadings for the first month and a half are 20 per cent. lower than for the same period of last year, against estimates of shippers' associations made a few weeks ago of a 5 per cent. decline.

Commodity prices continue to decline. The Bureau of Labour index for January is 77.0, a drop of 1½ per cent. on the month. A year ago the index was 93.4 per cent. However, the decline for each of the two preceding months was 2½ per cent., so that the rate of fall may be diminishing.

INDEX NUMBERS OF WHOLESALE PRICES.

(1926 = 100.0.)

	January, 1930.	December, 1930.	January, 1931.
All commodities	93.4	78.4	77.0
Farm products	101.0	75.2	73.5
Foods	97.2	81.8	80.1
Hides and leather products ...	105.1	91.2	88.6
Textile products	89.4	72.4	71.0
Fuel and lighting materials ...	79.9	70.5	69.8
Metals and metal products.....	101.2	90.0	89.3
Building materials	96.2	84.4	82.9
Chemicals and drugs	93.0	84.8	83.6
House-furnishing goods	97.3	91.3	91.1
Miscellaneous	78.7	66.9	64.7
Raw materials	94.0	74.2	72.9
Semi-manufactured articles ...	93.0	74.3	73.4
Finished products	93.3	81.9	80.5
Non-agricultural commodities...	91.4	79.4	78.2
All commodities, less farm products and foods	90.3	79.0	77.8

Price weakness is being increasingly felt in the retail field. The Labour Bureau's weighted index for retail prices in January shows a drop of 3 per cent. from December and 14½ per cent. from a year ago.

Building construction is still hampered by the difficulty of securing mortgages at low rates, the surplus of speculative buildings, falling rents and maintenance of comparatively high costs of construction. Permits issued in large cities for construction last month were 22.4 per cent. fewer than in December, according to the Bureau of Labour statistics, and were 13.7 per cent. under a year ago. Some improvement is noted in the fact that permits for residential construction, the backbone of the building industry, dropped only 18.2 per cent.

Whatever the upshot of the soldiers' bonus question, the Treasury will be faced with financial problems for the next few years. The Treasury cannot now count on patriotic feelings to carry loans, as they could in the case of the Liberty Loans. With the recent rapid rise in soldiers' loans, and the additional demands of the Farm Board, the Treasury may have to sell bills or certificates on or before March 15th in addition to refunding \$1,100,000,000 of 3½ per cent. notes due at that time. Probably \$100,000,000 will be needed for the Farm Board and drought relief. Tentative plans, it is understood, are for an issue of about \$500,000,000 of 3½ or 3¼ per cent. long-term bonds and the balance in certificates. The Treasury would like to reduce the current short-term debt to manageable proportions in preparation for refunding \$6,250,000,000 of Fourth Liberty 4½ per Cents. in three years. The financial community is interested in what the Treasury may do with the First Liberty 3½ per Cents., due in 1947, but callable next year. Short-term debt is composed of \$2,749,000,000 of certificates and 3½ per cent. notes, \$210,000,000 of Treasury bills, and, counting the First 4½ per Cent. Liberties planned for redemption or refunding in 1932, of an additional \$536,000,000. This floating debt of nearly \$3,500,000,000 is causing some anxiety in view of the constant increase, the prospect of lower tax collections and a heavy Treasury deficit, and the large refunding issues set for the next few years.

Brokers' loans have begun to rise slightly, the increase of nearly \$60 millions in the past fortnight reflecting the activity of pools and re-entry on a small scale of the public in the share market. Security loans for reporting member banks direct to customers are also up a little after months of decline, but commercial loans are still falling. Federal Reserve credit is down \$26 millions on the week, the drop coming almost entirely in smaller member bank borrowings. Bill rates have stiffened slightly, and interest rates charged customers by the banks in leading cities are slightly higher; but there has been even less than seasonal firmness. Banks are having difficulty in employing funds at less than 1 per cent. in the call market and are adding to their bond investments.

In its current review the Federal Reserve Board notes a great increase in the liquidity of the banks of the country during the past fifteen months. This came about through a drop in total volume of outstanding credit and a decrease in the proportion of assets depending on local situations and the customer relationship. Their position was also strengthened by the liquidation of \$5,500,000,000 of security loans made by non-banking lenders.

Little hope is entertained that the Farm Board will be able to extricate the country from the muddle of pegged wheat prices. Actual wheat held and futures contracted for amount to about 200,000,000 bushels, and the Board apparently will not support the market for this year's crop. The chairman and another member will retire shortly, and their parting shots warn the country that a reduction of about 25 per cent. in production will be necessary to maintain the current spread of about 20 cents a bushel for wheat between the domestic and the world market. This is, of course, quite out of the question in the absence of a severe drought.

Bank failures are reported in large number, but the mortality is not so great as it was in the closing months of last year. January failures were 197, compared with 344 in December and 254 in November. Foreign trade

figures for January were the poorest since the war. Exports, at \$250 millions, were the smallest since 1914, and imports of \$183 millions were the lowest in ten years. The net gain of gold in January was \$34,372,000. Canada's tariff against American automobiles has caused no great stir, since Ford, General Motors and certain other manufacturers already have provided against such contingencies by building plants across the northern border. Yet the country is coming to realise more clearly that it cannot hope to revive its foreign trade fully so long as its foreign loans are low and its merchandise imports are so far below outward shipments.

FRANCE.

Budget — Unemployment — Coal Industry.

(FROM OUR CORRESPONDENT.)

PARIS, March 4.

THANKS to the adoption of intensive working by the Chamber, with as many as three sittings in the twenty-four hours, as well as two sittings on Sunday, there is now a bare chance that the Budget Bill will get through both Houses before the new financial year begins on April 1. M. Laval has incurred a certain amount of criticism, in view of the ruthless obstructionist warfare indulged in by the Socialists, for not having followed M. Tardieu's example in freely resorting to the system of posing the question of confidence. With thin attendances of tired deputies, however, and with the Socialists ever on the watch to defeat the Government by a surprise division, the Leader of the House has merely had the choice of two evils, and has rarely raised the question of confidence.

For all practical purposes this is the last Budget before the General Elections. The result has been an exceptional volume of eloquence, with an eye to the valuable electoral publicity available through the *Journal Officiel*. An even worse consequence has been the substantial increase, in many cases, of proposed expenditure already approved by the Finance Commission. The Budget estimates, as they left the Finance Commission, yielded a surplus of only £840,000, on total expenditure amounting to £401,000,000. The effect of the numerous increases in proposed expenditure—due almost entirely to Socialist insistence, but to some extent also to demands by the Radical section of the Opposition—has not yet been announced. There are fears, however, that the estimated surplus has already been more than wiped out (apart from the recent unemployment credit), and that the efforts of the Opposition to embarrass the Government by causing the Bill to go to the Senate hampered by a substantial estimated deficit have proved regrettably successful. Should this be the case, the restraining hand of the Senate will, doubtless, be firmly applied, but this can only lead to a further prolonged struggle before the measure can receive presidential approval.

Public attention is now focussed principally on the question of unemployment. In view of the increased figures of workless, the amount to be allotted by the Budget to unemployment relief—which it was originally proposed should be 25,000,000 francs, but which was increased to 100,000,000 francs—has been raised to 125,000,000 francs. It is now realised that the Ministry for Labour figures officially reported at Geneva a few weeks ago, estimating that the number of totally unemployed in this country was at least 350,000, substantially understated the case, owing to the fact that the census on which they were based covered only industrial concerns employing 100 workers and upwards. There are now 153 municipal and departmental unemployment funds in operation, and the fact that the proportion of unemployed actually drawing allowances is under 40,000 is undoubtedly due to the fact that the French working-class horror of any form of pauperism is still a very real factor. The traditional French habit of saving is based not only on the determination to leave something to the next generation, but to provide for possible hard times. It is notorious that, to-day, hundreds of thousands of workless French people are living

on their scanty savings, rather than appeal to the public funds on which they have every right to draw. And this in a country where "voluntary effort," as we understand the term, in connection with hospitals, churches and a hundred other things, is practically non-existent, and where the State is relied on almost completely to do what is necessary.

The French newspapers are emphasising the necessity, in connection with this problem, of avoiding the "terrible errors" whose consequences are now being experienced across the Channel and in Germany. The Tardieu Government, many months ago, foresaw the practical certainty of the arrival of the present economic crisis, and prepared for it by drafting a great plan for the development of the country's economic plant, with the double object of consolidating the country's economic stability and, at the same time, providing help for industry and employment for labour. The application of this plan has been delayed by party political strife and frequent Ministerial crises, but is still slowly approaching legal sanction. Meanwhile, the National Economic Council, which was asked towards the end of last year "to consider what measures might be taken with a view to remedying the unemployment crisis," has, this week, presented a valuable report, from the pen of M. Moreau-Néret, one of the Masters of the Conseil d'Etat, covering the whole of the factors involved.

The report states that the proportion of workers employed less than 48 hours a week at the beginning of January was 14 per cent. (against 3.4 per cent. in January, 1930), and that of those working less than 40 hours per week was 2.9 per cent. (against 0.6 per cent.). Dealing with the question of foreign labour, the report estimates that there are at present about 3,300,000 foreign workers in this country, as compared with 1,132,000 in 1911 and 2,507,635 at the date of the 1926 census. While recognising the necessity for importing this large mass of foreign labour, in order to make up for the shortage due to war losses and to maintain increased industrial production (which the Statistique Générale estimates at 34 per cent. more than in 1913), the report strongly advises that the doors should be closed against further entries, save in exceptional cases, and that agricultural labour should be recruited primarily from unemployed workers and only afterwards from foreign sources. Another important recommendation is that every possible effort should be taken to stay the "flight from the land," and that a check should be imposed on entries of French native workers from North Africa, where they are already barely sufficient for local agricultural and industrial needs. The public works suggested as most suitable to meet the present crisis are, for all practical purposes, those comprised in the Tardieu plan for economic development, and comprise roads, waterways, ports, aviation, hydraulic and electric power, postal, telegraphic and telephonic extension, railway development (including supplies of materials), shipbuilding, provision of additional schools, hospitals, sanatoria, and cheap housing.

Coal production figures for January show an increase of 180,000 tons on the December output, but were still 361,000 tons, or about 7 per cent., below those for January, 1930. The total output was 4,637,440 tons for the 26 working days, against 4,458,467 tons for the 25 days in December and 4,998,138 tons in January, 1930 (26 working days). The increase in December was almost exactly equivalent to one day's average output, and was consequently due to the extra day in January. The average daily output in January, 1931, was 178,363 tons and in December 178,339 tons, against 192,236 tons in January last year. The labour force employed was 300,594 units, or 1,769 below the total in January last year. The February figures will show a further drop owing to the adoption of the system, in consequence of the accumulation of stocks at the pitheads, of laying off labour by sections, equivalent to a cutting down of hours by one day per week all round. The output of metallurgical coke by the colliery plants in January was 423,789

tons, or within half a dozen tons of the December total and about 9,000 tons more than in January, 1930.

In spite of the slackening in demand from industry and the continued increase in imports of foreign fuel, wage reductions have so far been negligible, whereas in Belgium wages have already been cut down by 15 per cent.; and a further cut of 5 per cent. is foreshadowed. Foreign competition by British and other exporters continues so keen that the Midland collieries, in order to secure renewal of contracts with the P.L.M. and other railways, have found it necessary to cut down selling prices in their tenders by 15 per cent. Railway contracts (except in connection with the Est, Nord and State lines, which are to continue under steam traction) are gradually becoming less and less attractive, as the total electrification of the rest of the lines progresses. Coalowners and the Government have been in conference, with a view to accelerating consumption by public bodies, and thus enabling wages cuts and labour reductions to be avoided.

GERMANY.

Minister's Visit to Vienna — Berlin Foreign Credit — Unemployment and Wages — Germany and the Young Plan.

(FROM OUR CORRESPONDENT.)

BERLIN, March 4.

HERR CURTIUS departed on Monday evening for Vienna, accompanied by the Secretary of the German Chancellery and his economic advisers. Dr. Brüning, who was originally to have been a member of the party, decided, in view of home political conditions, to remain in Berlin. If the Chancellor as well as the Foreign Minister had gone to Vienna the visit would have had a significance in the eyes of the world which it cannot now have. Herr Curtius arranged the visit with Dr. Schober in Geneva, where he already lent his support to the proposals put forward by Austria for paving the way to the ultimate formation of a European Union. It may be assumed that commercial-political questions of this character will be the chief subjects of discussion in Vienna.

An account was given in these columns a few weeks ago of the attempt of the State-owned Prussian Electricity Company to procure for the city of Berlin 300 million Reichsmarks of foreign capital by the sale of the Berlin Gas and Electricity works. So far the negotiations, which have been proceeding both in Paris and in Switzerland, have led to nothing, but meanwhile interest in the project has been forthcoming from another quarter, and Herr Dannie Heinemann, of the Brussels company "Sofina," who has for some time worked in co-operation with the Gesellschaft für Elektrische Industrie (Gesfütet) here, has come forward with an offer. Negotiations have been going on for several weeks, and the facts have only just become known, owing to an indiscretion. Sofina is demanding, as the price of a loan to the city of Berlin, a majority of Bewag (Berlin Electricity Company) shares. Bewag is only an operating company, and holds the electricity works, which belong to the city, only on lease. The proposal is that the position of the company should be converted from that of concessionaire to that of actual owner, that its shares should continue to be held by the city of Berlin, and that it should itself be responsible for the loan. A minority of shares would be held by the Reichselektrowerke and the Preussenelektra. Pending the completion of arrangements, the group is prepared to raise an interim credit of 75 millions, and it is said that a large number of German banks would be associated in this.

The Sofina project has aroused very vigorous opposition here, especially political opposition. The Socialist Left objects to a public undertaking passing into private hands, the Nationalist Right to the "surrender" of valuable public property to "foreign capital." In the other pan of the scale is the urgent need of Berlin, whose debt is smaller than before the war but consists to a disproportionately large extent of short-term liabilities, and also the fact that public utilities are undoubtedly at present

the most suitable section of German industry for the raising of foreign credit. For this reason, if the Berlin transaction materialised, it would only be the first of a series.

Trade-union leaders of every shade of opinion met the President of the Reich last week to discuss the problems which are causing them serious anxiety. The task of the unions at present is extraordinarily difficult. The huge volume of unemployment is threatening the tariff wage system, and here and there workers are showing a disposition to work for less than the standard rate. Employers want to combat unemployment by further wage reductions; the unions by short time. There is, however, no doubt that a section of the employers is aiming at the abolition of wage agreements and of unemployment insurance. The chief preoccupation of the union representatives at their meeting with the President was to prevent the power of the State being used, through arbitration, to bring about a second series of wage reductions, and to secure it as an ally for the protection of the present system.

No announcement has been made as to the official wages policy for the next few months. The Minister of Labour, Dr. Stegerwald, in his speech before the Reichstag, only defended the wages policy of the immediate past. He pointed out that the doctrine that high wages create and maintain prosperity has been exploded, especially in the United States and in Australia; but he declared that a general wage reduction of 20 to 25 per cent., as demanded by the employers, would be no panacea. The Minister did not commit himself on the question of a legal reduction of working hours, but he stated most emphatically that he would tolerate no undermining of the principle of wage agreements, arbitration, and social insurance. The Chancellor expressed similar views in addressing the German Wholesale Trade Association.

The proposed agreement between employers and trade unions, which was to bring about in effect a reduction in hourly rates, cannot apparently be pursued any further, as the employers are obviously not in a position to guarantee employment for whole industries, but can only guarantee it for individual business. As this would enable them to shut down some works in order to fulfil their obligations of providing work in others, it would not be of the slightest use to the unions. For similar reasons the attempt to avoid closing down the Ruhrort-Miederich mine, by means of an agreement with the unions, was unsuccessful.

The speech of the President of the Reichsbank, Dr. Luther, at the opening of the Leipzig Fair, was an admonition, not to thoughtless optimism, but to calmness. "Even the most passionate advocates of revision in Germany are perfectly clear that no German could carry his desire for revision so far as to be unwilling to meet promptly private debts, including the private debts of the Reich." If the word "moratorium," which was used in connection with the German efforts to secure a revision of the Young Plan, has given the impression abroad that Germany is aiming at anything in the nature of a suspension of payments, that, said Dr. Luther, is completely erroneous. It is, however, high time that a great change took place in the world. "Those Powers which have abundant capital will have to come to the rescue of the peoples of the civilised world."

Dr. Schacht, in a statement to the Press in Stockholm, also emphasised the fact that there is no question of Germany's defaulting in any circumstances on her private obligations or on those of public corporations. He gave, somewhat indiscreetly, an outline of the measures which he would take if he were Dictator of Germany, but this was one of his temperamental statements, made with an eye to the effect on the public, which should not be taken too seriously. The phrase which has attracted most attention was his declaration: "If I were Dictator of Germany, reparation payments would cease at eight o'clock to-morrow morning." Even if this has been correctly reported, it cannot bear the interpretation which has been put upon it abroad, for Dr. Schacht expressly added that he wished to see the Young Plan carried through, but that

this was only possible if the other parties to it carried out their obligations. By that he seems chiefly to mean, as his new book, "The End of Reparations," shows, that the International Bank in Basle will have to assist by means of credits exports from Germany to less developed countries.

BELGIUM

Public Works — Railway Improvements — New Channel Steamers.

(FROM OUR CORRESPONDENT.)

LOUVAIN, February 27.

BELGIUM has been carrying out a substantial programme of public works construction, though not actually designed for the mitigation of unemployment, the programme will probably be hastened on with that object in mind.

The digging of the Canal Albert, which is to link Antwerp directly to the River Meuse at Liège, was begun in 1930, and is progressing normally. It is expected to take eight years, and to cost 1,000 million francs. In Brussels the enlargement of the Charleroy canal is proceeding rapidly. The project of digging a tunnel under the river Scheldt in Antwerp has just been put in hand; its execution will require about 300 million francs, but it will greatly increase the value of the hitherto useless left bank.

No decisive vote has yet been cast in Parliament on the question of a railway line across the capital to join the Northern and Southern stations. This was first decided upon in 1900, and the work was begun before the war. It was discontinued during the German occupation, and after the war the restoration of the devastated areas absorbed all the available capital. In 1924 the Government proposed to abandon the scheme, but although the Senate rejected the Bill, the works have not been resumed. The directors of the National Railways Company would like to transform the Northern station of Brussels and abandon the proposed connecting line, but it will be difficult to secure the necessary legislation, as the Senate does not seem disposed to abandon the first scheme. Impressive speeches in favour of the connection have recently been made in this assembly.

The uniting line would be constructed with six tracks and have a station in the centre of Brussels. Part of the junction railway would be laid underground. The scheme would involve a great deal of construction work in the capital, but the estates to be crossed by the railway have already been expropriated, and a large part of the buildings have already been demolished. About 750 million francs would have to be expended on this undertaking; but if it was abandoned 250 millions would be required for the equipment of the stations, so that the actual cost of the connection would be 500 millions. Supporters of the scheme claim that certain estimates of outlay have been over-valued, and that the undertaking could be financed with 400 millions, while part of the expropriated land could subsequently be resold for about 200 millions, so that the final net cost would only be 200 millions.

Opponents dispute both these valuations and the usefulness of the connection, and they further assert that the tunnels would be noxious and even dangerous because of the smoke, though actually electric engines would be used on the junction line. Since the stations of Brussels will have to be modernised and enlarged for the exhibition which is to take place there in 1935, the problem will have to be settled pretty soon.

The question of railway electrification is also to the fore. Reports favourable to the electrification of the line Brussels-Luxembourg via Namur, as well as that of the Ourthe, have been received, and electrification of the Brussels-Antwerp line is also likely as a means of competing with motor transport. The Belgian Railways Company, Ltd., is going to contract for 1,000 goods wagons, which will be ordered in lots of 250 trucks in order to force the producers to combine for the rationalisation of construction. For the international passenger service twenty metal coaches have been ordered and will be presently delivered.

The equipment of all goods wagons with the air brake, as in Germany, will be completed this year at a cost of over 400 million francs, and the use of this apparatus will enable the company to dismiss thousands of brakemen and accelerate the service of the goods trains.

The last of the new packet-boats of the Ostend-Dover line (which belongs to the Belgian State) will soon be launched, and this line will then possess four new very fast steamers which will be much more comfortable than those which they replace. In 1930 the Ostend-Dover line reached record figures in the transport of passengers, who were 450,000 against 417,000 in 1929.

SWITZERLAND.

Depression — Industry — Foreign Trade.

(FROM OUR CORRESPONDENT.)

GENEVA, February 21.

THE economic situation of Switzerland was altogether very unsatisfactory in 1930 owing to the world crisis, though the depression was less marked here than in many other countries. The resistance of Switzerland may be accounted for by the country's moderate industrialisation during the past years and by a timely constitution of reserves of which the whole economic body is now enjoying the benefit. Swiss industry was also able to avail itself of sufficient capital at comparatively low rates to ensure its maintenance and the modernisation of its equipment.

The consequences of the crisis are shown in the 1930 foreign trade returns. Imports have not been affected to the same extent as exports, and there has been an increase in the import of manufactured goods, which is a sign of the comparatively favourable situation of the home market, the purchasing power of which has so far not been seriously affected. Exports, on the other hand, have considerably decreased in value and weight, and the decline is important even if allowance is made for the slump in prices.

Imports during 1930 were £106,568,064, compared with £111,353,930 in 1929, a drop of £4,785,866, or about 4 per cent., the decrease being greatest in cereals, fruit and raw materials. Exports reached a value of £70,700,063, as against £84,178,184 in 1929, a decrease of £13,478,121, or nearly 16 per cent. The drop is especially striking in textiles, watches, manufactured articles, metallurgy and animal products. The four chief industries are severely hit by the slump, as appears from the following figures:—

Exports of	£ million.	
	1929.	1930.
Watches	12.2	9.3
Silk	13.3	9.7
Cotton	10.6	7.0
Machines	9.3	8.9
	45.4	34.9

The adverse balance for 1930 is £35,868,001, against £27,175,746 in the previous year. That adverse balance is expected to be partly made good by the receipts of the banking and insurance industry, of the export of electric power, by income from foreign securities, and by the earnings of the hotel industry, though these last will be much lower than usual.

Apart from the general decline in the quantity and value of exports, the outstanding feature of 1930 is the drop in commercial exchanges with the United States in consequence of the enforcing of the new Customs tariff. Swiss exports to the United States, which aggregated £8,300,000 in 1929, fell to £5,767,000 in 1930. The feeling of bitterness caused here by the United States economic policy was reflected in a big decrease in Swiss purchases from the United States, which were £8,192,000, as against £11,648,000 in 1929. The decrease was greatest in imports of motor cars, oil and petrol.

Trade with Great Britain was rather active. Imports from her reached a value of £9,277,339, compared with £6,712,852 in 1929, while exports to her aggregated £10,507,571, as against £11,523,967 in 1929. The rise in British imports is due, on the one hand, to big purchases

of gold, and, on the other hand, to the fact that Swiss importers bought from Britain some products—namely, oil and petrol—that they previously imported from the United States.

The five chief sources of Swiss imports were again Germany, France, Italy, Great Britain, and the United States; but Great Britain held in 1930 the third place, while she had the fifth in 1929; these five countries were also the best clients for Swiss goods, Great Britain retaining the second place she already had the previous year. Exchanges with these countries were as follows:—

	Imports from		Exports to	
	1929.	1930.	1929.	1930.
Germany	27.9	28.0	14.2	11.2
France	19.5	18.0	7.2	7.3
Italy	8.1	7.4	6.3	4.8
Great Britain	6.7	9.2	11.5	10.5
U.S.A.	11.6	8.0	8.3	5.3

The results for January, 1931, which show a further decline both in imports and exports, indicate that the crisis has not yet reached its bottom, and prospects for 1931 are very gloomy indeed.

FINLAND.

The Money Market — Foreign Trade — The Level of Prices — Presidential Election.

(FROM OUR CORRESPONDENT.)

HELSINGFORS, February 24.

THE money market as usual grew much easier in January. The insignificant demand for credit was due, besides the usual seasonal conditions, chiefly to depressed trade, reduced imports and further restriction in the most important work of the season, forest felling. The position of the Bank of Finland bears clear traces of the reduced demand for credit; its total credits have fallen off in January by 79.2 million marks to 855.7 millions, whereas at the end of January, 1930, they amounted to 1,307.9 millions. The reserve of foreign currency at the end of January was 732.4 million marks, compared with 705.2 millions a year ago. During the first half of February the development continued in the same direction, but the changes were of no great importance. On February 14th the note reserve amounted to 804.4 million marks, compared with 648.5 millions a year before. The ordinary cover represented 74 per cent. of all liabilities payable on demand, as against 66.3 per cent. a year earlier.

The deposits of the joint-stock banks increased in January by 164.1 million marks, compared with only 32.7 millions in January, 1930. The greater part of this increase was in short-term deposits. Credits grew slightly by 13.3 million marks, whereas in January, 1930, they fell off by 26.0 millions. In the position of the joint-stock banks towards other countries there was an improvement in January, their net foreign indebtedness dropping from 134.2 to 103.4 million marks, compared with 262.3 millions a year ago.

Foreign trade fell considerably in January both in volume and value. The value of imports amounted to only 223.3 million marks, against 309.0 millions and 504.5 millions in January, 1930 and 1929 respectively. The decrease was partly due to unusually heavy imports in October-December, 1930, in anticipation of increases in Customs duties. The reduction in exports was appreciably less. Their value amounted to 248.5 million marks in January, against a little over 300 millions in the last few years. The balance of trade was thus unusually favourable for the time of year.

Though the wholesale price index for January was unchanged at 86, against 94 in January, 1930, the index for imported goods dropped one point to 73, against 89 a year ago, and the index for exported goods also dropped one point to 80, against 96 in January, 1930. The cost-of-living index also is still falling, principally owing to the fall in the price of foodstuffs.

On February 16th the election was held of the President of the Republic for 1931-37. The election was

made by 300 electors who had been chosen in the middle of January by general suffrage, and the candidate of the Right, the present Prime Minister, P. E. Svinhufvud, was proclaimed President of the Republic. President Svinhufvud has long been a champion of Finnish independence; he was the head of the Government that proclaimed Finland's independence and subsequently the first head of the State of the new realm.

CANADA.

Business Conditions — Tariff Hearings — Motor Tariff — Grain Marketing.

(FROM OUR CORRESPONDENT.)

OTTAWA, February 25.

BUSINESS conditions are, if anything, slightly improved. The production of steel in January amounted to 57,598 tons, an advance of 3 per cent. over the 56,101 tons recorded in December but a decline of 50 per cent. from the figure reported for January, 1930. The production of pig iron during the month was 7 per cent. lower than the December figure, and only about 40 per cent. of the figure for January, 1930. The output of motor vehicles in January, at 5,000 cars, exceeded by 16 per cent. the total of the previous month, but was 37 per cent. below the figure for January, 1930. Other industries are showing parallel small gains from their low levels of production, but they are still well below the level of activity shown a year ago.

The manufacturers, faced with a shrinkage in their Western markets, have apparently converted the Bennett Ministry to the view that they must be given greater shelter against foreign competition than the tariff revision at the emergency session offered. At any rate, evidence accumulates that the Ministry is ready to go ahead with a general upward revision of the tariff. Last week there took place two public tariff hearings by a special committee of the tariff which is supposed to do the work of the now defunct Tariff Advisory Board, and at each of them the Ministers present showed a very definite bias in favour of the manufacturers. The applicants for tariff changes were not compelled, as they had been before the Tariff Board, to make public their briefs, and as a consequence the spokesman of the agrarian interest who was present to oppose tariff increases was placed at a hopeless disadvantage.

Manufacturers have received in addition great encouragement from the change made last week in the Customs regulations for imports of motor vehicles from the United States. By an Order in Council the discount from the American listed price which Canadian dealers importing cars from the United States will be allowed for purposes of valuation for Customs duty has been arbitrarily fixed at 20 per cent. Hitherto 25 per cent. has been the normal discount allowed by American vendors of cars, and in some cases 30 per cent. has been given, but henceforth, if more than 20 per cent. is given, the dumping provisions of the tariff will be applied. It is calculated that the change is tantamount to an increase of 15 per cent. in the protection available to the motor manufacturers of Canada. Naturally the changes are very popular in Ontario cities like Oshawa and Windsor, where increased business for the Canadian plants of the General Motors Corporation and the Ford Company is anticipated, and it is claimed that various American manufacturers of high-priced cars will now be compelled to establish their own factories in Canada. The matter, however, is certain to be aired in Parliament, for the Western Progressives have session after session raised the question of motor prices in Canada and contended that the large spread between the Canadian and American prices for the same type of car was unjustifiable and simply meant that the motor interests of the United States who dominate the Canadian industry wholly were using the Canadian tariff to extract an unfair toll from the Canadian user of cars. Now this situation is likely to be aggravated, though the Government claims that it has secured a guarantee from the Canadian manufacturers that prices will not be increased.

The Bureau of Statistics has published figures showing that the export movement of Canadian wheat during the first six months of the present crop year beginning August 1, 1929, has amounted to roughly 156 million bushels, as compared with 96 millions during the parallel period of the previous year. In one sense this gain of 60 million bushels is encouraging, but all intelligent grain experts are aware that it can be largely attributed to the action of the Federal Farm Board in deliberately holding United States wheat off the world market and leaving Canada as the sole source of North American supplies. As a result, sales of a large quantity of Canadian wheat have been made, but at a figure well below the cost of production. Whether this sacrifice will be profitable in the end is uncertain, for as long as the heavy stocks of wheat held by the United States Farm Board are overhanging the market there is no assurance of a stabilisation of grain prices.

Meanwhile interesting revelations have been made about the liabilities in which the provincial administrations of the three prairie provinces are involved by their guarantees to the banks in connection with the advances made by the latter for the crop of 1929. Up to date, according to the Prime Minister of Manitoba, they reach the sum of \$22,455,983, of which the Government of Saskatchewan will have to shoulder 12½ millions, Manitoba about 3½ and Alberta 6½. These figures were calculated on the basis of the wheat prices of February 16, and as some of the 1929 crop is still unsold the liability may be reduced if prices rise further. Naturally, the taxpayers of the West do not like the prospect of this heavy burden, but the governments say that they are protected against any ultimate loss by reason of the fact that they hold as security the country and terminal elevators and the office buildings owned by the three provincial pools, which are valued at a figure well in excess of the pools' indebtedness. But it is a security which it will be difficult to liquidate, and obviously at present prices of grain many years must elapse before the pools will be able to pay their debts and regain control of their properties.

JAPAN.

Foreign Trade — Export Credits — Rice Crop — Money — Stock Exchange — Prices.

(FROM OUR CORRESPONDENT.)

TOKYO, February 12.

THE returns of our foreign trade for last month again show a substantial decline, especially in imports, when compared with January, 1930, though a considerable part of the decrease is accounted for by lower prices. Imports for the month were 79,098,000 yen, or 43.2 per cent., lower than in January, 1930, while exports fell by 40,473,000 yen, or 27.7 per cent. As the contraction in imports was by far the heavier, there was a favourable balance of 1.8 million yen for the month, compared with an import excess of 36.7 millions for the same month of last year. The balance in favour of exports, though insignificant, is unusual for the month in which the heavy import season is normally at its height. This may be explained partly by the sharp shrinkage in imports of raw cotton.

Little use has been made of the export credit scheme, which was inaugurated on August 1 last. According to an official report, the guarantees used by exporters up to the end of January amounted to only 876,935 yen, the number of bills guaranteed being 528. The details of the guarantees given in respect of exports to the countries covered by the system are as follows:—

Geographical Division.	No. of Bills.	Sum payable. Yen.
Africa.....	282	356,049
South America.....	142	266,341
Russia.....	12	177,065
Central America.....	49	51,885
Asia Minor.....	32	18,966
Balkan States.....	11	6,629
	528	876,935

The estimate of the rice crop for 1930 was revised by the final report of the Department of Agriculture and Forestry

recently published, and the year's actual yield placed at 66,882,000 koku, an increase of 1,577,000 koku upon the previous estimate. The yield is higher by 7,325,000 koku (12.3 per cent.) than in 1929, and is 7,430,000 koku (12.6 per cent.) above the five years' average. The total value at the ruling price is 1,205 million yen, or a decrease of some 450 millions upon the preceding year. The cocoon crop for last year is put at 106,464,000 kamme, valued at 304,245,000 yen, against 102,093,000 kamme (655,001,000 yen) in 1929. Thus the farmers' loss of revenue from rice and cocoon totalled over 800 million yen.

A few more suspensions of small provincial banks were reported in the latter part of January, but the general monetary situation has remained undisturbed. Money is appreciably easier, despite the usual year-end requirements in the rural districts where the lunar calendar is generally followed. The bank return for February 10th showed that the note circulation, at 1,096,874,000 yen, was 88.2 millions lower than a year ago. Fine bills are quoted at a rate considerably lower than the official minimum. As there is no avenue of employment for idle funds, the 5 per cent. Treasury bond issue, which was offered last week, was subscribed five times over, but the stock markets failed to maintain an earlier appearance of strength, owing partly to a further break in the price of silver. The commodity markets on the other hand are more or less steady. As the cotton trade shows signs of improvement, the master spinners have agreed to relax the curtailment of operations by 3.6 per cent. as from April 1st. The downward movement in commodity prices, however, has again been accelerated. The Bank of Japan's wholesale index number for last month registered a fall of 1.4 per cent. The decline is largely accounted for by such articles as *miso*, *sake*, salt (State monopoly), tea and Japanese paper, which have been sheltered from foreign competition; unsheltered goods were already down to the international level.

Letters to the Editor.

THE STANDARD OF LIVING.

TO THE EDITOR OF THE ECONOMIST.

SIR,—The true line of cleavage in politics to-day is between those who have a dodge to restore prosperity without sacrifice and those who believe that our hope lies in the universal return to a simpler life. A few days ago Mr Baldwin was telling us that with the help of a tariff he could maintain our standard of living, and about the same time you were publicly praying for a politician brave enough to tell us that we have all got to tighten our belts. It seems unlikely that your prayer will be answered until we have all come to believe that the belt has got to be tightened. When we are established in that belief there will be politicians in plenty to preach to the converted, but meanwhile one who is not a politician may perhaps suggest that every class of the community, both here and in America, has thought far too much about maintaining its standard of living, and that the taproot of our troubles lies in this pre-occupation and in the tricks and devices that have been resorted to all over the world to keep our living at too high a pitch.

It is unfortunate that the phrase "standard of living" is generally said with a class bias, so that an attack on the standard is always supposed to be an attack on the working class. In fact, the working class is not the only one that has pushed its standard of living up and is trying to keep it up. The middle class is definitely involved in the same enterprise, and as I compare the expenditure in every form of comfort and luxury—food, drink, travel, holidays, cars, education—of the families of my own class to-day with the corresponding expenditure of twenty years ago, I claim no right to throw all or most of my stones at the working man.

A universal rise in the standard of living means only one thing; it means that the trade and industry of the world are being called upon to provide every individual of the world with a larger spending income. If they can do so, well and good. If they cannot the strain becomes too great; there is a collapse, slight or serious in proportion to the strain imposed; and until the strain releases there can be no recovery.

Have there not been, apart from our British dole, signs enough and to spare of the strain thrown on to the machinery

of trade? All the artificial dodges that we have seen employed for manipulating values—tariffs, inflations, wheat-pools, valorisation schemes, restriction schemes, price agreements—all are in essence the same and all have the same goal. Their essence is to take something worth a shilling and pretend that it is worth eightpence, and their goal is to keep up artificially the profits and the standard of living of those busied in the output of the commodities. And all are barriers to trade.

On the other side of the shield we see the manipulation of the consumer. Having decided that a shilling is really eightpence we take the next step and say that an income of four hundred a year is really an income of six hundred. We do this by scientific salesmanship and hire purchase, and we recruit an army of persuasive young men to teach the consumer that he is really much richer than he thinks he is, and that the old notion of keeping expenditure inside income is a piece of out-of-date Victorian nonsense. A few weeks ago, sitting in a house that is too big for me, listening-in on a wireless set too expensive for my means, I heard Mr Keynes telling me that the duty England expects of every man is to throw his money about more heartily. I felt then like an inmate of a drunkards' home being told by his physician that the cure was whisky, whisky and still more whisky.

Unless we can learn to think a good deal less about keeping up our standard of living and a good deal more about keeping expenditure inside income, I do not believe that there is a gleam of hope for us. The return to a simpler life and simpler life will be painful and involve a great deal of suffering, but major operations, painful though they are, save lives. Yours, etc.,

Gerrards Cross.
March 3, 1931.

D. E. W. GARRARD.

Books and Publications.

FEDERAL RESERVE POLICY.

ACCORDING to one extreme school of thought monetary policy should be determined by the statistical indices of tendencies in economic life. All that the monetary authorities would have to do is to collect the figures of price indexes, production, railway traffic, unfilled orders, etc., and the material thus collected would itself indicate what action, if any, is necessary to bring about the desired readjustment. The rôle of central bank governors and boards would thus be reduced to that of super-robots, engaged in simple arithmetical operations to calculate the Bank rate. According to the other extreme, the authorities should have a complete freedom of action in determining monetary policy according to their individual judgment based on common sense, instinct and experience. In his book* on the history of Federal Reserve policy during the past decade, Professor Harold Reed strikes a fair synthesis between the two extremes. After having analysed the policy of the Federal Reserve authorities during the comparatively stable period of 1921-27, the boom of 1927-29, and the slump of 1929-30, he arrives at the conclusion that economic guides to reserve policy should not be narrowly defined, though certain guiding principles should serve as points of departure to that policy.

Even during the period of stability, the policy of the Federal Reserve authorities was subject to heated controversy. The statistical material as to economic tendencies was the same for both opponents and apologists of the monetary authorities; and yet the conclusions inferred from them were mostly diametrically opposed to each other. The author's main purpose was to indicate the multiplicity of factors which must necessarily enter into the formulation of credit policies by the Federal

* "Federal Reserve Policy, 1921-30." By Harold L. Reed. London, 1930. McGraw Hill Publishing Company, Limited Pp. ix. 207. Price, 12s. 6d. net.

The Coming Rise in GOLD SHARES

According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression. He applies the principles of his work *Investment to an analysis of this section of the market.*

SPECIALISED BUSINESS SERVICES, 10 Buckingham St., W.C.2 6/- nett.

Reserve administration. As he rightly points out, monetary laws do not operate with the precision so often implied in formal treatises. Under some circumstances an excess of credit may manifest itself in one field, under other circumstances in another. He emphasises that indices of commodity prices constitute only limited evidence of the adequacy of the general volume of bank credit. While opposing the dogmatic application of statistics in the administration of monetary policy, Professor Reed is equally opposed to the other extreme, claiming that all should be left to the discretion of management. An administration with no guiding principle to serve at least as a point of departure must tend to veer from one extreme to another, from perhaps a too narrowly restrictive policy to one of excessive liberality. Like the rest of us, Federal Reserve officers and directors are human, and are subject to the same contagious influences of undue pessimism and extravagant optimism as operate upon the minds of business men. The author quotes the reduction of the New York Bank rate in 1927 as an example for the necessity of guiding principles. In his opinion, the reduction in itself was not a mistake, but it ought to have taken place during the early part of the year. What was lacking in 1927 was a standard for determining the degree of credit alleviation required. While in the early part of that year such alleviation was genuinely wanted, in the latter part of the year, when the Bank rate was actually reduced, it merely created superfluous monetary ease and was largely responsible for the Wall Street boom.

How quickly books dealing with current monetary problems become out of date is characterised by Professor Reed's remarks on the reduction of Bank rates after the collapse. In this book, written in August, 1930, he regards 3 per cent. as the minimum level of the Bank rate, and raises the question whether it was not premature to fire away all the ammunition by reducing the Bank rate to that "minimum" figure before the arrival of the psychological moment when a reduction might stimulate a strong revival. Within about four months, the New York Bank rate was lowered to 2 per cent., and in many quarters even that figure is not considered the irreducible minimum.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Changes in the Structure of World Economics Since the War. By Dr. Felix Somary. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 7s. 6d. net.

An important contribution to the literature of economic internationalism. Dr. Somary discusses with the tempered judgment of an experienced banker such questions as the reorganisation of the British Empire; Europe in Relation to the United States; France and Germany; Russia and Europe; and the Effects of the Monopolistic Movement.

British Banks and the Finance of Industry. By S. Evelyn Thomas. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 12s. 6d.

A most timely book. There are chapters on general monetary policy, the need for rationalisation of industry, and the relation of British banks to agriculture, and the British and Continental traditions of the relations between banking and industry are compared and criticised.

The Root Principles of Investment. By H. Cope West. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 15s. net.

An interesting guide for the investor who is willing to expend personal effort upon the selection of his investments.

Markets of London. By Cuthbert Maughan. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 6s. net.

A descriptive account of the transaction of business in the commodity markets.

The Annals of the American Academy of Political and Social Science. January, 1931. (London) P. S. King and Son, Ltd., Great Smith Street.

This volume is devoted to a collection of special articles dealing with the advent of industry to the southern states of America, its consequent problems and their possible remedies.

Necessary for all Public Libraries

J. M. Keynes' New Book

THIRD THOUSAND

A TREATISE ON MONEY

Vol. I. *The Pure Theory of Money.* 15s. net

Vol. II. *The Applied Theory of Money* 15s. net

"Certain to hold the stage for many years to come."

—*Times Literary Supplement*

"An ambitious, elaborate and important book. There is not the slightest doubt that these two volumes constitute a notable addition to economic literature."—*Prof. Pigou in The Nation*.

"The layman cannot afford to miss the book. Mr. Keynes has certainly written the most important and stimulating treatise on monetary problems published in this country for a good many years."—*New Statesman*.

"There is more interest to-day in monetary policy than ever before, and correspondingly a greater need for information on the working of the monetary system. This need has been met by one of the most acute economists of the day. In his *Treatise on Money* Mr. J. M. Keynes has completed what will probably be for many years the standard work on the subject."

The Manchester Guardian Commercial.

"No serious student of economics will be able to disregard what must inevitably become the starting-point for new adventures in the theory of money and prices."—*The Banker*.

MACMILLAN & COMPANY Ltd.

Mining Year Book, 1931. By Walter E. Skinner. (London) Walter E. Skinner, 15, Dowgate Hill, and Financial Times, 72, Coleman Street. 20s. net.

Contains particulars of all the chief mines in the world, with financial details of 1,420 mining, exploration, and mining investment and finance companies.

The Anglo-American Year Book, 1931. (London) American Chamber of Commerce, Aldwych House, Aldwych. 15s. net.

A very useful book of reference for American business men in England. It contains a great deal of miscellaneous information of directory and guide-book character, and also special articles on English law and on American business in Britain.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2 :

Navy Estimates for Year 1931. 9s. net.

Statement of the First Lord of the Admiralty, 1931. Cmd. 3799. 3d. net.

Navy (Supplementary) Estimate, 1930. 2d. net; and *Statement of Excess for Year ended March 31, 1930.* 1d. net.

Department of Overseas Trade: Economic Conditions in Algeria. 1929-30. 2s. net.

Air Services Appropriation Account, 1929. 1s. 6d. net.

National Health Insurance Fund Accounts for Year ended December 31, 1929. 9d. net.

Trading Accounts and Balance Sheets, 1929. 2s. 6d. net.

Report of Department of Scientific and Industrial Research, 1929-30. Cmd. 3789. 3s. 6d. net.

Report of the Medical Research Council for the Year 1929-30. Cmd. 3785. 2s. 6d. net.

Kenya Colony and Protectorate. Annual Report, 1929. 2s. 6d. net.

The Stock Exchange.

POST-WAR INVESTMENT TRUST COMPANIES.

In an article on the "pre-war" investment trust companies, which appeared in the *Economist* of February 21st, we found that the companies analysed had so far been able to stand the shock of the world slump without loss of revenue or reduction of dividends and for the most part without having to admit depreciation on their investments. This was explained by the fact that they had been able to build up reserves by writing down the book values of their investments out of capital profits and by pursuing a conservative dividend policy over a long period of years. The records of the younger investment trusts, formed since the war, is, naturally, less satisfactory than that of their elder brethren, for the obvious reason—that they have not as yet had sufficient time to build up large investment reserves. Some of them acquired their equity holdings near or at the top of the market, and having had inconsiderable capital profits to apply to reserve, and having distributed in dividends nearly the bulk of their income over the few years of their existence, they have exposed their investment portfolios to the full blast of the depreciation in security values. The shareholders of many of these post-war companies have thus been sharply reminded that investment managers do not work miracles, and that if time and the markets are not on their side the investment trust, by the mere process of "spreading" its holdings, does not afford them any magical security of capital and income.

In this article we propose to analyse the recently published accounts of five representative post-war investment trust companies. The Great Northern Investment is an independently managed Scottish trust formed in 1924. The English and New York Trust and the New York and General Trust were registered at the beginning of 1928, the first under the auspices of Robert Benson and Company, the second under the chairmanship of Lord St. Davids. The London Canadian Investment Corporation was formed in May, 1928, under the auspices of Wood, Gundy and Company, a well-known Canadian finance house, with Sir Herbert Holt as chairman. Finally, we have the London Stockholders Investment Trust, registered in October, 1928, with Mr J. R. Govett as chairman.

In its last report the Great Northern Investment merely declared that the market valuation of its invest-

ments exceeded the book value, but did not give the amount of the excess. The English and New York disclosed a depreciation on its investments (at cost) of 19.6 per cent, London Canadian a depreciation of 25.6 per cent., and London Stockholders a depreciation of 29.4 per cent. The New York and General was mute upon the point of market valuations. Particulars regarding these companies are shown at the foot of this page.

The question of depreciation in market values is intimately related to that of the distribution of holdings in the portfolios of the various companies. The following particulars, given by three of the five concerns, are of special interest:—

PERCENTAGES OF TOTAL INVESTMENTS.

	English and New York.	London Canadian.	London Stockholders.
Bonds	40.5	29.7	26.7
Preferred	24.5	18.2	32.8
Ordinary	35.0	51.1	40.5
	100.0	99.0*	100.0
U.S.A.	28.0	22.3	27.1
Great Britain	22.2	8.2†	16.0

* Approximately 1 per cent. was held in cash and call loans.

† British Empire outside Canada. Holdings in Canada represented 48.8 per cent.

If we assume an average decline of nearly 45 per cent. in "business" equity stocks between January, 1929, and December, 1930—based on the indices of the *Investors' Chronicle* for British equities (40 per cent. depreciation) and the Dow Jones indices for American industrials (50 per cent. depreciation)—the "average liability to depreciation" of the English and New York Trust, with 35 per cent. in ordinary stocks, would come out at about 16 per cent. or less, and the London Stockholders, with 40 per cent. in ordinary stocks, at 18 per cent. or less. This calculation assumes that the value of the holdings in bonds and preferred stocks would have remained constant or have appreciated, and that the depreciation in stocks other than those of the United States and Great Britain was of the same proportions as in the case of these two countries. The actual results show a larger depreciation than the "average liability" figures, but in view of the large element of approximation involved

Company and Date of Balance Sheet.	Year.	Capital.			Reserve† Account.	Investments.	Surplus or Deficiency of Investments.	% Re-serves† to Investments.
		Debenture.	Preference.	Ordinary.				
English and New York (Dec. 31).....	1928	£	£	£	£	£	%	%
	1929	161,731	450,000	300,000	2,042	936,439	— 4.94	.22
	1930	314,881	450,000	300,000	5,499	1,027,647	— 19.59	.53
Great Northern (Nov. 30)	1928	700,000	600,000	492,342	129,175	2,753,803	†	4.69
	1929	700,000	900,000	600,000	311,172	3,514,889	†	8.85
	1930	1,023,890	900,000	600,000	216,527	3,506,640	†	6.17
London Canadian (Dec. 31)	1928	£6,000,000	\$4,000,000	\$1,000,000	\$1,163,296	\$11,659,280	— 4.94	9.99
	1930	\$6,000,000	\$4,000,000	\$1,000,000	\$1,028,948	\$12,198,927	— 25.57	8.43
London Stockholders (Dec. 31)	1928	...	180,000	270,000	2,217	526,093	— 11.24	.42
	1929	28,172	180,000	270,000	2,927	728,338	— 29.41	.40
	1930	420,000	210,000	105,000	96,215	961,743	†	10.00
New York and General (January 3)	1930	446,786	360,000	240,000	27,499	1,134,609	†	2.42
	1931	600,000	360,000	240,000	15,988	1,203,990	*	1.33
Total of above	1928	1,120,000	1,260,000	897,342	228,432	4,651,985	...	4.48
	1929	2,543,393	2,672,191	1,615,479	585,721	8,598,980	...	6.81
	1930	3,199,819	2,672,191	1,615,479	460,660	9,089,010	...	5.07

* Not stated.

† Not shown, but the market valuation of investments is stated to exceed their balance-sheet valuation.

‡ Including amount of profit and loss account carried forward.

in the "liability" calculation, this fact cannot, of course, be interpreted as a criticism of the directors' policy. The case of the London Canadian is not comparable, for it was intended to have its centre of gravity in Canada. Its Canadian holdings actually represented 48.8 per cent. of the total. The "Investors" index of the Canadian Bureau of Statistics shows a decline in security values of 44 per cent. over 1930.

The revenue position of these companies is set out in the next table:—

Company.	Year.	Income after payment of interest.	Available for Ordinary	Per cent. Earned	Div. Declared.	To Reserve.	Carried Forward	Gross Revenue Investment.
English and New York.	1928	£ 17,042	£ 8,042	2.68	2 1/2	...	£ 2,042	3.58
	1929	33,457	15,457	5.15	5	...	3,457	5.88
	1930	37,354	19,916	6.64	5	...	8,219	5.86
Great Northern.	1928	53,160	29,160	5.92	8	5,000	-1,440	4.65
	1929	68,896	57,874	9.64	9	...	619	4.97
	1930	84,528	48,978	8.16	9	...	6,318	5.72
London Canadian.	1928	£ 4,006,27	£ 1,006,27	10.06	...	...	£ 1,006,27	2.09
	1929	8,297,133	2,971,33	9.71	...	...	2,971,33	5.12
	1930	22,017	14,097	5.22	5 1/2	...	2,217	4.99
London Stockholders.	1928	20,175	12,503	4.63	5	...	710	4.89
	1929	23,950	13,450	12.81	15	...	2,074	4.28
	1930	43,619	25,019	10.42	10	...	3,268	6.23
New York and General.	1928	33,499	13,549	8.14	10	...	949	4.78
	1929	94,152	50,652	5.64	6.99	5,000	2,676	4.36
	1930	249,709	133,124	8.24	6.67	...	30,228	4.44
Total of above	1930	246,610	119,903	7.42	6.59	...	36,225	5.38

* Formed May 8, 1928. † Formed October 24, 1928. ‡ Period May 8, 1928, to December 31, 1929. § Period October 24, 1928, to December 31, 1929.

In spite of the issue of debentures by the London Stockholders Investment and by the New York and General Trust the revenue of these two companies declined. On the other hand, the London Canadian was able to maintain its income at approximately the 1929 level, although its capital and loans remained the same. This company is in the happy position of having raised its capital at an average rate of 4.6 per cent. It will be seen that the earnings on its ordinary capital last year amounted to 9.7 per cent. As regards the dividend policies of these five companies, it will be observed from the above tables that the New York and General, London Stockholders and Great Northern did not actually earn the amounts they distributed. The greatest degree of prudence was shown by the London Canadian, which has not yet paid a dividend on its common shares.

Our final table gives the highest prices of the equity stocks of these companies recorded in 1929 and 1930, the present market prices, and the yields on earnings and dividends:—

Company.	High, 1929.	High, 1930.	Latest Price.	Earned %	Div. %	% Yield on Earnings.	% Yield on Divs.
English and New York	141	100	88	6.64	5	7.54	5.68
Great Northern Investment	305	237 1/2	202	8.16	9	4.04	4.45
London Canadian	£ 7 1/4	£ 2 1/4	17 1/2	9.71	...	6.47	5.88
London Stockholders	£ 1 1/4	21/-	17/-	4.63	5	5.45	...
New York and General	259	157	132	8.14	10	6.16	7.57

* No par value. Present issued capital represents 11/8 paid up per share.

We propose to supplement the analysis of these five companies with an examination of further reports, as and when they become available, before attempting to draw final conclusions regarding the record of post-war investment trusts. The results so far published, however, suggest that, while all allowance must be made for the exceptional difficulties of the present period, some of these companies have not shown, as yet, decisive evidence of exceptional wisdom in the management of investments. It is clear that, failing adequate reserves, the spreading of risks and distributions of holdings, common to investment trust practice, does not in itself afford adequate protection for the stockholders' capital in a share market depression. It should be remembered that investment trusts, being too large to operate in narrow markets and move in and out, are largely tied to the strings of their portfolios.

THE "WHEELER" BANKRUPTCY.

THE announcement, on Tuesday, that a receiving order had been made against Arthur Wheeler and Company, of Leicester, on the petitions of the two partners in the firm, created little stir on the London Stock Exchange, and failed to interrupt the slow but steady improvement in share values. Though the firm was much the largest "outside" stockbroking house in the country, Sir Arthur Wheeler, its head, had never held extended commitments on the Stock Exchange; his orders were taken up and paid for, as a rule, within one or, at most, two accounts—the firm's financing being effected in other quarters. During recent months the decline in public interest in many of the stocks sponsored by the firm had also tended to reduce its business with the Stock Exchange to a minimum.

Sir Arthur Wheeler based his nation-wide stockbroking business upon prolific postal advertising, his postage and printing bill being put in the neighbourhood of £20,000 a month. The firm, however, was scarcely a "bucket-shop" in the normal sense of the term. It did not charge excessive commissions, or deliberately attempt to foist upon clients shares in ventures which its principals believed to be unsound. Only on a *bona fide* basis could a business with a *clientèle* estimated at 50,000, and an annual turnover which may have run into seven figures, have maintained itself for so many years. Sir Arthur Wheeler, in fact, exemplified the uses of advertisement in a profession which has always resolutely set its face against broadcast publicity.

Sir Arthur Wheeler's activities, however, went beyond mere "outside" stockbroking. He was a company financier on an ambitious scale, and used his connections with investors throughout the country to market the securities he sponsored, which were generally of an industrial character. Many London houses maintained a conservative attitude towards Sir Arthur Wheeler's flotations, though none could be described as "ramps" even by unfriendly critics, and some achieved measurable success as profit-earners. Certain "Wheeler" shares, however, failed to obtain a really free market. Though the firm's "finance" business was very profitable—particularly during the boom of 1928-29—its activities, being based mainly on the *selling* of shares rather than on a normal "both-ways" business, left an exposed flank to the ill-effects of a severe investment depression like that of 1930.

It is understood that Sir Arthur's recent difficulties have been aggravated by his efforts to support the market for some of the shares in which he was interested. An unfortunate offer for sale of 499,000 shares of 10s. in J. Darnell and Son at 16s., made by the Gresham Trust, Limited, last October, is understood to have left him under the necessity of taking up a large amount of stock, and to have limited his ability to obtain credit in other directions. Thus Sir Arthur's flair for the placing of share issues, which brought him a baronetcy in 1920 for his services as a distributor of War Loan, proved his undoing when, in the end, it played him false.

It is too early as yet to assess the possible extent of the losses falling on the firm's clients, both directly and as a result of the depression in the value of "Wheeler" securities. The following table shows the recent movements of a number of these shares:—

Share.	Highest, 1929.	Highest, 1930.	Beginning Feb., 1931.	Beginning March, 1931.	March 4, 1931.
British Hosiery Trust (21/-)	22/6	21/9	17/6	15/1 1/2	15/1 1/2
J. Darnell (10/-)	...	...	16/-	12/6	12/6
Debenhams Securities, ord. (5/-)	16/7	11/2	5/-	4/9	4/-
Henry Glave, dtd. (1/-)	3/3	3/-	1/11 1/2	1/9	1/1 1/2
Gresham Trust, ord. (1/-)	4/9	4/6	1/6 1/2	1/6	1/6
Low Temperature Carb. (2/-)	3/6	2/-	1/1 1/2	1/-	5 1/2 d.

The Charterhouse Investment Trust has informed its shareholders that it is in no way connected with or involved directly or indirectly in the failure of Sir Arthur Wheeler's firm. The extent to which the firm's bankers are concerned will doubtless appear in due course.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
March 17.	March 19.

LAST week's more cheerful atmosphere continued this week, prices showing a measurable all-round improvement. A more hopeful view was taken of the outlook, both politically and generally. The carry-over from the last account was easily arranged, the open position in most cases being negligible. The position in Wall Street was regarded with some caution, but money conditions were a stimulating influence—particularly the strengthening of sterling. Sir Arthur Wheeler's bankruptcy had no adverse results on the Stock Exchange, except in the cases of concerns with which he is actively connected. News of the agreement between the Viceroy and Mr Gandhi caused an improvement in Indian shares.

Despite the March 1st disbursements, the gilt-edged market opened quietly, prices moving within narrow limits, with, however, an upward tendency. Later in the week, hopes were entertained that the Treasury deficit would not be as great as originally expected. Improvements were general, Funding Loan leading the way. Consols, both Old and New, gained appreciably. Slight profit-taking occurred on Wednesday, but little stock came on the market and prices closed firm. Mr Scullin's victory over the Left Wing in the Federal Parliamentary Caucus sent Australian bonds upwards, New South Wales 5 per cents. 1935-45 advancing by 10 points to 65. The market canvassed the possibilities of a general election following the deadlock reached between the Australian banks and Mr Theodore.

An improvement in the trade balance induced a little buying of Brazilians, another factor being the sinking fund operations. Argentines and Chileans were firm. The reassuring statement by the German Chancellor regarding the "Young" issue attracted a certain amount of attention to German loans. Chinese issues were firm.

In the Home Railway market the bears showed signs of nervousness. The report of the National Wages Board was awaited with a certain hopefulness. Prices, after going ex-dividend, maintained the previous week's gains. A bad week's traffic figures depressed prices slightly, but firmness again supervened on Thursday. Argentine rails hardened on satisfactory traffic returns from the Great Southern and Central Argentine. Dividend fears induced selling of North Americans, but Canadian Pacifics were firm on improved earnings for February.

In the industrial markets, conditions remained firm. Wall Street was uncertain. Columbias and Gramophones changed hands freely, but Brazilian Traction eased slightly. After initial firmness, Cables and Wireless became irregular. Engineering shares improved on a fair investment inquiry, Babcock and Wilcox leading the way. Motors were a mixed market, Austin and Napier being in moderate demand, while a slight falling off occurred in Fords. Electricity shares remained in the forefront, Egham and Staines being strong on the Metropolitan Electric's announcement of a "share-for-share" issue, and benefiting further by the publication of improved earnings by the City of London Electric. Courtaulds improved following the hopeful trend of the chairman's speech. The textile market showed a modest recovery, with Bradford Dyers and Cotton Spinners in the van. Breweries were in demand on a more hopeful interpretation of Budget possibilities, Guinness being particularly firm. Tobaccos showed to advantage, "Bats" and Imperial Tobacco closing appreciably higher. The newspaper section was uncertain, but became active as the week progressed. Harrods were helped by the chairman's speech and the acquisition of Shoobred's. Imperial Chemicals improved on the eve of the dividend declaration. Cuts in tyre prices caused a temporary recession in Dunlops. Banks were firm, Australians improving in sympathy with the Government stocks. Insurance shares obtained renewed investment attention.

Early in the week, Oil shares were quiet, on the cut of 2d. in the price of petrol, though an improvement appeared later. Paris and the Continent offered Royal Dutch and Shells freely in London. The improvement in the price of raw rubber was reflected by the market leaders, Trusts advancing sharply, while Anglo-Dutch and United Sua Betongs were better. Tea shares fell on the abandonment of the restriction scheme, mainly owing to dissatisfaction with the Dutch attitude.

Metal prices rose during the week, and a corresponding improvement was shown in share values. The public, however, evinced rather less interest in Kaffirs. Paris sold Rio Tintos in anticipation of a reported £2,000,000 debenture issue. "Johnnies" were quiet, but Modders were in demand, both in London and Johannesburg. London Tin were firm on the chairman's vigorous defence of the restriction scheme. Among Australian mines Lake View and Star had a slight fall on profit taking, but good news regarding work on equipment caused a sharp rise in Wilumas.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)

	Feb. 26, 1931.	Feb. 27, 1931.	Mar. 2, 1931.	Mar. 3, 1931.	Mar. 4, 1931.	Mar. 5, 1931.
Government and Municipal Loans	1,357	1,366	1,504	1,403	1,403	1,498
Transport, Communications, and Public Utilities	850	995	1,111	1,016	1,044	1,071
Commercial and Industrial Banks, Insurance and Financial	1,631	1,786	2,010	1,817	1,707	1,732
Mines (including Witwatersrand)	656	613	730	547	640	584
Oil	505	539	686	565	482	577
Rubber, Tea and Coffee	157	155	231	170	172	130
Total	5,341	5,558	6,395	5,685	5,873	5,852

* Including Iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Feb. 26, 1931.	Feb. 27, 1931.	Mar. 2, 1931.	Mar. 3, 1931.	Mar. 4, 1931.	Mar. 5, 1931.
72.3	65.0	66.7	66.8	67.8	68.0	68.4	68.8

FOREIGN STOCK EXCHANGES.

NEW YORK.

Wednesday saw the end of the Seventy-first Congress, which has not entirely covered itself with glory or, recently, provided the Stock Exchange with very many bull points. The tone of Wall Street was reactionary. Trading opened with a wave of profit-taking and renewed short-selling, induced partly by poor railroad earnings. A rally was initiated late on Tuesday, but further irregularity followed. Rails continued to be the cynosure of professional bear activity. The steel industry maintained its slow expansion, activity being reported at 53 per cent.

(Continued on page 508.)

INVESTMENT

by L. L. B. Angus.

(Author of "The Coming Collapse in Rubber, 1926.")

The publication of this book marks a new epoch in the science of investment for profit; no speculator, investor, trustee or stockbroker can afford to leave this work unread.

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- Methods of forecasting the short-run market fluctuations which occur simultaneously every few months in the majority of ordinary shares.
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NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Feb. 25, 1931.	Price, Mar. 4, 1931.
British Aluminium 5% debts.	98½	fy. pd.	6-4 dis	95-96
Central Electricity Board 4½% stock	95½	75	2½ 2½ dis	1½-1½ dis
Cunard House 4½% debts.	90	fy. pd.	12½ 12½	92½-93½
Darnley (J.) 10/-	16½	30	15/0-16/0	16-16½
Inia 5½% 1936-38	98½	fy. pd.	98½ 98½	98½-99
Kenya 4½% 1931-71	98½	50	1½-1½ dis	1½-1½ pm
Lewis's Investment Trust 5% debts.	98½	50	1½-1½ pm	1½-1½ pm
London and Clydevale Trust	10	4	1½-1½ pm	1½-1½ pm
London and National Property 5% debts.	99	30	1½-1½ pm	1½-1½ pm
London and Home Counties Electric 4½% stock	95½	60½	3½-2½ dis	2-1 dis
London Power 5% deb. 1972	100½	60½	1½-1½ pm	1½-1½ pm
Nat. Shipbuilders Security 5% debts.	95½	35	2½-1½ dis	1½-1½ dis
Reading 4½% 1931-61	99½	34½	1½-1½ dis	1½-1½ dis
Second British Steamship Trust New £10	£10	£8	1½-1½ dis	1½-1½ dis
Surrey County Council 4½% 1930-70	99	19	1½-1½ dis	1½-1½ dis

(Continued from page 505.)

of capacity, as compared with 52 per cent. last week. Hopes of a rise in the prices of steel products for the second quarter, however, are waning. The automobile industry has recently contributed largely to new steel orders. Utility stocks improved in mid-week, Congress rising without passing the Muscle Shoals Bill (which provided for virtual Government operation of the power resources there) over the President's veto. Oils lost ground, the industrial situation being regarded with uneasiness. Coppers responded only moderately to the increased price for the metal decided upon by American Copper Exporters. Broadly, while the February rise in share values was regarded as having run temporarily ahead of technical market factors, its resumption in the near future was fairly generally looked for. A Note on the trend of American company earnings appears on page 509.

	Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.		Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.
U.S. 3½% T. Bils.	105½	104½	105½	Natl. Biscuit	81½	81½	80½
Lb. Ld. 3½% 32-47	101½	101½	101½	Philip Dodge	23½	24	22½
Do. 4½% 32-47	102½	102½	102½	Pullman	52½	56½	54½
Do. 4½% 33-38	103½	103½	103½	Sears-Robuck	56½	60½	57½
Atchafalpa	200	199	191½	Studebaker	23½	24	23½
Chas. & Ohio	44	45	42½	Un. Fruit	61	64½	65½
Erie	36	39½	32½	U.S. Leather	14½	16	15½
Illinois Central	127½	130	118½	U.S. Steel	143½	150½	146½
N.Y. Central	127½	130	118½	Westinghouse	97½	106½	98
Pennsylvania	62½	63½	60	Woolworth	62½	63½	61½
Southern Pacific	107	106	103½	Am. Tel. & Tlg.	194	199½	198½
Southern Ry.	62	61	53	Interboro R.T.	32½	29	32½
Union Pacific	201½	203½	196	Int. Tel. Teleg.	35	35½	35½
Am. Can.	123	125	123½	Radio Corp.	18½	18	23½
Amer. Smelting	52½	56½	53½	Utilities P. & L.	28	26½	30½
Anacosta	39	41½	40½	W. Union Tlg.	141½	145	137
Bethlehem Steel	62½	69	65½	Associated Gas "A"	20½	22½	22
Chrysler Motor	20½	22½	22½	Pan Amer. B.	32½	32½	32½
Corn Produce Rf.	86½	85½	82½	Shell	32½	32½	32½
Eastman Kodak	171	181	172½	Shell Union	91	91	88
Gen. Electric (New)	49½	53½	51½	Sinclair Oil	12½	15	13½
Gen. Motors	42½	43½	43½	Std. California	49½	49½	47½
Int. Harvester	56½	57½	56½	Do. N.J.	49½	50½	47½
Montg. Ward	23½	27½	25½				

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :-

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Re-opening of Year.	Feb. 25.	Mar. 4.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	114.7	110.7
33 Rails	127.8	173.5	89.1	145.5	92.0	105.7	99.1
34 Utilities	177.6	330.4	153.2	267.4	158.1	187.6	184.0
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	124.6	120.3
Average yield of 50 Industrial Common Stocks.	3.10%	5.23%	4.15%	5.95%	5.91%	5.11%	5.26%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931 (Feb. 24.)	Lowest of 1931 (Jan. 19.)	Feb. 25, 1931.	Feb. 26, 1931.	Feb. 27, 1931.	Feb. 28, 1931.	Mar. 2, 1931.	Mar. 3, 1931.	Mar. 4, 1931.
140.2	118.6	138.0	139.3	138.3	137.9	134.9	134.7	133.1

TOTAL DEALINGS IN NEW YORK.

	Feb. 26, 1931.	Feb. 27, 1931.	Feb. 28, 1931.	Mar. 2, 1931.	Mar. 3, 1931.	Mar. 4, 1931.	Mar. 5, 1931.
Stock Exchange—Shares (Thous.)	4,600	3,700	1,700	3,300	2,900	3,000	2,700
Bonds (Value Thous. \$)	9,713	8,746	5,361	8,849	10,093	12,070	10,649
Curb—Shares (Thous.)	1,096	848	401	614	594	566	688

* 2-hour session.

PARIS.

During the first fortnight of this month the Paris Bourse had a much better tone. The end-of-January settlement gave the market a healthier appearance, while the measures taken by the Chamber Syndicale, which will tend to make potential bears a great deal more prudent, encouraged clients to purchase or repurchase. At the beginning of the second week a marked slowing-down of activity accompanied professional profit-taking, but good news from foreign centres and the better tendency of commodities affected markets favourably, and the resistance of share values was in no way weakened. At the settlement of the 15th, money was firm at ½ per cent. During the ensuing fortnight the market generally was rather hesitant, but apart from certain fluctuations in the non-speculative counters, movements were very limited, and declines, where they occurred, were small.

"Valeurs à Terme"	Jan. 31, 1931.	Feb. 28, 1931.	"Valeurs au Comptant"	Jan. 31, 1931.	Feb. 28, 1931.
Banque de France	19,200	19,040	Citroën	690	715
Banque d'Algérie	12,550	12,500	Norv. Azote	1,420	1,471
Paris Pays Bas	2,310	2,440	Hotchkiss	1,645	1,645
Union Parisienne	1,410	1,420			
Cie. Algérienne	1,825	1,887			
Comptoir Nat.	1,788	1,700			
Crédit Comm.	1,240	1,248			
Crédit Foncier	5,130	5,310			
Crédit Lyonnais	2,625	2,555			
Suez	17,100	16,800			
C. de F. Nord	2,225	2,150			
C. de F. Santa Fé	1,980	2,130			
Soc. Lyon. Eaux	2,610	2,655			
Parisienne Elect.	2,325	2,340			
Gen. Electricité	2,625	2,755			
Littoral Médit.	1,270	1,312			
Elect. Nord Fr.	1,252	987			
Courrières	1,185	1,111			
Mines de Lens	875	830			
Penarroya	488	490			
Dives	2,285	2,300			
Elec. Kuhlmann	712	697			
Phosph. Gafsa	600	600			
Pechiney	2,275	2,195			
Air Liquide	1,150	1,135			
Caout. Indo-Ch.	276	210			

CANADA.

The Canadian stock markets have recently discarded, at least temporarily, their atmosphere of pessimism. They were dull and slack during the first week of February, but the upward movement in New York at once produced a sympathetic response. The "bear" forces were completely routed for some days. Much of the buying was of a speculative character, but a certain proportion came from genuine investors, who were convinced that the bottom had been reached. Substantial gains were recorded by market leaders like Brazilian Traction, International Nickel and Consolidated Smelters. Pulp and paper stocks, however, failed to participate, remaining under suspicion on reports that the newspaper publishers of the United States were bent upon forcing another cut in the price of newsprint. Oil stocks made a temporary display of strength, but traders showed little enthusiasm. The bond market remained very steady, a good deal of local money remaining available for investment in high-class bonds. The stocks of well-established gold mines continued to attract public attention, issues like Dome and Hollinger rising considerably.

	Dec. 20, 1930.	Jan. 27, 1931.	Mar. 1931.		Dec. 20, 1930.	Jan. 27, 1931.	Mar. 1931.
Abitibi Power & Paper	9	9	11	Fraser Companies	2½	2½	2½
Asbestos Corp.	281	289	no bid	Hollinger Gold Mining	141	141	182
Bank of Montreal	21½	23½	25½	International Nickel	104	68	8
Brazilian Traction	351	35	40½	Massey Harris	54½	55½	60½
British Col. Power "A"	150	145	no bid	Montreal Light	25½	28½	33½
Calgary Power	no bid	231	225	Nat. Steel Car	35	34	37½
Can. Bank Commerce	181	181	171	Power Corp., Canada	52½	51½	54½
Canadian Car	121	121	151	Price Bros.	40	39½	38½
Canada Cement	3	4	4½	Quebec Power	41½	40	45½
Can. Indus. Alcohol "A"	41	21	21	Royal Bank of Canada	272	279½	288
Canada Power & Paper	51	16½	71	Shawinigan	50½	50	55½
Can. Steamship Lines	171	9	9½	Southern Can. Power	28½	31	30
Cockshutt Pulp	149	139½	181	Steel of Canada	51	59	58
Cone Mining	51½	53½	50½	Winnipeg Electric	15	14½	15½
Dominion Bridge	79½	78½	76½				
Dominion Textile (New)							

INVESTMENT NOTES.

American Company Earnings in 1930.—The New York Stock Exchange has suffered the reaction which everyone anticipated after the steep advance of last week. A better feeling, however, remains, and in view of the extent of the "short interest" in the market it is considered likely that the reaction will not proceed very far, and that the upward trend will before long be resumed. The dangerous period for the "bulls" will be April and May, when the accounts for the first quarter of this year of the leading industrial companies will be published. If these reports are so disappointing as to give the impression that a trade recovery is another six months removed, the reaction in the stock markets may be as severe as that which occurred in April of last year. Meanwhile, the market is examining the reports of various industrial groups for the twelve months of last year. According to *Moody's Investors Service*, the net earnings of 744 corporations showed a decline of 23.2 per cent. in 1930 as compared with 1929, the totals being \$2,978.9 millions, as compared with \$3,880.5 millions. The Standard Statistics Company's analysis of the net earnings of 709 corporations showed a decline of as much as 35 per cent. as compared with 1929. According to Standard Statistics, the aggregate reduction in earnings, when all the corporation returns have been published, will amount to approximately 40 per cent. Some of the details of Moody's analysis are given:—

NET EARNINGS OF AMERICAN CORPORATIONS IN 1930 AS COMPARED WITH 1929.
(In Thousands of Dollars.)

Industry.	No. of Co.'s	1929.	1930.	Per cent. change in 1930.
Agricultural implements	3	27,752	17,584	-36.6
Amusements	3	19,984	22,312	+11.6
Automobiles and trucks	9	209,413	158,933	-24.1
Less General Motors	8	34,095	7,834	-77.0
Auto and aviation accessories	10	18,026	4,024	-77.7
Chain stores	9	63,744	57,785	-9.3
Chemicals	9	61,637	39,354	-36.1
Electric equipment	5	7,522	5,980	-20.5
Food products—				
Beverages	3	17,522	18,233	+4.0
Biscuit (National Biscuit Co.)	1	21,424	22,880	+6.8
Other baking	5	23,209	18,030	-22.3
Canning and preserving	2	3,915	1,637	-58.2
Food—miscellaneous	4	41,342	31,037	-24.9
Mail order	5	45,334	8,707	-80.5
Oil producing and refining	11	72,966	51,385	-29.6
Steel and steel products	12	341,826	162,870	-52.3
Tyres and rubber	7	36,041	1,917	-94.7
Tobacco—				
Cigarettes	3	55,564	61,873	+11.4
Cigars	6	12,712	8,584	-32.5
Light, power, gas and traction (11 months)	95	906,500	923,771	+1.9

Railroads have been analysed separately, the reports of sixty-three companies showing a decline of 44 per cent. in net earnings as compared with 1929. Generally speaking, American industrial earnings have not receded below the level of 1926-27, with the exception of those of automobiles and trucks, chain stores, mail order, oil producing and refining, tyres and rubber companies. Oil producing and refining, and steel and steel products are above the level of 1927 but below the level of 1926.

Stock Exchange Procedure.—Two important changes have been recently announced in Stock Exchange procedure. From Monday last the Share and Loan Department of the Stock Exchange has taken over the certification of transfers of the shares of all companies quoted in the Official List. This follows upon a recommendation of the sub-committee who investigated certain questions arising out of the Hatry failure, when the "trace" of bargains in some of the Hatry stocks revealed grave irregularities. Last year the Share and Loan Department took over the certification of transfers in respect of certain large industrial companies, while on January 2nd last the scope of its operations was extended to include all shares in the "Commercial and Industrial" section of the Official List. On January 29th it was announced that the whole of the companies in the List, from "Railways"

to the "Electric Light and Power" section, would come under the new arrangements. The latest announcement sets the coping stone on the change. The Stock Exchange Committee's decision on the "arbitrage" question (which was discussed in a leading article in the *Economist* of December 6, 1930) has also been embodied in a new rule (No. 200a). This lays down that the Committee may keep a register of non-member arbitrageurs, and may determine the qualifications necessary for entry, how applications for registration shall be made and the conditions upon which they will be accepted. A broker doing business for any arbitrageur on the register may charge not less than one-half the minimum scale of commission on all transactions stated by the arbitrageur to represent arbitrage business undertaken for his personal account, not being directly or indirectly business transacted by him as agent for any third party. Finally, a new clause (No. 2) has been added to Rule 90, dealing with the compulsory marking of bargains done with or between non-members, and a new form of marking slip has been circulated.

Restriction—Tea, Tin and Rubber.—Restriction is a strange mistress—ever disappointing, but never lacking new suitors. Within the last week the tea industry has cast her away, the tin industry has called the public to witness her nuptials, and the rubber industry, looking up in tatters from the street after six years of the lady's company, has sighed wistfully for former caresses. This week's decision to abandon the proposed extension of tea restriction over 1931 is not unexpected, in view of the dissatisfaction felt by many British growers at last year's disappointing results so far as the Dutch East Indies were concerned. Whereas Northern India actually reduced her crop last year by 11.30 per cent. (partly as a result of unfavourable climatic conditions), Southern India by 9.27 per cent., and Ceylon by 4.93 per cent., the reduction in Java and Sumatra was practically nil, against 6.30 per cent. agreed upon. The native grower, who now accounts for 25 per cent. of the total Java tea, was the main stumbling block in this, as in other restriction schemes. As regards tin, it was announced, last week-end, that a meeting held at the Colonial Office representing the four Governments concerned and other tin interests, had agreed upon the system of regulation to be adopted. The main points in the agreement were that the scheme should have effect from March 1, 1931, that the basic world tonnage should be taken at 145,000 long tons a year, and that initial quotas for the four restricting countries should be as follows:—Malaya, 53,853 tons; Bolivia, 34,260 tons; Dutch East Indies, 29,910 tons; and Nigeria, 7,750 tons. "Invariable" percentages based on these initial quotas were agreed upon as the ratios applicable to all alterations of the basic tonnage. In normal circumstances, the scheme is to operate for two years. The initial quotas are fixed for at least six months, and subsequently cannot be altered at shorter intervals than three months, while each of the Governments has agreed to allot its national quota among

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the individual producers concerned. The "timing" of the scheme may be altered by special agreement in urgent circumstances, and any participating Government which demands an alteration of the tonnage quotas may withdraw after six months if a unanimous agreement is not come to. These terms are being submitted for the approval of the Governments concerned. The scheme, it will be seen, does not include direct price control. No complete details have as yet been published of the arrangements by which it is proposed to protect consumers from "excessive prices." Experience of rubber restriction under the Stevenson Scheme showed that, in a rising market, three months may be a dangerously long period for rigidity of production. It is worth recalling that in the eleven weeks between May 9th and July 25, 1925, the average London spot price of rubber rose from 1s. 11d. to 4s. 5d.—an increase of no less than 130 per cent. Meanwhile, the action of the Dutch East Indian Government in sponsoring tin and sugar restriction has revived the agitation for the reimposition of restriction in the rubber industry. The Committee for the Protection of Interests of Dutch Rubber Producers—representing the growers—came over to London on Thursday to open discussions with British interests. So far, the Dutch Government has been adamant in its refusal to countenance rubber restriction in the Dutch East Indies, mainly on the ground that it cannot be effective, since half the acreage in the industry is under native control. It is understood that the basis of the present discussions is a plan advocated by Sir George Maxwell, based on a pivotal price of 9d. per lb., with a 25 per cent. restriction of exports when prices fall below this level, and a special export tax of, possibly, 10 per cent. on native production, which would otherwise be excluded from the plan. The market is sceptical of the success of the latest efforts, but speculative buying has raised the price of rubber this week from 3½d. to 4½d.



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Lower Petrol Prices.—The weakness of the oil situation in the United States, to which we referred in a leading article in the *Economist* of November 29th last, has at last found expression in a cut of 2d. per gallon in the price of petrol in this country. This was announced by the Shell, Anglo-American, Anglo-Persian and National Benzole Companies this week, and was immediately followed by a similar cut in the price of Russian petrol. There is no doubt that the cut was overdue. The last reduction was made in September last year, when the retail price was reduced by 2d. from 1s. 6½d. per gallon. Since that date the bulk price of petrol ex refinery in Oklahoma has fallen by nearly 40 per cent. At the same time, tanker freight rates have fallen by another 2s. a ton, being now at the rate of 10s. per ton of oil carried from the Gulf to Continental ports, as compared with 30s. per ton at the beginning of last year. Seeing that petrol of commercial grade can be purchased in America and delivered in bulk at United Kingdom ports at 3d. to 3½d. per gallon, it is not surprising that there has been a considerable increase in the marketing of petrol by independent American companies in opposition to the national distributors in this country. The City Service Company, the Texas and the Sinclair are the leading American independent companies which have invaded the British market, undercutting the combine prices by 2d. or 2½d. per gallon. The changes which have been made in the "combine" price of petrol in the last two years have been as follows:—

Date of Change.	Retail price per Gallon, English Area.		Amount of Change.
	s.	d.	
March 1, 1929	1	7	+ 2½
November, 1929	1	6½	— 0½
September 23, 1930	1	4½	— 2
March 3, 1931	1	2½	— 2

Russian petrol is still selling at 2½d. below the combine price. Since the beginning of this year there has been a further deterioration in the American oil situation. The output of crude oil has increased; stocks of gasoline have risen and a new shallow oilfield discovered in East Central Texas is threatening to upset the existing balance between crude oil supply and demand. Some of the principal American refiners agreed last year not to stock up gasoline during the winter months, as is their winter practice, but to reduce the total stocks of gasoline to 40,000,000 barrels by next April. Nevertheless, refinery stocks have increased last month from 39,780,000 barrels to nearly 43,000,000 barrels at the present time. The best that can be said is that present stocks are some 7,000,000 barrels less than stocks on hand a year ago. That the large oil companies in America take a serious view of the prevailing over-production is evidenced by the cut of 2 cents per gallon in the retail price of gasoline in California this week.

Cotton Textile Conditions.—Faced with the first trading loss in the history of the Bradford Dyers Association, Sir Thomas Robinson gave an informative, but gloomy, analysis of the position of the textile industry at the company's recent annual meeting. In the course of his speech, he pointed out that England had seen normal or even boom conditions in foreign textile industries during the last ten years, when Lancashire and Yorkshire had been suffering from shortage of orders. The world economic troubles of 1930, he declared, had merely added to the more permanent burdens of the textile industry. If the average export of cotton piece-goods for the five pre-war years were taken as 100, exports for 1930 were down to 37.4 per cent., against 56.5 per cent. in 1929, and 59.5 per cent. in 1928. At the same time, the exports of woollen and worsted tissues for 1930 were only 68.7 per cent. of the average exports for the three preceding years. At the head of the temporary adverse factors, Sir Thomas cited the disturbance of the Indian market by political dissensions; the reduced purchasing power of Java and Malaya following the slump in rubber and tin; the decline of the Dominion markets; the unrest in the South American republics, and the decay of Chinese business which accompanied the fall in silver. Factors of a more

permanent nature were the extension of foreign domestic manufacture under shelter of tariff walls, and the heavy burden in this country of taxation, social services and relatively high wages. Few people would quarrel with the main features of Sir Thomas' diagnosis, but there is no reason to believe that the historical decline of British textiles during the post-war years could not be arrested by a united effort by the industry to put its house in order.

Further Electricity Supply Company Results.—In the *Economist* of last week the results of eight electricity companies were discussed in the light of current tendencies. The reports of seven additional companies are now available, and from the table which we give below it will be seen that the upward trend of profits is well maintained.

Name of Company	1928.				1929.				1930.			
	Net Profit.		Ordinary.		Net Profit.		Ordinary.		Net Profit.		Ordinary.	
	£	%	£	%	£	%	£	%	£	%	£	%
Charing Cross Elec. (West End)	159,912	13.6	8.1	140,727	11.7	8.1	144,614	12.1	8.1			
Charing Cross Elec. (City)	105,445	15.9	8.9	85,353	12.2	8.9	98,021	14.5	8.9			
City of London Elec.	253,341	17.1	10	264,637	18.0	10	283,223	19.6	10			
Clyde Valley Elec.	154,236	8.0	8	191,995	8.4	8	226,142	8.0	8			
Isle of Thanet Elec.	54,588		4	55,074		4	55,345		4			
Kensington and Knightsbridge Elec.	33,569	9.1	8	36,650	10.3	8	45,002	12.5	8			
London Electric	161,497	19.1	9	151,284	19.1	9	182,010	20.0	9			
Metropolitan Elec.	190,414	11.7	9	202,130	12.5	10	283,593	13.1	10			

* Earned per cent. not calculated as depreciation and reserve not separated.

Six out of seven companies record an advance in net earnings, varying from a few thousand pounds to over £80,000. The Isle of Thanet Electric Supply alone announces a small decline. In the aggregate, the net profits of the seven companies have advanced by £178,100 compared with the results for the previous year; but in every case the ordinary distribution remains the same.

Cammell Laird.—The directors of this Birkenhead ship-building and engineering concern announced on Wednesday a profit of £28,083, after charging depreciation and paying debenture interest. This amount compares with a profit of £11,810 for the previous year. Once again no dividends are to be paid on the 5 per cent. preference and ordinary shares, and the credit balance of £43,889 is to be carried forward, compared with £16,931 a year ago. The preference dividend is now in arrears since 1924, and nothing has been earned on the ordinary capital since 1924, or paid since 1922. In June last debenture holders approved the adoption of a scheme by which the date of repayment of the 5 per cent. and 4½ per cent. debenture stocks, which otherwise fell due on July 1, 1930, should be extended for a period of five years, the rate of interest in each case being increased to 5½ per cent. As long as any part of these stocks remains outstanding no dividend will be paid to the shareholders of the company.

London Tin Corporation.—Comparison between the accounts of the London Tin Corporation for the years ended September 30, 1929 and 1930, respectively, is rendered difficult, if not impossible, by reason of the amalgamations which were concluded at the end of 1929. In addition to the acquisition of various tin-producing companies in Nigeria, the corporation absorbed two financial companies of the Anglo-Oriental group, namely, the Tin Selection Trust and the London and Malayan Tin Trust. These amalgamations were doubtless fully justified as part of the rationalisation of the Anglo-Oriental group, and in making the exchange of shares between the London Tin Corporation, the Tin Selection Trust and London and Malayan Tin Trust, the oppor-

tunity was taken of writing down a good deal of non-redeemable capital. The London Tin Corporation has now an issued capital of £2,597,105 in £1,305,775 7½ per cent. cumulative participating preference shares of 10s., and £1,291,330 ordinary shares of 10s., as against a capital on September 30, 1929, of £694,000. The corporation now declares a net profit of £274,290, as against £137,035 in the previous year on the smaller capital, the total being divided as to £133,795 in respect of profits on tin ore sales and £175,616 in respect of dividends, commission, transfer fees and net profits on investments. The results for the past three years compare as follows:—

	1927-28.	1928-29.	1929-30.
Average capital for year	£ 383,425	£ 550,000	£ 2,586,835†
Net profit (subject to tax)	193,354	137,035	274,290
Preference dividends	...	...	19,541
Ordinary { Earned	50.43%	24.92%	...
{ Paid	40%	20%*	Nil
{ Amount of dividends	160,000	88,000	Nil
Reserves	Nil	54,223	70,000
Written off	...	...	25,847
Carry forward	60,432	38,462‡	97,966

* Further 10 per cent. scrip dividend was distributed in preference shares.

† Actual issued capital at September 30, 1930.

‡ Less income tax and directors' additional fees.

The directors have wisely decided to conserve their cash resources by passing the dividend on the ordinary shares. The reserve accounts have now been re-arranged so as to make each reserve approximately 20 per cent. of the book value of the relative assets. The investment reserve account stands at £500,000, properties amortisation account at £150,000, depreciation reserve account at £50,000 and general reserve account (after allowing for the allocation this year) at £150,000, making a total of £850,000. The voluminous report discloses several interesting facts. In Nigeria the output of the corporation's mines is restricted to 68 per cent. of the normal and production costs have been reduced to £56 per ton concentrate free on rail, mainly as a result of the regrouping of the various producing units and the provision of hydro-electric power from the Nigerian Electric Supply Corporation's station at Kurra Falls. The Associated Tin Mines of Nigeria, Ltd., of which the company is the largest shareholder, has reduced its costs to £60 per ton concentrate, its output being 55 per cent. of normal. At this week's meeting, the chairman, Mr John Howson, vigorously defended the policy of tin restriction, but admitted that he regarded it as a temporary policy and considered the expansion of world demand a more important and lasting factor.

Baltimore and Ohio Railway.—The Baltimore and Ohio Railway last year suffered a drop in operating revenue as compared with 1929, from \$245,418,776 to \$206,660,436, the decline thus being 15.79 per cent. Some \$7 millions less was spent on maintenance of way and structures, and \$10 millions less on maintenance of equipment. The total operating expenses declined by 15.19 per cent.—from \$180,570,034 to \$153,142,375—and, after deduction of all charges, net income was \$21,423,770 against \$28,767,908.



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The common stock, however, received an extra $\frac{1}{2}$ per cent. :—

	Year to December 31,		
	1928.	1929.	1930.
	£	£	£
Net earnings	29,100,931	28,767,908	21,423,770
Dividend on 4% preferred stock	2,354,528	2,354,528	2,354,528
Common stock :—			
Earned %	12.43	10.30	7.43
Paid %	6	6½	7
Amount	12,911,275	15,367,783	17,940,687
Surplus	13,835,128	11,045,597	1,128,555

The total accumulated surplus of the company now stands at \$109,861,329, a decrease of \$4,607,457 compared with last year. During the year the company acquired all the \$16,834,000 twenty-year 6 per cent. gold bonds and more than 96.50 per cent. of the \$22,000,000 fifty-year 3½ per cent. gold bonds of the Chicago and Alton Railroad, at a cost of approximately \$23,000,000. The purchase, which is in accordance with the plan of the Interstate Commerce Commission for the consolidation of railroads, has placed the Baltimore and Ohio in a potential position to acquire the whole of the property, subject to underlying funded indebtedness and claims aggregating about \$50,000,000. Other acquisitions are also reflected in the balance sheet.

Modder B.—Our mining correspondent writes:—In last year's "Note" the conclusion was arrived at that this company's 5s. shares, at the then quotation of 14s. 6d., were fully valued. The present price is about 11s. 6d. During 1930 a somewhat increased tonnage of ore was crushed at a lower cost ratio, but owing to decline in grade the working profit showed a reduction of £31,200. Miners' phthisis absorbed £17,770, against £18,240, and taxation £67,490 in place of £81,770. Maintenance of the dividend at the rate paid for several preceding years involved a draft of nearly £46,000 upon the carry-forward :—

Year ends December 31.	1928.	1929.	1930.
Ore milled (tons)	830,000	836,000	840,000
Yield per ton (dwts.)	7.5	7.2	7.0
Costs per ton	18/3	17/3	16/11
Profit per ton	14/-	13/9	12/11
Ore reserves (tons)	1,814,800	1,445,400	1,226,400
Value (dwt.)	7.5	7.3	7.03
Total working profit (£)	580,280	574,560	543,437
Net profit	514,530	507,616	481,058
Brought forward	401,520*	389,323*	337,213*
Ordinary capital :—			
Earned (£)	514,530	507,616	481,058
Paid (£)	560,000	560,000	560,000
Earned %	73.5	72.5	68.7
Paid %	80	80	80

Carried forward..... 356,050 336,939 291,054
* Including forfeited dividends and credit on capital account.

Despite the performance of an additional 2,020 feet of development work, the ore reserves display a shrinkage of 293,600 tons, the average being also 0.34 dwt. lower. Values on the Main Reef header were "satisfactory." Prospecting on the upper headers failed to open up any payable material, although a large tonnage of low-grade ore will become available for reclamation. Negative results attended three boreholes put down from the surface to test the main reef series in the area adjacent to the north-eastern boundary of the property (i.e., in the direction of the Modder East). Prospecting on the South Reef, both by cross-cutting and drilling, also proved so disappointing that work was discontinued. Summarising the prospects, the consulting engineers observe "it is unlikely that the profits can be maintained at the average of recent months." The one bright spot consists in the strength of the financial position, the surplus assets amounting to £291,050.

New Capital Issues in February.—In the following table we show the new capital raised in London by issue to the public or shareholders, in February, and in recent years :—

	(000's omitted.)			
	United Kingdom.	British Possessions.	Foreign Countries.	Total.
Monthly Average.	£	£	£	£
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316

	Monthly Total.				
	Govt.	Other.			
	£	£			
January, 1930	500	9,033	1,671	2,785	13,989
January, 1931	1,800	6,331	118	Nil	8,249
February, 1930	350	13,034	9,065	Nil	22,449
February, 1931	2,450	4,368	13,705	50	20,573

Capital issues last month were of much the same dimensions as a year ago, but their distribution showed numerous significant changes. Sales of National Savings Certificates exceeded encashments by as much as £2,450,000. Only one Government issue was made during the month, namely, the Government of India 5½ per cent. loan of £12,000,000, issued at £97 and redeemable in 1936-38. The Surrey County Council raised £1,500,000 in 4½ per cent. stock at £99, and the Reading Corporation £700,000 in 4½ per cent. stock at £99½. Of the ten industrial flotations of the month only one was available for public subscription, the London and National Property offering £2,000,000 in 5 per cent. debentures at £99. The Calcutta Electric Light and Power Company, which offered £300,000 £1 ordinary shares to shareholders at a premium of 11s., made the only important issue of ordinary shares. The Rhodesian Anglo-American, Ltd., offered shareholders £1,500,000 in 7 per cent. ten-year notes at par.

Amsterdamsche Liquidatiekas.—Our Amsterdam correspondent writes:—The accounts of the Amsterdamsche Liquidatiekas for the year 1930 reveal a marked decrease in profits due to the lower rate of interest and losses on debts. Gross profit totals Fl. 1,180,000, against Fl. 1,404,000 for the previous year. Net profit at Fl. 630,000 compares with Fl. 858,000 for 1929.

	1930.	1929.	1928.	1927.
Gross profit	1,180	1,404	1,325	1,328
Depreciation on debtors	210	200	...	...
Reserves	...	...	109	122
Operating expenses	340	346	343	331
Net profit	630	858	873	875
Dividend	6%	7½%	7½%	7½%

The capital of the company amounts to Fl. 8 millions. Loans on securities total Fl. 25,571,000, against Fl. 33,019,000 in 1929. Creditors and deposits have fallen from Fl. 11,196,000 to Fl. 10,523,000. The dividend on common shares is reduced from 7½ per cent. to 6 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: London Midland and Scottish Railway, Refuge Assurance, Scottish Widows' Fund and Life Assurance Society, Sun Life Assurance Company of Canada, Prudential Assurance, United Kingdom Provident Institution, United States Debenture Corporation, Midland Counties Electric Supply, Harrods, Leyland Motors, London Tin Corporation, Maple and Company, Maidenhead Brick and Tile, and B. Morris and Sons. At the meeting of the Midland Counties Electric Supply Company the chairman informed shareholders that they had connected 7,072 new consumers during the year, bringing the total up to 33,253, while their output had increased by nearly 9,000,000 units to a total of 174,500,000. Presiding at the annual meeting of Harrods, Sir Woodman Burbidge said that in one week in January cash sales had amounted to £144,192 and sales to account customers to £330,986, totalling £475,178, which he believed to be the largest sum taken in any one week by any retail store in the world.

CAPITAL ISSUES.

Though various new issues are in prospect (including a rumoured Nigerian issue and an offer on behalf of Fortnum and Mason, the foreign warehousemen and grocers), the inactivity of the market was broken this week only by a single offer, that of the *National Canning Company*. The company is taking over an established business formed shortly after the war, with the co-operation of large fruit growers at Wisbech. The operating company's profits have grown since the twelve months ended May 31, 1928, from £8,688 to £41,162 in 1929-30, and were £17,980 in the half-year ended November 30th last. The factory has been extended and the new plant will be in full production in the coming season. A fair proportion of the issue was placed firm before the public offering by the British Shareholders Trust. The issue was over-subscribed, applicants up to fifty shares receiving allotment in full and the largest subscribers only about 10 per cent.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to February 27, 1931, £29,809,128.
Total, including conversion, recorded January 1 to February 27, 1931, £35,780,263.

National Savings Certificates.
Net sales, week ended February 27, 1931, £550,000.
Total receipts, April 1, 1930, to February 27, 1931, £11,550,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscription.	First Payment.	Further Liability.
To the Public.					
National Canning	175,083	...	175,083	21,885	153,198
Total offered to the public, week ended March 7, 1931 ...	175,083	...	175,083	21,885	153,198
To Shareholders only.					
Achabam Tea, £15,000 6% Bonds at 95%	15,000	...	14,250	1,500	12,750
British Assets Trust, £3,250 ord. 5/- at par	24,812	...	24,812	24,812	...
Northampton Electric Light and Power, 77,500 new ord. £1 at 32½	77,500	...	125,835	38,750	87,085
Total offered to shareholders only, week ended March 7, 1931	117,312	...	164,897	65,062	99,835
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1931	36,670,243	30,699,100	...	454,888,784	267,800,700
1930	42,814,790	42,814,790	...	488,764,940	285,239,400
1929	91,502,950	77,893,730	...	693,100,056	369,058,073
1928	153,838,410	...	...	355,165,970	...
1927	118,153,831	...	...	230,782,600	...
1926	56,991,580	...	...	232,214,500	...
1925	32,697,876	...	...	209,326,101	...
1924	28,766,305	...	...	271,399,173	...
Total Offered for Subscription—					
Including Conversions.					
Whole year—					
1930	227,658,560	15,548,800	24,593,300	267,800,600	...
1929	137,670,300	31,543,400	116,025,700	285,239,400	...
1928	212,817,900	45,062,600	111,177,600	369,058,100	...
1927	228,958,000	36,856,600	89,371,400	355,166,000	...
1926	145,180,000	39,353,200	46,209,400	230,782,600	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	28,042,307	£ 371,571	2,285,222	30,699,100
1930	32,221,802	8,005,072	2,587,916	42,814,790
Whole year—				
1930	227,658,560	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,856,600	89,371,400	355,166,000
1926	145,180,000	39,353,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended March 7, 1931	Nil	...	Nil
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	9,414,078	...	9,538,731

National Canning Company.—Offer for sale of 175,083 ordinary shares of £1 each at par. The company was registered in January, 1931, to acquire the share capital of Wisbech Produce Canners Ltd. whose net profit for the year ended May 31, 1930, totalled £41,162, and for the half-year ended November 30, 1930, £17,980.

[Other Stock Exchange information, including the latest reports and notices, weekly traffic returns, profit and loss figures, summary of balance sheets and oil outputs, will be found on page 533, under the heading "Company News."]

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	= Interim div. † Final div.				
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
RAILWAYS.					
Great Southern Railways.....	...	...	...	% 1	% 1
North-Eastern of Uruguay Rlwy.	3½%*	...	Less tax	...	...
BANKS.					
Bank of Australasia.....	...	...	...	13	14
Dominion Bank (Canada).....	3%*	...	Quarterly	...	...
INSURANCE.					
Agrie. Bank of Egypt (Def.).....	£55 p.a.†	...	...	...	...
Britannic Assurance.....	5/- p.a.†	...	Tax free	10½ p.a.	...
Scottish Life Assurance.....	...	...	...	20	18
TEA AND RUBBER.					
Utakelle Tea of Ceylon.....	6%†	...	...	11	...
MINING.					
Pile Coal.....	...	...	Tax free	6	8
Myson Gold Mining.....	9d. p.a.†	Mar. 28	...	...	...
OTHER COMPANIES.					
Alexander Duckham and Co.....	7%†	...	...	10	10
Alfred Dunhill.....	5%†	...	Tax free	20	20
American Trust.....	8%†	...	Less tax	14	14
Anglo-Dutch Banking & Trading.....	...	...	...	22½	22½
Aplin and Barrett.....	4½ p.a.†	Mar. 11	...	25	30
Arnott and Co. (Dublin).....	...	...	...	10	10
Assets Co.....	4%†	...	...	7	8
Behnor Co.....	5%*	...	...	...	...
Bournemouth Markets.....	14%†	...	Less tax	20(b)	20(b)
Bristol Waterworks.....	...	...	...	6½	6½
British and German Trust.....	...	...	...	8	8
British Tobacco (Australia).....	2½%*	...	...	...	...
Canada Iron Foundries.....	14%†	...	...	3	...
Canada Permanent Mortgage.....	...	...	...	12	12
Cannon Brewery (Def.).....	7½%†	...	...	12½	9
Chamberlain, King and Jones.....	10%†	...	...	12½	15
City Safe Deposit and Agency.....	5%†	...	...	7½	7½
Clayton Devandre.....	...	...	...	4	2½
D. H. Evans.....	15%†	...	...	30	25
Dickens and Jones.....	...	...	...	12	12
Drage's.....	...	...	...	25	62½
Dundee Floorcloth and Linoleum.....	...	...	...	6	20
East End Dwellings.....	...	...	Tax free	5	5
E. Fogarty and Co.....	...	...	...	5	12½
Enfield Cable.....	...	...	...	25	25
Everyman's Co-operative Invest-ment Trust.....	...	...	...	6	6
Fisher and Ludlow.....	7½%†	...	...	15	20
Friars Investment Trust.....	3%†	...	Less tax	5½	5½
Gallagher.....	5%†	...	...	8	8
Grautham Steam Laundry.....	...	...	...	15	...
Gray Dunn and Co.....	...	...	Less tax	10	10
Harris and Sheldon.....	7½%†	...	...	10	10
Hector Powe.....	7½%†	...	...	12½	15
Holt Brewery.....	...	...	...	8½	8½
Hydro-Electric Securities.....	35c. p.a.	...	Quarterly	...	...
Imperial Tobacco Co. of Canada.....	4%†	...	...	...	...
Isaac Walton and Co.....	...	...	...	5	10
Isle of Thanet Electric Supply.....	...	...	...	4	4
James Booth and Co. (1915).....	...	...	...	15(c)	15(a)
Law Land.....	5%†	...	...	10	9
Lea Bridge District Gas.....	...	...	...	8½	8½
Macdonald Fraser.....	...	...	...	3½	4
Marconi Marine.....	...	...	...	15	15
McCrae and Drew.....	4%†	...	...	8	10
Mellorsh and Neale.....	...	...	Less tax	15	15
Metropolitan Electric Supply.....	...	...	...	10	...
Metropolitan Gas.....	6½ p.a.	...	...	6½ p.a.	6½ p.a.
Newcastle-on-Tyne Elec. Supply.....	3½%†	...	...	6	6
Patent Victoria Stone.....	1½ p.a.†	...	...	50	50
Peak Frean and Co.....	7½%†	...	Tax free	...	...
Rhymney and Aber Gas.....	7½%†	...	...	7	7
Richmond (Surrey) Electric Light.....	3%†	...	...	11	11
Rivet, Bolt and Nut.....	...	...	...	7½	8
Salisbury Railway and Market House.....	...	...	...	5	...
Scottish Eastern Investments (Def.).....	41%†	...	...	7½	7½
Scottish Tube.....	24%†	...	...	5	5
Second Edin. & Dundee Invest.	24%†	...	...	16	14
Selincourt and Sons.....	...	...	...	8	10
Shirebrook and District Gas.....	...	...	...	7½	7½
Silver and Edgington.....	...	...	...	7	7
Southgate Gas.....	...	...	...	7	7
South West Suburban Water.....	...	...	...	7	7
Spratt's Patent.....	116 p.a.†	plus bon us of 6d. p.a.	...	5	10
Stocel Enamels.....	...	...	...	5	5
Swan and Edgar.....	...	...	...	5	5
Switzer and Co.....	10†	...	Tax free	8	8
Thomas Tilling.....	41%†	...	Tax free	25	20
Walstead Shipway & Engineering.....	7½%†	...	...	7	...
W. B. Reed and Co.....	7%†	...	...	11	12
W. Canning and Co.....	7½%†	...	plus bon us of 1/- p.a.	15	15
Winterbotham, Strachan and Playne.....	...	...	...	8	10
Winterlottom Book Cloth.....	8d. p.a.†	plus bon us of 1¼ p.a.	...	15	20
Woolcombers.....	...	...	...	12½	11½
Yeast Vite (Def.).....	...	...	...	...	...
(a) Tax free. (b) Plus bonus of 1s. p.a. (c) Less tax					

EXCERPTS FROM THE ANNUAL REPORT OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY FOR 1930.

The depression which affected business in general during 1930 inevitably affected the telephone business, but not in a way or to an extent to disturb the fundamental objectives of the Bell System. It has been able to continue to improve and extend telephone service.

There was a net gain in the number of telephones installed of 122,500 which compares with 821,400 in 1929. The total number of local telephone conversations was 2 per cent. and the total number of toll and long-distance conversations was 1 per cent. above 1929.

Average investment in plant and other assets of the System increased 14.5 per cent. Total assets at the end of the year amounted to \$5,000,195,000.

Total operating revenues of the System exceeded those of 1929 by \$33,000,000, or 3 per cent. The property has been fully maintained and full depreciation charged. Current maintenance and depreciation charges were \$29,000,000 more than in 1929. Total operating expenses, including these charges and taxes, increased \$43,000,000. The net earnings were \$267,874,000, which is \$8,800,000 less than in 1929 and at the rate of 5.8 per cent. on the cost of plant and other assets.

The number of stockholders of the American Telephone and Telegraph Company at the end of 1930 was 567,694, an increase of 97,893 for the year.

During the year 2,579,407 shares of stock of this Company were offered to stockholders of record May 23rd and 2,061,897 shares were issued in exchange for convertible bonds. This resulted in an average number of shares outstanding of 15,856,696 as compared with 13,113,746 in 1929. The earnings of the Company per average share outstanding were \$10.44 compared with \$12.67 in 1929.

Confident of the continued economic growth of the country and the even more rapid growth of the telephone business, more than \$15,000,000—which is somewhat in excess of any previous year—was spent for development and research for future improvements, and expenditures for additions, betterments and replacements amounted to \$585,000,000, substantially the same as in 1929 which had the largest construction programme for any year in the history of the System.

In order to operate the business with the maximum efficiency and economy in the long run, these programmes looking in part to the future were undertaken and the resulting expenses incurred in a time of depressed business.

The management of the Bell System has been guided during 1930, and will continue to be guided by the policy stated in 1927:—

"The fact that the ownership is so widespread and diffused imposes an unusual obligation on the management to see to it that the savings of these hundreds of thousands of people are secure and remain so. The fact that the responsibility for such a large part of the entire telephone service of the country rests solely upon this company and its associated companies also imposes on the management an unusual obligation to the public to

see to it that the service shall at all times be adequate, dependable and satisfactory to the user. Obviously, the only sound policy that will meet these obligations is to continue to furnish the best possible telephone service at the lowest cost consistent with financial safety. This policy is bound to succeed in the long run and there is no justification for acting otherwise than for the long run."

The construction programme of 1930 was planned to take care of the growth of the business, and to carry forward betterments and replacements, such as the change from manual to dial operation, and the change from open wire to cable lines. These were normal. Added to this, in 1930, the System constructed plant beyond that necessary for immediate use to provide a greater margin than had existed since the war. Experience with rapid expansion in boom times has indicated the wisdom and economy of putting in a margin of plant in slack times.

Three hundred new buildings and major additions ranging from small one-storey structures to modern large combination administration and equipment buildings involving expenditures of \$60,000,000 were completed during the year.

Some 5,000 miles of additional toll cable were put in use, or one-fourth of the cable mileage in service at the beginning of the year. Seventy-five per cent. of the cities of 50,000 or more inhabitants are now connected with the toll cable network.

The full economies of mass production cannot be had in telephone service, and as the number of telephones in towns and cities grows, it would cost more to give each subscriber access to a constantly increasing number of telephones in his exchange area, if the technical development of the art did not balance these increased costs. There appears to be no reason in sight why the continued new economies brought about by development in the telephone art should not offset this general tendency toward higher costs which otherwise would accompany extension of the service.

Service Improvements and Extensions.

In the last five years the per cent. of Bell System toll wires in cables has risen from 58 to 77 per cent. This transition from open wire is continuing and means not only greater security against interruption by storms but better transmission.

The year 1930 set a new record in accuracy and speed of telephone service, partly due to the larger margins of plant, but in large measure to improved operation.

The rapidity with which long-distance calls were completed continued to increase during the year. The per cent. of calls handled without the person making the call hanging up the telephone was 82 in 1930, as compared with 70 per cent. in the previous year. There have also been improvements in the standards of transmission. These transmission improvements, being gradual, do not catch the public attention,

but they greatly increase the ease and comfort of telephoning and decrease the amount of repetition in telephone conversation.

About one-half of the telephones installed in 1929 were put in under the appointment plan, by which the subscriber sets the day on which he wishes the telephone to be installed. During 1930 more than 83 per cent. of the telephones were put in under this plan and 96 per cent. of the appointments were met.

As the result of improved methods and improved administration and training, the telephone plant is increasingly free from trouble. In 1930 there was trouble on a subscriber's line on the average only once in every 22 months as compared with once in every 20 months in 1929. Also 90 per cent. of the troubles are corrected on the day reported, as compared with 87 per cent. in 1929.

The net gain of 122,500 telephones in spite of general business conditions was in part due to the creation of special sales forces and the fact that over almost all of the System the general body of employees were trained to act as sales representatives while attending to their other duties. In many districts nearly every employee sold one or more of the many forms of telephone service.

Since January 1, 1930, service from the United States has been opened to some 1,350,000 additional telephones in Eastern and Southern Europe, to more than 450,000 telephones in Australia, and to about 400,000 telephones in South America and Mexico. Work was started on a short-wave radio transmitting telephone station at Dixon, and a receiving station at Point Reyes, California, designed to talk with Hawaii and with ships at sea, and later, if arrangements can be made, with the Philippines, Alaska, Japan and China. Work is also under way on radio telephone channels to Bermuda and Brazil which will be completed during 1931.

In January, 1927, the United States had telephone connection only with Canada, Cuba and the Mexican border. To-day practically any telephone in the United States can be connected with any one of 32,200,000 out of 35,300,000 telephones in the world.

Telephone calls across the Atlantic in the four years since such service was started have increased six-fold. In addition to the original long-wave radio telephone channel, there are now three short-wave channels. The experimental lengths of the proposed transatlantic telephone cable which have been built and tested confirm the work of the Bell Telephone Laboratories, where the new alloys and insulation necessary for such a cable were developed and where the design of the cable was made.

Financial.

In January 1930 the American Telephone and Telegraph Company sold \$150,000,000 Thirty-Five Year 5% Gold Debentures dated February 1, 1930.

On April 16 the Company offered its stockholders of record May 23rd, one share at par for each six shares of stock held. The subscriptions to this offer provided \$241,895,832 for the Company's treasury during 1930, and will provide an additional amount of approximately \$16,000,000 during 1931.

The conversion privilege of the Ten-Year Convertible Gold Debenture Bonds dated July 1, 1929, became effective on January 1, 1930. From January 1 to May 23, 1930, the bonds at face value could be exchanged for stock at \$180 a share, and thereafter until December 31, 1930, at \$166.88 per share. By the end of the year \$206,189,700 of face value of bonds had been converted into stock by about 130,000 bondholders, yielding the Company cash premiums of \$164,855,341. Only \$12,923,000 face value of these bonds remained unconverted at the close of the year. During 1931 the conversion price, subject to adjustment as stated in the indenture, is \$175.46 per share.

On September 30, 1930, the American Telephone and Telegraph Company bought the Teletype Corporation by

exchanging 150,000 shares of its own stock for the 150,000 shares of Teletype Corporation stock. The shares of Teletype Corporation stock have been sold to the Western Electric Company.

The Company has called for redemption on March 1, 1931, at face value, all outstanding 4½% Convertible Gold Bonds dated March 1, 1913, and due March 1, 1933. At the end of the year \$1,870,800 of these bonds were outstanding.

During the year 313,020 shares of this Company's stock were issued under the Employees' Stock Plan to Bell System employees upon completion of instalment payments extending over a period of about three and one-half years. At the end of 1930 payments were being made under this plan on about 1,640,000 shares. In furtherance of the Company's policy to encourage thrift, the plan has been amended to permit employees to apply dividends from shares owned that were acquired under employee stock plans toward the instalment purchase of additional shares of stock under the plan. To help those who might have unusual personal obligations arising out of the general business situation, employees purchasing stock under the plan were notified on December 1, 1930, that they could suspend their instalment payments for a definite period of six months. Of the 320,000 employees purchasing stock, about 5,000 have availed themselves of this privilege.

During the last ten years the capital obligations of the Bell System in the hands of the public have about trebled. They were \$1,107,417,000 on December 31, 1920, and \$3,271,619,000 on December 31, 1930. During that period the bonds and other debt decreased from 54 to 34 per cent. of total capital obligations, while the number of stockholders increased more than 300 per cent.

The number of stockholders of this Company at the end of 1930 was 567,694. The average number of shares held by a stockholder is 32, with no single individual holding as much as 1 per cent. of the total capital stock. Of the total number of stockholders more than 100,000 are Bell System employees, with an average holding of about ten shares each.

It is the aim of the Bell System to maintain its employee forces on as even a basis as possible, for that is equally advantageous to the employees and to the efficiency of the organisation. It is likewise the aim of the Bell System to offer employment on a basis that will enable its employees to meet the vicissitudes of life with the maximum assurance possible. The Bell System pays sickness, accident and death benefits, and pensions. The employees do not contribute to these payments, which amounted to \$7,803,000 in 1930.

At the same time, to aid employees in providing for themselves for a higher degree of economic security, all of the companies of the System have thrift plans to encourage employees to save. These plans include the opportunity to buy stock of the American Telephone and Telegraph Company by deductions from salary, an arrangement for depositing salary deductions in savings banks and an arrangement for using salary deductions for the payment of life insurance premiums. The use of any of the plans is left entirely to the discretion of the employee, and more than 80 per cent. of all employees participate in one or more.

Under these plans in the year 1930 the employees of the Bell System, including the Western Electric Company and the Bell Telephone Laboratories, saved about \$70,000,000, or 10 per cent. of the payrolls. (In 1929 the amount saved was about 8 per cent. of the payrolls.) The money thus saved can be kept or spent for meeting the emergencies of hard times, the education of children, the building of a home, supplementing pension payments after retirement, or for any other purpose which the employee may consider best serves his or her need.

Although not appearing on the balance sheet, the greatest asset of the Bell System is the skill, energy and character of the hundreds of thousands of men and women who make up its organisation, who have during the past year rendered a more efficient service than ever before.

COMPANY MEETINGS, &c.

LONDON MIDLAND AND SCOTTISH RAILWAY COMPANY.

EFFECTS OF TRADE DEPRESSION ON RECEIPTS.

LARGE REDUCTION IN WORKING EXPENSES.

SIR JOSIAH STAMP'S INTERESTING REVIEW.

The eighth annual general meeting of the London Midland and Scottish Railway Company was held at Euston Station, London, N.W. 1, on Friday, February 27, 1931, Sir Josiah Charles Stamp, G.B.E. (chairman of the company), presiding.

The Secretary (Mr Owen Glynn Roberts) having read the notice convening the meeting,

RESULTS OF THE YEAR'S WORKING.

RAILWAY TRAFFIC RECEIPTS.

The Chairman, in moving the adoption of the report and accounts, said:—Not only in Great Britain, but throughout the world, last year was one of extremely bad railway traffics as a result of the world-wide depression in trade. While, as compared with 1929, the loss of receipts in this country was not so severe as abroad, it has to be remembered that we have been comparing with a series of bad years, due to the position at home, and the combined effect was to make 1930 probably the worst year since the opening of the railways constituting our undertaking. While all the British railways suffered, our undertaking suffered most, owing to its predominating interests in Lancashire, Lanarkshire and the Northern industrial area. Not only was there a heavy loss in merchandise traffics, but the extensive unemployment, with its reduction of spending capacity, caused a further severe decline in passenger receipts. I have tried to show the effect of this depression on railways by a percentage graph for the United States, Germany and the L. M. S. Company.

As will be seen from the financial statement, the total decline in railway receipts was nearly £5,000,000, and, if we compare with 1927, the decrease amounts to £9,600,000—or about 12½ per cent.

To some extent the loss in the year of £5,000,000 was mitigated by a reduction in working expenditure of just over £2,000,000, or 40 per cent. of the loss in traffic—a reduction which represents a tremendous effort when regard is had to the very large proportion of railway expenditure which does not change with the volume of traffic. The reduction follows the substantial savings in the two previous years, and, compared with 1927, amounts to £5,500,000. Your directors would like to acknowledge the heroic efforts of their officers in these most difficult times.

There are some who talk scoffingly of railway economies, but a reduction of railway expenditure from the rate of £67,000,000 per annum immediately before amalgamation to £56,000,000 in 1930 is a very considerable achievement, especially as two-thirds of the 1930 expenditure was for labour and the rates of wages have not fallen materially. This economy was accompanied by a marked improvement in the service afforded to the public, and without a reduction of the standard of maintenance and safety.

SUBSTANTIAL SAVING UNDER EACH HEADING OF EXPENDITURE

Comparing 1930 with 1929, it will be seen that, under each heading of expenditure, there has been a substantial decrease, and, very broadly, this is made up of £900,000 for maintenance, £1,000,000 for operating and £200,000 for other expenditure. To some extent these savings reflect lower prices, though in some cases, such as coal, prices were higher than in 1929, and to some extent they represent the natural effect of reduced traffic. The important factor, however, because of its permanent nature, is the fructification of economies which have been rendered possible by heavy expenditure on renewal and modernisation of the company's plant and equipment.

With this general reduction in expenditure it would be invidious to refer to particular sections, but I wish again to make clear that our renewal policy has not been departed from, and the maintenance expenditure continues to be charged with provisions for renewal of wasting assets on the same definite basis as before.

Deducting the saving in expenditure from the loss in receipts, there is a reduction in the net railway receipts of £2,873,000, and if you will follow the table before you, you will see that the other businesses have had varying fortunes.

BOARD'S DIVIDEND POLICY

Your board gave very close consideration to the rate of dividend on the ordinary stock to be recommended to you. They had to balance the desirability of continuing a dividend of not less than 3 per cent., because of its possible effect upon the Trustee status of the prior stocks, against the undesirability of making the very large call, which would have been necessary, upon the general reserve fund for 1930, and possibly for the year 1931 also, failing a great improvement in trade and favourable issues from the present proceedings in regard to the labour rates and conditions of service. The importance of conserving the general reserve in the interests of all classes of stockholders was overriding.

On the actual results of the year's working a dividend of a little over 1 per cent. could have been paid, as the profits on investments and the income-tax adjustment mainly arose in 1930. It was felt, however, that the ordinary stockholders of the company, who have suffered severely by the course of trade in recent years, were entitled to receive some further payment, and, after very full consideration of the position, the recommendation to make a payment for the year of 2 per cent. was decided upon.

ROYAL COMMISSION ON TRANSPORT.

The Final Report of the Royal Commission has now been issued, and deals with co-ordination and development of transport.

I would like to pay a tribute to the manner in which the Commission have handled the vast and complicated question remitted to them. Their report is most valuable, and the views expressed about the railways will receive the careful attention they undoubtedly call for.

In general, I may say that the only points on which we consider there is much more to be said are those where, without taking specific evidence from the railways, adverse conclusions have been reached. Perhaps I may refer briefly to one or two. I preface my remarks by expressing the appreciation we all feel of the very full recognition accorded railway companies of the services they have rendered, and are rendering, to the country.

QUESTION OF SPEED.

I take first the statement that, practically speaking, there has been no improvement in locomotive speeds during the last 80 years. This question was not raised when I was before the Commission giving evidence for the railways, and I do not think they would have expressed themselves quite in that form had they had the full facts before them.

The Commissioners appear to have come to their conclusion on certain information regarding one or two trains 80 years ago, and, even if the facts are right regarding these, they are hardly adequate data to apply to the 12,000 or 13,000 trains we run daily—even in the winter months. They also entirely ignore the fact that the trains of 80 years ago are not comparable with those of modern times. In regard to weight, comfort of passengers, safety, etc., the trains of to-day are as different from those of 80 years ago as are the motor cars of 25 years ago from those of to-day, but I will continue to confine my remarks to the question of speed.

PRESENT AND PRE-WAR EXPRESSES.

In the summer of 1930 there were on the L. M. S. 35 express passenger trains running daily distances of upwards of 100 miles without a stop, including the two non-stops of 300 miles between Euston and Carlisle, whilst the fastest scheduled speeds between the following points ranged from:—

55.53 m.p.h., 10.0 a.m., Liverpool to Euston, between Mossley Hill and Euston.

56.04 m.p.h., 10.40 a.m., Euston to Liverpool, between Euston and Stafford; to

59.18 m.p.h. between Willesden and Birmingham with the 9.10 a.m., Euston to Wolverhampton;

to quote only three trains.

For general travel I would instance that 33 trains between London and Birmingham, Liverpool, Leicester and Kettering had a lower average running speed in 1913 than the 53.78 miles per hour of 40 trains in 1930.

The longest non-stop in the summer of 1913 was the 11.10 a.m., Euston to Rhyl, a run of 209 miles. We now have several trains with an average non-stop run of 265 miles over the western section of our railway.

In the face of these particulars it cannot be said that this company has had no regard to the speed of express passenger trains.

As regards our performances compared with other countries:—The distance from Chicago to St. Paul's is 410½ miles, and the speed of the fastest train is 39.4 m.p.h. From Berlin to Munich, 418½ miles, the fastest speed is 46.5 m.p.h.

With the L. M. S. "Royal Scot" from London to Glasgow, 402 miles, the average speed is 48.7 m.p.h.

RAIL AND ROAD TRANSPORT.

In 1928 we acquired our road powers, in 1929 we made our financial arrangements with the chief existing interests, and in 1930 the progressive policy of co-ordinating railway and road passenger transport throughout the area of the L. M. S. system has been firmly begun. There are now few of our districts, other than London, in which we have not a measure of common interest with the principal omnibus operating companies, and where the railway and road officers are not in close collaboration in regard to traffic arrangements to ensure the most effective employment of the joint resources.

At 570 places inter-availability of tickets has been established between the railway services and our associated omnibus services for local journeys, and combined road and rail tickets have been introduced in a number of instances. These facilities have been much appreciated by the public and are being gradually extended.

Omnibus services have been modified to make contact with sixty-three L. M. S. stations where the arrangements did not previously permit of the ready exchange of railway and road passengers. The resources of the associated road companies have also been employed in numerous instances to facilitate the use of railway excursions by passengers from outlying districts.

The times of trains and omnibuses have been modified to give better connections one with the other at various places, and the correlation of the two arms of transport, wherever possible, is now the constant objective instead of each mode of transport acting, as hitherto, independently of the other in framing its arrangements.

The railway organisation is being used for the advantage of both railway and omnibus companies for securing traffic for omnibus companies where such traffic cannot be railborne, whilst arrangements are in operation for mutual assistance in cases of breakdown or pressure—a number of instances having occurred where such assistance has been given by one party to the other.

CLOSING UNREMNERATIVE BRANCHES.

For some years prior to the acquisition of road motor powers by the railways, the L. M. S., in common with other railway companies, suffered severe decline in traffic on many sections of the line, particularly in districts where, by the position of villages and stations, omnibus facilities had provided the public with a more convenient mode of transport than the railway was able to give, consistent with economy.

As soon, therefore, as advantage could be taken of our powers, steps were taken to economise by closing certain unremunerative lines and stations for passenger traffic, and arrangements made, where necessary, for our associated omnibus companies to meet the situation created by the withdrawal of the train services by modifying the omnibus services.

Inquiries have covered a very wide field, the extent of which will be gathered from the fact that, on 40 branch lines, withdrawal has already been, or is about to be, effected, and there are about 40 others in course of investigation.

The results are reflected in the closing of 107 stations for passenger traffic, several of which have also been closed for goods traffic, with an estimated saving at the rate of £50,000 per annum. In the near future 64 additional stations will be closed, resulting in a further estimated annual economy of £22,000.

ELECTRIFICATION SCHEMES.

WIDENING AND ELECTRIFICATION BETWEEN BARKING AND UPMINSTER.

Good progress is being made with the construction of the new lines for electric traction between Barking and Upminster, a distance of 7½ miles. At present electric train services operated by agreement with the District Company between London and places on our L. T. and S. Line, terminate at Barking, and these works will enable

electric train services to be extended to Upminster. This widening and extension of electric services was necessary in order to deal with the rapidly increasing local traffic, particularly in connection with the London County Council's Housing Estate at Becontree. This scheme provides for at least 26,000 houses, of which we understand 19,500 have been constructed.

MANCHESTER, SOUTH JUNCTION AND ALTRINCHAM JOINT RAILWAY.

The M. S. J. and A. Railway is owned jointly with the L. and N. E. Company, and in 1928, consequent upon the decline in the local passenger traffic by reason of acute tramway and omnibus competition, and developments taking place along the route, we decided jointly to equip the railway between Manchester (London Road) and Altrincham for an electric suburban passenger service, the total estimated cost being approximately £470,000. The indications were that our revenues from local passenger traffic would continue to fall increasingly unless we afforded a greatly improved service, and it was estimated that the provision of an electric passenger service would, within a period of five years, enable us, not only to retain our present carryings, but increase them to a remunerative extent.

The scheme includes new stations at Dane Road (Ashton-on-Mersey) and Navigation Crossing (Altrincham) and the equipment and opening of the Old Trafford Cricket and Football Ground Station as a permanent residential station. The work has to interfere as little as possible with existing traffic, but the progress made encourages the hope that the electric services will be in full operation in from four to six months' time.

Schemes have been under consideration for the electrification of a number of other provincial suburban lines, but we have not been able so far to ensure remunerative arrangements.

Last year I mentioned the proposed electrification in the Wirral Peninsula as one of the schemes submitted to, and approved by, the Advisory Committee of the Treasury for grant under the Development Act. Arrangements with the Mersey Railway for the establishment of a through electric service from and to the Wirral Peninsula via their railway to and from Liverpool, and consideration for an alternative scheme, are not yet complete.

SCIENTIFIC RESEARCH.

The eminent scientists whose names I gave you last year are now actively associated with us; the Advisory Committee on Scientific Research began its work last July, and the advantages of close association between the technical officers and outside members are being increasingly felt. The research work which the committee has inaugurated is directed towards the problems of urgent practical importance, such as increasing the durability of the paint on carriages and the reduction in the wear of rails and tyres. Quite apart from these major investigations, the frequent informal discussions between members of the committee will undoubtedly help us to solve some of our less outstanding problems. We have also had a small joint committee investigating the questions of locomotive water and fuel economy, and the work dealing with water promises to yield early results of considerable benefit to the company.

STAFF.

As indicated in the directors' report, the company's proposals for modifications of rates of pay and conditions of service of salaried and wages staff were rejected by the trade unions, who submitted counter proposals, and the respective claims were referred to the Central Wages Board. As no agreement could be reached, the parties referred their claims to the National Wages Board, and it is anticipated their findings will be published early in March.

Sufficient publicity has been given already to the question, and I need not go into it in detail, indeed it would not be proper at this stage for me to do so; we regret having to suggest these alterations in the wages and conditions of the staff, but the financial situation is such that we have no option. I am glad to say that, wherever I have made inquiry, I have been told that the spirit and service of the men have not been affected by the discussions taking place.

FUTURE PROSPECTS.

Although we are in touch with nearly all the industries and interests of the country and have ample opportunity for making a general survey, it is not the custom at our annual meetings, as it is with the big banks, to give any extended analysis of our industrial and economic position.

That the outlook for British industry is difficult and perplexing beyond all experience there is no doubt whatever. One difficulty I have in publicly making a frank and balanced estimate is that our

own British people tend, by complacency and Micawber-like resilience, not to accept unfavourable judgments at face value, but to divide the result by three, while at the same time foreign observers, by lack of understanding of our psychology, multiply it by three. As soon as our people have the collective wisdom to readjust our costs and standards to the competitive levels of our output; to recognise new conditions of markets and industrial methods; to come out of a fool's paradise of social expenditure, it will be found that the underlying strength of Britain's position is still very great indeed. The readjustment must come soon, for that strength is being rapidly undermined.

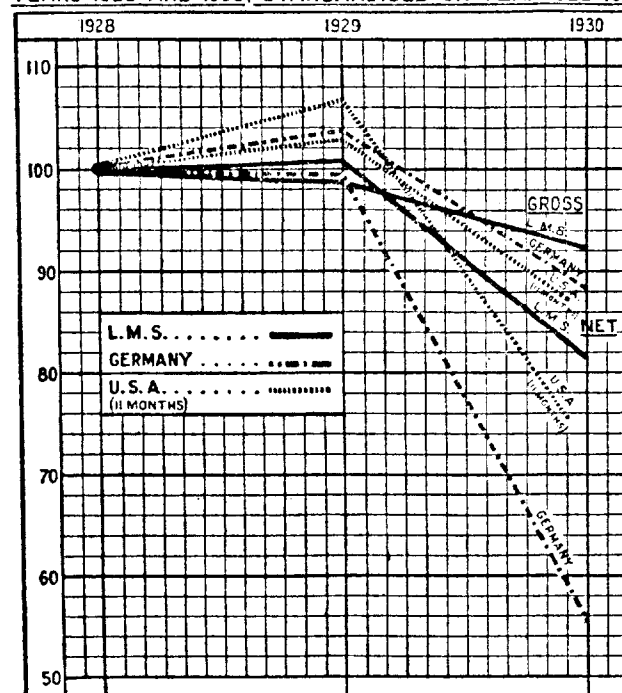
The revenue available for your ordinary stock is exceedingly sensitive to the total trade and production of the country—it may be said that a change of approximately 2 per cent. in that trade volume has an effect of 1 per cent. on the potential dividend.

This arises from the fact that a very large proportion of expenditure does not change with traffic, and out of every £100 in receipts only the last £20 is available for a return on all our capital, of which not more than £5 goes to ordinary stock, which thus bears the brunt or enjoys the boon of the fluctuations on the whole £100.

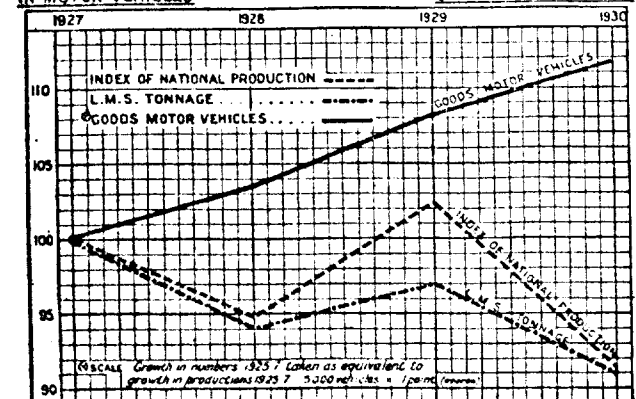
It is thus impossible for me in the uncertain outlook—it is only certain that our traffic receipts for 1931 are already nearly £997,000 below last year—to prophesy, even if the outcome of the applications to the National Wages Board on the subject of wages were known to me. But what is abundantly clear is that the great economies we have made, which have been so far swamped by the large decrease in traffic and charges, are to an important extent permanent, and if your economic case before the National Wages Board receives proper recognition we shall be in a good position to reap the advantage of a revival in trade, when it comes, in its effects upon our balance of net revenue available for the ordinary stock.

THE FOLLOWING ARE THE GRAPHS REFERRED TO BY THE CHAIRMAN IN THE COURSE OF HIS SPEECH:—

GROSS AND NET RAILWAY RECEIPTS
L.M.S. AND RAILWAYS OF GERMANY AND U.S.A.
YEARS 1929 AND 1930. STANDARDISED ON YEAR 1928=100



NATIONAL PRODUCTION COMPARED WITH L.M.S. TONNAGES AND GROWTH IN MOTOR VEHICLES
STANDARDISED ON 1927



UNITED STATES DEBENTURE CORPORATION, LIMITED.

SATISFACTORY RESULTS—STRONG POSITION.

The ordinary general meeting of the United States Debenture Corporation, Ltd., was held, on the 3rd instant, at Winchester House, Old Broad Street, London, Mr Nathaniel Spens (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—You are all aware of the trying circumstances which have existed throughout the world during the past year and of their disastrous effects on practically every country in the world. So far as this company is concerned, I am glad to say that, in the circumstances, the results obtained can be regarded as generally satisfactory. That our investments, having a book value of over £4,500,000, should during this past trying year have depreciated to the extent of 6½ per cent. only, or a little over one year's purchase of the dividend which they earned, must, I think, be regarded as good a result as one could reasonably expect.

INCOME ACCOUNT.

So far as our income account is concerned, the decrease is only £4,500, or under 2 per cent. less than what we received last year, and the net result is that, after meeting all expenses and after payment of the same dividends on our debenture, preference and ordinary capital as last year, we increase the balance of revenue carried forward by over £8,000.

We have had carefully to consider what may await us in the year now before us, and, as we shall suffer, no doubt, further losses of income, it is satisfactory to realise that we have reserved in the past out of revenue such considerable amounts that there is in revenue reserve and the balance carried forward an amount of nearly £200,000, and that our reserve funds on capital account amount to more than three times the existing total depreciation. This illustrates in what a strong position the company is for meeting, if thought prudent, any temporary deficiencies that may arise.

As you are aware, it is the habit of this company that each of your directors should in turn occupy the chair, and for this reason it interested me to contrast the position of the shareholders as they now stand with the position they were in when I last performed this duty in 1927. At that time we had not made our latest issue of ordinary stock, but on referring to what I then said I find that I told the shareholders that our 4 per cent. debenture stock was valued at about 75 per cent., our preference stock at par, and the £300,000 ordinary stock, to which our original capital had been reduced, at about 260 per cent.

When we decided to issue more ordinary capital we felt that the price of issue should approximate to the market value of the ordinary stock. In point of fact, you will remember that we did issue such ordinary stock to our shareholders at 25½ per cent., guaranteed to be subscribed, whether the shareholders took it or not, at 250 per cent. From this decision many advantages have accrued. The premium which we received on the new capital increased our total reserves to a figure almost the same as that of the whole ordinary stock in issue, and these reserves operate for the better security of all concerned, debenture and preference stockholders as much as ordinary stockholders. Further, by increasing our nominal ordinary capital we obtained the power to issue further 5½ per cent. preference stock and correspondingly additional debenture stock.

CAPITAL ISSUE TERMS.

Under our existing articles we are not permitted to issue further preference stock except at the same rate as the existing stock, but, as stated in the report, and having regard to the condition of similar stocks and the very special security which we give both our debenture and preference stockholders by so largely restricting our investments to debenture and preference securities of other companies, we are led to believe that we shall be able to issue a five per cent. preference stock upon relatively better terms than those on which we could issue our existing five and a half per cent. stock. Manifestly, if we are able to do this, it will be an advantage to all concerned, and we are hopeful that the opportunity will occur to issue further debenture and preference stocks on favourable terms, and thereby make a very substantial addition to the company's income.

Having obtained these powers we shall, of course, be guided in the actual issues that we may make by the terms upon which we find we can get satisfactory investments of the kind we invest in to yield us a profitable return.

The resolution was adopted *nem. con.*

The chairman announced that a meeting would have to be called on March 17th to sanction the proposed alterations in the articles of association and the increase of share capital, and asked stockholders who had not already done so to send in their proxies.

REFUGE ASSURANCE COMPANY, LIMITED.

STEADY PROGRESS IN A DIFFICULT YEAR.

LOWER EXPENSE RATIOS.

INCOME EXCEEDS £11,000,000.

BONUS TO ORDINARY BRANCH POLICY-HOLDERS MAINTAINED
AT £2 4s. PER CENT.

FURTHER ALLOCATION OF PROFITS TO INDUSTRIAL BRANCH POLICY-HOLDERS
AUTOMATIC FREE POLICIES.

FUNDS £49,368,247.

The sixty-seventh annual ordinary general meeting of the Refuge Assurance Company, Ltd., was held, on the 2nd instant, at the chief office of the company, Oxford Street, Manchester.

Mr J. Wilcock Holgate (the chairman of the company) presided. The Secretary (Mr John W. Moss) having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, which were taken as read, and after referring to the appointment to the board of Mr W. H. Aldcroft, F.I.A., the late general manager and actuary, and to the consequent appointments of Mr S. G. Leigh, F.I.A., as general manager, and Mr Cyril Clegg, F.I.A., as actuary, and also the newly created position of agency manager occupied by Mr Albert Swift, said:—

Gentlemen,—In submitting the report and accounts, I have again to remind you that the eminently satisfactory progress which they record has been achieved despite an accentuation of the deplorable industrial conditions which have prevailed during recent years in this country, and particularly in the North, where the bulk of our business is situated. It is encouraging, therefore, to report that the business of the company continues steadily to expand, and I feel that this successful opposition to adverse conditions is an achievement which we may regard with justifiable satisfaction, throwing into relief, as it does, the inherent strength of our organisation.

The total premium income amounted to £8,952,759, an increase of £295,574 over that of the previous year, and the total net interest income was £2,219,533, showing an increase under that heading of £97,193. Our total funds now stand at £49,368,247, showing an increase of £3,422,542. The amount paid in claims by death or maturity during the year was £4,542,969—a figure which represents the payment of approximately £15,000 each working day—and the total sum paid under this head since the inception of the company is now £66,023,623. The aggregate surplus shown by the valuation of the two branches of the company's business is £2,177,779, which includes £587,512 brought forward from the previous valuation. After the transfer of £250,000 to the investments reserve funds, a transfer which brings the amount of those funds up to £1,850,000, it is proposed to allocate £1,129,639 to the policy-holders and £150,000 to the shareholders, the balance of £648,140 being carried forward.

INDUSTRIAL BRANCH.

In the industrial branch the results of the year's working are convincing evidence of the value attached by the insuring community to the policies in this branch.

The business of life assurance, whether in the industrial or the ordinary branch, is essentially one having a very intimate connection with human nature; and human nature being what it is, there is a tendency in times of prosperity for people to underrate the value of the provision which they possess in their policies against the onset of evil circumstances. With the coming of difficulties as regards the present, and doubts regarding the future, the true value of a life policy becomes apparent, and I feel that this consideration, coupled with the quality of unequalled security possessed by endowment assurance as a means of investment, has been an important factor in the continued vitality of life assurance during these last few years.

In the industrial branch the new business consisted of 934,972 policies, assuring the sum of £17,368,136. The premium revenue was £4,941,590, an increase of £202,416 over the corresponding figure for 1929, and the net income from investments, after deduction of income tax, was £800,972, showing a net yield of £5 10s. 6d. per cent. on the assurance fund of this branch, the corresponding figure for the preceding year being £5 11s. 7d. per cent. The death claims amounted to £1,713,413, and £314,360 was paid to policy-holders under matured endowment assurances. The expense ratio for the year was 36.52 per cent., showing a decrease of 0.59 from the corresponding figure of 37.11 per cent. for the preceding year, and the

claim ratio (including survivals) was 41.04 per cent., as compared with 45.18 per cent. in 1929 and 38.70 per cent. in 1928.

The industrial branch fund now amounts to £15,649,128, having increased by £1,312,586 during the year.

INDUSTRIAL BRANCH VALUATION.

The valuation of this branch has again been made on the basis of the English Life Mortality Table No. 8 Males, with interest at 3 per cent. for all classes of policy except adult single whole-life assurances by weekly premiums, and infantile whole-life assurances by weekly premiums not exceeding one penny, which are valued at 3½ per cent. As regards these policies, the percentage thrown off the office premiums before valuation varies from 35 per cent. upwards, and provides in every case a net positive liability. The remaining policies, including the whole-life assurances by monthly premiums, have again been valued on a strict net premium basis.

The resulting surplus is £531,154, which includes £49,691 brought forward from the preceding year. As I have already indicated, the sum of £250,000 is transferred to the investments reserve fund, and in pursuance of the policy introduced two years ago it is proposed to set aside £164,948 for allocation amongst the policy-holders in this branch. From the remainder it is proposed to allocate to the shareholders the sum of £20,312, and to declare a dividend of 7½ per cent., absorbing £22,500, the balance of £73,394 being carried forward unappropriated.

The number of industrial branch policies at the valuation date was 6,563,726, assuring the sum of £93,046,796, and the average duration of the policies was ten years and eight months.

ALLOCATION OF PROFITS TO POLICY-HOLDERS IN THE INDUSTRIAL BRANCH.

The announcement of an allocation of profits to policy-holders in the industrial branch for the third consecutive year is one which is to me a source of peculiar pleasure. It is, of course, the case that policies in this branch are, in form, non-profit; but improvements in benefits, whenever possible, constitute a logical step in the development of that policy of "service" to which this company has always attributed so great an importance and which is, I firmly believe, one of the most important attributes of any successful business to-day.

As a result of the previous allocations of profit in 1928 and 1929, the benefits of our older policy-holders are now on the scale of our latest—the 1927—prospectus under all tables except whole life policies under tables 1, 2, 3, and 12, 13, 14. It is proposed to apply the present allocation to increase to the 1927 scale of benefit the amounts payable under claims in respect of deaths which occur under these whole life tables between to-day and March 6th of next year.

There is no doubt that the increases of benefit we have been able to grant have not only proved exceedingly popular, as was, of course, only to be expected, but have also reacted favourably upon the company's business and connections.

ORDINARY BRANCH.

In the ordinary branch, I think you will agree that the results we are able to show are very satisfactory. The increase in the premium income is gratifying evidence of our ability, even in adverse circumstances, to extend our connections, whilst the expense ratio, at 15.15 per cent., shows a reduction of 0.43 per cent. as compared with the previous year. It is probable that your particular interest on this occasion will be directed towards the question of the bonus we are able to declare on our with profit policies, and you will be glad to learn that the rate is maintained at the figure of £2 4s. per cent. This announcement will no doubt be very welcome, more especially in view of the anxieties which the

present progress of events, not only in industry but also in finance generally, cannot but evoke.

The number of policies issued in the year was 49,951, assuring the sum of £6,481,784, the annual premiums payable thereon being £447,493, and the single premiums £98,965. The premium revenue for the year was £4,011,168, an increase of £93,157 over that of the previous year, and the net income from interest, after deduction of tax, was £1,418,561. The net rate of interest earned on the assurance fund of the branch was 4 16s. per cent., as compared with 4 19s. per cent. in respect of the previous year. Payments under the head of claims amounted to £2,515,152, of which £762,481 was paid in respect of deaths, and £1,752,671 to policy-holders under matured endowment assurances. The number of deaths which occurred in the year was well within the expectation.

The ordinary branch fund now amounts to £31,205,452, showing an increase during the year of £1,865,198.

ORDINARY BRANCH VALUATION.

The ordinary branch has again been valued by the Om table of mortality in conjunction with interest at 3 per cent. Only the net premiums, corresponding to the ages at entry, have been taken into account, and on this stringent basis the valuation reveals a surplus of £1,646,625, which includes the sum of £537,821 brought forward from the previous year. Out of this surplus it is proposed to maintain the reversionary bonus at the present figure of £2 4s. per cent. on with profit policies, absorbing £964,691, and to allocate £107,188 to the shareholders, the balance of £574,746 being carried forward unappropriated.

The total number of ordinary branch policies existing at December 31, 1930, was 547,937, assuring the sum of £66,483,566, including bonus additions of £7,142,259.

MORTALITY.

Turning now to the question of mortality, a question naturally of supreme importance to a life office, you will be glad to learn that our experience during 1930 was substantially better than that of 1929.

This circumstance was not unlooked for, and is in accordance with previous history in this connection. You will remember that a particularly severe influenza epidemic occurred in 1929. In the usual sequence of events an exceptionally heavy death-rate is followed by a period of sub-normal mortality, and as a matter of fact, our own experience goes further, and leads us to expect that mortality generally will be heavier this year than last, an expectation which is already being justified by the facts.

INVESTMENTS.

The assets of this company amounted on December 31st last to nearly £50,000,000—in fact, it is anticipated that this figure will actually be reached within the next two or three weeks. When we remember that practically the whole of these assets are represented by investments spread over a wide range of securities, not only in this country and the British Empire overseas, but throughout the rest of the world, and when it is further recalled that there have been times during the period under review when, for one cause or another, it has seemed difficult to discover a spot on the earth where events were tending in the right direction, then it will be realised that the year 1930 has not been one by any means free from anxiety with respect to the handling of our funds. I am pleased to inform you, however, that, in spite of the world-wide economic upheaval and the consequent depreciation in practically all investments other than strictly gilt-edged securities, I am able to report that, based on market values, our stock exchange securities in the aggregate show an appreciation during the year. This information will, I think, be received with gratification by our shareholders and others interested, and in itself affords evidence of the class of securities held by the company. There have also been substantial profits on realisation of investments which have been applied in writing down book values, in addition to which it has been decided, in view of the uncertain outlook, to add a further £250,000 to the investments reserve funds, which now amount to £1,850,000.

Whilst, however, we have reason for considerable satisfaction with the position relative to our securities, its maintenance depends very largely upon circumstances over which, as a company, we have no control. The industrial and financial outlook as regards this country gives one much food for thought, and there is no doubt, in my mind, that the chief requirement preliminary to a recovery is a frank facing of the facts, and an early return to economic realities by all grades of society. The present weight of taxation is crushing down business enterprise, and the possibility of still heavier demands can only be regarded with grave concern. A very great responsibility at present rests on the Governments and

peoples of this and other countries to adopt a financial policy calculated to restore that confidence which is so essential if prosperity is to be regained.

Reverting to our own accounts, the net interest of £2,219,533 received during the year represents a net yield per cent. on the combined life assurance funds of £5 0s. 9d., against £5 3s. 1d. in the preceding year. This reduction in the net yield will not surprise you, having regard to the increase in the rate of income tax and to the fact that, for new investments during the year, the rate available on first-class securities was considerably lower than for some time past. Further, you will remember that I expressed the view two years ago that appearances seemed to suggest that we should have some difficulty in maintaining the yield then earned.

Referring to the increase of £3,422,542 in the funds during the year, holdings in British Government securities at £10,681,669 are higher by £177,721, and otherwise the principal changes under the various classifications show increases under the headings of:—

Debentures and debenture stocks, £1,413,512.

Preference and guaranteed stocks, £671,327.

Mortgages on property within the United Kingdom, £322,324.

Ordinary stocks and shares, which now constitute 2.95 per cent. of our total investments, have increased by £203,142, and slight decreases in our holdings of foreign municipal securities, loans on parochial and other public rates, Indian and Colonial Government securities, and investments in house and office property, in the order named, have occurred.

AUTOMATIC FREE POLICIES IN THE INDUSTRIAL BRANCH.

It is appropriate, I think, that I should refer at this point to a very important step which we took last year in connection with our industrial branch. I need hardly remind you that throughout our history it has been our continuous endeavour to give to our policy-holders the utmost benefit their premiums can provide, and you will remember that last year I gave you some figures illustrating the manner in which the sum assured for a given premium has been increased from time to time. There still, however, remained the problem of the policy-holder who is compelled by force of circumstances to allow his policy to lapse, and in the scheme of automatic free policies which was introduced last year we believe the solution has been found. Under this scheme, any policy-holder in the industrial branch who allows his policy—with the exception of certain infantile policies—to lapse at any time after the payment of two years' premiums receives at once, and without any application on his part, a free paid-up policy for a reduced amount, payable under the same terms as his original contract; and policy-holders, therefore, after the payment of premiums for a very short period, are fully secured against loss in the event of being unable to continue their assurances.

Dealing as we do in the industrial branch with a class of the community which pays weekly premiums, and whose financial resources are often fluctuating, it is clear that lapses cannot be entirely avoided, however ingeniously a company works to that end; but we do feel that in this new system of automatic free policies we have a scheme which deals generously with a lapsing policy-holder and which adds considerably to the value of our policies.

NATIONAL HEALTH INSURANCE.

Turning now to another branch of the company's activities, I have to report that the "Refuge" continues to play an important part in the administration of the national scheme of health insurance. On behalf of the National Amalgamated Approved Society, with which, as you know, we are associated for the purposes of the National Health Insurance Acts, the company administers the National Health Insurance of a membership of 660,000, an increase of 5,000 over that of the previous year. In the course of the year 1,194,560 payments of benefit were made, amounting to £749,622, including £81,721 in respect of maternity benefit. In the preceding year the corresponding payments of benefit numbered 1,328,474, amounting in all to £829,101. The number of new members admitted during the year to the "Refuge" section of the society was 41,050.

In addition to the sum of £749,622 paid out in sickness, disablement, and maternity benefit by our representatives on behalf of the society, the very considerable sum of £119,785 in additional treatment benefits were received by "Refuge" members during the year. These additional benefits are paid out of the disposable surplus which emerges at periodical valuations, and during the present quinquennium, which expires on July 4, 1931, treatment benefits amounting in all to the sum of £475,513 have been received by our members.

I think you will agree that the figures I have quoted afford a striking indication of the value of the services we render to our policy-holders additionally to those normally associated with the activities of a life assurance organisation.

EXTENSION OF CHIEF OFFICE.

It may perhaps be regarded as evidence that there yet remains some optimism in the business world in that last year we decided

to put into immediate operation a scheme for the extension of our present chief office, which we have had under our consideration for some time. There is no doubt that within two or three years considerable further accommodation will be essential, and it appeared to us that we should be performing an act of some social service by beginning building operations without further delay.

Our new extension will be on the Whitworth Street frontage, and will increase our present accommodation by one-half. The site is now practically cleared, and we hope that during the present year good progress will be made with the actual building.

TRIBUTE TO STAFF.

In concluding my remarks, I desire particularly to pay a very sincere tribute to the cheerful and unfailing support we have received throughout the year from our officials and general staff, both at chief office and in the field.

The management are well aware how difficult sometimes have been the conditions under which the work of the company has been carried on. Indeed, it is impossible that they should not know, inasmuch as they themselves have to cope with the aggregation of the difficulties which affect individual members of the staff, and they feel that in the results of the year they may read the persistence of that spirit of energy and loyalty which we have come to associate with members of our staff and which, as heretofore, it will be our aim constantly to maintain.

We have received valuable support from our staff organisations, and I take this opportunity of expressing our appreciation of the spirit of helpfulness which animates the counsels of these associations, and which does so much to increase their effectiveness. Periods such as these are testing times for employers and employees, and we are happy to find that our relations with our staff organisations continue on a basis of mutual understanding.

Gentlemen, I have now much pleasure in moving the adoption of the annual report and accounts.

The report and accounts were adopted.

The appointment to the board of Mr. William Hancock Aldcroft, F.I.A., was confirmed, and Messrs. William Proctor, John William Moss, and John Thomas Shutt were reappointed directors.

Messrs. Walton, Watts and Company were reappointed auditors.

The meeting closed with a vote of thanks to the chairman.

B. MORRIS AND SONS, LIMITED.

RESULTS OF A DIFFICULT YEAR.

The annual general meeting of B. Morris and Sons, Ltd., was held, on the 4th instant, at Winchester House, Old Broad Street, London.

Mr W. Somers L. Schuster (the chairman) said that the profit for the year to December 31st last was £12,671, as compared with £18,401. They had not done, perhaps, quite so well as in previous years. Considering, however, the general state of business the world over he did not think the results they showed were at all bad.

Mr Arthur J. May (managing director) said that last year had been a most difficult one from a trading point of view, and unfortunately there had been no expansion of cigar sales in this country.

It made a tremendous difference to the cigar trade when there was more money about, as sales depended on the prosperity of the country much more than in the case of cigarettes or tobaccos.

The company manufactured "Grandilla" whiffs, which were made entirely from very mild cigar tobaccos and retailed at the same price as cigarettes—namely, 20 for 1s. The whiff was very suitable for ladies. Shareholders must remember that, with regard to all their productions, they relied on the quality and competitive price of their goods. When things improved they should get their share of the trade, as they had a large number of brands that were maintaining fair sales on quality and price alone. They were doing their best to develop their cigarette trade, and they would shortly be putting on the market a Virginia cigarette which they were hoping would develop into a good profit earner.

They had conserved as far as possible the assets of the company and the financial position was particularly good. In view of the fact that they anticipated that by June they would need to invest £50,000 not required in the business, they had circularised their preference shareholders as to whether they would agree to a reduction of the preference capital by repayment of half that capital. Judging by the replies received the directors would be able to get the special resolution necessary carried by the requisite majority, and to comply with the law they would, when definitely decided, call extraordinary meetings to pass the necessary resolutions. They were looking forward to better results in the near future.

The report (in which was proposed a dividend of 5 per cent. on the ordinary capital) was unanimously adopted.

LONDON TIN CORPORATION, LIMITED.

TIN INDUSTRY RATIONALISED AT LAST.

AN IMPORTANT EMPIRE ASSET PRESERVED.

A BRIGHTER OUTLOOK.

The annual general meeting of the London Tin Corporation, Ltd., was held, on the 4th instant, at River Plate House, Finsbury Circus, London, E.C.

Mr John Howeson, the chairman, who presided, pointed out that as recently as 18 months ago the utter lack of organisation left the tin industry at the mercy of every successive wave of depression. In the Dutch East Indies two single producers supplied annually half the quantity produced in the F.M.S., and were so well organised as to be capable of surviving under conditions which would bring Malaya to its knees. With that fact in mind, British producers had just cause to commend the recently concluded International Convention to which the Dutch authorities were parties.

Without that agreement, and with the continuance of the futile process of sectional annihilation, a large part of the Empire production would have been bankrupted. Shareholders in that corporation, which controlled by far the largest body of British production, had good reason to acclaim the victory that had been won, a victory of sane and progressive counsels.

Normal economic conditions had been upset and under-consumption prevailed; and the tin industry, weary of waiting for the law of supply and demand to right its trouble, had met the inevitably reduced demand by rationing production. Another result of the international agreement would be the supply of funds for a vigorous programme of research and development. Restriction of output should be regarded as a temporary means of safeguarding the industry—expansion of demand was more important.

So far as the corporation itself was concerned, the net profit transferred to appropriation account was £274,290. Deducting from the total sum available—£312,752—the proposed allocations to reserve, etc., and allowing for the interim distributions already made, there would be a balance of £97,964, which the board recommended should be carried forward.

THE FUTURE.

As to the future, the Chairman thought they might fairly take a more optimistic view than would have been justifiable at any time during the past 18 months. The initial quotas of the four signatory countries were fixed at 36,000 tons a year less than 1929—a stringent cut seeing that over-production in 1930 was only 14,000 tons—and compared with the heavily restricted output of 1930 there was a further reduction of no less than 20,000 tons. Moreover, the immediate objects of the international agreement were stability and a fair price, and the intelligent handling of the present stock position was therefore a necessary corollary to the regulation of outputs. The leading producers in all countries would take steps to make sure that that important task was not left unfulfilled.

The figures he had cited and the comparisons he had drawn were based upon the initial quotas for which the scheme provided. Those figures showed that under all ordinary circumstances the desired equilibrium would be attained without difficulty or delay, and that the requirements of consumers would gradually make some inroad into the stocks. A steady increase in the price until it regained an equitable level was therefore assured. Nobody could wish that the climb should be unduly steep, and nobody desired that the stocks should melt away too rapidly. That would destroy all prospect of the stability which was a cardinal objective of the scheme.

On the other hand, it was clear that enforced curtailment must be compensated by a corresponding improvement in the price; and if altogether unforeseen conditions should arise, or if for any other reason the essential equilibrium should be slow to materialise, the quotas would be varied as might be necessary to ensure the complete success of the scheme. He would say, therefore, without any doubt in his mind, that the scheme would succeed in its purpose. They could not, of course, afford to antagonise their customers, but the objects of the scheme were no less desirable in their interest than in that of the producing industry.

NO DESIRE FOR UNECONOMIC PRICES.

He had had the advantage at various times of discussing these matters with some of the principal consumers and also with leading metal interests in the United States, and he had no hesitation in saying that they were altogether opposed to uneconomic prices. They recognised that, while the present civilisation endured, there must be a constant increase in the demand for all basic products. They had no wish to purchase their requirements of tin at below production cost; on the contrary, they preferred, and they said so categorically, that all essential producers should make a reasonable profit, so that there might be adequate inducement to provide for the increasing needs of the future.

The report and accounts were unanimously adopted.

SUN LIFE ASSURANCE COMPANY OF CANADA.

(INCORPORATED IN CANADA IN 1865 AS A LIMITED COMPANY.)

NEW ASSURANCES REACH COLOSSAL TOTAL OF £145,000,000.

STRIKING RESULTS FROM COMPANY'S INVESTMENTS.

At the annual general meeting held at Montreal the President (Mr T. B. Macaulay) disclosed remarkable statistics regarding the growth of the company, its record for 1930 and the success of the company's investment policy. In the course of his address, Mr Macaulay said:—

I move the adoption of this report with deep satisfaction. The statement covers the sixtieth year of the company's activities, and is worthy of our Diamond Jubilee.

New assurances paid for increased by £10,526,230 to a new high level of £145,002,492. The rapidity of our growth may be judged by the fact that this total is nearly seven times as great as the corresponding amount of but seven years ago, and the total assurances in force now stand at £588,431,831. That in a year like 1930 we should be able to report such a volume of new business and such a remarkable persistency is eloquent testimony to the popularity of the company, the confidence of its policyholders, and also to the zeal and ability of our great field organisation. We are represented everywhere by men with whom I am proud to be associated, and to them I extend our thanks and hearty congratulations.

ASSETS NOW EXCEED £120,000,000.

The income advanced by nearly £2,700,000 to £38,975,265, and the assets now stand at over £120,900,000.

The interest earned on the mean ledger assets was 6.44 per cent., while the net profit from sales and redemptions amounted to over £575,000.

The mortality experience continues highly favourable. In 1929 the claims by death were but 59.4 per cent. of those predicted by the mortality tables, while in 1930 they were even lower, being but 57.6 per cent. of those expected.

Ample provision has been made for outstanding claims. Our agencies encircle the globe, but the moment a claim occurs it is reported by cable and entered in our liabilities. A substantial sum is also set aside to cover cases not yet even heard of. We pride ourselves on our prompt and helpful service to policyholders, and a very large proportion of the claims entered as outstanding were already paid, although the accounts covering those payments had, by reason of distance, not yet been received at head office.

COMPANY'S EARNINGS CONTINUE TO GROW.

It is unfortunately not necessary to emphasise that the year just closed has been one of severe depression, and that the market values of all securities have dropped to much less than even the lowest levels of 1929. No securities have escaped, not even the soundest and most seasoned. The Stock Exchange is but a vast auction mart, and in a time of depressed business, when everybody is short of cash, even the choicest securities may at times almost go begging. It is, of course, absurd that securities bought for permanent holding should have to be valued at the prices which may happen to be bid on any one day of the year, but such is still the rule. One cannot but wonder what would happen if all mortgages had to be put up to auction and valued block after block at the prices which might be bid on December 31st by a group of people who at the time happened to have but little money to invest. A mortgage may even be in arrear, but it can still be carried at its face value. It is only in regard to stocks that the auction basis of valuation prevails. This unfair system has, however, done us one good turn, for it has accentuated the quality of the company's holdings. Our earnings continue to grow, for even in this year of depression the dividends actually received on the shares of common stock owned by us were in 1930 nearly £206,000 in excess of the dividends on those same shares in 1929, and we are confident that dividends will continue to increase during the years to come. Moreover, even by the abnormally low Stock Exchange prices of December 31st, the market value of our total holding of common stocks was £1,746,687 in excess of cost. This showing is in itself a highly gratifying one, but, in addition, during the past few years the company has received £6,597,748 as further profit from sales, rights and special dividends.

On the other hand, the market values of our bonds and preferred stocks are slightly less than cost, and it will also be noted that in our liabilities we carry a large contingency reserve to provide for possible depreciation in mortgages and real estate. Apart entirely from the large profits which have been made, the present excess in the market value of our common stocks over cost is sufficient to cover all shrink-

age in the market value of our bonds and preferred stocks, and an ample allowance for possible losses on mortgages. On our total investments we can say that we have not in many years lost even one dollar, for the profits have much more than offset the trifling losses. The only effect of the shrinkage in Stock Exchange values has been to reduce that portion of the excess in market values which we last year felt justified in bringing into our accounts. It does not mean that we have lost anything, for, as I have already said, we are in the happy position of being able to say that for many years we have not lost one dollar. How many other companies can make a similar statement? The reduction of nominal surplus is of but temporary and passing importance. If we were to take the prices prevailing even to-day, the valuation of our assets would already be raised by about £3,100,000. There has been no reduction in our real earnings, and it is a great pleasure to announce that profits on the generous scale of distribution in force last year will again be paid on all policies entitled to participate during the coming year.

A TEST OF UNPARALLELED SEVERITY.

But though our investments have been subjected to a test of unparalleled severity and have emerged triumphant, the experiences of the past eighteen months have been useful in other respects. Years ago, to avoid any suggestion of speculation, we adopted the policy of permanent holding, protecting ourselves against reaction by building up huge margins of safety. We did not depart from this policy even in the summer of 1929, when the excess of market prices beyond those at which our stocks were listed in our assets had risen to a figure so huge that I will not even mention it. While the policy of permanent holding is absolutely sound in principle, circumstances may arise when it may be prudent even for permanent investors to modify it—when, in fact, it may be wise to convert excess of market values into cash profit. In other words, there may be a time to sell as well as a time to buy, and the time to buy is certainly when everything is deflated, money scarce, bidders few and prices low.

In our outlook on the future, there is one fact which for our company stands out in glowing letters. No one believes that the present state of business depression and low values will continue for ever. We may disagree as to the length of time that will elapse before conditions again become normal, but that good times will come again no one doubts. And when good times do return, what will be the value then of the stocks now held by us at these rock-bottom figures? What possibilities does this feature hold for our policyholders?

THE COMPANY'S INVESTMENT POLICY.

Investments in well-selected common stocks of corporations of long-established profit-earning power supplying some necessary commodity or service, if bought at the right time, have but one undesirable feature—their liability to fluctuations in market value which could largely be overcome by an improved method of valuation. Bonds and preferred stocks are less open to this objection, and, fortunately, this is a favourable time for the purchase of those securities also, and it is the intention of your directors to take this opportunity to increase our holdings in these other forms of investment.

I think you will agree with me that the report is indeed a remarkable and highly gratifying one.

DEPRESSION NOW IN ITS LATER STAGES.

In closing, I would make a few remarks regarding the depression now happily in its later stages. A reaction from the Stock Exchange boom was inevitable, and the depression of a year ago was unavoidable. General business, however, was normal, there was no inflation of commodity prices, little sign of over-production, no excessive inventories or doubtful debts, and it was not unreasonable to hope that the reaction would be largely confined to the stock markets where it began. Notwithstanding these expectations we have had in 1930 one of the major depressions of history. When we search for the cause it is difficult not to conclude that this second reaction, at least in the degree of its severity, was entirely unnecessary, and could have been avoided. Its distinguishing feature has been the rapid and severe drop in prices, the average commodity price level being now 20 per cent. lower than a year ago. This reduction has been the chief cause of trouble in 1930. A drop in prices is equivalent to a

MIDLAND COUNTIES ELECTRIC SUPPLY COMPANY, LIMITED.

SUCCESSFUL RESULTS—STEADY PROGRESS.

The eighteenth ordinary general meeting of Midland Counties Electric Supply Company, Ltd., was held, on the 2nd instant, at Winchester House, Old Broad Street, London, Mr George Balfour, J.P., M.P. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that it was pleasant in these very difficult times to submit a report and accounts recording steady progress. Under normal industrial conditions the increase in all departments would have been much greater. The policy of remodelling the company's traction systems and of extending its electricity services with the greatest possible speed until all their territory was covered had been fully justified. The company's transmission lines now reached the boundary of the power company's territories in all important directions, and had made possible supplies in a large number of rural districts.

PROGRESS OF TRACTION PROPERTIES.

So far as their experience went to date, the board had no reason to change the hopeful view he expressed a year ago as to steady progress with the traction properties. During the current year the board were bringing the traction properties into a condition which should enable them, if advisable, to separate them entirely from the lighting and power interests, possibly by parting with them to people who were wholly engaged in operating traction properties.

With reference to the observations of Dr. Carpenter, of the South Metropolitan Gas Company, and of Sir David Milne Watson, of the Gas Light and Coke Company, at the recent meetings of those undertakings, as to the activities of a Minister of the Crown engaging in propaganda on behalf of the electricity supply industry, he (the speaker) felt that they had just cause for complaint when the weight of the Minister of Transport or his Departments was thrown in the scale in favour of one industry against another. He (the chairman) could imagine the outcry of the electricity supply industry if the position were reversed, and the gas industry were fed with State-aid and propaganda in competition with the electric-supply industry. The electricity-supply industry asked for nothing more than a fair field and no favour.

LARGE INCREASE IN CONSUMERS AND OUTPUT.

With regard to the principal part of the company's business, during the year about £460,000 had been expended on extensions, the greater portion of which could obviously only make a very small contribution to the revenue of last year. The board had no doubt that all recent and present expenditure would produce results amply justifying the outlay. They now had a total of 900 route miles of high-tension lines, and 731 route miles of low-tension mains, while their public lighting services were supplied to two boroughs, twelve urban districts, and sixty-three parishes. They had connected 7,072 new consumers during the year, bringing the total up to 33,253, while their output had increased nearly 9,000,000 units to a total of 174,500,000. The company were installing an additional 30,000 kw. turbo-generator at the Spondon station, ready for the service of the increased demand as soon as the plant was in operation.

LOW AVERAGE PRICES MAINTAINED.

The average prices received from customers throughout the Derbyshire and Nottinghamshire area was 0.8d., and, in the Leicestershire and Warwickshire area 1.17d., with a general average of 0.95d., and it was significant that the company could maintain those low average prices, bearing in mind that the consumers were scattered over 2,910 square miles, and that they employed 900 miles of high-tension lines to reach the low-tension services to connect consumers' premises. The variation in prices in different counties was entirely due to the variation in the type and magnitude of industrial load. In December last the company obtained a special order for domestic supplies in the district in the vicinity of Ashbourne, Western Derbyshire; there was only one application for an order still outstanding, and when that was obtained 95 per cent. of the power company's territory would be covered by special orders.

The balance at the credit of the profit and loss account, including £4,578 brought forward, amounted to £265,853, comparing with £242,650. It was now proposed to pay a final dividend on the ordinary shares at the rate of 9 per cent. per annum for the half-year to December 31, 1930, making, with the interim dividend, 7 per cent. for the year, less tax, and to carry forward to next account £5,067. As to the outlook, the consumption of electricity for the first two months of the current year continued to show a very satisfactory increase, and, assuming trade conditions were no worse than at the present moment, the company would be able to record a satisfactory growth of business during the current year.

The report and accounts were unanimously adopted.

bonus to persons in receipt of fixed salaries or wages, but that bonus has come from the rest of the community—notably from the farmers and others who produce raw materials.

This has reduced the purchasing power of the public, curtailing consumption and causing a reduction in activity and profits in all lines of business, with severe unemployment among even the wage-earning class.

Could this condition have been prevented? Without going into technical details, there is a fairly general agreement among economists that this drop in the average commodity price level has been caused by a change in the actual value of the dollar, which, in turn, depends on the amount of currency and currency credits outstanding. If too many legal tender notes were issued prices would be raised disastrously, as happened in Germany. It is an astonishing fact that even when people in all the rest of the world were talking of the depreciation of the mark resulting from the progressive increase in German currency, not one person in a thousand in Germany itself realised that any change was taking place in the value of their currency. To them the mark was the mark, and unchangeable. They deplored the mounting prices, and attributed this phenomenon to every imaginable cause except the real one. Conversely, if the amount of circulation be curtailed the opposite result follows, and we can have a disastrous reduction in prices, and this is exactly from what we are now suffering. The curious fact is that, like the Germans, we think of our dollar as unalterable, and attribute the fall in commodity prices to many causes which at best are but minor and contributory. We fail to realise that the prime cause is the alteration in the value of the dollar itself.

DEPRESSION WORKING ITS OWN CURE.

But what of the future? Even in the absence of action which might be taken to stabilise the dollar, this depression, like all others, will slowly, painfully work its own cure, as is, in fact, now happening. That cure comes through the accumulation of the combined savings of the people of the North American continent. These savings, deposited in the banks, give these institutions a steadily increasing amount of money which they are able to lend to brokers and others on call. Call loan money is now remarkably cheap in New York. Then comes the slow, steady absorption of stocks by small purchasers. This has been going on quietly for a long time, and the numbers of shareholders in the great corporations have been mounting steadily week after week. Meanwhile, brokers' loans, which reached a peak of over £1,397,000,000 in the autumn of 1929, are now down to £352,600,000, and every week sees a further reduction. This means that stocks are passing more and more into the hands of people who do not need to borrow to pay for them. It also means that the great New York banks must look for other investments to replace those paid off, and they consequently have to buy more and more Government bonds, which they can, if necessary, convert immediately into cash. This gradually makes an improved bond market, such as we have been seeing in the last few weeks. This, in turn, means that the great railway, utility and other corporations that need capital for extensions begin to realise that the time has arrived when they can finance their requirements through the issue of bonds to the public. That is the stage at which we have now arrived. Every successful bond issue means more money made available for capital expenditures, the beginning of new work and the lessening of unemployment.

IMPROVEMENT NOW HERE.

It also usually means the repayment of money borrowed from banks for work already done, and this puts further sums in the hands of the banks for the purchase of high-grade bonds. With every depression the improvement is first seen in the bond market, and that improvement is certainly now here. The great industrial corporations can, as a rule, now look forward to improving earnings. They have accumulated raw materials at low prices; the shelves of their customers are comparatively bare; neither they nor their customers have large inventories to liquidate, and, with the gradual return of purchasing power, their outlook is good. During all this depression the earnings of the lighting departments of the great electric companies have been remarkably well maintained, and the earnings of their power departments will increase as soon as business becomes more normal. The stock market generally discounts an improvement in earnings several months ahead, and I am inclined to believe that time will show that the low day of the stock market was on December 16th last. I do not suggest, and do not expect, that there will be anything spectacular in our recovery, but I am one of those who believe that you cannot keep this continent down. There may be pessimists who still think that everything is going to the bow-wows, but I do not know them. I grant unreservedly that our future depends largely on the stabilisation of the dollar, but I am an optimist. We are facing the dawn of a new era of, I hope, great prosperity, and in that prosperity the Sun Life Assurance Company of Canada and its policyholders should share to the full.

THE PRUDENTIAL ASSURANCE COMPANY, LIMITED.

CHAIRMAN'S SPEECH.

(Abridged.)

The annual general meeting of the Prudential Assurance Company, Ltd., was held on Thursday, March 5, 1931, at the Chief Office, Holborn Bars, London, Sir Edgar Horne, Bart., the chairman of the company, presiding, and in moving the adoption of the report and accounts said :—

I have much pleasure in presenting to you the 82nd report of the directors, which shows that continued progress has been made in every branch. The assets of the company are now over 240 million pounds, and the income from all sources exceeds 44 million pounds.

The following statement deals with the general branch :—

Premiums Received.	1930.	Increase or Decrease, 1930 over 1929.
Fire	£ 841,869	+ £ 2,157
Sickness and accident	141,311	+ 8,078
Employers' liability	97,815	+ 3,303
Miscellaneous	603,472	+ 149,129
Marine—Old account	4,600	— 171,075
New account	117,225	+ 58,846
Sinking fund	153,897	+ 64,242
All classes	1,960,189	+ 114,680

Loss Ratios.	1930.	Increase or Decrease, 1930 over 1929.
Fire	Per cent. 52.6	— 3.6
Sickness and accident	34.2	+ 1.4
Employers' liability	44.8	+ 10.9
Miscellaneous	49.7	+ 5.6

In the general branch the loss ratios have been favourable and each of the above sections shows an underwriting profit.

The marine fund is, in our opinion, ample to cover the outstanding liabilities.

The ordinary branch statement is as follows :—

Description.	1930.	Increase or Decrease, 1930 over 1929.
New sums assured	£ 18,814,714	+ £ 1,207,765
Total premiums received, including single premiums	11,561,834	— 151,850
Total premiums received, excluding single premiums	11,137,106	+ 473,190
Sums assured and accrued bonuses in force	195,809,243	+ 8,261,794
New policies £500 and upwards	8,850,774	+ 318,974
Consideration for annuities granted	370,352	+ 282,200
Death claims	2,304,947	+ 50,820
Endowments matured	6,527,137	+ 928,221
Surrenders	1,602,212	+ 489,068

Excluding single premiums, there has been a gratifying increase in the ordinary premiums received.

The following statement contains figures for the industrial branch :—

Description.	1930.	Increase or Decrease, 1930 over 1929.
No. of new policies issued	2,525,089	+ 159,958
Sum assured under new policies	£66,104,404	+ £2,922,168
Premiums received	£18,121,855	+ £736,680
Death claims paid	£5,046,997	— £482,008
Maturity claims paid	£3,681,818	— £1,389,031
Surrenders paid	£2,356,710	+ £502,453
Expense ratio	24.69%	— 10%
No. of policies which became free policies	879,423	+ 654,081
No. of free policies in force	3,443,063	+ 724,194
Total No. of policies in force	26,067,964	+ 983,493
Total sum assured and bonus	£488,217,702	+ £16,760,346

The total sums assured under new policies issued in this branch amounted to £66,000,000, which is not only a record, but is a striking testimony of the extent to which the public are availing themselves of the benefits of assurance by means of weekly and monthly payments.

In May last we inaugurated the system of automatic free policies, which ensures that a policy on which payment of premiums is discontinued becomes automatically a free paid-up policy without any action on the part of the policyholder, provided at least one year's premiums have been paid. The right of restoration to full benefit within one year on evidence of health and payment of arrears is not affected by the grant of automatic free policies. The effect of the scheme is that where a full year's premium has been paid, the contract is not brought to an end by failure to pay premiums but the policyholder secures a definite benefit for the whole of the premiums paid.

In the ordinary branch a reversionary bonus has been declared for 1930 on whole life assurances at the rate of £2 12s. 0d. per cent., an increase of 2s. per cent. on the rate declared for the previous year, and on endowment assurances at the rate of £2 6s. 0d. per cent., which is the same rate as for 1929.

In the industrial branch a reversionary bonus has been declared at the same rate as last year, viz. : £1 14s. 0d. per cent. of the sum assured in respect of policies issued since January 1, 1923. On policies issued before 1923 the bonuses range from 12½ per cent. to 70 per cent., according to duration, and the period for which these rates have been guaranteed is increased from 15 years to 16 years, except in the Irish Free State, in which case the guarantee is for one year only. Since the commencement of the profit-sharing scheme over £23,000,000 have been allocated for bonus to policyholders in the industrial branch.

In the industrial branch the expense ratio has decreased from 40.5 per cent. in 1920 to 24.69 per cent. in 1930. The saving effected by this reduction, together with an interest margin of nearly 2½ per cent. over our valuation rate, has resulted in very satisfactory distributions to our policyholders under our profit-sharing scheme.

Notwithstanding adverse influences, the fall in market value of our own assets during 1930 has been relatively small, and it gives me much pleasure to be able to report that the aggregate market value of our investments is still higher than the book value, without taking into account the large investment reserve funds at our disposal.

You will notice from the report that this year instead of increasing our investments reserve funds we are applying £500,000 from the profits of the ordinary branch and £500,000 from the profits of the industrial branch directly towards writing down the value of investments in the books.

The margin between the market values and book values existed before the writing down.

With regard to our investments in foreign countries it will, I think, interest and reassure you to know that the financial collapse in the United States of America has had little direct effect on us, since, before it occurred, we had reduced our investments in that country to negligible proportions.

The gross return on funds which were permanently invested during the year amounts to the satisfactory rate of over 6 per cent. per annum.

The provision made by a life assurance policy is unique and in a well-managed and prosperous company the security offered is unimpeachable, and if the policy is effected under the with-profit plan the capital sum assured is not only guaranteed, but increases from year to year as the result of annual bonus additions. At a time of financial depression and shrinkage in capital values of other investments, this is a consideration of the first importance.

One of the principal objects we had in view in the recent increase in the capital of the company was to enable us to extend our operation to our Dominions, Colonies, India and abroad. We are already obtaining a large amount of business in India, and we have started operations in East Africa and Malaya. A licence to carry on life assurance in Canada has been obtained and active arrangements are being made to organise our agency staff in that Dominion, as well as in Australia and New Zealand. Other fields are also being

prospected. Our agencies for the conduct of general branch business in all parts of the world are also being actively developed.

In Europe reinsurance agreements have been entered into with the Lebensversicherungs Gesellschaft Phönix of Vienna and the Towarzystwo Ubezpieczeń Przewozów of Warsaw.

This review of our business shows that after 82 years the company has lost nothing in vitality and progressive energy. Our prospectus contains all the usual forms of insurance, and we are always prepared to offer attractive rates for any other contingency against the effects of which it is desirable to provide protection.

The company transacts trustee and executorship business.

The response of the staff both at home and abroad to the call for increased efficiency and enthusiasm in the face of the general depression has been most gratifying, and is well reflected in the figures I have the pleasure of presenting to you to-day.

THE SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY.

BENEFITS OF "INDEPENDENCE" POLICY.

MR A. W. ROBERTSON DURHAM'S REVIEW.

The 117th stated annual meeting of the Scottish Widows' Fund and Life Assurance Society was held in the society's office, Edinburgh, on Tuesday, March 3, 1931, Mr A. W. Robertson Durham, C.A., F.F.A. (chairman of the ordinary court of directors), presiding.

The Chairman, in opening the proceedings, expressed his regret—which would be shared by all present—that the President, Lord Strathmore, was unable to be present and take the chair.

The Deputy-Manager and Secretary read the notice convening the meeting and the minutes of the 116th stated annual meeting, held on March 4, 1930, which were approved; and the report and accounts were taken as read.

RECORD NEW BUSINESS.

In moving the adoption of the report and accounts the Chairman, after referring to the changes which have taken place in the directorate, said :—In the year under review we record a substantial increase in the new assurances completed, which amounted to the gross sum of £3,720,000, of which £228,000 was re-assured, leaving net new sums assured of £3,492,000. This represents an increase over the preceding year of £727,000 gross and £592,000 net after deduction of re-assurances. The total of net new business constitutes a record in the society's history, while the gross total has been exceeded only once, namely, in 1920. The increased new business, coming in a year of acute industrial depression, is particularly gratifying, and I think indicates a return to "Safety First" investment after the Stock Exchange boom of the preceding years.

INCREASE IN FUNDS.

The operations of the year have resulted in our funds increasing by £739,000, and the total funds now stand at £29,019,014. The manner in which this large sum is invested is shown in the balance sheet, and does not, I think, call for any detailed comment. In the speeches from this chair in recent years we have referred to the policy of the board in gradually reducing the large holdings in British Government securities as favourable opportunity offers and replacing them by suitable securities giving a higher yield. You will notice on this occasion the trend has been in the opposite direction. It is unnecessary to remind you that 1930 has been a peculiarly difficult year for all those responsible for the investment of large funds. With falling money rates and so much uncertainty in different parts of the world, it has seemed desirable—at any rate for the time being—to increase our holdings in British Government securities.

There has also been some increase in our holding in ordinary stocks, which still form a very small percentage of our invested funds. I need hardly add that these stocks have been selected with the greatest care, and bearing in mind the society's traditional reputation for caution. I referred last year to the special problems of 1929, and indicated that our stringent valuation of investments, made on the basis of the market selling prices at the end of the year, showed a substantial margin in the difference between the market values and the balance-sheet figures. I am happy to be able to tell you that our valuation, made on the same stringent basis, namely, the market selling prices as at December 31st last, shows that this margin increased materially during the year.

FAMILY "INDEPENDENCE" SCHEME.

From time to time during the past twelve months there have been references in the Press to a new type of family assurance. A feature of the scheme has been the provision of a temporary income to a

widow in the event of the husband's death during the first fifteen or twenty years after the issue date of the policy. Generally speaking, we do not favour special schemes. They are often more attractive in appearance than in actual effect. We have always recommended ordinary whole-life with-profit assurance for family provision purposes, and we still recommend it as giving the best value for premiums paid. Nevertheless, in the interests of our members we explore the possibilities of any new idea so that we may constantly offer the best which life assurance can provide. In pursuance of this policy we have considered the family income plan, and so convinced are we of the effective manner in which it provides for the peculiar and often difficult circumstances which surround the early years of married life that we have prepared a scheme under the title of the "Independence" policy.

A copy of the booklet describing the scheme will be sent to members with the annual report. In it the "Independence" policy is fully described, but I wish to draw particular attention to two features, which do, I believe, distinguish our scheme from all others. The first is an option which secures a fixed monthly income to the widow not only in the event of the husband's death during the first fifteen years after the policy has been issued, but even in the event of the husband's death after the family has grown up. A husband may thus have the comfortable feeling of having provided an assured income for life to his widow whenever his death may occur.

BENEFITS OF NEW POLICY.

The second option, which so far as we know is unique, enables a man to provide for an increase in the family income on the birth of each child after the issue of the policy. All the father has to do in order to get this benefit is to give satisfactory replies to the questions on a "non-medical" proposal form, and to pay a small additional premium. I commend this new scheme strongly to our members, and ask them to read the booklet very carefully. If they would like further information we shall be glad to hear from them, but should the scheme for any reason not interest them or any member of their family, I ask them to make a point of passing on the booklet to one of their friends who is likely to be interested. In this way they will be helping to do their share as members of this mutual fund in promoting the business of their own society.

The directors' report and the accounts as audited were adopted unanimously.

MAIDENHEAD BRICK AND TILE COMPANY, LIMITED.

SUCCESSFUL RESULTS—FOREIGN COMPETITION.

The eleventh ordinary general meeting of the Maidenhead Brick and Tile Company, Ltd., was held, on the 2nd instant, at River Plate House, Finsbury Circus, London.

Mr Horace Boot, M.Inst.C.E., M.I.Mech.E., M.I.E.E. (the chairman), in the course of his speech, said that the profits on trading were £27,870, and the net profit £28,323, which was £869 less than the previous year, principally on account of the lower prices and keener competition which the company had to meet.

The amount available for distribution was £29,721, and the directors recommended the payment of a final dividend of 7½ per cent. (making in all 15 per cent. for the year) on the preference shares and a dividend of 70 per cent. on the ordinary shares. The amount to be carried forward was increased from £1,397 to £2,624. The freehold land and buildings stood at £95,457, which was considerably below their actual value to-day.

The Chairman then dealt with the rapidly increasing cost of national schemes and social welfare, and the way in which they increased the cost of production to the detriment of the manufacturers competing with the foreigners. He pointed out that wages in many instances represented nearly 80 per cent. of the total cost of manufacture, and, therefore, the purchase of foreign materials meant that there was less money to be spent in the towns and villages by the workmen of this country. There was also the loss to the collieries and railways, inasmuch as coal was not used which would otherwise be, and the effect of purchasing foreign products meant that the general public had to pay additional doles. It had been stated by public bodies and certain builders that the reason for buying foreign bricks and tiles was because supplies could not be obtained in this country. This was not true; the reason was that the foreign bricks and tiles were slightly cheaper, but they could get a sufficient supply in this country if they were prepared to pay a reasonable price, and thus do their duty towards maintaining the standard of living necessary for the working men.

The Minister of Health had stated that, with regard to the housing problem, he was satisfied that within the next five years the annual output of houses by local authorities within the State schemes would be 70 to 100 per cent. higher than it had been during the past three or four years.

The report and accounts were adopted.

LEYLAND MOTORS LIMITED.

ALL ARREARS OF PREFERENCE DIVIDEND PAID.

MANY DIFFICULT TRADING PROBLEMS.

MR J. H. TOULMIN'S SPEECH.

The twelfth annual general meeting of the shareholders of Leyland Motors Ltd., was held at the head offices of the company at Leyland, Lancashire, on Wednesday, March 4, 1931, at 3 o'clock in the afternoon.

Mr J. H. Toulmin, J.P. (the chairman of the company), presided. The Secretary (Mr T. Phillips-Conn) read the notice convening the meeting and the auditors' report.

The Chairman, in moving the report and accounts, said that for the first time for a number of years the ordinary shareholders alone were present at the meeting as all the arrears of preference dividends were now paid.

He stated the gross profit for the year to September 30th last was £690,171, being £68,123 less than last year, and the net profit, after making full provision for income tax, depreciation and all contingencies, was £366,244, a decrease of £193,128 from last year's profit, the difference being accounted for by the decrease in gross profit, the increase in the income tax payable and the additional remuneration payable to the full-time directors under Article 84 (A).

He then referred to the petition which had recently been presented to the Lancashire Chancery Court for an interpretation of Article 84 (A), owing to the objection which had been taken by certain shareholders to the payment of any remuneration under that article as provided for in the previous year's accounts. He stated that the result of the petition was to increase the sum payable by £52,984, but reminded the shareholders that a resolution approving a compromise would be submitted later in the meeting.

After briefly reviewing the balance sheet, he stated the directors recommended that £180,000 should be transferred to general reserve fund, that a dividend on the ordinary shares of 20 per cent. (less income tax) for the year ended September 30th last, absorbing £139,500, be paid, and that the sum of £66,010 12s. 6d. be carried forward.

TRADING CONDITIONS.

Reviewing trading conditions generally, he went on to say that the directors continued to attach considerable importance to the overseas markets as an outlet for the company's products, but that, owing to abnormal conditions throughout the world, trade, both at home and overseas, had been accompanied by many difficult problems. The immediate outlook was not very promising so far as the overseas markets were concerned, but he thought the result for the year was highly satisfactory, and stated that, since the close of the financial year, the company's turnover had been well maintained. He referred to the keenness of competition for the lessened number of orders now being placed, but said the company's present order book was satisfactory, and he saw no reason why this position should not continue, as he believed the Leyland vehicle could not be excelled by any manufacturer as regards reliability, economy or workmanship. Two of the directors had recently made tours abroad, one to Canada and the other to Australia and New Zealand, where friendly contacts had been made and information obtained which would be of great value to the company. The company were showing a representative range of models at the British Exhibition shortly to be held in Buenos Aires.

NEW MODELS.

The Chairman referred to the new two-ton models which the company was producing at its Kingston Works, stating it was anticipated the first models would be available for sale at an early date. He added that he was confident it would maintain the high reputation which Leyland had always possessed for the excellence of its products.

Dealing with heavy-oil engines, he stated that the company had been carrying out experiments for several years past, but the directors would not put on the market any vehicle until they were fully satisfied that it was entirely reliable.

TRIBUTE TO STAFF.

He concluded by expressing the appreciation of the directors of the excellent work done by the staff and the employees generally, and moved the adoption of the report and accounts.

The motion was duly seconded, and, after the Chairman had replied to certain questions put by individual shareholders, was carried by the meeting.

The various resolutions confirming the payment of preference dividends were then passed, followed by the resolution declaring a dividend of 20 per cent. (less income tax) on the ordinary shares

of the company in respect of the year ended September 30, 1930, to be paid on March 5, 1931, to all ordinary shareholders on the company's registers on February 17, 1931.

Mr C. B. Nixon was re-elected a director, and the retiring joint auditors—Messrs. George A. Touche and Company and Messrs. Davies and Crane—were re-elected.

DIRECTORS' REMUNERATION.

The chairman then referred to the question of the additional remuneration to the full-time directors under Article 84 (A). He recalled that this Article had been included over 20 years in the Articles of Association of the original company to provide additional remuneration to the founders of the business, and had been adopted successively by Leyland Motors (1914), Limited, and then by the present company, and that it had been specifically referred to in the prospectus issued in 1919.

He stated that the provision of £8,713 under this Article in the previous year's accounts would have been paid to the directors concerned in July last had not a protest been lodged by a certain shareholder in such a manner as to necessitate the matter being referred to the court.

VICE-CHANCELLOR'S RULING.

The Vice-Chancellor ruled that the profit or loss of each year must stand by itself, and that when a profit was shown in any year there had to be added back to that profit the income tax and part-time directors' fees charged against it. From the total so ascertained there had to be deducted one year's gross dividend on both classes of preference shares, whether or no such dividends were in fact actually paid, and that on the balance so ascertained 4 per cent. was to be paid to the full-time directors. In the event of the adjusted profit shown in any year being less than one complete year's gross dividends on the two classes of preference shares, or in the event of a loss of whatever amount being shown in respect of any year, no remuneration under this Article would be payable in respect of that year.

The Vice-Chancellor further ruled that the remuneration under this Article was additional to any salaries or other remuneration which they might receive under any other Article or agreement.

RESULT OF DECISION.

The result of this decision had been that the provision to be made under Article 84 (A) to September 30, 1929, had been increased by the sum of £52,984.

The chairman continued that an appeal had been lodged, but if the compromise, to which he was going to refer, was approved this appeal would be withdrawn. He stated that counsel had advised that even if the higher court upheld the decision there would of necessity be further legal proceedings before a final settlement could be effected, and that it appeared a case for a satisfactory compromise. This compromise was contained in the resolution which was then passed authorising the board, on behalf of the company and by way of compromise, to accept the offer of the three full-time directors to waive any claim to the sum of £52,984, and to accept in full settlement of their right to remuneration under Article 84 (A) to September 30, 1929, the sum of £8,713 as originally provided; to indemnify the full-time directors against any claim that might be received for income tax, super tax or surtax in respect of the sum of £52,984, and to withdraw the appeal.

The proceedings closed with a vote of thanks to the chairman and directors.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....

Address.....

.....

HARRODS, LIMITED.

RECORD NUMBER OF CUSTOMERS AND SALE FIGURES.

The forty-first annual general meeting of Harrods, Limited, was held, on the 2nd instant, at the company's premises, Brompton, London.

Sir Woodman Burbridge, Bart., C.B.E. (chairman and managing director), presided.

The Chairman, in moving the adoption of the report and accounts, said that the year 1930 for this country, and most of the other leading countries of the world, had been a very bad year for trading, and, in those circumstances, the results of the past year's trading which he had to submit must be considered satisfactory. The net profit for the year was £752,481, and compared with £834,188 in the previous year. The final dividends of D. H. Evans of £45,029, and of Dickens and Jones of £23,416 were not included in Harrods profits for the year under review, and the amount of £68,445 was therefore being carried forward.

The accounts showed a break in their seven years' record of steady and continuous progress, but notwithstanding that decrease their last year's trading had produced some outstanding features of sufficient interest and importance to justify special reference. Year by year Harrods continued to serve an ever-increasing number of customers, and in that respect last year constituted a record, which proved the increasing popularity of their business.

Another interesting fact was that their one week's sale last January was the most successful in the history of the business. More people visited the Store, more purchases were made, both for cash and account customers. The total amount of trade during that week was a record. The cash sales amounted to £144,192 and the sales to account customers was £330,986, making a total of £475,178. I believe that was the largest amount taken in any one week by any retail store in the world. (Hear, hear.)

HIGH QUALITY OF GOODS.

There appeared to be an impression in a section of the community who would be only too happy to join the army of Harrods' regular customers that the prices charged were higher than elsewhere. It was by reason of the policy Harrods had consistently upheld in regard to the quality of the goods they offered that they occupied the position to-day in the esteem and confidence of the entire world. Harrods valued that confidence far too highly to contemplate for one moment any alteration of policy. The immense scale of purchases made by Harrods and its associated companies, and their direct dealings with manufacturers, prompt cash payments, and rapid turnover made possible the offering of values not easily duplicated by houses less favourably placed. Of the total purchases of Harrods 85 per cent. represented British goods, and of the remaining 15 per cent. the larger proportion consisted of goods not manufactured in this country. For many years they had instructed their buyers never to buy merchandise abroad which could be bought at home. At the same time, they considered there was room for much greater development in the sale of Dominion and Colonial productions. This house had for many years past, by special exhibitions, displays and in other directions, used every effort to popularise and increase the sale of Empire goods. They would continue to do so, and thus promote the mutual interests of the Mother Country, the Colonies and Dominions. For the fourth year in succession they were paying a dividend of 20 per cent.

SUBSIDIARY COMPANIES.

The staple trade of Lancashire during the past year had been the worst experienced for many years. They were all, he was sure, very glad to hear that the cotton strike had been settled and work resumed. In view of such favourable trading conditions, it was not surprising that their Manchester business, Kendal Milne, showed a decrease in turnover and net profits. The present outlook being so uncertain, they had again decided to delay for another year at least the erection of the new building for their store in Manchester.

As regarded Dickens and Jones, the net profit amounted to £115,910, as against £129,367. The dividend for the ordinary shares of this company was continued at 12 per cent. The results of D. H. Evans for the past year showed a net profit of £115,583, as compared with £110,092. Harrods held the entire ordinary share capital of this company.

As to the purchase of the stock and goodwill of Messrs. James Shoolbred and Co., Limited, Harrods looked forward to being entrusted with a large percentage of the 30,000 account customers of that old-established company, and had anticipated that the acquisition would prove a valuable asset to their business.

Sir Harry K. Newton seconded the resolution, which was carried unanimously, and the formal business was approved.

UNITED KINGDOM PROVIDENT INSTITUTION.

MR WALTER RUNCIMAN'S ADDRESS.

TEN YEARS' PROGRESS.

REDUCED PREMIUMS.

BUDGETARY EXTRAVAGANCE.

The annual meeting of the members of the United Kingdom Temperance and General Provident Institution was held on Wednesday, March 4th, at the Cannon Street Hotel, London, E.C.

The Right. Hon. Walter Runciman, M.P. (Chairman of the Institution), presided.

TEN YEARS' PROGRESS.

The Chairman, in presenting the report and moving the adoption of the balance sheet, said: Ladies and gentlemen,—I have now been for ten years the Chairman of the Institution and I wish to-day to examine its growth during that period. The total assets, which in 1920 stood at £10,187,032, now amount to £18,960,141, an increase of £8,773,109, while the gross interest on these funds has increased from £552,455 a year to £1,021,872—very nearly double. At no time have we departed from the policy of conservative and solid finance, yet the net rate of interest earned has been worked up from £4 1s. 11d. per cent. to £4 12s. 3d. Our members are thus secure in the quality of their assets, while the rate of interest earned makes the Institution's policies a thoroughly sound and remunerative investment.

The total annual income from all sources has increased from £1,355,000 to £2,120,000, while the total sums assured and bonuses have grown from £28,289,388 to £46,436,325. In 1920 the net new business secured was £2,002,000, compared with £3,080,000 last year, the sixth successive year in which the net new assurances exceeded £3,000,000. At the same time, by better organisation and prudent management, expenses have been kept down and the percentage of expenses to premium income was actually lower last year than in 1920.

REVISION OF RATES.

From time to time, as changing conditions demanded, we have revised the rates of premium charged for new assurances. Usually, though not invariably, these adjustments have been in a downward direction, and now, as a result of recent investigations, a further revision has been decided upon. In the leaflet enclosed with your copy of the annual report you will see examples of the reduced rates for whole-life without-profit policies. Reductions have also been made in the rates for without-profit endowment assurances and—to a lesser extent—in the rates for with-profit policies, both whole-life and endowment assurances. The reduced rates should prove attractive and the increased business secured should contribute to the profits accruing to our with-profit policyholders. The reductions apply to new assurances only. It is impossible, for obvious reasons, to make them retrospective.

INVESTMENTS: EFFECTS OF FALLING PRICE LEVELS.

Let me now offer you a few remarks on movements in finance which have a direct bearing upon our investments. In the first place, let me say that if past experience can be taken as a guide, a falling price level would lead to rising prices for British Government securities in the long run. In order that this may be the eventual outcome, the credit of the British Government must (as in the past) be considered by the world as absolute. If once faith were lost in the good word of the British Government, no action of the Bank of England could suffice to stem the outward flow of capital from Great Britain that would ensue. Fortunately, there is no likelihood of that happening.

The disagreeable features about the latest fall in commodity prices are, first, that the fall was due chiefly to maldistribution of gold and only in a minor degree to increasing production of commodities, and secondly, that the fall in prices has every sign of being permanent. These two factors taken together mean that the revenue side of the British Budget has suffered a reduction in terms of money which can only slowly be made good as British production increases in the course of time.

EXTRAVAGANT BUDGET EXPENDITURE.

At the same time there have been huge additions during the year to our already gigantic expenditure, and intolerable direct taxation is increasing so violently that the Exchequer had to resort to using up its reserves, and has no further funds to draw upon, now that the evil day has arrived. Mr Snowden admits that the people of this country are taxed up to the hilt.

Part of the additional expenditure was, no doubt, due to the necessity of providing for the profligacy of the previous Parliament, but that plea will not exonerate this House of Commons from the charge of adding £27 millions in expenditure to a Budget that was already swollen to the point of destruction.

Now, at the eleventh hour, extravagant expenditure is to be stopped. Let us hope so. And since it is admitted on all sides that the field for economies in the non-statutory expenditure is too small to yield adequate results, it is evident that Parliament must not shrink from the task of dealing with statutory expenditure, while maintaining in their integrity all contractual obligations.

I would repeat that the credit of the British Government is to-day, of course, and always will be, beyond question. The best proof of our institution's faith in British Government securities is shown by our holding over £3,400,000 out of £18 millions in securities of, or guaranteed by, the British Government.

The resolution was seconded by the Right Hon. Lord Revelstoke, and carried unanimously.

MAPLE AND COMPANY, LIMITED.

RESULTS OF A DIFFICULT YEAR.

The forty-first annual general meeting of Maple and Co., Ltd., was held, on the 27th ultimo, at the company's premises, Tottenham Court Road, London, Mr C. C. Regnart (the president) presiding.

The Chairman, in moving the adoption of the report, said he thought he was justified in saying that when he addressed them last year nobody imagined that the trade depression which had set in would have assumed the disastrous and world-wide proportions since experienced, the results of which were reflected in their balance sheet. The main causes of the decline in their profits had been the increasing difficulty of maintaining the turnover, due partly to the restricted spending power of their patrons, but largely to fall in prices, the benefit of which they always passed on to their customers. Further, increased inroads had been made on the pockets of the public to meet the growing burden of taxation, which had been felt especially by that section of the community to whom they looked for the greater part of their trade. As a consequence, the more luxurious side of the business had been hit very hard.

The company had in the past derived a substantial profit from ship decoration and furnishing. Very few ships were being built at the present time, and consequently such work was much more difficult to obtain. Moreover, contract work of every description had been subject to keener competition than ever.

As to their prospects, in the first place, he said, a business such as theirs had to meet fierce competition. On all sides they had competitors who were maintained largely by means of advertising stunts, and who were developing hire-purchase trade. Maples, of course, did a large hire-purchase business, and by comparison the terms offered by their company gave the greatest value to the purchaser.

Their business could not be compared with that of a general store: it dealt exclusively in the manufacture and supply of household furnishings, which came into quite a different category, but the directors were of opinion that the company would be amongst the first to derive benefit from a change in world conditions. The board was determined that the company's reputation as the largest and most attractive furnishing house in the world should remain unchallenged.

The resolution was carried unanimously.

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Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended February 28, 1931, amounted to £24,866,000 against ordinary expenditure of £10,984,800. After allocating £2,620,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £223,771, the week's operations, as shown below, reduced the National Debt by £11,485,000 to £7,648,495,000:—

(000's omitted.)	
Public Department Advances.....	+ 8,250
4% War Loan paid off.....	+ 550
National Savings Certificates.....	+ 8,800
Treasury Bills.....	— 19,385
4% War Loan paid off.....	— 450
P.O. & Telegraph Money.....	— 450
	— 20,285

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Feb. 28, 1931.	April 1, 1929, to Mar. 1, 1930.	Week ended Feb. 28, 1931.	Week ended Mar. 1, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax.....	250,000,000	200,816,000	189,505,000	16,843,000	14,335,000
Sur-tax, including Arrears of Super-Tax.....	64,500,000	44,560,000	38,240,000	2,580,000	2,110,000
Estate, &c., Duties.....	83,000,000	75,030,000	72,830,000	1,470,000	1,340,000
Stamps.....	27,000,000	16,130,000	21,160,000	300,000	630,000
Excess Profits Duty and Corporation Profits Tax	1,700,000	500,000	10,000	500,000	...
Land Tax and Mineral Rights Duty.....	800,000	610,000	700,000	70,000	80,000
Total Inland Revenue...	437,000,000	337,646,000	322,445,000	21,763,000	18,495,000
Customs and Excise—					
Customs.....	122,710,000	108,758,000	108,896,000	2,448,000	2,210,000
Excise.....	129,860,000	115,300,000	118,793,000	1,150,000	1,193,000
Total Customs and Excise...	252,570,000	224,058,000	227,689,000	3,598,000	3,403,000
Motor Vehicle Duties (Exchequer Share).....	4,950,000	4,439,041	4,437,468	...	...
Post Office (Net Receipt) ...	10,125,000	11,300,000	10,800,000	Dr600,000	Dr600,000
Crown Lands.....	1,300,000	1,280,000	1,280,000	70,000	90,000
Receipts from Sundry Loans	33,000,000	31,233,676	25,420,274	...	...
Miscellaneous Receipts.....	34,500,000	30,019,996	32,978,322	35,000	16,957
Appropriation from Rating Relief suspense Account ...	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue...	789,445,000	655,976,713	625,050,064	24,866,000	21,404,957
SELF-BALANCING REVENUE.					
Post Office.....	60,275,000	53,150,000	52,800,000	1,700,000	1,700,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,589,959	21,590,532	...	...
Total Self-Balancing Revenue...	83,835,000	75,739,959	74,390,532	1,700,000	1,700,000
Total.....		731,716,672	699,440,596	26,566,000	23,104,957

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Feb. 28, 1931.	April 1, 1929, to Mar. 1, 1930.	Week ended Feb. 28, 1931.	Week ended Mar. 1, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt.....	304,600,000	284,440,868	306,613,174	777,978	5,026,640
Payments to Northern Ireland Exchequer.....	6,000,000	5,300,979	4,566,781	337,441	297,619
Payments to Local Taxation Accounts.....	3,300,000	2,333,631	9,140,052	19,001	449,425
Other Consolidated Fund Services.....	...	...	2,839,528	...	9,845
Supply Services (excluding Post Office).....	429,433,000	381,225,818	330,472,595	9,850,351	5,883,317
Total Ordinary Expenditure...	743,333,000	673,301,296	653,632,130	10,984,771	11,666,846
Sinking Fund.....	55,400,000	47,578,623	43,972,233	2,620,000	1,945,455
SELF-BALANCING EXPENDITURE.					
Post Office.....	60,275,000	53,150,000	52,800,000	1,700,000	1,700,000
Road Fund.....	23,560,000	22,589,959	21,590,532	...	...
Total Self-Balancing Expenditure...	83,835,000	75,739,959	74,390,532	1,700,000	1,700,000
Total.....		796,619,878	771,994,895	15,304,771	15,312,301

The aggregate revenue and expenditure to February 28, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO FEBRUARY 28TH.	
(000's omitted.)	
Expenditure.....	£ 673,301
Sinking Fund.....	47,579
Revenue.....	£ 655,977
Decreases in balances.....	3,381
Net Amount borrowed.....	61,522
	720,880
	720,880

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Outstanding	Mar. 1, '30.	Mar. 31, '30.	Feb. 28, '31.	Week ended Feb. 28, '31.
Advances by Bank of England.....	£ 55,630,000	£ 48,530,000	£ 38,400,000	+ 8,250,000
Advances by Public Departments.....	645,580,000	588,885,000	605,920,000*	— 21,375,000
Treasury Bills outstanding.....	701,210,000	637,415,000	644,320,000	— 13,125,000
Total Floating Debt.....				

* Includes £25,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on February 27, 1931, and the total amount applied for was £41,445,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 6s. 5d., about 83 per cent., and above, in full; and Saturday at £99 6s. 7d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months. Average Rate.
1931.			
Feb. 6.....	30,000,000	44,180,000	2 8 8-37
Feb. 13.....	30,000,000	35,415,000	2 10 7-15
Feb. 20.....	30,000,000	36,550,000	2 12 4-52
Feb. 27.....	35,000,000	41,445,000	2 13 8-02

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.	
ASSETS.....	£9,046,500
CLAIMS PAID.....	£56,933,000
Accidents and illness. Fidelity Guarantees. Employers' Liability. Burglary. Fire. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executorships and Trusteeships.	
Head Office: 36-44 MOORGATE, LONDON, E.C.	

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 4, 1931.

ISSUE DEPARTMENT.	
Notes issued—	£
In Circulation.....	350,722,320
In Banking Department	50,203,581
	£400,925,901
Government Debt	11,015,100
Other Government Securities....	238,107,767
Other Securities	6,533,517
Silver Coin	4,343,616
Amount of Fiduciary Issue ...	250,000,000
Gold Coin and Bullion	140,925,901
	£400,925,901
BANKING DEPARTMENT.	
Proprietors' Capital	£ 14,553,000
Rest	3,705,766
Public Deposits*	7,827,444
Other Deposits—	
Bankers	£66,612,662
Other Accounts,	33,411,766
	100,024,428
7-Day and other Bills	1,939
	£126,112,577
Government Securities	£ 34,394,684
Other Securities—	
Discounts and	
Advances	£10,639,093
Securities	30,039,239
	40,678,332
Notes	50,203,581
Gold and Silver Coin	835,980
	£126,112,577
* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.	

Both Departments.	Amount, Mar. 4, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
	£	£	£
Note circulation.....	350,722,320	+ 3,056,918	+ 3,426,345
Public deposits.....	7,827,444	+ 8,393,836	+ 152,495
Bankers' deposits.....	66,612,662	+ 7,540,977	+ 2,918,187
Other deposits.....	33,411,766	+ 99,536	+ 2,510,083
Seven-day bills.....	1,939	+ 825	— 459
Total, outside liabilities.....	458,576,131	+ 2,304,120	+ 3,986,485
Capital and rest.....	18,258,766	+ 35,836	— 18,052
Government debt and securities.....	283,517,551	+ 1,820,199	+ 296,759
Discounts and advances.....	10,639,093	+ 2,121,247	+ 3,798,222
Other securities.....	36,572,756	+ 1,757,514	+ 10,524,878
Silver coin in issue department.....	4,343,616	— 13,267	— 123,109
Coin and bullion (bank's reserve).....	141,761,881	+ 169,291	— 10,528,317
Reserve of notes and coin in banking department.....	51,039,561	— 2,887,627	— 13,954,662
Proportion of reserve to outside li- abilities—			
(a) Banking department only ("proportion").....	47½%	— 2½%	— 13½%
(b) Gold stocks to deposits and notes ("reserve ratio")....	30½%	— 1½%	— 2½%

(000's omitted.)							
Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£		%
Jan. 21	402,220	346,462	22,324	68,813	33,385	2,326 out	3 1/2
26	399,486	346,824	19,360	55,162	33,368	2,740 out	3 1/2
Feb. 4	400,351	349,486	9,861	62,576	33,568	864 in	3 1/2
11	400,528	347,245	13,503	57,655	33,960	176 in	3 1/2
18	400,443	344,131	15,167	61,146	33,144	88 out	3 1/2
25	400,816	347,665	16,221	59,072	33,312	516 in	3 1/2
Mar. 4	400,926	350,722	7,827	66,613	33,412	109 in	3 1/2

(000's omitted.)

Date.	Issue Department.		Both Depts.	Banking Department.					
	Govt. Debt and Securities.	Other Securities.		Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."	
1931.	£	£			£	£	£	£	
Jan. 21	244,161	11,477	142,362	29 3/4	49,246	10,995	25,959	56,400	45 1/2
26	243,161	12,477	140,141	31 1/4	41,085	9,748	21,823	53,317	49 1/2
Feb. 4	243,159	12,477	141,040	31	43,030	6,325	23,204	51,554	48 1/2
11	242,490	13,147	141,247	31 1/2	35,420	9,597	23,233	54,302	51 1/2
18	241,795	13,845	141,207	31 1/2	36,135	9,689	24,715	57,076	52 1/2
25	244,963	10,680	141,593	31	36,735	8,518	27,650	53,927	49 1/2
Mar. 4	249,123	6,534	141,762	30 1/2	34,395	10,639	30,039	51,040	47 1/2

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
Jan. 1 to Feb. 18	5,202,542	258,280	415,866	5,876,688
Week ended Feb. 25	647,833	30,043	48,057	725,933
Week ended Mar. 4	747,004	35,380	51,345	833,729
Total to date, 1931	6,597,379	323,703	515,268	7,436,350
Total to date, 1930	6,924,888	345,594	554,973	7,825,455
Increase or decrease in 1931	= 327,509	= 19,891	= 39,705	= 387,105
	= 4.7%	= 5.8%	= 7.2%	= 4.9%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	= 1,153,347	= 69,843	= 115,133	= 1,338,323
	= 2.8%	= 3.7%	= 3.7%	= 2.9%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

ASSETS.	Feb. 7, 1930.	Jan. 9, 1931.	Jan. 8, 1931.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.
Gold coin and bullion	7,884	6,371	6,620	7,023	6,974	6,577
Subsidiary coin	107	191	226	237	254	258
Bills discounted	8,111	7,579	7,528	7,537	7,963	7,239
Investments	849	1,455	1,549	1,549	1,549	1,549
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	8,326	7,814	7,158	6,907	8,256	7,694
Government deposits	1,359	1,310	1,988	2,325	1,921	1,490
Bankers' deposits	4,785	4,569	5,017	5,284	5,164	5,127
Ratio of cash reserves to liabilities to public	52.4%	44.8%	47.6%	48.8%	45.4%	46.2%

BANK OF FRANCE.—In francs (000's omitted.)

ASSETS.	Feb. 28, 1930.	Feb. 6, 1931.	Feb. 13, 1931.	Feb. 20, 1931.	Feb. 27, 1931.
Gold	42,855,470	55,632,074	55,738,057	55,857,792	55,923,598
Foreign assets	6,955,712	7,010,604	7,004,563	7,012,887	7,004,968
Bills discounted	18,798,135	19,340,765	19,335,324	19,294,493	19,285,693
Commercial bills discounted at home	5,245,135	7,231,235	7,242,052	7,483,543	...
Advances against securities	8,652,545	8,398,572	8,398,572	8,398,572	8,398,572
To the State	8,767,349	2,976,535	2,911,298	2,861,483	2,801,044
Other advances	3,966,163	4,153,972	3,770,402	3,749,575	...
Other assets (excl. ling. forward exch.)	71,116,069	77,772,474	77,219,505	76,851,950	78,947,329
Public deposits	8,767,349	14,180,368	14,201,949	13,937,034	13,339,376
Private deposits	6,772,767	9,873,760	10,358,140	11,182,760	10,537,633
Other liabilities	2,474,805	2,717,155	2,620,674	2,686,601	...

THE REICHSBANK.—In Reichsmarks* (000's omitted.)

ASSETS.	Feb. 28, 1930.	Feb. 14, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,444,389	2,254,289	2,265,626	2,285,104
Of which deposited abroad	149,788	207,638	207,638	207,638
Reserve in foreign currencies	383,802	181,182	175,402	165,366
Bills of exchange and cheques	1,965,003	1,609,102	1,525,632	2,054,971
Silver and other coin	137,866	192,157	202,271	160,426
Notes of other German banks	3,542	17,676	21,292	4,188
Advances	323,306	72,351	85,325	301,172
Investments	93,277	102,322	102,322	102,322
Other assets	484,925	546,607	555,887	511,216
LIABILITIES.				
Reduced capital	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	371,139	371,139	371,139	371,139
Notes in circulation	4,722,430	3,897,256	3,704,405	4,427,968
Other daily maturing obligations	468,522	250,170	401,325	324,790
Other liabilities	151,231	334,333	334,100	338,284

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted.)

ASSETS.	Position, May 30, 1914.	Feb. 27, 1930.	Feb. 5, 1931.	Feb. 12, 1931.	Feb. 19, 1931.	Feb. 26, 1931.
Gold	232,650	547,595	875,700	898,616	896,316	911,548
Foreign Bills and Balances Abroad	51,177	4,252	4,270	4,483	4,483	4,401
Silver and other coin	697,600	808,045	762,531	761,708	758,774	763,546
LIABILITIES.						
Notes in circulation	934,150	2,798,343	3,231,841	3,221,543	3,197,170	3,213,463
Current accounts	112,125	92,076	137,565	206,294	213,553	230,368

(b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted.)

ASSETS.	Position, May 30, 1914.	Feb. 24, 1930.	Feb. 2, 1931.	Feb. 9, 1931.	Feb. 16, 1931.	Feb. 23, 1931.
Gold	163,092	437,006	436,088	446,076	446,066	446,055
Silver	8,436	27,071	26,800	28,498	29,086	30,811
Home Bills discounted	...	48,295	48,406	48,004	46,968	46,968
Foreign Bills	153,504	200,708	250,573	244,838	229,473	227,147
Loans and advances in current account	...	79,057	87,073	84,263	82,582	...
LIABILITIES.						
Notes in circulation	316,632	782,666	841,810	813,197	806,718	802,693
Deposits	5,016	23,474	23,342	45,175	51,844	53,546

BANK OF JAVA.—In florins (000's omitted.)

ASSETS.	Position, May 30, 1914.	Mar. 1, 1930.	Feb. 7, 1931.	Feb. 14, 1931.	Feb. 21, 1931.	Feb. 28, 1931.
Gold	22,971	139,073	162,500	161,100	162,900	162,700
Silver	29,785	30,308	...	...	...	...
Discounts, advances, and other investments	77,567	136,223	111,400	113,800	105,700	112,300
LIABILITIES.						
Notes in circulation	109,499	275,827	246,400	247,300	245,000	246,400
Deposits and bills payable	11,250	30,814	38,600	37,300	37,900	38,500

BANK OF ITALY.—In lire (000's omitted.)

ASSETS.	Feb. 20, 1930.	Jan. 20, 1931.	Jan. 31, 1931.	Feb. 10, 1931.	Feb. 20, 1931.
Gold, coin and bullion	5,189,800	5,298,700	5,298,800	5,298,800	5,300,800
Foreign bills and balances abroad	4,786,400	4,072,100	4,036,800	4,044,800	4,007,600
Other cash	219,000	604,700	284,700	215,900	233,400
Gold deposited abroad due to the State	1,813,100	1,782,400	1,782,400	1,782,400	1,780,500
Discounts	3,292,200	3,837,600	3,817,500	3,758,700	3,647,000
Advances	988,000	1,005,600	1,178,100	1,128,300	1,234,600
Credit with "Istituto di Liquidazione"	803,700	626,200	626,200	626,200	626,200
Government securities	1,053,000	1,160,400	1,159,100	1,159,400	1,159,500
LIABILITIES.					
Notes in circulation	15,716,000	15,271,600	15,199,500	15,120,800	14,872,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,981,100	2,100,200	2,232,900	2,159,800	2,437,600
Ratio of reserve to note and sight liabilities combined	55.43%	53.03%	52.65%	53.15%	52.86%

SWISS NATIONAL BANK.—In francs (000's omitted.)

ASSETS.	Position, May 31, 1914.	Feb. 28, 1930.	Feb. 7, 1931.	Feb. 14, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Gold	171,175	190,334	654,431	643,567	643,143	642,986
Foreign Bills and Balances abroad	...	343,839	375,305	384,239	382,721	378,516
Discounts	...	78,012	27,272	28,123	28,241	24,549
Advances	103,000	42,002	38,420	36,835	35,666	36,481
LIABILITIES.						
Notes in circulation	275,925	893,120	914,067	890,573	881,738	961,015
Deposits	33,750	128,504	286,586	309,972	313,391	245,650

BANK OF SWEDEN.—In kronor (000's omitted.)

ASSETS.	Feb. 22, 1930.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.	Feb. 21, 1931.
Gold	243,962	240,575	240,420	240,341	240,293
Government securities—Swedish	22,155	3,343	3,331	3,331	3,331
Foreign	51,359	65,434	65,434	65,929	65,929
Other Swedish bonds quoted on foreign bourses	157	84	84	84	84
Bills payable in Sweden	160,603	121,552	106,911	108,348	98,373
Loans & Discounts	170,166	144,956	146,224	146,043	140,336
Balance abroad	69,117	227,064	207,230	196,723	197,248
Advances made on Government securities and bonds	47,379	39,811	29,681	33,520	30,111
LIABILITIES.					
Notes in circulation	468,551	533,319	506,401	498,643	477,903
Government deposits	175,826	196,071	190,508	196,517	195,221
Private deposits	4,297	7,682	14,069	6,833	10,043

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF SPAIN.—In pesetas (000's omitted.)

ASSETS.	Position, May 30, 1914.	Feb. 22, 1930.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.	Feb. 21, 1931.
Gold	521,775	2,517,198	2,415,198	2,415,343	2,415,547	2,415,622
Silver	728,600	712,076	710,717	707,234	708,022	709,482
Loans & Discounts	800,725	2,084,952	2,170,404	2,176,743	2,132,520	2,100,376
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,401,321	4,666,964	4,736,062	4,713,016	4,693,600
Deposits	477,500	956,936	817,721	818,639	813,000	821,036

BANK OF PORTUGAL.—In escudos (000's omitted.)

ASSETS.	Jan. 29, 1930.	Jan. 7, 1931.	Jan. 14, 1931.	Jan. 21, 1931.	Jan. 28, 1931.
Coin and bullion	8,903	8,995	8,995	8,985	8,976
Of which held abroad	8,577	8,577	8,577	8,577	8,577
Balance abroad	312,991	180,532	177,810	180,827	183,433
Discounts	351,148	442,412	433,313	428,358	422,733
Government loans	1,719,321	1,531,003	1,531,003	1,531,003	1,531,003
LIABILITIES.					
Notes in circulation	1,971,897	1,992,232	1,963,918	1,934,836	1,920,018
Deposits	107,627	146,788	138,224	151,365	155,882

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted.)

ASSETS.	Feb. 23, 1930.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.
Cash Reserve	168,634	214,358	214,358	214,363	214,363
Gold coin and bullion	198,204	140,196	136,265	132,171	130,878
Foreign exchange	306,558	495,550	488,532	483,019	481,330
Other foreign exchange	135,043	135,937	107,152	92,516	78,632
Bills discounted	108,558	100,760	100,718	100,718	100,718
Govt. debt	43,200	43,200	43,200	43,200	43,200
Share capital	9,283	10,272	10,272	10,272	10,272
Reserve fund	840,748	978,882	839,816	872,704	830,564
Notes in circulation	137,579	111,730	150,835	153,975	179,436

† In dollar and sterling only.

BANK OF NORWAY.—In kroner (000's omitted.)

ASSETS.	Position, May 31, 1914.	Feb. 22, 1930.	Feb. 7, 1931.	Feb. 16, 1931.	Feb. 23, 1931.
Coin and bullion—Gold	44,224	146,622	146,419	146,417	146,414
Balance abroad and foreign bills	28,533	28,742	22,182	20,024	21,621
Financial and Foreign Government securities	8,816	26,083	49,075	52,769	52,916
Discounts and loans	76,911	224,634	175,638	177,749	174,651
LIABILITIES.					
Notes in circulation	113,484	289,215	282,058	279,904	279,021
Deposits at sight	7,188	66,282	50,297	52,363	57,455

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted.)

(000's omitted).					
ASSETS.	Feb. 23, 1930.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.
Metal reserve	162,629	162,658	162,019	161,957	161,942
Gold coin and bullion	27,968	13,772	13,779	12,974	10,458
Drafts and notes	10,457	12,324	12,250	12,679	12,059
Silver coin and bullion	232,227	265,103	223,400	206,120	205,422
Inland bills, warrants and securities ..	82,937	63,803	60,167	60,167	60,167
Advances to the Treasury					
LIABILITIES.					
Share capital (gold crowns 30,000,000)*	34,756	34,756	34,756	34,756	34,756
Notes in circulation	379,300	446,017	397,235	368,354	337,610
Current accounts, deposits, &c.	145,612	18,828	29,644	33,778	53,283

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Mar. 5, 1931.	Feb. 4, 1931.	Feb. 11, 1931.	Feb. 18, 1931.	Feb. 25, 1931.	Mar. 4, 1931.
Call money	4 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Time money (90 days) mixed coll.	4 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Bank acceptances:—						
Members—eligible, 90 days	3 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Non-mem.—eligible 90 days	3 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Ineligible, 90 days	4 1/2	1 1/2	1 1/2	1 1/2	2 1/2	2 1/2
Commercial accept 90 days	4 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2

Rates of Exchange, New York on—	Par Level.	Mar. 5, 1931.	Feb. 18, 1931.	Feb. 25, 1931.	Mar. 4, 1931.
London—					
60 days		4-82 1/2	4-83	4-83	4-83
Cable	Dollars for £1	4-86 1/2	4-85 1/2	4-85 1/2	4-85 1/2
Cheques		4-85 1/2	4-85 1/2	4-85 1/2	4-85 1/2
Paris	Cents for 1 franc	3-91 1/2	3-91 1/2	3-91 1/2	3-91 1/2
Brussels	Cents for 1 franc	13-90	13-91 1/2	13-93 1/2	13-93 1/2
Switzerland	Cents for 1 franc	19-30	19-31 1/2	19-32 1/2	19-32 1/2
Italy	Cents for 1 lire	5-25 1/2	5-25 1/2	5-25 1/2	5-25 1/2
Berlin	Cents for 1 mark	23-31	23-84	23-75 1/2	23-75 1/2
Vienna	Cs. for Austro. sh.	14-07	14-08	14-05	14-04 1/2
Madrid	Cents for 1 peseta	19-30	11-70	10-15	10-42
Amsterdam	Cents for 1 guilder	40-195	40-05 1/2	40-10 1/2	40-07
Copenhagen			26-74	26-73	26-73 1/2
Oslo			26-72 1/2	26-73	26-73 1/2
Stockholm			26-82	26-75	26-73 1/2
Copenhagen	Cents for 1 kroner	26-80	26-82	26-75	26-73 1/2
Athens	Cents for 1 drachma	1-297	1-297	1-297	1-298
Montreal	Can. Cents for \$1	100	48 dis.	48 dis.	48 dis.
Yokohama	Cents for 1 yen	49-20	49-20	49-40	49-37
Hong Kong	Cents for H. Kong \$	37-10	22-30	22-85	23-00
Shanghai	Cs. for Shanghai \$	48-00	22-25	22-25	22-10
Calcutta	Cents for 1 rupee	36-50	35-84	35-90	35-90
Buenos Aires	Gold Pesos for \$100	103-65	116-70	136-65	132-50
Rio de Janeiro	Cents for 1 milreis	32-42	11-25	8-65	8-25
Valparaiso	Cents for 1 peso	12-125	11-99	12-02	12-02

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Rate.
Ecuador	Sucres to £	24-3325	Sight London	24-52
Venezuela	Bolivares to £	25-25	"	28-66
Colombia (Bogota)	Pesos to £	5	"	5-03 1/2
Nicaragua	Coronas to £	4-8665	"	4-92
Salvador	Colones to £	9-73	"	9-83
Bolivia	Bolivianos to £	13-33	"	13-45

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.		Union of South Africa.	
	From November 3, 1930.		From November 25, 1929.	
	London on South Africa.		South Africa on London.	
	Buying.	Selling.	Buying.	Selling.
T.T.	14 1/2 dis.	14 3/4 dis.	par to 1 1/2 prem.	1 1/2 prem.
30 days	14 1/2 dis.	14 3/4 dis.	1 1/2 dis.	1 1/2 dis.
60 days	14 1/2 dis.	14 3/4 dis.	1 1/2 dis.	1 1/2 dis.
90 days	14 1/2 dis.	14 3/4 dis.	1 1/2 dis.	1 1/2 dis.
120 days	14 1/2 dis.	14 3/4 dis.	1 1/2 dis.	1 1/2 dis.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.		Australia and New Zealand on London.	
	Buying.		Buying.	
	Aus-tralia.	New Zealand.	Aus-tralia.	New Zealand.
T.T.	130	109 1/2	130	109 1/2
Sight	131 1/2	111 1/2	130 1/2	109 1/2
30 days	132 1/2	112 1/2	128 1/2	108 1/2
60 days	133 1/2	113 1/2	128 1/2	108 1/2
90 days	133 1/2	113 1/2	128 1/2	108 1/2

* All rates (Australia and New Zealand) now based on £100—LONDON

BULLION.

The following statistics of imports and exports of gold for week ended March 5, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
France	226	Germany	58,500
Venezuela	7,900	France	823,841
British W. Africa	37,633	Switzerland	10,300
British E. Africa	1,463,509	S. Africa	5,000
Straits Settlements	21,170	Austria	4,730
		Monaco	2,000
		British India	3,130
		Other Countries	850
Total declared value of imports	1,530,498	Total declared value of exports	909,031

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
Feb. 27	Bars bought	Nil	Feb. 27	Bars sold	1,737
28	Bars bought	Nil	28	Sovs. for export	2,000
March 2	Sovs. from abroad	250,000	28	Bars sold	13,998
3	Bars bought	Nil	28	Sovs. for export	5,000
4	Bars bought	1,284	March 2	Bars sold	3,482
5	Sovs. released	192,848	3	Sovs. for export	5,000
		Nil	3	Bars sold	31,487
			3	Sovs. for export	2,000
			4	Sovs. set aside	250,000
			4	Sovs. for export	2,000
			5	Sovs. for export	Nil
Total		444,139	Total		316,704
					Net arrivals, £127,435.

Messrs Samuel Montagu and Company write on March 4, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £140,816,300 on the 25th ultimo (as compared with £140,442,597 on the previous Wednesday) and represents a decrease of £6,809,322 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to £1,215,000; none of this was available in the open market yesterday, having all been bought forward on French account. To-day, about £150,000 of bar gold £20,000 from West Africa and £130,000 from an undisclosed source) was offered in the market, and was taken for Belgium at the fixed price of 84s. 10 1/2d. per fine ounce. Movements of gold at the Bank of England during the week have resulted in a net influx of £108,687. Receipts totalled £444,139, of which £250,000 was in sovereigns from South Africa and £192,848 in sovereigns "released"; withdrawals consisted of £250,000 in sovereigns "set aside," £53,000 in sovereigns taken for export, and £52,452 in bar gold.

SILVER.

The market has shown a steadier tone, but for the first half of the week remained rather unsettled pending the announcement of the Indian Budget; it became known on the 28th ultimo that this provided for an increase of 2 annas per fine ounce in the duty on silver imported into India, thus making a total duty of 6 annas per fine ounce. The increase was less than expected, as some quarters had taken the view that the duty would be raised by 4 annas and had already anticipated the event by heavy forward sales. The effect, therefore, appeared to be more than discounted, and in consequence the announcement was not followed by wide movements in prices. China has both bought and sold, and the Indian Bazaars have supported the market by covering bear sales, whilst America has also operated both ways. To-day, further bear covering by India and China on a poorly supplied market caused a rise of 1/4d., prices being quoted at 12 1/2d. for cash and 12 1/4d. for two months' delivery. At the moment the outlook appears fairly steady. The difference between the quotations for cash and two months' delivery varied during the week between 1/4d. and 1/2d.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 23rd ultimo to mid-day on the 2nd instant:—

IMPORTS.	£	EXPORTS.	£
U.S.A.	103,792	Greece	125,000
France	7,216	British India	98,094
Other countries	420	Other countries	8,738
	£111,428		£231,832

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Feb. 22.	Feb. 15.	Feb. 7.
Notes in circulation	15,854	15,850	15,879
Silver coin and bullion in India	12,149	12,092	12,086
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India	2,396	2,438	2,485
Gold coin and bullion out of India	...	...	...
Securities (Indian Government) ..	1,009	1,020	1,008
Securities (British Government) ..	...	...	...
Bills of Exchange	300	300	300

The stocks in Shanghai on the 28th ultimo consisted of about 89,400,000 ounces in sycee, 150,000,000 dollars, and 880 silver bars, as compared with about 89,900,000 ounces in sycee, 153,000,000 dollars and 940 silver bars on the 21st ultimo.

Statistics for the month of February last are appended:—

BAR SILVER per oz. std.		BAR GOLD	
Cash	Two Months	per oz. fine.	
Delivery.	Delivery.		
Highest price	13 1/4d.	84s. 11 1/4d.	
Lowest price	12d.	84s. 10 1/4d.	
Average price	12-432d.	84s. 11-39d.	

GOLD AND SILVER PRICES.

	Gold		Silver -		Date.	Silver.
	Per Ounce.	Per Ounce.	Cash	Forward		Cash.
1931.	s. d.	d.	d.	d.		d.
Feb. 27	84 11 1/2	12 1/2	12 1/2	12 1/2	Mar. 6, 1925	32 1/2
28	84 11 1/2	12 1/2	12 1/2	12 1/2	" 5, 1926	30 1/2
Mar. 2	84 11 1/2	12 1/2	12 1/2	12 1/2	" 4, 1927	25 1/2
3	84 11 1/2	12 1/2	12 1/2	12 1/2	" 1, 1928	26 1/2
4	84 10 1/2	12 1/2	12 1/2	12 1/2	" 7, 1929	26 1/2
5	84 11 1/2	13	12 1/2	12 1/2	" 6, 1930	18 1/2

Company News.

REPORTS AND NOTICES.

RAILWAYS.

BUENOS AIRES AND PACIFIC RAILWAY.—A cable received by the Buenos Aires and Pacific Railway Company in London from the company's general manager reports that the crop from the early sown maize, which represents about 80 per cent. of the total maize crop on the company's system, is practically assured. It is expected that the amount available for transport from June or July, when the grain has been conditioned, will be greatly in excess of that of last year.

METROPOLITAN RAILWAY COMPANY.—Gross receipts for 1930 amounted to £1,644,472, as compared with £1,627,470 for 1929. The net revenue for the year was £827,998, as compared with £844,515. The ordinary dividend is 3 1/2 per cent. against 4 per cent. The carry forward is increased from £32,016 to £33,546. The dividend on surplus lands stock is 4 per cent., against 3 1/2 per cent. for 1929.

THE UNDERGROUND DIVIDENDS.—The dividends declared by the Underground Railways group for the year 1930 were declared on February 13th. The dividends and amounts to be carried forward are shown below:—

	1929.	1930.	Carried forward 1929.	Carried forward 1930.
	Final.	Final.	£	£
Cent. Lon. Ord.	2 1/2	5	108,151	112,062
Do. Pref. Ord.	2 1/2	4		
Do. Def. Ord.	6	6		
City & S. L. Ord.	2 1/2	5	37,708	39,637
London Electric Ord.	2 1/2	5	186,784	193,945
London General Omnibus	4 1/2	8	103,036	101,355
Metropolitan District	2 1/2	5	48,108	52,326
Underground Ordinary Shares	5	8	265,950	352,977

* Tax free.
† The special reserve for equalisation of interest on the 6 per cent. first cumulative income debenture stock and 6 per cent. income bonds, viz., £86,242, being no longer required, has been transferred to the profit and loss account, thus increasing the sum carried forward by that amount.

Subject to approval by the respective meetings of the companies the dividends on the stocks and shares of the six companies first named and the interest on the 6 per cent. first cumulative income debenture stock and the 6 per cent. income bonds of the Underground Company will be payable on March 2nd, and the dividend on the ordinary shares of the Underground Company will be payable on March 9th. The holders of the assented stocks of the Central London Railway Company are entitled in respect of the year 1930 to an additional dividend of approximately 0.4 per cent. in excess of the guaranteed dividend of 4 per cent. per annum, compared with 0.4 per cent. for the year 1929.

MISCELLANEOUS.

THE BORDEN COMPANY.—According to the report for the year 1930, sales for the year amounted to \$345,422,778.69 and net income derived was \$21,681,213.55, being 6.28 per cent. of sales and \$5.12 per share on all of the capital stock outstanding December 31, 1930. Sales and net income for 1930 were favourably affected by the inclusion of the operations of 1930 acquisitions, the sales and income of which companies were not included in 1929. The ratio of net to gross was slightly improved over 1929, but net earnings per share showed a decrease, being \$5.12 compared with 1929 net earnings per share of \$5.50, which latter were the largest in the company's history. Net working capital amounted on December 31, 1930, to \$42,231,939.98 as compared with \$35,265,102.48 on December 31, 1929. Current assets at December 31, 1930, amounted to \$2.82 for each \$1.00 of current liabilities, which compares with \$2.22 for each \$1.00 of current liabilities at December 31, 1929. Cash in hand December 31, 1930, of \$9,820,421.50 compares with \$8,750,764.31 on hand at the close of the previous year. Marketable securities on hand December 31, 1930, of \$12,435,435.78 compares with \$11,354,864.09 on hand at the close of the previous year. The market value of these securities exceeds their book value.

HARRODS, LTD.—It is announced that Harrods, Ltd., has purchased the stock and goodwill of James Shoolbred and Company, Tottenham Court Road, W.C. The business will be transferred to Harrods at Knightsbridge on March 9th.

IMPERIAL AND INTERNATIONAL COMMUNICATIONS, LTD.—The estimated aggregate traffic receipts for the year 1930 was £5,365,561, against £6,146,452 for year 1929.

WILLIAM WHITELEY, LTD.—A net profit of £123,629 is shown in the report for the year ended January 31, 1931, of William Whiteley, Ltd. In the previous year net profit amounted to £124,422. Interest on the 4 per cent. debentures requires £36,000, and interest on the 6 per cent. debenture stock, issued in March, takes a further £22,500, while depreciation of leaseholds, plant, &c., accounts for £18,500. The interim dividend of 10 per cent. on the ordinary shares absorbed £45,000. The sum to be carried forward will remain at £91,070, and Selfridge and Company, Ltd., will, under their guarantee, become liable for the difference, sufficient to pay the full 25 per cent. dividend to the holders of the ordinary shares. The amount required to make up this dividend is £67,500. Meeting, Queen's Road, W.2, March 19th, at 11 a.m.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Feb. 27, 1931 (c) Week ended Feb. 28, 1931.	Miles Open.	Week ended Mch. 1, 1931. (000's omitted.)						Aggregate 9 weeks, 1931. (000's omitted.)					
		Passen- gers, &c.	Merch- andise, coal, &c.	Coal and Coke.	Total	Gross Tonnage.	Total for Week.	Passen- gers, &c.	Merch- andise, coal, &c.	Coal and Coke.	Total	Gross Tonnage.	
		£	£	£	£	£	£	£	£	£	£	£	
Great Western...	3,761	175	194	119	313	488	1,605	1,624	951	2,555	4,16		
Do. for 1930...	3,755	189	221	143	364	553	1,725	1,922	1,257	3,189	4,91		
L. & N. Eastern (c)	6,362	276	357	270	627	903	2,455	3,052	2,377	5,429	7,88		
Do. for 1930...	6,361	298	453	291	726	1,024	2,652	3,642	2,561	6,203	8,85		
Lon. M.R. & Scot.	6,954	409	475	281	756	1,165	3,590	4,066	2,564	6,630	10,22		
Do. for 1930...	6,957	434	551	315	866	1,300	3,814	4,857	2,681	7,538	11,35		
Southern	2,180	252	82	44	125	378	2,252	613	324	937	3,18		
Do. for 1930...	2,179	262	84	45	129	391	2,341	678	319	997	3,33		
Total of above...	192,594	11,123	11,038	7,144	18,222	29,344	9,892	9,355	6,167	15,552	25,436		
Do. for 1930...	192,524	11,833	12,917	7,954	20,805	32,568	10,532	11,109	6,818	17,927	28,448		
Metropolitan (c)	59	30	9	4	1	...	35	50	282	37	...		
Do. for 1930...	59	31	9	4	2	...	36	1	291	4	...		
Undgd. E.R. (c)	...	293	4	...	...	...	293	4	244	9	...		
Do. for 1930...	...	294	6	...	...	...	294	6	250	5	...		
Lon. & So. G.W. (c)	...	42	3	...	...	...	42	3	355	3	...		
Do. for 1930...	...	41	8	...	...	...	41	8	361	0	...		
*B.R. & S.W. (b)	80	1	8	...	...	...	2	15	18	...	...		
Do. for 1930...	80	1	9	...	...	...	8	8	16	...	...		
*G. Northern (b)	562	9	4	...	...	...	17	2	6	...	...		
Do. for 1929...	562	9	5	...	...	...	17	9	27	...	...		
*Gt. Southern (b)	2,188	19	8	...	...	...	42	6	22	...	...		
Do. for 1929...	2,188	23	7	...	...	...	47	6	13	...	...		

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Not Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Breweries.											
Cannon Brewery.....	Dec. 31	50,973	237,173	288,146	124,500	87,500	12½	...	76,146	283,065	9½
Holt Brewery Co.	Dec. 31	52,867	81,552	134,419	23,493	49,288	8½	10,500	51,138	83,683	8½
Reid (W. B.) and Co.	Dec. 31	39,855	31,171	71,026	...	25,300	11	5,893	39,833	33,405	12
Electric Lighting, &c.											
Charing Cross & West End... Electricity {	Dec. 31	87,584	182,038	269,622	18,000	84,910	1/7½	73,411	93,301	170,210	1/7½
City	Dec. 31	...	139,751	139,751	18,000	49,000	10 7 }	72,751	...	144,526	10 7 }
City of London Electric.....	Dec. 31	6,974	408,557	415,531	48,000	120,000	10	237,347	10,184	407,848	10
Clyde Valley Electrical	Dec. 31	88,288	369,670	457,958	58,000	168,000	8	143,528	88,430	354,495	8
Isle of Thanet Electric	Dec. 31	8,358	53,345	61,703	16,920	6,000	4	30,000	8,783	54,910	4
Kensington & Knightsbridge Electric	Dec. 31	2,123	62,101	64,224	5,500	25,375	1/7.1811	32,438	911	52,130	*
London Electric Supply ...	Dec. 31	42,688	182,030	224,718	41,972	62,937	9	65,016	54,793	195,277	9
Metropolitan Electric	Dec. 31	84,746	424,375	509,121	22,500	200,000	10	175,559	111,062	338,937	10
Financial Land, &c.											
Law Land Co.....	Dec. 31	15,985	86,730	102,715	14,907	34,157	10	39,336	14,315	76,694	9
Gas.											
Brighton and Hove Gas ...	Dec. 31	79,076	76,530	155,606	9,400	58,082	{ 7½ 6½ }	41,122	47,002	66,738	{ 7½ 6½ }
European Gas Co.	Dec. 31	...	56,890	56,890	...	52,614	5½	4,276	...	55,936	5½
Hastings & St. Leonards Gas	Dec. 31	13,757	20,160	33,917	...	22,566	{ 5½ 6½ }	...	11,351	21,294	{ 5½ 6½ }
North Middlesex Gas.....	Dec. 31	5,925	22,457	28,382	6,550	12,933	7½	2,328	6,571	...	...
Rhymney and Aber Gas ...	Dec. 31	783	12,272	13,055	957	10,780	7	...	1,318	12,200	7
Southgate and District Gas	Dec. 31	9,964	10,681	20,645	3,125	7,485	7	...	10,035	...	...
Woking District Gas	Dec. 31	6,205	7,803	14,008	1,141	6,151	{ A10½ B 7½ }	...	6,716	3,112	{ A10 B 7 }
Iron, Coal and Steel.											
Clarke, Chapman and Co. ...	Dec. 31	23,962	65,649	89,617	4,890	45,656	10	15,000	24,065	77,186	11
Fife Coal Co.	Dec. 31	80,928	99,837	180,765	16,190	73,464	6½	...	91,111	189,897	8½
Spencer (Melksham)	Sept. 30	...	Dr. 4,898	Dr. 4,898	...	...	...	...	Dr. 4,898	Dr. 3,530	...
Rubber, &c.											
Pilmoor Rubber	Dec. 31	1,719	Dr. 1,431	288	...	...	...	...	288	19,909	15
Shipping.											
Lancashire Shipping	Dec. 31	25,496	Dr. 232	25,264	...	8,000	2½	...	17,264	19,382	6½
Shops and Stores.											
Dickins and Jones	Jan. 31	47,749	55,910	103,659	13,750	42,000	12	5,000	42,909	69,368	12
Evans (D. H.) and Co.	Jan. 31	49,441	115,583	165,024	12,000	90,058	30	10,358	52,608	110,092	25
Rotherham (Jeremiah) & Co.	Jan. 15	68,993	23,457	92,450	10,000	36,000	6	...	46,450	60,284	9
Swan and Edgar.....	Jan. 31	24,896	101,297	126,193	...	62,500	5	33,000	30,693	104,539	5
Whiteley (William)	Jan. 31	91,070	98,183	189,253	22,500	{ 45,000 1,131	25½ Mngmt }	29,552	91,070	90,422	25
Textiles.											
Wolsey, Ltd.....	Dec. 31	76,909	90,932	167,841	75,000	{ 23,781 6,219	3A 60B }	...	62,841	131,821	{ 5A 100B }
Trust.											
British and German Trust...	Dec. 31	19,524	83,191	102,715	44,563	24,800	8	...	33,252	80,347	8
Friars Investment Trust ...	Feb. 15	5,933	38,253	44,186	...	32,250	5½	5,000	6,936	35,408	5½
Waterworks.											
Stroud Water	Dec. 31	544	2,526	3,070	500	1,508	{ 10 7 }	500	562	2,975	{ 10 7 }
Other Companies.											
Booth (James) and Co.	Dec. 31	12,044	54,237	66,281	8,680	29,063	15	15,000	13,538	70,323	15½
Dundee Floor Cloth, &c. ...	Jan. 31	9,531	3,242	12,773	1,919	5,545	6	...	5,309	18,011	20
East End Dwellings Co.	Dec. 31	2,271	23,148	25,419	2,000	8,022	5½	14,000	1,397	26,375	5
Enfield Cable Works	Dec. 31	33,559	160,774	194,333	15,000	100,000	25	45,000	34,333	129,409	25
Fisher and Ludlow.....	Dec. 31	18,872	31,150	50,022	7,000	17,436	15	5,500	20,086	37,590	20
Glasgow Greyhound Raceco	Dec. 31	5,183	15,058	20,241	10,000	2,500	10	3,000	4,741	9,145	Nil
Morris and Jones	Dec. 31	23,784	33,943	57,727	21,000	...	...	...	36,727	24,797	...
Nathan (Joseph) and Co. ...	Sept. 30	32,261	64,066	96,327	35,000	{ 16,000 3,185	8 Pf Ord 10 Ord. }	9,440	32,702	65,378	{ 8 Pf Ord }
National Gas Engine	Dec. 31	23,969	17,923	41,892	12,000	...	...	...	29,892	76,620	7½
Smithfield Animal Products	Dec. 31	7,488	Dr. 13,437	Dr. 5,949	...	...	...	...	Dr. 5,949	4,939	5
Spratt's Patent	Dec. 31	16,577	106,743	123,320	11,500	67,500	15	30,000	14,320	106,993	12½
Switzer and Co.	Jan. 31	11,048	10,386	21,434	1,500	8,000	8	1,000	10,934	12,646	8
Tilling (Thomas), Ltd.	Dec. 31	70,844	272,788	343,632	16,500	131,837	25	100,000	95,295	225,120	20
Winterbotham, Strachan & Playne	Jan. 31	16,383	41,880	58,263	11,625	21,700	8	5,000	19,938	44,673	10
Yeast-Vite, Ltd.....	Dec. 31	20,518	57,640	78,158	25,575	6,975	15	20,000	25,608	58,028	15

* Dividend 1/7.1811.

† Free of income tax.

‡ The total dividend charge was £112,500, the balance of £67,500 being paid by Selfridge and Company under their guarantee.

Mr George Elkington, J.P., F.R.I.B.A., has been re-elected chairman of the National Building Society, which position he has held from 1903. Mr Elkington is also a vice-president of the Metropolitan Building Societies Association. Mr Henry Johnstone late secretary of the society, has been appointed general manager and Mr R. Bruce Wycheley, M.C., F.C.I.S., F.S.S., late assistant secretary, has been appointed secretary.

The Hon. Eric B. Butler-Henderson, a director of the London and North Eastern Railway, has been elected to the boards of the Buenos Ayres Great Southern Railway Company, Ltd., and the Buenos Ayres Western Railway, Ltd.

At a meeting of the Joint Hull Committee, Mr E. L. Jacobs (underwriter of the Alliance Assurance Company, Ltd.) and Mr F. J. L. Fish, of Lloyd's, were unanimously re-elected chairman and deputy-chairman respectively of that committee for 1931.

Mr C. A. Proctor, who has just returned from a business tour to Canada, America and the Far East to take up his duties as overseas director of the Dunlop Rubber Company, Ltd., has been elected to a seat on the board of the company. Mr Proctor was a member of the board from March 10, 1919, to April 29, 1927, when he relinquished his directorship in order to undertake important work with the Associated Dunlop Companies on the continent of Europe.

SUMMARY OF BALANCE SHEETS.

LONDON BRICK COMPANY AND FORDERS, LIMITED.

December 31, 1930.		December 31, 1929.	
LIABILITIES.	Amount.	LIABILITIES.	Amount.
8% cum. pref. shares (£1)...	400,000	Properties.....	1,949,829
Ord. shares (£1)...	1,400,000	Investment in subsidiary cos.....	674,176
Creditors.....	346,929	Stocks.....	128,723
Loans from subsidiary cos.....	78,389	Debtors.....	221,150
Prof. div., half-year.....	12,400	Cash, British Govt. and trustee securities at cost.....	281,003
Depreciation reserve.....	725,000		
Profit and loss	292,143		
Total	3,254,861	Total	3,254,861

MIDLAND COUNTIES ELECTRIC SUPPLY COMPANY, LIMITED.

December 31, 1930.		December 31, 1929.	
LIABILITIES.	Amount.	LIABILITIES.	Amount.
Ord. shares (£1)...	2,699,305	Investments in subsidiary cos. at cost.....	4,708,794
Cum. pref. (£1)...	1,800,000	Advances, &c. ...	392,409
5% deb. stock ...	290,370	Investments at cost.....	13,195
Accrued interest	5,673	Cash	132,849
Creditors	3,360		
Unclaimed divs. ...	800		
Reserve	73,500		
Investment res. ...	247,109		
Profit and loss	127,130		
Total	5,247,247	Total	5,247,247

OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of February are as follows: Production of oil, 36,900 tons; deliveries, 32,800 tons.

THE BRITISH BURMAH PETROLEUM COMPANY, LTD.—Production of crude oil by this company for the month of January was 32,298 barrels.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended February 14, 1931, was: Bolivar district, 87,804 m. tons; Maracaibo district, 16,471 m. tons; total, 104,275 m. tons. Production for the week ended February 28th was: Bolivar district, 85,681 m. tons; Maracaibo district, 17,216 m. tons; total, 102,897 m. tons.

Commercial Reports.

MARKET SUMMARY.

The general situation of the coal trade remains unchanged. Industrial demand and exports continued at a low level, and there has not been an increase in forward contracting. The threat of a stoppage in the French collieries has temporarily stimulated demand in Cardiff. Requirements for heating purposes are still satisfactory, but many collieries find it increasingly difficult to dispose of "smalls." There has been a slight improvement in the home demand for iron and steel, but Continental competition is extremely keen, and makers find it difficult to maintain their proportion of the home trade. Non-ferrous metals have been easier. Tin has not maintained its high level because of a sharp increase in visible supplies, and copper, lead and tin which, last week, received support from speculative buyers, reacted when that section of the market became less active. Raw cotton values have been slightly lower than last week, but it is hoped that the improved political situation in India will result in an increased demand for Manchester goods from that country. Wool has again been firmer, and it appears that substantial orders for piece-goods have been placed, which resulted in increased activity in the manufacturing centres. The jute trade remains dull. Foodstuffs have been quiet. Wheat prices show a decline on the week following large offerings from Canada, Argentina and Australia, while the announcement that the Federal Farm Board of the United States intends to sell 35 million bushels before July added further to the depression. Tea has been steadier at this week's auctions, but on Wednesday it became known that the restriction scheme for the 1931 crop has been abandoned owing to the lack of sufficient support. Among miscellaneous commodities, rubber has advanced sharply following the news of the reopening of negotiations between British and Dutch interests. Hides have been steadier this week, and the fall in values seems to have been arrested.

THE COAL TRADE.

Our Sheffield correspondent writes:—A steady demand has developed for best steams for export, with prices firm at from 17s. to 17s. 9d. f.o.b. There is no improvement, however, in forward business, and the industrial demand is disappointing. Demand for house coal is fairly brisk. Best ordinary qualities are quoted at from 20s. 6d. to 21s. 6d. at pits. The excessive supplies of secondary qualities and smalls continues to be a problem. The depression in blast-furnace coke continues, but there is fair demand for gas coke.

Our Glasgow correspondent writes:—The main features of the Scottish market are still a plenitude of washed nuts, a consequent

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of March 16 next

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IRISH FREE STATE

PRINCIPAL CONTENTS.

DEVELOPING NEW INDUSTRIES.

By P. McGilligan, Minister for Industry and Commerce.

POWER, THE HANDMAID OF INDUSTRY.

By R. F. Browne, Chairman, Electricity Supply Board.

KEEPING THE QUALITY HIGH.

By P. Hogan, Minister for Agriculture.

FREE STATE PAYS ITS WAY.

By Professor George O'Brien.

TRADE WITH GREAT BRITAIN.

By G. M. Gillett, Parliamentary Secretary, Department of Overseas Trade.

AGRICULTURAL CREDIT PROBLEMS.

By John P. Colbert, Chairman, Agricultural Credit Corporation.

BUILDING A NEW CURRENCY SYSTEM.

By Joseph Brennan, Chairman, Currency Commission.

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curtailment of round coal output, and a steady movement of the latter classes, which are none too plentiful after home requirements have been met. Export inquiry remains poor, and although important quantities fall to be tendered to the Swedish and Belgian railways, hopes are not confident that any large share of the business will come to British producers. The Scottish mineworkers' delegate recommend acceptance of the proposals covering the period to the end of June next. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 9d.; splint second, 16s.; Navigation, 15s. 6d.-15s. 9d.; Navigation second, 15s.-15s. 3d.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 13s.; doubles, 11s. 9d.; singles, 11s.; pearls, 10s. 9d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s.; first-class steam, 13s.-13s. 6d.; third-class steam, 12s.-13s.; trebles, 12s.-12s. 6d.; doubles, 11s.; singles, 10s. 6d.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s.-13s.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 6d.; doubles, 12s.; singles, 11s. 3d.; pearls, 11s.; dross, 10s. 6d.

Our Cardiff correspondent writes:—Weak conditions prevail in the Welsh steam coal trade, and the operation of the minimum schedule alone prevents a setback in quotations. The threatened stoppage at French collieries in the middle of this month has stimulated demand from this direction, but otherwise foreign inquiries are poor, particularly from the bunkering stations. Here and there collieries are comfortably situated for prompt loading, but buyers not tied to particular brands have a wide range of choice at the minimum prices. In spite of the regulation of output under the marketing scheme, supplies of most descriptions are in excess of immediate demand, the most unfavourable feature being a glut of smalls, for which outlets are difficult to find. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; best anthracite large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 24s. 5d. to 25s.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—There is a little more business doing in Cleveland iron in one or two directions to cover orders for foundry work recently booked, but generally the demand is quiet. It is expected, however, that more buying will take place very shortly to renew contracts that expire at the

end of the month. Meantime producers are getting rid of all the iron that is available from the current make and are also eating into their stocks, which are now reported to be of small dimensions. One would like, however, to see a bigger trade moving and more furnaces put into operation, but there are no indications of this at present. The weekly market on Tuesday presented no new feature and only a small business was reported. Prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The demand for Scotland is still very poor owing to the severe Continental competition, and orders on export account are of little importance. In hematite rather more orders are coming to hand, but only for early delivery. Consumers do not possess the necessary confidence to purchase ahead and are simply buying from hand to mouth. Makers generally quote 69s. for ordinary mixed numbers for prompt and 61s. 6d. up to the end of June, but there are one or two that ask more. On the other hand, these prices have been shaded in special instances. The shipments of pig iron last month were nearly 3,000 tons less than in January, but finished materials showed a loss of only about 500 tons. In the finished trades there is nothing new of importance this week. Some departments are fairly busy, but in others new orders would be specially welcome. It is expected that some orders for rails for home railways will be given out very shortly. The ore market continues lifeless. Best Bilbao rubio is nominally 16s. c.i.f., and the current freight Bilbao-Middlesbrough is rather lower at 4s. 6d. Imports of all kinds of ore into Middlesbrough for February totalled only 56,734 tons, compared with 103,965 tons in January. Coke continues in abundant supply and the price is weak at 16s. per ton for ordinary blast-furnace qualities delivered at works. The number of furnaces in blast in the district is unchanged at 23.

Our Sheffield correspondent writes:—An increasing number of small orders for steel parts indicates more activity at many of the engineering works of the country, but bulk business is still lacking and the position of heavy crude steel is no better. The output of open-hearth steel is being maintained at previous levels. In Lincolnshire this branch is badly depressed. As a result of rationalisation no rails are being rolled at Sheffield. Two mills were stopped long ago, and the third has been scrapped. Tram rails for Sheffield have now to be imported from Middlesbrough. The export trade is weak in most sections, but a regular if small quantity of best tool steels is being supplied to Continental engineers. The market for ferro alloys is flat, and prices favourable to buyers. The small amount of business passing indicates depression in all kinds of alloy steels. A Manchester firm with a branch at Sheffield has acquired a site six miles from Sheffield for the purpose of erecting large steel works thereon, but the full development of the scheme is being postponed on account of the state of trade. Unemployment in Sheffield tends to increase, and the numbers on the register are more than double the figures of a year ago.

Our Cardiff correspondent writes:—Demand on the South Wales tinplate market is at a low ebb, and makers are finding it more profitable to close the mills and draw from the pool. A special meeting of the tinplate Joint Industrial Council on Tuesday discussed inter alia the question of providing work for unemployed operators. The employers left it to the discretion of the various managements of works now in operation in conjunction with the Welsh Plate and Sheet Association to work six hours in mills and tin houses where possible, without impeding efficiency, so as to provide employment for men attached to works now idle. The galvanised sheet market is stagnant.

OTHER METALS.

TIN.—It appears that complete agreement was reached about the international system of control to be adopted at a meeting of delegations representing the various countries affected by the plan, which was held at the Colonial Office on February 27th. The following is a summary of the main points of the scheme:—The scheme, which came into operation on March 1st, will be administered by an International Committee, representing the Governments of Bolivia, Malaya, the Netherlands East Indies, and Nigeria. Its object is to secure a fair and reasonable equilibrium between production and consumption, with the view of preventing repeated and severe oscillations of prices. The basic world tonnage under the scheme was agreed at 145,000 tons (of 2,240 lb.) a year. The initial quotas were agreed as follows:—Malaya, 53,853 tons; Bolivia, 34,260 tons; Netherlands East Indies, 29,910 tons; Nigeria, 7,750 tons. Invariable percentages based on these initial quotas were agreed for each country as the ratios applicable to all alterations of the basic tonnage. It was agreed that (apart from a special agreement arrived at in view of urgent circumstances) these initial quotas should remain fixed for a period of not less than six months. Each Government agrees to allot its national quota among the individual producers and to control effectively in accordance with the scheme production and export. The quotas may be altered from time to time as circumstances may require by the unanimous consent of the participating Governments. They will in no circumstances be altered at shorter intervals than three months. The scheme will remain in force for two years; but if any of the participating Governments demands an alteration of the tonnage quotas, and if within a period of six months a unanimous agreement has not been reached with regard to such a proposal, the Government which made the demand will be at liberty to withdraw from the scheme. It was recognised that in the event of such withdrawal the other participating Governments could immediately abandon the scheme. The representatives of the Governments of Bolivia, Malaya, the Netherlands East Indies, and Nigeria are to submit the details of the scheme as

(Continued on page 539)

THE BORDEN COMPANY

ESTABLISHED 1857

AND ALL SUBSIDIARY COMPANIES

ANNUAL REPORT

For the fiscal year ended December 31, 1930

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WALLACE D. STRACK, <i>Vice-President</i>	GEORGE BITTNER, <i>Assistant Treasurer</i>

EXECUTIVE OFFICES

THE BORDEN COMPANY,
350 Madison Avenue, New York City
(Subsidiary and Territorial Offices not included)

REGISTERED OFFICE

15 Exchange Place, Jersey City, N.J.

Transfer and Dividend Disbursing Agent, THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK, 11 Broad Street, New York City
Registrar, BANKERS TRUST COMPANY, 16 Wall Street, New York City
Counsel, MASTEN & NICHOLS, 49 Wall Street, New York City

CORPORATE ORGANISATION AND SCOPE

The business of your company falls into four general divisions. In conformity with this there were created during the year 1929 four major sub-holding companies to conduct and co-ordinate the operations of these four general divisions. (See page 9 of this Report for information regarding Borden's, Ltd.)

The Borden Company owns 100 per cent. of the stock of these major sub-holding companies, each of which companies, in turn, owns 100 per cent. of the stock of the operating companies coming under its control.

These four major sub-holding companies are as follows:—

Borden's Food Products Company, Inc.

Food Products Group—manufacture and sale since 1857 of Eagle Brand as well as other brands of condensed milk; also evaporated, malted and dry milk; casein products, caramels, mince meat, dried fruit juices, etc.

Business of the above nature is conducted throughout the United States, Canada and in Export Markets.

Borden's Dairy Products Company, Inc.

Fluid Milk Group—purchase and distribution by a system of wagon deliveries of milk, cream, butter, eggs, etc.

Business of the above nature is conducted in the States of:—

Arizona	Indiana	New Jersey	Pennsylvania
California	Massachusetts	New York	Texas
Connecticut	Michigan	Ohio	Wisconsin
Illinois	Missouri		

and in the Provinces of Ontario and Quebec in Canada.

Borden's Ice Cream & Milk Company, Inc.

Ice Cream Group—manufacture and sale of ice cream and allied products.

Business of the above nature is conducted in the States of:—

California	Iowa	Missouri	Pennsylvania
Connecticut	Kentucky	New Jersey	Texas
Delaware	Maryland	New York	West Virginia
Illinois	Massachusetts	Ohio	Wisconsin
Indiana	Michigan		

and in the Provinces of Ontario and Quebec in Canada.

Borden's Produce Company, Inc.

Produce Group—purchase, production and sale of farm produce (butter, eggs, etc.) as a source of supply for our own wagon distribution and at wholesale; also manufacture and sale of loaf, soft and fancy cheeses.

Business of the above nature is conducted throughout the United States, Canada and in certain Export Markets.

COMMENT

Although the business conditions obtaining throughout 1930 had their unfavourable effect on the operations of this Company, the year nevertheless was one of marked progress.

Much was accomplished by way of further extension and diversification of company activities.

Territorial and product diversification had a stabilising influence, since all territories were not equally depressed, nor was the profit margin equally affected on all products.

Surplus production of raw milk; smaller per capita consumption of fluid milk and milk products, resulting in a reduced physical volume of sales; continuously falling market values of dairy products and, as to some lines, selling prices that were lower than cost savings justified, were among the unfavourable factors. The effect of these was minimised by generally lower costs of raw materials, although not of labour, and greater efficiency of operations, to which the progress made in the co-ordination of our activities contributed largely.

Sales and Net Income.

Sales for the year amounted to \$345,422,778.69 and net income derived was \$21,681,213.55, being 6.28 per cent. of sales and \$5.12 per share on all of the capital stock outstanding December 31, 1930.

The shares outstanding at the close of the year included all stock issued up to that date in payment for businesses acquired during the year, irrespective of the dates when such stock was issued. The Borden income, however, only reflects the earnings of such businesses subsequent to the dates when they were respectively acquired.

Sales and net income were the largest in our history. The ratio of net to gross was slightly improved over 1929, but net earnings

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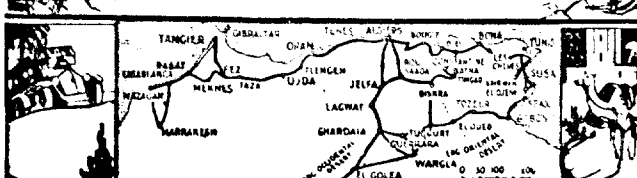
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per share showed a decrease, being \$5.12 compared with 1929 net earnings per share of \$5.50, which latter were the largest in our history. This seeming anomaly suggests the analysis which follows.

Sales and Net Income for 1930 were favourably affected by the inclusion of the operations of our 1930 acquisitions, the sales and income of which companies were not, of course, included in 1929.

Without the inclusion of these in 1930, sales value for the year would have shown a recession from 1929 because of decreased quantity volume and lower selling prices reflecting the lower costs of milk and other raw materials. Net Income would have been similarly affected for the same reasons, despite the fact that the ratio of net to gross was slightly improved over 1929.

Generally speaking, and as to the greater part of our business, we enjoyed the patronage of more customers than in 1929, but the per customer purchases were less. This condition was brought about by the extraordinary economic conditions and is temporary. There is every reason for expecting the recovery of lost sales, together with normal increases at such time as business conditions and purchasing power are restored to normal.

To properly measure the effect of 1930 conditions on sales of that year, it is necessary to make comparison with 1929 of sales for all companies included in this 1930 report, although a considerable number of these companies, now owned, were not owned and operated by this company in 1929. Such a comparison indicates a quantity sales loss for 1930 as compared with 1929 of sufficient volume (without taking into consideration the loss of normal sales increase) which, if enjoyed, would at the 1930 ratio of net to gross have sufficiently increased Net Income to bring about a net earnings per share on all of the 4,233,395 shares outstanding December 31, 1930, at least equivalent to the net earnings of \$5.50 per share on the 3,706,724 shares outstanding December 31, 1929.

The foregoing seems to definitely establish the fact that the smaller earnings per share are attributable to uncontrollable contraction of sales. This being so, and having in mind the many other unfavourable factors in the 1930 situation, we seem to have proof that matters susceptible of control were administered in a manner to minimise the ill effect of those beyond control and that, as previously stated, marked progress was made in the development of greater efficiency and co-ordination of operations.

Net Working Capital.

Net Working Capital amounted on December 31, 1930, to \$42,231,939.98 as compared with \$35,265,102.48 on December 31, 1929. Current Assets at December 31, 1930, amounted to \$2.82 for each \$1.00 of Current Liabilities, which compares with \$2.22 for each \$1.00 of Current Liabilities at December 31, 1929.

Cash on hand December 31, 1930, of \$9,820,421.50 compares with \$8,750,764.31 on hand at the close of the previous year.

Marketable Securities on hand December 31, 1930, of \$12,435,435.78 compares with \$11,354,864.09 on hand at the close of the previous year. The market value of these securities exceeds their book value.

Inventories on hand December 31, 1930, of \$25,363,285.24 compares with \$26,442,624.03 on hand at the close of the previous year. These 1930 figures, while comprehending for the first time the inventories of 1930 acquisitions, are for the most part, and as affecting major items, of smaller physical volume than at the close of 1929. All Inventories were valued at the lower of cost or market. The general inventory position at the beginning of the current year is a good one and better than at the corresponding period a year ago.

Notes Payable of \$4,800,000.00 on December 31, 1930, compares with \$8,548,600.00 of Notes Payable on December 31, 1929, a reduction of \$3,748,600.00.

All Bond, Note and/or Preferred Stock issues of companies acquired during the year were paid off, thereby leaving the Common Stock of The Borden Company without any outstanding securities senior thereto.

Collections have not been as good as usual, but under prevailing conditions most satisfactory. Credit losses, while somewhat in excess of normal, have been more than covered by adequate Reserves created by charges to current operations. Receivables, while naturally showing an increase due to a greater number of companies, are in excellent condition.

Mortgages and Purchase-Money Notes.

Mortgages and Purchase-Money Notes of \$380,582.00 at December 31, 1930, as compared with \$611,157.00 at December 31, 1929, is made up entirely of obligations assumed in connection with businesses acquired and represents the balance of such items after anticipations. These obligations will be paid off on their respective due dates.

It having always been the policy of the Company to carry a mortgage on the Office Building at 350 Madison Avenue, New York City (a non-operating property owned by its subsidiary, the Borden Realty Corporation), thereby reducing its own equity therein, your Board of Directors deemed it wise and consistent to increase the mortgage to a total amount more in keeping with the real value of the property, thus releasing funds for general business purposes. This accounts for the increase of \$1,300,000.00 in the item of "Mortgage—Madison Ave. Office Building Property," which item has in previous reports been treated as a deduction from the asset item of "Property, Plant and Equipment."

Property, Plant and Equipment.

This item stands net after adequate depreciation provision, at \$114,355,389.39 on December 31, 1930, as compared with \$103,132,210.79 on December 31, 1929.

The greater portion of the net increase in this item is due to new acquisitions, although the extension and improvement expenditures on already owned plants, together with new construction and equipment, were very large.

The Company at all times maintains its properties in excellent physical condition and constantly studies their needs, both as to capacity and efficiency.

All property expenditures are controlled by a conservative policy of accounting.

The Budget of Capital Expenditures for 1931, comprehending Extension, Improvements and Replacements, as approved by the Board of Directors, is about 12 per cent. greater than the same class of expenditures for the same companies during 1930.

Expansion.

The acquisitions constituting separate operating units actually made or contracted for since last reporting to our Stockholders on this subject under date of September 12, 1930, are few. These, together with others pending, will be included in the next communication on this subject.

As before stated, our 1930 acquisitions have accomplished further desired diversification and all have had stabilising effect.

Borden Company Stock has been the consideration in practically all transactions, except for the cash involved in the retirement of outstanding Bond, Note and/or Preferred Stock issues and some few comparatively small acquisitions.

Effective January 1, 1931, our Cheese operations became a part of Borden's Produce Company, Inc., into which Company's activities such operations more logically fit.

Borden's Ltd.

Expansion in the Dominion of Canada during the last two years, and more particularly the last year, has been very great.

Twenty years' Canadian experience, coupled with our faith in the future of the Dominion, actuated us in undertaking this development programme.

We enjoy large sales throughout Canada and are now conducting operations at 49 Canadian points, including mostly all of the larger cities of the Dominion.

A very considerable number of our shares (between 300,000 and 400,000) are owned by several thousand Canadian citizens, and our Canadian activities are managed and conducted by Canadians.

All of this, together with our desire to be more positively identified with a part of Canada, has led to the organisation of Borden's Ltd., a Dominion Corporation having its legal residence in Toronto, Ont. Borden's Ltd., owns all of the Capital Stock of all Canadian operating companies.

A dominating majority of its Board of Directors is made up of distinguished Canadians, representatives of all that is best in the business, financial and professional life of the Dominion.

Co-ordination.

Our co-ordination work has steadily progressed throughout the year. The major sub-holding companies reported on particularly a year ago have already proven their value. The formation of Borden's Ltd., referred to above will, undoubtedly, result in further advantages. The studies of the various Co-ordination Bureaux point to greater possibilities by way of further improvement of operating efficiency, much of which we hope to accomplish this year.

The importance of this work is so fully realised and its value so clearly demonstrated that it is receiving constant official consideration.

Trade-Marks, Patents and Good-Will.

Although it is true that the trade-marks and good-will of our 1930 acquisitions are most valuable, and if capitalised would be a very sizable item, this figure remains unchanged at the close of 1930 at \$7,000,000.00. This is brought about by the fact that while in some cases, after adjustment of asset values, the net tangible assets were less than the cost of the businesses acquired, this difference was offset by other acquisitions having net tangibles in excess of their cost.

Capital Stock.

Of the Authorised Capital Stock of 8,000,000 shares of \$25.00 par value each and an aggregate par value of \$200,000,000.00, there was outstanding on December 31, 1930, \$105,834,875.00, represented by 4,233,395 shares, as compared with \$92,668,100.00 represented by 3,706,724 shares on December 31, 1929.

Of the increase in outstanding Capital Stock of the Company for the year amounting to \$13,166,775.00 and 526,671 shares, 111,201 shares were issued in payment of the 3 per cent. stock dividend of January 15, 1930, and 415,470 shares were issued in payment for businesses acquired.

As in 1929, no additional stock was offered to Stockholders for subscription during the year 1930.

The stock outstanding December 31, 1930, was held by 24,383 Stockholders with an average holding of 174 shares, as compared with 17,167 Stockholders with an average holding of 215 shares on December 31, 1929. Employees held on December 31, 1930, an aggregate of 964,166 shares.

The steadily increasing number of Stockholders is very gratifying to the Directors and Officers.

The Organisation.

Too much credit cannot be given the organisation. Their tasks have been approached intelligently and vigorously. Team work, bringing about the application of collective talent and strength, has accomplished much. All of this is gratefully acknowledged.

Respectfully submitted,

ARTHUR W. MILBURN,

President.

Consolidated Balance Sheet, December 31, 1930.

ASSETS.	
PROPERTY, PLANT AND EQUIPMENT:	
Including Madison Avenue and Hudson Street Office Building	
Properties (Values are based on cost or on field surveys by	
Company's engineers, supplemented where necessary by	
independent appraisals, with subsequent additions at cost)	\$171,946,789.66
LESS: Reserves for Depreciation	57,591,400.27
NET PROPERTY, PLANT AND EQUIPMENT	\$114,355,389.39
CURRENT ASSETS:	
Cash	\$9,820,421.50
Receivables—Less Reserve for Doubtful	
Accounts	17,857,429.89
Marketable Securities (at Market or Less)	12,435,435.78
Finished Goods (at the Lower of Cost or	
Market)	17,922,452.37
Raw Materials and Supplies (at the Lower	
of Cost or Market)	7,440,832.87
PREPAID ITEMS AND MISCELLANEOUS ASSETS	65,476,572.41
TRADE MARKS, PATENTS AND GOOD-WILL	1,111,791.11
	7,000,000.00
TOTAL	\$188,043,752.91
LIABILITIES.	
MORTGAGES AND PURCHASE-MONEY NOTES ASSUMED	
MORTGAGE—MADISON AVE. OFFICE BUILDING PROPERTY	\$380,582.00
CURRENT LIABILITIES:	
Notes Payable	\$4,800,000.00
Accounts Payable	12,022,771.09
Accrued Accounts	2,432,566.50
Income Taxes (Estimated)	3,989,294.84
Other Items	23,244,632.43
DEFERRED CREDITS	475,339.00
TOTAL	\$26,800,553.43
CAPITAL STOCK—THE BORDEN COMPANY:	
Common (\$25. par) Issued 4,254,233 shares	
Less Treasury Stock	20,838 "
Outstanding	*4,233,395 "
RESERVES:	
Insurance, Contingencies, &c.	12,330,450.71
SURPLUS	43,077,873.77
TOTAL CAPITAL STOCK, RESERVES AND SURPLUS	\$161,243,199.48
TOTAL	\$188,043,752.91
* On January 15, 1931, an additional 127,001 shares were issued as a stock dividend of 3 per cent. to stockholders of record December 30, 1930.	

Statement of Consolidated Income and Profit and Loss for the Year Ended December 31, 1930.

GROSS SALES	\$345,422,778.69
NET OPERATING PROFIT:	
(After deducting all operating charges, which include provision	
for depreciation in the amount of \$9,929,480.78, insurance	
and property taxes)	\$23,299,509.96
OTHER INCOME (Less charges for interest)	819,258.95
GROSS INCOME	\$24,118,768.91
OTHER DEDUCTIONS—Income Taxes (Estimated)	2,437,555.36
NET INCOME	\$21,681,213.55
SURPLUS, January 1, 1930	39,206,639.57
GROSS SURPLUS	\$60,887,853.22
SURPLUS CHARGES:	
Dividends—Paid during the year:	
In Cash	\$12,079,138.50
In Stock	
(111,201 shares \$25 par)	\$2,780,025.00
Loss on Property and Securities Sold (based on	
cost)	731,385.50
Adjustment of Value of Assets Acquired in	
Prior Period	617,290.41
Appropriations to Reserves:	
Provision for profit sharing for 1930 (Included	
with Current Liabilities in the accompany-	
ing Balance Sheet)	1,163,718.37
Other Reserves	438,421.67
	17,809,979.45
SURPLUS, December 31, 1930	\$43,077,873.77

HASKINS & SELLS

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN THE PRINCIPAL CITIES OF

THE UNITED STATES OF AMERICA

AND IN

LONDON, PARIS, BERLIN, SHANGHAI, MANILA,

MONTREAL, HAVANA, MEXICO CITY

CABLE ADDRESS "HASKSELLS"

NEW YORK CENTRAL BUILDING

75 EAST 45TH STREET

NEW YORK

CERTIFICATE OF AUDIT.

The Borden Company:

We have audited your accounts and those of your subsidiary companies for the year ended December 31, 1930, or, as to companies whose businesses were completely acquired during the year, for the periods from the effective dates of acquisition to December 31, 1930.

We have verified the accounts representing cash and securities either by examination of such assets or by obtaining certifications of depositaries.

The charges to property accounts have been controlled by a conservative policy. In our opinion, adequate reserves have been provided for depreciation of property and for possible losses, and full provision has been made for all known liabilities.

The inventories of finished goods and raw materials and supplies represent balances shown by inventory records which are adjusted from time to time to agree with physical inventories. The inventory records were examined by us and appear to be correct. All inventory valuations are based upon cost or market, whichever was lower.

WE HEREBY CERTIFY that in our opinion the accompanying Consolidated Balance Sheet and Statement of Consolidated Income and Profit and Loss correctly set forth, respectively, the financial condition of the companies at December 31, 1930, and the results of their operations for the year (or lesser periods) ended that date.

New York, February 19, 1931.

HASKINS & SELLS.

(Continued from page 536.)

accepted at the meeting for the approval of their Governments. Meanwhile stocks, which have been cleared from the producing countries before the scheme became effective, resulted in an increase in visible supplies, which had the effect of slightly depressing prices. Quotations, which rose to \$123-\$123.59 per ton for standard cash on Monday subsequently reacted to \$121 7s. 6d.-\$121 10s. on Wednesday, which is the price at which the metal changed hands on the corresponding day last week. Visible supplies, including "float" and "carry-over in Straits," amounted to 52,992 tons at the end of February, which shows an increase of 3,692 tons as compared with those of the preceding month.

COPPER.—A slight improvement in the American industrial outlook prompted producers to raise their prices for electrolytic by $\frac{1}{2}$ cent per lb., to 10 $\frac{1}{2}$ cents. This move was immediately followed by Copper Exporters, Inc., who on Monday increased their selling limit for electrolytic from 10-55 cents to 10-80 cents, c.i.f. Continent. In London, however, buying interest subsided and the subsequent reaction in quotations failed to improve the demand. Wednesday's price of standard copper, at £46 7s. 6d. to £46 8s. 9d. per ton, compares with £47 7s. 6d. to £47 10s. on the corresponding day last week. According to the Statistical Department of the Metallgesellschaft at Frankfurt, the world's smelted production for January at 117,632 metric tons, shows a decline of 5,600 tons as compared with December, which is mainly due to a further curtailment of output in the United States.

LEAD.—Last week's improvement in the demand for lead has not been maintained, and prices declined considerably at the beginning of the week. The scarcity of sellers led to a slight recovery on Wednesday, when "soft foreign" changed hands at £14 3s. 9d. to £14 6s. 3d. per ton, as compared with £14 7s. 6d. to £14 10s. on the same day of last week.

SPELTER.—The cessation of speculative buying brought about a slight reaction in quotations, and Wednesday's price for G.O.B. at £12 17s. 6d. to £13 8s. 9d. compares with £13 2s. 6d. to £13 8s. 9d.

OTHER NON-FERROUS METALS.—Among non-ferrous metals, aluminium remained unchanged at \$85 per ton, while nickel sold at last week's price of \$170 to \$175 per ton. Antimony was slightly firmer, being quoted at \$25 to \$25 10s. per ton for "foreign" on Wednesday, as compared with \$24 10s. to \$25 10s. on the corresponding day last week. Quicksilver was quiet and changed hands at £22 7s. 6d. per bottle, which was the price prevailing last week.

TEXTILES.

THE COTTON TRADE.—Liverpool, March 4th.—Spot sales for the week February 26th to March 4th (inclusive) are 35,000 bales, of which 17,600 are American, 1,450 Brazil, 300 Argentine, 8,750 Peru, 3,350 Egyptian, 1,400 African, 1,000 East Indian, and 950 sundries. Imports for the same period are 93,576 bales, of which 5,090 bales are American, 881 Peruvian, 10,984 Egyptian, 457 African, 17,208 East Indian, and 58,956 sundries, of which 58,734 bales are Russian. Quotations to-day are: American Middling, 6-15; Egyptian Sakel, 10-10; Egyptian Uppers, 7-51; Brazil Fair, 6-30; Peru G.F. Smooth, 6-60; West African Mid., 6-15; East African G.F., 7-20.

Manchester, March 4th.—An uncertain feeling has prevailed in the market during the past week. Rather wider fluctuations have occurred in raw material rates. Various rumours have been circulated with regard to developments in the India situation, and official news has been awaited with much interest. The general inquiry in piece goods for India continues more active, but most of the offers have been on a low basis. Some manufacturers, however, continue to sell rather more freely for Calcutta, Karachi and Madras. Reports are being received of better clearances in the bazaars, and if the boycott is definitely lifted a distinct improvement is expected. A few more bids have been mentioned for China in white shirtings and fancies, but not much has been done. Staple makes have attracted some attention for Egypt and the Near East, and a little more activity has shown itself in printed and dyed goods for South America and the Continent. Home trade operations have been more encouraging. Quotations in American and Egyptian yarns continue firmer. Many spinners have recently sold rather more than the output, and there is a little less pressure to sell, but it is still exceedingly difficult to improve prices.

Cotton Prices.

	1931.				Corresponding Date.	
	Feb. 11.	Feb. 18.	Feb. 25.	Mar. 4.	1929.	1930.
Raw Cotton—Mid. American	d. 5-91	d. 6-05	d. 6-29	d. 6-15	d. 11-01	d. 8-28
" Sakelardis Fully Good Fair	9-45	9-60	10-35	10-10	18-55	13-75
Yarns—32's twist	94	94	94	94	16	124
" 40's twist	10	10	10	10	16	13
" 60's twist (Egyptian)	17	17	17	17	26	21
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d. 18 6	s. d. 18 7	s. d. 18 9	s. d. 18 7	s. d. 25 10	s. d. 22 3
36-in. Shirtings, 75 yds., 19 by 19, 32's and	20 6	20 9	20 10	20 0	28 14	25 0
40's	11 6	11 11	11 8	11 7	15 11	13 9
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 5	10 6	10 7	10 6	13 10	12 4

THE WOOL TRADE.—Our Bradford correspondent writes:—A very marked impression has been made in Bradford by the movement of values in Australia and New Zealand. The cost of merino wool in Melbourne and Sydney is distinctly more than can

be realised in this centre for tops, but this cannot be interpreted as indicating any coming reaction. Among importers and top-makers there is a strong belief that the position of wool is sound, and this opinion is not confined to Yorkshire. Foreign buyers are demonstrating their confidence by operating freely, and it is expected that when the second series of London sales commence next Tuesday, values will be about 10 per cent. higher than in January. The quantity announced as being available is 171,500 bales, which is 9,500 bales more than for the corresponding series a year ago. The knowledge that there is a further quantity in the background is not at all likely to operate adversely upon values. It is stated on good authority that the quantity of merino wool turned out of the Australian clip this season by outside buyers is not formidable, and though the bulk of the New Zealand clip is still to lift, values are not likely to suffer. The extensive purchases for Japan this week at Christchurch indicate how unsuspected buying power may develop, and though there will not be any Japanese competition for the 56,800 bales of New Zealand to be offered in London, there is every probability of a very good demand being forthcoming from the home trade and the Continent. Generally speaking, there is an improvement in spinning and manufacturing conditions. Topmakers have been able to sell steadily to botany spinners during the interval, and without getting on to a level with wool, prices have improved considerably. The consumption of fine tops is proceeding at a very encouraging pace, combing machinery being kept busy turning out this description. Wholesale and retail piece-goods houses have recognised the inadvisability of standing out of the market, and, following the placing of substantial orders for piece goods, machinery activity has increased. Crossbred spinners have so far benefited very little indeed, these still needing an improvement in hosiery and export requirements.

THE HEMP TRADE.—The market in hemp opened inactive at the beginning of the week. Subsequently an improvement in demand became noticeable, which was at once met with reserve on the part of sellers, thus driving up values to some extent. Manila J2, March-May, was quoted at £18 5s. on Wednesday, which shows a rise of 15s. on the week. Last week's receipts of "manila" amounted to 26,000 bales, against 33,000 last year. This week's receipts have been estimated at 26,000 bales and at 28,000 for next week.

THE JUTE TRADE.—Dundee: March 4th.—The jute trade continues very quiet and business in all sections is of small volume. The market has not been helped this week by the announcement that the stocks of hessian cloth in Calcutta have increased during the past month by four days' production to 34 days' and stocks of heavy goods by two days' production to 11 days'. The most remarkable feature about this is that stocks have risen, despite a considerable advance in prices during the period. There is every likelihood, however, that the figures of stocks in Calcutta will show

a decrease in future, now that the Indian jute mills have commenced to work under their latest agreement, which provides for 40 hours per week and 24 per cent. of hessian looms sealed up, compared with 54 hours per week for three weeks each month during the past eight months. Evidently consumers are not yet in a position to order large quantities of jute goods and a hand-to-mouth business is still in vogue. Production is still very considerably curtailed in Dundee and on the Continent, and there are no signs of any improvement. The large orders desired by spinners and manufacturers are not forthcoming, and the output is being sold only from week to week. Little news has yet come forward regarding the next crop of jute, beyond the fact that conditions of weather have been favourable for ploughing and sowing, which is proceeding. Sellers of the fibre are rather reserved and show no sign of weakness. Good First Marks are offered at from £18 to £18 10s., and best Lightnings from £16 to £16 10s., while Daisee assortment is quoted at from £14 17s. 6d. for full group to £15 10s. for good single marks; threes at £14 12s. 6d.; and fours at £13 5s., March-April. Tossa 2/3 came back from £16 10s. to £16 5s., and threes quoted at £15 15s., and fours at £14 5s., same shipment. Last week spinners were interested, and bought some fair quantities, but this week there is no further desire to purchase. Jute yarns are quiet and prices are all more or less nominal. While hessian qualities continue at 1s. 11d. for common 8-lb. cops and 2s. for 8-lb. spools as the quoted rates, buyers will not pay more than 1s. 10d. and 1s. 11d. respectively. Twist is quiet at 3½d. to 3¾d. for 3-ply 8-lb., and sacking yarns are bought only in small quantities at from 2½d. for 24-lb. weight and from 3¾d. for 8-lb. chains. Rove is easier at £20 done for 48-lb. and £16 10s. for 200-lb., while the finer yarns are neglected. Jute cloth prices are quotable steady, but it requires actual business to test them. They range from 2½d. for 10½-oz. 40-in. and 1¾d. for 8-oz. Linoleum hessians are dull and inactive, and business is slow in heavy goods, which may result in one or two establishments being closed down.

THE GRAIN MARKETS.

Improved climatic conditions of late over the United Kingdom enabled farmers to resume preparations for spring sowings. In some districts field work has fallen in arrears owing to recent heavy rains, but will soon be made good under a spell of drier weather. Winter wheat is still backward on heavy soils, but otherwise little complaint arises regarding growth and condition for the time of year. Supplies of native wheat at the principal statute markets were in small compass, and best grades sold readily for poultry feed, also milling purposes, but inferior samples were difficult to vend. A quiet and featureless market resulted for imported descriptions, and prices tended in a downward direction following American Farm Board offerings, and reports that part of surplus holdings will be liquidated in the near future. Confirmation of sales already made on Continental account is furnished by orders quoting for freight space from the American Gulf ports for March, April and May loadings, and although there is yet no indication of the stabilisation plan being withdrawn, it is quite possible that United States growers may have to market the new winter crop through usual trade channels. These developments have not been without effect on Canadian sellers, increased selling pressure from the Dominion being prominent of late, with offers generally on a more reasonable basis. Southern Hemisphere countries, however, are meeting the competition, and attractive offers from Australia and Argentina are securing the bulk of what business is available. Shipments are adequate for estimated requirements, but not unduly heavy, a considerable proportion being for non-European destinations, but a much larger movement is anticipated in the near future when Argentine loadings can be actively resumed. Russian clearances are falling off, probably due to the interruption of transport from the interior usual at this period of the year, but a resumption of shipments is anticipated in the spring. Prices were as follows: No. 1 hard Manitoba, ex ship 27s. 9d.-28s. 6d.; No. 1 Northern Manitoba, ex ship 27s. 3d.-27s. 6d.; No. 2 ditto 26s. 3d.-27s. 3d.; No. 3 25s. 3d.; No. 4 Manitoba 24s. 3d.; Barusso, 63 lbs., 22s. 6d.; Rosafe, 63 lbs., 22s. 3d.; Australian, 22s. 6d.-24s. 6d.; Russian on sample, landed, 21s.-24s. 6d.; ex ship, 21s.-25s. per 496 lbs.; English, 4s. 6d.-5s. 6d. per 112 lbs.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Mar. 5, 1930.	Jan. 2, 1931.	Feb. 18, 1931.	Feb. 25, 1931.	Mar. 4, 1931.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	111	56½	63	62½	59½
Chicago (No. 2 Winter) — Cents per 60 lb.	130½	106½	79½	79½	79½	79½

The visible supply of wheat in Canada at 63,480,000 bushels, shows an increase on the week of 821,000 bushels. Supplies a year ago stood at 74,412,000 bushels.

WHEAT FLOUR.—Business in both home milled and imported flour was on quieter lines and trend of prices in buyers' favour, bakers adopting reserved measures in view of the uncertain wheat position. Quotations: London straight run, 24s. per sack for country deliveries and 23s. London area. Of imported, Manitoba patents, 21s. 6d.-25s. 6d.; Buffalo ditto, 22s.-26s.; Australian, 19s.-19s. 6d. ex store, per 280 lbs.

BARLEY.—The market in barley has been firm. Quotations: Californian old, landed, 30s.-35s.; new ex ship, 30s.-41s. as to sample; Chilean, brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs. Black Sea, landed, 16s. 3d.; ex ship, 15s. 3d.; Persian, ex ship, 13s. 3d. per

(Continued on p. 542)

THE BALTIMORE & OHIO RAILROAD COMPANY

OFFICE OF THE PRESIDENT.

Baltimore, Md., February 28, 1931.

To the Stockholders of

THE BALTIMORE AND OHIO RAILROAD COMPANY:

The President and Directors submit herewith a preliminary condensed income statement, compared with the preceding year, together with balance sheet, as of December 31, 1930, and certain other general information which it is thought will be of interest.

The Annual Report in the customary form will be prepared and forwarded later to those stockholders who have advised or may advise the Secretary of the Company of their desire to receive a copy.

The net income for the year available for dividends and other corporate purposes, after the payment of interest, rentals, taxes and other fixed charges, was \$21,423,770. This is a decrease of \$7,344,138, compared with 1929.

After paying the 4 per cent. dividend on the Preferred Stock, there remained \$19,069,242 equal to \$7.44 per share on the amount of common stock outstanding during the year. Quarterly dividends at the annual rate of 7 per cent. were declared on the common stock, and amounted to \$17,940,687.

Leaving a surplus from the operations for the year of \$1,128,555.

The total accumulated surplus of your Company on December 31, 1930, was \$109,861,329, a decrease, compared with December 31, 1929, of \$4,607,457, due principally to the charge to this account of the discount and commission on \$63,031,000, Thirty-year 4½ per cent. Convertible Gold Bonds, which were sold on March 11, 1930, through an offering to the holders of the stock of the Company, and to other adjustments.

During the year there was an increase in investment in road and real estate, &c., of \$14,571,408. New equipment was acquired at a cost of \$11,359,733 and old equipment retired in the amount of \$1,700,454.

Resulting in a net increase in Investment in Equipment of \$9,659,279.

Total increased investment in property used in transportation service... \$24,230,687.

The following additional equipment was purchased: five all-steel dining cars, seven all-steel cafe and parlour cars, fifty all-steel coaches, 1,625 all-steel box cars, 300 all-steel hopper cars, 1,300 all-steel gondola cars, and twenty-seven pieces of marine equipment.

Nine passenger-train cars, 1,485 freight-train cars, 176 pieces of work equipment, one piece of floating equipment, and fourteen pieces of miscellaneous equipment, no longer suitable for modern and efficient service, were retired during the year.

Following the policy of your Company to provide greater comfort for its passengers, ten new coaches, with reclining individual seats were put in service during the year, and four additional are under construction. These coaches are an innovation, and have been designed especially for overnight travellers who do not wish to avail themselves of Pullman sleeping-car accommodations, and are so constructed that they afford the greatest possible comfort to patrons. A unique feature is a lunch counter compartment at the end of the car, where light lunches and soft drinks are served at moderate prices under the most sanitary conditions. No extra charge above the regular railroad fare is made for the additional convenience afforded by these cars.

The world-wide economic depression, which began in the latter part of 1929, is reflected in the reduced earnings of business in general, and as the prosperity of the railroads is closely co-related to that of industry, the effect on the operating revenues of the railroads has been severe. The decline in volume of traffic available during the year 1930, as compared with 1929, coupled with increased competition with other forms of transportation, such as the motor buses and trucks and inland waterways, has resulted in decreased revenues, as follows:—

Freight revenue	\$31,783,065
Passenger revenue	3,571,005
Mail revenue	3,324,635
Express revenue	1,245,043
All other revenue	834,532

Total Decrease \$38,758,340

The decrease in Mail Revenue was not because of any diminution in mail handled, but owing to the inclusion in the revenues of 1929 of \$1,331,824, representing additional compensation due by the Government for the period from May 9, 1925, to July 31, 1928, and paid in July, 1929.

Operating expenses were very substantially reduced, but not beyond the point consistent with efficient and safe operation. As shown in the Income Account, the operating revenues decreased 15.79 per cent., while operating expenses were reduced 15.19 per cent.

Notwithstanding the curtailment in maintenance expenses, the property was adequately maintained to meet requirements, and is in good physical condition. Because of the liberal maintenance programme of preceding years, an even greater curtailment might have been realised had it not been the desire to sustain employment so far as practicable under existing conditions.

The ratio of operating expenses to operating revenues in 1930 was 74.10 per cent., as compared with 73.58 per cent. in 1929, which, under the conditions prevailing during 1930, reflects a sound performance. While the revenue ton miles decreased 3,459,787,082, or 15.75 per cent., the tons per train mile were actually increased 20.35 tons, or 2.33 per cent. The average revenue train-load at 892.27 tons established a new record and is reflected in the transportation ratio, which was 35.08 per cent.

In its complete plan for the consolidation of railroads into a limited number of systems issued under date of December 9, 1929, the Interstate Commerce Commission allocated the Chicago and Alton Railroad to the Baltimore and Ohio System. A favourable opportunity offering, your Company acquired all of the \$16,834,000 General Mortgage 20-Year 6 per cent. Gold Bonds, due 1932, and more than 96.50 per cent. of the \$22,000,000 First Lien 50-Year 3½ per cent. Gold Bonds, due 1950, of the Chicago and Alton Railroad at a cost of approximately \$23,000,000. This has placed your Company in a potential position to acquire this property subject to underlying funded indebtedness and claims aggregating about \$50,000,000. This purchase, which is still subject to the approval of the Interstate Commerce Commission, would add something over 1,000 miles to the Baltimore and Ohio System, including lines to Chicago, St. Louis, Peoria and Kansas City, thereby greatly strengthening the System in the West.

During the year the Company concluded the purchase of about 98 per cent. of the stock of the Buffalo, Rochester & Pittsburgh Railway Company, and about 99 per cent. of the stock of the Buffalo and Susquehanna Railroad Corporation. The Company has also enlarged its investment in the Reading Company, so that at December 31st it held about 40 per cent. of the stock of that Company.

These acquisitions are reflected in the Balance Sheet item—"Investment in Other Companies."

The co-operation of the stockholders is earnestly solicited, to the end that your Company may secure as great a volume of traffic as possible especially under prevailing conditions. Your interest and assistance in the past have been very helpful, and a continuance of this effort to even a greater degree is hoped for during the present year.

DANIEL WILLARD, President.

INCOME ACCOUNT.

	1930.	1929.	Inc. or Dec.	
			Amount.	%
Revenue from freight transportation	173,706,337	205,489,402	\$31,783,065	*15.47
Revenue from passenger transportation	18,567,622	22,138,627	\$3,571,005	*16.13
Revenue from mail, express and other transportation service	14,386,477	17,790,747	\$3,404,270	*19.14
Total Railway Operating Revenues	206,660,436	245,418,776	\$38,758,340	*15.79
Maintenance of Way and Structures	22,442,383	29,418,140	\$6,975,757	*23.71
Maintenance of Equipment	41,693,161	51,765,468	\$10,072,307	*19.46
Traffic	6,269,933	5,948,432	321,501	*5.40
Transportation	72,500,106	82,958,813	\$10,458,707	*12.61
General	8,145,895	8,250,057	\$104,162	*1.26
Miscellaneous	2,050,897	2,229,124	\$138,227	*6.20
Total Railway Operating Expenses	153,142,375	180,570,034	\$27,427,659	*15.19
Transportation Ratio	35.08%	33.80%	...	...
Total Operating Ratio	74.10%	73.58%	...	...
Net Revenue from Railway Operations	53,518,061	64,848,742	\$11,330,681	*17.47
Taxes	10,326,670	11,965,798	\$1,639,128	*13.70
Equipment, Joint Facility Rents, &c.	2,942,778	3,698,834	\$756,056	*20.44
Total Charges to Net Revenue	13,269,448	15,664,632	\$2,395,184	*15.29
Net Railway Operating Income, as defined in Transportation Act of 1920	40,248,613	49,184,110	\$8,935,497	*18.17
Other Income—Rents, Dividends on Stock and Interest on Bonds owned	11,243,924	8,427,835	\$2,816,089	*33.41
Total Income from all sources	51,492,537	57,611,945	\$6,119,408	*10.62
Deductions for Interest and Rentals	29,155,865	28,024,557	\$1,131,308	*4.04
All Other Charges against Income	912,902	819,480	93,422	*11.40
Total Deductions from Income	30,068,767	28,844,037	\$1,224,730	*4.25
Balance of Income available for Dividends and other Corporate purposes	21,423,770	28,767,908	\$7,344,138	*25.53
Dividends declared:—				
Preferred Stock—4 per cent.	2,354,528	2,354,528	...	...
Common Stock—(7 per cent. for year 1930; 6 per cent. to June 30, and 7 per cent. to December 31, 1929)	17,940,687	15,367,783	\$2,572,904	*16.74
Total Dividends	20,295,215	17,722,311	\$2,572,904	*14.52
Leaving a Surplus, after all charges and dividends declared, of	1,128,555	11,045,597	\$9,917,042	*89.78

* Decrease.

STATISTICS.

	1930.	1929.	Inc. or Dec.	
			Amount.	%
Revenue Passengers Carried	7,143,358	9,038,071	\$1,894,713	*20.96
Revenue Passenger Miles	625,376,546	728,566,197	\$103,209,651	*14.17
Average Miles per Passenger	87.55	80.61	6.94	*8.61
Average Rate per Passenger Mile (cents)	2.969	3.039	0.070	*2.30
Tons of Revenue Freight Handled	91,907,620	108,602,048	\$16,694,428	*15.37
Revenue Ton Miles	17,198,081,979	20,657,869,061	\$3,459,787,082	*16.75
Average Miles per Ton	187.12	190.22	3.10	*1.63
Average Rate per Ton Mile (mills)	10.10	9.95	0.15	*1.51
Revenue Tons per Train Mile	892.27	871.92	20.35	*2.33
Freight Train Miles per Train Hour	11.87	11.47	0.40	*3.49

* Decrease.

CONDENSED BALANCE SHEET—DECEMBER 31, 1930.

ASSETS.		
Investment in Property used in Transportation Service		\$918,512,308
Road	\$649,281,280	
Equipment	269,231,028	
Investment in Separately Operated Companies, including Miscellaneous		\$4,646,539
Physical Property	620,104	
Investment in Sinking Funds and Deposits account Property Sold		111,382,474
Investment in Other Companies		
Total Investments		\$1,125,161,425
Current Assets:		\$1,475,883
Cash	\$18,512,871	
Other	32,965,012	
Deferred Assets		\$5,495,827
Total		\$1,182,133,135
LIABILITIES.		
Capital Stock Outstanding		\$15,158,596
Preferred	\$58,863,162	
Common	256,295,434	
Premium on Capital Stock		\$3,555,721
Long Term Debt		607,623,996
Mortgage Debt	\$539,619,546	
Equipment Obligations	64,296,500	
Capitalised Leascholds	3,707,950	
Current Liabilities—Traffic and Car Service Balances, Accounts and Wages Payable, Interest and Dividends Matured and Unpaid, Unmatured Dividends Declared, and Other Current Liabilities		\$0,154,212
Liability for Provident Funds and Other Deferred Items		9,834,074
Accrued Depreciation—Equipment		75,317,566
Reserve for Taxes, Insurance, etc.		10,827,641
Surplus		109,861,329
Total		\$1,182,133,135
ROAD OPERATED AND EQUIPMENT.		
Total Miles of Road Operated		5,653
Total Miles of All Track Operated		11,158
Locomotives	Steam	2,349
	Electric	13
	Other	2
Passenger Train Cars		2,364
Freight Train Cars		1,746
Tugs, Barges and Other Boats		103,170
Work Equipment		204
		5,634

THE BALTIMORE AND OHIO RAILROAD COMPANY, European Traffic Manager, Thomas W. Jacobs, 23-25 Billiter Street, London, E.C.3.

THE TRADES DISPUTE FIASCO.

SOUTHERN RAILWAY.

THE TILLING BONUS.

HYDRO-ELECTRICS.

THE TIN QUOTA SCHEME.

RUBBER RESTRICTIONS.

PRUDENTIAL ASSURANCE: THE ACCOUNTS ANALYSED.

SEE

The

Investors' Chronicle
and
Money Market Review

THIS WEEK.

The *Investors' Chronicle* may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

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(Continued from p. 540.)

400 lbs. English malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—Oats displayed a firm tendency. Quotations: Plate, landed, 11s. 3d.; ex ship, 10s. 3d.; Chilean, tawny, landed, 13s.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.; North Russian, landed, 13s. 3d.; South Russian, landed, 13s. 6d.; ex ship, 12s. 9d. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Feb. 28	Cwts. 112,413	Cwts. 212,459	Cwts. 312,567	Cwts. 252,969
26 weeks to Feb. 28	3,123,399	6,672,420	7,119,697	6,612,717
Average price of English wheat per cwt.	s. d. 5 1	s. d. 8 7	s. d. 9 9	s. d. 9 6

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 21, 1931.....	Cwts. 114,437	Cwts. 155,710	Cwts. 50,899	s. d. 5 1	s. d. 8 3	s. d. 5 9
Feb. 28, 1931.....	112,413	123,657	44,239	5 1	8 1	5 10
Feb. 26, 1927.....	292,000	222,972	89,837	11 10	11 2	8 3
Feb. 25, 1928.....	258,268	196,977	75,728	9 4	10 9	10 3
Mar. 2, 1929.....	312,567	183,167	74,491	9 9	10 4	9 8
Mar. 1, 1930.....	212,459	193,343	48,105	8 7	7 11	6 2

MAIZE.—Of feeding stuffs, maize sold readily in near positions, and the general tone was firm. Quotations: Plate, landed, 18s. 6d.; ex ship, to arrive, 17s. 3d.; March-April, 17s. 3d.; April-May, new crop, 16s. 9d. per 480 lbs. Yellow maize meal, £5 15s. f.o.r. London per ton.

OTHER FOODS.

SUGAR.—Following the legal measures to enforce restriction already taken by Cuba, the approval by the Governor-General of Java of the Chadbourne scheme, covering 80 per cent. of the world's exports, marks a further step towards the realisation of the plan. The prohibition of exports will be dealt with by the People's Council on March 12th and 13th. It appears that so far only 78.2 per cent. of the Java producers have joined the scheme, while 5.1 per cent. have not yet taken a decision. A small section, representing 15.7 per cent., have decided to refuse co-operation. Owing largely to deterioration due to frost, the estimate of Russian production has been reduced to 1,608,000, which, if home requirements are taken into account, leaves an exportable surplus of only about 100,000 tons. The market has been quiet this week, and quotations for refined sugar were maintained at last week's level. The turnover was comparatively small and buyers continued to restrict their purchases to the satisfaction of immediate requirements. Raw futures were easier following realisations. There was, however, a moderate turnover, and Wednesday's sales included May delivery at 6s. 0½d. to 6s. 0¼d., as compared with 6s. 2d. to 6s. 2½d. on the corresponding day last week; August at 6s. 3½d. to 6s. 3¼d., as against 6s. 6d. to 6s. 5½d.; and December at 6s. 7½d. to 6s. 7¼d., as against 6s. 9½d. to 6s. 9¼d.

COFFEE.—The demand for coffee, both on home and export account, has fallen off to some extent during this week, and the tendency of prices at the auctions was definitely easier. Last week's movements of coffee were as follows: Brazilian, landed in London last week, 78 bags; delivered for home consumption, 31 bags; stocks, 2,852 bags against 6,006 last year. Central American, landed, 7,548 packages; delivered for home consumption, 3,106 bags; exported, 2,019 bags; stocks, 89,209 packages against 81,745 a year ago. Other kinds, landed, 10,676 packages; delivered

for home consumption, 3,568; exported, 2,587; stocks, 93,269 packages against 64,093 last year.

COCOA.—The large shipments from the Gold Coast during the past month had a depressing influence on the market, and Wednesday's price of Accra, fair fermented, March-April, to Continent, c.i.f., at 21s. 9d., shows a fall of 9d. on the week. Futures were also easier, and May delivery sold at 23s. 6d. as against 24s. on Wednesday last week. Last week's movements were as follows: Landed in London, 2,409 bags; delivered for home consumption, 10,137; exported, 160, leaving stocks at 180,620 bags against 185,805 bags last year.

TEA.—The proposed scheme for the restriction of the 1931 crop of Ceylon, India and Java tea-producing companies has been abandoned. Only 60 per cent. of the producers were willing to support the scheme, whereas a majority of 75 per cent. was needed to make the scheme effective. The quantities catalogued for this week's auctions comprised 50,997 packages of Indian, 23,718 packages of Ceylon, and 14,442 packages of Java and Sumatra tea. Both Indian and Ceylon teas, particularly those of good quality, found better support this week, and there was a slight advance in prices.

RICE.—The market in rice has again been quiet, but prices remained unchanged, Burma No. 2, cleaned, spot, being again quoted at 11s. 6d. per cwt.

POTATOES.—The Borough market has been well supplied with potatoes this week. Demand was good, and prices advanced from £6-£7 per ton for best King Edward on Wednesday last week to £6 10s.-£7 10s. on the corresponding day this week.

SPICES.—Pepper has been steady, and forward position received considerable support. Movements of pepper in London during the past week were as follows:—Black, landed, 5 tons; delivered, 33; stocks, 464 tons, against 1,020 last year. White, landed, 21 tons; delivered, 40; stocks, 466 tons, against 1,102 last year.

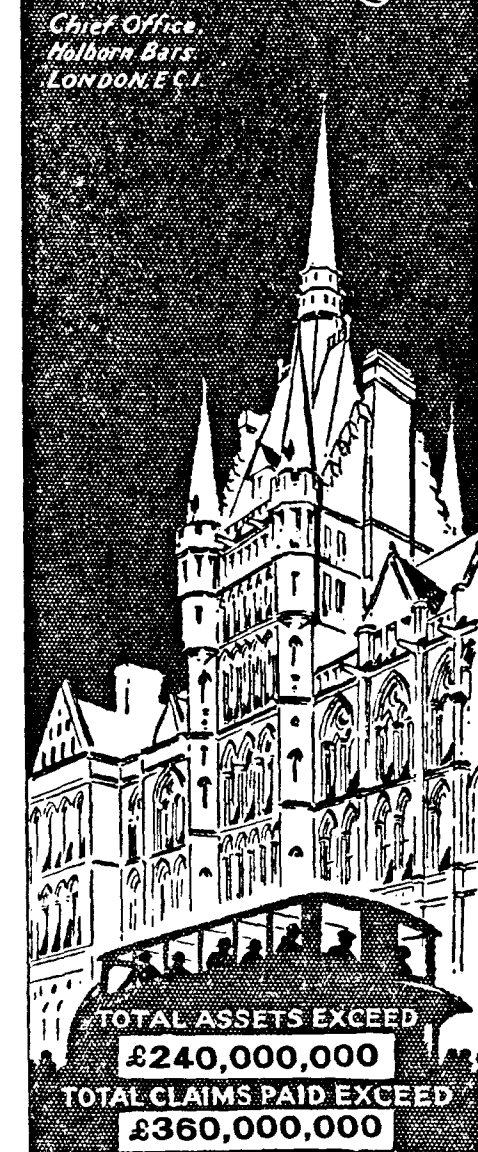
MEAT.—With the exception of foreign beef, the market in meat has been firmer this week. Wednesday's price of 3s. 6d. to 4s., per 8 lbs., for Argentine chilled hindquarters, compares with 3s. 8d. to 4s. 2d. on the corresponding day last week, while English mutton sold at 5s. 8d. to 6s. 8d. per 8 lbs., against 5s. 4d. to 6s. 4d. last week, and English pork realised from 5s. 4d. to 7s. 8d., as compared with 5s. to 7s. 8d. a week ago. According to the Smithfield official report, supplies of meat during last week amounted to 9,085 tons, as compared with 8,846 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.9 per cent. of the supplies, as against 81.9 per cent. a year ago, and imported mutton, mainly New Zealand, formed 77.3 per cent. of the total supply, as against 79.7 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets have experienced a period of activity, and generally a good trade has been done. Linseed is in demand by crushers here and on the Continent, and Plate, March and April shipment to Hull, has been done up to £9 10s., since when a slightly easier tone appeared, current values being around £9 7s. 6d. for seed on spot and afloat and for shipment. The quantity of linseed afloat for Europe continues to increase, and has now set up another record at 321,500 tons, or 31,400 tons more than last week and comparing with 151,900 tons a year ago. Crushers came into the market and bought heavily of cottonseed in near positions to replenish depleted stocks up to £7 2s. 6d. being paid for black Egyptian on passage and March loadings. Forward positions are entirely neglected, and prices have receded to £6 17s. 6d. for March and April loading. Linseed oil has again been irregular, but demand has been fair and prices are now below the highest. Raw oil on spot at Hull is quoted £19 10s., and for delivery, March to August, £19. Cotton oil is firm, crude Egyptian offering at £19 10s. and common edible at £22 10s. Other seed oils are steadier, and a satisfactory feature is the sustained demand for oil cakes, values of which are firm and in cases dearer. Copra has again been firmer this week, Wednesday's price of S.D. Straits, c.i.f., per ton, at £15 12s. 6d., showing an advance of 5s., as compared with the same day last week.

HIDE, LEATHER AND ALLIED TRADES.—No change in prices occurred at the auctions for hides and skins held at Manchester on Tuesday, the reduced quantities available, particularly of non-warbled hides, having the effect of steadying the market. In addition, there is a feeling in some quarters that values have about touched bottom, and that the future of the market for some time should be rather firmer. Imported hides also present a brighter outlook; prices during the week have taken an upward course, and in some descriptions the turnover has been more satisfactory. Although there has so far not been much expansion of trade in South American wet salted hides, values are very firm, with sales of Argentine ox made on the basis of 5½d., and Uruguay at 6½d., while seconds in both kinds have sold at 4½d. and 5½d. respectively. Dry South American hides have been sold to the Continent at 7½d. for M.V. Americanos, and at 6½d. for B.A. Americanos. Sales of Capes have been larger with drys realising 7d. and 6d. for firsts and seconds, and dry-salted 20.30 lbs. 5½d. and 4½d. A better turnover has also been done in Australians with prices on average more or less unchanged. Transaction of sole leather continues to be confined to small parcels, but at the same time a rather more hopeful feeling prevails regarding the future. In some of the shoe manufacturing centres producers of footwear have been making inquiries regarding purchases a little further ahead, and although up to the present little in the way of actual business has resulted, it is thought that buying will eventually show expansion. At the moment the repairing trade continues to be the best customer for

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New Sums Assured - - - -	- £18,814,714
Total Sums Assured and Bonus - -	- £195,809,243
Premiums Received - - - -	- £11,561,834
Payments to Policyholders - - -	- £10,748,829
Policyholders' share of profits - -	- £2,567,217
Reversionary Bonus - - - -	- £2.12s.% Whole Life Assurances £2.6s.% Endowment Assurances

INDUSTRIAL BRANCH

New Sums Assured - - - -	- £66,104,404
Total Sums Assured and Bonus - -	- £488,217,702
Premiums Received - - - -	- £18,121,855
Payments to Policyholders - - -	- £11,085,526
Policyholders' share of profits - -	- £3,712,388
Reversionary Bonus - - - -	- £1.14s.%

GENERAL BRANCH

Premiums Received - - - -	- £1,960,189
Payments to Policyholders - - -	- £1,154,520

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WHEAT—		Wool—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
GRAIN, &c.—									
Wheat, No. 2, N. Man. 496 lb.	27 3								
Eng. Gas. av., per cwt.	8 1								
Barley, Eng. Gas. av.	5 10								
Oats, " "	5 10								
Maise, La. Plata, landed, 480 lb.	18 6								
Flour, Lon. stan. ex mill, a. d.									
280 lb.	22 6								
Rice, No. 2 Burma, per cwt.	7 6								
Sago, Pearl, per cwt.	17 6								
Taproot, per cwt.	17 6								
R.I. fake, fair spot	17 6								
Medium pearl	20 0								
MEAT—									
Beef, per 8 lb.									
English long sides	4 10								
Argentine chilled hinds	3 6								
Mutton, per 8 lb.									
English wethers	5 8								
N.Z. frozen	2 6								
Pork, English, per 8 lb.	5 4								
BACON—									
Irish, per cwt.	76 0								
Danish	53 0								
Canadian	nom.								
Dutch	45 0								
HAMS—									
Irish	0 0								
Canadian	0 0								
American	70 0								
BUTTER—									
Irish creamery per cwt.	nom.								
Australian	113 0								
New Zealand	114 0								
Danish	140 0								
CHIEFS—									
Canadian, per cwt.	74 0								
New Zealand	57 0								
English Cheddar	54 0								
Dutch	44 0								
COCOA—									
(Duty, British grown,									
11s. 8d.; foreign, 14s. cwt.)									
Acacia, f.f., per cwt.	21 0								
Trinidad	44 0								
Grenada	33 0								
COFFEE—									
(Duty, British grown,									
11s. 8d.; foreign, 14s. cwt.)									
R.I., good to fine, per cwt.	85 0								
Costa Rica, good to fine	88 0								
Cent. Amer., mid to fine	70 0								
Kenya, hold shaw	78 0								
Colombian, mid to fine	70 0								
EGGS—									
English, per 120	11 0								
Danish	12 0								
PRUIT—									
Orange, South African box	0 0								
Oranges—									
Dania and Valencia									
4 cases 300	14 0								
Lemons, Sicilian, boxes	8 0								
" " " "	9 0								
Malaga, cases 420 No. 1	0 0								
Apples: Amer. (var.) boxes	18 0								
" (var.) boxes	9 0								
" Australian	0 0								
Onions—									
Valencia, cases, 4s.	9 10								
" 5s.	11 6								
Grapes, Lisbon boxes	0 0								
" Almeria barrels	0 0								

English and wet-salted hides, and although individual requirements are not large, the aggregate makes for a fair turnover which covers most weights. Dry hide bends appear to be well sold up in the lighter weights, but shoe manufacturers appear to be in no hurry to take up supplies of the medium and heavies. Little change has occurred in the upper leather market except for the fact that sales of box and willow calf are inclined to be smaller, and there has been rather more call for black and brown glaze kid. Patent leather in the cheaper grades continues to make moderate sales, while there is a regular call for reptile skins and novelty leathers for shoe upper purposes.

THE TIMBER TRADE.—The much smaller imports of European sawn and planed woods in January, compared with a year ago, and the steady demand from docks and private yards during the past eight weeks, have left stocks in the country within moderate volume, the position for holders being much more secure than was the case at end February, 1930. F.o.b., c.i.f. and spot traders are buying more cheaply and selling more cheaply, but whilst there is activity in the distribution of the above-mentioned descriptions, consumption can be described as only fair. One reason for this is that the building trade has had a bad time lately. The Russian wood, spot and to come forward, still dominates the market, but this year it is a British and not a Russian domination. It is evident that if the importation of Russian timber were stopped this year it would mean considerably higher prices for manufactures in which softwoods generally are the raw material. The forward market for softwoods other than Russian continues slow, and it is not likely that any activity will be shown in the former just yet. The success of the Russians in allocating the whole of their 1931 export to the United Kingdom to one British corporation, on low levels of prices, has driven the Finnish and Swedish wood exporters into each other's arms. A meeting was held between representatives of these two parties at Helsingfors a fortnight ago, at which it was stated that the curtailment in production would be greater than that calculated previously, and exporters were advised for the time being not to press the British market whilst the Russian timber was such an attraction. It

seems evident that the deficiencies from Sweden and Finland this year will much more than cover the 100,000 standards increase expected from Russia. There will not be over-production as in past years, but on the other hand there may not be such a large consumption in the United Kingdom this year compared with recent years. The hardwood market is still slow, and so far as one can observe the outlook for the next two or three months is not bright. Mahogany is coming into the country very slowly in sympathy with the poor demand; teak, cedar and the "fancy" logs are all in small request, stocks generally being moderate. Imports of plywood so far this year are very small, which is a great help to holders whilst trade is so unsatisfactory.

RUBBER.—The re-opening of negotiations between British and Dutch rubber interests with a view to compulsory restriction of output under Government control has resulted in a sudden change in the outlook of a certain section of the market. It appears that the basis for the negotiations is the scheme advocated by Sir George Maxwell, who, while Chief Secretary to the Federated Malay States Government from 1920-26, was largely responsible for the Stevenson scheme. The plan is based on a pivotal price of 9d. per lb., with 25 per cent. restriction of exports when the price is below that level. This restriction would cover all rubber except that produced by natives in the Dutch East Indies, which would be subject to a duty of 10 per cent. This news resulted in a sharp rise of the commodity on Tuesday, and Wednesday's official spot price per lb. for standard ribbed smoked sheet at 4½d., shows a rise of ½d. as compared with that of the same day last week. Forward positions have also been considerably firmer. Business has been done at 4½d. to 4¾d. for March, at 4½d. to 4¾d. for April-June, at 4½d. to 4¾d. for July-September, at 4½d. to 4¾d. for October-December, and at 4½d. and to 4¾d. for January-March, 1932. The position of stocks in London and Liverpool is slightly less favourable. An increase of 295 tons left them at 126,961 tons at the end of last week as compared with 85,076 a year ago. Deliveries at 1,765 tons during the past week show an increase of 345 tons, as compared with the preceding week, and they are 392 tons above those of the corresponding week last year.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, MARCH 14, 1931.

No 4.568

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70	13 1 11	11 4 2
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Correspondents to the Italian Treasury.

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THE MONEY MARKET.

EARLY in the week money was extremely stringent. At times as much as 3½ per cent. was paid for new money, and, though the market escaped having to borrow at the Bank, it is believed that some special help had to be given in the form of purchases of short-dated bills. In any case, the market on Tuesday had to sell "hot" Treasuries at 2½ per cent., which is clear evidence of stringency. The following day the situation became somewhat easier, and money was obtainable at 2½ per cent. Apparently what is happening is that this month the market is applying

mainly for Treasury bills to be paid for early in the week. The reason is that bills paid for late in the week fall due in June over the week-end, when their holders will experience difficulty in finding immediate employment for the funds so released. Hence, during March money has tended to be tightest at the beginning of the week. When, as this week, heavy revenue payments are made early in the week, the stringency becomes accentuated.

Last week's Treasury bills were issued at an average rate of $2\frac{1}{2}$ per cent., against $2\frac{1}{4}$ the previous week. It is understood that some tenders were lodged upon French account at relatively low rates, and that consequently the market partly missed the issue. This week's bills were expected to go at about the same rate, but next week's bills are a popular maturity, as they fall due just in time for the turn of the half-year. Their average rate should, therefore, be lower. Meanwhile market discount rates this week have ruled around the minimum level of $2\frac{1}{2}$ per cent., which it is now thought desirable to maintain. At times there appeared a risk that they might fall below that level, and on Wednesday it was rumoured that some special selling of bills had taken place to counteract such a tendency. Although the franc exchange has again improved on the week, it is still essential to maintain a market rate of $2\frac{1}{2}$ per cent. in force.

	Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3% (May 1, '30)
Banks' Deposit Rate..	1	1	1	1	1 (May 1, '30)
Discount { Call	1	1	1	1	1 (May 1, '30)
Houses { Notice ...	1 1/4	1 1/4	1 1/4	1 1/4	1 1/4 (May 1, '30)
Market rate (3 months bills)	2 1/2	2 1/2-1/4	2 1/2	2 1/2	...

The Bank return shows that the seasonal expansion in the note circulation has been momentarily checked, and as gold movements too were insignificant the Reserve has changed very little, rising, in fact, by only £362,529. There is a big decrease of £8,473,000 in Government Securities, which may be in part due to special selling of bills, but which is more likely to be explained by maturities of Treasury bills in the hands of the Bank. Discounts and Advances are lower by £1,400,000, but Other Securities have risen by £3,166,000. On the other side of the account Public Deposits have increased by £929,800, while Bankers' Deposits have fallen by £7,338,000. On the face of it, it looks as if money had been drawn out of the clearing and other banks in payment of taxes, and as if the Government had used this money to redeem Treasury bills belonging to the Bank. This explanation, however, even if it is correct, is only the resultant of the usual set of cross-currents between the Government, the Bank of England, the joint-stock banks, the money market and the public which are in evidence at this season of the year.

For the first time for many weeks there is no news yet that the Cape gold due next week or the week after has been bought forward on French account, and now that spot francs are Frs. 124.16, while even the forward franc rate is higher than the gold point, it seems very likely that this gold will come into the market. If so, unless an unknown buyer intervenes, it is quite possible that the Bank will secure part of it. In any case, 250,000 sovereigns are due to arrive each week, and these automatically go into the Bank. The Bank's gold stocks now stand at £140.9 millions. This figure is not dangerously or even inordinately low, but it would not be a bad thing if the Bank could secure part of the Cape gold each week, at any rate for the next few months.

The February averages of the nine English clearing banks reveal a fall of £53.9 millions in deposits, presumably due to tax payments, but a very welcome and stimulating increase of £6.5 millions in acceptances. This may be regarded as one more of the faint signs that have

recently become apparent that the turning-point in the depression has been reached.

	February, 1930.	November, 1930.	December, 1930.	January, 1931.	February, 1931.
Capital and reserves.....	130.5	132.1	132.2	132.1	132.1
Acceptances	159.8	116.3	117.4	114.9	121.4
Deposits (including undi- vided profits, &c.).....	1,714.2	1,800.8	1,839.1	1,836.1	1,782.2
Total liabilities	2,004.5	2,049.2	2,088.7	2,083.1	2,035.7
Coin, notes, balance at bank, and cheques in course of collection.....	234.6	237.8	262.0	243.9	233.6
Money at call.....	125.7	135.1	140.6	141.1	112.9
Investments	255.3	291.0	295.7	306.9	319.3
Discounts	218.3	309.5	319.7	327.7	299.0
Loans and advances	972.2	918.7	912.2	907.4	908.1
Over for accept., premises, &c.	198.4	157.1	158.5	156.1	162.8
Total assets	2,004.5	2,049.2	2,088.7	2,083.1	2,035.7

Declining deposits and the reduction in the number of outstanding Treasury bills have combined to reduce the banks' bill holdings by £28.8 millions. Advances are £0.7 million higher, possibly another faint sign of returning prosperity, though more than likely they reflect pressure by the tax collector. The banks have added £12.4 millions to their investments, but cash is reduced by £10.3 millions and call money by £28.2 millions.

Early this week money in New York was distinctly tighter. The effective call rate rose from $1\frac{1}{2}$ to 2 per cent., and on Tuesday the call loan renewal rate was fixed at 2 per cent. for the first time for many weeks. The reason for this greater stringency lay in preparations by the banks for the heavy turnover of funds due on March 15th, including the payment of the first income tax instalment. By Wednesday the banks had completed their preparations and were disposed to release money temporarily. Consequently the effective call rate relapsed to its old level of $1\frac{1}{2}$ per cent. The bond market has been encouraging, two railroad issues having been heavily over-subscribed.

The foreign exchange market was again inactive, but there was rather more movement in several of the exchanges, notably in the Paris rate, which went sharply in our favour. Some of the South American currencies appreciated considerably. New York moved by $\frac{1}{4}$ in our favour to 4.85 $\frac{1}{2}$. Montreal weakened by $\frac{1}{4}$ to 4.85 $\frac{1}{2}$. Paris rose from 124.02 to 124.16, while Brussels recovered to 34.84 $\frac{1}{2}$, against 34.85 last week. Milan lost three points at 92.75. Madrid improved from 45.20 to 44.60 on the news of the agreement with the Bank for International Settlements on a stabilisation scheme. Amsterdam went from 12.12 $\frac{1}{2}$ to 12.11 $\frac{1}{2}$. Berlin from 20.43 $\frac{1}{2}$ last week recovered by 20.41 after touching 20.39 $\frac{1}{2}$. Switzerland was again weak, and fell from 25.23 $\frac{1}{2}$ to 25.25 $\frac{1}{2}$. Of the Scandinavian currencies, Stockholm was weaker by $\frac{1}{4}$ at 18.13 $\frac{1}{2}$, Oslo lost $\frac{1}{4}$ at 18.16 $\frac{1}{2}$ and Copenhagen $\frac{1}{4}$ at 18.16 $\frac{1}{2}$. The South American currencies were very firm, except Rio, which lost $\frac{1}{2}$ d. on balance at 4 $\frac{1}{2}$ d., after touching 3 $\frac{3}{4}$ d. Buenos Aires improved from 37 $\frac{1}{2}$ d. to 39 $\frac{1}{2}$ d., and Montevideo from 35 $\frac{1}{2}$ d. to 38 $\frac{1}{2}$ d. In the Far East, the rupee was very firm and improved by $\frac{1}{4}$ d. to 1s. 5 $\frac{1}{4}$ d. The yen lost $\frac{1}{4}$ d. at 2s. 0 $\frac{1}{2}$ d. Batavia fell away by $\frac{1}{4}$ to 12.12 $\frac{1}{2}$. In the forward market, one month's dollars remained at a premium of $\frac{3}{8}$ cent, but the quotation for three months' delivery advanced from $\frac{1}{2}$ cent to $\frac{3}{4}$ cent premium. Paris went to considerably wider premium quotations of 14 and 27 centimes, as did Brussels at one and two centimes for the two periods respectively. Milan improved from 11 and 30 centesimi to 7 and 23 centesimi discount. Madrid was also firmer at 5 and 13 centimos premium. Amsterdam moved from 1 $\frac{1}{2}$ and 3 $\frac{1}{2}$ cents to 1 $\frac{1}{2}$ cents and 3 $\frac{1}{2}$ cents premium. Berlin was more on offer at 1 $\frac{1}{2}$ and 2 $\frac{1}{2}$ pfennigs discount. Switzerland was very little changed at 4 and 9 centimes premium. As a result of Indian and Chinese buying and of the political news, silver prices rose by $\frac{1}{4}$ d. for both spot and forward to 13 $\frac{1}{2}$ d. and 13 $\frac{1}{2}$ d. respectively, but the close was weak and uncertain. The Chinese silver exchanges improved in sympathy, Hong Kong advancing by $\frac{1}{4}$ d. to 1s. 0 $\frac{1}{2}$ d., while Shanghai gained a penny at 1s. 3 $\frac{1}{2}$ d.

THE INDIAN TRUCE.

A STUDY of the terms of the agreement reached between Lord Irwin and Mr Gandhi, and initialled respectively by the Viceroy's Council and the Congress Committee, in no way lessens the satisfaction with which the first news of the settlement was received. The main points in the settlement are as follows:—

1. Civil disobedience to be discontinued.
2. Round Table discussions to be continued; essential to such further discussion being a Federal plan and also reservations and safeguards relating to such matters as defence, external affairs, Indian credit, etc.
3. Active boycott of British goods to cease.
4. The police inquiry demanded by Mr. Gandhi not to be granted.
5. Emergency ordinances promulgated in connection with the civil disobedience movement to be withdrawn.
6. Prisoners convicted of non-violent political offences to be released.
7. Confiscated property to be restored where feasible.
8. No substantial modifications in the Salt Acts to be made, but permission to be given to local residents in salt areas to collect or make salt for local consumption or sale.

Where in these terms is there anything that could in any way justify the interpretation of "British surrender", which a section of the London Press has endeavoured to place upon them? What is it that has been surrendered? A surrender over the salt question has been suggested. But in reality the concession is unimportant and was paralleled in the war period. Peaceful picketing is still allowed, it is true. But is it not also allowed in this country? Indians, too, are still permitted to encourage the sale of Indian, in preference to foreign, goods. But that need be little more than the Empire Marketing Board attempts in Britain. Against these concessions what is there to set? A cessation of political and economic strife. Co-operation in place of hostility. In a word, it is an honourable agreement substituting reasoned discussion and negotiation for intransigent resistance and the repressive measures consequential upon it; and we congratulate both Lord Irwin and Mr Gandhi unreservedly on a triumph of commonsense, which has been very widely welcomed not only in Britain and India, but throughout the British Empire and the world.

Nevertheless, great as is the relief at the prevalence of sane counsels and the hopefulness that arises from the promised participation of Congress in the intricate task of constitution-building, it would be foolish to suppose that all difficulties have been removed or that the Anglo-Indian problem will move smoothly and swiftly to a complete and satisfactory solution. In spite of the paeans of rejoicings at what in India has been called the "miracle" of the Gandhi reconciliation, we have had already a sharp reminder that in both countries pessimists and irreconcilables remain who are capable even now of queering the pitch for the long and difficult discussions that lie ahead. India has her Jawaharlal Nehru and Britain her Winston Churchill, both from their entirely different angles distrustful of the work of the Round Table Conference and of the policy which is beginning to take shape, and both ready to fish in the troubled waters, whenever, as must inevitably occur in the next twelve months, the breeze of controversy ruffles the surface of negotiation. Clearly there is urgent reason to waste no time and lose no opportunity to consolidate the improvement in the situation which the Irwin-Gandhi settlement has brought about.

How delicate the situation is and how susceptible to damage by misunderstanding is shown by the effect in India of the publication in this country of the decision of Mr Baldwin that Conservatives would not participate in a resumed Round Table Conference in India. The nature

of this announcement was clumsy and misleading. It was at first assumed that Mr Churchill had won Mr Baldwin over, and that the latter by a complete *volte face* had decided to withdraw his party from co-operation in future Indian negotiations; and this interpretation came upon the Indian scene like a bolt from the newly blue sky. Happily the interpretation was wrong. Mr Baldwin's opinion merely related to procedure, and his "decision" was merely an expression of unwillingness that Conservative representatives should proceed *forthwith* to India for renewed conference *in that country*. (The italics mean much.) It does not in any way revoke Mr Baldwin's promise that his party will continue to play their part and take their share in the great work that lies ahead. Nevertheless, the misunderstanding was as unfortunate as it was unnecessary. Truth takes a long time to overtake falsehood, and subsequent denial never wholly removes the effect of initial misinterpretation.

In trying to establish real understanding and confidence between the people of Britain and of India, we have, in fact, embarked upon one of the most difficult tasks that have ever been attempted; for East and West are still much farther apart than any ship's log ever records. How can we expect Indians to understand British mentality when they read that at the meeting of the Conservative Indian Committee there was prolonged discussion as to whether their now famous resolution (welcoming Mr Baldwin's decision) should be published—not, as might be supposed, from the standpoint of its repercussions on the great Imperial issues still hanging in the balance and with which the future of one-fifth of the human race is vitally bound up—but in view of its effect on the fortunes of the rival Conservative candidates in the by-election in the St. George's Division of Westminster? What, on the other hand, will the British public make of Mr Gandhi's statements regarding the meaning of "Purna Swaraj," commonly translated as "complete independence," but which the Mahatma now translates as "disciplined self-government from within," not excluding association with any nation "much less England," and implying "association on terms of equality and freewill"?

"When I use a word," Humpty Dumpty said in a rather scornful tone, "it means just what I choose it to mean—neither more nor less."

"The question is," said Alice, "whether you can make words mean different things."

"The question is," said Humpty Dumpty, "who is to be master—that's all."

Frankly, Mr Gandhi's explanations sound to British ears remarkably like quibbling. Yet no one who understands India doubts that he is perfectly sincere, or fears that his explanations will seem either far-fetched or absurd to Indian ears. It is the supreme merit of both Lord Irwin and Mr Gandhi that they have tried to understand each other, and in very large measure have succeeded.

But let us return to Mr Baldwin, and the decision which he promulgated so hastily. The reasons which the Conservative leader adduces against an early reassembly of the Conference in India are admittedly intelligible and deserve careful consideration. It is perfectly true that, when the London session broke up, many questions were left only partially considered, and that a large amount of arduous committee work is necessary on many branches of the Anglo-India problem, before final recommendations can be made to the Imperial Parliament by a plenary conference. It would, indeed, appear to be dangerous to court failure by hastening on the reassembly before there has been time for the ground to be thoroughly explored. Moreover, the difficulties of personnel are formidable, and it is a definite drawback that Lord Sankey, the guide, philosopher and friend of the London Conference, would be unable to visit India in the hot weather. Nevertheless, however great the weight accorded to this view, Mr Baldwin, in our opinion, ran a very great risk in announcing an irrevocable refusal to acquiesce in any given line of procedure. For procedure, His Majesty's

Government, in consultation with the Government of India, must bear the sole responsibility. Had they decided that time was the essential factor—in the present position psychology must be carefully studied—and that an early conference in India possessed advantages which outweighed the disadvantages, then it would have been their duty to call an early Indian conference. Nor was there any need for so hasty a public pronouncement. For the new Conference could not have met immediately for many reasons, not the least of which is that a meeting of Congress is pending at Karachi.

Mercifully, this week's bomb-shell will have no lasting effect. In the House of Commons on Thursday Mr Baldwin made it very clear that he approved most heartily of the Irwin-Gandhi agreement, that he had no intention of refusing his collaboration, and that he would do all in his power to prevent the Indian problem becoming a party question. Moreover, with the concurrence apparently both of Lord Irwin and Mr Gandhi, the Government announced that the Conference will meet at the earliest possible moment—not in India but in London. This course of procedure presents many definite attractions, one of which is that it will render possible the participation of Lord Irwin himself, and another is that closer touch will be maintained with the Imperial Parliament and the currents of British public opinion than if the Conference were to be resumed in India. Nevertheless, the whole affair is a sharp lesson to politicians of every party in both countries of the restrained wariness with which they must tread, if the new atmosphere of goodwill, in which alone real success is possible, is not to be poisoned by renewed suspicion and distrust.

THE GENERAL ACT.

THE House of Commons on Monday debated the motion that the Government of the United Kingdom should accede to the General Act for the Pacific Settlement of International Disputes. In asking that Parliament should approve of the accession of the United Kingdom to the General Act, the Government of this country was taking action which had already been agreed upon at the Imperial Conference last year by the representatives of all the self-governing States Members of the British Commonwealth except the South African Government, which asked for more time for consideration. Meanwhile, eight foreign Governments have acceded, six of them without reservations, and the accession of another Power of the first importance, namely France, was assured when, on March 4th, the French Senate unanimously approved a Bill to this effect which had already passed the Chamber. Thus the House of Commons was in good company when it voted in favour of accession.

The genesis of the General Act in the Assembly at Geneva, and its acceptance by France and by all but one of the self-governing Dominions, is sufficient evidence that it expresses the spirit of the times. And this in itself, as the Foreign Secretary pointed out on Monday, is an important consideration in favour of its acceptance by Great Britain at a time when the world is preparing for a General Disarmament Conference. The success or failure of that Conference will turn largely upon the psychological atmosphere in which it meets. This atmosphere will be created, for good or evil, during the present year; and no doubt it will be affected appreciably by the attitude, towards the General Act, of a Power of the calibre of the United Kingdom. Such associations of ideas may be irrational, but that is the kind of way in which public opinion—international as well as national—is apt to work.

The essential feature of the General Act for the Pacific Settlement of International Disputes is indicated in its title. It is an instrument which binds the contracting parties to submit disputes with other parties to certain positive procedures for pacific settlement which cover all disputes without exception. The Act consists of three chapters: one providing for conciliation, which is to be applicable to any kind of dispute but which is to result in findings that will not be binding upon the parties; a second chapter providing for the judicial settlement of "justiciable" disputes by the Permanent Court of Inter-

national Justice or alternatively by an arbitral tribunal; and a third chapter providing for the submission of "non-justiciable" disputes to an arbitral procedure which, like the procedure for the settlement of "justiciable" disputes, is to be binding upon the parties.

These provisions of the General Act raise two quite different questions: first, is it desirable that the sovereign and other fully self-governing States of the world should bind themselves to submit, to certain positive procedures for pacific settlement, all international disputes whatsoever? The second question is this: Supposing that the first question is answered in the affirmative, then are the specific procedures laid down in the General Act really the best for the purpose? The answer to the second question is by no means so clear as the answer to the first. Here the answer is not really in doubt. It has been given in advance by the terms of the Multilateral Treaty of Paris for the Renunciation of War (the "Briand-Kellogg Pact"), according to which

"The High Contracting Parties agree that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be, which may arise between them, shall never be sought except by pacific means."

By entering into this obligation, the States of the world have renounced the means, formerly at their disposal, of settling by the *ultima ratio* of war disputes which they have failed to settle otherwise. But they cannot leave it at that; for as long as life is lived and things change and grow, disputes will arise; and it is folly to suggest either that disputes will always settle themselves automatically in course of time or that they can be left unsettled for an indefinite time with impunity. If a comprehensive pacific alternative to settlement by war is not provided, then we may be quite sure that, whatever the Pact of Paris may provide, the rising pressure of unsettled disputes will find vent, some day, in war again. If they had subscribed to the Pact of Paris without then providing themselves with an instrument for the comprehensive pacific settlement of international disputes by some positive means, the States of the world would have been simply condemning the Pact to break down and condemning some among their own numbers to become pact-breakers.

We come, now, to the merits of the particular procedure laid down in the Act. The crux is the third chapter, which provides for the compulsory arbitral settlement of "non-justiciable" disputes, and the contentious question is revealed in the second and third of the reservations to which the accession of the United Kingdom to the Act is to be subject according to the Government's intention. The effect of both these reservations is to safeguard, as far as the United Kingdom is concerned, the functions of the Council of the League of Nations under the Covenant. In regard to "justiciable" disputes, which are dealt with in Chapter II. of the General Act, our reservation is to be the same as that which we made when we acceded to "the optional clause" of the statute of the Permanent Court of International Justice. The judicial procedure is to be suspended (subject to certain conditions and limitations) in respect of any dispute of a "justiciable" character which has been submitted to and is under consideration by the Council of the League of Nations. In regard to "non-justiciable" disputes, we make the reservation that the Council shall have an opportunity of performing its functions under the Covenant before recourse is had either to the non-binding conciliation procedure of the General Act, Chapter I., or to the binding arbitral procedure of the General Act, Chapter III. (which comes into operation if no settlement results from the procedure of Chapter I.).

These reservations in favour of action by the Council of the League are not disapproved of by the Government's critics, either in Parliament or among the international lawyers. On the contrary, the critics argue that the reservations expose as unsatisfactory the whole nature of the procedure which the General Act lays down. Except in so far as (*i.e.*, in Chapter II.) the Act refers disputes to the Permanent Court, it refers them, whether for conciliation or for arbitral procedure, to a legion of commissions of private individuals, appointed, either permanently or *ad hoc*, by the States of the World—every State making such arrangements with every other State, *à deux*. The critics argue that this is a move in the wrong

direction. It disperses the work of pacific settlement among many hands instead of concentrating it in a few hands; and it assigns it to a host of irresponsible individuals who carry little weight, instead of retaining it for those international bodies which are the repositories of political power and judicial authority. A better course, they argue, would have been to give the Permanent Court comprehensive powers of judicial settlement and the League Council comprehensive powers of conciliation—and in the last resort, of compulsory settlement—in the case of "non-justiciable" disputes. They point out that, under the General Act, even when read together with the proposed British reservations, disputants can have recourse to an arbitral tribunal in lieu of the Permanent Court, and that disputes which the Council has failed to settle will then be referred to one of those commissions of private individuals for which the Act provides.

On the latter point, which is the more important of the two, the issue can be stated as follows: The powers of the Council, under the Covenant, are far from being comprehensive. It may be taken as common ground that the Pact of Paris makes it imperative that this "gap in the Covenant" should be closed. There are two alternative ways of closing it: either the powers of the Council may be made comprehensive by changes in the Covenant, or, pending such changes, some final instance, beyond the Council, may be established, as the General Act, when read together with the British reservation, provides. Undoubtedly, the Council is the great repository of political power in international affairs (a power which will remain potent, as an economic and cultural and psychological force, even if its traditional manifestation in military force is abolished). Is not the body in which this political power resides better fitted to settle international disputes, in the last instance, than a body of an arbitral character?

Perhaps that question can only be answered in the light of a larger experience than we yet possess. At this stage, we need merely point out that acceptance of the General Act does not prejudice the answer. It will still be open to the States Members of the League, if they find this desirable, to enlarge the powers of the Council by amending the Covenant until they render the relevant provisions of the General Act superfluous. The General Act is only to run for five years in the first instance. Meanwhile, the important thing is to close the gap in the Covenant while the scope of the Covenant is being reconsidered. This the General Act achieves, and on that account we welcome the vote in the House of Commons.

THE INCONSEQUENCES OF MR KEYNES.

A MINOR political and fiscal sensation has been caused by the publication in the *New Statesman and Nation* of an article by Mr J. M. Keynes advocating a revenue tariff. It had been known in political circles that it was Mr Keynes who inspired Mr E. D. Simon's proposal last August of a 10 per cent. revenue tariff; but Mr. Keynes has now let the cat out of the bag in public and propounds a scheme of his own.

The development of this revenue tariff business is highly instructive to students of fiscal policy. Mr Simon's suggestion was for a flat 10 per cent. duty on all imports. Mr Churchill had also been hankering after a low revenue tariff—largely as a means of outflanking what he rightly regards as the danger to Great Britain of high protection—but he, compelled by long experience to pay attention to political possibilities, would not hear of a tax on food (which, indeed, he has recently pilloried in an article in a leading Conservative journal), and has proposed that a revenue tariff should be on manufactures only. Mr Keynes, in his latest proposal, moves still further along the road of differentiation which all protectionist plans inevitably traverse in this country. He would have no "discriminating protective taxes," but proposes a 5 per cent. duty on all foodstuffs and certain raw materials; cotton and wool are to come in free; and all manufactured and semi-manufactured imports are to bear a 15 per cent. duty. By this means Mr. Keynes declares that "the amount of revenue to be aimed at should be substantial, not less than £50 millions and, if possible,

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£75 millions." Is there any justification for thinking that anything approaching these figures would be realised? Let us apply the test of rough arithmetic, taking first, for illustrative purposes, the 1930 figures. Net imports of food, drink and tobacco in 1930 were £450 millions, of which nearly £70 millions are already taxed. (We assume the tariff would not be superimposed on articles of consumption already subject to Customs duties.) Under this head, therefore, his 5 per cent. duty would yield less than £20 millions. In the raw materials class, excluding cotton and wool, imports retained were slightly over £140 millions, which (subject to serious qualifications to which we will turn later) would yield £7 millions. Net imports classed as "wholly or mainly manufactured" were £283 millions, of which more than one-fifth were already subject to duty. From the balance the yield at 15 per cent. would be not much over £30 millions, making a maximum gross total of £57 millions.

But from this figure very important deductions must be made. Mr Keynes recognises that he must not tax materials required by exporting industries, and therefore proposes to exempt such raw materials as wool and cotton, "which make up an important proportion of the value of exports." But if wool and cotton, why not jute or iron ore, or that very important ingredient in one of our import and export trades—tin—which the Board of Trade classes as a manufactured commodity? Here we have the old conundrum, "When is a raw material not a raw material?" Mr Keynes, fearful lest he should be compelled to put the great bulk of our imports on the free list, proposes a highly elaborate, and almost certainly unworkable scheme of rebates in respect of imported material entering into exports. But even if such a scheme could be worked, the extent to which such rebates would be required is so great as to affect very seriously the yield of his proposed tariff. Let us see. Mr Keynes, after excluding cotton and wool, has left himself, as we have shown, with some £140 millions of net raw material imports. To avoid injuring exporting industries it would be necessary, on the most conservative calculation, to halve that figure in order to arrive at the taxable mass. Similarly, in the so-called "manufactured" class at least one-fourth of the imports (hitherto untaxed) are raw materials for manufacturing industries. Exemptions and rebates in this category would almost certainly cost Mr Keynes at least £7 millions, reducing his total revenue to, say, £50 millions, less cost of collecting, which we may perhaps put at £3 millions. This would leave £47 millions; but here an important qualification comes into play. Owing to the fall in prices, the 1931 values of our imports look like being at least 25 per cent. below those recorded for 1930, even if trade revives a little. On any reasonable estimate the yield during a time of depression—and the plan is only to apply during the slump—would fall far short of his minimum figure of £50 millions.

But this brings us to the consideration of some of Mr Keynes's very remarkable assertions and assumptions. No one knows better than Mr Keynes the fallacy of supposing that you can raise revenue by taxing goods which come into the country and at the same time by keeping them out give employment to those who make these goods at home. Nevertheless, he comes very near to suggesting it when he states that "this measure is

unique in that it would at the same time relieve the pressing problems of the Budget and restore business confidence. . . . In so far as it leads to the substitution of home-produced goods for goods previously imported, it will increase employment in this country." If the tariff is to provide anything like £50 millions, we must import at least all the goods we are now importing, which means that the effect on the volume of employment at home would be nil. Our own opinion is that whereas a 5 per cent. duty may be regarded—as it has long been in Holland—as having very little effect on the course of trade, 15 per cent. is definitely protective and would have a considerable effect in diminishing trade. A substantial deduction on account of excluded imports must, therefore, be made even from the figures we have indicated above.

Hardly less contradictory and illogical is Mr Keynes's dual aim to create confidence and to make his tariff purely temporary. His plan is definitely intended as an emergency scheme. "It should be the declared intention of the Free Trade parties acquiescing in this decision to remove the duties in the event of world prices recovering to the level of 1929." Not unnaturally, the believers in Protection who have hailed Mr Keynes's proposal with delight have seized on this temporary character of the scheme as its weakest point. For instance, Mr Garvin in the *Observer* asks what confidence can be engendered by a plan which leaves the producer in a greater state of uncertainty than before. He need not be disturbed. The whole world knows that while it is easy to put on tariffs it is desperately difficult to get them off again. The experience of our own country in the last ten years—as well as that of every other country—makes it abundantly clear that those who fondly believe we can introduce a substantial measure of protection to meet a crisis and remove it when the crisis is past are living in a fools' paradise.

Nor can we follow Mr Keynes in his statement of its effect on prices. It was not many months ago that Lord Beaverbrook gave his personal undertaking to the electors of North Norfolk that a tax on foreign food would not raise food prices in this country. Mr Keynes does not go quite as far as this. But he does say:—"I am prepared to maintain that the effect of such duties on the cost of living would be insignificant—no greater than the existing fluctuation between one month and another." This laconic statement invites two questions. Who does Mr Keynes think will pay his tax of one shilling in the pound on imported food? And, is there any ground whatever for doubting that it will raise the food price index by anything from 5 to 10 points—a much greater movement than any recent monthly change?

We are aware that many who will support Mr Keynes's proposal will do so precisely because they wish to see a rise in the cost of living, on the ground that real wages are too high and that, as it is extremely difficult to lower money wages, we must aim at obtaining the same result by raising prices. The trouble about this apparently simple way of getting over the difficulty is that it will not really make the adjustment of wages that is required. One of our troubles is that sheltered wages are high, whereas competitive wages are low. If prices rise, it is the sheltered trades that will be able to get an increase of money wages to compensate them. On the other hand, in the competitive trades either workers will be worse off, or, if they can get some compensation in the shape of higher wages, the competitive position of the industries will be changed for the worse. To the extent that the scheme raised prices, whether of food or of raw material, it would beyond question deal another blow at our export industries. In this connection Mr Keynes observes that "any conceivable remedy for unemployment will have the effect, and, indeed, will be intended to raise prices." We agree that there will be no recovery from the depression until prices recover from their present slump. But the price level that must rise is the international price level. To raise prices and costs artificially in England only, when prices in the rest of the world are stationary or falling, and must be further depressed by any new barrier to trade, would be the height of folly.

We have no space to go further with Mr Keynes in his exposition of the general economic position. He is at pains to classify us all into the rival camps of contrac-

tionists and expansionists. He is for expansion, but he accepts the view that a policy of expansion, sufficiently drastic to be useful, might drive us off the gold standard. And, though he was opposed to the return to gold, he believes that to abandon it now would be disastrous, for it is of paramount importance to restore full confidence in London. His main alternative is to stimulate confidence by this scheme of trade restriction introduced in name as a purely temporary measure, but almost certainly imposing on us for a considerable time to come a substantial measure of general protection with all the disadvantages, political as well as economic, which such a policy would involve for this country. If there were really no alternative solution of the budget problem there would be no more to be said, for this country could not in any circumstances afford to slide down the slope of insolvency. But fortunately we are faced by no such dilemma. It is true that the problem of budget equilibrium, involving, as it must, not merely the raising of revenue, but the pruning of expenditure, is one which will involve sacrifice. It will almost certainly be necessary to foster, not merely the yield of direct, but of indirect taxation. But the way to do this is not by *ad valorem* duties, whose yield falls off when prices are declining and trade is bad, but by specific duties—with countervailing excise on the home-produced article—on commodities which we are fairly certain will continue to come into the country. We shall neither solve our budget difficulty nor cure our economic ills by abandoning the open market policy on which the prosperity of this country depends.

NAVAL ARMAMENTS.

THE bases of the agreement, dated March 1, 1931, concluded between France and Italy, and approved in principle by the other High Contracting Parties to the London Treaty of 1930, have now been published as a White Paper,* together with an explanatory memorandum signed by the Foreign Secretary and the First Lord of the Admiralty. It is too early yet to measure the effect on public opinion in the different countries produced by such detailed terms as are now made available. Indeed, the first impression upon the lay-public is likely to be considerable bewilderment; for the British White Paper at least is a masterpiece of obscurity, and the first task must be to endeavour to elucidate its meaning.

So far as capital ships are concerned, the somewhat disquieting feature emerges that, in the case of France and Italy, the Washington Treaty tonnage is to be raised from 175,000 to 181,000 tons "without prejudice to a general revision of the capital ship tonnages established by the Treaty of Washington, and in order to facilitate the conclusion of the present arrangement." The explanation of the "fairness" of this increase is extremely involved, but the point appears to be as follows:—France desires to build 70,000 tons of capital ships in three units of 23,333 tons each, of which two may be completed before December 31, 1936. Consequent on the loss at sea of the "France," the French "replaceable tonnage" under the terms of the Washington Treaty is 133,134 tons, leaving a margin of 41,866 tons available for new building without scrapping. The only vessels available for scrapping in return for the 70,000 tons of new building are the three French battleships of the "Jean Bart" type, whose standard displacement tonnage is 22,189. If, therefore, two of such vessels were scrapped the French position would eventually be as follows:—

	Tons
Washington Treaty replacement tonnage	133,134
Add new building	70,000
	203,134
Deduct two Jean Bart vessels.....	44,378
Leaving	158,756

This figure would be 16,244 tons less than the Washington figure of 175,000, whereas by increasing the Washington figure to 181,000 tons, France can build her two new

* Cmd. 3812.

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battleships by 1936 without scrapping, and can build a third by scrapping only one of the "Jean Bart" class. In return for this concession, however, France will scrap by 1936 two of her three old "Danton" class battleships built in 1911 and not included in the replaceable tonnage under the Washington Treaty, while Italy, whose Washington figure is similarly raised to 181,000 tons, will scrap 33,640 tons of "first-class over-age" cruisers if she parallels between now and 1936 the French capital ship building programme. In addition, the French and Italian Governments will reduce the calibre of the guns on their projected capital ships from 13 inches to 12 inches.

With regard to aircraft carriers, before December 31, 1936, France and Italy may each complete 34,000 tons. In respect of "Washington Cruisers" (i.e., the large 8-inch gun class) France and Italy agree that there shall be no further construction before 1936 after completion of the 1930 programme. In the smaller cruiser category it is obscurely agreed that "the tonnage of new construction to be completed shall not exceed the tonnage which is replaceable in this category before December 31, 1936." Submarines in commission are not to exceed, up to December 31, 1936, the following figures:—France 81,989 tons, Italy (so far as can be seen) 52,700 tons. In this connection the reservation is made that "the members of the British Commonwealth of Nations maintain that [the French] figure of 81,989 tons is too high . . . but . . . they will not have recourse to Article 21 of the London Treaty [the "Escalator" Clause] pending the general revision of the naval question" at the 1932 Disarmament Conference.

In a written answer to a question asked in Parliament on Wednesday, Mr Alexander gave the following figures to show what the comparative naval strengths, in all categories of war vessels under twenty years of age belonging to the five signatory Powers to the London Treaty, will be in 1936, assuming that they all build up to the full tonnage allowed them by that Treaty, as modified by the Franco-Italian Treaty now concluded:—

UNDER-AGE VESSELS IN 1936 (Tons).

	British Common- wealth.	U.S.A.	Japan.	France.	Italy.
Capital ships.....	138,650	260,600	154,750	46,666	46,666
Aircraft carriers	135,000	135,000	81,000	56,146	34,000
Cruisers:—					
Guns of more than 6.1 in.	146,800	180,000	108,400	70,000	70,000
Guns of 6.1 in. or less	192,200	143,500	100,450	198,233	151,363
Destroyers	150,000	150,000	105,500		
Submarines	52,700	52,700	52,700	81,989	52,700

In considering future strengths it should be borne in mind that unless we revert to the full building programmes which we are now substantially scaling down, a considerable proportion of the British fleet in 1936 will be over-age vessels. We trust, however, that the 1932 Disarmament Conference will lead to results which will obviate, not only in this country, the building of naval

armaments up to the full permitted allowances. The Franco-Italian agreement at least represents a successful effort to avert to-day a violent race in armaments between France and Italy, and, as such, is a welcome interim step forward on the road to further reduction of naval forces.

THE ESTIMATES.

WHILE the latest revenue return, on which we comment on a later page, suggests that, though the position has steadily improved of recent weeks, the financial year will end on March 31st with a deficit exceeding £20 millions, the publication of the estimates for the Defence Forces, the Civil Supply Services and the Revenue Departments enables some measure to be taken of the size of the cost for which Mr Snowden in his next Budget, after providing for Consolidated Fund charges, must find the cloth to cut. Details of the Navy Estimates were given in the *Economist* of last week, and in Notes of the Week in this issue we discuss separately the estimates for the Army and the Air Force. In the following table we show combined net expenditure on the Supply Services for the years 1924-25 and 1927-30, together with the original and final estimates for 1930-31 and the estimates now issued for 1931-32:—

SUPPLY SERVICES NET EXPENDITURE.

	(In millions.)			
	Air.	Nav.	Civil.	Revenue*
	£	£	£	£
1924-25	113.9	228.2	11.0	353.1
1927-28	117.1	230.9	11.8	359.8
1928-29	114.3	223.3	12.1	349.7
1929-30	114.1	246.5	12.0	372.6
1930-31	110.1	295.7	12.1	417.9
1930-31†	110.3	309.4	12.1	431.8
1931-32	109.6	317.8	11.6	439.0

* Excluding Post Office.

† Including Supplementaries.

The foregoing table stands as an eloquent testimony to the urgent need of retrenchment in our national expenditure. As compared with the total for 1928-29, the aggregate cost of the Supply Services in 1931-32, even if Supplementaries can be avoided, shows an increase of nearly £90 millions, notwithstanding a reduction in the same period of over £4½ millions in expenditure on the Defence Forces. That further economies under this head of expenditure can gradually be effected is a hope which may well be entertained. Making all allowance for increases in pay and general costs, it is scarcely a matter for complacent satisfaction that we should still be spending on armaments nearly £34 millions a year more than we did in the last year before the "War to End War." Nevertheless, though we have little doubt that the Retrenchment Committee, which Parliament has decided to set up, may find scope for savings in many details of administration, there is little warrant for assuming that the progress towards economy in naval, military and air expenditure can be greatly accelerated unless the Disarmament Conference of 1932 achieves large and rapid results, or unless we are to embark on a policy of

unilateral disarmament, which would not commend itself to the vast majority of the nation. This being so, attention is naturally attracted to the soaring figure of the Civil Estimates, which now show a six-fold increase on the 1913-14 total of £52.7 millions, and have risen by £94½ millions since 1928-29. Even when allowance is made for the transfer under the Derating Act of £15 millions from the Consolidated Fund to Supply, the increase in the past three years is disquietingly large.

So far only the bare summary of the estimates has been published, and comment on minor items may conveniently await the Financial Secretary's memorandum on the details of each class. It is clear, however, from the figures available, that however heroically the axe may be applied to all the lesser branches of expenditure (and by no means all could be subject to drastic lopping without real sacrifice of national advantage), we must look for the source of the trouble and for possible savings to the five main heads of outgoings, which between them account for over £232 millions of expenditure. We show in the next table, on the same basis as above, the course of expenditure under these five heads, outgoings in respect of Scotland being included in each case:—

	(Million £.)		Pensions		Ministry of Labour.
	Education.	Health.	War.	Others.	
1924-25 ...	46.5	21.8	69.5	25.0	14.1
1927-28 ...	50.8	23.1	59.7	36.9	11.1
1928-29 ...	47.3	23.5	56.7	38.1	11.8
1929-30 ...	47.8	24.5	53.5	39.9	19.5
1930-31 ...	52.7	22.0	51.6	45.5	26.6
1930-31* ...	52.7	22.0	51.9	45.9	37.1
1931-32 ...	55.9	22.3	50.0	49.2	44.9

* Including Supplementary estimates.

Expenditure by the Ministry of Health and the Department of Health in Scotland will be seen to be more or less stabilised at a not unmanageable figure. The mounting cost of education, on the other hand, suggests not only that Parliament should think twice in present circumstances before agreeing to finance, if again asked to do so, an extension of the school age, without first insisting that the Board of Education's present scale of expenditure is keenly scrutinised with a view at least to arresting the rate of increase. With regard to Pensions, the figures under the head of "Others" show how heavily we are paying for democracy's experiments in this form of State philanthropy. Since 1924-25 war pensions have automatically declined by £19½ millions, whereas Old-Age Pensions, supplemented since 1926 by Widows', Orphans' and Old-Age Contributory Pensions (estimated for 1931-32 at £10 millions) have increased by over £24 millions, or nearly 100 per cent. It is, however, the expenditure of the Ministry of Labour which is likely to occasion the greatest disquietude. Its estimate for 1931-32 shows an increase of £18.3 millions over the original estimate for 1930-31 and of £7.8 millions over the final estimate for that year. As compared with 1928-29, i.e., the year before the Exchequer began to assume liability for doles to persons whose covenanted claims to insurance benefit had lapsed, the net expenditure of the Ministry of Labour, after allowing for appropriations-in-aid drawn from the Unemployment Insurance Fund to the order of £6 millions a year, has increased by no less than £33 millions. Moreover, it is by no means certain that the figure of £44.9 millions, estimated for 1931-32, will represent the final liability of the Exchequer under this head. In a memorandum submitted by the Treasury to the Royal Commission on Unemployment Insurance, it was estimated that the cost of transitional benefit in 1931-32 would show an increase over 1930-31 of £13 to £18 millions or more, whereas the Ministry's total expenditure is placed in the estimates at a figure less than £8 millions in excess of the adjusted figure for the current year.

We propose next week to give a survey of probabilities on both sides of the forthcoming Budget account. In any estimate of such probabilities, it is clear that much will turn on the Government's treatment of this "relief" drain upon the Treasury, whose magnitude, as Sir Richard Hopkins pointed out to the Royal Commission, threatens, in conjunction with borrowing for the Unemployment Insurance Fund, to "not merely disturb, but entirely

upset the equilibrium of the Budget on the basis of existing taxation." For if outgoings on transitional benefit, without modification of the scale of payments or the conditions for their receipt, are to be continued throughout the next financial year, it would appear that on Supply Services alone the Exchequer may have to find more nearly £30 millions than £20 millions in excess of the amount provided in last year's Budget.

SHELTERED WAGES.

It has been said, with a modicum of truth, that one of our dominant national characteristics is a genius for compromise. The capacity thus ascribed to us has the defects of its qualities. Accommodatingly to split the difference may be a good, rough and ready way of finding a *modus vivendi*, but it does not always follow that the maximum advantage is thereby attained. The findings of the National Wages Board for the railways are a case in point. Faced with overwhelming arguments for a radical reduction in the railways' swollen labour charges, and called upon to arbitrate as between (a) the companies' admittedly "stiff" proposals for cuts in wages and revision of conditions, and (b) the railwaymen's tactical counter-claims for still higher minimum rates, the Board has found in principle against the Unions, but has in fact awarded the companies rather less than half their demands. To quote from the award: "We have considered the various claims put forward by each side, and while the representatives of the several interests are unable to agree that the terms set out represent an adequate recognition of the respective cases, they are prepared to accept them as a whole as the findings of the Board." Coming from a body in which an independent chairman, supported by a few "neutrals," has to mediate between two sets of "adjudicators" representing actually the disputants, this naively frank pronouncement is at once a testimony to the Board's success as a harmonising influence, and an admission of its shortcomings as an economic-judicial court. Accommodation is reached, terms of settlement are announced; but the public is left without much enlightenment as to the real needs of the situation.

The companies, it may be recalled, had proposed to reduce weekly wages by roughly 6s.; to eliminate overtime for night and Sunday work; to abolish the guaranteed day and guaranteed week; and to institute in all grades, where required, a "spread-over" of the eight-hour day. The Board has decided that wages shall be reduced by 2½ per cent., with a further reduction of 2½ per cent. in earnings in excess of 40s. per week (salaried staff, £100 a year), provided that (i) in no case shall any reduction be more than 6s. per week (salaried staff, £15 a year), and (ii) earnings of male adults whose base rates are under 41s. per week shall not be reduced below such base rates. In addition, extra pay for night duty is to be reduced from "time and a quarter" to "time and an eighth," and for duty on Sunday, Christmas Day and Good Friday from "time and a half" to "time and a third"; overtime rates are to be scaled down—by day from "time and a quarter" to "time and an eighth," by night from "time and a half" to "time and a quarter"; and a "spread-over" up to twelve hours a day may be put into operation, where the companies desire (subject to appeal to the Central Wages Board), for all grades except drivers, firemen, guards and signalmen. This award (the pill is sugared by one or two minor concessions to the railwaymen in points of detail) is to come into operation on March 29.

The effect of these findings on the position of the companies and of the railwaymen obviously cannot be stated with great exactitude. On wages alone the probable saving should be about £3.3½ millions a year, and the economies realisable directly from the scaling-down of overtime rates and, gradually, from the discharge of station staff rendered redundant by the "spread-over" may eventually amount, perhaps, to a further £1½ millions, making a total reduction of £4½-4¾ millions against £9½ millions for which the companies asked. Even on the assumption that wages of railway shopmen, who are not covered by the present award, are subjected to a similar cut, it would certainly

be optimistic to hope that the railway wages bill will be reduced by much more than £5 millions, leaving it still not far short of £110 millions, against £47 millions in 1913. On the other hand, with reductions ranging from 1s. 9d. per week on a 50s. wage to 3s. per week on a wage of 80s., the railwaymen, even allowing for slightly diminished overtime payments, will still be enjoying earnings more than double those ruling on the railways in 1913.

We have no desire to disparage the work of the National Wages Board or to minimise unduly the concessions which the Union's representatives on it have agreed to make. The companies announced in advance that they would abide by the award, but its terms have yet to be accepted by the railwaymen's delegate conferences, and though acceptance—branch meeting protests notwithstanding—is probable, it may well be that on the case as presented (a point to which we shall return) more drastic findings would not have "gone through" without grave risk of a disastrous stoppage of work. Though peace may be bought too dearly, it is no mean thing that the present settlement should to all appearances be peaceable. Further, in rejecting by implication the Union's thesis that wages should be fixed by reference to "the present demands of the individual based upon his economic needs and the requirements of social amenities," the Board has done something at least to dispel the fatal fallacy that any "standard of life" can be maintained regardless of the economic utility of its recipients' contribution to the common pool.

Nevertheless, we are compelled to express grave doubts whether this award meets adequately the full needs of the situation. It represents in terms of weekly earnings no more than a reduction proportionate to the fall in the cost of living which has taken place in the past twelve months, and it leaves the railwaymen still in the privileged position of enjoying remuneration quite disproportionate to that obtainable, on the basis of present commodity values, by workers in the exporting industries or those (e.g., land-workers) exposed to the pressure of world prices. Viewed in its bearing as a significant lead in the essential process of redressing the disparity between "sheltered" and "unsheltered" wage-rates, the award is singularly ineffective, and contrasts glaringly in its terms with the result, for instance, of last week's arbitration on wages payable in the South Wales coalfield.

For this result the representatives of the companies cannot be wholly acquitted from blame. By their insistence on the railways' "right" to a certain standard of net revenue they tended to make the case before the Board a question of "doing something to meet the stockholders' difficulties." This, as we show in an Investment Note on a later page, the award is calculated to do, at least so far as the position of the prior charges and preference stocks is concerned. But neither the disputants nor the Board seem to have attempted to face the real issue of public interest, which is that in the present disequilibrium between world prices of wholesale foodstuffs and raw materials on the one hand, and (i) British manufacturing "finished" prices, and (ii) the British cost of living on the other, a very important element is our excessive costs of every kind of land transport. Even if a measurable recovery in wholesale prices occurs with world trade revival, this unbridged gap bids fair to undermine our whole economy unless the upper blade of the "scissors" can be brought down to meet the lower. The railwaymen do not stand alone; apart from the large numbers of employees of public authorities, there are all those engaged in road transport, portage, etc., and above all, perhaps, there are the workers in the docks, whose casual weekly earnings, supplemented by the dole, are often double and treble those drawn by a miner, steel-worker or cotton operative in full employment.

It is idle to pretend that we can hold our place, much less recover lost ground, as an exporting country or maintain our national standard of well-being, if productive industry, working on the existing or probable price-level, has to carry a £100 million bill for railway wages along with a series of other "sheltered" costs all entering deeply into the cost of manufacture and the prices which the consumer in Great Britain has to pay. No fiscal legerdemain can get us over that crux; and, if those asked to make a temporary sacrifice could be brought to

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realise it, no permanent loss of "real" earnings need follow a reduction of nominal wages. If its benefits were passed on to the consumer—we assume that the forcible pressure of public opinion would simultaneously be brought to bear on every monopolist or "sheltered" profit-margin in the chain of distribution—an all-round 10-15 per cent. cut in every "sheltered" wage would give such an impetus to the slow, lagging decline in living costs, and such a stimulus to our exports, that our national productivity, purchasing power and domestic turnover would all benefit on balance, to the ultimate advantage of all concerned. To such swift, successful readjustment the railway Wages Board had an opportunity to point the way; it has not taken it. If the process of half-hearted interim compromise is to be repeated in every other "sheltered" occupation, the restoration of equilibrium and the revival of British prosperity will be tardy. In the railway award the "not too bad" has been the enemy of the good.

THE CANADIAN NEWSPRINT SITUATION.

(BY OUR OTTAWA CORRESPONDENT.)

THE plight of the grain growers of Western Canada has been receiving widespread publicity, but almost equally serious is the condition of Canada's newsprint industry, whose financial difficulties have been increasing for the last three years and are now becoming critical. The physical development of the industry in the last twenty years has been spectacular, and, as the following figures show, since 1928 it has steadily forged ahead of its rival in the United States:—

	NEWSPRINT OUTPUT.	
	U.S.A. Tons.	Canada. Tons.
1913	1,305,000	350,000
1920	1,511,000	875,170
1925	1,530,318	1,522,217
1928	1,414,952	2,381,102
1929	1,392,276	2,728,827
1930	1,282,156	2,498,060

The latest production figures, however, indicate that the recession which began in 1930 threatens to be progressive; and there is looming up the prospect of another price cut. Since the beginning of 1921, when the price of newsprint stood at \$130 per ton, there have been a series of price changes all, with one exception, downward. The following table gives the details of the changes since 1924:—

Date.	Contract Price per Ton.
January 1, 1924.....	73
January 1, 1925.....	70
January 1, 1926.....	65
July 1, 1928	62
February 26, 1929.....	55

Apparently, the newspaper publishers are bent upon forcing a further cut in the price, and a combination of circumstances favour them. It has been demonstrated that Canada does not command any monopoly of pulpwood resources. During the second half of 1930 the International Paper and Power Company and other American companies have imported substantial quantities of Russian pulpwood, delivered at their mills at a cost which compares favourably with that of Canadian pulpwood; and of

excellent quality, clean and free of knots. It is true that the American Government has lately imposed upon importers of Russian pulpwood the onus of showing that it has not been prepared by forced labour, and these imports may, as a result, fall off, but the fact remains that henceforth Russia must be taken into account in estimating the pulpwood resources of the world.

Furthermore, it is now known that Alaska has supplies of pulpwood and adjacent water-power resources which can form the basis of an economically sound newsprint industry, and the Federal Trade Commission of the United States, following its investigation into newsprint prices, has recommended that steps be taken to develop it. Again, Newfoundland has been steadily increasing its output of newsprint during the past five years, until it has now become an important producer; and there is also the possibility of using the Southern pine of the United States for the manufacture of newsprint. This tree has a "regrowth" of 18 years, as compared with 75 years for Canadian spruce, and the cost of pulpwood from it delivered to the mills is \$5-\$6 per cord, which is considerably less than that of Canadian pulpwood. At present this Southern pine is being extensively used in the manufacture of kraft, or wrapping paper, and if industrial chemists succeed in their present efforts to find a method of extracting the resin or gum from this pine, a huge newsprint industry could be established in the Southern States.

The position of the Canadian manufacturers has been further weakened by the fact that fresh machines came into operation last January, and at the end of that month the rated capacity of the Canadian mills stood at 12,376 tons per day, as compared with 11,940 tons at the end of 1930. The following table shows the high and low percentages of operating ratios between 1924 and 1930 and the rated capacity of the machines installed:—

	Operating Ratio.		
	High.	Low.	Rated Tons Capacity.
1924	96.6	85.3	4,871
1925	100.6	89.7	5,317
1926	99.0	92.4	6,818
1927	88.9	80.5	8,500
1928	88.0	78.0	9,897
1929	91.3	77.9	10,748
1930	75.2	59.5	11,940

As the result of the additional machines and the further curtailment of demand, the operating ratio for January has declined to 57.3 per cent., the lowest figure on record in the history of the industry. Furthermore, largely as the result of the imports of Russian pulpwood, the output of American mills for January, at 105,527 tons, showed a gain of approximately 6,300 tons over the December figure and an operating ratio of 69.1 per cent. of the rated capacity. And stocks of newsprint on hand in both countries at the end of January, placed at 71,671 tons (Canada 38,768 tons; U.S. 32,903 tons), were at the highest level ever reported.

Under these circumstances the best that the Canadian newsprint producers could hope for was to hold prices at the level of 1930, but it is now evident that this cannot be done. Forecasts about advertising lineage in the United States indicate that the volume of newsprint consumption in the United States will be lower for the first half of 1931, and no serious improvement can be anticipated until 1932. The Hearst newspaper interests are by far the largest consumers of paper in North America, and of their annual requirements of approximately 540,000 tons, all but some 56,000 tons are secured from Canada. At present the Hearst interests have long-term contracts with the International Paper and Power Company for 140,000 tons of newsprint for five years beginning with 1929, and with the Canada Power and Paper Company for 100,000 tons per annum. But the price in these contracts is on a sliding scale, to be adjusted each year according to the ruling market price, and apparently the Hearst interests have combined with the other American newspapers in forcing down the price in the open market. At any rate, it is announced by the American Newspaper Publishers' Association that its members have now contracted for 400,000 tons of newsprint for 1931 at a price below that prevailing in 1930. The Canadian newsprint companies have not admitted the accuracy of this statement, but the Abitibi

Power and Paper Company has made the significant announcement that, while the 1930 price for its newsprint will continue, it will protect its customers in the event of any decline in the general newsprint market price. The basic contention of the newspaper publishers is that, although the price of newsprint has fallen, it has not yet come into line with the drop in other commodity values.

Now, the Canadian newsprint companies have been able to effect substantial cuts in their costs of production; they have curtailed their staffs and reduced wages and salaries, they have confined operations as much as possible to their low-cost mills, and they have abandoned their own cutting operations to a large extent. They have been buying from settlers or pulpwood operators at prices which the latter declare are scandalously low, and they have also been "eating out of the pile," i.e., taking wood from their storage reserves. But, even with the enforcement of these economies, very few of the Canadian newsprint companies were able to do more than cover their fixed charges during 1930, and some of them even failed to do this; Abitibi Power and Paper, for instance, which is one of the strongest companies, will probably have less than \$1 per share available for common stockholders, as compared with \$1.97 in 1929. The outlook for 1931 is such that the earning even of interest on the fixed charges will be difficult unless tremendous further economies can be effected.

Plainly, one of the best avenues for securing these would be a greater consolidation of the industry, and negotiations have been afoot for some time for a merger of four of the principal newsprint producers, the Abitibi Power and Paper, Canada Power and Paper, Backus-Brooks and the Canadian branch of the International Paper and Power Company. It is claimed that such a merger would make possible the establishment of a single policy for the Canadian newsprint industry and also the reorganisation of its capital structure, which is now regarded as inevitable. Admittedly, the industry has suffered greatly from the operations of stock promoters, who injected a great deal of superfluous water into various newsprint corporations, and, if a reasonable valuation were placed upon mills, pulpwood limits, contracts, etc., the capitalisation of the merger could be reduced to a point where it would bear a closer relationship to earning power than it now does.

The advantages of consolidation are obvious, but negotiations have been going on for months without any definite result. The fundamental obstacle to their success lies in the fact that certain controllers of the industry want everybody but themselves to make the necessary sacrifices. The result has been a complete absence of the co-operative spirit which alone could enable the merger to achieve its real purpose—the diminution of capitalisation to reasonable limits and the readjustment of operations. Accordingly, the *Financial Post* of Toronto, holding the view that the leaders of the industry have shown a "woeful lack of ability" to settle their own troubles, and that the situation has gone beyond the stage when any individual's feelings can be considered, has come forward with the suggestion that the newsprint interests engaged in the merger negotiations should agree upon a single arbitrator or a tribunal to adjudicate upon the valuation of their properties for the purposes of consolidation; and it proposes that the task be entrusted to Mr E. W. Beatty, the President of the Canadian Pacific Railway.

Notes of the Week.

Conservative Policy.—In a speech at Newton Abbot, on Friday of last week, Mr Baldwin gave an outline of the home policy of the Conservative Party, and we may presume that, unless or until mutineers capture the ship, his statement holds the field. The first point in the programme is public economy, in the double sense of "getting money's worth for all you spend" and also of "cutting your coat according to your cloth." The next Government, he thinks, will have to spend its whole life economising, and restricting new expenditure to the purposes of industrial reconstruction and the Navy, which, in Mr Baldwin's view, has

been over-reduced. From economy Mr Baldwin turned to Protection. As soon as he comes into power he will impose a tariff on all manufactured imports, and devise measures to stop dumping, especially from Russia. Agriculture is to be assisted by a guaranteed price for wheat and import control by the "quota system." The production of sugar beet and sugar is to be encouraged; a tax is to be imposed on malting barley, and the dumping of "such things as German oats" is to be prevented. "Maybe it will be by a tariff, or maybe by licence, or maybe by prohibition. Any treaty or international agreement standing in the way will be promptly denounced." As regards the Dominions, Mr Baldwin asks for a "perfectly free hand," even if it involves a tariff against imports of foreign food. Here, then, is the Conservative programme: Economy, but more money for the Navy and a guaranteed price for wheat, which, if it is to help the farmer, must be costly to the State; general and indiscriminate Protection on manufactured goods (no level of duties specified); a blank cheque in Imperial affairs and a mandate to tax foodstuffs if the Dominions wish to make that part of a bargain. We do not believe that in this form it will be endorsed by the country.

The Amenities of St. George's.—One is accustomed to the fairly free employment of general invective in the course of parliamentary elections, especially since the Press Lords began to run candidates of their own. But never in our experience has the method of personal vilification fallen to lower depths than in the campaign of the Rothermere and Beaverbrook newspapers against Mr Baldwin himself and the official Conservative candidate in the St. George's by-election now in progress. We do not care to go deeply into this discreditable chapter in the history of the British Press, nor to quote the oft-repeated Billingsgate of abuse in which these newspapers have indulged. Two instances will suffice to illustrate the methods of attack to which Mr Baldwin's antagonists have descended. Before turning to politics, Mr Baldwin was actively associated with the famous steel firm of Baldwins, Limited; but public service has, of course, claimed him for many years. This firm, in common with so many in the same industry, has fallen into the trough of depression, and its shares stand at a low figure. The blame for this the Rothermere Press imputes to Mr Baldwin, and arguing that since the firm with which he used to be connected has fallen on difficult times, therefore Mr Baldwin has proved himself unfit to lead his party or his country. Unfair argument could go no further. For Mr Duff Cooper the Press Lords have picked up a different rod out of the gutter. Because Mr. Duff Cooper recently lectured in Berlin on the British Empire and gave his lecture the title of "An Apology" (in the classic sense, of course, of "defence") he is ferociously assailed as an anti-patriot. This attack must be born either out of a deliberate intention to hit below the belt, or else out of almost inconceivable ignorance as to the meaning of the King's English. We give the Press Lords their choice. We hold no particular brief for Mr Baldwin or Mr Duff Cooper or for the policies which they are advocating, but we sincerely hope that Sir Ernest Petter, who has lent himself to the use of such discreditable methods, will be roundly defeated. Such defeat would vindicate not merely British repugnance to attempts at Press dictation, but also the average Englishman's preference for fair play and honest controversy.

The F.B.I. and Protection.—On Wednesday night the Federation of British Industries, following a canvass of their members on the subject of fiscal policy, issued a memorandum entitled "Industry and the Nation." A year ago, when Lord Beaverbrook was working up his Empire Free Trade campaign, he prophesied that before very long protagonists would arise who would urge the quite irreconcilable counter propositions either of a general protective tariff to enclose the home market or of a bargaining tariff with the object of beating down tariff walls by force. And so it is happening. But it is no irresponsible politician that comes forward to fill this

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role. It has been left to the Federation of British Industries to support all the contradictory forms of protection in one and the same breath. Indeed, the new industrial policy, as set out in their Memorandum, is not only to secure Empire Free Trade, to protect the home market by a tariff wall and to lower tariffs by a bargaining process, but it is to monopolise trade in the hands of import boards and by lowering prices to develop the export industries! The putting forward of such a hotch-potch of absurdities and contradictions by a serious and important organisation is only to be explained by the heterogeneous character of the Federation itself. For years the Federation has kept silent on the fiscal question—not because its members had no definite opinion but because they could not agree. Now that the long-drawn-out depression has induced the majority to ask for a change in our fiscal system, the Federation has attempted to overcome the insuperable difficulty of propounding a protectionist scheme which would not split the Federation from top to bottom by putting all the nostrums at once into the physic—even going the length of pretending that it will prove a panacea for the export trades. The F.B.I. pronouncement is one of the most jumbled protectionist schemes that we have ever seen put forward from any responsible quarter, and its only effect is to make confusion worse confounded.

The Foreign Policy of the U.S.S.R.—Last Sunday the All-Union Congress of Soviets—the nearest thing to an imperial parliament of the Soviet Union—met in Moscow for its sixth session. It had not met previously since the spring of 1929, when it ratified the Five Years' Plan; and now, when it is meeting again, half the five years' period has already elapsed. Meanwhile, the Plan has come to dominate the life and politics of Russia. On the day after the Congress opened the Supreme Court in Moscow passed sentence on a batch of prisoners who were accused of "sabotage." Happily this time there were no death sentences, as there were at the end of the more sensational trial held last year. The accused were sentenced to terms of imprisonment, varying from ten to two years. The truth is that the Soviet Union is striving to fulfil the Five Years' Plan in a spirit of ruthless concentration which is seldom exhibited by nations except in war time. In fact, the Plan might be described as a declaration of war upon Russia's economic predicament; and the Soviet Government is desperately nervous lest its pursuit of victory on this economic battlefield should be frustrated by some declaration of war, in the literal sense, against the U.S.S.R. on the part of an unscrupulous capitalist world. The Soviet Government's outlook on the international landscape is not unlike that of the Fascist Government. Both Governments see

themselves as martyrs for their political faiths, as outlaws in a world of democratic-capitalistic states which are planning their overthrow, first by a campaign of slander and then, when the moment comes, by force of arms. In this spirit, Molotov, the Chairman of the Council of People's Commissars, told the All-Union Congress of Soviets that the utmost exertions must be made to strengthen the military power of the Union, because they must be ready at any moment to repel an armed invasion. In the course of his address, Molotov surveyed the relations of the U.S.S.R. with the other Powers. He pictured France as being the head and front of the Union's enemies, without letting off Great Britain, whose relations with the Union, he said, had gone from bad to worse since 1929. His tone was hostile towards the Vatican, temperate towards Poland, China and the United States, forgiving towards Germany, warm towards Italy and Turkey. He alluded here to the protocol for an agreed limitation of Russian and Turkish naval armaments in the Black Sea and adjacent seas which has just been signed at Angora. This protocol is on the pattern of the Græco-Turkish naval protocol of last November; and the two instruments, between them, ought to make peace on those waters reasonably secure. Incidentally, they form an indirect diplomatic link between the Soviet Union and Italy; for, while Turkey is Russia's ally of ten years' standing, the Turco-Greek *rapprochement* of last year was due to Italian initiative. While France and her allies may spy, in these arrangements, the shadow of a hostile *entente*, there is no reason to suppose either that Greece and Turkey are willing to become pawns in such a game, or that the Soviet Government intends to be a player. With the Five Years' Plan on her hands Russia may have a nervous fear of war, but she certainly has not any present desire for it.

Army Estimates.—The Army Estimates for 1931-32 reach a net total of £39,930,000, as compared with £40,500,000 last year—a reduction of £570,000. In his statement accompanying the estimates, the Secretary of State for War points out that, in view of the fact that £8,750,000 of the total estimates is earmarked for non-effective services, and that reductions amounting to nearly £5,000,000 have been made in effective charges since 1925, "administrative savings become increasingly difficult to secure." In the following table we show estimated expenditure for 1930-31, 1931-32, and actual expenditure (sub-divided into effective and non-effective charges) during the previous five years, as compared with the estimates for the last pre-war year. Numbers of personnel are added for purposes of comparison:—

Year.	Effective Charges.	Non-effective Charges.	Total (a) Justified for War Terminal Charges.		Personnel.*
			(000's omitted.)	(000's omitted.)	
	£	£	£	£	
1913-14	24,888	3,957	28,845	185,600	
1925-26	36,306	8,037	44,343	160,600	
1926-27	35,382	7,866	43,248	159,400	
1927-28	35,480	8,166	43,646	166,500	
1928-29	32,489	8,308	40,797	153,500	
1929-30	32,421	8,435	40,856	150,500	
1930-31	32,120	8,383	40,503	148,900	
1931-32	31,528	8,750	39,930	148,800	

* Establishment, exclusive of India.

At the beginning of the next financial year, the Army, inclusive of troops in India, will be, as was the case a year ago, about 10,000 below establishment. It will be seen that, against the drop of approximately £5 millions in effective charges from 1925-26 to 1931-32, non-effective charges in the present estimates are above the level of 1925. This increase is accounted for mainly by a rise of £282,000 on account of half-pay and retired pay to officers, and by an increase of £437,000 under the heading of pensions. A scrutiny of the accounts further reveals that the pay of the Army is estimated in 1931-32 to be £89,000 lower than it was in 1929-30, and £1,046,000 lower than in 1925-26. As in the case of naval expenditure, it is almost impossible for the non-expert to point to any specific item under which

savings might be made, but the field for possible economy appears to lie in Votes 5 to 12, which cover administration, supplies, stores, etc. Expenditure under these votes is estimated for 1931-32 at approximately £14 millions, as compared with about £19 millions in 1925-26. In view of the tremendous fall in prices which has occurred in the past five years, as well as the reduction in the numbers of personnel, it seems arguable *prima facie* that larger reductions might have been effected under these heads.

The Revenue.—The week's Exchequer return made up to March 7th, and printed in summary form on a later page, shows that revenue continues to flow in at a highly satisfactory rate, receipts for the week being £31.8 millions, against £27.5 millions in the corresponding week last year. The deficiency of revenue against expenditure up to date amounts to £58.1 millions, against £58.7 millions a year ago. Between now and the end of the financial year, Mr Snowden, in order to make up the figure of £360 millions fixed in his Budget for debt interest and sinking fund, must appropriate to debt service £13.7 millions more than he did in the last three weeks of 1929-30, and there may be a moderate increase in expenditure on the Supply Services in the same period. Having regard, however, to the fact that tax revenue between now and March 31st bids fair to exceed by perhaps £9 millions the corresponding receipts a year ago, and that in the last three weeks of 1929-30 some £44 millions of the deficit as on March 8th were caught up, it looks as though the final deficit for the current year may be nearer £20 than £25 millions.

Air Estimates.—The Air Estimates for 1931-32 show, at a net total of £18,100,000, an increase of £250,000, as compared with the 1930-31 estimate of £17,850,000. The gross total has risen by £273,400 to £21,197,200—this somewhat larger increase in gross figures being due to an additional £23,400 on account of Appropriations-in-Aid. The latter, however, include provision for the British entry in the Schneider Trophy contest, without which they would show a reduction. It should also be noted that the gross estimates include the increased sum of £155,000, payable by the Dominion and Colonial Governments on account of the forthcoming African Service. In the following table we show the net estimated expenditure on the Air Force in 1930-31 and 1931-32, as compared with actual expenditure in the previous five years, together with the numbers of personnel:—

Year.	Net Expenditure. Thous. £	Personnel.*
1925-26	15,470	32,642
1926-27	15,530	34,015
1927-28	15,150	30,035
1928-29	16,050	30,467
1929-30	16,750	31,070
1930-31	17,850	32,000
1931-32	18,100	32,000

* Including (except in 1930-31 and 1931-32) about 2,000 paid for by the Government of India.

Vote I, covering the pay of the members of the Force, is estimated at £3,907,000 for 1931-32, and shows an increase of £176,000 on 1930-31, while technical and war stores, works, buildings and lands together account for a rise of £146,000, although expenditure on airships is lower. These increases are partly offset by reductions of £30,000 on civil aviation, £19,000 on the Air Ministry, while non-effective services are responsible for a further saving of £12,000. During the current financial year one squadron of flying boats and two new flights of the Fleet Air Arm will have been added to the regular Air Force, and one new cadre squadron is being formed. On the completion of these developments the strength of the Force will amount to 72 regular squadrons and 13 non-regular squadrons. The provisions for 1931-32 include three new regular squadrons, to be added to the Home Defence Force (bringing the number up to 29), and an addition of one flight to the Fleet Air Arm.

Overseas Trade in February.—Compared with the corresponding month of last year the trade returns for February make an even worse showing than those of January. Imports, exports and re-exports all underwent very heavy declines, as the table below shows:—

MONTH OF FEBRUARY. (000's omitted.)					
	1931.	Increase or Decrease as compared with			
		February, 1930.		February, 1929.	
	£	£	%	£	%
Imports	63,647	-24,565	-27.8	-27,203	-29.9
British exports	31,793	-20,131	-38.8	-23,872	-42.8
Re-exports	5,853	-2,794	-32.4	-4,448	-43.0
Total exports	37,646	-22,925	-37.8	-28,320	-42.9
Excess of imports over total exports	26,001	-1,640	-5.9	+1,117	+4.9

The next table gives the corresponding figures for the year to date:—

FIRST TWO MONTHS. (000's omitted.)					
	1931.	Increase or Decrease as compared with			
		1930.		1929.	
	£	£	%	£	%
Imports	139,217	-50,837	-26.7	-58,182	-32.9
British exports	69,357	-40,830	-37.0	-53,188	-43.5
Re-exports	11,890	-4,930	-29.3	-8,221	-40.8
Total exports	81,247	-45,760	-36.0	-61,409	-43.0
Excess of imports over total exports	57,970	-5,077	-8.0	-6,773	-10.5

Only a part of this uniform decline can be explained by the fall in prices, for an examination of the volume figures shows few commodities of which the quantities imported and exported have not diminished. The main exception is to be found in our imports of food. In the first two months of this year we imported more grain, meat, tea, dried fruits, potatoes and butter than in the corresponding period of 1930. Unhappily the same cannot be said of raw materials, of the more important of which only wool, petroleum, wet hides, oilseeds, and wet chemical wood pulp were imported in larger quantities than in the corresponding period of 1930. Imports of most manufactures decreased; exceptions were pig iron, some copper manufactures, clocks and watches, electric carbons, fabric gloves, silk and artificial silk stockings, fancy hosiery, some petroleum products, some classes of leather, silk yarns and woollen and rayon tissues. The volume of most of our main exports shows a catastrophic decline:—

SOME LEADING EXPORTS.			
	First Two Months		
	1929.	1930.	1931.
Coal	8,362,661	10,229,067	6,803,617
Pig iron and ferro-alloys	98,017	67,310	32,583
Railway material	100,152	80,284	20,356
Total iron and steel	801,266	646,133	310,898
Textile machinery	22,357	18,897	8,179
Total machinery	96,178	89,872	60,743
Cotton yarns	30,530,900	25,382,300	25,597,700
Cotton piece-goods	705,412,100	612,702,300	301,965,900
Wool tops	55,506	46,057	46,639
Woollen tissues	22,414,000	18,577,500	12,273,000
Worsted tissues	10,737,200	8,561,300	6,710,300
Linen piece-goods	11,925,800	12,356,400	10,999,100
Boots and shoes	132,957	143,161	97,382
Leather	50,829	45,299	24,597
Paper and cardboard	794,078	820,121	551,153
Locomotives	5,879	6,628	6,048
Motor cars and chassis	7,345	5,901	4,485

Many have been more than halved, and the only item in the table to show even a slight increase is wool tops. Among exports not included in the table the only bright spot is to be found in an increase both in tonnage and value of the exports of steam and motor vessels.

Gold and the Slump.—In a most interesting address on Thursday to the British Engineers' Association, Sir Henry Strakosch gave his reasons for adhering to the view that the fall in commodity prices is due mainly, though not wholly, to monetary causes, and he was at pains to refute

some of the causes alleged by those who take a contrary view to his own. For example, in reply to those who urge either that there has been over-production of cereals, or that rationalisation has gone so far that it has produced an excess of output of manufactured goods, he quoted the figures produced for many years past by Mr Carl Snyder, of the Federal Reserve Bank of New York, and Mr Joseph Kitchin, which showed over a period of years an annual increase of production of 3 per cent. compound. Since 1925 the increase has been a little less than 3 per cent. In Sir Henry's view there is evidence neither of general over-production in recent years nor of any extraordinary progress of technology or invention. Even as regards cereal production, the League of Nations' figures show that, while in 1928 the increase was 4½ per cent. over 1927, this was less than the increase in 1925, which amounted to nearly 9 per cent. without causing any serious slump in prices. Sir Henry's argument regarding cereals, at all events, may perhaps be open to question, for there is force in the thesis of Mr Loveday that, although, say, 3 per cent. may be a normal rate of increase, it cannot be indefinitely assumed that this applies to everything, or, in particular, that an increase of cereals at this rate is called for. Sir Henry admits that efforts to control production are certainly in part responsible for the situation, but the non-monetary theorists might well urge that unbalanced production is of more importance than Sir Henry attached to it. Most interest, however, attaches to his explanation of how monetary influences produced the crisis. He lays chief blame on the Federal Reserve policy in the autumn of 1928, which permitted the American situation to get out of hand, attracted money which should have been flowing into debtor countries, and caused bank rate increases all through the world in 1929. This compelled debtors to hasten the repayment of their loans by selling the commodities and securities upon which these loans were contracted. World-wide liquidation had the inevitable effect of a world-wide slump in the price of commodities. Given this initial impulse, the downward movement of prices explains all that has followed since—the curtailment of enterprise, increasing unemployment, financial and political difficulties and social unrest—consequences to which Sir Henry himself forcibly called the attention of the League of Nations towards the end of 1927. Sir Henry concluded with a word about what the future may have in store for us. The fall of prices has not only caused a plethora of short-term credit that would ordinarily flow into long-term securities, and thereby create a demand for capital goods, but it has also led to a curtailment of the production of many classes of goods. But this curtailment, in his view, cannot go on for any length of time, and, when prices have once reached bottom, and, he added, "I almost think they have," confidence will return and production for normal needs be resumed. Prices will then react upwards. "That reaction should not be impeded by monetary action, but should be allowed to develop until we regain a level, compatible with ultimate stability, as near as possible to the level at which the slump started, for a level much lower would put upon most of the world an almost intolerable burden in respect of the fixed-money obligations it has to meet. All the efforts of the principal central banks should then be directed towards maintaining that level of prices stable within reasonable limits by co-operative action, and this action should be not merely of a monetary kind, but should also include prudent advice tendered to their respective Governments for the removal of the numerous impediments of one kind or another to the free flow of goods, capital and man-power."

The South Wales Mining Wages Award.—At the end of last week the award was announced of the independent chairman of the South Wales Coal Conciliation Board, to whom the questions of the subsistence wage and of the minimum additional percentage payable on the 1915 standard base rates had been referred. The owners had asked for a reduction in the percentage from 28 to 10 and in the subsistence wage from 7s. 10½d. to 7s. 8d.; the miners sought an increase to 42 in the percentage and to 8s. 3d. in the subsistence wage. Mr Schiller awarded a reduction in the percentage to 20 (thus reducing

earnings per shift by about 6 per cent.) and introduced into the subsistence wage the principle of graduation according to family responsibilities. Married men with dependent children and single men with dependents are to receive 7s. 6d.; men with children working, 7s. 3d.; single men, 7s.; and boys under sixteen who are supporting a family, 6s. A worker who fails without due cause to present himself for work on all the days on which a colliery is open during a given week shall not be entitled to the benefit of the "subsistence wage" minimum for such days as he works during that week, but shall draw simply wages calculated on the 20 per cent. addition to his base rate. These reductions fall a long way short of the owners' demands, but from the point of view of the wage-earners they are distressing indeed, especially in view of the prevalence of short time. Four thousand miners at the Glamorgan and Cambrian collieries struck in protest, but the Cambrian employees almost immediately decided that such a manœuvre was useless, and after passing a vote of "no confidence" in the independent chairman, decided to return to work. As the Executive Council was pledged beforehand to accept the award, its position is somewhat difficult, for the miners are, very understandably, less impressed by the inability of the industry to pay a living wage than by their own undoubted need and by the comparative moderation of the sacrifice which the railwaymen, who have so far borne far less of the burden than the miners, are being asked to make.

The Midland Coal Quota.—Considerable discussion has been occasioned during the last few days, writes a Leeds correspondent, regarding the quota under the Coal Mines Act so far as it relates to the Midland area. Statements have been made that there is a considerable shortage of coal, and that, while miners are standing idle, consumers are clamouring for coal in the spell of severe weather which we have experienced. The National Federation of Coal Merchants have taken up the matter, but an impartial examination of the position shows that it is not nearly so bad as would appear from the publicity which has been accorded to it. On the other hand, a defect in the working of the scheme has been revealed which should receive attention. To some extent, the position has been brought about by those responsible for the Midland scheme. Towards the end of last year the central authority in London issued a tonnage quota which could be raised in the Midland area during the first three months of this year. Those responsible for working the Midland scheme decided to apply for an increased tonnage, and, it seems, relying on the success of this application, issued a quota for January of 90 per cent. of the standard tonnage, and for February of 82½ per cent. This left only a little over 58 per cent. for March. The "standard tonnage" under the present scheme is slightly lower than the "basic tonnage" under the old voluntary organisation of the Central Collieries Commercial Association, but it is interesting to look at the quota percentages under that scheme last year for January, February and March. They were 65, 65 and 60. Even then all the permitted output was not raised, and there were substantial stocks on hand at the end of each month. But, without going further into the rather involved consideration of percentages which are not exactly comparable, the Board of Trade return of weekly output for the two periods gives a fair enough comparison. In Yorkshire, which is the largest district in the Midland area, the output for each week has been as follows:—

	1930. Tons.		1931. Tons.
Jan. 4	437,700	Jan. 3	705,100
" 11	1,050,500	" 10	991,300
" 18	1,030,900	" 17	1,007,900
" 25	1,015,200	" 24	977,100
Feb. 1	961,500	" 31	909,400
" 8	1,002,800	Feb. 7	943,900
" 15	1,011,600	" 14	897,200
" 22	989,800	" 21	927,800

It will be seen that for the first eight weeks the output for 1931 was very little short of that for 1930. For subsequent

weeks there will be a decided drop on account of the small quota, but the shortage so far relates only to the better household and industrial coal. Supplies of gas coal and all other grades are sufficient. The recent severe weather has almost doubled the demand for household coal, and it is the failure of the present scheme under the Coal Mines Act to meet a situation of this sort which has caused resentment. Under the old voluntary scheme of the Central Collieries Commercial Association, when any situation of this sort arose, a meeting could be called within twenty-four or forty-eight hours, and an immediate decision taken to increase the quota ten, fifteen or twenty per cent. to meet the sudden emergency. The suggestion which has greatest support here is that District Committees should have power in special and, may be, localised circumstances, to increase the quota. They might have to justify their action to the central authority, but there should be ample means of checking any abuse of this concession. The quota for the Midland district may have been a little too low, but, apart from the spell of severe weather, it is probable there would have been little or no shortage.

Russian Cotton.—The larger imports of Russian cotton to this country are causing considerable interest in Lancashire. It is reported that since August 1, 1930, about 120,000 bales have been received in this country and the value is estimated at over one million pounds sterling. This Russian cotton, writes our Manchester correspondent, is of good grade and staple, and compares favourably with the best types of Texas varieties, but users state that the price is fully ½d. per lb. cheaper than similar American styles. A feature of the Russian staple is its strength. Substantial quantities have been used during the last few months by the Lancashire Cotton Corporation, Ltd., and it is understood that about fifty firms in Lancashire have experimented in spinning it, the reports being generally satisfactory. This development in the raw cotton trade has caused much comment in certain quarters, and reports are being circulated that Russia is growing this cotton under slavery conditions, but there is no proof for such statements. On behalf of Lancashire spinners it is held that, owing to the severe world competition which now exists, users cannot afford to ignore the opportunity of buying Russian cotton when it is so attractive and more economical than other varieties.

Shipping Freight Index Number.—As a result of slightly greater activity in grain chartering, due to the temporarily steadier tendency of wheat and maize prices, our index number of whole-cargo freight rates rose in February by nearly 1 per cent. The following table summarises recent movements of the various group indices:—

AVERAGE 1898-1913=100.

	Average, 1913.	Feb., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.
European Waters	110.0	98.1	89.7	88.0	87.1
North America	113.1	92.6	86.9	90.1	93.4
South America	123.4	95.5	93.8	90.1	94.6
India	105.3	93.4	103.8	101.3	96.9
Far East and Pacific	117.4	78.9	85.2	80.8	90.9
Australia	127.9	75.7	109.5	138.6	108.6
Total	116.3	89.0	94.8	94.5	95.2

Outward coal freights were steady, except for South American discharge; shippers to Rio de Janeiro and the Argentine were able to obtain small concessions from owners. Among the homeward routes, the Plate was most active, but a number of vessels were also chartered for Australian wheat, notably for discharge at Shanghai. The European ore routes were quiet; the North American market had little business to offer, though rates were nominally a little firmer; and Indian inquiry fell away. A few cargoes, however, were offered from the Rice Ports. The month's changes in the index of each group and subgroup are shown in the following table, the figure 100

representing in each case the average rate during the basic period 1898-1913:—

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	78.5	+ 0.3	South America—out-		
Bay—outwards	100.9	— 3.7	wards	74.9	...
Bay—homewards	91.9	...	South America—		
Mediterranean—out-			homewards	114.3	+ 9.0
wards	85.0	+ 1.6	India—outwards	101.0	+ 4.8
Mediterranean—			India—homewards	93.0	—13.5
homewards	87.8	— 3.8	Far East, &c.	90.9	+ 2.1
North America	93.4	+ 3.3	Australia	108.6	...

Expressed as a percentage of the average for 1913, the total figure of our index number for February works out at 81.9, as compared with 81.2 in January and 76.5 a year ago.

The County Council Elections.—A regrettable feature of the London County Council elections is the small proportion of electors who took the trouble to vote. Out of 1,955,869 voters in constituencies where there was a contest only 541,067, or 28 per cent., thought it worth their while to go to the poll. The smallness of the poll is disconcerting, for it confirms the view already widely held that in the present confused state of politics the average voter is losing interest and even faith in democracy. The actual result of the elections is much as was expected. On balance the Municipal Reformers gained six seats, Labour lost seven, and the Liberals gained one, so that the composition of the new council is 83 Municipal Reformers, 35 Labour and 6 Liberals; and the balance of power remains undisturbed. Compared with 1928, the Municipal Reformers raised their poll from 284,544 to 287,586, while the Labour poll fell from 251,585 to 214,256. The main lesson of these figures is that among London ratepayers at least the stream is running definitely against the party responsible for the national Government in power. Other County Council elections were less determinate in character, mainly because Labour is the only national political party which runs candidates for elections outside London. It is noticeable, however, that Labour lost some seats in Lancashire and the West Riding, and this may be even more ominous than the decline they suffered in their London poll.

The Roumanian Loan.—A good deal of reticence is being observed in France, writes our Paris correspondent, as to the exact cause of the exceptional difficulties which had to be overcome before the agreement for the issue of a new Roumanian loan could be signed, at the head offices of the Banque de Paris et des Pays Bas, on Tuesday evening. All that is generally known appears to be that, after intercepting and stopping transmission on Monday of a telegram from the governor of the Roumanian State Bank to the French negotiators, which would have rendered further progress with the loan impossible, the Roumanian Government felt compelled to dismiss the high official in question before the agreement could be signed. What success the French portion of the loan will have with the native investor, in view of his present unsympathetic attitude towards foreign loans, remains to be seen. The amount of the loan, it is announced, has been fixed at \$53,000,000, or 1,325,000,000 francs, of which 575,000,000 francs are to be offered in Paris in 1,000-franc bonds. The terms are certainly attractive to French investors, however they may appear to the Roumanian taxpayer. The bonds are to bear interest at 7½ per cent. (as from April 1st), and are to be issued at 86½. They will be free of all present or future Roumanian taxation, and interest and reimbursement will be payable, at the option of the bearer, in the local currency at Paris, London, New York, Berlin, Zurich, Stockholm, Vienna, Prague and Bucarest, or in Holland. The bonds are guaranteed by the Roumanian Government and are secured preferentially on the gross receipts from the Roumanian Government monopolies. Outspoken criticisms in Paris suggested recently that only a fraction of the produce of the loan would reach Bucarest. This is confirmed to some extent by the issue here of an apparently

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inspired statement that \$10,000,000 of the total "will remain abroad in repayment of an advance made by the I.T.T.," which holds the Roumanian telephone concession, \$12,000,000 will go to the Swedish Match Trust, in respect of a contract for road construction, and \$3,500,000 will be applied to the conversion of old debts due to foreign contractors to Roumania. "There will enter Roumania, therefore," the *communiqué* concludes, "only \$27,000,000, of which one-half will be for agricultural mortgage bank purposes and the other will be used to meet the immediate needs of the Roumanian Treasury and for various orders and military purposes."

Australian Foreign Trade in 1930.—Our Melbourne correspondent writes:—A summary of Australian trade for 1930, compiled unofficially from the monthly official statements, compares with the previous year as follows:—

	1929. £	1930. £	Inc. (+) or Dec. (—). £
Imports—			
Merchandise	145,348,557	94,391,090	— 50,957,467
Bullion and specie	324,662	339,422	+ 14,760
Total imports ...	145,673,219	94,730,512	— 50,942,707
Exports—			
Merchandise	123,556,719	90,804,396	— 32,752,323
Bullion and specie	12,722,162	24,128,298	+ 11,406,136
Total exports ...	136,278,881	114,932,694	— 21,346,187

The figures are subject to slight revision. Exports of bullion and specie consist mostly of gold, nearly all of which has been taken from stocks previously held, plus a small amount from current production. The merchandise figures by themselves show an excess of imports over exports of £3½ millions for 1930, against £21½ millions for 1929. The reduction in imports for 1930 has been spread over almost all items. Metals, manufactures and machinery decreased to £23,757,192 in 1930, against £43,119,495 in 1929. Included in these figures are vehicles (motor cars, etc.), which amounted to £4,291,268, against £13,096,070. Imports of apparel and textiles for 1930 were £18,644,242, against £30,855,559 in 1929. Among the principal exports for 1930 were wool, £35,140,319, against £50,242,832 for 1929; wheat and flour £15,302,138, against £24,402,419; butter £6,430,234, against £7,253,886; frozen beef £2,441,015, against £2,729,835; frozen lamb £1,708,667, against £1,581,949; frozen mutton £617,564, against £429,667; and lead £2,767,434, against £3,320,696.

Britannic Assurance Company, Limited.—In his speech at the annual meeting the chairman of this company referred to the passing during 1930 of several more milestones denoting in millions the company's progress. In this sense the ordinary branch passed its first milestone in premium income and the industrial branch its third

milestone. The ordinary branch new business registered a slight increase at just over £2½ millions, and the industrial branch a considerable increase from £7,630,000 to £8,620,000. The ability of the industrial branch to expand its business in times of increased unemployment (as a matter of fact, the industrial business is increasing at a much greater rate than the ordinary business) is at first sight an extraordinary paradox. The chairman's explanation of this is an interesting one. In the first place he quoted an estimate to the effect that the number of persons employed at the present time is some two millions greater than the corresponding figure in 1913. In the second place, wages have increased at a much greater rate than the cost of living, with the result that those in employment have a larger margin available for saving. In addition, the appeal of industrial life assurance has been greatly strengthened by more generous treatment of policyholders in regard to surrender values and free paid-up policies, and in particular by the voluntary concession on the part of the large companies of a share in the profits of the business. The cost of administration (including commission) expressed as a percentage of the premium income, shows little change, the figures being 13.2 per cent. and 36.2 per cent. in the ordinary and industrial branches respectively, compared with 13.4 per cent. and 36.1 per cent. in 1929. Income tax has cost the company £39,000 more in 1930, and the combined net rate of interest earned was £5 1s. 2d. per cent. compared with £5 5s. per cent. The usual annual valuation has been made, and the results are shown below with those of 1929 for comparison:—

	1929.	1930.
Ordinary Branch:—	£	£
Surplus earned during the year	289,602	300,332
Brought forward from previous year	96,073	117,306
	385,675	417,638
Allocations:—		
To Bonuses to policyholders	201,130	219,058
„ Shareholders account	22,239	24,182
„ Investment reserve fund	45,000	40,000
„ Carried forward to next year	117,306	134,398
	385,675	417,638
Industrial Branch:—		
Surplus earned during the year	423,525	493,708
Brought forward from previous year	104,750	113,275
	528,275	606,983
Allocations:—		
To Bonuses to policyholders	50,000	70,000
„ Shareholders account	200,000	210,000
„ Investment reserve fund	90,000	110,000
„ Written off cost of British Legal	75,000	75,000
„ Carried forward to next year	113,275	141,983
	528,275	606,983

In the ordinary branch the reversionary bonus has been maintained at the same rate as before, namely, 42s. per cent., while in the industrial branch the amount allocated will be set aside to augment the sums assured becoming claims by death or maturity during the year. The allocations to investment reserve fund raise the total of the fund to £650,000, which is certainly not too large in relation to total assets of £19½ millions. By the application of the £75,000, the cost of acquiring the British Legal has now been totally extinguished. This company, with a premium income of over £500,000, was acquired in 1927 at a net cost of £320,000, and the Britannic has thus succeeded in completely eliminating a considerable item of goodwill in only four years, while at the same time the valuation basis is being gradually brought into line with the more stringent methods used by the parent company. The dividend on the ordinary capital of £300,000 has been raised from 47½ per cent. tax free to 50 per cent. tax free.

Refuge Assurance.—A Correction.—We regret that two typographical errors crept into our Note on page 494 of last week's *Economist* dealing with the results of this

company. The Industrial Branch Expense Rate for 1929 should have been stated as 37.1 per cent. (not 31.1 per cent.), as compared with 36.5 per cent. in 1930; and the Industrial Branch Surplus in 1928 was £567,024, not £267,024.

At the meeting of the Royal Statistical Society, on the 17th inst., Mr S. P. Vivian, C.B., Registrar-General of England and Wales, will open a discussion on "The Forthcoming Census." The meeting will be held in the Hall of the Royal Society of Arts, John Street, Adelphi, W.C.2, at 5.15 p.m.

Overseas Correspondence.

UNITED STATES.

Congress — Treasury Financing — Share Market —
Trade — Money — Farm Board.

(FROM OUR CORRESPONDENT.)

NEW YORK, February 28.

SUGAR coating to the Ex-Service Men's Loan Bill, passed this week by both Houses of Congress over President Hoover's veto, was provided by the hope of escaping a further sitting of Congress after March 4th. With the passage of the Soldiers' Bill and other pressing appropriation legislation, no strong reason remains for the holding of a special session, and no extra meeting is anticipated. The country, in spite of the fact that this last Congress has been extraordinarily extravagant, can find some room for congratulation that matters were not worse. Seldom has a Congress sat when more schemes for spending money were presented and when less money was in sight.

Apart from the Soldiers' Loan Bill, and the routine appropriations, the only action of Congress worth noting was the passing of the Mussel Shoals Bill, providing for Government operation or leasing of this great fertiliser plant on the Tennessee River in Alabama, erected during the war as an emergency operation. Presidential approval of this measure is doubtful, and it is equally doubtful if Congress could override a veto. Legislative proposals which fell by the wayside were those for changes in the Federal Reserve and National Bank Acts, railroad regulation and petroleum import restriction. There was no active demand for these measures except for oil restriction, and that only recently. It had the support of small operators in the mid-continent and some business interests there, but oil men generally were opposed to the plan as, at best, futile in the light of heavy potential production in the domestic market and the excess of oil exports over imports for a number of years.

It is estimated that a maximum of \$1,700,000,000 in cash will be needed if all those eligible for loans under the Soldiers' Loan Act apply for the full amount, which the new law fixes at 50 per cent. of the full maturity value, but it is thought that at most no more than 75 per cent. will apply. In any event, the Treasury will need a good deal of cash in the next few weeks. Loan applications are pouring in.

While the shadow of heavy Government financing has been holding back the bond market, new capital issues have been scanty. The month's total new financing, bonds and shares, was approximately \$160,000,000, the smallest for many months. Last year the February volume was nearly \$650,000,000. Investors have been willing enough to take sound issues when offered in moderate amounts. The drying up of activity was mainly due to fears of a big decline in bonds over the next several months because of the Soldiers' Bond Loan financing.

Government borrowing, large as it promises to be, will nevertheless be more moderate than at first supposed, and

the market looks for an early revival of corporate financing. The very considerable improvement in the share market suggests returning confidence in trade, although not much improvement has taken place so far. Business men are inclined to infer from rising share prices that recovery is under way, although not visible to the outside observer, and the rise has had a refreshing effect on sentiment. Yet in spite of the widespread satisfaction which the stronger share market has generated, the permanency of the movement is doubted in most quarters. Accumulation of a large short interest, the natural tendency of the market to rebound after a sharp decline, and the activity stirred up among professionals by the stimulation of extremely easy money, have combined to send prices higher, and once again interest the general public in the market. Prices are now on the average about half-way back up the slope down which they glided in the September to December market. This recovery is regarded as a logical "technical" improvement. Whether it can go much further probably depends, partly, on how willing the public proves to be to buy more shares but, largely, on how soon convincing evidence of trade gains is forthcoming.

So far, the share market has closely followed the pattern of the spring rise of a year ago. Last year's early advance was lost in April and May on realisation that business improvement had not kept pace. March ought to answer the question whether hopes of trade recovery must be deferred until autumn. Possibly professional bullish operators, who have the whip-hand in the market at present, will be able to keep the pot boiling for a while longer in the face of everything. They can borrow all the day-to-day money they wish at 1 per cent. Loans are reported from time to time at much less than that, and the large majority of active shares pay enough dividends to cover such carrying charges with a margin to spare. Proof that the public is beginning to speculate is had in the brokers' loan record. Loans have risen for three consecutive weeks, the total rise being \$82,000,000.

Trade statistics for February are rather disappointing. The steel industry made a steady, but slow, improvement and at the end of the month had reached a rate of slightly above 50 per cent. of capacity. Motor production increased, but by less than the seasonal amount. Railroad traffic fell well behind the usual seasonal improvement. It has been about 20 per cent. under a year ago, and has changed little during the past month. The rate of business failures continues high. Bank clearings are running about 23 per cent. below the level of a year ago, the decline in New York being considerable, in spite of recent activity in the share market. Commodity price declines are still in excess of increases.

The Federal Reserve Bank reports that January sales by wholesale dealers were 25 per cent. under a year ago, and department store sales were nearly 8 per cent. under last year. Stocks of merchandise in the hands of both wholesalers and retailers were, however, substantially smaller than a year ago. The chain store sales dropped 1.3 per cent. in January, the smallest rate of decline since early last autumn. Railroad earnings in January are running between 35 and 40 per cent. lower than a year ago, according to the reports of the first 50 roads to submit statements. This drop, as compared with the previous year, is larger than any so far reported since the beginning of the depression. The reason is that gross revenues have continued to fall, with smaller passenger haulage and freight traffic, and a somewhat lower general level of charges, while the operating economies put into effect last year have exhausted the possibilities of reduction in expenditure.

Money markets are showing no ripple at the month-end, although financing operations of the next fortnight will involve around \$400,000,000, including heavy March 1st dividend and interest payments and the usual settlements of the farm country and the interior. The Federal Reserve Banks are prepared to offset any tendency of money to stiffen appreciably. Virtually no change is shown in the current statement of condition for the system. Government security holdings are intact; the bill portfolio is slightly higher, corresponding to a reduction in member

bank borrowing. In their own weekly statement the reporting member banks in leading cities show a drop of \$117,000,000 in commercial loans. This figure, the largest for any week in a good many months, does not measure accurately the slump in business demand for credit. It includes the total of bankers' bills, and bank holdings of these bills have been running off rapidly.

Handling of the Government's operations in wheat and cotton grows daily more inept. General disapproval is felt toward the latest move to dump wheat in foreign markets, it being announced that 35,000,000 bushels would be sold for export, contrary to the implied promise of the Farm Board not to do so. The fact is, of course, that the Board has reached the end of its financial rope, now that the Soldiers' Loan Bill will require a huge amount of new money, and something has to be done. It holds in storage or under contract for future delivery between 150,000,000 and 200,000,000 bushels of wheat, and within two and a half months the new crop will come to the market. What will happen then nobody knows, but it is feared that the scheme to hold domestic prices far above world market levels will have to be abandoned.

FRANCE.

Budget — Rente Conversion — Iron and Steel Output —
Coal Industry.

(FROM OUR CORRESPONDENT.)

PARIS, March 11.

THE Budget discussion is practically finished, and the passage of the Bill before the beginning of the new financial year is, therefore, now fairly well assured. The main question facing the Chamber is the meeting of the deficit occasioned by expenditure proposed since the draft Estimates were presented. The Government is considering three possible courses: a slight increase in the income tax, the reimposition of part of the reduction of the tax on turnover accorded a year ago, or an increase of one-fifth in the cost of stamped paper and receipt stamps. Any one of these is estimated to yield from 350,000,000 to 385,000,000 francs. For the moment, the last-mentioned is regarded as preferable.

The time and manner of application of the plan for large-scale Rente conversion is the subject of close attention in both Treasury and political circles for several reasons. In the first place, the Budget estimates were only balanced by the Caisse d'Amortissement's consenting to take over a substantial portion of debt service hitherto borne by the General Budget. This consent, the responsible officers of the Caisse insist, was contingent solely on the early application of the Rente conversion plans. The market, as may be expected, is anxious that the Government shall make up its mind on the point as soon as possible, and politicians, with electoral axes to grind, are eagerly awaiting the opportunities that may arise when the Government's plans are revealed. Complaints have been rife for some time past that *démarcheurs* ("share-pushers," employed by the banks) have been alarming Rente holders in many parts of the country with the prospect of a reduction of interest yield, and urging them to replace their holdings with issues offering more attractive yields. Warnings have even been issued that this form of "damaging the credit of the State" may result in criminal proceedings. At the moment of writing, a definite decision as to the conversion scheme seems imminent. In view of the fact that Three per Cent. Rentes stand at 88½-88¾, the 3½ per Cents. at 103, and Bank rate at 2 per cent.; that the average yield from issues with fixed return at the end of January was 3.79 per cent., and in view of the success of *Crédit Foncier* and other 4 per cent. conversion issues, and other present-day factors, the maintenance of three large issues at 5 per cent. and two others at 6 per cent. (all of which stand at over par), borders on the absurd.

A further step—which is of direct interest to British holders of French war Rente issues in London—has been taken towards extending a certain amount of relief to Rente holders who have lost four-fifths of their capital and interest value by the Stabilisation Law, by the inclusion of a clause in the Budget Bill for 1931-32 reading as follows:—

"All conversion of Rente issues by the State shall be authorised by a law, which shall also determine to what extent and under what conditions the economies resulting from the said conversion shall be applied to compensating subscribers to Rente issues who have directly suffered from the Monetary Law."

The inclusion of this clause in a formal *projet de loi* is the first effective recognition of the fact that humble investors who came to the help of the country at the time of her greatest need deserve a better fate than to lose four-fifths of the money they lent. It will be noted that the clause specifically limits potential compensation to original subscribers, thereby quite rightly excluding investors who "bought in" much more cheaply than at issue price, in the open market, both before stabilisation in fact (1926-28), when the franc was already well on the downward road, and afterwards. The cost of any compensation operation, therefore, will not absorb any serious amount of the economies to be secured from the application of the conversion plan. Whether the implied compensation will be extended to large holders of pre-stabilisation issues remains to be seen.

The significance of the clause quoted above for British subscribers to the French war loans issued in London calls for little comment. The recent French Notes, in reply to Mr Snowden's demands that the French Government should find some means to compensate British investors who are in a similar plight to their French fellows, both pointed out that any such step would necessarily involve similar relief being granted to French subscribers to the same issues. By the same reasoning, and by all the canons of ordinary justice, British subscribers should equally benefit if any consideration of the kind in question is to be given to French subscribers as a whole.

Iron and steel production figures for January, which were made public last week-end, show very little change on the month, but are substantially lower than the totals registered a year ago. The total output of pig iron was 803,000 tons, against 800,000 tons in December, 875,000 tons in January last year, and monthly averages of 841,000 tons in 1930, 871,000 tons in 1929 and 841,000 tons in 1928. Crude steel production totalled 746,000 tons, against 756,000 tons in December, 800,000 tons in January, 1930, and averages of 783,000 tons in 1930, 805,000 tons in 1929 and 783,000 tons in 1928. Metallurgical prices continue to drop, mainly owing to the growing practice of giving special discounts to secure firm or large orders. Orders for mechanical construction products are reported to be becoming rare. The representatives of the European Steel Cartel met at Düsseldorf this week to fix production quotas for the second quarter of the year.

As the coalowners' and the miners' delegates have failed to come to agreement on the question of wages, and a conference between Ministers of the Departments concerned has brought no results, the miners' leaders in the Northern field have ordered a general strike in those districts for March 15. Hopes are still entertained of a compromise agreement before that date. Selling prices, although nominally unchanged, are, in fact, falling appreciably. Coalowners are reported to be inducing consumers to lay in stocks by offering handsome discounts and even inviting potential buyers to name their own figures. Foreign competition and large accumulations at the pit-heads are causing increased alarm. Private Members' Bills recently put forward in the Chamber call for (1) the increase of Customs duties and import tax on foreign coal to three times the existing rates, (2) the reduction of transport rates on French coal by 10 per cent., (3) a special tariff for foreign fuel transported on railways and waterways, and (4) reduction of taxation on French coal by 50 per cent. (to 3 francs a ton). French coal consumption in 1930 totalled 87,000,000 tons, against production of 64,858,500 tons from the French pits.

GERMANY.

Politics — Defence Estimates — Continued Depression — Money and Foreign Exchange — Capital Markets.

(FROM OUR CORRESPONDENT.)

BERLIN, March 11.

LAST week the political situation once more seemed very critical. The withdrawal of the National Socialists and the Nationalists has brought about an unnatural shifting of balance in the Reichstag, and at present there is a Marxian majority of Social Democrats and Communists. The Social Democrats do not, of course, contemplate making common cause with the Communists, but their tactics are hampered by the present situation. The recent communal elections in Brunswick showed that, for the time being, the Social Democrats have more to fear from the Communists than from the National Socialists, and the Communists are taking advantage of the fact to bring forward very radical proposals in order to be able to saddle the Social Democrats with the odium for their rejection. They demanded, for example, among other things, in the Finance Committee of the Reichstag, a 20 per cent. tax on large properties and a substantial increase in income tax on the larger incomes, and as this is in consonance with their general principles the Social Democrats could not simply reject it out of hand.

The relations of the Social Democrats with the Government are, however, most seriously threatened by the national defence estimates. These estimates contain the first instalment for the construction of the second "pocket battleship." The Social Democrats passionately opposed the building of the first ship, and the conflict threatens to break out again over the second (which is part of a programme for the construction, over a period of years, of four), although the first instalment for which the Government asks this year only amounts to Rm. 6 millions. If the parties of the Right were present there would be a clear majority in favour of the ship, but, in their absence, the Government is dependent on the votes of the Social Democrats, and that places the leaders of the Social Democratic Party in a very awkward position. They know that if the ship were refused there would be a Government crisis, for Dr. Brüning has openly threatened to resign in such an event, in which case the President would probably call a Government of the Right, with consequences that cannot be predicted. Both Dr. Brüning and Herr Herrmann Müller are anxious to avoid this, so the policy of the Social Democrats is principally concentrated on securing social and financial concessions from the Government in return for support for the shipbuilding appropriations, so that they may be able to explain away their complaisance to their supporters.

Among the concessions asked for is a promise that when some 80 per cent. of current wage agreements expire in June there shall be no further general reduction like that of last autumn. The Social Democrats also demand a doubling of the tax on directors' remuneration and some increase in the property tax and in the higher classes of income tax. There are, however, narrow limits to the concessions the Government can make. Practically, these are limited by the circumstance that the whole financial policy of the Government has hitherto been based on the undoubted fact that the income and property taxes cannot stand any further increase, and politically, by the determination of the Right Wing of the Government coalition to make no concession to the Social Democrats. It is difficult to see how this difficulty will be resolved, but the Social Democratic Press is not taking an aggressive line, and the representatives of the party on the Budget Committee are showing great reserve. The decision will probably not be taken until the third reading of the Budget at the end of this month.

The report of the Institut für Konjunkturforschung on conditions at the end of February is very pessimistic. Production and turnover are falling and activity is on the decline. A small volume of orders and declining imports of raw materials are evidence of a continued low level of capital investment. The stagnation of international

markets is making itself increasingly felt in exports, which have been declining since the autumn of 1929. Home market conditions are equally unfavourable. In spite of the process of liquidation to which the depression has led, the stringency of the credit markets is still maintained, and the construction of capital goods, especially building, is severely hampered in consequence. The industries which produce goods for final consumption are depressed by the general reduction in purchasing power.

The only influence in the opposite direction is the accumulation of postponed demand. Declining prices and uncertainty as to future developments have curtailed demand to a greater extent than was warranted by actual requirements, and as the influences weaken which have promoted such reserve these arrears will have to be made up. Perhaps the revival of the share market, and to some extent also of the raw material markets, may be taken as the first sign of this, but the necessary conditions of a rapid recovery are not yet present.

The foundation of the International Mortgage Bank in Basle and the general support promised to it by the directors of the B.I.S. had a prompt effect in the German money and exchange markets. The initiative for the establishment of the bank came from the Gemeinschaftsgruppe Deutscher Hypothekenbanken, the largest group of mortgage banks in Germany, and its activity will, at any rate at first, benefit principally this country. First-class long-term loans and mortgages pay 8 per cent. or more in Germany at present. The International Mortgage Bank hopes to place its bonds, which are covered by the purchase of German mortgages, at 6 per cent. This difference offers an opportunity for very large profits for the new bank at first; but it is hoped that, ultimately, larger issues by the Basle bank will lead to a reduction in long-term rates in Germany. The Gemeinschaftsgruppe has long had business connections with the Kreuger concern, which should be helpful in the placing of the new Swiss mortgage bonds.

The sudden rise in the mark during the last few days was caused not only by the establishment of the new bank, but also by the influx of new foreign capital, due in part to foreign purchases of securities. In the first two months of this year the foreign exchanges in Berlin were near the gold export point, and the Reichsbank had to prevent a further rise by heavy sales of foreign bills. The highest rate for the dollar in Berlin at the end of February was 4.211, and for sterling 20.441. On March 9th the dollar fell to 4.203, and the pound to 20.218, on a heavy demand for marks. The simultaneous fall of short-term money rates in Berlin was partly due to the passing of a relatively difficult month-end. Recently day-to-day money was available to the Berlin Stock Exchange at 4 per cent., against 8 per cent. at the end of February; the market rate of discount was $4\frac{1}{2}$, against $4\frac{3}{4}$ per cent.; and one month money was $6\frac{1}{4}$, against 7 per cent. More important has been the fall in the rates which German banks have to pay their foreign agents for loans of foreign exchange. Three months dollar credits are now $4\frac{1}{2}$ per cent., against $4\frac{3}{4}$ per cent. a fortnight ago. The price of long-term loans, however, has risen hardly at all in Germany. The violent rise in the quotation for the Young Loan on foreign bourses has, on the other hand, been received with the greatest satisfaction, as a sign of increased confidence in the political situation of Germany.

ITALY.

Stock Exchange — Revenue and Expenditure — Railway Traffic — Foreign Trade — Unemployment — Prices.

(FROM OUR CORRESPONDENT.)

TURIN, March 6.

IF Stock Exchanges accurately forecast impending economic developments, Italy is one of the countries in which there is hope that the bottom of the depression has been reached. As usual, fixed interest securities are recovering first: Five per Cent. Consols, which in October, 1929, were as low as 78.09, and in January, 1931, were at 80.38, are to-day 82.50 and are in lively demand. The index number of 14 mortgage and industrial debentures,

compiled by the Milan Economic Council (December, 1925, = 100), rose continuously from 99.30 on December 24, 1929, to 102.10 on January 3, 1931; then, more rapidly, to 103.96 on February 28, 1931. Middle-class and country savers, unwilling to invest in industrial shares, are buying largely state and land credit securities. Postal Saving Certificates, which pay 5 per cent. after the first complete year, slowly rising to 6 per cent. after five years, are enjoying great favour. Net issues amounted to 338.5 million lire in 1926, 871.4 millions in 1929, and 1,178.5 millions in 1930. Variable dividend shares are slowly following suit, but the force of the slump seems to have been spent at the beginning of the year, when (on January 3rd) the general Milan index touched 66.42, as against 81.24 on December 24, 1929 (December, 1925, = 100). On February 28th the index was up to 69.56. The upward movement, though retarded by bull liquidations, was recently aided by the discomfiture of some bear operators. One well-known Milanese business man, for example, was caught with a load of about 417,500 oversold shares of the most miscellaneous description, for which he was obliged to seek cover with a big loss, provisionally said to amount to £100,000 at the February settlement.

In contrast to stock exchange anticipations, economic indices of past events give a mixed impression. The first seven months of the financial year show a Budget deficit of 1,041.2 million lire; but as our system of accounting, which shows figures of income and expenditure *due* to be received or made on the current year appropriations, is too scientific for British minds, I prefer to quote the effective receipts into and payments out of the Exchequer during the same seven months' period, as from July 1, 1930. These show 10,329.4 million lire receipts and 10,506.6 millions payments, with a cash deficit of 177.2 million lire.

If the Exchequer situation may be considered fairly strong, other indices are less encouraging. Passengers carried on State railways decreased from 8,039,355 in January, 1930, to 6,684,832 in January, 1931, and passenger revenue from 113 to 96 million lire. Goods carried in January, 1931, amounted to 3,493,121 tons, against 4,404,171 in January, 1930, and goods traffic only yielded 171, against 220 million lire. Energetic efforts are being made to counteract this decrease by such measures as reduction of personnel expenditure from 184 to 166 million lire, and curtailment of the train service.

Provisional figures of foreign trade for January give imports at 1,028.6 million lire, as against 1,505.5 in January, 1930, and exports at 695.6, against 974.9 millions. The excess of imports over exports has decreased from 773.1 millions in January, 1929, to 530.6 in January, 1930, and to 333 millions in January, 1931; but clearly industry is buying from hand to mouth and drawing on stocks. When trade revives a scramble for raw materials is bound to take place. The number of unemployed reached 722,612 in January, 1931, against the previous maximum of 642,169 for 1930 (December) and 489,347 for 1929 (February). The consumption of electrical energy was 9,930.5 million k.w.h. in 1930, against 9,745.2 k.w.h. in 1929. Only in August, November and December was consumption less in 1930 than in 1929.

Wholesale prices are lower than in 1913. The general index (1913 = 100), which was 526.67 in 1927, was in the last week of February as low as 357.14. As at the same date the gold exchange was 368.48, gold prices are 96.9 per cent. of the 1913 basis. Industrial goods have suffered most; their index is 349.35, while food commodities remain at 376.32. The cost of living (June, 1, 1927 = 100) had remained at about 93 during the years 1927, 1928 and 1929, and decreased in 1930 to an average of 90.72; but after the campaign which began last November the index fell in December, 1930, to 86.56 and in January, 1931, to 84.09; the food index fell in January to 82.59. There is as yet a big gulf between wholesale prices, which have fallen since the middle of 1927 by about 32 per cent., and the cost of living, which is down by only 16 per cent. There, perhaps, lies the greatest hindrance to a new equilibrium between the prices received by industrial and agricultural producers and their costs of production.

AUSTRIA.

Public Finance — Prices and Wages — Industry —
Foreign Trade — Stock Exchange.

(FROM OUR CORRESPONDENT.)

VIENNA, March 5.

THE state of current tax revenue and the financial results of 1930 are causing the administration to exercise the greatest economy in order to keep down the deficit in the current year. It was assumed that the year 1930 would show a surplus, whereas there was actually a deficit of 48.9 million schillings, of which 16 millions was met by the reduction of investments. While during the first half of 1930 revenue and expenditure were satisfactory, during the second half of the year expenditure rose and collections dwindled. The raising of the taxes on sugar and beer, for the purpose of alleviating the distress among the farmers, increased revenue, but the proceeds of the other taxes show a decrease of 25.5 million schillings.

The reform of expenditure on social services is becoming more and more urgent, as the burden on merchants, industrialists and banks is becoming insupportable. Measures of compulsion in regard to the collection of social imposts are leading to hundreds of bankruptcies, and, as taxes and social imposts have priority in the case of bankruptcy, any accommodation which the Stock Exchange or the produce exchange might be willing to offer a firm in difficulties would be of no avail.

The Government is now preoccupied with negotiations for two loans; one for the purpose of covering expenditure on housing, which will be met for the most part by a domestic loan estimated at up to 300 million schillings; the other in connection with the second instalment of the investment loan. One of the preliminary conditions is the valorisation of certain guaranteed pre-war rentes. A project is being worked out in the Ministry of Finance, but the Government has not yet settled various essential points. Recommendations are forthcoming from some quarters for the issue of Treasury notes by the Government to strengthen its cash resources.

The reduction in the prices of the necessities of life is having widespread effects. In a number of industries, including the electricity industry and the building trades, the existing collective contracts with the men are to be terminated by the employers, who demand that the workers should submit to a wage cut in view of the reduction in the cost of living. The trade unions will probably be forced to make concessions. The number of unemployed in receipt of benefit is gradually falling, though at present it is about 18 per cent. higher than it was at this time last year. The present level is 336,989, and there is little or no prospect of any permanent reduction of this figure. The Minister for Agriculture, Herr Thaler, has worked out a plan for the creation of an Austrian colony in Paraguay. He himself wants to emigrate with a contingent of Austrian farmers, and he is endeavouring to induce the Government to accord a credit of two million schillings for purposes of emigration, which credit he hopes he would be able to repay within a few years.

The total value of exports and imports in January is lower than that in any other month within the last five years. Imports amounted to 171.2 million schillings and exports to 93.7 millions. Orders for wagons passed by the Federal Railways are also lower than they have been since 1926. It is hoped that the spring will bring an improvement in building activity and in the iron industry. The output of the iron industry for January is only 40 per cent. of that of January, 1930. On the other hand, the output of coal, both hard and soft, shows improvement as a result of the systematic agitation in favour of the use of Austrian coal as against foreign coal in the State industries and on the Federal Railways. In the cotton industry and the paper industry output is still declining, but reports from the leather and boot and shoe industry show improvement. The hope that the development of hydraulic power would have a more perceptible effect on economy this year will, unfortunately, not be fulfilled. The antagonism between the Austrian works and the A.E.G., Berlin, is still

maintained, and, in consequence, no date has yet been fixed for the commencement of operations on the Tauern hydraulic works. It is likely that a hydraulic generating works will first of all be erected in the neighbourhood of Vienna, and the Vienna banks are interested in this, particularly as the Municipality of Vienna seems disposed to draw a certain regular supply of electric energy from this proposed plant.

After the long stagnation the stock and share market is showing signs of recovery. The index of industrial shares has risen between January 15th and February 15th from 73 to 80½ per cent., and the improvement is still continuing. The position on the money and capital market, which is undoubtedly more favourable than it was a year ago, has fostered this movement, but the decisive factor was a strong bear movement which ventured too far in Hungarian coal-mine shares and in the shares of the Alpine Montangesellschaft (iron trust) and several machine and paper factories. In consequence, even the slight purchases of the public and of professional dealers were bound to bring about a marked upward movement. Especially big rises were noticeable in fixed-interest securities. The Federal Loan has risen above par and shows a rise of more than 5 per cent. since summer. The demand for mortgage certificates is strong, and most of the 7 per cent. mortgages are sold out, as the available material is slight. The mortgage institutes have begun to issue 6 per cent. mortgage certificates. A recently issued loan of the Province of Tyrol has now been completely taken up. The easy tone of the domestic money market has led to the repayment of many short-term foreign credits, so that the National Bank's holdings of gold and foreign exchange have fallen considerably. At the end of February they amounted to 842 million schillings, against 930 million schillings at the end of December, 1930. The amount of insolvency is rather alarming, for though the official figures show no great difference from last year, a number of compositions are being made privately. Shops are making great reductions in prices with the object of tempting the public to buy and so getting in money to meet urgent obligations.

ROUMANIA.

National Bank — Syndicalisation of Industry —
Valorisation of Cereals — Taxation — Conference of
Agricultural States.

(FROM OUR CORRESPONDENT.)

BUCHAREST, February 24.

THE report and balance sheet of the National Bank show that the central financial institution of Roumania, in spite of the adverse conditions prevalent, has succeeded in maintaining fully its control over the foreign exchange market. The ratio of its gold to liabilities was 37.2 per cent. on December 31, 1930, while its total holding of gold and foreign exchange amounted to 44.2 per cent. of its liabilities. The reserve was, therefore, well above the legal minimum. The rate of exchange, however, has been near the gold export point during the greater part of the year except towards the end of August and beginning of September, when, owing to grain export, the sterling rate dropped almost to par; it could not be held there for any length of time on account of the fall of the prices of cereals. In order to avoid too great a fluctuation in its holding of foreign bills, the bank created special funds for the State and for the Monopoly Institute for the purpose of buying, at opportune moments, the exchange necessary for the foreign debt service. This explains to some extent the reduction in the holding of foreign exchange. Commercial bills amounted to 7,358 millions on December 31, 1930, compared with 8,765 millions a year ago. The reduction is partly explained by the fact that the State, with the help of funds made available through the issue of the metallic currency, has taken over a portion of the immobilised debts. In a certain measure it is also due to the seasonal movements of agricultural bills; but undoubtedly the principal cause of the diminution is the restriction

in trade, which became more pronounced as the year wore on.

The bank rate was maintained at 9 per cent. throughout the year, and this conservative policy has been much criticised. The bank, however, was undoubtedly right in following a prudent course of action in view of the adverse balance of payments, the failure of foreign capital to enter Roumania, and the constant danger that what little local capital there is might be exported. The State repaid its temporary overdraft of 2,000 millions at the end of the year, as it was obliged to do by the law of stabilisation. It should be noted, however, that already, in the summary statement of the Banca Nationala on January 3, 1931, the State appears with a new temporary advance of 1,300 millions, which has since risen to the maximum allowed of 2,000 millions. The bank holds out hopes of a reduction in the discount rate, and it seems to rely for this on the grain exports of the coming spring. While this would certainly be a welcome step in the general policy of reducing interest, no exaggerated hopes should be entertained as to the effect on current money rates, which for a long time have been quite independent of the official discount rate.

The Industries Syndicalisation Bill is causing widespread discussion in economic circles. It is proposed to make syndicalisation compulsory for any branch of manufacture when undertakings representing at least 50 per cent. of the productive capacity of the factories concerned declare their intention of forming a syndicate. The measure is intended to rationalise industrial production and to finance on a common basis by cheap credits the supply of material and the marketing of the output. The syndicates are to be formed under the auspices of the Ministry of Industry and Commerce, and any factory which refuses to join a syndicate, the formation of which has been decided upon, will be closed. If the total production of a certain article is sufficient to meet internal consumption the syndicate may prevent the foundation of a new factory or even the enlargement of the capacity of the existing factories. If it is well administered, this measure may result in the cheapening of production. On the whole, it has had a fairly favourable press.

Very adverse comments have been passed on the plan of the valorisation of cereals proposed by Mr Madgearu, Minister of Agriculture. Its only redeeming feature is said to be the abolition of the export taxes. It is intended to concentrate the trade in cereals in the hands of a State institution, to be called the National Export Union, for the purpose of securing remunerative prices for the farmer, who is at the mercy of the small dealers. The project is regarded as an unwarranted State interference in the principal trade of the country. In view of the very strong opposition, it is doubtful if the measure will be carried through, at any rate in its present form.

Equally violent opposition has arisen against the Government's new Tax Bill, which is at present under discussion in Parliament. It is proposed to collect income tax on the declarations of last year. The Government is evidently afraid that, owing to the bad economic conditions, the decrease in incomes in general during the year 1930 has been so severe as seriously to threaten the State revenue. The most bitter criticism is directed against the proposed tax of 3 per cent. on the capital of companies that have earned no profit but have made a distribution to the directors. This is rightly considered a tax on capital, and is, therefore, condemned as pernicious. Even if it is eventually dropped, the proposed measure shows to what lengths the Government is prepared to go in its search for revenue.

The Committee of Economic Studies of seven Central and Eastern European States met in Bucharest on February 16th-18th. This committee was formed to devise means of dealing with the difficult agricultural situation created in the States concerned by the general agricultural over production and the drop in world prices. Resolutions were passed recommending common action at the wheat conference to be held in Rome on March 26th. It is evident, however, that the creation of a solid block of agricultural States which was hoped for by enthusiasts last summer is still far from realisation. In accordance with the resolutions of the committee, it is left open to each

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participant State to make bilateral conventions with any other State, and it is only recommended that any such convention should be reported immediately to the other Governments which are represented on the committee.

GREECE.

Forthcoming Loan — Public Finance — Shipping —
Foreign Trade — Cost of Living — Banking.

(FROM OUR CORRESPONDENT.)

ATHENS, March 5.

GREECE is applying again to foreign markets for a loan to enable her to continue the execution of public works of a productive character. The sum required is about £8,000,000, but the amount to be actually borrowed will be fixed after consultation with the issuing bankers. A portion will be issued in Greece, and it is understood that New York, London and some other European markets will participate in the issue. The French market is occupied with the Roumanian and Yugoslavian loans, and is not likely to take up a Greek loan in addition. Hopes are entertained that the loan will be issued about the end of March.

As the present position of Greek finances is satisfactory, and the country has, since 1898, regularly and completely fulfilled its obligations to foreign bondholders, there is every reason for a Greek loan to meet with a favourable reception on the part of foreign investors. Indeed, Greek credit has risen appreciably during the last few years. The yield on Greek stocks quoted on the London Stock Exchange is now less than 7 per cent., a rate which compares favourably with that for many other foreign stocks. Total receipts from all the revenues assigned for the service of the foreign debt amounted in 1930 to 3,963 million drachmas, as against Drs. 4,231 millions in 1929. The difference is mainly due to the general fall of prices. The balance remaining after the service of the loans secured by these revenues has been effected is paid over to the Greek Government. In 1929 it amounted to Drs. 2,786 millions, covering many times the service of the projected loan. In addition, the country has enjoyed for some years substantial Budget surpluses, and estimates for the coming financial year, drawn up on a most conservative basis and with a strong reserve against contingencies, anticipate as usual a small surplus, which is probably under-estimated.

The plight of Greek shipping has attracted the attention of the Government. A committee set up to consider possible remedies has formulated a series of suggestions, involving subventions, loans and alleviation of taxes, the adoption of which would bring a substantial encouragement to shipping. As regards the insurance of the vessels, which has recently been the subject of much comment in the English and Greek Press, the shipowners have not

accepted the committee's decision. They have, therefore, decided to create, without the participation of the State or the banks, a Greek marine insurance company with an original capital of £100,000, to be taken up by the shipowners proportionately to the tonnage of ships owned by each of them. Part of the risks on each vessel will be covered by that company and the balance insured as usual with underwriters in London. By thus assuming part of the risks the owners hope to show their willingness to collaborate in limiting losses as much as possible.

According to the provisional foreign trade returns for 1930, both imports and exports show a decline in amount, though exports have increased in quantity. The deficit is £3,600,000 lower than in 1929. The decline is due chiefly to the fall of world prices. Remittances from emigrants abroad, which constitute an important item of the invisible exports, amounted in 1930 to £8,359,000, against £7,815,000 in 1929.

The index number of the cost of living at Athens (1914=100) stood in January at 1,798.6, against 1,870.5 in December and 1,940.4 in January, 1930. Bank statements for the past year show the effects of bad trade. Advances and discounts have decreased, funds disposable at home and abroad have increased, while deposits show a corresponding increase. The growth of deposits has forced interest rates to lower levels. On the other hand, owing to the restriction of home business, the banks have sought employment abroad for part of their liquid funds. In these circumstances the net profits for 1930 are, on the whole, lower, and, with some exceptions, the dividends so far declared are either equal to or lower than those for 1929. The banks are still in a good liquid position, the proportion of their cash and other immediately realisable assets being equal to 24.8 per cent. of their sight liabilities. On the whole, their situation is considered to be thoroughly sound.

Letters to the Editor.

THE STANDARD OF LIVING.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Mr Gibb's letter expresses ably and tersely the point of view of the sound logical and thoughtful economist of the standard brand. But I, for one, do not think we get very much further by avoiding and ignoring the point of view of the opponents of the standard brand.

Mr Gibb has bought and, I presume, paid for a wireless set which, according to some measure of his own, is too expensive for his means.

But, as I understand the theory of the "new school" economist, the answer is as follows:—

If all the population bought such sets up to the limit of their means—

(a) the cost of such sets would tend downward and not upward;

(b) the workmen making such sets would earn more and would, in turn, buy clothes hitherto beyond their means, and so on, in a widening circle, until Mr Gibb would receive more for his services (but not as a rentier).

If so, how is anyone (except the rentier) any worse off?

If so, you have set up a higher standard of living.

I do not see how this argument, which could, of course, be stated more clearly and with much greater detail, is in any way rebutted by Mr Gibb's letter or by the reiteration of the many "gold" arguments with which you yourselves fill your paper.—Yours faithfully,

NORMAN HOLDEN.

124, Old Broad Street, E.C. 2.

March 9, 1931.

The Coming Rise in

GOLD SHARES

by L. L. B. Angus.

According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression.

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BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Problem of Maintaining Purchasing Power. By P. W. Martin. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 15s.

After examining the doctrine that over-production of goods in general is impossible, and comparing the flow of money costs with the stream of purchasing power used to buy goods, the author reaches the conclusion that purchasing power is at time deficient, and discusses possible measures for effecting the necessary adjustment.

Economic Fragments. By Dennis H. Robertson. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 10s. 6d. net.

This collection of essays, articles and reviews, which brings together two covers a number of Mr Robertson's previously scattered contributions to economics, contains many "fragments" whose reappearance in this more permanent form is very welcome.

The Suffragette Movement. By Sylvia Pankhurst. (London) Longmans, Green and Co., Ltd., 39, Paternoster Row. 21s. net.

This well-illustrated book is a vivid reminder of the fight for women's suffrage and the important rôle played therein by the Pankhurst family.

The Round Table, March, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 5s. net.

This issue contains articles on India, Russia, the United States, China, France and South Africa.

The Economic Journal, March, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 6s. net.

Includes, *inter alia*, articles on "The Second Industrial Revolution," by Professor Jevons; "Recent Changes in the London Gold Market," by Dr. Einzig; and an interesting attempt by A. E. Feavearyear to analyse the way in which the national income is spent.

The Banker, March, 1931. (London) Financial Newspaper Proprietors, Ltd., 20, Bishopsgate. 2s. 6d.

Includes a leading article on "Bankers and Trade Depression," and, among other contributions, an article by Thomas Balogh on "Economic and Monetary Factors of the French Gold Position."

The Bankers' Magazine, March, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

The principal articles are: "National Economy; Government Expenditure; Where to Begin," by A. J. Liversedge, and "Prices and Gold," by J. E. Roberts.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

General Annual Report on the British Army for year ending September 30, 1930. Cmd. 3800. 2s. net.

Particulars of the Fleets of the British Empire, United States of America, Japan, France, Italy, Soviet Union and Germany on February 1, 1931. Cmd. 3805. 1s. 6d. net.

Road Fund: Abstract Account of Receipts into, and Payments out of, the Road Fund in the year ended March 31, 1930. 2d. net.

Development Fund: Abstract Account of the Receipts into, and Issues out of, the Development Fund in the year ended March 31, 1930. 2d. net.

Air Estimates for the year 1931. 3s. 6d. net.

Memorandum by the Secretary of State for Air to accompany Air Estimates for 1931. Cmd. 3807. 2d. net.

Army Estimates for the year 1931. 5s. net.

Memorandum of the Secretary of State for War relating to the Army Estimates for 1931. Cmd. 3798. 2d. net.

Seventy-third Report of the Commissioners of His Majesty's Inland Revenue for year ended March 31, 1930. Cmd. 3802. 1s. 6d. net.

Army Appropriation Account, 1929. 2s. net.

Forty-Second Annual Report of the Railway and Canal Commission for the year 1930. Cmd. 3809. 3d. net.

The Stock Exchange.

ARGENTINE GOVERNMENT BONDS.

THE opening of the British Trade Exhibition in Buenos Aires by the Prince of Wales to-day, will be the occasion for helpful comment on the close commercial ties uniting the two countries. The investor has every reason to endorse the hope that the Exhibition may not merely draw these bonds even closer, but may mark the inception of Argentina's recovery from her economic difficulties. British stockholders, who have a very substantial stake in Argentina, have suffered substantial depreciation on their securities during the recent slump.

It is relevant to consider how far the position of the investor has been altered since the *coup d'état* of last September. The following table suggests that the market in Argentine bonds has recovered appreciably from the lowest points touched this year, but that prices have not yet regained the "pre-Revolution" levels:—

	Highest 1929.	Pre-Revolution (Sept. 4) 1930.	Lowest 1931.	Present	Flat Yield (%)	Redemption Yield (%)
Argentine Govt. 5% 1907.....	96	94	87½	90	5 12 0	6 5 0
Argentine Govt. 5% 1909.....	97½	94	88½	91	5 10 0	6 0 0
Port of the Capital 5% of Buenos Ayres 1909*.....	97	94	86½	89	5 13 0	6 2 0
	97	91	89½	94	5 7 0	5 16 0

* Government guarantee.

Two conflicting forces have been at work in the Argentine bond market. The depreciation in the peso has brought in sellers, while the confidence inspired by the Provisional Government, and the financial reforms which it has inaugurated, have attracted buyers. Up to last month the sellers predominated; to-day the buyers are gaining ground.

We propose to deal, in this article, first with the question of the internal financial reforms. There can be no doubt that, under the later administration of ex-President Irigoyen, Argentine Government credit was being seriously impaired. Budgets were not balanced, the floating debt was rapidly increasing, and signs of over-borrowing were being multiplied. The magnitude of the floating debt had become a matter of grave concern. In 1926 it had amounted to 397 million paper pesos, while at the end of last year, according to the Banco de la Nación, it had risen to 698 million paper pesos, made up as follows: Unfunded bonds for public works, \$395 millions; deficit in 1929, \$111 millions; deficit in 1930, \$130 millions; State Railways deficit, \$25 millions; and Education, Posts, etc., deficit \$37 millions.

On its accession, the Provisional Government immediately undertook an investigation into the national finances. The text has recently been published of a report made to the Minister of the Interior by Señor Alejandro Bunge, a well-known economist, who is now Secretary of Finance in the Province of Santa Fé. Some striking figures are given, indicating that the public debt of Argentina has been increasing at a faster rate than the public wealth. It is stated that in the fourteen years between 1902 and 1916 the population increased by 65 per cent., the national wealth by 190 per cent., and Government expenditure and debts (Federal, Provincial and Municipal) by 140 per cent. and 110 per cent. respectively. In the fourteen years between 1916 and 1930 it was found that the population had increased by 40 per cent., national wealth by 50 per cent., and Government expenditure and debts by 216 per cent. and 87 per cent. respectively. These figures, it will be admitted, suggest extravagant administration and excessive borrowing during the last fourteen years. At the same time, the character of the

public debt has changed. In 1916 practically the whole of the public debt (Federal, Provincial and Municipal) of \$2,300 millions was accounted for by reproductive works undertaken on a large scale between 1909 and 1915. "In 1930," to quote from Señor Bunge's report, "we have a total debt of \$4,300 million paper pesos. Only one-third of the increase of \$2,000 million paper pesos is explained by public works and two-thirds by deficits created by squandering under the guise of salaries paid to politically protected employees. The situation is made still worse by the fact that a large part of this debt is floating and payable on demand." Details of the increases in the Federal Government debt since 1916 are shown in the following table:—

	(Paper pesos.) Consolidated Debt.		
	External.	Internal.	Floating Debt.
1916	684,722,500	557,977,200	515,787,000
1917	669,601,800	683,603,700	627,489,000
1918	642,791,600	671,356,100	711,255,000
1919	625,062,900	660,183,100	734,589,000
1920	596,754,700	660,679,200	682,274,000
1921	571,018,300	706,708,100	745,261,000
1922	535,734,700	759,151,300	892,824,000
1923	539,186,400	776,567,300	874,645,000
1924	687,354,400	836,227,500	746,812,100
1925	833,208,242	910,763,680	479,259,091
1926	888,423,800	957,421,000	695,489,000
1927	1,103,820,100	1,051,698,000	448,440,000
1928	1,112,266,000	1,156,407,000	452,099,000
1929	1,118,600,000	1,152,000,000	437,700,000

Fortunately for Argentina, the Provisional Government seems determined to grapple with the unsatisfactory financial position. Its immediate tasks are to balance the Federal Budget and to fund the floating debt. Neither is easy. About 48 per cent. of the revenue in the Federal Budget is ordinarily derived from import duties, which have lately shown a reduced yield, while 21 per cent. is derived from revenue duties and miscellaneous taxes, 21 per cent. from Government enterprises, and only 10 per cent. from direct taxation. About 30 per cent. of the total Budget is absorbed by the service of the national debt. Further, the funding of the floating debt at a time of crisis in the national finances presents considerable difficulties. Nevertheless, it is believed that the administration under General Uriburu will not shirk this essential task.

We may next consider the exchange and the overseas trade position of Argentina—a matter of the utmost importance to the investor in Argentine Government bonds, since prospects of a further market recovery hinge upon the appreciation of the peso. It may be asked why the peso was ever allowed to fall below parity, seeing that the Republic is blessed with ample gold reserves. The value of the metal held in the Conversion Office on December 31st last was as much as \$426,773,917, while \$30 millions of gold was held abroad. The total notes in circulation at the end of last year were \$1,260,686,223 paper, as against \$1,246,753,201 paper on December 31, 1929. In December, 1929, the administration of ex-President Irigoyen suspended the exchange of gold against presentation of paper at the Conversion Office and started the peso on its downward course. There is no doubt that the Government acted precipitately, but an exchange problem had even then begun to present itself, as wheat and wool were being shipped from the Argentine unsold owing to the slump in the European markets. It must be remembered that whenever the trade in merchandise is adverse to Argentina, the exchange problem becomes serious, on account of the large amount of foreign capital invested in the country on which interest and dividends have to be remitted overseas. Estimates of Argentine

payments on international account have been made from time to time by Señor Carlos A. Tornquist, the well-known Argentine banker. We have compiled the following table from his figures for the years ended September, 1928 and 1929:—

ARGENTINE INTERNATIONAL BALANCE OF PAYMENTS.
(Million £.)

DEBITS.			CREDITS.		
	1927-1928.	1928-1929.		1927-1928.	1928-1929.
	£	£		£	£
Interest on external debt	12.7	13.5	Favourable trade balance	40.2	23.6
Railway dividends	15.6	15.9	Unfavourable invisible balance	8.2	25.6
Other dividends	7.5	9.7			
Foreign residents' remittances, travellers, etc.	12.6	10.1			
	£48.4	£49.2		£48.4	£49.2

In 1928-29 there was an adverse balance of £25.6 millions, which was met as to £24.7 millions by the export of gold. Argentina's international balance has, naturally, been adversely affected by the slump in export trade this year. For the eleven months ended November 30, 1930, the total value of exports declined by 40.5 per cent., and, although a heavy drop in imports is to be expected as a result of the depreciated exchange, an unfavourable trade balance for the year is inevitable. Indeed, the official trade figures suggest that Argentina has had an unfavourable "visible" balance in six of the last eleven years, as the next table shows:—

ARGENTINE OVERSEAS TRADE.
(excluding bullion)

	Imports.	Exports.	Balance.
	£	£	£
1920	185,509,464	207,159,795	+ 21,650,331
1921	148,717,000	133,160,599	- 15,556,401
1922	136,834,419	134,128,629	- 2,705,790
1923	172,307,558	153,047,869	- 19,259,689
1924	164,426,585	200,673,528	+ 36,246,943
1925	173,977,711	172,208,309	- 1,769,402
1926	163,193,749	157,178,278	- 6,015,471
1927	170,007,936	200,262,896	+ 30,254,960
1928	179,504,841	204,298,809	+ 24,793,968
1929	171,031,220	189,234,904	+ 18,203,684
1930 (6 months)	76,782,000	69,643,000	- 7,139,000

What steps has the Provisional Government taken to meet the exchange crisis? On its assumption of power last September, it authorised the Banco de la Nación to pay the service on the external debt by means of gold shipments, and to employ \$30,000,000 gold held abroad for the purpose of providing cover against sales of drafts. About \$12 millions gold was exported by the end of last year. The exchange did not, however, immediately respond. As against a par value of 47.577d., the Argentine peso had fallen last year as low as 34½d. In January this year it fell further to 33½d. Since the Provisional Government announced last month that it intended to restore the exchange gradually to parity, the peso has improved to 39½d.

A precipitate return to parity is not, apparently, intended, and would not be desirable. The recent recovery in grain prices may account for the recent improvement in the peso. Argentina is favoured this season with a good wheat and an exceptionally fine maize harvest and a record crop of linseed. The wheat crop is likely to leave a surplus of approximately 5,000,000 tons for export, but a rapid recovery in wheat prices, unfortunately, is out of the question, in view of the world wheat surplus and the competition from Australia and Canada.

All things considered, the investor in Argentine Government bonds would be well advised not to expect a precipitate return to parity in the exchange. At the same time, he may rest assured that the gold reserves are ample to tide the country over this difficult period. The present exchange difficulties would scarcely have occurred in so disastrous a fashion if the country had not been bound by an archaic monetary system, established some forty years ago. We understand that it is the intention of the present administration to modernise the entire credit system of the country, as soon as this is practicable, and to create a separate Central Bank of issue

independent of the Banco de la Nación, and operating on a free gold basis. The export trade of Chile and Colombia has been as seriously affected as that of Argentina, but the exchanges of these two countries have been maintained approximately at parity by the free use of gold reserves. There is no doubt that Argentine exchange would also have been maintained at parity if the Government had been able or prepared to work the gold standard according to its recognised canons. The investor must, therefore, wait patiently for the financial and monetary reforms of the Provisional Government to fructify. This should not cause him any distress, since the service of the external debt of the Republic will be promptly effected and default, as far as the present Government is concerned, is unthinkable.

THE POSITION OF COURTAULDS.

Mr SAMUEL COURTAULD was well advised to take his shareholders fully and frankly into his confidence at the meeting on March 5th last. Courtaulds' balance sheets have never been over-informative, and the company's earnings have recently fluctuated in remarkable fashion. If the 1925 earnings be represented by 100, the succeeding figures are:—

NET EARNINGS (1925 = 100).

	1926	1927	1928	1929	1930
	75	94½	101	73½	44½

Further, disquietude had been aroused by the statement in the 1930 report that, "after allowing for the usual depreciations, no profit was shown in this country," and by the fact that, in the last two years, the company had deemed it prudent to write no less than £2,577,195 off its Continental investments.

Mr Courtauld, at the outset of his review, admitted that the artificial silk industry had encountered the worst depression in its history, partly owing to causes common to all textile trades, and partly to weaknesses in its own structure. Since December, 1928, raw cotton and wool have fallen in price by about 50 per cent., cotton and worsted yarns by about 33 per cent., and real silk by about 50 per cent. The drop in real silk prices has a special cause—the collapse of silver. Its reactions on the rayon industry have been particularly distressing, since real silk is the most direct competitor of rayon, particularly in the United States of America, the world's greatest silk-consuming country.

The rayon industry, however, has contributed to its own undoing, as a result of the eagerness with which, between 1925 and 1929, investors subscribed to capital issues by new bubble companies. Out of twenty-five such companies, Mr Courtauld estimates, thirteen have already closed down. In the case of seventeen concerns for which complete Stock Exchange records are available, a public subscription of £20,733,685 of cash was represented by a market capitalisation of only £3,671,711 at the end of last year. Thus the public has lost 82 per cent. of its money. Such vicious financing, incidentally, has repeatedly been condemned in the *Economist*. Fourteen months ago we showed that investors in nine new artificial silk companies had even then lost 77 per cent. of their capital (see *The Economist*, January 25, 1930, page 177).

The process of eliminating weak concerns recently has not been confined to Great Britain. Some five or six out of fifteen companies have ceased production in America, eight out of twenty-two in France, and five out of seventeen in Germany.

Undoubtedly, the world's artificial silk plant was tending, up to last year, to run far in advance of current demand. The following table shows that actual production nearly doubled between 1926 and 1929:—

WORLD'S RAYON PRODUCTION.

	(Million lbs.)				
Country.	1926.	1927.	1928.	1929.	1930.
Great Britain.....	26	40	54	57	49
U.S.A.....	63	75	98	125	115
World (including other countries)	225	280	350	430	410

The drop of 5 per cent. in world production last year and the fall in consumption (which is estimated at 12½ per cent.) might, in ordinary circumstances, have been regarded as an inevitable phase in a temporary world depression. Its aspect, however, becomes far more serious when the figures are related to a *productive capacity*, in the industry, of at least 600 million lbs. As 7½ to 10 per cent. of last year's production went into stock, it is true to say that the industry had sufficient plant to produce 50 per cent. more rayon last year than the world was willing to take. To-day, Courtaulds claim that, if the company's English plants were running at full capacity, they could meet the total present consumption of this country. Last October the directors of a competitor, British Celanese, declared in their report that, if a relatively small capital expenditure were incurred, their company would have a "potential production capacity corresponding . . . to the highest total consumption of artificial silk in this country." There is thus justification for Mr Courtauld's caution in declaring, in effect, that, while the elimination of bubble companies will ease the rayon trade's difficulties, it cannot in itself solve them.

Courtaulds' shareholders, therefore, have good reason to be thankful that the board, in the past, has consistently maintained a financial policy which only short-sighted proprietors can have regarded as ultra-conservative. That policy is now seen to be an indispensable corollary of the "complete elasticity in the adoption of new methods" which seems likely to stand the company in good stead in the present difficult period. Mr Courtauld's definition of obsolescence—that a machine becomes obsolete at the very moment when somebody, somewhere, discovers a better one—is the only one appropriate to a new industry like rayon.

The company's past policy, again, is the best justification for the chairman's confidence in the future, however lean the months lying immediately ahead. The leaders of the industry throughout the world are meeting depression by endeavouring to afford consumers an increasing inducement to buy their products. Manufacturers, having overcome their initial difficulties in handling rayon, are now concentrating on the more important question of devising the most suitable fabric structures in which to employ the new textile.

Courtaulds itself has regained, in the last eight months, the percentage share of British production which it lost during the preceding 2½ years. Its European investments and affiliations have not so far given satisfactory financial results. Their purchase—which reflected the view that the largest units in the industry should be organised on an international and not on a parochial basis—may eventually justify itself on grounds only partly financial. The chairman's reticence, however, on this point was the most regrettable omission from his speech.

The main conclusion emerging from the survey is that, while it cannot necessarily be assumed that Courtaulds' earnings in 1931 will maintain the level of 1930, the company's position as a leader in the industry appears reasonably assured. Recovery, however, whenever it begins, must needs be a gradual process.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
March 17.	March 19.

LAST week's appearance of activity was not maintained, dealers being unwilling to take more stock on their books in the absence of sustained public demand. Gilt-edged, however, were sustained by the strength of sterling. Wall Street gave no bullish lead, a lack of interest was shown by Paris, and price movements generally were irregular.

The gilt-edged market was far from active, and prices moved within narrow limits. Improvement was shown, however, by 5 per cent. Conversion Loan and Local Loans, while Funding Loan showed relatively sharp movements

on foreign interest. India loans were weaker following the announcement of Mr Baldwin's attitude towards the Round Table Conference. Following a speech by the Australian High Commissioner at Birmingham and the Nationalist decision against the Theodore inflation measures, Australians strengthened throughout the week under the lead of New South Wales stocks. New Zealand bonds showed fractional improvements on the Government's proposed "earthquake" measures. Home Corporation stocks were quiet.

Among foreign bonds, Peruvians were firm towards the end of the week on reports of an amicable agreement between the forces in the civil war. Chileans were in fair demand, but Brazilians eased despite the relatively satisfactory February coffee figures. Among Argentines, attention was given to Buenos Aires provincial issues. European stocks attracted less attention, with the significant exception of German "Young" bonds.

Home Rails quickly lost the rise induced by first impressions of the wages award. On Wednesday they were further depressed by unsatisfactory traffic returns. In the Argentine rail market disappointment was expressed at the reduced B.A. Great Southern interim dividend. Unsatisfactory traffics, and the passing of the B.A. Great Western dividend, accentuated the "slide" of prices. Canadian Pacific eased slightly on the publication of the earnings figures (dealt with on page 576).

There were few signs of willingness to open up fresh commitments in the industrial market, which was dull and irregular throughout the week. After a firm opening Transatlantic favourites eased owing to lack of interest in Wall Street. Gramophones lost ground, and Brazilian Traction suffered further recession. Cables and Wireless lost the previous week's gains. Engineering shares were easier, Vickers reflecting dividend fears. Electrical shares were uncertain, a rise in Calcutta Electric and London Electric being halted by profit-taking. Textiles were undecided, but declined on the loss disclosed in the annual report of Wm. Hollins and Company. Breweries tended to decline, apart from Taylor Walker, which rose on the report. Harrods were the best feature in the stores group. Unilever recovered after a dull opening. Imperial Chemical were lower, though the 1930 figures (which are dealt with on page 574) were no worse than the market expected. Both bank and insurance shares attracted less attention than last week.

The American situation continued to cause disquietude in the oil market. Shells and Anglo-Dutch came on offer. The improvement in the price of rubber was shortlived, and the shares lost some of last week's speculative rise. Tea shares remained easy, though Dimbula Valley rose on the report.

The Mining market was relatively steady, chiefly on inquiries from Johannesburg and to a smaller extent from Paris. Rand mines were better and "Generals" held their ground. Slight profit-taking occurred in Modders and East Rand. Tin shares were dull, though a rather larger volume of inquiries was reported for Eastern shares. Lake View and Star came on offer.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Mar. 5, 1931.	Mar. 6, 1931.	Mar. 9, 1931.	Mar. 10, 1931.	Mar. 11, 1931.	Mar. 12, 1931.
Government and Municipal Loans	1,403	1,401	1,633	1,623	1,363	1,442
Transport, Communications, and Public Utilities	1,071	1,063	1,255	1,127	1,161	1,047
Commercial and Industrial Banks, Insurance and Financial	1,732	2,088	2,336	1,842	1,845	1,767
Mines (including Nitrate)	584	715	883	644	669	589
Oil	577	707	862	744	797	648
Rubber, Tea and Coffee	130	166	248	186	154	131
	260	279	236	163	96	117
Total	5,852	6,389	7,453	6,334	6,085	5,741

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Mar. 5, 1931.	Mar. 6, 1931.	Mar. 9, 1931.	Mar. 10, 1931.	Mar. 11, 1931.	Mar. 12, 1931.
72.3	65.0	68.8	69.2	69.0	68.3	67.8	67.8

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.							Prices Year 1931 (Jan. 1 to Mar. 11 inclusive).							Prices Year 1931 (Jan. 1 to Mar. 11 inclusive).							Prices Year 1931 (Jan. 1 to Mar. 11 inclusive).								
High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.		High-Low.	
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NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Mar. 4, 1931.	Price, Mar. 11, 1931.
British Aluminium 5% debts.	98½	fy. pd.	95-96	95-96
Central Electricity Board 4½% stock	95½	55½	1½ dis	1½ dis
Cunard House 4½% debts.	90	fy. pd.	92½-93½	92½-93½
Darnley (J.) 10½% 1926-30	16½	fy. pd.	1-1	1-1
Fortnum and Mason Inc. 7% pref'd.	85	5-	par-6d pm	par-6d pm
India 5½% 1936-38	97	30	1½ dis	1½ dis
Kenya 4½% 1961-71	98½	fy. pd.	98½-99	98½-99
Lewis's Investment Trust 5% debts.	98½	50	1-1½ pm	1-2 pm
London and Clydesdale Trust	10	4	1-1½ pm	1-1½ pm
London and National Property 5% debts.	99	30	1 dis-1 pm	1 dis-1 pm
London and Home Counties Electric 4½% stock	95½	fy. pd.	2-1 dis	94-95
London Power 5% deb. 1972	100½	60½	1-1½ pm	1-1½ pm
National Cannery Ord. £1.	par	10-	par-6d pm	par-6d pm
Nat. Shipbuilders Security 5% debts.	95	35	1½ dis	1½ dis
Reading 4½% 1931-61	99½	34½	1½-1½ dis	1½-1½ dis
Second British Steamship Trust New £10	£10	£8	1½ dis	1½ dis
Surrey County Council 4½% 1930-70	99	49	1½ dis	1½ dis

FOREIGN STOCK EXCHANGES.

NEW YORK.

Market movements have been irregular, prices showing some tendency to establish higher levels, but being held back by unfavourable developments. Among the latter was the reduction in the New York Central Railroad dividend from \$8 to \$6 per share, coupled with the management's statement that they were unable to make sufficient economies to offset the lower traffic—which was regarded as an unfavourable omen for the present year. The volume of new issues has been exceptionally heavy. In addition to the Treasury's new financing and the sale of City of New York bonds, as much as \$191 millions of new money was asked for in a single day by three large borrowers—the Port of New York, the Pennsylvania Railroad and the New York Central. The recovery initiated on Monday under the lead of motors and utilities—a number of which reached new high ground for the year—did not last long, losses of 1 to 7 points being general in mid-week. Stock was not urgently pressed for sale, however, and the principal issues were well taken on the decline. The strength of the bond market aroused favourable comment. No change occurred in general business. Car loadings in the last week of February were 23 per cent. below the corresponding week of 1930. Steel operations are maintained at 54 per cent. of capacity. Automobile sales continue to show moderate improvement, the world output of Ford in February being the highest for the last six months. A scheme has been provisionally announced for reorganisation of the Bank of United States, under which depositors would eventually be repaid by a special corporation formed to take over the bank's liabilities and assets, and to control its liquidation.

	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.		Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.
U.S. 3½% T. Bds.	104½	105½	106	Natl. Biscuit	81½	80½	80
U.S. 4½% '32-47	101½	101½	101½	Phelps Dodge	24	22½	23½
Do. 4½% '32-47	102½	102½	102½	Pullman	56½	54½	54½
Do. 4½% '33-38	103½	103½	103½	Sears-Roebuck	60½	57½	56½
Aetna	199	191½	138	Studebaker	24	23½	23
Ches. & Ohio	45	42½	41½	Un. Fruit	64½	65½	64
Erie	38½	31½	30½	U.S. Leather	7	8½	9½
Illinois Central	87½	75½	71½	U.S. Rubber	16	15½	17½
N.Y. Central	130	118½	111½	U.S. Steel	150½	146½	143½
Pennsylvania	63½	60	58½	Westinghouse	106½	98	90
Southern Pacific	106	103½	101½	Woolworth	63½	61½	60
Southern Ry.	61	53	51½	Am. Tel. & Tlg.	199½	198½	196
Union Pacific	203½	196	190	Interboro R.T.	29	32½	30½
Am. Can.	125	123½	122½	Int. Tel. Telg.	35½	35½	34½
Amer. Smelting	56½	53	50½	Radio Corp.	18½	21½	22½
Anacosta	41½	40½	37½	Utilities P. & L.	145	137	137½
Bethlehem Steel	69	65½	63	W. Union Tlg.	145	137	137½
Chrysler Motor	22½	22½	21½	Associated Gas "A"	22½	22	22½
Corn Produce Rf.	85½	82½	81½	Pan Amer. B.	32½	32½	32½
Eastman Kodak	181	172½	167½	Shell	32½	32½	29½
Gen. Electric (New)	53½	51½	50½	Shell Union	9½	8½	7½
Gen. Motors	43½	43½	42½	Sinclair Oil	15	13½	12½
Int. Harvester	57½	56½	55½	Std. California	49½	47½	45½
Montg. Ward	27½	25½	25½	Do. N.J.	50½	47½	45½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Re-opening of Year.	Mar. 4.	Mar. 11.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	110.7	110.7
33 Railroads ...	127.8	173.5	89.1	145.5	92.0	99.1	97.8
34 Utilities ...	177.6	330.4	153.2	267.4	158.1	184.0	189.0
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	120.3	121.0
Average yield of 50 Industrial Common Stocks.	5.10%	5.23%	4.15%	5.95%	5.91%	5.26%	5.23%
DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).							
Highest of 1931. (Feb. 24.)	140.2	118.6	133.1	135.5	132.4	134.9	136.0
Lowest of 1931. (Jan. 19.)	133.1	135.5	132.4	134.9	136.0	135.1	133.6
TOTAL DEALINGS IN NEW YORK.							
Stock Exchange—Shares (Thous.)	2,700	3,900	1,600	2,900	3,200	2,300	2,500
Bonds (Value Thous. \$)	10,649	11,964	5,348	10,383	11,307	10,197	10,344
Curb—Shares (Thous.)	688	768	285	543	708	481	431

* 2-hour session.

BERLIN.

In the first two weeks of February there was a general upward movement on the Berlin Bourse, which was resumed in the last week of February and the first week of March, after a temporary setback. The advance was mainly a reaction from the previous excessive declines. In spite of general depression, the business profits of the majority of German industrial companies have not declined to the extent which the fall in their shares suggested. The quiet progress of the work of the Reichstag has made a favourable impression both at home and abroad and foreign purchases of German shares and investment buying by the German public have been resumed, forcing the bears to cover. Banks and syndicates formed for the support of the market have withdrawn large parcels of shares from the market during the past year and have not yet sold their holdings. The latest rises are partly speculative in origin, due to a more optimistic view of the economic situation. After the successful arrangement of the advance to the Treasury on the security of Reichsbahn shares, the offer of the Belgian company, Sofina, to the Municipality of Berlin seemed to indicate that foreign capital was taking an interest in Germany, and this impression was fortified by the founding of the International Mortgage Bank in Basle. It is noticeable that two important sections of the market—banks, and iron and steel shares—have profited very little from the rise. On the other hand, artificial silk, electricity and some engineering shares have risen sharply. The shares of the Aker group have gained more than 50 per cent.

	Feb. 9, 1931.	Mar. 9, 1931.		Feb. 9, 1931.	Mar. 9, 1931.
Official "Cash" Quotations in all cases.					
Banking and Insurance.	123	125½	Industrials—cont.	117	128
Berliner Handelsg.	112	110½	Dessauer Gas	117	128
Commerz und Pri.	144	142	Deutsche Erdöl	68	70
Deutsche Bank	110½	108	Deutsche Linoleum	110	114½
Dresdner	110½	108½	Dynamit Nobel	68	70
Reichsbank	150	162½	Fabrikindustrie	111	121
Allianz und Stuttg.	149	183	Feldmühle Papier	110	144
garter	195	186	Gelsenkirchen	99	80½
Nordstern	195	186	Görlitzer Waggon	84	85
Communications.			Harpener	79	78
Deutsche Reichsbahn	87	91	Hirsch Kupfer	113½	124½
Hamburg-Amerika	65½	71	Kali Aschersleben	140	145
Hamburg-Süd	128	137	Karstadt	69	71½
Amerika	106½	109	Lindström	415	365
Hansa	106½	109	Mannesmann	69½	76½
Norddeutscher	66½	72½	Norddeutsche	56	64½
Lloyd			Wollkammern	78½	51
Industrials.			Orenstein und Kopp	151	164
Allg. Elektrizität	102	104½	Polyphon	82½	84
Augsburg-Nürnberg	59	69	Riebeck Montan	43½	54
Bergmann	61½	92½	Rutgers	212½	223½
Bergmann	117	125	Salzdetfurth	85	94½
Continental Gummi	117	121	Sarotti	5½	9
Daimler-Benz	24½	34½	Schlesische Textilwerke	167	178
			Schultheiss-Paisenhof	180	180
			Siemens und Halske	105	119
			Tietz	85	112
			Verein Glanzstoff	60½	61½
			Verein Stahlwerke	99	114½
			Zellstoff Waidhof		

* Dividend off this month.

INVESTMENT NOTES.

Industrial Profits in 1930—A Preliminary Sample.—The current level of industrial profits is a matter of the closest interest not only to the investor but also to the Treasury. The latter, in its Budget calculations, must take account of the probable yield, in 1931-32, of income tax based on earnings which have accrued, for the most part, during 1930. We have therefore made a preliminary computation, in advance of our normal quarterly survey, of the profits earned by a large number of British companies whose reports cover the calendar year to December 31st last. The following table is designed to show the trend of earnings in the "general run of industry." In order to prevent the results being over-weighted by the figures of a few large companies, all concerns with profits of £1,000,000 or over have been omitted :—

"GENERAL RUN OF INDUSTRY."

Group.	No. of Cos.	Net Profit, 1929. £	Net Profit, 1930. £	Inc. or Dec. %
Breweries	12	1,003,202	976,806	-2.5
Iron, coal and steel	12	716,479	524,524	-26.7
Financial, land, &c.	9	527,248	473,946	-10.0
Rubber	4	51,615	1,366	-97.3
Shipping	7	298,221	289,506	-3.0
Electric light, &c.	17	1,863,450	1,923,285	+3.2
Shops and stores	8	1,057,994	1,015,705	-4.0
Trusts	28	1,642,884	1,692,800	+3.0
Waterworks	6	419,521	436,017	+3.8
Gas	34	1,932,492	2,104,481	+8.9
Textiles	16	1,761,942	568,338	-67.7
Miscellaneous	101	6,452,323	6,596,413	+2.2
Total	254	17,727,371	16,603,187	-6.3

The average decline of 6.3 per cent. may be related to the decline of 7.6 per cent. in British industrial activity last year, as estimated by the Board of Trade. The table shows, however, that in the important "Miscellaneous" group (which included 40 per cent. of the companies and the same proportion of the total profits) net earnings actually increased by 2.2 per cent. Among the other groups, the best showing was made by the public utility concerns and the worst by the great export industries, particularly steel and textiles. If the figures for the two last-named groups be omitted, the aggregate profits for the remaining 226 companies actually show a rise of 1.7 per cent. last year. The elasticity of British earnings, as a whole, is distinctly gratifying, though it must be remembered that trading conditions were much more favourable in the first than in the second half of the year. The next table shows the results obtained by five large concerns :—

Name of Company.	Net Profit, 1929. £	Net Profit, 1930. £	Inc. or Dec. %
County of London Electric...	954,493	1,033,855	+8.4
Courtaulds	3,743,827	2,274,409	-39.2
Ford Motor	908,994*	978,603	+7.6
Gas Light and Coke	1,378,330	1,322,057	-4.1
Imperial Chemical	5,780,208	4,473,392	-22.6
Total	12,765,852	10,082,316	-21.0

* Excluding abnormal receipts of £104,512.

The aggregate decline in profits is much more considerable than that shown in the earlier table, but is attributable almost entirely to the figures of two companies, Courtaulds and Imperial Chemical. Outside the range of "industry" proper, our computations show that the earnings of 23 banking companies have fallen from £16,054,939 in 1929 to £14,243,415 in 1930—a decline of 11.3 per cent. The figures compare favourably with those given by an analysis of the net earnings of 744 American corporations, which was made by Moody's Investor's Service, and discussed in our last week's issue (page 509). The decline in American earnings was shown to be 23.2 per cent. last year, while an analysis of the figures of 709 corporations made by the Standard Statistics Company showed a decline of as much as 35 per cent.

Railway Wages and Earnings.—A mild but very short-lived recovery in railway stocks, in which the public participated to a very small extent, followed the publication of the National Wages Board's findings, which are summarised and criticised in a leading article on page 552. The award, so far as it goes, is favourable to the railway stockholder, but its financial effects are difficult to estimate. Apart from the complexity of the various reductions in wage and overtime rates, some months must elapse before any reductions in personnel (limited mainly to passenger and goods stations' staffs) can take effect under the "spread over" of the working day. The railway shopmen do not come within the scope of the Board's findings. From published railway balance sheets, however, it is possible to forecast the effect of the initial 2½ per cent. cut in earnings :—

(000's omitted.)

	London and Midland	London and North Eastern	Great Western	Southern
£	£	£	£	£

Increase in 1930 Wage Bill, due abolition previous 2½% "Cut" (Middle May to end Dec., 1930)...

Proportionate saving on 2½% reduction :—
1931 (March 26th to December 31st).....
Full year, 1932.....

Equal to % on ordinary stock :—
1931
Full year, 1932.....

* Preferred ordinary. † Deferred ordinary.

On this showing the initial 2½ per cent. will reduce the aggregate wages bill on the four group lines by approximately £2 millions in 1931 and £2½ millions in a full year—presuming no modification is made in the terms after March, 1932. The 2½ per cent. "super-cut" on earnings in excess of 40s., with other economies under

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the award, may conceivably raise the total "savings" to, say, £34.43½ millions on wages alone and eventually to £44.45 millions, as an outside figure, after all economies in personnel have been made—including possible adjustments in the wages of shopmen. If railway traffic remain at or near their present level, these economies will not bring the railways immediately within sight of their standard revenue under the Act of 1921. They will, however, undoubtedly tend to strengthen the position of those L.M.S. and L.N.E.R. preference stocks whose dividends last year were on the "border line" of earnings. In view, however, of the extent of the further fall in gross receipts since the beginning of this year, totalling £3,395,000, on the four group lines, the prospects for ordinary stockholders will continue to be governed mainly by the course of trade during the next few months.

Ford Motor.—Most commentators appear to have missed the significance of the Ford Motor report for 1930. The directors as usual were economical of words, but it is possible to read much between the lines of the terse statements that "results do not include any dividends from shares held in affiliated companies," that the "investments in affiliated companies in which public issues have taken place have been disposed of to a holding company," and that the reserve account has been increased from £143,412 to £899,621 by the addition of £756,209 "surplus on sale of investments to the holding company." Taken in conjunction, these statements seem to imply that it is not the policy of the Ford Motor Company to take the profits of its European affiliated companies into its own accounts by way of dividends. Such a course of accounting would no doubt render it liable to double taxation. Presumably that is why it formed the holding company registered in Luxemburg, to which it has sold its holdings in the affiliated companies at a profit of £756,209, representing approximately—if we may be excused an intelligent guess—its share of the 1929 profits declared by those companies. The following table shows that these profits amounted last year to £864,946:—

	% of Capital held by English Co.	Proportion of 1929 Profits accruing to English Co.	Sterling equivalent.
Ford Belgium	70	Fr. 34,455,924	£197,795
Ford Denmark	60	Kr. 3,424,277	£188,978
Ford Holland	60	Fl. 1,719,175	£143,157
Ford France	60	Fr. 20,721,679	£167,367
Ford Germany	60	Rm. 2,097,315	£102,860
Ford Italy	60	La. 2,915,507	£64,789
			£864,946

In other words, the policy of Ford Motor seems to be to pay cash dividends to its shareholders only out of the profits of its English and Irish businesses, and to capitalise the profits of its European affiliated companies, which in course of time will probably be distributed to its shareholders by way of share bonuses not subject to British taxation. In this connection it is interesting to see that the shareholders are to be asked at the meeting to increase the capital from £7,000,000 to £9,000,000. It is impossible to calculate the actual earnings of the Ford Motor Company until the accounts of all its affiliated companies are published. Of the latter only the accounts of Danish and Belgian companies have yet been advertised.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

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but it is interesting to observe that the first reported increase of nearly 11 per cent. in net profits for 1930—the figures being Kr. 6,066,455 as against Kr. 5,467,000 in 1929, while the second showed a decline of 12.8 per cent.—the figures being Frs. 42,890,899, against Frs. 49,222,749. Taking the accounts of the English company as they stand, the net profits, derived entirely from the English and the Irish businesses, showed an increase of 7.6 per cent. at £978,603, the earnings amounting to 14.0 per cent. gross on the ordinary share capital of £7,000,000 to cover dividends of 10 per cent. gross. A comparison of the results of the past two years is shown in the next table:—

	Total Profits after Depreciation.*	Directors' Fees & Sundry Charges.	Earnings subject to Tax.	% Earned.	% Paid.	Taxation.	Carried forward.
1929	918,229	9,235	908,994	12.8	10	195,000	258,507
1930	996,956	18,352	978,603	14.0	10	186,250	506,360

* Depreciation was not shown separately in 1929 accounts, but in 1930 depreciation was £43,556 and obsolescence £13,775.

In 1929, allowing for the company's share of the net profits of the affiliated companies, the total earnings of the English Ford amounted to 25.16 per cent. on the issued capital of £7,000,000. The 1930 results may be no worse, but not much better, and the directors may fairly claim that "in view of the depressed state of industry and agriculture throughout the world, the results achieved are satisfactory." The balance sheet of the company reveals the good progress which has been made with the erection of the new works at Dagenham. Cash has been reduced from £2,204,227 to £894,001, while freehold and leasehold lands and factories have increased from £571,540 to £2,031,856. Investments in affiliated companies amount to £3,106,361, against £3,054,718, while inter-company loans have risen from £1,114,391 to £2,467,273. Goodwill has been entirely written off, and the "break-up" value of the £1 ordinary shares comes to 23s. 6d. The market values them at 3½, as against a high level of 4½ last year.

Imperial Chemical Industries.—In April last year the late chairman of Imperial Chemical Industries somewhat rashly prophesied that 1930 should give results "as favourable if not somewhat better than those of 1929." The trade depression did not, apparently, begin to exert its full force upon industrial profits before May last. The preliminary figures for 1930 now reveal that the company's gross profits declined by 20.2 per cent. from £6,502,341 to £5,129,757, and that after allocating £500,000, against £575,479, to obsolescence reserve and providing £156,365, against £146,654, for income tax, the net profits declined from £5,780,208 to £4,473,392. No allocation is made this year to general reserve and the dividends on the ordinary shares are reduced from 8 per cent. to 6 per cent. Nothing is payable on the deferred shares, which do not rank for dividend until the ordinary shares have received 7 per cent. A comparison of the last three years' profits and distribution are shown in the next table:—

	1928.	1929.	1930
Net profits.....	5,212,703	5,780,205	4,473,392
Reserve	1,000,000	529,000	...
Preference dividend.....	1,194,530	1,407,755	1,554,554
Ordinary dividend	2,812,691	3,383,963	2,615,281
% earned	10.5	9.5	6.7
% paid	8	8	6
Deferred dividend	178,509	217,354	...
Carried forward	109,634	350,923	653,483

On the whole the results disclosed are no worse than was expected. As a result of the industrial depression the company has met with difficult trading conditions in its "heavy" chemicals (caustic soda, soda ash, acids, chlorine, etc.), and the results obtained from the operation of its very large synthetic nitrogen plant have been disappointing. Shareholders will be anxious to learn the extent of the depreciation the company has suffered in certain of its American and Canadian investments and the amount of reserve used to meet this depreciation.

Post-War Investment Trust Company Earnings.—Some confusion has been caused by certain figures in a table given on page 504 of our last issue in the course of an article on "Pre-War Investment Trust Companies." In an earlier article dealing with investment trusts it was pointed out that "it must . . . be remembered that (investment trusts) show their profits after tax, and consequently in some cases the amount earned per cent. is shown as less than the dividend declared; nevertheless, after allocating certain sums to reserves, there is an increase in the sum carried forward, the explanation being that taxation payable on dividends is taken into account before reaching the net profit, though the dividend is shown gross." The same remark applied to the columns showing "Per Cent. Earned" and "Dividend Declared" in our table last week. To obviate misunderstanding, however, we show below the corresponding figures, calculated before deduction of tax in all cases, and the earnings yield of the various shares, at present prices also before tax. Revisions of certain other figures are also indicated:

Company and Date of Balance Sheet.	Year.	Avail-able for Ordinary.	Ordinary. Earned.	% Paid.	Yield on Earnings at pre-sent Price.
English and New York (1) (Dec. 31)	1928	£ 8,042	3.35	2½	...
	1929	15,457	6.44	5	...
	1930	19,916	8.57	5	10.4
Great Northern (Nov. 30)	1928	29,160	9.11	8	...
	1929	37,874	9.15	9	...
	1930	48,978	10.32	9	5.1
London Canadian (Dec. 31)	1929*	\$100,627	10.06	Nil	...
	1930	\$97,133	9.71	Nil	5.7
London Stockholders (2) (Dec. 31)	1929†	14,097	6.53	5½	...
	1930	12,503	5.97	5	6.1
New York and General§ (a) (Jan. 3)	1929	15,200	17.96	15	...
	1930	25,769	11.81†	10½	...
	1931	19,549	10.51	10	7.8

(a) Reorganisation of company formed 1896; general investment trust business now carried on.

* Period May 8, 1928, to Dec. 31, 1929.

† Period Oct. 24, 1928, to Dec. 31, 1929.

** Shown before payment of tax in all cases.

‡ On capital increased by bonus issue of 50 per cent.

§ Valuation of investments: 1930, small deficiency covered by reserve fund; 1931, depreciation, 16.3 per cent.

(1) Distribution of investments, 1930: In U.S.A., 22.2 per cent.; in Great Britain, 28.0 per cent.

(2) Distribution of investments, 1930: In U.S.A., 16.0 per cent.; in Great Britain, 27.1 per cent.

It will be seen that, e.g., the London Stockholders Trust earned 6.53 per cent. in 1929, against 5½ per cent. paid, and 5.97 per cent. in 1930, against 5 per cent. paid—subject to tax in every case. The statement, therefore, that last year "the New York and General, London Stockholders, and Great Northern did not actually earn the amounts they distributed" is not correct.

Halifax Building Society.—The largest of all British building societies—the Halifax—continued to show rapid expansion last year. The progress made since the amalgamation of the Halifax Permanent and the Halifax Equitable Societies may be gathered from the following figures:—

	(Years ended Jan. 31st.)	1928.	1930.	1931.
No. of open accounts		329,224	397,681	438,628
Total assets.....		46,981,482	59,394,342	70,047,399
Surplus profits for year*		359,457	455,339	423,910
Advanced on mortgages during year		10,552,982	12,455,559	16,893,072
Total outstanding on mortgages.....		38,763,191	44,783,385	52,902,783
Amount owing on average mortgage.....		376†	377	391
Reserve fund		1,461,200	2,017,598	2,292,588

* After payment of all expenses and income tax and providing interest to depositors and shareholders.

† Halifax Permanent Society only.

The report for the last twelve months points out that the Society's assets amount to more than one-sixth of the total assets of the whole of the building society movement. New

mortgage borrowers last year totalled 29,543, against 24,064 in the previous year. Some 79 per cent. of the company's advances are in respect of mortgages where the debt does not exceed £500.

Two Electricity Company Reports.—The results of the County of London Electric and the Shropshire, Worcestershire and Staffordshire Electric for the year to December 31st last follow the general trend of profits in the industry. The London company announces receipts from the sale of current amounting to £1,880,558, compared with £1,678,523 in 1929. Expenses are higher at £788,151, against £693,105, and the allocation to depreciation absorbs £381,082, or nearly £100,000 more than last year. Net profit consequently shows a small decline:

	1928.	1929.	1930.
Net profit	£ 665,951	£ 638,849	£ 633,068
Brought forward	204,988	364,210	445,037
Prof. dividend	196,396	199,291	202,687
No. of times covered	3.4	3.2	3.1
Ordinary capital:—			
Earned £	469,551	439,558	430,382
Paid £	310,333	358,731	427,426*
Earned %	16.4	14.1	12.7
Paid %	10	11	11
Carried forward	364,210	445,037	447,992

* Including £56,188 paid as interest on instalments of ordinary shares.

The accounts of the "Three Counties" company reveal an increase in net profit from £180,520 to £204,081, while there is also available £69,125 in premiums on the last

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issue of preference and ordinary capital, and £23,815 in contributions in respect of new services and plant:—

	Year to December 31.		
	1928.	1929.	1930.
Net profit	142,993	180,520	204,081
Premiums and contributions	57,644	7,463	92,938
Brought forward	45,628	78,937	80,249
Prof. dividends	34,500	42,000	72,000
No. of times covered	4.1	4.3	2.8
"A" and "B" ordinary:—			
Earned £	108,493	138,520	132,081
Paid £ "A"	24,000	24,000	24,000
Paid £ "B"	37,500	56,625	65,812
Paid % "A"	8	8	8
Paid % "B"	7½	7½	7½
To reserve	50,000	60,000	134,816
Other allocations	21,328	4,047	2,945
Carried forward	78,937	80,249	77,695

The sum of £134,816 is placed to reserve account, compared with £60,000; while £2,945, against £4,047, is written off development expenditure. The carry forward of the reserve appropriation account is £77,695, compared with £80,249 brought in. The flat yield on the County of London ordinary shares is about £4 13s. 6d. per cent.

American Telephone and Telegraph.—This company, which owns the "Bell" system, is the "Great Power" in the system of telephonic communication in the United States. Despite the general depression, further progress was made last year. Some 122,500 installations of new telephones were effected, as compared with 821,400 in 1929. During the year the company offered its stockholders one new share for every six already held, the subscriptions providing the company with \$241.9 millions of new reserves, while a further \$16 millions will be received in 1931. The privilege of conversion was exercised during the year by the holders of \$206.2 millions of Ten Year Convertible Gold Debenture Bonds, resulting in cash premiums of \$164.8 millions. In January, 1930, the company sold \$150 millions of 5 per cent. Thirty-five Year Gold Debentures. In September the Teletype Company was purchased. These additions account in part for the reduction in the percentage earned on the company's capital, which dropped from 12.67 per cent. to 10.44 per cent. The net earnings were \$8,800,000 lower at \$267,874,000, and represented 5.8 per cent. on the cost of plant and other assets. An increase of \$29 millions was recorded in the depreciation charge, and of \$43 millions in operating expenses, including taxes. The report declares that it is impossible for the telephone service to obtain the full benefits of mass production and only by progressive technical development is it possible to balance the cost involved in the ever-increasing number of subscribers.

Automatic Telephone Results.—The accounts of the International Automatic Telephone Company for the year 1930 show that the company has practically maintained its profits:—

	Year to December 31.		
	1928.	1929.	1930.
Net profit	130,816	133,519	131,075
Brought forward	59,592	69,734	82,579
Prof. dividend	11,924	11,924	11,924
No. of times covered	10.9	11.1	10.9
Ordinary and deferred capital:			
Earned £	118,892	121,595	119,151
Paid £	98,750	98,750	98,750
Earned %	15.0	15.4	15.1
Paid %	12½	12½	12½
To reserve	10,000	10,000	10,000
Carried forward	69,734	82,579	92,980

The sum of £10,000 is again allocated to reserve fund, which now stands at £140,000, while the carry forward item is increased from £82,579 to £92,980. The results of the company's subsidiary, Automatic Telephone Manufacturing, are less consistent, net profit having declined

from £118,803 to £96,420. The ordinary dividend of 12½ per cent., absorbing £62,500, is, however, amply covered by earnings, and the allocation to reserve is increased by £500 to £20,000, while the carry forward, at £120,205, exceeds the previous amount by £1,920. The yield on the ordinary shares of the International Automatic is about £7 9s. per cent., and of the Automatic £6 17s. per cent., allowing for final dividend in each case.

Canadian Pacific Railway Company.—In view of the conditions prevailing during 1930, stockholders of the Canadian Pacific Railway should be well satisfied with the year's results. At one time a very considerable decline in net earnings was threatened, but as a result of various economies the fall of \$28,830,151 in gross revenue from railways and lake steamers was very largely offset by reductions of \$23,934,265 in expenditure. "Special revenue" showed a further rise of somewhat unexpectedly large dimensions, the total of \$20,042,923 including \$3,402,369 from investments, \$6,689,324 from other securities, \$7,031,939 from shipping lines, and \$2,919,291 from hotels, etc.:—

	1927.	1928.	1929.	1930.
Gross earnings:				
Railways and lake steamers ..	201,145,751	229,039,297	209,730,955	180,900,804
Working expenses ..	161,630,180	177,344,845	166,586,411	142,652,146
Net earnings	39,515,571	51,694,452	43,144,544	38,248,658
Special income	11,876,560	12,677,683	15,232,220	20,042,923
Total income	51,392,131	64,372,135	58,376,764	58,291,581
Fixed charges	15,378,867	15,308,698	16,149,003	19,159,865
Surplus	36,013,264	49,063,437	42,227,761	39,131,716
To pension fund ..	600,000	750,000	750,000	750,000
Available for dividends	35,413,264	48,313,437	41,477,761	38,381,716

After paying the preference dividend of \$5,005,623 and the usual ordinary distribution of 10 per cent., the sum of \$133,186 was added to the carry forward. On May 6th next a special meeting will be held in Montreal to authorise the issue of \$50,000,000 ordinary stock in such amounts as the directors may consider necessary. In October last, the ordinary stock was split into four shares of \$25 each. At the present price of \$44½ the yield on the ordinary is about 5½ per cent.

Rio Tinto.—The announcement that Rio Tinto shareholders are being asked to sanction a debenture issue of £2,000,000 to enable the company to subscribe for the 7 per cent. debentures of the Rhodesian Congo Border Concession emphasises the far-reaching changes which have taken place in the activities and the finances of the company since the end of 1924, when Sir Auckland Geddes joined the board. Up to that time efforts had been centred on the production of copper, sulphur and iron ore in Spain. Since then lead and zinc have been added to the list of products, and the company "has been drawn out to follow (its) ore into metallurgical and chemical processes"—a development involving the carrying out of operations in many countries. The subsidiary Pyrites Company now operates in Delaware a large extraction plant producing refined copper, lead, zinc and sintered iron ore. Substantial share interests have been acquired in the Davison Chemical Company, of Baltimore, and Silica Gel, and in the early part of 1929 large amounts were invested in the Northern Rhodesian copper field. These developments have naturally been accompanied by significant changes in the balance sheet. Between December 31, 1924, and December 31, 1929, the balance-sheet total has grown from £6,930,841 to £9,449,011, the expansion on the assets side being represented mainly by Subsidiary Companies and Other Investments at £3,334,948, while War Loan valued at £850,714 has disappeared on the liabilities side, the Six per Cent. Peseta Loan has gone, the capital has been increased by £250,000, an investment and general development fund of £2,598,259 has been established (principally out of the

premium realised on the 1929 capital issue at £50), and the reserve has been increased by £500,000. In 1927 the Pyrites Company raised £300,000 on the parent company's guarantee. As a result of the company's previous investments in the Rhodesian Congo Border Concessions, N'Changa and Bwana M'Kubwa, it has the right to subscribe for a considerable proportion of the pending Rhodesian Congo Border (Rhokana) issue of £4,500,000 7 per cent. debentures. The soundness of Rio Tinto's policy in pledging its own assets with a view to exercising this right may be debated. The operation can scarcely be based merely on the difference between the yield offered on the Rhodesian Congo issue and the probable yield on the Rio Tinto issue.

Company Meetings of the Week.—On later pages of this issue will be found reports of the following companies:—Hungarian General Creditbank, Anglo-International Bank, Britannic Assurance, Scottish Life Assurance, Law Land Company, River Plate Trust Loan and Agency, Rhodesian Congo Border Concession, and Metropolitan Electric Supply. At the annual meeting of the Rhodesian Congo Border Concession the chairman, referring to the closing of the Bwana mine, said that since last summer it had been recognised that the mine would be closed down, and consequently no value had been placed upon it in the valuation of the assets of the Bwana M'Kubwa Copper Mining Company upon which the offer resulting in the consolidation had been made. At the meeting of the County of London Electric Supply Company, Mr George Balfour informed shareholders that the output from the company's sub-stations had amounted to 183,240,000 units, of which 132,130,000 had been absorbed in the Western area and 51,110,000 in the London area. The total compared with 166,950,000 units for the previous year, and the increase was accounted for as to 1,410,000 units in the London area and 14,850,000 in the Western area.

CAPITAL ISSUES.

The stagnation of the new issue market in London affords a strong contrast with the activity of its counterpart in New York. The largest London operation this week was an offer of £900,000 of *Gold Coast Government* stock—a trustee issue. Though the yield of £4 11s. 10d. per cent. flat, and £4 12s. 10d. per cent. on redemption in 1970, did not err on the generous side, the lists were closed at 12.30 p.m. on the opening day. An offer for sale was made of 150,000 5½ cumulative £1 preference shares of the *General Consolidated Investment Trust*. This is a pre-war concern which re-organised itself in November, 1928, and changed its business to that of an investment trust. The company, of which Mr Robin E. D'Erlanger is chairman, earned £26,099 last year. Its valuation of investments, at December 31st last, showed the relatively moderate depreciation of 10.14 per cent.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to March 6, 1931, £30,699,100.
Total, including conversion, recorded January 1 to March 6, 1931, £36,670,243.
National Savings Certificates.
Net sales, week ended March 6, 1931, £400,000.
Total receipts, April 1, 1930, to March 6, 1931, £11,950,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
General Consolidated Investment Trust	150,000	...	150,000	150,000	135,000
Gold Coast Government	1,170,000	...	1,146,600	58,500	1,088,100
Total offered to Public, week ended March 14, 1931	1,320,000	...	1,296,600	73,500	1,223,100
To Shareholders only.	NII	NII	NII	NII	NII
Total offered to Shareholders only, week ended March 14, 1931	NII	NII	NII	NII	NII

Total Offered for Subscription—			Total Offered for Subscription—		
Including Conversions.	Excluding Conversions.	£	Including Conversions.	Excluding Conversions.	£
Jan. 1 to date—			Whole year—		
1931	38,366,843	32,395,700	1930	454,888,784	267,800,700
1930	44,812,595	44,812,595	1929	488,764,940	285,239,400
1929	97,911,270	84,332,050	1928	693,100,056	369,058,075
1928	...	155,555,110	1927	...	355,165,970
1927	...	130,433,081	1926	...	230,782,600
1926	...	63,507,780	1925	...	232,214,500
1925	...	40,183,403	1924	...	209,325,101
1924	...	30,670,655	1923	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	29,588,907	521,571	2,285,222	32,395,700
1930	33,955,302	8,045,697	2,811,596	44,812,595
Whole year—				
1930	227,658,800	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,500	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended March 14, 1931 ..	NII	...	NII
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	9,494,078	...	9,623,731

Gold Coast Government.—Issue of £1,170,000 4½ per cent. inscribed stock, 1960–1970, at £98 per cent., of which £270,000 was placed in the terms of the prospectus. The stock is a trustee security, and is raised to meet the cost of harbour works and other works in the colony. The loan is secured on the general revenues and assets of the Gold Coast Government, and will be repaid at par on April 15, 1970, but the Government will have the option of redemption at par on or after April 15, 1960, on six months' notice. Half yearly contributions will be made at the rate of one per cent. per annum to a sinking fund for redemption purposes.

General Consolidated Investment Trust.—Issue of 150,000 5½ per cent. cumulative preference shares of £1 each at par, to be converted later into preference stock. No underwriting contracts have been entered into. The company was incorporated in March, 1896, to carry on the business of contractors, and its name and objects were altered in November, 1928. Net profit for the year ended December 31, 1930, totalled £26,099, covering dividend on the preference capital, including the present issue, 2.36 times.

Great Yarmouth Gas Comp. Issue by tender of £14,590 5½ per cent. perpetual debenture stock, minimum price, par. Net revenue for the year 1930 totalled £8,524, covering interest on the loan capital, after redemption of £14,590 mortgage bonds, 3.9 times.

[Other Stock Exchange information, including the latest summary of balance sheets, weekly traffic returns, dividend announcements, profit and loss figures, and reports and notices, will be found on page 488, under the heading "Company News."]

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended February 11th: Venezuela, 34,648 barrels; Trinidad, 20,194 barrels; total, 54,842 barrels. Production for the week ended February 18th: Venezuela, 35,214 barrels; Trinidad, 20,392 barrels; total, 55,606 barrels. Production for the week ended February 25th: Venezuela, 35,706 barrels; Trinidad, 19,753 barrels; total, 55,459 barrels. Production for the week ended March 4th: Venezuela, 35,836 barrels; Trinidad, 19,760 barrels; total, 55,596 barrels. Production for February: Venezuela, 141,247 barrels; Trinidad, 80,802 barrels; total, 222,049 barrels. Deliveries for February: Venezuela, 140,826 barrels; Trinidad, 73,288 barrels; total, 214,114 barrels.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production January: Dacia, 7,093 tons; Perimeter X., 6,022 tons.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of February amounted to 99,412 barrels, or approximately 14,202 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended January 24, 1931, was 215,000 barrels. Production for the week ended January 31, 1931, was 215,000 barrels. Production for the week ended February 7, 1931, was 217,000 barrels. Production for the week ended February 14, 1931, was 217,000 barrels. Production for the week ended February 21, 1931, was 213,000 barrels. Production for the week ended February 28, 1931, was 205,000 barrels.

COMPANY MEETINGS, &c.

BRITANNIC ASSURANCE COMPANY, LIMITED.

FURTHER SUBSTANTIAL PROGRESS DESPITE TRADE DEPRESSION.

The sixty-fifth annual ordinary general meeting of the shareholders of the Britannic Assurance Company, Ltd., was held on Friday, March 6th, at the chief offices, Broad Street Corner, Birmingham, Mr J. A. Jefferson, F.I.A. (chairman), presiding. The Assistant Secretary (Mr F. A. Powell, F.C.A.) read the notice convening the meeting and the auditors' report.

Mr Jefferson, in moving the adoption of the report, said:—
Ladies and Gentlemen,—The directors' report and accounts for the year 1930 have been in your hands for the customary period, and I presume, therefore, that I may, as on previous occasions, take them as having been read. (Agreed.)

TRIBUTE TO STAFF.

You will, I think, agree that the figures I have to present to you are very satisfactory from every point of view. The directors are well satisfied with the progress made, bearing in mind the very depressing year the country has passed through. This, I feel, is largely due to the loyal way the whole staff, inside and out, have responded to every call made on them with an enthusiasm that has overcome all difficulties. It has been customary for me to pay my tribute to the staff at the end of my remarks, but I think, and I am sure you will agree with me, that this year they are entitled to pride of place.

In the past, I have been accustomed to use that time-honoured expression "milestones" to denote, in millions, the progress of the company. This year I am proud to be able to report the passing of several milestones. You will see from our accounts that our total income has passed its fifth milestone; our premium income in the ordinary branch its first milestone, and the industrial branch its third milestone.

"WE EXIST TO PAY CLAIMS."

I believe that we are now more and more reaping the fruits of our sowing in past years the seeds of the gospel of thrift, and this, coupled with the not unjustified fears of the small investors as to the safety of their capital, has made the public pay more attention to the great benefits of life assurance. Despite our efforts in the past, however, I would here say that the people, generally speaking, are still under-insured, and, therefore, we have plenty of scope for our energies in the future. I would also claim that another reason for the popularity of life assurance amongst the working classes is the honourable and generous way in which companies such as ours meet their obligations. "We exist to pay claims" is a remark made years ago by my late father.

I have referred already to the increasing numbers of persons unemployed, and one would naturally think that such a state of affairs would have a very detrimental effect on our progress, but so far this has not manifested itself in our figures in the past, and I hope they will not be adversely affected in the future.

FREE POLICY PRIVILEGES.

The directors firmly believe that a factor contributing in a marked degree to the prosperity of the company has been the generous manner in which claims are met and the readiness with which the benefits offered to the insuring public have been increased from time to time whenever the opportunity for so doing has arisen, either as the result of further economies in management or more favourable conditions affecting mortality and finance. In pursuance of this policy a step was taken by the directors during the past year of an epoch-making character by the extension to the holders of industrial policies (other than small infantile whole-life policies) of free policy privileges of a character so generous as to have been regarded but a few years ago as impossible of attainment, and as to compare to-day most favourably with the corresponding conditions usually attaching to the policies for large sums issued by the ordinary life offices.

In short, the holders of such policies who for any reason discontinue the payment of premiums after paying for at least two years are automatically granted a free paid-up policy payable under the same conditions as the original for a reduced sum calculated on an equitable basis. When it is borne in mind that the period of grace allowed to the holders of such policies for the payment of premiums extend to twelve weeks, during which time the company is under liability for the full sum assured, and that at the end of this time, if the premiums remain unpaid, a free policy certificate is delivered to the policyholder, whatever the reason for non-payment of the premiums may have been. I think you will agree with me that

we have reached a stage in the development of industrial life assurance of which we may justly feel proud.

Such generous treatment has only been rendered possible by reason of the perfection of our organisation after years of effort, and by the exercise of the most rigid economy of management. Such a step, I claim, gives the lie to those enemies of our business who allege that we encourage lapses and profit thereby. The very reverse is the true position. We do everything possible to encourage policyholders to retain their policies in force, and thus secure the full provisions they afford, and our latest concession in regard to free policies, which applies to existing as well as to new policies, affords the best possible proof of my statement. The scheme only came into force in September last, and when I tell you that, during the whole year 1930, we issued no fewer than 36,000 free paid-up policies in the industrial branch, you will appreciate that the best interests of our policyholders are not being neglected.

Will you kindly allow me to draw your attention to the more salient features of our accounts?

ORDINARY BRANCH.

Taking the ordinary branch first, I have already pointed out to you that we have passed our first milestone in regard to our premium income, and this income consists practically entirely of annual premiums—the single premiums amounting to £6,339 only. Our new sums assured show a slight increase over the previous year, and this would have been greater had we not adopted a different method of recording the new business under certain option tables. In fact, if we ignore single premium policies we have created a record as regards new sums assured.

Our interest income in this branch shows a fall of approximately 1s. in the gross yield. I refer, in the first place, to the gross yield, because we have some control over this, but regarding the net yield—over which we have no control—there is a drop of 4s. 4d. per cent.; the actual yield being £4 17s. 8d. for 1930, as against £5 2s. for 1929.

Taking the other side of the accounts, the first point I would like to draw your attention to is the fact that, under the heading "claims" we paid out to persons living more than twice the amount paid out on account of death claims. This shows the great popularity of endowment assurances in the past, and the same feature exists to-day, the great bulk of our new business being written under these tables. Naturally, I am a strong advocate of life assurance in any form, but, frankly, I would be more pleased if we could write more new business under our whole-life tables, for preference our whole-life limited premium tables, as I believe these are the most suitable tables for the majority of our clients. They give a much more substantial death cover than do the endowment assurance tables, and also premiums are payable for a limited term only, which term can be so fixed as to coincide with the probable termination of the policyholder's active business life. In 1929 we brought out a whole-life table specially designed for the provision of death duties at rates of premiums strictly competitive and applicable to policies of £1,000 and upwards. We have been gratified by the success of this table, and, in response to numerous applications, we have during the past year brought out another whole-life table with attractive premiums to meet the needs of the young married man for policies of £500 and upwards. By such means we are trying to educate the public to choose the class of policy giving the best advantages afforded by life assurance.

In amount, our claims in this branch are actually less than the preceding year, the death claims being some £11,000 and our claims by maturity being approximately £42,000 less than in 1929. On the other hand, the item of surrenders shows an increase of some £36,000—the increase reflecting somewhat the disturbed times through which the country has been passing.

Our expense ratio in this branch shows a slight reduction, namely, 13.19, as against 13.35. The total funds in this branch show an increase of £569,000 odd, which creates a record as far as this branch is concerned.

INDUSTRIAL BRANCH.

As regards our industrial branch, our premium income shows an increase of over £132,000, and our funds, which have now passed the £10,000,000 mark, show an increase of over £682,000, and, I submit, both these results are very satisfactory.

Our gross interest yield in this branch is slightly up by a few pence, but our net yield is down by no less than 3s. 6d. per cent.

The reduction in our net yield caused by taxation is a serious matter, and I can only hope that the Chancellor of the Exchequer will be a little kinder to us in the future because he is the predominating factor for good or evil. The fact must not be overlooked that after all we are in the main trustees for the thrifty working class section of the community. In this connection I would point out that the increase in income tax has cost us during the year over £30,000.

On the other side of the accounts you will find that our claims by deaths and maturities are actually some £47,000 less than in 1929, but this is somewhat counterbalanced by an increase in cash surrender values of over £35,000.

You will notice that under the heading "Surrenders" we have paid away a very large sum of money during the year. This item has grown enormously, rising from £35,000 in 1927 to £56,000 in 1928, to £165,000 in 1929, and to no less than £200,000 last year.

Our expense ratio shows a slight increase of 13 per cent., and is more than accounted for by an increase in our new business expenses.

You will notice we have written the balance of £75,000 off the cost of acquiring the British Legal, and thus we have extinguished the item that has been standing in our balance sheet since 1927. To have written off a goodwill item of £320,000 in four years is an achievement of which we are naturally proud. At the same time I would like to say that we are perfectly satisfied with the result of the amalgamation. From the directors' report you will see that in regard to the British Legal ordinary branch with-profit policyholders we have been able to increase their reversionary bonus to 30s. per £100 sum assured as against the £1 guaranteed under the agreement, and at the same time we have been able to bring the valuation bases into line with the Britannic. In regard to the industrial branch, we have each year since the amalgamation considerably strengthened the valuation reserves, and in a few years' time we hope to adopt the same valuation bases as used for the Britannic business.

It may be that some of you are wondering why we have written this item of goodwill entirely out of the industrial branch, and in reply I would just like to point out that the British Legal was essentially an industrial assurance company; its ordinary branch business forming a very small portion of the company.

You will notice from the report that we have again transferred the sum of £75,000 to the staff pension fund. This fund now amounts to approximately £515,000, and the annual liability for pension is about £30,000, as against an income of some £23,500, so that you will see we still have to draw on the capital of the fund to meet current expenditure.

GENERAL BRANCH.

Our premium income in the general branch amounted to practically £87,000, being an increase of approximately £22,000 over the previous year.

I think you will agree with me that our youngest branch shows every sign of vitality, and already we are well on the way to the £100,000 mark.

In the development of this branch we are considerably helped by the organisation of the British General, and I should like to take this opportunity of thanking Mr Norman Walker and his staff for the efficient and sympathetic way in which they manage this branch of our business for us.

ANNUAL VALUATION.

In regard to our valuation results, you will see we are able to maintain the very excellent rate of £2 2s. per cent. as a reversionary bonus in the immediate profit class. Mr Laing will no doubt have something to say on this aspect of our business, but I would like to draw your attention to one feature, namely, the increasing cost of maintaining our present rate of bonuses. We first declared a £2 2s. bonus for the year ending December 31, 1926, and the cost at that time was £147,810. To-day you will see from the report that the cost of maintaining the same rate has increased to no less than £217,637, or an increase of £69,827.

As regards the industrial branch, we have allocated the sum of £70,000 to provide bonuses for certain classes of policies. Last year we allocated £50,000 to provide bonuses for a period of fifteen months to take us up to March 31, 1931. The £70,000 mentioned above is for the twelve months ending March 31, 1932, and the increased allocation has permitted us to improve considerably the rates of bonus.

Our work in connection with the National Amalgamated Approved Society has been carried on by the field staff in the usual satisfactory manner, and I am thankful to say that owing to there being no influenza epidemic during the year the number of benefit payments has been considerably reduced, although the magnitude of the work done by our staff will be realised when I tell you that no fewer than 571,841 payments were made during the year. The actual decrease was 70,000 in number, and this will bring vividly

home to you the terrible effect these influenza epidemics have on our national life.

In addition to some £335,000 paid out in sickness and disablement benefit, very large sums of money amounting to over £63,000 were spent in additional or treatment benefits. These latter benefits include amounts paid to hospitals for treatment given to our members, but by far the larger amount is spent on such treatments as dental, optical, surgical, convalescent homes, sanatorium, etc.

ASSETS.

If you will now kindly turn to the balance sheet I would just like quickly to draw your attention to one or two points. This year you will see from the report that we have transferred sums totalling £150,000 to our investment reserve fund—bringing this fund up to the substantial figure of £650,000.

A careful valuation as at December 31st of our Stock Exchange securities and other assets has disclosed a very satisfactory state of affairs when such values are compared with our balance-sheet figures, but with funds amounting to over nineteen millions I am sure you will all agree that an investment reserve fund of £650,000 is not by any means out of the way. Personally, I am of the opinion that however satisfactory may be the position disclosed on the valuation of our securities, it is highly desirable that our investment reserve fund should bear some reasonable ratio to our total funds. This may seem an ultra-cautious policy, but the essence of a life assurance contract is security, and security not only for this and the next year, but for twenty or thirty years ahead when the policy moneys fall to be paid.

As stated at the outset of my remarks, I feel sure you will be pleased at the results we have been able to place before you, and as regards the future I am confident that with a staff such as we have around us we can face whatever trials may come along.

Mr Murray Laing, in seconding the resolution, emphasised the supreme importance of the security behind a policy of life assurance. At a time when all around they were witnessing the disturbing effects on industry of falling prices unaccompanied by corresponding adjustments in production costs, and when capital values in so many directions were crumbling, the investor—small as well as large—could find solid stability in a good life office like the "Britannic."

The value of that feature of life assurance could not well be over-estimated and when, as in their case, it was accompanied by a profitable yield, it was easy to understand why the popularity of life assurance continued to grow, even in time of acute trade depression.

He pointed to the fact that in the ordinary branch the amount of surplus carried forward was rather more than one half of the cost of the bonus of 42s. declared for the past year. He explained that in the case of an office declaring bonuses annually, such a carry forward afforded solid grounds for confidence in the company's ability to maintain the bonus in future.

He said the total sums assured and bonuses in force in both life branches exceeded 70 million pounds, of which over 20 millions is in the ordinary branch.

The report and accounts were unanimously adopted. Mr A. M. Patrick was unanimously re-elected a director of the company and Messrs Flint and Thompson re-elected auditors to the company.

Votes of thanks to the directors, officials, and the inside and outside staffs of the company for their loyal and efficient services throughout the year, and to the Chairman for presiding, terminated the proceedings.

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (30 6/30):
Fmk. 3,065,966,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1859.

HUNGARIAN GENERAL CREDITBANK BUDAPEST

BOARD'S SOUND DIVIDEND POLICY.

At their meeting held on March 3rd, 1931, the board of directors of the HUNGARIAN GENERAL CREDITBANK established the balance for the business year 1930 with net profits of 6,557,647.62 pengő as against 7,496,453.12 pengő in the year 1929.

Dividend and Appropriations.

The board decided to submit to the sixty-third ordinary general meeting of the shareholders, convoked for the 19th March, a motion to allot a dividend of 4.50 pengő per share (against 5.50 pengő for 1929), making 3,726,000 pengő in all. The board is to propose further the following appropriations: 1,200,000 pengő for the strengthening of the reserve funds (against 1,000,000 pengő in the previous year) whereof 1,000,000 pengő free of royalties is to benefit the Ordinary reserve fund and 200,000 pengő to increase the depreciation reserve fund; 300,000 pengő free of royalties for the endowment of the employés' pension institute; 350,000 pengő free of royalties for the pension fund for the retired employés; and finally 620,000 pengő (against 850,000 pengő in the previous year) free of royalties for remunerations to the staff.

The bonuses due to the board of directors under Section 40 of the articles of association will amount, according to the proposal of the board, to 209,647 pengő (against 297,761 pengő in the previous year) so that 151,999 pengő will be carried forward to the accounts for the business year 1931.

Board's Dividend Policy.

The business results attained in the year 1930 would have permitted a dividend equal to that paid for the previous year. While the board propose a reduction of the dividend—while at the same time the allocation to the open reserves is to be raised by 200,000 pengő to 1,200,000 pengő and that to the pension funds to remain unchanged at 650,000 pengő—they believe their respective motions to be duly justified by the continued economic depression.

Their decision is endorsed, moreover, by a similar dividend policy followed by numerous important Western banking institutions having regard to the general economic conditions, and with a view of strengthening inner reserves.

Balance Sheet Items.

The chief items of the balance-sheet show the following changes as compared with the 31st December, 1929:

METROPOLITAN ELECTRIC SUPPLY COMPANY, LIMITED.

STEADY PROGRESS.

The forty-fourth ordinary general meeting of the Metropolitan Electric Supply Company, Ltd., was held, on the 10th instant, at Winchester House, Old Broad Street, London.

Mr George Balfour, M.P. (the chairman), in moving the adoption of the report and accounts, said that the accounts indicated not only that their position had been well maintained, but that steady progress was being made, particularly in their Outer London or Western area.

In continuation of their policy of consolidating the supplies within their sphere of operation, they had just made an offer to the ordinary shareholders of the Egham and Staines Electricity Company, Ltd., to acquire their ordinary shares in exchange for the ordinary shares of the company.

From time to time there was a considerable amount of ill-informed criticism of electricity supply rates in the daily Press. A rate per unit in itself did not convey any real measure of value. It was becoming more and more a question of the cost of getting the electricity to the consumer, and not so much the relatively small cost of producing electricity.

This company's average price had shown a consistent drop every year from 1924, and it was now less than one-half the average of six

The amount of "debtors" increased from 199.1 million to 216.4 million pengő; that of "bills discounted" decreased from 106.5 million to 102.7 million pengő. The item "Government Bonds, Public Loans and other Securities" increased by 0.8 million pengő, whilst the amount of "Investments in Banking Institutions and other undertakings" declined by 1.5 million pengő.

The setback in the quotations of securities is fully taken into account in the balance-sheet.

"Savings deposits" shows an increase of 6 million pengő, "current account deposits" one of 1.3 million pengő, thus, these two items combined have risen by 7.3 million pengő. The amount of "sundry creditors" decreased by 8.7 million pengő, thus, foreign capital entrusted to the custody of the Bank aggregated at December 31st, 1930, 344.7 million pengő.

Mortgage Loans and Mortgage Bonds.

"Mortgage loans serving as security for mortgage bonds" figures at the close of 1930 at 7,397,903 dollars.

Out of these Loans the amount of 11.7 million pengő was transferred to the Banks Co-operative Society for the Issuing of Mortgage Bonds, while the Bank's own mortgage bonds in circulation rose—as a result of 10 million pengő having been placed within the last year—from 18.1 million to 28.1 million pengő. In consequence of the continuous sales in the home market, the Bank's stock of unsold mortgage bonds decreased to 441,000 dollars.

The capital of the pension funds increased (this year's allocation included) from 6.4 million to 7.7 million pengő and that of the employés' relief funds from 508,000 to 553,000 pengő.

Bank's Capital.

The Bank's visible capital, which figured in last year's balance-sheet at 64.5 million pengő, will aggregate—inclusive of the amounts proposed for this year's endowments of the reserve funds—66.7 million pengő, in which amount the assets of the pension and relief funds are not included.

The total of the balance-sheet appears at 466.7 million pengő (as against 457.8 million pengő in the previous year).

The aggregate turn-over amounts to 25,383 million pengő.

years ago. Their "all-in service contract," based upon a fixed charge plus a low unit rate, was rapidly gaining ground. They were, at the end of the current quarter, making reductions in many districts in accordance with their programme, but they were fixing reductions so as to be fair to all consumers.

The output from the company's sub-stations had amounted to 183,240,000 units, of which 132,130,000 had been absorbed in the Western area, and 51,110,000 in the London area. The total compared with 166,950,000 units for the previous year, and the increase was accounted for as to 1,410,000 units in the London area, and 14,850,000 units in the Western area.

The balance on revenue account was £408,669 10s., and, together with the balance of £84,745 brought in from last account, and interest and dividends from subsidiary companies and other investments there was a total at the credit of net revenue account of £550,964 10s. 2d. The directors recommended that a further dividend at the rate of 14 per cent. per annum on the £2,000,000 ordinary share capital should be now paid, absorbing £140,000, making, with the interim dividend already paid, a total dividend at the rate of 10 per cent. for the year, leaving a balance of £111,062 to be carried forward to the next account.

The report and accounts were unanimously adopted, and, at an extra-ordinary general meeting, which followed, the capital of the company was increased to £3,000,000 by the creation of 500,000 additional ordinary shares of £1 each.

ANGLO-INTERNATIONAL BANK, LIMITED.

SATISFACTORY DEVELOPMENT—EUROPEAN CONDITIONS.

The fifth ordinary general meeting of the Anglo-International Bank, Ltd., was held, on the 6th instant, at Winchester House, Old Broad Street, London, General the Hon. Sir Herbert A. Lawrence, G.C.B. (the chairman), presiding.

The Chairman said: Despite the exceedingly unfavourable conditions which existed during the period under review, the business of the bank continued to develop satisfactorily, and the profits for the year amount to £120,474. This amount, together with the sum brought forward from 1929, brings the total standing to the credit of profit and loss account to £148,701. Of this total, your directors propose to place £50,000 to reserve account, £10,000 to premises amortisation, and £65,000 to contingencies, carrying forward the balance of £23,701.

Before proposing the adoption of the accounts, I should like, as in previous years, to refer briefly to those countries in which we are primarily interested.

For Germany the outstanding event was the agreement reached for the readjustment of her Reparation debts, under the arrangement known as the Young Plan, and the flotation, in connection with that Plan, of the German Government International Five and a Half per cent. Loan. Owing to the issue price being relatively high in view of the depressed state of the international money market, the loan did not meet with as much success as had been hoped, and it was further affected by uncertainty as to the political situation, following upon the German elections in September, when the reactionary tendency displayed, although not unexpected, undoubtedly had an unsettling effect on the general public, especially abroad. The careful handling of the situation by Dr. Brüning, however, and the determined stand made by the Government to secure economies and to balance the Budget, resulted in a return of confidence, which enabled the Government to obtain fresh credits from abroad.

The final settlement of Czechoslovakia's reparation debts was most favourable to that country. Under this settlement claims against Czechoslovakia, with the exception of war debts, are reduced to 4 per cent. of the original amount.

In Czechoslovak banking circles interests are being further consolidated, and an important amalgamation took place in April, when our friends, the Anglo-Czechoslovakian Bank, absorbed the Prague Credit Bank and the Bohemian Commercial Bank. The new bank, under the name of Anglo-Czechoslovak and Prague Credit Bank, has a capital of 235 million Czech crowns, and is one of the largest banks in Czechoslovakia. On the whole, Czechoslovakia was affected to a lesser degree than most countries by the prevailing trade depression.

The record harvest in Roumania in 1929, owing to the low prices obtainable for agricultural produce, did not relieve the agricultural situation, which is Roumania's chief problem, but serious efforts are now being made to form a National Agrarian Bank, to provide farmers with long-term loans at low rates of interest. To this end the Government are negotiating for foreign loans, and one such loan has already been arranged. Roumania is actively interested in the movement for the formation of an international pool for the sale of cereals by various grain-producing Eastern European States, and this movement should materially assist in the rationalisation of Roumanian agriculture.

Hungary experienced the same difficulties as her neighbours during 1930, and her foreign trade declined, imports falling by 228.5 million pengő and exports by 125.7 million pengő. The balance of foreign trade, nevertheless, closed with an export surplus of 80.2 million pengő, largely due to the fact that, although Hungary's exports of corn declined in value on account of the fall in prices, her exports of live stock more than doubled.

Government expenditure has been reduced, and the economic situation has been considerably relieved by the final settlement of Reparation Debts, and other outstanding international questions, in a manner satisfactory to Hungary.

As regards Austria, the favourable outcome of The Hague Conference, which I mentioned last year, made it possible for the first part of the long-awaited Government International Loan to be floated in July. The success of this loan, at a time when conditions on the international money market were unusually depressed, is a proof of the credit which Austria enjoys abroad. The loan itself, besides strengthening the position of the State finances, provided work for various branches of industry.

Notwithstanding the general depression and the unfavourable conditions to which I have referred, I see no cause for undue pessimism. There are clear indications that the countries I have mentioned are taking steps to adapt themselves to circumstances, and I consider that further progress has been made during the past year towards the rehabilitation of Central Europe.

Sir Henry Strakosch, G.B.E., seconded the adoption of the report and accounts, which were carried unanimously.

THE SCOTTISH LIFE ASSURANCE COMPANY, LIMITED.

INCREASED BONUS TO POLICYHOLDERS.

STRONG FINANCIAL POSITION.

His Grace the Duke of Atholl, K.T., D.S.O., presided at the annual meeting held, on Tuesday, the 10th instant, in Edinburgh. After paying a warm tribute to the memory of Sir David Paulin, formerly the manager, and latterly a director, of the company, he said that they met to celebrate the completion of the fiftieth year of the company. Happy as the attainment of the Jubilee was, and prosperous as was their record, he would that he could apply these adjectives to the state of the country, but, unfortunately, he questioned whether within living memory there had ever been such a degree of depression in commerce throughout virtually the whole world. In these circumstances such a report as he had to submit had the invigorating effect of a tonic.

YEAR'S RESULTS.

The new assurances granted were £1,217,000. Of that amount £56,000 was reassured, leaving a net new business of £1,161,000. The net premium income was £503,000. As had been foreshadowed in recent reports, the cessation of "single-premium-cum-loan" assurances due to the provisions of the Budget bill had affected both the volume of new assurances and the total premium income; but this was of no real importance, the ordinary annual premium income having increased by over £19,000. The interest earned on the funds after deduction of tax was £4 14s. 7d. per cent., being 1s. 3d. per cent. less than in 1929, on account of the increase in the income tax. Measured by the most correct actuarial method, the ratio of actual claims to expected claims was only 42 per cent.—an evidence of the excellent type of business transacted. The addition to the life funds was £383,000, raising them to £6,359,000. The total income from all sources had been £901,000.

QUINQUENNIAL INVESTIGATION.

The quinquennial investigation showed that the state of the company's investments was satisfactory, and that the total market value of the Stock Exchange securities was well in excess of the value appearing in the balance sheet. So far from there having been any depreciation in the total value of their investments during the year 1930, there was actually at its close some improvement on the values of December 31, 1929. No credit had been taken in the accounts for any realised profits or for any appreciation in the values of the investments. This was in the best interests of policyholders as tending to stabilise bonuses. The valuation of the life contracts was made by the British Offices' Office table at 3 per cent. interest, and on strict net premium principles; the annuity contracts were valued by the British Offices' tables also at 3 per cent. interest; and in addition to the strong reserves brought out by the valuation a further reserve against annuity contracts had been made. The total surplus was £869,000.

INCREASED BONUSES.

The directors had declared a vested bonus addition to all policies, including endowment assurances, with full participation in profits, at the rate of £2 8s. per cent. for each year completed during the quinquennium. Further, in the case of all policies becoming claims prior to the next division of profits, an interim bonus of £2 8s. per cent. would also be paid for each year completed. The balance of the surplus amounted to £60,000, of which £28,000 had been retained in the annuity fund as an additional reserve, leaving £32,000 to be carried forward. They had good reason to believe that this bonus will prove gratifying to the policyholders, more especially as the rate exceeds by 5s. per cent. per annum the normal rate of bonus which was granted five years ago and actually exceeds the rate of special bonus to the older policyholders which was then declared for particular reasons without any expectation being held out of its being repeated, still less exceeded. The company was one of the few offices which had never failed at any quinquennium to declare a bonus. They might have declared an even higher bonus, but the serious state of the country's finances and the unsettled outlook, generally, seemed to call for the exercise of caution. Keeping in mind the recent warning of the President of the Institute of Actuaries, they had no desire to enter the race for unduly big bonuses, preferring to grant a bonus at such a rate that there were reasons for the belief that they will be able to maintain it.

THE FUTURE.

They faced the future full of hope and confidence. They could even turn to good account the adverse state of the country;

for nothing had been clearer of late than the evidence that the public, shaken by the losses they had sustained in investments hitherto favoured, had been turning to the "safety first" grade of security. Among those life assurance ranked as supreme.

Sir John Lorne MacLeod, G.B.E., LL.D., seconded and the report was adopted with the declaration of a dividend of 20 per cent. less tax.

RIVER PLATE TRUST, LOAN AND AGENCY COMPANY, LIMITED.

COMPANY'S JUBILEE YEAR.

The fiftieth ordinary general meeting of the River Plate Trust, Loan and Agency Company, Limited, was held, on the 9th instant, at 52 Moorgate, London.

Mr James Anderson (the chairman), before dealing with the business of the past year, took the occasion of the year marking the jubilee of the company to review the extraordinary development that had taken place in Argentina during the last half-century. Towards this development their company had contributed its little quota to its own advantage, and, they hoped and believed, to the advantage of the country also. The money they had lent had enabled more land to be brought under pasture and cultivation, thereby fostering trade and adding to the wealth of the country. They, on the other hand, had done well out of the business, as was evidenced by the dividends they earned, which, since 1925, had been 24 per cent. on the "A" shares and 9 per cent. on the "B" shares, and, over the whole period, had averaged 17.38 per cent. on the "A" shares and 5.16 per cent. on the "B," without taking into account bonus dividends in fully-paid "B" shares amounting to £480,000. The profits had also enabled the company to accumulate the large reserve fund of £1,225,000.

Dealing with the past year's results, he said:—The shareholders no doubt expected a setback in our profits, in view of the very unfavourable conditions that prevailed during the year, both in London and in the River Plate. The gross profits for the year amounted to £422,658, a reduction as compared with the year preceding of £6,173. This is not a serious falling off, and is a proof that our business was well maintained notwithstanding the bad times that prevailed.

The net profits, however, show a more serious decline, having amounted to £307,546, as against £323,188, a reduction of £15,642. This reduction is entirely due to a new and unexpected item on the debit side of the profit and loss account—namely, £15,740, representing loss sustained in the remittance to London of our dollar income in Argentina.

During the first eleven months of last year Argentina's exports decreased in value by the huge sum of \$341,000,000—roughly £88,000,000—as compared with the same period of the year preceding. This was mainly due to unfavourable harvests, the wheat crop having been to a large extent a failure. The balance of trade, in consequence of this decrease, being turned heavily against the country, the rate of exchange fell from 46½d. to 35½d. The wheat harvest recently reaped has been a good crop, likely to leave the large surplus of approximately 5,000,000 tons for exportation, and the prospects of the maize crop now about to be reaped are excellent, so that we have been all looking for the expected rise in the rate. Unfortunately this has not occurred, and the explanation seems to be that there is a superabundance of wheat at present in the world's markets; prices have fallen to a very low figure, and the new crop is difficult of sale. A slight improvement in the price of wheat has been in evidence of late, and the premium is showing signs of recovery, the present rate being 37½d. as against 35½d. at the close of the year.

It is gratifying to state that, as the result of a valuation made at the close of the year, it was found that the market value of the investments was in excess of the figure at which they appear in the balance sheet.

The net profit amounted to £307,546. This enables us to provide the same dividends as last year—namely, 24 per cent. on the "A" and 9 per cent. on the "B" shares—and, with the help of £2,455 from the carry forward, to place £25,000 to reserve, raising the fund to £1,225,000.

The outlook for the current year is not altogether promising. The present rate of gold premium, although showing signs of improvement, is far below the average of last year, and in consequence the loss on remittance of income is likely to be substantially larger than that shown in the accounts presented to-day. The dividends on certain of our investments will probably be on a lower basis. The shareholders must be prepared for a certain shrinkage of income in the year on which we are now entered and, as a consequence, dividends on a somewhat reduced basis.

The report and accounts were unanimously adopted.

LAW LAND COMPANY, LIMITED.

CONTINUED PROSPERITY.

The forty-eighth annual meeting of the Law Land Company, Ltd., was held, on the 11th instant, at 30, Norfolk Street, Strand, London.

Colonel Sir T. Courtenay T. Warner, Bt., C.B. (the chairman), said:—The report and accounts have been circulated, and no doubt you have all read them with unusual interest in view of the widespread depression and the failure of many undertakings to maintain their dividends. With this state of affairs before me it is with more than usual pleasure that I am able to-day to direct your attention to the continued prosperity and progress of this undertaking. Whilst your directors have been able to lay before you on this occasion a proposal for an even larger distribution than in any previous year in our history, I do not wish to suggest that, if the present depression should continue, it would not at some time before long affect this company. We have also been careful to ask only the most reasonable rents for our premises, and we have done all we can to provide for the requirements and comfort of our tenants, thus maintaining the goodwill which has done so much to enable us to keep up our revenue during the hard times through which we have passed, and, in fact, are still passing.

During the past year, as you know, the quinquennial revaluation of the properties for rating purposes has taken place. Having regard to the general attitude of the rating authorities, we must, I suppose, be content with the assessments as they are fixed, but, in view of the general stagnation of business which is of such long standing, I think that the values based on hypothetical rents are higher than they should be. I may say that we have avoided anything in the nature of levying premiums, a practice which I am sure could bring no lasting benefit to those engaged in a business such as ours.

During the past year we have reduced our mortgage debt by over £20,000, and thus we have added strength and stability to our position. Our office property has continued to be extraordinarily well occupied, and the amount of our bad debts for rentals of both classes—offices and flats—is practically nil.

Now we come to our new venture—the site which we took over as from June 24th last in Lancaster Place and Savoy Street, Strand. I can with every confidence assure you that no effort will be spared to make this beautiful site a success, and an addition to your properties of which each one of us can be justly proud. The building we propose to erect will be known as "Brettenham House." There are to be a number of shops on the pavement level—the upper portions being let for office purposes. We have already dealt with a number of inquiries both for the shop premises and offices, and I am once more able to strike a cheerful note with regard to our hopes of this venture.

GENERAL MANAGER'S REMARKS.

Mr M. E. F. Crealock (general manager), in seconding the motion, said that they had not had to do quite so much work on their buildings during the year under review as in the previous year. Various schemes to which he had referred at the last meeting had been completed. It was particularly gratifying that no complaints had been received regarding their heating installations during the recent severe weather. In Sardinia House they were installing a "Smith Major and Stevens" high-speed lift similar to those recently installed in Imperial House. A certain amount of reconstruction work was being done to lavatories and entrance halls and staircases in their various buildings in order to comply with present-day requirements of tenants.

In view of the fact that some of their tenants had suffered a diminution of income as a result of the depressed times, it was satisfactory to know that they had re-let with only one exception all the accommodation which had had to be vacated by tenants for that reason. During 1930 there had been 130 lettings, of which 72 were renewals. That was particularly gratifying as it showed the good relations existing between their tenants and themselves. He would like to take that opportunity of paying a tribute to the whole of the staff for their loyal services and hard work. (Applause.)

With reference to the new building he was pleased to state that as far as possible they were using British materials in it and they were continuing their policy of engaging the staff for the building from the Brigade of Guards Employment Bureau. As stokers for their furnaces they were, as hitherto, employing ex-Naval men.

He would like to mention the fact that whenever one of their Junior engineering staff showed promise they sent him away for an intensive period of training, and it occurred to him that public money would be better employed in such a direction than in keeping all children an extra year at school, as was suggested.

The resolution was carried unanimously.

RHODESIAN CONGO BORDER CONCESSION, LIMITED.

NAME CHANGED TO "RHOKANA CORPORATION."

SIR AUCLAND GEDDES ON RECENT ACTIVITIES.

An extraordinary general meeting of Rhodesian Congo Border Concession, Ltd., was held, on the 11th instant, at Winchester House, London, E.C., for the purpose of considering resolutions to alter the name of the company to "Rhokana Corporation, Ltd.," and adopting new articles of association, Sir Auckland Geddes (the chairman) presiding.

The Chairman, in the course of his speech, said that he had been elected to the chairmanship of the board with effect from January 1. Mr S. S. Taylor had been appointed managing director of the company with his headquarters in London, and Mr Leslie Pollak as joint managing director with his headquarters in Africa. Mr A. J. McNab had consented to place his great knowledge of copper production in all its phases at the disposal of the company, and with regard to the technical advice which would be given to the board all he could say was that he would not know where to look for a better technical team. They had a blend of mining knowledge specialised in copper with that specialised in African conditions. They had taken the best men they knew of in the Rhodesian Congo Border Concession, N'Changa and Bwana M'Kubwa companies to make the personnel of the new company, the name of which they proposed to change to "Rhokana Corporation, Ltd."

THE BOARD.

Dealing with the alterations that would appear in the proposed new articles of association, the chairman said that it was proposed to increase the number of the board to a possible maximum of 20. Personally he disliked a big board, but he had been forced to the conclusion that they had to do that by the very peculiar nature of their shareholding. He thought they were simply forced by circumstances to have some such board establishment as 20, although he could assure the shareholders he would do his utmost to keep the number of actual directors down. In view of the fact that such a board would be unwieldy they proposed to have an executive committee in this country. Further, there would be an African committee, and they hoped to secure the services of Sir Ernest Oppenheimer as chairman of that committee and also of Sir Drummond Chaplin.

THE BWANA M'KUBWA MINE.

Dealing with the closing down of the mine at Bwana M'Kubwa, the chairman said that it was, perhaps, not surprising to find that persons who were not intimate with the details of the holdings of the Bwana M'Kubwa Copper Mining Company were apt to imagine that the Bwana M'Kubwa mine was the most important, if not the only, asset of the Bwana M'Kubwa Copper Mining Company. That, of course, was far from the truth, and he might say that since last summer he had recognised that the Bwana mine would be closed down some time or other. In consequence, no value had been placed by him, or by the experts who advised him last autumn, upon the mine in the valuation of the assets of the Bwana M'Kubwa Copper Mining Company, upon which the offer resulting in the consolidation had been made. In fact, to it, with all its extensive equipment, they had attached the nominal value of £100.

Various statements had appeared in the press as to the number of men who were to be affected by the closing down. The total number of men discharged or to be discharged from the Bwana property was about 200. Of those a number were being transferred to N'Kana and other properties in Northern Rhodesia, and the company had made every effort to deal generously with the men whom it had become necessary to discharge. Provision had been made for the repatriation of the men and their families who could not be placed elsewhere, on terms which had been discussed with the Governor of Northern Rhodesia, and which they understood had satisfied him as proper and generous terms to be offered by the company.

DEBENTURE ISSUE.

Finally, with regard to the debenture issue which had been authorised at the annual meeting in December, it had then been resolved that £4,500,000 debentures should be offered to shareholders at par, that offer to be made after the allotment of shares to the Bwana M'Kubwa Company and the N'Changa Copper Mines, Ltd. It had been impossible to issue those shares until certain legal formalities had been completed, but he had reason to believe that those would be completed in time for them to make the offer to members soon after Easter at the latest.

The resolutions were carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended March 7, 1931, amounted to £30,840,000 against ordinary expenditure of £18,580,800. After allocating £5,459,500 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £325,454, the week's operations, as shown below, reduced the National Debt by £6,474,000 to £7,642,021,000:—

(000's omitted.)

National Savings Certificates	+ 400	Treasury Bills	£ 5,603
Sundries	+ 29	Public Department Advances ..	1,300
	+ 429		— 6,903

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Mar. 7, 1931.	April 1, 1929, to Mar. 8, 1930.	Week ended Mar. 7, 1931.	Week ended Mar. 8, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	217,848,000	204,149,000	17,052,000	14,644,000
Sur-tax, including Arrears of Super-Tax	64,500,000	48,490,000	41,970,000	3,930,000	3,730,000
Retate, &c., Duties	83,000,000	76,520,000	73,870,000	1,490,000	1,040,000
Stamps	27,000,000	17,400,000	22,260,000	1,270,000	1,100,000
Excise Profits Duty and Corporation Profits Tax	1,700,000	500,000	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	700,000	760,000	90,000	60,000
Total Inland Revenue ...	437,000,000	361,458,000	343,019,000	23,812,000	20,574,000
Customs and Excise—					
Customs	122,710,000	111,665,000	111,508,000	2,907,000	2,612,000
Excise	129,860,000	116,400,000	119,900,000	1,100,000	1,107,000
Total Customs and Excise	252,570,000	228,065,000	231,408,000	4,007,000	3,719,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,790,041	4,496,468	351,000	59,000
Post Office (Net Receipts) ..	10,125,000	11,400,000	10,500,000	100,000	100,000
Crown Lands	1,300,000	1,280,000	1,280,000	...	...
Receipts from Sundry Loans	33,000,000	31,313,053	25,498,301	79,377	78,027
Miscellaneous Receipts	34,500,000	32,510,584	34,649,346	2,490,588	1,671,024
Appropriation from Rating Relief Suspense Account ...	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	686,816,678	651,251,115	30,839,965	26,201,051
SELF-BALANCING REVENUE.					
Post Office	60,275,000	54,150,000	53,800,000	1,000,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,589,959	21,881,532	...	291,000
Total Self-Balancing Revenue	83,835,000	76,739,959	75,681,532	1,000,000	1,291,000
Total		763,556,637	726,932,647	31,839,965	27,492,051

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Mar. 7, 1931.	April 1, 1929, to Mar. 8, 1930.	Week ended Mar. 7, 1931.	Week ended Mar. 8, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	289,467,793	306,779,287	5,026,925	£ 166,113
Payments to Northern Ireland	6,000,000	5,638,420	4,864,400	337,441	297,619
Exchequer to Local Taxation Accounts	3,300,000	2,333,631	{ 9,170,052 } { 2,839,528 }	...	30,000
Other Consolidated Fund Services					
Supply Services (excluding Post Office)	429,433,000	394,442,229	341,797,219	13,216,411	11,324,624
Total Ordinary Expenditure	743,333,000	691,882,073	665,450,486	18,580,777	11,818,356
Sinking Fund	55,400,000	53,038,131	44,467,233	5,459,508	495,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	54,150,000	53,800,000	1,000,000	1,000,000
Road Fund	23,560,000	22,589,959	21,881,532	...	291,000
Total Self-Balancing Expenditure	83,835,000	76,739,959	75,681,532	1,000,000	1,291,000
Total		821,660,163	785,599,251	25,040,285	13,604,356

The aggregate revenue and expenditure to March 7, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1st TO MARCH 7th.

(000's omitted.)

Expenditure	£ 691,882	Revenue	£ 686,817
Sinking Fund	53,038	Decrease in balances	3,055
		Net Amount borrowed	65,048
	744,920		744,920

POSITION OF THE FLOATING DEBT.					Movement.
Ways and Means Advances Out- standing	Mar. 8, '30.	Mar. 31, '30.	Mar. 7, '31.	Mar. 7, '31.	Week ended
Advances by Bank of England	52,480,000	48,530,000	37,100,000	—	1,300,000
Advances by Public Departments	629,410,000	588,885,000	598,305,000	—	7,615,000
Treasury Bills outstanding	681,890,000	637,418,000	635,405,000	—	4,915,000
Total Floating Debt	1,824,180,000	1,774,833,000	1,670,810,000	—	158,542,000

* Includes £13,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on March 6, 1931, and the total amount applied for was £51,930,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 6s. 9d., about 63 per cent., and above, in full; and Saturday at £99 6s. 11d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Feb. 13	30,000,000	35,415,000	2 10 7-15
Feb. 20	30,000,000	36,550,000	2 12 4-52
Feb. 27	35,000,000	41,445,000	2 13 8-02
Mar. 6	30,000,000	51,930,000	2 12 4-71

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 11, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	350,326,938	11,015,100	
In Banking Department	50,600,783	253,594,270	
		11,030,339	
		4,360,291	
Amount of Fiduciary Issue	260,000,000		
Gold Coin and Bullion	140,927,721		
	£400,927,721		£400,927,721

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	30,434,684	
Public Deposits*	3,728,523		
Other Deposits	8,757,259		
Bankers' Deposits	559,274,585		
Other Accounts	33,468,678		
1-Day and other Bills	92,743,263		
	£119,784,116		£119,784,116

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Mar. 11, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	350,326,938	— 395,382	— 120,697
Public deposits	8,757,259	+ 929,795	+ 229,960
Bankers' deposits	559,274,585	+ 7,338,077	+ 273,185
Other deposits	33,468,678	+ 56,912	+ 3,274,026
Seven-day bills	2,091	— 152	— 80
Total outside liabilities	451,829,531	+ 6,746,600	+ 3,351,578
Capital and reserve	18,281,523	+ 22,757	+ 21,883
Government debt and securities	275,044,054	— 8,473,497	— 6,881,210
Discounts and advances	9,238,661	+ 1,400,432	+ 1,278,828
Other securities	39,739,020	+ 3,166,284	+ 13,224,688
Silver coin in issue department	4,360,291	— 16,675	— 101,967
Coin and bullion (bank's reserve)	141,729,028	— 32,853	— 10,893,810
Reserve of notes and coin in banking department	51,402,090	+ 362,529	— 10,773,113
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	50 1/2 %	+ 3 1/2 %	— 8 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	31 1/2 %	+ 1 %	— 2 %

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold in or out of Bank.	Rate.
1931.				
Jan. 26	399,486	346,824	19,360	55.162
Feb. 4	400,351	349,486	9,861	62.576
11	400,528	347,245	13,503	57.855
18	400,443	344,131	15,167	61.146
25	400,816	347,665	16,221	59.072
Mar. 4	400,926	350,722	7,827	66.613
11	400,928	350,327	59,275	35.469

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis- counts & Advances.	Other Securities.	Reserve & the "Pro- portion."
1931.							
Jan. 26	243,161	12,477	140,141	31 1/2 %	41,085	9,748	53.317
Feb. 4	243,159	12,477	141,040	31 1/2 %	40,300	6,325	51,554
11	242,490	13,477	141,247	31 1/2 %	36,420	9,597	54,002
18	241,795	13,845	141,207	31 1/2 %	36,135	9,689	57,076
25	244,963	10,680	141,593	31 1/2 %	36,735	8,518	53,927
Mar. 4	249,123	6,534	141,762	30 1/2 %	34,395	10,639	51,040
11	244,509	11,030	141,729	31 1/2 %	30,455	28,709	51,402

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Feb. 25	5,850,375	288,323	463,921	6,602,621
Week ended Mar. 4	747,004	35,380	51,345	833,729
Week ended Mar. 11	663,984	32,779	59,219	755,982
Total to date, 1931	7,261,363	356,482	574,487	8,192,332
Total to date, 1930	7,713,746	377,623	614,663	8,706,032
Increase or decrease in 1931	— 452,383	— 21,141	— 40,176	— 513,700
%	— 5.9 %	— 5.6 %	— 6.5 %	— 5.9 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	— 1,153,347	— 69,843	— 115,133	— 1,338,323
%	— 2.9 %	— 3.7 %	— 3.7 %	— 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

(000 Tonnes.)

	Week ended March 7.		Month of February.			Aggregate Totals January 1 to March 7.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	24	24	%	£	£
BIRMINGHAM	3,109	2,776	10,037	9,697	- 3.3	25,982	23,718
BRADFORD	1,000	785	3,913	3,063	- 21.7	9,805	7,187
BRISTOL	1,211	1,630	4,747	4,422	- 6.8	11,221	10,814
DUBLIN	4,519	4,728				47,635	74,835
HULL	960	825	3,332	3,140	- 5.7	8,472	8,040
LEEDS	1,011	922	4,108	3,837	- 6.5	10,268	9,370
LEICESTER	1,032	734	3,048	2,633	- 13.6	7,714	6,620
LIVERPOOL	7,531	6,423	30,359	25,263	- 23.3	71,234	59,501
MANCHESTER	13,025	10,913	49,233	37,865	- 23.0	118,936	92,466
NEWCASTLE	1,688	1,602	6,199	5,552	- 10.4	14,532	13,602
NOTTINGHAM	718	558	2,500	1,875	- 25.0	6,500	5,008
SHEFFIELD	1,397	1,069	3,951	3,557	- 9.9	9,993	8,615
Total	37,201	32,963	121,427	98,904	- 18.5	343,541	292,325

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Egypt appeared in the *Economist* for December 20; Roumania and Canada in February 28; Danzig, Greece, and Russia in March 7.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	Nov. 30, 1930.	Dec. 31, 1930.	Jan. 31, 1931.	Feb. 28, 1931.
ASSETS.				
Cash	4.3	6.1	5.7	6.8
Sight funds	71.4	74.8	85.5	56.4
Bills and acceptances:—				
Commercial bills	239.9	319.6	347.0	429.4
Treasury bills	171.8	177.6	185.4	174.7
Not exceeding 3 months	1,050.8	653.0	722.1	723.6
Between 3 and 6 months	134.4	145.3	162.2	260.4
Between 6 and 9 months	191.0	190.9	187.7	197.1
Sundry investments	13.6	11.3	12.3	12.6
Other assets	102.5	102.9	102.9	102.9
LIABILITIES.				
Capital paid up	154.5	154.4	154.3	154.2
Annuity trust account	80.0	77.2	77.1	77.1
German Government deposit fund	68.7	68.7	68.8	68.8
French Government guarantee fund	15.6	—	6.2	5.7
Time deposits of Central Banks:—				
For their own account	55.1	124.7	55.2	—
For account of others	481.8	605.0	580.4	214.9
Not exceeding 3 months	665.0	154.3	150.6	150.5
For account of others	—	8.7	8.7	8.7
Sight deposits of Central Banks:—				
For their own account	99.7	199.0	237.8	316.1
For account of others	193.2	140.1	182.9	190.5
Other deposits	0.1	225.1	0.2	0.2
Undistributed proceeds of Reparations Loan	—	—	—	—
Miscellaneous items	15.0	12.0	13.3	16.3

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Mar. 13, 1930.	Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.
RESOURCES.					
Total gold reserve	3,039,160	3,081,410	3,081,320	3,094,300	3,096,370
Total bills discounted	366,340	199,820	189,850	190,580	172,550
Bills bought in open market	256,540	93,990	106,320	100,550	151,400
Total U.S. Govt. securities	514,110	599,670	599,440	599,870	604,700
Total bills and securities	1,049,070	893,490	895,610	891,000	928,660
Total resources	5,057,790	4,848,850	4,848,150	4,848,080	4,843,010
LIABILITIES.					
Federal Reserve notes in actual circulation	1,609,010	1,449,760	1,448,420	1,459,840	1,445,850
Deposits—Memberbank—					
reserve account	2,353,900	2,379,740	2,378,410	2,365,190	2,435,520
Total deposits	2,381,440	2,439,550	2,427,570	2,430,770	2,490,770
Capital paid in and surplus	449,150	443,900	443,770	443,730	443,660
Total liabilities	5,057,790	4,848,850	4,848,150	4,848,080	4,843,010
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	80.8 %	84.0 %	84.1 %	84.1 %	83.3 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Mar. 13, 1930.	Feb. 19, 1931.	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.
RESOURCES.					
Total gold reserve	1,078,600	1,069,080	1,068,820	1,109,890	1,109,890
Total bills discounted	33,150	37,640	38,020	38,830	38,080
Bills bought in open market	60,560	32,610	43,500	29,830	49,390
Total U.S. Govt. securities	233,430	183,930	183,930	183,930	188,260
Total bills and securities	327,140	254,170	265,440	252,590	276,330
Deposits—Memberbank—					
reserve account	957,230	1,006,920	1,014,670	986,310	1,067,680
Ratio of total res. to dep. and Federal Res. note liabilities combined	79.6 %	87.8 %	87.0 %	87.6 %	86.7 %

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Feb. 14, 1930.	Jan. 8, 1931.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.	Feb. 13, 1931.
ASSETS.						
Gold coin and bullion	7,975	6,620	7,023	6,974	6,577	6,828
Subsidiary coin	114	226	237	254	258	271
Bills discounted	7,370	7,328	7,337	7,963	7,239	7,001
Investments	766	1,549	1,549	1,549	1,849	1,849
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	700
Notes in circulation	7,775	7,158	6,907	8,256	7,694	7,066
Government deposits	1,662	1,988	2,325	1,921	1,490	1,512
Bankers' deposits	5,009	5,017	5,284	5,164	5,127	5,280
Ratio of cash reserves to liabilities to public	54.1 %	47.6 %	48.8 %	45.4 %	46.2 %	48.0 %

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	Feb. 14, 1930.	Jan. 16, 1931.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.	Feb. 13, 1931.
ASSETS.						
Total securities	32,150.08	29,70.83	29,77.49	29,80.93	29,83.53	29,82.59
Loans	8,37.52	14,62.50	14,69.48	14,93.28	15,81.64	16,33.01
Cash credits	31,45.03	26,10.84	26,96.43	27,08.24	28,12.23	28,10.14
Inland bills	7,83.36	5,19.50	5,15.65	5,52.36	5,40.24	5,40.19
Foreign bills	45.49	24.35	21.19	25.86	37.33	45.45
Dead stock	2,80.54	2,75.12	2,75.26	2,75.20	2,74.82	2,75.03
Bal. with other banks	12.26	34.54	45.11	45.63	43.79	26.9

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted).

Average Weekly Balances. January, 1931.	Barclays Bank Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank Limited.	Martins Bank Limited.	Midland Bank Limited.	National Bank Limited.	National Provincial Bank Limited.	West- minster Bank Limited.	Williams Deacon's Bank Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England.....	34,804	1,532	3,774	35,875	7,644	42,106	3,032	29,441	28,660	3,126	189,994
Balances with and cheques in course of collection on other banks in the United Kingdom....	8,609	591	1,260	7,843	1,957	8,836	158	6,906	6,654	946	43,760
Items in transit	...	...	...	2,340	698	...	...	...	...	...	3,038
Money at call and short notice....	23,694	3,168	5,111	23,240	8,101	14,828	2,974	13,657	19,015	2,126	115,914
Bills discounted	64,802	2,132	1,453	48,433	5,106	71,632	2,114	52,585	51,192	1,715	301,164
Investments	56,866	3,764	7,168	56,891	19,478	47,779	16,019	38,662	54,483	8,339	309,449
Advances to customers and other accounts	168,911	8,722	16,495	181,469	37,300	203,832	16,792	147,215	128,676	15,457	924,869
Liabilities of customers for accept- ances, endorsements, &c.	13,668	579	2,613	46,954	5,435	23,220	44	9,949	18,347	643	121,452
Bank premises account	6,316	380	695	7,668	2,596	10,629	776	6,736	5,400	995	42,191
Investments in affiliated banks....	6,974	...	...	6,084	...	7,280	...	2,514	2,992	...	25,844
	384,644	20,868	38,569	416,797	88,315	430,142	41,909	307,665	315,419	33,347	2,077,675
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,475	9,479	9,320	1,000	60,810
Current, deposit and other ac- counts	344,868	18,289	34,142	344,027	75,195	378,426	37,610	278,758	278,416	29,829	1,819,560
Acceptances, endorsements, &c.	13,668	579	2,613	46,954	5,435	23,220	44	9,949	18,347	643	121,452
Notes in circulation	...	...	...	6	17	...	...	...	16	...	1,319
Reduction of bank premises ac- count	...	...	224	...	...	...	...	...	...	...	224
	384,644	20,868	38,569	416,797	88,315	430,142	41,909	307,665	315,419	33,347	2,077,675

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő

(000's omitted).

ASSETS.	Feb. 28, 1930.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Metal reserve—					
Gold coin and bullion	162,527	162,019	161,957	161,942	148,003
Foreign currencies	25,450	13,779	12,974	10,458	27,007
Silver coin and bullion	10,287	12,250	12,629	12,059	12,810
Inland bills, warrants and securities ..	226,830	225,400	206,120	205,422	243,374
Advances to the Treasury	82,937	60,167	60,167	60,167	60,167
LIABILITIES.					
Share capital (gold crowns 30,000,000)*	34,756	34,756	34,756	34,756	34,756
Notes in circulation	441,385	397,236	368,354	337,610	399,653
Current accounts, deposits, &c.	76,874	29,444	33,778	53,283	37,716

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K.

(000's omitted).

ASSETS.	Feb. 28, 1930.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Gold and silver holdings	1,261,826	1,543,500	1,543,096	1,542,698	1,542,706
Balance abroad and foreign currency	1,980,285	2,179,930	2,161,995	2,154,351	2,142,824
Discounts and advances	292,102	230,971	211,316	158,407	123,313
State notes debt balance	3,709,035	3,416,972	3,416,356	3,405,509	3,381,999
Other assets	699,891	833,941	881,719	907,585	973,522
LIABILITIES.					
Bank notes in circulation	6,837,731	6,203,714	5,954,411	5,755,462	6,570,687
Check account balances	291,065	1,313,916	1,497,478	1,649,948	1,891,612
Other liabilities	201,983	239,127	254,036	254,583	262,754

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Feb. 28, 1930.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Cash Reserve—					
Gold	96,006	98,705	98,724	98,761	98,799
Other coin and notes	18,410	18,003	18,161	18,213	18,482
Foreign credits	291,065	118,003	103,861	114,719	92,947
Bills	1,141,192	1,330,600	1,295,701	1,266,604	1,240,153
Government advances	4,143,097	4,020,900	4,020,901	4,020,902	4,020,902
LIABILITIES.					
Notes in circulation	5,559,628	5,020,655	4,860,510	4,727,308	4,916,517
State credits	199,913	126,258	126,258	126,258	126,259
Deposits	1,731,871	1,131,675	1,062,432	1,271,811	938,607

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lire as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In levs (000's omitted).

ASSETS.	Feb. 23, 1930.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.
Gold and silver holdings	1,568,212	1,458,208	1,460,158	1,460,333	1,461,853
Balance abroad and foreign currency	717,490	704,028	674,951	708,770	678,733
Discounts and advances	1,267,616	683,183	663,611	659,719	651,332
Advances to the Treasury	3,340,302	3,100,845	3,100,845	3,064,426	3,064,426
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserve	1,251,268	1,183,677	1,183,658	1,183,658	1,184,174
Bank notes in circulation	3,521,208	3,058,843	3,034,882	3,034,882	3,034,882
Sight liabilities	1,795,871	1,502,594	1,457,236	1,464,879	1,348,382
Deposits	320,760	268,708	268,285	267,861	267,289

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Feb. 28, 1930.	Jan. 31, 1931.	Feb. 10, 1931.	Feb. 20, 1931.	Feb. 28, 1931.
Gold	70,056	562,483	562,483	562,483	562,483
Of which held abroad	179,553	77,396	77,396	77,396	77,396
Foreign currencies	460,882	384,792	373,040	363,795	371,494
Bills discounted	668,447	622,881	604,205	591,574	598,570
Loans against securities	77,949	100,364	91,082	97,265	96,870
Reserve fund securities	83,531	90,717	90,717	90,739	90,739
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,281,760	1,276,555	1,199,720	1,139,167	1,284,161
Current accounts	456,435	184,828	227,565	250,084	169,124

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Feb. 28, 1930.	Jan. 31, 1931.	Feb. 14, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Gold	35,091	300,967	300,725	300,580	300,580	300,580
Balance abroad and foreign bills Finnish and Foreign Govern- ment securities	90,379	756,272	894,964	891,760	932,317	932,317
Discounts and advances	21,826	321,409	371,692	370,035	369,705	369,705
Notes in circulation	105,151	1,372,126	1,380,010	1,380,010	1,380,010	1,380,010
Deposits at notice	123,941	1,368,979	1,243,206	1,220,822	1,305,190	1,305,190
	21,225	307,923	98,204	121,670	126,537	126,537

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Feb. 28, 1930.	Feb. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.
Gold coin and bullion	6,450	6,530	6,527	6,523	6,529
Net foreign exchange	18,134	15,530	15,209	15,851	15,972
Subsidiary Estonian coin	967	1,951	1,933	1,806	1,824
Home bills discounted	15,462	12,258	12,219	12,041	11,783
Loans and advances	12,800	10,485	10,909	11,020	11,674
LIABILITIES.					
Notes in circulation	33,322	32,725	32,897	34,856	34,902
Sight deposits and current accounts ..	15,881	13,122	13,124	11,709	12,636
Ratio of reserve to current liabilities ..	49.96%	47.72%	47.22%	48.05%	47.33%

* Includes Ekr. 5,422,345-96 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Mar. 5, 1930.	Feb. 4, 1931.	Feb. 11, 1931.	Feb. 18, 1931.	Feb. 25, 1931.	Mar. 2, 1931.
Gold bullion and coins	23,957	24,070	24,070	24,070	24,072	24,069
Silver coin	5,821	6,421	6,421	6,421	6,421	6,409
Balance abroad	47,066	33,107	31,329	31,188	31,016	32,235
Treas. notes and am. change	11,294	14,464	15,375	16,006	15,372	14,464
Short term bills	94,577	86,112	85,487	84,953	84,172	84,350
Loans against securities	54,029	71,606	72,257	71,538	71,184	70,722
Other assets	13,634	18,387	18,658	17,769	14,200	14,075
LIABILITIES.						
Notes in circulation	48,125	47,312	46,400	45,884	47,166	47,554
Capital paid up	17,010	18,735	18,735	18,735	18,735	18,735
Reserve	3,662	4,352	4,352	4,352	4,352	4,352
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	16,037	20,919	20,947	20,953	20,960	21,126
Current accounts	64,024	62,713	67,833	67,522	66,735	67,284
Government accounts	88,669	84,527	81,139	79,173	77,131	77,483
Other liabilities	9,350	12,108	11,312	6,594	7,311	6,286

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Feb. 28, 1930.	Dec. 31, 1930.	Jan. 15, 1931.	Jan. 31, 1931.	Feb. 15, 1931.	Feb. 28, 1931.
Gold	35,163	39,348	39,348	39,390	39,410	39,414
Silver	4,088	2,920	2,984	2,993	2,978	2,978
State Treasury coins	1,677	1,398	1,404	1,408	1,408	1,414
Foreign currency	84,566	86,340	76,518	73,976	71,074	72,077
Discount and credit	83,568	103,037	99,511	101,116	102,634	103,048
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,553	1,553	1,553	1,553	1,553
State Treasury	99,303	117,163	110,602	110,219	105,886	107,996
Banknotes in circulation	96,391	100,966	96,749	94,884	99,085	97,899

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1914.	Feb. 15, 1930.	Jan. 24, 1931.	Jan. 31, 1931.	Feb. 7, 1931.	Feb. 14, 1931.
Gold coin & bullion	221,320	1,039,185	830,789	832,225	833,744	833,684
Other coin & bullion			52,347	52,553	51,529	52,118
Discounts	41,740	661,875	642,784	650,702	643,707	647,888
Advances	70,540	74,456	58,280	60,263	58,258	58,277
LIABILITIES.						
Notes	362,270	1,151,046	1,117,087	1,213,445	1,100,576	1,119,766
Govt. deposits	87,540	502,260	423,182	402,294	444,556	444,506
Other deposits	11,440	387,382	251,978	175,185	239,532	236,619

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribu- tion.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefes.	Ordinary.					
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%
Eastern Bank	Dec. 31	47,991	116,694	164,685	...	90,000	9	25,000	49,685	123,521	9
Breweries.											
Groves (John) and Sons	Dec. 31	11,697	20,134	31,831	5,000	12,164	13½†	2,500	12,167	22,853	15½
Mellersh and Neale	Dec. 31	8,114	17,099	25,213	2,804	7,881	15	6,000	8,528	15,325	15
Plymouth Breweries	Dec. 31	903	14,848	15,751	7,200	3,982	15	3,706	863	13,442	15
Electric Lighting, &c.											
County of London Electric	Dec. 31	445,037	1,033,855	1,478,892	202,687	427,427	11	400,786	447,992	954,493	11
Shropshire, &c., Electric.....	Dec. 31	...	204,080	204,080	72,000	89,813	{ 8A 7½B }	42,267	...	180,520	{ 8A 7½B }
Financial Land, &c.											
Liverpool Exchange Co. ...	Dec. 31	332	26,659	26,991	...	20,000	5	6,100	891	26,652	5
Gas.											
Pontypool Gas and Water...	Dec. 31	1,105	8,036	9,141	...	7,268	{ 7½ 5½ }	...	1,873	7,293	{ 7½ 5½ }
Iron, Coal and Steel.											
Beyer, Peacock and Co.....	Dec. 31	9,260	87,259	96,519	16,500	24,000	8	40,000	16,019	26,498	3
Davis and Timmins	Dec. 31	20,819	7,670	28,489	6,500	5,600	8	...	16,389	24,915	4
Millom and Askam Hematite	Dec. 31	54,127	70,334	124,461	24,500	...	...	44,303	55,658	...	...
Newport Abercarn Black	Dec. 31	88,687	2,316	91,003	...	...	...	5,096	85,907	Dr. 41,424	...
Vein Steam Coal	Dec. 31	33,641	Dr. 2,911	30,730	29,062	...	...	...	1,668	Dr. 21,676	...
Motor and Cycle.											
Ford Motor Co.	Dec. 31	258,507	978,603	1,237,110	...	542,500	10	188,250	506,360	101,3507	10
Rubber, &c.											
Sungei Sayon Rubber	Dec. 31	3,399	Dr. 3,263	136	...	...	...	...	136	2,230	...
Shops and Stores.											
Liberty and Co.....	Jan. 31	20,461	40,506	60,967	6,000	20,000	20†	13,688	21,279	75,103	20†
Roberts' (J. R.) Stores	Feb. 14	9,218	14,005	23,223	1,000	11,625	15	250	10,348	16,675	17½
Robinson (Peter)	Jan. 31	31,059	123,528	154,587	68,718	60,000	12	...	25,869	125,884	12
Tea.											
Dimbula Valley (Ceylon) Tea	Dec. 31	6,928	50,827	57,755	3,784	45,044	25	2,000	6,927	59,791	25
Telegraphs, &c.											
Marconi Int. Marine Comm.	Dec. 31	17,405	200,010	217,415	...	178,909	15	10,000	28,506	201,611	15
Textiles.											
Hollins (William) and Co....	Dec. 31	45,342	Dr. 67,190	Dr. 21,848	18,000	...	...	Dr. 45,000	5,152	114,847	7½
Samnugger Jute.....	Dec. 31	107,597	143,969	251,566	8,100	133,012	25	...	110,454	167,143	30
Titaghur Jute.....	Dec. 31	91,579	123,687	215,266	8,100	133,012	25	...	74,154	167,807	30
Victoria Jute	Dec. 31	57,024	97,179	154,203	8,100	88,637	25	...	57,466	115,646	30
Trust.											
American Trust	Jan. 31	2,768	63,496	66,264	18,600	34,720	14	...	12,944	60,767	14
Colonial Securities Trust ...	Jan. 31	...	22,032	22,032	19,930	...	...	2,102	...	22,012	...
Lewis's Investment Trust...	Feb. 28	22,727	274,244	296,971	82,250	159,360	17½	30,000	25,361	250,662	17½
Scottish Eastern Investment	Jan. 31	2,881	34,152	37,033	14,607	16,275	3½	...	6,151	33,300	27½
Other Companies.											
Arnott and Co.	Jan. 31	20,731	13,543	34,274	3,600	10,000	10	12,000	8,674	17,847	10†
British Portland Cement ...	Dec. 31	194,429	650,092	844,521	86,100	252,000	15	301,969	204,452	637,579	15
Buttens, Ltd.	Dec. 31	6,931	22,851	29,782	6,333	17,605	10†	500	5,344	24,470	10†
Canning (W.) and Co.	Dec. 31	12,952	52,937	65,889	...	34,875	15	16,000	15,014	61,706	15
Ciro Pearls (Holdings).....	Jan. 31	22,696	68,615	91,311	11,625	38,750	20	15,000	25,936	146,775	25
Clayton, Dewandre Co.	Dec. 31	3,918	26,195	30,113	...	5,425	4	18,139	6,549	16,694	2½
Delta Metal Co.	Dec. 31	13,082	54,423	67,505	...	45,000	15†	6,000	16,505	51,192	17½†
Hampshire (F. W.) and Co.	Dec. 5	5,226	13,076	18,302	5,625	4,000	5	3,000	5,677	33,379	15
Harris and Sheldon	Dec. 31	19,235	21,004	40,239	2,030	11,250	10	5,750	21,209	16,582	10
Hine, Parker and Co.	Jan. 31	29,580	10,417	39,997	2,500	11,000	10	...	26,497	16,790	17½
International Cold Storage.	Dec. 31	Dr. 1,625	1,393	232	...	...	...	...	252	Dr. 1,405	...
International Paint, &c., Co.	Dec. 31	12,809	110,905	123,714	12,000	64,140	12	34,000	13,574	104,813	10
Lincoln Wagon and Engine	Feb. 1	13,923	26,359	40,282	...	19,125	20	8,000	13,157	27,341	16
Manchester Royal Exchange	Feb. 28	112,625	38,454	151,079	...	37,200	6	...	113,879	40,919	8
Mooney (J. G.) and Co.....	Dec. 31	14,878	21,918	36,796	1,580	9,945	25	10,000	15,271	20,022	22½
Patent Victoria Stone	Dec. 31	4,634	14,469	19,103	...	9,720	50	5,000	4,383	16,926	50
Robinson (Thomas) and Son	Dec. 31	2,322	Dr. 5,309	Dr. 2,987	11,250	...	...	Dr. 20,000	5,763	5,126	2½
Southall Bros. and Barclay.	Dec. 31	21,384	68,216	89,600	6,500	26,000	20†	30,000	27,100	71,556	20†
Temperance Billiard Halls	Dec. 31	12,098	29,435	41,533	...	20,925	12	7,320	13,288	26,985	12
United Glass Bottle	Dec. 31	44,546	118,654	163,200	40,674	24,269	7½	55,103	43,154	146,750	7½

† Free of income tax.

The Hon. E. G. Eliot of Messrs Tamplin, Joseph Pensonby, Ryde and Flux, has been elected to a seat on the head office board of directors of the Legal Insurance Company, Ltd.

The directors of Gaumont-British Picture Corporation, Ltd. announce that Mr William Evans has given notice terminating his agreement as joint managing director of the corporation and of Provincial Cinematograph Theatres, Ltd. Mr Evans wishes it to be known that the reason for taking this step is a desire on his part to devote more time to other pursuits. Mr Mark Ostror, vice-chairman, and Mr C. M. Woolf will act as joint managing directors of the corporation.

Captain E. C. Eric Smith, M.C., has been appointed a director of the National Mortgage and Agency Company of New Zealand, Ltd.

Mr A. M. Baer, a managing director of Messrs Henry Gardner and Company, Ltd., and a director of Amalgamated Metal Corporation, Ltd., has been elected to a seat on the board of the British Metal Corporation, Ltd.

The Royal Exchange Assurance announces with regret the sudden death of Mr B. B. Wallace, manager of its branches in Greece and Hungary.

Captain Oliver Lyttelton, D.S.O., a managing director of the British Metal Corporation, Ltd., and a director of Amalgamated Metal Corporation, Ltd., has been elected to a seat on the board of Henry Gardner and Company, Ltd.

The board of the Central Mining and Investment Corporation, Ltd., announce that Mr Felix Heim has resigned his seat on the board of the corporation as from June 30th next.

Lord Linlithgow, K.T., has joined the boards of directors of British Assets Trust, Ltd., and Second British Assets Trust.

Messrs J. A. Wattie and Company, Ltd., of 39 Lombard Street, London, E.C.3, have been appointed secretaries to Verellen, Ltd., and the registered offices have been transferred to 39 Lombard Street, London, E.C.3. Lt.-Col. E. H. Collen has resigned from the board, and it is with pleasure that the directors have to announce that Mr A. Colegate, Mr L. W. Farrow, F.C.A., and Mr J. H. Gold have joined the board of directors. The new board now consists of Messrs A. Colegate, R. Mortimer, G. De B. Brounlie, L. W. Farrow, J. H. Gold, with Messrs T. and J. Verellen as joint managing directors in Belgium. Mr A. Colegate has been elected chairman of directors.

REPORTS AND NOTICES.

BANKS.

BANK FOR RUSSIAN TRADE, LIMITED.—The balance sheet dated December 31, 1930, has just been issued. Comparing it with December 31, 1929, the authorised capital remains the same, and all of it has been issued, but at the end of 1929 only £550,000 was issued. Reserve has increased from £210,000 to £275,000. Current deposit and other accounts are lower at £1,027,643, as compared with £1,490,318. Acceptances are higher at £1,706,042, against £1,659,459. Bills rediscounted are at £2,234,110, against £2,704,231. Loans have increased from £989,738 to £1,104,448. With regard to assets of the bank, the total amounts to £9,500,846, against £9,707,438 at end of 1929. Cash in hand and with bankers in London is lower at £232,476, against £629,600. Cash with bankers abroad amounts to £123,871, against £163,671. Investments in British Government securities amount to £396,578, against £643,942. Shares in European trading banks at cost amount to £174,996, against no item under that head at end of 1929.

THE YOKOHAMA SPECIE BANK, LIMITED.—The accounts for the half-year ended December 31, 1930, as presented at the meeting of the shareholders held in Japan on March 10th, show net profit for the past half-year of Yen 12,936,138.84, including Yen 6,353,666.83 brought forward from the preceding half-year. The amount was distributed as follows:—To reserve fund, Yen 1,500,000; dividend, 10 per cent. per annum, Yen 5,000,000; balance carried forward to next account, Yen 6,436,138.84. The world-wide trade conditions have once more been reflected in the accounts, and there is a slight falling off in the amount of the profits earned. Nevertheless, the dividend has been maintained at 10 per cent. per annum, and a further Yen 1,500,000 has been added to the reserve, which brings the total amount of this fund to the exceptional figure of Yen 115,000,000. The sum carried forward has been slightly increased, and amounts to Yen 6,436,138.84. We are also informed that Mr. Eikichi Tsuyama has been elected a director, and Mr. Nobujiro Matsuo (deceased).

MISCELLANEOUS.

HUDSON'S BAY COMPANY.—The Deputy Governor and Committee of the Hudson's Bay Company announce that Mr Charles V. Sale, Mr Leonard D. Cunliffe, the Rt. Hon. Lord Ebury and the Hon. A. J. P. Howard have resigned their seats on the board. In accordance with the resolution passed at the extraordinary general court of proprietors held on January 16, 1931, and with the approval of the Rt. Hon. Sir Robert Horne, the board have co-opted the following proprietors as members of the Board:—The Rt. Hon. Sir Edward Hilton Young, P.C., B.G.E., D.S.O., D.S.C., M.P., director of the Southern Railway Company and of the English Electric Company, formerly Financial Secretary to the Treasury, Lt. Col. John Burgess Preston Karlake, T.D., M.A., F.S.A., J.P., formerly chairman of the Metropolitan Water Board, Captain Victor Alexander Cazalet, M.C., M.P. The appointment of Governor to fill the remaining vacancy on the board will be made at an early date.

Commercial Reports.

MARKET SUMMARY.

Climatic conditions have resulted in increased requirements of coal and coke for heating purposes, but there has been no improvement in industrial consumption. Exports have slightly increased since January, but they are still considerably below last year's level. The iron and steel industries continue depressed, and exports during February at 144 thousand tons show a decline of 150 thousand tons as compared with the corresponding month a year ago. Among non-ferrous metals tin has been firmer, but copper, lead and spelter, which had recently advanced on speculative buying, relaxed. The outstanding feature as regards textile raw materials was the sharp rise in wool values at the opening of the second series of London sales last Tuesday. Cotton prices have not maintained last week's level, and the demand for Manchester goods in India is still disappointing. Rayon fabrics have enjoyed a better demand during the past week. Foodstuffs have been quiet. Trading in wheat has been slow and prices are scarcely changed on the week. Mr Legge, the chairman of the Federal Farm Board, has resigned, but no radical change in policy is expected from his successor. Tea, coffee and sugar have been steadier this week, and the price of refined sugar has been raised by 3d. Among miscellaneous commodities, hides have again improved in value, while rubber failed to maintain last week's advance.

THE COAL TRADE.

Our Sheffield correspondent reports that, as the result of the curtailment of output of pits under the quota system, supplies of coal have become scarce and certain producers have been unable to give prompt deliveries. The working of the scheme has thrown many workmen out of employment. Prices of house coal have advanced a shilling or more. Best steams are firm at 17s. to 17s. 6d. f.o.b., and there is a steady prompt export demand. Neither producers nor buyers are keen on forward business. Demand for industrial fuel is weak, and there are great surpluses of secondary coals and smalls. Best South Yorkshire house coal is quoted at 21s. 6d. to 22s. 6d., and hand-picked branch at 25s. to 27s. The severe weather has increased the demand for house coal. The furnace coke trade is as depressed as ever, both in the home and export markets. Home consumption remains at a low ebb.

Production is, however, being curtailed by the reduced output of collieries under the quota system, so that there is a prospect of scarcity and higher prices. The present open market price of best brands is 11s. 6d. at ovens, but users under the sliding scale arrangement are paying 13s. 3d.

Our Glasgow correspondent writes:—Export business in the Scottish coal market remains quiet, and the position is well illustrated by the weekly volume of shipments, which varies round about the 190,000 tons mark, compared with 40,000 to 60,000 more a year ago. During the past day or two, however, the larger sizes of washed nuts from Fife and the Lothians have been moving more readily owing, apparently, to a shortage of these classes in Yorkshire. Among steams, Lanarkshire prime splint is well booked, while for inland business demand for house coal has been stimulated by the colder weather. Some collieries are said to be exceeding production quotas of house coal. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 16s. 6d.; splint best, 16s. 3d.-16s. 6d.; splint second, 15s. 9d.; navigation, 15s. 6d.-15s. 9d.; navigation second, 15s.-15s. 3d.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d.; dross, 10s. 3d. FIRE.—Screened navigation, 16s. 6d.-17s.; first-class steam, 13s.-13s. 6d.; third-class steam, 12s.-13s.; trebles, 12s.-12s. 6d.; doubles, 11s.; singles, 10s.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s.-13s.; doubles, 11s.; singles, 10s.; pearls, 10s. 3d. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 3d.; doubles, 11s. 9d.; singles, 10s. 9d.; pearls, 10s. 9d.; dross, 10s. 6d.

Our Cardiff correspondent writes:—The chief event in the South Wales coal trade during the past week has been the award of the independent chairman of the Conciliation Board, under which the minimum and subsistence wages are reduced as from March 1st. Under the old agreement 28 per cent. was paid on the 1915 standard rates, but by the award this percentage has been reduced to 20 per cent., and the subsistence wages, which were 7s. 10½d. in the case of adult workmen, have been reduced to 7s.-7s. 6d. Although these reductions are less than had been claimed and hoped for by the owners, they provide a welcome relief, but it must be remembered that costs have recently been increased as a result of the reduction in working hours. Disappointment has been created among the miners as a result of the award, and this has led to sectional and temporary stoppages as a protest during the past week. A delegate conference of the miners has been convened for next Monday to discuss the award. Disappointment is felt on the market by the loss of the Brazilian Central Railways contract for 130,000 tons of coal and patent fuel, deliveries of which commence next month. Welsh coal prices were undercut by 2s. per ton, and those of patent fuel by a few pence per ton. Supplies of all grades are plentiful at the minimum prices and demand continues very slow. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; Black Veins, 18s. 3d. to 18s. 6d.; best dross, 18s. 6d. to 19s.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; best anthracite large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubby culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 24s. to 24s. 3d.

IRON AND STEEL.

Our Middlesbrough correspondent writes:—The market for Cleveland iron continues quiet, but if anything there is a little more doing with local and inland consumers for early delivery due to a few more orders having come to hand for their products. So far no new buying of importance has developed for the second quarter.

Increasing Interest in South American Markets

THE Bank of London & South America welcomes and fosters the ever increasing interest in the fast growing markets of Latin-America. With Branches and Sub-Branchees in South America, in London, Bradford and Manchester; in France, Belgium, Portugal and U.S.A.; with the concentrated Business of every description. Status reports are supplied on request, and a Monthly Review of Market information is issued free on application.

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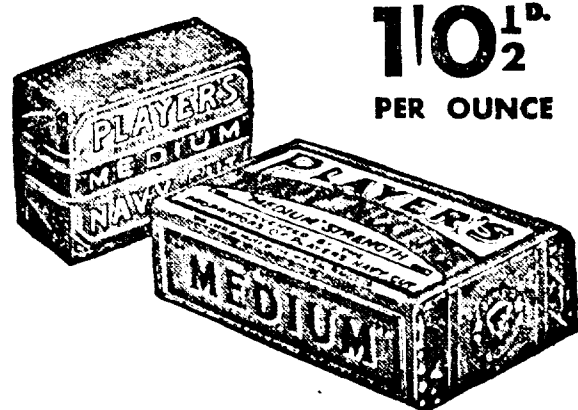
but a move in this direction is looked for very shortly. Consumers are keeping a close watch on the market and as soon as they are satisfied that there is not likely to be any reduction in prices more buying will take place. Makers are not likely to make any concessions, as all the iron available from the current make is taken up and reserves have been reduced to such an extent that they are now of small dimensions. Unless, therefore, the make is increased, of which there are no indications at present, there will be no surplus iron to cause selling pressure. Trade with Scotch consumers continues small, and demand for export also very light, with no immediate signs of any change for the better. If any improvement in these directions should, however, develop, the question of increasing the make would be a matter for immediate consideration. The volume of business transacted at Tuesday's weekly market was small and only for early delivery. No change was made in prices, which are: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite moderate orders are being booked for home consumers and also for export, but they are practically all for early delivery, little interest being shown in forward business. Makers are now willing to accept 68s. 6d. for ordinary mixed numbers for prompt, while for delivery up to the end of June sixpence more is asked. Merchants are prepared to shade these prices in some instances. In the finished departments there is no new feature of importance. Steel prices for home under the rebate scheme are unaltered, viz.: Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. In other lines heavy steel rails are £8 10s.; iron crown bars, £10 10s.; 24-gauge black sheets, £8 10s.; and 24-gauge galvanised corrugated sheets, £11, all for home use. The ore market is practically stagnant. Best Bilbao rubio is nominally 16s. c.i.f. for early delivery and 16s. 6d. a few months ahead. The rate of freight Bilbao-Middlesbrough for prompt tonnage is about 4s. 6d. Coke is freely offering at 16s. delivered works for ordinary blast-furnace qualities and a trifle less has been accepted for odd prompt lots. The number of furnaces in blast in the district is reduced to 22, one producing hematite having gone out at Consett Works.

Our Sheffield correspondent writes:—A slight improvement in steel trade conditions in South Wales, Scotland and the North East Coast has not yet extended to the Sheffield area, where the position is the same as previously reported, except that output of open-hearth steel has again been curtailed. In the tool and alloy steel branches the large makers are installing the new high-frequency electric crucible furnace which has twelve times the capacity of the old-time coke-fired crucible. The new system is more economical

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N.O.T.S.

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than the old. The ferro-alloy market is experiencing the lowest consumption for many years accompanied by severe cutting of prices. Makers of finished steel products such as tools report a rather better home demand, but exports continue on a very reduced scale. Cutlery and plate are experiencing none of the usual spring revival, although there are considerable orders on hand from public caterers and in connection with coupon gift schemes. Prices of all steel products tend downward.

Our Cardiff correspondent writes:—A better tendency is displayed in the Welsh tinplate market and prices are a shade firmer. It is felt that prices of tin will advance under the operation of the restriction scheme, and that this will be reflected in future prices of tinplates. The Indian settlement has favourably affected the galvanised sheet industry, but so far business has shown no expansion.

Our Glasgow correspondent writes:—Improvement is slow in the West of Scotland iron and steel trades, and generally speaking conditions are practically unaltered. There is still not sufficient work coming on to keep plants continuously employed. Home trade, with the exception of course of that in shipbuilding materials, is being well maintained and tube makers report a slightly better export demand. Sheet makers have also experienced a better demand for black sheets for export within the past week.

OTHER METALS.

TIN.—A slight increase in demand in the United States caused some improvement in the market at the beginning of the week. Since then the metal has been steady, and Wednesday's price per ton, for standard cash, at £122 2s. 6d. to £122 5s. compares with £121 7s. 6d. to £121 10s. at the corresponding date last week. "Three months" was quoted at £123 12s. 6d. to £123 15s., against £122 17s. 6d. to £123. Stocks in London and Liverpool at the end of last week, at 25,409 tons, show a rise on the week of 435 tons.

COPPER.—Although Copper Exporters, Inc., have not changed their quotation of 10·80 cents for electrolytic, c.i.f. Continent, lower prices have been obtained by American producers following a decline in demand. The situation in America was reflected in the London market, and Wednesday's price per ton for standard cash, at £44 16s. 3d. to £44 17s. 6d., compares with £46 7s. 6d. to £46 8s. 9d. obtained on the same day last week. Stocks of refined copper in official warehouses at the end of last week, at 7,883 tons, show an increase of 233 tons on the week, while stocks of rough copper, at 1,613 tons, were 5 tons below those of last week.

LEAD.—The recent advance in the metal, caused mainly by speculative buying, has not been maintained. Consumption shows no signs of an improvement, and heavy selling, particularly in America, led to a drop in the New York spot price from 4·60 cents to 4·50 cents per lb. In sympathy with the situation in America, London values gave way, and Wednesday's price per ton for "soft foreign," at £13 8s. 9d. to £13 13s. 9d., compares with £14 3s. 9d. to £14 6s. 3d. obtained last week.

SPELLER.—At the beginning of the week spelter attracted little attention, but liberal offerings at lower prices subsequently resulted in an increase in turnover. Quotations were considerably below those of last week, and Wednesday's price per ton for good ordinary brands, at £12 5s. to £12 15s., compares with £12 17s. 6d. to £13 8s. 9d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals no change occurred in the prices of aluminium and nickel, at £85 per ton and at £170 to £175 per ton respectively. Antimony was steady, changing hands at last week's price of £25 to £25 10s. per ton for "foreign," and quicksilver remained unchanged at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool, March 11th.—Spot sales for the week 5th to 11th (inclusive) are 36,000 bales, of which 18,470 bales are American, 3,450 Brazilian, 600 Argentine, 5,700 Peruvian, 3,050 Egyptian, 2,250 African, 1,000 East Indian, and 1,480 sundries. Imports for the same period are 54,216 bales, of which 13,638 bales are American, 8,479 Brazil, 141 Peru, 888 Egyptian, 5,096 African, 1,448 East Indian, and 24,326 sundries, which includes 24,308 bales Russian. Quotations to-day are: American Middling, 5·90; Egyptian Sakel, 9·60; Egyptian Uppers, 7·08; Brazil Fair, 6·05; Peru G.F. Smooth, 6·35; West African Mid., 5·90; East African G.F., 6·95.

Manchester, March 11th.—Spinners and manufacturers continue to experience a larger inquiry. To some extent, however, business has been impeded by the easier tendency of raw cotton rates, there being some nervousness as to future values. Shippers of cloth to India have received many more cables from the other side asking for prices to be wired out. Although more business has been done, the response in the way of orders has been rather disappointing. A little uncertainty exists as to the position of the boycott. Most of the buying has been in light fabrics, white shirtings and printing styles for Calcutta, Karachi and Madras. Dealers in Calcutta and Bombay have fairly heavy stocks of dear goods, and there may be some difficulty in liquidating these supplies. A rather more hopeful feeling prevails with regard to China trade, and owing to the improvement in exchange rates a few more transactions have been put through in standard makes and fancies. A fair miscellaneous

business has been done for Egypt, South America and the Colonies, and steady buying has again taken place in home trade fabrics. On the whole, the prospects for the weaving section are rather brighter. Quotations in American and Egyptian yarns have been slightly irregular when tested. On the whole, however, the output is being better absorbed, and recently the sales have been larger than the production, with the result that some spinners have gained a little ground.

Cotton Prices.

	1931.				Correspondence Date.	
	Feb. 18.	Feb. 25.	Mar. 4.	Mar. 11.	1929.	1930.
Raw Cotton—Mid. American	d. 6·05	d. 6·29	d. 6·15	d. 5·90	d. 11·08	d. 8·06
" Sakellardis Fully Good Pair						
" Egyptian	9·60	10·35	10·10	9·55	18·90	13·60
Yarns—32's twist	9½	9½	9½	9½	16	12½
" 40's twist	10½	10½	10½	10	16½	12½
" 60's twist (Egyptian)	17½	17½	17½	17	27	21½
32-in. Printers, 116yds., 16 by 16, 32's and 50's	s. d. 18 7½	s. d. 18 9	s. d. 18 7½	s. d. 18 7½	s. d. 26 0	s. d. 22 1½
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 9	20 10	20 9	20 9	28 3	24 10½
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 7½	11 8	11 7	11 7	15 3	13 7½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 6	10 7	10 6	10 6	14 0	12 3

THE WOOL TRADE.—Our Bradford correspondent writes:—The opening of the second series of London sales last Tuesday was very satisfactory to all selling interests. The market kept pace with the development in consumption seen since the end of the January series, and with the upward movement in overseas selling centres. The change which has come about is indeed remarkable, and has fully justified the patience of those who are prepared to wait for a natural recovery of the situation. It will be found that the majority of those who waited in the hope of buying at the lowest point, have missed that opportunity, but those who have not speculated on a further depression in values or on wool still being obtainable at a ridiculously low level, will now be able to follow the course of events without any such financial embarrassment that will restrict their operations during the remainder of this season. It is now quite evident that the demand for fine wool is such that the balance of the wool grown in Australia this season will be transferred to consuming centres earlier than usual. In the meantime there is a very good demand for all classes of wool in Coleman Street, the home trade operating freely in both merinos and cross-breeds. There has been some very keen buying of the latter description, and this is likely to continue right to the end of the series, topmakers still having big contracts to provide for. The opening advance of 10 to 15 per cent. in superior merinos has been maintained, and average wools are still selling at an improvement of about 20 per cent. Fine cross-breeds are 15 per cent. dearer, and medium and coarse 15 to 20 per cent., whilst slipes are easily 15 per cent. above the close of the January auctions. There is a very healthy tone in Bradford. Following the report of higher prices in Australia and New Zealand last week, and the placing of further business in merino and crossbred types, prices for all qualities sharply advanced. Since then the tendency has continued very firm, and now nothing less than 26d. will be accepted for average 64's, and 13d. for 46's carded. Spinning and manufacturing requirements have shown some expansion, both merino and cross-bred yarns being sold at more money.

THE HEMP TRADE.—An increasing number of inquiries, coupled with the absence of sellers, resulted in a firmer tone in the hemp market towards the end of last week. At the beginning of this week sellers' level predominated, and Wednesday's price for manila J2, March-May, at £18 5s., shows no change as compared with that of a week ago. Last week's receipts of manila amounted to 27,000 bales, against 31,000 bales during the corresponding week last year. This week's receipts have been estimated at 31,000 bales and at 27,000 for next week.

THE GRAIN MARKETS.

WHEAT.—Heavy snowfalls and severe frost experienced over the United Kingdom brought field work to a standstill, causing further delay to preparations for spring sowings. The growth of winter wheat has also been checked, but the plant generally has suffered no harm, and presents a satisfactory appearance. Supplies of native wheat continue light at most of the statute markets, though condition marked some improvement, and steady rates were secured for best dry samples. Trading on the import market continues of a spasmodic character, purchases being chiefly confined to afloat and early shipments, available supplies being sufficient to cover the pressing needs of millers. Australian descriptions were chiefly favoured, and fair sales were reported to the United Kingdom, Mediterranean and Oriental countries, while Canadian and Plate wheats also found acceptance. Prices for the most part remained steady, as no undue selling pressure arises in any direction, and Plate shipments have not yet assumed important dimensions. Large quantities, however, remain to come forward from Argentina, and it is generally expected that the movement will be accelerated during the next few months, also in order to meet the Canadian spring campaign. Russian clearances have fallen off considerably of late, but recent arrivals experienced a fair sale on ex store terms. There was no further development in the United States situation, but the report of intended liquidations by the Farm Board resulted in cheaper offers of Canadian grades, showing that Dominion sellers are prepared to meet competition from their near neighbours. Total weekly shipments were below European estimated requirements, a large proportion being taken by outside importers,

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INSURANCE COMPANY.
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and with increased arrivals, floating supplies were lighter. Quotations were as follows: No. 1 hard Manitoba, ex ship, 27 9s.-28s. 6d.; No. 1 Northern Manitoba, ex ship, 27s. 9d.-28s.; No. 2 ditto, 26s. 6d.-27s. 6d.; No. 3, 25s. 3d.; No. 4 Manitoba, 24s. 3d.; Barusso, 63 lbs., 22s. 3d.; Rosafe, 63 lbs., 22s. 3d.; Australian, 22s. 6d.-24s. 6d.; Russian (on sample), landed, 20s. 6d.-24s.; ex ship, 21s.-24s. per 496 lbs. English, 4s. 6d.-5s. 6d. per 112 lbs.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Mar. 12, 1930.	Jan. 2, 1931.	Feb. 25, 1931.	Mar. 4, 1931.	Mar. 11, 1931.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	104½	56½	62½	59½	60½
Chicago (No. 2 Winter) — Cents per 60 lb.	130½	105½	79½	79½	79½	79½

The visible supply of wheat in Canada at 64,498,000 bushels, shows an increase on the week of 1,018,000 bushels. Supplies a year ago stood at 74,139,000 bushels.

WHEAT FLOUR.—Quiet conditions obtain in the flour trade, and prices of home milled were reduced by 6d. per sack. For shipment, Australian ruled steady on scanty offers, but Canadian was obtainable on cheaper terms. Quotations: London, straight run, 23s. 6d. per sack for country deliveries and 22s. 6d. London area. Of imported, Manitoba patents, 21s. 6d.-25s. 6d.; Buffalo ditto, 22s.-25s. 6d.; Australian, 19s.-19s. 6d., ex store, per 280 lbs.

BARLEY.—The market in barley has been steady. Quotations: Californian, old, landed, 30s.-35s.; new, ex ship, 30s.-41s., as to sample; Chilean, brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s., per 448 lbs. Black Sea, landed, 16s. 9d.; ex ship, 15s. 9d. per 400 lbs. English, maling, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—Oats have again been firm. Quotations: Plate, landed, 11s.; ex ship, 10s.; Chilean, tawny, landed, 13s.; whites, ex ship, 18s. 6d.; landed, 19s. 3d.; North Russian, landed, 12s. 3d.-13s.; South Russian, landed, 13s. 6d.; ex ship, 12s. 6d. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Mar. 7	Cwts. 110,664	Cwts. 178,438	Cwts. 240,677	Cwts. 281,322
27 weeks to Mar. 7	3,234,053	6,850,858	7,432,264	6,894,039
Average price of English wheat per cwt.	s. d. 5 2	s. d. 8 4	s. d. 9 9	s. d. 9 7

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Feb. 28, 1931.....	Cwts. 112,413	Cwts. 123,657	Cwts. 44,239	s. d. 5 1	s. d. 8 1	s. d. 5 10
Mar. 7, 1931.....	110,564	102,378	45,504	5 2	8 1	6 9
Mar. 5, 1927.....	257,874	180,525	78,296	11 10	11 0	8 2
Mar. 10, 1928.....	241,322	181,514	73,871	9 7	10 8	10 6
Mar. 9, 1929.....	240,677	159,989	58,472	9 9	10 3	9 7
Mar. 8, 1930.....	178,438	164,139	39,462	8 4	7 8	6 1

MAIZE.—Demand for feeding stuffs was stimulated by cold weather, and prices advanced sharply for Plate maize on spot and near positions at a substantial premium on new crop offers. Quotations: Plate, landed, 19s. 9d.; ex ship, to arrive, 18s. 6d.; March-April, 18s. 3d.; April-May, new crop, 17s. 3d.; May-June, 17s. per 480 lbs. Yellow maize meal, £6, f.o.r. London, per ton.

OTHER FOODS.

SUGAR.—Confidence in the success of the Chadbourne scheme has recently created a better tone in the sugar market. This week the market has been affected by the news of crop damage in Mauritius and Fiji, and by the possibility of late sowings on the Continent owing to unfavourable climatic conditions. The price for home-refined sugar has been advanced 3d. per cwt. last Wednesday. Turnover was on a larger scale, and it seems that distributors who had hitherto restricted buying to immediate requirements intended to replenish their stocks. Raw futures have been slightly firmer. Wednesday's sales included May delivery at 5s. 11½d. to 6s. 0½d., as compared with 6s. 0½d. to 6s. 0½d. on the corresponding day last week; August, at 6s. 3d. to 6s. 4d., as against 6s. 3½d. to 6s. 3½d.; December, at 6s. 7½d. to 6s. 8d., as against 6s. 7½d. to 6s. 7½d.

OVERSEAS TRADE RETURNS.

Imports (Value C.I.F.).

	Month ended February 28.		2 Months ended February 28.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	4,934,909	2,921,578	11,444,057	7,351,971
B. Feeding stuffs for animals	599,197	353,181	1,378,476	827,677
C. Meat	9,071,008	7,311,504	17,578,519	15,727,857
D. Animals, living, for food	1,354,972	1,206,368	2,963,439	2,662,300
E. Other food and drink, non-durable	14,737,157	13,107,955	32,955,727	28,303,441
F. Other food and drink, durable	5,247,882	4,097,903	10,879,777	8,833,368
G. Tobacco	1,311,922	984,236	2,968,827	2,520,995
Total, Class I.	37,257,047	29,982,725	80,168,822	66,227,609
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,884	2,413	5,733	5,443
B. Other non-metallic mining and quarry products and the like	459,207	306,905	974,854	655,960
C. Iron ore and scrap	522,668	208,041	1,058,196	435,104
D. Non-ferrous metalliferous ores and scrap	1,163,717	634,596	2,674,439	1,333,853
E. Wood and timber	2,167,695	1,168,466	5,119,558	3,224,051
F. Raw cotton and cotton waste	5,351,823	1,850,050	12,869,679	4,842,979
G. Wool, raw, and waste, and woolen rags	5,389,800	3,280,617	12,025,522	7,856,470
H. Silk, raw, knuts and noils	167,333	91,747	459,246	236,069
I. Other textile materials	1,336,737	596,673	3,287,350	1,439,804
J. Oilseeds, nuts, oils, fats, resins and gums	2,952,530	2,141,220	5,855,703	4,391,564
K. Hides and skins, undressed	1,560,318	992,148	3,531,770	2,347,875
L. Paper-making materials	802,159	601,343	1,927,329	1,554,421
M. Rubber	1,121,567	611,242	2,359,470	1,237,663
N. Miscellaneous raw materials and articles mainly unmanufactured	1,036,575	779,037	2,018,172	1,576,393
Total, Class II.	24,034,013	13,264,498	54,167,021	31,137,649
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	412	265	4,171	3,634
B. Earthenware, glass, abrasives, &c.	833,861	653,729	1,756,648	1,338,991
C. Iron and steel and manufactures thereof	2,159,219	1,357,392	4,601,842	2,967,791
D. Non-ferrous metals and manufactures thereof	2,683,106	1,654,308	5,837,699	3,244,420
E. Outfery, hardware, implements, and instruments	578,820	561,918	1,097,700	1,033,136
F. Electrical goods and apparatus	643,026	397,014	1,385,903	835,046
G. Machinery	1,520,160	1,137,453	3,034,566	2,318,290
H. Manufactures of wood and timber	717,804	523,930	1,652,388	1,104,351
I. Cotton yarns and manufactures	868,383	701,959	1,718,900	1,321,237
J. Woollen and worsted yarns and manufactures	1,226,562	990,157	2,481,244	1,974,407
K. Silk and silk manufactures	985,289	803,905	2,019,670	1,604,211
L. Manufactures of other textile materials	1,391,240	1,166,012	2,799,357	2,291,895
M. Apparel	1,671,959	1,664,920	3,238,050	3,181,582
N. Chemicals, drugs, dyes, and colours	1,069,511	948,502	2,328,572	1,922,160
O. Oils, fats, and resins, manufactured	3,748,671	2,230,422	8,343,563	5,379,922
P. Leather and manufactures thereof	1,175,786	931,838	2,325,262	1,926,377
Q. Paper and cardboard	1,350,443	1,024,853	2,975,321	2,221,508
R. Vehicles (including locomotives, ships, and aircraft)	710,381	462,118	1,207,294	753,446
S. Rubber manufactures	299,133	256,364	631,136	453,756
T. Miscellaneous articles, mainly or wholly manufactured	2,119,522	2,078,142	4,277,171	4,110,287
Total, Class III.	25,753,288	19,545,261	53,717,457	39,986,447
IV.—Animals, not for food	385,481	401,092	659,037	657,955
V.—Parcel Post, non-durable articles	782,728	453,836	1,341,350	1,207,496
Total	88,212,557	63,647,412	190,053,687	139,217,156

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended February 28.		2 Months ended February 28.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	350,551	242,183	748,637	495,476
B. Feeding stuffs for animals	164,589	190,795	403,610	425,590
C. Meat	116,633	95,884	270,208	226,784
D. Animals, living, for food	8,528	13,658	21,964	34,589
E. & F. Other food and drink	2,278,136	1,823,856	5,228,783	4,248,994
G. Tobacco	783,080	453,331	1,639,150	1,075,088
Total, Class I.	3,701,515	2,819,707	8,312,352	6,507,521
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	4,058,775	2,871,289	8,769,043	5,434,324
B. Other non-metallic mining and quarry products and the like	143,787	63,988	338,523	159,677
C. Iron ore and scrap	53,386	39,337	133,014	94,237
D. Non-ferrous metalliferous ores and scrap	60,601	24,978	137,965	70,232
E. Wood and timber	20,404	19,429	44,378	43,447
F. Raw cotton and cotton waste	64,866	24,301	131,625	46,060
G. Wool, raw and waste and woolen rags	444,265	174,896	1,026,469	421,100
H. Silk, raw, knuts and noils	1,293	891	2,664	1,662
I. Other textile materials	24,637	9,711	53,475	19,975
J. Oilseeds, nuts, oils, fats, resins and gums	324,137	219,649	770,693	445,175
K. Hides and skins, undressed	182,040	85,353	378,179	180,842
L. Paper-making materials	105,807	46,610	233,570	111,524
M. Rubber	16,163	7,838	35,076	20,189
N. Miscellaneous raw materials and articles mainly unmanufactured	294,823	210,493	637,634	499,100
Total, Class II.	5,794,984	3,738,770	12,692,307	7,548,044
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	300,398	252,379	728,126	572,574
B. Earthenware, glass, abrasives, &c.	1,005,731	620,099	2,145,147	1,361,867
C. Iron and steel and manufactures thereof	4,724,118	2,399,930	10,195,476	5,266,233
D. Non-ferrous metals and manufactures thereof	1,268,860	630,312	2,500,031	1,414,865
E. Outfery, hardware, implements, and instruments	608,199	389,649	1,319,257	865,613
F. Electrical goods and apparatus	1,070,670	696,130	2,237,276	1,520,960
G. Machinery	4,273,961	2,673,439	8,736,134	5,953,409
H. Manufactures of wood and timber	168,581	104,018	373,563	233,094
I. Cotton yarns and manufactures	9,994,664	4,831,239	20,908,691	10,342,086
J. Woollen and worsted yarns and manufactures	4,186,888	2,492,356	8,669,365	5,338,513
K. Silk and silk manufactures	146,811	83,593	313,714	179,736
L. Manufactures of other textile materials	1,837,764	1,081,153	3,939,247	2,334,519
M. Apparel	1,941,740	1,227,577	3,839,612	2,400,123
N. Chemicals, drugs, dyes, and colours	2,014,947	1,201,841	4,187,778	2,909,287
O. Oils, fats, and resins, manufactured	647,629	470,496	1,495,162	1,008,658
P. Leather and manufactures thereof	489,299	242,507	925,957	527,211
Q. Paper and cardboard	757,697	490,430	1,592,972	1,091,579
R. Vehicles (including locomotives, ships, and aircraft)	3,097,880	2,386,566	6,239,105	5,439,634
S. Rubber manufactures	232,529	167,545	487,035	342,425
T. Miscellaneous articles, mainly or wholly manufactured	2,382,466	1,592,590	4,995,787	3,652,655
Total, Class III.	41,150,832	24,033,849	85,823,435	52,755,041
IV.—Animals, not for food	100,489	47,209	294,358	158,444
V.—Parcel Post	1,176,198	1,093,410	3,064,044	2,387,625
Total	51,924,018	31,792,945	110,186,496	69,356,675

COFFEE.—There was a better tone in the market for coffee this week, and good Costa Rica and Kenya qualities found buyers at steady prices. Last week's movements of coffee were as follows:—Brazilian, landed in London, 71 bags; delivered for home consumption, 146 bags; exports, 125 bags; stocks, 3,152 bags, against 6,348 bags last year. Central American, landed, 17,646 packages; delivered for home consumption, 3,059; exported, 2,416; stocks, 96,344, against 80,111 a year ago. Other kinds, landed, 13,890 packages; delivered for home consumption, 3,288; exported, 6,210; stocks, 101,762 packages, against 76,404 last year.

COCOA.—The market in cocoa has been quiet, but there was a slight recovery in prices from the low level to which they had fallen last week. Wednesday's quotation for Acra, fair fermented,

March-April, at 19s. 9d. per cwt., shows a rise of 3d. on the week. Futures were inactive. Last week's movements of cocoa were as follows:—Landed in London, 27,666 bags; delivered for home consumption, 6,134; exported, 56; stocks, 202,096 bags, as compared with 190,753 last year.

TEA.—The quantities catalogued for this week's auctions comprised 52,219 packages of Indian, 24,114 packages of Ceylon, and 15,347 packages of Java and Sumatra tea. The market for Indian on Monday and Wednesday showed an improvement on last week, but there was less demand for Ceylon tea except for first qualities. According to the Tea Brokers' Association of London, stocks at the London tea warehouses at the end of February at 270.4 million lbs., show a reduction of 3.1 million lbs. as compared with those of the previous month.

RICE.—The market in rice has been quiet, but prices have been maintained. Burma No. 2, cleaned, spot was again quoted at 11s. 6d. per cwt.

POTATOES.—Considerable quantities were offered in the Borough market, but demand was quiet and prices receded slightly. The price of "best King Edward" at 26 10s. to 27 compares with 26 10s. to 27 10s. last week.

SPICES.—The "spot" market for pepper has been steady, while forward positions were easier. Movements of pepper in London during the past week were as follows: Black, landed, 137 tons; delivered, 39 tons; stocks, 562 tons against 1,003 last year. White: landed, 55 tons; delivered, 32 tons; stocks, 489 tons against 1,090 a year ago.

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ANNUAL REPORT OF THE DIRECTORS

to be presented to the Shareholders at the Annual General Meeting of the Society, to be held at Halifax, on Monday, the 30th day of March, 1931.

The Directors have great pleasure in submitting to the Members the Annual Statement of Accounts showing the operations of the Society during the financial year ended 31st January, 1931.

It is very satisfactory to the Directors to be able to report that, notwithstanding the continued depression in trade and industry which has prevailed generally throughout the year, there have been large increases in all departments of the Society.

The following comparison of the business at the end of last year compared with figures on the 1st February, 1928, being the date of the amalgamation of the Halifax Permanent and the Halifax Equitable Building Societies, indicates how very greatly the business of the united Society has progressed in the last three years, viz.:

	Open Accounts.	Funds.	Assets.
Feb. 1st, 1931...	438,628	£67,754,810	£70,047,398
Feb. 1st, 1928...	329,224	£45,520,281	£46,981,482

Increase

ASSETS.—The Total Assets at the end of the year amounted to £70,047,398, an increase of £10,653,056.

RESERVE FUND.—The Reserve Fund, after providing for all interest and bonus allotted up to the date of the account, stands at £2,292,587, being an increase of £274,989.

INCOME.—The Income for the year, exclusive of investments realised, was £34,720,853.

MORTGAGES.—The amount advanced upon new mortgages during the year was £16,893,072 2s. 6d., an increase of £4,437,512, mainly upon the security of dwellings for the personal occupation of the borrower. It is interesting to note that the amount advanced during the year has averaged over £1,400,000 per month.

The new Borrowers number 29,543, compared with 24,064 in the previous year, and they now show an average of only £572 per new mortgage completed. The total amount now due upon Mortgages is £52,902,783.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
GRAIN, &c.—							
Wheat, No. 2, N. Man. 496 lb. ...	27 6	Irish bladders ...	64 0 72 0	English Southdown, washed	d.	Best heavy ox and heifer	0 41 0 51
Eng. Gas. av., per cwt. ...	5 2	POTATOES—		per lb. ...	14	Best cow ...	0 34 0 37
Barley, Eng. Gas. av. ...	8 1	Good English per cwt. ...	6 0 7 0	Lincoln hog, washed	9 1	Best calf ...	0 61 0 41
Oats, ...	5 9	SPICES—		Queensland, sud. super. ombg.	22		
Malta, La Plata, landed, 480 lb. ...	19 9	Pepper, per lb. ...	0 10 1 0	N.S.W. greasy, super	13		
Flour, Lon. stan. ex mill. ...	8 6	Mustard, fair White ...	0 10 1 0	N.Z., gray, half-bred 50-56	10		
280 lb. ...	22 0 0	Black Lampong ...	0 6 1 0	Crossbred 40-44	7 1		
Rice, No. 2 Burma, per cwt. ...	7 1 0	Onion—1st sort, per lb. ...	0 9 1 0				
Sago, Pearl, per cwt. ...	17 6	Clove—Zanzibar per lb. ...	0 11 1 0				
Tapoca, per cwt. ...	17 6	Ginger—per cwt. ...	28 0 0 0				
B.I. fake, fair spot ...	20 0 0	Jamaica, ord. to good ...	50 0 90 0				
Medium pearl ...	17 6 0 0	Madras 55's per lb. ...	1 0 1 9				
		SUGAR—					
MEAT—		(Duty, 11s 8d. per cwt.) ...	18 6 21 6				
Beef, per 8 lbs. ...	4 10 5 6	B.W.I., crystallised ...	7 9 2 0 0				
English long sides ...	3 8 4 4	Java, white, c. & f. India					
Argentine chilled hinds ...	6 0 7 0	Feb.-Mar. ...					
N.Z. frozen ...	2 6 3 2	REFINED—London—					
Pork, English, per 8 lbs. ...	5 4 7 8	Yellow Crystals ...	18 10 1 0				
		Cubes ...	25 3 23 9				
BACON—OTHER FOODS.		Crushed ...	21 9 22 3				
Irish ... per cwt. ...	76 0 100 0	Granulated ...	19 7 10 4				
Danish ...	53 0 64 0	Home Grown (Mar.) ...	19 0 19 6				
Canadian ...	nom.						
Dutch ...	45 0 54 0	TEA—					
HAMS—Irish ...	0 0 0 0	Indian—per lb. ...	0 5 1 4				
Canadian ...	0 0 0 0	Pekoe ...	0 5 1 9				
American ...	68 0 80 0	Broken Pekoe ...	0 5 1 7 1/2				
BUTTER—		Orange Pekoe ...	0 5 1 2 4				
Irish creamery per cwt. ...	nom.	Broken Orange ...	0 5 1 2 4				
Australian ...	114 0 126 0	Ceylon—per lb. ...	0 5 1 2 4				
New Zealand ...	114 0 130 0	Pekoe ...	0 5 1 2 4				
Danish ...	140 0 142 0	Broken Pekoe ...	0 5 1 2 4				
CHEESE—		Orange Pekoe ...	0 5 1 2 4				
Canadian ... per cwt. ...	74 0 75 0	Broken Orange ...	0 5 1 2 4				
New Zealand ...	53 0 59 0	TOBACCO—					
English Cheddar ...	48 0 106 0	Duty 8/10-9/10 per lb. ...					
Dutch ...	44 0 77 0	Empire growth, 6/9-7/5 1/2 per lb. ...					
COCOA—		Virginia leaf ...	0 8 2 6				
(Duty, British grown, 11s 8d. foreign, 14s. cwt.) ...		Common to fine ...	0 8 2 6				
Acacia, f.f., per cwt. ...	21 0 25 0	Rhodesean leaf ...	0 9 1 6				
Trinidad ...	42 0 48 0	Nyassaland leaf ...	0 7 1 0				
Grenada ...	33 0 43 0	strips ...	0 10 1 8				
COFFEE—		Best Indian leaf ...	0 10 1 8				
(Duty, British grown, 11s 8d. foreign, 14s. cwt.) ...		strips ...	0 10 1 8				
Santos, sup., c.f.f. cwt. ...	39 0 0 0	COTTON—					
Colombian, good, c.f.f. cwt. ...	70 0 85 0	Mid-American ... per lb. ...	5 90				
Costa Rica, med. to good ...	80 0 125 0	Sakellaria, f.f.f. ...	9 55				
East Indian ...	85 0 105 0	Yarna, 32's twist ...	17				
Kenya, medium ...	80 0 96 0	60's twist ...	9 1				
UGGAS—		FLAX—					
English ... per 120 ...	10 6 14 6	Livonian 2K ... per ton ...	32 0 0 0				
Danish ...	12 0 13 6	Pernau RD ...	30 0 0 0				
FRUIT—		Slanets Medium 1st sort ...	36 0 0 0				
Oranges, South African box ...	0 0 0 0	TEMP—					
Oranges—		Italian P.O. ... per ton ...	29 0 0 0				
Dania and Valencia		Manila, Mar-May "J2" ...	14 15 16 0				
4 cases 300 ...	14 0 26 0	N.Z. ...	nom.				
Lemons, Sicilian, boxes ...	9 0 12 6	Eisal, African, May-July ...	14 15 16 0				
Malaga cases, 40's ...	0 0 0 0	Mexican ...	nom.				
Apples (Amer. var.) boxes ...	25 0 38 0	JUTE—					
(var.) boxes ...	9 0 14 0	Native 1st mls. ... per ton ...	15 0 0 0				
Australian ...	0 0 0 0	c.f.f. H.A.R.B. ...	£15/0/0				
Onions—		Dalase 2/3 c.f.f. Dundee ...	£14/15/0				
Valencia, case, 4s. ...	9 9 11 6	SILK—					
Tunah ...	11 6 13 0	Canton ... per lb. ...	7 6 9 6				
Grapes, Lisbon ... boxes ...	0 0 0 0	Tussah ...	4 0 6 0				
Almeria ... barrels ...	0 0 0 0	Japan ...	9 0 13 0				
		Italian—Raw, fr. Milan ...	10 0 12 0				

MEAT.—The firmer tendency in meat prices has been maintained. Wednesday's price, per 8 lbs., for Argentine chilled hindquarters, at 3s. 8d. to 4s. 4d., compared with 3s. 6d. to 4s. a week ago, and English mutton at from 6s. to 7s. shows a rise of 4d. as compared with the corresponding day last week. Pork has scarcely changed on the week. According to the Smithfield official report, supplies of meat during last week amounted to 9,312 tons, as compared with 8,554 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84 per cent. of the supplies, as against 81.5 per cent. a year ago, and imported mutton, mainly New Zealand, formed 81.2 per cent. of the total supply, as against 78.1 per cent. last year.

MISCELLANEOUS COMMODITIES.

HIDE, LEATHER AND ALLIED TRADES.—A better tone was in evidence at the auctions held in Manchester this week, when all weights in both clear and warbled ox and heifers recorded advances in price of from 1d. to 1 1/2d. per lb. Heavy cows were also 1d. per lb. dearer, while light weights, together with bulls, made last sale figures. Although prices for calf skins were practically unchanged a weaker tendency was observable, and with fairly good supplies available it is possible the market will go yet lower. Improvement has been noticed in the demand for sheepskins, consequent upon the better conditions ruling in the market for wool. Prices as a result are a little firmer, but at the same time sales of de-wolled pelts are difficult to make, even at the low prices which have been ruling for some time. Further advances have been made in quotations for imported hides, and on the whole, turnover has again been better. In the South American market sales of wet salted Frigorifics have been made to the United States and the Continent on the basis of 5 1/2d. for Argentine ox, with 5 1/2d. paid for second ox, 5 1/2d. for lights, and 5 1/2d. for cows. Dry River Plate hides have shown little alteration, quotations for B.A. Americanos being up to 7d. The market for Cape hides has again been fairly active, sales of dry salted being concluded at 6d. and 5d. for firsts and

seconds, 20/30 lbs. Certain other descriptions of African hides have come in for attention to a lesser degree, but the higher prices being asked for Australians has restricted business in these to some extent. Producers and distributors of sole leather have experienced a better turnover on many lines, and the market presents a rather brighter outlook. The call for English and wet salted bonds has been well maintained on account of the recent bad weather, and inquiry has covered most weights in this class. Dry hide bonds have also been inquired for rather more freely, and although for the time being business continues to move along rather restricted lines, there is every possibility of more and larger orders coming to hand in the near future. The offal market continues slow; inquiry for the most part is confined to certain descriptions of pinned bellies and shoulders, with very little call for rough stock. Business in uppers leathers remains of moderate dimensions, with a steady day to day call for most descriptions. Black and brown glaze kid continues to be the line most asked for, but at the same time an increase in the turnover of patent leather is to be noted. Calf leather, both box and willow, shows smaller sales, while the inquiry for semi-chrome upper is confined to very low priced parcels. Suede leather, reptile and other novelty skins are a steady sale in small quantities.

RUBBER.—After a meeting of the British and Dutch Rubber Committees last week, it was decided that the deliberations should be adjourned for a fortnight. Meanwhile, it was stated in the House of Commons that in view of the deplorable results of the depression in the rubber industry the Colonial Secretary will be prepared to give careful attention to a comprehensive scheme of planning aggregate production to which the producers might agree. On Thursday last week the price of the commodity relapsed, but became steadier again on Tuesday last. Wednesday's official spot price per lb. for standard ribbed smoked sheet at 4d. shows a fall of 0 1/2d., as compared with that of the corresponding day last week. Forward positions have also been easier. Business has been done at 3 1/2d. to 4d. for March, against 4 1/2d. to 4 3/4d. last week; at 4 1/2d. to 4 3/4d. for April-June, against 4 1/2d. to 4 3/4d., and at 4 1/2d. to 4 3/4d. for July-September, against 4 1/2d. to 4 3/4d. a week ago.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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Vol. CXII.

SATURDAY, MARCH 21, 1931.

No. 4,569.

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THE MONEY MARKET.

As has been the usual experience this month, money was extremely stringent early in the week. As much as 3 1/2 per cent. was paid on Tuesday for new money, and it is understood that "special quarters" gave some assistance by buying "hot" Treasury bills, and those issued the previous week, at 2 1/2 per cent. On Wednesday money was distinctly easier, 2 1/2 per cent. being the highest rate

paid. Little calling by the clearing banks was in evidence and it is conceivable that the market had fewer new bills to pay for. By Thursday, conditions became quite comfortable. The news that the Bank had secured the bulk of the market's gold produced, somewhat unfortunately, an easier tone in the discount market. On Thursday 2½ per cent. was the highest effective rate for three months' bills. This was ½ per cent. below the minimum rate of 2½ per cent., which, for reasons discussed below, is still thought desirable.

After allowing for an amount of £200,000 which had been bought forward on French account and then re-sold to Belgium, the gold on offer in the London market amounted to approximately £600,000. Of this last amount, £583,100 was purchased by the Bank at 84s. 10½d. per ounce, or only ¼d. above the Bank's statutory buying price. This is the first time for almost exactly a year that the Bank has succeeded in securing any of the market gold, and its success this week has undoubtedly had a useful psychological effect, particularly upon the New York exchange. Next week £623,000 of bar gold is due (of which £12,000 is unrefined), and £250,000 in sovereigns. The following week £22,000 in bars and £250,000 in sovereigns will arrive. This makes a total of £1,145,000, all of which may very likely be secured by the Bank. It is not thought likely that Belgium will be taking any more gold, for it is known that the Belgian authorities are not anxious to see a gold influx, and, indeed, are already putting practical obstacles in the way of such a movement, for example, by questioning assays. Thus, with all the principal exchanges comfortably above the gold point, there is no reason why the Bank should not add to its own stocks.

	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate...	1	1	1	1	1½ (May 1, '30)
Discount of Call	1	1	1	1	1½ (May 1, '30)
Houses' Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½—1½	2½	2½	2½	...

At the same time, it must be emphasised that the three months' forward Paris exchange rate still hangs round the export gold point, and that each improvement in the spot rate is accompanied by a widening of the margin between spot and forward. Some authorities, indeed, hold that the forward rate is the key to the situation, and that what is really happening is that the spot rate is being forced up by the steadily widening spread between the two. This suggests that the normal forces at work upon the exchange are still operating in favour of France, and that they are only being held in check by the special forces arising from the difference in favour of sterling between London and Paris discount rates. The argument is that the more French short money is drawn to London by these special forces, the bigger is the demand for forward francs to cover these movements, and so the wider becomes the spread between spot and forward, and, with the forward rate kept steady at the gold point, the higher the spot exchange rises. It must be pointed out, however, that this week's improvement in the spot rate is partly explained by transfers of French funds to Germany, the exchange as usual being covered through London. This also accounts for the improvement in the mark. Regarded from another angle, the effective rate at which bills can be bought in Paris to-day is 1½ per cent. Allowing ½ per cent. for covering the exchange, and taking London discount rates at 2½ per cent., this gives a margin in favour of London of ½ per cent. This is not a fixed margin, for the cost of covering the exchange in particular is liable to change suddenly. Hence the difference of ½ per cent. between the two centres is far from being too big to make sure that the French funds now invested in sterling bills are retained in London.

A similar calculation gives London a margin of ¼ to ½ per cent. over New York, and so the danger of the withdrawal of the American funds now in London is less pressing. Were London market discount rates, however, allowed to fall below 2½ per cent., there would arise a real danger that French holders of sterling bills would refuse to replace them upon their maturity. It is advisable to emphasise this point, because the Treasury bills issued next week are the popular end-of-June maturity, and there is sure to be a big demand for them both from the banks and the market who always wish to have funds coming in immediately before the turn of the half-year. It is always doubtful if it is worth buying bills at fancy rates solely for the purpose of making sure that money will be available for window dressing. On this occasion, when it is desirable that foreign countries should not get the impression that London discount rates are about to sag to the low levels current last autumn, it is to be hoped that the banks and the market will be temperate in their demands. Under current conditions, a market rate of 2½ per cent. affords a fairly wide margin of safety, but in view of the instability of the different components of this margin, and of the significance of the present level of the Paris forward exchange, the margin is by no means excessive.

In spite of a huge turnover of Treasury funds, amounting to \$3,100,000,000 and constituting a peace-time record, money in New York has remained easy and abundant. The official call rate has continued at 1½ per cent., and outside money has been freely offered at 1 per cent. The February foreign trade returns were very disappointing. Imports were \$175,000,000, compared with \$183,000,000 in January and \$281,000,000 in February last year. Exports were \$226,000,000, as against \$250,000,000 in January, and \$348,000,000 in February last year. On Monday the arrival of \$2,300,000 gold from the Argentine was reported.

The Foreign Exchange market was rather busier, a fair volume of steady trading being recorded. Several European currencies moved in favour of sterling, but no wide fluctuations occurred. New York rose from 4.85½ to 4.85¾, and Montreal weakened from 4.85½ to 4.86½. Paris lost four points at 124.20, while Brussels depreciated sharply to 34.89. Milan was unchanged at 92.75. The peseta was again erratic, and went from 44.0 to 46.70 after touching 47.30. Amsterdam remained unmoved on balance at 12.11½. Berlin improved sharply from 20.41 to 20.39½. Switzerland, after a slight recovery, relapsed to 25.15½, a loss of ½ on the week. Of the Scandinavian exchanges Stockholm went fairly sharply in our favour to 18.14½ against 18.13½ last week, but Oslo gained ½ at 18.16½, as did Copenhagen at 18.16½. The South American exchanges were again erratic and weak, Rio losing ½d. at 4d. and Buenos Aires ½d. to 39½d., whilst Montevideo fell sharply from 38½d. to 36d. In the Far East the rupee was firm at 1s. 5½d., as was the yen at 2s. 0½d. Batavia improved to 12.12½. In the forward market dollars were at rather enhanced premium quotations of ½ cent and ¾ cent. Paris weakened a little for one month to 13 centimes premium, but was firmer for three months at 29 centimes premium, against 27 last week. Brussels jumped to 2 and 4 centimes premium, against 1 centime and 2 centimes last week. Milan was not much changed at 8 and 22 centesimi discount. Madrid was decidedly firmer at 7 and 19 centimos premium. Silver prices again advanced, cash rising by ¼d. to 14½d. and forward by the same margin to 14½d., as a result chiefly of Chinese buying in connection with local exchange operations. The China silver exchanges rose in sympathy, Hong Kong by ¼d. to 1s. 0½d., and Shanghai by ¼d. to 1s. 4d.

ECONOMIST INTELLIGENCE BRANCH.

Our Intelligence Branch, which has been amalgamated with Moody's Investors Service, Ltd., is available to our readers for the supply of economic, statistical and other information, at a charge proportionate to the work involved. Inquiries should be addressed to Moody's Economist Services, 8, Bouverie Street, London, E.C.4.

AS OTHERS SEE US.

*Oh wad some Power the giftie gie us,
To see oursel's as ithers see us.*

If the Bard was right in assuming that it is good for our immortal souls to look at ourselves through other people's spectacles, then the *Times* has given priestly aid to the weary soul of Britain by publishing five candid articles upon Britons and their shortcomings from the pen of the eminent French publicist, M. Siegfried. The mirror into which he invites us to look is not flattering. It reveals us as indolent, complacent, mentally lazy, hide-bound by tradition, content to "muddle along," neglectful of self-help, inclined to impute our difficulties to the faults of others, fatuously hopeful that other countries will mend their ways to suit us, lacking in imagination, believing vaguely in our lucky star, over-given to sport and pleasure—yet with it all, models of patriotism and of an almost quixotic scrupulousness. What are we to make of this mixture of truth and caricature? It is a relief to find that M. Siegfried himself puts no worse an interpretation upon the mystery than this—that there is nothing radically wrong with us, but that we lack the cardinal virtue of vitality.

Let us begin by admitting that M. Siegfried's analysis is one that contains a good deal of superficial accuracy, and that if the deeper traits of English character are overlooked or misunderstood, the fault is ours and not that of foreign observers. For John Bull does not wear his heart on his sleeve; he is self-depreciatory; he has idiosyncrasies not paralleled in other races; and his sense of humour, which defies all the foreigner's efforts to understand, often suggests an indifference to grave affairs, whereas in reality it does no more than cloak a deeper seriousness. All these attributes combine to present an outward appearance of a lazy tolerance, or of an infinite capacity for complacent drifting. Add to them the national passion for sport of every kind and description, and you cannot greatly wonder if the outside world thinks of us very much as M. Siegfried has written. Is it reasonable to expect a foreign visitor to believe that we are in earnest about the big problems of the day, when at a moment of deep economic depression, widespread unemployment, and critical industrial transition, our Press and people devote so large an attention to the Boat Race, the Grand National, the football cup ties, boxing, the loss of a cricket match at Johannesburg, and even the billiards magic of an Australian cousin? In so far as M. Siegfried urges the need for Britain to realise that a national effort is required to face an existing crisis, we agree with all our heart. And when he explains that the country is not yet facing peculiar difficulties with adequate vigour and imagination, we admit the soft impeachment, which has, indeed, been made time and time again in the columns of the *Economist*.

But some of the implications of M. Siegfried's argument fit the caricature better than the real picture. In brief, the impression conveyed by the five articles taken as a whole is that Britain is sliding down hill and has not got the energy and initiative to pull herself back; that she is decadent and is becoming content with decadence through the demoralisation wrought by a policy of *panem et circenses*. In the early years of this century precisely the same allegations of moral, if not material decadence, were freely made by foreign critics, and were certainly believed in Germany. Yet when in 1914 a stirring call for action came, the nation revealed a virility and a staying power which surprised the world. Given the realisation of the existence of crisis and bold leadership in facing it, we believe the country is as capable now as it was in 1914 of giving a convincing demonstration of energy, sacrifice, determination and endurance.

It is not possible to follow M. Siegfried through the whole of his argument; but with one or two of his conclusions (stated or implied) we wish to join issue. He is clearly under the impression that this country's economic

effort since the war is very much smaller than is really the case. He is obsessed, and rightly so, with our 2½ millions of unemployed; but is he aware that in 1929 the numbers actually in employment were 800,000 greater than in the pre-war boom year of 1913, in spite of progressive displacement of labour by rationalisation? The country's industry and commerce was in that year, and despite domestic difficulties and the stress of adverse world influences, maintaining in employment larger numbers at very much higher standards of living. However much we may agree that readjustment of nominal wages is needed if the whole population is to be given employment, we may legitimately claim that, so far at least, we have succeeded, to an extent not achieved—in spite of Protection—by any other European country, in establishing and maintaining for a growing population the high general level of material well-being which is the real aim of all industrial activity.

Again, when it is suggested, as it is equally by M. Siegfried and by British pessimists, that our export trades are waning and will not recover, it must be recalled that, while for inevitable reasons Britain's share in world trade has fallen off, yet the decline is relative and not absolute. In actual fact, British exports increased between 1924 and 1929 by, roughly, 8 per cent., and, provided that costs of production can be adequately reduced, there is no reason why the advance should not be resumed when the trend of the trade cycle changes, always supposing that we are saved from the burden of a tariff. Nor is the growth of the import balance necessarily alarming, for it is at once a reflection of resilient "invisible exports" and of a re-direction of economic effort. Quite clearly, too, M. Siegfried has been misled by justifiable complaints of the inelasticity of our economic system into under-estimating what has been done in the realm of industrial reorganisation. The progress in this sphere has been slow, and much remains to be done; but, considering the special problems of the oldest industrial country, the extent of rationalisation and reconditioning of old industries and of development of new industries which has taken place cannot be dismissed as negligible.

Two years ago M. Siegfried's strictures would have gained more credence than to-day. At that time Britain seemed to be lagging behind in a more or less general advance in economic prosperity. To-day it is seen that Britain, exposed as she is to the full force of world depression, has weathered a year of storm better than many of her rivals, her level of productivity having fallen far less than those of Germany or the United States. That is of good augury for the future, and we are glad to see that M. Siegfried refutes those who believe that in the early future we must face the dilemma of deciding whether to throw in our economic lot with Europe or with the Empire. Closer relations and understandings both with European countries and with the Dominions are possible and desirable and are not mutually exclusive. It is the supreme need of the country to sell her goods anywhere and everywhere that she can. So long as this need, both for foreign and for Imperial markets for British goods, is recognised and restrictive policies of protection and preference are resisted, there will be no reason to despair of the British trade position when the present world cloud passes, nor to revise our ideas of the future limits of this country's economic efforts.

Altogether, there is good reason for asking M. Siegfried and other assiduous purveyors, both at home and abroad, of the popular theory that Britain is a spent force, to look a little further below the surface. You cannot safely judge either Britain or the Briton by superficial appearances nor take them at their own, often depreciatory, valuations. While more voluble nationalities hasten to and fro with more obvious gesticulations of concentrated energy, the Englishman may appear to be idle and indifferent because he stands thinking with his hands in his pocket. But really he has not been idle in the past decade. He has assumed and carried heroic burdens, and has tackled

tasks of readjustment more difficult than those faced in any other country. It may be that the method of performance is unostentatious and the results rather slow in accruing. It may be that progress should be faster, and that the country needs to be awakened by the goad of stimulating leadership. We can at any rate assure our friendly and candid French critic that we have not begun to pull the blinds down yet, and that what he mistakes for coma is but the Englishman's reluctance to become excited until he is quite certain that a crisis is present. If M. Siegfried has contributed towards removing this reluctance, then he has performed for England a service for which she will be duly grateful.

PROSPECTS FOR THE DISARMAMENT CONFERENCE.

THERE has been a distinct turn for the better in the prospects of the Disarmament Conference. The tide may be said to have turned at the January meetings of the League Council and of the Briand Committee for Closer Union in Europe—largely through the initiative, and under the influence of the personality of Mr Henderson. The completion of the Anglo-Franco-Italian naval arrangement has now set the tide running strong. The naval agreement is "a happy beginning of this year of preparation for the General Disarmament Conference." These words are Signor Mussolini's, quoted by the Italian Minister for Foreign Affairs, Signor Grandi, in his speech in the Chamber at Rome last Saturday. And this speech itself is a notable landmark. After pointing out that the effect of the new pact would be to reduce the French and Italian building programmes by no less than one-third down to the end of 1936, Signor Grandi went on to declare that, politically, the arrangement represented "a victory for all, a victory for equity," and that "it did not leave behind it recriminations, regrets and bitterness, but gave birth to a new and mutual confidence between nations." This is as much as to say that the agreement has taken the sting out of Italo-French relations, as as this sting has been felt, all along, on the Italian more sharply than on the French side, Signor Grandi's declaration gives a real assurance that, during this critical year before the Disarmament Conference meets in February, 1932, Franco-Italian relations will be distinctly easier and more cordial than they have been at any time since the Peace Conference of Paris, a dozen years ago.

After this noteworthy evidence of the general direction in which the tide of international feeling has turned, let us examine the movement in detail, as far as it can be followed in the events of the last few days. The most important event, this week, is the meeting of experts in London in order to embody the naval arrangement in treaty form. This is important; for, though there is no assurance that the final document will be any more intelligible than last week's White Paper to the layman, it will presumably be made to mean something quite free from ambiguities—and therefore proof against future misunderstandings and controversies—in the minds of the professionals who have to act upon the agreement in the several countries concerned. The invitation to this meeting, which has been issued by the British Government, has been addressed not only to Paris and Rome but also to Washington and Tokyo. This was obviously the proper course, for the whole object of the laborious negotiations of the past year has been to convert the London Naval Treaty of 1930 into a Five-Power treaty from end to end, instead of leaving it merely a Three-Power treaty in respect of the vital Chapter III, which deals with the comprehensive limitation of naval armaments.

The Japanese Government apparently has accepted the British invitation, and has instructed the Japanese Ambassador in London to appoint a jurist to take part in the work of drafting. As for the American Government, it appears to have taken fright once again at the ancient bogey of European entanglements. Upon receipt of the British invitation, the Secretary of State at Washington,

Mr Stimson, placed himself in communication with Mr Morrow, the distinguished American Ambassador in Mexico who was one of the American delegates at the London Conference last year, and commissioned him to lay the American Government's views before the Government at Westminster. Mr Morrow, who received this communication in mid-Atlantic, has now landed in England. He is apparently to represent that, in the American view, the incorporation of the Anglo-Franco-Italian arrangement of March in the London Naval Treaty of 1930, is unnecessary, or in other words, that, from the American point of view, it is undesirable. It would be possible, of course, for an American jurist to co-operate in the definitive drafting of the new agreement without the two instruments being welded into one; but even this appears to be obnoxious to the cautious statesmanship of the New World. Such excessive caution is a pity; for, even if the two agreements are kept rigidly separate, there are still certain points in the European agreement which have somehow to be made to square with previous agreements to which the United States is a party; for instance, the provision for raising the French and Italian maximum for capital ship tonnage from the Washington figure of 175,000 tons to 181,000. It would clearly be easier to deal with this small, but real, difficulty if the American Government were to lend a hand in finding a solution.

Another small cloud on the horizon is the American insistence on retaining the Washington figure of 35,000 tons as the maximum tonnage for capital ships. American experts insist on retaining the right to build capital ships of this size because, owing to the United States' lack of naval bases distributed conveniently all over the world, they are anxious to endow the units of their fleet, in all categories, with as long a cruising range as possible, and the higher the tonnage the greater the range. On the other hand, France is only concerned to possess battle-ships that, ship for ship, will outclass the new German 10,000-ton armoured cruisers of the *Ersatz-Preussen* type; Italy is only concerned to have the right of possessing as big capital ships, and as many of them, as France; and the British Commonwealth of Nations would like to have the smallest and least expensive standard type of capital ship, provided she may possess it in sufficient numbers to surpass the French and Italian strength in this arm in accordance with the Washington capital ship ratio. The Americans are evidently alarmed lest, at the forthcoming General Disarmament Conference, the three parties to the new agreement may combine to advocate the reduction of the maximum from 35,000 tons to 23,333, the figure prescribed in the new agreement for the two French and two Italian capital ships of which it expressly authorises the construction.

In this matter of capital ships, there is also another awkward question: when the time for the Disarmament Conference arrives, will the French still be content with two new capital ships of the 23,333-ton class? Or will they demand ship for ship, in order to match the German 10,000-ton battle cruisers, of which Germany is entitled to build no less than four, in replacement of four pre-war vessels, by the terms of the Peace Treaty of Versailles? This question is raised by the action of the Reichstag last week in voting the credits for laying down the second of these vessels, the *Ersatz-Lothringen* (an unfortunate name in itself), in succession to the *Ersatz-Preussen*, which is now approaching completion. In a sense, this vote is an incident in the internal politics of Germany rather than a symptom of her foreign policy. By a strange irony, it was carried by the support of the Social-Democrats and this support was extorted from them by the necessity of keeping the middle parties together in order to keep the National Socialists and the Communists out of power. Collaboration requires mutual concessions, and the second "pocket-battleship" was the price demanded by General Groener and his followers. General Groener's policy, in view of the Disarmament Conference, is for Germany to arm herself as effectively as possible up to the treaty limits. It is a misguided policy from every point of view. For the utmost ingenuity on these lines cannot restore to Germany the equality of an armed strength with the victorious Powers that she, not un-

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naturally, desires, while it can give France a good case for insisting upon maintaining her thesis of the priority of security over disarmament.

Nor does it improve matters when the advocates of "pocket-battleship" building in Germany intimate that these new-fangled engines of war are intended for use, not against France, but against Poland. This will not reassure France, who is concerned to protect her ally; and it can hardly fail to exacerbate German-Polish relations, which, next to Franco-Italian relations, have been perhaps the tenderest spot in the body politic of Europe since the war. Thus, this vote in the Reichstag is unfortunate—especially coming, as it does, when the world is waiting to hear what the Polish Government is doing to redress the grievances of the German minority in Poland, in pursuance of the recommendations of the League Council last January. Here, too, however, there is one auspicious event to record. In the small hours of Thursday morning, March 12th, the Polish Diet voted the ratification of the Polish-German Commercial Treaty, which was signed on March 17, 1930. If once this treaty, and the complementary treaty of October 31, 1929, providing for the liquidation of all financial claims by Poland on Germany and by Germany on Poland in respect of the war and the peace settlement, were ratified on both sides, we might hope for a new start in German-Polish relations, as a complement to the new start that has been made in Franco-Italian relations this month.

THE COMING BUDGET.

THE magnitude of the budgetary problem which confronts the Chancellor of the Exchequer, and whose solution Mr Snowden, or (in the event of his regrettable illness being protracted) a colleague deputising for him, must submit to Parliament next month, needs little emphasis. In last week's issue of the *Economist* we noted that the Estimates for the Supply Services and Revenue Departments, at £439 millions, called for over £7 millions more than even the Final Estimates (including £14 millions of Supplementaries) for 1930-31, and that, unless steps were taken during the coming financial year to diminish expenditure on "transitional benefit" to the unemployed, even this increase would probably be insufficient by £5 to £10 millions to cover outgoings. The remainder of the expenditure side of the accounts can be dealt with briefly: payments to the Northern Ireland Exchequer and Miscellaneous Consolidated Fund Services are unlikely to show any important alteration, and the rest consists of the sum to be provided for interest and sinking fund in respect of the national debt. This was fixed by the Finance Act of 1928 at £355 millions, to which there has to be added £5 millions (as in 1930-31), namely, the second instalment of Mr Snowden's programme to make good the deficit of £14½ millions realised in 1929-30. In other words, unless the Chancellor modifies the arrangements made in 1928 by Mr Churchill to deal with the debt, he must find approximately the same amount for Consolidated Fund Services as last year.

When the Chancellor surveys the resources for meeting this increased expenditure, the first outstanding fact is that even in the current year there will be a deficit, as far as can now be estimated (we discuss the latest figures in a Note of the Week) of at least £25 millions. Forecasts of revenue are most difficult to make; but one or two factors are known. For example, the additional yield in 1931-32 (i.e., a full year) of the new taxes imposed in last year's Budget was estimated at roughly £13 millions; but against this, Mr Snowden is left with only £4 millions in the Rating Relief Suspense Account to be appropriated in aid of 1931-32 revenue, as compared with £16 millions appropriated in 1930-31. Many of the sources of tax revenue will probably show comparatively minor changes, for such items as Stamps have already felt the full effect of the slump in trade. In view of the depression, however, the most favourable guess which we are disposed to make under the head of Inland Revenue is that the coming year is likely to see a decline of at least £16 millions below this year's yield, a drop reflecting mainly, of course, a diminished return

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from income tax. It is conceivable that the Treasury may be able to reckon on a slightly larger income from the Post Office (net) and the Exchequer share of the motor vehicle duties, but possible gains under these heads or from "windfalls" (there appear to be few cupboards left to raid) may well be left out of account for our present purpose in view of the fairly optimistic estimate we have placed on tax revenue. Thus the position at which we have so far arrived can be summarised as follows:—

Dr.	£ Mn.	Cr.	£ Mn.
Initial prospective deficit ...	25	Additional yield of 1930 taxes	13
Additional "supply" expenditure*	7	Balance—	
Loss of rating suspense aid ...	12	Resulting deficit for 1931-32.....	47
Loss of revenue on existing basis	16		
	£60		£60

* Making no allowance for supplementaries of, say, £8 millions, probably necessary unless "transitional benefit" expenditure is reduced.

This prospective deficit of £47 millions is, of course, not the whole story. By his last Finance Act, Mr Snowden bound himself to carry forward to the next Budget any deficit realised in a given year; and to adhere to this self-imposed ordinance would mean raising the prospective deficit to over £70 millions. Is there a case for relaxing this rule? Under the circumstances we think there is. In the first place—and this is a point which we hope will be appreciated by our foreign readers—although both this year and last the Budget will technically have shown a "deficit," this does not mean that we have been running deeper into debt. On the contrary, not only has sound actuarial provision been made since 1928 for the interest accruing on the total of National Savings Certificates outstanding, but we succeeded last year in making a real reduction of £28½ millions in the debt, or, allowing for net borrowing of £3 millions during the year by the Unemployment Insurance Fund (for which no provision was made in the Budget), £25½ millions. In the current year, allowing for such saving as may have been made in interest charges on the floating debt, it looks as though Mr Snowden will have been able to allocate some £30 millions to actual debt redemption, i.e., £55 millions placed to sinking fund (after providing for Savings Certificates' accrued interest), less £25 millions realised deficit. Against this there will have been entirely unprovided-for borrowing amounting to nearly £35 millions for the Unemployment Insurance Fund, but until recently the suggestion has never been made that borrowings by that Fund should be considered necessarily a bad debt, and though the Chancellor, in framing his Sinking Fund policy, must clearly have some regard to these borrowings, we need not yet assume that the whole of the Fund's debt must eventually fall to be repaid by the general taxpayer.

On the presumption, therefore, that Supplementaries on account of "transitional benefit" will be avoided, that a general reform of the Unemployment Insurance system will be carried through before many months of the ensuing financial year have elapsed, and that a special provision, to which we come later, is made in the 1931 Budget, we should not be inclined to criticise Mr Snowden if he felt that he ought to limit fresh tax burdens as far as possible in a time of material and psychological depression, and decided to spread over a term of years the task of making good the deficit realised in 1930-31—or, to put the point more accurately, atoning for our failing to reduce debt in

that year according to plan. In other words, we suggest that he should lump together the £9½ millions outstanding from the deficit of 1929-30 and the £25 millions of the current deficit, and make good this total deficiency of £34½ millions by fixing the total debt charge at £360 millions for the next seven years. Any greater relaxation of effort in Sinking Fund policy would be flagrantly unsound finance.

We are left, then, with the probable gap of £47 millions between revenue and expenditure which the Chancellor has to bridge. To fulfil this task what lines should he follow? In attempting to answer this question we take the following principles as axiomatic: direct taxation is near, if it has not attained, its maximum; there should be no radical departure from our traditional fiscal policy; and the fact that the root trouble in our budgetary position is caused by "transitional benefit" at the expense of the Exchequer should be brought forcibly home to as large a number of the electorate as possible, and treated—both on financial, political and economic grounds—as a special and separate affair. To take the electorally popular, easy way of placing the whole burden once more on the direct taxpayer would not only be politically unjust; its effect on public psychology would certainly be highly prejudicial to industrial development and trade recovery; and we must, therefore, look first to additional sources of revenue from indirect taxation.

With the preliminary observation that over £55 millions a year in indirect taxes have been remitted during the past decade, we suggest that the duties on spirits might be raised from 72s. 6d. to 76s. a gallon; that the beer duty might be increased from 100s. to 106s. per standard barrel, with a moderate upward revision of the various scales of duty on wine; that the duty of 4d. per lb. on tea, which Mr Churchill repealed in 1929, might be restored, and considerably higher duties placed on coffee and cocoa; that the now low scale of sugar duty might revert to the pre-1928 level; that the full duty on tobacco might be raised from 8s. 10d. to 9s. 6d. per lb., and that the duty on petrol, etc., should be raised by 3d. a gallon. This last proposal we make reluctantly, since arguments can be raised against a high tax entering into transport costs; but revenue must be found, and petrol has, after all, been reduced by 4d. in recent months. Finally, we would suggest that a further substantial sum might be obtained by raising minor miscellaneous Excise duties, *e.g.*, on mineral waters, entertainments, various licences, etc. By these means we consider that Mr Snowden could secure, so far as we can estimate, about £35 millions, made up roughly as follows:—

Drink and tobacco.....	£
Tea, sugar, coffee, cocoa	12,000,000
Petrol	11,000,000
Miscellaneous	10,500,000
	1,500,000
	£35,000,000

We have thus bridged all but £12 millions of the prospective gap between revenue and expenditure. But the fact remains that unless the Unemployment Insurance Act is revised, the Exchequer will have to find in 1931-32 some £35 millions for "transitional benefit," or perhaps £8 millions more than Mr Snowden appears to have provided for in his Estimate for the cost of the Ministry of Labour. Although it is satisfactory to be able to infer that Mr Snowden relies upon a reform of that Act in the next financial year, we strongly suggest that the urgency of the need for revision should be brought home to the country by making sufficient provision to cover the whole estimated cost—on the present basis—of £35 millions in 1931-32. This would raise to £20 millions the deficiency still to be made good. Under these circumstances there is a strong case for the imposition of special emergency taxes, " earmarked " for "transitional benefit" and to be taken off when the reform of that aspect of Unemployment Insurance is completed.

Accordingly, we suggest, firstly, that the Chancellor, utilising the machinery of the Unemployment Insurance Fund, should collect from all insured work-people in employment a surcharge of 3d. per week (juveniles 1½d.) on their present contributions. This should yield, on the basis of the figures given in Appendix X of the evidence

submitted by Mr Gatus Bowers to the Royal Commission on Unemployment Insurance, about £6 millions in the coming year.

Secondly, to balance this sacrifice and to raise the remaining £14 millions, we suggest (a) that Mr Snowden should repeal the concession which he made in 1930 (at an estimated cost in a full year of £5 millions) whereby the first £250 of taxable income pays four-ninths of the standard rate instead of £225 paying one-half the standard rate, as previously; and (b) that all individual assessments to income tax (*i.e.*, excluding companies) should be subject to a special levy at 3d. in the £, with a similar surcharge on surtax assessments. (If the proposal to exclude companies were, in the opinion of the Revenue experts, administratively impracticable, the necessity for increasing the already tremendous toll of surtax might not arise.) By these means the gap of £20 millions would be covered with a comfortable margin to spare, and any saving in 1931-32 on account of "transitional benefit" as a result of revising the Unemployment Insurance Act would have the very proper effect of resulting in a surplus to be earmarked against the Insurance Fund's uncovered borrowings. To restore that Fund itself to a condition more nearly approaching solvency—by increasing ordinary contributions and reducing covenanted benefits—is an equally urgent, but quite separate, task.

We do not claim that these suggestions constitute an ideal plan or that they might not with advantage be improved in detail. This, however, we do claim for our proposals: as an interim measure, assuming that revision of the Unemployment Insurance Act will follow, they vitiate no canon of sound finance; no alternative plan for raising additional revenue can be found which will do less damage to our economic structure; in so far as the proposed Customs duties are concerned, articles have been selected which past experience has proved to be sound revenue-producers; and this suggested Budget has the great merit of being calculated, while holding the scale of justice fairly even between particular classes of taxpayers, to bring home to the nation that the cost of financing the "dole" on the present scale, with all its remediable abuses, must fall heavily on all alike.

BRITISH RAILWAY RESULTS.—II.

Our examination a fortnight ago of the gross receipts in 1930 of the four railway groups showed that they were over £11 millions lower than in 1929, and that of this decline nearly £7 millions came under the head of revenue from freight trains. Less than half of this diminution in revenue was balanced by curtailment of expenditure, but it is difficult to present a concise analysis of this side of the accounts owing to the fact that two of the groups treat the 2½ per cent. deduction from railwaymen's earnings, which was in force until May of last year, as revenue, while the other two subtract it from the expenditure side of their balance. In the table below the italicised figures represent the expenditure of the London Midland and Scottish and the Great Western respectively, after the 2½ per cent. has been deducted in order to make their figures comparable with those of the other two groups:—

EXPENDITURE. (000's omitted.)					
	1928.	1929.	1930.	Inc. or Dec. in 1930.	
London Midland & Scottish	£ 67,559	£ 66,907	£ 64,468	— 2,439	— 3.6
Adjusted for wages cut ...	67,140	65,818	64,063	— 1,755	— 2.7
London and North Eastern	50,738	50,896	49,206	— 1,690	— 3.3
Southern	21,143	20,914	20,702	— 212	— 1.0
Great Western	29,408	29,209	28,226	— 983	— 3.4
Adjusted for wages cut ...	29,227	28,736	28,054	— 682	— 2.4
Total	168,848	167,926	162,602	— 5,324	— 3.2
Adjusted total	165,248	166,364	162,055	— 4,339	— 2.6

When the adjusted figures are compared, it will be seen that the London and North-Eastern achieved the largest percentage reduction, and the other two large groups reduced their expenditure by something in the neighbourhood of 2½ per cent. The reduction on the Southern was very much smaller than on any of the other groups, as

was to be expected in view of the smaller decline in the traffic of that company.

As far as railway working alone was concerned, the London Midland and Scottish reduced their expenses by over £2 millions, the London and North-Eastern by nearly £1½ millions, the Southern and Great Western by £247,000 and £692,000 respectively. While these reductions unfortunately owe their existence to some extent to the diminution in the volume of traffic handled, they also reflect in part those economies resulting from amalgamation whose effect could only be felt gradually, and in part they are due to the effects of a rationalisation movement which is still in progress.

The most important categories of expenditure on railway working, comprising between them about 77 per cent. of total expenditure and nearly 90 per cent. of railway expenditure, are maintenance of way and works, maintenance of rolling stock, and locomotive running and traffic expenses. Owing to the fact that the 2½ per cent. is deducted from the labour cost of these by the London and North Eastern and the Southern but not by the other two groups, the figures for all the groups are not strictly comparable, and we have therefore analysed them in two separate tables. The first table reflects all the economies, including those afforded by the 2½ per cent. earnings deduction:—

PRINCIPAL ITEMS OF RAILWAY EXPENDITURE.
(000's omitted.)

	Maintenance of Way and Works.		Maintenance of Rolling Stock.		Locomotive Running and Traffic Expenses.		Total Engine Miles.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
L.N.E.R.	£ 6,015	£ 5,566	£ 8,939	£ 8,344	£ 25,072	£ 24,808	175,339	170,525
S.R.	3,474	3,420	2,917	2,777	9,895	9,872	72,959	74,413

Whereas in 1929 the economies of both groups were effected entirely through reduction in locomotive running and traffic expenses, in 1930, in spite of the smaller volume of traffic handled, this category of expenditure shows the smallest diminution. The reduction in the expenditure of the North Eastern on the maintenance of way and works is more apparent than real, as most of it is accounted for by the fact that in 1929 the expenses were met out of income and a further sum put by to suspense account, whereas in 1929 £156,346 of the expenditure under this head was met by a transfer from suspense account. The Southern, on the other hand, drew less upon its suspense account last year, so that the real curtailment of expenditure on way and works amounted to £421,000. The saving on rolling stock maintenance was no doubt largely due to the progress of rationalisation in the repair shops. Owing to the comparative smallness of the reduction in locomotive running and traffic expenses, this item bore a larger proportion to railway receipts than in the preceding year. The percentage rose from 45.13 to 47.35 on the London and North Eastern and from 43.03 to 44.08 on the Southern.

The corresponding table for the other two groups leaves out of account the effect of the 2½ per cent. cut in both years:—

PRINCIPAL ITEMS OF RAILWAY EXPENDITURE.
(000's omitted.)

	Maintenance of Way and Works.		Maintenance of Rolling Stock.		Locomotive Running and Traffic Expenses.		Total Engine Miles.	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
L.M.S.	£ 7,575	£ 7,192	£ 10,289	£ 9,882	£ 34,886	£ 33,909	233,013	227,238
G.W.R.	4,046	3,647	4,116	3,975	13,667	13,546	97,770	96,646

Here, again, savings on maintenance have been very much greater than on operation, and have been especially marked in the case of the Great Western, though, in this case, too, much of the difference is due to a larger transfer from suspense account. These savings on maintenance of way and works represent for the most part postponement

of expenditure which is not urgent, and can be more properly allocated to years of less financial difficulty. The ratio of locomotive running and traffic expenses to railway receipts has risen from 47.67 to 49.62 per cent. on the London Midland and Scottish, and from 44.05 to 45.78 per cent. on the Great Western.

In view of the importance of the part played in the cost of railway working by wages and by the price of fuel, we have shown, for the locomotive running and traffic expenses groups, which form about 53 per cent. of the total railway expenditure, the total outlay on wages, salaries, and on fuel, so far as it is separately distinguished in the accounts. Wages have necessarily been omitted in the case of the London Midland and Scottish and the Great Western for the reasons already given.

LOCOMOTIVE RUNNING AND TRAFFIC EXPENSES—MAIN ITEMS.
(000's omitted.)

	Wages and Salaries.			Fuel.		
	1928.	1929.	1930.	1928.	1929.	1930.
London Midland & Scottish...	£ ...	£ ...	£ ...	£ 5,796	£ 5,797	£ 5,646
Percentage of expenditure ...	16.3	16.3	16.3	16.6	16.6	16.7
London & North Eastern.....	18,739	18,483	18,368	3,973	4,150	4,057
Percentage of expenditure ...	73.9	73.7	74.0	15.7	16.6	16.3
Southern	6,575	6,427	6,456	2,187	2,145	2,127
Percentage of expenditure ...	65.7	64.9	65.4	21.8	21.7	21.5
Great Western	...	...	...	2,065	2,028	1,984
Percentage of expenditure ...	...	...	...	15.1	14.8	14.6

As the 2½ per cent. cut in earnings was only in operation for 4½ months of last year, while it took effect throughout 1929, the reduction in wages was very small on the London and North Eastern, and on the Southern the wage bill for the items comprised in the above table actually increased slightly, owing, presumably, to the increase in traffic on the electrified lines. The London Midland and Scottish figure, on the other hand, which does not reflect the 2½ per cent. deduction, fell from £25,017,000 to £24,476,000, and that of the Great Western, at £10,140,000, against £10,249,000, was almost stationary. In spite of the reduction in engine mileage and the still greater reduction in traffic, the fuel bill shows only a small reduction in all cases, largely owing to the higher price of coal.

The net outcome of these developments in revenue and expenditure respectively is summed up in the following table:—

WORKING RESULTS.
(000's omitted.)

	London Midland and Scottish.	London and North Eastern.	Southern.	Great Western.	Total, Four Groups.
Railway revenue	£ 68,241	£ 52,391	£ 22,396	£ 29,590	£ 172,618
Railway expenditure	55,669*	41,863	17,928	23,445†	139,482
Net railway revenue	12,572	10,528	4,468	6,145	33,136
Profit on ancillary businesses	Dr. 191	92	720	147	768
Other revenue	1,045*	549	946	695†	3,812
Net revenue	13,426	11,169	6,134	6,987	37,716
Brought forward	212	81	162	186	641
Profit on realisation of investments	392	123	...	150	665
From reserves	767	100	...	...	867
Total available	14,797	11,473	6,296	7,323	39,889
Fixed charges	4,418	4,083	1,753	1,550	11,804
Guaranteed and preference dividend	8,474	7,203	2,576	3,348	21,701
Ordinary dividend	1,904	106	1,773	2,361	6,144
Reserve and carry-forward	...	80	94	65	239

* £405,083, representing the 2½ per cent. wages and salaries cut, has been deducted from these figures.

† £171,899 deducted as in the above footnote.

Clearly, the recourse to paying dividends out of reserves can only be a temporary expedient. Net revenue must somehow be increased, and if this cannot be done by increasing traffic it must be done by diminishing expenditure. Conspicuously successful efforts to this end have been made in certain departments, as, for example, the locomotive repair shops, but similar drastic reorganisation will have to be undertaken throughout if the railways are to pay their way and at the same time deal fairly by the public.

FOREIGN LOAN MARKETS.—I. NEW YORK.

(BY A CORRESPONDENT.)

So much attention has recently been drawn to the importance, from the point of view of international monetary equilibrium, of encouraging a large and steady flow of investment in foreign issues by "the creditor countries" that, although at present the activity of the market for new capital is everywhere at a low ebb, it may not be inopportune to survey briefly the absorbing capacity and organisation of the leading foreign centres. A beginning may conveniently be made with New York, whose rise to prominence as a foreign loan market has been a post-war development, but whose potentialities as a buyer of foreign securities are enormously important. The following figures, published by the United States Department of Commerce, show the number and nominal value of foreign securities placed publicly in the New York market since the war:—

Year.	Number of Foreign Issues.	Amount Issued.
		\$
Average 1919-23.....	103	684,808,257
1924	120	1,217,217,937
1925	164	1,316,166,150
1926	230	1,288,459,182
1927	265	1,577,414,260
1928	221	1,488,361,680
1929	148	705,767,681
1930	121	1,085,613,214

It will be seen that, after the five years of vastly increased activity between 1924 and 1928, the foreign issues market in New York underwent in 1929 an abrupt contraction, whose repercussions on the economic situation, both of South America and of Central Europe, are too familiar to need restatement. The question of immediate interest is whether the partial recovery recorded in 1930 (it is significant that the bulk of the new issues took place in the first six months of that year) will be maintained or increased in the future.

The natural resources and productivity of the United States are so great that, when the present acute phase of trade depression has passed, there can be little doubt that New York will normally command ample funds available for investment abroad. The extent to which she will use these funds for granting long-term loans to foreign borrowers depends mainly on two factors: the technical position of the New York foreign bond market and the attitude of the American investing public towards foreign loans. The first is largely determined by the second; for the present congested state of the New York market is due to the reluctance of the American public to buy foreign bonds, and to their desire to get rid of the foreign bonds acquired during 1924-8. So long as there is no revival of interest among investors towards foreign issues there can be no fundamental and lasting improvement in the technical position of the New York market. Although foreign demand for these issues might relieve the situation to some extent, the market would soon become congested again if the investing public remained unwilling to acquire foreign bonds.

American bond-selling houses have every right to be proud of the extent to which they succeeded during 1924 to 1928 in inducing the public to acquire the taste for foreign bonds. Considering the immense investment opportunities in the domestic sphere, which offered far wider scope for capital appreciation than any fixed interest-bearing security can possibly offer, it was, indeed, a remarkable achievement to place milliards of dollars worth of foreign bonds in every part of the United States. The fact that they were successful justifies a good deal of optimism as to the future of the New York bond market. It is true that some of those who acquired foreign bonds during 1924-8 sold them out at a loss during the last two years. But this does not necessarily mean that in future they will be more reluctant to acquire such bonds than they were in the past. The memory of the investing public is short; and, in any case, they have suffered much heavier capital depreciation on their American shares than on their

foreign bonds. On the whole, the short experience of the United States as a lender abroad on a large scale cannot be said to have been unfavourable. In spite of occasionally indiscriminate lending, only a few small loans have so far been defaulted. Thus, notwithstanding campaigns against lending to Europe in general or to Germany in particular, the difficulties of inducing the American investor to take an interest in foreign bonds are by no means insurmountable.

It would be, of course, risky to prophesy when the revival of the demand for foreign bonds will take place. Since the slump, the public has been reluctant to acquire securities of any kind, and the bond-selling houses have considered it inexpedient to press the sale of foreign bonds to any great extent, pending a change in the general attitude of the public. Meanwhile, the technical position has improved as a result of the foreign demand for these bonds brought about by their decline to unexpectedly low levels. The borrowers themselves have taken advantage of the opportunity of repaying part of their debt by means of buying their bonds at low prices. It is reasonable to assume that a great part of the short-term credits obtained by German municipalities and other debtors has been used for this purpose. The flight of capital from various European countries has assumed the shape of buying the dollar bonds of their respective Governments. As it is generally assumed—and not without reason—that a Government is more unlikely to default on its external debt than on its internal debt, many people who would not acquire internal bonds of their Government have invested part of their capital in its dollar bonds. Bonds worth hundreds of millions of dollars have been thus repurchased, at prices varying between 10 and 20 points below the issue price. The profit thus made by Europe as a whole at the expense of the United States as a whole has done something towards counteracting the losses of European investors and speculators caught in the Wall Street slump. It is impossible to ascertain even approximately what proportion of the foreign bonds issued in the United States were repurchased by the borrowers; but it is believed to be an important item.

It is gratifying that the American financial houses have, on the whole, stood the recent strain of the adverse period in the foreign bond market remarkably well. It was an extremely severe test, but most firms emerged from it satisfactorily. Possibly the experience of the last two years may have taught some of them a lesson to be more discriminating in future in dealing with applications for loans, and to abandon the practice of rate-cutting. The fact that the bond-selling houses have to a great extent shifted the weight of their activities to the field of placing shares may prove beneficial from this point of view, for in the past it was largely in order to employ their expensive bond-selling organisations that they were prepared to undertake loans which were open to criticism, and that they quoted terms which left practically no margin for profit. It is reasonable to assume, therefore, that after the revival of the activity of the American market for foreign loans, there will be less cut-throat rivalry both between American issuing houses amongst themselves, and between New York and other loan markets.

From the point of view of London, it is highly desirable that a revival of activity should take place in New York in the near future. Apart from its repercussion upon our exchange and gold position, it would assist the London market to resume lending abroad. While the expansion of a discount market is detrimental to the rival discount markets, as the volume of business is limited, there is ample business for everybody in the market for foreign loans. One of the causes of the complete stagnation of our foreign loan market is that there is at present no foreign market which would or could co-operate with us in the issue of international loans. Co-operation with Paris has proved to be highly difficult, while the absorbing capacity of the minor loan centres is not in itself sufficient to enable us to undertake large issues. Thus, far from regarding with jealousy the revival of issuing activity in New York, this market would welcome it, as it is bound to benefit by it.

EBB-TIDE IN THE RHONDDA.

(BY A CORRESPONDENT.)

THE valley runs north-west from its gateway to the sea, narrowing and deepening as it penetrates the hills. A railway follows the course of the river-bed, and parallel with the railway on either side two dreary, cobbled streets extend indefinitely, each carrying tram-lines and each flanked with monotonously repetitive little houses. In this quadruple chain of mean dwellings there is no important gap. The valley's so-called "mining villages" are mere administrative abstractions. Physically, they are just vertebrae in an infinite spinal column of brick and slate. A more substantial building here and there—florid chapel or assertive public-house—marks the beginning or end of a rateable entity.

By virtue of its geographical seclusion the valley forms—economically, politically and socially—an almost separate little commonwealth within the realm. Its social structure is singular in being almost devoid of class distinctions. There is no resident "territorial" aristocracy, and "the professions"—doctors, clergy, lawyers and the like—are represented locally by men drawn from the households of the mining families who people the valley. And, be it noted, though the hills that flank the river have kept their breasts and foreheads untouched by the physical apparatus of industrialism which has disfigured their lower slopes, the people who inhabit the valley, and have Fortune's leave to contemplate that upper beauty of unscarred bronze and purple mountain, are not country-folk either by descent or way of living. They are townsmen and the descendants of townsmen. For when the tide of coal-mining expansion rose on the flood up the Rhondda and the Taff, men flocked to this isolated El Dorado, not from the countryside but from Cardiff, Bristol and large towns farther afield.

It is a point to be borne in mind; for to-day, when the valley still holds a population of a quarter of a million, all town-minded and all interested, directly or indirectly, in the single occupation of coal-mining, the ebbing tide of the coal industry has left them without resource. Even had they the instinct or aptitude for rural work, little could be done. The hillsides are clothed with a thin layer of moss and peat, which supports a scattering of meagre sheep, above intractable rock. The creation of small holdings is attended with difficulties of labour and expense out of all proportion to the results obtainable; and farming on any substantial scale is out of the question. Coal was the magnet for this artificial population; and to-day, with most of the economically "gettable" seams nearing exhaustion and much of the export trade lost to better-situated mines, the valley has become an over-populated "no man's land," living on sufferance at the expense of the outer world, in the shape of the British Exchequer. In Pontypridd alone over five thousand men—a quarter of the working population—are "on the dole"; and in the valley as a whole there are many more thousands than our present mechanism can ever succeed in "transferring" elsewhere who have little or no hope of ever again finding work in a mine.

In this isolated enclave of "frozen" unemployment the dominant impression which the visitor receives is one of sceptical expectancy. Acute destitution, thanks to "transitional benefit," does not exist. With a wife and a child or two, one does not starve, even if one has no garden-patch, on thirty shillings a week; one exists. The uncomfortable little houses—rented at an average rate of 10s. per week—are bare of everything but the stark essentials. The women-folk seem embittered, but the men are dully quiet and reserved. This reserve is seemingly not based on pride, suspicion or resentment. It is the reserve of apathy—the tacit, reluctant acceptance of a situation which never improves. They sit at home and stare at the floor, or stand in groups at the street corner and stare across the road. Once or twice a week they put on working clothes and go coal-picking among the "tips." In such expeditions, having reverted to the coal-blackness which in their scale of values is the natural aspect of a man, they recover their spirits. Odd commentary on human nature, yet explanatory of the undoubted fact that men in this valley will save their "dole" at the cost of

going foodless in order to bribe a foreman to give them a job in a pit at a wage not much above the pay for idleness—men who spend hours silently at the street corner will whistle and sing as they hunt for burnable lumps among the waste.

These days of mock-labour apart, they are dressed, with some care, in a sort of shabby "second-best." Pathetically, they are trying, one gathers, to suggest that they are enjoying a voluntary holiday rather than an enforced abstention from work. Even though each man's circumstances must be well known in his area, it is noticeable that hands are always kept hidden; the whiter your hands the longer you have been "out." And in that common misfortune there still is individual shame. Shame, but little anger or hope. The valley has not abandoned, perhaps, its traditional political loyalties; but it has lost its faith in politicians, even in revolution. Waiting for "something to happen," because it cannot believe "that things can go on like this," yet unable to see whence aid is to be sought, it watches the ebb-tide with lack-lustre eyes, much as, in kinder country, Rye and Winchelsea must once have watched with ebbing hope the ineluctably retreating sea.

Notes of the Week.

Liberals and the Government.—On Monday the Government was defeated on the proposal contained in their Electoral Reform Bill for the abolition of University representation. The defeat was narrow—the margin being only four votes—and the issue one of minor importance. But the circumstances in which defeat was sustained possess considerable political significance. The abstention of twenty Labour members illustrated the lack of enthusiasm for the Bill in a section of the party, while of the 58 Liberal members, who were expected by the Government to help the Bill through, only nineteen went into the Government lobby and ten actually voted with the Opposition. Monday's division therefore brought to a head two political questions, namely, the leadership and cohesion of the Liberal Party and the co-operation between the Liberals and the Government. The chief Liberal Whip, Sir Archibald Sinclair, resigned as a protest against the failure of Liberal members to follow the party lead; while in Labour circles the view gained ground that, if things remain as they are, Liberal support is a broken reed. Both aspects of the affair were discussed at a Liberal Party meeting on Wednesday, but no definite decisions were taken, and the meeting was adjourned until next Tuesday. The time has clearly arrived for the Liberal members to choose a definite path. If they are to continue to act as a party they must agree to vote together either for or against the Government on certain general principles. On Tuesday Mr Lloyd George is expected to outline the conditions on which he is prepared to support the Government. There need not necessarily be anything alarming to Liberalism in this prospect of a possible pact, on terms, with Labour. It would merely regularise the existing situation, and, provided a satisfactory programme can be agreed in regard to home affairs (especially the overhaul of unemployment insurance), the price, from the point of view of public interest, might not be too high to pay for thus obviating a change of Government during the progress of the Indian and disarmament negotiations. Nor should it be impossible for a programme to be agreed which would satisfy Sir John Simon and his Right Wing followers. Nevertheless Tuesday will be a critical day for the Liberal Party, and the decisions taken at the meeting will go far to determine, not merely the Government's prospects of life, but possibly also the future of political parties in this country.

India.—The debate on India in the House of Lords on Wednesday was satisfactory in that it revealed no disposition, even on the part of those peers who may fairly be regarded as representing the ultra-Conservative view, to dissent actively from Mr Baldwin's policy of co-operation

with the Government in further Round Table negotiations. The note of caution was sounded, as might be expected, in nearly all the Opposition speeches; Lord Sankey was pressed to give, and gave, assurances on the Government's adherence to the need of "safeguards"; but, though obviously not quite easy in mind as to some of the demands that are being made in India, the Upper House was clearly in favour of continued negotiations along the lines enunciated by the Round Table. Meantime, it is satisfactory to note that Mr Baldwin's speech last Friday has made an excellent impression in India. There, as cabled reports of this week's developments clearly show, much work has to be done, both by Mr Gandhi and by such members of the previous Conference as Sir Taj Bahadur Sapru and his associates, before the Round Table can meet in London with fair prospects of smooth or rapid progress. When Congress meets at Karachi the Mahatma may well have to deal with something very like mutiny, led by Pandit Jawaharlal Nehru; and the meeting of the All-India Muslim League, which evinced no inclination to abate Muslim claims to majority representation in the Punjab and Bengal, points to another major unsolved difficulty. On the other hand, though the proceedings in this week's session of the Chamber at Delhi have so far evoked no jarring note of dissent from the Federal plan, it still remains to be seen how far the Princes are being disquieted by some of Mr Gandhi's allusions to the difficulty of reconciling "autocracy and democracy," unless the latter is master in the house. Thus, on all hands the need for better understanding between these various interests in the next few years is obvious. We trust that no partisan ebullition in this country will prejudice the negotiations between Indians in India.

The Economy Committee.—The names have now been announced of the new "axe" Committee which is to examine the whole field of State expenditure and tell the Government how it can cut its coat according to its cloth. The chairman is Sir George May, who has recently retired from the secretaryship of the Prudential Assurance Company, and he will have as colleagues such experienced business leaders as Sir Mark Webster Jenkinson, Sir Thomas Royden, and Mr P. Ashley Cooper. Accountancy is represented by Lord Plender and Mr Charles Latham, and a workmanlike body is completed by the inclusion of a widely respected trade union leader in the person of Mr Arthur Pugh. The only criticism which suggests itself is that a committee of seven is too large for the purpose of a rapid survey. The terms of reference are satisfactorily wide. The Committee is to make recommendations "for effecting forthwith all possible reductions in national expenditure on supply services." Matters of policy, of course, remain for the exclusive decision of the Cabinet, but "it will be open to the Committee to review expenditure and to indicate the economies which might be effected if particular policies were either adopted, abandoned or modified." They are therefore at liberty to range over the whole field of practicable economies, and we trust that they will take full advantage of the opportunity.

End of the Tariff Truce.—The conference at Geneva has this week decided not to proceed further with the Tariff Truce Convention, owing to the small number of States that have ratified it. This result had been foreseen for some time, for the trade slump has made many Parliaments unwilling to undertake general commitments, however modest, in the field of commercial policy. This does not mean that there will be an immediate outbreak of tariff wars; indeed, there are at present no signs of this, and it is not unfair to say that in many countries there is a clearer recognition than hitherto of the dependence of national well-being on general prosperity. But the failure of the particular method which Mr Graham proposed eighteen months ago for giving effect to the principles of the World Economic Conference is disappointing; for, as Mr Colijn recently pointed out to the Council of the League, the present situation leaves the nations free to drift once more into tariff rivalry—the effects of which on the trade of Europe would be disastrous. The collapse of this plan does not, however, mean the definite and

final repudiation of the principles laid down at Geneva. It does mean, it is true, that the difficulties in the way of general agreements—whether as regards tariff rates for particular commodities or in the form of undertakings not to raise tariffs for a period—have proved insurmountable. But other movements are on foot. We recently reported in the *Economist* the agreement reached at Christmas between Holland, Belgium, and the Scandinavian countries to apply the truce principles between themselves; the Agrarian States of Eastern Europe are still endeavouring to reach a common economic policy, both between themselves individually and as a group *vis-à-vis* industrial countries; Great Britain is in negotiation with seven European countries—as a result of the autumn Conference at Geneva—for reductions in tariffs on particular commodities; M. Briand's European Committee must inevitably, and before long, come up against the tariff issue; and, as we write, a meeting of the Central European Economic Council is discussing the basis of a possible agreement among a limited number of countries. Necessity will, in fact, drive the nations towards understandings which will permit of free exchange as the only alternative to war. But behind all these discussions lies the difficulty arising from the strict interpretation of the "most-favoured-nation" clause, which forbids discrimination and compels countries to extend any concessions made to a particular country, not only to others whose tariffs are moderate, but to those whose barriers may be unreasonably high. For years, many countries of Europe have been chafing against this interpretation, which has tended to prevent any concessions being made at all. Before further headway can be made, it is clear that a fresh consideration must be given to this problem with a view to discovering whether it is not possible to evolve a statement of principle which will make possible special and limited agreements without opening the door to unlimited discrimination.

Sir Josiah Stamp's Revenue Tariff.—Hot on the heels of Mr Keynes' article advocating a revenue tariff comes a statement from Sir Josiah Stamp, who, unless rumour lies, sided with Mr Keynes in the committee of economists which reported to the Economic Advisory Council last October. Sir Josiah Stamp's Oldham speech, however, makes it clear that he differs from Mr Keynes both as regards the form and the intent of his proposed tariff. Sir Josiah describes his proposal as a third-rate expedient and puts it forward only because he can think of nothing else to suggest. He takes the view that it is essential to raise prices if trade is to be stimulated, and he therefore proposes a flat rate of 10 per cent. on everything brought into the country, food, raw materials and all. As his sole object is to raise prices and as all the old dangers of tariffs, in his view, still threaten, he supports the suggestion only on the strict understanding that the tariff is to be taken off automatically as soon as the price-level rises to a given figure. We will leave it to Mr Keynes and Sir Josiah Stamp to settle between them whether a moderate revenue tariff will or will not raise prices by any given amount. But assuming that Sir Josiah Stamp is right, we would put to him two questions—one political and the other economic. The political question is whether he really feels satisfied that there could possibly be any guarantee that such a tariff would be removed when the price index number reaches any given figure. Is it conceivable that protected industries, when they had once experienced the advantages of "shelter," would agree to the tariff being taken off in accordance with a figure calculated by some unknown official at the Ministry of Labour or at the Board of Trade? Half the workers in the country have no confidence in the cost-of-living index, and hardly anyone knows, outside a limited group of experts, how the wholesale index is calculated. In any case, which is the index by which Sir Josiah Stamp would have this vital matter of commercial policy determined? Our economic question is even more far-reaching. Does Sir Josiah really think that the situation of this country would be improved by raising our internal price-level by, say, 10 per cent., while international prices remain unchanged? We can

well understand that certain home trades might benefit from such a plan, including British railways, but what comfort has it to offer to our great exporting industries in which the great bulk of our present unemployed are normally occupied? We can understand that such a plan might lead us to abandon the gold standard owing to the disparity of price-levels—with all the disastrous consequences which Mr Keynes now says would follow such a step, including still further unemployment among our commercial classes, our shipping, our export industries and others. What hope is there under Sir Josiah Stamp's plan of bringing back the whole working population into employment, seeing that the only certain thing about his scheme is that the exporting industries of the country would be more seriously handicapped than ever? Now that two members of the committee of economists have made public their point of view, surely there is no reason why the report of that committee and the views of the remaining members should not now be made public. That report would make clear why other economists do not accept the fiscal views either of Mr Keynes or of Sir Josiah Stamp; but even more important, it would no doubt indicate what steps need to be taken in fields other than that of fiscal policy to remedy the grave difficulties with which the nation is beset.

Aristide Briand.—Last Saturday was the twenty-fifth anniversary of Monsieur Briand's first attainment of a ministerial portfolio. Out of this span of twenty-five years he has been in office altogether fifteen years and eight months (a record only beaten in France by the sixteen years of which Monsieur Poincaré can boast). During this time he has been a member of no less than twenty-six Cabinets, and eleven of these have been under his own leadership. In his steady rise from French to European fame some of his greatest successes have been scored, like those of Herr Stresemann, at moments when he was not Prime Minister but Foreign Secretary. It is, indeed, in the conduct of French foreign policy that his political career has culminated; and it is his opportunist but indefatigable activity in the cause of international peace and European reconciliation that has given him his special distinction among French statesmen of his age. In other respects his career has not been out of the way. The passage from the flamboyant Socialism of his youth to the discreet Conservatism of his old age is characteristic of public men in all countries, though the extent of the political gamut which a single politician is expected to traverse in a single lifetime is perhaps greater in France than elsewhere. The anti-clerical who comes to terms with the Church (and Monsieur Briand began to move in that direction at an early stage) is also a well-known figure in French politics; and so is the brilliant extempore orator, who can move mountains by kindling in others a faith which can hardly be supposed to burn in the orator's own sceptical heart. This gift for oratory and improvisation has been a bond of affinity between Monsieur Briand and Mr Lloyd George. The Welsh statesman, no doubt, would be inclined to put this down to a common Celtic origin. Yet Aristide Briand—if we are to trace his roots below and beyond the soil of modern France—hails, surely, not from "the Celtic Fringe," but from that ancient Mediterranean world which is the source and heart of civilisation. If Themistocles, the Athenian, had been permitted by the gods to live his life again in the modern world, assuredly he would have elected to be a politician in France, and assuredly, too, he would have put his political adversaries off their guard by camouflaging himself under the name of his dull and impeccable rival Aristides the Just. Themistocle Briand? It sounds convincing. Yet Aristide may not be a misnomer after all. For is the dullness and the impeccability of the original Aristides altogether above suspicion? Aristides the Athenian founded a Pan-Hellenic confederacy and, lo and behold, it evolved into an Athenian Empire. Aristides the Frenchman is engaged at this moment in founding a Pan-European Union which may be destined to evolve into a French—but that is another story, which we can safely hold over till this veteran statesman celebrates his diamond jubilee, ten years from now.

The Revenue.—An examination of the latest return of the Exchequer's revenue and expenditure up to March 14th leads to the conclusion that our forecast a week ago that the deficit for the current year might be nearer £20 than £25 millions, requires modification. Comparison with the corresponding week of last year is vitiated, of course, by the altered arrangements in connection with debt payments by France and Italy, the last instalment of which for the current year will be shown in next week's return. When due allowance is made for this factor, the fact remains that the expansion of revenue noted in recent weeks, as compared with corresponding receipts in 1929-30, appears to have undergone, temporarily at least, a check. Surtax and estate duties are still coming in well, but the position as regards the yield of income tax has considerably deteriorated. Revenue in the last fortnight of the financial year is apt to play odd tricks on forecasters, but considering the fact (1) that the deficiency at present is £5.8 millions greater than a year ago, (2) that £11 millions more than a year ago remains to be provided on account of the fixed debt charge, and (3) that the final deficit last year was £14.5 millions, it looks as though the deficit on March 31st, even if the inflow of revenue regains the rate attained during the six weeks up to March 7th, will be at least £25 millions. There is a possibility, indeed, that the figure may be nearer £30 millions, but the lower estimate seems on the whole more likely.

The London Traffic Bill.—The London Passenger Transport Bill, whose text was issued last Friday, is a voluminous measure containing 68 clauses and nine schedules. It provides for the appointment of a Board, whose five members, nominated by the Ministry of Transport, shall be "persons who have had wide experience, and have shown capacity in industry, commerce or finance, or in the conduct of public affairs." The Board's functions shall be "to secure the provision of an adequate and properly co-ordinated system of passenger transport in the London Traffic area"; and it is to take over the whole of the Underground Group, the Metropolitan Railway, all the tramways, and the "independent" omnibus undertakings, not the suburban lines of four main-line railway groups. The method of acquisition is to be mainly by exchange of stock on terms to be agreed, subject to appeal to an arbitration tribunal; and the fares to be charged will be open to revision by the Railway Rates Tribunal. The Bill obviously raises, both in principle and in detail, considerations of public interest too important to be discussed in a brief note. The tests which must be applied to its provisions are, firstly, will the Bill promote efficiency of management, and, secondly, will it ensure that the consumer obtains the cheapest possible transport? Both these questions we hope to discuss more fully in a later issue.

International Production in 1930.—The incidence of the almost world-wide trade depression on the main industrial communities during the past year is illustrated by the following table, in which we have converted the indices of the physical volume of production of the various countries to a percentage of the average of 1924:—

INTERNATIONAL PRODUCTION INDICES.
(1924 = 100.)

Period.	United Kingdom.	France.	Germany.	Sweden.	Canada.	United States.
	Board of Trade.	Statistique Générale.	Institut für Konjunkturforschung.	Svensk Finansstatistik.	Monthly Review of Business Statistics.	Federal Reserve Board.
1927 Average	106.8	100.9	145.1	110.6	134.5	111.6
1928 "	105.5	116.6	144.9	*105.8	149.1	116.8
1929 "	111.8	127.5	147.4	129.8	166.4	125.3
1930 "	103.3	129.6	†124.4	126.0	141.4	†102.1
Inc. (+) or Dec. (−):	%	%	%	%	%	%
1928	− 3.2	+ 15.6	− 0.1	− 4.3	+ 10.9	+ 4.7
1929	+ 6.0	+ 9.4	+ 1.7	+ 22.7	+ 11.6	+ 7.3
1930	− 7.6	+ 1.6	− 15.6	− 2.9	− 15.0	− 18.5

* Affected by industrial disputes.

† Preliminary.

A comparison of the past year with 1929 shows that the recession was most pronounced in the United States,

Canada and Germany, but it will be noticed that the indices for the last two countries are still well above the level of 1924. The relatively smaller decline in the volume of production in the United Kingdom and Sweden is partly explained by the fact that in the former country the depression began only in the second quarter, and was not felt before the third quarter in Sweden. France, which shows a rise of 1.6 per cent., seemed at first to be almost immune to outside influences, but since July last a slight decline has been noticeable. It will be seen from the next table that the downward trend in the volume of production, which became generally marked after the second quarter, continued to the end of last year:—

1924 = 100.						
Period.	United Kingdom.	France.	Germany.	Sweden.	Canada.	United States.
1929—Fourth Quarter	114.0	130.9	144.4	128.8	158.9	114.7
1930—First Quarter	110.9	131.9	135.8	143.3	149.2	110.5
Second Quarter	103.1	132.3	130.0	128.8	150.7	109.1
Third Quarter	99.4	128.7	117.0	121.2	135.5	97.2
Fourth Quarter	99.0	125.0	114.7	117.3	129.1	89.1
December.....	...	124.1	114.2	115.4	118.7	86.3

* Quarterly index. † Adjusted for seasonal variations. ‡ Partly adjusted for seasonal variations. § Preliminary.

During the last quarter of 1930 the decline was particularly severe in the United States and Canada, and in December the index for the former country was 13.7 per cent. below the level of 1924. The January indices for France and Sweden, at 123.1 and 108.7, record a further drop as compared with December.

Iron and Steel in February.—A slight improvement in iron and steel production was recorded in February, for although pig-iron production dropped from 337,200 tons to 320,200 tons, as compared with January, the daily rate of production showed an increase of 5 per cent. Unfortunately the number of furnaces in blast declined by two during the month to 81, or exactly half the number in operation at the end of February, 1930. Steel production increased to 486,400 tons from 402,200 tons in January; part of the increase, however, was due to the effect of New Year holidays in Scotland during the previous month. Imports of iron and steel fell from 221,800 tons in January to 177,100 tons in February (the lowest figure recorded for two years), the biggest decline occurring in billets, blooms and slabs. The most disappointing feature of February was the exports. These amounted to only 143,500 tons, and were the lowest of any month since September, 1921. Exports of pig iron fell to 13,300 tons, a figure not reached since February, 1927, and galvanised sheets to 18,100 tons, or less than in any month since August, 1921. The serious decline in exports is explained in a great measure by difficulties in countries which have hitherto been Great Britain's best markets. For instance, in February, 1930, over half the exports of galvanised sheets went to India, Australia and New Zealand, which took 14,460 tons, 6,556 tons and 2,228 tons respectively; in February, 1931, these markets took only 5,067 tons, 13 tons and 1,277 tons respectively. Of all the forms of iron and steel which it is possible to allocate to markets from the monthly Trade Returns, exports fell—to the Argentine from 27,778 tons in February, 1930, to 8,180 tons in February, 1931; to India and Ceylon from 25,017 tons to 11,384 tons; to Australia from 23,171 tons to 2,892 tons; to Japan from 11,063 to 1,684 tons, and to New Zealand from 9,789 tons to 4,437 tons. Very few countries show an increase between the two periods, the most notable being Canada, exports to whom rose from 3,577 tons to 4,562 tons.

International Cotton Statistics.—The International Federation of Master Cotton Spinners and Manufacturers Associations have this week published the usual half-yearly statistics relating to consumption and stocks. A feature of the returns is the further decline in the use of raw cotton, and particularly of American qualities, throughout the world. During the half-year ended January 31st last the world consumption of all kinds of cotton was 11,164,000 bales, of which 5,278,000 bales were

American. In the previous half-year the total was 12,007,000 bales (American 5,940,000 bales), whilst in the half-year before that the total was 13,202,000 bales, of which 7,083,000 bales were American. It is significant that Great Britain during the half-year ended January 31st last consumed only 493,000 bales of American cotton, against 880,000 bales in the same period of the previous year. It may be pointed out that throughout the world the consumption of what are known as outside growths is now larger than the use of American cotton. With regard to stocks, the total at the mills of the world on January 31, 1931, was 4,586,000 bales, against 4,931,000 bales at the same time in 1930, the stocks of American qualities being reduced during the twelve months from 2,742,000 bales to 2,427,000 bales. The Federation has also published information relating to short time. It is stated that with regard to Great Britain the stoppages in the American section amounted to 14.79 weeks, and in the Egyptian section to 10.42 weeks during the half-year ended January 31st last. There were 78 firms with 4,246,700 spindles in the American section, and in the Egyptian section 10 firms with 553,024 spindles, completely stopped during the six months. The Federation confirms recent reports that the cotton industry in India is gradually "going finer," as during the past half-year the number of spindles on Egyptian cotton was 348,000 as compared with 93,000 in the previous six months.

The Cost of Living in February.—On February 28th the Ministry of Labour's index number of the cost of living stood at 50 per cent. above the level of July, 1914. This compares with 52 per cent. at the end of January and 61 per cent. a year ago. For food alone the index recorded a 34 per cent. rise at the end of February, against 36 per cent. a month ago and 50 per cent. a year ago. An examination of the group figures from which this official cost of living index is built up suggests very strongly the need for its revision. Apart altogether from the general consideration that the sample budgets on which the index number is based are now too out-of-date to be representative of present-day consumption, it seems remarkable that the clothing index, which now stands at 200 (July, 1914 = 100) has fallen by only 7½ per cent. since this time last year. In view of the considerable cheapening which has recently taken place in most articles of wearing apparel, the extraordinary rigidity of this component of the index appears to require explanation.

Employment in February.—The fluctuations in the course of employment, which were a noticeable feature of the first month of the year, continued in February, but the position at the end of that month showed a small net increase in the numbers unemployed. According to the *Ministry of Labour Gazette*, among the workpeople insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at February 23rd was 21.7. This compares with 21.5 per cent. at January 26th, and 12.9 per cent. at February 24, 1930. It is estimated that approximately 9,224,900 insured persons, aged 16 to 64 years, were in employment on February 23rd, as compared with 9,128,300 a month ago (when the figures were affected by the cotton dispute), and 10,016,700 a year ago. Those registered as "wholly" unemployed at February 23rd amounted to 1,888,716, this being 13,386 more than at January 26th, and 804,821 more than at February 24, 1930. On the same dates the numbers of workpeople temporarily without employment totalled 613,692, 607,443 and 366,844 respectively. Of those normally in casual employment, 115,250 were registered as unemployed on February 23rd, showing an increase of 5,373 over the January figure, and 26,724 over a year ago. The latest return of the Ministry of Labour, dated March 9, gives a figure of 2,691,737 as the total of persons unemployed at that date—an increase on the week of 57,163. This appears to be due mainly to the temporary stoppages in the Yorkshire and Midland coal-mining areas. But the number, included in the total, recorded as "wholly" unemployed has risen ominously to 1,908,867—an increase of 20,000 on the figure for February 23rd.

South Wales Mining Wages.—The delegate conference of the South Wales Miners' Federation held last Monday revealed the depth of the bitterness with which the arbitration award on wages, noted in these columns last week, has been received in that coalfield. Only by a steadfast refusal by the Chairman to accept the motion was the conference prevented from resolving on immediate strike action. In the end a week's adjournment was agreed, to give the lodges an opportunity to consider a resolution, proposed and strongly urged by the Executive, that the Miners' Federation of Great Britain should be asked to call a special national delegate conference, whose business would be to frame amendments to the Minimum Wage Act of 1912, providing that minimum rates payable shall equal those paid in 1914, plus a percentage to cover the increased cost of living. We have every sympathy with the South Wales miners, whose present position is deplorable; but the legislation contemplated in this resolution is neither sound economics nor practical politics. On the other hand, if the resolution is endorsed by the lodges, and acted on by the M.F.G.B., the Government seem likely to have a *mauvais quart d'heure* in explaining to mining supporters their inability to legislate.

The Motor Industry in 1930.—By the courtesy of the Statistical Department of the Society of Motor Manufacturers and Traders we are enabled to supplement the preliminary figures recently published of American motor-car production with a provisional estimate of output in this country during 1930:—

NUMBER PRODUCED.
(000's omitted.)

Period.	United Kingdom.			United States.		Canada.	
	Total.	Private Cars.	Commercial Vehicles.	Total.	Private Cars.	Total.	Private Cars.
1927.....	212	165	47	3,401	2,941	179	147
1928.....	212	165	47	4,359	3,321	242	137
1929.....	239	182	57	5,358	4,586	263	207
1930.....	237	172	65	3,351	2,818	154	125

The number of motor vehicles produced in the United Kingdom during 1930 almost equalled that of the preceding year, a decrease in private cars being largely offset by an increase in commercial vehicles. In the United States, output fell by over 37 per cent., while the number of motor vehicles produced in Canada was 41 per cent. below the level of 1929. As the next table shows, the world depression with its consequent decline in purchasing power proved a severe handicap to export trade in an article for which the demand is highly elastic:—

NUMBER EXPORTED.
(000's omitted.)

Period.	United Kingdom.				United States.		Canada.	
	Total.		Private Cars.	Commercial Vehicles.	Total.	Percentage of Production.	Total.	Percentage of Production.
	Number.	Percentage of Production.						
1927.....	36	16.8	Not available	7	384	11.3	57	32.1
1928.....	33	15.4	26	7	508	11.6	80	32.9
1929.....	42	17.7	34	8	547	10.2	102	38.6
1930.....	30	12.5	23	7	224	*7.0	*43	*29.0

* 11 months, January-November.

In all three countries total exports as well as the ratio of exports to production showed a sharp contraction in 1930. British producers obtained some compensation in securing a larger proportion of the home market, for imports into the United Kingdom declined from 39,100 units in 1929 to 12,400 units in 1930. The total number of motor-cars registered in this country increased from 1,408,700 (including 980,900 private cars) at the end of 1929 to 1,505,700 (including 1,056,200 private cars) at the end of 1930. New registrations of all motor vehicles in 1930 at 222,800 were 16,100 below those of the preceding year, but exceeded those of 1928 by 12,100. The number

of new private cars registered in the most popular horsepower classes are set out below:—

NEW REGISTRATIONS OF PRIVATE CARS.

(000's omitted.)

	1928.	1929.	1930.
8 h.p.	26	40	40
10 h.p.	5	9	11
12 h.p.	34	32	25
15 h.p.	6	11	22
16 h.p.	10	17	18
Others	77	56	39
Total	158	165	155
Percentage enclosed cars...	70.7	83.7	89.1

The above table shows that the "Baby" car has again been in favour, but the outstanding feature is the increasing use made of the medium-powered class.

Vital Statistics 1929-30.—It appears from the final volume of the annual review of the Registrar-General that 1929 was a year of exceptionally low natural increase in the population. Owing partly to the influenza epidemic and partly to the very severe weather of the early months, the death rate, at 13.4 per thousand, was the highest since the influenza epidemic of 1918, while the birth rate at 16.3 was the lowest on record. In consequence, the mean annual rate of increase fell to 2.9, the lowest hitherto recorded except in 1918. The quarterly returns for 1930, on the other hand, show a natural increase of 194,033, against an average in the preceding five years of 191,824, for though the birth rate, according to provisional figures at the middle of the year, was unchanged, the death rate had fallen to 11.4. The marriage rate rose in 1929 from 15.4 to 15.8 per thousand total population, and remained at that level in 1930. The increased mortality rate in 1929, due, as it was, largely to severe weather, affected principally the very young and the very old. The increase over 1928 was 22 per cent. for children under 5 and persons over 75, ranged from 12 to 15 per cent. in the age groups between 45 and 75, and was only 5 or 6 per cent. among children over 5 and young people under 25. Infant mortality rose from 65 to 74 per thousand and, as usual, was highest in the North and in county boroughs, and lowest in the rural districts of the South. According to the provisional figures for 1930, the rate fell again to 60 per thousand live births, the lowest ever recorded. A rise in the rate of mortality from respiratory tuberculosis in 1929 is attributed to the influenza epidemic and should not be taken as a sign of any interruption in the steady decline of the death rate from this disease. An even more marked fall took place in the mortality from non-respiratory tubercle. The number of deaths from cancer is the highest yet recorded. The effect of insulin in 1923 in reducing the death rate from diabetes among persons under 55 has been marked by an increase, which was very sharp in 1929, in the death rate among older persons. Diseases both of the heart and of the respiratory system were very much higher than in previous years, but the increase occurred largely in the first quarter and was presumably mainly due to the hard winter. Puerperal mortality continued its upward movement in 1929.

A Trust Chairman on Germany.—At the annual general meeting of the British and German Trust, Ltd., the chairman, whose speech is reported more fully on a later page, gave an informative review of the position and prospects of Germany. During 1930, he observed, Germany had exhibited, in diminished production and increased unemployment, much the same symptoms of depression as Great Britain and America. On the other hand, her export trade had declined by a much smaller percentage than had been the case with either the United States or this country, partly because the principal British and American export markets were the raw material producing countries whose purchasing power had been most

seriously affected by the fall in commodity prices, whereas between three-fourths and four-fifths of German exports were made to European countries, who had not felt the effect of the general price fall so severely; and partly because the need to meet reparation payments had put a severe pressure on Germany to provide foreign exchange, with the result that she was studying the export market intensively, and, in some instances, selling products abroad at prices which showed no profit. Having noted that money rates in Germany, as a result of the shortage of capital at home and the consequent necessity of attracting foreign short-term money, had ruled high throughout the year, Mr Wagg referred to the estimate of the Institut für Konjunkturforschung that, notwithstanding the constantly recurring reports about heavy withdrawals of funds from Germany, there had been, on balance, an influx of capital in 1930 amounting to approximately one milliard marks, against 2.9 milliards in 1929. With regard to the future, he expressed the opinion:—"It seems, however, clear that if Germany secures a less favourable trade balance this year than last, as seems probable, and if the flow of capital from abroad, either in the form of loans or credits, further diminishes, some adjustment of reparations payments will have to be made." He emphasised the point that the fall in prices which has occurred since the Hague Agreement was signed in January, 1930, has had the effect of already rendering illusory the relief which the Young Plan was to give Germany, and he expressed the hope that the first move in the direction of a permanent adjustment of the conditional reparations payments—there could, of course, be no question of an adjustment affecting the security of the Dawes Loan and the Young Loan—should come from the United States. He added:—"Intelligent financial opinion in that country, I believe, generally recognises the necessity for some revision, and this feeling is gradually being disseminated, together with a realisation that the normal development of trade and international intercourse is greatly hampered by these immense international transfers." Mr Wagg's estimate of the trend of intelligent financial opinion in America is very probably correct; but what is true of Wall Street, or, indeed, of New York, is by no means necessarily true of the Middle West, and, we fear, it may be some time before a move by Washington on the lines desired by Mr Wagg will command the support of the majority of the less well financially informed American electorate.

The Commonwealth Bank.—The report of the Commonwealth Bank of Australia for the six months ending December 31, 1930, covers, in the main, familiar ground. It discusses frankly the relations between the banks and the Government, saying that "the calls made upon the banking resources of Australia to meet the general position have never relaxed, and the very serious aspect of this matter reflects itself in the heavy drain on banking funds to carry over governmental budget deficits. The fact cannot be disguised that this process is of an inflationary nature, and continual indulgence must eventually lead to the undermining of our monetary system. . . . At the end of the year the unfunded debts of the Governments of Australia, represented by overdrafts and Treasury bills in Australia and London, amounted to £53,000,000. In view of the fact that Government Budgets do not make adequate provision for meeting the current expenditure, and, therefore, must add to the floating indebtedness, when liquidation thereof should be in process, it requires no overstatement to indicate how perilous the position is. The internal business of the country shows progressive shrinkage, as was only to be expected in the absence of purchasing capacity. There is a lack of confidence on the part of the community generally and an absence of enterprise. The effect of all this is cumulative and must gather volume as it progresses, increasing unemployment and all attendant evils. No improvement is possible until the whole situation is definitely faced and we return to sound economic principles. There is no escape from the results of unsound methods, and rectification can be achieved only through the adoption of sane and sound procedure. The longer

the reckoning remains unfaced the more difficult and serious it must be." This is the Commonwealth Bank's view of the situation, and it only confirms what has already been said by many other competent authorities. The report contains several other interesting passages. It calls attention to the development of closer relations between the Commonwealth Bank and the Trading Banks, and makes the important point that "to-day the Commonwealth Bank is in reality functioning as a central bank, and the reserves of the Trading Banks deposited with the Commonwealth Bank are fully in accord with the requirements of central banking." This suggests that, in the opinion of the Commonwealth Bank, there is no need for the establishment of a new Reserve Bank as was proposed in the Bill introduced last summer and now in abeyance; and it will be of interest to see what are the political repercussions of the statement of this opinion. The earlier paragraphs of the report take the standpoint of restrained optimism. It is pointed out that Australia's difficulties are by no means unique, but are common to many countries, and it is stated that seasonal conditions, coupled with an absence of drought, to-day favour Australia. Altogether the report takes a sane view of Australia's current difficulties.

Hong Kong and Shanghai Bank.—The accounts of this important Eastern bank during the past three years inevitably reflect the wide fluctuations in the price of silver, or, to be more precise, in the exchange value of the Hong Kong dollar. The salient features in the account are shown below, the sterling exchange rate current at each date being added:—

	Dec. 31, 1928	Dec. 31, 1929	Dec. 31, 1930
	\$ mill.	\$ mill.	\$ mill.
Notes	48.4	64.9	108.2
Current accounts	376.2	434.9	629.4
Fixed deposits	171.8	219.9	295.9
Cash	99.6	125.8	174.6
Securities	117.1	129.4	284.0
Discounts	268.5	335.6	448.9
Acceptances	5.6	6.4	5.0
Net profit for year to date	13.4	14.1	20.7
	£	£	£
Dividend per share	6	6	6
Bonus per share	2	1	1
Sterling exchange rate ..	2s. 0½d.	1s. 7½d.	1s. 1½d.

Several interesting considerations arise from comparisons of fluctuations in the exchange, in sterling commodity prices, and in the various items in the bank's accounts during these two years. From the shareholders' standpoint the fall of 46 per cent. in the exchange has outweighed the increase of 56 per cent. in the bank's dollar profits; hence the reduction in the bonus. From the more general standpoint, the 46 per cent. fall in the exchange outweighs the simultaneous fall of 28 per cent. in wholesale commodity prices measured in sterling, so that in all probability the average price of imported goods subject to world market influences, at least when measured in Hong Kong dollars, is higher to-day than it was two years ago. This explains part of the steady growth during the past two years in the bank's principal assets and liabilities, when expressed in dollars, though as sterling prices have fallen it is only natural that these items, when expressed in sterling, should have contracted during this period. Finally, the disequilibria and mal-adjustments brought into being by these uneven movements are one reason why the Far East has shared in the general trade depression; and the fall in acceptances since a year ago is clear evidence of this. The management of the bank, both in the Far East and in London, have had many difficulties to contend with, both economic and, so far as China is concerned, political. Though in one sense the increases in the bank's assets, when measured in dollars, may have automatically followed the fall in the dollar, they also point to the prudent manner in which the affairs of the bank have been administered and to the progress it is making under very adverse circumstances.

Transvaal Gold Output.—According to the statistics issued by the Transvaal Chamber of Mines output of gold of the mines of the Transvaal during February amounted to 839,937 ounces of fine gold, which compares with 818,188 ounces of fine gold produced during February, 1930. The January, 1931, output was 914,576 ounces of fine gold, which compared with 882,801 ounces in January, 1930. The following table shows the monthly output since the beginning of 1925:—

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	752,925	753,924	779,539	816,133	815,284	818,188	839,937
March	825,479	834,340	860,511	877,380	866,529	889,370	...
April	787,519	803,303	824,014	825,307	872,123	868,606	...
May	813,249	849,214	859,479	886,186	897,598	916,213	...
June	780,251	852,145	855,154	862,363	856,029	887,867	...
July	818,202	860,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,663	899,601	921,081	...
September	797,247	839,939	842,118	857,731	849,563	905,176	...
October	812,832	853,296	855,743	897,720	888,690	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,432	...
Total	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	1,754,513

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	June, 1930.	July, 1930.	Aug., 1930.	Sept., 1930.	Oct., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.
Gold mines	201,324	201,111	202,257	205,061	206,774	205,030	203,473	209,442	209,777
Coal mines	14,943	14,670	14,788	14,706	14,492	13,973	13,763	13,865	13,740
Diamond mines	5,126	5,490	5,754	5,767	5,032	4,748	4,607	4,325	4,333
Total	221,393	221,271	222,799	225,534	226,292	223,751	221,843	227,632	227,850

The native labour figures show little change on the month.

INSURANCE NOTES.

London Life Association.—There has been a further remarkable expansion of new business during 1930, and the total life business of £8,126,514 constitutes "easily a record for the association." In view of the cessation of single premium (with loan) business this is a considerable achievement for a company which pays no commission and relies entirely on its merits and the loyalty of its connections. Separate figures are furnished for each class of business transacted, and these show that the increase has occurred entirely in without-profits business, the high proportion of which to the total is a powerful aid to the profits available for the with-profits policyholders. New annuity policies were issued during the year providing immediate annuities of £7,697 per annum, and deferred and reversionary annuities (nearly all in connection with pension schemes) for £107,191 per annum. In addition, sinking fund policies were issued for sums assured of £911,955, compared with £611,163 in 1929. Claims by death show a substantial increase in 1930, the total being £882,960, compared with £688,527 in 1929, and expenses are slightly higher at 5.6 per cent. of the premiums. The interest earnings have inevitably been affected by the rise in income tax and the cheapness of money, and the net rate has declined from £4 11s. 11d. per cent. to £4 9s. per cent. The usual annual valuation has been made and the results are as follows:—

	1928.	1929.	1930.
	£	£	£
Surplus earned during the year	128,536	166,438	148,877
Investment profits realised	6,666	23,013	24,863
Brought forward from previous year	7,751	20,438	27,648
	142,953	209,889	201,388
Allocations:—			
Bonuses to policyholders	108,675	122,667	134,426
Strengthening of valuation reserves	...	29,794	...
Written off investments	...	...	33,522
Investment reserve fund	8,972	28,463	15,700
Staff superannuation fund	4,868	1,317	...
Carried forward to next year	20,438	27,648	17,741
	£142,953	£209,889	£201,388

The reversionary bonus has been maintained at the same rate as that to which it was raised two years ago, namely, 40s. per cent. compound. It is stated that an internal valuation on a 4 per cent. basis indicates funds on hand sufficient to provide a 35s. per cent. bonus for the remaining duration of the policies without taking into account any future profits from without-profits business or interest earnings in excess of 4 per cent. :—

	1928.	1929.	1930.
	£	£	£
Surplus earned during the year	153,361	164,551	174,323
Investment profits realised	25,523	77,393	74,805
Brought forward from previous year	33,450	34,076	31,999
	212,334	276,020	281,127
Allocations:—			
Strengthening of valuation reserves	21,244	33,693	32,690
Provision for increase in rates of reduction of premium	121,044	129,060	90,364
Written off investments	...	...	100,856
Investment reserve fund	22,831	77,687	38,400
Staff superannuation fund	13,138	3,581	...
Carried forward to next year	34,077	31,999	18,817
	212,334	276,020	281,127

The profits earned in this fund are allotted in the form of a reduction in the full rates of premium payable and the provision made for this purpose has permitted an increase in the rate of reduction of two, compared with three per cent. in each of the last few years—a precautionary measure in view of investment depreciation since December 31st and unfavourable anticipations about the future rate of interest. The actual rates of reduction now range from 138 per cent. in the oldest series to 48 per cent. in the current series. The value of the assets of £22 millions shows a depreciation during 1930 of £180,000, reduced by the application of realised profits to a net loss of £30,000. A note to the balance sheet indicates that, after taking into account the investment fluctuation fund and other reserves, the actual value of the total assets exceeds the valuation liability by £917,000.

Employers Liability Assurance.—A short time ago the Employers Liability celebrated its jubilee and a note appears in the 1930 report to the effect that "During the half century of its existence the Corporation has paid to its policyholders over £59,000,000; in dividends to its shareholders over £4,500,000, and in taxation throughout the world over £4,600,000." In spite of the universal trade depression the total premium income in 1930 was well maintained, the amount, namely £7,430,000, being only some 3½ per cent. less than the 1929 total. Though transacting all classes of business except life and marine, the company's interests are centred predominantly in U.S.A. casualty insurance, and its fortunes necessarily fluctuate with the ups and downs of what has in recent years been a relatively unprofitable class of insurance. It was hardly to be expected that the results of such a year as 1930 would show improvement over former years, and the following detailed figures must be studied in relation to the general position of trade and industry:—

	1929 Profits.	Percentage of	1930 Profits.	Percentage of
	Amount.	Prems.	Amount.	Prems.
	£	£	£	£
Fire	4,839	1.1	27,385	6.3
Accident	26,521	6.9	23,742	6.0
General	266,603	3.9	156,157	2.4
Investment and exchange profits	19,922	...	49,218	...
Gross surplus	317,885	...	256,502	...
Less taxes	237,332	...	248,573	...
Net trading surplus	80,553	...	7,929	...

Interest earnings show a small increase from £291,291 to £298,327, and now suffice to cover the dividend with a small margin. The 1930 net dividend costs some £10,000 less than formerly owing to the increase in the rate of tax, and is now at the rate of 100 per cent. gross instead of

80 per cent. net. Interest earnings during the next five years will benefit from the increased surplus distributed by the company's subsidiary, the Clerical, Medical and General, as a result of the recent very favourable quinquennial valuation. The company has been unable to avoid a further drain on its resources from the operations of its marine subsidiary, the Merchant Marine, and to meet the 1930 loss has increased the investment reserve fund by £57,000 to £400,000. Leaving this fund out of the calculation the company's total resources, apart from the paid-up capital, are equivalent to 70 per cent. of the total premium income.

National Provident Institution.—Owing to an alteration in the financial year to coincide with the calendar year, the report of the National Provident covers a broken period from November 21, 1929, to December 31, 1930. Accompanying the annual report is a report on a valuation and distribution of profits for the period November 21, 1927, to December 31, 1930, the first to be made under the new regime of triennial valuations. The results of this valuation compared with those of the preceding investigation are summarised below:—

	November 21, 1923, to November 20, 1927. £	November 21, 1927, to December 31, 1930. £
Trading profits earned during valuation period.....	1,571,345	1,105,267
Capital profits taken credit for during valuation period	126,013	...
Brought forward	162,617	392,261
	1,859,975	1,497,528
Allocations:—		
To Bonuses to policyholders	1,249,714	964,608
„ Reserve for interim bonus	160,000	103,225
„ Staff superannuation fund.....	58,000	20,000
„ Carried forward.....	392,261	409,695
	1,859,975	1,497,528

The distribution to the "with profits" policy-holders takes the form of a reversionary bonus calculated on the original sum assured, i.e., a simple reversionary bonus. For whole life assurances an additional bonus is allotted to policies where the life assured has survived the expectation of life, and for endowment assurances the rates vary with the age at maturity and the duration in force. Specimens of the scheme of bonuses (compared with the rates allotted at the 1927 valuation) are as follows:—

	Annual Rates of Reversionary Bonus.		Duration, 15 years or less.	Duration 18 years and over.
	1927 Valuation. %	1930 Valuation. %		
Whole life assurances	50/-	60/-		
Endowment assurances:—				
Age at maturity—50	39/-	39/-	49/-	
55	43/-	43/-	53/-	
60	48/-	48/-	58/-	
65	53/-	53/-	63/-	
	plus 5% payable on survival only.	plus 10% payable on survival only.		

The policy-holders may well be gratified to receive such handsome bonuses in a period covering the greatest slump in economic history. The Institution has set for itself in the future a very high standard to maintain these bonuses, which have probably never been surpassed by any office in the present generation. Apart from the substantial amount carried forward, there is a further hidden reserve in the difference between the market values and the book values in the balance sheet. Discreet reference to this is made in the valuation report, where it is stated that, "although no Stock Exchange security stands in the books at a higher value than that based on the market price as at December 31, 1930, there is in the case of the majority a large margin which will serve as a substantial investment reserve fund." Comparison of the last two balance sheets discloses very little movement in the investments. British

Government securities have been slightly reduced and mortgages (in accordance with the Institution's traditional policy) increased. The bulk of the new money of the year has gone into railway and other debentures. Having regard to the strength now disclosed by the recent valuation, it is not surprising that the new business of the past year has shown a considerable expansion. The net new sums assured underwritten amounted to £1,639,337, compared with £1,215,234, and the premium income has risen from £717,000 to £801,000.

Merchants Marine Insurance.—Once again the annual report of this old marine company has a melancholy tale to tell. A year ago the directors expressed the hope that the underwriting account of 1929 would approximately balance, but in fact there has emerged a further loss, which has gone to swell the profit and loss debit balance, which now amounts to £377,000, in addition to which the difference between the market value and book value of the securities is £20,000 on the wrong side. Taking only the last five underwriting accounts, though the losses extend back farther than that, the results have been as follows:—

Year.	Premium Income. £	Underwriting Loss. £
1925	335,557	96,743
1926	325,939	187,411
1927	396,295	175,776
1928	367,999	40,000
1929	285,659	30,000
Totals	1,711,449	529,930

The series of losses has stripped the company of all its reserves, and has given rise to the large profit and loss debit balance. The company is controlled by the powerful Employers Liability Corporation, which, since 1927, has guaranteed all its contracts. The parent company acquired control in 1921 for £750,000, and since that time has been engaged in writing down its original investment to its present figure of £125,000. Strenuous efforts have been made, and continue to be made, to rehabilitate the company's position by curtailment of the account and elimination of unprofitable risks. As a result the losses of 1928 and 1929 show a considerable reduction on those of former years. The 1930 account has produced a slightly smaller premium income amounting to £279,225 and first year claims are equivalent to 25.4 per cent. of the premium, compared with 25.6 per cent. in 1929 and 25.9 per cent. in 1928, but the reduction is too small to warrant optimistic hopes as to the final outcome. The company operates a small fire and general account, with premiums of £61,000, and this shows a profit of £4,600 in 1930, as compared with a loss of £2,000 in 1929.

Guildhall Insurance Company.—This company has now lost its independence as a result of the recent acquisition by the London Assurance Corporation of its share capital, and a representative of the parent company now appears amongst the Guildhall's list of directors. One underwriting account only is furnished, combining the operations of the company in fire, accident and general insurance. This account indicates a falling off in premium income, which, however, at £760,000, still comfortably exceeds the 1928 figure. The underwriting surplus shows a small improvement, the amount being equivalent to 2 per cent. of the premium, as against 1.4 per cent. in 1929. A distinguishing feature of the company for a long time past has been the large amount of interest income compared with the cost of the dividend, and advantage has now been taken of this to raise the rate of dividend from 5 per cent. to 10 per cent. Even so, the increased rate of dividend absorbs only £9,700, compared with an interest income of £24,046. In each of the last six years the company has succeeded, as a result of each year's operations, in placing to surplus resources a sum substantially in excess of the underwriting profit, and this satisfactory feature is again evident in the 1930 accounts. The augmentation on this occasion amounts to £23,072, compared with an underwriting profit of £15,108.

Provident Association of London, Limited.—New life policies were issued by this company during 1930 for sums assured of £2,023,496, compared with £1,976,075 in 1929; and the fund has grown to £5,201,000. The grant of loans for house property purchases in conjunction with life policies forms the main activity of the company. Apart from the issue of house property investment policies in the life fund, there is a bond investment fund of £3,878,000, which offers sinking fund policies for a similar purpose. From the shareholders' point of view the enterprise is evidently profitable, for the sums transferred from the various funds to profit and loss account in 1930 amounted in all to £124,000, equivalent to approximately 20 per cent. of the premium income, while interest income yielded a further £67,000. A dividend of 10 per cent. free of income tax was paid to the shareholders and £100,000 has been added to reserves. That the facilities offered by the company for the purchase of small house property by the occupier are also attractive and are appreciated, may be judged by the fact that over 60,000 houses have been secured by the company's policyholders. Over £6 millions out of the total assets of nearly £11 millions are invested in house property mortgages, and the number of borrowers exceeds 17,000. The following summary of a number of statistics given in the company's report is interesting:—

- (1) Out of a total of 17,053 mortgages, no less than 14,339, or between 84 and 85 per cent. of the whole, are represented by mortgages not exceeding £500 in amount.
- (2) Only 93 mortgages out of a total of 17,053 exceed £1,000 in amount.
- (3) No single mortgage exceeds £3,000 in amount.
- (4) Out of a total of 17,053 mortgages for £6,160,536, only 19 for £7,177 were represented by properties in hand and unlet at December 31, 1930.

The company is performing a great social service in fostering owner-occupation of small houses.

Overseas Correspondence.

UNITED STATES.

Treasury — Money Market — Business Conditions — Corporation Profits.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 6.

PROFIT-TAKING in the share markets and increasing reluctance on the part of the public to trade heavily until more convincing signs of business recovery can be seen have not detracted from the all-round better feeling as to general prospects. The adjournment of Congress this week, leaving many Bills which were unpopular with the financial community to die automatically, brought a feeling of relief. The last Congress, many members of which were defeated in last autumn's elections and will consequently not sit in the session which begins next December, was unusually prodigal. Appropriations in large amounts which would not ordinarily have been tolerated were passed and approved by the Administration as emergency measures designed to stimulate trade activity and to relieve those sections of the country which suffered from the drought. The most important piece of legislation was the Bill increasing the amount which ex-service men are entitled to borrow on their adjusted compensation certificates. Applications for loans under this Bill have been taxing the facilities of the Veterans Bureau, have drained the Treasury of most of its cash, and have accounted for new Treasury borrowing.

The Treasury has asked for subscriptions on bonds and certificates for approximately \$1,400,000,000, to refund \$1,109,000,000 in maturing 3½ per cent. notes and to provide cash for other purposes. The offering was largely over-subscribed, and allotments made were about 20 per cent. of applications. The offer corresponded closely with Wall Street's expectations, being about half in long-term bonds and the remainder in one-year and six months' cer-

tificates. A saving in interest will be effected, inasmuch as the long-term bonds allotted, \$593,000,000, will bear 3½ per cent. The twelve months' certificates were sold at 2 per cent. and the shorter terms at 1½ per cent. This operation will provide for the larger and more urgent long-term operations of the Treasury until 1933, when it is expected that the \$6,268,000,000 of Fourth Liberty 4½ per cent. will be called. Short-term financing, however, will be frequently necessary during the remainder of the year. The \$300,000,000 or so obtained above the refunding needs will be by no means sufficient for soldiers' loans, but the Treasury has doubtless calculated that, with the first quarter's income-tax collections, which converge on March 15th, the new borrowing will last it until about the middle of April. It can then rely on non-interest-bearing bill offers until the June tax date. The next Congress, it is feared, will also be a heavy spender, and the Treasury deficit for the fiscal year ending June 30th next is bound to be large. In the circumstances the long-term Government bond market has been rather sluggish, though bonds generally have improved.

A slight stiffening of the money markets is partly seasonal and partly due to a temporary dislocation of funds attending the payment to New York City of a \$100,000,000 new loan and heavy withdrawals of cash by the Treasury from deposit banks. It is expected that the Treasury overdraft at the Federal Reserve Bank at the tax date will be approximately \$200,000,000, but the excessive ease in day-to-day money which ordinarily would accompany such heavy borrowing will probably be offset somewhat by member bank participation in the overdraft. Call money has advanced to 2 per cent., the highest rate since January 2nd, but the underlying tone of the money market continues quite easy. Business demands for cash are not increasing much, and the security markets are making no great drain on short funds. Brokers' loans, after a three weeks' increase of \$82,000,000, in the aggregate, declined this week by \$8,000,000. They are now \$89,000,000 under the total of January 1st, although share prices have risen appreciably in the meantime. It is evident that the position of the market has not been much impaired.

Federal Reserve Bank operations are designed to maintain the money market on an even keel. Total credit outstanding, as shown by this week's statement of the system, was slightly lower, due to smaller holdings of bankers' bills. Discounts and Government security holdings were about the same. Loans at reporting member banks in leading cities are decreasing, as are also commercial loans, and business is not improving much according to the record of bank clearings. Dun's totals for the past week, though a seasonal rise has brought them to the highest level since the beginning of the year, are more than 16 per cent. lower than a year ago.

The flotation of a \$100,000,000 loan by the City of New York raised the week's total, but otherwise the market for new capital issues is as slow as ever. There is a good demand for sound bonds, but the trade outlook does not especially encourage new borrowing. Most of the large issues in sight are refunding loans or borrowings designed to fund short-term corporation debt.

No great change has taken place in business. Commodity prices are far from strong, but the tone is improving. The decline in February, according to the Dun and the Bradstreet indices, was about 1½ per cent., compared with a drop of more than 2 per cent. in January. Production of motor cars is increasing, but not at a rapid pace. Steel output continues to creep ahead, and is now around 53 per cent. of capacity. Talk is heard of higher prices, but the situation does not suggest them. The gain in steel since the beginning of the year has been rather more than seasonal, but the current rate is lower than usual at this time of year. Railroad traffic is disappointing, and shows no increase. Few American railroads are covering their regular dividend rates on their common shares, and this week two railroads—the Rock Island and the Lehigh Valley—reduced their rates, and one, the St. Louis-San Francisco, paid no dividend.

Most corporations have now published their 1930 earning statements. Some 900 industrial concerns, as shown

by a tabulation prepared by the National City Bank, show a drop of 40 per cent. below 1929 and of 28 per cent. below 1928. Taking into consideration capital and surplus employed, industrial earnings were at the rate of 7.2 per cent., compared with a rate of return of 13.3 per cent. in the boom year of 1929 and of 12 per cent. in 1928. Public utility companies as a whole increased their profits last year by nearly 2 per cent. Railroad net operating income was lower by 30.5 per cent., and the earnings available for dividends dropped 44 per cent. as compared with 1929.

FRANCE.

Budget — Conversion Prospects — Capital Issues — Stock Exchange — Production — Prices.

(FROM OUR CORRESPONDENT.)

PARIS, March 18.

THE Chamber, after sitting continuously day and night, completed its discussion of the Budget Bill on Friday afternoon, and the measure was immediately sent up to the Senate. According to present plans, the Upper House expects to finish its work on the Bill on March 28th or 29th, which will leave at least two full days for the two Chambers to come to agreement before the new financial year starts on April 1st.

The Budget has suffered from the fact that it has undergone modification at the hands of three consecutive Ministries since it was first drafted, as well as from the always active Finance Commission of the Chamber. The outstanding comparative totals are as follows:—

	Original Draft. Frs.	As Voted. Frs.
Estimated expenditure	50,145,286,389	50,742,081,650
Estimated revenue	50,251,748,329	50,753,631,435
Estimated surplus	106,461,940	11,549,785

The ultimate balance was arrived at only by the last-moment device of reimposing the old scale of taxation on Bourse operations. This speedy cancellation of last year's relief, which has caused a loud outcry from the stock-brokers in this market, is expected to produce 127,000,000 francs during the coming financial year—if, which appears more than doubtful, the Senate accept the Chamber's decision. By itself, however, this renewed source of revenue would not have been sufficient to balance the Budget had not the majority of the House realised in time the impossibility of satisfying the demand for increased ex-soldiers' pensions and of increasing the pay of the country's school teachers to an extent far beyond the limits fixed by the Government.

A certain amount of revision downwards of proposed expenditure is expected from the Senate, so that exact figures will not be available until after the end of the month. In round figures, public debt charges during the coming year will be about 40 per cent. of the total expenditure. The debt annuity is about 92,000,000 francs more than that for the current year, owing to increased pension scales, in spite of the transfer of 1,900,000,000 francs to the Caisse d'Amortissement. Military and naval expenditure has been further reduced by 128,000,000 francs.

Hopes aroused among British subscribers to French war loans that they may eventually recover at least part of the capital lost by the revaluation of the franc have been strengthened by the actual inclusion in the Budget of a clause which, for all practical purposes amounts to a pledge that some relief of this kind shall be given from the economy resulting to the Budget from the pending conversion scheme. The clause was adopted unanimously, but the Finance Minister, in supporting it, cautiously repudiated all knowledge as to how or when the conversion plans are to be applied, and insisted that the clause must not be regarded as a binding pledge. He admitted, however (in reply to a question as to whether the Government was disposed to favour relief for this class of Rente holders), that he agreed with the possibility of including

in the conversion scheme a system of allowances (*bonifications*) or some other form of compensation. The statement was received with cheers from all parts of the House.

Opinion in general is convinced that application of a massive conversion scheme in the near future is inevitable. The absurdity of the State being obliged to continue to pay 6 per cent. for long-term money (1920 and 1927 Rente issues), at a time when 4 per cent. Crédit Foncier and other large issues are being over-subscribed, is being emphasised daily. The hesitation in taking a definite decision is due, apparently, in this case as in many others, to electoral rather than financial considerations. There are fears as to the effects any application of the conversion loans so near the 1932 general elections may have on the voting of the enormous mass of small *rentiers*, who may place their personal interests above those of the nation. The new Budget provides for a saving of 375,000,000 francs, during the coming year, from buying in for extinction purposes by the Caisse d'Amortissement alone. The Budget Minister, M. Pietri, stated a few days ago, however, that "the present situation of the market has considerably reduced the rhythm of buying in." In other words, Rentes are by far the firmest compartment in the Bourse, and they are being snapped up whenever offered, in the belief that conversion is unlikely until after the elections.

New issues of capital during February (exclusive of railway bonds, which last year averaged 500,000,000 francs a month) totalled 4,228,000,000 francs, as compared with monthly averages (including railway bonds) of 2,258 millions in 1930, 866,000,000 francs in 1929 and 604,000,000 francs in 1928. Of the February total 62,000,000 francs represented share capital of new companies, 153,000,000 francs increases of share capital by old companies and 4,013,000,000 francs new bond issues against 357,000,000 francs in January, and monthly averages of 1,753,000,000 francs in 1930, 521,000,000 francs in 1929 and 298,000,000 francs in 1928. The exceptional February bonds issue was due chiefly to the issues of 2,500,000,000 francs by the Crédit Foncier, 742,900,000 francs by the Grosse Metallurgie groups, and 441,678,000 francs by the Northern coal-fields group—all 4 per cent. conversion issues—during that month. The average rate of interest offered by bond issues last month was 4.10 per cent., as compared with 4.95 per cent. in January, 4.35 per cent. in October, and means of 4.69 per cent. in 1930, 5.36 per cent. in 1929 and 6.3 per cent. in 1928. At the same time, out of fifteen new bond issues announced this week, one offers 4 per cent. interest, three 4½ per cent., six 5 per cent., three 5½ per cent. and two 6 per cent. The flood of new bond issues is being readily absorbed and has had no effect on old bond quotations; which indicates that older issues are not being sold to replace new, and confirms the popularity which this form of investment is enjoying, as compared with shares of variable yield.

The general index figure representing Bourse quotations of 300 French issues of variable yield at the end of February is 373 (1913=100), against 365 at the end of January, 349 for December, 378 for November and means of 437 in 1930, 507 in 1929 and 415 in 1928. The figure issued to-day for March 14 shows, however, a drop of 10 points on the fortnight. The highest individual figure for February is that for insurance shares—835, as against 764 at the end of December, and means of 965, 995 and 650 for 1930, 1929 and 1928 respectively. Banks are returned at 287, against a mean of 324 for 1930 and 365 in 1929.

Industrial production figures for January show surprisingly small change. The general index figure (1913=100), covering nine of the principal industries, is 133, indicating a drop of only a single point per month since August and of seven points from the high record average of 140 for 1930. None of the individual industries have dropped more than two points on the month. The metallurgical and building figures are each a point lower, those for rubber and mining industries are unchanged, while that for leather has advanced two points.

The general index figure of wholesale prices at the end of February (July, 1914 = 100) is returned by the Statistique Générale as 492, against 494 for January, 498 in

December, and means of 543 for 1930 and 623 for 1929. The figure for native products shows a drop of 10 points to 557, against means of 591 and 635 for the previous two years. The figure for imported products is 11 points higher on the month at 375, against means of 458 for 1930 and 602 for 1929.

GERMANY.

Delegation to Russia — Berlin Finance — Public Debt — Stock Exchange — Dresdner Bank Results.

(FROM OUR CORRESPONDENT.)

BERLIN, March 18.

LAST week the delegation of German industrialists returned from their visit to Moscow as guests of the Russian Government. Except for the I.G. Farbenindustrie, nearly all the leading industrial concerns of Germany were represented, and the outcome was a provisional agreement for an increase in Russian orders from German industry. The Russian Government would be prepared to place additional contracts, to the value of some 300 million Reichsmarks, chiefly for products of the iron, engineering and electrical industries, but it would require further long-term credits. These could only be furnished by the banks which finance German industry if the Reich and the States would once more guarantee 40 per cent. and 30 per cent. respectively. It is a difficult decision for the Government, for, while contracts of 300 millions would provide employment for 50,000 workpeople, and the Government can leave no stone unturned to reduced unemployment, there would, on the other hand, be a grave risk to the federal finances if conditions in Russia were to come to a crisis. The Reichsbank will have an influential voice in the final decision.

The withdrawal of Sofina has been followed by a new project for the financing of Berlin by means of the electricity works, this time on a smaller scale. According to the new plan, the control of Bewag would remain entirely in public hands. Bewag would be reconstituted as a joint-stock company with Rm. 240 millions capital, consisting of Rm. 80 millions "A" shares each carrying two votes and 160 million single-vote "B" shares. Of the "A" shares the Municipality of Berlin would take 30 and the Reichselektrowerke and the Preussen-Elektra 25 millions each, thereby securing control of the company. The 160 million "B" shares would be offered to the public, 80 millions in New York, 40 millions in London, and the remaining 40 millions through a German group of banks under the leadership of Seehandlung and Reichskreditgesellschaft.

The new company would take over Bewag's 77 millions debt, so that its total capitalisation would amount to 517 millions. The city, in addition to relief from its debts, would receive an annual franchise fee of 14 million Reichsmarks, which would increase with the growth in the consumption of power. Negotiations on this proposal are expected to develop rapidly.

The statistics just published showing the debt of the Reich, States and municipalities as at December 31, 1930, show that their internal and foreign debt increased even in the second half of last year. The total indebtedness of the Reich, excluding the valorised pre-war and war debts, amounted at the end of 1930 to 6,622 million Reichsmarks compared with 6,200 millions on June 30, 1930. The increase includes the 125 millions two-year transitional credit of November, 1930. There was little change in the debt of the States; their short-term foreign debt only amounted to 125 million Reichsmarks. The debts of the big cities, on the other hand, increased during the year from 4,500 to over 5,000 million Reichsmarks. Of these, 1,645 million Reichsmarks, or about 30 millions more than a year ago, are medium or short-term debt. The funding of a part of this debt, amounting to about 750 million Reichsmarks, is particularly urgent. It is impossible to say how much of the municipal short-term debt is held abroad, but large amounts of foreign capital have been taken up by the German cities through the medium of German banks.

The recovery in the German exchange and share markets which began last week is still maintained. Leading German shares have recovered on the average 20 per cent. of their value in a fortnight, but more important than the level of values are the manifestations which have accompanied the rise. The market is now being enlivened by the purchases of the small capitalists who ever since the elections had been fighting more and more shy of the Stock Exchange. The flight of capital last autumn has been estimated at about 1,000 million Reichsmarks. Now this capital is beginning, though only gradually, to flow back to Germany and seek investment here. The renewed confidence in the political and economic stability of Germany is showing itself in the large number of small orders for German shares and German rentes. The rise in the Young Loan and in German rentes on foreign Stock Exchanges is evidence that a more favourable view of conditions in Germany is being taken abroad. Foreign offers of short-term credit to German banks are increasing sharply, but there is an understanding among the German banks to restrict their acceptance of these offers as far as possible, as Germany's foreign short-term debt is still considered too large. Moreover, the banks hope to bring about the longed-for reduction in interest rates by curtailing their foreign short-term borrowing, and so rendering foreign banks more inclined to take up long-term issues.

The Dresdner Bank, the first of the large German banks to publish its 1930 accounts, is paying a dividend of 6 per cent., against 10 per cent. in each of the preceding four years. It is an open secret that this reduction of 4 per cent. is to be common to all the big banks. The Dresdner Bank shows a gross profit of Rm. 76.6 millions, compared with Rm. 77.8 millions in the preceding year. These figures show that normal bank business was not unfavourable even in 1930; the dividend reduction is only necessary because Rm. 6 millions of the profits, or 6 per cent. of the share capital, was used for writing down investments. It may be assumed that with the aid of these writings down and of the amounts transferred to reserve out of profits, the hidden reserves, which were substantially reduced by the fall in security prices, will be to some extent made good. The dividend reduction is also partly due to the desire to carry forward the reserves undiminished into the new year.

In the last quarter of 1930, after the elections, the Dresdner Bank experienced a reduction of about Rm. 250 millions, or 10 per cent., in the item Creditors. This consequence of the flight of capital did not, however, force the bank to reduce its loans to German industry. In spite of the economic depression the demand for bank credits at the end of 1930 was just as large, if not larger, than at the end of 1929. The Dresdner Bank was obliged, in order to satisfy the credit demands of its customers, to issue its own acceptances and take up documentary credits abroad. The item Debtors was thus maintained at an unchanged level in the last quarter of last year. Not until the current year, when the stringency in the money market had somewhat relaxed, did the German banks attempt a more extensive reduction of their debtors.

HOLLAND.

Government Assistance to Agriculture — Sugar and Tin Restriction — Foreign Trade — Capital Issues.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, March 14.

IN agriculture the depression is making itself felt particularly severely, and in some cases the Government has deemed it necessary to lend assistance, on the grounds that the crisis is temporary and that the interested parties themselves are not in a position to do anything further. This State aid is to be limited to the duration of the crisis. The schemes of support are accordingly purely emergency measures. The levying of higher import duties has therefore been to a great extent

avoided, and support has taken the form of subsidies and other facilities. A Government credit of 4½ million guilders at 2 per cent. has, for example, been placed at the disposal of the sugar-beet growers and the potato flour industry.

In other directions, too, the crisis has compelled the Government to resort to serious measures. Regulations have been introduced for restricting the export of sugar from the Dutch East Indies in pursuance of the Chadbourne scheme; the rubber enterprises are now hoping for some similar measure to their benefit; and a statement was recently issued by the Government in which the fact was stressed that the Dutch East Indies occupy a special position in regard to tin restriction, because they could not share the blame for the enormous increase in the world production of tin in the last eight years. The advantage of enforcing restriction of production there would be limited, as Banka tin always commands a higher price in the market than other sorts, in spite of the low cost of production. As, however, the ore resources are not unlimited, it would be very uneconomic to increase production at these low prices. Such tactics would also tend to the disadvantage of the Billiton enterprise, five-eighths of the profits of which go to the Government as shareholders. In view of the important part played by tin production in the State finances, stable tin prices are of prime importance for the Dutch East Indies. With this object in view, and not with the aim of forcing tin up to the highest possible price, representatives of the Dutch East Indies tin interests, with the co-operation of the Government, have been taking part in the tin restriction negotiations which have been in progress for a very considerable time.

In the Netherlands trade balance the results of the depression are still very evident. According to the official statistics, imports in January, 1931, weighed 2,561,000 tons, with a value of 179 million guilders, against 2,214,000 tons and a value of 165 million guilders in December, 1930, and 2,697,000 tons, valued at 220 millions in January, 1930. Exports in January, 1931, were 1,359,000 tons, with a value of 117 million guilders, compared with 1,321,000 tons and a value of 117 millions in December, 1930, and 1,394,000 tons, valued at 152 millions, in January, 1930. As compared with January, 1930, imports of agricultural products increased in quantity in January, 1931, from 350,000 tons to 539,000 tons. Their value, on the other hand, shows a decline from 52 million guilders to 43.4 millions. The increase in the quantities imported was due principally to the exceptionally large imports of grain from Russia. The boycott which several farmers' co-operative societies declared against Russian grain last spring, has now been abandoned. In other respects, too, there is evidence of a closer commercial intercourse between Russia and the Netherlands, and from the trade returns for January it appears that Russia figured for the first time as a customer for Dutch margarine. The imports for that month included some 8,000 bags of Russian potato flour, much to the disadvantage of the Dutch potato flour industry.

The money market continues to be extraordinarily liquid, and as a result of the very low money rates and the reduced yield on fixed-interest securities a number of conversion loans have been marketed. Activity in the market for new issues has been reduced to a minimum. The flotation of 5 per cent. bonds of the North American Company, of a nominal amount of one million dollars, was by far the largest of all the private issues last month. Industrial undertakings have much reduced their demands not only for capital but also for ready money. The result has been a considerable drop in money rates, but even at that low level a surplus of immediately available funds was left on the market in search of employment. This provided occasion for the favourable conversion of loans, and the municipality of Amsterdam availed itself of the opportunity to convert a 7½ million guilder 5 per cent. loan into a corresponding amount at 4 per cent. The municipality of Rotterdam also came on the market with a 4 per cent. conversion loan of 16,727,000 guilders. It

is a sign of the times, however, that even the very small amount which was offered for subscription last month was not fully absorbed on the open market. Only 85 per cent. of the Amsterdam conversion loan was taken up. The abnormally low activity of the new issues market is well illustrated by the following table:—

(Thousands of guilders.)				
Issues in:—	1928.	1929.	1930.	1931.
January	34,737	68,209	51,037	10,444
February	55,116	101,588	55,845	14,200

The total of 14,200,000 guilders in February, which, except for about 250,000 guilders, was entirely for issues of bonds and debentures, included 2½ million guilders on foreign account.

SWEDEN.

Production — Foreign Trade — Credit — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, March 13.

THE depression has deepened in Sweden, though not yet to an alarming degree. The demand for credit has declined, and the money market continues to show pronounced dullness. The latest available production figures, for January, point to a very marked decline for the time of the year. *Svensk Finanstidning's* index of production shows a decline from 120 to 113 (1923-24=100). A year ago, on the other hand, the index number rose from 130 in December to 151 in January, and two years ago in the same period from 128 to 148. It has long been evident that the output of sawn goods would be considerably reduced during January as a result of steps which had to be taken in consequence of the keen Russian competition. Production in December sank from 93 to only 65, against an average of 108 in 1930. Shipments were reduced in the same month by 34 per cent. compared with last year. At the turn of last month the total Swedish sales were estimated at only 125,000 standards. Under such circumstances the outlook in the timber industry is undoubtedly dark, and it is an open question how long the prices which have so far prevailed will be maintained. Iron ore and iron and steel showed the next greatest reduction of output in January. The index number of production for the latter in December was 115, and fell in January to 97. Parallel with this the mining of iron ore fell from 149 to 119, compared with an average of 187 in 1930.

The serious situation in the export market is clearly reflected in the accounts of the Grängesberg concern for the past year. The net profit, it is true, appears a little greater than in 1929 at 20.41 million kronor, against 20.34 million kronor. This, however, is merely due to the fact that the main part of the company's income is derived from subordinate companies in the form of dividends which represent 1929 profits. This year the company will feel the full weight of the depression, and, even if an improvement should take place in the relatively near future, the accumulation of stocks will necessitate a very marked decrease of deliveries during the whole of the present year. For these reasons the board recommends a lowering of the dividend from 17 per cent. to 12 per cent., though the results for last year would very well permit an unchanged distribution. The board has created a special dividend equalisation fund of 6 million kronor in order to provide for the expected decline in profits. The shipments of recent months show that this measure is justified. Since July last year shipments have continually fallen from about 770,000 tons to 300,000 tons for February, whilst in the corresponding period last year the fall was from 1,130,000 to about 650,000 tons. The totals for these months amounted to 4.14 millions, as against 6.75 millions, a decline of about 39 per cent.

The picture presented by statistics of unemployment is identical with that afforded by the index of production. The number employed in "reserve work" rose during January from 3,500 to about 5,100, whereas the corresponding figure a year ago was only 3,100. At the same time the number of unemployed seeking relief from the

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unemployment commission rose from 24,800 to 31,900, as compared with only 12,000 a year ago. There are, however, bright spots. Employment was comparatively good in the metal industry, which, like the electrical industry, will receive large orders for the electrification of the Stockholm-Malmö railway which has been decided upon by the Riksdag. Production was also very active during January in the pulp industry. Its output rose from 145 per cent. of the 1923-24 figure in December to 173 per cent. in January, a fairly normal level.

Generally speaking, demand for foreign exchange this year has been more restricted than there was reason to expect. At the same time demand for credit has fallen away in a much higher degree than is normal for the season. Deposits in commercial banks, it is true, increased less than a year ago during January, but, on the other hand, loans also increased much less, for which reason rediscounting with the Riksbank declined to an unusual extent. The total contraction of the volume of credit amounted this year to 169 million kronor, while in January last year it was 108 million kronor.

The rise on the Stock Exchange during February is *prima facie* in strong contrast with the above-described developments. There was a total increase in quotations of 293 million kronor, after a fall in January of 178 million kronor. In fact, however, this improvement only affected Swedish stocks to a very slight extent. The Kreuger stock alone rose by 222 million kronor, and all stocks quoted abroad by 236 million kronor. In other words, it was, as usual, the New York Stock Exchange which was decisive, especially in so far as Kreuger stocks rose in sympathy with the upward tendency there. The majority of the domestic stocks, on the other hand, continue to show an uncertain tendency, even though on particular days they rose a little. Nevertheless, the impression is further strengthened that the bottom was reached in January.

HUNGARY

Public Finance — Agricultural Credit — Money and Banking — Balance of Payments — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, March 12.

THE economic depression is making itself seriously felt in the falling receipts of the Treasury. In the first six months of the current financial year July-December, 1930, total revenue amounted to 423.3 million pengő only, as against 473.5 millions in the corresponding period of 1929. Expenditure totalled 486.5 million pengő, against 501.5 million in 1929, thus the deficit of the first half of the present financial year amounted to 63.2 million pengő, as compared with 28 millions in 1929-30. The estimates for January, 1931, forecast a deficit of 16.4 million pengő. It is hoped that the budgetary position will be somewhat eased in the coming months, as Parliament has voted additional taxes and carried an Economy Act to take effect in the second half of the current financial year. The Budget for 1931-32, which will be presented to Parliament before the Easter recess, will further curtail expenditure. In view of the fact that no substantial increase of taxes could be reasonably expected in 1931, revenue estimates are conservative and take into account the fact that receipts from both direct and indirect taxes have considerably fallen off in 1930.

In order to relieve the heavily indebted farmers, a Finance Bill was introduced in Parliament providing for the consolidation of the onerous short-term debts into 6½ per cent. interest-bearing internal bonds guaranteed by the State. It is estimated that approximately 100 million pengő of short-term debts will be consolidated. The bonds will be issued by a Financial Syndicate with the collaboration of the creditors and the banks concerned. As the total indebtedness of the agriculturists amounts to more than 1,500 million pengő and only one-fifth of it is consolidated, much still remains to be done to relieve the farmers from the crushing burden of

their short-term debts. Unfortunately, the adverse conditions of the international money markets do not permit the issue of long-term loans secured on mortgages which would be essential for the farmers' relief, and the creation of the International Mortgage Institute under the auspices of the League of Nations to help the agriculturists of Central and Eastern Europe has aroused great interest.

The money market is easy. Short-term loans are abundantly offered by the creditor countries, but there is very little demand for them, even at 3½-4 per cent. In the absence of long-term loans the necessary foreign loans are raised in most cases for the period of one year with the possibility of renewing for another. Several such medium-term loans have been granted by financial institutions in London and New York, and even by French banks. This method of financing the country's requirements was used during the past year and is likely to continue in 1931, as long as no long-term issues can be floated on the principal money markets. Thanks to the good reputation of the Hungarian banks, there is no difficulty in obtaining the necessary foreign funds.

All the major banks and saving banks have published their balance sheets for 1930. In spite of the economic crisis of the past year their statements reveal satisfactory progress. Net profits are only slightly lower than in 1929, which was a very good banking year. Four of the principal banking institutions have maintained and six have reduced their dividends. The Hungarian General Creditbank, which acts as banker to the State, shows net profits of 6,557,647 pengő, as against 7,496,453 pengő in 1929, and a dividend of 4.50 pengő (against 5.50 pengő in 1929) per share is proposed.

The balance of payments improved considerably in 1930 as a consequence of the active balance of merchandise trade. The deficit of the current items of the balance of payments is only 100 million pengő in 1930, as against 200 million pengő in 1929 and about 500 million pengő in 1928. Thanks to the remarkable economic adaptation of the country there was an active trade balance of 77.5 million pengő, as compared with a deficit of 25.2 million pengő in 1929 and 385.4 millions in 1928. Apart from merchandise trade the most important invisible current item is the payment of the interest charges due to foreign creditors amounting to approximately 175 million pengő. As to the other invisible current items, the deficit of the tourist traffic is offset by the remittances of emigrants and railway and shipping trade and revenue. Against the net deficit of 100 million pengő on current items, there is a net increase of 200 million pengő in the foreign indebtedness of the country. According to the annual report of the National Bank the inflow of long-term loans during 1930 amounted to 87 million pengő, that of medium-term loans to 175 million pengő, totalling 262 million pengő. From this sum about 60 million pengő must be deducted for sinking fund payments of foreign debts contracted in former years, so that the net increase is about 200 million pengő. The Treasury Bills discounted in London and in other principal money markets in November, 1930, amounting to 87 million pengő (£3,150,000) are included among the medium-term debts of 175 millions, the remainder represents the net increase of loans for financing exports and agricultural, road and railway schemes. The major part of the long-term loans, totalling 87 million pengő, is the third instalment of the Swedish Match Trust Loan amounting to \$12 millions and the rest consists of mortgage issues in Switzerland and in London.

An analysis of foreign trade in 1930 shows that exports to Italy have increased from 29.2 million pengő in 1928 to 116.4 million pengő, and to Great Britain from 22.7 millions to 49.4 millions. On the other hand exports to Austria, Germany and Czechoslovakia have considerably decreased. Trade with Austria resulted in a favourable balance of 158.7 million pengő, that with Czechoslovakia and Germany in a deficit of 25.8 and 81.8 million pengő respectively. Negotiations to renew and to amend the commercial treaty with Austria are in progress and it is hoped that a solution will be found favourable to both countries.

before June 1, 1931, when the present treaty expires. It is likely that direct negotiations for a new commercial treaty will be resumed before long with Czechoslovakia, with whom Hungary has practically been conducting a Customs war since Czechoslovakia denounced the commercial treaty on December 15, 1930.

IRISH FREE STATE.

Butter Tariff — Dairy Marketing — Foreign Trade.

(FROM OUR CORRESPONDENT.)

DUBLIN, March 17.

THE problems of the dairying industry have been occupying a great deal of public attention in recent months. The slump in butter prices in November placed the industry in a dangerous position, especially as large quantities of butter had been held over in the summer in the hope of better winter prices. A prohibitive emergency tariff was imposed on butter imports pending the hearing of an application for a permanent duty by the Tariff Commission, and steps were taken to develop the existing system of centralised marketing of dairy produce. The Report of the Tariff Commission has since been issued, recommending a permanent duty of fourpence per pound on butter. The alleged justification of this recommendation is that it will stimulate winter dairying in the Free State and will remedy the old evil of irregular production throughout the year. Whether this desirable result will follow remains to be seen, but the immediate effect of the tariff has been to raise the price of butter and to cause much dissatisfaction among consumers in the towns. It is difficult to believe that farmers will be so altruistic as to resist the temptation to store butter during the summer for the higher winter price. The Minister for Agriculture has intimated that any action of this kind would be considered a ground for revising or repealing the duty, but no machinery has been provided to prevent it.

Meanwhile efforts are being made to reorganise the marketing arrangements of the dairying industry. After several unsuccessful attempts had been made to introduce some method of orderly marketing, the Irish Associated Creameries, Ltd., was established in 1928. This organisation was very successful up to a certain point; but it experienced difficulties owing to the refusal of several large creameries to participate in its activities and to the slump in butter prices in the last few months. A tribunal to inquire into the marketing of butter suggested the formation of a new organisation which every creamery in the Free State should be compelled to join. In pursuance of the report of this tribunal, the Minister for Agriculture summoned a meeting representative of the creameries at which a resolution was passed favouring the establishment of a national marketing agency, to be financed by a levy of sevenpence on each hundredweight of butter sold. A few days later the members of the Irish Associated Creameries passed a resolution in favour of considering the winding up of the society, and it seemed as if the way were clear for the formation of the alternative organisation. About a week later, however, a meeting, representing a majority of the co-operative creameries, rejected the tribunal's proposed scheme, and a further meeting of the Irish Associated Creameries has since refused to pass, by the necessary majority, a winding up resolution. The situation is, therefore, very unsatisfactory: the Irish Associated Creameries, which a large number of creameries refuse to join, is still in being, while the new national selling organisation is as far from realisation as ever. The fact is that the farmers, who are crying out for tariffs, subsidies and reductions of taxation, are unwilling to undergo any exertion to help themselves. Instead of coming together to reorganise their own antiquated methods, they wait for the Government to do everything for them, and, when the Government does give them a lead, they refuse to follow. The danger is, that if they cannot be made to agree on some constructive line of action, the Government may be forced in the national interest to provide State assistance for the orderly marketing of butter by means of some subsidised exporting

agency, the cost of which would fall on the home consumer or the general taxpayer.

The external trade figures for 1930 are very satisfactory, as is shown by the following table:—

	(Thousand £'s.)		
	Imports.	Exports.	Balance.
1929	61,302	47,870	—13,432
1930	56,739	45,731	—11,008

The passive trade balance is the smallest in any year since the establishment of the Free State. The invisible imports and exports have not as yet been accurately estimated, but a detailed investigation is now being made by the statistical department, and it is the general opinion among those best qualified to judge that the active balance on invisible account is greater than the passive trade balance shown above. The small fall in the value of exports in 1930, in spite of the general fall in prices, is the result largely of increased exports of cattle and other livestock, porter, beer and ale, and tractors and tractor parts. The price of agricultural imports, especially wheat and feeding stuffs, fell more than that of agricultural exports, so that there is every reason to conclude that 1930 was a comparatively prosperous year for the Free State.

Letters to the Editor.

UNILEVER INQUIRY.

TO THE EDITOR OF THE ECONOMIST.

SIR,—We have now received a reply from our Continental correspondent, in respect of taxation in Denmark and Norway, and should like to add it to the information given in the letter published in the *Economist* of February 21. He writes that as regards Denmark he has now received the information required from Copenhagen, from which it appears that the taxes paid had not been deducted from the taxable income. Moreover, the municipal taxes in Copenhagen have been reduced by 10 per cent., but this reduction was not shown in the tax-tables which were used for the calculation.

The correct figures of taxes payable on Danish equivalents of English standards of £500, £1,500 and £3,000 a year are £56, £222 and £460; and not, as originally stated, £76, £313 and £690.

As regards Norway, our correspondent writes that the figures so far as the municipal taxes are concerned, related to Aker, a municipality which adjoins Oslo and where many people who work at Oslo live. Foreigners in particular are settled there because it is hardly possible to find a house in Oslo; only when a large amount is paid for the acquisition of so-called shares in a building is it possible to get a flat there. Then, of course, the advantage given by the lower municipal tax scale of Oslo is nullified by the difference of rent and the loss of interest and even very often of capital on those shares. Moreover, though the taxes for Oslo are lower, they are in any case considerably heavier than those calculated by Mr Halford.

We need not add much to the above statements. The result is that in respect of taxation our figures as published last year need correction for Belgium on account of a change in the law, and for Denmark on account of a mistake made by our correspondent.—Yours faithfully,

THE COMPILERS.

Books and Publications.

THE STOCK EXCHANGE YEAR-BOOK FOR 1931.*

IN ITS fifty-seventh year of publication, the Stock Exchange Year-Book records a further improvement, both in its size, scope, and usefulness. Several innovations have been made this year, with a view to facilitating reference, including the provision of "name tabs" for the different sections, and the addition of a new section, "Oil Companies," by transferring the relevant names from the miscellaneous list. Though the editorial matter has expanded, an increase in the size of the pages has actually reduced the bulk of the book. In addition to an exhaustive list of companies, the 1931 volume contains an introductory note on the Companies Act 1929, and an alphabetical list of stockbrokers.

Thomas Skinner & Co., Gresham House, Old Broad Street, London. 50s. net.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Trusts and Economic Control. By Roy Emerson Curtis. (London) McGraw-Hill Publishing Company, Ltd., 6 and 8, Bouverie Street. 20s. net.

A learned and well-documented treatise on the concentration of control of industry in the United States and other countries. Special emphasis is laid on the legal aspects of the question.

World Minerals and World Politics. By C. K. Leith. (London) McGraw-Hill Publishing Company, Ltd., 6 and 8, Bouverie Street. 10s. net.

A discussion of changes in the geography of mineral sources, the mineral position of industrial countries, the political measures taken by various countries in respect of minerals and probable future developments.

The Giant of the Western World. By Francis Miller and Helen Hill. (London) J. M. Dent and Sons, Ltd., Aldine House, Bedford Street. 10s. 6d. net.

This book shows a refreshing freedom from the self-consciousness which sometimes characterises essays on the United States by Americans. Its thesis is the emergence, as the result of the interaction between the United States and the countries of Europe, of a North Atlantic civilisation. The authors take a grave view of the danger to world peace involved in the economic invasion by the United States of the markets of the world.

Business Leadership. Edited by Henry C. Metcalf. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 10s. 6d. net.

A collection of essays by American experts in business management.

Methods in Social Science. Edited by Stuart A. Rice. (London) Cambridge University Press, Fetter Lane. 21s. net.

Fifty-three essays on the methods employed in more than sixty important contributions to social science. They range from subjects of such general cultural interest as Professor Pirenne's paper on "What are Historians Trying to Do?" to such technical matters as "N. C. Nelson's Stratigraphic Technique in the Reconstruction of Prehistoric Sequences in South-Western America."

Textil-Land und Textil-Leute. By Dr. Nicolas Benckiser. (Frankfurt-am-Main) Frankfurter Zeitung. 1 mark.

The sub-title is "Impressions of a Journey Through Lancashire and Yorkshire," but the essay, furnished as it is with statistical tables, is more substantial than the sub-title might imply.

Elements of Practical Statistics. By F. H. Harper. (London) Macmillan and Company, Ltd., St. Martin's Street. 10s. 6d. net.

A simple manual designed to give a sound grounding to the student who has occasion to handle statistics but possesses no mathematical training.

How to Make the British Railways Pay. By M. F. Farrar. With a Foreword by J. H. Jones. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 3s. 6d. net.

It is impossible for the layman to assess the value of Mr Farrar's suggestions, but as the proposals of a successful business man, who has made railway economics his hobby, they are worth reading.

Review of the Oilseed, Oil and Oil Cake Markets for 1930. (London) Frank Fehr and Company, Holland House, Bury Street.

An exceedingly useful and very well indexed collection of statistics of prices, production, stocks, imports and exports of oil-seeds and their products, lard, butter, tallow, whale oil and fish oil.

Economic Geography of South America. By R. H. Whitbeck. Second Edition. (London) McGraw-Hill Publishing Company, Ltd., 6 and 8, Bouverie Street.

A useful textbook.

International Co-operation, 1927-29. Vol. II. (London) International Co-operative Alliance, 14, Great Smith Street. 7s. 6d.

Reports on the progress of fifty-five national co-operative organisations in thirty-four countries, under each of the main headings into which co-operative activities fall.

Canada, 1931. Compiled and published by the Dominion Bureau of Statistics, Ottawa. 25 cents.

An illustrated handbook containing useful statistics illustrating the recent progress of Canada.

Necessary for all Public Libraries

J. M. Keynes' New Book

THIRD THOUSAND

TREATISE ON MONEY

Vol. I. *The Pure Theory of Money.* 15s. net

Vol. II. *The Applied Theory of Money* 15s. net

"An ambitious, elaborate and important book. There is not the slightest doubt that these two volumes constitute a notable addition to economic literature."—PROF. PIGOU in *The Nation*.

"No serious student of economics will be able to disregard what must inevitably become the starting-point for new adventures in the theory of money and prices."—*The Banker*.

"The layman cannot afford to miss the book. Mr. Keynes has certainly written the most important and stimulating treatise on monetary problems published in this country for a good many years."—*New Statesman*.

"There is more interest to-day in monetary policy than ever before, and correspondingly a greater need for information on the working of the monetary system. This need has been met by one of the most acute economists of the day. In his *Treatise on Money* Mr. J. M. Keynes has completed what will probably be for many years the standard work on the subject."

The Manchester Guardian Commercial.

"Certain to hold the stage for many years to come."

—*Times Literary Supplement*

MACMILLAN & COMPANY Ltd.

A Practical Examination of the Bills of Exchange Acts. By Cecil H. H. Fennell. Second Edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 7s. 6d. net.

A critical examination of the laws relating to bills of exchange, cheques, and promissory notes.

The Liberal Year Book for 1931. (London) Liberal Publication Department, 42, Parliament Street. 2s.

Contains information on the chief organisations of the Party, the members of both Houses, the Ministry, parliamentary procedure, elections and other matters of interest to political workers. There is also a useful collection of economic and social statistics and a bibliography.

Killik's Argentine Railway Manual, 1931. (London) Effingham Wilson, 16, Copthall Avenue. 2s. 6d. net.

A conventional pocket-size handbook containing unusually full particulars of each company.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Department of Overseas Trade: Report on Economic Conditions in the Dominican Republic and in the Republic of Hayti. 1s. 9d. net.

Colonial Reports: No. 1520—Leeward Islands, 1929-30. 1s. 6d. net; No. 1521—British Honduras, 1929, 1s. 3d. net.

Empire Marketing Board: Production and Trade of Australia. March, 1931. 2d. net.

London Passenger Transport Bill, 1931: Memorandum on Expenditure likely to be Incurred. Cmd. 3819. 1d. net.

Ministry of Transport: Road Vehicles—Great Britain. Return showing the number of mechanically propelled vehicles registered for the first time under the Road Acts, 1920, by each Licensing and Registration Authority during the month of January, 1931. 2s. 6d. net.

The Stock Exchange.

FIXED TRUSTS.

THE type of investment known as the "Fixed Trust" has recently obtained remarkable popularity in America. Within the last two years, approximately 150 American Fixed Trusts have sold "shares" to a total privately estimated by an experienced American statistician at about \$400 millions, the largest trust claiming itself to have marketed \$145 millions worth of these securities. The Stock Exchange slump appears to have enhanced rather than detracted from the appeal of the Fixed Trusts to investors, and the resulting withdrawal of large quantities of stock from the floating supply in the market has been a not inconsiderable factor in the recent firmer tone of American prices.

The reasons for this "vogue" are not far to seek. The post-war evangelists of the investment trust idea in the United States, such as Mr Leland R. Robinson and Mr Edgar Higgins, writing for a public to whom the whole conception was somewhat novel, may unconsciously have given the impression of stressing the principle of "spreading investment risks," to the exclusion of other features, like generous reserve accumulation, which British practice has shown to be of at least equal importance. During the Wall Street boom, many new American investment trusts of the so-called "management" type, were created, with more zeal than discretion. The ensuing slump caused much dissatisfaction, not with the trust idea in itself, but with the degree of skill, judgment and probity shown by the directors of some companies. The resulting desire to eliminate the "human factor" expressed itself in a demand for a security based on the best available selection of American shares, which, once made, should be known to every subscriber, and should be subsequently unalterable.

The *modus operandi* of the creators of a Fixed Trust may be illustrated from the prospectus of a typical organisation, the North American Trust. The shares of this Trust represent one two-thousandth part of a "unit," held by the Guaranty Trust Company as trustee, and based on four ordinary shares of each of the following 28 companies, together with a "reserve fund" of \$1,200:—

American Telephone and Telegraph Company, Consolidated Gas Company of New York, Western Union Telegraph Company, American Radiator and Standard Sanitary Corporation, American Tobacco Company (Class B), E.I. du Pont de Nemours and Company, Eastman Kodak Company, General Electric Company, Ingersoll-Rand Company, National Biscuit Company, Otis Elevator Company, United Fruit Company, United States Steel Corporation, Westinghouse Electric and Manufacturing Company, F. W. Woolworth Company, Arden, Topeka and Santa Fe Railway Company, Canadian Pacific Railway Company, Illinois Central Railroad Company, Louisville and Nashville Railroad Company, New York Central Railroad Company, Pennsylvania Railroad Company, Southern Pacific Company, Union Pacific Railroad Company, Royal Dutch Company (New York shares), Standard Oil Company of California, Standard Oil Company (New Jersey), Standard Oil Company of New York, The Texas Corporation.

Bearer certificates in coupon form are issued in various denominations ranging from 10 to 10,000 shares (i.e., from 0.005 of a unit to 5 units) and are obtainable by investors at a price based upon current New York Stock Exchange quotations for the component shares, plus (a) Stock Exchange commissions, (b) an arbitrary charge of 18 cents per share for issue and deposit, (c) 60 cents for "reserve fund," with a sum representing the proportionate value of accumulated cash, etc., and (d) 5 per cent. of the total price so calculated, to cover cost of distribution, the final price being adjusted to the next higher one-eighth point. The shares receive semi-annual distributions based on dividends paid on the component stocks, together with the proceeds from "rights," bonus distributions and extra shares from "split-ups," which, under the terms of the Trust Deed, must be sold by the trustees. If the total thus available for any half-yearly dividend falls short of 60 cents per share, the balance may be made up from the cash "reserve fund" (paid by the investor in the original purchase price). That part of the "dividend" which represents return of capital can be re-invested, at the shareholder's option, at a discount of half-a-point below the prevailing price of the trust shares. Though

the shares cannot be dealt in either on the New York or London Stock Exchanges, their sponsors declare that they have consistently maintained a "bid" price half-a-point below the current "asked" price throughout America. Further, holders of a quarter of a unit, or any multiple, may "convert" their holding, and obtain either possession of the underlying stocks, or their value in cash at current market prices. In any event, the trust will be dissolved at the end of 1953.

Most Fixed Trusts have followed this model, though the general idea is capable of many variations. The theoretical advantages of the Fixed Trust can be readily summarised by any competent salesman. The component stocks are the pick of the contemporary market and their combined "statistics" are outwardly imposing. The concerns in the list given above have an average age of 57 years, an unbroken dividend record of 33 years, an average net income (over the last five years) of over £250,000,000, combined assets of over £4,800,000,000, combined surplus and reserves of over £1,300,000,000. Their distributions in the last 18 years would have been sufficient for annual payments to Fixed Trust shareholders of 13.20 per cent. (including 4.75 per cent. "income" and 8.45 per cent. capital receipts). The conduct of the trust being a matter of routine administration, the investor cannot lose his money through speculation, directorial irregularities or management errors.

Against these ostensible advantages, however, must be set certain serious objections. The incidental expenses of acquiring a Fixed Trust holding are high. The trust pays no capital duties, since it is not a company. The saving under this head, however, is more than offset by the fact that the amount of each component stock in its unit is small. It buys its securities retail and, unlike the majority of British investment trusts, does not obtain "underwriting terms" and other advantages of "whole-sale" buying. Though there are no directors' fees, the interests behind the trusts do not go to the trouble of forming them for purely altruistic reasons, or meet the expenses of publicity and distribution out of their own pocket. The prospectus of a typical American concern shows that, on a given day last year, the total market value of the component shares was \$14,150, to which brokerage and commission added \$47.70 (0.34 per cent.), the charge for issue and deposit \$360 (2.45 per cent.), "cost of distribution and profit on sales" price \$840 (5.95 per cent.), and the raising of the price to the nearest higher eighth point \$70 (0.5 per cent.). Thus a purchaser of the Fixed Trust's "unit" paid \$1,270, or 9 per cent. (exclusive of brokerage) more than if he had bought the same shares for himself. The selling price also included \$1,200 "reserve fund" and \$84.16 for accumulations by way of undistributed dividends, etc., on the day in question.

A purchaser of less than a "unit" would, of course, have paid more in brokerage. A very small investor, who bought ten trust shares (equal to one two-hundredth of a unit) for \$83.75 would have "spread his risks" to an extent otherwise impossible in relation to so small a sum. He would, however, have paid a decidedly heavy proportionate price for this privilege, while the larger investor, who could afford to spend approximately \$16,750 on purchasing a whole unit, would have been well advised to buy the shares for himself, and save \$1,270 of non-returnable charges. Some of the expenses incidental to the marketing of Fixed Trust securities would certainly appear to be extravagant. In one recent instance, a firm of London brokers was offered a commission of 2 per cent. for placing the shares of a Fixed Trust, plus an additional 1 per cent. if sales were large. This commission was, in fact, four to six times the normal commission rate of the London Stock Exchange.

An even more serious criticism of the Fixed Trust idea is that it runs counter to all the dynamic theories of investment which have won general acceptance in Great Britain. Shareholders in Scottish or English investment trusts are prepared to pay their directors and managers a considerable remuneration for their services in following the trend of industry and the markets, and getting into or out of particular securities at the right time. To choose a portfolio of securities, at a purely fortuitous moment, and to lock them away in a tin box for anything up to 25 years, is to court disaster in a world in which economic conditions change with disturbing rapidity. Calculations based on "jobbing backwards" on a Fixed Trust holding are altogether illusive. It would have been impossible, say, in 1912, to have picked all the "winners" of 1929-30, and it is dangerous to argue, as the Fixed Trust implicitly argues, that the winners of 1929-30 will be the winners of 1955. This criticism, which is fundamental, may be illustrated by the results of an imaginary Fixed Trust formed at the end of 1912 to include 30 of the best-regarded British stocks of that time. From our past records we have chosen the following 30 concerns, the first ten as being the lowest yielders (i.e., the highest-priced industrial equities) in December, 1912, the next ten as having the highest paid-up ordinary capital, and the final ten as paying the highest rate of dividend per £ of paid-up capital:—

Guinness, Armstrong Whitworth, Bleachers, Fine Cotton Spinners, Furness Withy, Bolckow Vaughan, Maypole Dairy, Babcock and Wilcox, Metropolitan Carriage and Wagon, Bradford Dyers, Linen Thread, Nager, John Thornycroft, Ebbw Vale, Hudson Bay, North British Locomotive, Coltness Iron, F.M.S.P., J. and P. Coats, Cunard, Consett Iron, J. Lyons, Fife Coal, Triumph Cycle, Harrods, British American Tobacco, A.B.C., Liebig's, Crosa and Winkworth, P. and O.

What has been the subsequent history of this imaginary Fixed Trust? Some of the concerns are still in the front rank, but others have been gravely affected by post-war industrial changes. Our computation shows that the purchaser of a "unit" of £100 nominal of each component share at the end of 1912 would have paid £14,102 (excluding commissions, expenses, etc.). His average return over the 17 years to 1929 would have been 3.6 per cent. in income (subject to tax) and 3.45 per cent. by way of "capital" distributions (sale of bonus shares, "rights," etc.). His holding to-day (inclusive of the amounts realised for stock sold on non-payment of dividend) would be worth £6,045, a depreciation of £8,057 (57.1 per cent.), against which he could put (a) the total capital receipts previously mentioned at £8,231 and (b) the interest on the cash received for shares sold during the life of the trust. In other words, whilst, on balance, he would have kept his capital intact (provided he had put his "capital" receipts in the bank) he would have received an average annual income of only about 3½ per cent.—the labours of the mountain thus producing an unsatisfactorily small mouse. The provision that a Fixed Trust must automatically sell, within a fixed period, its holdings in a company which passes its dividend compels the trustees to stand impatiently by whilst a share is going downhill and, finally, to get out at the bottom. As many American Fixed Trusts tend to hold much the same stocks, the passing of a single dividend by a popular "component" concern may be the signal for a disastrous bout of compulsory selling—of which, of course, professional "bears" will be well aware.

Other objections to the Fixed Trust can be briefly summarised. The sale of all bonus shares, rights and other capital accretions, and their return to the investor as "dividends," must tend ultimately to reduce the investor's share in the equity of the component companies, and probably his future cash dividends also. He may re-invest his "capital receipts" in the trust if he wishes, but the onus of doing so lies upon him. It would be far more prudent for the trust to re-invest these monies automatically unless the investor made special application for their cash payment. Even "split-ups" are sold and distributed, so that a Fixed Trust recently sold out three-quarters of its holding of Canadian Pacifics owing to the mere fact that the \$100 shares were split into four shares of \$25, thus reducing its immediate prospective dividend receipts in like proportion. Again, the Fixed Trusts have tended to confine their holding to equity shares, so that they lack the "ballast" resulting from the

British investment trust practice of holding 50 per cent. or more of the total portfolio in the form of bonds, debentures and preference shares. All receipts are divided up to the hilt, no reserves being accumulated other than the initial 5 or 10 per cent. which the investor himself provides at the outset.

Despite their vogue in America, the Fixed Trusts have as yet scarcely passed beyond the experimental stage. At present, they are a bull point for the market, since they are reducing the floating supply of a number of stocks and so tending to sustain market prices. It remains to be seen, however, whether some future period of adversity may not set in motion a reverse process whose unfortunate effects will be in direct proportion to the preceding popularity of the trusts. It is unlikely that in Great Britain, where the Management Trust has had so successful a career, the "new" idea will be taken up on a large scale—at least until it has been possible to ascertain its results in America.

THE WEEK IN THE MARKETS. THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.
April 7.

ACCOUNT.
April 9.

THE long account (which includes the Easter holiday) opened with no change in the general atmosphere, the volume of business remaining small, though the undertone of most markets was better than might have been expected in view of unfavourable trade conditions and the proximity of the Budget. Gilt-edged stocks were firm on the strength of sterling. Neither Wall Street nor Paris gave a confident lead to London, demand in all three centres, where it existed, being decidedly selective.

The gilt-edged market was quiet, but improvements were general under the lead of Victory Bonds and Funding Loan. Indian loans improved in sympathy with British Government stocks. Signs of coming disaster to Mr Scullin's Government did not check the improvement in Australian stocks, aided by more satisfactory trade returns from the Commonwealth. New Zealand stocks showed only fractional movements. Little interest was shown in Home Corporation stocks.

The goodwill shown to the Prince of Wales by the South American countries was fittingly reflected in a better tone for many of their stocks. Brazilians and Argentines received attention, but Peruvians dropped back on fears that no payment might be made on the coupon dated April 1st. German bonds were the outstanding feature of the European market.

The recent severe weather, and the worst batch of traffic returns for some weeks, caused further declines in Home Rails. The publication of the text of the London Passenger Transport Bill (described on page 607 of this issue) was the signal for fresh selling of Undergrounds. South American Rails showed further improvement on much more satisfactory traffic returns, Buenos Ayres Great Southern leading the way, closely followed by Central Argentine.

Industrials were steady, but activity was patchy. International stocks showed a firm front. Gramophones and Columbias were in demand on persistent merger talk, though the whole business impressed New York much more than London. Nickels improved on the President's optimism regarding the company's outlook. Cables and Wireless lost ground early in the week, but later staged a recovery. Steel and engineering shares

(Continued on page 624).

The Coming Rise in GOLD SHARES

by L. L. B. Angus.
According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression. He applies the principles of his work Investment to an analysis of this section of the market.

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† Free of Income Tax.

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Mar. 11, 1931.	Price, Mar. 18, 1931.
British Aluminium 5% deb.	95	fy. pd.	95-96	94-96
Central Electricity Board 4% stock	95	fy. pd.	1-1 dis	1-1 dis
Cunard House 4% deb.	95	fy. pd.	92-93	92-93
Darnell (J.) 10/-	16/-	fy. pd.	8-8	8-8
Fortnum and Mason Inc. 7% pref.	85	5/-	par-6d pm	1/-dis-par
Gold Coast 4% 1960-70	98	5	—	1/-dis-1 pm
India 5 1/2% 1936-38	97	65	1-1 dis	1-1 dis
Kenya 4 1/2% 1961-71	98	fy. pd.	98-99	98-99
Lewis's Investment Trust 5% deb.	98	10/-	1-2 pm	1-2 pm
London and Clyde-Cale Trust	10	4	1-1 pm	1-1 pm
London and National Property 5% deb.	99	30	1-1 dis-1 pm	1-1 dis-1 pm
London and Home Counties Electric 4% stock	95	fy. pd.	94-95	94-95
London Power 5% deb. 1972	100	60	1-1 dis	1-1 dis
National Canning Ord. £1	par	10/-	par-6d pm	6d-1 1/2 pm
Nat. Shipbuilders Security 5% deb.	98	35	1-1 dis	1-1 dis
Reading 4 1/2% 1931-61	99	69	1-1 dis	1-1 dis
Second British Steamship Trust New £10	£10	£8	1-1 dis	1-1 dis-par
Surrey County Council 4 1/2% 1950-70	99	49	1-1 dis	1-1 dis-1 pm

(Continued from page 621.)

were steady, Guest Keen receiving attention. Electrical shares ruled moderately firm, but Motors were irregular. Fords improved on the chairman's speech, with its promise of a forthcoming new issue to shareholders. Textile shares did not respond to rather better trade advice, the results disclosed in the first annual report of the Lancashire Cotton Corporation being scarcely calculated to encourage business. Rayons, however, improved under the lead of Courtaulds. Brewery shares were dull. United Molasses had another slump on trepidation over the next report. Imperial Chemical were better on bear closing before the issue of the full report. Bank and Insurance shares showed little change.

The Oil market was firmer than was expected at the opening, though the American situation continued to give rise to concern. The price of Royal Dutch improved on Amsterdam buying. Rubber shares were distinctly "jumpy," the market choosing to put an optimistic construction on the conflicting news regarding negotiations for restriction. Slight "nibbling" caused a modest rise in tea shares.

Firmness obtained in some of the Mining markets. An increasing professional interest was shown in Kaffir, Paris buying International Counters, and Johannesburg demanding a number of favourite shares. Rand Mines were harder. Daggertfontein fell back on news of a new share issue. Rhokuna moved up on the favourable reception of the Rio Tinto debenture issue. Tin shares were unaffected by the slight rise in the price of the commodity, though their general tone was firmer.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Mar. 12, 1931.	Mar. 13, 1931.	Mar. 16, 1931.	Mar. 17, 1931.	Mar. 18, 1931.	Mar. 19, 1931.
Government and Municipal Loans	1,442	1,402	1,739	1,406	1,379	1,446
Transport, Communications, and Public Utilities	1,047	958	1,124	883	992	881
Commercial and Industrial Banks, Insurance and Financial	1,767	1,910	2,079	1,767	1,730	1,778
Mines (including Nitrate)	589	627	613	489	502	482
Oil	648	711	919	778	854	725
Rubber, Tea and Coffee	131	121	198	106	99	98
Total	5,741	5,805	6,779	5,512	5,647	5,480

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Mar. 12, 1931.	Mar. 13, 1931.	Mar. 16, 1931.	Mar. 17, 1931.	Mar. 18, 1931.	Mar. 19, 1931.
72-3	65-0	67-8	67-9	68-1	68-2	68-3	68-5	

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets remained resilient, though uneven conditions prevailed and the volume of dealings at times showed a tendency to fall off. Despite the cautious note struck in the U.S. Steel Corporation's annual report, steel shares generally gained ground. The

sharp rise in Steel Corporation on Wednesday was due to the announcement of an advance of \$1 per ton in the price of steel bars, shapes and plates. The whole industry is now reporting better orders, and operations have risen to 50 1/2 per cent. of capacity, the rise of 2 1/2 per cent. last week being the largest for some time past. The unsatisfactory foreign trade figures of the United States induced intermittent selling of railroad stocks, the very considerable decline in exports accounting for an important diminution in railroad freight receipts. Utilities have been a strong feature, but in other sections of the market activity has been mainly professional and highly selective, the public still being disinclined to act upon optimistic declarations from Washington and elsewhere that the bottom of the depression has been passed. Foreign news—including an advance in the price of silver—has been good, but earnings statements by large American companies continue to be adverse. The new issue market, however, remains very active, and a number of important flotations are expected before the end of the month.

	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.		Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.
U.S. 3 1/2% T. Bds.	105 1/2	106	106	Natl. Biscuit	80 1/2	80	82 1/2
U.S. 4 1/2% '32-47	101 1/2	101 1/2	101 1/2	Chapin Dodge	22 1/2	23	23 1/2
Do. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Pullman	54 1/2	54 1/2	52 1/2
Do. 4 1/2% '33-38	103 1/2	103 1/2	103 1/2	Sears-Robuck	57 1/2	56 1/2	60 1/2
Atchafalpa	191 1/2	188	185	Studebaker	23 1/2	23	24 1/2
Ohio & Ohio	42 1/2	41 1/2	41	Un. Fruit	65 1/2	64	64 1/2
Illinois Central	31 1/2	30 1/2	29 1/2	U.S. Leather	8 1/2	9	10 1/2
N.Y. Central	118 1/2	111 1/2	109 1/2	U.S. Rubber	15 1/2	17 1/2	19 1/2
Pennsylvania	60	58 1/2	57 1/2	Westinghouse	146 1/2	143 1/2	149 1/2
Southern Pacific	103 1/2	101 1/2	99	Woolworth	38	30	30 1/2
Southern Ry.	53	51 1/2	52 1/2		61 1/2	60	65
Union Pacific	196	190	185	Am. Tel. & Tlg.	198 1/2	196	196
Am. Can.	123 1/2	122 1/2	126 1/2	Interboro R.T.	32 1/2	30 1/2	29
Amer. Smelting	53 1/2	50 1/2	51 1/2	Int. Tel. Teleg.	35 1/2	34 1/2	37 1/2
Anacostia	40 1/2	37 1/2	39 1/2	Radio Corp.	23 1/2	22 1/2	25 1/2
Bethlehem Steel	65 1/2	63 1/2	65 1/2	Utilities P. & L.	30 1/2	29 1/2	30
Chrysler Motor	22 1/2	23 1/2	24 1/2	W. Union Tlg.	137 1/2	137 1/2	137 1/2
Corn Produce Rf.	82 1/2	81 1/2	85	Associated Gas "A"	22	22 1/2	23
Eastman Kodak	172 1/2	167 1/2	171 1/2	Pan Amer. B.	32 1/2	32 1/2	33
Gen. Electric (New)	51 1/2	50 1/2	52 1/2	Shell	32 1/2	29 1/2	31 1/2
Gen. Motors	43 1/2	43 1/2	43 1/2	Shell Union	8 1/2	7 1/2	7
Int. Harvester	56 1/2	55 1/2	57 1/2	Singair Oil	13 1/2	12 1/2	12 1/2
Montg. Ward	25 1/2	25 1/2	27 1/2	Std. California	47 1/2	45 1/2	46 1/2

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Mar. 11.	Mar. 18.
337 Industrials	134-5	218-9	98-2	174-1	99-6	110-7	112-7
33 Rail	127-8	173-5	89-1	145-5	92-0	97-8	95-3
34 Utilities	177-6	330-4	153-2	267-4	158-1	189-0	192-4
Total, 404 Stocks	140-3	228-1	105-5	184-2	107-6	121-0	122-5
Average yield of 50 Industrial Common Stocks	5-10%	5-23%	4-15%	5-95%	5-91%	5-23%	5-09%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Jan. 19.)	Mar. 11, 1931.	Mar. 12, 1931.	Mar. 13, 1931.	Mar. 14, 1931.	Mar. 16, 1931.	Mar. 17, 1931.	Mar. 18, 1931.
140-2	118-6	133-6	132-5	131-9	133-6	135-4	134-2	135-9	

TOTAL DEALINGS IN NEW YORK.

	Mar. 12, 1931.	Mar. 13, 1931.	Mar. 14, 1931.	Mar. 16, 1931.	Mar. 17, 1931.	Mar. 18, 1931.	Mar. 19, 1931.
Stock Exchange—Shares (Thous.)	2,500	2,400	1,000	2,100	2,800	2,000	3,500
Bonds (Value Thous. \$)	10,344	9,199	4,626	8,345	10,470	10,918	9,267
Curb—Shares (Thous.)	431	414	283	469	565	431	659

* 2-hour session.

AMSTERDAM.

The feature of the Amsterdam Stock Exchange during the past month was the surprise sprung upon the market by the Dutch Ford undertaking, the Nederlandsche Ford Automobielfabrieken, in declaring a dividend of 20 per

cent. for 1930, thus doubling the previous year's percentage. The shares advanced about 50 per cent. in a single day. At the same time, shares in the German undertaking, the Deutsche Ford Motor A.G., were introduced at 202 per cent. For several weeks sentiment has been on the firm side, with trading on a small scale, and no doubt the decidedly firm tendency for German bonds and shares, in which financial circles in the Netherlands are so closely interested, contributed considerably to the improved atmosphere. Thanks to the generally firm undertone, a number of leading stocks, industrials as well as plantations, once more stood well above the low records registered last December. Among industrials, Unie-Lever, Philips Lamp Works, and artificial silks were in good demand, and pronounced advances were scored. The journey to America of several directors of Unie-Lever is believed to bear relation to schemes for fusion with Proctor Gamble. Tobaccos were, if anything, rather more idle, on the unsatisfactory results of the first Sumatra tobacco auctions in Amsterdam. The Besoeeki Tabakmaatschappij sold their entire crop of 52,000 bales at the price of 41 (Dutch) cents per metric pound. Sugar and rubber shares remained fairly steady, with trading quiet. Amongst oils, Royal Dutch were a trifle lower, and shipping shares continued dull.

	Jan. 15, 1931.	Feb. 16, 1931.	Mar. 18, 1931.		Jan. 15, 1931.	Feb. 16, 1931.	Mar. 18, 1931.
4 1/2% Gov. Bds. 1916	102 1/2	102 1/2	102 1/2	Algem. Explorat.	93	109 1/2	91 1/2
4 1/2% Bonds East Indies	97	98 1/2	98 1/2	Amst. Ind. Gas	235 1/2	260	265 1/2
4 1/2% Amsterdam, 1915/1916	101 1/2	102	101	Ned. Ind. Gas	207	221 1/2	236 1/2
4 1/2% Rotterdam, 1930	101 1/2	101 1/2	101 1/2	Royal Dutch	283	311 1/2	286 1/2
Amsterdam Bank	166 1/2	172	176 1/2	Amsterdam Rub'ry	104	109 1/2	109 1/2
Koloniale Bank	139 1/2	143	143	Deli Batavia	55 1/2	61 1/2	62
Ned. Ind. Handelsbank	125	132	130 1/2	East Java	133	142 1/2	143 1/2
Neth. Trading Soc.	144	147	143 1/2	Hesse Rubber	80	87 1/2	88 1/2
Rotterdam Bank	101 1/2	103 1/2	103	Sertadiadi Sumatra	63 1/2	69	70 1/2
Van Borkels Pat.	52	59 1/2	54	Allied Sumatra	40	43	45
Central Sugar	37	37	34 1/2	Holland Amer. Line	13 1/2	14 1/2	13
Shipbuilding Wilton	8	20	24 1/2	Royal Packet	160 1/2	162 1/2	160
Dutch Art. Silk	62	74	78	Neth. Shipping U. Navigation	132	140	132
Unilever	177 1/2	200 1/2	223 1/2	Royal Steamship Line	133	140	133
Kuechenmeister Aco.	79 1/2	89 1/2	82 1/2	Java China Japan	66 1/2	72 1/2	68
General Art. Silk	46 1/2	71 1/2	75 1/2	Vorstenlanden	103	105	101
Dutch Ford	222	262 1/2	340	Trading Co. Amsterdam	358 1/2	366 1/2	386
Philips Elect. Lamp	185 1/2	228 1/2	240	Neth. Plantations	268	291	286
Swedish Match	194	220 1/2	245 1/2	Neth. India Sugar	158	165	132
Kreuger & Toll	384	424	480	Besoeeki	347	394	
Intern. Cred. Trans.	207	218	224 1/2	Deli Batavia	239 1/2	260	242
Redjang Lebon	65	74	89 1/2	Singkep Tin	256 1/2	244 1/2	252
Singkep Tin	108	126 1/2	149 1/2	Senembah	266	306 1/2	308 1/2
Bolton	64	74 1/2	60				

INVESTMENT NOTES.

The Stock Exchange Year.—The Stock Exchange new financial year begins next Wednesday, March 25th, writes a "House" correspondent. A ballot for the election of thirty members to serve as a General Purposes Committee of the Stock Exchange was held yesterday. The Stock Exchange has no special question before it at the present time, but two candidates, both brokers, came forward to contest the one seat vacated by the resignation of another broker. The number of new candidates for Stock Exchange membership this year is well up to the average, which is a little surprising in view of current depressed conditions. About a couple of years ago, nominations reached practically the peak price of £1,800. Six weeks ago they were offered at £220. To-day the price is about £400. The new Committee will formally take office next week, and it is a foregone conclusion that the present chairman, Mr. Archibald Campbell, will again be re-elected to the position he has occupied for some years past. The newly elected Committee have plenty of work before them. The Committee have not yet taken definite action in respect to a questionnaire they addressed to broker-members last July on the question of the return of commission to agents and others. Recently, certain daily newspapers have endeavoured to revive interest in the question of reopening the Stock Exchange on Satur-

days. This matter, however, has been under the continual survey of the Committee ever since April 28, 1917, when Saturday closing was decided upon. The Trustees and Managers will meet next Wednesday week to decide the final dividend for the year. Though profits are likely to show diminution, it is hoped that the dividend of £13 a share will be maintained. The Stock Exchange now has nearly 3,000 shareholders, out of a total membership of about 4,000. The "House" has suffered loss by the passing this week of Mr. H. W. Henderson, after forty-seven years' membership, of which nearly twenty-three had been spent in the "House's" service as a Trustee and Manager. Mr. Henderson was a recognised authority on Argentine Railways, and his loss will be keenly felt.

Investors and the Traffic Bill.—Shareholders in the Underground Group, the Metropolitan Railway and other concerns, whose future status is affected by the London Passenger Transport Bill, will find that the measure, as at present drafted, leaves many important matters in an uncertain state. For instance, the Bill makes it clear that, as regards the amount of London Traffic Board stock to be given in exchange for any undertaking, "amount of capital" will be the criterion as regards publicly owned concerns and, "return on capital" as regards commercially owned ventures. It is not clear, however, to what extent allowance is to be made for public capital sunk in forms of transport which are no longer competitive. The Arbitration Tribunal, with which the last word will lie as regards the scheme's financial aspects, is directed to pay special regard to the net profits of non-publicly owned undertakings for three financial years prior to the passing of the Act and the probability that such profits would have continued to be earned. The Bill makes no reference to compensation for a prospective increase in profits, which might arise from three different causes: (a) recent capital extensions which, at the time of the Bill's passing, had not reached their optimum earning power; (b) the "equity of good management" and (c) the future growth of London. The only way to compensate existing equity stockholders for (c) would be to offer them, in whole or part, an equity stock of the proposed new Traffic Board. As regards (b), much will depend on the personnel of the five members of the Board, the results of co-ordination, the policy adopted in the matter of the fixing of fares, and the extent to which the "purchase price" paid for the less economic undertakings is a drag on the earning ratio of the Board's stock as a whole. Until these and other questions—such as the method of differentiation between the London and extra-London interests of various concerns—are decided, the Bill will remain merely an outline of a gigantic scheme. The ultimate verdict of the investor will depend entirely upon the manner in which the details are filled in.

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GOVERNMENT, MUNICIPAL, RAILWAY, PUBLIC UTILITY, INVESTMENT TRUST AND INDUSTRIAL FINANCING

Industrial Profits.—For the convenience of those of our readers who are accustomed to follow the results of our quarterly computations of British industrial profits, we have arranged to publish from time to time various interim figures in advance of our complete surveys. Accordingly, we show below the total profits of companies whose reports have been received between January 1st and March 14th last, with a comparison of the previous year's figures for the same companies:—

Group.	Number of Companies.	Net Profit (after Payment of Debenture Interest)—All Reports received January 1 to March 14, 1931.		Increase or Decrease.
		1929-30.	1930-31.	
Breweries.....	17	£ 1,157,961	£ 1,139,285	— 1.6
Canals and docks.....	2	523,595	560,544	+ 7.1
Electric Lighting, &c.....	21	4,732,248	5,080,319	+ 7.3
Financial, land and investment.....	18	854,308	754,425	— 11.7
Gas companies.....	39	3,334,054	3,468,971	+ 4.0
Hotels, restaurants, &c.....	4	96,411	79,070	— 17.9
Iron, coal and steel.....	13	710,365	608,886	— 14.3
Motor and cycle.....	6	1,631,531	1,249,059	— 23.4
Nitrate.....	2	64,810	Dr. 154,138	— 337.9
Oil.....	1	300,083	199,347	— 33.6
Rubber, &c.....	30	340,567	Dr. 4,252	— 101.2
Shipping.....	7	298,221	289,506	— 2.9
Shops and stores.....	24	3,911,037	3,664,918	— 6.3
Tea.....	1	201,791	50,827	— 15.0
Telegraphs, &c.....	1	206,611	190,010	— 7.7
Textiles.....	24	5,829,824	2,691,705	— 53.8
Tramways, &c.....	7	547,894	606,542	+ 10.7
Trust companies.....	59	4,711,556	4,834,505	+ 2.5
Waterworks.....	14	646,681	661,004	+ 2.2
Other companies.....	149	21,104,650*	21,151,498*	+ 0.2
Total.....	439	51,057,259	46,931,981	— 8.1

* These figures exclude the results of British Cement Products and Finance.

Of the 439 companies, whose aggregate profits show a decline of 8.1 per cent., 270 presented reports for financial periods ending on December 31st last. Our next table shows similar figures in relation to 66 companies whose reports have been received during the past week:—

Group.	Number of Companies.	Net Profits, after Payment of Debenture Interest—Reports received in week ended March 21, 1931.		Increase or Decrease.
		1929-30.	1930-31.	
Breweries.....	2	£ 275,956	£ 359,914	+ 30.4
Canals and docks.....	1	43,619	48,191	+ 10.5
Electric lighting, &c.....	5	1,047,562	1,107,984	+ 5.7
Gas.....	2	145,857	159,857	+ 9.6
Hotels, restaurants, &c.....	2	202,576	173,444	— 14.4
Iron, coal and steel.....	8	422,961	458,284	+ 8.3
Motor and cycle.....	2	207,989	168,973	— 18.8
Rubber, &c.....	3	15,912	Dr. 27,840	— 274.9
Shops and stores.....	5	259,108	254,750	— 1.7
Telegraphs, &c.....	2	252,319	227,495	— 9.9
Trams.....	6	170,271	158,516	— 6.9
Waterworks.....	1	96,682	93,158	— 3.6
Other companies.....	27	3,399,752	2,916,646	— 14.2
Total.....	66	6,536,564	6,078,772	— 7.0

Of the 66 reports summarised above, 54 relate to the financial year which closed on December 31st last.

Further Electricity Results.—The publication of a further batch of electricity company reports during the past week emphasises our recent conclusions regarding the upward trend of earnings. Of the five companies dealt with in the table printed below, four—all operating in the North—increased their net revenue last year.

Name of Company.	1928.			1929.			1930.		
	Net Profit.	Ordinary.		Net Profit.	Ordinary.		Net Profit.	Ordinary.	
	£	%	Ordinary.	£	%	Ordinary.	£	%	Ordinary.
Mersey Power.....	17,750	5.2	5	57,489	5.1	5	61,028	5.7	5
Newcastle and District.....	27,906	11.6	7.5	22,619	6.8	7	32,865	9.4	7
Newcastle-upon-Tyne Electric.....	404,285	7.5	6	437,784	6.5	6	446,169	6.6	6
Scottish Power.....	102,449	11.7	8	173,940	12.0	8	244,766	10.9	8
South London Electric.....	76,124	16.7	8.5	84,875	18.9	8.5	62,673	13.2	8.5

The South London Electric Supply Company alone announces a decline, sales of current having brought in £254,151, against £259,238, while expenditure is increased from £143,172 to £165,566. After deduction of fixed charges, depreciation and taxation, net profit amounts to £62,673, compared with £84,875 for 1929. In 1928 the aggregate net income of the five companies totalled £628,514, in 1929 £776,707, and in 1930 £847,521. Ordinary dividends are unchanged.

Home and Colonial Offer to Lipton's.—When International Tea blew out the stern of the good ship "Allied Stores" by refusing to consummate the merger with the Unilever interests, it was announced that the remaining concerns would carry out a scheme of closer organisation on their own account. In pursuance of this policy, presumably, what is described as "an authoritative forecast" has appeared in the Press this week of a share exchange offer to be made by Home and Colonial Stores, Ltd., to the shareholders of Lipton, Ltd. The terms are summarised in the following table, which also shows a comparison of the income on £100 of each class of Lipton's shares, (a) at present and (b) under the scheme:—

Lipton Shares.	Home and Colonial to be given in exchange.	Dividends on £100 Lipton's.	
		Present Time.	Under Home and Colonial Offer.
240 5% pref., 10s.	100 6% "A" pref., £1...	£5	£5
200 6% pref., 10s.	100 6% "A" pref., £1...	£6	£6
		{ £10*	{ £42*
238 ord., 1s.	100 ord., 4s.	{ £39.8†	{ £57†

* On last dividend. † On last earnings.

Presuming that the unofficial forecast of the terms is correct, there is an obvious advantage to Lipton's ordinary shareholders, on the basis of the last balance sheets, both as regards immediate yield and as regards earnings' position. It should be remembered, however, that under the scheme of arrangement agreed to in 1929 the then ordinary shareholders of Lipton's had 95 per cent. of the nominal value of their shares written off. Subsequently, under the wing of the Meadow Dairy Company (which controls, or is controlled by, Home and Colonial), Lipton's has rapidly improved its trading position and profits. Presumably, the terms take account of the probability that this increase in earning power will be maintained for some time to come. They doubtless foreshadow a large increase in profits in the Lipton report for 1930, which is due in a few days. In short, the Unilever interests would seem to have recognised that, under sound management, the Lipton business remains an extremely valuable property.

Pinchin, Johnson.—The report for 1930 of this leading concern in the international paint, varnish and enamel trade has been anxiously awaited in view of the recent weakness in the shares. The figures show that, as a result of falls in commodity prices, depressed world trade, and depreciation in certain foreign exchanges, profits declined by £66,456 to £315,076:—

	Year ended December 31.		
	1928.	1929.	1930.
Net profit*.....	£ 354,325	£ 381,532	£ 315,076
Preference dividend.....	26,000	26,000	25,187
No. of times covered.....	13.6	14.7	12.5
Ordinary dividend:			
Amount.....	233,495	331,189	282,554
Earned %†.....	37.9	30.4	26.6
Paid %†.....	30%	30%	22½%
To reserve.....	67,000	20,000	10,000
Inc. or dec. in carry-forward.....	+27,830	+4,343	—2,665

* After deducting tax. † Subject to tax.

During the year the company acquired the balance of the share capital of two subsidiaries, the balance-sheet item

varying by £185,123. Properties are £85,935 higher at £555,874. Cash, British Government securities and other trustee stocks are shown together at £750,780—a decline of £65,501. Liquid assets exceed current liabilities by £1,069,390. At 31s. 3d. the 10s. ordinary shares yield 7½ per cent.

Powell, Duffryn Steam Coal.—Though the ordinary shareholders in this Welsh coal enterprise are not yet in sight of a dividend, the report shows that results for the first nine months of 1930 were more satisfactory than those of the previous year. Earnings, before paying debenture interest and directors' fees, were £61,117 higher at £370,294 and the net profit was £68,219 greater at £112,309. After paying preference dividend, virtually the whole of the remaining £100,176 was applied to "the depreciation of fixed assets and the strengthening of reserves":—

Year ended December 31	1928.	1929.	1930.
Net profit.....	Dr. 231,805	44,090	112,309
Preference dividend.....	...	12,525	12,133
No. of times covered.....	...	3.4	11.8
Ordinary capital:—			
Earned %.....	...	0.8	0.9
Paid %.....	...	...	...
Depreciation and reserves.....	...	...	100,000
Inc. or dec. in carry-fwd.....	—231,805	+31,565*	+176

* Debit balance eliminated by transfer from reserve.

The bank overdraft has been increased by £31,481 to £480,784, while creditors have been reduced by £26,431 to £799,262, of which £484,328 represents trade creditors. The outstanding features of the assets side of the balance sheet are the increase of £92,398, to £864,463, in sums due by subsidiary companies, a decline of £92,265, to £260,976, in debtors, and a rise of £75,470, to £276,282, in stocks and stores. A recent landslide at New Tredegar Colliery damaged two shafts, and no coal is now being raised from this mine. The Albion Colliery has been purchased at a low price. The ordinary shares stand at 6s. 6d.

First Co-operative Investment Trust.—The reform of the financial policy of the Co-operative Investment Trusts was begun in 1929, when the attempt to maintain dividends at the imprudent rate of 7 per cent. was finally abandoned. The report of the First Co-operative for the half-year ended January 31, 1931, shows that, in spite of the conservative dividend policy now adopted and the reorganisation of the portfolio which has been carried through in the last twelve months, the company is still making heavy weather. The depreciation in the book cost of investments, after deducting reserves, is declared to be 26.26 per cent. at January 31st, as compared with a depreciation of 17.75 per cent. as at July 31, 1930. The investments are quoted in the balance sheet at £1,978,419, as against a market value of £1,368,066. Revenue has fallen off, the figure of £50,662 for the half-year comparing with £59,638 and £60,218 respectively for the two previous half-years. This may be attributable in part to a diminution of dividends, but chiefly to the progressive change-over in the portfolio from ordinary and preference shares to bonds:—

	DISTRIBUTION OF HOLDINGS.		
	January 31, 1930.	July 31, 1930.	January 31, 1931.
Bonds and debentures.....	47.29	51.36	55.47
Preference.....	18.94	16.05	14.87
Ordinary and deferred.....	33.77	32.59	29.66

In any case the fall in revenue is not accounted for by any reduction in available funds, for the share capital at January 31, 1931, amounted to £1,652,943 and bank overdrafts and loans to £239,314, as compared with £1,659,006 and £219,892 respectively at July 31, 1930. The directors are wisely restricting the dividend distribution by more than the fall in revenue. An appropriation of £5,000 is made to general reserve, to which £10,000 was allocated in the previous half-year, and £5,802 is

being carried forward. The reserves now total £85,002, including £20,002 entrance fee reserve. The directors appear to be doing their best for the shareholders, but there appears little likelihood of an early restoration of the investments of the First Co-operative Investment Trust to their original cost.

Lancashire Cotton Corporation.—The report of this "rationalising" merger for the year to October 31st last makes, outwardly, a depressing picture. The accounts record a net loss, before allowing for depreciation, of £162,368. Part of the trading loss is attributable to the writing down of stocks by £86,300, from cost to market price. At the date of the balance sheet shares outstanding totalled £1,114,584, and income debenture stock £1,454,507, but by March 4th these figures had increased to £1,895,182 and £2,303,739 respectively. The securities still to be issued to vendors total £3,914,678. Advances from bankers, at £1,024,712, include £710,000 covered by an undertaking to issue debentures giving a first charge on the assets, and £314,712 against cotton. Bills payable amount to £29,039, while sundry creditors and accrued charges amount to £156,165. During the year £95,020 has been spent on improvements in fixed assets, which are now valued at £5,896,124. Costs of acquisition amount to £340,610, investments to £21,370, and stocks on hand to £860,267. The parlous state of the Lancashire cotton industry is emphasised by the fact that out of eighty mills possessed by the corporation, with a spindleage of about 7,500,000, only thirty-seven are working.

International Nickel Report.—The report of International Nickel for 1930 bears out the conclusions suggested by the quarterly statements. Total income declined from \$6,916,939 in the first quarter to \$3,107,325 in the December quarter, and the total for the year amounted to \$19,006,840 as compared with \$31,153,660 for 1929. After making much the same allocations as in 1929 the net profit comes out at \$11,770,060, as against \$22,235,996. Earnings on the common stock total 67½ cents per share, against \$1.47 per share in 1929, the number of shares in issue having increased from 13,758,208 to 14,584,025 as a result of the 1930 issue to shareholders at \$20. As a result of the maintenance of the quarterly dividend rate at 25 cents, the earned surplus declined from \$24,958,970 to \$20,846,169, but the increase in the capital surplus—after the issue of common stock—is reflected in a net increase in the total surplus from \$73,387,700 to \$80,778,814. Though the report expresses the view that this year the downward trend in earnings will be reversed, it appears unlikely that the 1931 earnings on the common stock will greatly exceed the 1930 level, even if an expansion occurs in general business. In our issue of February 2, 1929, we remarked that the future profits of the company depended mainly on the world's

INVESTMENT

by L. L. B. Angas.

(Author of "The Coming Collapse in Rubber, 1926.")

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ability to absorb nickel and platinum metals. Now that the expansion programme is virtually completed the true force of this is apparent. The company's annual output capacity is now in the region of 107,000 tons of copper, 80,000 tons of nickel and 300,000 ozs. of platinum metals. Last year the world's consumption of nickel in all forms was 44,000 tons, and in the peak year, 1929, it was only 68,000 tons. In 1930 the company's sales of nickel in all forms declined by 50,293,437 lbs. to 75,284,352 lbs., but, by virtue of the higher average copper content of the Froid ore, copper sales increased by 27,909,971 lbs. to 109,743,743 lbs. Even at the present price of copper, production is profitable owing to the exceptional value of the ores, but while a larger proportion of nickel could be produced, any attempt greatly to increase the proportion of copper would necessitate selective mining of the rich lower level Froid ores—a short-sighted policy which is not likely to be adopted. Nickel production in excess of demand was carried on in 1930 to replace normal stocks depleted in 1929, but now the governing factor is nickel sales. The effort to increase nickel sales is being backed up by an extensive research programme. So far the company has succeeded in maintaining its nickel price schedules.

Tin Restriction Criticised.—The suspicion that compulsory tin restriction is not supported, in its present form, by all producers is confirmed by the speech of Mr F. E. Mair at the meeting, on Wednesday, of Gopeng Consolidated, Ltd., whose accounts are dealt with on another page. Mr Mair, who enjoys a high reputation as a pioneer in Malaya and the representative of an important tin-producing group, referred to his approval, some months ago, of the principle of an international tin quota scheme as an experiment, provided that the burden was shared equally by all producers in all the signatory countries. He declared, however, that the present scheme did not provide for equality of treatment. Not only was Malaya to be compelled to restrict her output by 22.36 per cent. of the agreed 1929 figures, as compared with 16.4 per cent. in the case of the Dutch East Indies, but no allowance had been made for new production, etc., in Malaya since 1929, the effect of this omission being to raise the true Malayan restriction percentage possibly by as much as 10 per cent. Mr Mair pointed out that his own group of companies, with its associates, produced annually about the same tonnage as the Billiton interests in the Dutch East Indies, but at a lower cost. It was now being asked to curtail its production by about 32 per cent., while that of Billiton was curtailed by only 16 per cent.—in other words, to forego entirely its competitive advantage, obtained as a result of careful selection, capitalisation and discrimination. Mr Mair further complained that, although he had been informed that the High Commissioner of the Federated Malay States was present at an international meeting last November, when the quota figures were discussed, the companies in his own group had not been consulted and had been left to learn, late in January, that the figures agreed upon in November were fixed and could not be made the subject of negotiations. Mr Mair further declared that at a time when he was cabling to the East urging that the industry should have an opportunity to consider full details of the intended scheme, it was practically impossible to obtain reliable information from "authoritative sources." In the meantime, an intensive propaganda campaign was being carried out by certain interests. Altogether, Mr Mair declared, the interests of Malayan producers had been badly served. In view of the serious character of some of Mr Mair's charges it may be hoped that a comprehensive reply will be forthcoming from those most closely identified with the present scheme.

Restriction of U.S. Oil Imports.—In commenting on the cut in the price of British petrol in the *Economist* of March 7 last, we referred to the serious over-production of crude oil in the United States of America and to the development of the new shallow oilfield in East Central Texas. The output of this new field is steadily rising, and considerable apprehension is felt as to its effect on

the whole structure of American oil prices. According to the Standard Oil Company of New Jersey, at least 25 or 30 wells will be completed in the next six weeks, bringing the potential output of the new field up to 200,000 barrels a day. Four or five major pipe-line companies are in a position to lay short branch lines into this area if they desire to take the oil. The fact that many of the leases are small and are owned by individuals eager to secure a rapid exploitation of their newly-found wealth adds to the difficulties in restraining development, but if restriction is not adopted the Standard Oil Company of New Jersey believes that "there may result such a scramble to sell oil in an over-supplied market as to spell demoralisation of prices." The serious nature of the crisis has led to a conference of the representatives of the governors of all the major oil-producing States. At this conference it was proposed that all the oil States should appoint a consultative committee, outside political control, to act with a general sub-committee for the purpose of allocating the output of oil for each State, and that the Federal Government be asked to sanction a national scheme to prevent over-drilling and its consequent waste. It was also suggested that the governors of the oil States should seek an understanding with the major crude oil purchasing companies with a view to limiting production and imports. Negotiations with the big importing companies have subsequently been carried on, and it is claimed that an agreement has been reached with all except the Standard Oil Company of Indiana. If the voluntary agreement between the various importers fails to curtail the imports of crude oil and refined products, an attempt is to be made to force the control of imports by each State separately. An air of crisis undoubtedly prevails in the American oil industry. A Bill has been introduced into the Oklahoma Legislature to prohibit any corporation from doing business in the State which either directly or through an associated or affiliated company imports crude oil or refined products into the United States. This is one example of the desperate proposals which are now being made to meet a situation which long ago should and could have been countered by a drastic lowering of oil prices. If oil production and drilling are to be stopped in America it has to be made unprofitable.

MINING NOTES.

Robinson Deep.—The statement just issued covers a period of important changes—the modification of the "B" capital and the acquisition of the property of the Village Deep—writes our mining correspondent. The "A" capital remains at £25,000; the "B" now amounts to £686,156 in shares of 7s. 6d. each, against £881,807 in £1 shares; while by the purchase of the Village Deep area of 986 claims the property has been expanded to 1,892 claims. Of these some 686 are intact, including areas lost through dykes and faults. At the annual meeting of the parent company, the Consolidated Gold Fields, the chairman supplied the useful information that the life of the Robinson Deep was estimated at 15 years minimum. We contrast the results of the past three years:—

	Year ends December 31.		
	1928.	1929.	1930.
Tons of ore milled	918,400	919,900	1,339,000
Yield per ton	23/5	23/4	23/2
Costs per ton	19/8	19/7	19/3
Profit per ton	3/9	3/9	3/11
Profit on working.....	£ 173,954	£ 172,830	£ 261,170
Net profit	116,335	135,020	134,480
"A" shares { £	75,000	75,000	75,000
%	300	300	300
"B" shares:—			
Earned £	41,335	60,020	59,480
Paid £	Nil	Nil	57,180
Earned %	4.7	6.8	8.7
Paid %	Nil	Nil	8½
To debenture redemption	35,700	35,700	35,800
Other allocations	1,714	1,714	1,716
Carried forward	76,845	99,452	64,234
Ore reserves, tons	1,407,000	1,357,000	2,397,000
Value, dwt.	6.1	6.0	5.9

The amount disbursed upon the "B" shares corresponded very closely with that earned; hence an increase in the expenditure on capital account entailed a substantial draft upon the carry-forward. The debentures are now completely extinguished. For the current year the distributions are expected to total at least 1s. 9d. per share.

Crown Mines.—The impression that the report for 1930 would make a good showing has been fully confirmed. The consulting engineer declares that during the year the company made exceptional progress. The scale of operations was greatly extended, and future mining prospects were improved by the favourable results of extensive development. A record tonnage was crushed, and the development footage exceeded the 1929 total by no less than 40 per cent. Importance attaches to the disclosure in a new area in the deepest section of the mine of 570,000 tons carrying the high average of 8.5 dwts. The figures relative to three years are contrasted below:—

	Years to December 31.		
	1928.	1929.	1930.
Ore milled, tons	2,611,000	2,643,000	2,905,000
Revenue per ton	27/10	27/7	27/1
Costs per ton	20/5	20/5	20/3
Profit per ton	7/5	7/2	6/10
Working profit.....	£969,090	£947,110	£990,150
Net profit	£978,890	£966,200	£783,960
Earned per cent.	104.1	87.2	83.1
Paid per cent.	55	65	67½
Amount.....	£507,680	£599,990	£636,570
Capital expenditure	£285,310	£207,440	£165,620
Carried forward	£346,170	£358,390	£440,640
Ore reserves (available) tons...	8,799,100	8,896,270	9,974,980
Value, dwt.	6.4	6.4	6.6

At 12,285,210 tons the total ore reserves show an increase of 1,443,750 tons on the year—a highly satisfactory result. Nevertheless, the question arises whether the prospects are not adequately discounted by the recent advance in the 10s. shares to 87s. 6d. It is true that in the near future capital expenditure should be on a much smaller scale than for some time past. But last year's revenue was swollen to the extent of nearly £50,000 by a special declaration arising from a change in the treatment process. Development was exceptionally productive. Nevertheless, the available ore reserves (allowance being made for sorting) represent no more than three years' supply for the mill. On the basis of the increased dividend paid for the second half of 1930 (85 per cent.) the return shown is barely 8 per cent. gross.

Durban Roodepoort Deep.—In the case of this, as of the Robinson Deep Company, financial reorganisation has been attended with highly satisfactory results. By the scaling down of the capital and the provision of additional resources the company was freed from debt and additions were made to the treatment plant. Due to the operation of the latter, the tonnage of ore treated monthly increased from about 42,000 to 46,000, while costs were brought down by 1s. 7d. per ton, thus more than counteracting decline in grade. The operating profit came out at £66,700 in place of £46,600 for 1929 and £19,800 for 1928. The decks being clear, dividends were resumed with 2½ per cent. in respect of the first and 5 per cent. for the second half of 1930. Development opened up 531,100 tons, or rather more than the quantity crushed, the payable proportion being high at 77 per cent. Allowance being made for sorting, the available reserves (2,043,000 tons) represent approximately 3½ years' supply for the mill. The total ore reserves—2,481,200 tons, value 6.94 dwts. over a stopping width of 47.7 inches—show an expansion of 416,300 tons, the value being somewhat less and the width greater than before. The two former features are attributable largely to the inclusion—thanks to the reduction in working costs—of ore previously classed as unpayable. The outlook for the current year is described by the consulting engineers as favourable.

Gopeng Consolidated.—As a result of voluntary curtailment of output the yardage treated in the last financial year was 1,956,000 against 2,097,100 in 1928-29. The average yield also showed some falling off; but a fresh economy in costs brought the ratio down to the very low level of £28 9s. per ton of concentrates. The price of tin, of course, was substantially less than before; and in the end the profit came out at £50,800 in place of £89,800, the sum written off being £10,000 as against £13,000. The dividend total was reduced from 4s. to 2s. 9d. per share, but even so the carry-forward had to be drawn upon to the extent of £3,500. Revenue from the rubber estates, which in 1928-29 brought in an appreciable amount, was last year negligible. Investments "at book values are £5,700 up at £49,650; "investments at cost" figure for £44,800 in contrast with £42,550. On the basis of last year's dividends the yield shown is barely 7 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—National Bank of Egypt, National Bank of Greece, Eastern Bank, British and German Trust, Equity and Law Life Assurance Society, British Insulated Cables, Midland Electric Corporation for Power Distribution, County of London Electric Supply, Rio Tinto Company, Ford Motor, Dickins and Jones, Joseph Nathan and Company, and Spratts Patent. Presiding at the annual meeting of the County of London Electric Supply Company, Sir Bernard Greenwell said that the number of units sold by the company during the past year constituted a record, being an increase of 19.9 per cent. over the sales of the previous year, compared with an increase in national output of about 5 per cent. At the meeting of the British and German Trust, the chairman stated that, in the case of Germany, the falling off in exports was much smaller than in the case of either England or America, the decrease in value being about 10 per cent. in the case of Germany, compared with about 21 per cent. for Great Britain and

EQUITY & LAW LIFE ASSURANCE SOCIETY

Established 1844

Annual Report for the year ending

December 31st, 1930.

Gross New Assurances
effected - - - £2,650,828

Net New Assurances
effected - - - £1,867,878

(The largest in the history of the Society.)

Gross Amount of Assurances in force - - £19,631,273

Total funds exceed - £9,300,000

For Prospectus write to:

THE MANAGER,
18 Lincoln's Inn Fields, W.C. 2.

25 per cent. for the U.S.A. At the annual meeting of the Eastern Bank, the chairman asserted that in 1930 there was a decline in trade between England and India amounting to £25 millions in imports and £9,300,000 in exports, cotton goods alone being responsible for £13,600,000 of the reduction in British imports into India.

CAPITAL ISSUES.

Three borrowers offered a total of £5,948,806 to the public this week, but the largest issue, that of the *Metropolitan Water Board* (totalling £3,698,806) was entirely a conversion operation. The *Rio Tinto* offer was generously covered by the earnings of a concern whose name is a household word and whose ordinary dividends since 1897 have averaged 57 per cent. per annum. The proceeds of the issue, however, are to be used outside Spain, where the company's main interests lie. A substantial part will be employed in subscribing for debentures in the Rhokana Corporation, whose mines have not yet reached the production stage. The issue, which came out under Rothschild auspices, was over-subscribed. The *Southern Stockholders' Investment Trust* made an issue of £250,000, giving an average yield for an offer of its class.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to March 14, 1931, £32,395,700.
Total, including conversion, recorded January 1 to March 14, 1931, £38,366,843.

National Savings Certificates.

Net sales, week ended March 14, 1931, £250,000.
Total receipts, April 1, 1930, to March 14, 1931, £12,200,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
<i>Metropolitan Water Board</i>	3,698,806	3,698,806	...	...	...
<i>Rio Tinto Company</i>	2,000,000	...	1,850,000	200,000	1,630,000
<i>Southern Stockholders' Investment Trust</i>	250,000	...	240,000	240,000	...
Total offered to Public, week ended March 21, 1931.....	5,948,806	3,698,806	2,070,000	440,000	1,630,000
To Shareholders only.					
<i>Britannic Assurance, 136,364 Ord. £1 at par</i>	136,364	...	136,364	17,045	119,319
<i>Chargela Tea, £50,000 7½% Deb. Stk. at par</i>	50,000	...	50,000	5,000	45,000
<i>Electrical Distribution of Yorkshire, 100,000 Ord. £1 at 25s.</i>	100,000	...	130,000	25,000	105,000
<i>Tamirah Rubber Estates £30,000 8% Deb. Stk. at par</i>	30,000	...	30,000	7,500	22,500
Total offered to Shareholders only, week ended March 21, 1931.....	316,364	...	346,364	54,545	291,819
Total Offered for Subscription—					
Including Conversions.					
Excluding Conversions.					
Jan. 1 to date—					
1931.....	44,732,013	35,062,064	...	...	...
1930.....	141,181,345	85,441,345	...	...	...
1929.....	108,706,270	95,127,050	...	...	...
1928.....	...	164,478,100	...	...	...
1927.....	...	139,492,581	...	...	...
1926.....	...	73,472,145	...	...	...
1925.....	...	44,246,381	...	...	...
1924.....	...	36,012,900	...	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931.....	31,988,907	521,571	2,551,586	35,062,064
1930.....	74,534,052	8,045,697	2,861,596	85,441,345
Whole year—				
1930.....	227,658,500	15,548,800	24,593,300	267,800,600
1929.....	137,670,300	31,543,400	116,025,700	285,239,400
1928.....	212,817,900	45,062,600	111,177,600	369,058,100
1927.....	224,958,000	36,836,500	89,371,400	351,165,900
1926.....	145,180,000	39,383,200	46,209,400	230,772,600

Grace National Bank

Hanover Square, New York, U.S.A.

A thoroughly organized international bank, giving special attention to the requirements of European banking correspondents.

Special Representative

148 Leadenhall St. London, E.C. 3.

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended March 21, 1931 ...	Nil	...	Nil
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	9,494,078	...	9,623,731

Metropolitan Water "D" Stock 1946-1966.—Offer of £3,698,806 18s. 5d. stock in exchange for holdings of Metropolitan Water "C" Stock, 1929-1939, due for repayment on June 15, 1931. Trustees are authorised to invest in this stock. The rate of conversion is £101 of the new "D" stock for each £100 nominal of the "C" stock surrendered. The total of "C" stock outstanding is £4,778,755, but of this amount only £3,662,184 will be accepted for conversion under the present offer. The balance of £1,116,571 will be repaid at par on June 15, 1931, together with any part of the "C" stock not surrendered for conversion. Arrangements have been made whereby any part of the £3,698,806 "D" stock, for which applications are not received, will be taken up for cash at £98 17s. 6d. per cent. If not previously redeemed, the "D" stock will be repaid at par on May 15, 1966, but the board reserve the right to redeem at par on or after May 15, 1946, at three months' notice.

Rio Tinto Company.—Offer for sale of £2,000,000 5 per cent Redeemable Debenture Stock at £91½ per cent. The stock is to be redeemed by the operation of a cumulative sinking fund by April 1, 1951, but the company reserves the right to repay at par on any interest date prior to April 1, 1951, on three months' notice. At its price of issue the stock allows a flat yield of just under 5½ per cent. and an average redemption yield of over 6 per cent. Average profits for the three years to December 31, 1929, totalled £1,103,912, covering the service of the present issue more than six times.

Southern Stockholders Investment Trust.—Issue of £250,000 5 per cent. First Debenture Stock at £96 per cent. The stock will be repaid at par on September 15, 1970, but the company reserves the right to repay at par at any time between September 15, 1960, and September 15, 1970. The stock gives a flat yield of 5.21 per cent., or 5.24 per cent. if held to redemption. The company was incorporated in June, 1923, to carry on the business of an investment trust company.

Bedford District Gas Company.—Issue by tender of £20,000 5 per cent. Perpetual Debenture Stock, minimum price of issue £98 per £100, yielding at that price £5 2s. per cent. The net revenue of the company for the year to December 31, 1930, was £12,848, covering interest on the debenture stock, including the present issue, nearly five times.

Bognor Gas and Electricity.—Issue by tender of £30,000 5½ per cent. Redeemable Debenture Stock, redeemable at par on December 31, 1950. Minimum price of issue, par. The net revenue of the company for the year to December 31 last was £16,820, covering interest on debenture stock, including the present issue, more than four times.

[Other Stock Exchange information, including the latest weekly traffic returns, dividend announcements, profit and loss figures, summary of balance sheets, and reports and notices, will be found on page 649, under the heading "Company News."]

OIL OUTPUTS.

THE ATTOCK OIL COMPANY, LTD.—Production for February, 10,447 barrels.

STEARA ROMANA (BRITISH), LTD.—Production of the Steara Romana Company, Bucharest, for the month of February was 80,790 tons.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during February was 19,523 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,464 barrels.

TOCUYO OILFIELDS OF VENEZUELA, LTD.—Oil produced during February, 1931, 2,518 tons.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during February, 20,000 tons; oil purchased during February from other companies, 37,500 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended March 7th was: Bolivar district, 83,988 m. tons; Maracaibo district, 18,717 m. tons; total, 102,705 m. tons. Production for the week ended March 14th was: Bolivar district, 83,585 metric tons; Maracaibo district, 17,924 metric tons; total, 101,509 metric tons.

COMPANY MEETINGS, &c.

BANK OF GREECE.

EXTRACTS FROM THE REPORT FOR THE YEAR 1930 OF THE GOVERNOR OF THE BANK OF GREECE, ALEX. N. DIOMEDE, AT THE GENERAL MEETING OF SHAREHOLDERS ON FEBRUARY 14, 1931.

The past year has been one of the most abnormal years that we have so far experienced. The world crisis has of late become accentuated, and we are still very far from attaining equilibrium between production and consumption, which is the only way possible to return to a more normal economic life. The downward trend of prices of commodities still continues, being now 40 per cent. below those of 1920-23. This fall is not merely a transitory phenomenon; it appears to assume a definite character without any parallel movement in the cost of living, which still remains comparatively high; the precipitous and long-continued fall in prices of securities in the great money centres caused abrupt capital transfers and many losses of capital, exhausting to a great extent the consuming capacity of whole classes. Unemployment is not only not being reduced, but on the contrary increases. The distrust of capital towards productive speculative investments continues; hence the increase of capital in the reservoirs of the various banks, with the result that capital, not being able to find a lucrative temporary employment, overburdens the markets and has contributed to the sudden fall of interest on sight deposits to a level never before reached. These facts have exercised an influence upon all countries, and, therefore, have been felt also by us. In our own case, the loss which this year's crop sustained caused a twofold damage, both because it reduced the annual revenue and because it led to the replacement of the loss by an increase in the imports of cereals from abroad. Our country, however, has displayed a fine measure of resistance, due to timely retrenchment, to quick adjustment to the new conditions, to the abandonment of speculation, and to the discretion with which the people have faced the adverse circumstances. Indeed, it is a happy indication that in our case there has been no unemployment among the working classes that, throughout the whole year, the fluctuations in the Athens Stock Exchange in the prices of shares did not, on the average, exceed 20-25 per cent., whereas in foreign Stock Exchanges there were observed successive periods of fluctuations, during each of which the value of securities was reduced by 30-35 per cent. Finally, our public finances did not succumb to the pressure of circumstances, while our national credit, in spite of the prevailing crisis, has displayed a wonderful power of resistance.

CRISIS.

During a period of crisis the only safe measures to cope with the disease are the exclusion of all business that is not based on a secure productive capacity, the reduction to the minimum of all expenses of production, the endeavour to liquidate all past arrears, the restriction of speculation and, generally speaking, the re-orientation of business to the new "tempo" in the economic life. We, too, were taken unawares at the commencement of the crisis. The idea that there would always be a wide field of consumption for our products led to an unreasonable extension of business and to an excessive use of banking credits. The result was that, as soon as the crisis became manifest, the various business undertakings and the banks found themselves with respectively heavy liabilities and immobilised assets. This interdependence between debtor and creditor was really pregnant with dangers. In their impatience many people thought that an increase of the monetary circulation and an extension of the policy of banking credits would have cured the evil. Our practical views, however, fortunately prevented us from adopting methods which would most certainly have aggravated it. Indeed, our hardest endeavours were aimed at a restriction of business and a reduction to a minimum of expenses, and, thanks to the fall of interest, this was at least partly achieved. The result is that we have commenced the new year, without the general crisis being in any way weakened, with a more braced-up organism, because most of our home enterprises that have managed to survive have made their assets for the greater part more healthy, in that their liabilities have become lighter and more mobile, while their restricted activities are being based on reality, as the undertakings are endeavouring to adjust their production strictly to the power of consumption upon which they can really rely.

This phase of our economy is reflected in the statements of the banks. Whereas, during 1929, the advances in general granted by the four big banks showed an increase exceeding 1 billion drs., in 1930 they were cut down by more than 300 million drs.

It is due to this, and the violent fall of the rates of interest in the foreign markets, which in these circumstances did not attract

our capital abroad, that during the whole course of the year an abundance of capital was observed. This plethora of liquid funds led to increased deposits, and contributed towards securing to the banks a high percentage of cash liquidity, which represented an average proportion as against sight liabilities of 15 per cent. The result led the banks to reduce the interest on deposits effected with them. There was also a substantial fall below the official discount rate in the interest both of commercial and on Contango loans.

As regards the official 9 per cent. Bank rate, we did not think fit to reduce it. The substantial fall in interest in the open market brought about both at Athens and in the provinces, under the pressure of circumstances, made the official discount rate a sort of barrier. In these circumstances, we did not think it expedient to exercise any further pressure.

MOVEMENT IN FOREIGN EXCHANGE.

During 1930:	
Purchases	£26,832,113
Sales	£27,110,812
Leaving excess sales of	£278,699

It is by this amount of £278,699, therefore, that our gold cover was reduced during 1930.

That is to say, during the past year, in spite of the fact that the State requirements of exchange, as well as those of the International Financial Commission, were greater by £1,047,610 than during 1929, and whereas the profits accruing from the investment of our foreign exchange holdings abroad were reduced by £167,184, owing to the enormous fall in interest rates, nevertheless our gold cover did not show the same reduction as in 1929, which amounted during that year to £2,999,239.

This is mainly due to two causes: First, to the reduction of the deficit in the balance of trade by £3,600,000, and, secondly, to the fact that about £3,000,000 came in, during this year, to our assistance in the shape of foreign capital funds, viz., part of the proceeds of the loans which were contracted during the previous years, viz., tripartite and public works loans.

These capital fund movements have not been lost to the country which has been burdened with only a part thereof, inasmuch as it results from an examination of the purchases of Greek securities that there were repatriated in the course of 1930 bonds of our external debt of a value exceeding £2,500,000. Everybody, of course, realises the economic meaning of this phenomenon, which, while continuing for a long time, has gradually reduced our obligations towards foreign countries. But at the same time, according to the statements published by the Greek banks, their foreign exchange available funds were increased during the year by more than £1,000,000, the sums having been utilised by them to a great extent in investments of securities and in foreign exchange.

There remained, however, in the country a considerable proportion of the capital funds that came in from abroad, which were productively employed and are creating values which constantly enrich our economy.

An important fact as regards the balance of our transactions with abroad is the remittances of Greek emigrants. One would have thought that the American Stock Exchange and other crises would have affected to a greater degree the economic strength of our emigrants working there. In spite of that, there is an increase in the remittances as compared with those of last year, and, generally speaking, the upward tendency which has continued for some years, has not been checked during 1930. Thus we have:—

1927	£6,923,000
1928	£6,431,000
1929	£7,814,000
1930	£8,034,000

COVER AND CIRCULATION.

	Gold cover.
On December 31, 1929	£8,309,111
Lowest level January 23, 1930	£7,568,013
Highest level September 30, 1930	£9,277,693
And on December 31, 1930	£8,030,412

On an average the cover was £8,623,285, with an average proportion to the total circulation and sight liabilities of 49.18 per cent.

BANK OF GREECE—Cont.

This proportion is rather high and it reveals, regard being had to the period of crisis, an unusual measure of strength and elasticity.

The above cover, however, is not the only power at the disposal of the Bank in order to face the needs of the country.

The duty of banks of issue is to keep behind the cover, which is the first safeguard of the monetary integrity, other forces in reserve which at any moment can be brought to the assistance of the cover in order to face any unforeseen demand.

The Bank of Greece has invested part of its capital in gold securities of a value of £380,000, which, by being converted into foreign exchange, can increase the cover without constituting a corresponding charge upon the dynamic circulation. But, besides this power, there are deposited with the Bank of Greece, and placed at its immediate disposal, the funds of the State in foreign exchange, which, on an average, amounted during 1930 to £2,020,000, and which can at any moment strengthen the position of the cover. These additional resources are perfectly capable of protecting the general economy of the country.

GOLD.

The gold which was transferred to the Bank of Greece at the commencement of its business amounted to £2,336,817. Out of this gold, £985,532 consisted of gold bullion, deposited many years since with the Bank of England, while £1,351,285 consisted of gold coins.

There was no reason why we should keep such a quantity of gold in the form of an unproductive deposit. The basis which most of the issuing banks have adopted has been that of the gold exchange standard, i.e., the system according to which exchange can at any moment and quite easily be converted into exportable gold. Hence, immediately after the commencement of business, the bank sold its gold bullion, having converted it into foreign gold exchange, and realised considerable profit. The bank kept in its tills £1,351,285. The bank, however, has since then had the opportunity, in accordance with its statutes, of effecting purchases and sales of gold and gold coins and has purchased the following amounts:—

1928 coins of a value of ...	£177,038
1929 " " " " " "	£233,990
1930 " " " " " "	£146,414
Total ...	£557,442

Practically the whole of this amount was sold by the bank abroad under most favourable terms. To-day the bank has in its possession the same amount of gold in coins as at the time when it commenced business.

EVOLUTION OF COVER AND CIRCULATION.

The actual note circulation on December 31, 1929, amounted to 5,193 million drs.; on December 31, 1930, it fell to the level of 4,803 million drs.; in other words, the circulation sustained a reduction of 290 million drs.

During the year this circulation fluctuated between a maximum of 5,077 million drs. (April) and a minimum limit of 4,761 million drs. (November), the average for the whole year being 4,895 million drs.

Circulation, therefore, did not fluctuate much.

As compared with 1929, the note circulation shows a considerable reduction. During that year the maximum, the minimum, as well as the average annual circulation, were greater than those of 1930; in particular, the maximum circulation was greater by 540 million drs., the minimum circulation by 412 million drs., and the average by 493 million drs.

This reduction in the note circulation does not represent a corresponding reduction in the means of payment at the disposal of the market. This is explained by the fact that the note circulation has been completed by subsidiary coins, which were issued and put into circulation during last year for account of the State and which amounted at the end of 1930 to about 125 million drs. On the other hand, the more active movement of the Clearing House has necessarily resulted in economising a greater quantity of cash money.

This reduction in the circulation corresponds to the influence of the international economic and financial conditions, which could not but affect the credit activities of our banks and the level of our circulation. As against this tendency the Bank of Issue could have reacted by extending its credit activities through a reduction of its discount rate and through an increase of advances. This step, however, which, fortunately, found only a few advocates, and which could have had as a transient result only the artificial encouragement of production and the artificial rise of prices consequent on the increase in the amount of money, is not only one of the most ineffective measures for facing a crisis, but, what is more important, would in the end have contributed to aggravating

the prevailing crisis and would have thus reacted detrimentally on our economy in general.

The relation of the cover to the sight liabilities in general was:—

During 1930: maximum 51.5 per cent. (June).

minimum 46.1 per cent. (December).

During 1929: maximum 54.1 per cent. (April).

minimum 46.4 per cent. (December).

The relation of the cover to the actual note circulation was:—

During 1930: maximum 70.8 per cent. (August).

minimum 62.7 per cent. (December).

During 1929: maximum 75.5 per cent. (January).

minimum 60.0 per cent. (December).

THE BALANCE OF TRADE.

Imports were reduced both in quantity and value, while exports as a whole showed a reduction only in value.

Thus, while the total of our imports during 1929 amounted to 2,775,000 tons, representing a value of 13,275 million drs., during 1930 the corresponding figure of tons was 2,564,000, representing a value of 10,851 million drs. That is, during the year 1930, the quantity of imports declined by 7.6 per cent., while their value fell by 18.28 per cent. On the other hand, the exports of Greek products abroad were 748,000 tons in 1929, as against 761,000 tons in 1930, but as regards value, this has been reduced from 6,985 million drs. to 5,918 million drs., i.e., by 15.3 per cent.

The result of this relation between imports and exports was that the deficit of our balance of trade was considerably reduced during the year ended. Indeed, while the year 1929 closed with a deficit of 6,291 million drs., during 1930 this deficit fell to 4,933 million drs., that is, there was realised a reduction of 1,358 million drs. (£3,620,000), corresponding to 21.60 per cent.

PUBLIC FINANCES.

A clear indication that the crisis in our country has not assumed the same acute form as in other countries is revealed in its reaction upon our public finances.

Although receipts have recently assumed a milder inflow, and in spite of the exhaustion of the tax arrears due to the State, which during past financial years have been an excellent source of ample receipts, the Budget shows a good power of resistance.

The net results already attained are as follows:—

Financial year 1927-28 ...	+ 624 million drs.
" " 1928-29 ...	+ 540 " "
" " 1929-30 ...	+ 272 " "

The financial year 1930-31, including a category of revenues, which are being exhausted, is anticipated to close with a surplus exceeding 300 million drs.

Of course the period when the actual receipts exceeded the anticipated revenues, that is the period characterised by the last three financial years, must be considered as something of the past, and the general conservative spirit which very wisely rules over business, will necessarily affect the receipts. Nevertheless, it must be considered as an exceptionally good omen that the yield of the revenues still continues to be quite satisfactory, and that the surpluses have not changed into deficits, a phenomenon observed in many other countries.

In our case there has appeared no such sign. On the contrary, during the whole of last year, the ease of the Public Treasury was absolute, as can be deduced by perusing the monthly balances of the current account of the State with the Bank of Greece.

These balances existed even while concurrently the International Financial Commission, though it had secured the service of the loans under its control many months previous to the due date, was keeping to its credit out of the assigned revenues, in conformity with an old practice, an amount far greater than what was necessary to meet the regular service of these loans. Thus, the average monthly balances of the International Financial Commission amounted to 280 millions drs., which represents an amount far greater than what was necessary. At the same time, the International Financial Commission was also maintaining a large reserve fund in foreign exchange, exceeding £1 million, and by so doing was diminishing the amounts remaining at the free disposal of the State.

The prices of our national loans (as well as of all Greek bonds in general) have displayed during the whole year an upward tendency. The improvement, as compared with 1929, on the London Stock Exchange, of our more important external loans, was as follows:—

	Average price.	Average price.
	1929.	1930.
5 per cent. 1881	71.36	73.93
4 " 1910	59.41	61.54
5 " 1914	75.41	78.21
6 " 1928	89.13	91.21

As regards the internal loans, the improvement was still greater.

What one has to bear in mind is that this improvement does not represent an indirect consequence of the general fall of interest in Europe and America. The peculiar result of the latter fall was to bring about a slackness in stock exchange transactions and to keep capital away from all long-dated investments. Now, in spite of this phenomenon, the downward trend still continued throughout the year, and was affecting practically all securities except a few, among which are included the Greek bonds. Thus we find that, while the average yield of Greek securities in the London Stock Exchange fluctuated between 6.40-7.00 per cent., the average yield of the stocks of other countries, whose strength is placed beyond all doubt, amounted to 8.84-9 per cent.

The good impression which our financial order has created, the confidence in the economic vigour of the country and its prospects, and, in addition, the confidence which is inspired by our social and political stability, as compared with the instability prevailing in many other countries, all these factors render possible the issue of Greek loans (not only of public loans) and their absorption by the markets. The opinion which foreign money markets have formed, on the basis of their own experience of our credit, allows us to develop our activities in new money centres. At the present day the successful issue and absorption of Greek bonds, the low or high capitalisation, all these depend more on the general situation of the foreign markets, on the peculiar psychology of capitalists to prefer a long-dated investment to a short-dated one rather than on motives which ought to be attributed to ourselves. That is, facts which lie totally outside our own responsibility, not affecting in the least our credit, which remains absolutely intact, are the main factors which regulate the procuring or not of capital funds.

GENERAL REMARKS.

During this period of transition, which the economy of our country is now passing through, our attention must be diverted to three main points.

1. The first point is the maintenance of a safe equilibrium in the national budget. An incessant endeavour has so far been made to hold the budget not only in equilibrium, but to produce an actual surplus, and there has continuously been maintained an absolutely liquid cash Treasury position, which excludes all danger of creating a floating debt. No one, of course, has failed to observe that, especially under the difficult present-day circumstances, when the sensitiveness of public credit becomes exceptionally delicate, a deficit in the budget would be pregnant with dangers, not only because a deficit inspires in itself the fear of financial entanglements, but also because at present an increase in the public revenues except the automatic increment yield of revenues, does not seem possible. This is all the more so because we are now living under conditions of a more general crisis and of a restriction of revenues in general. As a general rule the gross revenue, as compared with the past, has been reduced. Moreover, if in the past the deduction of a certain proportion of this revenue could be justified, this, under present-day conditions, when the revenue has been substantially reduced, cannot be applied without affecting the general economy of the country.

2. The second point is the restriction of imports in order to reduce the deficit of our balance of trade, and, consequently, of our foreign indebtedness.

Of course, the necessary imports of cereals will always constitute the greatest item of our liabilities, and what is important to remember is that the quantity of the imported cereals cannot be reduced at will. Consequently, part only of the imports is capable of restriction, and it is in this direction that our attention must necessarily be turned in order to avoid spending our own capital, at a most inopportune period, in an unproductive way or for wants which may be put off for a more opportune time. In periods of crises the most effective cure is the restriction of consumption.

3. The third point is the encouragement of production. Greece, in view of its new extension of territory and on account of the sudden increase of its population, which finds no outlet in its own activities, in view of the restless character of its people who, detesting stagnation, are always inclined towards new changes and progress, cannot possibly, in these circumstances, leave this endeavour to increase the wealth entirely to the activities of private initiative. This endeavour must be directed towards two main ends, namely, towards assisting industry and encouraging agriculture, which correspond to the new composition of the population, in which the urban class has been multiplied in a very short period of time. These aims, however, the results of which are attained very slowly, cannot be realised without the disposal of capital funds. At present this is the vital aspect of the question which concerns us mostly. The necessary capital funds can only be procured by foreign assistance. The supply of capital from the home market is at present only auxiliary and without any initiative of its own.

There have already been granted in favour of industry an amount of £1.3 millions by way of long-dated loans with an average

interest of 8.9 per cent. and over and above this amount there have also been found the capital funds of the Greek National Mortgage Bank. That is, the interest which so far constituted a burden upon industry, has been reduced by 4.5 points. Therefore, from this point of view, we can in future regard the fate of Greek industry in a spirit of great tranquillity.

Since the year 1928, when our financial rehabilitation began, it had been recognised that the reconstruction, the sound bases of which were being placed at that time, would be one-sided if there was not considered at the same time a programme of public works, the execution of which would strengthen the economic potentialities of the country. These works, road-making and drainage schemes in Macedonia, in the plains of Salonica, Serrès and Drama (the drainage of the plain of Salonica, in the valley of the Axios, had been decided since 1925) were estimated to necessitate for their completion an expenditure of about £22 millions to be distributed over a period of 6-7 years.

Those who criticise the policy adopted since 1928 look only at the one side of the balance sheet, viz., at the liabilities. But they do not consider also the other side, viz., the assets items, and the advantages accruing to the country by the disposal of capital, as well as the creation of new productive elements which will prove very beneficial to the country.

Since the year 1928, the State has contracted for these productive works (and for assisting the Agricultural Bank with additional capital of £1,040,000) the first issue of the Public Works Loan of £4 millions; and in addition since the exhaustion of that loan, various other advances in London, amounting to £1,500,000, in New York to \$7,500,000, and in Athens, through the National Bank, £600,000, i.e., in all £3,600,000. These additional amounts will be comprised in the loan of £8,000,000, which was authorised by Parliament for continuing during these years the works in the course of execution.

Up to the present time, the accumulated charge upon Greece amounted to £7,600,000, and after the conclusion of the £8 millions loan in the course of the present year, the total charge (after the redemption of the advances) will amount to £12 millions. The remaining expenditure up to the completion of the works will be divided between the following years up to 1935.

Now let us examine the other side, i.e., the assets items. The expenses incurred for the plain of Salonica (£1,888,000 have already been spent), the whole of which suffers from the irregularity observed in the beds of the rivers and of the torrents flowing through it, will give:—

- (1) 492,000 stremmas (=49,200 hectares=123,000 acres) of drained areas.
 - (2) 738,000 stremmas (=73,800 hectares=184,500 acres) of areas protected from inundations.
 - (3) 821,000 stremmas (=82,100 hectares=205,250 acres) of irrigated land,
- i.e., a total area covering 2,051,000 stremmas (205,100 hectares=512,750 acres).

The works in the valley of Struma (£938,000 have already been spent) are going to secure the cultivation of lands covering an area of 1,677,000 stremmas (167,700 hectares=419,250 acres), out of which 576,000 stremmas (57,600 hectares=144,000 acres) represent lands at present over-saturated with water and marshes, which will be completely drained; 325,000 stremmas (32,500 hectares=81,250 acres) will be protected from inundations and 776,000 stremmas (77,600 hectares=194,000 acres) will be irrigated. Consequently, the total area which will be restored to cultivation amounts to 3,728,000 stremmas (372,800 hectares=932,000 acres).

The gross yields of these fertile lands, if cultivated not by exceptional methods of cultivation—which, nevertheless, ought to be applied—but by the usual and common methods, cannot be less than 2,750 million drs., or about £7 million.

Consequently, our national income will be annually increased by that sum, and, by a wise exploitation of the acquired lands, new values will come into being, while the existing individual agricultural installations will be strengthened and thus will be converted into rich sources of production, encouraging the power of consumption of the country and contributing to the increase of disposable funds.

The network of roads, which is going to facilitate the transport of products and thus reduce the present cost of transport, will be increased by 2,150 kilometres. It must be undoubtedly admitted that the cost of living, which at present affects mainly the poorer urban population, will be reduced only when the transport of products will become less expensive through the construction of new roads.

Moreover, the policy which did not hesitate to have recourse to foreign assistance in order to attain a quicker development in production had in view the fact that Greece follows the system of rapid redemptions in repayment of its public debt. Thus, whereas, as a result of the various issues of the Public Works Loan contracted since 1928, and still to be contracted up to 1935, when the loan will

NATIONAL BANK OF EGYPT.

SUCCESSFUL RESULTS IN A DIFFICULT YEAR.

DIVIDEND OF 18 PER CENT. MAINTAINED.

The thirty-first annual general meeting of the shareholders in the National Bank of Egypt was held yesterday (Thursday) at the Head Office of the Bank in Cairo.

Sir Edward Cook, C.S.I., C.I.E. (the Governor), presided.

DIRECTORS' REPORT.

The directors' report was as follows:—

The directors present to the shareholders the balance sheet and profit and loss account for the year ending December 31, 1930.

The gross profit for the year, after providing for depreciation on the bank's buildings and furniture, for rebate of discount and for doubtful debts, amounts to:

	£	s.	d.
After deducting from this sum:—	1,078,342	19	7
For directors' fees	15,250	0	0
For current expenses	464,054	17	2
there remains	479,304	17	2
In conformity with Article 49 of the Bank's statutes a dividend of 4 per cent. is payable on the share capital	599,038	2	5
After this distribution there remains	120,000	0	0
Adding to this the balance brought forward from last year	479,038	2	5
the amount available is	228,480	17	10
The directors consider it prudent to allocate to special reserve for contingencies a sum of	707,519	0	3
which leaves	50,000	0	0
From this amount the directors recommend the payment of an additional dividend of 14 per cent. on the share capital which will absorb ...	657,519	0	3
and to carry forward the balance of	420,000	0	0
	237,519	0	3

The total dividend for the year will thus be at the rate of 18 per cent., equivalent to £1 16s. 0d. per share. An interim dividend of 8s. having been paid on September 1, 1930, there remains to be distributed the balance of £1 8s. 0d. per share.

BALANCE SHEET, DECEMBER 31ST, 1930.

LIABILITIES.

	£.	MM.	£ST.	s.	d.
Share capital—					
300,000 fully paid shares of £10 each	2,925,000	000	3,000,000	0	0
Statutory reserve fund	1,462,500	000	1,500,000	0	0
Special reserve	1,462,500	000	1,500,000	0	0
Current, deposit and other accounts	15,874,726	684	16,281,770	19	2
Egyptian Government	3,699,100	064	3,793,948	15	8
Sudan Government	231,697	716	237,638	13	8
Mixed Tribunals	1,998,029	882	2,049,261	8	4
Bankers' accounts	453,866	151	465,503	14	11
Cheques and bills payable	151,998	733	155,896	2	9
Rebate of discount on bills not yet due	13,813	936	14,168	2	10
Dividends unclaimed	22,396	433	22,970	14	0
Acceptances, &c.	1,236,603	709	1,268,311	9	11
Provision for payment of final dividend at the rate of 14 per cent. p.a.	409,500	000	420,000	0	0
Profit and loss account balance ..	231,581	039	237,519	0	3
	30,173,314	347	30,946,989	1	6

ASSETS.

	£.	MM.	£ST.	s.	d.
Government securities and securities guaranteed by the Egyptian Government	14,413,289	917	14,782,861	9	1
Sundry securities	902,367	023	925,504	12	9
Advances on merchandise	1,740,183	758	1,784,803	17	1
Advances on securities	3,710,291	880	3,805,427	11	5
Advances otherwise secured	1,371,368	211	1,406,531	10	0
Sundry other advances	644,251	741	660,771	0	4
Bills of exchange	1,256,088	455	1,288,295	17	0
Local bills discounted	457,913	669	469,655	0	11
Buildings, furniture, &c.	204,232	673	209,469	8	2
Money at call and at short notice ..	1,608,750	000	1,650,000	0	0

ASSETS—continued.

	£.	MM.	£	s.	d.
Bankers' accounts	299,331	144	307,006	6	0
Clients' liability for acceptances, &c., as per contra	1,236,603	709	1,268,311	9	11
Cash:—					
Notes	£.E. 1,126,947,750				
Gold and silver coin, &c.	1,201,694,417		2,388,350	18	10
			30,173,314	347	
			30,946,989	1	6

There is a contingent liability in respect of bills rediscounted of £419,576 1s. 9d.

R. ROLO.

F. T. ROWLATT.

Directors.

B. HORNSBY,

Governor.

REPORT OF THE AUDITORS.

We have examined the books of the National Bank of Egypt and in our opinion the above balance sheet is properly drawn up so as to exhibit a true and correct view of the state of the bank's affairs as shown by the books. We have also verified the cash, notes and securities at the head office and at the Cairo and Alexandria branches, and have found the same correct. The London returns have been audited and certified by Messrs. Deloitte, Plender, Griffiths and Co., chartered accountants.

J. C. SIDLEY.

W. G. CARMICHAEL.

Cairo, February 18, 1931.

ISSUE DEPARTMENT.

	£.	MM.	£.	MM.
Notes issued	22,100,000	000	22,100,000	000
Gold	£.E. 3,339,570	MM. 000		
*British Treasury Bills	7,710,430	000	11,050,000	000
Securities:—				
Egyptian Government securities and securities guaranteed by the Egyptian Government	1,500,000	000		
British Treasury Bills and British War Loan	9,550,000	000	11,050,000	000
			22,100,000	000

* By authority of the Egyptian Government these Treasury Bills are deposited in lieu of gold. (See *Journal Official* of October 30, 1916.)

PROFIT AND LOSS ACCOUNT.

	£.	MM.	£ST.	s.	d.
Dr.					
Directors' remuneration	14,868	750	15,250	0	0
Current expenses	452,453	485	464,054	17	2
Interim dividend at the rate of 4 per cent. p.a.	117,000	000	120,000	0	0
Transferred to special reserve	48,750	000	50,000	0	0
Provision for payment of final dividend at the rate of 14 per cent. p.a.	409,500	000	420,000	0	0
Balance carried forward	231,581	039	237,519	0	3
	1,274,153	274	1,306,823	17	5

	£.	MM.	£ST.	s.	d.
Cr.					
Gross profit for the year ending December 31, 1930, after providing for depreciation of buildings and furniture, for rebate of discount, and for doubtful debts	1,051,384	406	1,078,342	19	7
Balance brought forward from last year	222,768	868	228,480	17	10
	1,274,153	274	1,306,823	17	5

THE GOVERNOR'S SPEECH.

PAST YEAR'S DIFFICULTIES.

The Governor, addressing the shareholders, said:—Gentlemen,—You will see from the directors' report that the gross profits for 1930 were £1,078,343, after allowing for depreciation of all kinds, and for such debts as your directors think it prudent to regard as bad or doubtful. Deducting the general expenses, which amounted to £479,305, there remains a net profit of £599,038, as compared with £621,686 in the previous year. It is proposed, with your approval, to set aside £50,000 for the reserve and £540,000 for the payment of a dividend of 18 per cent., the balance of £9,038 being added to the carry-forward. Having regard to the difficult character of the year we may regard ourselves as fortunate that the net profits show a decrease of no more than £22,000; the prevailing depression did not in fact begin to affect banking profits until some months after the commencement of the year.

The total of our balance sheet is considerably less than at the end of 1929, due to a decrease of some £14 millions in Government deposits. This decrease is reflected on the assets side in a reduction both of our holding of Government securities, to the extent of £5½ millions, and also of our advances. The reduction in advances has not been brought about by our own action; it is due to the fact that in times like these our customers do not require the same accommodation as when trade is flourishing.

When my predecessor addressed you a year ago he spoke of the repercussions, upon the trade and economic life of this country, of the dramatic collapse in the world's commodity markets which had occurred a few months previously. At that time the full extent of the slump had not declared itself. It has since reached the dimensions of a world catastrophe.

WORLD CONDITIONS.

I make no apology for offering you a few observations upon world conditions, for I believe the public of this country now realises, if it did not before, the dependence of producers and consumers all the world over upon each other's prosperity. It is no exaggeration to say that the prosperity of the Egyptian peasant, working on his field many thousands of miles from the markets where his product, or the finished article made from it, is bought and sold, can be sensibly affected by civil war in China, by political events in India, by labour disputes in England, by a Stock Exchange collapse in New York—in short, by almost any event which affects the purchasing power of any substantial part of the world's consumers.

If one considers what has happened since the autumn of 1929, one finds ample justification for the use of such strong words as "crisis," "catastrophe" and the like. Cycles of falling prices are common enough in the world's economic history, especially after the periods of inflation which accompany or follow great wars. At the best, they are times of trade depression, for they check enterprise and diminish confidence. It would matter little if all prices fell symmetrically, but this they never do. There is always a "lag"; wholesale prices fall quicker than retail, and those of raw commodities than those of manufactured products, while the real burden of fixed charges, such as rent, interest and repayment of debt, is increased. The adjustments that are necessary before symmetry is restored and stability is reached are at all times troublesome—less so when the fall is gradual than when it is rapid. What has chiefly distinguished the present slump from those which have preceded it is the extent and appalling rapidity of the fall. When the post-war inflation collapsed in 1920-21, world prices fell continuously for nine years (save for a temporary recovery in 1923 and a period of comparative stability in 1927), reaching in 1929 a level of about 30 per cent. above that of 1913. That fall was itself sufficient to cause embarrassment and inconvenience, but it was not unexpected in view of the inflated prices which had followed the war, and by 1929 some people were beginning to think that the worst was over. But in the last three months of 1929 and throughout 1930 the fall gathered a terrific momentum, so that by the end of 1930, taking commodities as a whole, the wholesale price level was actually below that of 1913. This last collapse, falling on a world already depressed by a decade of deflation, threw the delicate machinery of international trade out of gear, and has brought with it endless complications, both economic and political.

ADVERSE FACTORS ON PRICES.

A collapse of prices is, of course, only a symptom. As for the causes, the economists and financiers of the world appear agreed that more than one is operating, but they differ profoundly as to which is predominant. One school ascribes the chief influence to the paucity or maldistribution of the world's supply of gold. This view is vigorously opposed by others, who are convinced that monetary factors have played a subordinate part and that the root

of the mischief lies either in over-production, due mainly to the great improvements which have been made in industrial technique, or in under-consumption, aggravated by local conditions in important consuming countries, such as India, China and Russia, and by the fall in the price of silver. Others there are who point to the multiplication of tariff barriers since the war, especially in Europe, impeding the free interchange of goods between country and country. Many, again, attribute much of the evil to the disequilibrium in world trade caused by the enormous volume of international indebtedness arising from the war and from the peace which followed it; the burden of this indebtedness, which was contracted at a time when prices were vastly higher, presses grievously on the debtor countries, whose purchasing power has been so much affected that a vicious circle has been set up, and the creditor countries are now finding it difficult to see their goods.

It would be rash for me to attempt to arrange these factors in order of importance, or to separate real causes from what are merely symptoms. It may be that the divergence of opinion will prevail till long after the present troubles have passed away.

But meanwhile there are certain conclusions which, I suggest, stand beyond argument. The first is this: although all the Governments of the world, working in unison and upon a common plan, might have prevented the crisis, and might even now hasten the solution, there is very little that any one Government could have done to shelter its own country from the general collapse of prices. Where such attempts have been made the results have in no case attained their object. On the contrary, experience has shown, in more countries than one, that State action, designed to maintain prices artificially, either by restriction of output or by intervention in the markets, is predestined to failure in the long run, for while it may produce a temporary alleviation, it ultimately does more harm than good by delaying the operation of those natural processes of adjustment which alone can restore equilibrium and confidence.

EGYPT'S ADVANTAGES.

Secondly, it is certain that the first countries to reap the benefit of a return of stability will be those whose economic life is solidly based and whose finances have been carefully administered. Unless I am greatly mistaken, Egypt is one of those countries. She is endowed with a wonderfully fertile soil, tilled by a hard-working peasantry, and her staple product is one of the world's necessities. Her financial position merits the envy of many other nations. Her public debt is less than £7 per head of the population and little more than two years' normal revenue; it is, moreover, by no means a deadweight debt, for to the extent of about three-quarters we can set against it the capital invested by the State in irrigation works and railways. Finally, she enjoys an advantage which, from the point of view of her commerce, it is difficult to over-rate, viz., a stable exchange, assured by the amount and liquidity of the reserves held against the note issue.

These are most valuable assets, which have stood Egypt in good stead in the past, and will continue to do so in the difficult times in which we now live. Nevertheless I am far from implying that here in Egypt it is merely a question of carrying on as usual. You will remember that in his speech last year Sir Bertram Hornsby remarked, "It can scarcely be doubted that, if the price of cotton becomes stabilised at about the present level, an appreciable readjustment of the economic life of the country will become necessary." The further fall in prices during the past twelve months is an additional justification for that warning. "Deflation" is a word that we have heard much of in the last ten years. What is now needed appears to be a deflation of ideas; in particular among those classes which have adopted standards of expenditure based on incomes realised during the boom. Most prices are now down to pre-war levels. The world will be near the end of its troubles when the ideas of all of us—Governments, classes and individuals—have undergone a similar planing down.

Statements are laid before you giving figures for the note issue and for imports and exports during the twelve months commencing September 1 (corresponding to the cotton season) of each of the past ten years. These figures tell their own story of falling prices and trade depression.

NEW CUSTOMS TARIFF.

As regards the large adverse trade balance of over £14 millions in 1929-30, it has to be remembered that in that year imports were artificially stimulated by the knowledge that the new Customs tariff would come into force in February, 1930. Thus, in the month of February, 1930, imports amounted to £9½ millions, whereas in March they fell to £2½ millions, and it is highly probable that the imports for 1930-31 will prove to be on a considerably reduced scale.

The world depression has hit the Sudan even more than Egypt. The former country is in a much earlier stage of development; it has little accumulated wealth on which to draw and practically no

monied class; as for public finances, the State budget relies for much of its revenue upon the prosperity of certain commercial enterprises. Fortunately, the food crops last year were good and the country can feed itself; but the people's purchasing power is much reduced and trade in consequence is suffering.

You will have heard with regret of the deaths of H.E. Boghos Nubar Pasha and Mr W. Pelizaeus. It is some time since either of them took any active part in the bank's affairs, but they were both members of the original board.

DIRECTORATE.

During the course of the year H.E. Aly Maher Pasha resigned from the board on assuming office as Minister of Justice. The directors who now retire by rotation are Mr E. W. P. Foster, Col. the Hon. Sidney Peel, Sir Victor Harari Pasha, Sir Frederick Rowlatt and Major-General Sir John Davidson. They submit themselves for re-election. Since our last meeting the board has invited H.E. Aly Shamsy Pasha and Sir Bertram Hornsby to become directors, and we submit those nominations for your ratification.

The board is happy to state that your interests are served by a loyal and devoted staff. To the sub-governors in particular, as also to all the senior staff, our thanks are due in the difficult times through which we are passing.

Finally, your directors desire to express their sense of the great loss which they as a board, and the bank as a whole, are suffering by the retirement of Sir Bertram Hornsby after a service of twenty-seven years, for the last ten of which he has filled with brilliant success the office of governor. Sir Bertram is so well known to you all that you do not need to be told what a tower of strength he has been. His untiring energy in the bank's service, his great ability and his personality have contributed in no small degree to the strong position in which the bank now finds itself. It is some consolation to the board that he has yielded to their desire that he should remain with them as a colleague—a desire which they feel confident you will cordially endorse.

SPRATT'S PATENT, LIMITED.

CONTINUED PROGRESS.

The forty-fifth annual ordinary general meeting of Spratt's Patent, Limited, was held, on the 17th instant, at the Cannon Street Hotel, London, E.C., Mr S. T. Lethbridge (chairman and managing director) presiding.

The secretary (Mr A. A. Stow) having read the notice convening the meeting and the report of the auditors, the Chairman said: We are pleased to report that the profits for the year under review are slightly better than those for 1929, and I think you will be satisfied with these results, showing, as they do, continued progress of your business in a year which was exceptionally trying for everyone, irrespective of occupation. The profit and loss account, including £16,576, balance from last account, shows a surplus of £123,320. From this has to be deducted the interim dividend paid on the ordinary shares, £22,500; dividend on the "A" preference shares, £2,500; and dividend on the "B" preference shares, £9,000, leaving a balance of £89,320. We now recommend payment of a final dividend of 1s. 6d. per share on the ordinary shares, making 2s. 6d. for the year, which will absorb £33,750, and also a bonus of 6d. per share on the ordinary shares, which will absorb £11,250, or a total distribution of £45,000.

As we state in the report, the bonus should not be regarded as a permanent increase in the distribution of profits, as the outlook ahead is not sufficiently clear to warrant this, but we shall do our best to maintain it in future years. At the same time, the policy of caution in the distribution of profits will be maintained, as our aim is for increased financial strength for the protection of our investor shareholders.

We propose to place to reserve account £25,000, and to add to pension fund £5,000, leaving to carry forward to next account an amount of £14,320.

In times of depression and when the purchasing power of people is restricted there is always a scramble for what trade is available, which naturally intensifies competition. Therefore, it is the duty of every shareholder to do what he can to assist the company in which he has a direct interest.

When we met last year I stated that in my judgment 1929 was one of the most difficult years any manufacturing concern had to negotiate. To-day, I can safely say that 1930 eclipsed all records within my experience. Under these conditions, the solid foundations on which your company rests must be apparent to you all, if measured by the values in the balance sheet.

The report was unanimously adopted.

A cordial vote of thanks was given to the chairman, directors and staff, and the meeting terminated.

EASTERN BANK, LIMITED.

RESULTS OF A DIFFICULT YEAR.

The twenty-first annual general meeting of the Eastern Bank, Ltd., was held, on the 18th instant, at the office, 2, Crosby Square, London, Mr J. S. Haskell (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: Owing to causes of which you are doubtless aware, the working profits for the past year are not quite so favourable as those you have been accustomed to see during the past several years. The whole period under review was marked by a general depression, accentuated by a continual drop in commodity prices, while the resultant accumulation of stocks of all kinds made manufacturers, merchants and dealers reluctant to enter upon commitments for fear of further recessions in values. The decline in commodity prices during 1929 was serious; that during 1930 was even more severe.

Silver being the basis of exchange with China, its decline had a very far-reaching effect in contracting trade with that country. To make matters worse, import duties in China have again been considerably raised, seriously affecting the Lancashire piece-goods trade. On the other hand, China is quietly and steadily developing her manufactures of cotton goods, and, with cheap labour and a depreciated currency, she, like Russia, is in a favourable position to export her goods to this country and capture a substantial portion of our home market. Our competitors on the Continent, particularly Russia, who is ready to sell anything she produces at any price, continue to make further inroads upon both our home and our foreign markets, while the Government are—it seems confessedly—devoid of any policy to meet the situation beyond endeavouring to arrive at agreement with our competitors whereby, in consideration of their undertaking not to increase their tariffs, we should impose no tariffs at all, and thus tie the hands of any future Government from dealing with this deplorable state of affairs. The practical response on the part of many of our important competitors has been to raise their tariffs still further. The political situation in India, coupled with frequent disturbances of the peace and the boycott of British goods, has been another serious adverse factor.

The net profits amount to £116,693 18s. 9d. We recommend the payment of a final dividend of 5s. a share, less income tax at 4s. 1.803d. in the £, after allowing for relief from Indian taxation, which, with the interim dividend of 4s. a share already paid, will amount to 9 per cent. for the year.

The total imports of merchandise into India amounted to £138,580,000, showing a falling off of about £48,000,000, while the exports at £192,800,000, show a drop of £54,000,000. Imports of gold, £11,800,000, and silver, £9,100,000, were, in the aggregate, about equal in value to the imports of specie of the previous year, in spite of the import duty of 20 per cent. imposed upon silver in 1930. The visible balance of trade in favour of India dropped from £38½ millions to £34 millions, not a serious difference in view of the drop of over £100 millions in the whole foreign trade of that country. There was a considerable decline in trade between India and the United Kingdom amounting to £25 millions in imports and £9,300,000 in exports. Cotton goods alone were responsible for £13,600,000 of the reduction of British imports into India.

The contraction of trade, as shown by the above-mentioned figures, was attributable to the drop in prices which took place in regard to all Indian exports, except tea, coupled with the boycott of British goods and the uncertainty of the political situation. This uncertainty, in turn, along with the agitation in favour of altering the rupee exchange from 1s. 6d. to 1s. 4d. led to remittances from India to other countries, estimated at £30,000,000, thereby disorganising the finances of the Government of India. It has been exceedingly difficult for the banks to make any appreciable profit out of exchange.

Iraq, in common with the world in general, has been suffering severely from trade depression. The trade of the United Kingdom in sugar, cotton goods and oil to North Persia through Iraq has practically passed into Russian hands. It can be truly said that Russian trade methods are a positive danger to the whole world, particularly to the United Kingdom, whether in foreign markets or the home market.

The prospects of the current year are very obscure. Much must depend on the policy of the Government and the incidence of the coming budget. One favourable feature is that the decline in the price of commodities seems to have been arrested and some articles show an upward tendency. Further, the situation in India appears to be clearing up on the recent agreement, and should the boycott be entirely removed we may see a little more activity, though I fear the restoration of confidence may be a very slow process.

The report and accounts were unanimously adopted.

BRITISH AND GERMAN TRUST, LIMITED.

MR. A. R. WAGG REVIEWS CONDITIONS IN GERMANY.

The fifth annual general meeting of the British and German Trust, Ltd., was held, on the 17th instant, at the offices of the company, 41, Threadneedle Street, London, E.C.

Mr A. R. Wagg (chairman of the company) presided.

The Secretary (Mr D. H. Scott) having read the notice convening the meeting,

The Chairman said: Gentlemen,—The report and accounts have doubtless already received your consideration, and I will, with your permission, take them as read. The book value of our total investments, loans and syndicate participations amounted as at December 31, 1930, to £2,391,370 7s. 6d. Of this sum £853,349 10s. 8d. was represented by mortgage loans in Germany. The corresponding figure last year was £895,129 19s. 6d., which was reduced to £836,637 0s. 8d. in consequence of sinking fund repayments, and increased to the present figure by a further small loan which was granted, costing £16,712 10s.

We have received satisfactory information from our advisory council in Germany regarding the position of our mortgage loans, on the strength of which the board is satisfied that the borrowing companies, with one exception, are good for their engagements, and, so far as one can anticipate, should be in a position to fulfil their obligations towards the trust.

In the exceptional case referred to above, the amount of the loan has already been reduced from its original figure of £40,000 to £23,240 by various repayments, and the outstanding amount is, in the opinion of our advisory council, fully covered by the available assets, so that the trust need not anticipate any loss thereon.

The various classifications of our investments are set out in the report, from which it will be seen that the trust's investments in Germany, including mortgage loans, amount to 48.6 per cent. of the whole.

VALUE OF INVESTMENTS.

The net revenue, after allowing for all charges, including taxation, is £83,191 5s. 7d., which is equivalent, after allowing for the dividends on the first and second preference stock, to 12.38 per cent., less income tax, on the ordinary stock.

As you will have seen from the report, the valuation of the company's holdings as at December 31, 1930, shows a depreciation of £326,200 17s. 7d., which is equivalent to 13.64 per cent. on the book value of our investments. This depreciation is due to the general fall in security values consequent on the world crisis through which we are now passing, and is an unfortunate factor, which affects all trust companies in a similar way. In view, however, of the fact that the revenue for the year is equivalent to over 12 per cent. on the ordinary stock, your directors feel justified in recommending the maintenance of the dividend at last year's rate of 8 per cent.

As regards the current year, I am not going to attempt to prophesy, but we must anticipate some falling off in revenue, as the dividends we receive this year will reflect the operations of the companies concerned during 1930. I hope, however, that this will only be to a slight extent, and that we shall be able to continue our present dividend policy.

AN UNFORESEEN DEVELOPMENT.

When I had the privilege of addressing you at our annual meeting last year, few of us, I think, realised the extent to which the world depression would develop. A year ago the feeling was prevalent that this slump was little more than a normal though unpleasant phase of the world's economic development. The tide of prosperity was on the ebb, but it would flow again by and by in the normal course of events.

Now the eyes of an increasingly large section the world over are opening to the fact that we are passing through a major crisis which is shaking the foundations of our economic system, and which, unless conscious and collective effort is made to counteract it, may have a long-drawn-out aftermath.

It is a hopeful sign that there is a wider realisation of the nature and gravity of the problems confronting us, because this will make it easier to put into effect the necessary corrective measures. I do not want to devote any more time to the general position, because in the last few months so much has already been said and written about it. In view of our special interest, I propose to-day, therefore, to confine myself to a short review of conditions in Germany.

GERMANY'S DIFFICULTIES.

The year 1930 is noteworthy as marking the opening of the third era of Germany's post-war development. The first was from 1919 to 1923, and covered the period of the struggle of the nation to

combat bankruptcy, revolution, and chaos; the second began with the Dawes Plan, and was a period of financial and economic reorganisation accompanied by a measure of foreign control through the Agent-General for Reparations and foreign occupation of territory. Now, since the introduction of the Young Plan and the final evacuation of the occupied areas, Germany has resumed her economic and political freedom and responsibility, and has been restored to her full status among the nations of the world.

It is unfortunate that the opening of this new era should coincide with a period of intense industrial depression throughout the world, but, in my view, the freedom from foreign control, and consequent irritation, is enabling Germany to handle her problems with far greater efficiency than she would otherwise have been able to do.

During the year 1930 Germany exhibited many of the same symptoms as this country and America—growing difficulty to export, the gradual slowing up of trade, and increasing numbers of unemployed.

PRODUCTION REDUCED.

I will give a few figures to illustrate the decline in trade. The production of coal fell to 142,700,000 tons, compared with 163,400,000 tons in 1929 and 150,900,000 in 1928; 145,900,000 tons of brown coal were mined in 1930, compared with 174,500,000 tons in 1929. The reduction in output was even more serious in the case of the heavy industries, the daily production of raw steel showing an almost continuous decline from 49,057 tons in January to 30,987 tons in December, the total output for the year being only 11,539,000 tons, compared with 16,346,078 tons in the previous year. The figures for pig iron tell the same story, 9,654,000 tons being produced, against 13,401,000 in 1929.

The sales of potash were, on the other hand, comparatively well maintained, total sales showing a fall of only a little over 3 per cent. Exports of potash show a decline of 8 per cent. and a price reduction of 10 per cent., and the export proceeds amounted to Rm. 60,200,000, against Rm. 67,000,000 in 1929 and Rm. 63,700,000 in 1913.

The figures for the German State Railway show that the transport of goods as measured in ton-miles shows a diminution of some 20 per cent., but it must be remembered that the same competition between road and rail is going on in Germany as in other countries, and this index is, therefore, not such a reliable measure of the general state of trade as it used to be. Generally speaking, the fall in production was greater than that in Great Britain, but smaller than that in America. Taking 1928 production at 100, a leading authority in Germany has computed that the figures for the third quarter of 1930 are 89 for Great Britain, 80.8 for Germany and 76.5 in the U.S.A.

A SATISFACTORY FEATURE.

The most striking figures for the year, and from Germany's point of view the most satisfactory, are those relating to her external trade in 1930. Total exports amounted to 12 milliards of Reichsmarks, including 700 millions of reparations deliveries in kind, and imports totalled 10.4 milliards, so that Germany was left with a favourable trade balance of Rm. 1,600,000,000, compared with Rm. 50,000,000 in the previous year.

It is true that exports show a fall of, roughly, 1.5 milliard Reichsmarks and imports a fall of 3 milliard Reichsmarks, but, allowing for the fact that the prices of goods exported were, on the average, 11 per cent. lower than in the previous year, and the price of imports 25 per cent. lower, we find that, in quantity, exports were only 5 per cent. down on the year and imports 10 per cent. down.

This falling off in exports is very much smaller than in the case of either England or America, the decrease in value being about 10 per cent. in the case of Germany, as compared with about 21 per cent. in the case of our exports, and about 25 per cent. in those of the U.S.A. As a result, for the first time in history, Germany's total exports exceeded ours.

The greater decrease in the export trade of England and America is probably due to the fact that their principal markets are in countries which are producers of raw materials, and whose purchasing power was in consequence most severely affected by the disastrous fall in all commodity prices. On the other hand, between three-quarters and four-fifths of the German exports are made to European countries, which did not feel the effect of the general fall in prices so rapidly. Another factor is that the British and American exports of goods are dependent to a greater extent on

exports of capital to the purchasing countries, and were thus much more severely affected by the sharp curtailment of foreign borrowing in the London and New York markets.

AN EFFICIENT ORGANISATION.

The relatively small drop in the German exports was undoubtedly partly due to the pressure on Germany to provide foreign exchange to meet reparations payments and the interest on her foreign loans. For this reason certain products were sold abroad at prices which only covered the fixed charges of manufacture, and showed no profit, but I believe that the quantities so involved are generally exaggerated, and, in fact, represent but a small proportion of the total exports.

I think Germany's relative success in the export market is much more due to the fact that German industrialists have realised the limitations of their own internal market for some time and have studied the requirements and idiosyncrasies of their foreign customers much more systematically and intensively than their confrères in other manufacturing countries.

The exports for 1930 have, in any case, shown the efficiency of the German industrial organism, and that she will be able to take full advantage of any revival in trade.

MONEY MARKET AND FOREIGN BORROWING.

At the beginning of 1930 there were signs of a fundamental improvement in the money market position. Rates have, however, remained at a relatively high level throughout the year, the average rate for one to three months money at the close of the year being 5.90 per cent. The cause of these high rates is to be found in the shortage of capital at home and the consequent necessity for attracting foreign short-term money into the country.

The Reichsbank throughout the year has continued to have complete command of the exchange position. It has been able to meet any demands for foreign currencies, including the unusual requirements during the sudden flight from the mark in the autumn, and the reserve ratio has always been substantially above the statutory minimum.

According to figures recently published by the Government Statistical Bureau, German foreign long-term borrowing during 1930 amounted to Rm. 1,180,000,000, as compared with Rm. 350,000,000 in 1929 and Rm. 1,460,000,000 in 1928. There was, however, an important change in the character of the borrowing, as a large part of this sum consisted of the German Government's share in the proceeds of the Young Loan and the loan from the Kreuger interests for the match monopoly, whereas in previous years the bulk of the loans were for municipal and industrial purposes.

A HOPEFUL FACTOR.

Owing to the unsettled state of affairs the bond markets of the world have been virtually closed for German issues, and of late Germany has only been able to obtain loans abroad in the form of special credits granted by banking groups. In this connection it is of particular interest to note that the French participated in the international syndicate formed to finance the purchase of the block of German Railway Preference shares by the Reichsversicherungsanstalt, and I hope that this will be the forerunner of a series of transactions involving the Paris market.

In is interesting to note that in spite of the constantly recurring reports about heavy withdrawals of funds from Germany preliminary estimates of the Institut für Konjunkturforschung, an official institute for studying economic conditions, compute that during the year there was on balance an influx of capital in one form or another amounting to approximately one milliard marks, compared with 2.9 milliards in 1929.

It seems, however, clear that if Germany secures a less favourable trade balance this year than last, as seems probable, and if the flow of capital from abroad, either in the form of loans or credits, further diminishes, some adjustment of reparations payments will have to be made.

THE REPARATIONS QUESTION.

The fact which I think is not sufficiently recognised, in spite of the repeated assurances given by the German Chancellor, the President of the Reichsbank, and others who are in a position to speak with authority, is that whatever adjustment of reparations is made the security of the Dawes Loan and the Young Loan will not be affected. I should like to lay particular stress on this point, because the expression "moratorium," which is frequently heard in discussions on an adjustment of reparations payments, only applies in the sense in which it is clearly defined in the Young Plan—namely, as affecting the conditional reparations payments.

To my mind, it is greatly to be hoped that the first move in the direction of a permanent adjustment should come from the United

States, who directly or indirectly receive 66 per cent. of the total reparations payments, as thereby many political difficulties may be eliminated. Intelligent financial opinion in that country, I believe, generally recognises the necessity for some revision, and this feeling is gradually being disseminated, together with a realisation that the normal development of trade and international intercourse is greatly hampered by these immense international transfers.

EFFECT OF PRICE FALL.

I do not wish to enlarge further on the reparations question, but I should like to draw your attention to one more point before passing on. It was universally and unreservedly acknowledged when the Hague Agreement was signed in January, 1930, that the object of the Young Plan was to reduce to some extent the burden of reparations on Germany, a burden which time had already shown to be too great for the economic structure supposed to carry it. Quite apart from other factors of a purely financial character, the revised burden has increased very considerably since that date owing to the general fall in prices. Until the price level of the manufactured articles which form the bulk of Germany's exports has ceased to fall, it is impossible to say how much this increase in the burden will amount to, but at the present time, even, it probably is at least 15 per cent. The relief which the Young Plan was to give Germany has, therefore, to this extent proved illusory.

I feel that my review of conditions in Germany would be incomplete without a reference to some of the political developments of the past year which have had an important bearing on the financial situation. The elections in September were followed more closely than usual by observers abroad. The surprising gains registered by the Hitler party resulted in a political situation of some delicacy, accompanied by heavy withdrawals of foreign funds. The considerable political agitation following the elections accentuated the difficulties of the Government, but the energetic way in which the Chancellor has proceeded to carry through a large part of his original programme of financial reform has secured the admiration and respect of large numbers of his own countrymen, as well as that of interested observers abroad. His straightforward utterances on many occasions have gone a long way to restore confidence in the internal political situation in Germany.

ECONOMIES EFFECTED.

The reforms include a determined effort to make the Unemployment Insurance Fund more nearly self-supporting by revising the conditions of benefit and by raising the rate of contribution from 3 per cent. to 6½ per cent. of the basic wage; substantial reductions in Civil Servants' salaries have been effected, and, perhaps most important of all, the financial relationship between the central Government and the various States will be considerably modified. The previous system was frequently the subject of unfavourable comments by the late Agent-General for Reparations during his term of office, as, in essence, it put the States in the happy position of being able to spend public funds while the onus of collecting them was put on the central Government. The change which will be effected will enable the central Government to keep its fingers more closely on the purse strings, and will, I think, prove of great and lasting benefit to Germany.

The success of these financial reforms turns mainly on the course of trade and numbers of unemployed which have to be supported.

While it is impossible to say with any certainty that the bottom of the depression has been reached, I personally incline to the opinion that from now on things will improve gradually but slowly. In any case, Germany has made a determined attempt to tackle her problems in the light of conditions as they are to-day, and the realistic outlook of the German statesmen, which embraces a frank recognition of the gravity of the situation and the necessity for drastic action, is an example which may well be followed by other countries, including ourselves.

As I said above, I think recovery will be slow, but I believe that conditions in Germany are not worse than in other industrial countries. The economic life of every modern industrial country has its own special features which give rise to anxiety under present conditions, but there is a growing realisation in all countries that their larger economic problems are not purely national problems, and that the consequences of a breakdown in any one modern industrial country would have serious repercussions throughout the world.

I now have pleasure in formally moving:—"That the directors' report and accounts for the year ended December 31, 1930, submitted to this meeting be and are hereby received and adopted, and that for the year ended December 31, 1930, a dividend on the ordinary stock of 8 per cent., less tax, be declared and paid."

Lord Ashfield seconded the resolution, which was carried unanimously.

Messrs. Deloitte, Plender, Griffiths and Company were re-appointed auditors, and a cordial vote of thanks to the chairman concluded the proceedings.

BRITISH INSULATED CABLES, LIMITED.

SATISFACTORY RESULTS IN A DIFFICULT YEAR.

15 PER CENT. DIVIDEND.

SIR ALEXANDER ROGER ON "PROFLIGATE LEGISLATION."

Sir Alexander Roger, the chairman, presided at the thirty-fifth annual meeting of the British Insulated Cables, Limited, held, on the 20th instant, at Liverpool.

In moving the adoption of the annual report of the directors and the accounts for the year ending December 31st,

The Chairman first referred to the death, since the last meeting, of Mr. Dane Sinclair, late chairman of the company. The directors, he said, wished to place on record their great appreciation of the long and valued services which Mr. Sinclair rendered to the company. He came to the company as general manager in 1902, and devoted himself unstintingly to its service throughout the entire period. The directors, and many of the shareholders, had lost a great friend, and the company, and, indeed, the industry, had lost a man of outstanding ability who did much to forward the interests of the cable manufacturers throughout the world.

YEAR'S RESULTS.

Adverting to the accounts, the chairman said, although the profit for the year, amounting to £576,593, was less than that of the previous year, which amounted to £685,980, having regard to the general conditions of trade throughout the world, the directors thought the shareholders might be congratulated on the results.

Adding to the profit for the year the amount brought forward, they had a disposable balance of £857,400. From this were to be deducted the usual charges, in all amounting to £191,416. To be further appropriated were £100,000 for depreciation and £120,000 to reserve, and out of the balance the directors recommended a further dividend of 10 per cent. on the ordinary share capital, making, with the interim dividend, a total for the year of 15 per cent.

The carry-forward amounted to the very substantial sum of £279,317, or £1,489 less than was brought in.

Having referred to various items in the balance sheet, the chairman said the shareholders would probably not be surprised at 1930 not showing up so well as 1929, but, having regard to the conditions of world trade, the directors were not dissatisfied with the results obtained. (Hear, hear.)

QUALITY TO BE MAINTAINED DESPITE COMPETITION.

They could not disregard the fact, however, that competition at home and abroad was continually growing, and it was only by the maintenance of a really large turnover that sufficient profits could be earned to enable the company to make adequate provisions and provide satisfactory dividends.

The fact was that the cable manufacturing plant capacity in this country was in excess of the output requirements, and with the average factory working on a low load factor one could easily understand the keenness for orders.

Competition for orders at the same time increased standing charges in the way of sales expenses consequent upon the opening of additional branch offices, employment of additional salesmen, and expenses in connection with advertising, etc. There were many ways to meet competition, but he said at once that the directors set their faces resolutely against a reduction of quality as a means of meeting competition. (Hear, hear.) In their opinion a high-grade product would always fetch its price, and customers could most easily be retained when they had the knowledge that the article supplied was the best that could be made, and that the manufacturer was a responsible firm well known to stand behind its products.

TO MEET NEW CONDITIONS.

The directors and management, however, continued to study the position from all points of view, and felt that the best way to meet the new conditions was to reduce costs and thus be enabled to offer lower prices to their customers. Much could be done in this direction by closer co-operation with other cable manufacturers whereby both manufacturing and administrative cost could be reduced, and in addition they felt that a policy of rationalisation should be followed. In pursuance of this policy the directors, in addition to the joint control they acquired in a large cable manufacturing company in 1929, had during the past year purchased

complete control of two other cable companies, one being of considerable size.

They looked forward with confidence to complete financial justification in the immediate future of the steps they had taken.

PROFLIGATE LEGISLATION.

The Chairman continued: "There is a wider aspect to this question of reduction of costs and economy generally, and I make no apology for touching upon it at this time. The selling price of our products includes the price of raw materials and consequent fluctuations of exchange, wages and trade union restrictions, taxation, largely a result of the war, but more recently a consequence of profligate and ruinous social and other legislation for which all political parties are guilty.

We investors in the business of this country are also electors, and while in our own business we can do our share towards alleviating the troubles that surround the country generally, we must also take a hand in protesting effectively against excessive taxation, imperial, local and municipal, which is crushing the life out of industry."

INCREASED OUTPUT NECESSARY.

"I am not an advocate of reducing wages, but I am an advocate of increasing output per person. The need for this is evident when it is realised that for every 100s. spent in real wages in England, 73 are spent in Germany, 55 in France, 45 in Belgium and 39 in Italy. These figures, of course, take into account the relative costs of living. A calculation has also been made which shows that for every one pound's worth of production in Great Britain between five shillings and six shillings a year is spent in national and local taxation."

We appeared, added the Chairman, to be easily the most highly taxed nation in the world at the present moment. Germany merely carried three-fifths of our tax burden, the American paid only one-half, and the Frenchman less than one-half of the amount borne by the British taxpayer.

It was thus easily seen how difficult the problem was for British manufacturers to reduce costs to such a point as would enable them to compete with freedom in foreign territory, and to maintain their prices in England at a point which compared reasonably with those obtaining elsewhere.

It was quite apparent that this country at the moment was living upon its reserves, which was a position that could not continue indefinitely.

A MAGNIFICENT BUSINESS AND REPUTATION.

"So far as this company is concerned," said the chairman, in conclusion, "we are putting our house in order with a view to reducing costs. We are constantly improving methods and machines, and also extending research. We have a magnificent business and a reputation built up over a long stretch of years which is second to none in our industry both at home and abroad, and, with our able and loyal staff, we shall continue to deserve and, I trust, receive our full share of business that is going.

"In these times this company has much to be thankful for. For the moment our order book is not so good as last year, but, in spite of depression, the demand for electricity grows in almost every direction, and, of course, this demand cannot be met without calling for the products of the cable industry. At the same time, we must recognise that the purchasing power of the world is temporarily diminished, and, until the root causes of this are removed or mitigated, we cannot, nor can any other industry, view the future without some anxiety.

"All these measures, and the constant urge for economy, throws a lot of work upon our loyal staff, and I should not be satisfied to conclude my remarks without expressing the appreciation of the board for their excellent work in the past year. The workers in the various factories, with whom I am glad to say our relationships are of the utmost cordiality, should also not be forgotten in the matter of thanks for good work done." (Loud applause.)

The report and accounts were unanimously approved.

MIDLAND ELECTRIC CORPORATION FOR POWER DISTRIBUTION, LIMITED.

SATISFACTORY EXPANSION.

LOCAL SUPPLIES' ORDER.

PROPOSED FORTY YEARS' EXTENSION.

The thirty-third ordinary general meeting of shareholders of the Midland Electric Corporation for Power Distribution, Limited, was held at the Exchange Hotel, Liverpool, on Friday, March 20th.

Mr G. H. Nisbett, M.Eng., J.P. (chairman of directors), presided. Mr C. Heathcock, F.C.I.S. (secretary), having read the notice convening the meeting,

The Chairman said: Before commencing the business of the meeting I regret to have to announce the death on May 6th last of Mr D. Sinclair, our late chairman. Mr Sinclair joined the board in July, 1914, and became chairman in October, 1927, and throughout that long period his services were of the greatest value to the company, and I am sure you will all join with the directors in an expression of our high appreciation and our great regret.

The directors' report and printed accounts have been in your hands for some time, so I assume it is your wish that they be taken as read.

As the accounts are set forth in somewhat greater detail than is usual, I will not go through them seriatim, but will only touch upon those items that show an appreciable change from the year before.

EXTENSION OF SERVICES.

Turning to the capital expenditure account you will see that we have expended during the year the sum of £70,634, nearly all of it upon mains transformers and meters. This outlay is continually necessary for the purpose of making our supply available in streets and areas that hitherto, by reason of the dearth of demand, have been economically unsuppliable.

In this connection I may mention that proposals by the management for extensions of mains are always carefully scrutinised by the board, who satisfy themselves that the additional revenue to be obtained either immediately justifies the expenditure or will probably do so within a reasonable time.

The switchgear shown as written off by £17,710 was for the control of the company's feeder system, leaving the power station at Ocker Hill. It had been in use for a number of years, and was already on the small side when the joint authority purchased the generating station. When the joint authority increased the capacity of the station it would have been dangerous to retain the old switchgear, and this has gradually been replaced during the past three years, and the account adjusted by taking the sum of £8,321 already provided from the depreciation account, and writing off the balance of £9,389 from profits; these entries are clearly shown in the balance sheet and are also referred to in the directors' report.

There is no change on the other side of the balance sheet, the issued capital remaining as before.

INCREASE OF CONSUMERS.

Turning now to the gross revenue account, it will be seen that our total receipts were £408,176, compared with £402,194 for the year before, a small but satisfactory increase.

During the year the power consumers in our district have especially felt the effect of the depression in trade, but by an intensive campaign we have been able to more than replace the revenue so lost by a large addition to the number of lighting consumers.

On the expenditure side of the gross revenue account we see that purchase of current has cost us £188,298, or £9,102 more than the year before, although we have, in fact, purchased slightly less electricity.

It is, of course, most unfortunate that, at a time when heavy additional charges for interest, etc., have to be met, the West Midlands Joint Electricity Authority should be faced with a depression in trade such as the present, with a consequence that the demand for power has fallen far below what reasonable expectations of growth justified provision for. There can be no question that ultimately the formation of the West Midlands Joint Authority and the policy they are following will be amply justified.

An increase of £994 in costs of distribution leaves us with a balance to carry to net revenue account of £195,812, compared with £199,926.

HEAVIER RATES BURDEN.

Now, turning to the net revenue account we see that the balance carried to balance sheet is reduced to £139,656, compared with £151,365 for the previous year, showing a total diminution in profit of £11,709. For local rates alone in the past year we had to bear an increased charge of £3,000, and it does seem inequitable that, while industrial hereditaments are de-rated, our company, partly as a

consequence, had the whole of its assessment increased in April, 1929, by 100 per cent., which represented an increased annual charge of £12,000, three-quarters of this increase falling due in 1929.

On the other side of this account, bank and other interest shows a reduction of just over £2,000, due to the general fall in money rates.

INVESTMENTS AND RESERVES.

With regard to the general balance sheet, I think the figures are all self explanatory, except that attention should be drawn to the fact that cash at the bank has fallen from £151,169 to £49,493, and that investments have increased from £86,704 to £117,354, and other debtors and loans from £1,297 to £73,104. These changes have been made in order to obtain a higher rate of interest than the bank was able to offer. Needless to say, the investments are not intended to be of a permanent character, and we hope the day may soon come when, because of better trade, the money may be required for our own business.

On the liabilities side the reserve account has been further strengthened by the transfer from profit and loss of £30,000—the account now standing at £130,000.

DIVIDEND AND CARRY FORWARD.

Now, turning to the front page, it will be seen that, with £35,589 brought forward from last year, we have a disposable balance of £175,246.

From this we propose to deduct £33,920 for depreciation, £9,389 for scrapped switchgear, and transfer to reserve £30,000.

Again deducting £14,000 for preference dividend and £17,500 for the 2½ per cent. interim dividend already paid on the ordinary shares we have a balance of £70,437. Out of this your directors propose a further dividend on the ordinary shares of 5½ per cent., making 8 per cent. for the year, and to carry forward a balance to next year of £31,937.

PROPOSALS FOR FUTURE LOCAL SUPPLIES.

Reference was made last year to negotiations with the local authorities whose administrative districts form the area supplied by this company.

These negotiations have proceeded throughout the year, and have now reached concrete form and have been submitted to the local authorities in the form of a Draft Special Order.

The proposals in outline are that, in consideration of the extension of the company's franchise from the year 1940 to the year 1980, an initial all-round reduction of 10 per cent. on the basis of costs and revenue for 1928 shall be allowed to consumers from the company's charges for electricity. Thereafter a sliding scale of charges for current, based on the company's actual costs from year to year, comes into force, so that the charges may be raised or lowered annually, depending on the cost at that time. Other things being equal, such costs will decrease as the demand increases. Provision has been made so that the company will benefit equally with the consumer if it is able to reduce any or all of the costs that come within its own control.

The directors have given long and careful consideration to this subject, and, while it is obvious that the suggested arrangement must be to the immediate and almost certain future advantage of the consumer, both of power and light, yet, on the other hand, and taking the long view, it is by reason of the extended tenure well worth while for the company also.

The draft Order is under consideration by the local authorities concerned, but a final decision has not yet been reached by them.

LOYAL SERVICE.

I cannot conclude without expressing on behalf of the board, and I hope the shareholders too, our thanks to the management, the staff and the workers for the loyal service they have given to the company and its affairs throughout the past year.

I now beg to move "That the report and accounts for the year ended December 31st, 1930, as certified by the company's auditors, be received, approved and adopted."

The motion was unanimously adopted.

A resolution authorising the payment of a further dividend of 5½ per cent. on the ordinary shares, making, with the interim dividend, a total of 8 per cent. for the year, was carried.

Mr G. H. Nisbett and Mr J. Arthur Smith, the retiring directors, were re-elected.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.



FORD MOTOR COMPANY, LIMITED.

IMPROVED TRADING RESULTS.

SIR PERCIVAL PERRY'S PLEA FOR REVISION OF AUTOMOBILE TAXATION.

The second ordinary general meeting of Ford Motor Company, Ltd., was held, on the 18th instant, at the Café Royal, Regent Street, London.

Sir Percival Perry, K.B.E. (the chairman), in the course of his speech, said: The calendar year of 1930 will probably be famous—or infamous—as a period of the greatest economic difficulty and industrial depression through which modern society has yet passed. Not only Great Britain and Europe, but every organised country in the world has suffered similar experience. It is, therefore, with the more satisfaction that we are able to report to you that our trading profits for the 12 months ended December 31st last are greater than were earned during the previous 14 months. Before arriving at the trading profit of just over one million pounds sterling, we have absorbed against revenue many expense items which are not of a permanently recurring nature.

The directors' report draws attention to the fact that no dividends on the company's holdings in associated companies have been brought into account. The reason for this is the fact that at the present time it is not considered that the company requires such funds as revenue.

COMPANY EXPORT FIGURES.

The total exports of motor cars (other than commercial vehicles) and motor-car parts from the United Kingdom during 1930 was £6,081,280. The exports of our company amounted to £3,302,371, and I think you will agree that this is no insignificant contribution to the enhancement of the international status of the British motor industry.

We, however, have to manufacture a special automobile engine for export, because no intelligent foreign automobilist will purchase an engine designed according to the h.p. formula upon which British automobile taxation is based, and which accordingly governs and prejudices British designers.

THE HORSE-POWER TAX.

Our superior engine costs no more to manufacture. In fact, we charge more for our vehicles when fitted with a less efficient engine, which the British public buys in order to avoid excessive taxation. So long as the present method of calculating horse-power tax prevails no British manufacturer can possibly build up any considerable export business in the vehicles which are made for this market. I appreciate that this is a strong statement to make, but notwithstanding the existence for many years of a heavy preference in Colonial import duties in favour of cars of British origin, even our own Colonies will not purchase British cars in any considerable number.

The vast majority of motorists in Britain are compelled, because of foolishly calculated methods of taxation, to use automobiles which are inferior to those used by automobilists everywhere else. It is not a question of roads, or of cost, or general running expenses. It is not necessary to go to the other end of the world to beat up sentiment among our Colonists. Our neighbours across the Channel in the open markets of Holland and Denmark would much prefer to take British automobiles in payment for the eggs and bacon and butter which we buy from them. They do not do so for one reason only, which is that, in the aggregate, British manufacturers can offer them only an unacceptable article. Holland, which imports all of its motor cars, is an open market in which 23 Continental and American automobile manufacturers each sell 500 or more of their vehicles per annum. Not one of these is a British manufacturer.

RESTRICTION ON USE OF MOTOR CARS.

The taxation in Britain is so high that, unless it can be adjusted, there is little prospect of increasing the per capita use of motor

cars to any large extent. The market is saturated so long as the present high taxation prevails.

The average tax per automobile in Great Britain was £26 18s. 9d., whereas the average tax in the United States was only £7 4s. 4d. This is clear demonstration of the wisdom of the policy of a moderate tax inducing the use of a larger number of automobiles.

"FOOLISH AND UNFAIR BASIS."

May I explain how extremely foolish, as well as unfair, is our existing basis of taxation. It is assumed that the use of public highways should be paid for by motor cars in relation to the power of the engine used, and that the power of an engine is wholly and solely determined by the diameter or width of the cylinder. Every authority, except the tax collector, knows that both of these premises are erroneous.

Clever engineers, in order to avoid the h.p. tax, have designed cars which are so high priced that only the extremely wealthy can afford to buy them, and yet these cars pay only £15 or £16 per annum tax, whilst the humble purchaser of an inexpensive car designed in accordance with the accepted best practice has to pay £24 per annum.

Our Ford car, if it were designed to run upon three wheels only, would pay a tax of £4 per annum instead of £24.

If one was successful in building an acceptable two-stroke engine the revenue derived from motor-car taxation would be automatically and instantaneously reduced by 50 per cent., in accordance with the horse-power formula upon which revenue is now calculated and raised.

"A PREMIUM ON LETHARGY AND NUISANCE."

It is impossible to calculate the many millions of pounds sterling expenditure per annum involved in traffic control, street widening, and other attempts to relieve congestion and speed up traffic, and yet our authorities exorbitantly tax a small tradesman who is enterprising enough to use a motor van for delivering his goods, and at the same time refuse to tax a horse and cart, which occupies much more space upon the road, and requires much more stable accommodation, moves at approximately one-fifth of the speed of motor traffic.

It has been calculated that if horse traffic were taxed in the same way as motor traffic there is a sum of approximately £2,000,000 waiting for the Chancellor to pick up.

Many authorities believe that the only reason why motor traffic has not entirely replaced horse traffic is that the latter pays no taxes.

Upon the general question of taxation there is little doubt that our country can never recover so long as taxes remain at the present high level. Capital in industry is only worth what it will earn, and when profits are taxed beyond reasonable limits, then taxation becomes in effect a capital levy. This means that in order to build a new house we obtain our bricks by pulling down an old house. Unfortunately, in many instances, the new edifice is inferior to the one which has been demolished.

The directors' report, together with the accounts as audited, were adopted unanimously, and a dividend of 10 per cent. was declared.

A resolution increasing the capital to £9,000,000 was approved.

A copy of the Chairman's Speech in full can be obtained on request from—

FORD MOTOR COMPANY, Limited,
88, REGENT STREET, LONDON, W.1.

DICKINS AND JONES, LIMITED.

A SATISFACTORY REPORT.

The thirty-first annual general meeting of Dickins and Jones, Limited, was held, on the 19th instant, at 29 Argyll Street, London.

Sir Woodman Burbidge, Bt., C.B.E. (the chairman), said that the directors were glad to be able to present what must be considered as a satisfactory report on the trading during a year in which they had been faced with many difficulties. It became evident during the early months of the year that the spending power of their customers had been considerably reduced in consequence of the heavy burden of taxation, whilst latterly the constant fall in the prices of raw materials affected the prices of merchandise in like proportion, and the returns showed a shrinkage, which affected the profits.

After charging repairs and renewals, directors' fees and income tax, providing for depreciation on fixtures, furniture, etc., and for bad and doubtful debts, the profit for the year amounted to £115,910, as against £129,367, a decrease of £13,457. With the balance brought forward the amount available was £163,658, and the directors recommended a balance dividend on the ordinary shares at the rate of 14 per cent. per annum for the second half-year, making 12 per cent. for the year, the same as for last year.

Following the announcement that the Government had decided to repay the 4 per cent. War Loan during last January, it became necessary to consider the manner in which the sinking fund should be invested in the future. After due consideration it was decided that the War Stock be sold and the funds accruing be re-invested, half in 3½ per cent. Conversion Loan and half in 4 per cent. Funding Loan. This sale and re-investment were carried through at what was considered a favourable figure, and the interests on each of the parcels of the new stock would be similarly invested in conformity with the original scheme.

The position of the company could be viewed with complete satisfaction. Notwithstanding the reduced earnings and the slightly lower carry forward of £42,908 against £47,748, the reserves remaining amounted to £240,214 against £235,840. Thus it was seen that benefit was being derived from the conservative policy of the board in the past.

With regard to the future, little improvement could be looked for until a general feeling of confidence could be renewed, and until the economic difficulties and the vital question of unemployment showed some improvement. However, he could safely say that with their reputation in Regent Street, which year by year was being enhanced, when the turn of the tide did come Dickins and Jones would undoubtedly be in the front rank of those to reap the benefits.

The report and accounts were unanimously adopted.

JOSEPH NATHAN AND COMPANY, LIMITED.

ORDINARY SHARES RE-ENTER DIVIDEND LIST.

The ordinary general meeting of Joseph Nathan and Company, Ltd., was held, on the 18th instant, at the company's offices, Osnaburgh Street, London, Mr Alec Nathan, chairman of the company, presiding.

The Chairman said: The reserve account now stands at the figure of £40,000 as compared with £25,560. The directors' policy is to continue to build up this reserve account from each year's profits. It is as well to emphasise, however, that in creating this reserve the directors visualise it as a live fund to be used for the purposes of the company should exceptional conditions need exceptional treatment, and not as a sum of money frozen away from all relations to the everyday working of the company. All subsidiary companies show a profit earned for the year. Advances from bankers show a reduction of nearly £10,000. Machinery, plant, etc., is up by £10,000 chiefly on account of expansions in our pharmaceutical business for which we have had to equip a new factory near London. Full depreciation on all these capital items has been provided for and written off their book values. Trade marks, patents and development account remains at the figure of the previous year. The introduction in various markets of a family of new and important pharmaceutical articles is substantially increasing the value of this profit-earning asset. The balance sheet as a whole, I think you will agree, indicates a satisfactory liquid and financial state.

The net profit for the year is £68,066, an increase of £3,000, which enables us to place a larger amount to reserve, to recommend an ordinary dividend of 10 per cent. and to carry forward a slightly larger amount than last year.

The situation created by the earthquake in New Zealand, and the destruction of our Hastings office, will involve a loss of about £5,000.

The effect on our business of the greatly increased rates of exchange between New Zealand and Australia and London is not important, most exchange charges being for account of our customers or principals. On our own manufactures from New Zealand and Australia the exchange becomes an additional return to the local manufacturing organisations. Our business to-day is so widely spread, in character as well as geographically, that adverse events in one country or in one department are usually counter-balanced by more favourable conditions in some other section or country.

Trading as we do in many parts of the world, we have reason to believe that the world conditions of trade are more likely to improve than to get worse, and we view the future prospects of our business with confidence.

The report and accounts were unanimously adopted.

EQUITY AND LAW LIFE ASSURANCE SOCIETY.

SATISFACTORY PROGRESS.

The annual general meeting of the Equity and Law Life Assurance Society was held on the 17th instant at 18, Lincoln's Inn Fields, London, W.C.

Mr L. W. North Hickley (chairman of the society) said that he felt that shareholders would be satisfied with the progress made during the year ending December 31 last. That the net sum assured amounted to nearly £1,900,000, the largest ever completed in one year in the history of the society, was, in itself, proof of the confidence of the public in the society and its policies, and spoke well for the work of their indoor and outdoor staff. It seemed surprising that in a year like 1930, during which the whole world had been suffering from financial troubles, such a result should be obtained, but it must be remembered that their quinquennial report had shown wonderful results, and the assuring public were quick to take advantage of a good thing and recognised the value of their policies as an investment. Their new annual premiums amounted to £14,000, as against £29,000 last year.

The total sums assured by the society now amounted to £19,500,000 gross and over £16,000,000 net. The question which every prospective insurer had to ask himself was not whether one office or another was the safer, but which was the better investment, and he ventured to suggest that the Equity and Law, notwithstanding the intense competition in the insurance world, still showed prospects which were second to none. Every year brought new ideas, and the society had not been behind its competitors in bringing out new tables to meet every class of risk, and they now catered for the need of everyone. The claims in the past year represented about 85 per cent. of the amount expected according to their valuation tables. There had thus been a fair profit from that source. The rate of interest, both gross and net, was a little smaller than in 1929, but that was accounted for in great measure by the fact that in the latter year their valuable subsidiary, the Law Reversionary Interest Society, had declared a bonus on their holding of its stock which they could only hope for quinquennially.

A SATISFACTORY RETURN.

The net rate of interest for the year was £4 7s. 8d. per cent., notwithstanding the increase in income tax, and that, he thought, was a satisfactory return. He would like to see it higher, of course, but not by sacrificing their policy of "safety first."

Their total funds had risen in value during the year from £9,024,000 to £9,333,000 in round figures, or an increase of about £309,000, and that in spite of the fact that during the year £57,000 had been paid as cash bonus, while surrenders, as always in the first year of a quinquennium, had been heavy, with profit policyholders naturally waiting to realise their investment "cum-dividend." Twelve months ago he had referred to the subject of single premium policies and to the Finance Act of 1930. Such policies had been very freely accepted by a large majority of life assurance offices, but had not met with the approval of the Chancellor of the Exchequer.

He had hoped that the Chancellor would have done something to encourage life assurance, so necessary to recoup the huge sums payable in death duties, even on comparatively small estates, which were now used as income. It seemed to him most unjust that sums payable on death in respect of policies which had been effected out of savings, already highly taxed, should be taxed at all, or, at any rate, on the same scale as the general estate. They had meanwhile endeavoured to provide for that by introducing a new scheme for provision of estate duty by means of insurance. They also had a new "family provision scheme" and a new prospectus dealing with deferred assurances for children. The business of the society increased every year, and they were able to report that the expense ratio still remained a great feature of their figures.

The report and accounts were unanimously adopted.

COUNTY OF LONDON ELECTRIC SUPPLY COMPANY, LIMITED.

REVENUE EXCEEDS £2,000,000.

The thirty-seventh ordinary general meeting of the County of London Electric Supply Company, Ltd., was held, on the 17th instant, at River Plate House, London, E.C., Sir Bernard E. Greenwell, Bart. (vice-chairman), presiding.

The Chairman said: Considering the adverse circumstances which have affected trade in general during the past year it is indeed a happy circumstance to be able to congratulate shareholders in these times. The units sent out from our Barking power house for the year totalled 511,133,700, of which 447,488,860 were sold, and this makes an increase of 72,578,076 units sold for the year. The kilowatts of new business have increased by 50,942, making a total of 384,772 kilowatts connected, while there is an increase of over 40,000 in the number of new consumers supplied directly or indirectly during the year.

The revenue from sale of current, after making provision for bad and doubtful debts, is £1,880,558, while the receipts from other sources amount to £211,187, showing an increase in the total revenue over last year's figure of £217,696. The increase under the head of "Rates" last year alone amounts to £11,473, due to increase in poundage and various new assessments. For last year our total for rates alone was over £147,000, and it will interest you to know that the amount paid by your company, or by you as shareholders, in Government, local authority and other levies over which we have no control, totalled over £310,000, or one-sixth of the revenue we received from sale of current. Summarised, the gross revenue shows an increase of £217,696; expenses show an increase of £90,046, and the amount carried to net revenue account shows an increase of £127,650 compared with the previous year.

Turning now to the net revenue account, it will be seen that there is a total of £1,753,630 on the credit side. To the reserve for taxation we are placing the sum of £10,000, whilst the necessary reserves for depreciation and sinking funds under the No. 1 Act of 1925 absorb the sum of £381,082, as against £284,953 last year. There is left a balance for appropriation of £1,078,105, out of which the interim and final dividends on the preference shares have been paid, together with the interim dividend on the ordinary shares, and the interest on the new ordinary shares. As you know, we are proposing to pay a further 8 per cent. on the ordinary share capital of the company, making 11 per cent. for the year on the 3,374,889 ordinary shares. As you will see, the total on the assets side of the balance sheet is some 17½ million pounds. The reserves for depreciation and sinking funds under the No. 1 Act of 1925 amount to £1,699,791, and are invested in the business. Sundry creditors amount to £802,045.

ENGINEERING ASPECTS.

As to the engineering side of your undertaking, I have now to report that in September, 1930, we received the consent of the Electricity Commissioners to the extension of our Barking power house by the installation of two turbo-alternator sets, each having a maximum continuous rating of 75,000 kw., together with the necessary boiler units, buildings, civil engineering works and auxiliary plant.

The work which the electricity industry has embarked upon has been contrasted, as you know, with the work of that other great industry—the gas industry—and criticism has come from leaders of that industry. The electrical industry is assisting in the re-organisation and equipment of both old and new industries and in the standardisation of such equipment throughout the country, and to an extent which, it is safe to say, that, for reasons outside the control of the gas industry, that industry could not assist.

The number of units sold by your company over last year constitutes a record. It is an increase of 19.9 per cent., or practically 20 per cent. over the sales of the previous year, whereas the national increase in output is in the order of 5 per cent. On what I might call the retail side of our business we have gone ahead in leaps and bounds. We have during the past year deliberately gone out for the domestic load, and we have got it. There are thousands of our domestic consumers obtaining their supplies for lighting, cooking, heating and other domestic purposes at an average rate of approximately 1d. per unit. Experience has taught our consumers that a very low price is obtainable, and particularly by those who have displaced coal and gas, together with dirt and smell, for the cleanliness and healthiness of domestic electrification.

In conclusion, it is my pleasurable duty to pay a tribute of appreciation to our officers and staff for the services they have rendered during the past year, and once again particularly to our manager and secretary, Mr Dalton, and to our engineer-in-chief, Mr Wood.

The report and accounts were adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended March 14, 1931, amounted to £23,194,600 against ordinary expenditure of £6,606,300. After allocating £2,620,000 to Sinking Fund and having allowed for a reduction in Exchequer Balances of £273,709 the week's operations, as shown below, reduced the National Debt by £14,242,000 to £7,627,779,000:—

(000's omitted.)

National Savings Certificates	+ £ 250	Treasury Bills	£ 9,742
		Public Department Advances ..	£ 4,250
		4½% War Loan	100
		P.O. and Telegraph	400
	+ 250		14,492

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Mar. 14, 1931.	April 1, 1929, to Mar. 15, 1930.	Week ended Mar. 14, 1931.	Week ended Mar. 15, 1930.
ORDINARY REVENUE.					
Income Tax	260,000,000	228,874,000	215,922,000	11,026,000	11,773,000
Sur-tax, including Arrears of Super-Tax	64,500,000	54,900,000	46,580,000	6,410,000	4,610,000
Estate, &c., Duties	83,000,000	77,730,000	75,400,000	1,210,000	1,530,000
Stamps	27,000,000	17,740,000	22,530,000	340,000	270,000
Excise Profits Duty and Corporation Profits Tax ..	1,700,000	500,000	10,000	...	...
Land Tax and Mineral Rights Duty	800,000	750,000	760,000	50,000	...
Total Inland Revenue ...	437,000,000	380,494,000	361,202,000	19,036,000	18,183,000
Customs and Excise—					
Customs	122,710,000	114,073,000	113,659,000	2,408,000	2,151,000
Excise	129,860,000	117,890,000	121,180,000	1,490,000	1,280,000
Total Customs and Excise ..	252,570,000	231,963,000	234,839,000	3,898,000	3,431,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,925,041	4,689,468	135,000	193,000
Post Office (Net Receipt) ...	10,125,000	11,400,000	10,900,000	...	...
Crown Lands	1,300,000	1,280,000	1,280,000	...	...
Receipts from Sundry Loans ..	33,000,000	31,313,053	32,498,301	...	7,000,000
Miscellaneous Receipts	34,500,000	32,636,168	34,653,181	125,584	3,835
Appropriation from Rating Relief Suspend Account ...	16,000,000	16,000,000	...	...	...
Total Ordinary Revenue	789,445,000	710,011,262	680,061,950	23,194,584	28,810,835
SELF-BALANCING REVENUE.					
Post Office	60,275,000	55,150,000	54,800,000	1,000,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,633,959	21,881,532	44,000	...
Total Self-Balancing Revenue ..	83,835,000	77,783,959	76,681,532	1,044,000	1,000,000
Total		787,795,221	756,743,482	24,238,584	29,810,835

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Mar. 14, 1931.	April 1, 1929, to Mar. 15, 1930.	Week ended Mar. 14, 1931.	Week ended Mar. 15, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	£ 304,600,000	£ 290,149,323	£ 306,800,926	£ 681,530	£ 21,639
Payments to Northern Ireland Exchequer	6,000,000	5,722,825	4,881,900	84,405	17,500
Payments to Local Taxation Accounts	3,300,000	2,454,287	9,346,622	120,656	176,570
Other Consolidated Fund Services			2,843,554		4,026
Supply Services (excluding Post Office)	429,433,000	400,161,931	349,436,399	5,719,702	7,639,180
Total Ordinary Expenditure ..	743,333,000	698,468,366	673,309,401	6,606,293	7,858,915
Sinking Fund	55,400,000	55,658,131	45,082,233	2,620,000	615,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	55,150,000	54,800,000	1,000,000	1,000,000
Road Fund	23,560,000	22,633,959	21,881,532	44,000	...
Total Self-Balancing Expenditure	83,835,000	77,783,959	76,681,532	1,044,000	1,000,000
Total		831,930,456	795,073,166	10,270,293	9,473,915

The aggregate revenue and expenditure to March 14, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO MARCH 14TH.

(000's omitted.)

Expenditure	£ 698,488	Revenue	£ 710,011
Sinking Fund	55,658	Decreases in balances	3,329
		Net Amount borrowed	40,806
	754,146		754,146

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Mar. 15, '30.	Mar. 31, '30.	Mar. 14, '31	Mar. 14, '31.
Advances by Bank of England ..	£ 47,380,000	£ 48,530,000	£ 32,850,000	£ 4,250,000
Advances by Public Departments ..	615,285,000	588,885,000	586,560,000*	11,745,000
Treasury Bills outstanding				
Total Floating Debt	662,665,000	637,415,000	619,410,000	15,995,000

* Includes £10,000,000 of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £30,000,000 in Treasury Bills were opened on March 13, 1931, and the total amount applied for was £49,565,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 6s. 11d., about 55 per cent., and above, in full; and Saturday at £99 7s. 1d., and above, in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.	£	£	£ s. d.
Feb. 20	30,000,000	36,550,000	2 12 52
Feb. 27	35,000,000	41,445,000	2 13 82
Mar. 6	30,000,000	51,930,000	2 12 47
Mar. 13	30,000,000	49,565,000	2 11 8-9

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 18, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	347,285,744	Other Government Securities	232,377,454
In Banking Department	54,669,990	Other Securities	12,246,956
		Silver Coin	4,360,490
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	141,956,734
	£401,956,734		£401,956,734

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Reserve	14,553,000	Other Securities	28,904,684
Public Deposits	3,733,958	Discounts and Advances	£ 8,021,417
Other Deposits	10,499,765	Securities	29,345,639
Bankers'	£59,795,625	Notes	37,367,056
Other Accounts	33,227,861	Gold and Silver Coin	869,879
7-Day and other Bills	93,073,486		
	1,400		
	£121,811,609		£121,811,609

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Mar. 18, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	347,285,744	+ 3,043,194	— 1,603,457
Public deposits	10,499,765	+ 1,742,526	— 2,382,915
Bankers' deposits	59,795,625	+ 521,040	— 2,290,848
Other deposits	33,227,861	— 240,817	— 2,655,164
Seven-day bills	1,400	— 691	— 397
Total, outside liabilities	450,811,395	+ 1,018,136	— 8,932,781
Capital and reserve	18,286,958	+ 5,435	— 14,288
Government debt and securities	272,297,238	— 2,746,816	— 14,069,199
Discounts and advances	8,021,417	— 1,217,244	— 1,961,363
Other securities	41,532,595	+ 1,853,575	+ 14,682,687
Silver coin in issue department	4,360,490	+ 199	— 103,158
Coin and bullion (bank's reserve)	142,826,613	+ 1,097,585	— 11,418,762
Reserve of notes and coin in banking department	55,539,869	+ 4,137,779	— 9,815,305
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	53 1/2 %	+ 3 %	— 5 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	31 1/2 %	+ 1/2 %	— 1 1/2 %

(000's omitted.)

Date.	Issue Department.	Banking Department.	Gold In or out of Bank.	Rate.
	Notes Issued.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.	£	£	£	£
Feb. 4	400,351	349,486	9,861	62,576
11	400,528	347,245	13,503	57,655
18	400,443	344,131	15,167	61,146
25	400,816	347,665	16,221	59,072
Mar. 4	400,926	350,722	7,827	66,613
11	400,928	350,327	8,757	59,275
18	401,957	347,287	10,500	59,796

(000's omitted.)

Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & "Proportion."
1931.	£	£	%	£	£	£	%
Feb. 4	243,159	12,477	141,040	43,030	6,325	23,204	51,554
11	242,490	13,147	141,247	36,420	9,597	23,233	54,002
18	241,795	13,845	141,207	36,135	9,689	24,715	57,076
25	244,963	10,680	141,593	36,735	8,518	7,650	53,927
Mar. 4	249,123	6,534	141,762	34,395	10,639	30,039	51,040
11	244,609	11,030	141,729	30,435	9,239	28,709	51,462
18	243,393	12,247	142,827	28,905	8,021	29,346	55,540

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
Jan. 1 to Mar. 4	6,597,379	323,703	515,268	7,436,350
Week ended Mar. 11	668,984	32,779	59,219	759,982
Week ended Mar. 18	658,070	31,474	52,278	741,831
Total to date, 1931	7,919,442	387,956	626,765	8,934,163
Total to date, 1930	8,538,762	411,279	672,167	9,622,208
Increase or decrease in 1931	— 619,320	— 23,323	— 45,402	— 688,045
%	— 7.3 %	— 5.7 %	— 6.7 %	— 7.2 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	— 1,153,347	— 69,843	— 115,133	— 1,338,323
%	— 2.8 %	— 3.7 %	— 3.7 %	— 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended March 14.		Month of February.			Aggregate Totals January 1 to March 14.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	24	24					
BIRMINGHAM	2,236	1,974	10,037	9,697	— 3.3	28,218	25,992
BRADFORD	828	615	3,913	3,063	— 21.7	10,633	7,600
BRISTOL	1,174	1,216	4,747	4,422	— 6.8	12,395	12,030
DUBLIN	4,614	4,611				53,498	52,240
HULL	735	696	3,332	3,140	— 5.7	9,231	8,500
LEEDS	868	700	4,108	3,837	— 6.5	11,136	10,071
LEICESTER	881	692	3,048	2,633	— 13.6	8,596	7,313
LIVERPOOL	7,731	5,326	30,359	27,263	— 23.3	78,565	64,851
MANCHESTER	11,292	8,654	49,233	37,866	— 23.0	130,228	101,120
NEWCASTLE	1,369	1,049	6,199	5,552	— 10.4	15,900	14,651
NOTTINGHAM	569	367	2,500	1,875	— 25.0	7,069	5,375
SHEFFIELD	831	654	3,951	3,557	— 9.9	10,824	9,268
Total	33,128	26,552	121,427	98,904	— 18.5	376,693	318,887

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Egypt appeared in the *Economist* for December 20; Roumania and Canada in February 28; Russia and Danzig March 7; Netherlands, Java, Italy, Norway, Denmark, Czechoslovakia, Bulgaria, Poland, Finland, Estonia, Latvia, Lithuania, Japan, and Chile in March 14.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Mar. 20, 1930.	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.
RESOURCES.					
Total gold reserve	3,036,040	3,681,320	3,094,300	3,096,370	3,115,870
Total bills discounted	3,563,630	189,850	190,580	172,550	161,920
Bills bought in open market	185,200	106,320	100,550	151,400	122,550
Total U.S. Govt. securities	561,440	599,440	599,440	604,700	617,750
Total bills and securities	960,870	895,610	891,000	928,650	902,220
Total resources	5,036,595	4,848,150	4,848,080	4,843,010	4,924,810
LIABILITIES.					
Federal Reserve notes in actual circulation	1,583,700	1,448,420	1,459,840	1,445,850	1,441,820
Deposits—Memberbank—reserve account	2,290,540	2,378,410	2,365,190	2,435,520	2,436,380
Total deposits	2,319,500	2,427,570	2,430,770	2,490,770	2,465,260
Notes in circulation	469,180	443,770	443,730	443,680	443,680
Total liabilities	5,030,590	4,848,150	4,848,080	4,843,010	4,924,810
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	82.5 %	84.1 %	84.1 %	83.3 %	84.3 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Mar. 20, 1930.	Feb. 26, 1931.	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.
RESOURCES.					
Total gold reserves	30,810	1,069,080	1,068,820	1,109,890	1,104,250
Total bills discounted	74,306	43,500	29,830	49,390	24,460
Bills bought in open market	252,970	183,930	183,930	188,260	201,710
Total U.S. Govt. securities	297,960	265,440	252,590	275,730	264,050
Total bills and securities	917,940	1,014,670	986,310	1,067,680	1,054,610
LIABILITIES.					
Deposits—Memberbank—reserve account	82.2 %	87.0 %	87.6 %	86.7 %	87.7 %

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Feb. 21, 1930.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.	Feb. 13, 1931.	Feb. 20, 1931.
ASSETS.						
Gold coin and bullion	8,074	7,023	6,974	6,577	6,828	6,827
Subsidiary coin	118	237	254	258	271	275
Bills discounted	7,555	7,337	7,963	7,239	7,001	7,315
Investments	746	1,549	1,549	1,849	1,849	1,849
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	7,472	6,907	8,256	7,694	7,066	7,668
Government deposits	2,162	2,325	1,921	1,930	1,612	1,891
Bankers' deposits	5,388	5,284	5,164	5,127	5,280	5,809
Ratio of cash reserves to liabilities to public	52.1 %	48.8 %	45.4 %	46.2 %	48.0 %	47.2 %

BANK OF FRANCE.—In francs (000's omitted).

	Mar. 13, 1930.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.
ASSETS.					
Gold	42,593,848	55,857,792	55,923,598	56,082,738	56,094,850
Foreign assets	6,936,971	7,012,887	7,004,968	6,954,769	6,946,515
Sight deposits	18,771,751	19,294,493	19,285,693	19,348,169	19,346,816
Commercial bills discounted at home	5,428,441	7,483,543	8,244,349	6,287,873	...
Advances against sec. to the State	8,595,545	8,398,572	8,398,572	8,398,572	8,282,397
Other advances	2,553,550	2,861,483	2,801,044	2,951,523	2,901,698
Other assets (excl. int. forward exch.)	2,718,465	3,749,575	3,812,996	3,978,840	...
LIABILITIES.					
Notes in circulation	69,969,736	76,851,950	78,947,329	78,328,214	77,810,274
Public deposits	8,139,865	13,937,034	13,339,376	12,990,108	12,457,993
Private deposits	7,835,359	11,182,760	10,537,633	9,993,044	10,809,083
Other liabilities	2,443,691	2,686,601	2,646,795	2,691,118	...

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	Feb. 21, 1931.	Jan. 23, 1931.	Jan. 30, 1931.	Feb. 6, 1931.	Feb. 13, 1931.	Feb. 20, 1931.
ASSETS.						
Total securities	7,31,75	29,77,49	29,80,93	29,83,53	29,82,59	29,81,28
Loans	7,41,47	14,69,48	14,93,28	15,61,64	16,33,01	15,19,76
Cash credits	31,58,47	26,96,43	27,08,24	28,12,23	28,10,14	28,04,58
Inland bills	7,68,40	5,15,65	5,52,36	5,40,24	6,01,19	6,24,52
Foreign bills	41,49	21,19	25,86	37,93	45,45	45,36
Dead stock	2,80,74	2,75,26	2,75,20	2,74,82	2,75,03	2,75,30
Bal. with other banks	25,73	45,11	45,63	43,79	26,90	38,26
Cash	16,05,46	10,65,88	11,97,56	9,28,09	8,58,48	9,95,20
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	86,22,16	81,49,13	81,67,50	80,97,52	81,26,79	81,71,07
The above includes—						
Deposits in London	£ 779	£ 7,023	£ 7,013	£ 7,169	£ 7,073	£ 7,062
Advances in London	667	6,853	6,854	6,903	6,905	6,765
Cash, &c., at other Banks to London	195	338	343	331	203	289

OVERSEAS BANK RATES.

Changed.	From	To	Changed.	From	To
Amsterdam	Jan. 24, 1931	3 1/2	Oslo	Nov. 7, 1930	2 1/2
Athens	Dec. 2, 1928	10	Paris	Jan. 2, 1931	2 1/2
Batavia	Mar. 10, 1930	5 1/2	Prague	June 24, 1930	4 1/2
Belgrade	May 28, 1930	6 1/2	Pretoria	Mar. 12, 1931	5 1/2
Berlin	Oct. 9, 1930	4 1/2	Reval	Oct. 4, 1930	8 1/2
Brussels	July 31, 1930	3 1/2	Riga	Oct. 1, 1930	7 1/2
Bucharest	Nov. 23, 1929	9 1/2	Rome	May 20, 1930	6 1/2
Budapest	May 28, 1930	6 1/2	Sofia	Jan. 29, 1931	10 1/2
Calcutta	Jan. 15, 1931	6 1/2	Stockholm	Feb. 5, 1931	3 1/2
Copenhagen	Nov. 12, 1930	4 1/2	Swiss Bank		
Danzig	Oct. 10, 1930	4 1/2	places	Jan. 22, 1931	2 1/2
Helsingfors	Aug. 26, 1930	6 1/2	Tokio	Oct. 6, 1930	5-11
Kovno	Apr. 1, 1930	7 1/2	Vienna	Sept. 9, 1930	5 1/2
Lisbon	June 2, 1930	8 1/2	Warsaw	Oct. 3, 1930	7 1/2
New York Fed.	Dec. 23, 1930	2 1/2	Irish	May 1, 1930	4 1/2
Reserve Bank	July 17, 1930	5 1/2			

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
 a 6% applied to banks and credit institutions.
 b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	Mar. 19, 1931.	Feb. 18, 1931.	Feb. 25, 1931.	Mar. 4, 1931.	Mar. 11, 1931.	Mar. 18, 1931.
Call money	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Time money (90 days' mixed coll.)	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Bank acceptances						
Members—eligible, 90 days	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Non-members—eligible, 90 days	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Ineligible, 90 days	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2	3 1/2
Commercial accept. 90 days	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2

Rates of Exchange, New York on—	Par Level.	Mar. 19, 1931.	Mar. 4, 1931.	Mar. 11, 1931.	Mar. 18, 1931.
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London—					
60 days					
Cheques					
Paris	Cents for 1 franc	4-8666	4-83 1/2	4-83 1/2	4-83 1/2
Brussels	Cents for 1 franc	3-918	4-85 1/2	4-85 1/2	4-85 1/2
Switzerland	Cents for 1 franc	13-90	13-925	13-925	13-925
Italy	Cents for 1 lire	19-30	19-345	19-345	19-345
Berlin	Cents for 1 mark	5-263	5-23 1/2	5-23 1/2	5-23 1/2
Vienna	Cents for 1 schilling	23-31	23-835	23-75 1/2	23-75 1/2
Madrid	Cents for 1 peseta	14-07	14-08	14-04 1/2	14-05 1/2
Amsterdam	Cents for 1 guilder	19-30	12-50	10-81	10-94 1/2
Copenhagen	Cents for 1 krone	40-075	40-07	40-08	40-09 1/2
Oslo	Cents for 1 kroner	26-80	26-755	26-73 1/2	26-73 1/2
Stockholm	Cents for 1 krona	26-835	26-75 1/2	26-76 1/2	26-77 1/2
Athens	Cents for 1 drachma	1-297	1-29 1/2	1-29 1/2	1-29 1/2
Montreal	Can. Cents for \$1	100	49-80	49-37	49-35
Yokohama	Cents for 1 yen	49-85	49-40	49-37	49-35
Hong Kong	Cents for 1 Hong Kong dollar	37-50	37-50	37-50	37-50
Shanghai	Cents for 1 Shanghai dollar	47-25	30-00	32-50	33-00
Calcutta	Cents for 1 rupee	36-50	36-07	35-90	36-08
Buenos Aires	Gold Pesos for \$100	103-65	117-00	132-50	126-25
Rio de Janeiro	Cents for 1 milreis	32-42	11-55	8-25	8-05
Sao Paulo	Cents for 1 milreis	12-125	12-00	12-02	12-02

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Sucre to £	24-3325	Sight London	24-60
Venezuela	Bolivares to £	25-25	"	29-29
Colombia (Bogota)	Pesos to £	5	"	5-03 1/2
Nicaragua	Coronados to £	4-8665	"	4-92
Salvador	Colonos to £	9-73	"	9-90
Bolivia	Bolivianos to £	13-35	"	13-45

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.	Union of South Africa.
	From March 16, 1931.	From March 14, 1931.
London on South Africa.	Buying.	Selling.
South Africa on London.	Buying.	Selling.
T.T.	11 1/2	10 1/2
Demand	11 1/2	10 1/2
30 days	11 1/2	10 1/2
60 days	11 1/2	10 1/2
90 days	11 1/2	10 1/2
120 days	11 1/2	10 1/2

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London*.			
	Buying.		Selling.		Buying.		Selling.	
	Australia.	New Zealand.	Australia.	New Zealand.	Australia.	New Zealand.	Australia.	New Zealand.
T.T.	...	...	130	109½	130	109½	130½	110
Sight	131½	111½	131½	110	129½	108½	130½	109½
30 days	132½	112½	...	...	128½	107	130	109
60 days	133	112½	...	...	128½	107½	129½	108½
90 days	133½	113	...	...	128½	107	129½	108½

* All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA COUNCIL REMITTANCES.

There were no remittances by the Government of India to the Secretary of State for India in Council during the week ending March 14, 1931.

BULLION.

The following statistics of imports and exports of gold for week ended March 19, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From—	To—
Netherlands	Poland
British W. Africa	Germany
British S. Africa	France
Australia	Spain
British Guiana	Austria
Other countries	Kenya
	Bombay
	Other countries
Total declared value of imports	Total declared value of exports

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	1931.	WITHDRAWALS.
Mar. 13	£ Nil	Mar. 13	£ 15,000
" 14	" Nil	" 14	" 2,000
" 15	" 250,000	" 15	" Nil
" 16	" 583,100	" 16	" 7,000
" 17	" Nil	" 17	" 20,334
" 18	" Nil	" 18	" 19,500
" 19	" 16	" 19	" 15,000
Total	833,116	Total	59,834

Net arrivals £773,282.

Messrs. Samuel Montagu and Company write on March 18, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £140,927,721 on the 11th instant (as compared with £140,925,901 on the previous Wednesday), and represents a decrease of £6,697,901 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week amounted to £867,000, of which £617,000 was available in the open market yesterday, £250,000 having been sold forward. Both the French and Belgian exchanges having moved in favour of sterling, there was little competition, and the price was fixed at 84s. 10 1/2d. per fine ounce. A welcome feature was that the Bank of England was able to secure about £583,000 at this figure; the last time the Bank obtained part of the open market supplies was on March 25, 1930, when, however, only the statutory buying price was paid; the last occasion on which the Bank of England bought gold in the open market at a higher figure was on January 7, 1930, when the price was fixed at 84s. 11d. per fine ounce. The balance of £34,000 available yesterday was disposed of to India and the Home and Continental trade, whilst the £250,000 which had been sold forward was consigned to Belgium.

Movements of gold at the Bank of England during the week have resulted in a net influx of £1,022,266. Receipts consisted of £583,100 bar gold, £250,000 in sovereigns from South Africa, and £250,000 in sovereigns "released." Withdrawals totalled £60,834, of which £40,000 was in sovereigns taken for export and £20,834 in sovereigns "set aside."

SILVER.

Although there was a setback at the beginning of the week a still firmer tendency ensued, and prices rose sharply, the highest quotations reached during the week being 14 1/2d. for cash and 14 3/4d. for two months' on the 16th instant. The rise was in sympathy with the movements in the Shanghai exchange, which hardened considerably, although subject to sharp fluctuations owing to speculative activity. Support has come from India and China, but the rapid upward movement was due more to absence of selling rather than pressure of buying orders. America has been inclined to buy, but the higher level attracted selling from China, and the market eased slightly in consequence.

In view of the rapidity of the present rise, the possibility of some reaction must be considered, although the undertone remains good. The following were the United Kingdom imports and exports of silver registered from mid-day on the 9th instant to mid-day on the 16th instant:—

	IMPORTS.	EXPORTS.
U.S.A.	£ 31,444	£ 53,150
Mexico	49,625	21,964
Australia	8,245	
Other countries	3,822	
Total	£93,136	£75,114

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash	Forward	Cash.
1931.	s. d.	d.		d.
Mar. 13	84 11 1/2	13 1/2	Mar. 13, 1925	31 1/2
" 14	84 11 1/2	14 1/2	" 20, 1926	30 1/2
" 16	84 11 1/2	14 1/2	" 11, 1927	25 1/2
" 17	84 10 1/2	14 1/2	" 8, 1928	26 1/2
" 18	84 10 1/2	14 1/2	" 14, 1929	26
" 19	84 10 1/2	13 1/2	" 20, 1930	20

Company News.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended Mar. 13, 1931. (c) Week ended Mar. 14, 1931.	Miles Open.	Week ended March 15, 1931. (000's omitted.)					Aggregate 11 weeks, 1931. (000's omitted.)				
		Passen-ger.	Merchandise.	Coal and Coke.	Total Goods.	Total	Passen-ger.	Merchandise.	Coal and Coke.	Total Goods.	Total
Great Western	3,761	169	186	117	303	472	1,944	2,002	1,157	3,159	5,103
Do. for 1930	3,755	190	231	132	353	553	2,107	2,389	1,525	3,914	6,021
L. & N. Eastn. (c)	6,349	258	334	250	584	842	2,966	3,711	2,869	6,580	9,546
Do. for 1930	6,349	258	334	250	584	842	2,966	3,711	2,869	6,580	9,546
Loo. Mid. & Scot.	3,954	296	452	284	716	1,012	3,242	4,471	3,120	7,591	10,833
Do. for 1930	3,954	296	452	284	716	1,012	3,242	4,471	3,120	7,591	10,833
Southern	2,180	239	66	33	99	338	2,732	740	383	1,213	3,555
Do. for 1930	2,179	260	81	31	112	372	2,858	832	375	1,207	4,065
Total of above	19,246	1,058	1,056	690	1,746	2,804	12,008	14,464	7,501	18,965	30,973
Do. for 1930	19,239	1,174	1,332	730	2,062	3,236	12,870	15,707	8,268	21,975	34,845
Metropolitan (c)	59	29	7	4	2	34	4	4	4	4	4
Do. for 1930	59	31	7	4	2	36	4	4	4	4	4
Undgd. E.R. (c)	281	1	1	1	1	1	281	1	1	1	1
Do. for 1930	286	1	1	1	1	1	296	1	1	1	1
Green Buses, &c.	19	1	1	1	1	1	19	1	1	1	1
London & S.W. (c)	40	9	1	1	1	1	40	9	1	1	1
Do. for 1930	40	9	1	1	1	1	40	9	1	1	1
* Belfast & C. (b)	80	1	1	1	1	1	80	1	1	1	1
Do. for 1930	80	1	1	1	1	1	80	1	1	1	1
* Gt. Northern (b)	562	9	6	1	1	1	562	9	6	1	1
Do. for 1930	562	9	6	1	1	1	562	9	6	1	1
* Gt. Southern (b)	2,188	18	7	1	1	1	2,188	18	7	1	1
Do. for 1930	2,188	20	1	1	1	1	2,188	20	1	1	1

* Aggregate 10 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.	Total Gross Receipts.
				1931.	+ or -
INDIAN.					
Assam Bengal	50	Feb. 14	Rs. 1,306	Rs. 3,95,000	Rs. 1,80,12,667
Barclay L. Ry.	37	21	202	18,300	11,200
Bengal & N. Western	21	21	2,177	6,58,836	99,946
Bengal-Nagpur	46	14	3,187	15,42,000	298,708
Bombay, Bar. & C.I.	49	Mar. 7	3,094	24,43,000	17,000
Madras & S. Mahr.	8	Feb. 2	3,229	18,20,000	1,709
* Bombay & C. I.	21	21	572	12,08,095	37,832
South Indian	47	21	2,458	10,90,151	140,038

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	9	Mar. 7	204,266	3,354,791	894,979
Canadian Pacific	10	14	15,545	2,547,000	795,060

SOUTH AMERICAN.

SOUTH AMERICAN.						
Antofagasta (Chili)		10	1931.	£	£	£
and Bolivia).....		37	Mar. 8	804	15,910	15,590
Argentina N.E.		37	14	753	11,500	3,100
Argentina Trans. dn.		37	14	111	3,338	2,174
B.A. and Pacific.....		37	14	2,806	165,000	11,000
B.A. Central		37	15	5,009	13,095	7,000
B.A. Gt. Southern		37	14	1,926	80,000	10,000
B.A. Western		37	14	3,442	226,000	23,000
Central Argentine.....		37	14	273	30,198	2,147,028
Central Uruguay		37	14	273	30,198	2,147,028
C. Ur. (East Ext.)		37	14	311	7,427	1,273
C. Ur. (W. Ext.)		37	14	185	4,032	1,081
C. Ur. (W. Ext.)		37	14	311	3,462	349
Cordoba Central.....		37	14	1,218	53,000	13,000
Entre Rios		37	14	804	3,800	1,037,400
G. Westn. of Brazil		11	14	1,052	8,600	9,100
Leopoldina.....		11	14	1,918	23,515	13,739
Leopoldina Termnll.		11	14	5	4,333	2,758
Nitrate		121	15	410	6,716	11,060
San Paulo		10	8	1534	29,821	18,573
United of Havana		37	14	1,369	72,118	40,559
						1,430,636
						818,239

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Dividend Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Pref.	Ordinary.	Rate.			
					Amount	Amount	Rate			Dividend.
Banks.		£	£	£	£	£	%	£	£	%
Bank of Australasia	Oct. 13	161,943	615,084	777,027	...	585,000	13½	...	192,027	677,183
Chartered Bank of India ..	Dec. 31	190,754	634,343	825,097	...	607,500	20½	30,000	187,597	661,598
Mercantile Bank of India ..	Dec. 31	166,506	213,339	379,845	...	168,000	16	45,000	166,845	257,458
National Bank of India	Dec. 31	278,462	480,329	758,791	...	400,000	20½	80,000	278,791	511,133
Breweries.										
Bernard (T. and J.)	Jan. 31	8,190	18,880	27,070	8,750	9,678	10½	...	8,642	18,300
Taylor, Walker and Co.	Dec. 31	58,151	341,034	399,185	...	271,250	12½	70,000	57,935	257,656
Canals and Docks.										
Grand Union Canal	Dec. 31	4,096	48,191	52,287	15,000	32,393	1½	...	4,894	43,619
Electric Lighting, &c.										
Mersey Power Co.	Dec. 31	17,660	76,028	93,688	33,000	24,824	5	20,000	15,864	82,489
Newcastle & Dist. Electric	Dec. 31	15,055	58,490	73,545	...	24,413	7	34,088	15,044	55,378
Newcastle-upon-Tyne Elec.	Dec. 31	96,029	696,169	792,198	185,068	240,461	6	250,000	116,669	687,785
Scottish Power	Dec. 31	6,710	182,583	189,293	19,065	164,848	8	...	5,380	132,530
South London Electric	Dec. 31	62,010	94,714	156,724	1,800	41,990	8½	53,661	59,273	89,380
Gas.										
Alliance and Dublin	Dec. 31*	32,668	59,959	92,627	...	59,165	7½	...	33,462	64,163
British Gas Light Co.	Dec. 31	85,212	79,298	164,510	7,000	49,697	7½	21,744	86,069	79,694
Hotels, Restaurants, &c.										
Prince of Wales Hotel	Dec. 31	10,286	9,666	19,952	...	4,960	8	2,909	12,083	10,509
Savoy Hotel	Dec. 31	45,701	163,778	209,479	17,500	73,893	10	64,600	53,486	192,067
Iron, Coal and Steel.										
Hickleton Main Colliery	Dec. 31	49,378	82,686	132,064	...	60,000	5½	20,000	52,064	80,454
Penrhydy Navigation Coll.	Dec. 31	4,488	4,741	9,229	...	...	...	...	9,229	14,088
Powell Duffryn Steam Coal	Dec. 31	31,565	112,309	143,874	12,134	...	...	100,000	31,740	44,090
Projectile and Engineering	Dec. 31	26,397	15,309	41,706	...	9,375	7½	...	32,331	15,191
Ransomes and Rapier	Dec. 31	11,040	25,129	36,169	716	11,235	7½	10,000	14,218	18,207
Scottish Iron and Steel	Dec. 31	3,536	14,151	17,687	13,950	...	...	...	3,737	41,741
Swan, Hunter, &c.	Dec. 31	37,964	158,294	196,258	47,391	102,664	6	1,000	45,203	188,389
United Collieries	Dec. 31	5,404	45,665	51,069	...	...	...	12,518	38,551	20,801
Motor and Cycle.										
Brooks (J. B.) and Company	Dec. 31	7,605	Dr. 933	6,672	3,875	7,750	5	Dr. 10,000	5,047	15,660
Napier (D.) and Son	Sept. 30	57,970	169,906	227,876	37,060	81,900	15	50,000	58,916	192,329
Rubber, &c.										
Java Amalgamated Rubber	Dec. 31	6,615	Dr. 17,700	Dr. 11,085	...	...	...	Dr. 12,500	1,415	10,077
Java Rubber Plantations ..	Dec. 31	1,391	Dr. 8,963	Dr. 7,572	...	...	...	Dr. 8,000	428	3,607
South Perak Rubber	Nov. 30	4,519	Dr. 1,177	3,342	...	...	...	...	3,342	2,228
Shops and Stores.										
Greenlees and Sons	Dec. 27	Dr. 6,271	29,937	23,666	...	...	...	10,340	13,326	7,944
Jay's, Ltd.	Jan. 31	14,031	8,809	22,840	12,203	...	...	...	10,637	22,754
Mappin and Webb	Dec. 31	15,376	61,065	76,441	34,875	14,880	6	...	26,686	101,098
Pim Brothers	Jan. 31	548	7,804	8,352	5,500	...	...	2,000	852	5,130
Upsons, Ltd.	Dec. 31	13,438	147,135	160,573	46,235	63,750	15	30,000	20,588	122,182
Telegraphs, &c.										
Automatic Telephone	Dec. 31	118,285	96,420	214,705	12,000	62,500	12½	20,000	120,205	118,802
Inter. Automatic Telephone	Dec. 31	82,579	131,075	213,654	11,924	98,750	12½	10,000	92,980	133,517
Trust.										
First Co-operative Investmt.	Jan. 31*	6,209	39,232	45,441	5,720	28,919	4	5,000	5,802	45,585
General and Commer Invest.	Feb. 28	25,601	36,046	61,647	11,625	25,576	11	...	24,446	42,595
Investors' Trust Association	Feb. 28	5,040	35,345	40,385	14,532	14,531	5	...	11,322	35,755
Monument Property Trust	Feb. 28	2,410	11,231	13,641	5,038	5,813	7½	...	2,790	6,389
Municipal Trust	Feb. 28	14,368	30,181	44,549	26,256	892	5	...	17,401	33,808
Standard Property Invest.	Dec. 31	1,764	6,481	8,245	...	2,558	11	4,592	1,095	6,139
Waterworks.										
Southend Waterworks	Dec. 31	34,027	93,158	127,185	44,884	62,465	...	...	19,836	94,682
Other Companies.										
Achille Serre	Dec. 31	5,493	Dr. 8,824	Dr. 3,331	...	...	...	Dr. 3,331	Dr. 18,803	...
Apollinaris and Presta	Dec. 31	...	20,060	20,060	...	14,280	1½	5,780	...	26,208
Argus Press, Ltd.	Dec. 31	2,023	56,731	58,754	6,884	34,100	22	15,000	2,770	65,254
Bath and Portland Stone ..	Dec. 31	42,030	70,967	112,997	...	62,500	25	5,000	45,496	42,690
British Insulated Cables ..	Dec. 31	280,807	526,011	806,818	57,500	250,000	15	220,000	279,318	636,550
British United Shoe Mch'y.	Dec. 31	327,201	362,457	689,658	23,457	399,787	(m)	...	266,414	411,465
Briton Ferry Chemical, &c.	Dec. 31	3,752	4,015	7,767	4,455	...	...	...	3,312	13,981
Cooper, McDougall, &c.	Sept. 30	46,277	148,004	194,281	52,323	57,709	7	51,202	33,047	229,627
Evans Sons, Lescher, &c.	Dec. 31	2,913	8,144	11,057	5,622	...	...	3,000	2,435	22,754
Gallaher, Ltd.	Dec. 31	122,671	176,611	299,282	50,375	62,000	8½	50,000	136,907	200,424
Gaskell and Chambers	Dec. 31	11,204	16,900	28,104	1,320	5,850	15	6,329	14,605	15,583
Harris (W. J.) and Company	Dec. 31	11,157	24,439	35,596	7,500	8,250	7½	10,179	9,667	23,072
Hugon and Company	Dec. 31	50,876	82,485	133,361	...	57,445	10	20,000	55,916	81,936
Kellner - Partington Paper	Dec. 31	12,960	67,764	80,724	30,000	45,515	5½	...	5,209	99,905
Lamson Paragon Supply	Jan. 31	28,190	85,696	113,886	35,396	32,000	8	15,000	29,490	89,753
Linnor & Trinidad Asphalt	Dec. 31	36,610	114,785	151,395	...	77,290	15½	36,000	38,105	108,561
Morton (C. and E.)	Dec. 31	47,067	4,017	51,084	46,000	...	...	...	5,084	100,254
Pinchin, Johnson and Co.	Dec. 31	84,446	315,077	399,523	25,188	282,554	22½	10,000	81,781	381,533
Radiation, Ltd.	Dec. 31	141,469	295,293	436,762	50,570	219,182	12½	...	167,010	295,997
Rivet, Bolt and Nut Co.	Dec. 31	7,236	38,187	45,423	...	29,971	7½	...	15,452	34,394
Salt Union, Ltd.	Dec. 31	22,696	155,683	158,379	70,000	72,000	9	1,000	15,379	178,243
Smart Brothers	Dec. 31	29,646	118,101	147,747	32,938	50,859	12½	37,309	26,641	166,851
Smithfield & Argentine Meat	Dec. 31	Dr. 29,953	119,117	89,164	56,250	...	...	...	32,914	Dr. 1,860
Tarmac, Ltd.	Dec. 31	5,097	86,631	91,748	11,000	23,572	5	50,888	6,288	63,600
United Carlo Gatti, &c.	Dec. 31	22,882	40,996	63,878	3,667	37,500	12½	...	22,711	38,318
United Turkey Red Co.	Dec. 31	43,840	4,315	48,155	42,064	...	...	...	6,091	82,301
Western Wagon & Property	Dec. 31	2,216	4,964	7,180	...	10,850	10	Dr. 6,000	2,330	11,161

* For half-year.

† Free of income tax.

(m) Dividend also share capitalisation.

SUMMARY OF BALANCE SHEETS.

CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA.

LIABILITIES.	End of 1929.	End of 1930.	ASSETS.	End of 1929.	End of 1930.
Capital	3,000,000	3,000,000	Cash	4,782,715	5,821,323
Reserve	4,000,000	4,000,000	Bullion on hand	362,277	159,798
Notes in circulation	2,105,222	1,909,534	Govt. and other securities	8,885,336	9,298,282
Current & other accounts	25,020,059	22,558,872	Shares in P. and O. Bank	2,276,333	2,282,958
Fixed deposits	19,897,432	18,274,323	Security lodged against note issue, &c.	2,360,250	2,256,800
Bills payable	2,935,171	2,292,480	Bills of exchange	14,619,500	11,056,568
Acceptances	1,825,027	988,559	Bills discounted	24,182,091	21,027,231
Loans payable	849,261	568,158	Acceptances	1,825,027	988,559
Due to agents	17,149	21,923	Due by agents	120,861	62,823
Sundry liabilities	793,110	572,876	Sundry assets	496,402	687,075
Profit and loss	638,254	615,097	Bank premises	1,170,191	1,201,005
	61,081,685	54,802,422		61,081,685	54,802,422

NEWCASTLE-UPON-TYNE ELECTRIC SUPPLY COMPANY, LIMITED.

LIABILITIES.	Compared with Dec. 31, 1929.	ASSETS.	Compared with Dec. 31, 1929.
Capital account	12,574,650	Capital expended	7,366,294
Depreciation & contingencies	2,267,109	Investments in and advances to associated cos.	5,771,509
Reserve	930,480	Furniture, &c.	20,000
Reserve for plant renewals	54,516	Investments	10,000
Secured loans	400,850	Stores	209,249
Temporary loans	38,226	Debtors	249,137
Creditors	548,057	Cash	1,359,827
Profit and loss	349,543	Suspense accounts	10,286
	14,996,362		2,422,205

PINCHIN, JOHNSON AND COMPANY, LIMITED.

LIABILITIES.	Compared with Dec. 31, 1929.	ASSETS.	Compared with Dec. 31, 1929.
6% pref. shs. (£5)	155,795	Properties	555,874
Ord. shares (£1)	105,141	Machinery, plant, &c.	219,930
Ord. shares (£1)	3,571,667	Office furniture	15,106
7% 1st mt. db. stk.	1,301,130	Motor vehicles	5,934
Int. on deb. stock	35,233	Stocks	622,764
5% Notes, 1935	1,350,000	Debtors	494,374
Int. accrued	15,693	Owing by subsidiaries	100,572
6% Notes, 1953	1,350,000	Foreign branches	...
Int. due net	346,218	Investments subsidiary co's	598,404
Premium on shrs. account	179,123	Other investments	119,096
Bank overdraft	480,785	Cash, British Govt. and other trustee securities	750,780
Creditors	799,262		65,501
Profit and loss	43,874		...
	9,654,858		37,244

trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d.; dross, 10s. 3d. FIVE.—Screened navigation, 16s. 6d.; 17s. 6d.; first-class steam, 13s. 13s. 6d.; third-class steam, 12s. 12s. 6d.; trebles, 12s. 13s.; doubles, 11s.; singles, 10s.; pearls, 10s. 6d. LOTHANS.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s. 13s.; doubles, 11s.; singles, 10s.; pearls, 10s. 3d. 10s. 6d. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 12s. 3d.; doubles, 11s. 9d.; singles, 10s. 9d.; pearls, 10s. 9d.; dross, 10s. 6d.

CARDIFF.—A steady demand is passing for South Wales steam coals, but there is no pressure for supplies, and in spite of the recent reduction in output buyers can easily cover requirements in every class on the basis of the minimum prices. The slackness in bunker trade is a conspicuous feature, and this is reflected in marked weakness in small coal prices, supplies of which are much in excess of demand. There is much unrest in connection with the award of the Independent Chairman, under which wages were reduced as from the beginning of this month, but except at one or two pits, where the men are abstaining from work as a protest, the award has been loyally accepted. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 22s. 6d. to 22s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—Business in Cleveland iron is still confined to small parcels for early delivery. Buying by local and inland founders for the second quarter has not yet developed, but a move in this direction is not expected to be long delayed, and it is understood that there is a fair amount of work, recently booked, to cover. Consumers are evidently waiting to see whether there is going to be any reduction in prices before committing themselves, but makers do not give any encouragement in this direction. Trade with Scotland does not show any signs of expansion on account of the continued keen competition of Continental iron, and export demand is still very light. Only a few transactions for early delivery were reported at the weekly market on Tuesday, and prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t. Orders for hematite are a little more numerous, but they are confined to small quantities for early delivery, consumers

still showing reluctance to treat for important quantities for forward. Makers are now booking early lots of mixed numbers at 67s. 6d. per ton, but for forward 6d. to 1s. per ton more is asked, as indications point to increased prices, both for ore and coke for later delivery. Shipments of pig iron are on a very low scale, the total cleared to 17th inst. being only 4,031 tons against 7,519 tons to February 17th. Very little new business is coming to hand in the finished departments, but some plants are fairly busy on old contracts, and are expecting to receive further orders. The sheet trade continues quiet, and there are no orders for steamers to cause a demand for shipbuilding materials. Prices are generally unchanged. In ore there is practically no new business locally, but dealers report a little more doing in other districts for forward delivery which denotes increasing confidence. Best Bilbao Rubio is nominally 16s. c.i.f., and the rate of freight, Bilbao-Middlesbrough, for early tonnage is 4s. 6d. Coke is still pressed for sale, but requirements are very small. Good furnace qualities are offered at 16s. delivered works, and this price could be shaded for prompt lots. A basic furnace has been put out of operation at the Redcar works of Dorman Long and Company, Ltd., which reduces the number in blast in the district to 21.

SHEFFIELD.—It is difficult to discover instances of improvement in the local steel industry. On the other hand, the tendency in the crude and heavy branches is still in a downward direction, and, speaking generally, there is nothing to indicate a turn in the tide of depression. Makers of the expensive tool and alloy steels report a falling off in exports to most overseas markets, but a moderate home demand. Recent improvements in the efficiency of tool steels tends to restrict the weight of material consumed, as a given tool goes further than formerly. There are further installations in Sheffield of the new high-frequency electric crucible furnace, which is gradually replacing the time-honoured coke-fired crucible for producing the best tool steels. The new furnace has ten or twelve times the capacity of the old one, and reduced the cost of production very materially. The home demand for cutlery is a little more active. Exports keep low and competition increases in severity. The same remark applies to hand tools. The market for ferro-alloys used in special steels is extremely depressed, and prices have never been so favourable to users before.

GLASGOW.—Business on the pig-iron market remains very poor, and there are no noticeable signs of improvement. There is an absence of new work of any importance, and the position at practically all the establishments in the West of Scotland is unchanged, and it is not possible to keep plants fully employed. The demand for "heavies" is on much the same scale as during recent months, purchases being only sufficient to meet immediate requirements. Semis also are in little request on account of the keen Continental competition and the continued quietness in the re-rolling and manufacturing trades. Sheet makers, both black and galvanized, are still finding export business unsatisfactory, and no increase in business is reported from the tube works. Workers in sheet metal are fairly busy and most of the plants are fully employed.

CARDIFF.—In spite of the present low prices, the demand for Welsh tinplates shows no improvement, but makers are holding firmly to recent quotations. There is a limited inquiry from the Continent and South Africa, but business in the home market is slack.

OTHER METALS.

TIN.—Since agreement was reached between the principal producing countries to restrict supplies, the market has been much steadier, and prices have been maintained at the higher level. The turnover has not been large during the week, but values were again higher. Wednesday's price per ton, for standard cash at £123 2s. 6d. to £123 5s. compares with £122 2s. 6d. to £122 5s. on the corresponding day last week, while "three months" was quoted at £124 12s. 6d. to £124 15s., against £123 12s. 6d. to £123 15s. Stocks in London and Liverpool at the end of last week, at 25,860 tons, again show a rise on the week of 451 tons, which is due to the disposal of stocks in the producing countries before the restriction scheme came into operation.

COPPER.—There has not been any improvement in consumption, and prices, which had recently advanced owing to speculative buying, have again been lower. Copper Exporters, Inc., reduced their quotation for electrolytic, c.i.f. Continent from 10·80 cents per lb. to 10·55 cents, but even at the lower level demand failed to expand. Wednesday's official closing quotation in London at £44 11s. 3d. to £44 12s. 6d., compares with £44 10s. 3d. to £44 17s. 6d. a week ago. Stocks of refined copper in official warehouses at the end of last week, at 8,470 tons, show an increase of 587 tons on the week, while stocks of rough copper, at 1,563 tons, were 50 tons lower. The statistical position in America at the end of February was slightly more favourable than in January:—

NORTH AND SOUTH AMERICA				
(Tons).				
	Production.		Stocks (End of Month)	
	Rough.	Refined.	Rough.	Refined.
January	81,100	90,600	188,100	324,800
February	83,000	89,200	181,000	324,700

LEAD.—The market in lead has been quiet, and the metal was again cheaper. On Wednesday "soft foreign" changed hands at £13 to £13 5s., while on the same day last week £13 8s. 9d. to £13 13s. 9d. was obtained.

SPELTER.—The supplies available have been rather heavier than usual, and as demand showed no signs of expansion, the metal

lost ground. Good ordinary brands could be obtained at £12 1s. 3d. to £12 11s. 3d. on Wednesday, while on the corresponding day last week, £12 5s. to £12 15s. was quoted.

OTHER NON-FERROUS METALS.—Little interest has been shown in other non-ferrous metals, and aluminium was again quoted at £85 per ton, while nickel changed hands at last week's price of £170 to £175 per ton. Antimony again sold at £25 to £25 10s. per ton, and there was no change in the price of quicksilver at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool, March 18th.—Business passing has not been extensive; a few hundred bales in excess of either supply or demand affected prices quite appreciably. Three things stand out during the past week. Firstly, the New York Textile Association report. In yardage the figures are as follows:—

	Millions of yards.	
	Feb., 1931.	Feb., 1930.
Production.....	212	267
Sales	327	244
Stocks.....	319	445
Unfilled orders.....	396	361

Secondly, the Federation's figures for the first half-year of the season are very disappointing. Outside growths have been more extensively used than American, and the increase in the production of Russian cotton is causing anxiety in America. Thirdly, the Garside figures, published on Thursday last, show a U.S. February consumption of 431,000 bales, against 454,000 bales in January, and 495,000 bales in February last year. Buyers are deterred from entering the market owing to the knowledge that an enormous amount of cotton owned by the Farm Board and the Co-operative Societies is hanging over the market, and the fact that it has not been offered for sale has led to an advance in price to such a point as will encourage planting, which probably will mean a continuance of low prices. Spot sales for the week 12th to 18th (inclusive) are 35,000 bales, of which 18,350 are American, 2,050 Brazil, 550 Argentine, 3,750 Peru, 3,350 Egyptian, 1,950 African, 1,050 East Indian and 3,950 sundries. Imports for the same period are 26,672 bales, of which 15,575 are American, 152 Peru, 9,306 Egyptian, 893 East Indian and 746 sundries. Quotations to-day: American Middling, 5·90; Egyptian Sakel, 9·65; Uppers, 7·09; Brazil Fair, 6·05; Peru G.F. Smooth, 6·35; West African Middling, 5·90; and East African G.F., 6·95.

Manchester, March 18th.—We continue to experience a rather firmer market. The larger inquiry has been maintained, and although producers in some sections find progress very difficult, the sales have been rather more encouraging. A feature of interest has been the increased demand in piece goods for India. Most of the buying has been in the finer cloths. After being quiet for a long time, a larger turnover has taken place for Calcutta, and a fair amount of activity has shown itself for Karachi and Madras. Dealers in Bombay are displaying more interest in prices. There is still a little uneasiness, however, as to the position of the boycott. Shippers to China have been more hopeful on the further advance in exchange rates and a few more transactions have been put through in white shirtings and fancies. Printing and finishing styles have attracted rather more attention for South America and the Continent, and moderate lots of white shirtings have been sold for Egypt and the Near East. Reports from the home trade continue rather healthier. The movement is not very rapid, but there is a tendency for increased production in some sections of the weaving branch. Most of the demand in American yarns has run on the finer counts, but spinners all round have met with a rather better turnover. Increased activity has also been reported in Egyptian spinnings. Producers, however, complain of prices being very poor.

Cotton Prices.

	1931.				Corresponding Date.	
	Feb. 25.	Mar. 4.	Mar. 11.	Mar. 18.	1929.	1930.
Raw Cotton—Mid. American	6·29	6·15	5·90	5·90	10·92	8·39
" Sakellaridis Fully Good Fair Egyptian.....	10·35	10·10	9·55	9·65	19·15	13·65
Yarns—32's twist.....	91	91	91	91	16	12½
" 40's twist.....	104	104	10	10	164	121
" 60's twist (Egyptian).....	174	174	17	17	27	21½
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 9	18 7½	18 7½	18 9	26 3	22 1½
38-in. ditto, 36 yds., 18 by 16, 10 lb.....	20 10	20 9	20 9	20 9	28 6	24 10
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	18 11	17 11	17 11	17 7	15 4½	13 7½
	10 7	10 6	10 6	10 6	114 0	112 3

THE WOOL TRADE.—Our Bradford correspondent writes: Judged by the London auctions the position of all descriptions of wool is remarkably sound and healthy. The competition forthcoming this week has been quite up to the expectations of many of those attending the sales, and prices are now generally 5 per cent. higher than at the opening. This is an extremely good result, even allowing for the fact that values were desperately low at the end of the January series, and that in the interim a decided recovery has been experienced, London contributing a very important quota to the new basis which has been established. No doubt many buyers are realising that even at the present cost, wool is not too dear. This impression still exists both in this country and on the Continent, in spite of the fact that the industry as a whole already had, before the London sales commenced, a substantial weight of wool and tops on its hands. Whilst participating freely in the purchases, and paying some of the best

prices of the series for merinos, the home trade is tackling the crossbreds with real determination, and in spite of the big offerings, prices for these have improved quite as much as for merinos. Wool buyers in this country have been very much impressed by the operations on Japanese account in Australia, and the upward movement in values there, as well as at the Cape. The Japanese buying is undoubtedly indicative of strong competitive forces being at work against spinning and manufacturing interests in the West Riding of Yorkshire. Nevertheless the situation is being faced with real determination, and no one seriously anticipates a reaction in raw material values. There is no evidence at the moment of any big movement in tops in Bradford. The outstanding feature is that prices for yarn are being brought slightly more into harmony with the cost of tops, though quotations for the latter are definitely protective. The present prospect seems to be that prices for both tops and yarns will be raised to a higher level, and wool remain largely stationary. Nothing under 26d. can be accepted for average 64's tops to-day to cover cost, and all crossbred quotations are being revised to fit original cost, which means 13½d. for 46's carded.

THE JUTE TRADE.—Dundee, March 18th.—Conditions in the jute trade remain depressed. Despite the low prices buyers have apparently no incentive to purchase jute cloth owing to the dull state of their own trades. The Indian jute mills are now working only 40 hours per week, divided into 13½ hours on Monday and Tuesday and 13 hours on Wednesday, and the number of hessian looms sealed up in all the mills totals 8,800. This restriction of output is believed to have the effect of bringing about a big reduction in stocks of hessians which have risen to enormous heights throughout the world. Prices of Calcutta goods have declined from their recently raised level, but some of this is attributed to some financial trouble in the Bazaar in Calcutta, where speculators rushed values up in the hope that the agreement of the mills to curtail their production further would have a beneficial effect on the market. The preparations for the next crop of jute are proceeding apace, but it is yet too early to have any idea of the area sown. Sellers of old crop, despite the fact that there are abundant supplies, are very reluctant to reduce their prices, which remained steady recently. Daisee assortment is quoted at from £14 15s., Daisee-3 at £14 10s. and fours at £13 5s. March/April. Tossa-2/3 is from £16, with Motilal at £16 5s., and threes at £15 15s., while fours are from £14 5s., same shipment. Offers of lightnings have been freely made at from £15 for green Birla to £16 10s. for green circle ram and good first marks are named at from £18 to £19, March/April. Heart ram tops have been reduced to £15 and assortment to £14 10s., while Asahi hearts are offered at £14. Spinners have purchased very little raw material, which continues more or less nominal in price on account of the lack of demand for jute yarns. Buyers are not keen to pay even 1s. 10d. for common 8 lb. cops and 1s. 11d. for 8 lb. spools, though supplies could be obtained from some spinners at these rates. The usual quotations are 1d. more in each case. Twist is steady at from 3½d. for 3-ply 8 lb., and sacking yarns are firm enough at 2½d. very lowest for 24 lb. weft and 3½d. for 8 lb. chains. Rove is easy at £20 for 48 lb. and £16 10s. for 200 lb., and the finer yarns are dull and nominal. Jute cloth is bought only in small lots, as a rule. Several good inquiries are in the market, but they seldom come to business to anything like the extent expected. Trade is disappointingly slow at from 2½d. for 10½ oz. 40 in. and from 1½d. for 8 oz. Linoleum hessians and heavy goods are very quiet. The latest prices for Calcutta hessians are 18s. 9d. for 10 oz. and 15s. for 8 oz. 40 in., March shipment, and 18s. 10d. and 15s. 1d. for April/June. Sellers of spot 10 oz. might accept 19s. 6d. and 8 oz. 15s. 3d.

THE GRAIN MARKETS.

WHEAT.—A spell of fine and open weather over the United Kingdom during the past week permitted the resumption of field work on an active scale, and farmers are busy overtaking arrears, spring sowings being possible in the early districts. According to latest official reports, the condition of winter wheat has been generally maintained, apart from some loss of colour on heavy soils. All the better samples of native wheat are selling more freely, and prices incline to harden, but inferior samples are difficult to vend. Subdued conditions prevailed on the import market, and values

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inclined easier owing to lack of buying support. Millers operate cautiously in view of heavy visible supplies, and favourable Northern Hemisphere crop prospects, while liberal shipments and arrivals are sufficient to cover current needs. The chief feature was the continued large demand for Australian wheat on Eastern account, which has materially assisted the Commonwealth export movement. Upwards of 70,000 tons was disposed of to China during the week, chiefly for April-May clearance, while forward sales were also made to India up to July shipment. Although European purchases are hampered by import restrictions prevailing in various Continental countries, signs are not wanting of an improved demand, as stocks are running low, and winter crop prospects are by no means satisfactory. Larger quantities will also be required by Mediterranean consumers, so that sellers who refrained from pressing were able to keep prices at a tolerably steady level. On the other hand, buyers refuse to follow any upward trend owing to the superabundance of world's supplies. North American new winter crops are receiving attention, and prospects of a larger yield in the United States compared with last year, together with huge stocks still on hand, renders the position in that country more difficult as the season advances. Quotations were as follows:—No. 1, hard Northern Manitoba, ex ship, 27s. 6d.-28s.; No. 1 Northern Manitoba, ex ship, 27s.-28s.; No. 2 ditto, 25s. 9d.-27s.; No. 3, 24s. 9d.; No. 4 Manitoba, 23s. 9d.; Barusso, 63 lbs., 22s.; Rosafe, 63 lbs., 22s.; Australian, 22s. 3d.-24s. 3d.; Russian, on sample, landed, 20s. 6d.-24s.; ex ship, 21s.-24s. per 496 lbs.; English, 4s. 6d.-5s. 6d. per 112 lbs.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Mar. 19, 1930.	Jan. 2, 1931.	Mar. 4, 1931.	Mar. 11, 1931.	Mar. 18, 1931.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	108½	56½	59½	60½	58½
Chicago (No. 2 Winter) — Cents per 60 lb.	139½	104½	79½	79½	79½	79½

The visible supply of wheat in Canada at 63,700,000 bushels, shows a decrease on the week of 798,000 bushels. Supplies a year ago stood at 75,152,000 bushels.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Mar. 14	Cwts. 125,212	Cwts. 161,600	Cwts. 229,446	Cwts. 285,040
28 weeks to Mar. 14	3,359,275	7,012,458	7,672,941	7,179,079
Average price of English wheat per cwt.	s. d. 5 2	s. d. 8 3	s. d. 9 8	s. d. 9 9

OUT ON MONDAY.

The Financial News of March 23 next will include a special review of GREECE

PRINCIPAL CONTENTS.

- Making Both Ends Meet.
By G. MARIS, Minister of Finance.
- Central Banking Policy.
By ALEX. N. DIOGIDE, Governor, Bank of Greece.
- Greece Faces the World Slump.
By JOHN A. DROSSOPOULOS, Governor, National Bank of Greece.
- Currents from Zante come Flying.
By P. VURLUMIS, Minister of National Economy.
- Helping Hands for Agriculture.
By C. B. GONTICAS, Governor, Agricultural Bank.
- How to Tackle Unemployment.
By G. MANTZAVINOS, Director-General, Treasury.
- Developing an Export Trade.
By A. N. HADJIKYRIACOS, President, Federation of Greek Industries.
- Advantages of Falling Prices.
By A. ANASTASSIADES, Chairman, Chamber of Commerce, Athens.

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The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 7, 1931.....	Cwts. 110,664	Cwts. 102,378	Cwts. 45,504	s. d. 5 2	s. d. 8 1	s. d. 5 9
Mar. 14, 1931.....	125,212	96,064	42,895	5 2	7 8	5 10
Mar. 12, 1927.....	214,744	146,019	68,567	11 8	11 0	8 1
Mar. 17, 1928.....	285,040	133,515	70,075	9 9	10 8	10 7
Mar. 16, 1929.....	229,446	141,451	64,058	9 8	10 2	9 8
Mar. 15, 1930.....	161,600	174,472	43,496	8 3	7 9	6 0

WHEAT FLOUR.—Home milled flour was in better request at the recent decline, but imported moves off slowly. Canadian offers for shipment being still out of line despite lower quotations. London, straight run, 23s. 6d. per sack for country deliveries, and 22s. 6d. London area. Of imported, Manitoba patents, 21s. 3d.-25s. 9d.; Buffalo ditto, 22s.-26s.; Australian, 19s.-19s. 6d., ex store, per 280 lbs.

BARLEY.—The market has again been steady. Quotations:— Californian, old, landed, 30s.-35s.; new, ex ship, 30s.-41s., as to sample. Chilean brewing, landed, 30s.-35s. Chevalier, 38s.-44s. Australian, 32s.-42s. Smyrna, 30s.-32s., per 448 lbs. Black Sea, landed, 17s. 3d.; ex ship, 16s. 3d. per 400 lbs. English, malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—The market in oats has been firm during the past week and prices show a slight rise. Quotations: Plate, landed, 11s. 6d.; ex ship, 10s. 6d. Chilean tawny, landed, 13s. 6d. Whites, ex ship, 18s. 9d.; landed, 19s. 6d. North Russian, landed, 12s. 9d.-13s. 6d. South Russian, landed, 13s. 9d.; ex ship, 13s. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

MAIZE.—Feeding stuffs remain firm, and a good consumptive, demand continues for Plate maize, with a premium obtainable for spot and near at hand supplies owing to light offerings. Quotations were as follows: Plate, landed, 20s. 9d.; ex ship to arrive, 19s. 6d.; March-April, 18s. 3d.; April-May, new crop, 17s. 3d.; May-June, 17s. per 480 lbs. Yellow maize meal, £6, f.o.r. London, per ton.

OTHER FOODS.

SUGAR.—The Chadbourne scheme has now been ratified by the People's Council in Batavia. The measure, which will come into operation on April 1st, provides that the maximum amount to be exported shall be fixed annually for the whole of the Dutch East Indies by Government Decree, and that no sugar shall be exported without written Government permission. The market in London has been steady during the week, and the recent advance in British refined sugar has been maintained. Raw futures advanced on the news of the ratification of the restriction scheme by the Dutch East Indies. Wednesday's sales included May delivery at 6s. 4½d. to 6s. 5d., as compared with 5s. 11½d. to 6s. 0½d. on the corresponding day last week; August, at 6s. 4½d. to 6s. 5½d., against 6s. 3d. to 6s. 4d.; and December, at 6s. 8d. to 6s. 9d., as against 6s. 7½d. to 6s. 8d.

COFFEE.—The market in coffee has been steady. African kinds have been well supported, and good East Indian qualities sold at firm rates. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 108 bags; exported, 59 bags; stocks, 2,985 bags, against 6,111 bags last year. Central American, landed, 9,456 packages; delivered for home consumption, 3,982; exported, 2,205; stocks, 99,613 packages, against 76,654 a year ago. Other kinds, landed, 5,734 packages; delivered for home consumption, 3,535; exported, 3,107; stocks, 100,854 packages, against 84,131 a year ago.

COCOA.—Business in cocoa has been quiet, but there was a further advance in prices, which are, however, still very low. Wednesday's quotation for Acra, fair fermented, April-May, at 20s. 6d. per cwt., shows an advance of 6d. on the week. Futures were inactive. Last week's movements of cocoa in London were as follows:—Landed, 7,330 bags; delivered for home consumption, 5,759 bags; exported, 411 bags; stocks, 293,256 bags, against 190,894 last year.

TEA.—The quantities catalogued for this week's auctions comprised 48,533 packages of Indian, 16,784 packages of Ceylon, and 12,376 packages of Java and Sumatra tea. As compared with last week, the quantities offered for sale were considerably smaller. Competition was keen, with the result that most qualities realised higher prices.

RICE.—The demand for rice has been a little better during the week, and Wednesday's price for Burma No. 2, cleaned, March-April, in singles to U.K. and Continent, at 7s. 10½d. per cwt., shows an advance of 3d. on the week. Movements in London during the past week were as follows:—Landed, 45 tons; delivered, 30 tons; stocks, 516 tons, as against 559 last year.

POTATOES.—The quantities offered in the Borough market were smaller than last week, and, as the result of a slight improvement in demand, last week's prices were maintained. "Best King Edwards" again sold at £6 10s. to £7 per ton.

SPICES.—The spot market in pepper remained steady, and on Wednesday black Singapore was again quoted at 6½d. per lb. Movements of pepper in London during the past week were as follows:—Black, landed, 12 tons; delivered, 38; stocks, 536 tons as against 971 last year. White, landed, 54 tons; delivered, 48; stocks, 495 tons, against 1,033 tons a year ago.

MEAT.—The fall in beef and mutton prices seems to have been arrested. On Wednesday, Argentine chilled hindquarters were again sold at 3s. 8d. to 4s. 4d. per 8 lbs.; while, in mutton, the price of New Zealand wethers, at 2s. 8d. to 3s. 2d. per 8 lbs., compares with 2s. 6d. to 3s. 2d. on the corresponding day last week. According to the Smithfield official report, supplies of meat during last week amounted to 9,862 tons, as compared with 8,344 tons in the corre-

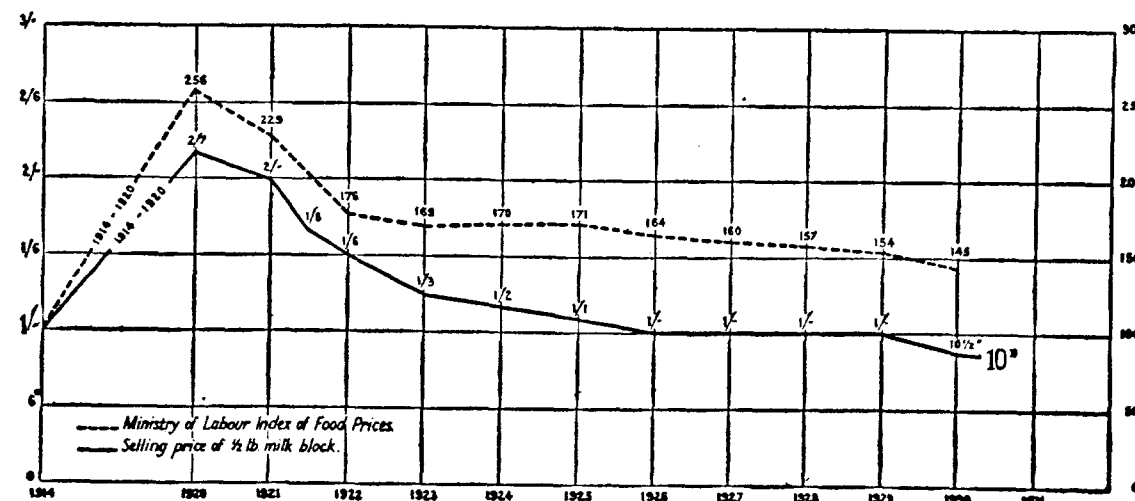
THE FALL IN PRICES

A Statement of Policy by Cadbury Bros. Ltd. of Bournville

BANKERS and economists are emphasising the necessity for a reduction of retail prices as a step towards better trade.

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The chart below shows that the price of Cadburys Milk Chocolate has been falling more rapidly than the Ministry of Labour index of food prices during the post-War period, and is now 16 per cent. below the pre-War selling price.



Issued by Cadbury Bros. Ltd. from Bournville, the Factory in a Garden

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.				LARD—				Wool—				Market Hides, London—			
CEREALS AND MEAT.				POTATOES—				English Southdown, washed				Best heavy ox and heifer			
GRAIN, &c.	s.	d.		Irish bladders	s.	d.		Best cow	s.	d.		Best calf	s.	d.	
Wheat, No. 2, N. Man.	496 lb.	27	0	American, boxes, 56 lbs.	50	0	51	9							
Eng. Gaz. av., per cwt.		5	2	Good English, per cwt.	6	0	7	6							
Barley, Eng. Gaz. av.		7	8	SPICES—											
Oats		5	10	Pepper, per lb.											
Maize, La Plata, landed, 480 lb.		20	9	Mintok, fair White	0	10	0	0							
Flour, Lon. stan. ex mill, s. d.				Black Lampong	0	6	0	0							
280 lb.		22	0	Cinnamon—1st sort, per lb.	0	9	0	0							
Rice, No. 2 Burma, per cwt.	7	9	0	Cloves—Zanzibar	0	11	0	0							
Sago, Pearl, per cwt.	17	9	0	Ginger—per cwt.											
Tapioca, per cwt.				African	26	0	0	0							
E.I. flake, fair spot	17	6	0	Jamaica, ord. to good	50	0	90	0							
Medium pearl	20	0	0	Mace	1	0	1	9							
MEAT—				Nutmegs 658	1	2	0	0							
Beef, per 8 lbs.				(GALT—											
English long sides	5	0	5	(Duty, 11s. 8d. per cwt.)											
Argentine chilled hinds	3	8	4	B.W.I., crystallised	18	6	21	6							
Mutton, per 8 lbs.				Java, white, c. & f. India	7	10	0	0							
English wethers	5	0	6	REFINED—London—											
N.Z. frozen	2	8	3	Yellow Crystals	18	10	0	0							
Pork, English, per 8 lbs.	5	4	7	Culves	23	3	25	9							
BACON—OTHER FOODS.				Crushed	19	7	20	4							
Irish	70	0	111	Granulated	18	9	19	6							
Danish	70	0	78	Home Grown (Mar.)	18	9	19	6							
Canadian	nom.			TEA—											
Dutch	60	0	66	Indian—per lb.											
HAMS—Irish	0	0	0	Pekoe	0	6	1	6							
Canadian	0	0	0	Broken Pekoe	0	6	2	2							
American	68	0	80	Orange Pekoe	0	7	1	10							
BUTTER—				Broken Orange	0	7	2	6							
Irish creamery per cwt.	nom.			Ceylon—per lb.											
Australian	112	0	124	Broken	0	7	2	0							
New Zealand	114	0	128	Orange Pekoe	0	7	2	1							
Danish	136	0	138	Broken Orange	0	9	2	6							
CHEESE—				TOBACCO—											
Canadian	70	0	78	Duty 8/10-9/10 per lb.											
New Zealand	54	0	59	Empire growths, 6/9 1/2											
English Cheddars	48	0	108	7/5 1/2 per lb.											
Dutch	42	0	77	Virginia leaf											
COCOA—				Common to fine	0	8	2	6							
(Duty, British grown,				Rhodesian leaf	0	7	1	3							
11s. 8d.; foreign, 14s. cwt.)				Nyasaland leaf	0	7	1	0							
Accra, f.f., per cwt.	20	0	24	strips	0	10	1	8							
Trinidad	42	0	48	East Indian leaf	0	3	0	7							
Grenada	33	0	43	strips	0	4	0	10							
COFFEE—				COTTON—TEXTILES.											
(Duty, British grown,				Mid-American	5	90									
11s. 8d.; foreign, 14s. cwt.)				Yarns, 32's twist	9	65									
Santos, sup., c.f.f. cwt.	40	0	0	Yarns, 32's twist	9	65									
Colombian, good	70	0	85	60's twist	17										
Costa Rica, med. to good	88	0	122	FLAX—											
East Indian	82	0	105	Livonian ZK	34	0	0	0							
Kenya, medium	80	0	95	Permian HD	33	0	0	0							
EGGS—				Shantz Medium 1st sort	39	0	0	0							
English	per 120	9	6	112	0										
Danish	8	3	12	6											
FRUIT—				Italian P.C.	per ton	29	0	0							
Oranges, South African bxs.	0	0	0	0	0										
Oranges—				N.Z.	nom.										
Dania and Valencia				Sisal, African, May-July	14	15	16	0							
1 cases 300	15	0	26	0											
Lemons, Sicilian	9	0	12	0											
cases	10	0	18	0											
Malaga cases 420 No. 1	0	0	0	0											
Apples: Amer. (var.) bxs.	30	0	42	0											
(var.) boxes	0	0	14	0											
" Australian	0	0	0	0											
Onions—															
Valencia, case, 48	11	6	0	0											
" 56	13	0	13	6											
Grapes, Lisbon	0	0	0	0											
" Almeria	0	0	0	0											

ponding week last year. Imported beef, principally Argentine, formed 83.2 per cent. of the supplies, as against 81.6 per cent. a year ago, and imported mutton, mainly New Zealand, formed 78 per cent. of the total supply, as against 79.1 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Rather quieter conditions rule, admitting of only a small volume of business. Consumers of linseed here and on the Continent appear to have covered their present requirements and have not appeared as buyers to any extent. The quantity on passage to Europe is still considerable, at 286,000 tons, or 8,900 tons less than last week, and comparing with 104,800 tons a year ago. Values are somewhat lower. Plate on spot and afloat to Hull and March and July shipment quoting £9 10s. 6d. Calcutta linseed offers at £11 7s. 6d., April-May. Cottonseed, after a good trade in near positions, is quieter, current value of black Egyptian for shipment being around £6 15s. and Bombay £5 7s. 6d. Linseed oil is in only poor demand from consumers and is easier, raw oil on spot ex Hull mill offering at £18 10s., and March-April, £18. Cotton oil is firm and dearer, crude Egyptian, ex Hull, being held for £21 and common edible for £23 10s. Demand for oilcakes and meals continues satisfactory, and prices are steady and generally unchanged.

HIDE, LEATHER AND ALLIED TRADES.—The stronger tone in the hide markets has further developed during the week, and prices for most descriptions of domestic and foreign hides are now on a higher level. At the auctions held at Manchester this week advances of from 1d. to 1 1/2d. per lb. were made on both clear and warbled ox and heifers, while cows were 1/2d. per lb. dearer. The calf-skin market remains neglected, and prices were unchanged except for a reduction on the 9/16-lb. weight. Improvement has been noticed in the inquiry for sheepskins consequent on the better prices now being obtained for wool, and the general tendency of values is upwards. De-woolled pelts, however, are difficult to sell even at the low prices now ruling. Although prices for foreign hides have shown further advances, it is questionable whether they will remain at the present level for any length of time. From their method

of purchasing, tanners appear to hold the view that the upward trend cannot last, with the result that buying continues to be for requirements only or the immediate future; even so, business is by no means easy to conclude. The firmer tone in the South American market for wet-salted hides is mainly due to the interest taken by United States buyers. Prices for Argentine are 6 1/2d. In the River Plate B.A. Americans have changed hands at 7 1/2d. Cape hides are all on a higher level, first and second dries being quoted at 7 1/2d. and 6 1/2d., while dry-salted 20/30 lbs. changed hands at 6 1/2d. and 5 1/2d. for the same selections. Australian hides have followed the upward trend of prices. The turnover in sole leather has been maintained at a fair level, although it is quite possible that sales at the tanneries have not been as satisfactory as of late. Merchants, however, have experienced a fairly good inquiry for English and wet-salted bends for boot-repairing purposes, and this branch of the industry continues to account for quite a respectable consumption of bottom stock. Business on account of the shoe manufacturing side has not been in evidence quite so much, and although there continues to be a day-to-day call for dry hide bends from this quarter, the inquiry is not so strong as a week ago. Steady trade continues to be done in upper leathers, with black and brown glacé kid the chief call. A moderate turnover is also being done in box and willow calf, but the greatest improvement is shown by patent leather, for which there has again been more inquiry.

RUBBER.—There have not been any further developments in the negotiations between the British and Dutch Rubber Committees. The market has been dull during the week. Wednesday's official spot price per lb. for standard ribbed smoked sheet at 3 1/2d. shows a fall of 0 1/2d., as compared with that of the corresponding day last week. Forward positions have again been easier. Business has been done at 4d. to 4 1/2d. for April-June, against 4 1/2d. to 4 1/2d. last week; at 4 1/2d. to 4 3/4d. for July-September, against 4 1/2d. to 4 3/4d.; at 4 1/2d. to 4 1/2d. for October-December, against 4 1/2d.; and at 4 1/2d. to 4 3/4d. for January-March, 1932, against 4 1/2d. a week ago. In spite of the destruction of 1,154 tons by fire, stocks in London and Liverpool have again increased by 1,168 tons, leaving them at 130,106 tons, as compared with 87,734 tons a year ago.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, MARCH 28, 1931.

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OWING TO THE EASTER HOLIDAYS "THE ECONOMIST" WILL BE PUBLISHED NEXT WEEK ON THURSDAY AFTERNOON, APRIL 2nd, INSTEAD OF FRIDAY THE 3rd.

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THE MONEY MARKET.

MONEY had been expected to be unusually difficult this week, mainly because of the absence of Treasury bill maturities upon Wednesday and Thursday, which fell three months after the Christmas holidays. These fears, however, were not realised, at least in the early part of

the week. There were fairly heavy maturities on Tuesday, while Lloyds Bank, who usually call on that day, this week failed to do so. Again, in contradistinction to the previous experience of this month, comparatively few Treasury bills fell due for payment early in the week. Apparently, the banks, if not the market, had applied mainly for bills due to be paid for at the end of the week, their motive being that it suited them best to have bills maturing as near the turn of the half-year as possible, rather than on June 25th or 26th when preparatory market borrowings from the Bank would be giving rise to a glut of funds.

As a result of this, money was comfortable at 2½ per cent. until Thursday, when the absence of maturities began to take effect, especially as heavy revenue payments were made on that day. Discount rates have again weakened, and the agreed minimum rate on three months' bills is now no higher than 2½ per cent. Even this lower rate is hardly effective, for there is a ready demand for bills outside the market at about 2½ per cent. As a result, the market failed to get much of last week's Treasury bill issue, and is not expected to be much more successful this week. Though the market have loyally abided by the official request to them not to let the rate fall below 2½ per cent., it can be appreciated that under present conditions they feel a certain sense of grievance that their loyalty renders it difficult for them to secure bills.

	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.	Previous Rate and Date Changed.
Bank Rate	3	3	3	3	3½ (May 1, '30)
Banks' Deposit Rate..	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
{ Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

The existing position, of course, is entirely ephemeral, being due to the popularity of end of June maturities. As Thursday's trend of money rates showed, money is already beginning to dry up, and the approach of Easter will add to the stringency. Last year Easter fell late in April, with the result that the currency withdrawals for the end of the quarter gradually merged into the currency needs for the holidays. This year the end of the quarter and the holidays practically coincide, and so it is conceivable that a sharp expansion in the note circulation will occur next week. This will deplete both the Bank of England's reserve, and more important still the cash resources of the clearing banks, who may in consequence have to draw upon the market.

If money is likely to be tight until after Easter, the special demand for bills will equally disappear after the end of the month. Moreover, the financial year comes to an end on March 31st, and with it the termination of the seasonal contraction in the Treasury bill issue. This week new issues and maturities balance at £40,000,000, and so soon as April begins issues will once more be as a rule in excess of maturities. Thus it is not too much to say that this week's fall in discount rates is due to a purely temporary combination of circumstances, including unexpectedly easy money and a popular maturity for three months' bills, and that next month the market should not find that the agreed minimum is too high to be effective.

In any case, it was necessary to keep market rates at 2½ per cent. at the lowest. Spot francs are still a shade under par, and three months' forward francs are at a premium of 30 centimes, which means that they still stand at the export gold point. It is true that on Monday the Bank secured £800,000 of gold, believed to have come originally from the Argentine, and which was unexpectedly offered in the market; and the following day, in the absence of any competition from abroad, the Bank bought £578,000 of the Cape Gold at 84s. 10½d., or barely above its statutory buying price. Next week £250,000 in sovereigns and £23,000 in bars are due from the Cape, and the following week £750,000 in sovereigns and £678,000 in

bars, and under present conditions all this gold will go into the Bank. Still, the international monetary situation is no different to what it has been in previous weeks, and fundamentally there is no reason to believe that the balance of payments has grown more favourable to Great Britain. Thus it is as necessary as ever to attract French short money to London and to retain it here, if sterling is to maintain its ground; and any relaxation in London discount rates, even for a short period, is therefore out of the question.

The Bank return reflects the beginning of the Easter expansion in the note issue, but the movement has not yet gathered momentum, for the expansion during the week is only £1,521,000. The Bank's net gold acquisitions amounted to £1,657,000, so that there has been a slight increase in the reserve. The fall of £2,092,000 in Bankers' Deposits to £57,704,000 shows that, despite the ease at the beginning of the week, the market is still not over-supplied with funds. There is an increase of £3,341,000 in Discounts and Advances, presumably due to operations by the Bank's customers, as there has been no market borrowing during the week. Government and other securities in the Banking Department are together £2,793,000 lower.

Little change is noticeable in New York, though the decision of the Federal Farm Board not to support the coming wheat harvest caused considerable disturbance in the stock markets, which may have some repercussions upon money. The inside call rate is still 1½ per cent., but outside money is firmer, and the rate charged for it is creeping up to the official rate. Commercial paper is quoted at 2½-½ per cent. A final deficit of \$700,000,000 on the fiscal year ending June 30th next is estimated, and there is talk of another Government long-term bond issue of \$500,000,000 before that date.

Steady trading again took place in the Foreign Exchange market last week, no great fluctuations being recorded, though several of the principal currencies moved in our favour. New York, after rising at one time above 4.86, lost ½ on balance at 4.85½. Montreal was unchanged at 4.86½, as was Paris at 124.21, after touching 124.16. Brussels again weakened from 34.89 to 34.91½, but Milan remained steady at 92.75. Madrid was erratic, but in the end recovered from 46.70 to 45.35, after rising at one time to 47.50. Amsterdam weakened to 12.12½, but Berlin gained ½ at 20.39. Switzerland recovered from 25.25½ to 25.24½. Of the Scandinavian exchanges Stockholm gained ½ at 18.14½, and Copenhagen ½ at 18.16½, as did Oslo at 18.16. The South American currencies were variable, Rio being weak throughout and losing ½d. at 3½d., after touching 3½d. Buenos Aires was firm, gaining ½d. at 39½d., but Montevideo lost ½d. at 35½d. In the Far East the rupee was firmer at 1s. 5½d., but the yen remained about 2s. 0½d. Batavia lost a point at 12.13½. In the forward market one month's dollars were unchanged at 3½ cent premium, but three months' were weaker by ½ at 1½ cent premium. Paris was firmer at 15 and 30 centimes premium, as was Brussels at 3 and 5 centimes premium. Forward Milan was practically unchanged at 8 and 20 centesimi discount, but Madrid was decidedly weaker at 3 and 9 centimos premium, against 7 and 19 centimos premium last week. Amsterdam stood at 1½ and 3½ cents premium for the two periods. Berlin at 1½ and 3½ pfennigs discount, and Geneva at 3 and 7 centimes premium, were both very little changed from last week. Silver declined by ½d. to 13½d. for both spot and forward quotations. The China silver exchanges were unaffected on balance, Hong Kong remaining at 1s. 0½d. and Shanghai at 1s. 4d.

MONTHLY TRADE SUPPLEMENT.

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity. Included in our Supplement this month is an article surveying the progress of the Electricity Board.

GERMANY AND AUSTRIA.

THE disclosure last week-end of the fact that Germany and Austria have agreed in principle to negotiate a treaty for the purpose of forming a Customs union has caused a serious flutter in diplomatic circles, and is, indeed, an event of very considerable importance. Properly handled, the situation that is created may quite well be turned to the great advantage of Europe; but it is equally clear that it may prove to be a means of re-awakening suspicion and distrust. The governments chiefly concerned cannot be entirely acquitted of some lack of dexterity in the way these negotiations have been disclosed. It is complained, and not without reason, that at a time when the Foreign Ministers of Europe had frequently been meeting specifically to consider European affairs and, in particular, the economic situation, secret negotiations were bound to give rise to suspicion; while the fact that the disclosure was made only a few hours before the latest meeting of the Foreign Ministers in Paris gives the impression of a desire to present the world with a *fait accompli*.

From the point of view of Austria, at all events, the desire to force the issue can well be understood. Austria, in spite of her protest at Paris in 1919, was forced to start life as a small but independent economic State, with a large industrial population dependent for its living on being able to sell goods to neighbouring countries. Ever since the war, in the interests of finding markets for her goods, Austria has been a protagonist of lower tariffs and commercial treaties, but whenever she has reached the point of making a preferential arrangement with one or other of her neighbours, other countries—including Great Britain—have stepped in to prevent it on the ground that such an arrangement would be an inadmissible discrimination and a breach of the most-favoured-nation clause. She has been a strong advocate of the principles laid down at the World Economic Conference, and in the subsequent committees she has lent her support to various schemes for tariff reductions, tariff truces, abolition of prohibitions on exports and imports, etc. This is for her a necessity, for, as the Layton-Rist Report of 1925 pointed out, wider outlets for her production are necessary if Austria is to live and maintain the standard of her large industrial population. But finding herself blocked at every turn—so much so, indeed, that at last she has herself been compelled by her agrarian and other interests to take a hand in raising her own tariff against her neighbours—she has every inducement to present Europe with a *fait accompli* and to compel the nations of Europe to do something to relieve the situation in which she is placed. Germany, too, with her diminished area and large industrial population, has been disappointed in her search for markets and has had similar, though perhaps not such pressing inducements to take some definite action.

On the other hand, France, Czechoslovakia and other countries have, not unnaturally, taken the view that this particular move on the part of Germany and Austria is a definite step towards the political reunion of those two countries—a conclusion to which the history of the German Zollverein lends plausibility—and there is at least a *prima facie* case for suggesting that the present agreement is contrary to the letter, as well as to the spirit, of the Treaty of St. Germain and of the Protocol which Austria signed in 1922 when the League of Nations undertook her reconstruction scheme. The first clause of the latter document runs as follows:—

The Government of the Federal Republic of Austria, . . . undertakes, in accordance with the terms of Article 88 of the Treaty of St. Germain, not to alienate its independence; it will abstain from any negotiations or from any economic or financial engagement calculated directly or indirectly to compromise this independence.

This undertaking shall not prevent Austria from maintaining, subject to the provisions of the Treaty of St. Germain, her freedom in the matter of Customs tariffs and commercial or financial agreements, and, in general, in all matters relating to her economic regime or her commercial relations, provided always that she shall not violate her economic independence by granting to any State a special regime or exclusive advantages calculated to threaten this independence.

Naturally Austria strenuously denies that the Treaty which she now proposes to negotiate will involve a surrender of either her economic or her political independence, or that it will involve a departure from equal treatment under the most-favoured-nation clause. Before considering these vital questions we must first set out the main features of the agreement which has now been entered into. After recording that the German and Austrian Governments have agreed to negotiate a treaty which shall bring into accord the economic and tariff policies of their respective countries, the document runs substantially as follows:—

"Under full maintenance of the independence of the two countries concerned and with due respect for the obligations entered upon with third Powers, the treaty is destined to mark the beginning of a new order of European economic conditions on lines of regional agreements.

More especially both countries will in the treaty declare their willingness to enter into negotiations of similar agreements with any other country putting forward such a desire.

Germany and Austria will agree on a common tariff which will be put into force in both Customs areas concurrently; this Customs tariff can only be modified by agreement between the two countries. So long as the agreement is in force goods will move from one country to the other free of duty, save that at the outset provisional duties may be imposed to enable the industries of either country to adjust themselves without too violent a change.

The Customs organisations of both countries will remain separate, but steps will be taken to co-ordinate the Customs laws as well as turn-over taxes, Excise duties and other matters which are really the counterpart of the Customs regime. The proceeds of the Customs tariff, after paying expenses, will be distributed according to a quota, but the quota will be so arranged as not to impair any liens on the Customs revenue which exists at present in either country.

Each country will maintain the right to make separate commercial treaties with other nations, but in order to expedite such matters joint negotiations may be undertaken, though the ratification of such treaties must be separately carried out by the respective Parliaments. The necessary modifications will be made in existing treaties in order to bring them into accord with the new scheme."

Let us consider what sort of economic future this plan envisages not only for the parties to it, but also for Europe. There are strong grounds for thinking that the reunion of Austria with Germany, both politically and economically, would be not only good for Austria, but for Europe as a whole. It is arguable that from the political standpoint it would alter the balance of political forces in Germany and introduce a new and moderating element, and that, therefore, the fears which prompted the attitude of the Allies in 1919 are unjustified. Those who hold this view may look with complacency on the present proposals as a first step towards this reunion. But, whatever may be said for or against this view, both Germany and Austria are solemnly pledged not to take this step; and in the present state of opinion in Europe it could not be carried out without creating a grave feeling of suspicion and a general disturbance of international relations. It would in fact be regarded by France as a first step towards the break-up of the system so carefully established at Versailles. Nor is it altogether to the advantage of Austria to have an exclusive Customs union with Germany, for she requires the widest possible outlet for her products and, in particular, needs to gain access not merely to the German market, but to those of her former associates in the old Austro-Hungarian Empire.

That her interests are intimately bound up with a more liberal regime in Europe generally, rather than with exclusive relations with any one country, is illustrated by the fact that the scheme recently put forward by the Austrian section of the International Chamber of Commerce provided for the negotiation of a general agreement, to which any country could be party, under which each country would undertake to make tariff reductions of a specified character to all countries party to the agreement, while countries which did not come within the lower tariff scheme would remain subjected to higher rates by all countries party to it. Those countries which already have a Free Trade or semi-Free Trade regime would be admitted to the lower level provided in the scheme and would be let in on the ground floor. The plan involves some modification of the most-favoured-nation clause for

the countries adopting the scheme, though not for those countries which would be admitted by virtue of their existing low tariff. The official attitude of this country, and of some Scandinavian countries, has hitherto been against any such scheme on the ground that it involves a modification of the most-favoured-nation clause, and that we might be prejudiced in other directions if the old definition in its rigid form were departed from. The proposition, however, shows that the minds of Austrian business men have been directed towards the general amelioration of tariff levels rather than towards Austria finding a place in some single larger economic unit.

The present document, in form at all events, follows the same line of thought by laying down two clear principles, namely, that the two countries concerned retain their economic independence and their separate Customs institutions, and further, that any country can, if it wishes, join in the agreement. So far as declaration of principle goes, there is no new departure. But when one considers it as a practical proposition, grave doubts arise. It is difficult to believe, when Austria and Germany come to negotiate a new tariff which is to be common to both of them, that it will not be substantially the same as the present German tariff which is, according to the only available figures of the League of Nations, distinctly higher than that of Austria. In particular, the duties on agricultural products, and notably those on wheat, have been rising rapidly in recent months. It is unlikely that such a tariff would suit Czechoslovakia or Hungary or, say, Switzerland, or that such countries could readily enter into the new Customs union in the form that it is likely to take at the outset. We have repeatedly expressed in these columns the view, which is shared by many German and other European economists, that if ever a Customs union is to be established among a number of nations, it would only be possible to reconcile widely divergent interests on a low, or at all events, a very moderate tariff basis. If this scheme, therefore, is really to be one into which a number of countries may enter, it will involve the drawing up of a new tariff and one which must have regard to the possible requirements of other nations which may come in. Is this what is intended? If so, the present document gives no indication of it whatever. But until it is clear what kind of a tariff it is intended to impose, it is impossible really to judge whether it is one suitable for a larger group of nations or not. This point is vital, for on the answer to it depends the question whether this move is a step towards freer trade in Europe or merely an Austro-German economic rapprochement.

Here, in fact, is the crux of the matter, and we therefore welcome the suggestion which Mr Henderson has made in Paris, that the parties concerned should hold their hand until the whole matter can be considered by the Council of the League of Nations in Geneva in May. Germany has agreed to do this on condition that the discussion is limited to the juridical aspect of the scheme in relation to her and Austria's international obligations; but Germany can hardly maintain an open invitation to all to participate without admitting at all events unofficial discussions with all interested parties. Perhaps, after all, the true reading of the new document is that it is an ultimatum from Germany and Austria that these two countries cannot wait indefinitely while this question of freer trading conditions is talked about but no action taken. If the effect of this *démarche* is to bring the whole question out of the clouds down to earth and to make it possible for action to be taken now by those who are willing to act, it will be altogether to the good. If a real start can be made in reducing these tariff barriers of Europe it should contribute powerfully to the recovery of trade, and as such should have the support of this country; for we have no doubt that if we play our cards properly any new commercial regime set up in Europe will be one not merely that will not penalise Great Britain, but one which should redound greatly to our advantage.

THE LIBERAL PARTY.

LIKE an atom, of a structure not yet revealed to science, the British party system is succeeding in altering its characteristics, if not its mass, by a rapid increment of electrons revolving round the nucleus. To the Right there are the official Conservative ranks under the banner of Mr Baldwin and—across a none too clearly marked borderline—those Conservatives who follow the oriflamme of a more adventurous Crusade. To the Left there is now a formal breach between the supporters of Mr MacDonald and the New Party led by Sir Oswald Mosley. In the political forces occupying ground mid-way between these extremes the events of the past week have served to reveal lines of cleavage somewhat more definite than had before been recognised. The Liberal Party has not "split" (real anxiety on this score among its members in the constituencies will thereby be relieved), but it now comprises, for all practical purposes, three more or less definite groups; and thus the Speaker is confronted in effect, though not in form, by no less than seven sections in the House.

The *Economist* has never been disposed to apportion blessing or censure among the different elements of the Liberal Party, whose differences have long been overt and now seem irrevocable. The fate, however, of a party which has inherited a great history and traditions, which represents at least five million voters in the constituencies, whose leader is an outstanding international figure, and whose fifty-eight members hold the fate of the present Government in their hands, cannot be a matter of indifference to any intelligent elector in this country; and it is pertinent to inquire precisely where the party now stands and how the latest developments have come about.

Writing a week ago, we suggested that the split over the relatively unimportant question of University representation had evidently brought to a head the question of the leadership and cohesion of the Liberal Party. At the end of last week, if current rumour be correct, Mr Lloyd George was inclined to ask the party for a vote of solidarity on the proposal that there should be "co-operation" on terms between Liberals and the Government, for a more or less guaranteed period ahead. Whether such a policy, on any practicable terms, would have been endorsed by the party, will never be known; for on Tuesday, when the adjourned party meeting was held, Mr Lloyd George appears to have asked for approval to a declaration of policy on the following lines:—

That the party adheres to its policy as enunciated at Yarmouth before the last General Election.

That the party has made no pact and seeks no pact with any other party.

That the party's objectives will continue to be Free Trade, disarmament, electoral reform, economy (including steps to remedy "all proved abuses in the expenditure of public money"), a settlement of the Indian problem on Round Tables lines, agricultural development and the securing of values created by public expenditure, and bold measures, on familiar Liberal lines, to deal with unemployment.

That in pursuit of these objectives the party is ready to support this or any Government that will carry out these measures.

In the last sentence lies the rub; and the proceedings on Tuesday appear to have disclosed the fact that, apart from Sir John Simon and his adherents (apparently three of those present and possibly two of the absentees), whose attitude was that the Government should in general be opposed and, if possible, removed from Office, there was a considerable section of the party which was by no means ready to give the leadership *carte blanche* to act on the basis of so vaguely worded a principle as that of "readiness to support." In the upshot, thirty-three votes were cast in favour of Mr Lloyd George's declaration, as compared with seventeen dissentients. The views of the eight members not present at the meeting are unknown, but a fair conjecture seems to be that in future some thirty-five members of the party will follow Mr Lloyd George in generally giving the Government support; another six or so, led by Sir John Simon, will tend to support the Conservatives on many questions of policy; while the remainder, say, sixteen in number, form a group whose attitude is that, while remaining Liberals, they must preserve complete independence and will decide their alignment on each issue that comes forward according to its merits.

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The members of the Simonite group are not only few in the House; they are almost certainly not numerous in the constituencies, for most of those whose trend is in this direction have already drifted from the party. But the position of the "independents" is much more significant. Most members of this middle group recognise the importance of supporting the policy of the Government in many fields and have no immediate intention of voting in such a way as to force an early election, which they recognise would prejudice many great national interests. But they consider that the continued existence of an independent Liberal Party capable of rallying middle opinion which is neither Diehard-Conservative and Protectionist, on the one hand, nor Socialistic and class-conscious on the other, would be gravely prejudiced by any sort of "understanding" with the Government. They hold the view that if the political fight against both these extremes is to be carried on in the constituencies, it is impossible to be pledged in Parliament, and that unless the party contests bye-elections and maintains its fighting organisation, it will fade away or be absorbed into the Labour organisation. This point of view clearly appealed very strongly to the members of the Candidates' Association, who appear, at Thursday's meeting, to have applauded loudly Mr Lloyd George's emphasis on the absence of any "pact."

On the other hand, if, as seems inevitable, the electorate must accustom itself to a modification of the simple but highly undesirable cleavage of the country into the two groups of the "haves" and the "have-nots," it is important that we should evolve some more stable method of carrying on Government than one which leaves the Cabinet in uncertainty and peril from day to day. There are only two ways of doing this when no party has a majority. One is by means of a definite Coalition Government. The other implies an undertaking to give support to the Government in carrying out an agreed programme laid down in more or less detail. It will no doubt, in the latter case, be said that if the policy is a success the Government will always claim the credit, while if it is a failure it will blame its allies. But whether the plan necessarily puts the consenting party into a hopeless position in the constituencies, or not, really depends on three things: (1) The precision with which it defines its policy; (2) its success in securing the adoption of the policy by the minority Government; (3) an electoral system that gives a fair representation to minorities.

Mr Lloyd George's move this week, though the immediate cause was the split on the University Vote and the resignation (now withdrawn) of the Whip, was presumably designed to clarify the whole political situation. Whether it has done so, remains to be seen. We have yet to learn what will be the reaction on the Government's part. Mr Lloyd George has demonstrated that he can carry at least 30 members with him on a Division; and, provided that he and his faithful section interpret the reference to "proved abuses," quoted above, as meaning that they are determined to secure thorough-going reform

of the "dole," there is no reason to foresee any further marked divergence between them and the "independents" on coming issues. But it is clear that when the Royal Commission on Unemployment Insurance has reported and the Government has to lay before Parliament its decisions on this vital question, the real testing time for those who follow Mr Lloyd George's leadership will have arrived.

THE SILVER SITUATION.

In the downhill race of prices during the last eighteen months, most commodities have contented themselves with the creation of new records for the post-war period, but silver has repeatedly broken its own low record for all time, and even fell as low as 12d. per ounce on February 19. The silver market is further distinguished from those for other commodities by the fact that this depreciation problem is some sixty years old. The demonetisation of silver first by Germany and then by a large number of other countries in continuous succession, began in the early seventies of last century, with a resultant steady decline in the ratio of its value to that of gold from approximately 1:16 in 1871-75 to 1:36.6 during the quinquennium 1911-15. After the post-war recovery in silver, which attained the record price of 89½d. per ounce in 1920, the decline was resumed, and the ratio had fallen to 1:76.6 by February, 1931.

The steady decline in the gold price of silver before the war is sufficiently explained by the adoption of the gold standard by one important country after another, for it must be remembered that, owing to the long life of the precious metals and the ease with which their form can be transmogrified, a cessation of their use as currency not only diminishes the demand for them but throws an additional supply on to the market in the shape of demonetised metal. The renewed decline, during the last decade, in the value of silver, which still plays a large part in the commercial transactions of China, British India, Persia, the Dutch East Indies, Siam and Indo-China, is due to more complicated causes, which we propose to examine. It must, however, be borne in mind that a substantial part of the fall in the value of silver in the last few years has been due to causes common to all commodities. The sterling price of silver fell by 48 per cent. between 1924 and 1930, the wholesale price-level by 32.9 per cent., so that the decline of silver as measured in terms of other commodities was 14½ per cent., and it is this 14½ per cent. alone which requires explanation by reference to causes peculiar to the supply and demand of silver.

The position is summarised in the table on the following page, the figures in which are put forward as tentative estimates in an unpublished paper by Mr Joseph Kitchin. The new output from the mines increased almost without interruption during the decade 1920-29, and was supplemented in the years 1928-30 by heavy sales of

SILVER: SUPPLY AND DEMAND, 1920-30.

(In millions of fine ounces.)

	1920.	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930 (prov.)
SUPPLY.											
Production:—											
Mexico.....	67	64	81	91	91	93	98	105	109	109	105
United States.....	55	53	56	73	65	66	63	60	58	61	49
Canada.....	13	13	19	18	20	20	22	23	22	23	26
Central and S. America.....	17	18	23	27	30	31	34	30	31	31	26
Elsewhere.....	21	23	31	37	33	35	37	36	38	38	35
Total production.....	173	171	210	248	239	245	254	254	258	262	241
Demonetisation sales:—											
India.....	—	—	—	—	—	—	—	9	26	33	30
Indo-China.....	—	—	—	—	—	—	—	—	—	—	18
Belgium.....	—	—	—	—	—	—	—	—	12	—	—
France.....	—	—	—	—	—	—	—	10	27	9	23
Continent*.....	40	30	30	20	—	—	—	—	—	—	—
United Kingdom.....	4	11	20	21	4	6	2	6	6	11	—
Total demonetisation.....	44	41	50	41	4	6	2	25	71	53	71
Total supply.....	217	212	260	287	243	251	256	279	329	315	312
DEMAND.											
India:—											
Net imports, private.....	3	53	67	92	86	100	106	93	88	66	92
Govt. sales in India.....	0	0	0	0	0	0	0	9	4	14	15
Production.....	3	4	4	5	5	5	5	6	7	7	7
Total private absorption	6	57	71	97	91	105	111	108	99	87	114
Net imports, Govt.....	0	0	1	1	0	0	0	0	-19	-19	-13
China:—											
Net imports.....	113	39	48	82	32	75	65	79	130	129	130
Total, India and China	119	98	120	180	123	180	178	187	210	197	231
Industrial arts:—											
United States.....	19	29	31	28	25	30	29	29	25	31	25
United Kingdom.....	6	5	6	6	6	6	6	6	6	6	6
Elsewhere.....	20	19	21	21	22	23	22	23	22	23	19
Total industrial arts.....	45	53	58	55	53	59	57	58	53	60	50
Coinage purchases:—											
Maria Theresa dollars.....	—	—	—	—	3	11	7	12	4	0	0
Hong Kong dollars.....	—	—	—	—	—	—	—	—	—	14	10
Italy.....	—	—	—	—	—	—	1	26	5	0	—
Mexico.....	—	—	—	—	—	—	11	2	0	—	—
Netherlands.....	—	—	—	—	—	—	0	0	1	3	—
Persia.....	—	—	—	—	—	—	1	1	2	8	—
Poland.....	—	—	—	—	—	—	0	0	5	—	—
Russia.....	—	—	—	—	—	—	—	—	—	7	—
Continent*.....	—	—	—	—	60	—	—	—	—	—	—
U.S.A. (ordinary).....	5	7	2	2	5	6	11	6	4	4	6
U.S.A. (Pittman Act).....	35	62	54	55	3	0	0	0	0	0	0
Total coinage.....	40	69	58	57	71	17	31	47	21	36	16
Total demand.....	204	218	234	292	247	258	264	292	284	293	297
Unaccounted for.....	-13	+ 6	-26	+ 5	+ 4	+ 5	+ 8	+13	-45	-22	-15
STOCKS.											
Shanghai:—											
Lowest.....	—	45	47	45	50	87	102	108	103	147	193
Highest.....	—	77	73	68	89	115	134	141	147	198	239
End of year.....	—	50	51	48	87	102	123	108	147	192	227
India for reserve:—											
Lowest (crores).....	(39)	(61)	(73)	(83)	(76)	(73)	(82)	(102)	(98)	(98)	(106)
Highest (crores).....	(61)	(80)	(91)	(99)	(86)	(90)	(106)	(116)	(108)	(114)	(123)
End of year (crores).....	(61)	(74)	(87)	(87)	(81)	(83)	(104)	(109)	(100)	(108)	(120)
Less 95 crores (crores).....	(0)	(0)	(0)	(0)	(0)	(0)	(9)	(14)	(5)	(13)	(25)
Equal to (mill. ozs.).....	(0)	(0)	(0)	(0)	(0)	(0)	31	48	17	45	88
In India.....	—	4	3	7	4	3	7	3	6	3	2
In London.....	—	4	1	1	4	3	3	2	—	—	—
At Royal Mint.....	—	8	4	2	3	1	2	1	4	2	—
At sea.....	—	10	11	18	15	10	9	12	—	—	—
Total stocks.....	—	78	70	72	113	119	175	174	—	—	—
PRICE.											
Average per fine ounce (in gold)	50·0d.	31·5d.	33·9d.	32·4d.	33·3d.	34·7d.	31·0d.	28·1d.	28·9d.	26·4d.	19·1d.
At December 31 (in gold).....	32·3d.	32·4d.	29·0d.	31·8d.	33·5d.	34·3d.	27·0d.	28·5d.	28·5d.	23·2d.	15·6d.
Average per fine ounce (in rupees).....	2·71	2·46	2·38	2·11	2·12	1·92	1·72	1·56	1·60	1·47	1·27

* Including countries specified separately.

demonetised silver by the Indian Government, by France and by Indo-China, where the gold standard was adopted early in 1930. Against this average total supply of 269 million ounces per annum in the last eleven years there was an average annual demand for only 262 million ounces, as far as can be estimated from the imperfect data available. Absorption by China has been on the up-grade, but Indian consumption has fluctuated very considerably, and tended downwards from 1926-29, though the private absorption of 114 million ounces in 1930 was a record. The use of silver for industrial purposes outside India and China has not grown very rapidly during the last few years, and the demand for it for coinage purposes has substantially declined. Hence an average annual surplus of supplies over requirements, if these figures are correct, of seven million fine ounces, and a consequent persistent downward trend of price.

The natural expectation in such circumstances would be that the low price would check supply and stimulate demand until equilibrium was restored, but there has been little sign of this happening. The explanation of this is that silver, in certain important respects, is not as other commodities. Something over 70 per cent. of the output of silver is a by-product of the base metals, so that the prices of copper, lead and zinc actually have more effect on its supply than the price of silver itself. This accounts for the failure of the steady decline in the value of silver to prevent the continued expansion in its output. The demonetisation of silver is also entirely independent of its price, and though the principal holder, the Indian Government, has endeavoured to adjust its sales to the condition of the market, the fear of such sales has acted as a depressing influence, so that the existence of these additional supplies, even when withheld, has been a factor to be reckoned with, and at times has been the dominating influence. Recognising the importance of this Sir George Schuster offered in his Budget speech last year to co-operate with other holders and producers of silver to consider the possibility of joint action for the regulation of sales. The only response was a somewhat naive proposal by the United States producing interests that, while new production should remain unrestricted, Governments holding stocks should keep out of the market. To this "astonishing proposition" the Finance Minister very naturally replied that a condition of co-operation must be fair consideration for India's interests and that in the meantime the Government of India must retain a free hand. He added: "The more I study the matter the more convinced I am that the fall in the price of silver is part of a much wider movement and the more doubtful I become whether silver can be dealt with successfully in isolation."

On the demand side also, the relation between the price of silver and its consumption is by no means direct. The coinage demand, being largely for the purpose of token currency, is, up to a point, independent of the price. Industrial consumption, probably for reasons of fashion, has shown itself singularly unresponsive to the stimulus of low prices, though it must be remembered that this has recently been equally true of a similar, though not so profound, decline in the prices of most other industrial raw materials. The relation between the price of silver and its absorption in the biggest section of its market, the Oriental countries, is more complicated. A large part of the Chinese demand is still for currency purposes and, therefore, depends less on the world price of silver than on trade conditions generally. The Indian demand is mainly for purposes of the hoarding which still, to a great extent, does duty for investment among the vast peasant population or for ornaments and adornments by means of which the Indian woman carries the family wealth on her person. Opinions differ as to how far this demand is stimulated by cheapness. Mr Kitchin attributes the record imports of the last few years largely to the low price of silver, pointing out that the average rose from 64·4 million ounces in 1920-24 to 102 million ounces in the following five years. The *Institut für Konjunkturforschung*, on the other hand, in its current series of articles on silver, takes the view that Indian hoarding is governed less by the price of silver than by general economic conditions, and this opinion seems

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borne out by a year-by-year comparison of price with imports. Since the early years of the present century, Indian imports of silver have shown a tendency to vary directly, rather than inversely, with its price.

Evidently the reaction of the price of silver upon its output and consumption is not sufficiently direct to produce as rapid a tendency towards equilibrium as in the case of most other commodities. The consequences of this are somewhat serious. The effect on Oriental countries of the persistent depreciation in the value of silver is closely analogous to the effect of post-war inflation on those European countries which indulged in it. The continuous fall in the Chinese exchange makes imports unduly dear and so raises the cost of living in China, while the depreciation in the value of their hoards places the natives of India in a position similar to that of the holder of, say, French rentes. At the same time, the stimulus to their exports makes silver-using countries formidable competitors in foreign markets, just as were the inflationist European countries ten years ago.

Evidently, then, it is a matter of widespread economic interest, and, within the British Empire, a matter of political interest also, to consider the chances of a future recovery in silver. Stabilisation at any level would ultimately check the disturbance to foreign trade and to the cost of living of silver-using countries which is at present brought about by the fluctuations in the gold-silver exchanges, but stabilisation at the present level would wipe out a large part of the private capital of the native population of India and those other Oriental countries a substantial part of whose wealth is locked up in silver.

The production of silver, which, as we have seen, is to a large extent independent of the price, is likely to go on increasing, since the output of copper, lead and zinc will presumably undergo a further expansion when the present trade depression gives place to a revival. Mr Kitchin observes that, if the restoration of normal conditions and a substantial recovery of price were not only to restore the output of 1929, but to result in a renewal of the 1½ per cent. increase of the preceding years, by 1935 production would reach 283 million ounces, which would represent an increase of 8 per cent. over the peak output of 1929, as against an increase of 6½ per cent. between 1923 and 1929. Clearly if this result were achieved, only a substantial increase in demand could restore the price of silver to a level commensurate with that of other commodities. Even if production recovered to a more modest level, a substantial increase in demand would be needed to absorb the world's output.

The prospects of a considerable increase in demand are very variously estimated. Except for a probable small increase in the demand for token currency in the event of trade revival, the coinage demand in Occidental countries is not likely to change much. Nor is the industrial consumption of silver likely to show any marked expansion in the absence of some such revolutionary invention as a process to prevent tarnishing. Mr Kitchin suggests that it may recover to 60 million ounces towards 1935, but he appears to anticipate a further reduction in the interval. As to absorption in India, Mr Kitchin argues that it cannot be expected to continue at the recent high level, especially in view of the projected increase in the duty from 4 to 6 annas per ounce. While an improvement in trade and more settled political conditions should

increase the margin of individual incomes over expenditure, it seems not improbable that this increase will be balanced by the growth of more advanced investment habits and by a development of the preference for gold which has already begun to manifest itself.

The most probable direction from which an increased demand may come is China. There seems to be little likelihood that the Kemmerer Commission's recommendation will be implemented and the gold exchange standard adopted in the near future, and even if it were, the transitional stages might even call for an increased coinage of silver. Meanwhile, every improvement in the Chinese political situation and every extension of the transport system which brings the inhabitants of the interior into closer touch with the commercial sections of the country adds to the volume of business and therefore to the need for silver as a circulating medium. Further, according to an estimate by Mr E. Kann in *Finance and Commerce*, China, with a larger population than India, holds less than one-third as much silver. If it be the case, therefore, as some writers on China hold, that the instinct to hoard is innate in the Chinese as in the Indian peasant, and only the opportunity lacking, an improvement in the economic status of the peasantry, together with a reasonable degree of safety, should open up a large outlet there. On the other hand, the course of silver values during recent years has been such that it would not be surprising if the faith of the Oriental hoarder in the reliability of this means of storing value should prove to have been seriously undermined, in which case the future demand for silver in both India and China would be decidedly problematic.

Unless, therefore, we assume a somewhat unlikely concatenation of favourable circumstances, it is difficult to see anything in the probable future demand for silver which is likely to restore very much of its lost value relatively to commodities in general, though a trade revival would bring about some recovery in its gold price in common with the gold prices of other raw materials. How much of the decline in the general purchasing power of silver can be recovered seems to depend, unless research is successful in opening up new industrial uses, principally upon the unpredictable course of political and economic events in India and China.

THE FIRST QUARTER'S NEW CAPITAL.

A YEAR ago we reported that during the first quarter of 1930 there had been almost no market for new speculative issues, but that cheaper money was improving the market for gilt-edged issues and first-class bonds. During the present year to date the market has been even more inactive, with issues of almost every class well below the level of last year.

The first table shows the geographical distribution of the quarter's issues, with comparative totals for recent years, distinguishing Government from "Other" borrowing:—

	DESTINATION OF NEW CAPITAL.					
	First Quarters of Years.					
	1913.	1927.	1928.	1929.	1930.	1931.
United Kingdom—						
Government	£ Nil	£ 68,253,800	£ 85,761,000	£ 1,900,000	£ 38,360,000	£ 6,150,000
Other	7,542,000	47,651,200	48,646,000	56,220,000	29,933,500	19,781,100
	7,542,000	115,905,000	134,407,000	58,120,000	68,293,500	25,931,100
British Possessions—						
Government	7,626,600	5,380,600	17,930,100	23,590,000	14,625,800	12,786,600
Other	14,327,500	15,135,900	3,672,600	2,801,100	1,453,200	2,547,700
	21,954,100	20,516,500	21,602,700	26,391,100	16,079,000	15,335,300
Foreign countries—						
Government	3,523,600	Nil	4,765,100	3,650,000	Nil	1,740,000
Other	17,325,000	8,466,900	8,262,000	8,791,900	3,360,000	2,217,500
	20,848,600	8,466,900	13,027,100	12,441,900	3,360,000	3,957,500
Grand total	50,344,700	144,883,400	169,043,800	96,953,000	87,732,500	45,223,900

The British Government figure is composed entirely of "net sales" of Savings Certificates, which amounted to £6,150,000, against £1,800,000 in the same period last year. Apart from Government issues, the new capital destined for the United Kingdom was about one-third

lower than a year ago. Colonial issues were also much less numerous, the main item being the £11,640,000 Government of India Loan. The semi-official discouragement of foreign loans has been slightly modified, and the Greek loan of £1,740,000 brings the foreign figure to a level rather higher than last year, though much below that of 1927-29.

In the next table the figures are more fully analysed:—

	CLASSES OF BORROWERS.							
	(£ million.)							
	Total.	British Government.	Foreign and Colonial Govts.	British Colonial and Foreign Corps.	Foreign Railways.	Mines, Finance, and Exploration.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1923	271.4	77.7	95.8	4.8	5.4	15.5	7.7	64.5
Total whole year, 1924	209.3	13.7	90.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	69.7
Total whole year, 1926	230.7	4.7	54.6	49.2	8.2	26.9	6.2	80.9
Total whole year, 1927	355.1	66.0	67.5	37.9	5.4	33.2	11.0	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
1929—1st quarter	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.6
2nd "	77.4	Dr 0.3	Nil	11.4	Nil	12.9	0.1	55.3
3rd "	18.7	0.4	Nil	2.8	Nil	2.4	1.1	13.4
4th "	92.2	65.2	Nil	Nil	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd "	81.9	1.6	30.9	18.8	Nil	6.3	2.0	22.3
3rd "	22.9	5.8	Nil	0.8	Nil	0.8	0.5	11.8
4th "	75.3	21.8	21.8	10.0	4.1	1.2	0.1	16.3
Total whole year 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
1931—1st quarter	45.2	6.1	14.5	2.7	Nil	5.6	0.1	16.2

Apart from British Government issues the most marked decline, as compared with the first quarter of last year, is shown by corporations; while foreign railways are completely out of the picture. Mines, finance and exploration, and home industry, however, show a slight expansion, the distribution of which appears in more detail from the following table:—

	ANALYSIS OF NEW CAPITAL APPLICATIONS.			
	Total for First Quarters of Years.			
	1928.	1929.	1930.	1931.
British Government loans	£ 85,761,000	£ 1,900,000	£ 38,360,000	£ 6,150,000
Colonial Government loans	17,930,100	23,590,000	14,625,800	12,786,600
Foreign Government loans	4,765,100	3,650,000	Nil	1,740,000
British Corporation, County and Public Board loans	1,010,000	336,000	15,872,700	2,700,300
Colonial Corporations and Public Boards	1,228,700	Nil	Nil	Nil
Foreign Corporations	772,000	Nil	Nil	Nil
British railways	Nil	Nil	1,310,000	Nil
Colonial railways	Nil	Nil	Nil	Nil
Foreign railways	580,000	3,835,600	2,688,000	Nil
Australasian mines	Nil	12,000	Nil	371,900
South African mines	67,000	340,500	162,800	Nil
Other mines	2,770,800	607,500	181,700	3,418,600
Exploration, financial, and investment trust	13,913,200	20,280,600	738,600	1,861,800
Breweries and distilleries	Nil	3,130,500	Nil	112,500
Merchants, importers, &c.	Nil	425,300	Nil	337,500
Stores and trading	4,310,000	2,577,200	798,000	Nil
Estates and land	478,000	1,555,900	215,900	64,200
Rubber	2,239,600	566,500	405,000	85,700
Oil	Nil	4,315,800	6,250,000	Nil
Iron, coal, steel and engineering	1,047,500	712,000	Nil	Nil
Electric light, power, and telegraph	5,275,400	6,389,200	750,000	3,735,800
Tramway and omnibus	583,500	165,000	Nil	98,000
Motor traction & manufacturing	581,900	222,000	356,600	6,000,000
Gas and water	177,700	250,000	Nil	Nil
Hotels, theatres, and entertainments	6,181,700	1,487,200	Nil	Nil
Patents & proprietary articles	2,691,700	5,913,400	237,500	300,000
Docks, harbours and shipping	300,000	Nil	Nil	950,000
Banks and insurance	3,625,900	575,000	50,000	136,400
Manufacturing & miscellaneous	12,351,400	14,116,800	4,282,900	4,374,600
Total	169,043,800	96,953,000	87,732,500	45,223,900

Issues by "other mines," the highest for several years, consist principally of two debenture issues, by Rhodesian Anglo-American and Rio Tinto respectively. As for home industry, the outstanding operation was the issue of two million ordinary £1 shares at £3 to the shareholders of the Ford Motor Company. The price of these came as something of a disappointment to the market, which had hoped for more favourable terms. The increase in electric issues was due to an issue of £3,000,000 in debentures by the London Power Company. In the manufacturing and miscellaneous group one of the principal issues was that of £2,000,000 in first mortgage debentures by the Lancashire Cotton Corporation.

The most striking fact about the figures as a whole, apart from their smallness, is the greatly reduced proportion of issues of ordinary shares. The following table shows the issues classified into debentures, preference shares and ordinary shares:—

	NATURE OF BORROWING.			
	Debentures, Bonds, &c.	Preference Shares.	Ordinary Shares.	Total.
Year 1927	£ 228,958,000	£ 36,836,600	£ 89,371,400	£ 355,166,000
" 1928	212,817,900	45,062,600	111,177,600	369,158,100
" 1929	137,670,300	31,543,400	116,025,700	285,239,400
" 1930	227,658,500	15,548,800	24,593,300	267,800,600
First quarter, 1930	76,368,500	8,145,700	3,218,200	87,732,400
First quarter, 1931	35,879,000	521,500	8,823,400	45,223,900

If the £6 millions Ford issue be left out of account, ordinary shares amount to a smaller aggregate even than the total in the first quarter of last year. Including that issue ordinary shares represent only 19.4 per cent. of the total, against an average of 41 per cent. over the whole of 1929 and 30 per cent. in 1928. Preference shares have, so far this year, formed only a negligible proportion of the total. The marked decline in equity issues during 1930 and 1931 is a significant symptom of the state of industry.

The following table shows the price of issue and present market price of the principal issues made during the first quarter of 1931:—

Month of Issue.	Name and Description.	Nominal Amount.	Issue Price.	Price, March 26, 1931.
1931.		£		
February	Govt. of India 5½% Stk., 1936-38...	12,000,000†	97	1-11 dis.
March	Gold Coast 4½% Stk., 1930-70...	1,170,000	98	1-11 pm.
February	Surrey County Council 4½% Stk.	1,500,000	99	par-1 pm.
February	Reading Corporation 4½% Stk.	700,000	99½	1-11 dis.
January	London Power 5% Deb., 1952...	3,000,000	100½	1-11 pm.
January	National Shipbuilders Security 5% Deb., 1934...	1,000,000	95	2-1 dis.
March	National Canning Ord. £1	175,083	par	20/3-20/9
March	Rio Tinto Co. 5% Deb. Stk.	2,000,000	91½	1-11 dis-1 pm
March	Greek Govt. 6% Public Works	2,000,000	87	24-2 dis
March	Lancashire Cotton Corporation	2,000,000	97½	...

† Also £25,000,000 for Conversion Purposes.

The fate of these new issues has been very varied, with rises and falls impartially distributed between the respective classes.

In so far as the torpor of the new issues market slightly diminished towards the end of the quarter, it may be hoped that the next few months will see some signs of activity, and, in support of this hope, there are rumours of several impending issues. It is, however, evident from the very conservative character of the new securities offered during the past quarter that the time is not yet ripe for the marketing of speculative issues.

The new capital issues included in our quarterly surveys take no account of Stock Exchange "introductions," an aspect of the capital market which was discussed fully in the *Economist* of July 27, 1929 (page 175). In the following table we show the total amounts involved in these "introductions" during the past nine quarters. "Cash values" are calculated on the assumption that the whole of the nominal value of the stock "introduced" is taken up at the price at which dealings on the Stock Exchange open:—

	TOTAL CASH INVOLVED IN ISSUES BY STOCK EXCHANGE INTRODUCTION.			
	United Kingdom.	Colonies.	Abroad.	Total.
Year 1929—				
1st Quarter	£ 15,191,500	£ 393,700	£ 3,094,400	£ 18,679,700
2nd Quarter	9,465,500	1,284,400	2,166,400	12,916,300
3rd Quarter	3,574,700	217,100	5,778,300	9,570,100
4th Quarter	733,400	304,400	1,437,500	2,475,300
Total Year 1929	28,965,200	2,199,600	12,476,600	43,641,400
Year 1930—				
1st Quarter	3,982,300	1,477,000	8,399,900	13,859,200
2nd Quarter	839,600	Nil	2,685,100	3,524,700
3rd Quarter	67,200	100,000	601,500	768,700
4th Quarter	3,402,900	1,667,600	721,200	5,791,700
Total Year 1930	8,292,000	3,244,600	12,407,700	23,944,300
Year 1931—				
1st Quarter	2,174,200	632,900	Nil	2,807,100

† Nominal amount of capital introduced, £31,519,934.

‡ Nominal amount of capital introduced, £22,158,480.

There has been a marked falling off in the number of issues advertised for public information only during the first quarter of the year. The total cash involved amounted to £2,807,100, and the amount of capital introduced to £2,744,400. Activity quickened a little at the end of the quarter, and issues were made by Rio Claro Railway and Investment Company and the Monks Investment Trust.

LONDON PASSENGER TRANSPORT.

In securing a second reading, by the comfortable majority of 271 against 224, for his London Passenger Transport Bill in the House of Commons on Monday night, Mr Herbert Morrison is entitled to congratulation on a considerable personal Parliamentary success; for the opposition evoked by this far-reaching and ingeniously devised measure was neither very forcible nor very convincing, so far as broad issues of principle go, and was concerned in the main with what may be described as "Committee" points. Conservative critics, as might be expected, could not refrain from twitting the Minister of Transport with his conversion from the tenets of "municipalisation" to those of the "public corporation" as a new model form of nationalisation; but the necessity for the co-ordination of London passenger traffic has long been a matter of general agreement, and it is practically common ground that such co-ordination must involve, not only pooled receipts and unified management, but also some form of public control.

Mr Morrison submitted that there were certain essentials in dealing with the problem: co-ordination must not be "a mere phrase covering up a mere deal between existing operators"; the interlocking development of trams, omnibuses and tubes must be envisaged as a whole by a single "transport mind"; consolidated ownership in such a vital public service as this must involve "public ownership for the public service for the public good"; management must be efficient; and the combined concerns must pay their way without any subsidy from the State or municipal funds. None of Mr Morrison's critics ventured roundly to propose that private enterprise should be given monopoly powers over the whole traffic of the Metropolis; thus the issue is really confined to the question of the form which should be given to the authority ultimately responsible for this vast undertaking. Management by a single public authority (the Minister went on to say) had been ruled out by the Government because, apart from the fact that the London County Council had no desire to undertake the task, no single authority could be found to discharge this function. On the other hand, a joint municipal authority would involve grave administrative difficulties and would fail to meet the need of quick decisions. Hence Mr Morrison's final conclusion that the proper authority to be set up is a "business Board" of five members, incorporating what he defined as "an element of public accountability."

With the Minister of Transport's conclusion, in principle, we agree; and the provisions which he puts forward in his Bill to give this principle concrete shape represent at any rate a well-considered attempt at a bold experiment in problems of finance and management whose technique has not yet been developed and whose results experience must necessarily put to the proof. In an article which we print on a later page we discuss in some detail the financial implications of Mr Morrison's scheme, more particularly from the standpoint of the investor in the existing transport undertakings. Here it is sufficient to say that from the point of view of public interest we are not wholly satisfied with the proposed basis for the acquisition of the municipal tramways; there is a case for their transfer on the basis of an agreed number of years' purchase of previous net revenue. This and all the other financial arrangements which will govern the capitalisation of the new joint undertaking are points which will require the most careful scrutiny in Committee, but we can see no reason why the Bill should have been denied a second reading on that account; for the machinery set up by the Bill, whereby terms of transfer are to be settled in the last resort by an arbitration tribunal, proceeding on principles laid down by Parlia-

ment, seems, broadly speaking, to secure fair reconciliation of the interest of existing owners with that of the community.

Instead of dwelling over-much on these relatively minor considerations, the public, whose travelling within the London Traffic Area reached in 1930 the astronomical figure of 4,000 million passenger journeys, will be inclined, and rightly, to focus its attention on what appears to us to be the essential point of controversy in this measure: does the scheme offer a reasonable guarantee of what may be described as optimum management in the general interest? Let us consider in a nutshell what Mr Morrison has endeavoured to do. The system which he proposes to create, on the basis of a water-tight monopoly, is a compact "business Board," whose autocratic powers are to be tempered by certain checks and balances. In the first place, the Traffic Advisory Committee is to be reformed and made more municipal in character, and is to act as a constant liaison between the Board and the local authorities. In the second place, though the Board is enjoined by Parliament to pay its way, fares and charges are to be subject to the ultimate authority of the Railway Rates Tribunal. Finally, the Minister of Transport, who is to appoint the membership of the Board and fix its remuneration, is to be answerable to Parliament for its doings and is to have, particularly in one crucial direction, important powers of intervention. Clause 21 of the Bill provides that the Minister may order the Board not to withdraw, or to restore, services which they desire to suppress or have suppressed, and that he may require the Board to provide new or improved services or facilities, provided that, in his opinion, the Board will not thereby be prevented from carrying out its obligation to be self-supporting.

Here is disclosed an issue which appears to us to go to the root of the whole Bill. We need not necessarily contemplate the alarming vision of a Socialist Minister embarking, *pour encourager les autres*, on an extravagant rabbit-warren of unremunerative tubes for the benefit of London constituencies whose favours he might desire to court. The question obviously cuts two ways, for it might well be that an unimaginative and humdrum Board, concentrating only on obeying the behest that they must pay their own way, would fail to initiate schemes of transport development vitally required in the interest of the community as a whole. In these circumstances, those who agree with us in accepting the thesis that traffic in some areas of London may reasonably be required to contribute to the support of less remunerative but socially desirable facilities in other areas will concur in thinking that powers of initiation should repose with some authority overriding the business Board of management. But, if this be so, it by no means follows that the appropriate authority is necessarily the Ministry of Transport. To place upon the Minister such a responsibility appears to us to be a questionable step, involving the possibility of awkward "dyarchy" between a Government Department possessing Napoleonic powers to insist on facilities and an independent, judicial, non-political body, such as the Railway Rates Tribunal, established with full control over fares.

It is not easy to see how this difficulty, which may or may not have serious consequences for the future of London transport, but which should certainly be faced to-day, is to be circumvented. The fact is that in creating this sort of public corporation, whose management designedly is deprived—for good or ill—of the stimulus of private gain and the pressure of shareholders' desire for profit, we are setting sail on uncharted waters. In the present circumstances the risks of the voyage, we think, must undoubtedly be faced; there is no other alternative. The suggestion has been put forward that a greater measure of direct local government (as opposed to ministerial) control might be imported into the scheme by following lines somewhat analogous to those on which the management of limited liability companies in Germany is commonly organised. That is to say, the London Passenger Transport Board of Mr Morrison's creation might be required to act in the capacity of the *Vorstand*, or primarily managerial board, while the London Advisory Committee (in present practice emphasis has to be laid

upon the word "advisory") might be strengthened and given the functions of an *Aufsichtsrat*, or superior board, with powers (defined by Statute) of veto and initiation on certain specified issues of broad policy. This suggestion admittedly lets in once more an awkward element of "dyarchy," but it is argued that the possibility of conflict between such a *Vorstand* and *Aufsichtsrat* is more remote than that of divergence between the Board and the Minister. The proposal, however, seems to offer no better prospect of completely satisfactory co-ordination between the interests of the public, the managerial task of the Board, and the responsibility of the Rates Tribunal. The problem must ultimately be solved in the light of experience gained in the working of the scheme.

Notes of the Week.

The Outlook at Karachi.—Congress is assembling at Karachi in an atmosphere which bodes ill for the tranquillity, at least, of the proceedings; and Mr Gandhi's progress from Delhi, culminating in an actual assault on his person by excitable members of the New Youth of India League at Malir Station, has been by no means a case of "roses, roses all the way." On Monday evening Bhagat Singh and his two associates, whom the verdict of a special tribunal—confirmed, on appeal, by the Privy Council—had pronounced guilty of the murder of Mr Saunders at Lahore in December, 1928, were duly executed. This was a course which no self-respecting Government, however desirous of promoting conciliation by clemency, could have avoided taking, but the consequences were an immediate ebullition of hysterical emotion which Mr Gandhi—in a somewhat equivocal statement associating himself with "the tributes paid to the young patriots," but warning the Youth of India against "copying their example"—did little enough to allay. On Tuesday, the Nationalists walked out of the Legislative Assembly as a protest against the execution, and there were riotous demonstrations in Lahore and other cities, culminating at Cawnpore in serious Hindu-Moslem conflicts between Congressmen who sought to impose a *hartal*, and shopkeepers who objected to closing their shops. This atmosphere of excited sympathy with the "martyred" assassins of Lahore will, doubtless, be exploited at Karachi by the irreconcilables. The frankly revolutionary New Youth of India League may be relied upon to make such trouble as it can, and to endeavour to stampede the Congress into repudiating the Gandhi-Irwin pact. If Pandit Jawaharlal Nehru, whose attitude this week has been non-committal, comes out strongly on the side of the extremists, the prospects for the Congress are not very reassuring. On the other hand, despite the threatened "Red Shirt" mutiny against the Mahatma's leadership, Mr Gandhi's personal influence over the bulk of the rank and file of the Congress seems likely still to carry great weight. Moreover, he has with him almost every leader of importance, and he has secured from the Working Committee a definite endorsement of his policy in concluding the pact with the Viceroy. The official leaders of Congress may be trusted to recognise that if they are defeated at Karachi, they will be irrevocably swamped by a tide which they are unable to control, and in these circumstances they will, no doubt, fight hard for the Gandhi policy through considerations of personal interest, as well as for the reason that the majority of thoughtful Indians, including the important merchant classes in Calcutta and Bombay, appear visibly to be wearying of the endless succession of riots and communal disturbances.

The Federated Union of Europe.—The proceedings at Paris this week of the organising committee of the preliminary commission for studying M. Briand's plan for a federated union of Europe have naturally been overshadowed by more sensational developments, which we discuss in a leading article, in the Customs relations

between Germany and Austria. But though the results achieved at the meeting were not spectacular, the outcome has been agreement on lines of procedure which we regard as well-considered and hopeful. The committee has decided that the next meeting should be held at Geneva on May 15; that in the first instance there should be a concentration on the possibility of economic co-operation; that European States non-members of the League should be invited to send observers to participate in all the commission's deliberations (this applies, of course, to the U.S.S.R. and Turkey); and that the commission should, in effect, function as a body ancillary to the League, whose Secretary-General should always act as secretary to the commission. The upshot of all this is clearly the abandonment for the time being of the original idea, which M. Briand appeared to contemplate, of a separate body distinct from the League and charged with the task of examining far-reaching possibilities of political federation. From the point of view of practical realities, it is perhaps as well that we should recognise that the project of a United States of Europe must remain, for the time being, a dream. By working closer to the ground, and aiming at more readily attainable objectives of economic co-operation, the body created at M. Briand's instance may well do more immediately useful work with better augury for the future.

Clemency in Spain.—King Alfonso's Government have shown wisdom and good feeling in dealing gently with the military and civilian prisoners who have been on trial in consequence of the abortive republican revolution of December last. A week ago, when a death sentence was passed on Captain Sediles by the court martial at Jaca (the garrison town where the military revolt occurred), the Cabinet asked the King to commute the sentence, which he promptly did. The act was timely, for already the news of the sentence was arousing dangerous excitement among the university students of Madrid and in the ranks of organised labour throughout the country. On Friday of last week there was opened, in Madrid, the trial by court martial of the civilian members of the republican provisional government. The prosecution asked for a sentence of fifteen years' imprisonment in one case and eight years' imprisonment in the rest; but public feeling, as displayed in court as well as outside it, showed itself so strong in sympathy with the prisoners that, once again, counsels of moderation prevailed. The trial was wound up on Monday, and all the prisoners were set at liberty next day. They received an ovation in the streets; and there was a clash between the medical students and the police in which several civilians were injured. Renewed disturbances occurred on Wednesday, and one member of the Civil Guard was killed. On the whole, however, these trials have gone off more quietly than could have been expected; and for this the present Spanish Government must be given the credit which is its due. The intensity and persistence of the feeling against the present regime indicates that sooner or later a change is inevitable—however many times the coming revolution may misfire. But it may make the whole difference to the future of Spain if, before the final crisis arrives, an understanding has been established on both sides that there is to be no bloodshed.

"Closer Union" in East Africa.—The Joint Parliamentary Committee on East Africa heard some very frank speaking on Tuesday, when it took evidence from Sir Donald Cameron. Sir Donald speaks with authority, for he has been the model governor of the model mandated territory. And he speaks without prejudice, for he has retired from the post which he has occupied with such honour and success, and he has no personal axe to grind. His evidence amounted to a thorough-going criticism of the whole idea of closer union between the mandated territory of Tanganyika and other East African territories under British administration, particularly Kenya Colony. He suggested that behind the various economic and administrative reasons that were commonly

given in favour of "closer union" there lurked the idea of forming in East Africa a great White State; and he submitted that this dream would be shattered if the policy, inaugurated in Tanganyika in 1925, of developing that territory on the lines of indirect rule by the mandatory and direct economic production by the natives, were allowed to develop. He pointed out that the geographical situation which made co-ordination necessary as between Uganda and Kenya did not apply as between Tanganyika and Kenya, since neither of the latter territories lay in the hinterland of the other. He maintained that no prejudice was being done to the public service in Tanganyika by keeping the economic services of this territory separate, as they were now, instead of co-ordinating them with those of Kenya. In answer to a specific question from Lord Passfield in regard to railways, he gave the opinion that all the co-ordination that was necessary could be carried out by governors in consultation. Sir Donald Cameron's evidence is an important event in the history of the "closer union" question. The mandate for Tanganyika does not, of course, exclude the possibility of administrative union with non-mandated territories under the administration of the Mandatory Power for Tanganyika. But it is evident that any such union would complicate the task of the Council of the League in supervising the administration of the mandated territory through the agency of the Permanent Mandates Commission; and the League is therefore unlikely to look with favour upon any proposal for union unless it can be shown that the mandated territory stands to benefit considerably. This is just the contention which Sir Donald Cameron, in his evidence, has traversed with such authority and such vigour. We prophesy that this evidence will be brought up again not once but many times hereafter.

Pure Italian.—Signor Mussolini has taken a leaf out of President Mustafa Kemal's book: he has ordered the enforcement of an already operative, but hitherto dormant, decree, which prohibits the exposure in a public place (which includes the interior of a shop or a hotel) of any notice in a foreign language unless the Italian equivalent is displayed above it. Even the names of hotels must be changed if they contain any foreign element like the ubiquitous "Bristol"; and so must the registered names of firms. In fact, the decree hits not only the tourist traffic, but business in general, for it applies to the labels on articles on show—e.g., the labels on bottles of medicine or on boxes of soap. For the poor apothecary, whose goods come from every quarter of the globe, this is an affliction indeed; and it is difficult to see how either he or his customer will recognise whether the Italianised article which will be passed across the counter to-morrow is an elixir or a poison. Suppose we were to apply this same policy in the English-speaking world, we might arrive at a strange result: for when we had purged our noble language of its French elements and its Latin elements and its Greek elements, we should find ourselves left with a chain of dots and dashes, punctuated at rare intervals by some monosyllabic Gothic particle. In such circumstances the practical man would be inclined to sweep these last miserable remnants of articulate speech away, and display a sky-sign which arrested attention, like the Bellman's chant in "The Hunting of the Snark," by being "a perfect and absolute blank." The enterprising salesman could still advertise his wares in dumb show, without sinning against the light of patriotism, by striking Anglo-Saxon attitudes at his shop door—rejoicing in the certainty that English, having become the simplest language in the world, could no longer fail to supplant all its competitors. Purify every national language to vanishing point and a world-wide international language of pantomime results. But we can hardly suppose that this is Signor Mussolini's intention.

Australian Currency Proposals.—On March 24th Mr Theodore introduced his Commonwealth Bank Amendment Bill. The full text is not available, but, according to cabled reports, this measure provides for the abolition

of the 25 per cent. gold backing now required to the note issue, authorises the Commonwealth Bank to issue notes up to a limit of £60,000,000, and empowers the Federal Treasurer to require the Commonwealth Bank to hand over to him such gold as is necessary to meet the Commonwealth's indebtedness in London, in exchange for Commonwealth securities of an equivalent amount. A further clause makes it illegal to insert in business contracts any clause stipulating for the payments of amounts due in Australia in currencies other than Australian notes. Mr Theodore stated that the note issue would be fiduciary, and he added that Australia was admittedly already off the gold standard. He further hinted that, in the circumstances, it was better to use Australia's gold stocks overseas rather than to retain them at home. In support of this last argument he made an allusion to an amount of £5,000,000 due on March 31st by three States to the Westminster Bank, but, so far as we can judge, Mr Theodore was using this debt as a bugbear to frighten Parliament into passing the clause authorising him to acquire the Commonwealth Bank's gold stocks. As regards the merits of the Bill itself, there is only one possible comment. It flies in the face of all the advice given to Australia by the Niemeyer mission and others, and it is calculated to perpetuate the very difficulties, including that of meeting the service of her external debt, from which Australia is now seeking to escape. Fortunately, in view of the attitude of the Senate, the Bill possesses small chance of becoming law. Meanwhile information has been received of the introduction by the Government of a further Bill designed to limit interest rates allowed by the trading banks on their deposits and charged by them in respect of their discounts and advances. This measure is equally impracticable and equally doomed to extinction in the Senate. It is also stated that Mr Lang, the Prime Minister of New South Wales, has declared to Mr Scullin that he does not intend to meet any external debt interest payable in London. (He is apparently more generously disposed to New York.) According to the Financial Agreement Validation Act of 1929, it would appear that this liability already belongs to the Commonwealth, which is empowered by Section 87 of the Constitution to apply Customs revenue "towards the payment of interest or debts of the several States." Hence, Mr Lang's "repudiation" appears, in practice, to be little more than a senseless gesture so far as the creditors are concerned, though it raises an acute issue between the Commonwealth and the other States, on the one hand, and New South Wales on the other. In any case, his action is to be seriously deplored by all friends of Australia in the City of London and elsewhere, since it is one more impediment to aid being given to Australia in her present, we trust, temporary economic troubles.

Lancashire and India.—The House of Commons on Wednesday night listened to serious apprehensions expressed by several Lancashire members that the proviso in the Irwin-Gandhi settlement with regard to the lifting of the political boycott on British goods may prove to be of much less advantage than has been hoped to the British cotton industry. In this connection, representatives of the cotton trade recently interviewed Mr Wedgwood Benn, and pointed out that as a result of the boycott Lancashire goods to the value of over £1,500,000 are held up in Bengal alone, apart from large quantities in Bombay, Delhi, Amritsar, Karachi and Madras. Moreover, the further increase by a 5 per cent. surcharge in the tariff duties imposed by this year's Indian Budget brings up the duties on cotton goods of plain grey material to 20 per cent., or 3½ annas per pound, whichever is higher. The *ad valorem* rate is fixed by the bazaar price of goods on the day of arrival, and is generally higher than the invoice price, while the alternative rate, 3½ annas per pound, is, at present prices of cotton, very much higher than the 20 per cent. rate on the bulk of goods imported in the grey unbleached state. Thus the duties, to which further reference will be found in a letter from our Calcutta correspondent printed on a later page, are likely to be drastically restrictive of imports.

The Commons on Wednesday also sought information as to the arrangement which, it is reported, is being made in India to establish an agency (financed partly, it would seem, by Indian textile interests) to export foreign cloth already in India. Mr Benn had little enough of positive comfort to give the Lancashire members. The Tariff Autonomy Convention, he very properly emphasised, could not be interfered with by any British Government, but there was at any rate the satisfaction that in future, if the pact were observed, there would be no discrimination against British, as opposed to foreign goods in general. For the rest, given restoration of civil order in India, Indian international trade should flourish to the benefit of both India and this country. With this the Lancashire members had to be content.

Cotton Trade Reorganisation.—In Lancashire trade circles this week, writes our Manchester correspondent, there has naturally been considerable interest in the debenture issue of the Lancashire Cotton Corporation, Ltd., and the details of the offer have been much discussed. The general feeling is that the ultimate success of the corporation will depend upon the state of trade during the next few years. Very shortly all sections of the cotton industry will consider important proposals relating to reconstruction. At the end of last week there was a long meeting in Manchester of the executive of the Joint Committee of Cotton Trade Organisations, and it was decided to place certain resolutions before a full meeting of the Joint Committee to be held on April 9th. Rumours have been circulated during the last few days that the executive of the Joint Committee is inclined to support some measure of Government control, but Mr John H. Grey, the chairman, has stated that the organisation is not in favour of placing the industry under Government control in any way whatever. In the opinion of the executive, whatever policy is eventually adopted there should be the minimum amount of interference and restriction, the chief need being to reduce production costs. It is understood that the question of productive capacity, which at the moment is largely in excess of present demand, is about to be considered. In this connection it may be pointed out that there are practically the same number of spindles in Lancashire to-day as in pre-war times. According to the International Federation, the number is now 54,983,000, as compared with 55,642,000 in 1913. Immediately after the war there was an expansion of machinery, and the spindles in 1927 were 57,325,000. On the other hand, there has been a big decrease since the war in the number of looms. In 1913 the number was 786,000, with an increase in 1917 to 807,000. According to the latest records, however, the looms to-day number 704,000. It is understood that if the Joint Committee of Cotton Trade Organisations can secure unanimity throughout the industry on any scheme, the Government will be willing to give the necessary support. It may be mentioned that in both the American and Egyptian sections of the spinning branch proposals are still under consideration for the purpose of fixing marginal rates for standard counts of yarn, but so far the schemes have not secured adequate support. On several occasions during the last few years attempts have been made to organise short-time working, especially in the spinning section, but the schemes have not been successful. It now remains to be seen whether any proposals will be acceptable to the trade which provide for the elimination of a further amount of machinery. It is significant that, although the Lancashire Cotton Corporation, Ltd., will ultimately absorb mills containing nine to ten million spindles, it is not proposed to operate more than six to seven million spindles; and the redundant machinery is to be scrapped. It is well-known that owing to over-production the competition for orders is very severe, and this state of affairs has resulted in spinners and manufacturers being compelled to accept business at a definite loss. Numerous firms have been willing to accept unremunerative prices owing to the fact that to close down mills is more costly than running at a moderate loss.

The International Wheat Position.—The announcement, last Monday, of the Federal Farm Board's decision not to support the wheat market in the next crop year, owing to the lack of storage capacity and capital, was not unexpected. As the following table shows, the Federal Farm Board, through its subsidiary, the Grain Stabilisation Corporation, has kept values of the last crop considerably above the world price level since November last:—

	Chicago (No. 2 Winter).		Winnipeg (No. 1 Manitoba).
	Nearest Month.*	July, 1931.†	Nearest Month.
1930 End October	79½	83½	72½
End November	75½	74½	61½
End December	76½	62½	51½
1931 End January	80½	65½	57
End February	79½	64½	62½
March 23rd	79½	59½	57½

* Prices up to June, 1931, supported by Federal Farm Board.
† Free market price.

The Federal Farm Board's stabilisation policy was originally designed to help the farmer over what was believed to be a temporary difficulty. It did not reckon with the huge crops harvested in Russia, Argentina and Australia, which subsequently swamped the grain markets. Seeing that the United States farmer was able to sell his last crop at from 10 cents to 20 cents above world prices, the Farm Board's intervention discouraged a reduction in the acreage of winter wheat, which constitutes the larger proportion of the total wheat crop. Anxiety lest a catastrophic slump in wheat prices might be occasioned by the Farm Board's new policy has been allayed to some extent by a further announcement on Tuesday that the board will not "throw its present stocks overboard," but that from April 1st to April 10th its minimum selling price for No. 2 "Hard Winter" f.o.b. Chicago will be 82½ cents per bushel. In order to cover the cost of "carrying" the wheat this price will be increased by ½ cent per bushel every ten days until the end of June. It is expected that the Farm Board's holdings will amount to more than 250,000,000 bushels at the end of the season. Meanwhile, the international outlook is not encouraging, as the following estimate of probable supply and demand during the current season, compiled by Mr G. Broomhall, shows:—

Exporting Countries.	MILLION BUSHELS.			
	Estimated exportable surplus during season August 1, 1930, to July 31, 1931.	Estimated shipments to meet importers' requirements.	Shipments to March 21st.	Remaining to be shipped.
United States.....	240.0	112.0	230.8	137.2
Canada	352.0	256.0		56.0
Argentina	200.0	112.0	56.0	46.4
Australia	152.0	128.0	88.0	32.0
Russia	120.0	116.0	26.8	9.2
Balkans and Hungary	48.0	40.0	3.2	4.8
India	24.0	8.0		
North Africa, Chile, &c.	12.0	12.0	10.4	1.6
Total	1,148.0	784.0	496.8	287.2

It will be seen that supplies exceed probable demand by no less than 364,000,000 bushels, and visible supplies at August 1, 1930, already amounted to 412,000,000 bushels. This is the situation with which the delegates to the International Wheat Conference preparatory to the second World Wheat Conference, which opened this week in Rome, will be confronted. Clearly, even if a policy of concerted action can be evolved, its effects will not be felt for a considerable time, and it is, therefore, clear that no marked improvement in prices in the near future can be expected.

Motor Taxation.—In his chairman's speech at the second annual meeting of the Ford Motor Company, Sir Percival Perry put forward a strong case for the abolition of the horse-power tax on motor-cars, based mainly on the sound argument that "no intelligent foreign automobilist will purchase an engine designed according to the horse-power formula upon which British automobile taxation is

based." The hard fact is that "more power for the same money" gives the American motor manufacturer a commanding advantage in the export market, and the future growth of exports which is indispensable to the building up of a really large-scale motor industry in this country cannot be hoped for, now that saturation point in the home market is not far off, if the British manufacturer is permanently to be forced to offer a less powerful product without any corresponding advantage in economy. Nor is the small, "high efficiency" British engine—tribute though it be to engineering skill—really the most suitable or economical for the average British motorist. Against these arguments for a reform of the present method of taxation may be brought the fact that the system affords a most effective form of protection for the home market and in this connection it is worth noting that a deputation of British motor interests this week urged upon Mr Pethick Lawrence the desirability not of changing the system, but of scaling down the rates of tax. But this "shelter," taking a long view, will certainly not be worth the much larger sacrifice of potential overseas markets which it entails, and the substitution, proposed by Sir Percival Perry some months ago, of a tax based on retail catalogue price, which would penalise luxury rather than power, and conform far more closely to the taxpayer's ability to pay, seems to us not only more equitable, but economically far more sound.

Some Eastern Banking Results.—The reports of three of the great Eastern trading banks, giving their position on December 31st, are now available, and enable some idea to be formed as to how the East has been affected by the trade depression. On the whole, the three banks in question, namely, the Chartered Bank of India, Australia and China, the National Bank of India, and the Mercantile Bank of India, tell the same story. Acceptances have fallen heavily in each instance, while the Mercantile Bank alone records an increase in deposits. Except in the case of the National Bank of India, cash and bullion are together slightly higher than a year ago, while the trade depression and the lack of demand for accommodation for business purposes has apparently driven all three banks to add to their investments. Bill portfolios and advances show a general decline, but inasmuch as these banks are largely engaged in financing the movement of primary commodities, it is fair to assume that these contractions reflect largely the fall in prices. In these circumstances it was inevitable that net profits should have fallen, for, as the accounts of the National Bank of India show, working expenses have remained unchanged. The decline in profits, however, is not a serious one, and the National and Mercantile Banks have declared the same dividends as in recent years. The Chartered Bank, in respect of this year's final dividend and bonus, have withdrawn the concession under which all dividends and bonuses were previously paid free of tax. The rate, however, remains the same.

Elsewhere in this issue will be found an advertisement of the Odney Club at Cookham, run by the John Lewis Partnership. The club, which has facilities for boating, bathing, tennis, dancing, bowls and croquet, offers membership to a limited number of persons not connected with Messrs John Lewis or Peter Jones. We are glad to call attention to it in the belief that the very moderate fees and the extremely attractive opportunities offered will render the scheme of interest to many members of office staffs with whom our readers are in touch.

INSURANCE NOTES.

Equity and Law Life.—By reason of its strong legal flavour, and, recently, owing to devotion to the cultivation of single-premium (with loan) policies, the Equity and Law business has been characterised by the high average sum assured in respect of new policies issued. In 1930, for instance, 554 life policies were issued for an

average sum assured of almost £5,000, and the corresponding average, after deducting the amounts reassured with other offices, is still very high at approximately £3,500. In 1930 single-premium business, some of which, at any rate—judging by the increase in this item in the balance sheet—appears to have been accompanied by loans, again was responsible for a large proportion of the total; the amount of single premiums received was £498,000, compared with £558,000. The total net sums assured under new life policies were £1,868,000, compared with £1,646,000. No doubt a portion of the increase in business has been in consequence of the favourable position disclosed at the quinquennial valuation which took place on December 31, 1929. The structure of the asset side of the balance sheet of the society has always been an unusual one. The legal connections have been exploited with a view to mortgage business and, in turn, life business. The society also has considerable interests in reversionary transactions, both by way of loan and absolute purchase. The salient features are brought out in the following analysis:—

Mortgages	£1,774,000	
Loans on reversionary interests	1,070,000	
Loans on stocks and shares and on personal security	228,000	
Loans on the Society's policies	2,738,000	
		£5,810,000
Stock Exchange securities—		
British Government securities	813,000	
Other Stock Exchange securities	1,186,000	
		1,999,000
Properties	115,000	
Reversions and life interests	805,000	
Investment in subsidiary company—Law		
Reversionary Interest Society:—		
Ordinary stock	498,000	
Debenture stock	68,000	
		565,000
Miscellaneous	130,000	
		£9,424,000

Movements in these items during the past year have been confined almost entirely to mortgages, loans on stocks and shares, and to loans on the society's policies, all of which show substantial increases.

Life Association of Scotland.—New business in 1930 showed a small but satisfactory expansion from £1,133,540 to £1,376,525, the increase being achieved in spite of the cessation of single-premium (with loan) business. The Association's interest earnings in the past year have fallen from £4 12s. 11d. per cent. to £4 12s. 6d. per cent., but the decline in much less than might have been expected from the increase in the rate of tax. On December 31, 1930, a valuation of liabilities was made for the broken period from April 7, 1927. The financial year now coincides with the calendar year, and future valuations are to be made every three years. The results of the last two valuations are as follows:—

	April 6, 1924— April 6, 1927.	April 7, 1927— December 31, 1930.
Trading surplus earned during valuation period	£ 375,738	£ 585,944
Profits from securities	24,563	...
Brought forward	142,772	147,767
	543,073	733,711
Allocations:—		
To bonuses to policyholders	337,176	499,402
" shareholders	38,130	50,000
" staff pension fund	20,000	30,000
" carried forward	147,767	154,309
	543,073	733,711

The distribution to the policyholders has permitted the declaration of an increased reversionary bonus of 44s. per cent. on the sum assured for each year's premium due during the valuation period, compared with 42s. per cent. per annum on the previous valuation period. In addition to policies with immediate participation in profits the Association has a distinctive system of deferred participation, under which the bonus does not vest until the life assured has survived the expectation of life. In that series a reversionary bonus of 60s. per cent. or 44s. per cent. for each year's premium due during the valuation

period has been declared, according as the expectation has not or has been survived, together with a special additional reversionary bonus of 100s. per cent. The shareholders' portion has been utilised as to £12,500 for the purpose of paying up £1 5s. of the uncalled liability on the £40 shares. The paid-up capital now consists of £100,000, made up of 10,000 £40 shares each with £10 paid up. The annual dividend has been raised from 32s. 6d. to 40s. per share, and the price of the shares is now £45, compared with £37 a year ago. This represents an appreciation during the past twelve months of 22 per cent., and there are few ordinary shares that can show so good a result over the same period.

Abstainers' and General Insurance.—The life department of this company, which has headquarters in Birmingham and transacts life and general business amongst the lower middle class, is divided into two sections, the abstainers' section and the general section. Policyholders in the abstainers' section are offered an immediate advantage in the shape of a reduction in the premium payable, "with-profits" policyholders in both branches being allotted the same rate of bonus. This method of treatment, which is that followed by one or two other companies specialising in this class of business, seems rather illogical, for the natural method would surely be to charge the same rate of premium, but to allot such higher rate of bonus to the abstainers section as was justified by the results. The total new life assurance business in 1930 showed a decline from £790,288 to £736,661, and the fund of £2,955,000 has a premium income of £329,000. In the general branch there was a premium income of £45,000, slightly in excess of last year's figure, made up of Fire, Accident, Employers' Liability and General business, and the total underwriting surplus came to nearly £6,000, compared with £2,500 in 1929. The investments are fully set out in the annual report, and a comparison of this year's list with that of previous years shows very little change of importance. Nearly 25 per cent. of the total assets are invested in British Government securities, and of the £760,000 so invested 40 per cent. is held in the form of 5 per Cent. War Loan. In spite of substantial holdings of Australian Government securities and foreign bonds, the Stock Exchange securities showed an appreciation during 1930 of £26,282, which has been transferred direct to the investment reserve fund, now standing at £68,000.

British and Foreign Marine.—This company, having the advantage of the backing of the "Royal," which controls the share capital, has succeeded in wringing a profit from its marine business during the slump in marine insurance. The company's record during the past five years is shown in the following table:—

Year.	1st and 2nd Year Claims		Ex-penses.	Surplus.
	Premium In-come.	and Transfer to Suspense Account.		
	£	£	£	£
1925	489,382	343,807	92,015	53,560
1926	469,493	366,979	96,462	6,052
1927	502,387	385,100	93,152	24,134
1928	611,729	461,141	99,239	51,349
1929	550,408	435,158	95,222	20,028

As was foreshadowed in our review last year, heavy first year settlements are reflected in a profit for the 1929 account reduced to £20,000, compared with £51,000 in the previous year. It can hardly be said that the 1930 account has opened more auspiciously than that for 1929, for first year claims and expenses have absorbed 49 per cent. of the premiums, compared with 47 per cent. in 1929. The company now operates a small fire reinsurance account, and the result of the second year's operations in this account is a profit of £1,286, compared with a loss of £10,274 in the first year. The total trading of the year has resulted in a net surplus of £21,313, compared with £31,979 in 1929. Interest earnings are slightly lower, but are almost sufficient to meet the dividend, which has been raised from 13½ per cent. to 13¾ per cent.

Universal Automobile Insurance Company.—Although founded twenty-one years ago this company remains a small organisation with funds of only £120,000, and its business is almost exclusively devoted to motor-car insurance. From time to time it has strengthened its position, and a year ago it increased its underwriting reserves from 33¼ per cent. to 40 per cent. of the premium income. The premium income itself has shown a steady expansion, and has risen from £73,000 in 1925 to £122,000 in 1930. Moreover, the 1930 results show a considerable improvement over those for 1929, the account having been closed with a profit of 1.3 per cent. of the premiums, compared with a loss of 5.2 per cent. in 1929. The interest income is more than sufficient to enable the company to maintain its dividend at 12 per cent., a rate which has been paid now for several years past, and after bringing into account the balance of interest income and the trading surplus, there remains a sum of £933 with which to augment the company's surplus resources in 1930, compared with a depletion of £5,174 in 1929. A beginning has been made again with the building up of the general reserve fund by a transfer from profit and loss account of £5,000, though an investment reserve fund of £2,000 has been closed and the amount transferred to profit and loss account.

Overseas Correspondence.

UNITED STATES.

Railroad Results — Capital Issues — Industry — Money Market — Bank Profits.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 13.

It is now clear that the much-hoped-for business improvement of the first quarter was in few cases more than seasonal, and in most instances it was less than that. Sentiment has undoubtedly improved, but it has had nothing very tangible for nourishment and probably has been a result as much as a cause of the decided improvement in investment markets. Shares have been hesitant throughout March, the bull party finding it difficult to attract a growing public following and having little to offer in the way of good news.

A wave of pessimism swept over Wall Street this week largely as the result of the reduction in the New York Central Railroad dividend. Rumours of a cut had been heard, but most people were surprised by the action. New York Central is the first railroad of major importance to reduce its dividend since the Pennsylvania lowered its rate during the post-war depression. Altogether four railroads have omitted or reduced dividends in the past year, but the majority are now not earning enough to cover current payments. Rates were maintained last year largely because of hopes for trade recovery. The first quarter has brought no appreciable gain either in freight movement or in earnings. On the contrary, the February results were about 40 per cent. below those for the same month of last year. Freight traffic is about 14 per cent. lower than a year ago and the railroads have curtailed expenditure about as much as they can without permitting impairment of their property. The results give point to the contention of railway managers that relief is needed from the increasing competition of motor trucks, buses and waterways.

Eastern railroads, which some time ago agreed upon a comprehensive merger plan whereby the territory would be divided among four large trunk line systems, will soon be ready to petition the Inter-state Commerce Commission to revise the Commission's published plan for mergers, which does not conform to the agreed upon plan as announced by President Hoover and the railroads, and to permit a regrouping. Nothing will be said in the first application about finance used or many details which

have been left to arbitration. These will be covered by applications to be presented later by the separate systems.

Revival of new capital flotations on a large scale was a feature of the week. An issue of \$75,000,000 of bonds for New York Central and of \$50,000,000 for the Pennsylvania Railroad came simultaneously with a \$66,000,000 Port of New York Authority issue. Those were the largest railroad financing operations for several years, and they were well taken by the market, as the offering came before the announcement of the New York Central dividend. Total new issues for the week were close to \$280,000,000, the largest for any week since the first of the year. Apart from State of New York borrowing and further large short-term issues of the Federal Treasury, the new issue market will probably not have to absorb excessive amounts.

In some sections of the Press much has been made of approaching foreign borrowing on a large scale. Wall Street is much pleased with the statement of policy of the Bank for International Settlements with regard to aiding long-term borrowing and sees other signs of improvement in the foreign situation, though it considers the market for foreign bonds too dear to permit much borrowing at this time. Expansion of foreign loans will doubtless be a slow process.

The steel industry continues to improve. The operating rate is now estimated at 56 per cent. of capacity, and if the rate of gain during the past three months continues, the industry should be on a 75 per cent. basis by late spring. Prices are still unsatisfactory, and the mills are finding it difficult to cover their dividends. United States Steel Corporation has not earned its common stock dividend in the first quarter. Unfilled orders dropped 167,000 tons last month, but under the prevailing practice of hand-to-mouth ordering that is of no great significance other than indicating the confidence of consumers that no early price advances are likely. The industry regards orders as merely obligations of the mills to supply steel, but not of consumers to take it unless and until specifications are submitted. Steel ingot production last month rose 15 per cent. over January. The current rate is from 50 to 60 per cent. higher than that of last December.

In the motor industry there is also a more cheerful feeling, but progress is slow. General Motors Corporation has probably not covered its dividend in the first quarter. The copper industry is dull, and stocks of refined metal were almost stationary last month. Conditions are, if anything, growing worse in the oil industry. Production from the new East Texas fields is weakening prices, and the vast amount of shut-in production is a constant menace. A voluntary agreement for the reduction of imports has been reached among the leading oil-importing companies at the behest of the Government, legislation to that end having failed to pass the last Congress. No great good is hoped for, and efforts to bring about smaller imports were made to appease the popular clamour in the southwest. This country's exports of crude and refined oils is greatly in excess of imports, and reduction of imports will probably only divert Central and South American oil to foreign markets now reached by oil produced in this country. Moreover, the total imports are negligible in comparison with domestic production, actual and potential.

Preparations to meet quarterly tax payments on March 16th and to meet the Treasury's \$1,517,000,000 refunding and new borrowing programme have eased the money market, after some stiffness a few days ago, when call money ran up to 2 per cent., for the first time since January 2nd. Time rates, which had risen ½ per cent., also came down. Banks have tried to lend greater sums by allowing their reserves at the Federal Reserve Bank to run off, expecting to replenish them next week when the Treasury will have an overdraft of \$200,000,000 or so. Tax collections will, in all probability, be much smaller than a year ago, though the sum paid in during March will be increased by the tendency of those with smaller payments to meet it all at once. Under the law, payments may be made in four instalments on the quarterly tax dates. Total Treasury allotments on its recent offers

were \$1,517,000,000, or \$117,000,000 more than the original offer.

Bank profits this quarter have shown a gratifying rise over the closing months of 1930. Thanks largely to the reduction in clearing house interest rates on deposit money, the banks have been able to make something even at the low rate prevailing for customers' loans and security loans.

Commodity markets are a trifle firmer, and recent rains throughout the country have improved the prospect for farm crops. This has tended to deflate somewhat the political unrest of the interior. Threats by radical members of the Congress to force a special session this summer are not at the moment taken seriously.

FRANCE.

Budget — Revenue — Foreign Trade — Coal Industry — Proposed Increase in Coal Import Duty.

(FROM OUR CORRESPONDENT.)

PARIS, March 25.

THE Senate is making excellent progress with the Budget and setting an admirable example to the Lower House by cutting oratory to the lowest limits, while at the same time thoroughly exercising its constitutional rights to limit proposed expenditure to what is absolutely necessary. M. Abel Gardey, who now occupies the responsible post of Budget Rapporteur, so long held by M. Chéron, shows in his general report that the Senate Finance Commission's recommendations, if adopted, will have the following results taking the Budget as a whole:—

	Voted by Chamber. Francs.	Proposed by Commission. Francs.
Estimated Expenditure	50,742,081,650	50,464,651,491
Estimated Revenue	50,753,631,435	50,648,057,937
Estimated Surplus	11,549,785	183,406,446

The Chamber, in dealing with the Budget proposals submitted by the Government, increased the original expenditure proposed by 596,795,261 francs. The Senate Finance Commission proposes reductions of this extra expenditure by a total of 277,500,000 francs. Of this total, 146,000,000 francs represents proposed cutting down of increased expenditure voted by the Chamber in connection with the departmental Budgets for the War Office (29,500,000 francs), Navy (32,160,000 francs), Air Force (20,560,000 francs), Colonial Defences (25,600,000 francs) and Pensions (38,000,000 francs). The Senate has rejected the Chamber's proposal to annul last year's reduction by 50 per cent. of the tax on Bourse operations for the account. The Senate considers that the replacement of the tax at its former level would be a retrograde step and could only prove harmful to the development of the Paris financial market. The Ministry, although M. Laval did not make the question one of confidence, when the vote was taken in the Chamber, has already expressed doubts as to the advisability of the reimposition of the full rate of these Bourse taxes, and the action of the Senate is regarded as likely to result in the impost being left where it is.

The revenue returns for February—which, with March, is always one of the leanest months of the year—furnishes certain encouraging signs of the economic situation of the country, notwithstanding the general depression. Treasury receipts from all sources totalled 2,890,214,000 francs (against 2,993,903,000 francs in February, 1930, and 2,828,487,000 francs in 1929). This was 56,000,000 francs more than Budget estimates (against a drop of 136,000,000 francs in January), and only 168,500,000 francs below the yield in February last year, notwithstanding the large amount of taxation reduction since then. With the exceptions of Customs (which produced £97,000,000 francs more than in February, 1930),

motor spirit, colonial fruit and vanilla duties, the whole of the "indirect" list showed a decline on the corresponding month last year. The yield from the various turnover taxes was 15 per cent. down, partly due to falling prices and partly to slight reductions in the scale of this impost. Taxes on securities produced 18 per cent. less, while those on Bourse operations (which were reduced last year by 50 per cent., so far as dealings for the account are concerned, in the hope that this would lead to a large increase in international transactions) showed a decline of over 60 per cent. The tax on motor-cars, which was also reduced last April, yielded 7,111,000 francs (or 12 per cent.) more than in February last year. Amusement taxes produced 13 per cent. less, taxes on railway transport 7 per cent. less, and those on transport by water 14 per cent. less. The yield from the sugar taxes, which were substantially lowered over a year ago, was, in February, 39 per cent. more than in the corresponding month last year.

The foreign trade returns for February show appreciable increases on the month in both exports and imports, but indicate that the month's exchanges resulted in a still larger adverse balance than that represented by the new high record figure set up in January. Total exports amounted to 2,757,331,000 francs, against 4,034,704,000 francs in February, 1930, and imports to 4,064,872,000 francs, against 4,813,172,000 francs. Raw materials formed over 80 per cent. of both exports and imports. Imports of foodstuffs were 186,195 tons (262,719,000 francs), or nearly 40 per cent. larger than in February last year, owing to the disappointing French wheat crop in 1930, while exports of French foodstuffs were, for quite different reasons, about 50 per cent. smaller. The heaviest drop in exports was in manufactured goods, which were 769,741,000 francs, or over 30 per cent. less than in February, 1930.

Coal imports during January and February declined from 5,864,310 tons to 4,757,459 tons. The coal situation here is now the subject of close examination. Following their efforts to induce the miners to agree to a cut in wages, in view of the present difficulties of the industry, the coalowners in the Northern field on Friday affixed notices at all their pitheads announcing a lowering of wages equivalent to 10 per cent. of the premium rates paid, which corresponds to a cut of 8 per cent. in the total wage, one-half of this reduction to come into effect last Sunday and the balance on May 1. The standard wage hitherto for skilled miners at the coal face has been 43 francs 75 centimes per day, which, under the cut proposed, would be reduced to 40 francs 25 centimes. The coalowners' notices were posted immediately after the confirmation by the Miners' National Council of their intention to call a general coal strike for the end of March. M. Pierre Laval, the Premier, in his capacity as Minister of Labour, is keeping in close touch with both the coalowners and the miners' representatives, and, apparently, no effort is being spared to arrive at an agreement without a conflict.

Meanwhile, a movement is in progress to excite public opinion in favour of a substantial increase in the present import duties on foreign coal. The present impost is based on a tax of 1 franc 20 centimes pre-war which was established under the Second Empire, in 1860. To-day this tax is represented by one of 2 francs paper, which is substantially lower than the original rate. The French revenue authorities also levy a second tax of 2 francs 50 centimes paper per ton on imported coal. This corresponds to the production tax which is also imposed on all French native coal, and so is not recognised as a hardship on importers. It is pointed out that British coal exports to France have increased from a shade over 9,000,000 tons in 1927 to 13,500,000 tons in 1930; Belgian from 2,397,000 tons to 3,551,000 tons, and Dutch from 653,000 tons to 1,545,000 tons, while Poland is now sending in nearly 800,000 tons a year. Export bounties, preferential railway rates and other forms of dumping, it is alleged, place practically all foreign importers in a position to fix their selling prices at figures with which the French mines cannot compete. An increase of the import duty from 2 francs a ton to 6 francs is being called for.

GERMANY.

Austro-German Agreement — Bank Results — German Banks in South America.

(FROM OUR CORRESPONDENT.)

BERLIN, March 25.

FOR Germany, as well as for the rest of Europe, the sensation of the week has been provided by the preliminary agreement between Austria and Germany, having, as its ultimate object, the conclusion of a Customs union. The announcement came no less as a surprise to Germany than to the rest of the world, for the secret had been carefully kept to the last moment.

The signature and publication of the agreement at this precise moment is due to the collapse of the Tariff Truce Conference at Geneva, and the impending assembly of the preparatory conference for European Union in Paris. The agreement has, however, been in preparation for a long time, for it has its origin in M. Briand's conception of a European Union and in the recommendation of regional agreements which arose out of his proposal. Neither Berlin nor Vienna fails to realise that an Austro-German Customs union has an important bearing on high politics, but what that bearing is to be depends on the attitude of the other European Powers. It depends upon them whether the agreement is to be only the first step towards a reform of European commercial politics or whether it is to remain a matter of the private relations between Austria and Germany.

The legal position of the contracting States seems unassailable. Careful consideration was, of course, given in Vienna, in drawing up the agreement, to the provisions of existing treaties. Not only the peace treaties of Versailles and St. Germain are relevant, but, as far as Austria is concerned, the Geneva Protocol of 1922, which does not, however, concern Germany. Austria adheres to the point of view which she took up in 1922, that the Geneva Protocol does not in any way add to her obligations under the Peace Treaty. Elsewhere, especially in Prague, this attitude is contested. It is true that the Geneva Protocol, which established the League reconstruction programme for Austria was also directed against a scheme for Customs union, but the clause was at that time aimed not at Germany, but at Italy. In the desperate circumstances of the summer of 1922, Austria had been negotiating with Italy on the questions of a customs and currency union, and it was principally the British protest which led to the abandonment of this plan and to the transfer of the reconstruction measures to Geneva.

The difference, however, between the Italian plan of 1922 and the plan for an Austro-German Customs union is juristically of very great importance. The 1922 proposal involved a complete absorption of Austria into the Italian economic system, whereas the Austro-German Customs union would be a contract between two independent sovereign states which would give up none of their independence, and which propose to emphasise this fact by limiting the term of the treaty and providing for denunciation at relatively short notice. Moreover, it is well known that Germany and Austria have invited all European States to join them in the treaty, and the offer is meant perfectly seriously. The invitation is of greatest immediate importance to the agricultural states of South-east Europe, Hungary, Roumania and Yugoslavia. Roumania and Yugoslavia had already, some months ago, formed an alliance for commercial policy, aiming at preferential treaties with Central and Western Europe. On the other side has been formed a Northern bloc, including Holland and Belgium, to which the free trade tendency latent in the Austro-German Customs union can only be welcome. England's decisions in the matter of commercial policy are now anxiously awaited, but the great question is whether and how far the other States will allow their attitude in a matter of commercial policy to be determined by political motives.

Whereas the principal German banks all maintained their dividends for 1929 unchanged, the only reduction

being that from 10 to 8 per cent. by Adca, they have made the following substantial reductions in their dividends for 1930:—

	1929.	1930.		1929.	1930.
D. D. Bank	10	8	Berliner Handelsgesellschaft	12	8
Dresdner Bank	10	6	Reichscreditgesellschaft	8	7
Danat Bank	12	8	Barmer Bankverein	10	8
Commerz Bank	11	7	Adca. Leipzig	8	5

The 4 per cent. reduction in the dividends of the big banks was made by unanimous agreement. Profits were already substantially down in 1929, and losses on outstanding debts had in part to be met from the hidden reserves. In 1930 the profits of normal banking business did not decline very much, but further losses from bad debts had to be written off. The collapse of Stock Exchange prices had a still more serious effect in 1930. All the German banks hold very large quantities of shares of industrial companies with which they have relations, and they have been obliged in addition, during the last two years, to make further purchases in order to support the Stock Exchange. The share index of the Berlin Bourse fell 25 per cent. in 1930 and the banks had to write down the book value of their shares correspondingly. This reduced the current profits of the D. banks by amounts far exceeding Rm. 10 millions. In the case of the D.D. Bank, which is the largest, there was in addition to heavy internal writings off, a special writing-down of securities to the amount of Rm. 21½ millions, whereas the dividend now distributed only amounts to Rm. 17 millions.

In consequence of the general economic crisis and the fall in Stock Exchange values the shares of the large banks also have been sold heavily during the last few months. The D.D. Bank has made use of these sales to reduce its capital to Rm. 250 millions by the purchase of Rm. 35 million shares. The fusion of the Deutsche Bank and the Diskontogesellschaft in September, 1929, could only be effected by a simple addition of their capitals, which raised the total capital to Rs. 285 millions. The D.D. Bank shares then stood at 160; the fall in quotations made possible the purchase of its own shares last month at 115½. This purchase at a premium of 15½ means a small loss to the reserves, but it reduces as from next year the amount of capital on which dividend has to be paid. The capital and reserves now become Rm. 410 millions, which still amounts to 10 per cent. of the item "creditors," a more than adequate proportion. The fusion proved very favourable during 1930 and the expenses of the bank were reduced from Rm. 156 to 134 millions.

The German banks operating in South America have also had to reduce their dividends, principally on account of losses due to the depreciation of the Argentine and Brazil exchanges. The Deutsch-Überseeische Bank, an offspring of the D.D. Bank with a capital of Rm. 36 millions, is paying 5 per cent. for 1930, against 7 per cent. in the preceding year. The Deutsch-Südamerikanische Bank, which is connected with the Dresdner and Danat Banks, is paying 4 per cent., against 6 per cent. last year, on a capital of Rm. 20 millions. These distributions were both very conservative, as in view of the uncertainty of conditions in South America the bank's chief concern was to build up their dividends.

DENMARK.

Agricultural Exports — Industrial Reports for 1930 — Banks — Shipping — Foreign Trade.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, March 22.

THE decline of prices is still continuing in Denmark, although not quite so rapidly as in certain periods of last year. From December, 1930, to February, 1931, the Danish wholesale price index fell from 120 to 117; and export goods, especially agricultural products, showed

the most marked decline in price. In consequence, the agricultural situation is not very satisfactory. Selling prices, especially for export, have declined substantially, while the cost of production has only been slightly reduced. In spite of this, production of butter, bacon and eggs continues to capacity, partly under the stimulus of the very low prices of grain.

The weakened purchasing power of the farmers has reacted upon some sections of industry, which have their main sale in the home market. At the same time, the export industries have experienced increasing difficulties on the world markets. The industrial employment figures, therefore, show a somewhat lower percentage than last year, and the number of unemployed at the end of February was 71,000.

Most branches of Danish industry did not feel the adverse conditions until towards the end of 1930, and the majority of industrial companies are paying their shareholders the same dividend as last year, even though profits, according to the accounts, are somewhat lower for 1930 than for 1929. The most extensive industrial concern of the country, Burmeister and Wain, engineers and shipbuilders, is paying 8 per cent., or the same as last year, but the working profits amount only to about Kr. 5,250,000, against Kr. 7,000,000 a year ago. The Danish Ford Motor Company has paid 10 per cent. (unchanged), and Nordiske Kabel and Traadfabrikker has actually increased its dividend from 7 to 8 per cent., while on the other hand the Nordisk Fjerfabrik has reduced its dividend from 10 to 7 per cent. That the earning power of industry is much below what it was last year is evident. Much now depends upon the possibility of avoiding the labour conflict foreshadowed by the notice of extensive lock-outs on the part of the employers.

The Danish banks have had a fair year in 1930, though profits, especially for the leading banks, have not reached last year's figures. In spite of this, they have declared the same dividends as for last year: Landmandsbanken 5 per cent., Privatbanken 6 per cent., and Handelsbanken 8 per cent. The shipping companies, on the other hand, have, generally speaking, shown very poor results. Many companies have not earned a profit at all and are unable to pay a dividend; others have reduced their dividends very much. An exception to this is the most important shipping concern in the country, the United Steamship Company, which is principally based on a liner trade. Although profits are somewhat below those for last year, the dividend paid is unchanged at 6 per cent.

Foreign trade in 1930 and in January, 1931, was as follows:—

	In million kroner	1930.	January, 1931.
Imports	1,727	126	
Exports	1,610	117	
Excess of imports	117	9	

Danish purchases in Great Britain and Ireland in 1930 amounted to Kr. 251,000,000, against exports to those countries of Kr. 946,000,000.

JUGOSLAVIA.

Industry — Foreign Trade — Unemployment — Money.

(FROM OUR CORRESPONDENT.)

BELGRADE, March 21.

THE annual reports of the various industries of Yugoslavia make anything but cheerful reading. Only the electrical and textile industries have escaped the depression, and even the textile industry encountered difficulties in placing its products towards the close of the year. On the whole, industries working for the home market have fared better than those manufacturing for export, since the latter are much more liable to sudden fluctuations and severe competition. The crisis is particularly acute in timber, the largest industry of the country, where almost a score of the bigger enterprises had either to close down or else reduce output by half, while nearly one hundred sawmills

have ceased work entirely. Almost equally poor are the reports of the sugar, alcohol, milling, cement, leather, paper, heavy metallurgical, starch and oil industries; while glass and artificial fertilisers are only slightly better, the former having been able to export to Turkey and the latter to South America.

Commerce is equally depressed, and here also the slump is greater in foreign than in home trade. In foreign trade a deficit of 180 million dinars in 1930 contrasts with a surplus of 327 millions in 1929. The figures read:—

IMPORTS.			
	Tons.	Mill. dinars (Paper).	Mill. dinars (Gold).
1929	1,671,521	7,594.7	693.0
1930	1,518,583	6,960.1	635.1
Decrease ...	9.45%	8.36%	
EXPORTS.			
	Tons.	Mill. dinars (Paper).	Mill. dinars (Gold).
1929	5,329,866	7,921.7	722.8
1930	4,733,223	6,780.0	618.6
Decrease ...	11.19%	14.41%	

That trade has not yet reached its ebb is evident from the January figures, which read: Imports, 410; exports, 384 million dinars; as against 560 and 616 millions respectively in 1930.

That, in such conditions, Yugoslavia does not show any greater increase in her unemployment figures is entirely due to her agricultural character, as most of the labourers, except in the more skilled industries, are recruited from the peasantry, who drift to the towns after harvest in search of seasonal employment. When unable to find work in the towns they remain on the farms and do not appear in the official figures, but their enforced idleness contributes to the depression, as it entails expenditure of capital, a reduced standard of life, a curtailment of purchases of goods from the towns, and postponement of investment in land improvement. It is argued by economists that if employment could be found for this vast potential labour army, and the circulation of money thus quickened, much would be done to ease the crisis itself. This, they point out, should not be impossible in a relatively undeveloped country, in which as much as 2,000,000,000 dinars (£7,000,000) of home capital lies idle, especially as this money, obtainable at present in business only at 8-12 per cent., is bound to cheapen because of its own pressure, as well as the pressure of cheap international unemployed capital.

The financial trend has recently been in the direction of cheaper credit. The Privileged Agrarian Bank alone has placed 757 million dinars (£2,700,000) in the country at from 8 to 10 per cent., and much of this has been used for the conversion of peasant debts to country banks and usurers (often identical) concluded at 24 per cent. As the Bank has another 600 millions to dispose of by the end of the year, and since the total peasant debts are estimated at 3,000 to 4,000 million dinars (£11-14 millions) the problem, if not entirely solved, will be lightened by at least one-third. It is hoped that, later on, the Bank may be able to place mortgage bonds abroad, and thus extend its sphere of activity still further. Moreover, as the State has foregone the 4 million dinars due to it as dividend from its shares in the bank, the latter has decided to lower its rate of interest to co-operatives from 8 to 7 per cent. The State Mortgage Bank has followed suit by reducing its rate also from 9 to 8 per cent. on mortgages, and from 8 to 7½ per cent. on bills, while relaxing at the same time the terms of repayment. Finally, the National Bank has lowered its discount rate from 6 to 5½ per cent., though even at this rate much of its credit lies unused. Similarly, several of the larger private banks have begun to place money in municipal loans, of which the recent loan of the First Croatian Savings Bank to the Dubrovnik Municipality, viz., 40 million dinars (rate of issue 95, interest 8 per cent.), is the most conspicuous. Thus money is gradually becoming more abundant and cheaper, though neither the rate nor the amount is sufficient to augur a speedy lifting of the depression. It is expected, however, that the proposed new bank law, once it comes into force, may also contribute towards cheaper credit, since it is directed against small local banks with high rates of interest and favours amalgamations.

CANADA.

Weather — Business — Agricultural Prospects — Embargoes — Foreign Trade — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, March 10.

HOPES of an early spring for Eastern Canada faded last week-end in face of the first heavy blizzard of the winter. It did considerable damage, but the snowfall was very welcome to the farmers, as there had been a scarcity of water in many places and the ground was too dry for proper spring cultivation. General business remains in an unsatisfactory condition, with the economic depression in the West still a deterrent to any upward movement. The February business review of the Bureau of Statistics gives the following weighted indices for the physical volume of business for January in Canada (1919-24 = 100), corrected, where necessary, for seasonal variation:—

	January, 1930.	December, 1930.	January, 1931.
Forestry	198.8	162.0	153.6
Mining	187.4	149.8	139.5
Construction	420.0	154.0	246.0
Manufacturing	151.3	127.8	124.0
Employment in trade	137.2	144.4	126.5
Imports	156.0	118.4	115.8
Exports	111.0	82.2	83.8
Carloadings	120.6	92.4	103.1
Shares traded	390.1	210.5	149.1
Bank debits	146.1	117.5	130.1

It is claimed that the protectionist policies of the Bennett Ministry are beginning to show results in increased industrial activity. As the result of the change in motor duties several American corporations are taking steps to establish Canadian branches, and a Quebec company announces that, during 1930, 21 new industries came into operation in the province of Quebec. The latest employment index of the Bureau of Statistics for the beginning of February hardly bears out these claims; with the base 1926 = 100, the index is 100.7, as compared with 101.7 on January 1, and 111.6 a year ago.

Reports from the West continue to be very gloomy, and the relief measures of the Governments are entailing a heavy expenditure. However, the Federal Government has decided to make generous loans for seed grain, and the plans of Mr Beatty's Agricultural Credit Corporation are taking practical shape. Meanwhile the Western farmers are being deluged with exhortations against any concerted attempt to cut their wheat acreage. Of their own accord they have been turning more to mixed farming and feeding their grain to stock. It is forecast that before summer there will be an increase of 300 per cent. in the hog production of Saskatchewan alone, but the problem of marketing the finished product remains to be solved. It was recently discovered that the Danish co-operative bacon factories were able to offer bacon in Montreal, after paying a duty of 1½ cents per pound, at a price of less than 29 cents per pound; and the Bennett Ministry, on the excuse that foot-and-mouth disease was prevalent in Denmark, promptly imposed an embargo upon imports of Danish bacon. But it is clear that, if such a measure is necessary to check Danish competition in the Canadian market, there can be little hope of meeting it successfully in the British and other European markets.

There has also been a rapid increase in butter production, amounting in some of the prairie provinces to more than 60 per cent. in the last four months, and it is predicted that once the spring pastures are available for milch cows, the price of butter, which is now 30 cents, will slide down to an export basis of not much above 20 cents per pound and falsify the hopes raised for the Canadian dairy farmers that the heavy duties imposed upon New Zealand butter would improve prices. The cattle industry has also been disastrously affected by the Smoot-Hawley tariff, and in 1930 the exports of live cattle to the United States declined to 20,000, as compared with a peak of 160,000 head a few years ago. Some trial shipments of Canadian cattle to Britain have realised for the exporters just about the same price as they would have netted in the local markets, and they

claim that the new regulations of the British Ministry of Agriculture, which insist upon better accommodation on shipboard for cattle, will cause a rise in cattle freight rates and wipe out any prospect of a profitable revival of an export trade in cattle to Britain.

Mr Julian Piggott, representing British steel interests, is at present in Canada holding conferences with the Canadian steel manufacturers and the Bennett Government for the purpose of exploring schemes for a plan of Imperial rationalisation in the steel industry. He is reported to be encountering a sympathetic reception for his proposals. Negotiations for the stabilisation of the newsprint industry through a gigantic merger are still proceeding, and the mining industry is receiving a welcome stimulus from the recent advances in the prices of silver, copper and other minerals, but until the problem of an adequate market for the prairie farmers is solved there can be no revival of general prosperity.

The Federal Parliament meets on March 12th, and a lively and highly controversial session is anticipated. The portents still indicate that the Bennett Ministry is going ahead with an upward revision of the tariff, which the Liberals and Progressives will strenuously resist. The Budget problem is still the Government's paramount difficulty, for the fall in revenue continued in February and the total receipts for the first eleven months of the fiscal year, placed at 322½ million dollars, show a decline of 79 millions as compared with the parallel period of the previous year, and in the same period expenditure has mounted by 21 million dollars. There is, therefore, already a deficit of 100 million dollars in sight, and it is understood that the Government, having found that the idea of a turnover tax is unpopular with the business community, is now contemplating an all-round increase in the sales tax.

INDIA.

Budget — Import Duties — Military Expenditure.

(FROM OUR CORRESPONDENT.)

CALCUTTA, March 8.

THE fact that this year's Indian Budget was followed so closely by the announcement of the Irwin-Gandhi agreement had two important consequences. Public attention was diverted sharply from financial to political problems, and such criticism as was forthcoming was softened by the expectation that the cessation of political strife will yield economic compensations offsetting to no slight extent the new taxation imposed. Compared with the reappearance in the sky of the sun of political co-operation, so long obscured by the stormy atmosphere created by the civil disobedience movement, the new fiscal burden seems a very small cloud indeed, casting too insignificant a shadow to arouse much perturbation. It is also realised that all countries are suffering alike, and that, apart from the special losses traceable to political unrest, India has no reason to complain. So far as this country is concerned, as the Finance Member maintained, "the fundamental position is still sound," and a year of political tranquillity and gradually reviving trade should render it still sounder.

It is felt, however, in some quarters that, at a time when Indian cultivators have been hit so hard by the world fall in prices, fiscal measures calculated to raise the price-level of the articles they have to buy, whether manufactured locally or imported, cannot be regarded as well-timed. For example, in the ten months ended January, shipments of raw jute totalled only 518,000 tons, against over 704,411 in the corresponding period last year, realising only 11½ crores against over 24 crores on the larger shipments in the previous year. When the growers of the staple exports of Bengal are thus obtaining only about half the prices paid for their produce a year ago, it does not seem opportune to force them to pay higher prices for cotton piece-goods and other necessities. Only a few weeks ago, under the guise of a protective duty, the Government of India also

imposed a very high tariff on galvanised sheets, which are purchased by these same cultivators. As against the lower value of exports of raw cotton, which yielded 13 crores less than last year on the same tonnage shipped in the ten months ended January, the Finance Member pointed to the increasing world demand for Indian cotton and emphasised that the continuance of this demand depends almost entirely on Indian cotton remaining at its present very low price-level. As an illustration of expanding demand he stated that the Lancashire Cotton Corporation hope shortly to be taking up more than 4,000 bales a week and eventually more than double the quantity. In what way the Lancashire Cotton Corporation will be encouraged to pursue this policy by imposing ever-rising tariffs on Lancashire cotton goods entering India Sir George Schuster did not explain. He emphasised, however, that it was partly in order to keep the price of Indian raw cotton low that the Government refused all assistance to measures designed to maintain prices on an artificially high basis.

It is difficult to understand why, while the Government co-operate in depressing the price of the raw material, they join in assisting the cotton mill-owners to force the prices of piece-goods to progressively higher levels. It is true that the new duty on piece-goods is imposed nominally for revenue purposes, just as the higher duty on galvanised sheets was imposed nominally to assist the Tara Steel Company, although the latter's output is only 25,000 tons maximum against 300,000 tons imported. On the other hand, the Finance Member, while claiming to have distributed fairly the burdens which it is necessary to impose, takes credit for having so manipulated the tariff that the new imposts "may have results not unpropitious for the development of Indian industry." The Congress boycott helped to reduce the imports of Lancashire piece-goods; the new taxation, imposed in two succeeding years, will help to consolidate the situation thus created.

In Calcutta, the European commercial community criticise the Budget as definitely and deliberately anti-European, the criticism being based upon the fact that it is only the European community who pay anything approaching their fair proportion of the income and super-taxes. It is not denied that the yield of these taxes is substantially below the appropriate sum owing to widespread evasion in the Indian community; but to prevent such evasion is not easy and consequently the Government have fallen back on the expedient of raising the rate, thus imposing additional burdens on that part of the community which is honest enough to meet its commitments. Many of the import duties also affect commodities consumed chiefly by the European community. In present conditions the probable effect will be to reduce consumption.

The reduction in military expenditure was not unexpected, for recently the actual outlay of the Army Departments has fallen appreciably below Budget allotments. Further reductions, however, will be necessary in order to give substantial financial relief, and the extent of these will depend upon the decisions reached concerning the future composition of the forces in India and the pace of Indianisation.

It is possible, in view of the fact that the formulation of the Budget programme preceded the completion of the Irwin-Gandhi agreement, that the Finance Member has under-estimated the probable yield of the old taxes, and over-estimated the need of additional sources of revenue. The range of possible improvement in the financial and economic situation in the year 1931-32 may be measured by the losses traceable directly to the incidence of the civil disobedience movement in 1930-31, as detailed in the Finance Member's speech. In that event, the year's operation may yield a fairly substantial surplus, provided that political and commercial conditions reveal the progressive improvement now hoped for. The Finance Member has alluded to some of the new taxes as temporary, but previous experience of similar assurances predisposes to scepticism on this point. It is much more probable that, at a later stage, still further taxation will be imposed in order to reinforce Provincial revenues.

Letters to the Editor.

FIXED TRUSTS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have read with great interest your very excellent article on "Fixed Trusts" and fully agree with your adverse criticisms. But there is one point which, I think, you have to some extent overlooked.

You explain fully how the offered price of a Fixed Trust unit is calculated on the offered price of the components, plus commissions, issue charge, service charge, etc.; and you further state that the sponsors maintain a bid price for the trust units half a point below the current offered price. But all the above is on the assumption that the Fixed Trust is continuing to grow and is therefore continually having to buy components. When the Fixed Trust ceases to grow (which will probably be at the very time when the investor may wish to sell) the bid price, although it may still remain at half a point below the then offered price, will have to be calculated on a totally different and lower basis. This will be on the bid price of the various components less the various selling expenses, and will not include the various special expenses, such as service charge of 5 per cent. and the issuing charge of 18 cents per share, which is now included in the offered price.

Incidentally, have you realised that the present bid price of half a point below the offered price of, say, \$7 represents approximately a 7 per cent. "turn," as against a "turn" of about ½ per cent. to 1 per cent. one probably expects on the shares of the component companies?—Yours faithfully,

London, E.C. 3.

LONDON BROKER.

March 24, 1931.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Your valuable article in the *Economist* of March 21, 1931, gives a very fair presentation of this class of investment. It might perhaps be pointed out that, although the loading charge of these fixed trusts is heavy, it is a non-recurring expense and represents only about ¼ of 1 per cent. for the period during which the trust operates.

The collection and cashing of coupons and rights in dollar securities is a tedious and costly matter for the small British investor who is anxious to spread his risk, but who cannot face the tedium and expense of encashing dividend coupons, bonuses, rights, etc., in twenty-eight companies. Your comparison of a list of leading British undertakings with the giant corporations of the U.S.A. is a little misleading. The fortunes of British industrial concerns ebb and flow, and are subject to greater risks than can be the case with the great American concerns, many of which are virtual monopolists in their own field. Such corporations are so bound up with the whole economic life of America that it is difficult to envisage their shrinkage or eventual disappearance. However, the warning you give in regard to jobbing backwards is opportune.—Yours faithfully,

W. TUDOR POLE.

61, St. James's Street, London, S.W.1.

March 25, 1931.

[The points raised in the two letters given above are dealt with in a "Note" on page 683.—Ed., *Econ.*]

Books and Publications.

A CONTRIBUTIVE SOCIETY.

THE main point which the author of this book* wishes to make is that the nature of any economic system ultimately depends on the human motives which keep it going. We can therefore only change the system if we can discover and bring into play hitherto neglected motives. The present system relies chiefly on self-interest (which Mr Bellerby with doubtful psychological accuracy subdivides into natural self-interest concerned with the satisfaction of bodily needs such as hunger, and acquired self-interest comprising such mental urges as love of power or notoriety). These, in turn, are reinforced by subsidiary motives (some of them non-self-regarding) and, above all, by force of habit.

Mr Bellerby goes on to show that while these motives serve, after a fashion, to keep the wheels going round,

* "A Contributive Society." By J. R. Bellerby. Education Services, Ltd. 1931. 7s. 6d.

they also introduce much grit into the machine. Accordingly he restates the familiar failings of an economic system that rests upon unrestrained acquisitiveness. To escape these failings he would have us explore the possibilities of what he has called the contributive society; by which we are to understand a world in which every citizen is moved chiefly to maximise his contribution to the common product; in which, in fact, people think more of what they can put into the pool and less of what they may get out of it. Such an attitude, Mr Bellerby holds, might be greatly developed by an educational system directed to that end. At present most schools are, at the best, concerned to encourage the individual child to develop his individual faculties. For one child even to help another with his homework is actually an offence. Only in sport are children encouraged to look to the result of their corporate activities. If in sport, why not also in class?

Mr Bellerby's reforming zeal, however, does not end with his plans for re-orientating the educational system. He even makes the startling suggestion that those who really believe in the possibilities of the contributive motive might band together to put those proposals into practice here and now, cherishing the hope that in the end they might leaven the whole lump. This proposal may be open to criticism on a hundred points of detail; but it is refreshingly courageous. That any reformer should in these days seriously propose to practise the social faith that he preaches is sufficiently remarkable; that an economist of recognised standing should be afraid neither to practise nor to preach is an event that his colleagues cannot afford to ignore. Mr Bellerby's book is a curious mixture of originality and commonplace, ranging over psychology, economics and educational philosophy without delving very deeply into any; but he deserves to be read at least for his evident sincerity and earnestness of purpose.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

India on the Brink. By A British-India Merchant. (London) P. S. King and Son, Ltd., Orchard House, Great Smith Street. 3s.

The author, who quotes liberally from the Simon Report, has produced a readable little book, well calculated to effect his purpose of acquainting those electors who have not time to read the Report for themselves with the essentials of the Indian problem.

Problems of Peace. Published for the Committee of the Geneva Institute of International Relations. (London) Oxford University Press, Warwick Square. 8s. 6d. net.

A most interesting collection of lectures by such leading experts in international affairs as Professor Gilbert Murray, Professor de Madariaga, M. André Siegfried, and Sir Andrew McFadyen.

Commerce Year Book, 1930. Vol. II. Foreign Countries. (Washington, D.C.). Superintendent of Documents. \$1.

One of the most important collections of world statistics. A very comprehensive section is devoted to each country, giving statistics of population, industry, trade, transport and finance, and there is also a valuable section devoted to comparative world statistics.

Government Control of Crude Rubber. By Charles R. Whittlesey. (London) Oxford University Press, Warwick Square.

An exceedingly full and well-documented account and discussion of the Stevenson Plan.

Regulation of Banks in India. By M. L. Tannan. (Bombay) D. B. Taraporevala, Sons and Company, "Kitab Mahal," Hornby Road. Re. 1.

A short discussion of the necessity and possible methods of bank regulation in India.

Towards Social Equality. By John A. Hobson. (London) Oxford University Press, Warwick Square. 2s. net.

An interesting lecture, given under the auspices of the L. T. Hobhouse Memorial Trust.

Soviet Dumping. By Edouard Luboff. With a Foreword by the Rt. Hon. Lord Newton. (London) Anglo-Russian Press Association, 82, Victoria Street. 1s. A plea for defensive measures.

Unitarismus und Föderalismus. By Dr. Fritz Kleiner. (Jena) Verlag von Gustav Fischer.

A short essay on federalism in Switzerland and the United States.

Les Relations entre Patrons et Ouvriers. By Eugène Schneider. (Paris) Imprimeries Renouard, 19, Rue des Saints-Pères.

Reprint of a lecture in which M. Schneider outlined a scheme of industrial relations designed to maintain in corporations the same opportunities for collaboration as were afforded by the old employer-employee relation.

La Guerre d'Aggression comme Problème de Droit International. By Prof. Uden.

L'Espagne, l'Homme et le Peuple. By Prof. Vossler.

Démocratie française et Démocratie allemande. By Prof. Vermeil.

(Paris) Publications de la Conciliation Internationale, 173, Boulevard Saint-Germain. 4 frs.

Three interesting essays.

Il Mercato del Cotone. By Giorgio Mortara. (Milan) Università Bocconi.

The cotton market survey in the "Prospettive Economiche" series.

Company Law. By Allan Walmsley. (London) Longmans, Green and Co., 39, Paternoster Row. 5s.

A conveniently small and concise handbook with a good index.

Statistics of the Affiliated National Organisations for 1928-29. (London) International Co-operative Alliance, 14, Great Smith Street.

A most valuable collection of statistics which affords a basis for comparison between the national co-operative societies of different countries.

Finland—A Nation of Co-operators. By Thorstein Odhe. Translated by John Downie. (London) Williams and Norgate, 38, Great Ormond Street. 3s. 6d. and 5s.

A study of co-operation in Finland.

International Labour Review, March, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

Includes an article by Mr H. B. Butler on "The Social Effects of the Economic Depression in North America."

"Fairplay's" Annual Summary of British Shipping. (London) "Fairplay," 51-56, Palmerston House, 51, Bishopsgate. 15s. net.

Contains lists of the directors, managers and principal shareholders of British shipping companies, with their balance sheets; tables of cargo-boat and liner earnings and of shipping share quotations; lists of shipbuilders, ship repairers, engineers and marine insurance companies, information on sales of vessels in 1930, and statistics of coal and oil prices in recent years.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Civil Estimates for the Year ending March 31, 1932: Class IV., Education. 1s. net; Class V., Health, Labour and Insurance. 1s. 6d. net; Class X., Exchequer Contributions to Local Revenues. 1d. net.

Memorandum on the Board of Education Estimates, 1931. Cmd. 3815. 6d. net.

Report of the Inspection Committee of Trustee Savings Banks for the Year ended November 20, 1930. 3d. net.

Empire Marketing Board: The Demand for Canned Fruits. 1s. net.

The Coming Rise in

GOLD SHARES

by L. L. S. Angus.
According to Mr. Angus, Gold shares offer higher yields, and better prospects of capital appreciation, than any other group of securities in time of trade depression. He applies the principles of his work *Investment* to an analysis of this section of the market.

SPECIALISED BUSINESS SERVICES, 10 Buckingham St., W.C.2. 5/- net.

The Stock Exchange.

THE LONDON TRANSPORT BILL AND THE INVESTOR.

IN spite of the strictures of M. Siegfried, Great Britain continues to show vitality and originality in the development of its political institutions. The constitution of the Central Electricity Board, in 1926, was a bold endeavour to co-ordinate private enterprise in an important sphere of economic activity, and to subject it to State control without loss of business management and efficiency. The main outlines of a second application of the same principle are embodied in the London Passenger Transport Bill, which obtained a second reading in the House of Commons on Monday last. With certain of the broader economic issues implicit in this measure we deal in an article on page 665. In the following paragraphs we propose to discuss a number of questions which have more particular relevance to the position of investors in the stocks of those companies coming within the purview of the Bill.

The measure proposes to set up a Board of five, appointed by the Minister of Transport after consultation with the Treasury, to take over the Underground group, the Metropolitan Railway, all the tramways and the independent omnibus undertakings operating in the London area. The Government does not intend to interfere in the commercial conduct of London passenger transport; it gives the Board a free hand. At the same time, it provides for the public ownership of the stocks and shares of the Underground group, the Metropolitan Railway and the 'bus companies, of which nearly £110 millions are issued. The main financial provisions of the Bill are summarised in a "Note" on page 684 of this issue.

It is not within the scope of this article to consider the possible objections to the Bill which may be voiced by the L.C.C. and other municipalities. We are concerned at this stage only with the privately owned railways and 'buses and the position of their debenture and preference stockholders on the one hand and of their equity stockholders on the other. In a letter to the Minister of Transport, Lord Ashfield, Chairman of the "Underground" group, has made it clear that the group do not quarrel with the principle of co-ordination embodied in the Bill, since they have themselves urged the desirability of complete fusion in the past. Incidentally, we may point out that many Underground developments of recent years have been financed at a low rate with Government assistance (by way of the Trade Facilities Acts) which could not be extended indefinitely to purely private interests. The Underground group have reserved the right to press for numerous changes in the details of the Bill on the Committee Stage.

On the whole, existing debenture and preference stockholders would appear to have little cause for apprehension. Apart from the Trade Facilities Stocks, which are specially treated, all fixed-interest stocks will be exchanged for the A and B stocks of the Transport Board—which will be trustee securities—on terms to be finally determined by the Arbitration Tribunal, whose impartiality should be above suspicion. There may, however, be some disappointment on the part of holders of the irredeemable debenture and preference stocks with the clause of the Bill which limits the term of stocks issued as "consideration" to 90 years, but this would appear to be unavoidable. Again, it is desirable that the Act, in its final form, should lay down clearly the position as regards, e.g., debentures which are to be redeemed at a premium at some future date. At present the Bill appears to make no provision for covering the premiums. The current prices of the fixed-interest stocks to be exchanged are shown in the next column, the irredeemable stocks being marked by an asterisk.

The equity stockholders of the Underground group, the Metropolitan Railway and the 'bus companies may be more critical of the Bill than the holders of the fixed

	Amount Outstanding.	Price.	Yield %†
TRADE FACILITIES STOCKS:			
Central London 4½% Red. Deb. 1942/72.....	458,000	99½	4 12 6
City and South London 4½% Red. 2nd Deb. 1942/72.....	6,519,000	99½	4 12 6
London Electric 4½% Red. 2nd Deb. 1942/72.....	5,606,000	99½	4 12 6
DEBENTURES:			
South Metropolitan Elec. Tram. and Light 4% Deb. 1940.....	128,291	76	7 16 3
*Central London 4% Deb.	926,000	84½	4 15 3
Central London 5% Red. Deb. 1985/95.....	850,000	104	4 16 11
*City and South London 4% Deb.	1,118,000	84	4 17 6
*London Electric 4% Deb.	5,236,000	84½	4 15 3
London Electric 5% Red. Deb. 1985/95.....	8,450,000	104	4 16 11
London General Omnibus 4½% Red. Deb.	2,311,256	96	4 13 9
London General Omnibus Co. 5% Ann. Income Deb. Stock.....	3,250,000	100½	4 19 3
London United Tramways 4% 1st Mtg. Red. Deb.	857,841	67	5 19 5
*Metropolitan 3½% Deb.	3,601,278	74	4 15 11
*Metropolitan 3½% "A".....	5,769,877	74	4 15 11
Metropolitan District 1903/5 4% Deb.	897,000	80	5 1 3
*Metropolitan District Perp. 4% Deb.	727,200	80	5 0 0
Metropolitan District 4% Prior Lien Deb. Red.	744,586	81	5 0 0
Metropolitan District 5% Deb. Stock 1933/43.....	1,500,000	101	5 0 0
*Metropolitan District 6% Perp. Deb.	1,211,625	118	5 3 0
Metropolitan Elec. Trams. 4½% Deb. Red.	297,282	85	5 6 0
Metropolitan Elec. Trams. 5% Deb. Red.	179,066	85½	5 17 0
RENT CHARGES AND GUARANTEED:			
Metrop. Dist. & London Electric Rly. Joint Power House 4% Rent Charge.....	3,850,000	81	5 0 0
*Metropolitan District 3% Consol. Rent Charge.....	2,116,666	61	5 0 0
*Metropolitan District 4% Midland Rent Charge.....	350,000	80	5 0 0
*Metropolitan District 4% Guaranteed Stock Tramways (M.E.T.) Omnibus Co. 4½% Guar. Red.	1,435,747	77½	5 3 3
	32,692	95	4 14 9
PREFERENCE STOCKS:			
*Central London Rly. 4½% Pref.	480,000	85	5 7 2
*City and South London 5% Pref. (1891, 1896, 1901, 1903).....	850,000	91	5 9 11
*London Electric 4% Pref.	3,173,670	74	5 8 0
London United Tramways 5% Pref.	962,841	3/6	Nil
*Metropolitan District 3½% Assented 1st Pref. Gced. by U.E. Rly.	537,351	71	4 18 6
*Metropolitan District 4½% Pref.	962,849	83	5 8 6
*Metropolitan 3½% and 3½% "A".....	4,842,567	67	5 4 6
Metropolitan 5% Pref.	1,100,000	92	5 8 8
Metropolitan 3½% Convert. Pref.	1,136,369	69½	5 1 3
Metropolitan Elec. Trams. 5% Cum. Pref.	800,000	10/-	Nil

† Allowing for accrued interest and redemption.

stocks. It will be observed that the basis for the transfer to the Board of the various undertakings is the existing capital obligations in the case of the local authorities and past earnings in the case of railways and the 'bus companies. This implies that in so far as money has been unwisely spent by local authorities on unremunerative tramways, the London Transport Board will have to carry the burden of redeeming lost capital. We refer to this question, and the possibility of the adoption of a more advantageous basis for the transfer of local authority undertakings, in an earlier article.

Criticism may also be directed towards the clause in the Bill requiring the Arbitration Tribunal to pay special regard to net profits for the three financial years prior to the passing of the Act and the probability that such profits would continue to be earned if the Act had not been passed. (Clause 11 (i).) Our reading of this clause is that the Arbitration Tribunal is not required to pay attention to the fact that future profits might be expected to be higher than present profits owing to skilful management, the automatic growth of London passenger transport, and the fructification of wisely planned schemes for the construction of new railways or other extensions and improvements. The recent capital expenditures of the Underground group, for example, should eventually give a return in excess of the fixed interest on the debentures issued, which would have gone to increase the equity of the common fund. This consideration has been entirely ignored in the Bill, as we read it.

The treatment of equity shareholders, indeed, involves innumerable difficult problems. What policy will be followed as regards undertakings which have not yet made profits, but are clearly destined to earn them in the

future? Is identical treatment to be meted out to companies which have under-distributed profits, put money consistently back into the business by way of "visible" and "invisible" reserves, and improved the physical condition of their undertakings, and companies which have divided each year's earnings up to the hilt? In the case of the Underground, should the criterion be the contribution made by various component companies to the "pool," or the share of the proceeds which each receives? The distinction is a vital one. The whole undertaking has been run as a joint enterprise, under an Act of Parliament, and if, for example, some traffic has been diverted of recent years from trains to 'buses, in the interest of the general undertaking, it would scarcely be equitable from the railway stockholders' point of view to assign the whole benefit of this policy, on a three-years' profit basis, to the 'buses alone.

Apart from these general criticisms, particular objections may be lodged against the Bill by individual groups whose undertakings are acquired. The Underground Electric Railways Company of London is a holding company, and will, in future, hold London Transport Stock in place of the stocks of the companies mentioned in the first schedule. The schedule to the Bill does not mention certain of the "associated companies," in particular, the Associated Equipment Company, manufacturers of London 'buses and commercial motor vehicles, although Clause 3 (3) (c) empowers the Board to manufacture rolling stock and vehicles.

With regard to the Metropolitan Railway, it must come as a surprise to readers that Schedule I, Part 2, of the Bill includes the acquisition of the "undertaking of its Surplus Lands Committee." The equity stockholders of the Metropolitan may reasonably ask what good purpose is served by the London Transport Board managing country estates in "Metroland" or the Chiltern Court block of flats over Baker Street Station.

As regards Thomas Tillings and Tilling and British Automobile Traction, Ltd., it appears that only the London portion of the vast Tilling and British Automobile Traction group is to be taken over. Clause 5 (2) (b) expressly limits the Board to take over such parts of the undertaking as consist "in the provision of services of stage carriages licensed under the Metropolitan Public Carriage Act, 1869," employed in maintaining regular services on approved routes. The same applies to the independent 'bus companies. The actual drawing of the line between the London services and those branching out of London into the country will not always be easy.

There has been no marked selling of the principal equity stocks of the Underground group, Metropolitan Railway or Thomas Tilling since the publication of the Bill, but a precautionary marking down of prices, except in the case of Tilling, has taken place:—

	March 11.	March 25.	Div.	Yield.
Underground Electric Rly. 23/- ex.	22/-	22/-	8	7.27
Metropolitan Rly. 56½ ex.	55½	55½	3½	6.34
Thomas Tilling 112/6 112/6	112/6	112/6	25*	4.44

*Plus cash bonus 50%

It is, of course, impossible to appraise the values of these equity stocks until the terms of exchange have been agreed upon or determined by the Arbitration Tribunal. Even so, it will be difficult, if not impossible, to estimate the future earning power of the Transport Board, which will depend not only on the combined receipts of the undertakings taken over, but on the economies effected, the greater efficiency secured by the co-ordination of traffic, the future scales of charges, and the general business ability displayed by the five "dictators."

THE "JOHNNIES" GROUP IN 1930.

(BY OUR MINING CORRESPONDENT.)

THERE is certainly ground for satisfaction in the fact that of the six Rand gold-mining subsidiaries of the Johannesburg Consolidated Investment Co., whose annual statements are now available, three show distinctly improved results, while a fourth has virtually maintained its position. An ample supply of native labour has been a contributory factor.

The adverse rumours recently current in regard to the Government A—they were associated with a fall in the price of the shares—prove to have had but a modicum of foundation. The tonnage and value of the ore reserves is virtually the same as that of twelve months ago. It has, however, to be recognised that a substantially increased development footage was performed. The payable percentage averaged 49, as against 56, the value being 14.8 dwts. over a channel width of 44 ins. in place of 12 dwts. over 42 ins. As its share of the profits the Union Government received £1,469,280.

The unexpectedly large increase in the distribution of the New State Areas arose from the favourable effects of growth in average yield as well as in tonnage milled; though costs were somewhat higher than before. The latter feature was chiefly due to the adoption of a policy of intensive sorting—which in some degree accounted for the former. The debenture liability has been reduced to £233,250, and will be entirely extinguished in about three years. Other things being equal, a further expansion in dividends should follow.

With the Van Ryn Deep, results were adversely affected by the decline in grade, which has been in progress for some years. The effect of a fresh diminution in both the quantity and value of the ore reserves must be faced. The consulting engineer states that not much development remains to be done on the main reef leader; results on the upper leaders were well maintained.

We append a five-year contrast of results:—

	Ore Crushed. Tons.	Results per Ton.			Working Profit.	Divs %	Ore Reserves.	
		Yield.	Costs.	Profit.			Tonnage.	Value Dwt
Govt. Areas—								
1926.....	2,239,000	38/7	16/4	22/3	£ 2,448,070	72½	11,384,000	8.9
1927.....	2,359,000	38/8	16/4	22/4	2,579,500	85	11,288,000	8.8
1928.....	2,383,500	38/9	16/7	22/2	2,539,700	90	10,973,000	8.9
1929.....	2,415,000	38/5	16/4	22/1	2,667,800	90	10,876,000	8.9
1930.....	2,438,000	38/9	16/6	22/3	2,711,390	90	10,840,000	8.9
Langlaagte Est.—								
1926.....	950,000	24/7	20/3	4/4	205,130	12½	1,548,000	6.5
1927.....	964,500	25/1	20/1	5/-	240,900	12½	1,559,000	6.9
1928.....	970,000	25/7	20/9	5/10	282,650	15	1,567,500	7.1
1929.....	968,500	27/6	21/1	6/5	311,830	15	1,596,000	7.4
1930.....	961,500	28/11	20/11	8/-	385,650	20	1,530,000	7.4
New State Areas—								
1926.....	889,000	35/3	20/7	14/8	653,100	15	2,621,500	8.8
1927.....	867,000	35/10	21/3	14/7	632,540	12½	2,726,000	8.6
1928.....	906,000	35/9	21/-	14/9	668,900	12½	2,678,000	8.7
1929.....	918,000	36/3	20/11	15/6	710,270	12½	2,696,000	8.9
1930.....	930,000	40/10	21/8	19/2	891,350	17½	2,716,000	8.9
Randfontein—								
1926.....	2,304,000	21/1	18/4	2/9	319,250	...	4,885,000	6.0
1927.....	2,401,000	20/6	17/11	2/7	313,410	...	4,387,000	5.8
1928.....	2,500,000	19/4	17/4	2/-	246,860	...	4,196,800	5.8
1929.....	2,328,000	20/1	18/2	2/-	246,700	...	4,505,000	5.8
1930.....	2,573,000	21/7	18/5	3/2	412,520	...	5,293,000	6.0
Van Ryn Deep—								
1926.....	818,900	31/1	16/5	14/8	600,850	45	3,479,000	7.5
1927.....	761,900	33/5	18/-	15/5	587,460	40	3,292,000	7.6
1928.....	759,000	33/9	19/4	14/5	545,860	40	3,110,700	7.4
1929.....	748,000	33/7	20/2	13/5	502,220	35	3,022,000	7.3
1930.....	771,000	32/10	20/10	12/-	463,520	30	2,854,000	7.0
Wit. Gold—								
1926.....	613,700	17/4	15/10	1/6	46,800	10	501,400	5.0
1927.....	575,400	19/-	18/-	1/-	28,720	7½	448,000	5.6
1928.....	630,000	17/11	17/6	-7/5	11,760	2½	404,000	5.2
1929.....	641,000	17/11	17/5	-7/6	15,350	2½	372,000	5.4
1930.....	659,500	18/9	17/6	1/2	37,950	10	391,000	5.5

As regards the companies whose properties are situated elsewhere than the Eastern Rand, special interest attaches to the position of Randfontein. The favourable expectations entertained in regard to the report of this company are not disappointed. The ore reserves display an expansion of nearly 800,000 tons; the value is also higher than before. The consulting engineer supplies confirmation of recent statements as to the flattening of the reef, adding "it would appear that a great proportion, if not all, of the main reef series on your property lies at a workable depth." By the drawing made on March 1st the debenture debt has been reduced to £202,000. This balance should be cleared off during the current year, thus opening the way for dividends. In the case of the Langlaagte the improvement in results arises from higher average yield. Much the same could be said of the Witwatersrand (Knights). The latter company reports a small improvement in the ore reserve position, but the mine obviously cannot last much longer.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.		Year 1931 Jan. 1 to Mar. 25 (Inclusive).		Name of Security.	Price Mar. 18, 1931.	Price Mar. 25, 1931.	Rise or Fall.	Present Yield.	Prices Year 1931 Mar. 25 (Inclusive).		Name of Security.	Price Mar. 18, 1931.	Price Mar. 25, 1931.	Rise or Fall.	Present Yield.	
High- est.	Low- est.	High- est.	Low- est.						High- est.	Low- est.						£ s. d.	£ s. d.
British Funds.																
59 1/2	52 1/2	58 1/2	54 1/2	Consols 2 1/2 %	57 1/2	56 1/2	—	4 8 6	53 1/2	52 1/2	£12	£10	In. Ry. Co. Am. No par	£13 1/2	£13 1/2	—
94 1/2	82 1/2	82 1/2	85 1/2	Consols 4 1/2 %	89 1/2	89 1/2	—	4 10 5	87 1/2	86 1/2	25	22	Leopoldina Ord. Stk.	25	22	0
83 1/2	74 1/2	74 1/2	76 1/2	Con. Loan 3 1/2 %	79 1/2	78 1/2	—	4 9 2	83 1/2	80 1/2	56	49	Do. 5 1/2 % Cum. Prt. Stk.	55 1/2	55 1/2	0
103 1/2	93 1/2	102 1/2	98 1/2	Do. 4 1/2 % 1944-45	101 1/2	101 1/2	—	4 11 0	97 1/2	95 1/2	42 1/2	40 1/2	Nitrate Ryds. (£10)	50 1/2	50 1/2	0
106 1/2	96 1/2	105 1/2	101 1/2	Do. 5 1/2 % 1944-45	101 1/2	101 1/2	—	4 12 9	101 1/2	99 1/2	21 1/2	20 1/2	Do. 5 1/2 % Cum. Prt. Stk.	20 1/2	20 1/2	0
106 1/2	96 1/2	102 1/2	100 1/2	Funding 4 1/2 % 1960-90	93 1/2	93 1/2	—	4 8 9	85 1/2	85 1/2	70 1/2	70 1/2	Salvador Ord. (£10)	70 1/2	70 1/2	0
103 1/2	103 1/2	103 1/2	101 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	—	4 0 0	198	130	149	135	San Paulo Ord. Stk.	137 1/2	146	8 1/2
103 1/2	103 1/2	103 1/2	101 1/2	Treasury 5 1/2 % 1933-35	102 1/2	102 1/2	—	3 16 0	80 1/2	65 1/2	42 1/2	42 1/2	Talita Ry. Ord. £5	45 1/2	45 1/2	8 1/2
97 1/2	91 1/2	97 1/2	91 1/2	Victory Bonds 4 1/2 %	94 1/2	95 1/2	+	4 5 0	26 1/2	4	7	4 1/2	Utd. Havana Ord. Stk.	5 1/2	5 1/2	—
105 1/2	100 1/2	104 1/2	102 1/2	War Loan 5 1/2 % 1929-47	104 1/2	104 1/2	—	4 16 0	—	—	—	—	—	—	—	—
69 1/2	61 1/2	68 1/2	64 1/2	Local Loans 3 1/2 %	65 1/2	66 1/2	—	4 10 11	17 1/2	14 1/2	16 1/2	14 1/2	Anglo-Internat. (£1)	15 1/2	15 1/2	4 0
49 1/2	40 1/2	46 1/2	43 1/2	India 2 1/2 %	42 1/2	42 1/2	—	5 17 9	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-Internat. (£1)	11 1/2	11 1/2	—
59 1/2	47 1/2	55 1/2	51 1/2	Do. 3 1/2 %	51 1/2	50 1/2	—	5 18 10	7 1/2	4 1/2	6 1/2	4 1/2	Anglo S. A. (£10) 5 p	5 1/2	5 1/2	+
68 1/2	55 1/2	64 1/2	55 1/2	Do. 4 1/2 %	60 1/2	58 1/2	—	5 19 8	26 1/2	23 1/2	25 1/2	22 1/2	American B. E. F. 1 p	24 1/2	25 1/2	+
90 1/2	78 1/2	86 1/2	77 1/2	Do. 4 1/2 % 1958-68	82 1/2	82 1/2	—	5 11 1	53 1/2	47 1/2	52 1/2	42 1/2	Bank of N. Zealand £1	47 1/2	47 1/2	—
106 1/2	100 1/2	106 1/2	102 1/2	Palatine 5 1/2 %	104 1/2	104 1/2	—	4 15 3	27 1/2	27 1/2	27 1/2	26 1/2	Bank of Rng. Stk.	26 1/2	26 1/2	+
109 1/2	104 1/2	109 1/2	106 1/2	Sudan 5 1/2 % Bonds	108 1/2	108 1/2	—	5 3 9	58 1/2	58 1/2	58 1/2	55 1/2	Barley B. (£1)	55 1/2	55 1/2	+
99 1/2	87 1/2	99 1/2	96 1/2	Uster 4 1/2 % 45-75	98 1/2	98 1/2	—	4 14 3	28 1/2	28 1/2	25 1/2	25 1/2	Bard. (Dom. &c) £1	26 1/2	26 1/2	—
Dom. & Colonial Govts.																
78 1/2	70 1/2	80 1/2	62 1/2	Australia 5 1/2 % 1945-75	78 1/2	70 1/2	-	7 8 0	69 1/2	56 1/2	63 1/2	58 1/2	Bk. of Montreai (£100)	£61 1/2	£61 1/2	+
94 1/2	82 1/2	96 1/2	91 1/2	Canada 4 1/2 % 1940-60	94 1/2	94 1/2	—	4 7 4	38 1/2	28 1/2	26 1/2	18 1/2	Bk. of N.S.W. (£20)	23 1/2	23 1/2	—
106 1/2	102 1/2	105 1/2	103 1/2	Ceylon 6 1/2 % 1935-51	104 1/2	104 1/2	—	5 8 0	54 1/2	54 1/2	54 1/2	54 1/2	Chud. Overseas £5	54 1/2	54 1/2	—
98 1/2	92 1/2	98 1/2	97 1/2	Gold Coast 4 1/2 % 1956-61	99 1/2	99 1/2	—	4 11 9	19 1/2	15 1/2	17 1/2	16 1/2	British India £5	17 1/2	16 1/2	+
105 1/2	101 1/2	104 1/2	102 1/2	Kenya 5 1/2 % 1948-58	103 1/2	103 1/2	—	4 16 5	14 1/2	14 1/2	14 1/2	13 1/2	Central Bank of India	15 1/2	15 1/2	—
105 1/2	101 1/2	104 1/2	102 1/2	Nigeria 5 1/2 % 1950-60	103 1/2	103 1/2	—	4 16 3	58 1/2	56 1/2	56 1/2	56 1/2	District A £5, £1 pd	61 1/2	61 1/2	—
92 1/2	70 1/2	72 1/2	50 1/2	N.S. Wales 5 1/2 % 35-55	67 1/2	63 1/2	-	8 14 3	42 1/2	37 1/2	42 1/2	38 1/2	Do. B. £1 fully paid	40 1/2	41 1/2	+
105 1/2	99 1/2	102 1/2	88 1/2	N. Zealand 5 1/2 % 1946-99	99 1/2	99 1/2	—	5 11 1	7 1/2	4 1/2	4 1/2	3 1/2	Eng. Scot. & Aust. £5, £5 p	4 1/2	4 1/2	—
92 1/2	70 1/2	80 1/2	57 1/2	Queensland 5 1/2 % 40-60	72 1/2	67 1/2	-	7 19 7	9 1/2	8 1/2	8 1/2	8 1/2	Hambro £10, £24 paid	8 1/2	8 1/2	—
104 1/2	99 1/2	102 1/2	98 1/2	S. Africa 5 1/2 % 1945-75	102 1/2	102 1/2	—	4 18 0	120 1/2	99 1/2	113 1/2	104 1/2	Hongk. & S. (£125)	£111 1/2	£112 1/2	—
98 1/2	93 1/2	99 1/2	97 1/2	Stria. Set. 4 1/2 % 35-45	99 1/2	99 1/2	+	4 14 0	66 1/2	59 1/2	63 1/2	57 1/2	Lloyds £5, with £1 pd.	58 1/2	58 1/2	—
Foreign Governments.																
87 1/2	82 1/2	87 1/2	83 1/2	Argentina 4 1/2 % Recm.	87 1/2	88 1/2	+	5 6 6	82 1/2	73 1/2	80 1/2	73 1/2	Midland £1, fully pd	75 1/2	75 1/2	+
104 1/2	100 1/2	104 1/2	101 1/2	Austrian 6 1/2 % 1923-43	104 1/2	104 1/2	—	5 12 10	46 1/2	38 1/2	43 1/2	35 1/2	Nat. of India £2, £12 pd	41 1/2	40 1/2	-
96 1/2	89 1/2	96 1/2	96 1/2	Do. 7 1/2 % Int. red. by 1957	98 1/2	98 1/2	—	7 3 5	14 1/2	12 1/2	14 1/2	12 1/2	Nat. of Peru £20, £4 pd	13 1/2	13 1/2	+
61 1/2	51 1/2	56 1/2	46 1/2	B. Aires (Prov.) 3 1/2 %	56 1/2	55 1/2	-	6 7 3	360	337	357	143 1/2	Royal Bk. of Scotland	350	350	—
113 1/2	108 1/2	112 1/2	108 1/2	Belgian 7 1/2 %	112 1/2	112 1/2	—	6 2 0	15 1/2	13 1/2	15 1/2	13 1/2	St. of S. £20, £5 pd.	75 1/2	75 1/2	+
92 1/2	74 1/2	79 1/2	66 1/2	Bulgaria 7 1/2 %	82 1/2	82 1/2	—	9 6 0	80 1/2	74 1/2	80 1/2	72 1/2	Westminster £4, £1 pd.	74 1/2	74 1/2	—
87 1/2	72 1/2	79 1/2	63 1/2	Brazil 5 1/2 % Fund, 1914	74 1/2	71 1/2	-	7 3 10	4 1/2	3 1/2	4 1/2	3 1/2	—	—	—	—
94 1/2	79 1/2	84 1/2	72 1/2	Do. 6 1/2 % (1927)	78 1/2	74 1/2	-	9 3 3	21 1/2	17 1/2	21 1/2	17 1/2	—	—	—	—
85 1/2	72 1/2	82 1/2	68 1/2	Chile 6 1/2 % (1929)	92 1/2	90 1/2	-	6 15 6	13 1/2	11 1/2	13 1/2	11 1/2	—	—	—	—
69 1/2	54 1/2	68 1/2	52 1/2	China 5 1/2 % (1912)	67 1/2	62 1/2	-	8 2 1	26 1/2	21 1/2	24 1/2	21 1/2	—	—	—	—
115 1/2	109 1/2	113 1/2	110 1/2	Do. 5 1/2 % (1913)	113 1/2	113 1/2	—	7 0 0	16 1/2	13 1/2	15 1/2	13 1/2	—	—	—	—
82 1/2	74 1/2	82 1/2	79 1/2	Czechoslovakia 8 1/2 %	82 1/2	82 1/2	—	3 12 0	40 1/2	26 1/2	28 1/2	26 1/2	—	—	—	—
96 1/2	81 1/2	87 1/2	85 1/2	Danish 3 1/2 %	88 1/2	88 1/2	—	7 12 0	37 1/2	30 1/2	34 1/2	31 1/2	—	—	—	—
80 1/2	70 1/2	78 1/2	70 1/2	Danzig 6 1/2 %	77 1/2	77 1/2	—	5 4 0	17 1/2	14 1/2	16 1/2	14 1/2	—	—	—	—
100 1/2	91 1/2	92 1/2	88 1/2	Egypt 7 1/2 %	91 1/2	91 1/2	—	10 0 0	13 1/2	12 1/2	13 1/2	12 1/2	—	—	—	—
21 1/2	19 1/2	20 1/2	20 1/2	Finland 6 1/2 % 1923	21 1/2	21 1/2	—	6 13 9	15 1/2	12 1/2	14 1/2	13 1/2	—	—	—	—
21 1/2	19 1/2	20 1/2	20 1/2	French 4 1/2 % (British)	21 1/2	21 1/2	—	4 14 6	36 1/2	30 1/2	33 1/2	30 1/2	—	—	—	—
109 1/2	99 1/2	105 1/2	97 1/2	German 7 1/2 %	105 1/2	104 1/2	-	6 17 0	7 1/2	5 1/2	6 1/2	5 1/2	—	—	—	—
90 1/2	81 1/2	91 1/2	80 1/2	Do. 5 1/2 % 1930-30	88 1/2	87 1/2	-	7 1 1	7 1/2	7 1/2	7 1/2	7 1/2	—	—	—	—
104 1/2	100 1/2	104 1/2	100 1/2	Greek 6 1/2 % 1924-24	102 1/2	102 1/2	—	6 12 6	3 1/2	3 1/2	3 1/2	3 1/2	—	—	—	—
104 1/2	98 1/2	103 1/2	99 1/2	Hungary 7 1/2 %	102 1/2	102 1/2	—	7 2 0	55 1/2	50 1/2	54 1/2	53 1/2	—	—	—	—
96 1/2	91 1/2	96 1/2	91 1/2	Japan 5 1/2 % 1935-65	98 1/2	98 1/2	—	5 13 9	14 1/2	12 1/2	14 1/2	12 1/2	—	—	—	—
102 1/2	98 1/2	103 1/2	99 1/2	Do. 6 1/2 % (1924)	102 1/2	102 1/2	—	5 17 6	—	—	—	—	—	—	—	—
26 1/2	12 1/2	14 1/2	9 1/2	Madagascar 5 1/2 % (1921)	11 1/2	11 1/2	—	5 17 3	319	287	293	272	—	—	—	—
104 1/2	100 1/2	102 1/2	101 1/2	Norwegian 6 1/2 % 1921	102 1/2	102 1/2	—	9 9 9	156 1/2	147	149	135 1/2	—	—	—	—
106 1/2	102 1/2	106 1/2	106 1/2	Peru 7 1/2 % 1922	104 1/2	104 1/2	—	8 18 5	29 1/2	20 1/2	21 1/2	19 1/2	—	—	—	—
107 1/2	101 1/2	107 1/2	107 1/2	Poland 7 1/2 %	104 1/2	104 1/2	—	4 17 6	37 1/2	23 1/2	25 1/2	22 1/2	—	—	—	—
88 1/2	77 1/2	85 1/2	75 1/2	Swedish 3 1/2 % 1908	82 1/2	82 1/2	—	4 2 0	187 1/2	172 1/2	185 1/2	179 1/2	—	—	—	—
96 1/2	77 1/2	85 1/2	75 1/2	S. Paulo Coffee 7 1/2 %	76 1/2	74 1/2	-	10 2 8	122 1/2	112 1/2	110 1/2	110 1/2	—	—	—	—
19 1/2																

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Mar. 18, 1931.	Price, Mar. 25, 1931.
British Aluminium 5% deb.	98½	fy. pd.	94-96	94-96
Central Electricity Board 4½% stock	95½	55½	1-1 dis	1½-1 dis
Cunard House 4½% deb.	90	fy. pd.	92½-93½	92½-93½
Darnell (L.) 10%	16½	fy. pd.	1-1	1-1
Fortnum and Mason Inc. 7% pref.	85	5-	1-1 dis-par	4-5-
Gold Coast 4½% 1960-70	98	35	1-1 dis-1 pm	par-1 pm
India 5½% 1936-38	97	65	1-1 dis	1-1 dis
Kenya 4½% 1961-71	98½	fy. pd.	98½-99½	99-99½
Levins Investment Trust 5% deb.	98½	50	1-2 pm	1-2 pm
London and Clydeside Trust	10	4	1-1 dis-1 pm	1-1 dis-1 pm
London and National Property 5% deb.	99	30	1-1 dis-1 pm	1-1 dis-1 pm
London and Home Counties Electric 4½% stock	95½	fy. pd.	94-95	94-95
London Power 5% deb. 1972	100½	60½	1½-1½ pm	1½-1½ pm
National Gaming Ord. £1	par	10½	6½-1½ pm	6½-1½ pm
Nat. Shipbuilders Security 5% deb.	99½	69½	1-1 dis	1-1 dis
Reading 4½% 1951-61	99½	69½	1½-1½ dis	1½-1½ dis
Second British Steamship Trust New £10	£10	£8	1-1 dis-par	1-1 dis
Surrey County Council 4½% 1950-70...	99	49	1-1 dis-1 pm	par-1 pm

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
April 7.	April 9.

A long account is never popular, particularly when it includes the Easter break and precedes the Budget. Throughout the past week the market was dull and spiritless, even mining shares losing their vigour. Neither the Bank's bullion purchases nor the strength of sterling had any appreciable influence on gilt-edged securities, the market being exceptionally quiet. Most stocks closed fractionally lower over the week. Indian loans lost ground on the news of the Cawnpore riots. The progress of Mr Theodore's inflationist adventures at Canberra and the threatened "default" by New South Wales caused heavy declines in Australian stocks, dealers once again quoting ten-point margins, and on Thursday refusing to deal except by negotiation.

Foreign bonds were easier. Brazilians were depressed by the fall of the milreis, by rumours that Sir Otto Niemeyer's financial recommendations would be of a drastic character, and by unconfirmed reports of fresh internal disturbances. European bonds were heavy on evidence that France was anything but enthusiastic as regards the Austro-German Customs agreement.

Home rail stocks, at the outset, were unfavourably affected by the accident to the "Royal Scot" and fears of the attitude of the workers towards the Wages Award, though a modest recovery followed its acceptance by the locomotive men's union. Undergrounds were generally steady. The maintenance of the San Paulo dividend caused a brisk rise in the shares. Despite more satisfactory traffic returns, other South American rails lost ground on dividend fears and currency depreciation. North American rails were erratic.

Industrial prices were steady for the most part, but public interest was conspicuously absent. Brazilian Tractions suffered a sharp setback on reduced February earnings, and the fall in the milreis. Bear closing caused a slight rally in Columbias and Gramophones, which were heavily sold on the news of the merger (the terms of which are discussed on page 684). Cables and Wireless remained dull. Motor shares were easier. Among Engineering issues Vickers receded on the lower earnings shown in the report (see page 686), but Guest Keens and William Cory were harder. Tobacco and Brewery shares were firm, though quiet. Textiles showed fractional losses. No enthusiasm was evinced at the news of the debenture issue by the Lancashire Cotton Corporation. Rayons had an uncertain appearance, but were little changed. Electrical shares were steady with the exception of Calcutta Electric. Liptons rose on reconsideration of the merger terms, but Home and Colonials were dull. Swedish Match and Kreuger and Toll improved, following Continental support.

Oil shares were again out of favour, a rumoured further cut in the price of petrol, though unconfirmed, arousing some anxiety. Wide margins were quoted for some shares. Another unfavourable factor was the in-

creased output of crude oil in America. Bear closing, however, steadied the price of Shells and Royal Dutch. News that the Anglo-Dutch Rubber Committee would not resume negotiations for restriction produced a widespread marking down of rubber shares, further declines being recorded on Thursday, when the commodity reached a new low level. Tea shares were featureless.

The mining market lost its former air of activity, became unresilient, and dealings contracted. Kaffirs, however, were a little better on the publication of the "Johnnies'" annual report, and Randfonteins were firmer. Paris was indifferent, but modest support was forthcoming from Johannesburg. Tin shares were dull and prices moved within narrow limits. Dealings in Australian mines were negligible.

We are officially informed that at the first meeting of the Committee for General Purposes of the Stock Exchange, elected for the year 1931-32, Mr Archibald Henry Campbell was elected chairman, Mr Herbert Francis Chamen deputy-chairman, and Mr Arthur Louis Francis Green secretary.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)						
	Mar. 19, 1931.	Mar. 20, 1931.	Mar. 23, 1931.	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.
Government and Municipal Loans.....	1,446	1,197	1,510	1,163	1,199	1,307
Transport, Communications, and Public Utilities	881	870	1,208	929	89	899
Commercial and Industrial*	1,778	1,787	1,833	1,553	1,387	1,591
Banks, Insurance and Financial	482	470	603	553	519	468
Mines (including Nitrates)	725	806	976	617	547	517
Oil	98	96	137	97	88	66
Rubber, Tea and Coffee	70	93	115	101	154	106
Total	5,480	5,319	6,382	5,013	4,791	4,954

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)							
Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Mar. 19, 1931.	Mar. 20, 1931.	Mar. 23, 1931.	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.
72.3	65.0	18.5	68.4	68.0	67.9	68.1	68.0

FOREIGN STOCK EXCHANGES.

NEW YORK.

The week's business was inconclusive as a guide to the probable trend of prices in the near future. At the outset the bears again attempted to exploit weakness in individual stocks, but without much effect, a sharp recovery occurring on subsequent covering operations. An unfavourable factor in market sentiment was the announcement of numerous dividend reductions, 90 concerns having passed their quarterly distributions this year so far, while a further 115 have reduced their rates. A rally from which rails were the chief beneficiaries followed a dull interval on Tuesday, but the market afterwards developed extreme irregularity, with a noticeable contraction in the volume of trading. The announcement that the Farm Board would finally cease its operations in support of the wheat market on July 1st, leaving farmers to reduce their acreage, though not unexpected, had an unfavourable effect. The rumour that further legislation is projected to assist the farmer by other means is generally discounted. General trade continues to show little beyond a seasonal movement. Weekly car loadings have recently had a more favourable trend, and steel operations have reached 55½ per cent. in the case of United States Steel and 57½ per cent. in that of the independent companies. The recent increase of prices, however, has so far failed to bring out important new buying. Among special stocks, Auburn Auto showed a very sharp up-turn, the operation representing a successful bear squeeze. Some selling developed in Chemicals, but American Can and Radio Corporation were harder, the latter benefiting by the news of the Gramophone-Columbia merger. The bond

market showed a disappointing tendency to sag, new issue activity having been overdone.

	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.		Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.
U.S. 3½% T. Bds.	106	106	105½	Natl. Biscuit	80	82	82
Lib. Ld. 3½% 1924-27	102½	101½	101½	Phelps Dodge	23	23	22½
Do. 4½% 1924-27	102½	102½	102½	Pullman	54½	52	50½
Do. 4½% 1933-38	103½	103½	103½	Sears-Roebuck	56½	60	58½
Atchafson	189	185	188½	Studebaker	23	24½	25½
Ches. & Ohio	41½	41	41½	Un. Fruit	64	64½	60
Erie	30½	29½	29½	U.S. Leather	9½	10½	9½
Illinois Central	71	74	73	U.S. Rubber	17½	19½	18½
N.Y. Central	111½	109½	112½	U.S. Steel	143½	149½	148½
Pennsylvania	58½	57½	58½	Westinghouse	90	90½	90½
Southern Pacific	101½	99	100	Woolworth	60	65	64½
Southern Ry.	51½	52½	52½	Am. Tel. & Tlg.	196	196	195½
Union Pacific	190	185	187	Interboro R.T.	30½	29	27½
Am. Can.	122½	126½	126½	Int. Tel. Telegr.	34½	37½	37½
Amer. Smelting	50½	51½	46½	Radio Comm.	22½	25½	25½
Anaconda	37½	39½	34	Utilities P. & L.	29½	30	29½
Bethlehem Steel	63	65½	62½	W. Union Tlg.	137½	137½	133½
Chrysler Motor	23½	24½	23½	Associated Gas "A" ..	22½	23	22½
Corn Produce Rf.	81½	85	82½	Pan. Amer. B.	32½	33	33
Eastman Kodak	167½	171	168	Shell	29½	31½	30½
Gen. Electric (New)	52½	52½	51½	Sinclair Oil	71	77	77
Gen. Motors	43½	47	45½	Std. Oil	12½	12½	12½
Int. Harvester	55½	57½	54½	Std. California	45½	45½	44½
Montg. Ward	25½	27½	25½	Do. N.J.	45½	46½	44½

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Mar. 18.	Mar. 25.
337 Industrials ..	134.5	218.9	98.2	174.1	99.6	112.7	112.9
33 Rails	127.8	173.5	89.1	145.5	92.0	95.3	96.7
34 Utilities	177.6	330.4	153.2	287.4	158.1	192.4	190.3
Total, 404 Stocks ..	140.3	228.1	105.5	184.2	107.6	122.5	122.5
Average yield of 50 Industrial Common Stocks ..	3.10%	5.23%	4.15%	5.95%	5.91%	5.09%	5.08%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Jan. 19.)	Mar. 18, 1931.	Mar. 19, 1931.	Mar. 20, 1931.	Mar. 21, 1931.	Mar. 23, 1931.	Mar. 24, 1931.	Mar. 25, 1931.
140.2	118.6	135.9	138.1	138.6	137.1	136.1	137.1	136.0

TOTAL DEALINGS IN NEW YORK.

	Mar. 19, 1931.	Mar. 20, 1931.	Mar. 21, 1931.	Mar. 23, 1931.	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.
Stock Exchange—Shares (Thous.)	3,500	2,700	1,300	2,000	1,900	2,100	2,600
Bonds (Value Thous. \$)	9,267	10,810	6,281	9,957	11,267	8,506	9,604
Curb—Shares (Thous.)	659	634	404	473	536	665	625

* 2-hour session.

INVESTMENT NOTES.

"Fixed Trusts"—A Statistical Analysis.—In last week's *Economist*, page 620, we dealt with the results of an imaginary "Fixed Trust" based upon the following thirty concerns, the first ten of which were chosen as being, in 1912, the lowest yielders (*i.e.*, the highest-priced industrial equities), the next ten as having the highest paid-up ordinary capital, and the final ten as paying the highest rate of dividend per £ of paid-up capital :—

Guthrie, Armstrong Whitworth, Bleachers, Fine Cotton Spinners, Furness Withy, Bolckow Vaughan, Maypole Dairy, Babcock and Wilcox, Metropolitan Carriage and Wagon, Bradford Dyeing, Linen Thread, Nigger, John Thornycroft, Ebbw Vale, Hudson Bay, North British Locomotive, Coltness Iron, R.M.S.P., J. and P. Coats, Crompton, Iron, J. Lyons, Five Coal, Triumph Cycle, Harrods, British American Tobacco, A.B.C., Liebig's, Crosses, and Winkworth, P. and O.

Our examination of the subsequent history of this imaginary Fixed Trust showed that a purchaser of £100 nominal of each component share, at the end of 1912, who retained his holding till 1930, would have obtained an average return of about 8½ per cent. per annum in income, and rather less by way of "capital" distributions (sale of bonus shares, rights, etc.). His holding to-day would have shown a depreciation of 57 per cent. on its original

cost of £14,102 (exclusive of commissions, etc.), after allowing for amounts realised on stocks sold on non-payment of dividends, under the terms of the Trust. Actually, of the thirty stocks, eleven fell by the wayside. The details are given below :—

Shares.	Total Purchase Price of £100 Nominal in 1912.	Total for which Sold.	Payments obtained in Interim.	"Income."	"Capital."
R.M.S.P.	135	76	12	Nil	Nil
Niger	360	100	31	113	Nil
Hudson's Bay	1,255	513	95	Nil	Nil
A.B.C.	340	175	78	Nil	Nil
Bolckow Vaughan	110	88	89	Nil	Nil
John Thornycroft	125	81	111	122	Nil
Ebbw Vale	95	6	105	8	Nil
Coltness Iron	275	119	104	156	Nil
Maypole Dairy	3,250	313	1,125	549	Nil
Armstrong Whitworth	240	25	162	52	Nil
Consett Iron	530	97	309	1,171	Nil

The figures are an eloquent commentary on the view that a Fixed Trust can only get out of a share on a bad market. Although the "Trust" had one or two fortunate experiences (it sold its R.M.S.P. stock in 1915, for example, at a much higher price than it could have obtained at a later date), more than a third of its stocks failed to stay the course, and were sold for only £1,593, against an initial purchase price of £6,715. This capital loss of £5,122 was only partially offset by previous "capital" receipts of £2,171. The natural result of the falling out of these stocks was that the annual receipts obtained by the Fixed Trust shareholder tended to decline as the life of the Trust increased. We show below the return on the original investment in the first three, the middle three and the last three years of the period covered by our investigations :—

	1913.	1914.	1915.	1920.	1921.	1922.	1928.	1929.	1930.
"Income" receipts	5.6%	4.7%	3.5%	4.2%	3.1%	2.4%	1.7%	1.8%	1.7%
"Capital" receipts	0.5%	0.8%	Nil	9.8%	2.0%	Nil	Nil	Nil	Nil

The capital receipts were irregular, varying from 20.1 per cent. in 1919 to nil in seven of the eighteen years. Broadly speaking, the longer the investor had held on to his Fixed Trust shares, the worse would have been his position. His experience in this respect has a significant bearing on the point made by a correspondent (whose letter appears on page 676), that the admittedly heavy "loading charge" of most contemporary Fixed Trusts represents a relatively small annual percentage if it be amortised over the whole period of a Trust's life. We do not endorse the same correspondent's view that the fortunes of British industrial concerns are necessarily subject to greater risks than "the great American concerns" which are so bound up with the whole economic life of America that it is difficult to envisage their shrinkage or eventual disappearance. We would point out, firstly, that it is not necessary for them to disappear, but merely to pass an ordinary dividend, for their stocks to be sold by the Trusts; and, secondly, that many of the companies chosen for our imaginary Trust in 1912 were most certainly, at that date, representative of industries "bound up with the economic life" of Great Britain. We also venture to refer our readers to the point made by a London broker correspondent as to the position of Fixed Trust stocks in a sellers' market. We hope, in a future Note, to contrast the figures given above with the results obtained by an investment, in 1912, in the securities of a number of representative British investment trusts run on "management" lines.

Lancashire Cotton Corporation Debentures.—On a later page we summarise the facts given in the prospectus of an offer of £2,000,000 Six-Year 6½ per cent. First Mortgage Debenture Stock by the Lancashire Cotton Corporation, Ltd., under the auspices of the Bankers' Industrial Development Company, Ltd. The views of our Manchester correspondent are set out on page 668. The issue

is the second large operation undertaken by the B.I.D. company—which is “backed” by the Bank of England and the most important financial authorities of the City of London—in pursuance of its rôle of intermediary between depressed major British industries and the investor, whose resources are essential to their rationalisation. The first issue under the B.I.D.’s auspices, comprising £1,000,000 National Shipbuilders’ Security 5 per cent. Debentures at 95, was secured by a species of “turnover tax” on the contract value of orders placed with British shipbuilders. The security in the present instance is the freehold and leasehold property and other earning assets of a concern whose formation represents the most serious effort yet made to rescue Lancashire from her trading difficulties. The corporation may eventually own nearly 10 million spindles, but, as its operations for the year to October 31st last resulted in a net loss of £162,368 before depreciation, it has, unfortunately, no record of past earning power on which to base a direct appeal to the investor in the ordinary way, though the prospectus shows that a reasonable expectation exists for future profits from the new “Indian cotton” yarn which the corporation is now producing. The sponsors of the issue have endeavoured to increase the attractiveness of the issue in five distinct ways. Firstly, they have given the new debenture stock precedence over all other engagements of the corporation—including the bank indebtedness of the mills acquired by the corporation (which has already been converted into income debenture stock), though an appreciable part of the proceeds, in fact, will be used to repay advances made to the corporation by its own bankers. Secondly, the issue is of a short-term character, the assumption clearly being that, in six years’ time, the corporation, having “made good,” may be in a position to fund its liability at a lower rate of interest. Thirdly, the yield offered is high, the flat rate being £6 13s. 4d. per cent. and the redemption rate £7 0s. 6d. per cent. Fourthly, interest is guaranteed for five years by the Sun Insurance Office, Ltd., for a payment of 500 guineas plus £10,000 per annum, covering an annual interest liability of £130,000. Finally, the issue has the backing of the “A” shareholders in the B.I.D.—in other words, of the “powers that be” in the City.

The Gramophone Merger.—The directors of the Gramophone Company and the Columbia Graphophone Company announced last week that they had agreed upon an amalgamation on the following terms. A new company is to be formed to acquire the entire issued capital of both companies on the basis of an exchange of shares. Ordinary shareholders in the Gramophone Company, Limited, are to receive one £1 ordinary share in the new company for each £1 ordinary share held, and preference shareholders one £1 6 per cent. preference share in the new company for each £1 5 per cent. preference share now held. Ordinary shareholders in the Columbia Graphophone Company are to receive one £1 ordinary share in the new company for each 10s. ordinary share held, and preference shareholders six £1 6 per cent. preference shares in the new company for every five £1 7 per cent. preference shares now held. Prior to the merger each company intends to pay a dividend of 3s. per share, less tax, on its ordinary shares, while the Columbia Graphophone will distribute among its shareholders by way of bonus and in the form of voting trust certificates its holding in Columbia Phonograph Co., Inc., of America. The existing capitalisation of the two companies and the capitalisation of the merger company on this basis are shown in the following table:—

	Columbia Graphophone.	Gramophone.	Merger Company.
	£	£	£
Preference ...	300,000 (7%)	100,000 (5%)	660,000 (6%)
Ordinary	1,282,871 (10/-)	3,240,000 (£1)	5,805,742 (£1)
	1,582,871	3,340,000	6,465,742
Debentures ...	Nil	300,000	300,000

It is impossible to give a forecast of the earnings of the merger company until the accounts of the constituent companies are published. The fact that dividends of 8s. per share are being paid by each company on its ordinary

share capital suggests, of course, that Columbia earnings are at approximately double the rate of the Gramophone Company. No explanation was given as to the policy of the merger company or its connection with the Radio Corporation of America. It is understood that on account of the anti-Trust laws in America the Radio Corporation could not figure directly in the merger. The Radio Corporation controls the Victor Talking Machine Company, which in turn controls the Gramophone Company by holding 1,700,000 shares out of a total of 3,240,000 shares. The Columbia Phonograph, Inc., of New York, is controlled by the Columbia International, Ltd. Presumably it is the shareholding of Columbia Graphophone, said to be 81,000 shares of the Phonograph Company, which is to be distributed by Columbia among its shareholders. The ramifications of the merger company will be world-wide. The Gramophone Company, in addition to its English business, has factories in France, Spain, Germany, Italy, Australia, India, and Turkey. The Columbia has factories in France, Germany, Holland, Belgium, Italy, Spain, Switzerland, Argentina, Brazil, Chile, Australia, Turkey, and Japan. Apart from its American business the Columbia International, Ltd., controls Carl Lindström, of Berlin, and through the latter the Trans-Oceanic Trading Company, of Amsterdam. The merger company will obviously be able to effect considerable savings. To take one example, each company is operating in Australia a factory sufficient to supply the whole of the Australian market. Rationalisation should enable the merger company to reduce the prices of its products to levels competitive with those of the cheaper priced products at present being marketed by the “independent” companies. The merger company will now control all the important Radio, Western Electric and Marconi patents in the talking-machine field, for the Gramophone Company acquired in 1929 the right to use Marconi patents in all branches of public entertainment. The merger puts the whole talking-machine world at the feet of the combined sales organisations. Columbia and Gramophone ordinary shares touched 31s. 3d. and 31s. 10d. respectively in December last. They are now quoted 53s. 1½d. and 49s. 6d. respectively, the difference being accounted for by the estimated value of the rights to Columbia Phonograph shares attaching to Columbia Graphophone.

London Traffic Bill Terms.—In a leading article on page 678 we discuss the provisions of the London Passenger Transport Bill from the point of view of stockholders in the companies it is proposed to take over. Our readers may find the following summary of the relevant clauses of the Bill useful for purposes of reference:—

(i) For the purpose of satisfying the consideration to be paid for the undertakings acquired, as well as for raising new money or redeeming existing stock, the Board is empowered to create stock to be called “London Transport Stock” of four classes, “A,” “T.F.A.,” “B” and “C,” to rank in this order of priority (Clause 25 (2) and (3)). Stock issued as consideration for the purchase of undertakings will be redeemed at or before the end of a period of 90 years (Clause 25 (4) (a)). All stock of the same class, although issued at different dates and bearing interest at different rates, will rank *pari passu* (Clause 25 (9)), and all stock other than “C” stock will rank as trustee securities (Clause 25 (11)).

(ii) The “T.F.A.” stock will bear interest at the rate of 4½ per cent., will be guaranteed as to principal and interest by the Treasury, and will be issued in exchange for London Electric 4½ per cent. City and South London 4½ per cent., and Central London 4½ per cent. redeemable debentures, 1942/72, which are guaranteed as to principal and interest by the Government under the Trade Facilities Act (Clause 25 (5)). The “A,” “B” and “C” stock will bear interest at such rates as the Board, with the approval of the Treasury, may determine (Clause 25 (4)). In the case of the Underground and Metropolitan groups, the “A” and “B” stock will be issued in substitution for existing stocks and shares carrying a fixed rate of interest or fixed maximum dividend. (Clause 25 (7) (1)). In the case of Tilling and the independent bus companies, no more than two-thirds of the total stock to be issued as consideration is to take the form of stock other than “C” stock (Clause 25 (7) (ii)).

(iii) The consideration, whether in cash or stock, to be paid for the undertakings acquired by the Board will be determined in relation to

(a) the average net profits earned for the three past financial years in the case of the Underground, Metropolitan, Tilling and bus companies, ignoring possibilities of profit as a result of amalgamation (net earnings being arrived at after meeting all proper charges, including provision

for replacement or renewal of assets subject to depreciation or obsolescence (Clause 6 (i) and 3 and Clause 11 (i) (a) (b) (c)), and (b) the capital obligations in respect of interest and sinking funds in the case of the local authorities (Clause 6 (2)).

(iv) The actual amount of the consideration to be paid by the Board will be agreed as between the companies and the Board, or otherwise determined by arbitration. For this purpose, a Tribunal to be called the London Passenger Transport Arbitration Tribunal is set up, consisting of three Commissioners, of whom one shall be a president “having legal experience,” one a person “of experience in business” and one a person “of experience in finance,” all to be appointed by the Lord Chancellor (Clause 9).

(v) All receipts of the Board are carried to a transport fund and all payments of the Board are made out of that fund. The revenues of the Board are applied in the following order (Clause 31):—

- working and overhead expenses;
- interest on any temporary loan;
- amount to be transferred to the Tramway Debt Liquidation Fund;
- amount of interest payable to local authorities in respect of monies borrowed by them in connection with the transferred undertakings;
- interest on the “A,” “T.F.A.,” “B” and “C” stocks respectively and any arrears of interest thereon in the order specified;
- any sums required to be paid into any redemption fund or sinking fund;
- any sums required or authorised to be paid into the reserve fund, which is to rise up to £4,000,000, and is to be applicable only towards meeting any deficiencies on revenue account.

A criticism of the proposed measure, in its broad economic aspects, will be found on page 665.

Imperial Chemical Industries, Ltd.—It is always necessary to preface our comments on the annual report of Imperial Chemical Industries, Ltd., with the remark that, as the company does not publish a consolidated income account and balance sheet, the accounts are devoid of significance. The profits for 1930 were set out in our issue of March 14th last, page 574. Net profits were reduced from £5,780,208 to £4,473,892, the ordinary dividend from 8 per cent. to 6 per cent., and the deferred dividend from 2 per cent. to nil. The disappointing results of 1930 were attributed by the directors primarily to the reduction in purchasing power of the great producers of primary commodities. The sales of the alkali and general chemical groups fell in volume by about 14 per cent., mainly as a result of the depression in the textile and galvanising industries, while those of explosives were adversely affected by the depression in the coal and mining industries. Abroad, the sales of fertilisers increased, but in Great Britain they declined by nearly 25 per cent. As a result of the slump in the textile trades, the volume of sales of dyestuffs declined by 13 per cent., and that of lime by 12 per cent. as a result of depression in the building trades. In non-ferrous metal goods the trend of sales was also downward. The directors state that the large programme of capital expenditure of the past few years on modernising plant and concentrating manufacture has been practically completed. More than £2,000,000 was spent during last year on maintaining the efficiency of manufacturing facilities. As regards the balance sheet, the directors give the following analysis of investment holdings:—

Class.	Book Value in the Balance Sheet at 31.12.29.	31.12.30.	Increase or Decrease.
	£	£	£
(1) “Subsidiary” companies in which the company holds over 50 per cent. of the shares or control	54,090,970	54,569,212	+ 478,242
(2) “Associated” companies in which the company holds 50 per cent. or less of the shares	6,875,122	6,402,589	- 472,533
(3) Marketable and other investments	7,946,523	9,363,664	+ 1,417,141
	68,912,615	70,335,465	+ 1,422,850

The increase in marketable and other investments is in part attributed to the temporary investment in Australian Commonwealth bonds of cash accumulations in Australia which could not be remitted home at the present time. The total reserves at the end of 1929 amounted to £16,725,000, and, after making the year’s appropriation

A description of the ODNEY CLUB, Cookham, Berkshire.

Telephone: Bourne End 228.

(Cookham Station is thirty-five minutes from Paddington and about ten minutes’ walk from the Club.)

Enquiries for membership, copies of the Rules, etc., or applications to see the Club by appointment should be addressed to the Secretary, Major-General L. A. E. Price-Davies, V.C., C.B., C.M.G., D.S.O., Lollebrook Manor, Cookham, Berkshire (the main Club-house), or to any of the following members of the Election Committee.

Miss C. A. PARTRIDGE, 28 Glebe Place, Chelsea, S.W.3.

Mrs. L. A. E. PRICE-DAVIES, The Odney Club, Cookham, Berkshire.

Mr. G. S. CONWAY, M.C., M.A. (Cantab.), 3 Alberon Gardens, N.W.11.

Mr. O. B. MILLER, B.A. (Oxon), 32 Lansdowne Crescent, W.11.

Mr. T. W. ROBINSON, A.C.A., 35 Redcliffe Gardens, S.W.10.

Mr. M. WATKINS, M.A. (Cantab.), Formosa Place, Cookham, Berkshire.

The Club belongs to the John Lewis Partnership, which is itself a far-reaching experiment in social and industrial reform. The Partnership controls large and profitable companies in London (John Lewis and Company, Limited, of Oxford Street, and Peter Jones, Limited, of Sloane Square). Under a trust-settlement the whole of their profits (apart from interest and dividend at fixed rates upon outside debenture and preference share capital) are distributed to the whole of their workers (already more than two thousand persons) of all grades, in proportion to ordinary pay, as the best measure of individual contribution to the total result. As part of this scheme for securing that all of the material advantage of ownership of an industrial organisation shall belong to those who are for the time being its workers, the Partnership maintains this Club.

The broad policy is to offer to the members and to their friends all the advantages of riverside-country-house life with boats, grounds and club-rooms of genuinely first-class quality and good plain cooking, but with no unnecessarily expensive luxuries. The Club supplies wines, cider and ale, but no spirits.

It is beautifully situated upon the Cliveden Reach of the Thames, immediately under the Cliveden Woods. There is a very long frontage to the main River up to Odney Pool, and a millstream flows through the grounds. The full plan provides for more than thirty hard-courts for lawn tennis (of which eight have been made already), besides croquet courts, bowling greens, etc. There is a large fleet of punts, canoes and other craft, and excellent swimming.

The buildings are of first-rate quality, with central heating and plenty of bathrooms. Concerts and dances are arranged frequently. There is already permanent residential accommodation for forty members, and week-end bedroom accommodation for about twenty more. More rooms will be provided in due course.

The Club is not intended to be more than just barely self-supporting, and it is believed that the rates of subscription mentioned below will prove sufficient. There is no extra charge for boats, tennis, etc., and the charges for meals and for bedroom accommodation are extremely moderate. The total bill for a week-end from Saturday afternoon to Sunday evening need not be more than ten shillings, including, as aforesaid, unlimited tennis, boating, dancing, etc.

Membership of the Club is open, of course, to all members of the Partnership, that is to say, to all grades of the staff, but the grounds (which are finely timbered and cover more than a hundred acres) have proved to be about double their present requirement. It is proposed accordingly to admit “non-partner members” to this extent.

Non-partner members will be asked to pay an entrance fee of ten shillings and sixpence and a subscription of:

Six guineas for the whole year (the Club year begins on the 1st April),
or four guineas for the half-year ending 30th September,
or three guineas for the half-year ending 31st March,
or proportionately for any shorter period down to half a guinea for half a month.

to central obsolescence fund, the reserves now stand at £17,225,000. The total issued capital of the company was increased by £190,070 during the year on account of the exchange of shares for the minority interests in Brunner Mond, United Alkali, British Dyestuffs and four other subsidiary companies. The directors' report did not greatly impress the market, and the shares were slightly easier at 16s. as compared with a high level of 29s. in 1930.

Vickers.—The latest accounts of this leading shipbuilding and engineering concern make less unsatisfactory reading than might have been expected. Trading profit has fallen by 7.8 per cent., and no provision is made for depreciation, but after allowing £212,870, against £144,778, for income tax, and paying prior charges, the dividend of 8 per cent. is still covered by earnings of 11.3 per cent.

	Year to December 31,		
	1928.	1929.	1930.
	£	£	£
Net profit	939,903	941,971	775,926
Brought forward	208,721	217,704	228,755
Preference dividend ...	418,190	418,190	418,190
No. of times covered ...	2.2	2.3	1.8
Ordinary capital:—			
Earned £	521,713	523,781	357,736
Paid £	262,730	262,730	254,520
Earned %	15.9	15.9	11.3
Paid %	8	8	8
Reserve	250,000	250,000	100,000
Carried forward	217,704	228,755	231,971

The strength of the balance sheet lies in the large amount of liquid resources held in the form of cash and Government securities, whose total has increased from £5,437,032 to £5,861,368. The accounts of Vickers-Armstrong, which accompany the parent company's report, show a surplus after all charges of £337,407, against a debit balance of £22,543 in the preceding year. The "A" preference dividend is paid for 1928, absorbing £319,215. Shareholders will await with interest the views of their chairman as to the possibility of maintaining the company's earning power in 1931.

British Insulated Cables.—Though a year of depression has reduced the gross profit of this conservatively managed company from £685,980 to £576,594, it has in no way affected its financial stability. Earnings of 24.2 per cent. per ordinary share compare with 32.2 per cent. last year, but the 10 per cent. dividend is still covered with a large margin:—

	Year to December 31,		
	1928.	1929.	1930.
	£	£	£
Net profit	474,175	536,550	426,012
Brought forward	305,880	250,089	280,806
Preference dividend.....	30,000	57,500	57,500
No. of times covered	15.6	9.3	7.4
Ordinary capital:—			
Earned £	444,175	479,050	368,512
Paid £	200,000	250,000	250,000
Earned %	37.8	32.2	24.2
Paid %	15	15	15
Reserve	299,966	198,333	120,000
Carried forward	250,089	280,806	279,317

The addition of £120,000 raises the total reserve to £1,020,000 on an ordinary capital of £1,666,666. At the annual meeting Sir Alexander Roger referred to the growing competition in the cable industry, which made a really large turnover and more economical processes absolutely imperative. British Insulated Cables in June, 1927, entered into a closer working agreement with two of its former rivals. Further "rationalisation" has followed, and is still proceeding, with the object of reducing costs to meet foreign competition.

Associated Portland Cement.—Under the chairmanship of Mr P. Malcolm Stewart, the Associated Portland Cement, like the London Brick Company and Forders, continues to flourish. The actual trading profits of the company declined from £575,484 to £534,781, but this was more than offset by an increase in interest and dividends from £359,631 to £420,369, with the result that the total net income was 2 per cent. higher at £955,150. The company's subsidiary, the British Portland Cement, maintained its 1929 rate of dividend, and the directors do not disclose what were the investments in associated companies which yielded "a substantial increase in revenue" in spite of "the severe competition in all markets both at home and abroad." Lower selling prices were met by further economies in the cost of production. Fresh extensions are in hand at some of the company's works overseas, which will be completed during the current year. The company's net earnings, after depreciation and debenture sinking funds, amounted to 8.7 per cent. on the £3,000,000 capital, the dividend rate being maintained at 8 per cent. The next table shows the distribution of the net profits over the past three years:—

	Year to December 31,		
	1928.	1929.	1930.
	£	£	£
Net profits (after tax)	934,580	935,115	955,150
Fees	3,400	2,800	2,700
Deb. interest and redemption	297,650	297,650	297,650
Depreciation	267,150	267,150	267,150
Earned for dividend.....	366,330	367,515	387,650
Preference dividend.....	125,660	125,622	127,586
Earned for ordinary dividend	240,720	240,893	260,064
Percentage earned	8.02	8.02	8.7
Percentage paid (gross)	8.0	8.0	8.0
Carry-forward	140,006	140,899	160,964

The Associated Portland Cement is actually earning a much larger percentage return than 8.7 per cent. The debenture stock redemption funds are taking £108,231 a year. Adding back this sum and including the company's share of the undistributed profits of the British Portland Cement, the total net earnings last year amounted to 15.12 per cent. The balance sheet shows that £98,139 debenture stock was redeemed and cancelled last year. The total amount of debenture stocks outstanding is now £3,829,018. A strong financial position is disclosed. The ordinary shares of the company are quoted at 24s. 9d., their high level last year being 27s. 6d.

John Barker.—The 1930-31 results of this large store are eminently satisfactory, net profits showing a negligible decline despite last year's economic depression. The following table gives the results over the past three years:—

	Year ended January 31,		
	1929.	1930.	1931.
	£	£	£
Net profit	444,901	468,686	466,140
Preference dividend.....	46,175	46,175	46,175
No. of times covered	9.63	10.15	10.09
Ordinary dividend:—			
Amount	221,266	221,266	221,266
Earned %	36.04%	38.19%	37.96%
Paid %	20%	20%	20%
To rebuilding and modernisation reserve	100,000	125,000	150,000
To pension fund	10,000	10,000	10,000
Written off fixtures, furniture and fittings	41,268	25,000	35,000
Written off goodwill	25,000	35,000	...
Increase in carry-forward	1,192	6,245	3,699

From the rebuilding and modernisation reserve it is proposed to apply £100,000 to write down the book value of those properties involved in rebuilding. The demolition of the second section of the old buildings of Messrs Derry and Toms has been started. A striking feature of the balance sheet is the increase of £203,910, to £848,098, in cash, while, on the other side, creditors are higher by £145,624 at £1,004,403. Stock has declined by only

£26,135. The arrangements regarding 1894 and 1902 sinking funds have been completed and the sums thus released have been written off the value of leasehold properties. The ordinary shares at 60s. yield £6 19s. 1d. per cent. after allowing for final dividend of 15 per cent.

Snia Viscosa Reconstruction.—The directors of Snia Viscosa are taking a wise course in writing down the balance-sheet valuation of fixed assets and patents to correspond with present-day values. As a result of the reconstruction, the shareholders have the same interest in the equity, but are in a position to profit by way of dividends as soon as the trade revival comes. The capital of the company is being written down from 1,000,000,000 lire to about 333,000,000 lire, by reducing the nominal value of each share from 120 lire to 40 lire. At the same time the Varedo Company, which is now controlled by Snia Viscosa, is also to be reconstructed and its capital reduced from 125,000,000 lire to 50,000,000 lire by writing down the nominal value of the shares from 50 lire to 20 lire. After this writing down it is proposed to carry out a complete fusion of the companies, the shares of the one held by the other being cancelled. On the exchange of the remaining shares of Varedo, the capital of Snia Viscosa will stand at 350,000,000 lire. The company's current financial position remains satisfactory, its cash holdings amounting to 250,000,000 lire. Profits last year, before allowing for depreciation other than the normal wear and tear of buildings and plant, amounted to 20,000,000 lire, as compared with 45,000,000 lire in 1929. Of this amount, general expenses, taxes, amortisation and other charges absorbed all but 1,000,000 lire, which was applied to reserve. It may be hoped that under its new president, Senator Borletti, and under the technical supervision of Courtaulds, Ltd., Snia Viscosa will emerge successfully from the very difficult trading conditions of the time. Indeed, as long as the company continues to make both ends meet in its trading operations—and its working costs are said to be among the lowest in the rayon industry—it can afford to wait for the trade recovery in view of its strong cash position. The shareholders are therefore by no means in a hopeless situation. The ordinary shares are at present around 8s., having been as low as 6s. 3d. early this year, when the company's name was dragged, through no fault of its own, into the Oustric scandal in Paris.

MINING NOTES.

Simmer and Jack.—Last year's operating profit amounted to £106,100, against £70,000 for 1929. The improvement arose mainly from the successful introduction of a changed method of mining, which increased the yield by nearly $\frac{1}{2}$ dwt. per ton. Despite an expansion of 21,600 tons to 916,700 in the ore milled, the working costs averaged 20s. 10d. in place of 19s. 9d., the difference chiefly arising from the performance of a larger amount of development work. That, in face of this feature, the ore reserves have only risen by 44,000 tons to 1,625,000 tons is explained by a relapse in the percentage of payability from 71.3 to 65.2. Capital expenditure was again large at £56,800; still the profits were sufficient to permit the resumption of dividends with a modest 1 $\frac{1}{2}$ d. per 2s. 6d. share. A tube mill has been added to the plant and 177 claims adjoining the southern boundary has been pegged. The accounts again show a small cash deficit.

De Beers Debentures.—Some three months ago, writes our mining correspondent, considerable discussion was aroused in Stock Exchange circles by an announcement on the part of the De Beers Consolidated of the intention to create debentures. At the time the only definite information obtainable was that no immediate issue was intended. It is now announced that the amount to be created will be £2,500,000 in 5 $\frac{1}{2}$ per cents., redeemable in 25 years, the company having the power to

repay after three years at 102 $\frac{1}{2}$. Of the sum named £2,414,700 is to be allotted to the Anglo-American Corporation and to Messrs Barnato Brothers as purchase consideration for large interests in the New Jagersfontein, the Consolidated Diamond Mines of South-West Africa, and the Cape Coast Exploration. In reference to these three undertakings it may be mentioned that the Jagersfontein directors have just intimated that, owing to the continued depression of the diamond market, no dividend can be paid in respect of the year ending March 31st. The Consolidated Diamond disbursed 12 $\frac{1}{2}$ per cent. on its ordinary shares for 1929, but the preference dividend for the second half of 1930 was postponed. The Cape Coast company owns a rich ground in Namaqualand; no dividends have yet been paid. For years past the diamond industry of South Africa has been controlled through the medium of the Diamond Syndicate, varying quotas being allotted to the different producing companies. Naturally, friction arose in this connection. The position became complicated by the entry of the Union Government into the diamond market, but after long negotiations a *modus vivendi* was arrived at. By the acquisitions now to be carried through, the De Beers company will be placed in effective control of the diamond output of South Africa so far as it is in the hands of corporations.

Rose Deep.—Thanks to increase in both tonnage and grade a fresh expansion occurred in last year's profits, the working surplus of £48,500 comparing with £35,500 for 1929 and £28,900 in 1928. In respect of the last-named period, 2 $\frac{1}{2}$ per cent. was paid, but no distribution was made on account of 1929, owing to the cash position. Two dividends, totalling 5 per cent., were disbursed for 1930, leaving the somewhat increased balance of £92,460 to go forward. At 841,900 tons the available ore reserves show an increase of 127,300 tons. Once again the greater portion of the tonnage added was made available by "re-opening old workings and by stoping and exploration in areas of doubtful value." Obviously the mine is nearing the end of its tether. In these circumstances it would seem that the "influential" buying of the shares reported during the last few days may be attributable to liquidation possibilities.

Geldenhuys Deep.—This is another Rand undertaking on its last legs. Last year an increased development footage opened up only 171,300 tons of ore. As 811,900 tons were milled, and the reserves are only 24,500 tons down at 479,700 tons, it is obvious that large quantities of material must have been obtained from reclamation, etc. The consulting engineers report that important development in the South reef is now almost completed; a considerable area of main reef leader remains, but it is of doubtful value. A further expansion in the scale of operations with reduction in costs permitted the raising of the dividend total from 5 to 8 $\frac{1}{2}$ per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Beira Railway, Bank of Australasia, Chartered Bank of India, Australia and China, Scottish Amicable Life Assurance Society, London Life Clergy Mutual and Metropolitan, The Employers' Liability Assurance, Newcastle-upon-Tyne Electric Supply, City of London Electric Lighting, Powell Duffryn Steam Coal, Radiation, International Automatic Telephone, United Glass Bottle Manufacturers, Apollinaris and Presta, and Pinchin, Johnson and Company. At the annual meeting of the International Automatic Telephone Co. the chairman announced that a highly important contract from the South African Government for the installation of Strowger automatic exchange equipment in Johannesburg marked the first introduction of the Strowger system on a large scale into South Africa, and thus added another country to the list of over fifty Strowger-using countries of the world. At the Newcastle-upon-Tyne Electric Supply Co. meeting, Mr R. P. Sloan said that the work in

connection with the standardisation of frequency on the North-East Coast, which formed part of the North-East England Electricity Scheme was well in hand, orders for plant and apparatus having already been placed by the company amounting to approximately £1,650,000.

CAPITAL ISSUES.

The most significant issue of the week was the offer of debenture stock of the *Lancashire Cotton Corporation, Limited*, under the auspices of the Bankers' Industrial Development Company. This offer is discussed in an Investment Note on page 683. Definite interest also attached to the remaining issue, which comprised £2,000,000 of *Greek Government* sterling bonds made by Hambros and Erlangers, this being the first large foreign operation in London for some little time. The financial position of the Greek Government has progressively improved in the last few years, and the loan, which offered a running yield of £6 17s. 11d. per cent., with a lottery chance of a 17-points profit on an early bond-drawing, was a not unattractive foreign bond in the speculative category. The terms, however, were cut somewhat finely for a stock of this description, and 85 per cent. of the total was left with the underwriters.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, January 1 to March 21, 1931, £35,062,064.
Total, including conversion, recorded January 1 to March 21, 1931, £44,732,013.
National Savings Certificates.
Net sales, week ended March 21, 1931, £200,000.
Total receipts April 1, 1930, to March 21, 1931, £12,400,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Greek Government	2,000,000	...	1,740,000	100,000	1,640,000
Lancashire Cotton Corporation	2,000,000	...	1,950,000	200,000	1,750,000
Total offered to Public, week ended March 28, 1931	4,000,000	...	3,690,000	300,000	3,390,000

To Shareholders only.					
Dagfontein Mines, 145,000 ord. £1 at £1/17/6	145,000	...	271,875	...	271,875
Ford Motor Co., 2,000,000 ord. £1 at £1/3	2,000,000	...	6,000,000	6,000,000	...
Total offered to Shareholders only, week ended March 28, 1931	2,145,000	...	6,271,875	6,000,000	271,875

	Jan. 1 to date—	1931	1930	1929	1928	1927	1926	1925	1924
Total Offered for Subscription—									
Including Conversions.	54,893,888	45,223,939	144,225,447	87,732,429	110,532,270	169,043,750	144,888,400	75,028,400	49,950,256
Excluding Conversions.	...	...	...	...	...	...	...	...	...
Whole year—									
1931	454,888,784	267,806,700	285,239,400	329,058,073	355,165,970	230,782,600	232,214,500	209,326,101	271,399,173

Nature of Borrowing.

	Preference Debentures, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	35,878,907	521,571	8,823,461	45,223,939
1930	76,368,534	8,145,697	3,218,198	87,732,429
Whole year—				
1931	227,658,500	15,548,800	24,593,300	267,806,700
1930	137,670,300	31,543,400	116,025,700	285,239,400
1929	212,917,900	45,062,600	111,177,600	369,058,100
1928	228,958,000	36,836,600	89,371,400	355,166,000
1927	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended March 28, 1931	Nil	...	Nil
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	12,244,078	...	13,851,969

Lancashire Cotton Corporation.—Issue at £97½ per cent. of £2,000,000 Six-Year 6½ per Cent. First Mortgage Debenture Stock, guaranteed as to the first five years' interest by the Sun Insurance Office. The loan, which will be utilised for repaying advances made to the corporation by its bankers, and for reconditioning and modernising the equipment of the mills, is made under the auspices of the Bankers' Industrial Development Co., which was formed in 1930 to assist the rationalisa-

tion of industry. The aim of the corporation is to acquire between nine and ten million spindles, and it is intended that production shall be concentrated in the most efficient mills operating between six and seven million spindles, each mill being set out for a narrow range of products. The mills retained will be reconditioned, and the remaining mills will be scrapped. Of the seventy-two mills acquired by the corporation, eight have been reconditioned, seven are in course of being reconditioned, and thirty-seven are working.

Greek Government Six per Cent. Public Works Sterling Loan.—Issue in London of £2,000,000 6 per cent. sterling bonds at £87 per cent. The service of the loan will constitute a first charge on the surplus of the revenues assigned to or administered by the International Financial Commission, after providing for the service on existing loans. The loan is repayable on or before December 1, 1938, by means of a cumulative sinking fund to be applied by half-yearly drawings at par.

Uxbridge, Maidenhead, Wycombe and District Gas Co.—Issue by tender of £51,557 5 per cent. perpetual debenture stock, at a minimum price of £98 per £100 stock, yielding at that price £5 2s. per cent., and £33,575 ordinary stock, ranking for a standard dividend of 5 per cent., at a minimum price of £105 per £100 stock, yielding at that price £6 13s. 4d. per cent. For the year ended December 31st last the interest on the loan capital, including the present issue, was covered nearly 3½ times.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction:—**Rio Claro Railway and Investment Co.** Particulars of an issue of £970,000 5 per cent. redeemable debenture stock, 1962-72. **The Monks Investment Trust.** Particulars of an issue of £150,000 5 per cent. first debenture stock, due 1980.

[Other Stock Exchange information, including the latest summary of balance sheets, reports and notices, dividend announcements, weekly traffic returns, and profit and loss figures, will be found on page 704, under the heading "Company News."]

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	January, 1931.			February, 1931.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Tons.				Tons.		
Brakpan	95,000	147,013	46,160	82,000	129,155	37,432
City Deep	100,000	108,232	2,799*	88,000	96,519	2,970*
Consolidated Main Reef	67,000	98,682	15,418	61,800	91,246	14,710
Crown Mines (10s. shs.)	256,000	343,140	84,270	237,000	319,069	80,028
Durban Deep	46,700	65,357	6,500	43,200	61,293	6,205
East Rand Proprietary	156,000	177,704	12,017	142,300	163,946	10,801
Geduld Proprietary	85,000	115,512	47,149	75,000	108,680	43,431
Geldenhuis Deep	69,500	69,180	5,010	65,200	64,923	4,528
Glyn's Lydenburg	6,300	9,898	600	6,000	2,237	251
Government Areas	212,000	409,867	242,115	187,000	370,644	215,049
Kleinfontein, New	52,500	48,911	1,238	47,700	44,100	518
Langlaate Estate	81,000	115,108	34,034	74,000	109,521	32,050
Leipold's	32,000	17,265	4,478	...	...	...
Meyer and Charlton	18,400	1,511	16,700	16,808	1,009	1,009
Modderfontein B.	71,500	98,080	40,002	67,000	85,659	32,055
Modderfontein Deep	46,000	99,667	63,060	42,000	90,534	57,070
Modderfontein East	72,000	90,291	16,067	65,500	83,843	15,188
Modderfontein, New	164,000	299,369	165,941	150,000	274,212	153,018
New State Areas	81,000	172,396	83,011	73,000	158,210	75,120
Nourse Mines	68,100	85,234	7,227	63,000	79,758	6,045
Randfontein Estates	220,000	257,352	48,819	200,000	235,856	43,593
Robinson Deep	98,000	118,404	25,473	86,700	108,619	23,066
Rose Deep	62,000	56,534	4,012	58,000	52,728	2,292
Simmer and Jack	76,700	94,150	14,075	72,600	86,957	11,105
Springs Mines	71,500	146,416	65,146	63,400	133,382	58,632
Sub-Nice	31,000	117,621	60,465	29,300	110,629	55,680
Transvaal G.M. Estates	15,216	21,015	2,012	14,200	19,386	1,379
Van Ryn	42,500	42,507	4,556	40,000	39,051	3,565
Van Ryn Deep	63,000	100,140	32,550	60,000	92,201	28,576
West Rand Consolidated	93,000	107,206	23,023	85,000	100,947	21,701
West Springs	71,500	76,863	14,714	63,000	56,813	11,209
Witwatersrand Deep	39,900	39,464	2,160	38,000	38,023	1,915
Witwatersrand Knight's	57,000	49,609	3,013	51,500	46,444	1,012

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended March 11: Venezuela, 35,159 barrels; Trinidad, 19,834 barrels. Total, 54,993 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended March 7, 1931, was 206,000 barrels. The production for the week ended March 14, 1931, was 200,000 barrels.

SERVICE PETROLEUM COMPANY, LTD.—Cable received from Roumanian manager states that production from the company's oil wells at Gura Ocnitzei, Moreni and Ceptura for the week ended 8th instant, was 4,442 tons (31,094 barrels).

COMPANY MEETINGS, &c.

BANK OF AUSTRALASIA.

REVIEW OF A DIFFICULT YEAR.

OUTLOOK SOMEWHAT BRIGHTER.

CONDITIONS IN THE COMMONWEALTH.

MR GILLIAT'S SPEECH.

The ninety-seventh annual general meeting of the Bank of Australasia was held, on the 26th instant, at the office, 4, Threadneedle Street, London, E.C.

Mr J. F. G. Gilliat presided.

The Manager (Mr Edmund Godward) read the notice calling the meeting and the report of the auditors.

The Chairman: My Lords, Ladies and Gentlemen,—The accounts have now been in your hands for some days, so I presume we can take them as read. (Agreed.)

As is the usual custom, I propose, first, to try to analyse the balance sheet and profit and loss account for the past year, and then to give you a rough sketch of the position in Australia as your directors see it. If the speech is a little longer than usual you must forgive me as so much has happened in the past year which calls for reference in a greater or less degree.

The total assets this year stand at £48,036,386, as against £49,323,596 last year, a shrinkage of a little over 2 per cent., which, I think, may be regarded as satisfactory in view of the difficult times we are living in.

The capital and reserves are unchanged at £4,500,000 and £4,475,000 respectively. The deposits at interest are actually increased by £1,500,000, but current accounts have decreased, roughly, by £1,750,000. This shrinkage in current accounts is, of course, only natural in times of depression, as people have to draw more fully on their bank balances to pay their debts.

Bills payable, drafts in transit and other liabilities, including provision for contingencies, show a decrease of about £700,000, due to the decreased cost of all commodities involving a smaller volume of exchange. It would be well here to make it quite clear that in exchange business banks have only the margin between the buying and selling rates of exchange wherewith to pay expenses and find their profit. A high rate of exchange does not benefit a bank because it invariably leads to a smaller turnover, and, as a result, reduces profits.

THE ASSETS.

Turning to the assets side, specie, bullion, Government notes and cash balances have decreased by £1,000,000 sterling, but loans at call are £445,000 higher, and, while British Government securities remain very much the same, other investments are £1,250,000 more.

Bills receivable and remittances in transit again reflect the lower values of the Australian exports. In times such as these, when our customers tend to lean more heavily upon the bank, it is satisfactory to note that advances, now £33,387,000, had decreased by £1,000,000 at the time of striking the balance sheet, and to-day they are still lower, this having been done, we think, without arbitrary or undue restriction upon our customers.

Bank premises have increased from £278,000 to £400,000, this being chiefly owing to the fact that it became necessary to rebuild our Melbourne office, which, owing to lack of space, has had to have some storeys added to it. I am told that it is now one of the handsomest buildings in Melbourne, and, apart from the greater asset it will be to us to have more accommodation, thereby affording better banking facilities to our customers, a fair amount of office space has already been let, so the outlay has not been entirely unproductive. A few years ago your chairman told you that our premises were valued at over £1,000,000. The valuation is in some cases based on unimproved values, but in nearly every case it is well below the rateable value, and, I think, a conservative estimate of the selling value of our overseas premises, even in such times as we are passing through, would be well over a million.

PROFIT AND LOSS ACCOUNT

We will now turn to the profit and loss account, in which you will see that the total amount of net profit for the year to October 13, 1930, shows a reduction of £62,000, although our gross profit has decreased only £7,000, the reason for this lying in the fact that overhead charges have materially increased. Under the item of charges of management you will note that salaries in Australasia have risen by about £10,500, an item over which this bank, to a great

extent, as you know, has little or no control. General expenses, on the other hand, have decreased by nearly £7,000, thereby making charges of management actually only £3,400 higher than last year.

The most serious item with which we have to contend at the present time is taxation, a bugbear unfortunately not only confined to Australia and New Zealand. The bank's taxation has increased during the year from £320,000 to £372,000—of which £30,000 is Australian and £22,000 British. If we could only think that the peak of taxation has been reached, we should feel comparatively relieved, but we must take it that we must look forward during the next year or so to a further increase, in Australia, in this item.

Reference is made in the balance sheet to the depreciation in the Australian pound, but this depreciation has no real practical importance in so far as our balance sheet is concerned in view of the fact that this bank is established to carry on business in Australia and New Zealand, and, therefore, most of the bank's resources are employed there. It follows, therefore, that only in the event of our having to bring any large proportion back to London, a possibility so remote as to be negligible, would the point become a real factor. In fact, it would only be in a liquidation that such a contingency would arise. You must also remember that, whatever the value of the Australian pound may be compared with the sterling, it is worth a pound in Australia wherewith to pay our Australian liabilities; but, negligible as the point about depreciation is, it may please shareholders to know that the bank has provided for the depreciation in the present balance sheet by earmarking a portion of its inner reserves.

THE DIVIDEND.

Now, with regard to dividends, the proprietors have already received £315,000, in respect of the interim paid on October 3, 1930, and it is now proposed to pay a final dividend which will absorb a further £270,000, leaving £30,083 19s. 11d., with which we propose to increase the carry forward, making the satisfactory figure of £192,027 7s. 4d., as against £161,943 7s. 5d. last year. The bank will, therefore, have paid to its shareholders this year 13 per cent., free of tax, and, I think you will agree with me, that this dividend is a very satisfactory one in view of the unparalleled conditions of the past year. (Hear, hear.) Also, owing to the great disparity between sterling and Australian currency to-day, your directors have decided to pay to those shareholders on the Australian and New Zealand lists their dividends in the equivalent of sterling and I have no doubt that the overseas proprietors will fully appreciate this action upon their part. (Hear, hear.)

And now having, I trust, explained the figures of the past year's working of the bank to you satisfactorily and having, I hope, covered any points that may have been obscure, I propose to try to give you a rough outline, as your directors see it, of the position in Australia.

PREVIOUS SETBACKS.

In order to do that, it will be well to touch lightly upon the previous setbacks in Australian history. Probably the greatest was between the years 1845 and 1849, but the discovery of gold brought her back quickly to prosperity until we reach the sixties, when things were not too good; then we have a period of slow and sure recovery until 1893; when occurred what we may call her great financial crisis, followed by years of drought. Earlier this century we see Australia prosperous again, although just before the war there were signs that she was inclined to over-borrow and allow her cost of production to get unduly high. The war period helped the country to carry her burden owing to the fact that her commodities, being mostly wool and foodstuffs, commanded high prices and were eagerly bought by the outside markets.

Now let us turn for a moment to another aspect of the situation. This great country, Australia, has a white population of just over six million people, three and a half million of whom are living in the cities and two and a half million in the rural districts. You will, therefore, clearly see that the majority vote in Australia lies mainly in the cities and not in the country, and in consequence the Pastoralists are to a great extent in the hands of the Civil Service and industrialists when it comes to a political struggle.

PROTECTION IN AUSTRALIA.

Since protection of industry was first started in Australia, commencing with a mild form, it gradually increased in scope and rate until to-day the country may be described as very highly protected. The effect of this is shown by the fact that in 1907 there were 12,555 factories in Australia and in 1928 22,916; on the face of it, therefore, Protection would appear to have benefited the country, and yet on January 5, 1931, advice from Canberra reported that of 440,000 trade unionists, 100,000 were out of work and a further 100,000 non-unionist men and women were unemployed, a fact which does not point to all being well under this apparent panacea for all troubles, so let us go a little deeper into the matter. If one studies the years from 1908 to the present time and excludes the war period, one notices the constant tendency to raise the tariff wall and at the same time to increase wages, with the result that the manufacturing side attracted labour more and more into the cities and thereby increased the load upon the Pastoralist, who had to pay a competitive wage to his people in order to keep them on the land, quite irrespective as to whether his produce was making a profit or a loss.

The majority of the manufacturers, owing to their heavy overhead charges, had only the internal market for their goods, as their cost of production rendered any competition in world markets impracticable. So long as a boom period existed all was apparently well, but Australia continued to borrow excessively from outside sources.

Now suddenly comes the world slump in all prime commodities, and Australia finds herself producing her wheat and wool at a cost well above the price at which she can sell them, and as a result is thrown back upon her own resources with her avenues for borrowing shut off and the incessant need to find the funds with which to meet her interest payments at their due dates.

STANDARD OF LIVING.

During the past few months we have been reading of various schemes put forward entailing suggestions of repudiation and inflation, which is much the same thing in the end, all with a view to maintaining the standard of living and scale of wages that have prevailed during these past few years of what we may call false prosperity. But, whatever politicians may say or do, a community is made up of individuals, and as with each individual so with a nation, when one has over-spent must economise, and there is only one way to do that, which is to bring expenditure down to within the limits of revenue, whether it be individual or national, and this must mean a general reduction of overhead charges throughout.

The Government of Australia are naturally averse to reducing the standard of living of their people, but, despite their hesitation to make the necessary reductions, the ordinary commercial economic forces are automatically taking charge of the position, as evidenced by the fall in the value of the Australian £. This £ is now worth approximately 23 per cent. less than the £ sterling, which means it is worth about 15s. 4d. when it comes to the question of buying overseas goods. If therefore follows automatically that the slump in currency value is stimulating Australian exports, as consumers are able to deduct the premium they receive in exchange from the cost of their purchase, while imports, on the other hand, are costing more and are therefore checked, with the result that the balance of Australia's overseas trade has considerably improved, as evidenced by the fact that for the six months ended December last exports amounted to £50,305,000 and imports were £38,412,000, a surplus in Australia's favour of £12,000,000, which, however, includes about £7,000,000 of gold, but in any case the balance is a favourable one of over £5,000,000, whereas the adverse trade balance in 1929 stood at the high figure of £16,000,000.

WHEAT AND WOOL.

I will now quote you a few statistics to show how wool and wheat have fared in recent years, with special reference to the effect of the present fall in prices upon these commodities, which, after all, are the fundamental source of Australia's wealth.

The acreage under wheat has steadily grown from about 11,000,000 acres in 1924-25 to 15,000,000 acres in 1929-30. From 1923 to 1929 the average price of wheat was 5s. 7d. per bushel; to-day it is about 2s. 3d. per bushel f.o.b. In the same period, that is to say from 1923 to 1929, the number of sheep has increased from 93,000,000 to 106,000,000, but to-day's price of wool is approximately one-half of the price ruling from 1923 to 1929, and is not much more than one-third of the peak price obtained some ten years ago.

The output of gold in 1929 was less than £2,000,000, whereas from 1901 to 1910 the average output was £14,000,000 per annum. This heavy fall in output must be partly due to the fact that wages and overhead expenses were so heavy as to render the operation

of gold mining an unremunerative business, and therefore mines were shut down even though great quantities of gold are there ready to be won. It is hoped, however, that the bounty recently given will stimulate this highly important industry and serve to increase output to a more representative figure. The immediate outlook for Australia's prime commodities is rather encouraging, as there are hopeful signs of a revival in the price of wool, provided always that it can be produced at a price the world is able to pay.

NEW ZEALAND.

New Zealand has suffered equally with Australia from the fall in the value of her primary products, but the Government's financial position is relatively satisfactory. Revenue for the year to March 31, 1930, was £25,350,000, and expenditure £25,201,000. The gross public debt of the Dominion at the same date was £267,000,000, of which over £150,000,000 were external. Upon arrival of the slump period the Government took immediate steps to reduce expenditure as far as was possible and to increase revenue by means of somewhat drastic taxation, as evidenced by the fact that, insofar as it affects this Bank, income tax at 4s. 6d. in the pound has been increased by 10 per cent., and the tax on our note circulation has been increased from 3 per cent. to 4½ per cent. All males of over 21 years of age have to pay 30s. per head to provide funds for unemployment, and at the same time immigration has been restricted to assist this position. While crops have shown a steady decrease in recent years, sheep and dairy cattle have increased considerably, and the result is an increase in butter exports from 1,500,000 cwt. in 1928 to 1,800,000 cwt. in 1930, an increase in value of £1,700,000. Therefore, one may say that this Dominion is facing the position squarely and dealing with it in a very practical manner.

THE EARTHQUAKE.

You will be relieved to hear that the staffs at our branches in Napier and Hastings escaped injury in the recent disastrous earthquake in this area. We must all deeply deplore the great loss of life and property, and I feel sure you will heartily endorse the action of your directors in having subscribed £1,000 to the Relief Fund. We are still awaiting detailed information, but we do know that the buildings at both Napier and Hastings have been destroyed. Fortunately the Napier building was an old one, and the directors had been considering rebuilding it for some time past. The Hastings building was not our property, but on lease to us. As regards our advances in that area, we are glad to tell you that those against city property in Napier and Hastings are comparatively trifling.

THE FUTURE.

And now as to the future: I think you will agree with me that one can hardly foresee an immediate return to prosperity in view of the many problems to be faced and solved, and therefore we must look to the possibility of decreased earning power on the one side and increased taxation on the other, although overhead expenses may be reduced by a reduction in wages, which would assist to a certain degree. We also have to face the cost of bringing money over to this country, say, for the payment of dividends, which to-day is, to say the least of it, onerous and, therefore, it is only due to you as shareholders that your directors should warn you of the possibility of reduced profits in the current year, and I can only hope that results will prove them wrong in this respect.

When this difficult time is over and one looks back on Australia during these years of travail, I think it will be appreciated by all that the Government and people of Australia owe a deep debt of gratitude to the trading banks. It can never be said that these banks held back in any sense of the word from giving the fullest assistance within their power to enable that great country to weather the biggest financial storm in her history. This bank, while it will not assist in any financial schemes which it believes to be to the detriment of Australia, is prepared to do its utmost in conjunction with other banks to help her to get her house in order. In the annual report of the Commonwealth Bank of Australia, testimony is paid to the co-operation and closer relationship between that bank and the trading banks, thereby giving great assistance in arranging the many difficult problems that have arisen. Indeed, the whole of that report is well worthy of your close attention.

GENERAL OUTLOOK.

The general outlook for Australia seems to be somewhat brighter, as there is in evidence an increasing resistance to all those proposals which are based upon evasion of the country's commitments. There must be a long road yet to travel before one can see clearly the goal to which every sane-thinking Australian sets his eyes, namely, the return to conservative expenditure on the part of the State politic, bringing with it eventually renewed prosperity for

all; but I feel that a start in the right direction has been made and one senses a determination on the part of the people to set matters right in the one and only proper way, to wit, by facing the position fairly and squarely and dealing with it by cutting down expenses and producing at the right price to meet world competition.

There has been of late a great deal of Press correspondence upon Australia dealing with her financial and economic position, and in many cases there has been a certain amount of insidious propaganda in the matter of her national honour. In bad times it is all too easy to be pessimistic and equally difficult to be the reverse, but I think Australia's troubles should be regarded as part of a whole in view of the fact that the whole world is in a rut of depression with production exceeding consumption from the East to the West.

Taken as only a part, her position will improve with the rest of the world and, therefore, adverse criticism should include all or none, and not seek out any one country for special comment. With things as they are, I do not like to think of the responsibility resting upon the shoulders of those in authority in this country when I see Australia and Canada depending greatly upon our market for disposal of their wheat, only to be met with wheat dumped upon us at a cost below that of any competitive civilised nation just because it is the output of a people whose cost of production is not in terms of money, but in those of flesh and blood. (Hear, hear.)

WEATHER REPORT.

I now come to the cabled weather report, which stated "Season's prospects generally favourable in Australia and New Zealand. Good rains have fallen last few days Victoria, New South Wales and large areas Queensland, but further rain needed in parts of North Queensland." This is quite satisfactory and points to Mother Earth doing her best to help these countries in which we have such a deep interest.

I have now come to the end of my speech, and I must apologise for having kept you rather longer than usual, but it is the duty of a chairman to explain as fully as possible all points which may not be perfectly clear to the shareholders, and I think you will agree with me that these points are rather more numerous this year than in more normal years. I can only hope that I have dealt with all matters that call for explanation, but in case I have failed to do so, I will try to answer any question that any shareholder wishes to put, before moving the adoption of the report and accounts, which I shall ask Lord Aldenham to second. (Cheers.) The Rt. Hon. Lord Aldenham seconded the resolution.

SHAREHOLDERS' CONGRATULATIONS.

Mr O. Levy said that he would like to offer his congratulations to the directors and the staff on the balance sheet which they were presenting, and which was very much better than he had anticipated.

Mr F. Tomkinson said that he would like to support the remarks of the previous speaker. He thought that the shareholders were greatly indebted to the chairman for the very lucid and excellent speech which he had made with regard to the accounts and the position in Australasia. He had been a shareholder since 1884 or 1885. Having regard to the difficulties under which they had laboured, he thought that the balance sheet was highly creditable to all those connected with the bank.

The resolution was unanimously adopted.

Lord Aldenham then proposed the re-election of the retiring directors, Mr Charles Gipps Hamilton, Mr Arthur Whitworth and Mr J. F. G. Gilliat.

This resolution was seconded by the Rt. Hon. the Earl of Middleton, K.P., and unanimously approved.

The auditors, Messrs. Deloitte, Plender, Griffiths and Company, were re-appointed.

TRIBUTE TO STAFF.

The Chairman: Ladies and Gentlemen,—Now that the main business of the meeting is concluded, I have the pleasant task of moving a hearty vote of thanks to the officers and staff of the bank, both in Australia and New Zealand and in London. If ever there was a year when the services of our staff should be truly appreciated, it is in this year, when from day to day not only the ordinary routine of banking is carried on tirelessly, but in addition important and vital decisions have to be taken involving endless interviews and correspondence, which in more normal times are far less frequent and less important. To Mr Healy in Australia and to Mr Godward, with their respective staffs, I would ask you to extend your heartiest vote of thanks, as, if you had been in close association with them as your directors have been during the past year, you would realise how much we owe them and how closely the interests of the bank have been safeguarded and watched by them, day in and day out, throughout the year.

I need say no more, as I am confident that you appreciate the work done and being done as fully as your directors do, and I, therefore, have no doubt that one of our shareholders present will be only too glad to second this vote of thanks.

Mr W. A. Welch, in seconding the resolution, said that he heartily endorsed every word which the chairman had said about the staff. The resolution was carried unanimously.

VOTE OF THANKS.

Mr A. J. Waley said that he thought that a more comprehensive mark of appreciation of the work of the directors should be offered than was contained in the few words which had already been uttered. The shareholders had always been in the habit of giving the directors their widest confidence, and he thought that, on the present occasion, they ought also to extend to them their sympathy, realising the great difficulties under which they had laboured in the interests of the bank. He hoped that the qualified optimism of the chairman would be fully justified, and that ultimately the common sense and honesty of the Australian people would prevail over the quack remedies which some politicians sought to use to meet the emergency, which, he fully believed, would prove to be only temporary. He moved a cordial vote of thanks to the chairman and directors. (Applause.)

This vote was seconded by Mr Tomkinson, and accorded amid applause.

A brief acknowledgment by the chairman concluded the proceedings.

BEIRA RAILWAY COMPANY, LIMITED.

SATISFACTORY RESULTS.

The thirtieth ordinary general meeting of the Beira Railway Company, Limited, was held, on the 25th instant, at 2, London Wall Buildings, London Wall, London.

Sir Henry Birchenough, Bt., K.C.M.G. (the chairman), in moving the adoption of the report and accounts, said:—When the difficult times through which we are passing are considered, I think you will agree that our revenue for 1930 of nearly £900,000 was not altogether unsatisfactory.

After bringing in £20,359 from last year, we have to deal with a total credit balance of £137,739. We recommend that £25,000 be placed to the reserve account, making it £125,000, and that a dividend of 1s. 3d. per share, less tax at 2s. 8d. in the pound, be paid, requiring £65,625, and that the balance of £47,114 be carried forward to next account. In view of the period of trade depression through which we are now passing, your directors have thought it prudent to adopt this course in order to conserve the financial resources of the company so as to assist the position if necessary at the end of the current year.

Now you will no doubt like to know something about the financial year we are now in, which began on October 1st last.

At the present moment, traffic, I regret to say, are poor, and I should not be doing my duty if I did not point out to you that I think we are in for a lean year. We have received cables giving our approximate traffic for the first four months of the current financial year, that is, October, 1930, to January, 1931, and they show a considerable decrease—gross receipts being some £70,000 less than in the same four months last year. As you are already only too well aware, there is a universal depression in trade at the present time, and our line is now suffering particularly from a very large falling off in exports of maize, chrome ore, asbestos, copper, zinc, etc. The general manager is carrying out drastic reductions of expenditure, which will relieve the position to some extent, but as it is confidently anticipated that this trade depression is merely temporary, it is impossible to reduce the organisation of highly trained men below a certain level.

We understand that the Northern Rhodesia Copper Mines will begin to ship copper concentrates at the rate of about 4,000 to 5,000 tons per month, starting in May next. These will be the first products from the Northern Rhodesia copper companies, and are, of course, entirely new traffic. Though the next few months are, as I have already said, likely to be lean ones, we hope that a steady revival of trade and the development of these great copper fields in Northern Rhodesia will soon stimulate our traffic considerably. The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA.

SIR MONTAGU TURNER'S REVIEW OF THE PAST YEAR'S OPERATIONS.

The seventy-seventh ordinary general meeting of the shareholders of the Chartered Bank of India, Australia and China was held, on the 25th instant, on the bank's premises, 38, Bishopsgate, London, E.C. Sir Montagu Cornish Turner (the chairman) presided.

Mr W. E. Preston (chief manager) having read the notice convening the meeting and the auditors' report,

The Chairman said: I need not dwell on the world-wide depression in trade which in extent and severity has, I believe, never been surpassed in modern times. That is a matter of common knowledge. Whatever the causes, and they are numerous, both Eastern and Western Hemispheres have suffered very severely. But it is especially in the East, where our interests mainly lie, and where the prosperity of its millions depends on the ready sale of their crops and products at remunerative prices in the markets of the world, that the effects of this disastrous landslide have been chiefly felt.

Perhaps the most urgent need is some reasonable settlement of war debts and reparations. Above all, however, what is wanted to-day more than anything is a spirit of greater confidence. It must be made worth the while of those who have capacity, brains and accumulated capital to initiate employment, to push invention and enterprise, to go ahead and take risks, and until that is done we shall still have to contemplate the grim spectre of unemployment throughout all the industrial countries of the world.

CONDITIONS IN INDIA.

Referring to India, we have from every one of our managers in that country the same complaint of interferences with normal trade—slump in prices of commodities, political unrest resulting in the boycott of British goods, the pernicious system of picketing, the inability of the masses to purchase foreign goods and, lastly, the fall in the price of silver, which has affected the many millions who have their little hoardings in the white metal.

The boycott of British goods in India has been greatly detrimental not only to the interest of India, as shown by the reduced revenue and the Budget deficit, but also to the Lancashire mills, as is evidenced by the tremendous fall in the import of cotton goods from this country, and this, coupled with internal political troubles, has been greatly prejudicial to the banks in India; in fact, to all who participate in what has been India's salvation in the past from a monetary point of view, her huge export business which has been the means of providing a favourable trade balance for that country. From every point of view we should welcome an early and reasonable solution of the troubles in India, a solution fair to British and Indians alike. Changes in the Government of India are inevitable, and we must be prepared to work wholeheartedly for the welfare of that country and for the good of the Empire. We must maintain those close and friendly relations which we, in commercial circles, have maintained in the past and hope to do so in the future. We must fully appreciate the invaluable services rendered by the Viceroy, Lord Irwin, services valuable not only to India but to the Empire.

GOVERNMENT OF INDIA SECURITIES.

As a result of the resolutions of Congress regarding independence and repudiation of debts, some holders of India Government securities have felt uneasy, and in a few instances, we believe, have disposed of their holdings. India stocks, although not guaranteed by the British Government, are trustee securities, and the mere suggestion of repudiation is enough to weaken the credit of any borrower who enjoys the privileges of the Trustee Acts.

There is no need, in my opinion, for investors to feel uneasy regarding their investments in India stock. The declaration issued by the Secretary of State for India on January 27 last, in which he said, "His Majesty's Government have no intention of allowing a state of things to arise in India in which repudiation of debt could become a practical possibility," is sufficiently definite to reassure the most nervous investor that Parliament will provide the necessary safeguards, should they be needed, against a breach of the conditions under which these loans were issued.

THE RUBBER INDUSTRY.

The rubber market is still overweighted with large stocks. Conditions may improve, but I hardly venture to say that we shall see any material advance in the price in the near future.

Both Ceylon and the Straits have naturally felt the brunt of the storm. In the Straits and Malay States one result has been the reduction of working costs and the paying off of large numbers of Indian labourers. I believe some 70 to 80 thousand men have returned to the coast of India.

The repatriation of these coolies is causing a great deal of anxiety among rubber producers, as they are nearly all skilled workers who have been on the plantations for many years. The planters fear that when the market improves and demand reasserts itself, it will not only be an expensive business to bring back this labour force to the Straits, but it is pointed out with some justice that Ceylon, by virtue of her proximity to Southern India, which is the main source of labour supply for both countries, will be able to recover far more rapidly than the Straits.

In regard to rubber production costs, it is very interesting to learn that as soon as it was realised that all appeals to Government for restrictions were useless, planters concentrated on reduction in costs, and surprising results have been accomplished. Rubber is now being produced in some cases at as low as ten Straits cents per pound (less than 3d.). The idea that this could have been done a few years ago would have appeared fantastic. Of course, my hearers will understand that this is its price on the estate and not the price of the commodity in London.

Malaya has never faced such a prolonged crisis as that through which she is now passing, but the efforts which have been made to meet the situation will produce beneficial and lasting results when world conditions improve.

POSITION IN CHINA.

As regards China, conditions in that country have certainly improved. For the time being, active civil warfare is at an end; the Nanking Government outwardly are on good terms with the young War Lord in Manchuria, and are doing their best to put an end to the devastating activities of the bandits who, apparently, for the most part, are discharged soldiers. But until this has been done and real control of the provinces has been effected, good relationships have been established, and until her Budget has been put on a satisfactory basis, the present Government in China will have difficulty in obtaining the outside assistance she requires financially to put her railways in order, to carry out badly needed improvements in transport, and to recreate favourable conditions for the trade, which should be possible once the political situation has resulted in a firmly established and well-organised Government.

Unfortunately the abnormal and chaotic conditions of the silver market have proved, and will prove until the price can be in some way standardised, most detrimental to foreign trade with China.

SILVER.

No reference to China would be complete without mentioning the catastrophic fall which has taken place in the price of silver. This is not due to overproduction, as in the case of other commodities. The output of silver has kept fairly steady about 250,000,000 ozs. in the last six years. India and China in 1930 took about 210,000,000 ozs.; this, therefore, leaves a comparatively small balance to meet industrial requirements such as subsidiary coinage, the moving picture industry and the hundred and one other uses silver is put to, and as these requirements may easily total some 50,000,000 ozs. per annum, we are left with a potential shortage on production rather than a surplus.

We must therefore look to other causes for the debacle and, briefly, these may be summarised in the accumulation of stores of demonetised silver. China only wants the cessation of civil war and a stable Government to start this industrious and pre-eminently business people on the road to prosperity again, and if only confidence is inspired and undue miscellaneous taxation severely repressed, a prosperous China will soon revive a demand for silver. The other and doubtful way of establishing the value of silver would be through international agreement, such as might be negotiated amicably between America, Great Britain, France and other nations interested in the white metal.

JAPAN.

It is noticeable that, in spite of everything in her favour in the way of wages and long working hours, Japan has a very large number of unemployed, and her mills have to work short time. The fact is, that she is now up against competition with Chinese mills, which have equal advantages of low cost of labour and long

hours. Japan is now seeking for other outlets for her yarn and cloth. We know that she is doing good business in India to the detriment of our own country—Lancashire goods. She is also making a vigorous attack on the Dutch East Indies, and it is indeed difficult for Lancashire to compete when Eastern manufacturers can produce the same goods made by cheap labour with the benefit of longer hours.

THE BANK'S NEW CHARTER.

The new charter, which was ratified at a special meeting of the shareholders last year, is now going the round of the various Government Departments, and I hope to be able to inform you when next we meet that it has been duly approved by the Treasury, as well as by all the Departments concerned, both in this country and overseas.

With reference to the statement of accounts, I would mention that about half the decrease in the total of the balance sheet is due to the change in converting into sterling the values of the tael and the China silver dollar. The decrease in bills of exchange and bills discounted reflects the decrease in business which, we trust, is of an entirely temporary nature.

Our net profit, after fully providing for all bad and doubtful debts, is £634,342, and after setting aside £30,000 for contingencies and providing for dividend and bonus, we carry forward £187,597 9s.

As regards the dividend and bonus, your directors have much pleasure in proposing that this be paid at the same rate as last year, but we are recommending that the dividend for the second half of the year and the bonus for the whole year should be subject to income tax. The general reasons underlying this action on the part of your board, which are dictated by prudence and not by necessity, are fully indicated in what I have said above. What I would like to emphasise is that not only have we the burden of increased taxation at home, such as the last increase in income tax, but at most points in the East we are also faced with heavy local taxation, and as these taxes have been steadily on the increase there comes a time—especially with business in the sad condition that it is to-day—when the question of taxation can no longer be ignored.

Sir Harry Goschen, Bt., K.B.E., seconded the resolution for the adoption of the report and accounts, which was carried unanimously. The formal business having been transacted, a vote of thanks to the directors and staff terminated the proceedings.

THE EMPLOYERS' LIABILITY ASSURANCE CORPORATION, LIMITED.

SUCCESSFUL RESULTS IN A DIFFICULT YEAR.

The fiftieth ordinary general meeting of The Employers' Liability Assurance Corporation, Limited, was held, on the 25th instant, at Hamilton House, Victoria Embankment, London.

Sir Joseph G. Broodbank (the chairman) said that, in view of the unfavourable conditions with which they had had to contend during the past year, he thought the highest credit was due to their officials everywhere that they should have so maintained the position of the corporation that the premium income of 1930 was £7,430,057, being within 3.3 per cent. of what it was in 1929, when they reached their highest record. Moreover, they were declaring a dividend equal to that paid during the last ten years, and were able to add £21,113 to the general reserve fund. When one saw, day by day, the accounts of trading companies with shrinking gross returns and dropping dividends, these results might be considered a satisfactory achievement. Interest and rents amounted to £381,858 gross, and, for the first time in their fifty years' history, the net interest had provided the amount required for the dividend. The result of the year's operations was that there was a net profit of £319,312, and the directors recommended a final dividend of 3s. per share, making 5s. for the year, less tax.

Referring to their investment in the Clerical, Medical and General Life Assurance Society, the Chairman said that the directors of that society had recently declared a quinquennial bonus of £1,285,990, compared with £1,028,630 in 1926 and £754,850 in 1921, when they acquired the shares. Of this bonus £129,590 would come to the corporation, in addition to the £2,500 dividend which they drew annually.

As to the value of their Stock Exchange investments, latest advices from the United States showed that there had been a further recovery in prices there, and the total depreciation was now only about £79,000 instead of the £157,000 stated in the report, reducing the percentage figure from 2.3 to 1.2. He thought it would be agreed that, with the very large increase in value of the Clerical, Medical shares, the £400,000 to the credit of investment reserve showed an ample surplus of protection against contingencies.

The report and accounts were unanimously adopted.

PINCHIN, JOHNSON AND COMPANY, LIMITED.

CONTINUED EXPANSION.

At the annual general meeting of the shareholders of Pinchin, Johnson and Company, Limited, held on Thursday, March 26th, at the Hotel Metropole, London, Mr Edward Robson (the chairman) presiding.

The Chairman said:—The first half of 1930 was fairly generally good, and had conditions become no worse than existed about the middle of last year, I am of opinion that we should have been able to produce to you a figure of profit equal to, if not exceeding, that of 1929. Unfortunately, contraction in trading in certain markets which had gradually developed during 1930 became accentuated in the latter months of the year, and although this feature was not of any serious consequence, when it is considered in relation to a most exceptional and rapid fall in the values of certain raw material commodities, these conditions together explain the falling off in profits indicated in the report and accounts. As a matter of fact, that decrease is more than accounted for by the single item of depreciation in stocks.

STOCK DEPRECIATION.

This depreciation in stocks applied to this company in an exceptional degree, owing to the fact that this business is the world's largest varnish making unit, a considerable volume of our production consisting of high-grade varnish products which need a considerable period of maturity in order to bring them to the state of quality required. Consequently these varnishes have to be tanked and matured a very considerable period ahead of their selling dates. In that particular class of business, therefore, it has been impossible, even with the exercise of all possible prudence, to avoid the exceptional and extremely rapid depreciation in raw materials contained in this type of product that took place close up to the end of last year.

WORLD-WIDE INTERESTS.

In addition, we have, as you are aware, almost world-wide interests, and in some overseas markets, particularly China, exchange depreciation has been another factor of some consequence. This exchange weakness arises from political and economic conditions in the countries concerned, entirely beyond the control of our own organisation, and we are in a sense merely the incidental victims of such conditions.

These facts explain, definitely and shortly, the inability of the company to obtain a profit figure which a year ago, under conditions then existing, it was reasonable to anticipate.

STRONG LIQUID POSITION.

With regard to the balance-sheet items, there is no material change to report, but I can again confirm that the assets of the company are valued on a very sound and conservative basis. Our liquid position is very satisfactory, cash and trustee securities amounting to over three-quarters of a million pounds, whilst our reserve and carry forward at January 1st amounts to £866,433.

Recently we have acquired a majority holding in a paint and varnish manufacturing undertaking in Buenos Aires. This development has been considered essential in order to preserve and extend our business in South America, and we are fortunate in having acquired this substantial interest in a business that is, in our opinion, the most efficient and up to date of its kind in the Argentine.

ENCOURAGING OUTLOOK.

With regard to the immediate outlook, I think it is extremely necessary to view the future with a great deal of caution. As far as our particular business is concerned, every possible effort is constantly being made to improve our position, to effect all possible economies, and to take advantage of all circumstances that might assist its development.

The fact remains, however, that to a great extent any substantial immediate improvement must depend more or less upon an improvement in world industrial conditions, and although I cannot claim to be particularly optimistic as to the immediate prospect of any real improvement in trade, yet one can perhaps detect some slight signs of a gradual turn-round from the present extremely depressed position.

We have this confidence, however, that we believe in our particular industry, we are more fully, and perhaps better, organised and equipped than any similar undertaking to benefit immediately from any improvement in general trading conditions throughout the world.

LONDON LIFE.

CLERGY MUTUAL AND METROPOLITAN.

CONTINUED PROSPERITY IN A DIFFICULT YEAR.

"STRONG AND HEALTHY CONDITION."

The ordinary general meetings of the above companies were held, on the 25th instant, at 81 King William Street, London, E.C.

Mr Reginald B. Jacomb (president of the London Life Association), in opening the proceedings, referred to the great loss sustained by the death of the Bishop of Worcester.

He went on to say that it was a matter for congratulation that the association had emerged from so difficult and trying a year in a strong and healthy condition.

He said: "In times like the present our chief anxiety is, of course, in connection with our investments of some £22,000,000. We have to consider the safety of the capital invested, and even in the case of redeemable securities, which in normal times would have given us no cause for anxiety, we have in some cases to consider the possibility that obligations will not be met. The main measure we have of the risk is the market price, and we are bound to consider our position in relation to the standard of market values."

"In the aggregate the values of our marketable securities were £202,000 below the amounts at which they stood in the books. Our profits on realisations during the year amounted to £150,000, making a net depreciation of £52,000. Of this, £22,000 was brought forward from the previous year, so that the actual net depreciation in the year 1930 was only £30,000, a result for which we should be profoundly thankful."

He went on to say that in the report and accounts the directors have adopted the principle of "Safety First" in the belief that members would regard the increase in the investment fluctuation fund to £400,000 as prudent, and be satisfied that the margin over actuarial reserves amounts to £917,000.

He referred to the four different funds, which in effect are separate assurance companies, each with problems of its own:—

REDUCTION OF PREMIUM AND GENERAL FUNDS.

He mentioned that an increase of three in the rates of reduction could have been given, as in the case of the last three years, but the directors have felt it wiser only to give an increase of two because it has never been contemplated that an increase of three each year could be maintained indefinitely.

REVERSIONARY BONUS FUND.

For the third year in succession a compound reversionary bonus of 40s. per cent. has, he stated, been declared, a remarkably good bonus when the smallness of the premiums is taken into account. He added that it was expected that this rate could be maintained and that the premiums for new entrants are consistent with such a declaration.

CLERGY MUTUAL.

As foreshadowed in last year's report, in the case of whole life policies a bonus of £4 per cent. had, he mentioned, been declared, increasing by 5 per cent. for each age attained over 65; and for endowment assurances a reversionary bonus of £4 per cent.

METROPOLITAN.

He informed the Metropolitan members that the directors had declared an increase of three in the rates of abatement, which may be considered as a normal increase, although the occasions on which special increases can be given are likely to be frequent.

The President then alluded to the net amount of assurances completed of £3,126,514, which is easily a record for the association. He added that it is a striking indication of the advantages of the non-commission system that, notwithstanding the large new business, the expense ratio is only £5 12s. 7d. per cent. of the premium income.

He mentioned that next month the London Life completes the 125th year of its existence, and that the directors proposed to mark their appreciation of the services of the staff by the grant of a bonus varying with the length of service.

After alluding to the services of Mr Trouncer, and to his appointment as President of the Institute of Actuaries and as a member of the Royal Commission on Unemployment, he paid a tribute to the work of Mr Evans and all their able staff.

The formal resolutions were then put and carried, and the proceedings terminated with a vote of thanks to the President and directors.

SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY.

INCREASE IN NEW BUSINESS.

CONTINUOUS RECORD OF HIGH BONUSES.

At the annual meeting of the Scottish Amicable Life Assurance Society, held in Glasgow, on the 25th instant, Mr Peter Rintoul, chairman of the ordinary directors, in moving the adoption of the report, said that one result of the prevalent feeling of uncertainty and the lack of confidence in other fields of investment had been to bring into greater prominence the merits of life assurance as a gilt-edged investment. The life offices generally reported a considerable increase in new assurances during the past year, and the society itself had to report a substantial increase. The net new sums assured—£1,310,000—exceeded the total of the preceding year by nearly £75,000, and the increase was all the more satisfactory in view of the large reduction in the amount of single-premium assurances as a result of the clause in the Finance Act of 1930 which deprived these assurances of the main advantage which had contributed to their popularity. The society, however, had never sought to encourage this form of policy, and the directors welcomed rather than regretted the restrictions imposed by the Act.

The life assurance and annuity funds had increased during the year by £388,000, and now exceeded ten and a half millions.

INCREASE IN THE RATE OF INTEREST.

The rate of interest had increased by 2s. 9d. per cent. to £5 14s. 9d. per cent., and the net rate after deduction of income tax was £4 14s. 3d. per cent., while the average rates for the quinquennial period were £5 11s. 5d. per cent. and £4 13s. 6d. per cent. respectively.

The mortality experience had been exceptionally favourable, the amount paid in claims by death—£283,000—representing only 60 per cent. of the amount expected, as compared with an average of 77 per cent. for the quinquennial period.

The amount paid under claims by survivorship was £268,000, making a total of £1,326,000 for the five years, as compared with only £610,000 for the previous five years, and afforded striking evidence of the increasing popularity of the endowment assurance policy.

QUINQUENNIAL INVESTIGATION.

In connection with the quinquennial investigation as at December 31st last the directors had made a complete investigation of the society's investments. During the quinquennial period the balance of profit on realisation of securities had been applied to write down the value of the remaining assets, and no further provision was considered necessary on this occasion. Indeed, a stringent valuation of the assets—based on market prices at December 31st last with further reductions in the case of the less marketable securities—disclosed that such modified market value was substantially in excess of the amount appearing in the balance sheet. The rate of interest adopted in the valuation of the liabilities under the society's life assurance contracts was 2½ per cent. (as compared with 3 per cent. at the previous valuation), and the net premiums taken credit for left a margin of nearly 20 per cent. to provide for expenses and to contribute to surplus. The valuation, after providing the additional reserves called for by the reduction of the rate of interest in the valuation, disclosed a surplus of £1,251,103, of which £989,417 had been applied to provide bonus additions to full with profit policies at the compound rate of £2 2s. 6d. per cent. per annum (as compared with £2 per cent. per annum at the previous valuation), £100,000 transferred to the general reserve fund, and the balance of £161,868 carried forward.

SOCIETY'S SPLENDID BONUS RECORD.

The members were aware that it had never been the practice of the society to strain its resources. Their policy had been rather to make security their first consideration and to declare bonuses well within their capacity, and he ventured to claim that that policy had been justified by the results. The society could claim a continuous record of high bonuses unbroken by the war, and the bonus additions now declared—ranging from £2 2s. 6d. per cent. to £5 17s. 6d. per cent. on the original sum assured according to the duration of the policy—were the highest in their history. At the same time the society appeared to be in a stronger position than ever for the maintenance of high bonuses in the future, and in these circumstances the directors had declared an interim bonus at the full rate of £2 2s. 2d. 6d. per cent. per annum compound in respect of policies with right to full profits that might become claims by death or survivorship during the quinquennial period.

The report and accounts were unanimously adopted.

NEWCASTLE-UPON-TYNE ELECTRIC SUPPLY COMPANY, LIMITED.

INCREASED OUTPUT AND PROFIT.

AMALGAMATION SCHEME.

MR R. P. SLOAN'S SURVEY.

The annual meeting of the Newcastle-upon-Tyne Electric Supply Company, Limited, was held, on the 24th instant, at the Central Station Hotel, Newcastle, Mr R. P. Sloan (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, referred to the question of the companies' charges for ordinary lighting and domestic supplies, and to the exhaustive inquiry which the Electricity Commissioners held in December, 1929, on behalf of the Minister of Transport. Continuing, he said:—When I last addressed you the Minister had not made his award. This was received in June last and reads as follows:—

"With reference to the application of the Corporation of Newcastle-upon-Tyne and certain other local authorities for the revision of maximum prices and methods of charge of the Newcastle-upon-Tyne Electric Supply Company, Limited, and other companies, I am directed by the Minister of Transport to inform you that he has had before him the report of the two Commissioners who held the inquiry on his behalf. After full consideration of the representations made at that inquiry, the Minister has decided not to make any order on the present application, but he considers that the companies should review their tariffs with a view to modification if the satisfactory results of last year's working are maintained, and has notified them accordingly."

From this you will see that, while the Minister decided not to make any order varying the companies' prices and methods of charges—which was a very satisfactory decision so far as the companies were concerned, as it fully justified their policy—he suggested that the companies should review their charges if the results of the year 1930 proved to be as satisfactory as those of the previous year. The directors have decided to make certain substantial reductions in the prices for lighting and domestic supplies. The extent of these reductions has already been announced.

NEWCASTLE CITY UNDERTAKING.

Referring to the Newcastle Corporation's option to purchase the company's undertaking within the city in 1932, he said the Electricity Commissioners had suggested that the direct current system should now be completely changed over to the alternating current system, and, further, that this change should be carried out concurrently with the standardisation of frequency under the North-East England Electricity Scheme. As the cost involved in changing the remaining portion of the Newcastle network would be considerable, the company could not see its way to comply with the Electricity Commissioners' wishes unless, *inter alia*, an assurance was given by the Newcastle Corporation that it would not exercise its option to purchase the city undertaking in two years' time.

As a result of full consideration of the whole question the Corporation had decided not to exercise its option in 1932, but to postpone this right until some years later. Within that time it was anticipated that both the change from direct current to alternating current, and the standardisation of frequency within the city, would have been completed.

The Chairman referred to the redemption of debenture stocks, which, apart from the annual saving in interest to the combined companies, had considerably simplified the whole financial position, as, when they were completed, the only outstanding debenture stocks would be those of the Newcastle company.

AMALGAMATION OF THE COMPANY AND SUBSIDIARIES.

Proceeding, the Chairman said the directors had from time to time considered the question of an amalgamation of the company and its subsidiaries, and, in view of the coming into operation of the North-East England Electricity Scheme, and for other reasons, they had decided to promote a Bill for this purpose in the autumn session of Parliament.

The amalgamation in view affected eight companies. Apart from the Newcastle company, there were the following:—County of Durham Electrical Power Distribution Company, Limited, Houghton-le-Spring and District Electric Lighting Company, Limited, Tees Power Station Company, Limited, Cleveland and Durham Electric Power Company, Limited, the County of Durham Electric Power Supply Company, the Cleveland and Durham County Electric Power Company, and the Northern Counties Electricity Supply Company, Limited. The Newcastle company held all the issued share capital of the Durham Distribution Company, the Houghton-le-Spring Company, the Tees Company, and also over 99 per cent. of the issued share capital of the Cleveland, Limited, Company. The Newcastle Company and the Durham Distribution Company held all the share capital of the Durham Power Company, while the Newcastle Com-

pany and the Cleveland, Limited, Company held all the share capital of the Cleveland Power Company, and over 90 per cent. of the share capital of the Northern Counties Company. Owing to the redemption of debenture stocks, the financial part of the amalgamation scheme was not likely to present any complications. This being so, he did not anticipate that there should be any great difficulty in obtaining the necessary Parliamentary sanction.

NORTH-EAST ENGLAND ELECTRICITY SCHEME.

The work in connection with the standardisation of frequency on the North-East Coast, which forms part of the North-East England Electricity Scheme, was well in hand, orders for plant and apparatus having already been placed by the company amounting to approximately £1,650,000. In the placing of all orders endeavours had been made to place as much of the work as possible with local firms.

Turning to the results of the year's working, he said that, apart from the reduction of output in respect of electrical energy supplied to chemical works, owing to the closing down of the Tyneside works controlled by the Imperial Chemical Industries, and their transference to Billingham, the company's output showed an increase, which might be regarded as very satisfactory, bearing in mind the state of great depression which prevailed throughout the past year.

Owing to this depression, there was a fall in the amount of electrical energy supplied to shipyards and engineering works, as well as to the iron and steel trades, but supplies to collieries showed a considerable increase, while the sales of electrical energy for lighting and domestic purposes again represented a substantial improvement over those of the previous year.

The profit for the year showed an increase of £37,389, which might be considered very satisfactory, having regard to the particularly depressed state of trade. The transfer from profit to general reserve had been increased by £25,000 to £200,000, while the sum of £30,000 had been transferred to renewals and improvements reserve, as against £75,000 so transferred in 1929. The total sum transferred from profits to these reserves was, therefore, the same as in the previous year.

PROFIT AND DIVIDEND.

The directors recommended the payment of a dividend of 6 per cent. on the ordinary shares—the same rate as was paid last year—and that the balance carried forward be increased by £20,639, to £116,668.

The amount expended on capital account during the year was £110,364. Of this sum, £48,000 represented expenditure on generating station extensions, the balance being attributable to extensions to the cable systems.

The profit derived from the sale of electrical energy, apparatus, and other rentals, etc., showed an increase, as compared with the previous year, of £28,074, and there was also an increase of £9,588 in the amount received in interest and dividends, this being mainly due to increased interest on bank deposit and loans.

The unappropriated sum standing to the credit of general reserve remained at practically the same figure as previously.

THE OUTLOOK.

With regard to the outlook, the most encouraging feature, at the present time, was the continued development of the company's lighting and domestic business. As measured by the number of new consumers of this class, the progress made last year was very gratifying indeed. During that period they connected up over 14,000, a very substantial increase over the number added in 1929. The company had, as shareholders knew, been concentrating for some years past on developing this particular class of business. In order to assist towards this end, the directors of the company and its subsidiaries had decided to make substantial reductions in the ordinary prices for such supplies, as from the commencement of the coming quarter. With the exception of a few districts where special conditions prevailed, it had been decided—throughout the whole area supplied by the group of companies—to reduce the primary and standard charges as ruling to-day for lighting by 1d. per unit. These reductions in charges were estimated to represent a concession to existing consumers of about £49,000 per annum.

The Chairman concluded: From what I have said, I think you will appreciate that our business is being carried on steadily and progressively, and, while I cannot speak with certainty, I feel that, even without any appreciable improvement in the industrial situation, satisfactory results for the present year may be anticipated with a fair degree of confidence.

The adoption of the directors' report and accounts was carried unanimously. Mr. Alfred Bonnin and Sir J. H. B. Noble were re-elected directors, and a dividend of 3½ per cent., making, with the interim dividend of 2½ per cent., 6 per cent. for the year, was moved and carried.

THE UNITED GLASS BOTTLE MANUFACTURERS, LIMITED.

SIR MAX J. BONN'S SPEECH.

STRONG FINANCIAL POSITION.

The eighteenth ordinary general meeting of the United Glass Bottle Manufacturers, Limited, was held, on the 26th instant, at 40-43, Norfolk Street, London, Sir Max J. Bonn, K.B.E. (the chairman), presiding.

The Chairman said: My presence in the chair to-day must recall the very great loss we have suffered by the untimely death after a short illness of our chairman and managing director, Mr George Alexander. To many of you he was personally known, to all of us on this side he was a beloved colleague and friend. Throughout the U.G.B.—whether at head office, the sales organisation or the works—"Mr George" was regarded as the personification of the company, towards whose welfare all co-operated under his genial leadership. The history of the U.G.B. is written around him. In honouring his memory we would wish to pay a grateful tribute to his achievements. In this country he was regarded as the outstanding personality in our trade, and his position of influence amongst our Continental friends and competitors was undisputed. This has been proved by many kind messages of condolence which have reached your board. We particularly appreciated the gracious compliment paid by Herr von Bulow, representing Herr Herman Heye, of the Gerresheimer Glashüttenwerke, as well as the German Association and the Europäischer Verband, and by Dr. Storz, of the Europäischer Verband, in attending our late chairman's funeral. The continued success of the U.G.B. will constitute the best memorial to "Bob Alexander," bottlemaker and lovable man.

The unique position he occupied cannot be duplicated, and now that I have been called upon to take his place as chairman of this important undertaking, I naturally am conscious of many misgivings. I should like proprietors to feel that my promotion from deputy-chairman is not an automatic move or a mere gesture on the part of my colleagues. We discussed the position with great frankness and reviewed the various possibilities, entirely in the interests of the undertaking. The ultimate desire of the board—which met the wishes of our largest shareholders—was that a chairman closely identified with the company and yet somewhat remote from the daily routine should assume responsibility for the wider policy, supported by a board possessing an unusual degree of practical knowledge and enjoying the close co-operation of Mr Gilbert Gilbey as deputy-chairman. Mr Gilbey has very kindly consented to act as the daily link between the board and the actual management, on whom our good fortunes so largely depend. But for my great belief in Mr T. C. Moorshead, our general manager and technical director, and Mr Judd, manager of our sales department, I should not have felt justified in accepting so heavy a responsibility.

I believe we are laying the foundation for a "Structure of Management" which in its gradual development will meet the requirements of the future in the best of your interests. I know I may count on that measure of indulgence and sympathetic goodwill which we in this country always extend to one "on trial." Should it be felt that I cannot devote sufficient time to the problems which constantly arise, the situation will have to be reviewed anew.

Turning to the report and accounts, if you will refer to the balance sheet you will notice that, amongst the assets, buildings, fixed and loose plant and machinery have been increased from £1,334,523 6s. 10d. to £1,344,080 13s. 8d. During the year further capital expenditure has been incurred on additions, alterations and improvements to the equipment, warehouse buildings and loading bays at the St. Helens Factory in conformity with the policy of the board of modernising these works.

LIQUID ASSETS.

Exceptional expenditure has been incurred on packages for the outside warehouses, also on machinery spare parts and general stores, which mainly accounts for the increase in stocks and stores on hand from £429,165 13s. 1d. to £485,429 19s. 8d. As you are aware, the bulk of bottle stocks represents production against definite contracts, pending delivery instructions. It will be seen that, while the debts due to the company have decreased from £261,246 5s. 4d. to £229,988 13s. 8d., sundry creditors, including provision for income tax, etc., have also decreased from £276,242 11s. 5d. to £257,372 5s. 8d.; the total liquid assets, viz., stocks, stores, debtors and cash, less amounts due to creditors, £473,174 16s. 1d., show an increase of £12,386 10s. 5d.

Regarding the profit and loss account, the net aggregate profits of the subsidiary companies, after charging depreciation to the extent of £61,685 0s. 6d. (this sum being in addition to the current maintenance and repairs charged direct to revenue) amount to £209,747 10s. 6d., as compared with the corresponding figure last year of £244,209 13s. 8d. After charging directors' remuneration, income tax, debenture interest and premiums on group life insurance and staff pensions, etc., of the parent company and subsidiary

companies, the balance carried to the balance sheet is £118,654 0s. 10d., as compared with last year's balance of £146,750 15s. 8d. Taking the figure of net profit as above, and adding the sum carried from last year of £44,545 10s.—the total amount with which we have to deal is £163,199 19s. 10d., out of which there have been paid and appropriated (1) preference and preferred ordinary dividends, less tax, for the half-year ended June 30, 1930, and the interim dividend of 2½ per cent. on the ordinary shares, less tax, for the year ended December 31, 1930, £28,426 14s. 2d.; (2) debenture redemption reserve, £8,602 11s.; (3) general reserve, £40,000; (4) special expenditure in respect of factory warehouse reconstruction, £2,500; (5) staff benevolent fund, £4,000; and (6) since December 31st last applied in payment of a dividend for the half-year ended December 31, 1930, on preference shares, £17,430 16s. 4d., and in respect of preferred ordinary shares £2,906 5s., leaving a balance of £59,333 13s. 4d., with which the directors propose dealing as follows:—In payment of a final dividend on the ordinary shares of the company for the year ended December 31, 1930, at 5 per cent., making 7½ per cent. for the year, less income tax, £16,179 5s. 9d., leaving an amount of £43,154 7s. 7d. to be carried forward.

As shareholders will readily appreciate, there has been a contraction in the volume of our business, but it is a pleasure to be able to report the development of substantial new lines. While export markets continue to extend, the sales figures in some territories are a little lower, due to adverse trade conditions, which which you are all conversant.

CURRENT YEAR'S OUTLOOK.

I am naturally most reluctant to venture on any prophecy as to the current year beyond saying that, so far as we have gone this year, your directors are not dissatisfied. As you know, we do not deal direct with the general public; our industry provides one requirement for a multitude of other trades. We are largely dependent on their volume of business, and one is naturally cautious in gauging the likely course of events in the immediate future. Orders are keenly competed for, occasionally at prices which we are satisfied are non-economic, whether proffered by foreign competitors enjoying a highly protected domestic market or by certain members of our own trade at home.

The one thing I wish to emphasise is that we are constantly improving our means of production and are endeavouring to find new outlets. By the end of this year we hope to have practically completed the installation of our self-annealing lehrs, with a satisfactory saving in our fuel costs. The latest type of our "Moorshead" machine—probably the most efficient type of flow machine—has exceeded our expectations and has created great interest amongst potential users abroad. Other important improvements, while still in the experimental stage, hold out great promise, but their full fruition takes time and cannot be measured in terms of months. Thus if the board feel cautious as regards the possible course of events during the current year, they are full of confidence as regards the future of our undertaking—quite apart from any change in our fiscal policy, which would naturally broaden our domestic market and thus reduce our standing charges. We are to some extent obtaining the benefit of lower cost in some of our raw materials, and the board would wish me to pay tribute to the admirable work done by our purchasing committee. But in some of the main items of "cost" we have no appreciable savings to offset the finely cut prices ruling for many of our articles.

I beg to move the adoption of the report and accounts, and that a final dividend of 5 per cent., making 7½ per cent. for the year, less income tax at 4s. 6d. in the £ on the ordinary shares of the company for the year ended December 31, 1930, to be paid.

Mr Gilbert Gilbey (deputy chairman) seconded the resolution.

Mr T. G. Scott, after expressing, on behalf of the shareholders, their sincere sympathy with the directors in the great loss they had sustained by the death of Mr George Alexander, congratulated the board and the management on the result of the past year's working, and said that the figures were really very satisfactory considering that the whole world had been topsy turvy and trade of every description had been exceedingly difficult. He thought the shareholders were very fortunate in having a gentleman of the ability of Sir Max Bonn to succeed Mr George Alexander as chairman of the company. He had known Sir Max Bonn for a great number of years, and he could assure the shareholders that, in assuming the position of chairman, very considerable sacrifice was being made not only by Sir Max as an individual, but also by his firm. He imagined that, in a business of this kind, where practically all the directors were experts in their own particular line, it would be of enormous value to have a chairman who was so tactful and genial as Sir Max Bonn, and he (the speaker) wished them all luck in steering the concern through what he was afraid would be yet another difficult year. (Applause.)

The resolution was then put to the meeting and carried unanimously.

RADIATION, LIMITED.

SOLID PROGRESS IN A DIFFICULT YEAR.

The annual general meeting of Radiation, Limited, was held, on the 23rd instant, at the Cannon Street Hotel, London.

Mr H. James Yates (the chairman) said in the course of his speech: I think few of us regretted the passing of 1930. It was a very trying year for the whole country, and it adversely affected many business concerns. But I am happy to tell you that—due to the vision and foresight of our policy during past years, and to our unceasing strenuous efforts—notwithstanding the many trading difficulties experienced in 1930, the solid progress of your company continues. Our policy all along has been not to "put all our eggs in one basket." We are to a great extent self-contained as regards possessing businesses for the supply of our component parts, and these businesses in themselves have contributed in no small measure to our success.

The net income derived from the subsidiary companies, including transfer fees and bank interest, is £295,292, compared with £295,997 last year, which I think you will agree with me can be considered very satisfactory.

There is an impression in some directions that during the past year there has been a substantial reduction in the cost of materials. This is not the case so far as we are concerned, except in one or two instances of materials of which our consumption is small. The item of greatest consumption among our raw materials is pig-iron, and unfortunately the average cost of this during the past year has exceeded that of the previous year. Notwithstanding the increased cost of materials and the improvements which have been embodied in our goods, we have not increased the prices to our customers. In my opinion a concern which pursues this policy, whenever it can make it possible to do so, is well rewarded in the long run by the increased business it brings, and by its effect in holding the confidence and appreciation of the public.

The present year has opened under greater difficulties than I can remember in my business career, which is by no means a short one, but my confidence in Radiation is as great as it has ever been. We are in the enviable position of being the pioneers of the modern gas cooker, gas fire and domestic hot-water apparatus. The consequence is that the word "Radiation" has become the hall-mark for all goods of the class we make.

THE "NEW WORLD" COOKER.

I have already told you on a number of occasions of the development of our "New World" cooker with the single oven burner and direct bottom-flue-outlet. The "Disc-Bar" hotplate, to which I referred in my address two years ago has still further increased the popularity of the "New World" cooker. In the case of the "Disc-Bar" hotplate, as the name implies, a disc is provided over each burner, thus affording a firm support for even the smallest utensil, and giving protection against chocking of the burner by accidental spilling or boiling over of liquids on the hotplate. The burners are of the "Rado" flame-spreading type, characterised by freedom from smell and by complete combustion of the gas, even should the pressure of the gas supply fluctuate. These advantages are not possessed by cookers fitted with drilled ring burners.

In passing, I would like to refer once again to the "Regulo," which is supplied with all our "New World" cookers, and by means of which the heat in the oven is automatically controlled during all cooking operations. The "Regulo" is a development of the thermostat which was first employed by us some 30 years ago in connection with our hot-water apparatus, and as a result of this prolonged experience we were able to make it in such a form as to ensure reliable heat control in a gas cooker oven. Inevitably the old adage, "Imitation is the sincerest form of flattery," has been exemplified in the attempts of our competitors to copy our "Regulo," but we have evidence daily of the supreme reliability and accuracy of our "Regulo" as compared with all other similar apparatus on the market, and this is borne out by the sales of our "New World" cookers, which last year were greatly in excess of the previous year—a clear evidence of the confidence the public have in our "Regulo" and the "New World" cooker.

THE "BEAM" RADIANT.

There is another invention of ours to which I wish again to make reference, and that is our "Beam" radiant, which is fitted in all our gas fires. Here, again, we have more of the sincere flattery of competitors' imitation than we could wish. The pre-eminence of the "Beam" radiant has been maintained during the past year, and it is gratifying to note the growing appreciation in medical circles of the value, as a therapeutic adjunct, of infra-red energy such as is provided by our gas fires. About the date when last I addressed you, Sir Leonard Hill published, in one of the medical

LOST.—Within the past twelve months, all over the country, much money invested in stocks and shares; owners desirous re-creating estates.

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journals, a note dealing with his experiments in the study of the increased resistance to staphylococcal infection afforded by exposure to red and infra-red rays—experiments in which the energy used was obtained from "Beam" gas fires.

The results of later work have shown that treatment by infra-red energy alleviates the ill effects of certain cases of rheumatism and also that the stimulation of the capillary blood flow induced by such treatment removes the unpleasant disfigurement caused by acne. Whereas ultra-violet irradiation by the use of certain electrical appliances may not be undertaken by laymen without the risk of unpleasant after effects, infra-red energy treatment can be carried out, without fear of accidental over-exposure, with the "Beam" Radiant gas fire, by anyone possessing a domestic gas supply. The "Beam" Radiant gas fire is not merely an effective room heater, but is, in addition, an appliance which offers definite advantages as a consequence of the type of energy it provides.

GAS INDUSTRIES HANDICAPPED.

There are heavy handicaps against which our gas industry has to struggle alone. The principal provisions under which gas undertakings operate date back as far as 1847, although some relief was granted in 1920 and 1929. It is the duty of Government to find an opportunity of introducing new legislation that will remove the fetters by which the gas industry is hampered in its working at the present time. Surely Parliament ought to see that the gas industry—particularly in these difficult times—is, in common fairness, granted the same freedom for expansion as that enjoyed by the electrical industry. Not only has the gas industry served the country well for many years past; it continues to be invaluable, if not, indeed, indispensable, to the community to-day.

In my opinion there is room for the proper development, side by side, of both these important industries, without any need for extraneous and partisan support of either at the expense of the other. The comparison between the cost of electricity and that of gas is all in favour of the latter.

Our overseas trade is, as you will appreciate, hampered and restricted by the tariff barriers which we everywhere encounter. Notwithstanding the difficulties which we experience from this cause, we are continuing to maintain our overseas connections, so that should more favourable conditions arise we shall be ready to develop our foreign and Colonial business.

The report and accounts were unanimously adopted.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"

8, Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....

Address.....

THE POWELL DUFFRYN STEAM COAL COMPANY, LIMITED.

SUBSTANTIAL IMPROVEMENT.

MR EDMUND L. HANN ON THE COAL MINES ACT.

The annual general meeting of the Powell Duffryn Steam Coal Company, Limited, was held at the Cannon Street Hotel, London, Mr Edmund L. Hann, chairman and managing director of the company, presiding.

The Chairman, after dealing with the various items in the balance sheet, said that although the trading profits for the year—£370,294—show a substantial improvement on last year they must still be regarded as unsatisfactory.

The general depression in world trade has resulted in decreased demand for large coal, and the company has been specially hit by the very acute depression in the iron and steel trades.

In addition, the minimum prices under the Coal Mines Act are an incalculable handicap to trade, since they are known to potential purchasers and, what is more serious, to all foreign producers of coal, who can always undercut our quotations.

Practically the whole of the profits available after the payment of the preference dividend have been placed to depreciation and reserve, which, having regard to the uncertain future, the directors consider is the only prudent course to pursue.

The Chairman mentioned that the officials and staff continue to suffer a reduction in their salaries, and the directors also continue to waive a substantial portion of their fees.

ACQUISITION OF THE ALBION COLLIERY.

The Albion Colliery, which adjoins a portion of the Lewis Merthyr and Great Western properties, has been acquired during the year at a very modest price, and the directors are satisfied that by the expenditure of a quite reasonable sum this property can be made to form a very valuable part of the undertaking. The quality of coal obtained from the colliery ranks amongst the best Admiralty coals and commands a high selling price for both large and small coal.

SMOKE ABATEMENT.

WELSH SMOKELESS COALS.

Continuing, the Chairman referred to the important subject of smoke abatement and the elimination of objectionable fumes from the atmosphere. There is no doubt that the atmosphere of London and other large towns can be much improved by the use, in the large power plants, of Welsh coals, which can be burned without the emission of any smoke.

In the same way, there is no reason why Welsh coals should not be used in London for household purposes, for these give a bright fire which is very effective. Their ash content is far less than in coals normally burned in London, and they have a high calorific value and consequently are very economical.

About a year ago the company placed on the market a smokeless coal, under the registered name of "PhurnoD," for use in domestic hot-water boilers, central heating plants, slow-combustion stoves, kitcheners, etc.

The demand for this coal, which is much cheaper than anthracite, has, considering the short time it has been on the market, been highly gratifying, and they have received excellent reports of the general satisfaction that "PhurnoD" has given in all classes and types of boilers and central-heating plants.

SOUTH WALES WAGES AGREEMENT.

After referring to the strike in January, the Chairman stated that the difficulties in the South Wales coal trade arise largely from the unjustifiably high level at which the wages in sheltered industries have been maintained.

To add to our troubles we have had, firstly, the reduction of the hours of work at a time when the industry was struggling for its existence, and, secondly, the proposal to continue the welfare levy for a further period of five years. The coalowners have fostered and encouraged welfare work in the past, but they consider that, having regard to the conditions of the industry at the present time and the fact that there is a large surplus available in the fund, they should not be called upon to continue to pay this levy, or at any rate not to the same extent.

Referring to the marketing scheme, Mr Hann thought it was unfair to condemn the Act in its early days. The Act has, however, increased the difficulty of the export programme very considerably.

The immediate outlook for the coal trade is far from reassuring, and there can be no prospect of a return to prosperity in the coal trade, or in any of the other heavy exporting trades, until there is some sign of retrenchment in Government expenditure, and until there is some revival of the general trade of the world.

The report and accounts were unanimously adopted.

INTERNATIONAL AUTOMATIC TELEPHONE COMPANY, LIMITED.

WORLD-WIDE ADOPTION OF STROWGER SYSTEM.

The annual meeting of the International Automatic Telephone Company, Limited, was held, on the 23rd instant, at the Incorporated Accountants' Hall, Victoria Embankment, London. Sir Alexander Roger (the chairman), in moving the adoption of the report and accounts, said that the profit for the year was £134,024, compared with £135,849. The directors recommended the transfer of a further £10,000 to general reserve, and the payment of a final dividend of 6½ per cent. per annum on the ordinary shares, making 10 per cent., less tax, for the year. A bonus of 2½ per cent., less tax, on the ordinary shares was also recommended. On the deferred shares they recommended a dividend of 10 per cent., less tax, for the year, and a bonus of 2½ per cent., less tax. It was the third year in which such bonuses had been declared, and he wished again to say that they should be regarded in the light of bonuses.

The company was responsible for overseas selling arrangements for the products of the Automatic Telephone Manufacturing Company, Limited, and contracts so secured were passed to that company for manufacture. The system of telephony sponsored was on the Strowger Automatic basis. Nearly three quarters of the world's automatic telephones were now connected to central offices equipped with this mechanism or modifications based upon its original design.

The Automatic Telephone Manufacturing Company's factory was very efficiently staffed and equipped, while the technical and scientific organisation, coupled with the assistance it received in that direction from associated companies, was second to none.

As he had said a year ago, conditions in the telephone industry during the last few years were changing, and it was necessary to have available considerable capital for the purpose of offering to customers, the telephone operating companies, long-term credit of semi-permanent investment character, in order to secure manufacturing business. With their subsidiary, the Automatic Telephone Manufacturing Company, they were in a position to offer capital in such a way.

AN IMPORTANT ALLIANCE.

Since they last met the position had been still further improved by the combination of powerful British and American telephone operating and manufacturing interests, under the title of "General Telephone and Electric Corporation." On one side, it was an alliance of leading telephone operating and telephone equipment manufacturing interests, and on the other side an introduction into the field of international telephony of the Trans-America Corporation, one of the world's largest financial holding companies. The General Telephone and Electric Corporation controlled and operated more telephones than any other privately owned company in existence, with the exception of the American Bell system.

This combination of financial resources with first-class telephone experience and skill was now available for the further extension and development of the group of companies with which their own company was closely associated.

A highly important contract from the South African Government for the installation of Strowger automatic exchange equipment in Johannesburg marked the first introduction of the Strowger system on a large scale into South Africa, and thus added another country to the list of over fifty Strowger using countries of the world. The subscribers in those countries made use of more than 7,000,000 Strowger dial telephones, being upwards of 20 per cent. of the total telephones in the world. They had also secured contracts for four exchanges in Northern Rhodesia and one in Tanganyika Territory.

In Egypt the Mansoura installation had been duly completed. During the year the Automatic Company's exchange apparatus had been introduced into Canada by the installation of the Strowger exchange at Victoria, to the order of the British Columbia Telephone Company.

The Automatic Company had had a very successful experience in installing their patented all-electric totalisators at Newmarket, Leicester, Cheltenham, Pontefract, Birmingham, Wolverhampton, and now at Ascot. Their company was actively engaged in exploiting that equipment overseas.

While they had not been so seriously affected as many British industries by world trade depression, as was to be expected, they had not been entirely immune; but setbacks did not necessarily mean that business had been definitely lost. They rather signified a postponement until more favourable conditions asserted themselves. Prospects generally could be brighter, but they were prepared to meet the keenest competition to ensure obtaining a fair share of the world's business.

Mr George W. Moore seconded the resolution, which was carried unanimously.

The directors, all of whom retired under the articles of association, were unanimously re-elected, and Messrs Harwood Banner and Son having been reappointed auditors, the proceedings terminated.

CITY OF LONDON ELECTRIC LIGHTING COMPANY, LIMITED.

INCREASED OUTPUT—REDUCED CHARGES.

The ordinary general meeting of the City of London Electric Lighting Company, Limited, was held, on the 25th instant, at Falcon House, Aldersgate Street, London, E.C.

Mr J. B. Braithwaite (the chairman) said that they had had a year which, although it had been a difficult one in many ways, they had come through unscathed, which he thought was rather remarkable in view of the depression in trade that had prevailed during most of the year. With regard to their output, the units sold during the year were 94,538,223, or an increase of about 5½ million units over last year. Of these 36,050,616, or 38.12 per cent., were for lighting; 43,209,237, or 45.7 per cent., were for power; 14,147,277, or 14.97 per cent., were for heating; and the remainder, 1,131,093, had been used for street lighting.

There had been a further fall in the price in all classes of supply. During the year the lighting charges had averaged 3.35d., as compared with 3.5d. last year. Power was down to 1.11d., as compared with 1.15d., and heating was down from 1.35d. to 1.29d., and the three supplies combined had decreased from 2.1d. to 2.02d. That might be thought to be a very small quantity, but it represented over £31,000. The consumers had very much benefited, for it would be seen that the consumers' benefit last year reached a total of £402,519, an increase of over £50,000 as compared with the previous year.

With regard to the increase in the various types of load, the lighting load had increased 5.51 per cent., the power load by 9.18 per cent., and the heating load remained about even. It must be remembered, however, that last year there had been an increase of 34.9 per cent. in the heating load, so that this year they had not only been able to hold the whole of that increase, but to have a few hundreds of units in addition. They might therefore expect that in the current year the heating load would again make new forward strides. The total increase of the various types of load was 6.3 per cent. The company's share of the consumers' benefit was £67,084, which had been transferred to a special reserve, raising the total of that reserve to £310,842. They would be able to add two more annual quotas to that before they had to decide on further capitalisation in preparation for the new standard price which would be fixed in 1933.

FURTHER CAPITALISATION.

They were making preparations, therefore, to capitalise a further £400,000, which would allow of a distribution of one new fully-paid ordinary share for each three shares now held. In 1933 the standard ordinary dividend would be reduced to 7 per cent., but he thought they would have little difficulty in obtaining the additional amount required to maintain the dividend at the present figure.

Turning to the revenue account, shareholders might have received rather a shock, because it showed the profit balance for 1930 at £332,011, whereas for the previous year it stood at £473,972. That apparent drop was due to a slight rearrangement of the revenue account, as they had considered it desirable that the compulsory transfers to sinking funds should be included in the annual expenses. Taking into account the transfers to the "A" and "B" sinking funds, and adding the amount of the carry forward, it showed that their profit was practically the same in spite of two rather adverse facts, namely, a drop in sundry receipts and testing fees, whereas rates and taxes showed an increase of £18,404, which more than wiped out the increase in the gross revenue of £17,856. The net result was that they were able to pay the full standard dividend, put to the special reserve funds the full amount, and to increase the carry-forward by £3,210, which he thought, in the circumstances, was a very satisfactory result.

As to the outlook for the current year, they had entered into a contract with the Southwark Borough Council to supply them in bulk, and he hoped the contract they had entered into would enable the Borough Council to reduce their working costs and facilitate their meeting the increased demands from their consumers. They hoped the supply would commence next autumn, but the company would not feel much benefit until the council was in a position to abandon their generating station. As to their own position, they had no new district to develop, and had to rely entirely on increased consumption in their existing area. There was room for an increase in the heating load, and the new building operations now going on should help them. However, with a really efficient plant and with their up-to-date generating plant and distribution system they were ready to give an increased supply, and were always willing to give a stimulus to demand by a reduction in price when possible.

The report and accounts were unanimously adopted, and a resolution was passed increasing the capital of the company to £2,400,000 by the creation of 400,000 additional ordinary shares of £1 each.

APOLLINARIS AND PRESTA, LIMITED.

CONTINUED SUCCESS OF PRESTA.

The thirty-fourth ordinary general meeting of Apollinaris and Presta, Limited, was held, on March 24th, at the Holborn Restaurant, London.

Mr Alfred R. Holland, chairman of the company, presided, and, in moving the adoption of the report and accounts, said that the profits showed a reduction of some £8,000 only, or about 10 per cent., which gave them reason for gratification at the way in which the company had been able to carry on. The directors felt justified in maintaining the dividend at 1½ per cent., as in the previous year, and the carry-forward, after providing for the appropriations recommended in the report, would remain at the very satisfactory figure of £96,321.

At home the company had practically maintained its position, but the same could not be said with regard to the export trade. The Dutch East Indies showed a heavy falling off, due to the unparalleled fall in rubber prices; while the trade with the Colonies was also unsatisfactory. Among the more encouraging features of the year's business, however, was the satisfactory advance in the sales of Presta.

As far as 1931 was concerned, he did not wish to conceal from them that up to the present the results had been disappointing. However, they could be encouraged by the fact that their business was sound, and its financial position very strong. They also had every reason to believe that the company would be among the first to benefit by the advent of more favourable conditions.

Mr F. J. Schilling, the managing director, referred to the continued success of Presta aerated waters, sweetened beverages, etc. He said that, in spite of the difficult conditions prevailing, sales had been greater and profits higher during 1930. Presta's growing popularity was due to its excellent qualities: it kept well even in hot climates, and they had last week received repeat orders from lands as far away as Iraq and East Africa.

Their new factory near Halifax had been completed in September, and had met with a reception which both justified their choice of locality and augured well for the future. If trade conditions were in any way favourable, he believed Presta would make steadily increasing contributions to their profits and to the further development of the business.

The report and accounts were adopted unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended March 21, 1931, amounted to £28,769,200 against ordinary expenditure of £13,100,000. After allocating £6,352,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £289,193 the week's operations, as shown below, reduced the National Debt by £9,018,000 to £7,618,761,000:—

(000's omitted.)			
Public Department Advances...	+ 7,200	Treasury Bills	— 16,418
National Savings Certificates	+ 200		
	+ 7,400		— 16,418

A complete analysis of the National Debt at the end of the last quarter appeared in the *Economist* of January 3rd.

164 Branches in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1859.

REVENUE.	Estimate for the year 1930-31.	Total Receipts into the Exchequer.			
		April 1, 1930, to Mar. 21, 1931.	April 1, 1929, to Mar. 22, 1930.	Week ended Mar. 21, 1931.	Week ended Mar. 22, 1930.
ORDINARY REVENUE.					
Inland Revenue—					
Income Tax	260,000,000	239,575,000	225,535,000	10,701,000	9,613,000
Stamp Tax, including Arrears of Super-Tax	64,500,000	59,680,000	50,620,000	4,780,000	4,040,000
Stamps, &c., Duties	83,000,000	80,080,000	77,470,000	2,350,000	2,070,000
Excise	27,000,000	18,080,000	22,910,000	340,000	380,000
Excise Profits Duty and Corporation Profits Tax	1,700,000	500,000	810,000	—	800,000
Land Tax and Mineral Rights Duty	800,000	810,000	820,000	60,000	60,000
Total Inland Revenue	437,000,000	398,725,000	378,165,000	18,231,000	16,963,000
Customs and Excise—					
Customs	122,710,000	118,094,000	117,254,000	4,021,000	3,595,000
Excise	129,660,000	122,760,000	126,600,000	4,870,000	5,420,000
Total Customs and Excise	252,370,000	240,854,000	243,854,000	8,891,000	9,015,000
Motor Vehicle Duties (Exchequer Share)	4,950,000	4,925,041	4,889,468	—	—
Post Office (Net Receipts)	10,125,000	10,400,000	9,900,000	Dr100,000	Dr100,000
Crown Lands	1,300,000	1,280,000	1,280,000	—	—
Receipts from Sundry Loans	33,000,000	32,591,653	32,500,791	1,378,613	2,490
Miscellaneous Receipts	34,500,000	33,904,762	34,681,130	1,266,594	47,949
Appropriation from Rating Relief Suspense Account	16,000,000	16,000,000	—	—	—
Total Ordinary Revenue	789,445,000	738,786,466	705,070,385	28,759,204	25,008,439
SELF-BALANCING REVENUE.					
Post Office	60,275,000	57,150,000	56,800,000	2,000,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund	23,560,000	22,633,959	21,881,532	—	—
Total Self-Balancing Revenue	83,835,000	79,783,959	78,681,532	2,000,000	2,000,000
Total		818,564,425	783,751,917	30,759,204	27,008,439

EXPENDITURE.	Estimate for the year 1930-31 (including Supplementary Grants).	Total Issues out of the Exchequer to meet payments.			
		April 1, 1930, to Mar. 21, 1931.	April 1, 1929, to Mar. 22, 1930.	Week ended Mar. 21, 1931.	Week ended Mar. 22, 1930.
ORDINARY EXPENDITURE.					
Interest and Management of National Debt	304,600,000	290,780,115	307,017,570	630,792	216,644
Payments to Northern Ireland Exchequer	6,000,000	5,722,825	4,881,900	—	2,722,815
Payments to Local Taxation Accounts	3,300,000	2,808,387	2,897,303	354,100	53,749
Other Consolidated Fund Services (excluding Post Office)	432,180,000	412,277,050	355,636,399	12,115,119	6,200,000
Total Ordinary Expenditure	746,080,000	711,588,377	682,502,609	13,100,011	9,193,208
Stinking Fund	55,400,000	62,010,131	46,591,233	6,352,000	1,509,000
SELF-BALANCING EXPENDITURE.					
Post Office	60,275,000	57,150,000	56,800,000	2,000,000	2,000,000
Road Fund	23,560,000	22,633,959	21,881,532	—	—
Total Self-Balancing Expenditure	83,835,000	79,783,959	78,681,532	2,000,000	2,000,000
Total		853,382,467	807,775,374	21,452,011	12,702,208

The aggregate revenue and expenditure to March 21, 1931, is shown below:—

FINANCIAL YEAR, 1930-31, APRIL 1ST TO MARCH 21ST.			
(000's omitted.)			
		£	£
Expenditure	711,588	Revenue	738,780
Sinking Fund	62,010	Decreases in balances	3,030
		Net Amount borrowed	31,788
	773,598		773,598

POSITION OF THE FLOATING DEBT.				Movement Week ended
Ways and Means Advances Out- standing—	Mar. 22, '30	Mar. 31, '30	Mar. 21, '31.	Mar. 21, '31.
	£	f	£	
Advances by Bank of England ..				...
Advances by Public Departments	48,080,000	48,530,000	40,050,000	+ 7,200,000
Treasury Bills outstanding.....	598,880,000	588,885,000	568,135,000	+ 18,425,000
Total Floating Debt	646,960,000	637,415,000	608,185,000	+ 11,225,000

* Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.
Tenders for £30,000,000 in Treasury Bills were opened on March 20, 1931, and the total amount applied for was £68,980,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 7s. 2d., about 63 per cent., and above, in full; and Saturday at £99 7s. 4d., and above, in full. The amount allotted was £30,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Feb. 27	35,000,000	41,445,000	2 13 8-0
Mar. 6	30,000,000	59,330,000	2 12 4-71
Mar. 13	30,000,000	49,865,000	2 11 6-69
Mar. 20	30,000,000	68,980,000	2 10 7-09

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, March 25, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	348,807,950	Other Government Securities	231,407,510
In Banking Department	54,806,056	Other Securities	13,487,742
		Silver Coin	4,089,248
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	143,614,006
	£403,614,006		£403,614,006

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	£27,694,684
Reserve	3,719,695	Other Securities—	
Public Deposits	9,500,016	Discounts and Advances	£11,362,455
Other Deposits	—	Securities	24,421,456
Bankers' Accounts	£57,703,654		
Other Accounts	33,711,242	Notes	35,783,922
	91,414,896	Gold and Silver Coin	54,806,056
	1,550		904,495
	£119,189,157		£119,189,157

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Mar. 25, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	348,807,950	+ 1,521,206	— 3,495,865
Public deposits	£	9,500,016	— 999,749	— 9,286,757
Bankers' deposits	£	57,703,654	+ 2,091,971	+ 2,829,377
Other deposits	£	33,711,242	+ 483,381	— 2,205,494
Seven-day bills	£	150	—	—
Total outside liabilities	£	449,724,412	+ 1,086,983	— 12,158,958
Capital and rest	£	18,272,695	— 14,263	— 18,831
Government debt and securities	£	270,117,694	— 2,179,544	— 18,651,195
Discounts and advances	£	11,362,456	+ 5,341,039	+ 5,251,899
Other securities	£	35,909,208	— 5,883,387	— 13,070,662
Silver coin in issue department	£	4,089,248	—	— 371,087
Coin and bullion (bank's reserve)	£	144,518,501	+ 1,691,888	— 11,478,068
Reserve of notes and coin in banking department	£	55,710,551	+ 170,682	— 7,982,203
Proportion of reserve to outside liabilities				
(a) Banking department only ("proportion")		55%	+ 1%	— 2%
(b) Gold stocks to deposits and notes ("reserve ratio")		32%	+ 1%	— 14%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Feb. 11	400,528	347,245	13,503	57,655	33,960	176 in	3
18	400,443	344,131	15,167	61,146	33,144	88 out	3
25	400,816	347,665	16,221	59,072	33,312	316 in	3
Mar. 4	400,926	350,722	7,827	66,613	33,412	109 in	3
11	400,928	350,327	8,757	59,475	33,469	7 out	3
18	401,957	347,287	10,500	59,796	33,228	1,022 in	3
25	403,614	348,808	9,500	57,704	33,711	1,616 in	3

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.			Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.		
1931.								
Feb. 11	242,490	13,147	141,247	31%	36,420	9,597	23,213	54,002 51%
18	241,795	13,845	141,207	31%	36,135	9,689	24,715	57,076 52%
25	244,963	10,680	141,593	31%	36,735	8,518	27,650	53,927 49%
Mar. 4	249,123	6,534	141,762	30%	34,395	10,639	30,639	51,040 47%
11	244,609	11,030	141,729	31%	30,435	9,239	24,709	51,402 50%
18	243,393	12,247	142,827	31%	28,905	8,021	23,346	55,540 53%
25	242,423	13,488	144,519	32%	27,695	11,362	24,421	55,711 55%

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Countryside.	Total.
Jan. 1 to Mar. 11	£7,261,363	£356,482	£574,487	£8,192,332
Week ended Mar. 18	658,070	31,474	52,278	741,822
Week ended Mar. 25	618,451	31,974	48,497	698,922
Total to date, 1931	8,537,893	419,930	675,262	9,633,085
Total to date, 1930	9,512,715	445,078	725,750	10,683,543
Increase or decrease in 1931	— 974,822	— 25,148	— 50,488	— 1,050,458
	— 10.2%	— 5.6%	— 6.9%	— 9.9%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	— 1,153,347	— 69,843	— 115,133	— 1,338,323
	— 2.8%	— 3.7%	— 3.7%	— 2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended March 21.		Month of February.		Aggregate Totals January 1 to March 21.	
	1930.	1931.	1930.	1931.	1930.	1931.
Number of working days	28	24	24	24	28	24
BIRMINGHAM	£2,046	10,037	9,697	— 3-3	£30,327	£27,738
BRADFORD	728	3,913	3,063	— 21-7	11,361	8,332
BRISTOL	1,301	1,191	4,747	— 6-8	13,696	13,221
DUBLIN	4,065	4,428	—	—	57,564	56,567
HULL	734	673	3,332	— 5-7	9,943	9,173
LEEDS	939	782	4,108	— 6-5	12,076	10,853
LIVERPOOL	707	669	3,048	— 13-6	9,302	7,582
LIVERPOOL	7,182	5,683	30,339	— 23-3	86,147	70,510
MANCHESTER	10,910	8,271	49,233	— 23-0	141,138	109,391
NEWCASTLE	1,471	1,217	6,199	— 10-4	17,372	15,868
NOTTINGHAM	552	498	2,500	— 25-0	8,119	5,873
SHEFFIELD	885	788	3,951	— 9-9	11,709	10,057
Total	31,582	26,777	121,427	— 18-5	408,754	345,665

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Banks of Russia and Danzig appeared in the Economist for March 7; Denmark and Poland in March 14; Bank for International Settlements, Switzerland and Spain in March 21.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)

RESOURCES.	Mar. 27, 1930.	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.
Total gold reserve	3,051,000	3,094,300	3,096,370	3,115,870	3,126,370
Total bills discounted	206,830	190,580	172,550	161,920	165,420
Bills bought in open market	256,480	100,550	151,400	122,550	83,270
Total U.S. Govt. securities	529,000	599,870	604,700	617,750	598,560
Total bills and securities	1,001,090	891,000	928,650	902,220	876,250
Total resources	4,968,430	4,484,080	4,843,010	4,924,810	4,786,850
 Federal Reserve notes in actual circulation	 1,572,900	 1,459,840	 1,445,850	 1,441,820	 1,441,710
Deposits—Memberbank—re- serve account	2,339,840	2,365,190	2,435,520	2,436,380	2,357,010
Total deposits	2,388,470	2,430,770	2,490,770	2,465,260	2,432,770
Capital paid in and surplus	431,220	413,730	443,660	443,640	443,530
Total liabilities	4,968,430	4,848,080	4,845,010	4,924,810	4,786,850
Ratio of total reserve to deposit and Federal Reserve note liabilities combined	81.8%	84.1%	83.3%	84.3%	85.4%

BANK OF NORWAY.—In kroner (000's omitted).

	Position, Mar. 31, 1931.	Mar. 15, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 16, 1931.
ASSETS.					
Cash and bullion—Gold.....	44,224	146,616	146,412	146,419	146,418
Balance abroad and foreign bills	28,533	32,415	23,381	21,147	25,701
Notes in circulation.....	8,816	26,083	52,900	54,325	54,325
Discounts and loans.....	76,911	228,976	181,876	174,678	176,047
LIABILITIES.					
Notes in circulation.....	113,484	290,971	286,877	281,007	279,968
Deposits at sight.....	7,188	77,420	62,354	57,440	69,792

BANK OF PORTUGAL.—In escudos (000's omitted).

	Position, Mar. 5, 1931.	Feb. 11, 1931.	Feb. 25, 1931.	Mar. 4, 1931.
ASSETS.				
Cash and bullion.....	8,839	8,969	8,968	8,972
Of which gold.....	8,577	8,577	8,577	8,577
Foreign exchange.....	269,610	200,195	193,042	187,632
Discounts.....	345,011	415,918	410,536	413,139
Government loans.....	1,676,398	1,531,003	1,531,003	1,531,003
LIABILITIES.				
Notes in circulation.....	1,935,338	1,889,844	1,882,283	1,870,756
Deposits.....	58,540	147,577	149,936	146,723

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Cash Reserve.....	168,634	214,363	214,363	214,363	214,366
Gold coin and bullion.....	205,044	130,678	137,447	134,281	131,462
Foreign exchange.....	315,146	481,830	490,226	488,023	487,311
Other foreign exchange.....	172,005	78,632	112,891	90,497	71,418
Bills discounted.....	108,513	100,718	100,718	100,676	100,676
Govt. debt.....	43,200	43,200	43,200	43,200	43,200
LIABILITIES.					
Reserve fund.....	9,283	10,272	10,272	10,272	10,272
Notes in circulation.....	884,293	830,564	976,290	903,835	879,215
Deposits.....	90,368	179,436	217,315	217,535	129,808

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Gold reserve.....	122,628	161,942	148,003	147,996	147,999
Gold coin and bullion.....	294,679	12,272	10,458	27,103	15,999
Foreign exchange.....	10,397	12,059	12,810	12,607	13,021
Other foreign exchange.....	207,766	205,422	243,374	213,883	205,315
Advances to the Treasury.....	82,900	60,167	60,167	60,140	60,140
LIABILITIES.					
Share capital (gold crowns 30,000,000)*.....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	388,597	337,616	339,653	366,792	348,554
Current accounts, deposits, &c.....	86,031	53,283	37,716	40,351	33,044

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Gold.....	1,261,887	1,542,698	1,542,706	1,542,552	1,542,423
Balance abroad and foreign currency.....	1,963,560	2,154,351	2,142,824	2,157,382	2,171,924
Discounts and advances.....	294,679	12,272	10,458	27,103	15,999
State notes (incl. balance).....	3,704,105	3,405,509	3,381,599	3,373,463	3,371,150
Other assets.....	698,192	907,545	973,522	968,661	966,625
LIABILITIES.					
Bank notes in circulation.....	6,271,800	5,755,462	6,570,687	6,219,621	6,014,775
Check account balances.....	789,363	1,649,948	819,612	1,154,131	1,359,087
Other liabilities.....	216,515	254,583	262,754	268,024	276,232

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

	Mar. 15, 1931.	Feb. 22, 1931.	Feb. 28, 1931.	Mar. 8, 1931.	Mar. 15, 1931.
ASSETS.					
Cash Reserve.....	96,150	98,761	98,799	98,851	98,921
Gold.....	18,337	18,213	18,482	17,998	18,141
Foreign credits.....	291,226	114,179	92,947	93,120	101,625
Bills.....	1,091,730	1,266,604	1,240,153	1,228,012	1,203,912
Government advances.....	4,135,380	4,020,902	4,020,902	4,020,890	4,020,890
LIABILITIES.					
Notes in circulation.....	5,334,841	4,727,308	4,916,517	4,887,334	4,768,374
State credits.....	189,916	126,259	126,259	126,254	126,254
Deposits.....	1,848,151	1,271,811	938,607	925,572	1,007,901

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

	Mar. 1, 1931.	Feb. 7, 1931.	Feb. 21, 1931.	Feb. 28, 1931.	Mar. 7, 1931.
ASSETS.					
Gold and silver holdings.....	1,570,480	1,460,333	1,461,853	1,462,407	1,464,562
Balance abroad and foreign currency.....	778,598	708,770	678,733	687,136	678,280
Discounts and advances.....	1,281,901	6,979,719	651,332	655,022	640,954
Advances to the Treasury.....	3,340,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserve.....	1,251,986	1,183,658	1,184,174	1,183,392	1,183,406
Bank notes in circulation.....	3,251,892	3,034,882	3,070,232	3,078,595	3,078,895
Other liabilities.....	1,821,993	1,464,879	1,348,382	1,484,646	1,419,073
Deposits.....	319,056	267,861	267,289	267,053	266,325

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

	Mar. 7, 1931.	Feb. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.
ASSETS.					
Gold and silver holdings.....	1,570,480	1,460,333	1,461,853	1,462,407	1,464,562
Balance abroad and foreign currency.....	778,598	708,770	678,733	687,136	678,280
Discounts and advances.....	1,281,901	6,979,719	651,332	655,022	640,954
Advances to the Treasury.....	3,340,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserve.....	1,251,986	1,183,658	1,184,174	1,183,392	1,183,406
Bank notes in circulation.....	3,251,892	3,034,882	3,070,232	3,078,595	3,078,895
Other liabilities.....	1,821,993	1,464,879	1,348,382	1,484,646	1,419,073
Deposits.....	319,056	267,861	267,289	267,053	266,325

BANK OF GREECE.—In drachmas (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Gold.....	624,792	514,093	514,987	514,985	515,801
Gold exchange.....	3,592,154	2,563,361	2,637,229	2,680,785	2,619,457
Other foreign exchange.....	2,705	3,198	3,181	3,162	2,996
Bills discounted.....	152,208	140,436	143,179	144,412	155,017
Advances.....	176,175	190,051	192,593	193,426	191,454
Debt to the State.....	3,512,763	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	4,817,042	4,409,905	4,416,672	4,443,423	4,400,573
Deposits and current accounts.....	1,873,032	1,995,422	2,073,171	1,818,159	1,882,688
Foreign exchange liabilities.....	1,044,068	236,211	312,325	389,881	310,417

BANK OF FINLAND.—In F. Marks (000's omitted).

	Position, May 30, 1914.	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 14, 1931.
ASSETS.						
Gold.....	35,091	300,617	300,540	300,409	302,243	302,243
Balance abroad and foreign bills.....	90,379	974,685	932,317	983,070	952,941	952,941
Other foreign exchange.....	21,826	321,393	369,705	370,044	368,453	368,453
Discounts and loans.....	105,151	1,304,576	833,341	871,731	860,248	860,248
LIABILITIES.						
Notes in circulation.....	123,941	1,406,724	1,305,190	1,312,238	1,295,708	1,295,708
Deposits at notice.....	21,225	414,874	126,537	131,861	107,956	107,956

BANK OF ESTONIA.—In Est. kronas (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Gold coin and bullion.....	6,455	6,523	6,529	6,524	6,522
Net foreign exchange.....	20,437	15,851	15,972	15,875	15,862
Subsidiary Estonian coin.....	1,150	1,806	1,824	1,886	1,907
Home bills discounted.....	15,245	12,041	11,783	11,333	11,503
Loans and advances.....	12,736	11,020	11,674	10,665	10,567
LIABILITIES.					
Notes in circulation.....	32,541	34,856	34,902	33,712	33,568
Sight deposits and current accounts.....	19,816	11,709	12,636	11,778	12,022
Ratio of reserve to current liabilities.....	51.36%	48.05%	47.33%	49.24%	49.10%

* Includes Est. 5,340,194-10 guaranteed by the Government.

BANK OF LATVIA.—In lat. gold francs (000's omitted).

	Mar. 15, 1931.	Feb. 23, 1931.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 15, 1931.
ASSETS.					
Gold bullion and coins.....	47,132	24,073	24,072	24,069	24,068
Silver coin.....	17,010	6,488	6,473	6,409	6,461
Balance abroad.....	3,662	31,186	31,016	32,235	30,191
Treas. notes and sm. change.....	3,500	15,000	15,372	14,464	15,512
Short term bills.....	16,283	84,953	84,172	84,350	82,540
Loans against securities.....	60,739	71,538	71,184	70,722	70,746
Other assets.....	94,477	12,769	14,200	14,655	14,586
LIABILITIES.					
Notes in circulation.....	10,575	45,884	47,156	47,554	46,021
Capital paid up.....	23,735	18,735	18,735	18,735	18,735
Special reserve.....	6,598	4,352	4,352	4,352	4,352
Deposits.....	48,447	3,500	3,500	3,500	3,500
Current accounts.....	12,631	20,953	20,953	21,126	21,099
Government accounts.....	93,140	67,522	67,522	67,522	67,522
Other liabilities.....	54,411	79,173	77,731	77,489	77,173
Other liabilities.....	14,187	6,894	7,311	6,286	6,451

BANK OF LITHUANIA.—In lt. (000's omitted).

	Mar. 31, 1931.	Jan. 15, 1931.	Jan. 31, 1931.	Feb. 15, 1931.	Feb. 28, 1931.	Mar. 15, 1931.
ASSETS.						
Gold.....	35,187	39,389	39,390	39,410	39,414	39,419
Silver.....	4,160	2,984	2,993	2,978	2,975	2,972
State Treasury coins.....	1,686	1,404	1,408	1,408	1,414	1,412
Foreign currency.....	81,268	76,518	73,876	71,074	72,077	67,330
Discount and credit.....	93,529	99,511	101,116	102,634	103,048	103,262
LIABILITIES.						
Capital.....	12,000	12,000	12,000	12,000	12,000	12,000
Reserve.....	1,553	1,553	1,553	1,900	1,900	1,900
Banknotes in circulation.....	101,381	110,602	110,219	105,886	107,996	103,962
Deposits.....	98,020	96,749	94,864	99,085	97,899	95,581

BANK OF JAPAN.—In yen (000's omitted).

	Position, June 30, 1914	Mar. 1, 1931.	Feb. 7, 1931.	Feb. 14, 1931.	Feb. 21, 1931.	Feb. 28, 1931.
ASSETS.						
Gold coin & bullion	221,320	994,523	833,744	833,684	835,677	836,266
Other coin & bullion			51,529	52,118	53,220	53,541
Discounts	41,740	676,798	643,707	647,888	641,642	654,499
Advances	70,540	77,981	58,258	58,276	58,257	58,311
LIABILITIES.						
Notes	362,270	1,276,568	1,100,576	1,179,766	1,079,749	1,188,377
Govt. bonds	87,540	490,158	444,556	444,506	433,210	417,226
Other deposits	11,440	242,468	239,532	236,619	295,259	210,801

Messrs. Samuel Montagu and Company write on March 25, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £141,956,734 on the 18th instant (as compared with £140,927,721 on the previous Wednesday), and represents a decrease of £5,668,888 since December 31, 1930. There was little demand for the £623,000 of South African bar gold available in the open market yesterday, and the Bank of England secured about £578,000 at the statutory buying price. Of the balance, £17,000 was taken for India and trade requirements, and £25,000 for Germany, at the fixed price of 84s. 10½d. per fine ounce. A small amount available from other sources was also taken for Germany. In addition to the £578,000 mentioned above, the Bank of England secured on the 23rd instant about £800,000 bar gold, the source of which has not been disclosed.

Movements of gold at the Bank of England during the week have resulted in a net influx of £1,615,691. Receipts totalled £1,637,691 of which £250,000 was in sovereigns from South Africa and £1,382,319 in bar gold, whilst withdrawals consisted of £22,000 in sovereigns.

SILVER.

Prices have ruled considerably lower than last week, the market following a downward trend in the Shanghai exchange. The week under review opened with a sharp fall, prices on the 19th instant being fixed at 13½d. for both deliveries, representing a fall of ½d. in the cash and ¼d. in the two months' quotation; prices were subsequently subject to fluctuation without showing any definite tendency. Selling has been mostly on China account, and the Indian Bazaars, besides supporting the market by covering operations, have also made fresh sales. America has been more inclined to buy than to sell.

In the absence of demand for shipment quotations have, during most of the week, been quoted the same for both the cash and two months' deliveries.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 16th instant to mid-day on the 23rd instant:—

IMPORTS.	£	EXPORTS.	£
U.S.A.	40,199	Hong Kong	116,231
Mexico	21,100	British India	18,775
Canada	11,134	Other countries	18,546
Other countries	29,583		

£102,016

£153,552

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Mar. 15.	Mar. 7.	Feb. 28.
Notes in circulation	15,762	15,830	15,653
Silver coin and bullion in India	12,261	12,216	12,267
Silver coin and bullion out of India	...	...	...
Gold coin and bullion in India	2,477	2,376	2,377
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	1,024	1,038	1,009
Securities (British Government)	...	...	...
Bills of exchange	...	200	...

The stocks in Shanghai on the 21st instant consisted of about 88,100,000 ounces in sycee, 149,000,000 dollars, and 1,180 silver bars, as compared with about 89,400,000 ounces in sycee, 150,000,000 dollars and 960 silver bars on the 14th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash	Forward		Cash.
1931.	s. d.	d.		d.
Mar. 20.....	84 10½	13 ½	Mar. 28, 1925	33½
" 21.....	84 11	13 ½	" 27, 1926	31½
" 23.....	84 11	13 ½	" 11, 1927	30½
" 24.....	84 10½	13 ½	" 25, 1928	25½
" 25.....	84 10½	13 ½	" 22, 1929	26½
" 26.....	84 10½	13 ½	" 27, 1930	19½

Company News.**SUMMARY OF BALANCE SHEETS.****CANNELL LAIRD AND COMPANY, LIMITED.**

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares £1	3,234,060	Properties.....	305,374
5% cum. pref. £1	1,225,225	Subsidiary cos. ...	676,979
5% 1st deb. stk.	438,667	Stocks.....	53,786
5% deb. stk.	171,821	Debtors.....	330,565
5% deb. stk.	800,500	Investments in	
5% deb. stk.	23,664	British Govt.	Nil
Creditors.....	152,930	Securities.....	140,084
Profit and loss	43,890	Investments at or	
		under cost	4,638,773
		Cash.....	84,580
Total.....	6,090,157	Total.....	6,090,157

IMPERIAL CHEMICAL INDUSTRIES, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
7% cum. pref.	22,214,032	Shares and de-	
Ordinary.....	43,589,538	bentures in	
Deferred.....	10,868,260	subsidiaries	
Reserve.....	12,725,000	associated	
Central obso-		cos., less	
lence fund	4,500,000	amts. due to	
Due to subsidi-		subsidiaries	
aries.....	—8,740,104	(£6,435,617)...	63,899,848
Creditors.....	2,717,980	Due by subsidi-	
Final dividends	2,085,199	aries.....	23,174,069
Profit and loss	653,483	Debtors.....	5,633,329
		Dividends due...	3,078,554
		Loans.....	154,781
		Property and	
		furniture.....	497,975
		Cash.....	2,928,376
		Patents.....	6,560
Total.....	99,353,492	Total.....	99,353,492

VICKERS, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
5% Pref. Stk.	750,000	Investments in	
5% Pref. £1	750,000	Vickers-Arm-	
5% (Tax free)	6,863,807	strongs.....	6,732,870
Ord. Shares (6/8)		Metropolitan	
fully paid.....	4,105,161	Cannell Co. ...	2,686,221
Reserve.....	1,000,000	Other Subsi-	
Capital reserve	2,500,000	daries.....	3,202,820
5% Deb. Stk.	1,250,000	Debtors.....	242,017
5% Deb. Stk.	2,000,000	Owing by Sub-	
Int. accrued	33,697	sidiaries.....	2,775,129
Creditors.....	1,608,959	Investments in	
Contingent Li-		Unquoted Se-	
abilities.....	—3,266,404	curities.....	146,414
Owing to Sub-		Quoted Securities	205,539
daries.....	323,439	Bills receivable ..	119,833
Final Pref. Divs. ...	200,658	1,232,482	284,333
Profit and loss	586,490	British Govt. Se-	
		curities.....	4,622,596
		Colonial Govt. Se-	
		curities.....	6,290
Total.....	21,972,211	Total.....	21,972,211

ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares.....	3,000,000	Freehold & lease-	
Prof. share.....	3,519,720	hold est.....	5,847,082
4½% deb. stock	1,768,428	Stock-in-trade	502,349
5% second deb.	1,521,090	Debtors.....	854,948
stock.....	539,500	Investments at	
Creditors.....	648,626	or under cost	
Profit and loss	464,757	and loans.....	2,551,433
		Cash.....	506,309
Total.....	10,262,121	Total.....	10,262,121

REPORTS AND NOTICES.**MISCELLANEOUS.**

HOME AND COLONIAL STORES (TERMS OF OFFER TO LIPTON, LTD.).—The terms of the offer by Home and Colonial Stores to acquire by a share exchange the entire capital of Lipton, Ltd., were issued on March 26th, together with the annual reports of the two companies, and are as follows: For every 12 five per cent. non-cumulative first preference shares of 10s. each of Lipton, Ltd. (5 six per cent. cumulative "A" preference shares of £1 each of Home and Colonial Stores, Ltd., fully paid); for every 2 six per cent. non-cumulative second preference shares of 10s. each of Lipton, Ltd. (1 six per cent. cumulative "A" preference share of £1 of Home and Colonial Stores, Ltd., fully paid); for every 50 ordinary shares of 1s. each of Lipton, Ltd. (21 ordinary shares of 4s. each of Home and Colonial Stores, Ltd., fully paid). The net profit of Home and Colonial Stores for year ended January 3, 1931, was £588,938, as compared with £576,264. The ordinary shareholders again receive 25 per cent. Lipton's net earnings for same year ended January 4, 1931, amounted to £148,717, as compared with £118,377. The ordinary dividend is 20 per cent., against 10 per cent. for preceding year. For further reference to the merger plan see *The Economist*, March 21, 1931 (page 626).

RECKITT AND SONS, LTD.—Profits for 1930 show a reduction of about £23,000 at £1,254,677. This figure is supplemented by £46,104, appreciation of investments, making a total available of £1,300,781. Last year's figure was reduced by £37,563 investment depreciation. The ordinary distribution, including bonus, is again brought up to 22½ per cent., and the directors recommend the transfer of the investment appreciation to investment reserve fund, contingencies fund receives £100,000, and a like amount is written off goodwill, leaving, after provision for the bonus to staff and workpeople, £181,252 to go forward. Last year, reserve received £200,000 and development fund £100,000, and £178,926 was carried forward.

STEWARTS AND LLOYDS.—Profits for 1930 amounted to £590,645, against £694,770 in 1929, and a dividend of 9d. per share was recommended on the deferred and liaison deferred shares, against 1s. 6d. per share in 1929. The balance sheet shows a drop in creditors from £838,409 to £653,208, while loans from bankers rose from £655,313 to £926,615. Cash and bills receivable are both reduced, while interests in allied and subsidiary companies are up from £2,520,578 to £3,272,343. The company at the end of 1930 established a community of interests with Tube Investments, Ltd., and liaison shares in each company were created and exchanged.

S. T. D. MOTORS, LIMITED.—We are officially informed that Mr James Todd has intimated his desire to retire from the chairmanship, and in order to facilitate the carrying out of the recommendations contained in the report of Price, Waterhouse and Company, the whole of the board have handed in their resignations, which have been accepted. A new board consisting of: Lieut.-Gen. Sir Travers Clarke, G.B.E., K.C.B., K.C.M.G., chairman, Sir Daniel Neylan, C.B.E., and Mr J. Francis Marrian, has been constituted and is considering the appointment of additional members in due course. It is hoped that the annual general meeting will be held in the second or third week of April.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated		Dividend for Whole Years.	Latest Year.	Previous Year.
	Interim or Final.	Date of Payment.	Method of Payment.		
RAILWAYS.					
Argentine Great Western.....	2½%*	...	Less tax	%	%
San Paulo (Brazilian) Railway...	...	...	Tax free	12	12
Tatlar Railway.....	2*	...	...	...	...
BANKS.					
Austrian National Bank	...	...	...	11½	12½
Bank of Japan	...	...	...	10	10
Commercial Bank of the Near East	2½%†	...	...	5	6
Deutsche Bank	...	...	...	6	10
Heritable Investment Bank	...	...	...	5	5
INSURANCE.					
EagleStar and British Dominions	5%*	Apr. 1	Quarterly	...	...
Provident Accident & Whitecross	37/6 p.s.†	...	...	50/- p.s.	80/- p.s.
Provincial Insurance	...	...	...	20	20
TEA AND RUBBER.					
Hunagar Tea	3%†	...	...	25	27½
Ouvrah Ceylon Estates	1½%†	Apr. 17	...	4	12½
Pataling Kubler	...	...	...	25	35
Pundaloya Tea of Ceylon	15%†	...	Less tax	...	...
Spring Valley	...	...	...	...	...
Mining.					
Globe and Phoenix Gold Mining...	...	...	Tax free	20	20
Government Gold Mining	...	...	...	90	90
Langiate Estate & Gold Mining	...	...	...	20	15
New State Areas	...	...	...	17½	...
Van Ryn Deep	...	...	...	30	35
Wilwatersrand Gold Mining	...	...	...	10	2½
OTHER COMPANIES.					
Associated Portland Cement	...	...	...	8	8
Bank of Scotland	9%†	...	...	18	18
Bradleys (Chepstow Place)	7½%†	...	...	12½	20
Bright and Colson	7%†	...	Less tax	10	10
Brynmor Steamship	10%†	...	Less tax	17½	22½
Central Provinces Manganese	20%†	...	Tax free	25	10
Cork Electric Supply	...	...	...	7½	7½
Devon Gas Association	5%†	...	Tax free	10	10
Dwyer and Co.	...	...	...	6	6
East Kent District Water.....	7½%†	...	Tax free	15	15
Edward Lloyd	3%†	...	Less tax	...	...
Futurist (Liverpool)	2½%†	...	...	6	8½
Gibbons (Dudley)	...	...	...	104 p.s.	12 p.s.
Great Eastern Ferry	...	...	...	20-83	35½
Hide and Co.	...	...	...	6½	7½
Home and Colonial	4%†	...	...	15	15
International Linotype	10%†	...	Tax free	12½	12½
James Shipstone and Sons	2½%*	...	...	20	10
J. and J. Lonsdale and Co.	...	...	...	4	4
John G. Murdoch and Co.	...	...	...	8	8
Lipton	...	...	...	17½	17½
Mid Kent Gas Light and Coke	5½%†	...	...	20	30
Midland Electric	2½%†	...	plus bonus of 10%	15	15
Odams Press	...	...	...	5	5
Paquin	...	...	...	10	15
Pettigrew and Stephens	...	...	...	5	5
Priest, Marrian and Co.	5*	Mar. 31	Less tax	10	15
Property and Estates Co.	...	...	...	21½	21½
Railway and General Investment	...	...	...	10	10
Reckitt and Sons	...	...	...	10	10
Rolls Royce	...	...	...	7	7
Rowntree and Co.	3½%†	...	...	2½	2½
Scottish Capital Investment	2%*	Apr. 8	...	...	...
Scottish Tube	...	...	...	...	...
Southern Stockholders Investmt	...	...	...	...	...
South Kent Water	...	...	...	...	...
Stanley Bros.	...	...	Tax free	10	20
Stewarts and Lloyds	...	...	...	3½	7½
United Drapery Stores	5%*	...	...	12	12
United States Investment Corp.	7%†	...	Less tax	8	8
Vickers	3%*	...	Quarterly	...	...
Walker and Homfrays	4%*	Apr. 1	...	...	...
Warwick and Richardson	...	...	...	...	...
W. V. Bowater and Sons	...	...	...	...	...

CUNARD STEAM SHIP COMPANY.—The directors of the Cunard Steam Ship Company announce that the profits for the past year are insufficient to enable them to recommend the payment of a dividend on the ordinary shares. The last occasion on which the ordinary dividend was passed was for the year 1909. For the past three years 7½ per cent. has been paid on the £5,570,261 of ordinary capital. Net profits for 1929 amounted to £809,638 after providing for depreciation of steamships, the highest in recent years and an increase of £259,161 over 1928. The reserve was increased by £50,000 to £1,500,000 and the carry forward raised from £188,397 to £195,266. The annual meeting of the company will be held at the Liverpool offices on April 8th and the directors report and accounts will be posted to shareholders on Saturday.

WEEKLY TRAFFIC RETURNS.**RAILWAYS OF GREAT BRITAIN AND IRELAND.**

		Week ended March 22, 1931. (000's omitted.)						Aggregate 12 weeks, 1931. (000's omitted.)					
(b) Week ended Mar. 20, 1931. (c) Week ended Mar. 21, 1931.	Miles Open.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total Receipts.		
		£	£	£	£	£	£	£	£	£	£		
Great Western...	3,761	171	198	115	313	484	2,115	2,200	1,272	3,472	5,587		
Do. for 1930...	3,755	188	218	131	349	537	2,295	2,607	1,656	4,263	6,556		
L. & N. Eastern (c)	6,349	266	360	259	619	885	3,232	4,071	3,128	7,199	10,431		
Do. for 1930...	6,349	293	418	278	696	989	3,535	4,889	3,398	8,287	11,822		
Lon., Md. & Scot.	6,956	402	495	275	770	1,172	4,768	5,506	3,412	8,918	13,686		
Do. for 1930...	6,957	423	560	286	846	1,269	5,086	6,575	3,534	10,109	15,195		
Southern	2,180	247	75	34	109	356	2,979	815	417	1,232	4,211		
Do. for 1930...	2,179	257	83	30	113	370	3,115	914	406	1,320	4,435		
Total of above...	19,246	1086	1128	683	1811	2,897	13,094	12,592	8,229	20,821	33,915		
Do. for 1930...	19,240	1161	1279	725	2004	3,165	14,031	14,985	8,299	23,979	38,016		
Metropolitan (c)	59	30.6	...	...	4.2	34.8	373.2	...	...	...	422.2		
Do. for 1930...	59	31.5	...	...	4.3	35.8	386.1	...	...	...	436.1		
Undgd. E.R. (c)	...	303.1	...	...	303.1	3,320	...	...	...	...	3320.1		
Do. for 1930...	...	295.4	...	...	295.4	3,392	...	...	...	...	3391.8		
Green Buses, &c.	...	23.0	...	...	23.0	221.7	...	...	...	...	221.7		
Lon. & S.b. Grp. (c)	...	44.4	...	...	44.4	481.4	...	...	...	...	481.4		
Do. for 1930...	...	42.5	...	...	42.5	473.4	...	...	...	...	473.4		
*E.I.F.s & Co'd (w.b)	80	1.9	...	...	2.6	7.7	...	...	...	...	...		
Do. for 1930...	80	1.9	...	...	2.7	22.2	...	...	...	...	...		
*G. Northern (b)	562	11.0	...	15.9	26.9	96.3	...	...	...	176.0	272.3		
Do. for 1930...	562	11.1	...	15.2	26.3	110.6	...	...	...	163.6	274.2		
*Gt. Southern (b)	2,188	21.7	...	43.8	65.6	222.9	...	...	...	570.7	693.6		
Do. for 1930...	2,188	24.8	...	43.7	68.4	249.8	...	...	...	411.8	761.6		

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.	Dividend.
					Prefce.	Ordinary.	Rate.				
		£	£	£	Amount	Amount.	%	£	£	£	%
Banks.											
Anglo-Portuguese Colonial and Overseas Bank	Jan. 31	...	21,447	21,447	...	...	...	17,637	3,810	...	...
Commercial Bank of the Near East	Dec. 31	384	8,236	8,620	...	7,750	5	500	370	10,467	6
National Bank of Egypt	Dec. 31	228,481	599,038	827,519	...	540,000	18	50,000	237,519	621,686	18
Breweries.											
Shipstone (James) and Sons Electric Lighting, &c.	Dec. 31	94,487	164,257	258,744	23,842	76,995	15†	60,000	97,907	179,630	15†
Cork Electric Supply	Dec. 31	15,494	28,821	44,315	6,164	37,375	25	...	776	36,664	10
Midland Electric Corp'n. ...	Dec. 31	35,590	139,656	175,246	14,000	56,000	8	73,309	31,937	111,365	8
Notting Hill Electric	Dec. 31	28,623	53,502	82,125	9,300	18,204	17¼-408	22,031	32,590	44,362	*
Richmond (Surrey) Electric	Dec. 31	4,795	45,962	50,757	...	22,000	11	24,919	3,838	39,910	11
Financial Land, &c.											
Argentine Estates of Bovril Iron, Coal and Steel.	Sept. 30	81,563	77,700	159,263	61,622	4,820	2	...	92,821	48,570	Nil
Arrol (Sir William) and Co. ...	Dec. 31	20,171	62,895	83,066	23,328	9,198	10	30,000	20,540	61,832	Nil
Baker (John) and Bessemer	Dec. 31	14,495	24,228	38,723	10,949	7,687	4	...	20,087	19,121	4
Cammell Laird and Co.	Dec. 31	15,806	28,083	43,889	...	...	...	...	43,889	11,809	...
Edinburgh Collieries	Jan. 31	Dr. 68,800	Dr. 28,815	Dr. 97,615	...	...	...	...	Dr. 97,615	1,501	Nil
Lancashire Steel Corporation	Dec. 31	...	19,567	19,567	...	...	...	15,653	3,914	...	...
Maclellan (P. and W.)	Dec. 31	2,744	Dr. 1,870	874	...	...	...	...	874	Dr. 3,002	...
Partington Steel and Iron ...	Dec. 31	...	Dr. 20,459	Dr. 20,459	...	...	...	...	Dr. 20,459	...	...
Scottish Tube Co.	Dec. 31	8,173	48,226	56,399	15,000	8,089	2½	25,000	8,309	54,732	2½
Stewarts and Lloyds	Dec. 31	125,496	590,645	716,141	97,349	134,585	3½	350,000	134,207	694,771	7½
Vickers Limited	Dec. 31	228,755	775,925	1,004,680	418,190	254,520	8	100,000	231,970	941,971	8
Rubber, &c.											
Ayer Kuning (F.M.S.) Rub. Dwa Plantations	Dec. 31	15,490	895	16,385	...	...	...	...	16,385	20,263	10
Highlands & Lowlands Rub.	June 30	246	Dr. 14,488	Dr. 14,242	...	...	...	...	Dr. 14,242	9,973	10
Kuala Kangsar Plantations	Dec. 31	29,255	4,526	33,781	...	...	...	...	33,781	36,974	10
Lavant Rubber	Oct. 31	6,358	Dr. 7,056	Dr. 698	...	...	...	...	Dr. 698	20,778	4
Mapalagama Rubber	Dec. 31	805	Dr. 2,532	Dr. 1,727	...	...	...	Dr. 1,554	Dr. 173	2,159	Nil
Mengkibol (Cent. Johore) R.	Dec. 31	2,266	Dr. 1,757	509	...	...	...	...	509	2,029	7½
Pataing Rubber	Dec. 31	5,238	Dr. 2,972	2,266	668	...	...	...	1,598	9,002	5
Rangoon Para Rubber	Dec. 31	15,238	13,382	28,620	...	9,000	4	4,500	15,120	33,603	12½
Telek Piah Rubber	Dec. 31	2,692	Dr. 5,294	Dr. 2,602	...	...	...	...	Dr. 2,602	Dr. 960	...
Telek Piah Rubber	Dec. 31	2,131	Dr. 869	1,262	...	...	...	...	1,262	...	...
Shipping.											
Great Eastern Train Ferries	Dec. 31	7,199	17,982	25,181	...	16,667	10d. p.s.	...	8,514	25,067	7
Shops and Stores.											
Bradleys (Chepstow Place) ..	Jan. 17	126,521	66,883	193,404	16,500	50,000	12½	...	126,904	112,732	20
Lipton Limited	Jan. 3	8,127	148,718	156,845	43,000	44,500	20	55,000	14,345	118,377	10
Maypole Dairy	Jan. 3	207,862	547,217	755,079	107,500	377,708	17½	60,000	209,871	554,587	17½
Meadow Dairy	Jan. 3	20,492	279,283	299,775	63,750	169,088	30	45,000	21,937	277,915	30
United Drapery Stores	Feb. 28	10,184	75,147	85,331	...	38,750	5	45,000	1,581	114,914	11
Tea.											
Travancore Tea	Sept. 30	3,764	14,584	18,348	5,257	7,988	7½	...	5,103	21,266	10
Textiles.											
Lancashire Cotton Corp'ns.	Oct. 31	...	Dr. 162,368	Dr. 162,368	...	...	...	...	Dr. 162,368	...	...
Trust.											
Tyneside Investment Trust.	Jan. 31	1,297	15,108	16,405	7,500	5,000	5	2,000	1,905	11,439	5½
Other Companies.											
Associated Portland Cement	Dec. 31	140,899	763,030	903,929	127,584	240,000	8	375,381	160,964	737,848	8
Barker (John) and Company	Jan. 31	297,255	466,140	763,395	46,175	221,266	20	195,000	300,954	469,686	20
Bowater (W. V.) and Sons	Dec. 31	13,084	44,694	57,778	16,000	12,400	8	10,000	19,378	42,741	8
British Aluminium Co.	Dec. 31	35,559	305,549	341,108	21,509	100,103	10	170,000	47,496	383,017	10
British Oil and Cake Mills...	Dec. 31	104,711	155,106	259,817	40,870	363,628	12½	Dr. 172,726	28,044	583,331	12½
British Quarrying Co.	Oct. 31	6,591	7,626	14,217	7,265	...	...	...	6,952	6,591	...
Bruce Peebles and Co.	Dec. 31	686	Dr. 29,511	Dr. 28,825	...	...	...	Dr. 29,000	Dr. 5,154	...	...
Collisons Limited	Jan. 31	2,646	13,767	16,413	1,890	8,050	17½	...	6,473	16,782	20
Dwyer and Company	Jan. 31	17,754	10,902	28,656	1,402	5,500	10†	2,000	19,754	9,151	10†
Ferguson, Alexander and Co.	Nov. 30	7,733	18,319	26,052	2,713	10,850	20	5,000	7,489	...	...
Greengate and Irwell Rubber	Dec. 24	23,253	82,622	105,875	28,125	46,875	12½	7,000	23,875	101,183	12½
Hoffmann Manufacturing ...	Dec. 31	53,793	40,403	94,196	37,500	...	...	...	56,696	71,073	10†
Howard and Wyndham	Feb. 28	2,434	32,477	34,911	1,163	14,961	10	11,500	7,287	25,248	10
Hulton (John V.)	Jan. 31	1,596	4,113	5,709	...	4,500	5	...	1,209	13,963	10
Imperial Chemical Industries											
Knight (John)	Dec. 31	51,826	211,927	263,753	135,417	60,000	20	...	68,336	180,987	20
Lloyd (Edward)	Dec. 31	87,606	355,484	443,090	84,000	240,000	15†	25,000	94,090	373,312	15†
Lonsdale (J. and J.)	Dec. 31	15,576	57,515	73,091	16,000	37,688	12½	5,000	14,403	60,004	12½
Mazawattee Tea Co.	Dec. 21	51,388	48,081	99,469	17,600	17,500	15	5,000	59,369	46,302	15
Melhuish (Wm.) Proprietors	Dec. 31	27,711	20,763	48,474	14,711	5,812	50	...	27,951	29,634	75†
Odams Limited	Dec. 31	53,654	235,141	288,795	48,218	131,250	17½	29,437	79,890	164,644	17½
Provincial Cinematograph	Jan. 31	110,483	506,810	617,293	202,500	75,000	15	225,072	114,721	434,833	15
Quilt Manufacturers	Jan. 31	12,824	13,855	26,679	21,432	...	...	...	5,247	62,315	6
Reckitt and Sons	Dec. 31	178,926	1,137,215	1,316,141	67,985	820,800	22½	246,104	181,252	1,113,238	22½
Rowntree and Co.	Dec. 31	111,868	171,028	282,896	154,800	25,000	10	...	103,096	228,154	10
Stagg and Russell	Jan. 31	32,954	21,575	54,529	18,750	...	...	...	35,779	28,494	10
Stephens (Henry C.)	Dec. 31	6,960	72,757	79,717	14,000	40,300	8	20,000	5,417	80,756	8
Telegraph Construction, &c.	Dec. 31	102,284	70,510	172,594	...	67,230	7½	...	105,364	77,801	10†
Waste Heat and Gas	Jan. 31	22,530	29,305	51,635	...	25,600	8	...	26,035	30,566	8
Winterbottom Book Cloth	Dec. 31	143,843	251,968	395,811	74,216	174,044	15	25,000	122,551	380,106	20
Wright, Layman & Unney	Dec. 31	20,054	31,165	51,219	4,253	26,157	37½	...	20,809	36,196	37½

(e) £72,725 contribution by Unilever, Ltd. (†) 13 months. * Dividend 16/7.817. † Free of income tax. ‡ Pref. ord.

Commercial Reports.

MARKET SUMMARY.

There has been a slight improvement in the demand for coal owing to the approach of the Easter holidays. The general outlook for the coal industry has, however, again become obscure owing to the decision of the miners' delegate conference in London to discontinue the spread-over system after the end of the current month, when the temporary agreements in several districts expire, and because of its instruction to the Executive Council to approach the Government with a view to secure a Minimum Wage Bill for all workers. Little headway has been made by the iron and steel industries. Continental semi-finished steel is still cheaper than the British material, but a slight expansion of business has become noticeable in the "finished" section. In the absence of an increase in consumption the principal non-ferrous metals all lost ground during the week. Among textile raw materials, wool has again been firm, and flax shows a considerable advance on the week, while cotton has been slightly lower. Business in cotton goods has been less active, but rayon fabrics continued to experience a good demand. In foodstuffs, the feature has been the weakness of wheat, which was caused by the Federal Farm Board's announcement of its decision not to support the wheat market in the next crop year. Sugar has been firmer, and the price of "British refined" was advanced 6d. per cwt. Tea, coffee and cocoa have been steady. Among miscellaneous commodities, rubber has been cheaper, and vegetable oils and oilseeds have been quiet.

THE COAL TRADE.

SHEFFIELD.—Supplies of South Yorkshire fuel are still scarce owing to the insufficient quotas and prices are higher in the inland market. Spot demand for export is brisk, but there is little or no forward business. Best steams are firm at 17s. and 17s. 6d. f.o.b. House coal is scarce at most pits, and as much as 22s. at pits is being asked for best ordinary qualities of South Yorkshire and Derbyshire sorts. Coke production has been curtailed owing to the shortage of slacks, but the market is no better, consumption at blast furnaces being abnormally slow.

GLASGOW.—Restriction of output and some diversion of business owing to scarcity of supplies in Yorkshire have produced several firmer features, although with foreign inquiry still limited the outlook is not regarded as definitely more hopeful. Steam coals are firm in Fife and steady in the Lothians, while prime splints are well booked from the Lanarkshire field. The larger sizes of nuts remain strong, and other grades weak. The recommendation to the Scottish miners to disregard the Federation's spread-over decision has given much satisfaction. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 6d.; splint second, 15s. 6d.; navigation, 15s. 3d.-15s. 6d.; navigation second, 14s. 6d.-15s.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 13s.-13s. 6d.; third-class steam, 12s.-12s. 6d.; trebles, 12s.-13s. 6d.; doubles, 11s.-11s. 6d.; singles, 10s.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s.-13s.; doubles, 11s.-11s. 6d.; singles, 10s.; pearls, 10s. 3d.-10s. 6d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 13s.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d.; dross, 10s. 6d.

CARDIFF.—The approach of the Easter holidays has led to an improvement in the position of colliery stems, and it is anticipated that during the next few days shipments will be more active than they have been for some time past. Some of the large coals have been comparatively scarce for prompt loading, but, generally speaking, the supply of large, as well as of other, grades has been in excess of the current effective demand, and prices for all qualities have remained stationary at the scheduled minimum basis. As the result of the curtailment of output under the regulation scheme, the assured production of the members of the Monmouthshire and South Wales Coalowners' Association for the financial year ended March, 1932, is estimated at 43 million tons compared with 47.8 millions in the financial year ended March 31, 1931. The weakness of smalls continues the most unfavourable feature of the market, and in view of the continued severely depressed state of the pig-iron industry little improvement is expected in the immediate future. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 15s. to 15s. 3d.; anthracite, best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 9d. to 24s.

WORKINGTON.—March is closing well for the coal trade. Irish merchants are ordering freely on account of the approach of the Easter holiday period, and some of the collieries are booked to the middle of April. Production is larger because of the resumption of winding at the Haig and Wellington pits at Whitehaven. Local landsale is steady, and there is a fair demand for industrial fuel. Prices are firm. Best round is 22s. 6d.; washed doubles, 21s.;

IRON AND STEEL.

MIDDLESBROUGH.—Buying of Cleveland iron for the second quarter has not yet matured to any appreciable extent and most consumers for the present are content to cover their requirements just as needs arise. They seem to have made up their minds that they will lose nothing by waiting and prefer to continue a hand-to-mouth policy of purchasing. The outlet for Cleveland iron is confined principally to local and inland foundries, the demand for Scotland and export being seriously affected by the competition of Continental and Indian iron, but stocks held by makers are light and the production for the open market so small that any little improvement would quickly affect the market position. Already a somewhat more confident feeling is beginning to show itself and better trade is looked for by many people before long. Very little improvement, however, was noticeable at Tuesday's weekly market and business in Cleveland was limited to moderate lots for early delivery. Official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. In hematite there is still a hesitancy to enter into contracts for forward supplies on the part of consumers, but they are keeping in close touch with the market and may decide at any time that the right moment has arrived to make purchases as economic conditions do not hold out encouragement to expect lower prices. In the meantime the transactions passing are for early delivery, for which makers are accepting 67s. 6d. for mixed numbers. For forward, 68s. to 68s. 6d. is named according to quantity and period of delivery. In the finished trades there is very little new business coming to hand just now. Rails and structural materials against old contracts are providing a fair amount of work and foundries are not badly placed, but the sheet trade continues very quiet. There is no change in prices. The ore market remains almost idle. Best Bilbao rubio is nominally 16s. c.i.f. for early delivery and the rate of freight Bilbao/Middlesbrough for prompt boats is about 4s. 6d. Coke continues to be freely offered, supply being much in excess

CARDIFF.—There has been no material change this week in the condition of the South Wales iron and steel industries, all branches of which continue in a state of severe depression. Tinplate prices have ruled between 15s. and 16s. per basis box, while Welsh tinplate bars are unchanged at £5 per ton, foreign bars at £4 5s. per ton, and galvanised sheets at £11 per ton. Shipments at Swansea last week were slightly larger than in previous weeks, but stocks were hardly affected and totalled 233,187 boxes, compared with 204,347 boxes at the corresponding period last year.

OTHER METALS.

TIN.—The advance in tin recorded last week has not been maintained owing to considerable selling pressure. Wednesday's price per ton, for standard cash at £121 10s. to £121 12s. 6d. compares with £123 2s. 6d. to £123 5s. on the corresponding day last week, while "three months" was quoted at £123 to £123 2s. 6d. against £124 12s. 6d. to £124 15s. a week ago. Stocks in London and Liverpool at the end of last week at 26,409 tons show a rise of 549 tons as compared with the previous week. According to the Statistical Department of the Metallgesellschaft A.G. the world's mine production of tin in February amounted to 14,320 metric tons against 13,840 metric tons in January.

COPPER.—In the absence of an improvement in consumption the reaction in prices following the recent speculative buying continued this week and the metal was again easier. Copper Exporters, Inc., reduced their quotation for electrolytic, c.i.f. Continent from 10.55 cents to 10.30 cents, and Wednesday's official closing quotation for standard cash at £43 16s. 3d. to £43 17s. 6d. compares with £44 11s. 3d. to £44 12s. 6d. a week ago. Stocks of refined copper in official warehouses at the end of last week, at 8,684 tons, show an increase of 214 tons, while stocks of rough copper, at 1,538 tons, were 25 tons lower. The Statistical Department of the Metallgesellschaft A.G. has estimated the world's smelter production of copper at 117,566 metric tons, which shows an increase of 762 metric tons on January.

LEAD.—No fresh measures to improve the situation were taken at the meeting of the Producers' Association. This resulted in a sharp fall in prices on Tuesday. On Wednesday, however, there was some recovery, mainly owing to reserve of sellers, and "soft foreign" changed hands at £12 12s. 6d. to £12 17s. 6d., which compares with £13 to £13 5s. a week ago.

SPELTER.—Considerable liquidation early this week resulted in a sharp decline in values, but on Wednesday the metal advanced under "bear" covering, and "good ordinary brands" recovered to £11 16s. 3d.-£12 5s., which compares with £12 1s. 3d.-£12 11s. 3d. on the corresponding day last week.

LANCASHIRE AND INDIA.

STEEL RATIONALISATION: VICKERS & CAMMELLS.

IMPERIAL CHEMICALS.

THE PROVISION COMBINE.

GOVERNMENT AREAS.

RANDFONTEIN ESTATES.

RUBBER'S LOW RECORD.

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OTHER NON-FERROUS METALS.—Among other non-ferrous metals, the prices of aluminium and nickel remained unchanged at £85 per ton and at £170 to £175 per ton respectively. Antimony changed hands at last week's price of £25 to £25 10s. per ton for "foreign," and quicksilver remained unchanged at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool, March 25th.—There is very little change in the prices of cotton from those current a week ago, and fluctuations are unimportant. There has been a diminution in the volume of business passing, and manufacturers' returns the world over are disappointing. The final ginning report issued on the 20th instant was 13,754,000 running bales, equal to 13,930,000 bales of 500 lbs., against 14,548,000 running bales in 1930 and 14,297,000 running bales for 1929. The report indicates an over-estimate by the Bureau of some 313,000 bales. Various rumours are afloat in connection with the Farm Board regarding the next crop, but a statement has been issued by the Chairman of the Farm Board that no decision regarding the 1931 crop has yet been reached by the Board. There is still a great deal of uncertainty regarding acreage cut, but a 10 per cent. reduction seems more or less a general idea. Work in the fields is reported to be well in hand. Fertiliser sales, however, are still considerably less than the same time last season, perhaps due to the financial difficulties of the farmers and small banks. Spot sales for the week 19th to 25th (inclusive) are 34,000 bales, of which 13,650 bales are American, 2,900 Brazilian, 600 Argentine, 3,050 Peru, 7,650 Egyptian, 3,900 African, 1,100 East Indian, and 1,150 sundries. Imports for the same period are 57,796 bales, of which 19,858 bales are American, 5,692 Brazil, 1,054 Peru, 2,885 Egyptian, 1,726 African, 2,173 East Indian, and 24,408 sundries. Quotations to-day are: American Middling, 5-85; Egyptian Sakel, 9-60; Uppers, 7-01; Brazil Fair, 5-93; Peru G.F. Smooth, 6-33; West African Middling, 5-88, and East African G.F., 6-93.

Manchester, March 25th.—Inquiry throughout the market has continued fairly extensive, but on the whole rather less business has been done than in recent previous weeks. A little more uncertainty has prevailed with regard to future prices, and the attitude of merchants has been affected by rather less satisfactory news from some foreign outlets. In piece goods for India a persistent inquiry has been met with, and a fair amount of buying has taken place in light goods and fancies, chiefly for Calcutta. There are indications, however, of dealers in Bombay being more interested in Manchester rates. Further trade expansion with India is dependent upon political developments. Only occasional transactions have been put through for China, chiefly in fancies, and auction news from Shanghai at the moment is not encouraging. Producers of printing and finishing styles continue to sell rather more freely for the West Coast of Africa, South America and the Continent, but operations for Egypt and the Near East remain restricted. A steady demand has again been reported in home trade fabrics. American yarns for home consumption have moved off rather slowly, but on the whole rates continue to be more firmly held, especially in the finer counts. A moderate turnover has taken place in export yarns, chiefly for India. In Egyptian spinnings most of the demand has run on the higher numbers in combed descriptions, and it is still difficult to secure bulk orders in the commoner sorts.

Cotton Prices.

	1931.				Corresponding Date.	
	Mar. 4.	Mar. 11.	Mar. 18.	Mar. 25.	1929.	1930.
Raw Cotton—Mid. American	6-15	5-90	5-90	5-88	10-92	8-43
" Sakellaridis Fully Good Fair Egyptian	10-10	9-55	9-65	9-50	19-40	14-05
Yarns—32's twist	9 1/2	9 1/2	9 1/2	9 1/2	16	12 1/2
" 40's well	10 1/2	10	10	10	26 1/2	13
" 60's twist (Egyptian)	17 1/2	17	17	17	27	21 1/2
32-in. Printers, 115 yds., 16 by 16, 32's and 50's	18 7/8	18 7/8	18 7/8	18 9	26 3	22 1/4
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 9	20 9	20 9	20 6	28 6	24 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 7	11 7	11 7	11 7	15 4 1/2	13 7 1/2
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	10 6	10 6	10 6	10 6	14 0	12 5

THE WOOL TRADE.—Our Bradford correspondent writes:—Some very gratifying results have followed the offering of wool in London and overseas selling centres this week. On the whole, prices are keeping firm, and where any average to superior wools are offered prices are in sellers' favour. Only when anything of faulty style is offered can even the slightest trace of irregularity be seen, and the only evidence of this forthcoming at this juncture is in Wanganue sale, held last Monday. Even there a slight ease in prices is quite insignificant, considering that a big proportion of the wools were of faulty and seedy style. The descriptions of raw material on which buyers and sellers can much more safely base their conclusions, are the standard offerings in Sydney and other Australian selling centres, as well as Coleman Street. Especially in the last named, there has been this week some very attractive merino wool. Several big well-known clips have been catalogued which have afforded every facility for sound conclusions to be drawn as to the movement of values. Anyone closely following the sales has had abundant evidence of the encouraging position of merinos, and there is no justification for any uneasiness about the future of this description. This statement is made on the strength of the fact that supplies are no more than adequate for all machinery requirements. Crossbreds as well as merinos are continuing to sell at fully five per cent.

advance on the opening rates, and there is no small measure of confidence in these. Trading conditions in Bradford do not present any outstanding feature. Generally speaking, business is perhaps rather quieter, but a good tone is seen all round, and further sales of tops are reported. Quotations for all qualities are quite firm, leading makers taking up a protective attitude in view of the cost in London and overseas.

THE GRAIN MARKETS.

WHEAT.—A spell of mild and open weather over the United Kingdom during the past week facilitated agricultural operations, and farmers were busily engaged in overtaking arrears of ploughing and other field work. The saturated condition of heavy lands, however, militates against spring seeding, which will probably be delayed this season. The condition of winter wheat has improved considerably from warmth and sunshine, and now presents a healthy appearance. Offerings of native wheat at the principal statute markets continue on a light scale, and the small business passing was mostly on former terms. Dull conditions prevailed on the import market, and prices generally moved in buyers' favour. Australian grades were mostly in request, both here and on Oriental account, but the quality of recent arrivals leaves much to be desired, and compares unfavourably with last year's crop, except shipments from the Western State, which are fairly satisfactory. Canada and Argentina also participated in the general trade, although in a lesser degree, but larger offerings from the Dominion may be expected, now that Montreal will shortly be open for navigation, and shipments resumed direct. A feature was the continued large demand from China, the recent improvement in the silver exchange encouraging increased purchases up to July shipment. In the Northern Hemisphere the chief item of interest was the announcement that the United States Government would not support the 1931 crop, which must therefore be marketed through the usual trade channels. This may intensify competition by Canada and Argentina for European custom, though, so far, offers are above international parity. Quotations were as follows:—No. 1 hard Northern Manitoba, ex-ship, 27s.-27s. 9d.; No. 1 Northern Manitoba, ex-ship, 26s. 9d.-27s.; No. 2 ditto, 25s. 6d.-26s. 9d.; No. 3, 24s. 3d.; No. 4 Manitoba, 23s. 6d.; Barusso, 63 lb., 21s. 6d.; Rosafe, 63 lb., 21s. 6d.; Australian, 22s. 3d.-23s. 6d.; Russian on sample, landed, 20s.-22s.; ex-ship, 21s.-24s. per 496 lb.; English, 4s. 6d.-5s. 6d. per 112 lb.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Mar. 25, 1930.	Jan. 2, 1931.	Mar. 11, 1931.	Mar. 18, 1931.	Mar. 25, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148 1/2	108 1/2	56 1/2	60 1/2	58 1/2	58
Chicago (No. 2 Winter) —Cents per 60 lb.	130 1/2	105 1/2	79 1/2	79 1/2	79 1/2	80 1/2

The visible supply of wheat in Canada at 65,087,000 bushels, shows an increase on the week of 1,387,000 bushels. Supplies a year ago stood at 75,037,000 bushels.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years, 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat.				
1 week to Mar. 21	Cwts. 135,082	Cwts. 157,079	Cwts. 203,739	Cwts. 277,834
29 weeks to Mar. 21	3,498,357	7,169,537	7,876,680	7,456,913
Average price of English wheat per cwt.	s. d. 5 2	s. d. 8 3	s. d. 9 9	s. d. 9 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended.	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 14, 1931.	Cwts. 125,212	Cwts. 96,064	Cwts. 42,895	s. d. 5 2	s. d. 7 8	s. d. 5 10
Mar. 21, 1931.	139,082	75,038	45,537	5 2	7 11	5 11
Mar. 19, 1927.	216,412	120,408	56,486	11 7	10 11	8 0
Mar. 24, 1928.	277,834	126,543	64,001	9 10	10 10	10 9
Mar. 23, 1929.	203,739	108,456	58,074	9 9	10 2	9 8
Mar. 22, 1930.	157,079	149,076	35,560	8 3	7 8	6 0

WHEAT FLOUR.—Home milled flour was reduced by 1s. per sack following the decline in wheat, but demand is chiefly measured by immediate wants. Imported descriptions were also lower for shipment, though still above the parity of native milled. Quotations:—London straight run, 22s. 6d. per sack for country deliveries and 21s. 6d. London area. Of imported, Manitoba patents, 21s. 6d.-25s.; Buffalo, ditto, 22s.-26s.; Australian, 19s.-19s. 6d. ex-store per 280 lb.

BARLEY.—The market in barley has been dull. Quotations were as follows:—Californian old, landed, 30s.-35s.; new, ex-ship, 30s.-41s., as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lb.; Black Sea, landed, 17s. 3d.; ex-ship, 16s. per 400 lb.; English malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lb.

OATS.—The market in oats has been quiet and barely steady. Quotations:—Plate, landed, 11s. 3d.; ex-ship, 10s. 3d.; Chilean tawny, landed, 13s. 6d.; whites, ex-ship, 18s. 9d.; landed, 19s. 6d.; North Russian, landed, 12s. 9d.; South Russian, landed, 13s. 9d.; ex-ship, 13s. per 320 lb.; English, 5s. 8d.-6s. per 112 lb.

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MAIZE.—All feeding stuffs experienced a quieter movement, and prices declined sharply for maize under liberal offerings, but towards the close rather more interest was shown in new crop La Plata, and cargo sales resulted at 16s. April, 15s. 6d. to 15s. 9d. May-June shipment c.i.f. Quotations were as follows:—Plate, landed, 20s. 6d.; ex-ship to arrive, 19s. 6d.; March-April, 17s. 6d.; new April-May, 16s. 9d.; May-June, 16s. 6d.; June-July, 16s. 6d. per 480 lb.; yellow maize meal, £6 5s. f.o.r. London per ton.

OTHER FOODS.

SUGAR.—The ratification of the Chadbourne Plan by the Java People's Council provided a decided stimulus to the sugar market. British refined sugar was advanced 3d. per cwt. on Thursday last week, and as the demand remained brisk at the higher level, a further advance of 3d. was decided upon on Tuesday. Raw futures advanced in New York and London. Wednesday's sales included May delivery at 6s. 4 1/2d. to 6s. 5d., as against 6s. 1 1/2d. to 6s. 1 1/4d. on the corresponding day last week; August, at 6s. 7 1/2d. to 6s. 8d., against 6s. 4 1/2d. to 6s. 5 1/2d.; and December, at 6s. 11 1/2d. to 6s. 11 1/4d., against 6s. 8d. to 6s. 9d.

COFFEE.—Good qualities continue to be well supported at the London auctions, and even medium qualities sell at moderate rates. Last week's movements of coffee in London were as follows: Brazilian, landed, 4 bags; delivered for home consumption, 155 bags; exported, nil; stocks, 2,834 bags, against 6,021 bags last year. Central American, landed, 8,380 packages; delivered for home consumption, 4,024; exported, 2,304; stocks, 101,665 packages, against 85,809 a year ago. Other kinds, landed, 7,464 packages; delivered for home consumption, 3,260; exported, 6,238; stocks, 98,820 packages, against 93,022 a year ago.

COCOA.—The market in cocoa has been less active during the past week, and prices moved downwards. Wednesday's quotation for Acra, fair fermented, April-May, at 20s. per cent., f.o.b., shows a decline of 6d. on the week. Little interest was shown in futures. Last week's movements of cocoa in London were as follows:—Landed, 8,426 bags; delivered for home consumption, 10,144 bags; exported, 27 bags; stocks, 201,511 bags, against 192,074 last year.

TEA.—The quantities catalogued for this week's auctions comprised 54,511 packages of Indian, 24,105 packages of Ceylon, and 19,378 packages of Java and Sumatra tea. Although the quantities offered for sale were considerably larger than last week, the demand was again active and prices remained firm, particularly for finest qualities.

RICE.—The market in rice has again been better, and Wednesday's price for Burma No. 2, cleaned, March-April, in singles to the United Kingdom and to the Continent, at 8s. per cent., shows a rise of 1 1/4d. on the week. Movements in London during the past week were as follows:—Landed, 13 tons; delivered, 46 tons; stocks, 483 tons, as against 2,520 last year.

POTATOES.—There was an improvement in the demand for potatoes at the Borough Market this week, and prices were generally higher. "Best King Edward" realised from £7 to £7 10s. as against £6 10s. to £7 a week ago.

SPICES.—The spot pepper market has been easier during the week, and Wednesday's price for "Black Singapore," at 6 1/2d. per lb. shows a decline of 1/4d., as compared with that of the corresponding day last week. Movements of pepper in London during the past week were as follows:—Black, landed, 38 tons; delivered, 25; stocks, 549 tons as against 990 last year. White, landed, 35 tons; delivered, 46; stocks, 484 tons, against 974 tons a year ago.

MEAT.—There has been no further downward tendency in meat prices. On Wednesday, Argentine chilled hindquarters were sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 8d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton again realised from 2s. 8d. to 3s. 2d. per 8 lbs. English pork was easier at 5s. to 7s. per 8 lbs., against 5s. 4d. to 7s. 4d. last week. According to the Smithfield official report, supplies of meat during last week amounted to 9,671 tons, as compared with 9,241 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.9 per cent. of the supplies, as against 82 per cent. a year ago, and imported mutton, mainly New Zealand, formed 80.8 per cent. of the total supply, as against 79 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Quiet conditions again rule, and in some sections there is an easing of values. Linseed is not in much demand either from crushers in this country or on the Continent, and values have declined. Plate on spot now quoting around £9 2s. 6d., and afloat and March-April £9, later positions being slightly above this figure. Indian linseed hardly offers with Calcutta, April-May, quoted £11. The quantity of linseed afloat for Europe has undergone further diminution, but at 254,600 tons, is still very heavy, and compares with only 96,500 tons a year ago. Cottonseed is in fair demand in near positions, which are firm. Black Egyptian afloat is held for £6 17s. 6d., and white, March and

The prices in the following list are revised with the assistance of an eminent firm in each department.

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SIR WILLIAM DALRYMPLE, K.B.E.; SIR ABE BAILEY, Bart.; G. J. JOEL, M.C.; and A. J. ANDERSON.

Extracted from the Annual Report to 31st December, 1930.

Tons crushed, 771,000, yielding 297,604 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,267,517 12 0	£1 12 10
Total Working Costs	804,001 4 0	1 0 10
Working Profit	£463,516 8 0	£0 12 0
Rents, Interest and Sundry Revenue	11,622 14 2	
Balance at 31st December, 1929, brought forward	33,940 2 0	
	£509,079 4 2	
This amount has been dealt with as follows:—		
Taxation—Union and Provincial	£61,850 6 0	
Miners' Phthisis Sanatoria, Donations and Depreciation	1,783 0 8	
Provision on account of outstanding liabilities, Miners' Phthisis Compensation Fund	12,461 9 8	
Capital Expenditure	14,247 6 9	
Dividends Nos. 34 and 35 of 15 per cent. each	359,067 12 0	
	449,409 15 1	
Leaving a balance carried forward of	£59,669 9 1	

The Ore Reserves at the end of the year were estimated to amount to 2,854,000 tons, with an average value of 7.0 dwts. over a stoping width of 48 inches.

The percentage of payability on the Upper Leaders was well maintained at 54.5 per cent., and the average value of 12.2 dwts. over a channel width of 28 inches was appreciably better.

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Extracted from the Annual Report to 31st December, 1930.

Tons crushed, 961,500, yielding 326,413 fine ounces of gold.

		Per ton, based on tonnage crushed.
Total Working Revenue	£1,390,260 5 11	£1 8 11
Total Working Costs	1,004,615 3 0	1 0 11
Working Profit	385,645 2 11	£0 8 0
Rents, Interest and Sundry Revenue	25,636 12 7	
Balance at 31st December, 1929, brought forward	93,875 17 9	
	£504,957 13 3	
This amount has been dealt with as follows:—		
Taxation—Union and Provincial	£48,024 4 6	
Government's share of profits (Bewaarplaatsen)	4,851 8 10	
Royalty on Ore	1,104 3 0	
Miners' Phthisis Sanatoria, Donations and Depreciation	1,911 5 10	
Provision on account of Outstanding Liabilities, Miners' Phthisis Compensation Fund	29,427 14 1	
Capital Expenditure	7,357 16 7	
Dividends Nos. 78 and 79 of 10 per cent. each	303,968 12 0	
	396,733 4 10	
Leaving a balance carried forward of	£108,224 8 5	

The Ore Reserves at the end of the year were estimated to contain 1,530,000 tons, with a value of 7.4 dwts. over a stoping width of 43 inches.

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Vol. CXII.

SATURDAY, APRIL 4, 1931.

No. 4,571.

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THE MONEY MARKET.

LAST week-end the market experienced one of the most uncomfortable periods they have had for a long time. As had been expected, the clearing banks and others had applied heavily for Treasury bills due to be paid for during the final three days of March, and, therefore, maturing just in time for the turn of the half-year. The close of the Exchequer's financial year brought with it further wide movements of funds, and the recent influx of foreign short

money to London, covered for the most part by forward sales of sterling, meant that on March 31st there was a very heavy foreign exchange settlement. The fact that the Easter holidays follow hard upon the end of the quarter involved an unusual concentration of the currency demands made by the public for both purposes, and this further depleted the joint-stock banks' cash resources, already denuded by their heavy payments for bills.

The coincidence of these different factors produced an abnormal shortage of money, which reached its culminating point on Tuesday, when as much as 4 per cent. was paid for new day-to-day money, and up to 3 per cent. charged for renewals. Some banks, it was reported, even had to call part of their weekly loans to the market, and early this week 3½ per cent. was charged outside the clearing banks for money into April. The market was unwilling to take bills to the Bank either for sale or discount, as brokers had already let their books run down. Consequently, from Friday to Tuesday inclusive, the market borrowed each day from the Bank, and there is little doubt that, in the aggregate, it is now "in the Bank" for a large amount. In fact, totals of £20,000,000 or even £25,000,000 have been freely mentioned, and it has also been stated that the market is in debt to the Bank until the end of next week. These figures, however, are probably on the high side, just as it is not certain that loans from the Bank now run beyond Tuesday or Wednesday.

On Wednesday about £10,000,000 net, after deducting income tax, was paid out in dividends, mainly on Conversion Loan, and, though these take a few days to penetrate to the market, by the afternoon money had become easier, with rates down to 2½ and even 2 per cent. There was, in fact, some disposition to look for greater ease until Saturday, when repayments to the Bank are due to begin. It must be remembered, however, that currency withdrawals for the holidays are still in progress, and, while fairly general motives of retrenchment may mean that less currency is required this year, the total amount withdrawn for Easter may run up to about £8,000,000. Some indication of the true figure will be afforded by this week's Bank return, which was not available when the *Economist* went to press.

Currency withdrawals deplete not only the Bank's Reserve but also the banks' cash resources as represented by Bankers' Deposits at the Bank of England. On the other hand, this week's Treasury bill maturities are believed to be concentrated towards the end of the week, so that new funds will become available by Saturday, when repayments to the Bank begin. Besides, we are now at the beginning of a new financial year, when normally money grows easier. Still, the market has a large amount to repay the Bank, and the Easter currency will not have returned from the country at least until the end of next week. Thus, while the long view is to look for easier money, a short view suggests that the market may not entirely succeed in getting out of the Bank next week. Much depends, however, on how far brokers in need of funds are willing to part with their bills.

	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.	Apr. 1, 1931.	Previous Rate and Date Changed.
Bank Rate	3	3	3	3	3½ (May 1, '30)
Bankers' Deposit Rate...	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
House { Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½-1	...

Discount rates were inclined to harden in sympathy with the monetary stringency, and 2½-3 per cent. has been quoted for three months' bills. Last Friday's Treasury bills were issued at a shade under 2½ per cent., but this week's issue is a July maturity, and so possesses relatively few attractions. The rate may, therefore, rise to 2½ per cent., especially if money is difficult at the end of the week. The gold outlook is encouraging. On Tuesday the

market price fell to the Bank's statutory buying price for the first time since November, 1926. Next week £678,000 in bars and £750,000 in sovereigns are due, and the following week £985,000 in bars and £250,000 in sovereigns. This makes a total of £2,663,000, most of which, under present conditions, will go into the Bank. The Bank is also obtaining certain small quantities of gold which come into the market from time to time. Their origin is uncertain, but it is possible that now that the Spanish stabilisation credit in New York has been successfully arranged, some of the Spanish gold shipped to London in recent months is being marketed.

Yet it is still necessary to maintain high discount rates in London. This week's fall in the Paris rate was due to the repatriation of funds released by the maturity of sterling bills in the hands of French holders who had not covered themselves forward, and in general the fact that the forward rate is still at the export gold point shows that the spot rate is still held up by the flow of French short money to London. Elsewhere in this issue a correspondent doubts whether there is such a thing as a forward gold point, but inasmuch as a forward rate represents business just as does a spot rate—the only distinction being one of time—it is clear that in normal circumstances it should, equally with the spot rate, be confined within the gold points. Our correspondent is correct in suggesting that the recent tendency of the forward Paris rate to fall below the gold point is due to operators concentrating upon the relative level of money rates in London and Paris and on the cost of covering exchange forward, just as he is right in also saying that it is a legacy of the artificially low gold point of last year. Even so, it is necessary to show that London is still able to attract and to retain gold, and so it is hoped that the market will co-operate in maintaining discount rates at a level high enough for this purpose.

The end of March made money firmer in New York as well, though there was none of the stringency experienced in London. Call money remained at 1½ per cent. over the week-end, but the undertone was harder, and it was no longer possible to obtain "outside" money at lower rates. On March 31st the call rate rose to 2 per cent. Late last week an arrival of \$3,800,000 gold from the Argentine was reported.

Business was rather dull in the Foreign Exchange market last week, and fluctuations were narrow, with sterling holding its own except against the franc and the dollar. New York went from 4.85½ to 4.85½, and Montreal was unchanged at 4.86½. Paris, after touching 124.22, gained two points on balance at 124.18. Brussels weakened sharply to 34.94½, and Milan lost three points at 92.78. News of the stabilisation credit steadied the peseta, which improved from 45.35 to 44.45. Berlin, after touching 20.38½, lost a point at 20.40. Switzerland lost ½ at 25.25½. Stockholm moved in our favour, losing ½ at 18.15, but Oslo and Copenhagen were unchanged at 18.16 and 18.16½ respectively. The South American exchanges were steadier. Rio gained ½d. at 3½d., but Buenos Aires lost ½d. at 39½d., and Montevideo ½d. at 35½d. In the Far East the rupee, after some hesitation, was unmoved at 1s. 5½d., as was the yen at 2s. 0½d. Batavia was firm at 12.13½. In the forward market dollars for one month's delivery was at 1½ cent premium against ¾ cent last week. Three months' New York remained at 1½ cent premium. One month's Paris weakened by two points to 13 centimes premium, three months' remaining at 30 centimes premium. Brussels was unchanged for one month at 3 centimes premium, but the three months' rate was weaker by a point at 4 centimes premium. Milan was at 7 and 21 centesimi discount for the two periods, against 8 and 20 centesimi last week. Madrid was weaker at 1 and 2 centimos premium, against 3 and 9 centimos last week. Amsterdam was unchanged at 1½ and 3½ cents premium, but Berlin was fractionally better at 1 and 3 pfennigs discount. Switzerland was unchanged at 3 and 7 centimes premium. Silver was weaker by ½d. for cash and by ¼d. for forward at 13½d. and 13½d. respectively. The China silver exchanges weakened in sympathy. Hong Kong lost ¼d. at 1s. 0½d., and Shanghai ¼d. at 1s. 3½d.

THE CONSERVATIVE CONCORDAT.

Concordat reached between Lord Beaverbrook and Conservative Central Office has been received with satisfaction by the Tory Party, the whole country (perhaps, Labour and Liberal political partisans) had to be free of a squabble which had assumed aasant and unedifying personal character. The agreement proves to be durable (a question we return later) His Majesty's Opposition be free to concentrate upon grave national without the constant distraction of interference. It appears from his newspapers that hermere acquiesces in the truce, and indeed as a victory for his own policy. On the other "orthodox" organs, while awarding the victory dwin (a view which will be widely shared), are let bygones be bygones. So it may be claimed, at any rate, that the Conservative Party once nts a united front to the country. At bye-election a general election, should it take place, only vative candidate will be in the field in each con- and the Party clearly offers to the country the of forming an alternative Government.

less, the more closely the terms of the at are examined, the more obvious does it become he ambiguities regarding Conservative policy, lly in the fiscal sphere, have not been cleared up. rue that Lord Beaverbrook has evacuated his al positions. In place of his own, oft-expounded of Empire Free Trade, he is now content to co- in promoting "the greatest attainable measure ire Free Trade, or, if you prefer, Empire economic The specific has given way to the vague, and ne is true in the sphere of home policy for the ice of agriculture. Lord Beaverbrook drops his ce upon duties on foreign foodstuffs, and is willing velop a policy of increasing not only manufact- duction but also of increasing wheat and general tural production at home by the most efficient and ble method; that is to say, by quotas, prohibi- or duties on, foreign foodstuffs." This has in some s been interpreted as leaving Mr Baldwin free to he quota system for which he has shown a pre- n, in negotiating trade agreements with the ons.

is this the correct interpretation? Serious doubts gested by the echo and re-echo, in the correspond- formula. Lord Beaverbrook having enumerated rent methods (quoted above) of protecting British ure, continues:—

f the Conservative Party is prepared, at the next tion, to ask for a mandate to put all, or any, of e methods into operation in the interests of ish agriculture, I, for my part, will do everything n to help to carry the programme to fulfilment.

ich Mr Neville Chamberlain replies:— is his (i.e., Mr Baldwin's) intention to employ he development of home agricultural production, or any of the methods you enumerate, as they best effect the object aimed at; and to ask the ors for a mandate for that purpose.

ve italicised the formula, and we suggest that by ndence Mr Baldwin has definitely committed posing food taxes, if he is unable to get the agree upon a quota system. Certainly it eaverbrook free to campaign for food taxes, ady announced his intention of doing so. whatever the meaning which may be read la by the Conservative Central Office, by ok or by outside observers, the terms of clearly leave open many questions Baldwin, now restored to mastership ouse, may reasonably be expected to answers. In a word, what is the ative fiscal policy? We have heard nue tariff from Mr Churchill, of an

"all-round emergency" tariff from Mr Chamberlain, and, from Mr Baldwin, of a wide extension of "safe-guarding" and a tariff for the main purpose of bargaining. In fact, from various sections of the Party comes the advocacy of almost every conceivable type of protective policy. It is high time for Mr Baldwin to explain much more clearly than he has so far done, precisely where he stands in this medley of confused counsels. An early general election is not so unthinkable (especially since the closing up of the Conservative ranks) that the electorate can fairly be left in the dark as to the approximate shape and form of the fiscal policy which it is asked to endorse. Mr Baldwin is shortly to make a series of speeches in various parts of the country. This campaign will afford him abundant opportunity to state an unambiguous fiscal policy and to state it with the authority of a newly-confirmed leadership.

While awaiting official enlightenment on this burning question, we would further venture to suggest that justifiable Conservative satisfaction over the Baldwin-Beaverbrook rapprochement should not lead anyone to suppose that harmony of view on major issues has been completely re-established within the Party. Conflicting views on tariffs and their application may or may not be easily composed; but a divergence which is certainly not susceptible of easy composition has been revealed by Mr Churchill's campaign on Indian policy. Mr Churchill has few followers at Westminster, and he can have little hope of winning over any substantial body of opinion to his Indian platform. Yet his challenge has served as a rallying point for "Die-hards" within the Conservative Party, and has shown that there is a real cleavage between the archaists and the realists, between the "last ditchers" and the main body of moderate opinion. These differences go deep enough to provoke the reflection that the Crusade-Conservative merger may not lead, so certainly as is sometimes supposed, to unified policy and management. The agreement certainly raises substantially the estimate of seats which the Party might win at a general election. But does it give real assurance that the Conservative members in the next Parliament will be a really cohesive body with harmony of outlook upon the great Imperial and international questions of the day?

Two further possible consequences of the concordat, minor though they may be, deserve consideration. The Press Lords have returned to what we might describe as a limited partnership in the affairs of the Party. But it is in the nature of neither of them to play for any length of time the rôles of sleeping partners. To put it another way, they have abandoned their pirating privateer and boarded the Party ship. But will they not expect a free run of the bridge, with the right to place at least a finger on the wheel and to have a seat in the chart room? Will it, under these circumstances, be easier for Mr Baldwin to plot and steer a straight course? To this question time alone will provide the answer; but to another question, arising out of the agreement, the answer is clear. The return of the Press Lords to the Conservative fold can hardly fail to check the incipient drift towards the Party of right-wing Liberal opinion; and thus, indirectly, Conservative reunion may in due course contribute towards consolidation of the much-harassed Liberal Party.

Finally, it is only human, if unkind, to remember that this is not the first time that a reconciliation between the Press Lords and the Conservative leader has been announced with a flourish of trumpets. Only a few months ago a truce was struck on the terms that certain fiscal proposals should be submitted to the people of this country by a referendum. That truce was very short-lived, as we all know. The latest agreement appears to give the promise of greater durability. But the considerations which we have passed in brief review would seem to justify us in asking: Is it, in the real sense of the word, Peace?

THE CONGRESS DECISION.

MAHATMA GANDHI has become so invested with the characteristics of a legendary figure—recipient of veneration from *khaddar*-clad multitudes and subject of inevitable if friendly caricature by the Western cartoonist—that many people are apt to overlook the fact that this seemingly visionary ascetic is, at one and the same time, a political strategist of no mean order. Striking testimony to Mr Gandhi's qualities in one branch at least of statecraft is afforded by his signal success this week in imposing his will on the Congress, which met at Karachi in an atmosphere of excitement inflamed by emotional protests against the execution of Bhagat Singh, and which might have been stampeded by its extremists either into repudiating the Irwin-Gandhi Pact *in toto*, or, at least, into voting against it in such numbers that the Mahatma would not have secured the authority which he desired, to pursue negotiations with His Majesty's Government, or would have been tied by restrictions and conditions that would have made his task impossible. In the event, the Delhi Pact was approved with only two dissentients out of the three hundred odd members of the Subjects Committee, and was enthusiastically endorsed by Congress in plenary session. Opposition, voiced principally by Mr Bose as spokesman for the New Youth of India League, was swept away by Mr Gandhi's advocacy of his policy, and the conclusive proof of the ascendancy of the Mahatma's influence and of his unqualified victory at Karachi was the decision to appoint him sole selector of the Congress delegation to the Round Table Conference.

This result is one which should occasion satisfaction to all who cherish the hope that a peaceful solution to the constitutional problems of India may be achieved on the lines which the Round Table Conference has in principle laid down. It will, doubtless, be objected by that section of the Conservative Party which saw in the Viceroy's agreement with Mr Gandhi nothing but a weak-kneed concession to subversive forces, that the speeches which both Mr Gandhi and the President, Mr Vallabhai Patel, delivered to Congress had an unpleasantly uncompromising ring in their reference to the objectives at which Congress would continue to aim. When due weight, however, is given to the consideration that Mr Gandhi has got to deal with "irreconcilables" considerably more numerous and potentially more dangerous than the "Die-hards" with whom Mr Baldwin has to reckon, undue importance need not be attached to *ad hoc* flights of oratory. After all, "face-saving" is common form in the politics of every country, and when Mr Gandhi referred to "our intact demand for complete independence" and when Mr Patel spoke of his readiness to receive "British advice but never dictation"—while asseverating that Congress could never let defence be controlled by the British nor divide financial control with the British Government—it must be remembered that the Congress leaders were engaged in endeavouring to secure authority to negotiate from a body which had kicked over the traces, repudiated Dominion status, and demanded "independence" only fifteen months ago. Moreover, they were seeking to "put through" a resolution endorsing the Delhi Pact in terms which they had good reason to fear might prove extremely unpalatable to a considerable section of their supporters.

The text of the resolution is important and merits quotation. It ran:—

"The Congress, having considered the provisional settlement between the Working Committee and the Government of India, endorses it, and desires to make clear that the Congress goal of *Purna Swaraj* (complete independence) remains intact. In the event of the way being otherwise open to the Congress being represented at any conference with representatives of the British Government, the delegation will work for this goal, and, in particular, to give the nation control over the Army, external affairs, finance, fiscal policy and economic policy; to have a scrutiny by an impartial tribunal of the financial transactions of the British Government in India; to examine and assess the obligations undertaken by India or England; and the right of either party to end the partnership at will.

"Provided, however, that the Congress delegates will be free to accept such adjustments as may be demonstrably necessary in the interests of India.

"The Congress appoints and authorises Mahatma G. represent it at the Conference, with the addition of such of gates as the Working Committee may appoint to act in leadership."

In this resolution the essential phrase is that while the Congress delegates a free hand to accept adjustments as may be demonstrably necessary interests of India." In other words, the delegates given plenary powers in the matter of safeguard as they are "necessary" in India's interests, significant that in his speech to Congress Mr Gandhi frankly stated that the views of the delegative matter of safeguards and independence "might from those held by some Congress men."

In this connection Lord Irwin, in his farewell the Chelmsford Club, at Delhi, last week, words to say:—

"I have never been particularly impressed," he remarks the reality of the distinction that it is sometimes sought many of these matters between the interests of India and Great Britain, for it would be clean contrary if the result of the long relationship between the two had most of the things that matter to create a community divergence of interest."

Indian opinion, the Viceroy suggested, would be less anxious than opinion in Great Britain to security provided, where necessary, for the go in the sphere of credit and finance. In the matter safeguards His Majesty's Government had reached a conclusion that the provisos discussed at the Round Conference were essential, but they would be prepared to give careful consideration to any alternative conditions and would accept them if those proposing were able to convince His Majesty's Government that would be equally effective.

The plain fact is—and Mr Gandhi, we are confident as aware of this as any other man—no alternatives effective can be substituted for the safeguards which Round Table Conference last winter indicated as necessary. They are insisted on by the Princes, by the community, and by the depressed classes; and Mr Gandhi's great influence could not inaugurate a new constitution without them. But we do not on that despair in the least of the success of the Round negotiations when they are resumed in the autumn, progress has moved far from its original attitude of in-cilable non-co-operation. For the first time since Reforms were initiated, the Left Wing in India is into the Conference Chamber to negotiate a new action. We are approaching a decisive moment. Imperial history, and Mr Gandhi knows it well. That a settlement to-day by intransigence in the most precautionary "checks and balances" in a period of Indian must recognise are bound in any case extreme, would be a responsibility so terrible that not believe that Mr Gandhi or any of his chosen from Congress would find it in their conscience to it. A free hand to accept "demonstrably necessary adjustments" ought to mark a vital stage forward working out by consent of India's new constitution.

Obstacles, of course, remain. First and foremost is the still unsolved problem of communal differences much depends on whether Mr Gandhi comes to with the terms of a Hindu-Moslem concordat pocket. In every point of constitutional detail there be need for patient negotiation, calm though will; and much again depends on the ability delegates to the Conference from all three parties to convince the Congress members of the desire to co-operate in the establishment of with a maximum degree of responsible self. Of this, at least, we are convinced: whatever in this vast experiment in constitution-making must be undergone; and even if "the manner which Mr Churchill claims as his "grimly" mately to prove that the policy of entrusting far-reaching powers of self-government should still say that the supporters of the right to-day.

THE NATIONAL ACCOUNTS.

DURING the last eight working days of the financial year the Treasury enjoyed a satisfactory inflow of revenue; and, when the accounts were made up on the evening of March 31st, the deficit disclosed was only £23,276,000, a result which conforms fairly closely to the forecast of a £25 millions deficit made in these columns a few weeks ago. In comparison with the financial year 1929-30, and leaving out of account for the moment sinking fund operations, "ordinary" expenditure, apart from the self-balancing Post Office and Road Fund accounts, amounted to £732,341,000, an increase of £31,377,000. Civil and Revenue Votes were £61 millions higher (this includes £29 millions *gross* on derating account; the balance represents increased expenditure on pensions and unemployment benefit), whereas the expenditure on defence was £2½ millions lower, and Consolidated Fund charges show a fall of £27 millions, including a transfer to Civil Votes of £15 millions in connection with derating. Interest and management on the national debt required approximately £14 millions less than a year ago. On the other side of the account, "ordinary" revenue, excluding self-balancing items, shows a net increase of £41,706,000. Of this figure, £16 millions is accounted for by the non-recurring appropriation from the Rating Relief Suspense Account; but tax revenue was £26½ millions higher, Inland Revenue being up by £28½ millions, and the yield from Customs and Excise down by £2 millions. Even allowing for the fact that increased taxes, estimated to yield £33.8 millions in 1930-31, were imposed by last year's Finance Act, the comparative buoyancy of revenue in a year of profound trade depression is remarkable.

In the following table we show Exchequer receipts and issues for 1930-31, the results being compared with the Budget estimates made last April:—

REVENUE AND EXPENDITURE 1930-31.
(000's omitted.)

REVENUE.	Exchequer Receipts.	Larger (+) or Smaller (-) than Budget Estimates.	EXPENDITURE.	Exchequer Issues.	Larger (+) or Smaller (-) than Budget Estimates.
Customs	£ 121,461	- 1,309	National Debt Services: Interest and Management	£ 293,170	- 11,430
Excise	124,000	- 5,860	New Sinking Fund (1928)	66,830	+ 11,430
Total Customs and Excise	245,461	- 7,169	Total Debt Services	360,000	...
Income Tax	256,047	- 3,953	Northern Ireland Exchequer	6,425	+ 425
Surtax	67,830	+ 3,330	Local Taxation Accounts, Other Consolidated Fund Services	2,895	- 404
Estate, &c., Duties	82,610	- 350	Total	9,321	+ 21
Stamps	20,650	- 6,350	Army, Navy, Air Force Civil Services and Revenue Depts.	110,524	+ 435
E.P.D., &c.,*	3,000	+ 1,300	Total Supply Services	429,850	+ 11,941
Land Tax, &c.,	830	+ 30			
Total Inland Revenue	430,967	- 6,033			
Motor Vehicle Duties (Exchequer Share)	4,926	- 24			
Total Tax Revenue	681,294	- 13,226			
Crown Lands	1,280	- 20			
Sundry Loans	32,890	- 110			
Miscellaneous Receipts	34,351	- 169			
Appropriation from Rating Relief Suspense Account	16,000	...			
Post Office, net receipts	10,100	- 25			
Total Non-Tax Revenue	94,601	- 324			
Total Ordinary Revenue	775,895	- 13,550	Total Expenditure (except Self-balancing)	799,171	+ 11,962
Self-balancing Revenue: Post Office	59,000	- 1,275	Self-balancing Expenditure (except Self-balancing): Post Office	59,000	- 1,275
Motor Vehicle Duties apportioned to Road Fund	22,866	- 784	Road Fund	22,866	- 784
Total Self-balancing Revenue	81,866	- 2,059	Total Self-balancing Expenditure	81,866	- 2,059
Total Revenue	857,761	- 15,609			
Deficit	23,276	+ 25,512			
Grand Total	881,037		Grand Total	881,037	

* Including Corporation Profits Tax.

Thanks to the resilience of the yield from surtax, Mr Snowden has realised to a million his anticipations of revenue from the three main heads of direct taxation, and he has apparently had unexpected success in collecting sums realisable from the now defunct E.P.D. and Corporation Profits taxes. On the other hand, there has

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been a short-fall of over £7 millions from Customs and Excise, while the yield from Stamps—a natural reflection of the slowing up of commercial and financial activity—has failed to reach the estimated figure by nearly £6½ millions. On the other side of the ledger, the growing cost to the Exchequer of paying transitional benefit to the unemployed is reflected in a net excess of £11½ millions in Civil Service expenditure. The total contribution to the Unemployment Fund, including both the Exchequer's ordinary contribution and the cost of transitional benefit, was estimated at only £26½ millions, whereas the cost has probably been at least £37 millions. Apart from the debt charge, the Consolidated Fund Services show little deviation on balance from the Budget estimate; defence expenditure records an excess of less than half a million; and we thus arrive at the position that, instead of an estimated surplus of £2,236,000, there is a deficit of £23,276,000.

We now come to the question of the sinking fund. The total debt charge was fixed by Mr Snowden at £360 millions for 1930-31, namely, the aggregate charge of £355 millions enacted in 1928, plus £5 millions towards meeting the deficit realised in 1929-30. The Chancellor estimated that interest and management, including £17½ millions for the floating debt and £23 millions as a proper actuarial provision for interest paid out on encashed and accruing on outstanding Savings Certificates, would amount to £304,600,000. This was to leave a margin (including the estimated surplus of £2,236,000) of £57,636,000, out of which to meet specific sinking fund obligations of £50,400,000, the remainder being a "free" balance. As will be seen from the foregoing table, interest and management required £11,430,000 less than the estimate, and this sum was automatically added to the sinking fund allocation, which (omitting the anticipated but unrealised surplus) was to be £55,400,000. *Prima facie*, this might appear to be an extremely satisfactory provision for debt redemption in a year of depression, but it is important to realise that the budget deficit must be deducted from this figure, and that certain other qualifications have to be taken into account before we can arrive at the true amount of debt redemption achieved during the year. In the first place, it would appear that in the revenue returns only the amount of accrued interest actually paid out on Savings Certificates encashed is debited to the item "Interest and Management." Now, in 1930-31 encashments of Savings Certificates were nearly £8½ millions lower than in the previous year. The exact position cannot at present be elucidated, but we are disposed to think that at least £3 millions of the apparent saving on debt interest must be offset by the corresponding increase in accrued interest outstanding; this was provided for by Mr Snowden in his aggregate debt charge of £360 millions, but must be deducted by "earmark" from the nominal sinking fund, in order to ascertain the real debt redemption achieved in the year now ended. In the next place, the revenue return, complete details of which will be found on a later page, contains the unpleasant reminder that unprovided-for borrowing on behalf of the Unemployment Insurance Fund (apart altogether from the direct cost of transitional benefit to the Exchequer), amounted in the past year to £36,440,000, against £2,990,000 in 1929-30. We are not prepared readily to accept the thesis that this borrowing for unemployment benefit is necessarily irrecoverable, but the fact remains that so far no provision has been made for it.

So much will depend in the next Budget on the policy which the Chancellor adopts with regard to this vital question of debt redemption that we have endeavoured to analyse in summary form the real operations of the past three years:—

DEBT REDUCTION, 1928-29.	
Specific Sinking Funds.....	£'000. 50,102
"Free" balance	7,407
Nominal total Sinking Fund	57,509
Deduct—	
Capital asset used for revenue (Currency Note Account Balance)	13,423
Net borrowing Unemployment Fund	11,430
Real debt reduction	32,656
DEBT REDUCTION, 1929-30.	
Specific Sinking Funds.....	£'000. 47,748
"Free" balance	...
Nominal total Sinking Fund	47,748
Deduct—	
Budget deficit.....	14,524
Borrowing for Savings Certificate interest not covered by Debt Charge	4,819
Net borrowing Unemployment Fund	2,990
Real debt reduction	25,415
DEBT REDUCTION, 1930-31.	
Nominal total Sinking Fund	£'000. 66,830
Deduct—	
Budget deficit	23,276
Increase in accrued interest Savings Certificates, say.....	3,000
Net borrowing Unemployment Fund	36,440
Real debt reduction	4,114

From these figures we may at least draw the grain of comfort that, as a result of heroic efforts on the part of the direct taxpayer, we have not only succeeded in covering all our effective expenditure during the past three years, but we have made a real reduction of debt by way of sinking fund to the amount of £62 millions. Viewed in the light of the optimism which attended the establishment by Mr Churchill of the "New, 1928," fixed debt charge arrangement, the achievement is far from spectacular, but at least we have avoided, in the usually accepted sense of the word, an "unbalanced" budget. As we have said in a recent article,* we should not be inclined to criticise Mr Snowden if he were to decide that the task of atoning for our failure to live up to our debt redemption programme might be spread over the next few years, instead of being concentrated on a period of great economic strain. At the same time, the fact remains that, even if we exclude Unemployment Fund borrowing, Mr Snowden has failed by a considerable amount in the past year to cover even his specific sinking fund obligations. Irresponsible suggestions have been made in some sections of the Press that, rather than add to the tax burden next year, Mr Snowden should relax, even abandon altogether, the idea of redeeming debt. In view of the analysis of real debt reduction which we have given above, and considering the paramount need to bring about a reduction in the cost of the debt by means of conversions to a lower rate of interest, we should regard any such policy as a disastrous error.

PRICES: THE QUARTER'S MOVEMENT.

HOPEFUL anticipations, encouraged by signs of greater stability in many commodity prices during February, are to some extent disappointed by the course of wholesale markets during the past month. On March 31st our index number worked out at 66.2 (1927 = 100), a decline of approximately one-half of 1 per cent., as compared with a rise of one-third of 1 per cent. recorded on February 28th. Thus, though the movements of the index on balance since the end of January have shown no decided

tendency, as compared with the almost uniformly precipitate decline registered in the previous seventeen months, the level reached at the end of March was nevertheless the lowest point touched since the war. Changes in the indices of each price group in the last quarter are summarised in the following table, the figures for the end of March, 1930, being added for purposes of comparison:—

AVERAGE, 1927 = 100.					
	Mar., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.
Cereals and meat	84.7	70.0	67.4	66.4	66.9
Other foods	82.7	71.0	69.5	68.0	67.0
Textiles	73.0	51.4	49.2	50.6	53.7
Minerals	89.8	78.0	75.3	76.9	74.5
Miscellaneous	85.5	75.2	72.6	72.7	69.9
Complete Index	83.1	68.7	66.3	66.5	66.2

Fluctuations in the price of individual commodities during February were irregular. Out of the fifty-eight articles comprised in our index number, 16 showed a rise, 22 a fall, and 16 no alteration. Percentage changes, as compared with a month ago and a year ago, are summarised below:—

	Inc. (+) or Dec. (−) per cent. compared with			Inc. (+) or Dec. (−) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign	− 8.1	− 41.7	Flax	+ 16.1	− 40.0
Wheat, English	+ 1.8	− 37.3	Hemp	+ 11.4	− 35.0
Flour	− 8.7	− 38.2	Jute	...	− 39.4
Barley	− 10.3	− 7.4	Textiles	+ 6.1	− 26.4
Oats	+ 10.8	− 1.5	Pig iron	...	− 13.3
Maize	+ 4.8	− 29.3	Steel rails	...	− 2.3
Potatoes	+ 7.7	+ 115.4	Iron bars	...	− 16.4
Rice	+ 3.5	− 16.7	Tinplates	...	− 7.6
Beef, Argentine	+ 6.5	− 15.5	Coal, Welsh exp.	...	− 13.9
Mutton, English	+ 5.3	− 9.3	Coal, Durham gas	...	− 2.1
Mutton, New Zealand	− 2.7	− 35.1	Coal, household	...	− 7.5
Bacon, Danish	+ 1.8	− 48.6	Lead	...	− 39.4
Cereals and meat	+ 0.8	− 21.0	Tin	...	− 35.6
Tea	...	− 34.8	Copper	...	− 3.1
Coffee	− 4.2	− 29.2	Spelter	...	− 27.6
Cocoa	− 2.2	− 25.0	Minerals	...	...
Sugar, cane	+ 3.8	− 6.8	Timber, English	...	− 7.1
Sugar, refined	− 1.3	− 21.9	Timber, Swedish	...	− 2.8
Cheese, Canadian	− 11.3	− 15.4	Cement	...	...
Butter, Danish	+ 1.9	− 19.1	Hides	...	− 15.7
Cocoon oil	...	− 6.7	Leather	...	− 12.9
Tobacco	...	− 19.0	Petrol No. 1	...	− 12.5
Other foods	...	...	Petroleum oil	...	− 3.7
Cotton A.	− 3.2	− 32.0	Fuel oil	...	− 10.8
Cotton E.	− 4.6	− 34.0	Linseed oil	...	− 54.3
Cotton yarn	− 2.6	− 23.2	Tallow	...	− 40.1
Cotton cloth	+ 7.7	− 17.6	Rubber	...	− 54.9
Wool, English	+ 27.8	− 4.2	Soda, crystals	...	...
Wool, Australian	+ 18.2	...	Sulphate of ammonia	...	− 6.7
Wool tops	...	− 38.0	Cresote	...	...
Silk	...	...	Miscellaneous	...	− 18.2

Among grain stuffs, maize recovered in price during February; on the other hand, as a consequence of the Federal Farm Board's announcement that it would not buy the 1931 United States crop, imported wheat fell further in price, with a corresponding cheapening in the case of flour. Meat prices had a firmer tendency, but, in view of the frequent fluctuations in this market, the movement is not of great significance. Among "other" food-stuffs the most pronounced feature was a heavy fall in the price of butter. The textile group recorded a further marked recovery from the extreme point of depression reached in January. Cotton prices, after last month's firmness, reacted slightly, but there was a striking upward movement in the price of Australian wool, while flax and hemp were both substantially dearer. On the other hand, non-ferrous metals lost on balance rather more than the extent of the ground regained a month ago; and in the miscellaneous group, which recorded the largest fall, namely, 3.9 per cent., the reduction in petroleum prices was accompanied by appreciable declines in the price of hides, linseed oil and rubber.

As a result of these movements the latest figure of our index number, expressed as a percentage of the average for 1913, points to a level of wholesale prices (this applies, of course, to a group of prices relating predominantly

to primary products) approximately 9 per cent. lower than in the last pre-war year:—

AVERAGE, 1913 = 100.						
Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	149.9	169.9	210.6	145.2	131.5	159.3
" 1928	145.0	149.4	161.7	111.9	119.3	135.1
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End Jan., 1931	94.3	110.8	75.8	91.5	90.4	91.3
Feb., 1931	92.9	108.4	78.0	93.5	90.5	91.6
Mar., 1931	93.6	106.8	82.7	90.6	87.1	91.1

It will be seen that, with the single exception of "Other Foods," each group now stands substantially below the 1913 level. The weighted average for foodstuffs as a whole works out at 99.0, and that for materials at 86.8.

The question of greatest immediate interest is whether the fact that since the end of January the headlong fall in commodity prices, notwithstanding last month's decline, has been more or less arrested, may be regarded as presaging greater stability in the near future. In the next table we show actual price quotations of a list of typical commodities at the end of last month in comparison with their prices at the end of 1930, a year ago, and at the end of 1929 and 1928:—

	End 1928.	End 1929.	1930.		1931.
			End March.	End December.	End March.
Wheat, Canadian, per qr...	49/3	55/6	43/9	24/6	25/6
Potatoes, per ton	26	£3/15/-	£3/5/-	£6	£7
Beef, English sides, per 8 lbs.	5/4	5/8	6/-	5/3	5/-
Mutton, New Zealand, per 8 lbs.	5/-	4/10	4/6	3/11	2/11
Tea, Indian auction average, per lb.	1/5½	1/1½	1/4½	1/2	10½d.
Sugar, granulated, per cwt.	24/1½	22/9	22/-	19/6	20/6
Cotton, American middling, per lb.	10.59d.	9.42d.	8.57d.	5.34d.	5.83d.
Cotton yarn, 32's twist, per lb.	15.50d.	13.87d.	12.37d.	9.00d.	9.50d.
Wool, Australian, per lb.	44d.	33d.	24d.	22d.	23d.
Jute, per ton	£32/5/-	£27/15/-	£24/15/-	£19/10/-	£19/-
Pig iron, Cleveland No. 3, per ton	66/-	72/6	67/6	63/6	58/6
Coal, best Welsh, per ton...	19/4½	20/1½	20/-	20/-	20/-
Tin, standard, per ton	£225/15/-	£178/2/6	£170/10/-	£116/10/-	£119/5/-
Copper, per ton	£74	£58	£71	£45/10/-	£43/-
Linseed oil, per ton	£29	£45	£40/10/-	£22/10/-	£18/10/-
Rubber, plant, sheet, per lb.	8.69d.	7.82d.	7.82d.	4.25d.	3.44d.
Cement, Portland, per ton.	47/-	47/-	47/-	47/-	47/-

In contradistinction to the violent slump which occurred in almost every case between the end of March and the end of December, 1930, following an almost uniform recession in the first quarter of last year, the movements during the past three months certainly suggest that prices have now reached a point at which they seem inclined to show considerable resistance even to a continuance of the depressing influences of restricted demand and heavy stocks. On the other hand, when the course of prices in the past five quarters is viewed broadly as a whole, it is difficult to be definitely confident that the bottom has yet been reached. Below we summarise, quarter by quarter, the percentage movements recorded by each of the groups of our index number:—

Group.	1930.				1931.
	1st Quarter.	2nd Quarter.	3rd Quarter.	4th Quarter.	1st Quarter.
Cereals & meat	− 8.2	− 3.0	− 3.3	− 11.9	− 4.4
Other food	− 1.1	− 5.9	− 4.2	− 4.7	− 5.6
Textiles	− 11.6	− 8.9	− 14.4	− 9.7	− 4.5
Minerals	− 2.8	− 7.8	− 4.0	− 1.9	− 4.5
Miscellaneous	− 4.1	− 1.6	− 8.8	− 2.0	− 7.0
Total Index	− 5.9	− 5.2	− 7.1	− 6.1	− 3.6

Admittedly, quarterly comparison of prices conceals the possible significance of the slight upward fluctuation—the first since July, 1929—witnessed a month ago; but, making due allowance for this consideration, it must nevertheless be recognised that, in the first three-months' periods analysed above, the only group which showed in January-March, 1931, a definite reversal of its previous trend was textiles. The rate at which the cereal and

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meat group declined was slower than in the last quarter of 1930, but exceeded the rate of the second and third quarters of that year; and the minerals and miscellaneous groups both fell by a larger percentage amount than in the previous three months. Having regard to the fact that in many cases present prices do not cover production costs, and that in consequence curtailment of output is likely to be progressive, we find it difficult to believe that the average level of commodity prices, which has fallen since a year ago by 20.3 per cent., and since 1924 by no less than 42.8 per cent., can fall much further; but though the flattening of the curve during the past quarter affords a modicum of encouragement, it would be premature yet to conclude that a definite upward movement is within sight.

THE SIGNIFICANCE OF LEIPZIG.

(BY A CORRESPONDENT.)

In 1929 the value of the goods which Germany exported was £69 millions less than that of Great Britain's exports. In 1930 the relative positions were reversed, and German exports were £19 millions higher than the British. To this remarkable achievement by Germany in reaching second place in the list of exporting countries much has been contributed by the Leipzig Fair, which every year attracts more and more buyers from abroad. It is not that the sales actively effected at the Fair represent such a striking proportion of Germany's exports. The importance of this great annual Spring Exhibition of German goods is that it reflects at once the determination and adaptability of German industry in its endeavour to capture a growing share of export trade even in conditions of world-wide depression.

Furthermore, what gives the Fair perhaps its greatest significance is the fact that it enables business men in Germany clearly to see what direction the whole course of economic development is taking. For, under the unrelenting pressure of reparation payments, German production is undergoing profound changes of a unique character. Heavy taxation has lowered the buying power of the home market to a minimum. Only articles of prime necessity are in constant domestic demand. For all other manufactures the requirements of the foreign market are far more important than those of the home consumer. This represents a radical change in German economy. In pre-war days, when Germany was a lending and investing country, it was estimated that about 10 per cent. of the total production was exported; and, even then, through the discipline of the cartels, the home market was forced to pay a little more in order that the foreign buyer could be served for substantially less. But, according to recent investigations by the Institut für Konjunkturforschung, the share that export now bears to total sales varies as a rule between 20 and 50 per cent. Even in 1929 nearly half the firms exhibiting at Leipzig stated that more than one-third of their total production went abroad, while many firms gave the export percentage as 50, 60, 70 and even 90 per cent. Only 17 per cent. of the exhibitors exported less than 25 per cent., and since 1929 the export percentage has certainly increased.

These figures reveal the gradual conquest by German industry of foreign markets. To accomplish this Germany

* See *Economist*, March 21.

started the rationalisation movement in 1925, acting on the assumption that, by adopting American methods, she could defeat her rivals by cheapening output while maintaining superlative quality. Incidentally, it was the Leipzig Fair that gave the movement such acceleration, because all these methods were ocularly demonstrated to Germany's producers at each Technical Fair. Had the wave of speculation in New York not assumed such dimensions in 1929, resulting in the withdrawal of the short-term money with which rationalisation was being financed, the German calculation might have proved correct. Large numbers of workers would have been temporarily thrown out of work, but, as cheapened production enabled German goods to sweep foreign markets, output would have had to be increased and the idle workers would have been absorbed again. The plan failed for want of money and brought the whole idea of rationalisation into disfavour. In its place the principle has been adopted of quickening the rate of technical advance sufficiently to keep German goods always a little ahead of all rivals, so that, despite tariff walls, they will command a wide market. Never has there been such a bewildering multitude of new designs, models and patents at Leipzig as at the Spring Fair, 1931.

More subtle, however, is the task of the Fair in coping with the problem of industrial over-production. The more completely representative of the world's buying power the gathering at Leipzig becomes, the more completely will waste production in Germany be eliminated. The millions of samples exhibited do not represent existing stocks. In the great majority of cases they are life-size working models of things not yet on the market at all. Criticism from prospective buyers enables faults to be corrected and production in quantity adapted to true needs. Many articles never pass the exhibition stage; the majority undergo modification. The hope is that one day each German factory will be able to sell its entire output for six months ahead with the certainty that the whole production will be absorbed.

Quite as essential a part of the plan is the systematic search for new markets. How this is done is best illustrated by the continued success of the German electro-technical industry even in the world depression. In 1929 Germany exported electro-technical ware to the value of Rm. 579,000,000. In 1930 sales abroad amounted to Rm. 573,000,000. This was largely due to exploitation of new markets. For example, the Federation of German Industries recently circulated an expert analysis of the possibilities of the Chinese market, where the consumption of electrical power is only 1 per cent. of that in Germany. Hitherto Germany has only supplied 11.5 per cent. of China's imports of electro-technical ware, and this report was widely discussed at the present Fair. In short, the Leipzig Fair as a form of salesmanship owes its chief power to the fact that each display lifts the whole process of production in Germany to a higher level. More than anything else it is a clearing house of ideas. Without it, the ceaseless development and amazing expansion of German export would not be possible.

Notes of the Week.

The R 101 Report.—Exhaustive thoroughness and skilful handling of a mass of complicated evidence mark the report on the R 101 disaster, issued on Tuesday evening by the Court of Enquiry, consisting of Sir John Simon sitting with Colonel Moore-Brabazon and Professor Inglis as expert assessors. The result is that the sudden and mysterious fate of the world's greatest airship at a lonely spot in France in the depths of the night will no longer be a mystery. The evidence of experts and survivors has been supplemented and checked by elaborate laboratory experiments with a model airship, and it has been established, first, that the fall of the ship to ground was due to substantial leakage of gas during very bumpy weather, and, secondly, that the fire, to which was due the death of nearly all the crew and the distinguished passengers, was caused by the ignition of a mixture

of air and hydrogen by an electric spark. The value of these findings is considerable. For instance, they may well mean that hydrogen will be abandoned for gasbag inflation. But the public, perhaps, are more interested in the circumstances surrounding the hurried start upon a long flight. Here the report, though it does not fix responsibility upon individuals (perhaps because some of the possible candidates for responsibility perished in the accident) is not a mere whitewashing document, and the opinion of the Court, though not categorically expressed, is clear. Evidence at the enquiry clearly brought out the eagerness of both the late Lord Thomson and other air officials that the flight to India should be accomplished before the conclusion of the Imperial Conference. The report admits that tests had been insufficient, and that, had it not been for "reasons of public policy," the flight would have been postponed. The "general conclusion was that R 101 was fit to fly"; nevertheless, the report leaves us in no doubt that a big risk was run, which would not have been run had time been no object. The Court reveal this view in several comments. They mention, for instance, that the coxswain on duty at the moment of emergency had not had the opportunity to learn the "feel" of the ship; and they record that the "specific misfortune" which caused the sudden loss of gas—namely, a rip in the envelope—was one which had occurred before when the ship was at the masthead. The country owes Sir John Simon and his assessors a debt of gratitude for solving, as far as human skill and assiduity can ever solve it, a difficult riddle of outstanding public interest; and it must not chide them because the report does not solve the problem whether speed and carrying power and safety can be adequately combined in an airship. That question was not before the Court, but there can be little doubt that both the findings and the mass of expert evidence contained in the R 101 report will play no small part in the ultimate decision of this problem.

The Consumers' Council Bill.—Last Monday the President of the Board of Trade moved the second reading of the Consumers' Council Bill, which, after being dropped last May owing to pressure of business, has now been revived with one important modification. The Bill, as before, provides for the setting up by the Board of Trade of a Council of seven members to investigate all questions relating to the production, distribution, supply and price of any article of general consumption with which the Board of Trade, subject to confirmation by a resolution of both Houses of Parliament, shall direct them to concern themselves. They are to have power to examine witnesses on oath and to compel the production of information, the secrecy of which is strictly safeguarded. The one substantial difference between this and the original Bill is that whereas in its first form the Bill empowered the Board of Trade, if it saw no other possibility of enforcing the conclusions of the Council, to make an Order fixing a maximum price or maximum charge, this power is conferred by the present Bill only in cases where the Council report "that conditions exist which restrict the free play of competition." While this renders the power *pro tanto* less dangerous, we adhere to the view we expressed last May that price fixing, even where there is an element of monopoly, should be regarded only as a last resort. Though the Consumers' Council Bill now limits strictly the exercise of this power, we should prefer to see a provision that it should not be used until time has shown whether the compulsory powers, the lack of which has rendered the work of the Food Council largely nugatory, will not, when reinforced by the damaging light of publicity, produce the desired effect.

Monsieur Briand.—The chief difficulty in the international situation of Europe is that statesmen in Germany and France, who are anxious to pursue a reasonable and conciliatory policy as far as they have a free hand, are perpetually on the defensive against nationalism—of the nervous or the militant order—at home, which is ready to take every opportunity to lift its head. At this moment

the same necessities of internal politics are embarrassing Dr. Curtius, when he is being asked for an explanation of the Austro-German agreement by foreign Powers, and Monsieur Briand, when he is being asked for an explanation by his own countrymen. The matter was raised in the Senate at Paris last Saturday on the estimates of the Ministry of Foreign Affairs; and Monsieur Briand's critics took occasion to throw cold water on his whole policy of European reconciliation, including his recent action in favour of "closer union" in Europe. Monsieur Briand showed his consciousness of the difficulties of his position by the nature of his reply. Instead of taking the offensive and vindicating his policy on its merits as something so urgently demanded by the plight of Europe that there should be no question of his being deflected from his course by a clumsy Austro-German gesture, Monsieur Briand was at pains to prove that he had taken as energetic action against the Austro-German agreement as his critics could desire. France, he declared, had knowledge of Austro-German intentions at least forty-eight hours before any other Power, and he had at once telegraphed to the French representatives at Berlin and Vienna to make a *démarche* setting forth the French attitude, while at the same time he had obtained an assurance that other parties to the Austrian Reconstruction Protocol No. 1 would take action likewise. In fact, as the French Ambassador in London informed Mr Henderson before he left London for Paris on Monday, March 23rd, the French Government informed the German and Austrian Governments that it considered the proposed agreement to be a violation by Austria of Protocol No. 1, and by both Germany and Austria of the commercial treaties in force between France and those two countries respectively. The Czechoslovak and Italian Governments, as parties to the Protocol, also made representations at Vienna—though it may be conjectured that the Italian Government's action was taken rather with a view to reserving its rights under the Protocol than to supporting the policy of France and her allies. In his speech to the Senate Monsieur Briand did not mention, in so many words, that the fifth party to Protocol No. 1, that is, Great Britain, had not joined France in making the assumption that, in the proposed Austro-German agreement, the Protocol would be violated. As a matter of fact, as we now know from Mr Henderson's statement in the House of Commons on Monday, Monsieur Briand had already expressed his contentment with the different action which the British Government had taken. Monsieur Briand's main concern in the Senate was to see that nothing should be done to hinder the course of action which Mr Henderson had put in train. In this Monsieur Briand was successful, at the price of a defence which was pitched throughout on an apologetic note.

—and Mr Henderson.—Mr Henderson is more fortunate than either Monsieur Briand or Dr. Curtius in having behind him a public opinion which is neither nervous nor militant in regard to the European situation, but is as anxious as the statesmen themselves to promote the cause of conciliation and co-operation. This British attitude of mind came out very clearly in the unanimous support for his policy which Mr Henderson received from all parties in the House on Monday, when he gave an account of the action which he had taken in regard to the Austro-German agreement. In this serious affair of the Austro-German agreement, it is evident that Mr Henderson has acted with great wisdom and with a strong sense of international responsibility. He requested the German and Austrian Governments not to proceed further until an opportunity had been given to the Council of the League, under whose auspices the Protocol No. 1 of 1922 had been negotiated, to assure itself that the proposed Austro-German treaty was not contrary to the obligations undertaken by Austria in that instrument. The answers which Mr Henderson received from the two Governments were not equally satisfactory. The Austrian Government declared explicitly that it did not object to the legal aspect of the proposed agreement being examined by the Governments which were parties to the Protocol of 1922 (merely adding that there could be no question of examining the agreement from the

political standpoint in view of its economic character). The German Government's reply was less clear. While maintaining, as the Austrian Government had done, that the proposed agreement was entirely consonant with the Protocol, and rejecting the idea of a political examination of the agreement, the German Government declared that there was no reason, in their opinion, why the Council should take the matter up, and that the Austro-German negotiations "would naturally have to take their course." Thereupon Mr Henderson repeated his suggestion to Berlin, in order to make sure that there had been no mistake about his meaning, and he added that if the Council were inclined to refer the question, as a legal matter, to the Permanent Court of International Justice, he would support that procedure. The German Government replied that there had been no misunderstanding, and they repeated their contention that there was no reason to refer the matter to the Council. They added, however, "that the Powers signatory to the Protocol were, of course, at liberty to refer the Treaty to the Council, but that the German Government must reserve complete liberty of action in regard to any procedure which "might" be suggested by the Council." There the matter stands. Mr Henderson is going to give notice of his intention to raise the question at the next Council meeting. What will the German Government do? Will it take the statesmanlike course of co-operating with a good grace, or will Nationalist pressure force it to put itself in the wrong by deciding upon abstention? As Mr Henderson reminded the German and Austrian Governments in his original communication of March 25th, the prospects of the Disarmament Conference are at stake.

Uneasiness in Spain.—The Spanish volcano never quite erupts and never quite calms down. The latest incident is the punishment of General Buruete, the President of the Supreme Court of Military Justice. On Friday, March 27th, the General gave to the Press a Note which was ostensibly concerned with the sentence recently pronounced on the signatories of the Republican Manifesto, but which broadened out into an indictment of the late Dictatorship and a promise that the Army would henceforth abstain from interference in politics. Next day General Buruete was dismissed from his post and was placed under two months' arrest for breach of discipline. The Government have also decided, in view of the part played by the students in Madrid in the recent anti-monarchical demonstrations, to override the privilege which the University enjoys of policing its own premises. Meanwhile, another court-martial has opened its sittings at Jaca in order to try sixty-four officers and men of the Spanish Army on the charge of having neglected their duties at the time of the military revolt in that garrison town last December. General Berenguer has a difficult task. He has to assert the Government's authority and at the same time to avoid arousing passions which might wreck the forthcoming elections. Election meetings were held all over Spain last Sunday; and it is a good sign that they gave rise to very few disturbances. It remains to be seen whether the Government will be brave enough to live up to its professed intentions of allowing the elections to be really free.

The German Emergency Decree.—After the Reichstag had adjourned for six months, President von Hindenburg signed, last Saturday, a decree investing the public authorities of the *Reich* and the *Länder* with far-reaching powers for combating political violence. One justification for this step is the appalling figure of casualties arising from encounters between armed political organisations in the streets. Latterly there has been a regular toll of deaths from this cause in Germany every week-end—as regular, indeed, as the week-end toll of deaths from motor accidents in this country or from communal conflicts in India. Since the Revolution of 1919, Germany's record in political crimes has been very bad—much worse than in any other great civilised country. A consciousness of this evil and a desire to find a remedy for it are shown in

the approval with which the new decree has been received by all the moderate elements in German public opinion. On the other hand, the decree has aroused equally violent protests from the extremists of both Left and Right; and this is perhaps the best justification of all. At the same time, this measure of defence against political extremism, necessary though it may be, is being paid for dearly in the sacrifice of civil liberties. The freedom of assembly, of association, and of the Press, which was fully secured in Germany, for the first time, by the Weimar Constitution, goes by the board; and the power which is being placed in the hands of the police (who, in Germany, are apt to be high-handed) is really very formidable. Some provisions commend themselves beyond question—for example, the minimum penalty of six months' imprisonment which is prescribed for the offence of being illegally in possession of firearms. More dubious are the powers given to the police to suppress anti-religious demonstrations, even if held indoors. This, of course, is aimed at the Communists, who are carrying on an "anti-God" campaign in Germany on the Russian model and were intending to launch an "anti-Easter" offensive. In the German Government's opinion, the feelings aroused by this campaign are evidently so dangerous that no risks must be run.

Mr Keynes and Tariffs.—Mr Keynes' proposals for a revenue tariff, which were discussed in the *Economist* of March 14th, have raised a chorus of criticism from economists and others, and Mr Keynes has his hands very full in answering them in the columns of the *New Statesman and Nation* and the *Times*. In one of these replies Mr Keynes refers to our comments, but, with all respect, he presents our arguments in a form which we cannot possibly accept. For instance, he complains that the *Economist* is inconsistent in that it criticises his proposal "on the ground that it will raise the cost of living," and then proceeds to put forth proposals for the next Budget, which include taxes on tea, sugar, beer, petrol and tobacco. It is true that a tax on tea or sugar would affect slightly the budget of the ordinary household; but "beer and 'baccy" are "optional" forms of expenditure, taxes on which are likely to be paid by the consumer and would not give an occasion to an increase of wages. A general duty on all foodstuffs, including bread and meat, involves an increase in the cost of essentials of life which cannot be evaded even by the poorest. Such taxes would tend to a raising of money wages where they are governed by the cost-of-living index, or, in sheltered trades, where the organisation of the workers is strong; or at all events to prevent a fall which might otherwise occur. Our contention is that this tendency, together with duties ranging over wide classes of raw materials and semi-finished goods, would add seriously to the total costs of British production, thereby putting fresh obstacles in the way of our export trades. Mr Keynes does not controvert this, but admits that "a general tariff . . . will probably tend to increase manufacturing costs rather than otherwise," though without giving reasons he expects the increase to be "small and almost negligible compared with the other factors of costs." Also he agrees that he overestimated the revenue obtainable under his proposals. From the age-long dilemma of the Protectionist, that of securing revenue on goods coming in and increasing employment by shutting them out, Mr Keynes attempts a most ingenious escape. "The saving on the dole and the gains from income tax, etc.," he writes, "resulting from the substitution of home-produced goods for goods now imported will much outweigh the loss of tariff revenue" resulting from the exclusion of goods by the tariff. This is a daring assertion based on a number of highly controversial assumptions and questionable arithmetic. But, after all, controversy over individual points is far less important than the discussion of the fundamental difference between Mr Keynes and ourselves. Mr Keynes is not fond of tariffs, and would not make his proposals if he saw any hope of stimulating our export trades. He does not, and hence his advocacy of a scheme for restricting Britain's foreign trade and making the country rely more on the home market. We, on the other

hand, refuse to take this defeatist view, and believe that with necessary measures of rationalisation and readjustment Britain's export trade can and must gain a fair share of world commerce when it revives. It is curious that Mr Keynes should have chosen the epithet "contractionist" to apply to some of his critics—ourselves included. That epithet, coupled with the word "restrictionist," seems to us to apply more appositely to his proposals, which envisage a more narrowly nationalist function for British economy and a lower standard of living for our people.

Australia's Good Name.—As was generally anticipated, the Australian Commonwealth Government have refused to allow Mr Lang to tarnish the good name of the Dominion. On Monday, March 30th, Mr Thomas was able to inform the House of Commons that the Commonwealth Government had taken counsel's opinion as to their position under the financial agreement in relation to New South Wales interest falling due in London on April 1st, but which the State had declared it would not pay, and that the advice received showed that the Commonwealth Government was both legally bound to make good the threatened default and also had the legal right to apply Commonwealth funds to this purpose. As a result, the sums due on April 1st were duly paid by the Commonwealth Government to the London agents responsible for the service of the New South Wales sterling loans. Thus, as far as the British investor is concerned, Mr Lang's irresponsible action has had no ill effect, while it has evoked a significant volume of protest in all quarters in Australia, including the Federal Labour Conference. It remains to be seen what action Mr Scullin will take against Mr Lang. The suggestion is made that an action lies against New South Wales and its Government in the Australian courts, and that in the almost certain event of judgment going in favour of the Dominion Government, the Governor of New South Wales may have the constitutional right and duty to dismiss his ministers. These points, however, remain to be determined. What is far more satisfactory is to know that Mr Lang is almost universally disowned in Australia, and that even in her present difficulties, the Dominion is deeply concerned at the recent threat to her credit.

Railway Wages Settlement.—Though by no means without protest, the three railway unions have accepted the findings of the National Wages Board. The Railway Clerks' Association accepted fairly promptly; the Associated Society of Locomotive Engineers and Firemen came to a decision last week, but recorded at the same time their disappointment with the terms of the award. As the members of this union are not affected by the "spreadover," the decision was less difficult for them than for the National Union of Railwaymen, among whose members objections to the "spreadover" appear to have been as strong as the feelings of resentment at the wage-cut. The meeting of the N.U.R. had to be postponed for a week; on the eve of its original date it was announced that the National Railway Shopmen's Council had signed an agreement for a 4.6 per cent. reduction in wages, with a counter-concession of a guaranteed week of not less than five days and a minimum of 40s. When the meeting finally took place, the executive had no easy task in inducing the delegates to accept the award, but recognition of the stark fact that refusal would mean a stoppage in circumstances offering no hope of success finally led to a favourable vote of 49 to 31. Meanwhile, the Central Wages Board has formally agreed to a reduction of 1s. in the weekly wages of those grades which have a cost-of-living sliding scale bonus. The total saving from all these reductions is estimated at about £5,000,000 in the coming year. Peace has thus, apparently, been achieved, though a handful of malcontents at two or three of the London goods depots adopted, for a few days, in defiance of their unions, a "go-slow" policy as a protest. But these sporadic protests have now ceased.

Coal Hours and Wages.—The last Coal Mines Act gave legal force to the veto which, as a culmination to a series of "marches and countermarches," the last delegate conference of the Miners' Federation reimposed on the "spread-over" of working hours. This veto took effect on April 1st, and a curious position has been created by the decision both of the Scottish and the North Wales miners to ignore the veto and to carry on with the arrangement as regards "spread-over" reached with the employers in these areas, both of which from April 1st onwards are working under conditions not sanctioned by the law. The Government is thereby placed in an awkward position, and what the *dénouement* will be is by no means clear. Meanwhile Leicestershire coalowners and men have reached an agreement for the working of a 7½-hour day with a reduction of 8 per cent. in wages, while in the Lancashire field peace for three months has been secured by an arrangement which technically conforms both with the Miners' Federation veto and with the 7½-hour day, the expedient including a short Saturday shift and the reduction of "snap"—time for rest and refreshment—from 30 to 20 minutes. In South Wales, although immediate strike danger has been averted, the Executive Council of the South Wales Miners' Federation is endeavouring to persuade the Government to amend the Minimum Wage Act of 1912, so as to enact as a statutory minimum the 1914 minimum wage plus an increase calculated in proportion to the increase in the cost of living. We may be grateful that the country has been spared the shadow of a coal strike at Eastertide, but apart from the immediate problem created by the undisguised breach of statute law in Scotland and North Wales, the difficulties which have attended the reduction of hours to 7½ per day suggest forcibly the dangers that surround next July, when the working day—failing legislation to the contrary—reverts to 7 hours.

Cotton Trade Reorganisation.—Our Manchester correspondent writes:—Although the details in connection with the new scheme for reconstruction of the cotton industry will not be announced until the special meeting of the Joint Committee of Cotton Trade Organisations, which is to be held in Manchester on April 9th, further particulars of the proposals are now available. The scheme revolves round the question of surplus capacity. It is realised that the total output of the machinery in Lancashire is much in excess of present demand, and the suggestion is that a cartel of the whole of the spinning and manufacturing industry should be formed. It is proposed that an expert authority or a committee should carry out an investigation and determine the amount of excess machinery. The scheme will apply to the spinning and manufacturing sections only and it will be on a voluntary basis. It is rumoured, however, that if employers are not willing to fall in with the proposals it may be necessary to obtain statutory authority from the Government in order to enforce the scheme. It is understood that when the amount of excess machinery has been decided upon the owners will be asked who is prepared to scrap existing plant. There are many firms which are either unable to work at a profit or are what might be termed inefficient, and it is suggested that if this excess production were eliminated it would be possible for the remainder of the machinery to work full time. Under such conditions, production costs would be reduced; at present it is expensive for firms to be running only part machinery. It is understood that under the scheme a fund would be raised by those desiring to remain in business and the funds secured would be available to compensate the firms whose machinery would be scrapped. The excess capacity would then be reduced and retiring firms would be compensated on a fixed scale. It is recognised that the scheme will mean a further displacement of labour, but it is understood that the Government will be prepared to pledge itself to maintain the increased number of unemployed operatives. If the proposals are approved on April 9th, the scheme will then be considered by the Master Cotton Spinners' Federation and the Cotton Spinners' and Manufacturers' Association. It is important to point out that the reconstruction (it really means rationalisation) will not

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in any way affect the wages and hours of the workers and there is no intention to raise the question of more looms per weaver or double shifts. Sir Kenneth Stewart, at the shareholders' meeting in Manchester on Tuesday last of the Lancashire Cotton Corporation, Ltd., said: "After very serious consideration your directors have made up their minds that the way to progress, not only for ourselves, but for Lancashire, lies not in the curtailment of output or in the fixing of prices, but in concentrating on the most efficient mills, bringing these up to the highest point of modern practice and ruthlessly scrapping the remainder." These remarks are obviously significant in view of next Thursday's meeting.

Defaulting States.—The fact that New South Wales bondholders have been saved from the consequences of her default, and that rumours of other repudiations have been current, explains why more than usual attention has been paid to the annual report of the Council of the Corporation of Foreign Bondholders. The year covered by the report has, as a matter of fact, been void of outstanding events. The Central American Republics have, for the most part, maintained payments under their various settlements. But the negotiations which promised to put an end to the default of Ecuador have broken down. An *ad referendum* arrangement for the resumption of the service of Mexico's external debts was reached by the International Bankers' Committee last July, but still awaits ratification. Turkey has made only fractional remittances under the arrangement of 1928. The position of Austria-Hungary under the Hague agreements is discussed at length and a number of minor events are recorded. But the feature of this year's, as of previous years, reports is the very large space given to the defaults, not of war-ravished European countries, but of eight Southern States of America. Since some of these American State defaults are nearly a century old, it might be thought that the time was long passed when the Corporation of Foreign Bondholders could hope to serve any useful purpose by an annual recapitulation of a well-worn chapter in financial history. Nevertheless, the pertinacity of the Corporation knows no limits, and even at this late date, buoyed up by opinions of distinguished international lawyers, they return to the attack in an apparently hopeful spirit. The United States Government has disavowed Federal responsibility for these old State debts, and into the legal technicalities involved in that decision we need not enter. But at least some psychological interest attaches to the argument that a gesture by the great creditor nation in favour of the sacredness of international obligations might be productive of salutary effects in proportion to which the total sum involved, namely \$75 millions, might appear trivial.

United States Fiscal Policy.—Though it would be idle to expect the rapid conversion of public opinion in the United States to a belief in the advantage to that country of freer trade, there is no question that, even in political circles at Washington, there is growing disillusionment as to the fruits of the high tariff extravagances of 1929. Nor does the United States lack counsellors of weight and wisdom in this issue. In an address delivered a fortnight ago to the Foreign Policy Association at Philadelphia, Mr Benjamin M. Anderson, the economist of the Chase

National Bank, voiced a reasoned, powerful plea for a saner tariff policy. Agreeing with Sir Arthur Salter that general over-production is impossible in view of the fact that human wants are unlimited and insatiable, Mr Anderson submitted that, though there were other causes contributory to present economic difficulties, the root cause of the world-wide depression was to be found in the fact that purchasing power and international commerce were being restricted all over the world by the existing regime of high and rising tariffs. Under this regime every country in its endeavour to become more self-sufficing was confronted by problems of painful readjustment. It would be possible, he admitted, for America to forgo export trade and, by shifting a very substantial proportion of her activities from production for export to production for the domestic market, to continue to exist behind an insurmountable tariff wall. But even for the United States, with its huge domestic market and its great internal resources, such a process would be as painful as it would be unnecessary. The United States, Mr Anderson urged, "must learn to receive and welcome an import surplus." That was the natural and normal position for a creditor country; and the idea that, by taking up year after year an ever-increasing amount of foreign bonds, America could keep up her exports while holding imports down, was a complete illusion. The objective at which the United States should aim was not to sweep away her whole tariff at the cost of a somewhat violent readjustment in her economic life, but to avoid the necessity of readjustment in the opposite direction by reducing her tariff sufficiently to enable her customers abroad to sell in America a sufficient quantity of goods to pay for those they desired to buy from America's exporting industries. All of which has been said before, but cannot be said too often.

A German Banking View.—In addition to presenting the bank's own results, the annual report of the Darmstädter und Nationalbank gives a very complete and critical summary of German economic conditions during the past year. Its main thesis is that Germany is still dependent upon foreign capital, and that the trade depression was intensified towards the close of 1930 by adverse political developments, which "caused capital, both foreign and domestic, suddenly to lose confidence in the possibility of national reconstruction." This "spiritual depression," as the report so graphically describes it, brought the country to the brink of a political and economic catastrophe, and led to the failure of many business firms and a heavy increase in unemployment. So far, the worst has been averted; and for Germany to have overcome the difficulties and dangers of 1930—after those of defeat in the field in 1918 and of the collapse of the currency in 1923—is no mean testimony to her innate strength. The bank, however, points out that the troubles of 1930 have left behind them the legacy of a definite inferiority complex, and the concluding passages of the report are rightly devoted to an attempt to dispel this feeling. Thus it emphasises the extent to which Germany's present troubles are shared by other countries, and points to such common adverse factors as the aftermath of the war, unbalanced distribution of capital, high tariffs, the artificial maintenance of prices and wages, and reparations payments, all of which are beyond Germany's control. Incidentally, the report pays a tribute to "leading English and American bankers" for their endeavours to rectify the situation. As regards the bank's own results, gross profits from commissions have fallen from mks. 38.0 to mks. 36.5 millions, while discounts and interest yielded mks. 34.9, against mks. 34.7 millions. Expenses were reduced from mks. 56.7 to mks. 53.1 millions, and tax requirements from mks. 7.3 to mks. 3.2 millions. Unfortunately, a special allocation of mks. 10.0 millions was required for writing down securities and joint syndicate holdings, and, after making this provision, the net profit for the year was only mks. 5.0 millions, against mks. 8.7 millions in 1929. The balance sheet records an increase in acceptance credits granted by foreign banks, but a decline in total deposits. The bank's own acceptances are higher, as are also its cash and short-term credits secured by commodities. Loans against securities have

fallen by approximately 50 per cent. The general impression given by the accounts is that the bank is making every effort to keep genuine business, as opposed to speculation, moving under the difficult circumstances that now prevail.

Polish Coal Exports.—Our Warsaw correspondent writes:—Official announcements state that negotiations with a French financial group for a loan to complete and operate the new railway line for the transport of coal from Upper Silesia to the port of Gdynia are proceeding satisfactorily, and it is intimated that a successful outcome is near. The amount under discussion is said to be one milliard francs, to complete and equip the line and to reimburse the Polish Treasury for the sections already completed. It has, nevertheless, been freely reported that there is a sharp difference of opinion on this matter between the Minister of Finance and the Minister of Communications, with the former eager to secure the loan and the latter desiring to protect the coal trade against the imposition of a freight rate that might seriously affect coal exports to the northern markets. The French lenders, it is safe to assume, would not be disposed to agree to the transport of coal over the new line at an unremunerative rate, such as the Ministry of Communications now grants to the coal exporters. The coal people expect, however, that a compromise will be reached by guaranteeing the lenders a certain return on their investment, with a share in any profit over and above such a guarantee. An unremunerative rate could then be made a continued charge on the Treasury and an indirect subsidy to the coal exporters. A further indirect subsidy is exacted from the home consumer, for the coal producers, in common with other primary producers, have only given a very limited response to the Government's appeal for a reduction of prices, on the ground that their ability to compete abroad is dependent upon the maintenance of high prices at home. When allowance is made for the inclusion in the export price f.o.b. Scandinavian ports of the cost of 400 miles rail transport, the price received by producers from coal exported to Scandinavia is only about half the home price.

Eagle Star and British Dominions.—The high bonuses declared by the closed life funds of the companies in the Eagle Star and British Dominions group have long been an object lesson in the internal strength of British life offices. Life offices are conducted necessarily on the assumption that they are a continuing entity, with the result that new entrants on a with-profits basis acquire automatically a share in the accumulated funds of the company towards which they have contributed little or nothing. They in their turn when their policies have been many years in force, will sacrifice something for the sake of future generations, and there is thus always a continual striving to adjust the equitable needs of young and old entrants. When the "Eagle" and "English and Scottish" were acquired by the Eagle Star and British Dominions, the funds were closed to new entrants, and the strain, as it were, from new business automatically ceased. The result has been seen in a remarkable increase in the rate of reversionary bonus declared on with-profits policies at each successive valuation. The figures relating to the quinquennial valuations of each of these two closed funds at December 31, 1930, have now been made public, and the results are as follows:—

EAGLE FUND.		£	£
		1920-1925.	1926-1930.
Trading surplus earned during valuation period	55,479	140,014	
Profits from securities	125,774	60,018	
Brought forward	6,288	76,930	
	187,541	276,962	
Allocations:—			
To Bonuses to policyholders	91,911	138,822	
„ Shareholders account	18,700	22,000	
„ Carried forward	76,930	116,140	
	£187,541	£276,962	

THE REVENUE.

I.—An ACCOUNT of the TOTAL REVENUE of the UNITED KINGDOM, in the undermentioned periods of the Year ending March 31, 1931, as compared with the corresponding period of the preceding year.

	Quarter ending Mar. 31, 1931, compared with the corresponding Quarter of the preceding Year.		Year ending Mar. 31, 1931, compared with the preceding Year.		Year ending Mar. 31, 1931, compared with the preceding Year.		Year ending Mar. 31, 1930, compared with the preceding Year.	
	Quarter ending Mar. 31, 1931.	Quarter ending Mar. 31, 1930.	Increase.	Decrease.	Year ending Mar. 31, 1931.	Year ending Mar. 31, 1930.	Increase.	Decrease.
Ordinary Revenue.								
Inland Revenue—								
Income Tax	176,700,000	162,086,000	14,614,000		256,047,000	237,426,000	18,621,000	
Sur-tax, including Arrears of Super-Tax	50,020,000	41,270,000	8,750,000		67,830,000	56,390,000	11,440,000	
Estate, &c., Duties	22,260,000	21,070,000	1,190,000		82,610,000	79,770,000	2,840,000	
Stamps	7,400,000	8,390,000		990,000	20,650,000	25,670,000		5,020,000
Excess Profits Duty and Corporation Profits Tax	3,000,000	2,240,000	760,000		3,000,000	2,250,000	750,000	
Land Tax and Mineral Rights Duty	650,000	690,000		40,000	830,000	880,000		50,000
Total Inland Revenue	260,030,000	235,746,000	25,314,000	1,030,000	430,967,000	402,386,000	33,651,000	5,070,000
Customs and Excise—								
Customs	30,387,000	29,101,000	1,286,000		121,401,000	119,888,000	1,513,000	
Excise	28,500,000	29,100,000		600,000	124,000,000	127,500,000		3,500,000
Total Customs and Excise	58,887,000	58,201,000	1,286,000	600,000	245,401,000	247,388,000	1,913,000	3,500,000
Motor Vehicle Duties (Exchequer share)	3,224,000	3,159,544	64,556		4,926,041	4,920,468	5,573	
Post Office (Net receipt)	150,000	650,000		800,000	10,100,000	9,200,000	900,000	
Crown Lands	230,000	280,000		50,000	1,280,000	1,295,000		10,000
Receipts from Sundry Loans	6,191,907	9,185,503		2,993,596	32,890,401	32,639,596	250,805	
Miscellaneous Receipts	12,138,814	8,492,426	3,646,388		34,330,533	36,364,684		2,034,151.
Appropriation from Rating Relief Suspense Account	—	—	—	—	16,000,000	—	16,000,000	—
Total Ordinary Revenue	340,551,721	315,714,573	30,310,744	5,473,596	775,894,975	734,188,748	52,320,378	10,614,151
Self-Balancing Revenue.								
Post Office	16,750,000	16,550,000	200,000		59,000,000	58,900,000	100,000	
Motor Vehicle Duties apportioned to Road Fund	13,968,000	13,634,356	333,644		22,865,959	21,881,532	984,427	
Total Self-Balancing Revenue	30,718,000	30,184,356	533,644		81,865,959	80,781,532	1,084,427	
Total	371,269,721	345,898,929	30,844,388	5,473,596	857,760,934	814,970,280	53,404,805	10,614,151
			£25,370,792 Net Increase.				£42,790,654 Net Increase.	

II.—An ACCOUNT showing the RECEIPTS into and ISSUES out of the EXCHEQUER in the Year ending March 31, 1931, as compared with the preceding year.

RECEIPTS.	Year ending Mar. 31, 1931.		Year ending Mar. 31, 1930.		ISSUES.	Year ending Mar. 31, 1931.		Year ending Mar. 31, 1930.	
	£	£	£	£		£	£	£	£
Ordinary Revenue, as shown in Account I.....	775,894,975	734,188,748	775,894,975	734,188,748	Interest and Management of National Debt	293,169,569	307,251,685	293,169,569	307,251,685
Self-Balancing Revenue as shown in Account I.....	81,865,959	80,781,532	81,865,959	80,781,532	Payments to Northern Ireland Exchequer	6,424,670	5,526,004	6,424,670	5,526,004
Total Revenue	857,760,934	814,970,280	857,760,934	814,970,280	Payments to Local Taxation Accounts	2,896,276	13,314,453	2,896,276	13,314,453
Temporary Advances Repaid—					Other Consolidated Fund Services		3,311,554		3,311,554
Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	36,917	36,917	36,917	36,917	Total	302,490,515	329,403,696	302,490,515	329,403,696
Under the Unemployment Insurance Acts, 1920 to 1931	4,940,000	2,241,000	4,940,000	2,241,000	Supply Services—				
Road Fund	—	—	—	—	Army, Navy and Air Votes	110,524,000	113,000,000	110,524,000	113,000,000
Money Raised by Creation of Debt—					Civil and Revenue Votes (excluding Post Office)	319,326,000	258,560,000	319,326,000	258,560,000
(a) For Capital Expenditure Issues—					Total, Supply Services (excluding Post Office)	429,850,000	371,560,000	429,850,000	371,560,000
Under the Post Office and Telegraph (Money) Act, 1928	11,000,000	10,500,000	11,000,000	10,500,000	Total Ordinary Expenditure	732,340,515	700,963,696	732,340,515	700,963,696
By Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	362,600	—	362,600	—	Self-Balancing Expenditure.				
(b) Under the Unemployment Insurance Acts, 1920 to 1931	36,440,000	7,820,000	36,440,000	7,820,000	Post Office	59,000,000	58,900,000	59,000,000	58,900,000
(c) For other Issues—					Road Fund	22,865,959	21,881,532	22,865,959	21,881,532
By Treasury Bills	2,638,426,000	2,981,419,000	2,638,426,000	2,981,419,000	Total Self-Balancing Expenditure	81,865,959	80,781,532	81,865,959	80,781,532
By 4½ per cent. Conversion Loan, 1940-44	46,774,808	10,870,144	46,774,808	10,870,144	Total Ordinary and Self-Balancing Expenditure	814,206,474	781,745,228	814,206,474	781,745,228
By 5 per cent. Conversion Loan, 1944-64	198,395	154,617,591	198,395	154,617,591	New Sinking Fund (1928)	66,830,431	47,748,315	66,830,431	47,748,315
By National Savings Certificates	49,100,000	41,050,000	49,100,000	41,050,000	Total, including New Sinking Fund	881,036,905	829,493,543	881,036,905	829,493,543
By 4½ per cent. Treasury Bonds, 1932-34	105,590,181	26,300,972	105,590,181	26,300,972	Interest on National Savings Certificates—				
By 4 per cent. Treasury Bonds, 1934-36	752,325,000	722,630,000	752,325,000	722,630,000	Paid in excess of the provision in the Permanent Debt Charge	—	4,818,912	—	4,818,912
(d) Ways and Means Advances	—	—	—	—	Temporary Advances—				
Repayments—					Interest on Exchequer Bonds under the Capital Expenditure (Money) Act, 1904	36,917	36,917	36,917	36,917
In respect of Suez Canal Drawn Shares	—	4,899	—	4,899	Under the Unemployment Insurance Acts, 1920 to 1931	36,440,000	7,820,000	36,440,000	7,820,000
In respect of Issues under Land Settlement (Facilities) Acts, 1919 and 1921	164,499	163,218	164,499	163,218	Road Fund, under Section 27 of the Finance Act, 1928	4,940,000	2,241,000	4,940,000	2,241,000
	4,503,119,334	4,777,454,021	4,503,119,334	4,777,454,021	Issues to meet Capital Expenditure—				
					Under the Post Office and Telegraph (Money) Act, 1928	11,000,000	10,500,000	11,000,000	10,500,000
					Under the Capital Expenditure (Money) Act, 1904	—	—	—	—
					Exchequer Bonds paid off	777,200	—	777,200	—
					Less—Paid off by the National Debt Commissioners	414,600	—	414,600	—
					Unemployment Insurance Acts, 1920 to 1931—				
					Repayments of Amounts Borrowed	—	4,830,000	—	4,830,000
					Redemption of Debt—				
					Treasury Bills—				
					(a) Repaid by issues under Section 33 (1), Finance Act, 1923	13,200,000	—	13,200,000	—
					(b) Repaid otherwise	—	—	—	—
					Less: Paid off by the National Debt Commissioners	—	—	—	—
					Principal of 4 per cent. War Loan, 1929-42, paid off	75,060,160	—	75,060,160	—
					Principal of National Savings Certificates—				
					(a) Repaid by issues under Section 33 (1), Finance Act, 1923	35,900,000	41,050,000	35,900,000	41,050,000
					(b) Repaid otherwise	—	3,300,000	—	3,300,000
					Principal of National Savings Bonds paid off	15,677	15,700	15,677	15,700
					Principal of Exchequer Bonds paid off	—	15,640,000	—	15,640,000
					Principal of Treasury Bonds paid off	35,605,746	43,980,623	35,605,746	43,980,623
					Other Debt under the War Loan Act, 1914 to 1919	—	4,729,012	—	4,729,012
					Securities surrendered for Duties under Section 34 of the Finance Act, 1917	—	50,301	—	50,301
					Ways and Means Advances Repaid	776,355,000	711,150,000	776,355,000	711,150,000
					Depreciation Fund—				
					Under the Finance Act, 1917	—	5,135,424	—	5,135,424
					Issues to National Debt Commissioners to Reduce Debt—				
					Suez Canal Drawn Shares Repayments	—	4,899	—	4,899
					March 31, 1931.	March 31, 1930.	March 31, 1931.	March 31, 1930.	March 31, 1930.
Balances in Exchequer on April 1—	5,504,595	5,515,917	5,504,595	5,515,917	Balances in Exchequer—	5,296,468	5,504,595	5,296,468	5,504,595
Bank of England	620,619	736,607	620,619	736,607	Bank of England	695,075	620,619	695,075	620,619
Bank of Ireland	—	—	—	—	Bank of Ireland	—	—	—	—
	£ 4,509,244,548	4,783,706,545	£ 4,509,244,548	4,783,706,545		£ 4,509,244,548	4,783,706,545	£ 4,509,244,548	4,783,706,545

Mem.—Floating Debt outstanding March 31, 1930

	1931.	1930.
Ways and Means Advances outstanding—		
Advances by Bank of England	24,500,000	48,530,000
Advances by Public Departments	569,825,000	588,885,000
Treasury Bills outstanding	594,325,000	637,415,000
Total Floating Debt outstanding	£ 43,090,000	

Treasury, March 31, 1931.

Net decrease

* Includes £32,000 the proceeds of which were not carried to the Exchequer within the period of the account.

For the quinquennium just ended the reversionary bonus has been raised to £10 per cent. per annum simple, compared with £6 per cent. per annum simple in the preceding quinquennium, and it is intended that the interim bonus during the quinquennium now current should be at the same high rate. This splendid result has been achieved in spite of the halving of profits from securities brought into account, and after increasing the carry-forward by over 50 per cent.

ENGLISH AND SCOTTISH FUND.

	1920-25. £	1926-30. £
Trading surplus earned during valuation period	309,939	399,791
Profits from securities	217,647	109,823
Brought forward	12,586	151,102
	540,172	660,716
Allocations :—		
To Bonuses to policyholders	344,322	526,662
„ Shareholders account	44,748	63,518
„ Carried forward	151,002	70,536
	540,172	660,716

In this fund the reversionary bonus for the quinquennium is to be at the rate of £7 per cent. per annum compound, compared with £4 per cent. per annum compound in the preceding quinquennium, though this distribution has necessitated a diminution in the carry-forward. As, however, it is considered that the profits in the quinquennium just ended are on an exceptional scale and cannot be expected to recur, the interim bonus for the quinquennium now current has been limited to £3 per cent. per annum compound. In both funds it is stated that the book values of the securities include a hidden margin of reserve. The allocation to shareholders represents in each case a payment to the Eagle Star, and in addition to the amounts shown in the table, the parent company will receive the sum of £12,000 from the capital redemption fund of the English and Scottish.

Provincial Insurance Company.—The chief office of this company is situated at Kendal, an odd place to choose as the centre of administration for an insurance company transacting fire and accident business on non-tariff lines with an organisation spread over England and Scotland. Yet this is a company which shows year by year a continuous advance in premium income and underwriting results which are a challenge to many of its much larger competitors. The total premium income of 1930 was £893,000, compared with £833,000 in 1929, and was derived as to £176,000 from fire business, as to £621,000 from employers' liability and accident business, and as to the balance of £96,000 from marine business. The total underwriting results are shown below for the last two years :—

	1929. Amount. £	Percentage of Premiums.	1930. Amount. £	Percentage of Premiums.
Fire	12,458	7.6	18,631	10.6
Employers' liability, accident and general	26,947	4.9	41,454	6.7
Marine	-14,902	-12.6	-4,991	-5.2
	24,503		55,094	
Less income tax, etc.	10,580		12,751	
Less allocation to staff pensions and profit sharing ...			18,096	
Total net underwriting surplus	13,923		24,247	

These satisfactory results have been achieved, be it noted, at rates of premium which, in the aggregate, are substantially lower than those charged by the tariff offices, and in respect of business which is wholly derived from this country. The allocation to staff pensions and profit-sharing appears for the first time, and includes £10,000 towards liquidation of the liability for past service pensions. It is stated in the report that the company has

suffered a total depreciation over the last two years on its Stock Exchange securities equal to 5 per cent. on the value of the investments, a figure which compares favourably with the general experience. To meet this, £10,000 has been added to contingency reserve in addition to the £25,000 set aside for this purpose a year ago. The net interest earnings, owing to the rise in income tax, have shown a smaller increase than hitherto, and, after deducting the cost of the preference dividend, amount to £26,187. The ordinary dividend has been maintained at 20 per cent., which costs only £13,950; and it is clear that a further increase in the rate of ordinary dividend cannot be long delayed.

Scottish Life Assurance.—The past year was the occasion of a quinquennial valuation and distribution of profits, and marked also the jubilee of this company. The results of the quinquennial valuation show that the company has never before been in so prosperous a condition, and this circumstance has provided a fitting atmosphere for the jubilee celebrations. Quantitatively the company maintains a steady, if slow, rate of progress, which may be judged by reference to the following table showing the averages during each of the last two quinquennia :—

Years.	Average New Business per annum. £	Average Premium Income. £	Average Net Rate of Interest. Per cent. £ s. d.	Average adjusted Expense Ratio. Per cent.
1921-25 ...	852,257	413,705	4 14 1	15.5
1926-30 ...	1,555,455	540,753	4 15 3	15.7

The new business and the average premium income during the second period of five years has, of course, been assisted greatly by the boom in single-premium business, but it is clear that interest profits, at any rate, have been on a higher scale. So far as the assets position is concerned, it is disclosed that the total market value of the Stock Exchange securities is well in excess of the value appearing in the balance sheet, and that, so far from there having been any depreciation during 1930, there was actually some improvement on the values at the end of 1929. The valuation itself, made on the same stringent basis as formerly, brought out the following results compared with those relating to the valuation five years earlier :—

	1921-25. £	1926-30. £
Trading surplus earned during quinquennium	606,404	861,455
Profits from securities	23,712	...
Brought forward	11,550	25,376
	641,666	886,831
Allocations :—		
To Bonuses to policyholders	560,837	769,057
„ Strengthening of actuarial reserves ..	25,935	28,313
„ Shareholders	29,518	40,471
„ Staff pension fund	...	17,000
„ Carried forward	25,376	31,990
	641,666	886,831

The reversionary bonus allotted to "with-profits" policies for the quinquennium is at the rate of 48s. per cent. per annum on the sums assured. This rate compares with the normal rate declared five years earlier of 43s. per cent., and the increased bonus now declared has cost a smaller proportion of the trading surplus and yet has permitted of a small increase in the carry-forward and in a strengthening of actuarial reserves. The larger allocation to shareholders has permitted an increase in the rate of dividend from 18 per cent. to 20 per cent. and has justified the directors in expressing the hope that for the remainder of the current quinquennium the dividend will be increased still further to 25 per cent. Moreover, the sum of £12,500 has been applied to reduce the uncalled liability on the shares from £4 to £3 15s. per share. The reconstituted capital will then consist of 50,000 shares of £5 each with £1 5s. paid up. At the present price of £5½ the yield on a dividend of 25 per cent. is 4½ per cent. gross.

Overseas Correspondence.

UNITED STATES.

Public Finance — Industry — Foreign Trade — Money.

(FROM OUR CORRESPONDENT.)

NEW YORK, March 19.

News of the week over the state of Government finance has met with a mixed reception. In more speculative quarters much is made of the obvious immediate advantage to trade of the huge inflation now taking place. Borrowing by ex-service men under the new law (providing for loans to be made up to 50 per cent. of the maturity value of the compensation certificate) has been more active than had been anticipated. The Veterans' Bureau, which handles the matter, estimates that as many as 75 per cent. of those eligible for loans will make them, and that upwards of \$1,000 millions will have to be found by the Treasury to meet the demand.

It had been thought by the Treasury that approximately \$300,000,000 would be needed for bonus loans by the end of the fiscal year, June 30th. It is now estimated that that amount will be exceeded early in April and that at least \$700,000,000 will have been lent by June 30th. To meet these heavier requirements the Treasury is planning to offer a new discount bill loan of \$200,000,000 for April 11th, and Government officials expect that between now and the end of the year additional Treasury borrowing of about \$1,300,000,000 will have to be made. Rising demands on the Treasury along with falling revenues fore-shadow higher taxes. Senator Smoot, chairman of the Senate Finance Committee, asserts that either the level of taxation must be raised or a reduction must be made in the sinking fund for retirement of public debt.

Estimates of the Treasury deficit for this fiscal year have been raised to \$750,000,000. Up to March 17th income tax collections were \$106,254,000, compared with \$99,666,000 in the same period of last year, but more individuals have paid the year's assessment in full than is usually the case. Total receipts for the first quarter are expected to fall short of last year's by a large amount, and the June 15th collections will probably fall still further below the level of a year ago.

Industrially some encouragement is found in the announcement of a United States Steel Corporation subsidiary that prices of certain products have been raised \$1 a ton for second quarter delivery. This is the second price advance to be announced in recent weeks, but whether it can be maintained is uncertain. The steel mills claim that present prices are unremunerative and that no additional consumption would follow lower quotations or even maintenance of the current levels. Production rate has risen again, and is now around 56 per cent. of capacity. Buying by the motor and building construction industries has been especially marked. Progress in steel since the beginning of the year has been fairly steady, perhaps even slightly more than seasonal; and some people think the peak will not be reached until next month. Operating rate a year ago was about 80 per cent. If steel mill activity can be maintained around the present rate much encouragement will be given to other industries.

Some improvement is also noted in the textile trades. Cotton exports of 432,996 bales in February were higher than a year ago, though merchandise shipments in general were considerably lower. February exports totalled \$226,000,000, a drop of about 35 per cent. from a year ago, while imports, at \$175,000,000, were nearly 40 per cent. lower than last year. Exports were the lowest for any February since 1914, and the smallest for any month since June, 1924. Imports were the poorest for any February since 1915, and for any month since September, 1916. The export excess of \$51,000,000 was only slightly less than the average for recent months. Movement of gold also slowed down appreciably last month, and little metal has come in or gone out during March. February imports were \$16,145,000 and exports were negligible.

Employment improved slightly in February, according to the Bureau of Labour Statistics, which reports a rise of nearly 1 per cent. in 15 selected industries and an increase in pay rolls of about 7½ per cent. in manufacturing trades. Motor manufacturers are taking on more men, and the warmer weather will, as usual, stimulate building construction. Motor output is expanding slowly, a production of 300,000 units being estimated for March. The trade expects to produce 400,000 vehicles in April, which is the month for the real test of selling.

Meanwhile, the distribution of goods over the railroads is showing no signs of improvement. Freight car loadings are not expanding as much as is usual at this season and are still as low as in 1921. Little buying of steel and other supplies will be done by the railroads until a decided improvement in earnings takes place. No reduction in railroad wages is likely, but sporadic cuts in other industries are taking place, with very little said about the matter in public. Corporation executives hold that to maintain the old scale of wages is in effect an unwarrantable increase, in view of the drop in living costs. The National Industrial Conference Board estimates the fall in the cost of living between October, 1929, and January, 1931, at 10 per cent. Numerous corporations have reduced wages and salaries all round by 10 per cent. In its annual report for 1930 the General Electric Company shows that average annual earnings per employee dropped 3.1 per cent., while the cost of living fell 4.1 per cent.

Money markets were unruffled by the \$3,000,000,000 turnover at the tax date. The Treasury borrowed between \$150,000,000 and \$200,000,000 at the Federal Reserve Bank, but participation in the overdraft was sold to member banks to such an extent that the supply of day money was not greatly increased. Time loan quotations have receded slightly and call money is overabundant at 1 per cent. or less outside the Stock Exchange, where the rate is pegged at 1½ per cent.

FRANCE.

Budget — Debt Extinction — Railway Rationalisation — Wages and Cost of Living.

(FROM OUR CORRESPONDENT.)

PARIS, March 31.

The Senate, by dint of all-day and all-night sittings on Sunday, completed its revision of the Budget Bill at five o'clock on Monday morning, and sent the measure back to the Chamber showing an estimated surplus of 175,613,000 francs, compared with 11,549,000 francs in the Bill as voted by the Chamber, and 106,461,000 francs in the Government's original draft. The Upper House succeeded in cutting down proposed expenditure by about 275,000,000 francs, and were thus able to leave the tax on Bourse operations at the reduced level fixed last year, and to give other small relief to the taxpayers. Some of these modifications will undoubtedly be accepted by the Chamber, but others are likely to be refused. It has been decided that any return to the wasteful system of *douzièmes provisoires* shall be avoided at any cost. It is a deplorable reflection on French parliamentarianism that, in spite of the heroic device adopted last year of arbitrarily lengthening the financial year by three months, in order to provide ample time for dealing with the annual Finance Bill, the Budget has again this year had to be hastily pushed through at the last moment, and then only by the aid of distinctly undignified methods.

The report of the Senate Finance Commission shows that during the year ending December 31, 1930, the Perpetual Debt was reduced by 2,339,000,000 francs, principally through buying in on the Bourse by the Caisse d'Amortissement. The 1916 Five per Cents. were reduced by 1,010,000,000 francs, and the 1927 Six per Cents. by 1,081,000,000 francs. Redeemable debt was similarly reduced by a capital value of 814,000,000 francs. The short-term debt was brought down by 101,000,000 to 22,075,000,000 francs, while the floating debt was left at the end of the year practically unchanged. Postal cheque account balances increased from 1,686,000,000 francs to

2,038,000,000 francs. This is a debt which yields no interest to depositors, so that it would appear to be advantageous to the Treasury. It has, however, the inconvenience of being a sight engagement, and thus constitutes a mortgage on the Treasury balances. The total Treasury Bonds in charge of the Caisse d'Amortissement varied little during the year (28,209,000,000 francs at the end of 1930, against 28,492,000,000 francs in 1929), the total being approximately near to the legal maximum of 28,211,000,000 francs (leaving out of account the marginal tolerance of 6 per cent.). The Budget for 1931-32 provides for internal debt extinction amounting to 3,341,000,000 francs; but this, it should be pointed out, includes the transfer of debt representing a capital of 1,787,817,492 francs to the Caisse d'Amortissement, which will make itself responsible for its redemption, though the Budget will be chargeable meanwhile with the interest service. Other adjustments provided for, the net saving in interest to the Budget during the coming year is estimated at 231,612,000 francs.

The foreign debt was reduced last year by 1,975,000,000 francs (representing a saving in interest of 102,880,000 francs), by the reimbursement in anticipation of the Krueger and Toll loan and repayment of Argentine credits. The only important items of foreign commercial debt now left are the 1921 and 1924 foreign 7 per cent. loans, and the outstanding $7\frac{1}{2}$ per cent. loans to Bordeaux and two other French cities. These five issues all stand well above par, which renders buying in on the Bourse impracticable. The 1921 loan is not reimbursable before 1941, and the loans to the three cities only in 1934. The 1924 loan is being paid off by annuities. No lightening of the burden, therefore, seems possible at present so far as these five issues are concerned.

The problem of restoring the French railways to a paying basis and removing the danger of further heavy deficits on working is being vigorously taken in hand, and already several possible remedies have been put forward. M. Albert Mahieu, the chairman of the Superior Railway Council, who was asked some weeks ago by the Minister for Public Works to report on the demands made by the companies for an increase of tariffs, for the purpose of meeting the deficit in the common fund, insists that such a policy would be dangerous in the present economic situation of the country, and that the end in view can be attained by a policy of judicious but radical economies in working. He proposes that some fifteen lines, which carry practically no traffic, should be suppressed entirely; that about 3,000 miles of other lines, which have very little traffic, should be replaced by motor services for both passenger and mail purposes, as has already been done in some parts of the country, and used only for intermittent goods traffic, as and when required. These measures, he estimates, would permit an immediate saving of 200,000,000 francs a year. Further, the companies are obliged, under their agreements, to run three trains daily in many districts where two would be sufficient, while a certain proportion of the *trains de luxe* might reasonably be suppressed. Massive loan conversion operations and a rigid limitation of fresh capital expenditure to absolutely necessary works are also recommended. Finally, M. Mahieu advises that the huge Paris suburban traffic lines, which are at present "ruinous for the companies," should be radically transformed and joined up with the Paris Metro system.

The Government statistical department has just made known a mass of valuable data, collected from the *mairies* and other reliable sources throughout France, which reveal the remarkable improvement that has taken place in the situation of the French wage-earners since the war. These data cover 38 masculine and 7 feminine occupations in the provinces, and 19 occupations (men only) in Paris, and are designed to show the average wage rates prevailing in each trade during 1930. The inquiry shows that, so far as the French towns (other than Paris) are concerned, wage rates in 1930, for the 38 trades followed by men, were equivalent to a general index figure (1911 = 100) of 891 for pay by the hour and of 732 for pay by the day. For the seven selected trades followed by women (ironers, dressmakers, linen-workers, waistcoat-

makers, lacemakers, embroiderers and milliners) the comparative index figures are 1,045 for pay by the hour and 866 for day wages. In the Paris area the average general index figure for the 19 men's trades covered is returned for 1930 as 744 for pay by the hour and 668 for day wages.

The inquiry concerned only the ratio of increase in wages paid since 1911, and had nothing to do with the relative amounts of pay in different regions or different trades. Paris wage rates have always been much higher than provincial ones, and continue to be so. The index figures show that the increase in wage rates since the war has been considerably larger in the provinces than in the Paris district. Similarly, the increase in the pay of women workers in the provinces has largely exceeded that experienced by men in the same regions. The figures cover the period down to the end of October, 1930. The fact that men's wages in the 38 trades increased on the average by 7.1 per cent. (from 31 francs 34 centimes per day to 33 francs 56 centimes) during the twelve months, as compared with the preceding year, while the general average of women's pay rose by 8.1 per cent., shows that the slow process of levelling up is still proceeding. In 24 out of the 38 trades covered by the provincial portion of the inquiry, the average daily wages ranged from 30 to 35 francs, and exceeded 35 francs in ten trades. The earnings of women workers in the provinces were in all cases in the neighbourhood of 20 francs a day. In Paris and the surrounding district the daily wage paid in 16 out of the 19 trades covered ranged from 50 to 55 francs. The average increase in wages in the Paris area during the year, in the trades covered, was 9 per cent. Women's wages, in the dress-making and kindred industries, increased about 5 per cent. during the year.

The relation between increased wages and increased cost of living may be gauged to some extent by the foregoing index figures and those representing the cost of living for a Paris working-class family of four persons. The latter was returned for the three months ending with November as 597 (1914 = 100), while the average daily wage in the Paris area (19 trades) at the end of October last is represented by an index figure of 695 (1911 = 100). The average wage per day in 1911 was 8.12 francs, and is now returned as 53.76 francs. The conclusion that, in spite of the increased cost of living, the average Paris worker is now in receipt of real wages which place him in a substantially better position than he occupied before the war, appears to be confirmed by many other factors, not the least significant of which is that, notwithstanding the continued loud outcry concerning high commodity prices, there is no sign of popular discontent in this country among the class that is usually the first to feel the pinch of economic depression.

GERMANY.

Reichstag Recess — Osthilfe — Land Settlement — Tariff Modification — Berlin Finance.

(BY A CORRESPONDENT.)

BERLIN, March 31.

THE Reichstag has adjourned until the autumn, provided no unforeseen emergency arises. The Government needed an interval for uninterrupted work without the distractions of parliamentary business, and Parliament now has sufficient confidence in the Brüning Cabinet to contemplate this long recess without anxiety, especially as those Socialists who are not members of the Government will be able to exercise a direct influence upon it through their position in the State Government of Prussia.

The Reichstag was only able to take this long recess because it had passed all the most pressing laws very expeditiously after the withdrawal of the Radicals of the Right. Apart from the Budget, the most important of these were the *Osthilfe* Act and the Tariff Enabling Act. The *Osthilfe* programme remains in essentials as outlined some weeks ago in these columns. The credits are to be granted out of a fund to be raised by the continuance of the special tax on industry originally imposed by the Dawes Plan. The tax is to be levied, though at a diminishing rate, until

1936, and the fund is to remain the property of industry which thus becomes the direct creditor of agriculture.

The substantial burden which this scheme will throw on the Exchequer and on the capital market, however, has only just become evident. The credits are to amount to Rm. 830 millions, of which 500 are to be provided by the fund and 200 millions are to be raised by borrowing on the fund. The remainder will be derived partly from other credit operations and partly from the State. The recipients of these credits are to pay annuities for 33 years, rising from $4\frac{1}{2}$ to 5 per cent. Annuities of only $1\frac{1}{2}$ per cent. are needed to replenish the fund within the period of currency of the credits, but the remaining $2\frac{1}{2}$ — $3\frac{1}{2}$ per cent. is not enough to meet the full interest burden and the Reich will have to contribute 36 millions for eight years.

The fund will have to have recourse to the credit market both to make up the difference between 500 and 830 millions and also to discount the proceeds of the industry tax, which are spread over five years. The success of these operations, of course, depends on the state of the market, and the Government included in the scheme a proviso that in certain circumstances recourse must be had to other means, but it is not clear what these are to be. For the purpose of discounting the proceeds of the tax, an issue of "redemption vouchers" to cover part of the amount is contemplated. These would be I.O.U.'s of five years' maturity which would be given to the present creditors of the farmers, in so far as they are savings banks or co-operative societies, so that they could raise funds by the sale of the vouchers (under strictly circumscribed conditions) instead of pressing their claims immediately. The vouchers would be met out of the proceeds of the industry tax or from long-term loans. It is also hoped that some of the creditors whose demands are to be met out of these relief credits may be persuaded to wait a few more years, as they are now offered full security for the future, whereas immediate pressure of their claims would involve them in heavy losses. The great difficulty is that the creditors themselves, especially those who supply goods to the farmers, badly need the money.

The Reich and Prussia together are acting as guarantors to the fund in respect of 25 per cent. of the credits, and the farmers themselves are to bear 10 per cent. of the risk. For this purpose a fund is to be built up by the addition of $\frac{1}{2}$ per cent. to the annuity. Some of the farmers' societies would have liked a corporate guarantee by the farmers of each province to give them more influence in the selection of the recipients of credit. The Act provides for this at the option of the farmers in each province, but where such a corporate guarantee is given, the annuity is to be 1 per cent. higher so that there should be no great inducement to the formation of such guarantee associations. Moreover, only large farmers are eligible. Though the principle is thus maintained that the distribution of credit is mainly a matter for the State and for industry, who supply the money, the representatives of the farmers are given opportunity to express their views, and serious attention is paid to them.

The Osthilfe scheme is completed by an Act for the promotion of agricultural settlement, which empowers the Government to spend substantial sums in the purchase of land on which to settle agricultural labourers and peasants.

The farmers' demands for further increases in Customs have not achieved their full object. An Act has been passed empowering the Government "in case of urgent economic necessity" to alter the relevant import duties, in so far as they are not bound by commercial treaties, and to put into force commercial agreements. The Government is, however, required so to exercise these powers that the food index, which is now 131, shall not exceed 133. This might have the effect of forcing the Government, not merely to abstain from increasing the duties, but actually to lower them.

The municipality of Berlin has been relieved from its acute financial embarrassment by a temporary credit of Rm. 75 millions, to be followed by a larger financial transaction, the essentials of which were outlined in the *Economist* of March 21st, involving the reconstitution of

Bewag. The new company, control of which remains with public authorities, is to take over the debts of the old Bewag and a debt of Rm. 42 millions owing by the city to Bewag is to be cancelled. The city receives about $\frac{1}{4}$ milliard Reichsmarks from the transaction, of which the 75 millions just paid are to be considered an advance instalment at $7\frac{1}{2}$ per cent. If the major transaction is not completed this advance is to be repaid in June at 8 per cent.

The basis of profit distribution in the new company is to be as follows: the A and B shares are first entitled to dividends up to 10 per cent. If the profits exceed this the city receives a franchise fee up to Rm. 16 millions. The remainder is divisible between the A and B shares. It may be assumed that this device for raising capital for a German commune will be imitated on a smaller scale in many other instances. Many German municipalities have on the one hand an asset in their electricity and gas works which enables them to offer security of unimpeachable soundness, and on the other hand, a pressing need for money, and they have hitherto been restrained from pledging their property by the fear that it might lead to the transfer of their public utilities to private hands.

ROUMANIA.

The Loan — Agricultural Credit Bank — Usury Bill.

(FROM OUR CORRESPONDENT.)

BUCHAREST, March 21.

THE long-expected loan has at last been realised. The first effect of this news is one of undoubted relief in financial circles. The repeated adjournments which had occurred in the negotiations and the diversity of rumours favourable and unfavourable which preceded its ultimate conclusion had created a feeling of nervousness in the country, which translated itself into a gradual but very marked expatriation of such capital and savings as existed. Fears were entertained concerning the stability of the currency, and they appeared all the more founded as they seemed to be shared by some prominent people of the Opposition parties, and as in certain circles the devaluation of the currency was, and is still, looked upon as the only means of relieving the indebtedness of the population in general and the agriculturists in particular. The money now secured by the Government should put the stabilisation of the currency on a safe footing for some time to come, even in the face of the very adverse economic conditions prevailing. It may therefore not be unreasonable to expect an early reduction in the discount rate of the National Bank.

The loan is the second issue of a total of about 300 million dollars which the Roumanian Monopoly Institute is authorised to contract, and as such it is guaranteed by the State. It is expected to be launched at the beginning of April after the assent of Parliament has been obtained. Unfortunately, the end of the negotiations was marred by an unsavoury political event, the dismissal, by Royal Decree, of the Governor of the National Bank, Monsieur Burilianu, who held his office as nominee of the Liberal Party and who was accused of intriguing against the loan in the hope of bringing about the fall of the Government. Scandals of this kind are a penalty which this country has to pay for making the post of Governor of the National Bank one of the political plums given to the supporters of the party. The position has now been filled by another politician, Monsieur Angelesco. On the whole one can endorse the comment of Monsieur Duca, the Liberal leader, on the dismissal when he said in Parliament that the action of the Government created a very dangerous precedent, but it is generally assumed that the Government comes out of the whole ordeal with enhanced prestige. It has proved that it has the confidence of the King by obtaining his signature to the decree of dismissal, and it has successfully contracted the loan, thus obtaining funds not only for some urgently needed reforms, but also for the replenishment of the empty coffers of the State and for safeguarding the stabilisation.

While a portion of the proceeds of the loan is to be used for the repayment of temporary advances to the State and the strengthening of the cash reserves of the Treasury, it is intended to employ the greater part productively. About 1,500 million lei will go to the railways; a slightly smaller amount will be used for agricultural purposes, while 1,600 million lei are earmarked for road construction and repairs, the contract for which is placed in the hands of a Swedish syndicate; the bonds for this amount will be placed only if the road contract is signed before April 30th next.

The most important project, however, in connection with this loan is the creation of the Agricultural Mortgage Bank, which will have a capital of 330 million lei. This bank will be created with the help of important foreign financial institutions, the Banque de Paris et des Pays-Bas, Hambros Bank, the National City Bank, and others. Of the capital, 51 per cent. is to be Roumanian. The bank will begin its operations with the comparatively small capital obtained from the loan, but it is hoped that its principal resources will be derived from debentures placed with the assistance of its powerful financial connections. It is intended to provide the cheap credit facilities which are so badly needed by agriculturists, but how far it will be of assistance to the farmer in his present desperately indebted condition remains to be seen.

The Usury Bill has been passed in the Lower House. If it passes the Senate, and obtains the Royal Assent, the Government will have added another mischievous law to its list of measures which are dangerously interfering with the credit of the country. In its present form the Bill fixes the maximum rate of interest at 6 per cent. above the official bank rate. It is generally agreed that this maximum rate does not take into account the large element of risk involved at present in credit transactions in Roumania. As regards the smaller banks of Bucharest and the majority of the provincial banks, who do not enjoy the same financial facilities as the principal banks, it does not even allow them sufficient margin to cover their working expenses. A particularly objectionable feature of the Bill is that it is made retroactive for a maximum rate of 18 per cent. as from February 7, 1929, the date of stabilisation. All interest above 18 per cent. charged from this date and remaining unpaid will have to be returned to the debtor even if it has meanwhile been added to the capital. The measure will certainly give rise to all manner of evasion, and while it is very unlikely that the law will prove a good remedy against the evil of usury, its effect, like that of all the Government's devices for the protection of the debtor, will be a further contraction of credit.

ARGENTINA.

Improved Cereal Position — Tariff Increases — Foreign Trade — Money — Political Situation.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, February 26.

CURRENT conditions throughout Argentina at the close of February warrant the belief that the worst is over and that the country as a whole is steadily improving its position both in import and export trade. For all official measures, individually effective though they may be, are subordinate to mercantile considerations, which in their turn govern the state of the national finances at the present time. Exports for the current year to February 21st show decided improvement in volume and a slight increase in price. Quotations for March delivery in Buenos Aires are \$5.65 paper per 100 kilogs. for wheat, \$3.90 for maize, \$11.60 for linseed, notwithstanding that exchange has improved to 37d. banks' cable drawing rate on London and 133.60 on New York.

The prospects for maize are remarkably good, and it is possible that the yield will be such as to leave an exportable surplus of 10,000,000 tons, while costs of harvesting are certain to be well under the average of recent years. It is also probable that local consumption for fattening stock will be largely increased, since, as far as can be

seen, next season will see a great increase in cattle breeding and pig raising by those larger owners of rural property who are in a position to make the change, as it is generally expected that the area sown to wheat and linseed will be considerably reduced. The second official estimate for this year's production has brought down the original quantities of wheat by 886,000 tons, linseed 394,000 tons, oats 333,000 tons, and barley 122,000 tons. This still leaves Argentina with an estimated exportable surplus of wheat as at January 1st of 4,489,000 tons, while for linseed the figure is now put at 1,639,000 tons, which members of the trade consider far too low. Not only cereals but also other produce, notably wool, have reached prices at which business can be done, and this better movement has been reflected in the market for ocean freights, now 21s. for prompt loading on the San Lorenzo range for U.K.-Continent.

The imposition by the Provisional Government of various revenue-producing charges has been favourably received as giving evidence of its determination to make ends meet. Internal postal and telegraph charges have been practically doubled, and the 5 cent postal rate to countries in the Pan-American Union has been raised to 10 cents. Certain imported items formerly duty free are now to pay between 5 per cent. and 25 per cent. *ad valorem*. Fuel oil, printed books, machinery and spare parts, certain heavy chemicals, special industrial sewing machines, eggs, dried beans and pulse, and pleasure boats are in this list. There is a long list of goods which are expressly declared free of duty, and such articles as do not figure thereon, yet are not included in the list of specific percentages, will be charged 25 per cent. *ad valorem*. Doubt may reasonably be expressed as to the ultimate benefit to Argentina of any tariff increase, but at the moment the principle at stake has passed almost without comment.

Import and export figures for the first nine months of 1930 show that the former fell by \$83,075,000 gold, as compared with the same period of 1929, a reduction of 12.8 per cent. Exports fell by \$292,470,000 gold, or 37.7 per cent. Complete figures for 1930 are promised next month, and thereafter current statistics for imports and exports will be kept more nearly up to date. The reduction in imports continues, Buenos Aires custom-house returns to date being some twelve million dollars paper under the 1930 receipts for the same period. It is quite on the cards that the visible trade balance of Argentina will this year be once more in her favour; the difficulty that faces the Government is to find some immediate means of replacing in the Treasury receipts the shortage that reduced imports must mean when Customs charges normally provide some 70 per cent. of the ordinary revenue. The possibility of an income tax was raised at a Cabinet Council, but it is generally understood, both within and without the official world, that such a measure cannot be hastily applied.

The local money market has ample funds wherewith to handle such business as is passing. Banks, indeed, carry more deposits than they can profitably employ, and therefore offer but 2½ to 3½ per cent. for long-term deposits. The national Government is not in immediate need of ready money, and is therefore in a position to consider with deliberation the various loan proposals that it has undoubtedly received during the last three weeks. Nor has it been necessary for the Banco de la Nacion to ship any great quantity of gold, in order to support exchange or meet the service of foreign obligations. The Conversion Office at present holds \$404,930,224 gold, as against \$414,953,000 at the end of January. It is therefore self-evident that improved exchange has been due to natural causes, even if one admits that its stability, or freedom from any danger of a relapse, derives from the knowledge that at will the Banco de la Nacion could and would increase its export of specie, and that without notice.

Last but not least in the chain of favourable factors may be accounted the unquestionably strong and popular position of the present Government. It may be emphatically stated that there is not the slightest danger of a subversion of order even coming to a head.

HONG KONG.

Foreign Trade — British Economic Mission — Development of Canton.

(FROM OUR CORRESPONDENT.)

HONG KONG, January 28.

AFTER a lapse of six years it is again possible to measure the external trade of Hong Kong. The collection of statistics by the Government has been resumed, and the figures for the last nine months of 1930 show an increase over the corresponding period of 1924 of about 2½ per cent. in the local currency value of imports and a decrease of about 6 per cent. in exports. The sterling values, however, show a very heavy decrease, which is accounted for by the disparity between the average exchange rate of 2s. 4½d. for April to December, 1924, and 1s. 3½d. for the same period in 1930, coupled with the drop in world prices. The following table gives some idea of the big diminution in the figures as regards sterling values:—

	(000's omitted.)			
	IMPORTS.		EXPORTS.	
	1924.	1930.	1924.	1930.
Total	\$443,078	\$455,464	\$380,153	\$356,824
	(£52,846)	(£29,889)	(£45,341)	(£23,416)
British Empire	\$104,686	\$78,602	\$37,851	\$43,135
	(£12,486)	(£5,158)	(£4,514)	(£2,830)
United Kingdom ...	\$62,539	\$43,197	\$4,579	\$2,971
	(£7,459)	(£2,834)	(£546)	(£195)

It will be noted that the proportion of imports from the British Empire and the United Kingdom shows a marked falling off. In 1924 the percentages were 26.63 per cent. and 14.11 per cent. respectively, whereas for the corresponding period of 1930 they have dropped to 17.26 per cent. and 9.48 per cent. The tremendous slump in silver following upon the exhaustion of civil warfare has reduced the purchasing power of the country to a very low ebb, and further reduction is inevitable with the introduction of the new Customs tariff, which places a heavy penalty on most lines imported from gold countries. These conditions must undoubtedly have brought home to the British Economic Mission the reason why price is now the first consideration with the Chinese consumer, for no amount of argument as to the lasting qualities of British goods will overcome the consumer's inability to meet high costs.

The Sub-Mission, which is particularly concerned with the piece-goods trade, made inquiries in Shanghai as to the possibility of amalgamating the present selling organisations there with a view to their working in co-operation with a similar combine at home. The present system of numerous individual import firms competing for business and selling to individual dealers does appear on the surface to be wasteful. The Mission had in mind the creation of a distribution system on similar lines to that of the tobacco, oil and chemical interests, who have covered the hinterland with a network of selling agencies and have penetrated far into the interior. The idea is attractive, but there is a wide difference between the marketing of a small number of standardised products, such as cigarettes or oil, and that of numerous descriptions and varieties of cotton and woollen piece-goods. It is evident that textiles could not be distributed by European organisations on the narrow margin of profit which contents the Chinese dealer in the Treaty Ports, and the Mission heard from the head of one of the leading Shanghai foreign firms his woeful experience in regard to such an enterprise, which resulted in a loss of nearly two million taels. In any case Europeans are debarred from trading outside the Treaty Ports, so that it would be necessary to entrust the main work of a distributing organisation to Chinese. It seems, therefore, that the Mission cannot recommend any change in the present system of up-country sales. There is certainly room for improvement in regard to the negotiation of business between Manchester and Bradford shippers and the foreign importer on this side, and any scheme for the elimination of wasteful competition would be welcomed here.

Meantime, the development of Canton progresses. The old city, with its narrow thoroughfares and ancient court-

yards, is being gradually enveloped by modern streets with substantial buildings, and motor roads are opening up the surrounding country. Many of the two million inhabitants formerly packed into the narrow confines of ancient city walls are now migrating to the suburban districts, which are well served by motor-buses. Less than twenty years ago Canton had practically no wheeled transport, except for a limited number of rickshaws, whereas to-day there are motor-cars and buses in abundance. A daily air service between Hong Kong and Canton is being inaugurated, and recently a trial trip was accomplished in thirty-five minutes, a remarkably quick journey compared with the 4½ hours by train and 8 hours by steamer. This aeroplane service is being managed by a Hong Kong company, but the Chinese authorities in Canton have already opened up a regular service with Wuchow and are about to organise a line to Swatow.

Aircraft is destined to play a big part in connecting up the big centres in China, but for the inhabitants as a whole the construction of motor roads is of paramount importance. Much has already been done in this direction, despite numerous obstacles, but there is tremendous scope for development, and no doubt during the years immediately ahead much more will be accomplished. It is a matter for regret that Britain has had so small a share in the progress made so far. Practically all the motor vehicles seen in Canton are of American manufacture, chiefly discards from Hong Kong. While British motor buses of an up-to-date pattern have to a large extent replaced the more primitive type of American bus which formerly served the colony, the majority of private cars are American. The consequence is that, as the market for second-hand motor vehicles in Hong Kong is almost entirely confined to American models, British cars are unknown in the interior of South China. There is at present little demand for brand new cars, but light lorries have been sold by American manufacturers on a big scale. There is no reason why British motor concerns should not make a bid for a share of the huge business which will, before long, be offering; but it will require much more enterprise than has been shown hitherto and greater readiness to share the financial responsibility of the importer.

NORTHERN IRELAND.

Parliament — Fruit Marketing — Public Finance — Linen Industry.

(FROM OUR CORRESPONDENT.)

BELFAST, March 21.

THE programme outlined in the King's speech for the present session of Parliament is lengthy, but it can hardly be described as contentious. A large number of new Bills are being introduced, but the majority deal with reforms upon which there is general agreement in principle. Such measures as the consolidation of the law relating to joint stock companies, the amending and modernising of the law in respect of lunacy, and the amendment of the Children Act of 1908 (to put an end to evils connected with the placing out at nurse of children for reward) should command the support of all parties. A Town and Country Planning Bill and an Electricity Development Bill are also being introduced, as well as amending measures in connection with unemployment and health insurance.

Since the establishment of the Northern Ireland Parliament a considerable body of legislation has been passed in connection with the grading and marketing of agricultural produce. A further extension to this legislation is promised in a Marketing of Fruit Bill. A similar measure was introduced in the last session of Parliament, but had to be withdrawn on account of the opposition which it aroused from one section of fruit growers in the country. In the interval, an attempt has been made to allay misgivings and misconceptions which had apparently been created by the terms of the Bill. In view of the recog-

nised benefits which have been experienced from similar legislation passed in respect of other classes of agricultural produce, the opposition which has been aroused by the proposals in regard to the Fruit Marketing Bill is difficult to understand.

The principal market for a large proportion of the agricultural produce raised in Northern Ireland—especially eggs, butter, bacon, potatoes, store cattle and fruit—is Great Britain. During the war years, Irish produce of this class enjoyed a virtual monopoly of the British market, and the absence of competition undoubtedly led to a lowering of the general standard of quality. Upon the restoration of normal trading conditions after the war, Northern Ireland produce was in danger of being driven off the market by the superior produce which could be imported from Denmark, Holland, Canada, the Antipodes and other overseas countries. It was in face of this necessity of effecting a radical improvement in the quality of Ulster farm produce sent to Great Britain that steps were taken by the Government to pass marketing legislation. At first some difficulty was experienced owing to the constitutional position under the Government of Ireland Act, 1920, by which the Northern Ireland Parliament was prevented from making laws in regard to trade with any place outside its own area. The export trade benefited, however, by the improvement in the marketing conditions at home. By the Northern Ireland (Miscellaneous Provisions) Act of 1928, this difficulty was removed. The agricultural commodities in respect of which legislation has now been passed to improve the quality of the produce marketed already include eggs, butter, potatoes and meat (including bacon), and it is hoped shortly to add fruit to this list.

As in Great Britain, the question of public economy has recently received widespread attention. The financial position of Northern Ireland in 1930-31 was such that when the Budget was introduced the balance available for contribution to Imperial services was small. In a recent speech, however, the Prime Minister (Lord Craigavon) announced that he anticipated the year's revenue and expenditure would turn out almost exactly as had been budgeted for a year ago; but in regard to 1931-32 there was no doubt that a loss of revenue would have to be faced. The Government was determined, he added, that the estimates to be presented to Parliament in respect of the forthcoming year would be such that they could reasonably be expected to be met by the revenue of the country.

During the past few years an important item of expenditure has been the housing subsidy. The shortage of houses in the province has been in large measure made good, and the Government has decided to reduce the amount of subsidy per house. At present the figure is £100, while in the City of Belfast, the Corporation has hitherto paid a subsidy of £40 per house in addition to the subsidy granted by the Government. At a recent meeting of the City Council it was decided to reduce this figure to £20 per house.

The linen trade shows some slight improvement, and there appears to be an undercurrent of greater confidence in regard to the future. The number of unemployed persons in the industry declined from 25,790 (or 38.4 per cent.) to 24,126 (or 35.9 per cent.) during February. It is felt that a revival of orders must come soon, as stocks in the hands of merchants and retailers are believed to be low. Prices of flax continue below 5s. per stone, and a considerable reduction in acreage seems inevitable.

Letters to the Editor.

FORWARD EXCHANGE FALLACIES.

TO THE EDITOR OF THE ECONOMIST.

SIR.—In connection with the discount ruling for forward sterling against most of the leading exchanges the view is often expressed that such a discount denotes a lack of confidence in sterling. As a matter of fact, nothing could be

further from the truth. To start with, the rate of forward exchange does not arise from speculative transactions, at least not originally so, but from quite legitimate requirements of trade and finance. If an exporter or importer has closed a deal, in the course of which he has to dispose of or to provide for a given exchange in three months' time, he has to "secure" such exchange, unless he wants to take the risk of having his calculations upset at the time of settlement by any movement in the quotation of the exchange. In the same way, a profit which could be made by borrowing, say, three months' dollars or francs in order to convert them into sterling for relending on the London market, might be wiped out or even changed into a loss unless the cost of repayment of the foreign exchange has been fixed beforehand.

How is the forward exchange being provided? Again, brought down to its simplest form, there is no need for speculation. The arbitrageur, faced with a demand for three months' francs, will buy these "spot," which means that, at the present time, he will receive, for three months, interest on his current franc account at 1 per cent. per annum and lose 2 per cent. per annum on his sterling balances, which he has depleted to the corresponding amount, so that, to cover the loss, he has to provide the forward francs at a premium of 1 per cent. per annum. Equally, if for his client he has to sell forward francs, the prospective gain of interest on his sale of spot francs against sterling allows him to take over from his client the forward francs at 1 per cent. premium, or, in other words, content himself with the sterling equivalent at 1 per cent. discount. In the relative position of two money markets, it is thus the market with the cheaper money whose currency will automatically establish a forward premium. Seeing, however, that three months' forward francs against sterling could command a premium of 36 centimes, while the actual premium is only about 29 centimes, the question of any lack of confidence in sterling appears to be wholly beside the point.

The fact that the premium is smaller than actually warranted by the difference of interest rates is explained on the one hand by the arbitrageurs' endeavour to make a profit, while on the other hand the respective gold points act as buffers in the forward movements. Generally speaking, between two centres that are both on an unfettered gold standard, the movements of forward exchange should not exceed much the limits set by the ruling upper and lower gold points for spot. In this connection it is interesting to note that while the 25 centimes premium on three months francs almost brings down the quotation to the gold export point of 123.89 for sterling, the premium for longer periods is only slightly higher, being 34 centimes for six months and 39 centimes for nine months. This shows that, notwithstanding interest considerations, the actual forward quotation is rather disinclined to move away from the gold point, which, by the way, also accounts for the fact that the market is always narrowing with the length of the forward period.

The reason is plain, and here it is that speculation enters. Nowadays, with aeroplane services to the Continent and four-day boats to America, the spot gold point should be subject only to minor modifications in case of a rise in money values, which would entail a somewhat greater loss of interest during the time occupied by the transport of the metal. Therefore the arbitrageur who has to provide forward francs for a client can do so without any great risk by selling short at or near gold point, because, when the time for settlement arrives, he can either ship gold without loss to create the francs balance necessary for delivery, or—if the spot franc exchange, as likely as not, is then in his favour—he can cover himself by buying-in spot. The position would, of course, be altered if there were interference with the free working of the gold standard, such as obtained some little while ago, when the Bank of England had to restrict itself to the sale of standard gold and the Bank of France would only accept fine gold, while the refining capacity for converting the former into the latter was limited to some £200,000 per day, so that the settlement in gold was in reality partly suspended. It is probably on account of the after-effects of these conditions that the quotation of forward sterling against francs for longer periods is still somewhat under spot gold point. In any case, it is clear from the foregoing that there is only a spot gold point, but no such thing as a forward gold point, and any conclusion drawn from a forward quotation below gold point would seem to miss the mark.—Yours, etc.,

28, Basinghall Street, E.C. 2.

HERBERT COLLIN.

March 24, 1931.

[Reference is made to this letter in the Money Market notes on page 714.—Ed., Econ.]

Books and Publications.

INVESTMENT PRINCIPLES.

MR H. COPE WEST has chosen an imposing title for his book,* and the reader's appetite is further whetted by a statement on the cover, which promises the investor's El Dorado—"securities that afford a satisfactory yield with capital appreciation." The author attempts to reach this goal by seeking a method of valuing ordinary shares "which will allow one to have at least as unshaken faith in its reliability as we know is placed in the calculated values of bonds." Alas, the only solution which Mr Cope West can offer to this problem depends on the basic fallacy that the results of five past years provide sufficient data for the prediction of the dividend five years hence. He does not attempt to justify this strange assertion—which can be disproved by reference to the published figures of many well-known British companies for recent years—but proceeds immediately to an involved dissertation on the "system" of ascertaining the present value of a share, given the dividend rate in five years' time and the yield it will then offer. With these two latter facts established, very few investors will require even a pencil and paper to decide their policy. They will certainly have little use for Mr Cope West's complicated tables and valuation method.

* "The Root Principles of Investment." By H. Cope West. London: Pitman. 15s.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Health and Social Evolution. By Sir George Newman. (London) George Allen and Unwin, Ltd., 40, Museum Street. 4s. 6d. net.

Nobody is better qualified than Sir George Newman to write on the evolution of the public sense of responsibility in matters of health. In this collection of lectures much learning is compressed and moulded into a most attractive readable form.

Reducing Seasonal Unemployment. By Edwin S. Smith. (London) McGraw-Hill Publishing Company, Ltd., Aldwych House. 15s. net.

An elaborate study of the attempts made by American manufacturers to regularise production and employment.

Das Französische Bankwesen. By Friedrich Schaum. (Stuttgart) C. E. Poeschel Verlag, Calwer Strasse 18. Rm. 8.75.

A German monograph on the permanent changes in the French banking system wrought by war-time and post-war developments.

Die deutsch-französischen Wirtschaftsverhandlungen der Nachkriegszeit. By Erich Dittrich. (Berlin and Leipzig) Walter de Gruyter and Company. Rm. 9.

A detailed study of Franco-German commercial relations since the war.

The German Submarine War, 1914-1918. By R. H. Gibson and Maurice Prendergast. With a Foreword by Earl Jellicoe. (London) Constable and Company, Ltd., 10-12, Orange Street. 36s. net.

An exceedingly detailed history, illustrated by numerous maps, diagrams and photographs.

The Black Worker. By Sterling D. Spero and Abram L. Harris. (London) Oxford University Press, Warwick Square. 22s. 6d. net.

An interesting study of the relation of the dominant section of the working class in the United States to the negro minority.

Food Supply and Raw Materials in Japan. By E. F. Penrose. (London) Cambridge University Press, Fetter Lane. 9s. net.

Contains a wealth of statistical information with regard to food production, food imports, and agricultural and mineral production.

Applicazione della teoria del valore al salario Corporativo. By Prof. Filippo Carli. (Pisa) Arti Grafiche Nistri-Lischi.

An interesting essay in economic theory.

Theories of Population from Raleigh to Arthur Young. By James Bonar. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. 6d. net.

The 1929 Newmarch Lectures are here supplemented by two chapters on Richard Price and Arthur Young respectively.

Elements of Industrial Pension Plans. (New York) National Industrial Conference Board, 247, Park Avenue. \$1.00.

This monograph aims at giving the essential information required by industrial concerns contemplating the establishment of a pension scheme, or the readjustment of an existing scheme.

A Study of the Prices of Chain and Independent Grocers in Chicago. By E. Bjorklund and J. L. Palmer. (London) Cambridge University Press, Fetter Lane. 4s. 6d. net.

Valuation of Real Property. By C. A. Webb and M. A. Webb. (London) Crosby, Lockwood and Son, Stationers' Hall, Ludgate Hill. 21s. net.

A revised edition, brought up to date, of a very useful book of reference.

Stock Watering. By David L. Dodd. (London) Oxford University Press, Warwick Square. 24s.

A heavily documented volume on the judicial valuation of property.

Lectures and Transactions of the Incorporated Accountants' Students' Society of London, 1929-30. (London) Published by the Society, Incorporated Accountants' Hall, Victoria Embankment.

Contains a number of lectures by prominent accountants and City men, both on general economic subjects and on special problems of accountancy.

City of Birmingham Official Handbook, 1930-1931. (Birmingham) The Council House.

Gives an interesting account of the City's history, administration, its social services and civic undertakings.

The Latvian Economist. Compiled by J. Bokalders. (Riga) Ministry of Finance.

A collection of articles on those aspects of the economics of the Baltic States which are of most international interest.

La Concurrence croissante de Gdingen contre Danzig. By Dr. Ernst Albert. (Danzig) Danziger Verlags-Gesellschaft m.b.H.

Contains some statistics of the trade of the ports of Gdingen and Danzig.

Die Rechtslage im Danzig-polnischen Gdingenkonflikt. By Dr. Th. Rudolph. (Danzig) Danziger Verlags-Gesellschaft. m.p.H.

An essay on the legal aspects of the Gdingen controversy.

Les Valeurs de l'Afrique du Nord, 1930-1931. (London) Crédit Foncier d'Algérie et de Tunisie, 18, Saint Swithin's Lane. 60 frs.

Contains detailed information about all North African securities.

What We Saw in Russia. By Aneurin Bevan, E. J. Strachey and George Strauss. (London) The Hogarth Press, 32, Tavistock Square, 52 Tavistock Square. 1s. net.

A very brief pamphlet containing the impressions of three Members of Parliament of a visit to Russia last summer.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Board of Trade: Report of the Department Committee on the Patents and Designs Acts and Practice of the Patent Office. Cmd. 3829. 1s. 6d. net.

Estimates for Revenue Departments for year ending March 31, 1932. 2s. net.

Civil Estimates for year ending March 31, 1932: Class VII, Common Services (Works, Stationery, etc.), 2s. net.; Class VIII, Non-Effective Charges (Pensions), 6d. net.

National Debt: Return showing, for each of the years 1913-14 to 1929-30, Aggregate Liabilities of the State, Estimated Assets and Exchequer Balances at close of each year, etc. Cmd. 3821. 6d. net.

The Stock Exchange.

CANADA AND THE INVESTOR.

THOUGH Canadian stock markets have recently shown signs of revival after the severe shake-out of 1930, their course remains irregular, and the public is still indisposed to come in on an appreciable scale. That investors should maintain a cautious attitude is readily comprehensible. Confidence has been rudely shaken, partly by reason of the severity of the depression which continues to afflict Canada's major industries, and partly because the trade recession has revealed many weak points in Canadian company finance during the boom period. Canada, indeed, has been among the worst sufferers from the world *malaise*. The value of her exports declined last year as compared with 1929 by 25 per cent., and her imports by 22½ per cent. Though her wheat crop was 30 per cent. above the short crop of 1929, the aggregate value of all her grain crops was put at only \$632 millions, against \$949 millions in 1929—thanks mainly to the disastrous fall in market prices. The value of building contracts awarded last year declined by 21 per cent., the output of steel by 26½ per cent., and automobile production by 42 per cent. Certain of the "extractive" industries, like copper, zinc and lead mining, it is true, appreciably increased their production, and the output of newsprint was only 8 per cent. below the 1930 figures. In all these cases, however, heavy price declines reduced the value of the national output below the 1929 level. Though the output of electrical energy showed a further expansion of 1½ per cent., this was the smallest rate of increase for many years.

In short, Canada remains essentially a primary producer despite the rapid post-war growth of certain of her manufacturing industries, and it is upon the world's primary producers that the depression of 1930-31 has chiefly fallen. The resulting decline in Canadian company earnings, coming hard upon the inflationary finance of the boom, has been reflected in a drop in Canadian equity share values (according to the Bureau of Statistics index of 98 securities) from an average of 267 in 1929 (base, 1926 = 100) to 126 in the middle of March, 1931.

The depression of 1930-31, however, has had at least one salutary consequence. It has compelled investors in Canadian stocks to abandon extravagant expectations of speedy capital appreciation, and to fall back on the sounder criterion of long-term economic prospects. How far, in fact, is the exploitation of Canada's natural resources calculated to afford profitable opportunities for the employment of large amounts of new capital during the next ten, twenty or thirty years?

From the investor's viewpoint, two main features emerge from the history of Canada since the war. The first is the enormous expansion in the national productivity; the second, the negligible rôle played in this process by capital of non-American origin. It is computed by Mr R. H. Coats, the Dominion statistician, that, in the ten years ended 1929, the "physical volume of business" in Canada increased by no less than 80 per cent.

This enormous growth in productive activity, however, was financed without recourse to London. In the fourteen years preceding the war, Great Britain supplied \$1,500 millions (net) of new capital to Canada, raising her total stake in that country to \$2,500 millions. In the subsequent sixteen years the total has not merely shown no increase, but has actually declined, on balance, by about \$300 millions. During the same period the total United States capital holdings in Canada have risen by \$2,820 millions to a grand total of \$5,904 millions. Simultaneously, Canada has been financing an increasing share of her own development from within. To-day outside capital investments are believed to represent not much more than 20 per cent. of the national wealth, while Canadian subjects hold investments estimated at \$1,745 millions in other countries.

These facts have a vital bearing on the question of future British investment in Canada. They reveal, firstly, that Canada has passed from the initial stage of development, in which a new country is "colonised" almost entirely by capital drawn from older countries (invested mainly in Government and railway stock) to the "intermediate" stage when individual industries are able to obtain the wherewithal for rapid "pioneering" development on their own security, and an increasing proportion of the necessary resources can be financed out of the country's own national income. In Canada's case, however, economic development in this secondary stage has been profoundly influenced by the fact that, in the last analysis, the North American continent forms a single economic unit. Given a political frontier, which, for some thousands of miles is merely a line of latitude, the overflow of capital from the United States to its richly-endowed northern neighbour is inevitable, both now and in the future.

These conditions suggest that British investment in Canada is unlikely to increase, in the future, at anything like its pre-war rate. They do not, however, exclude the possibility that such investment may be substantial and profitable. Of all the self-governing Dominions of the Empire, Canada is nearest, geographically, to the Mother Country. The last decade, despite its phenomenally rapid progress, has left Canada still on the fringe of development of many of her material resources, and their exploitation will be accompanied by a higher average return on capital than is normally obtainable in an "old" country. The area of Canada, as revised on the basis of recent explorations, is nearly as large as the Continent of Europe, and although many thousand square miles lie within the Arctic Circle, or are otherwise unsuitable for permanent habitation, it is estimated that, in the nine provinces south of the sixtieth parallel of latitude, the total area available for agricultural production is two and a half times the present occupied area and five times the present improved area of farm lands. The timber area of the Dominion is estimated at 1,151,000 square miles, Canada being second only to Asiatic Russia in this respect. The great "Laurentian Shield" surrounding Hudson Bay and comprising over one-third of Canada's territory is a veritable treasure house of silver, gold, nickel, copper and baser metals, and only its southern fringe has as yet been developed. Canada, incidentally, is estimated to possess about one-sixth of the world's total coal resources, 85 per cent. of her deposits being in a single province, Alberta. The extent of her oil and gas fields, particularly in the Western Provinces, cannot as yet be assessed. She has enormous potentialities for the generation of hydro-electric energy, the most densely populated areas, in Ontario and Quebec, being particularly well favoured. Her fishery resources extend over 5,000 miles of coastline on the Atlantic and 7,000 miles on the Pacific, with inland and inshore waters of more than 50,000 square miles. The intensive development of resources provided by nature on so lavish a scale must occupy the energy of her people and provide potentially remunerative employment for British as well as Canadian and American capital for many years to come.

Since the war the visits to the London market of Canadian Governments and municipalities, unlike the appearances of certain other Dominions, have resembled those of the angels. Given Canada's present stage of development, it is unlikely that borrowing will ever be resumed on anything like the pre-war scale under "official" auspices, quite apart from any dregs of bitterness which the Grand Trunk controversy may have left behind. The chief avenue for future British investment, in other words, will be Canadian "business."

According to the last Canadian Production Census

(taken in 1928), agriculture accounted for 35.8 per cent. of the total net output of the country, other primary industries (forestry, fisheries, trapping, mining and electric power) for 18.6 per cent., and manufacturing industries (including the constructional trades) for 45.6 per cent. Agriculture in Canada, as almost everywhere else, is mainly carried on by private proprietors, but in other industries a number of large public companies have been formed, or have largely extended their scope in recent years. The following table includes a number of such concerns, together with a pioneer company in national development—the Canadian Pacific Railway:—

Company.	Earnings per Common Share.			Stock Exchange Prices.		
	1928.	1929.	1930.	High, 1929.	High, 1930.	Present Price.
"Extractive" Industries.						
Consolidated Mining and Smelting	18.02	17.35	***2.56	575	280	165½
International Nickel	1.05	1.47	0.67½	72	44½	17½
Imperial Oil	3.48	0.99	—	41½	23½	15½
Prior Bros.	*2.88	*2.15	*2.14	121	84	37½
Abitibi Power and Paper ...	1.17	1.97	0.49	58	48½	10½
Power, etc.						
Montreal Light, Heat and Power	(a)3.85	(a)4.28	2.19	180	†77	†62½
Shawinigan Water and Power	2.17	2.34	2.56	111	82½	54½
Power Corp. of Canada	(b)4.41	(b)4.33	(b)3.99	139½	90	62½
Industrial Concerns.						
Dominion Bridge	4.15	5.46	(c)3.86	117½	83	48½
Dominion Textile	18.47	15.67	15.06	118	87	80½
Canada Cement	0.63	0.76	0.34	35½	19½	16½
Massey-Harris	3.85	2.86	Nil	99½	45	7½
Cockshutt Plow	2.68	2.94	(d)1.10	53	25	9
Railways.						
Canadian Pacific	14.89	11.15	10.2½	265	230	164½

* Years to February 28th. † New stock. ‡ Years to March 31st.
 (a) Before two for one split. (b) Years to June 30th. (c) Year to Oct. 31.
 § Shares split, four for one, 1930, equivalent rate on old shares. (d) Year to Nov. 30.
 ** Half-Year only.

Apart from the power companies, which, with certain exceptions, have so far withstood the depression comparatively well, the earnings of most of the concerns shown above show unmistakable evidence of last year's setback in Canadian progress. In every case, the fall in share values from the boom levels of 1929 has been severe. All companies, indeed, have not been financed with equal soundness, and all industries have not, at the moment, an equally promising outlook.

The Canadian Pacific Railway has not quite fulfilled its President's prophecy by earning as well as paying its traditional 10 per cent. dividend last year, since approximately 2 per cent. of its ordinary "earnings" for 1930 were represented by a windfall of \$6,500,000 from the liquidation of the Allan Line. Nevertheless, the showing made by this company was practically unique among the world's railways last year, though, in fact, "special income" from other than railway sources—including the C.P.R.'s large holdings of outside investments—accounted for over half of the amount available for ordinary stockholders. Indeed, a purchase of C.P.R. ordinary stock can now best be regarded as a convenient means of obtaining a share in the equity of future North American progress.

The experience of other Canadian concerns, however, has been less satisfactory. The important agricultural implement-manufacturing business of Massey Harris, for example, has proved decidedly sensitive to the decline in agricultural purchasing power the world over. Last year its amounts showed a net debit of \$3,603,000, allowing for reserves against inventory losses, etc. The present position of the Canadian newsprint industry, after its recent hectic rise in production, is decidedly unsatisfactory. Reports have been current of negotiations for a comprehensive merger involving about \$500 millions of capital, to achieve the rationalisation of which the industry stands badly in need.

The great International Nickel enterprise, again, which is based on the Frodo Mine, one of the richest proved nickel and copper areas in the world, has now practically completed its initial programme of capital expenditure. The fall in metal prices, however, in conjunction with the prospect that large new copper areas will shortly come into production in Rhodesia, has already falsified many of the optimistic earnings' figures forecasts current a couple of years ago. Finally, events will shortly provide an acid test of the assertion that the development of hydro-electric

power in Canada (based, to an appreciable extent, on capital resources obtained during the share market boom) has for the time being outstripped potential commercial demand.

There is, in short, a striking contrast between the ultimate possibilities and the present position of many important Canadian industries. The conclusion suggested by the figures given in this article is that investors who have a sound belief in Canada's ultimate destiny would be well advised closely to follow economic indications in the next few months for the first reliable signs of the passing of contemporary depression. Subsequently, they should examine the position of individual industries and companies with the utmost care before placing their investments. Judicious discrimination will return as high a future yield in the Canadian market as in any other sphere.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. ACCOUNT.
 April 7. April 9.

THE holiday account dragged its slow length along; but though the volume of dealings continued to decline, the tone was if anything a shade firmer than last week. Gilt-edged showed up particularly well, the deficit on the Budget being much more moderate than many people had feared, while, on Wednesday, a strong rumour went round the "House" that the Budget to be presented on April 27th would include a definite War Loan Conversion scheme. The industrial markets bore up well in the face of numerous discouraging reports by large British companies, but public interest was still as conspicuously absent as ever. Apart from a certain firmness in gold-mining stocks, which had little effect on prices, movements in mining shares lacked interest. The market was not greatly upset by the failure of certain large new issues, particularly those of the Lancashire Cotton Corporation and "Cosach," the lack of an adequate response in these cases being attributed rather to the unattractive nature of the security offered than to real "stickiness" in the market itself.

Though gilt-edged business was by no means brisk, appreciable strength was shown, particularly on Wednesday, after the publication of the national accounts for 1930-31. Funding Loan was markedly in evidence, and War Loan, Three and a-Half per Cent. Conversion and Four per Cent. Consols all showed substantial gains. India loans strengthened on the relatively favourable *dénouement* of the Karachi Congress. It was known early on Tuesday that the Commonwealth would remit the interest on New South Wales stocks, and a general marking up of quotations of Australian issues ensued.

Interest in foreign bonds was less conspicuous than in earlier weeks. Japanese issues claimed a certain amount

INVESTMENT

by L. L. B. Angas.

(Author of "The Coming Collapse in Rubber, 1926.")

The publication of this book marks a new epoch in the science of investment for profit: no speculator, investor, trustee or stockbroker can afford to leave this work unread.

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- (vi) Mistakes to avoid.

Financial News: "The most remarkable book on the technique of speculative investment published in England since the War."
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Publishers: Macmillan & Co., St. Martin's Street, 20/- London, W.C.1. 187 pages. Numerous charts. PRICE 20/-

of special attention; while European bonds, including those of Germany, had a firmer appearance. The Peruvian default (discussed on page 738) was not unexpected, quotations remaining largely nominal.

Home rails were irregular, with dealings at a low ebb. The unauthorised semi-strike at certain London goods depots was not seriously regarded. The traffic figures continued the relatively favourable trend of last week's returns, but failed to quicken interest in a market which, if it has few enemies, has certainly no friends to-day. Among foreign rails a sharp reaction occurred in San Paulos, and Argentines failed to hold their recent gains. Americans were scaled down early in the week on Wall Street liquidation, and Canadian Pacifics tended to sag on a less favourable February earnings' statement.

A heavy tone pervaded the industrial markets at the outset, but no selling ensued, and the tendency became somewhat dull on irregular advices from Wall Street. The leading tobacco shares were depressed on the news that the Government was restricting clearances from bond, and breweries had a dull appearance on less tangible fears of higher taxation. Motor shares attracted moderate interest on the favourable showing made by the Morris figures (set out on page 739), which stood out against the dismal background formed by the reports of Cunard and United Molasses. The Cunard statement, however, had been foreshadowed by the passing of the ordinary dividend, and the shares, after an initial reaction, finished with little change. Other shipping concerns, however, were marked down. United Molasses lost their following in the "House" many months ago, and the most noteworthy result of the disastrous tidings contained in the report was a drop in Distillers, which has a share-holding interest in Molasses. Textiles were heavy on the failure of the Lancashire Cotton Corporation issue, 96 per cent. of which was left with underwriters. Transatlantic stocks were in demand in mid-week, chiefly on American account, Gramophones and Columbias making an irregular showing, while Brazilian Traction staged a moderate recovery. Despite a few buying orders, electrical shares were dull. Bank shares, as always, were favourably affected by the firm tone of gilt-edged stocks; but insurance shares had no definite trend.

Rubber reached 3½d. on Wednesday, a new low "record." Though few rubber shares changed hands, selling by tired holders caused a drooping tendency in quotations, Rubber Trusts being weaker after showing fair activity at the outset. Despite the stronger tone of the tea auctions, interest in tea shares remained negligible. Oil share prices were governed almost entirely by New York sentiment, a dull opening being succeeded by rather more satisfactory conditions in mid-week followed by further weakness, particularly in Shell and Royal Dutch.

The mining markets attracted less than normal attention. Kaffirs remained firm, but few net price gains were recorded. Randfontein, however, were temporarily active on rumours of favourable developments in No. 2 Deep Shaft, and Sub Nigel improved on reports that the liquidation of a large foreign account had been completed. Diamonds remained dull on lack of public confidence in the immediate outlook. Movements in base metal prices were insufficient to change prices of shares either way, though Rio Tinto showed a slight improvement on Tuesday.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.	Mar. 27, 1931.	Mar. 30, 1931.	Mar. 31, 1931.
Government and Municipal Loans.....	1,163	1,199	1,307	1,256	1,565	1,333
Transport, Communications, and Public Utilities.....	929	89	899	889	1,017	799
Commercial and Industrial Banks, Insurance and Financial.....	1,553	1,367	1,591	1,452	1,751	1,635
Mines (including Nitrate).....	553	519	463	447	597	502
Oil.....	617	547	517	386	490	493
Rubber, Tea and Coffee.....	97	88	66	96	133	92
Total.....	101	154	106	110	107	114
Total.....	5,013	4,791	4,949	4,636	5,660	4,968

* Including iron and steel and brew etc.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931 (Jan. 5.)	Lowest of 1931 (Feb. 20.)	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.	Mar. 27, 1931.	Mar. 30, 1931.	Mar. 31, 1931.
72.3	65.0	67.9	68.1	68.0	67.8	67.1	67.1

FOREIGN STOCK EXCHANGES.

NEW YORK.

The stock markets continue to show the inevitable effects of a lack of confidence in early recovery. At the end of last week, sweeping declines occurred in numerous stocks, and the markets further lost ground early this week, many railroads declining to new low levels for the year. Nevertheless, the selling came mostly from professional bears, liquidation by the public being less than had been expected. The trend subsequently became more favourable, but the short interest remained aggressive. The earnings of 65 railroads in February, showed a decline in net income of 51 per cent. as compared with February, 1930. It has been announced that the business of the General Motors Corporation has this year run about 20 per cent. below 1930, but that large savings in overhead expenses continue to be made. A conference of the legal experts of four groups involved in the railroad merger plan has resulted in agreement on procedure in the matter of the formal submission of the plan to the Interstate Commercial Commission. President Hoover has issued a statement on the tax outlook, declaring that an increase may be avoided if Congress proves impermeable to sectional appeals for special treatment.

	Mar. 19, 1931.	Mar. 26, 1931.	Mar. 31, 1931.		Mar. 19, 1931.	Mar. 26, 1931.	Mar. 31, 1931.
U.S. 3½% T. Bds.	106	105½	105½	Natl. Biscuit	82½	82	79½
U.S. 4½% 32-47	101½	101½	101½	Phelps Dodge	23½	22½	22½
Do. 4½% 32-47	102½	102½	102½	Fullman	52½	50½	49
Do. 4½% 33-38	103½	103½	103½	Sears-Roebuck	60½	58½	55½
Atchafalpa	185	188½	185	Studebaker	24½	23½	23½
Ches. & Ohio	41	41½	40½	Un. Fruit	64½	60	59
Erie	29½	29½	27	U.S. Leather	10½	9½	9½
Illinois Central	74	73½	69	U.S. Rubber	19½	18½	17
N.Y. Central	109½	112½	109	U.S. Steel	149½	145½	139½
Pennsylvania	57½	58½	55½	Westinghouse	90½	90½	86½
Southern Pacific	99	100	95½	Woolworth	65	64½	62½
Southern Ry.	52½	52½	45	Am. Tel. & Tlg.	195	195½	188½
Union Pacific	185	187	184	Interboro R.T.	29	27½	26
Am. Can.	126½	126½	123½	Int. Tel. Teleg.	37½	37½	35½
Amer. Smelting	51½	46½	46½	Radio Corp.	25½	25½	22
Aracoma	39½	34	33	Utilities P. & L.	30	29½	27
Bethlehem Steel	65½	62½	57½	W. Union Tlg.	137½	133	131
Chrysler Motor	21½	23½	21½	Associated Gas "A" ..	23	22½	22
Corn Produce Rf.	85	82½	79½	Pan. Amer. B.	33	33	31½
Eastman Kodak	171	168	162	Shell Union	31½	30½	30½
Gen. Electric (New) ..	52½	51½	48½	Sinclair Oil	12½	12½	11½
Gen. Motors	47	45½	44½	Std. California	45½	44½	43
Int. Harvester	57½	54½	50½	Do. N.J.	46½	44½	41½
Montg. Ward	27½	25½	23½				

TOTAL DEALINGS IN NEW YORK.

	Mar. 24, 1931.	Mar. 25, 1931.	Mar. 26, 1931.	Mar. 27, 1931.	Mar. 28, 1931.	Mar. 30, 1931.	Mar. 31, 1931.
Stock Exchange—Shares (Thous.)	1,900	2,100	2,600	2,900	2,100	3,200	2,400
Bonds (Value Thous. \$)	11,267	8,506	9,604	11,369	5,269	9,056	11,846
Curb—Shares (Thous.)	536	665	625	591	469	667	527

* 2-hour session.

PARIS.

In spite of a very meagre volume of business, the general tendency on the Paris Bourse proved fairly firm during the first week of the month. In the middle of the second week, however, the failure of the Bouilloux-Lafont group, brought on by the collapse of the Aéropostale, led to a perceptible decline. The settlement of the 15th was extremely quiet, contango rate being ½ per cent. The following week brought little change in the aspect of the market, apart from a certain liveliness among gold mining shares in the unofficial market, due to a growing realisation of the special position of this industry at the moment. The end of the month brought an almost complete lack of activity, while the publication of the scheme for a Customs union between Austria and Germany provided a fresh cause for

depression. On the settlement of the 31st, money was firm at ½ per cent. *au Parquet* and 4½ per cent. *en coulisse*.

"Valeurs à Terme"	Feb. 28, 1931.	Mar. 31, 1931.	"Valeurs à Terme"	Feb. 28, 1931.	Mar. 31, 1931.
Banque de France	19,040	18,330	Orléans	716	704
Banque d'Algérie	12,500	12,400	Norvèg. Azote ..	1,471	1,456
Paris Pays Bas.	2,440	2,310	Hotchkiss	1,645	1,635
Union Parisienne	1,420	1,335			
Cie. Algérienne	1,887	1,860	"Valeurs au Comptant"		
Comptoir Nat.	1,700	1,640	Union-Vie	645	634
Crédit Comm.	1,248	1,230	Urbaine Seine ..	1,630	1,480
Crédit Foncier	5,310	5,120	Union Mines	635	650
Crédit Lyonnais	2,555	2,565			
Suez	15,800	15,150	Indo-Chine (Eaux et Electricité)	3,800	3,730
O. de P. Nord	2,130	2,080	El. Loire Centre	485	535
O. de P. Santa Fé	2,130	2,080	Delfins Mieg	7,485	7,310
Soc. Lyon. Banx	2,655	2,635	Châtillon-Comm.	4,455	4,240
Parisienne Elect.	2,340	2,300	Densin & Anzin ..	2,250	2,105
Gén. Electricité	2,755	2,700	Alsac. Construct.	2,350	2,150
Littoral Médi.	1,312	1,300	Rhône-Poulenc ..	1,130	1,025
Elect. Nord Fr.	937	910	St. Gobain Chauny	3,525	3,210
Courrières	1,111	1,125	Givet	4,880	4,500
Mines de Lens	830	815	Kali Ste. Thérèse	3,590	3,195
Penarroya	490	450	Bosario	28,250	27,400
Dives	2,300	2,230	J. Danoy	1,575	1,552
Etab. Kuhlmann	627	630	Poliet Chausson	2,440	2,325
Phosph. Gafsa	600	590			
Pechiney	2,195	2,150	S. Fr. Viscose ..	9,450	8,800
Air Liquide	1,135	1,049	Ass. Générale Vie	5,690	5,350
Caout. Indo-Ch.	210	213			

CANADA.

The Canadian stock markets have recently shown a livelier tendency, but their course has been irregular. Business conditions are too unsatisfactory to encourage any real "bull" movement, and the public is still very chary of indulging in any serious speculative activities. The chief favourites have been the power stocks, notably Montreal Light, Heat and Power, while a number of industrial stocks have appreciated in anticipation of a fresh upward tariff revision during the present Parliamentary session. The stocks of companies with heavy Western commitments, however, are still under a cloud. A sombre view has been taken of the situation of the Canada Power and Paper Corporation and its constituent companies, whose difficulties have resulted in the formation of a security holders' protective committee headed by Mr Dunning, lately Minister of Finance at Ottawa. Oil stocks have also been in disfavour. There has been greater liveliness in the mining market, where gold shares have been popular.

	Jan. 1931.	Mar. 1931.	Mar. 1931.		Jan. 1931.	Mar. 1931.	Mar. 1931.
Abitibi Power & Paper	27	4	31	Fraser Companies	27	4	31
Asbestos Corp.	1931.	1931.	1931.	Hollinger Gold Mining	1931.	1931.	1931.
Bank of Montreal	9	11	9½	International Nickel ..	2½	1½	1½
Bank of Toronto	289	noted	296	Maeser Harris	68	8	7½
Brazilian Traction	23½	25½	22½	Montreal Light	55½	60½	63
British Col. Power "A"	35	40½	40½	National Breweries ..	28½	33½	33½
Calgary Power	145	noted	noted	Nat. Steel Car	34	37½	35
Can. Bank Commerce	231	226	226	Power Corp., Canada ..	51½	54½	60½
Canadian Car	18½	17½	16½	Price Bros.	39½	38½	37
Canada Cement	12½	16½	16½	Quebec Power	40½	45½	45½
Can. Indus. Alcohol "A"	4	4	4	Royal Bank of Canada	279½	288	288
Canada Power & Paper	2	2½	1½	Shawmutan	50	55½	54½
Can. Steamship Lines ..	16½	7½	7½	Southern Canada	31	30	31½
Cockshutt Flow	9	9½	9	Steel of Canada	39	38	39½
Cous. Mining	139½	185	162½	Winnipeg Electric	14½	15½	18½
Dominion Bridge	53½	50½	49½				
Dom. Textile (New) ...	78½	76½	81				

INVESTMENT NOTES.

"Fixed" or "Management" Trusts?—in recent articles on the subject of "Fixed Trusts" (see the *Economist*, March 21, 1931, page 620, and March 28, 1931, page 683), we have shown that a holding in an imaginary "fixed trust," based on the ordinary shares of 30 leading British concerns in 1912, would have yielded, over the 18 years to 1930, an average annual return in "income" of about 3½ per cent., and a slightly lower figure by way of "capital" distributions from the sale of bonus shares, "rights," etc. We showed also that 11 of the 30 shares would have been sold for non-payment of dividends, and that the present value of the holding (including amounts obtained from these realisations) would have been 57 per cent. below the original purchase price. In view of the uninspiring showing made by this hypothetical Fixed Trust, we proceeded to ascertain the experience of an investor who, at the end of 1912, decided instead to put his money into a British investment trust of the "management" type. We began by taking, at random, the first company appearing in our list of quota-

tions for trust shares, published in that year. We found that an investor who purchased £100 nominal of the ordinary capital of African City Properties in 1912 for £72 and retained his holding until the present time, would have obtained an average annual income in the interim of 9.9 per cent., while the current market price of his security would show an appreciation of 135 per cent. Lest a single result should be non-representative, we proceeded to compile figures on similar lines for nine other investment trusts. To ensure a random selection, we chose every sixth stock on our 1912 list (i.e., numbers 1—7—13, etc.). This gave us the following companies:—

African City Properties, Army and Navy, British Steamship, Edinburgh, Globe Telegraph, International, Mercantile and General, Omnium, River Plate, Second Industrial.

Applying fixed trust procedure in the matter of "cashing in" all bonus shares, "rights," etc., we found that a purchase of £100 nominal of the ordinary stock of each company, at the end of 1912, would have cost the investor £1314 (exclusive of commissions). Between 1913 and 1930 the investor would have received £1,935 in "income" and £1,177 in "capital" receipts, while the present value of his holding would be £2,117. In brief, he would have received: (a) an annual average income of 8.2 per cent.; (b) average annual "capital" receipts of 4.9 per cent.; and (c) an appreciation in the present value of his holdings, over book cost, of 61.2 per cent. His actual yearly "income" receipts would have steadily increased, as is shown by the following figures for the first three, the middle three, and the last three years:—

	1913.	1914.	1915.	1920.	1921.	1922.	1928.	1929.	1930.
Income	6.5	6.6	6.5	8.0	7.3	7.2	9.4	9.6	9.7
"Capital" receipts	Nil	Nil	Nil	40.9	Nil	Nil	0.6	14.4	Nil

Readers may be left to draw their own conclusions from the figures given in these articles.

"Over-Subscription" Announcements.—The Advertising Association has taken a decisive step to prevent the *mala-fide* publication of "over-subscription" announcements in the Press. During the bubble company boom of 1928-29 such notices were notorious factors in the market manipulation of worthless shares. In many cases it was subsequently shown that, the public response having been poor, the underwriters' and sub-underwriters' engagements had been counted as "subscriptions." Not infrequently, the public learned that weak underwriters had failed to meet their commitments on issues alleged to have been "over-subscribed." Under the new arrangements the Press can no longer be an innocent medium in the rigging of the market. It is proposed that, in future, editors should not accept announcements of share "over-subscription" unless they are attested by a Statutory Declaration filed with the Advertising Association and the secre-

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tary of the Issuing Department of the Stock Exchange. The Declaration must be signed by one director and the secretary of the company making the issue. It must give the name of the issuing house, and must state that, apart from applications from insiders (whose identity is carefully defined), the applications received exceeded the number of shares available for allotment, and were accompanied by the appropriate remittances. A wilful misstatement will involve the danger of proceedings at the instance of the Director of Public Prosecutions. The arrangements came into force as from Monday, March 30th, but the real test of their efficacy in checking a notorious abuse will come only with the next new issue boom.

Industrial Profits.—Preliminary Figures.—We publish below the preliminary results of our survey of the earnings of 597 British companies whose reports have been issued during the past quarter. Of these, 382 reports cover the twelve months ended December 31st last, so that the total may be taken as broadly representative of the trend of profits in British industry last year:—

Group.	Number of Companies.	Net Profit (after Payment of Debenture Interest)—All Reports received January 1 to March 31, 1931.		Increase or Decrease.
		1929-30.	1930-31.	
		£	£	%
Breweries	21	1,791,556	1,804,196	+ 0.7
Canals and docks	5	567,275	408,735	- 27.9
Electric Light, &c.	32	6,047,750	6,500,511	+ 7.5
Financial, land, &c.	22	1,055,489	954,145	- 9.5
Gas	41	3,477,311	3,608,223	+ 3.7
Hotels, &c.	6	298,987	252,514	- 15.5
Iron, coal and steel	30	3,110,959	2,760,764	- 11.2
Motor and cycle	9	2,878,639	2,474,444	- 14.0
Nitrates	2	64,810	Dr. 154,198	- 337.9
Oil	1	300,085	199,347	- 33.5
Rubber, &c.	46	538,607	Dr. 56,417	- 110.5
Shipping	10	1,141,619	304,548	- 73.3
Shops and stores	36	5,815,426	5,503,419	- 5.4
Tea	3	80,995	65,586	- 19.0
Telegraphs, &c.	3	453,930	427,505	- 5.8
Textiles	26	5,595,166	2,550,023	- 55.0
Tramways, &c.	7	547,894	606,942	+ 10.7
Trusts	70	5,213,496	5,315,307	+ 1.9
Waterworks	16	752,903	766,764	+ 1.8
Other companies	213	38,035,878*	33,520,524*	- 11.8
Total reports received first quarter	597	77,879,773	67,812,487	- 12.9

* These figures exclude results of British Cement Products and Finance.

Although a few groups of companies—particularly the public utilities and investment trusts—show an increase of profits as compared with 1929, the majority of concerns have reported an appreciable falling off, the worst sufferers, among home industries, being the shipping and textile trades. The total figures have been appreciably affected by the publication, during the last fortnight, of the reports of three considerable concerns—Cunard, United Molasses and Imperial Chemical Industries—all of which showed a heavy fall in earnings. The average decline of 14.2 per cent. in the earnings of the 597 companies compares with a drop of 18.1 per cent. in the reports of 509 companies received during the three months ended December 31st last, and a rise of 1.9 per cent. in the profits of 516 companies received in the January-March quarter of last year—the comparison in each case being made with the earnings of the same companies in the preceding twelve months.

Peruvian Default.—The failure of the Peruvian Government to pay the interest due on April 1st on the Peruvian National Loan, Second Series, recalls the case of the lady who revoked because she had a good reason. After six months of political disturbances, the present Government of Peru, on assuming office on March 11th last, found empty coffers at the Treasury, while subsequent economic events have resulted in heavy declines in revenue. Consequently the Government declares itself unable to honour its debt at the present time, while recognising its obligations. Steps are being taken to improve the national finances. The report of the Kemmerer Commission of Financial Advisers is expected during April. During the transition period every attempt will be made to pay, in full, the service charges on the

outstanding loans of the Republic. On receiving the Kemmerer Report, the Government will be in a position to state exactly how long the transition period will last. The recent movements of the various Peruvian stocks listed in London are shown:—

	Mar. 20.	Mar. 27.	Mar. 30.
7½% Guano Loan	80	80	80
6% National Loan	40	40	35
Peruvian Corp. (Ord. Stock)	4	4	4
(5% Pref. Stock)	22	22	20
(6% Deb. Stock)	75½	75½	74½
Lima Light and Power, 6% Debs.	87½	87½	87½
City of Lima, 5% Bonds	44½	44½	44½

The Government expects to pay, in full, the interest due on the 7½ per cent. Guano Loan and the 7½ per cent. Tobacco Loan, when these payments fall due.

Cunard Steamship.—In view of the vital part played by world trade conditions in the prosperity of the shipping companies, the present depression had doubtless prepared shareholders in Cunard—which ranks as one of the most progressive British concerns—for some falling off in revenue. The report came, however, as an unpleasant surprise, since it showed that the preference dividend had not been earned, and could be paid only by means of a heavy draft on the amount brought forward. Gross income, in fact, has fallen by nearly a million, from £3,628,905 to £2,662,396, against which can be set a saving of only £154,640 in expenditure:—

Year to December 31.	1928.	1929.	1930.
Gross income	3,213,601	3,628,905	2,662,396
Expenditure	2,408,071	2,566,385	2,411,745
Discount and commission	10,000	10,000	10,000
Debenture interest, &c.	245,052	242,881	222,050
Net profit	550,478	809,639	18,601
Brought forward	190,689	188,397	395,266
Preference dividend	135,000	135,000	135,000
No. of times covered	4.1	6.0	0.1
Ordinary capital:—			
Earned £	415,478	674,639	...
Paid £	417,770	417,770	...
Earned %	7.4	13.2	...
Paid %	7.5	7.5	...
Reserve	...	50,000	...
Carried forward	188,397	395,266	278,867

The causes of the company's misfortunes are not far to seek. First-class passenger business and freights have alike been detrimentally affected in the North Atlantic by the depression in the United States and Canada; while the Australian services of the C. & D. Line have suffered with the Australian shipping trade generally. At the same time, the earnings of the twenty-eight ships employed by T. and J. Brocklebank on the Indian routes have been affected by political and economic disturbances in the East. Though the immediate outlook remains uncertain, by comparison with many of its competitors the Cunard Company is not unfavourably placed. Once again the directors have followed a conservative financial policy. The sum of £861,304 has been taken from reserve to write down the book values of shares in subsidiary and other companies. The increasing demand for tourist third cabin accommodation promises to offset to some extent the decline in first- and third-class passengers. It seems clear, however, that the precarious position of the shipping trade generally may be traced to more permanent causes than mere depression, not the least significant being the fierce competition which exists, and is likely to increase, on the more popular ocean routes. So long as two half-empty vessels are plying on a route where one would suffice, earnings must necessarily suffer. Whether the Cunard has lost traffic by its unwillingness, until this year, to build new vessels, on the North Atlantic route, of more than 20,000 tons, is a question which can only be satisfactorily answered when the first of its future 73,000-ton vessels comes into commission.

United Molasses.—Few company reports have presented a more dismal picture than that of the United Molasses Company for the year 1930. This company was so convinced, some years ago, that the supplies of molasses

from the sugar canes of the West Indies would be insufficient to meet the steadily growing consumption in America and Europe, that it embarked upon an ambitious development programme calling for 1,000,000 tons of new supplies from Africa and the Far East, a £3½ millions fleet of tankers to carry the produce from the producers to the centres of consumption and over £1 million worth of tank storage to hold the necessary stocks. By June, 1930, the directors of the company began to realise that their plans were endangered. By that time the trade slump in America was falling heavily upon the biggest consumers of molasses—the manufacturers of industrial alcohol—many of whom were unable to implement their purchase contracts. Simultaneously, the sale of molasses for cattle feeding purposes showed a serious contraction, partly on account of the farming depression and partly on account of the competition of cheap grain. The company found that the new sources of supply which it had opened up in Africa and the Far East had for the time being become superfluous. The situation was aggravated by the failure of the Continental trade, for it had become impossible to import cane molasses into Europe at prices which could compete with the local beet molasses. Finally, this collapse in the world's molasses markets coincided with the most serious depression the tanker market had ever experienced, so that the company had to lay up many ships which it could not employ in its own trade. The consequent fall in the price of molasses was so severe that the company had to write no less than £1,364,420 off its stocks. This has entirely exhausted the capital reserve of £1,364,412, as well as the general reserve of £350,000 and has left a debit balance of £64,260 to be carried forward. The following table shows the results for the past three years:—

	1928.	1929.	1930.
Ordinary share capital	1,793,250	2,984,087	4,851,251
Dividends from subsidiaries	111,601	1,022,707	66,429
Charter-hire	149,218	230,282	386,998
Total income (including fees)	263,448	1,296,297	454,247
Overhead expenditure	30,165	42,960	69,892
Depreciation on ships	66,170	106,879	155,279
Debenture interest	6,346	...	...
Income tax	3,527	97,342	39,000
Preference dividend	26,218	66,969	89,895
	131,021	982,147	100,180
Ordinary:—			
Earned (subject to tax)	10.7%	41.1%	2.7%*
Paid (subject to tax)	19%	25%	Nil
Reserve	Dr. 92,000	350,000	Dr. 849,173†
Staff superannuation fund	2,500	10,000	...
Carried forward	179,547	34,217	Dr. 64,260

* Before providing for £1,059,022 losses in subsidiary and associated companies.

† Net appropriation from reserves to meet losses in subsidiary and associated companies.

The directors declare that "the financial position of the company is strong, there being no debentures or mortgages outstanding," but this pious expression of opinion is hardly borne out by the balance sheet, which shows cash and sundry debtors at £10,569, against £181,513 creditors and £623,250 bank loan secured by the deposit of certain investments. The consolidated balance sheet discloses a deficiency of quick assets (excluding stocks) against current liabilities of £437,794, stocks being quoted at £1,559,892. The fleet of motor vessels and steamships, after depreciation, stands in the consolidated balance sheet at £3,427,302, as compared with £2,540,990 in the previous year, and storage tanks, plant, etc., at £1,705,414, against £3,120,297. In the parent company's balance sheet, investments in subsidiaries and associated companies are quoted at £5,277,129 (as against £5,160,645) before providing for losses of £1,113,850. It is difficult to account for the former optimism of the directors, who in their report, a year ago, declared: "We have every reason to believe that the net profits for 1930 will show further expansion." This extraordinary optimism was the occasion last year of the issue of a 50 per cent. capital bonus to

ordinary shareholders, which depleted the capital reserve by no less than £1,492,044. The £1 ordinary shares were as high as £8½ in 1929 and are now quoted at 8s. 6d. As compared with the market valuation of over £27,000,000 in the boom period of 1929 the market to-day values the company at only £3,300,000, which is nevertheless discounting earnings in the future.

Morris Motors.—The increasing popularity of the low-powered car is again reflected in the profits of this company. Before deducting income tax, trading profit was £3,389 higher at £1,166,689, to which must be added £146,026 interest on Government securities, bank interest, and profit on sales of investments. After setting aside £257,314 for income tax (£11,251 more than in 1929), the net profit was £1,055,402, an increase of £16,284. A dividend of 10 per cent. is again paid on the ordinary shares (which are privately held) out of 41.52 per cent. earned:—

	Years ended December 31.		
	1928.	1929.	1930.
	£	£	£
Net profit	1,054,853	1,039,118	1,055,402
Preference dividend	225,000	225,000	225,000
No. of times covered	4.69	4.62	4.69
Ordinary dividend:—			
Amount	...	200,000	200,000
Earned %	11.49	40.71	41.52
Paid %	...	10	10

Written off goodwill, patents, and trade marks	...	650,000	391,043
To reserve fund	900,000	...	...
To income-tax reserve	...	...	100,000
Inc. or dec. in carry-forward	- 70,147	- 35,882	+ 139,359

The balance sheet shows an extremely liquid position. Cash is increased by £178,087 to £545,863, while debtors have risen by £91,250 to £285,643. Government securities are £471,733 higher at £2,802,625, and creditors are reduced by £298,251 to £332,746. The surplus of liquid assets over current liabilities has risen by £1,001,411 to £3,087,241. The £1 preference shares are secured by tangible "book" assets of £2 8s. 6d., and at 22s. 3d. yield about £6 15s. per cent., less income tax.

Lancashire Steel Corporation.—The first report of this merger (formed last August to take over the iron and steel assets of Pearson and Knowles, Moss Hall Coal, Wigan Junction Colliery, Wigan Coal and Iron, and Partington Steel and Iron) gives little guidance as to the possibility of ultimate success. Out of a gross income of £47,938 to December 31, 1930, £1,250 goes in directors' fees, £1,976 in interest on loans, £9,145 in income tax reserve, and £16,000 to cover shrinkage in stock values. Net profit before depreciation was £19,567, of which £15,563 was applicable to the period before incorporation. This amount has been used to write off a portion of preliminary expenses, leaving £3,913 to be carried forward. Active steps have been taken to give effect to concentration of operations. The blast furnaces and steel works at Wigan have been closed down. No dividends were received from Rylands Bros. or the Wigan Coal Corporation, though the latter made a small profit. Provision has been made for an issue of £1,250,000 7 per cent. first



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cumulative convertible and redeemable preference shares, but nothing said as to the date of the offer. Meanwhile, development is proceeding according to plan, and important contracts—including orders for new coke ovens and the dock on the Manchester Ship Canal—have been placed with the Corporation.

Boot and Shoe Profits.—An analysis of the results of boot and shoe companies which have published their accounts this year reveals a gratifying stability in earnings and dividends. Of the fifteen companies which appear in the table below, one—J. Darnell and Sons—recorded a profit of £35,283 in its first year and paid sixteen per cent. on its ordinary capital. The aggregate profit of the other fourteen companies totalled £1,173,139 in 1930, compared with £1,111,695 in 1929.

Company.	Net profit, 1929.	Ord. Div.	Net profit, 1930.	Ord. Div.	Present price.	Yield, %
W. Abbott	£ 29,609	15	£ 24,882	10	22/6	8 17 9
J. Darnell and Sons	35,283	16	35,283	16	14/6†	11 0 9
Freeman, Hardy and Willis	270,855	55*	268,538	55*	...	...
Greenlees and Sons	Dr. 2,571	Nil	19,097	Nil	...	...
Lennards	42,588	12‡	4,904	7‡	...	...
Lilly and Skinnars	60,540	10	51,022	10	...	...
Lotus	43,322	5	54,718	5	13/6	7 8 0
Public Benefit Boot	31,313	Nil	45,597	10	...	...
H. E. Randall	35,365	15	31,367	15	37/6	8 7 0
Saxone Shoe Co.	82,838	12‡	80,627	12‡	32/6	7 13 9
J. Sears and Co.	314,579	22‡	323,416	22‡	20/-‡	5 12 6
Stead and Simpson	50,699	10	45,487	10	...	...
Upsons	122,182	15	117,134	15	31/3	9 12 8
Walker and Phillips	19,330	12‡	22,216	12‡	11/3†	11 2 3
William Timpson ...	10,396	14	71,496	15	...	...

* Tax free. † 10s. shares. ‡ 5s. shares.

Eight of the companies reported a decline in profits, though only that shown by Lennards (who have been reorganising a recent acquisition) was of sizeable dimensions. Six companies increased their earnings, Greenlees and Sons turning a deficit of £2,371 into a profit of £19,097. In two cases—W. Abbott and Lennards—dividends were reduced, and in two others—Public Benefit Boot and William Timpson—they were increased.

Canadian Pacific Railway.—The figures in the 1930 report are distinctly creditable to the management. In spite of Canada's difficult economic experience the C.P.R. earnings were equal to 10.2 per cent. on the ordinary capital at the end of the year, more than covering the traditional 10 per cent. dividend. Gross earnings dropped by \$28,830,151, but the decline was substantially offset by a reduction of \$23,934,266 in working expenses—a creditable achievement. "Special income" was \$4,810,703 greater at \$20,042,923, but the latter figure included \$6,500,000 representing part of the credit balance of the deposit account in respect of the Allan Line Steamship Company which was liquidated during the year. Had this sum, which is a non-recurring item, been excluded, "special income" would in fact have been \$1,689,297 lower than in 1929, and the amount earned, after payment of the preference dividend, would have represented 8.24 per cent. on the ordinary capital. Prevailing conditions affected not only the railway but other ventures of the company, including its hotels, whose earnings fell by \$919,658, while Canadian Pacific Steamships suffered a decrease of \$1,887,719 in net earnings. Tracks, rolling stock, lake and river steamers, and hotels are valued at a figure \$38,840,691 greater than a year ago, while part of the increase of \$13,132,898 in ocean and coastal steamships may be due to expenditure on the "Empress of Britain," which is to enter the service in May next. At \$42 the ordinary shares yield just under 6 per cent.

The "Cosach" Issue.—"Cosach" has now come to birth, after a prolonged labour and frequent headshaking by the doctors round the bedside. The Compania de Salitre de Chile ("Cosach") was organised last month under a Special Act of the Chilean Congress, with an

authorised share and loan capital of 1,500,000,000 pesos in Series "A" shares of 100 gold pesos, 1,500,000,000 pesos in Series "B" shares of the same amount, \$50,456,500 U.S. (or its equivalent in other gold currencies) of Prior Secured 7 per cent. bonds, \$70,000,000 U.S. in Secured Sinking Fund 7 per cent. gold bonds and \$79,650,000 U.S. Unsecured Funded Debt, including that of subsidiaries. This gives a total share and loan capitalisation, expressed in sterling, of £116,119,182. Of the Series "B" shares of 100 gold pesos not more than 5,000,000 may be issued as 7 per cent. cumulative preferred shares. Of the 7 per cent. Secured bonds, the National City Company of New York has purchased \$19,000,000, while £2,000,000 were issued in London this week at 96, and £500,000 have been issued in Holland, £400,000 placed in Switzerland and £100,000 in Sweden. The issue is analysed and criticised on a later page. Presumably, the new company, which may eventually embrace 36 companies and firms representing over 95 per cent. of the nitrate productive capacity of Chile, will proceed to rationalise the whole industry. Eventually, it may be expected, the Guggenheim process will become "standard," and only the most profitable fields will be worked. Clearly, however, an appreciable time must elapse before the maximum economies of the Guggenheim process (which is a mass-production process) have been reaped, and a first desideratum must be the passing of world trade depression. This was partly responsible for the drop in the nitrate exports from Chile from 2,960,931 metric tons in the twelve months ended June 30, 1929, to 2,199,078 metric tons in the year to June, 1930. Meanwhile, certain of the companies to be taken over have received offers of shares in Cosach, shareholders having the option of taking either Series "B" ordinary shares or Series "B" 7 per cent. cumulative deferred shares (the Series "A" shares are to be issued to the Government of Chile). As the following table shows, the amount of Cosach stock offered is, in many cases, substantially greater than the present Stock Exchange quotations for the respective company shares. The immediate earning power of the Cosach stock, however, is difficult to estimate at the moment:—

Company.	Nominal Value Shares.	Dividend last Year. %	Present Stock Exchange Quotation. s. d.	Amount of "Cosach" Stock offered in Exchange. s. d.
Angela Nitrate	20	10†	...	60 0
New Tamarugal	20	Nil	10 0	24 9
Santa Catalina	20	Nil	...	6 3*
Aguas Blancas	5	Nil	0 3‡	11‡
Rosario	20	Nil	4 6	11 6
Lagunas	20	Nil	1 6	5 8
San Sebastian	20	Nil	0 6	1 3
New Paccha and Jazpampa	20	Nil	2 6	4 3
Alianza	100	Nil	80 0	86 6
Liverpool	20	6‡†	7 0	14 9
Santa Rita	20	Nil	17 6	12 6‡
Pan de Azucar	20	Nil	12 6	11 9-8

* Plus cash payment 11s. 6d. if action by Ossio Brothers successful. † Paid as an interim dividend. ‡ Plus cash payment out of unsold assets.

The largest company, Lautaro, will not be taken over in its entirety. Its ordinary share capital will be acquired by Cosach, but no change will be made in the status of its preference or debenture capital. It remains to be seen, when Cosach is in working order, whether its plans will embrace the possibility of closer co-operation with the synthetic producers.

Centrale Suiker.—This company's operating revenue suffered a sharp decline last year, writes our Amsterdam correspondent. The company is the largest Dutch producer of beet sugar, and acts as a holding company for the Ely and Ipswich beet-sugar factories and the Sankey Sugar Company, of Liverpool. Last year's operations resulted in a loss of 538,000 florins, due mainly to the drop in sugar prices from 13½ florins at the

beginning to 7 florins at the end of the year. The dividend is again passed:—

	1928	1929	1930
Capital	29,600	29,600	29,600
Reserve	6,171	4,671	3,466
Gross profit	4,569	1,700	Dr. 538
Net profit	1,589	16	Dr. 1,204,477
Dividend	5%	...	...

The accounts of the company's foreign interests make a less unfavourable showing. The Centrale Suiker has some 10,970,000 florins of bonds outstanding.

Geduld Proprietary.—The attainment of a record in tonnage milled, with small improvements in the averages, was responsible for a recovery in last year's profits to very near the 1928 level. Owing to the increase which has meanwhile taken place in the issued capital, the dividend rate, although higher in amount, is less in percentage than that of two years ago. As will be seen from the appended table, the net earnings and the distributions for 1930 correspond very closely:—

	1928.	1929.	1930.
Ore crushed	979,000 tons	1,008,100	1,011,000
Yield per ton	26/6	26/10	27/1
Cost per ton	16/7	16/6	16/5
Profit per ton	9/11	10/4	10/8
Total working profit ...£	485,660	522,190	541,290
Net profit	449,000	471,000	488,900
Issued capital	1,325,050	1,460,860	1,460,860
Earnings per cent.	33.9	32.7	33.3
Dividends	£48,220	456,520	474,780
Carried forward*	177,590	190,270	202,590
Rate per cent.	33‡	31‡	32‡
Ore reserves	6,100,000 tons	5,900,000	6,000,000
Value	6-5 dwts.	6-7	6-6

* After deduction of directors' percentages.

Despite the performance of a somewhat lessened development footage the ore reserves display a small expansion in quantity. If allowance be made for sorting, the latter represents about five years' supply for the mill. An important feature of the company's position is its interest in the East Geduld, whose affairs are commented upon below. In the balance sheet this holding, taken at cost less credits, figures at £154,800, or less than half the current market value. The balance of capital available for investment in East Geduld and other concerns is £248,500, or just about equal to the uncalled liability. When account is taken of this item, the net cash assets just about correspond to the carry-forward.

East Geduld.—This property adjoins the Geduld, and at the outset valuable information was obtained by the continuation of the workings of the last-named company. Such good progress was made in development that in April last year the consulting engineer was able to advise the erection of a reduction plant. The latter, designed to treat 60,000 tons monthly, is expected to be completed next autumn. Last year's capital expenditure amounted to £409,800, raising the total to £931,000. It is anticipated that the funds in hand will "approximately suffice" to bring the mine to the producing stage. At the date of the accounts there were in issue 1,500,000 shares, 923,320 being fully paid and the balance, 2s. called up. Any additional capital, if required, would doubtless be readily forthcoming from the company's sponsors—the Geduld Proprietary and the Union Corporation. At the end of last year the ore reserves totalled 3,900,000 tons, having an average value of 7 dwts. over a stopping width of 58 ins. Taking these factors to represent a profit of 10s. per ton, we arrive at a maximum divisible profit equal to 20 per cent. On the prospect of such returns, commencing in a year or eighteen months' time, the shares at the current quotation of £2 15s. 9d. appear at least fully valued.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Hong Kong and Shanghai Banking, Mercantile Bank of India, National Bank of India, National Provident Institution, Norwich Union Life Insurance Society, Norwich Union Fire Insurance Society, Imperial Chemical Industries, Vickers, Consolidated Mines Selection, Associated Portland Cement Manufacturers, Argentine Estates of Bovril, Odhams Press and British Aluminium. Presiding at the annual meeting of the Hong Kong and Shanghai Bank, Mr J. A. Plummer said that the total excess of silver production over consumption for the year might be estimated at 95 million ounces, which, taken in conjunction with trade depression and falling commodity prices, amply accounted for the phenomenal weakness of the metal. At the annual meeting of the Mercantile Bank of India, the chairman referred to the position of Ceylon, and said that it was from the serious decline in the price of rubber that the island had suffered most, shipments having fallen off from 80,000 tons in 1929 to 75,000 tons last year, while in value there was an enormous decline from £7 millions to little more than £3½ millions.

CAPITAL ISSUES.

Although two comparatively large capital issues were made this week, the market remained in unreceptive mood. It was learned early in the week that the Lancashire Cotton Corporation debenture issue had been a failure, the public subscribing only £80,000 of the £2,000,000 offered, leaving 96 per cent. with the underwriters. Market dealings opened at 5 discount and fell at one time to nearly 8 discount. This week's offers included £1,000,000 of 4½ per cent. redeemable stock of the Corporation of Derby, issued at 98 and giving a flat yield of just under £4 12s. per cent. The issue was a well secured trustee stock, but was regarded as somewhat highly priced. The Cosach offer of £2,000,000 prior secured bonds giving a yield of over 7½ per cent., is referred to in an Investment Note on page 740. The service of the bond is secured by a levy of 30s. per ton of nitrate extracted, charged each year until sufficient funds have been accumulated to cover requirements. Figures were given showing that in a normal year, the tonnage exported would, in fact, cover these requirements more than three times. Unless the Guggenheim and Lautaro companies, and 75 per cent. of the smaller companies in the Chilean industry have been acquired by November 30th next, the whole of the present issue is to be repaid at par, plus accrued interest. The market tended to regard the high yield as a fair index of the "risk" involved by reason of the present depression in the nitrate industry, but was somewhat critical of the fact that an appreciable share of the total issue of the company's prior secured bonds was to be used for a non-productive purpose, i.e., for payments to the Chilean Government. Some 90 per cent. of the issue was left with the underwriters.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded excluding conversion, January 1 to March 28, 1931, £45,223,939. Total, including conversion, recorded January 1 to March 28, 1931, £54,893,888.

National Savings Certificates.					
Net sales, ten days ended March 31, 1931, £350,000.					
Total receipts, April 1, 1930, to March 31, 1931, £13,200,000.					
	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.	£	£	£	£	£
Corporation of Derby	1,000,000	...	980,000	50,000	930,000
South Essex Waterworks Pref. ...	200,000	...	206,000	20,000	186,000
Ord. ...	200,000	...	223,000	20,000	203,000
Compania de Salitre de Chile ...	2,000,000	...	1,920,000	192,000	1,728,000
Total offered to the Public, week ended April 4, 1931 ...	3,400,000	...	3,329,000	262,000	3,047,000
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Week ended April 4, 1931	Nil	Nil	Nil	Nil	Nil

Total Offered for Subscription—		Total Offered for Subscription—	
Including	Excluding	Including	Excluding
Conversions.	Conversions.	Conversions.	Conversions.
Jan. 1 to date—	£	Whole year—	£
1931	58,572,888	1930	454,888,784
1930	153,262,582	1929	488,754,940
1929	111,266,770	1928	693,100,056
1928	172,980,625	1927	355,165,970
1927	147,370,918	1926	230,782,600
1926	75,105,400	1925	232,214,500
1925	52,577,006	1924	209,326,101
1924	42,294,526	1923	271,399,173

Nature of Borrowing.

	Debtors, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	33,128,997	727,571	9,046,461	48,902,939
1930	82,470,144	8,349,697	5,951,223	96,767,064
Whole year—	£	£	£	£
1930	227,658,509	15,548,800	24,593,300	267,800,609
1929	137,670,309	31,545,490	115,025,700	285,239,400
1928	212,817,309	45,052,600	111,177,600	369,058,100
1927	228,958,000	36,836,500	89,371,409	355,165,909
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	2,807,132
Total for week ended April 4, 1931	Nil	...	Nil
Total to date, 1931	2,744,375	...	2,807,132
Total to date, 1930	12,244,078	...	13,851,969

Compania de Salitre de Chile (Cosach).—Issue of £2,000,000 prior secured 7 per cent. sterling bonds at £96 per cent. The company has undertaken that when they become available the net proceeds of this offer will be retained in London to meet accrued and accruing obligations of the company in this country. Cosach has been incorporated for the purpose of consolidating in one enterprise the nitrate industry of Chile. The Chilean Government has exempted from the export duty all nitrate exported by the company and its subsidiaries and has made available to the company Government-owned nitrate deposits up to 150,000,000 metric tons of recoverable nitrate. Thirty-six companies and firms, representing 95 per cent. of nitrate productive capacity in Chile have expressed their intention of adhering to Cosach. The payment of sinking fund and interest on these bonds will be secured by a prior claim upon a charge of 60 pesos gold (equivalent to about 30s.), which the Government of Chile has imposed upon each metric ton of nitrate extracted from nitrate deposits of the company or its subsidiaries.

Liverpool Corporation.—Issue by tender of Liverpool Corporation Bills to the amount of £1,000,000, in replacement of bills falling due on April 11th. The bills will be in amounts of £1,000, £5,000 and £10,000, and will be payable on April 4, 1932.

Derby Corporation.—Issue of £1,000,000 Derby Corporation 4½ per cent. redeemable stock 1931-61 at £98 per cent. Trustees are authorised to invest in this stock. The rateable value of the Borough of Derby is £781,890, and a rate of one penny in the pound produces £3,100.

South Essex Waterworks Company.—Issue of £200,000 5 per cent. preference stock at £103 per cent. and £200,000 ordinary (1928) 6 per cent. maximum stock at £111½ per cent. Trustees are authorised to invest in the 5 per cent. preference stock. The total net revenue of the company for the year 1931 was £124,293. Dividend on the preference stocks, including the present issue, requires £26,425, and maximum dividends on the ordinary stocks, including the present issue, requires £67,195.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction. **Central America Exploration (Consolidated), Limited.** Issued capital £250,000 £1 fully paid ordinary shares. The company was incorporated in March, 1926, to acquire mining properties

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in the Republic of Panama. African and European Investment Co. Particulars of an issue of £850,000 6½ per cent. first mortgage debentures. The company was incorporated in the Transvaal in 1904 to hold land and freehold property. **George Beer and Rigden.** Particulars of an issue of £250,000 5½ per cent. first mortgage debenture stock at par. The company was incorporated in 1919 as a private company to acquire a business of wine and spirit merchants, and converted into a public corporation in 1927. **Highfields Ceylon.** Issued capital £407,433 in £1 fully-paid ordinary shares. The company was incorporated in December, 1930.

[Other Stock Exchange information, including the latest dividend announcements, profit and loss figures, summary of balance sheets, and reports and notices will be found on page 761, under the heading "Company News."]

MINING OUTPUT STATISTICS.

GOLD.

Company.	Period.	Ozs. Recovered.	Company.	Period.	Ozs. Recovered.
Ariston	Feb.	3,909*	Lonely Reef	Feb.	2,101
Ashanti Goldfields	Feb.	13,391	Lupatards Vlei	Feb.	7,465
Balaghat	Feb.	2,089	Mrsure	Feb.	9,525
Blackwater	Feb.	3,908*	New Kikilintan	Feb.	47,700*
Boulder Perseverance	Feb.	6,412*	North Kalkuth	Feb.	927
Cam and Motor	Feb.	22,400	Nundydroug	Feb.	6,191
Champion Reef	Feb.	4,465	Rezende	Feb.	6,000
Clonish Corporation	Jan.	9,410	Sons of Gwalla	Feb.	11,606*
Frederick	Feb.	2,349*	South Kalkuth	Feb.	7,991*
Golden Horseshoe	Feb.	33,454*	Taqnah and Abussou	Feb.	9,830*
Globe and Phoenix	Feb.	5,842*	Transvaal Gold	Feb.	14,200*
Great Boulder	Jan.	9,003	Wanderer	Feb.	13,800*
Great Boulder	Feb.	9,412*	Witwatersrand Deep	Feb.	38,000*
Lake View and Star	Feb.	14,419*			

* Tons crushed.

TIN.

Company.	Period.	Tons Produced.	Company.	Period.	Tons Produced.
Anglo Burma	Jan.	20	Nigerian Consol.	Feb.	14
Anglo Burma	Feb.	24	Pahana Consol.	Feb.	256
Anglo Nigerian	Feb.	64	Penawar	Feb.	54
Ayer Hitam	Feb.	142	Pengkalan	Feb.	63
Baba River	Feb.	7	Petaling	Feb.	195
Bangrin	Feb.	691	Rahman Hydraulic	Feb.	591
Batu Caves	Feb.	164	Rambutan	Feb.	11
Berat	Feb.	10	Rantau	Feb.	21
Bischof	Feb.	44	Renong	Feb.	474
Bustna Monguna	Feb.	33	Rooiberg Minerals	Feb.	28
Consolidated of Burma	Feb.	120	Ribon Valley	Feb.	9
Gopeng	Feb.	73	Siamese Syndicate	Feb.	1751
Hongkong	Feb.	56	Southern Malayan	Feb.	1704
Idris Hydraulic	Feb.	324	Southern Perak	Feb.	502
Iloilo	Feb.	331	Southern Tronoh	Feb.	40
Jantar Nigeria	Jan.	22	Sungei Besi	Feb.	47
Kaduna Syndicate	Jan.	19	Sungei Way	Feb.	1071
Kaduna Prospectors	Jan.	11	Tanjong	Feb.	14
Kasra	Feb.	16	Tekka	Feb.	631
Kassa	Feb.	9	Tekka Taiping	Feb.	56
Kent (F.M.S.)	Feb.	21	Tin Fields of Nigeria	Jan.	61
Kinta	Feb.	30	Tongkah Harbour	Feb.	32
Kinta	Feb.	311	Tronoh	Feb.	83
Lahat	Feb.	191	United Tin Areas	Feb.	18
Malaya Consol.	Feb.	48	Ulu Klang	Feb.	224
Malayan Dredging	Feb.	1441	Yardi Kerri Group	Feb.	11
Malayalam	Feb.	244	Zaaphaats	Jan.	17
Naraguta Extended	Feb.	12			

MISCELLANEOUS.

Company.	Period.	Output.	Company.	Period.	Output.
Clydesdale (Transvaal)	Feb.	34,792 tons.	South African Coal ...	Feb.	55,770 tons.
Dundee Coal	Feb.	45,121 tons.	Tweefontein United ...	Feb.	58,005 tons.
Indian Copper	Jan.	359 tons.	Witbank Colliery	Feb.	60,086 tons.
New Vaal River	Feb.	392 tons.	Wankie Colliery	Feb.	41,371 tons.
Rhodesia Broken Hill	Feb.	1,233 tons zinc.			

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended March 25th: Venezuela, 36,159 barrels; Trinidad, 20,909 barrels; total, 57,068 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—Production for the week ended March 21, 1931, was 213,000 barrels.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended March 21st: Bolivar district, 81,996 m. tons; Maracaibo district, 17,393 m. tons; total, 99,389 m. tons.

COMPANY MEETINGS, &c.

HONG KONG AND SHANGHAI BANKING CORPORATION.

(Incorporated in the Colony of Hong Kong. The liability of members is limited to the extent and in manner prescribed by Ordinance No. 6 of 1929 of the Colony.)

EXCELLENT SHOWING IN A DIFFICULT YEAR.

DIVIDEND AND BONUS MAINTAINED.

CONDITIONS IN THE EAST—THE SILVER DEBACLE.

MR J. A. PLUMMER ON POLITICAL AND TRADE CONDITIONS IN CHINA.

The ordinary yearly general meeting of the shareholders of the Hong Kong and Shanghai Banking Corporation was held on February 28th last at the City Hall, Hong Kong.

Mr J. A. Plummer (chairman) presided.

The Chief Manager read the notice convening the meeting.

The Chairman said: Gentlemen,—The report and statement of accounts having been in your hands for some time, I will, with your permission, take them as read. (Agreed.)

After making full provision for losses and contingencies, the net profits for the year amount to \$20,726,730, or some six and a half million dollars more than in 1929, while expressed in gold they show only a decrease of about £16,000, in spite of the fact that the conversion rate of exchange has dropped by 32.69 per cent. The substantial increase in the silver revenue is, of course, largely due to the conversion of our gold earnings at the low rate of 1/1.1/8; it would have been even greater but for the fact that, owing to adverse circumstances, we have not had the assistance from some of our gold-earning branches which we might reasonably have expected.

A DIFFICULT YEAR.

I say with little fear of contradiction that the past year proved itself to be one of the most difficult in the annals of banking, not only in the Far East, but throughout the world. In Hong Kong and China we were faced with the catastrophic collapse of silver. It, therefore, gives me the greatest satisfaction to be able to come before you to-day with such an excellent showing, reflecting as it does the highest credit upon our chief manager, managers and agents. (Cheers.)

Although fully warranted by the figures before you, I may say that, in view of the still critical state of the world's trade, and the many dangers and difficulties which still confront us, we considered very carefully as to whether we were justified in recommending the same dividend and bonus as last year. We retain, however, a sufficient degree of confidence in the future, and I trust that you will approve of our recommendations. Let me mention here that our investments stand in our books at below market prices.

I think we have every reason to congratulate ourselves upon the choice which we made some twelve months ago in appointing Mr Grayburn acting chief manager. He has already proved his exceptional capacity for the post, and we had no hesitation in confirming him in his appointment some six months ago. (Cheers.)

ALLOCATIONS.

As shown in the profit and loss account, the amount available, after deducting the interim dividend and directors' remuneration, is \$16,631,950.52, which it is proposed to deal with as follows:—

To pay a final dividend of £3 per share with a bonus of £1 per share (subject to income-tax deduction)	\$11,702,857.14
Transfer to Bank Premises Account	\$1,000,000.00
Transfer to Silver Reserve	\$500,000.00
Balance carried forward to the new Account	\$3,429,093.38
	\$16,631,950.52

When my predecessor addressed you last year there was much discussion about the premium which then existed on our exchange, over the laying-down cost of British dollars. This premium, I am glad to say, has now disappeared, but the process of getting rid of it was somewhat protracted, by reason of the weakness in silver, and by an optimistic feeling among importers that exchange must rise.

In the early part of the year a committee was appointed to look into the currency question of the colony, but though the report has not so far been made public, it is doubtful if any useful discoveries

were made; the original cause of the committee's appointment—namely, the above-mentioned high premium on our exchange—having soon been lost sight of in the heavy falls in sterling quotations, which followed each other with alarming rapidity. The question which took its place, "How low can the dollar go?" it is, of course, impossible for me to answer.

THE SILVER MARKET.

In commencing my survey of the past year, as usual, with a review of the silver market, I am conscious of dealing with a subject which, from being the field of the specialist, has lately become a matter of universal interest and concern. This state of affairs is due to the fact that the rapid decline, and, still more, the constant uncertainty, in the sterling value of silver has gravely dislocated that section of the world's trade, which is based on an exchange between silver and gold currencies, and so has added materially to the present causes of general economic depression.

Let us glance first at the fundamental facts. Silver has fallen nearly 40 per cent. in price during the past 12 months and remains on the down-grade. Regarded as part of a general price movement, in which all the metals have shared, this decline is nothing extraordinary, and, other things being equal, we might count on a corresponding reaction when commodity prices improve; but silver is not merely a commodity: it is also a medium of exchange, and looked at in this light its prospects are less reassuring.

The silver-using countries have rapidly diminished in number, and now China remains the only important one on a silver currency basis. Still, the outlook is not so desperate, if the exchange value of silver can regain a degree of stability. Experience happily shows that adjustments to price variations are made with greater ease by Oriental countries than by the more highly developed countries of the West. It is also comforting to remember that trade is, in the last analysis, barter, and is bound, in the long run, to recover its equilibrium, whatever the level of monetary exchange. We may find consolation in the fact that China's real purchasing power resides not in her silver, but in her surplus merchandise—her tea, silk, cotton, hides, and other exportable products.

Such is the long view. In the meantime we cannot disguise from ourselves that during the past year the fall of silver has been a calamity for the Eastern trade.

OUTLOOK FOR SILVER EXCHANGE.

This being so, merchants are naturally asking, what is the outlook ahead in regard to the silver exchange? It is difficult, as I have already intimated, even to hazard a guess, but let us examine a few of the more encouraging factors in the present situation. The low price of silver must tend to increase the consumptive demand, since it stands to reason that when a currency falls in value a greater amount is required to meet current requirements. This fact has already made itself visible in the large increase in the circulation of bank notes in China and, to a still greater degree, in this Colony. Low prices must also, in course of time, discourage production. There is lastly the effect of restored peace in China, which, if it continues, is a factor in the upward direction, since, by stimulating the movement of goods in the country and so necessitating an expansion of China's currency, it offers a strong pillar of support to the silver market.

These are some of what may be called the natural forces in operation in regard to the price of silver. Governmental action is also, of course, a very important factor. As to this last, we can only hope that the obvious damage to the world as a whole caused by the collapse of silver will induce the Governments concerned to stay their hand from any measures calculated to make

the position worse. Of the various schemes for international action to stabilise the market, of which we have heard so much lately, none would appear to have reached, as yet, the practical stage. All such schemes involve a sacrifice to be made in the general interest, and present a difficult problem in finding how to provide for a fair apportionment of loss among the countries concerned and to avoid that any one sectional interest should obtain the lion's share of the profit.

PRODUCTION AND CONSUMPTION FIGURES.

I will now give a few estimated figures showing the silver situation for 1930. On the production side we had 244,000,000 fine ounces of new output, 29,000,000 ozs. from sales by the Indian Government, 22,000,000 from sales by France of demonetised coin, and 20,000,000 ozs. from similar sales by Indo-China. This gives a grand total of about 315,000,000 fine ounces put on the market. On the consumption side, India imported 90,000,000 ozs., and China and Hong Kong 130,000,000 (showing an increase over the previous year of 20,000,000 ozs. in the case of India, and a decrease of 13,000,000 in the case of China). The total excess of production for the year may be estimated at 95,000,000 ozs., amply sufficient—when taken in conjunction with trade depression and falling commodity prices—to account for the phenomenal weakness of the metal. The measure of this weakness is given by the more or less steady drop during the course of the year, from a maximum figure of 2½d. an ounce to 1½d. an ounce, a fall of 7½d. The Shanghai exchange declined correspondingly, from 2s. 1½d. to the tael to 1s. 4½d., these being, it is curious to note, actually the first and last official rates quoted in the year.

CONDITIONS IN INDIA AND JAPAN.

Turning now to Eastern trading conditions during the past year, it is superfluous to mention that the countries with which we are connected have shared without exception in the general world depression, besides having, in some cases, experienced particular troubles of their own of a political or economic nature which have placed an additional check on trade and enterprise. In these circumstances I do not propose to dwell on the individual misfortunes of the various markets. In India, of course, the economic situation has been largely overshadowed by political developments. Of these I will only say that I think we should add our voice to the tribute paid to the work of the Round Table Conference. I sincerely hope that the conciliatory spirit which came to the fore in the delegates' discussions will find a reflection in India, and provide the foundation for a friendly and lasting solution of the problem of India's future government.

In regard to Japan, there are two financial operations of considerable moment to record—the return to a free gold basis of currency, and the floating last May of conversion bonds in London and New York to provide for the final redemption of the 1905 Four per Cent. Loan, which matured on January 1st last. The successful accomplishment of these two operations redounds to the credit of the Japanese Government, and our congratulations are due to the Minister of Finance, whose skilful handling of the situation made them possible. Our corporation participated as one of the issuing banks in the London flotation, which met with great success. The credit of the Japanese Government is reflected in the fact that these bonds now stand at a 4 per cent. premium.

TRADE OF THE COLONY.

The monotonous story of lack of markets for raw materials exported, and lack of purchasing power for imported goods, which repeated itself in India, Malaya, the Philippines and Japan, applied also—with the further burden of a disorganised exchange—to the case of China, and was reflected in the trade of Hong Kong. Our local merchants, it is true, found some compensating advantage from the drop in exchange, which, by putting up silver values, assisted those who had stocks to liquidate, and the trade of the Colony as a whole survived the adverse conditions of the year with a good measure of success. China, on the other hand—especially in the northern provinces—had to cope with an additional hindrance to trade in the form of civil war and all its attendant evils.

TRADE CONDITIONS IN CHINA.

Judged by the Customs revenue totals for the year, there was a further decline in the gold value, if not in the bulk, of China's exports and imports, though of no very serious proportions. The British piece-goods trade for the year in cottons and woollens, through Shanghai, largely consisted in the liquidation of stocks, the divergence between home manufacturing costs and the prices obtainable for the finished goods in China being such as to discourage replacements. With the demand for cheap-priced materials

British manufacturers are feeling ever more keenly the competition from Japan and from native mills.

In engineering products there has been a certain demand for textile and electrical equipment, in the supply of which British manufacturers appear, I am glad to say, to be holding their own, in spite of the difficulty of meeting foreign prices. Industrial development as a whole is receiving close attention in China in both official and private circles, and I think it is safe to say that, given the benefits of peace, it will go ahead rapidly, carrying with it a steady demand for imported machinery and equipment. The same applies to the railways, which are crying out for rehabilitation of the existing lines and for constructional progress. (I shall refer shortly to the plans for devoting the British Boxer Indemnity funds to this purpose.) Aviation, meanwhile, is progressing, and a substantial number of aeroplanes, for both civil and military use, were imported in the course of the year. The Shanghai-Nanking and Hankow services have functioned regularly, and plans are said to be complete for the operation of an air line to Berlin via Siberia, under Sino-German management. In the supply of aircraft, as of motor cars, American firms retain a decided lead.

The export trade from the Yangtze, instead of thriving from the favourable exchange, showed an exceptionally bad record. This was partly owing to civil disturbance and partly to the decline in selling values abroad, which outstripped the fall in exchange. The Manchurian bean crop was found to be almost unsaleable, and silk fell by almost half its value in spite of a poor harvest.

THE ECONOMIC MISSION.

The trade depression at home has centred attention on the trading possibilities of China. This, combined with the special distress in the Lancashire cotton trade, led to the dispatch of an Economic Mission sent by the British Government to inquire into trading conditions in the Far East, and the best means of advancing the British share. After four months of most thorough and pains-taking investigation, Sir Ernest Thompson and his colleagues are at present in this Colony engaged in preparing their report. We welcome the Mission's visit, first because of the valuable personal contact between British merchants in the Far East and these representatives of the manufacturing interests, including both management and labour, and secondly, because it is leading to a thorough re-survey of the machinery of production and distribution of British goods for China, and will, no doubt, bring to light whatever weak points the present system contains, both at home and in the East.

Foreign trade with China, after having proceeded on somewhat stereotyped lines during the past century, is now experiencing rapidly changing conditions. There is a call for adaptation all along the line to meet these new conditions and to cope with the daily increasing competition with which we are faced. In these circumstances, a general overhaul of the position should greatly assist. Efforts are, we know, being made at home to rationalise export industries, and I trust that the Mission's report will, among other things, lend impetus to this very desirable process. We shall await it with much interest!

POLITICAL SITUATION IN CHINA.

I will now review shortly the political situation in China. After another year of civil fighting, the country is now enjoying a fresh period of peace. This welcome state of affairs is interpreted by some as merely a lull between storms, by others, as marking the culminating point of the National Government's struggle to establish its supremacy. Experience of the past makes one slow to accept the latter view too unreservedly, but I think there is more room for optimism than for some years past, and fair reason to hope that the lifting of the clouds is more than temporary. There is no need to burden you with a detailed account of last year's struggle, which, though on a larger scale, resembled the previous trials of strength between Nanking and the provinces. At one period of the fighting, the rebellious leaders were so successful that China appeared likely to split in two, and plans were actually made for setting up a rival Government in the old capital. By September, however, the tide had turned, and soon the war was brought to an end by the intervention of Marshal Chang Hsueh-liang, the Manchurian ruler, who descended on Peking (or Peiping as I should now call it) and forced the allies to retire. Generals Yen and Feng quickly gave up the struggle, and their troops are being disbanded or incorporated into the "national" forces.

CONSEQUENCES OF THE CIVIL WAR.

At this point let me interpolate a remark concerning a certain view, which I not infrequently see repeated in the Press. It is to the effect that foreigners exaggerate the importance of wars in China, which, it is alleged, are really not so vitally important, be-

cause they affect a few provinces at a time, and only a small minority of the total population. This is a view with which I find it quite impossible to agree. The proportion of China's millions directly touched by the clash of contending armies may be comparatively small, but that is only part of the story. What must be remembered is that vastly greater numbers are ruined by the indirect consequences of the war—the crushing military taxation, wrecked communications, the stimulus given to banditry, and the destruction of confidence generally. More than this, the reconstruction of the country is held up by the diverting to purposes of war of the Government's resources and energies and by the check imposed on all public enterprises.

To return to the situation: as soon as the war was over Marshal Chang Hsueh-liang visited Nanking, where a general agreement was effected between him and the National Government. A real understanding between Nanking and Mukden is the best guarantee against the renewal of civil war on the north side of the Yangtze. Whether the present agreement will stand the strain inherent in such compacts, particularly on the financial side, it is somewhat early to say, but the signs on the whole are favourable, and if China survives this spring without a fresh breach of the peace we may hope that the corner is turned, and that the phase of civil warfare which has now lasted for two whole decades will at last be at an end.

Such confidence is strengthened by the results of the Plenary Session of the Kuomintang Central Executive, which met at Nanking last autumn. It was there decided to convoke a National Convention to meet on May 5th. The calling of this Convention (or People's Conference, as it is also called) answers the charge made by their opponents against the Nanking Party of monopolising power and of opposing popular control. If the decision is honestly carried out it should do much to remove the causes of friction and jealousy which have kept nationalist China in a state of disunion during the past two years.

COMMUNIST MENACE.

There remains a formidable problem, calling for all the energy and determination which President Chiang-Kai Shek has shown himself to possess in ample measure. I refer to the Communist menace.

For the last two or three years large parts of Central and Southern China have been ravaged and held in terror by so-called "Red" armies, consisting of bandits, disbanded soldiery, and ruined and desperate peasants, organised more or less under Communist leadership. In certain areas the Civil Government is said to have been superseded by Soviet organs, which have set up their own system, and even established schools and banks on the Communist pattern. The movement reached its height last summer, when Changsha was seized and looted and Hankow seriously threatened. The cessation of civil war having freed the hands of the Government, military measures are now on foot, the outcome of which we await with considerable anxiety. Early reports of the success of the operations have not been too encouraging.

The movement is largely a natural outcome of the misery wrought on the people by militarism and war. In so far as this is the case, the only effective cure lies in bettering local conditions by the establishment of peace and good government. If these should not be forthcoming there is ground for the gravest fears as to what may eventually happen.

With the fall in silver and the world slump in prices, added to the internal dissensions of which I have been speaking, any radical improvement in the finances and economic state of the country has naturally been impossible.

NATIONAL EXCHEQUER.

As regards the national exchequer, the current needs of the Government required the issue during the year of new loans—on the security chiefly of the Customs—amounting to \$174,000,000, and making a net increase in the internal national debt of slightly over \$90,000,000. The introduction of a budgeting system is still being awaited, but a step in the right direction was taken by the Minister of Finance, who published a general financial statement early in the year. A series of reports by the Kemmerer Mission has been published, containing schemes, *inter alia*, for the adoption of a gold standard for China's currency. An initial move in this direction was made in the month of January, when the collection of import duties was placed on a gold basis. This arrangement furnishes the Government with substantial gold funds, of great value in present conditions for meeting their overseas debts.

The Maritime Customs duties, now greatly augmented under the new tariff, continue to provide the main source of national revenue. The interests alike of the Government and of commerce and shipping are closely bound up with the integrity of the Customs service, and the gravest misgivings were caused by the seizure last summer of the Tientsin Customs by the Northern faction, in whose hands it remained for four months. Happily

Marshal Chang on obtaining control in Tientsin restored the central Customs authority.

CUSTOMS COLLECTION FOR 1930—THE NEW TARIFF.

The Customs collection for 1930 of Haikwan Taels 180,000,000 shows an increase of 28,000,000 over 1929. This represents an 18 per cent. increase, though translated into terms of gold the value of the collection was 12 per cent. less than in the previous year. To the increased revenue the port of Shanghai contributed 17,000,000 taels and Canton 3,500,000. Tientsin, on the other hand, showed a decrease of 2,000,000, while Hankow and Dairen also registered a decline.

Although falling outside the period under review, I must make mention of the introduction, on the first day of the current year, of a new Customs tariff replacing the provisional schedule, which itself had succeeded to the flat 5 per cent. The new tariff—which, I may mention, is calculated to produce an increase of revenue of some 100,000,000 taels—has been, on the whole, not unfavourably received by mercantile interests. Simultaneously with the change of tariff the Government has ordered the abolition of likin and other irregular taxes. The new substitute taxes should, at least, have the advantage for merchants of being a fixed and determinable charge.

SALT REVENUE.

The salt revenue has now, in the main, returned to the control of the central authorities, from whose hands it had almost entirely escaped a few years ago. Last year it approached \$150,000,000, making a good second to the Customs. Deficiencies in the quotas remitted by the districts for the service of foreign loans secured on the salt revenue have been made up, and the liquidation of accumulated arrears has proceeded in punctual observance of the Finance Minister's plan. Recognition is due to Mr T. V. Soong, whose concern for China's foreign credit—and, if one may venture to add, able tenure of his very difficult office—has earned high opinions in financial circles abroad.

In contrast to the Customs and salt obligations, the defaults on the railway loans continue to mount up, the amount overdue on three loans alone, issued wholly or partly in Great Britain, amounting now to almost £6,750,000! Private foreign creditors for railway material are also still awaiting the payments due to them, but we are glad to learn from a recent statement in the House of Commons in connection with the remission of the British Boxer Indemnity that our Government have received a promise from the Chinese Government that the outstanding debts due to British merchants for railway material will be settled at an early date.

QUESTION OF DEBT SETTLEMENT.

Debt settlement as a whole is coming to the fore. In November the Government invited representatives of the foreign Governments concerned to a preliminary conference. I understand that little has yet been proposed in the way of a definite plan, but the British Legation has taken in hand the collection of British statements of claims, and it is some satisfaction to know that the Chinese authorities have at last made a start in tackling the problem. I trust that they will soon find the occasion to prove the sincerity of their intentions. Of course the settlement of their overdue obligations, on terms acceptable to the creditors, must depend on peace in China and on the degree of the Government's success in reordering the national finances, a task in dealing with which Mr Soong and his colleagues have our sincerest good wishes.

RAILWAYS.

The rehabilitation of the railways, which the Chinese Government have rightly put in the forefront of their programme of national reconstruction, advanced little under the conditions prevailing last year. New construction was confined to the pioneer lines in Manchuria, which are being slowly but steadily pushed forward. As regards the depleted rolling stock, replacements have probably, at most, kept pace with the wastage due to military usage. The British Boxer Indemnity settlement promises, however, substantial benefits to China's railways. According to the terms of the Bill awaiting the final sanction of Parliament, some £7,000,000—half of it ready money—will be spent in the United Kingdom for the purchase, mainly, of railway material, while most of the balance of £4,000,000 will be free to be used for railways and other public works, though the whole amount is regarded as an investment, eventually recoverable from profits, to be used as a fund for education and similar purposes. This solution—providing as it does for China's most urgent needs on both the physical and intellectual planes, while at the same time helping our own country in dealing with unemployment—deserves to be warmly welcomed in both the countries concerned. I will only add a word

of congratulation to our Hongkong University on receiving a grant of £265,000 from that part of the accumulated fund which is being applied forthwith to educational objects.

LINKING UP OF THE CANTON-HANKOW LINE.

The portion investable in railways is likely to be devoted—we are given to understand—to the linking up of the Canton-Hankow railway. The completion of this trunk line, of great benefit to China, on political, no less than economic, grounds, will bring to fruition the plans taken in hand more than 20 years ago by our bank and its associates in the Hukuang Railways Loan. Unfortunately the part of the country through which the line must run is in the heart of the Communist trouble, and little can be accomplished until the latter has been dealt with and the districts restored to order.

Looking at things as a whole, if China can now maintain peace and political stability she should soon be able, with international assistance, to tackle effectively her three major and inter-related problems: the consolidation of debt, the disbandment of excess soldiery, and the reconstruction of railways and other means of transport. The "if" hinges not a little on the outcome of the forthcoming People's Conference.

ABOLITION OF EXTRATERRITORIAL RIGHTS.

I must now pass on to the subject of the abolition of extraterritorial rights. This vital subject has for several years past been faced fully and frankly in speeches from this chair, and I shall follow the precedent set by my predecessors. To burke discussion of the question on account of its manifold difficulties is, I think, a mistake. Our general attitude towards abolition was defined by your chairman last year, and I need not repeat his remarks. The past twelve months have brought us, however, much closer to the issue. Negotiations between China and the principal foreign Governments are proceeding, the Chinese Government have declared their intention of settling the question in the early part of this year, and there is not a little reason to expect that the matter may come to a head before the date of the People's Conference in May.

The need for revision of the treaties, and the determination of the Chinese people to see it effected, are facts which we recognise, and the problem, from our point of view, is one of securing fair and reasonable safeguards to carry foreign firms and nationals over the dangers of the transitional period, which jurisdiction and administrative control are passing into Chinese hands.

VIEWS OF H.M. GOVERNMENT'S SPOKESMAN.

There are sections in China impatient for an abrupt termination of all special privileges and rights. The demand for this was answered by the spokesman of His Majesty's Government at the last annual dinner of the China Association, and I cannot do better than quote the words then used. Foreign jurisdiction (the speaker said) was always an anomaly, but an anomaly corresponding to an anomalous state of affairs, and its sudden removal would be a worse and more dangerous anomaly still, both for the Chinese and for British subjects in China. The ultimate goal, he remarked, is complete reciprocity—China protecting our nationals and assuring them justice equally full and complete as that given by the British Government to Chinese citizens under their jurisdiction. But (he added) this can only come by a process of evolution, and the immediate task is to discover a progressive solution of the problem which can be embarked on without delay with mutual good will and satisfaction to both parties.

The need of the moment is, as these words imply, to bridge over the time while the Chinese Government is still engaged in consolidating its control throughout the provinces of China and of establishing an unquestioned authority which will justify it in assuming the full responsibilities of a sovereign Government towards foreigners living in its territories. It will greatly help to reduce to a minimum the risks of international friction—a matter surely of equal interest to both parties—if Nanking will take a similar view to that quoted above and will shape their demands accordingly.

The rendition of Wei-hai-wei on October 1st of last year and the agreement for handing back the British Concession at Amoy marked a further stage in China's recovery of foreign-controlled territories. A demand is reported to be already on foot for the rendition of the remaining foreign concessions at Hankow.

STATUS OF SHANGHAI.

As regards the supreme question of the status of Shanghai, the only event to record is the addition of two more Chinese members to the Municipal Council of the International Settlement, bringing their numbers from three to five. The report under prepara-

tion by Mr Justice Feetham, who has devoted the past year to his study of the conditions, will no doubt greatly assist the council in attacking the serious problems which the rapid growth of Shanghai and the political developments of the last few years have brought into being, and will also, we may hope, help in bringing into accord Chinese and foreign views. I think that I should not be wrong in saying that during the last year or so the state of feeling has become increasingly propitious for an amicable agreement.

PROSPECTS FOR CHINA'S TRADE DEVELOPMENT.

I have deferred till the end of my speech a few remarks which I have to make about the prospects for China's trade development in the years immediately ahead. The outlook depends so entirely on internal political conditions that it seemed best to deal with the latter first. If we agree, as I personally think we may, that the record of last year strengthens the chances of peace and order in China and of a stable Government able to take in hand the work of reconstruction the trade prospects are immense. No part of the world compares with China in the virgin fields which it offers for growth of trade. Szechuan province alone, rich in natural resources and with a population of at least 80,000,000, has hardly begun to trade with the outside world. Restoration of the railways and some few hundred miles of new railway construction would have enormous results. It is true that China may quickly develop industries to supply much that she now imports from abroad, but other examples show that this process has the effect of expanding overseas trade, though, naturally, altering its character. A ready adaptability to the changes of the times is one of the greatest needs for the foreign trader with China. Meantime, among the threatened changes there is one which, I think, deserves special mention.

MENACE OF SOVIET DUMPING.

The china markets are not exempt from a danger which is looming up in many parts of the world—namely, Soviet dumping. (I use the word in its loose sense of landing goods to be sold at under-cut prices.) The process has started already, and I fear we must be prepared for a possible rapid development. How to deal with this danger of having the markets of the world flooded by Soviet goods, produced and marketed under conditions utterly alien from the standards of other countries, is a question which I cannot undertake to discuss, but it is one which, I feel, deserves close study and thought by all those affected, and there are few, indeed, to whom this does not apply.

In conclusion, I have to ask your confirmation of the grant to our staff, as voted by the directors, of a 5 per cent. bonus on their salaries, being at the same rate as last year.

I now beg to propose the adoption of the report and statement of accounts, and after this has been seconded I shall be pleased to answer to the best of my ability any questions which shareholders may have to ask. (Cheers.)

MR MOXON ON THE DEBACLE IN VALUE OF SILVER.

Mr Moxon, seconding the motion, said: Gentlemen,—In the world to-day, and particularly in China, there is one topic that absorbs and interests all thinking men and women, and that is the debacle in the value of silver.

Here in the Far East it affects everything we do, or buy, or sell, or eat, or wear—small wonder that from the poorest coolie to the Great Taipan it is the subject of much speculation, much argument and much worry.

Half the population of the world still uses silver as its money metal—a metal which "neither moth nor rust can corrupt" and suitable in every way for metallic tokens.

In India the savings of a lifetime frequently take the form of articles made of silver. In China silver has been used as a measure of value for some 2,000 years.

It was a dangerous step to legislate for the elimination of the white metal, and thereby help to cause its debasement in price.

The consequences of that policy are not yet fully apparent, but the trade balance of the world must be altered, and that not in favour of the West, I should say.

I believe I am correct in stating that the price of silver, for many years, has fluctuated slightly in advance of commodity prices—and, therefore, it seems in some measure to be a trade barometer.

All these facts must be well known to those who control our mortal destinies—and, for my own part, I can only hope that what I should call the silver catastrophe may yet be ameliorated by prompt and wise international action.

That it is possible to rise superior to circumstance is evidenced by the report now before you, and I would most heartily congratulate Mr Grayburn and his staff on the excellent achievement of his first year of office—a most difficult and trying year it must have been.

COMPARISON OF BALANCE-SHEET FIGURES.

I would commend to the attention of shareholders the following remarkable comparison of figures connected with the balance sheets of this bank.

In 1881, the net profit for the half-year ended December 31st was \$485,645.48; \$200,000.00 of this sum was placed to reserve fund, and a balance of \$8,580.59 was carried forward to credit of a new profit and loss account.

Fifty years later, in 1931, the net profit for the whole year ended December 31st is, as you see, \$24,114,208.58, and \$3,429,093.38 is carried forward.

After making due allowance for increased capital and depreciation in the value of the dollar, I think you will all agree that the bank has a record to be proud of and that its progress during the last half-century is a fine monument to its management and a happy augury for the future.

With these few remarks, sir, I have great pleasure in seconding the adoption of the report and statement of accounts now before this meeting.

The report and accounts were unanimously adopted.

Mr G. H. Potts proposed that the appointments of the Hon. Mr J. J. Paterson and Mr G. Miskin be confirmed, and that Messrs J. A. Plummer, B. Lander Lewis, and T. E. Pearce be re-elected directors.

Mr Fung Kong Un seconded the proposal, which was carried unanimously.

Mr K. S. Morrison proposed that Mr C. Bernard Brown and Mr John Fleming be reappointed auditors.

Mr Wong Ping Sun seconded the proposal, which was carried unanimously.

Mr C. E. H. Beavis said: Gentlemen,—In view of the favourable report of the past year's working of the bank, which has been presented to us to-day, I feel convinced that the resolution I now rise to make, in regard to the payment of the directors' fees, will meet with your approval.

DIRECTORS' FEES.

The resolution which I am now proposing is that the fees of the directors of this bank shall be the sum of £5,000 sterling or its equivalent in Hong Kong currency at the date of payment instead of the existing fees of \$50,000.00.

In moving this resolution I may remind you that the fees of the directors were originally \$20,000.00 per annum, and in the year 1894 these fees were raised to \$30,000.00. In 1921 the fees were increased to \$50,000.00 per annum, and when the motion for such further increase was passed it was pointed out that the capital of the bank had been doubled and that its liabilities had increased nearly four-fold, and since that date there has, in spite of the difficult times through which we have passed, been a further substantial increase in the bank's activities, as we are all aware.

I beg, therefore, to move the following resolution:—"That the annual fee of the directors of the Hong Kong and Shanghai Banking Corporation be the sum of £5,000 instead of the existing fee of \$50,000.00."

Mr J. H. Seth seconded the resolution, which was carried unanimously.

The proceedings then terminated.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

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NATIONAL PROVIDENT INSTITUTION.

RECORD NEW BUSINESS—INCREASED BONUSES.

The ninety-fifth annual meeting of the National Provident Institution was held, on the 27th ultimo, in London.

The Hon. Vicary Gibbs (the chairman) said that their new business had again been very satisfactory, policies of over £1,700,000 gross having been issued during the period. The actual net new business completed during the year ended December 31st last was £1,555,400, a figure which had never previously been reached in the history of the institution. Their mortality experience had been favourable; the amount of claims for rather more than thirteen months being £350,453, as compared with £393,536 for the preceding twelve months.

The gross rate of interest earned had increased from £5 12s. 9d. per cent. to £5 13s. 9d. per cent., but owing to the increase in income tax the net rate had fallen from £4 14s. 6d. to £4 12s. 1d. per cent.

Referring to the progress of the institution since the last valuation was made as at November 20, 1927, and the results of the present valuation, the chairman said that their funds continued to expand, an increase of over £750,000 being shown during the period under review. The interest income had expanded correspondingly, and the permanent premium income also showed healthy growth.

The valuation balance sheet revealed a surplus of no less than £1,374,303, of which the directors had decided to divide £964,608, and, after doing this, they will still be able to carry forward £409,695, which was more than was carried forward three years ago. The amount now available for distribution enabled them to declare bonuses at increased rates all round, which was a matter for congratulation to all concerned.

In the case of whole-life policies the basic rate of bonus was increased by 20 per cent. as compared with the 1927 rate, and they had maintained the principle of giving an additional bonus to all those who had survived the expectation allotted to them. In the case of endowment insurances the basic rates of 1927 remained unchanged, but the rate of "survival" bonus payable only if the full term of the policy was completed had been doubled and a new feature introduced of an additional bonus payable either at death or on survival to maturity of the policy in every case where more than fifteen years' premiums had been paid.

The report and accounts were unanimously adopted.

BRITISH ALUMINIUM COMPANY, LIMITED.

EXTENSIONS AT LOCHABER.

The annual meeting of the British Aluminium Company, Limited, was held, on the 31st ultimo, at Winchester House, London, Mr R. W. Cooper, O.B.E., M.C. (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that the profit, £387,685, showed a decline of £55,417, partly through the transfer of Government and other investments into their industrial enterprises, with consequent decrease in interest and dividends received, and partly through the industrial depression. In the current year they must be prepared for some diminution of business, in which case the conservative policy of the past would stand them in good stead, but they hoped that a revival of the world's trade, fostered by a wiser economic policy for this country, would benefit the industry. If the home industry were adequately safeguarded, they saw no reason why the large imports of products similar to those manufactured by the company should not be supplied by the efforts of British workpeople without increased cost to the user.

Their subsidiary, the North British Aluminium Company, Limited, which commenced production of aluminium in December, 1929, reached maximum output last July. In spite of the partial output and the difficulties attendant on the first year's operations of a large and new works, that company in 1930 made a profit only a few thousand pounds short of the year's interest charge. The Lochaber Power Company had been granted an extension to July, 1933, for the completion of its works. The next stage of the civil engineering work had commenced. The power plant extensions, when completed, would materially reduce the capital cost per unit of power available; and they would then possess, through the subsidiary company, by far the largest hydro-electric installation in this country. The works already completed operated satisfactorily during the year. The efficiency and economy already realised would be further increased when the extended works were finished. They had again allocated £50,000 to depreciation reserve, making it £1,000,000; and £50,000 to reserve account, which now also was £1,000,000; and for the eighth successive year £10,000 was transferred to the staff benefit fund. The proposed final dividend of 6 per cent. on the ordinary shares (making 10 per cent. for the year) would leave £47,496 to be carried forward. The company was in a strong position, and they had every confidence in the future.

The report and accounts were unanimously adopted.

THE NATIONAL BANK OF INDIA, LIMITED.

DIFFICULT BUSINESS CONDITIONS.

STRONG LIQUID POSITION.

SIR CHARLES McLEOD'S REVIEW OF THE YEAR.

The ordinary general meeting of shareholders of the National Bank of India, Limited, was held, on the 31st ultimo, at the Wesleyan Hall, Bishopsgate, London, E.C.

Sir Charles C. McLeod, Bart. (the chairman), presided.

The General Manager (Mr Ross Munro) read the notice convening the meeting and also the report of the auditors.

The Chairman—Gentlemen,—The report of the directors and the accounts to December 31, 1930, have been in your hands for some days, and I presume you will allow me as usual to take them as read.

To begin with, I should like to express our regret at the loss we have sustained in the death of our friend and colleague Mr Robert Miller, who died on November 20th last. Mr Miller was appointed to the board on May 23, 1897, and served in the capacity of director for thirty-three years. Keenly interested as he was in all matters connected with India, his counsel was always of great service to the bank, and as a good friend his loss is much felt alike by the board and his many friends who are shareholders.

In Mr Miller's place we have appointed Mr J. A. Swan, chairman of Messrs Steel Brothers and Company, Limited, to fill the vacancy on our board, and it will be necessary for you to confirm his appointment and to re-elect him.

PROFIT AND DIVIDENDS.

The result of our year's operations is a net profit of £480,329, as compared with £511,132 for the previous year. This, together with the amount brought forward from the previous year, shows an available balance of £758,791 to be dealt with. Out of this sum we have already paid an interim dividend at the rate of 20 per cent. per annum, free of income tax, for the half-year ended June 30th last, absorbing £200,000, and we propose to pay a further dividend at the same rate, also free of income tax, for the half-year ended December 31st; to add £50,000 to officers' pension fund; to transfer £30,000 to contingency account, and to carry forward a balance of £278,791.

All bad and doubtful debts have been fully provided for before arriving at the foregoing results.

The question of continuing to pay our dividends tax free, as we have been doing, was carefully considered by your directors, and looking to the figures I have given you they did not consider it necessary to make any change at present. Naturally we hope it may not be necessary to do so in future, but you will recognise that the general trade depression is being felt acutely in the territories we serve, and the present trend of events in India is not such as to lead us to look for an early return to more prosperous times.

BALANCE SHEET FIGURES.

The total of the balance sheet is slightly less than that for the previous year—namely, by £844,297. The largest item—current, fixed deposits, and other accounts—shows a total of £30,860,471, or a reduction of £606,851 as compared with the total at the end of December, 1929, and I think that you will agree with me that this is a very modest reduction in view of the conditions which have prevailed in India and the keen competition by Government for money by way of Treasury Bills. Of the latter, Government issued during the year Rs. 138 crores, and the balance outstanding at December 31st was Rs. 57 crores, as against Rs. 35 crores at the end of the previous year.

The most notable changes in the other accounts are a net increase of £2,089,997 in our securities, a reduction in bills of exchange, including Treasury Bills, of £1,666,818 and a reduction of £771,275 in advances.

Considering the difficult times which we have been passing through I think you will agree that the results and the figures put before you are eminently satisfactory.

All our securities are gilt-edged and stand in our books at or under market value, and the total thereof, together with our cash and bullion on hand and in transit amounting to £4,555,755, shows a very liquid position and a very handsome security to our depositors.

Our house property account has been so largely written down in the past that we have not deemed it in any way necessary to write it down further at present.

THE RUPEE RATIO.

A subject which has given rise to much apprehension during the past year has been the maintenance of the 1s. 6d. ratio. The fear of an alteration induced many to remit money out of India, and this was done notwithstanding assurances given on different occasions by the Finance Member to the effect that the ratio would be upheld. Recently the Secretary of State for India stated, in reply to a question in Parliament, that it was the intention of Government to maintain the price of the rupee at the figure of 1s. 6d., and that the Government regard the rupee ratio question as having been settled in 1927, when the Indian Legislative passed the Currency Act by which the rupee was fixed at 1s. 6d., and that the Government would use all the means in their power to maintain this rate in accordance with their statutory obligations. This pronouncement has created a much better feeling, which is evidenced by the higher rates of exchange now ruling in India. The fluctuations during the year have not been material.

POLITICAL SITUATION AND TRADE POSITION.

When I addressed you last year I stated that we did not consider the falling off in trade attributable to political conditions in India, but rather to the general depression in trading conditions. I cannot repeat this view, I am sorry to say, as there is no doubt that Congress propaganda has caused a serious restriction in imports by boycotting British goods—particularly cloth goods. It is quite impossible to compute in figures even approximately what that loss amounted to, but we do know it is enormous, besides seriously disturbing the legitimate course of import business. The present position is obscure. It was understood that the outcome of the recent agreement between the Viceroy and Mr Gandhi would be the cessation of the active boycott of British goods, though a preference for Indian-made goods was recognised as legitimate. In effect, this meant a recommendation to "Buy Indian" just as we in this country employ the slogan "Buy British." Actually, however, the Bombay extremists in the Congress Party appear to be resenting the Irwin-Gandhi pact, and, so far as we can appreciate the situation, the boycott does not appear to have been abated in that city. Whatever may be the outcome, it will undoubtedly take a long time to get business going again on normal lines.

The balance of trade in favour of India has come down from 53 crores in 1929 to 45 crores in 1930. I will, as usual, give you some interesting comparative figures of some of the principal commodities. The total exports from India (including re-exports) in value have fallen from 328 crores in 1929 to 257 crores in 1930. Imports show a heavy decline from 248 crores to 184 crores. Cotton, raw and manufactured, is once more at the top of exports, with a total value of 60 crores, but lower by 14 crores from 1929. She imported over four crores' worth of raw cotton, of which nearly three crores' worth came from East Africa. The imports of cotton goods fell from 61 crores in 1929 to 36 crores in 1930, and of this the United Kingdom contributed 21 crores, against 38 crores in 1929, and Japan imports were 9 crores, against 13 crores in 1929. The value of jute exports (raw and manufactured) fell from 82 crores in 1929 to 53 crores in 1930. The wheat figures are interesting, exports having risen to 193,690 tons, as against 14,204 tons in 1929, while imports have fallen from 706,331 tons in 1929 to 190,999 tons in 1930. The rice crop in Burma was a heavy one, and in 1930 3,431,000 tons were exported, on much the same lines as the previous year, except that China took a much larger quantity than usual. The price of paddy in Rangoon fell from Rs. 147 to Rs. 80.

There has been little fluctuation in the Imperial Bank rate, which averaged 5.837 per cent., as against 6.323 per cent. the previous year. The net imports of gold into India were down to £11,850,000, as against £13,375,000 the previous year, while silver showed a substantial increase, being £9,180,000, as against £5,480,000 in 1929. This latter commodity has touched record low levels. It stood at 14½d. on December 31, 1930, and since then has at one time been as low as 12d. The lowest figure before the war was 21½d.

SURVEY OF INDUSTRIES.

In Bombay the cotton trade has not yet shown any substantial recovery, but it is natural to expect that before long the mills will be reaping the benefit of the smaller imports of cotton goods, and, with the raw material standing at its present low price, the prospects before the industry are better.

The jute manufacturing industry in Bengal has received rather a severe check, and mills have had recourse to a curtailment of manufacture by sealing down 15 per cent. of looms and working four days a week only, while the price of the raw material has come down to about Rs. 26 per bale of 400 lb. The manufactured article has fallen even more in proportion and margins of profit have shrunk to a very low ebb.

The tea crop in India and Ceylon was smaller owing to a system of restriction agreed to by producers in India, Ceylon and Java, but it does not appear to have had the desired effect of reducing the large stock in the United Kingdom or increasing the price of the commodity; indeed, the stocks have increased and prices are lower than has been the case since 1920. The industry is suffering from a surfeit of medium and common teas attributable principally to an abnormal extension of planting in the Dutch East Indies during the past few years. Indian and Ceylon interests have petitioned the Chancellor of the Exchequer to reimpose discriminating duties, and the introduction of these would appear to be desirable in the interest of Empire-grown teas.

The coal industry in India continues to improve.

Conditions in East Africa have been very unfavourable, the fall in the prices of sisal, maize and coffee contributing to a period of leanness. If we take sisal as an example—a year ago the price was about £35 per ton—to-day it is £16; and quite £4 or £5 under cost of production. The Uganda cotton crop last year has only turned out some 126,000 bales, as against 204,000 bales the previous year. Let us hope conditions will improve during the current year.

CONDITIONS IN INDIA.

Having recently been to India you will expect me to give you some idea of conditions out there. The political position is obscure and the Press gives you more than I can on that subject. We can only deal with it as regards its effect on our trade with India, and in that particular aspect I am not very happy about it. Apart from the fact that the price of almost every commodity has fallen to low levels, engendering a want of confidence in buyers, the financial position is far from satisfactory. Income and other taxes have been substantially increased in order to balance the deficit in the Budget and meet an ever-increasing revenue expenditure. The result of the Round Table Conference appears to have pleased certain sections of the Indian community, but whatever Constitution is eventually agreed upon will take some years to materialise, and meantime the uncertainty makes business increasingly difficult. We can only wait and watch events. Our concern must be that adequate safeguards will be provided for all classes. In case the picture of India which any of you may have conjured up from what you read in the Press may be such that you are led to conclude a state of general antipathy between Indian and Britisher, I am happy to be able to inform you that such is not the case. Although the small but exceedingly vocal section of the community, generally known as the extremists, have made some attempt to stir up feeling against British banks, they have made but little impression on the shrewd common sense of the Indian business man, and the relations between the bank and its Indian constituents remain as friendly and as satisfactory as ever.

Before closing I would like to add how much we are indebted to the continued efficiency and loyalty of our managers and staff, whose efforts contribute so materially to the satisfactory results we are able to attain.

After this resolution has been seconded by Mr Langford James, and before I ask you to vote upon it, I will be glad to answer any questions to the best of my ability.

I now beg to propose:—"That the report of the directors and statement of accounts for the year ended December 31, 1930, be received and adopted, and that a dividend for the six months to December 31, 1930, at the rate of 20 per cent. per annum be paid on the shares of the company registered at this date, the same to be payable, free of income tax, on and after April 1, 1931."

Mr R. Langford James (deputy-chairman):—Mr Chairman and gentlemen,—It gives me great pleasure to second that resolution. After remarks by Mr Frederick Tomkinson and Mr Evan MacRury, the resolution was put to the meeting, and carried unanimously.

The Chairman: I rise with pleasure to propose:—"That the appointment of Mr J. A. Swan as a director of the bank be confirmed and that he be re-elected."

The Hon. E. Julian Hawke: I have much pleasure in seconding that.

The resolution was unanimously adopted.

Mr R. Langford James: Gentlemen,—I rise to propose the re-election of the retiring directors—the Chairman and Mr Julian Hawke. There was recently in London a director of a very large foreign bank, and I was interested to hear that he had expressed

the greatest astonishment that the directors of British banks did so much work for the institutions which they serve. I gathered from remarks made by this gentleman that the services rendered by himself and his 74 co-directors to the bank of which they constitute the board were of an extremely perfunctory nature, and that they are not called upon to render anything else. It may be some satisfaction to the shareholders to know—particularly in these very hard times—that, with regard to the National Bank of India, the converse holds good. We all do, I think, what we can for the bank, but more particularly the services rendered to the National Bank in the past and still being rendered by the chairman are quite outstanding. (Hear, hear.) I must confess that it is a temptation to me to elaborate this speech and to become more eulogistic, but I will content myself with saying that Sir Charles is a chairman of whom we are all extremely proud. (Hear, hear.) It gives me the greatest pleasure, gentlemen, to propose:—"That Sir Charles C. McLeod, Bt., and the Hon. E. Julian Hawke be re-elected directors of the bank."

Sir John P. Hewett, G.C.S.I., K.B.E., C.I.E: Gentlemen,—I have much pleasure in seconding the resolution.

The resolution was unanimously agreed to.

Mr Alderman P. W. Greenaway: Mr Chairman and gentlemen,—I have pleasure in proposing:—"That Messrs Cooper Brothers and Company and Messrs W. A. Browne and Company be re-appointed auditors of the bank for the ensuing year, at the remuneration of 400 guineas per annum each, free of income tax."

Mr J. Mitchell: I beg to second that motion.

The resolution was passed unanimously.

Mr J. Irwin Davis: On behalf of the shareholders, I have the privilege of proposing a very hearty vote of thanks to the chairman and directors for the care and prudence exercised in conducting the affairs of the bank during the past year, and also to the general manager, managers, and staff for their valuable services.

We have listened with very great interest to the able speech of our chairman, who has told us something of the many difficulties which have beset the bank during the past year. Considering the disturbed state of India, and the greatly reduced volume of business in consequence, our directors are entitled to regard the results with every satisfaction. By judicious management they have withstood a sea of economic troubles, which has caused the wreck of some of our oldest and most important industries.

Apart from the inevitable decrease in profits, the bank has weathered the storm without hurt or damage, its stability unimpaired and ready, when peace and normal conditions have been restored, to take advantage of the tide, which we hope may lead to an era of still greater prosperity than hitherto. Whatever else India may be able to do without, the British Bank is indispensable. Britain holds the records for land, sea and air, but, as recent events have proved, she has added yet another record of far greater importance than either of these—our chairman, I think, was too modest to mention it—British banking leads the world.

We have been informed by an eminent statesman that the depression in trade throughout the world is due to the mishandling of monetary matters by the City of London. That sort of thing may serve as an exhibition of political fireworks, but neither the City nor the country can be run on schemes of reckless finance. Happily the City of London is not dependent on the financial judgment of the House of Commons. The future prosperity of the Empire depends on the solidity of its credit.

The structure of this bank has been built up in a period of many years, during which our directors have pursued a policy of safety first, each year adding something to the strength of the building. Most important of all, they have been supported by a loyal and united party, a hard-working staff, who through dangers and difficulties have served the bank faithfully and well, and to whom our best thanks are due.

For many years this resolution has always received our unanimous support. If it were possible for us to give it a warmer and more hearty reception to-day, certainly the present occasion demands it.

Mr D. C. Lee: Gentlemen,—I should like to second the resolution.

The resolution was passed unanimously.

The Chairman: Mr Irwin Davis,—I am sure that my colleagues on the board and I are very much obliged to you for the kind remarks you have made, and to you, gentlemen, for the way you have received them. It is very encouraging to us, and we much appreciate it. Mr Munro is too shy to reply on behalf of the staff, and I am instructed by him to do it for him. I am sure they also will appreciate what has been said about them, and those who are abroad will be equally glad to see the reception that has been accorded to their services in this room to-day.

The proceedings terminated with a hearty vote of thanks to the chairman.

THE MERCANTILE BANK OF INDIA, LIMITED.

SATISFACTORY RESULTS—USUAL DIVIDENDS MAINTAINED.

WORLD DEPRESSION AND ITS CAUSES.

MR J. M. RYRIE REVIEWS CONDITIONS IN INDIA.

The thirty-eighth annual general meeting of the shareholders of the Mercantile Bank of India, Limited, was held, on the 31st ultimo, at Winchester House, Old Broad Street, London, E.C., Mr J. M. Ryrie (the chairman) presiding.

Mr J. Steuart (the chief manager) read the notice convening the meeting and the auditors' certificate.

Mr Ryrie said: Gentlemen.—I expect you will, as usual, permit me to take the directors' report and the accounts as read.

The absence of Mr Robinson to-day is, I regret to say, due to the fact that, having gone to New Zealand for a health trip, he is detained there by illness, but I am sure you will join me in expressing the hope that he will soon be with us again and quite restored to health.

You will be asked to confirm the election of Sir Charles Coupar Barrie to fill a vacancy on the board, and I need not say how fortunate we consider ourselves in having secured the services of a director with such a wide experience of banking and commerce generally.

FALL IN PRICES—OVER-PRODUCTION.

It is not necessary for me to remind you of the acute and world-wide depression of the past year, as we are all feeling the effects of this, and no doubt you have studied the views, both practical and theoretical, as to the causes to which this depression is attributed by the chairmen of the big banks and other eminent economists, but perhaps you will expect me to express my views on the situation. It is, I think, to the catastrophic fall in prices that we must look for the cause of this depression, and it is in their efforts to account for the decline in prices that our leading authorities differ so much, but, while no doubt other factors have contributed, the fact is that supply has overtaken demand. I do not believe that a scarcity or the maldistribution of gold is necessarily responsible for the fall, nor do I believe that a different monetary policy would have altered the situation; indeed, I think that, beginning with the boom after the war, and again during a more recent period, credit was granted too freely and with the result that inflation and over-production followed. The various vain attempts to hold up prices in the face of over-production by means of pools and schemes to restrict supplies have also proved a source of weakness. The maldistribution of gold is the effect rather than the cause of the fall in the price level and due to the difficulty debtor countries, particularly those producing primary products, have in discharging their obligations owing to low prices and high tariff walls, while, of course, the purchasing power of such countries has been reduced. Then, in spite of her large holding of gold, the United States is suffering equally with other countries from low prices, depression in trade and unemployment, while, if there were any real scarcity of gold, money would not be so cheap as it is to-day, and this being the position we must attribute the fall in prices and the consequent depression to causes other than a lack of credit.

WHOLESALE AND RETAIL PRICES.

There is disequilibrium between production and consumption as the result of the low prices ruling for primary products and the comparatively high prices demanded for manufactured articles, and until this loss of balance is adjusted we are not likely to see any improvement in trade generally, and as prices of raw materials are already so low the adjustment must come from a reduction in the cost of manufactured goods, into which wages, in this country particularly, enter so largely. The disequilibrium to which I have referred is illustrated by the fact that, while we are buying our raw materials at more or less pre-war prices, we are demanding about 50 per cent. above the pre-war level for the goods we export, this being due to the disparity between wholesale and retail prices, the latter of which are responsible for the still high cost of living and which in turn stands in the way of a reduction in wages. There is evidence of all this in the figures published by the Board of Trade relating to our imports and exports last year, the imports being £1,140,000,000 and the visible exports only £748,000,000, the excess of imports over exports being therefore £392,000,000. But from this, of course, invisible exports such as income from shipping and overseas investments—both of which compare unfavourably with the previous year—amounting to £431,000,000, have to be deducted, leaving a balance of payments in favour of this country of only £39,000,000, which compares

with £138,000,000 in 1929, and does not leave very much margin for overseas loans. Then according to a preliminary computation made by the *Economist* of industrial profits in 1930 for the purpose of showing the trend of earnings, and which includes the results of 439 companies, there was an average decline in profits of over 8 per cent., when comparison is made with the previous year. The earnings of twenty-three banking companies declined by 11 per cent., those of thirty rubber companies by over 100 per cent., and of twenty-four textile companies by 53 per cent.

INDIA.

On this occasion last year I had to report unfavourably upon the conditions in India and to-day, I regret to say, I can only describe the course of events during the past year as depressing and deplorable. It was to be expected, of course, that India would participate in the world-wide depression and, like other countries producing primary products, would suffer as the result of the further severe fall in prices of cotton, jute, tea and other produce, but to this, unfortunately, has been added the ill effects of Congress activities in the shape of a civil disobedience campaign and the boycott of British goods, which have proved disastrous to the general trade of the country and brought suffering to the people. The damming effects of this political agitation upon trade and finance are to be seen in every direction and particularly in the recently published Indian Budget figures. The deficit for the year just closing is over £10,000,000, and to meet the estimated deficit of nearly £11,000,000 in the coming year it is necessary to impose increased taxation, which includes an increase in the rates of income tax and a further addition of 5 per cent. to the Import Duty on cotton goods, which had been raised from 11 per cent. to 15 per cent. on March 1st last year, and is, therefore, now 20 per cent., the import duty on silver being also increased. Then in both the Bengal and Bombay Presidency Budgets deficits have to be met, while the railway budget discloses a working loss of £3,840,000 for the year ending to-day.

FINANCIAL DIFFICULTIES FOR INDIAN GOVERNMENT.

I need hardly say this unfortunate position of affairs has created great difficulties for the Government of India, if only in the field of finance, and in order to maintain exchange the Government raised the internal price of money by large issues of Treasury bills, thus contracting credit, and at the same time contracted currency, while to meet their obligations in London they issued sterling loans at high rates of interest. The relative value of money in India to that in London attracted foreign money to that country for temporary investment in Treasury bills and caused an unusual disparity between ready and forward rates of exchange. As a result of this and a lack of confidence on the part of the mercantile community, due to rumours as to the future of the ratio, the banks were unable to obtain cover to meet the demand for forward remittance, and for a time at least forward operations were difficult to arrange, and this weakness in exchange made it not only difficult for the Government of India to effect the required remittances to London, but obliged them to sell sterling at the statutory rate. But it is satisfactory to learn from both the Secretary of State for India and the Indian Finance Minister that the Government of India will use all the means in their power to maintain the 1s. 6d. ratio in accordance with their statutory obligations, while Sir George Schuster has issued a warning to the effect that a change from 1s. 6d. to 1s. 4d. would be harmful to the financial welfare of India.

INDIA'S FOREIGN TRADE.

The restrictive effects on the foreign trade of India of not only the world-wide depression and fall in prices, but the civil disobedience movement and the boycott, come out clearly in the figures relating to imports and exports in the past year. The value of imports of merchandise in round figures declined from £186,000,000 in 1929 to £138,000,000, while the corresponding figures relating to exports of merchandise are £241,000,000 and £189,000,000. The imports of gold last year amounted to £11,750,000, which compares with the £13,250,000 of 1929, the net imports of silver, on the other hand, increasing from £5,500,000 to £7,000,000. The total visible balance of trade in favour of India, therefore, was about £34,000,000, against about £36,000,000 in the previous year, which,

under the conditions prevailing, is not unsatisfactory. But as the result of the boycott particularly the British share of the imports of cotton goods declined in both volume and value by almost a half, the comparative figures being 1,374,000,000 square yards and £26,000,000 in 1929, against 778,000,000 square yards and £13,750,000 last year. But the Bombay cotton mills have also suffered from the depression in India and dictation on the part of Congress, with the result that, while the position of these mills improved last year, the losses of 76 mills in 1929 are estimated at about Rs. 3½ crores, or £2,500,000. The Calcutta jute mills also experienced another lean year as the result of the serious fall in the price of raw jute and over-production, the value of the shipments of jute goods being only £28,000,000, as compared with £40,000,000 in 1929. But in the days of prosperity the jute mills established substantial reserves and, therefore, are in a better position to tide over bad times than the Bombay cotton mills, though, with a view to placing the industry upon a more competitive basis, there is a movement on foot to bring about a large merger of the latter mills.

POLITICAL SITUATION.

It is, however, the political situation in India that is causing most anxiety at present, and much as I would like to do so I cannot avoid referring to this, particularly as, of course, the political situation is reflected in the economic position. But in the first place I wish to say that we, as a bank with a large Indian clientele, are not partisans, and whatever happens we shall be prepared to continue our policy of not discriminating between British and Indian interests. The very able, exhaustive and statesmanlike report of the Indian Statutory Commission was published in due course, and in the first volume set out a clear survey of the situation and then, in the second volume, a unanimous opinion as to the manner in which the problems should be dealt with. Then followed the Round Table Conference, at which a great deal of distrust and suspicion was removed, and at which the Princes and all the other parties concerned were represented, with unfortunately the exception of the Congress, the party, of course, whose claims will be the most difficult to satisfy. But, naturally, it was not possible at this Conference to proceed further than sketch the outline of a proposed new Constitution based upon a Federated India, leaving many important details to be worked out in India pending a further conference in London, at which it is hoped the Congress party will be represented.

A PROVISIONAL PEACE.

In the meantime Mr Gandhi has been set free and, after prolonged conversations with the Viceroy, a provisional peace, at which there was no real surrender on either side, has been established, and for this I feel we are indebted to the courage and patience of Lord Irwin in a very difficult situation. Before any new Constitution of the kind proposed can be set up, there must be not only such co-operation between Indians themselves as will settle the problem of minorities, but co-operation between Indians and British, while British rights and responsibilities in India will require to be recognised and suitably safeguarded. There must be no unfair discrimination against or restriction upon British trade in and with India. On the other hand we must remember that India has not been standing still during the last twenty years, and certainly not since 1917, when we promised her the grant of self governing institutions with a view to the progressive realisation of responsible government in India as an integral part of the British Empire, and we cannot turn back, even if we wished to do so. It is unnecessary to say that, at present, India presents a problem of immense importance and difficulty, which it will take time to solve, but it is necessary to say that, if, as is unfortunately the case at the moment in a certain section of the Press, India is made a party issue in this country, the problem will be made all the more difficult of solution.

THE BANKING INQUIRY.

There is only one other matter relative to India to which I feel I must refer as it may prove of great importance to us, and that is the Banking Inquiry set up by the Government of India to inquire into the questions of banking and credit. A Central Banking Inquiry Committee, presided over by Sir Bhupendra Nath Mitra, who is shortly succeeding Sir Atul Chatterjee as High Commissioner for India in London, has been taking evidence for some time and receiving reports from the several Provincial Committees, who have been collecting information as to local conditions. The report of this Central Committee is expected to be published shortly and we await this with interest, hoping that, as the result of the report, no action of a political nature will be taken to interfere with the services the British Exchange Banks have rendered to the trade of India for more than half a century. I do not know if the report to which I refer will deal in any way with the question of a Reserve Bank, but no doubt the proposed new Constitution will provide for such a bank to take over the

control of currency and credit and thus free Government from much unfair criticism, though of course the bank must function entirely as a reserve or central bank and be free from all political influence if it is to be of advantage to India.

Now, I have taken up so much of your time in dealing with conditions in India, a country in which, of course, we are very largely interested, that I must refer briefly to the other spheres in which our operations are carried on, and as every other country has suffered just as much as India from the effects of falling prices, I am sorry to say we have been faced with depression everywhere and a contraction of business at most of our branches.

In Ceylon there was no boycott or civil disobedience, but none the less the island has participated in the world-wide depression. There was no serious decline in the average price of Ceylon tea during the past year, but with reduced shipments the value of these fell from about £20,000,000 to £17,000,000. It is from the serious decline in the price of rubber that Ceylon has suffered most, the shipments having fallen off from 80,000 tons in 1929 to 75,000 tons last year, while in value there is the enormous decline from say £7,000,000 to not much more than £3,500,000.

BRITISH MALAYA.

British Malaya, of course, has felt the effects of not only the disastrous decline in rubber, but also the heavy fall in tin, and the condition of affairs there has been even more serious than elsewhere, with many failures of dealers in both exports and imports. The average price of rubber last year was only 5½d. as compared with 10d. in 1929, while the corresponding averages for tin are about £142 and £204. The gross shipments of rubber, which include imports from the Dutch East Indies, were 547,000 tons, against 579,000 tons in 1929, but it is the comparative values of these that bring the position home, as while the latter quantity is entered at over £50,000,000, the value of the shipments last year was not much in excess of £27,000,000. The shipments of tin, at about 97,000 tons, compare with 102,000 tons in 1929, the relative values being say £14,000,000 and £21,000,000. Then to show the loss of balance between the prices of primary products and manufactured goods, I may mention that, while the total imports into British Malaya last year are valued at £82,000,000, the exports are put down as worth only £76,000,000, the figures for 1929 being £102,000,000 and £107,000,000 respectively.

As both Burma and Siam depend chiefly upon rice, the decline in the price of this commodity hit both countries, and naturally affected their purchasing power. In Burma, business was interfered with by not only riots and disturbances of a political nature, but by an earthquake. The tranquillity of Siam was not disturbed in this manner, but none the less she is feeling the effects of the general economic depression.

The very low price of sugar has been a serious matter for Java and Mauritius, while, of course, like British Malaya, the Dutch East Indies have also suffered from the drop in the price of rubber, the shipments of which were only 14,000 tons less than in 1929, but in value only about half at £12,500,000. In view of the large stocks and in spite of the recently formed scheme to restrict output, I am afraid we cannot look for any improvement in the price of sugar in the near future, and the Government of Mauritius have again been called upon to assist the planters with a loan repayable out of the export duty, which has been substantially reduced. Then I am sorry to say that, to add to the troubles of the planters, Mauritius has recently been visited by a hurricane which has done considerable damage to the growing crop.

CHINA AND THE FALL IN SILVER.

In speaking of China, in which perhaps I may include Hong Kong, the worst and most disturbing feature of the past year was the perpendicular drop in silver from 21½d. to 14½d., with a more or less corresponding decline in the sterling value of the Shanghai tael from 2s. 1½d. to 1s. 4½d., and in the Hong Kong dollar from 1s. 8½d. to 1s. 1½d. This, of course, had a disastrous effect upon imports and, owing to lack of demand from consuming countries, exports have not benefited, while at times China, like India, has been a seller instead of a buyer of silver, which, as is the case with other commodities, suffers from over-production. The fall in silver, of course, does not only affect China and Lancashire, but other countries exporting to China, such as Burma and Siam, from which sources China draws large supplies of rice. Then a further result of the low price of silver is not only to keep foreign goods out of China, but to encourage the manufacture in China of cotton goods which, in addition to Japanese goods, are now competing with British goods in Eastern markets. Otherwise, conditions in China appear to be settling down, and more under the control of the present Government. The receipts of the Chinese Maritime Customs last year show a further increase at taels 180,000,000, and the duties are now levied in the form of gold units, but it will not

be surprising if in the current year these receipts show a decline as the result of reduced imports.

THE ACCOUNTS.

I will now turn to the accounts before us, and which, after all I have said about the fall in prices, resulting naturally in a reduction of the figures relating to our transactions, I hope you will consider satisfactory. The profit, it is true, is less by £44,000, but you will not be surprised to hear that we have been called upon to provide for unusually heavy bad and doubtful debts in addition to further substantial depreciation in our Indian Government rupee paper. On this occasion we have made the usual contribution of £15,000 to the Officers' Pension Fund, but, as an addition of £20,000 to the reserve fund brings that fund up to the round figure of £1,500,000, we have not considered it necessary to add more at present, while, as we have been very conservative in the past when dealing with freehold banking premises, we are satisfied that, by allocating £10,000 for the purpose of writing down these premises, we are not departing from our usual prudent policy. We are thus able to recommend the usual final dividend of 8 per cent., less tax, on each class of shares and, in these days of reduced dividends, I am sure this will give satisfaction to all concerned. The balance carried forward to the current year is practically the same as the balance brought in. The balance sheet, while reflecting the depression prevailing last year, does not embody any material changes from the previous year, and certainly presents a liquid state of affairs. The total figures at £17,643,000 show a reduction of only £213,000. The item, current fixed deposit and other accounts, is £1,301,000 higher, but while this affords us a measure of satisfaction, it means that, like us, our friends have not been able to employ their funds profitably in trade. The figures relating to loans payable, £1,350,000, which appeared last year, now disappears entirely. The fact that cash in hand and at bankers is £514,000 higher and that our investments have increased by £966,000 is largely explained by the reduction of £410,000 in bills receivable and the decrease of £1,270,000 in loans receivable and advances, all these items indicating that our funds were not fully employed in our banking operations.

TRIBUTE TO STAFF.

In concluding my comments upon the past year, which, as I have indicated, has presented difficulties of every kind in all directions, I wish, on behalf of the board, to express our appreciation of the work done by the staff in the interests of the bank. In the first place our thanks are due to Mr. Steuart, the chief manager, while I need not say he has been ably assisted by Mr. Crichton, the London manager, Mr. Linton, the sub-manager, the accountants and the heads of the other departments in London. Then to the work of our managers in the East and those serving under them a tribute is deserved, and I apply this particularly to the staff in India, where conditions have been peculiarly trying.

OUTLOOK FOR THE CURRENT YEAR.

In referring last year to the outlook for the then current year I said it was obscure, and it is more than ever difficult to-day to forecast what is in store for us this year. The losses sustained in the past year, as the result of the unprecedented fall in prices of every commodity, has created a want of confidence which must be restored before we can hope to see any real improvement, and we cannot expect this until there is clear evidence of some stability in the price level and the many necessary adjustments to the new conditions are affected. So far as this country is concerned, the constantly increasing national expenditure, and the resulting heavy burden of taxation, requires to be taken in hand vigorously, and we must hope the Royal Commission appointed to report upon unemployment insurance and the more recently appointed Economy Committee will point the way to less extravagant spending. In the meantime the coming Budget is awaited with apprehension and until the means to be adopted for the purpose of meeting the large deficit are disclosed there is not likely to be any activity in trade or confidence in the future. The feeling in favour of a tariff on imports of manufactured articles is growing and so far as this is intended for revenue purposes and to avoid any further increase in direct taxation I would welcome it, but to suggest the imposition of a tariff temporarily for the purpose of raising prices seems to me a most disturbing proposal. At the moment, therefore, I see no definite signs of any distinct revival in trade and the fact that so much shipping is unemployed and railway traffic receipts show no upward movement is not encouraging. But as the selling prices of so many primary products are now below the cost of production it is difficult to believe that a position of this kind can continue indefinitely, and I think it is not too much to say that we have at least arrived at a convalescent stage, though some means of adjusting the cost of manufactured goods to the price of materials we import, by a re-adjustment of money wages

or otherwise, is required to bring about a normal exchange of commodities. The prospects of Indian trade depend largely upon some early change for the better in the political situation and the coming Monsoon, both uncertain factors, but with an improvement in the economic position as the result of better prices for cotton, jute and tea, I would look for less interference with the trade and finance of the country. To refer in detail to the outlook in other Eastern markets would be taking up your time unnecessarily, as this will depend almost entirely upon whether or not there is an improvement in the demand for and prices of rubber, tin, rice and sugar, though so far as China is concerned the trade in and with that country will be influenced by the course of silver. From all I have said you will understand. I do not take a very optimistic view of our prospects this year, but you may rely that we are not only watching the situation closely but alive to the necessity of exercising caution, and I can only hope that at our next meeting we may be able to render a satisfactory account of our operations.

I have now to propose: "That the report of the directors with the audited statement of accounts and balance sheet at December 31, 1930, presented to this meeting, be and the same are hereby received, approved, and adopted, and that a final dividend on the 'A,' 'B,' and 'C' shares of this bank of 8 per cent. be paid, making 16 per cent. for the year, less income tax, as recommended in the report, and the same is hereby confirmed."

I will ask the deputy chairman, Sir T. S. Catto, to second that, but before I put it to the meeting I shall be happy to answer any questions anybody may wish to ask.

Sir T. S. Catto, Bt. (deputy chairman), seconded the resolution, and no questions being asked, it was put to the meeting and carried unanimously.

RE-ELECTION OF DIRECTORS.

The Chairman: I have now great pleasure in proposing "That Sir C. C. Barrie, K.B.E., and Mr. P. R. Chalmers, the directors retiring from the board in rotation, be and are hereby re-elected directors of this bank."

As I have already said, we are fortunate in having secured the services of Sir Charles Barrie, and Mr. P. R. Chalmers, who you all know, has rendered good service to the bank for some years.

Mr C. J. Hambro seconded the motion, which was unanimously approved.

On the proposition of Mr R. G. Bamford, seconded by Mr A. P. V. Cogar, Messrs. Cooper Brothers and Company, and Messrs. W. A. Browne and Company, were reappointed auditors of the bank.

Mr C. C. Barlow: Gentlemen,—I have much pleasure in proposing a vote of thanks to our chairman, and I hope that next year the outlook for the bank will be more favourable.

Mr J. A. Duthie: I have much pleasure in seconding that. The vote was unanimously accorded.

The Chairman: I have no doubt that the proposer of that vote of thanks intended to include the staff, and on behalf of the board and the staff I have great pleasure in thanking you for your kind proposal. It is always gratifying to the board and to the staff when shareholders express their appreciation of the work done for them, and I need only assure you that, so long as we enjoy your confidence, we shall do all in our power to promote the interests of the bank.

The proceedings then terminated.

VICKERS, LIMITED.

YEAR'S RESULT NOT UNSATISFACTORY.

The annual general meeting of Vickers, Limited, was held, on the 30th ultimo, at the Hotel Victoria, London.

General the Hon. Sir Herbert A. Lawrence, G.C.B. (the chairman), in the course of his speech, said: Although, compared with 1929, the net profit shows a reduction of £166,046, the result of the year's working is not unsatisfactory having regard to the very difficult times through which we are passing.

The reduction in armaments, following the Washington Pact, has resulted in a serious decrease in warship construction, the present output being about one-fifteenth of the pre-war tonnage. As, prior to the war, the shipyards of your company were mainly engaged on naval shipbuilding, this change has had a particularly adverse effect. Through the strenuous efforts of the management of our shipyards, we have established ourselves as one of the leading builders of passenger liners in the country, and when the tide turns the company should be one of the first to benefit.

The exclusion of armaments from the British Export Credits Scheme has lost work to the value of millions of pounds which would otherwise have been secured for this country, and has thrown on the dole thousands of men who would have found employment if the orders had been obtained, not only in the

armament works, but in the shops which supply the steel and other materials required, in the collieries from which we obtain our coal, and in the smaller concerns from whom we purchase our engineering stores.

The 1930 results of the English Steel Corporation show a considerable improvement compared with those of 1929—the first year of the merger. A trading profit—excluding depreciation—was earned, but after writing off special expenditure, including expenses and other losses due to the closing down of works, a loss was incurred.

Our aviation works at Weybridge and Southampton have been largely engaged during the past year in the production of new models to replace the "Victoria," "Virginia," and "Southampton," which have rendered such good service to the Air Force for several years. We have also devoted considerable attention to the potentialities of commercial aircraft, and believe that our new machines are as good, if not better, as regards performance, payload, and price, than any on the market.

Apart from the general trade depression which has reduced the demand for engineering products, the high cost of manufacture—in part attributable to the accumulated burden of charges in other industries which supply the materials used—has placed the engineering trades at a disadvantage in connection with foreign orders.

In part, the trade depression can be attributed to over-production and under-consumption, and to the fact that retail prices, and, consequently, wage rates, have not fallen proportionately to the drop in commodity values.

It is time that we faced facts. Production costs are of two kinds—controllable and non-controllable—and it is hopeless for manufacturers, by rationalisation, by the installation of new plant, by reduction in administrative costs, to attempt to bring down the cost of the product to a competitive price if the non-controllable costs, such as taxes, rates and transport, are to continue at exorbitant levels.

The report was unanimously adopted.

ODHAMS PRESS, LIMITED.

GROWTH OF BUSINESS.

The eleventh annual general meeting of Odhams Press, Limited, was held, on the 31st ultimo, at the Connaught Rooms, Great Queen Street, London.

Mr W. J. B. Odhams (the chairman) said that if he had to take a text for his remarks, it would be the single word—growth: proportionate growth, that was; first, growth of business, involving additional employment of labour and additional machinery and plant, necessitating in turn additional capital with adequate return, in due course, upon that capital. That underlying principle of growth was evident when he compared 1930 with 1929. It was still more striking if the comparison was carried back year by year. The net profit had now reached the very satisfactory figure of £261,268. That warranted them, even at a time of such uncertainty as the present, in continuing to pay a dividend at the same rate as last year—namely, 17½ per cent. on the ordinary shares of the company.

Referring to the *Daily Herald*, he said that they had already had two successful experiences in large circulation journals—*John Bull* and *The People*. In 1922 the net weekly sale of *John Bull* had fallen to under 300,000, but by the intelligent employment of capital it had been re-established as a highly profitable journal, with a net sale of over a million and a quarter a week. In 1924 the net sale of *The People* had also been under 300,000 weekly, but last year the net sales had been increased to well over 2½ millions weekly. With regard to the *Daily Herald*, in March last year the circulation was 300,000, and now it was over 1,150,000 copies per day, and was still growing. Considering the business conditions which had prevailed since they had taken over the paper, the progress that had been achieved, both from the points of view of circulation and advertisements, must be considered satisfactory.

The opening of the new works in Manchester enabled them to cope with the ever-increasing sales of *The People*, and to print a Northern edition of the *Daily Herald*.

As to the future, all the indications of good progress were most favourable. In the billposting business the results so far this year and the prospects were as good as in 1930. The progress in their weekly newspapers and journals had been excellent, and there appeared to be every sign of even better results during the present year. With regard to the *Daily Herald*, they were arranging for additional capital, which they had every reason to believe would show excellent results to the company.

The report was unanimously adopted.

CONSOLIDATED MINES SELECTION COMPANY, LIMITED.

The thirty-fifth ordinary general meeting of the Consolidated Mines Selection Company, Limited, was held, on the 31st ultimo, at River Plate House, Finsbury Circus, London.

Mr Walter McDermott, the chairman of the company, presided, and in moving the adoption of the report and accounts, said that the continuous depreciation which had been going on since their last annual meeting in all metal mining, except the extraction of gold, would have prepared the shareholders for disappointing figures such as he had to present on that occasion, owing to the nature of the mining business in which the company was known to be concerned. It had been customary for many years when making up the balance sheet to take the value of their investments at a price much below the market valuation, and this provided an undeclared appreciation which had been recognised as a required safeguard against the fluctuations in metal prices and in mine operating, always existent in the very nature of the mining industry. On the present occasion, in order to meet depreciation of investments, income tax and other expenses of the year, there had been transferred from general reserve £100,000 and from dividend equalisation reserve £10,000, thus reducing the total reserve to £20,000.

For several years past an important profit had accrued from dividends on their large holdings in the Anglo-American Corporation of South Africa; that corporation, heavily interested in the copper and diamond industries, had been adversely affected, like all similar companies, and its operations for 1930 had not permitted the payment of the dividend on which they formerly counted. Unfavourable conditions had also prevented advantageous share realisations, while dividends from other investments than the Anglo-American Corporation had been lower than in preceding years. The heavy decline in the price of tin and wolfram, moreover, had adversely affected their investment in the Mawchi Tin Mines. With regard to their African investments, they could look forward with confidence to these as being the basis on which expectations of future improved results could be built. The diamond trade had been temporarily injured by the generally diminishing purchasing power, but he was informed that partly by exhaustion and partly by rationalising the exploitation of new fields a normal condition had now been established so far as production was concerned. A new development had occurred in the detail of marketing the annual diamond production.

Mr J. S. Wetzlar seconded the motion, which was unanimously carried.

ARGENTINE ESTATES OF BOVRIL, LIMITED.

50,000 ACRES UNDER AGRICULTURE.

Lord Luke, presiding at the twenty-third annual general meeting of this company, held on Wednesday, the 1st instant, at 160 Old Street, London, said that the directors had pleasure in putting before the shareholders a satisfactory set of accounts. The issued capital was now 500,000 6 per cent. preference, 517,500 8 per cent. preferred ordinary, and 482,028 ordinary shares. "Stocks and stores in South America," at £853,031, showed an increase of £84,925, which was almost entirely attributable to an increased cattle-holding. "Sundry debtors" stood at £263,721, against £115,053 last year. In this increase was included £134,314, instalments due on land recently sold. "Cash balance" was £147,719 against £208,576 in 1929.

On the debtor side of the profit and loss account, after putting to reserve for depreciation £22,457, as against £12,500 in 1929, and meeting the debenture stock interest, they showed a net profit of £77,699. The whole of the original £450,000 debentures having been redeemed, there was for the first time no interest charge on that account.

Argentina, that great producer of beef and cereals for the world's markets, was suffering severely from the lack of purchasing power on the part of America and Europe. The United States, whilst shipping such enormous numbers of motor-cars and quantities of manufactured goods into Argentina, had been taking a very small share of the Argentine exports in return, and this, he believed, had done more than any other single factor to lower the exchange rate for Argentine currency. Part of their land under agriculture was sold, or at any rate being paid for by instalments, and the bulk of the rest was rented to colonists on sharing terms. On this portion they received from the colonists from 5 per cent. to 15 per cent. of the crops as rent, the lower percentage being for the first year. They thus shared the luck of the harvest with their tenants.

There was in all over 50,000 acres on the Entre Rios portion of their estates under agriculture, and the crops were mostly linseed and maize. He had never encouraged the growing of wheat.

The proceeds of their percentage of the harvest for the season 1929-30 on their Entre Rios Estancias was 179,000 Argentine dollars, and, in addition, they had a harvest from their own experimental farm.

The report and accounts were unanimously adopted.

NORWICH UNION FIRE INSURANCE SOCIETY, LIMITED.

ASSETS EXCEED £6,000,000.

EFFECT OF WORLD-WIDE DEPRESSION.

The annual general meeting of the Norwich Union Fire Insurance Society, Limited, was held, on the 30th ultimo, at Norwich.

Mr Michael Falcon (the chairman) expressed regret that health considerations had necessitated the retirement of Sir George Morse from the chairmanship, but stated that that gentleman retained his seat on the board.

Proceeding, he said that the results of the society's activities for 1930 were not up to the standard of previous years, but it would be too much to expect that, in a period such as had been experienced, the society could have escaped some reflection in its accounts of the world-wide trade depression. They did business in practically every important country in the world, and he felt justified in being proud of their well-established connections, which enabled him to say that, with the exception of North America, they had maintained in the aggregate their volume of business and in a large measure their profit-earning capacity.

GOOD HOME RESULTS.

The fact that fire insurance business was directly related to the values of commodities, and these having continually fallen during 1930, would in itself adequately explain the diminished volume of the fire account. The volume of their business in the British Isles had been maintained, and the experience was substantially better than in the previous year, but in the foreign field the generally difficult situation was overshadowed by the commercial crisis through which the United States had gone, and it was here that the loss of income had been most marked. The premium income of £2,075,667 was £103,408 less than in the previous year, while the profit had fallen to £66,247, or 3.19 per cent. as compared with 4.6 per cent.

RESERVE POSITION STRENGTHENED.

In the accident department the premium income, which aggregated £1,871,896, fell below that of 1929 by £40,608, entirely accounted for by a shrinkage in the business of the Norwich Union Indemnity Company, their United States casualty company. Elsewhere, both at home and in many places abroad, there had been a gratifying expansion. The profit realised was £61,676, being 3.3 per cent., as against 4.25 per cent. last year, a result which they could not regard as a sufficient return, but they had further strengthened the reserves, which, if their anticipations were fulfilled, would materially benefit future years.

The personal accident account showed a premium income of £127,573, being £2,642 less, and the profit realised was no more than £582. The employers' liability account, which included business of that class in Great Britain and Ireland only, was directly related to wages paid, and, in view of the trade depression, the fact that their premiums were reduced by only £1,381 was rather a matter for congratulation than otherwise. In view of the difficulties created by the dearth of employment, they had thought it wise to strengthen somewhat their reserve position, and consequently the profit shown was considerably less, and stood at £4,479, being 1.79 per cent. of the premium income.

The general account included all classes of casualty business other than those mentioned, both at home and abroad, and contributed the largest percentage of profit, the transfer being £56,614, or 3.79 per cent. of the premiums, totalling £1,493,628, a reduction of £36,585. Motor business was by far the largest section of this account, and at home, although its handling required considerable underwriting care, they had made a profit on a substantially increased volume. They would watch this account with particular care in the current year, in view of insurance now being compulsory in Great Britain. In the general foreign field the business was also increasing, and the results were not unsatisfactory.

IMPROVEMENT IN MARINE.

In the marine account the premium income was slightly increased, and, for the first time for quite a long period, they were able to report an underwriting profit. The 1929 underwriting year had been closed, and, in taking £7,500 from this account as realised profit, they left the fund at £174,298, which was 102.4 per cent. of the year's income of £170,175, and this was more than enough to provide for the running off of all liabilities.

The transfers from revenue account to profit and loss account totalled £135,422, and the interest received was £200,394 net. The dividend was at the same rate as hitherto, and they were carrying forward £413,900.

The assets now totalled £6,337,053, and the Norwich Union was in a strong position to take advantage of improved conditions when they came, as they certainly would.

The report and accounts were adopted, and a dividend of £6 per share, less income tax, in respect of the year 1930 was declared.

NORWICH UNION LIFE INSURANCE SOCIETY.

INCREASED NEW BUSINESS.

The annual general meeting of the Norwich Union Life Insurance Society was held, on the 31st ultimo, at Norwich.

Mr. Michael Falcon (the president) said that discussions had taken place periodically in insurance and other journals as to what amount of new business relative to population should be written by British life offices, and rough estimates were deduced from the aggregate new business of all offices to show that there was a serious lack of adequate cover. Up to a point the discussion had been beneficial in creating more energy on the part of the offices in educating the public on the basic principle that a responsibility shared with a good office by full insurance created a sense of independence essential to the young parent in establishing his career. As a mutual society, it had been the aim of the Norwich Union to work along these lines, and they had met with a substantial measure of success, so much so that, if they omitted the boom years 1919-20 they had established a new high record of business written in the United Kingdom at £4,677,475, being £429,694 over the corresponding figure of 1929.

Overseas their business in the Irish Free State and the Dominions had fallen off slightly, and in foreign countries it was less than in 1929 by £227,946. Part of this decrease might be attributed to the constant flow of articles belittling our own country, which, though really only intended for home consumption, could not but create uneasiness when copied in foreign journals, and it would be beneficial now if attention were directed to the advantages this country provided and its ability to finance other countries to the mutual benefit of all concerned. These advantages might well form the subject of an optimistic campaign.

The total new business was £8,033,634, an increase of £141,973. It was with pleasure that they could say once more that the cost of writing their large new business was most moderate, being only 63.42 per cent. of the new premiums, while the level ratio on their total premiums of £3,432,635 was only 14.05 per cent., a reduction of 2s. 2d. per cent. on the previous year.

With regard to the assets of the society, the test of their stability was that in the aggregate the Stock Exchange valuation had shown improvement during 1930, but, in order to be able to say that each security was at least of market value, they had only had to write off £353,538. On the other hand, no credit had been taken for appreciation of securities where the market values exceeded book values, and this constituted a very substantial reserve. An investor who took his own risks by investing his savings in Stock Exchange securities had not a sufficient average to stand the test of a shrinking market; consequently he might lose heavily, but a policyholder of this society knew that, without any anxiety on his part, his contributions, with those of all other policyholders, were distributed in such a way that in the aggregate the society produced the steady investment results shown to-day. Another test was the rate of interest earned on the mean fund. During the quinquennial period the net rate of interest earned on the mean fund had averaged over 5 per cent., and last year, allowing for increased taxation, it came out at £4 19s. 7d. per cent.

RECORD BONUSES.

The quinquennial valuation of the life insurance society showed the handsome profit in the five years of £4,442,389, a figure unprecedented in the society's existence over a period of 122 years, and which had been arrived at after making provision for every possible liability, and thus not only were there whole life and endowment assurance contracts provided for on a 2½ per cent. basis, but material additions had been made to the reserves to safeguard the policyholders' interests in such a way as to discount during the quinquennium upon which they were entering the effect of any possible extension of adverse trading conditions. The bonuses under whole life and endowment assurances were the largest in the long history of the society, the percentage of increase on what they were able to do in 1925 being, in the main, from 10 to 15 per cent., depending upon age and class of policy, which would provide a welcome addition to the policies of their members.

The work of this great office now pressed very heavily on the management and members of the staff, especially during the quinquennial valuation period, and he wished to take this opportunity of telling his co-directors and the policyholders how greatly he considered they were indebted to the general manager and all the staff for the able and indefatigable way they had managed and worked to produce the magnificent report which had been submitted.

Whole-life bonuses now ranged from £2 14s. per cent. to £4 15s. per cent., according to age attained. Endowment assurances ranged from £2 2s. per cent. at maturity age 50 to £3 per cent. at maturity age 76.

The report and accounts were unanimously adopted.

IMPERIAL CHEMICAL INDUSTRIES, LIMITED.

SATISFACTORY RESULTS DESPITE WORLD CONDITIONS. THE DYESTUFFS AND FERTILISER INDUSTRIES.

The fourth annual general meeting of Imperial Chemical Industries, Limited, was held, on the 31st ultimo, at the Central Hall, Westminster, London.

Sir Harry McGowan, K.B.E. (the chairman), after referring to the loss they had sustained through the deaths of Lord Melchett (the late chairman) and the Earl of Birkenhead, and the appointment of himself as chairman of the company, said that during the past few months there had been so much discussion of the present depression that one might be inclined to take it as read. Their trading results, however, were but a reflection of the conditions of trade which they had experienced, and he must, therefore, ask shareholders to bear with him while he laid before them one or two figures which marked out the severity of the present industrial crisis. Comparing 1930 with 1929, the volume of physical production showed a decrease in the United Kingdom of 8 per cent., in Germany 16 per cent., Canada 14 per cent., and the United States of 17 per cent., while most other industrial countries had had similar falls. The major part of that slowing down of industrial activity was due to a diminution in the export trades. Expressed in monetary values, the United Kingdom showed a fall of 22 per cent., France 15 per cent., Germany 11 per cent., Italy 19 per cent., and the United States nearly 26 per cent. Even eliminating the effects of the change in the price level, British exports had fallen by over 18 per cent. So long as Great Britain was dependent upon her export trade, any given percentage fall in its volume was much more damaging to her than a similar percentage fall was to France or Germany or the United States.

DECLINE IN EMPLOYMENT.

The shrinkage in the volume of production had necessarily brought with it a decline in the volume of employment. Taking the latest figures and comparing them with the position twelve months before, unemployment had increased in this country by 72 per cent., in Germany by 48 per cent., in Italy by 55 per cent., in Canada by 49 per cent., in Australia by 81 per cent. and in the United States by 149 per cent. Those figures proved without question how world-wide the depression was. It had been accompanied by a rapid fall in the wholesale price level of primary commodities.

The products which their companies manufactured were largely what might be termed secondary commodities. That was to say, they were not consumed by the general public as such, but formed part of the raw materials of a large number of other industries. Their chief effort was devoted to the dual task of ensuring that their products were of the highest quality thoroughly fitted to perform the specific services required of them, and that in their production the utmost economy and efficiency were practised.

THE DYESTUFFS INDUSTRY.

Since they met last year the Dyestuffs Act had been renewed until December 31, 1931. He felt that in taking that action Parliament had acted very wisely. The dyestuffs industry, although neither large in respect of its turnover nor particularly remunerative to those engaged in it, rendered a great national service, and he hoped that nothing would be done to hinder its continued development in this country. For that reason he regretted that the suggestion of the further inquiry proposed in Parliament had not been adopted by H.M. Government. It was a step they would have welcomed; one from which they had nothing to fear. When State protection or direct encouragement was given to a particular industry, the fullest disclosure of the essential facts was in every way desirable.

World competition last year had been very severe, but he believed that insane price-cutting was ceasing, so that producers all over the world were beginning to co-operate more with one another to their mutual benefit. The quality of their dyestuffs was now unquestioned, and their prices continued to be steadily reduced *pari passu* with the development of research and the growing efficiency of production. They were not unmindful of the difficulties of the textile trades, and they felt a responsibility for keeping prices as low as possible in order that they might contribute to their revival.

THE FERTILISER INDUSTRY.

In 1930 the index of prices for agricultural products showed a drop of 22 per cent. in the principal countries of the world. The farmers' purchasing power had fallen away, and the great increase

in the use of nitrogen fertilisers of recent years had been arrested. For that reason their output of sulphate of ammonia at Billingham had been considerably below capacity in recent months. That situation had been accentuated by the sulphate made as a by-product by gas, coke oven, and other undertakings necessarily having the first claim on the impaired markets.

BASELESS RUMOURS DENIED.

The condition of the nitrogen industry appeared to have given rise to many baseless rumours about their factory at Billingham. It was said, for instance, that the works there were about to be closed down entirely, that only a trifling use was being made of the existing capacity, and that that large plant was already out of date. Allegations of that kind were equally untrue. Naturally, they were much concerned to see some of their most modern plant operating on a scale of merely partial production, but it must be remembered that, when they had embarked nearly three years ago upon the extension of their nitrogen plant, that action had been fully supported by the study of the market situation which was then made. The additional manufacturing capacity created would have been in full operation to-day had not the balance between supply and demand for agricultural products been abruptly broken by a great increase in agricultural productivity leading to an unprecedented fall in market price. The situation had been aggravated by the absurd lengths to which economic nationalism had been pushed by the erection of new plants in many of the smaller European countries, on the ground that they must be self-contained in that branch of production.

RELATIONS WITH GERMAN SYNDICATE.

Their relations with the largest makers in the world—the I.G. Farbenindustrie and the German Nitrogen Syndicate—continued to be satisfactory. As a direct result of the friendly co-operation between their companies an agreement had been arrived at last summer between the principal European nitrogen producers. That agreement, known as the Nitrogen Industry Convention, to which the Chilean producers were also parties, had been entered into for a preliminary period of one year, with a view to arriving at a more permanent basis for the future. The agreement had had the effect of regulating synthetic production to demand, of stabilising prices for nitrogen at a rather lower level than obtained during the previous fertiliser year, and of providing orderly marketing arrangements. The interests of both consumers and producers had thus been safeguarded. Discussions were now proceeding for the future regulation of the industry, which, he trusted, would prove successful.

BILLINGHAM AS A PRODUCER OF GENERAL CHEMICALS.

Their own nitrogen works were equipped with absolutely modern plant of the highest efficiency, capable of production at a cost which they believed to be lower than that of any other world producer. In speaking of Billingham, it was essential that he should realise that those works were much more than a producer of fertilisers. They were the home of their latest and most modern plants for the manufacture of nitrogenous products for other than agricultural purposes, and of a variety of other chemicals, notably metallic sodium, sodium cyanide, methanol, electrolytic caustic and chlorine and acetic acid. The demand for those products formed part of their general chemical business, and was not affected by the depression in the fertiliser industry.

FOREIGN AND EMPIRE EXPORT MARKETS.

Over the past four or five years the companies' export trade had shown a marked expansion. The secret had lain in the establishment of their own widespread selling organisations in the respective markets. During the past two years their interests in Australia had been entirely reorganised and consolidated. Provision had been made for joint development for the manufacture of nitrogenous fertilisers when the demand for that product reached a level which would justify domestic manufacture. 1930 had been the first complete year in which I.C.I. fertilisers had been available in the Commonwealth, and sales had been well up to estimates. Similar steps had also been taken to consolidate the various interests in Australia for the manufacture and sale of ammonia for various

industrial uses. Imperial Chemical Industries of Australia and New Zealand had earned profits in excess of the previous year. He had every confidence that Australia would, in due course, emerge from her present economic difficulties and regain sound financial conditions. When recovery had been made, there was no doubt that their Australian business would continue to expand.

In Canada the depression had extended throughout the year. Gross sales by Canadian Industries, Limited, had fallen very little short of the preceding year, and its dividend had only been slightly less than that for 1929. The profits of the South African company, African Explosives and Industries, Limited, jointly owned by the De Beers company and themselves, had shown an increase for the year 1930, due mainly to increased manufacturing efficiency, as the volume done had only been a little larger. The net profit for 1930 had touched a new high record, and they had benefited by a larger dividend. A new fertiliser mixing factory had been opened at Salisbury, Rhodesia, and the trade in that territory showed a gratifying increase.

At the Natal factory a further superphosphate unit was now being added. A synthetic ammonia plant, sufficient for local demands, was being built at the factory at Modderfontein, outside Johannesburg, and plants for the oxidation to nitric acid of the resulting ammonia were being erected at the same works as well as at Somerset West, Capetown. The use of those modern processes would greatly reduce cost. When the present agricultural depression passed, a resumption of the steady increase in the demand for fertilisers in South Africa might be looked for. Close connections had been established with the development of mining in Northern Rhodesia. The day would come when that development would necessitate the erection of a new factory in Northern Rhodesia for explosives and other products required by the mines.

THE YEAR'S PROFITS.

The net profit for the year 1930 amounted to £4,473,392, as compared with a profit of £5,780,208 for the previous year, or a decrease of 22½ per cent. With the appropriation this year of £500,000, the Central Obsolescence Fund would amount to £4,500,000. The manufacturing subsidiary companies had certain obsolescence reserves of their own, which exceeded £8,000,000. Over £2,000,000 had been spent out of revenue in maintaining plants in up-to-date condition. The general reserve account stood at £12,725,000. The dividend on the preference shares for the two half-years and an interim dividend on the ordinary shares had been paid, and the directors now recommended a final dividend on the ordinary shares of 3 per cent., making a total dividend on those shares of 6 per cent. for the year.

A SPECIFIC DECLARATION CONCERNING PROFITS.

Although it had been stated at previous annual meetings by the late Lord Melchett, he (the chairman) regretted the necessity to repeat, as he did with all emphasis he could command, that no part of the profits of their company, either for the current year or for any of the preceding years, had been drawn from profits on the sale of investments or securities. Such profits had, indeed, been made, both by their company and by various subsidiary companies. In the latter case, under their policy of centralising all finance, such profits had been transferred to the balance sheet of Imperial Chemical Industries in the only manner in which they could be transferred, that was, by way of dividend. Notwithstanding that method of transfer, those profits had never been credited to their profit and loss account. The published annual profits of the company had thus never been inflated by fortuitous profits of that nature. On the contrary, in every case they had been dealt with as capital profits available only for capital purposes. As such they had either been openly carried to the credit of the general reserve, as in 1928, or applied in writing down the capital value of one or other of the assets of their company. He trusted that that specific declaration would serve once and for all to put an end to statements or suggestions that any part of the profits of the company had been derived from speculation or dealings in securities.

RESEARCH ESSENTIAL.

Their annual expenditure upon research work was heavy. Research, however, was an essential activity of the chemical industry, and, unless it was pursued unceasingly, they could not hope to maintain their position in the forefront of world enterprise. Research expenditure was mainly directed to the four following objects:—(1) Controlling and directing of the modernisation and concentration of manufacture; (2) improving the quality and reducing the cost of their numerous products; (3) developing analogous manufactures and manufacturing methods; and (4) investigating allied processes offered by outside interests.

LABOUR RELATIONS.

Their relations with all their employees and workers continued to be of the most friendly description. The works councils were functioning admirably. Representatives of the management and of the workers met at regular intervals in order to discuss problems common to their respective parts and to seek solutions which were mutually acceptable and beneficial.

OIL FROM COAL.

The late Lord Melchett had told them last year that a pilot plant for the conversion of coal into petrol and fuel oil by hydrogenation had been put into operation. As a result of their research work during the past year they had secured a marked fall in the working costs of the coal-oil process. The quality of the petrol produced was beyond question. It was equal in its anti-knock qualities, for instance, to the finest grades at present on the market. So far as they were aware, they were the only company in this country or the Empire which had brought to a successful conclusion the difficult technical operation of hydrogenating coal into petrol with but a small residue of waste product of no value. Their process had nothing in common with low-temperature carbonisation processes, which produced small quantities of liquid fuel as a by-product only. The eventual establishment of that industry in Great Britain, he need hardly add, would be of immense significance in the protection of the national economic and strategic positions.

FUTURE PROSPECTS OF I.C.I.

In conclusion, the Chairman said:—All experience proves that the process of emergence from a period of industrial depression is normally longer than that occupied by the descent therein. It is, however, equally certain that industry does at length recover, although no one seems able to forecast the moment at which convalescent will begin. Stocks of commodities form the great shock absorbers of depressions. Without stocks ready to be put either into the processes of manufacture as raw materials or into consumption as immediately available for use, ordinary business cannot be carried on. Stocks are, therefore, an essential ingredient in modern production.

Whatever their nature—raw materials, stores and spares, or finished goods—they should, however, be kept at a minimum. There is no outlet through which capital can be more wastefully employed. I may add that in our case the merger has permitted of permanent economies in this direction which are consistently maintained through a strict and continuous scrutiny of all stocks. But stability in the volume of stocks cannot be obtained without a fairly stable price level. A fall in prices is the signal for the consumption of stocks and their reduction to a minimum level, not only by every class of manufacture, but by merchants, retailers and even consumers. Everyone works within narrower limits. The moving force is an anticipation, when the price level is falling, that it will move still lower. Only by this contraction of stocks can the consequential losses be minimised. On the other hand, when the turn comes from depression to revival, there is a precisely contrary movement. Rising prices hold out hopes of rising profits, which lead to a restoration of stocks.

Recent months have afforded some evidence that the fall in the price level has slowed down. Within a short period an upward trend may appear. Prospects in 1931 depend upon this movement. For the first two months, our volume of business compares favourably with the average of the later months of 1930. The curves of industrial activity in 1931 will reflect the degree of confidence in the stability of prices at home and abroad. Political movements and the readjustment of adverse budgetary positions, the possibility of co-operation in the control of the world's currency systems, the forced development of German and Russian competition and other clouds on the industrial horizon present such inscrutable problems as make forecast hazardous.

You will, therefore, understand if I refuse to prophesy the results that we shall show this year. It will be sufficient to assure you that we shall continue to search for efficiency and economy. The dividend for 1931 depends almost entirely on the volume of business secured and the movement of prices. The products that our companies manufacture lie close to the core of the world's manufacturing and consumption needs. Few, if any, of them are luxury articles. On the contrary, they are essential ingredients of the necessities of civilised life. Our structure was never sounder. Our organisation is elastic and virile. It is served by plants of the highest efficiency, by the most skilled and loyal body of workers that any industrial unit can wish for and by an administrative staff—technical, commercial, financial and otherwise—which is hard-working, full of initiative and enthusiasm and devoted to its work of upholding the high reputation of British products at home, in the Empire and in every international market. (Applause.)

The report and accounts were unanimously adopted.

THE ASSOCIATED PORTLAND CEMENT MANUFACTURERS, LIMITED.

DIVIDEND MAINTAINED DESPITE COMPETITION.

MR. P. M. STEWART ON NEED FOR A NATIONAL POLICY.

The thirty-second ordinary general meeting of the Associated Portland Cement Manufacturers, Limited, was held, on the 31st ultimo, at River Plate House, Finsbury Circus, London, E.C.

Mr P. Malcolm Stewart (chairman and one of the managing directors of the company) presided.

The Chairman, in moving the adoption of the report and accounts, said: The profit on trading for the year is down by £40,704; on the other hand, the interest and dividends received are up by £81,133. The total revenue for the year, at £955,150, shows an increase on last year's figure of £20,035. We are thus able, after making increased reserves for taxation and providing £375,380 for depreciation reserves and debenture stock sinking funds, and the payment of the 5½ per cent. dividend on the preference shares amounting to £127,584, to recommend to you the payment of a dividend of 8 per cent. on the ordinary shares, which will absorb £240,000, leaving a balance of £20,065 to be added to the carry forward, which will then stand at £160,964.

That we have been able to maintain our dividend despite the severe competition met with during the year, resulting in a lower range of selling prices, is due to the satisfactory reductions in the costs of production which have been achieved as a result of the expenditure on the complete reconstruction of our largest manufacturing plants, to the successful efforts of the Cement Marketing Company, our sole selling organisation, and to the improved returns received from our investments. The aggregate deliveries during the past year of our group constitute a record. The relative prosperity of our company is largely due to the fact that our operations have been founded on a definite policy, consistently carried out over a number of years.

Our policy has been to substitute as far as practicable direct responsibility for committee control; then we have succeeded in substituting live for dead fixed assets through the provision during the past six years of some £1,600,000 for depreciation, the whole of which sum has been expended in modernising and extending our works. In the same period we have reduced our indebtedness in respect of debenture stocks by well over £500,000 and improved our liquid assets by approximately £250,000. (Cheers.)

INDUSTRIAL OUTLOOK: A GRAVE SITUATION.

I view with grave apprehension the general industrial position of this country, which is becoming increasingly weakened by the continued depression of our basic industries. This country is losing its export trade. The relative advantages enjoyed by our foreign competitors are such that it is too late to expect that the pooling of resources to bolster up the less efficient can regain it. Running a number of units on part time will never give low costs of production. They cannot be obtained by the spreading of a poor demand proportionately over producers with high and low costs. This is being proved in the coal trade, but it should never have needed demonstration.

PENALISING EFFICIENCY.

The ill effects of Government interference are not confined to the production side of the coal industry; the sales side is disorganised owing to the uncertainty created. The quota is unsound; it defies the elementary laws governing economic production; it is astounding that there should have been found sufficient members of the House of Commons to pass a Bill to establish it.

If industrial efficiency is thus to be fettered and robbed of the results of enterprise, there is no prospect of progress, of encouragement to youth waiting for opportunity, or of the maintenance of the proud position won by our forefathers in the markets of the world. Industrial success is essential to the life of the nation. (Cheers.)

Much legislation has been enacted regardless of its effect on industry. Our electorate has been demoralised by these bribes, made blind to the true facts as to the conditions required to restore prosperity to the country. It has been brought up in an atmosphere of false security which it will prove difficult to disperse. Nevertheless, the black fact of growing unemployment stands out like a danger sign, which cannot be ignored if safety is to be secured. Hard times and bitter experience are driving us to find a belated solution, which should have been forthcoming earlier as the result of foresight and courage.

THE REMEDY.

The working classes are gradually realising that they cannot expect to continue to earn high wages and enjoy the finest social

services in the world while our factories are idle through the dumping of foreign goods into this country. One cannot get a quart out of a pint pot.

I believe the country, conscious of the dangerous position into which we have drifted, is eager for a clear lead and is waiting for the tariff problems to be focussed to a simple issue capable of being more readily understood. (Hear, hear.) A wonderful opportunity of achieving this is at hand. The Federation of British Industries, representing the vast majority of the manufacturers of this country, has issued a report entitled "Industry and the Nation"; this offers a carefully reasoned and practical solution of the tariff question. It argues in effect that as our immediate difficulties are pressing, therefore let us at once impose a general tariff measure to meet them, at the same time proceeding to work out a scientific tariff to meet the special requirements of each industry.

A PIECE OF TRUE STATESMANSHIP.

It is in the recommendation as to who shall decide on the nature and extent of each tariff that statesmanship is shown. The responsibility is removed from the realms of party politics, as it should be. It is proposed that an independent tariff board should be set up with a status similar to that held by our judges. Now, this is a cardinal point which will give assurance to many who have dreaded the political pull of any self-interested manufacturers. It avoids the lobbying which otherwise would be inevitable. The whole scheme is placed on a national basis devised to serve the common interest as against the furthering of particular interest. Manufacturers realise that no tariff should create injustice or be used for sheltering inefficiency. Apart from the necessity of a tariff for protection of the home markets, a change in our fiscal system is required, first, in order to enable reciprocal agreements to be made with other parts of the Empire upon a basis of mutual advantage, and, secondly, to enable us, if necessary, to have a weapon which can be used in the case of foreign countries whose tariff treatment of British goods is inequitable. (Cheers.)

A CLEAR-CUT SCHEME.

Here is a scheme backed by experienced, practical men of every industry. It forms a nucleus of opinion. Why should not such of our politicians who are prepared to consider the application of any form of tariffs get together and discuss it? It gives a point of contact, an opportunity for united action and founds a sure stepping-stone for the development in detail of a comprehensive scheme by an independent tribunal. Thus a great opportunity presents itself for all those who think the time is come for a change in our fiscal policy to combine in advocating a common cause. Nothing less can overcome our innate objection to change. The case will never yield successfully to treatment while there are so many doctors offering different prescriptions. Is not the situation so grave that we are entitled to look to political leaders to sink party interests, forget personal animosities, and to unite in the formation of a National Government? (Hear, hear.) I have confidence in the common sense of the people of this country; they are beginning to realise the dangerous position into which we have drifted during a long period of extravagance and indecision. They will rise in support of any agreed proposals. How else can we deal successfully with the problems of unemployment, the practical application of tariffs, or settle the future Government of India? These problems transcend party politics. (Hear, hear.) Nothing less than unity can forge sound acceptable solutions. Now, I hope you will forgive me if I have trespassed on the domain of politics. My justification is that they are so closely interlocked with the industrial position that it would be impossible to attempt an honest survey and ignore them. (Cheers.) May I ask you to understand that the views expressed are those held by me personally?

"FERROCRETE" AND "SNOWCRETE"—TWO OUTSTANDING SUCCESSES.

With regard to the prospects of the company, the bright feature is the continued good home demand which our reputation and service secure for our products. The deliveries of "Ferrocrete," the original rapid hardening cement, and "Snowcrete," our white cement most successfully introduced last year, continue to expand steadily and we are still working to effect some further reductions in the costs of production. On the other hand, selling prices are low and the export trade has fallen off owing to the world-wide decline in the price of commodities. It is difficult to say when these tendencies will be checked, but it is certain that the sound position of the company, financial as well as in respect of its efficient productive capacity and marketing organisation, places it in a position to reap readily the benefit of any improvement in trading conditions.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the ten days ended March 31, 1931, amounted to £37,114,500 against ordinary expenditure of £10,752,100. After allocating £4,820,300 to Sinking Fund and having allowed for an increase in Exchequer Balances of £2,896,200 the week's operations, as shown below, reduced the National Debt by £8,646,000 to £7,606,000,000* :—

(000's omitted.)	
Treasury Bills	4,661
Public Department Advances	15,550
National Savings Certificates	350
4% War Loan	150
P.O. & Tel. Money	2,050
National Savings Bonds	7
+ 7,061	15,707
* Adjusted figure.	

A complete analysis of the National Debt at March 31st is shown below :—

NATIONAL DEBT—(Million £).

	Aug. 1, 1914.	Dec. 31, 1919.	Mar. 31, 1920.	Mar. 31, 1921.	Mar. 31, 1922.	Mar. 31, 1923.	Mar. 31, 1924.	Mar. 31, 1925.	Mar. 31, 1926.	Mar. 31, 1927.	Mar. 31, 1928.	Mar. 31, 1929.	Mar. 31, 1930.	Mar. 31, 1931.
21% and 2½% Consols	573	300	300	300	300	300	300	300	300	300	300	300	300	300
Term Annuities	30	20	13	12	12	12	12	12	12	12	12	12	12	12
4% Consolidated Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...
3½% Conversion Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Other Funded Debt	15	15	14	14	14	14	14	14	14	14	14	14	14	14
4½% Conversion Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...
5% Conversion Loan	...	...	...	...	...	...	...	...	...	...	...	...	...	...
3½% War Stock	63	63	63	63	63	63	63	63	63	63	63	63	63	63
4½% War Stock	...	...	...	...	...	...	...	...	...	...	...	...	...	...
4½% and 5% War Stock	2,047	2,109	2,154	2,253	2,264	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171	2,171
National War Bonds	1,509	706	556	194	...	...	...	...	...	...	...	...	...	...
4% Funding Loan	409	390	389	385	381	378	374	374	374	374	374	374	374	374
4% Victory Bonds	360	292	277	261	246	235	233	233	233	233	233	233	233	233
Treasury Bonds	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Exchequer Bonds	20	323	15	15	16	16	16	16	16	16	16	16	16	16
Other Debt	267	375	372	362	361	358	364	371	371	371	371	371	371	371
National Savings Certs.	1,306	1,111	1,103	1,097	1,087	1,076	1,070	1,070	1,070	1,070	1,070	1,070	1,070	1,070
American Loan (Anglo-American Loan)	...	...	...	...	...	...	...	...	...	...	...	...	...	...
French	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Treasury Bills	15	1,107	565	599	527	700	589	690	581	...	...	...	...	...
Temporary Advances	1	243	139	117	162	37	49	77	25	...	...	...	...	...
Other Capital Liabilities	654	8,033	7,558	7,555	7,528	7,500	7,470	7,530	7,473	...	...	...	...	...
	57	46	75	98	103	120	127	128	133	...	...	...	...	...
Total Liabilities	711	8,079	7,633	7,653	7,631	7,620	7,597	7,758	7,606	...	...	...	...	...

* Includes debt to American Government.

The aggregate revenue and expenditure to March 31, 1931, is shown below :—

FINANCIAL YEAR, 1930-31, APRIL 1st TO MARCH 21st.

(000's omitted.)	
Expenditure	732,341
Sinking Fund	66,830
Revenue	775,895
Decrease in balance	134
Net Amount borrowed	23,142
	799,171

POSITION OF THE FLOATING DEBT.

	Mar. 31, '30.	Mar. 31, '31.	Mar. 31, '31.	Mar. 31, '31.
Ways and Means Advances Out-stand- ing	48,430,000	40,050,000	24,500,000	15,550,000
Advances by Public Departments	588,885,000	568,135,000	569,425,000	1,690,000
Treasury Bills outstanding	637,415,000	608,185,000	594,325,000	13,860,000
Total Floating Debt	1,774,730,000	1,576,370,000	1,428,250,000	19,000,000

* Includes £32,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on March 27, 1931, and the total amount applied for was £57,345,000. Tenders were accepted for bills at three months, dated Monday at £99 7s. 2d., and above, in full; and Tuesday to Saturday at £99 7s. 3d., about 64 per cent., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Mar. 27	50,000,000	51,930,000	2 12 4-71
Mar. 28	49,565,000	49,565,000	2 11 8-69
Mar. 29	30,000,000	68,980,000	2 10 7-99
Mar. 30	40,000,000	57,345,000	2 10 10-4

The OCEAN ACCIDENT and GUARANTEE CORPORATION, Limited.

ASSETS - £2,046,500
CLAIMS PAID - £56,933,000

Accidents and Illness.
Employers' Liability. Fidelity Guarantees.
Burglary. Fire. Motor Cars. Public Liability.
Inspection and Insurance of Boilers, Engines,
Electrical Plant and Lifts.
Executors and Trusteeships.

Head Office: 36-44 MOORGATE, LONDON, E.C.

The Bankers' Gazette.

As the *Economist* goes to press earlier this week, in consequence of the Easter holidays, we are unable to give the returns of the Bank of England and other customary statistical matter.

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended March 28.		Month of February.		Aggregate Totals January 1 to March 28.	
	1930.	1931.	1930.	1931.	1930.	1931.
Number of working days	24	24	24	24	24	24
BIRMINGHAM	2,315	2,131	10,037	9,697	32,642	29,869
BRADFORD	1,229	1,068	5,913	5,063	21,770	19,399
BRISTOL	1,152	1,006	4,747	4,422	14,848	14,827
BULL	5,034	4,666	20,140	18,552	62,597	61,334
DUBLIN	757	633	3,332	3,140	10,729	9,806
LEEDS	1,010	725	4,108	3,837	13,086	11,579
LIVERPOOL	648	593	3,048	2,633	9,951	8,575
MANCHESTER	6,814	5,043	30,359	23,263	92,961	75,553
NEWCASTLE	11,541	9,885	43,233	37,865	152,679	119,276
NOTTINGHAM	1,659	1,290	6,199	5,552	19,031	17,158
SHEFFIELD	599	568	2,500	1,875	8,220	6,241
	779	636	3,951	3,557	12,488	10,693
Total	33,537	28,644	121,427	98,904	441,822	374,290

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Banks of Russia and Denmark appeared in the *Economist* for March 7; Denmark in March 14; Bank for International Settlements in March 21; U.S. Federal Reserve, New York Federal Reserve, Canada, Reichsbank, Roumania, Greece, Finland, Lithuania and Egypt in March 28.

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

	Mar. 7, 1930.	Feb. 13, 1931.	Feb. 13, 1931.	Feb. 27, 1931.	Mar. 6, 1931.
ASSETS.					
Gold coin and bullion	7,152	6,577	6,828	7,091	6,561
Subsidiary coin	117	258	271	273	274
Bills discounted	7,989	7,239	7,001	7,315	7,545
Investments	836	1,849	1,849	1,848	1,849
LIABILITIES.					
Capital	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720
Notes in circulation	9,331	7,694	7,066	8,190	7,670
Government deposits	1,555	1,490	1,512	1,591	1,756
Bankers' deposits	4,910	5,127	5,280	5,809	5,362
Ratio of cash reserves to liabilities to public	47.3%	46.2%	48.0%	47.2%	45.0%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted.)

	Mar. 7, 1930.	Feb. 13, 1931.	Feb. 13, 1931.	Feb. 27, 1931.	Mar. 6, 1931.
ASSETS.					
Total assets	30,36,67	29,83,53	29,82,59	30,39,63	29,32,32
Loans	8,46,69	15,81,64	16,33,01	15,19,76	14,45,51
Cash credits	31,64,19	28,12,23	28,10,14	28,04,58	27,12,47
Foreign bills	7,34,21	5,40,24	6,01,19	6,24,52	5,98,81
Dead stock	32,90	37,93	45,36	42,26	42,57
Real estate	2,80,53	2,74,82	2,75,03	2,75,43	2,75,19
Real estate with other banks	13,37	43,79	26,90	38,26	44,46
Cash	16,65,59	9,28,09	8,58,48	9,95,20	8,43,31
LIABILITIES.					
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	86,32,14	80,97,52	81,26,79	81,71,07	79,92,94
The above include—					
Deposits in London	774	7,169	7,073	7,002	6,991
Advances in London	768	6,903	6,905	6,763	6,814
Cash, &c., at other banks in London	101	331	203	289	336

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted.)

	Position, Mar. 28, 1931.	Mar. 27, 1931.	Mar. 5, 1931.	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.
ASSETS.						
Gold	163,092	431,974	446,038	446,023	446,310	446,000
Foreign Bills and Balances Abroad	232,650	1,180,637	1,416,470	1,429,322	1,434,540	1,439,389
Silver	697,600	545,334	892,160	923,739	914,935	913,511
Securities	...	3,570	4,354	4,377	4,511	4,581
Notes in circulation	934,150	2,790,106	3,247,907	3,210,128	3,167,626	3,164,419
Current accounts	112,125	117,196	144,410	237,429	268,847	251,908

NETHERLANDS BANK.—In florins (000's omitted.)

	Position, Mar. 30, 1914.	Mar. 29, 1930.	Mar. 2, 1931.	Mar. 9, 1931.	Mar. 16, 1931.	Mar. 23, 1931.
ASSETS.						
Gold	163,092	431,974	446,038	446,023	446,310	446,000
Foreign Bills and Balances Abroad	232,650	1,180,637	1,416,470	1,429,322	1,434,540	1,439,389
Silver	697,600	545,334	892,160	923,739	914,935	913,511
Securities	...	3,570	4,354	4,377	4,511	4,581
Notes in circulation	934,150	2,790,106	3,247,907	3,210,128	3,167,626	3,164,419
Current accounts	112,125	117,196	144,410	237,429	268,847	251,908

BANK OF JAVA.—In florins (000's omitted.)

	Position, Mar. 30, 1914.	Mar. 29, 1930.	Mar. 2, 1931.	Mar. 9, 1931.	Mar. 16, 1931.	Mar. 23, 1931.
ASSETS.						
Gold	163,092	431,974	446,038	446,023	446,310	446,000
Foreign Bills and Balances Abroad	232,650	1,180,637	1,416,470	1,429,322	1,434,540	1,439,389
Silver	697,600	545,334	892,160	923,739	914,935	913,511
Securities	...	3,570	4,354	4,377	4,511	4,581
Notes in circulation	934,150	2,790,106	3,247,907	3,210,128	3,167,626	3,164,419
Current accounts	112,125	117,196	144,410	237,429	268,847	251,908

SWISS NATIONAL BANK.—In francs (000's omitted.)

	Position, May 31, 1914.	Mar. 22, 1930.	Feb. 28, 1931.	Mar. 7, 1931.	Mar. 14, 1931.	Mar. 23, 1931.
ASSETS.						
Gold	171,175	560,978	642,986	642,956	642,958	642,922
Foreign Bills and Balances Abroad	...	332,990	378,516	365,597	351,945	316,841
Discounts	...	75,833	24,549	41,777	28,271	27,969
Advances	105,000	40,318	36,481	36,584	35,851	36,007
LIABILITIES.						
Notes in circulation	275,925	830,033	961,015	935,350	912,701	898,414
Deposits	33,750	196,813	245,650	284,294	253,506	208,478

BANK OF ITALY.—In lire (000's omitted.)

	Mar. 20, 1930.	Feb. 20, 1931.	Feb. 28, 1931.	Ma. 10, 1931.	Mar. 20, 1931.
ASSETS.					
Gold, coin and bullion	5,201,500	5,500,800	5,529,900	5,529,900	5,529,900
Foreign bills and balances abroad	4,938,100	4,307,600	4,036,400	4,045,900	4,074,900
Other cash	224,600	233,400	340,900	249,400	227,100
Gold deposited abroad due by the State	1,801,600	1,780,500	1,780,500	1,780,500	1,778,600
Discounts	2,515,100	3,647,000	3,671,400	3,545,000	3,467,000
Advances	1,265,900	1,234,600	1,441,800	1,192,500	1,100,600
Credit with "Istituto di Liquidazione" Government securities	776,600	626,500	626,200	626,200	626,200
	1,052,800	1,159,500	1,159,900	1,159,900	1,159,500
LIABILITIES.					
Notes in circulation	15,861,400	14,732,000	15,123,600	15,118,700	15,021,000
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,562,800	2,437,600	2,322,700	1,933,500	1,940,200
Ratio of reserve to note and sight liabilities combined	57-19%	52-86%	52-63%	53-89%	54-37%

LONDON RATES.

	Mar. 26, 1931.	Mar. 27, 1931.	Mar. 28, 1931.	Mar. 30, 1931.	Mar. 31, 1931.	Apr. 1, 1931.
Bank rate (changed from 3½% May 3, 1930).....	3%	3%	3%	3%	3%	3%
Market rates of discount:						
60 days' bankers' drafts.....	2½-1	2½	2½	2½	2½	2½
3 months' do.....	2½	2½	2½	2½	2½	2½
4 months' do.....	2½-1	2½	2½	2½	2½	2½
6 months' do.....	2½-1	2½	2½	2½	2½	2½
Discount Treasury Bills.....						
2 months'.....	2-2½	2½-1	2½-1	2½	2½	2½-1
3 months'.....	2-3	2½	2½	2½	2½	2½
Loans—Day to day.....	2½	2-3½	2-3	2-3½	2-4	2-2½
Short.....	2½	2-3	2-3	2-3½	2-2½	2-3
Deposit allowances: Bank.....	1	1	1	1	1	1
Discount houses at call.....	1	1	1	1	1	1
At notice.....	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.	Trade Bills.
	3 Months.	4 Months.	6 Months.
1931.			
Mar. 12	2½-1	2½	2½
Mar. 19	2-2½	2½	2½
Mar. 26	2-3	2½	2½
Apr. 1	2-3	2½	2½

RATES OF EXCHANGE.

London on		Usance.	Par.	Apr. 3, 1930.	Mar. 26, 1931.	Apr. 1, 1931.
New York.....	dollars to £1	Cable	4-86½	4-86½-86½	4-85½-86½	4-83½-86½
Montreal.....	dollars to £1	Cable	4-86½	4-86½-86½	4-86½-86½	4-86½-86½
Paris.....	francs to £1	T.T.	124-21	124-28-30	124-20-22	124-16-18
Berlin.....	marks to £1	T.T.	20-43	20-37½-38½	20-38½-40	20-39½-40½
Amsterdam.....	florins to £1	T.T.	12-107	12-11½-117	12-12-12½	12-12-12½
Brussels.....	belga to £1	T.T.	35-00	34-86½-86½	34-91½-91½	34-94½-95½
Milan.....	lire to £1	T.T.	92-46	92-77-79	92-77-79	92-77-79
Bombay.....	rupees to £1	T.T.	25-22½	25-12½-131	25-24½-25½	25-25½-26
Calcutta.....	rupees to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Madras.....	rupees to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Copenhagen.....	kroner to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Stockholm.....	kronor to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Oslo.....	kroner to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Stockholm.....	kronor to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Copenhagen.....	kroner to £1	T.T.	18-159	18-16½-174	18-15½-16½	18-15½-16½
Madrid.....	pesetas to £1	T.T.	25-22½	25-12½-131	25-24½-25½	25-25½-26
Lisbon.....	escudo to £1	T.T.	4-50	108-1	108-1	108-1
Lyons.....	schilling to £1	T.T.	34-58½	34-50-55	34-50-55	34-50-55
Frankfurt.....	mark to £1	T.T.	164½	104½-104½	105½-105½	105½-105½
Belgrade.....	dinars to £1	T.T.	25-22½	27½-27½	27½-27½	27½-27½
Budapest.....	pengo to £1	T.T.	27-82	27-84-88	27-86-89	27-86-89
Bukarest.....	lei to £1	T.T.	813-6	817-819	816-818	816-818
Sofia.....	leva to £1	T.T.	673-659	670-675	668-673	668-673
Athens.....	drachmar to £1	T.T.	375	374-375½	374-375½	374-375½
Constantinople.....	piastre to £1	T.T.	1020	1025	1025	1025
Moscow.....	roubles to £1	T.T.	9-46	19-46-46½	19-43½-45½	19-43-45
Warsaw.....	zloty to £1	T.T.	43-38	43-38-43	43-38-43	43-38-43
Helsingfors.....	F. marks to £1	T.T.	193-23	193½-193½	192½-193½	192½-193½
Kovno.....	lite to £1	T.T.	48-66	48½-49	48½-49	48½-49
Reval.....	kroon to £1	T.T.	18-159	18-20-27	18-20-27	18-20-27
Riga.....	late to £1	T.T.	25-22½	25-17-27	25-20-30	25-20-30
Buenos Aires.....	pesos to £1	Sight	97½	97½-97½	99-99	99-99
Buenos Aires.....	pence to peso	T.T.	47-62½	43½-43½	39½-39½	39½-39½
Rio de Janeiro.....	pence to mils	90 days	16-70	55-55	3½-3½	3½-3½
Montevideo.....	pence to peso	T.T.	51	45-48	34½-35½	35-35½
Valparaiso.....	pesos to £1	90 days	40	39-93	39-95	39-95
Lima.....	Eng. to Per £1	90 days	par	12-52½ nom.	17-00	16-92½
Calcutta.....	rupee to £1	18	1-5½-11	1-5½-11	1-5½-11	1-5½-11
Bombay.....	rupee to £1		1-5½-11	1-5½-11	1-5½-11	1-5½-11
Madras.....	rupee to £1		1-5½-11	1-5½-11	1-5½-11	1-5½-11
Hong Kong.....	ster. to dollar	T.T.	...	1-6½-1-6½	1-6½-1-6½	1-6½-1-6½
Shanghai.....	ster. to dollar	T.T.	...	1-11½-1-11½	1-13½-1-14	1-13½-1-14
Singapore.....	ster. to dollar	T.T.	2s. 4d.	2½-4-4	2½-4-4	2½-4-4
Kobe.....	ster. to yen	T.T.	24-57½	2-0½-2	2-0½-2	2-0½-2
Manila.....	peso to peso	T.T.	24-58½	2-0½-2	2-0½-2	2-0½-2
Manila.....	pesos to £1	T.T.	9-76	10-15-35	10-15-30	10-20-30
Shanghai.....	ster. to batt.	T.T.	21-82½	1-10½	1-9½	1-9½

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Amsterdam.....	Jan. 24, 1931 3 2½	Oso.....	Nov. 7, 1930 4 ½
Athens.....	Dec. 2, 1928 10 9	Paris.....	Jan. 2, 1931 2 ½
Batavia.....	Mar. 10, 1930 5 4½	Prague.....	June 24, 1930 4 ½
Belgrade.....	May 28, 1930 6 5½	Pretoria.....	Mar. 12, 1931 5 ½
Berlin.....	Oct. 9, 1930 4 5	Reval.....	Oct. 4, 1930 8 7
Brussels.....	July 31, 1930 3 2½	Riga.....	Oct. 1, 1930 7 6½
Bucharest.....	Mar. 31, 1931 9 8	Rome.....	May 20, 1930 6 5½
Buenos Aires.....	May 28, 1930 6 5½	Sofia.....	Jan. 23, 1931 10 9
Calcutta.....	Jan. 15, 1931 6 7	Stockholm.....	Feb. 5, 1931 3 ½
Canton.....	Nov. 12, 1930 4 3½	Swiss Bank.....	
Cebu.....	Oct. 10, 1930 4 5	Swiss Bank.....	
Colon.....	Aug. 26, 1930 6 ½	Tokyo.....	Jan. 22, 1931 2 ½
Hankow.....	Apr. 1, 1930 7 6	Vienna.....	Oct. 6, 1930 5 4 5-11
Kobe.....	June 2, 1930 8 7½	Warsaw.....	Oct. 3, 1930 6 7½
London.....		Winnipeg.....	May 1, 1930 4 ½
Manila.....			
Medan.....			
Shanghai.....			
Singapore.....			
Sourabaya.....			
Yokohama.....			

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.

½ % applied to banks and credit institutions.
 ¾ % applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

	Apr. 2, 1931.	Mar. 4, 1931.	Mar. 11, 1931.	Mar. 18, 1931.	Mar. 25, 1931.	Mar. 31, 1931.
Call money.....	4%	1½	2	1½	1½	1½
Time money (90 days' mixed coll.).....	4	2	2	2	2	2
Bank acceptances.....						
Members—eligible, 90 days.....	3	1½	1½	1½	1½	1½
Non-members—eligible, 90 days.....	5	1½	1½	1½	1½	1½
Ineligible, 90 days.....	3½	2	2	2	2	2
Commercial accept. 90 days.....	4	2½	2½	2½	2½	2½

Rate of Exchange, New York on—	Par Level.	Apr. 2, 1931.	Mar. 18, 1931.	Mar. 25, 1931.	Mar. 31, 1931.
London.....					
60 days.....		4-86½	4-84	4-83½	4-83½
Cable.....		4-86½	4-86½	4-85½	4-85½
Cheques.....		3-91½	3-91½	3-91½	3-91½
Paris.....	Cents for 1 franc	13-90	13-94½	13-94	13-90
Brussels.....	Cents for 1 franc	13-90	13-94½	13-94	13-90
Switzerland.....	Cents for 1 franc	13-90	13-94½	13-94	13-90
Italy.....	Cents for 1 lire	5-263	5-23½	5-23½	5-23½
Berlin.....	Cents for 1 mark	23-31	23-85½	23-81	23-81
Vienna.....	Cts. for Austrian shg.	14-07	14-09	14-05½	14-055
Madrid.....	Cents for 1 peseta	19-30	12-56	10-36	10-36
Amsterdam.....	Cents for 1 guilder	40-195	40-13	40-09½	40-07½
Copenhagen.....	Cents for 1 kroner	26-76½	26-76	26-74	26-74
Oslo.....	Cents for 1 kroner	26-80	26-76	26-74	26-74
Stockholm.....	Cents for 1 krona	26-865	26-77	26-77½	26-76
Athens.....	Cents for 1 drachma	1-297	1-29½	1-29½	1-29½
Montreal.....	Can. Cents for \$1	100	dis.	dis.	dis.
Yokohama.....	Cents for 1 yen	49-85	49-40	49-35	49-35
Hong Kong.....	Cents for H.K. dollar	37-40	25-70	25-70	25-70
Shanghai.....	Cts. for 1 Shg. tael	36-50	36-15	36-08	36-17
Calcutta.....	Cents for 1 rupee	103-65	114-20	126-45	126-45
Buenos Aires.....	Gold Pesos for \$100	103-65	114-20	126-45	126-45
Rio de Janeiro.....	Cents for 1 milreis	32-42	11-60	8-05	7-30
Valparaiso.....	Cents for 1 peso	12-125	12-00	12-02	12-02

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Anglo-South American Bank, Ltd., quotes the following rates of exchange:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Buenos Aires.....	Sucres to £	24-3325	Slight London	24-60
Venezuela.....	Bolivas to £	25-25	"	29-39
Colombia (Bogota).....	Pesos to £	5	"	5-03
Nicaragua.....	Cordobas to £	4-8655	"	4-92
Salvador.....	Colonos to £	9-73	"	9-92
Bolivia.....	Bolivianos to £	13-33	"	13-46½

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.	Union of South Africa.
	From March 16, 1931.	From March 14, 1931.
	Buying.	Selling.
T.T.	11½% dis.	1½% dis.
30 days.....	1½% dis.	1½% dis.
60 days.....	2½% dis.	1½% dis.
90 days.....	2½% dis.	1½% dis.
120 days.....	3½% dis.	1½% dis.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.	Australia and New Zealand on London.
	Buying.	Selling.
T.T.	131½	109½
30 days.....	131½	109½
60 days.....	131½	109½
90 days.....	131½	109½

* All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	1931.	WITHDRAWALS.
Mar. 27 Bars bought.....	£ 677,229	Mar. 27 Sovs. for export.....	£ 15,000
Mar. 28 ".....	" Nil	Mar. 28 Sovs. for export.....	" 2,000
Mar. 30 Sovs. from abroad.....	250,000	Mar. 30 ".....	" Nil
Mar. 31 Bars bought.....	84,095	Mar. 31 Sovs. set aside.....	1,000,000
Apr. 1 Bars bought.....	112,200	Apr. 1 Sovs. for export.....	5,000
Sovs. released.....	750,000	Apr. 1 Sovs. for export.....	2,000
Total.....	1,873,524	Total.....	1,024,000

Net arrivals, £849,524

Messrs Samuel Montagu and Company write on April 1, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £143,614,006 on the 25th ultimo (as compared with £141,956,734 on the previous Wednesday), and represents a decrease of £4,011,616 since December 31, 1930. The exchanges remaining favourable to sterling, there was little demand for the bar gold which was available in the open market during the week from sources other than South Africa. The Bank of England therefore obtained about £677,000 from an undisclosed source on the 27th ultimo, and £84,000 of gold from India yesterday at the statutory buying price. £112,000, mostly West African, available to-day, was secured by the Bank at the fixed price of 84s. 10½d. per fine ounce. Only about £22,000 of South African gold arrived this week and this was used for trade requirements. The price yesterday was 84s. 9½d. per fine ounce; the last time the price was fixed at this figure was on November 16,

1926. Movements of gold at the Bank of England during the week have resulted in a net influx of £844,524. Receipts consisted of £250,000 in sovereigns from South Africa, £750,000 in sovereigns "released," and £873,524 in bar gold. Withdrawals totalled £1,029,000, of which £1,000,000 was in sovereigns "set aside" and £29,000 in sovereigns taken for export.

The following were the United Kingdom imports and exports of gold registered from mid-day on the 23rd ultimo to mid-day on the 30th ultimo:—

IMPORTS.	£	EXPORTS.	£
British South Africa.....	873,679	Germany.....	122,570
Straits Settlements and Dependencies.....	64,892	France.....	29,031
Other countries.....	12,276	Switzerland.....	13,700
		Austria.....	6,150
		Other countries.....	10,944
	£950,847		£182,395

SILVER.

The market has shown a decidedly weaker tendency, especially during the latter part of the week. There has been re-selling on China account and the Indian bazaars have made fresh forward sales, but the weakness is attributable also to a lack of support. There has been little fresh buying and demand came mostly from bears who, in the circumstances, have shown no disposition to exert pressure. America has given small support on some afternoons but has also been a seller. Owing to the poor demand for spot supplies the price of silver for cash delivery has been at a discount of ½d. as compared with the two months' quotation.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 23rd ultimo to mid-day on the 30th ultimo:—

IMPORTS.	£	EXPORTS.	£
Mexico.....	110,269	British India.....	34,713
U.S.A.....	14,496	Other countries.....	9,306
Persia.....	12,400		
Australia.....	13,978		
Other countries.....	7,414		
	£158,557		£44,019

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Mar. 22, 1931.	Mar. 15, 1931.	Mar. 7, 1931.
Notes in circulation.....	15,830	15,762	15,830
Silver coin and bullion in India.....	12,299	12,261	12,216
Silver coin and bullion out of India.....	2,507	2,477	2,376
Gold coin and bullion in India.....	1,024	1,024	1,038
Gold coin and bullion out of India.....	...	...	...
Securities (Indian Government).....	...	...	...
Securities (British Government).....	...	...	...
Bills of Exchange.....	...	...	200

The stocks in Shanghai on the 28th ultimo consisted of about 87,700,000 ounces in sycee, 160,000,000 dollars and 1,000 silver bars, as compared with about 88,100,000 ounces in sycee, 149,000,000 dollars and 1,180 silver bars on the 21st ultimo.

Statistics for the month of March are appended:—

	BAR SILVER (per oz. std.).	BAR GOLD (per fine oz.).
Cash delivery. Two mos. delivery. per fine oz.		
Highest price.....	14½d.	84s. 11½d.
Lowest price.....	12½d.	84s. 9½d.
Average price.....	13-524d.	84s. 10-9½d.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
	Cash	Forward		Cash.
1931.				
Mar. 27.....	84 10½	13 ½	April 4, 1925	32 ½
" 28.....	84 10½	13 ½	" 3, 1926	31 ½
" 30.....	84 10½	13 ½	" 9, 1927	30
" 31.....	84 9½	13 ½	" 1, 1928	26 ½
April 1.....	84 10½	12 ½	" 4, 1929	26 ½
" 2.....	...	...	" 3, 1930	19 ½

NOTICES.

Lt. Col. the Hon. George Akers-Douglas, of Messrs. Higginson and Company, bankers, 80 Lombard Street, has joined the board of National Discount Company, Ltd.

The Westminster Bank have opened a new branch at Queen's Road, Buckhurst Hill.

Barclays Bank, Ltd., announce the opening of new branches at Boroughbridge, Yorks, and at 146 City Road, E.C.1; also a new sub-branch at Ninfeld Road, Sidley.

A sub-branch of Barclays Bank (Dominion, Colonial and Overseas) has been opened at Ijebu-Ode (Nigeria), under the control of Lagos branch.

The National Provincial Bank, Ltd., announce that branches of the bank are now open at 131 The Broadway, Bexley Heath, Kent; and also at 90 High Street, Ruislip, Middlesex.

The Standard Bank of South Africa, Ltd. announce that a branch will be opened on April 1st at Empangeni, Natal.

Lloyds Bank, Ltd., announce that a sub-branch of this bank is now open at Southampton Road, Cadnam.

The Midland Bank announces the opening of new branches at 31 Euston Road, London, N.W.1 (to be known as the King's Cross branch) and at 98 Cheriton Road, Folkestone, Kent. Offices are also now open at 4 Beach Road, Severn Beach, near Bristol (sub to the Avonmouth branch) and in Carnegia Square, Ty-Coch, Swansea (sub to the Uplands, Swansea, branch).

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div. † Final div.	Dividend for Whole Years.	Latest Year.	Previous Year.
RAILWAYS.					
Central Argentine Railway.....	1%*	...	...	...	...
BANKS.					
Darmstadt and Nationalbank.....	...	...	...	8	12
INSURANCE.					
British Engine, Boiler and Electrical Insurance.....	15/- p.s.†	...	Less tax	30/- p.s.	30/- p.s.
Northern Maritime Insurance.....	15%†	...	Tax free	30	30
World Marine and General Insur. Co. Ltd. (London).....	12/- p.s.	...	Tax free	40	6

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Debenture Interest.	Amount Available for Distribution.	Appropriation.				Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Depreciation, &c.	Balance Forward.	Net Profit.
					Prefer.	Ordinary.	Rate.			
		£	£	£	Amount	Amount.	%	£	£	£
Breweries.										
Style and Winch	Dec. 31	118,461	140,740	259,201	21,897	100,000	20	25,000	112,304	178,009
Electric Lighting, &c.										
Brompton and Kensington	Dec. 31	6,485	44,267	50,752	485	34,920	1/8-473	13,743	1,604	35,639
Financial Land, &c.										
Matador Land and Cattle ...	Dec. 15	49,396	20,835	70,231	...	15,500	10	...	54,731	45,304
Natal Land, &c.	Dec. 31	23,984	34,212	58,196	3,962	27,226	8	5,000	22,008	34,799
Trust and Agency of Aust. ...	Dec. 31	21,634	66,973	88,607	50,000	10,000	10†	10,000	18,607	83,508
Iron, Coal and Steel.										
Coltress Iron Company.....	Dec. 31	120,411	194,277	314,688	25,750	78,750	10	61,500	148,688	194,898
Motor and Cycle.										
Morris Motors	Dec. 31	118,753	1,055,402	1,174,155	225,000	200,000	10†	491,043	258,112	1,039,119
Rubber, &c.										
Anglo-Malay Rubber.....	Dec. 31	36,373	Dr. 10,668	25,705	...	...	...	Dr. 10,000	35,705	14,063
Batu Caves Rubber	Dec. 31	10,425	872	11,297	...	...	...	1,780	9,517	10,608
Damansara (Selangor) Rub. ...	Dec. 31	7,134	1,430	8,564	...	...	...	...	8,564	10,246
Rosevale Rubber	Dec. 31	6,431	Dr. 863	5,568	...	...	...	...	5,568	13,390
Shipping.										
Cairn Line of Steamships... ..	Dec. 31	6,024	Dr. 21,541	Dr. 15,517	...	...	...	Dr. 20,000	4,483	8,092
Cunard Steam Ship Co.	Dec. 31	395,266	18,601	413,867	135,000	...	...	...	278,867	809,639
Shops and Stores.										
Baker (Charles) and Co.	Jan. 31	Dr. 52,586	363	Dr. 52,223	...	...	...	...	Dr. 52,223	Dr. 1,930
Tea.										
Augusta Tea Estates	Dec. 31	3	175	178	163	...	...	...	15	Dr. 62
Textiles.										
British Enka Artificial Silk..	Dec. 31	Dr. 239,601	Dr. 166,607	Dr. 406,208	...	...	...	...	Dr. 406,208	Dr. 157,276
Grainger and Smith	Dec. 31	7,763	24,925	32,688	6,394	10,701	6	5,671	9,922	22,618
Trust.										
American Investment, etc.	Mar. 15	28,624	139,202	167,826	33,359	81,375	12	25,000	28,092	139,633
Edinburgh Investmt. Trust ..	Mar. 15	187,932	92,840	280,772	20,588	59,520	12	...	200,664	103,925
Second Canadian Trust ...	Mar. 1	20,668	31,561	52,229	11,625	10,850	7	...	29,754	31,555
Third Scottish Western.....	Mar. 1	32,789	43,575	76,364	16,362	17,453	8	...	42,549	45,117
Waterworks.										
Jersey New Waterworks ...	Dec. 31	2,384	12,602	14,986	4,099	8,400	10	...	2,487	11,540
Other Companies.										
Allan (J. and R.)	Feb. 19	13,232	22,810	36,042	3,000	15,000	15	4,000	14,042	19,847
Hide and Company	Jan. 31	6,838	11,663	18,501	4,960	3,229	20 1/2	2,500	7,812	17,660
Pettigrow and Stephens ...	Feb. 19	20,895	32,797	53,692	7,250	20,400	15	5,000	21,042	34,181
Provincial Newspapers	Nov. 30	11,503	112,783	124,286	25,044	...	...	30,000	69,242	204,968
Steel Brothers and Co.	Dec. 31	...	397,579	397,579	183,000	87,500	17 1/2	116,262	10,817	517,801
Tillotson (Oswald)	Dec. 31	4,195	22,555	26,750	...	12,600	10	7,775	6,375	19,100
United Molasses	Dec. 31	45,408	Dr. 868,947	Dr. 823,539	89,895	...	...	Dr. 849,174	Dr. 64,260	1,049,116

† Free of Income Tax.

SUMMARY OF BALANCE SHEETS.

CUNARD STEAM SHIP COMPANY, LIMITED.			
December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
5% cum. pref. stk.	1,500,000	Steamships at cost	8,092,303
6% 2nd cum. pref. stk.	1,000,000	Freehold and leasehold properties	604,565
Ord. shares £1	5,570,241	Plant	85,061
Govt. share	500,000	Shares in subsidiaries at cost	6,727,538
5% deb. stk.	4,000,000	Due from subsidiaries	39,968
Int. accrued	83,333	Shares in other companies	231,337
Loan on freehold property	420,000	Stocks	312,354
Due to subsidiaries	822,577	Debtors	541,405
Creditors	3,491,705	Discount on deb. issue	100,000
Divs. on pref. stks.	67,500	Cash	997,712
Profit and loss	278,867		
Total	17,734,243	Total	17,734,243

MORRIS MOTORS, LIMITED.			
December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares, £1	2,000,000	Cash	545,363
7 1/2% cum. pref., £1	3,000,000	Debtors	285,643
Creditors	333,746	Stocks	1,313,656
Accrued charges	223,644	Govt. securities at market value	2,802,625
Reserve for contingencies	517,021	Other investments	1,007,373
Reserve fund	2,000,000	Plant	909,085
Employees savings club	48,773	Leasehold land, &c.	146,190
Revenue account	99,155	Freehold land, &c.	1,033,353
		Expenditure on buildings, &c.	27,008
		Goodwill	991,043
Total	9,061,339	Total	9,061,339

THE SALT UNION, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
Preference shares	600,000	Freehold, &c., properties, plant & goodwill	1,788,375
Ordinary shares	800,000	Steamers, barges, &c.	56,185
Debtenture stock	939,334	Rolling-stock	58,058
Sundry creditors	305,182	Stocks of salt	86,069
Due to subsidiaries	2,239	Fuel and material	93,337
Contingencies account	10,000	Sundry debtors	132,525
Insurance reserve	54,101	Debit balance, &c.	3,011
General reserve	550,000	Investments at cost	352,001
Investments provision	28,667	Shares and debts. in and loans to allied companies	694,087
Profit and loss	158,379	Due to subsidiaries	49,880
Total	3,447,902	Total	3,447,902

UNITED MOLASSES COMPANY, LIMITED.

December 31, 1930.			
LIABILITIES.	Amount.	ASSETS.	Amount.
6% cum. pref. (£1)	2,500,000	Motor vessels steamships	2,993,430
Ord. shares (£1)	4,851,251	Installments on motor vessels	130,994
Capital reserve	2,651,181	Freehold Land at cost	2,850
Bank loan	623,250	Investments in subsidiaries at cost	4,163,279
Creditors	181,513	Current accounts	1,364,559
Due to subsid. coys.	318,592	Investments in Industrial Alcohol Distilleries	1,110,725
Contingencies reserve	1,501	Debtors	7,737
Profit and loss	752,308	Investments at cost	...
		Cash	2,832
		Profit and loss	64,260
Total	8,476,107	Total	8,476,107

REPORTS AND NOTICES.

At a meeting of the directors of Parson's Marine Steam Turbine Company, Ltd., Mr. S. F. Prest was appointed chairman of the company, in succession to the late Hon. Sir Charles A. Parsons, O.M., and Mr. R. J. Walker, C.B.E., vice-chairman and managing director.

BANKS.

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK, LTD.—The first report, dated January 31, 1931, shows that the net profit amounted to £21,447. The directors propose that the preliminary expenses of £17,638 be written off, and that the balance of £3,809 be carried forward. The report states that notwithstanding the world-wide business depression, the operations of the bank during its first financial period have developed in a satisfactory manner. Total assets are £2,420,318. Goodwill at cost stands at £95,000. Total investments amount to £342,696, of which £137,266 is invested in British Government and Indian Securities. Cash stands at £303,486. Acceptances stand at £651,612. Advances are at £228,863. Banco Nacional Ultramarino accounts stand at £467,174. Deposits stand at £551,759. The issued capital is £1,000,000, in ordinary shares of £1 each, fully paid.

CANADIAN BANK OF COMMERCE.—The Canadian Bank of Commerce announce the appointment of Mr. Crawford Gordon, of Ottawa, as manager of the London office of the bank in succession to Mr. C. Cambie, who is retiring on pension. Mr. Crawford Gordon who is at present manager of the main Ottawa branch of the Canadian Bank of Commerce has had a distinguished career in the bank, occupying successively the posts of assistant inspector at Winnipeg during the superintendency of Sir John Aird, now president of the bank, who played an important part in building up the bank's prestige in the west, assistant manager at the Winnipeg branch, manager at Kingston, Jamaica, from 1920 to 1925, assistant manager at the main Toronto office, and from 1926 to the present time manager at Ottawa. The London office of the Canadian Bank of Commerce has been established for a considerable period, being at one time the head office of the Bank of British Columbia, which was amalgamated with the Canadian Bank of Commerce in 1901.

MISCELLANEOUS.

ARGENTINE NAVIGATION CO. (NICOLÁS MIHANOVICH).—A controlling interest in the Argentine Navigation Company (Nicolás Mihanovich) having been acquired by an Anglo-Argentine syndicate, it is proposed that the company be wound up voluntarily and that Sir William McIntock be appointed liquidator. The directors have entered into a provisional agreement with the Compania Argentina de Navegación Mihanovich, which has been formed in the Argentine, for the sale of the company's assets (except a sum of £300,000 in cash) for £2,200,000 on the basis that the new concern takes over the business as at January 1, 1930, including any profits made since that date. At an extraordinary general meeting held March 31st, a resolution approving the provisional sale agreement, for the liquidation of the Company and for the appointment of Sir William McIntock as Liquidator, was duly passed.

THE LANCASHIRE STEEL CORPORATION, LIMITED.—The Lancashire Steel Corporation, Ltd., announce that, at the instance of the Securities Management Trust, Ltd., who hold the controlling interest in the corporation, Mr. John E. James of the Cargo Fleet Iron Company Ltd., has been nominated by the Securities Management Trust to be chairman and managing director of the Lancashire Steel Corporation, Ltd. These appointments have been duly made. The Earl of Crawford and Balcarres has accordingly resigned the acting-chairmanship of the corporation which he has held since the resignation of Mr. J. Frater Taylor in September, 1930.

LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES LIMITED.—The twenty-first annual report for year ended March 31, 1931, has been issued. It shows a net revenue for the year (excluding £5,295 unappropriated by subsidiaries) of £216,511, which is equivalent to over 13 per cent. per annum on the share capital. This compares with a net revenue of £175,025 for preceding year. Adding £63,282 unappropriated at March 31, 1930, there is £279,793 available. The ordinary dividend is 10 per cent., and a bonus of 1 per cent. is paid, making 11 per cent. for the year, absorbing £171,600. For the year ended March 31, 1930, 10 per cent. was paid as a dividend, but no bonus distribution was made. The directors recommend transferring £15,000 to debenture stock and loans redemption account and £5,000 to contingencies account, also £12,000 to repairs and maintenance reserve account and £1,000 to staff welfare account. The carry-forward is £75,193. (In addition, there is £25,701 unappropriated by the subsidiaries.) The directors propose to pay three quarterly dividends of 2 per cent. each less tax (August 1st, November 1st, February 1st), and to recommend a fourth and final dividend of whatever the accounts may appear to warrant. The balance sheet contains several new and interesting departures, and is issued with commendable celerity.

VICKERS, LTD.—In the course of a Note on the 1930 accounts of Vickers, in our last week's issue, it was stated that no provision had been made for depreciation. We are officially asked to point out that Vickers, Ltd., is now a holding company and consequently its assets, other than outside securities, consist of investments in and loans to subsidiary and associated companies. The balance sheet of Vickers-Armstrong, Ltd.—the principal subsidiary—shows that depreciation has been written off in the case of all the other subsidiary companies, with the exception of the English Steel Corporation, which is a subsidiary of Vickers-Armstrong, Ltd., and respecting which a special note appears on the balance sheet of that company.

Commercial Reports.

MARKET SUMMARY.

Most commodity markets have been quiet under the influence of the approaching Easter holidays. The scarcity of some classes of coal in Yorkshire, besides raising prices there, caused the diversion of orders to other districts where as a consequence the situation has shown a slight improvement. A general coal strike in France has been averted by the intervention of M. Laval, the French Prime Minister. In Germany, the Ruhr Coal Syndicate has decided to terminate the existing wage agreements with miners on May 31st, and with the staff on June 30th. The iron and steel industries have experienced a slight increase in activity which is partly due to higher prices quoted by Continental makers and partly by an increase in demand. Non-ferrous metals have all lost further ground owing to the absence of an improvement in consumption. Among textile raw materials the recent improvement in wool and flax values has been maintained. Business in finished cotton and wool goods has been less active, but sales of rayon fabrics continue satisfactory. Jute has been firmer, and it is expected that the restriction of output by the Indian jute mills will result in a decrease of stocks of manufactured goods and eventually in better prices. In foodstuffs, wheat and other grains have been dull. Cocoa and tea have been firm, and British refined sugar has again been advanced 4½d. per cwt. Among miscellaneous commodities, little interest was shown in vegetable oils and oilseeds, and rubber at 3½d. per lb. for standard smoked sheet established a new low record. Hides have again been firm, but the demand for leather has slackened off.

THE COAL TRADE.

SHEFFIELD.—A shortage of supplies has brought about an all round hardening of prices, best steams and house coal having gone up a shilling per ton on the week. Demand for house coal continues strong. Best ordinary house coal is quoted at 22s. to 22s. 6d. at pits, and best hand-picked branch at 25s. 6d. to 27s. Best steams are in short supply for export with values firm at 18s. to 18s. 6d., f.o.b. Humber ports. Small fuels are less plentiful and command better prices. Some of the coke ovens are unable to obtain adequate supplies of slack, and this is reducing coke surpluses. Blast-furnace coke is firm at about 12s. at ovens.



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

THE CHASE NATIONAL BANK

of the City of New York

(Incorporated with limited liability under the National Bank Act of the U.S.A.)

COMMERCIAL CREDITS: FOREIGN EXCHANGE: FACILITIES FOR EVERY TYPE OF INTERNATIONAL BUSINESS.

Total Resources at 31st Dec., 1930, Exceeded \$2,600,000,000

NEW YORK CITY OFFICES:
Head Office - Pine Street corner of Nassau
Equitable Trust Branch - 11 Broad Street
Forty-five other branches in Greater New York

FOREIGN OFFICES:
HAVANA - Cuba. CRISTOBAL - Canal Zone
PANAMA CITY - Republic of Panama

OFFICES OF REPRESENTATIVES:
LONDON - 10 Moorgate, E.C.3
PARIS - 41 Rue Cambon
BERLIN - Unter den Linden 57
ROME - Piazza Mignoni 3

LONDON OFFICES:
10, MOORGATE, E.C.2 & BUSH HOUSE, ALDWYCH, W.C.2

GLASGOW.—A slight improvement has occurred in export demand within the past few days, and this has tended to counteract the falling off in home requirements as a result of the lengthening day. Inquiries are, however, mostly for early business, and although, partly for this reason and partly owing to output restriction, values are upheld, the outlook cannot be said to be definitely brighter. Lanarkshire prime splint is well booked, and steam coal moves readily in Fife, but the smaller sizes of nuts are still in plentiful supply. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 15s. 6d.; splint best, 16s. 6d.; splint second, 15s. 6d.; navigation, 15s. 3d.-15s. 6d.; navigation second, 14s. 6d.-15s.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 12s. 6d.; doubles, 11s. 9d.; singles, 10s.; pearls, 10s. 3d.; dross, 10s. 3d. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 13s.-13s. 6d.; third-class steam, 12s.-12s. 6d.; trebles, 12s.-13s. 6d.; doubles, 11s.-11s. 6d.; singles, 10s.; pearls, 10s. 6d. LOTHIAN.—Prime steam, 13s.; secondary steam, 12s. 9d.; trebles, 12s.-13s.; doubles, 11s.-11s. 6d.; singles 10s.; pearls 10s. 3d.-10s. 6d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s. 6d.; trebles, 13s.; doubles, 11s. 9d.; singles, 10s. 6d.; pearls, 10s. 9d.; dross, 10s. 6d.

CARDIFF.—The pressure of shipments at the South Wales docks this week has not been as great as was anticipated. A few of the collieries are fully stemmed and are disposing easily of their authorised outputs, but there is very little new business in the market, and on Tuesday ten of the tips at the Great Western Company's docks were idle. The most favourably situated are some of the Monmouthshire and second-class steam collieries, while sized coals are all well supported; but for other small grades demand has been very inactive, and coke and patent fuel continue very depressed. The Great Western Company's returns for the four weeks ended March 15th last show a decrease in the exports of coal and coke to 1½ million tons, compared with 2.3 millions in the corresponding period last year, and in patent fuel from 70,000 tons to 34,000 tons. Prices have shown very little fluctuation, and for most grades they have ruled at the scheduled minima. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drays, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 14s. 9d. to 15s.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 20s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 23s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—There is a little more business doing in Cleveland iron with local consumers for delivery over the next few weeks, but they are mostly holding back from making purchases ahead. A few small lots are reported to have been sold to Scotland, but any great expansion in business in that direction cannot be expected so long as Continental and Indian iron can be obtained very much cheaper. Export business is also very detrimentally affected by the lower prices of competing irons, which has reduced shipments from the Tees to a minimum. The weekly market on Tuesday was not largely attended, but pessimism was somewhat relieved. A few transactions were reported for early delivery, and also one or two for forward at unchanged official prices, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; No. 4 forge, 57s. f.o.b. or f.o.t. In hematite the position is similar to that of Cleveland. Consumers are delaying making forward purchases of any importance so far, but are watching the market very closely as they have business to place when they think the right time has arrived. In the meantime, orders for small parcels for prompt are rather more numerous, both on home account and for export. Makers are generally quoting 67s. 6d. for mixed numbers for early delivery, and are obtaining this figure, though in odd cases slightly less has been accepted. For forward, higher prices are quoted according to period required. The shipments of all kinds of pig iron this month are very poor. The steel trade is a little better. Some new orders have come to hand recently, and it is now reported that Cargo Fleet Co. are to share, along with two other firms outside the district, in an order for 32,000 tons heavy steel rails for the Southern Railway Co., also that an order has been placed of the value of about £60,000 for heavy steel rails by the L.M.S. between the three local firms of Dorman Long, Cargo Fleet, and Peases (Skinningrove). The L.N.E.R. order is expected to be placed shortly in which local mills expect to participate substantially. Prices for home, under the rebate scheme, are unchanged, viz.:—Steel plates, £8 15s.; steel angles, £8 7s. 6d.; steel joists, £8 15s. Other home quotations are: heavy steel rails, £8 10s.; iron crown bars, £10 10s.; 24-gauge black sheets, £8 10s.; 24-gauge galvanized corrugated sheets, £11. There is no expansion of business in ore, consumers' requirements being fully covered for early delivery by stocks on hand and quantities to receive under old contracts. Best rubio is nominally 16s. c.i.f. for prompt, and the rate of freight Bilbao/Middlesbrough for early loading is about 4s. 6d. Supplies of coke continue much in excess of demand, and the price is weak at 16s. delivered works for good furnace qualities. The number of furnaces in blast in the district is unchanged at 21.

SHEFFIELD.—The acuteness of the depression in the open-hearth steel department is evidenced by the arrangements for the Easter holiday. This will be considerably longer than in the past, and some producers are adopting the unusual course of closing their melting furnaces. Demand for billets continues to taper off. The British railways are showing a disposition to give out orders for material on a more liberal scale. Demand from overseas, however, shows no sign of expansion, and the requirements of the shipbuilding

industry show a progressive decline as the year progresses. Special steels command a limited but steady market, with reduced buying for overseas. Consumption of foundry pig iron keeps at a low level, and forward buying is still in abeyance. Prices of scrap are low and irregular. Less is going into consumption, and sellers are refusing low offers for fresh business, and several branches of the lighter and finished departments, such as tools, strip, and stainless steels are moderately employed, but cutlery and plate makers are experiencing very lean times, and many have been running their business at a loss since the beginning of the year.

GLASGOW.—The pig iron market remains quiet, and there is still no need to increase the number of furnaces in blast. Conditions in the Clyde shipbuilding yards show no improvement, and the absence of specifications from the shipbuilders makes business increasingly difficult at the steel plants. Structural engineers are not quite so busy as they were some little time ago, but British material is being used for the bulk of their contracts. In the sheet trade there has been some improvement in the bookings of black sheets for export, while home trade both in black and galvanized, is well maintained. Tube makers, like other branches of the iron and steel trades, are still only able to keep plants partially employed.

CARDIFF.—The position in the South Wales iron and steel trades shows no improvement. The scheme for increased co-operation in the control of output and for more centralized selling methods is not making the progress hoped for, and one important firm has given official notice of its intention to withdraw from the proposed new arrangements. Prices of tinplates, galvanized sheets and steel bars are nominally unchanged.

OTHER METALS.

TIN.—Although the restriction scheme is now in force, it has been realised that no immediate improvement can be expected in the statistical position. In addition, there has been no increase in the demand, with the result that the metal weakened further at the beginning of this week. Tuesday's price per ton, for "standard cash" at £119 5s. to £119 7s. 6d., compared with £121 5s. to £121 7s. 6d. on the corresponding day last week, while "three months" was quoted at £120 15s. to £120 17s. 6d., as against £122 15s. to £122 17s. 6d. a week ago. Stocks in London and Liverpool at the end of last week, at 26,834 tons, show an increase of 425 tons on the week.

COPPER.—The downward tendency in copper has not yet been arrested, and Tuesday's official closing quotation, per ton, for "standard cash," at £42 18s. 9d. to £43 1s. 3d., compared with £44 2s. 6d. to £44 5s. on the corresponding day last week. The minimum price quoted by Copper Exporters, Inc., for "electrolytic," c.i.f. Continent, remained unchanged at 10.30 cents per lb. Stocks of refined copper in official warehouses at the end of last week, at 8,616 tons, show a decrease of 68 tons, while stocks of rough copper remained unchanged at 1,538 tons.

LEAD.—Reports of the lack of agreement among producers about their future policy, coupled with a poor demand for the metal, had a depressing effect on the market. Tuesday's official closing quotation, per ton, for "soft foreign," at £12 1s. 3d. to £12 6s. 3d. compares with £12 12s. 6d. to £12 17s. 6d. on Wednesday last week.

SPELTER.—No improvement has become noticeable in the consumption of spelter, and as supplies have been heavy, prices slumped considerably at the end of last week. Early this week, however, sellers were more reserved, and quotations showed a slight recovery. Tuesday's official closing quotation, per ton, for "good ordinary brands" at £11 12s. 6d. to £12 1s. 3d. compares with £11 10s. to £11 17s. 6d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively have been maintained at last week's level. Antimony again changed hands at £25 to £25 10s. per ton for "foreign," while quicksilver remained unchanged at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool, March 31st.—During the last six days the market has continued in its dull and lethargic state, supply and demand about balancing each other, and fluctuations have been within a range of 10 points. The U.S. Farm Board is non-committal with regard to its cotton policy, but it is generally expected that the Farm Board will not support prices of the new crop, preparations of which are well advanced. Shortage of moisture in some sections is claimed and the bulk of the planting is yet to be completed. No definite trend of improvement in trade in any of the manufacturing countries is being shown at present. Spot sales for the period 26th to 31st (inclusive) are 30,000 bales, of which 10,350 bales are American, 3,850 Brazil, 2,750 Peru, 7,250 Egyptian, 1,250 African, 650 East Indian, and 3,900 sundries. Imports for the same days are 49,599 bales, of which 13,067 are American, 106 Argentine, 869 Peru, 10,289 Egyptian, 331 African, 24,184 East Indian, and 753 sundries. Quotations to-day are: American Middling, 5-83; Egyptian Sakel, 9-40; Uppers, 6-88; Brazil Fair, 5-88; Peru G.F. Smooth, 6-28; West African Middling, 5-88; and East African G.F., 6-88.

Manchester, March 31st.—Trading in the market during the past week has been on a reduced scale. Buyers have been more disposed to adopt a waiting policy. Conditions in outlets abroad are slow in improving and there are indications of rather lower raw cotton values. Inquiry in piece-goods for India has fallen off. A scattered business has been done in light whites and prints, chiefly for Calcutta, Karachi and Madras. The agitation against foreign goods and the higher import duties is very adversely affecting

trade. Some advices from China are slightly better, but staple cloths remain slow and the limited business done has been chiefly in fancies. Restricted operations have occurred in a variety of fabrics for South America, the West Coast of Africa and the Continent, but very little has been done for Egypt and the Near East. Rather less activity has been reported in the home trade section. Curtailment of production in the weaving branch remains on a large scale. A slower demand has been experienced in the yarn market, there being a smaller turnover in American and Egyptian counts for home use and export.

Cotton Prices.

	1931.				Corresponding Date.	
	Mar. 11.	Mar. 18.	Mar. 25.	Mar. 31.	1929.	1930.
Raw Cotton—Mid. American	d.	d.	d.	d.	d.	d.
" Sakellaridis Fully Good Fair	5-90	5-90	5-88	5-83	10-80	8-80
" Egyptian	9-55	9-65	9-50	9-40	19-25	14-25
Yarns—32's twist	94	94	94	94	16	12½
" 40's twist	10	10	10	10	16½	13½
" 60's twist (Egyptian)	17	17	17	17	27	21
32-in. Printers, 116yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
" 40's	18 7½	18 9	18 9	18 9	26 3	22 3
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20 9	20 9	20 6	20 6	28 6	24 10½
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 7	11 7	11 7	11 7	15 4½	13 7½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.	10 6	10 6	10 6	10 6	14 0	12 3

THE WOOL TRADE.—Bradford.—Since last writing the second series of London sales have closed, and taken altogether the results must be described as very satisfactory. After the home trade had set things going, Continental buyers came in with sufficient force to lift prices about five per cent. above the opening level. Under the combined influence of buyers a big weight of wool has been lifted, and there is not now an unreasonable weight of either merinos or crossbreds to be carried forward. Certain foreign buyers have relaxed their operations during the latter part of the series, and this has prevented the highest point being maintained. Some of the buyers evidently have other heavy obligations, but the home trade, along with French and Belgian buyers, have supported the series very well right to its close, and it is patent to impartial observers of the situation that all descriptions of wool are still in a sound and encouraging position. Comparing prices with that of the last series, average to superior greasy merinos are 1½d. to 2d. dearer, and scoured about 2d. for average to good wools, and 3d. for superior. Greasy merino lambs show an improvement of 1d. to 2d., and greasy, scoured, and slip crossbreds are 1½d. to 2d. higher. There is also an improvement of 1½d. to 2d. in Cape scoureds, and 1d. to 1½d. in greasies. A good interval between now and the opening of the next series will fully justify the basis of values now seen. Business has become quieter in Bradford, but prices for tops and yarns are steady. The great majority of firms have sold in sufficient quantities to make it unnecessary for them to consider any new business for the time being, and the most important consideration is for current contracts to be moved out of hand with reasonable facility. A very big weight of yarns having been sold at prices which represent little if any margin on current cost, is compelling spinners to present a very firm attitude to their manufacturing clients, and though it may be that here and there slight concessions are obtainable in tops, there is no probability of this being any more than a passing phase. The outlook points very definitely to values for the raw material and tops holding their own.

THE JUTE TRADE.—Dundee, March 31st.—Unfavourable crop reports have been the cause of a stiffening up in prices of raw jute. It is stated that there is a lack of rain, which is impeding sowings, while it is also reported that where sowings have been completed in the low lands there is a considerable decrease in the area covered compared with last year. A good deal of speculative buying and selling has been going on, but actual consumers of the fibre have shown very little interest, knowing that there is a plentiful supply of raw jute for the needs of the trade for at least another season. The consumption of the fibre at all centres is very greatly curtailed and trade in manufactured goods shows little sign of improvement. Buyers are quite interested and are making a good inquiry, but the actual results are still very disappointing. Prices of yarns and cloth have ruled round about their present level for months past, the drastic extent of curtailment of output helping spinners and manufacturers to maintain their quotations. The restriction by the Indian Jute Mills is expected to have its effect on reducing stocks of goods all over the world, and the enormous heights to which these have risen are the real reason for the stagnation in the industry. Sellers of the raw material have shown much reserve and prices during the past week gained from 10s. to 15s. per ton. The value of Daisee assortment rose to £15 15s., with threes at £15 10s. and fours quoted at £14. April/May. Tossa assortment is offered now at £16 15s. for good marks, while threes are from £16 10s. and fours at £15 5s., same shipment. Lightnings are variously named at from £16 10s. to £17, Red H quality ruling at £16 15s., while good First Marks are nominal at £18 10s. to £19, April-May. Hearts vary from £14 10s. to £16, according to quality. Spinners have shown little concern about further purchases, owing to the small demand for yarns. The imports of raw jute into Dundee this season from August 1st to date are only 434,000 bales, compared with 792,000 bales for corresponding period last season. A few trifling sales of jute yarns are being made. The very lowest possible for common 8-lb. cops is 1s. 10d. for 8-lb. spools and 1s. 11d. The supply of these hessian yarns is now very much restricted. Twist has been sold for 3½d. for 3-ply 8-lb., and 3½d. seems to be the most obtainable. Sacking yarns are steady at 2½d. for 24-lb.

weft and 3½d. for 8-lb. chains, while rove is quiet at from £19 10s. for 48-lb. and £16 5s. for 200-lb. Fine yarns are practically idle, and are nominally unchanged, while carpet yarns are only of moderate interest. A better inquiry is noticeable in the jute cloth market, and there has been rather more doing during the past few days, but manufacturers would like to see a bigger improvement. Prices are steadily held at from 2½d. for 10½-oz. 40-in. hessians, and from 1½d. for 8-oz. Linoleum hessians are quiet and heavy goods continue dull, even though prices have been further reduced. The prices quoted for Calcutta goods are 19s. 9d. for 10-oz. and 16s. for 8-oz., April/June, and 20s. and 16s. 3d. respectively, July-September. On spot sellers are offering 10-oz. at 19s. 6d. and 8-oz. at 15s., without finding many buyers.

THE GRAIN MARKETS.

WHEAT.—The continued spell of fine and open weather enabled farmers to push ahead with field work, and spring sowings are proceeding actively in most parts of the country. Growing crops are making satisfactory progress, and for the most part have recovered from adverse climatic conditions during the early months of the year. There is no change in the position of native wheat, offerings being small at most of the statute markets. There is not much inquiry on milling account, the small business passing being chiefly for poultry feed. Quiet and rather featureless conditions on the import market have been accentuated by the close approach of Easter, and, with little support from overseas markets, prices manifested a downward tendency. Liberal shipments and large arrivals at European ports ensure adequate supplies, and in view of the heavy statistical situation there is little inducement for millers to operate beyond immediate wants. Supplies will soon be supplemented by increased quantities available from Canada, now that navigation on the St. Lawrence will shortly be resumed, and already some anxiety is shown by Dominion sellers to lighten the May position. Russia has again been prominent of late as a grain shipper, and quantities in store at United Kingdom ports are being steadily absorbed. Australia is marketing her crop freely, while assisted by a good Oriental demand, and shipments so far show an increase of 3½ million quarters compared with that of the corresponding period in 1930. Argentine sellers refrain from pressing, but are willing to grant price concessions where business is possible. Quotations: No. 1 hard Northern Manitoba (Vancouver), ex ship, 27s.; No. 1 Northern Manitoba, ex ship, 26s. 9d.-27s. 3d.; No. 2 ditto, 25s. 3d.-27s.; No. 3, 24s. 3d.; No. 4 Manitoba, 23s. 3d.-23s. 9d.; Barusso, 63 lbs., 21s. 3d.; Rosafe, 63 lbs., 21s.; ditto, 62 lbs., 20s. 6d.; Australian, 22s. 3d.-23s. 3d. Russian, on sample landed, 20s.-22s.; ex ship, 21s.-24s. f 496 lbs. English, 4s. 6d.-5s. 6d. per 112 lbs.

AMERICAN WHEAT MARKETS.—The following table shows quotations in recent weeks with comparative figures for 1930

NEAREST FUTURE.	Jan. 2, 1930.	Apr. 3, 1930.	Jan. 2, 1931.	Mar. 18, 1931.	Mar 25, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	110½	56½	58½	f
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	111½	79½	79½	

The visible supply of wheat in Canada at 64,989,000 ¹ a decrease on the week of 98,000 bushels. Supp' stood at 75,266,000 bushels.

COMPARATIVE AVERAGES OF GRAIN.—This gives the estimated sales of home-grown wheat years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930
Estimated sales of home-grown wheat—		
1 week to Mar. 28	Cwts. 121,780	Cw' 18
30 weeks to Mar. 28	3,620,137	7½
Average price of English wheat per cwt.	s. d. 5 2	

BARCLAY

HEAD OFFICE: 54

TRUSTEE

CHIEF OFFICE

London (City) 37 King V

.. (West End), P

27 R

Birmingham: 67

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The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 21, 1931.....	Cwts. 159,082	Cwts. 73,038	Cwts. 45,537	s. d. 5 2	s. d. 7 11	s. d. 5 11
Mar. 28, 1931.....	121,760	59,508	38,360	5 2	7 3	5 10
Mar. 26, 1927.....	215,752	107,409	68,150	11 8	11 0	8 2
Mar. 31, 1928.....	236,826	110,069	53,854	10 0	10 11	11 0
Mar. 30, 1929.....	105,458	61,881	30,310	9 9	10 3	9 9
Mar. 29, 1930.....	182,769	125,678	29,852	8 3	7 10	5 11

WHEAT FLOUR.—Home-milled flour continued in moderate demand, and tone weak in sympathy with wheat, while imported descriptions were difficult to vend, both spot and forward offers being easier inclined. Quotations: London straight run, 22s. 6d. per sack for country deliveries, and 21s. 6d. London area. Of imported, Manitoba patents, 21s.-24s. 6d.; Buffalo ditto, 21s. 6d.-26s.; Australian, 18s. 9d.-19s. ex store per 280 lbs.

BARLEY.—The market in barley has been inactive. Quotations: Californian old, landed, 30s.-35s.; new, ex ship, 30s.-41s. as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 17s. 3d.; ex ship, 16s. 3d.; March-April, 15s. 9d. per 400 lbs.; English malting, 6s. 3d.-13s. 9d.; feed, 6s. 9d.-6s. per 112 lbs.

OATS.—The demand for oats remained quiet. Quotations: Plate, landed, 11s.; ex ship, 10s.; Chilean tawny, landed, 13s. 6d.; whites, ex ship, 18s. 9d.; landed, 19s. 6d.; North Russian, landed, 13s.; South Russian, landed, 14s.; ex ship, 13s. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

MAIZE.—Feeding stuffs experienced a quieter movement, and prices for new crop Plate maize have been slightly easier on favourable harvesting conditions and liberal clearances. Quotations: Plate, landed, 20s. 9d.; ex ship to arrive, 19s. 9d.; March-April, 17s.; new, April-May, 16s. 6d.; May-June, 16s. 3d.; June-July, 10s. 3d. per 480 lbs. Yellow maize meal, £6 5s. f.o.r. London per ton.

OTHER FOODS.

SUGAR.—An international conference of sugar producers has met in Paris last Monday, with the object of discussing the "Chadbourne plan" of export restriction. The market has been firm, and quotations for British refined sugar were advanced 3d. per cwt. on Friday last week, and by a further 1½d. per cwt. last Monday. It will be remembered that prices had already been raised ½d. per cwt. during the previous week. Raw futures have been easier, and Tuesday's sales included "May delivery" at 4d. to 6s. 4½d., as against 6s. 3½d. to 6s. 5d. on the corresponding day last week; August, at 6s. 7½d. to 6s. 7½d., against 6s. 7½d. to 6s. 8½d.; and December, at 6s. 11d. to 6s. 11½d., against 6s. 11½d. to 7s.

COFFEE.—The demand for coffee was quieter at the final auctions before Easter, at which 4,484 packages were offered; good qualities, however, did not lack support. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 72 bags; exported, 46; stocks, 2,716 bags, against 6,050 bags last year. Central American, landed, 7,616 packages; delivered for home consumption, 3,970; exported, 2,532; stocks, 102,779 packages, against 101,152 a year ago. Other kinds, landed, 9,627 packages; delivered for home consumption, 4,881; exported, 7,096; stocks, 96,570 packages, against 105,753 a year ago.

COCOA.—The market in cocoa has been slightly more active towards the end of last week. On Monday and Tuesday, however, demand was again quiet, and prices, though better than early last week, showed a slight decline. Wednesday's quotation for Accra, fair fermented, April-May, at 20s. 6d. per cwt., f.o.b., London contract, shows a rise of 6d. on the week. Last week's movements of cocoa in London were as follows:—Landed, 2,635 bags; delivered for home consumption, 9,501 bags; exported, 196 bags; stocks, 194,449 bags, against 191,575 last year.

TEA.—The quantities catalogued for this week's auctions comprised 31,254 packages of Indian, and 24,968 packages of Ceylon tea. Competition for all fine qualities was again keen, and some of the best qualities were dearer than last week.

RICE.—The demand for rice has been quieter, and Tuesday's price, for Burma No. 2, cleaned, March-April, in singles to Continent and United Kingdom, at 7s. 9d. per cwt., show a fall of 3d. per cwt. on the week. Movements in London during the past week were as follows:—Landed, 77 tons; delivered, 34 tons; stocks, 526 tons, as against 2,504 last year.

POTATOES.—The demand for potatoes showed a further improvement this week at the Borough Market, and prices were firm. "Best King Edward" sold at £7 10s. to £8 10s., as against £7 to £7 10s. a week ago.

SPICES.—The spot pepper market has been easier at the end of last week, but on Tuesday prices recovered following renewed inquiry and reserve of sellers. Tuesday's price for "Black Singapore," at 6d. per lb., shows a decline of ½d. on the week. Movements of pepper in London during the past week were as follows:—Black, landed, 12 tons; delivered, 29; stocks, 522 tons, as against 981 last year. White, landed, 58 tons; delivered, 43; stocks, 499 tons, against 878 tons a year ago.

MEAT.—Meat has been steady, and quotations for Argentine chilled hindquarters remained unchanged, while, in mutton, New Zealand frozen also sold at last week's price. Pork was dearer, and "English pork," per 8 lbs., realised from 5s. 4d. to 7s. 8d., as against from 5s. to 7s. a week ago. According to the Smithfield official

THE NATIONAL BANK OF INDIA, LIMITED.

Registered in London under the Companies Act of 1862 on the 23rd March, 1863.

ESTABLISHED IN CALCUTTA, 20th SEPTEMBER, 1863.

Subscribed Capital	£4,000,000	Reserve Fund	£3,000,000
Paid-up Capital	£2,000,000	Number of Shareholders	2,756

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BOMBAY.	TUTICORIN.	STEAMER POINT, ADEN.	KAMPALA
MADRAS.	COCHIN.	ZANZIBAR.	JINJA
KARACHI.	RANGOON.	MOMBASA.	TANGA
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NATIONAL BANK OF SCOTLAND, LIMITED.
Solicitors—Messrs. SANDERSON, LEE AND CO.

GENERAL BALANCE SHEET, 31st December, 1930.

The Rupee Assets and Liabilities have been converted at the rate of 1s. 6d. per Rupee.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital:				By Cash on hand, at call and at			
Authorised and Subscribed, 160,000 Shares of £25 each, £4,000,000	4,000,000	0	0	Bankers	4,375,957	18	8
Paid up £12 10s. per share	2,000,000	0	0	By Bullion on hand and in Transit	181,787	15	1
To Reserve Fund	3,000,000	0	0	By Indian Government Rupee Securities	4,585,755	11	9
To Current, Fixed Deposit and other Accounts, including provision for Bad and Doubtful Debts and Contingencies	30,860,471	8	7	By British Government Securities, Indian Government Guaranteed Debentures and other Securities (of which £300,000 War Loan lodged with Bank of England as Security for Government Accounts)	8,843,459	0	1
To Bills Payable	763,678	7	8	By House Property and Furniture (at cost, less amounts written off)	568,408	13	11
To Acceptances for Customers	491,788	3	2	By Bills of Exchange including Treasury Bills	5,783,508	8	8
To Profit and Loss Account, as under	558,791	0	11	By Discounts, Loans Receivable, and other sums due to the Bank	12,312,477	6	8
	£37,674,730	0	5	By Customers for Acceptances per Contra	491,788	3	2
					£37,674,730	0	5

PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1930.

25/05/2017

PROFIT AND LOSS ACCOUNT for the Year ended 31st December, 1930.

	£	s.	d.		£	s.	d.
To ad interim dividend at the rate of 20 per cent. per annum for the Half-year ended 30th June, 1930	200,000	0	0	By Balance at 31st December, 1929	588,461	16	7
To Expenses of Management at Head Office and Branches, including Directors' Fees, £6,250	629,229	14	11	DEDUCT—			
To Balance	558,791	0	11	Dividend at the rate of 20 per cent. per annum for the half-year ended 31st December, 1929	£200,000	0	0
				Amount written off House Property account	60,000	0	0
				Officers' Pension Fund	50,000	0	0
					310,000	0	0
				Balance brought forward	278,461	16	7
				By Gross Profits for the year ended 31st December, 1930, after providing for all bad and doubtful Debts	1,109,588	19	3
					£1,388,020	15	10
	£1,388,020	15	10				

W. ROSS MUNRO, General Manager.
G. B. LINTON, Sub-Manager and Accountant.

R. LANGFORD JAMES, Esq.,
J. P. HEWETT, Esq.,
J. A. SWAN, Esq., } Directors.

REPORT OF THE AUDITORS TO THE MEMBERS.
We have audited the above Balance Sheet with the Books in London and the certified Returns from the Branches. We have obtained all the information and explanations we have required. In our opinion such Balance Sheet is full and fair, containing the particulars required by the Regulations of the Company, and is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the books of the Company.
London, 17th March, 1931.

COOPER BROTHERS AND CO.,
W. A. BROWNE AND CO., } Auditors.
Chartered Accountants.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.
GRAIN, &c.—		Irish bladders	68 0 78 0	English Southdown, washed	d. 14	Best heavy ox and heifer	0 4 0 6
Wheat, No. 2, N. Man. 496 lb.	26 9	American, boxes, 56 lbs.	48 0 50 6	Lincoln hog, washed	10	Best cow	0 4 0 6
Eng. Gaz. av., per cwt.	5 2	POTATOES—		Queensland, sd. super embg.	23	Best calf	0 6 0 8
Barley, Eng. Gaz. av., per cwt.	7 3	Good English, per cwt.	7 6 8 6	N.S.W. greasy, super	13		
Oats	5 10	SPICES—		N.Z., gray, half-bred 50-56	11	INDIGO—	
Maize, La Plata, landed, 480 lb.	20 6	Pepper, per lb.—		N.T., gray, half-bred 50-56	11	Bengal gd. red-vio. to	
Flour, Lon. stan. ex mill, s. d.		Muntok, fair White.....	0 9 0 0	Crossbred 40-44	8	fine—per lb.	5 6 6 1/2
280 lb.	21 0 0	Black Lampong.....	0 6 0 0			LEATHER—	
Rice, No. 2 Burma, per cwt.	7 9	Cinnamon—1st sort, per lb.	0 8 0 0	Merinoes 70's.....	28	Sole Bends 8/14 lb.—	
Sago, Pearl, per cwt.	17 9	Cloves—Zanzibar, per lb.	0 11 0 0	" 64's.....	26	per lb.	1 2 2 6
Tapioea, per cwt.		Ginger—per cwt.—		Crossbred 48's.....	14	Best Tanned Sole.....	2 3 3 0
E.I. flake, fair spot	17 6 0 0	African.....	25 6 0 0	" 46's.....	13	Shoulders fr DS Hides	0 6 0 9
Medium pearl	20 0 0 0	Jamaica, ord. to good.....	50 0 90 0			Do. Eng. or WS do.	0 9 1 7
		Mace.....	0 10 1 8	COAL—	s. d. s. d.	Bellies from DS do.	0 5 0 7
MEAT—		Nutmegs 65s.....	1 2 0 0	Welsh, best Ad'ty., ton	20 0 0	Do. Eng. or WS do.	0 7 0 10
Beef, per 8 lbs.—		SUGAR—		Durham, best gas, f.o.b.	14 9 15 0	Dressing Hides.....	3 8 5 6
English long sides.....	4 8 5 6	(Duty, 11s. 8d. per cwt.)		Trane.....	14 9 15 0	Ro. Eng. Calf, 20/30 lb.	1 3 5 6
Argentine chilled hindis.	3 10 4 4	B.W.I., crystallised.....	18 6 21 6	Sheffield, best house, at		Aust. Bends.....	1 0 1 5
Mutton, per 8 lbs.—		Java, white, c. & f. India	7 10 0 0	pit, per box	22 0 22 6	VEGETABLE OILS—	s. s. s. s.
English wethers.....	6 0 7 0	REFINED—London—		IRON AND STEEL		Linseed, naked, p. ton net	17/5 0
N.Z. frozen.....	2 8 3 2	Yellow Crystals.....	19 9 0 0	Pine, Cleveland No. 3, ton	58 6 0 0	Rape, refined.....	32/0 0
Pork, English, per 8 lbs.	5 4 7 8	Cuties.....	24 1 24 7 1/2	Paris, M'brough.....	210 0 0 0	Cotton-seed, crude.....	21/10 0
BACON— OTHER FOODS.		Crushed.....	22 7 23 1 1/2	Steel Rails, heavy.....	170 0 0 0	Coconut, crude.....	27/10 0
Irish.....	80 0 102 0	Granulated.....	20 6 21 1 1/2	Tin Plates (20 by 14),		Edn. Oil, Linseed, Eng.	17/12 0
Danish.....	62 0 70 0	Home Grown (Mar.)	19 6 20 0	per basis box (2 1/2).....	15 9 16 0	Oil Cotton—Linseed, Eng.	
Canadian.....	nom.			METALS—	s. s. s. s.	On Seeds—Linseed—	
Dutch.....	56 0 63 0	TEA—		Copper, Electrolytic, ton	45/10 0 46/10 0	La Plata, p. ton—	
HAMS—Irish.....	0 0 0 0	Indian—per lb.—		Sheets (strong).....	77 0 0 0	Mar-April	8/18 9
Canadian.....	0 0 0 0	Pekoe.....	0 5 1 7	Standard.....	42/18 9 43/1 3	Calcutta—per ton.....	11/28 6
American.....	71 0 85 0	Broken Pekoe.....	0 6 2 4	Lead Eng. Pig... per ton	13/10 0 13/15 0		
BUTTER—		Orange Pekoe.....	0 6 1 10 1/2	Soft Foreign.....	12/13 12/6 3		
Irish creamery per cwt.	nom.	Broken Orange.....	0 7 2 3	Spelter G.O.B.	11/12 6 12/1 3		
Australian.....	104 0 118 0	Ceylon—per lb.—		Tin—English ingots.....	12/10 0 12/15 0		
New Zealand.....	108 0 124 0	Pekoe.....	0 7 2 3 1/2	Standard cash.....	119/5 0 119/7 6		
Danish.....	124 0 126 0	Broken Pekoe.....	0 8 2 4 1/2	MISCELLANEOUS.	s. d. s. d.		
CHEESE—		Orange Pekoe.....	0 9 2 6	Acid, citric, per lb. less 5%	1 0 1 0 1/2	Turpentine, per cwt.	40 6 0 0
Canadian.....	64 0 76 0	Broken Orange.....	0 9 2 8 1/2	Nitric.....	0 24 0 4	PETROLEUM PRODUCTS—	s. d.
New Zealand.....	51 0 57 0			Oxalic, net.....	0 3 0 4	Motor spirit, No. 1, Lon-	
English Cheddars.....	64 0 108 0	TOBACCO		Tartaric, English less 5%	0 11 0 0	don.....	1 1 1/2
Dutch.....	42 0 77 0	(Duty 8/10-9/10 per lb.,				Petroleum, Amer. fld.	0 10 1/2
COCOA—		Entire growths, 6/9—				lubricating oil ex store,	
(Duty, British grown,		7 1/2 per lb.)				London—per ton—	
11s. 8d.; foreign, 14s. cwt.)		Virginia leaf.....				Furnace... per ton	62 6
Accra, f.f., per cwt.	20 0 24 6	Common to fine.....	0 8 2 6			Diesel.....	75 0
Trinidad.....	42 0 48 0	Rhodesian leaf.....	0 1 0 0			Lubricating oil ex store,	
Grenada.....	33 0 43 0	Nyaasaland leaf.....	0 1 0 0			London—per ton—	
COFFEES—		East Indian leaf.....	0 10 6 0			Palae.....	9/17 6 21/0 0
(Duty, British grown,		East Indian leaf.....	0 3 0 0			Reds.....	10/15 0 16/10 0
11s. 8d.; foreign, 14s. cwt.)		strips.....	0 4 0 10			Cylinder.....	10/0 0 23/0 0
Santos, sup., c.&f. cwt.	39 0 0 0	COTTON— TEXTILES.	d.			ROSEN—	s. s. d. s. d.
Colombian, good.....	70 0 85 0	Mid-American..... per lb.	5-83			American..... per ton	12 5 0 19 15
Costa Rica, med. to good	85 0 122 0	Sakellarian, f.g.f.....	9 40			RUBBER—	s. s. s. d.
East Indian.....	82 0 108 0	Yams, 32's twist.....	17 1 10 0			St. ribbed smoked sheet	
Kenya, medium.....	80 0 95 0	60's twist.....	17 1 10 0			per lb.	0 3 1/2 0
EGGS—		FLAX—	s. s. s. s.			Fine Hard Para per lb.	0 4 1/2 0
English.....	120 8 6 12 6	Livonian ZK..... per ton	36 0 0 0			SHELLAC—	
Danish.....	8 0 12 0	Peruano HD.....	33 0 0 0			EN Orange..... per cwt.	85 0 87 6
FRUIT—		Shanco Medium 1st sort.	41 0 0 0			SHELLS—	s. s. s. s.
Oranges, South African bxs.	0 0 0 0	H.M.V.....				W. Aust. M.-o.-P.	3 10 11 10
Oranges—		Italian P.C..... per ton	29 0 0 0			TALLOW, London Town per cwt.	22 0
Denia and Valencia		Manila, Mar-May "J2"	19 10 0 0			TIMBER—	s. d. s. d.
1 case 300	12 0 22 0	N.Z.....	nom.			Swedish u/s 3 x 8 per std.	17 10 0
Lemons, Sicilian.....	5 0 9 0	N.Z., African, May-July.....	16 0 17 0			Do. 2 1/2 x 7.....	17 0 0
Malaga.....	6 0 15 0	Mexican.....	nom.			Do. 2 x 4.....	15 0 0
Apples: Amer. (var.) bxs.	27 0 40 0	JUTE—				Canadian Spruce, Dia.	24 0 0
1 case 11	11 0 13 0	Native lat mks. per ton				Pitchpine..... per load	9 0 0
" Australian.....	0 0 0 0	 c.i.f. H.A.R.B.				Rio Deals..... per std.	30 0 0
Onions—		Daisee 2/3 c.i.f. Dundee ..	£15/10 0			Teak..... per load	30 0 0
Valencia, case, 4s.	5 0 7 0	April-May.....	£15/12 6			Honduras Mang. logs c. ft.	0 10 6
" 5s.	15 0 8 0	STLK—	s. d. s. d.			African.....	" 0 6 0
Grapes, Lisbon.....	0 0 0 0	Canton..... per lb.	7 9 6 0			Amer. Oak Boards.....	" 0 6 0
" Almeria.....	0 0 0 0	Tussock.....	4 0 6 0			Do. Ash.....	" 0 7 0
		Japan.....	9 0 12 6			English Oak Planks.....	" 0 6 6
		Italian—Raw, fr. Milan	10 0 12 0			Do. Ash.....	" 0 7 6

report, supplies of meat during last week amounted to 8,686 tons, as compared with 9,635 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.1 per cent. of the supplies, as against 83.4 per cent. a year ago, and imported mutton, mainly New Zealand, formed 81 per cent. of the total supply, as against 84 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—A much quieter feeling is in evidence in almost all sections. Demand for linseed is only small, notwithstanding a decline in values, though some business to Hull is reported in Plate on passage at £9 and £8 18s. 9d., current value for March-April shipment being around £9, with later positions at a small premium—indeed, September has been done at £9 5s. Indian linseed is neglected, and offerings are restricted. The quantity of linseed on passage to Europe has further diminished, and at 244,200 tons is 10,400 less than last week, but compares with only 97,100 tons a year ago. Cottonseed is easier, and black Egyptian to Hull alone being shipped, and April loading is reported at £6 10s., which about represents current price afloat to May. Bombay cottonseed on spot offers at £5 7s. 6d. There is only a moderate demand for linseed oil, which has further declined. Raw oil on spot is now quoted ex Hull mill £17 10s.; April, £17; with May-August, £17 5s.; and September-December, £18. Cotton oil is not so firm. Crude Egyptian ex Hull is held for £21, and common edible £24. Oilcakes and meals are in good demand, and prices are fully steady.

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides from domestic cattle were fairly steady at the sales held at Manchester this week, the only alteration being an advance of 1d. per lb. on 70 lbs. and upwards, for second warbled ox and heifers. Cows and bulls changed hands at last week's figures, while the market for calf and sheepskins remains steady. In keeping with expectations, sales of foreign hides have fallen off with the approach of the holidays, but prices have ruled firm for most classes, and the turnover during the earlier part of the period under review has been quite good. South American wet salted hides have been taken up in respectable quantities. Argentine ox changed hands at the equivalent of from

6½d. to 6½d., and light ox at just under 5½d. Little business has been done for this country in dry South American hides, but the Continent has bought B.A. Americans at 7½d. and B.A. Inservibles at 4½d. Moderate inquiry has been encountered for African hides, and business has been done in first and second dry-salted Capes at 7d. and 6d., with one penny more paid for drys. Australian hides are a rather poor market, with only a few sales made in Queensland and N.S. Wales. Although orders for leather became less numerous and for smaller quantities as the holiday drew nearer, turnover was maintained at a fair level, and the general tone of the market gives the impression that the resumption of work will find the position unchanged. In English and wet-salted bends moderate sales have been made, but not quite up to the standard of recent weeks. More inquiry, however, has been met with from manufacturers of footwear for dry hide bends, and substantial orders have been accepted for light and medium weights. Similar conditions have prevailed in the market for upper stock. Black and brown glacé kid continues to receive regular attention, and sales, although not for bulk quantities, are frequent. Patent leather has made further headway, but supplies of the most-wanted sorts—cheap lines—have been considerably depleted, and the difficulty is to be able to satisfy customers' wants in this direction. Calf leathers, both box and willow, are still asked for, but business is confined to immediate needs only, and these are relatively small.

RUBBER.—There has not been any further progress in the negotiations between British and Dutch interests in connection with a scheme to restrict the supply of the commodity. Prices have been extremely weak, and Tuesday's official closing price per lb. of standard ribbed smoked sheet at 3½d., as against 3½d. on the corresponding day last week, was the lowest on record. Forward positions also declined. Business has been done at 3½d. for July-September, as against 3½d. last week; at 3½d. to 3½d. for October-December, against 4½d. to 4½d., and at 3½d. to 3½d. for January-March, 1932, as against 4½d. to 4½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows:—Landed, 2,419 tons; delivered, 1,701 tons; stocks at the end of last week at 132,183 tons, show an increase of 718 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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THE MONEY MARKET.

As had been anticipated, money remained stringent over the holidays. The market had had to borrow largely from the Bank at the end of the March quarter, and these loans fell due for repayment on Saturday, Tuesday and Wednesday. Treasury bill maturities put the market in sufficient funds to repay Saturday's loans, but Tuesday proved a more difficult day, and part of the money due to the Bank had to be reborrowed. Assistance was also

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rendered to the market by some special buying of early June bills at $2\frac{1}{2}$ per cent. On Wednesday conditions became a little more comfortable, and the money due on that day was easily repaid. Money rates naturally ruled high during this stringency. On Tuesday $2\frac{1}{2}$ per cent. was charged for renewals, and $3\frac{1}{2}$ and even 4 per cent. for new money. The following day, when conditions were easier, 3 per cent. was the usual rate for new money, and on Thursday money was again easier.

Discount rates hardened in sympathy with dearer money. Last week's Treasury bill rate was all but $2\frac{1}{2}$ per cent., against a shade over $2\frac{1}{2}$ per cent. the week before. It is significant that, although tenders were originally invited for £40,000,000 of bills, in the end only £36,000,000 were allotted, and this looks as though tenders were at rather too high a rate from the Treasury's point of view. It must be remembered that these bills are July maturities, and therefore are unpopular in the market. Discount rates were firm again this week. On Wednesday the three months' market rate was a full $2\frac{1}{2}$ per cent., and in one quarter it was suggested that $2\frac{3}{4}$ per cent. was nearer the mark. A clearing bank was buying May bills at $2\frac{1}{2}$ per cent., with the object, it is believed, of providing the market with funds. The same day the result was announced of an offer of £1,000,000 Liverpool yearling bills. Applications amounted to £4,219,000, and the bills were allotted at an average rate of just over $3\frac{1}{2}$ per cent. The market did not apply heavily for these bills, and it is believed that they all went to a special quarter. Discount rates generally were easier on Thursday.

	Mar. 19, 1931.	Mar. 26, 1931.	Apr. 1, 1931.	Apr. 8, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	$3\frac{1}{2}$ (May 1, '30)
Banks' Deposit Rate..	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Discount Call	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Houses (Notice ...	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	...

Last week's Bank return showed that holiday and end-of-quarter demands had between them drawn an additional £8.2 millions of notes into circulation, and allowing for gold acquisitions by the Bank, had reduced the reserve by £7.4 millions. Discrepancies between Treasury bill payments and maturities caused an increase of £7.7 in public deposits, and it was these two factors between them which were largely responsible for the market borrowings at the Bank. These, to judge from last week's increase in discounts and advances, amounted to £13.3 millions. This week's return shows a further increase of £1.8 in the note circulation. This is not unusual, for notes continue to be withdrawn right up to the end of the holidays, and Wednesday was far too early for any appreciable number to have returned from circulation. Gold acquisitions, however, by the Bank during the most recent week amounted to £1.6 millions, and so only an insignificant contraction took place in the reserve. Treasury bill maturities at the end of last week probably explain a reduction of £7.4 millions in public deposits, while the increase of £5.3 millions in Government securities may reflect special buying of bills. Curiously enough, discounts and advances are down by £13.7 millions, or by more than the total amount apparently borrowed the preceding week. This suggests that Tuesday's borrowings were not on so large a scale as at the time was generally believed.

This week's bar gold from the Cape again went to the Bank of England, but the Bank had to bid 84s. 10 $\frac{1}{2}$ d. per ounce, or slightly over its statutory buying price. It is believed that otherwise there was danger of the gold being bought for shipment to America. The amount secured by the Bank was £744,400, while, during the past week, the Bank also received £750,000 in sovereigns from the Cape, and a further £200,000 in sovereigns which came, according to one report, from the Argentine. These acquisitions bring the Bank's gold stocks in the Issue Department up to £146.1 millions, against a minimum for the year of

£139.5 millions at the end of last January. Next week £985,000 is due in bars, and £250,000 in sovereigns, and with further gold in sight the Bank is on its way to recover much of its autumn losses.

This has imparted a more hopeful feature to the discount market, and there is some disposition to hold that it is unnecessary to maintain a minimum market rate of $2\frac{1}{2}$ per cent., especially as that rate is proving too high to bring bills into the market. If, however, it is true that American competition forced the Bank to bid for this week's market gold, there is some danger in letting discount rates slide. Bills bought on French and American account early in the year are now beginning to mature, and it has already been reported that some American funds released by the maturing of sterling bills have been re-transferred to New York. Again, even though the Paris spot rate of exchange is now above par, the premium on three months' forward francs is still big enough to make the forward rate coincide with the export gold point. Thus the time has hardly yet arrived for any relaxation of rates.

Early this week, New York banks were calling heavily, as, among other needs, they had to arrange to meet Treasury demands amounting to some \$70,000,000 in connection with Soldiers' Bonus payments. Money, consequently, became tight, call rate rising to $2\frac{1}{2}$ per cent. This stringency, however, did not last, and by the middle of the week the ruling rate was once more $1\frac{1}{2}$ per cent. According to the New York Stock Exchange estimate, brokers' loans at the end of March totalled \$1,908,000,000. This represents an increase of \$69,000,000 during March, and compares with a low record of \$1,720,000,000 at the end of last January. Gold imports for last week were returned at \$6,222,000 at New York, including \$3,951,000 from Buenos Aires and \$1,981,000 from Mexico; and \$2,510,000 at San Francisco, comprising \$1,962,000 from China and \$548,000 from Japan. The New York Reserve Bank gives the net March gold influx as \$26,000,000 and the net gold gain for the quarter as \$100,000,000. It estimates America's present gold stocks at \$4,600,000,000, which constitutes a new high record.

The foreign exchange market was quiet, with business restricted by the holidays. The New York rate went slightly in our favour to 4.85 $\frac{1}{2}$, and Montreal was also a little weaker at 4.86 $\frac{1}{2}$. Paris declined from 124.18 to 124.25, but Brussels improved from 34.94 $\frac{1}{2}$ to 34.92 $\frac{1}{2}$. Milan was considerably weaker at 92.93, or a loss of 15 points on the week. Madrid again improved to 44.15. Amsterdam moved fractionally to 12.11 $\frac{1}{2}$, but Berlin was unchanged at 20.40. Switzerland improved to 25.22 $\frac{1}{2}$. Stockholm lost $\frac{1}{2}$ at 18.15 $\frac{1}{2}$, Oslo $\frac{1}{2}$ at 18.16 $\frac{1}{2}$ and Copenhagen $\frac{1}{2}$ at 18.16 $\frac{1}{2}$. The South American currencies were steady on the whole, Rio being unchanged at 33 $\frac{1}{2}$ d., and Buenos Aires at 39 $\frac{1}{2}$ d. Montevideo lost one penny at 34 $\frac{1}{2}$ d. In the Far East the rupee lost $\frac{1}{2}$ d. at 1s. 5 $\frac{1}{2}$ d. The yen was unchanged at 2s. 0 $\frac{1}{2}$ d., and Batavia improved to 12.12 $\frac{1}{2}$. In the forward market New York was rather weaker at $\frac{1}{4}$ cent and $\frac{1}{2}$ cent premium. Forward Paris appreciated by one centime to 14 centimes premium for one month and by 5 centimes to 35 centimes for three. One month Brussels was rather weaker at 2 $\frac{1}{2}$ centimes premium, against 3 last week, but the three months' quotation advanced by 1 $\frac{1}{2}$ centimes to 5 $\frac{1}{2}$ centimes premium. Milan for one month's delivery lost two points at 9 centesimi discount, the three months' quotations being unchanged at 21 centesimi discount. Madrid went from one and 2 centimos premium to par and 2 centimos discount. One month's Amsterdam lost $\frac{1}{2}$ at 1 $\frac{1}{2}$ cents premium, but three months' remained at 3 $\frac{1}{2}$ cents premium. Switzerland weakened appreciably to 1 $\frac{1}{2}$ and 5 centimes premium. Silver declined by $\frac{1}{2}$ d. for both cash and forward to 12 $\frac{1}{2}$ d. and 12 $\frac{1}{2}$ d. respectively, as a result of Chinese and Indian selling and only moderate speculative support. The China silver exchanges declined in sympathy, Hong Kong losing $\frac{1}{2}$ d. at 11 $\frac{1}{2}$ d. and Shanghai $\frac{1}{2}$ d. at 1s. 3 $\frac{1}{2}$ d.

TARIFFS, WAGES AND EXPORTS.

THE customary crop of Easter political speeches has, with one exception, added little to current discussion on political and economic problems. The one exception was a speech delivered by Mr A. V. Alexander, First Lord of the Admiralty, at the Co-operative Party Conference at Blackpool, last Saturday. This speech was interpreted to mean that the Economic Advisory Council had reported to the Cabinet that the costs of British industry must be reduced, and that the tariff method of lowering real wages was preferable to a direct attack upon wage levels by industrial negotiation. Mr Alexander afterwards explained that he was not referring to any report by the Council to the Cabinet, but continued, "I think, however, it is common knowledge that certain economists, as well as leaders of industry and commerce, have indicated their views as being in that direction, and some of them are connected with the Economic Advisory Council." Thus watered down, Mr Alexander's speech becomes nothing more significant than a reference to the recent revenue tariff proposals of Mr J. M. Keynes and Sir Josiah Stamp, though we suggest, in passing, that if reports in various senses have been made to the Cabinet by individual economists who are members of the Economic Advisory Council, it would seem to be desirable that they should be published.

Mr Alexander apparently concurs with the general view shared both by Protectionist and Free Trade economists that British costs of production are too high; but he sees the remedy not in a reduction of the wages of the workers, but in measures of industrial reorganisation, which he rather vaguely describes with such phrases as "putting our industrial house in order," and "a much bigger effort in salesmanship." In this respect his speech harmonises in tone with the manifesto of the General Council of the Trades Union Congress, which was issued towards the end of March in reply to the demand for wage reductions by the National Federation of Employers' Organisations. This manifesto describes the method of wage reductions as an "obsolete expedient" and argues that the application of such a policy "can only intensify the slump by reducing the purchasing power of the community, thereby leading to further unemployment."

We do not dissent from the view of the T.U.C. that a policy which consists merely of an attack on *real wages* cannot hope to bring economic salvation to this country; and if the capitalist system could produce no more constructive idea than to "grind the faces of the poor," then we should feel that the time had come to enrol ourselves among the Socialist ranks. But the whole problem of wages and costs is so conducive to loose phraseology and confused thinking, that we are inclined to believe that the gulf between those who, like Mr Alexander, deprecate the lowering of living standards, and those who, like ourselves, maintain that, in all the circumstances of the time, *money wage* levels, especially in the sheltered industries, are higher than the country can bear, is by no means so unbridgeable as it may appear at first sight. For it need not by any means be assumed that Mr Alexander, in his desire to maintain real standards, would rule out the expedient of reductions in money wages where such reductions would do no more than balance reductions in the actual cost of living. Moreover, it is by no means clear that his school of thought would repudiate our belief that reductions in money wages in the huge range of transport and distributive trades should lead to a fall in retail prices which would go far towards balancing the nominal wage reductions effected.

Indeed, we are inclined to think that the gulf between Mr Alexander, and even between the Trades Union Congress, and ourselves, is less wide than that between the Free Trade School and the neo-Protectionist economists. The latter, apparently, start from the same common ground as ourselves, namely, that the costs of British production must be lowered, but they frankly confess their refusal to believe that money wages can be reduced by negotiation or that it is possible to break the rigidity

which our wage system has recently evinced, or that there is any way of restoring to effective practice the just and honest theory that no one should take more out of the national pool than he puts in. They are, therefore, impelled to search for a backdoor method of achieving what they despair of effecting by frontal attack, and the most alluring device for attacking the workers' standard of living is, of course, and always has been, a tariff. That is the first divergence between the neo-Protectionists and ourselves. The second divergence is, if we may accept Mr Keynes as the spokesman of the new school, that they have given up hope of re-vitalising our export trades, and being therefore compelled to concentrate on the possibilities of the home market, are led inevitably into proposals of tariff methods which are none the less stark Protection because they masquerade under more euphemistic titles, such as that of a "revenue tariff." We therefore part company with them on the two vital assumptions which underlie their new policy.

But deep though the divergency is in these matters, it becomes deeper still when we examine the results which they hope to achieve if their policy is adopted. Their main object, we must assume, is the common object of all good citizens, namely, to put workless British workers into remunerative production. It is common knowledge that the great unwieldy mass of unemployment is concentrated in a few leading export industries. Such unemployment exists in part, of course, because of the diminished purchasing power of our customers all over the world, but also in large part because of the fact that British costs are too high to admit of successful competition in world markets. Mr Keynes does not deny that his revenue tariff would tend to increase manufacturing costs, although he is at pains to minimise the effect in this direction. Admittedly, therefore, his policy would tend in the first place to aggravate the unemployment problem at its most acute point. He hopes, no doubt, to counteract this tendency and substantially outweigh it by putting workers into employment in other industries. But if any substantial success is to be achieved along those lines, it would first be necessary to solve the problem which has so far baffled every industrial country since the war, namely, the rapid large-scale transference of workers from one industry to another. Again, if we may add one more to the list of questions which we have put, without reply, to the neo-Protectionists in recent issues of the *Economist*, why are they so confident that the tariff method would really effect adequate wage reductions and obviate resort to other methods? In view of the fact that protectionist nations, like Germany and Italy, are finding themselves compelled to take drastic measures to reduce nominal wages, this question is neither unimportant nor irrelevant.

Frankly, then, we find in the latest utterances of our new Protectionists no hope, light or guidance for British economic policy at this critical time. Let us rather turn elsewhere for straws at which to clutch. We are optimistic enough to think that considerable hope lies in the development of opinion which is clearly taking place in the keenest minds of the Labour Party. The T.U.C. memorandum cannot be dismissed merely as a militant reply to an extremely provocative report by the National Federation of Employers' Organisations. The T.U.C. asserts itself, as in duty bound, in defence of the workers' standards, but it is not a little significant that the memorandum proceeds to emphasise the vital necessity of endeavouring to maintain and increase our export trade:—"In our own case it is hopeless to imagine that our large population can be maintained even at the existing standards of living unless we are able to carry on a large foreign trade, and it must be remembered that as our population increases so correspondingly we must obtain a greater and greater volume of increase in such world trade if we are to maintain twentieth century standards." If that really is a fundamental clause in the trade union economic creed, as it is in ours, then it

surely follows that the leaders of organised labour should be willing to examine impartially any method of restoring the prosperity of our export trades. If labour must be asked to contribute to national recovery, either by more intense effort or by temporarily surrendering the increment to real wages which the recent fall in prices has produced, then we are convinced that the most hopeful chance to secure agreement is for the extent of sacrifice demanded to be stated in plain intelligible terms. The worst method of endeavouring to improve our competitive efficiency is to foist upon the country a tariff which, while raising instead of lowering our manufacturing costs, would be rightly resented by the workers as an insidious attack on their standard of life.

AFRICA VIEW.

WHAT makes a view? Perhaps two things are needed in order to make it: a light to display the landscape, and an eye to discern what the light has to show. When Africa was still the Dark Continent (as it was until less than half-a-century ago), the heart of that darkness was impenetrable even to the most discerning eye; and, now that the cloud has lifted a little, there are still plenty of eyes that are blind to the light. Are not the shelves of our lending libraries stacked with books on African travel which leave the reader no wiser than he was before he opened them? But here is a book—Mr Julian Huxley's "Africa View"—which bears witness that, for once in a way, light and eye have entered into a fruitful partnership.

This is not a book of travels, though it contains travel sketches as fresh and vivid as any that one is likely to meet in books wholly devoted to this genre. Mr Huxley's travel sketches, however, are subordinate to a larger plan. Their function, in "Africa View," is to make this distant and exotic part of the world "stand out solid" before the mental vision of an English reader, and to put him *en rapport* with the African—living and extinct, native and immigrant. It is when he uses his eye to look at Homo Africanus that the breadth and depth of Mr Huxley's vision tell with most effect. He sees the African, first and foremost, with the eye of a biologist, as the most interesting item in a local fauna which ranges from the Tsetse Fly to the Elephant. With the eye of the geologist, he projects African Man's racial history back into the Upper Palaeolithic Age; and with the eye of the anthropologist he places him in his present social setting and introduces us, therewith, to the major African problems of to-day: government, land, labour, production, immigration, education, religion. These questions are nearly all of them by nature complicated, and by convention controversial; and here we see the value of Mr Huxley's scientific line of approach. It enables him to handle the controversial questions frankly, yet without animus, and to illuminate the complicated questions by throwing the essential features into relief.

And what view does this remarkable book call up in the reader's mind? In the foreground of the mental picture, huge and still and mysterious, stands Homo Africanus himself. Huge, as he is, his features are indistinct. Read, for instance, the chapter on "Early Man in East Africa." You will find that the earliest known human history of Africa runs parallel with that of Europe. On both continents, Neanderthal Man—or subman—with his "Monstorian" flint implements is first in the field, with Homo Sapiens, armed with "Aurignacian" implements, following at his heels. Whence did these two races find their way successively to both continents? From some Garden of Eden rendered uninhabitable by the desiccation of what has now become the Sahara? And what happened after their arrival? In Europe, the better-armed late-comer drove or killed out his predecessor. In the Rift Valley, where Professor Leakey's excavations have brought the African relics of the two races to light, Aurignacian Man seems to have contented himself with taking the eligible place in the shadow of the rift side and leaving Neanderthalensis to

broil, unextirpated, in the sun. And what happened in Africa then? For neither of the two prehistoric Eurafian races can be identified with the modern African negro. Neanderthal Man, in both Africa and Europe, was something more primitive than any race that survives in any part of the world to-day. Aurignacian Man, in Africa, seems to have been of the breed that has not ceased to inhabit Europe from the Upper Palaeolithic Age to this day. Is the negro a child of mercy—the result of Aurignacian Man interbreeding with Neanderthalensis in Africa instead of giving him the short shrift which he gave the same unfortunate predecessor in Europe? Or are we to suppose that neither of the two prehistoric races has left any progeny in Africa, and that the negro is a third and comparatively recent immigrant from elsewhere?

Whence the negro? Perhaps that is an idle question, for the solid fact is that he is there. Little though we know about him yet, we can be pretty sure already that he is not doomed to extinction under the impact of civilisation, like so many primitive peoples—Polynesians and Melanesians, Tasmanians and Australian aborigines and North American Indians. He may be decimated by civilised warfare and civilised diseases and, above all, by a civilised economic system which uproots him from his family and his village and sends him to labour far away under unnatural conditions. But, after all, a race which has survived the slave trade in sufficient strength to become the preponderant element in the population of tropical and sub-tropical America is likely to survive the lesser ordeal to which it is being subjected in its homelands to-day; and so far from dying under the shock of contact with Western civilisation, it shows signs of being stimulated to enlarge its domain. Mr Huxley points out that the French colonial empire constitutes a kind of bridge between the heart of Africa and the heart of Europe. Along this bridge, government and trade and culture have travelled first from Europe into Africa. Will it always be a one-way street, or will the bridge be used one day by an African race in search of new worlds to populate in Europe?

Whether the negro? That indeed is a question worth pondering. For the Black Race, so far as we know, is the only one among the principal races of Man that has not yet taken a hand in the very recent human experiment called civilisation, in which the White Race and the Brown Race and the Yellow Race have already shown their mettle. This does not mean that the Black Race is not in the running. To infer that, one must believe that the world was created in 4004 B.C. and that the African is afflicted by Noah's curse on Ham. Certain other beliefs as primeval as these do seem still to be held by some of the European missionaries whom Mr Huxley found at work in Africa, labouring to convert the African to a Fundamentalist kind of Christianity from a paganism of much the same order. But at least this is no longer the commonly accepted view nowadays in the White Man's world. The accepted view is that civilisation goes back to about the date at which the Creation was placed in the chronology of our grandfathers, and that the intervening six thousand years are an insignificant period compared to the total life-span, up to date, of the human race, and a mere twinkling of an eye compared with the antiquity of the planet, not to speak of the universe. The African, as we see him on Mr Huxley's view, stands poised at the starting-line of civilisation, with one foot already lifted to run an instant after his fellow-runners have started on the race. So far from being out of the running, the African is the dark horse. And who can tell what his place in the procession will be when the next six thousand years have passed in a flash? Perhaps, by then, he will be leading. And even the next century or so may have surprises in store. Suppose the African were to beat us hollow at our own game—turning out, under our tuition, to be the ideal mechanic, or the ideal robot (if robotism is the winning card in this round of the game of racial competition)? Fortunately for us—or should we say, fortunately for the African?—this possibility is rendered rather improbable by the strong æsthetic vein which the African, like the Russian, displays. Perhaps the African's destiny is to be reserved by Evolution or Nature or whatever goddess it is that presides over human affairs

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Meanwhile, to-day, as in the Lower Palaeolithic Age some 20,000 years ago, two races confront each other in Africa: this time, the negro *vis-à-vis* the intrusive progeny of the European branch of the Aurignacian Man. This encounter is taking place all over the continent, which the modern European intruder has now succeeded in penetrating and opening up and linking on to his own worldwide system of economic operations. At the same time, the crucial point is precisely that part of East Africa in which the author of "Africa View" spent his four months; for this is a Black Man's country containing enclaves of territory in which the White Man hopes to settle permanently and reproduce his kind. Mr Huxley comes to grips with this thorny problem of racial relations in East Africa in his last four chapters. The wealth of scientific knowledge and human insight which he brings to his task give authority to the view which he puts forward; and the moderation with which he expresses himself enables him to be clear and frank without offence. Broadly, he expects the European in Africa to play a secondary part to the negro; and he rejects decisively General Smuts' vision of a chain of White Settlements extending up the highlands of East Africa from the Cape of Good Hope to the Equator and controlling the means of production of the whole region, including its negro inhabitants. Mr Huxley's Africa of the future is an Africa substantially civilised without having ceased to be preponderantly Black in race.

White versus Black in Africa: to the humanist this seems a titanic, all-absorbing struggle. But we must not forget, just because Mr Huxley is so good a humanist, that he is a biologist as well. And, for all we know, the biologist in him sees this human drama as something petty and ephemeral, like the Homeric Battle of Frogs and Mice. If we ask the biologist how he visualises his view of Africa, perhaps he will confess that the image which occupies the foreground of his mental vision is not a human figure of any colour, but the figure of an insect, the tsetse fly. African insect versus European science: possibly that is the most important of all the battles that are being fought on African soil to-day. And this, too, may be one of the decisive battles of the world.

THE WHEAT CONFERENCE.

(BY A CORRESPONDENT.)

THE Wheat Conference which has just terminated in Rome differed from the numerous other international conferences that have discussed the wheat crisis in recent months in that its agenda was expressly limited to this problem and that it was representative of all the interests involved. The principal result of the discussions was the formation of a committee representing the exporting countries, which will meet again in London on May 18th to formulate a

plan for the regulation of wheat exports in 1931-32 and the disposal of the accumulated stocks.

Wheat prices have fallen since 1925-26 about twice as much as general wholesale prices. Australian wheat at London and Liverpool in 1925-26 averaged 57s. 9d. a quarter, and in February, 1931, it was only 21s. 10d. The quantity of wheat on the world market (including for the U.S.S.R. exports only) in 1925-29 was only 10 per cent. greater than that in 1909-13, but demand had not kept pace with supply, *per capita* consumption in many countries having apparently diminished. The resulting disequilibrium gave rise to a record end-of-season carry-over in 1928-29. The practical disappearance of Russia as a wheat exporter in the war and post-war years stimulated the overseas countries to fill the gap. With the current season Russia has made a dramatic return to the ranks of the great wheat exporters.

It is expected that the cereal year 1931-32 will begin with a carry-over of at least 115 million quintals from the estimated exportable surplus of 345 million available in the current season. How much of this carry-over will be absorbed in 1931-32 depends on the trend of consumption and, assuming the normal compensatory action of favourable and unfavourable weather conditions throughout the world, on the area sown. As regards consumption, the Rome conference recommended intensive propaganda, especially in countries where wheat is at present comparatively little used, suggesting that part of the surplus stocks should be sold in these countries at low prices. The fact, however, that the market for rice (the great foodstuff of many of the countries that the conference had in mind) is, for reasons similar to those affecting the wheat market, experiencing a very severe depression, prevents a very optimistic view being taken of this possibility. As regards production, there is no sign of diminution in current sowings of autumn wheat in the Northern Hemisphere; and in the U.S.S.R. there has been a great extension.

The Conference, faced with the obvious impracticability of securing obligatory reduction in the area sown to wheat, since the crop is produced by a multitude of growers under very diverse conditions in each country, and is marketed for the most part without the effective control of any national organisations, could only recommend that "in countries which consider it advisable" the influence of market conditions should be reinforced by educational propaganda amongst the growers. That this, as the phrasing suggests, is only a pious hope is apparent when the attitude of the three main groups of countries concerned is considered. For the great exporters, the overseas countries and the Soviet Union, wheat plays a very great and in some cases a predominant part in paying for imports, and in addition there are vast areas ideally suited for wheat cultivation where no other crop is practicable. Among European countries all but a few are determined to maintain the crop in a predominant place in their agricultural system because of its supposed social and political advantages. Their attitude found, perhaps, its most highly sublimated expression in the words of a French delegate:

"Le pain, pour nous, comme pour tous les latins, est un aliment sacré." The great importing countries fear that a reduction of the wheat area in any of their chief sources of supply might, by coinciding with an unfavourable season, bring about a scarcity.

When the conference of exporting countries meets in London next month, the part played by wheat in their national finances may be expected to present one of the most serious obstacles to limitation of exports. To take two outstanding examples, Australia and the Soviet Union, the vital necessity, for purposes of national credit, of increasing exports of primary products may well cause hesitation in adopting a policy of regulation. The development of Russian exports in the near future is probably the most critical factor in the situation. The Soviet Union possesses at least 200 million hectares of the remarkably fertile black earth, the largest area of first-class wheat soils in the world, lying in a climatic belt more suitable for wheat than for any other crop; to carry out the Five-Year Plan a large volume of imports is necessary; and the export of wheat is one of the most important means of paying for these. Thus the stimulus to develop these lands is a very strong one. In 1930 the area sown to wheat exceeded that before the war; this year it is expected to be 41 million hectares, and in 1932 46 million hectares, producing over 400 million quintals. Mechanisation and the collectivisation of small uneconomic holdings are proceeding rapidly.

The financing of wheat growers by means of short-term credits as a means of encouraging orderly marketing was recognised at Rome to be a more urgent problem than that of medium- and long-term credits, though it was hoped that these would be specially studied by the proposed international mortgage credit institute. It was agreed that short-term credits must be organised on an international basis, in order to enable capital to be transferred easily from countries where it is plentiful to those where it is scarce, and the needs of growers in the northern and southern hemispheres to be balanced to some extent. The International Institute of Agriculture was requested to draw up a scheme. The further discussion of this problem will be one of the most important functions of the London conference, which will endeavour to regulate the marketing of wheat in the coming season.

The remaining subject of discussion before the Rome conference was the proposal put forward by Bulgaria, Hungary, Poland, Roumania, and Yugoslavia and supported by Austria, Czechoslovakia and Germany, for the establishment of preferential reciprocity for a limited period and for limited quantities between the wheat-exporting countries of Europe and those European importing countries having duties on cereals, in order to enable the former countries to maintain their wheat area in face of the severe competition from the low-cost wheat lands of the Soviet Union and overseas. The discussions on this question threw into relief the contrasts of background between the two groups of exporters, the large exporters being on the whole indisposed to favour special measures in favour of the European bloc. The chief technical obstacle to the adoption of this plan is the fact that it could be applied only with the consent on either side of countries enjoying most-favoured-nation treatment, while the delegates of several of the large exporting countries declared that it was impossible for them to assess the balance of gain and loss they might experience, were the plan adopted. The European exporters thus remain under the necessity of negotiating preferential treatment by the normal method of the commercial treaty.

The Rome conference has made suggestions; it remains for the exporters meeting in London next month to devise ways and means of putting them into practice. The nature of the problem has been precisely defined, but it is no less perplexing. Failing generally unfavourable weather conditions or increased world consumption of wheat in the course of the coming season, neither of which is likely, stocks will certainly accumulate. Reduced production is unlikely. Two special factors of uncertainty in the situation at the present time are the development of production in the Soviet Union and the disposal of the Federal Farm Board's great holdings. The Soviet delegates at Rome have reiterated their Government's determination to in-

crease production; the United States Government, by its refusal of the invitation to send representatives to the Rome conference, showed itself unwilling to participate in international co-operation. The depressing effect on the world market of large stocks and increasing production is likely to continue, and it is difficult to see what the London Conference can do to relieve the situation.

INDUSTRIAL PROFITS.

THE results disclosed by an analysis of the profit and loss accounts of British industrial joint-stock undertakings, published in the first three months of 1931, are, in the aggregate, less adverse than might reasonably have been feared in view of the marked decline recorded in the fourth quarter of last year. The profits of 596 companies, included in our weekly summaries during the past three months, amounted to £67,736,226, as compared with corresponding earnings of £75,816,474 a year ago. This represents a fall of 10.6 per cent., against 18.1 per cent. in the previous quarter:—

NET PROFIT (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	Number of Companies.	Reports Published in		Increase (+) or Decrease (—).	
		1929.	1930.		
First quarter.....	516	£ 60,888,497	£ 62,021,337	+1,132,840	+ 1.9
Second quarter.....	578	73,424,411	79,717,393	+6,292,982	+ 8.6
Third quarter.....	529	25,232,486	23,626,502	-1,605,984	- 6.4
Fourth quarter.....	509	39,272,377	32,174,677	-7,097,700	-18.1
	1,932	198,817,771	197,539,909	-1,277,862	- 0.6
First quarter.....	596	£ 75,816,474	£ 67,736,226	-8,080,248	-10.6

The next table shows quarterly fluctuations in net profits since the beginning of 1925. Although the present setback in profits is substantial, the effect of the trade depression on net earnings has so far not been nearly so pronounced as was the case in the slump of 1921-22, for on that occasion the maximum quarterly decrease in profits (registered six months after the downward turn was first apparent) amounted to no less than 53 per cent. In the present instance, the recession recorded for the first quarter of 1931 still leaves the curve of earnings at a point higher than in the first quarter of 1927:—

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
First quarter.....	+ 0.1	+ 0.6	+ 0.0	+ 15.2	+ 1.5	+ 1.9	+ 10.6
Second quarter.....	+ 11.1	+ 8.3	- 5.7	+ 1.3	- 0.7	+ 8.6	...
Third quarter.....	+ 4.8	+ 2.8	+ 2.4	+ 9.7	- 3.0	- 6.4	...
Fourth quarter.....	+ 6.4	+ 3.8	+ 0.3	+ 3.1	+ 1.4	- 18.1	...
Year.....	+ 8.7	+ 6.3	- 3.0	+ 7.2	+ 0.0	- 0.6	...

In view of the relative resilience of total net profits in a period of declining export trade and acute unemployment, it is of interest to examine the results disclosed by analysing the aggregate figures in greater detail. This we do in the next table:—

NET PROFITS (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	No. of Companies.	Reports published in Quarter ended Mar. 31.		Increase.	Decrease.		
		1930.	1931.				
Breweries.....	21	£ 1,791,556	£ 1,804,196	12,640	0.7	...	...
Electric Lighting, &c.....	31	6,047,750	6,500,511	452,761	7.5	...	...
Financial Land, &c.....	22	1,066,489	954,145	...	...	112,344	10.5
Gas.....	41	3,477,911	3,608,228	130,317	3.7	...	...
Hotels, restaurants, &c.....	6	298,987	252,514	...	...	46,473	15.5
Iron, coal and steel.....	30	3,110,959	2,760,764	...	...	350,195	11.2
Motor and cycle.....	9	2,878,639	2,473,444	...	...	405,195	14.0
Rubber, &c.....	46	538,607	Dr. 66,617	...	...	595,224	110.5
Shipping.....	10	1,141,019	304,548	...	...	836,471	73.3
Shops and stores.....	36	5,815,426	5,503,419	...	...	312,007	5.4
Tea.....	3	80,995	65,586	...	...	15,409	19.0
Textiles.....	26	5,695,150	2,560,023	...	...	3,135,127	55.0
Tramways.....	7	547,894	606,542	58,648	10.7	...	...
Trust.....	70	5,213,996	5,315,307	101,311	1.9	...	...
Waterworks.....	16	752,903	766,764	13,861	1.8	...	...
Miscellaneous.....	222	37,358,193	34,316,852	...	...	3,041,341	8.1
Total.....	596	£ 75,816,474	£ 67,736,226	...	...	8,080,248	10.6

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Turning to earnings on capital, we show in the next table the ratio of net profits and of amounts reserved to total share capital in each of the past five quarters:—

	Total Ordinary and Preference Capital.	Net Profits.	Carried to Reserve, &c.	
1930.	£	£	%	
First quarter	595,281,227	62,021,337	10.4	
Second quarter	751,909,913	79,717,393	10.6	
Third quarter	268,078,042	23,626,502	8.8	
Fourth quarter	392,547,450	32,174,677	8.2	
	2,007,816,632	197,539,909	9.8	
1931.	£	£	%	
First quarter	756,871,719	67,736,226	8.9	
			10,960,617	1.4

Two years ago the ratio of net earnings to capital was 11.1 per cent. and the reserved proportion 2.3 per cent., as compared with 2.7 per cent. in the first quarter of 1928. Thus the decline in the percentage reserved has proceeded steadily during the past three years.

Our next table summarises for each quarter since the beginning of 1928 the average rates of interest and dividend paid on debenture, preference and ordinary share capital.

AVERAGE RATES PAID.												
	On Debenture Capital.				On Preference Capital.				On Ordinary Capital.			
	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.	1928.	1929.	1930.	1931.
1st quarter	4.78	4.89	4.89	4.82	5.3	5.4	5.8	5.6	9.3	10.9	10.0	8.5
2nd "	5.43	5.10	4.94	...	6.0	5.9	6.3	...	10.0	9.8	10.3	...
3rd "	4.90	4.88	5.36	...	5.4	6.0	5.0	...	10.7	10.3	8.3	...
4th "	5.04	5.29	5.19	...	4.9	4.7	4.5	...	10.3	10.6	8.4	...
Year	5.02	5.15	5.39	...	5.4	5.5	5.7	...	10.6	10.5	9.5	...

It will be seen that there has been an increasingly rapid rate of fall in average ordinary dividends distributed in the first quarter of the year from 1928 onwards. Changes, as compared with a year ago, are shown in detail in the final table:—

	Debenture Capital.	Rate of Int.	Preference Capital.	Rate of Int.	Ordinary Capital.	Rate of Div.	Rate of Div. a Year Ago.
Breweries.....	£ 8,350,618	4.9	£ 6,805,015	5.4	£ 8,836,307	11.4	13.1
Electric Lighting, &c.....	34,013,227	5.1	20,057,617	5.6	35,254,952	7.7	7.0
Financial, Land, &c.....	2,997,940	4.5	5,325,447	4.7	8,081,425	7.2	10.0
Gas.....	23,152,850	4.3	9,005,907	4.1	51,877,926	5.8	5.9
Hotels, restaurants, &c.....	1,369,000	4.4	1,878,594	1.3	1,371,740	9.7	8.7
Iron, coal & steel.....	11,579,532	5.9	17,909,755	4.6	3,080,033	3.3	3.5
Motor and cycle.....	70,000	4.5	4,592,000	8.9	11,406,755	8.6	9.3
Rubber.....	143,752	7.0	53,349	1.3	6,943,714	0.4	5.8
Shipping.....	4,500,000	5.0	2,875,000	5.3	9,508,324	1.3	3.2
Shops and stores.....	10,167,246	5.0	23,358,181	6.6	20,027,029	15.2	14.8
Tea.....	5,200	5.0	157,280	5.9	291,676	18.2	25.0
Textiles.....	4,220,725	4.6	21,222,837	4.8	42,869,532	5.5	8.8
Tramways.....	2,463,265	4.6	1,500,000	5.8	4,958,087	7.1	5.7
Trust.....	44,474,161	4.5	37,447,002	4.3	32,639,811	8.6	8.9
Waterworks.....	4,924,381	4.6	4,418,911	5.4	6,986,352	7.0	7.0
Miscellaneous.....	26,413,165	5.0	106,255,053	6.3	222,143,108	10.5	14.6
Total.....	£ 178,845,562	4.8	£ 262,871,948	5.6	£ 493,999,771	8.5	10.0

The only groups in which an increase in the average rate of dividend is shown are electric lighting, hotels and restaurants, shops, and tramways. In the miscellaneous group the average rate of 10.5 per cent. compares with

With the exception of the rubber group, the brunt of the decline, it will be seen, fell upon shipping and textiles. The only group which showed an increase of a substantial amount was that of the electric lighting companies, though it will be observed that tramways, waterworks, gas undertakings and breweries, all catering for the domestic user and consumer, succeeded in slightly improving upon last year's results. Trust companies also made a good showing, though it should be borne in mind that in this case there is apt to be a natural time-lag before diminished revenue from investments is reflected in the profits declared by the holding company. Among the list of decreases, other than those already mentioned, the results of the hotels and restaurants group point apparently to lessened purchasing power, which is also reflected, though to a very moderate extent, in the net earnings of the shops and stores group. The final group of 222 miscellaneous companies, whose profits represent half the total, shows a much smaller decrease comparatively than was the case last quarter, when the decline in net earnings amounted to 18.2 per cent. In this group comparisons with a year ago are rendered somewhat unduly favourable by the fact that in the first quarter of 1930 a loss of over £2 millions was recorded by British Cement Products, as compared with a loss of under £3,000 in the present year. But, allowing for this special factor, the fact remains that a large number of undertakings engaged in a wide variety of industrial processes have succeeded in maintaining their net earnings relatively well. To some extent this result is due to the large net profits derived from tobacco, which represent a considerable proportion of the total, and it is also true that, so far as can be judged, the bulk of the net earnings of this group represents domestic, as opposed to export, trade. None the less, the Chancellor of the Exchequer may be able to take some comfort to his soul from the fact that the diminution of profits is not greater.

In the next table we set out the distribution of profits during each of the past five quarters:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
1930.	£	£	£	£
First quarter.....	62,021,337	38,408,282	61.9	12,233,520
Second quarter.....	79,717,393	45,045,105	56.5	19,848,375
Third quarter.....	23,626,502	14,830,457	62.8	4,469,225
Fourth quarter.....	32,174,677	20,766,299	64.5	6,564,790
	197,539,909	119,050,143	60.2	43,115,910
1931.	£	£	£	£
First quarter.....	67,736,226	42,043,943	62.1	14,731,666
				21.7
				10,960,617

Once again there has to be recorded a somewhat disquieting decline in the percentage of total profits placed to reserve, which, at 16.2 per cent., compares with 18.4 per cent. a year ago and 21.1 per cent. in the first quarter of 1929. The next table shows in detail the apportionment of profits by individual groups:—

	Net Profits.	Ordinary Dividend.	Preference Dividend.	To Reserve, &c.
Breweries.....	£ 1,804,196	£ 1,004,048	55.7	£ 368,886
Electric lighting, &c.....	6,500,511	2,715,288	41.8	1,117,345
Financial, land, &c.....	954,145	578,492	60.6	250,732
Gas.....	3,608,228	3,011,496	83.5	365,007
Hotels, restaurants, &c.....	252,514	133,301	52.8	25,000
Iron, coal and steel.....	2,760,764	1,019,867	36.9	829,967
Motor and cycle.....	2,473,444	984,150	39.8	410,216
Rubber.....	Dr. 66,617	25,561	45.1	668
Shipping.....	304,548	126,354	41.5	153,769
Shops and stores.....	5,503,419	3,051,870	55.5	1,536,095
Tea.....	80,995	53,032	65.5	9,204
Textiles.....	2,560,023	2,348,881	91.8	1,011,868
Tramways.....	606,542	353,830	58.3	86,600
Trust.....	5,315,307	2,791,308	52.5	1,626,083
Waterworks.....	766,764	486,699	63.5	240,092
Miscellaneous.....	34,316,852	23,359,766	68.1	6,700,142
Total.....	£ 67,736,226	£ 42,043,943	62.1	£ 14,731,666

It will be seen that in the rubber and textiles groups considerably more was distributed to shareholders than was earned. As compared with a year ago the reserved proportion has fallen from 41 per cent. to 8 per cent. in the case of shipping and from 14.6 per cent. to 12.4 per cent. in the miscellaneous group. The iron, coal and steel and motor and cycle groups continue to display highly conservative finance.

14.6 per cent. a year ago and 15 per cent. in the corresponding quarter of 1929. The setback from 10 per cent. to 8.5 per cent. in the average rate of ordinary dividend for the whole of the 596 companies included in the list may seem a small reduction in view of the acuteness of the general trade depression, but, as we have pointed out above, even this result has been attained only at the price of making more slender provision than in past years for reserves. The tendency to leave progressively less "in the business" is perhaps the least satisfactory feature which our analysis has recently revealed.

THE POLITICAL OMENS IN THE UNITED STATES.

(BY A CORRESPONDENT.)

THE muddled confusion of American politics still persists. On March 4th the troubled life of the Seventy-first Congress, whose chief feature was its bitter dissensions, by no means restricted to the normal party warfare, came to an end. Consisting of a Senate under the control of a Democratic-Progressive Coalition and a House of Representatives dominated by a Republican majority of 100, the two Houses were continuously at odds, with the Senate almost invariably antagonistic to the Hoover policies. Its most important legislative achievements were the Smoot-Hawley Tariff Act, the Agricultural Marketing Act, and the Veterans' Relief measure; and estimates which reached the stupendous total of ten billion dollars, the largest sum ever voted by any Congress, were passed during its life. Between the two Houses acute differences developed over both the Tariff Bill and the Agricultural Marketing Act. In the former case the Senate wanted a more moderate scale of duties than the Lower House, but in most cases failed to make its views prevail; in regard to farm relief policy, the Senate's export debenture scheme was blocked by the House of Representatives, but the latter had to give way in regard to plans for the relief of drought-stricken farmers. There was also a bitter fight over the Bill for governmental operation of the great power plant at Muscle Shoals in Tennessee, but, although the Bill secured a substantial majority in both Houses, President Hoover vetoed it on the closing days of the session on the ground that he could not countenance the Federal Government entering into the power business, and his veto was sustained. The one outstanding issue upon which the two Houses agreed was the Veterans' Relief legislation, which was carried by a two-thirds majority over-riding Mr Hoover's veto.

The demise of the late Congress caused no mourning on the part of the public, and more than one cartoonist struck a popular note by depicting Uncle Sam gleefully speeding its exit with a large and vicious boot. Both the Hoover administration and the business community are deeply relieved that the danger of the special session which Senator Borah and his friends demanded has now vanished. But the Republican party, which two short years ago was on the crest of the wave, emerges from the session in a very bedraggled state, and with its leaders in a mood of bewildered anxiety about the party's future. It is torn by internal fissures which scarcely admit of repair, for Progressive Republicans like Senators Borah and Norris do not pretend to offer even lip-service to the Hoover administration and are poles apart in their views and policies from eastern Conservatives like Senator Moses of New Hampshire and Senator Hale of Maine.

President Hoover still commands the fidelity of a substantial body of admirers, who regard him as a liberal-minded politician and an honest administrator, but he has lost a multitude of former supporters who feel that the special abilities of economic statesmanship and courageous vigour which his friends claimed for him have not so far been displayed in alleviating the unparalleled economic depression which has befallen the United States. He has evidently made up his mind to run again, and should have no difficulty in securing renomination, but the Republican politicians, who have never loved him, are coldly unenthusiastic about him as the party champion. He has committed himself to the cause of the

"Drys" in very definite terms, and has thereby finally alienated thousands of Republican "Wets," who have now reached the point when they are ready to break with their party for the sake of destroying the prohibitionist system.

It is the Democrats who, to-day, are in a cheerful mood. At the last Congressional election they wiped out the huge Republican majority in the House of Representatives, acquired for all practical purposes control of the Senate in the next Congress, and elected Democratic Governors for more than half the States. Yet this sudden revival of the party's fortunes, which were at their nadir after the electoral disaster of 1928, was achieved without the possession of any definite programme of really constructive policies. The Democratic leaders, while directing a steady barrage of aggressive criticism at the Hoover administration, have not ventured to propose any alternative plans for the solution of the country's troubles. The position is simply that the economic depression, following upon lavish Republican promises of continued prosperity, has given the Democratic party an unexpected windfall. They might be robbed of it by a sudden revival of business prosperity, which would restore popular confidence in Hoover and his party, but if the depression is only partially relieved by election day, the cry "Time for a change" will operate powerfully against a party which has been in power for twelve years.

Other contingencies which might ruin the Democratic prospects are either some major blunder in strategy, for which the party in the past has shown an uncanny talent, or the development of a bitter domestic feud. At present, the policy of Mr Raskob, the multimillionaire motor magnate, who is Chairman of the Democratic National Committee, and his allies, is to keep the party on strictly conservative paths and to persuade "Big Business," whose support has in recent elections been overwhelmingly thrown to the Republicans, that it has nothing to fear from a Democratic victory. They want, if possible, to make prohibition the leading issue of the 1932 campaign, and to get the party committed to a drastic anti-prohibitionist policy. But this has aroused the wrath of the Democratic "Drys" of the Solid South, like Senator Robinson, and other elements of the party, headed by Senator Cordell Hull, of Tennessee, also object to any idea of the Democratic party abandoning its traditional low-tariff attitude. Again, Governor Franklin Roosevelt, of New York, and his friends believe that, while an anti-prohibitionist plank in the Democratic platform is inevitable, an equally effective card will be a campaign against the "Power Trust," as the rates exacted by power corporations are regarded as extortionate by many communities.

Involved in the question of policies is the choice of a candidate for the Presidency. Mr Raskob is credited with designs to secure the renomination of his intimate friend and fellow Catholic "Al" Smith, and the latter has recently begun to evince a lively interest in politics after a long period of quiescence. But the Democratic leaders have unhappy recollections of the ease with which the Republicans were able in 1928 to stir up Protestant prejudice against "Al" Smith even in Democratic strongholds like Virginia, and they are unlikely to give their opponents an opportunity to repeat these tactics. Mr Smith, if he cannot get the nomination himself, is now understood to be ready to promote the candidature of Mr Owen Young. From the viewpoint of Mr Raskob and his friends this would be an admirable nomination, as no leading Democrat enjoys the confidence of "Big Business" in the same degree as does Mr Young, and on the Prohibition issue he is classified as cautiously "wet." But he has one great handicap in the shape of his very intimate connection with the "Power Trust," of which the General Electric Company and its subsidiaries are regarded as the head centre, and with Mr Young as its presidential candidate it would obviously be difficult for the Democrats to make the "Power Trust" and its misdeeds a campaign issue.

Thus, at present, the prospects are that the Democratic convention will live up to its traditions of being always the scene of a lively battle between the conservative

forces of the party and its more radical elements supporting Governor Roosevelt. But the possibility of the emergence of a third party cannot be dismissed. Senator Norris, of Nebraska, and Senator Borah, who persist in retaining the Republican label, although they differ from the leaders of their party on every possible issue, have summoned a non-partisan conference of Progressives to meet at Washington in the near future and discuss ways and means of saving the country from the economic morass into which it is now plunged. The politicians invited to the Conference belong nominally to both parties and include Republican senators like La Follette and Frazier, and Democratic senators like Costigan and Wheeler. It remains to be seen whether Senator Norris and his allies will go to the length of launching a third party. Third parties which have taken the field in the United States at recurring intervals have not had a very happy or successful history; but beyond the Mississippi, where they invariably have their origin, conditions seem to be ripe for another political revolt, and, if it develops, the chief sufferers will be the Republicans; for the Democrats have little or nothing to lose in those Western States in which a third party with radical leanings would have its greatest strength.

Notes of the Week.

The German Chancellor's Visit.—Mr Henderson has invited the Chancellor and Foreign Minister of the German Reich, Herren Brüning and Curtius, to visit London as the guests of the British Government. The date originally contemplated appears to have been some time early in May, before the meeting of the League Council; but, after conversations between London and Berlin, the visit has been fixed for the first week of June. The first motive which has inspired this invitation is a general consideration of courtesy and friendship. Owing mainly to the London Naval Conference of last year, leading representatives of all the Great Powers except Germany have been entertained by the British Government in London fairly recently. The non-representation of Germany at the Naval Conference was a consequence of the Versailles Treaty. Yet, though the terms of that Treaty still stand (and, indeed, remain to be implemented in respect of the promised reduction of armaments on the part of the Allied Powers), the spirit in which the treaty was dictated in 1919 is already dead and buried—at any rate, as far as Anglo-German relations are concerned. The relations of this country with Germany to-day are on the same footing of friendship as our relations with France, Italy, Japan and the United States; and, this being so, Mr Henderson's solicitude that one friendly Power should not be conspicuously passed over, when it is a question of courtesies all round, becomes almost a matter of course. It is also particularly timely and appropriate that Mr Henderson should make this gesture towards Germany immediately after he had taken the initiative in proposing that the League Council, at its forthcoming session, should examine the legality of the proposed Austro-German Customs Union. Each of these two steps is right in itself, and the combination of the two is an act of statesmanship. It must be added that Dr. Curtius assisted Mr Henderson by his conciliatory speech in the Reichsrat on March 31st, when he made it plain that Mr Henderson's proposal would not meet with opposition from the German Government. The Austro-German question will not necessarily be the most important subject of conversation when the two German Ministers come here. A greater matter is the now fast-approaching World Disarmament Conference, in which Germany's power, for good or evil, will not be less than that of any other participant. In regard to the Austro-German proposal, it may be mentioned, in passing, that the invitation to other countries to come into the proposed union appears to have set people thinking in Poland. Politically, the Polish Government would tend, on first thoughts, to follow the French lead. Yet, on second thoughts, the Poles cannot overlook the fact that a Polish-German Customs Union would be certain to weaken and might even ex-

tinguish Germany's demand for an eventual revision of her eastern frontiers, while, economically, it would be pure gain to agrarian Poland to obtain access to the Austro-German industrial market. Dare we hope that the European deadlock will relax? That is a reward which Mr Henderson indisputably deserves.

The "Nazis" in Trouble.—The National Socialist Movement in Germany has suffered two set-backs in rapid succession. It has lost control of Thuringia, the one State in the Reich where National Socialism has been more or less in power; and it has seen a rift open between its adherents in the South and the North. Thuringia was held for the "Nazis" by Dr. Frick, who became Minister of the Interior in that State last year, and made the most of his position by a campaign of serious high-handedness after the manner of State Governors in Texas or Mississippi. He introduced compulsory school prayers, garnished with "Nazi" sentiments; he made war on jazz music as something negroid and un-Aryan; and, in the name of Thuringia, he repudiated the Young Plan after it had been accepted by the Government of the Reich. Dr. Frick's ambition, and his fellow Nazis' hope, was to make Thuringia a "jumping off ground" for a "Nazi" conquest of the Reich at large. The German State in which the Weimar Constitution had been brought to birth was also to be the mother of the Fascist regime, by which the brief and inglorious reign of parliamentary democracy in Germany was to be superseded. Such was Dr. Frick's dream. The reality, however, was that he only came into power through the support of other parties, who, a year ago, took the "Nazi" movement so light-heartedly that they preferred a "Nazi" Minister of the Interior in Thuringia to the representative of a party with which they themselves had far more in common. The "Nazi" gains in the general election for the Reichstag last autumn appear to have caused Dr. Frick's benefactors some searching of heart. Accordingly, on April Fool's Day, the representatives of the People's Party cast their suffrages against Dr. Frick on a vote of no-confidence, and there forced him to resign. But the elimination of Dr. Frick is not so serious for the prospects of National Socialism in Germany as the rift between North and South. Hitherto, one of the remarkable features of the "Nazi" movement has been an apparent reversal of the historic relations between the two great divisions of the German nation. For the first time since 1866, we had the spectacle of a political movement in Germany in which the South led and the North followed. Herr Hitler himself is an Austrian; the scene of his first abortive Putsch in 1923 was Munich; and Munich is still the "Nazi" movement's general headquarters. In its flood tide last year, which reached its high-water mark at the September elections, the move-

BUDGET SUPPLEMENT

With The Economist of April 18th there will be published a special Supplement dealing with the National Finances. It will include an analysis of the accounts for the year ended March 31st, and the course of Revenue and Expenditure in recent years. As a handy form of reference, the Supplement will be of the greatest value to all those interested in Mr. Snowden's forthcoming Budget.

ment carried away with it a North-German movement of a fundamentally different character and temperament: the "Die-hardism" of the Junkers east of the Elbe. It was, perhaps, only a matter of time before the old masters of Prussia or Germany would rebel against an Austro-Bavarian leadership, and now the revolt has come at the first touch of adversity. It has come, moreover, on an issue of first-class importance. Herr Hitler, to his credit, has committed himself to a policy of strictly constitutional action. He pledged himself to this in the course of giving evidence at the Leipzig trial of Reichswehr officers on a charge of conspiracy last September; and now, again, he has instructed his followers to conform strictly to the German Government's emergency decree, to which we referred last week. The Commander of the North-German group of the Nazi Storm Detachments has now revolted against Herr Hitler's constitutionalism, on the ground that the "Nazi" movement stands for "direct action" or for nothing. The recalcitrant Captain Stennes has been officially dismissed, but he has refused to vacate his quarters in order to make way for the successor who has been appointed from Munich. Without malice, we may hope that during the months ahead, which will be so critical for the future of Europe, the "Nazis" will be pre-occupied with their own affairs.

The Hitch in the Naval Arrangement.—It is bad news that the Anglo-Franco-Italian Naval Arrangement is in jeopardy. When the drafting committee was appointed to translate the terms of the written understanding between the statesmen into a text which would pass muster with the legal and the naval experts, we assumed that this was a mere technicality, and we made our minds easy. Nor were we seriously disturbed when, just before Easter, it was announced that "difficulties of interpretation" had arisen and that the work of the drafting committee was being suspended for the Easter holidays. The real seriousness of the hitch is now indicated—unfortunately beyond a doubt—by the hurried conference between Monsieur Briand, Monsieur Dumont, the French Minister of Marine, and Monsieur Doumergue, the President of the Republic, on the first stage of the President's journey from Paris to Tunis. On the present showing, it looks as though the hitch were of French making. In fact, it looks as though the French Ministry of Marine were putting pressure upon the French Government to go back upon the arrangement which was definitely entered into by the responsible representatives of the French, British and Italian Governments on March 1st. The point at issue is what the proportion of new and old vessels is to be in the French Navy at the end of 1936. At the present moment, according to French figures, France has a superiority over Italy of 172,295 tons in up-to-date ships and 61,306 in over-age ships, making a total superiority of 233,601 tons. The effect of the March arrangement will be that, on December 31, 1936, France will have a total superiority of 229,467 tons, 158,441 of which will be in up-to-date vessels and 71,026 in over-age vessels. In other words, the margin of French superiority will be almost as great as now; and the small diminution both in the total and in the contingent of up-to-date vessels is not a high price to pay for Italy's consent to suspend her claim to parity with France for five years. Now, however, the French Ministry of Marine is apparently demanding that France shall be allowed to have in hand, by the end of the period for which the arrangement is to be in force, 66,000 more tons of up-to-date vessels than the arrangement allots to her. They propose to keep within the letter of the arrangement by promising not to float these 66,000 additional tons before January 1, 1937, and presumably they are prepared to scrap 66,000 tons of their over-age vessels as an offset. Even so, this change in the terms of the arrangement, if it were accepted by the other parties, would completely upset the proportions of naval strength, as at the close of 1936, which the arrangement contemplates. The French defend their demand by pointing out that the arrangement will give Italy, at that date, as much as 426,925 tons of up-to-date vessels out of a total Italian tonnage of 441,256 tons; but this is hardly to the point, since the French margin of superiority in up-to-date

vessels is only to be diminished by 13,854 tons (*i.e.*, reduced from 172,295 tons to 158,441). The new French demand would actually give France a much greater superiority over Italy on January 1, 1937, than now. On the face of it, this is not reasonable. Will the French Government really destroy the results of so much diplomatic labour by persisting in a demand which the British and Italian Governments cannot be expected to accept?

Mr Gandhi and the Moslems.—The hope that Mr Gandhi might come to London with a Hindu-Moslem concordat in his pocket is, unfortunately, fading away. The proceedings at the All-India Moslem Conference, held at Delhi during the last few days, were satisfactory up to a point, especially in that the Moslem delegation to the renewed Round Table Conference was, in the matter of safeguards, left a free hand to negotiate. But most disappointing results followed from Mr Gandhi's address to the Delhi Conference, which has provoked increased embitterment. The chief cause of the resentment aroused in Moslem circles was that Mr Gandhi countered the resolutions of the Delhi Conference by quoting against them, as though of equally representative authority, the views of the few Nationalist Moslems who are followers of his own and members of Congress. Stressing this conflict of views, Mr Gandhi made it his reason for refusing to negotiate with the All-India Moslem Conference on the question of communal safeguards. The Moslem reply was sharp and angry, and expressed refusal to submit to Mr Gandhi's "dictatorship." "What Moslem India is seeking is human brotherhood and equality. There is no room for either idols or dictators in the Islamic conception of *swaraj*. Dictatorship is not the rule of the people by the people for the people." Moslem leaders are protesting that Mr Gandhi is trying to play a political trick upon them, and for the time being it is unfortunately clear that communal animosities have been exacerbated by Mr Gandhi's visit to Delhi, from which so much in the way of appeasement had been hoped.

The Wheat Quota.—According to rumour, which may or may not be well-founded, but which has received some encouragement from a statement published this week by the Labour Party's official organ, the Cabinet is shortly to make up its mind on the wheat quota project for assisting the British farmer. Precise details of the plan which the Government is said to be examining have not been vouchsafed but there is talk of an enactment whereby the millers would be required to grind a specified percentage (10-15 per cent. is mentioned) of British wheat, for which the farmer would receive a guaranteed minimum price of 50s. per quarter. We hesitate to credit the Government with the intention of giving serious consideration to such a crude, unworkable scheme. Apart from the important consideration whether there is any justification for subsidising this tiny fraction of British agriculture at the cost of either a substantial charge on the Treasury or a rise of something between $\frac{1}{4}$ d. and $\frac{3}{4}$ d. in the price of the 4-lb. loaf, the questions at once arise: (1) To satisfy the quota, is wheat to be wastefully hauled from East Anglia to Glasgow mills? (2) What safeguards are to be devised against British farmers holding up supplies for 60s. or 70s. a quarter? (3) What is to be done to prevent a flood of imports of flour milled abroad from wheat obtained at the world price? The only certainty about this clumsy nostrum is that it would inevitably lead to a tariff on bread supplies, with a heavy bill for the consumer to foot.

Spending the National Income.—In the March *Economic Journal* an interesting, though of necessity very rough and tentative attempt is made by Mr A. E. Feavearyear to estimate the way in which the national income was spent during the years 1924-27, the latest for which data are available. He divides expenditure into the thirteen classes shown in the table below, and uses the figures of

the Census of Production, the Ministry of Agriculture pamphlet on food supplies published in 1929, the Inland Revenue returns, the railway returns, and other authoritative statistics, with an allowance where necessary for retail distribution charges, to compute the expenditure under each head. The result is shown below:—

ANALYSIS OF THE AVERAGE ANNUAL NATIONAL EXPENDITURE, 1924-27.		£ million.
Food	1,217	
Maintenance of the home	513	
Clothes	436	
Direct taxation	375	
Liquor	308	
Travel	240	
Smoking	116	
Entertainments and sport	85	
Sickness, accidents, and State Insurance	83	
Religion	42	
Reading	37½	
Miscellaneous	150	
Saving (including new houses and furniture, £96 million)	400	
Balance unaccounted for	185½	
Total	4,188	

The total of £4,188 millions represents the national income for 1924 as computed by Dr. Bowley and Sir Josiah Stamp, and Mr Feavearyear's estimates of the way in which it is spent only fails to account for 4.4 per cent. of this, which, in view of the many approximations involved in both computations, is a very small margin. Lest the very high place occupied by expenditure in liquor unduly alarms our readers we append Mr Feavearyear's estimate of the distribution of indirect taxation among the other totals:—

	£ million.
Food	26
Liquor	136
Smoking	57
Entertainments and sport	6
Diffused throughout the whole	171
Total	396

Thus 44 per cent. of the national drink bill is money transferred to the Exchequer, as is nearly half the expenditure on tobacco. We are inclined to think that the travel item is underrated, as not only does it include no estimate for expenditure on foreign travel, but the expenses of motor-ing are calculated on a basis which the average motorist will probably regard as optimistic. After all that has been said recently about the Englishman's preoccupation with amusement and sport to the exclusion of more serious matters, it appears that we only spend about 2 per cent. of the national income in that way. If similar budgets were available for other countries a comparison would be highly instructive.

Co-operative Wholesale Society.—Delegates to the half-yearly meetings of the Co-operative Wholesale Society in April will have before them the record of the six months' trade which ended on January 10th. This shows (writes a correspondent) that total sales for 1930 were £85,313,018, a decrease of 4½ per cent. Supplies from the society's own productive works amounted to £25,825,426, so that more than two-thirds of the business is in handling the commodities produced outside the movement. For the last half of the year the sales were £42,293,262, a decrease of 7½ per cent. After providing for all expenses of production and distribution, interest on capital and depreciation of property, there was a trading surplus of £715,429. This is recommended for division by allowing society members £485,428 as dividend at the rate of 3d. in the £ on their purchases, while £154,114 is to be allocated in writing off the buildings, fixtures, etc.; £24,988 is to be transferred to the reserve fund, which now stands at over £1,000,000; and £50,000 is to be placed to the dividend equalisation fund. While the money value of the sales has dropped the volume by quantities has advanced, and the turnover of the Co-operative Wholesale Society in flour, margarine and many foodstuffs has substantially increased. Owing to the amalgamation of several distributive societies, the number of co-operative societies

banking with the Co-operative Wholesale Society is steadily declining. There are now 947 co-operative societies with banking accounts, while altogether the bank has now 27,835 active current accounts with various organisations. Whereas the trading departments have shown steady advance on profitable lines, the farms of the society continue to show losses. Of the eleven farms at work, eight had losses and three small profits, the aggregate deficit being £19,523, after providing £2,392 for depreciation and £2,133 for interest. The total acreage under cultivation is 16,618, and the supplies of live stock, produce, etc., were £219,909. Connected with the Co-operative Wholesale Society is a Health Insurance Section, which is receiving about 750 new members every week, the present membership being 290,000.

German Shipping Results.—The Hamburg-Amerika and the North-German Lloyd lines have published their first balance sheet since the establishment of joint administration, writes our Berlin correspondent. The two companies were practically amalgamated a year ago under an agreement which is to run for fifty years, and their first year of common working coincided with a most critical year for shipping. In spite of this they are distributing a 6 per cent. dividend, against 7 per cent. for Hapag and 8 per cent. for Lloyds last year, but this has only been made possible by the inclusion in the gross profits of each company of Rm. 16.73 millions of the American compensation payments. This is, however, only a small proportion of the total American payments, for the arbitration awarded Hapag \$41.8 millions and Lloyds \$27.25 millions, and the bulk of the payments will not be made until next year. This affords the companies a certain reserve, but it must be borne in mind that the large construction programmes which have now been completed by both companies were undertaken on the strength of these prospective payments. The effect of these programmes on the respective companies was very different: the giant passenger vessels *Bremen* and *Europa* did very well, and the Lloyd succeeded by this means in attracting so much of the transatlantic passenger traffic that, in addition to meeting depreciation, it was able to earn a moderate rate of interest on the capital invested in these ships. Hapag, on the other hand, concentrated on cargo vessels, for which there was no possibility of extensive employment during the world depression, so that Hapag was much more severely hit by the depression than the Lloyd. This does not appear from the profit and loss accounts as the profits are pooled, and the equalisation payments are already included in the gross profits. It may be assumed that the North-German Lloyd must have had to pay Hapag some 5-6 million reichsmarks. At the end of 1930 the gross tonnage of Hapag was 1,098,000 tons; that of the North-German Lloyd 955,000 tons.

U.S. Railway Consolidation.—A correspondent writes:—When President Hoover first announced that an agreement had been reached with regard to the grouping of the Eastern railways into four large systems, it was hailed somewhat unwisely as a useful step towards providing for unemployment. It is clear, however, that consummation of the plan, involving a long investigation by the Interstate Commerce Commission, will take at least twelve months. Moreover, the opposition to the proposal, at any rate in the Middle West and Western States, has tended to increase. Indeed, under present conditions on the American railways—faced as they are by road, water, air and pipe-line competition—it would seem that the most important aspect of consolidation is on the side of reduced expenditure rather than the creation of employment. As was pointed out recently by one of the most eminent of transportation economists, Professor Howard C. Kidd, in the *Pittsburgh Record*, consolidation will not add one ton to the volume of freight moved. British experience of railway grouping, and German experience of railway amalgamation, go to prove that such a policy permits important reductions in expenditure. In Great Britain it has amounted to well over £16,000,000 during eight years, but

such economies create redundancy of staff and unemployment, rather than increased employment. Figures relative to capital expenditure by American railroads during the last eight years do not suggest that such expenditure has been held up in any way owing to uncertainty as to the future policy:—

	\$		\$
1923	1,059,149,000	1927	771,552,000
1924	874,744,000	1928	676,665,000
1925	748,191,000	1929	853,721,000
1926	885,086,000	1930*	875,000,000

* Estimated.

An important event in the present consolidation situation was the publication in February of a study of Railroad Consolidations and Unifications, by the Special Counsel to the Committee of Interstate Commerce. This interesting survey states that there is no definite evidence that consolidations will result in substantial economies, nor will they produce any reductions in rates, although other minor benefits will probably result. Contrary to generally accepted views, it is claimed that financially strong lines benefit most from consolidation, whilst labour is generally a loser, unless protected by legislation. It is clear that the publication of this report is likely to delay progress on the four-system plan, a curious feature of which is its suggestion to make several important lines, like the Delaware and Hudson, joint to four companies, a policy which is strongly deprecated by our own Royal Commission on Transport. In brief, it would seem that for the moment the four-system plan is likely to provide added employment for politicians and lawyers only, and not for the unemployed it was intended to benefit.

Oil From Coal.—During the last few years prophecies have occasionally been heard that ultimate salvation awaits the British coalmining industry in the shape of the development on a commercial basis of the process of deriving liquid fuel from coal. Moreover, many scientific experts are convinced that the difficulties in the way of this development are in a fair way to be solved. No small interest, therefore, attaches to the announcement made this week that a new company, called the International Hydrogenation Patents Company, has been formed to acquire the interests in coal liquefaction processes owned by Standard I.G., the Royal Dutch-Shell Group, and the Imperial Chemical Industries. The announcement does not mean that a big output on a commercial basis is a certainty of the near future, especially if petrol prices remain at their present low level. Its importance lies in the fact that the patents and research work of these three big interests will be pooled, and that the perfecting of the necessary processes will be actively pursued under a single control and with the promise of unstinted resources for effective development. The question is often asked whether the twentieth century has in store for us any revolutionary invention, comparable in its effects on the economic world to the harnessing of steam in the nineteenth. Is it possible that the beginnings of an affirmative answer lie in this week's announcement?

Kreuger and Toll.—By its enterprise in originating and developing a system of international financing based on the security of match concessions, the Kreuger and Toll Company has made its operations one of the major factors influencing the economic development of the world. Hence the annual report of the directors, printed in full on a later page, is of exceptional interest. With the financial results disclosed for the past year we deal in an Investment Note; but the directors preface their survey of recent activities of their undertaking with an incisive analysis of the causes of the present economic depression; and their observations will repay careful study. Having remarked that the year 1930 closed without any clear sign of improvement in the general economic situation, they suggest that there are two causes of dominating importance underlying the world crisis. The first is described as disequilibrium in the international balance of payments. For various causes, countries which were previously large foreign lenders (and this particularly applies

to Great Britain) are no longer in a position to take their normal part in the financing of debtor countries, while those countries, i.e., the United States and France, which are now in a position to use their increased economic power as a basis for a considerable amount of international financing, have not so far utilised that power, though in both the countries named widening circles are beginning to realise that it is to their own advantage to assist in the re-establishment of better international equilibrium. So far the report covers ground common to most economists in all countries. But it proceeds to define as the second dominating cause of the crisis a factor to which perhaps insufficient attention has been given. It is suggested that the disappearance of the great merchant houses and private bankers, who had a wide latitude in the choice of their investments, and the substitution for them of industrial corporations, large deposit banks and insurance companies, more restricted in the use of their funds to clearly specified investments, has tended to make the whole economic structure more rigid than previously. In other words, there is at present a defect in our financial machinery which has had the result that, instead of savings being employed for the provision of "new articles of consumption corresponding to the needs of a population with an increasing standard of living," loanable resources are apt to be utilised simply for increasing the volume of existing commodities. That is to say, that while rationalisation has been decreasing the demand for labour in proportion to a given level of output, and hence throwing man-power back upon agriculture in many countries, "over-production" during the present depression has been intensified by our failure to stimulate variety of output. There is a great deal of truth in this thesis, and though the present economic difficulties cannot be fully appreciated without reference also to the influence of restriction schemes and artificial maintenance of prices in many markets, we should be inclined to agree that the need for greater variety of production is a paramount consideration which should govern the policy of the various new institutions, such as the Compagnie Centrale de Prêts Foncier, which are being set up, and in which the Kreuger and Toll Company are participating, for the purpose of increasing the scope of international financing.

An International Investment Trust.—The foundation is announced in Luxemburg of a new company to be called L'Union Internationale de Placements. It is understood that it will operate on the usual lines of a British investment trust company and among its subscribers are numbered many big French commercial and financial houses, and also important British, Dutch, Austrian and American interests. The chairman is M. Paul Tirard, and the board includes M. Edgar Bonnet, Dr. Carl Melchior, M. Max Hermant, M. van der Bengel, and M. Robert Wolff. It is understood that the last-named will act as managing director. Among French subscribers to the new company are mentioned the Suez Canal Company, the Compagnie d'Assurances Générales, the Compagnie le Phénix, the Société Lebon et Cie., the Banque de l'Union Parisienne and Messrs Maurice Rueff et Cie. Foreign subscribers include Messrs Helbert, Wagg and Company, of London, Messrs. Labouchere and Company, of Amsterdam, Messrs M. M. Warburg and Company, of Hamburg, the International Manhattan Company, of New York, and the Credit Anstalt, of Vienna. The foundation of this company clearly marks another important move towards the mobilisation and transfer of capital from centres where it is redundant to those where it is badly needed, and inasmuch as the subscribers mentioned above are presumably regarding the new company as a means of finding employment for their liquid funds, it should also mean a further diversion of capital from short-term to long-term channels. All this is definitely to the good, and it is particularly encouraging to see how important and influential is the part French interests are playing. French law renders it difficult to found investment trust companies in France itself, and apart from this it might not be easy to make the small

French investor regard this form of activity with favour. Thus it is a great gain that a way round any legal difficulties should have been discovered by domiciling the new company in Luxemburg, and it is a further gain that important French undertakings should have given so definite a lead. Looking back upon this and several similar events, it is becoming clear that France is making successful efforts to occupy her due place in the financial world and to make her contribution towards the more even distribution of the world's available funds.

Shipping Freight Index Number.—Following somewhat closely the trend of commodity prices, shipping freights—as measured by our index number of whole-cargo charter rates—lost in February the ground gained during the previous month. The March index figure was 0.7 per cent. lower than that for February, but was 7.6 per cent. higher than the corresponding figure a year ago. The following table summarises recent movements of the six group indices and of the total:—

AVERAGE 1898-1913=100.

	Average, 1913.	Mar., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.
European Waters	110.0	96.3	88.0	87.1	86.5
North America	113.1	87.7	90.1	93.4	94.0
South America	123.4	91.2	90.1	94.6	90.5
India	106.3	94.2	101.3	96.9	99.2
Far East and Pacific	117.4	77.8	88.8	90.9	91.9
Australia	127.9	79.2	108.6	108.6	105.0
Total	116.3	87.9	94.5	95.2	94.5

Homeward freights from the East had a better tendency in March, partly as a consequence of the diminution of ready tonnage and partly in response to a fair inquiry from the Rice Ports; and Australia chartered a number of vessels, though the business was mostly grain for Far Eastern discharge, and rates to Europe were not fully maintained. The Plate market weakened again towards the end of the month, the Federal Farm Board's statement with reference to the 1931 wheat crop acting as a depressing influence on the grain market. The North American section was featureless, and outward coal rates, except for Southern Europe discharge, were dull. Individual fluctuations in the components of the index are shown below:—

AVERAGE 1898-1913=100.

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	79.1	+ 0.6	South America—out-		
Bay—outwards	99.1	— 1.8	wards	73.0	— 1.9
Bay—homewards	87.1	— 4.8	South America—		
Mediterranean—out-			homewards	108.0	— 6.3
wards	89.3	+ 4.3	India—outwards	98.3	— 2.7
Mediterranean—			India—homewards	100.2	+ 7.5
homewards	85.6	— 2.2	Far East, &c.	91.9	— 1.0
North America	94.0	+ 0.6	Australia	105.0	— 3.6

Expressed as a percentage of the average for 1913, the total figure of our index number for March works out at 81.3, compared with 81.9 in February and 75.5 a year ago.

Norwich Union Life Insurance.—Two features which characterise the operations of this, the largest British mutual life office, may be singled out for special remark, namely, the world-wide nature of the business and the unusual distribution of the assets. With regard to the former, the total new life assurance business and its source is shown below:—

	1929. £	1930. £
United Kingdom	4,247,781	4,677,475
Irish Free State	384,078	378,346
Dominions	2,052,329	1,998,286
Foreign	1,207,473	979,527
	£7,891,661	£8,033,634

The increase in the total is thus entirely due to more intensive cultivation of home business, every other source showing a falling off. Part of the decrease in foreign business was attributed by the chairman in his speech at the annual meeting to "the constant flow of articles belittling

our own country, which, though really only intended for home consumption, cannot but create uneasiness when copied in foreign journals." "It would be beneficial," he went on to say, "if attention were directed to the advantages this country provides and its ability to finance other countries to the mutual benefit of all concerned." The other feature, namely, the unusual distribution of the assets is exemplified by the following classification of the investments in the 1929 and 1930 balance sheets:—

	1929. %	1930. %
Mortgages and loans	43	44
British Government securities	8	7
Other Stock Exchange securities	24	23
Norwich Union Fire Insurance Society shares	19	18
Properties and other miscellaneous assets	6	8
	100	100

The first item in this table is represented by an unusually high percentage, the average for the mutual offices in this class of investment being only 25 per cent. The society follows its own traditional policy in dividing its attention more or less equally between mortgages and Stock Exchange securities, and this preference has had an important effect in two directions. In the first place, the mortgage business has been a considerable aid in the transaction of life assurance and sinking fund business, and, in the second place, the yield on the foreign mortgages, which account for one-third of the total mortgages and loans, is mainly responsible for the high rate earned on the total funds, equal to an average of £5 0s. 4d. per cent. net during the last five years. The most remarkable item is the investment of 18 per cent. of the total assets in the Norwich Union Fire Insurance Society, which was acquired in 1925, to conserve and consolidate the business of the life office. Since that time the capital of the fire company has been entirely paid up out of profits, and the company's free assets have been augmented by a sum of £624,000. So far, the yield to the parent company on the dividend received has only been 4½ per cent. gross, but the way is now clear for an advance in the dividend, and the investment should hereafter be more directly remunerative. Embodied in the 1930 report is a brief explanation of the results of a quinquennial valuation of assets and liabilities on December 31, 1930. These results are as follows:—

	1921-25. £	1926-30. £
Trading surplus earned during quinquennium	2,787,769	4,526,338
Profit or loss on securities	37,361	— 338,334
Brought forward	21,087	254,385
	2,846,217	4,442,389
Allocations:—		
To Bonuses to policyholders	2,591,832	3,991,370
„ Carried forward	254,385	451,019
	£2,846,217	£4,442,389

The surplus is distributed in the form of a reversionary bonus at rates varying according both to age at entry, to duration and to class of assurance, and exact comparison with the rates declared five years previously is difficult. It is stated, however, that the actual rates work out at an average of from 10 per cent. to 15 per cent. in excess of the 1925 bonuses. For whole-life policies the rate ranges from 54s. per cent. per annum to 95s. per cent., and for endowment assurances from 38s. per cent. to 60s. per cent.

Scottish Amicable Life Assurance.—The 1930 report contains a resume of the results of a quinquennial valuation of assets and liabilities on December 31, 1930. It is stated that, during the quinquennium, the balance of profit realised from the sale of securities has been applied, in accordance with previous practice, to writing down the value of the remaining assets. The whole of the assets have been revalued, the Stock Exchange securities at market prices, with further reductions in the case of relatively less marketable securities, and the aggregate of these values "is substantially in excess of the amount appearing in the balance sheet." Moreover, the chairman stated in his speech that, since the date of the balance

sheet, there has been a "considerable appreciation" in market values. It is a comfort and a pleasure in these days of crumbling values to point to the great financial strength of this and other old-established life offices, achieved as a result of generations of careful husbanding of resources. The following table shows the comparative figures relating to the last two quinquennial valuations:—

	1921-25. £	1926-30. £
Trading surplus earned during quinquennium	978,257	1,144,498
Brought forward	101,443	189,024
	£1,079,700	£1,333,522
Allocations:		
To Bonuses to policyholders	790,676	1,071,836
„ General reserve	100,000	100,000
„ Carried forward	189,024	161,686
	£1,079,700	£1,333,522

The real increase in the trading surplus is much greater than is apparent, since the 1926-1930 figure is arrived at after valuing the life assurance contracts on a 2½ per cent. basis instead of the 3 per cent. basis previously adopted. The amount allocated as bonus to the with-profit policyholders leaves, therefore, a real undistributed margin of trading surplus probably fully as large as was the case five years earlier. The same method of distribution of profits, namely, a compound reversionary bonus, has been followed, and the rate of bonus for the five years just ended is to be 42s. 6d. per cent. per annum, compared with 40s. per cent. per annum for the five years 1921-1925. So far as the operations of the year 1930 are concerned there has been an increase in new business from net sums assured of £1,235,527 to £1,309,849, assisted, no doubt, by anticipation of the favourable results now disclosed. Gross interest earnings have risen, but the increase in the rate of income tax has neutralised the increase, with the result that the net rate of £4 14s. 3d. per cent. remains the same as before. The society's total assets now stand at £10,801,091.

Overseas Correspondence.

UNITED STATES.

Corporation Dividends — Revenue — Public Finance — Money Market — Industry — Unemployment — Prices.
(FROM OUR CORRESPONDENT.)

NEW YORK, March 28.

THE long-continued strain of dividend reductions and omissions by industrial and railroad corporations, publication of poor earning statements and renewed weakness in commodity prices has proved too much for security prices. The share market has lost more of its winter rise and, while still moderately optimistic, is slightly less cheerful than it was.

There had for some time been talk of reduced dividend payments, but many people had hoped some of the more important companies would be able to hold out until business improved. Among the important companies to cut or omit dividends this year were the Baltimore and Ohio Railroad, the Anaconda Copper Mining Company, the Westinghouse Manufacturing and Electric Company, and the Delaware, Lackawanna and Western Railroad. Few companies have been able to earn their regular dividend rates in the first quarter, but many of them will maintain their dividend rates at least for a time. In this class may be placed the United States Steel Corporation and the General Motors Corporation. As yet no important public utility company has reduced its rate, and earnings in that group are down only moderately.

First-quarter earning statements in the coming month will be decidedly unfavourable, and at the same time the market will not have much to feed upon in the way of trade progress. These considerations are making for caution. Railroad net operating income in February, as shown by statements for about half the roads, was nearly

50 per cent. less than for the same month of a year ago—the worst for any month since the beginning of the depression. Freight car loadings are rising slightly, and the second quarter, it is hoped, will prove better than the first; but it will fall far short of a year ago. It is estimated that no more than half a dozen of the 40 or more important railroads earned their regular common share dividend rates in the first quarter.

As collection of first-quarter income taxes goes on, it is becoming increasingly apparent that the Government cannot continue its present rate of expenditure without an increase in income-tax rates, unless it finds new sources of revenue. Income-tax collections in March fell below estimates. For the first 26 days they amounted to \$327,265,000, compared with \$547,155,000 a year ago, and for the fiscal year since July 1st receipts were \$1,498,696,000, compared with \$1,799,789,000 last year. The present Treasury deficit is approximately \$600,000,000, and it is expected to reach fully \$800,000,000 by June 30th.

Collections for the March tax date will doubtless prove to be the high point of the year, since many pay in full at that time on 1930 income. For the remainder of this year collections will represent the poor 1930 earnings. Next year the Treasury will have to consider revenues from 1931 incomes, and present indications are that they will be less than those of 1930. Still, political leaders believe that no increase in taxation will be voted by the next Congress, to become effective in 1932. Obviously the politicians do not care to go into the presidential election in the autumn of 1932 under the necessity of explaining an increase in taxation. Whether they will have the good sense and the courage to reduce expenditure remains to be seen.

The most encouraging indication that something will be done to relieve the taxpayer and to bring the country back to sound economic policy is the announcement that the Farm Board will no longer buy wheat. The inference is that it will also cease to support the cotton market. Holdings of wheat and future contracts are estimated at 250,000,000 bushels, and the Board has given assurance that it will not dispose of this wheat in such manner as to depress the market. Its cotton holdings are estimated at around 1,500,000 bales, and this commodity also will be held off weak markets. It is doubtful whether the Farm Board will ever get its money back, but the half billion squandered in the price-fixing experiment will be written off cheerfully enough by the country if the lesson learned be not forgotten. However, there is some anxiety lest the Western radical element in Congress attempt to force Congress into some new scheme for farm relief, such as a bounty on wheat and cotton. The best safeguard against such schemes is the emaciated condition of the Treasury.

While Treasury revenues have fallen, demands for cash have increased, particularly on the part of the Veterans' Bureau for the loans under the new soldiers' bonus law. These loans already have been running at the rate of nearly \$100,000,000 a week. They will probably reach \$500,000,000 by the end of the fiscal year and \$800,000,000 in the calendar year. The combined result of falling tax collections and increased payments on the bonus and other heavy appropriations by the last Congress is to upset Treasury financing plans, and a new bill issue of \$100,000,000 will be sold at the end of this month. Another issue of equal amount will probably follow shortly. In May bills of \$214,281,000 will mature. Corporate security flotations in March were about \$700,000,000, the largest since last July.

Money markets have been somewhat firmer, and on two days the call rate rose to 2 per cent, but there was some window dressing by the banks, and fundamentally money is about as easy as ever. Gold continues to come in, though in small amounts, and borrowing for commercial purposes has not increased to speak of. The sharp rise in brokers' loans over the tax date, due to tax payments, was followed this week by a small reduction. This week's Federal Reserve statement shows a reduction in total credit outstanding of \$55,000,000, mostly the result of repayment of the Treasury overdraft and a drop in the bankers' acceptance portfolio.

The final week of the quarter has brought little encouragement over the trade outlook. Commodity prices have fallen again. The steady increase in rate of output for the steel industry came to an end, and this week's operations remained at around 56 to 57 per cent. of capacity, but the position of the principal consuming industries suggests little if any decline in steel production in the near future. Steel prices have turned more irregular. Motor output and sales continue to gain moderately, but such indices of business activity as bank clearings, electric power production and railroad traffic are not very encouraging.

Employment is rising slowly with the coming of warmer weather. A special survey conducted at the instance of the Government confirms private estimates and tends to discredit the optimistic stand taken on unemployment by Government officials. The new survey indicates that approximately 8,000,000 were unemployed last February.

Commodity prices in February, according to the Bureau of Labour, were 2 per cent. lower. Farm products dropped 4½ per cent.

INDEX NUMBER OF WHOLESALE PRICES. (1926 = 100.0.)

	February, 1930.	January, 1931.	February, 1931.
All commodities	92.1	77.0	75.5
Farm products	98.0	73.5	70.1
Foods	95.5	80.1	77.1
Hides and leather products	103.9	88.6	86.6
Textile products	88.3	71.0	70.4
Fuel and lighting materials	78.8	69.8	69.6
Metals and metal products	100.9	89.3	88.9
Building materials	95.7	82.9	81.8
Chemicals and drugs	92.3	83.6	82.2
House furnishing goods	97.0	91.1	90.8
Miscellaneous	78.5	64.7	63.9
Raw materials	91.8	72.9	70.6
Semi-manufactured articles	92.1	73.4	72.3
Finished products	92.6	80.5	79.3

Announcement of the Spanish credit, of which \$38,000,000 is to be taken here by a banking syndicate headed by J. P. Morgan and Company, was received with satisfaction. The Australian situation is viewed with anxiety, but there is a good deal of sympathy for the country, and hope is held that default may be avoided.

FRANCE.

Politics — Unemployment — Iron and Steel Output — Coal Industry — Protection.

(FROM OUR CORRESPONDENT.)

PARIS, April 8.

POLITICAL party preparations for the pending General Elections, which are due next spring, and which may have a strong influence on everything connected with the peace of Europe, are now proceeding apace. On the initiative of the Radical-Socialist Party, conversations have been begun between that group and the French National Socialists, the Radical Left (or Loucheur group), and other adjacent minor parties towards the Right, with a view to the formation of an "intergroup" for mutual benefit in connection with the coming contest at the polls. Aggressive action by the Socialists at Lyons, who have taken advantage of the fact that they hold 24 seats (or a majority of one) on the municipal council there, to nominate 24 Socialists as delegates to represent that body at the forthcoming senatorial bye-election, has resulted in M. Herriot's resignation of the post he has held for 25 years as mayor of the silk metropolis. This has apparently brought about a state of open warfare between his party and the followers of M. Léon Blum which may render impossible any revival of the Cartel des Gauches in connection with the "great national consultation" in 1932. The possibility of this Socialist aggression had already, before it actually took place, rendered the National Socialists and the other *socialisant* groups somewhat coy in accepting the Herriotist suggestion that it might be of mutual advantage to fight on a common platform, and this hesitation seems to have been accentuated as the result of the Lyons developments.

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M. Herriot has resigned his own seat on the council in order to challenge, at a pending municipal bye-election, Socialist domination in another of the wards of the silk city. The result of this contest will probably bring the question of Socialist and Radical co-operation at the next General Elections to a definite solution. The situation, as it has existed for some time past, may be summed up as this: the Socialists, rightly or wrongly, estimate that they have nothing to gain by allying themselves with the Radicals, as they consider (in the light of recent bye-elections) that the replacement of the Radicals by themselves as the largest party in the Chamber, is merely a question of time; while the Radical Party appears to have good ground for fearing this view may be the correct one, and that only an accession of strength from the direction of the Right can save them from disaster. Meanwhile, the idea of a regrouping of some of the parties of the Poincaré-Tardieu-Laval majority, as one big coherent single group, has been mooted as a means of defeating both Radicals and Socialists at one and the same time. It is to be doubted, however, whether such a move would be practicable.

Unemployment returns for the week ending March 28th suggest that the economic crisis has reached its climax, and that a turn for the better may now be expected. The total number of workless in receipt of relief from the various municipal and departmental funds is returned for the end of March as 50,815, or only 71 units more than in the previous week; whereas the increase previously had been at the rate of from 2,000 to 4,000 a week. The number in Paris itself actually showed a drop of 10 units on the week. Whether this check to the increase of unemployment actually represents the situation it is impossible to say, as confirmatory evidence from other statistics is not yet available.

Iron and steel production figures for February show an appreciable fall. The total output of pig iron was 726,000 tons, against 803,000 tons in the previous month and 815,000 tons in February, 1930. Crude steel output was 693,000 tons, against 746,000 tons in the previous month and 772,000 tons in February, 1930. The home market remains unchanged, with a moderate amount of activity, although the slight improvement registered latterly in certain products is continuing. Export prices remain firmer, but activity is still limited. Consuming industries continue calm, with short time in several districts. Motor-car construction is slightly more active with the advance in the season. In other departments of constructive engineering it is complained that orders are lacking, especially from abroad.

Coal production figures for February show a total output of 4,331,323 tons (24 working days), against 4,637,440 tons in the previous month (26 days) and 4,578,460 tons

in February, 1930. The output of metallurgical coke from the colliery plants during February was 397,964 tons, or over 10,000 tons less than in the previous month. The recent wage reduction agreement, in its final form, works out as equivalent to a cut of approximately 6 per cent., as compared with reductions of 6½ per cent. in the Saar district, and 6 to 8 per cent. in Germany and Great Britain, and (since July) 20 per cent. in Belgium, where a new reduction of 5 per cent. came into operation on April 1st. Communist agitators succeeded last week in bringing out on strike about one-third of the miners in the Nord department as a protest against the wage cut, but the movement has now dwindled to negligible proportions. In the adjacent Pas de Calais department the strike received only nominal support. Numerous price cuts came into effect on April 1st, with the object of moving off the large stocks at the pit heads and supporting French competition against imported fuel.

The annual report of the French collieries' central committee states that the average output per French miner works out at 694 kilos. per day (against 650 kilos. in 1928), as compared with 1,100 kilos. per labour unit in Great Britain, 1,200 kilos. in Holland, 1,356 kilos. in the Ruhr coalfield, and 1,460 kilos. in Polish Silesia, these differences being due to the varying natural conditions of the respective mines and to legislative variations. Shareholders in French colliery companies, the report says, last year received on an average 8 francs 95 centimes net per ton of coal sold, against 7 francs 45 centimes in 1928. Fiscal charges, which amounted to 9 francs 25 centimes per ton sold in 1928, rose last year to 10 francs 47 centimes per ton, or at least 25 per cent. more than the amount of taxation imposed in the Ruhr, which is the next heaviest.

M. de Laverne, in his annual report to the members of the Confédération Générale de la Production Française, urgently advocates a radical revision of the protective policy followed by this country during recent years. "Since we had, in 1927," he says, "under the pressure of certain Free Trade States, to agree to the insertion in all our commercial treaties of a general and unconditional most-favoured-nation clause, we have had to extend to numerous countries, without sufficient compensation, tariff advantages which should have justified the bestowal of better facilities for our exports to the countries concerned. The reductions of import dues to which we have agreed have had serious repercussions on our home market without giving us a sufficient corresponding extension of our foreign outlets." The most-favoured-nation clause, M. de Laverne remarks, has been aggravated, so far as France is concerned, by the recent consolidation of tariffs. He asserts that so far as 72 per cent. of the items in her tariff are concerned, France is now pledged not to increase her import duties without previous negotiations. This pledge M. de Laverne regards as "peculiarly dangerous," in view of the fact that economic conditions now undergo very rapid modification, that the French tariff is "very moderate in comparison with those of the other countries," and that it does not permit of even the most indispensable readjustment for the protection of certain French industries.

GERMANY.

Austro-German Agreement — Unemployment Commission — National Socialist Party — Mortgage Banks.

(FROM OUR CORRESPONDENT.)

BERLIN, April 8.

THE German public has welcomed the invitation of two of its statesmen to Chequers, in the hope that a private discussion in England may help to remove the difficulties which have unhappily arisen from the differences between the German and the French attitudes to the Austro-German customs union. In the European discussions of the past week the vitally important point has not been appreciated that both in Germany and in Austria it is precisely the most liberty-loving sections of the population

which have most warmly welcomed the idea of economic reciprocity and which most firmly hold that it is strictly consistent with national independence.

There are very few opponents to the plan in Austria, and those few are to be found in the camp which until recently was led by Dr. Seipel, that is to say, among the small minority which still clings to the memory of the Hapsburgs and would like to find the solution of the Austrian question in a rapprochement with Hungary. In Germany the staunchest advocates of any movement towards co-operation with Austria are the workers. The collaboration of the political organisations, the trade unions and the various cultural societies (some of the sports and educational clubs which are active in Germany even have their headquarters in Austria) has created a very strong sense of solidarity, and it is no accident that the Socialist President of the Reichstag, Herr Loebe, is the head of the Austro-German Society, which has as its object the promotion of cultural and economic co-operation between the two German States.

To Conservatives of the old Prussian school, closer economic association with Austria is a task which they have taken up for well-considered reasons and which they cannot and will not lay down. For the middle-class apostles of freedom and for the workers, however, this new economic unity with the Germans on the Danube is a fundamental emotional demand, a symbol of the beginning of the reorganisation of Europe for peace. Nobody who knows German history will be surprised at this difference in political temperatures. It provides, on the one hand, a guarantee that the movement for economic union between Germany and Austria will gladly agree to every step which conduces to greater freedom in the framing of a common European trade policy. On the other hand, however, it contains the serious danger that opposition to the idea of a customs union may bring about a most terrible discouragement to those sections of the German people who are bringing their influence to bear on the side of peace and of conciliatory foreign policy.

A few months ago the Government appointed a commission of experts, under the chairmanship of the former Minister of Labour, Dr. Braun, to frame proposals for the combating of unemployment and for the mitigation of its effects. An interim report has now been published. The Commission does not consider projects for creating work—which indeed its composition scarcely qualifies it to do, as most of the members are Government officials—but confines itself to proposals for the more even distribution of the work that is available. It recommends short time without any increase in hourly wages, to take effect in the first place among public employees, but to be extended to private industry, through the influence of the Government arbitrators, as wage agreements come up for renewal. In addition, the Commission has drafted the outlines of a Bill by which the Government will be empowered, with the consent of the Reichsrat, to reduce the weekly hours in individual industries to 40. The issue of such decrees by the Government would override any clauses in wage agreements having a contrary sense.

The Landtag of Thuringia has passed a vote of no-confidence against the National Socialist Minister of the Interior, Dr. Frick, in spite of desperate attempts by Herr Hitler in person to maintain the participation of the National Socialists in the Thuringian Government. The German People's Party wished to put an end to an experiment which had been growing steadily more unsatisfactory to itself, and therefore placed its votes at the disposal of the Social Democrats for the purpose. The National Socialists are now represented in only one Government, that of the small State of Brunswick, and even there the prestige of their Minister has worn very thin, and it is doubtful how long he will be able to maintain his position. Herr Frick's fall is a serious blow to the status of the Hitler Party, and even more serious is the failure of the Thuringian group of the German People's Party, which is very far to the Right, to come to any lasting agreement with the Hitlerites on important matters of policy. It is unlikely that anybody in the middle-class camp, with the exception of Herr

Hugenberg, will now consider co-operation with the National Socialists.

At the same time, the internal difficulties of the National Socialist Party have grown more acute. It suffers permanently from the rift between its radical wing, which takes the conception of "Socialism" seriously and would like to maintain the revolutionary character of the party, and the moderate group, which wishes to ally itself with the employers to combat "Marxism" and lays great stress on its own constitutional character. Such differences of opinion completely broke up the small "Strasser group" almost immediately after the elections, and even Lieutenant von Mücke, the leader of the "Ayesha" in the war, broke away from Hitler on similar grounds. The two officers, Scheringer and Wendt, who were found guilty of high treason in Ulm a few months ago and were hailed as martyrs by the National Socialists, have also left the party because it had become too "bourgeois" for them, and Scheringer has even joined the Communists. Now the commander of the Berlin "storm section," Herr Stennes, has rebelled and found many supporters in Northern Germany. He reproaches Herr Hitler, and still more his immediate entourage, with a complete betrayal of the party's socialist principles, and deplores the magniloquent gestures which have become habitual with the party leaders in Munich, especially the building of the large committee house in one of the most elegant quarters of the city, to be paid for at a time of acute economic hardship by members of the party, many of whom have not enough to eat.

These are, of course, all signs of disintegration in the ranks of the National Socialists. Herr Hitler is no longer master of the extremist sentiments which he himself has bred, but it must not be assumed that all these developments will soon bring about the decline of the National Socialist movement. It may even profit at first from the fact that Herr Hitler has repelled the most radical section of his followers and has thereby drawn closer to the middle-class Right. The break-up of the coalition in Thuringia will, however, have the opposite effect, as Herr Frick was one of Herr Hitler's closest colleagues and had nothing to do with the communistic section. In time the propagandist effectiveness of the Party among the proletarian and semi-proletarian sections of the populace must suffer from its excessively "bourgeois" tendencies.

The split between Herr Hitler and Herr Stennes has brought to light the interesting fact that the long-promised economic programme of the National Socialist Party has been ready for weeks but was not published because it implied a breach with every kind of Socialism, and resistance within the Party was in consequence feared. The decisive question is whether the disagreements in the Hitler camp will cripple the propagandist power of the Party at the next elections, of which the Bavarian Landtag elections are the first, followed by the Prussian Landtag elections next spring, and in due course the election of the President of the Reich.

Unlike the credit banks, the mortgage banks did very well in 1930, which was for them a year of amalgamations. From the fusion of numerous banks of some decades' standing was evolved the "Gemeinschaftsgruppe deutscher Hypothekenbanken," which has more than Rm. 3,000 millions mortgage bonds in circulation, or about half the total in circulation in Germany. This group was able to declare for 1930 a dividend of 12 per cent. on its Rm. 90 millions capital. The German mortgage banks use the funds raised by the issue of mortgage bonds for the granting of loans on prior mortgages to the communes. These have not been affected by the crisis and even the interest has been punctually paid. The policy of the banks has proved very sound: the mortgage bond issues are always offered only in small sums, so that repurchases by the banks even in times of crisis remain very small, and in consequence the German mortgage bond is relatively steady at a price which is high in comparison with that of other securities.

POLAND.

Budget Deficit — Prices — Agricultural Situation — Foreign Trade.

(FROM OUR CORRESPONDENT.)

WARSAW, March 25.

BEFORE adjourning the special Budget session on March 21st, Parliament voted the Finance Bill for the fiscal year beginning April 1, 1931, in the amount of 2,866,711,474 zlotys (approximately £66 millions) on the revenue side, and 2,865,879,797 zlotys for expenditure. When submitted to Parliament the estimates were 2,890 and 2,886 million zlotys respectively. In a speech before the Senate a few days ago the Finance Minister found it necessary to raise to "over 50 million zlotys" his estimate made in January of a 25 million zloty Budget deficit for the present fiscal year. The figures now available, he pointed out, indicate a total revenue of 2,700 millions and expenditures of 2,760 millions. The Budget voted for the current year estimated revenue at 2,943 millions and expenditure at 2,934 millions.

Taking what he claims to be the most pessimistic view of revenue prospects for the year beginning April 1st, the Finance Minister feels certain that he can count on an income of not less than 2,500 millions. At the same time, while he expresses determination that next year's Budget must balance, he does not foresee any possibility of keeping expenditure below 2,850 millions on the basis of current commitments. He can realise a saving of 200 millions, however, by applying the authority recently granted by Parliament to reduce State salaries by 15 per cent., with perhaps 50 millions of trifling economies here and there. The remaining 100 millions (if the worst expectations as to minimum revenue are realised) will presumably have to come from increased taxation, although it is very difficult to imagine that any possible source of tax revenue has thus far been overlooked, and equally unlikely that greater revenue could be secured by raising existing tax rates.

There appears to be a real danger, on the other hand, that the Finance Minister's worst expectations may be exceeded, and tax revenue in 1931-32 be less than 2,500 million zlotys. Only one-third of Poland's Budget income is raised by direct taxes whose yield is predictable with a reasonable degree of accuracy. Two-thirds come from State monopolies, Government-owned enterprises, Customs revenue and other forms of indirect taxation that are very difficult to estimate a year ahead. Such trade figures as are at present available do not suggest that the corner has been turned, while the important factor of public psychology seems to point definitely in the opposite direction.

The Government campaign to force down the price of manufactured goods, if possible without adversely affecting wages, has met with a certain amount of success during the past month, despite vigorous resistance on the part of the highly "cartelised" primary producers. The first move made by the Government was to approach manufacturing industries, but they met with the prompt response that any lowering of the price of manufactured goods must be preceded by lower coal, iron and oil costs, as well as by reduced taxation and social service charges. The Government thereupon began pressure on the producing Cartels, with the result that reductions have been announced in coal, iron and steel, zinc, cement and oil prices. In each case, however, the reductions made are of trifling amounts, these primary producers insisting that their ability to continue to sell in export markets is wholly dependent upon the maintenance of a relatively high price level in the home market.

An encouraging symptom during recent weeks has been a decided improvement in the price of rye, Poland's principal crop. Last autumn the peasants were reported to be selling rye for as low as 14.00 zlotys per metric quintal. The present price is in the neighbourhood of 22.00 zlotys. This seems to indicate that grain stocks are nothing like as large as had been reported, and it is certainly true that the farmers have been feeding grain lavishly to livestock

during the past six months. Unfortunately, cattle and poultry prices have fallen steadily throughout the winter, so that farmers who have been fattening up stock in preference to selling their grain at what were ruinous prices now find themselves in a more uncomfortable position than ever.

In general, the financial condition of the farmers is understood to be precarious. Not only are their implement and fertiliser purchases much less than in previous years, but they appear to be experiencing increasing difficulty in meeting maturing financial obligations. The soil now needs extensive fertilisation, and any serious diminution in its use would be quickly reflected in crop yields and quality. As Poland is not much more than self-sufficient in grain, it would be a very disturbing matter if the present financial distress of the peasants led to a serious crop curtailment this year. To help the farmers the Government-owned works have reduced the price of artificial fertilisers by from 12 to 20 per cent.

The following figures show the drastic decline which has taken place in Poland's foreign trade:—

	Imports.			Exports.		
	(In millions of zlotys.)					
	1929.	1930.	1931.	1929.	1930.	1931.
January...	294.0	216.7	153.4	215.8	218.6	152.5
February	264.9	181.7	116.6	167.5	218.1	134.9

Exports this year have been adversely affected by the refusal of Germany to renew the timber agreement which expired on December 31, 1930, by the considerable increase in the Czechoslovakian import duty on pigs, and by decreased coal shipments to Central European countries. They have been further restricted by the completion in January of important Russian contracts placed in 1928 and 1929 for iron and steel products, Poland having supplied to the Soviets more than 300,000 tons of structural materials last year. A further order from this source for about 80,000 tons has recently been announced, and this will help the Upper Silesian mills for a month or two until building operations in Poland are resumed.

CZECHOSLOVAKIA.

Economic Crisis — Government Measures — Commercial Policy — National Bank of Czechoslovakia.

(FROM OUR CORRESPONDENT.)

PRAGUE, March 26.

THE economic depression in Czechoslovakia has not yet decreased in intensity. Though there has been a slight rise in the prices of foodstuffs, those of industrial products have declined further, and unemployment has increased in the last few months. Speaking in the Chamber of Deputies of the economic crisis, the Prime Minister stated that its course in Czechoslovakia was more moderate than elsewhere, and indicated the steps which were being taken by the Government to alleviate it by originating new works, supporting the unemployed, and procuring the means for new public investments. At the beginning of March Parliament carried a Bill sanctioning a State investment loan amounting to kr. 1,300 millions. Of this amount, kr. 600 millions is to go to railway investments, kr. 150 millions to cover the credits already sanctioned for alleviating the effects of the economic crisis, and the rest almost entirely to advances for the Road Fund and similar State investment funds, or to balance the State investments in excess of current revenue.

Foreign trade declined further in January and February; imports were kr. 1,727 millions, 867 millions less than in the previous year, and exports kr. 2,002 millions, 818 millions less than in 1930. The negotiations for the commercial agreement with Yugoslavia have been completed, those with Austria for the revision of the commercial agreement resumed. Preparations have been started for a new commercial agreement with Hungary.

The general annual meeting of the National Bank of Czechoslovakia took place at the end of February on completion of its five years' existence. The gold reserve at the end of 1930 was kr. 1,544.6 millions, other metallic cover kr. 2,504.4 millions, note circulation kr. 7,823.7

millions. In his report to the general annual meeting, the Governor of the National Bank, Dr. Pospisil, referred to the economic crisis and its causes. He drew attention to the political disturbances as a factor in the economic depression, especially through their effect on credit, and emphasised the international interdependence of the economic situation and the consequent necessity for a scheme of national and international co-operation. In connection with the work of the Gold Delegation of the League of Nations, he laid great stress on the co-operation of the issue banks.

NEW ZEALAND.

Trade — Banking — Business — Napier Earthquake.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, February 12.

OVERSEAS trade returns for 1930 afford striking evidence of the effects of the decline in export prices. Total exports for the year were valued at £44,940,692, compared with £55,579,063 for 1929. Imports fell mainly in response to the reduction in available purchasing power, and were valued at £43,025,114 compared with £48,797,977 in the previous year. The balance of trade remains favourable and has improved during the last few months, but is reduced from £6,781,086 for 1929 to £1,914,778 for 1930. The greatest decline has been in wool. About 100,000 bales were withheld from sale, and 581,000 bales were exported in 1930 against 688,000 in 1929, but the value of wool exports fell 50 per cent. to £7,664,362 in 1930, against £15,359,206 in the previous year. Increases in quantities exported were associated with considerable declines in value in the case of the other important exports, butter and cheese, hides, skins and tallow, while frozen lamb increased both in quantity and in value. The decreases in imports were widely spread, but the heaviest fall was in motor vehicles, from £4,278,924 to £2,448,781, while the value of motor spirit imported fell slightly despite an appreciable increase in quantity.

Some change is also noticeable in the direction of trade. In 1930 the United Kingdom took 80.2 per cent., and all British countries 91 per cent., of the total exports, compared with 73.7 and 85.4 per cent. respectively in 1929, while the United Kingdom supplied 47.3 per cent., and all British countries 69 per cent., of the imports, against 46.3 and 67.8 per cent. respectively in the preceding year. These changes, however, are due largely to the reduced value of wool exports and to the contraction in imports of motor vehicles and semi-luxury goods.

The fall in export prices has been very heavy. Official indices of all export prices are now 40 per cent. below the level ruling for 1928 and 8½ per cent. below the level of 1914. At a recent Auckland sale the average price realised for wool was 4d. per bale, just one-fourth of the average price at the corresponding sale in 1928, and it is anticipated that the season's wool exports, which brought more than £15,000,000 two years ago, will bring little more than £5,000,000 this year. Dairy produce, too, has fallen heavily, and the price index for December is slightly below the 1914 figure. Most dairy factory suppliers received 1s. 6d. per lb. for butter-fat last season; this season they are receiving 9d. per lb., with the possibility of some further payment at the end of the season. The average farm produces 4,800 lbs., and the average cow 200 lbs. of butter-fat, which means that the average dairy farmer is at present keeping and milking twenty-four cows for little more than £180 a year, of which half at least may go in interest and rates.

The situation of the sheep farmer is probably worse. Estimates published by the farm economist of Lincoln Agricultural College suggest that most sheep farmers have been losing money on the average of the past five years, and that, at present prices, receipts will in some cases cover little more than half the costs of production. In these circumstances many farmers are finding it difficult, even impossible, either to meet payments now due for taxes, interest, etc., or to finance production for the

coming season. It is widely recognised as essential that farmers should be kept on their holdings as far as possible and production maintained or increased, and many suggestions have been made to secure this end. Some are asking for State assistance, but the Government has difficulties enough with finance, unemployment, etc.; and there is a strong general objection to a moratorium or to any compulsory scheme applying equally to all cases, since the circumstances of individuals vary so widely. Where the need is greatest, however, it is possible that, by agreement amongst the parties concerned, fresh credit may be advanced to finance production during the coming year and, given priority of claim against that product over all other indebtedness.

Banking returns for the December quarter of 1930 show total deposits amounting to £53,230,000, about £1,800,000 less than for the same quarter in 1929, and total advances of £56,380,000, or £2,600,000 more than for the same period in 1929. There has been a marked increase during recent years in fixed deposits, accompanied by a decline in free deposits, and in December last free deposits were only 56 per cent. of fixed deposits. This fact, together with the large volume and the recent increases of advances, the 7 per cent. overdraft rate, and the known difficulties of farmers in meeting indebtedness, suggests that a large proportion of existing credit is frozen, and it is likely to remain frozen until the farmers' position improves. Weekly average bank debits for December are 17 per cent. below their level for the same month of 1929, while land transfers, building permits, mortgages registered and discharged, and railway revenue have all declined appreciably. Recent rises in wool prices, however, amounting to about 10 per cent. at the local sales, are very welcome, and give some hope of better market conditions for next season's produce.

It has been announced that Parliament, which usually meets in June, will be called together to discuss the situation much earlier; but this early meeting of Parliament is due partly to the disastrous earthquake which shook Hawkes Bay on February 3rd. The full severity of the shock was felt only within a small area; the rest of the Dominion suffered nothing more than slight tremors. But Napier, the port (19,000 population), and Hastings (16,000), a few miles inland, were badly shattered. In both towns practically the whole of the business areas were destroyed, either by the earthquake or by the fires which followed the breakdown of the water supply, and in all more than 200 lives were lost, besides many injuries. No reasoned estimate has yet been made of the cost of reconstruction, but the land and capital valuation of the two towns principally concerned totalled about £8,000,000. Meanwhile relief funds are being collected and are mounting rapidly, and the whole Dominion has been touched by the spontaneous sympathy and generosity of messages and contributions from other parts of the Empire.

JAPAN.

Trade Union Bill — Bank Results — Foreign Trade — Prices.

(FROM OUR CORRESPONDENT.)

Tokyo, March 10.

CONSIDERABLE attention is centred at the moment on the Trade Union Bill, which is now in the Committee stage in the House of Representatives. In compliance with the employers' protest against the original draft, the Bill was redrafted largely in the terms they required. One of the most controversial provisions, which granted trade unions immunity from civil liability for acts done in contemplation or furtherance of a trade dispute, was struck out, and certain provisions for the restriction of the unions' political action and the exclusion of Socialist agitators were newly added, while another no less controversial section which guarantees the workers' right to combine for trade purposes against the employers was retained.

The employers are not satisfied with the revisions, and their organisations throughout the country have mustered

all their forces to bring pressure to bear upon the House to prevent the passage of the Bill. Organised Labour, on its part, also takes strong exception to this "unfair and repressive" measure, averring that it was designed under capitalist influence to cripple the activities of trade unions. A very bitter struggle between employers and employees is being waged.

The earnings statements of the Japanese joint-stock banks for the December half-year make a decidedly poor showing. The general shrinkage in bank earnings is obviously explained by the increasing trade depression and lower level of money rates, which affected practically every source of banking revenue. The combined net profit of the five leading banks in the latter half of last year totalled 17.1 million yen, as compared with 15.6 millions in the preceding half-year, and 19 millions in the corresponding half-year of 1929. The past half-year's increase, moreover, is mainly accounted for by the Yasuda, whose earnings in the preceding half-year declined substantially owing to the writing down of its investment holdings. The declared earnings of the Mitsui were lower by 36 per cent., and those of the Daiichi declined by 12.5 per cent. The customary rates of dividends were generally maintained, excepting the Mitsui, which reduced its dividend from 10 per cent. to 8 per cent. On the other hand, the earnings of the two colonial banks show only slight decreases. The Bank of Chosen earned a profit of 902,000 yen and paid its usual 4 per cent. dividend, while the net profit of the Bank of Taiwan amounted to 431,000 yen.

Imports last month totalled 98,650,000 yen, and exports 91,787,000 yen. In comparison with February, 1930, imports declined by 61.6 millions, or 38.4 per cent., and exports fell by 27 millions, or 22.8 per cent. These figures are rather disquieting, though some individual items are less unfavourable than the totals. Imports of raw cotton, iron and steel, machinery, oil cake and beans decreased heavily, but raw wool and rubber were imported in substantially larger quantities. On the export side, cotton manufactures and silk goods disclose a sharp decline; whereas raw silk, though slightly lower in value, increased considerably in volume. Among less important exports, rice, wheat flour, tea, and tinned and bottled provisions have done better than a year ago.

The year-end, observed in the rural districts according to the lunar calendar, was negotiated without much difficulty, despite apprehensions, and with the return flow of funds from the interior section of the country, the ease in the money market has been further accentuated. Day-to-day loans are obtainable at as low as 1½ per cent. The capital market shows signs of vitality, and new issues have been oversubscribed in many cases. The effect of monetary ease has naturally been in evidence in the stock market, and there has been a steady rise in shares all round. The downward movement in commodity prices was appreciably slower last month. The wholesale index number of the Bank of Japan for February registered a drop of only fractionally more than a quarter of 1 per cent. on the month, the smallest change for many months. The fall in sugar, silk, and coal is largely neutralised by the rise in timber, cotton yarn, iron and steel, wheat and paper.

Letters to the Editor.

THE COMING BUDGET.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your article, "The Coming Budget" (March 21st), you suggest that Mr Snowden should draw an additional £33½ millions from three sources in roughly equal shares, i.e. (1) drink and tobacco; (2) tea, sugar, coffee, cocoa, and (3) petrol. May I suggest that there is another great source of revenue (*magnum vectigal*), i.e., economy, which would render (1) and (2) unnecessary. Moreover, unlike most critics of expenditure, I am prepared to say where I would apply the axe. According to the final report of the Royal Commission on Transport we are spending £60 millions a year on our roads.

I submit that, after all the structural improvements of the last twelve years, we can do very well with an expenditure of £30 millions a year.

There is another point suggested by the Royal Commission. Most of the wear and tear of our roads is due to heavy and fast commercial vehicles and to the motor bus. The Royal Commission suggests that the use of lorries weighing more than four tons unladen should be discouraged by a sharp addition to the licence duty for every additional ton; and it would prohibit lorries weighing more than nine tons. But the Royal Commission, which was very badly served by the Ministry of Transport, overlooked one anomaly, viz., that three trailers, each as big as a lorry, may be attached to a tractor for the insignificant payment of £2 each. Moreover, your suggestion of an extra 3d. on petrol, with which I agree, would stimulate the use of tractors driven by steam or heavy oil. So far as these are not ruled out by the proposed maximum weight limit, I suggest that they should pay an extra licence duty of 50 per cent.

At present there is a maximum licence duty (£48 for pneumatic and £60 for hard tyres) on a five-ton lorry, but no maximum weight—like an income tax which exempted millionaires! A sharp increase in the licence duty payable for heavy vehicles, the motor bus included, is desirable, like taxes on intoxicants, apart from the needs of the Exchequer.—Yours, etc.

2, St. Peter's Terrace,
Cambridge.
April 7, 1931.

J. E. ALLEN.

"PURE ITALIAN."

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have seen in your paper reference made to the use of foreign words in Italy. There is no restriction at all in this connection, but a small revenue tax on public signs in foreign languages has existed for some years.

In principle this is much the same as a tax on posters which I believe many would like to see introduced in this country and which for a long time past has been in force in some Continental countries. There is no obligation whatever on those exhibiting a notice in a foreign language to show also the Italian equivalent, nor is there any question of hotels bearing foreign names being obliged to change them.

The Italian authorities realise the utility of foreign terms in facilitating matters for visitors from abroad.—Yours faithfully,

16, Waterloo Place,
London, S.W.1.
April 8, 1931.

W. STORMONT, Major,
British Representative, Italian
State Tourist Dept. (E.N.I.T.).

FIXED TRUSTS?

TO THE EDITOR OF THE ECONOMIST.

SIR,—I have read with interest your article on Fixed Trusts, and the correspondence following thereupon.

As I have been studying the proposition pretty thoroughly, may I give you the benefit of my researches, having particular regard to the last paragraph of the letter signed by "London Broker," where he says, quite correctly, that the "turn" between the bid and asked price is about 7 per cent., but states that the "turn" which one would probably expect on the shares of the component companies would only amount to 1 per cent. to 1 per cent.

In order to prove this point, I asked my broker to get me the buying prices, including all commissions and contract stamps, of the four shares each of twenty-eight companies which make up a unit of one of the well-known Fixed Trusts.

I found that, as compared with the listed prices which are for 100 share lots, one has to pay odd lot prices, New York brokerage, commission to the London broker, and contract stamp.

On again selling, all these charges have to be met a second time.

The result was very interesting. The total cost of purchasing the 112 shares worked out at £2,203 17s. 6d. The net receipt from the sale of these shares came to £2,104 2s. 6d. The "turn," therefore, was just on £100 on 2,200, or 4.550 per cent.

Of course, it may be objected that the ordinary buyer would not spread £2,000 odd over twenty-eight companies, but would pick two or three of them, and, therefore, as he would not be dealing with minimum commissions, the cost of buying and selling would not be so great.

It seems to me, however, that if one picks three or four companies one is speculating. But a very close examination of these companies, included in this Fixed Trust, brings out

the fact that an investment spread over these companies seems to be an investment in practically every supply or service necessary to modern civilisation.

One is, therefore, investing in a cross-section of the world's activities, instead of picking out one or two likely industries.—Yours faithfully,

Norcott,
Teddington,
Mddx., England.
April 2, 1931.

CALLCOTT REILLY.

Books and Publications.

AN INTRODUCTION TO FINANCE.

MR NORMAN CRUMP describes his small text-book* as "an attempt to explain in brief though general terms how things work in the business and financial world. The reader will find in it comparatively little pure economic theory. . . . It is, he says, "based mainly on experience of the City and its ways." This explanation is a far better indication of the book's scope than its rather general title, for it is not, as far as the student of economics is concerned, a "first book" which will successfully introduce him to the field of thought in which he will have to move and have his being. Yet within its own defined scope it is an admirable piece of work, lucid, impartial, economical of phrase; and perhaps the best part of it is its simply told tale, in Chapter xxxiii, of how a balance sheet is constructed. The captious critic can, of course, find gaps in its analysis. For instance, the general reader will probably find himself hankering for an explanation of where his familiar pound notes come from and by what process they get into circulation; and this is, unfortunately, not vouchsafed to him. On page 148 the author's reference to de-rating is so compressed as to produce a somewhat misleading simplification of the reform of Exchequer grants. The percentage system cannot be said to have "disappeared" in the 1928-29 legislation. And on page 235 the suggestive and provocative phrase "there is grave ground for doubting if taxes on profits . . . are really a burden on industry at all," whets the modern reader's appetite for a further reference to the incidence of taxation, and an indication of the large issues which hang upon the turn of that grave doubt.

BANKING AND INDUSTRY.

It was a timely idea on the part of Mr Thomas to bring together into one place† the known facts and opinions about the industrial aspects of British banking: but its execution would have been happier if he had confined himself more strictly to his theme, and supplemented his diligent use of paste and scissors by a few personal inquiries which would have really added to the sum of accessible knowledge. As it is, he has written a book of which the best that can be said is that it is quite useful for reference. Even in using it for this purpose, the reader must be on his guard: he will find an account of German banking which he will do well to check by that given in Mr Whale's recent authoritative work, a strangely worded statement about the amount of our foreign investment on page 258 (note), a tendency to cite Mr Appleton as representative of Trade Union opinion, a reliance on the Board of Trade wholesale index-number as a measure of the prices obtained by British manufacturers for their wares. He will find discussions of monetary policy, rationalisation, tariff policy and unemployment which are not saved from flatness and superficiality by a commendable attempt to be open-minded. But he will be disappointed if he hopes to find much detailed light shed on such important matters as the increased activity of London financial houses in placing and "introducing" industrial issues, or the degree to which the short-term credit facilities at the disposal of farmers have really been increased by the new device of chattel-mortgage.

* "A First Book of Economics." By Norman Crump. Macmillan and Co. Pp. xiv+257. Price 3s.

† "British Banks and the Finance of Industry." By S. Evelyn Thomas. P. S. King and Son. 12s. 6d.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Law Relating to Trade Combinations. By A. L. Haslam. With a Foreword by W. T. S. Stallybrass. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. net.

A most valuable and scholarly study of the legal liability of combinations of employers and workmen. It includes a critical comparison of the methods of trust control obtaining in various countries.

The Marketing of Wool. By A. F. Du Plessis. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 12s. 6d. net.

A most comprehensive account of the wool trade, from the breeding of the sheep to the conditions which determine the market price of the fibre.

The History of Trade Union Organisation in the North Staffordshire Potteries. By W. H. Warburton. With an Introduction by R. H. Tawney. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. 6d. net.

This book, besides contributing to the history of trade union development, gives an interesting account of past and present conditions of work in one of our minor industries.

China. The Collapse of a Civilization. By Nathaniel Peffer. (London) George Routledge, 68-74, Carter Lane. 12s. 6d. net.

The author, to use his own words, seeks "to analyse what happens when one civilisation is struck by another of greater force and vitality, as China has been struck by the impact of the West."

The Federal Reserve System and the Control of Credit. By Walter E. Spahr. (London) Macmillan and Co., Ltd., St. Martin's Street. 7s. 6d. net.

A thousand-dollar prize essay on central banking policy.

Principes de la Politique Allemande dans l'Europe du Centre et de l'Est. By M. André Tibal. (Paris) Publications de la Conciliation Internationale, 173, Boulevard Saint-Germain. 4 francs.

A brief historical study of Germany's central European policy.

Exchange, Prices and Production in Hyper-Inflation: Germany, 1920-1923. By Frank D. Graham. (Princeton) Princeton University Press. \$3.50.

An attempt to resolve the confused impression left by the economic events of the inflation period in Germany into a rational estimate of the effects of the depreciation upon German national economy.

The Law Relating to Industry. By H. Samuels. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 15s. net.

A well-documented but somewhat compressed account of the law governing the relations between employer and employee.

Mexico and Her Foreign Creditors. By Edgar Turlington. (London) Oxford University Press, Warwick Square. 25s. net.

A diplomatic and financial history extending over more than a century.

Back Duty. By Ronald Staples. (London) Gee and Company (Publishers), Ltd., 8, Kirby Street. 10s. 6d. net.

A consideration of the law and practice of the settlement of liability to income tax, etc., which escaped assessment at the proper time.

The Industrial Development of India. By Nalini Mohan Pal. (Calcutta) The Book Company, College Square. Rs. 5.

A descriptive account of the economic development of India.

How to Compete with Foreign Cloth. By M. P. Gandhi. Published by the author at the Indian Chamber of Commerce, 135, Canning Street, Calcutta. 8s.

An Indian monograph by an author who stresses the importance of hand weaving and hand spinning as a means of rendering India self-sufficient in respect of textiles.

Memorandum on Indian National Policy, with Note to Rt. Hon. Ramsay MacDonald. By Ram Rai (Admedabad) "The Khedut" Office.

Anleihetechnik. By Dr. Wilhelm Dieben. (Berlin) Wilhelm Christians Verlag, Unterwasserstr. 8. Rm. 6.40.

A study of the technique of public loans.

Notiziario demografico. (Rome) Istituto Centrale di Statistica del Regno d'Italia.

A bi-monthly publication containing population statistics of various countries.

Silicosis. Records of the International Conference held in Johannesburg, August, 1930. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 16s.

An International Labour Office publication.

The Annals of the American Academy of Political and Social Science. March, 1931. (London) P. S. King and Son, Ltd., 14, Great Smith Street, Westminster.

A collection of papers by American economists, business men, social workers and trade union leaders on unemployment and the possibilities of stabilising employment.

The Banker. April, 1931. (London) Financial Newspaper Proprietors, Ltd., 20, Bishopsgate. 2s. 6d.

Includes, *inter alia*, articles on "Australian Banks and the Government," and "The Policy of the Bank for International Settlements."

The Crown Colonist. Preliminary number. (London) The Crown Colonist, 33, Tothill Street. 1s.

A new non-political periodical which is to concern itself particularly with colonial trade and development. It has a generous number of excellent photographic illustrations.

The 100 Best Investments, 1931. Compiled and published by the British, Foreign and Colonial Corporation, Ltd., B.F.C. House, Gresham Street. 2s. net.

A conveniently classified list of high-quality investments, both trustee and speculative, with the essential particulars of each.

Histoire Internationale des Universités. By Stephan D'Ixsay.

La Cité Universitaire de Paris. By Camille Bloch. (Paris) Publications de la Conciliation Internationale, 173, Boulevard Saint Germain. 3 fr.

Two short lectures.

The Outline of the Reconstruction Work in Tokyo and Yokohama. Compiled and published by the Bureau of Reconstruction, Home Office, Tokyo.

The First Annual of the Pure Rivers Society, 1930. (London) Pure Rivers Society, 1, Lincoln's Inn Fields. 1s.

Annual Report of the Smithsonian Institution, 1929. (Washington, D.C.) Superintendent of Documents. \$1.75.

Report of the Superintendent of Insurance, Dominion of Canada, Vol. II. Life Companies. (Ottawa) F. A. Acland.

Report of the Superintendent of Insurance for the Year ended December 31, 1929. Part IV. Assessment Life and Casualty Associations, Fraternal Benefit Orders or Societies, Co-operative Fire Insurance. Insurance Department, Albany, N.Y.

Four Place Tables. By E. V. Huntington. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. net.

A useful set of tables of logarithms and trigonometric functions.

L. T. Hobhouse: His Life and Work. By J. A. Hobson and Morris Ginsberg. (London) George Allen and Unwin, Ltd., 40, Museum Street. 12s. 6d. net.

A brief biography, supplemented by the personal recollections of friends, is followed by an appreciation of Professor Hobhouse's philosophy.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Report of the R.101 Inquiry. Cmd. 3825. 2s. 6d. net.

Department of Overseas Trade: Economic Conditions in Mexico. January, 1931. 1s. 6d. net.

Reports of the Imperial Economic Committee: Eighteenth Report—Tea. 6d. net.

The Stock Exchange.

FORD AND THE BRITISH MOTOR INDUSTRY.

WITH the completion, early in 1932, of the Dagenham factory, the prospects of the Ford Motor Company, Ltd., will be a matter of increasing interest to the investor on both sides of the Atlantic. The new plant is designed for an output of 200,000 vehicles a year, of which the distribution is generally assumed to be 50,000 in Great Britain and 150,000 on the Continent. What effect will the realisation of this programme have, first, on the earnings of the Ford Motor Company, and secondly on the earnings and activity of the British motor industry?

It is first of all necessary to obtain a clear idea of how the Ford Motor Company is operating in this interim period. The company acquired the Ford Motor Company of England with its plant in Manchester, Henry Ford and Son of Cork, which is manufacturing Fordson tractors, and a controlling interest in Ford companies in France, Belgium, Germany, Italy, Holland, Spain, Denmark, Sweden and Finland. The company also acquired from the Ford Company of Detroit the exclusive right to manufacture, assemble and market Ford cars and other products in Great Britain, Ireland, the Continent of Europe (excepting Soviet Russia), Asia Minor, Egypt and other parts of Africa and Afghanistan, together with all the patents and inventions in respect of Ford cars and products. It has also acquired the world rights in the manufacture of Fordson tractors. While the Dagenham plant is under construction the Ford Motor Company has been assembling, and in large part manufacturing, Ford cars at Manchester, while the Continental associated companies have been purchasing their import requirements from Detroit and England. The Continental Ford imports from Detroit in 1930 amounted to approximately £7,000,000, and as soon as the Dagenham plant is finished most of this business will be transferred to the British company. In fact, the chairman in his speech to the British shareholders on March 18th declared that their export business would be much larger than £7,000,000 if the company's plans for expansion materialised as they hoped.

The profits of the British company last year were derived entirely from the English and Irish businesses, or rather from the English alone, for the Irish business made a loss. No credit was taken for dividends declared by the affiliated companies on the Continent. The British earnings amounted to £978,603, as compared with £908,994 in 1929, and were equivalent to 14 per cent. against 12.8 per cent. on the then issued capital of £7,000,000, as the following table shows:—

	Total Profit after Deprecia- tion.*	Directors' Fees and Sundry Charges.	Earnings subject to Tax.	Per cent. Earned.	Per cent. Paid.	Taxa- tion.	Carried Forward.
1929...	£ 918,229	£ 9,235	£ 908,994	12.8	10	£ 195,000	£ 258,507
1930...	996,956	18,352	978,603	14.0	10	188,250	506,360

* Depreciation was not shown separately in 1929 accounts, but in 1930 depreciation was £43,556 and obsolescence £13,775.

An increase of 7.6 per cent. in the earnings last year of the British company was highly creditable, seeing that Henry Ford and Son of Cork was seriously affected by the trade depression.

As regards the earnings of the British Ford outside Great Britain, the profits of the European affiliated companies have been excluded from the accounts in order to avoid double taxation. For this purpose the company formed a holding company registered in Luxembourg, of which it owns all the share capital. The company sold to the Luxembourg company its holdings in the Continental affiliated companies at a profit of £756,209, representing approximately its proportion of the 1929 profits declared

by those companies. This profit was carried to reserve in the balance sheet of the British company. The saving in taxation effected by this transaction was at least £100,000. Presumably the future profits of the affiliated companies on the Continent will continue to be brought into the accounts of the Luxembourg company, so that the British company will benefit only by way of capital profit if and when it writes up its holding of the Luxembourg company's shares. However, in order to ascertain the real earnings of the British company, we have disregarded the existence of the Luxembourg company and have compiled the following table showing the total net profits of the affiliated Continental companies in 1929 and 1930, and the proportion accruing to the British company on the basis of its original share holding.

(In thousands.)					
	Net Profits.		Percentage of Capital held by British Co.	Proportion accruing to British Co. in 1930.	Sterling Equivalent.
	1929.	1930.			
Ford:—			%		£
Belgium .. Fr.	49,223	42,891	60	25,735	147.7
Denmark .. Kr.	5,467	6,066	60	3,674†	273.9†
Holland .. Fl.	2,865	3,280‡	60	1,968	162.5
France .. Fr.	34,536	35,289	60	21,173	170.4
Germany .. Rm.	3,495	4,515	60	2,709	132.6
Spain .. Ps.	4,859	6,031	60	3,619	78.1
					965.2

* Denmark company holds 60 per cent. of Swedish company, which in turn holds 60 per cent. of Finnish company.
† Includes Kr. 1,333,888, or £73,453, being 60 per cent. of Swedish net profits which were £109,831 plus £12,590, being 60 per cent. of Finnish profits.
‡ 12 months calculated from 14 months' figures.

It will be seen that the proportion of the total earnings of the affiliated Continental companies in 1930 amounted to £965,200, which was equivalent to 13.8 per cent. on the then issued capital of the British company.

The actual distribution of profits by the Continental companies is shown below:—

CONTINENTAL FORD COMPANIES—DISTRIBUTION OF PROFITS. †									
	France (Thous. frs.)		Germany (Thous. Rms.)		Holland (Thous. fls.)		Belgium (Thous. Frs.)		Percentage of Production.
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	
Net profits (after tax)	34,536	35,289	3,495	4,515	2,865	3,280*	49,223	42,891	
Per cent. earned net	26.5	27.1	23.3	30.1	57.3	65.6*	49.2	42.9	
Per cent. paid gross	10.0	12‡	10.0	10.0	10.0	17.15†	13.0	15.0	
Write off (good- will, &c.)	...	8,103	1,350	1,300	1,000	1,500	11,000	10,000	
Applied to reserve	...	...	...	1,900	...	...	2,886	12,150	
Carry forward ...	21,598	19,705	719	534	1,365	2,647	22,337	26,163	

* 12 months on basis of 14 months' period. † 20 per cent. was paid for 14 months period.

	Denmark (Thous. kr.)		Sweden (Thous. kr.)		Finland (Thous. F.mks.)		Spain (Thous. Pes.)	
	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
Net profits (after tax)	5,467	6,066	1,078	1,395	2,550	4,052	4,859	6,031
Per cent. earned net	27.3	30.3	26.9	49.8	12.75	20.25	32.4	40.21
Per cent. paid gross	10.0	10.0	10.0	10.0*	10.0	10.0	10.0	15.0
Write off (good- will, &c.)	600	600	636	...	400	1,000	1,000	1,500
Applied to reserve	...	3,000	...	528	...	1,000	2,886	12,150
Carry forward ...	1,205	1,672	138	205	150	801	2,188	4,137

* Plus stock bonus of 25 per cent.

To what extent will the profits of the British company be increased when the Dagenham plant is exporting to the affiliated companies on the Continent a further £7,000,000 of materials? It would be reasonable to assume a gross profit of at least 10 per cent. on this business, and we have the chairman's statement that the additional

export business will be "very much larger" than £7,000,000 if the plans for expansion materialise. In that event it follows that it will be impossible for the Ford Company to avoid taking a gross profit of less than £700,000 into its accounts, seeing that these profits will have been earned directly by the Dagenham plant. As the exports from the Manchester plant last year were £3,302,371, it appears that the total exports from England on the completion of Dagenham will be in the neighbourhood of £10,500,000.

Disregarding altogether the prospect of increased profits arising out of the more intensive sale of Ford cars in Great Britain and the Continent from the Dagenham factory, the total actual and estimated earnings of the British company on the completion of the Dagenham plant may now be tabulated as follows:—

	Amount.	Per Cent. on £7,000,000.
English and Irish Business (1930).....	£978,603	14.0
Gross profit on export business to Con- tinental Companies (estimated)	£700,000	10.0
Proportion of affiliated companies' earnings (1930).....	£965,200	13.8
	£2,643,803	37.8

The British company has now increased its issued capital from £7,000,000 to £9,000,000 by the issue of 2,000,000 ordinary £1 shares at £3 per share. The estimated earnings of £2,643,803, which are based on results achieved in a year of trade depression, would be equivalent to 29.38 per cent. on the increased capital. The shareholders, however, will not look for the distribution of cash dividends commensurate with these earnings, for more than a third of the profits will accrue to the holding company in Luxembourg and will not directly appear in the British company's accounts. Nor must they expect to see such earnings until the 1933 accounts.

Finally, what effect is the completion of the Dagenham plant likely to have upon the domestic and export business of rival British motor manufacturers? The production and exports of the British motor industry in the last four years are shown in the following table, which is based on data provided by the Society of Motor Manufacturers and Traders:—

BRITISH MOTOR INDUSTRY. (000's omitted.)							
	PRODUCTION.			EXPORTS.			
	Private Cars.	Commercial Vehicles.	Total.	Private Cars.	Commercial Vehicles.	Total.	Percentage of Production.
1927 ...	165	47	212	Not available.			16.8
1928 ...	165	47	212	26	7	33	15.4
1929 ...	182	57	239	34	8	42	17.7
1930 ...	172	65	237	23	7	30	12.5

It will be seen that the output of private cars last year declined by 5½ per cent. (as against a decline in American production of 38½ per cent.), and that exports declined from 17.7 per cent. of the total production to 12½ per cent.

Approximately five firms—Morris, Austin, Singer, Humber and Rover—are responsible for about three-fourths of the total private cars produced in Great Britain. Approximately thirty other companies turn out the balance. It is obvious that the incursion of the Ford Motor Company on a large scale into the British market will intensify the precarious struggle for existence of the thirty firms now responsible for only about 40,000 cars. To some extent new business will be created, for it is unlikely that saturation point has yet been reached in the British private car business. As regards the export business, the British exporting companies are already faced with the competition of the Continental Ford companies, which will be accentuated when the Continental companies obtain their supplies from Dagenham instead of Detroit. The Ford Company already has more than 50 per cent. of the British export trade. If the completion of the new plant at Dagenham leads to a more intensive export sales campaign and more efficient manufacturing methods on the part of the British motor industry the incursion of Mr Henry Ford into the British field will have a great national value as well as an increasing interest to the British and American investor.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
April 21.	April 23.

A lack of enthusiasm was evident after the Easter holiday. Prices as a whole, however, tended to become more rather than less firm, though the volume of business remained restricted. The week's most gratifying feature was the strength of gilt-edged stocks on home and foreign buying, the receipt of further gold by the Bank of England more than counteracting pre-Budget apprehensions. While high-yielding foreign bonds continued to attract some interest, the fresh slide in Brazilians was an unwelcome indication of the continued existence of political risks. The further weakness of base metal prices, similarly, served to remind the more speculative sections of the market that world economic depression had still to be reckoned with.

Although Victory Bonds were affected by profit-taking after a sharp advance, Funding Loan was again in demand, and 3½ per Cent. Conversion was favoured. India loans attracted moderate attention, but Australian stocks showed slight change on a very limited turnover. Among foreign bonds, Brazilians were afflicted by a fresh bout of weakness, American holders sending over numerous enquiries for bids on large blocks of stock, on the rumour that Sir Otto Niemeyer's recommendations would cover the temporary suspension of sinking fund arrangements. A noteworthy feature was the movement away from unsecured into secured issues. Among Europeans, German bonds were firm on the announcement of the British Government's invitation of German statesmen to Chequers.

Home rail stocks were entirely neglected, the traffic returns for Good Friday week making an unsatisfactory showing against those for the holiday period of last year. Dealings in Argentine rails were also restricted, quotations declining on the less favourable traffic figures and the dullness of the peso. Leopoldinas were lower in sympathy with the general trend of Brazilians.

Industrial shares held their ground in not unsatisfactory fashion, having regard to the general atmosphere of "stalemate" in industry, politics and finance. Considerable importance was attached by holders of Imperial Chemical shares to the published details of a hydrogenation process for the liquefaction of coal. Provincial investors showed an increasing interest in Cables and Wireless. Textile shares remained out of favour, but brewery and tobacco issues recovered on the feeling that fears regarding increased taxation in the forthcoming Budget had been overdone. International stocks were an uncertain quantity, New York giving only intermittent support. The chief exception was provided by Kreuger and Toll, the 1930 report being very well received (see pages 780 and 798). Electrical shares were steady on a limited investment demand, and bear closing resulted in higher prices for certain of the more "depressed" steel and engineering shares. Cunard shareholders found little concrete evidence of early trade improvement in the chairman's speech (discussed on page 796), but the shares improved on the announcement that the new 73,000-ton liner would be financed without a share issue. A few fractional rises occurred in insurance shares, but banks were dull, where changed, following the reduction in the interim dividend of the Anglo-South American Bank.

Rubber declined to a new low record, and the shares were easier on a meagre turnover. Rubber Plantations Trust touched the lowest level for some years. Tea shares were heavy, though very little stock came on the market. A slight improvement was noted in oil shares, Paris being a tentative buyer. A slightly more rosy view was taken of the American position, following the decrease in crude production last week.

Public interest in mining shares was less than before the holiday. Despite the generally favourable character of the monthly returns, gold-mining shares failed to advance, the inactivity of Johannesburg and Paris coinciding with incipient profit-taking on this side. Randfontein,

(Continued on page 794.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount; and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

[illegible]

† Free of Income Tax

Prices Year 1931.					Price Year 1930.					Price Year 1931.					Price Year 1930.								
Jan. 1 to Apr. 8 (Inclusive).					Jan. 1 to Apr. 8 (Inclusive).					Jan. 1 to Apr. 8 (Inclusive).					Jan. 1 to Apr. 8 (Inclusive).								
Name of Security.					Name of Security.					Name of Security.					Name of Security.								
High-est.	Low-est.	High-est.	Low-est.	Price Mar. 25, 1931.	Price Apr. 8, 1931.	Rise or Fall.	Present Yield.	High-est.	Low-est.	High-est.	Low-est.	Price Mar. 25, 1931.	Price Apr. 8, 1931.	Rise or Fall.	Present Yield.	High-est.	Low-est.	High-est.	Low-est.	Price Mar. 25, 1931.	Price Apr. 8, 1931.	Rise or Fall.	Present Yield.
7/11	2/9	3/10	3/08	Coal, Iron and Steel.	3/6	3/6	...	NH	20/7	9/9	11/7	8/4	Anglo-Boucardian £1...	9/-	8/9	-3d	7 0 0						
16/4	11/6	14/6	12/4	Amal. Anthracite £1...	12/6	12/6	...	NH	53/5	35/	48/6	36/10	Anglo-Egyptian B £1...	44/4	41/3	-3/1	10 0 0						
10/4	6/4	10/4	8/4	Do. % Cum. Pref. £1...	5/6	5/6	...	NH	28/9	11/	12/10	5/1	Anglo-Persian B £1...	45/1	41/3	-3/9	9 14 0						
6/3	4/7	5/2	4/3	Armstrong Whit. A 1/...	5/6	5/6	...	NH	28/9	11/	12/10	5/1	Aspet (Trinidad) 5/...	15/	15/	+3/1	11 2 0						
13/	4/4	7/1	3/5	Babcock & Wilcox 4/...	2/3	2/3	-3d	NH	40/7	16/3	20/	14/9	Attick £1...	15/	15/	+3/1	...						
13/7	10/3	17/	11/3	Baldwin 4/...	15/	15/	...	NH	4/10	13/	2/9	10/2	Bell. Coat. Oils Ord. \$5	1/1	2/3	+1/1	...						
10/4	5/1	21/0	2/3	Bengal Iron £1...	2/6	2/6	...	NH	95/7	65/11	72/6	60/	Burmah Oil £1...	63/9	61/3	-2/6	9 12 0						
10/7	5/6	5/8	4/1	Beyer Peacock £1...	15/	15/	...	NH	14/	6/3	9/3	6/22	Canadian Eagle, no par	9/	8/6	-6d	...						
3/3	5/4	5/14	52/1	Brown (John) Ord. 6/...	53/9	53/9	...	NH	54/0	24/4	30/	20/7	Caracas B.V. £1...	22/6	22/6	-1/3	11 15 0						
17	6d	7d	3/7	Caird & Laird £1...	4/6	4/6	...	NH	15/0	6/3	8/	6/10	Central Bank £1(10/6)	6/	6/	-	...						
34/0	23/9	24/3	12/	Consett Iron £1...	17/	17/	...	NH	35/4	23/	26/	22/	Colonial Eagle £1(10/6)	23/	22/	-1	8 12 0						
12/3	4/10	5/4	3/6	Corman, Long £1...	17/	17/	...	NH	99/4	69/4	76/3	60/	Phoenix Oil £1...	65/3	62/	-3/3	8 2 0						
23/7	17/3	17/3	15/6	Do. B. Ord. £1...	17/	17/	...	NH	78/9	69/4	30/1	20/7	Shell £1...	22/9	21/3	-1/6	7 0 0						
39/11	29/	31/3	26/6	Edwards & Aakam £1...	28/	28/	...	NH	21/3	16/4	18/9	16/7	Trinidad Leaseholds £1	22/9	21/3	-1/6	7 0 0						
9/1	2/6	3/11	3/6	Guest, Koen, & Co. £1...	17/	17/	...	NH	62/6	28/9	35/3	24/6											
14/9	6/1	6/1	4/6	Harfield £1...	3/6	3/6	-1/3	NH	33/5	17/3	17/3	31/0											
12/3	4/10	5/4	3/6	Hawthorn & Partners £1	3/9	3/9	...	NH	24/1	18/6	20/	16/7											
23/7	17/3	17/3	15/6	Hebburn & Co. £1...	17/	17/	...	NH	41/6	36/	38/6	35/											
39/11	29/	31/3	26/6	Heron & Co. £1...	21/3	20/9	-6d	5 16 6	35/7	19/6	20/6	15/6											
9/1	2/6	3/11	3/6	Millom & Aakam £1...	3/9	3/9	...	NH	27/6	23/	25/	21/6											
14/9	6/1	6/1	4/6	Ocean Coal & Wilsons	9/6	9/6	...	NH	27/6	23/	25/	21/6											
12/3	4/10	5/4	3/6	Pearse and Partners £1	3/6	3/6	-3d	NH	27/6	23/	25/	21/6											
23/7	17/3	17/3	15/6	Powell Duffryn £1...	6/3	6/	-3d	NH	89/4	41/10	43/1	35/9											
39/11	29/	31/3	26/6	S. Durham Steel £1...	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Do. B. Ord. £1...	4/3	4/3	...	NH	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	St. Ewan's Coal, & Co. £1	21/3	20/9	-6d	5 16 6	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Swansea & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
23/7	17/3	17/3	15/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
39/11	29/	31/3	26/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
9/1	2/6	3/11	3/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
14/9	6/1	6/1	4/6	Staveland & Glynedd £1	17/6	17/	-6d	7 0 0	16/	16/	16/	16/											
12/3	4/10	5/4	3/6	Staveland & Glynedd £1	17/6																		

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Am't. paid.	Price, Mar. 25, 1931.	Price, Apr. 8, 1931.
Cosch 7% Ser. Bonds.....	96	20	...	2 1/2 dis
Dartnell (J.) 10%.....	16/-	fy. pd.	4 1/2-	4 1/2-
Fortnum and Mason Inc. 7% pref'd....	85	5/-	4 1/2-	1 1/2-dis-par
Gold Coast 4 1/2% 1950-70.....	98	35	par-1 pm	1 1/2-dis
Greek 6% Ser. Bonds.....	87	20	...	2 1/2-dis
India 5 1/2% 1935-38.....	97	fy. pd.	1 1/2-dis	96 1/2
Kenya 4 1/2% 1931-71.....	98 1/2	fy. pd.	99-99 1/2	99 1/2
Latvia 6% 1931-36.....	97 1/2	10	...	6 1/2-5 1/2 dis
London and National Property 5% deba.	99	30	1 1/2-dis-1 pm	1 1/2-dis
London Power 5% deb. 1972.....	100 1/2	60 1/2	1 1/2-1 1/2 pm	1 1/2-2 1/2 pm
Met. Water Board (D).....	...	...	...	1 1/2-dis
National Caning Ord. £1.....	par	fy. pd.	6d-1 1/6 pm	19 1/2-20 1/6
Nat. Shipbuilders Security 5% deba....	95	35	1 1/2-dis	1 1/2-dis
Reading 4 1/2% 1931-51.....	99 1/2	69 1/2	1 1/2-1 1/2 dis	1 1/2-dis
Rio (Laro Rly. and Invest. 5% deba., 1952-72.....	...	...	...	97-8
Rio Tinto 5% deba.....	91 1/2	25	...	1 1/2-1 1/2 dis
Second British Steamship Trust New £10.....	£10	£3	1 1/2-dis	1 1/2-dis
S. Essex Water 5% pref'd.....	103	20	...	...
Surrey County Council 4 1/2% 1950-70....	99	49	par-1 pm	1 1/2-dis

(Continued from page 791.)

however, were well in the picture on reported good developments; while among the finance concerns, Rand Mines improved slightly on the publication of the report (dealt with on page 799). Diamond shares were again depressed. Base metal prices showed an unexpected and unwelcome return of weakness, which was reflected in the dullness of share values. The Rio Tinto report (see page 799) was disappointing, but the shares recovered slightly on the partial closing of a somewhat extensive bear account.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Apr. 1, 1931.	Apr. 2, 1931.	Apr. 6, 1931.	Apr. 7, 1931.	Apr. 8, 1931.	Apr. 9, 1931.
Government and Municipal Loans.....	1,378	1,335	Bank Holiday.	1,380	1,153	1,315
Transport, Communications, and Public Utilities.....	848	768	...	679	741	821
Commercial and Industrial Banks, Insurance and Financial.....	1,508	1,308	...	1,306	1,279	1,390
Mines (including Nitrate).....	532	389	...	409	425	437
Oil.....	642	564	...	424	448	510
Rubber, Tea and Coffee.....	115	136	...	107	118	103
	75	46	...	53	72	108
Total.....	5,098	4,546	...	4,358	4,236	4,684

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 50 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Apr. 1, 1931.	Apr. 2, 1931.	Apr. 6, 1931.	Apr. 7, 1931.	Apr. 8, 1931.	Apr. 9, 1931.
72.3	65.0	67.1	67.2	*	67.2	67.3	67.3

* Holiday.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The tone in Wall Street became noticeably firmer at the end of last week, and hurried short-covering gave an appearance of strength at the opening. The public, however, once again failed to come in on a large scale, and the markets became unsettled. Evidence regarding the general trade situation remains conflicting. The steady increase in the activity of the steel industry has been checked, last week's percentage of occupied capacity having fallen from 55 to 53. On the other hand, some of the larger companies declare that the recession is temporary, and that forward business shows an appreciable gain. The same quarters also deny the persistent rumour that price cuts are contemplated in steel products. The public, however, fears that the peak of seasonal demand has been passed, and has sold U.S. Steel and other standard shares. Fox Films have been heavily sold on the publication of new "readjustment" proposals—the movement being ascribed to interests which have withdrawn from the proposed financing plan. The leading railroads have also been subject to selling pressure. Oil statistics are less unfavourable, the latest figures covering

reductions in crude oil output and gasoline stocks, but expectations of consumption of the latter this summer are conservative. Call money advanced this week to 2 1/2 per cent. on heavy withdrawals of Government deposits in connection with the Soldiers' Bonus Loans. The stringency, however, is expected to be purely temporary.

	Mar. 26, 1931.	Mar. 31, 1931.	Apr. 9, 1931.		Mar. 26, 1931.	Mar. 31, 1931.	Apr. 9, 1931.
U.S. 3 1/2% T. Bds. 1931.	105 1/2	105 1/2	105 1/2	Natl. Biscuit.....	82	79 1/2	78 1/2
Lib. Lns. 3 1/2% '32-47	101 1/2	101 1/2	101 1/2	Phelps Dodge.....	22 1/2	22 1/2	20 1/2
Do. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Pullman.....	50 1/2	49 1/2	42
Do. 4 1/2% '33-38	103 1/2	103 1/2	103 1/2	Sears-Robinson.....	55 1/2	55 1/2	53 1/2
Atchafalpa.....	188 1/2	185	175	Studebaker.....	25 1/2	23 1/2	23 1/2
Ches. & Ohio.....	41 1/2	40 1/2	40	U.S. Fruit.....	60	59	60 1/2
Erie.....	29 1/2	27 1/2	25 1/2	U.S. Leather.....	94	94	8 1/2
Illinois Central.....	73 1/2	69	66	U.S. Rubber.....	18 1/2	17 1/2	17 1/2
N.Y. Central.....	112 1/2	109	105 1/2	Westinghouse.....	145 1/2	139 1/2	136 1/2
Pennsylvania.....	58 1/2	55 1/2	55 1/2	Woolworth.....	64 1/2	62 1/2	60 1/2
Southern Pacific.....	100	95 1/2	90 1/2	Am. Tel. & Tlg.....	195 1/2	188 1/2	188
Southern Rly.....	52 1/2	45	40 1/2	Interboro R.T.....	27 1/2	26	29
Union Pacific.....	187	184	171 1/2	Int. Tel. Teleg.....	37 1/2	35 1/2	33 1/2
Am. Can.....	126 1/2	123 1/2	121 1/2	Radio Corp.....	25 1/2	22	20 1/2
Amer. Smelting.....	46 1/2	46 1/2	46	Utilities P. & L.....	29 1/2	27	26 1/2
Anaconda.....	34	33 1/2	32 1/2	W. Union Tlg.....	133	131	128 1/2
Bethlehem Steel.....	62 1/2	57 1/2	53	Associated Gas "A".....	22 1/2	22	21 1/2
Chrysler Motor.....	23 1/2	21 1/2	21 1/2	Pan. Amer. B.....	35	31 1/2	31 1/2
Corn Prods. Ref.....	82 1/2	79 1/2	78 1/2	Shell.....	30 1/2	30 1/2	29 1/2
Eastman Kodak.....	168	162	158 1/2	Shell Union.....	7 1/2	7	7 1/2
Gen. Electric (New).....	51 1/2	48 1/2	46 1/2	Sinclair Oil.....	12 1/2	11 1/2	11 1/2
Gen. Motors.....	45 1/2	42 1/2	43 1/2	Std. California.....	44 1/2	43	43 1/2
Int. Harvester.....	54 1/2	50 1/2	51 1/2	Std. N.J.....	44 1/2	41 1/2	43 1/2
Montg. Ward.....	25 1/2	23 1/2	22 1/2				

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be-ginning of Year.	Apr. 1.	Apr. 8.
337 Industrials.....	134.5	218.9	98.2	174.1	99.6	105.5	105.3
33 Rails.....	127.8	173.5	89.1	145.5	92.0	91.3	91.2
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	177.4	176.1
Total, 404 stocks.....	140.3	228.1	105.5	184.2	107.6	114.5	114.2
Average yield of 50 Industrial Common Stocks.....	3.10%	5.23%	4.15%	5.95%	5.91%	5.48%	5.48%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Jan. 19.)	Mar. 25, 1931.	Mar. 26, 1931.	Mar. 27, 1931.	Mar. 28, 1931.	Mar. 30, 1931.	Mar. 31, 1931.	Apr. 1, 1931.
140.2	118.6	136.0	133.7	131.1	128.2	126.9	126.9	126.1

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Jan. 19.)	Apr. 2, 1931.	Apr. 3, 1931.	Apr. 4, 1931.	Apr. 6, 1931.	Apr. 7, 1931.	Apr. 8, 1931.
140.2	118.6	125.8	*	127.7	126.1	124.5	126.1

* Closed.

TOTAL DEALINGS IN NEW YORK.

	Apr. 2, 1931.	Apr. 3, 1931.	Apr. 4, 1931.	Apr. 6, 1931.	Apr. 7, 1931.	Apr. 8, 1931.	Apr. 9, 1931.
Stock Exchange—Shares (Thous.).....	2,500	†	900	1,500	2,200	2,000	1,900
Bonds (Value Thous. \$).....	10,795	†	5,235	7,854	10,563	9,778	10,517
Curb—Shares (Thous.).....	702	†	389	399	426	448	379

* 2-hour session.

† Good Friday.

BERLIN.

The inevitable reaction occurred following substantial rises in February and at the beginning of March, but it passed very quickly and without serious falls in quotations. It became evident that the preceding rises were only to a very small extent due to speculative purchases, and were mainly attributable to the activities of small investment buyers, both at home and abroad. Individual shares, of which unfavourable reports were current (Bergmann, Elektrizität, Hamburg South-America Munch) fell substantially, but the bulk continued their upward movement after a brief interruption. Bank shares were popular, as the market had expected more unfavourable results for last year. The greatest demand was for I.G. Farben-

industrie shares, which have regained the level of the middle of 1930 on favourable dividend expectations. Iron and steel, and potash shares improved substantially at the end of March and the beginning of April. The *rente* market was particularly firm, and there was a steady demand for first-class German fixed-interest securities, on which the average yield has fallen to 7 1/2 per cent. Stock Exchange developments during the last few weeks have been dominated by two influences, the political situation and the state of the money market. The international discussion of the Austro-German Customs agreement did not upset the market at all, while, on the other hand, the passing of the Budget and the prorogation of Parliament, together with the internal dissension in the National Socialist camp were received with great optimism. The money market, for the first time for many months, tended to become easier. Rediscounting at the Reichsbank fell off and gold cover was fully adequate, so that the Stock Exchange expects a reduction in the rate of discount from 5 to 4 1/2 per cent.

Official "Cash" Quotations in all cases.

	Mar. 9, 1931.	Apr. 7, 1931.		Mar. 9, 1931.	Apr. 7, 1931.
Banking and Insurance.			Industrials—cont.		
Berliner Handels-ges.	125 1/2	128 1/2	Dessauer Gas.....	128	144
Commerz und Privat.....	110 1/2	115 1/2	Deutsche Erdöl.....	70	75
Darmstädter.....	142	150	Deutsche Linoleum.....	124 1/2	95
Deutsche und Dis- conto.....	108	113 1/2	Dynamit Nobel.....	70	76
Dresdner.....	108 1/2	113 1/2	Farbenindustrie.....	144	156
Reichsbank.....	162 1/2	165 1/2	Feldmühle Papier.....	121	139
Allianz und Stutt-garter.....	183	214	Gelsenkirchen.....	80 1/2	86
Nordstern.....	186	189	Görlitzer Waggon.....	85	90
Communications.			Harpener.....	78	76
Deutsche Reichs-bahn Pref.....	91	93 1/2	Hirsch Kupfer.....	124 1/2	119
Hamburg-Amerika Hamburg - Süd - Amerika.....	71	73 1/2	Kali Aschersleben.....	145	175
Hansa.....	137	121	Karstadt.....	71 1/2	60 1/2
Norddeutsche.....	109	97	Lindström.....	365	385
Lloyd.....	72 1/2	75 1/2	Mannesmann.....	76 1/2	84
Industrials.			Norddeutsche Wollkammerei.....	64 1/2	70
Allg. Elektrizität Augsburg - Nürn- berg, Masch.....	104 1/2	110 1/2	Orenstein und Kop- pel.....	51	58
Bemberg.....	69	69	Polyphon.....	164	178
Bergmann.....	125	101	Riebeck Mortan.....	84	93
Continental Gum- mi.....	121	117	Rotig.....	54	57
Daimler-Benz.....	34 1/2	34 1/2	Saigietfurth.....	225 1/2	257
			Sarotti.....	94 1/2	105
			Schiesische Textil- werke.....	9	7
			Schultheiss-Patzen- hofer.....	178	181
			Siemens und Halske.....	180	188 1/2
			Tietz.....	119	125
			Verein. Glanzstoff.....	112	120
			Verein. Stahlwerke.....	61 1/2	61
			Zellstoff Waldhof.....	114 1/2	107 1/2

* Dividend off this month.

INVESTMENT NOTES.

The Stock Exchange Report for 1930-31.—A "House" correspondent writes:—The report of the Stock Exchange for the year ended on March 25th last shows that 3,982 members paid £196,938 in subscriptions. Subscriptions are regulated according to the year in which a candidate became a member, the amounts ranging from 20 guineas (for those elected before March, 1879) to 100 guineas (for members elected after March 24, 1920). Altogether, the Stock Exchange last year received £433,447 and spent £171,292. The revenue account shows a credit balance of £262,154 18s. 3d., and a dividend of £13 per share (unchanged) absorbs £260,000. The Stock Exchange has a present capital of £720,000 in 20,000 shares, £36 paid. In addition, there are £294,800 of 3 per cent. debentures, secured by a floating charge on the assets, which are represented in the balance sheet by the Property Account, of which freehold stands at £625,524 and leasehold at £527,468. In addition, the "House" holds £159,000 in Treasury bonds and bills. The price of Stock Exchange shares is 182, and the yield is a little under 7 1/2 per cent. The maximum number of shares permitted to be held by any member is 200. Each new candidate for membership must acquire either three shares or one share, according to the terms under which he comes into the Stock Exchange. This ensures a fairly constant supply of small purchasers, though, on the other hand, as older and wealthy members fall out, their estates are likely to provide a considerable number of shares, the absorption of which takes time in days of financial depression. There is no regular Chairman of the Trustees and Managers. Each of the nine members—at present there are only eight, owing to the recent death of Mr. H. W. Henderson—is chairman for one month in turn.

Engineering Company Reports.—Consideration of the latest accounts of those engineering companies which have issued their reports since the beginning of the year, suggests that while they have not entirely escaped the effects of the trade slump, their earning capacity has diminished less than might have been expected. Of the eleven companies whose results for the past three years are tabulated below, five show an improvement in revenue, and six a decline.

Name of Company.	1928.			1929.			1930.		
	Net Profit.	Ordinary.		Net Profit.	Ordinary.		Net Profit.	Ordinary.	
		Earned.	Paid.		Earned.	Paid.		Earned.	Paid.
	£	%	%	£	%	%	£	%	%
Sir Wm. Arrol & Co.	64,443	34.04	Nil	61,832	31.84	Nil	52,895	43.0	10.0
Beyer, Peacock	39,497	8.3	5.0	26,499	3.4	3.0	87,259	28.1	8.0
Burnell & Co.	24,485	34.8	10.0	13,044	7.0	7.0	12,522	6.2	5.0
Cammell Laird	Dr 2,494	Nil	Nil	10,685	Nil	Nil	28,083	Nil	8.0
Clarke, Chapman & Co.	68,821	15.5	10.0	77,185	17.2	11.0	65,649	14.3	10.0
Mather & Platt	198,610	13.1	15.0	228,398	15.3	15.0	102,264	6.0	10.0
North British Loco.	Dr 2,365	Nil	2.5	Dr 2,176	Nil	2.5	Dr 2,911	Nil	7.0
Projectile and Eng.	6,928	5.7	5.0	13,691	11.8	7.5	10,684	9.0	7.0
Ranmore & Raper	11,188	8.9	5.0*	17,977	13.8	6.0	25,129	15.2	7.0*
Swan, Hunter	168,695	7.1	7.5	188,389	8.4	7.5	157,294	6.5	6.0
Vickers	939,903	15.9	8.0	941,971	15.9	8.0	775,926	11.3	8.0

* Tax free.

† Before Statutory Allocation to special reserve.

In the aggregate, net profits have fallen from £1,557,996 in 1929 to £1,324,794 in 1930, a drop of a little under 15 per cent., but if Vickers, which records a decrease in earnings of £166,045, be excluded from the totals, the fall is only 10.9 per cent. Two companies, Cammell Laird and North British Locomotive, failed to pay a dividend on their ordinary capital, but Sir William Arrol and Company, which last year made no distribution, this year paid 10 per cent. Three companies increased, and five decreased, their ordinary dividend payment.

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BE UP-TO-DATE — SHELLUBRICATE!

Cunard Meeting.—Shareholders of the Cunard Steamship Company will have been relieved to hear from their chairman, at the general meeting this week, that the company's prospects are by no means ruinous. The disastrous decline of £1,600,000 in the gross revenue last year may have induced some shareholders to take a gloomy view, but Sir Percy Bates was able to point out that the profit, however microscopic, was earned after providing depreciation amounting to over £700,000. Considering the fierceness of the economic blizzard—reduction in freight tonnage alone was responsible for a drop in revenue of £250,000—the company did as well as could reasonably be expected. The Atlantic trade was not without its satisfactory features. The tourist third-class cabin traffic both Eastbound and Westbound actually showed an increase, a record number of passengers of this class being carried. With regard to the new giant liner of 73,000 tons gross which is at present being built in John Brown and Company's yards at Clydebank, the chairman declared that its construction had become inevitable. The company's weekly express Atlantic service was being undertaken at present by three ships, but modern marine engineering had made it possible to maintain this service with two ships, each making the round trip every fortnight. The company was bound to adapt itself to these new conditions. It would be easy, he said, to design a faster ship, but the speed of the new ship was no greater than was needed for her schedule and her size was no greater than was necessary to make her a paying ship. He added that the contract for the construction of this new leviathan could not have been undertaken unless the Government had guaranteed to absorb, on terms, whatever insurance risks the British market proved unable to take. As regards the payment for this ship, they proposed to make primary use of their annual depreciation earnings. These earnings were not available for distribution by way of dividends, as their retention in the business was necessary owing to the fact that all ships were a wasting asset. No public issue was in contemplation, but recourse would be had to the London bill market, which, he said, had been of such valuable assistance to the company in the past. With regard to future prospects, many economies were being effected, salaries having been cut from the directors downwards, and he believed that, even if there should be a further large drop in revenue, the economies being made would suffice to meet it. In the meantime, the company was striving to open up new forms of travel, particularly to meet the wants of the millions in America who had not yet travelled across the ocean.

Amending the American Transportation Act.—It is somewhat surprising that the proposals to consolidate the Eastern American trunk lines into four large systems have attracted so much attention in London while an event of far greater importance has passed practically unnoticed. On January 21st last the Interstate Commerce Commission addressed a long letter to Senator Couzens, Chairman of the Committee on Interstate and Foreign Commerce, recommending changes in the rate-making provisions and the repeal of the "recapture" provisions of the Transportation Act of 1920. The Transportation Act, changing as it did in many important respects the Interstate Commerce Act of 1887, may be regarded as the charter of the American railroads, just as the Railways Act of 1921 is frequently regarded in a similar light in Great Britain. Section 15A instructs the Interstate Commerce Commission to establish rates "so that the carriers as a whole will, under honest, efficient and economical management and reasonable expenditures for maintenance of way, structures and equipment, earn an aggregate annual net railway operating income equal, as nearly as may be, to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation." During the last seven years or more the "fair" return has been placed at 5½ per cent. The above quotation is given fully in order to stress the similarity of wording to the British Railways Act of 1921. It will be realised that the proposed basis of earning is different; in the American case it is to be based on a 5½ per cent. return on property investment, which, in spite of eighteen years of

expensive research, has not yet been determined, whereas, with the British railways, the standard revenue is to be equal to the net revenue of 1913, plus certain additions. Just as the British railways, having ceased to be monopolies, have not succeeded in earning their standard net revenue in any year to date, so the American railroads have never as yet succeeded in earning their 5½ per cent. on the estimated property investment, as the following figures show:—

RATE OF RETURN ON INVESTMENT.			
	Per cent.		Per cent.
1920	0.21	1926	4.98
1921	2.84	1927	4.28
1922	3.58	1928	4.71
1923	4.33	1929	4.95
1924	4.21	1930	3.41
1925	4.73		

While the British Act attempted to level up the profitable lines with their less profitable brethren by forcing compulsory amalgamation on a wholesale scale, the American Act left consolidation on almost a voluntary basis, but included a "recapture" clause by means of which 50 per cent. of any excess earnings over 6 per cent. was to be paid to the Interstate Commerce Commission "for the purpose of establishing and maintaining a general railroad contingent fund" to be used to assist the weaker lines. In practice, owing to the difficulties of valuation of railroad properties, this "recapture" provision has not been a success, and the weak line problem has partially solved itself by consolidation; in fact, few Americans would mourn the repeal of this "recapture" clause. On the other hand, to repeal the fair return basis for constructing rate scales is equivalent to eliminating the standard revenue provision of the British Railways Act of 1921. The Interstate Commerce Commission propose to replace it by a vague clause embodying a so-called "rate base," which should be subject to percentage changes as required. The term "rate base" has been borrowed from the Bill proposed by the Radical, Senator Howell (Senate Bill 4005). In practice the proposed "rate base" would be an estimated valuation on 1914 prices, and probably somewhat below the \$25 billions of existing property investment. The railroads will certainly fight the adoption of any such basis for their charges, and the action of the Commission can only be regarded as adding one more to the troubles facing American railways in the form of serious competition from road transport, inland waterways, coastwise shipping and pipelines for oil, petrol and natural gas.

Baldwins.—Though holders of the 6½ per cent. income debenture stock are receiving only 2½ per cent. in place of 3½ per cent., Baldwins accounts for 1930 suggest that the reorganised company was, at any rate up to the end of last December, weathering the economic depression relatively well. It is true that the earlier months of the year were comparatively prosperous for the coal and tinplate trades and even for steel, so that not too much reliance should be placed on 1930 figures as a guide to experience in 1931. Nevertheless, a fall in trading profits from £352,042 to £300,905 is not unsatisfactory, particularly as the figures have been arrived at after allowing for exceptional trading conditions in Australia. The limitation of the income debenture interest enables £20,000 to be put to a hitherto non-existent general reserve, and the small carry-forward is practically unchanged:—

	Years ended December 31,		
	1928.	1929.	1930.
Profit	220,107	352,042	300,905
Depreciation	79,131	80,000	80,000
Other deductions	32,026	43,751	36,566
Deb. stock interest	105,551	138,307	135,906
Income deb. interest	...	41,679	29,242
Deb. discount written off	...	23,811	...
To general reserve	...	...	20,000
Carry-forward	3,399	27,894	27,084

During the year under review the heavy steel activities have been amalgamated with the heavy steel side of Guest,

Keen and Nettlefolds and transferred to a new joint subsidiary, the British (Guest Keen Baldwins) Iron and Steel Company, under a scheme described and analysed in the *Economist* of April 12, 1930, page 840. At that time the transfer of colliery properties was still under discussion, but apparently a conclusion was successfully reached, for this report mentions that the new company has acquired Baldwins' interest in Cribbwr Fawr Collieries. The new company will now, it is presumed, be fully self-sufficient, for it has taken over ore contracts as well as coke ovens. Its creation has altered the appearance of Baldwins' balance sheet. Income notes and shares in the new subsidiary to the nominal value of £2,312,296 are taken into the balance sheet at £2,076,046—which, considering immediate prospects, would seem to err, if at all, on the generous side. The net book value of the properties transferred by Baldwins is given as £1,492,501; the remainder consists of stocks, work in progress and other floating assets. The effect is to reduce Baldwins fixed properties in the books from £3,311,491 to £1,803,638, and stocks, together with debtors, from £1,584,099 to £794,696. As creditors amount to no more than £438,519, and there is £286,436 available in cash and short loans and £317,173 in British and India Government securities, in addition to other investments, the position is fully liquid. It is not evident, however, that any provision has been made to supply the new subsidiary with cash resources. The two striking weaknesses of the balance sheet are the inadequacy of reserves (carry-forward £27,084, general reserve £20,000) and the exceptionally large proportion (for a reconstructed company) of loan capital, which still accounts for £3,731,957 out of a balance-sheet total of £6,601,218. It would seem that, until the new subsidiary pays a dividend, the parent company can scarcely be expected to do more than cover its debenture interest.

London County Freehold.—A "Model" Balance Sheet.

—The accounts of the London County Freehold and Leasehold Properties, Ltd., which were summarised on page 763 of our last week's issue, are of special interest for several reasons. Firstly, they were issued on the day following the close of the company's financial year. Secondly, they record the company's decision to pay regular quarterly dividends on the ordinary shares at definite future dates, any surplus over and above the "regular" payment being reserved for the fourth and final dividend each year. Thirdly, the accounts are presented in really informative fashion. The loans and mortgages are shown on the "liabilities" side of the balance sheet, but are not taken into the total. Instead, they are deducted from the value of properties on the "assets" side, so that the latter figures show the net value of the company's "equity in properties." Similarly, sundry creditors are deducted from liquid assets, while deposits from subsidiary companies (unsecured), are deducted from the valuation of the parent company's interests in subsidiaries. The result is that the shareholder sees on one side of the balance sheet the amount of paid-up capital, the company's surplus and reserves, and the balance of revenue account, while on the other side appear properties, liquid assets, other assets, and interests in subsidiary companies, all on a "net value" basis. Other companies might well consider the merits of this method. It does not involve the giving away of additional information, but the rearrangement of figures already presented as a matter of course, in such a way as to make their real meaning more readily apparent to shareholders who are not professional accountants. Naturally, the method shows up latent weaknesses, and companies which, unlike the London County Freehold, have a "creditors" total exceeding their "quick" assets, may be loath to use it. When any concern, however, has an unusually strong position, it is to its own advantage that shareholders should readily grasp the fact. For instance, in the present case, the method reveals that the assets show a surplus, which the directors calculate at £1,136,029, over and above the share capital of £1,620,000.

Associated Dyers and Cleaners.—This company has not escaped the effects of the industrial depression. Net profit, on an increased capital, has fallen by £25,480 to £55,856:—

Year ended December 31.	1928.	1929.	1930.
Net profit	£ 87,485	£ 81,336	£ 55,856
Preference dividend	21,066	21,666	25,187
No. of times covered	4.15	3.75	2.22
Ordinary dividend:—			
Amount	40,177	40,000	23,250
Earned %	20.75	14.92	7.91
Paid %	12½	12½	6
Employees' bonus	8,800	8,800	...
To reserve fund	15,000	10,000	3,001
To contingencies reserve	...	...	5,000
Special depreciation	...	5,000	...
Inc. or dec. in carry-forward	+ 2,442	— 4,130	— 582

The balance sheet shows that cash has fallen by £32,903 to £37,302. The preference capital is secured by net tangible assets of just over £3 per £1 share. At 20s., the £1 ordinary yield is £6 4s. 4d. per cent., allowing for final dividend of 3½ per cent.

United States Steel Corporation.—The gross receipts of the United States Steel Corporation last year showed a decline of 20.9 per cent. as compared with 1929, net earnings a decline of 46.6 per cent., and profits available per common share a decline of 56.7 per cent. The production for the year averaged 66 per cent. of capacity as against 89 per cent. in 1929. It is reported that the operations in 1930 were the smallest percentage of capacity in any year of the company's history except 1921. Such is the depressing record of the world's leading steel producer.

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CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

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A comparative statement of earnings and distribution for the past two years is shown in the following table:—

	1929.	1930.
Gross receipts	1,493,505,000	1,180,935,000
Total earnings	265,839,000	157,710,000
Net earnings	195,448,000	104,422,000
Surplus net income	108,523,000	18,836,000
Preferred dividends (7%)	25,220,000	25,220,000
Common dividends (7%)	63,849,000	60,366,000
Earned per common share	21.19	9.18

In considering the last year's results, it must be borne in mind that 1929 was an exceptional period of prosperity in the steel industry and that the earnings of the United State Steel Corporation were further increased by a special income of \$9,973,572 resulting primarily from a tax refund. The actual income from operations in 1929 amounted to \$19.96 per common share as compared with \$12.50 and \$8.81 per share in 1928 and 1927 respectively on a smaller amount of common stock. The corporation produces a complete line of finished steel products, and in addition has extensive interests in coke, oil, cement, lumber and railroads. As regards last year's operations, the directors reported that the output of rolled and finished steel products showed the greatest, and the cement output the least, falling off. They added that prices appeared well stabilised at the end of the year with a slight advancing tendency. Since the end of the year the production rate of the corporation has risen to about 55 per cent. of capacity, but in the last weekly report there was a decrease to 53 per cent. The common shares are at present quoted at 137½ as compared with a high level of 198½ and a low level of 134½ in 1930.

Kreuger and Toll.—Elsewhere in this issue we discuss the informative economic review which accompanies the accounts of this international finance house. From the shareholders' point of view the report shows that, while it was intended that the company should play a constructive part in industrial amalgamations, many propositions were declined last year, and the acceptance of others was postponed owing to the uncertain economic outlook. Financing operations, consequently, were conducted on a considerably smaller scale, the total trading profits amounting to Kr. 32,186,858. Allowing for interest and dividends received, the total earnings of Kreuger and Toll and N.V. Financier Maatschappij Kreuger and Toll (after eliminating inter-company items and before charging interest on the participating debentures) are shown at Kr. 122,348,054, compared with Kr. 108,563,918 for the year ended December 31, 1929. Of the total net profit, Kr. 90,161,196 is of a recurring nature. The sum of Kr. 41,749,998 is set aside for interest on the participating debentures, leaving Kr. 80,598,056, of which dividend on the share capital for 1929 absorbs Kr. 20,050,000, while Kr. 214,381,636 is carried forward, compared with Kr. 153,833,580 brought in. A dividend of 30 per cent. is proposed on the share capital, and if the proposal of the Board is accepted, a similar rate on the participating debentures. The most important industrial interest acquired last year comprised 410,000 shares (a voting majority) in the L. M. Ericsson Telephone Company. The consolidated balance sheet shows permanent investments at Kr. 337,139,671, while temporary investments total roughly Kr. 108 millions, and foreign government and other bonds nearly Kr. 420 millions. In January, 1930, the company paid the second instalment of \$12,000,000 of the Hungarian loan contracted for in 1928 and in March, 1930, the final instalment of \$8,000,000 of the Yugoslavian loan. In June, 1930, an agreement was made with the Greek Government to take over a 6 per cent. loan of £1,000,000, the payment for which was effected in July, 1930. At the same time, the company also made an agreement to take over Kr. 110,000,000 of the German Government International 5½ per cent. loan of 1930. This loan was to be divided between Kreuger and Toll, Swedish Match, and the International Match Corporation, in proportions to be decided at a later date. As regards the subject of the security for these Government loans—many

of which offer a yield of more than 10 per cent.—the report affirms that "Government bonds protected by income from match concessions seem particularly to fulfil any reasonable demands for safety."

New Capital Issues in March.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in March, and in recent years:—

Monthly Average.	(000's omitted.)			
	United Kingdom.	British Possessions.	Foreign Countries.	Total.
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Total.	Govt.	Other.		
January, 1930 ...	500	9,033	1,671	13,989
January, 1931 ...	1,800	6,331	Nil	8,249
February, 1930 ...	350	13,034	9,065	22,449
February, 1931 ...	2,450	4,368	13,705	20,573
March, 1930 ...	500	50,912	5,343	57,330
March, 1931 ...	1,750	10,341	1,513	19,094

Last month was distinguished by a semi-revival of activity in the new capital market, though some of the larger issues met with a decidedly mixed reception. Sales of National Savings Certificates exceeded encashments by £1,750,000. Apart from a conversion issue of £3,698,806 of Metropolitan Water Board "D" Stock 1946-66, the largest offers were those of the Ford Motor Company, which issued 2,000,000 £1 ordinary shares to existing holders at £3 per share, and the Lancashire Cotton Corporation's £2,000,000 of debenture stock, the latter obtaining a negligible public response. The Gold Coast issue of £1,170,000 in 4½ per cent. inscribed stock 1960-70 at £98 was the only Colonial Government issue, and a Greek loan of £2,000,000 in 6 per cent. bonds was the first foreign Government flotation of the year. Among the issues for use abroad were £2,000,000 of "Cosach" bonds.

Union Corporation.—The report for 1930 reveals that the downward trend of profits which began last year has not yet been checked. Gross receipts have declined from £457,098 to £274,836, and net revenue of £248,888 compares with £418,034 for 1929:—

Year to December 31.	1928.	1929.	1930.
Profit	£ 520,447	£ 457,088	£ 274,836
Exploration expenses	10,182	2,068	1,856
Directors' fees	9,125	9,125	4,400
Taxes	30,000	5,000	...
Other expenditure	42,558	22,861	19,692
Net profit	428,582	418,034	248,888
Brought forward	103,013	116,595	119,629
Ordinary capital:—			
Earned %	50.2	48.2	28.5
Paid %	44	44	26
Amount	385,000	385,000	227,500
Reserve	30,000	30,000	30,000
Carried forward	116,595	119,629	111,017

Holdings of shares and debentures are taken into the accounts at cost or market prices of December 31st last. At present market prices these assets, with other securities, show a substantial surplus over the balance-sheet figures. An interesting table included with the accounts shows that the proportion of the world output of gold provided by the British Empire has steadily increased from 69.3 per cent. in 1924 to 72.6 per cent. in 1930; while the Transvaal alone accounted for 53.2 per cent. in 1930, compared with 50.4 per cent. in 1924. Last year Union Corporation received 6s. 6d. per share, against 6s. 9d., in dividend from Modder Deep Levels, whose gold output fell from £1,194,605 last year to £1,171,031, the Main Reef

area of the mine having been virtually fully developed. Geduld Proprietary, however, showed both an increased yield and decreased working costs, and was able to advance its dividend payment from 6s. 3d. to 6s. 6d. per share; while its ore reserves stand at a higher level than twelve months ago. Geduld Proprietary duly exercised the right to subscribe for the proportion of the shares issued during the year by East Geduld Mines, where development work has shown exceptionally favourable results. The Corporation has also acquired an interest in Grootvlei Proprietary Mines. The directors appear sanguine as to the ultimate payability of the Northern Rhodesian copper fields, where the Corporation has important holdings. The satisfactory returns from the gold-mining companies were largely offset by the decline in the dividend paid by San Francisco Mines from 3s. 9d. per share to 1s. per share, due to the steady fall in base metal and silver prices. A dividend of 20 per cent. was again received from Polyphonwerke A.G. for 1929, but the British Enka Artificial Silk Company recorded a net loss of £166,607. The company, however, has effected an appreciable improvement in the quality of its product, and has made various economies in production costs. Broadly speaking, the advent of world industrial depression obscured the ultimate effect of the policy, adopted comparatively recently, of extending the company's interests into fields outside the South African gold-mining industry.

MINING NOTES.

Rio Tinto.—Our mining correspondent writes:—Last year's earnings were approximately indicated in the prospectus of the recent debenture issue; consequently the actual figure does not come as a surprise. A decline occurred in the interest receipts, as well as in those from the sale of produce. The balance dividend of 10 per cent. was much in accordance with expectations, but leaves a substantially increased balance to go forward. A net addition of £306,000 has been made to the plant and equipment in Spain. The investment and general fund has been reduced from £2,598,300 to £2,000,000, the difference having been applied in the additions just mentioned and in meeting depreciation on securities. Appended is a summary of the results of the past four years:—

	1927.	1928.	1929.	1930.
Trading profit	£ 1,221,350	£ 1,669,780	£ 1,812,200	£ 1,070,400
Net profit	1,016,840	1,047,080	1,286,280	687,000
Issued capital	3,500,000	3,500,000	3,750,000	3,750,000
Dividends	1,018,750	831,250	1,250,000	506,250
Per cent. (ordy.)	50%	40%	55%	20%
Carried forward	153,450	167,370	203,650	384,370
Property and plant	2,950,690	2,968,980	3,075,450	3,381,520
Investments	923,480	1,615,630	3,060,940	2,565,830

* Before deduction of amount carried to emergency account.

In looking at the prospects it is necessary to take account of the further reduction which has occurred during the current year in some of the company's products. For example, standard copper is now under £43 per ton, as against an average of £54 13s. 6d. in 1930. The company's investments in Northern Rhodesia will not, of course, be immediately remunerative. Presumably the interest on the debenture issue made last March will be largely covered by its re-investment in the coming offer of Rhokana debentures. On the basis of last year's dividend the yield is only 3½ per cent.

Rand Mines.—Adverse conditions based upon the reduction in the final dividend for 1930 are shown by the accounts to have been erroneous. In point of fact the profits display a fresh and fairly substantial increase; the decision of the directors to make a cut in the rate was obviously dictated by the uncertain outlook in regard to one or two of the company's principal holdings. Shares and debentures now figure at £2,526,000, as against £3,089,800 twelve months ago. Liberal allowances have

evidently been made for depreciation, while the net additions during the year were small, as indicated by the appended table. The results of the past three years are summarised below:—

	1928.	1929.	1930.
Dividends on shareholdings	£ 419,330	£ 486,530	£ 500,510
Sundries	123,640	92,310	80,490
Investment realisation profits	19,700	5,910	47,640
Total income	562,670	584,750	628,640
Administration expenses	26,240	29,690	24,360
Taxation	33,740	33,200	37,040
Prospecting	10,250	9,490	2,570
Net profit	492,800	512,370	564,670
† Dividends	511,290	511,290	460,670
Rate per cent.	100	100	90
To reserve account	395,060	477,190	98,230
From reserve account	106,060	...	...
Brought forward	1,205,290	897,800	422,030
Carried forward	897,800	422,030	428,820

† Including forfeited dividends refunded.

The principal changes in the portfolio comprise the acquisition of 10,400 East Geduld shares, the increase from 89,500 to 163,000 in the number of Durban Deeps, and a further reduction in the Daggafontein interest. The two largest individual blocks—607,900 Crown Mines and 301,100 New Modders—are much the same as before. Former at current market price approximately covers the balance-sheet valuation of the entire holding of shares and debentures in some forty different undertakings. The company's Witwatersrand interests as a whole are giving a very good account of themselves; but oil producers are, of course, under a cloud just now, and some doubt is entertained as to the outcome of the company's participation in the Anglo-Spanish Construction Company. Nevertheless, broadly speaking, the position may be regarded as satisfactory. On the basis of last year's distributions the return is about 7 per cent.

City Deep.—With their usual frankness, the consulting engineers of the Central Mining Corporation intimate the need of a drastic change in the plan of operations. It is true that last year's results display a considerable improvement. The working loss amounts to no more than £23,000 as compared with £139,200 in 1929 and a rather smaller amount in the preceding year. Nevertheless, the indebtedness on loan account has in the meantime risen from £219,400 to £424,400, while the ore reserves have shrunk in both quantity and value. Developments during the second half of 1930 were particularly disappointing. To meet this position it is proposed, as from about the middle of the current session, to reduce the scale of crushing from the present average of 95-100,000 tons per month to 70-80,000 tons. This would permit the treat-

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ment of better-grade ore; and by incidental economies it is believed that the recent cost average can be retained. Under these conditions it is considered that the company has a "sound chance of earning profits." Even so, the prospects scarcely warrant retention of the shares.

East Rand Proprietary.—Further expansion in both the quantity and value of the ore crushed last year was largely offset by increase in the cost average, the working profit amounting to £137,500, against £135,300 for 1929 and £96,300 in 1928. The advance in costs was only 3d. per ton, due to larger expenditure upon development; but on an output approaching 2,000,000 tons per annum 3d. per ton is an appreciable item. Hence the importance of any concession to the low-grade mines. Of the surplus above mentioned, £101,200 was absorbed by capital outlay, and about £15,000 by miners' phthisis, etc., leaving £26,500—quite insufficient to provide even a small dividend upon the company's capital of £1,500,000. Net cash and investments figure at £185,200. Developments failed to come up to expectations, the ore reserves—as previously announced—showing some reduction in both quantity and value. An improvement is, however, looked for during the current year, as with the more satisfactory position of the incline shafts it will be possible to open up several new levels in "the portions of the mine which have hitherto proved to be the most consistent." Evidently, as regards the near future, much will depend upon the proportion of the profits required for capital outlay.

Modder Deep.—With the main development of the mine completed it is only natural that the ore reserves should display an appreciable shrinkage. Actually the difference corresponds very closely with the tonnage drilled. Hence it follows that the work performed upon the subsidiary ore bodies could not have been at all productive. Indeed, as much is intimated in the report of the consulting engineer. Irrespective of any allowance for sorting and of the 100,000 tons of ore in the hanging wall leaders, the reserves represent about four years' supply.

	1928.	1929.	1930.
Ore crushed..... tons	530,000	531,500	530,400
Yield per ton.....	45.1	44.11	44.2
Costs per ton.....	15/10	15/8	15/10
Profits per ton.....	29/2	29/3	28/4
Total working profit £	773,600	777,400	751,430
Not profit.....	667,700	668,540	646,050
Earned per cent.....	133.5	133.7	129.2
Dividends.....£	675,000	675,000	650,000
Rate per cent.....	135	135	130
Carried forward*.....£	150,730	143,270	138,300
Ore reserves..... tons	3,000,000	2,550,000	2,050,000
Value.....dwts.	9.0	8.8	8.6

*After deduction of directors' percentage.

As usual the carry-forward is represented by net cash assets. The past year's appropriation of £14,000 for miners' phthisis raises the total provision to £62,500 towards an outstanding liability of £144,500. The current market valuation of the 5s. shares is around 22s. The "profit in sight" in the ore reserves may be calculated as approximately equivalent to this amount. There is the possibility that the ore reserves may have been conservatively calculated, also that a moderate further tonnage of payable ore may be opened up in some of the "leaders." Then there is the surplus of cash assets, and the final clean-up after closing down will doubtless bring in a substantial amount. The conclusion, consequently, is that while the shares offer no great attraction as a purchase, it should pay a holder to "see the thing through."

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Bank of Scotland, Standard Life Assurance, Wesleyan and General Assurance Society, Anglo-Portuguese Telephone, British Enka Artificial Silk, Gordon Hotels, and John Barker and Company. At the annual meeting of the Standard Life Assurance Company, the chairman said that it was not always possible to avoid

depreciation of investments, and in a year such as 1930 adverse results might have been anticipated. They were able to report, however, that the excess of market value over the balance-sheet figure was greater in 1930 than in 1929. Presiding at the annual meeting of the Bank of Scotland, Lord Elphinstone said that out of 10,600 borrowers 4,300 had overdrafts of £2,100,000 in all, without collateral security, the bank relying on the character and means of its customers.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to April 4, 1931, £48,902,939
Total, including conversion, recorded January 1 to April 4, 1931, £58,572,888.

		National Savings Certificates.		Net sales, five days ended April 5, 1931, £300,000.		Total receipts, April 1, 1931, to April 5, 1931, £300,000.	
		Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.	
		£ Nil	£ Nil	£ Nil	£ Nil	£ Nil	
To the Public.							
To Shareholders only.							
Mount Isa Mines, £666,667, 6% conv. deb. stk. at par.....		666,667	...	666,667	66,666	600,001	
Total offered to shareholders only, week ended Apr. 11, 1931		666,667	...	666,667	66,666	600,001	
Total Offered for Subscription—		Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	
Jan. 1 to date—		£	£	Whole year—	£	£	
1931.....		59,539,555	49,869,606	1930.....	454,888,784	267,800,700	
1930.....		161,590,066	105,094,548	1929.....	488,764,940	285,239,400	
1929.....		112,232,703	98,553,483	1928.....	693,100,056	369,058,073	
1928.....		...	174,069,000	1927.....	...	355,165,970	
1927.....		...	150,752,574	1926.....	...	230,732,600	
1926.....		...	76,390,601	1925.....	...	232,214,500	
1925.....		...	53,985,068	1924.....	...	209,326,101	
1924.....		...	45,630,361	1923.....	...	271,399,173	

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931.....	40,095,574	727,571	9,046,461	49,869,606
1930.....	105,094,548	11,400,697	8,309,707	105,094,548
Whole year—				
1930.....	227,658,500	15,548,800	24,593,300	267,800,600
1929.....	137,676,300	31,543,400	116,025,700	285,239,400
1928.....	212,817,900	45,062,600	111,177,600	369,058,100
1927.....	228,958,000	36,856,600	89,371,400	355,165,000
1926.....	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount Introduced.	Prices at which Capital Dealings Began.	Total Cash Involved.
Amount previously recorded.....	2,744,375	...	2,807,132
Total for week ended April 11, 1931.....	Nil	...	Nil
Total to date, 1931.....	2,744,375	...	2,807,132
Total to date, 1930.....	12,244,078	...	13,851,969

Redditch Gas Company.—Issue by tender of £15,000 5½ per cent. redeemable debenture stock, minimum price par, and £10,000 ordinary stock. The debenture stock will be redeemed at par at the option of the company on December 31, 1950, or at any time thereafter on six months' notice. The ordinary stock will rank for a standard dividend of 5 per cent., subject to the sliding scale equally with the existing similar stock which has, for the past six years, received a dividend of 7 per cent. with the exception of 1926. The net revenue of the company for the year ended December 31, 1930, was £9,668. covering interest on debenture stock, including the present issue, approximately five times.

[Other Stock Exchange information, including the latest summary of balance sheets, reports and notices, dividend announcements, weekly traffic returns, and profit and loss figures, will be found on page 815, under the heading "Company News."]

OIL OUTPUTS.

AFEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of March are as follows: Production of oil, 45,930 tons; deliveries, 47,310 tons.

THE BRITISH BURMA PETROLEUM COMPANY, LTD.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of March as 31,919 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended March 28, 1931, was 222,000 barrels.

AKTIEBOLAGET KREUGER & TOLL

(KREUGER & TOLL COMPANY)

Directors' Report for the Year 1930.

The board of directors of Aktiebolaget Kreuger and Toll herewith submit their annual report for the year 1930, the company's twentieth year of business.

The economic crisis which made itself felt strongly during 1929 has during 1930 become still more severe and has extended its influence to practically the whole world. At the end of the year no clear signs of improvement in the general economic conditions were as yet apparent. This is not surprising, considering the slow progress made towards removing the main causes of the crisis.

While undoubtedly the causes of the present world crisis are numerous, it seems as if two of them are of dominating importance. One of these causes arises from the fact that through the manner in which the exchange values of different currencies were stabilised after the war a lack of equilibrium in the international balance of payments has been created. This has meant that the stability of the international credit structure has been seriously damaged. It is, for instance, evident that the relative power of competition of Great Britain in the domestic and foreign trade to-day is much less than it was before the war. This fact has resulted in a constantly growing excess of imports over exports, whereby Great Britain's normally very large surplus in balance of payments has nearly disappeared. Considering that Great Britain, in the question of foreign assets, is by far the wealthiest of all countries, having practically as large an amount of foreign holdings as all other creditor countries combined, these conditions must be considered as entirely abnormal. As a consequence, Great Britain with its highly efficient machinery for international financing has had to restrict its foreign lending, and other creditor countries have been unwilling or unable to fill the place of Great Britain in this respect. The result has been lack of purchasing power and general depression in many of the economically weaker countries, so that economic conditions in other countries as well have been unfavourably influenced. A rapid restoration of Great Britain's financial power would without a doubt be to the advantage of the world in general, as any surplus funds in the hands of British financiers would most certainly be lent to foreign countries in need of purchasing power. As in the case of Great Britain, Italy has also been handicapped in the competition through the exchange value of the lira having been stabilised at too high a level. Though Germany created for herself an entirely new currency, it may be said that, owing to the unsettled economic conditions at the time, the purchasing power of this currency was stabilised in such a way as to give to the German mark too high an exchange value. On the other hand, the United States has undoubtedly got its power of competition greatly strengthened, not only through the way in which stabilisation of exchange has taken place, but also through the intense development of mass production. As a result of these and some other factors, such as the change of the United States from a debtor to a creditor country, the balance of payments of the United States has, since the war, been increasingly positive. In the last few years France, through reducing the exchange value of the franc, has created for herself a position similar to that of the United States. The increasing economic power of the United States and of France could have formed a basis for a considerable amount of international financing, but in so far as such a development did not take place to a sufficient extent it has led to a constant flow of gold to these countries, particularly during the last two years, with all the depressing and disorganising effects of such a movement. It seems, however, as

if ever-widening circles in the United States and France were beginning to realise that these countries may, to their own advantage, assist in the establishment of an international equilibrium by effecting such changes in their financial machinery as to make it capable of dealing with the surpluses in their balances of payments and also by adopting a policy of credit expansion in case of need, thereby avoiding the importation of gold. In some cases legal or customary restrictions, based on the experiences of a period which knew little of the problems with which we are faced to-day, make it impossible for the competent authorities to take the appropriate measures; it seems obviously desirable that such antiquated restrictions should be removed, if necessary by a change in national legislation.

As a second dominating cause of the crisis must be considered the inadequacy of the present monetary policy to cope with the difficulties which present themselves during a period of rapid increase in savings and in production. Savings are without a doubt necessary for economic development, but they will exercise their beneficial effect only if provisions are made for directing those savings into proper channels. In every country the average individual has a certain desire to save, i.e., to produce more than he consumes, and the instinct of saving seems to grow stronger the more a country develops economically, but, when the savings increase rapidly it may easily happen that the machinery for employing the savings usefully in production proves insufficient. Instead of the savings being employed for the provision of new articles of consumption corresponding to the needs of a population with an increasing standard of living and also for capital investments, these savings may still be utilised simply for increasing the volume of existing commodities, the demand for which is but slowly expanding. The danger of such a state developing is naturally particularly great during a period of rapid technical progress like the present one. In practically any line of production, whether industrial or agricultural, the progress that has been made is so great that with the same number of people employed the production, even without any large capital investments, will show a steady increase. Only in exceptional cases and under certain conditions does the consumption per individual of any special article increase at the same rate as the production. The consequence is that for every year each special line of business is able to give employment to a smaller part of the total population and, unless an economic policy is carried on which stimulates new enterprises and capital investment, practically all lines of production will suffer from an increasing production surpassing the possibilities of disposing of the output which thus leads to a certain amount of unemployment and capital devastation. As a striking example of the modern tendencies of rationalisation it may be mentioned that according to official statistics the total physical output of Swedish industries increased by 32 per cent. from 1920 to 1927, while during the same period the number of workers employed in those industries fell by 2 per cent. It is not always realised that a limitation in the demand for industrial workers will react most strongly on the position of agriculture. The higher birth-rate of the agricultural populations ought to make it a normal feature of modern economic development that there should be a constant stream of workers from agriculture to industry. If that stream is impeded by a reduced demand for new hands in industry, an abnormally large proportion of the population will be employed in agriculture with the consequent increase in agricultural output and this increase, given the inelastic demand for agricultural products particularly in a period with a more stationary population, may easily

Kreuger & Toll Company—continued.

lead to real over-production. No factor is of more importance for the industry's capacity of receiving agricultural workers than the ease with which industrial companies can obtain new funds by increasing their share capital. It seems only reasonable to conclude that, at least for a country which is a sufficiently large producer of agricultural products to exercise a strong influence on the price level of such products, sound conditions on the stock market are essential for the prosperity of agricultural producers. The lending to foreign countries has a still greater bearing on the agricultural situation in the creditor countries as such lending, through stimulating exports, not only facilitates the flow of the surplus of agricultural workers to industry but also influences more directly the world price level of agricultural products.

In no country has the natural saving capacity and therefore the dangers of over production been increasing to the same extent as in the United States, and this has been the case particularly since the war. In addition to individual and voluntary savings there are factors working to create each year considerable sums of forced savings. The constant progress of all the different branches of insurance and the immense funds amassed by the insurance companies constitute for a nation forced savings of which the individuals are more or less unconscious. Another large item of forced savings is represented by the yearly amortisation of the federal debt of the United States, averaging for the past five years not less than 900 million dollars a year. On the other hand it must be remembered that the United States to-day is industrially perhaps more fully equipped than any other country in the world and capital investments in the older branches of industry will, therefore, in the future, probably show a declining curve. Another change of far-reaching importance is the reduced birth-rate and, still more, the reduced immigration which diminishes the need for capital investments in older industries and therefore makes it still more imperative to create favourable conditions for the establishment and expansion of new industries as well as for foreign lending.

It is natural that the problems of production in excess of immediate marketing possibilities did not make themselves felt during the years immediately after the war owing to the great amount of reconstruction work which had to be done during this period. Another factor of importance working in the same direction has been the rapid advance of the automobile industry which has provided new possibilities for capital investments not only in the industry itself but also in the auxiliary branches, such as the oil and steel industries, and above all through the enormous amounts spent on the improvement of highways. It is estimated that present capital investments of this nature in the United States exceed 50 billion dollars. Finally, the tremendous growth of the system of instalment payments in recent years has, as long as the system was expanding, had the effect of appreciably increasing the consumption of numerous articles. It seems as if these factors have all ceased to exercise their stimulating influences at practically the same time. A period of adjustment of the economic life in the United States ought, therefore, to have been a natural development during the year 1929, but that this adjustment has taken the form of the present violent crisis is undoubtedly due mainly to the financial policy carried on during the period preceding the outbreak of the crisis.

Some difference of opinion exists regarding the effectiveness of any monetary steps in combating a general economic crisis. It cannot be doubted, however, that a policy of low rates of interest and low capital return constitutes an effective remedy against a crisis like the present one, provided it can be applied to all different branches of credit and investments. This is rarely the case and during the last years, in spite of very low rates for short-term money, the interest rates for long-term investments, particularly in the case of foreign investments, have remained abnormally high. These conditions indicate serious defects in the financial machinery which cannot be explained solely by pointing to unfavourable political events, which, in many cases, are more the consequence than the cause of the present financial disturbances. As a matter of fact, the economic structure of the world has gradually changed since the time when present banking traditions were established so that these traditions no longer correspond to modern conditions. The disappearance of the great merchant houses and private bankers, who had a wide latitude in the choice of their investments and who were dominating factors in the economic life of the country and the substitution for them of industrial corporations, large deposit banks and insurance companies, all of which are more or less restricted in the use of their funds to clearly specified investments, have tended to divide credits and investments into different classes which have very little connection with each other and to make the whole economic structure more rigid than previously. The consequence is that to-day, at any rate in some of the creditor countries, the central banks are not in a position, except very slowly, to influence the yield rate of the two most important branches of investment, i.e., common shares and foreign bonds. There are ample reasons why the central banks should have no direct influence on the stock market quotations, but similar reasons do not seem to exist in regard to foreign bonds. The regulating of the foreign bond market, which is virtually the same as the regulating of the movements of gold, ought to be one of the chief tasks of the central bank in any creditor country, and there seem to exist no valid reasons why foreign bonds should not be made, in some form or another, the basis of credit with the central banks. In those countries where banks or insurance companies either through regulations or through traditions are prevented from acquiring foreign bonds, a more liberal policy

in this respect should undoubtedly be of great value. It is unfortunate to exclude from the ownership of foreign bonds such institutions as are best able to judge their merits and it is unreasonable to expect that the public, after the experiences of the last few years, should quickly regain confidence in this class of securities unless some leadership is exercised by competent institutions. No problem is at present of greater importance to the whole world than that of restoring normal conditions to the foreign bond market. A revival of this market should, for the creditor countries, immediately have a beneficial effect on the export business, but by far the most important result would be the removal of one of the chief factors which is now constantly depressing the price level for commodities. For this purpose the help of Government and central banks is essential but, apart from any steps which may be taken from official sides, there is a great field for private enterprises to improve and supplement the present machinery for international financing. It has for a number of years been one of the foremost points in the programme of Aktiebolaget Kreuger and Toll to contribute in a small way to this work through one of its branches of business, viz.

The granting of State Credits in connection with Industrial Concessions and other Similar Transactions. The demands for this type of credit have been even larger during 1930 than during 1929, and the company has, during the first half of the year, concluded a number of important transactions regarding the granting of Government loans. As a consequence of agreements made in previous years the company, on January 15, 1930, paid the second instalment of \$12,000,000 of the Hungarian loan contracted for on May 16, 1928, and on March 23, 1930, the final instalment of \$8,000,000 of the Yugoslavian loan contracted for on October 30, 1928. In June, 1930, the company made an agreement with the Greek Government to take over a 6 per cent loan of £1,000,000 at a price of 85 per cent. of par, the payment for which was effected in July, 1930. This loan is secured by the revenues assigned to the International Finance Commission and will be amortised during the life of the match concession previously granted to the Swedish Match Company. In June, 1930, the company also made an agreement to take over Kr. 110,000,000 of the German Government International 5½ per cent. loan of 1930, this being the Swedish tranche. Of the total sum an amount of Kr. 54,000,000 was sold to the Swedish public, while the remaining amount of Kr. 56,000,000 is kept by the company until the market conditions have improved. The first tranche of \$50,000,000 of the German loan of \$125,000,000 contracted for by the company jointly with the Swedish Match Company and the International Match Corporation on October 26, 1929, was paid on August 30, 1930, and the final tranche of \$75,000,000 is due for payment on May 29, 1931. On account of the large amount involved in this case it has always been understood that the loan should be divided between the three companies, but the proportions in which the division should take place were left to a later decision, pending the development of the financial markets. As finally agreed \$50,000,000 will be taken over by the International Match Corporation and \$37,500,000 each by the Swedish Match Company and the Aktiebolaget Kreuger and Toll. This participation in the loan by all of these three companies does not represent any deviation from the programme of co-operation previously established and it is now, as before, the intention that Aktiebolaget Kreuger and Toll should be the chief financing medium for State loans, leaving, however, to the two match companies the possibility of financing by themselves any transactions of this nature, whenever they may find it desirable to do so.

On account of the disorganised state of the foreign bond market during the latter half of the year, the company has during this period carried on a restricted policy in the question of new business, and the only important agreement made during this time has been a contract with the Polish Government concluded on November 17, 1930. According to this contract Aktiebolaget Kreuger and Toll will take over at 93 per cent. of par \$32,400,000 8½ per cent. Polish Government bonds, secured by income from the match concession which was granted to the Swedish Match Company and the International Match Corporation during 1925. In connection with the new loan the match concession has been prolonged for a further 20 years until October 1, 1965, before which date the new loan will be fully amortised. Other important advantages have also been obtained by the Swedish Match Company, the International Match Corporation and the L. M. Ericsson Telephone Company in this connection. The new loan is payable with one-third on February 1, 1932, and with two-thirds on February 1, 1933. Simultaneously with these payments the Polish 7 per cent. loan, acquired in connection with the first match concession and of which at the end of the year 1930 \$4,500,000 remained outstanding, will be redeemed at par.

As may be seen from the consolidated balance sheet the amount of foreign bonds owned by the company has increased considerably during the year. It is the opinion of the board that, at least as far as European Government bonds or bonds of a similar nature are concerned, the present distrust in the financial markets is not justified by any fundamentally unsound conditions in the debtor countries but is mainly due to the disorganisation of the international financial machinery. If all the political and economical problems which are a consequence of the war and the difficulties caused by the present crisis are taken into account it cannot be denied that the progress towards stability and sounder economic conditions has in most European countries been as great as could be reasonably expected. If we consider that during the twelve unusually trying years which have elapsed since the war no default has taken place on any post-war European State loans, it must be

admitted that the present quotations, which in many cases give a yield of more than 10 per cent., give an exaggerated expression of the risks connected with investments of this type. Government bonds protected by income from match concessions seem particularly to fulfil any reasonable demands for safety. The fact that the match is an article of necessity, the consumption of which is particularly stable, makes the income from a match concession unusually reliable. It is also of great importance that the operating of a match concession can, without any great inconvenience, be given over to private enterprises, while the position is entirely different when income from railroads, custom tariffs, etc., is serving as security for a loan. A match concession, therefore, constitutes a real and tangible security while the pledge of income from other sources often has merely a moral value. The board of directors, therefore, are of the opinion not only that the bonds owned by the company constitute a safe and sound investment, but also that at the present book values, which correspond to the market values for similar securities, they offer a great chance of capital appreciation in the near future.

The amount of loans which can be given against match concessions is naturally comparatively limited, and it is, therefore, of great importance to find other objects which can serve as basis for international credits and which, while offering the greatest amount of safety to the creditor, are available in sufficient quantity to play an important rôle in international finance. From this point of view mortgage bank bonds offer great advantages. The mortgage bank business was, before the war, in practically all countries of Continental Europe developed into a very high state of efficiency and at the same time, through laws, regulations and traditions, safeguarded as perhaps no other branch of private business. It is estimated that the city real estate of the average European country represents about 20 per cent. of the total national wealth, and it is, under such conditions, not surprising that mortgage bank bonds before the war constituted one of the chief mediums for international credits. For different reasons the mortgage bank bonds have, since the war, lost their position in this respect, and to re-establish the pre-war conditions would seem to be one of the most constructive steps which could be taken in regard to international financing. For this purpose it seems useful to be able to offer the public securities of a relatively uniform type rather than to have every separate mortgage bank sell its own mortgage bonds. With a view to accomplishing such a purpose Compagnie Centrale de Prêts Fonciers was founded in Amsterdam in September, 1930, with a share capital of Fl. 10,000,000. The initiative was taken by the banking house Lazard Frères in Paris, which, together with other French banking institutions, has the controlling interest. American, British, German, Dutch, Swiss, Czechoslovakian and Swedish interests are also participating. Preparations were also made last year for a Swiss institution of a similar nature, though for different reasons the foundation was postponed until the beginning of 1931. On March 3rd this year Internationale Bodenkreditbank was founded in Basle with a share capital of Sw. Frs. 25,000,000. Leading Swiss banks, as well as American, British, French, German and Swedish banking institutes, have taken an interest in this new Swiss enterprise. Aktiebolaget Kreuger and Toll has participated in the foundation of both the above-mentioned institutions and is represented on their boards.

Shareholdings.—The principles which have been followed in acquiring permanent investments were fully explained in last year's report. In accordance with these principles it has been the aim of the company to choose its investments more with a view to stability of earnings and possibility of capital appreciation than to an immediate high yield. It will be realised that in general the management has succeeded in fulfilling this aim from the fact that of the twelve officially quoted enterprises in which the company has permanent interests only one at the end of 1930 had a market value which was lower than the cost of acquisition. The shares of this enterprise, the Grängesberg Company, were quoted at 244 per cent. of par on December 31, 1930, and were acquired by the company at an average price of 285 per cent. of par. They are at present carried in the books of the company at 230 per cent. of par. The total market value as at December 31, 1930, exceeds with Kr. 48,232,336 the book value of all officially quoted shares held by the company as permanent investments. Of those enterprises which are not officially quoted there is only one, the Swedish Pulp Company, the shares of which may be considered to have depreciated below the cost of acquisition. These shares have, however, been retained at their previous book value, as any possible deficiency in their market value is more than compensated for by the surplus in the value of other shares that have no official market quotation and that are held by the company as permanent investments. In all, the company has important permanent holdings in twenty-one industrial, banking and real estate enterprises. For the year 1930 sixteen of these enterprises show earnings exceeding those for the previous year, while only five show a decline in profits. To some degree this favourable result is dependent upon a large proportion of the holdings of the company being in Swedish enterprises, and also on the fact that Sweden has thus far felt the world crisis less than most other countries. In this connection may be mentioned that as far as is known up to now not one of the thirty-eight Swedish industrial companies quoted on the Stockholm Stock Exchange will fail to pay a dividend for the year 1930.

The most important industrial interest acquired during the past year is 410,000 shares in the L. M. Ericsson Telephone Company, constituting a voting majority in that company. In acquiring this interest the board of directors of Aktiebolaget Kreuger and Toll has had in mind not only the merits of the company as an indus-

trial undertaking, but also the fact that the telephone industry is, to a large extent, working under government concessions in different countries. In connection with such concessions many financing possibilities falling within the scope of the company offer themselves.

The real estate interests of the company have been widened during the past year, due mainly to increased investments in Paris. The permanent interests given in the balance sheet represent actual ownership of property, while the temporary investments are loans given by the company against security of mortgages on city property in different countries.

Two of the banks in which the company is interested, Banque de Suède et de Paris, Paris, and N.V. Hollandsche Koopmansbank, Amsterdam, have during the past year increased their share capital, the one from Frs. 40,000,000 to Frs. 100,000,000 at 170 per cent. of par and the other from Fl. 2,000,000 to Fl. 6,000,000 at 125 per cent. of par. Another banking enterprise in which the company holds an interest, Deutsche Centralbodenkredit A.G., in Berlin, has, during 1930, gone through a highly interesting stage of development through amalgamations with other institutions of a similar nature. It is estimated that Deutsche Centralbodenkredit A.G., together with associated banks, is now the largest institution of its kind in the world, representing more than half of the total private mortgage bank business in Germany. The concentration of the German mortgage bank business thus effected has been considered essential by the leaders of the bank in order to be able to dispose of its mortgage bonds under the most favourable conditions.

The share capital of the American subsidiary, the Swedish American Investment Corporation, has during 1930 been reduced to an amount of \$10,000, and practically all assets have been transferred to the Dutch subsidiary, N.V. Financieele Maatschappij Kreuger and Toll, at the same valuation at which those assets have been carried on the books of the Swedish American Investment Corporation.

Trading Operations.—It has been the intention to develop the company into an institution which could play a constructive part in industrial amalgamations. Many interesting propositions of this kind have been submitted to the company during the year. The uncertain economic outlook, however, has caused the company to decline the greater part of these propositions and of the remaining ones some have been postponed to a later period. Such activities together with participation in financial syndicates, the making of temporary investments and business of similar nature comprise what may be termed the trading operations of the company. On the whole, these activities have during the year 1930 been conducted on a considerably smaller scale than during the previous year. The total trading profits for the year amount to Kr. 32,186,858 : 43. In these profits are also included certain profits on real estate operations.

Earnings.—The consolidated earnings of Aktiebolaget Kreuger and Toll and N.V. Financieele Maatschappij Kreuger and Toll for the year ended December 31, 1930, after eliminating inter-company items and before interest on participating debentures has been provided for, were Kr. 122,348,054 : 29, compared with Kr. 108,563,918 : 13 for the year ended December 31, 1929. Of the total net profit for the year 1930 Kr. 90,161,195 : 66 is of a recurring nature, while Kr. 32,186,858 : 43 emanates from trading operations. In profits of a recurring nature for 1930 dividends and interest on temporary investments are included, as these items, even if the investments themselves may change, are apt to remain comparatively constant. There is every reason to believe that the profits of a recurring nature will continue to show a steady increase. It must be said that the immediate outlook is not particularly favourable for the trading operations of the company, but the management of the company feels confident that with improved conditions in the international financial situation the company will be able to take advantage of its unique position as an international financial institution in a way that will benefit the trading operations of the company.

The following principles have been applied in preparing the balance sheet of the company. For all permanent investments the book values correspond to the cost of acquisition except where the official quotations at the end of 1930 give a market value below such cost, in which case corresponding decreases of the book values have been made. Temporary investments as well as bonds are booked at or below market values at the end of 1930.

Dividends.—The board of directors of the company propose a dividend for the year 1930 of 30 per cent. per share against coupon No. 25. If the proposal of the Board is accepted by the ordinary meeting, the interest rate on the participating debentures will be 30 per cent., payable July 1, 1931, against coupon No. 5.

A short description is given below of some of the most important companies in which Aktiebolaget Kreuger and Toll holds a permanent interest.

Svenska Tändsticks Aktiebolaget (The Swedish Match Company).—The share capital of this company was at the end of last year Kr. 270,000,000, divided into 900,000 "A" shares having one vote each and 1,800,000 "B" shares having 1-1000th vote each. An issue of 900,000 new "B" shares at an issue price of 150 per cent. of par was made in January, 1931. The share capital was thus increased to Kr. 360,000,000. The shareholding of Aktiebolaget Kreuger and Toll consisted at the end of 1930 of 500,000 shares, principally "A" shares, representing a controlling interest.

Kreuger & Toll Company—continued.

The Swedish Match Company, together with its subsidiary the International Match Corporation, has a dominating position in the world's match industry. It operates more than 250 match factories in 43 different countries. Probably no other group of manufacturing companies reaches with its products as many consumers as do the Swedish Match Company and its associated companies. The company operates under state concessions or under special agreements with governments in 16 different countries and has in connection with the acquisition of such concessions repeatedly given considerable loans to different states. Aktiebolaget Kreuger and Toll has to a large extent co-operated in the financing of these loans and as a consequence participates to a certain degree in the profits from different match concessions.

The board of directors of the Swedish Match Company has announced that the profits for the year 1930 are in excess of those for the previous year and that a dividend of 15 per cent. for 1930 will be proposed, this being at the same rate as that for the previous year.

Svenska Cellulosa Aktiebolaget (The Swedish Pulp Company).—Practically the whole of the share capital of Kr. 50,000,000, divided into 500,000 shares of Kr. 100 each, is owned by Aktiebolaget Kreuger and Toll.

The company, which is a consolidation of a number of old-established Swedish enterprises in the pulp and lumber industry, is the most important producer of sulphite and sulphate in Europe. In addition to the industrial plants for the pulp, lumber and paper industries the company owns favourably located water-power of about 250,000 h.p. and 2,000,000 hectares of high-class forest-bearing land. To give an idea of the extent of the forests owned by the company it may be mentioned that the surface-area of the property of the company is more than 60 per cent. of the total area of Holland. This property is valuable not only on account of the high quality of the timber lands on it, but also on account of the excellent transport facilities which are provided by the rivers running through it. The unique state in regard to the transportation of the lumber is characteristic of the forests in Northern Sweden and it gives to these forests a particularly great and stable value. In spite of relatively high wages Sweden is, therefore, in a position to produce pulp under more favourable conditions than any other country in the world and the pulp industry has, during the last ten years, developed into the most important industry of the country. During the past year construction of new plants and modernisation of old ones have progressed in accordance with the programme announced at the formation of the company. This programme also contained the provision that for some years to come no dividend should be paid but that the whole profit should be put to reserves to apply against cost of organisation and expansion.

The market prices for the company's products were very depressed during 1930, but as forward contracts are customary in the pulp business the depression of the market has not affected the result for 1930 very severely, and the total earnings of the company and its subsidiaries have been quite satisfactory, though somewhat below those of the previous year. The hopes entertained at the formation of the company of bringing about economy in production by amalgamation of different units have proved fully justified. The prospects for 1931 are unfavourable as during the year the full weight of the low market prices will be felt, while the cost of production has not, as yet, had time to adjust itself sufficiently to the ruling selling prices. It is, however, confidently felt that the company, engaged as it is in an important basic industry, producing a world-wide necessity, and with its great natural resources and modern industrial plants, is in an unusually good position to meet the temporarily depressed conditions.

Trafikaktiebolaget Grängesberg—Öxelösund.—The share capital of this company is Kr. 119,000,000 divided into 1,190,000 shares of which Aktiebolaget Kreuger and Toll owns 233,332. All shares have the same voting power.

This company, together with the Swedish state, controls unusually rich and easily workable iron-ore deposits in Sweden, estimated at 2,000,000,000 tons. Counted by the contents of iron, the Grängesberg Company controls about 50 per cent. of all iron ore exported from one country to another. The result of the activity for 1930, counting the Grängesberg Company and its subsidiaries, has been the best since the war and in reality the company's profits for the year 1930 have been about Kr. 8,000,000 better than for the year 1929. Both in the subsidiaries and in the mother company ample provisions have been made in order to stabilise the dividends in the mother company in case of a prolonged period of unfavourable market conditions. The profit shown by the mother company for 1930 amounted to Kr. 20,413,976 : 23, compared with Kr. 20,344,501 : 64 for the year 1929. On account of the reduced steel production in the countries buying the company's ore it is, however, anticipated that the year 1931 will show a greatly reduced output and consequently reduced profits, and the company has, therefore, for the year 1930, reduced its dividends to 12 per cent. compared with 17 per cent. for the previous year. There is no doubt, however, that when conditions in the steel industry become more normal the company will be able to increase its dividends.

Telefonaktiebolaget L. M. Ericsson (The L. M. Ericsson Telephone Company).—The share capital of this company is Kr. 100,831,300, divided into 806,651 "A" shares with one vote

each and 1,209,075 "B" shares with 1-1000th vote each. Aktiebolaget Kreuger and Toll has for a number of years had an option to acquire an important holding in this company. This option was made use of during the past year and at the same time an additional block of shares was acquired. Through these transactions the company obtained in all 410,000 "A" shares, constituting a voting majority in the telephone company, and it is the intention to keep these shares as a permanent investment.

The L. M. Ericsson Telephone Company is one of the leading telephone manufacturing companies in the world, and has been the pioneer of the telephone industry in Europe. It is largely through the work of this company that Sweden in the use of the telephone has been the most advanced country in Europe. It may be mentioned in this connection that Stockholm has a greater number of telephones per head than not only any other city in Europe but also than New York and Chicago. Outside of Sweden the company operates factories in Great Britain, France, Italy, Spain, Czechoslovakia, Austria, Hungary, Norway and Estonia. In addition to its manufacturing business the company operates under telephone concessions in different countries, among which may be mentioned Poland, Italy, Argentina and Mexico. It is the intention to establish an intimate co-operation between Aktiebolaget Kreuger and Toll and the telephone company regarding the acquisition of such concessions and the financial operations connected therewith.

There seems to be hardly any industry for which a rapid development in the near future can be forecast with greater certainty than for the telephone industry. The enormous possibilities for development of the European telephone business will be understood from the fact that Europe has only 17 telephones per 1,000 inhabitants, while the corresponding figure for the United States is 163 per 1,000. Corresponding figure for Stockholm is 298 telephones per 1,000 inhabitants.

The profits for 1930 are in excess of those for the previous year, and a dividend of 8 per cent., or at the same rates as that for the previous year, will probably be proposed for 1930.

Fastighetsaktiebolaget Hufvudstaden (The Hufvudstaden Real Estate Company).—This company has a share capital of Kr. 16,000,000, practically all of which is owned by Aktiebolaget Kreuger and Toll.

The Hufvudstaden Real Estate Company owns 87 buildings in Sweden, most of which are located in Stockholm. The value of these buildings as assessed for taxation purposes by the city authorities amounts to Kr. 71,693,000, and the fire insurance value to Kr. 62,416,300. The total annual rents at present are Kr. 7,383,146. The company has played a leading part in developing one of the new streets of Stockholm, Kungsgatan, which in the last ten years has become the main thoroughfare of Stockholm. In connection with the work done by the company in this respect a considerable increase in the value of the properties owned by the company has taken place. In the opinion of the board of directors of Aktiebolaget Kreuger and Toll the shares of the Hufvudstaden Real Estate Company have a value considerably in excess of their book value.

Skandinaviska Kreditaktiebolaget.—Share capital Kr. 87,188,000, of which Aktiebolaget Kreuger and Toll holds 70,000 shares to a nominal amount of Kr. 9,940,000.

A dividend of Kr. 18 a share has been distributed for the year 1930, this being at the same rate as that for the previous year.

Stockholms Intecknings Garanti Aktiebolag.—Share capital Kr. 18,000,000, of which Aktiebolaget Kreuger and Toll holds 6,000 shares to a nominal amount of Kr. 1,800,000.

The board has proposed a dividend of 15 per cent. for 1930, this being at the same rate as that for the previous year.

CONSOLIDATED INCOME AND SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31st, 1930.

(Aktiebolaget Kreuger and Toll and its main subsidiary N.V. Financieele Maatschappij Kreuger and Toll.)	
Dividends on industrial shares	Kr. 28,379,689:59
Income from real estate interests	„ 9,904,718:35
Dividends on bank shares	„ 4,704,945:72
Interest on bonds... ..	Kr. 32,110,145:95
Less: Interest on secured debentures	„ 9,209,323:69
	„ 22,900,822:26
Net Income from interest on accounts receivable after deducting interest on debts other than secured debentures	„ 9,183,416:29
Syndicate Participations, including income from match concessions	„ 18,716,940:23
Total Profits of recurring nature	Kr. 93,790,532:44
Trading Profits	32,186,858:43
Total Profits	Kr. 125,977,390:87

April 11, 1931.]

THE ECONOMIST.

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Deduct:—	
General Expenses, including all taxes... ..	„ 3,629,336:58
Net Income available for dividends and interest on participating debentures	Kr. 122,348,054:29
Deduct:—	
Reserve for interest on participating debentures	„ 41,749,998:—
Balance to Surplus	Kr. 80,598,056:29
Add:—	
Surplus at beginning of year	„ 153,833,579:65
	Kr. 234,431,635:94
Deduct:—	
Cash Dividends paid for 1929 on shares in Aktiebolaget Kreuger and Toll	„ 20,050,000:—
Surplus at end of year	Kr. 214,381,635:94

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31st, 1930.

(Aktiebolaget Kreuger and Toll and its main subsidiary N.V. Financieele Maatschappij Kreuger and Toll.)

ASSETS:	
Investments:	
Permanent Investments:	
Industrial Shares:	
500,000 shares in the Swedish Match Company	Kr. 105,825,690:—
499,996 shares in the Swedish Pulp Company	„ 55,000,000:—
233,332 shares in the Grängesberg Company	„ 53,666,360:—
410,000 shares in the L. M. Ericsson Telephone Company	„ 26,363,240:—
Other Industrial Shares	„ 96,284,381:04
	Kr. 337,139,671:04
Real Estate Interests:	
159,900 shares in the Hufvudstaden Real Estate Company Kr. 19,887,000:—	
Real Estate Interests outside Sweden	„ 82,599,290:20
	„ 102,486,290:20

Bank Shares:	
70,000 shares in S k a n d i n a v i s k a Kreditaktiebolaget Kr. 14,000,000:—	
6,000 shares in Stockholms Intecknings Garanti Aktiebolag	„ 3,600,000:—
Other Bank Shares	„ 61,614,979:93
	Kr. 79,214,979:93
Temporary Investments:	
Industrial Shares	„ 71,706,139:62
Loans secured by Real Estate Mortgages	„ 33,532,537:50
Bank Shares	„ 2,603,463:44
Foreign Government and other Bonds eligible as collateral for secured debentures	„ 419,879,984:27
Accounts Receivable	„ 169,322,350:65
Syndicate Participations	„ 189,843,384:58
Cash and Banking Account	„ 108,971,566:—
Furniture and Fittings	„ 1:—
	Kr. 1,514,700,368:14

LIABILITIES:	
Sundry Creditors	Kr. 272,846,872:03
Reserve for Interest on participating debentures	„ 42,016,100:35
Secured Debentures (\$48,840,000:— par value)	„ 182,238,806:—
Participating Debentures (Kr. 139,166,660:— par value)	„ 139,166,660:—
Share Capital (Kr. 76,000,000:— par value)	„ 76,000,000:—
Reserve Funds	„ 588,050,293:82
Surplus at end of year	„ 214,381,635:94
	Kr. 1,514,700,368:14

The Ordinary Meeting of Shareholders will be held at Stockholm, at Västra Trädgårdsgatan 15, on Saturday, the 30th May, 1931, at 4 p.m.

Stockholm, April 1st, 1931.

IVAR KREUGER.		
C. JUHLIN DANNFELT.	O. RYDBECK.	
DONALD DURANT.	ERNST KREUGER.	
PAUL TOLL.	KRISTER LITTORIN.	
G. MAGNUSSEN.	A. LINDBERG.	
ERIK SJÖSTRÖM.	NILS AHLSTRÖM.	

Copies of the above Report can be obtained from the undersigned,

HIGGINSON & CO.

80, Lombard Street and 12, Cornhill,

London, E.C.3.

Fiscal Agents of Kreuger & Toll Company.

COMPANY MEETINGS, &c.

BANK OF SCOTLAND.

SUCCESSFUL YEAR—INCREASED PROFITS.

DIVIDEND OF 18 PER CENT. MAINTAINED.

STRONG LIQUID POSITION.

LORD ELPHINSTONE'S REVIEW OF THE PAST YEAR.

The annual general meeting of the proprietors of the Bank of Scotland was held within the head office, Edinburgh, on April 7, 1931, the Right Hon. Lord Elphinstone, K.T., presiding.

In submitting the directors' report, the Chairman said:—

My Lords, Ladies and Gentlemen,—I assume that, as usual, we may hold as read the report by the court of directors of the affairs of the bank as at February 28th last, a copy of which you have no doubt received.

When we met last year the outlook for the immediate future of trade and industry in the country could not be regarded with much optimism, and unfortunately the position has become steadily worse throughout the past twelve months. In view of the exhaustive reviews by leading authorities which have appeared in the Press during the last three months, I do not think it would serve any useful purpose for me to traverse the ground in detail, but we must all be of one mind as to the gravity of the condition of our industries and to the urgent necessity for a substantial reduction of national expenditure so as to relieve some of the burden of taxation.

THE BANK'S BALANCE SHEET.

Turning to the bank's report, deposits at £32,535,468 show an increase of £277,160 over last year, and are our highest figures since 1924. The small deposit accounts continue to be availed of in a very encouraging way.

The note circulation at £2,995,337 shows a small decrease of £45,205, due no doubt chiefly to lessened requirements for wages.

The drafts issued at £664,167 are higher by £193,847, whilst acceptances at £622,408 are less by £180,000, the latter item reflecting the depression of trade.

STRONG LIQUID POSITION.

On the assets side, cash, bank balances, documents *in transitu*, and money at call and short notice amount to £7,654,047, i.e., 21 per cent. of our liabilities to the public bills discounted (including £1,410,000 Treasury bills), and our investments amount to £15,323,623, or 41 per cent., giving a total of £22,977,670, or 62 per cent. of our liabilities to the public in liquid assets.

ADVANCES.

Our advances at £16,722,003 show a decrease of £1,130,280, which was to be anticipated in view of the depressed state of industry and the resulting diminished demand for credit.

All bad and doubtful debts have been fully provided for.

THE DISTRIBUTION OF CREDIT.

Last year I gave you some idea of the distribution of our advances and I think it will interest you to have further information on that point. A recent return showed the following advances current:—

£1,274,000 to farmers and livestock salesmen.
£1,100,000 to produce importers.
£1,300,000 to merchants.
£1,100,000 to insurance and investment companies and stock-brokers.

£90,000 to £1,000,000 each to groups of various trades and industries—(1) timber; (2) fishing; (3) iron, coal and steel; (4) engineering, gas, electricity, motors; (5) shipping and shipbuilding; (6) textile, jute, leather, chemicals; (7) distillers and brewers.

£7,000,000 to about 6,000 customers for varied requirements.

Out of 10,600 borrowers 4,300 had overdrafts of £2,100,000 in all without collateral security, the bank relying upon the character and means of its customers. I might add that out of a total of 1,900 farmers nearly 50 per cent. had unsecured accommodation, which gives some indication of the assistance rendered to this important industry. In addition to seasonal requirements the bank is always ready to consider applications from its customers for the purchase of their farms.

INVESTMENTS.

The investment at £13,283,428 are higher by £1,947,040. They are all British Government securities, with the exception of £172,545 in British Corporation, Colonial Government and other stocks. The market value is very substantially in excess of the value in our books.

BANK PREMISES AND HERITABLE PROPERTIES.

The internal reconstruction of the head office has been completed, and I hope that any of the stockholders who have not inspected the premises since will take an opportunity of doing so. I feel sure that they will be pleased with the changes made. It has been our endeavour to improve the accommodation for the public as well as for the staff. During the year the bank has acquired additional properties for branch premises and agents' houses, and the work of reconstruction and general improvement of branch properties has been continued. The new premises at Sauchiehall Street branch, Glasgow, are well advanced, and will be ready for occupation during the summer. The reconstructed premises at St. George's Cross branch, Glasgow, should be available by the end of May, and the new building at Kilmarnock is expected to be completed in the autumn. The whole properties of the bank, including let properties, stand in our books at £400,000, which is much below the market value.

NEW BRANCHES.

I am glad to state that the new office at Piccadilly, London, opened in December, 1929, has made an excellent beginning and has amply fulfilled our expectations. We have just completed new premises at Giffnock, Glasgow, and the branch will be opened to-morrow for business. We have also arranged for new branches at Marchmont Road and Drumsheugh Place, Edinburgh, which will be ready shortly for business.

RESULTS FOR THE YEAR.

The net profits are	£366,870
Add the balance from last year	172,456
	<u>£539,326</u>

Of that the board suggest the following allocations:—

To Reserve Fund	£100,000
To Bank Properties and Heritable Properties	30,000
together	£130,000
Dividend, 18 per cent. per annum, less tax at 4s. 6d. per £	£209,250
in all	<u>£339,250</u>
leaving to be carried forward	<u>£200,076</u>

With the above allocation the reserve fund is now £2,100,000, making with the balance carried forward a total of £2,300,076

BANK STAFF.

I wish once again, on behalf of the court of directors, to express our appreciation of the excellent services rendered by the executive, managers, agents and staff generally throughout the year.

DIVIDEND.

I have pleasure in moving that the report and balance sheet as submitted be adopted, and that a dividend for the past half-year at the rate of 18 per cent. per annum, less income tax, be now declared, payable on 15th current, making, with the dividend paid in October last, 18 per cent. for the year, less income tax, being the same rate as paid for the previous year.

The motion was agreed to.

The Lord Elphinstone, K.T., and Sir Ralph Anstruther of Balcaskie, Bart., were unanimously re-elected governor and deputy-governor respectively for the current year. Mr William Whitelaw, LL.D., and Sir Robert Tuite Boothby, K.B.E., were re-elected ordinary directors.

Mr H. L. Usher, C.A., and Mr C. E. W. Macpherson, C.A., were re-appointed to conduct the audit of the books for the current year, and a vote of thanks to the chairman terminated the meeting.

JOHN BARKER AND COMPANY, LIMITED.

SATISFACTORY RESULTS.

The thirty-eighth ordinary general meeting of John Barker and Company, Limited, was held on the 9th instant, at 63-65 Kensington High Street, London, W.

Sir Sydney M. Skinner, J.P. (the chairman), said that the year under review had covered a period of widespread economic disturbance and world-wide trade depression. The marked financial difficulties referred to at the previous meeting had become more and more acute. Potential buyers, hard hit by increased taxation and reduced earnings, had held back from buying. Prices of all kinds had fallen, at first slightly and then with unprecedented rapidity. Unemployment had increased by leaps and bounds, and had still further reduced the sum total of available purchasing power.

Fortunately, the company had not been altogether unprepared, stocks being at lower levels than for years past, and the balance sheet showing a strong and liquid position. Adequate funds had been in hand to take advantage of the many opportunities offered from time to time by manufacturers and others faced with great difficulties in disposing of both accumulated stocks and current production, and no mean portion of the measure of success which had attended the efforts of the directors during the past year was due to the exceptional values in all departments of the business, the full benefit of which they had thus been enabled to pass on to their customers.

In addition to external trade conditions, they had still been carrying on their business internally under the severe handicap imposed by their rebuilding operations. Having regard to all the conditions, the directors felt that it was a very satisfactory achievement for the company to have been able to reach within an almost negligible margin the record amount of net profit realised for the previous year. In point of fact, they had been able to show total net profits amounting to £466,139, or £2,545 less than the highest recorded in the history of the business.

Their sound financial position had enabled them most effectively to carry on that policy of value to customers for which the great businesses associated with the company were justly noted, and he was certain that during the past year that reputation had in every way been enhanced. That had been especially brought to their notice during the successful sale held in November to celebrate the Diamond Jubilee of the opening of the business. Appreciative letters and messages had been received from many old customers and friends in all parts of the world.

In earning their gross profits they had found it necessary to carry through a greatly increased number of individual sales transactions in order to arrive at the same monetary result. They had fully maintained the standard of their service to customers, and there were comparatively few increases in any items of expenditure over which the directorate had any direct control. It was proposed to pay a final dividend on the ordinary shares of 15 per cent., making 20 per cent. for the year. That rate had now been maintained for twelve consecutive years.

Good progress had been made with the rebuilding work during the past year. Their general rebuilding programme was proceeding ahead of the contract dates for the widening of Kensington High Street. They were about to face one of the most difficult periods in the first stage of their rebuilding work, and their general rate of progress must to some extent be dependent upon their prosperity, and that, in turn, to some extent reflected the general prosperity of the British nation. The country was still passing through a period of serious financial difficulty, but, in spite of that, national expenditure went on increasing and with it the burden on industry of increased taxation in various forms.

He retained, however, the greatest faith in British industry and its ability to produce goods of the finest workmanship and quality. Signs were not altogether lacking that our leaders of industry, our workpeople and the Government were at last realising that prosperity at home, if it was to be other than that of a very temporary nature, could only be achieved by the progress which British trade made abroad. If only that realisation would mature into constructive effort, such as would enable every industry in this country to do what in effect the company was doing by the remodernisation and re-equipment of their stores, he had little doubt that the present period of economic depression would then give way to a more permanent period of better trade conditions.

The report and accounts were adopted.

WESLEYAN AND GENERAL ASSURANCE SOCIETY.

SUCCESSFUL YEAR—ASSETS EXCEED £10,000,000.

The ninetieth annual general meeting of the members of the Wesleyan and General Assurance Society was held, on the 7th instant, at the Central Hall, Corporation Street, Birmingham, Mr John B. Field, the society's chairman, in the chair.

The Chairman, in moving the adoption of the report and accounts, said:—I venture to express the opinion that the members have good reason to be satisfied with the year's record of achievement.

In the ordinary department the new sums assured amounted to over £1,108,000, while in the industrial department the new sums assured were over £3,200,000. It may perhaps interest you to know that the average sum assured per policy issued in the ordinary department was over £150.

The maintenance of business is an object of primary concern to the society, and, although there is of necessity a continual loss due to deaths and the maturity of endowments, the directors are once again able to record a satisfactory net increase in the premium income of the society. The premium income for all departments combined amounted to no less than £1,833,900, and exceeded that of the previous year by £43,500.

One very special feature of the year, reflecting the depressed state of trade, is made evident in the figures recording the amounts paid by way of surrender values. These amounted in the ordinary department to £84,300, and in the industrial department to over £65,000.

The essential requirement of life assurance is security. It is therefore with considerable gratification that the directors are able to record from year to year the increase both in funds and assets. Reference to the balance sheet will show that for the first time in the history of the society the assets exceed the large total of ten million pounds—the exact total is £10,269,548 9s. 6d.—and the increase on the year is over £755,645. It will be noticed that mortgages on property within the United Kingdom exceed £2,500,000, and that investments in British Government securities, including the investments deposited with the High Court under statutory requirements, exceed £2,700,000.

These two classes of security together amount therefore to over £5,200,000, and constitute more than half of the society's assets. While in no way disparaging the value of the remainder of the assets and investments of the society, which have in fact been most carefully selected and are most rigorously watched, special reference has been made to the two selected classes as indicating why it is that, in a year when so many investments have fallen heavily in value, only £65,000 has been added by the directors to the investments reserve. At the increased figure of £215,000, the investments reserve did at the close of the year fully cover all depreciation in value of the society's assets.

The report specifies that the gross rate of interest on the whole of the society's funds was £5 6s. 7d. per cent., as compared with £5 4s. 11d. for the year 1929, an increase of 1s. 8d. per cent. There is a small decrease in the net rate of interest, owing to the increase in the rate of tax, but, in spite of this increase, the net interest earned on the whole of the funds was more than £5 per cent.

I now come to the actuary's valuation report. The directors have adopted that report, and out of the profits have added the sum of £65,000 to the investments reserve, increasing that reserve to £215,000, to which I have already alluded. They have also transferred the sum of £50,000 from the profits to augment the staff pension scheme fund.

After these transfers had been made there still remained valuation surpluses in the ordinary and industrial departments of £197,030 and £106,366 respectively, and it was with great pleasure that the directors found themselves in a position to declare bonuses in the ordinary department at the same high rate as those for each of the four preceding years, namely, £2 2s. per cent. of the original sum assured for endowment assurances and £2 8s. per cent. for whole life assurances. The cost of these bonuses is £118,290. After making the declaration there is carried forward unappropriated a surplus of £78,740.

The continuance of the profit-sharing scheme in the industrial department is also a cause for gratification to the directors. I ask you to reflect what this profit-sharing scheme really implies. In the first place, it must not be overlooked that the industrial department policies to which it applies are essentially "without-profit" contracts; that is to say, no contract had been entered into between the society and the policy-owners to give them any share in the profits. Nevertheless, the industrial department policy-owners have voluntarily been granted the privilege of having set aside for their benefit three-fifths of the declared divisible surplus of the industrial department.

The report and accounts were unanimously adopted.

THE ANGLO-PORTUGUESE TELEPHONE COMPANY, LIMITED.

A YEAR OF EXCEPTIONAL ACTIVITY.

SATISFACTORY PROGRESS.

FULL AUTOMATIC SERVICE INTRODUCED IN LISBON.

The forty-fourth ordinary general meeting of the Anglo-Portuguese Telephone Company, Limited, was held, on the 9th instant, at Incorporated Accountants' Hall, Victoria Embankment, London, W.C.

Sir Alexander Roger (the chairman) presided.

The Secretary (Mr F. Hollyer) having read the notice convening the meeting and the auditors' report,

The Chairman said:—Gentlemen,—The report and accounts, which, with your permission, we will take as read, are in the usual comprehensive form, and very little comment on the actual figures is necessary.

I think you will agree with me that, taking into consideration the general depression of business which unfortunately exists in Portugal as elsewhere, the results obtained for the year are very encouraging. The gross operating receipts amount to £209,355, showing an increase of nearly £20,000, whereas the total working expenses, amounting to £125,160, in which we again include £30,000 for depreciation, are up by approximately £7,000. Owing to higher income tax and the addition of another director to the London board, directors' fees are increased by £535. The gross profit stands at £84,195, as compared with £71,287; the net profit amounts to £60,250, in comparison with £50,941, representing an increase of over 18 per cent.

The net addition to capital expenditure account for the year, after deducting loss on plant replaced during the period, is £172,534, against £91,732 for the preceding year. The issued share capital of the company now stands at £866,092, an increase of £156,070, due to the conversion of debenture stock on January 1, 1930, and additional share capital issued in June last. The reserve for renewals account has been drawn on to the extent of £17,926, largely as a result of a portion of the manual plant being withdrawn from service following the introduction of the automatic system in Lisbon. Although the company's plant continues to be maintained in a high state of efficiency out of revenue, we have two reserve accounts amounting to £79,641, in addition to £54,769 being carried forward. These figures combined represent nearly 11 per cent. of the capital expenditure account. Sundry creditors, London, include a sum of over £17,000 provided to complete the payment for the automatic equipment. A final dividend of 5 per cent., less tax, on the old ordinary shares (making 8 per cent. for the year), and a dividend of 8 per cent., less tax, on the "A" ordinary shares is recommended. This will be the fourth successive year in which the company has paid an 8 per cent. dividend on its ordinary shares.

TRINIDADE EXCHANGE CONVERTED TO AUTOMATIC.

I am glad to report that the conversion of our Trindade exchange in Lisbon has been duly carried out and that on August 30, 1930, all the subscribers connected to the old central exchange were put over to the Trindade exchange. As a consequence of these operations 6,600 lines were converted to automatic working through the medium of up-to-date plant of British and local manufacture.

The ceremony of inauguration was most successful. His Excellency the President of Portugal, the Prime Minister, the Postmaster-General, the Minister of Marine, the acting Military Governor of Lisbon, the British Chargé d'Affaires, and the representatives of the municipality, the commercial associations and chambers of commerce, and many other distinguished and important persons attended. His Excellency the President, after dialling the signal for the automatic service to commence, complimented the management and staff on the efficiency of the service, and, as a token of appreciation and recognition thereof, bestowed upon a Portuguese member of the personnel, who had been in the employment of the company since its inception in 1887, the Insignia of the Order of Industrial Merit. I take this opportunity of expressing the thanks of the shareholders for the interest taken by His Excellency, the President of Portugal, and his Government, in the new plant installed. The company has always received the fullest support from the Government in all matters relating to communications, and, as I have often said before, the company desires in every possible way to collaborate with the Government and municipal officials for the purpose of providing the public with a satisfactory telephone service.

Since the installation took place, extensions to the automatic plant have been made, so that the exchange now consists of 8,500

lines, of which about 7,000 lines are actually in operation. Very nearly half the subscribers in the Lisbon area are now working on the automatic service.

CONTINUED PROGRESS OF THE COUNTRY.

The *Times*, in January last, in reporting upon the successful visit of the Second Battle Squadron of the British Fleet to Portugal, commented on the importance of the traditional friendship existing between the two nations, and pointed out the satisfaction which had been caused to all friends of the Portuguese Nation by the great improvement in its finances and freedom from political reactionary movement during the past four years. General satisfaction in this country was felt by the recognition given in this article to the remarkable progress made by Portugal during recent years.

It has often occurred to me why the amenities of Portugal are not taken advantage of by a greater number of tourists. The main roads are now excellent for motor-car traffic, good hotels are available, and within a few hours of Lisbon and Oporto some of the most beautiful scenery in Europe can be enjoyed. The country possesses numerous buildings of historic value, and its climate is unsurpassed.

The health blood of a nation is said to consist in its communications, and it is an undoubted fact that marked improvements have been made in the railways and in the opening up of new roads. As a further indication of progress, I should like to point out that, in spite of the generally adverse business conditions, there was a net increase in the company's stations of 2,293. The total number at December 31 last was 28,974, the increase for the year amounting to 8.6 per cent.

GROWTH OF THE TELEPHONE HABIT.

In my address to the members of the Telephone Development Association of England on the occasion of its annual general meeting held in December, 1930, I made these remarks:—

"To anyone who has doubts about the future of telephone business, I would recommend a study of the latest official statistics of telephone growth to the end of 1929, which show a world total of just short of 34,500,000 telephones in use at December 31, 1929. This compares with 27,750,000 five years ago and 20,750,000 ten years ago. Europe, with 10,500,000 telephones at the end of 1930, has in ten years doubled the number of her telephones."

Where Governments and private enterprises are able to provide first-class telephone service it is remarkable how consistently the number of telephone users increases in normal times. The trade depression, which all countries to a greater or less degree are experiencing at present, has slowed down the net normal rate of increase, but in Portugal we have not by any means reached a point of saturation, and it seems entirely reasonable to suppose that the leeway will be made up when the business outlook becomes brighter.

TRIBUTE TO THE STAFF.

Before concluding these remarks, I know you will like me to record your thanks to Colonel Pope, the company's general manager, and to the entire staff in Lisbon and Oporto and London on the results of the year's working, which, as I think you will appreciate, was one of exceptional activity.

I now beg to move: "That the report and accounts be received and adopted, and that the dividends therein recommended be paid."

I will ask Mr Kerr to second this resolution, but before putting it to the meeting I shall be glad to answer any questions.

Mr Frederick W. Kerr seconded the resolution, and, in the absence of questions, it was put to the meeting and carried unanimously.

The election of Mr Gordon Forbes as a director of the London board having been confirmed, Mr Frederick W. Kerr and Mr Eustace C. Quilter, of the London board, and Mr Francis Frick and Mr Eduardo Pinto Basto, of the local board, were unanimously re-elected.

Messrs Fletcher, Head, Smith and Company were reappointed auditors, and a hearty vote of thanks to the chairman, directors, management and staff for their able conduct of the company's affairs concluded the proceedings.

BRITISH ENKA ARTIFICIAL SILK COMPANY, LIMITED.

RESULTS OF A DIFFICULT YEAR.

PRODUCTION MUCH IMPROVED.

The sixth ordinary general meeting of the British Enka Artificial Silk Company, Limited, was held on the 9th instant, at Winchester House, Old Broad Street, E.C.

Mr C. T. Pott, in the course of his speech, said:—

From the profit and loss account before you, you will see we made a working loss of £72,139, a part of which is due to the writing down of stocks, which, after adding debenture interest and head office expenses, brought our net loss to £166,607 for the year.

The working loss was made in spite of the quality of our production having much improved, and in spite of the reorganisation of the works carried out during the year having resulted in a satisfactory reduction in costs. We only had the benefit of many economies in costs for a short part of the year, so that their full effect is not reflected adequately in the accounts. Moreover, some important changes have been only effected since the close of the year, and from such we are now benefiting materially. The working loss for the past year is only slightly in excess of that for the previous year, and if you take into account the great fall that has taken place in the meantime in selling prices, you will have some idea of the success we have had in reducing production costs.

FALLING OFF IN CONSUMPTION.

Now, looking at the situation generally, it is clear that the consumption of rayon, in common with almost all other commodities, manufactured or otherwise, has fallen off substantially and is now a good deal below what may be termed normal. It is widely believed—and I share that belief—that the general fall of prices, and the under-consumption which has accompanied it, is, in the main, due to monetary causes and not to antecedent general over-production. But I also believe that the radical change in monetary factors which the fall of prices, and the reduced economic activity, has brought about, will tend in turn to restore the equilibrium and enable the world once more to resume its economic onward march.

Now, reverting to matters of more direct concern to us, we are entitled to say that as a consequence of the great efforts which have been made, we are now producing yarn as perfect in quality and almost certainly as cheaply as that of any other producer in this country. We are not unduly burdened with the cost of experimental work needed in order to keep abreast of progress, as we have the benefit of all research undertaken continuously on a large scale by our parent company, the A.K.U. That company has placed at our disposal some of their best technical men. Production methods are frequently undergoing changes. So-called "rationalisation" is always being undertaken. Thus, at present, there is a tendency to speed up or simplify certain stages of the process of manufacture and to consolidate some of the final operations by delivering rayon to consumers in the form of cones, cakes, &c., instead of in hanks. These changes involve installation of new machinery in certain sections, but such installations are only made by us after the Continental factories of A.K.U. have, by test on a commercial scale, determined the most economical method of achieving the desired results.

POOR PRICES.

The sore point is the price at which production is sold. So far as the home trade is concerned, the price is not fixed by us. Our aim is to get a price for our yarn at least equal to that commanded by any competitor. Naturally we have not been able always to secure the same price as that which is paid for brands which have been established and used for years. We are gradually, however, getting nearer to our goal as our make becomes better known in the trade. In fact, the boot is not infrequently on the other foot now, as in some cases in order to retain our customers we have been obliged to reduce our prices so as to bring them to the reduced level at which better-known brands have been offered to them.

The situation, so far as we are concerned, is in effect simple. We have confidence in our production both technically and with regard to its cost. We are constantly improving our methods and adopting new ones as soon as they have been tried out successfully on a commercial scale by the A.K.U., which is nursing us both technically and financially. We are willing to co-operate with any serious producers in the industry, and will agree to any equitable scheme of co-operation. We believe the present price level unnecessarily low, resulting in ultimate benefit to nobody.

The report and accounts were adopted.

GORDON HOTELS, LIMITED.

BUSINESS MAINTAINED IN DIFFICULT PERIOD.

The forty-first ordinary general meeting of the Gordon Hotels, Limited, was held, on the 9th instant, at the Hotel Metropole, London, S.W.

Major-Gen. Guy Dawnay, C.B., C.M.G., D.S.O. (the chairman of the company), who presided, said that, considering the difficult times through which they had been passing, the accounts must be looked upon as satisfactory. It was true that the net profit for the year under review was just over 14 per cent. less than that shown in 1929, but 1929 was a good year for the company, and the present figure of profit, £102,000, was nearly 4 per cent. higher than the figure for 1928. Generally speaking, the depression hung over them for the whole of 1930. About the middle of the year it was, in fact, giving them some concern; but that period was fortunately followed by an autumn in which their business showed a considerable improvement, partly owing to a satisfactory, though temporary, fluctuation, and partly owing to the ability of the managing director in effecting very appreciable economies, the benefit of which they had since been reaping.

As to the company's seaside properties, he had no different report to give from that which he gave last year, and with regard to the Riviera, the continued depression in that cosmopolitan region was obviously a result of the world depression. It was to their metropolitan business that they were bound to look for the greater part of their profits. Never had policy been more amply justified than had their policy of exchanging old hotels for new—the Grand for the May Fair. He would leave Sir Francis Towle to speak of their interest in the most up-to-date unit of all—the Dorchester.

On the trading account it was seen that the falling off in business done was naturally accompanied by a reduction under the item of "Consumption," and, very satisfactorily, by a greater reduction under the omnibus item of "Working expenses, &c." To have diminished expenditure under that item by £40,000 reflected very great credit on Sir Francis Towle and the management. The balance sheet reflected the consolidation of the old debenture stocks into a new 6 per cent. consolidated first mortgage debenture stock, which was effected during the year. As a result of these transactions the company had made substantial provision out of the leasehold redemption funds towards the reduction of the sum previously standing as the value of its fixed assets. The amount so applied was considerably over £250,000. Further, they had been enabled to create a capital reserve account which amounted to £285,674. Their general reserve also stood well over £250,000. The company was under obligation to take up certain second mortgage debentures in the Dorchester House Syndicate, Limited, forming part of their half-share in the equity of the company owning that property. There remained about £366,600 of the new 6 per cent. consolidated first mortgage debentures at present unissued, which in due course, and when the time was favourable, would be sold, and the proceeds of this sale, together with the funds made available by release of the leasehold redemption investments, would enable them to take up their share of the Dorchester equity and, he hoped, to come before the shareholders next year free from the bank overdraft which this year's balance sheet still showed and with that improvement in the company's cash position which it was the directors' aim to bring about.

As to the prospects for the current year, he did not believe that anyone could tell how long the depression would continue, or when the general recovery of trade and commerce on which they depended was likely to set in. He believed it depended mainly on factors outside their control. He would say that the necessities were four in the following order of urgency: The re-institution of real and rigid public economy; the re-institution of equilibrium between labour costs (wages) in the sheltered and unsheltered trades, respectively; the institution of measures specifically designed to bring new life to the export trades, which were at present in danger of bleeding to death, or being bled to death—it was hardly an exaggeration—and upon which so large a proportion of the country's population lived; and the institution of measures, of which so much was under discussion in political circles at present, designed to assist the internal trade and to increase employment therein. He firmly believed that the economic stress could only be alleviated by such measures as he had named, made effective in the order which he had indicated.

Sir Francis W. Towle, C.B.E. (managing director), said that next week it was hoped to open the Dorchester Hotel, the management of which had been vested in the company, and of which they were part owners. This hotel, in its construction, design, decoration and location, represented the result of the experience of the company's directors and officers extending over many years, and it was hoped that it would prove to be a worthy addition to the amenities of the leading city of the world, as well as a revenue-earner for their company.

The report was unanimously adopted.

THE STANDARD LIFE ASSURANCE COMPANY.

A RECORD NEW BUSINESS.

FUNDS EXCEED £20,000,000.

STAFF LIFE ASSURANCE AND PENSION SCHEMES.

The hundred and fifth annual general meeting of the company was held in Edinburgh on Tuesday, 7th inst., Mr E. M. Beilby presiding.

After commenting on the industrial position in the country, the Chairman stated:—

It is, of course, a well-known fact that when trade is bad and speculative investments lose their attraction people turn to gilt-edged securities and other high-class investments to safeguard their savings, and I am glad to say that a good deal of additional money has found its way into life assurance. This disposition of the public to regard more favourably the safe channel of life assurance as a means of investing their savings was taken advantage of by our branch secretaries, outdoor staff and agents to such good purpose that we are able to report the new business completed by the company during the past year to be a record in its history, nearly £3,150,000 after deduction of re-assurances, or about £350,000 in excess of the previous year's total. This result is very satisfactory, and we shall endeavour with the help of our members to make the outstanding merits of the Standard more widely known so that the public may take full advantage of the benefits and security we offer. I think the public could well afford to pay more attention to the services which can be rendered by life assurance companies. As I pointed out last year, a life policy can prove to be a very good investment, quite apart from the actual life cover, especially in the case of a with-profit endowment assurance.

Having dealt with the revenue account, the Chairman continued:—

You will notice that we have again transferred £100,000 from revenue to the general reserve in the guarantee fund, the amount of the general reserve thus being increased to £800,000 and the guarantee fund to £1,650,000. Our policyholders, besides enjoying the security of a very strong life assurance and annuity fund, have also the full security of the additional £1,650,000 in the guarantee fund. Our total funds have for the first time passed the £20,000,000 mark.

VERY SATISFACTORY VALUATION RESULTS.

The valuation of the company's liabilities and assets was made as at November 15, 1930, the manager and actuary adopting the same stringent basis in valuing the actuarial liabilities as he employed for some years past, the rate of interest assumed for the purpose of his calculations being 2½ per cent. Last year I reported that the market value of our investments was very considerably in excess of the value which appears in the balance sheet. It is not always possible to avoid depreciation, and in a year such as 1930 adverse results might have been anticipated; we are fortunate, however, to be able to report that the excess of market value of our assets over the balance-sheet figure in 1930 was actually greater than it was in 1929. This is mainly due to the fact that a large proportion of our funds is invested in British Government and other securities of the highest class. The results of the valuation enabled the directors to transfer £100,000 to the general reserve—I mentioned this when dealing with the revenue account—to provide a compound reversionary bonus at the rate of £2 2s. per cent. per annum declared last November and to carry forward over £28,000. I think that you will agree that this result is very satisfactory. As you know, our bonus is an annual one, and I may point out that a £2 2s. bonus compounded annually is approximately equivalent to a bonus of £2 4s. compounded quinquennially. From the figures that I have mentioned it is obvious that an even higher rate of bonus could have been given, but it is our policy to declare such a rate as we can reasonably expect to maintain for many years to come, and in such difficult and unsettled times as those in which we are living I feel sure you will agree that the policy adopted is a wise one.

SUCCESS OF MINIMUM PREMIUM CASH BONUS SERIES.

The new series of policies we opened a few years ago—our minimum premium cash bonus series—has proved a great success, and I attribute this success to the fact that we have met a real need of the assuring public. There are many people who particularly wish to secure the largest life assurance protection possible for their families in return for a given annual outlay, and in the past this could only be obtained by effecting a without-profit policy. There is no doubt, however, that many intending insurers have wished that a type of policy were available which, while giving large initial cover, would also allow them a share in the profits; our cash bonus policy exactly meets this need. The rate of premium is but slightly

in excess of our moderate without-profit rate, but by the operation of cash bonuses on the scale now being paid the cost within a few years proves much less under the cash bonus plan than under the ordinary without-profit policy. The minimum premium cash bonus policy should offer particular attraction to those who wish to provide for death duties at the smallest possible cost.

GROUP LIFE ASSURANCE.

During the past year there has been considerable development in our work in connection with group life assurance and pension schemes for large industrial firms. Many employers have felt that it would help the business and promote a feeling of goodwill between employer and employee if schemes could be set on foot whereby the entire staff of a firm could be covered against the risk of death and at the same time for pensions to be provided for them. There are obvious difficulties in the way of commercial firms undertaking such schemes for themselves, and this is where a life assurance company can be of service; I am pleased to say that we have completed life assurance and pension schemes with many large and important firms. The circumstances of different firms vary considerably, and a separate department has therefore been set up by the Standard to look after this branch of our work in order that schemes to meet the exact needs of any particular firm may be prepared expeditiously. I would suggest that any firm interested in this question should write to the head office of the company or to the nearest branch office for particulars.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the four days ended April 4, 1931, amounted to £12,695,600 against ordinary expenditure of £18,630,300. After allocating £295,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £3,136,870, the four days' operations, as shown below, increased the National Debt by £3,092,900 to £7,609,093,000:—

(000's omitted.)

Public Department Advances ... + 12,000	Treasury Bills ... - 9,214
National Savings Certificates ... + 300	
Land Settlement Loans ... + 7	
+ 12,307	- 9,214

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 1, 1931.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	11,015,100
In Circulation	357,056,936	Other Government Securities	231,992,336
In Banking Department	47,408,531	Other Securities	12,945,252
		Silver Coin	4,046,302
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	144,455,467
	£404,465,467		£404,465,467

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	30,349,684
Reserve	3,714,995	Other Securities—	
Public Deposits*	17,242,743	Discounts and	
Other Deposits—		Advances	£24,628,884
Bankers	£58,788,220	Securities	25,685,127
Other Accounts	34,693,438		50,314,011
7-Day and other Bills	93,481,658	Notes	47,408,531
	1,550	Gold and Silver Coin	921,720
	£128,993,946		£128,993,946

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Return for Week ended Wednesday, April 8, 1931.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	11,015,100
In Circulation	358,884,883	Other Government Securities	234,217,104
In Banking Department	47,236,643	Other Securities	10,690,711
		Silver Coin	4,077,085
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	146,121,526
	£406,121,526		£406,121,526

BANKING DEPARTMENT.

Proprietors' Capital	£14,553,000	Government Securities	33,399,684
Reserve	3,112,327	Other Securities—	
Public Deposits*	9,863,140	Discounts and	
Other Deposits—		Advances	£10,889,986
Bankers	£59,506,768	Securities	28,609,002
Other Accounts	34,000,142		39,498,988
7-Day and other Bills	93,506,910	Notes	47,236,643
	1,780	Gold and Silver Coin	901,842
	£121,037,157		£121,037,157

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Apr. 8, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£358,884,883	+ 1,827,947	— 365,440
Public deposits	9,863,140	— 7,379,603	— 5,304,561
Bankers' deposits	59,506,768	+ 718,548	— 5,444,549
Other deposits	34,000,142	— 693,296	— 2,657,275
Seven-day bills	1,780	+ 230	— 313
Total, outside liabilities	462,256,713	— 5,526,174	— 14,072,138
Capital and rest	17,665,327	— 602,668	— 738
Government debt and securities	278,631,888	+ 5,274,768	— 21,232,317
Discounts and advances	10,889,986	— 13,738,898	+ 4,601,768
Other securities	39,299,713	+ 668,324	+ 16,698,725
Silver coin in issue department	4,077,085	+ 30,783	— 382,942
Gold and bullion (bank's reserve)	147,023,368	+ 1,636,181	— 13,758,110
Reserve of notes and coin in banking department	48,138,485	— 191,766	— 13,392,670
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	46½%	+ 2½%	— 6%
(b) Gold stocks to deposits and notes ("reserve ratio")	31½%	+ 1%	— 1½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Feb. 25	400,816	347,665	16,221	59,072	33,312	316 in	%
Mar. 4	400,926	350,722	7,827	66,613	33,412	109 in	%
11	400,928	350,327	8,757	59,275	33,469	7 out	%
18	401,957	347,287	10,500	59,796	33,228	1,022 in	%
25	403,614	348,808	9,500	57,704	33,711	1,616 in	%
Apr. 1	404,465	357,057	17,243	58,788	34,693	845 in	%
8	406,122	358,885	9,863	59,507	34,000	1,655 in	%

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.		Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."	
1931.	£	£	141,593	%	36,735	8,518	27,650	53,927	49%
Feb. 25	244,963	10,680	141,593	31	36,735	8,518	27,650	53,927	49
Mar. 4	249,123	6,534	141,762	30	34,395	10,639	30,039	51,040	47
11	244,609	11,030	141,729	31	30,435	9,239	28,709	51,402	50
18	243,393	12,247	142,827	31	28,905	8,021	29,346	55,540	53
25	242,423	13,488	144,519	32	27,695	11,362	24,421	55,717	53
Apr. 1	243,007	12,946	145,367	31	30,350	24,628	25,585	49,330	43
8	245,232	10,691	147,023	31	33,400	10,890	28,609	48,138	46

REVENUE.	Total Receipts into the Exchequer.	
	April 11, 1931, to April 4, 1931.	April 1, 1930, to April 5, 1930.
ORDINARY REVENUE.	£	£
Inland Revenue—		
Income Tax	6,391,000	8,406,000
Sur-tax, including Arrears of Super-Tax	1,170,000	2,030,000
Estate, &c., Duties	860,000	1,210,000
Stamps	...	220,000
Excess Profits Duty and Corporation Profits Tax	...	...
Land Tax and Mineral Rights Duty	...	...
Total Inland Revenue	8,421,000	11,866,000
Customs and Excise—		
Customs	1,284,000	1,935,000
Excise	404,000	906,000
Total Customs and Excise	1,688,000	2,835,000
Motor Vehicle Duties (Exchequer Share)	1,491,000	1,491,000
Post Office (Net Receipt)	550,000	250,000
Crown Lands	...	...
Receipts from Sundry Loans	2,036,575	2,831,510
Miscellaneous Receipts	...	1,887
Total Ordinary Revenue	12,695,575	18,775,397
SELF-BALANCING REVENUE.		
Post Office	...	1,000,000
Motor Vehicle Duties apportioned to Road Fund	...	...
Total Self-Balancing Revenue	...	1,000,000
Total	12,695,575	19,775,397

EXPENDITURE.	Total Issues out of the Exchequer to meet Payments.	
	April 1, 1931, to April 4, 1931.	April 1, 1930, to April 5, 1930.
ORDINARY EXPENDITURE.	£	£
Interest and Management of National Debt	12,747,797	16,031,283
Payments to Northern Ireland Exchequer	32,501	32,501
Other Consolidated Fund Services	...	...
Total	12,780,298	16,063,784
Total Supply Services (Excluding Post Office)	5,850,000	9,800,000
Total Ordinary Expenditure	18,630,298	25,863,784
SELF-BALANCING EXPENDITURE.		
Post Office	...	1,000,000
Road Fund	...	...
Total Self-Balancing Expenditure	...	1,000,000
Total Ordinary and Self-Balancing Expenditure	18,630,298	26,863,784
New Sinking Fund (1928)	295,000	526,884
Total, including New Sinking Fund	18,925,298	27,390,668

POSITION OF THE FLOATING DEBT.				Movement, Four days ended
Ways and Means Advances Out-stand-	Apr. 5 '30.	Mar. 31, '31.	Apr. 4, '31.	Apr. 4, '31.
Advances by Bank of England	£48,530,000	£24,500,000	£36,500,000	+ 12,000,000
Advances by Public Departments	575,050,000	569,825,000	560,590,000	— 9,235,000
Treasury Bills outstanding	623,580,000	594,325,000	597,099,000	+ 2,765,000
Total Floating Debt				

* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £40,000,000 in Treasury Bills were opened on April 2, 1931, and the total amount applied for was £57,960,000. Tenders were accepted for bills at three months, dated Tuesday to Saturday at 299 6s. 10d., about 20 per cent., and above, in full. The amount allotted was £36,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Mar. 13	30,000,000	49,565,000	2 11 8-69
Mar. 20	30,000,000	68,980,000	2 10 7-09
Mar. 27	40,000,000	57,345,000	2 10 10-4
Apr. 2	40,000,000	57,960,000	2 12 3-58

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.," 8, Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....
Address.....

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Countr.	Total.
1931.				
Jan. 1 to Mar. 25	8,537,893	419,930	675,262	9,633,085
Week ended Apr. 1	683,082	36,067	51,128	770,277
Week ended Apr. 8	484,014	31,921	51,495	567,430
Total to date, 1931	9,704,989	487,918	777,885	10,970,792
Total to date, 1930	11,313,723	528,088	856,832	12,698,643
Increase or decrease in 1931	-1,608,734	-40,170	-78,947	-1,727,851
	-14.2%	-7.6%	-9.2%	-13.6%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do, 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.
(000's omitted.)

	Week ended		Month of March.			Aggregate Totals January 1 to April 4.	
	April 4.		1930.	1931.	Inc. or Dec.	1930.	1931.
	1930.	1931.					
Number of working days	£	£	26	26	%	£	£
BIRMINGHAM	3,651	2,815	11,149	9,540	-14.4	36,293	32,685
BRADFORD	1,128	1,135	4,288	3,274	-23.6	13,718	10,534
BRISTOL	1,201	1,080	5,117	6,035	+17.9	16,009	15,907
DUBLIN	6,333	4,518	12,421	6,035	-51.2	68,930	65,852
HULL	1,005	828	3,488	3,065	-12.1	11,717	10,364
LEEDS	1,612	1,131	4,273	3,459	-19.0	14,699	12,710
LEICESTER	928	728	3,547	2,919	-17.7	10,878	9,303
LIVERPOOL	7,567	5,623	31,451	4,724	-21.3	100,528	81,176
MANCHESTER	14,178	10,732	52,352	41,975	-20.0	168,857	130,008
NEWCASTLE	1,796	1,932	6,980	6,020	-13.7	20,827	19,090
NOTTINGHAM	812	620	2,675	1,915	-28.4	9,031	6,861
SHEFFIELD	1,618	1,115	4,464	3,507	-21.7	14,105	11,808
Total	41,829	32,257	129,804	106,333	-18.0	483,632	406,568

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Denmark appeared in the *Economist* for March 14; Canada, Roumania, Finland and Lithuania in March 28; Poland, Norway, Portugal, Italy, Chile and Estonia in April 4.

BANK FOR INTERNATIONAL SETTLEMENTS.
(In Millions of Swiss Francs.)

	Dec. 31, 1930.	Jan. 31, 1931.	Feb. 28, 1931.	Mar. 31, 1931.
ASSETS.				
Cash	6.1	5.7	6.8	7.2
Sight funds	74.8	85.5	56.4	186.3
Bills and acceptances:				
Commercial bills	319.6	347.0	429.4	471.5
Treasury bills	177.6	185.4	174.7	138.1
Time funds:				
Not exceeding 3 months	653.0	722.1	723.6	850.7
Between 3 and 6 months	145.3	162.2	260.4	12.8
Between 6 and 9 months	190.9	187.7	197.1	222.6
Sundry investments	11.3	12.3	12.6	12.0
Other assets	102.9	102.9	102.9	103.2
LIABILITIES.				
Capital paid up	154.4	154.3	154.2	154.9
Special deposits:				
Annuity trust account	77.2	77.1	77.1	77.4
German Government deposit fund	68.7	68.8	68.8	68.9
French Government guarantee fund	68.7	68.8	68.8	68.9
Time deposits of Central Banks:				
Between 3 and 6 months:				
For their own account	55.1	6.2	5.7	5.7
For account of others	124.7	124.7	124.7	124.7
Not exceeding 3 months:				
For their own account	605.0	580.4	214.9	495.1
For account of others	154.3	150.6	150.5	355.7
Other deposits	8.7	8.7	8.7	13.8
Sight deposits of Central Banks:				
For their own account	199.0	237.8	316.1	311.0
For account of others	140.1	182.9	190.5	292.2
Other deposits	225.1	0.2	0.2	0.2
Miscellaneous items	12.0	13.3	16.3	17.8

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Apr. 10, 1930.	Mar. 19, 1931.	Mar. 26, 1931.	Apr. 2, 1931.	Apr. 9, 1931.
RESOURCES.					
Total gold reserve	3,037,280	3,115,870	3,126,370	3,115,200	3,131,020
Total bills discounted	226,150	161,920	165,420	163,630	142,580
Bills bought in open market	267,000	122,550	83,270	166,620	171,730
Total U.S. Govt. securities	527,300	617,750	598,560	598,360	598,650
Total bills and securities	1,020,240	902,220	847,250	928,610	912,970
Total resources	4,977,590	4,924,810	4,786,850	4,889,620	4,866,440
LIABILITIES.					
Federal Reserve notes in actual circulation	1,558,300	1,441,820	1,441,710	1,497,810	1,505,140
Deposits—Memberbank—reserve account	2,344,640	2,436,380	2,357,010	2,391,810	2,388,700
Total deposits	2,395,480	2,465,260	2,446,220	2,442,510	2,442,510
Capital paid in and surplus	451,150	443,640	443,530	443,540	443,530
Total liabilities	4,977,590	4,924,810	4,786,850	4,889,620	4,866,440
Ratio of total resources to deposits and Federal Reserve note liability combined	81.5%	84.3%	85.4%	85.0%	83.8%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Apr. 10, 1930.	Mar. 19, 1931.	Mar. 26, 1931.	Apr. 2, 1931.	Apr. 9, 1931.
RESOURCES.					
Total gold reserve	62,670	1,104,250	1,073,730	1,067,300	1,037,120
Total bills discounted	102,760	24,460	15,240	36,190	34,750
Bills bought in open market	207,560	201,710	182,710	182,710	182,710
Total U.S. Govt. securities	379,740	264,050	238,660	295,430	275,010
Deposits—Memberbank—reserve account	957,720	1,054,610	1,023,880	1,023,880	984,470
Ratio of total resources to deposits and Federal Reserve note liability combined	76.6%	87.7%	89.5%	85.0%	85.9%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

	Mar. 14, 1930.	Feb. 13, 1931.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.
ASSETS.						
Gold coin and bullion	6,806	6,828	6,827	7,091	6,561	6,774
Subsidiary coin	124	271	275	273	274	281
Bills discounted	8,651	7,001	7,315	7,595	7,545	7,198
Investments	823	1,849	1,849	1,848	1,849	1,849
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	7,056	6,066	6,768	8,190	7,670	7,017
Government deposits	1,870	1,512	1,991	1,517	1,756	2,136
Bankers' deposits	4,852	5,280	5,809	5,933	5,362	4,787
Ratio of cash reserves to liabilities to public	46.7%	48.0%	47.2%	45.8%	45.0%	47.9%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	Mar. 14, 1930.	Feb. 13, 1931.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.
ASSETS.						
Total securities	29,92,55	29,82,59	29,81,28	30,39,63	29,32,32	29,53,12
Loans	9,25,64	16,33,01	15,19,76	15,26,81	14,45,51	15,08,76
Cash credits	31,90,69	28,10,14	28,04,58	28,13,36	27,12,47	27,27,13
Indian bills	7,06,16	6,01,19	6,24,32	6,46,98	5,98,81	6,20,95
Foreign bills	33,350	45,45	45,36	42,26	42,57	40,45
Dead stock	2,80,90	2,75,03	2,75,30	2,75,31	2,75,31	2,75,31
Bel. with other banks	20,10	26,90	38,26	44,46	60,51	1,07,16
Cash	16,11,33	8,58,48	9,95,20	9,63,04	8,43,31	9,32,51
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	86,15,04	81,26,79	81,71,07	82,36,79	79,92,94	79,43,37
The above includes:						
Deposits in London	84	7,073	7,002	7,037	6,991	7,063
Advances in London	768	6,905	6,763	6,814	6,609	6,328
Cash, &c., at other Banks in London	151	203	289	336	456	805

BANK OF GREECE.—In drachmae (000's omitted).

	Mar. 14, 1930.	Feb. 13, 1931.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.
ASSETS.						
Gold	42,357,643	56,094,850	56,102,882	56,116,440	56,096,522	56,096,522
Foreign assets:						
Sight deposits	6,913,223	6,946,515	6,911,860	6,939,034	6,940,741	6,940,741
Bills discounted	18,773,150	19,346,816	19,417,377	19,499,460	19,532,772	19,532,772
Commercial bills discounted at home	5,059,551	6,184,816	6,001,717	6,923,772	5,799,517	5,799,517
Advances against sec.	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397	8,282,397
To the State	2,697,241	2,901,698	2,881,580	2,858,325	2,941,098	2,941,098
Other advances	2,941,743	3,885,465	3,865,413	3,854,162	4,213,772	4,213,772
Other assets (excluding forward exch.)	71,575,902	77,810,274	77,370,177	77,863,568	79,464,634	79,464,634
Notes in circulation	6,524,987	12,457,993	11,857,335	11,772,854	11,304,130	11,304,130
Public deposits	6,469,708	10,809,083	11,576,298	12,049,232	10,187,256	10,187,256
Private deposits	2,766,762	2,535,207	2,659,412	2,787,936	2,850,199	2,850,199

THE REICHSBANK.—In Reichsmarks* (000's omitted).

	Mar. 14, 1930.	Feb. 13, 1931.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.
ASSETS.						
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212	177,212	177,212
Gold and bullion	2,495,931	2,286,184	2,286,123	2,323,403	2,323,403	2,323,403
Of which deposited abroad	149,788	207,638	207,638	207,638	207,638	207,638
Reserve in foreign currencies	386,600	209,164	222,592	188,065	188,065	188,065
Bills of exchange and cheques	2,067,462	1,629,352	1,474,029	2,092,350	2,092,350	2,092,350
Silver and other coin	130,761	179,264	194,932	157,157	157,157	157,157
Advances	201,309	91,315	86,690	274,072	274,072	274,072
Investments	93,245	102,264	102,262	102,802	102,802	102,802
Other assets	529,789	551,145	555,653	476,640	476,640	476,640
LIABILITIES.						
Reduced capital	122,788	122,788	122,788	122,788	122,788	122,788
Reserve	177,212	177,212	177,212	177,212	177,212	177,212
Notes in circulation	4,805,581	3,967,994	3,765,684	4,455,672	4,455,672	4,455,672
Other daily maturing obligations	456,560	265,866	342,845	387,452	387,452	387,452
Other liabilities	152,647	339,600	340,682	281,402	281,402	281,402

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

	Position, May 28, 1914.	Apr. 3, 1930.	Mar. 12, 1931.	Mar. 19, 1931.	Mar. 26, 1931.	Apr. 1, 1931.
ASSETS.						
Gold	232,650	586,219	923,739	914,935	913,511	912,248
Foreign bills and balances abroad	697,600	834,484	752,309	761,524	755,118	743,293
Silver and other coin		3,745	4,777	4,511	4,581	4,689
Securities		834,484	752,309	761,524	755,118	743,293
LIABILITIES.						
Notes in circulation	934,150	2,868,276	3,210,128	3,167,626	3,164,419	3,245,985
Current accounts	112,125	59,194	237,223	268,847	251,908	134,150

(b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

	Position, May 30, 1914.	Mar. 31, 1930.	Mar. 9, 1931.	Mar. 16, 1931.	Mar. 23, 1931.	Mar. 30, 1931.
ASSETS.						
Gold	163,092	431,963	446,027	446,010	446,000	445,983
Silver	8,436	31,673	32,872	34,237	34,237	34,235

BANKS.

BANK OF SCOTLAND.—The following table shows the results for the past three years:—

	1929.	1930.	1931.
Net profits	374,283	365,872	366,870
Brought forward	166,801	170,084	172,456
Available.....	541,084	535,956	539,326
Dividend (less tax)	216,000	216,000	209,250
To reserve.....	125,000	117,500	100,000
To premises and properties...	30,000	30,000	30,000
Balance carried forward	170,084	172,456	200,076
Paid-up capital	1,500,000	1,500,000	1,500,000
The reserve fund.....	1,882,500	2,000,000	2,100,000
Balance carried forward	170,084	172,456	200,076
Reserve fund and balance carried forward	2,052,584	2,172,456	2,300,076
Deposits and credit balances	32,068,385	32,258,307	32,535,468
Advances	17,229,717	17,852,283	16,722,003
Bank premises and heritable properties	460,000	430,000	400,000

MISCELLANEOUS.

THE NORTH AMERICAN COMPANY.—The forty-first annual report for 1930 states that business during 1930 maintained an enviable equilibrium, with no material interruption of its normally consistent growth and with no impairment of its strength of position or prospects for progress. Business was relatively good compared with other lines of industry; it made a favourable comparison with the somewhat abnormal year 1929 and showed a substantial increase over 1928. Compared with other years of major depression the effect upon our business in 1930 was not so severe, for example, as in 1921. The most important change of the year was the sale, June 12, 1930, of the California subsidiaries to Pacific Gas and Electric Company and acquisition of 32 per cent. of that Company's outstanding common stock. Because of this transaction the 1930 financial statements are not comparable with those of 1929. Gross earnings were \$133,751,381. Net earnings of \$27,003,086 were slightly greater than in 1929, and 19-57 per cent. greater than in 1928, and were equivalent to \$4.53 per share on the average number of shares of North American common stock outstanding during 1930. Consolidated assets on December 31, 1930, totalled \$841,194,192 after the California adjustment. All loans and notes payable shown at that date as \$24,458,778 have since been paid, and at date of report (March 10th) neither The North American Company nor any of its subsidiaries has any bank loans outstanding. Reserves at the end of the year were \$103,670,069, an increase of \$5,727,002. Surplus was \$146,416,571, including undivided profits of \$117,547,114, comparing with surplus of \$125,339,243, including undivided profits of \$96,387,457, at the end of 1929.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distrib- ution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divid- end.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Banks.											
Bank of Scotland	Feb. 28	172,457	366,870	539,327	...	209,250	18	130,000	200,077	365,872	18
Breweries.											
Courage and Company	Dec. 31	106,775	428,449	535,224	20,000	287,500	23	112,200	115,524	472,201	25
Workington Brewery.....	Feb. 28	3,944	11,366	15,310	3,660	4,400	12†	3,000	4,250	9,370	10†
Electric Lighting, &c.											
Chelsea Electricity.....	Dec. 31	21,818	52,405	74,223	1,800	35,728	8 ^{8 1/2} / ₁₀₀	29,820	6,875	60,410	8 ^{8 1/2} / ₁₀₀
Llanelli and District Electric	Dec. 31	3,123	41,691	44,814	12,788	5,425	3 ¹ / ₂	23,121	3,480	36,258	2 ¹ / ₂
Financial Land, &c.											
Canada Co.	Dec. 31	1,014	1,235	2,249	...	3,484	5	<i>Dr. 2,000</i>	765	8,060	8
Hotels, Restaurants, &c.											
Gordon Hotels	Dec. 31	7,788	102,272	110,060	54,137	32,810	5	...	23,113	119,333	6 ¹ / ₂
Rowton Houses	Dec. 31	5,198	25,283	30,481	5,950	10,166	5†	9,000	5,365	23,403	5†
Iron, Coal and Steel.											
Baldwins, Ltd.	Dec. 31	27,894	19,190	47,084	...	...	...	20,000	27,084	44,230	...
Hadfields, Ltd.	Dec. 31	92,295	<i>Dr. 16,593</i>	75,702	13,500	...	...	...	62,202	52,420	2 ¹ / ₂
Motor and Cycle.											
Albion Motor Car	Dec. 31	30,879	46,195	77,074	8,031	31,088	7 ¹ / ₂	1,000	36,955	65,871	12 ¹ / ₂
Rubber, &c.											
Bikam Rubber	Dec. 31	24,672	<i>Dr. 4,107</i>	20,565	...	...	...	<i>Dr. 5,000</i>	25,565	13,881	7 ¹ / ₂
Ceylon (Bibile) Rubber	Oct. 31	<i>Dr. 4,846</i>	<i>Dr. 7,715</i>	<i>Dr. 12,561</i>	...	...	...	...	<i>Dr. 12,561</i>	<i>Dr. 1,479</i>	...
Cluny Rubber.....	Dec. 31	7,193	<i>Dr. 1,614</i>	5,579	...	...	...	...	5,579	5,924	6
Edinburgh Rubber.....	Nov. 30	2,833	3,498	6,331	...	...	...	2,500	3,831	6,912	2 ¹ / ₂
Golden Hope Rubber.....	Dec. 31	19,620	<i>Dr. 12,032</i>	7,588	...	...	...	...	7,588	23,632	8
Lanadron Rubber	Dec. 31	15,087	<i>Dr. 7,782</i>	7,305	...	...	...	...	7,305	11,951	4
Ledbury Rubber	Dec. 31	15,043	2,660	17,703	...	...	...	5,702	12,001	11,826	10
Panagula Rubber	Dec. 31	2,207	69	2,276	...	...	...	267	2,009	5,249	4
Shipping.											
Anchor Line	Dec. 31	77,977	<i>Dr. 46,421</i>	31,556	13,853	...	...	...	17,703	<i>Dr. 4,392</i>	...
Shops and Stores.											
Bon Marché, Ltd.	Jan. 31	54,044	84,461	138,505	12,000	61,200	36	...	65,305	80,697	36
Gorrings (Frederick)	Jan. 31	23,871	32,819	56,690	14,000	22,000	11	625	20,065	33,396	12 ¹ / ₂
Lewis (John) and Company	Jan. 31	11,651	88,057	99,708	52,500	35,001	5	...	12,207	66,753	3
Tea.											
Mount Vernon (Ceylon).....	Dec. 31	1,651	14,814	16,465	...	12,000	30	1,874	2,591	14,073	30
Panawal Tea, &c.	Dec. 31	4,816	<i>Dr. 2,296</i>	2,520	525	...	...	...	1,995	1,430	5
Telegraphs, &c.											
Anglo-Portuguese Telephone	Dec. 31	39,009	60,250	99,259	...	44,490	8	...	54,769	50,941	8
Textiles.											
Byrom (Joseph) and Sons ...	Dec. 30	...	<i>Dr. 19,871</i>	<i>Dr. 19,871</i>	...	...	...	...	<i>Dr. 19,871</i>	...	...
Trust.											
African City Properties	Dec. 31	18,750	53,826	72,576	7,500	30,000	12	10,000	25,076	52,746	12
Hellenic and General Trust	Jan. 31	22,313	54,222	76,535	19,375	27,125	7	...	30,035	40,351	6 ¹ / ₂
Third Guardian Trust	Mar. 15	4,097	34,458	38,555	13,563	13,562	5	5,000	6,430	44,243	5
Other Companies.											
Assoc. Dyers and Cleaners	Dec. 31	25,210	55,856	81,066	29,385	23,250	6	8,001	20,430	72,537	12 ¹ / ₂
British Thomson-Houston...	Dec. 31	205,262	169,310	374,572	81,374	77,500	5	...	215,698	166,196	5
Canning Town Glass Works	Dec. 31	12,224	34,522	46,746	...	...	...	17,500	11,309	39,795	7 ¹ / ₂
Crosfield (Joseph) and Sons	Dec. 31	24,924	598,459	623,383	246,590	225,000	15	100,000	51,793	554,312	15
Daily Mirror Newspapers ...	Feb. 28	34,785	476,149	510,934	28,000	420,000	30	30,000	32,934	480,361	30
Dickson and Benson	Feb. 28	9,306	13,073	22,379	5,300	5,770	10	2,495	8,814	12,492	12 ¹ / ₂
Dickinson (John) and Co. ...	Dec. 31	70,508	183,651	254,159	17,500	137,929	10	28,476	70,254	215,945	12 ¹ / ₂
Garrard Engineering, &c.	Jan. 31	17,255	46,915	64,170	7,500	26,000	40	10,000	20,670	69,899	50
Gossage (William) and Sons	Dec. 31	32,888	267,549	300,437	77,187	140,000	20	50,000	33,250	264,745	20
Indestructible Paint, &c.	Dec. 31	4,190	34,053	38,243	4,200	21,450	15	8,750	3,843	27,292	15
International Sponge.....	Dec. 31	1,865	8,931	10,796	7,500	...	...	143	3,153	12,267	...
Olympic Portland Cement	Dec. 31	33,259	8,260	41,519	...	11,625	6	...	29,894	12,411	6
Robinson (E.) and Sons	Mar. 13	18,921	11,036	29,957	1,000	7,563	16 ¹ / ₂	...	21,394	14,405	15
Spratt's Patent (America)...	Dec. 31	6,060	22,091	28,151	...	12,000	15	10,000	6,151	22,033	12 ¹ / ₂
Sunday Pictorial Newspapers	Feb. 28	29,321	340,460	369,781	40,000	262,500	25	35,000	32,281	351,653	25

15 months.

† Free of income tax.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended April 3, 1931 (c) Week ended April 4, 1931.	Miles Open.	Week ended April 5, 1931. (000's omitted.)					Aggregate 14 weeks, 1931. (000's omitted.)				
		Passen-ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total	Passen-ger, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total
		£	£	£	£	£	£	£	£	£	£
Great Western...	3,761	278	177	103	280	558	2,571	1,491	2,585	4,076	6,647
Do. for 1930...	3,755	212	223	125	348	560	2,700	3,057	1,917	4,974	7,674
L. & N. Eastern (c)	6,349	390	336	177	513	903	3,896	4,783	3,541	8,324	12,220
Do. for 1930...	6,349	312	424	263	687	999	4,147	5,728	3,930	9,588	13,805
Lon. Mid. & Scot.	6,956	202	632	1,257	5,831	6,429	3,139	10,298	16,123	29,560	35,123
Do. for 1930...	6,971	458	567	260	877	1,285	6,001	7,702	4,068	11,770	17,771
Southern	2,180	385	66	26	92	477	3,619	955	479	1,434	5,053
Do. for 1930...	2,179	282	81	30	111	393	3,658	1,076	466	1,542	5,200
Total of above...	19,245	1,678	1,009	508	1,517	3,195	15,917	13,654	10,474	24,132	40,409
Do. for 1930...	19,240	1,264	1,295	678	1,973	3,237	16,506	17,563	10,341	27,984	44,450
Metropolitan (c)	59	31-4	...	...	3-4	34-5	435-1	...	...	56-6	491-7
Do. for 1930...	59	34-5	...	...	4-2	38-7	452-5	...	...	58-4	510-9
Undgd. E.R. (c)	...	275-3	...	...	275-3	3,897	...	...	...	3,896	...
Do. for 1930...	...	306-2	...	...	306-2	3,998	...	...	...	3,998	...
Green Busess, &c.	...	24-2	...	...	24-2	269-3	...	...	...	269-3	...
Lon. & S.W. Grp. (c)	...	41-1	...	...	41-1	566-7	...	...	...	566-7	...
Do. for 1930...	...	40-3	...	...	44-3	577-0	...	...	...	577-0	...
*B.I.F. & Co. (b)	80	1-9	...	...	7-2	26-0	...	...	...	9-3	34-3
Do. for 1930...	80	2-0	...	...	7-2	26-1	...	...	...	10-1	36-2
*G. Northern (b)	562	12-0	...	...	17-1	29-1	116-9	...	...	211-9	327-9
Do. for 1930...	562	10-5	...	...	16-5	27-0	129-5	...	...	197-8	327-4
*Gt. Southern (b)	2,188	25-4	...	...	43-1	68-5	269-5	...	...	565-1	834-6
Do. for 1930...	2,188	23-8	...	...	50-3	74-1	295-3	...	...	613-4	908-7

* Aggregate 13 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	52	Feb. 28	1,306	43,000	-	34,654	1,90,06,053
Barsi L. Ry.	50	Mar. 14	202	37,600	-	8,300	19,23,400
Bengal & N. Western	24	Feb. 28	7,775	77,547	+	38,463	1,45,58,430
Bengal-Nagpur	48	Feb. 28	3,187	15,39,000	-	3,88,859	7,31,94,767
Bombay Bar. & C.I.	28	Mar. 28	3,094	25,90,000	+	1,23,000	10,80,55,000
Madras & E. Mahr.	10	Mar. 7	3,223	19,54,000	+	1,05,782	7,63,24,570
+Boklik & Kumarc	4	Feb. 14	212	77,472	+	18,174	29,97,221
South Indian	49	Feb. 7	2,458	10,94,420	-	1,39,007	5,76,26,105
							45,43,710
+ Including Lucknow-Bareilly State Railway.							

Llewellyn and Merrett, Ltd. The slightly lower price of 25s. 5d. per ton has been tendered by the Maris Export and Trading Company, Ltd., for 150,000 tons. The price of the expiring contract for 155,000 tons was 24s. 8½d., c.i.f. Alexandria. A Spanish railway contract for 30,000 tons has been divided among four Cardiff firms. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. to 17s. 9d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 14s. 9d. to 15s.; anthracite, best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; furnace coke, 29s. to 35s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 24s.

IRON AND STEEL.

MIDDLESBROUGH.—There was no weekly market on Tuesday owing to the holidays, and official prices of Cleveland iron are unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. Work is generally resumed at the different local foundries to-day (Wednesday) and some improvement in demand for Cleveland iron is looked for. Up to the present purchases have been confined to parcels for delivery not more than a few weeks ahead, but there is now a slightly more optimistic feeling about which it is hoped will result in some buying for forward delivery. Trade with Scotch consumers is still at a low ebb and any improvement in that direction cannot be looked for under present pressure of Continental and Midland irons. It is said that these are offering at 6s. to 7s. per ton below Cleveland delivered on trucks at Grangemouth. The demand for hematite for early delivery shows some improvement, but as yet very little is being purchased for forward. It is, however, expected that consumers will come on the market in the latter connection before long. Makers are now willing to accept 67s. for early supplies of mixed numbers and 67s. 6d. to 68s. for delivery

ahead, according to quantity and period. Shipments of pig iron for March were the lowest monthly total since the coal strike period of 1926, being only 7,258 tons, but finished materials showed a combined gain of 12,765 tons on February. In the steel trade all the works have now resumed operations. The L.N.E.R. orders are now announced as totalling 40,000 tons British steel rails, in which the three local works, Dormans, Cargo Fleet and Pease (Skinninggrove) participate, along with Samuel Fox and Company, Sheffield, Colvilles and Steel Company of Scotland, Glasgow. Prices of all manufactured materials are unchanged. Ore is an idle market and the price of best rubio remains nominally 16s. c.i.f., and the rate of freight Bilbao-Middlesbrough for early tonnage about 4s. 6d. For forward, higher prices are asked. The total imports of all descriptions of ore into Middlesbrough for March were 66,240 tons, against 56,734 tons in February. Coke is freely offered at 16s. delivered works for good furnace qualities, and a shade less would be accepted for very prompt lots. The total number of furnaces in blast in the district is unchanged at 21, but one has been changed from "specials" to hematite.

SHEFFIELD.—There has been but little production at the local steel works this week. Several of the largest closed last Thursday for ten days. Depression in open-hearth steel is unrelieved. Output is lower than for many years. Requirements of ship-building yards and railways have fallen off badly this year. Substantial orders will be placed shortly in connection with the distribution of the Boxer indemnity fund, which is to be applied to trackwork and rolling stock for the Chinese railways. Sheffield's share will consist chiefly of railway waggons, springs, tyres, axles and buffers. Allied businesses of Sheffield firms in other districts will also benefit by the work. British railway companies are releasing a number of orders for steel material which were held up during the negotiations for wage adjustments on the railway systems. Makers of tool and alloy steels report restricted output but steady demand. Overseas business is rather more brisk, but the volume is still very poor. Trade in hand-tools is also steady, with a slightly improved export demand. Nothing favourable can

UNION CORPORATION, LIMITED.

(Incorporated in the Union of South Africa.)

ABRIDGED REPORT OF THE DIRECTORS.

In submitting to the Shareholders the Accounts of the Corporation for the year ended December 31, 1930, the Directors state:—
The realised net profit for the year, after deducting all outgoings, including commissions and bonuses paid to the management and staff, is £248,887 15s. 10d., to which £119,623 7s. 11d. brought forward from 1929 has to be added, making a total of £368,511 3s. 9d. An interim dividend of one shilling and threepence per share was paid on November 20th last. The Directors have decided to add £30,000 to the Reserve Account, raising it to £690,569 14s. 7d., and have declared a final dividend of two shillings per share, making a total distribution of three shillings and threepence per share, or £227,500 for the year. The balance of £111,017 3s. 9d. is carried forward to new account. In a period of industrial depression such as the world is now enduring, the position of the gold-mining industry stands out in sharp contrast to that of all others. The general

	Tons milled.	Gold output (and per ton).	Working costs (and per ton).	Working profit (and per ton).	Dividends (and per share).
1925.....	524,100	£1,187,551 (45/4)	£404,704 (15/5)	£782,847 (29/11)	£675,000 (6/9)
1926.....	528,200	1,189,460 (45/0)	403,144 (15/3)	786,316 (29/9)	675,000 (6/9)
1927.....	529,300	1,192,932 (45/1)	407,774 (15/5)	785,158 (29/8)	675,000 (6/9)
1928.....	530,300	1,192,978 (45/0)	419,373 (15/10)	773,605 (29/2)	675,000 (6/9)
1929.....	531,500	1,194,605 (44/11)	417,203 (15/8)	777,402 (29/3)	675,000 (6/9)
1930.....	530,400	1,171,031 (44/2)	419,600 (15/10)	751,431 (28/4)	650,000 (6/6)

The ore reserves at December 31st amounted to 2,050,000 tons, assaying 8·6 dwt. per ton over a stoping width of 79 inches, comparing with 2,550,000 tons assaying 8·8 dwt. over 79 inches at the end of 1929; and, in addition, there are 100,000 tons in hanging wall leader blocks valued at 4·8 dwt. per ton over an estimated stoping width of 60 inches.

	Tons milled.	Gold output (and per ton).	Working costs (and per ton).	Working profit (and per ton).	Dividends (and per share).
1925.....	939,800	£1,380,751 (29/5)	£826,168 (17/7)	£554,583 (11/10)	£464,818 (7/0)
1926.....	976,000	1,402,983 (28/9)	832,708 (17/1)	570,275 (11/8)	498,020 (7/6)
1927.....	983,500	1,366,270 (27/9)	814,893 (16/7)	551,377 (11/2)	498,020 (7/6)
1928.....	979,000	1,239,758 (25/6)	815,095 (16/7)	464,663 (9/11)	448,218 (6/9)
1929.....	1,008,100	1,353,823 (26/10)	816,516 (16/6)	522,188 (10/4)	456,518 (6/3)
1930.....	1,011,000	1,369,152 (27/1)	827,866 (16/5)	541,286 (10/8)	474,779 (6/6)

The ore reserves at December 31st amounted to 6,000,000 tons assaying 6·6 dwt. per ton over a stoping width of 59 inches, which compares with 5,900,000 tons assaying 6·7 dwt. over 58 inches at the end of 1929. The Company duly exercised its right to subscribe for its proportion of the shares issued during the year by the East Geduld Mines, in order to provide funds for the construction of a reduction plant. It may be anticipated that the additional revenue accruing to the Company by reason of its interest in the East Geduld Mines will augment its dividends.

The sinking of the vertical shaft at the EAST GEDULD MINES and the erection of the mill are making excellent progress, and it is anticipated that both will be ready in time for production to begin by the third quarter of this year. The quantity of ore reserves within sight by the time production begins will be exceptionally large, as the following figures (based upon stoping width) indicate:—

	Tons.	Dwt.	Inches.	Inch.-dwt.
At March 31st, 1929	1,900,000	6·60	56½	373
At December 31st, 1929	2,400,000	6·75	57	385
At December 31st, 1930	3,900,000	7·00	58	406

The nominal capacity of the mill is 720,000 tons per annum, and it is anticipated that the actual capacity will prove to be in excess of this quantity.

GROOTVLEI PROPRIETARY MINES.—The Corporation has acquired an interest in this Company which holds the mineral rights over the farm Grootvlei, adjoining the property of the East Geduld Mines on the north-east. The Company has recently concluded negotiations with the Union Government for the lease of 2,500 claims on the farm. Arrangements are being made for the exploitation of the lease area together with

the increase of the mill's capacity from 500,000 to 400,000 tons per annum became effective in June last, but the contemplated further increase to 500,000 tons per annum has been postponed for the time being.

The first five months of the current financial year reflect the further heavy fall in metal prices which has taken place, the working profit being £25,500 from the milling of 163,590 tons as compared with £79,000 from 119,640 tons in the corresponding period of the previous year. During the last five years the blocked-out reserves were increased from 602,000 to 1,763,600 tons and the partly blocked-out reserve from 170,000 to 552,900 tons. In addition, the assets of the Company have been considerably increased by purchase of additional ground, particularly the Clarine property. Apart from the low level of metal prices, therefore, it may be said that the mine has never been in as good a position as it is at present.

For 1929 a dividend of 20 per cent. was paid by the Polymphwerke A. G. on a capital of R.M. 17,060,000, as compared with 20 per cent. on R.M. 12,560,000 for 1928, and 14

level of wholesale commodity prices has declined since September, 1929, by 25 per cent., and this fall has been accompanied by a marked decrease in the consumption of raw materials and finished goods, these two factors bearing with intense severity on enterprise generally. The adoption of the Gold Standard by the greater part of the world, on the other hand, enables the Gold Mining industry to sell the whole of its production at a fixed money price, irrespective of the quantity produced. This industry, therefore, enjoys at all times both a fixed money price for its product and an assured market for its output; while, in times of depression, the fall in the general level of prices not only adds to the real value of the industry's profits by increasing their purchasing power, but also tends to increase the profits themselves by reducing the costs of production.

The results shown by the Modderfontein Deep Levels for the past six years are as follows:—

	Working costs (and per ton).	Working profit (and per ton).	Dividends (and per share).
1925.....	£826,168 (17/7)	£554,583 (11/10)	£464,818 (7/0)
1926.....	832,708 (17/1)	570,275 (11/8)	498,020 (7/6)
1927.....	814,893 (16/7)	551,377 (11/2)	498,020 (7/6)
1928.....	815,095 (16/7)	464,663 (9/11)	448,218 (6/9)
1929.....	816,516 (16/6)	522,188 (10/4)	456,518 (6/3)
1930.....	827,866 (16/5)	541,286 (10/8)	474,779 (6/6)

the mining area owned by the Company, and particulars of the lease and the financial programme contemplated with this end in view will be published when the necessary details and formalities have been completed.

At the end of last year a consolidation scheme was adopted whereby the Rhodesian Congo Border Concession, Limited, acquired all the assets of the Ewana M'Kubwa Copper Mining Company, Limited, in return for shares, and at the same time made an offer to the shareholders in the N'Changa Copper Mines, Limited, for an exchange of shares.

During the year the deposit known as the N'Changa Extension or Chingola was further prospected by drill holes, the results of which fully bear out the previous evidence that a large and remarkably high-grade ore-body exists. Shafts are now being sunk to open up this body by underground development work. A treatment plant to handle 7,000 tons of sulphide ore per day is being erected at the N'Kana Mine, and will be ready for production early next year. This plant will begin by treating sulphide ore from the N'Kana Mine, but, as soon as the N'Changa Extension ore-body has been opened up sufficiently, it is proposed to send rich ore from it to the N'Kana plant for treatment. Production from a joint plant serving the Mufuira and Chambisi Mines will commence at about the same time.

The good record of the SAN FRANCISCO MINES OF MEXICO has been interrupted by reason of the world depression which set in from October, 1929, and which has increased almost continuously since that time. The depression has had a special effect upon base metal prices, which have fallen to an abnormally low level, with the result that the profits for 1929-30 were much reduced. The six years' record is as follows:—

	Working costs (and per ton).	Net profit.	Dividends (and per share).
1925.....	£336,883 (45/5)	£308,148	£281,992 (3/9)
1926.....	399,561 (39/0)	343,558	300,792 (4/0)
1927.....	430,481 (30/10)	320,049	300,792 (4/0)
1928.....	366,316 (24/5)	283,130	281,992 (3/9)
1929.....	415,267 (27/0)	333,539	286,284 (3/9)
1930.....	446,079 (26/5)	88,461	78,271 (1/0)

per cent. on R.M. 20,050,000 for 1927. The Company, in common with other enterprises of alike nature, has suffered from the prevailing general trade depression. Nevertheless, the first part of last year compared favourably with the corresponding period of 1929, and it was only in the latter part of the year that the full effect of current conditions was felt.

The accounts of the British Enka Artificial Silk Co. for last year show a working loss of £72,139, and a net loss of £166,607 after allowing for depreciation, debenture interest, etc. From the technical point of view the year was marked by an appreciable improvement in quality and by many economies effected in the cost of production, but these benefits, while very material, were more than counterbalanced by the heavy fall in the price of rayon.

Holders of Share Warrants to Bearer can obtain copies of the full Report and Accounts on application at the London Office, Princes House, 35, Greenham Street, E.C.2.

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1930

THE 84TH ANNUAL REPORT of The Pennsylvania Railroad Company, covering operations for the year 1930, will be formally presented to the stockholders at the annual meeting on April 14, 1931. The report shows that although the Company's total operating revenues in 1930 declined over \$112,000,000, it earned a net income sufficient not only to pay 8% dividends and all other charges, but also to provide a surplus of nearly \$11,500,000.

Net income, amounting to \$68,809,818, was equivalent to 10·55% upon the outstanding capital stock at the close of the year, as compared with 17·64% upon the amount outstanding at the close of 1929. Net Income per share (par \$50) was \$5·28 compared with \$8·82 in 1929.

OPERATING RESULTS

	1930	Comparison with 1929
		Increase or Decrease
TOTAL OPERATING REVENUES were	\$570,465,360	D\$112,237,571
TOTAL OPERATING EXPENSES were	427,183,181	D 65,967,412
LEAVING NET REVENUE FROM RAILWAY OPERATIONS of	\$143,282,179	D \$46,270,159
TAXES amounted to	35,661,756	D 4,856,839
EQUIPMENT, JOINT FACILITY RENTS, etc., amounted to...	15,438,866	D 455,251
LEAVING NET RAILWAY OPERATING INCOME of	\$ 92,181,557	D \$40,958,069
INCOME FROM INVESTMENTS AND OTHER SOURCES amounted to.....	55,266,677	I 6,475,177
MAKING GROSS INCOME of	\$147,448,234	D \$34,482,892
RENTAL PAID LEASED LINES, INTEREST ON FUNDED DEBT AND OTHER CHARGES amounted to.....	78,638,416	D 1,914,192
LEAVING NET INCOME (Equal to 10·55% of Capital Stock).....	\$ 68,809,818	D \$32,568,700

After providing for the payment of 8% dividends to the stockholders and for sinking and other reserve funds, \$11,431,273 was credited to Profit and Loss Account.

The financial results achieved last year, notwithstanding marked reductions in business and revenues, reflect not only the Company's large capital expenditures for improvements in service and efficiencies and economies in operation, but also the increasingly cordial and effective co-operation which exists between the management and employees.

W. W. ATTERBURY,
Philadelphia, Pa., April 1st, 1931.
President.

THE PENNSYLVANIA RAILROAD

Carries More Passengers, Hauls More Freight
Than Any Other Railroad in America

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders may obtain copies of the Annual Report from J. Taney Wilcox, Secretary, Broad Street Station Bldg., Philadelphia, Pa.

62 lbs., 21s. 6d.; Australian, 22s. 6d.-23s. 3d.; Russian on sample, landed, 20s.-22s.; ex ship, 21s.-24s. per 496 lbs. English, 4s. 6d.-5s. 6d. per 112 lbs.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Apr. 9, 1930.	Jan. 2, 1931.	Mar. 25, 1931.	Mar. 31, 1931.	Apr. 8, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	115½	56½	58	57½	57½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	113½	79½	80½	81½	83

The visible supply of wheat in Canada at 65,290,000 bushels, shows an increase on the week of 301,000 bushels. Supplies a year ago stood at 74,684,000 bushels.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Apr. 4	Cwts. 61,081	Cwts. 171,659	Cwts. 135,452	Cwts. 184,215
31 weeks to Apr. 4	3,681,218	7,523,965	8,117,590	7,927,954
Average price of English wheat per cwt.	s. d. 5 2	s. d. 8 4	s. d. 9 9	s. d. 10 1

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

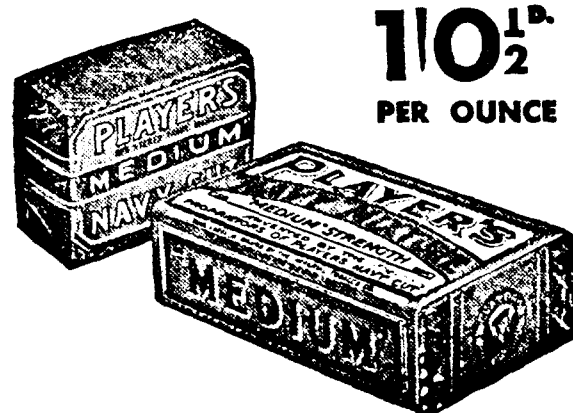
Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Mar. 28, 1931.....	Cwts. 121,780	Cwts. 59,508	Cwts. 38,360	s. d. 5 2	s. d. 7 3	s. d. 5 10
Apr. 4, 1931.....	61,081	32,316	19,064	5 2	7 5	6 1
Apr. 2, 1927.....	186,011	71,692	64,982	11 7	10 10	8 2
Apr. 7, 1928.....	184,215	61,630	32,946	10 1	11 0	11 2
Apr. 6, 1929.....	135,452	81,470	41,297	9 9	10 1	9 8
Apr. 5, 1930.....	171,659	123,919	28,355	8 4	7 7	6 0

WHEAT FLOUR.—Flour prices remained unaltered, with a moderate demand for home milled, but imported makes are still rather difficult to vend. Quotations: London straight run, 22s. 6d.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

No man lights his pipe with greater expectancy or smokes it with greater satisfaction than the one who regularly fills it with **PLAYER'S**



110½ PER OUNCE

per sack for country deliveries and 21s. 6d. London area. Of imported, Manitoba patents, 20s. 6d.-24s.; Buffalo ditto, 21s.-25s.; Australian, 18s. 6d.-18s. 9d., ex store, per 280 lbs.

BARLEY.—The market in barley has been dull. Quotations: Californian old, landed, 30s.-35s.; new, ex ship, 30s.-41s. as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 17s.; ex ship, 16s. per 400 lbs. English malting, 6s. 3d.-13s. 9d.; feed, 5s. 9d.-6s. per 112 lbs.

OATS.—Oats have been firmer during the week. Quotations: Plate, landed, 11s. 3d.; ex ship, 10s. 3d.; Chilean, tawny, landed, 13s. 9d.; whites, ex ship, 19s.; landed, 19s. 9d.; North Russian, landed, 15s.; South Russian, landed, 15s.; ex ship, 14s. per 320 lbs. English, 5s. 8d.-6s. per 112 lbs.

MAIZE.—Feeding stuffs were fairly steady, and with regard to maize, business in Plate new crop is slow to develop. In the absence of competition from other producing countries, sellers refrain from pressing, though occasionally obliged to grant slight price concessions in order to stimulate trading. Quotations: Plate, landed, 20s. 9d.; ex ship, to arrive, 19s. 3d.; March-April, 16s. 9d.; new, April-May, 16s. 6d.; May-June, 16s. 3d.; June-July, 16s. 3d. per 480 lbs. Yellow maize meal, 26 5s. f.o.r. London per ton.

OTHER FOODS.

SUGAR.—The market in sugar has been steady, and the price of British refined sugar has been maintained at the higher level. The market has been strengthened by the news that sowings on the Continent are considerably below those of last year. Mr F. O. Licht estimates the area under beet for the whole of Europe, excluding Russia, at 1,623,000 hectares compared with 1,906,000 hectares last season, showing a decrease of about 14.8 per cent. The figure for Russia is 1,382,000 hectares against 1,044,000 hectares last season, an increase of about 30 per cent. Raw futures have been maintained, and Wednesday's sales included "May delivery" at 6s. 5½d. to 6s. 8d., as against 6s. 4½d. to 6s. 6d. on the corresponding day last week; August, at 6s. 8½d. to 6s. 9½d., as against 6s. 7½d. to 6s. 9½d.; and December, at 7s. 0½d. to 7s. 1d., as against 7s. 0½d. to 7s. 1d. The movements of raw sugar in London and Liverpool are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London ...	2,442	4,128	1,074	2,249	32,930	49,879
Liverpool...	10,332	2,448	10,921	8,278	82,988	140,221
Total tons...	12,774	6,576	11,995	10,527	115,918	190,100
Last week...	9,504	450	20,207	13,754	115,139	194,051

COFFEE.—Coffee has been a steady market, and Costa Rican figured largely in inquiries. Last week's movements of coffee in London were as follows: Brazilian, landed, 204 bags; delivered for home consumption, 48 bags; exported, nil; stocks, 2,872 bags, against 6,077 bags last year. Central American, landed, 6,990 packages; delivered for home consumption, 1,968; exported, 2,527; stocks, 105,276 packages, against 100,602 a year ago. Other kinds, landed, 11,291 packages; delivered for home consumption, 3,205; exported, 1,081; stocks, 103,475 packages, against 115,999 a year ago.

COCOA.—The market in cocoa has been quiet but steady, and prices showed a slight increase. Wednesday's quotation for Acera, fair fermented, April-May, at 20s. 9d. per cwt., f.o.b., London contract, shows a rise of 9d. on the week. Last week's movements of cocoa in London were as follows:—Landed, 24,104 bags; delivered for home consumption, 7,092 bags; exported, nil; stocks, 211,461 bags, against 198,899 last year.

TEA.—There have been no auctions during this week, and business by private contract has been small.

RICE.—Rice has been steady, and slightly higher prices were realised. Wednesday's quotation, for Burma No. 2, cleaned, April-May, in singles to the Continent and to the United Kingdom, at 7s. 10½d. per cwt., shows a rise of 1½d. on the week. Movements in London during the past week were as follows:—Landed, 3 tons; delivered, 33 tons; stocks, 496 tons, as against 2,522 last year.

POTATOES.—As the result of a strong demand which could only be met by limited supplies potatoes showed a further improvement this week at the Borough Market. "Best King Edward" sold at £8 10s. to £9, as against £7 10s. to £8 10s. a week ago.

SPICES.—The spot pepper market has been quiet, but a slight rise occurred in the price of the commodity. On Wednesday, "Black Singapore" was quoted at 6½d., which shows a rise of ½d. on the week. Movements of pepper in London during the past week were as follows:—Black, landed, 29 tons; delivered, 15; stocks, 536 tons, as against 1,001 last year. White, landed, 34 tons; delivered, 21; stocks, 512 tons, against 809 tons a year ago.

MEAT.—There has been no further downward movement in meat prices. Argentine beef was slightly cheaper, but English qualities show an advance on last week. Mutton, both English and New Zealand, was dearer. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,996 tons, as compared with 9,073 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.9 per cent. of the supplies, as against 83.1 per cent. a year ago, and imported mutton, mainly New Zealand, formed 82.1 per cent. of the total supply, as against 83.4 per cent. last year.

The North American Company

60 Broadway, New York, N. Y., U. S. A.

ORGANIZED in 1890, controls through stock ownership four main groups of public utility companies operating in large and important areas of the United States centering in Cleveland, Milwaukee, St. Louis and Washington, D. C. Territories served by subsidiaries have a total area of 18,343 square miles, with a population of 4,910,000, and include 687 communities receiving various classes of public utility service. The electric properties in each group form a distinct interconnected power system.

The North American Company classes as subsidiaries only companies in which it or its subsidiaries own voting control and at least 75 % of the Common Stock. The North American Company does not include in its consolidated income statements undistributed earnings applicable to substantial investments in other large public utility companies, The Detroit Edison Company, North American Light & Power Company and Pacific Gas and Electric Company.

Summary of the Forty-first Annual Report to Stockholders of The North American Company for the Year 1930, by F. L. Dame, President, and Edwin Gruhl, Vice President and General Manager

THE North American Company's business during 1930 maintained an enviable equilibrium, with no material interruption of its normally consistent growth and with no impairment of its strength of position or prospects for progress. Business was relatively good compared with other lines of industry; it made a favorable comparison with the somewhat abnormal year 1929 and showed a substantial increase over 1928. Compared with other years of major depression the effect upon our business in 1930 was not so severe, for example, as in 1921.

The most important change of the year was the sale June 12, 1930 of the California subsidiaries to Pacific Gas and Electric Company and acquisition of 32% of that Company's outstanding Common Stock. This expansion of interests further diversifies the Company's investments and conforms to its long established policy for development on a sound economic basis of the territories served. Because of this transaction the 1930 financial statements are not comparable with those of 1929. Consolidated Income Statement excludes earnings of former California subsidiaries after June 12, 1930 and includes in lieu thereof dividends only on Pacific Gas and Electric Company Common Stock actually applicable to that period. Consolidated Balance Sheet reflects elimination of all assets and liabilities of the former California subsidiaries and inclusion of Pacific Gas and Electric Company Common Stock in Investments, but the substantial increase in that item does not reflect the large excess of market value of North American holdings in Pacific Gas and Electric Company over the value at which the interests in the California subsidiaries were carried prior to transfer.

Investments which are carried in Consolidated Balance Sheet at a value of \$131,107,893 had an

aggregate market value at December 31, 1930 substantially in excess of that figure. Principal investments in public utilities other than subsidiaries consisted of 243,363 shares of Detroit Edison Company Capital Stock, 638,146 shares North American Light & Power Company Common Stock and 1,858,813 shares Pacific Gas and Electric Company Common Stock.

Electric business contributed 86% of Consolidated Net Income from Operation. Electric output for 1930, eliminating former California subsidiaries after June 12, aggregated 5,793,253,914 kilowatt hours and the comparable figures were 5,761,262,772 for 1929 and 5,218,185,968 for 1928, or an increase of 56% over 1929 and 11% over 1928. Curtailed industrial activity due to the general business depression caused a decrease of 3.19% in industrial use of electricity in subsidiaries' territories, but there was an increase of 10.50% in residential use and 1.16% in commercial use. New business added 214,292 kilowatts connected load for industrial customers during 1930 and is of potential importance although not reflected in the year's revenues. Provision for such new business was made by net additions to plant capacity totaling 197,247 kilowatts, compared with additional capacity of 115,100 kilowatts installed by present subsidiaries during 1929. Net additions to property and plant account aggregated \$61,315,766, of which 85% were electric facilities. Electric customers of present subsidiaries at the end of the year totaled 1,067,303, an increase of 10,501.

As reported in the preliminary statement sent to stockholders February 21 Gross Earnings were \$133,751,380. Net earnings of \$27,003,086 were slightly greater than in 1929, and 19.57% greater than in 1928, and were equivalent to \$4.53 per share on the average number of shares of North American Common Stock outstanding

during 1930. After adjustment for elimination of California subsidiaries consolidated operating ratio showed improvement. Appropriations for Depreciation Reserves were 10.67% of Gross Earnings, equivalent to \$2.39 per share on the average number of shares of Common Stock outstanding.

Consolidated assets on December 31, 1930 totaled \$841,194,192 after the California adjustment. All loans and notes payable shown at that date as \$24,458,778 have since been paid and at date of Report (March 10) neither The North American Company nor any of its subsidiaries has any bank loans outstanding. Reserves at the end of the year were \$103,670,069, an increase of \$5,727,002. Surplus was \$146,416,571, including Undivided Profits of \$117,547,114, comparing with Surplus of \$125,339,243, including Undivided Profits of \$96,387,457, at the end of 1929.

The Company's policy of paying dividends on its Common Stock in Common Stock at the quarterly rate of 2½% (1/40th of a share) continues to provide a portion of the capital necessary to take advantage of recurring opportunities for profitable investment in the equities of subsidiaries arising from their steady growth and consequent development of plant facilities. This situation points to the continuing advantage of your Company's dividend policy, which is now in its eighth year. From April 1, 1923 to December 31, 1930 Common Stock increased 174.21% (including Common Stock issued for cash and for properties), while during the same period consolidated net earnings for Common Stock Dividends and Surplus increased 299.62%. Stockholders of The North American Company not including those of subsidiary number 35,096, including 1,400 in foreign countries, and reflect an increase of 21% in the number of Common stockholders.

	Year 1930*	Year 1929
Gross Earnings	\$133,751,380.67	\$147,779,869.32
Operating Expenses, Maintenance and Taxes	69,838,439.45	76,451,594.39
Net Income from Operation	\$63,912,941.22	\$71,328,274.93
Other Net Income	7,461,528.17†	4,553,736.61†
Total	\$71,374,469.39	\$75,882,031.54
Deductions: Interest Charges (including amortization of Bond Discount and Expense), Preferred Dividends of Subsidiaries, Minority Interests	\$28,277,176.27	\$31,455,528.95
Balance for Depreciation, Dividends and Surplus	\$43,097,293.12	\$44,426,502.59
Appropriations for Depreciation Reserves	14,274,173.30	15,619,678.49
Balance for Dividends and Surplus	\$28,823,119.82	\$28,806,824.10
Dividends on North American Preferred Stock	1,820,034.00	1,820,034.00
Balance for Common Stock Dividends and Surplus	\$27,003,085.82	\$26,986,790.10

* Excludes Gross Earnings, Operating Expenses and all other details of income accounts of California subsidiaries from June 12, 1930 to December 31, 1930, and includes in Other Net Income the proportion applicable to that period of actual dividends only on the Common Stock of Pacific Gas and Electric Company received in consideration for the North American interests in such subsidiaries.

† Includes stock dividends of non-subsidiary companies taken up at amount charged in respect thereof to Surplus of issuing Company: 1930—\$1,188,789.50, 1929—\$309,582; and proceeds from sale of stock dividends: 1930—\$74,921.46, 1929—\$32,465.61.

CONSOLIDATED BALANCE SHEET—December 31, 1930†		LIABILITIES	
ASSETS			
Property and Plant	\$642,228,710.78	Preferred Stock: (Authorized: 6% Cumulative Preferred Stock, \$50 par value, 606,678 shares; Serial Preferred Stock, without par value, \$1,000,000 shares)	\$30,333,900.00
Cash and Securities on Deposit with Trustees	2,202,962.93	Common Stock: (Authorized: 50,000,000 shares, without par value)	61,853,840.00‡
Investments:		Dividend Payable in Common Stock	1,542,037.25
Stocks and Bonds of Other Companies and Sundry Investments	129,837,802.57	Preferred Stocks of Subsidiaries	139,231,762.26
The North American Company Common Stock (held by Subsidiary)	1,265,090.19	Minority Interests in Capital and Surplus of Subsidiaries	16,044,433.15
Current and Working Assets:		Funded Debt of Subsidiaries	293,693,885.40
Cash	\$13,269,330.16	Current Liabilities and Accrued Liabilities	48,407,694.30
United States Government Securities	13,857,292.07	Reserves	103,670,069.24
Notes and Bills Receivable	568,804.98	Capital Surplus	\$28,869,456.29
Accounts Receivable	14,688,500.91	Undivided Profits	117,547,114.27
Material and Supplies (at cost or less)	10,291,119.83		146,416,570.56
Prepaid Accounts	769,188.07		\$841,194,192.16
Discount and Expense on Securities	12,215,389.67		
	\$841,194,192.16		

‡ On June 12, 1930 the North American interests in the California subsidiaries were sold to Pacific Gas and Electric Company in consideration for Common Stock of that Company. The assets and liabilities of the California subsidiaries, including their preferred stocks and funded debt obligations, accordingly are entirely eliminated from the Consolidated Balance Sheet of December 31, 1930. Such Pacific Gas and Electric Company Common Stock is included in Investments (without any adjustment to reflect the large excess of market value of such stock over the value at which the interests in the California subsidiaries were carried prior to transfer), and represents a substantial part of the increase in this item.

§ Represented by 6,185,384 shares.

Copies of complete Annual Report may be obtained from DILLON READ CORPORATION, 4, Austin Friars, London, E. C. 2, or from Messrs. J. HENRY SCHRÖDER AND CO., 145, Leadenhall Street, London, E. C. 3.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.		LARD—		WOOL—		Market Hides, London—	
GRAIN, &c.—		Irish bladders		English Southdown, washed		Best heavy ox and heifer	
Wheat, No. 2, N. Man. 496 lb.	26 6	American, boxes, 56 lbs. 48 9	76 0	per lb.	13 1	Best cow	0 4 0 6
Barley, Eng. Gas. av.	5 2	POTATOES—	9 0 0	per lb.	10	Best calf	0 6 0 4
Oats, 1st, 1st, 1st, 480 lb.	20 9	Good English, per cwt.	9 0 0	per lb.	11	Best pig	0 6 0 4
Flour, Lon. stan. ex mill.	21 0	Pepper, per lb.	0 9 1	per lb.	13	INDIGO—	
280 lb.	21 0	Muntok, fair White.	0 9 1	per lb.	13	Bengal gd. red-vio. to	5 6 6 6
Rice, No. 2 Burma, per cwt.	7 9	Black Lampung.	0 9 1	per lb.	13	fine—per lb.	5 6 6 6
Sago, Pearl, per cwt.	17 9	Cinnamon—1st sort, per lb.	0 9 1	per lb.	13	LEATHER—	
Tapioca, per cwt.	17 9	Cloves—Zanzibar per lb.	0 10 1	per lb.	13	Sole Bends 8/14 lb.	1 3 2 6
R.I. flake, fair spot	17 6	Ginger—per cwt.	25 6 0	per lb.	13	per lb.	1 3 2 6
Medium pearl	20 0	Jamaica, ord. to good.	50 0 90	per lb.	13	Bark Tanned Sole	2 3 3 0
MEAT—		Mace	0 10 1 8	per lb.	13	Shoulders fm DS Hides	0 6 0 9
Beef, per 8 lbs.	4 10 5 8	Nutmegs 55s	1 2 0 0	per lb.	13	Do. Eng. or WS do.	0 9 1 4
English long sides	4 10 5 8	SUGAR—		per lb.	13	Do. Eng. or WS do.	0 9 1 4
Argentine chilled hinds.	3 4 3 10	(Duty, 11s. 8d. per cwt.)	18 6 21 6	per lb.	13	Dressing Hides	1 2 1 6
Mutton, per 8 lbs.	6 4 7 4	E.W. crystallised.	18 6 21 6	per lb.	13	Ro. Eng. Calf, 20/30 lb.	1 2 1 6
English wethers	6 4 7 4	Java, white, c. & f. India	7 10 1 0	per lb.	13	Aust. Bends	1 0 1 5
N.Z. frozen	2 8 3 4	Apr-May	7 10 1 0	per lb.	13	VEGETABLE OILS—	
Pork, English, per 8 lbs.	5 8 7 6	REFINED—London—		per lb.	13	Linseed, naked, p. ton net	17/5/0
BACON— OTHER FOODS.		Yellow Crystals	19 9 0 0	per lb.	13	Rape, refined	31/0/0
Irish	86 0 108 0	Cubes	24 1 2 4	per lb.	13	Cotton-seed, crude	21/0/0
Danish	66 0 74 0	Crushed	22 1 2 3	per lb.	13	Coconut, crude	27/10/0
Canadian	60 0 67 0	Granulated	20 6 21 1 1	per lb.	13	Palm	17/2/6
HAMS—Irish	0 0 0 0	Home Grown (April)	19 4 1 10 1	per lb.	13	Oil Cakes, Linseed, Eng.	7/10/0
Canadian	0 0 0 0	TEA—		per lb.	13	Oil Seeds—Linseed—	
American	71 0 85 0	Indian—per lb.—		per lb.	13	La Plata, p. ton—	
BUTTER—		Pekoe		per lb.	13	Calcutta—per ton—	
Irish creamy per cwt.	nom.	Broken Pekoe		per lb.	13	PETROLEUM PRODUCTS—	
Australian	104 0 116 0	Orange Pekoe		per lb.	13	Motor spirit, No. 1, Lon-	
New Zealand	104 0 120 0	Broken Orange		per lb.	13	don	1 1 1
Danish	122 0 0 0	Ceylon—per lb.—		per lb.	13	Petroleum, Amer. refd.	0 10 1
CHEESE—		Pekoe		per lb.	13	brl.	0 10 1
Canadian	68 0 76 0	Orange Pekoe		per lb.	13	Fuel oil, in bulk, for	
New Zealand	50 0 55 0	Broken Orange		per lb.	13	contracts, ex instal.,	
English Cheddars	48 0 105 0	TOBACCO		per lb.	13	Thames	
Dutch	58 0 71 0	(Duty 8/10-9/10 per lb.,		per lb.	13	Furnace ... per ton	62 6
OCOA—		Empire growths, 6/9½		per lb.	13	Diesel	75 0
(Duty, British grown,		7/10 per lb.)		per lb.	13	Lubricating oil ex store,	
11s. 8d.; foreign, 14s. cwt.)		Virginia leaf—		per lb.	13	London—per ton—	
Accra, f.f. per cwt.	20 0 24 6	Common to fine	0 8 2 6	per lb.	13	Pales	9/17/6 21/0/0
Trinidad	42 0 48 0	Rhodesian leaf	0 7 1 3	per lb.	13	Reds	10/15/0 16/10/0
Grenada	33 0 43 0	Arabic, lump	0 7 1 0	per lb.	13	Cylinder	10/10/0 23/0/0
COFFEE—		strips	0 10 1 6	per lb.	13	ROBIN—	
(Duty, British grown,		East Indian leaf	0 3 1 0	per lb.	13	per ton	12 0 0 19 5
11s. 8d.; foreign, 14s. cwt.)		strips	0 4 1 0	per lb.	13	RUBBER—	
Santos, sup., c.f. cwt.	39 0 0 0	COTTON—		per lb.	13	St. ribbed smoked sheet	
Colombian, good	70 0 85 0	Mid-American	5 6 2	per lb.	13	Pine Hard Para	0 3 1 0 3 1
Costa Rica, med. to good	85 0 122 0	Sakellaris, f.g.f.	8 90	per lb.	13	per lb.	0 3 1 0 3 1
East Indian	82 0 108 0	Yarns, 32's twist	9 1	per lb.	13	per lb.	0 3 1 0 3 1
Kesra, medium	80 0 95 0	60's twist	16 1	per lb.	13	SHELLAC—	
BGS—		Livonian ZK	3 0 0 0	per lb.	13	TN Orange	80 0 82 6
English	120 0 6 12 0	Pernau HD	33 0 0 0	per lb.	13	SHELLS—	
Danish	8 0 11 0	HEMP—		per lb.	13	W. Aust. M.-o.-P. ..	3 10 11 10
FRUIT—		Italian P.O.	23 0 0 0	per lb.	13	TALLOW, London Town per cwt. 21 6	
Oranges, South African box.	0 0 0 0	Manila, April-June "J2"	19 10 0 0	per lb.	13	TMBER—	
Oranges	0 0 0 0	N.Z.	nom.	per lb.	13	Swedish u/s 3 x 8 ..	17 0 0
Dona and Valencia		Sisal, African, May-July	16 0 17 0	per lb.	13	Do. 2 x 4	17 0 0
cases 300	10 0 21 0	Mexican	nom.	per lb.	13	Can'dn Spruce, Dis.	24 0 0
Lemons, Sicilian	5 0 9 6	JUTE—		per lb.	13	Pitchpine	per load 9 0 0
cases	7 0 14 0	Native 1st mks. ... per ton		per lb.	13	Rio Deals	per std. 38 0 0
Malaga	0 0 0 0	c.f. H.A.R.B.	£15/10/0	per lb.	13	Teak	per load 30 0 0
Apples: Amer. (var.) bris.	20 0 38 0	Daisee 2/3 c.f.	£15/12/6	per lb.	13	Honduras Mahg. logs	c. ft. 0 10 6
(var.) boxes	10 9 13 0	SILK—		per lb.	13	African	0 6 0
" Australian	0 0 0 0	Canton	7 6 9 6	per lb.	13	Amer. Oak Boards	0 6 0
Onions:—		Tussah	4 0 6 0	per lb.	13	Do. Ash	0 7 0
Valencia, case, 4s.	5 0 6 3	Japan	0 12 6	per lb.	13	English Oak Planks	0 6 0
" 5s.	5 0 8 0	Italian—Raw, fr. Milan	10 0 12 0	per lb.	13	Do. Ash	0 7 6
Grapes, Lishon	0 0 0 0			per lb.	13		
" Almeria	0 0 0 0			per lb.	13		

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Quiet conditions prevail, and only a small volume of business is reported. English and Continental crushers are showing but little interest in linseed, having apparently covered their immediate requirements. Consequently prices have an easier tendency, current value of Plate on spot and April-May shipment being around £8 15s., with later positions at a slight premium. The quantity of linseed on passage to Europe has undergone further diminution, and at 222,900 tons is 21,300 tons less than last week, and compares with 87,600 tons a year ago. Good progress is being made with the shipment of the Argentine crop, the total for the first three months of 1931 being 717,700 tons, equal to 42 per cent. of the exportable surplus, as against 532,200 tons in the corresponding quarter of last year. The greater proportion of this has been destined for Europe, that sent to the United States being only 63,900 tons, against 226,500 tons. Argentina has still just upon a million tons left for export, which, with 293,000 tons estimated to come from India, gives a total of 1,290,000 tons, against 951,000 tons actually shipped during the remainder of 1930. Cotton seed is quiet, and lower black Egyptian being done down to £6 5s. for April loading. Linseed oil is in moderate demand, but is steady, current value of raw oil on spot at Hull being £17 15s., and delivery to August £17 5s. Cotton oil is quiet, and crude Egyptian, ex Hull, being held for £20 15s., and common edible for £23 10s. Oilcakes are in steady demand, and linseeds quoted cheaper.

HIDE, LEATHER AND ALLIED TRADES.—Owing to the intervention of the Easter holiday there were no auctions of English hides and skins this week, supplies for the fortnight having been disposed of at the previous sale. The small amount of business which has been put through in foreign hides has resulted in a slight weakening of prices for some descriptions, and although the position for the present is not looked upon with any anxiety, the possibility of a lower basis of values is not overlooked. In the South American market, Argentine ox have sold at 6 1/4d., with second ox realising 5 1/4d. Russia has been operating on saladero hides, and this has resulted in a little more activity in these goods. Dry South

American hides remain quiet, with quotations for B. A. Americans unchanged at 7 1/4d., while M. V. Americans are on offer at 7 1/4d. Lower prices have been accepted for Cape hides, which are now obtainable at 6 1/4d. and 5 1/4d. for first and second dry salted, 20/30 lbs., and 7 1/4d. and 6 1/4d. for drys. Australian are inclined to be slightly easier, with little business passing. The market for sole leather has been quiet, but as soon as shoe manufacturers recommence work in earnest, fairly satisfactory business should be forthcoming. Of late more inquiry has been noticed for shoe manufacturing bends, and although business has not resulted in every case, the fact that stocks in the hands of producers of footwear are small should eventually compel them to come into the market for supplies. Bellies and shoulders have received a little more attention, but in order to effect sales prices have to be low. In the upper leather section conditions appear hopeful. The call for patent is still the best feature of this market, but at the same time fair quantities of glacé kid continue to change hands. Box and willow calf are also asked for in moderate quantities, while there has been rather more interest shown in both real and imitation reptile leathers.

RUBBER.—It appears that the Dutch Rubber Committee's efforts to secure the adoption of a restriction scheme in the Dutch East Indies have not yet been successful. This uncertainty, coupled with an increase in stocks and the failure of consumption to show an improvement, resulted in a further fall in prices. A new low record was established on Wednesday, when the spot price of "standard ribbed smoked sheet" touched 3 1/4d. per lb. Wednesday's official closing price at 3 1/4d. was the same as that on the corresponding day last week. Forward positions were slightly easier. Business has been done at 3 1/4d. to 3 1/2d. for May, as against 3 1/4d. to 3 1/2d. last week; at 3 1/4d. for June, as against 3 1/4d.; at 3 1/4d. for July-September, as against 3 1/4d. to 3 1/2d.; at 3 1/4d. to 3 1/2d. for October-December, as against 3 1/4d. to 3 1/2d.; and at 3 1/4d. to 3 1/2d. for January-March, 1932, as against 3 1/4d. to 3 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows:—Landed, 2,843 tons; delivered, 1,185 tons; stocks at the end of last week at 133,841 tons, show an increase of 1,658 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, APRIL 18, 1931.

No. 4,573.

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THE MONEY MARKET.

MONEY was not too easy early in the week, for the amount re-borrowed from the Bank the preceding week had to be repaid on Tuesday. Rates, therefore, ran up to 3 1/4 per cent. on that day, and though, to judge from the reduction of only £2,514,032 in Discounts and Advances shown in this week's Bank return, the sum due at the Bank was a small one, the market narrowly escaped

having to borrow again. Despite suggestions made in some quarters, the Bank did not apparently render any assistance by special buying of bills. On Wednesday conditions were more comfortable, with 2½ per cent. quoted for both old and new money, and on Thursday they were easier still, with money down to 2 per cent. The reason for this was that the Bank released funds in the form of dividend payments on India stock and Treasury bonds. The market does not expect any great ease in the future, and on Thursday 2½ per cent. was paid for money for a month.

The Bank return reveals a reduction of £4,521,379 in the note circulation, but this still leaves the notes outstanding at £354.4 millions, against £348.8 millions at the end of March. Gold holdings at the Bank are lower on the week by £820,974, the week's acquisitions of new gold being more than offset by earmarkings on Argentine account. This gold has been set aside against the issue of fresh notes in the Argentine, and will be returned to the Bank after the Argentine harvest, when the notes come back from circulation. The combined effect of these changes is to raise the Reserve by £3,700,405, and the Proportion by 2½ per cent. to 49½ per cent. Bankers' Deposits have increased by £1,723,694, as a result of the return of notes from circulation, and the payment of them by the banks into the Bank of England. Public Deposits are lower by £1,490,916, possibly as a result of the dividend payments referred to above.

The Bank succeeded in obtaining most of Tuesday's Cape gold, its purchases amounting to £953,600, while on Monday 250,000 sovereigns from South Africa were duly received. It had, however, to bid 84s. 10½d. an ounce for the bar gold in the market, or otherwise, with sterling at \$4.85½, the gold would have gone to America. Next week £774,000 in bar gold is due from the Cape, and the following week £920,657. Under present conditions the Bank should secure all this amount, except the small quantity needed by India and the trade. Last week a gold shipment of £200,000 from Paris to Germany attracted some attention, but it is understood that this was only a trial shipment, made to test the exchange, and will not be repeated. It is, however, not impossible that it will soon pay to ship gold from Paris to New York.

	Mar. 26, 1931.	Apr. 1, 1931.	Apr. 9, 1931.	Apr. 16, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Banks' Deposit Rate ..	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
Houses { Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½-½	2½	2½	...

On Wednesday May bills were quoted at 2½ per cent. and June at 2½-½ per cent., while the market rate on three months' bills was 2½ per cent., with the banks quoting 2½ per cent. to their clients. Four months' bills were quoted at 2½ and six months' at 2½ per cent. These rates should serve, but now that bills held on French and American account are maturing the underlying weakness of sterling is becoming apparent. The Americans are not renewing, but instead are either taking their money home or depositing it for one month in London at 2½ per cent. Some French money, also, has gone home, and that explains the passing improvement in the franc to Frs. 124.17 early on Tuesday. Another consequence is that brokers are getting more bills on their books, but the complaint is heard that there is practically no turn between buying and selling rates. On Thursday three months' bills were again quoted at 2½ per cent., in spite of the easier tendency of money, but 2½ per cent. was described as the top rate of the market. In view of the large amount of foreign money now in London rates should not be allowed to fall any lower.

The March statements of the nine English clearing banks reveal further decreases in deposits and cash,

mainly due to the continued influx of revenue until the end of the month:—

	March, 1930.	December, 1930.	January, 1931.	February, 1931.	March, 1931.
Capital and reserves	130.5	132.2	132.1	132.1	132.1
Acceptances	159.5	117.4	114.9	121.4	121.5
Deposits (including undivided profits, &c.)	1,682.0	1,839.1	1,836.1	1,782.2	1,726.2
Total liabilities	1,972.0	2,088.7	2,083.1	2,035.7	1,979.8
Coin, notes, balance at bank, and cheques in course of collection	235.3	262.0	243.9	233.6	227.3
Money at call	130.6	140.6	141.1	112.9	110.7
Investments	251.8	295.7	306.9	319.3	320.9
Discounts	181.5	319.7	327.7	299.0	238.5
Loans and advances	974.7	912.2	907.4	908.1	919.4
Cover for accept., premiums, &c.	198.1	158.5	156.1	162.8	163.0
Total assets	1,972.0	2,088.7	2,083.1	2,035.7	1,979.8

The seasonal redemption of Treasury bills explains the large reduction in discounts. Acceptances are unchanged, this being possibly a reflection of the recent stabilisation of wholesale prices. There is an appreciable increase in advances, but while it is tempting to adduce this as evidence of better trade, it is more probably due to borrowings for the purpose of paying taxes.

Call rate in New York has remained no higher than 1½ per cent., but this has been a firm rate, and at the week-end no outside concessions were obtainable. Early this week the banks called \$35,000,000 of their loans, the reason given being that they were preparing for further Treasury withdrawals for the purpose of making soldiers' bonus payments. Even so, there is an enormous accumulation of idle funds. Member bank borrowings from the Reserve system have fallen to \$20,000,000, and when last week the United States Treasury offered \$215,000,000 in eight months' 1½ per cent. notes applications amounted to \$908,000,000. Gold continues to come in. Last week's arrivals at New York were returned on Friday at \$1,010,000, mainly from Mexico, and on Saturday \$7,782,000 was received from the Argentine.

The Foreign Exchange market was fairly active, but generally irregular, the tendency being in many cases against sterling. New York went from 4.85½ to 4.85½. Montreal was unchanged at 4.86½, as was Paris at 124.25, after touching 124.30 and 124.19. Brussels weakened appreciably to 34.94½ after 34.92½. Milan appreciated to 92.80, a gain of 3 points. Madrid developed extreme irregularity on the news of the revolution, and depreciated from 44.15 to 47.40 after touching 49.10, often moving half a peseta or so in a few minutes. Amsterdam went sharply against us from 12.11½ to 12.10½. Berlin was unchanged at 20.40, after being better. Switzerland gained ½ at 25.22½. Of the Scandinavian currencies Stockholm gained ¼ at 18.15, Oslo lost ¼ at 18.17 and Copenhagen was unchanged at 18.16½d. The South American exchanges developed an erratic tendency, Rio losing ¼d. on balance at 3½d. and Buenos Aires ½ at 38½d., whilst the quotation for Montevideo was nominal at 32d., against 34½d. in the previous week. The Far Eastern exchanges were firm and steady, the rupee being unchanged at 1s. 5½d., and the yen at 2s. 0½d. Bavaria gained ½ at 12.12. In the forward market New York weakened fractionally to ½ cent and ¾ cent premium for one and three months respectively. Paris was one point better for one month's delivery and two points better for three months' at 15 and 37 centimes premium. Brussels was also firmer at 2½ and 6½ centimes premium. Milan was a point better for one month at 6 centesimi discount, but a point weaker for three months at 22 centesimi discount. Madrid moved from par and 2 centimos discount to discounts of 2 and 4 centimos for both periods. Amsterdam was a little weaker at 1½ and 2½ cents premium, and Berlin practically unchanged at one and 2½ pfennigs discount. Switzerland was decidedly firmer at 2½ and 6½ centimes premium. Silver advanced by ¾d. to 13½d. for both cash and forward, with Chinese and Indian buying against only small offerings. The China silver exchanges improved in sympathy, Hong Kong from 11½d. to 1s. 0d., and Shanghai from 1s. 3½d. to 1s. 3½d.

PARLIAMENT AND THE BUDGET.

It is as well that the Easter recess closely precedes the opening of the Budget, for the members of the House of Commons require all the freshness of mind that a brief holiday may confer to face the stark facts of such a Budget as falls to the lot of Mr Snowden, now happily restored to convalescence, to open on April 27th. We have become accustomed in the difficult times of the past decade to read, year by year, that each successive Budget possesses "abnormal importance" and is awaited with "unusual anxiety." But there can be no doubt as to the justification of applying such phrases in referring to the Budget for 1931-32. In a Special Supplement which is published with this issue, will be found data for reviewing not merely Mr Snowden's immediate task, but the main tendency of national expenditure and revenue in recent years; and few readers, we imagine, will rise from a perusal of the facts in a mood of complacency.

Here are some of the broad outlines in the picture of the national finances covered by the last five or six Budgets. In a period of industrial depression and falling prices, in which every pound of taxation becomes more onerous to the taxpayer, national expenditure, excluding the "self-balancing" services, has been raised from £730 millions in 1924-25 to £799 millions in 1930-31, instead of showing the gradual reduction which the national circumstances demanded and successive Chancellors have promised but not achieved. Moreover, the growth in expenditure has not taken the form of productive and remunerative outlay. Although there has been a slight decline in the cost of the Defence services, the cost of the Revenue and Civil Services has risen between 1924-25 and 1930-31 from £237 to £319 millions, while the actual total sum expended from the Exchequer and from rates on largely eleemosynary social services (other than war pensions) between 1924 and 1929 increased from £262 millions to £342 millions, even before the latest flood of dole expenditure. In short, the increasing sums drawn from the profits of industry and from the individual have been employed not for strengthening the national efficiency or capacity for production, but for a mere redistribution of spending power. Constructive policies, aimed at scientifically fortifying the economic structure of the nation, have been as conspicuous by their absence as have effective attempts to cut the nation's coat according to its cloth. Again, in a period in which the price fall, taking the mean between the wholesale and retail indices, has added some 25 per cent. to the burden of contractual obligations, the net nominal total of deadweight debt has been reduced in six years by no more than £172 millions, and even this reduction is off-set substantially by the borrowings of the Exchequer to finance the Unemployment Insurance Fund. It is true that the reduction in the nominal debt figure somewhat understates the reduction in the annual burden on the Budget, but it is by no means satisfactory to find that, in spite of cheap money rates which trade depression brings, and the consequent automatic saving on the floating debt, the total interest charge has fallen in six years by no more than £19 millions. And in the six years in which these comparatively small reductions in debt burdens have been effected, not less than £508 millions have been taken by the Exchequer in the form of Death Duties. These exactions, which are, in fact, a capital levy collected at the most convenient moment, should, under a sane system of finance, be earmarked for diminishing the deadweight debt.

Such are the circumstances in which Mr Snowden faces the task of raising something in the neighbourhood of £40 millions of new taxation before beginning to deal with the deficits outstanding from the past two years; and his task is rendered the more difficult by the fact that his predecessor, Mr Winston Churchill, during his four years' tenure of office, laid his hands upon almost every available windfall and rifled every accessible Treasury cupboard. His problem is, therefore, without adventitious aid, without adding to the burden of harassed industry, and without aiming a blow at British credit, to find a sum of new money which, unless efforts at debt redemption are

dangerously relaxed, must reach a figure nearly equivalent to the yield from the imposition of a shilling on the Income Tax. That the Chancellor realises the difficulty of his task is abundantly plain. He himself has told the House of Commons that "an increase of taxation in present conditions which falls on industry would be the last straw." He has told a City audience that his endeavours to avoid increased taxation might even lead him to "out-rage his financial principles"; he has warned the rank and file of his own Party that sacrifices will be called for all round; and he has stated, again in the House of Commons, "that the national position is so grave that drastic and disagreeable measures will have to be taken if Budget equilibrium is to be maintained and if industrial progress is to be made."

Precisely how the Chancellor will walk this very straight and narrow path which lies between the imposition of fresh burdens upon industry and the abandonment of financial soundness on which the maintenance of British credit depends remains a closely guarded secret. In a previous article we have ventured to put forward some suggestions as to the way in which this enigma might be solved. These suggestions involved perhaps a greater degree of indirect impost upon the workingman's budget than a Labour Chancellor could for political reasons adopt in any one year, and it is therefore possible that recent hopes entertained in the City that increases in direct taxation will be slight, if any, may be disappointed. But of one thing we are certain, that Mr Snowden will eschew the alluring device of a so-called "revenue tariff" which has been urged upon him from many distinguished quarters, and that he will avoid the disastrous mistake of a radical change in the fiscal policy of this country at a time when such a change would add to the difficulties of precisely those chief export industries in which the large bulk of unemployment is concentrated.

Formidable though the immediate task is of making both ends meet in 1931-32, it cannot divert the Chancellor's attention from a longer view of the future requirements of the national finances. There are only two ways in which for the coming years the burden of the taxpayer can be lightened. One is by resolute reduction of the Supply Services, the other by conversion of the war debt on a lower interest basis. To some extent the two go hand in hand, for large-scale conversion will only be practicable in so far as the City and the investor are convinced that sound financial policy is being pursued both in the direction of adequate sinking fund provision and in the stern retrenchment of all redundant and unproductive expenditure. Mr Snowden will bring the possibility of big savings by conversion nearer in proportion as he satisfies the House of Commons and the country that the Government will consider not merely minor savings, such as the Retrenchment Committee now sitting may recommend, but also such larger savings as may depend on a change in policy. Above all, Mr Snowden's Budget statement is bound to fail to restore confidence unless it states and emphasises the determination of the Government to deal effectively with the whole problem of the "dole."

There is, we think, one further question which any Chancellor in the critical times of to-day must take into immediate consideration, and that is the complete ineffectiveness of the House of Commons as ultimate controller of the national expenditure. In theory the faithful Commons can withhold any grant to the Government which they may consider to be extravagant; in actual practice, if the House fails to vote the wages of a single charwoman for scrubbing the steps of the "Circumlocution Office," the Government regards the decision as a vote of censure involving resignation and a general election. That system is wholly inapplicable to the circumstances of to-day, and we hope that Mr Snowden will indicate that the Cabinet are ready to discuss with party leaders and parliamentary experts of all shades of opinion a change in method of our parliamentary financial procedure which may be conducive to adequate husbandry of the national reserves.

REPUBLICAN SPAIN.

KING ALFONSO XIII. has abandoned his throne and left his country as the result of elections that, technically, decided nothing but the constitution of town councils in Spain. That is, on the face of it, a singular development, but no one doubts that on this occasion, at any rate, the King has diagnosed the political situation with unflinching accuracy. The verdict of Spain has been given against him, in however indirect a form, and he has for the moment bowed to it. All the indications are that he will be found to have bowed to it finally, but the manifesto issued on Wednesday, as Alfonso was leaving Cartagena on the warship that was to carry him to Marseilles, expressly stated that the King had not renounced his rights, but had merely withdrawn from Spain till the country should have given a more deliberate and considered decision than the municipal elections could be held to constitute.

That proclamation, charged undeniably with a certain dignity, was at once a fulfilment of King Alfonso's duty to himself and the long traditions he represents and an oblique appeal to the monarchists in Spain to keep their organisation effective and watch for the time to act. Such an appeal no doubt has point. It is far too soon to assume that the Republic is established and monarchism a spent force. Things may well turn out otherwise. For nearly eight years the anti-monarchist forces have profited by the mistakes of a regime identified closely with the monarch. From now onwards the tide may flow the other way. By wise and clement administration Señor Zamora and his colleagues may weld all Spain together under the republican banner, but their every act will be closely scrutinised, and, if they falter in a task beset with difficulties at every turn, the friends of a King residing somewhere across the frontier and claiming still to be a King of all the Spaniards may become a formidable menace to the new republic.

That is a possibility of which full account must be taken, for only the most superficial of optimists can suppose that in the third week of April, 1931, Spain passed suddenly out of darkness into light. The old regime had damned itself. About that there need be no long dispute. But the new regime has now to justify itself, and, if it fails, it may prove as shortlived as regimes have the habit of being in Portugal next door. But in certain important respects the omens for Señor Zamora, as President of the Provisional Government, are good. The people of Spain have declared themselves against dictatorship and monarchy most decisively, most peacefully, and at the first moment the opportunity was given them of so declaring themselves. Republicanism no longer represents the gospel of a faction. It represents the definite conviction of a majority.

The movement inspires the greater confidence in that it has come gradually. The dictatorship was not unpopular from the first. Disgust with the old party manoeuvres of the political gangs was so widespread that the *coup d'état* of 1923 and the advent of Primo de Rivera were hailed with relief even by some Liberals. They were no doubt sceptical about the promise that the dictator would do his work in ninety days and then quit the stage on which he had so dramatically appeared, but there was something to be said then for a period of firm administration, and in certain not unimportant spheres, like the development of transport, the directorate did get good work done. But that early acquiescence soon wore off, and as the dictatorship lost its popularity, King Alfonso came under criticism too; and accusations grew common that the real purpose of the call to a dictator was to stave off the disclosures which the Parliamentary committee of inquiry would have made on the implication of the Crown in the Morocco disasters. It is significant in that connection that the first declaration of the Provisional Government includes the announcement that it proposes "to submit immediately to judgment those Governmental acts pending examination when Parliament was dissolved in 1923." If the result of that should be to confirm the beliefs widely held as to Alfonso's personal responsibility for what Spain suffered in Morocco, any tide of sympathy for the departed monarch will be considerably checked.

Past evidences of discontent with the directorate and the King it buttressed assume a new significance in the light of the events of the past week. The students' ebullitions, the various military outbreaks, most conspicuously of all the abandonment by Primo de Rivera of his intention to summon a Constituent Assembly in 1929 because he saw it would be manned largely by his enemies, all meant more as indications of a nation-wide discontent than was apparent at the time. There were reasons why the dictators, both Primo and his successor, General Berenguer, were able to keep their hold so long on the helm. Their opponents were divided and without effective leaders, and against disunited foes it is easy to maintain a solid front. But year by year the leaven has been working, and now, instead of a few republican leaders rousing the nation, the nation has offered power to the leaders to use as best they may. The blow to Alfonso might have come a little sooner. It might have come when Sanchez de Guerra landed and the artillery revolted at the beginning of 1929. It might have come at the time of the outbreak at Jaca last November. Those attempts failed, but they might have succeeded, though, if they had, the revolution would have been something very different from the peaceful transfer of power that has just been witnessed. As it has turned out, the first elections held since 1923 gave the republicans a result for which it was worth their while to wait.

Whether it was fair to identify Alfonso with the acts of his dictators may be matter for some debate. But the conclusion must be that, in the main, it was. Even if he did not first institute the dictatorship to shield himself, he has shown repeatedly that he had no idea of making himself the strictly constitutional monarch that Spain might well have tolerated. He preferred to play for the higher stakes, and the game has gone against him. It is to his credit that he has recognised defeat and accepted the inevitable with a grace that commands respect. Now a new and untried administration has before it the tremendous task of remodelling the government of a country in which the people is still the most illiterate in Europe outside Russia, and where the momentary unity achieved conceals fundamental differences, political, social and religious. But Señor Zamora has certain important factors in his favour. Foremost of all is the character of the revolution, a peaceful demonstration by civilians by the methods constitutionally provided for such demonstrations. Second comes the willing acquiescence of the army, sick of being used as a pawn in politics, in the establishment of the *de facto* regime. Thirdly, the Church, on which the monarchy was once pillared, is sufficiently divided in its sympathies to cause little anxiety to the provisional government. On the whole the Cabinet has as free a field as it could hope for.

The immediate programme before it is clear. It was to govern the country and meanwhile prepare for the election of a Constituent Assembly, no longer, it may be presumed, merely to revise the constitution of 1876, but to draft a new constitution on a definitely republican basis. That may present no fatal difficulties. The question whether Spain is to be a unitary or a federal state raises problems far more delicate, for the whole attitude of Catalonia turns on that. Already a Republican Government has been declared at Barcelona; but Colonel Macia, the provisional President, is apparently content that the Catalans should take their place voluntarily in a federal Spanish State. That marks a definite modification of the separatism that has had so strong a hold on Catalonia. But what the other units in such a State should be—will the Basque provinces, for example, demand local independence?—is a problem that may cause the government considerable perplexity.

As to the effect of the revolution on the outer world, it will obviously be less in the case of Spain than of most other countries, for the Spaniards, in a corner of Europe behind their mountain frontier, have lived a life more self-contained than any other people of the Continent. Republicanism will give them a new link with the Spanish republics of Latin America. As a movement to the Left it is already causing some anxiety in France and more in Italy, where the reaction against dictatorship cannot be contemplated with entire equanimity. But the change should, in fact, affect Spain's external relations little on

the political side. On the economic side everything will depend on the efficiency of the new administration. It is true that several of its members lack experience, but man for man they can be assumed to be quite as competent as the Ministers they have succeeded, and so far as actual administration went, Spain has fared well enough in the past eight years. If to the maintenance of that can be added provision for the free expression of the people's will, coupled with a resolute abstinence from the old disastrous party quarrels, Spain should be capable of making steady progress in political stability and material prosperity.

FINANCIAL LIMITATION OF ARMAMENTS.

Pas d'Argent, pas de Suisses—This saying, current in the sixteenth century, shows how old is the realisation of the fact that armed forces are essentially dependent on hard cash; and the idea that limitation of armaments should be effected by limiting the amounts to be spent on armaments in each particular country has repeatedly been put forward at meetings of the League. But though a scheme was worked out in Geneva in 1926 and 1927 to give a concrete form to budgetary or financial limitation, no real progress was made until last autumn, when the Preparatory Commission decided, rather unexpectedly, to make financial limitation one of the main features in the Draft Convention to be put before the Disarmament Conference, which will meet in February, 1932. The Preparatory Commission also agreed (with reservations on the part of only a few Governments) on the principle of publicity in regard to total expenditure on land, sea and air armaments. An expert Budgetary Committee, set up to work out the details of the scheme, has agreed upon a unanimous Report,* which arrives at the conclusion that from a technical point of view the satisfactory working of a scheme of financial limitation and publicity can be secured. This result represents a great step forward on the road to universal limitation of armaments.

In its Report the Committee explains very fully the technical difficulties with which it has had to contend, and how it proposes to deal with them. The presentation of armaments expenditure in the various national budgets varies considerably: in one country there may be one comprehensive Defence Department budget; in another there are separate budgets for the Army, the Navy, and the Air Force; and in many countries a part of the defence expenditure is shown on Colonial budgets or charged to civil departments or autonomous funds. Pensions to officers are sometimes included in the defence budgets, sometimes accounted for under a separate heading. It was soon found that it would be impossible to change the national systems in force; that would have involved all kinds of difficulties, necessitating, *inter alia*, modifications of constitutional laws. Fortunately, such a course proved to be unnecessary. The experts worked out a table—a so-called Model Statement—to be filled in by the various Governments according to a series of carefully-drafted instructions, and it is the figures thus defined which it is proposed to limit in the forthcoming Disarmament Conference. At the end of each budgetary year, when the definite results can be ascertained, each Government will be bound to forward—to a Commission to be set up in Geneva—a return, in the form of the Model Statement, of its armaments expenditure during the past year; and in that way it will be required to show how it has complied with its obligations under the Disarmament Convention.

There have been prolonged discussions in Geneva whether armaments should be limited directly, i.e., by fixing the number of guns, tanks, ships, etc., or, indirectly, by limiting the budget figures. To some extent both methods will, no doubt, be employed. All are agreed that the personnel serving with the colours should be limited directly by fixing a maximum of contingents. No

doubt the number of ships in each tonnage category will also be directly limited, as under the Washington Treaty and the British-Franco-Italian Naval Agreement. But the majority on the Disarmament Commission have formed the opinion that army war material (guns, tanks, etc.) should be limited by financial limitation only. It has been pointed out as a weakness of the system of financial limitation that it allows each country to keep the stocks of material already collected. These stocks certainly play an important rôle for the moment, but, with advancing technique, the material is apt to become out of date and must be scrapped. Whatever decision the Disarmament Conference may arrive at as regards stocks, it seems certain that financial limitation must in the end be the principal method of limiting armaments, first and foremost because it represents the only method of limiting "quality." If the numbers only of separate items were fixed in the Convention it would be natural to expect that each Government would try to improve the armaments allowed to it by raising the quality of each particular unit, just as Germany has improved the quality of her 10,000-ton cruisers authorised under the Peace Treaty by perfecting every detail. Direct limitation, if it were the only method employed in the Convention, might very soon lead to a "competition in quality," to the great expense of the taxpayer. Moreover, a further point is that financial limitation is the only possible method of limiting such items as expenditure on fortifications and barracks, subsidies to industry for the acquisition of machinery, experiments, etc.

It is sometimes maintained that financial limitation suffers from a great defect in so far as the expenditure figures of different countries are not comparable—one country, for instance having a costly army of volunteers, while another has an army mainly composed of conscripts. The experts in their Report admit that the figures which will be obtained from the returns in the form of the Model Statement cannot serve as a basis for a comparison of the volume of armaments in the different countries, but they point out that the figures will in any case give a useful criterion for judging the development of armaments from one year to another in each particular country. Moreover, "non-comparability" may well be found to be not a defect but a positive advantage from the point of view of negotiating a Convention. When discussions centre round directly comparable data it may prove very difficult for the representative of a country to accept a figure which is clearly inferior to that of some other country. He may, however, be able to do so if the agreement does not involve the acceptance in principle of inferiority in any specific arm, but fixes a monetary figure which, because of differences in wages, prices, military systems, etc., cannot be directly compared with that of a neighbouring country. In fine, while the method does not solve the difficulty of fixing initial strength, and might leave the door open to evasion through the use of the sovereign powers of the State in earmarking or commandeering material or demanding free service in various ways, budgetary limitation may make it possible, if the nations so desire, to circumvent many ticklish questions of national prestige.

Moreover, when the representatives of the various Governments demand the right to have certain numbers of guns, ships, etc., not only the negotiators themselves but the general public in the various countries seem often to lose all idea of the costs which the acquisition of the proposed armament involves. It is only when actual budget figures are discussed that people seem to be able to understand that the acquisition of guns and ships costs a considerable amount of money, which must ultimately be borne by the taxpayer. The decision of the Preparatory Commission last autumn to adopt the method of financial limitation was certainly not unconnected with the fact that most States in 1931 have to reckon with deficits in their budgets. The Disarmament Conference of 1932 will be the first of its kind, but by no means the last. It may well be that the method of budgetary limitation, with all its drawbacks and possible shortcomings, may play a rôle which will enable the Conference to arrive at more definite and specific results than would otherwise have been possible.

A QUARTER'S OVERSEAS TRADE.

THE best that can be said of the March trade returns is that they stand comparison with those of March, 1929, as well as those of February stood the corresponding comparison, but reference to the last column in the table below shows that this is scant praise:—

MONTH OF MARCH.
(000's omitted).

	1931.	Increase or Decrease as compared with			
		March, 1930.		March, 1929.	
Imports	£ 70,664	£ -22,785	% -24.4	£ -27,909	% -28.3
British exports	33,989	-19,956	-37.0	-24,534	-42.1
Re-exports	5,438	-2,222	-29.1	-4,548	-45.5
Total exports	39,428	-22,178	-35.9	-29,182	-42.5
Excess of imports over total exports	31,237	-607	-1.9	+1,273	+3.9

Imports of raw materials were £15,066,032, against £24,095,577 in March, 1930; and exports of manufactures fell in the same period from £42,527,275 to £25,644,353.

The totals for the first quarter are shown below:—

FIRST THREE MONTHS.
(000's omitted.)

	1931.	Increase or Decrease as compared with			
		1930.		1929.	
Imports	£ 209,810	£ -73,694	% -26.0	£ -96,153	% -31.5
British exports	103,346	-60,786	-37.0	-77,822	-42.9
Re-exports	17,329	-7,152	-29.2	-12,769	-42.4
Total exports	120,675	-67,939	-36.0	-90,591	-43.0
Excess of imports over total exports	89,135	-5,755	-6.1	+5,562	+5.9

Imports of raw materials during this period were £46,203,681 and manufactured exports £78,399,394, against £78,262,598 and £128,350,710 respectively in the corresponding period of 1930.

It has been possible to derive some reassurance, during the rapid fall of wholesale prices, from the reflection that the steady decline in our foreign trade was largely a decline in values and that the volume was by no means correspondingly diminished. The Board of Trade index of export values for the first quarter of this year is not yet available, but the fall in that index between the last quarter of 1929 and the last quarter of 1930 amounted to less than 7 per cent., while exports in the first quarter of 1931 were 36 per cent. lower than in the corresponding period of 1930, so that this reflection has lost its consolatory value.

The next table shows the volume of some of our most important exports:—

SOME LEADING EXPORTS.

		First Three Months.		
		1929.	1930.	1931.
Coal	tons	13,125,958	15,012,511	10,416,201
Pig iron and ferro-alloys	tons	142,718	106,771	48,419
Railway material	tons	134,320	127,062	47,047
Total iron and steel	tons	1,151,404	983,847	461,187
Textile machinery	tons	31,712	26,851	12,287
Total machinery	tons	142,063	131,421	89,181
Cotton yarn	lbs.	44,166,600	38,106,500	31,403,600
Cotton piece-goods	sq. yds.	1,039,383,000	894,046,100	438,410,300
Wool tops	centals	87,597	71,332	70,943
Woolen tissues	sq. yds.	30,912,600	25,572,300	16,754,700
Worsted tissues	sq. yds.	14,299,500	11,409,900	9,085,800
Linen piece-goods	sq. yds.	18,152,500	19,703,000	16,439,800
Boots and shoes	doz. pairs	208,737	230,938	161,166
Leather	cwts.	76,080	71,963	37,491
Paper and cardboard	cwts.	1,118,786	1,217,242	796,166
Locomotives	tons	9,592	11,285	8,517
Motor cars and chassis	number	10,415	8,789	6,529

Last month the solitary increase shown in this table was a small rise in the exports of wool tops. Now even that has disappeared, while all the other declines without exception have been very greatly accentuated. This is the more deplorable in view of the fact that by the first quarter of 1930 the slump was already well under way.

The only substantial category of exports to show an increase in volume and value is that of motor vessels, and that is in part counterbalanced by a decline in the volume and value of steam tonnage exported. Small improvements are recorded in some sections of the chemical group, but the statistics of this group as a whole present a very similar appearance to those of the others.

Imports of food and raw materials have not fallen quite so much in proportion, as the following table shows:—

RETAINED IMPORTS.

		First Three Months.		
		1929.	1930.	1931.
Wheat	cwts.	25,706,277	20,272,473	21,874,697
Beef	cwts.	3,150,529	2,830,298	3,069,167
Sugar	cwts.	10,853,877	7,618,836	7,054,615
Iron ore	tons	1,263,353	1,335,200	598,097
Raw cotton	centals	4,971,849	3,786,438	2,781,684
Sheep and lambs' wool	centals	1,826,017	1,975,056	2,213,348
Raw silk	lbs.	395,253	511,723	480,085
Flax, hemp and jute	tons	118,665	104,142	69,495
Wood and timber, sawn, soft	loads	444,355	577,562	370,080
Rubber	centals	622,967	808,973	796,400
Crude petroleum	thousand galls.	84,797	68,212	82,314
Wood pulp	tons	309,689	333,932	309,446
Hides, wet and dry	cwts.	207,570	281,354	278,222

Wheat and beef were imported in slightly larger quantities, and one satisfactory feature of the list is the increase in retained imports of raw wool. The increase in imports of crude petroleum occurred in the earlier months; March showed a decline on March, 1930.

Manufactured imports have reflected in very varying degrees the effects of the depression. Those of iron and steel, clocks and watches, woollen tissues, silk yarns, gloves, fuel oil and undressed leather were higher last quarter than in the first quarter of 1930; those of electrical apparatus, films, machinery, manufactures of wood, worsted tissues, cotton goods, silk piece-goods, "other textiles," chemical undressed leather, paper and rubber manufactures were lower. In so far as the finished product of one industry is often an instrument of production for another, it is impossible to argue anything from these figures of manufactured imports without knowing whether a change in the volume indicates a change in the demand or an alteration of the proportion supplied by home manufacture.

From the returns of exports and of imported raw materials, however, the argument is only too plain. They make it painfully evident that during this first quarter of 1931 our principal industries were unable to discern upon the horizon any convincing sign of the dawn of trade recovery for which they are still anxiously waiting.

OMNIBUS REORGANISATION.

(BY A CORRESPONDENT.)

THE general reorganisation of omnibus services, which began with the passing of the Railway (Road Transport) Acts in August, 1928, and the granting thereby to the railways of powers to own and operate road vehicles, has now almost reached the end of its second phase. The first phase consisted of the selection by the railways of the more important omnibus concerns in each area and the purchase of an interest in them equal to that of the next biggest shareholder. In particular, agreements were made during 1929 with (a) the Tilling and B.A.T. group of bus companies, whose subsidiaries served fully half of Great Britain, (b) the National Omnibus Company, with extensive interests in the south-western counties and in East Anglia, and (c) the Scottish Motor Traction Company. These agreements were subsequently worked out in detail with the various affiliated concerns, and furthermore the smaller bus services, operating in the same territories as the companies selected by the railways, were bought out and merged with the "railway" concerns wherever they proved amenable. In the earlier stages very high prices were paid for many of these small independents. Total railway investments in omnibus companies amounted to £2,658,000 during 1929 and £5,863,000 during 1930. By the end of 1930 at least 15,000 vehicles were operated by companies in which the railways were interested.

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The provisions of the Road Traffic Act of 1930 with regard to the "elimination of unnecessary services" and the prevention of duplication, together with the recommendation of the Royal Commission on Transport that the Area Traffic Commissioners should aim at establishing "controlled monopolies of transport," made the railways less eager to pay inflated prices for small omnibus concerns which would probably be compelled to merge their services with the big groups on terms more favourable to the latter when the work of the Area Commissioners became effective. Contrary to expectations, it has been no part of the railways' plans to organise omnibus transport on the same territorial basis as rail transport with the ultimate object of reducing the number of omnibus concerns to four, one to correspond with each railway; indeed, frequently two and even three of the railways have interests in a single bus company whose sphere of influence extends into the territories of all of them. Thus the second phase of omnibus reorganisation was not initiated by the railways, but consisted in the acquisition by Tilling and B.A.T. of an interest in all those "railway" omnibus undertakings in which they were not already interested. The Tilling and B.A.T. concern was formed in 1928 by Thomas Tilling and the British Electrical Traction Co. to look after their joint road transport interests. In 1929 Tilling and B.A.T. acquired, jointly with the L.N.E.R., a controlling interest in the United Automobile Services, who held a dominant position on the North-East Coast; and this policy was continued during the latter part of 1930, when Tilling and B.A.T. secured participation in the Crossville Motor Services of the North Wales, Cheshire and South-West Lancashire area, which had previously been acquired by the L.M.S. The movement has been accelerated this year; an agreement has been reached between Thomas Tilling, the National Omnibus Company, which owns, in conjunction with the railways, the Western National, Southern National and Eastern National Companies; and there has also been an agreement between the British Electrical Traction Co. and the National Electric Construction Co., which in turn controls the Devon General Omnibus Company, City of Oxford Motor Services, and the Western Welsh Omnibus Company. In addition, Tilling and B.A.T., through their subsidiary, the Northern General Transport Company, have acquired a controlling interest in the Sunderland District Omnibus Company, the only considerable "independent" left on the North-East Coast.

There still remain outside the Tilling and B.A.T. group, so far as information is available, two omnibus concerns of the first rank, the Bristol Tramways and Carriage Company, operating about 500 vehicles in the West of England, in which the Great Western has a 50 per cent. interest, and the Scottish Motor Traction group, controlling 2,000 vehicles, which has something approaching a monopoly over all Scotland, except the South-West and extreme North, and in which the L.M.S. and L.N.E.R. between them hold a 50 per cent. interest. Among the smaller concerns there is also the Lancashire United Transport Co., with 200 vehicles. It is not unlikely that Tilling and B.A.T. will round off the basis for the work of rationalisation which lies before them by acquiring interests in these undertakings also. This seems all the more probable as working arrangements are already close between the Scottish Motor Traction Company and the two Scottish subsidiaries of Tilling and B.A.T., the Caledonian Omnibus Company and Scottish General Transport Company. It may be significant that Lancashire United Transport shares have recently been rising.

A number of entirely independent concerns remain, which have either failed to come to terms with the railways or have not been approached by them. The largest of these are Barton Transport, Ltd., of Nottingham, operating about 100 buses; the Midland General Omnibus Company, a Balfour-Beatty Tramway group subsidiary, with 100 vehicles, with which Tilling and B.A.T. are said to be at present negotiating; the United Counties Omnibus Company, of Wellingborough, with 150 vehicles; and the Westcliff-Motor Services, with 120 omnibuses. An attempt is being made in the Midlands to organise the

small independents, under the leadership of Barton Transport, Ltd.; there was a similar episode in the Tyne-side area, where the General County Omnibus Company was reorganised as a merger of the principal independents. The result in the latter case was that the new company sold out to the L.N.E.R. soon after the reorganisation, as had no doubt been intended from the first.

A year ago it seemed probable that the municipalities, which own altogether nearly 5,000 omnibuses, would gradually amalgamate their services with the railways cum Tilling and B.A.T. interests. Successful agreements had been reached with regard to municipal services outside the borough boundaries by the Leeds, Halifax and Sheffield Corporation, and there was talk of the Bournemouth Corporation taking an interest in the Hants and Dorset Motor Services. A definite offer was made by the L.N.E.R. for the Middlesbrough passenger services; a similar offer to the York Corporation was turned down. Progress in this direction has unfortunately been remarkably slow in spite of the fact that a considerable improvement in efficiency would in most cases result from working municipal and local omnibus services as a single unit. There is no technical reason for treating urban transport as a separate problem from inter-urban and local transport. Possibly pressure from the Area Traffic Commissioners may result in a greater eagerness to combine municipally-operated omnibus services with the big "railway" undertakings and lead ultimately to the threefold ownership of the larger operating units, by the railways, Tilling and B.A.T. and municipalities. In fact, this seems destined to come as the next stage in reorganisation. These companies would become the nucleus for the "controlled monopolies" of the Royal Commission on Transport. The railways have now disclosed their hand to the extent of making it quite clear that they do not intend their interest in "local" omnibus services to be too close or direct. The present local joint committees established in different parts of the country, representing road and rail interests, will doubtless continue to work out co-ordination in detail, but Tilling and B.A.T. will clearly be the driving force in the rationalisation of omnibus services as a whole and in their detailed control from the point of view of operation.

UNEMPLOYMENT INSURANCE REFORM IN AUSTRIA.

(BY A CORRESPONDENT.)

THE efforts which Austria is at the moment making to improve her internal finances through a new Bill dealing with the social services, and the reform of unemployment insurance upon which she is engaged are especially worthy of consideration in England, as Austria, like England, depends chiefly on her export trade for her livelihood, and can point in the same way to loss of markets as the main cause of her present unemployment problem.

While most other countries, between the end of the war and the beginning of the present depression, experienced at least one revival of trade, Austria has, since the inflation period, scarcely ever risen out of the trough of the depression, and her number of unemployed has been steadily growing, till in January, 1931, out of 1,300,000 insured workers, 331,000, or 25 per cent., were out of work. The Unemployment Insurance Fund, like that in England, has naturally no pretence to solvency, and

advances to it continue to burden the Federal and Provincial budgets more and more heavily. The situation is complicated by the fact that in 1927 an Act of Parliament was passed for extending the social services which included clauses for the establishment of old age and disablement pensions; though these were suspended from coming into force till economic conditions should improve, the Government has now prepared a Bill to bring in these two new forms of insurance, and at the same time to rationalise the existing forms.

As in England, the chief defect of the Unemployment Insurance Fund is that it is no longer an insurance fund, as the continued economic depression has increased the amount it pays out in benefit far beyond the actuarial mark. Its history resembles that of its English counterpart, except that it first came into existence after the war. When it became obvious that the post-war unemployment problem was permanent, and not to be solved by temporary doles, a contributory scheme was set up in 1920, to whose funds employers, workers and the State were each to pay one-third. This scheme, modified by no less than 25 amendments, is the framework of that now in existence, though the obligation of the State to contribute, except in cases of emergency benefit, nominally ended in 1925. In practice, however, the State is not relieved from the burden, because it advances money to cover the deficit of the fund, and, as no sinking fund exists, these advances must for the present be treated as contributions. Emergency benefit, the burden of which is born by the provinces as well as by State, employers and workers, is contributory only in the sense that a kind of local rate is levied on employers and workers in addition to their ordinary contributions, according to the local degree of unemployment.

The insurance nature of the fund, therefore, is destroyed by the fact that it has had to meet more than actuarial risks, and that it has an outside source of subsidy in the State. Its second difficulty, common again to all insurance funds, is the possibility of its provisions being so abused as to add considerably to its risks. The terms of contribution and benefit vary according to the weekly wage of the beneficiary, and the amount received in benefit may not exceed 80 per cent. of the wage. Further, in emergency benefit, which resembles British "transitional" benefit, and is payable on the discretion of the local District Industrial Commission when an insured person has to his credit insufficient contributions to entitle him to ordinary benefit, the amount received must not exceed 80 per cent. of the ordinary benefit. Owing to these provisions, one form of abuse, the drawing of larger sums in benefit than would be earned by work, has in Austria been partly avoided, but owing to the inclusion of land workers in the scheme another has arisen in country districts, where the peasants, who have always lived in the winter on what they earned in the summer, have discovered that a welcome and unexpected addition to income may be obtained by working during the summer at an insurable occupation and drawing benefit during the winter.

The long-drawn-out depression, and the possibilities of abuse, have combined to destroy the scheme's actuarial basis, and to make it, as in England, a charge on the public funds. Dr. Edmund Palla, secretary of the Arbeiterkammer in Vienna, estimates that in 1931 no less than 235 million schillings will be required. Expenditure under the scheme, unless the alterations of the new Bill are accepted, will come under four heads; for ordinary benefit, payable to those who are qualified by 20 contributions in the preceding year, 150 million schillings are needed. Of this sum, under present conditions, 50 millions would have to be paid by the State. Emergency benefit will require about 54 millions, of which the State would pay about 9, the provinces 18, and employers and insured persons 14 each. *Altersfürsorge*, which in the absence of old-age pensions is paid to unemployed persons of more than 65 years of age, will need 30 millions, to be covered by 15 millions each from employers and workers, in the form of extra local charges like those for emergency benefit. The fourth item is administration costs, estimated at one million schillings.

The restoration of the Unemployment Insurance Fund to solvency is to be attempted through the exclusion of all "extraordinary" risks. It is proposed to begin this by making ordinary benefit payable out of contributions from employers and insured persons alone. (The State's previous advances to the Fund are also to be repaid.) The number of contributions entitling to benefit is to be raised from 20 to 26 in the previous year, or 52 in two years. Emergency benefit is to be removed from the province of the District Industrial Commissions altogether, the proportion contributed by the provinces is to be increased from one-third to one-half, and a dole, giving up all pretence to being insurance benefit, is to be paid by the central Government on terms decided from time to time by itself, but not to exceed 75 per cent. of ordinary benefit. Agricultural and seasonal workers, and persons under 18 years of age, are to be excluded from the scheme.

The chief difficulty in the way of carrying through these reforms is that they are incorporated, as part of a general scheme for restoring the social finances, in a Bill which is to bring in the two new kinds of social insurance mentioned above. It is on the clauses dealing with these points that the Bill as a whole will stand or fall, and these new insurances are likely to meet with considerable opposition. The cost of the new services is estimated at 50 million schillings; and in an attempt to prevent the contributions required to meet this from increasing the net burden falling on industry, 20 millions are to be saved by restricting benefits in the sickness, accident and salaried workers' insurance schemes. The further 30 millions are to be saved by relaxing the labour laws, i.e., overtime pay is to be reduced from time-and-a-half to time-and-a-quarter, the week's pay given to a workman when he falls ill is to be abolished, and there is to be a reduction in the amount and an increase in the qualifying time for the *Abfertigung* or lump sum to which salaried workers are entitled on leaving.

These are the main outlines of a Bill whose passage will be obstructed by all the parties affected by it, except by the Government which introduces it. The employers will object to paying increased contributions for the new services before they feel the benefit of the proposed economies which they are to gain through alterations in the labour laws, for the latter can only be obtained through the alteration of existing collective agreements. Organised labour also complains that it obtains little return for the sacrifices it is called on to make, while the benefit societies are likely to protest against the clauses which limit their activities so as to keep them strictly solvent. Finally, the salaried workers are asked to make considerable sacrifices, with no return except a small lowering of their contributions, in order to release funds for the benefit of manual labour.

Besides the objections of interested parties, there are two important questions of principle to be considered. One is peculiar to the Austrian system of finance. Workers who have exhausted their claims to benefit have to be supported by the provinces and municipalities, and the relations of these to the State and to one another are in financial matters very delicate, all taxation being carefully apportioned between them. It is felt that if the reorganisation of unemployment insurance throws a further burden on the provinces the *Finanzausgleich* or balance between them and the State will be upset, and this would lead to a serious crisis in internal politics. The second question concerns the right of the State to retain a decisive say in the direction of policy by having a third of the seats on the reorganised local boards, and appointing a State official as their chairman, while being released from all obligations to contribute to the Fund.

The fate of the Bill should be watched in England with interest not only because Austria is adding to her social services at a time when most countries shrink from doing so, but also because she is proposing to reorganise unemployment insurance on lines which might be equally well followed in England, if the insurance character of the British scheme is ever to be restored. The discussion over the Bill should also prove valuable if it produces constructive suggestions as to the relation to insurance and to State relief of those whose claim to insurance benefit proper has expired.

Notes of the Week.

Parliament Resumes.—Reassembling on Tuesday after the Easter recess, the House of Commons entered upon a week's programme sufficiently interesting to divert attention from the problems of the approaching Budget. Overshadowing the other events of the week was the Conservative censure motion on unemployment policy moved by Mr Baldwin on Thursday. Earlier in the week the opinion gained ground in some quarters that a Government defeat was likely, owing to the probable depletion of the Government lobby through the abstention of left-wing malcontents and a possibility of a substantial number of Liberals insisting upon recording their dissatisfaction with the ineffectiveness of the Government's policy. Moreover the threat from the Liberals seemed to be definitely increased by the bad impression made by Mr Greenwood's statement on the Housing position in the debate on Tuesday, when it was pointed out that of the Wheatley Act programme of 150,000 houses only one-third had been built in 1930, and this at a time when unemployment in the building trades was rife. The same Minister's Town Planning Bill, debated on Wednesday, had, however, a better reception on the Liberal Benches, and removed something of the acuteness of the feeling that support of the Government was becoming intolerable. Moreover, with many Liberals the deciding factor must have been the realisation of the serious consequences of turning the Government out on the eve of the introduction of the Budget. The Liberal dilemma was formidable, but the decision of the majority of the party to support the Government is to be welcomed on public grounds. Mr Baldwin's motion, if it was to be regarded as a serious attempt to bring about a general election, should have been postponed until the Budget had been presented and the essential Budget night resolutions passed, enabling revenue collection to proceed. Moreover, unless the motion was to be regarded as a mere manoeuvre, reckless in its neglect of possible consequences, it would have been more logical for Conservatives to attack the Government on the charge of extravagant expenditure, than to attempt to unite the two Oppositions in arraigning the Cabinet for failure to deal with a problem on whose means of solution Conservatives and Liberals differ profoundly.

France and the Chequers Visit.—The tension which has again arisen in the international situation on the Continent can be measured by the significance which is apparently being attributed, both in France and in Germany, to the date which has been finally fixed for the visit of Dr. Brüning and Herr Curtius to Chequers. Out of various alternative dates that were offered, the two German statesmen have chosen June 5-9th; and it is understood that the choice of this date, in preference to a date preceding the May meeting of the Council of the League, has been purely spontaneous on the German side, without any promptings from abroad. All statesmen at all times suffer from a plethora of engagements; home affairs are apt to take precedence over foreign affairs—not because they are more important in the long run but because their influence on the political position of statesmen makes itself felt more immediately—and this is the consideration which has led Herren Brüning and Curtius to make the choice of date which they have made. Yet in spite of this fact, which is public property, the postponement of the German visit to England until after the League Council meeting has been celebrated in some organs of the French Press as a French diplomatic victory, and therefore, automatically, in some German newspapers as a German diplomatic defeat. This portentous interpretation of a matter-of-fact arrangement, which really has no international implications, would be amusing if international relations in Europe were not—as unfortunately they are—in a state in which even the slightest additional

adverse factor has to be taken seriously. From this point of view, we have also to regret certain passages in the speech which the President of the French Republic, Monsieur Doumergue, delivered on April 9th at Nice, just before his departure for Tunis. Evidently the President's words would not have been uttered if they had not expressed the considered view of a majority of his Cabinet and of "official circles" at the Quai d'Orsay. The President referred to the proposal for an Austro-German Customs Union as "a sudden and disconcerting event, the present importance and further consequence of which must not be under-estimated"; and the thesis which he enunciated was that, so long as the League of Nations had not at its disposal a military force—an organised international force—strong enough to impose its decisions upon recalcitrants, France must not allow her own material strength to be reduced below the level dictated by her need for security and for the integrity of her home and overseas territories. This pronouncement not only bodes ill for the prospects of the Disarmament Conference. It is also startling because it is a reversion to Marshal Foch's proposal at the Peace Conference of Paris for what would amount virtually to an international army to be maintained, under French control, in order to perpetuate by force "the system of Europe" which France finds to her liking. It represents a revulsion from the whole tendency of the last dozen years, during which we have been gradually moving away from the conception that security can only be based upon military foundations. This is ill hearing. We must take what comfort we can in the resumption, this week, of the conversations between the naval experts in London.

A New Premier in Japan.—The Japanese Prime Minister, Mr Hamaguchi, who was the victim of an attempt at assassination last November, and has since been making a gallant struggle to take up the burden of his office again, has now bowed to the inevitable and resigned from the premiership and the leadership of the Liberal Party. There will be general sympathy for the gallantry of a statesman who has made so determined an effort to ignore the frailty of the human body when he had barely escaped with his life from the assassin's bullet. At the same time, Mr Hamaguchi's actual inability to conduct the affairs of State in his present condition of health was beginning to produce a certain embarrassment and confusion in Japanese politics; and it is satisfactory from every point of view that he has found a successor who is acceptable as a leader to all sections of his party and as a Prime Minister to the Emperor and to the Japanese nation at large. The choice has fallen upon Mr Wakatsuke, whose name became familiar to the world when he was head of the Japanese delegation to the London Naval Conference last year. Last Saturday it was announced that, in recognition of his services in that capacity, he had been raised to the peerage and the same evening it was made known that he had accepted the leadership of the Liberal Party (Minseitō). The new Cabinet, under his presidency, will be installed next week. His leadership is acceptable to all sections of the party, which would apparently have been split if any other of the proposed candidates for the leadership had been adopted by the majority. Moreover, Baron Wakatsuke's accession to office is welcomed by bankers and business men, who feel that he has the strength and the experience to guide Japan through the present economic depression. The depression hits Japan severely. An industrial country, depending on an increasing industrialisation and a perpetual expansion of foreign markets in order to maintain a population which is at present growing at the rate of three-quarters of a million a year, Japan finds herself affected simultaneously by the contraction of the American market for her silk and by the dislocation of the China trade owing to the fall in silver. In such circumstances Japan feels that she cannot afford political uncertainties. Hence the relief at the news that the recent political interregnum (as it virtually was) has now been brought to an end.

Australian Debt Relief.—On Wednesday night Mr J. H. Thomas announced in the House the terms of a new debt agreement between the Imperial and Commonwealth Governments. During the war, the Imperial Government made advances amounting to £92,480,156 to the Australian Government for war purposes, and in 1921, when terms of repayment were discussed, Australia insisted upon bearing the whole cost of her war effort. This principle was embodied in the Funding Agreement of 1921 between the two Governments, which provided that repayment should be at the rate of 6 per cent. per annum, of which £4 18s. 4d. per cent. represented interest, and the remaining £1 1s. 8d. amortisation, which meant that the whole debt would be discharged in 36 years. This scale of repayments was easily kept up until the present trade depression. The fall in primary commodity prices and the cessation of the influx of capital into Australia involved the Dominion in difficulties which are familiar to all. Recently the Commonwealth Government has felt impelled to ask for a reconsideration of the question. Their original request was for a reduction in the rate of interest, an extension of the period of repayments of the principal, and the funding of the half-yearly instalment due on March 31st last. The Imperial Government were unable to concede all these demands, and Australia was reminded that England, too, had her difficulties arising out of the trade depression. In the end, it has been agreed that the Commonwealth may postpone four half-yearly payments, amounting to about £814,000 each, on account of sinking fund. This means not an increase in the amount of future annuities, but a prolongation of the period of repayment by two years. The Commonwealth Government, in accepting this proposition, held that there were good grounds for a further extension, but the Imperial Government pointed out that this would not afford any immediate relief, and expressed the hope that by 1933 the economic position of Australia would have so greatly improved as to render any further revision unnecessary. Meanwhile, the postponement not only relieves the Commonwealth Budget of an annual charge of over £1,600,000 sterling, but also of the exchange losses which would have been incurred in remitting this sum. Thus the Imperial Government have made a friendly gesture to Australia, and there is little doubt that, if conditions have not materially improved by 1933, the gesture will be repeated. On the other hand, there is no need to take so despondent a view at present. As a table in the latest Department of Overseas Trade report on Australia shows, Australia's trade balance is subject to wide fluctuations from year to year, and though 1929-30 witnessed a downward swing, the balance was not so bad as in several other post-war years. Moreover, wool prices have already turned the corner, and, with the general rise in the business curve which should be well under weigh in two years' time, Australia should not find the full scale of repayments an intolerable burden, provided that in the meantime she succeeds in carrying out the necessary measures of retrenchment and readjustment of her internal economy.

Sunday Entertainments.—Early next week the second reading is expected of the Sunday Performances (Regulation) Bill. The Bill, as it stands at present, empowers county councils to grant Sunday opening licences for the purposes of musical entertainments, cinematograph entertainments, exhibitions and debates, provided that they have previously passed a resolution to the effect that it is expedient that Sunday opening licences should be granted in their area. Such a resolution may not be passed unless the council concerned is satisfied that there is in the locality a substantial demand for Sunday opening, and fourteen days' notice must be given during which the council is required to "have regard" to any representations made to them on the subject. The Bill provides for an alternative free day for employees, and it requires the profits from Sunday cinematograph entertainments to be paid to charities approved by the councils. This Bill is designed to legalise a practice which has persisted for years, but which a recent judicial decision has declared to be in contravention of the Sunday Observance Acts. It is clearly desirable to put an end to deliberate

law-breaking and to remove a ban placed upon actions which a large part of the nation has come to regard as reasonable and proper. Whether it is wise to retain in any form a right on the part of a majority—which has in practice fallen into disuse—to dictate to a minority how it may spend its Sunday is open to question; but if, in view of the strong views that have been expressed on both sides or because of the complicated economic questions involved in the case of, say, theatres, Parliament hesitates to repeal the Sunday Observance Acts altogether out of hand, there is very much to be said for leaving the matter in the hands of local authorities. In these days of easy transport the hardship imposed upon a minority who wish to enjoy Sunday entertainments having to seek it outside a particular local area is not a very serious affair and such world stirring questions as to whether a particular form of entertainment is "theatrical" or "musical" are surely matters for local bodies and not for the Imperial Parliament.

Count Bethlen's Ten Years.—Our Buda-Pest correspondent writes:—Count Bethlen, although only 56 years of age, is the senior Premier of Europe, having held un-interrupted office for ten years as Prime Minister of Hungary. His first Ministry was formed on April 15, 1921, when Hungary was on the verge of collapse owing to the ravages of unsuccessful war, the Bolshevik revolution and the Roumanian occupation. Inflation was at its height and the economic resources of the country were depleted. Count Bethlen soon realised that only a common-sense policy could save his country. It was not an easy task to make the Hungarian people realise that the situation created by the Trianon Treaty had to be faced. The ill-fated attempt of King Charles to regain his throne in the autumn of 1921, which nearly brought the armies of the Little Entente into Hungary, was resisted by Count Bethlen, and with the good will of the Great Powers Parliament dethroned the Hapsburg dynasty. The question of the throne is not in the forefront of Hungarian politics. Count Bethlen has stated clearly several times the attitude of his Government that the throne will be filled when the nation, free of foreign interference, can express its will by its only constitutional authority—Parliament. Count Bethlen showed real statesmanship when he succeeded in securing the economic and financial reconstruction of his country through the League of Nations. After having restored law and order, he obtained the help of the Great Powers through the auspices of the League to issue an international loan of 250 million gold kronen, which enabled Hungary to stabilise its currency and to balance the Budget. Count Bethlen wholeheartedly co-operated with the League authorities, notably with Mr Jeremiah Smith, the tactful General Commissioner of the League in Hungary. The League of Nations' control was discontinued in 1926, and the complete financial sovereignty of Hungary was restored at the Hague in 1930, when Count Bethlen succeeded in settling all claims and counter-claims arising out of the Trianon Treaty. By his work of reconstruction Count Bethlen deserves well not only of his country but also of Europe as a whole, because his policy has contributed in no small degree to the pacification of Europe. While pursuing a policy of common sense and peace based on economic co-operation with the rest of the world, Count Bethlen has never failed to emphasise that Hungary is not reconciled to the Trianon Treaty, which placed 3.5 million Hungarians under the rule of Roumania, Czechoslovakia and Yugoslavia. But Count Bethlen is a man of realities, and he knows that Hungary's grievances under the peace treaties can be remedied only by peaceful methods; and his great achievement is that he has made the people realise this. The political stability which Hungary has enjoyed under the leadership of Count Bethlen, amidst the rapidly changing administrations of Central Europe, has greatly contributed to the process of recuperation which began in 1924 with the League reconstruction scheme. At the end of the first decade of Count Bethlen's administration urgent problems await solution in Hungary. There is little doubt that the coming general election will return Count

Bethlen to power, so that he will turn his attention to the pressing economic and financial problems such as the balancing of the Budget, the marketing of the agricultural surplus, etc. Count Bethlen has often been described in the international Press as a dictator like his friend, Signor Mussolini. But this is not correct. Although the vote by open ballot practised in the agricultural districts is used as an argument against Count Bethlen, it should not be forgotten that Hungary went, not long ago, through a Bolshevik revolution, and that the discontent caused by the Trianon Treaty would give a fruitful field for demagoguery at the time of general elections. Count Bethlen's policy of moderation has undoubtedly served the interest of Hungary as well as the peace of Europe, and friends of order and progress can only congratulate him at the end of the first decade of his administration and wish him well for the future.

The Ukrainian Minority Committee.—The first meeting was held in London on Thursday of the Committee of Three which has to consider petitions sent to the League of Nations from the Ukrainian minority in Poland. Mr Arthur Henderson, the Foreign Secretary, is the Chairman of this Committee, which has been established in accordance with the League's procedure for dealing with the grievances of national minorities under the Minority Treaties. The present complaints of the Ukrainian minority in Poland originate in the troubles with the Polish authorities last autumn, which, in turn, followed earlier disorders in the Ukraine during the summer of 1930. But these disorders were mainly local in character and largely the work of individual hotheads and malcontents, who gave vent to their dissatisfaction, for example, by acts of incendiarism; whereas the Polish punitive activities were visited on the local population as a whole, and took the form of beatings on a large scale, the destruction of the premises and stocks of scores of Ukrainian co-operatives, and similar measures. According to reliable sources, this treatment was meted out to scores of villages and hundreds, if not thousands, of individuals in the Ukraine. The Committee of Three, which will have to investigate the entire question, is thus charged with a complicated and difficult task. A satisfactory solution is of the utmost importance to Poland, whose international standing, political, economic and financial, is adversely affected by such disorders; to all the minorities of Eastern Europe, whose faith in the League as an instrument of justice and fair dealing has been severely shaken by its past shortcomings in minority affairs; and, consequently, to the prospects of international peace. It is not improbable that severe pressure will be brought on the Committee of Three to let sleeping dogs lie; but it is to be hoped that Mr Henderson, whose successes at the Foreign Office have already been notable, will courageously take the more difficult path marked out by considerations of justice and humanity.

The Shipbuilding Slump.—Lloyd's Register shipbuilding returns for the first quarter of 1931, issued this week, make depressing reading. During the past three months less than 33,000 tons of new work was put in hand in this country, as compared with 209,000 tons commenced abroad; and tonnage under construction in British yards now amounts to only 694,000 tons, as compared with 909,000 tons at the end of last year and 1,615,000 tons a year ago. The decline in shipbuilding in foreign countries, thanks in large part to policies of subsidy, has not been nearly so severe, and the British percentage of the world total of work in hand has now fallen to 34.7, as compared with 49.4 a year ago and 57.2 in the last year before the war. The total tonnage building in this country still includes nearly 300,000 tons of tankers; and as this residue of the 1929-30 boom in construction of oil-carrying vessels is worked off, total work in hand may be expected to show a further decline. In view of the present position and prospects, it is significant that the Shipbuilding Employers' Federation has invited representatives of the shipyards trade unions to a conference on April 24 for the purpose of discussing the position of the industry.

The Far East Cotton Mission.—Certain details are available of the conclusions reached by the Cotton Mission which has recently completed an extensive visit to China and Japan, together with Hong Kong, Colombo, Penang and Singapore. To a large extent their conclusions are familiar enough. They insist upon Lancashire's dependence upon her foreign markets, and call attention to the fact that her 1930 production was probably less than half that of 1912. Coming closer to their subject, they state that whereas British exports to China and Hong Kong averaged 587,000,000 yards a year in 1909-13, in 1930 they only amounted to 69,000,000 yards. Moreover, in 1913, British exports to those markets were four times the value of Japanese exports; in 1930 they were only one-sixth of the value, and one-ninth to one-tenth of the volume of Japanese exports. Having stated the facts, the Mission proceed to give explanations. One is the poverty of the Chinese to-day, which means that they can only buy the cheapest goods and can pay no attention to quality. Another is the fact that at every stage—from the purchase of raw cotton up to and including the packing of the finished cloth—Japan has an advantage in costs over Lancashire. At some stages the advantage may be small, but the cumulative effect is considerable, and the Mission goes into considerable detail on this matter. A third explanation is that the present system of marketing British goods in China is far from satisfactory. Here again considerable detail is given, but one important factor is that, except in a few established lines, Lancashire goods can only be obtained on indent with a delay of at least four to six months. Japan apparently carries better stocks in China, and, apart from this, stocks can be replenished from Japan at short notice. Thus the Mission feels strongly that a radical reform of marketing methods is needed, and that it is essential that adequate stocks should be carried in China. On the other important question of the difference between Lancashire and Japanese production costs, the Mission can speak only in general terms, but the report is an important piece of evidence in support of the urgent need for bringing British costs into line with those of other industrial nations.

Cotton Trade Problems.—Our Manchester correspondent writes:—The proposals of the Joint Committee of Cotton Trade Organisations relating to surplus production have not met with any enthusiasm in trade circles. In a long statement made by the Joint Committee it is asserted that the time has arrived for a definite programme of action. It is pointed out that the costs of production in Lancashire are higher than in other cotton industries, and that the industry in this country is mainly dependent on export trade. There is no reason to suppose that the cotton industries of other countries will become less competitive, and under present conditions "our productive capacity in the immediate future will largely exceed the demand for our goods as it has done during the last ten years." It is stated that this surplus of productive capacity has contributed to Lancashire's distress, since the internal competition of numerous individual firms has resulted in uneconomic selling and in consequent heavy losses. It is pointed out that means must be found to restore harmony between productive power and prospective demand, and instead of continuing the effort to find employment for all the firms now in existence, and for all the operatives now nominally dependent upon the industry, Lancashire must consider whether it would not be wiser to concentrate production upon the best of the existing machinery and to give full and steady employment to a smaller number of people. The Joint Committee believes that the first step towards any form of reorganisation or towards trade recovery is adjustment of productive capacity to its present and prospective needs. As the detailed basis of such an adjustment cannot be formulated without accurate and complete information, the Committee recommends that an investigator or investigators should be appointed with statutory powers of inquiry, whose duty it should be to secure information for the use of the Committee in preparing a scheme for maintaining a closer relation between capacity and demand. Throughout Lancashire there are thirteen

organisations affiliated to the Joint Committee of Cotton Trade Organisations, and the several associations are now considering the proposals of the Joint Committee. If this suggestion to reduce machinery is carried out it is understood that the scheme will provide for compensation to be paid to those firms which are to be eliminated. This fund will be created by those firms that decide to carry on. For the scheme to be effective it must be surmised that about one-third of the cotton machinery now in existence will have to be scrapped, and it is estimated that a fund of not less than £6,000,000 will have to be raised in order to achieve success. It would be of distinct advantage to the industry for a smaller amount of machinery to be running full time than for the present spindles and looms to be working from 50 to 60 per cent., as under such a change standing charges would undoubtedly be reduced. On the other hand, if the industry is made profitable by eliminating internal competition, Lancashire prices will be higher than to-day, and therefore producers will be in a worse position when competing against other countries. More and more people are becoming convinced that Lancashire can obtain relief only by a material reduction in production costs. Such a development can be achieved by lower wages, longer hours, more modern methods of production, better selling systems and the elimination of middlemen. The proposal which was put out some months ago for the purpose of fixing marginal rates for yarns has not yet been abandoned. In connection with this movement there were different schemes for the American and Egyptian sections. It is now suggested that the two branches should work together, and at a mass meeting of spinners of Egyptian cotton in Manchester this week it was decided to ask the Federation of Master Cotton Spinners' Associations to set up a committee, including representatives of the Egyptian and American sections, to examine the possibilities of a joint convention for the regulation of the trade, and that such committee should obtain from the trade a decision as to the desirability of obtaining from the Government statutory powers for the enforcement of such convention. When similar proposals have been before the trade on previous occasions it has not been possible to secure adequate support to enable the promoters to proceed.

Iron and Steel Production.—The figures of iron and steel production just issued by the National Federation of Iron and Steel Manufacturers do not yet show any definite signs of improvement, but the downward movement appears to have been stayed, and perhaps the industry—like so many others—may be said to be "bumping along the bottom." The output of pig iron in March was 357,100 tons, or a daily rate of 11,500 tons, compared with 318,200 tons, or a daily rate of 11,400 tons in February, and 665,800 tons (daily rate of 21,500 tons) in March, 1930. Three furnaces resumed operation during the month, but as three also went out of blast, the number of furnaces blowing at the end of the month was the same as at the beginning, namely, 81. Steel production in March amounted to 500,100 tons; allowing for the longer month, a slightly lower rate than in February (486,400 tons) and considerably lower than March, 1930 (826,100 tons). That imports of iron and steel should exceed the exports is now a common feature of the trade returns, and it is unlikely to be reversed until buying is resumed on a larger scale from India, Australia and other big consuming markets. Imports of iron and steel in March amounted to 210,500 tons, a rise of 33,000 compared with February, the chief items responsible for the rise being billets, blooms and slabs, which rose by 13,000 tons to 39,300 tons, and sheet and tinplate bars, which rose by 18,000 to 46,200 tons. Exports of iron and steel rose from 143,500 tons in February to 170,300 tons in March, chiefly owing to a rise of 16,000 tons to 20,000 tons in the export of rails, 12,000 tons of which went to South Africa. The following table, which brings out very clearly the change that has come over the industry in the last twelve months, compares the production of pig iron and steel and imports

and exports in each month in the first quarter of 1930 and 1931:—

PRODUCTION, IMPORTS AND EXPORTS OF IRON AND STEEL.				
1st QUARTER, 1930 AND 1931.				
	Fig.	Production.		Foreign Trade.
		Pig.	Steel Ingots and Castings. (In Thousands of Tons.)	Imports. Exports.
1930:				
January	650.0	771.1	310.3	351.8
February	607.0	776.4	259.4	294.3
March	665.8	826.1	280.9	337.7
Total	1,922.8	2,373.6	850.6	983.8
1931:				
January	337.2	402.2	221.8	167.4
February	318.2	486.4	177.1	143.5
March	357.1	500.1	210.5	170.3
Total	1,012.5	1,388.7	609.4	481.2

Production of pig iron in the first quarter this year has declined by 47 per cent., of steel ingots and castings by 41 per cent. Imports of iron and steel are 28 per cent. less than in the corresponding period last year and exports 51 per cent. less.

Joint Stock Companies in Germany.—In the March number of *Wirtschaft und Statistik*, the Statistisches Reichsamt has published an interesting analysis of German joint-stock companies. The following table, which shows the total number and capital of German companies, illustrates strikingly the results of rationalisation during the past five years:—

NUMBER AND CAPITAL OF GERMAN JOINT STOCK COMPANIES.									
	Total number of companies.	Total nominal capital.	Average capital per company.	Companies with a capital below 500,000 R.M.		Companies with a capital of 500,000 R.M. but below 5,000,000 R.M.		Companies with a capital of 5,000,000 R.M. and above.	
					Nominal capital.		Nominal capital.		Nominal capital.
		Mill. R.M.	Mill. R.M.	Number	Mill. R.M.	Number	Mill. R.M.	Number	Mill. R.M.
End 1925	13,010	19,121	1.47	...	...	...	...	...	...
1926	12,343	20,655	1.67	...	...	...	...	...	...
1927	11,966	21,542	1.80	7,408	987	3,860	5,768	698	14,787
1928	11,690	22,885	1.96	7,053	958	3,877	5,774	750	16,153
1929	11,344	23,728	2.09	6,729	941	3,852	5,772	763	17,015
1930	10,970	24,189	2.20	6,437	925	3,751	5,622	782	17,642

While the total capital invested has been continually increasing since 1925, the number of companies shows a marked decline, and the average capitalisation has increased by over 33 per cent. The decrease in the number of concerns has been most pronounced in the case of those with less than 500,000 Rm. capital, while firms with a capitalisation of 5 million Rm. and above have not only increased in number, but their capital has risen by more than 16 per cent. since 1927. At the end of last year companies with a capitalisation of 5 million Rm. and above accounted for no less than 73 per cent. of the total capital invested, while the proportion of capital represented by the small firms was only 4 per cent. This analysis shows how the efforts made by Germany to achieve greater efficiency in the organisation of trade and industry have led to an increasing concentration of activity in larger units.

The Kent Coalfield.—Sewers and drainage are not commonly regarded as agents for the preservation of natural beauty, yet it appears from a paper recently read before the Royal Society of Arts, by Professor L. Patrick Abercrombie, that in the dependence of the human race upon these necessary adjuncts to a gregarious existence lies the best hope of preserving East Kent from an eruption of mining villages. The neighbouring watering-places, in which it appears that more capital is invested in the provision of holiday amenities than is likely ever to be invested in the new coalfield, derive their water supply from the chalk in East Kent, so that building in the new coalfield will have to be controlled in such a way that all drainage is connected with a main sewer, and happily the local authorities will by no means be able to afford a main sewer in every valley. Thus, instead of pithead villages,

the Regional Planning Committee is contemplating either one large central town, which would offer far better amenities to the miners, or, if that proves impracticable, five or six towns of twenty-five to thirty thousand inhabitants each. The Committee, with the support of an Advisory Committee which was started as a result of the initiative of the late Archbishop of Canterbury, under the chairmanship of the late Lord Milner, in which the Ministries of Health and Transport, industrialists, labour, landowners, the public, and local authorities are represented, has already drawn up a plan, but owing to the impossibility of determining in advance the order in which the pits will be worked and the ultimate destination of the coal, this is in many respects incomplete and provisional. Two things seem clear, however: one is that more attention is being given to zoning, to the preservation of rural areas and to the prevention of undesirable housing developments than has ever been given before in the opening up of a new industrial area; the other is that the greatest foresight and watchfulness will be needed if this commendable effort is to succeed and a great industrial development to be achieved with a minimum of disfigurement to the country and a maximum of economy and comfort to the persons involved.

Standard Life Assurance.—During the past generation the Standard has effected a complete re-orientation of its business. Time was when the company was identified almost entirely with business in the Dominions and in Europe, and so recently as 1913, for instance, 75 per cent. of its new business was derived from outside this country. The war, by seriously interrupting Continental business, probably hastened a change which even before that had been in contemplation, and, shortly after the war, the existing business in ex-enemy countries was disposed of on terms exceedingly advantageous to the company. At the present time no new business is transacted in Europe, and it is now concentrated largely in India, South Africa and Canada. Intensive efforts have been made to cultivate a strong connection in this country, and the financial position has been built up to one of great strength. No information is furnished in the report as to the proportion of new business transacted within and without the United Kingdom, but of the total it is probable that a good deal less than 50 per cent. is now transacted outside this country. In 1930 the total net new life assurance business amounted to £3,141,200, this figure being some £350,000 in excess of the 1929 total. In addition, the company has done much to exploit other sources of business in the form of annuities and capital redemption policies. The amount of consideration money received, for instance, for the purchase of new life annuities during 1930 was no less than £640,000, the 1929 figure being £531,000. Apart from immediate life annuities, which have been encouraged no doubt by the company's recent announcement of an improvement in the rates, the total now includes a considerable amount of premium income derived from the transaction of group pension schemes, a new method of pension provision for staffs imported from America. Under these schemes one group contract is issued to cover the whole staff of a firm, and the employee's contributions are fixed usually at the rate of 1s. per week for every £1 per annum of pension purchased. The employer makes himself responsible for the balance of contribution necessary to secure each £1 of pension, and for the whole of the cost of such pension benefits as are agreed upon in respect of service by the employee prior to the commencement of the scheme. A common feature of these schemes is the issue of a group insurance contract in conjunction with the pension scheme, and the total life business no doubt includes a substantial amount of group insurance. The nature of the company's business is such that an expense ratio rather higher than is normal may be expected, but this item has in 1930 experienced a reduction from 18 per cent. to 16.7 per cent. The company's strength lies in its extremely stringent basis of valuation, which, apart from conservative assumptions as to mortality and expenses, takes credit only for 2½ per cent. interest, whereas in each of the last few years the actual interest earnings have

exceeded 5 per cent. The 1930 report includes a *résumé* of the results of the annual valuation to November 15, 1930, and the results of the last three valuations are as follows:—

	1927-28.	1928-1929.	1929-30.
Surplus earned during the year...	£ 342,617	£ 363,988	£ 374,287
Surplus income transferred from guarantee fund	26,091	30,923	36,944
Brought forward from previous year	34,967	21,811	25,717
	403,675	416,722	436,948
Allocations:—			
To bonuses to policyholders...	281,864	291,005	308,428
„ Guarantee fund	100,000	100,000	100,000
„ carried forward to next year	21,811	25,717	28,520
	403,675	416,722	436,948

The guarantee fund referred to in this table now amounts to £1,650,000 and was created five years ago as security for the issue of £850,000 5 per cent. perpetual stock. This stock, which is nominally secured on the guarantee fund, is, in fact, subject to the prior charge of the policyholders in the inconceivable event of a deficiency arising in the life assurance fund. The rate of reversionary bonus to the policyholders remains the same as before, namely 42s. per cent. on the sums assured and existing bonuses.

World Marine and General.—This company is one of the "Northern" group. The whole of the share capital is owned by the Northern, and the accounts are incorporated in those of the parent company. The total premium income shows a small increase at £356,000, and is divided more or less equally between fire and accident and marine business. Although founded originally for the purpose of marine insurance, fire and accident business was added to the company's activities shortly after the war, but in this field the company has been very much less successful than in its own sphere of marine insurance. In 1929 a fire and accident underwriting loss of £14,945 was experienced, and last year, although the loss was reduced, it is still considerable at £9,264. In its marine account, however, on the other hand, the company has again been able to transfer a substantial sum to profit and loss account, amounting on this occasion to £20,000. Moreover, the 1930 account has so far yielded a very low claims ratio, and at the beginning of the second year there is left in the account a sum equal to 69.5 per cent. of the premium income, compared with 61.8 per cent. in 1929. Allowing for items appearing directly in the profit and loss account, the total net trading surplus works out to £10,550, compared with £13,102 in 1929. After paying in addition to the usual 40 per cent. dividend free of income tax a further 25 per cent. in each of the last two years, the company has now reverted to the normal 40 per cent. dividend for 1930, and this is amply covered by interest earnings. The balance sheet is a strong one, for, as compared with a paid-up capital of £100,000, there is a general reserve fund of £300,000, an investment reserve fund of £83,000, and a profit and loss account balance of £242,000.

Wesleyan and General Assurance.—The quantitative progress of this Birmingham society may be observed from the following table:—

Year.	Ordinary Branch.		Industrial Branch.	
	New Business.	Premium Income.	New Business.	Premium Income.
1926	1,020,324	493,641	2,062,614	1,176,600
1927	1,106,974	526,812	2,511,215	1,157,898
1928	969,236	547,331	2,614,914	1,176,775
1929	1,149,558	568,572	3,322,864	1,195,353
1930	1,108,030	589,545	3,298,440	1,217,700

Thus, during the past five years, the new business of the ordinary branch has remained stationary while that of the industrial branch has increased by over 50 per cent. Comparison of the respective premium incomes reveals, however, a quite different state of affairs, for it is obvious that here the ordinary branch, with a business of a more enduring character, has progressed the more evenly and rapidly. From data given in the 1930 report it appears that

the sums assured in force increased during 1930 by £550,000 and £800,000 respectively, whereas new policies were issued (as shown above) for £1,108,000 and £3,298,000. The comparison affords an indication of the much greater wastage which is a feature of industrial assurance business. The profit-earning capacity of the society's business has during this same period of five years shown signs of expansion. With regard to the interest earnings, the net rate on the combined ordinary and industrial branch fund has risen from £4 16s. 2d. in 1926 to £5 0s. 6d. in 1930. The incidence of expenses has shown a less decided tendency, for in the ordinary branch the 1930 expense ratio at 17.5 per cent. was actually greater than the 1926 figure of 16.7 per cent., while in the industrial branch, although there has been a reduction from 41.3 per cent. to 39.9 per cent., the latter figure is still too high. The society makes an annual valuation of its assets and liabilities, and the actuary's report on the 1930 valuation is embodied in the directors' report. The basis for the liabilities remains unchanged except that further progress has been achieved towards placing the valuation of the industrial branch on a purely net premium basis. The figures relating to both the branches are given below:—

	1928.	1929.	1930.
£	£	£	£
Ordinary—			
Surplus earned during the year	112,911	125,682	131,829
Investment profits realised	1,878	25,462	13,270
Transferred from industrial branch ...	16,600	18,739	21,215
Brought forward from previous year...	69,056	74,890	70,717
	200,445	244,773	237,031
Allocations—			
To Bonuses to policyholders	104,555	111,256	118,290
„ Investment reserve fund.....	...	41,800	30,000
„ Staff pension fund.....	21,000	21,000	10,000
„ Carried forward to next year ...	74,890	70,717	78,741
	200,445	244,773	237,031
Industrial—			
Surplus earned during the year	113,223	139,461	171,143
Investment profits realised	2,061	28,452	14,817
Brought forward from previous year...	26,333	34,617	37,837
	141,617	202,531	223,797
Allocations—			
To Bonuses to policyholders	49,800	56,216	63,645
„ Investment reserve fund.....	...	47,000	35,000
„ Staff pension fund.....	24,000	24,000	40,000
„ Bonus to outdoor staff	16,600	18,739	21,215
„ Ordinary branch	16,600	18,739	21,215
„ Carried forward to next year ...	34,617	37,837	42,722
	141,617	202,531	223,797

In the ordinary branch the same rates of reversionary bonus have been declared as before, namely, 48s. per cent. of the sum assured for whole-life assurances and 42s. per cent. for endowment assurances. In the industrial branch the policyholders were granted in 1927 for the first time participating rights, and it was then decided that future divisible profits should be allocated as to three-fifths to the policyholders and one-fifth each to the ordinary branch and outside staff respectively. The policyholders' portion is utilised each year for the purpose of gradually waiving payment of all premiums after age 65 and so bring existing policies into line with those offered under the society's current prospectus. In accordance with this arrangement the premiums on all those policies benefiting from the 1930 distribution will cease after age 71 provided 21 years' premiums have then been paid. The society is a mutual society, and has therefore no shareholders.

Marine Insurance.—Until two years ago the only information furnished by this company was a highly abbreviated balance sheet. No profit and loss account was published, and the information given did not even include a statement of the annual premium income. The passing of the Companies Act has compelled the company to issue more informative accounts, and for the past two years it has gone to the extreme course of publishing separate underwriting accounts for each of the last three years, the usual practice being to keep open each account only for two years. Thus in the 1930 report the 1928 account has been closed by a transfer to profit and loss

account of no less than £170,000 on a premium income of £868,000. The second year's experience in respect of the 1929 account has not been so favourable, but owing to an extremely good first year there still remains in the account 32 per cent. of the premium income, compared with 32 per cent. in the 1928 account a year ago. The premium income in the now current account, that for 1930, shows a reduction from £829,000 to £756,000. Expenses and first-year claims have absorbed 28 per cent. of these premiums, compared with 24 per cent. of the 1929 premiums in the first year's experience of that account. The normal dividend has been increased from 26½ per cent. to 33½ per cent., and the whole of this is paid to the London and Lancashire, which owns the entire share capital of the company.

The Dunford House (Cobden Memorial) Association announces that the third annual "Richard Cobden Lecture" will be given at the Royal Society of Arts, John Street, Adelphi, on Wednesday, April 29th, at 5 p.m., by Dr. Moritz Bonn, on "The World Crisis and the Teachings of the Manchester School." Sir Herbert Samuel, M.P., will preside.

At a meeting of the Royal Statistical Society at the Royal Society of Arts on April 21st at 5.15 p.m., Dr. E. C. Snow will read a paper on "The Relative Importance of the Export Trade."

The Right Hon. Sir John Simon, K.C., M.P., will, on Tuesday next at 5.30 p.m., take the chair at the first of a course of five weekly lectures to be given by Sir John A. R. Marriott, M.A., on "The English in India, being the Essentials of the Indian Problem." The lectures will be delivered in the University of London, Imperial Institute Road, South Kensington, S.W., and have been arranged by the University Extension Committee of the University.

Overseas Correspondence.

UNITED STATES.

Business Conditions — Public Finance — Money — Prices — Bank Returns.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 3.

WEAKNESS in the security and commodity markets of the past week reflect disappointment that the moderate expansion in business activity during the first quarter was not greater, and doubts as to whether the slight advance made can be maintained. To allay the growing apprehensions that the country is in for a longer period of slack business than it had anticipated, and that conditions may even grow a good deal worse, leaders of the political party in power, from President Hoover down, have taken occasion to say something reassuring about wage cuts and tax increases. In both matters the reassurances are received by the country with a good deal of reserve.

President Hoover finds that employers in the major industries have kept their promises made to him in the autumn of 1929 not to cut wages, and he is urging, by insinuation, at least, that these promises be extended. At the same time there is a feeling that wages in some industries, at least, as, for example, the strongly unionised building trades, must come down before any notable revival can take place. In effect, of course, the wage bill has been reduced by the generally adopted principle of part-time work, enforced holidays without pay, and other devices used by corporations, while maintaining the hourly, daily or weekly wage scale. Numerous large corporations have bluntly cut wage scales, but with a minimum of publicity. Any broad movement toward open reduction in wages as affecting trade unions in im-

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portant industries would meet with forceful opposition. Unemployment in March lessened somewhat, according to the American Federation of Labour, which reported about the usual seasonal fall. Last year employment in March was less than in January.

With regard to taxation, although Congress knows that the only way to secure more revenue is to increase income tax rates on small as well as large incomes, it will probably be inclined to vote a higher scale for large incomes, leaving the small ones unscathed. That was all very well in the prosperous years, but incomes subject to surtax are now much smaller, and it is doubtful whether the revenue could be increased much by attempting to assess them more heavily. Meanwhile, the Treasury can continue its deficit by further borrowing. March income tax collections fell even further than the estimates of the Treasury officials. For the first nine months of the fiscal year the deficit of expenditure over ordinary receipts amounts to about \$800,000,000. This will be the first time since 1919 that the Treasury has had a deficit. Income tax collections for March were \$334,830,000, a drop of nearly 40 per cent. from a year ago. Customs collections have dropped about 35 per cent. for the first nine months. Government administrative expenses have run \$114,000,000 above the same period of a year ago.

The Treasury has just allotted a \$100,000,000 bill issue and has given notice of further borrowing. In May and June \$802,000,000 in bills and certificates fall due, which must be refunded, and probably additional loans will have to be made. Loans for account of soldiers' compensation continue, though at a reduced rate, and they will probably exceed \$750,000,000. Although the Treasury carries on its books an amortisation item in the public debt of \$756,300,000 anticipating the maturity in 1945 of the soldiers' bonus, this is purely a bookkeeping entry and is not public debt in any practical sense of the term. Public debt is, of course, actually increasing with every dollar borrowed by the Treasury on account of these loans and other expenditures. There is some fear that the next Congress, which meets in December, may attempt to extend the payments to soldiers by voting to remit the interest which in theory is charged on the loans now being made. Few pay the interest, but it will be deducted at maturity date of the compensation certificates, and remission of the interest would, in effect, considerably increase the actual cost to the Treasury.

Treasury borrowing has had something to do with holding back corporation capital flotations, which fell sharply this week, but the poor bond market has been the principal factor. This week's statement of the Federal Reserve system shows a rise of \$74,000,000 in daily average currency circulation, due partly to month-end operations and Easter retail trade, and partly to the distribution of cash to ex-soldiers. Firmer call-money rates brought bills to the system's portfolio, increasing total reserve credit outstanding by \$85,000,000. Member banks did not add to their borrowings, and in leading centres they are entirely out of the Reserve Banks. Reserve credit outstanding is at the lowest point since 1924, making allowance for the week's temporary expansion.

On the whole the money market has not been affected much by the Treasury operations, though the shifting of Government deposits, which require no reserves, to private deposits has increased somewhat the reserve requirements of member banks. This has been offset by the further receipt of gold. In the first three months the net gain to the country's gold stock was \$100,000,000, and \$8,000,000 from China and Japan have arrived this month. Gold holdings are now above the highest total previously known, i.e., in May, 1927. New financing, apart from the Treasury issues, was approximately \$700,000,000 in March, according to Federal Reserve Bank calculations. This was three times the February flotations, and the largest total since June, 1930. A good deal more would come out were bond market conditions more favourable.

Industry has fallen back slightly in some directions, and made some progress in others. The steel industry has dropped to about 55 per cent. of capacity, and the

price increases recently announced have apparently failed to stick. Motor buying has been more cautious, and probably will continue so until the spring sales results are known. Railroad traffic, on the other hand, has risen slightly for the third successive week. Business casualties continue heavy and bank clearings are down. The Federal Reserve Board's index of industrial production showed a small rise in February. Commodity prices in March declined, but the rate of decrease was less. Dun's index dropped 0.7 per cent., as compared with 1.6 per cent. in February and 2.3 per cent. in January. Dividend reductions and omissions by corporations continue; they reached a new high level in March, with 115 important reductions and an equal number of omissions.

National and State banks have published statements of condition as of March 25, in response to calls from State and National comptrollers, showing results since December 31. In New York there was a reduction of approximately \$1,200,000,000 in deposits, which cancels the rise from September to December. The decline appears to be more than seasonal, but this is accounted for by the fact that the "float," i.e., uncollected cheques, is smaller, due to inactivity on the Stock Exchange. However, most of the City banks earned their dividends, and only one important institution failed to do so. The margin was small, but prevailing low interest rates made this inevitable.

FRANCE.

Austro-German Agreement — Price Level — Wage Difficulties — Industry.

(FROM OUR CORRESPONDENT.)

PARIS, April 15.

THE Austro-German Zollverein project and the coming presidential election have more than replaced the Budget problem in the mind of the political world as subjects for excited controversy. The announcement that the British Government has made a formal communication to the League of Nations in regard to the Austro-German move has been received with distinct satisfaction here, and has effectively put an end to the stream of anti-British comment on the part of a large section of the French Press, which was previously inclined to regard as unfriendly to this country the negative attitude that was apparently being taken by Great Britain in regard to Germany's bold step. Regret is expressed here that the British Note to Geneva makes no mention in this connection of the Versailles Treaty, which French opinion regards as the corner-stone of the opposition which the former Allied Powers are expected to offer to the proposal.

The immediate effect of the Austro-German announcement appears to have been seriously to prejudice M. Briand's prospects of succeeding M. Doumergue as President of the Republic, and also to have appreciably affected his standing as the mouthpiece of French foreign policy. Germany's defiant policy, as it is regarded here, has proved a blow to this country in many ways, and has undoubtedly caused a severe check—for the moment, at any rate—to the Locarno policy which M. Briand has so long pursued. The harmful effect of the Austro-German step on the Briand European Union project has been all the greater by reason of the unexpectedness of the blow immediately after the check to the Tariff Truce proposal at Geneva, and at a moment when the future of every country's export trade is a source of intense anxiety. The line this country will eventually take in regard to the Austro-German Customs Union project is at present obscure. All that can be said for the moment is that the new development has certainly had the effect of fostering a recrudescence of nationalism in this country and destroying, even to a greater extent perhaps than did the success of the Hitlerists at the recent German elections, much of the good that has been so painfully accomplished since the signature of the Locarno Pact.

The outstanding feature of this country's economic situation now lies in the fact that wholesale prices of

French products are being maintained at an average level of over 50 per cent. above those of imported commodities. The effect of this remarkable situation, taken in connection with the other peculiar and contradictory factors in the country's economic situation, has been to throw the whole French body politic into perhaps worse confusion than has existed since 1914. The absence of any standardised international statistical system renders anything like exact comparison between the situation here and abroad extremely difficult. International statistical shortcomings are apparently to be remedied in the near future, as the result of the effort now being made at Geneva, and this is being ably supplemented by the Government statistical department here, which is now steadily evolving fuller and more satisfactory statistical information.

Unfortunately, as the result of the confusion set up in the public mind by the revaluation of the franc, the French "man in the street" and his wife, to say nothing of the majority of newspaper writers and even a good many politicians, still refuse to recognise even the most accurate statistical data. Even to-day, over five years after stabilisation *de facto* of the franc at its present value, the vast majority of people here still insist on comparing prices in terms of the number of francs involved, and almost totally ignoring the fact that the currency unit is now only one-fifth of its pre-war value.

The last issued general index figure representing the cost of living for a Paris working-class family of four persons is returned as 597 (1914 = 100), against means of 581 in 1930, 556 in 1929, and 519 in 1928. That for food alone is returned as 636, the difference being largely due to the arbitrarily-fixed low rentals still prevailing. The corresponding figures for nine selected typical industrial or agricultural great towns (Amiens, Dijon, Grenoble, Marseilles, Bordeaux, Tours, Angers, Angoulême and Le Mans) vary from 584 to 716 (general) and from 560 to 680 (food alone). The general index figure representing retail prices in Paris at the end of March (which this month for the first time covers 34 articles of common household use, mostly foodstuffs, instead of 13, as in the past) is 630 (July, 1914 = 100), or a drop of 5 points on the month and of 16 since November, as compared with averages of 618 for 1930, 621 for 1929, and 584 for 1928. The general index of wholesale prices (45 commodities) at the end of March is unchanged at 492 (against averages of 543, 623 and 634 respectively for 1930, 1929 and 1928). The general figure for French native products represents a rise of three points, from 557 to 560, while that for imported commodities has fallen from 375 to 370. The figure for foodstuffs (mostly French origin) is 8 points higher on the month (529 to 537), while that for raw materials has dropped from 461 to 453. The general wholesale price figure, reduced to gold, works out at 100 (as for February), or exactly equivalent to pre-war level, as compared with 106 for Great Britain (Board of Trade), 108 United States, 114 Germany and Sweden, 115 Switzerland, 98 Italy, and 95 Belgium.

A sharp struggle is now proceeding between French employers and their respective labour forces (both industrial and agricultural) in regard to wage reductions. The employers insist that, in view of increasingly keen foreign competition (as proved by the foreign trade returns, and by every-day experience in the retail shops), production costs must be brought down. Fractional wage reductions have already been agreed to in the mining industry. In the textile industry the workers have so far refused to accept the proposals put to them. Both industrial and agricultural workers protest against wages cuts on the ground that the cost of living continues to increase. This brings the whole question into the vicious circle constituted by the fact that the cost of living cannot be brought down unless a stop is put to the constant increase of import duties on certain essential products, and that if these duties are reduced, both industry and agriculture would be exposed to keener foreign competition than ever. Figures furnished by the Ministry for Agriculture show that the average price of wheat was 147.43 in 1930, and now stands (good French wheat, at 74 kilos. to the hectolitre) at 180 francs. M. Frédéric Jenny, financial editor of the *Temps*, protests against the existing wide

difference between the index figure representing wholesale prices of French products (chiefly agricultural commodities) and that for imported goods. When the price of wheat in France is nearly three times the price quoted on the international market, he insists, the reasonable limit of protection has been exceeded. "When the work of economic re-equipment has been accomplished," he says, "resumption of exports will become an imperative necessity for French industry, in which event the present protection policy cannot fail to have a harmful repercussion on national activity."

The index figures for industrial production during February, which are issued this week, indicate that the general depression has now reached its turning point. The general figure is returned as 133 as for January (1913 = 100), against a mean of 140 for 1930. The individual figures for six of the nine industries covered remain unchanged. That for the leather industry has risen a point, that for the rubber goods industry is 22 points higher (to 925), and that for motor-car construction 7 points higher (to 598) on the month. Bankruptcies in March were 607, against 558 in February and a monthly average of 521 last year. Unemployment returns for the week ending April 4 indicate that the total number in receipt of relief pay was 51,500, or 685 more than in the previous week. The total on the dole in the capital itself was 262 fewer, while the suburban total was only 40 more.

GERMANY.

Grain Markets and Protection — Unemployment — New Berlin Officers — Insurance Failures — Iron and Steel Output.

(FROM OUR CORRESPONDENT.)

BERLIN, April 15.

SINCE the tariff reforms of last year the German grain markets have lost all connection with developments in the world market. Though it proved impossible to maintain the price of rye during the autumn and early winter, this was due to internal reasons: the overestimate of the crop, the difficulty of accustoming cattle raisers to use rye as fodder, and so on. During the last three months the tendency of both rye and wheat prices on the German market has been upwards. Wheat in Berlin is now about Rm. 290 per ton, against Rm. 250 at the beginning of the year, and rye is 190 compared with 150 at the beginning of the year.

The Government are contemplating these developments with anxiety, for two reasons. The rise in the price of bread, to which the rise in grain prices, if continued, must inevitably lead, would be in sharp opposition to the Government's policy of reducing wages and of at least avoiding any rise in the cost of living. To this end the Government not only allowed the Reichstag to place them under an obligation so to exercise their power of altering Customs duties as to prevent the food index from rising above 133, but even accepted the additional obligation to keep the price of bread down to the level which obtained during the six months before the law came into effect. The Government are thus legally required to do what they can to prevent a rise in bread prices, and they are moreover anxious to do this in the interests of their agrarian protective policy, which they fear would be brought into serious disrepute if bread prices were to rise at this time of general distress. There is also the consideration that, as the farmers have for the most part already sold their grain, the price increases mainly benefit the merchants and millers.

Some weeks ago the Government made an attempt to force down rye prices, but as they would not use their own stocks, bought last autumn, which they wish to keep as a food reserve for the rest of the crop year, this intervention was unsuccessful. The Government have also reduced the quota of home-produced wheat which millers are required to buy from 65 to 50 per cent., but with a duty that is nearly as high as the domestic price that is ineffective; no wheat is imported except what is absolutely indispensable on grounds of quality.

The only measures which would be effective would be, as regards rye, an increased import of fodder, which could be brought about either by a reduction of the duty on barley or by manipulation of the maize monopoly; as regards wheat, a reduction of the duty. The Government seem reluctant to do either, presumably because they fear that it would create prejudice against their tariff policy and rouse violent opposition among the farmers. There is also the danger that a change in the wheat duty would lead to a laying in of stocks which might overburden next year's markets. This consideration has led to a revival of the demand for monopolistic control of wheat imports, but the opposition to such a plan, whether in the form of a State monopoly or of a limited concession to privileged merchants, is very strong.

The second half of March saw the first substantial decline in unemployment since the winter, from almost 5 millions to 4,756,000. Last year the corresponding decline was somewhat greater, but this year a larger part of it occurred among those groups which do not owe their improved employment wholly to seasonal influences. It is not yet, however, safe to infer from the unemployment figures that any real improvement in trade has taken place, for even the textile industry, which has a large share in the increased employment, is greatly influenced by seasonal factors, and the fall in unemployment in those occupations which reflect general business conditions exclusively is still extremely small.

Now that the City of Berlin has had its constitution modified by the Prussian Landtag it has proceeded to elect new officers. It was high time for such an election, for the offices of Chief Mayor and Financial Adviser have been vacant since the Sklarek scandal, but there is every reason to think that the right men have now been chosen. For the Chief Mayoralty the city has secured the services of Herr Sahm, who was formerly at the head of the Free State of Danzig, but had to resign his office, although his own political leanings are in a rightward direction, on account of a conflict with the Right. The steadfastness of character which he showed on that occasion will stand him in good stead in Berlin, for the prolonged lack of firm leadership has allowed party interests to gain more influence than is conducive to the satisfactory conduct of business. The other Mayors, Dr. Elsass and Herr Lange, and the new Financial Adviser, Herr Asch, all have exceptional records of successful financial administration, and their party affiliations are such as to give reason to hope that all the principal parties will in future feel a joint responsibility for the sound and peaceful government of the city.

In the last few weeks several more suspensions of payments and bankruptcy proceedings against German insurance companies have been announced. Many of the bankrupt companies have been small and unimportant, but one important company, the Deutsche Autoversicherungs A.G., of Stuttgart, has ceased payment. This company was only founded in 1928 by the Lucerne bankers, Sautier and Co., and by cutting premiums secured so much business that in its second business year, 1929-30, it received a gross premium income of 17.6 million marks. Of this 10.3 millions were paid to the Rothenburger Versicherungs-Konzern, in Görlitz, which holds shares in the Deutsche Autoversicherung and for which the Stuttgart firm acted as agent for accident and third-party insurance.

The Rm. 3 millions share capital of the Deutsche Autoversicherung is only one quarter paid up, and it has so far been impossible to call up the remainder, as most of the shares are held in Switzerland. The lack of liquidity has been intensified by the fact that, owing to the connection between the principal shareholder and the management, over half a million long-term cash bonds of the Lucerne bank were subscribed for, and these are not dealt in on the Stock Exchange, and probably cannot be realised.

The Rothenburg insurance group will be affected by the suspension of payments to the extent that it will sell its property insurance business to meet the accident and third-party liabilities, and will also have to liquidate its

reinsurance business. The Rothenburger Lebensversicherungs A.G., with an insurance business of over Rm. 100 millions, is affected as a shareholder of the fire and reinsurance companies, as only a quarter of their capital of Rm. 3 and 1 million respectively is paid up. But as the Lebensversicherungs-Gesellschaft still has open reserves, it is thought that its shareholders will not be very severely hit. The State Supervisory Office for Private Insurance did not become responsible for motor insurance until April 1, 1931. Until then this was one of the branches of insurance which are exempt from supervision.

The report of Vereinigte Stahlwerke for the first quarter of 1931 shows a decline in turnover to Rm. 205 millions from 234 millions in the preceding quarter and 327 millions in the corresponding quarter of last year. Exports also declined, for of the above turnover only Rm. 83 millions went abroad, against 104 millions in the preceding quarter and 122 millions in the first quarter of last year. Coal production amounted to 4.7 million tons, against 5.2 and 6.7 millions respectively; coke output to 1.5 million tons, against 1.7 and 2.4 millions; production of iron to 0.81 million tons, against 0.95 and 1.48 million tons, and of steel to 0.96, against 1.01 and 1.56 million tons. The number employed at the end of March was 105,000, against 121,000 at the end of 1930 and of 169,000 at the end of March last year.

AUSTRIA.

Customs Union — Revenue — Social Insurance — Wage Reductions — Business Conditions — Profits.

(FROM OUR CORRESPONDENT.)

VIENNA, April 8.

FOR the last few weeks the question of a Customs union between Austria and Germany has formed the principal topic of discussion in all commercial, industrial and financial circles. Large sections of industry fear that a Customs union may lead to marketing difficulties and enhanced German competition. At confidential discussions which took place at the Industrial Club, it was impossible to secure a majority in favour of a Customs union unless it was to be accompanied by material safeguards for the protection of Austrian industry. The iron industry and the electricity industry support the Customs union wholeheartedly, while in the outfitting industry, the knitted goods industry, the chemical industry, the cement and building material industry, the sugar industry, and in important branches of engineering, there is a leaning to an intermediate tariff sufficiently high to protect Austrian interests. The opinion is general that the Austrian market is too small and that the present intolerable situation can only be improved by enlarging it.

The banks are very reticent in their attitude to the Customs union. Commerce favours the union with as extensive as possible an abolition of all Customs and restrictions, knowing that a change from present conditions could hardly be for the worse. Agriculture is in favour of every possible approach to Germany, whose agrarian duties are higher than those of Austria. One undesirable outcome of the discussion is the cancellation of many orders placed in each country by firms in the other. There are certain optimists who believe that the Customs union will be realised very speedily. Latterly, however, more sober considerations have come to prevail, and it is hoped that various orders that have been suspended may still be renewed. A fact of commercial-political importance is the notice of cancellation of the trade treaties with Hungary and Yugoslavia, without which it would be impossible for increased duties on various agricultural products to come into operation on July 1st. Her trade with Germany, however, continues to be the most important part of Austria's foreign commerce, for during the last few years German imports have averaged from 20 to 22 per cent. of the total Austrian import trade. Germany's share in Austrian exports has amounted to 18 per cent.

The further development of Customs receipts is of decisive importance for Austria for reasons of State finance. Here, as in other countries, the tax revenue has

been falling off of late, and in the first two months of the current year the deficit was greater than in the whole of 1930. This is not surprising in view of the adverse economic conditions. During the past year further numerous enterprises have disappeared, the conditions of income in wide circles of the population have substantially deteriorated, the outcome of the tobacco monopoly has proved less satisfactory, and the decrease of traffic on the Federal Railways has made itself disagreeably felt. It is practically impossible, however, to effect any increase in taxation, since even the old rate of taxation is almost insupportable. Relief must be provided by incisive economies, for which purpose an Economy Commissioner has been appointed. In any case, attention will have to be paid to the report of the Supreme Court of Accounts, which calls for very decisive restrictions on the basis of the last budget.

The Government desires to keep its promise of a reconstruction of national insurance. To this end it is intended to bring into effect the suspended insurance for old age and invalidity, which will entail additional expenditure of at least 50 million Austrian shillings per annum. Since fresh contributions cannot be demanded either of the employees or of the employers, the necessary sums must be provided for by economy in health, accident, and employment insurance, and this is opposed by the trade unions and employees' organisations, which announce their intention of putting up a determined resistance in Parliament.

The authorities have raised the funds they require for housing by the issue of a 7 per Cent. Housing Loan, offered at 95. Of the total proceeds of this loan, amounting to 150 million shillings, 100 millions will be employed for the repayment of advances by the banks. The loan promises to be fully successful, as there is a demand for safe investments bearing a high rate of interest.

A thoroughly systematic reduction of wages and salaries is being effected. The first move was made by the Alpine Montangesellschaft, which cancelled its wage contracts, dismissed all its operatives, and re-engaged them on less favourable conditions. This policy is facilitated by the fall of the cost-of-living index, which has declined by 8 per cent. since the middle of July. In most industries and almost all shops wages have already been reduced. Administrative expenditure has likewise been curtailed. This was the more essential as taxation has only been reduced to a very inadequate extent. Liquidations continue, and in January there were 312 judicial composition arrangements, in February 261, and in March 249.

In its last report the Institute for Business Research asserted that the lowest ebb of depression had been reached, but so far there are very few indications of any revival in business. In order to promote export, the Government has proposed a law by which the credit guarantee for exports to Russia would be increased from 60 to 75 per cent., the duration of credit lengthened from 10 to 15 years, and the rate of interest lowered from 2 to 3 per cent. below the official rate. The Federal Province in which any enterprise desiring to export to Russia has its base of operations would, however, have to participate in the guarantee against possible loss to the extent of 30 per cent.

A sign of the impoverishment of large classes of the population is to be found in the pronounced recession in the consumption of both beer and tobacco, a fact which is also bound to exercise an adverse influence on State finances. Sugar production, on the other hand, has materially increased. Compared with 1929, the area under beet has grown by about 40 per cent., while the home output now covers 85 per cent. of the home demand. The smaller use made of all means of communication, including the Federal railways, the municipal tramways and motor-bus lines, likewise bears witness to a forced economy.

The banks and industrial enterprises are now about to publish their balance sheets. The National Bank underwent a noticeable recession of profits, discount business showing a falling-off in profits by 10.4 million shillings, and foreign bill and currency business a diminution of roughly 9.7 million shillings. This was occasioned by the

very low level of the bill portfolio, which, against an average of 214.6 million shillings in 1929, was no more than 129.5 million shillings in 1930. The smaller revenue from business in foreign bills was due to the lower rates of interest at international centres. Last year the National Bank paid a dividend of 18 shillings; this year the dividend was fixed at 16.65 shillings. The Donau Dampfschiffahrtsgesellschaft, an enterprise which once gave promise of a very successful career, has now been obliged to effect a thorough revision of its business position. The balance sheet shows a deficit of 3.8 million shillings, which is to be covered by recourse to the reserves. The Government has declared itself willing to grant this enterprise a subvention for the purpose of carrying on traffic, which is anything but lucrative on many of its lines; in return for this the State is to acquire a decisive influence on the business operations of the company.

CANADA.

Business — Prairie Situation — Foreign Trade —
Newsprint Industry — Parliament.

(FROM OUR CORRESPONDENT.)

OTTAWA, March 25.

As usual, the advent of spring weather, which permits the resumption of outdoor work, is bringing a certain stimulus to business, but the general situation cannot yet be described as satisfactory. The carloading figure for the week ended March 14th, at 48,245 cars, shows a gain of 139 cars as compared with the previous week, but is still 12,160 cars, or roughly 20 per cent., below the figure recorded in the parallel period of 1930. Unemployment, although it has receded from the winter peak, is still rife, and municipal authorities are reporting that the funds available from public sources for relief works are practically exhausted. Retail trade is well below normal, and in the country districts is being retarded by bad roads. In the larger centres the departmental stores are trying to stimulate it by price-cutting sales which operate to the disadvantage of the smaller merchants.

Merchants and manufacturers are not disposed to make heavy commitments for the year until the tariff and taxation proposals of the Government are known, and this factor is adverse to business revival. The majority of factories are working well below capacity. The motor plants and their accessory establishments, while undertaking a certain seasonal increase in production, are operating at approximately 40 per cent. below the level of last year, and the iron and steel plants and the railway equipment shops are short of orders. On the other hand, the textile mills remain fairly well employed, though, owing to the slackness of demand from the country districts, inventories are piling up and a curtailment of operations may be forced in a few months. The furniture manufacturers are fairly busy, and the boot and shoe manufacturers report some improvement with a volume of business equal to that which prevailed a year ago.

The downward movement of commodity prices shows signs of slackening; the wholesale index (1926 = 100) of the Bureau of Statistics for February was 76.0, as compared with 76.7 in January, but clearly the economic problems of Canada will remain difficult until some rehabilitation of the agricultural and other primary industries is achieved. Many farmers declare that it is a waste of time and money to sow wheat at present prices, and threaten to curtail their acreage, but in the end the reduction is likely to be smaller than has been anticipated, and the Federal Government is encouraging the maintenance of production by generous advances of seed grain. The Governments and business interests are conducting propaganda for the purpose of inducing the Western farmers to direct their energies more to mixed farming, but the farmers' spokesmen in Parliament have been throwing cold water upon these efforts. They aver that large areas of the West, through lack of adequate water supplies, are wholly unsuited to mixed farming, and that in addition, until markets for the finished product are assured, it is

profitless to transform one kind of agricultural glut into another.

The mild weather, supplemented by the relief measures of the Government, has enabled the Prairie farmers to get through the winter, but they have paid very little on their heavy debt obligations, and interest will continue to mount up. The truth is that at the present level of prices of farm products there is just available a bare sustenance for the Western farmers, and there remains the problem of what is to be done about the millions of dollars of capital which the Prairie Provinces have borrowed for different purposes. It is apprehended, moreover, that in the present year Russian competition will be severer than in 1929, and fears are entertained that a substantial portion of the Prairie Provinces of Canada may be reduced to the status of "marginal land."

The returns of foreign trade continue to be extremely unsatisfactory. Exports declined from 66½ millions in February, 1930, to 44 millions last February, and imports from 83 to 53 millions. In February imports from Britain declined from 14 to 8½ millions, which was a proportionately larger fall than the decline in imports from the United States from 33½ to 21 millions; this is a reversal of the tendency of recent months. For the first eleven months of the current fiscal year Canada's total foreign trade, valued at 1,592 millions, shows a decrease of 596½ millions, or 30 per cent., from the preceding eleven months, but the larger part of the decline is attributable to the fall in prices. In the eleven months' period, for example, the value of wheat exported fell by 33 million dollars despite an increase of 39 million bushels in quantity.

The newsprint industry is still struggling with its difficulties, and during February the operations of its mills were little more than 50 per cent. of capacity. Negotiations for a merger of the leading companies which will permit economies and give some centralised control of marketing, are still in progress despite repeated temporary breakdowns, and Mr C. A. Dunning, who was Minister of Finance in the King Government, has taken a hand in the game. He has consented to become Chairman of a committee nominated by security holders of the Canada Power and Paper Corporation, one of the largest units in the newsprint industry. The Corporation has become involved in serious financial difficulties, and the preference dividends of the subsidiary companies had recently to be passed. Plans are now afoot for a reorganisation of the financial structure of the company, and representatives of British and American interests are on the committee which Mr Dunning heads. If this reorganisation can be accomplished the way might be paved for the merger which is desired.

At the opening of the Federal Parliament the Speech from the Throne forecast a very modest programme of legislation, consisting chiefly of amending measures. It did intimate, however, that Parliament would be invited to undertake a further revision of the tariff, though it was explicitly stated that the changes in the British preferential rates would only be in the nature of incidental adjustments. The debate on the Address has occupied the last ten days, and in his opening speech Mr Mackenzie King vigorously attacked the attitude taken by Premier Bennett at the Imperial Conference. Mr Bennett strenuously defended his policy and declared that he would not alter his stand when the Imperial Conference was resumed at Ottawa.

ARGENTINA.

Revenue — Foreign Trade — Railway Rates — Prices —
Freights — British Exhibition.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, March 20.

BOTH financially and commercially the position of Argentina has undergone material improvement during the last month, while politically the country is wholly tranquil, and preparing for the elections that will be held in various provinces during April, May and June. Meanwhile, the Provisional Government is devoting most of its admini-

strative attention to financial matters. As it is determined to balance the budget for 1931, the fall in the revenue, consequent on the reduction of imports, is a matter of serious preoccupation. The last quarter of 1930 and the first two months of 1931 were marked by heavy reductions in the amount of goods imported, and as Argentina's revenue depends largely upon import duties this reacted immediately on Treasury receipts.

The further additional dues imposed by Ministerial decree upon a great variety of imported merchandise have thus a dual aim, the protection of home industries and the increasing of the Government's cash receipts. It may be doubted whether this latter objective will be attained, for additional Customs charges, coupled with depreciated exchange, will certainly check consumption. In official circles such a possibility is not viewed altogether with disfavour, inasmuch as it will help to restore the active visible balance of Argentine trade. Much is hoped from the heavy cereal exports, but, according to the figures for January and February, though the quantities are higher than last year, the value is less. Total exports of all produce for the two months were \$24,325,000 gold below those of last year, while in quantity they were 730,000 tons above the 1930 figures for the same period. Great Britain during 1930 bought Argentine produce to the value of £53,030,645, as against £77,643,154 in 1929, a reduction of 31 per cent. French purchases from this Republic were 49 per cent. less, a reduction out of all proportion to the diminution in French shipments hitherto, which are estimated to have fallen by only 18 per cent. Argentina seems likely to do herself more harm than good by endeavouring to wield the tariff weapon to protect industries whose importance is infinitesimal when compared with the amount, value, and variety of her production of foodstuffs and raw materials.

With a maize crop coming on that has been estimated as likely to yield anything up to 14,000,000 tons, efforts are being made to obtain substantial reduction of railway freights. A suggestion put forward by the Interventor of the Province of Buenos Aires to the effect that the railway companies might be conceded special permission to withdraw gold from the Conversion Office, conditionally on such freight reduction, was vetoed by the Minister of Finance upon perfectly logical grounds. The question of freights and their incidence upon the cost of production is not directly connected with the problem of exchange depreciation. The Government's attitude is that the unforeseen quantity of the harvest is such as to warrant a reasonable reduction, given the low price now ruling for all cereals. Representatives of the railways are at present engaged in defending the point of view that no reduction can be thought of, having regard to the economic situation of the companies at the present time. Whether this attitude will be maintained in the face of the officially expressed wish for a rebate is hard to say. Both morally and materially the railways have right on their side, though it might be to their ultimate advantage temporarily to lay those rights aside for the moment by establishing special, if moderate, reductions on the existing tariff, since it is to no one's advantage that the cultivator should be forced to reduce the area under the plough.

Exchange, though it has improved a little to 39½d. cable, is still a long way below parity, and from now onwards its recovery is likely to be a slow process. Present prices for cereals for prompt delivery in the Buenos Aires market are certainly disappointing. Wheat is \$4.90 paper per 100 kilos, maize \$4.25, linseed \$11, and oats a nominal \$3.40. Maize is relatively dearer than wheat, but this of itself is no argument for calling upon the railways to take a substantial proportion of a loss which is normally chargeable in every country to the grower. Ocean freight rates, owing to the heavy offers of tonnage, have eased off during March, and for boats loading grain on the San Lorenzo range, or even as high up river as Santa Fé, 18s. 6d. for March loading to Antwerp-Amsterdam has been accepted, though from Santa Fé to the Continent 19s. 6d. has been booked for April loading.

The British Empire Trade Fair, which has been open for a week at the time of writing, is acclaimed on all sides

as a wonderful piece of organisation, full of interest, both general and technical in its nature, and a decided eye-opener for the average resident in Argentina. As a show its success is certain; as regards its influence upon the future course of Argentina's purchases it is as yet too soon to speak with any degree of assurance. Prospects are, however, excellent; a certain amount of business directly traceable to the Exhibition has already been closed; and the whole undertaking justifies the untiring zeal of those Anglo-Argentine business men whose unselfish efforts, begun three years ago, brought the embryo of an after-luncheon suggestion to its present maturity.

Books and Publications.

INVESTMENT IN GOLD SHARES.

THE "art" of successful dealing in mining shares calls for more detailed knowledge and understanding of the particular industry than, possibly, any other branch of investment. The investor, however, starts, at the present time, with one advantage. In the mining of base metals the trend of metal prices is a most important factor, but gold commands a relatively "stable" price which, in terms of other commodities, is at present higher than for many years past.

Recognition of this fact has led to a certain revival of Stock Exchange interest in gold-mining shares—more particularly in "Kaffirs." Mr L. L. B. Angas, who last year published a much-discussed work on investment principles, apparently believed that, at the beginning of the year, the Rand offered the "requisite conditions for speculative investment," which he had previously enumerated. He has, consequently, been bold enough to follow up an earlier prophetic effort on the collapse in rubber with a brochure entitled "The Coming Rise in Gold Shares."* Mr Angas, as his title shows, is definitely a "bull," but, if readers are willing to keep this fact in mind, and differentiate between information and exhortation, they will find much relevant material for a judgment on such aspects as the different classes of mines, problems of "life," and amortisation. The short chapter of "Do's and Don't's" is somewhat irrelevant. Despite slight technical inaccuracies, the "Explanations of Mining Terms" will be useful to a lay investor.

Readers who desire to proceed from general principles to specific instances, may turn profitably to Mr Sturzenegger's detailed handbook.† The latter's format is unattractive, but the work compresses into small space a mass of vital material concerning operations at the gold mines of the Rand. The author's object has clearly been to enable the reader to assess the intrinsic value of any particular mine for himself. To each of thirty mines he has applied a uniform method of treatment, so that quick deductions and interesting comparisons are possible. His estimates of "lives" and future dividends, naturally, can be accepted only as "informed conjectures." A useful feature of this work is a set of amortisation tables. As the various mines are arranged geographically, it is regrettable that the indispensable index is not so placed as to be readily discoverable.

* "The Coming Rise in Gold Shares." By L. L. B. Angas. Published by Specialised Business Services, 19 Buckingham Street, London, W.C.2. 5s. net.
† "The Rand Gold Mines." By E. Sturzenegger. Published by the Author, and obtainable from F. and E. Stoneham, Limited, London, E.C.2. 21s.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Fall of Prices. By John A. Todd. (London) Oxford University Press, Warwick Square. 2s. 6d.

A discussion, illustrated by statistical tables and diagrams, of the causes and possible cures of the fall in prices.

Britain and World Trade. By A. Loveday. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 10s. 6d. net.

This is the book whose forthcoming publication we announced in our Trade Supplement of October 25. Mr Loveday discusses the influences which have governed the development of world production and trade since the war, and his central thesis is that the dislocation which is apparent to-day is primarily due to the accompaniment of a growing instability of demand by a growing rigidity in the mechanism of supply.

Taxation. Its Incidence and Effects. By H. A. Silverman. (London) Macmillan and Company, Ltd., St. Martin's Street. 7s. 6d. net.

A discussion, designed primarily for readers without specialised economic training, of public expenditure and the effects of national and local taxation. Each of the more important categories of taxation is discussed at some length.

International Affairs. March, 1931. (London) Royal Institute of International Affairs, Chatham House, St. James's Square. 2s. 6d.

Contains a number of interesting articles, including: "The American and European Economic Depressions and their Political Consequences," by Dr. Felix Somary; "Germany and the League of Nations," by Herr Wolfgang Schwarz, and "The Convention on Financial Assistance," by Sir Henry Strakosch.

Wages and Regulation of Conditions of Labour in the U.S.S.R. By S. Zagorsky. (London) P. S. King and Son, Ltd., 14, Great Smith Street. 4s.

An International Labour Office publication.

Making Bolsheviks. By Samuel N. Harper. (Chicago) The University of Chicago Press. (London) Cambridge University Press, Fetter Lane. 9s. net.

A reprint of six lectures which described the products of the system of civic training adopted by the Soviets.

The Truth About Industry. By Alexander Ramsay. (London) Philip Allan and Company, Ltd., Great Russell Street. 6d.

A very simple discussion of the means by which the needs of a modern community are supplied, intended for working men with no knowledge of economics.

Purchasing Power and the Pound Australian. By J. B. Brigid. (Brisbane) Fred Phillips. 1s.

A plea for reduction of Government expenditure aided by "an expansion of credit for industry at the risk of some inflation."

The Contribution of Economics to Social Work. By Amy Hewes. (London) Oxford University Press, Warwick Square. 10s. 6d. net.

The purpose of this little book is to induce the social worker to interest himself in the economist's attempts to explain the working of society on its economic side.

Peninsular Europe. By L. W. Lyde. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 10s. 6d. net.

Though not cast in that form, this book really consists of a series of studies of the influence of geography upon racial history.

Teoria Generale della Economia Politica Nazionale. By Professor Filippo Carli. Preface by S. E. Guiseppe Bottai. (Milan) Editore Librai della Real Casa.

A text-book of corporative economic theory.

Some Social and Economic Aspects of the Land Systems of Bengal. By N. M. Pal. (Calcutta) The Book Company, College Square.

An intensive study of the condition of the Bengal peasantry.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Twentieth Abstract of Labour Statistics of the United Kingdom. March, 1931. Cmd. 3331. 3s. 6d. net.

Street Accidents Caused by Vehicles and Horses in Great Britain during year ended December 31, 1930. 2d. net.

National Health Insurance Fund Appendix to Accounts for Year ended December 31, 1928—Receipts and Payments of Approved Societies, etc. Cmd. 3828. 2d. net.

Department of Overseas Trade: Economic and Trade Conditions in Australia to December, 1930. 3s. 6d. net.

The Stock Exchange.

BREWERY SHARES AND BUDGET POSSIBILITIES.

EVERY year, at Budget time, there is a certain selling of brewery shares by nervous holders. In the last few weeks this feature has been more than usually in evidence, despite a partial recovery in prices since the turn of this month. It is known that the Budget to be opened on April 27th must, unfortunately, add to the British taxpayer's burden, and although Mr Snowden may be loath to anticipate the findings of the Licensing Commission, the beer tax is an old tax (and therefore, proverbially, a tempting field for a Chancellor seeking new revenue), and the present Government has never been accused of special tenderness towards the brewing industry. Shareholders, in fact, are being sharply reminded that their industry has an indubitable political as well as an industrial risk, which has been accentuated since the United States created a new precedent by refusing the right of the trade to exist at all, legally, in the wealthiest of modern nations.

Mr Snowden's intentions will remain a closely guarded secret for the next ten days, but brewery shareholders, on the principle of preparing for the worst while hoping for the best, may ask themselves what would be the effect on the industry's future earning power of a further addition to its load of taxation. Past history should afford valuable material for an answer, for, in the last seventeen years, the beer duty has been changed no less than seven times. In 1914, it was raised from 7s. 9d. per standard barrel (at which it had been maintained since 1900) to 23s. In 1916, it was further raised to 24s., in 1917 to 25s., in 1918 to 50s., in 1919 to 70s. and in 1920 to 100s. In 1923 a rebate was allowed of £1 per bulk barrel independent of gravity, provided that the duty on any beer was not reduced below 24s. per barrel. The duties on British spirits have similarly been increased from 14s. 9d. per proof gallon to 72s. 6d., and the duties on wines have also been significantly raised.

In 1913-14, a pint of beer, with an average specific gravity of 1.051, was sold retail at 2½d., some ¼d. going to the State in duty, and the remaining 2¼d. to the trade. From 1923-24 onwards, the specific gravity has been round about 1.043 and a retail price of 6d. has been divided as to 2½d. to the State and 3½d. to the trade. In 1914, a bottle of spirits (20 under proof) retailed at 4s., of which approximately 1s. 11½d. went to the Government and 2s. 0½d. to the trade. From 1920-21 onwards, the price of a bottle (30 under proof) has been 12s. 6d., of which the State has taken 8s. 5½d. and the trade 3s. 6½d. In other words, the return to the State on the sale of a single "unit" of beer has increased, since the war, approximately nine times over, and on a "unit" of spirits approximately 4½ times. The return to the trade has increased by 67 per cent. and 74 per cent. respectively over the same period. As the "unit" itself, however, has changed since the war, to the advantage of the producer and the tax gatherer, the real increase in the amount paid by the consumer is greater than these figures indicate.

The increase in price has been accompanied by a significant decrease in consumption. The *per capita* figure for beer, which rose rapidly in the 'sixties and early 'seventies of the last century, and slowly declined in the first decade of the present century, has subsequently dropped from 27.76 gallons in 1913 (United Kingdom) to 20.38 gallons in 1930 (Great Britain only). The consumption of spirits, which was 1.09 gallons per head at the beginning of this century, and had fallen to 0.70 gallon by 1913, was last year no more than 0.25 gallon. Wine consumption declined from 0.41 gallon per head at the beginning of the century to 0.25 gallon in 1913, but has since remained relatively steady, the 1930 figure being 0.30 gallon.

The most significant phenomenon, from the brewery shareholders' viewpoint, however, has been the post-war increase in the national expenditure on liquor by comparison with the pre-war figures, despite the historic decline on the quantitative side. Broadly, while the consumer has drunk less, he has been willing to spend as much, or more, money on the products of "the trade." In 1900, the national "drink bill" of the United Kingdom was estimated at £185 millions. In 1913 it was £167 millions, while in 1930 (in Great Britain alone) it was put at £277½ millions. How is this vast sum divided between "the trade" and the Exchequer? The following table shows the approximate division during recent years.

EXPENDITURE ON DRINK IN GREAT BRITAIN.

	(Million £.)			
	1927.	1928.	1929.	1930.
Total national expenditure on drink	299	288	289	277½
Total paid in taxation	133½	129½	129½	125½
Total profits of breweries*	24	24½	25	25½
Total British tax revenue from all sources*	693	685	677	704
Percentage of drink revenue to total revenue	19.3%	18.9%	19.1%	17.8%
Total British national income†	4,350	4,250	4,400	4,000
Percentage drink consumption to national income	6.9%	6.8%	6.5%	6.9%

* Twelve months ended March 31st of following year.
† Including interest on national debt, which is assessable for taxation purposes.

Note.—The figures of national expenditure on drink in the above table are estimated by Mr. George B. Wilson, the political and literary secretary of the United Kingdom Alliance. The taxation figures are for the calendar year, and are estimated by the Treasury. The brewery profit figures are for the financial year, according to answers given to questions in Parliament.

Drink is admittedly a heavily taxed industry. Though it accounts for only about 7 per cent. of the expenditure of the nation, it contributes nearly a fifth of the total tax revenue of the country. Past experience, however, strongly suggests that the trade has rarely suffered a permanent decline in profits as a result of increased taxation. Though the present beer duty is more than ten times the pre-war level, British brewery profits, as computed for income tax, have risen from £9,970,000 in 1913-14 to £25,500,000 last year. In the past the trade has always succeeded in recouping itself for heavier taxation and decreased consumption by higher retail prices and/or improved internal organisation. "Rationalisation" has been unobtrusively proceeding for many years. Fifty years ago there were 21,000 brewers in the country, to-day there are 1,400. Less than 5 per cent. of the total brewers now turn out much more than half the total beer consumed.

An increase of a penny on a pint of beer would produce about £15 millions to the Exchequer. A year ago Mr Snowden refused to increase the beer tax on the ground that those who paid it for the most part "contributed to the national revenue . . . out of all proportion to their means." This year, however, it is conceivable that a Chancellor who may require to raise from £40 millions to £50 millions from new taxation may be unable to resist the temptation to tax an industry which has achieved outstanding prosperity in a period of general depression. If past experience, however, is any guide it is unlikely that such a step would permanently impair the earning power of the industry. The latter is quite capable of taking a moderate increase in taxation in its stride, either by passing on the increase to the consumer (by way of higher retail prices or reduced specific gravity) or by drawing on the fruits of further improvements in internal organisation.

The most appropriate reaction of brewery shareholders to higher beer duties would thus be not to sell their shares but to exercise increasing discrimination in the choice of their investments. Recent developments in the trade have tended to emphasise the advantages of the larger over the smaller localised breweries. In brewing, as in every other trade, steadily increasing earnings and a conservative dividend policy are the best external evidence of internal strength, from the investor's point of view. The following table shows a number of relevant figures for various concerns which exemplify these attributes to a marked extent:—

Company and Date of Balance Sheet.	Samuel Allsopp (Sept. 30).	Beas, Ratcliff and Grotton (Sept. 30).	Arthur Guinness (June 30).	Mitchells (June 30).	Watney, Combe, Reid (June 30).
Net earnings available for pref. and ord. dividend:—					
1924	95,442	463,059	2,389,624	414,433	702,628
1927	104,873	479,360	2,264,693	558,111	1,188,180
1929	128,240	542,632	2,209,387	641,903	1,377,538
1930	145,324	538,969	2,522,080	671,871	1,345,931
Ordinary shares:—					
1924	5 1/2	19 1/4	30 1/3	26	15 1/2
1927	18 1/2	21 1/2	35 1/2	20 1/4	15 1/2
1929	23 1/2	21 1/2	41 1/2	35	20 1/2
1930	23 1/2	21 1/2	41 1/2	35	20 1/2
Earnings left in business:—					
1924	19,466	129,859	319,624	121,036	169,831
1927	23,182	76,014	34,693	106,434	434,997
1929	56,465	27,503	13,387	154,971	528,792
1930	52,919	46,198	355,080	175,906	465,332
Total ordinary capital	466,408 1/2	2,235,640	7,500,000	2,960,298	3,185,410*
Nominal value ord. shares or stock	£ 1	£ 1	£ 1	£ 1	£ 1
Present quotation	1 1/2	3	4 1/2	2 1/2	2 1/2
Yield:—					
On last dividend	£ s. d. 7 11 1	£ s. d. 6 6 8	£ s. d. 7 1 9	£ s. d. 6 0 0 1/2	£ s. d. 8 3 11
On last earnings	20 10 8	7 0 8	8 6 10	8 7 1	15 10 7

* Deferred ordinary stock.
† 4 per cent. subject to tax, and 6 per cent. free of tax.
‡ Free of tax.
§ Now increased to £932,816.
(a) With capital bonus of 50 per cent. in 1924 and 33 1/2 per cent. in 1925.
(b) With capital bonus of 20 per cent.
(c) Free of tax till 1929.

Despite temporary fluctuations, the concerns in the above table have an impressive recent record of stability and earning power, which is unlikely to be upset by any moderate upward change in taxation. The "risks" attaching to brewery shares are, indeed, of a different order. The forthcoming report of the Royal Commission on Licensing is an unknown quantity, but it is inconceivable that it will tend to increase the national liquor consumption. On a long view, the decline in the curve of consumption must be a significant factor. It is common knowledge that the greatest falling off since the war has been located among the members of a "younger generation" of more athletic tastes than its forebears.

The scope for economies by way of improved organisation, however, is still extensive, and, for all but a few of the largest companies, the whole field of modern "scientific" publicity remains largely unexplored. The most formidable eventual threat to brewery profits, however, will come not from fortuitous additions to brewery taxation by hard-pressed Chancellors, but from the fact that, in the face of declining consumption, the resources of "rationalisation" are not inexhaustible.

UNILEVER IN 1930.

THE reports of Unilever, Limited, Unilever N.V. and five of the principal subsidiary companies, which were issued this week, emphasise a serious defect in the Companies Act, which does not require a holding company to publish a consolidated balance sheet and income account for the whole of its subsidiary or associated companies.

It is utterly impossible to decipher, from the accounts of the Unilever companies as they are published, the real earnings and financial position of the group, or to discover how the vital question of the writing down of stocks of raw materials has been dealt with. Indeed, the report of Unilever, Limited, adds to the confusion by making

statements on which a lay reader might easily place a mistaken construction. For example, the directors declare that, in spite of the world economic depression, the trading profits of Unilever, as regards its main products, soap and margarine, were maintained last year, although during the second half of the year its subsidiary and associated companies engaged in the crushing industry suffered severely from the abnormal trade conditions, which made it impossible for them to dispose of their products except at a heavy loss. The directors go on to state that the total profits for the year of the two holding companies—Unilever, Limited, and Unilever N.V.—amounted to £4,304,217, as compared with £3,524,784 in 1929. The shareholder reading this statement without knowledge of the facts would assume that the management of Unilever had been extraordinarily successful in increasing their profits in a year of trade depression. Later on in the report, however, he would find out that the two profit figures were not comparable, for the 1930 total includes the dividends received from Lever Brothers and from other new acquisitions which did not come into the 1929 figures. Actually the profits of Unilever N.V. showed a decline from £2,944,401 to £2,483,219 (or by 15.66 per cent.), while the profits of Lever Brothers have declined from £6,213,504 to £5,749,658 (or by 7.47 per cent.), although dividends on the Lever ordinary shares were maintained at 10 per cent. The profit and dividend figures of the chief Unilever subsidiaries and the Niger Company are set out in a note on page 868 of this issue.

The directors of Unilever state that before the allocation of any amounts to reserves, but after the deduction of preference dividends and certain special allocations, the net profits in 1930 represent an earning power at the rate of over 17 1/2 per cent. per annum on the ordinary share capital for the time being employed in the business. This compares with an earnings rate of 22 1/2 per cent. in the previous year.

The following table gives a comparison of the combined profits of Unilever, Limited, and Unilever N.V. and their distribution for the past two years:—

	1929.	1930.
Net profit for the year (after deducting all expenses, directors' fees and taxes)	3,524,784	4,304,217
Dividends on 7% cumulative preferred shares	268,456	353,509
No. of times covered	13 1/3	12 1/8
Dividends on the ordinary shares	1,578,858	2,450,737*
Rate	10%	10%
Dividends of 6 per cent. on the deferred shares	...	6,000
To reserve for dividend tax	62,500	65,000
To general reserve	1,500,000	1,500,000
Carried forward	194,269	123,240

* Includes £100,000, being dividends of 5 per cent. on the £2,000,000 nominal ordinary shares of Unilever, Ltd., issued May 9, 1930.

In considering the balance sheet it must be remembered that the issued ordinary capital was increased in 1930 by £9,718,791, of which £6,000,000 nominal was issued in connection with the acquisition of Lever Brothers, £2,000,000 for cash on May 9, 1930, and £1,003,375 as a bonus to shareholders in June, 1930, out of the general reserve. The remainder, £715,416, was issued in connection with the acquisition of new businesses. The issued preferred capital was increased in 1930 by £1,596,115, of which £1,100,000 nominal was issued in part fulfilment of the acquisition of Lever Brothers and £496,115 was exchanged for preference shares in the English Margarine Works, Limited, the whole of the ordinary capital of which was already held by the Unilever organisation. The deferred shares of Unilever, Limited, amounting to £100,000 nominal, which were formerly held by Unilever N.V., now appear in the combined balance sheet as part of the issued share capital.

As a result of these operations, the issued capital shown in the combined balance sheet is £31,038,573, representing a total increase during 1930 of £11,414,906. After this year's allocation of £1,500,000 reserves will amount to £13,813,928, representing over 50 per cent. of the issued ordinary share capital. The investments as a whole show an increase of £12,512,658, of which sum £9,955,333 is

attributable to the acquisition of Lever Brothers, while the balance of £2,557,325 represents mainly new acquisitions made with the object of extending the direct holding of Unilever to over 99 per cent. of the ordinary share capital of the five principal subsidiary companies.

Stock-in-trade figures do not appear in the balance sheets of the Unilever twins, since these are holding companies. In the accounts of Lever Brothers stocks appear at £1,421,867, against £1,580,403 in the previous year. Lever Brothers itself, however, is in part a holding company, and shareholders have no idea of the position of its own subsidiaries in this respect. It is impossible to ascertain, from the published reports, how far the group has dealt with the all-important question of writing down its stocks of raw material to current market values. In an article in the *Economist* of December 27th last it was stated that, on December 31, 1929, the stocks on hand of the entire group amounted to approximately £16,000,000, and that if these stocks were written down to market values, there would be an inventory loss of over £5 millions. This to-day is no doubt an under-estimate, as the prices of vegetable oils and whale oil have fallen further since December, 1930.

The market did not show any great enthusiasm over the Unilever reports, and is doubtless waiting for a fuller statement from the chairman at the general meeting. The ordinary shares of Unilever and Unilever N.V. are quoted at 38s. 9d. and 40s. respectively, against high levels of 76s. 3d. and 77s. 6d. last year.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
April 21.	April 23.

The impending Budget cast a shadow over the stock markets. The volume of actual business was better maintained than many dealers would admit, but speculative activity was conspicuously absent. Gilt-edged stocks lacked the stimulus of gold imports, the "setting aside" of amounts from the Bank's reserve more than offsetting the gold secured in the open market. Foreign bonds were affected by further political disturbances in Latin countries. Industrials held their ground until the middle of the week, but were subsequently overshadowed by New York, where the course of events was regarded with a certain trepidation. From the point of view of the "House," the sooner the Budget is out of the way the better. Conservative opinion, on the whole, is that a Budget based less on increased direct than on indirect taxation might, after the first shock, leave the way clear for security appreciation if (and only if) British trade showed preliminary signs of revival during the summer. A "bad" Budget (which relied mainly on new direct imposts) might cause an attempted "flight from taxation."

Gilt-edged were marked down slightly each day, on limited dealings. Both War Loan and Funding Loan were offered, but Local Loans showed a firmer front. India loans, after dropping initially, had a slightly better appearance. Australians were little affected by Mr Thomas's announcement of a War debt concession to Australia.

Further nebulous rumours were reflected in American offers of Brazilians, though the decline was of nothing like last week's dimensions. Argentines lost ground on "politics," and the Portuguese troubles caused a slight weakening of prices, though Spanish bonds, in which there is no active market in London, were scarcely affected by the flight of King Alfonso. German bonds were offered, and, among Far Easterns, Japanese lost ground on rumours of an impending new loan on a relatively high interest basis.

The Home Railway traffic figures were distressing, after every allowance for the absence of comparability owing to Easter week. The market was unwilling to take even small lines of stock, Midland and Scottish especially being marked down. Argentine rails were heavy, on political

developments and the lack of resiliency of the traffic figures. American rails continued their downward course, Canadian Pacific receding in sympathy.

The industrial markets became more pessimistic as the week advanced. The application of Gamages (West End) for a receiver (discussed on page 852) created a mild sensation, though the market had not been unaware of the company's financial difficulties. Courtaulds improved on bear closing, but subsequently reacted. Electrical shares—much the steadiest section of the market—were easier towards the end of the week, though Bournemouth and Poole were firm on the report (dealt with on page 852). General Electrics were harder on the receipt of an important contract. Motor shares were out of favour, except Thomas Tilling, which improved on nebulous rumours of coming road-rail developments. Brewery and tobacco shares receded, less on actual selling than complete absence of investment interest. The market found the Unilever report broadly reassuring, but was unable to understand the internal significance of many of the figures. Turner and Newall were weak, fears being expressed regarding the vulnerability of the company's position to Russian competition. Imperial Chemical reacted after a moderate advance on Northern buying. Bank shares had a declining tendency, but insurance issues held their ground with scattered gains.

The murkiness of the atmosphere in the oil market was perceptibly increased, public and professional buyers alike holding off on the view that the admitted difficulties of the world situation would induce a stringently conservative policy in coming dividends. Shells, Dutch and other leaders declined steadily. Rubber shares obtained no benefit from the Amsterdam announcement of a meeting to form an association for restriction of production. Tea share quotations scarcely moved, despite the satisfactory tone of the week's commodity auctions.

Business in the mining markets remained on a small scale. Kaffirs were more irregular, though West Rand were firm on the publication of a satisfactory report. Rhodesians were marked down in the absence of inquiries. The result of the Rhokana debenture issue was awaited without enthusiasm, the conversion rights being regarded as unattractive at the present level of the shares. Base metal prices showed fresh weakness, which was reflected in quotations for the London Tin group, despite the passing of the ordinance bringing restriction into force in Malaya. Rio Tinto were flat on the news of the Spanish revolution.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Apr. 9, 1931.	Apr. 10, 1931.	Apr. 13, 1931.	Apr. 14, 1931.	Apr. 15, 1931.	Apr. 16, 1931.
Government and Municipal Loans	1,315	1,333	1,762	1,336	1,350	1,318
Transport, Communications, and Public Utilities	821	981	1,067	854	910	998
Commercial and Industrial Banks, Insurance and Financial	1,390	1,373	1,726	1,501	1,636	1,533
Mineral (including Nitrate)	437	456	594	479	460	528
Oil	510	543	544	415	447	577
Rubber, Tea and Coffee	103	88	121	95	127	137
	108	95	81	69	76	86
Total	4,684	4,869	5,895	4,749	5,006	5,172

* Including iron and steel and br.-v.-ref.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Feb. 20.)	Apr. 9, 1931.	Apr. 10, 1931.	Apr. 13, 1931.	Apr. 14, 1931.	Apr. 15, 1931.	Apr. 16, 1931.
72.3	65.0	67.3	67.6	67.6	67.7	67.3	66.8

JOBSON'S INVESTMENT DIGEST.

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LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Price Year 1930.		Price Year 1931 Jan. 1 to Apr. 15 (Inclusive).		Name of Security.	Price Apr. 15, 1931.	Price Apr. 15, 1931.	Rise or Fall.	Present Yield.	Price Year 1930.		Price Year 1931 Jan. 1 to Apr. 15 (Inclusive).		Name of Security.	Price Apr. 15, 1931.	Price Apr. 15, 1931.	Rise or Fall.	Present Yield.
High-Low.	High-Low.	High-Low.	High-Low.						High-Low.	High-Low.	High-Low.	High-Low.					
British Funds.																	
59 1/2	52 1/2	58 1/2	54 1/2	Consols 2 1/2 %	57 1/2	57 1/2	+	4 6 11	83 1/2	88 1/2	12 1/2	10 1/2	In. Ry. O. Am. No. par	81 1/2	81 1/2	—	...
94 1/2	82 1/2	92 1/2	85 1/2	Consols 4 %	90 1/2	91 1/2	+	4 9 0	87 1/2	88 1/2	10 1/2	20 1/2	Leopoldina Ord. Stk.	50 1/2	50 1/2	—	21 18 3
85 1/2	74 1/2	82 1/2	80 1/2	Cons. Loan 3 1/2 %	80 1/2	80 1/2	—	4 7 6	83 1/2	84 1/2	10 1/2	48	Do. 5 1/2 % Cum. Prt. Stk.	52 1/2	52 1/2	-4 1/2	11 9 3
103 1/2	102 1/2	103 1/2	103 1/2	Do. 4 1/2 % 1945-75	102 1/2	102 1/2	—	4 10 0	97 1/2	98 1/2	10 1/2	37 1/2	Nitrato Rya. (£10)	50 1/2	50 1/2	-10 1/2	13 19 9
106 1/2	105 1/2	106 1/2	106 1/2	Do. 5 % 1944-64	105 1/2	104 1/2	-	4 10 0	100 1/2	101 1/2	10 1/2	70 1/2	Paraguar. £10, £20	70 1/2	70 1/2	—	...
96 1/2	85 1/2	95 1/2	88 1/2	Funding 4 1/2 % 1960-90	93 1/2	93 1/2	—	4 6 6	95 1/2	96 1/2	10 1/2	70 1/2	Saltador Ord. (£10)	70 1/2	70 1/2	—	...
106 1/2	105 1/2	106 1/2	106 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	—	4 0 0	100 1/2	101 1/2	10 1/2	135	San Paulo Ord. Stk.	143 1/2	144 1/2	+1	6 6 9
103 1/2	102 1/2	103 1/2	103 1/2	Treasury 5 % 1933-35	102 1/2	102 1/2	—	3 16 0	100 1/2	101 1/2	10 1/2	42 1/2	Taital Ry. Ord. £5	45 1/2	45 1/2	—	13 6 9
97 1/2	91 1/2	97 1/2	91 1/2	Victory Bonds 4 1/2 %	97 1/2	97 1/2	—	4 3 6	26 1/2	27 1/2	10 1/2	4	Utd. Havana Ord. Stk.	5 1/2	5 1/2	—	...
105 1/2	104 1/2	105 1/2	104 1/2	War Loan 5 % 1929-47	104 1/2	104 1/2	—	4 16 8	14 1/2	15 1/2	10 1/2	4					
69 1/2	61 1/2	68 1/2	64 1/2	Local Loans 3 %	66 1/2	66 1/2	—	4 10 3									
49 1/2	40 1/2	46 1/2	48 1/2	India 2 1/2 %	42 1/2	42 1/2	—	5 17 9	17 1/2	14 1/2	16 1/2	14 1/2	Anglo-French (£1)	14 1/2	14 1/2	—	4 3
69 1/2	47 1/2	55 1/2	47 1/2	Do. 3 %	51 1/2	51 1/2	—	5 16 6	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-Indian (£1)	11 1/2	11 1/2	—	9 NU
68 1/2	55 1/2	64 1/2	55 1/2	Do. 3 1/2 %	60 1/2	60 1/2	—	5 15 9	7 1/2	4 1/2	6 1/2	4 1/2	Anglo S. (£10 £5 pd)	5 1/2	5 1/2	—	9 1 10
106 1/2	105 1/2	106 1/2	106 1/2	Do. 4 1/2 % 1958-68	82 1/2	82 1/2	—	5 13 0	26 1/2	23 1/2	25 1/2	22 1/2	American RBE Jy. pd.	24 1/2	23 1/2	-6d	8 8 6
106 1/2	105 1/2	106 1/2	106 1/2	Palatine 5 % 42-67	103 1/2	103 1/2	—	4 12 11	23 1/2	22 1/2	23 1/2	42 1/2	Bank of N. Zealand £1	47 1/2	47 1/2	—	6 0 0
102 1/2	100 1/2	102 1/2	102 1/2	Sudan 5 1/2 % Bonds	106 1/2	107 1/2	+1	5 3 3	21 1/2	20 1/2	21 1/2	25 1/2	Baraguar. £10, £20	26 1/2	26 1/2	—	4 11 5
99 1/2	87 1/2	99 1/2	96 1/2	Uster 4 1/2 % 45-75	98 1/2	98 1/2	—	4 14 6	28 1/2	25 1/2	26 1/2	25 1/2	Barclay B. (£1)	55 1/2	55 1/2	—	3 13 0
									12 1/2	8 1/2	9 1/2	6 1/2	Bard. (Dom. ex.) £51	25 1/2	25 1/2	—	3 13 0
									69 1/2	66 1/2	63 1/2	58 1/2	Bk. of Australasia (£1)	8 1/2	8 1/2	-1 1/2	7 13 0
									58 1/2	55 1/2	52 1/2	48 1/2	Bk. of Montreal (£100)	25 1/2	25 1/2	-£1	4 15 0
									28 1/2	25 1/2	26 1/2	25 1/2	Bk. of N.S.W. (£20)	23 1/2	23 1/2	—	8 10 0
									5 1/2	5 1/2	5 1/2	5 1/2	Brazilian £100	5 1/2	5 1/2	—	8 9 0
									14 1/2	15 1/2	15 1/2	15 1/2	Chid. of India (£5)	16 1/2	15 1/2	-1 1/2	5 9 0
									24 1/2	14 1/2	15 1/2	9 1/2	Comcl. Bk. of Aus. 10 1/2	13 1/2	13 1/2	—	9 1 0
									68 1/2	66 1/2	62 1/2	58 1/2	District A. £5, £1 pd	61 1/2	61 1/2	—	6 0 0
									37 1/2	34 1/2	38 1/2	39 1/2	Do. B. £1 fully paid	41 1/2	41 1/2	—	4 17 0
									4 1/2	4 1/2	4 1/2	4 1/2	Eng. Stock & Aust. £5, £3 pd	43 1/2	43 1/2	—	8 10 0
									8 1/2	8 1/2	8 1/2	8 1/2	Hambro £10, £20 paid	8 1/2	8 1/2	—	6 5 9
									11 1/2	11 1/2	11 1/2	11 1/2	Hongk. & S. (£125)	11 1/2	11 1/2	—	6 5 9
									59 1/2	59 1/2	59 1/2	59 1/2	Lloyds £5, with 1 pd.	58 1/2	58 1/2	—	5 15 0
									72 1/2	72 1/2	72 1/2	72 1/2	Martins £20, £24 pd.	68 1/2	68 1/2	+ 1/2	5 15 0
									73 1/2	73 1/2	73 1/2	73 1/2	Midland £1, fully paid	75 1/2	75 1/2	-6d	4 15 0
									30 1/2	30 1/2	30 1/2	30 1/2	Nat. of Egypt £10	28 1/2	28 1/2	—	6 8 0
									46 1/2	46 1/2	46 1/2	46 1/2	Nat. of India £25, £13 1/2 pd	40 1/2	40 1/2	-2 1/2	6 15 0
									12 1/2	12 1/2	12 1/2	12 1/2	Nat. Prov. £20, £4 pd	13 1/2	13 1/2	—	4 18 6
									35 1/2	34 1/2	35 1/2	34 1/2	Royal Bk. of Scotland	34 1/2	34 1/2	—	6 0 0
									13 1/2	14 1/2	13 1/2	13 1/2	S. S. £20, £5 pd.	14 1/2	14 1/2	—	6 0 0
									80 1/2	80 1/2	80 1/2	80 1/2	Westminster £4, £1 pd.	73 1/2	73 1/2	-1 1/2	5 9 0

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 8, 1931.	Price, Apr. 15, 1931.
Central American Exploration.....	16/-	20	2 1/2 dis	2 1/2 dis
Ossach 7% Ser. Bonds.....	16/-	20	2 1/2 dis	2 1/2 dis
Darnell (J.) 10%.....	16/-	20	2 1/2 dis	2 1/2 dis
Derby 4 1/2% 1931-61.....	16/-	20	2 1/2 dis	2 1/2 dis
Portsmouth and Mason Inc. 7% pref'd.....	16/-	20	2 1/2 dis	2 1/2 dis
Gold Coast 4 1/2% 1930-70.....	16/-	20	2 1/2 dis	2 1/2 dis
Greek 6% Ser. Bonds.....	16/-	20	2 1/2 dis	2 1/2 dis
India 5 1/2% 1935-38.....	16/-	20	2 1/2 dis	2 1/2 dis
Kenya 4 1/2% 1931-71.....	16/-	20	2 1/2 dis	2 1/2 dis
Lance Cotton 6 1/2% debts.....	16/-	20	2 1/2 dis	2 1/2 dis
London and National Property 5% debts.....	16/-	20	2 1/2 dis	2 1/2 dis
London Power 5% debts 1912.....	16/-	20	2 1/2 dis	2 1/2 dis
Mt. Water Board (D).....	16/-	20	2 1/2 dis	2 1/2 dis
National Canning Ord. Fl.....	16/-	20	2 1/2 dis	2 1/2 dis
Nat. Shipbuilders Security 5% debts.....	16/-	20	2 1/2 dis	2 1/2 dis
Reading 4 1/2% 1931-61.....	16/-	20	2 1/2 dis	2 1/2 dis
Mio Charo Ry. and Invest. 5% debts.....	16/-	20	2 1/2 dis	2 1/2 dis
1922-72.....	16/-	20	2 1/2 dis	2 1/2 dis
Rio Tinto 5% debts.....	16/-	20	2 1/2 dis	2 1/2 dis
Second British Steamship Trust New £10.....	16/-	20	2 1/2 dis	2 1/2 dis
8. Essex Water 5% pref'd.....	16/-	20	2 1/2 dis	2 1/2 dis
8. Essex Water Ord.....	16/-	20	2 1/2 dis	2 1/2 dis
Surrey County Council 4 1/2% 1930-70.....	16/-	20	2 1/2 dis	2 1/2 dis

FOREIGN STOCK EXCHANGES.

NEW YORK.

Substantial buying orders for industrial leaders caused nervousness among the short-interest at the beginning of the week, and specialities like Westinghouse and Radio Corporation, previously under selling pressure, enjoyed a sharp rally. Unsettledness, however, became more pronounced as the week proceeded, the weakness of motion picture and electrical equipment shares spreading to other groups. Steel shares declined sharply, U.S. Steel reaching a new low record. The public undoubtedly was disturbed by the fresh drop in steel operations from 52 to 50 1/2 per cent. of capacity, which was regarded as only one among several indications that the promised upturn in general trade was again wanting. Rails came under pressure for the same reason, and later utilities joined in the decline, while automobiles failed to benefit from the announcement that good trade was expected during the summer months as a result of the manufacturers' decision to introduce no new models this season. The market's vulnerability to depressing influences has confirmed the views of those who maintain that the earlier improvement in prices was based merely on nebulous hopes of better spring trade, like the much more marked rally of early 1930. The first quarter's earnings figures, which are being published, are not calculated to give much support to the market.

	Mar. 31, 1931.	Apr. 9, 1931.	Apr. 16, 1931.	Mar. 31, 1931.	Apr. 9, 1931.	Apr. 16, 1931.
U.S. 3 1/2% T. Bds.	105 1/2	105 1/2	105 1/2	Natl. Biscuit.....	79 1/2	79 1/2
Do. 4 1/2% 32-47	101 1/2	101 1/2	101 1/2	Phelps Dodge.....	20 1/2	20 1/2
Do. 4 1/2% 32-47	102 1/2	102 1/2	102 1/2	Pullman.....	42 1/2	42 1/2
Do. 4 1/2% 33-38	103 1/2	103 1/2	103 1/2	Sears-Roebuck.....	55 1/2	55 1/2
Atchafalca.....	185	175	168 1/2	Studebaker.....	23 1/2	23 1/2
Ohio & Ohio.....	40 1/2	40	39 1/2	Un. Fruit.....	59	60 1/2
Wrie.....	27	25 1/2	26 1/2	U.S. Leather.....	9 1/2	8 1/2
Hilonda Central.....	69	66	66	U.S. Rubber.....	17	17
W. Y. Central.....	109	105 1/2	103 1/2	U.S. Steel.....	139 1/2	136 1/2
Pennsylvania.....	55 1/2	55 1/2	55 1/2	Westinghouse.....	86 1/2	83 1/2
Southern Pacific.....	95 1/2	90 1/2	90 1/2	Woolworth.....	62 1/2	60 1/2
Southern Ry.....	45	40 1/2	37 1/2	Am. Tel. & Tlg.....	188 1/2	188 1/2
Union Pacific.....	184	171 1/2	165 1/2	Interboro R.T.....	26	29 1/2
Am. Can.....	123 1/2	121 1/2	117 1/2	Int. Tel. Teleg.....	35 1/2	33 1/2
Amer. Smelting.....	46 1/2	46	45 1/2	Radio Corp.....	22	20 1/2
Anaconda.....	33 1/2	32 1/2	32 1/2	Utilities P. & L.....	27	26 1/2
Bethlehem Steel.....	57 1/2	53	49 1/2	W. Union Tlg.....	131	128 1/2
Chrysler Motor.....	21 1/2	21 1/2	20 1/2	Associated Gas "A".....	22	21 1/2
Corn Produce Rf.....	79 1/2	78 1/2	76 1/2	Pan. Amer. B.....	31 1/2	31 1/2
Eastman Kodak.....	162	158 1/2	157	Shell Union.....	30 1/2	29 1/2
Gen. Electric (New).....	48 1/2	46 1/2	43 1/2	Singair Oil.....	11 1/2	11 1/2
Gen. Motors.....	42 1/2	43 1/2	43 1/2	Std. California.....	43	43 1/2
Int. Harvester.....	50 1/2	51 1/2	49 1/2	Do. N.J.....	41 1/2	43 1/2
Mont. Ward.....	23 1/2	22 1/2	20 1/2			

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Apr. 8.	Apr. 15.
33 Industrials	134.5	218.9	98.2	174.1	99.6	105.3	103.3
43 Rails	127.8	173.5	89.1	145.5	92.0	91.2	87.5
34 Utilities	177.6	230.4	153.2	267.4	158.1	176.1	174.0
Total, 404 stocks ..	140.3	228.1	105.6	184.2	107.6	114.2	112.0
Average yield of 60 Industrial Common Stocks.....	5.10%	5.23%	4.15%	5.95%	5.91%	5.48%	5.50%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931 (Feb. 24)	Lowest of 1931 (Jan. 19)	Apr. 8, 1931.	Apr. 9, 1931.	Apr. 10, 1931.	Apr. 11, 1931.	Apr. 13, 1931.	Apr. 14, 1931.	Apr. 15, 1931.
140.2	118.6	126.1	125.9	126.2	126.2	128.2	126.5	123.9
TOTAL DEALINGS IN NEW YORK.								
		Apr. 9, 1931.	Apr. 10, 1931.	Apr. 11, 1931.	Apr. 13, 1931.	Apr. 14, 1931.	Apr. 15, 1931.	Apr. 16, 1931.
Stock Exchange—								
Shares (Thousands).....	1,900	1,600	600	1,600	1,900	2,200	2,300	
Bonds (Value Thousands \$).....	10,517	12,548	4,727	8,174	9,134	9,046	8,674	
Curb—								
Shares (Thousands).....	379	388	179	494	478	374	433	

* 2-hour session.

AMSTERDAM.

Important as an Austro-German Customs Union may become for the Netherlands, in view of her close commercial intercourse with Germany, the recent news on this subject has been a factor of surprisingly little influence on the Amsterdam stock market. As a result of better political news from Berlin, however, German bonds registered a substantial advance, under the leadership of Reparations Loan. The course of prices on Wall Street did not offer any stimulus to brisk trading, while the annual company reports so far issued and the news from business and industrial circles were not encouraging. Prices made a somewhat mixed showing. Industrials, especially artificial silks and General Art Silks, were very firm, without any specific reasons for the substantial advance being apparent. Tobacco shares formed a strong feature, recovering considerably on reports from the Dutch East Indies of favourable weather for the new crop. Sugar shares were, if anything, somewhat lower, the reports of the Paris Conference still being fairly ambiguous. The price of the commodity was maintained at about unchanged levels, and there was a total lack of new business of any significance. The tendency of rubber shares was on the easy side, in the absence of any particular news from London as to restriction schemes. Apparently the big Dutch producers are disinclined to make any concessions as to restriction, and in these circumstances there is an absence of the necessary unity for arriving at a satisfactory result. Oil shares were dull and registered only slight fluctuations. No further interest was shown in shipping shares.

	Feb. 16, 1931.	Mar. 16, 1931.	Apr. 14, 1931.	Feb. 16, 1931.	Mar. 16, 1931.	Apr. 14, 1931.
4 1/2% Gov. Bds. 1915	102 1/2	102 1/2	102 1/2	Algem. Explorak.....	109 1/2	91 1/2
4 1/2% Bonds East Indies.....	98 1/2	98 1/2	99	Aniem.....	260	266 1/2
4 1/2% Amsterdam, 1913/1914.....	102	101	101 1/2	Ned. Ind. Gas.....	221 1/2	236 1/2
4 1/2% Rotterdam, 1930.....	101 1/2	101 1/2	101 1/2	Royal Dutch.....	311 1/2	286 1/2
Amsterdam Bank.....	172	176 1/2	180 1/2	Amsterdam Rub'r.....	109 1/2	109 1/2
Koloniale Bank.....	143	143	128	Deli Batavia.....	61 1/2	62 1/2
Ned. Ind. Handelsbank.....	132	130 1/2	123	East Java.....	142 1/2	145 1/2
Neth. Trading Soc.....	147	148	144 1/2	Hessa Rubber.....	87 1/2	88 1/2
Rotterdam Bank.....	103 1/2	103	107 1/2	Serbadijati Sumatra.....	69	70 1/2
Van Berekla Pat.....	59 1/2	54	54	Allied Sumatra.....	43	45 1/2
Central Sugar.....	37	34 1/2	36	Holland Amer. Line.....	14 1/2	13
Shipbuilding Wilton.....	20	24 1/2	50 1/2	Royal Packet.....	152 1/2	160
Dutch Art. Silk.....	74	78	81	Neth. Shipping Co.....	140	132
Unievoor.....	209 1/2	223 1/2	237 1/2	Navigation "Nederlands".....	140	133
Kuehennmeister Aco.....	89 1/2	82 1/2	78 1/2	Royal Steamship.....	57 1/2	55 1/2
General Art. Silk.....	71 1/2	75 1/2	91 1/2	Jaya China Japan Line.....	72 1/2	68
Dutch Ford.....	262 1/2	340	309 1/2	Vorstenlanden.....	105	101
Philips Elect. Lamp.....	228	240	226 1/2	Trading Co. Amsterdam.....	368 1/2	386
Swedish Match.....	220 1/2	243 1/2	222	Java Plantations.....	231	286
Kreuger & Toll.....	424	480	480	Neth. India Sugar.....	158	152
Intern. Cred. Trad.....	218	224 1/2	202	Beesaki.....	347	394
Redjang Lebang.....	74	89 1/2	129	Deli Batavia.....	260	242
Sinkap Tia.....	126 1/2	149 1/2	119	Deli.....	244 1/2	252
Bolton.....	74 1/2	60	43	Seemabab.....	306 1/2	308 1/2

INVESTMENT NOTES.

Stock Exchange Advertisements.—A "House" correspondent writes:—Many members have long regarded as inadequate the amounts spent on advertising by the Stock Exchange. The annual meeting of proprietors last Tuesday was the occasion of a spirited discussion on the value or otherwise of the advertisement which the Stock Exchange inserts in newspapers, the terms of which were the subject of sharp criticism from the shareholders' side. The Chairman replied that the £2,000 voted by the Trustees for advertising was handed to the Committee for General Purposes, and the Managers had nothing to do with the way in which it was spent. The expenditure of outside brokers, and the lavish extravagance of the bucket shops, are undoubtedly effective in bringing a good deal of business to both these institutions. The Stock Exchange is often urged to abandon the present rigid rule which prohibits members from advertising, and to allow brokers to appeal to the public for business. There are some 2,600 broker-members of the "House," and if half of the number were to use the Press as a medium for advertisement, the results, quantitatively at least, would be impressive. It is not generally recognised, however, how great is the volume of "advertising" output that goes on from week to week, through the individual efforts of Stock Exchange firms addressed to their own principals. Most clients are familiar with the monthly books of investments which reach them, the expense of which is much more considerable than clients frequently imagine. Numbers of broker firms write a circular letter once a week, once a fortnight, or once a month, to their clients, and upon these circular letters there is expended an amount of care and effort which can only be appreciated by anyone who has attempted to write them. Some brokers send out a nightly letter or report, which is done, as a rule, in their own offices. Others issue short lists of stocks and shares which are on offer in various markets. These lists are sent to country brokers and other clients likely to be interested. Jobbers themselves, while debarred from dealing with the public, supply brokers with lists, details, particulars and suggestions. As regards the official advertisements of the Stock Exchange (which advise people to deal only with members of the "House"), the great stumbling-block is the fact that no names of brokers are recommended to clients, who, having no broker of their own, frequently write to the Stock Exchange for a list of members. The Committee can scarcely recommend any one broker or firm in such cases. The prohibition against individual advertising by Stock Exchange members has been in force for over a century. One day it is possible that some change may be made in the rule. If, however, a referendum were to be taken of present Stock Exchange opinion, the result would be exceedingly difficult to forecast.

Should Trust Companies Publish their Investments?

An old controversy as to the desirability or otherwise of the publication of lists of investment trust holdings, has been given a new relevance by the considerable depreciation in the market value of the investment portfolios of certain trusts, particularly those of relatively recent formation. That the consensus of opinion among the companies themselves is against such publication may be inferred from the fact that out of 200 trusts of which particulars are given in the latest Investment Trust Manual published by a well-known firm of jobbers, only one-third included a list of holdings with their last annual report. The silent majority included concerns associated with some of the oldest and most successfully managed groups. The arguments advanced in favour of reticence are generally based on the danger of misunderstanding by persons who are unfamiliar with the canons of investment trust administration. It has been stated, for instance, that shareholders have shown needless alarm when a list has been found to include a number of securities whose market value is known to have depreciated during the period covered by the accounts, although, in fact, those securities may have originally been purchased at prices far below

contemporary market quotations. Again, private investors have frequently endeavoured to purchase securities given in the list of good investment trusts, only to discover that these were unobtainable by the layman. Further, misunderstanding has frequently arisen as a result of the investor's ignorance of the basic principle that only relatively high-yielding stocks are appropriate fixed-interest holdings for an investment trust, and that securities which may be admirable for "mixing" purposes in a very large portfolio, may be quite unsuitable for a person with limited resources. To those, like ourselves, who have consistently advocated the utmost possible publicity in company matters, these arguments appear far from conclusive. There is scarcely a single figure in any company report which is not liable to be misconstrued by the ignorant, but no one would dream of suppressing its publication on that account. By the nature of things, the subscriber to an investment trust issue gives the directors the equivalent of a blank cheque. He is, at least, entitled to learn how, in the exercise of their discretion, they have laid out his money. Where a trust is being run by a new group, whose abilities are not common knowledge, this check on the policy of those concerned is certainly in the public interest. In America, particularly, where the investment trust idea is comparatively new, the reaction against giving unlimited choice to directors has expressed itself in a demand, in some quarters, that directors should have no discretion whatever, and the "fixed trust" has obtained considerable popularity. As we have endeavoured to show in recent articles, there are certain fundamental objections to this type of investment, but those concerned would do well to recognise the legitimate feeling to which it gives an extreme expression. It would therefore be a graceful act on the part of those controlling the older British investment trusts, whose probity and wisdom are beyond the shadow of doubt, to publish lists of holdings on their own initiative *pour encourager les autres*. As these groups undoubtedly "set the pace" for the whole British movement, an ounce of example, in their case, would be worth a ton of precept.

Building Societies and Property Values.—The building society movement has now attained such vast dimensions in Great Britain that its problems are matters of national interest. The question of the maintenance of interest rates to lenders in a period of cheap money has been dealt with at length by various leaders of the movement in recent pronouncements. There has been a perceptibly downward revision by certain large societies during the last few months. The movement, clearly, is not unaware of the danger of attracting large amounts of "temporary money" whose withdrawal in a subsequent period of more active money-market conditions might cause serious embarrassment. There is, however, another problem of equal importance, to which Mr Harold Bellman, an acknowledged leader of the movement in the South of England, was well advised to devote the greater

INVESTMENT

by L. L. B. Angas.

(Author of "The Coming Collapse in Rubber, 1926.")

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part of his speech at the recent annual meeting of the Metropolitan Building Societies Association. The 58 societies affiliated to the Metropolitan Association made new mortgage advances last year of £35 millions. In other words, these societies financed the purchase of properties—mostly new dwelling houses, situated mainly, though not entirely, in the South of England—with a selling value of at least £45 millions. According to Mr Bellman, "no tangible reasons are yet evident that cause (the building societies) to question the provision of another year's business of somewhat similar proportions to that transacted last year." Clearly, the policy followed by the societies is a vital factor in the present level of property values, since the effective demand for dwellings would contract substantially if building society facilities were restricted. Are present property prices at an economic level? Mr Bellman finds that, apart from certain well-known areas where house production is greatly in excess of local demand (which are avoided by all prudently managed societies) the prices of new houses are being fairly well maintained, although a definite decline in the price of building materials has been recorded. During 1930 the drop in the cost of materials averaged about 14 per cent., but as labour costs—which represent about 50 per cent. of the total—have been stationary, the total decline in the cost of production may be put at about 7 per cent. Mr Bellman frankly admits that he can find no evidence of a proportionate reduction in the price of houses. He suggests, as partial explanations (1) the inclusion by builders in the selling price of houses, of an increased number of accessories, by way of gas cookers, refrigerators, payment of legal charges, etc. And (2) a remarkable increase in site values in certain areas. Mr Bellman gave examples of such increases, ranging from 100 to 900 per cent., which he rightly described as a "virulent factor" in the price of property. The speaker may be congratulated on his insistence that the movement should recognise the danger of giving its support to artificial values. Economists will endorse his contention that the societies should not merely reduce their basis of valuation to take account of the 7 per cent. which has been "pared off the builders' costs," but should tighten the conditions under which loans are granted. It is no part of the work of the movement to encourage borrowers who are not prepared to put an adequate personal stake into the purchase price of their houses.

Gamages (West End) Position.—On Wednesday, on the application of Barclays Bank, Mr Justice Farwell granted leave to serve notice of motion for the appointment of a receiver of Gamages (West End), Ltd. It was disclosed that eight to ten writs had been issued against the company, together with a petition for compulsory winding up, and that the bank had taken its step at the request of A. W. Gamage, Ltd. The latter holds 90 per cent. of the deferred shares of the West End company and has guaranteed the dividend on its preference shares, together with the liability of the company to its bank, in respect of which debentures have been given by both companies. The West End company made a public issue, in September, 1928, of 375,000 7½ per cent. cumulative preference shares of £1 (guaranteed by the parent company), with convertible rights, and 125,000 ordinary shares of £1 at par. There were also 500,000 deferred shares of 1s. A further £450,000, it was stated in the prospectus, would be raised on mortgage at 6 per cent. per annum, redeemable over fifty years, from the Duke of Westminster's trustees, this being part of the agreement to grant the building lease. The prospectus estimated that the total proceeds (£500,000 from the public issue and £450,000 from the mortgage), would cover the cost of building (£600,000), of shopfitting, etc. (£100,000), and leave available £250,000 for working capital and the costs of the issue. It would appear that the building costs exceeded the original estimate, and that it was necessary to secure additional assistance for the financing of stocks from the company's bankers, in respect of which debentures were issued both by the West End company and the parent concern. The West End store was opened for business only seven months ago, and, presumably, has been affected by

trade depression. Even the parent company, with its well-established business, admits in an official statement that its own turnover showed a considerable decrease for the year ended January, 1931, and a small trading loss was made. The Holborn company has already paid the preference dividends of the West End company up to January 31st last. The directors are unable definitely to estimate what further loss, if any, will fall upon the parent company in respect of its West End commitments, though they do not anticipate that any portion of the claim of Barclays Bank will ultimately have to be borne by them. They state their belief that their own concern will remain in a position to meet its engagements and continue its business, but do not express any opinion as to the fate of the West End company. Dealings in all the shares concerned became largely nominal on the announcement. The West End 7½ per cent. preference shares, which touched 20s. 3d. in 1929, were called 4s.-6s., and the West End ordinary shares 1s. 3s.-2s. 6d. A. W. Gamage preference were called 5s.-7s. and the ordinary 2s. 6d.-5s.

Rolls-Royce.—The accounts to December 31 last suggest that the market for luxury cars may have felt the draught of trade recession. Trading profit at £136,097 shows a decline of £51,614, as compared with the fourteen months to December 31, 1929—equal to about 15 per cent. on the equivalent twelve months' figure. The unchanged dividend of 10 per cent., however, remains well covered by earnings:—

	Year to 14 Months to Oct. 31, 1928.	Dec. 31, 1929.	Year to Dec. 31, 1930.
Income	185,769	203,456	148,671
Income tax	30,000	35,000	20,000
Directors' fees	...	1,750	1,500
Net profit	155,769	166,706	127,171
Brought forward	30,295	64,685	66,077
Ordinary dividend:			
Amount (before tax)	81,379	95,314	82,376
Earned %	22.8	21.3	17.8
Paid %	10	10	10
Reserve	40,000	40,000	15,724
Other allocations	...	30,000	30,000
Carried forward	64,685	66,077	65,148

A further amount of £15,724 is added to the consolidated reserve fund, which stands in the balance sheet at £694,277, while £30,000 is again allocated to pension fund. The carry-forward at £65,148 is slightly lower than the amount brought in. The balance sheet reveals a strong liquid position, with a cash item of £174,411, debts to the company of £275,494, and investments, most of which are in British Government securities, of £272,679. Creditors total only £259,051. At their present price of 35s. the £1 shares give a yield of about £6 per cent., after allowing for dividend.

Bournemouth and Poole Electricity Supply Company, Ltd.—A satisfactory state of affairs is disclosed in the latest report. Gross revenue, derived from sales of power, rose last year by £19,407 to £265,287, and the net profit was £4,403 higher at £119,814:—

	Year ended 1928.	1929.	December 31, 1930.
Gross trading revenue	242,470	245,880	265,287
Net profit*†	127,478	115,411	119,814
Preference dividend†	11,000	11,000	10,753
No. of times covered	11.6	10.5	11.1
Ordinary:			
Earned %†	20.2	18.1	19.5
Paid %†	15	15	15
Amount of dividend†	86,400	86,400	83,700
Taxation reserve	6,000	3,000	3,000
Reserve fund	25,000	15,000	15,000

Inc. or dec. in carry-forward -922 +2,531 +6,361
 * After deducting allocation of £35,000 (in each year) to depreciation and renewals reserve. † After tax. ‡ Gross.

The number of units sold during the year rose by over 16 per cent. to 18,131,027, while the applications received at December 31 last were 5,128 kilowatts higher at 42,040 kilowatts. Apart from a decline of £3,157 to £22,632 in interest and dividends received, there were increases in all items of revenue. Expenses rose by £13,746 to £131,451. During the year a further 5,000-kilowatt set was installed in the company's generating station. Since the June quarter, 1930, there has been a reduction in the flat rate for lighting supply. Supply has been made available in the area included in the Wimborne and District Electricity Special Order of 1929, and further development is taking place. The Electricity Commissioners have issued an order for the electrification of an additional large area in the county of Dorset, which is awaiting Parliamentary sanction. At their present price of £3 the ordinary shares yield £5 3s. 1d., allowing for the final dividend of 9 per cent.

Alliance Trust.—Despite the trade depression of the past twelve months this old-established investment trust has increased its earnings. Revenue has risen by £16,218 to £692,152, and the net profit, at £359,550, is higher by £3,740. The capital, however, has been increased by a bonus issue of £100,000 preference stock from reserve:—

	Year ended January 31st. 1929.	1930.	1931.
Net profit	315,652	355,810	359,550
Preference dividends	57,200	71,784	69,420
Ordinary dividend:			
Amount	173,250	191,742	194,272
Earned %	35.59%	38.27%	37.43%
Paid %	25%	25%†	25%
Contingent fund	80,000	90,000	95,000
Increase in carry-forward	5,202	2,284	858

† And capital bonus of 10 per cent. in preference stock.

During the year investments increased by £785,951 to £10,840,046. It is stated in the report that the book value of the investments was less than their market valuation on January 31st last. Activities in the company's mortgage fields (which, however, account for only 13 per cent. of the total investments) were unfavourable, and resulted in increased interest arrears. The authorised capital has been increased to £3,250,000 by the creation of 250,000 new £1 shares, some 50,000 of which are to be offered to holders of ordinary shares at a premium of £3 10s. per share. These will rank *pari passu* with the existing ordinary stock as from July 31 next. At 57½ the ordinary stock yields £4 7s. 4d. per cent. Stockholders in the past, however, have received an additional "yield" by way of capital, the company having made six new issues of ordinary capital (including that now proposed) since 1924, on terms securing total share premiums of £1,382,500 to the company and substantial bonuses to stockholders.

United Molasses Meeting.—The directorial explanations and regrets offered to shareholders at the United Molasses meeting last week merely emphasised the fact that "someone had blundered." Mr. F. K. Kielberg, the chairman, admitted that in the estimation of future business a great error had been made, but explained that up to the spring of 1930 there were no signs of trouble on the horizon; indeed, between September, 1929, and May, 1930, record results were achieved. It was on the strength of these that a bonus share issue was made in April, 1930. Criticism was offered by shareholders at the meeting both on this account and on the subject of the payment of the preference dividend. On the major issue—the policy of expansion which has left heavy commitments as a millstone round the neck of the company—the excellent intentions of the board cannot be accepted as sufficient justification for their marked lack of foresight. The headstrong pursuance of a production policy which takes no count of the possibility of market fluctuations is a dangerous speculation. The company now awaits a revival

in the molasses trade, and it remains to be seen how far events will bear out the chairman's suggestion that, the production of molasses in Cuba and the West Indies having greatly declined, a very moderate revival in American consumption may result in a demand for the company's Eastern supply, which at present is being carried as a liability. Shareholders will await with some anxiety the promised interim report in September.

Fox Films Reorganisation.—The important feature of the new financing announced for the Fox Film Corporation is the wealth of banking support which it brings to the board of directors. Mr Wiggin, chairman of the Chase National Bank, becomes a director, and is joined, among others, by the president of the First National Bank of Boston, the president of the First National Bank of Illinois, the chairman of the First National Bank of St. Louis, the president of the Corn Products Company and Mr Cornelius Vanderbilt. The reorganisation of the company involves fresh financing to the extent of \$75 millions, and it is understood that \$30 millions will immediately be issued in the form of 6 per cent. five-year convertible debentures in New York. The balance will be raised by the subsidiary companies, and for the most part will be placed privately. The proceeds of the issue are required to meet maturities of about \$55 millions falling due this month, which may refer to the completion of the purchase of the controlling interest in Loew's Incorporated, an operation which brought about Mr William Fox's downfall. Apart from this public finance, it is understood that \$28,800,000 will be raised on the security of the company's holding in Loew's Incorporated. This holding will be transferred to a specially created holding company—Fox Film Securities Corporation, a name which bears the imprint of the bankers' work. If the Chase National Bank is in future to be behind the Fox Film Corporation, the operation may open a new chapter in the American film industry, which hitherto has been somewhat regardless of economy and conservative finance. For the investor in this country the announcement is chiefly interesting in its relation to the position of the Gaumont-British Picture Corporation. A misstatement regarding the holding of the Fox Film Corporation in the Gaumont-British Picture Corporation has led to a letter from the company explaining the situation for the first time in authentic detail. The Gaumont-British Picture Corporation is controlled, through a majority share interest, by the Metropolis and Bradford Trust, and the control of the trust is vested in 10,000 voting shares, of which 4,950 are held by Messrs. Ostrer and 4,950 by the Fox Film Corporation. The balance of 100 shares is held by the independent chairman, Lord Lee of Fareham, who was nominated and appointed by the two parties jointly. In the event of disagreement between the two parties the ultimate control of the company, therefore, rests with Lord Lee. The latter's position is not altogether a happy one, seeing that the Fox Film Corporation is already believed to have a grievance against the Gaumont-British in that

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the latter has not automatically shown Fox films in its circuit of theatres. So unsatisfactory is the position of the Fox Film Corporation—which put up the greater part of the money to enable the Metropolis and Bradford Trust to obtain a hold of the Gaumont-British, but did not secure voting control—that it is difficult to believe that the new directors, especially the bankers, will be content to leave matters as they stand. They may, indeed, desire to secure either a greater return from their British investment or a sale of their holding.

Whaling Finis.—The Norwegian whaling companies have decided to lay up their fleets in the 1931-32 season. This misfortune involves the throwing out of work of 11,000 men and £10,000,000 of capital. After very high profits had been made in the 1929-30 season, when the price of whale oil was as high as £30 per ton, the whaling companies sent out larger and larger fleets, and equipped the whalers with increased gun capacity. Forty-two floating factories, with 230 hunting boats, were seen in the Antarctic fishing grounds this winter, and record catches were obtained. Yet before the fleets had set sail last autumn the market in whale oil had become nominal. Most of the Norwegian companies had sold their catch forward to the Unilever group in the early part of 1930 at £25 per ton. The British-controlled Hector Whaling Company, on the other hand, missed the market, but, nevertheless, sent out a fleet in September having a gun capacity 25 per cent. greater than in the previous year. The catch of the Hector Whaling Company is reported to be 280,000 barrels, as compared with 200,000 barrels in the previous season, and this huge quantity will have to be stored until the Unilever group re-enter the market. Unfortunately for the Hector Whaling Company, the Unilever group find themselves overburdened by the record catch of the Norwegian Companies, which they had purchased in advance, and have intimated that they will be unable to receive any oil from the 1931-32 catch. Whether the Unilever group will take it upon themselves to acquire next year the unsold 1930-31 catch of the Hector Whaling Company, which, after all, will depress the prices of edible oils as long as it overhangs the market, remains to be seen, but they have intimated their willingness to give preference in their future purchases to those companies which decide to lay up their ships for the present.

Lead Restriction.—In view of the recent decline in the price of lead and its associated products, the rumour that proposals are on foot to add the metal to the long list of commodities whose output has been restricted by agreement will cause little surprise. The market price has recently touched the lowest point for twenty-seven years, falling from something like £26 per ton in April, 1929, to £11 12s. 6d. in March last; while spelter and silver have suffered similar declines, the former reaching the lowest level in its history. While it is almost impossible to obtain accurate statistics of lead stocks, the known warehouse stocks of the United Kingdom suggest that supply has very considerably outrun demand during the last few months, and a serious glut has developed. As a result of negotiations which have recently been proceeding, it is understood that proposals for the restriction of output have been provisionally accepted by most of the producing countries, but that America and Burma are noteworthy exceptions. So far as is known, the proportion by which production is to be reduced will probably be about 15 per cent. of the 1930 output, which, it is hoped, may result in stocks being drawn upon to the extent of about 2,000 tons per month. Whether such a scheme will have to make the same rough passage as has been the lot of similar proposals for other commodities can only be determined by experience. A suggestion has been made in one quarter that the adhesion of America to the plan is a matter of little consequence, in view of the fact that her home market is protected by high tariff walls, behind which the price of lead is maintained above world parity. This contention cannot be accepted as valid. As an important exporter America is clearly in a position to upset any arrangement for restrict-

ing output arrived at without her consent. With regard to Burma, it is believed that an arrangement has been entered into by which the restriction scheme will not apply to the Burmese producers, whose costs are lower than elsewhere; but that Australia will restrict her output by a proportion greater than that applying in the case of the other participants in the scheme. The importance of this proviso is obvious. The Mount Isa Mines expect, under normal conditions, to produce 70,000 tons a year, beginning this summer, an output which in the present condition of the market could only serve to aggravate the situation.

Holland Amerika Line.—This company, which is one of the largest Dutch shipping concerns, has suffered severely from the depression in the freight market:—

	(Thousand guilders.)		1927.	1928.	1929.	1930.
Gross profit	6,876	4,410	3,477	2,552		
Depreciation	4,970	4,520	4,806	3,723		
Interest	1,292	1,475	1,131	1,185		
Net profit	0,614	-1,985*	-2,460*	-2,356*		
Capital	25,000	25,000	25,000	25,000		
6% Bonds	30,000	28,500	27,000	25,500		
Reserves	27,938	26,067	9,012	6,656		
	* Loss.					

The financial position is disquieting. Reserves have declined from 26 million guilders in 1928 to 6.6 millions in 1930. The company now owns 29 steamers, with a value of 109,820,164 guilders, from which depreciation has been written off to the extent of 73,320,164 guilders, leaving the book value at 36,500,000 guilders.

General Mining Group.—Our mining correspondent writes:—Interest is chiefly concentrated upon the West Rand Consolidated. The 1930 report of this undertaking shows a working profit of £238,100, against £187,500 in 1929 and £69,900 in 1928. After providing £31,250 for interest and the like, the balance is transferred to capital expenditure account. The indebtedness to the parent undertaking has been reduced to £216,100—an amount which should easily be paid off during the current year, apart from the possibility of its extinction by issue of the reserve shares. At one time discouraging conclusions regarding the prospects were drawn in view of the necessity of sinking a new shaft in the South. Thanks to the satisfactory nature of the recent developments, the prosecution of this work is in abeyance. Upon resumption, an expenditure of about £286,000 over three years is envisaged. At 4,039,000 tons the ore reserves display a small increase, the value being the same as before. As the outcome of last year's labours, the credit balance of the Meyer and Charlton has been increased from £86,360 to £111,150. The latter sum approximately represents the surplus of cash assets, and is equivalent to over 10s. per share. No distribution has been made since 1927; the next one will take the shape of a liquidation distribution. The New Steyn continues to mark time, but the miscellaneous revenue in 1930 proved insufficient to cover expenses, the credit balance being drawn down by £3,570 to £19,800. At the Witpoort Gold Areas a revaluation of the ore reserves was found necessary. The present total of 364,000 tons, value 6.1 dwts., shows a small decrease in quantity and increase in average. A glance at the balance sheet suggests that little further work will be practicable without the raising of fresh funds.

Anglo-American Group.—A somewhat mixed showing is made by the statements for 1930 of the Rand subsidiaries, which come to hand as we go to press. The less favourable developments at the Brakpan resulted in a decline in average revenue; and as an increased footage was performed the cost average rose. A fall of over £100,000 in the working profit necessitated a small cut in the dividend total. A further but slight recession in profits during the current year is foreshadowed. With the Springs, on the other hand, the 1929 results were improved

upon, thanks to some expansion in the tonnage milled, and the dividend rate was raised to 37½ per cent. An expansion is shown in the ore reserves, and an increase in the 1931 profits is indicated. At the West Springs, an advance in tonnage milled with reduction in the cost sufficed fully to offset decline in grade. The dividend, however, was maintained at 10 per cent. Little change is shown in the ore reserve position. The information given in relation to the Daggafontein was largely anticipated by that published in connection with the recent share issue. The various documents will be discussed in detail in our next issue.

St. John del Rey.—Partly in view of the declaration of a "centenary bonus," it had been anticipated that the report for 1930-31 of this remarkable Brazilian gold-mining enterprise would make a good showing. On the financial side the anticipation proves to have been amply warranted. The net profit amounts to £124,400, against £103,770; and after the payment of a total of 12½ per cent. in place of 10 per cent. the increased balance of £81,370 remains. Of this, £40,000 is transferred to capital working account, leaving £41,370 to go over, or rather less than the amount brought in. The financial position is strong, the company possessing gilt-edged investments to the value of over half a million. The expansion in last year's earnings was attributable to an abundant supply of native labour—due partly to the depression in other industries, a condition of affairs obtaining in the Transvaal. This factor permitted the treatment of a larger proportion of lower grade ore, and the resultant economy in the cost ratio more than counterbalanced the decline in the yield average. On the development side, however, a less favourable story has to be told. Exploration in the lowest level resulted in the opening up of a large quantity of mineral, but of low grade, and at present indications of improvement are lacking. On the other hand, it is believed that lateral exploration in the upper levels will be attended with good results, and increased attention is to be devoted to some of the company's other properties. Still, the position at the moment is that the ore reserves are down by 177,000 tons to 1,278,200 tons, representing about four years' supply at the 1930-31 rate of exhaustion.

Globe and Phoenix.—Distinctly better results were secured last year than in 1929—although the difference was not so great as might be inferred from the payment of 40 per cent. in place of 20 per cent. The development position permitted the treatment of higher-grade ore, giving an operating profit of £126,500, as against £103,800. No violent change is shown in the appropriations for income tax and depreciation. In respect of 1929 the directors followed a conservative policy, transferring £25,000 to a special development reserve. This left the slightly enhanced balance of £19,450 to go forward. On the present occasion £37,200 is carried over. The ore reserves are now placed at 109,200 tons, gross value £567,840, against 100,500 tons, value £485,520, twelve months previously. A study of the illuminating report of the consulting engineer suggests that development prospects are distinctly hopeful. The price of the shares includes an interim dividend of 20 per cent.—as usual, tax free.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Bank of Czechoslovak Legions, John Lewis and Co., Llanelly and District Electric Supply, English Electric, London County Freehold and Leasehold Properties, Paquin, Rio Tinto, Nundydroog Mines, and Balaghat Gold Mines. At the annual meeting of the Llanelly and District Electric Supply Co., Mr A. H. Beatty informed shareholders that the company added 847 new consumers during the year, mostly in the domestic and small power load, a total of 24,546,000 units being sold, as compared with 23,675,000 units for 1929.

Presiding at the annual meeting of the London County Freehold and Leasehold, Sir William Burton said that the board believed that the future would see an increase in the demand for flat accommodation in London, and under present-day costs it would appear to be almost impossible to build at rents to compete with the class of flats which the company mainly owned. At the Rio Tinto meeting Sir Auckland Geddes said that in spite of output restriction, stocks were not far short of four months' supplies, and as one quarter of 1931 had already gone, the world's copper mines would only have to produce for five months from now to meet world requirements for this year.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to April 11, 1931, £49,869,606. Total, including conversion, recorded January 1 to April 11, 1931, £59,539,555.

National Savings Certificates.
Net sales, week ended April 11, 1931, £150,000.
Total receipts, April 1, 1931, to April 11, 1931, £450,000.

To the Public.	Nominal Capital.	Conversion or Redemption.	New Money Subscription.	First Payment.	Further Liability.
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—	Nil	Nil	Nil	Nil	Nil
Including Conversions.	Nil	Nil	Nil	Nil	Nil
Excluding Conversions.	Nil	Nil	Nil	Nil	Nil
Jan. 1 to date—	£	£	£	£	£
1931	59,689,555	50,019,606	1930	454,888,784	267,800,700
1930	162,540,066	105,044,548	1929	488,764,940	285,239,400
1929	114,064,030	100,484,810	1928	693,100,066	369,058,073
1928	...	176,948,000	1927	...	355,165,970
1927	...	150,709,484	1926	...	230,782,600
1926	...	79,202,450	1925	...	332,214,500
1925	...	55,504,718	1924	...	209,326,101
1924	...	47,233,612	1923	...	871,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	40,245,574	727,571	9,046,461	50,019,606
1930	106,094,548	11,400,697	8,309,707	125,804,952
Whole year—	£	£	£	£
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,500	31,543,400	116,025,700	285,239,600
1928	217,817,900	45,062,500	111,177,600	374,058,000
1927	21,958,000	36,836,600	89,371,400	148,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	2,744,375	...	£807,132
African and European Investment Company, £850,000 6½% Debts at 92%	782,500	95½	809,625
Rio Claro Railway and Investment Company, £100,000 5% Deb. Stk. 1962-72 at 97%	97,000	97½	97,500
Total for week ended April 18, 1931	879,500	...	907,125
Total to date, 1931	3,623,875	...	3,714,257
Total to date, 1930	12,325,378	...	13,934,082

[Other Stock Exchange information, including the latest dividend announcements, weekly traffic returns, summary of balance sheets, reports and notices, and profit and loss figures, will be found on page 866, under the heading "Company News."]

Grace National Bank

Hanover Square, New York, U.S.A.

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COMPANY MEETINGS, &c.

BANK OF CZECHOSLOVAK LEGIONS,
PRAGUE.

DIVIDEND 8 PER CENT. AS LAST YEAR.

The tenth annual general meeting of the Bank of Czechoslovak Legions, Prague, was held on April 12th at the Lucerna Hall, Prague.

Dr. Rudolf Rase, the chairman, who presided, said: At the last general meeting our general manager had already stated in his report the beginning of the economic crisis, which, during the past year, culminated in a world crisis and adversely affected every enterprise in the country. We have to thank the far-seeing and prudent management of the leading officers and especially of our general manager, Mr. Sip, that the result for last year was not less favourable than that of past years. You will hear from Mr. Sip's report how advantageously our bank enlarged its activity in Slovakia by affiliating the Slovak General Credit Bank in Bratislava and other smaller banks in Slovakia and Carpathian Russia. We have now a dense system of branches and affiliated institutions throughout the Republic. This was only achieved by hard and systematic preparatory work since the first years of the existence of our bank, which has been of importance not only for our bank, but for the whole State. By serious and productive work in the banking business, we are gaining confidence for a collaboration of the Czech population with that of the countries which were united with the historical countries by the great political change of 1918. Our activity in Slovakia and Carpathian Russia is gratefully acknowledged there by the entire population and commented on most propitiously in the newspapers. This result of our work caused us great satisfaction and gives us full confidence in the further growth and development of the bank in the future. (Applause.)

In the name of the board of directors and of the auditing committee and assuredly of all the shareholders, I take this opportunity to wish Mr. Sip, who this year will attain his fiftieth birthday, good health, that he may continue further his fruitful work. (Applause.) In the name of the board of directors, of the auditing committee and of the shareholders, I have the duty to thank heartily, besides Mr. Sip, also his assistant, Mr. J. Khyn, the managers, the staff in the main office and in the branches and affiliated banks for their good and conscientious work. They merit thanks in the highest degree. The relations between the management and the staff were, as in the past, most friendly. I beg to state that during the past year no claims from shareholders against the management or staff were received.

The general manager, Mr. Sip, turned to the balance sheet and gave an exhaustive explanation of all its items.

The net profit amounts to Kc. 7,716,887.20 and the payment of a dividend of 8 per cent., i.e. Kc. 16.0 per share, as last year, was voted by the assembly. After the usual provision, the reserves reached Kc. 65,000,000.0, i.e. 92.86 per cent. of the capital.

ELECTION OF DIRECTORS.

The retiring directors, General Manager Mr. Frantisek Sip, President Dr. Rudolf Rase, Second Vice-President Mr. Stanislav Zavadilik and Mr. Eduard Nop were re-elected. The members of the auditing committee, Mr. Václav Vondrak and Mr. Theodor Ruzicka, were also re-elected.

At the close, the board of directors held a meeting and re-elected Dr. Rudolf Rase as president, Dr. A. Straka as first vice-president, and Mr. Stanislav Zavadilik as second vice-president.

STATEMENT OF CONDITIONS AS ON DECEMBER 31, 1930.

Assets.	Kc.
Cash	21,314,982.40
Due from banks	64,459,982.35
Foreign exchange	39,241,967.10
Discounted bills	131,383,244.40
Securities	126,414,427.55
Participations	50,744,300.00
Debtors	765,506,389.45
Real property, equipment and fixtures	26,772,002.15
Transitory assets	12,440,442.20
Other assets	31,250,340.35
Transit items, Kc. 420,981,393.85.	
	1,269,528,077.95

	Liabilities.	Kc.
Stock capital paid up		70,000,000.00
Reserve funds:	Kc.	
In accordance with par. 68 of the company's statute	20,000,000.00	
In accordance with par. 69 of the company's statute	44,550,000.00	
		64,550,000.00
Mortgage loans		507,105.90
Deposits in savings accounts		333,159,215.85
Creditors		754,749,066.85
Unclaimed dividends		327,697.00
Transitory liabilities		12,515,981.80
Other liabilities		26,002,123.35
Transitory items Kc. 420,981,393.85.		
Net profit		7,716,887.20
		1,269,528,077.95

PROFIT AND LOSS ACCOUNT ON DECEMBER 31, 1930.

	Losses.	Kc.	Kc.
Interests paid:			
On deposits	41,616,241.80		
Other interests	4,324,081.45		
			45,940,323.25
Administrative expenses:			
Material expenses	4,105,972.25		
Salaries	17,784,305.75		
			21,890,278.00
Revenue and Taxes:			
Business tax	1,500,000.00		
Other revenues, taxes and fees	347,768.10		
Contribution to bank emergency relief fund	525,000.00		
			2,372,768.10
Amortisation quotas:			
On real property	873,142.15		
On equipment and fixtures	1,199,314.35		
			2,072,456.50
Various losses			1,224,140.95
Net profit:			
Transferred from 1929	39,038.75		
Net profit for the year 1930	7,677,848.45		
			7,716,887.20
			81,216,854.00

	Profits.	Kc.
Balance brought forward from the year 1928		39,038.75
Interests received:		
On securities	6,208,164.85	
For discounted bills	15,504,909.20	
For loans	41,493,392.90	
Other interests received	131,198.65	
		63,337,665.40
Commission charged		11,806,550.50
Various profits:		
On securities, foreign exchange and values	1,220,997.15	
On participations	3,368,164.00	
Other profits	1,444,438.20	
		6,033,599.35
		81,216,854.00

COMPARISON OF BALANCE SHEET ITEMS, SHOWING THE
EVOLUTION OF THE BANK.

Year.	Capital and Reserves.		Deposits.		Dividends Paid.
	Capital Stock.	Reserves.	In Savings Accounts.	In Current Accounts.	
In thousands of Cz. Crowns.					
1920	70,000	14,000	...	182,225	Per cent.
1921	70,000	18,082	40,358	252,924	6
1922	70,000	26,344	78,950	407,115	6
1923	70,000	26,800	94,053	412,015	6
1924	70,000	29,200	116,699	418,810	6
1925	70,000	32,000	148,981	424,458	6½
1926	70,000	39,600	177,934	478,015	7
1927	70,000	40,200	215,293	533,589	7
1928	70,000	41,700	257,779	604,281	8
1929	70,000	64,550	292,490	556,960	8
1930	70,000	65,000	333,159	754,749	8

JOHN LEWIS AND COMPANY, LIMITED.

THE "PARTNERSHIP" SYSTEM.

INCREASED EFFICIENCY.

CURRENT YEAR'S FAVOURABLE START.

The third annual general meeting of John Lewis and Company, Limited, was held, on the 10th instant, at the company's premises in Oxford Street, London.

Mr. J. Spedan Lewis (the chairman of the company) remarked that the report gave all of the information usually withheld from the shareholders until the speech of the chairman at the meeting, and that he had only one supplementary observation to make before inviting questions—namely, that the monthly profit and loss accounts for February and March, the first two months of the new trading year, showed that considerably more profit had been earned than in the previous year.

In view of the very heavy fall of values in the past 12 months and of the specially unfavourable conditions of weather and otherwise he had been agreeably surprised at this advance in these particular months.

The accounts and report and the other motions before the meeting were all adopted unanimously.

After a vote of thanks to the chairman had been moved and seconded, the treasurer of the Industrial Co-partnership Association, Mr. F. W. Rafferty, J.P., took that occasion to express its strong approval of the principles and methods of the company.

The following are sections of the report which was issued with the accounts:—

The turnover was greater than in the previous year by 14.4 per cent. The total stock as a percentage of the total turnover at the end of the year was smaller by 3.2 per cent.

This growth of the sales and improvement in the proportion of the stock are the fruit of the drastic measures that we have been taking to improve the efficiency of the buying and stock management ever since the two businesses came into our hands in the autumn of 1928.

The long-established policy of the old business of John Lewis and Company seemed to us to be sound, and accordingly we have held to it strictly. But recent practice of that policy seemed to us to admit of substantial improvements, and those improvements we set to work immediately and wholeheartedly to make. As we have just said, the figures that we are now reporting to you are their fruit.

In the main the improvement was hardly more than avoidance of the mistake of supposing that small amounts of salary are the same thing as a low rate of working expense.

It seemed to us that in many of the positions in these two houses—and particularly in the more important positions—workers genuinely able to earn far higher incomes would prove relatively cheaper, and they are proving so.

The new part of our business (the former Harries premises) is now no more of a worry to us than is the old familiar business of John Lewis and Company, or than is the business of Peter Jones, Limited, of Sloane Square, which passed in a really desperate condition into our hands 17 years ago, and which has now, with hardly any advertisement, a turnover that is already nearly six times as large, and that grows steadily from year to year, and that is producing instead of the former substantial yearly loss a profit that amounts to a very fair return upon the whole of what was at one time only dubiously existent capital.

We felt that we ought to make this reference to the business of Peter Jones, Limited, in case you may have some doubt whether this improvement in your own business over the results of last year may not represent to some serious extent a mere *tour de force* or a mere stroke of luck, or be in some other way a matter of appearance rather than of reality. No such suggestion could be made in the case of the business of Peter Jones, Limited, and that business, which has increased in each of the last six years, has broken again, even in this year, all of its previous records.

TRADING AND PROFIT AND LOSS ACCOUNT.

The balance of the trading account is £162,713, against £132,056 for last year. It might, perhaps, be more strictly accurate to say that this improvement of £30,657 is really an improvement of £39,490, because, as you may remember, last year's figure of £132,056 would have been worse by £8,800 if the chairman had not taken, as we informed you at the time, upon his personal account certain expenses that he considered in the light of the event to have been unfortunate experiments. This year there have been no such items.

The balance sheet shows a balance of profit carried forward into this current year of £52,457. The preference dividend of £26,250, due February 1, 1931, has been paid, and it is now proposed to declare for the purpose of our special system of partnership a final dividend of £14,000 (2 per cent.) upon the ordinary shares.

This will make 5 per cent. for the year and will leave a balance in hand of £12,207, against a comparable figure of £11,651 last year.

THE OUTLOOK—ATTEMPT OF COMPETITORS TO PREVENT SELLING AT LOW PRICES.

So far as general conditions go we see at present no reason to suppose that we shall fail to maintain through this coming year such results as we are now reporting to you, and we shall be disappointed if we do not make considerable progress, although it is true that, like all traders, we must expect to have to meet competition that will be specially strenuous when times are specially hard—and times were never harder than they are to-day—and although it is true that in our own case such competition is likely for two reasons to be exceptionally keen.

In the first place, we cannot expect that our competitors will like our partnership system. The profits, that they have to pay out as ordinary dividend with little, if any, advantage to the business itself, become under our own system a supplement of the pay-sheet and at the same time a source of fresh capital in the position of ordinary share capital but entitled to a dividend of only 5 per cent. Our present pay-sheet is well up to the normal percentage of turnover for a business of our kind, and the money and shares, that will have been distributed in respect of this year by way of what we call partnership benefit, will have increased that pay-sheet by a further 15 per cent. (disregarding only that small minority of the staff who were for one reason or another disqualified for participation in this benefit). There is a reference to this fact in the report of the auditors.

And this is no more than a small first beginning! There seems to be no doubt at all that as our business grows the distribution will reach 30 per cent., and there seems to be a real chance that in the long run it will go much farther.

Inevitably as years pass the cream of the personnel of the trade will come to us. It is happening already to no small extent. Within the last two years, for example, three of the very best of the buyers of two of our largest competitors have left them in order to join us. The example of these and of other distinguished newcomers will inevitably attract notice in the world of our trade and it will inevitably increase the inclination of other leading experts to join us similarly.

Moreover, if we are going thus to get the cream of the buyers we shall be sure, quite apart from the attractions of our partnership system, of getting also the cream of the selling staff. For the cleverest sellers must naturally prefer to work with the cleverest buyers. And this also is happening already to no small extent.

Now modern industry is very largely a matter of getting the cream of the workers. And our partnership system not only enables us to do that, but also enables us at the same time to sell so cheaply that, at present at all events, we find it practicable to make it an absolutely hard-and-fast rule never knowingly to allow ourselves to be undersold and to be content in a multitude of cases with a price substantially lower than the lowest for which our intelligence department can find the same article in the shops of any of our competitors.

To put it in the simplest terms, all profit in the strict sense of the word, that is to say, what some economists call "windfall" is transferred by our system from capital to labour, but only on condition that labour invests it in the business for a fixed return of 5 per cent. This means in effect, as we have said, that the profit and loss account will be heavily subsidised at the expense of what would be otherwise ordinary dividend, and that the business will accumulate at the same time in the position of ordinary share capital new money upon which it will have to pay only 5 per cent.

Obviously from the standpoint of our competitors we are breaking all the rules of the game and getting thereby an advantage that they simply cannot meet. Of course they can—and presumably they will—comfort themselves with the reflection that the utmost number of customers that we could possibly serve in the whole of our floor space would still leave plenty for them. But still we can hardly expect them to love us, and we must be correspondingly on the alert to defend ourselves against more than ordinary competition.

A chief means of such defence must be publicity, and we feel accordingly that we ought thus publicly to inform you that, in an interview on February 23, two of the directors of a company making a well-known brand of woven underwear told us that their company would cut off our supplies unless we would undertake to

raise our prices nearly, if not quite, to the level of those of one of our competitors.

At that time the average selling prices of our competitors for the same series of articles were above our own by a little more than 12 per cent., and they had complained to the manufacturers that we were selling too cheaply.

We pointed out that the chairmen of the great banks and many other leaders of opinion have been expressing for some time very grave anxiety at the great injury that our country is suffering precisely because retail prices are so high.

We suggested also that it must surely be to the interest of a manufacturer that his goods should be retailed as cheaply as possible and his market thereby widened, and that a manufacturer who has confidence in the merit of his goods can surely afford to ignore threats or hints of withdrawal of custom by retailers who desire higher profit, because those retailers will not really dare to put their cheaper competitors into the position of having a monopoly of the goods in question.

In our own view manufacturers and wholesalers ought to supply without any discrimination any retailers who are prepared to pay the price that they are asking and to make their payments promptly.

The two directors suggested as a way out of the difficulty that they might supply us with the same goods but without the branded name upon them, but they could not agree to our informing the public by window notices or otherwise that the goods really were the same, and they maintained that, as all or almost all of their other retailers charged about the same rate of profit as the particular competitors who had complained to them, they could not take the risk of losing their custom by supplying us if we persisted in selling the goods so cheaply.

We said that if their fears were to prove well founded we would advertise the facts at our own expense and risk, and we suggested that in the long run the public demand for their goods would be rather increased than diminished, but they persisted in taking the contrary view.

Accordingly, we have arranged, as we told them that we should, to get these goods through middle-men (which means, of course, that we have to pay rather more for them), and we shall exhibit with them in our windows a reference to this affair and a mention of our disinclination to allow our policy to be dictated by our competitors.

Of course, it will happen only rarely that the particular competitor who is at the back of action of this kind on the part of one of our suppliers will fail to prevent his own name from becoming known to us.

Within the last few days, for example, the Drapers' Chamber of Trade of the United Kingdom has written to us that it has received from one of its members, whose name, of course, the Chamber does not mention, a complaint that we are selling some other goods too cheaply. The letter amounts to a request that we shall raise our price.

In this case the manufacturers of the goods in question are well known to be far too confident of the public demand for their goods to be disposed to narrow their own market by helping any retailers to make them dear. Inquiry has shown that our buyer has not exceeded the wide discretion that we give to all our buyers to sell very cheaply, and we are replying accordingly to the Chamber.

It may seem to you that even an organisation so large, so well provided, and so firmly established as our own may be in some real danger if the powers of the great modern syndicates are going to be exerted against it in this and in other ways.

Of course, our chairman reckoned with that possibility when he decided to devote his own career to this attempt to put into practice upon a scale sufficient to be a fairly impressive demonstration one possible method of reforming industry from within.

In drafting this scheme he felt that, in view of the powers that were to be attached to the chairmanship, of which he was to be the first holder, he ought to put his own estate into such a position that he would have to lose practically the whole of it, that is to say, somewhere about a million pounds before any of the shareholders, either in your company or in The John Lewis Partnership, Limited, could lose a penny; but, in view of the size of his estate, he intended to take neither interest upon his capital nor pay for his (wholtime) services, and, that being so, he naturally considered this step with very special care. His decision to take it was based upon the reckoning that, if it was in the power of ordinary retailers to prevent the arising in their field of a new type of industrial organisation, they would most certainly not have failed to prevent the arising of the co-operative society.

For the co-operative society is based upon the idea of distributing among its consumers the profit that attached formerly to ownership, just as our own new kind of partnership is based upon the idea of distributing that same profit among the workers, from top to bottom, in proportion to their rates of pay.

Obviously the former idea must be no less provocative than the latter of the hostility of the old order and our chairman reckoned that if the old order failed, as it did, to prevent the development of the co-operative society it would fail likewise to prevent the development of his own idea.

As a matter of fact we believe that our system will beat the co-operative society itself, because it will both get the first choice of the workers and also get from them a better quality of work than even they would give otherwise.

That it can be suppressed by competitors of the old type we have no fear at all.

After all, a business is in reality simply a combination of two masses, a mass of workers and a mass of capital. Our system must plainly secure the best workers—it is in fact, as we have said, already securing them—and it solves the problem of capital by obliging the workers to do what, as a whole, they would not have the imagination and the self-control to do of their own accord—namely, to become capitalists themselves, saving a large proportion of their total earnings and investing it in their own business, and to be content with a fixed cumulative return of no more than 5 per cent.

Our system claims in fact to be a useful experiment in the direction of amending the capitalist system. It is obvious that our own, to say nothing of other countries, is suffering grievously from persistent industrial unrest and that this injures not merely the workers themselves but the whole community, and we all know that many people have come to believe that we shall never have a general state of happiness until the capitalist system has been abolished.

To us this seems to be plainly untrue. To us it seems to be plainly true that capitalism is indispensable to-day and will continue to be indispensable for a very long time, at all events, to come. But it seems to us to be no less plainly true that the capitalist system needs amending.

It has evolved in such a way that some (comparatively few) owners of money and most dealers in money and all possessors of great managerial ability are in a position to take for themselves more than is really expedient for the general good, and, in the main, being human, they take it.

The general mass of the community are, as we see, too little gifted with imagination and with strength of character to cure the trouble for themselves by doing voluntarily that which such systems as ours will oblige them to do.

Civilised communities have come to see that human nature makes it necessary that there shall be laws against excessive usury, but they have not yet come to see that the unlimited dividend and the unlimited overpayment of financiers and managers are themselves likewise forms of mere overcharge and peculiarly disastrous because of their effect upon the fruitfulness of almost all labour and upon the spending-power of the general mass of the nation.

But in any case, Parliaments cannot do very much more than make compulsory upon everybody reforms that a minority have already made voluntarily and have shown to be not only desirable but practicable.

That is why we hope and believe that our own and similar experiments will prove to be a much needed new form of political work. Reformers have been content for too long to tackle industrial problems from outside.

In view of these general considerations, to say nothing of our somewhat remarkable results for this particular, peculiarly testing year, we venture to hope that you will share our own views, that, as long as the people of London require clothes and furniture, we are reasonably certain of at least a modest prosperity.

APPOINTMENT OF DIRECTORS AND AUDITORS.

In accordance with the articles, all the directors (except the chairman) retire, and, being eligible, will, with the exception of Mr M. Watkins, offer themselves at the general meeting for reappointment. The development of the functions of Mr Watkins in our group of companies as a whole has made it desirable that he shall join the board of The John Lewis Partnership, Limited, and leave that of your company, in accordance with our general policy of seeking to keep the directorate of each of our companies as separate as possible, so that each director may be able to devote himself single-mindedly to the particular province of his own company.

In addition to the previous directors, Mr R. J. Ledbrook, to whose very important services a reference has been made in this and in our previous report, has been recently appointed to the board. This appointment, which now requires your confirmation, is in accordance with our general policy of securing as far as possible that our directors are wholtime workers in the business that they are undertaking to direct.

Messrs Price, Waterhouse and Company, were reappointed auditors for the year 1931-32.

LLANELLY AND DISTRICT ELECTRIC SUPPLY COMPANY, LIMITED.

IMPROVEMENT IN PROFITS.

The annual general meeting of this company was held, on the 15th instant, at Winchester House, London. Mr A. H. Beatty, O.B.E. (the chairman), presided.

The Chairman, in moving the adoption of the report and accounts, said: When we met in April last the conditions looked very promising for a substantial increase in the company's profits, and for the first half of the year this prospect was realised. In the second half of the year, however, we were faced with a period of acute depression in the coal, steel and tinplate industries of South Wales, and the conditions changed rapidly for the worse in common with industries in other parts of the country. In the latter part of the year the position was accentuated by the threat of a general coal strike, and several of the collieries and larger works in the company's area closed down, while most of the others are working on short time. The depression seriously affected the company's receipts for lighting and power, and in view of these adverse conditions I think we are to be congratulated upon having turned the year with an improvement in profit, as compared with the previous year.

The Bill promoted last year to abandon light railways and run trolley vehicles and buses passed through all its stages, and received Royal Assent on July 10, 1930. The Act allows until June, 1935, for the change-over, but the directors consider that as soon as possible after the approval of the plans the work of conversion should be taken in hand.

During 1930, in terms of our agreement with the Rural District Council, we took over three non-statutory undertakings operating in the parish of Llandebie and at Tycroes in the parish of Llanedy. The existing overhead distribution systems were remodelled and adapted where possible for our 3-phase 4-wire system, but in one district a complete new system had to be provided. Our high-tension mains were extended into this area with suitable substations, and the last section of the change-over was completed in December last. As a result some 600 new consumers, mostly domestic, have been acquired, of which approximately 350 were connected at December 31st.

In the chairman's speech last year reference was made to the scheme of the Central Electricity Board for Central England and South Wales, in which a new super station for South Wales is contemplated, and to the fact that we had an admirable site for such a station. This site was thoroughly investigated by our engineers, who were quite satisfied that the site was adequate in every respect for the purpose, and a comprehensive report was submitted to the Electricity Commissioners. Despite our efforts we have not so far succeeded in getting the authorities to adopt a site in our area.

We added 847 new consumers during the year, mostly in the domestic and small power load, and a total of 24,546,000 units were sold, as compared with 23,675,000 units for 1929. The maximum load on the station was 6,985 kilowatts, as compared with 6,600 kilowatts last year. The power plant was in continuous service throughout the year. The installed capacity of the station is 17,500 kilowatts, so that after providing for standby we have a surplus of several thousand kilowatts available for disposal.

It is not expected that the Central Board scheme will be in operation for some two to three years, and it is not proposed to extend the grid system beyond Llanelly, so that there is a possibility of some of our surplus power being made available for supplies in West Wales.

Turning to the profit and loss account, the available balance is £60,612. The directors now recommend the payment of a dividend on the ordinary shares of 3½ per cent., less tax, leaving to be carried forward to next year's account £3,480.

I know some of the shareholders will be disappointed that we do not recommend a larger dividend for the ordinary shares, but we hope that after consideration you will agree that the directors are acting in the best interests of the shareholders at the present time in strengthening the reserves.

It is too early to make any forecast of the current year's results. The tinplate and steel industries are still in a depressed state, but there are indications of more stable conditions in the coalfields. We are in a position to take advantage of any improvement in trade conditions, and by continuing the policy of making every effort to increase the lighting and small power side of our business we hope to offset any drop in the larger power accounts. I am pleased to be able to inform you that returns just to hand for the quarter to March 31st last show that the revenue position on the power side is approximately the same as last year, in spite of the appalling conditions. We may, therefore, with some confidence express the hope that when we meet next year we shall be able to show results more satisfactory than those of 1930.

The resolution was carried unanimously.

LONDON COUNTY FREEHOLD AND LEASEHOLD PROPERTIES, LIMITED.

CONTINUED PROGRESS.

The twenty-first annual general meeting of the London County Freehold and Leasehold Properties, Limited, was held, on the 14th instant, at the registered office of the company, 114-116, Park Street, London.

Sir William J. M. Burton, the vice-chairman of the company, presided in the absence, through illness, of Mr A. C. Bournier, the chairman of the company.

The speech prepared by Mr Bournier, which was read to the meeting by Mr T. J. Cullen (the general manager), stated that the meeting represented the twenty-first birthday of the company, which, as anticipated, had continued to progress and prosper. Thanks to the policy of the company they were able to offer in well-built mansion-flats, accommodation, situation, and amenities at least equal to, and in some cases superior to, anything offered by their new competitors, and at lower rents than modern construction could provide, except, possibly, in the case of the very expensive flats, of which they held so few. The net revenue balance for the year was £216,511, as compared with £175,025, and actually the net revenue balance was £221,806, £5,295 having been left unappropriated in the subsidiary companies. The board had seen their way to increase the dividend by 1 per cent., to increase the reserves and carry-forward by slightly more than last year, and to increase the disclosed surplus by £146,797. With regard to that surplus, the board had no hesitation in saying that the company's properties and those of the subsidiaries were valued on an extremely conservative basis, with the result that the surplus was very much greater than appeared in the balance sheet. His personal view was that at least £250,000 could be conservatively considered as an additional value to the £3,279,554 set forth in the balance sheet, and they had been advised by an expert that even that additional figure was low. On that basis the intrinsic value of the share was about 34s.

PROGRESS OF SUBSIDIARY COMPANIES.

The prosperity of the parent company applied with equal force to each one of their subsidiaries. They did not take all the subsidiary profits as dividends, with the result that the financial status of each subsidiary improved, and they found themselves in the happy position of "the beautiful mother of even more beautiful children." The financial position both of the subsidiaries and of their company was strong, and by 1965, when the debenture and loan liability should have been discharged, the income from the properties for many years thereafter should enable the payment of much enhanced dividends.

The directors had given the suggestion of quarterly dividends careful consideration, and had come to the conclusion that their business was now so firmly established that they would be justified in paying three quarterly dividends of 2 per cent. each, and recommending a fourth and final dividend of whatever the account of each year might appear to warrant.

The company's progress might be gathered from the fact that their assets had grown from £160 in 1910 to approximately £5,489,799 in 1931, while their net income available for dividend had risen from £106,791 in 1929 to £221,806 in 1931, their dividends in the same period increasing from 9 3/5 per cent. for the fifteen months ending March, 1929, to 11 per cent. for the twelve months ending March, 1931. The fact that on their large capital of £1,620,000 they earned 13 per cent. might mean that their progress was due to their prudence, but they were proud in the knowledge that they had secured the confidence of large financial houses and bankers, the Stock Exchange, and, not the least important, the estate agents on whom they were so dependent for the properties they acquired, and who knew that a square deal was a certainty in the case of their company. The properties were well spread, the demand for flats was good, and he really felt that the company's pre-war erected flats, providing larger and loftier rooms than could be obtained from present-day construction, made effective competition with them extremely difficult.

The board believed that the future would see an increase in the provision of flat accommodation in London, though under present-day costs it would appear to be almost impossible to build at rents to compete with the class of flats which the company mainly owned. The board, therefore, regarded the future prospects as being good. Subject to no further abnormal conditions arising, the revenue account for the past year should indicate what might be reasonably anticipated as the probable future net income, and shareholders would, no doubt, concede that to earn over 13 per cent. on the share capital, having made full provision for the extinction of the leases, was a very satisfactory rate, and evidence that the company's assets were really valuable.

The report and accounts were unanimously adopted.

PAQUIN, LIMITED.

SATISFACTORY RESULTS DESPITE DIFFICULT TRADING CONDITIONS.

The thirty-fourth annual general meeting of Paquin, Limited, was held, on the 15th instant, at Cannon Street Hotel, London, Sir Harry K. Newton, Bt. (the chairman), presiding.

The Secretary (Mr Charles Beavis), having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report and accounts, said that when the shareholders met last April to consider the accounts for the year to December 31, 1929—one of the most successful in the company's 33 years of existence—he was able to state that, although that year had been followed by a period which was somewhat disquieting, yet during the few weeks preceding that meeting there had been signs of a welcome change, and that they were apparently getting over a condition of things which had caused them not a little anxiety. He regretted to say that the improvement did not continue and, difficult as were trading conditions in 1929, they had been infinitely more difficult in 1930. Greatly diminished spending power throughout the world had necessarily had its direct effect upon the company's business, and, in point of fact, their emergence from this most difficult and trying year with so much success was regarded by the board as extremely satisfactory, and must, he thought, have come as a considerable and very pleasant surprise to shareholders. It afforded the strongest possible evidence of the assured position which the House of Paquin held among discriminating women, and he was happy to be able to assure the shareholders that, although, in common with all other houses doing an at all comparable business, their volume of trade had diminished, their reputation and the estimation in which their productions were held had still further increased. This he regarded as of the very highest importance for the future, when the need for drastic personal economy among their clients should be less absolute. When that time would come shareholders would not expect him to prophesy, but it surely could not come until the present most oppressive, almost crippling, load of taxation was lightened.

VALUE OF STOCKS.

Dealing with the balance sheet, the Chairman said it was essential at all times, but especially in times of falling markets, that stocks should be closely watched and well controlled, and he was glad to be able to assure shareholders that this had been done. The stock now stood at £18,578, against £31,775 last year—a reduction of upwards of 40 per cent. Shareholders need have no doubts whatever as to the value of these stocks; they consisted largely of valuable and rare furs, and the prices at which they had been brought into stock were fully in accord with present-day values. With regard to the item of sundry debtors, £260,000, the directors would have wished to see a reduction in this more commensurate with the reduced turnover, but the rapid collection of book debts in times of such acute stringency was not an easy matter, and while for this reason they had not been able to keep the collection quite as close up as usual, shareholders need not have one moment's anxiety as to the value of this asset.

The total of cash, bills and investments amounted to £90,809, against £114,765 last year. The reduction was due, of course, to stringency of money and reduced trade, and, in the circumstances, the cash position could be regarded as highly satisfactory.

PROFIT AND LOSS ACCOUNT.

The profit and loss account showed a credit of £98,378, against £130,813 last year, and the directors proposed to pay a balance dividend of 2½ per cent. on the ordinary shares, making 10 per cent. for the year, together with a bonus of 10 per cent. This made a total distribution of 20 per cent. for the year, against 30 per cent. for the previous year. They were transferring £5,000 to reserve, which would then stand at £80,000, and increasing the carry-forward by £4,178, to £26,721.

As to the future, the success of the company depended upon two things: the prosperity of their customers—over which the company had no control—and their own reputation and prestige. These latter, with the assistance of their managers and staffs, were being maintained, and, if possible, increased, and they might therefore feel perfectly confident that when prosperity eventually returned they would secure their fair share of the business which would naturally result.

M. Francois Debray (managing director) seconded the resolution, and, in the absence of questions, it was put to the meeting and carried unanimously.

ENGLISH ELECTRIC COMPANY, LIMITED.

DIFFICULT TRADING CONDITIONS.

The annual general meeting of the English Electric Company, Limited, was held in London, on the 16th instant, Sir Holberry Mensforth, the chairman, presiding.

Referring to the balance sheet, the chairman explained the considerable alterations in the share capital resulting from the adoption of the reorganisation scheme and the issue of £850,000 of new ordinary shares for cash. The debenture debt had been reduced from £2,018,748 to £1,196,093. He compared in detail the items appearing in the 1930 balance sheet with those of the previous year. As over £560,000 had been written off capital expenditure, under the scheme, no further depreciation had been charged against profits. Losses incurred prior to the reorganisation last June amounting to £72,184 had been charged against the sum available on reduction of capital, leaving a balance of £31,612 to the debit of profit and loss account.

The extraordinary difficulties encountered by the company last year were largely owing to the fact that its reorganisation had coincided with a period of acute trade depression. Moreover, home business available to manufacturers of heavy electrical plant had been disappointing both as to volume and price. Conditions in the export markets had been unsatisfactory, particularly in Australia and India, owing to exceptional conditions in both those countries. Changes had been made in the constitution of the board, and Mr G. H. Nelson had been appointed managing director. The executive and manufacturing facilities of the company had been reorganised and production rearranged as between the various factories, with the result that the company's activities at Preston were now confined to rolling stock; there had also been considerable reductions in staff. He added that the directors were determined that the company should maintain a reputation for first-class service to customers.

Speaking of the future, the Chairman pointed out that orders for the grid from the Central Electricity Board would soon cease, and unless the electrical industry was to suffer a consequent slackening of activity, orders would have to be forthcoming from other sources.

The Chairman concluded by expressing his complete confidence in the quality of the company's products and in its ability to compete successfully with other manufacturers, provided that a revival in trade made it possible for the volume of business to be increased to a point at which the full benefit of the reorganisation could be realised.

The report and accounts were adopted.

RIO TINTO COMPANY, LIMITED.

STRONG FINANCIAL POSITION.

The fifty-eighth ordinary general meeting of the Rio Tinto Company, Limited, was held, on the 16th instant, at the Cannon Street Hotel, London.

The Rt. Hon. Sir Auckland Geddes, G.C.M.G. (the chairman) said that their balance-sheet position was one of great strength. The true quick liabilities at December 31st were almost exactly £750,000, and the true quick assets totalled nearly £1,500,000, quite apart from something over £2,500,000 of investments. In view of the economic position of the world in general, and the base metal and chemical industries in particular, that, he thought, indicated the real strength of the company's position.

The net trading profit, plus interest, etc., was over £1,100,000, but there was a deduction of no less than £454,725 before they reached the available balance of £686,966. That big deduction included a great part of the load of taxes piled on them by the Governments under which they worked. Since 1924 the company had actually made a total operating profit of over £10,500,000, and of that the Governments had taken in taxes £5,305,900, and there did not appear to be much hope of relief. They were paying a final dividend of 10s. per share on the ordinary shares, following an interim dividend of the same amount.

Their sulphur went principally into acids for agricultural fertilisers, their iron into steel, and their copper into electrical machines and installations and multitudinous articles of copper and brass. The state of agriculture throughout the world was deplorable, and the consumption of fertilisers had fallen and was still falling. The steel and iron trades were nearly as bad; indeed, the ironmasters of the world appeared to be almost buried under their enormous stocks of raw materials. In copper, in spite of a restriction on output, in which the company was sharing, stocks were not far short of four months' supply, and, as one quarter of 1931 had already gone, the copper mines of the world would only have to produce for five months from now, on a normal scale, to meet world requirements for this year.

In other words, the immediate outlook was very gloomy. With regard to the more distant future, he was convinced that when the present depression passed, copper was going to soar in price.

The report and accounts were unanimously adopted.

BALAGHAT GOLD MINES, LIMITED.

A DIFFICULT YEAR.

The eleventh ordinary general meeting of Balaghat Gold Mines, Limited, was held, on the 16th instant, at No. 6, Queen Street Place, E.C.

Mr Ernest R. Woakes (the chairman) said that the ore treated during last year amounted to 39,200 tons, as compared with 50,100 tons during 1929, and the production of fine gold, including 180 ounces from auriferous slags, was 22,436 ounces, a decrease of 10,032 ounces. The grade of the ore was somewhat lower, but the percentage of extraction was again good.

The total receipts from sales of bullion, interest, rents, etc., were £91,129, and the costs amounted to £97,926—a loss of £6,797. There was a saving in expenditure, but the intervention of the strike and the lower tonnage treated caused an increase in the working costs. The credits to the profit and loss account totalled £9,798, against which were charged the revenue loss for 1930 and income tax, together amounting to £10,004, leaving a debit balance at December 31 of £206. The company's liquid assets (including £39,059 invested in Government securities), less liabilities, were valued at £54,405, and the stock of materials and stores and goods in transit were represented by the sum of £22,581. In addition to these assets, 3,850 fully-paid shares of £1 each were held in the Kolar Mines Power Station, Limited, and the company had small interests in other mining concerns valued at £1,514. The foregoing recital would have made it clear that it was not possible for the Balaghat Gold Company to declare any dividends as the result of the year's operations.

They had passed through a difficult year; the strike of Indian workmen last April caused a cessation of work in all departments for about three weeks, whilst the programme outlined at the last general meeting called for production on a lower scale pending the intensifying of development work with a view to the discovery of new payable ore bodies. Underground development work had produced quite encouraging results, although no important new ore shoot had yet been exposed. The Balaghat Mine, however, had on several occasions in the past responded to well-directed development, and the board had every confidence that it would do so again. The reserves of ore in the mines were estimated at December 31st at 41,523 tons.

The report was unanimously adopted.

NUNDYDROOG MINES, LIMITED.

HIGHLY SUCCESSFUL DEVELOPMENT WORK.

The tenth ordinary general meeting of Nundydroog Mines, Limited, was held, on the 15th instant, at Cannon Street Hotel, London.

Mr P. C. C. Francis presided in the absence of Mr V. Herbert Smith (chairman of the company), and in moving the adoption of the report and accounts said he thought the shareholders would agree that these were satisfactory.

The receipts on revenue account were £7,373 below those of the previous year, while the expenditure was practically the same, owing largely to increased mining and ventilation charges, which were unavoidable. The working profit of £100,408 compared with £108,051 in 1929. Profit and loss account was credited with the balance brought forward, £11,157, interest on Government stocks, £2,364, and the year's profit of £100,408, making a total of £113,960. The appropriations were on a smaller scale. Transfers were made of £5,000 to reserve fund, £2,000 to insurance and contingency fund, and £15,000 written off capital expenditure. The debits, including the interim dividend of 9d. per share, totalled £54,559, leaving a credit of £59,400, out of which the directors declared a balance dividend of 1s. 9d. per share, payable on the 2nd inst. This distribution amounted to £49,525, and the sum of £9,875 was carried forward to the 1931 account.

It was satisfactory to know that the general position of the company enabled the directors again to pay dividends amounting to 2s. 6d. per share, or 25 per cent., on the capital of the company.

He was pleased to state that the development work had been highly successful, as was evidenced by the improved reserves of ore, which were estimated at 302,827 tons, as against 265,595 tons at the close of 1929, and the three main sections underground gave promise of further favourable results in the immediate future. He was sure the shareholders would agree with him that it was a matter for congratulation that, in spite of the difficult conditions of the year, the satisfactory results he had referred to had been attained.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended April 11, 1931, amounted to £12,004,600 against ordinary expenditure of £9,713,300. After allocating £1,003,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £42,000, the week's operations, as shown below, reduced the National Debt by £1,624,000 to £7,607,469,000:—

(000's omitted.)

Public Department Advances ...	£ 550	Treasury Bills	£ 1,834
National Savings Certificates ...	150	P.O. & Telegraph	400
		4% War Loan	100
	+ 700		- 2,324

A complete analysis of the National Debt at March 31st, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to April 11, 1931.	April 1, 1930, to April 12, 1930.	Week ended April 11, 1931.	Week ended April 12, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	10,497,000	11,239,000	4,106,000	2,833,000
Sur-tax, including Arrears of Super-Tax	2,700,000	3,370,000	1,530,000	1,340,000
Estate, &c., Duties	1,870,000	2,980,000	1,010,000	1,770,000
Stamps	50,000	480,000	50,000	260,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	20,000	30,000	20,000
Total Inland Revenue ...	15,147,000	18,089,000	6,726,000	6,223,000
Customs and Excise—				
Customs	3,117,000	4,517,000	1,833,000	2,582,000
Excise	1,315,000	2,200,000	911,000	1,300,000
Total Customs and Excise	4,432,000	6,717,000	2,744,000	3,882,000
Motor Vehicle Duties (Exchequer Share)	1,071,000	1,335,000	1,071,000	Dr 156,000
Post Office (Net Receipt) ...	1,050,000	100,000	500,000	350,000
Crown Lands	2,845,908	2,831,510	809,333	...
Receipts from Sundry Loans	154,307	1,887	154,307	...
Miscellaneous Receipts	...	...	...	...
Total Ordinary Revenue	24,700,215	29,074,397	12,004,640	10,299,000
SELF-BALANCING REVENUE.				
Post Office	900,000	1,550,000	900,000	550,000
Motor Vehicle Duties apportioned to Road Fund	1,364,000	1,243,000	1,364,000	1,243,000
Total Self-Balancing Revenue	2,264,000	2,793,000	2,264,000	1,793,000
Total	26,964,215	31,867,397	14,268,640	12,092,000

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to April 11, 1931.	April 1, 1930, to April 12, 1930.	Week ended April 11, 1931.	Week ended April 12, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	16,411,059	17,038,027	3,663,262	1,006,744
Payments to Northern Ireland Exchequer	...	...	...	...
Other Consolidated Fund Services	232,582	238,927	200,081	206,426
Total	16,643,641	17,276,954	3,863,343	1,213,170
Total Supply Services (excluding Post Office)	11,700,000	15,400,000	5,850,000	5,600,000
Total Ordinary Expenditure	28,343,641	32,676,954	9,713,343	6,813,170
SELF-BALANCING EXPENDITURE.				
Post Office	900,000	1,550,000	900,000	550,000
Road Fund	1,364,000	1,243,000	1,364,000	1,243,000
Total Self-Balancing Expenditure	2,264,000	2,793,000	2,264,000	1,793,000
Total Ordinary and Self-Balancing Expenditure	30,607,641	35,469,954	11,977,343	8,606,170
New Sinking Fund (1928) ...	1,003,225	1,021,884	708,226	495,000
Total, including New Sinking Fund	31,610,867	36,491,838	12,685,569	9,101,170

The aggregate revenue and expenditure to April 11, 1931, is shown below:—

FINANCIAL YEAR, 1931-32. APRIL 1ST TO APRIL 11TH.

(000's omitted.)

Expenditure	£ 28,344	Revenue	£ 24,700
New Sinking Fund	1,003	Decrease in balances	3,178
		Net amount borrowed	1,469
	29,347		29,347

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Out- standing—	Apr. 12 '30.	Mar. 31 '31.	Apr. 11 '31.	Week ended Apr. 11 '31.
Advances by Bank of England—	47,530,000	24,500,000	37,050,000	+ 550,000
Advances by Public Departments—	570,945,000	569,825,000	558,760,000	- 1,830,000
Treasury Bills outstanding—	618,475,000	594,325,000	595,810,000	- 1,280,000

Total Floating Debt 1,656,950,000
 * Includes £5,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on April 10, 1931, and the total amount applied for was £48,905,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 7s. 1d., about 96 per cent., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Mar. 28	30,000,000	68,980,000	2 10 7 99
Mar. 27	40,000,000	57,345,000	2 10 10 4
Apr. 1	40,000,000	57,960,000	2 12 3 58
Apr. 10	35,000,000	48,905,000	2 11 6 46

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 15, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation—	354,363,504	Other Government Securities—	232,668,545
In Banking Department—	50,949,146	Other Securities—	12,225,307
		Silver Coin—	4,091,048
		Amount of Fiduciary Issue—	260,000,000
		Gold Coin and Bullion—	145,512,650
	£405,312,650		£405,312,650

BANKING DEPARTMENT.

Proprietors' Capital—	£	Government Securities—	£
East—	14,553,000	Other Securities—	54,334,684
Public Deposits—	3,111,995	Discounts and Advances—	£8,375,954
Other Deposits—	8,372,224	Securities—	27,851,621
Bankers—	£61,230,462	Notes—	36,227,575
Other Accounts—	35,130,553	Gold and Silver Coin—	50,949,146
7-Day and other Bills—	2,917		889,744
	£122,401,149		£122,401,149

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, Apr. 15, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation—	£354,363,504	- £4,521,379	- £6,958,054
Public deposits—	61,230,462	+ 1,490,916	- 6,485,298
Bankers' deposits—	35,130,553	+ 1,723,694	- 4,585,177
Other deposits—	2,917	+ 1,130,411	- 1,172,517
Seven-day bills—	459,099,660	- 3,157,053	- 19,141,150
Total outside liabilities—	17,664,993	- 334	+ 6,029
Capital and reserves—	278,018,329	- 613,559	- 2,177,289
Government debt and securities—	6,375,954	- 2,514,032	- 1,989,871
Discounts and advances—	40,076,928	+ 777,215	+ 18,095,354
Other securities—	4,910,048	+ 13,963	- 367,125
Silver coin in issue department—	146,202,394	- 820,974	- 14,585,932
Gold and bullion (bank's reserve)—	51,838,890	+ 3,700,405	- 7,627,878
Reserve of notes and coin in banking department—	49 1/2 %	+ 2 1/2 %	- 1 1/2 %
Proportion of reserve to outside liabilities—	31 1/2 %	+ 1/2 %	- 1 1/2 %

(000's omitted.)

Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	Gold in or out of Bank.
1931.						
Mar. 4	400,926	350,722	7,827	66,613	33,412	109 in
11	400,928	350,337	8,757	59,275	33,469	7 out
18	401,957	347,287	10,500	59,796	33,228	1,022 in
25	403,814	348,808	9,500	57,704	33,711	1,616 in
Apr. 1	404,465	357,057	17,243	58,788	34,693	845 in
8	406,122	358,885	9,853	59,507	34,000	1,655 in
15	405,313	354,364	8,372	61,230	35,131	816 out

(000's omitted.)

Date.	Govt. Securities.	Other Securities.	Gold and Bullion.	Govt. Securities.	Discounts and Advances.	Other Securities.	Reserve to the "Proportion."
1931.							
Mar. 4	249,123	6,534	141,762	34,395	10,639	30,039	51,040
11	244,609	11,030	141,729	30,435	9,239	28,709	51,402
18	243,321	17,247	142,827	28,805	8,021	29,346	55,540
25	242,423	13,488	144,319	27,696	11,362	24,421	55,711
Apr. 1	243,007	12,946	145,387	30,350	24,629	25,685	48,330
8	245,232	10,691	147,023	33,400	10,890	28,609	48,136
15	245,684	12,225	146,202	34,335	8,376	27,852	51,839

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Apr. 1	9,220,975	455,997	726,390	10,403,362
Week ended Apr. 8	484,014	31,921	51,495	567,430
Week ended Apr. 15	727,073	32,188	56,116	815,375
Total to date, 1931	10,432,062	520,104	834,001	11,786,167
Total to date, 1930	12,091,944	563,513	915,339	13,571,796
Increase or decrease in 1931	-1,659,882	-45,409	-82,338	-1,785,629
	-13.7%	-8.1%	-8.9%	-13.1%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended April 11.		Month of March.				Aggregate Totals January 1 to April 11.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.	
Number of working days	£	£	26	26	%	£	£	
BIRMINGHAM	2,316	1,224	11,149	9,540	-14.4	38,609	33,909	
BRADFORD	794	680	4,288	3,274	-23.6	14,512	11,214	
BRISTOL	1,056	780	5,117	6,035	+17.9	17,105	16,687	
DUBLIN	4,793	5,456	3,468	3,065	-12.1	73,722	71,360	
HULL	772	726	3,488	3,065	-12.1	12,486	11,360	
LEEDS	736	778	4,273	3,459	-19.0	15,435	13,488	
LEICESTER	739	436	3,547	2,919	-17.7	11,617	9,739	
LIVERPOOL	6,526	4,511	31,451	4,724	-21.3	107,054	85,687	
MANCHESTER	10,846	7,259	52,352	42,975	-20.0	177,704	137,267	
NEWCASTLE	1,465	893	6,980	6,020	-13.7	22,292	19,983	
NOTTINGHAM	579	317	2,675	1,915	-28.4	9,610	7,177	
SHEFFIELD	793	499	4,464	3,507	-21.7	14,898	12,307	
Total	31,415	23,559	129,804	106,333	-18.0	515,044	430,128	

OVERSEAS BANK RETURNS.

NOTE.—The latest Return of the Bank of Canada appeared in the *Economist* for March 28; Bank for International Settlements, Danzig, and Russia in April 11.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	Apr. 17, 1930.	Mar. 26, 1931.	Apr. 2, 1931.	Apr. 9, 1931.	Apr. 16, 1931.
RESOURCES.					
Total gold reserve	1,031,490	3,126,370	3,115,200	3,131,020	3,141,860
Total bills discounted	213,800	165,420	163,630	142,580	132,000
Bills bought in open market	302,410	85,270	166,620	171,730	131,480
Total U.S. Govt. securities	525,120	598,560	599,360	599,560	599,560
Total bills and securities	1,061,480	847,250	923,610	912,870	862,120
Total resources	5,142,210	4,786,850	4,889,620	4,866,440	4,946,710
LIABILITIES.					
Federal Reserve notes in circulation	1,547,870	1,441,710	1,497,810	1,505,140	1,515,720
Deposits—Memberbank reserve account	2,380,130	2,357,010	2,391,810	2,388,700	2,356,410
Total deposits	2,443,130	2,432,770	2,446,220	2,442,510	2,406,190
Capital paid in and surplus	451,090	443,530	443,460	443,350	443,370
Total liabilities	5,142,210	4,786,850	4,889,620	4,866,440	4,946,710
Ratio of total resources to liabilities	80.4%	85.4%	85.0%	83.8%	84.6%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	Apr. 17, 1930.	Mar. 26, 1931.	Apr. 2, 1931.	Apr. 9, 1931.	Apr. 16, 1931.
RESOURCES.					
Total gold reserve	1,031,490	3,126,370	3,115,200	3,131,020	3,141,860
Total bills discounted	43,920	34,680	36,190	34,750	26,140
Bills bought in open market	127,370	15,240	76,530	57,540	24,550
Total U.S. Govt. securities	200,950	182,710	182,710	182,710	182,710
Total bills and securities	380,090	232,630	295,430	275,010	233,410
Deposits—Memberbank reserve account	968,560	988,560	1,023,880	984,470	974,580
Ratio of total resources to liabilities	76.3%	89.5%	85.0%	85.9%	85.3%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Mar. 21, 1930.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.	Mar. 20, 1931.
ASSETS.						
Gold coin and bullion	7,115	6,871	7,091	6,561	6,714	6,410
Subsidiary coin	126	275	273	274	281	287
Bills discounted	8,859	1,315	7,595	7,545	7,198	6,790
Investments	805	1,249	1,848	1,849	1,849	1,778
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	720	720	720	720	720	720
Notes in circulation	7,393	6,768	8,190	7,670	7,017	6,711
Government deposits	2,580	1,991	1,517	1,756	2,136	1,971
Bankers' deposits	4,954	5,809	5,933	5,362	4,787	4,635
Ratio of cash resources to liabilities	47.6%	47.2%	45.8%	45.0%	47.9%	49.1%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	Mar. 21, 1930.	Feb. 20, 1931.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.	Mar. 20, 1931.
ASSETS.						
Total securities	30,124.14	29,812.28	30,393.63	29,332.32	29,532.12	29,801.01
Loans	9,19.54	15,19.76	15,26.81	14,45.51	15,0.76	11,78.76
Cash credits	31,43.09	28,04.58	28,13.36	27,12.47	27,27.13	27,63.62
Interest bills	7,27.89	6,46.98	5,98.81	6,20.95	6,00.02	5,90.02
Foreign bills	44.01	45.36	42.26	42.57	40.45	31.68
Dead stock	2,80.92	2,75.30	2,75.43	2,75.19	2,75.32	2,75.37
Bal. with other banks	50.92	38.26	44.46	60.51	1,07.16	1,03.73
Cash	19,44.68	9,95.20	9,63.04	6,43.31	9,32.51	10,01.36
LIABILITIES.						
Capital paid up	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Total deposits	5,32.50	5,47.00	5,40.00	5,40.00	5,40.00	5,40.00
Total resources	89,562.1	81,710.7	82,751.9	79,229.4	79,317.7	77,907.2
The above includes:						
Deposits in London	1,204	7,002	7,037	6,991	7,063	5,002
Advances in London	880	6,763	6,814	6,609	6,328	4,380
Cash, &c., at other Banks in London	382	289	336	456	805	780

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted).

Average Weekly Balances. MARCH, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provin- cial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.	
ASSETS.	£	£	£	£	£	£	£	£	£	£	£	
Coin, bank and currency notes and balances with the Bank of Eng- land	34,531	1,552	3,039	35,706	7,416	40,936	3,270	27,439	27,099	2,997	183,985	
Balances with and cheques in course of collection on other banks in the United Kingdom	8,193	595	1,123	8,030	1,987	8,857	160	6,998	6,669	899	43,511	
Items in transit	24,652	2,037	3,433	24,275	6,001	14,738	3,383	11,921	21,716	1,944	114,100	
Money at call and short notice ...	55,622	2,248	1,076	36,239	5,157	58,313	1,932	39,363	39,480	961	240,391	
Bills discounted	56,945	3,770	7,134	57,531	19,478	49,199	16,069	38,570	54,503	7,910	311,109	
Investments	Advances to customers and other A/cs	170,553	8,747	16,181	183,718	37,681	207,331	16,615	148,414	131,126	15,705	936,071
Liabilities of customers for accep- tances, endorsements, &c.	14,454	573	2,752	47,995	5,108	23,367	34	9,729	16,880	644	121,536	
Bank premises account	6,314	380	695	7,657	2,512	10,687	776	6,782	5,424	995	42,322	
Investments in affiliated banks...	6,976	...	...	6,084	...	7,281	...	2,514	2,992	...	25,847	
	378,240	19,902	35,433	409,754	86,152	420,709	42,239	291,730	305,889	32,055	2,022,103	
Ratio of cash to current, deposit and other accounts	10.22	8.95	9.84	10.62	10.10	11.09	8.61	10.43	10.02	10.50	10.43	
LIABILITIES.												
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310	
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,475	9,479	9,320	1,000	60,810	
Current, deposit and other A/cs.	337,678	17,329	30,867	335,943	73,360	368,846	37,938	263,043	270,353	28,536	1,763,893	
Acceptances, endorsements, &c....	14,454	573	2,752	47,995	5,108	23,367	34	9,729	16,880	644	121,536	
Notes in circulation	...	...	...	6	16	...	1,292	...	16	...	1,330	
Reduction of bank premises A/c.	...	...	224	...	...	...	...	...	...	...	224	
	378,240	19,902	35,433	409,754	86,152	420,709	42,239	291,730	305,889	32,055	2,022,103	

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1930.	Mar. 31, 1931.	Mar. 16, 1931.	Mar. 23, 1931.	Mar. 31, 1931.
Gold and bullion	44,224	146,616	146,418	146,418	146,409
Balance abroad and foreign bills	28,533	36,576	25,701	30,482	36,732
Loans and advances	8,816	26,083	54,325	54,325	54,325
Discounts and loans	76,911	240,453	176,047	172,027	183,130
LIABILITIES.					
Notes in circulation	113,484	305,085	279,968	280,895	295,831
Deposits at sight	7,188	80,255	69,792	69,103	71,906

NATIONAL BANK OF DENMARK.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1914.	Mar. 31, 1930.	Dec. 31, 1930.	Jan. 31, 1931.	Feb. 28, 1931.	Mar. 31, 1931.
Gold and bullion	76,644	172,291	172,041	171,944	171,852	171,827
Loans and advances	24,102	97,637	83,232	73,660	85,436	73,662
Discounts and loans	11,988	45,267	50,557	44,299	43,109	42,663
LIABILITIES.						
Notes in circulation	157,266	356,840	360,213	340,939	340,115	341,285
Deposits	6,698	30,768	68,682	32,381	25,210	23,025

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	Apr. 5, 1930.	Mar. 14, 1931.	Mar. 21, 1931.	Mar. 28, 1931.	Apr. 4, 1931.
Gold	521,775	2,468,544	2,418,062	2,419,315	2,420,289	2,421,143
Silver	728,600	711,896	709,746	711,763	716,657	712,818
Loans & Discounts	800,725	2,165,636	2,081,036	2,037,969	2,051,395	2,147,985
Spanish 4%	36,475	34,475	34,475	34,475	34,475	34,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,439,506	4,688,247	4,628,436	4,604,459	4,669,638
Deposits	477,500	847,265	810,366	798,965	801,074	784,632

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	Mar. 26, 1930.	Mar. 4, 1931.	Mar. 11, 1931.	Mar. 18, 1931.	Mar. 25, 1931.
Gold and bullion	8,784	8,972	8,962	8,948	8,916
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	164,587	187,632	184,504	169,985	159,812
Discounts	336,812	394,984	393,818	394,890	392,217
Government loans	1,530,784	1,531,003	1,531,003	1,531,003	1,531,003
LIABILITIES.					
Notes in circulation	1,879,004	1,903,922	1,896,411	1,865,491	1,859,713
Deposits	58,899	146,723	148,322	176,647	187,380

† In dollar and sterling only.

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	Apr. 7, 1930.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.
Cash Reserve	168,634	214,366	214,366	214,366	214,366
Gold coin and bullion	220,424	131,462	135,212	136,633	138,795
Foreign exchange	335,797	487,311	492,681	499,093	499,611
Other foreign exchange	153,681	71,418	99,365	92,125	76,084
Bills discounted	108,448	100,676	96,144	96,144	96,102
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	92,835	10,272	10,803	10,803	10,803
Notes in circulation	924,362	879,215	836,485	977,595	930,392
Deposits	68,898	129,808	165,370	66,376	98,034

NATIONAL BANK OF HUNGARY.—In Hungarian Pengo (000's omitted).

ASSETS.	Apr. 7, 1930.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.
Metal reserve	162,630	147,989	147,985	125,709	125,710
Gold coin and bullion	8,344	15,999	13,119	25,077	26,371
Foreign exchange	10,108	13,021	13,892	13,759	13,148
Silver coin and bullion	210,267	205,315	197,892	257,638	236,490
Inland bills, warrants and securities	82,866	60,140	60,140	60,140	60,115
Advances to the Treasury					
LIABILITIES.					
Share capital (gold crowns 50,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	406,876	348,554	329,192	384,506	365,959
Current accounts, deposits, &c.	53,873	33,044	43,791	37,997	37,871

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Apr. 7, 1930.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.
Gold	1,261,979	1,542,423	1,542,285	1,542,092	1,542,067
Balance abroad and foreign currency	1,890,395	2,171,924	2,230,634	2,199,268	2,160,066
Discounts and advances	578,254	106,883	121,327	163,201	182,939
State notes debt balance	3,692,940	3,371,150	3,365,570	3,363,886	3,356,895
Other assets	995,627	968,625	1,083,045	1,095,022	1,115,925
LIABILITIES.					
Bank notes in circulation	6,652,655	6,014,775	5,787,823	6,698,906	6,689,666
Check account balances	643,629	1,359,087	1,713,269	828,027	1,102,281
Other liabilities	214,523	276,232	330,858	325,625	325,037

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lire as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF ROMANIA.—In lei (000's omitted).

ASSETS.	Mar. 29, 1930.	Mar. 7, 1931.	Mar. 14, 1931.	Mar. 21, 1931.	Mar. 28, 1931.
Gold & gold exchange	11,603,568	10,288,616	10,289,840	9,991,004	10,029,998
Commercial bills	9,742,163	7,181,058	7,213,409	7,167,251	7,172,034
State debt, advances to State, &c.	5,797,426	5,616,746	5,616,746	5,616,746	5,616,746
LIABILITIES.					
Notes in circulation	19,708,784	18,126,491	18,251,342	18,456,177	18,340,760
Govt. deposits	8,210,193	5,418,851	5,636,535	5,195,730	5,300,364
Other liabilities					

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	Mar. 31, 1930.	Mar. 7, 1931.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.
Gold and silver holdings	1,573,492	1,464,562	1,464,906	1,467,821	1,471,062
Balance abroad and foreign currencies	717,846	678,280	731,833	779,174	647,377
Discounts and advances	1,245,202	640,954	639,043	630,165	621,583
Advances to the Treasury	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserve	1,251,593	1,183,406	5,183,202	1,183,283	1,183,268
Bank notes in circulation	3,350,397	3,093,895	3,109,956	3,170,136	3,128,804
Sight liabilities	1,780,003	1,419,073	1,466,604	1,449,660	1,444,890
Deposits	317,700	266,325	266,097	265,945	265,594

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Mar. 31, 1930.	Mar. 7, 1931.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.
Gold	627,148	514,985	515,801	516,991	498,331
Gold exchange	3,745,071	2,680,785	2,619,457	2,595,080	2,667,830
Other foreign exchange	3,816	3,162	2,996	2,886	3,070
Bills discounted	120,772	144,412	155,017	152,629	146,061
Advances	173,970	193,426	191,454	195,838	156,285
Debt to the State	5,512,763	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,890,274	4,443,423	4,400,573	4,518,517	4,464,777
Deposits and current accounts	1,938,445	1,818,159	1,882,688	1,675,772	1,674,517
Foreign exchange liabilities	979,442	389,881	310,417	314,103	411,459

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Mar. 31, 1930.	Feb. 28, 1931.	Mar. 10, 1931.	Mar. 20, 1931.	Mar. 31, 1931.
Gold	701,906	562,694	562,751	562,816	562,886
Of which held abroad	219,046	97,396	77,396	77,396	77,396
Foreign currencies	441,420	371,494	359,304	349,580	381,221
Bills discounted	623,593	598,570	572,105	567,453	571,995
Loans against securities	81,219	96,870	93,974	90,793	97,615
Reserve fund securities	84,028	90,739	90,830	90,830	90,816
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,324,023	1,284,161	1,197,164	1,147,071	1,260,511
Current accounts	337,154	169,124	215,181	229,776	218,989

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	Mar. 31, 1930.	Mar. 14, 1931.	Mar. 23, 1931.	Mar. 31, 1931.
Gold	35,091	304,226	302,243	302,048	301,870
Balance abroad and foreign bills	90,379	1,020,108	952,941	976,109	979,650
Loans and advances	21,826	320,701	368,453	367,840	367,225
Discounts and loans	105,151	1,261,074	860,248	838,361	824,192
LIABILITIES.					
Notes in circulation	123,941	1,447,177	1,295,708	1,260,798	1,319,545
Deposits at notice	21,225	357,099	107,956	149,067	66,689

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Apr. 7, 1930.	Mar. 15, 1931.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.
Gold coin and bullion	6,464	6,522	6,514	6,511	6,512
Net foreign exchange	19,671	15,862	15,537	17,551	17,636
Subsidiary Estonian coin	1,580	1,507	1,787	1,823	1,791
Home bills discounted	14,471	11,503	11,102	11,220	10,902
Loans and advances	12,420	10,567	12,746	16,352	15,280
LIABILITIES.					
Notes in circulation	32,586	33,568	35,803	35,658	34,762
Sight deposits and current accounts	18,544	12,022	11,009	17,394	16,748
Ratio of reserve to current liabilities	51-11%	49-10%	47-11%	45-36%	46-88%

* Includes Est. 5,385,792. 32 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Apr. 9, 1930.	Mar. 9, 1931.	Mar. 16, 1931.	Mar. 23, 1931.	Mar. 30, 1931.	Apr. 6, 1931.
Gold bullion and coins	23,974	24,069	24,068	24,069	24,071	24,070
Silver coin	6,273	6,439	6,461	6,381	6,317	6,217
Balance abroad	50,238	30,101	30,191	30,227	30,922	31,273
Treas. notes and sm. change	12,838	15,512	15,366	13,487	13,548	11,760
Short term bills	92,902	83,090	82,540	82,431	82,510	82,118
Loans against securities	58,103	70,746	70,767	70,991	70,959	70,484
LIABILITIES.						
Notes in circulation	47,333	46,190	46,021	47,778	47,726	47,130
Capital paid up	17,010	18,735	18,735	18,735	18,735	18,735
Reserve	3,662	4,352	4,352	4,352	4,352	4,352
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	16,680	21,099	21,044	20,959	21,025	20,961
Current accounts	53,233	67,664	66,897	67,664	68,071	66,531
Government accounts	102,193	76,622	77,173	73,855	74,231	72,486
Other liabilities	10,598	6,451	6,256	5,994	5,979	7,361

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Position, Jan. 31, 1931.	Jan. 31, 1931.	Feb. 28, 1931.	Mar. 15, 1931.	Mar. 3
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BULLION.

The following statistics of imports and exports of gold for week ended April 16, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.	Exported from Great Britain and Northern Ireland.
From: £	To: £
Netherlands..... 3,150	Germany..... 6,800
France..... 6,703	France..... 33,643
Switzerland..... 5,635	Switzerland..... 5,000
British W. Africa..... 43,191	Austria..... 15,000
British S. Africa..... 1,233,295	Roumania..... 674,152
Straits Settlements..... 64,515	Kenya..... 1,700
Australia..... 200,000	Bombay..... 2,537
British Guiana..... 2,329	Other countries..... 275
Other countries..... 1,160	
Total declared value of imports..... 1,557,978	Total declared value of exports..... 744,572

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931. ARRIVALS.	1931. WITHDRAWALS.
April 10..... Nil	April 10..... 520,000
" 11 Bars bought..... 6,461	" 11 Sovs. set aside..... 10,000
" 13 Bars bought..... 805	" 13 Sovs. set aside..... 175,000
" 14 Bars bought..... 250,000	" 14 Sovs. set aside..... 900,000
" 15 Bars bought..... 953,500	" 15 Sovs. set aside..... 500,000
" 16 Bars bought..... 79,800	" 16 Sovs. set aside..... 1,720
Foreign coin bgt..... 147	" 16 Sovs. set aside..... 300,000
" 16 Sovs. released..... 260	
Total..... 1,541,073	Total..... 2,406,720
Net withdrawals, £865,647.	

Messrs Samuel Montagu and Company write on April 15, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £146,121,526 on the 8th instant (as compared with £144,465,467 on the previous Wednesday), and represents a decrease of £1,504,096 since December 31, 1930. The South African bar gold available in the open market yesterday amounted to about £984,000. The price was fixed at 84s. 10d. per fine ounce, at which the Bank of England secured about £954,000, whilst £20,000 was taken for India and the trade. Movements of gold at the Bank of England during the week have resulted in a net outflow of £815,652. Receipts included £1,040,666 in bar gold and £250,260 in sovereigns, of which £953,600 and £250,000 respectively were from South Africa. Withdrawals consisted of £2,095,000 in sovereigns "set aside," £10,000 in sovereigns taken for export, and £1,720 in bar gold.

SILVER.

The market has been quiet and prices have shown little movement during the past week. A steady tone has been maintained, sellers showing reluctance and the market responding to a small inquiry for covering bear sales. China and the Indian Bazaars have both bought and sold and the tendency at the moment is very undecided. Business with America has been rather limited, the trend in this quarter being rather towards buying than selling. Silver for cash delivery was to-day quoted at a premium of 1d. over two months.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 4th instant to mid-day on the 13th instant:—

IMPORTS.	£	EXPORTS.	£
U.S.A.....	26,930	Hongkong.....	11,667
Australia.....	6,605	British India.....	6,993
Other countries.....	1,026	Straits Settlements.....	3,712
		France.....	4,747
		Other countries.....	6,949
	£34,561		£34,068

INDIAN CURRENCY RETURNS (in laes of rupees).

	April 7.	Mar. 31.	Mar. 22.
Notes in circulation.....	16,026	16,084	15,830
Silver coin and bullion in India.....	12,401	12,480	12,299
Silver coin and bullion out of India.....			
Gold coin and bullion in India.....	2,606	2,585	2,507
Gold coin and bullion out of India.....			
Securities (Indian Government).....	1,019	1,019	1,024
Securities (British Government).....			

The stocks in Shanghai on the 11th instant consisted of about 85,100,000 ounces in sycee, 152,000,000 dollars and 620 silver bars, as compared with 86,500,000 ounces in sycee, 160,000,000 dollars and 680 silver bars on the 2nd instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Date.	Silver. Cash.
		Cash	Forward		
1931.	s. d.	d.	d.		d.
April 10.....	84 10 1/2	12 1/2	12 1/2	April 18, 1925	33 1/2
" 11.....	84 10 1/2	13	13	" 18, 1926	31 1/2
" 13.....	84 10 1/2	12 1/2	12 1/2	" 17, 1927	29 1/2
" 14.....	84 10 1/2	13 1/2	13 1/2	" 9, 1928	26 1/2
" 15.....	84 10 1/2	13 1/2	13 1/2	" 12, 1929	26 1/2
" 16.....	84 10 1/2	13 1/2	13 1/2	" 16, 1930	19 1/2

NOTICES.

Mr Eric J. Gluckstadt, assistant vice-president of the New York Trust Company in New York, has opened a representative's office at No. 8 King William Street, London, E.C.4.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div. †	Final div.	Dividend for Whole Years.	Latest Year.	Previous Year.
RAILWAYS.						
Barranquilla Railway.....	2%†	May 1	...	...	...	...
Nitrate Railways.....	...	...	...	...	...	...
Bank Handlowy w Warszawie.....	5%*	June 1	...	...	...	...
Royal Bank of Canada.....	...	...	...	...	...	...
INSURANCE.						
Alliance Insurance.....	10/- p.s.†	...	...	...	...	...
Atlas Assurance.....	8/- p.s.†	...	...	...	...	...
Liverpool and London and Globe Royal Insurance.....	13/6 p.s.†	May 29	...	...	27/- p.s.	26/- p.s.
Scottish Insurance Corporation.....	3/3 p.s.†	May 29	...	...	6/6 p.s.	6/3 p.s.
Scottish Union and National "A".....	13/- p.s.†	...	...	...	...	...
Yorkshire Insurance.....	48/9 p.s.†	...	...	...	...	...
World Auxiliary Insurance.....	6/- p.s.†	May 12	...	...	9/6 p.s.	...
TEA AND RUBBER.						
Craighead Tea.....	15%†	...	...	...	20	23
Craig Tea Estates.....	10%†	...	...	...	15	15
Hanipha Tea and Rubber.....	7 1/2%†	...	...	...	17 1/2	25
Hunaseria Tea.....	25%†	...	...	...	3	4
Lindola Tea.....	25%†	...	...	...	35	40
Mooloya Estates.....	21%†	...	...	...	37	38
Nuwara Eliya Tea.....	21%†	...	...	...	25	27 1/2
Ouvah Ceylon Estates.....	17 1/2%†	...	...	...	25	35
Pundaloya Tea of Ceylon.....	15%†	...	...	...	25	35
Rajmal Tea.....	10%†	...	...	...	22 1/2	22 1/2
South Wanganah Tea.....	12 1/2%†	...	...	...	20	27 1/2
Spring Valley Ceylon Estates.....	12 1/2%†	...	...	...	2	7
Singel Way (Slangor) Rubber.....	5%†	...	...	...	10	10
Tyspane Tea.....	5%†	...	...	...	10	10
MINING.						
Champion Reef Gold Mines.....	...	...	...	...	10	12 1/2
Kodjokontin.....	...	...	...	...	25	15
Kodjokontin Tin Dredging.....	...	...	...	...	...	...
Rio Tinto.....	2 1/2%*	Apr. 30	...	...	...	...
St. John del Rey Mining.....	10%†	...	...	...	...	...
Union Corporation.....	...	...	...	...	26	44
OTHER COMPANIES.						
Army and Navy Co-operative.....	1/7 p.s.†	...	...	...	22 1/2	25
Associated Electrical.....	...	...	...	...	6	...
Birmingham and Midland Motor.....	...	...	...	...	15	15
Bobby and Co.....	...	...	...	...	10	...
Bombay Gas.....	4 1/2%†	...	...	...	8	7 1/2
Bon Marché.....	10%†	...	...	...	36	36
Bradleys (Chester).....	20%†	...	...	...	25	30
British Combined Investors.....	...	...	...	...	6	6
Brown and Eagle.....	...	...	...	...	9	8
Consolidated Estates.....	5%*	May 9	...	...	...	...
Consolidated Waterworks of Rosario.....	5%†	...	...	...	...	...
Crystalite Gramophone.....	12 1/2%†	...	...	...	20 1/2	33 1/2
Dunlop Bros. (London).....	7 1/2%†	...	...	...	7 1/2	7 1/2
Dundee and London Investment.....	2 1/2%*	...	...	...	12	...
Erlsson Telephones.....	...	...	...	...	3	4
Fife Tramway.....	...	...	...	...	8	8
Footman, Pretty and Co.....	6%†	...	...	...	10	10
Foreign, American and Genl. Inv. Co.....	5%*	Apr. 18	...	...	...	...
Godfrey Phillips.....	5%†	...	...	...	10	10
H. J. Searle and Son.....	5%†	...	...	...	11	11
Harrison (Birmingham).....	...	...	...	...	20	20
Henry Boot and Sons.....	...	...	...	...	7 1/2	7 1/2
Hermite Rubber.....	7 1/2%†	Apr. 24	...	...	...	...
Home Bros. (London).....	5 1/2%†	...	...	...	8	10
International Financial Society.....	5%*	May 1	...	...	...	...
Investors' Mortgage Security.....	8%*	...	...	...	...	...
James Howell and Co.....	2 1/2%†	...	...	...	5	...
James W. Cook and Co.....	7 1/2%†	...	...	...	10	10
John L. Jacobs and Co.....	...	...	...	...	5	7 1/2
Joseph Travers and Sons.....	...	...	...	...	10	10
Kreuzer and Toll.....	...	...	...	...	30	30
Liverpool Stock Exchange Bldg.....	4 1/2%†	Apr. 16	...	...	7	7
Lanz Bros.....	...	...	...	...	10	10
Land & Col. Invest. Corp. (Def.).....	2 1/2%*	...	...	...	...	...
London and South American Investment.....	2 1/2%†	...	...	...	5	...
Methuen and Co.....	12 1/2%†	...	...	...	17 1/2	12 1/2
Newton Chambers and Co.....	5%†	...	...	...	7 1/2	9
Northern General Transport.....	...	...	...	...	9	7 1/2
Oriental Gas.....	3 1/2%*	May 30	...	...	...	...
Oxygen Co.....	3%†	...	...	...	8	10
Primitiva Gas of Buenos Ayres.....	6 1/2%†	...	...	...	6 1/2	6 1/2
Primitiva Holdings.....	8 1/2%†	...	...	...	10	10
Rio de Janeiro City Improvement.....	1/3 p.s.†	...	...	...	10	10
Robert Stephenson and Co.....	...	May 9	...	...	5	5
Rosario Drainage.....	3%*	May 1	...	...	...	...
Rothmans.....	7 1/2%*	...	...	...	7	7
Scottish Investment Trust.....	6 1/2%†	...	...	...	11 1/2	11 1/2
Scottish Mortgage and Trust.....	6 1/2%†	...	...	...	...	...
Scottish Tea and Lands.....	6%*	May 1	...	...	...	...
Second Edinburgh Investment.....	13 1/2%†	...	...	...	27	26
Second Scottish Mort. and Trust.....	4%*	...	...	...	...	...
Second Scottish Northern Invest. Co.....	8%†	Apr. 29	...	...	15	15
St. James' Court Estate.....	5%†	...	...	...	8	9
Surrey Public-House Trust.....	...	...	...	...	7 1/2	...
Tayside Floorcloth.....	7 1/2%†	...	...	...	12 1/2	20
Third Caledonian Trust.....	2 1/2%*	May 1	...	...	...	...
Thomas Donno.....	10%*	Apr. 10	...	...	...	...
Tomlinson Artificial Silk.....	...	...	...	...	7 1/2	10
United Flexible Metallic Tubing.....	6%†	...	...	...	10	10
United States & South American Investment Trusts.....	9 1/2%†	...	...	...	14	14
Western Transport.....	...	...	...	...	4	2 1/2
Whitbread and Co.....	...	...	...	...	14	15
William Collins, Sons & Co.....	7 1/2%†	...	...	...	12 1/2	12 1/2

BORAX CONSOLIDATED, LTD.—The directors have decided to postpone the consideration of payment of the dividend on the preferred ordinary shares until the accounts for the full financial year terminating September 30th next are available.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended April 10, 1931. (c) Week ended April 11, 1931.	Miles Oper.	Week ended April 12, 1931. (000's omitted.)					Aggregate 15 weeks, 1931. (000's omitted.)				
		Passen- gers, &c.	Merch- andise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merch- andise, &c.	Coal and Coke.	Total Goods.	Total Receipts.
Great Western...	3,761	226	169	68	237	463	2,797	2,754	1,559	4,313	7,110
Do. for 1930....	3,755	222	232	126	358	580	2,922	3,289	2,043	5,332	8,254
L. & N. Eastn.(c)	6,349	328	321	225	546	874	4,224	5,104	3,766	8,870	13,094
Do. for 1930....	6,349	321	424	269	693	1,014	4,468	6,152	4,199	10,351	14,819
Lon.,Md. & Scot.	6,955	483	409	207	616	1,099	6,314	6,838	4,076	10,914	17,228
Do. for 1930....	6,955	474	592	269	861	1,335	6,475	8,294	4,337	12,631	19,106
Southern	2,180	298	63	24	87	385	3,517	1,018	503	1,521	5,438
Do. for 1930....	2,179	294	81	25	107	401	3,592	1,157	492	1,649	5,601
Total of above...	19,245	1,335	962	524	1,486	2,821	17,252	15,714	9,904	25,618	42,870
Do. for 1930....	19,239	1,311	1,329	690	2,019	3,330	17,817	18,892	11,071	29,963	47,780
Metropolitan (c)	59	32	5	...	3	35	467	6	...	59	527
Do. for 1930....	59	32	6	...	4	1	36	485	1	62	547
Unkd. E.R. (c)...	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930....	...	...	...	...	...	...	...	...	...	...	...
Green Buses, &c.	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930....	...	...	...	...	...	...	...	...	...	...	...
Lon. & S.W. Grp.(c)	...	...	...	...	...	...	...	...	...	...	...
Do. for 1930....	...	...	...	...	...	...	...	...	...	...	...
*B.I.R. & Co.(b)(c)	80	3	9	...	5	4	28	9	...	9	38
Do. for 1930....	80	2	...	...	8	2	29	38	2	10	39
*G. Northern (b)	562	13	6	...	12	25	713	130	5	223	353
Do. for 1930....	562	9	6	...	17	4	27	139	2	215	354
*G. Southern (b)	2,188	26	1	...	40	5	66	295	6	615	901
Do. for 1930....	2,188	25	9	...	48	5	72	319	2	651	980

* Aggregate 14 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal.....	50	Mar. 14	1,306	Rs. 42,000-	Rs. 24,160	Rs. 1,98,47,053	- 13,05,166
Barsi L. Ry.	51	21	202	36,200 +	1,800	19,59,600	- 4,88,200
Bengal & N. Western	25	21	2,177	75,230 +	69,897	1,52,94,174	- 23,75,181
Bengal-Nagpur ..	50	14	3,187	165,500 -	86,680	7,64,67,767	- 1,18,20,024
Bombay Bar. & C.I.	12	1 Apr.	4,523	12,74,000	79,000	12,74,000	79,000
Madras & S. Mahr.	25	Mar. 21	1,000	1,000 -	1,38,158	7,69,63,570	- 1,92,36,808
†Rohilk' & Kumaon	25	21	572	1,61,077 +	37,831	31,58,298	- 1,93,23,561
South Indian	51	21	2,458	104,866	2,38,993	5,97,48,096	- 50,19,526

REPORTS AND NOTICES.

The board of De Beers Consolidated Mines, Limited, has appointed Sir Frank Meyer, Bart., deputy-chairman of the company in place of the Earl of Bessborough, who is retiring on his appointment as Governor-General of Canada.

Mr Francis Goldsmith, manager of the National Discount Company, Ltd., has been elected to the chairmanship of the London Discount Houses Committee, in succession to Mr R. C. Wyse, who has resigned.

RAILWAYS.

CANADIAN NATIONAL RAILWAYS.—The net earnings for 1930 amounted to \$26,511,000 as compared with \$46,818,000 in 1929. The gross revenue shows a decline of 17 per cent. from \$267,993,000 to \$221,770,000, while expenses were reduced from \$221,175,000 to \$195,259,000. Taking into account the interest on the funded debt, totalling \$50,921,000, there is a net deficit for the year of \$29,219,000, as compared with a deficit of \$7,586,000 the previous year. The interest on Government advances is not included in these figures.

THE PENNSYLVANIA RAILROAD.—The eighty-fourth annual report of the Pennsylvania Railroad Company, covering operations for the year 1930, shows that although the company's total operating revenues in 1930 declined over \$112,000,000, it earned a net income sufficient not only to pay 8 per cent. dividends and all other charges, but also to provide a surplus of nearly \$11,500,000. Net income, amounting to \$68,809,818, was equivalent to 10.55 per cent. upon the outstanding capital stock at the close of the year, as compared with 17.64 per cent. upon the amount outstanding at the close of 1929. Net income per share (par \$50) was \$5.28 compared with \$8.82 in 1929. After providing for the payment of 8 per cent. dividends to the stockholders and for sinking and other reserve funds, \$11,431,273 was credited to profit and loss account.

SAN PAULO (BRAZILIAN) RAILWAY COMPANY, LIMITED.—We are informed that the board have resolved to recommend at the forthcoming general meeting, that after setting aside \$50,000 as a provision for improvements and \$80,000 for income tax, the following final dividends in respect of the year ended December 31, 1930, be paid: On the preference stock two-and-a-half per cent., making, with the interim dividend of two-and-a-half per cent. paid in October, 1930, five per cent. for the year, less income tax. On the ordinary stock 5 per cent., making, with the interim dividend of five per cent. paid in October, 1930, a dividend of 10 per cent. for the year free of income tax, and a bonus of 2 per cent., also free of income tax. Mr Oliver R. H. Bury, M.I.C.E., has been elected chairman of the board of directors, and that Brig.-Gen. The Hon. Arthur Melland Asquith, D.S.O., has been elected a director of the company to fill the vacancy caused by the resignation of the Rt. Hon. The Earl of Bessborough, G.C.M.G., Governor-General designate of the Dominion of Canada. Brig.-Gen. Asquith, as chairman of the Brazil and Parana Plantations, has large interests in the States of São Paulo and Parana.

BANKS.

SKANDINAVISKA KREDITAKTIEBOLAGET.—The directors have written off debts to the amount of Kr. 1,668,303.54 from the profits of the year 1930. For 1929 the amount written off was Kr. 2,983,616. After writing off these sums, the profit for 1930 amounted to Kr. 14,424,849, comparing with Kr. 14,586,755 for 1929. The directors again set aside for taxes Kr. 2,000,000. They also repeat the dividend of Kr. 18 per share on 614,000 shares, absorbing Kr. 11,052,000 as before. The sum of Kr. 1,000,000 is again utilised for reduction of bank buildings account. The carry-forward is increased from Kr. 2,115,067 to Kr. 2,487,916. Current accounts (debtors) stand at Kr. 193,258,233, as against Kr. 104,968,150 at end of 1929. Loans (secured) stand at Kr. 464,624,966, as against Kr. 443,290,045. Bills are slightly lower at Kr. 214,184,034, against Kr. 216,059,896. Deposits and savings accounts have risen from Kr. 380,669,639 to Kr. 410,830,581. Current accounts (creditors) amount to Kr. 188,172,554, against Kr. 189,942,351. The total assets amount to Kr. 1,083,349,953 at end of 1930, as compared with Kr. 968,486,785 at end of 1929.

MISCELLANEOUS.

AGRICULTURAL MORTGAGE CORPORATION LIMITED.—The profit earned for the year ended March 31, 1931, after providing for doubtful debts, was £49,940, as compared with £33,035 for the preceding year. Of this sum £15,588 is written off the expenses of the issue of £8,500,000 of 5 per cent. debenture stock, £3,996 is transferred to a special reserve, and £15,000 to the general reserve. This leaves a balance of £17,758, out of which the directors are able to recommend payment of a dividend of 2½ per cent., per annum, less tax. The report states that the total of mortgage loans completed up to March 31st last was £7,053,078, which compares with £4,168,590 a year ago. The security for these loans consists of mortgages of 467,272 acres of agricultural land with the necessary farmhouses, &c., valued at £11,239,277. In addition loans for £881,395 were approved by the directors subject to completion of legal formalities. Reductions of a total of £104,881 were made in the principal amount of loans during the year. The total of cash at the end of March was £346,873. Investments at cost, representing the loan from the Minister of Agriculture and Fisheries, stand in balance sheet at £650,000. Their market value as at March 31, 1931, was £672,389. Other investments at cost are at £1,800,995. These had a market value on March 31, 1931, of £1,802,107.

AMALGAMATED ANTHRACITE COLLIERIES LIMITED.—The net profit for 1930 after payment of debenture interest, bank and other interest, is £443,255. Profit for 1929 was £439,158, including

reserve for taxation not required. This reserve amounted to £150,340. Adding £168,323 brought in, there is £311,578 available. The board recommend that £500,000 be placed to depreciation and general reserve and that £111,578 be carried forward. The report points out that, notwithstanding the severe depression which prevailed throughout the year in practically all industries, anthracite was in reasonably good demand and the collieries of the company worked fairly regularly. Towards the end of the year, however, difficulties with labour consequent on the necessity for a revision of wage rates, occasioned mainly by a statutory reduction of working hours, which culminated in a complete stoppage of work, have resulted in an increase of production costs at a time when markets are difficult to maintain. Advances from bankers are reduced from £1,820,447 to £1,631,556. Meeting, River Plate House, Finsbury Circus, April 28th, at 12 noon.

CRYSTALATE GRAMOPHONE RECORD MANUFACTURING COMPANY.—Profits for 1930-31 were £76,270 (against £66,539 for the previous year), and it is proposed to place £35,465 to reserve (against £5,000 a year ago), in addition to £104,534 from share premium account, bringing the general reserve fund up to £150,000. The directors have decided to reduce the final dividend to 12½ per cent., making 20½ per cent. for the year (against 33½ per cent. for the previous year), leaving £14,199 to be carried forward (against £13,208 brought in). Goodwill and trade marks have been written down to £1. Cash is at £43,112. The general reserve is now equal to the whole of the authorised and issued ordinary share capital of the company. Meeting, April 22nd, at Winchester House, Old Broad Street, London, E.C.2, at 12 noon.

GODFREY PHILLIPS, LIMITED.—The net trading profit for 1930 amounted to £178,810, as compared with £185,909 for 1929. The dividend on the ordinary shares is again 10 per cent. The carry-forward is reduced from £34,633 to £17,111. The profit does not include any of the profits of certain of the company's subsidiaries which has not been declared as dividends at the date of the balance-sheet. The directors state that the Australian market has been closed to the company for practically the whole of the year and competition has been even more acute in every direction. Cash is higher at £39,732, against £30,251. Debtors are lower at £442,487, against £534,691. Stocks are higher at £875,450, against £740,168. Loan from bankers amounts to £475,000, against £443,000. Creditors stand at £431,069, against £334,928. Reserve remains at £943,817. Meeting, April 23rd, at noon, at 112 Commercial Street, E.1.

HOME AND COLONIAL LIPTON EXCHANGE.—The offer made by the Home and Colonial Stores, Ltd., to shareholders in Lipton, Ltd., to exchange their shares in the latter company for shares in the Home and Colonial Stores has been accepted by the holders of approximately 90 per cent. of the total issued shares, and the directors of the Home and Colonial Stores have allotted the appropriate shares to the Lipton shareholders. Share certificates for the shares so allotted will be posted in due course. In order to give those shareholders in Lipton who have not yet accepted the offer a further opportunity of doing so, the directors of the Home and Colonial Stores have agreed to allow the offer to remain open to them for a short period.

SOFINA.—The profit and loss account for the year ending on December 31, 1930, consisting of the normal period of twelve months, shows a credit balance of fr. 155,432,054.42, while the financial year ending on December 31, 1929, for the exceptional period of fourteen months, showed a credit balance of fr. 116,217,174.52. After allocating the statutory dividend of 5 per cent. on the preference shares, a dividend of 700 francs gross is to be distributed on the 200,000 ordinary shares. In the previous financial year only 97,756½ ordinary shares received a dividend of 700 francs, the 102,243½ remaining shares having received only a half dividend of 350 francs. The report adds that, taken as a whole, the associated companies have not suffered seriously from the present crisis. In various degrees, however, they nearly all show traces of the general slackening in economic activities. The transport companies, moreover, have suffered from the special difficulties imposed on this class of industry by the competition of other methods of locomotion, which difficulties are sometimes aggravated by local circumstances.

UNILEVER SUBSIDIARIES RESULTS.—A profit of £5,749,659 was secured by Lever Brothers, Ltd., for 1930, which compares with £6,213,505 for 1929. The ordinary dividend is again 10 per cent. Special appropriations take £225,000, against £500,000. The carry-forward is increased from £119,192 to £207,794. The Niger Company shows a profit for the eighteen months to December 31st last of £583,943, against £576,666 in the year to June 30, 1929. No preference or ordinary dividends are paid. The carry-forward is £108,018. The operations of Anton Jurgens' Vereenigde Fabrieken (Anton Jurgens' United (Margarine) Works) resulted in a credit to the income account of £1,241,442, against £1,263,110 in 1929. The reserve allocations and the 10 per cent. ordinary dividend are unchanged, £654,042 remaining to go forward, against £675,331 brought in. Jurgens, Ltd., showed a profit of £376,829 for 1930, as against £395,101 for 1929. The ordinary dividend is again 7 per cent. General reserve receives £100,000, against nil, and £178,712 goes forward, against £193,871 brought in. The available profit balance for 1930 of Van den Bergh's Fabrieken, which includes the amount brought in from the previous year, was £518,787, compared with £523,846 in 1929. The "B" ordinary dividend is unchanged at 10 per cent.; £20,833 is again taken to reserve. Reserve for sundry purposes receives £12,500, against £16,667, and £12,334 is carried forward. Van den Bergh's, Ltd., report a trading profit of £620,990, in contrast with £641,079 for 1929. The ordinary dividend is again 25 per cent., tax free, £38,797 remaining to be carried forward.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending.	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Breweries.											
Whitbread and Co.	Dec. 31	£ 213,964	£ 303,132	£ 517,096	£ 43,407	£ 143,415	14	£ 100,000	£ 230,274	£ 324,585	15
Electric Lighting, &c.											
Bournemouth & Poole Elect.	Dec. 31	7,798	156,062	163,860	10,752	83,700	15	54,248	15,160	148,610	15
Fife Tramway Light, &c. ...	Dec. 31	25,286	11,578	36,864	17,438	11,625	3	...	7,801	71,654	4
Financial, Land, &c.											
London County Freehold and Leasehold Properties	Mar. 31	63,282	216,511	279,793	...	171,600	11	33,000	75,193	175,025	10
Agricultural Mortgage Corp'n.	Mar. 31	2,402	49,940	52,342	...	16,250	2½	34,584	1,508	15,065	Nil
Gas.											
Bombay Gas	Dec. 31	36,993	28,327	65,320	...	24,000	8	2,054	39,266	27,183	7½
Iron, Coal and Steel.											
Amalgamated Anthracite...	Dec. 31	169,323	443,255	611,578	...	...	...	500,000	111,578	288,818	...
Welsh Navigation Coal	Dec. 31	Dr. 90,925	9,885	Dr. 81,040	...	...	...	...	Dr. 81,040	6,819	...
Motor and Cycle.											
Rolls-Royce	Dec. 31	66,077	147,170	213,247	...	82,376	10	65,723	65,148	201,706	10
Rubber.											
Amherst Estates (Selangor)	Dec. 31	7,319	1,304	8,623	...	...	...	2,500	6,123	3,387	...
Ceylon Timber and Rubber	Dec. 31	2,084	Dr. 1,827	257	...	...	...	...	257	4,872	7
Foothills (Malaya) Rubber	Dec. 31	2,695	Dr. 887	1,808	...	...	...	...	1,808	2,573	2½
Pow Seng Rubber	Dec. 31	3,930	Dr. 3,764	166	...	...	...	...	166	3,214	2½
Golconda Malay Rubber ...	Dec. 31	5,286	Dr. 1,844	3,442	...	...	...	...	3,442	12,221	10
Grand Central (Ceylon)											
Rubber	Dec. 31	39,435	Dr. 28,649	10,786	...	...	...	Dr. 29,000	39,786	57,417	5
Gula-Kalumpang Rubber....	Dec. 31	61,068	22,542	83,610	...	...	...	20,000	63,610	70,968	7½
Hanwella Rubber	Dec. 31	2,419	Dr. 2,286	133	...	...	...	...	133	5,675	2½
Harpenden (Selangor) Rubber	Dec. 31	6,714	Dr. 946	5,768	1,050	...	...	361	4,357	2,753	...
Hewagum Rubber	Dec. 31	8,568	Dr. 8,123	445	...	...	...	Dr. 2,845	3,290	13,689	4
Jugra Land and Carey	Nov. 30	19,162	924	20,086	...	...	...	...	20,086	83,442	5
New Crocodile River Rubber	Dec. 31	16,993	Dr. 14,424	2,569	...	...	...	Dr. 2,150	4,719	13,663	...
Rosehaugh (Ceylon) Rubber	Dec. 31	23,794	Dr. 16,632	7,112	...	...	...	...	7,112	30,153	5
Selangor Rubber Co.	Dec. 31	15,162	Dr. 1,511	13,651	...	...	...	...	13,651	8,102	5
Seramban Rubber	Dec. 31	7,234	Dr. 6,695	539	...	...	...	...	539	2,930	...
Sittang Valley Rubber	Dec. 31	7,412	Dr. 6,176	1,236	...	...	...	7,201	Dr. 5,965	115	...
Soengei Rampah Rubber....	Dec. 31	11,499	Dr. 2,797	8,792	...	...	...	...	8,792	2,225	2½
Sungei Telor (Malaya) Rub'r	Dec. 31	6,944	Dr. 1,178	5,766	...	...	...	...	5,766	...	...
Sungei Way Rubber	Dec. 31	14,680	5,373	20,053	...	4,693	2	...	15,360	19,482	7
Tambora Rubber Estates ...	Dec. 31	5,061	Dr. 2,307	2,754	...	...	...	...	2,754	2,308	...
Trolak Estates	Dec. 31	3,569	Dr. 3,726	Dr. 157	...	...	...	...	Dr. 157	2,042	2½
Tea.											
Craig Tea Estates	Dec. 31	4,775	9,084	13,859	...	7,500	15	1,500	4,859	10,445	15
Craighead Tea Co.	Dec. 31	8,388	19,981	28,369	482	14,400	20	5,500	8,487	...	...
Hanipha (Ceylon) Tea, &c.	Dec. 31	5,140	14,727	19,867	...	15,312	12½	Dr. 9,000	5,055	18,691	...
Nuwara Eliya Tea	Dec. 31	15,088	111,301	126,389	...	101,750	37	9,000	15,639	108,659	38
Panawatte Tea and Rubber	Dec. 31	4,740	Dr. 4,369	371	...	...	...	...	371	6,275	3
Rosehaugh (Ceylon) Tea....	Dec. 31	4,209	13,658	17,867	...	10,000	5	...	7,867	32,818	10
South Wananajah Tea	Dec. 31	1,382	15,536	16,918	780	12,038	22½	3,000	1,100	...	...
Tyspane Tea Co.	Dec. 31	264	3,306	3,570	140	3,000	10	...	430	...	...
Tramways and Omnibuses.											
Tynemouth and District											
Electric Traction	Dec. 31	795	3,770	4,565	...	...	...	3,500	1,065	1,545	...
Yorkshire (West Riding) ...	Dec. 31	760	31,652	32,412	10,755	...	...	15,645	6,012	26,854	...
Trust.											
Alliance Trust	Jan. 31	51,206	359,550	410,756	69,420	194,272	25	95,000	52,064	355,810	25
British Combined Investors	Mar. 1	10,109	51,839	61,948	23,158	18,600	6	10,000	10,190	56,318	6
Foreign, American & General	Mar. 15	41,998	119,858	161,856	33,359	67,812	10	19,000	41,685	122,134	10
Other Companies.											
Anton Jurgens' United Mar- garine Works	Dec. 31	675,332	1,156,986	1,832,318	503,276	550,000	10	125,000	654,042	1,175,001	10
British Electric Transformer	Dec. 31	...	Dr. 32,535	Dr. 32,535	...	...	...	Dr. 32,535	...	Dr. 38,579	...
Browne and Eagle	Dec. 31	12,852	25,720	38,572	6,250	9,000	9	10,000	13,322	20,448	8
Crystalate Gramophone	Jan. 31	13,208	71,488	84,696	8,000	27,030	20½	354,656	14,200	60,762	33½
Edison Swan Electric Co....	Dec. 31	13,250	53,486	66,736	7,500	19,144	10	30,000	10,092	50,964	10
English China Clays	Dec. 31	19,110	60,569	79,679	27,935	...	...	30,000	21,744	129,621	4
Jurgens	Dec. 31	193,871	375,779	569,650	157,500	133,438	7	100,000	178,712	393,251	7
Lawsons, Ltd.	Jan. 21	19,168	53,828	72,996	5,008	33,906	12½	10,000	24,082	...	...
Lever Brothers	Dec. 31	119,192	5,749,658	5,868,850	493,605	500,000	10	225,000	207,794	6,213,505	10
Niger Company	Dec. 31	67,818	(t) 62,700	130,518	...	...	...	22,500	108,018	...	...
Paquin, Ltd.	Dec. 31	22,544	47,740	70,284	11,437	27,125	20	5,000	26,722	81,976	30
Radcliffe's Edible Products	Jan. 31	690	11,051	11,741	4,650	1,938	10	4,061	1,092	9,693	10
St. James' Court Estate ...	Dec. 31	8,527	25,878	34,405	10,156	13,950	8	...	10,299	29,136	9
Tayside Floorcloth Co....	Feb. 28	26,337	19,616	45,953	...	15,500	12½	...	30,453	28,263	20
Telephone Manufact. Co. ...	Dec. 31	...	8,807	8,807	...	...	...	2,000	6,807	...	...
Thomson (M. C.) and Co. ...	Jan. 31	10,689	Dr. 21,354	Dr. 10,665	3,000	...	...	Dr. 18,509	4,835	1,160	7½
Travers (Joseph) and Sons	Jan. 31	7,075	30,176	37,251	6,250	20,000	10	1,000	10,001	26,540	10
Unilever, Ltd.	Dec. 31	37,269	1,798,857	1,836,126	155,053	1,037,875	{ 10Ord. 6 Def. }	600,000	43,197	580,382	{ 0.10 Dr. 0 }
Unilever N.V.	Dec. 31	157,000	2,505,361	2,662,361	198,456	1,418,862	10	965,000	80,043	2,944,402	10
Van Den Berghs.	Dec. 31	35,294	462,720	498,014	271,717	187,500	25½	...	38,797	467,614	25½
Van Den Bergh's Fabrieken	Dec. 31	12,593	483,074	495,667	150,000	{ 125,000 175,000 10B }	{ 15A 10B }	33,333	12,334	488,779	{ 15A 10B 20 }
Vine Products, Limited	Dec. 31	14,141	91,353	105,494	16,000	48,125	12½	24,629	16,740	116,539	20

OIL OUTPUTS.

STEUA ROMANA (BRITISH), LIMITED.—Production of the Steua Romana Company, Bucharest, for the month of March was 85,710 tons.

TOCUYO OILFIELDS OF VENEZUELA, LTD.—Oil produced during March, 1931, 2,348 tons.

TRINIDAD LEASEHOLDS, LTD.—Oil produced during March, 20,050 tons. Oil purchased during March from other companies, 51,750 tons.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended April 11th was: Bolivar district, 74,578 m. tons; Maracaibo district, 17,668 m. tons; total, 92,246 m. tons.

Commercial Reports.

MARKET SUMMARY.

There has been a slight improvement in the situation of the coal trade in South Wales and Yorkshire, but a decline in sales has been reported from Scotland. Although the level of activity in the iron and steel industries is still extremely low, a slight seasonal expansion in business has recently become noticeable, both in the home and export markets. The principal non-ferrous metals have been weak. Lead scarcely responded to the news that the principal producers had agreed to restrict output by 15 per cent. Among textiles the outstanding feature is the improvement in jute. Wool values have been maintained, but raw cotton was slightly easier, and business in Manchester goods continues quiet. Although the home demand for rayon goods is moderate, export business is disappointingly small. The Irish linen trade has been quieter, and it appears that a further reduction in wages is contemplated by the Ulster Trade Board. In foodstuffs, wheat has been firmer because of increased buying from Germany and France, where the milling quota for foreign wheat has been increased. Sugar and tea have been strong, and potatoes advanced further in price. Among miscellaneous commodities, rubber has not shown any improvement because of the absence of a decline in production or an increase in consumption. Hides and leather have been quiet, but the markets for vegetable oils and oilseeds have been slightly firmer.

THE COAL TRADE.

SHEFFIELD.—Conditions of supply and sales have steadied and there is less confusion than of late. Export prompt demand for best steams keeps strong and prices are firm at 17s. and 17s. 6d. f.o.b., but the tonnage of house coal going out has dropped off considerably. Ordinary best house is quoted at 21s. and 22s. There is less surplus small fuel on the market than formerly. Demand for furnace coke continues meagre and prices are from 11s. and 11s. 6d. at ovens.

GLASGOW.—Shipments are again rather on the down grade, and with inland demand declining the market is quiet and dull, washed nuts being notably plentiful and weak. Among round coals, Lanarkshire prime splint is about the best feature, but navigation fuel, not surprisingly, is in slow demand. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 15s.; splint best, 16s. 6d.; splint second, 15s. 6d.; navigation, 15s. 3d.; navigation second, 14s. 6d.-15s.; Hartley, 15s. 6d.; steam, 14s. 6d.; trebles, 12s.; doubles, 11s.; singles, 9s. 3d.-9s. 6d.; pearls, 9s. 3d.-9s. 6d.; dross, 10s. 3d. FIRE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 6d.-13s.; third-class steam, 12s.; trebles, 11s. 6d.-12s. 6d.; doubles, 11s.-11s. 6d.; singles, 9s. 6d.; pearls, 9s. 6d. LOTHIAN.—Prime steam, 12s. 6d.; secondary steam, 12s.-12s. 3d.; trebles, 12s.-12s. 6d.; doubles, 11s.; singles, 9s. 3d.-9s. 6d.; pearls, 9s. 3d.-9s. 6d. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 12s. 6d.; doubles, 11s. 6d.; singles, 9s. 9d.; pearls, 9s. 9d.; dross, 10s.

CARDIFF.—There has been a slight improvement during the past week in the position on the Cardiff coal market. Most of the large coals are in fairly steady demand, and the current production is readily absorbed, thanks to an abundant supply of tonnage. Monmouthshire coals are relatively the strongest feature, but prices

generally are firm on the basis of the minimum scheduled figures. No announcement has yet been made of the actual placing of the Egyptian State Railways contract for 300,000 tons, but it is confidently expected that South Wales will receive the order. Anthracite coals are generally active and firm. There is little demand for coke, and patent fuel continues a rather neglected market. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 6d. to 18s. 9d.; Eastern Valleys, 17s. 9d. to 18s. 3d.; Western Valleys, 18s. 3d. to 18s. 6d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 14s. 9d. to 15s.; anthracite best large, 30s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rumbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 24s.

IRON AND STEEL.

MIDDLESBROUGH.—The tone of the market for Cleveland iron is somewhat brighter, but the volume of business does not expand to any great extent. Consumers still confine their purchases to short periods in anticipation of lower prices later on, but there are no indications of this occurring at present and at Tuesday's weekly market the official figures were reaffirmed at: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 67s., f.o.b. or f.o.t. Only a small business was reported and mostly for local delivery. Makers offer substantial concessions to Scotch consumers, but these are not of sufficient importance to attract much trade, and large quantities of Continental and Midland foundry irons are still going into that area. In hematite a fair number of sales are being made, but mainly in small quantities for prompt or a few weeks ahead. It is difficult to get consumers to place forward business, although they are testing the market from time to time. Prices are slightly easier again and makers have accepted 66s. 6d. for ordinary mixed numbers for prompt, and this is now the general market figure. For forward, 6d. to 1s. more is asked, but this is a matter of bargaining according to the nature of the contract. Two furnaces on the Tees are preparing to blow in on hematite as soon as market conditions permit. Shipments of pig iron are about on a level with last month, the total cleared to the 14th inst. being 3,736 tons, against 3,876 tons to March 14th. In the finished departments, Dorman Long & Company, Ltd., have secured a contract for the supply and erection of about 1,200 tons structural steelwork for the new Victoria coach station in Buckingham Palace Road, London, for the London Coastal Coaches, Ltd. This is an urgent job, and quick delivery of the material is being arranged. Prices of the different materials are unchanged. There is practically nothing doing on the ore market. Best Bilbao rubio remains nominally 16s. c.i.f. for prompt delivery, and the current freight Bilbao-Middlesbrough is about 4s. 6d. Coke is a trifle firmer and makers are not now inclined to shade 16s. delivered works for good furnace qualities for early delivery, while more is asked for forward supplies. The number of furnaces in blast in the district is unchanged at 21.

SHEFFIELD.—The receipt of orders during the stoppage has been disappointing, with the result that a considerable percentage of men who were suspended still remain unemployed. Open-hearth plants cannot find an outlet for more than a fourth of capacity. Business in high-grade tool and special steels has again declined, and this tendency is disturbing the market for ferro-alloys, prices of which are being cut. Prices of tungsten have been reduced 3d. per lb. this month. There are no signs of improvement in the overseas markets and the slump in prices of Colonial and foreign produce is responsible for the curtailment of purchases of plantation tools. Sales of farm and garden tools in the home market are nearly equal to last season, but exports are heavily down. File makers are seriously short of work. Orders for railway material in connection with the distribution of the Boxers Indemnity Fund have not yet been given out, although a certain amount of work will be placed very shortly. Consumption of foundry pig iron is limited. The cutlery and plate branches continue depressed.

GLASGOW.—The continued scarcity of new shipbuilding contracts for Clyde shipyards is reflected in the situation at the West of Scotland steel works, materials for shipbuilders' requirements being one of the most important production items at many of the plants. During the present week there has been a little more buying, but practically all purchasers are confined to small parcels. Sheetmakers intimate a decidedly more active demand for black sheets, Japan being again a buyer of thin sheets, and business done during the present week shows some advance. Tubemakers, bar-iron manufacturers and other departments do not report any improvement. It is announced this week that the Ailsa Shipbuilding Company, Ltd., of Troon, have received a contract to build and engine a single-screw seamer, 200 feet in length, for Messrs. J. Hay and Sons, Ltd., of Glasgow.

CARDIFF.—On the Swansea Metal Exchange on Tuesday tinplates were a shade easier at from 15s. to 15s. 6d. per basis box, compared with 15s. 3d. to 15s. 6d. the previous week. There are inquiries from the Continent and Canada, but demand generally is slow and works continue to be employed at approximately only about half capacity. Galvanised sheets are unchanged at £11 per ton. Increased quantities of Continental steel bars have been discharged at the South Wales ports during the past week at prices ranging from £4 to £4 5s. per ton, but Welsh bars are unaltered at £5. Shipments last week totalled only 68,940 boxes, compared with 87,111 boxes the previous week, and stocks have increased from 240,163 to 255,538 boxes. At a meeting of the manufacturers on Tuesday it was decided to continue the regulation scheme, notwithstanding the withdrawal of the Melingriffith Company.

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended March 31.		Three Months ended March 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	6,420,861	4,478,022	17,864,918	11,829,993
B. Feeding stuffs for animals	522,118	419,864	1,300,594	1,247,541
C. Meat	10,639,728	7,341,712	28,218,247	23,069,569
D. Animals, living, for food	1,357,676	1,214,273	4,321,115	3,876,573
E. Other food and drink, non-dutiable	14,651,198	13,379,337	47,606,925	41,682,778
F. Other food and drink, dutiable	5,154,308	4,780,084	16,034,085	13,563,147
G. Tobacco	1,290,795	976,948	4,259,622	3,475,831
Total, Class I.	40,036,684	32,590,240	120,205,506	98,745,432
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,167	2,166	7,900	7,609
B. Other non-metallic mining and quarry products and the like	414,485	373,305	1,389,339	1,029,265
C. Iron ore and scrap	673,893	222,414	1,732,089	657,518
D. Non-ferrous metalliferous ores and scrap	1,067,232	557,710	3,741,671	1,891,563
E. Wood and timber	1,929,163	1,113,202	7,048,721	4,337,253
F. Raw cotton and cotton waste	3,884,643	2,706,331	16,154,322	7,549,310
G. Wool, raw and waste, and woolen rags	6,012,506	3,691,864	18,038,028	11,548,334
H. Silk, raw, knaps and noils	170,163	119,294	629,409	355,363
I. Other textile materials	1,042,653	572,952	4,330,003	2,012,756
J. Oil seeds, nuts, oils, fats, resins and gums	3,707,643	2,465,976	9,563,346	6,857,540
K. Hides and skins, undressed	1,980,580	1,036,073	5,513,350	3,383,948
L. Paper-making materials	951,305	726,784	2,878,634	2,381,205
M. Rubber	1,195,809	616,713	3,555,279	1,854,376
N. Miscellaneous raw materials and articles mainly unmanufactured	1,063,335	861,248	3,081,507	2,437,641
Total, Class II.	24,095,577	15,066,032	78,262,598	46,203,681
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	249	353	4,420	3,987
B. Earthenware, glass, abrasives, &c.	970,921	721,477	2,727,569	2,060,468
C. Iron and steel and manufactures thereof	2,288,013	1,545,274	6,889,855	4,513,065
D. Non-ferrous metals and manufactures thereof	2,683,138	1,909,247	8,520,837	5,153,667
E. Cutlery, hardware, implements, and instruments	591,284	513,205	1,638,984	1,546,341
F. Electrical goods and apparatus	623,727	396,000	2,010,630	1,231,046
G. Machinery	1,711,636	1,245,638	4,746,202	3,563,928
H. Manufactures of wood and timber	793,169	575,103	2,445,557	1,679,454
I. Cotton yarns and manufactures	872,300	736,861	2,591,200	2,058,098
J. Woollen and worsted yarns and manufactures	1,386,709	1,206,601	3,867,953	3,181,008
K. Silk and silk manufactures	992,762	899,139	3,012,432	2,503,350
L. Manufactures of other textile materials	1,316,503	1,269,314	4,115,860	3,561,209
M. Apparel	1,961,616	1,950,629	5,199,666	5,132,211
N. Chemicals, drugs, dyes, and colours	1,316,379	1,142,848	3,644,951	3,065,008
O. Oils, fats, and resins, manufactured	4,104,395	2,889,282	12,447,958	8,269,204
P. Leather and manufactures thereof	1,490,010	1,032,485	3,815,272	2,958,863
Q. Paper and cardboard	1,381,140	1,160,006	4,356,461	3,381,514
R. Vehicles (including locomotives, ships, and aircraft)	688,674	432,002	1,895,968	1,185,448
S. Rubber manufactures	475,054	338,275	1,106,190	792,031
T. Miscellaneous articles, mainly or wholly manufactured	2,486,497	2,310,415	6,763,668	6,420,702
Total, Class III.	28,134,176	22,274,155	81,851,633	62,260,602
IV.—Animals, not for food	243,709	218,981	902,746	876,936
V.—Parcel Post, non-dutiable articles	939,295	515,468	2,280,645	1,722,964
Total	93,449,441	70,664,876	283,503,128	209,809,615

OTHER METALS.

TIN.—The passing of the "quota" Bill by the Federal Council of the Malay States has not brought about an improvement in the market for tin. Difficulties in the working of the scheme are anticipated, and it may probably take a considerable time until a definite improvement in the position can be looked for. Prices have scarcely improved during the week, and Wednesday's closing quotation for "standard cash," at £114 15s. to £114 17s. per ton, compares with £113 17s. 6d. to £114 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 27,285 tons, show an increase of 291 tons on the week.

COPPER.—The improvement in the statistical position of the metal in America caused a slight advance in prices. Wednesday's quotation in London for "standard cash," at £43 2s. 6d. to £43 5s., compares with £42 11s. 3d. to £42 12s. 6d. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 10,374 tons, show an increase of 644 tons, while stocks of rough copper, at 1,553 tons, were 40 tons larger. The statistical position in North and South America is set out below:—

	March.	February.
Tons.	Tons.	Tons.
Refined stocks	316,071	324,823
Blister, stocks	177,522	181,015
Foreign, deliveries, refined	33,036	34,821
Domestic, deliveries, refined	66,964	54,464
Refined production	91,071	89,286
Mine production	38,265	42,857

EXPORTS of PRODUCE and MANUFACTURES of the UNITED KINGDOM (Value F.O.B.).

	Month ended March 31.		3 Months ended March 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	462,066	326,697	1,210,703	822,173
B. Feeding stuffs for animals	193,636	181,932	597,246	607,522
C. Meat	121,649	108,060	391,857	334,844
D. Animals, living, for food	12,873	17,394	34,837	51,983
E. & F. Other food and drink	2,422,378	1,832,121	7,651,161	6,082,115
G. Tobacco	816,155	530,472	2,455,305	1,605,560
Total, Class I.	4,028,757	2,996,676	12,341,109	9,504,197
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,983,119	2,890,945	12,752,162	8,325,269
B. Other non-metallic mining and quarry products and the like	150,252	93,914	488,775	253,591
C. Iron ore and scrap	66,052	26,034	199,066	120,271
D. Non-ferrous metalliferous ores and scrap	80,914	24,676	218,879	94,908
E. Wood and timber	25,497	15,542	69,875	59,485
F. Raw cotton and cotton waste	67,205	24,875	198,830	70,935
G. Wool, raw and waste, and woolen rags	514,184	286,065	1,540,653	707,165
H. Silk, raw, knaps and noils	2,055	671	4,719	2,333
I. Other textile materials	36,099	10,644	89,574	30,039
J. Oil seeds, nuts, oils, fats, resins, and gums	393,065	244,956	1,163,758	690,131
K. Hides and skins, undressed	156,665	87,842	534,444	268,724
L. Paper-making materials	111,063	73,318	346,533	164,642
M. Rubber	16,629	6,946	51,704	27,135
N. Miscellaneous raw materials and articles mainly unmanufactured	354,046	306,856	991,680	805,956
Total, Class II.	5,958,845	4,092,744	18,651,152	11,640,788
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufacture fuel	275,718	231,529	1,093,844	804,103
B. Earthenware, glass, abrasives, &c.	1,106,098	687,043	3,251,245	2,048,910
C. Iron and steel and manufactures thereof	5,193,640	2,751,872	15,389,115	8,018,105
D. Non-ferrous metals and manufactures thereof	1,248,428	623,196	3,748,459	2,038,061
E. Cutlery, hardware, implements, and instruments	653,925	451,618	1,973,182	1,317,231
F. Electrical goods and apparatus	1,031,346	772,970	3,268,622	2,235,930
G. Machinery	4,224,464	2,873,654	12,954,598	8,827,063
H. Manufactures of wood and timber	181,025	129,601	554,588	362,695
I. Cotton yarns and manufactures	9,376,401	4,882,276	30,285,092	15,224,362
J. Woollen and worsted yarns and manufactures	3,488,531	2,092,359	12,157,896	7,430,872
K. Silk and silk manufactures	127,198	107,038	440,912	286,774
L. Manufactures of other textile materials	1,999,982	1,133,243	5,939,229	3,467,762
M. Apparel	1,991,892	1,449,552	5,831,504	3,849,675
N. Chemicals, drugs, dyes, and colours	2,011,080	1,396,693	6,198,858	4,305,980
O. Oils, fats, and resins, manufactured	622,258	408,895	2,117,420	1,417,553
P. Leather and manufactures thereof	565,234	271,185	1,491,191	798,396
Q. Paper and cardboard	751,288	496,504	2,344,260	1,568,083
R. Vehicles (including locomotives, ships, and aircraft)	4,805,047	2,814,373	11,044,152	8,254,007
S. Rubber manufactures	267,755	197,257	754,790	539,682
T. Miscellaneous articles, mainly or wholly manufactured	2,605,965	1,873,495	7,601,752	5,526,150
Total, Class III.	42,527,275	25,644,353	128,350,710	78,399,394
IV.—Animals, not for food	68,014	82,097	362,372	240,541
V.—Parcel Post	1,362,918	1,173,621	4,426,962	3,561,246
Total	53,945,809	33,989,491	164,132,305	103,346,166

LEAD.—It appears that the negotiations between the members of the International Producers' Pool with a view to reduce output by 15 per cent. from April 1st, have been successfully concluded. The position of the market has therefore been strengthened. Wednesday's official closing quotation for "soft foreign," at £12 15s. to £12 17s. 6d., compares with £12 5s. to £12 13s. 9d. on the corresponding day last week.

SPELTER.—At the beginning of the week the metal improved on increased buying in London, but the subsequent decline in the American spot price to 3.80 cents per lb. brought about a recession in London. Wednesday's closing quotation for "good ordinary brands," at £11 11s. 3d. to £12 2s. 6d., compares with £11 13s. 9d. to £12 6s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals, antimony declined in price, and on Wednesday "foreign" changed hands at £24 10s. to £25 per ton, against £25 to £25 10s. on the corresponding day last week. Aluminium and nickel remained unchanged at £85 per ton and at £170 to £175 per ton respectively. Quicksilver sold at last week's price of £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week 9th to 15th (inclusive) are 31,000 bales, of which 14,160 bales are American, 2,150 Brazilian, 150 Argentine, 3,100 Peruvian, 7,700 Egyptian, 1,450 African, 1,100 East Indian, and 1,190 sundries. Imports for the same period are 27,684 bales, of which 14,625 bales are American, 7,469 Brazilian, 1,057 Peruvian, 3,735 Egyptian, 117 East Indian and 68

for this week's auctions com-
26,934 packages of Ceylon, and

TEA.—The quantities catalogued for this week's auctions comprised 51,347 packages of Indian, 26,934 packages of Ceylon, and

875

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BRAKPAN MINES, LIMITED. (Incorporated in the Union of South Africa.)

To be submitted at the Twenty-eighth Ordinary General Meeting of Shareholders, to be held in the Board Room, "Ammerosa House," Johannesburg, on Thursday, the 21st May, 1931, at 2.30 p.m.

To the Shareholders, BRAKPAN MINES, LIMITED.

Gentlemen,
Your Directors beg to submit their Report and the audited Financial Statements for the year ended 31st December, 1930, accompanied by the Reports of the Consulting Engineers and the Mine Manager.

CAPITAL.—The capital of the Company remains unaltered at £1,020,000 in 1,020,000 shares of £1 each, fully paid and issued.

PROPERTY.—No change has taken place during the year in your Company's claim holdings, which remain as follows:—

Mynpacht No. 490, 1919, in extent 405-754 acres, equal to	276-06	Claims.
Mynpacht No. 543, 1905, in extent 888-936 acres, equal to	604-80	"
Claims on Farm Benoni No. 3, with Coal Rights on		
73-326 Claims	201-59	"
Claims on Farm Weltevreden or Brakpan No. 5	68-00	"
Claims on Farm Weltevreden or Brakpan No. 5—		
leased from Union Government	1,811-70	"
Claims on Farm Koolbult or Schapenrust No. 7	424-90	"
	3,387-05	Claims.

The undermining rights of seven stands and four portions of stands on Farm Benoni No. 3.
Twenty-one freehold stands in Brakpan Township, on which are erected quarters for the Company's employees.

OPERATIONS.—Technical matters are dealt with in the attached Reports of the Consulting Engineers and Mine Manager, to which your attention is directed.

FINANCE.—From the Working Expenditure and Revenue £ s. d.
Account it will be seen that the profit amounted to 552,044 10 4
Deduct—Donations 3,459 11 10

Add—Dividends on Shareholdings £ s. d. 554,584 13 6
Interest, Commission, Exchange, etc. 7,282 19 7

Leaving a Net Balance of Revenue over Expenditure for the year of 556,876 11 5
Add—Balance to Credit of Appropriation Account at 31st December, 1929 58,288 19 4

Making a total available Credit of 615,165 10 9

Against which the following amounts have been appropriated:—
Government Taxes 141,075 9 11
Government Participation in Profits 54,305 2 6
Reserve for Liability under Miners' Phthisis Acts 23,158 0 0
Dividend No. 36 216,750 0 0
Dividend No. 37 229,500 0 0

Leaving a Balance unappropriated at 31st December, 1930, of 564,788 12 5

To Capital—Registered and Issued: 1,020,000 Shares of £1 each 1,020,000 0 0

As per Balance Sheet, 31st December, 1929. Premium on Shares 998,850 10 0

As per Balance Sheet, 31st December, 1929. Funds Appropriated for Expenditure on Equipment and Development in Excess of Working Capital provided 833,612 8 10

As per Balance Sheet, 31st December, 1929. Unexpended Balance of Capital Fund brought down 2,513 8 1

Sundry Shareholders' Unpaid and Unclaimed Dividends 256,079 18 4

Government of the Union of South Africa Taxation under Income Tax Act, 1925 Participation in Profits under Mineral Lease 55,919 5 0

Sundry Creditors and Credit Balances 54,305 2 6

Reserve Fund for Liability under Miners' Phthisis Act (see contra) 150,225 9 6

Balance of Appropriation Account 69,643 6 2

CONTINGENT LIABILITIES—Shares and Interests in other Concerns 50,376 18 4

The Company is liable for its proportion of the Miners' Phthisis Compensation Funds in terms of the Miners' Phthisis Acts Consolidation Act, 1925 (vide Directors' Report) £3,491,532 6 9

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED, Secretaries.
Per W. WESTRUP.

To the Shareholders, BRAKPAN MINES, LIMITED.
We have audited the Balance Sheet dated 31st December, 1930, above set forth, and have obtained all the information and explanations we have required. The Company has kept proper Books and records, and, in our opinion, the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us and as shown by the Books of the Company.

JOHANNESBURG, 6th March, 1931.

The Capital Expenditure for the year amounted to £6,040 14s., made up as follows:—

Shaft Sinking and Equipment, as per Schedule attached to Balance Sheet	£	s.	d.
	5,818	16	0
Shares and Interests in Other Concerns	221	18	0
	£6,040	14	0

The amount payable to the Government for the year under the terms of the Mineral Lease Agreement is estimated at £54,305 2s. 6d. This figure represents 9-752 per cent. of the profits for the year.

The amount charged to working costs for development was £130,509 10s. 3d. In connection with the annual reserve in respect of the Company's liability under the Miners' Phthisis Act, the amount set aside for 1930 is £23,158. This, with the previous figure of £24,424 9s. 1d. and interest accrued, gives a total reserve of £47,582 6s. 2d. as against the Company's total terminal liability of £215,479 as assessed at the 31st July 1930.

During the year under review the Miners' Phthisis Board has required, and your Company has agreed, that all moneys set aside by the Company in terms of its arrangements with the Board, shall be handed over to Trustees for investment on behalf of the Board. A Trust Fund has been created for this purpose, entitled the Outstanding Liabilities Trust Fund.

DIVIDENDS.
Two Dividends were declared during the year, as follows:—

	Per Cent.	Rate per Share.	Total Amount.
Dividend No. 36	21½	4 3	216,750 0 0
Dividend No. 37	22½	4 6	229,500 0 0
	43½	8 9	446,250 0 0

DIRECTORATE.
In terms of the Articles of Association, Messrs. R. B. Hagart and W. E. Hudson retire by rotation, but are eligible and offer themselves for re-election.

AUDITORS.
You are requested to fix the remuneration for the past audit, and to appoint Auditors for the ensuing year. The Auditors, Messrs. A. E. Page and P. Whiteley, retire, but are eligible and offer themselves for re-election.

L. A. POLLAK, Chairman
J. BOYD
R. B. HAGART
W. E. HUDSON
J. L. JOURDAN
W. J. O'BRIEN
F. A. UNGER
Directors.

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED,
Per W. WESTRUP, Secretaries.
JOHANNESBURG, 9th March, 1931.

BALANCE SHEET AT 31st DECEMBER, 1930.

	£	s.	d.	CR.
By Property, at Cost	489,116	16	3	
Mining Claims and Freehold Stands.				
As per Balance Sheet, 31st December, 1929.				
Shaft Sinking and Equipment, at Cost...	2,102,785	15	0	
(As per attached schedule.)				
Development, at Cost	216,226	12	2	
As per Balance Sheet, 31st December, 1929.				
Shares and Interests in Other Concerns, at or under Cost	13,423	2	9	
Office Furniture	1,009	3	0	
Live Stock and Vehicles	394	1	7	
Stores and Materials, Standard Stock	27,000	0	0	
Unexpended Balance of Capital Fund carried down	2,513	8	1	
Stores and Materials on Hand and in Transit in Excess of Standard Stock...	21,841	12	3	
Reserve Fund Investments (see contra)...	69,643	6	2	
Sundry Debtors and Debit Balances	34,409	8	7	
Gold in Transit	21,872	1	9	
Loan at Call	422,348	15	5	
Cash at Bankers and in Hand	8,948	3	9	
	513,169	0	11	
	2,852,468	18	10	
	£3,491,532	6	9	

L. A. POLLAK, Chairman,
W. E. HUDSON,
J. L. JOURDAN,
Directors.

A. E. PAGE (Incorporated Accountant).
PERCIVAL WHITELEY (Chartered Accountant).
Auditors.

The Economist, WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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Vol. CXII.

SATURDAY, APRIL 25, 1931.

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A. JOEL, Manager.

Correspondents to the Italian Treasury.

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THE MONEY MARKET.

MONEY has been very comfortable this week, partly because the clearing banks did not make up as heavily as usual, but mainly because of the general suspension of activity in the City pending the opening of the Budget. Another factor explaining the ease is the large quantity of American funds now present in London. Much of this came here early in the year for the purpose of investment in sterling bills at the time when action was first taken to

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make London discount rates more attractive. Now that these bills are maturing, the money so released is, when left in London, being partly reinvested in fresh bills, partly lodged on deposit with the clearing banks, and partly lent to the market. As a result, the market has as much money as it can employ, notwithstanding the fall of Bankers' Deposits this week to £54.7 millions, a level which usually is low enough to give rise to considerable stringency.

Thus in the middle of the week $1\frac{1}{2}$ per cent. was a common rate for new money, with $1\frac{1}{2}$ per cent. for renewals. The discount market has been in a somewhat anomalous position. In order to keep discount rates at the desired minimum, brokers are not buying bills at less than $2\frac{1}{8}$ per cent. Under present conditions, however, relatively few bills are forthcoming at so high a rate, and foreign sellers, in particular, are holding out for $2\frac{1}{2}$ per cent. at most. Hence business is very restricted, especially as the banks, too, are not buying many bills, and while this helps to explain the current ease in money, it means that brokers cannot easily find employment for all their funds. This week the New York rate for bankers' acceptances dropped from $2\frac{1}{2}$ to $2\frac{3}{8}$ per cent., but while this may bring more American money to London, the margin between even the new rate and the existing minimum of $2\frac{1}{8}$ per cent. in London is hardly enough to justify a reduction in London, especially when the premium on forward dollars is taken into account.

	Apr. 1, 1931.	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$ (May 1, '30)
Bankers' Deposit Rate.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 1, '30)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 1, '30)
Houses (Notice)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{8}$ - $\frac{3}{4}$	$2\frac{1}{8}$	$2\frac{3}{8}$	$2\frac{3}{8}$	...

The Bank has continued to secure the major part of the gold on offer in London, and this week has only had to pay its statutory buying price. On Tuesday it bought £800,970 of the Cape gold, and on Thursday £500,000 from an "unknown seller." On Wednesday the receipt of £500,000 sovereigns from abroad was reported. Against this earmarking upon Argentine account have been heavy, and so the net increase in the Bank's gold to Wednesday night was only £537,000. The note circulation contracted by £5,919,000 as the result of the return of more holiday currency, and so the Reserve increased by £6,456,000. Presumably owing to preparations for the Funding and Conversion Loan dividends due next week, Public Deposits rose by £5,492,000, and as Government Securities fell by £5,386,000, Bankers' Deposits were reduced by £6,446,000 to the low figure mentioned above. On Wednesday Mr Montagu Norman was re-elected Governor of the Bank of England, and so enters upon his twelfth year of office. Sir Ernest Harvey has been re-elected Deputy-Governor. In these days it seems unthinkable that any one other than Mr Norman should occupy the post, and this is possibly the highest of the many deserved tributes that could be paid to him.

The most interesting development of the week has been the beginning of gold shipments from France to the United States. On Wednesday £700,000 was shipped on the "Paris," and the following day it became known that a further amount of approximately £3,000,000 was to be shipped on the "Europa" at the end of the week. These shipments were made practicable by reductions in freights, and inasmuch as these reductions have now been rescinded, it is by no means certain if further shipments will be made. So far as can be told, what has been happening is that further transfers of French funds to London have depressed the franc against sterling, and as the dollar remained at a premium over sterling, the Paris New York rate naturally reached the export gold point. Hence gold was shipped to New York, and the dollar proceeds of this shipment were sold for sterling. This explains

the rise in the sterling-dollar rate to \$4.86 $\frac{1}{2}$ on Thursday, and this rise is another reason why further shipments may not take place.

Sterling is thus in a stronger position against both the franc and the dollar, but it must be emphasised that sterling is still being supported only by short-money operations, and that neither trade nor long-term capital movements are yet developing to the point where they can take over the load. It is, however, true to say that sterling commands far greater confidence to-day than when steps were first taken three months ago to draw foreign short-money to London. As a following paragraph shows, rates have lately eased in New York, and this is all to the good. Still, the time is hardly ripe for a relaxation of discount rates in London, especially as the last fortnight has been too inactive to provide a true test.

Towards the end of last week money in New York was firmer, with call rate up to 2 per cent., and prime commercial paper quoted at $2\frac{1}{2}$ per cent. Since then money has become distinctly easier. Call rate has fallen to $1\frac{1}{2}$ per cent., with outside money obtainable at 1 per cent., and the rate on bankers' acceptances has been shaded $\frac{1}{2}$ per cent. The returns of brokers' loans issued at the end of last week showed an increase of \$27,000,000 on the week, the latest total being \$1,849,000,000. The trade returns for the first quarter of 1931 give exports at \$711 millions, against \$1,129 millions in 1930; and imports at \$569 millions, against \$893 millions in 1930. Net gold imports for the quarter were \$76.2 millions, compared with \$119.5 millions for the corresponding quarter last year.

The foreign exchange market was more active last week, with steady trading, and the general tendency was in favour of sterling. New York went from 4.85 $\frac{1}{2}$ to 4.86 $\frac{1}{2}$ as a result of the lowering of money rates in New York and the shipment of gold there from France. Montreal lost $\frac{3}{8}$ at 4.86 $\frac{1}{2}$, and Paris lost five points at 124.30. Brussels fell away from 34.94 $\frac{1}{2}$ to 34.95 $\frac{1}{2}$. Milan was two points better at 92.78. Madrid was again very erratic and considerably weaker at 49.00, after touching 47.25 and 49.30. Amsterdam gained $\frac{1}{2}$ at 12.10 $\frac{1}{2}$, but Berlin lost $\frac{1}{2}$ at 20.40 $\frac{1}{2}$, after being a good deal higher, and Switzerland lost $\frac{1}{2}$ at 25.23. Stockholm was better by $\frac{1}{2}$ at 18.14 $\frac{1}{2}$, Oslo gained $\frac{1}{2}$ at 18.16 $\frac{1}{2}$, and Copenhagen $\frac{1}{2}$ at 18.16 $\frac{1}{2}$. The South American currencies were again inclined to weakness, Rio losing $\frac{1}{8}$ d. at 34 $\frac{1}{2}$ d. Montevideo was unchanged at 32d., but Buenos Aires lost $\frac{1}{8}$ d. at 36 $\frac{1}{2}$. The Peruvian Government has issued a Decree stabilising the exchange on a gold basis, the equivalent gold content of the new sol to be 28 cents (U.S.). Notes will be exchangeable for bar gold or for drafts on New York or London. The difference in soles arising out of the revaluation of the currency will be paid to the Government in shares of a new Central Bank, which will take over the functions of the present Reserve Bank. In the Far East the rupee was a little easier at 1s. 5 $\frac{3}{4}$ d. and the yen unchanged at 2s. 0 $\frac{3}{4}$ d. Batavia lost $\frac{1}{4}$ d. at 12.11 $\frac{1}{2}$. In the forward market New York was firmer at enhanced premiums of $\frac{3}{8}$ cent for one month and $\frac{1}{2}$ for three months. Paris was firmer by one point at 16 centimes premium for one month, but weaker by the same margin at 36 centimes premium for three months. Brussels was better at 3 $\frac{1}{2}$ and 7 $\frac{1}{2}$ centimes premium. Milan went to 7 and 23 centesimi discount, but Madrid from discounts of 2 and 4 centimos went to premium quotations of 2 and 6 centimos for the two periods respectively. Amsterdam weakened to $\frac{1}{2}$ and 1 $\frac{1}{2}$ cents premium. Berlin was fractionally better at $\frac{1}{2}$ and 2 $\frac{1}{2}$ pfennigs discount, as was Switzerland at 3 and 7 centimes premium. The silver market was rather weaker, with cash at 13d. and forward at 12 $\frac{1}{2}$ d., a loss of $\frac{1}{2}$ d. and $\frac{5}{8}$ d. respectively. The China silver exchanges reacted differently, Hong Kong losing $\frac{1}{2}$ d. at 11 $\frac{1}{2}$ d., whilst Shanghai was unchanged at 1s. 3 $\frac{1}{2}$ d.

The monthly Trade Supplement published with this week's issue includes a special review of The Decline in the British Wool Textile Industry, by Mr. G. H. Wood.

INDUSTRY AND TAXATION.

"MORE taxes, less bread, and then all the people cheered again," is the description of a scene in one of Lewis Carroll's topsy-turvydoms, but it is hardly likely that, whether or not Mr Snowden couples a wheat quota, threatening the price of bread, with the increase in tax demands which his Budget must inevitably contain, many people will feel inclined to raise even a single cheer on Monday evening. For, even though the Chancellor succeeds in satisfying experts that he has made the best of a very difficult job, the taxpayer, who will have his pocket attacked, cannot fail to regard next Monday's programme as a "bad Budget." Such is human nature. But Mr Snowden's performance must be judged not from the individual, but from the national standpoint, and the main criteria which we should apply are three: Firstly, his success in conserving British credit by a reasonably sound sinking fund policy; secondly, his degree of determination to eliminate public waste, especially through the drastic reform of the "dole" system; and, thirdly, his avoidance of increasing the tax burden on productive industry.

Of these three points the last two are the subject of a cogent manifesto issued this week by Sir William Morris and the executive committee of the newly-formed National Council of Industry and Commerce, and entitled "The Case for the Reduction of the Tax Burden on Industry." With the closely-reasoned plea for public retrenchment, and the radical reform of unemployment insurance, we are in entire sympathy, and our approval of the general lines of the document is strengthened by the discovery that Sir William, who has been advocating a "revenue tariff," has apparently abandoned such a scheme for the purposes of this Budget, and endorses the suggestions recently made in the *Economist* that the 1931-32 Budget should be balanced mainly by increases in indirect taxation which, to quote Sir William, "conform with Cobdenite principles." To be fair to Sir William, he adheres in the manifesto to his advocacy of the eventual imposition of a tariff, and he is at pains to answer the old conundrum which the Free Trader puts to the Protectionist, namely, "How can a tax both bring in revenue and shut out competing goods?" But his thesis is remarkable for a clear recognition of the dangers which a tariff brings in its train. There is the danger of raising costs, and here the manifesto comments, "We shall be no parties to any import duty which unduly or unfairly raises prices charged in this country for comparable products of domestic production." We hesitate to suggest that the only logical outcome of this avowal is the abandonment of all tariff advocacy; but at least we welcome as a first step this realisation of one of the principal difficulties besetting the Protectionist.

Then there is the danger that a tariff would be used by the manufacturers as a shelter behind which slothful avoidance of effective reorganisation might be encouraged. Sir William sees this, too, and says: "We are as determined as Free Traders of the purest strain that the tariff we propose shall not act as a sedative to British manufacturers or a means of giving them unearned profits." How to prevent such consequences we are not told, nor is it plain how Sir William would carry out his determination to obviate the creation of the economic vicious circle of ever-higher tariffs and ever-higher wages on the Australian pattern, although he will not countenance "any such unnecessary and illegitimate result of protection for British industry and agriculture." We hope that Sir William will develop this theme in further manifestoes, for the world has been waiting for a century for the man who could show how a country might obtain the advantages of a protective tariff without incurring the disadvantages to which he refers, and which history has hitherto proved to be inevitable.

For that explanation, however, there is plenty of time, for, as Sir William tacitly recognises, a tariff will not be imposed by Monday's Budget; and we turn rather to one or two important observations upon our present level and system of taxation which the manifesto presents for the Chancellor's consideration. Although it may be argued

in theory, as indeed it was most forcibly held by the Colwyn Committee, that the economic effects of high direct taxation on industry are not so serious as is commonly supposed, yet there is undeniable weight in the emphasis placed by this manifesto on the serious psychological effects produced by such taxation upon those who lead the industry and enterprise of this country. For the prosecution of a successful war, Sir William points out, people will "grin and bear" high taxation. But to-day "the psychological factor of apprehension" is replaced by the psychological factor of apprehension. Moreover, the shorn taxpayer is not satisfied that the money taken from him is being used to the best purpose in promoting national safety or efficiency. "Severe taxation to meet the charge of war is one thing; still severer taxation levied and intended to transfer income from the relatively rich to the relatively poor is another and very different thing and very different consequences follow from it." With such trenchant phrases Sir William drives home an argument familiar to readers of the *Economist*.

Sir William enters on rather more treacherous ground when he examines the comparative weight of the national tax-burden in recent years, and the amounts drawn from industry by way of taxation. To use, as he does, an index number of wholesale prices as a co-efficient for the purpose of expressing the nominal figures of tax revenue in terms of constant purchasing power certainly exaggerates the burden's recent growth, for there has not been a proportionate fall either in individual incomes or in the national income; and it would be possible to pick holes in some of the statistical reasoning which leads to the conclusion that as much as £1,668 millions have been lifted straight out of industry by the tax-collector in the past twelve years. This figure appears to us to be an overstatement. On the other hand, we agree completely with his plea that death duties, being a levy on capital, should be devoted religiously to the cancellation of debt, and with his case for the relaxation of the incidence of taxation on company reserves, which undoubtedly obstructs the adequately frequent re-equipment of industry, puts a premium on rash finance, and diverts money from where it is being productively employed to uses which may not be productive at all.

There is, however, a qualification of a different order which we feel bound to make in endorsing generally Sir William Morris' manifesto. In assuming that the troubles of British industry are due to the fact that it is crippled for lack of capital, we believe that both Sir William Morris and a Swedish correspondent, whose letter appears in a later column, are guilty of a profound and dangerous mistake. Such an assumption is erroneous because it overlooks such vital factors as high production costs, the absence of confidence in the profitability of capital invested, and the reluctance of company managements to submit to the processes of efficient rationalisation. Indeed, this very tendency among industrialists to make the high level of taxation the scapegoat for all their troubles and an excuse for all their shortcomings, goes far towards justifying some of the strictures recently passed by M. Siegfried* upon the British business world.

Nevertheless, in spite of these criticisms, we find so much truth and cogency in most of Sir William's thesis on the burden of taxation that we hope to find some echo of it in the Budget speech on Monday. The immediate Exchequer position doubtless precludes the possibility of even such desirable measures as a lightening of taxation on companies' reserves. But a Chancellor cannot afford to think in terms of a single year, and Mr Snowden, in his long-term view of the national financial prospect, will be as well advised to consider many of the principles laid down by Sir William as he will be to ponder on the dictum of his own Prime Minister that "the national resources are not inexhaustible."

* "England's Crisis." By André Siegfried. (London.) Jonathan Cape. 10s. 6d. (See also *Economist*, March 21st.)

DISARMAMENT IN JEOPARDY.

FEARS of failure are never so bitter as when they arise at the eleventh hour with success in full view; and such are the fears aroused this week by the wholly unexpected crisis over the Anglo-Franco-Italian naval arrangement which was supposed to have been concluded on March 1st last. So positive were Mr Henderson and Mr Alexander that their strenuous efforts at Paris and Rome had been crowned with success that they published the terms of the arrangement in a White Paper. They supposed that, so far as the statesmen were concerned, the work was done, and that all that remained was for the experts to translate their agreement into the technical language of the naval staffs, the foreign offices and the international lawyers. This is a process through which all international agreements have to pass—just as parliamentary Bills have to be put into shape by professional draftsmen. In an agreement like the present, which is technical as well as political in its nature, it is evident that the experts' rôle is unusually important. But, till just before Easter, there was no suggestion that the experts might be commissioned, by any of their principals, to destroy instead of simply to fulfil what the statesmen had done. Unfortunately there is now no doubt that, in the meeting of the experts this week, the very existence of the statesmen's agreement of March 1st is at stake. There is really no doubt, either, that this unhappy turn of affairs is not due to any fault in the statesmen's workmanship. On the issue now raised, the terms published in the White Paper on the 4th of last month do not appear to be ambiguous. It is impossible to avoid the conclusion that the French Government have taken the opportunity of the experts' meetings, which ought to have been merely a technical affair, to go back upon a point of substance—and a vital point—in the agreement to which the statesmen set their hands a few weeks ago.

The point is plain. In the agreement of March 1st the building programmes of France and Italy were fixed down to December 31, 1936, so that it could be calculated now, in advance, what tonnage, in both up-to-date ships and over-age ships, each of the two Powers would possess on that date. The general effect was to give France, at the end of 1936, about the same aggregate superiority over Italy as at present, with a slight diminution of her present superiority in the up-to-date category. In exchange for this temporary stabilisation of existing ratios, Italy suspended, again temporarily and for the same period, her claim to parity with France. It was expressly understood (according to the White Paper) that the arrangement stabilised "no permanent ratio, in any category of ship, as between the members of the British Commonwealth of Nations, France and Italy"; and that, "in particular, no precedent" was "being created for the final solution of the question whether, and if so in what manner, tonnage remaining over-age on December 31, 1936," might "ultimately be replaced."

The meaning of the word "ultimately" is clear. After December 31, 1936, the parties to the agreement would recover a free hand to begin to replace their tonnage that would then be over-age, if they chose to do so and had not entered into any contrary agreement in the meantime. It was hoped, of course, that in fact they would have surrendered this free hand in the interval. The very purpose of concluding this temporary naval arrangement was to give time for the World Disarmament Conference to meet under the most favourable possible conditions, and then to make the date on which the Anglo-Franco-Italian naval arrangement would come up for review coincide with the date when the comprehensive limitation agreement, as between the British Empire, the United States and Japan, which is contained in last year's London Treaty, would come up for review likewise. It was possible, of course, that expectations might be disappointed, and that, if and when France and Italy recovered a free hand on December 31, 1936, one or other of them might still wish to take advantage of it in order to replace the tonnage, that would then be over-age, by new construction. That was a possibility which the agree-

ment of March 1st last left open. It did not, however—and this is surely clear—leave open the possibility that, before December 31, 1936, either France or Italy might construct new vessels, not allowed for in the arrangement, in order to have them up her sleeve and substitute them for an equal amount of over-age tonnage on January 1, 1937.

Such action would evidently falsify the legitimate expectations on which the whole arrangement was based. The basis of the arrangement was the assurance that, if it were carried out, the naval strengths of France and Italy on December 31, 1936, would stand at such and such precise figures; and that if, thereafter, either party did elect to resume its freedom to replace out-of-date tonnage, it would have, so to speak, to start at scratch—have, that is, to start laying down this replacement tonnage on January 1, 1937, if it chose to re-start the competition in naval armaments so promptly, but certainly not one day before. The French demand, which has thrown the whole arrangement into the melting-pot, is a claim that the right, which the agreement gives France, to start laying down replacement tonnage on January 1, 1937, if she still finds, by that date, that she wishes to do so, shall be translated into a right, which the agreement certainly does not give her, to lay down 66,000 tons of replacement tonnage between now and December 31, 1936, so that on January 1, 1937, she may be able, not to lay down new vessels of this aggregate tonnage, but actually to put them into commission. She consents, no doubt, to scrap 66,000 tons of what will then be over-age vessels in exchange, so that her aggregate tonnage superiority over Italy on January 1, 1937, would be the same as it is to be on December 31, 1936, under the terms of the agreement as it stands. But, of course, if she were to get her way, she would have altered the real ratio of naval strength, overnight, in her favour, by this measure in which 66,000 tons of up-to-date ships exceed 66,000 tons of over-age ships in fighting value.

Seeing that this demand, in this form, was bound, it pressed, to make the agreement of March 1st last fall through, the French Government have worked out 30 revised version, and it is this that the French expert, Monsieur Massigli, has brought with him to London. And is being discussed here as we go to press; and, up to the moment, there has been no communiqué in regard to its tenour; but, if report is to be believed, it reproduces the original demand in essence. Apparently France now proposes that the terms of the agreement of March 1st shall stand as they are, save for the terminal date; but that this shall be changed to 1934 or 1933 from 1936 in order that, during this two years' or three years' interval, France may be able to build the 66,000 tons of replacement tonnage which she is bent upon having in hand by the beginning of 1937. As this is only a concession in form and not in substance, it seems unlikely that it can avert the breakdown which is feared.

And supposing that the Anglo-Franco-Italian agreement of March 1, 1931, does break down, what then? It is to be feared that we shall see the unravelling of the whole web of disarmament agreements that has been woven slowly and patiently and laboriously in anticipation of the World Disarmament Conference of 1932. Indeed, the "web" is hardly the right simile; for Penelope's tapestry took as much time and trouble to undo by night as to weave by day. The statesmen's work which is now in danger is comparable rather to a piece of knitting, which unravels automatically down to the first stitch if the last stitch is left open or if the last stitch is wantonly cut after being finished off. If the Anglo-Franco-Italian naval agreement breaks down, the Anglo-American-Japanese agreement, which is embodied in the London Naval Treaty, at once comes into jeopardy. As it is, the submarine tonnage upon which France insists is so perilous to British security that we have only consented to refrain from applying "the escalator clause" in the London Treaty on the understanding that the whole naval question will come under review at next year's Disarmament Conference. "The escalator clause," it will be remembered, gives any of the three parties to the comprehensive limitation agreement between the British Empire, the United States and Japan a right to claim to exceed the

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figures on which this agreement rests if it considers that its own security is threatened by the building programme of some fourth party. If the agreement of March 1, 1931, breaks down, this contingency is only too likely to arise for the British Empire, *à propos* of France; and, if that happens, the Anglo-American-Japanese limitation agreement may break down too. And what chance of success has the approaching World Disarmament Conference if all the existing naval agreements go into the melting-pot? It was the existence of naval limitation agreements that made the World Disarmament Conference feasible. If a firm understanding between the five leading naval Powers of the world could be registered and taken for granted before the World Disarmament Conference met, that in itself would reduce its work to the limitation of land and air armaments on the Continent of Europe. This in itself is a tremendous task to grapple with, but it is perhaps just not unmanageable. If the World Disarmament Conference has not only to grapple with that, but to begin it over again from the beginning in the matter of naval armaments, who can imagine that it has any prospect of success?

And if the World Disarmament Conference were foredoomed, by a French act, to failure, what prospect does French statesmanship then see ahead? We are told that France is going back upon the agreement of March 1st because she has been upset over the proposed Austro-German customs union. But if one is afraid of Germany, it seems a strange remedy to break with Italy and to show oneself an awkward neighbour to the British Empire, the United States and Japan. Hitherto, France has maintained that her security requires her preponderance in land armaments on the Continent of Europe. Does she now demand preponderance in all arms, on all elements, against all comers? Does she not see that this must bring her not the security which she seeks, but the very disaster which she dreads—a common disaster for France and for the world?

FOREIGN LOAN MARKETS.—II. PARIS.

(BY A CORRESPONDENT.)

WHILE the temporary cessation of American lending abroad had undoubtedly a large share in the responsibility for the world economic crisis, the reluctance of the French market to lend abroad is unquestionably one of the causes of the delay in recovery. It is, therefore, of considerable importance to ascertain the reasons why Paris does not play a more active part in the issue of foreign loans. Is it due to lack of resources, or to a lack of adequate organisation, or, as in the United States, to the unwillingness of the public to take up foreign securities, or to the reluctance of banking interests to co-operate in the marketing of international loans, or to the policy of the financial authorities?

The first possibility can safely be ruled out, as France obviously possesses a current surplus available for lending abroad, in addition to her huge "short" balances abroad available for re-investment into long-term securities. The persistent firmness of the franc during the last two years or so is in itself a sufficient proof that France could well afford to import foreign securities. As to the question whether France has an adequate organisation for the marketing of foreign securities, the answer is decidedly in the affirmative. After all, before the war Paris was a leading centre for the issue of foreign loans, and her banks have an experience acquired during several generations, which they are not likely to have lost in sixteen years during which their foreign issuing activity has been suspended. Moreover, during the last two years a large amount of internal and colonial bonds have been marketed by the French banks; and the organisation required for the placing of foreign bonds is in no way different from that used for the marketing of internal and colonial loans. In a way, the banking organisation of Paris compares favourably with that of London, for French commercial banks play a much more active part in the issue of loans than their British equivalents. The name of one of them at least has a magic power in the eyes of the French investors, and through the tentacles of their innumerable branches they are in closer touch with the thousands of small capitalists than any London issuing house can ever hope to be.

The explanation which is put forward most frequently is that the French investor, having suffered heavy losses on his foreign investments acquired before the war, has learnt his lesson, and is now unwilling to acquire new foreign securities. There is no doubt that the experience of French holders of foreign bonds has been anything but encouraging since 1914. But it may well be asked whether French holders of French fixed interest-bearing securities, the value of which has been written down to the extent of four-fifths, have fared much better. If we compare their fate with that of holders of Russian bonds the answer is in the affirmative; but if we compare their loss with that on Austrian, Bulgarian, etc., loans which were regulated by agreements with the bondholders, the result is decidedly in favour of the foreign bonds; and if we recall that in a great number of cases the debtors pay in full pre-war gold francs—either of their free-will or through Court decisions—we must arrive at the conclusion that holders of foreign bonds, on the whole, did not fare any worse than holders of French bonds. Thus, if the French investor is still willing to acquire new French bonds—and experience has shown that this is decidedly the case—it would hardly be logical on his part to refuse foreign bonds on the ground of past experience.

As a matter of fact, the experience of 1930 and 1931 in the issue of foreign loans in France does not justify the view that the French public is unwilling to acquire foreign bonds. Indeed, practically every one of the

small number of foreign loans floated was heavily over-subscribed. The Skoda issue last year was a notable success, and the Young Loan met also with fair response. The Roumanian loan which has just been issued was also well received, and there appears to have been a considerable genuine demand for it. Although the flotations attempted have not been sufficiently numerous to afford definite evidence of the attitude of the French public, they are certainly calculated to cast doubt upon the theory that the disillusioned French investing public will have nothing to do with foreign loans.

As for the French banks, they are undoubtedly desirous of doing business; and it is obviously to their interest to take advantage of the international situation and establish Paris as a lending centre. In the absence of any competition on the part of New York or London, they are in a position to pick and choose among would-be borrowers, and to secure most attractive terms. Yet, in spite of this, very few of the negotiations conducted in Paris arrive at any positive results. The explanation is that in most cases French interests rely too much upon their monopolistic position as potential lenders, and demand financial, commercial and political advantages which the would-be borrowers cannot accept, no matter how badly they want the funds. Even if the actual terms of the loan are not onerous, the usual insistence that the greater part of the proceeds must be spent in France, and the political conditions attached to most loan offers, result frequently in a failure of the negotiations. Possibly, when London and New York become once more active competitors, French banks will be willing to accept less in cash and kind. Meanwhile, their attitude is undoubtedly largely responsible for the inadequate activity of the Paris foreign loan market. Their unwillingness to participate in international loans—as illustrated by the cases of the Greek, Japanese, Sao Paulo, Austrian, etc., loans—is also a cause of the restricted activity of the Paris market.

The authorities have undoubtedly done a great deal to eliminate the fiscal obstacles which until last year made the issue of foreign loans practically impossible. That is to say, they have reduced the stamp duty and coupon tax on foreign securities which are now on an equal footing with domestic securities. They cannot go any further in this direction without granting corresponding reductions in the taxation on domestic securities, which is at present hardly possible. At the same time, in some quarters doubts are entertained whether the authorities really want to encourage foreign issues at present. It is an open secret that the Treasury is waiting for the opportune moment for a large conversion operation whereby the whole of the French public debt would be converted on a par 4 or even $3\frac{1}{2}$ per cent. basis. Clearly, this would not be helped by numerous issues of foreign loans of a 7 or $7\frac{1}{2}$ per cent. type, yielding anything up to $8\frac{1}{2}$ or 9 per cent. In special cases—such as the Roumanian or the Polish loan—when political and business considerations are strongly in favour of granting a loan, the authorities give active encouragement; but speaking generally, it would not assist the Government's schemes if the Paris market were flooded with new issues. The French Government realises that some expansion of foreign lending by France is to be desired in the interests of the general situation, but it would seem that they are content for the moment to "go slow," and it is well known that French banks are very responsive to official opinion. Behind these considerations, however, lies the hard fact that in view of the present economic conditions prevailing almost everywhere, it is difficult to point to many borrowers who are in a position to make a strong appeal to cautious investors, whether in France or anywhere else.

Thus there may be a few isolated foreign loans in the course of the next few months, but even when sound borrowers appear it is possible that the French market will not absorb the maximum of which it is capable until after the issue of the conversion loan. Although the strong position of the Treasury and the plethora of funds in the market favour this operation, it is possible that, owing to considerations of a political nature, it may be postponed until after the next elections.

THE LANCASHIRE COTTON TRADE.

(BY OUR MANCHESTER CORRESPONDENT.)

THE first quarter of the year has been another discouraging period for cotton spinners and manufacturers in Lancashire. The trade returns show a further contraction in exports and the business done from week to week has given no satisfaction to producers. Conditions in foreign markets have not been favourable for an expansion in turnover, and manufacturers have met with increasingly severe competition from other countries. Owing to the large amount of machinery standing idle, unemployment has continued on a big scale.

Since the beginning of the year there has not been any marked change in raw cotton values. World consumption of American cotton continues on a much reduced scale compared with a year ago; and the outlook for the new crop in the United States is very uncertain. Owing to low values and Farm Board propaganda, there is likely to be a fair reduction in the acreage, but whereas the authorities have pressed for a decrease of 20 to 25 per cent. it is not likely that the reduction will be more than 10 per cent. So far, the climatic conditions in the belt have been fairly good; recently beneficial rains have helped to relieve the absence of moisture during the winter. It is feared in some quarters, however, that boll weevil infestation will be larger than last season and farmers are using less fertilisers than formerly. Egyptian cotton is rather dearer than at the beginning of the year, but it is too early for any definite information to be available with regard to the prospects for the new growth in Egypt. Stocks, in any case, are large.

During the quarter, Lancashire weaving employers made a definite attempt to establish the more looms per weaver system, but there was strong resistance from the operatives and ultimately the employers had to withdraw their demand. The general lockout in the weaving branches, however, lasted a month, while the strike at Burnley went on for six weeks. Many proposals have been put forward for the purpose of reorganising the industry, and the latest scheme is that of the Joint Committee of Cotton Trade Organisations which provides for the elimination of surplus machinery. The proposals are now being considered by the several organisations affected.

A development of considerable importance has been the political truce in India. When the agreement was reached, a more hopeful feeling prevailed in trade circles and, in addition to more indent business in piece-goods, many Manchester merchants bought more freely in anticipation of future wants. During the last few weeks, however, the outlook has become worse, and there are complaints of great difficulties in selling foreign goods in the bazaars. The bulk of the buying has been for Karachi and Madras. Dealers in Calcutta and Bombay are still hampered by substantial stocks of dear goods and these are not easily moved. Trade for China has been adversely affected by the low price of silver and demand for all kinds of staple cloths is still small, though fair contracts have occasionally been arranged in favour of Shanghai and Hong Kong. Reports from Egypt and the Near East have not been encouraging, but some makers have done fairly well for South America. Buying for the Continent has been irregular, but somewhat better conditions have prevailed in the home trade section. A month or two ago the wholesale houses were caught rather short, and owing to the limited output as a result of the weaving stoppage there was a more active demand for stocks. Latterly, however, business has been quieter. It is estimated that during the quarter production in the weaving branch has varied from 50 to 60 per cent. of full capacity, while exports have been as under:—

CLOTH EXPORTS, MARCH QUARTER.

	Linear Yards.	£
1929	1,065,280,300	27,917,484
1930	907,097,200	22,507,208
1931	461,214,000	10,276,796

With regard to spinners, curtailment of output in the American section has been heavy, and the mills have

worked about 55 per cent. of full production. In the Egyptian section there was rather more activity about a month ago, and some idle machinery was restarted; but during the three months the average output has been no more than 70 per cent. of full running. The prices secured for all kinds of yarn have been very poor and few spinning concerns have avoided losses. The following table gives the exports of yarn for the last three months, and for the same period in the two previous years:—

YARN EXPORTS, MARCH QUARTER.

	Lb.	£
1929	44,166,600	5,730,233
1930	38,106,500	4,241,243
1931	31,403,600	2,716,705

In view of present conditions it is almost impossible for the prospects in the industry to be considered with any degree of optimism. There are still indications of trade being lost. Lancashire has not yet been able to reduce her production costs so as to be competitive in the markets of the world, and in the circumstances a large part of the business available is going to other countries. The consumption of manufactured goods is undoubtedly being adversely affected by the low prices ruling for most commodities and the restricted purchasing powers of customers. There does not appear to be much hope of a larger trade with India until a different attitude is presented to this country, and in any case our goods are relatively dear compared with the products of competitors. A rise in the price of silver would no doubt have a beneficial effect upon the business for China, but with exchange at the present level there is still little probability of any big forward movement. In general, there is no likelihood of any appreciable rise in values, for large quantities of raw cotton are assured for the next twelve months, and, in the circumstances, buyers of manufactured articles are in the mood to purchase from hand to mouth, there being nothing to stimulate the anticipation of future requirements.

GOLD MINING IN CANADA.

(BY A CORRESPONDENT.)

CANADA, to-day, ranks as the third most important producer of gold in the world, and, although the value of her annual output is not yet one-fifth of the figure for the Union of South Africa, it is within appreciable distance of the production of the United States. Gold now occupies third place in point of value among Canada's mineral products, being surpassed only by coal and copper. The total production of gold in 1930, from all sources, amounted to 2,107,073 fine ounces, valued at \$43,557,063, as compared with a production in 1929 of 1,928,308 ozs., valued at \$39,861,663.

Gold production is distributed over five provinces, and of these by far the most important contributor is Ontario, which provided in 1930 1,736,855 ozs. This came mainly from two fields, the Porcupine area, which yielded 859,079 ozs., and the Kirkland Lake area, which produced 831,503 ozs. British Columbia was the second largest contributor with 163,490 ozs., of which 100,452 ozs. came from base bullion and ores. Quebec yielded 141,743 ozs., chiefly from the copper gold mines of the Rouyn area, and next came the Yukon with an output of 35,516 ozs., chiefly from alluvial deposits, a sad decline from the production of the famous days of the Klondike gold rush. Manitoba produced 28,197 ozs. In Ontario the output from the Porcupine area was not as great as in 1929, but preparations have been made for expansion during the current year. The Kirkland Lake camp produced 22 per cent. more than in 1929.

Ore taken from the gold mines proper of Canada in 1929 amounted to a total of 4,354,744 tons, of which 4,252,994 tons were milled, while tailings re-treated amounted to 48,707 tons. The greater part of the gold from auriferous quartz was recovered by cyanidation, 1,893,760 crude ounces being secured by this process, as against 162,222 ozs. by amalgamation. The following are the principal

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statistics of the auriferous quartz industry of Canada for recent years:—

AURIFEROUS QUARTZ INDUSTRY.

Year.	No. of active operators.	No. of operating plants or mines.	Capital employed.	No. of employees.	Salaries and wages.	Cost of fuel and electricity.	Net value of bullion, ore, concentrates, or residues shipped from mines.
1925 ...	52	52	\$4,964,062	7,052	\$11,931,948	\$1,836,050	\$35,035,361
1926 ...	60	60	103,945,022	7,663	12,540,623	2,083,811	35,171,561
1927 ...	72	76	118,381,468	8,022	12,935,715	2,227,085	37,452,995
1928 ...	98	100	147,693,710	9,066	14,615,990	2,554,657	36,655,330
1929 ...	80	85	135,166,105	8,660	14,258,733	2,579,481	37,275,986

The copper-gold-silver mining industry in Canada is carried on in a group of mines producing ores containing copper, gold, silver and zinc in which copper values predominate. The most important mine of this type is the Noranda mine, owned by the Horne Copper Corporation, in the Rouyn district of Quebec. It operates its own smelter in which, during 1929, it treated 274,879 tons of sulphide ore of an average grade of 7.64 copper, 0.87 silver and \$4.16 gold per ton. The average analysis of the blister copper produced from the smelter showed 99.22 per cent. copper, 12.95 ozs. silver and 2.66 ozs. of gold per ton, and the output of blister copper was 55.2 per cent. greater than the figure for 1929. The Horne smelter also treats copper-gold ore from the adjacent Waite-Montgomery mine and received small shipments from several mines lying across the provincial border in Ontario. The Noranda enterprise is regarded as one of the most promising mining properties in Canada, but the low price of copper has adversely affected its fortunes, and the directors recently felt compelled to suspend the payments of dividends on its stocks which were begun in 1929.

In North-Western Manitoba two large copper-zinc deposits known as the Flin Flon and the Sherritt-Gordon mines are being rapidly developed and equipped with modern metallurgical plants; they are expected to reach production this year, and some gold may be obtained from them. The principal properties operated in this branch of the gold industry are the Hidden Creek and Bonanza mines at Anyox, the Copper Mountain mine near Princeton and the Britannia mine on Howe Sound, about 35 miles north of Vancouver. The Hidden Creek and Bonanza ores are sent to the Granby Consolidated Mining and Smelting Company's smelter at Anyox, while the concentrates secured from the Copper Mountain ores are exported to Tacoma in the State of Washington, as are also the concentrates from the Britannia mine. The principal statistics of the copper-gold-silver mining industry in Canada, 1925-29, are as follows:—

COPPER—SILVER—GOLD MINING.

Year.	No. of active operators.	No. of operating plants or mines.	Capital employed.	No. of employees.	Salaries and wages.	Cost of fuel and electricity.	Net value of ore, concentrates, shipped by mines.
1925 ...	40	41	\$23,200,580	2,374	\$3,555,844	\$413,767	\$7,758,990
1926 ...	76	84	27,936,685	3,403	4,546,493	541,914	9,973,049
1927 ...	118	125	24,232,169	4,083	5,260,095	596,137	9,822,881
1928 ...	164	174	50,994,340	4,777	6,764,309	731,836	15,281,519
1929 ...	140	148	52,546,697	5,243	8,498,755	1,035,133	21,859,535

At present the Canadian public is suffering from the effects of the feverish spell of speculation in which half the country was involved up till the end of 1929. The aggregate sum lost in Canadian mining adventures runs into many millions, and for the time being the public looks very coldly upon such enterprises. Moreover, half the prominent mining brokers in the Dominion are at present in gaol convicted of conspiracies to defraud the public and a variety of illegal operations. Consequently, the whole mining industry has received a blow from which it will obviously take some time to recover. Also the low prices prevailing for copper and other base metals has made it impossible for many mines to earn adequate profit and a number of them are temporarily closed down; but, on the other hand, there is a greater demand than ever for gold, and more attention in the near future is likely to be concentrated upon the gold-producing properties. Mr W. A. Gordon, who has charge of the Department of Mines at Ottawa, is a lawyer who had a large practice in Northern Ontario and enjoys a special knowledge of the mining industry so that hopes are entertained in mining circles that he will promote a vigorous policy for the furtherance of the fortunes of gold mining and other branches of the industry.

IRWIN AND INDIA.

THE new Viceroy arrived in Bombay last week-end, and after a few brief hours of earnest talk at Malabar Hill his predecessor sailed away. Thus watch was changed at the Indian helm, and one of the most eventful and crucial Vice-royalties in India's history came to a close. As Lord Irwin is borne homeward, it is appropriate that his countrymen should try to assess at their true values the significance of the great events that have occurred during his term of office, the contribution which he has made towards solving the problem of Britain's relations with India, and the influence of his exceptional qualities of character in a period of grave crisis for the Empire.

For an alien power gradually and peaceably to transfer the reins of government to a hitherto subject people without either arousing the hostility of an awakening public sentiment by undue delays or risking disaster by precipitate action, there is need, in the most favourable conditions, of very high qualities of statecraft; and the difficulties are immensely enhanced when the parties concerned are a western and an oriental people and the stage a sub-continent. When, therefore, we look back over the years of Lord Irwin's rule, we are not surprised that his critics on the Right speak of him as spineless and as having sacrificed the prestige of the British Raj by hesitating to grapple with the forces gathering round him, while those on the Left declare that though he may claim some credit for having negotiated a last-minute truce with the Nationalist movement, his Viceroyalty will be remembered as one of the most repressive in history, with its Public Safety Bills, its long-drawn-out prosecutions of political criminals, its Press ordinances and the like. There are even some who contrive to fling both stones at once by maintaining that Lord Irwin's Government has given the surest signs of weakness by vacillating between alternate surrender and repression. But this is the easiest of criticisms for the armchair critic to make, and no Viceroy could have evaded it who had conceived it to be his duty to endeavour to secure the co-operation of the rising forces of Indian nationalism in the orderly evolution of Indian self-government.

Whatever the historian may have to say of the detailed acts of Lord Irwin's Administration, the outstanding fact that stands to Lord Irwin's credit is that without having surrendered to the forces of violence, and in spite of the imprisonment of tens of thousands of Nationalist zealots, he has been largely instrumental in changing the trend of events which appeared to be set in the direction of a widening breach between the Government and the most repre-

sentative and vocal organisation of the populace—if not of civil war. It is early days to say how far Congress will march with the Moderates and with Britain towards a generally acceptable solution; but it is a great point gained that the drift in what was obviously the wrong direction has been checked.

In assessing the value of Lord Irwin's achievement, it is not necessary to assume that Congress would finally have succeeded in bringing government to a standstill, or that India would not have tired of the strife. Indeed, over the great part of India the day's work has gone on very much as usual, and the Government has had the means to make its will prevail. Nor, on the other hand, is it necessary to assume that a final constitution, welding the various elements together, is immediately to be achieved. The Congress movement must, however, be regarded as an expression of an all-Indian—indeed, almost an Asiatic—revolt against a position of inferiority to the West. The demand of the East for equality of status in Asia is one which in the long run cannot possibly be resisted. It is, indeed, common form to accept Indian self-government as the goal; but whereas Mr Churchill expects to get there so many generations ahead that it is of no interest to anyone now, and the Simon Commission postponed the issue of responsibility at the Centre until after the achievement of all-India Federation, which they thought was not yet in sight, Lord Irwin thought that the present situation was not a tolerable one, and that some measure of responsibility must be granted at the Centre now, even if it applied to British India alone.

To this sympathetic point of view must be added the influence of Lord Irwin's personality. We doubt if England ever sent a Viceroy to India who has shown a truer understanding and sympathy with the Indian outlook and with Indian aspirations. His deeply religious nature, his obvious sincerity and disinterestedness have made a powerful appeal, even to the most extreme of the agitators, and he held the confidence not only of Mr Gandhi but of many other Indian leaders to a very remarkable extent. It is to-day quite evident that Lord Irwin's personal prestige and the confidence that was felt in his word were among the chief factors that made possible the truce with Mr Gandhi and his committee—an agreement which means that there is a real chance of successfully launching a constitution in accordance with the principles laid down in London, and that the Nationalist forces, or, at all events the larger part of them, are prepared for the first time to co-operate in the definite framing of the constitution and in its working.

But the task is not concluded. If Lord Irwin goes down to history as the man who won the confidence of the leaders of Indian Nationalism, and, having first imprisoned, finally persuaded them to co-operate in the peaceful constitutional development of India, he has left to his successor an almost equally difficult task. The communal question is unfortunately still unsettled, and among all sections in India—including the Congress—no less than in London, it is clearly recognised that a new constitution cannot be successfully launched until an accord is reached in this issue. Mr Gandhi has tried his hand, but so far has failed, and feeling is still running high. Lord Willingdon's long experience of India will be of great help in tackling this first task to which he must at once direct his attention.

It has been suggested that an exception should have been made to the ordinary rule, and that Lord Irwin should have been asked to remain in India for a little longer in the hope that the exceptional prestige which he has acquired might have been available to assist the course of this most baffling negotiation. But during the coming period of construction the responsibility must in any case be entrusted to new hands, and there is much to be gained by Lord Willingdon taking up his task forthwith. It is not so much a case of "swopping" horses while crossing the stream as of harnessing a fresh horse to the coach for a further stage of the journey. Lord Irwin's return will have the very great advantage that he will be available in England during the critical negotiations that must take place at the second and final phase of the Round Table Conference.

Notes of the Week.

The Government's Difficult Week.—Having survived with unexpected ease the major threat to its life conveyed by the censure debate in the House of Commons last week on their unemployment policy, the Government have had to face a series of minor difficulties in Parliament. The questions raised by the Sunday Entertainments Bill were such that divisions of opinion cut across the ordinary party lines, and the House was accorded the opportunity of a "free vote," which it gave, with a substantial majority, in favour of the Bill. But awkward situations arose on Wednesday in both Houses, for on that day the Lords threw out two vital clauses in the Land Utilisation Bill, while in the Commons the Cabinet only saved the clauses in the Electoral Reform Bill relating to the use of motor cars at elections by making substantial concessions on the spot and promising to insert further amendments at a subsequent stage. From the point of view of the party situation at Westminster the most significant point about these two events was that in each case the leader of the attack upon the Government was a Liberal. It was Lord Buckmaster's eloquent thunder which led to the Government's defeat in the Upper House, while the most forceful attack upon the motor-car clauses was made by a Liberal back-bencher. Here again is evidence that the policy of supporting the Government adopted by a majority of Liberal Parliamentarians does not preclude vigorous attacks on minor items in the Government's programme.

The State and Industry.—Both Liberal and Conservative speakers in the debate in the House of Lords mentioned above made it perfectly plain that their ground for rejecting two clauses of the Land Utilisation Bill was their objection in particular to the Government making a large-scale experiment in farming, and in general to the State's intervention in industry. Lord Buckmaster described the Government's proposal to establish an Agricultural Corporation as an attempt to set up an irresponsible and possibly inept body to gamble with a million of public money, and urged that nobody could vote for these clauses unless he believed that the State was a better conductor of business than the individual. Meanwhile hints of further Government intentions to intervene in the organisation of industry were contained in a speech delivered by the President of the Board of Trade at Scurthorpe last Saturday. Mr. Graham concluded a convincing argument against the application of a tariff to iron and steel imports by urging the need for speedier progress in rationalisation and suggesting that, if this were not forthcoming, the Government might step in with methods of compulsion. If we are correct in reading this meaning into Mr. Graham's speech, the Lords' Debate on Wednesday assumes greater significance, for it indicates the nature of the reception which that House is likely to give to projects of interference by the Government in the conduct of industry, even on the lines of the reorganisation clauses of the 1930 Coal Mines Act.

Spain and Catalonia.—The present calm and orderliness in Spain may, of course, be no more than a lull before the storm. Revolutions which have ended in pandemonium have sometimes had their halcyon days first. All the same, this is not the impression which the Spanish Revolution makes at the end of the first week. It opened well, with the first resounding triumph that the principle of representative Government has obtained since the war, and this spirit of constitutionality promises to prevail. The Government at Madrid is making it its first duty to convene a Constituent Assembly. The Assembly will be faced with two major issues: the relations between the Republic and the Roman Catholic Church and the relations between Castile and Catalonia. Meanwhile, it is noteworthy that no serious motion is being made to prejudice either of these grave issues by force. The Church has thrown itself into the monarchical cause, yet hardly any

anti-clerical demonstrations are reported. Again, Catalonia has been struggling for national self-determination since she lost her local liberties more than two centuries ago; yet she has not taken advantage of Spain's momentary paralysis in order to assert her independence by force of arms. On this latter issue, the restraint that is being shown on both sides is admirable; for the Catalan question is one of those national and territorial questions that seem to possess a peculiar capacity for arousing fanaticism among the peoples of the modern world. At Barcelona, the result of the municipal elections of the Sunday before last was a sweeping victory for the Catalan Separatists. The Regionalist-Monarchist followers of the conservative and conciliatory Señor Cambó, whose party was formerly dominant in Catalonia, were heavily defeated, and the Republican Socialists were not in the running. Upon King Alfonso's withdrawal, the power in Catalonia passed immediately to the Separatist leader, Colonel Macia, a returned exile who had attempted a Garibaldian descent upon Catalonia, several years back, from the other side of the Pyrenees. Colonel Macia proclaimed the Catalanian Republic on Tuesday, April 14th; and for the moment it looked as though things would go to extremes. Yet that has not happened, after all. The new republican Governments of Barcelona and Madrid have negotiated across the table instead of taking up arms; and, though the negotiations are not yet concluded, the general outlines of an agreement have emerged. Catalonia is to be deemed to have been an independent republic from the Tuesday to the Friday of last week in order to enable her to enter a Spanish Federation on a footing of equality with the rest of the former Spanish Monarchy. As a member of the Spanish Federation, Catalonia is to be styled, not a republic, but a "generalidad." On the other hand, the Catalans are to draw up their own constitution and present it to the Federal Government of Madrid, which in turn will submit it, with Government approval, to the Federal Constituent Assembly. No doubt there are rocks ahead. Colonel Macia has announced that, if the Assembly does not accept Catalonia's desiderata, she will defend them by all the means in her power. A factor which will work potentially in favour of conciliation and solidarity is the fact that Spain is the market for Catalonia's manufactures. Yet Ulster's attitude to the Irish Free State shows that such considerations may not be decisive. All that we can say is that, under the first test, Castilian-Catalan relations have stood the strain well.

Disturbances in Portugal.—The contemporary upheavals in Spain and Portugal may both be symptoms of that wave of unrest which first appeared in the American part of the Latin world last year, and which now seems to be breaking upon the opposite coast of the Atlantic. Beyond this, a comparison of Spanish and Portuguese events during the last few weeks shows more points of difference than of likeness. In Spain it is evident that the whole nation has been stirred to the depths; and in spite, or perhaps because of this, the revolution, so far, has been remarkably restrained and orderly. On the other hand, the present alarms and excursions in Portugal appear to portend nothing more than another violent struggle for power between political cliques which resemble one another in depending alike upon military force and in being quite unrepresentative of any public interest or cause or aspiration. Whatever its outcome—and on present showing it promises to be abortive—we are unlikely to discover much more significance in its sound and fury than in the perennial revolutions of Central America, of which the most recent examples are the outbreak in Honduras, which we record elsewhere this week, and the Guatemalan and Panamanian affairs at the beginning of the year. In Portugal, on this occasion, the first sign of trouble was a military revolt in an outlying territory of the Republic—the island of Madeira—on Saturday, April 4th. At the end of the week before last a punitive expedition sailed from Lisbon; but at the same moment the Cabinet moved its barracks to the quarters of the Third Regiment of Artillery—an indication that it expected the revolution to spread to the mainland before it could be suppressed at its insular starting-point. Since then, further military revolts have broken out among the

garrisons in some (not all) of the islands in the Azores group; while, on the mainland of Portugal itself a revolutionary airman is reported to have been making the round of the country, preaching insurrection against the Government and winning over successive officers who are instructed to arrest him. Nevertheless, the present dictatorship has so far succeeded in holding its own on terra firma, and even on the islands the situation seems to be turning in its favour. The mutinous garrisons in the Azores have capitulated—except for one detachment which has sailed away to the Canaries—and the revolutionary provisional Government in Madeira appears already to be feeling the effects of the Lisbon Government's policy of putting the island in quarantine. Moreover, the punitive expedition has arrived and has presented the revolutionaries with an ultimatum. On the whole, we may expect this Portuguese revolution to fizzle out—without supposing that Portugal would be a very different place if the revolutionaries were to gain the upper hand. Perhaps the destinies of Portugal are really being decided in the negotiations between Madrid and Barcelona. For if Spain turns into a federal republic in which Catalonia and Galicia stand on an equal footing with Castile, can Lusitania hold aloof?

United States and Central America.—The disorders reported this week from Nicaragua and Honduras may not be very important in themselves, but they have had the effect of bringing into a clear light the change in United States policy towards Latin America in general and towards the Caribbean Republics in particular, which has been taking place under the auspices of President Hoover and his Secretary of State, Mr. Stimson. From the eve of the European War until the eve of Mr. Hoover's accession to office the State Department had been pursuing a forward policy in its relations with Latin American countries. The general features of this policy were a readiness to place the power of the United States Government behind private American interests, for example, in Mexico; and a practice of withholding recognition from Latin American Governments which came into power by violence instead of by constitutional methods. The local feature of this forward policy, in the Caribbean, was a system of maintaining minority governments, agreeable to the State Department, in power by the support of United States marines. This system was applied in San Domingo, in Haiti, and (most notoriously) in Nicaragua. A departure from this policy was portended in the "goodwill" tour which Mr. Hoover made through Latin America as President-Elect, and this gesture has since been followed up in practical ways. Last year, for example, the State Department recognised the new governments which came into power by revolution in Peru, Bolivia, Argentina, Brazil and even in Panama, without inquiring into their constitutional titles. Moreover, in Nicaragua, Haiti and San Domingo, majority governments have been allowed to come into power, even though they have been unfriendly to the United States—as the new regime has been in Haiti, for example. Again, in Mexico, during Mr. Morrow's ambassadorship, American private interests have been given to understand that, since the State Department has come to an agreement with the Mexican Government over the application of Mexican laws to foreigners, American business men in Mexico must take their grievances not to their own Government, but to the courts of the country. Mr. Stimson has now made it clear *à propos* of the disorders in Central and Eastern Nicaragua, that the United States Government will not undertake the protection of Americans throughout Nicaragua with American forces; that Americans who do not feel secure under the protection afforded them by the Nicaraguan Government through the Nicaraguan National Guard (which is trained and led by American officers) had better withdraw from the country or, at least, to the coast towns; and that those who remain will do so at their own risk. The same policy has been announced *à propos* of a revolution which has broken out, meanwhile, in the adjoining republic of Honduras. The Government at Washington is to be congratulated upon the way in which it is acting up to its new policy under difficult

circumstances. The areas affected by the Nicaraguan banditry and of the Honduran revolution are areas in which considerable American private interests—fruit companies and lumber companies—have property and activities and employees. In Nicaragua, within these last few days, several United States citizens are reported to have lost their lives. Mr. Stimson's attitude in the face of difficulty is likely to make a deep impression, favourable to the United States, upon Latin-American public opinion.

The New Government in Roumania.—Some two years ago, when the Transylvanians and the Peasants came into power in Roumania, it looked as if the country had made a new political start. There was a deep and widespread feeling that the cliques of politicians who had reigned so long, and so corruptly, at Bucarest, must be cast out if Greater Roumania was to deserve her name or, indeed, to perpetuate her existence. The coalition which heralded the new era seemed promising. The Peasants brought new blood, and they stood for the vast majority of the population of this agricultural country. The Transylvanian Intellectuals had been in direct contact with western civilisation as subjects of the Hapsburg monarchy, and they had been trained in the hard school of the Magyar domination over the non-Magyar minorities in pre-war Hungary. It was a good combination; but unfortunately fate has been unkind to Dr. Maniu and his colleagues. The melodramatic return of King Carol reintroduced an element of unsettlement and uncertainty into Roumanian politics at an inopportune moment; and since then Roumania has suffered economically, like her East European neighbours, from the difficulty of finding markets for her agricultural exports. Last week, Monsieur Titulescu, a politician of great experience and great adroitness, both as a diplomatist and as a financier, tried his hand at Cabinet-making, and did not succeed. First he tried to form a Coalition Government, but he failed to bring together the National-Peasants and the Liberals (*i.e.*, the former holders of power at Bucarest), let alone the lesser parties. Then he set to work to form a Cabinet of "personalities" and had succeeded—when the King brought down the house of cards by insisting upon the inclusion of Dr. Argetoianu, a politician with a chequered career, whose "personality" is incompatible with Dr. Maniu's. Thereupon, Monsieur Titulescu gave it up, and it has fallen to Professor Jorga to form a Cabinet of "experts"—in which Dr. Argetoianu's name duly appears. Professor Jorga is a historian with a European reputation who was once King Carol's tutor, and has long been in politics. He is a versatile and a distinguished man; yet, with the King's friend, Dr. Argetoianu, as his compulsory colleague, and with Dr. Maniu, the leader of the National-Peasants, in opposition, the new Prime Minister of Roumania may find himself driven into dangerous courses. The National-Peasants still command a large majority in both Houses of Parliament; and this is a majority which has been fairly elected and which remains genuinely representative of public opinion. This kind of majority can hardly be dealt with so certainly as majorities "made" in the traditional manner of Roumanian politics. Dr. Argetoianu is believed to favour a dictatorship. If he does, there may be trouble ahead.

Australian Finance.—Further important developments have occurred in Australia during the past week. On April 17th the Senate rejected the Bill embodying the Commonwealth Government's proposals for reorganising the currency on a fiduciary basis by 21 votes to six. Mr. Scullin at once declared that, in accordance with the terms of the Australian constitution, the Bill would be re-submitted to the Senate, and if, after the lapse of the statutory period of six months, it was rejected a second time, he would at once seek a double dissolution. Meanwhile, the Bill for the relief of wheat growers, for whose financing £6,000,000 of the proposed increase in the note circulation had been earmarked, is to be dropped. In the course of the debate Mr. Scullin made a fighting speech, and Mr. Theodore, the Commonwealth Treasurer, declared that the Commonwealth Bank had stated that it could advance no money beyond the total of £25,000,000

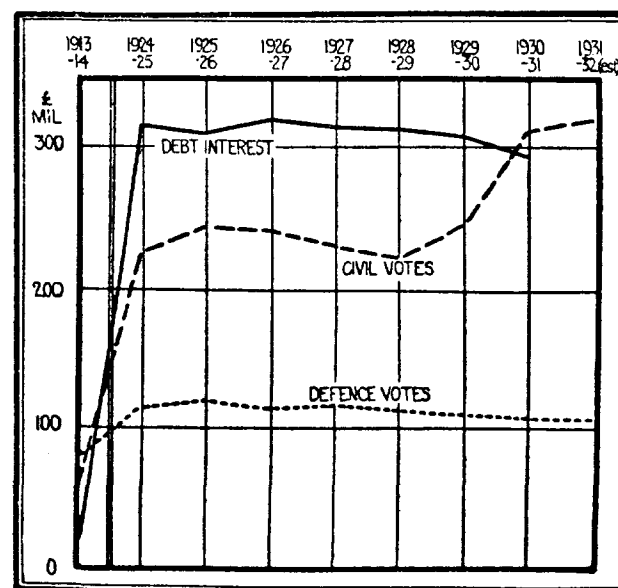
representing Treasury bills lodged against an overdraft in Australia, and the present total of £25,125,000 lent in London upon Treasury bills and debentures. The bank's message ended ominously by saying: "It now becomes the unpleasant duty of the board to advise the Loan Council that the point is being reached beyond which it is impossible for the banks to provide further financial assistance to the Governments." Mr. Theodore replied by challenging the Bank's right to cut off supplies without warning, but Mr. Tranter, the chairman of the Associated Banks, has rejoined by pointing out that Mr. Theodore's allegations against the Commonwealth Bank bear no relation to the truth, which is that credit has been strained to a point beyond which it will not be safe to trade. A few days later Mr. Tranter's assertion was confirmed in a peculiarly distressing way, for the New South Wales State Savings Bank found itself in difficulties, and had to close its doors. It is alleged that the real cause of its troubles was heavy withdrawals by depositors who had been made nervous by Mr. Lang's repudiation proposals, and it is known that a large proportion of the bank's assets are invested in State Government securities or are lent to the State Government. Steps are being taken to merge the State Savings Bank with a hitherto separate institution, the New South Wales Commonwealth Savings Bank, but the task of amalgamation is one of some difficulty, and it is suggested both that Mr. Lang's Government will have to give adequate guarantees to the Commonwealth Government and that special legislation, including an emergency increase in the Commonwealth Bank's fiduciary note issue may be necessary. Such a provision would, of course, be totally separate from the Commonwealth Government's currency schemes, which have just

been rejected by the Senate, and would be of a temporary and emergency character. The immediate situation is tangled and difficult, but a valid corrective to unbalanced pessimism regarding Australia was given this week by the speech delivered in the City last Wednesday by Sir John Kirwan, President of the Legislative Council of Western Australia, who scouted the fear of any real danger of repudiation and stressed his belief that the present crisis, by putting an end to public and private extravagance, would be to Australia's ultimate advantage. As the whole sense of his speech implied, it is essential to review Australia's present troubles with a proper sense of perspective.

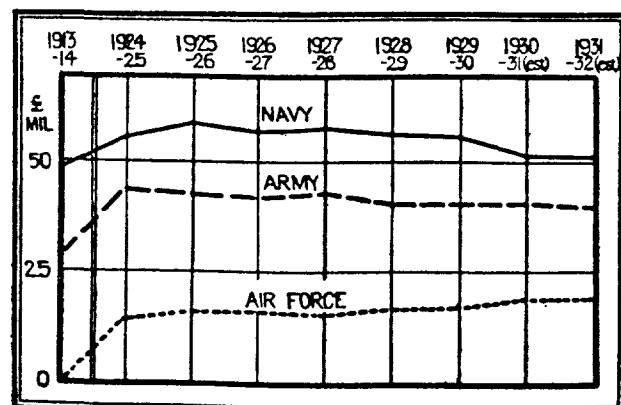
The Relative Importance of Exports.—At last Tuesday's meeting of the Royal Statistical Society Dr. E. C. Snow read a paper on "The Relative Importance of Export Trade," in which he suggested that the ratio of wages and salaries involved in connection with export goods to the total wages and salaries bill of the country (calculated by Dr. Snow as 13 per cent.) is a better basis than the ratio of the gross value of exports to the gross value of production (27 per cent.) for estimating the relative importance of exports. He stressed the fact that while exports of manufactured goods have recently declined, manufactured imports have increased, but suggested that as cotton goods, which are manufactured entirely from imported raw material, are steadily losing ground among our exports in favour of manufactures composed to a much larger extent of home-produced material, the consequent national loss in wages and salaries is not so great as that suggested by the decline in the gross figures

THE TREND OF NATIONAL EXPENDITURE.

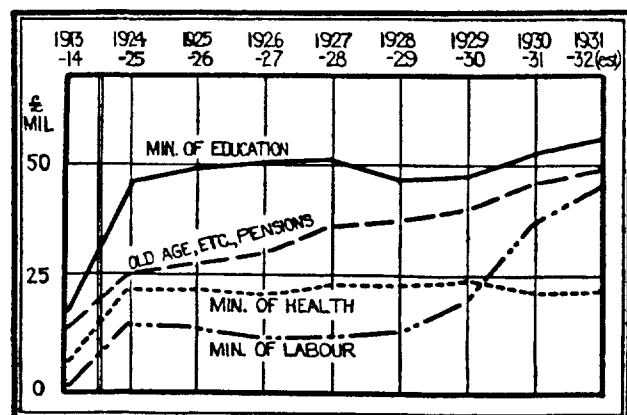
I. DEBT INTEREST, DEFENCE AND CIVIL SERVICES.



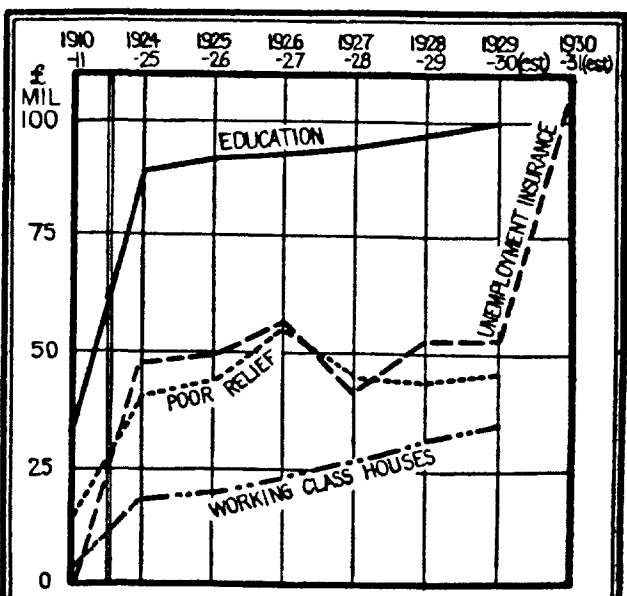
II. DEFENCE SERVICES.



III. MAIN "SOCIAL EXPENDITURE" FROM EXCHEQUER.



IV. MAIN "SOCIAL EXPENDITURE," ALL SOURCES.



NOTES.—Diagram I. Civil Votes exclude Revenue Departments. Diagram IV. "All Sources" include Exchequer Grants, receipts from local rates, and "other" receipts, e.g., employers' and employees' contributions to Unemployment Insurance Fund.

of value. Dr. Snow expressed the view that owing to the increasing keenness of competition in international markets, our export trade can only be maintained by depressing the standard of living, and raised the question whether such a depression is necessary for the purpose of maintaining our food supplies. His own conclusion was that we are still exporting more than the minimum necessary for this purpose, and that the dependence of many overseas food producers upon the British market is sufficiently great to force them to adjust their prices to our ability to pay. In the discussion which followed, his calculations and opinions met with strong criticism, and in view of the great importance of the question for the present fiscal controversy we propose to join issue with them in these columns on an early occasion.

The Volume of Overseas Trade.—Last week we recorded a very substantial fall in the value figures of overseas trade of the first quarter of this year as compared with the corresponding period of 1930. The publication, in the current *Board of Trade Journal*, of these figures recalculated on the basis of 1924 values, more than bears out our assumption that only a small part of this decline was due to the fall in prices. The following table shows our trade during the past five quarters as a percentage of the 1924 average:—

VOLUME OF EXTERNAL TRADE OF GREAT BRITAIN AND NORTHERN IRELAND. (1924=100.)

Period.	Total Imports.	Exports of Imported Merchandise.	Net Imports.	British Exports.
1930:				
January-March.....	109.6	83.5	112.8	99.9
April-June.....	105.6	89.5	107.6	87.4
July-September ...	100.4	69.9	104.2	85.0
October-December	117.0	81.3	121.4	82.7
1931:				
January-March.....	102.9	76.8	106.2	69.2

The decline in net imports in the first quarter of this year, as compared with the corresponding period of 1930, was due principally to the fall in net imports of raw materials, to which wool was the only important exception; but there was also a very substantial fall in retained imports of manufactures, to which vehicles, and especially motor cars, contributed very largely. Net imports of food increased. Exports of food, on the other hand, showed a reduction, and there was a very heavy decline in the volume of our exports of British-produced raw materials, especially coal and wool. The fall in the average value of exports was very much less than in those of food and raw materials—8.5 per cent. against 12.4 and 12.5 per cent. respectively—and the fall in volume very much greater. No group showed an increase over last year's figures.

Cotton Trade Problems.—Throughout the past week, writes our Manchester correspondent, there has been keen discussion in Lancashire of the report of the Cotton Mission to the Far East. On Monday last a conference took place in Manchester between the members of the Mission and the Joint Committee of Cotton Trade Organisations, which was attended by Mr G. M. Gillett, the Parliamentary Secretary to the Department of Overseas Trade, Sir Edward Crowe, Comptroller-General of the Department, and Mr L. Browett, of the office of the Chief Industrial Adviser to the Government. Sir Ernest Thompson, the chairman of the Cotton Mission, developed some of the points raised in the report. He said that with regard to China as a market for Lancashire the first essential was a reduction of costs. There were two reasons for this necessity. Firstly, there was the fact that Japanese costs were lower, in some cases much lower, than ours, and, secondly, China was mainly a price market. In Japan they had seen a mill weaving ordinary sateens with ordinary yarn on looms very similar to Lancashire looms and in that mill a weaver looked after twelve looms. In another mill weaving plain calico one weaver attended twelve to sixteen looms. He then stated: "The Mission was agreed that it would be better to have altera-

tions in the wage lists than for the operatives to have less and less employment and less wages to draw." Sir Ernest continued:—"The Mission considered the present situation as regards distributing methods in China far from satisfactory, and their opinion was confirmed by importing British houses in Shanghai. The report recommended the setting up of an organisation in China to bring Lancashire into closer touch with that market. The goods should be produced on a joint producing and exporting basis. The organisation should be strong enough to hold stocks in Shanghai and large enough to be able to standardise the goods and give bulk orders." The general opinion in the industry is that the report of the Mission confirms the views expressed in many quarters during the last few years that until something is done to reduce costs in Lancashire her trade will continue to be lost and business will steadily contract. It is further held that there is no probability of making any serious impression upon the cost of goods without some action being taken relating to wages and hours of working in the mills. The trade union officials resist any action of this kind. It is also agreed that something will have to be done to reorganise production and distribution. The report of the Cotton Mission to the Far East will now be considered separately by the constituent bodies of the Joint Committee, and at a later date there will be a further meeting of the Joint Committee to receive reports from the different sections and to decide upon action. The Federation of Master Cotton Spinners' Associations has decided this week to proceed with the proposals relating to the regulation of the spinning section on the lines of fixing marginal rates for standard yarns. A committee has been set up including representatives of the Egyptian and American sections for this purpose.

Automatic Cotton Weaving.—Our Manchester correspondent writes:—The Lancashire Cotton Corporation has commenced an experiment in the use of automatic looms at the Higher Walton Mill, Preston, and I was privileged this week to inspect the machinery working. The looms installed comprise the Northrop, the Vickers Stafford, the Platt-Toyoda (a Japanese loom), and the Lancashire loom with the Whittaker automatic attachment. There are batteries of forty looms each and there are also working forty ordinary Lancashire looms, being run under normal conditions. With regard to the automatic looms, each forty are being tended by one weaver, but the operative is assisted by helpers who carry out the duties of carrying, cleaning, etc. The Whittaker Attachment looms are tended by one weaver to every sixteen, with helpers. With regard to the ordinary Lancashire looms one weaver is looking after four looms, and no help is provided. The looms are all producing a standard bleaching cloth, and they are all using identical yarn. The looms are being run at the speeds which are recommended by the various makers. The results are being recorded, and I understand it is the Corporation's intention to publish all the data obtained after about six months' working.

Employment and the Cost of Living in March.—Owing mainly to the seasonal revival in the building and clothing trades and to the recent slight improvement in the textile industries, employment during March was slightly better than in the preceding month. According to the *Ministry of Labour Gazette*, among the workpeople insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at March 23 was 21.5, as compared with 21.7 per cent. at February 23 and 13.7 per cent. a year ago. The number of insured workpeople in employment at March 23 is estimated to have been approximately 9,267,200—42,300 more than a month ago, but 713,800 less than in March, 1930. The number of persons registered as wholly unemployed at March 23rd amounted to 1,859,526, as compared with 1,888,716 at February 23rd, and 1,135,768 a year ago. Those temporarily without work totalled 604,089, against 613,692 in February and 407,429 in March, 1930, while the numbers unemployed

among persons usually in casual employment amounted to 116,503 at March 23rd, as compared with 115,250 at February 23rd and 95,602 a year ago. The latest return of the Ministry states that on April 13th the total number of registered unemployed was 2,561,054, of whom 1,862,991 were wholly unemployed and 583,306 temporarily stopped, while the remainder, 114,757, consisted of persons usually in casual employment. The total figure shows a reduction of nearly 20,000 as compared with the previous week. As regards the cost of living, prices continued to fall during March, the index number of the Ministry of Labour at April 1st registering 47 per cent. above the level of July, 1914, as compared with 50 per cent. at March 1st and 57 per cent. a year ago. For food alone the index stood at 29 per cent. at April 1, against 34 per cent. a month before and 43 per cent. at April 1, 1930. The fall in the indices was accounted for mainly by reductions in the prices of eggs, milk, butter and meat.

The Spanish Stabilisation Credit.—A few weeks ago it was announced that an international credit of \$60,000,000 had been arranged for the Bank of Spain, with the guarantee of the Spanish Government, to assist in the stabilisation of the peseta. London bankers had no direct interest in the credit, which was sponsored partly by an American group headed by Messrs J. P. Morgan and Company, and partly by an international group centred in Paris and acting under the leadership of the Banque de Paris et des Pays Bas. This latter group included many of the principal Paris houses and also certain Continental banks. Immediately after the revolution some doubts arose as to the position of this credit, especially as it was guaranteed by the former Spanish Government and as its arrangement had evoked considerable opposition from those who took a leading part in the formation of the new Republican Government. These doubts were resolved at the week-end, when it was officially announced that the credit had never been drawn upon and that it had been decided to close it forthwith. In order to stabilise the peseta, the new Government intends to rely upon existing foreign balances and upon measures now being taken to arrest the flight of capital from Spain. It remains to be seen how far these are efficacious, and, indeed, the revolution probably means that such questions as the determination of the rate of stabilisation will be considered anew.

Polish-Russian Trade.—Our Warsaw correspondent writes:—It is announced from Katowice that the Soviet Commercial Mission has placed a new order with Bismarckshütte and its allied foundries in Upper Silesia (American capital is understood to be strongly represented in these enterprises) for 250,000 tons of structural materials to be delivered during the remainder of 1931. It is furthermore announced that credit up to 18 months will be allowed on this contract, with one of the State financial institutions guaranteeing 40 per cent. of the risk. The value of this order is estimated at 70 million zloty. The Soviets during recent years have taken about 300,000 tons of iron and steel products annually from Polish Upper Silesia. An order for 87,000 tons of products was placed about two months ago, at which time it was reported that the Soviets would not give any more large orders to Polish foundries unless the Government agreed to accept imports from Russia more freely than has been the case up to the present. The placing of the 250,000-ton contract, therefore, indicates that the Polish Government will henceforth adopt a less restrictive attitude towards imports from Russia, and this is more or less confirmed by an unofficial report that Bismarckshütte and other Polish plants will buy principally Russian ores from now on. The Polish Government, it is also reported, will permit larger imports of fish, rubber articles, cotton and certain other products from Russia, and, moreover, have agreed to allow the Soviets to ship merchandise via Poland to Germany. Poland's exports to Soviet Russia in 1930 were officially valued at 129 million zlotys (3 millions sterling), while imports from Russia amounted only to 46 million zlotys.

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Transvaal Gold Output.—The output of gold of the mines of the Transvaal during March amounted to 910,998 ounces of fine gold as compared with 889,937 ounces produced during February and 914,576 ounces in January. In March, 1930, the output amounted to 889,370 ounces. The following table shows the monthly output since the beginning of 1925:—

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.	Fine Ozs.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,284	818,188	839,937
March	825,479	834,340	850,511	877,380	866,529	889,370	910,998
April	787,519	803,353	824,014	825,907	872,123	858,606	...
May	813,249	849,214	859,479	886,186	897,598	915,213	...
June	780,251	852,145	855,154	862,363	856,029	887,867	...
July	818,202	860,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,853	889,501	921,081	...
September	797,247	839,939	842,118	857,731	849,553	903,176	...
October	812,832	853,296	855,743	897,720	888,690	925,561	...
November	787,633	840,276	848,059	872,484	851,593	884,753	...
December	791,455	836,137	851,225	859,761	851,134	908,492	...
Total.	9,593,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	2,665,511

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	July, 1930.	Aug., 1930.	Sept., 1930.	Oct., 1930.	Nov., 1930.	Dec., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.
Gold mines	201,111	202,257	205,061	206,778	205,030	203,473	209,442	209,777	207,239
Diamond mines	14,670	14,788	14,708	14,482	13,973	13,763	13,865	13,740	13,436
Diamond mines	5,490	5,754	5,767	5,032	4,748	4,607	4,325	4,333	4,106
	221,271	222,799	225,534	226,292	223,751	221,843	227,632	227,850	224,781

There was a decline in the native labour figures for all branches of mining during March.

The National Bank of Hungary.—The Report of the Hungarian central bank begins with a comprehensive view of the international situation during 1930. In the main it covers familiar ground, but it is interesting to observe the Hungarian point of view. Early in the year high hopes were placed upon the reparations settlement at The Hague, a matter which was of especial importance to Hungary, but as the year progressed it became clear that Hungary was involved in the general trade depression, and the situation of Hungarian farmers became particularly difficult. This has reacted upon the general national economy and in particular upon the public finances. On the other hand, Hungary has displayed certain powers of resistance against the depression, and the foreign trade returns suggest that Hungary has to some extent been able to adjust herself to the altered conditions. The Appendices to the Report include very full statements of the bank's own position. During 1930 the note circulation contracted from 500 to 469 million pengös, this reflecting the fall in prices which occurred in Hungary as elsewhere. At the end of the year the bank's holdings of gold and gold exchange amounted to 206 million pengös, the remaining assets of the bank consisting mainly of 298 millions of inland bills, warrants and securities. Thus the bank is in a thoroughly liquid position, and in actual fact has maintained its gold and gold exchange holdings at a fairly constant level during the year. There is a slight net fall in discounts and advances on securities taken together, but this is no more than might have been

expected from the general recession in business and fall in prices. The general impression left by the Report is that Hungary's experience during last year was typical of that of the world at large, and that the nation's central bank has fully maintained its strength during a somewhat difficult period.

Our Budget Supplement—A Correction.—On page 6 of the Budget Supplement, published with our last week's issue, it was stated that receipts in 1930-31 from the Young "Plan" had been transferred to the Debt Commissioners for the reduction of debt. The word "Plan" should, of course, have been "Loan," the reference being to the proceeds (£9 millions) of the Reparations Loan issued in 1930.

INSURANCE NOTES.

Royal Exchange Assurance.—During the last five years the premium income of the life department has grown from £717,112 to £925,966, and the fund from £6,005,289 to £8,535,510; the figures speak well for the energy with which this department is conducted. Last year's new life business again showed an increase, the 1930 total being £2,501,132, compared with £2,273,907 in 1929. A quinquennial valuation has just been completed, with the following results (the corresponding figures for the 1925 valuation being inserted for comparative purposes):—

	1921-1925.	1926-1930.
Trading surplus earned during quinquennium :	£	£
Life assurance fund	702,366	1,327,783
Annuity fund	41,243	52,250
Brought forward	51,984	127,027
	795,593	1,507,060
Allocations :—		
To Bonuses to policyholders	551,888	895,909
„ Shareholders' account :—		
From life assurance fund (10 per cent. of profits)	75,435	130,755
From annuity fund (100 per cent. of profits)	41,243	52,250
„ Bonus equalisation fund	...	250,000
„ Carried forward	127,027	178,146
	795,593	1,507,060

As will be observed, the distribution to the policyholders is a very conservative one, a large part of the balance of trading surplus being utilised to create a bonus equalisation fund. This distribution permits of a reversionary bonus at the rate of 40s. per cent. per annum on sums assured and existing bonuses, compared with 35s. per cent. per annum for the preceding quinquennium. The shareholders' account will benefit during the next five years by an annual sum more than 50 per cent. in excess of the figures taken credit for in each of the five years just ended. The premium incomes in all other departments show a reduction, thus reflecting the general state of trade depression, but the underwriting results are a great improvement on those for 1929. Fire business has produced £1,685,000 in premiums, general business £1,262,000, and marine business £653,000. The detailed results of the past two years are shown below :—

	1929.	1930.	1929.	1930.
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire department	75,135	4.2	129,095	7.7
General department	41,482	3.2	39,387	3.1
Marine department	213,598	28.7	19,830	3.0
Life department	15,087	...	26,151	...
Annuity department	8,248	...	10,450	...
Capital redemption department	1,311	...	2,293	...
Trustee and executor department	16,848	...	12,754	...
Released from taxation reserve	100,000	...	...	...
	44,513	...	200,300	...
Less taxes, expenses, &c.	76,612	...	93,765	...
Total net trading surplus	32,099	...	106,535	...

It should be explained that the foregoing figures relate to the company's business only and do not incorporate, as is usual, the business of the various important subsidiaries. The interest income (which includes in the case of subsidiaries only dividends received) shows a substantial reduction, and is now only just sufficient to meet the company's dividend, which for the sixth consecutive year remains at 27 per cent.

Eagle Star and British Dominions Insurance.—The trading results of this combine are very largely affected year by year by the operations of the life department. Although the life fund amounts to the large total of over £15½ millions, only some £5 millions is represented by the fund of the current series, which in fact only started business in 1919. The remainder is accounted for by the four closed funds of the "Eagle," the "Star," the "English and Scottish" and the "Sceptre." These funds were originally acquired at a cost of £606,000, now written down to £305,000, and their subsequent history as a closed series has been notoriously a great deal more favourable from the point of view both of the with-profits policyholders and the shareholders (i.e., the Eagle Star and British Dominions) than in the days of their independence. Quinquennial valuations of the English and Scottish and of the Eagle funds were made on December 31st last and the results have been reviewed in these notes in a previous issue. The last valuation of the other two closed funds took place in 1928. The yield to the parent company on the written-down value of these investments, after converting the last quinquennial allocations to an annual basis, works out at the very high figure of 17½ per cent. per annum. So far as the current series is concerned the only information furnished in the report is the amount of the new business, which at £2,352,501 shows some reduction on the previous year's total. The total premium income of the fire, accident and marine departments in 1930 was £3,005,000, which compares with £3,249,000 in 1929. The largest department is the general, and this contributed £1,333,000 towards the total, over £100,000 in excess of the preceding year's figure. The diminution in premium income was concentrated in the fire department, and in the marine department where after previous disastrous losses the account has been reduced to manageable proportions. For the first time since 1926 no transfer from profit and loss has been needed to assist the marine department, which now has a fund in excess of one year's income, and may be expected therefore to be self supporting. The detailed results of 1929 and 1930 are shown below :—

	1929.	1930.	1929.	1930.
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	36,170	3.7	13,409	1.6
Accident	36,470	23.4	43,225	32.7
Employers' liability	742	0.4	1,092	0.6
General	40,341	3.3	52,559	3.9
Marine	25,000	3.9	...	...
Life :—				
Current series	50,000	...	...	...
" Sceptre "	21,487	...	...	...
" Eagle "	...	...	22,000	...
" English and Scottish "	...	...	75,518	...
	160,210	...	207,803	...
Less :—				
Items debited to profit and loss account	98,392	...	97,716	...
Written off acquired closed funds	...	...	50,000	...
Investment fluctuation account	35,000	...	50,000	...
	133,392	...	197,716	...
Total net trading surplus	26,818	...	10,087	...

The usual dividend of 20 per cent. has been declared and the cost of this is covered for the first time by interest earnings without the necessity of a draft on trading surplus.

Atlas Assurance.—The life department of the Atlas achieved in 1930 a fresh record by the issue of new policies for sums assured of £4,243,948 compared with £3,919,560 in 1929. In addition the substantial sum of £135,000 was received as consideration money for annuities granted, the corresponding figure for 1929 being £161,000. Owing to the rise in the standard rate of income tax the net interest earnings have declined from £5 10s. 3d. per cent. to £5 5s. 7d. per cent., but the latter figure, on account of the existence of a substantial hidden margin in the book value of the assets and also because the fund includes a considerable annuity business which is virtually free of tax, is still a very high rate. The interim bonus for the year 1930 has again been maintained at a reversionary rate of 48s. per cent. on the sums assured and existing bonuses. The fire department, although it has experienced a more favourable incidence of loss ratio both here and in America, has been unable in face of the falling price level to maintain its income, and this has therefore fallen to £2,173,000 from £2,332,000. The accident and general account has produced a slightly larger income of £479,000, and the marine account remains at virtually the same figure, namely, £167,000. Besides being an extremely moderate one, this account has been very carefully managed, and ever since it was inaugurated in 1920 no transfer has been made either to or from profit and loss account. The result is that the fund is now equal to two years' premium income, and is acknowledged to contain a substantial hidden earned profit. The detailed results of the past two years are shown below :—

	1929.	1930.	1929.	1930.
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	194,090	8.3	194,525	8.9
Accident	19,445	4.1	36,398	7.6
Marine	...	...	...	...
Life	21,689	...	22,390	...
	235,224	...	253,313	...
Less items debited direct to profit and loss account	92,899	...	139,140	...
Total net trading surplus	142,325	...	114,173	...

In addition to the items shown as being debited direct to profit and loss account the sum of £54,000 was written off the cost of acquisition of the Montreal Life Assurance Company in 1929, and a further £55,000 was transferred to reserve against uncalled capital. On this occasion the figure in the above table of £139,140 includes £75,000 written off the cost of office buildings, etc., in connection with the rebuilding of a portion of the head office premises. The transference of a further £55,000 to reserve against uncalled capital enables a further 5s. per share to be written off the uncalled liability. The dividend remains the same as in each of the two previous years, namely, 32 per cent. free of tax, but owing to a falling off in interest earnings the gap between the cost of the dividend and interest earnings has widened to £35,000. Nevertheless, the year's operations have enabled the company to add to its surplus resources the satisfactory sum of £79,000, compared with £115,000 in 1929.

General Accident, Fire, and Life.—In 1924 the General Accident purchased the share capital of the General Life Assurance Company, and, since January 1, 1926, all life business has been transacted by this subsidiary. The fund has made rapid progress and has built up a premium income of £473,457, a high figure in relation to a fund of under £3½ millions. Last year's new business was £2,024,481, compared with £1,985,539 in 1929. On December 31, 1930, a valuation of the fund was made, but no indication whatever of the results is furnished in the report, which merely states that " Full details of the valuations and distribution of profits will be furnished in due course in the returns to the Board of Trade." We strongly deprecate this denial of the policyholders' rights to information as to the progress of the business in which they have contractual rights; for few policyholders will incur an outlay of 30s. for the sake of delving into the technical intricacies of Board of Trade Returns. The re-

versionary bonus declared for the five years on the current series is given as 35s. per cent. per annum on the sums assured, and this compares with 25s. per cent. and 35s. per cent. respectively five years ago on General Life policies and General Accident policies. The explanation of these low rates of bonus lies in the interest earnings and expense ratios. The average net rate of interest earned during the last five years works out at the comparatively low figure of £4 7s. per cent., while the corresponding average expense ratio of 20.5 per cent. appears to be on the high side. The Corporation's main business is centred in Fire and Accident insurance, particularly the latter, wherein it has huge interests largely based on U.S.A. casualty insurance. Fire premiums in 1930 produced an income of £605,000, compared with £657,000 in 1929. There was a reduction in Accident premiums, from £6,964,000 to £6,707,000, though the whole of this falling off was concentrated on " monthly and other short-term " contracts, which are now responsible for less than 15 per cent. of the total, compared with as much as 35 per cent. five years ago. No unexpired risk reserve is maintained for these short-term contracts, nor is one necessary, but for the long-term contracts the unexpired risk reserve has been increased from 37 per cent. to 38 per cent. In the table below, however, the figures have been calculated on the common basis of a 40 per cent. reserve. In marine business the Corporation has very wisely been content with a small account, and in this also there has been in 1930 a reduction of premium income, the 1930 figure being £73,000. The detailed results are set out below :—

	1929.	1930.	1929.	1930.
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	79,886	12.2	72,265	11.9
Accident	246,207	3.5	323,619	4.8
Marine	37,445	39.6	13,752	18.8
	288,648	...	382,132	...
Less items debited to profit and loss account	207,417	...	318,919	...
	81,231	...	63,213	...

For the fourth year in succession the dividend has been increased, and is now at the rate of 56 per cent., though interest earnings alone would have permitted a dividend of 76 per cent. The results of the year's trading may be summarised by the statement that the Corporation's free surplus has been augmented by a sum of £130,584, compared with £154,737 in 1929. In addition, premiums on share capital issued during the year have added a further £206,800. The Corporation's total resources (other than the capital and life department funds) are now equal to 55 per cent. of the premium income, showing a satisfactory increase of 5 per cent. over the 1929 percentage.

Overseas Correspondence.

UNITED STATES.

Dividends — Stock Exchange — Public Finance — Money — Oil Difficulties — Agriculture and Industry — Failures.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 10.

LITTLE has transpired since the opening of the second quarter to arouse hopes of an early upturn in trade, and the country has been inclined to over-emphasise the evidence of poor times that have already been experienced. Dividend reductions continue. The decline in common stock payments in the past year has been fully as precipitate as was the rise in the boom times of 1929. At present it is estimated that the average yield on common stocks is a little over 5 per cent. and that the reductions of the past year on stocks listed on the New York Stock Exchange mean a decline of nearly \$500,000,000 in annual payments.

Reinvestment demand for stocks and bonds from recipients of the heavy April dividend disbursements has made no great impression on security markets. New capital flotations of the past week were higher than average, mounting to over \$200,000,000, but except for the issues of highest quality, such as the New York State loan, the market has been rather sticky. Removal of syndicate support brought sharp breaks in the recently offered loans for the New York Central and Pennsylvania railroads. Investment bankers say the bond market has the appearance of more strength than it really possesses, and they would be surprised if it could absorb any great volume of new loans in the immediate future, but that does not apply to the Government issues. Terms have been announced for the early April financing, which will be an issue of \$275,000,000 of certificates, maturing in December, and bearing 1½ per cent. interest. Considerable oversubscription is expected and the Treasury may allot upwards of \$300,000,000.

The market had not expected a long-term issue at this time, but the heavy financing which must be done between now and the June 15th tax date and the unwieldy mass of short-term Treasury issues outstanding suggest the probability of a long-dated loan before long. Short-term debt is about \$2,700,000,000. Bill issues of \$214,281,000 fall due in May and certificates of \$590,000,000 mature in June. September maturities are about \$634,000,000 and the December certificates due are \$543,000,000.

The Treasury deficit is steadily rising, at present standing at approximately \$650,000,000. It will rise at least until the June tax collections, which doubtless will fall below the March receipts. First-quarter collections were \$334,000,000. Since the increase in the bonus law provisions, loans to ex-soldiers have amounted to \$379,000,000, bringing the total of all loans on the adjusted compensation certificates plus redemptions paid by the Treasury to the banks to \$680,000,000. The Government's latest estimate for these loans is \$1,000,000. To meet further payments and other running expenses the Treasury in the next fortnight will call an additional \$200,000,000 or so from deposit in commercial banks. Interest on Government obligations due this month amounts to \$149,000,000.

This large-scale transfer of money from investment markets to ex-soldiers and other beneficiaries of Government expenditure has disturbed the money market somewhat, though it has also brought some stimulation of trade. Cheques sent out by the Treasury are slow in returning to the banks as private deposits, and when they do so they require reserves at the Federal Reserve Bank, which tends to stiffen rates. As an offset to this and doubtless also to ensure continuance of easy money as an aid to business revival as well as to Treasury financing, the Federal Reserve Bank has announced a reduction in its buying rate on 60- and 90-day bankers' bills. The new rate is 1½ per cent., and it is bringing in more bills to the Reserve, dealers' holdings having mounted about \$75,000,000 as a result of Treasury operations. Call money has relapsed to 1½ per cent., but is firm at that rate.

Bankers are confident that easy money will continue at least until autumn. Little attention has been given to the various rumours regarding Mr. Montagu Norman's visit, but it is believed that close harmony will be maintained between the Bank of England and the New York Federal Reserve Bank on monetary policy. Governor Harrison, of the New York Bank, has, it is understood, no present plans to attend the approaching annual meeting of the Bank for International Settlements.

Parlous times in the oil industry were accentuated this week by fresh reductions in crude oil prices applicable to the new flush fields in East Texas. Some oil is being bought there at as low as 20 cents a barrel. This new menace prompted the holding this week of a meeting in Washington of representatives from the several south-western oil-producing States. An agreement was reached in principle for uniform laws and a board to direct curtailment and allocation of oil production. Whether the scheme will work remains to be seen, but it is feared that some States may insist on fixing prices for crude

as a condition of limiting output. The large oil-producing factors do not appear to be particularly enthusiastic over the scheme, though anything which might bring about a cut in production would be welcome. Fortunately the season of heavier consumption of gasoline and other oil products is opening.

The drought over the western and central wheat belt has broken, and the Department of Agriculture has raised its estimate of winter wheat output, forecasting a 644,000,000-bushel crop, or 40,000,000 bushels more than the 1930 outturn. If the Department's estimates of the spring planting are borne out, the total crop is nevertheless unlikely to reach last year's harvest. It is at present estimated at 822,000,000 bushels.

Building construction has felt the stirrings of the season. Permits granted in March were 47 per cent. higher than in February, according to Bradstreet's, but were 9 per cent. lower than a year ago. Contracts let in the 37 States east of the Rocky Mountains, as reported to the F. W. Dodge Corporation, were 40 per cent. larger in March. Several sections of the country showed gains over last year. The steel trade has lost further ground, the rate of operation being 53 per cent. Evidently the steel industry this year reached its peak in March, whereas last year activity continued to rise until April. Unfilled orders of the United States Steel Corporation for March rose 30,000 tons, but the smallness of the gain suggests disappointingly small specifications against second-quarter orders. Steel prices continue weak, and it is doubtful if many steel companies are currently earning anything for their common shares. March iron output was 2,032,248 tons, the gain being 7.6 per cent., compared with a rise of 10 per cent. in steel ingot production.

Motor production is rising gradually. Output in March is estimated at 287,000 units. Actual production in February was 229,268 and in March of last year it was 422,043. March production was the highest for any month since June of last year, but the quarter has brought a drop of 34 per cent. compared with a year ago.

Business and banking failures are taking place in large numbers. Bank failures for the first quarter are estimated by Dun's at 270, compared with 124 a year ago, but a number of banks in the south which failed several months ago have reopened. Doubtless a good many insecure western banks which have been nursed along will go under if farm prices do not improve. In the interior money is by no means easy. Country banks which have been well managed are fairly liquid for the most part, but they are reluctant to make loans under present conditions. Business is very slow in the south and middle west, and there is not much hope of improvement before the summer and autumn harvests.

FRANCE.

Politics — Presidential Election Prospects — Franco-British Trade Relations.

(FROM OUR CORRESPONDENT.)

PARIS, April 22.

POLITICAL opinion this week is centred on the possibility that the remarkable victory of M. Herriot, in the Lyons municipal bye-elections last Sunday, may have an unexpected effect on the national situation of the parties formerly belonging to the Cartel des Gauches, and particularly in next spring's general elections. M. Herriot resigned his seat on the municipal council at Lyons (of which he has been mayor for the past twenty-five years) as a protest against the action of the Socialist members of the council in appropriating, by a snatch vote, the right to elect all the delegates to represent the Council at a pending senatorial election in defiance of their alleged tacit pact to share the delegation with the Radical-Socialists under the old cartel arrangement. To bring the dispute to a concrete issue, M. Herriot took the bold step of resigning his seat on the Council and coming forward as a Radical-Socialist candidate at a municipal bye-election to fill a vacancy in one of the wards previously held by a Socialist with a majority of over 1,200. To the

stupefaction of the Marxists, M. Herriot captured the seat outright, at the first ballot, by a majority of over 1,400, three vacancies in other wards being, on the same day, again secured by members of his party.

This victory has put the Socialistic Radicals and the Socialists on the council on equal terms, with 25 votes each, leaving the seven other seats to the Moderates, on whose support M. Herriot has had latterly to rely for a majority. Simultaneously, at a parliamentary bye-election in the Ardèche Department, the Socialists, in defiance of all cartel arrangements, stole yet another seat from the Radical-Socialists, and thus drew level with the latter, with 108 seats each, in the duel for the coveted standing of "largest Party in the Chamber." (Third place is held by the Marin Nationalists, and fourth by M. Tardieu's group.)

Just how all this will work out, in the extraordinarily complex game of French political party warfare, even the most astute parliamentarians do not yet venture to forecast. In view of the pending presidential election on May 13th, and the effect any definite break between the two parties may have on their prospects at next year's general elections, the Socialists are reported to be anxious for an immediate truce with M. Herriot and his followers, but it is impossible to say whether this rumour is well founded. Recent events, in any case, have rendered the political situation here more complex than ever, and the outlook is now such that the future of European peace may largely depend on the solution of the present conflict between these two great Parties of the Left.

Speculation as to the result of the coming presidential election is now taking more definite form. M. Doumer, President of the Senate, remains, since the disappearance of M. Raoul Péret, the most-talked-of nominee, in spite of his seventy-four years. M. Painlevé is regarded as second favourite, with M. Maginot, the present War Minister and one of the younger Nationalist leaders, third, and M. Léon Bérard, Minister for Justice, fourth. M. Briand has apparently lost ground seriously under the repercussion of recent events abroad, and particularly since M. Doumergue's much-discussed "swan-song" discourse at Nice, and the recent opening of what seems to be an organised campaign against his election.

The official announcement that, on the initiative of the British Government, the French Government has agreed to open conversations in regard to what, for all practical purposes, would amount to the conclusion of a new commercial treaty between the two countries, has had the effect of a bombshell on British trading interests here, and apparently in London also. The first public notification that any such negotiations were even contemplated took the form of a *communiqué* from the Ministry for Commerce, published here on Sunday evening, intimating, so indirectly that most people failed to realise the importance of the news, that MM. Elbel and Arnal, two high ministerial officials, would take advantage of a visit they were making to London "to enter into contact with the British authorities and study with them the main lines of the pending negotiations between the two countries in view of the conclusion of a treaty of commerce."

For some reason British official circles here are curiously reticent on the matter. Inquiries in other responsible quarters, however, show that, following on the breakdown of the recent tariff truce project at Geneva, the British Government, in March last, forwarded Notes to the seven other Powers who took part in the Geneva discussions (France, Germany, Italy, Belgium, Switzerland, Poland and Austria) asking them if they were disposed to consider reductions of their existing tariff rates, except where these are already obviously low. Most of the Governments approached are understood to have replied favourably, so that it is probable that not merely one but a whole series of "tariff talks" will be undertaken in the near future. The pending negotiations between Great Britain and France will apparently mark the beginning of the series. That these individual talks will result in any general conversation still remains no more than a possibility, but it is unofficially regarded here as probable.

Franco-British trade relations have hitherto been governed by the commercial treaty signed on February 28, 1882, which has for many years proved most inadequate to meet the greatly modified situation that has arisen in consequence of modern economic and industrial developments and the radical changes that have come over the foreign trade situation as the result of these factors. The British Chamber of Commerce in Paris has for many years been doggedly making representations to the British Government as to the prejudice caused to British national interests by the fact that, although French products enjoy free entry to Great Britain, British goods have to face constantly increasing French import duties. It is refreshing to note that the Chamber has never advocated the imposition of countervailing "protective" duties on French goods entering Britain, but has consistently pressed for action to be taken to induce the French to accord to British goods special and substantial reductions of Customs dues in recognition of the fact that French products are given free entry to Britain. Until last March all these representations from Paris had utterly failed to excite practical response.

The French view of the British Note is largely conditioned by fear that the present protectionist movement in Great Britain may prove successful. The Lille Chamber of Commerce has already addressed a letter to the Minister for Commerce protesting against the British request for tariff reductions, and insisting that such a step would throw open the French home market to British products, and consequently to those of all other countries which enjoy the benefit of most-favoured-nation treatment. The obvious rejoinder is that woollen and cotton products from the Roubaix-Lille area enter Great Britain free, whereas British textiles are subject to fairly heavy import duties in France. More difficult arguments for the British negotiators to overcome, probably, will be those advanced by the French silk manufacturers and wine producers, of which it may be anticipated the French delegates will make good use. The key to the whole French case is probably to be found in the statement made by the Ministry for Commerce in last Sunday's *communiqué*: "The French Government cannot remain indifferent to the protectionist tendencies which are clearly being manifested in Great Britain, and which, should they prove triumphant, will seriously prejudice French interests in a country which has hitherto been the best customer for French exports."

GERMANY.

International Politics — Wages Question — Cabinet Programme — Russian Contracts — March Foreign Trade.

(FROM OUR CORRESPONDENT.)

BERLIN, April 23.

THE international discussion of the Austro-German Customs Union is naturally being followed in Germany with close attention, but without any uneasiness. This applies especially to the vague French counter-project of which so much has been heard in the Press. As far as can be gathered from the French Press, the object of this plan is to grant preference to grain imports from the agrarian States of South-East Europe, apparently in order to immunise them against German "seduction."

It would be matter only for rejoicing to Germany if the scheme succeeded in alleviating the distress of those countries, for the more of their agricultural products Hungary, Roumania, Yugoslavia and the rest can export, and the higher the prices they receive, the greater will be their purchasing power for foreign industrial goods. Germany herself, in the trade negotiations which were interrupted by the change of Government in Roumania, offered preferential duties on maize and barley, without demanding in return any preference on her industrial exports to Roumania; she would be prepared to negotiate with Yugoslavia and the other agrarian States on similar lines. It would, however, be an express condition of

such agreements that the most-favoured nations overseas should make no claims on the basis of these preferential duties, for Germany has no intention of involving herself in a Customs war.

On the same principle it is difficult to see how the French plan could be made practicable, and especially how all the non-German Powers could be brought into line merely for the purpose of rendering otiose the Austro-German Customs Union. Germany is the only large buyer of European corn and other agricultural products, whereas France is to a great extent self-supporting, so that she has little to offer her allies of the Little Entente. As it is entirely a question of political action these economic considerations cannot be swept aside, but at present M. Briand's plan is not very clearly outlined.

The dominance of political over economic problems was also the subject of a much-discussed speech by Herr Oscar Wassermann at the general meeting of the Deutsche Bank und Disconto-Gesellschaft. He said, in part:—"As this crisis has arisen in the last analysis out of the political tension in Europe, and especially out of the unsatisfactory relations between France and Germany, it would, of course, be most certainly and rapidly resolved if a political understanding could be reached with France. It is an erroneous, though widely held, assumption that such an understanding could be tacitly arrived at by degrees on an economic basis by the interweaving of commercial and industrial interests. Mutual mistrust has developed too far, and the subjects of dispute are too important for a political *rapprochement* to be reached by an economic route. Political agreement must come first and economic friendship will follow automatically. To the cause of such political agreement we bring goodwill but empty pockets, unless France considers the secure peace which can never be achieved until our demands are granted, sufficiently valuable to be worth the necessary concessions. . . . This being so, we can only wait until France takes the initiative in bringing about at last the pacification of Europe, or until the honest broker appears to whom this goal appeals."

Dr. Wassermann considers that peace and order are Germany's most urgent needs, and would like to see the authority of the Government strengthened to this end. The accumulation of capital must be encouraged by an appropriate financial policy, but it can only be achieved by economy in every section of society, and with this in view he advocates further reductions not only in money wages but in real wages and salaries.

The Cabinet will have to grapple with the wage problem when it meets this week. The reductions so far effected have averaged from 5 to 8 per cent. and have extended over practically the whole of industry, but they were largely defended on ground that the cost of living fell from 153.8 in 1929 to 137.7 in March, 1931. (Average earnings have, of course, long been below the real earnings of 1928 and 1929 on account of unemployment and short time.) A further reduction of any dimensions would, however, reduce the real hourly wage rate below the level of the prosperous period, and such a policy would arouse violent opposition among the unions, which the Government would find great difficulty in resisting. It may, therefore, be assumed that the Government will only instruct its arbitrators in this sense if it is convinced that trade revival is so far off that further reduction in costs is indispensable.

The Cabinet has a very full agenda. The question of the new duties on agricultural products, demanded by Dr. Schiele and opposed by Dr. Stegerwald, the Minister of Labour, must be settled; a new arrangement for the support of those unemployed who have fallen out of benefit must be organised; the Right Wing of the Government group desires alterations in the unemployment insurance scheme, and there seems to be some question of a reduction in war pensions. The Cabinet is once more faced with a choice of thoroughly unpopular measures, but it seems nevertheless as though the political situation is improving somewhat, for there are many signs that the Hitler Party is losing popular sympathy.

The negotiations between the Soviet Union and a committee of German industrialists on the financing of further Russian imports from Germany were concluded on April 14th. The amount of the Russian orders is not known, but it is believed to be not less than Rm. 300 millions, about two-thirds of which will be for German machinery. The heavy industries and the electrical manufacturing industry will also benefit, while orders for ships, motor cars and wagons are to be discussed shortly. The full economic importance of these orders cannot be gauged until the end of August, when the placing of them is to be completed. The credits which Germany is granting fall into three groups, to be repaid in 17, 24 and 33 months respectively. The Reich and the State in which the firm executing the order is situated are jointly to guarantee the credits to 70 per cent. of the cost of production. The German representatives succeeded in incorporating into the agreement a provision that all disputes in connection with it should be settled in German courts.

Foreign trade in March again showed a large active balance. This time it was not due, as in recent months, to reduction of imports, but to a seasonal rise in exports:—

	Imports.		Exports.		Balance.	
	1930.	1931.	1930.	1931.	1930.	1931.
January...	1,305	717	1,092	775	- 213	+ 58
February...	982	620	1,026	778	+ 44	+ 158
March.....	884	584	1,104	867	- 220	+ 283

Most of the increase in exports occurred in the manufactured goods class, exports of which rose from 591 to 662 million marks.

NORWAY.

Labour Disputes — Industry — Shipping — Foreign Trade — Money.

(FROM OUR CORRESPONDENT.)

TRONDHIEM, April 15.

PUBLIC interest is chiefly focussed on the labour crisis occasioned by the expiry, on March 31st, of most of the wages agreements that had been in effect for over two years. The paper industry was the first to open negotiations; the Public Mediator intervened, but in vain, and the mills stopped work on March 14th. After protracted negotiations, the Public Mediator succeeded in postponing termination of work in the other industries until April 8th, but ultimately his efforts to bring the parties together failed, and 42,500 workers were consequently locked out as from April 9th. The industries concerned are, among others, the iron, mining, textile, sawmill and pulp industries, and to-day another 25,000 workers were included in the conflict, bringing the total number of workers concerned to about 82,500, by far the largest number in any previous labour dispute in Norway, except the conflict in 1921, which affected 120,000 workers. The crux of the dispute is the question of wages and hours, the former of which the employers want to reduce by about 15 per cent. (in some cases less, in other cases more), and as to the latter the workers demand a reduction to 42 hours a week, instead of 48 hours, with proportionate compensation in wages. The hopes of a speedy termination of the dispute are not very high, and the present poor state of nearly all markets, of course, intensifies the seriousness of the situation, which is further accentuated by the stringency of competition.

Several of our largest industrial concerns have now published their balance sheets for 1930, and, although there is a decrease in earnings as compared with 1929, the results are not as unsatisfactory as might have been expected. Our largest paper concern, the A/S Borregaard, recently declared a dividend of 5 per cent., as against 6 per cent. for 1929, and net profits show a decline of about 1.5 million kroner. On the other hand, the total production of the company's mills in Norway, Sweden, Austria and U.S.A. only decreased by about 800 tons. There was a heavy fall in prices during the year, especially as regards sulphate of cellulose, which is now quoted below pre-war price. Though forecasts for the current year are not promising, if the labour dispute is settled in such a way as to enable our industry to compete success-

fully with foreign industries, the outlook will be materially altered.

The protracted depression of the freight markets entails an increase in the amount of idle tonnage, and shipowners entertain no delusions as to the chances of a speedy recovery. In its report for 1930 the Norwegian America Line describes the year as a very difficult one, the one bright feature being an appreciable increase in the east-going traffic on account of the Church festivals in this city last year. The curtailment of immigration quotas now put into effect by the U.S. Government will seriously affect the west-going passenger traffic, while the adverse economic situation in the United States aggravates the gloomy outlook for homeward traffic this year.

The prominent feature in the whaling industry is the decision of the Norwegian Whaling Association to lay up its fleet during the season 1931-32, as the British purchasing group have declared themselves unable to consume the oil from next year's catch. On account of the extraordinary conditions at present governing this industry a Government Bill has been submitted to the Storting to dispense with the collection of the so-called port fund duty from whale oil imported from the Antarctic during 1931 and temporarily stored here.

The value of imports declined during February from 78.1 million kroner to 63.1 million kroner, compared with the same month last year; while exports fell from 58.1 million to 46.9 million kroner. Among import items, cereals, fats and oils decreased in value, while the import of vessels rose from 4.63 million kroner. The surplus of imports during the first two months of this year amounts to 43 million kroner, against 37 million kroner during the same period last year.

The money market has been very much influenced by the many loan transactions which have taken place recently. The withdrawal of funds required for the payment of subscriptions to new loans, as well as Easter and end-of-the-quarter requirements, have brought about a decrease in the deposits with the big Oslo banks, and these conditions were also reflected in the position of the Norges Bank at the end of the quarter. On the Bourse the prominent feature has been the drop in whaling shares during the last few weeks, while the labour crisis, of course, contributed to the lack of interest in industrial shares.

SWITZERLAND.

Bank Results — Gold Standard — Growing Capital Market — Foreign Investment — Public Finance.

(FROM OUR CORRESPONDENT.)

GENEVA, April 4.

THE accounts for 1930 of the Swiss National Bank show a net profit of £284,380, compared with £272,441 in 1929. It has been decided to place £20,000 to reserve, to employ £50,000 in paying a dividend of 5 per cent., and £10,000 in paying a super-dividend of 1 per cent. The remaining £204,380 will be paid to the Federal Treasury, which will, as usual, distribute it among the 22 cantons forming the Confederation.

The principal object of the Board throughout 1930 was to prevent a further rise in the value of Swiss currency, and large quantities of foreign money were bought for that purpose. These foreign currencies were later converted into gold and deposited in London and New York. At the end of 1930 the Swiss National Bank was in possession of over £40,000,000 in gold and gold currencies. The coming into operation of the new legal provision for the replacement of bi-metallism by the gold standard already enabled the bank to issue gold coins during the past year, when £11,920 worth of Swiss gold pieces were put into circulation, while £27,120 of gold pieces of the former Latin Monetary Union was sold to be reminted. The introduction of the gold standard resulted in a big increase of the gold reserve which, after April 1st, oscillated between 62.33 and 69.42 per cent. of the note circulation.

The outstanding banking feature of the past year was the reduction of the discount rate, which had remained unchanged at 3½ per cent. from 1927 to May, 1930, when it was reduced to 3 per cent., while the rate of loans on securities was concurrently brought down from 4½ to 3½ per cent., thus reaching the lowest level recorded for the past 25 years. The ultimate aim of the Board is to put gold coins into circulation again in Switzerland, but the directors thought it better to postpone that part of the programme, for, in the present unsatisfactory economic circumstances, gold coins might be hoarded in Switzerland, and probably exported to the neighbouring countries, with the result that they would have to be replaced not only at the expense of the National Bank, but also at the expense of the world gold market.

The report of the Bank remarks that the Swiss capital market further developed in 1930, and that the importance of this country as a financial centre is growing year after year. This is confirmed by the fact that the deposits and investments of foreign capitalists are increasing, and that the quantity and value of foreign borrowings from the Swiss market are every year bigger. The extraordinary abundance of capital, and the consequent low interest of money, account for the big increase in the issuing of loans, most of which were launched for conversion purposes. While the total of loans issued in 1930 by the Swiss federal, cantonal and communal authorities, as well as by banking, commercial and industrial concerns, reached £49,054,800, compared with £18,712,800 in 1929, the aggregate of foreign borrowings was £15,030,920, against £4,620,600 the previous year. The Federal Government issued only one conversion loan, of £10,000,000, and the Federal Railways a conversion loan of £6,000,000. The interest on Swiss loans ranged from 4 to 6 per cent., and that on foreign loans from 4 to 7 per cent.

Foreign investors are not only depositing their funds in Swiss banks, but they are also buying Swiss Government securities, which partly accounts for the fact that their value has been rising during the year in spite of the unsatisfactory conditions prevailing on the security market. The 1930 index shows that the average value of twelve Swiss Government securities rose from 169 to 198 per cent. Foreign capitalists are also investing their money in houses and buildings, and much business was done in the Swiss towns where big houses with flats have been acquired by foreigners, thus causing the average value of buildings to increase. Despite this, the purchase of houses remains a profitable bargain, as they yield an interest ranging from 5½ to 7 per cent.

The Federal Budget for 1930 estimated receipts at £15,320,000 and expenditure at £15,311,200, but during the year expenditure was increased by about £1,600,000 owing to the payment of various subsidies and to extraordinary expenses, so that at one time a considerable deficit was anticipated. Instead there has been a surplus of £269,288, as receipts rose to £17,324,249, while expenditure totalled £17,054,961. These favourable results, however, were only arrived at thanks to an unexpected increase of £2,000,000 in receipts, which is not likely to recur annually.

During the past year, in conformity with the plan providing for the progressive redemption of the Public Debt, the Federal Government repaid £2,400,000 out of the yield of the Extraordinary War Tax, and paid £1,846,800 to the special fund for the redemption of the debt, which now stands at over £3,880,000, while a further £260,000 was saved on interest and service of the debt. The Government is now preparing for the repaying, at the end of the year, of a loan of £4,000,000, and by means of two loans of £4,000,000 each—the proceeds of which will serve to convert 5 per cent. into 4 per cent. loans—it will effect a further saving of nearly £200,000 in the interest and service of the Public Debt.

Though the 1930 accounts are, on the whole, satisfactory, the rise of about £1,700,000 in expenditure as a result of the grant of numerous and important State subsidies illustrates the weak point in Swiss political life. The Federal Parliament, as well as the Cantonal Governments, with a view to pleasing the electorate, are too inclined to grant subsidies, not only for all sorts of public

works, but also for gymnastic, musical, art and other associations, and the several small sums thus employed form an ever-increasing total. Should receipts decrease in consequence of the economic depression, the Federal Government will be faced with a deficit, and the finances will only be balanced if subsidies and extraordinary expenditure are drastically curtailed.

CANADA.

Crop Conditions — Business — Canada Power and Paper Corporation — Parliamentary Session — Budget Prospects.

(FROM OUR CORRESPONDENT.)

OTTAWA, April 7.

CANADA is being favoured with an early spring, and cultivation of the land is general in the Eastern Provinces. In Manitoba soil conditions are reported to be good, but elsewhere on the prairies there is a serious dearth of sub-soil moisture, and heavy rains will be needed in the next two months to give the crop a reasonable chance. Wheat prices have turned downward again, largely owing to favourable reports about the condition of the winter wheat crop of the United States, but the export demand continues fairly good. Agrarian leaders in the West agree that a scheme of limitation for Canada's wheat acreage such as was suggested at the conference at Rome is impracticable, and accordingly no serious reduction of the wheat area is anticipated. The Federal Government has appointed a Royal Commission to settle authoritatively an ancient subject of controversy on the prairies by determining whether the sale of grain "futures" operates to the detriment of the producers. The Chairman of the Commission is Sir Josiah Stamp, and the representative of the grain-trading interests is Mr Sanford Evans of Winnipeg; the three prairie provincial governments are to appoint a member representing the producers.

There is some evidence of the annual stimulus which the advent of spring invariably brings to Canadian business, but its condition is still far from satisfactory. The car-loading figure for the week ending March 28th, at 49,416 cars, shows a decline of 245 cars as compared with the previous week, but is 8,113 cars below the figure recorded in the corresponding week of 1929. However, the latest business survey of the Bureau of Statistics, relating to the end of February, offers evidence of an improvement in some important factors, and suggests that a turning-point in the economic depression is in sight. Its index of industrial production, after reaching a new minimum in January, shows gains in grain and livestock marketing, in the volume of mining and new construction and in exports of copper, nickel and other minerals. The general weighted index of the physical volume of business for February at 138.9, while it was substantially below the figure for the last two years, compared favourably with the parallel index figure for February, 1927, which stood at 140. Another encouraging factor is a slight gain in the operations of the primary iron and steel industry, and motor production in February showed an advance of 10 per cent. after seasonal adjustment. In March the awarded contracts for new building construction, valued at \$27,311,000, showed a gain of 12.6 per cent. over the figure for March, 1930. Retail trade also is experiencing some improvement, especially in hardware and grocery lines, and sharp cuts in prices, which most merchants have made, are helping the sales of spring and summer clothing. The majority of factories, however, are still short of orders and working well below capacity, and the unemployment situation continues to present a serious problem to many communities. Many of the public works which were undertaken by the Federal and provincial governments by way of relief measures are either completed or on the verge of completion, and before Parliament rose for the Easter recess the Labour group forced a special discussion of the unemployment situation and, submitting evidence of acute distress and hardship in Winnipeg and other places,

demanded further remedial measures on the part of the Government.

The affairs of the Canada Power and Paper Corporation, one of the largest units in the newsprint industry, seem to be approaching a crisis. At the annual shareholders' meeting, held in Montreal last week, Mr J. H. Gundy, the president, announced that a drastic re-organisation of the financial structure would have to be carried out. The company's operations are being carried on at 47 per cent. of its producing capacity, and, although economies have reduced costs of operation by \$1 per ton as compared with a year ago, it was made plain that the earnings were quite inadequate to meet the fixed charges. Indeed, a firm of brokers has circularised its clients to the effect that the interest on the bonds of the constituent companies is unlikely to be paid at the next due date. It was admitted by Mr Gundy that the corporation's bank loans at the end of 1930 totalled \$14,558,000, a figure which has since been increased, and that the banks had refused to give further credit. Mr Gundy stated that there would be no ruthless cutting of capitalisation, but it is difficult to see how very drastic financial surgery can be avoided. The Minnesota and Ontario Paper Company, which is controlled by the Backus interests, had also been placed in receivership, and it seems unlikely that any further progress can be made with the projected newsprint merger until the financial reorganisation of the units which are so deeply embarrassed has been carried out.

The Federal Parliament, after sitting three weeks, has adjourned for an Easter recess of twelve days. Most of the time was consumed in the debate on the Address, which is still unfinished. Mr Mackenzie King, Colonel Ralston and other Opposition speakers vigorously attacked Premier Bennett's attitude at the Imperial Conference; they contended that he ruined any chances of success for his preferential proposals before he started for London by raising the duties on British goods at the emergency session; that his proposals as submitted were unsound and constituted a dangerous departure from the principle that no unit of the Commonwealth should interfere in the domestic policies of another; that, while the other Dominion Premiers had been accommodating and flexible, he had been unbending and dogmatic and that he had alienated British opinion to the detriment of any prospect of securing a better market for Canadian products in Britain. The Progressives joined the Liberals in attacking the Government's fiscal policy, and some of the former advocated as a remedy for the troubles of the prairie farmer that Canada should deliberately abandon the gold standard, arguing that a depreciation of the Canadian dollar by 20 per cent. would operate as a sort of bonus for the export of wheat and other Canadian produce. There was also a lively controversy over a heavy vote of supplementary expenditures which was necessary to cover unforeseen outlays in the fiscal year just ended. Speculation is now rife about the terms of the Budget, which will probably not be brought down until early in May. It is now definitely certain that the deficit will be not far short of 100 million dollars, and as additional expenditures will have to be faced next year, Mr Bennett will have to resort to heavy additions to existing taxation. The reaction of business opinion to feelers in the Press about a "turnover" tax has been unanimously hostile, and the idea has apparently been dropped in favour of an increase in the sales tax to its old rates.

IRISH FREE STATE.

Beet Sugar Crisis — Butter Duty — De-rating — Budget Results — Savings.

(FROM OUR CORRESPONDENT.)

DUBLIN, April 18.

A CRISIS has arisen in the beet-sugar industry which may result in the suspension of operations during the coming season. The sugar factory is offering 38s. per ton as the basic price for beet, and the majority of the farmers who in other years have supplied the factory have refused to accept this price. It is almost certain that very little beet

will be grown unless the price is increased. Meanwhile, the ordinary taxpayer secretly hopes that the deadlock will continue, and that a large sum of public money paid by way of subsidy will be saved. The whole history of the sugar-beet experiment in the Free State is an illustration of the folly and extravagance of deflecting farmers from the naturally profitable course of cultivation.

The Minister for Agriculture has stated that the import duty on butter imposed this winter has cost consumers about £80,000, and has used this figure as the basis of a warning regarding the cost of indiscriminate protection. Duties of between 15 and 33½ per cent. are levied on industrial imports of the value of £14,000,000, and are in practically every case added to the price of the articles on which they are collected. The burden of these taxes on the agricultural community is already heavy, and Mr Hogan stated that "a further extension of tariffs to a large number of items would rob the farmer of all the benefits of all the reductions which he had obtained under the Land Acts."

The State's taking away with one hand the benefit of favours conferred on the farming community by the other is a danger to which it is timely to call attention in view of the proposals to de-rate agricultural land by means of additional indirect taxation. The Report of the De-rating Commission is eagerly awaited, and its publication is expected before the introduction of the Budget. While the recommendations of the Commission are still a matter of conjecture, there can be no disagreement about the necessity of finding large additional revenue from other sources, if the farmers' claim to exemption from rates is conceded. In a country where the majority of the population is engaged in agriculture, it is unquestionable that a large part of the necessary new taxation would be borne by the farmers themselves, and it is doubtful to what extent small farmers would be relieved by the change.

Meanwhile, the agitation in favour of de-rating continues among the farmers, and a strong body of opposition to the proposal is growing among the representatives of urban interests. The Government has announced its intention of granting some measure of relief to agriculture in the forthcoming Budget, but the precise nature of this relief has been kept a closely guarded secret. It is felt that the distresses of the farmers are transitory, arising from falling prices, and that they can be sufficiently alleviated by temporary palliatives, without the introduction of any deep-seated permanent revolution in the system of local government and taxation such as complete de-rating would involve.

The Finance Accounts for the year ending March 31, 1931, are very satisfactory. Revenue at £24,365,196 is in excess of the estimated revenue by £328,296, while expenditure at £25,266,234 is in excess of the estimated expenditure by £1,067,584. The deficit for the year is £901,338, but the greater part, if not the whole, of this amount can be accounted for by exceptional, non-recurrent expenditure. Increases of revenue are shown under the heads of Customs, motor taxes, estate duty, and income tax, and decreases under the heads of excise and stamps. Of the expenditure £4,491,243 was in respect of Central Fund Services and £20,775,341 in respect of Supply Services. The comparative smallness of Central Fund expenditure reflects the low level of national indebtedness which is one of the healthiest features of the finances of the Free State.

One item in the public debt, the growth of which is regarded as a favourable sign, is the Savings Certificates, the old issue of which has been withdrawn to be replaced by a new issue bearing a lower rate of interest. In the eight years during which the original Savings Certificates were on sale, £8,002,700 were issued and £1,056,438 repaid, leaving the amount outstanding £6,346,262. Naturally, the certificates are taken principally by small investors, the maximum individual holding being £500, and the widespread holding of small amounts of certificates is a comfortable guarantee of social security.

Letters to the Editor.

ENGLAND'S CRISIS.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In these days when public opinion in England is concentrated upon the trade depression and the question of Protection, it might be of some interest for those Englishmen who try to view the situation in England without prejudice to hear some comments of a neutral foreign observer.

Let us leave the present trade depression out of consideration. It is world-wide and by no means characteristic of England only. Ever since the post-war trade boom a constant depression has been predominant in the key industries of the country, coal, iron and cotton. The irresolute way in which remedies have been found and the failure with which they have met, have awakened a feeling abroad that the political leaders of the British nation as well as its financial experts are not aware of the fact that England is facing quite another Europe—not only politically but also economically—than that which existed before the war, and that the economic structure of England to-day is not the same as before the war.

Let us review the above industries. I do not think anyone would deny that if the coal industry in the only three coal-exporting countries of Europe were owned by three companies and the markets divided between them, output being regulated and prices controlled, the business prospects of this industry would be very satisfactory. Both Poland and Germany have controlling organisations which are in a position to negotiate on the part of their respective countries, and I think that England has followed the advice of the Coal Commission in so far as that it has, or at any rate, easily enough could create an organisation endowed with the necessary power. It might be objected that negotiations have recently been carried on for the above-mentioned purpose but have broken down on account of Poland's claim to obtain too great a part of the market. Although I am fully aware of this, the failure makes me believe that the English negotiators have not fully grasped the unpleasant fact that England must be content with a smaller proportion of the coal export of Europe than before the war, and this for the very simple reason that England cannot compete with the other coal-exporting countries on a profitable basis. England cannot possibly force Poland out of the Scandinavian market, for three reasons:—

1. The geological character of the coalfields both in Poland and Germany permits a greater output per worker and day than in England.

2. Wages, especially in Poland, but also in Germany, can, if necessary, be forced down to a much lower level than in England.

3. Poland is absolutely compelled to keep her present proportion of coal exports from sheer necessity of getting currency to meet her foreign obligations. If compelled by English competition she would keep up her coal export with badly paid labour and with the aid of the taxpayers, irrespective of cost and with the sole intention of procuring foreign currency. Why not face facts and act accordingly? It is possible that a coal agreement would involve a reduction in the number of British miners, but such a reduction is nevertheless inevitable. The process of closing down collieries is going on and will surely continue. The remarkable thing is that it has been postponed so long. It is therefore high time for England to cease subsidising foreign competition by cheap coal and put its coal industry on a profitable basis.

The poor state of the iron industry in England has long been a matter of astonishment in foreign countries. Should not England have the same capacity to compete as Germany and Belgium? The talk of German dumping and the higher wages in England cannot explain more than part of the decline. The causes thereof are several, but by far the most important is that the greater part of the factories are totally out of date, the units being too small and the equipment inadequate. These facts are surely evident to the English experts, but lack of capital, and perhaps of enterprise too, has prevented readjustments. Much the same could be said about the cotton industry.

The great question seems to be how to attract the necessary capital, for I presume that technical ability and enterprising spirit are not lacking. One thing is obvious: owing to the crushing burden of taxation and other consequences of the war the saving power of the classes traditionally interested in industry is greatly reduced. The figures of saving banks and other institutions accumulating the savings of the general public indicate, it is true, an increased saving capacity among certain categories of the population; but whatever may be the total saving capacity of the British nation, the character of the saving has without doubt greatly changed. Industrial reconstruction loans have no attraction for the new savers as

individuals, nor for the institutions accumulating their savings. Such institutions are more or less confined to the gilt-edged market.

It seems to me, therefore, a matter of paramount importance to bridge the gap between new types of savings and the market for capital investment. Why not do it by putting industrial reconstruction loans in a class made acceptable to the new categories of savers by the Government's guaranteeing them? There is no need to add a new Government Department to those existing. There is already in existence an institution proper to the supervision of such loans—the Bankers' Industrial Development Company. Loans recommended for guarantee by this institution should be endorsed by the Government, in which case they would surely prove a great success. As they could be emitted on very favourable terms to the borrowers, the Government might deduct a commission for a fund against losses. The idea of the Government guaranteeing private loans might seem shocking to a conservative mind. It does not, however, signify a fundamentally new policy. The British Government has already commenced by guaranteeing export credits.

I will not claim that the proposed scheme is above criticism, but its advantages are great enough to make it worth serious consideration. It does not involve new Government borrowing. The risk of losses is small indeed and would to a great extent be counterbalanced by a reduction in the dole. It would direct capital towards investments that would not only contribute to an immediate relief in unemployment, but would give a future earning power to a part of British industry which is now in a deadlock.—Yours faithfully,

Djursholm,
Sweden.

WALTER LINCK.

April 18th.

[Our correspondent's view is interesting, but we are inclined to suggest that the difficulties of British industry are not to be cured simply by an injection of cheap new capital, without reference to the need of readjustment of costs in many directions.—Ed., *Econ.*]

Books and Publications.

BURDETT.*

As "Burdett," the "Stock Exchange Official Intelligence" has become famous for its high standard of efficiency, and this is maintained in the 1931 issue, edited by the Secretary of the Share and Loan Department, and approved by the Committee of the Stock Exchange. Success has again been attained in condensing the information, without sacrificing any fundamental facts. The book, as usual, opens with chapters on Finance, County Finance, Indian Finance, Dominions and Colonial Finance, British and Foreign Finance and Company Law. A most valuable chapter deals fully with War and Reparation Debts, and attention is given to the funding of the various debts of the United States of America. The main body of the volume gives full financial details of every company or public authority whose securities are listed on the London Stock Exchange, and in the concluding pages will be found the customary information relating to stamp duties, trustee investments, income tax, Bank rate and the like, revised and brought up to date.

* The "Stock Exchange Official Intelligence for 1931." (London). Spottiswoode, Ballantyne and Company, Ltd., 1 New Street Square, E.C. 4. 60s. net.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The End of the Ancient World. By Ferdinand Lot. (London) Kegan Paul, Trench, Trubner and Company, Ltd., 68-74, Carter Lane. 21s. net.

The central thesis of this very interesting volume, is that from the ruin of the Empire, the barbarian invasion and the expansion of Christianity there resulted a complete transformation of human psychology, and that "between the men of the new and those of the ancient times there will hardly be a thought in common."

A New Exposition of Money, Credit and Prices. By J. Laurence Laughlin. In two volumes. (London) Cambridge University Press, Fetter Lane. 45s. net.

Volume I consists mainly of historical matter, with a small second part devoted to criticism. The first part of Volume II is composed of chapters on the history of credit and the second part to the relation between credit and prices.

The Japanese Population Problem. By L. R. Crocker. (London) George Allen and Unwin, Ltd., 40, Museum Street. 10s. 6d. net.

A capable study of a problem which threatens, in the author's opinion, to become dominant in the international affairs of the Far East.

Official Year Book of the Commonwealth of Australia, 1930. (London) Australia House, Strand. 5s. net.

An indispensable work of reference, containing official statistics of every kind with explanatory text. As usual, the very comprehensive figures are well chosen and conveniently arranged.

Kimber's Record of Government Debts, 1930. (New York) Overseas Statistics, Inc. (London) London General Press, 6, Bouverie Street. 3 guineas.

A most valuable book of reference. It contains not only the usual particulars of each Government security, but a most useful collection of financial and economic information about the countries by which they are issued.

Annuaire Statistique, 1929. (Paris) Imprimerie nationale.

An extremely useful collection of French official statistics, roughly corresponding to the *Statistical Abstract of the United Kingdom.*

Labor and Coal. By Anna Rochester. (London) Modern Books, Ltd., 16, King Street. 6s.

Labor and Lumber. By Charlotte Todes. (London) Modern Books, Ltd., 16, King Street. 6s.

Labor and Textiles. By Robert W. Dunn and Jack Hardy. (London) Modern Books, Ltd., 16, King Street. 6s.

Studies of three important industries in the United States, from the point of view of the trade unions.

Sixty Years of Branch Banking in Virginia. By George T. Starnes. (London) Macmillan and Company, Ltd., St. Martin's Street. 8s. 6d. net.

A valuable contribution to United States banking history.

The A B C of £ s. d. By J. S. Wardlaw-Milne. (London) Faber and Faber, Ltd., 24, Russell Square. 3s. 6d. net.

A small book intended to explain our monetary system to the initiated.

Money versus Man. By Frederick Soddy. (London) Elkin Mathews and Marrot, 54, Bloomsbury Street. 3s. 6d. net.

A scheme for stabilising the value of money.

Journal of the Royal Statistical Society. Par. I, 1931. (London) Royal Statistical Society, 9, Adelphi Terrace. 7s. 6d.

Contains Sir Josiah Stamp's presidential address on the National Capital.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Empire Marketing Board: Production and Trade of the Irish Free State. April, 1931. 2d. net.

Palestine and East Africa Loans Guarantee: Memorandum on Proposed Financial Resolution. Cmd. 3848. 1d. net.

Department of Overseas Trade: Economic Conditions in Brazil, December, 1930. 3s. 6d. net.

THE GERMAN-AUSTRIAN CUSTOMS UNION

Two books indispensable to the understanding of this problem are: *ÄUSSERERE WIRTSCHAFTSPOLITIK MITTEL-EUROPAISCHE PLÄNE.*

By Dr. Gustav Gratz and Dr. Richard Schüller. 14/- net.

AND *THE ECONOMIC POLICY OF AUSTRIA-HUNGARY DURING THE WAR IN ITS EXTERNAL RELATIONS,* which is the same book in an English version by W. Alison Phillips. 16/- net.

Both books are published for the *CARNEGIE ENDOWMENT*

BY THE
OXFORD UNIVERSITY PRESS

The Stock Exchange.

THE OIL OUTLOOK.

THE oil industry this year has suffered what can only be described as a piece of bad luck. Its efforts last year to bring production into balance with consumption have been rendered abortive by the chance discovery of a prolific shallow oilfield in East Central Texas. Wells have been brought in twenty-two miles apart, and there is no doubt that a major oilfield some thirty miles or more in length has been discovered. At the beginning of March the production of this new field was only 55,000 barrels a day, but even without the help of a trunk pipe-line its output has already been increased to over 252,000 barrels a day. It is this extraordinary phenomenon which has thrown the American oil industry out of balance once again.

The following table, giving an analysis of the rise in the daily average crude oil production in America since the beginning of the year, shows clearly how the development in East Central Texas has affected the total American oil production:—

DAILY AVERAGE CRUDE OIL PRODUCTION.

(In Barrels.)				
(Figures of the American Petroleum Institute.)				
	Oklahoma.	California.	East Central Texas.	U.S. Total.
Peak for 1929	748,700	890,500	...	2,973,450
	(Sept. 14)	(Sept. 21)		(Aug. 1)
" 1930	707,550	806,000	...	2,722,050
	(Jan. 11)	(Feb. 22)		(Feb. 22)
Week ending—				
Jan. 1, 1931 ...	448,900	537,500	...	2,082,000
Mar. 7, " ...	501,650	523,500	56,050	2,156,700
" 14, " ...	505,800	526,400	82,700	2,190,000
" 21, " ...	572,100	531,900	91,550	2,268,050
" 28, " ...	552,800	530,400	122,100	2,275,350
April 4, " ...	511,550	525,100	144,700	2,252,100
" 11, " ...	513,700	528,900	199,200	2,308,250
" 18, " ...	585,100	526,900	252,600	2,422,000

The substantial increase in the output of Oklahoma in the week ending April 18th is due to the taking of a test flow in the Oklahoma City Field in order to determine the proportionate allowance for producers under the restriction scheme. The new oilfield in East Central Texas was responsible for the balance of the increased production last week and for the whole increase since March 21st.

The increase in crude oil production would not have been so serious if the American refiners had reduced the amount of crude oil run to stills at the refineries. It was their expressed intention not to stock up gasoline during the winter months this year, which is their usual practice, but to reduce the total stocks of gasoline at refineries to 40,000,000 barrels by April 1st, as against 55,000,000 barrels on April 1st last year. The refineries, however, have failed to live up to their good intentions. Stocks of gasoline at refineries increased to over 47,000,000 barrels at the end of March, and on April 18th amounted to 46,384,000 barrels. The next table shows the record of the refiners' failure:—

	Crude Oil run to Still.	Refinery Stocks of Gasoline.
	(Barrels per day.)	(Barrels.)
(Figures of American Petroleum Institute.)		
Last week in—		
1930	2,095,300	39,780,000
January	2,217,400	41,617,000
February	2,266,100	44,792,000
March	2,322,400	47,444,000
April 18th	2,484,300	46,384,000

The present inelasticity in the demand for gasoline makes the problem of over-production in this market all the more serious.

The increasing surplus of gasoline has led to severe price-cutting in both crude oil and gasoline markets. The

next table will show the reductions in representative oil prices this year:—

End of Month.	Gasoline Prices.	Crude Oil Prices.	
	" U.S. Motor " Grade, ex Oklahoma Refinery. Cents gallon.	Sante Fe Springs (Gravity 29° A.P.I.). \$ per barrel.	Mid Continent (Gravity 36° A.P.I.). \$ per barrel.
March, 1930	6.50	1.37	1.20
June, 1930	6.25	1.37	1.29
Sept., 1930...	6.50	1.28	1.29
Dec., 1930....	4.00	1.28	0.95
March, 1931	3.50	0.67	0.59
Apr. 23, 1931	3.50	0.38	0.59

The sweeping reductions in oil prices which have occurred this year are certainly disturbing to oil shareholders, seeing that the operating oil companies must needs effect a further writing down of stocks in their balance sheets. The hope that the balance sheets at December 31st last would have shown the position at its worst must now be abandoned.

What steps have been taken to meet the over-production in America, which, if continued, may lead to chaos or "war" in the oil markets? The Texas Railroad Commission, which is the authority enforcing restriction in the Texas oilfields, has issued an order restricting East Central Texas to an immediate output of 90,000 barrels a day, increasing by 6,666 barrels a month up to 130,000 barrels a day. Certain East Central Texas operators obtained a temporary injunction against this order, but the Texas Attorney-General has ruled that the injunction only refers to the acreage owned by the petitioners, so that the Railroad Commission can proceed to enforce the restriction on the new field as a whole to 90,000 barrels a day. More important than legal decisions is the drastic cutting of crude oil prices in East Texas. At the beginning of this month East Texas crude oil was selling as low as 25 cents per barrel; to-day it is only 15 cents a barrel. At this ruinous level the operators have begun to realise that it is hardly worth while to allow their wells to flow. There is, therefore, some ground for believing that a voluntary restriction scheme will shortly be imposed in East Central Texas and that the worst of the menace has been seen.

In the meantime a conference is being held at Washington between the Oil States Advisory Committee and the Federal Oil Conservation Board for the purpose of working out a comprehensive programme for the stabilisation of the oil industry. A plan has been considered which limits production in each section of the country to actual local requirements. This plan has the approval of the principal oil companies, but opposition has been voiced by Senator Borah in the Senate, who will agree to no Federal restriction scheme for the oil industry unless the Federal Government is a party to the fixing of oil prices. At the same time the large oil-importing companies have agreed upon the voluntary restriction of oil imports by 25 per cent. Imports of oil into the United States have been at the rate of 100,000,000 barrels a year, which is equivalent to about 11 per cent. of the United States domestic production. A reduction of 25 per cent. would limit imports to an equivalent of 8.3 per cent. of the United States domestic production. This is not a great contribution to the solution of the over-production problem, but it encourages the operators in the American fields to maintain their restriction programmes. The statistical improvement which was effected last year and in the first two months of 1931 is shown in the table on the next page.

For the holder of oil shares it is, unfortunately, clear that 1931 will show worse results in earnings and dividends than 1930. The final dividends in respect of 1930 have yet to be declared by a number of important oil companies, including Royal Dutch, Shell Transport,

U.S. DEMAND AND SUPPLY OF ALL OILS.
(In Thousands of Barrels.)
(Figures of U.S. Bureau of Mines.)

	12 months. 1929.	12 months. 1930.	Jan.-Feb. 1930.	Jan.-Feb. 1931.
Supply—				
Domestic production	1,062,649	950,690	163,091	134,763
Imports	108,710	105,615	16,801	15,660
Total new supply	1,171,359	1,056,305	179,892	150,423
Demand—				
Domestic consumption	940,083	922,935	143,982	136,496
Exports	163,120	156,666	25,699	21,712
Total demand	1,103,203	1,079,601	169,681	158,208
Stocks (at end of period)	689,166	665,870	699,377	658,285

Burmah Oil and Anglo-Persian. The Shell Union Oil Corporation, the American subsidiary of the Royal Dutch-Shell group, has passed its common share dividends since June 30th last. The loss of Shell Union dividends for a whole year is equivalent to a dividend of $3\frac{1}{2}$ per cent. on the Royal Dutch and of 4 per cent. on the Shell Transport ordinary capital. Having regard to the effect of the fall in oil prices on the earnings of the wholly-owned subsidiaries operating outside America, it is considered in the oil-share market that the final dividends in respect of 1930 of Royal Dutch and Shell Transport may be reduced to $7\frac{1}{2}$ per cent. or 10 per cent., making $17\frac{1}{2}$ per cent. or 20 per cent. for the year, as against 24 per cent. for Royal Dutch and 25 per cent., tax free, for Shell Transport in respect of 1929. Similar reductions are anticipated in the case of Anglo-Persian and Burmah Oil. These fears of dividend reductions have led to extensive selling of oil shares this week, with a consequently severe decline in market prices. The extent of the fall this year, together with the potential dividend yields obtainable at present deflated levels, are shown in the next table:—

Year ended December 31st.	Dividends, %.			Highest Price, 1930.	Highest Price, 1931.	Present Price.	Approx. Yield, %	On basis of Divs. of
	Last Year.		This Year. Int- erim.*					
	Int- erim.	Final.						
Anglo-Persian Oil Co.	5	15	5	42	24	14	10.45 or 7.85	20% 15%
Anglo-Egyptian Oil Co.	...	22½	...	53½	48½	40½	11.25	22½%
Burmah Oil Co. £1	10	20	10	44	34	22	10.90 or 9.10	30% 25%
Canadian Eagle no par val.	...	12 cts.	...	14½	9½	7.6	6.60	12 cts.
Mex. Eagle ord. \$4.	...	6%	...	15½	10.9	7.7½	6.23	6%
Royal Dutch F1.100	10	14	10	35½	26½	19½	8.46	20%
Shell Transport £1.	10 free	15 free	10 free	5	34	24	7.37 or 6.29	17½% 17½%
Venezuelan Oil Co. £1.	...	20	5	34	...	14	10.90	15%\$

* Final dividend not yet declared.
† Equivalent to 20 per cent. on oil capital.

A comparative table of the fall in American oil shares this year, together with the dividend yields now obtainable, is shown in the next table:—

	1930. Divs.	High. 1930. \$	High. 1931. \$	Present Price. \$	Div. Yield %
Standard Oil of New Jersey	2.00	84	52	39	5.1
Standard Oil of Indiana	2.50	59	38	29	8.4
Standard Oil of California	2.50	75	51	41	6.0
Standard Oil of New York	1.60	40	26	20	7.8
Imperial Oil (of Canada)	1.00	30	18	12	8.2
Shell Union	.70	23	10	6	...
Gulf Oil	1.50	116	75	56	2.7
Texas Corp.	3.00	60	36	25	11.9

It will be seen that the market quotations for the leading British oil shares are much more deflated than those of the leading American. Having regard to the strong financial position of such companies as Royal Dutch, Shell Transport, Anglo-Persian and Burmah Oil, the market appears to be taking an unduly pessimistic view of the ability of these companies to withstand the present depression in the oil industry.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
May 5.	May 7.

The market refused to take any risks in the week before the Budget. The effect of the usual crop of irresponsible rumours was augmented by a mood of pessimism regarding the economic outlook, which served to bring down the values of certain equity stocks to the lowest points of the year. The best section of the "House" was the Gilt-edged market, where the Bank of England's success in securing the week's offering of "new" gold from South Africa created a favourable impression, the effect of which was heightened by a little "safety first" buying by Budget-apprehensive investors. Foreign news was either bad or colourless. The commodity markets provided the inevitable new "record," rubber filling the rôle by its descent below 3d. Altogether, the period before the Budget has been peculiarly uncomfortable this year, and the mere presentation of the Budget next week will afford some relief, whatever its contents.

Increased business in Gilt-edged stocks left Funding Loan and War Loan higher, while $3\frac{1}{2}$ per cent. Conversion Loan made a good showing. India loans strengthened but Australians lost further ground on the suspension of the New South Wales Government Savings Bank, with its 75 per cent. of working-class depositors. The foreign market was quiet, the only feature of interest being a rally in Brazilians, mainly on covering in New York. Argentines were steady, fears over the Buenos Aires Provincial elections (discussed on page 904), being found to be exaggerated. Little interest was taken in Far Eastern issues.

Selling of home rails was less in evidence. The week's traffic figures, though bad, had been over-discounted and Midland, Scottish showed a modest recovery. Argentine railways, however, were unable to hold their gains, the traffic returns being less satisfactory than had been expected, while some uneasiness was caused by fears of the ruthless disposal by the United States Farm Board of its surplus wheat stocks. American rails again reflected nervousness regarding the trade situation and Canadian Pacifics were easier.

Unsettled conditions prevailed in the industrial market. Numerous fair-sized bear accounts were revealed at the carry-over, but further liquidation became less prominent after the middle of the week. Brewery and tobacco shares were slightly harder on bear closing. Steel and engineering issues were affected by the bad Guest Keen figures and the lower earnings of Babcock and Wilcox (dealt with on pages 905 and 906 respectively). Motor shares were irregular, Dennis being sold before the announcement of a reduced interim dividend. Electrical shares lost ground slightly. Textiles remained out of favour, the provinces being on the whole a seller. British Celanese were flat on the postponement of the first preference dividend, though this step was not unexpected. Selling from Amsterdam depressed Unilever issues, while the Swedish group was also offered, despite the satisfactory results of Swedish Match and Elektrolux. Dunlops showed a further decline on anticipations of a reduced final dividend. Further selling occurred of Cables and Wireless, the position of the preference stock being regarded as less certain. Gramophone shares, with other international counters, suffered from the unsettled mood of New York. Bank shares had a downward trend, particularly those of overseas institutions; but insurance shares mainly held their ground.

The oil market obtained no relief from distress. The position is discussed in a leading article on the preceding page. Royal Dutch and Shells were among the worst sufferers, some of the selling being on Dutch account. Activity in rubber shares was practically at a standstill, following the fall in the price of the commodity below 3d., and the publication of preliminary figures showing a decline in the 1930 profits of the Rubber Plantations Trust from £252,511 to £157,895. Tea shares were steady despite a scarcity of business.

An air of nervousness pervaded the mining markets, where dealings were of much smaller volume. A moderate amount of realisation was sufficient to halt the progress of Kaffirs, some "finance" shares showing a fairly sharp decline. Randfontein were lower on profit-taking. Rhodesians were neglected. The depression in diamond shares was unrelieved. Tin shares responded to a slight rally in the metal, but, among copper shares, Rio Tinto were again heavy.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Apr. 16, 1931.	Apr. 17, 1931.	Apr. 20, 1931.	Apr. 21, 1931.	Apr. 22, 1931.	Apr. 23, 1931.
Government and Municipal Loans	1,318	1,324	1,479	1,250	1,283	1,338
Transport, Communications, and Public Utilities	998	1,071	1,120	945	1,050	835
Commercial and Industrial*	1,533	1,777	1,785	1,582	1,613	1,692
Banks, Insurance and Finan- cial	528	563	599	525	588	514
Mines (including Nitrate)	577	564	505	446	451	465
Oil	137	163	178	151	123	171
Rubber, Tea and Coffee	86	83	150	125	113	91
Total	5,172	5,545	5,816	5,024	5,221	5,107

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Apr. 22.)	Apr. 15, 1931.	Apr. 17, 1931.	Apr. 20, 1931.	Apr. 21, 1931.	Apr. 22, 1931.	Apr. 23, 1931.
12.3	64.6	66.8	65.9	65.1	65.0	64.6	64.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets suffered from further selling, due less to nervousness than cold-blooded pessimism. Railroads were again unfavourably in the picture, the decision of the directors of the Atlantic Coast Line to adjourn the annual meeting and defer the question of the semi-annual dividend being given a possibly exaggerated significance. The March returns of the first seven roads reporting, however, showed an improvement over the previous month. United States Steel declined sharply on the further fall in operations to 49 per cent. of capacity, the shares making a new low record. Cement shares were offered on apprehension over the growing intensity of the price war. Motors were weak, despite the Chrysler announcement that March sales were 60 per cent. above those of February. Political developments in the Central American Republics have had little influence in Wall Street. The first quarter's corporation earnings figures continue to show declines of anything from 30 to 40 per cent., as compared with the first quarter of 1930. The oil position remains unsatisfactory, despite efforts to obtain some measure of control over production from the East Texas field.

	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.		Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.
U.S. 3 1/2% T. Bds.	105 1/2	105 1/2	105 1/2	Natl. Biscuit	78 1/2	77 1/2	77 1/2
Lib. Ln. 3 1/2% '32-47	101 1/2	101 1/2	101 1/2	Phelps Dodge	20 1/2	20	19 1/2
Do. 4 1/2% '32-47	102 1/2	102 1/2	102 1/2	Pullman	42	44	43
Do. 4 1/2% '33-38	103 1/2	103 1/2	104	Sears-Robinson	53 1/2	51	50 1/2
Atchafalpa	175	168 1/2	165 1/2	Studebaker	23 1/2	22 1/2	20 1/2
Chen. & Ohio	40	39 1/2	38 1/2	Un. Fruit	60 1/2	60 1/2	58
Erie	25 1/2	26 1/2	24 1/2	U.S. Leather	8 1/2	8 1/2	6 1/2
Illinois Central	66	66	58	U.S. Rubber	17 1/2	16 1/2	14
N.Y. Central	105 1/2	105 1/2	100 1/2	U.S. Steel	136 1/2	131 1/2	127 1/2
Pennsylvania	55 1/2	55 1/2	55 1/2	Westinghouse	83 1/2	76 1/2	71 1/2
Southern Pacific	90 1/2	90 1/2	87 1/2	Woolworth	60 1/2	60 1/2	60
Southern Ry.	40 1/2	37 1/2	36 1/2	Am. Tel. & Tlg.	188	187 1/2	184
Union Pacific	171 1/2	165 1/2	161	Interboro R.T.	29	25 1/2	23 1/2
Am. Can.	121 1/2	117 1/2	116 1/2	Int. Tel. Teleg.	33 1/2	32	27 1/2
Amor. Smelting	45	45 1/2	42	Radio Corp.	20 1/2	20 1/2	17 1/2
Anaconda	32 1/2	32 1/2	30	Utilities P. & L.	26	25	21 1/2
Bethlehem Steel	53	49 1/2	47 1/2	W. Union Tlg.	128 1/2	126	117
Chrysler Motor	21 1/2	20 1/2	19	Associated Gas "A"	21 1/2	20 1/2	19 1/2
Corn Produce Rf.	78 1/2	76	69	Pan. Amer. B.	31 1/2	31 1/2	28 1/2
Eastman Kodak	158 1/2	157	154 1/2	Shell	29 1/2	27 1/2	25 1/2
Gen. Electric (New)	45 1/2	43 1/2	43 1/2	Shell Union	7 1/2	6 1/2	5 1/2
Gen. Motors	43 1/2	43 1/2	39 1/2	Sinclair Oil	11 1/2	11 1/2	10 1/2
Int. Harvester	51 1/2	49 1/2	49 1/2	Std. California	41 1/2	42	39 1/2
Montg. Ward	22 1/2	20 1/2	19 1/2	Do. N.J.	43 1/2	42 1/2	38 1/2

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Cophall Avenue, London, we print

the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	Apr. 15.	Apr. 22.
337 Industrials	134.5	218.9	98.2	174.1	99.6	103.3	97.0
33 Rails	127.8	173.5	89.1	145.5	92.0	87.5	84.5
34 Utilities	177.6	330.4	153.2	287.4	158.1	174.0	164.6
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	112.0	105.7
Average yield of 50 Industrial Common Stocks	5.10%	6.23%	4.15%	5.95%	5.91%	5.50%	5.88%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Apr. 22.)	Apr. 15, 1931.	Apr. 16, 1931.	Apr. 17, 1931.	Apr. 18, 1931.	Apr. 20, 1931.	Apr. 21, 1931.	Apr. 22, 1931.
140.2	116.5	123.9	122.2	120.5	121.9	122.5	119.3	116.5

TOTAL DEALINGS IN NEW YORK.

	Apr. 16, 1931.	Apr. 17, 1931.	Apr. 18, 1931.	Apr. 20, 1931.	Apr. 21, 1931.	Apr. 22, 1931.	Apr. 23, 1931.
Stock Exchange— Shares (Thous.)	2,300	2,500	1,300	1,600	2,000	2,700	3,800
Bonds (Value Thous. \$)	8,674	8,826	4,454	6,458	8,722	8,427	9,544
Over- Shares (Thous.)	433	508	286	333	345	488	644

* 2-hour session.

INVESTMENT NOTES.

The American Outlook.—The New York stock markets have now lost the whole of their recovery since the beginning of this year. The downward sweep has been orderly, in part the result of scattered liquidation, in the main the result of professional short-selling, prompted by the general disappointment at the failure of trade to show more than a seasonal revival this spring. No heavy volume of liquidation, accompanied by a sharp break in prices as margin accounts are impaired or stop-loss orders are uncovered, has yet appeared. Perhaps it will be avoided in this present reaction, seeing that the public did not participate to any great extent in the upward drive. The following table of security price indices shows that at any rate the false move which the market made this year in anticipation of the trade revival, has now been retraced.

DOW JONES INDICES.

	Low, 1930.	High, 1931.							
	Dec. 16.	Feb. 24.	Mar. 20.	Ap. 13.	Ap. 14.	Ap. 15			
30 Industrials	91.65	111.75	100.88	92.54	92.28	90.68			
30 Railroads	157.51	193.90	187.78	171.07	168.43	164.66			
	Apr. 16.	Apr. 17.	Apr. 18.	Apr. 20.	Apr. 21.	Apr. 22.			
30 Industrials	90.52	90.27	90.49	90.84	88.89	87.62			
30 Railroads	162.59	160.23	162.37	163.41	158.85	156.24			

The behaviour of representative leading stocks is shown in the next table:—

	1930. High.	Low. (Dec.)	1931. High. (March).	Present Price.
Anaconda	81	25	43 1/2	29 1/2
Electric Power and Light	103	34 1/2	60 1/2	45
General Motors	54 1/2	31 1/2	48	39 1/2
North American	132 1/2	57 1/2	90 1/2	68 1/2
Paramount Public	77 1/2	34 1/2	50 1/2	32 1/2
Radio	69 1/2	11 1/2	27 1/2	17 1/2
Standard Oil of New Jersey	84 1/2	43 1/2	52 1/2	37 1/2
United Carbon	84	14 1/2	28 1/2	17 1/2
U.S. Steel	198 1/2	134 1/2	152 1/2	126 1/2
Vanadium	143 1/2	44 1/2	76 1/2	42 1/2

There is as yet no sign of any recovery, and as far as the trade indices point to a lead, the market seems likely to continue its downward trend, apart from technical rebounds, for some months to come. The seasonal expansion in

(Continued on page 904.)

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 15, 1931.	Price, Apr. 22, 1931.
Central American Exploration.....	...	...	1½-2	1½-1½
Cosach 7% Ser. Bonds.....	96	20	22-2½ dis	5-4 dis
Darrell (J.) 10/-.....	16½	fy. pd.	1½	1½
Dorby 4½ 1931-61.....	98	28	1½ pm	1½ pm
Fortum and Mason Inc. 7% pref.....	95	5/-	1½-6½ dis	1½-6½ dis
Gulf Coast 4½ 1960-70.....	98	35	1½ pm	1½ pm
Greek 6% Ser. Bonds.....	87	50	2-1½ dis	2½-2½ dis
India 5½ 1936-38.....	97	fy. pd.	96½-96½	96½-96½
Kenya 4½ 1961-71.....	98½	fy. pd.	99½-99½	99½-99½
Lancs. Cotton 6½ deba.....	97½	32½	6½-5½ dis	9-8 dis
London and National Property 5% deba.	99	30	1½-1½ pm	1½-1½ pm
London Power 5% deb. 1972.....	100½	60½	2½-2½ pm	2½-2½ pm
Met. Water Board (D).....	...	...	1½ pm	1½ pm
National Canning Ord. £1.....	par	fy. pd.	19½-20½	18½-19½
Nat. Shipbuilders Security 5% deba. ...	95	60	1½-1½ dis	2-1½ dis
Reading 4½ 1951-61.....	99½	fy. pd.	98½-99½	98½-99½
Rio Claro Ltd. and Invest. 5% deba., 1962-72.....	...	...	97-98	97-98
San Luis 5% deba.....	91½	25	2½-1½ dis	6½-5½ dis
Second British Steamship Trust New £10.....	£10	£8	1½ dis	1½ dis
S. Essex Water 5% Pref.....	103	20	1½-2½ pm	1½-2½ pm
S. Essex Water Ord.....	111½	20	1½-2½ pm	1½-2½ pm
Surrey County Council 4½ 1950-70.....	99	fy. pd.	1½ pm	99½-100½

(Continued from page 901.)

business is apparently ending. In some industries—electric power, for example—the increase of activity is slowing down, and in others, notably steel, an actual contraction in operations has already begun. The steel industry as a whole is now operating at 49 per cent. of capacity, against a high level of 57 per cent. established in the middle of March. The fall in steel output follows upon a reduction in the orders of the automobile manufacturers who are revising their production schedules to the lowered level of retail demand. There is a report that the Ford Motor Company will shut down for two months this summer while assembling plants work off a large surplus of parts. Business is passing its spring "peak" with the industrial production index slightly lower and commodity prices still trending downwards. The Standard Statistics Company, on the basis of 27 corporation statements, estimates industrial earnings in the first quarter of the year at no less than 35 per cent. to 40 per cent. below those of the same period of 1930.

A New Security Index.—The investor cannot complain that statisticians are ignoring his existence. The fruitful research of the Actuaries has been followed by an equally painstaking revision of the index which the London and Cambridge Economic Service has been compiling for some years past. The result is a new index based on 92 British industrial equities (as compared with 20), the basis of selection being "industrial importance, good standing and stable financial organisation." The companies are arranged in fourteen industrial groups, to which weights are attached in proportion to the net output of the industries in the 1924 Census of Production. Within each group, however, weights have been assigned to individual companies on their market capitalisation in 1924. Prices are taken in the middle of each month, and the index is an arithmetical average. The following table shows the results, at three-monthly intervals, over the last few years:—

Month.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
March	108	113	119	141	143	116	95½
June	106	115	122	143	141	112	...
September	109	116	126	143	144	110	...
December	113	116	131	139	121	99	...

Unlike some recently constructed indices, the new figures are not based on results for an abnormal period. The names on the memorandum* are themselves, as the advertisers would say, "a guarantee of excellence." The "weighting" adopted, however, is a somewhat curious compound of two unrelated factors—net industrial output and market capitalisation—and gives not altogether satisfactory results. If individual shares are placed in

descending order of "weight," the following position emerges:—

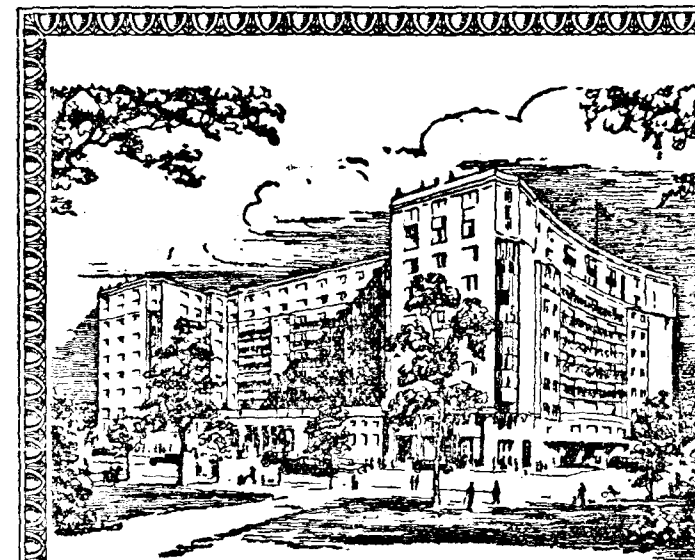
Share.	Weight Assigned.	Share.	Weight Assigned.
J. and P. Coats.....	92	William Cory	23
Guest, Keen	41	Gas Light and Coke... ..	22
Babcock and Wilcox... ..	40	P. and O. (Units).....	22
Boots Pure Drug	36.5	Powell Duffryn	20
Stewarts and Lloyds	31	Unilever	20
Deferred.....	31	I.C.I.....	20
Marks and Spencer	28	Maple	19.5
Debenhams Securities	26	Crittall	19
Harrods	24.5		
Guinness.....	24	Total, 17 shares	508.5
		Remaining 75 shares	491.5
			1,000.0

Since 17 of the 92 shares account for over half the total weighting, much of the effort expended each month makes very little showing in the final figures. Nearly one-fourth of the total weighting is given to shares in one of the least active of contemporary markets—that for iron, coal and steel shares. A relatively small variation in a stock such as Powell Duffryn may cancel out much wider movements in active shares like Pinchin Johnson, Carreras, Bass, Columbia Graphophone, or the electric supply companies. The "textiles and clothing" group, (in which J. and P. Coats has a weight of 92, against Courtaulds' 13), accounts for nearly 17 per cent. of the total weighting of the index. But the nine companies chosen for this group are not at all representative of the industries whose output figured in the 1924 Census of Production returns. They are, in fact, mainly textile finishers, thread makers and artificial silk manufacturers. The list includes no linen or jute concerns, and no clothing companies. Any index constructed on these lines, indeed, must come up against the difficulty that certain important British industrial groups—of which textiles are the outstanding example—have utilised the capital facilities of the London market much less than other groups. In short, by using a main weighting system which is purely "industrial" and tempering it with a sub-method based on a Stock Exchange factor—market capitalisation in 1924—the new index runs the risk of falling between two stools.

Argentine Stocks and the Buenos Aires Elections.—The recent elections in the Buenos Aires Province have resulted in a victory for the Radicals. The trade unions in this State are strong, and the result was not unexpected. There has, however, been some speculation as to the possible course of action of the Provisional Federal Government, led by General Uriburu. We understand, however, that, apart from the resignations of a couple of Ministers, there will be no change in the Federal Government until the Federal elections are held. There is at least a possibility that the Radicals may then be returned, but it is regarded as highly unlikely that Señor Irigoyen would, in such an event, be re-elected President, a more likely name being that of his immediate predecessor, Señor Alvear. The present Government, however, has the support both of the Army and the Navy, and its resignation, at the moment, is scarcely on the cards. Recent events, nevertheless, have had a somewhat depressing effect on Argentine stocks listed in London, as the following table shows:—

	April 13.	April 17.	April 21.	April 22.
5% Int. Gold, 1907 ...	94	91	90	91
5% Int. Gold, 1909 ...	94	93	91	91
B.A. (Prov.) 3½ % ...	54	51	50	50
B.A. (Prov.) 5%, 1915 ..	85½	84½	82½	82½
B.A. City 5%, 1914-15 ..	91½	90½	90½	90½
B.A. and Pacific Rly. ...	48	43½	43½	43½
B.A. Great Southern... ..	64	59½	59	58½
Anglo-Arg. Trams (6% 2nd Pref.) £5.....	15/-	15/-	15/-	17/6

Economic conditions in Argentina are somewhat more favourable than for some months past. The recent chartering of vessels for transporting the wheat crop has been heavy. The maize crop, which will shortly be ready for shipment, is of record dimensions.



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Rubber Below Threepence.—The outstanding feature of the rubber market has been the drop in price since January. Early in March renewed restriction talk centring round the "Maxwell Scheme"—which was never sponsored by the Rubber Growers' Association—raised the quotation to 4½d., but in the absence of definite news the market has forsaken the shadow of restriction and turned its attention to the substance of an overburden of stocks. The revival of trade has not been sufficient to absorb even reduced shipments of rubber, which amounted to 132,597 tons for the first two months of this year, as compared with 154,109 tons a year ago. The world absorption during January and February, 1931, was 111,139 tons, as compared with 119,715 tons in the same period last year. Such figures as are available for March indicate that world stocks will show a further increase over the February figure of 442,500 tons, which does not include rubber in course of shipment. With a world absorption during 1930 of no more than 713,812 tons, the market has good reason to insist that accumulation of stocks must cease. Dealers, speculators and manufacturers, having been told successively that sixpence, fivepence and fourpence were "pivotal prices" which would curtail production in a drastic manner, have financed enough rubber for at least six months at the present rate of absorption. The heavy March shipments from Malaya—48,467 tons—made no appreciable reduction in Malayan stocks, and on Monday the London price went below threepence. Estate interests sold and speculators liquidated their positions. A good deal of rubber thus sacrificed was bought on American account, and as manufacturers generally are believed to have covered their requirements on each succeeding fall, the market is likely to experience a quiet but anxious time for the next few months, until it becomes apparent that supply and demand are balanced. While it is still too soon to observe the effects of threepenny rubber, there is little doubt but that some estates will be entirely closed down, while many will elect to use such cash resources as they possess to conserve their bark. Native production may be divided

into two groups: (a) Rubber produced by the owner of the trees and by his family, in respect of which no wages are paid; and (b) rubber belonging to moneylenders and native proprietors who employ tappers. It is estimated that the first group can produce about 300,000 tons a year, while the second may have been put out of production by recent prices. As regards European-owned rubber, the estates in Java, most of which grow other crops besides rubber, are probably the cheapest producers, but their output is not estimated at more than 60,000 tons. An equal amount is probably produced in Malaya on estates which, for various reasons, have an all-in cost of under 3½d. It would therefore appear that the present price of 2½d. must prove definitely restrictive to a large proportion of the industry. In these circumstances, economic forces will probably prove the most effective of all restricting agents. Further efforts on the part of would-be "restrictionists" would be detrimental to the industry. The latter's chief desideratum at present is sufficient time to work off its stocks and to consolidate the economies which have contributed to a 50 per cent. reduction in costs during the last year.

Guest, Keen and Nettlefolds.—Ten months ago we wrote: "Despite long-drawn-out depression in the iron and steel trades Guest Keen's profits have been well maintained." This year's story is different, since, in view of the continuance of trade depression which has "seriously curtailed the earning power," the directors "consider it their duty to conserve the company's resources in every possible direction." Profits, after providing for debenture charges and income tax, are reduced from £968,698 to £409,222, while earnings available for the ordinary shareholders (who received 10 per cent. free of tax for the previous eight years) have fallen from £651,591 to £82,490. The decision not to recommend any dividend is readily comprehensible, the more so as profits have been distributed up to the hilt in recent

* London and Cambridge Economic Service, Special Memorandum No. 33: "New Index of Prices and Securities," by A. L. Bowley, G. L. Schwartz and K. C. Smith. London School of Economics, Houghton Street, Aldwych, W.C.2.

years. Provision has not been made in the accounts this year (though it was last time) for the losses of subsidiary companies, on the ground that the undistributed profits of other subsidiaries exceed such losses. The sum involved may be small, but it would not improve the figures. The table below shows how the cover on the preference shares (which are cumulative) has fallen:—

	Years ended March 31,		
	1929.	1930.	1931.
Net profit	956,071	968,698	409,222
First preference dividend ...	86,000	87,250	91,000
No. of times covered	11.1	11.1	4.5
Second preference dividend ..	228,259	229,857	235,732
No. of times covered	3.9	3.9	1.3
Ordinary:—			
Earned	10.2%	10.3%	1.3%
Paid, tax free	10%	10%	Nil
Amount of dividend	630,447	630,447	Nil
Increase in carry-forward ...	+ 11,365	+ 21,144	+ 82,490

The transfer of all the heavy steel interests in South Wales to the new Guest-Keen-Baldwin subsidiary has been completed by the inclusion of the collieries which serve the Dowlais steelworks. Apparently to meet the difference between the transfer valuation and the balance-sheet valuation, £150,000 has been appropriated from reserves, as well as £161,230 for writing down shares held in the Crown Preserved Coal Company "following the rationalisation of the patent fuel industry in South Wales." These last words deserve elucidation at Wednesday's meeting. The reserve fund, which receives £44,264 from elsewhere, stands £266,966 lower on balance. This decline appears substantial, but it must be set against "shares in subsidiary companies at cost or under, £15,322,677." The real present value of that enormous item is quite unascertainable by outside shareholders, and a clear explanatory statement would be the fairest possible means of restoring their confidence. Its increase of £713,165 this year may possibly be related to a new bank loan of £550,000, of which no explanation is given beyond the fact that it is "in connection with the purchase of certain investments abroad." Including this loan, outside liabilities have risen from £621,019 to £1,034,841, while liquid assets have fallen from £1,228,280 to £929,381—an additional reason for the conserving of the company's resources. The ordinary shares, which touched 36s. 10½d. last year, now stand at 14s. 3d.

Babcock and Wilcox.—Although the dividend has been reduced from 15 per cent., tax free, to 14 per cent., tax free, the total appropriations for 1930 exceed the year's earnings for the first time since the war, and no addition is made to reserve. The accounts show, however, that the trading position has been relatively well maintained, the manufacturing profit (including income from subsidiary and associated companies) showing a decline of only 3½ per cent. at £650,666. Income from outside investments and deposits, however, is £14,949 lower, and the income-tax reserve allocation exceeds that of 1929 by £28,040, so that net profits are down by 9.6 per cent.

	Years ended December 31,		
	1928.	1929.	1930.
Net profit†	734,903	674,316	609,302
Brought forward	125,361	118,363	75,992
Preference dividend.....	14,953	14,953	14,953
Rate %	6 & 5	6 & 5	6 & 5
No. of times covered	49.1	45.1	40.7
Ordinary capital:—			
Earned £	719,950	659,363	594,349
Paid £	644,948*	644,948*	601,952*
Earned %	16.7	15.3	13.8
Paid %	15.0*	15.0*	14.0*
To reserve.....	50,000	48,000	Nil
Other allocations.....	32,000	8,786	18,597
Carried forward	118,363	75,992	49,793
† After taxation. * Free of tax.			

Home business has apparently been well maintained, the total balance-sheet figures of stocks, work in progress, and expenditure on orders not invoiced, at £1,687,829, showing a rise of £167,879 over the last twelve months. The weak links in the company's chain have, however, been the Eastern markets, including Australia, and as the accounts from the Indian, Australian and Far Eastern branches are included only for the twelve months to September 30, 1930, it would seem that the effects of the subsequent drop in the Australian exchange and the decline in silver will fall on the accounts for 1931. How far the good showing at home was due to an accumulation of orders the execution of which, a year ago, had been somewhat delayed, will doubtless be made clear at the meeting on May 5th. Financially, the company is far better situated than the majority of engineering concerns in Great Britain, and should weather the international depression with a minimum of difficulty. Recently it obtained a contract of £700,000 for the installation of the County of London Electric Supply Company's power station at Barking—the largest order for boiler plant ever placed in this country. The ordinary shares stand at 47s. 6d., against a maximum of 63s. in 1930, and yield £6 2s. per cent., tax free.

Associated Electrical Industries.—In November, 1928, the Metropolitan Vickers Electrical Company purchased a controlling interest in British Thomson-Houston, Edison Swan Electric, and Ferguson Pailin, its name being altered to the present style. It is probably too early yet to estimate the advantages which have accrued to the holding company from the change, but the accounts for 1930 reveal a slight improvement in earnings in a difficult year. The gross profit has advanced from £365,961 in 1929 to £372,998, while the net profit is slightly higher at £265,318:—

	Year to December 31,		
	1928.	1929.	1930.
Gross profit.....	258,772	365,961	372,998
Debit interest	41,454	41,454	41,454
Depreciation	56,655	62,695	66,226
Net profit	160,663	261,812	265,318
Brought forward	99,676	101,850	109,241
Preference dividend.....	78,915	76,449	76,449
No. of times covered	2.0	3.4	3.5
Ordinary dividend:—			
Amount (after tax).....	54,574	162,699	162,699
Earned %	8.9	6.8	6.9
Paid %	6*	6*	6*
Reserve	25,000	15,273	25,000
Carried forward	101,850	109,241	110,411

* Gross.

The consolidated balance sheet shows a strong liquid position. At 21s. 6d. the £1 ordinary shares give a yield of a little under 6 per cent., after allowing for the dividend.

Swedish Match Company.—Shareholders will be well satisfied with the report of the Swedish Match Company. Too much significance should not be attached to the net profit figure (which shows an increase of 6.2 per cent. at Kr. 57,625,922), as the policy of the company is to transfer from its subsidiaries such profits as are required to meet, with a small margin, the dividend of the parent company. The important statements in the directors' report are that world consumption of matches appears to have increased in 1930 at practically the same rate as in previous years, that the company's total sales were the largest in its history, and that, although its exports from Sweden showed a decrease of about 10 per cent., this was caused purely by prohibitive customs tariffs, which necessitated local manufacture in several countries. In addition to the United States and Australia, two other important markets, China and Egypt, became practically closed to Sweden through the increase of tariffs. Russian

competition, however, has declined considerably in importance.

	Years to December 31.		
	1928.	1929.	1930.
Profit	52,130,000	57,240,000	60,244,000
Expenses	3,169,000	2,998,000	2,618,000
Available for dividend	43,804,000†	54,242,000	57,626,000
A and B dividends.....	40,500,000	40,500,000	40,500,000
Earned %	18.1	20.1	21.2
Dividend rate %	15	15	15
Carried forward*	23,488,000	37,230,000	47,793,000

* Subject to interim dividends and taxes for succeeding years.
† After allowing Kr. 5,157,000 tax and other allocations.

The balance sheet discloses a slight decrease in cash and increase in stocks. Foreign investments have increased from Kr. 124,527,215 to Kr. 128,806,825, while shares in subsidiary and allied companies remain at the same figure of Kr. 297,582,841. A first payment of \$50,000,000 was made to the German Government in August, 1930, being part of the \$125,000,000 loan contracted for in connection with the German match monopoly, of which \$50,000,000 will be taken over by the International Match Corporation and \$37,500,000 each by the Swedish Match Company and Kreuger and Toll. The total foreign loans granted by the Swedish Match Company (including its portion of the German Government loan) amount to only about 30 per cent. of the company's assets. Since the end of the financial year the company increased its capital from Kr. 270,000,000 to Kr. 360,000,000 by the issue of 900,000 new B shares of Kr. 100 in order to provide funds for its subscription to the German loan and other purposes; while a bond loan of Kr. 60,000,000 was issued for subscription in Sweden. The old B shares are quoted at 11½, to yield 7.42 per cent., the present price comparing with a high level of 17½ last year and 13½ this year.

British Controlled Oilfields.—The latest report covers a period of seventeen months ended December 31, 1930. Under a reorganisation scheme the preference capital was written down in October last by 40 per cent. and the ordinary capital by 60 per cent. The capital now consists of £13,461,510 in 7 per cent. non-cumulative participating preference shares of \$5 and \$9,025,600 in common shares of \$5. The following table gives the trading results for the past three years:—

	Year to July, 1929.	Year to July, 1930.	17 months to Dec. 31, 1930.	Annual Rate.
Crude oil production (barrels)	2,601,374	2,714,985	2,869,925	2,025,829
Gross profit.....	£440,171	£395,864	£534,773	£377,487
Net profit after depreciation	£241,115	£149,864	£165,552	£116,860

It will be seen that both production and profits have declined. Moreover, profits, after allowing for amortisation of wells and depreciation, are not yet sufficient to cover the preference dividends, which would require about £188,000 per annum. It is not difficult to understand the fall in profits. The company sells its Venezuelan oil on the basis of market prices for refined oils, and it has therefore suffered from the collapse in the world gasoline markets. The Trinidad oil is sold on the basis of prices at the "Gulf," which have also fallen severely, and the company has further suffered from a modification in the contract price of its Trinidad oil, which it has accepted temporarily. Fortunately for the company, freight rates have also fallen and have offset to a considerable extent the drop in prices. To meet the prevailing depression the company has reduced its drilling commitments and has suspended temporarily all outside exploratory field work. It is therefore dependent on its main El Mene field in the Western area of the Buchivacoa concession in Venezuela and on the Trinidad field (which accounts for a minor part of its total production) of the Trinidad Petroleum Company, whose entire capital it owns. The balance sheet shows, as a result of the capital reorganisation, that there was available \$22,512,830, to which is added \$457,842 assets reserve account, making \$22,970,672. This, with a profit and loss surplus of \$6,223,775 has been used to extinguish the concession

suspense account (\$25,786,974), to write \$976,707 off concessions and \$1,417,799 off oil wells, as well as \$106,706 loss on sale of investments. The company's preference and ordinary shares are at present quoted at 8s. 3½d. and 1s. 7½d., as compared with a high level last year of 8s. and 4s. 10½d. respectively.

Rio Tinto Questions.—Sir Eric Geddes' tempered optimism at last week's meeting has not arrested the decline in Rio Tinto shares, which have fallen this month from 27½ to 22½, against high prices of 47½ in 1930 and 66 in 1929. Some shareholders would seem to have been dismayed by the chairman's revelations of the unconscionable fleecing of the company by various governments. Since 1924, while shareholders have received a net total of £5,269,000 in dividends, governments have received £5,306,000 in taxation. For 1930 taxation has taken 66 per cent. and the shareholders only 33 per cent. of the distributed operating profit. The company is now threatened with a retroactive revision of the percentage basis of the profits tax for six years, the cost of which may exceed the £100,000 which has been provided in suspense. The chairman's confidence in ultimate prosperity, based partly on the belief that copper prices will "rise sharply," sooner or later, and partly on faith in the recently acquired interests outside Spain, was not shared by the whole of his audience at the annual meeting. One critic expressed anxiety over the extent to which the company's principal investments had fallen in the last year, illustrating his remarks with the following table:—

	Last Year.	Present Price.
Davison Chemical	\$40	\$15 noml.
Silica Gel.....	\$30	\$16 "
Minerals Separation	£7	£4 "
Roan Antelope.....	22.6	16.3
Bwana M'Kubwa	£1	5.9
Rho. Selection Trust	55/-	16.3
Congo Border	£15	£6 7s. 8d. noml.

This critic declared that while the balance sheet valuation of the company's investments had been reduced by only £833,000 (or 33 per cent.), the average fall in the market prices of the concerns in the above list was about 60 per cent. It is not clear, however, what the average market decline would be if it were "weighted" according to the relative stake of the Rio Tinto in each business. Other criticisms were that, although the value of pyritic ore was rapidly diminishing, owing to changes in the market for sulphur, the company's Spanish mines had remained in the books at £1,666,000 for several years; that last year less than £20,000 was written off railways, buildings, machinery, etc., valued at over £1,700,000; that rumours had been current of a new German silica substitute which could be manufactured at much lower costs than those of the Silica Gel. Company in which Rio Tinto were interested; and that the recent Tinto debenture issue (which has fallen to 6 discount), had involved the pledging of the company's proved assets in Spain for the purchase of Rhodesian copper investments whose earning power, while doubtless considerable, had still to be proved. Detailed criticism of recent Rhodesian copper company financing was voiced by another shareholder. As these and other points have been canvassed, privately, on a somewhat widespread scale since the meeting, and may have been inevitably exaggerated in their passage round the market, it would be beneficial if shareholders could have an official answer.

Castbury
Maker
of Fine Chocolates.

MINING NOTES.

Indian Gold Mining.—The operations on the Kolar field were last year adversely affected by the labour trouble of the early part of the period, while the increasing depth of the workings is making itself felt in the costs. With four out of the five British-owned undertakings developments also proved more or less disappointing. In the case of the Balaghat the decline in both the quantity and value of the ore milled was of such proportions as to result in a loss. At the Champion Reef a further advance in the value of the ore treated was accompanied by a falling off in the revenue from the retreatment of old tailings, and a reduction of 2½ per cent. to 10 per cent. in the dividend became necessary. The following table contrasts the salient features of the results for the past three financial periods of the five companies:—

	Tons of ore milled.	Mill yield per ton.	Working profit.	Carried forward.*	Ore reserve tonnage.
Balaghat—					
1928	47,950	12½	24,150	7,580	74,130
1929	50,100	13	26,040	7,080	56,000
1930	39,200	11½	16,800	1210	41,520
Champion Reef—					
1928	111,160	19½	39,120	4,690	269,360
1929	101,280	11	52,370	4,250	278,100
1930	91,550	11½	42,580	4,110	229,130
Mysore—					
1928	217,200	19½	177,890	20,040	569,620
1929	213,040	19½	130,710	8,670	517,020
1930	190,830	10½	127,070	8,870	471,420
Nundydroog—					
1928	126,640	9½	93,170	12,770	246,460
1929	129,860	10½	108,080	11,190	265,600
1930	126,820	10½	100,410	9,880	302,830
Ooregum—					
1928	150,000	11	99,930	9,990	295,130
1929	165,450	8½	76,560	13,760	270,800
1930	143,760	7½	18,100	13,190	215,500

* Subject to directors' percentage. † Average assay value.
‡ Loss.

At the Mysore the output was swollen by the treatment of ore from rich pillars, as well as by gold from dismantled plants. Nevertheless, the profit fell off slightly, and the dividend total was cut from 17½ per cent. to 12½ per cent., a transfer of £15,000 being made to reserve, besides an increase in the contingency allowance. The net liquid assets now figure at the somewhat reduced but still substantial amount of £253,500. By the appropriation of £27,000 from reserve, the company's Canadian and kindred holdings have been written down to £8,200. Drawing slightly upon the carry-forward, the Nundydroog was able to maintain its dividend at the previous year's rate of 25 per cent. The company is the only one to show an expansion in its ore reserves. As the outcome of a further all-round deterioration in the position, the Ooregum was only able to pay 5 per cent. upon its preference capital. By the appropriation of £11,000 from reserve, the Canadian holdings have been written down to £3,390.

Brakpan.—The relapse in development values which took place in 1929, writes our mining correspondent, *naturally found reflection in the past year's results. Moreover, with a view to meeting the position in this respect, the footage was increased, entailing an advance in expenditure. By drawing slightly upon the carry-forward, dividends were paid totalling only 5 per cent. less than the rate for the two preceding periods. We contrast the results of the past three years:—*

	1928.	1929.	1930.
Ore crushed	1,016,500	1,028,300	1,040,200
Yield per ton	32¼	33½	32½
Cost per ton	19/9	20/2	21/5
Profit per ton	12/7	12/10	10/7
Working profit	639,760	660,530	552,050
Net profit	562,070	586,370	492,640
Earnings per cent.	55.1	52.5	48.4
Dividends	497,250	497,250	446,250
Rate per cent.	48½	48½	43½
Government participation ..	61,130	90,370	54,300
Carried forward	59,540	58,290	50,380
Ore reserves	2,938,050	2,531,440	2,543,420
Value (stope)	8.21	7.89	7.80

Thanks to the expansion in underground work already referred to, the payable ore opened up amounted to 883,170 tons, as against 741,250 tons in 1929—when, also, a larger development footage was performed than in the preceding period. In last year's "Note" emphasis was laid upon the less reliable character of the Western section of the property. The consulting engineer now intimates that the development of the Eastern section is practically completed. Hence the future depends largely upon the other area. Results here will need careful watching. In regard to the outlook for the current year, it is expected that the decline in grade and increase in expenses will be largely offset by expansion in tonnage milled. On the basis of the 1930 dividend rate the shares afford a gross yield of slightly over 14 per cent.

Springs.—In the case of this company the movement of statistics is mildly but generally favourable. A fresh advance in the rate of dividend left an increased balance to go forward. The further decrease in the proportion of the profits payable to the Union Government—despite the increase in the total—is explained by the procedure under which the amount is arrived at: viz., the calculation of a percentage of the net profits based on the ratio of the latter to recovery. Our usual table follows:—

	1928.	1929.	1930.
Ore crushed	830,600	825,600	836,700
Yield per ton	41/4	41/2	41/5
Cost per ton	20/9	22/1	22/6
Profit per ton	20/7	19/-	18/11
Working profit	853,850	785,460	791,660
Net profit	780,400	716,500	715,250
Earnings per cent.	52.0	47.7	47.7
Dividends	506,250	543,750	562,500
Rate per cent.	33½	36½	37½
Government percentage....	190,480	151,730	138,580
Carried forward	49,220	47,010	61,180
Ore reserves	3,008,640	3,250,240	3,311,370
Value (stope)	9.10	9.30	9.34

Last year the percentage of payability fell below the rather exceptional results of 1929, but the effect of this was more than offset by the increase in the footage, a small expansion being shown by the ore reserves. As with the Brakpan, the treatment plant has been made more effective. For the current year "the yield per ton should at least be maintained," while costs may show a small reduction. Hence some further improvement in the profits can be looked for. At last year's rate of dividend a yield of about 10½ per cent. is indicated.

West Springs.—The progressive falling off in development values constitutes a serious handicap at this property. Last year the earnings more than covered the dividends, but the absence of any appropriation under the heading of Government participation in the profits was more than counterbalanced by the requirement of £20,000 for capital expenditure. It may be noted that little will be wanted this year either for the purpose first named or for taxation. Appended is a comparison of the results of the past three years:—

	1928.	1929.	1930.
Ore crushed	647,300	763,500	815,800
Yield per ton	27/9	24/8	22/8
Costs per ton	19/8	18/2	17/5
Profit per ton	8/1	6/6	5/3
Total working profit	260,600	248,480	213,630
Net profit	248,670	234,920	203,170
Earnings per cent.	13.9	13.1	11.3
Dividends, amount	156,890	179,300	179,300
Rate per cent.	8½	10	10
Carried forward	67,190	92,540	88,440
Government participation ..	27,150	11,980	...
Ore reserves	2,695,520	2,752,680	2,756,150
Value (stope)	6.8	6.34	6.0

* After deduction of directors' percentage.

For the current year a slight further decline in profits is foreshadowed. With the £1 shares quoted under 12s., a high rate of yield is shown. The reason for this is to be found in the development position. Payable values continue to be encountered mainly in the two sections of the mine which have so far been chiefly developed. In the remaining three sections "the disclosures show no improvement."

Rezende.—Some two years ago the end of the mine was regarded as being definitely in sight, work at the lower levels being attended with negative results. Subsequent stoping has consistently disclosed payable ore over a greater width than allowed for in computing the ore reserves. Now the tonnage is estimated at 180,000, or 15,000 tons more than at the end of 1928, although the value is about 1 dwt. lower at 8.7 dwts. The quantity represents fully another two years' supply. The working profit for each of the past three sessions has ruled around £64,000, and the dividends have totalled 2s. 6d. each time. In addition, a 2s. 6d. per share return of capital has lately been made. The ultimate future depends upon the Reliance and Monarch claims in Umpali, Portuguese East Africa, which are being developed under option of purchase. Results so far may be described as mildly encouraging.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Banca Commerciale Italiana, Great Western of Brazil Railway, General Accident Fire and Life Assurance, Morris Motors, Nestlé and Anglo-Swiss Condensed Milk, Simms Motor Units, Schweppes, Godfrey Phillips, Champion Reef Gold Mines of India, and Mysore Gold Mining. At the annual meeting of Morris Motors, Limited, Sir William Morris said that the motor trade of this country was faced with difficulties that seemed to increase rather than decrease year by year, and there was little likelihood that the average prices of British-made motor-cars would fall to any extent in the near future. Referring to the new Road Traffic Act, Mr. F. Norie-Miller told shareholders of the General Accident Fire and Life Assurance that the premiums to cover compulsory third party insurance had been fixed at the very minimum, and it might be necessary to increase them if, as a result of juries giving exorbitant awards merely because the money came ostensibly from an insurance company, the present scale proved insufficient to meet the losses.

CAPITAL ISSUES.

THE ill-success of certain large recent issues has resulted in a "close season" for new public operations, which has been broken this week by only one borrower, the *Panama Corporation*. The proceeds of the latter's issue of £250,000 8 per cent. debenture stock, with conversion rights, are to be used for further machinery and plant and additional working capital. Debentures in a mining concern which has not reached the production stage are, of course, purely speculative. The *Panama Corporation* is, possibly, one of the most intriguing of present-day gambles. Its chief technical adviser, whose name is well regarded in the mining world, believes that the extent and value of the company's areas are "at least as favourable" as those of the Rand formation in South Africa at a similar stage of development. Until the mines

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached: To Publisher, "Economist Newspaper Ltd.," 8, Bouverie Street, E.C.4.

In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

Name.....
Address.....
.....

have been actually producing for some little time, however, an outsider has no means of checking the probability that such estimates will be duly translated into terms of high earning power.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to April 18, 1931, £50,019,606.
Total, including conversion, recorded January 1 to April 18, 1931, £59,689,555.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Panama Corporation	250,000	...	250,000	12,500	237,500
Total offered to public, week ended April 25, 1931	250,000	...	250,000	12,500	237,500
To Shareholders only.					
Alliance Trust, 50,000 Ord. £1 at £4 10s.	50,000	...	225,000	125,000	100,000
Prof. £1 at par	20,215	...	20,215	2,527	17,688
European and General Finance Corporation, 341,000 Shares	68,200	...	68,200	17,050	51,150
Junjun Rubber Estates, 150,000 8½% Deb. Stk. at 95%	50,000	...	47,500	25,000	22,500
Kay Yew (Kinta Valley) Tin Mines, £12,000 10% Debts. at par	12,000	...	12,000	12,000	...
Rhebania Corporation, £4,500,000 20-Year Conv. Debts. at par	4,500,000	...	4,500,000	225,000	4,275,000
Scottish Motor Traction, 300,000 Ord. £1 at par	300,000	...	300,000	75,000	225,000
Total offered to Shareholders only, week ended April 25, 1931	5,000,415	...	5,172,915	481,577	4,691,338
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date	65,542,521	65,212,470	...	...	...
1931	164,031,190	107,480,572	...	...	...
1929	135,391,517	121,812,297	...	...	...
1928	184,613,537	1927	...	...	...
1927	158,381,171	1926	...	...	...
1926	83,638,688	1925	...	...	...
1925	56,504,718	1924	...	...	...
1924	47,242,119	1923	...	...	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	45,155,074	747,786	9,639,661	55,542,521
1930	87,337,144	11,450,697	8,672,631	107,460,472
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,856,600	89,371,400	355,186,000
1926	145,180,000	39,393,200	46,209,100	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	3,623,875	...	3,714,257
Central America Exploration (Consolidated), 250,000 Ord. £1 at par	250,000	1½	484,375
Total for week ended April 25, 1931	250,000	...	484,375
Total to date, 1931	3,873,875	...	4,198,632
Total to date, 1930	13,047,628	...	14,671,352

Panama Corporation.—Issue of £250,000 8 per cent. debenture stock at par. Holders of the stock will be entitled to convert their holdings into fully paid shares in the capital of the corporation, ranking *pari passu* with those already issued, at the rate of 10 shares for each £10 nominal of stock. The corporation was registered in April, 1926, and owns four important mining concessions in the Republic of Panama.

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction:—**Drake and Gorham.** Particulars of an issue of £60,000 5½ per cent. redeemable debenture stock. The company was incorporated in May, 1901, and carries on the business of electrical, mechanical and hydraulic engineers.

[Other Stock Exchange information, including the latest dividend announcements, weekly traffic returns, summary of balance sheets, reports and notices, and profit and loss figures, will be found on page 919, under the heading "Company News."]

COMPANY MEETINGS, &c.

MORRIS

MOTORS LIMITED

Report of the FIFTH ANNUAL GENERAL MEETING 18th APRIL, 1931.

EXCELLENT TRADING RESULTS FOR
1930.

FINANCIAL POSITION STILL FURTHER
STRENGTHENED.

NET PROFITS OF £1,303,308 10s. 4d.

TANGIBLE ASSETS EXCEED
PREFERENCE SHAREHOLDINGS BY
£4,072,494.

THE fifth annual general meeting of Morris Motors, Limited, was held at the registered office of the company at Cowley, Oxford, at 9.15 a.m., on April 18, 1931, Sir William R. Morris, Bt., chairman and managing director of the company presiding.

The secretary, Mr S. G. K. Smallbone, read the notice convening the meeting, and the auditors' report to the shareholders was read.

The Chairman, in proposing that the directors' report and the balance sheet for the year ended December 31, 1930, be approved and adopted, said:—

I feel that I am justified in stating that we have every reason to be satisfied with the balance sheet for the year 1930, and I presume that I can take the accounts and report now before you as read.

The profit and trading and the interest received for the year amounted together to £1,303,308 10s. 4d., which figure is arrived at after making full provision for depreciation of assets and all contingencies that are likely to arise. As you know, the accounts of the company are always drawn on a thoroughly conservative basis.

The Government securities are shown at their market value as on December 31, 1930, and the sum of £114,382 8s. 7d. resulting from an appreciation of their value during the year is included in the reserve for contingencies, which figure, as you observe, is £517,020 18s. 9d.

NET PROFIT £1,303,308 10s. 4d.

To the net profit on trading and the interest and dividends received on securities, together amounting to £1,303,308 10s. 4d., there has to be added the balance of £118,753 3s. 4d. brought forward from last year and also the profit of £9,407 5s. 1d. realised on the sale of investments, making a total of £1,431,468 18s. 9d. Thus, after payment of the preference dividend of £225,000, and the provision of £257,313 17s. 6d. for the payment of income tax, there remains a disposable balance of £949,155 1s. 3d.

Your directors recommend the declaration of a dividend of 10 per cent. free of tax on the ordinary shares, and in this connection it is not out of place for me to mention that the reserve fund in the balance sheet before you stands at £2,000,000.

In order still further to strengthen the position of the company, the balance sheet value of goodwill, patents and trade marks is being written down by the sum of £391,043 4s. 1d., thus reducing this item on the balance sheet to £600,000, a figure less than half of one year's average profits since the formation of the company.

A sum of £100,000 is transferred to reserve for income tax, and there remains to carry forward to next year's balance sheet the sum of £258,111 17s. 2d.

Your directors have always felt it their duty to take the utmost care of the interests of the preference shareholders, and it is with considerable satisfaction that I am able to point out that at the present time our net tangible assets are £4,072,494 in excess of the preference share capital; further, we have Government securities to the value of £2,802,625, and since the formation of the company its average yearly earnings have been sufficient to cover the preference dividend more than 5½ times.

These results are very gratifying, especially in view of the fact that the latter part of the year 1930 was admittedly a very difficult time for all British manufacturers, and I think you will agree with me when I say that the excellent results shown have only been obtained by the consistent pursuance by your directors of a progressive but stabilised policy and the active promotion of business by every possible means.

As the result of this policy the position of the company is stronger to-day than ever, and its products continue to command wide and well-deserved popularity both in home and overseas markets.

INTRODUCTION OF NEW RANGE OF CARS.

Since the period under review the introduction by the company of the first commercially successful British car to sell at the round figure of £100 was accomplished, and I am glad to be able to tell you that this car—the Morris Minor S.V. two-seater—and the corresponding saloon models on the same chassis have met with a very favourable and encouraging response from the public.

In these days, when the need for the utmost economy on the part of the public is of paramount importance, the introduction of this range of reliable, good-looking and eminently serviceable low-priced motor cars has added considerably to the popularity of the company's products. At the same time, you will be interested to know that the Morris Minor Overhead Valve models continue to maintain their great popularity.

It is not my intention to dilate at length on the successes achieved by our various models in different markets, but I should like to mention the wide appeal which our six-cylinder cars made to the public during the year 1930. To the 15 h.p. six-cylinder Morris Oxford was added a somewhat smaller and lower-priced car—the Morris Major—and these two cars have undoubtedly created a new standard in motoring values. In the higher-priced class the 18 h.p. six-cylinder Morris Isis maintains its position as outstanding value, while in so far as the ubiquitous Morris-Cowley is concerned you will, I am sure, be gratified to know that it commands over seventy per cent. of the total sales in the 12 h.p. class in this country.

There is one point which I would like to emphasise, and that is the wide range of appeal of our products, which vary in price from £100 to £350, thus meeting the demands of all classes.

During the past year we have considerably consolidated our distributor and dealer organisations with improved sales and service results and appreciable benefit to the company.

REDUCTIONS IN PRICES UNLIKELY.

The motor trade of this country is faced with difficulties that seem to increase rather than decrease year by year, and I feel that I am justified in saying that it is extremely unlikely that the average prices of British-made motor cars will fall to any extent in the near future.

The selling price of any manufactured article depends on three factors—the cost of raw materials, the efficiency of the productive organisation, and the quantity sold. I am satisfied that we have a productive organisation that is extremely efficient and very well managed; but the price of raw materials and the potential total sales of cars to-day are very largely governed by factors outside our control.

The purchasing power of the public during the year 1930 was not so high as it has been in previous years, and until some measure of confidence is established among all sections of the community it does not seem to me that this purchasing power is likely to increase greatly.

In addition, British motor-car manufacturers have to face extremely high burdens of taxation. During the year 1930 no less than approximately £42,000,000 was contributed to the National Exchequer by registration and petrol taxation on motor vehicles, and there is no doubt that motor-car users as a class in this country are very heavily over-taxed. This reacts unfavourably on employment conditions in the industry and on the development of overseas business.

The success achieved by the British motor industry under existing conditions is unquestionably a tribute to the policy of the safeguarding of industries. Were it not for the existence of the McKenna Duties the motor manufacturing trade of this country could not hope to achieve the results that it has done. Yet prices have never been lower or the efficiency of motor-cars higher than they are to-day, the fact being that a defended home market assures an output sufficient to maintain economy in production costs and consequently low prices to the public.

OVERSEAS DEVELOPMENTS.

In connection with overseas trade, you will be interested to know that your company is developing and establishing a series of depots in important markets, whereat spare parts and service facilities will be available to augment the activities of our distributors and dealers in these markets.

We now have selling organisations in all the most important markets of the world, and, despite price cutting by foreign manufacturers resultant upon the world-wide depression in trade, we are stabilising our export business. I personally have recently returned from Buenos Aires, and am extremely gratified with the results of the British Trade Exhibition that was held there. There is no doubt that, given stable conditions on the home market, British export trade, both in cars and other products, will show an upward trend in the near future.

Again I want here publicly to pay high tribute to the continued loyalty of the executive, staff and all employees of the company.

I have pleasure in formally moving the adoption of the balance sheet and report.

Mr E. H. Blake, deputy managing director, seconded the resolution, which was carried.

The following were duly re-elected to the board of directors:—

Mr H. Landstad,
Mr A. A. Rowse,
Mr H. A. Ryder,
Mr H. Seaward,
Mr S. G. K. Smallbone,
Mr W. M. W. Thomas,
Mr F. G. Woollard and
Mr H. W. Young.

Messrs Thornton and Thornton, of Oxford and London, were re-elected auditors for the ensuing year.

GREAT WESTERN OF BRAZIL RAILWAY COMPANY.

FACTORS AFFECTING YEAR'S WORKING.

The ordinary general meeting of the Great Western of Brazil Railway Company was held, on the 22nd instant, at River Plate House, London.

Mr Follett Holt (the chairman) said it was with great regret that the board had to lay before the shareholders results which compared so unfavourably with those of the previous year, and especially the directors regretted that, although the debenture interest was earned and paid and the quota for the amortisation of capital was provided, they were unable to recommend the payment of any dividend on the share capital. In the early months of the year the tonnage of traffic carried compared well with the corresponding period of 1929, but it was found advisable to lower certain tariffs in order to meet road competition, and receipts were also affected by the fall in the value of cotton and sugar, whose tariffs within certain limits vary with their market value. As the year progressed, their business, as indeed all business in Brazil, went from bad to worse. The excess of sugar production in the 1929-30 crop caused a slump in price, and the cane planters and crushers became discouraged; this resulted in a very poor out-turn of sugar during the last season, from which the company had suffered and was still suffering severely. The railway they worked was now 1,052 miles in length and could not have been built and equipped for much less than ten millions sterling. Their lease gave them the first charge upon the earning capacity of this property, and from it, during the next 29 years, they had to earn sufficient to pay the interest on and amortise £3,750,000, which was the capital amount they had now at stake. On the face of it, this would not appear to be an impossible task and it would not be, if they could count on a measure of commercial stability in Brazil.

As far as this year was concerned, on account of the small crops, general depression and the low value of the milreis, results were far from encouraging, and the railway would pass through a critical time. They could only keep down expenditure, hope for a better exchange, and that the movement and general conditions in the second half of the year would make some amends. They were all hoping, and, indeed, expecting, that when the world had emerged from the present depressing conditions, Brazil would share in the recovery and that their company would correspondingly benefit.

The report and accounts were adopted.

GENERAL ACCIDENT, FIRE AND LIFE ASSURANCE CORPORATION, LIMITED.

RECORD PROFITS—INCREASED DIVIDEND.

The forty-fifth annual general meeting of the General Accident, Fire and Life Assurance Corporation, Limited, was held, on the 22nd instant, at the head office, General Buildings, Perth.

Dr. William Low, of Blebo, the chairman, said that it was especially satisfactory to propose the adoption of so good a report seeing that the depression in trade during the year under review had been greater than that known in living memory all over the world. Notwithstanding a small reduction in income, their profits had exceeded those of any previous year at £480,000, including free interest earnings, and supplied evidence, if necessary, of the great value and perfection of the company's organisation. Every prophecy as to the future prosperity of the company which had been made by their managing director from time to time had been amply fulfilled, and their company had been placed in the very foremost rank of British insurance institutions.

They could all point with pride to a magnificent balance sheet, which showed that after making very ample reserves for every liability, they had as security for their policy-holders, in addition to a subscribed capital of £2,000,000—£687,500 paid up—a general reserve fund of £1,000,000, nearly £400,000 of carry-forward, and additional reserves in fire and other accounts, bringing the total up to nearly £2,000,000 sterling. They had provided more than sufficient for the depreciation of investments and adjustment of exchange, and their investments and cash totalled eleven and a half millions sterling.

RECORD NEW LIFE FIGURES.

Notwithstanding the depression, the year 1930 showed the largest amount of new life business they had ever transacted, namely, over £2,000,000, and eminently satisfactory bonuses had been declared as a result of the quinquennial valuation. In the fire department there was again a satisfactory profit, and although the accident and general account showed a decrease of £260,000, all in the foreign field, the loss ratio showed an improvement at 60.32 per cent., as compared with 62.46 per cent.

A trustee department had been formed under the management of Mr Mark Lee, who had lately joined the company and had had great experience in that class of business. He, the chairman, felt sure that the department would be appreciated by the company's numerous connections in this country, and would be a source of profit to the corporation, both directly and indirectly.

In the accounts they had strengthened their reserve for unexpired risk, which was now over 38 per cent., although the reserves they had put aside previously for that purpose had proved more than ample to cover that risk.

The marine department was really marking time until the rates showed an improvement. In their opinion they were still too low, and must be increased in the near future.

The profit and loss account spoke for itself. In addition to paying an increased dividend of 1s. at 14s. per share, and placing £160,000 to reserve for depreciation of investments and adjustment of exchange, the general reserve had been increased to the round figure of £1,000,000, £30,000 had been added to the pension fund, and they carried forward the very large sum of £386,890. The total amount required for the dividend was still some £65,000 less than the net interest earnings alone—a very strong position. It was to be hoped that both interest earnings and profits would continue to increase, in which case they could continue the past sound policy of adding steadily to the amount distributed to the shareholders rather than making any spectacular increase, such as might have been justified on last year's results.

THIRD PARTY RISK.

Mr F. Norie-Miller, director and general manager, in seconding the motion, spoke of the increased motor business which had resulted since the coming into force of the new Road Traffic Act. No one, he said, could possibly object to such an Act, but the premiums to cover this compulsory third party insurance had been fixed at the very minimum, and it might be necessary to increase them if, as a result of juries giving exorbitant awards merely because the money came ostensibly from an insurance company, the present scale proved insufficient to meet the losses and expenses.

Another point he would like to emphasise was that, even excluding life profits, which were only quinquennial, the profits were up over £75,000. They were still developing, and had opened 17 new offices in this country. It was the forty-fifth meeting he had attended, and he had seen the company grow to great proportions. The chairman had said that his (the speaker's) prophecies had been mostly fulfilled. In any case, he thought no one could help being proud of the results submitted.

The report and accounts were unanimously adopted.

BANCA COMMERCIALE ITALIANA.

(LIMITED COMPANY INCORPORATED IN ITALY.)

SENATOR CONTI'S REVIEW OF A DIFFICULT YEAR.

The thirty-sixth annual general meeting of the Banca Commerciale Italiana was held, on March 28th last, at the head office of the bank in Milan.

Senator Conti, who presided, said:—Gentlemen,—Last year, when reviewing business conditions during 1929, we drew your attention to the world-wide fall of wholesale prices which had been taking place for many months. Since then, prices have continued to fall heavily. It has been an all-round downward movement, gathering momentum from month to month, with the result that our present economic system is confronted with problems of an unprecedented nature and magnitude. With but very few exceptions, no country and no branch of industry has escaped the effects of this upheaval. Reports from all quarters show shrinkage of production and of trade, growing unemployment, smaller margins of profit, whilst nations, municipalities and public bodies are often at a loss to balance their budgets.

INDUSTRIAL REORGANISATION.

The difficulties with which we have been confronted in our business throughout the year, with the world in the grip of such a wide and acute crisis, need little emphasis. There have been difficult moments in the past. The monetary and currency problems, the inadequate organisation of internal savings and, occasionally, waves of irresponsible speculation, have all, from time to time, provided their crop of knotty problems. Yet, as we had occasion to explain, there was ample justification for the hope that the country might be spared a general crisis of production, but outside influences of such gravity were bound, of course, to react on the situation. Under these conditions, it has become more than ever necessary to proceed energetically with the work of industrial reorganisation.

Among the various transactions of this nature in which we have been instrumental in the course of the year, we would particularly mention our participation in the banking syndicate formed towards the close of 1930, with the co-operation of foreign financial concerns, for the purpose of dealing with the affairs of the group headed by the Società Italiana Per Il Gas ("Italgas") in Turin.

IMPORTANT OPERATIONS.

We have taken a controlling interest in the Società Elettro-Ferroviaria Italiana. Increases of capital made under our auspices include those of the Società Strade Ferrate Secondarie Meridionali from Lire 12,000,000 to 15,000,000, of the Monte Amiata Company from Lire 32,000,000 to about 48,000,000, and of the Underwood Italiana from Lire 1,000,000 to 8,000,000. We were also responsible for the amalgamation of the Cantiere Navale Triestino of Monfalcone, the Stabilimento Tecnico Triestino and the Cantiere San Rocco, both of Trieste, into one concern under the style of Società Cantieri Riuniti Dell'Adriatico; this transaction completes the consolidation of conspicuous industrial interests in Trieste. In the same region, we assisted in the settlement of the affairs of the "Arsa" Company, one of the few Italian undertakings in the coal business. Following up our constant interest in the development of the group of steel and iron industries headed by the "Ilva" Company, we participated in the formation of the Società Anonima Stabilimento di Sant'Eustachio with a capital of Lire 18,000,000.

In another sphere, we took over the management of the syndicates formed for the issue of the third series of debentures of the "Stipel" (Società Telefonica Interregionale Piemonte e Lombardia), for Lire 50,000,000, of the Rinascente Stores, also for Lire 50,000,000, and for the Italian issue of the San Paulo Coffee Realisation Loan for 500,000 pounds sterling. We participated, furthermore, in the syndicates formed under the auspices of the Bank of Italy for the Italian share in the issue made under the Young Plan and for the International Loan to Austria. Lastly, we would mention the increase of capital of the Società Finanziaria Industriale Italiana, effected in April last, from Lire 10,000,000 to 100,000,000.

NEW AGENCIES.

During the past twelve months we opened two new agencies. On the other hand, the Milan, Rome, Turin, Fiume, Abbazia and Cles branches of our auxiliary, the Banca Commerciale Triestina, have been closed; the reorganisation of this bank, now under our control, has been completed, and its business in its particular sphere has made good progress.

The results of our foreign branches and affiliations have again been satisfactory during the past year. Our London office fully maintains its first-class standing and serves as a very valuable link with the financial circles of the City.

Our establishments in North America are gradually extending their spheres of action. The Banco Italiano di Lima, in Peru, fully

LOST.—Within the past twelve months, all over the country, much money invested in stocks and shares; owners desirous re-creating estates.

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holds its own, in spite of the revolutionary movements and the disturbance caused by the failure of one of the oldest institutions in that country; the dividend has been brought back to 12 per cent., and the reserve has been strengthened. The Banque Française et Italienne pour l'Amerique du Sud, in the face of difficulties of all kinds arising out of political and economic troubles in the various countries in which it operates, has gone on working steadily; its head office in Paris plays a not negligible part in the development of the acceptance business in that centre.

The various influences to which we have referred have not been offset by profits on financial business, which remains at a low ebb. As a consequence, the balance of the profit and loss account has fallen from Lire 114,000,000 to about 88,000,000. We consider it proper to propose to you that the dividend should be curtailed by 1 per cent., i.e., from 13 to 12 per cent., leaving a balance to be carried forward of Lire 29,694,275.00.

The report and accounts were adopted.

SIMMS MOTOR UNITS, LIMITED.**SOUND AND STRONG POSITION.**

The eleventh ordinary general meeting of Simms Motor Units, Limited, was held, on the 23rd instant, at Winchester House, Old Broad Street, London, E.C.

Mr Frederick R. Simms, M.I.M.E., M.I.A.E., M.I.E.E. (managing director and chairman), said that while the balance sheet was a source of great disappointment to the board as it doubtless would be to the shareholders, the directors felt that when shareholders took into consideration the very great and world-wide depression in trade, the results were not so discouraging as they appeared to be at first sight. The reasons for the decreased working results for the past financial period were mainly due to the universal falling off of trade during the latter part of last year, with consequent somewhat higher cost of production in spite of stringent measures of economy; further to the drop in profits of subsidiary companies; and last, but not least, to the adverse returns from overseas branches. That, it would be realised, could not be anticipated.

The net profit for the year had not proved so satisfactory as anticipated, for it stood at £16,139 as against £44,650 the previous year. The directors, therefore, much regretted that, in view of the state of the trade, they could not see their way to recommend the payment of a final dividend. There existed no doubt, in his opinion, that the general world depression had at last left some mark on the generally prosperous and solid commercial motor industry with which the company was mainly concerned. With only a moderate revival of trade their business, with its many ramifications, should quickly feel the benefit. Apart from that, during the present year, some new and important motor units, completed during last and this year, would doubtless give their business a wider scope for trade.

New overseas branches had been opened at Calcutta and Buenos Aires, where the company's products had also been shown at the British Exhibition. Thus they now possessed twenty-three fully-equipped and stocked branches at home and abroad, staffed by their own highly-trained commercial and technical men ready to take instant advantage of any improvement in trade. While it was impossible at the present time to say much about the future, he would like to emphasise that their business was in a thoroughly sound and strong position, and that, even with a moderate trade revival, it was in a first-class position to make the most of prevailing conditions.

The report and accounts were unanimously adopted.

NESTLÉ AND ANGLO-SWISS CONDENSED MILK COMPANY.

RESULTS MAINTAINED.**POLICY OF EXTENSION.****MR LOUIS DAPPLES' STATEMENT.****CONSOLIDATION OF FINANCES.**

The sixty-fourth annual general meeting of Nestlé and Anglo-Swiss Condensed Milk Company was held on the 17th instant at Cham, Switzerland.

Mr Louis Dapples, the president of the company, who was in the chair, referred in moving terms to the great loss the company had sustained in the death of Colonel J. J. Kohler, one of their most esteemed colleagues, and expressed the great regret of the board that Mr Benjamin Rossier, who had been one of their most active directors since the amalgamation—of which he had been one of the principal promoters—between the Anglo-Swiss Condensed Milk Company, of Cham, and the Société Nestlé, had felt compelled for grave reasons of health to resign his seat on the board.

In briefly reviewing the operations of the past year, he pointed out that the annual report, which in accordance with their custom was drawn up in great detail, had already advised shareholders that their business and results for 1930 had been maintained at the level reached in previous years in spite of the very unfavourable world market conditions which had developed with increasing acuteness during the latter half of the year. The reduction shown in their net profit of about 4,000,000 francs was accounted for by the fact that they had considered it desirable to take into consideration in the appropriate items in their balance sheet the depreciation in exchange that had occurred in certain countries. They had also appreciably reduced the figure of participations in their balance sheet, which still remained a very considerable item, and it was therefore hoped that they would be able to continue to follow this policy.

WORLD TRADING CONDITIONS.

Referring to the extremely difficult situation which existed in all countries, almost without exception, the chairman stated they could only hope that the instinct of self-preservation, which was equally powerful among nations as among individuals, would gradually enable the world to surmount the present great difficulties and to inaugurate a new era of progress for the well-being of mankind. World production had never reached such a high level, not only in industrial output, but also in raw materials.

He reminded shareholders that the world was not constituted in one homogeneous whole, and that the heavy heritage of separate nationalities entrenched behind innumerable tariff barriers in the presumed interests of their own economics constituted a heavy burden of progress of which the consequences were at last making themselves felt in full to-day, but he detected signs of this problem being approached for the first time in history with more comprehension than had previously been the case. Naturally, it would take time for a solution of the many problems besetting the world to-day to be reached, and it might perhaps be that they would see even more difficult conditions before any real improvement set in; but the nations were pressing forward vigorously, the old days of "splendid isolation" were a thing of the past, and he expressed confidence that human good sense would triumph in the end.

COMPANY'S UNRIVALLED GOODWILL.

Everywhere the company enjoyed an unrivalled goodwill, and everywhere their salesmen were working ceaselessly at their posts. Shareholders would have an idea of the difficulty of their task when they considered that half the population of the globe—Russia, China, and India—at least momentarily, were no longer consumers, and that the purchasing power of numerous other countries had been enormously reduced by economic or political circumstances. In this connection he referred shareholders to the Australian exchange, which had dropped by about 30 per cent. in less than a month, to the revolutions in different South American States, and to the price of silver, which, having fallen as low as a shilling, had practically ceased to be a monetary standard, with all the consequent disturbances for countries which had not yet adopted the gold standard.

While they were prepared to see a temporary decrease in their sales in certain markets, on the other hand they looked forward to progress in others where their latest articles were winning increasing favour with an expanding clientele; and with every confidence in the vitality of their company they were going steadily forward with their programme of extending and perfecting their industrial installations in all countries.

A perusal of their balance sheet would have demonstrated to shareholders the prudent method with which they pursued their policy of expansion, which in no circumstances prevented them from consolidating the finances of the company, and they had arranged for the repayment of a further appreciable proportion of their obligations, a policy they had every hope and intention of continuing. Even if some day the removal of tariff barriers should necessitate their dispensing with certain of their factories that had been equipped simply on account of the import duties into the countries concerned, they did not fear that, given favourable conditions, such circumstances would be too heavy a burden for them; but they had, on the other hand, the firm conviction that their solid position in all important centres of production enabled them to face with confidence all the problems which might arise from any new conditions.

Their business was essentially founded on a large turnover of relatively minor individual items carrying only a very modest margin of profit, and if they were able to present interesting final results it was owing to the enormous extension of their sphere of activity, to the rational employment of their large resources, and to the unremitting zeal of their personnel in all parts of the world. Their dividend remained within modest proportions, since in reality it only represented 8 per cent. on the original capital. He invited the shareholders to associate themselves with the directors in expressing to the staff their sincere thanks for the latter's intensive work and loyal enthusiasm.

A NEW INTEREST.

The more their technical and commercial organisation was strengthened the further its ramifications extended. For this reason they had considered it interesting to acquire on favourable terms a participation in the Cirio Company. This company, which had always been intimately connected with Swiss industry and finance, had not only attained the first place in the Italian market, but had also created a most satisfactory export connection; and, combined with the advantages of their own organisation, they believed they were in a position to increase the extension of the latter still further. They hoped also that the highly organised selling organisation of the Cirio Company would prove of valuable assistance in the development of the sales of their own products in Italy. This anticipation was strengthened by their observations of the development of the common activities of the two companies since January 1st last.

A WORD OF WARNING.

The Chairman concluded by uttering a note of warning with regard to market fluctuations in the price of the company's shares. He reminded shareholders that they were not a financial trust, but simply an industrial undertaking, and it was no part of their duty to follow the daily fluctuations in the price of their shares, and still less to intervene to regulate the same. It was also impossible for them to confirm or deny various rumours which arose, or might arise, in the course of a year. They felt that their annual report was always so detailed, and the explanations which they gave at their general meetings were so conscientious, that shareholders could form their own judgment as to whether the company's shares offered a complete security and a satisfactory return for a permanent investment. They had been asked on various occasions if they had the intention to write up the company's shares at the first favourable opportunity to their original nominal value. The directors did not see what advantage would accrue to the shareholders from such a course, which would naturally not have the slightest effect on the net profit to be distributed. If times improved, and if they were able to keep abreast of circumstances while extending their business, shareholders would doubtless have nothing to regret in remaining faithful to the company and in giving them their confidence.

The resolution referred to in the notice convening the meeting was duly passed, and Messrs H. Bersier and H. Gunthert were elected directors to replace the late Mr J. J. Kohler and Mr B. Rossier, retired. Messrs L. Dapples and J. Cuénod, whose terms of office expired this year, were also re-elected.

GODFREY PHILLIPS, LIMITED.

SATISFACTORY RESULTS—POSITION OF SUBSIDIARIES.

The twenty-second annual general meeting of Godfrey Phillips, Limited, was held, on the 23rd instant, at the offices of the company, 112 Commercial Street, London.

Mr Arthur I. Phillips (managing director), who presided, said that the increase under the heading of investments in the balance sheet was entirely accounted for by the company's investment in Godfrey Phillips (Australia) Proprietary, Limited. Last year he explained that, owing to the imposition of prohibitive tariffs, it was no longer possible to trade in Australia with goods manufactured in England. This had been a very serious matter to their company and was reflected to a considerable extent in the profits of last year's trading. They had invested in cash and kind about £87,000 in Australia. The company started operations in October last with, as far as could be seen at this early date, quite satisfactory results so far as volume of trade was concerned. The political situation in Australia had not been particularly conducive to healthy trading, but the directors felt that the capable management out there would overcome the unforeseen difficulties and that the Australian company would eventually pay very well.

The accounts of Abdulla and Company, in which they held the whole of the ordinary capital, continued to be very satisfactory and those of Cohen Weenen and Company showed a satisfactory increase of profit. Messrs Fairweather and Thomson and Porteous, Limited, had both had a satisfactory year. Dealing with the two notes in the profit and loss account referring to subsidiary companies, the chairman said that that which referred to a loss of £29,698, had been occasioned as the result of a now satisfactory effort to meet special competition. To do this, the subsidiary in question in the latter half of the year introduced a new brand of cigarettes, which always necessitated a considerable expenditure in advertising and could not be a profitable adventure at first. It was, however, a trading loss made by a subsidiary that possibly required no provision in their own company's accounts. They were guided in their decision to make the provision at once because otherwise it might have been suggested that out of the greater balance of the profit and loss account they might pay a larger dividend. But the greater balance would have been represented by monies owing to them by a subsidiary which would not be available cash until the loss was made good. No further loss was anticipated on account of this subsidiary. In respect of the United Kingdom Tobacco Company (1929) to which the other note referred, that company had had an unsatisfactory year, but he was informed that it had now turned the corner and was now making profits.

SATISFACTORY BALANCE SHEET.

Altogether the balance sheet disclosed a quite satisfactory state of affairs. The assets were sound; those subject to depreciation were liberally written down; the stock was conservatively valued; the debtors were sound, and the investments were a very great source of strength indeed.

The net balance on profit and loss account for the year was £105,861. In more than 35 years' experience of the tobacco trade he did not recall more generally adverse conditions than those which had prevailed in the past year, and he felt that they might congratulate themselves that they were able to produce such comparatively satisfactory results. Without doubt the dividend they were able to recommend was the direct result of the policy of acquiring interests in specialised businesses as represented by most of their subsidiary companies and amalgamated businesses.

In a reference to gift cigarettes, the chairman said that their company only followed this innovation when it became evident that a large public called for these cigarettes, for it was the board's policy to cater for every class of smoker, and whilst the demand by the public continued, they would, in common with their competitors, continue to supply them.

With regard to this year's prospects, it would take a very courageous man to prophesy four days before Mr Snowden's Budget, and he was loth to do so. He thought that they could avoid trading losses abroad, even though they might do less business in some foreign countries, so that, generally, provided no unprofitable alteration to the existing tobacco duties, in this and other countries, was promulgated, and bearing in mind the cheaper raw material they would have, and the trading for the first three months of this year, they should be able, with the increased returns from subsidiaries, to present accounts at least equal in result to those of last year. Whether, after Mr Snowden had spoken, they would be able to maintain the same distribution remained to be seen; they could only hope he would not be unkind to them and that world conditions generally would improve so that they might again be permitted to pursue the one-time even tenour of their way.

The report was adopted.

THE CHAMPION REEF GOLD MINES OF INDIA, LIMITED.

VIGOROUS DEVELOPMENT POLICY.

The ordinary general meeting of the Champion Reef Gold Mines of India, Limited, was held, on the 23rd instant, at the Cannon Street Hotel, London, E.C.

The Hon. A. T. J. Fraser, D.S.O. (the chairman), in moving the adoption of the report and accounts, said that the tonnage crushed in the past year amounted to 91,545 tons, a decrease of nearly 10,000 tons compared with the previous year. The gold recovered therefrom was 52,728 ounces, showing a decrease of roughly 1,000 ounces; the grade of current ore sent to the mill was 11.78 dwt., against 10.88 dwt., an increase of .9 dwt. per ton. The tonnage of re-treated tailings decreased by 40,000 tons, and, as the gold content per ton was slightly lower, the gold recovery from re-treated tailings showed a decrease of 3,058 ozs. The total decrease of gold won for the year amounted to 3,902 ozs. The working costs amounted to £213,553, a decrease of a little under £8,000, and the profit for the year's operations amounted to £42,578, a decrease of £9,800. After making what they considered due appropriation for depreciation the directors had declared a dividend of 1s. per share, or 10 per cent., against 1s. 3d. for the previous year, and had carried forward £4,109, which was practically the same as last year.

The outstanding event of the year had been the extremely unfortunate strike of their native labour force, which occurred twelve months ago. The actual period over which the strike lasted was about three weeks, but the effect was spread over a considerably longer time. In the first place, after the strike was officially over it was some time before the underground force was working at as full strength as before, and the fact that the mill had to be kept going inevitably caused development to fall behind the programme they would have liked to carry out. The development for the year, therefore, amounted to 4,833 ft., against a footage of 6,224 in the previous year, showing a decrease of 1,400 ft. The result of development on the whole had been fairly satisfactory.

Having referred specifically to certain of the developments, the chairman said shareholders would realise that, good as the ore shoots were that were now being developed, their length and consequently their tonnage per level was not very great. Nor were they likely to continue indefinitely in depth. It was, therefore, absolutely essential to push down as quickly as possible, and also to open out laterally to both boundaries in the hope of picking up other shoots.

The labour position at the moment seemed to show a definite improvement. At any rate, Mr Heathcote, the superintendent, reported that so far he was well up to date with the increased programme laid out for the year.

As he (the chairman) had previously stated—and he thought last year he especially emphasised the fact—the high assay figures frequently shown in the company's monthly development returns must not be taken as indicating in any way the average grade of ore which could be sent to the mill. In the first place, even in the richest stopes the shaling from the walls under the enormous pressures to which the rock was subject at 6,000 to 7,000 ft. was very great. This waste rock was usually too finely divided to be picked out on the sorting belts. Also, these high-grade blocks represented only a proportion of the total ore reserves, and a great deal of lower-grade rock had to go to the mill, otherwise the ore reserves would very soon be depleted.

In spite of every effort towards economy on the part of the staff at the mine, there was no doubt that, as the mine got deeper, and as more and more ground had to be kept open and in good order above the workers, there was a tendency for costs to increase. He could only assure shareholders that all possible efforts both here and in India were being made to keep expenditure at as low a figure as possible.

Sir George S. Barnes, K.C.B., K.C.S.I., seconded the motion.

Mr Arthur Taylor referred to the effect of the strike on the development work during the year, and said that, in view of the fact that the footage accomplished showed a decrease, and the further fact that developments recently had not been quite as good as in the previous year, it was important that the opening of work underground should be pushed forward with all speed possible. The output showed a reduction in the tons crushed and the quantity of old tailings treated. In large measure this was due to the three weeks' stoppage in April, and to adverse weather conditions, which interfered with the handling of the dump material. With regard to the returns for the current year, the tonnage and grade of the old tailings had not yet shown any change, and, while the production from current ore showed some improvement as compared with the first three months of last year, there might be fluctuations, depending to a considerable extent on the results of development work.

The motion was carried unanimously.

SCHWEPPE'S, LIMITED.

RESULTS CONSIDERED SATISFACTORY.

The thirty-fourth annual general meeting of Schweppes, Limited, was held, on the 23rd instant, at 1 Connaught Place, London, Sir Ivor Philipps, K.C.B., D.S.O. (the chairman) presiding.

The chairman, in moving the adoption of the report and accounts, said that the gross profit for the past year was £298,000 against £330,000 last year, and the net profit at £145,897 compared with £180,285. In view of the trade depression in this country and the deplorable state of affairs in Australia, he thought it would be agreed that the results were very satisfactory. During the past year the board acquired a controlling interest in Kia-Ora, Ltd. This step was taken, as it was thought that as Kia-Ora Lemon Squash was so well-known to the public, it would be a very valuable addition to the company's cordial business, and would enable them to effect considerable economies by the closer working of the two businesses.

There might be some disappointment at the board's recommendation to pay reduced dividends, but it must be remembered that the summer of 1930 was one of the worst experienced for some years, and this, in a business like theirs, made a difference in the sales of such drinks as ginger beer, &c. Further, the spending power of the public was largely affected by the widespread depression, and this had to some extent been reflected in both their home and export trade.

TRADE IN AUSTRALIA.

Their Australian trade had suffered from the severe depression and the uncertainty of the political situation prevailing in that country, and he feared that rock-bottom had not yet been reached. They were, however, more than holding their own in the volume of trade offering, but their profits from this source could only recover in proportion to the recovery in Australia generally. The various Commonwealth and State taxes were making serious inroads into their Australian profits, and no relief could be looked for in this direction for some considerable time to come.

The companies allied to Schweppes, Ltd., had also experienced rather difficult times, but they, like the parent company, were more than holding their own, and, when a trade revival came along, they, as well as this company, would be in a state to take full advantage of it. It must also be borne in mind that a company such as theirs felt the full effect not only of the high rate of income tax, but of the other forms of taxation levied on the industries of the country, and when he told the shareholders that last year the company paid to the Government and other local authorities in respect of rates and taxes more than double the amount of the dividends now recommended, it would be appreciated how urgent was the need for public economy.

The report and accounts were unanimously adopted.

MYSORE GOLD MINING COMPANY, LIMITED.

CURRENT OUTLOOK.

The 51st annual general meeting of this company was held, on the 22nd instant, in London.

The Hon. Lionel Holland (the Chairman) said that when they met last April the outlook was obscured by the strike then prevailing upon the Kolar Gold Field, involving a total suspension of work upon the company's property. The actual strike continued for three weeks, entailing a loss in production of some 8,000 ounces of gold of a market value of some £32,000. If working conditions had remained normal during the year, the production and resulting revenue would have been approximately on the same level as in the previous year.

A year ago he stated that for the next year or two they were not likely to see much variation in returns from those that were then under review. That was how the position still stood. The mine workings were in a thoroughly satisfactory state; their financial resources were substantial, and, unless some untoward incident occurred, he thought the results of the current year's working would be more on a par with those of 1929, but no material improvement in profits could be expected until the development of the mine at depth had proceeded further, and had disclosed a substantial deposit of payable ore which could be included in the ore reserves.

The mining developments of the past year might be regarded as not unsatisfactory. Work on the new discovery referred to last year, in the Southern part of the property, had unfortunately not yet encountered any further ore of value, but in the deeper main levels of the mine they had met with increasing promise in two sections. Meanwhile, pending the discovery of substantial bodies of payable ore in the deeper levels, it was not unsatisfactory that their reserves of payable ore were only very gradually diminished.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended April 18, 1931, amounted to £15,102,700 against ordinary expenditure of £12,859,700. After allocating £485,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £585, the week's operations, as shown below, reduced the National Debt by £1,759,000 to £7,605,710,000:—

(000's omitted.)		
Treasury Bills	+ £ 2,000	Public Department Advances... — 3,750
National Savings Certificates ...	+ 100	4% War Loan — 100
		Exchequer Bonds — 9
	+ 2,100	— 3,859

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to April 18, 1931.	April 1, 1930, to April 19, 1930.	Week ended April 18, 1931.	Week ended April 19, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	12,063,000	12,943,000	1,566,000	1,704,000
Sur-tax, including Arrangements of Super-Tax	3,630,000	4,150,000	930,000	780,000
Estate, &c., Duties	3,370,500	5,200,000	1,500,000	2,220,000
Stamps	230,000	690,000	180,000	210,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	20,000	...	...
Total Inland Revenue	19,323,500	23,003,000	4,176,000	4,914,000
Customs and Excise—				
Customs	5,138,000	6,043,000	2,021,000	1,526,000
Excise	7,848,000	8,180,000	6,553,000	5,980,000
Total Customs and Excise	12,986,000	14,223,000	8,574,000	7,506,000
Motor Vehicle Duties (Exchequer Share)	509,000	429,000	Dr. 562,000	Dr. 906,000
Post Office (Net Receipts)	1,400,900	550,000	350,000	450,000
Crown Lands	4,220,908	4,232,272	1,375,000	1,400,762
Miscellaneous Receipts	1,364,056	315,310	1,209,749	313,423
Total Ordinary Revenue	39,802,964	42,752,582	15,102,749	13,678,185
SELF-BALANCING REVENUE.				
Post Office	1,300,000	2,100,000	400,000	550,000
Motor Vehicle Duties apportioned to Road Fund	2,029,000	2,149,000	665,000	906,000
Total Self-Balancing Revenue	3,329,000	4,249,000	1,065,000	1,456,000
Total	43,131,964	47,001,582	16,167,749	15,134,185

164 Branches
in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to April 18, 1931.	April 1, 1930, to April 19, 1930.	Week ended April 18, 1931.	Week ended April 19, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt.	21,970,781	23,026,276	5,559,722	5,988,249
Payments to Northern Ireland Exchequer.	232,582	238,927	...	...
Other Consolidated Fund Services.	...	...	...	...
Total Ordinary Expenditure.	22,203,363	23,265,203	5,559,722	5,988,249
Self-Balancing EXPENDITURE.				
Post Office.	1,300,000	2,100,000	100,000	550,000
Road Fund.	2,029,000	2,149,000	665,000	906,000
Total Self-Balancing Expenditure.	3,329,000	4,249,000	1,065,000	1,456,000
Total Ordinary and Self-Balancing Expenditure.	44,532,363	49,664,203	13,924,722	14,194,249
New Sinking Fund (1928).	1,488,226	1,516,884	485,000	495,000
Total, including New Sinking Fund.	46,020,589	51,181,087	14,409,722	14,689,249

The aggregate revenue and expenditure to April 18, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO APRIL 18TH. (000's omitted.)			
	£		£
Expenditure	41,203	Revenue	39,803
New Sinking Fund.....	1,488	Decreases in balances	3,178
Net Amount repaid	290		
	42,981		42,981

POSITION OF THE FLOATING DEBT.				Movement
Ways and Means Advances Out- standing—	Apr. 19 '30.	Mar. 31, '31.	Apr. 18, '31.	Apr. 18, '31.
	£	£	£	£
Advances by Bank of England ..	49,130,000	24,500,000	33,300,000	3,750,000
Advances by Public Departments ..	566,715,000	569,825,000	560,765,000	2,005,000
Treasury Bills outstanding.....	...	...	...	...
Total Floating Debt	615,845,000	594,325,000	594,065,000	1,745,000

* Includes £10,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.		
Tenders for £35,000,000 in Treasury Bills were opened on April 17, 1931, and the total amount applied for was £56,530,000. Tenders were accepted for bills at three months, dated Monday to Saturday at £99 7s. 3d., about 57 per cent., and above, in full. The amount allotted was £35,000,000.		

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Mar. 27.	40,000,000	57,345,000	2 10 10-4
Apr. 2.	40,000,000	57,960,000	2 12 3-58
Apr. 10.	35,000,000	48,905,000	2 11 6-46
Apr. 17.	35,000,000	56,530,000	2 10 11-94

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 22, 1931.

ISSUE DEPARTMENT.			
Notes issued—	\$		\$
In Circulation.....	348,444,248	Government Debt.....	11,015,100
In Banking Department	57,419,698	Other Government Securities.....	230,668,030
		Other Securities.....	14,241,058
		Silver Coin.....	4,675,812
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	145,865,946
	\$405,865,946		\$405,865,946

BANKING DEPARTMENT.

Proprietors' Capital.	14,553,000	Government Securities.	30,949,684
Reserve.	3,119,447	Other Securities.	...
Public Deposits.	13,864,073	Advances and Securities.	26,499,854
Other Deposits.	...		
Bankers' £54,784,701			
Other Accounts.	35,403,114		
Total.	90,187,815		
7-Day and other Bills.	2,545		
	£121,726,880		£121,726,880

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, Apr. 22, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.	£	348,444,248	— 5,919,256	— 13,740,157
Public deposits.	£	13,864,073	+ 5,491,849	+ 3,449,492
Bankers' deposits.	£	54,784,701	+ 6,445,761	+ 11,226,057
Other deposits.	£	35,403,114	+ 272,561	+ 376,929
Seven-day bills.	£	2,545	— 372	— 9,585
Total outside liabilities.	£	452,498,681	+ 6,600,979	+ 28,801,363
Capital and rest.	£	17,672,447	+ 7,454	+ 1,823
Government debt and securities.	£	272,632,814	— 5,385,515	— 29,332,804
Discounts and advances.	£	5,951,876	+ 2,394,078	+ 822,616
Other securities.	£	40,740,912	+ 663,984	+ 18,837,938
Silver coin in issue department.	£	4,075,812	— 15,236	— 382,198
Coin and bullion (bank's reserve).	£	146,739,714	+ 537,320	+ 17,103,503
Reserve of notes and coin in banking department.	£	58,295,466	+ 6,456,576	+ 3,363,346
Proportion of reserve to outside liabilities.	%	56%	+ 6 1/2%	— 4 1/2%
(a) Banking department only ("proportion").	%	56%	+ 6 1/2%	— 4 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio").	%	32 1/2%	+ 1 1/2%	— 1 1/2%

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.					
Mar. 11.	400,928	350,327	8,757	59,275	33,469
18	401,957	347,287	10,500	59,796	33,228
25	403,614	348,808	9,500	57,704	33,711
Apr. 1.	404,465	357,057	17,243	58,788	34,003
8	406,122	358,885	9,863	59,507	34,695
15	405,513	354,364	8,372	61,230	35,131
22	405,864	348,444	13,864	54,785	35,403

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."	
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	Reserve & the "Proportion."
1931.							
Mar. 11.	244,609	11,030	141,729	31 1/2	30,435	9,239	28,709
18	243,393	12,247	142,827	31 1/2	28,905	8,021	29,346
25	242,423	13,488	144,519	32 1/2	27,695	11,362	24,421
Apr. 1.	243,007	12,946	145,387	31 1/2	30,350	24,629	25,685
8	245,232	10,691	147,023	31 1/2	33,400	10,890	28,509
15	245,684	12,225	146,202	31 1/2	34,335	8,375	27,852
22	241,683	14,241	146,740	32 1/2	30,950	5,982	26,500

BANKERS' CLEARING RETURNS (000's omitted).				
	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Apr. 8	9,704,989	487,918	777,885	10,970,792
Week ended Apr. 15.	727,073	32,186	56,316	815,575
Week ended Apr. 22.	599,441	33,321	53,489	686,251
Total to date, 1931	11,031,503	553,425	887,490	12,472,418
Total to date, 1930	12,568,474	588,868	956,857	14,114,199
Increase or decrease in 1931.	- 1,536,971 = 12.2%	= 35,443 = 6.0%	= 69,367 = 7.2%	= -1,641,781 = 11.6%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do, 1929.	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930.	- 1,153,347 = 2.8%	= 69,843 = 3.7%	= -115,133 = 3.7%	= -1,338,232 = 2.9%

PROVINCIAL CLEARING RETURNS.							
(000's omitted.)							
	Week ended April 18.		Month of March.			Aggregate Totals January 1 to April 18.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	26	26	%	£	£
BIRMINGHAM	1,872	1,842	11,149	9,540	-14.4	40,481	35,751
BRADFORD	572	657	4,288	3,274	-23.6	15,084	11,871
BRISTOL	860	1,095	5,117	6,035	-17.9	17,965	17,783
DUBLIN	3,802	5,439	...	...	...	77,524	76,746
HULL	710	739	3,488	3,065	-12.1	13,163	12,100
LEEDS	901	864	4,273	3,459	-19.0	16,336	14,352
LIVERPOOL	660	665	3,547	2,919	-17.7	12,278	10,404
MANCHESTER	5,466	5,399	31,451	24,724	-21.3	112,520	91,086
NEWCASTLE	9,307	9,190	52,352	41,975	-20.0	187,010	146,457
NOTTINGHAM	1,342	1,116	6,980	6,020	-13.7	23,634	21,099
SHEFFIELD	557	434	2,675	1,915	-28.4	10,167	7,612
	641	733	4,484	3,507	-21.7	15,539	13,040
Total.....	26,690	28,174	129,804	106,333	-18.0	541,701	458,301

NOTE.—The latest Return of the Bank for International Settlements appeared in the Economist for April 11: Estonia, Roumania, Denmark, and National Bank of Egypt for April 18.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).					
	Apr. 24, 1930.	Apr. 9, 1931.	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.
RESOURCES.					
Total gold reserve	3,048,530	3,115,200	3,131,020	3,118,860	3,162,820
Total bills discounted	211,490	165,630	142,580	132,000	135,250
Bills bought in open market	256,870	166,620	171,730	131,480	151,610
Total U. S. Govt. securities	527,390	598,360	598,650	597,630	598,530
Total bills and securities	1,004,960	928,610	912,970	862,120	885,390
Total resources	5,016,060	4,889,620	4,866,440	4,946,710	4,919,290
LIABILITIES.					
Federal Reserve notes in actual circulation	1,518,340	1,497,810	1,505,140	1,515,720	1,526,310
Deposits—Memberbank—re- serve account	2,363,510	2,391,810	2,388,700	2,356,410	2,379,780
Total deposits	2,422,190	2,446,220	2,442,510	2,406,190	2,435,790
Capital paid in and surplus	451,180	443,460	443,350	443,370	443,330
Total liabilities	5,016,060	4,889,620	4,866,440	4,946,710	4,919,290
Ratio of total reserves to deposits and Federal Reserve note liabilities combined	81.8%	85.0%	83.8%	84.6%	84.5%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)

	Apr. 24, 1930.	Apr. 24, 1931.	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.
Total gold reserves.	1,067,030	1,037,120	1,050,690	1,056,470	1,056,470
Total bills discounted.	34,130	36,190	34,750	26,140	31,190
Bills bought in open market.	74,080	76,530	74,540	24,550	40,980
Total U.S. Govt. securities.	192,860	182,710	182,710	182,710	182,710
Total bills and securities.	308,270	295,430	275,010	233,410	254,890
Deposits—Memberbank—reserve account.	957,670	1,023,880	984,470	974,560	996,330
Ratio of total res. to dep. and Federal Res. note liabilities combined.	82.0%	85.0%	85.9%	85.3%	87.3%

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)

	Jan. 31, 1930.	Oct. 31, 1930.	Nov. 30, 1930.	Dec. 31, 1930.	Jan. 31, 1931.
ASSETS.					
Cash and bank balances.	391,340	418,703	446,822	419,385	330,632
Bank balances abroad.	88,056	133,289	137,391	89,805	107,610
Call and short loans.	449,171	378,845	405,297	359,685	311,760
Securities.	431,312	544,383	551,475	604,109	595,008
Loans in Canada.	1,499,100	1,350,942	1,314,382	1,282,467	1,280,320
Loans abroad.	257,516	226,192	210,396	213,965	214,801
Other assets.	204,404	190,482	188,905	183,339	183,743
LIABILITIES.					
Note circulation.	156,062	160,033	155,233	148,017	141,439
Deposits—Government.	132,339	125,564	125,117	68,033	60,102
Public in Canada.	2,084,327	2,064,431	2,043,440	2,067,539	1,985,452
Foreign.	400,764	374,535	409,409	372,276	347,364
Bank balances—Canadian.	14,450	17,366	13,484	12,807	13,047
Foreign.	96,050	63,868	79,828	65,046	62,268
Bills payable, &c.	107,790	99,035	96,175	83,652	83,229
Capital and res.	302,445	366,085	366,154	307,250	307,250
Other liabilities.	5,836	5,955	9,301	4,704	4,885

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted.)

	Mar. 28, 1930.	Feb. 27, 1931.	Mar. 6, 1931.	Mar. 13, 1931.	Mar. 20, 1931.	Mar. 27, 1931.
ASSETS.						
Gold coin and bullion	7,315	7,091	6,561	6,774	6,410	6,423
Subsidiary coin	127	273	274	281	287	309
Bills discounted	9,445	7,595	7,545	7,198	6,790	7,132
Investments	1,043	1,848	1,849	1,849	1,778	1,848
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720
Notes in circulation	8,436	8,190	7,670	7,017	6,711	7,412
Government deposits	2,450	1,517	1,756	2,136	1,971	2,135
Bankers' deposits	4,737	5,933	5,362	4,787	4,635	4,705
Ratio of cash reserves to liabilities to public	45.8%	45.8%	45.0%	47.9%	49.1%	46.8%

LONDON RATES.									
	Apr. 16, 1931.	Apr. 17, 1931.	Apr. 18, 1931.	Apr. 20, 1931.	Apr. 21, 1931.	Apr. 22, 1931.	Apr. 23, 1931.	Apr. 24, 1931.	Apr. 25, 1931.
Bank rate (changed from 3 1/2% May 3, 1930).....	3	3	3	3	3	3	3	3	3
Market rates of discount—									
60 days' bankers' drafts.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
3 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
4 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
6 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Discount Treasury Bills—									
3 months'.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
2 months'.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Loans—Day to day.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Short.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Deposit allowances: Bank.....	1	1	1	1	1	1	1	1	1
Discount houses at call.....	1	1	1	1	1	1	1	1	1
At notice.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Comparison with previous week—									
Short Loans.	Bank Bills.			Trade Bills.			3 Months.	4 Months.	6 Months.
	3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.			
1931.	%	%	%	%	%	%	%	%	%
Apr. 1	2-3	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	3	3 1/2	4
" 9	2-2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	3-3 1/2	3 1/2	3 1/2
" 16	2-2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	3-3 1/2	3 1/2	3 1/2
" 23	2-2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	3	3 1/2	4

RATES OF EXCHANGE.									
London on	Usance.	Par.	Apr. 24, 1931.	Apr. 16, 1931.	Apr. 23, 1931.				
New York.....	dollars to £1	Cable	4-86 1/2	4-86 1/2	4-86 1/2				
Montreal.....	dollars to £1	Cable	4-86 1/2	4-86 1/2	4-86 1/2				
Paris.....	francs to £1	T.T.	124-21	123-96-99	124-25-27				
Berlin.....	marks to £1	T.T.	20-43	20-36-36 1/2	20-40-40 1/2				
Amsterdam.....	guilder to £1	T.T.	12-107	12-08-08 1/2	12-101-4				
Brussels.....	belgas to £1	T.T.	35-00	34-82 1/2-83	34-94 1/2-95 1/2				
Milan.....	lire to £1	T.T.	92-46	92-76-78	92-78-80				
Bombay.....	rupees to £1	T.T.	25-22 1/2	25-08-08 1/2	25-21 1/2-22				
Oslo.....	kroner to £1	T.T.	18-159	18-16-16 1/2	18-16 1/2-17 1/2				
Copenhagen.....	kroner to £1	T.T.	18-159	18-09-09 1/2	18-14-15				
Stockholm.....	kroner to £1	T.T.	18-159	18-16-16 1/2	18-16 1/2-17 1/2				
Madrid.....	pesetas to £1	T.T.	25-22 1/2	25-08-11	25-21-22				
Lisbon.....	escudo to £1	T.T.	4-50	4-50	4-50				
Vienna.....	schilling to £1	T.T.	34-58 1/2	34-48-50	34-54-57				
Prague.....	krone to £1	T.T.	164 1/2	164-164 1/2	164-164 1/2				
Belgrade.....	dinars to £1	T.T.	25-22 1/2	27 1/2-27 1/2	27 1/2-27 1/2				
Bukarest.....	leu to £1	T.T.	27-82	27-82-85	27-85-89				
Batavia.....	rupes to £1	T.T.	815-6	817-818	816-818				
Singapore.....	dollars to £1	T.T.	673-659	665-675	668-673				
Athens.....	drachme to £1	T.T.	375	374 1/2-375 1/2	375-375 1/2				
Constantinople.....	liras to £1	T.T.	110	1025 nom.	1025 sellers				
Moscow.....	roubles to £1	T.T.	9-46	9-445-465	9-439-453				
Warsaw.....	zloty to £1	T.T.	43-38	43-38 1/2	43-36-40				
Edinburgh.....	ster. to £1	T.T.	193-23	193-193 1/2	193-193 1/2				
Kobe.....	yen to £1	T.T.	48-66	48-49	48-49				
Reval.....	kron to £1	T.T.	18-159	18-20-27	18-20-27				
Riga.....	lat to £1	T.T.	25-22 1/2	25-17-27	25-20-30				
Alexandria.....	piastres to £1	Sight	97 1/2	97 1/2	97 1/2				
Buenos Aires.....	pesos to £1	T.T.	47-62 1/2	47-62 1/2	47-62 1/2				
Rio de Janeiro.....	pesos to £1	90 days	16-70	16-70	16-70				
Montevideo.....	pesos to £1	90 days	16-70	16-70	16-70				
Valparaiso.....	pesos to £1	90 days	16-70	16-70	16-70				
Lima.....	soles to £1	90 days	16-70	16-70	16-70				
Calcutta.....	rupees to £1	T.T.	18	18	18				
Bombay.....	rupees to £1	T.T.	18	18	18				
Madras.....	rupees to £1	T.T.	18	18	18				
Hong Kong.....	ster. to £1	T.T.	113-1-10 1/2	113-1-10 1/2	113-1-10 1/2				
Shanghai.....	ster. to £1	T.T.	113-1-10 1/2	113-1-10 1/2	113-1-10 1/2				
Singapore.....	ster. to £1	T.T.	113-1-10 1/2	113-1-10 1/2	113-1-10 1/2				
Kobe.....	ster. to £1	T.T.	24-57 1/2	24-57 1/2	24-57 1/2				
Manila.....	ster. to £1	T.T.	24-57 1/2	24-57 1/2	24-57 1/2				
Mexico.....	pesos to £1	T.T.	9-76	10-20-25	10-20-30				
San Francisco.....	ster. to £1	T.T.	21-82 1/2	21-82 1/2	21-82 1/2				

OVERSEAS BANK RATES.											
Changed.				From To		Changed.				From To	
Amsterdam	Jan. 24, 1931	3	2 1/2	Oslo	Nov. 7, 1930	4	3 1/2				
Athens	Dec. 2, 1928	10	9	Paris	Jan. 2, 1931	2 1/2	2 1/2				
Batavia	Mar. 10, 1930	5	4 1/2	Prague	June 24, 1930	4	4				
Belgrade	May 28, 1930	6	5 1/2	Pretoria	Mar. 12, 1931	5 1/2	5 1/2				
Berlin	Oct. 9, 1930	4	5	Reval	Oct. 4, 1930	8	7				
Brussels	July 31, 1930	3	2 1/2	Riga	Oct. 1, 1930	7	6 1/2			6a	
Bucharest	Mar. 31, 1931	9	8	Rio de Janeiro	May 20, 1930	6	5 1/2			7b	
Budapest	May 28, 1930	6	5 1/2	Rome	May 20, 1930	6	5			7c	
Calcutta	Jan. 15, 1931	6	7	Sofia	Jan. 29, 1931	10	9			9	
Copenhagen	Nov. 12, 1930	4	3 1/2	Stockholm	Feb. 5, 1931	3 1/2	3				
Danzig	Oct. 10, 1930	4	5	Swiss Bank							
Helsingfors	Aug. 26, 1930	6 1/2	6	Oslo	Jan. 22, 1931	2 1/2	2 1/2				
Kobe	Apr. 1, 1930	7	6	Tokio	Oct. 6, 1930	5-48	5-11				
London	June 2, 1930	8	7 1/2	Vienna	Sept. 9, 1930	5 1/2	5				
New York Federal Reserve	Dec. 23, 1930	2 1/2	2	Warsaw	Oct. 3, 1930	6 1/2	6 1/2				
Madrid	July 17, 1930	5 1/2	6	Irish	May 1, 1930	4 1/2	4				

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.									
The Irving Trust Company cable the following money and exchange rates in New York:—									
	Apr. 23, 1931.	Mar. 25, 1931.	Mar. 31, 1931.	Apr. 8, 1931.	Apr. 15, 1931.	Apr. 22, 1931.			
Call money.....	%	%	%	%	%	%			
Time money (90 days) mixed coll.....	4	2	2	2	2	2			
Bank acceptances—									
Members—eligible 90 days.....	3 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2			
Non-members—eligible 90 days.....	3 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2			
Indisputable 90 days.....	3 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2			
Commercial accept. 90 days.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2			

Rates of Exchange, New York on—		Par Level.	Apr. 23, 1930.	Apr. 8, 1931.	Apr. 15, 1931.	Apr. 22, 1931.
London—						
60 days.....	Dollars for £1		4-83½	4-83½	4-83½	4-83½
Cable.....		4-86½	4-85½	4-85½	4-86½	
Cheques.....		3-92½	3-91½	3-91½	3-91½	
Paris.....	Cents for 1 franc	3-918	3-918	3-918	3-918	
Brussels.....	Cents for 1 Belga	13-90	13-95	13-91	13-90	13-90
Switzerland.....	Cents for 1 franc	19-30	19-38	19-26½	19-26	19-26
Italy.....	Cents for 1 lire	5-263	5-23½	5-23½	5-23½	5-23½
Berlin.....	Cents for 1 mark	23-31	23-85	23-80	23-79	23-80
Vienna.....	Cts. for Austro. shilling	14-07	14-08½	14-05½	14-05½	14-05½
Madrid.....	Cents for 1 peseta	19-30	12-47	11-02	10-50	10-50
Amsterdam.....	Cents for 1 guilder	40-195	40-21	40-08½	40-12½	40-16
Copenhagen.....			26-75½	26-74	26-73½	26-74½
Oslo.....	Cents for 1 kroner	26-80	26-75½	26-74½	26-73½	26-74½
Stockholm.....			26-85	26-76	26-76	26-77½
Athens.....	Cents for 1 drachma	1-297	1-29½	1-29½	1-29½	1-29½
Montreal.....	Can. Cents for \$1	20	19½	19½	19½	19½
Yokohama.....	Cents for 1 yen	49-85	49-35	49-35	49-35	49-35
Hong Kong.....	Cents for H. Kong	37-45	24-25	24-25	24-25	24-25
Shanghai.....	Cts. for 1 Shing. tael	47-25	36-15	36-15	36-15	36-15
Calcutta.....	Cents for 1 rupee	36-50	36-15	36-10	36-10	36-05
Buenos Aires.....	Gold Pesos for \$100	103-65	113	126-45	126-65	134-00
Rio de Janeiro.....	Cents for 1 milreis	32-42	11-70	7-35	7-25	7-20
Valparaiso.....	Cents for 1 peso	12-125	12-00	12-06	12-03	12-06

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Banks.											
Union Bank of Scotland ...	April 2	135,054	354,668	489,722	...	216,000	18	125,000	148,722	339,310	18
Canals and Docks.											
Oxford Canal Navigation ...	Dec. 31	1,598	9,073	10,671	...	8,933	5	...	1,738	10,937	5
Gas.											
Primitiva Gas Co. of B. Aires	Dec. 31	58,040	237,564	295,604	...	145,287	6½	90,000	60,317	246,720	6½
Iron, Coal and Steel.											
Babcock and Wilcox	Dec. 31	75,992	609,303	685,295	14,953	601,952	14½	18,597	49,793	674,315	15½
Guest, Keen and Nettlefolds	Mar. 31	264,999	439,222	704,221	326,732	...	...	30,000	347,489	968,698	10½
Howard and Bullough	Mar. 31	3,453	Dr. 51,176	Dr. 47,723	15,000	...	...	Dr. 65,500	2,777	Dr. 8,390	2½
Motor and Cycle.											
S.T.D. Motors	Sept. 30	132,575	58,739	191,314	128,086	...	...	...	63,228	135,435	...
T.S. Motors	Dec. 31	19,211	25,706	44,917	8,435	...	...	21,494	14,988	80,957	15
Oil.											
British-Borneo Petroleum...	Mar. 31	34,445	12,371	46,816	...	12,500	5	...	34,316	28,316	12½
Rubber, &c.											
Bahru Selangor Rubber ...	Dec. 31	4,618	Dr. 690	3,928	...	...	...	...	3,928	9,596	25
Bukit Cih Rubber	Dec. 31	5,544	Dr. 113	5,431	...	...	...	...	5,431	16,278	25
Cheviot Rubber	Dec. 31	8,248	12,167	20,415	...	5,500	2½	3,000	11,915	32,667	10
Consolidated Malay Rubber	Dec. 31	6,430	Dr. 4,129	2,301	...	...	...	...	2,301	15,621	10½
Haydella Tea and Rubber	Dec. 31	629	1,191	1,820	...	...	...	...	1,250	570	919
Labu (F.M.S.) Rubber	Dec. 31	5,311	14,575	19,886	...	5,864	2½	4,000	10,022	34,865	10
Rubber Estates of Johore...	Dec. 31	20,120	Dr. 6,228	13,892	...	...	...	...	13,892	7,873	4
Serdang Central Plantations	Dec. 31	1,049	Dr. 3,780	Dr. 2,731	...	...	...	Dr. 4,000	1,269	2,188	5
Sungei Choh Rubber	Dec. 31	1,558	814	2,372	...	...	...	1,500	872	13,407	6
Sungei Salak Rubber	Dec. 31	3,094	3,626	6,720	...	...	...	1,000	5,720	19,338	15
Shipping.											
United British Steamship	Dec. 31	50,182	1,070	51,252	...	...	...	...	51,252	62,341	5
Shops and Stores.											
Army & Navy Co-operative	Jan. 31	117,762	204,750	322,512	...	184,500	22½	12,768	125,244	245,068	25
Austin Reed	Feb. 20	26,353	78,281	104,634	24,000	27,194	15	27,000	26,440	76,939	15
Hope Brothers	Feb. 28	37,299	55,441	92,740	16,500	32,000	8	11,000	33,240	72,702	10
McIlroy (William)	Feb. 18	68,295	35,546	103,841	5,600	20,000	20	14,941	63,300	37,357	30
Meekers, Ltd.	Jan. 31	18,813	34,907	53,720	17,500	9,189	5	7,712	19,319	46,932	5
Plummer Roddis	Feb. 12	24,028	58,790	82,818	26,000	32,500	13	...	24,318	83,400	23
Tea.											
Amblamana Tea Estates ...	Dec. 31	56	7,826	7,882	...	5,836	10	1,500	546	3,557	6
Battalgalla Estate	Dec. 31	2,899	7,782	10,681	...	7,875	17½	...	2,806	11,225	70
Ceylon Tea Plantations.....	Dec. 31	52,498	151,759	204,257	10,579	112,800	30	35,000	45,878	176,950	40
Eastern Produce & Estates	Dec. 31	24,869	102,289	127,158	3,600	74,925	22½	23,000	25,633	113,259	30
Lindoola Tea Co.	Dec. 31	2,029	5,259	7,288	780	4,550	35	500	1,458	6,535	40
Pundaloya Tea Co. of Ceylon	Dec. 31	4,018	13,944	17,962	1,535	12,787	25	...	3,640	20,368	35
Rangalia Consolidated	Dec. 31	439	12,013	12,452	...	10,000	10	2,000	452	9,619	10
Vellikollie Tea Co. of Ceylon	Dec. 31	1,544	9,972	11,516	285	8,812	25	1,000	1,419	8,730	25
Yatiantota, Ceylon Tea ...	Dec. 31	4,265	Dr. 935	3,330	2,700	...	...	...	630	8,488	...
Telegraphs, &c.											
Eriasson Telephones	Dec. 31	19,323	88,713	108,036	13,998	27,903	12	45,000	21,135	64,087	8½
Tramways and Omnibuses.											
Gateshead & Dist. Trans.	Dec. 31	20,309	27,776	48,085	6,757	12,169	8	5,492	23,667	25,516	8
Rangoon Electric Tramway	Dec. 31	21,786	148,711	170,497	15,000	55,417	(a) †	78,250	21,830	148,122	11-66†
Trusts.											
London Trust	Mar. 31	47,816	114,570	162,386	21,731	74,400	20	20,000	46,255	125,003	21
London & S. Amer. Invest.	Mar. 31	7,563	49,075	56,638	19,375	19,375	5	6,175	11,713	50,924	5
Northern Securities Trust...	Dec. 31	6,814	23,275	30,089	11,000	9,100	7	1,000	8,989	23,915	9
United States and South American Invest. Trust...	April 4	29,422	91,849	121,271	19,375	54,250	14	20,000	27,646	97,030	14
West London and Provincial Electric and General Trust	Mar. 31	3,974	21,096	25,070	7,440	13,810	9	...	3,820	25,099	10
Waterworks.											
Consolidated Co. of Rosario	Dec. 31	64,818	58,740	123,558	8,000	40,000	8	10,000	65,558	52,440	8
Other Companies.											
Abdulla and Co.	Dec. 31	5,362	80,866	86,228	20,000	60,000	20	...	6,228	80,841	17½
Allen-Liversidge	Dec. 31	14,114	(a) 34,167	48,281	10,833	16,000	8	5,000	16,448	...	...
Blundell (John)	Jan. 31	54,618	88,839	143,457	12,594	46,500	40	58,531	25,832	...	...
British Drug Houses	Dec. 31	10,428	40,002	50,430	12,100	20,000	5	10,000	8,330	58,594	8...
British Oxygen Co.	Dec. 31	144,843	(r) 61,900	206,743	...	46,313	6	83,569	76,861	...	...
Bryant and May	Mar. 31	70,609	530,035	600,644	67,200	390,101	...	100,000	43,343	528,038	...
Ebonite Container	Feb. 28	7,533	9,277	16,810	...	6,588	10	1,375	8,647	13,674	12½
English Electric Co.	Dec. 31	...	Dr. 31,612	Dr. 31,612	...	...	...	...	Dr. 31,612	...	...
Field Brothers	Mar. 31	7,316	34,274	41,590	12,788	5,813	7½	...	22,989	26,668	Nil
Hopkinsons, Ltd.	Jan. 31	19,776	41,512	61,288	18,988	13,562	5	10,000	13,738	...	...
International Lighting ...	Dec. 31	50	1,195	1,245	856	...	...	...	389	...	...
International Linotype ...	Mar. 31	338	35,233	35,571	...	36,116	6½	...	...	...	...
Laneway Safety Glass ...	Dec. 31	...	Dr. 7,836	Dr. 7,836	...	...	...	...	Dr. 7,836	...	...
Mandlberg (J.) and Co. ...	Dec. 19	42,068	38,923	80,991	16,900	24,712	5	3,500	35,879	44,341	8
Melbourne Hart and Co. ...	Dec. 31	8,185	22,853	31,038	6,975	12,400	20	3,541	8,122	27,064	22½
Mourisse, Ltd.	Dec. 31	8,945	27,921	36,866	14,100	7,650	6½	5,000	10,116	21,754	6½
Phillips (Godfrey)	Dec. 31	34,633	135,358	169,991	25,390	77,500	10	50,000	17,111	171,359	10
Rothmans, Ltd.	Feb. 20	5,493	23,951	29,444	13,300	6,058	...	4,000	6,086	29,577	28
Schweppes, Ltd.	Dec. 31	36,231	145,897	182,128	15,000	{ 32,000 36,750	{ 8 Ord. 7 Def. }	50,000	48,378	180,285	{ 9-0. 10D. }

† Free of income tax.
(r) Nine months.

§ Represents loss from June 15 to December 31, 1930.
(a) Eight months.

(a) 22 annas per share.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended April 17, 1931. (c) Week ended April 18, 1931.	Miles Open.	Week ended April 19, 1931. (000's omitted.)					Aggregate 16 weeks, 1931. (000's omitted.)						
		Passen- gers, &c.	Merch- andise, &c.	Miles &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.	Merch- andise, &c.	Coal and Coke.	Total Goods.	Total Receipts.	
		£	£	£	£	£	£	£	£	£	£	£	£
Great Western...	3,761	203	216	116	332	535	3,000	2,970	1,675	4,645	7,545	8,872	14,002
Do. for 1930...	3,755	302	185	121	618	618	3,224	3,484	2,154	5,648	8,872	14,002	14,002
L. & N. Eastn.(c)	6,349	295	356	257	613	909	4,519	5,460	4,023	9,483	14,002	14,002	14,002
Do. for 1930...	6,349	438	364	216	580	1,018	4,806	6,516	4,415	10,931	15,837	15,837	15,837
Lon., Md. & Scot.	6,955	443	517	277	794	1,237	6,757	7,355	4,353	11,768	18,465	18,465	18,465
Do. for 1930...	6,954	692	486	241	727	1,419	7,167	8,781	4,577	13,558	20,525	20,525	20,525
Southern	2,180	273	81	34	115	388	4,190	1,099	537	1,636	5,326	5,326	5,326
Do. for 1930...	2,179	411	67	22	49	509	4,363	1,223	515	1,738	6,101	6,101	6,101
Total of above...	19,245	1,214	1,170	684	1,854	3,068	18,465	16,884	10,588	27,472	45,938	45,938	45,938
Do. for 1930...	19,239	1,843	1,112	595	1,711	3,554	19,660	20,004	11,671	31,675	51,335	51,335	51,335
Metropolitan (c)	59	31	5	...	4	35	499	1	...	63	563	563	563
Do. for 1930...	59	34	4	...	3	35	518	...	...	65	584	584	584
Undag. E.R.(c)	...	201	...	...	...	304	4,507	...	...	450	7	7	7
Do. for 1930...	...	280	...	...	...	280	7	...	...	442	6	6	6
Green Buses, &c.	...	29	2	...	...	29	327	...	...	327	6	6	6
Lon. & E. Grp.(c)	...	41	...	...	...	41	665	...	...	665	0	0	0
Do. for 1930...	...	41	...	...	...	41	665	...	...	665	0	0	0
*B.I.F. & Co.(c)	80	2	1	...	1	31	31	...	...	10	41	41	41
Do. for 1930...	80	2	...	...	...	3	30	...	...	11	8	8	8
*Gt. Northern (b)	562	9	...	...	...	17	239	...	...	239	3	3	3
Do. for 1930...	562	11	...	...	...	16	286	...	...	231	8	8	8
*Gt. Southern (b)	2,188	24	...	...	...	18	72	...	...	653	9	9	9
Do. for 1930...	2,188	27	...	...	...	18	77	...	...	712	10	10	10

to continue purchasing for short periods and the limited business passing has been of this nature. The weekly market on Tuesday was quiet. Only a few sales were reported, and for fairly early delivery. Official prices were unchanged, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The position of hematite is rather weaker. Home consumers are holding off the market in regard to forward supplies, and are only buying in quantities to carry them a few weeks ahead. Makers now willingly accept 60s. 6d. for ordinary mixed numbers for prompt, and a little less has been accepted in odd cases. A few small parcels have been booked for early delivery on export account, and there are other similar inquiries on the market which it is hoped may lead to business. Shipments of pig iron have improved a little, and are now ahead of last month, the totals of all kinds cleared to the 21st inst. being 7,372 tons, against 5,158 tons to March 21st. In the finished departments no new business of importance is reported, but some mills are fairly busy on old orders. The demand for sheets and shipbuilding materials is very poor and the prospects of improvement are not good. Prices for steel materials for home under the rebate scheme are unchanged, viz.:—Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other home quotations are: Heavy steel rails, £8 10s.; iron crown bars, £10 10s.; 24-gauge black sheets, £8 10s.; and 24-gauge galvanised corrugated sheets, £11. In the ore market practical idleness still prevails. Best Bilbao rubio remains nominally 16s. c.i.f. Middlesbrough for prompt delivery, and the rate of freight Bilbao/Middlesbrough for prompt tonnage is about 4s. 6d. The production of coke has been reduced, but there is still ample for current requirements. Early supplies are obtainable at 16s. delivered works for good furnace qualities, but for forward higher figures are asked. The number of furnaces in blast in the district remains at 21.

SHEFFIELD.—The state of the market for steel scrap, which constitutes a reliable barometer of the steel industry, is again weaker, and prices have receded a further shilling or two per ton. Deliveries under contracts are greatly in arrears; there is little interest in forward business; and consumption is at the lowest point since the war. Stagnation continues to be fairly general in all branches of the local iron and steel trade with no visible signs of early recovery. The special steel branch has undergone a sharp decline since the beginning of the month. Steel works are suffering from heavily reduced requirements of the railway companies and shipbuilders, while exports tend to grow less. No orders for railway material and plant in connection with the Boxer Indemnity Fund have arrived here at present. It is understood that the distribution of the work is now under consideration. Cutlery and plate makers are extremely short of orders. There is a moderate inquiry for tools. Wage and salary reductions are being enforced by many Sheffield firms.

GLASGOW.—Business remains disappointingly quiet in the West of Scotland, although the general impression is that there is a little more work on the market. In the steelmaking industry there is no noticeable improvement, but there is greater activity in the finishing trades, although there is still a considerable proportion of plant not in operation. In the sheet trade the export demand for black sheets is maintained, and there is an improved demand for high grade sheets for home consumption. The Continental prices for semis are stiffer, and little business is being placed by Glasgow buyers. Conditions remain dull in the tube trade.

OTHER METALS.

TIN.—The rapid improvement in the price of tin, following the adoption of the restriction scheme, has practically been cancelled out by the fall during the week. It will, however, be seen from the table below that the world's production in March, the first month covered by the restriction scheme, has been on a lower level. Although stocks still weigh heavily on the market, the future outlook for the metal is more encouraging, provided that the working of the scheme does not meet with difficulties. Prices again declined during the week, and Wednesday's closing quotation for "standard cash," at £111 to £111 2s. 5d. per ton, compares with £114 15s. to £114 17s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 27,233 tons, show a decrease of 62 tons on the week. The following table shows the world's mine production (estimated by the Metallgesellschaft A.G.), visible supplies, including "carry-over in Straits" with prices in London:—

	Thousands of Metric Tons.		Average Price "standard cash" £ s. d.
	Estimated Production.	Visible Supplies.	
	Total.	Daily Average.	End of month.
1931 January...	13.88	0.448	50.2
February...	14.36	0.513	53.8
March...	13.82	0.446	53.3
April 22...	...	...	...

COPPER.—The demand for copper still fails to expand, and prices have continued to decline in London and New York. In order to stimulate exports, Copper Exporters, Ltd., have reduced their minimum price, for "electrolytic," c.i.f. Continent, from 10-30 cents per lb. to 10-05 cents per lb. on April 20th. Wednesday's quotation in London for "standard cash," at £42 11s. 3d. to £42 12s. 6d., compares with £43 2s. 6d. to £43 5s. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 10,489 tons, show an increase of 115 tons, while stocks of rough copper, at 1,427 tons, were 126 tons smaller.

LEAD.—At a meeting held in London, on April 20th, the lead producers agreed unanimously to cut their monthly production to

15 per cent. below the actual production figure of 1930. The reduction is to begin from May 1st and will continue for six months. Before the expiry of that period, there will be another meeting to review the situation. Nevertheless, prices have failed to recover this week. Wednesday's official closing quotation for "soft foreign," at £12 13s. 9d. to £12 18s. 9d., compares with £12 15s. to £12 17s. 6d. on the corresponding day last week.

SPELTER.—Spelter has been dull, and the rumour that one of the principal producers had decided to reduce production by working three weeks out of four had little effect on the market. Wednesday's closing quotation for "good ordinary brands," at £11 5s. to £11 11s. 3d., compares with £11 11s. 3d. to £12 2s. 6d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—The demand for other non-ferrous metals has been quiet, and aluminium was again quoted at £85 per ton, while nickel changed hands at last week's price of £170 to £175 per ton. Foreign antimony again sold at £24 10s. to £25 per ton, and there was no change in the price of quicksilver at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Prices show a small decline from those ruling a week ago. Some sporadic buying earlier in the week and a temporary shortage of contracts caused values to improve a little, but since then they have gradually sagged with sentiment distinctly bearish. The Chairman of the Farm Board recently stated that unless cotton acreage reduced 25 per cent., there was a grave danger that prices would be lower next autumn. So far it looks as though acreage reduction will be no more than 10 per cent. to 12 per cent. Weather reports have been favourable and crop progress in most parts of the belt is up to the normal. Trade conditions continue to be very poor, and the weakness in other commodities is making buyers of cotton hold aloof. Spot sales for the week 16th to 22nd (inclusive) are 29,000 bales, of which 15,980 are American, 3,500 Brazil, 100 Argentine, 3,250 Peruvian, 2,700 Egyptian, 1,400 African, 550 East Indian, 1,270 Russian, and 250 sundries. Imports for the same period are 45,185 bales, of which 13,596 bales are American, 1,638 Peru, 7,056 Egyptian, 2,890 African, 19,621 East Indian, and 384 sundries. Quotations on April 22nd were as follows: American Middling, 5-57; Egyptian Sakel, 8-15; Uppers, 6-35; Brazil Fair, 5-62; Peru G.F. Smooth, 6-02; East African G.F., 6-62; and West African Middling, 5-62.

Manchester.—Demand in the market is slow to improve. General conditions at the moment are against increased activity. Bearish sentiment prevails in raw cotton circles, and traders are undoubtedly being affected by the falling tendency of commodity prices generally. In the cloth section there has been very little encouraging news from India, and demand remains limited. Picketing in Calcutta and some of the up-country markets is intense. Some business continues to be done in light bleaching descriptions and fancies, chiefly for Karachi. Bids for China have not been altogether absent, and isolated sales have occurred in white shirtings and dyed goods. Very little has been done for Egypt. Further operations have occurred in finishing cloths for South America. There has not been much life in home trade fabrics. There are rumours of more weaving employers deciding to go out of business. American yarns have been dull and easier in price when tested. There is a tendency to curtail output on a larger scale. A slack demand has also been experienced in Egyptian counts and rates have favoured buyers.

Cotton Prices.

	1931.				Corresponding Date.	
	Mar. 31.	Apr. 8.	Apr. 15.	Apr. 22.	1929.	1930.
Raw Cotton—Mid. American	5-83	5-62	5-60	5-57	10-51	6-48
" Sakellaridis Fully Good Fair	9-40	8-90	8-80	8-15	18-10	14-30
Yarns—32's twist	94	94	94	94	154	124
" 40's twist	10	94	94	94	16	13
" 60's twist (Egyptian)	17	164	164	154	26	214
32-in. Printers, 116yds., 16 by 16, 32's and 50's	18	9	18	3	18	1
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	20	6	20	0	19	10
38-in. ditto, 35 yds., 18 by 18, 10 lb.	11	7	11	4	11	3
39-in. ditto, 374 yds., 16 by 15, 84 lb.	10	6	10	3	10	1

THE WOOL TRADE.—Bradford.—Two important events which have taken place this week are the termination of the season's sales in New Zealand, together with some active sales in Sydney. These represent two leading sections of the trade—merinos and crossbreds—the former continuing to make excellent prices, while the latter lost ground practically 10 per cent. from recent sales. Early next month the Australian sales will finish for the current season, except the holding of a monthly sale here and there up to the end of June. Our Bradford correspondent writes: "There is no doubt that the large purchases these last few weeks on Japanese account are chiefly responsible for the excellent prices which have been ruling. It is a fact that tops to-day in Bradford are procurable at at least 3d. per lb. less than they are costing out of wool sold in Sydney this week, an anomaly which did not obtain even at the lowest point at the end of January. Why selling prices for tops should have turned so weak and unsatisfactory during the recent interval is an anomaly that needs an explanation, and it clearly shows that neither the spinning nor manufacturing ends of the West Riding trade have been at all commensurate with the excellent demand for wool that took place in Coleman Street last March. One feels that the effect has been almost nil upon the manufacturing end of the

trade, and that March higher values have been to a very large extent discounted." The trade now faces another series of Colonial sales which begin next Tuesday in Coleman Street Wool Exchange. There are available about 163,500 bales—quite sufficient to satisfy all prospective requirements. Opinion about the probable opening results is not unanimous; but if Bradford top prices are anything to go by, merinos may decline 7½ to 10 per cent. and crossbreds a full 10 per cent. A good deal will depend upon the attitude of the Continent.

THE GRAIN MARKETS.

WHEAT.—Despite unfavourable climatic conditions over the United Kingdom during the past week, no serious interruption occurred to agricultural operations. Cereal crops generally present a healthy appearance, though a spell of warmth and sunshine is needed to stimulate growth, both wheat and oats being still rather backward on heavy soils. Supplies of native wheat continue in small compass, and sell readily at full rates both for milling and poultry feed. On the import market, a good business transpired, particularly in Plate and Australian varieties, but initial advances were not maintained owing to liberal first-hand offerings and fluctuating overseas cables. Cargoes of Australian changed hands at 23s. to 24s. 3d. according to size and position, Barusso 63½ lbs. shipping-shipped 23s., Rossa 63½ lbs. adrift 21s. 10½d., and a part cargo No. 2 Northern Manitoba mid-May loading at Vancouver 25s. 9d. per 480 lbs. c.i.f. Shipments are increasing, the total being equal to estimated requirements, while floating supplies were also on a larger scale. Continental and Mediterranean countries continue to operate freely, and indications of liberal purchases needed up to next domestic harvests are confirmed by the larger quota of foreign wheat now permitted to be milled in France and Germany. Reports that the American Farm Board would liquidate its holdings on European markets were officially denied, but efforts will apparently be made to sell 35 million bushels before the end of July, while it is announced that official support will not be extended to the new crop. Prices generally have not advanced in proportion to the large business done of late, sellers being no doubt more anxious to dispose of surplus stock rather than jeopardise the buying movement by holding for a greater rise. Quotations: No. 1 hard Northern Manitoba (Vancouver), ex ship 30s.; No. 1 Northern Manitoba, ex ship 29s.-29s. 6d.; No. 2 ditto, 28s.-28s. 3d.; No. 3, 26s. 9d.; No. 4 Manitoba, 25s. 9d.; Barusso, 63 lbs., 24s.; Rossa, 63 lbs., 23s. 9d.; Australian, 24s. 6d.; Russian, on sample, landed, 23s.-24s. per 496 lbs.; English, 4s. 8d.-5s. 4d. per 112 lbs.

WHEAT FLOUR.—In view of the upward movement in wheat prices quite a good demand was dealt with for home milled flour, and prices marked an advance of 1s. per sack on the week. Imported descriptions also attracted more attention, but the higher selling limits tends to check business in North American makes for shipment. Quotations: London straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 22s. 6d.-25s.; Buffalo ditto, 22s.-24s. 6d.; Australian, 18s. 9d.-19s. 6d. ex store per 280 lbs.

BARLEY.—The market in barley has again been firmer. Quotations: Californian old, landed, 30s.-35s.; new, ex ship, 30s.-38s. as to sample; Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 30s.-40s.; Smyrna, 30s.-32s. per 448 lbs.; Black Sea, landed, 19s.; ex ship, 18s. per 400 lbs.; English malting, 7s. 6d.-10s.; feed, 6s.-6s. per 112 lbs.

OATS.—The market in oats has been strong. Quotations: Plate landed, 13s.; ex ship, 12s.; Chilean tawny, landed sold 13s. 9d.-14s.; whites, landed, quoted 20s.-21s. 6d.; North Russian, landed, 17s.; South Russian, 18s.; Danubian, 15s. 9d.; mixed Canadian feed, 12s.; black plate, 12s., all landed, per 320 lbs.; English, 5s. 8d.-6s. per 112 lbs.

MAIZE.—All feeding stuffs also ruled firm, and a good trade resulted in Plate maize despite large Argentine shipments, while heavy freight bookings indicate a continuance of the shipping movement. Spot and near at hand parcels were held for a substantial premium. Quotations: Plate, landed, 23s. 6d.; ex ship to arrive, 21s. 9d.; new, April-May, 17s. 3d.; May-June, 17s.; June-July, 17s. per 480 lbs. Yellow maize meal, £6 15s. f.o.r. London per ton.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Apr. 18	Cwts. 67,087	Cwts. 118,822	Cwts. 148,778	Cwts. 272,937
33 weeks to Apr. 18	3,846,908	7,797,829	8,385,455	8,418,874
Average price of English wheat per cwt.	s. d. 5 3	s. d. 8 10	s. d. 9 10	s. d. 10 3

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Apr. 11, 1931.....	Cwts. 98,603	Cwts. 43,154	Cwts. 29,212	s. d. 5 3	s. d. 8 1	s. d. 6 0
Apr. 18, 1931.....	67,087	26,739	24,375	5 3	7 3	6 0
Apr. 16, 1927.....	89,922	35,100	37,412	11 6	10 10	8 5
Apr. 23, 1928.....	272,937	41,420	32,419	10 3	10 9	11 9
Apr. 20, 1929.....	148,778	37,531	32,874	9 10	10 2	9 7
Apr. 19, 1930.....	118,822	68,294	22,035	8 10	7 9	6 7

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AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Jan. 23, 1930.	Jan. 2, 1931.	Apr. 8, 1931.	Apr. 15, 1931.	Apr. 22, 1931.
Winnipeg (No. 1 Manitoba)	148½	109	56½	57½	62½	61½
Chicago (No. 2 Winter)	130½	104½	79½	83	83½	81½

The visible supply of wheat in Canada at 64,882,000 bushels, shows a decrease on the week of 1,109,000 bushels. Supplies a year ago stood at 74,742,000 bushels.

OTHER FOODS.

SUGAR.—Agreement has been reached by the Paris Conference on all the main points at issue, including the conditions under which exports may be increased above the "quota." It also appears that a permanent council, to be known as the International Sugar Council, is to be set up at The Hague. Its votes will be distributed as follows: Cuba, 35 votes; Java, 30 votes; Europe, 25 votes. The European votes will be distributed among Czechoslovakia (8), Germany (6), Poland (6), Hungary (3), and Belgium (2). Mr. F. E. Powell, chairman of the Anglo-American Oil Company in London, has been invited to become Chairman of the Council. The market in sugar has again been firm, and prices for "British refined" have been maintained at the higher level. Raw futures have been slightly easier, and Wednesday's sales included "May delivery" at 6s. 2½d. to 6s. 3½d., as against 6s. 5½d. to 6s. 6½d. on the corresponding day last week; August, at 6s. 5d. to 6s. 6½d., as against 6s. 8½d. to 6s. 9d.; and December, at 6s. 10d. to 6s. 10½d., as against 7s. 0½d. to 7s. 1d. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London ...	731	317	2,296	685	30,661	41,448
Liverpool...	20,128	1,485	16,945	10,143	84,271	118,706
Total tons	20,859	1,802	19,241	10,828	114,932	160,154
Last week	12,869	90	15,473	21,010	113,314	169,180

COFFEE.—Good qualities again received considerable support at the auctions, but common sorts have been easier. Last week's movements of coffee in London were as follows: Brazilian, landed, Nil; delivered for home consumption, 247 bags; exported, Nil; stocks, 2,246 bags, against 6,277 bags last year. Central American, landed, 11,995 packages; delivered for home consumption, 4,634; exported, 2,307; stocks, 116,313 packages, against 105,214 a year ago. Other kinds, landed, 9,386 packages; delivered for home consumption, 4,092; exported, 5,576; stocks, 106,496 packages, against 121,879 a year ago.

COCOA.—The market in cocoa has been dull, and last week's prices have not been maintained. Wednesday's quotation for Accra, fair fermented, May-June, at 20s. 4½d. per cwt., f.o.b., London contract, shows a fall of 10½d. on the week. Last week's movements of cocoa in London were as follows:—Landed, 5,628 bags; delivered for home consumption, 11,835 bags; exported, 67; stocks, 211,867 bags, against 205,287 last year.

TEA.—The quantities catalogued for this week's auctions comprised 54,942 packages of Indian, 33,195 packages of Ceylon, and 15,643 packages of Java and Sumatra tea. There was keen competition at Monday's auction for Indian tea, and prices were maintained. Good Ceylon teas sold well on Tuesday, but at the auction of "Indian" on Wednesday, demand was slightly less strong, and common teas showed a slight reaction.

RICE.—The market in rice has been dull, and prices declined further. Wednesday's quotation, for Burma No. 2, cleaned, May-June, in singles to the Continent and to the United Kingdom, at 7s. 4½d. per cwt., shows a fall of 1½d. on the week. Movements in London during the past week were as follows:—Landed, 52 tons; delivered, 25 tons; stocks, 635 tons, as against 2,526 last year.

POTATOES.—Supplies at the Borough Market have been heavy this week, and there was no further rise in prices. "Best King Edward" again sold at from 9d. to 10d. per ton.

SPICES.—The spot market for pepper has been steady, and Wednesday's price of "Black Singapore," at 6½d. per lb., shows no change as compared with last week. Movements of pepper in London during the past week were as follows:—Black, landed, 67 tons; delivered, 20; stocks, 584 tons, as against 967 last year. White, landed, 124 tons; delivered, 42; stocks, 748 tons, against 764 tons a year ago.

MEAT.—The market in meat has been firm, and prices of British and foreign beef advanced several points. English pork and mutton also realised higher prices, but New Zealand mutton remained unchanged. According to the Smithfield Market official report, supplies of meat during last week amounted to 10,073 tons, as compared with 9,243 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.7 per cent. of the supplies, as against 81.3 per cent. a year ago, and imported mutton, mainly New Zealand, formed 86 per cent. of the total supply, as against 82.3 per cent. last year.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, TUESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		s. d. s. d.		s. d. s. d.		s. d. s. d.	
GRAIN—							
Wheat, No. 2, N. Man. 496 lb.	28 3	Irish bladders	68 0 76 0	English Southdown, washed	13 1	Best heavy ox and heifer	0 4 0 6
Eng. Gas. av., per cwt.	5 3	POTATOES—	48 3 50 3	per lb.	9	Best cow	0 4 0 4
Barley, Eng. Gas. av.	7 3	Good English, per cwt.	9 0 9 6	Lincoln hog, washed	22	Best calf	0 6 0 6
Oats	6 0	SPICES—		Queensland, scd. super embg.	12		
Maize, La Plata, landed, 480 lb.	23 6	Pepper, per lb.		N.S.W. greasy, super	10 1		
Flour, Lon. stan. ex mill, s. d.		Muntok, fair White	0 9 0 0	N.Z., gray, half-bred 50-56	10 1		
280 lb.	22 6 0 0	Black Lampong	0 6 0 0	Crossbred 40-44	7 1		
Rice, No. 2 Burma, per cwt.	7 4 1	Cinnamon—1st sort, per lb.	0 8 1 0				
Sago, Pearl, per cwt.	16 0	Cloves—Zanzibar per lb.	0 10 1 0				
Tapioca, per cwt.		Ginger—per cwt.	25 0 0 0				
R.I. flake, fair spot	17 6 0 0	African	45 0 85 0				
Medium pearl	20 0 0 0	Jamaica, ord. to good	0 10 1 8				
MEAT—		Mace	1 1 0 0				
Beef, per 8 lbs.		Nutmegs 65s	1 1 0 0				
English long sides	5 0 5 8						
Argentine chilled hinds	4 2 4 8						
Mutton, per 8 lbs.							
English wethers	6 4 8 0						
N.Z. frozen	2 8 3 4						
Pork, English, per 8 lbs.	5 4 7 4						
BACON— OTHER FOODS.							
Irish	72 0 102 0						
Danish	96 0 80 0						
Canadian	nom.						
Dutch	65 0 73 0						
HAMS—Irish	0 0 0 0						
Canadian	0 0 0 0						
American	74 0 86 0						
BUTTER—							
Irish creamery per cwt.	nom.						
Australian	98 0 112 0						
New Zealand	100 0 114 0						
Danish	122 0 124 0						
CHEESE—							
Canadian	66 0 76 0						
New Zealand	49 0 55 0						
English Cheddars	48 0 108 0						
Dutch	40 0 67 0						
COCOA—							
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)							
Accra, f.f., per cwt.	20 0 24 6						
Trinidad	40 0 48 0						
Grenada	30 0 40 0						
COFFEE—							
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)							
Santo, sup., c.c.f. cwt.	37 6 0 0						
Colomb. au, good	70 0 85 0						
Costa Rica med. to good	85 0 125 0						
East Indian	85 0 112 0						
Kenya, medium	80 0 95 0						
EGGS—							
English	9 3 11 0						
Danish	7 9 9 6						
FRUIT—							
Oranges, South African box	0 0 0 0						
Oranges—							
Denia and Valencia							
11s. 8d.; foreign, 14s. cwt.							
Lemons, Sicilian	10 0 30 0						
Malaga	6 0 11 0						
Apples: Amer. (var.) box	30 0 37 6						
(var.) box	9 6 11 3						
Onions—							
Valencia, case, 4s.	0 0 0 0						
Canon	0 0 0 0						
5s.	0 0 0 0						
Grapes, Lebanon	0 0 0 0						
Almeria	0 0 0 0						

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets on the whole have been quiet but steady, but at the close an easier feeling prevailed. Linseed is in only poor demand and both here and on the Continent and after business in Plate on passage to Hull had been done at £9 and for June shipment at £9 2s. 6d., values have eased, current quotation for seed afloat and April being £8 17s. 6d. and for May shipment £9. Shipment of Indian linseed has commenced, but little business is passing. Calcutta, April-May and May-June offers at £11 5s. The quantity of linseed afloat for Europe continues heavy at 220,400 tons, as compared with 116,300 tons a year ago. Cottonseed is neglected and somewhat lower, black Egyptian, April and May landings, quoting £6 5s. and Bombay £5 5s. Linseed oil was steady and advancing in the near positions early in the week, but has since turned quiet, current value of raw oil on spot ex Hull mill being around £18, and for May-August delivery £17 12s. 6d. Cotton oil is slow, crude Egyptian ex Hull offering at £20 10s. and edible refined at £23. The demand for oilseeds is only moderate and prices of linseeds and cottons are somewhat lower.

HIDE, LEATHER AND ALLIED TRADES.—Prices for both domestic and imported hides have assumed a weaker tendency this week, and with the restricted amount of buying being done by tanners in this country there is a possibility of yet lower values before confidence is restored. At the Manchester sales this week certain weights in second and third and heifers were 4d. per lb. cheaper, while warbled cows made less money. Calf skins remain a fairly steady market, but the tendency in regard to sheepskins is towards lower prices, in view of the difficulty experienced in disposing of wool. Regarding foreign hides the bulk of the business done in connection with South American wet salted has been on account of tanners in the United States. Parcels of Argentine ox have changed hands at the equivalent of 6d., with second ox quoted at 5d., and Uruguayans at 6d. Dry South American hides are considerably weaker, quotations for B. A. Americanos now being 6d., with Montevideo Americanos on offer at 7d. Only small business is passing for most descriptions of African hides, with dry

Capes quoted at 7½d. and 6½d. for first and seconds, and 6½d. and 5½d. for the same selection of dry salted 20/30 lbs. Although no alteration has occurred in the quotations for Australians little business is being done with the trade of this country. A fairly satisfactory turnover has been done in most descriptions of sole leather, and the market remains steady in regard to prices, the only exception being offal. For this the demand is very poor, and in spite of the low figures being quoted for both bellies and shoulders practically no headway is being made. Against this, however, the demand for English and wet-salted hides continues good, particularly in the lighter weights. Dry hide bends suitable for shoe manufacturing purposes have also accounted for a respectable turnover, and although business for the most part is confined to the lighter varieties there has, at the same time, been a moderate call for mediums. Trade in upper leather has moved on steady lines with the bulk of the inquiry confined to willow calf and black and brown glaze kid.

RUBBER.—Since Wednesday last week the price of rubber has continuously fallen until it touched 2½d. per lb. on Wednesday this week. This is the lowest price ever reached and is due to the absence of a decline in production or an increase in consumption. Although costs of production have been considerably reduced during the last year, the present level may be regarded as definitely uneconomic, and will therefore probably act as a corrective in adjusting supply to demand. Wednesday's official closing price for standard ribbed smoked sheet at 2½d. per lb., shows a further decline of ½d., as compared with that of the corresponding day last week. Forward positions were weak. Business has been done at 2½d. to 2½d. for May, against 3½d. to 3½d. last week; at 2½d. to 2½d. for June, against 3½d.; at 2½d. to 3d. for July-September, against 3½d.; at 3½d. to 3½d. for October-December, against 3½d. to 3½d.; and at 3½d. to 3½d. for January-March, 1932, against 3½d. to 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 4,331 tons; delivered, 1,566 tons; stocks at the end of last week at 136,925 tons, show an increase of 2,771 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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SATURDAY, MAY 2, 1931.

No. 4,575

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THE MONEY MARKET.

MONEY has been extremely tight this week, and on Tuesday up to 3½ per cent. was paid for new money, while the Bank is believed to have rendered assistance by some special buying of July bills at 2½ per cent. The

following day 3 per cent. was paid for new money and 2½ per cent. for renewals, and on Thursday money still remained stringent, and it is understood that a small amount had to be borrowed from the Bank. From the point of view of the discount market it was difficult to understand the stringency, for, with the three months' market rate still pegged at a minimum of 2½ per cent., few bills are coming forward for discount, and brokers in fact are finding their business—and therefore their need for money—reduced to a very low ebb. The key to the stringency, however, is to be found in this week's Bank return.

* * * *

This showed Bankers' deposits to have been reduced to the extremely low figure of £48.9 millions, and when it is remembered that stringency is likely to develop when Bankers' deposits fall much below £60 millions, it is not surprising that even under the present conditions of inactivity the market has found itself short of funds. What has been happening is that the Treasury had for the past fortnight been accumulating money in Public Deposits in preparation for the Funding and Conversion Loan dividends due on May 1st. The net increase in Public Deposits during this period was nearly £10 millions, and in the absence of any compensating changes among the Banking Department's assets, this sum had to come off Bankers' deposits and so be lost to the market. Another, though far less serious, factor was the slight increase this week in the note circulation, due to the public's currency needs at the end of the month. It was clear that this situation was purely temporary, and now that the Government dividends have been released money should become easier.

* * * *

Sterling has further strengthened its position this week against both the franc and the dollar, and the Bank has once more secured the Cape gold, amounting this week to £921,000, at its statutory buying price. Ear-markings, however, amounted to just over £1,000,000, so that even with the £500,000 whose purchase was announced on May 23rd, the Bank only gained during the week ended May 29th a net £488,000. This was not enough to balance the increase of £1,371,000 in the note circulation, so the Reserve fell by £883,000. The Proportion, however, is still 55½ per cent., so the Bank is in a very strong position. Next week £1,061,000 in bar gold is due from the Cape and the following week £825,000. All this should be secured by the Bank without difficulty, as the dollar exchange is now nearly up to par.

* * * *

The Paris exchange has risen to Frs. 124.44, and already suggestions are heard of forthcoming gold movements to London. Such suggestions, however, are somewhat premature. It is not certain what the exact import gold point is, and it would probably take a test shipment to determine it, especially as various houses each have their own methods of conducting such operations. Probably the gold point will be found to lie between Frs. 124.49 and Frs. 124.54, so that the pound has still a little way to rise before it reaches even the lower limit. It is also significant that no more gold shipments from Paris to New York have been arranged since the sailing of the "Europa" on Saturday. Apparently the withdrawal of last week's concessions in freights, together with the rise in the dollar exchange, has been sufficient to check any further outflow.

	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	3½ (May 1, '30)
Bankers' Deposit Rate...	1	1	1	1	1½ (May 1, '30)
Discount { Call	1	1	1	1	1½ (May 1, '30)
{ Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
House {					
Market rate (3 months' bills)	2½	2½	2½	2½	...

* * * *

Following the Budget statement on Monday, sterling was at first influenced favourably by the notion, given currency in some section of the Press, that the transfer

from the Dollar Exchange Reserve Account might occasion a demand for pounds. It was subsequently realised that this theory had no solid foundation, and speculative buying of sterling dried up, but the reduction in New York acceptance rates, described in detail below, is also having an effect upon the dollar exchange, both because it encourages foreign houses to draw upon New York instead of London, and because it is attracting American short money to Europe. This week some American interests have been offering money in London for three months at 2½ per cent. With the market discount rate at 2½ per cent., this rate is clearly too high for London brokers, and these offers have been refused. It is conceivable, however, that they will be repeated at lower and more acceptable rates.

* * * *

These developments have made it clear that, apart from seasonal increases in money rates, such as occurred this week in Amsterdam over the end of April, London is at present the most attractive centre for short funds, and that money is likely to come here from New York and Paris, and also from Amsterdam after the turn of the month. Thus the open-market policy of the Bank has served its purpose of re-establishing world confidence in sterling. Now that this has been accomplished, and inasmuch as money rates generally are likely to remain low, the monetary outlook can be regarded as settled.

* * * *

Money has again definitely cheapened in New York, and already talk is heard of a possible reduction in the Reserve Bank's discount rate to the unprecedentedly low level of 1½ per cent. On April 21st and again on April 27th, the New York Reserve Bank reduced its buying rate for bankers' acceptances of not more than 45 days' maturity, and the current rate is now as low as 1½ per cent. The Boston Reserve Bank followed the New York Bank in its first reduction, and New York banks have reduced their buying rates for acceptances for all periods by ½ per cent. Call money is 1½ per cent. These reductions are regarded by some as evidence of an official desire to check gold imports, and the sterling exchange has already responded.

* * * *

The Foreign Exchange market was again fairly active and sterling maintained its recent strength, especially against the franc and the dollar. New York, after touching 4.86½ and 4.86¾, settled down at 4.86¾, a gain of ¼ in two weeks. Montreal was weaker by ½ at 4.86¾. Paris lost 14 points at 124.44, and Brussels lost ¼ at 34.96. Milan fell away from 92.78 to 92.89. The peseta, after a weak opening at just under 49.00, improved to 46.10. Amsterdam went against us from 12.10½ to 12.09½. Berlin weakened from 20.40½ to 20.42½, as did Geneva from 25.23 to 25.24½. Of the Scandinavian currencies Stockholm lost ½ at 18.14½, while Oslo and Copenhagen were unchanged at 18.16½ and 18.16½ respectively. The South American exchanges were variable. Rio improved by ½d. to 3½d., after touching 3½d., but Buenos Aires losing ½d. at 36½d., while Monte Video gained ½d. at 32½d. In the Far East the rupee was steady at 1s. 5½d., as was the yen at 2s. 0½d. Batavia improved from 12.11½ to 12.10½. In the forward market, dollars were rather weaker at ¼ and ⅞ cent premium. Paris was firmer at 17 centimes and 88 centimes premium. Brussels was rather weaker at 2½ and 6 centimes premium. Madrid was decidedly better at 5 and 16 centimos premium. Forward Amsterdam weakened to ½ cent and ¼ cent premium for one and three months respectively. Berlin was weaker at ½ and 2¼ pfennigs discount. Switzerland was unchanged at 3 and 7 centimes premiums. Silver was slightly weaker at 13½d. for cash and 13½d. for forward, but the market was quiet and dull. The China silver exchanges were steady, Hong Kong improving by ½d. to 1s., while Shanghai was unchanged at 1s. 3½d.

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PLAYING FOR TIME.

WHATEVER the verdict of history may be on Mr Snowden's third Budget, the immediate impression on the public mind was that a difficult situation had been handled with a dexterous simplicity. The conditions in which the speech was made had created a friendly attitude. The imagination, not only of the House of Commons, but of the country, was captured by the spectacle of the Chancellor rising from a sick bed to face the trying ordeal of "opening" a Budget, and triumphing over ill-health by force of will and pertinacity. The warm cheers of sympathy from all quarters of the House, no less than the extremely graceful tribute of Mr Neville Chamberlain, revealed the very high appreciation of the House for the courageous fight which Mr Snowden is making against physical disability. As to the Budget itself, after so much had been said both by Mr Snowden himself and by the Press, about the parlous state of our national finances, there was a general sigh of relief when it was known that the only additional taxation this year was to be twopence per gallon on petrol. But, however natural the inclination to welcome the avoidance of added burdens in hard times, complacency was quickly shaken by closer examination of the Budget. Mr Snowden's previous speeches had led us to expect that he would avoid additional taxation as much as possible. But it had hardly been expected that he would strain his resources to the extent revealed in the Budget or solve his problem by adopting expedients so reminiscent of the methods of Mr Churchill. Mr Neville Chamberlain hit the nail squarely on the head when he remarked half jestingly that the Chancellor had at last approached Mr Churchill, if not in principle, at all events in practice. The House adjourned on Monday night with an uneasy feeling, shared fully by the direct taxpayers throughout the country, that the day of reckoning had only been postponed.

Mr Snowden's Budget is, we think, open to criticism in three directions. In the first place, considering the state of trade and the grave doubt whether improvement can be expected, at all events in the first half of the coming financial year, his estimates of revenue seem to us to be on the optimistic side. A small allowance is made, it is true, for a further sagging in the revenue from Customs and Excise, but Inland Revenue, making due allowance for the full effect of last year's new imposts, is forecast at a total which may well be regarded as sanguine. It is true that Somerset House may claim that, in spite of unexampled depression, Inland Revenue last year—other than Stamp Duty, which was affected by the Stock Exchange slump—closely approximated to the Budget forecast, and this may give ground for confidence in the present figures. It is true, moreover, that the yield of income tax falls very much less than might be supposed in times of depression. Still, allowing for the fact that £3 millions more than last year was expected to accrue in 1931-32 as a result of the higher rate imposed in the previous Budget, the present income-tax estimate represents an expected fall of only 4 per cent. in the yield—a very low figure. As regards sur-tax, last year's increase was calculated to produce an additional £5 millions in a full year; the Chancellor expects to get practically the whole of this. The most remarkable estimate, however, is under the heading of Estate Duties, which in 1930-31 did not yield quite the full amount of estimated increase resulting from last year's advance in the rate. But whereas the Budget estimate last year was £83 millions, Mr Snowden expects this year to get no less than £90 millions, or £3½ millions more than the "full year's anticipated gain." These changes—together with an estimated recovery of £3½ millions in the Stamp Duty yield, for which little justification appears to exist—lead Mr Snowden to the remarkable conclusion that the tax revenue for the year will be not much more than a million less than the current result. We sincerely hope—though without much confidence—that he will be justified by results.

If the Sinking Fund and interest on the Debt had remained at £360 millions, the revenue estimate would have shown a deficit of £42½ millions for the year; but Mr Snowden proposes, for reasons referred to below, to reduce the Debt charges to £355 millions, thereby lowering his prospective deficit to only £37½ millions. In covering this deficit, Mr Snowden is open to the charge of adopting devices which, if things do not go well, will make things very much more difficult in the Budget of next year. The deficit is met by three expedients. (1) He takes into revenue £20 millions out of the Exchange Reserve Fund established during the war. Next (2) £10 millions additional revenue under the head of Income Tax is to be obtained by reducing the concession under which half of personal income tax is paid on January 1st and half on July 1st. In 1931 three-quarters is to be paid on January 1st and one-quarter on July 1st. This means that an extra quarter of the tax, from certain classes of the payers, will be collected within the present financial year. (3) £7½ millions is to be raised from 2d. on petrol. The first of these proposals is open to the double objection that it is using borrowed money for revenue and that it is an expedient which cannot be repeated. When the Exchange Fund was no longer required it most clearly should have been used for repayment of debt. The second item, though a genuine tax receipt, is also non-recurring. It is quite clearly getting more money out of the income-tax payer during the current twelve months, though that long-suffering animal will no doubt much prefer that it should be taken in this way than that the standard rate of income tax should be raised. The important point to bear in mind, however, is that while this year's revenue will be swollen by £10 millions, next year's revenue will drop back to the old figure, and that, if next year's revenue requirements are at the same level as at present, the Chancellor must find some new means of raising the wind. It is true that there will be one last nest-egg of this kind left in 1932, if all income tax is exacted in one instalment, but after that either the rate will have to be increased, or revenue must be raised in some other form. To the tune, therefore, of no less than 80 per cent. of his deficit, Mr Snowden has resorted to non-recurring forms of revenue, a procedure which can only be described as an expedient to be justified by very exceptional circumstances.

The third criticism is that, in his desire to avoid taxation, Mr Snowden has reduced provision for the debt to dangerously low limits. As our readers will remember, Mr Snowden provided, twelve months ago, that the deficit of 1929-30 should be spread over three years. For this year and next year, therefore, there was a matter of nearly £10 millions to be added to the Sinking Fund provision of Mr Churchill. But, justifying himself by a dictum of Mr Gladstone that debt provision should be kept to a minimum when times are bad, Mr Snowden proposes to regard the receipts from the Young Loan, of about £9 millions (an amount which has already been handed over to the National Debt Commissioners), as releasing him from the obligation to meet this deficit out of revenue. As to the deficit of 1930-31—amounting to £23 millions—the Chancellor contented himself with observing that the House of Commons would not expect him to add this to the tax burden at the present juncture. We suggested, a few weeks ago, that, while this might be true, the proper procedure was to add this to the deficit of 1929-30, and to make provision that the fixed debt charge figure of £355 millions should be raised to £360 millions for the next six or seven years. Mr Snowden has not done this, but contents himself for the moment with the lower figure of £355 millions, which gives him a nominal Sinking Fund of £52 millions. When it is remembered, however, that Mr Snowden only balances his Budget by bringing into account £20 millions of borrowed money which has figured as an asset in the national capital account for the last decade, it will be seen that the actual Sinking Fund allocation which Mr Snowden

provides in 1931-32 is only £32 millions, a lower figure than for many years past. Moreover, Mr Snowden, in his brief speech, said not one word about the borrowing for the Unemployment Insurance Fund; but, as we have pointed out more than once recently, the borrowing for this Fund has been perilously near being equal to the total of the Sinking Fund. With amortisation of debt out of revenue at £32 millions for the coming year, and borrowing for the Insurance Fund at, say, £45 millions, we have at last reached the point where we shall be borrowing more than we repay if the Unemployment borrowing is regarded as a permanent part of the National Debt. It is true that one day it may be hoped that the Insurance Fund's receipts will pay the interest on and ultimately repay this debt, but this is looking very far ahead, and, if the debt of the fund continues to grow at its present rate, it is difficult to believe that it will be possible to establish the rates of contribution from employers and employees at a sufficiently high level to repay it.

To sum up: the Budget is a temporisation which does not attempt at this stage to bridge the gulf between expenditure and revenue on the existing basis of taxation. If the balance sheet gives momentary satisfaction on the ground that no further duties are being imposed, its true meaning is to emphasise the Chancellor's references to the need of giving full effect to the recommendations both of the Economy Committee and of the Commission on Unemployment Insurance. The present level of expenditure, apart altogether from the contribution towards unemployment benefit, which is being met by borrowing, is, to-day, some £30 millions above the current revenue yield, and unless something is done in the next few months in regard to extended benefit, or reducing in some form or another the outgoings under the heading of unemployment benefit, there is an inevitable £6 or £7 millions to be added to the estimates of the Ministry of Labour in order to pay extended benefit during the latter part of this financial year. It is truer, therefore, to say the current level of expenditure is at least £36 millions above the current level of revenue, assuming a Sinking Fund of £52 millions; and this is barely sufficient to cover the statutory obligations of the Chancellor for repayment of debt.

There are only four ways in which this gap may be diminished:—(1) By a reduction of the expenditure on unemployment benefit; (2) by reductions proposed in other departments of expenditure by the Economy Committee; (3) by the possible saving from some conversion scheme during the next twelve months; and (4) by a trade recovery which would produce a renewed increase in the yield of Customs and, subsequently, of direct taxation. Mr Snowden has given himself a breathing-space during which he may hope that some or all of these influences may operate. Quite frankly, he admits that his proposals are a "makeshift," and his excuse for not facing the issue sternly now is the apprehensive state of the public mind.

Is this attitude justifiable? Instead of warning the House of Commons that drastic economy is the only way to avoid heavier taxes next year, would it not have been better to make increases now and render economy less unattractive by showing it to be the only way to reductions next year? Time alone can provide the full answer. Mr Snowden is clearly right in realising that further increases in direct taxation now would deepen the psychological depression, and we should have had, under the stressful circumstances of the moment, little criticism to offer of his programme had he made his sinking-fund position less vulnerable by adding to his tax revenue by raising another ten to fifteen millions on tobacco and beer. As it is, Mr Snowden leaves the country to face the possibility of a grim position next winter, supposing (and in the view of recent political history the assumption is by no means extravagant) that the Cabinet and the House of Commons fail to effect major economies and to overhaul the dole system. Such a failure would incidentally render savings by large-scale conversion operations impossible, for such operations can only be carried out with success when the City possesses confidence that the resources of the nation are being wisely controlled. In such a case the country would be faced

with the certain foreknowledge of a substantial increase in taxation in the next Budget, and the results involved would be formidable. An aggravation of "fear psychology" would bring fresh nervousness to capital, which might well develop into a flight from the pound, and would lead to a general contraction of business and enterprise, involving, in its turn, an increase in costly unemployment and a diminution in revenue yield. Stern retrenchment is the only way out, but it is to be feared that Mr Snowden's "playing for time" may have lulled the public into a dangerous oblivion of the emergency. Our once austere Chancellor has gambled heavily in a game in which the dice do not appear to be weighted in his favour.

THE BUDGET ACCOUNTS.

The simplicity of Mr Snowden's Budget and the absence, with one exception, of new taxation, detract, in one sense, from the interest which usually attaches to the Financial Statement circulated, as is customary, after the Chancellor has spoken. On the other hand, the Statement is a document always essential to students of our national finances, in that it presents in concise form the picture of the Exchequer's achievements and estimated prospects. In the first of the following tables we compare last year's original Budget estimate of expenditure (other than the self-balancing items) with (a) the actual issues, and (b) the initial estimate for 1931-32 on the existing basis, i.e., in this instance, before the modification which Mr Snowden proceeded to make in last year's inclusive debt charge:—

EXPENDITURE ON EXISTING BASIS.

	Budget Estimate, 1930-31.	Actual Issues in 1930-31.	Estimate, 1931-32.	Comparison with 1930-31 Estimate.
	£ Mn.	£ Mn.	£ Mn.	£ Mn.
Cons. Fund Services:—				
Debt Interest, &c.	304.6	293.2	303.0	— 1.6
Sinking Fund	55.4	66.8	57.0	+ 1.6
Total	360.0*	360.0	360.0	...
Payments to N. Ireland	6.0	6.4	6.3	+ 0.3
Other Cons. Fund Items	3.3	2.9	3.0	— 0.3
Total	9.3	9.3	9.3	...
Supply Services:—				
Army Votes	40.5	40.2	39.9	— 0.6
Navy Votes	51.7	52.6	51.6	— 0.1
Air Votes	17.9	17.8	18.1	+ 0.2
Civil Votes	295.7	307.4	317.8	+22.1
Revenue Dept. Votes	12.1	11.9	11.6	— 0.5
Total	417.9	429.9	439.0	+21.1
Grand Total	787.2	799.2	808.3	+21.1

* Includes £5 millions addition to fixed (1928) Debt Charge on account of Budget deficit, £14.5 millions, realised in 1929-30. ‡

Since the figures of Supply Services expenditure were already public property, and have been discussed at length in previous issues of the *Economist* and in our Budget Supplement, further detailed comment on this aspect of the accounts would be superfluous. It may be sufficient to remind our readers that the great bulk of the increase of £22.1 millions in Civil Votes represents the additional cost to the Exchequer of transitional benefit to the unemployed, for which, even so, the provision made is £5 to £10 millions below the estimate submitted by Sir Richard Hopkins to the Royal Commission on January 29th. With regard to the 1930-31 cost of national debt interest and management, the Chancellor explained, in the Blue Paper circulated on Budget Day, that Treasury bill interest had amounted to £12.5 millions, against a Budget estimate of £17.3 millions, and an actual cost of £28.7 millions in 1929-30. On account of Savings Certificates' interest, £16.1 millions had been paid out, against £20.3 millions in the previous year;

and, as a result of these two economies, the nominal allocation to Sinking Fund was raised to £66.8 millions, as compared with a Budget estimate of £55.4 millions. The unreality, however, of these nominal figures is brought out in the next article. For 1931-32, Mr. Snowden stated in his speech that he could not confidently rely on the continuance of the extreme cheapness of Treasury bills or the low encashments of Savings Certificates, and consequently put his estimated figure of debt interest and management at £303 millions, or only £1.6 millions less than in his previous Budget.

The next table compares the estimates of revenue, on the basis of existing taxation, with last year's estimates and actual receipts:—

REVENUE ON EXISTING BASIS.

	Estimate for 1930-31.	Actual Receipts in 1930-31.	Estimate for 1931-32.	Estimate for 1931-32 compared with 1930-31 Receipts.
	£ Mn.	£ Mn.	£ Mn.	£ Mn.
Customs	122.7	121.4	118.2	— 3.2
Excise	129.9	124.0	119.8	— 4.2
Total	252.6	245.4	238.0	— 7.4
Inland Revenue:—				
Income Tax	260.0	256.1	248.0	— 8.1
Surtax	64.5	67.8	72.0	+ 4.2
Estate Duties	83.0	82.6	90.0	+ 7.4
Stamps	27.0	20.7	24.0	+ 3.3
E.P.D., &c.	1.7	3.0	2.2	— 0.8
Land Tax, &c.	0.8	0.8	0.8	...
Total	437.0	431.0	437.0	+ 6.0
Motor Duties, Exchequer Share	4.9	4.9	5.0	+ 0.1
Total Tax Revenue	694.5	681.3	680.0	— 1.3
P.O. Net Receipts ...	10.1	10.1	12.2	+ 2.1
Crown Lands	1.3	1.3	1.3	...
Sundry Loans	33.0	32.9	33.5	+ 0.6
Miscellaneous	34.5	34.3	35.0	+ 0.7
De-Rating Account ...	16.0	16.0	4.0	—12.0
Non-Tax Revenue	94.9	94.6	86.0	— 8.6
Total Revenue	789.4	775.9	766.0	— 9.9

In a previous column we have ventured the opinion that the Chancellor's forecasts of prospective revenue verge, in some respects at least, on a scarcely warranted optimism. In his speech, Mr Snowden intimated that Customs and Excise revenue was likely to be affected to the extent of £6 millions by forestalments in a number of articles, particularly tobacco, towards the end of the last financial year. Thus, his estimate for 1931-32 represents a decline of only £1.4 millions on last year's proper revenue. With regard to Inland Revenue, it has to be borne in mind that the taxes imposed in 1930 were estimated to yield in a full year considerable increases above the 1930-31 part-year estimates. These increases, and the consequent "true" changes forecast by Mr Snowden for the present year, are summarised below:—

	Gain from Full Year.	Resulting "True" Estimated Change, 1931-32.
	£ Mn.	£ Mn.
Income Tax	+ 3	— 11.1
Surtax	+ 5	— 0.8
Estate Duties	+ 4	+ 3.4
Total Inland Revenue	+12.5	— 6.5

As regards non-tax revenue, the £4 millions appropriated from the Rating Relief Suspense Account absorbs the whole of the balance available under this head; while Miscellaneous Receipts benefit by £3 millions taken from the Dollar Exchange Account. This sum, Mr Snowden explained in his speech, represented the amount by which the assets of that Account exceeded its nominal figure of £30 millions; in other words, this was the Account's accumulated profit.

Excluding the self-balancing items, the foregoing estimates of expenditure and revenue left Mr Snowden with a prospective deficit of £42.3 millions, always assuming that he continued to carry out his programme of making good the 1929-30 deficit of £14.5 millions by adding a further instalment of £5 millions to Mr Churchill's (1928) fixed debt charge of £355 millions. By conveniently reverting, however, to £355 millions as the inclusive provision for debt interest and Sinking Fund, he was able to call his prospective deficit £37.3 millions. This gap he filled by transferring £20 millions from the Dollar Exchange Account (further reference to which will be found in a Note of the Week) by increasing the duty on petrol from 4d. to 6d. per gallon, with an estimated yield of £7.5 millions in the current year, and £8.3 millions in a full year; and by making three-quarters, instead of one-half, of the Income Tax assessed for 1931-32 under Schedules B., D., and E. payable on January 1, 1932. The estimated gain for the current year of this last "device" is £10 millions.

Mr Snowden's final balance sheet, taking into account £7.5 millions from the increased petrol duty, and his two non-recurring windfalls totalling £30 millions, is as follows:—

I. ORDINARY REVENUE AND EXPENDITURE, 1931-32.

ESTIMATED 1931 REVENUE.	ESTIMATED 1931 EXPENDITURE.
	£ Mn.
Inland Revenue—	
Income Tax	258.0
Surtax	72.0
Estate Duties	90.0
Stamps	24.0
Excess Profits Duty	2.2
Corporation Profits Tax	2.2
Land Tax, &c.	0.8
Total Inland Revenue	447.0
Customs and Excise—	
Customs	125.7
Excise	119.8
Total Customs & Excise	245.5
Motor Vehicle Duties—	
Exchequer Share	5.0
Total Receipts from Taxes	697.5
Post Office Net Receipts	12.2
Crown Lands	1.3
Receipts from Sundry Loans	33.5
Miscellaneous	55.0
Total	317.8
Tax Collection :	
Depts' Votes	11.6
TOTAL 1931 REVENUE	799.5
Appropriation from Rating Relief Suspense Account	4.0
	803.5
II. SELF-BALANCING REVENUE AND EXPENDITURE.	
	£ Mn.
Post Office	58.2
Road Fund	23.4
Total	81.6
National Debt—Sinking Fund	52.1
Surplus	0.1
TOTAL 1931 EXPENDITURE	751.3
	803.5

II. SELF-BALANCING REVENUE AND EXPENDITURE.

Apart from other considerations, the automatic shrinkage of revenue in prospect for 1932-33 totals £37 millions, namely, Income Tax forestalment, £10 millions; transfer of capital and profit from Dollar Exchange Account, £23 millions; loss of Rating Relief Suspense balance, £4 millions. There could be few more convincing proofs of the urgent need for retrenchment.

THE BUDGET AND THE DEBT.

REFERRING to the 1930-31 accounts, Mr Snowden claimed, as he was entitled to do, that it said much for the soundness of our national financial position that, in a year of unparalleled industrial depression, we had not only been able to pay our way, but to make a reduction in the debt. The figures, however, which he employed to justify his

further claim that the reduction had been "substantial" require certain qualifications. We show in the following table the Sinking Fund operations for the past five years:—

SINKING FUND. (000's omitted.)					
	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Principal of Terminable Annuities.....	£ 1,044	£ 1,027	£ 991	£ 968	£ 939
Sinking Fund for—					
3½% Conversion Loan	15,099	14,701	16,538	16,113	15,692
4% Consolidated Loan	...	9,210	10,000	10,000	10,000
4% Funding Loan	2,762	2,892	3,026	3,162	3,308
4% Victory Bonds	2,320	2,413	2,510	2,610	2,714
U.S.A. Government Loan	5,141	5,137	5,548	5,548	5,753
Depreciation Fund for 5% and 4% War Loan	2,720	1,666	1,744	...	...
Deficiency on Funding Loan and Victory Bonds surrendered for Death Duties	8,405	12,340	11,489	9,347	12,084
Other securities surrendered for Death Duties	191	162	24	...	4
Total of above	37,682	49,548	51,870	47,748	50,494
"Free" balance	22,318	15,452	5,639	...	16,336
Nominal Sinking Fund	60,000	65,000	57,509	47,748	66,830
Deduct deficit	36,694	...	...	19,343*	23,276
Actual Sinking Fund	23,306	65,000	57,509	28,405	43,554†

* Actual deficit amounted to £14,524,000; the remaining £4,819,000 represents excess interest on Savings Certificates met by borrowing.

† Less accumulated interest on Savings Certificates not encashed, say, £6 millions.

In 1929-30, against the actual Sinking Fund allocation of £28.4 millions, there has to be set £3 millions of net borrowing by the Unemployment Insurance Fund, making the real debt reduction achieved in that year £25.4 millions. In 1930-31, the actual Sinking Fund figure of £43.6 millions represents still less the true position. In the first place, in budgeting a year ago for £23 millions on account of Saving Certificates' interest, included in the fixed debt charge, Mr Snowden stated that this sum was "rather in excess of the provision that actuarial science would require us to make for that liability," i.e., for both interest paid out on Certificates encashed, and interest accumulating on Certificates outstanding. As we have noted in a previous column, the actual amount absorbed by interest paid out on encashments amounted in the past financial year to the unexpectedly low figure of £16.1 millions; but on the basis of Mr Churchill's calculations in 1928, and Mr Snowden's remarks last year, it would appear that about £6 millions must nevertheless be earmarked to meet the accumulated interest liability. Given the system of a fixed inclusive debt charge, it makes little difference, in one sense, whether this sum is debited in any particular year to Interest and Management or to Sinking Fund; but if we desire to arrive at the real amount of debt redemption, it must clearly be deducted from the apparent actual Sinking Fund allocation. This being so, the figure of £43.6 millions, given above, becomes £37.6 millions, against which the Treasury borrowed last year £36.4 millions for the Unemployment Insurance Fund. That is to say, in 1930-31, we redeemed debt out of revenue to the extent of only £1.2 millions, and, even including the £9 millions received from the German Mobilisation Loan and applied outside the Budget to the reduction of debt, the aggregate real reduction in the last two years combined is under £36 millions.

What Mr Snowden will achieve in this direction during 1931-32 remains to be seen; but, as we have already shown, his estimate of £52.1 millions Sinking Fund allocation—contingent as that figure is on many doubtful factors—includes a capital asset of £20 millions in the shape of the Exchange Account transfer, so that only £32 millions are to be provided, according to plan, from revenue. While, on the existing basis, there may well be £45 millions borrowed for the Unemployment Insurance Fund, apart from any borrowings (to whose necessity Mr Snowden referred) on account of the Road Fund. Under

these circumstances, unless and until the City is satisfied that the Government will resolutely determine to effect the necessary reforms and economies, the prospects of a large scale conversion are not propitious.

In the next table we show the amount of debt maturing, year by year, between 1931 and 1965:—

MATURING DEBT.				
Year.	Security.	Internal.	External.	Total.
1931-32	4% War Loan 1929-42 (Balance Unclaimed) ...	350,000	...	1,681,000
1932-33	4½% Treasury Bonds ...	1,331,000	...	116,468,000
1933-34	4½% Treasury Bonds ...	116,468,000	...	269,837,000
1934-35	5% Straits Settlements ...	1,753,000	...	116,361,000
1935-36	5% Treasury Bonds ...	114,608,000	...	133,014,000
1936-37	5½% 20-year Bonds, £136,333,500 ...	105,000,000	28,014,000	316,844,000
1944-45	4½% Conversion Loan, 1940-44 ...	12,804,000	...	2,086,977,000
1945-46	4½% War Loan, 1929-45 ...	2,086,977,000	...	323,048,000
1947-48	5% War Loan, 1929-47 ...	323,048,000	...	...
1964-65	5% Conversion Loan, 1944-64 ...	...	...	...

Fortunately for Mr Snowden, maturities in the current year are negligible and are within manageable limits in 1932-33. In the following year, however, the maturities of 4 per cent. and 4½ per cent. Treasury Bonds amount to £270 millions, and—over-shadowing the whole situation—there is the formidable mass of the 5 per cent. War Loan, whose continued existence necessarily acts as a brake on the appreciation of British Government securities in general. In the final table we bring up to date the extended analysis which we customarily give in our Budget Supplement, by showing the net nominal value of the National Debt at the end of the past financial year, as compared with the position a year ago and on March 31, 1923. The figures for 1914 are added for purposes of comparison:—

NOMINAL VALUE OF NATIONAL DEBT.					
	March 31.	1914.	1923.	1930.	1931.
INTERNAL DEBT.					
FUNDED DEBT:—					
Pre-war Funded Debt	£ 586.7	£ 314.2	£ 313.4	£ 313.4	£ 313.4
3½% Conversion Loan	...	683.6	789.6	769.9	769.9
4% Consolidated Loan	...	...	353.0	341.8	341.8
Total Funded Debt	586.7	997.8	1,451.0	1,425.1	1,425.1
TERMINABLE ANNUITIES	29.6	13.7	12.2	12.0	12.0
UNFUNDED DEBT:—					
(a) Other than Floating Debt:—					
3½% War Loan	...	62.7	...	...	...
4½% War Loan	...	12.8	12.8	12.8	12.8
5% War Loan	...	2,030.4	2,096.0	2,087.0	2,087.0
4% War Loan	...	64.9	75.4	0.3	0.3
4% Funding Loan	...	400.4	378.5	374.8	374.8
4½% Conversion Loan	...	...	267.1	316.8	316.8
5% Conversion Loan	...	...	323.0	323.0	323.0
4% Victory Bonds	...	353.9	338.0	335.3	335.3
Exchequer Bonds	20.5	150.3	...	...	...
National War Bonds	...	953.1	...	...	...
Treasury Bonds	...	411.0	542.3	607.3	607.3
Savings Certificates	...	353.8	358.9	372.5	372.5
Other Debt	...	2.0	1.7	1.8	1.8
Total of (a)	20.5	4,795.3	4,393.7	4,431.6	4,431.6
(b) Floating Debt:—					
Treasury Bills	13.0	616.0	588.9	569.8	569.8
Ways and Means Advances	...	193.9	48.5	24.5	24.5
Total Floating Debt	13.0	809.9	637.4	594.3	594.3
Total Unfunded Debt	33.5	5,605.2	5,031.1	5,025.9	5,025.9
TOTAL INTERNAL DEBT	649.8	6,616.7	6,499.3	6,463.0	6,463.0
EXTERNAL DEBT	...	1,155.7	1,074.1	1,066.6	1,066.6
TOTAL DEAD-WEIGHT DEBT	649.8	7,772.4	7,573.4	7,529.6	7,529.6
Funding Loan and Victory Bonds held by National Debt Commissioners	...	30.2	104.4	116.3	116.3
NET TOTAL DEAD-WEIGHT DEBT	649.8	7,742.2	7,469.0	7,413.3	7,413.3

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The effect of various conversion issues naturally obscures the actual process of debt redemption, since conversions below par increase the nominal amount of debt outstanding while reducing the interest burden. Making due allowance for this consideration, readers may derive such satisfaction as they can from noting that, as compared with the post-war peak year, 1923, the net total dead-weight debt has now fallen by approximately £330 millions. The Floating Debt has been brought down to a much more satisfactory figure than the £810 millions at which it stood in 1923; but it cannot be said that progress in dealing with the colossal amount of unfunded debt, other than floating, has been rapid.

While we do not violently dissent from the dictum of Mr Gladstone (now adopted by Mr Snowden) that rigid rules of debt redemption may properly be relaxed during times of economic depression, yet it would be fatal to shut our eyes to the danger of carrying relaxation too far. Inordinate and too prolonged neglect of debt amortisation would carry a threat to the maintenance of British credit, and gravely impair the prospect of lowering (whether by extinction or by successful conversion) the annual interest burden on the National Debt, which represents more than one-third of the nation's annual expenditure.

RAILWAY ELECTRIFICATION.

In September, 1929, the Ministry of Transport appointed a Committee, consisting of Lord Weir, Sir William McIntock and Sir Ralph Wedgwood, "to examine into the economic and other aspects of the electrification of the railway systems of Great Britain, with particular reference to main-line working." That report is now published. Although various inquiries have been previously made into the question of electrification, no comprehensive investigation has ever been undertaken until now. Further, no previous inquiry has had, to the same extent as the present, the cordial co-operation of the railway companies. Not only was one of the leading general managers a member of the Committee, but two of the companies went to the great labour of preparing complete and detailed particulars of important sections of their systems for the express purpose of enabling the Committee to prepare their estimates. Thus, both the personnel of the Committee and the co-operation of the railways warrant serious attention being given to a report which is characterised by careful examination of the problem, sound judgment, and an admirable breadth of view with regard to all the considerations—political, social and economic—involved.

The report starts from the premise that "there exists in the railways an instrument the efficiency of which is vital to our national welfare." In 1929 the British railway system, excluding the Underground, had an issued capital of £1,135 millions; net receipts amounted to less than £43 millions; and there was a further substantial shrinkage of net revenue in the following year. Notwithstanding, however, the two "new and major phenomena—the growth of road transport both for goods and passengers, and the long spell of depression in many industries"—which British railway transport has had to face in recent years, the Committee "do not consider that any developments which have yet taken place are likely to displace the railways from their position as the main agency for the transport of goods and passengers in this country." On the other hand, the Committee point out, "it is quite apparent that, apart from the more normal efforts to achieve reductions in costs, the railway companies must be on the look-out for and examine any more radical change in methods, such as a change in haulage system." It was with this end in view that they approached their task.

After examining the results of electrification abroad, the report notes that in this country, whereas "all electrification of suburban railways has been successful from an economic and technical aspect... we have been unable to find any strong spirit of conviction in railway circles to warrant a belief that any schemes, either comprehensive or sectional, are likely to be adopted." The establishment,

however, of the Central Electricity Board and the "grid" have revolutionised the British situation so far as costs of electrical power are concerned. Thus, there is no *prima facie* reason to consider that the case of Great Britain is exceptional, so far as the economic utility of railway electrification is concerned. On the contrary, the density of traffic—an even more important factor than the cost of power—is greater here than in other countries.

The following table shows the results of the Committee's estimate of the capital cost of the electrification of all standard-gauge steam-operated railways in Great Britain:—

CAPITAL COSTS OF ELECTRIFICATION.		£ millions.
Track equipment	129.7	
Auxiliary power cable	13.5	
Alterations to way and works	13.7	
Electric tractors	136.5	
Running sheds, shops, stores, &c.	4.5	
Spare parts	5.5	
Auxiliary power supplies	2.25	
Interest during construction	12.5	
Engineering expenses	5.0	
Total gross cost	323.15	
Credit Items.		£ millions.
Steam tractors	45.5	
Coal stocks	1.38	
Spare parts	4.5	
Locomotive coal wagons	2.4	
Passenger coaches	2.5	
Surplus plant, &c.	4.0	
Train lighting sets	2.0	
Total credits	62.28	
Net capital cost	260.87	

In addition to this capital outlay of £261 millions, which the Committee suggest should be spread over twenty years, an additional sum of £80 millions would require to be spent by the Central Electricity Board and other authorised undertakers on generating plant, transmission lines, etc.; but the economic return on this sum is included in the price which, in the following estimate of comparative working costs, the Committee have assumed will be paid for electrical energy by the railways. Complete details of the estimated comparison are given below:—

COMPARATIVE WORKING COSTS.			
	Steam.	Electric.	Saving.
Locomotive fuel or electrical energy	£ 12,310,446	£ 11,280,000	£ 1,030,446
Locomotive wages	20,933,425	10,778,712	10,154,713
Repairs of tractors	10,819,012	4,660,000	6,159,012
Water for locomotives	883,666	...	883,666
Stores, clothing and miscellaneous	905,992	453,000	452,992
Lubrication	290,415	102,000	188,415
Maintenance of engine sheds and shops	436,959	175,000	261,959
Guards' wages	4,296,462	3,653,462	643,000
Cleansing of vehicles	933,500	700,100	233,400
Insurance, pensions, &c.	794,250	397,150	397,100
Savings on maintenance of train lighting sets	...	...	513,000
Savings on auxiliary power and light supplies	...	...	840,000
Total	52,604,127	32,199,424	21,757,703

Additional costs of electrification:—	£
Maintenance and renewals of electric track equipment...	3,385,000
Maintenance and operation of sub-stations	1,056,000
Increase in depreciation (renewals) of electric tractors compared with steam.....	20,000
Total.....	4,461,000
Gross savings due to electrification	£ 21,757,703
Deduct extra costs of electrification.....	4,461,000
Net saving due to electrification.....	17,296,703
Additional net revenue on haulage of coal to power stations	254,000
	17,550,703

It may legitimately be argued that the return on capital expenditure disclosed by this estimate is only 6.7 per cent., a figure which leaves but a small surplus over the probable capital charges. But in considering its adequacy, several important factors must be taken into account. Firstly, while there are some hundreds of miles of line with light traffic which, obviously, it would not pay to electrify, the cost of equipping all the lines in the country (except private sidings) has been included. Secondly, although electrification in almost every country has hitherto resulted in increased traffic, no increase is here assumed. The saving is only that derived from working exactly the existing traffic. As with electrification the capital charges are much heavier than with steam, so increases of traffic can be handled with comparatively small increases in cost. Hence, any increase in traffic, whether due to electrification or to revived trade, would add considerably to the percentage return on the capital. Thirdly, the cost of the plant and machinery has been based on the cost of manufacture of such apparatus on the comparatively small scale obtaining to-day, and takes no account of any reduction in cost which should result when a steady programme of output on a large scale and over a series of years is possible. As an instance that the figures of cost are conservative, the price of copper (of which some 330,000 tons would be used) is taken as £70 per ton, against a present-day cost of about £45.

There are, moreover, certain indirect advantages of electrification which it is not possible to assess in cash. The ability to make up lost time, resulting in greater punctuality, and the speeding up of goods trains, shortening the time of goods in transit, is not unimportant, nor is the improvement in value of wayside property. And the general increase in efficiency in other directions, which has followed electrification on the Swiss, French the Italian railways, is well known to travellers. The advantages to the general public cannot be taken into account in a strict profit and loss statement. But it is notable that the auditors of the Swedish railways drew special attention to the saving to owners of merchandise, and to travellers, from the speeding up produced by electrification in Sweden.

From a wider point of view, there are other considerable advantages to be borne in mind. By immensely increasing the "load" on the national system, railway electrification would very much hasten the day when we get the full advantage out of that system in the form of cheaper electricity. The corollary of this is that rural electrification would be possible at a much earlier date and over a much larger field. Secondly, and very important, by greatly increasing the demand upon the electrical manufacturing industry, the scheme would keep that industry fully employed, give it the opportunity of making the economies of true large-scale production, and enable it, in fact, to keep right in the forefront of the world's electrical manufacturing industry. Thirdly, by speeding up the electrification of the country, it would hasten the date when we can get rid of smoke and dirt.

The proposal admittedly involves a great increase in the capitalisation of a transport system already heavily capitalised. The report does not burke this, but states: "The magnitude of this would be unequalled in the history of world enterprise." Twenty years ago its very

size would have prevented its being seriously considered. But when it is borne in mind that the nation has during the past ten years spent on its roads nearly twice as much as the £261 millions proposed to be spent over twenty years, and is still spending £60 millions per annum on roads, compared with the £13 millions proposed for electrification, the proposal comes into better perspective.

Admittedly there is an element of speculation in the scheme; it is possible that the assumption that the traffic of 1929 will be on the railways twenty years hence may not be justified. But on grounds of efficiency, travelling amenities, and, above all, the indirect national advantages which we have mentioned, the case for the scheme is so strong that we trust Lord Weir's Report will go far to overcome in this direction the *vis inertiae* which too often blocks the rationalisation of British industry.

EXPORTS AND EMPLOYMENT.

APART from the insistent question of public expenditure, no economic problem is of more vital present interest to this country than that presented by the relation of exports to employment. The conviction which has formed the bedrock foundation of British industrial and commercial policy for over a century, that this country can only live by exporting, is being challenged by a new school of thought which holds that salvation can only come to the industries of this country through the reservation of the home market. Until recently, it is true, the exponents of this doctrine rarely faced their own implication that to the extent that it was put into practice export trade must be relinquished. Last week, however, at the Royal Statistical Society, this conclusion was drawn with a directness which was as refreshing as the arguments which supported it were unconvincing. In his paper on "The Relative Importance of Export Trade," Dr. E. C. Snow set out to show that the part played by exports in supporting the people of this country has been over-rated in the past, is diminishing in the present, and is likely to diminish yet further in the future.

Starting from an estimate by Mr Flux that the value in 1924 of imported materials on which some industrial operation was subsequently undertaken was £640 millions, while the output of industry, free of duplication, was £2,478 millions, Dr. Snow first proceeds on the assumption that this proportion of 25 per cent. of imported materials applies uniformly to the value of articles ultimately exported. The value of exports in 1924 was £801 millions (allowing 12½ per cent. for the difference between factory and port value, this becomes £700 millions) containing £175 millions of imported raw material. In an attempt to allow for the fact that 25 per cent. is too high a proportion for some industries and too low for others, he reaches the figure of £250 millions as a more likely approximation to the raw material content. Thus the value at the ports of exports, less the cost of their imported raw material content, was £550 millions. In an appendix Dr. Snow, by a different and more elaborate method, arrives at a figure of £600 millions as the value of exports at port less imported materials contained in them. He thereupon splits the difference and takes as his working basis a figure of £575 millions.

There are reasons for thinking that Dr. Snow has tended to underestimate this figure by putting the contained raw material too high. In the case of the cotton trade, for example, he apparently overlooks the considerable part played by bleachers, dyers and finishers in the production of a large part of the goods exported. Further, in treating imported raw materials as entirely the product of foreign labour, he is ignoring the substantial part of their c.i.f. value contributed by the services of British merchant seamen.

His calculation, however, results in the conclusion that the proportion of the total industrial, mineral and agricultural production of the United Kingdom that was directed to export was about 24 (or possibly 24 to 26) per cent. in 1924, while in an article in the *Economist*

(February 9, 1929) from which he quotes, the proportion based on nearly the same definition was given as "between 25 and 30 per cent." Where there is necessarily so much hypothesis and roughness in the computation, it is not surprising that this indefiniteness should result, and his investigation, therefore, does not seriously modify previous conclusions on the subject.

His attempt to estimate the importance of exports in relation to wages and employment is, however, open to more serious question. Dr. Snow calculates from the returns of the Census of Production that over the whole of the textile trade wages, not including salaries, were 50.8 per cent. of "net output." Assuming that the ratio between this percentage for textiles and that for industry as a whole is the same as in the United States, where the proportions in 1923 were 42.9 and 42.6 per cent. respectively, Dr. Snow takes 50 per cent. as a rough guide to the part played by wages in net output, and 55 per cent. as the proportion for wages and salaries together. The amount of wages and salaries, therefore, paid in connection with exports in 1924 would on this basis be £320 millions.

Next, Dr. Snow addresses himself to the task of assessing the ratio of the wages and salaries paid in connection with exports to those paid in the country as a whole. For those groups of occupations covered by the Census of Production reports he takes wages and salaries as 35 per cent. of net output at the place of production, and to this he adds £1,500 millions, arrived at by applying to each of the remaining Population Census groups averages estimated by various necessarily rough devices. This gives a total of £2,485 millions, of which some £2,250 millions may be taken to be wages. The ratio of wages and salaries paid in connection with exports to total wages and salaries is thus 320 : 2,485, or 13 per cent. From this Dr. Snow infers, somewhat astonishingly in view of the wide disparity between sheltered and unsheltered wages, that only one in eight of the gainfully employed population is employed in connection with exports. The implication is that if the importance of export trade be measured by its power of affording employment, its ratio to total production should more properly be regarded as in the neighbourhood of 13 than of 27 per cent.

Upon the strength of these ingenious calculations, criticism of which we reserve for the moment, Dr. Snow bases a further argument that exports are not as important to this country as is commonly imagined. He suggests, quoting the cotton industry as an example, that exported goods contain a more than average proportion of imported raw materials and that "it seems possible, therefore, that the imports of manufactured articles involve more salaries, wages and remuneration of capital proportionately than do the exports," the implication apparently being that there would be more profit for British capitalists and more earnings for British workers if we made the things we at present import instead of those which at present we export.

Finally, after giving figures which suggest that the decline in our exports between 1924 and 1930 was greater in those goods which consist largely of imported raw materials than in those which contain a larger proportion of British labour and that, therefore, the effect of reduced exports upon employment has been exaggerated, he proceeds to deal with the future of trade. His view is that it is impossible to count on a continued rapid development of international trade, that Great Britain's lack of food and raw material resources must restrict her share in world trade to participation in the struggle for that 40 per cent. of it which is composed of exports of manufactures, and that even this participation can only be maintained at the cost of depressing our standard of living. Calculating that on the basis of 1924 prices, we could pay for our necessary imports by exporting £580-£630 millions, and on the basis of 1930 prices by exporting £450-£500 millions (assuming invisible exports other than shipping to remain the same), Dr. Snow argues that we have a comfortable margin and can afford to remain aloof from the undignified and poverty-inducing scramble, as he conceives it, for international markets.

It is impossible, as we have already hinted, to accept these calculations, to say nothing of the arguments based

upon them. In the first place, we unhesitatingly reject his conclusion that 13 per cent. of the population live directly or indirectly by exports. Apart from the fallacy, to which we have already referred, of inferring that the proportion of the population engaged in exports is the same as the proportion of the wage and salaries bill paid in connection with exports, his methods of arriving at the total wage bill and at the wages paid out of exports are unsound for several reasons. Two of these may be particularised: (1) While his working figure of 50 per cent. of net output may for the time be accepted as a reasonable guess, pending completion of the Reports of the Census of Production, his addition of the other occupational groups to the figure thus arrived at for the groups covered by the Census of Production involves serious duplication, since the net output as given in the census reports already includes the proceeds of a large part of this indirect labour. Repeated warnings have been given in the census reports that the net output of manufacturing industry includes the remuneration of a great many services other than those of the persons on the employment roll of the particular manufacturer. (2) Dr. Snow has also failed to allow for those persons who were absent from work at the date of the census, though drawing their incomes from the proceeds of exported goods, a proportion estimated by the Ministry of Labour as 3½ per cent. of those at work.

In view of these and other omissions and of the doubtful nature of Dr. Snow's basic assumption, there does not seem to be any adequate reason for substituting Dr. Snow's wages bill of £2,250,000,000 for the figure of £1,600,000,000 with which other investigators have been content, and which appears as one of the results of the calculations of Sir Josiah Stamp and Dr. Bowley. The position as regards salaries is more obscure, but it is clear that the proportion of 1 in 8 reached by Dr. Snow should be raised to a proportion of something between 1 in 6 and 1 in 5.

Thus the statistical basis of Dr. Snow's paper is far from sound. But even if it could be justified it would afford no justification for some of the deductions which he builds upon it. His argument, for example, that imported manufactures contain more wages than exported manufactures is entirely beside the point, for it would be a fallacy of the most blatant kind to draw the conclusion that it would therefore be to our advantage, from the employment point of view, to cut off *x* millions of imported manufactures and an equivalent amount of exports. It is the amount of "home activity," if we may use a self-explanatory term, embodied in exports that pays for imports which we consume at home. If £100 of exports consists of £30 of imported raw material and £70 worth of services of British labour, organisation and plant, it will pay for £70 of imported manufactures—not £100—the rest paying for the raw material. Whether this £70 of manufacture contains more or less imported raw material than the proportion in our original exports is irrelevant. We must find employment for our productive resources to the tune of the whole £70, and whatever the proportion of imported materials may be we must export our services to pay for it. We could only add that the higher the proportion of materials may be the better for our carrying trade.

An even more remarkable assumption is Dr. Snow's entirely unsupported statement that the importance of the British market for essential food and raw materials is so great that if exports failed to pay for our food and material imports the prices of these imports would be reduced until they did. The special providence which is popularly supposed to watch over the intoxicated would seem to have the whole British race in its care. Again, Dr. Snow assumes that we should obtain the same income from overseas investments and commissions as before, having apparently failed to realise to what a great extent our invisible exports, even apart from shipping services, depend upon the existence of a large export trade. Dr. Snow's discussion of the effect on the foreign trade equation of a reduction in the item "manufactured exports" degenerates into a not very enlightening attack upon economic theory and fails to return to the main issue, so that we never learn, for example, how Dr. Snow reaches his implied conclusion that by abandoning the

"scramble" for a share in the wide and (pace Dr. Snow) still expanding world market and concentrating the competition in the much more limited domestic market, we could avoid an otherwise inevitable decline in our standard of living.

There is something almost frivolous in Dr. Snow's invitation to the country which of all the major countries of the world is the most dependent on export trade to abandon a large part of that trade on the strength of the light-hearted assumptions we have already discussed. Sometimes, however, the appearance of frivolity is necessary to pique inertia into spirited discussion, and if Dr. Snow's paper stimulates closer analysis of our trade statistics and perhaps increases the pressure of public opinion in demanding more exact and more up-to-date information on these vital matters, it will have served a valuable purpose.

SHANGHAI.

WHAT is going to happen to Shanghai? It is a question which nobody can afford to ignore. Suppose, for instance, that Shanghai were to suffer the fate that Smyrna suffered in 1922. The shock would be felt not only throughout China, but throughout the world. Therefore, though Shanghai is not an attractive place, everybody has been taking trouble, and is likely to go on taking trouble, to maintain it as a going concern; whereas the world allowed the lovable Smyrna to perish without lifting a finger. Chinese war-lords, politicians and patriots, who have sacrificed so much that was not their own upon the altars of their egotism or their nationalism, have hesitated during the civil wars to include Shanghai in the holocaust—partly because the golden eggs which this ugly goose lays for everybody are so very lucrative; and partly because all the other beneficiaries from the existence of Shanghai would be roused to action if the goose's life were seriously threatened by the Chinese or by any other of the parties involved.

From the æsthetic and the moral points of view, Shanghai displays the seamy side of both the civilisations which meet in it. Situated on a mud-flat by the estuary of a tidal river, it has the same drab "location" as London or Antwerp or Hamburg or Hull. It has all the clatter and clang, the hurry and pressure of a great modern Western city, without revealing, on the surface, any of those amenities or graces that make urbanism just tolerable in London or Paris. It leaves the observer with a sense that here Mammon is served without any spiritual increment whatever. Yet this is not the last word about Shanghai. When one looks below the surface one begins to see that Shanghai does serve other gods besides Mammon, even though Mammon remains her principal and, in the last resort, her tutelary civic deity. Shanghai has made herself into by far the most important meeting place between China and the Western world. Since the collision with the West is the biggest event, and the biggest problem, in the life of modern China, it follows that everything important which happens nowadays in Chinese affairs happens in Shanghai either partly or altogether. Again, materially, Shanghai has a future to which perhaps none of the great Western cities can now look forward. The present decline in the natural increase of population through the Western World suggests that London and Berlin and New York are unlikely to grow very much further. Yet Shanghai seems destined still to increase indefinitely. Already, her population is nearer three million than two, and she has behind her the vast reservoir of China's population in a China which is perhaps on the brink of the industrial revolution. Situated at the natural junction of sea routes converging from Europe, Japan and the United States, and with fourteen hundred miles of navigable Yangtse in her Chinese hinterland, Shanghai may stand out, before the end of the twentieth century, as the largest, busiest and wealthiest city in the world.

Meanwhile, in her lusty youth, she is a city of dangerous paradoxes—dangerous alike to China and to the rest of us. A modern city whose energies radiate out all over the planet, she is at the same time a mediæval city standing like a tiny island of law and order in the midst of the vast

sea of the Chinese Revolution. The whole of her soil is juridically under Chinese sovereignty; yet in the heart of Shanghai—in the two areas known as the French and the International Settlement—no Chinese armed forces may set foot, and the Chinese civil authorities are represented solely by a Court of Law. On the administrative and the legislative sides, Chinese sovereignty is here in abeyance. In theory these two areas are an aggregate of plots which the Chinese authorities have assigned, on perpetual leases, to a number of foreign private individuals. Actually, the French settlement has become a territory under the French Government's administration, exercised through the French Consul-General, while the International Settlement is governed by a municipal council which, until 1928, was elected solely by the foreign ratepayers.

This foreign municipality on Chinese soil is not amenable to the local sovereign. So far as it is amenable at all to any higher authority, it is more amenable to the whole batch of Governments which, *vis-à-vis* China, possess the privileges of "treaty powers." The municipal Government can only enforce its acts by actions at law in local courts—the consular courts of the "treaty powers" and the Provisional Court of the Chinese Government. Yet the Municipal Council of the International Settlement at Shanghai is far from being ineffective. Indeed, it is one of the few municipal Governments in the world to possess an armed force which is entirely at its own disposal. Between them, the International Settlement and the French Settlement contain nearly half the population of Shanghai, and of these the overwhelming majority are Chinese. In 1928 it was estimated that there were 855,000 Chinese in the International Settlement and 358,000 in the French Settlement, as against 1,513,000 in those parts of Shanghai that are under Chinese administration. At the same date, there were less than 50,000 foreigners in the whole of Shanghai, all told. Yet, in the two foreign settlements the Chinese only reside on sufferance; and hence in the International Settlement, though the Chinese now contribute almost the entire population and pay more than half the rates, they had no representation on the Council until three years ago. In 1928 they were given three seats, and in 1930 five, against the foreigners' nine.

The whole position is anomalous. How can a growing city continue to live under three distinct jurisdictions, every one of which is outlandish in its own fashion? The growth of Shanghai's Chinese hinterland, the Westernisation and modernisation of China, and the modern cult of national sovereignty, are all factors which make for the merger of the two foreign municipalities in the Chinese municipality and the assertion of the Chinese Government's authority over the whole. Easily said; yet it is precisely the two foreign municipalities that have made Shanghai what she is. If the system of uncorrupt, responsible representative municipal self-government which prevails in the international settlement is extinguished, Shanghai's great future is compromised. The very Chinese nationalists who call most loudly for the re-establishment of the Chinese Government's authority in the settlement habitually place their property there in safe custody, send their families there to receive their education, and take refuge there themselves when their own political opponents are top-dogs at Nanking or wherever the Chinese Central Government of the day may happen to reside. How can the municipal administration of Shanghai be unified on the basis of the Occidental system which prevails in the International Settlement? And how can a more or less Occidental municipal Government of Greater Shanghai be co-ordinated with a more or less Oriental national Government of China?

In the autumn of 1929 the Municipal Council of the International Settlement sought light on these perplexing but pressing questions by inviting a distinguished South African, Mr Justice Feetham, to come and advise them with a view to assisting them in formulating some constructive plan or scheme which, while giving full consideration to the aspirations of the Chinese people, will at the same time afford reasonably adequate protection to the great commercial and business interests which have been developed in Shanghai. Mr Justice Feetham accepted

this invitation on conditions that he should be allowed to make an unfettered inquiry, the results of which should be published. He arrived in Shanghai in January, 1930, and the first part of his report was published there last week. In this first part that distinguished adviser gives a comprehensive and authoritative exposition of the facts. His recommendations are to follow in a few weeks' time. It is to be hoped that, when these appear, they will prove to provide the materials for a solution of the Shanghai problem. But the problem cannot be solved except by wholehearted co-operation between all three municipal authorities in Shanghai, between the Chinese and the foreign element in the population of the city and, last but not least, between the Chinese Government and the Treaty Powers.

Notes of the Week.

The Budget and the Political Outlook.—Politically, the meaning of the Budget is that the Government's position is definitely strengthened. Mr Snowden has succeeded in producing a programme which the Liberals will support *in toto*, which satisfies his own supporters, with the exception of an almost negligible left-wing group, and which arouses no battle-fury from the Conservative benches. Conservative opposition to the Land Tax will doubtless be strenuous, but since it cannot come into operation for at least two years, by which time every good Conservative expects his own party to be in office, even this controversy is regarded as academic; and as regards other Conservative strictures upon Mr Snowden's easy-going finance, the sting is taken out of them by the fact, rubbed in most humorously by Mr Churchill in Wednesday's debate, that the present Chancellor has flattered his predecessor by slavishly copying his methods. So the passage of the Finance Bill is a certainty, and the real ordeal for the Government is postponed until the recommendations of the Gregory Commission for the overhaul of the Unemployment Insurance system come up for consideration. We take Mr Snowden's insistence upon economy to mean that he will use all his prestige to insist that the savings to be suggested by that Commission and by the Economy Committee are carried out, and it is to be hoped that the support that he will receive from the Conservative and Liberal benches will enable him to triumph over the spendthrift propensities of his own rank and file. However anxious the Conservatives may be for a change of Government, it is surely inconceivable that they would coalesce with Socialist malcontents to overthrow Mr Snowden on the vital national issue of retrenchment.

The Naval Negotiations.—The British Government's reply to the new French naval proposals was despatched on Saturday—a copy of the British communication being forwarded simultaneously to the Italian Government. The Italian Government has still to make its own reply, and is not expected to do this for several days. In the meantime, both the French proposals and the British answer to them remain unpublished. This much, however, is known: the British Government has declared the French proposals unacceptable, and the Italian Government may be expected to take the same line. It is understood that the merits of the case—which depend upon the interpretation of the three-Power agreement of March 1st last—have been argued in detail in both the French and the British notes. For the moment, it would be idle for the uninitiated to say more on the subject than we said in these columns last week. The new fact in the situation is that the possibility of a break-down of the agreement has become a probability; and in a few days we may find ourselves confronted with an *impasse*. If France insists, after all, upon a race in naval armaments, what are we to do? It is intolerable that we should find ourselves forced to keep pace with her by building ships which we do not want, which will cost us money which we cannot afford, and which will compromise the comprehensive naval limitation agreement

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that we have negotiated with such difficulty with the United States and Japan. There is no doubt about what we should have done in pre-war days. We should have come to an understanding with Italy to maintain, between us, a ratio of naval strength, *vis-à-vis* France, which would give each of us the sense of security which we desire. This was, in effect, what we did in our *entente* with France when Germany took the same intransigent line about naval competition that France is taking now. Yet this would be a counsel of despair, because it would lead us straight back into the old system of the Balance of Power, which always overbalances, sooner or later, into a new war. We are now almost faced with the question: Is the policy of France going to drive the world back into this old and disastrous system in spite of all our efforts to substitute for it the better system of international co-operation and disarmament? If the Naval Agreement breaks down, is it worth while holding the Disarmament Conference next February? Would it not at any rate be better to postpone it until after the French elections? But who can guarantee that a more liberal-minded Chamber will be elected, or even that a Government representing a liberal-minded majority in the Chamber will find itself free to pursue an enlightened policy? And will not a postponement, for however good a reason, increase the embarrassments of Dr. Brüning's Government in Germany? The lesser evil seems to be to go forward according to plan; but at the moment it would be difficult for the most robust optimist to regard the future very hopefully.

Dr. Benesh on "Closer Union."—How are we to interpret the speech on the Austro-German proposal for a customs union which Dr. Benesh delivered on Thursday, April 23, before the Foreign Affairs Committee of the Czechoslovakian Parliament? On the one hand, the Czech statesman rejected the plan uncompromisingly; insisted that it had a definitely political aspect which must not be left out of account; and declared that his Government saw eye to eye with the Governments of France, Roumania, Yugoslavia and Poland in the view that the plan was incompatible with the Peace Treaty of St. Germain and with the Austrian Reconstruction Protocol of 1922. So far, so bad; but Dr. Benesh went on to declare that some kind of economic co-operation between the industrial and the agrarian countries of Europe must be brought about; and that, for the sake of the Disarmament Conference, the present dispute over the Austro-German proposal ought to be settled by understanding. Czechoslovakia is in a peculiar position. She is the only one among the East European allies of France that is predominantly industrial and not agricultural. She realises how tempting the Austro-German proposal, with its open invitation to all comers, may be, on economic grounds, to Czechoslovakia's agrarian neighbours and allies of the Little Entente; and she must be acutely aware that if the East European agrarian countries and the two Germanic industrial countries were to come together economically while Czechoslovakia stood aside, Czechoslovakia would find herself in a far worse position than France—economically, and in the long run politically as well. An East and Central European bloc that would merely isolate France would encircle Czechoslovakia and must ultimately engulf her. Hence we may expect to see Czechoslovakia

make more serious efforts than France to avert an East and Central European Zollverein with an Austro-German nucleus by substituting some system of closer economic union that will embrace the whole of Europe from the outset. This is wholesome, and it is also hopeful, since Dr. Benesh is a statesman with a fertile and ingenious mind. Perhaps we may live to see the spectacle of two groups of States in Europe, each accusing the other of malign intentions in putting forward an identical proposal. While each group seeks to deprive the other of the initiative, the proposal for "closer union" in Europe is reiterated in both camps. Here is an opportunity, if ever there was one, for an "honest broker."

The Week in Spain.—All is still quiet in Spain—an achievement which is equally to the credit of the Republican Government and of the Spanish people. Señor Alcalá de Zamora has shown real statesmanship in paying a personal visit to Barcelona in order to get into direct touch with Colonel Macia. The administration of the four Catalan provinces is being left entirely in the hands of the Provisional Government of the Generalidad; and this proof of Spanish good-will and good faith ought to have its effect on the minds of the Catalans when they are drawing up their constitution of Catalonia for presentation to the Federal Cortes. In dealing with a Government at Madrid which shows this spirit, the Catalans will hardly feel the same need for juridical and material guarantees as if they had been compelled to extort their liberties from their Spanish neighbours point by point. The other event of importance this week is the arrest of General Berenguer. It is not yet announced whether he is to be put on trial only for his conduct of King Alfonso's Government since the resignation of the Marquess de Estella, or whether there is also to be an inquiry into his military record in Morocco. During the past year General Berenguer has attempted the impossible task of reconciling a restoration of responsible parliamentary government in Spain with the preservation of the throne. He may have been blind in undertaking the task, and weak-minded in not telling his royal master plainly, at an early stage, that he was asking an impossibility. But, although General Berenguer has postponed the inevitable to no purpose, he has not allowed his futile efforts to save the throne to lead him into courses that could fairly be regarded as politically criminal. Policy and equity alike would counsel the Republican Government to deal with him gently; and, in view of the temper which they have shown so far, there is every reason to expect that they will do so. Meanwhile, foreign observers in Spain report a noteworthy relaxation in the tension of the political atmosphere compared with the conditions that have prevailed for the last two or three years. The Spanish Revolution has meant a return from political fever-heat to a normal temperature. If experience is any guide, this is the kind of revolution that has lasting effects.

Australian Movements.—Affairs this week in Australia have moved along expected lines. The suspension of the New South Wales State Savings Bank has been duly dealt with by the passage of a Bill providing for the absorption of the bank by the New South Wales Commonwealth Savings Bank. Depositors are to be guaranteed against ultimate loss by the State Government, but a moratorium has been proclaimed which may remain in force until December 31st. Needy depositors, however, can withdraw sums up to a maximum of £3 a week. The Commonwealth Bank Act Amendment Bill has been read a second time in the House of Representatives. This measure, which should not be confused with the Fiduciary Currency Bill rejected by the Senate last week, enables the Commonwealth Government to impound the gold reserve of the Commonwealth Bank, releases that institution from the duty of maintaining a minimum 25 per cent. gold reserves against notes, and permits it to issue notes up to a limit of £60 millions. In urging the speedy passage of the Bill, Mr Scullin explained that the Government was under the pressing need of taking over part of the Commonwealth Bank's gold stocks for the purpose of

shipping them to London to redeem £5,000,000 of Australian Treasury bills maturing here on June 30th, which under present circumstances could not be reissued or renewed. Meanwhile, Mr. Lang has added to Mr. Scullin's exchange difficulties by further defaults on the interest on New South Wales loans, including not only the 5 per cent. sterling loan, but the 4½ per cent. loan issued in New York. (Apparently he is no longer discriminating against London.) Mr Scullin has assumed liability once more, and Mr Lang's Government is now in his debt to the tune of £1,500,000. The Australian Loan Council has also met again. It has expressed the somewhat academic opinion that bank interest rates ought to be reduced, and has taken the more tangible steps of deferring the requests by certain States for the issue of special loans, and authorising the issue of an internal loan of £12,000,000, the proceeds to be allocated equally to the relief of wheat growers and to the promotion of unemployment schemes. It has also announced the inception of further economies amounting to £4,300,000, in addition to those of £7,000,000 already disclosed, but no details are forthcoming beyond the fact that the State of New South Wales is not assuming its share. The week's history adds little to the ultimate solution of Australia's troubles.

The Dollar Exchange Account.—In announcing his proposal to include in 1931-32 non-tax revenue a sum of £20 millions to be transferred from the Treasury's Dollar Exchange Account, Mr Snowden justified his reduction of this account (but not his raid on it for revenue) by reference to the fact that, consequent on the Hague agreement and the establishment of the B.I.S., it had been possible to arrange for instalments of the French and Italian war debts due to us to be placed to our credit with the B.I.S. in dollars, thus easing the Treasury's task in covering our requirements for payments to the United States. The nature of this account appears to have led to misconceptions. For example, some people evidently imagine that it is an accumulation from revenue; and, again, the suggestion has been made in some sections of the Press that, in "repatriating" the account, \$100 millions might be thrown by the Treasury on the market, with the result that sterling will be in such demand that gold might flow from New York to London, or, alternatively, that the pound might receive steady indirect support for some time because the "transfer" would obviate the need to buy further dollars for the next instalment at least of our debt payments. The facts are simple. As Sir Richard Hopkins explained a year ago to the Select Committee of Public Accounts, the £33 millions capital in the Exchange Account represents the unrepaid balance of £53 millions originally borrowed by the Treasury in the early days of the war on Ways and Means Account, authorised by a Vote of Credit. This revolving fund, utilised to enable us to buy dollars when market conditions are suitable, and so to avoid disturbing the dollar-sterling rate, is obviously made up of dollars and sterling in fluctuating proportions; and there is no warrant for supposing that the "transferred" part could now be used to purchase sterling.

The Machinery of Tax Collection.—A minor, yet important, change announced by Mr Snowden in his Budget statement is that in future the appointment of income-tax collectors will vest in the Commissioners of Inland Revenue, and the collectors will achieve the status of civil servants. Some nervousness has been expressed lest the interests of individual taxpayers will be injured, but Mr Snowden firmly rebutted the contention. He reminded the House that centralised collection under the Board of Inland Revenue was recommended by the Royal Commission on the Income Tax, and has already been put into operation for practically the whole of Scotland and Northern Ireland, and for seventeen large collecting areas in England and Wales, including Bournemouth, Bradford, Bristol, Cardiff, Hull, Halifax, Leeds, Liverpool, Manchester, Newcastle and Southampton. From none of these

areas, according to the Chancellor, have there been any complaints on the part of the taxpayer. Clearly the completion of the process of centralisation is natural and inevitable, and there was no obvious reason why Mr Snowden should postpone it.

Shipping and the Suez Canal.—Though there has been a slight improvement in grain freights during the past fortnight, the shipping depression has been emphasised this week by the publication of the figures of laid-up tonnage in United Kingdom ports on April 1st, which amounted to 1,867,252 net tons British and 22,982 net tons foreign, against 884,180 and 7,974 net tons respectively on April 1, 1930. This grave unemployment of vessels lends point to the agitation on the part of ship-owners for a reduction of Suez Canal dues. We publish below a table showing the dues, the traffic through the Canal, and the dividends paid by the company over the last ten years:—

	Dues.		Year.	Divi- dends.	Traffic. Thous.
	Laden.	In Ballast.			
	Fr.	Fr.		£000.	net tons.
March 1, 1920	8.50	6.00	1920	2.173	17,575
Oct. 1, 1920	8.25	5.75	1921	2.201	18,119
Oct. 1, 1921	8.00	5.50	1922	2.076	20,743
March 1, 1923	7.75	5.25	1923	2.338	22,730
Jan. 1, 1924	7.50	5.00	1924	2.605	25,110
April 1, 1925	7.25	4.75	1925	2.150	26,761
April 1, 1928	7.00	4.50	1926	3.501	26,060
Jan. 1, 1929	6.90	4.40	1927	3.712	28,962
Sept. 1, 1930	6.65	3.32½	1928	4.148	31,906
			1929	4.301	33,466
			1930	...	31,669

The dues have fallen gradually but the reduction over the whole period amounts to only 20.6 per cent., whereas since 1922 the dividends have grown rapidly, with only one interruption. The traffic also grew steadily, apart from the setback in 1926, until 1929, but there was a sharp drop last year. It is said that arrangements are actually being made for ships to come to this country from Manchuria via the Panama Canal in order to avoid the Suez, and it may well be that it would pay the Suez Canal Company to take warning from the drop in its 1930 traffic figures and consider whether it would not pay to encourage traffic during this time of depression by some more substantial modification in its rates than it has yet accorded.

British Production.—The London and Cambridge Economic Service has published its index of the physical volume of production for the first quarter of 1931. Whereas the progressive decline in industrial activity was arrested temporarily by seasonal influences towards the end of 1930, the first three months of the current year again witnessed a sharp downward movement in the curve:—

	(1924 = 100.)	1928.	1929.	1930.	1931.
First quarter	105.7	108.3	109.6	84.8	
Second quarter	103.7	111.0	100.9		
Third quarter	95.4	108.2	90.7		
Fourth quarter	105.2	114.8	92.7		
Average	102.5	110.6	98.5		

At 84.8, the complete index is lower than in any corresponding quarter since 1924; is 12.6 per cent. below the January-March figure for 1930; and shows a drop of 8.5 per cent. on the previous quarter. An outstanding feature is the fact that the recession has been almost general. The figures for steel, oilseed crushing and cocoa are alone in showing a slight increase. The production of coal and pig iron has been unusually low, and the index for shipbuilding has fallen to 50.6 per cent. of the 1924 average. The absorption of non-ferrous metals by manufacturers declined by 23 per cent., and the figure for textiles, including cotton, silk and rayon, shows a drop of 12 per cent. Net imports of paper-making materials were 17 per cent. below those of the past quarter. Although a further marked decline in industrial activity during the current quarter may be averted, present indications suggest that little improvement can be expected in the near future.

British Cotton Growing Association.—Our Manchester correspondent writes:—The annual report of the British Cotton Growing Association shows a loss for the past year of £20,521. This amount is arrived at after making provision for depreciation and reserving a further £1,466 against bad and doubtful debts and £7,441 against investments. The report states that the result is largely due to the persistent fall in cotton values during the time when the crops were being marketed. During the year there passed through the hands of the Association 89,350 bales, against 124,790 bales in 1929. A heavy loss was incurred in connection with the agreement by which the Association purchased all the native-grown cotton in Nyasaland. The price of American futures fell considerably after the buying price had been fixed with the Government, which was some time ahead of the buying season, and owing to the uncertainty as to the size of the crops and the quality it was not possible to cover in futures. Another important factor in the loss was the heavy fall during the year in the basis. The various ginneries operated by the Association produced most satisfactory results. The capacity available proved amply sufficient to deal with all requirements, and no extensions of major departments have been necessitated. It is also stated that the lower raw cotton prices have not so far led to an improvement in trade, and confidence can only be restored when political and economic conditions throughout the world are more stabilised. The cotton-growing industry is passing through a severe test in many parts of the Empire, more particularly as, for various reasons, the prices which are charged to the consumer for manufactured goods have not fallen proportionately with the raw material. Very little more can be done in the way of reducing transport and handling charges on raw cotton, so that, unless conditions change, the industry in the more remote areas cannot be carried on at a profit, and it is necessary to concentrate on those districts which are adjacent to the railways. At the annual meeting of the Association, to be held in Manchester on Tuesday next, a resolution will be submitted proposing that a further refund of 5s. per £1 share should be made to the shareholders. Last year 10s. per share was refunded. The present issued capital of the Association is 477,197 shares of 10s. each fully paid.

A Tea Report.—A correspondent writes:—In common with that of many other commodities, the potential output of tea has outdistanced demand since 1929. Stocks in the United Kingdom at the end of last year were estimated at over 300 million lbs., against 284 million lbs. a year before and 241 million lbs. on the corresponding date in 1928. On the other hand, a decline in price, similar to that of coffee and cocoa, was averted last year by an agreement between the growers in India, Ceylon, Java, and Sumatra to aim at finer plucking, and to produce 57½ million lbs. less than in 1929. The actual decrease in exports from the four countries amounted to only 41 million lbs., mainly because of the failure of the attempt to control native production in the Dutch East Indies. Nevertheless, the reduction proved sufficient to prevent a crisis in the industry, and the average wholesale price of tea in Mincing Lane during 1930, at 15.24d. per lb., showed a decline of only 6.3 per cent. as compared with the preceding year. The agreement has not been renewed this year, and, in view of the importance of the industry, particular significance attaches to the conclusions reached by the Imperial Economic Committee in their report on tea. It should be noted that over 70 per cent. of the tea entering world trade is produced and consumed in the Empire, and that nearly 50 per cent. of the world's exports are retained for consumption in the United Kingdom. The superior quality of Empire tea is reflected by average wholesale prices, which in 1930 amounted to 14.69d. per lb. for "North India," and 18.61d. per lb. for "Ceylon," against 10.22d. per lb. for "Java," and 11.22d. per lb. for "Sumatra." The following table of consumption per head in various countries

clearly points to the direction in which producers should look for an increase in demand:—

CONSUMPTION OF TEA PER HEAD IN 1929 (lbs.).

United Kingdom	9.20	United States.....	0.75
Australia	8.15	Germany.....	0.18
Canada	4.10	France.....	0.08
New Zealand	7.90	Russia.....	0.60
Holland	3.10	India.....	0.18

While it is true that at present coffee takes the place of tea in most foreign countries, the possibility of a large increase in the consumption of tea in these countries must not be underestimated. This possibility is clearly illustrated by the position of Holland, where, despite large imports of coffee, the consumption of tea amounted to 3.10 lbs. per head in 1929, as against 0.08 lbs. in France and 0.18 lbs. in Germany. Russia's imports during recent years have been about 100 million lbs. below the pre-war average, and an increase in the purchasing power of her people will probably result in the revival of tea drinking in that country. In view of these facts, the committee particularly emphasise the need for collaboration among Empire producers with a view to improve the quality of their teas and their marketing methods in order to enable them to hold their own in competition with the Dutch East Indies.

Canned Fruits.—The latest publication of the Empire Marketing Board is a further example of the valuable work being performed by its Economic Section. The Report on the Demand for Canned Fruits is the result of an expert investigation into the home demand for one type of commodity, the consumption of which is showing a very rapid expansion. The estimated output of home-grown canned fruits in England and Wales has shown a threefold increase in the last three years, and the home canning industry has undergone a rapid expansion. The importation of canned fruits has also been increasing. The largest increases in sales have occurred in London and the South, an increase which is explained mainly by "the decline in the prejudice against canned foodstuffs and the increased supply of small-sized cans." The main market for English canned fruits appears to be in the Midland counties. There also appear to be definite differences in consumers' preferences as between different parts of the country. The Report stresses the importance of regular grading in connection with the development of the trade, a point which has been recognised particularly by United States packers. Similar importance is attached to methods of labelling, and here again the standard of American practice appears to be higher. With regard to retail prices, the wide range of prices for canned fruits of the same description is striking, and when account is taken of seasonal changes and differences in quality as between brands which are nominally the same, there remains a variation in price which must be attributed to differences in the trade of individual shops.

The Deep Sea Fisheries.—The landings of wet fish at the ports of Great Britain during the first quarter of the year by British-owned vessels, together with foreign landings and imports, had a first-hand value exceeding £5 millions. British-caught fish alone accounted for over £4 millions. The details, compiled from the returns of the Ministry of Agriculture and Fisheries, are as follows:—

January-March.	Weight in Cwts.		Value.	
	1930.	1931.	1930.	1931.
British caught—				
England and Wales...	2,715,977	2,725,489	£ 3,245,283	£ 3,119,354
Scotland	1,103,070	980,038	923,450	837,875
Shellfish	...	...	75,460	63,754
Total	3,819,047	3,705,527	4,244,193	4,020,983
Foreign landings.....	369,340	393,324	243,430	272,397
Imports	806,018	653,427	1,026,143	875,335

In England and Wales the quantity landed by British-owned vessels was practically identical with that in the January-March period last year, but there was a decline in the aggregate value of £125,929; while in Scotland both quantity and value were less. The average

realised for England and Wales was 22s. 10½d. as against 23s. 7d. per cwt., and for Scotland 17s. 1d. as against 16s. 7½d. per cwt. The landings by foreign-owned vessels were somewhat larger and were equal to 9.6 per cent. of the total landing (British and foreign). The catches of cod, hake and halibut were heavier, but haddocks and plaice showed some diminution. Imports of wet fish from abroad were considerably smaller, both in quantity and value, and were in the main sent by Norway (chiefly herrings), Denmark and Holland. A portion of the British-caught wet fish was exported abroad, viz., 357,123 cwt., valued at £361,409, as against 323,444 cwt. and £355,802. In addition to this we sent abroad cured or salted fish (not canned) to the value of £871,448, against £1,271,576, herrings constituting the great bulk, Poland and Germany being the principal destinations. On the other hand, we imported fish cured or salted (not canned) valued at £92,048, against £176,081; and canned £869,510, against £1,237,417. The re-exports under these two heads had a value of £46,529 and £188,711 respectively.

Union Bank of Scotland.—The latest balance sheet of this Scottish institution conforms fairly closely to British banking experience of the past twelve months. Deposits are slightly higher, and discounts and investments have appreciably increased. Advances have contracted by nearly £2 millions, and there has been the usual sharp fall in acceptances:—

	April 2, 1930.	April 2, 1931.
Deposits	£ 28,262,507	£ 29,133,282
Notes	2,414,224	2,406,820
Acceptances	1,071,313	606,995
Capital, rest, undivided profits.....	2,890,054	3,389,721
Cash	2,856,075	2,622,001
Call money	3,111,022	3,953,403
British Government securities	6,349,871	7,798,230
Other investments	3,399,501	3,401,385
Discounts	2,752,684	3,941,274
Advances	14,602,249	12,752,204
Profits to date	339,310	354,668
Dividend	18%, less tax	18%, less tax

Notwithstanding the fall in advances and acceptances, the profits for 1930-31 are higher than those for the preceding year. It is tempting to read into this increase the theory that the rise in market discount rates since January is already beginning to expand bank earnings, but a brief calculation shows that at the best this can only have affected the Union Bank's profits for the whole year to a very minor degree. The improvement is far more likely to be due partly to prudent management and partly to the increase in the bank's earning assets, arising jointly from the expansion in deposits and contraction in cash. Whatever the explanation, the results are highly satisfactory from a wider point of view than that of the bank's shareholders.

Some Views on the Gold Question.—The French weekly, *L'Europe Nouvelle*, has just published as a special supplement an interesting international symposium on the question of the world's monetary gold. The authoritative character of this publication is shown by the fact that, among its contributors are M. Charles Rist, who contributes a foreword, Professor Henry Clay, Mr George E. Roberts, of the National City Bank, and Dr. A. Landsburgh, together with many well-known French and foreign economists. Another fact which adds to the value of the supplement is that, for the first time, it presents every aspect of the French view of the gold problem, and it is unnecessary to add that French economists view the problem from a different angle to that of Great Britain. On the whole little support will be found for the views of those who, like Sir Henry Strakosch, are inclined to attach chief importance to the shortage and maldistribution of the world's monetary gold as a cause of the depression. On the contrary, a common theory to be found in this supplement is that the depression arises from a disequilibrium between production and consumption, and between various forms of productive capacity, notably between industry and agriculture; and it is significant that this disequilibrium is emphasised not only by French writers, but also

by Mr Roberts and Professor Clay. M. Rist, in his foreword, adopts a guarded and judicial attitude, though he, too, scouts the idea that gold has played any leading part in the depression. He clearly shares the view recently expressed by Sir Josiah Stamp that there is no single or principal cause of the depression. It is natural that many of the writers should have been at pains to combat the idea that France has during recent years consciously succeeded in making out a good case. A concluding editorial paragraph in the supplement, however, recognises that the recent influx of gold has not only placed France in a position of peculiar responsibility, but has given her a chance to re-establish herself in the international long-term capital market. The French gold losses of the past few weeks show that this chance may disappear again, and a striking appeal is made that it should be seized before it is too late.

INSURANCE NOTES.

London and Lancashire Insurance.—Controlling total funds of over £27½ millions and a premium income of £7½ millions, the London and Lancashire comprises one of the largest and—more important still—one of the most consistently successful insurance organisations in the world. Actually the group contains 26 subsidiary companies, six of them, including the most significant, being in Great Britain. These subsidiary companies are carried in the balance sheet of the parent company at the present break-up value of £8½ millions; and the profits of the various companies have been sufficient to wipe out the goodwill included at the time of the original purchase, with the result that the present break-up value exceeds the aggregate purchase price by as much as £350,000. The 1930 report bears out in the main the chairman's prognostications at the annual meeting in May, 1930, and the details are set out below:—

	1929.	1930.
	Percentage of	Percentage of
	Amount. Premiums.	Amount. Premiums.
Fire	£ 397,548	£ 324,132
Accident and General	120,788	85,198
Marine	238,917	187,111
Life	32,184	32,184
Capital redemption.....	1,153	3,007
	790,590	631,632
Less items debited to Profit and Loss Account.....	217,234	200,556
Total Net Trading Surplus	573,356	431,076

Fire premiums have shown a reduction from £3,410,000 to £3,224,000, and the universal intensification of competition has adversely affected the underwriting ratio. As an example of the growth of competition, the chairman cited the case of the United States of America, where, he said, the number of insurance companies of all kinds had grown from 1,103 in 1910 and 1,665 in 1924 to over 2,300 in 1930. In the accident department there has been also a diminution in premiums, the 1930 figure of £2,358,000 comparing with £2,456,000 in 1929, and here again profits are on a reduced scale, due to the results of the two largest sections, motor-car and workmen's compensation insurance. The marine department yielded in 1929 a very exceptionally large profit, but the 1930 profit, though appreciably lower, is still a great deal higher than in any recent year. Premiums in this department totalled £1,269,000 in 1930 as against £1,469,000 in 1929. The dividend for the year 1930 has been raised to the equivalent of 100 per cent. from 95 per cent., and after meeting this distribution there remains a sum of £379,000 to be added to the company's free resources, equivalent to over 10s. per share. During the past six years the break-up value of the company's own shares has been increased out of profits "ploughed back" into the business by an average of 12s. per share per annum. In accordance with last year's decision, part of these free profits have been utilised to double the paid-up capital, and so to increase the amount paid up on each £5 share from £1 to £2.

London and Scottish Assurance.—The underwriting results for 1930 of this company are the best for many years past. Excluding the life department, total premiums yielded £821,000, and the results of each department are set out in the following table:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
Fire	£ 4,161	£ 10,888
Accident and General	22,806	22,498
Marine	5,365	5,403
	21,602	27,983
Items debited to profit and loss account	23,434	13,959
Total net trading surplus.....	1,832	14,024

The company has been controlled since 1923 by the Northern, and during the last five years has been struggling to rehabilitate itself following upon disastrous marine losses brought to light in 1924 and 1925. The marine has been drastically curtailed, though 1930 premiums show an increase from £134,000 to £171,000 and, as a result of heavy first-year claims on the 1930 account, the fund amounts to just under one year's income compared with one and a quarter year's income a year ago. The last dividend paid was at the rate of 25 per cent. in 1927. By dint of prudent management and by forgoing an income on its investment (costing originally the equivalent of £840,000) the Northern has succeeded in augmenting the free reserves of its subsidiary during the five years 1926-30 by a sum of £265,000, equal to more than twice the paid-up capital. The London and Scottish transacts life business in its own name, and controls also a small closed fund, "the Scottish Metropolitan." New business was completed in 1930 for £825,157, compared with £778,634 in 1929. Forty per cent. of the new business is derived from the Dominions, principally Canada. Companies undertaking life business in Canada are compelled by Canadian law to keep the whole of the reserves invested locally, and approximately a quarter of the total fund of over £4 millions is, therefore, invested in Canadian securities.

Caledonian Insurance Company.—The main interest in the 1930 report will centre on the life department, since 1930 was the occasion of a periodical valuation of the fund. For a great many years the valuation has taken place quinquennially, but the 1930 valuation is the first of a new regime of triennial valuations decided on three years ago as being more appropriate to modern conditions. The technical basis of the valuation is the same as before, and the results of the last two valuations have been summarised in the following table:—

	1923-1927.	1928-1930.
Trading surplus earned during triennium ...	£ 526,935	£ 466,032
Profits from securities.....	130,000	186,000
Brought forward	50,148	80,176
	447,083	732,208
Allocations:—		
To Bonuses to Policyholders (90 per cent. of profits)	330,216	352,629
„ Shareholders (10 per cent. of profits)	36,691	39,181
„ Staff pension fund.....	...	20,000
„ Strengthening of actuarial reserves....	...	20,000
„ Contingency fund	...	200,000
„ Carried forward	80,176	100,398
	447,083	732,208

The reversionary bonus declared in 1927 for the five years then ended was at the rate of 48s. per cent. on the sum assured. The rate for the past three years remains the same for endowment assurance policies, but has been raised to 50s. per cent. for whole life assurances, thus following the practice of a number of life offices in giving recognition to the superior earning power in present circumstances of whole life policies. The contingency fund referred to in this table is a new creation of the past three years, and was brought into being out of realised profits from securities. The fund presumably constitutes an investment reserve, though since "The values of the Stock

Exchange securities . . . are below the current market values, there is in addition a hidden reserve of an unknown amount. The cost of the bonus now declared is again well within the amount of trading surplus, which on this occasion has benefited from a high rate of interest earned, the average of which for the three years at £5 3s. 9d. per cent. was 1s. 10d. in excess of the corresponding aggregate for the previous quinquennium. New life assurance business during the year showed an increase from £1,381,265 to £1,566,915 in spite of a considerable reduction of business from single premiums, and the life fund now stands at £6,884,000. In its fire and general departments, particularly in the former, the Caledonian has more than usually large interests in America, and it is pleasing to observe that the figures in all departments, except marine, show an improvement over those for 1929. The total premium income has risen in these departments from £1,407,000 to £1,416,000, and of the latter rather more than 60 per cent. is due to fire and rather more than 25 per cent. to general business. The detailed results in each department are shown below:—

	1929.		1930.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	21,337	2.4	13,356	1.5
Accident	839	13.3	1,241	17.7
Employers' liability	178	4	279	6
General	9,122	2.6	14,577	3.9
Marine	12,616	10.8	7,485	5.9
Life	...	...	39,181	...
	1,418		76,119	
Less items debited to profit and loss account	28,465	...	28,729	...
Total net surplus ...	27,047	...	47,390	...

For the fourth year in succession the dividend has been maintained at 87½ per cent., and this payment has again necessitated a small draft on underwriting surplus. Allowing for this, the net result of the year's operations has increased the surplus funds by £38,984 compared with a decrease in 1929 of £37,668.

Law Union and Rock Insurance.—This company, which is a subsidiary of the London and Lancashire, is the medium for the transaction of life assurance business in the London and Lancashire group, though it also transacts fire and accident business in its own name. The life fund, which amounts to the substantial total of £10,880,000, includes two old closed funds, the "Rock" and the "Crown," which together account for about £2½ millions of this total. There was a large reduction in the amount of new life assurance business transacted in 1930, the total being £1,646,429, this figure comparing with £2,161,004 in 1929. Interest earnings on the life fund were adversely affected by the rise in the rate of income tax, and worked out at £4 10s. 9d. per cent., compared with £4 15s. 6d. per cent., and there was a rise in the expense ratio from 14.8 per cent. to 16.0 per cent. The fire and accident income experienced a falling off in 1930, but the total is still a substantial one at £756,000. The detailed results are shown below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	72,045	13.0	72,580	13.8
Accident	20,359	8.6	34,734	15.0
Capital redemption	1,153		3,007	
Life (one-fifth of quinquennium) current series	21,820		21,820	
"Rock" and "Crown" funds	10,364		10,364	
	125,741		142,505	
Less items debited to profit and loss account	30,720		31,421	
Total net trading surplus...	95,021		111,084	

The dividend remains the same as in 1929, namely 14s. per share, but the payment involves a substantial draft on the trading surplus. In addition to the normal dividend, the company has declared for 1930 a special dividend of £3

per share, which absorbs the very large sum of £523,000, and the payment of this sum has reduced the profit and loss account balance to a nominal amount of under £15,000.

Scottish Union and National Insurance.—After a series of consistently successful years this company experienced in 1930 underwriting results of a relatively unfavourable character. The details of the past two years are shown below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	117,792	8.9	46,612	3.5
Accident	952	3.7	1,830	6.8
Employers' liability	4,172	7.7	4,467	8.2
Miscellaneous	10,616	6.4	22,840	13.4
Marine	15,000	4.3	20,000	6.1
	148,532		95,749	
Less items debited to profit and loss account	97,812		74,298	
Total net trading surplus	50,720		21,451	

As will be seen, the falling off in profits is due wholly to the experience of the fire department. Having regard to the fact that fire wastage in this country in 1930 showed an improvement as a whole, some explanation will no doubt be furnished in the chairman's speech at the annual meeting. The company enjoys a very large and steadily growing premium income relative to the comparatively small paid-up capital of only £300,000. Total premiums in 1930 yielded £1,889,000, for which the fire department was responsible for £1,311,000. The dividend is maintained for the third year in succession at 65 per cent., but the natural growth in interest income, which now is more than sufficient to meet this rate, points to an increased distribution in the near future. The company has a large life department with a fund of nearly £11 millions, and a premium income of £720,000. New life business in 1930 amounted to sums assured of £2,223,538, thus showing a substantial advance over the previous year's total of £2,085,022.

"State" and "British Equitable."—Both of these companies form part of the Royal Exchange group though they are conducted separately and their accounts are not incorporated with those of the parent company. Each company maintains its own organisation including branch offices spread over the provinces, and each company transacts business of the same class apparently in competition with each other and with the parent company. The State conducts all classes of business except life business, and the figures of the British Equitable are included in the accounts. The consolidated premium income remains practically the same as in 1929 at £914,000, made up of £680,000 in the fire department, £185,000 in the accident department, and £49,000 in the marine department. The results are set out below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	11,026	1.6	3,398	0.5
Accident	13,500	7.3	12,667	6.9
Marine	5,499	11.6	6,067	12.3
Gross underwriting surplus	7,973		15,356	
Less items debited to profit and loss account	27,990		26,078	
Net trading loss	20,017		10,742	

The dividend has been maintained at the rate of 40 per cent. for the ninth year in succession, but although interest earnings are more than sufficient to meet the cost of this, the dividend has not been earned as a whole in either of the last two years. Life business is transacted by the British Equitable, and the report of this company shows that new policies were issued last year for net sums assured of £534,629, compared with £516,325 in 1929. The life fund now amounts to £1,713,000. No dividend has been paid since 1923, apart from a small payment in 1928

following upon the quinquennial valuation at that time, and none has been declared for 1930. Shares in subsidiary companies stand in the balance sheet of the State at £97,158.

University Life Assurance Society.—The share capital of this society is held by the old Equitable, so that the society operates under very high auspices. No commission is paid for the introduction of business, and the field for its activities is further limited by a regulation restricting policyholders to "members of Universities, public schools, theological colleges and other approved educational institutions." Thus, although the current report for the year 1930 is the 106th in the history of the society's existence, the fund amounts only to £1,299,000, and the premium income to under £100,000 per annum. Last year's new business amounted to £168,785, compared with £167,895 in 1929. In spite of the rise in income tax, interest earnings, which have hitherto been and still are on the low side, having increased from £4 4s. 10d. per cent. net to £4 7s. 8d. per cent. net. The quinquennial valuation took place at the end of 1929, and as a result a reversionary bonus of 50s. per cent. per annum simple was declared for the five years then ended. As an example of the benefits to be derived from a contract with the society the following statement in the report is of interest: "If this rate is maintained a man now under age 35, effecting a policy for £1,000 payable with profits at age 60 or earlier death at an annual premium of £43 10s. will receive £1,625 on maturity of the policy. After allowing for rebate of income tax at 2s. 3d. in the £, this represents, in addition to life assurance, an investment yielding over 3½ per cent. free of income tax."

London and Provincial Marine and General.—This company was established in 1860, and in the year 1913 the control passed to the Yorkshire. Until after the war the only business transacted was Marine Insurance, but in 1919 a Fire and Accident account was inaugurated and the income of that account has now reached almost the same figure as that of Marine. Fire and Accident premiums in 1930 yielded £147,000, and Marine premiums £178,000. The Marine Account has throughout been consistently successful, but the results of the Fire and Accident Account have been on the whole extremely patchy, and in 1930 are unsatisfactory. The detailed underwriting results for the past two years are set out below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire and Accident	6,273	3.8	8,860	6.1
Marine	35,000	21.3	25,000	14.0
	28,727		16,140	
Less items debited to profit and loss a/c	10,526		9,428	
Net trading surplus ...	18,201		6,712	

The dividend has been maintained at the rate of 10 per cent. free of tax, though interest earnings alone would have been sufficient to have paid over 16 per cent. free of tax.

National Guarantee and Suretyship Association.—The business of this company, whose head office is in Edinburgh, is limited to the transaction of Fidelity Guarantee insurance. The company is controlled by the Northern Assurance Company, and the figures are incorporated in the accounts of the parent company. During 1930 there has been a sharp fall in premium income from £63,000 to £59,000, and a still greater falling off in the rate of underwriting profit, which in each of the three previous years comfortably exceeded 20 per cent. In 1930 the underwriting profit was £4,516, equal to 7.6 per cent., compared with £16,206, equal to 25.6 per cent. in 1929. After meeting items debited to profit and loss account, there remained a net trading surplus of £867 in 1930, compared with £13,187 in 1929. The dividend has been maintained at 12½ per cent., and the cost is now covered by interest earnings with a small margin.

Overseas Correspondence.

UNITED STATES.

Capital — New Banking Corporation — Prices —
Employment — Wages — Industry — Money.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 17.

REPORTS to the contrary notwithstanding, Mr Montagu Norman on his visit here kept in the background any plan which he may have had for bringing about the establishment of an international reservoir of long-term investment funds, to be made available for needy countries. Bankers here look coldly upon any such scheme, though they are heartily in favour of directing surplus capital in this country into foreign productive channels. Any idea of international control is disliked. American banks are willing to grant short-term credits, but they feel that long-term bond issues must be judged on their merits and offered when conditions in the investment market are favourable. Such conditions are unlikely to be found until greater stability obtains abroad. Some improvement has occurred in the foreign bond market, but yields on old issues are still too high, and the market for them too narrow, to encourage any appreciable amount of new financing. Moreover, much of the recent limited demand for foreign bonds has come from abroad.

An important step to stimulate foreign trade has just been taken by a group of bankers and corporation officials here in the formation of a \$10 million banking corporation which will originate two new categories of bankers' bills. Radio Corporation, International Harvester, General Electric and other exporting corporations have been instrumental in forming the new bank, and it will have the support of the Federal Reserve Bank. It is understood that the Federal Reserve will grant it powers as yet withheld from member banks. The new acceptances will finance goods from the hands of the American exporter to the actual distributor abroad, instead of as at present merely from an American to a foreign port. Bills issued to carry goods to ultimate destination will be made acceptable for discounting at the Federal Reserve Banks.

Foreign trade figures for March are only mildly encouraging. Exports rose \$13 millions to a total of \$237 millions, and imports increased \$36 millions to \$211 millions. Most of the gain in exports was due to larger shipments of cotton, the increase being estimated at \$10 millions. Shipments were 605,000 bales, against 433,000 bales in February. The rise in exports was no more than seasonal, but the gain in imports was more than the usual March increase. Wall Street is cautious about interpreting the import figures as indicating real improvement in foreign conditions. Compared with a year ago, exports were down 36 per cent. and imports 30 per cent. Exports were the smallest for any March since 1914, and imports were the lowest for any March since 1916. Gold imports were approximately \$25.6 millions net, and in addition there was a release from earmark of \$3 millions. Since the end of March about \$15 millions in gold has come in, but the gain for the year to date is not much more than half that of last year.

Commodity prices are weakening again, after some slackening in the decline last month. The situation is particularly unsatisfactory in the oil industry, where the East Texas production is depressing prices. Crude oil sales are reported in that region at less than 20 cents a barrel, and another cut in mid-continent crude is expected. Metal prices are difficult to maintain, and cotton, under the press of favourable planting weather and the promises of a record-breaking carryover, has been sagging. Wheat, on the other hand, has improved in spite of an abnormally large movement of the grain from the farms to market during March. On the average, wholesale commodity prices for March, according to the index of the Bureau of Labour Statistics, fell 1½ per cent., compared with a drop of 2 per cent. in February. Farm groups were firmer, and the chief declines occurred in

finished products and raw materials. Prices for March were 16.8 per cent. lower than a year ago:—

WHOLESALE PRICE INDEX.
(1926 = 100.0.)

	March, 1930.	Feb., 1931.	March, 1931.
All commodities	90.8	75.5	74.5
Farm products	94.7	70.1	70.6
Foods	93.9	77.1	76.7
Hides and leather products	103.2	86.6	87.4
Textile products	86.5	70.4	69.2
Fuel and lighting materials	77.4	69.6	64.5
Metals and metal products	100.6	88.9	89.0
Building materials	95.4	81.8	81.9
Chemicals and drugs	91.2	82.2	81.9
House-furnishing goods	96.5	90.8	90.8
Miscellaneous	78.2	63.9	64.7
Raw materials	89.3	70.6	69.4
Semi-manufactured articles	90.6	72.3	72.2
Finished products	92.0	79.3	78.4
Non-agricultural commodities	89.8	77.1	75.7

The Bureau of Labour has also issued statistics on employment for March, showing virtually no change for leading industries, but a moderate gain in factory employment. For fifteen industrial groups pay-roll totals were seven-tenths of 1 per cent. higher than in February. Decreased employment was noted in the metal and mining industries, oil, public utilities, railroads and wholesale trades. Factory employment was up nine-tenths of 1 per cent. and pay-rolls rose 2.2 per cent. above the level of the previous month. The general index of factory employment for March is 74.8, against 89.8 last year.

Meanwhile discussion of wage reductions is becoming more animated. Wage cuts are spreading, but as yet the strongly unionised trades and great industries, such as steel, automobiles, the building trades and the railroads, have maintained wage scales. Efforts to enforce cuts would probably create labour troubles, but the trend of opinion is steadily drifting that way, as living costs decline and it becomes increasingly difficult to make profits on the old wage scales. The need for lower wages on the railroads is particularly marked, but it would be difficult to obtain them without the tacit consent of the Administration, and that would, of course, create an unwelcome political situation. Most of the oil companies have cut wages 10 per cent. or more, and wages for farm labour are back to the pre-war basis.

Some further slackening has taken place in trade during the week. The steel industry is down almost to 50 per cent. of capacity, and prices are weaker. Motor trade buying of steel is disappointing, but that is partly because so large a share of the motor output is in Ford cars, and the Ford works make a good deal of steel. The General Motors Corporation, which is reported to be selling about 45 per cent. of the motor output of the country, sold nearly 50 per cent. more cars in March than in April, but it is doubtful if the dividend is being covered.

Railroad traffic is still low, but comparisons with the previous year are expected to be more favourable from now on. Dividend reductions among industrial corporations continue and are helping to keep investors on the sidelines. The weakness in shares has also affected bonds and sharply reduced the volume of new issues this week.

Short-term money has maintained a slightly firmer tone, due largely to withdrawal from commercial banks of Treasury deposits. The recent Treasury certificate issue of \$275 millions was oversubscribed several times. It was expected that the Treasury would try to go until December before making a long-term bond offer, but the piling up of short-term obligations may force action sooner. Borrowing under the new soldiers' bonus law continues, but at a reduced rate.

FRANCE.

Politics — Presidential Election — Revenue.

(FROM OUR CORRESPONDENT.)

PARIS, April 29.

M. HERRIOT, following his brilliant raid into Socialist territory in Lyons municipal politics, and his capture of an enemy seat, secured his re-election as mayor last

Sunday by offering the Socialist members the alternative of voting for him or of taking the risk of the dissolution of the council, with the probability of a serious loss of seats. Having thus straightened out matters in his own stronghold, and incidentally strongly reinforced his authority as Radical leader, M. Herriot has now astonished the political world once more by again holding out the olive branch to the Marxists—whom he contemptuously stigmatised a fortnight ago as "revolutionaries in rabbit skin"—with a view to common tactics at next spring's general elections. The Socialists are apparently in a rather more chastened mood since the lesson administered to them at Lyons, and there is, for the moment, a renewed possibility that the Cartel des Gauches may after all be revived. By this the Radicals have apparently everything to gain and little to lose. Many seats have been won by the Socialists largely with the aid of moderate votes cast for the extremist party for the express purpose of eliminating the Radical candidate.

This situation has during the past week or two revived the demand of nearly all parties for a return to the system of *scrutin de liste*, based on a really equitable form of proportional representation. M. Briand some years ago succeeded in replacing the system of *scrutin d'arrondissement*, based on single-member constituencies (except in Paris, with the *scrutin de liste* method based on departmental units), plus proportional representation. M. Clemenceau, however, managed to "gerrymander" the proportional representation clauses of the Bill to such an extent that the new system proved so unsatisfactory in practice, during the two general elections that followed the war, that it was abandoned by universal consent shortly before the 1928 contest, and the old system of single-member constituencies, with second ballots, restored. It is claimed that there are now something like 360 members in the Chamber (representing a majority of about 50) definitely pledged to the adoption of a system of real proportional representation for the coming elections. Among these are important factions of practically all parties, including both the Marin Nationalists and the Socialists, for all have suffered from the results of three party fighting and all are nervous as to the possibility that the real expression of national opinion may again be falsified next spring if present methods of voting are maintained.

Speculation in regard to the election of a new President of the Republic, which is to take place at Versailles on May 13, is now becoming acute. M. Paul Doumer, President of the Senate, is still first favourite, but the situation is expected to remain obscure until the end of next week at the earliest. A point which has been generally overlooked, so far as non-political circles are concerned, is that the installation of a new President of the Republic involves automatically the resignation of the Cabinet. As a rule this has been merely a constitutional formality, followed by the immediate return of the outgoing Ministry to power. There is some speculation, however, as to whether this factor, in view of its possibilities, may not on this occasion play a much more important part in the Presidential election than usual. For one thing, there is a growing feeling here that Germany will very shortly press for drastic revision of the Young Plan for reparation payments, on the ground of increasingly unsatisfactory revenue returns. This anticipated outcome of Dr. Schacht's long campaign since The Hague settlement, together with the unsettled outlook as to the line that may be taken at Geneva in regard to the Austro-German Zollverein plan, is looked upon as directly affecting M. Briand's continuance at the Quai d'Orsay, which has now become one of the dominating factors of the political situation. The Foreign Minister's accession to the *Flysée*, it is insisted in many directions, would clarify the whole outlook and remove several awkward obstacles that may arise in the immediate future. M. Briand himself, although he has as yet refrained from making any statement on the subject, is believed to be prepared to accept nomination as a candidate, and his chances of selection are apparently growing stronger.

Official returns issued this week indicate that the financial year ended March 31st resulted in a total yield from all Budget sources of 45,054,885,000 francs, against 47,988,622,100 francs in the previous twelve months. This apparent decline of 2,873,737,100 francs was due to the large reductions of taxation, and the total revenue was 944,651,200 francs in excess of Budget estimates, based on the anticipated smaller yield consequent on the taxation relief granted. This excess, however, was more than wiped out by the large mass of supplementary credits accorded during the financial year, and the real outcome of the year was a deficit of 2,200,000,000 francs; though this will probably be modified later by the customary annulation of credits to the extent of their unexpended balances. The 1930-31 deficit, according to a statement made in the Senate by the Budget Minister, M. Piétri, is "the largest in real values which has been registered in this country during the past fifty years."

There are—or were—still sufficient surplus funds left at the Treasury to meet the estimated deficit of £17,742,000 on the past twelve months, which explains how it was found possible to avoid imposition of fresh taxes for the current financial year to wipe out last year's deficit. Even this, however, was made possible only by the device of handing over to the Caisse d'Amortissement over £15,000,000 of the normal burden hitherto borne by the Budget, in respect of the annual charges of the public debt service, the arrangement being that the Treasury shall recoup the Caisse for this "loan" from the economies that will accrue to the Budget from the operation of the pending Rente conversion plans. When M. Poincaré, in 1928, created the Caisse Autonome d'Amortissement de la Dette Publique, he insisted on placing it under the protection of a special constitutional law, which it was claimed would place its fund beyond the reach of Finance Ministers in difficulties and render it inviolable. The law in question, however, apparently places no obstacle in the way of the Caisse acting on occasion as banker to the Treasury.

The revenue returns for March show a total yield of 2,787,923,000 francs (as against 2,974,241,000 francs in March, 1930, and 2,982,327,000 francs in March, 1929), the total recoveries from all sources being 3,666,250 francs in excess of Budget estimates for the month. Yield from indirect taxation and State monopolies (exclusive of the tobacco *régie*) was 2,580,299,000 francs, which was 75,457,000 francs less than in March, 1930, but 29,701,750 francs above Budget estimates for the month, which may be regarded as completely satisfactory, in view of the taxation reductions brought into effect under the 1930-31 Budget. The yield from Customs was 129,000,000 francs more than a year ago (due largely to increased import duties, in certain special cases), which practically cancelled out a falling off of 131,781,000 francs (over 17 per cent.) in the yield from turnover taxes (due partly to lower selling prices and partly to a reduction in the rate of the tax). The effect of tax reduction was, in certain cases, a stimulus to trade, is shown by an increase of 13½ per cent. on the twelve months in the yield from the tax on motor cars, which was reduced a year ago. The yield in March alone totalled 24,561,000 francs, as compared with only 9,905,000 francs in March, 1930. The yield from the tax on motor spirit, in spite of the drop in prices, showed an increase of over 10 million francs, or over 20 per cent., over that for March, 1930.

GERMANY.

Cabinet and Food Duties — Capital Accumulation — Reichsbank Results.

(FROM OUR CORRESPONDENT.)

BERLIN, April 29.

THE first task of the Cabinet, which met last week with a heavy programme of work before it, is to be the consideration of agrarian questions. The Food Minister, Dr. Schiele, has renewed the proposals which he brought forward during the Reichstag session for increases in the

import duties on butter, vegetables and pigs. An immediate decision was avoided before by empowering the Government to alter the duties, but now the Cabinet will have to face the problem of deciding what use it is going to make of this power. The most vigorous opponent of these proposals of Dr. Schiele's is still Dr. Stegerwald, the Minister of Labour, who can only justify the reduction of wages which he has effected, and may have to extend, if the Government refrains at least from taking steps which would check the fall in the cost of living and from injuring the labour market by quarrels over commercial policy which would hamper exports.

All the duties for which Dr. Schiele is asking involve treading upon politically very delicate ground. Domestic opposition would be least serious in the case of an increase in the duty on pigs, as prices are at their very lowest, and the breeding and fattening of pigs can only be carried on at a loss; but on the other hand a duty would probably be no use as the depression in prices is the result of domestic over-production. Customs increases for vegetables and butter would undoubtedly increase the political difficulties of the Government.

Herr Schiele will be confronted, during the Cabinet discussion, with the counter demand that the duties on grain, and especially those on wheat, be reduced in order to check the rise in bread prices which has already begun in several towns. None of the other means by which the Government has attempted to stabilise bread prices has been effective, and the ill-conceived idea has been put forward that the Government might evade its legal obligation to stabilise the price by having a new and inferior kind of rye bread manufactured, which would be comparatively cheap, and ignoring the rise in the prices of other grades. Public opposition to this proposal was instantaneous, and it may be taken for granted that the Government will have nothing to do with it.

The Institut für Konjunkturforschung has published a very interesting survey of the accumulations of capital in Germany during the years 1924-28. The production of capital goods, for which much more reliable data were obtainable than for the accumulation of money, was, according to the researches of the Institute, as follows:—

	Milliard Reichsmarks.
1924	8.2
1925	7.2
1926	2.7
1927	11.3
1928	9.9
	39.3

These figures include both new plant and the increase of stocks in industry, agriculture and commerce. Accumulation of German capital proper, however, is represented by the value of these less the 13.6 milliards of foreign debt which was incurred in these years, and to this difference must be added the increase of 2,274 millions in the gold holdings of the Reichsbank, so that the net increase of German capital over the five years amounted to about 28 milliards. This is not a large figure in view of the great increase needed by German economy, and its inadequacy is shown by the high rate of interest, which for long-term loans was never much below 8 per cent. during the whole period, and at times rose as high as 10 per cent.

The 39 milliards gross increase of capital was distributed among the various branches of economy as follows:—

	Million Reichsmarks.
Food production	6.025
Clothing manufacture	5.009
Other manufactures for consumption	3.830
Manufacture of means of production	5.899
Electricity, gas and water	2.656
Transport	6.832
Housing	5.438
Education and welfare	2.408
Public administration	1.340

A substantial part of this capital was thus employed for purposes which are not, properly speaking, productive. Rationalisation of productive processes seems to have absorbed a comparatively small proportion, for even in the large transport item substantial sums are included

which did not directly cheapen production, but were used to improve the safety of the service or to serve such social purposes as shortening the journey of workers between their place of residence and their place of employment.

A syndicate of all the big banks under the leadership of the Reichsbank is issuing the first big internal loan of the current year, consisting of Rm. 150 millions Reichspost bills maturing on August 1, 1933. The interest is 6 per cent. and the price of issue 76, so that the yield will be about 8 per cent. Most of the issue (Rm. 100 millions) is to be used for the repayment of Reichspost bills which fall due next month, the remainder, which will be increased if the issue is successful, will be used for investment purposes. The short-term money requirements of the Post Office have hitherto, like those of the Treasury, been met by the banks. The public is now being called in chiefly in order to enable the banks to take up more Treasury bills than formerly. From the point of view of the capital market the issue is regrettable. Long-term credit was just beginning to be cheaper and this development ought to have been encouraged by the greatest restraint in respect of new issues. An offer by the Post Office of 8 per cent. for fresh funds will tend to prevent the reduction of interest rates.

The Reichsbank has published its annual report. It had long been known that the 12 per cent. dividend would be maintained. Receipts have fallen from Rm. 170 millions to Rm. 127 millions as the rate of discount averaged 4.93 per cent. in 1930, against 7.12 per cent. in 1929. Expenses are almost unchanged, but whereas in 1929 a sum of 46 millions was carried to various reserves, no such provision is made this time. The accounts, therefore, show a net profit of Rm. 40 millions against 25 millions in the preceding year. These profits will for the first time be distributed on the basis laid down in connection with the Young Plan. The Exchequer receives a much larger share than hitherto (18 millions against 5½ millions in the preceding year) and the shareholders 18 millions (12 per cent. on a capital of 123 millions). There has been only a slight decline in the business of the bank in 1930; the volume of bills purchased only fell by 10 per cent. in spite of the depression. Although the increase of capital to Rm. 150 millions, as well as that of the Goldskontbank, was paid for out of reserves, these are very little reduced; capital still stands at 150 millions and open reserves at 337 millions. Even if discount rates and the volume of business were further reduced, the 12 per cent. dividend which has remained unchanged for years seems likely to be maintained.

ITALY.

Railway Traffic and Road Competition — Winding Up of Banca Agricola Italiana — Supervision of Savings Banks — Bourses.

(FROM OUR CORRESPONDENT.)

TURIN, April 20.

THE decrease in railway and shipping traffic continues; during the first two months of 1931 goods unloaded in the ports were 3,622,000 tons, against 4,338,000 in the corresponding period of 1930; goods shipped 1,179,000 against 1,414,000 tons. Goods carried on railways decreased from 9,576,000 tons in the first two months of 1930 to 7,595,000 in the corresponding period of 1931. Passengers decreased from 15,175,437 to 12,542,255. Total traffic receipts, therefore, were reduced from 652 to 519 million lire.

These figures, which are disconcerting enough, have given rise to a lively discussion, as the economic crisis is considered an insufficient explanation of the abnormal slump in the traffic. The spokesmen for the railways denounce road competition as especially responsible for the financial difficulties of the railways, and demand the extension to motor goods transport of the regulations already governing passenger transport. Direct road

competition for passengers is not allowed between places where a regular railway service already exists. State authorisation is required before starting a new passenger service, and such authorisation is given only when the motor service acts as a feeder of railways or when it serves areas not touched by railways. This restriction has not, it is alleged, prevented the growth of auto services, the lineage of public extra-urban passenger services having increased from 40,471 kilometres in 1922 to 85,450 in 1929, and the number of passengers carried in 1927 (the last year for which detailed figures are published) being 31.5 millions, with a revenue of 142 million lire.

It is argued that the same restriction should be extended to the carriage of goods by lorries, which at present is free and offers the keenest competition. Signor Bognetti, president of the largest Italian tourist organisation, the Touring Club, wrote an alarmed letter to the *Corriere della Sera* pointing out that motor cars paid in taxes the whole cost of the upkeep and improvement of the roads which they use, and that the proposed restriction would be an unjustifiable blow to an industry which is growing rapidly by virtue of the facilities it offers to its customers. Incidentally the unrestricted competition for goods seems less dangerous than the restricted competition for passengers, for the freight revenues of the State railways increased from 2,849 million lire in 1927-28 to 3,017 in 1929-30; while the passenger revenue decreased from 1,629 to 1,589 million lire. Even in the first two months of 1931, when the comparison with 1930 was most unfavourable, the revenue from goods decreased only by 36 per cent., while passengers yielded 40 per cent. less. The problem is made worse by the fact that here railways are the property of the State, and that automobile competition is directly damaging the public exchequer. This is a strong argument against State operated railways. Collective interest and technical economic progress should not be made to conflict.

On April 7th all the offices and deposits of the Banca Agricola Italiana, with head offices in Turin, were taken over by other banks or institutes: in Piedmont by the Saint Paul Institute, a three centuries old Turin credit and mortgage bank; in the South of Italy by the Bank of Naples; in Tuscany by the Monte dei Paschi; and in other parts of Italy by several other banks. At the end of March the Banca Agricola Italiana held 850 million lire deposits. The president of the Saint Paul Institute, which is taking over the largest share of the deposits of the liquidated bank, hastened to circulate an interview, assuring its customers that the institute had made itself responsible for these 250 million deposits, only after being amply guaranteed by the cession of assets and other sureties for the corresponding amount. Thus has terminated the career of a bank which enjoyed a mushroom growth immediately after the war. Hundreds of offices were created in the country districts, with the sole purpose of collecting deposits and sending them to the head office in Turin, where it was current rumour that they were diverted to the financing of the Snia-Viscosa and other Gualino concerns. The situation became eventually embarrassed, and the present winding-up and distribution of deposits amongst well-established banks is the final outcome of it. The salvage was made under the auspices of the Bank of Italy, to which is entrusted the supervision of all banks and savings banks.

The chapter on the supervision of savings is perhaps the most interesting part of the first report read to his shareholders by Signor Azzolini, the successor of Signor Stringher in the Governorship of the Bank of Italy. The reduction in the number of banks which was already in progress, continues. Between March 1, 1930, and February 28, 1931, there were cancelled from the lists kept at the Treasury 51 banks because their liquidation was completed, 69 because they ceased to receive deposits, and 35 in consequence of fusion with other banks, making 155 in total. Against this only one new bank was allowed to start business, 73 requests for the opening of new branches of old banks were approved (against 75 similar requests refused) and 85 old branches were

allowed to move in order that they might be better located. The banking organisation is thus slowly becoming more concentrated, but the number of banks is still great; the official list includes, as of February 28, 1931, not less than 200 savings banks, 1,375 banks and banking firms, and 2,387 agricultural co-operative banks (*casse rurali*), making a total of 3,962.

The stock exchanges are lifeless. The only keen demand is for fixed-interest securities, the Milan index rising from 102.01 on January 3rd, to 104.91 on April 11th (December, 1925 = 100). Variable dividend securities are sagging, as many companies are passing their dividends and others reducing them. The index fell between the same dates from 66.42 to 64.70.

HOLLAND.

Dutch East Indies Finance — Capital Issues — Money — Savings Banks — Foreign Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, April 14.

ANNUAL reports for the past financial year have already been issued by several Dutch enterprises, and it is evident from them that 1931 is likely to prove an arduous year for business over here; generally speaking, the various company reports do not express any great optimism, at least for the near future. A number of firms have had to resort to reducing the rate of dividend or to passing it altogether. Apart from the shipping companies, the plantation undertakings in particular are being affected very seriously by the trade depression.

The big drop in the prices of plantation products has even resulted in a deficit on the 1931 Budget for the Dutch East Indies. The deficit on all services was initially estimated at 53.6 million guilders, to which 5½ million have to be added for interest and redemption on the Dutch East Indies 1930 loan, issued at par in November last; but it is now feared that the deficit will, in fact, reach 100 million guilders. As a consequence, the floating debt will have swollen to more than 200 million guilders by the end of the year, unless consolidation is resorted to. Although it may be anticipated that in the next few years the State financial position will be less unsatisfactory, owing to the gradual effect of schemes for economy and rationalisation, there is apparently no prospect of a surplus on the State finances for some time to come. In view of this, the Minister of Finance considers it advisable that steps for the consolidation of 200 million guilders of the floating debt should be taken in hand at once. It can therefore be expected that new Dutch Indies loans to an aggregate of 200 million guilders will make their appearance on the market shortly.

Although last year the activity of the new issues market in Amsterdam was maintained at a level which may have tended to cause some observers to doubt the seriousness of the situation, the results of the operations in the first quarter of the new year have certainly left no more room for doubt. The influence of the depression prevailing had, in fact, already left its mark on the new capital issues last year, not so much on the total amount of the issues, but on the proportion in which the amounts were divided among the various categories of borrowers covering their capital requirements by issues in the public market.

As is apparent from the very small amounts of the flotations on our new issues market so far this year, some change in the factors governing the activity of the new issues market has manifested itself since last year. The fact that greatly increased business in the conversion of loans has been a feature of the first quarter's working suggests that the situation of the money and capital market is at last becoming somewhat consolidated. Public bodies, in particular, have been availing themselves of the opportunity to convert high rated loans into loans on lower terms. Issues of conversion loans were so extensive last month as to account for by far the majority of the issues marketed. Whereas the net total of issues was only 32½ million guilders, the gross total of the issues was about 116 millions, old loans to an aggre-

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gate of 83½ million guilders having been converted into loans at lower rates.

How much smaller the issues have been so far this year as compared with preceding years will be apparent from the following table:—

	(In thousands of guilders.)			
	1928.	1929.	1930.	1931.
January.....	34,737	68,209	51,037	10,444
February	55,116	101,588	55,485	14,200
March.....	92,668	25,820	74,664	32,473
Total, 1st quarter...	182,521	195,617	181,186	57,117

Moreover, most of the issues during the past month were anything but a success, and very little interest was manifested in the issues for account of Greece and Roumania, which amounted to 5 million guilders.

The issues last month again included only an insignificant amount for shares, as is only natural under present circumstances. The only shares issues were 950,000 guilders absorbed by preferred shares in the United Gas Corporation and a small amount in a mortgage bank, the remaining 31½ million guilders being for issues of loans. Thanks to the loan issues for Greece and Roumania already referred to, the proportion of foreign issues showed at least a nominal increase.

Towards the end of the month money rates in Amsterdam were a trifle tighter, as the result of larger end-of-month demands. Lately there has also been more tension on the foreign exchange market. The rates for sterling and marks have nearly reached the gold export point, and, as a result, the Netherlands Bank has been disposing of some of its foreign bills. The Netherlands Bank also decided not to release any more gold coin for inland circulation after April 1, 1931, as such coin was being exported at a premium. The Netherlands Bank's holdings of foreign bills dropped from 250,373,000 guilders on February 2, 1931, to 212,019,000 guilders on April 7, 1931. The firm tendency on the foreign exchange market is largely attributable to the very easy money rates in Amsterdam.

On April 1st the Dutch Post Office Savings Bank completed its fiftieth year of operations. The extent to which this institution has developed will be seen from the fact that the deposits, which amounted to about 184 million guilders before the war, have now grown to about 375 millions. These funds are very cautiously invested, mostly in Government and municipal loans, the Netherlands Bank acting as banker for this purpose. The habit of saving among the Dutch people will be seen from the following table, showing the deposits at the different classes of savings banks:—

	(In thousands of guilders.)		
	End of 1921.	End of 1927.	End of 1928.
P.O. Savings Bank	283,449	329,338	340,505
Private Savings Banks	239,976	327,346	354,419
Country Co-operative Loan Banks	289,710	386,006	423,322
Totals	813,135	1,042,690	1,118,246

According to the official statistics, the imports into Holland during February weighed 2,087,000 tons, with a value of 149.5 million guilders, as compared with 2,561,000 tons and a value of 197 million guilders in January of this year, and 2,371,000 tons and value 201 million guilders in February, 1930. The weight of exports in February was 1,359,000 tons, with a value of 109 millions, against 1,359,000 tons and value 117 million guilders in the preceding month and 1,291,000 tons and value of 144 million guilders in February, 1930. Large quantities of grain from Russia were again included among the imports in February; as was the case in January, by far the major part of the wheat and rye imported came from Russia. A continuance of the large shipments from Russia is expected in the next few months; an enormous quantity of Russian grain was recently bought by a syndicate of firms.

SWEDEN.

Production — Foreign Trade — Balance of Payments — Banks — Stock Exchange.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, April 17.

WHILE it is quite clear that there is nothing in Sweden equivalent to the, at any rate seasonal, improvement which is discernible in the United States, it cannot be said that the situation has become appreciably worse. The available statistical data leave the picture of the first quarter of the year somewhat obscure. Whereas *Svensk Finanstidning's* index number of production fell from 120 for December to 113 for January, the normal movement being a strong seasonal rise, the February index, which usually shows a slight decline, rose this year from 113 to 123. This cannot, however, be interpreted as a symptom of improvement. The explanation is rather that the January index number considerably exaggerated the actual deterioration of the position. It was, no doubt, quite natural for the usual quietness at the turn of the year to be prolonged when one considered that 1931 as a whole would show restricted markets. For this reason January production was cut down more than the actual situation required. The rationalisation which the leading industries had introduced made it economically more advantageous to close down altogether than to work short time.

The February export figures make this clear, for, almost without exception, they show a decline, whereas among the industries entering into *Svensk Finanstidning's* index number of production the pulp industry was the only one which did not increase its output compared with January. This is not surprising, as the production of pulp in January was maintained at a considerably higher level than that of other industries. Moreover, organised restriction of output is to come into effect in this industry in 1931, and its effects will be seen in the present month.

The statistics of unemployment give an equally obscure picture of the situation. The number of applications for work per 100 vacancies usually shows a seasonal rise towards the end of the year, with its climax in January, after which there is usually a progressive decline. Here, again, the result has so far been contrary to the normal. The figure fell in January to 222 from 328 in December, and rose in February to 232. The explanation of this abnormal development is to be found in exceptional circumstances which are the outcome of the depression. A better criterion, therefore, is the number of workers engaged on the "reserve works" of the Unemployment Commission, which has progressively risen, though the increase in February—the latest month for which statistics are available—was only from 5,100 to 6,300, a figure corresponding to 3,500 a year ago. At the same time the number of unemployed reported to the Commission as seeking work increased to about 40,200, as compared with 16,600 at the end of February, 1930. Though these figures are indisputably worse, they are far from alarming.

The deepening of the depression is more clearly visible in foreign trade. As was to be expected, exports showed a continued and marked decline in February, whereas

imports declined less. A considerable passive trade balance is usual at this time of the year; last year it amounted to 27,000,000 kr., and this year it rose to 35,000,000 kr. In the leading industries the decrease of exports was especially marked. The exceptional conditions in the timber market resulted in a reduction of exports of no less than 59 per cent. Exports of ore were 71 per cent. below the 1930 figure. As compared with an unchanged volume of pulp shipments in January, February showed a decrease of 29 per cent. In the remaining important commodities, on the other hand, the *status quo* was maintained and in some cases there was even a certain improvement. The former applies to many products, such as matches and butter, the latter to pig iron, exports of which rose by 20 per cent., and telephones, of which shipments increased by 29 per cent. Bacon exports exceeded those of a year ago by 37 per cent.

Against this background it is certainly surprising that the balance of payments, contrary to what is usual at this time of the year, showed some improvement in February. Net bank claims abroad were increased by 2,000,000 kr., certainly a modest figure, but in sharp contrast to that of a year ago, when they decreased by 27,000,000 kr. There can be no doubt that accidental circumstances played their part here. The explanation is, indeed, to be found in the figures of movements of capital. They show that in February there was a net import of capital of 12,000,000 kr., which must be regarded in the light of German exports of capital, and, possibly, also in connection with the Kreuger issues of the year. Since February, 1930, showed a net export of capital of 10,000,000 kr., this change alone is sufficient to explain the rise in the balance of payment in February.

In one very important respect February may mark a turning point. As has already been emphasised, 1930 was characterised by a remarkable reduction of the credit demands of the commercial banks on the Riksbank, as they found it cheaper not only to sell their exchange holdings to the central bank, but also to obtain credit abroad at lower rates than was possible at home. This policy was carried so far that the very considerable short-dated claims of the commercial banks at the beginning of last year had been converted by December into a debit. At the same time the demand of the commercial banks on the Riksbank for ordinary domestic account on several occasions sank to practically nil. This development continued during January, but in February a change set in which became even more pronounced in March. The commercial banks in February increased their net foreign claims by 20,000,000 kr., practically for the first time since July last year, though they, nevertheless, still had a net short-date debit of 16,000,000 kr., whereas a year ago there existed instead a net credit of 145,000,000 kr. This seems to indicate a definite turning point, an inference which is confirmed by developments during March. It is also obvious that the peculiar development of last year could not continue this year also. It is true that borrowing abroad must still depend on the margin between home and foreign interest rates, as well as on future prospects. There are, however, evident risks in swelling too much the volume of foreign credit, and, in any case, it has not been possible for the commercial banks to supplement this by selling their exchange holdings to the Riksbank. This, in its turn, has occasioned a very decided increase in rediscounting. It is probable that this development will continue in the near future, and that there will be a reversal of last year's position.

On the Stock Exchange the month of March showed very clearly that the recovery in February was not the result of any definite and general change. Purely domestic stocks were certainly influenced by the Kreuger concern, but only to a very limited extent. As against a rise of 222,000,000 kr. of the latter the improvement in the former was only 57,000,000 kr. As March advanced it became clear that the rise in international stocks, and primarily in Kreuger and Toll, was only a reflex of the reviving speculation in New York, whereas the tone of domestic stocks still remained uncertain and changeable. Subsequently, in addition, international speculation has gradually become less optimistic and there has been a corresponding reaction in domestic stocks.

JAPAN.

New Acts — Budget — Foreign Trade — Banking — Prices — Shipping Merger.

(FROM OUR CORRESPONDENT.)

Tokyo, April 8.

THE annual session of the Imperial Diet terminated on March 28th. The record of the completed session was rather poor, such important Government measures as the Trade Union Bill, the Tenancy Bill, and the Seamen's Insurance Bill all having failed to pass. The Finance Bill, however, the Tax Reduction and Tariff Revision Bills, the Export Industry and Guild Bills, the compulsory cartels scheme, the Mortgage Debenture Bill, and several other measures of lesser importance were carried through both Houses almost in their original form.

In the Budget estimates for 1931-32 approved by the Diet, estimated expenditure totalled 1,489,274,000 yen, including supplementary estimates of 40,374,000 yen. This shows a decrease of 119.3 millions upon the working Budget for the fiscal year just closed. Reductions were made in the land tax, the business tax, and the duties on sugar and textiles, the estimated effect of these changes together amounting to a relief of 9.1 millions this year and 25.6 millions in a full year. In the revised tariff the duty on artificial silk yarns was reduced by 40 per cent., while the duty on certain timbers was raised by 20 per cent.

The Export Industry and Guild Acts provide for the extension of control and regulation to many other branches of export industry than those covered by the existing Acts; the compulsory cartels scheme is a device for enforcing cartel agreements upon the wool, Portland cement, artificial fertiliser, and electrical industries; and the Mortgage Debenture Act empowers the public registry to issue mortgage debentures with a view to facilitating loans on landed property.

The results of the operations of the Imperial Government Railway in the fiscal year ended March 31st show that the passenger train receipts were 258,757,000 yen and the goods train receipts were 177,926,000 yen, making a total of 436,683,000 yen, which fell by 36,918,000 yen short of the original estimates, and was 55,711,000 yen lower than the actual receipts of the preceding year. The decline is the largest ever recorded. The shrinkage in freight traffic, due to the general trade depression, accounts for the larger part of the decrease in railway earnings, but growing competition from road transport also is increasingly responsible.

Foreign trade figures continue to disclose a heavy contraction. The trade returns for last month show that, as compared with March, 1930, imports fell in value by 54.7 million yen, or 30 per cent., and exports declined by 39.7 millions, or 29.2 per cent. The percentage change in imports is considerably smaller than of late, owing principally to the increased entry of raw cotton, while the change in exports is larger on account of the decreased shipments of raw silk in the latter part of the month. The total value figures for the first three months of the year reveal that, in comparison with the corresponding quarter of 1930, imports fell by 195.4 millions, or 37.1 per cent., while exports decreased by 107.5 millions, or 26.8 per cent., the apparent adverse balance amounting to 37 millions, or 87.9 millions lower. It is fairly reassuring that the adverse balance is comfortably smaller.

The Tokyo and Osaka clearing banks lowered the deposit rates on and after April 1st from 4.5 per cent. to 4.2 per cent. in the case of "A" group or larger banks, and from 5 per cent. to 4.7 per cent. in the case of "B" group or lesser banks. The old rates were changed in February, 1929. Savings banks followed suit as from the same day, reducing the rate by 1 rin per diem, or 0.365 per cent. per annum. A reduction was suggested several months before, but it did not materialise, presumably owing to the reluctance on the part of the smaller banks. The changes, it is feared, will accelerate the concentration of funds into bigger institutions, which has been going on since the monetary crisis of 1927. Apparently to avoid disclosing the more uneven distribution of deposits

between bigger and lesser banks, the clearing house committee has decided to discontinue the publication of the position of the individual banks in its weekly return.

The persistent fall in commodity prices appears momentarily to have been arrested. For the first time since March, 1929, the Bank of Japan's wholesale index number for March shows an upward movement, though the percentage change is only one-fifth of 1 per cent. Out of fifty-six articles, twenty-two advanced, eighteen declined, and sixteen remained unchanged. Cotton manufactures are prominent with a marked advance.

An important agreement of co-operation has just been reached between the two leading Japanese shipping companies, the Nippon Yusen Kaisha and the Osaka Shosen Kaisha. The new agreement, in practice, amounts to a union, and its results will be a uniform navigating schedule in international traffic. This co-operation between the two old competitors is welcomed as a case of rationalisation in the shipping industry, where rational organisation and management are badly needed.

Letters to the Editor.

INVESTMENT PRINCIPLES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Perhaps the criticism of my book which appeared in your issue of April 4th, page 733, would be deserved if the facts were as stated by your reviewer. I think, however, that you will be convinced that there has been an unfortunate distortion of the facts and that quite unintentionally an injustice has been done and one which you will wish to rectify.

Mr J. Maynard Keynes, in the speech referred to on page 22 of my book was, I think, one of the first to refer publicly to the compound interest feature which attaches to the shares of progressive companies, where a large proportion of the profits earned goes back into the business.

This practice tends to create confidence in such undertakings, so that the market price becomes, in effect, the estimated present value of expectations. So far from giving no justification for the choice of five years, I say, on page 79, that "it would be imprudent to value an ordinary share, with all its uncertainties" on the strength of expectations of say, twenty years, "as values obtaining in the market justify a much shorter period." The use of five years is justified to bring out a value "that in practical use will give a figure that in most cases will fall between the highest and lowest prices in a moderately active year." (See page 8 and page 104.)

That the market expectations are not always realised, is implied on page 79 and is definitely asserted, page 151; but it takes a good deal to impair seriously the average of five years, and, over a term of ten years it will often be found that the average improvement exceeds our estimate.

The essential points to observe in obtaining a valuation had to be stated. Your reviewer, however, is mistaken in supposing that I discuss the present value of a share "given the dividend rate in five years' time and the yield it will then offer." If those facts were "given" there would be no call to discuss any method of valuation. What I have discussed is the valuation of "an ordinary share, of unfixed dividend, repayable (i.e., by selling), by an unknown sum on the expiration of five years, at a valuation rate yet to be decided," page 80.

The tables, which your reviewer alludes to as "complicated," in reality give, at a glance, as a simple multiplier of the last dividend per share, whatever that dividend may have been, the price that an investor can pay for the share of any company, according to its observed rate of progress, so as to yield him, in the way of dividend and capital appreciation combined, 6 per cent. per annum, on his investment, if his anticipations are realised. The yield per cent. on this price of the last dividend declared previous to purchase, has been calculated and is given in the tables. The usefulness of this addition to the tables is mentioned on page 106 and the remarks made there, and on pages 109 and 113, will show you how misleading it is for your reviewer to suggest that unqualified reliance has been placed on "the results of five past years."

I submit that the tables are not complicated and that, as stated on page 196, "with the help of the tables much may be discovered regarding Stock Exchange values which hitherto has been concealed."

May I ask that in all fairness you allow me to correct these misstatements?—I am, Sir, yours faithfully,
184, Wymering Mansions,
Maida Vale, W.9.
April 15, 1931.

H. COPE WEST.

[With reference to Mr. Cope West's book ("The Root Principle of Investments"; Pitman), our reviewer writes:—"Mr Cope West will probably agree that the utility of his tables is subject to two assumptions: [a] that the dividend rate on a given ordinary share a certain number of years hence can generally be deducted by purely mathematical contemplation of past results (when they have been progressive); and [b] that the ordinary share in question will stand (the same number of years hence) at or above a level representing capitalisation of the estimated dividend on a 4½ per cent. basis. If these foundation-stones of Mr West's method have any practical significance, he does not attempt to prove them by the usual method of research. Every day, experience seems flatly to contradict [a] while [b] seems to be merely the arbitrary choice of a number. No adequate material is offered to show that Mr West's method does 'bring out a value that in practical use will give a figure that in most cases will fall between the highest and lowest prices in a moderately active year.' In 'Common Stocks as Long-Term Investments' (1925) some sort of a basis was found for the following 'law': 'Over a period of years, the principal value of a well-diversified holding of common stocks . . . tends to increase in accordance with the operation of compound interest.' I cannot, however, recall any statement of Mr Keynes which goes beyond this broad generalisation. Whether or not Mr Cope West's tables are complicated is a matter of opinion. But who would wish to use the last five columns of these tables, when the second column gives the dividend which may be expected in one to eight years' time?"—ED., *Economist*.]

Books and Publications.

WOOL MARKETING.

INTRODUCTORY books which serve to give a general idea of the working of individual industries are valuable both to the student of economics and to the business man who has no specialised knowledge of the industry concerned. As a contribution to this group of economic text books, Mr du Plessis' book,* which covers a much wider range than its title suggests, is very welcome. If, however, the experienced member of the trade turns to it in the hope of adding to his knowledge of his own particular section, he may be disappointed, for a number of small inaccuracies take away from the book's claim to be authoritative. The statement, for example, that "skin wools . . . are cheaper than fleece wools" needs modification, and it is not the case that Shropshire wool is "frequently combed with strong merino."

Other internal evidence of insufficient familiarity with the trade is the lack of all reference to the impossibility of standardising woollen types as one of the chief reasons for the survival of the London market, the proposal of a "futures" market in Australia without regard to whether it is wanted or not, and the allocation of space to the Havre "futures" market, which has been dead sixteen years, in preference to those of Antwerp and Roubaix, which are very active. Similarly, in dealing with the mills, the author states that rationalisation is apparently unavoidable, but makes no suggestion as to its application. His unqualified statement that "wool manufacturers have been very negligent in the designing of their products, as well as in the distribution of them" is likely to be sharply challenged by members of the industry.

The virtue which corresponds to these defects is a broadness of outlook which can rarely be attained by specialists who have long been confined to one section of the industry, and this stimulating quality is to be found in the author's suggestions for improvement or developments in marketing, even though these may not always be practicable. The scheme of the book is admirable, and though he writes mainly from the point of view of the grower, Mr du Plessis has tried to survey the industry fairly comprehensively.

* "The Marketing of Wool." By A. F. du Plessis. Pitman. 12s. 6d.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Work. What it has Meant to Men through the Ages. Translated from the Italian of Adriano Tilgher by Dorothy Canfield Fisher. (London) George G. Harrap and Co., Ltd. (London), 39-41, Parker Street, Kingsway. 7s. 6d. net.

A stimulating book, described in the translator's preface as the "vivid narration of a tremendous revolution in men's outlook."

Arbitration Principles and the Industrial Court. By Mary Theresa Rankin. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 7s. 6d.

This analysis of the first ten years' decisions of the Industrial Court forms a critical survey of wage policy during the post-war decade.

The Education of Children Engaged in Industry in England, 1833-1876. By Adam Henry Robson. (London) Kegan Paul, Trench, Trubner and Company, Ltd., 68-74, Carter Lane. 10s. 6d. net.

An interesting study in social history.

A Picture of World Economic Conditions at the Beginning of 1931. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$3.00.

Part I consists of a brief general survey of each of the principal countries; Part II is composed of special articles, including "The Problem of Gold and Prices" by Dr. Charles Rist, "Investments of Foreign Capital in Argentina" by Mr. Santiago E. Soulas, and "International Industrial Agreements" by M. Hipolit Gliwic.

Dictionary of Economic and Banking Terms. By W. J. Weston and Albert Crew. Third Edition. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 5s. net.

A key to the language of the City which is the more valuable in that it offers clear and concise explanations rather than mere definitions.

The Bankers' Magazine, April, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

Includes an article by George R. S. Gallaher on "War Debts and the Gold Standard."

The Journal of Political Economy, February, 1931. (Chicago) University of Chicago Press. \$1.25.

Includes, *inter alia*, articles on "The German System of Arbitration," by William T. Ham, and "The Collection and Division of Revenues between State and Local Government with Special Reference to New York," by M. Slade Kendrick.

The Alliance Year Book and Temperance Reformer's Handbook for 1931. Edited by George B. Wilson. (London) United Kingdom Alliance, 1, Victoria Street. 2s. 6d.

Contains extracts from the evidence before the Royal Commission on Licensing, together with a valuable and very reliable collection of statistics relating to the drink trade.

Towards Industrial Statesmanship. By the Marquess of Londonderry. (London) P. S. King and Son, Ltd., Orchard House, Westminster. 2s. net.

A short essay on the promotion of industrial peace.

Kapitalflucht. By Dr. Wilhelm Koeppl. (Berlin) Wilhelm Christians Verlag, Unterwasserstrasse, 8. Rm. 10.

A comprehensive discussion in German of the flight of capital from Germany and allied questions.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Statistical Tables Relating to British and Foreign Trade and Industry (1924-30): Part II. Principal Industries, Production and Trade. Cmd. 3849. 7s. 6d. net.

Financial Statement, 1931-32: Statement of Revenue and Expenditure as Laid before the House by the Chancellor of the Exchequer when Opening the Budget. 3d. net.

India Round Table Conference: Proceedings of Sub-Committees (Part I). £1 5s. net.

The Stock Exchange.

AGAIN FIXED TRUSTS.

A FEW weeks ago (see the *Economist*, March 21st, page 620) we discussed an American "invention"—the fixed trust. Our analysis suggested that the strongest among the many objections to the fixed trust was its fixity in a world of ever-changing economic tendencies. Since the publication of this article we have received numerous letters from readers, arguing for and against the fixed trust idea, and a number of significant developments have been recorded in the fixed trust "market," including the appearance of the first British trust. We therefore propose to continue our examination of the main features of fixed trust finance, with special reference to investment policy in Great Britain.

It is clear that the disadvantages inherent in the earlier and cruder examples of the fixed trust are being widely realised, especially in America. Endeavours to obviate them are resulting in the emergence of several distinct species of the original genus. The leading example of the "strict" fixed trust is the North American Trust, whose "unit" comprises four ordinary shares of twenty-eight leading American companies. Two objections have been raised to its organisation; that the policy of selling-out all bonus shares, "rights" and "split-ups" will tend to give the holder a decreasing share in the equity of the component concerns, and that the rule requiring the sale within a fixed period of the shares of any company passing its ordinary dividend will ensure disposal, in every case, on a bad market.

Efforts to overcome these objections have resulted in the emergence of so-called "cumulative" trusts and "flexible" trusts. Both types are exemplified in the First British Fixed Trust, which has been formed this month by Municipal and General Securities Company, Ltd. (controlled by J. G. White and Company, Ltd., the London representatives of J. G. White and Company, Inc., of 37, Wall Street, New York). The First British Fixed Trust, Ltd., has been registered at Somerset House with a capital of £100. Purchasers of the Fixed Trust's "units," however, will not be shareholders in the company, but merely holders of trust certificates against shares in other companies deposited with Lloyds Bank. As First British Fixed Trust, Ltd., is a private company it will not be required to publish particulars of its annual profits.

The trust deed of the First British provides that the trustee shall retain in the portfolio all free bonus distributions received in fully-paid ordinary shares (except fractions), and any increased number of ordinary shares resulting from the splitting of shares. The trust's published statement, however, is not quite clear as regards possible limitations to this rule, since another clause is described as laying down that semi-annual distributions to trust shareholders shall include net proceeds from the sale of ordinary shares received as regular dividends up to 10 per cent. per annum. It would also appear that "rights" arising out of new share issues for cash by component companies below the market price will also be sold and distributed to trust shareholders. The trust, in other words, is "cumulative" only to a limited extent, and its regular cash distributions to shareholders may, in fact, include capital as well as revenue receipts.

Provisions for "flexibility" are contained in a clause declaring that shares contained in the trust's units cannot be substituted by those of another company except in cases of reorganisation or merger, but that shares may be sold at the sole discretion of the managers, and the proceeds returned to trust shareholders if (1) the net ordinary earnings of any company fall below the average for the immediately preceding five years; (2) regular dividend payments fall below the quinquennial moving average; (3) it becomes impracticable by reason of the limited amount of ordinary shares available to purchase sufficient

shares for the trust; (4) the component shares are no longer quoted or dealt in on the London Stock Exchange; or (5) any fundamental change is made in the rights attaching to the shares.

These provisions may be not unfairly criticised as an attempt to make the best of both worlds. They reintroduce "the human element"—on the elimination of which the earlier fixed trust promoters laid considerable stress. They leave the shareholder entirely at the mercy of the managers' (not the trustees') "discretion," while they limit the powers of judgment of the managers by conditions which, upon examination, appear in some cases to be ill-advised or unworkable. Rules 1 and 2, for instance, if strictly enforced, might lead to the selling out of perfectly sound shares in companies which, after five years' good results on the upward curve of a trade cycle, encountered a general trade depression. That the promoters themselves have not fully considered the effect of these provisions is suggested by the fact that one of the companies included in their unit—Babcock and Wilcox—might, under their own rules, be eliminated from the list immediately, since its 1930 earnings available for ordinary shareholders were only £575,754, against an average of £695,819 for the immediately preceding five years. Rule 5 is loosely worded. What constitutes a "fundamental change" in the rights of ordinary shareholders? Although Rule 4 appears reasonable, Rule 3 has a latent ambiguity of the first importance, which is only apparent on consideration of the nature of the shares in the portfolio. These are as follows:—

No. of Shares.	Companies.	Approximate Amount Invested at Stock Exchange prices as of April 7, 1931.		Percentage of money invested in each Group.
		Per Company.	Per Group.	
25	<i>Breweries:</i> Arthur Guinness, Son & Co., Ltd., £1 Units	126 9 9		
50	Watney, Combe, Reid & Co., Ltd., Deferred Ordinary £1 Units	127 13 6	254 3 3	8.4
50	<i>Cables:</i> British Insulated Cables Ltd., Callender's Cable & Construction Co., Ltd.	156 12 3 149 3 6	305 15 9	10.1
50	<i>Electric Light and Power:</i> County of London Electric Supply Co., Ltd.	118 6 0		
100	Midland Counties Electric Supply Co., Ltd.	144 3 6		
75	Yorkshire Electric Power Co., Ltd.	125 12 11	388 2 5	12.8
100	<i>Iron, Coal and Steel:</i> Staveley Coal & Iron Co., Ltd.	108 18 6	108 18 6	3.6
50	<i>Engineering:</i> Babcock & Wilcox, Ltd.	134 3 6		
50	General Electric Co., Ltd.	117 1 0		
75	Rolls-Royce, Ltd.	134 6 8	385 11 2	12.7
25	<i>Hotel and Catering:</i> J. Lyons & Co., Ltd., "A"	121 3 6		
75	Savoy Hotel, Ltd.	103 4 2		
75	Schweppes, Ltd., Deferred	109 6 0	333 13 8	11.0
50	<i>Stores:</i> Harrods, Ltd.	149 16 0		
25	Boots Pure Drug Co., Ltd.	140 8 6	290 4 6	9.6
5	<i>Insurance:</i> Commercial Union Assurance Co., Ltd.	118 1 0	118 1 0	3.9
50	<i>Oil and Refining:</i> Anglo-Persian Oil Co., Ltd.	107 7 3		
50	Shell Transport & Trading Co., Ltd.	159 2 3	266 9 6	8.8
50	<i>Textiles:</i> J. & P. Coats, Ltd.	134 3 6		
75	Courtaulds, Ltd.	126 2 4	260 5 10	8.6
25	<i>Tobacco:</i> British American Tobacco Co., Ltd.	107 17 10		
25	Imperial Tobacco Co. (of Great Britain & Ireland), Ltd.	111 0 4	218 18 2	7.2
75	<i>Shipping:</i> Furness, Withy & Co., Ltd.	99 11 9	99 11 9	3.3
1,280			3,029 15 6	100

On paper this appears to be a well-balanced portfolio, though as a long-term holding it is subject to the disabilities which were found to attach to the equally representa-

tive "unit" selected in 1912, which was discussed in the *Economist* of March 21st and 28th and April 4th last. On a close scrutiny, however, it appears that while, e.g., the Imperial Tobacco Company has an ordinary capital of as much as £37,492,625, other companies in the list have a small capital and a limited market. Rolls-Royce, for example, has only £787,176 of issued ordinary capital, Savoy Hotel £738,934, and Schweppes £525,000 of deferred capital. Market dealings in these shares are never over-active, and the floating supply is hardly likely, at the best of times, to exceed, say, 10 per cent. of the issued capital. If the Trust managers obtained orders from investors for large numbers of units, they might find prices, in these cases, rising sharply against them. They might then, conceivably, deem it "impracticable," under Rule 3, to purchase further shares. The clause as it now stands would apparently allow them, at their sole discretion, not simply to suspend further purchases of such shares, but to sell out the whole of the Trust's previous holdings. In other words, the more successful the salesmanship of the Trust, the greater the danger that holders may suffer considerable loss if the managers decide to liquidate certain components under Rule 3.

The efforts made in this case to overcome the more obvious disadvantages of "fixity" are seen to have created new difficulties in their turn. Even if these were satisfactorily surmounted, it would still be open to question whether the advantages obtainable from the mere "spreading" of equity share investments are sufficient to compensate holders for the heavy charges incidental to the acquisition of fixed trust shares. As regards the British venture discussed above, the cost figures include brokers' commission, stamp duties, etc. (say, 2 per cent. of the market value of the components), plus something like 7 per cent. for trustees' and managers' charges and promoters' profits, with a final adjustment to the nearest threepence per two-thousandth part of a unit (equivalent at present prices to a maximum of 0.38 per cent.). The purchaser would thus appear to pay a total "loading charge" at least four and a half times as great as the expenses of a direct purchase on the London Stock Exchange. An investor with anything over £3,000 at his disposal can more advantageously buy the component shares for himself and allow his banker to hold the documents.

So far, public advocacy of fixed trust finance has been confined mainly to the United States, where the flood of fixed trust literature has reached very large proportions. Many thoughtful American students of investment, however, are tending increasingly to criticise the whole conception. One writer has questioned the legal position of "trustees," on the ground that there can be only three parts to a trust—the trust fund, the trustee who manages the trust, and the beneficiaries. This writer declares that the so-called bank trustee is merely the custodian for the corpus of the trust, and that the promoters, who inaugurate the trust, prescribe all the conditions surrounding it, and exercise all discretionary powers specified in the deed, are the real trustees in the eyes of the law.

Mr Leland Rex Robinson, a pioneer of British investment trust principles in America, has attacked fixed trusts as being "merchandising propositions, pure and simple." In an address last year, before the School of Commerce of the University of Chicago, Mr Robinson laid down that a successful investment trust must, *inter alia*, distribute its investment risks among bonds as well as stocks, continuously supervise its investment holdings "with no ulterior motives," maintain a liquid position in order to take advantage of exceptionally favourable buying opportunities, and constantly accumulate reserves out of cash earnings. These are "standard" items in the policy of all successful British investment trusts, which are conspicuously lacking in the case of the fixed trusts. It may be concluded that the latter will appeal to quite a different clientele from the former, and that purchasers of fixed trust shares will be mainly drawn from those who, having relatively small amounts to invest, desire to speculate "for the long shot," in a limited number of equity shares, without the privilege of changing their constituent holdings at will.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
May 5.	May 7.

THOUGH Mr Snowden's announcement that there would be no further increase in direct taxation was, on a short view, a "bull" point for the Stock Exchange, the uncertainty which characterised the opening of the markets on Monday continued to manifest itself in all but the gilt-edged section. As the week progressed all hopes that with the opening of the Budget a new access of confidence would appear were definitely abandoned, and the tone of most markets steadily deteriorated. News of a serious failure in New York brought a growing feeling of uneasiness with regard to the Wall Street position, which the prevalence of intangible rumours did nothing to allay.

Gilt-edged stocks, which on Monday had a hesitant appearance, strengthened visibly after the Budget, the upward movement being assisted by the strength of sterling and a further influx of gold. Four per cent. Consols were a good feature on Wednesday, though Victory Bonds, exceptionally, were dull. Australians opened rather irregularly, but a steadier tone supervened in mid-week, though New South Wales loans were still a very difficult market. Indian stocks were, if anything, slightly stronger.

Fresh nervousness was apparent among holders of South American issues, the weakness of the exchanges encouraging liquidation. Brazilians were the worst sufferers, while San Paulos declined in sympathy. Chilean loans encountered some realisation, while Argentines were easier, and Peruvian Corporation came on offer. Uruguay 3½ per cent., however, were marked up. Few changes occurred in the Far Eastern section, but among Europeans Spanish Fours lost a fraction.

Home rails continued dull during the earlier part of the week. The publication of the latest traffic returns, however, showing an improvement not wholly accounted for by the fact that the comparable week last year contained a Bank Holiday, reminded listless holders that "traffics" can move both up and down, and gains were recorded on all sides. Undergrounds were a strong feature, on the announcement that a measure of agreement had been arrived at between the promoters of the London Passenger Traffic Bill and Lord Ashfield. Little business was transacted in Foreign Rails, though Argentines continued to show moderate improvements, following somewhat better receipts and a strengthening of the peso.

In the industrial market there were a number of weak spots. News of heavy selling on Wall Street brought marked declines in United States Steel and Radio Corporation, while other Transatlantic issues suffered in sympathy. Cables and Wireless were heavy on fears regarding the preference dividend, while textiles and rayons offered little resistance, English Sewing Cotton in particular showing signs of weakness on dividend fears. Dunlops receded further in the absence of a final distribution, but Forestal Land proved a bright spot, while Ever Ready (discussed in a note on page 958) illuminated the electrical equipment list. Thomas Tilling rose sharply for reasons mentioned in the case of Undergrounds, while Marks and Spencer derived support from a record year. P. and O. units declined and rose again on the dividend cut, but bear covering on Wednesday raised many of the weaklings above the worst. Turner and Newall recovered after a poor start. Breweries and Tobaccos improved after the Budget announcement, but suffered later from profit-taking. Banks were uneventful but insurance shares appeared a trifle irregular.

Oil shares were not greatly affected by the addition to the petrol tax, the imposition having been entirely discounted. Little interest was taken, however, and neither New York nor Continental buyers showed any degree of persistence, Shell and Royal Dutch suffering a fresh setback. Rubber went to a new low level at 2½d., and share values tended downwards. Trusts were not affected by the report (discussed on

page 959). Tea shares again enjoyed a small turnover, and changes were mostly against holders.

In the Mining market, the last lingering hope of a Kaffir boom departed, Central Mining being the only advance among a long list of declines. Public interest was conspicuous by its absence. "Chartered" fought gamely against a wave of depression, which took most Rhodesians to lower levels. Tin and copper both reached new low values, and subsequent rallies failed to lift share values appreciably. Tintos were sold from Paris and Diamond shares took part in the general downward trend.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Apr. 23, 1931.	Apr. 24, 1931.	Apr. 27, 1931.	Apr. 28, 1931.	Apr. 29, 1931.	Apr. 30, 1931.
Government and Municipal Loans.....	1,338	1,244	1,374	1,355	1,370	1,336
Transport, Communications, and Public Utilities.....	835	932	1,101	861	860	1,001
Commercial and Industrial Banks, Insurance and Financial.....	1,692	1,667	1,994	1,751	1,628	1,868
Mines (including Nitrates).....	514	554	602	305	413	452
Oil.....	466	443	550	338	428	540
Rubber, Tea and Coffee.....	171	128	150	114	101	152
	91	60	96	106	115	107
Total.....	5,107	5,028	5,867	4,920	4,915	5,456

* Including iron and steel and beverages.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (Apr. 30.)	Apr. 23, 1931.	Apr. 24, 1931.	Apr. 27, 1931.	Apr. 28, 1931.	Apr. 29, 1931.	Apr. 30, 1931.
72.3	62.6	64.7	64.8	64.6	64.1	63.9	62.6

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets showed appreciable weakness. The failure of Pynchon and Company, with the consequential suspension of West and Company, gave rise to a crop of unsubstantial rumours regarding other houses, particularly those with large commitments in foreign bonds. The U.S. Steel Corporation's earnings' statement was another unfavourable factor. Although the normal dividend of \$1.75 was paid, earnings for the first quarter of 1931 were only 5 cents per share of common stock. The shares fell steadily on large offerings. Bethlehem Steel also declined sharply, fears being entertained that the company would show no common stock earnings at all for the first quarter. The weakness spread to many leading issues, including Westinghouse, Allied Chemical and utility shares. Oils and railroads, however, put up a more effective resistance, the later benefiting by the more favourable trend of March earnings. The weakness of Allied Chemical was especially associated with the withdrawal from the board of interests associated with the company since its organisation. Steel production last week was comparatively steady at just under 50 per cent. of capacity. Car loadings showed a slight increase, but were 15 per cent. below the level for the corresponding week of 1930. Mr Cyrus Eaton, banker and industrialist, has announced his withdrawal from the board of Continental Shares, Inc. This involves the shifting of the control of Goodyear Tire and Rubber, United Light and Power, Goodrich, and Republic Steel to a Cleveland banking group. The market hopes that the liquidation of stock pledged as collateral by firms

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which have recently suspended has now been largely completed, but there are no immediate signs of definite improvement.

	Apr. 16, 1931.	Apr. 23, 1931.	Apr. 30, 1931.		Apr. 16, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
U.S. 3½% T. Bds.	105½	105½	105½	Natl. Biscuit	74	72½	71½
Lib. L.N. 3½% T. Bds.	101½	101½	101½	Phelps Dodge	19½	19½	19½
Do. 4½% '32-47	102½	102½	102½	Pullman	44	43	40½
Do. 4½% '33-38	103½	103½	104½	Sears-Robuck	51	50½	51½
Atchafalpa	168½	165½	173½	Studebaker	22½	20½	20½
Che. & Ohio	39½	38½	40	Un. Fruit	60½	58	57
Erle	26½	24½	24	U.S. Leather	8½	6½	6
Ill. Central	66	58	61½	U.S. Rubber	16	14	14½
N.Y. Central	103½	100½	99½	U.S. Steel	131½	127½	120½
Pennsylvania	55½	55½	53½	Westinghouse	76½	71½	63½
Southern Pacific	90½	87½	89½	Woolworth	60½	60	61½
Southern Ry.	37½	36½	40				
Union Pacific	165½	161	170	Am. Tel. & Tlg.	187½	184	181
				Interboro R.T.	25½	23½	22½
Am. Can.	117½	116½	112½	Int. Tel. Tel.	32	27½	26½
Amer. Smelting	45½	42	40	Radio Corp.	20½	17½	16½
Anaconda	32½	30	30½	Utilities P. & L.	25	21½	20½
Bethlehem Steel	49½	47½	43½	W. Union Tlg.	126	117	114½
Chrysler Motor	20½	19	18½				
Corn Produce Rf.	76	69½	67	Associated Gas "A" ..	20½	19½	19
Eastman Kodak	157	154½	155½	Pan. Amer. B.	31½	28½	29
Gen. Electric (New) ..	43½	43	41½	Shell	27½	25½	24
Gen. Motors	43½	39½	41½	Shell Union	6	5½	5½
Int. Harvester	49½	49½	49½	Sinclair Oil	11½	10½	9½
Montg. Ward	20½	19½	18½	Std. California	42½	39	36½
				Do. N.J.	42½	38½	37½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :—

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Apr. 29.
337 Industrials	134.5	218.9	98.2	174.1	99.6	97.0
33 Rails	127.8	173.5	89.1	145.5	92.0	84.5
34 Utilities	177.6	330.4	153.2	267.4	158.1	164.6
Total, 404 stocks ..	140.3	228.1	105.5	184.2	107.6	105.7

Average yield of 50 Industrial Common Stocks..	5.10%	5.23%	4.15%	5.95%	5.91%	5.88%	6.27%
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DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Apr. 29.)	Apr. 22, 1931.	Apr. 23, 1931.	Apr. 24, 1931.	Apr. 25, 1931.	Apr. 27, 1931.	Apr. 28, 1931.	Apr. 29, 1931.
140.2	109.2	116.5	117.2	116.6	114.1	112.5	111.6	109.2

TOTAL DEALINGS IN NEW YORK.

	Apr. 23, 1931.	Apr. 24, 1931.	Apr. 25, 1931.	Apr. 27, 1931.	Apr. 28, 1931.	Apr. 29, 1931.	Apr. 30, 1931.
Stock Exchange—Shares (Thous.)	3,800	2,600	1,400	3,600	2,900	3,200	3,300
Bonds (Value Thous. \$)	9,544	10,116	5,017	10,064	11,376	10,480	12,060
Curb—Shares (Thous.)	644	555	328	803	575	535	580

* 2-hour session.

CANADA.

THE Canadian stock markets during the latter half of March showed a decidedly livelier tone, but as soon as the New York market began to turn downward as the result of adverse business reports, the Canadian markets followed suit, and the second week witnessed a steady retrogression. Another contributing factor was the unsatisfactory earnings recorded in the annual reports of a series of industrial companies whose financial year, coinciding with that of the Federal Government, ended on March 31st. As the result of a continuance of poor traffic returns and the gloomy outlook for Western agriculture, there was considerable selling of C.P.R., and all securities which are dependent for earnings upon Western prosperity were adversely affected. Brazilians also weakened, and the realisation that some very drastic financial surgery would be required to salvage the Canada Power and Paper Company, one of the largest units of the newsprint industry, was a bearish factor for all the newsprint stocks. The bond market was fairly firm, but it is understood that a substantial portion of the last issue of Canadian Government bonds in New York was not immediately

(Continued on page 954.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.				Prices Year 1931 Jan. 1 to Apr. 29 (Inclusive).				Name of Security.				Price Apr. 22, 1931.				Price Apr. 29, 1931.				Rise or Fall.				Present Yield.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.				
British Funds.																											
99 1/2	52 1/2	58 1/2	54 1/2	Consols 2 1/2	58	58 1/2	+ 1/2	4 5 6	63 1/2	88 1/2	12 1/2	89 1/2	In. By. C. Am. No par	110	110	—	—	24 8 5	—	—	—	—					
94 1/2	82 1/2	85 1/2	81 1/2	Consols 4 1/2	91	92 1/2	+ 1 1/2	4 7 0	57 1/2	184	26 1/2	19	Leopoldina Ord. Stk.	20 1/2	20 1/2	—	—	14 17 3	—	—	—						
103 1/2	93 1/2	102 1/2	98 1/2	Cons. Loan 3 1/2	80	81 1/2	+ 1 1/2	4 6 5	83 1/2	50 1/2	37	37	Do. 5 1/2 Cum. Pr. Stk.	40 1/2	40 1/2	—	—	10 0 0	—	—	—						
106 1/2	102 1/2	106 1/2	103 1/2	Do. 4 1/2 1944-64	101 1/2	102 1/2	+ 1 1/2	4 8 6	97 1/2	45 1/2	55 1/2	37 1/2	Nitrates Elys. (£10)	40 1/2	40 1/2	—	—	14 14 3	—	—	—						
96 1/2	85 1/2	95 1/2	88 1/2	Funding 4 1/2 1960-90	93	94	+ 1 1/2	4 6 6	85 1/2	65 1/2	70 1/2	70 1/2	Salvador Ord. (£10)	70 1/2	70 1/2	—	—	—	—	—	—						
106 1/2	102 1/2	106 1/2	103 1/2	Treasury 4 1/2 1932-34	101 1/2	101 1/2	+ 1 1/2	4 0 0	198	130	149	133	San Paulo Ord. Stk.	134	135	+ 1	1 8 17 0	—	—	—	—						
103 1/2	100 1/2	103 1/2	101 1/2	Treasury 5 1/2 1935-35	102 1/2	102 1/2	—	3 16 0	80 1/2	65 1/2	65 1/2	42 1/2	Taitai Ry. Ord. £5	42 1/2	42 1/2	+ 1/4	14 2 3	—	—	—	—						
97 1/2	91 1/2	97 1/2	91 1/2	War Loan 5 1/2 1929-47	104 1/2	102 1/2	+ 1 1/2	4 15 0	26 1/2	4	4	4	Utd. Havana Ord. Stk.	5	5	—	—	—	—	—	—						
106 1/2	102 1/2	106 1/2	103 1/2	Local Loans 3 1/2	66 1/2	67 1/2	+ 1 1/2	4 8 1 1/2	17 1/2	14 1/2	16 1/2	14 1/2	Banks.														
49 1/2	40 1/2	45 1/2	43 1/2	India 2 1/2	42 1/2	42 1/2	—	5 17 9	12 1/2	11 1/2	11 1/2	10 1/2	Anglo-Internat. (£1)	14 1/2	14 1/2	—	—	4 6 0	—	—	—						
99 1/2	47 1/2	55 1/2	47 1/2	Do. 3 1/2	50 1/2	50 1/2	—	6 0 0	12 1/2	10 1/2	10 1/2	9 1/2	Anglo-Siam (£10)	51	51	+ 1/4	—	9 15 0	—	—	—						
68 1/2	55 1/2	64 1/2	55 1/2	Do. 3 1/2	59 1/2	60 1/2	+ 1 1/2	5 15 9	7 1/2	4 1/2	25 1/2	22 1/2	American (£10)	23 1/2	23 1/2	+ 3d	8 17 9	—	—	—							
90 1/2	78 1/2	86 1/2	77 1/2	Do. 4 1/2 1958-68	81 1/2	81 1/2	—	5 15 0	26 1/2	27 1/2	52 1/2	42 1/2	Bank of N. Zealand £1	47 1/2	47 1/2	—	—	6 0 0	—	—	—						
106 1/2	100 1/2	106 1/2	102 1/2	Palestine 5 1/2 42-67	104 1/2	105 1/2	+ 1 1/2	4 8 3	59 1/2	47 1/2	27 1/2	25 1/2	Bank of Rng. Stk.	26 1/2	26 1/2	+ 1	4 11 1	—	—	—	—						
104 1/2	104 1/2	104 1/2	104 1/2	Sudan 5 1/2 Bonds	107	107	—	5 3 0	25 1/2	53 1/2	58 1/2	52 1/2	Barclay B. (£1)	54 1/2	54 1/2	—	—	5 0 0	—	—	—						
99 1/2	87 1/2	99 1/2	86 1/2	Uganda 4 1/2 45-75	99	99	—	4 13 9	28 1/2	29 1/2	26 1/2	25 1/2	Barclay (Dom. &c.) A£1	25 1/2	25 1/2	—	—	3 13 0	—	—	—						
Dom. & Colonial Govts.																											
95 1/2	76	80	62	Australia 5 1/2 1945-75	75	70	-5	7 8 0	12 1/2	8 1/2	9 1/2	8 1/2	Bk. of Australasia (£100)	58 1/2	58 1/2	—	—	8 10 8	—	—	—						
95 1/2	82 1/2	85 1/2	81 1/2	Canada 4 1/2 1940-60	94	94	—	4 7 4	38 1/2	56 1/2	63	58 1/2	Bk. of N.S.W. (£20)	21 1/2	20 1/2	-1 1/2	9 15 5	—	—	—	—						
106 1/2	102 1/2	106 1/2	103 1/2	Ceylon 6 1/2 1935-51	105	105	—	5 6 0	5 1/2	15 1/2	17 1/2	13 1/2	British Overseas £5	5 1/2	5 1/2	+ 1/4	5 9 0	—	—	—	—						
103 1/2	99 1/2	105 1/2	101 1/2	Gold Coast 4 1/2 1958	99	99	—	4 11 9	16 1/2	25 1/2	28 1/2	24 1/2	Child. of India (£5)	14 1/2	14 1/2	—	—	7 4 0	—	—	—						
103 1/2	101 1/2	104 1/2	102 1/2	Kenya 5 1/2 1948-58	104	104	—	4 16 0	24 1/2	14 1/2	14 1/2	9 1/2	Com. Bk. of Aus. 10/-	12 1/2	12 1/2	—	—	10 0 0	—	—	—						
92 1/2	70	72	50	Nigeria 5 1/2 1950-60	103	104	+ 1	4 16 0	36 1/2	56 1/2	63 1/2	58 1/2	District A £5, £1 pd	61 1/2	60 1/2	-1 1/2	6 2 0	—	—	—	—						
103 1/2	99 1/2	102 1/2	88	N.S. Wales 5 1/2 35-55	61	58	-3	9 12 0	42 1/2	37 1/2	42 1/2	38 1/2	Do. B £1 fully paid	41 1/2	41 1/2	—	—	4 17 0	—	—	—						
92 1/2	70	80	57	N. Zealand 5 1/2 1945-50	99 1/2	99 1/2	—	6 6 3	7 1/2	4 1/2	4 1/2	4 1/2	Rugby Club £25, £5 pd	4 1/2	4 1/2	—	—	6 5 9	—	—	—						
104 1/2	99 1/2	103 1/2	98 1/2	Queensland 5 1/2 40-60	68	62	-6	8 12 6	9 1/2	8 1/2	8 1/2	8 1/2	Hongk. & S. (£125)	61 1/2	61 1/2	+ 2 1/2	6 8 5	—	—	—	—						
98 1/2	83 1/2	99 1/2	97 1/2	S. Africa 5 1/2 1945-75	102 1/2	102 1/2	—	4 18 0	120	99 1/2	113 1/2	104 1/2	Lloyds £5, with £1 pd.	61 1/2	61 1/2	+ 2 1/2	6 4 3	—	—	—	—						
Foreign Governments.																											
89 1/2	82	88	83 1/2	Austria 6 1/2 1923-43	87	86	-1	5 10 0	66 1/2	73 1/2	63 1/2	70 1/2	Marine £20, £2 pd	6 1/2	6 1/2	—	—	5 16 0	—	—	—						
95 1/2	100 1/2	104 1/2	101 1/2	Do. 7 1/2 1923-43	104	104	—	5 12 0	82 1/2	59 1/2	60 1/2	60 1/2	Midland £1, fully pd	74 1/2	74 1/2	+ 1 1/2	4 16 0	—	—	—	—						
96 1/2	89 1/2	98 1/2	96 1/2	Do. 7 1/2 1923-43	97	98	+ 1 1/2	7 3 0	34	27 1/2	31	27	Net. of Egypt £1	21 1/2	21 1/2	—	—	6 10 0	—	—	—						
113 1/2	108 1/2	112 1/2	108 1/2	B. Aires (Prov.) 3 1/2	50	50	—	7 0 0	46 1/2	38 1/2	43 1/2	37	Nat. of India £25, £12 pd	34 1/2	34 1/2	—	—	7 6 0	—	—	—						
82 1/2	62 1/2	75 1/2	63 1/2	Belgian 7 1/2	112	112	—	6 2 0	15 1/2	13 1/2	14 1/2	14 1/2	Nat. of Scot. £20, £10 pd	12 1/2	12 1/2	—	—	4 13 0	—	—	—						
94 1/2	84 1/2	94 1/2	84 1/2	Brazil 5 1/2 Fund, 1914	65	64 1/2	- 1/2	7 18 0	80 1/2	74 1/2	71 1/2	71 1/2	Royal Bk. of Scotland	34 1/2	34 1/2	-1 1/2	6 3 0	—	—	—	—						
94 1/2	84 1/2	94 1/2	84 1/2	Do. 6 1/2 1927	61 1/2	59 1/2	-2	10 18 6	—	—	—	—	St. S.A. £20, £5 pd	13 1/2	13 1/2	—	—	6 3 0	—	—	—						
99 1/2	79 1/2	94 1/2	80 1/2	Chili 6 1/2 1929	85 1/2	80 1/2	-5 1/2	7 14 5	21 1/2	17 1/2	21	19 1/2	Westminster £4, £1 pd	71 1/2	72 1/2	+ 1 1/2	5 10 3	—	—	—	—						
55 1/2	27 1/2	52 1/2	42 1/2	China 5 1/2 1912	49	49	—	10 4 0	13 1/2	12 1/2	15 1/2	11 1/2	Alliance £1, fully pd	20 1/2	20 1/2	—	—	4 8 0	—	—	—						
69 1/2	54 1/2	69 1/2	62 1/2	Do. 5 1/2 1913	69	69	—	7 14 9	26 1/2	21 1/2	24 1/2	21 1/2	Atlas £5, £1 pd	12 1/2	12 1/2	—	—	5 10 0	—	—	—						
115 1/2	109 1/2	113 1/2	109 1/2	Czechoslovakia 8 1/2	110	110	—	7 1 1/2	16 1/2	13 1/2	15 1/2	14 1/2	Gen. Accident £5, £1 pd	15 1/2	15 1/2	+ 1/2	4 12 0	—	—	—	—						
82 1/2	78 1/2	86 1/2	79 1/2	Danish 3 1/2	82	82	—	3 12 0	30 1/2	28 1/2	30 1/2	28 1/2	Ion. & Lano. £5, £2 pd	27 1/2	27 1/2	—	—	3 13 0	—	—	—						
96 1/2	81 1/2	85 1/2	83 1/2	Danish 6 1/2	85 1/2	85 1/2	—	8 1 0	37 1/2	30 1/2	34 1/2	31 1/2	N. Brit. & Merc. £5, £1 pd	34 1/2	34 1/2	—	—	3 3 0	—	—	—						
80 1/2	73 1/2	78 1/2	70 1/2	Egypt United 4 1/2	76 1/2	76 1/2	—	5 17 0	17 1/2	14 1/2	16 1/2	14 1/2	Northern £10, £1 pd	15 1/2	15 1/2	—	—	5 8 0	—	—	—						
100 1/2	91 1/2	92 1/2	90 1/2	Estonia 7 1/2 1927	75	75	—	9 11 9	13 1/2	12 1/2	13 1/2	12 1/2	Pearl (£1), fully paid	12 1/2	12 1/2	—	—	4 5 0	—	—	—						
21 1/2	19 1/2	21 1/2	20 1/2	Finland 6 1/2 1923	92 1/2	92 1/2	—	6 12 0	15 1/2	12 1/2	14 1/2	12 1/2	Phoenix £1, fully pd	13 1/2	13 1/2	—	—	5 0 0	—	—	—						
21 1/2	20 1/2	20 1/2	20 1/2	French 4 1/2 (British)	21	21	—	4 14 6	41 1/2	36 1/2	40 1/2	36 1/2	Do. £1, with 4s. pd	33 1/2	33 1/2	—	—	2 15 0	—	—	—						
103 1/2	90 1/2	106 1/2	97 1/2	Do. 5 1/2	21	21	—	4 14 6	7 1/2	5 1/2	6 1/2	6 1/2	Royal Exchange (£1)	6 1/2	6 1/2	—	—	4 12 0	—	—	—						
100 1/2	90 1/2	106 1/2	97 1/2	German 7 1/2	102 1/2	102 1/2	—	6 14 9	7 1/2	7 1/2	8 1/2	7 1/2	Royal £1, 10s. paid	7 1/2	7 1/2	—	—	3 19 6	—	—	—						
93 1/2	86 1/2	93 1/2	90 1/2	Do. 5 1/2 Sig. Bds. 1930	79	79	—	7 3 0	4 1/2	3 1/2	3 1/2	3 1/2	Sea Insur., £1 fully pd	3 1/2	3 1/2	—	—	5 0 0	—	—	—						
104 1/2	100 1/2	104 1/2	100 1/2	Greek 6 1/2 Stab. Ln.	92	92	—	6 14 0	3 1/2	3 1/2	3 1/2	3 1/2	Sea Insur., £1 with 5/- pd	3 1/2													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 22, 1931.	Price, Apr. 29, 1931.
Central American Exploration.....	...	...	1 1/2-1 1/2	1 1/2-1 1/2
Dosach 7% Ster. Bonds.....	96	20	5-4 dis	4 1/2-3 1/2 dis
Derby 4 1/2% 1931-61.....	98	28	1-1 pm	1-1 pm
Fortnum and Mason Inc. 7% pref.....	85	5/-	1/6-6d. dis	1/6-6d. dis
Gold Coast 4 1/2% 1930-70.....	98	fy. pd.	1-1 pm	98 1/2-98 1/2
Greek 6% Ster. Bonds.....	87	50	2 1/2-2 1/2 dis	2 1/2-2 1/2 dis
India 5 1/2% 1935-38.....	97	fy. pd.	96 1/2-96 1/2	96 1/2-96 1/2
Kenya 4 1/2% 1931-71.....	98 1/2	fy. pd.	99 1/2-99 1/2	99 1/2-100
London National Property 5% deb.....	97 1/2	32 1/2	9-8 dis	10-9 dis
London Power 5% deb. 1972.....	100 1/2	60 1/2	2 1/2-2 1/2 pm	2 1/2-2 1/2 pm
Met. Water Board (D).....	...	...	1-1 pm	1-1 pm
National Canning Ord. £1.....	par	fy. pd.	18/6-19/6	18/-19/-
Nat. Shipbuilders Security 5% deb.....	95	60	2-1 1/2 dis	2-1 1/2 dis
Panama Corporation 8% deb.....	100	25	...	1 1/2-1 1/2 dis
Rio Claro Rly. and Invest. 5% deb.....	...	...	97-98	97-98
1932-72.....	...	...	...	...
Rio Tinto 5% deb.....	9 1/2	25	6 1/2-5 1/2 dis	6 1/2-5 1/2 dis
S. Essex Water 5% pref.....	103	20	1 1/2-2 1/2 pm	1 1/2-2 1/2 pm
S. Essex Water Ord.....	111 1/2	20	1 1/2-2 1/2 pm	1 1/2-2 1/2 pm
Surrey County Council 4 1/2% 1930-70.....	99	fy. pd.	99 1/2-100 1/2	100 1/2-100 1/2

(Continued from page 951.)

taken up by the public. The mining market showed a certain liveliness during the past month, with the gold stocks acting as speculative favourites, but later they experienced a sharp setback. For the week ending April 9th the Bureau of Statistics' "Investors' Index" of industrial common stocks (base 1926 = 100) was 115.5 as compared with 118.1 for the previous week.

	Mar. 4, 1931.	Mar. 31, 1931.	Apr. 29, 1931.		Mar. 4, 1931.	Mar. 31, 1931.	Apr. 29, 1931.
Ashtabula Power & Paper	11	9 1/2	5 1/2	Fraser Companies	1 1/2	1 1/2	1 1/2
Asbestos Corp.	1	1	1	Hollinger Gold Mining	7 1/2	8 1/2	8 1/2
Bank of Montreal	no bid	296	284	International Nickel	18 1/2	17 1/2	14 1/2
Canadian Traction	25 1/2	22 1/2	19	Massey Harris	8	7 1/2	5
British Col. Power "A"	40 1/2	40 1/2	38 1/2	Montreal Light	60 1/2	63	56
Canadian Power	no bid	no bid	no bid	National Breweries	33 1/2	33 1/2	29 1/2
Can. Bank Commerce	226	226	221	Nat. Steel Car	37 1/2	35	24 1/2
Canadian Car	17 1/2	16 1/2	13	Power Corp., Canada	54 1/2	60 1/2	54
Canada Cement	16 1/2	16 1/2	12	Price Bros.	38 1/2	37	34
Can. Indus. Alcohol "A"	4 1/2	4	3 1/2	Quebec Power	45 1/2	45 1/2	40 1/2
Canada Power & Paper	7 1/2	7 1/2	7 1/2	Royal Bank of Canada	288	288	275
Can. Steamship Lines	7 1/2	7 1/2	17	Shawinigan	54 1/2	54 1/2	49 1/2
Cochitutt Flow	9 1/2	9	7 1/2	Southern Can. Power	30	31	27
Cons. Mining	183	162 1/2	106	Steel of Canada	38	39 1/2	30
Dominion Bridge	50 1/2	49 1/2	40 1/2	Winnipeg Electric	15 1/2	18 1/2	15 1/2
Dom. Textile (New)	76 1/2	81	75 1/2				

INVESTMENT NOTES.

The Budget and the Markets.—The Budget has appealed to the Stock Exchange as a "gilt-edged market's" Budget from first to last. The subsequent rise in British Government funds was the measure of the market's appreciation of Mr Snowden's tender solicitude for the rentier. Further direct taxation was avoided, lip service was paid to the sanctity of the sinking funds, although the pious intentions a year ago of making good future deficits were abandoned—and the impression was left that the Chancellor had confidence in the sterling exchanges and in the continuance of cheap money. The market view is that if Mr Snowden lives up to his stern professions of economy the way will then be paved for conversion operations which Mr Snowden appears to anticipate on a "considerable" scale. The prices ruling in the gilt-edged market before and after the Budget are shown:—

	Before Budget.	April 30.	Yield %.
Consols, 2 1/2%.....	57 1/2	58 1/2	4 5 5
" 4%.....	90 1/2	92 1/2	4 6 2
Conversion, 3 1/2%.....	80 1/2	81 1/2	4 5 9
" 5%.....	104 1/2	105 1/2	4 8 9*
Funding, 4%.....	93 1/2	94 1/2	4 5 6*
Local loans, 3%.....	66 1/2	67 1/2	4 8 8
5% War Loan.....	104 1/2	102 1/2	4 17 2
4% Victory Bonds.....	96	96 1/2	4 2 8*

* Allowing for redemption.

The best prices have not always been maintained, but the market has remained active and firm. Elsewhere the Budget effects were less marked. Brewery and tobacco shares were higher, as the absence of fresh taxation forced the "bears" to cover. Oil shares were slightly easier but the additional 2d. on petrol had already been discounted and the nervousness of the market was

attributable to economic rather than political anxieties. The industrial markets were not affected, for while the Budget has left the field clear for recovery there were too many depressing influences—such as dividend cuts and disappointing company reports—to encourage long-term investment buying.

Investment Trusts—A Statistical Guide.—In the *Economist* of April 18, 1931, we discussed the much debated question as to how far it is desirable for investment trusts to publish full details of their holdings. To the investor who is primarily interested in this section of the market, and who feels that information as to the destination of his funds is likely to add to his peace of mind, the necessity of some handy statistical summary, showing which companies give these details, and which refrain from doing so, is clearly evident. Such a guide has recently been issued in the form of a loose-leaf file by a well-known firm of jobbers in the investment trust market. In addition to giving important particulars, including a summary of the last balance sheets and accounts and recent dividends of two hundred companies, together with an alphabetical list of their directors, the volume contains a statistical appendix giving (a) the names of those companies which show the percentage distribution of their holdings as between bonds and debentures, preference stocks and equity stocks, with the appropriate details, (b) the names of those companies which give particulars of the geographical distribution of their investments, and (c) a list of those companies which publish the names of the concerns in which they are interested. From this appendix it appears that one out of every three companies publishes a list of its investments, while eighty-four give the percentage distribution as between the three types of investment, and seventy-two the percentage distribution as between countries. Twenty-three companies show the geographical distribution, without distinction as to type, and eleven reveal the nature of their holdings without showing their geographical distribution. The whole volume should prove to be a mine of valuable information to the holder of investment trust shares, and should greatly facilitate a thoughtful choice as between one company and another.

Dunlop Rubber Disappointment.—The publication of Dunlop Rubber accounts, showing a decline in net trading profit from £2,226,612 in 1929 to £1,160,478 in 1930, came as an unwelcome surprise—though not, it would appear, to the whole of the market. Some leakage of information would seem to have been reflected in selling which caused a fall in the price of the shares from 12s. 3d. to 9s. 3d. in the ten days preceding the report—a most regrettable phenomenon. The report shows that the most disappointing results were concentrated on the last few months of the year. Even so, it should have been obvious to those concerned, by the autumn of 1930, that severe world depression must needs have an unfavourable reaction on their business. Yet in October last a letter to shareholders declared that "the trading position of the company had been maintained in a most satisfactory manner," and as late as January, 1931, the company's sales director, addressing a party of Ulster motor traders, was reported as saying that when the chairman showed what the company had done "the public would be pleasantly surprised." From the report and that of the two main subsidiaries, it is possible to locate the main sources of last year's disappointment. Dunlop Plantations, Limited, earned a net profit of £114,291, against £306,954 in 1929, and Dunlop Cotton Mills, Limited, a profit of £151,445, compared with £271,655. The French company and the Far East group of companies (except the Dutch East Indies company) made profits, but the German company was more adversely affected, and the American, Canadian and Australian subsidiaries suffered "a substantial loss." Losses on exchange and inventory write-offs alone totalled about £600,000. The parent company's

directors, obviously, had no option but to pass the final dividend.

	1928.	1929.	1930.
Profit	1,050,144**	2,226,612	1,160,478
Brought in	2,078,580*	801,278	782,328
Total available	3,128,724**	3,027,890	1,942,806
Depreciation	†	220,888	211,264
Directors' fees	†	8,120	8,000
Debt and loan interest...	412,237	421,019	399,789
Taxation reserve	...	225,761	100,031
Preference dividend.....	375,000	295,313	290,625
Ordinary:—			
Earned	3.4%	17.1%	2.5%
Paid	20%	15%	6%
Amount of dividend...	1,540,209	924,461	365,074
General reserve.....	...	150,000	†
Carried forward	801,278	782,328	568,023

** After depreciation and directors' fees.

† Including £1,500,000 from general reserve.

† Not shown separately.

† £1,000,000 from general reserve transferred to special reserve against investments in and advances to subsidiary companies.

The balance sheet, following last year's model, is a monument of lucid arrangement, but as £15,716,701 out of total assets of £25,639,289 is represented by interests in subsidiaries, the directors would confer an even greater favour on shareholders by publishing consolidated accounts for the whole group. The point is of special importance on this occasion, since some subsidiaries have made losses, and it is not clear whether a special transfer by the parent company of £1,000,000 from its general reserve to special reserve against interests in subsidiaries—which is described as "a measure of precaution"—represents merely a conservative policy of valuation, or is to be related to the trading losses of certain companies. In the latter event, the true earning power of the group last year would obviously be much less than is indicated by the parent company's figures, taken separately. The company necessarily carries large stocks of raw materials and finished goods, etc. (apart from the stock-in-trade carried by subsidiaries). The balance-sheet figure of £2,353,401 is £226,205 below that of December 31, 1929, but in view of the large inventory write-offs referred to in the report, it is not certain how far the physical volume of stocks has changed. The company's position, however, is still satisfactorily liquid, current assets other than stock-in-trade being £2,185,153, against current liabilities (including taxation reserve of £444,300), of £1,093,568. The shares fell to 6s. 10 1/2d. on the issue of the report.

United Newspapers, Ltd.—The report of the directors of United Newspapers, Ltd. (which is controlled by Daily Chronicle Investment Corporation), makes depressing reading, but does not leave the shareholders entirely without hope. It is explained that the trade depression and intense competition which prevailed at the time of the production of the *Daily Chronicle* and *Sunday News* in their new and enlarged forms caused such heavy and continuous weekly losses that the only alternative to ceasing publication was to negotiate an amalgamation of the *Daily Chronicle* with the *Daily News* and *Westminster Gazette*. In the combined newspaper, the *News-Chronicle*, which was launched in June last, the company owns a half-interest, and the directors state that the new paper is now firmly established with a daily average net sale of over 1,400,000 copies, and, since October last, has been on a profit-earning basis. The amalgamation, in their opinion, was in the best interests of the shareholders and preserved for them a valuable asset which would otherwise have become a total loss. The cost of the compensation for termination of staff engagements and other contracts amounted to £101,559, while the loss on obsolescent plant came to £239,322. The copyright of the *Sunday News* has been transferred to a separate company, which has obtained financial support to continue its publication, United Newspapers, Ltd., retaining a 50 per

cent. interest. The company's principal assets, therefore, consist of a 50 per cent. interest in the *News-Chronicle* and *Sunday News*, the freehold premises and plant in Salisbury Square, Fleet Street, and a controlling interest in Provincial Newspapers, Ltd., to which the company sold the *Edinburgh Evening News*, the *Hull Daily Mail* and the *Yorkshire Evening News*. The company's holding in Provincial Newspapers, Ltd., originally consisted of 12,559 7 per cent. first cumulative and 573,335 7 per cent. second cumulative preference shares, and 452,337 ordinary shares of £1, but United Newspapers have since acquired sufficient additional ordinary shares to give control of the company. Although sufficient profits were earned by Provincial Newspapers, Ltd., last year to cover dividends on its second preference shares, no distribution was made in view of the company's heavy indebtedness to its bankers. When these bank advances are repaid, Provincial Newspapers, Ltd., should be able to declare dividends which should eventually enable United Newspapers, Ltd., in its turn to pay its own preference share dividends independently of its earnings from the *News-Chronicle*. The trading operations of United Newspapers last year resulted in a loss of £223,486, which compares with the two preceding years as follows:—

	1928.	1929.	1930.
Profit	245,220	97,258	Dr. 218,914
Income tax	55,000	33,000	4,522
Preference dividends	36,750	36,750	...
Available for ordinary	153,470	27,508	...
Per cent. earned	31.1	4.6	Nil
Per cent. paid	30.0	Nil	Nil
Carried forward	206,813	234,321	10,885

These losses have resulted in an increase in the company's liabilities to its bankers to £502,500. It has also been found necessary to raise further funds by the issue of £100,000 6 per cent. unsecured "B" notes, and £30,000 5 per cent. unsecured "A" notes, the latter being taken at par by certain members of the staff in part payment of compensation. The 7 1/2 per cent. preference shares of the company are quoted nominally at 4s. 6d.

Marks and Spencer.—This company, which is frequently dubbed the "English Woolworth," although its goods are sold at varying prices up to 5s., operates some 150 chain stores in London and its suburbs and in the chief provincial towns. It has yet to feel the trade depression. The experience of its shareholders has been singularly happy, for the net profits have steadily risen over the past five years, and for the year ending March 31, 1931, showed an increase of over 40 per cent. at £624,485. How much of this increase is due to the new money which was put into the business in 1930, and how much to a normal expansion in trade it is difficult to say. In June last,

HARRIS, FORBES & COMPANY LTD

77 CORNHILL, LONDON, E.C.3

GOVERNMENT, MUNICIPAL, RAILWAY, PUBLIC UTILITY, INVESTMENT TRUST AND INDUSTRIAL FINANCING

1,000,000 preference shares of £1 were issued, bringing the preference capital up to £1,350,000, and also £1,000,000 of 6 per cent. first mortgage debenture stock. The preference capital was available for little more than half the financial year, and the debenture issue was used to repay existing floating debt. The results and distribution of profits for the past three years compare as follows:—

	Year ended March 31,		
	1929.	1930.	1931.
Net trading profit.....	236,866	438,185	624,486
Interest	...	47,745	62,701
Income tax and fees	33,317	38,086	55,904
Depreciation and repairs	...	53,766	83,878
Earned for dividends	203,549	298,588	422,003
Prof. dividends	35,000	35,000	64,708
Ordinary shares—earned	34.5	44.2	49.3
distributed	15†	20†	30†
To reserves	77,500*	117,500	137,500
Carried forward	37,023	51,111	53,105

* Excluding £168,799 premium on shares.

† And capital bonus of 10 per cent. in "A" ordinary shares.

The policy of the directors, who are large holders of the ordinary shares, is to distribute by way of cash dividends about half the actual earnings, and to issue bonus shares by capitalising part of the reserves—a not unwise proceeding in view of the level of existing taxation. The cash dividends this year are increased from 20 per cent. to 30 per cent., and the usual 10 per cent. scrip bonus in the form of "A" ordinary shares brings the ordinary capital up to £798,600. The balance sheet shows a strong liquid position, cash and debtors amounting to £567,222, as against £313,000 creditors, and stock-in-trade to £417,783. The properties now stand in the balance sheet less depreciation at £2,883,714, as against £2,396,465 in the previous year. A relatively high valuation is placed upon the £1 ordinary shares in the market, the price this week advancing to 4½.

Spillers.—An exceptionally satisfactory position is disclosed in the annual report. A loss of £221,510 in 1929 has been converted into a net profit of £372,444, and dividends have been resumed on the ordinary shares. The following table shows the results of the past three years:—

	Year ended January 31,		
	1929	1930	1931
Net profit	176,668	Dr. 221,510	372,444
Preference dividend.....	54,865	54,865	53,151
No. of times covered	3.2	...	7.2
Ordinary dividend:—			
Amount	108,654	...	140,234
Earned %	8.4	...	22.75
Paid %	7½	...	10
Co-partnership dividend	712	...	887
Rate %	5.25	...	6.75

Other allocations

Owing to lower commodity prices, the company has had to pay less for stocks maintained for business purposes, while debtors have been reduced, and the company's investments increased by £1,466,834 to £3,084,959. Stocks, on January 31st last, were £661,513 lower at £788,428. During the year the company redeemed £52,100 5½ per cent. 10-year Sinking Fund Notes, 1924-34, leaving an outstanding balance of £441,100. Creditors have risen by £124,882 to £629,574. The 6 per cent. cumulative preference shares are secured by net book assets of £5 4s. 9d. per £1 share, fully paid. The yield on the ordinary is £7 15s. per cent. at their present price of 27s. 9d., allowing for the 10 per cent. dividend.

Swedish Ball-Bearing Company.—Though its interests are world-wide, this company has not escaped the effects of depression. Net trading profit dropped last year by Kr. 7,860,740 to Kr. 14,414,995, but dividends and interest received rose by Kr. 504,029 to Kr. 9,037,806.

After writing off depreciation of Kr. 3,723,275 (as compared with Kr. 3,497,323) and allotting Kr. 2,600,000 less for taxation, net profit was Kr. 4,798,246 lower at Kr. 16,622,884. The following table shows the results of the past three years:—

	Year ended December 31,		
	1928.	1929.	1930.
Net profit	17,458	21,421	16,623
Amount of dividend	15,600	15,600	13,000
Earned %	13.43	16.33	12.78
Paid %	12	12	10
Pensions	186	186	...
Increase in carry-forward	1,672	5,635	3,623

Output fell off in the United States and Germany, but the English and the French factories remain well stocked with orders. A contract for Kr. 4,000,000 was received during the year from the Swedish railways, which may partially account for the 10 per cent. increase in orders in hand shown at the end of 1930.

Johnson and Phillips.—These electrical manufacturers suffered a reduction of £23,708 in net profits last year:—

	Year ended December 31,		
	1928.	1929.	1930.
Net profit	55,831	102,514	78,806
Amount of dividend.....	60,000	60,000	60,000
Earned per cent.	9.3	17.1	13.1
Paid per cent.	10	10	10
Research and development	...	...	25,000
Dividend equalisation.....	...	...	15,000
Inc. or dec. in carry-forward.....	-4,169	+42,514	-21,194

During the year investments in subsidiaries have been increased by £48,707 to £72,709, while loans to these concerns have risen by £25,852 to £62,650. Debtors have declined by £78,743 to £248,597. Stocks, at £405,969, are £57,120 lower. Creditors have been reduced by £25,467 to £142,717, this item including a reserve for contingencies. At 32s. 6d. the shares yield £6 11s. 2d. per cent.

Ever Ready Company.—In a preliminary statement the directors of this prosperous company announce that, subject to completion of audit, the net profit for 1930 was approximately £306,000, compared with £240,000 for 1929. They recommend a final ordinary dividend of 25 per cent., making 35 per cent. for the fifth year in succession. For reference purposes, we append a comparison of results for the three preceding years:—

	Year to March 31,		
	1928.	1929.	1930.
Trading profit	189,168	215,071	253,899
Net profit	187,964	209,804	243,283
Preference dividend.....	20,000	20,000	20,000
Number of times covered	9.4	10.5	12.2
Ordinary dividend:—			
Amount.....	129,500	148,000	189,980
Earned per cent.	45.4	44.9	41.1
Paid per cent.	35	35*	35
Reserve	35,000	41,130	30,000
Increase in carry-forward.....	3,464	674	3,303

* And capital bonus of 20 per cent.

Since the publication of the last accounts, there have been certain important developments with regard to the business of Lissen, Ltd., in which it was originally understood the Ever Ready Company held an interest amounting to 199,996 of the 400,000 10s. ordinary shares. In January of this year, Lissen, Ltd., was converted into a public company, with a nominal capital of £1,000,000 in £1 shares, of which 500,000 were 8 per cent. cumulative preference shares. At the annual meeting of the Ever Ready Company, held on May 2nd last, the chairman stated that Lissen had continued to make satisfactory progress, the profits for the past three years having totalled £377,000, of which £191,000 had been distributed in dividend. At the

same time, it appeared that the Ever Ready Trust had sold part of its holding in Lissen, in order to allow for the usual spreading of trust company investments. Shareholders will await with interest any further details, appearing in the report or at the meeting, with regard to the relationship of the companies. At their present price of 19s., the 5s. ordinary shares of Ever Ready give a yield of about 10 per cent., allowing for the final dividend of 25 per cent.

Rubber Plantations Investment Trust.—In view of the depression in most Eastern plantation industries this company may be deemed to have done no worse in 1930 than was to be expected. Dividends received totalled £116,174, compared with £167,371, while estate produce account contributed £52,306, against £96,039. Net profit was £71,750 below the 1929 figure. The directors, wisely, have decided against the payment of an ordinary dividend, though 5½ per cent. was earned:—

	Year to December 31,		
	1928.	1929.	1930.
Dividend received	182,897	167,371	116,174
Estate produce account	139,228	96,039	52,306
Gross income	322,125	263,410	168,480
General expenses	7,561	6,861	6,711
Directors' fees	12,437	11,031	3,875
Taxation	67,580	63,617	51,641
Amortisation, &c.	11,900	11,400	7,500
Net profit	222,646	170,503	98,753
Brought forward	60,737	63,383	61,874

Ordinary dividend:—			
Amount.....	270,000	222,012	Nil
Earned per cent.	12.4	9.6	5.5
Paid per cent.	15*	12½*	Nil

Reserve	Dr. 50,000	Dr. 50,000	60,000
Carried forward	63,383	61,874	100,627

* Gross.

The balance sheet still shows a reserve fund of £657,796 and reveals a satisfactorily liquid position. At December 31st last the market value of the company's investments, which are shown at £2,250,464, was £1,628,608, this depreciation, however, being more than covered by the reserve. The total sum invested at the end of 1930 was £2,897,191, distributed as to 88½ per cent. in rubber, tea and coconuts, and as to 11½ per cent. in Government securities, commercial undertakings and undeveloped lands. The present price of the £1 shares is 14s. 6d., the highest price for 1931 being 23s. 3d. and the highest for 1930 39s. 7½d.

New Capital Issues in April.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in April, and in recent years:—

	(000's omitted)			
Monthly Average.	United Kingdom.	British Possessions.	Foreign Countries.	Total.
1924	7,051	6,023	4,370	17,444
1925	12,918	5,077	1,356	19,351
1926	10,765	4,431	4,036	19,232
1927	17,240	8,318	4,039	29,597
1928	21,965	5,263	3,526	30,754
1929	16,502	5,081	2,186	23,769
1930	14,220	5,121	2,975	22,316
Monthly Total.	Govt. £	Other. £		
January, 1930 ...	500	9,033	1,671	13,989
January, 1931 ...	1,800	6,331	118	8,249
February, 1930 ...	350	13,034	9,065	22,449
February, 1931 ...	2,450	4,368	13,705	20,573
March, 1930 ...	500	50,912	5,343	57,330
March, 1931 ...	1,750	10,341	1,513	19,094
April, 1930 ...	450	10,223	1,228	22,770
April, 1931 ...	800	714	5,226	7,444

The sale of National Savings Certificates was responsible for a net sum of £800,000, against £450,000 in April, 1930. The Corporation of Derby was the sole municipal borrower, raising £980,000 by the sale of £1,000,000 4½ per cent. debentures. The only large industrial issue was that of "Cosach," of £2,000,000 7 per cent. debentures, which promptly fell to a discount. The not very eagerly-awaited Rhokana debenture issue of £4,500,000 7 per cent. debentures to existing shareholders made its appearance half-way through the month.

Insurance Share Index.—During the first quarter of 1930 insurance share values showed, on balance, a small decline, the customary upward swing during the first three months (on anticipations as to coming dividends and reports) having failed to materialise. For this failure the generally depressed state of markets must be held responsible since the reports which have so far been published afford every indication that results for 1930 will be at least as favourable as those for 1929, and in some respects more favourable. The table below exhibits the history of an investment, in 1913, of £1,000 in the ordinary shares of each of twenty-five leading companies. The figures are based on the mean of the highest and lowest prices in each year except in the case of the last two columns, which relate to the middle market prices on the dates specified. In all cases where an issue of bonus shares has been offered due allowance has been made by assuming that the rights are sold and the proceeds utilised to purchase an additional holding in the original shares:—

SHARE INDEX.							
(1913 = 1,000 in every case.)							
	1920.	1927.	1928.	1929.	1930.	Dec. 31, 1930.	Mar. 31, 1931.
Alliance	1,018	1,424	1,738	1,675	1,588	1,638	1,575
Atlas	2,059	2,746	3,595	3,532	3,222	3,270	3,206
Calson	1,176	3,815	5,254	5,700	4,702	4,529	4,403
Commercial Union	2,453	4,635	5,038	4,545	4,173	4,179	4,005
Employers Liability	3,558	2,825	2,955	2,725	2,636	2,432	2,432
Equity and Law	922	1,196	1,725	2,009	1,864	1,875	1,875
General Accident	2,650	4,314	6,538	8,133	7,983	8,133	8,000
Gresham Fire	2,869	4,145	3,886	2,872	2,251	2,143	2,381
Gresham Life	649	2,916	3,852	4,030	5,015	4,885	4,641
Guardian	1,731	2,215	2,678	2,596	2,558	2,538	2,513
Legal and General	1,443	3,524	5,233	6,536	6,776	6,885	6,721
Life Association of Scotland	1,009	1,584	1,804	1,989	1,801	1,819	2,193
London and Lancashire	1,801	3,625	4,673	4,548	4,327	4,346	4,154
London Assurance	1,832	2,207	2,350	2,126	1,910	1,844	1,771
North British	1,338	3,368	4,467	4,514	4,309	4,363	4,395
Northern	2,067	1,736	2,068	2,011	1,884	1,910	1,881
Phoenix	1,429	1,740	1,937	1,945	1,818	1,827	1,759
Prudential	730	1,821	1,995	2,163	2,227	2,302	2,302
Royal Exchange	2,325	3,535	3,481	3,227	3,114	3,142	3,142
Royal Life	1,379	2,425	2,961	2,882	2,731	2,796	2,710
Scottish Life	1,129	1,762	2,242	2,680	2,697	2,697	2,360
Scottish Union and National	2,764	3,715	5,032	5,213	4,741	4,732	4,289
Sun Fire	1,159	1,933	2,604	2,853	2,729	2,756	2,578
Sun Life	645	1,708	2,138	2,237	2,131	2,116	2,257
Yorkshire	2,293	2,224	3,005	3,041	2,685	2,783	2,628
Average	1,721	2,692	3,330	3,431	3,275	3,277	3,207

During the past quarter the index has fallen from 3,277 to 3,207, a decline of just over 2 per cent. Of the twenty-five companies, the shares of four only show an appreciation—Gresham Fire, Life Association of Scotland, North British and Mercantile, and Sun Life. The Life Association shares have appreciated by some 20 per cent. as a result of the large surplus disclosed on the occasion of the



SECURITY FIRST

Total Funds: £41,373,928

ALL CLASSES OF INSURANCE TRANSACTED

Head Offices:
LIVERPOOL and LONDON.

	Months	End- ing. 1931.	Descrip- tion.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Canadian Pac. Ry.	3	Mar. 31	Gross	\$12,002,000	- 2,514,000	33,974,000	- 5,820,000
			Net	\$ 1,520,000	- 620,000	2,898,000	- 943,000
Canadian Nat. Ry.	3	Mar. 31	Gross	\$15,030,052	- 3,694,135	42,200,990	- 10,940,740
			Net	\$ 780,839	- 1,675,511	98,462	- 4,560,771
Burma Elec. Supply	3	Mar. 31	Gross	Rs. 58,630	- 11,118		+
Zafra and Huelva Ry.	3	Mar. 31	Gross	Pes. 361,441	- 39,310	1,035,658	- 153,111

COMPANY MEETINGS, &c.

ROYAL EXCHANGE ASSURANCE.

SUCCESSFUL RESULTS IN A DIFFICULT YEAR.

QUINQUENNIAL VALUATION RESULTS.

The two-hundred-and-eleventh annual general Court of the Royal Exchange Assurance was held, on the 29th ultimo, at the head office of the corporation in the Royal Exchange, London, Mr Vivian Hugh Smith (the governor) presiding.

The Governor, in moving the adoption of the report and accounts, said: If you will refer to the statement of the combined figures of your corporation and its affiliated companies you will notice that the total assets on December 31st last amounted to nearly 22½ million pounds, which was an increase of more than £600,000 during the twelve months, while the total premium income had decreased by £577,000. This latter figure is largely due to the fact that during 1929 an exceptional amount was received by one of our affiliated companies as single premiums on certain capital redemption policies.

LIFE DEPARTMENT.

In the life department 4,131 proposals were completed and paid for, assuring £2,840,000, of which £339,000 was reinsured; and the average sum assured was £688 per policy. The gross rate of interest earned on the fund was £5 17s. 10d., which was an increase of 2s. 9d. per cent. over 1929.

The year 1930 was the end of the quinquennial period in the life department and the valuation disclosed a total surplus of £1,346,000. The proprietors' share of one-tenth of this surplus, less the amount brought forward from the previous quinquennium with interest, amounted to £130,755, which has been transferred to the proprietors' allocation account.

It will be convenient for me to explain at this point that it is proposed to carry to the profit and loss account each year, until the next valuation takes place, one-fifth of the amount standing to the credit of this account, which includes not only the proportion of the life surplus, but also the annuity and capital redemption profits.

Your directors have already announced the declaration of a compound reversionary bonus of £2 per cent. per annum on all with-profit policies in force on December 31 last, but in addition to this it has been decided to carry forward a sum of £428,000, of which £250,000 has been placed to a special bonus equalisation fund. Your directors consider that it is wise to set this sum aside as a steady factor in connection with future bonuses. I am also glad to be able to tell you that during the past few months it has been found possible to reduce many of the rates of premium in the non-profit section of our life department.

In the trustee and executor department the fees received (for services rendered to clients) amounted to £52,150, an increase of revenue over the previous year of about £2,300. Expenses, however, show more than a normal increase. The fact that the total funds for which your corporation acts as trustee increased during the year by nearly 6 million pounds and now exceed a total of 113 million pounds shows that the initiative taken by your directors some twenty-six years ago in establishing your corporation as one of the pioneers of this class of business in England has been more than justified.

FIRE AND MARINE BUSINESS.

In the fire department the net premium at £1,685,000 showed a decrease of £71,000. It was to be expected that the general depression in trade and the adverse conditions in the United States would affect the world-wide business of your corporation. The losses, however, with the exception of those in the U.S.A., show a considerably reduced percentage; but, unfortunately, our experience in that country, both from the point of view of premium income and loss ratio—like, I think, that of all other insurance companies operating there—has been less favourable than in 1929.

Owing to the large transfers which were made twelve months ago to the departmental accounts from the profit and loss account the interest carried in this and the marine and accident accounts was considerably greater than during 1929. Excluding interest, the underwriting profit of the fire department amounted to £129,000, being 7.7 per cent. of the premium income, and I think you will agree that this is a very satisfactory result in a year which has been full of difficulty. Including interest, a sum of £172,600 has been transferred to profit and loss account.

The marine account shows a premium income of £652,000 and a fund at the end of the year of practically £981,000, which is equivalent to 150 per cent. Conditions have still been difficult. The rates on hulls have been increased during the last few years, but we now find we have to contend with an unwelcome

increase in the cost of claims which counter-balances in many instances the increases in the rates that have been made where the results justified them. Competition in cargo business is still very keen, and many risks are placed in the market to-day at rates which we believe must prove to be unprofitable. Your directors have given and continue to give the closest attention to this section of our operations, but they are of opinion that it is not yet on a satisfactory basis, and unless there is an improvement we may find it necessary to reduce still further our marine premium income.

GENERAL ACCIDENT ACCOUNT.

In the general accident department the premium income at £1,261,000 was £14,000 less than in the previous year; but the transfer to the profit and loss account, including interest, amounted to £73,200, which was slightly better than during 1929.

Conditions have also been difficult in all classes of insurance undertaken by this department, particularly in the employers' liability and motor-car sections. Your corporation and its affiliated offices are very largely interested in motor insurance, and our difficulties have not been lessened by the new law affecting this business, by which all owners of motor vehicles are compelled to insure against their liability to third parties. Legislation on these lines was not favoured by insurance companies, among other reasons because it was believed that it would lead to an increase in the number of claims, as well as in the amount awarded. Whether these fears will be realised remains to be seen, but we can only hope that the attention which has been so prominently drawn to the serious risks run by road users, and the publication of a very carefully considered and practical code of rules for the guidance of drivers, will lead to an improvement in the future. The provisions of the Road Traffic Act have involved the corporation in heavy expenses, but comparatively little new business of a desirable character has so far resulted from its operation.

PROFIT AND LOSS ACCOUNT.

If we turn to the profit and loss account, which is the general reserve fund of your corporation, you will notice that the interest at £102,000 is considerably less than last year. You will have noticed that there is a decrease in the total interest income of your corporation, excluding that in the life department. There are two principal reasons for this. In the first place there is the increase in the income tax, and, secondly, certain foreign insurance companies operating mainly in Australia and the Far East, in which we are interested, have been affected by the unsettled and unfavourable conditions in those territories. It has, therefore, been considered inadvisable for these companies to declare dividends in respect of the past 12 months, and this has contributed to the decreased receipts from interest shown in our accounts. You may like to know that it is our usual practice to carry in our interest income for the year the dividends payable by our affiliated companies in respect of the same year of account—for example, the 1930 dividends are included in the accounts before you. We then have the transfers to which I have already referred and one fifth of the proprietors' valuation surplus. You will be glad to see that in this and the next four years this figure will be considerably greater than the equivalent amount carried during the past five years.

There is a welcome reduction in "Expenses not charged to other accounts" and we again write off £20,000 from "Office property." There are then two items which are new to the account—namely, £25,000 as a contribution to the pension fund and a transfer of £50,000 to "Special contingency reserve." Owing to the failure of certain German reinsurance companies with which we had treaty and other arrangements, your directors considered it advisable to make full provision for any possible losses that might occur, and it is felt that this figure will be sufficient to meet any liability in this respect. After carrying these various figures, the balance of the account at £1,059,000 is £57,000 greater than at the end of the previous twelve months. I think you will agree that, in a year of great difficulty, with widespread depression and financial and political troubles, such a result is satisfactory.

Now I would like to refer for one moment to the method in which our dividend is paid. It is proposed that an adjustment shall be made by increasing the interim dividend in November with a corresponding decrease in the final dividend in the following May.

The resolution was carried unanimously, and the dividend as recommended was approved.

ATLAS ASSURANCE COMPANY, LIMITED.

REVIEW OF ANOTHER PROSPEROUS YEAR.

COMPANY'S STRONG POSITION.

The annual general court of proprietors of Atlas Assurance Company, Limited, was held on Wednesday, April 29th, at the Cannon Street, Hotel, London, E.C., Mr F. A. Johnston (the chairman) presiding.

The general manager (Mr C. H. Falloon) having read the notice convening the meeting and the auditors' report.

The Chairman, in the course of his speech, said: It speaks well, I think, for the sound foundations of our business and for the prudence and foresight with which the management have continued to conduct the company's affairs that, in a year in industry and commerce of almost unexampled depression and difficulty, we are able to submit to you what, under all the circumstances, must be considered a very satisfactory report. We have not, of course, escaped a decline in our fire premium income, which is £158,390 lower than that of 1929; but, when you consider the formidable and universal fall which took place in the prices of nearly all commodities during the year under review, I feel you will agree with me that we should congratulate ourselves that the decline in this, the most important part of our business, was no larger. The fact, too, that in a time of declining premium income, from which no fire insurance company has been exempt, the competition for business becomes more keen and more persistent makes the results this company has achieved in 1930 not only gratifying but, I venture to think, encouraging.

Ours is a world-wide business. The circumstances, therefore, which have afflicted, and, unfortunately are still afflicting the United States of America, Australasia and India particularly, and to a lesser degree other parts of the world where we carry on our business, have been prejudicial not only to the development of our interests, but to the general conduct of our affairs. Our management, moreover, have no false ideas of maintaining the fire premium income if the prospects of favourable experience for the company are thereby in any way prejudiced, and our commitments are ruthlessly pruned where experience and judgment demand a prudent retreat. That is wise generalship, and we have no sympathy whatever with exhibiting large figures if they are not calculated to produce satisfactorily proportionate profits.

NATIONAL SAVING FROM FIRE PREVENTION.

In spite of the adverse conditions to which I have referred, the company received in fire premiums the sum of £2,173,179, and has secured an underwriting profit of £194,525, or 8.9 per cent. of the premiums received—as compared with 8.3 per cent. in 1929—a very satisfactory result—(hear, hear)—the loss percentage being 49.8 per cent., against 50.13 per cent. in the previous year. The ratio of our fire expenses has, however, risen from 42.5 per cent. in 1929 to 44.07 per cent. in 1930. This figure looks high and is, naturally, a matter for anxiety, and I need not tell you that it has our unceasing attention. Although we have made some saving in the amount of our fire expenses, the ratio has, of course, tended to rise with the falling premium income; but apart from that it must be remembered that the expenses of an insurance company to-day include not only its normal and unavoidable running expenses for the cost of supplying insurance protection to the public, but the expense, too, of educating that public in the need for the manifold forms of insurance to-day, of supplying to everybody a very great amount of technical and expert advice, and of, year after year, reducing fire waste by investigating the causes of fire, pointing out remedies and encouraging preventive measures. Indeed, the national saving as a result of this work is literally immense, but one of which the public is perhaps hardly aware. The work, indeed, costs them nothing, but is a very great expense to us, in spite of which we have been able year by year to reduce the cost of insurance to the community.

ACCIDENT DEPARTMENT.

Our accident department, which is very efficiently conducted, shows an increased premium income of £12,129, which is, however, less than the usual increase. This was, I may say, solely due to adverse exchanges in foreign fields. The loss ratio was very favourable, being 51.5 per cent. of premiums received, against 53.16 per cent. in 1929, and the percentage of profit was 7.59 per cent., against 4.16 per cent. in the previous year, and yielded a profit of £36,398, against £19,445. This profit is very satisfactory, but on a somewhat higher ratio than we can, under existing circumstances, reasonably expect to maintain.

MARINE BUSINESS.

Our marine income for 1930 is practically the same as that for the previous year, and the settlement thereon equals approximately 24½ per cent. When last year I mentioned that the settlement on 1929 account was high at 31.8 per cent., I said "we were not

unduly alarmed"; events have proved that there was no cause for apprehension, as a favourable second year's claims experience leaves us with a total loss ratio only 2 per cent. higher than 1928 account at the corresponding period of 24 months. The 1928 account continues to run normally, and we can reasonably expect a fair profit. You will observe the marine fund now amounts to over £330,000—an increase of £33,328. I think you will agree with me that this can be considered very satisfactory, as the premium income has not been increased and no interest earnings have been taken into account.

In considering the past year's premium income, it should be borne in mind that, owing to the severe depression in shipping, resulting in the laying up of large numbers of British liners and tramp steamers, heavy returns of premium will be payable on the expiry of the policies. These payments will be included under claims, so you must be prepared for a heavier second year's settlement. An item in connection with last year which may be of passing interest was the loss of the almost new motor liner "Highland Hope." The total amount involved exceeded £900,000, and proved the heaviest individual maritime casualty since the loss of the "Egypt" in 1922. Actually underwriters were fortunate, as cargo interests were comparatively small.

Conditions generally have been uneventful during the past year, except that the marine market on the Continent has still further contracted. This has arisen through the failure of several old-established companies, all of which transacted considerable British marine reinsurance. Fortunately we were in no way adversely affected by these happenings. As a result of the failures the British insurance policy is in more demand than ever from Continental insurers. I mention this in the hope that underwriters will appreciate the fact and will not sell their policy at under cost but will obtain an equitable premium in exchange for the unchallengeable security of a British insurance policy.

RECORD LIFE FIGURES.

In twelve months' time we shall submit to you our life figures of another triennium, which justifies me perhaps to-day in making a comparatively brief reference to last year's experience. You will have been gratified to remark that our life business has continued to expand the volume of new business, having been £4,243,948, against £3,919,560 in 1929, which constitutes a fresh record. It is probable, however, that in 1931 our figures may not show the comparatively rapid growth of 1930 and of recent years. Death claims were again comparatively heavy, but not abnormally so, and the profit for the year was £215,819 0s. 2d., a somewhat smaller figure than that of 1929. The premium income reached in 1930 the record figure of £357,537, and the life fund at the end of the year was £7,260,542, which is also a record figure.

We can congratulate ourselves that in these days of depression we show a surplus of £429,049 over the book price of the life department investments, and that as a result of writing down the value of investments in our books whenever that was possible the life fund yields to-day a return of £5 5s. 7d. net. At the end of the war the life premium income was £266,809 and the funds £2,313,899. To-day they are £357,537 and £7,260,542 respectively, which speaks well for the enterprising vision and ability with which our life department has been conducted, and I am confident that we shall consequently get our full share of new life business in the future.

THE DIVIDEND.

The profit and loss account shows how we dispose of the year's profits. With the amount brought in from the previous year we have a disposable balance of £592,487. From this we credit the pension fund with £25,000, bringing that fund to £225,000 and a little nearer to the amount at which we hope one day to see it. We again put aside £55,000 towards reduction of the uncalled capital, which will, with last year's contribution, give us 5s. per share in hand towards some future definite reduction of the existing liability on our shares. We apply £5,000 to writing down investments, and £75,000 to writing down the book value of our premises. We take £178,000 to pay the same dividend as in the previous year, viz., 8s. per share, free of tax, and we carry forward to the current year the very substantial sum of £219,883.

While the year under review has not been free from the difficulties and anxieties inseparable from a great business, we have fortunately escaped the exceptional and critical troubles which have afflicted so many industries and commercial undertakings all over the world, and I take this opportunity of once more thanking in your name our general manager and his colleagues at head office, our branch managers at home and abroad, and all who serve under them in this world-wide company, for their able devotion to the company's interests during a very strenuous year, and of offering to them our earnest congratulations on its successful completion. (Applause.)

The report and accounts were unanimously adopted.

LAW UNION AND ROCK INSURANCE COMPANY, LIMITED.

A SATISFACTORY REPORT.

ASSETS EXCEED £13,000,000.

MR CHARLES HAMILTON'S SPEECH.

The annual general meeting of the Law Union and Rock Insurance Company, Ltd., was held, on the 30th ultimo, at the head office, 7 Chancery Lane, London, W.C., Mr Charles G. Hamilton (the chairman) presiding.

The secretary and actuary (Mr James Stirling), having read the notice convening the meeting and the report of the auditors,

The Chairman said: Gentlemen, I presume that, as usual, you will take the report as read. (Agreed.)

The report we have to submit to-day is, on the whole, a satisfactory one.

FIRE ACCOUNT.

In the fire department the premium income amounted to £523,727, and the losses, less reinsurance, to £246,707, being 47.1 per cent. of the premium income. The premium income is rather less than in the three previous years, but that is not surprising having regard to the world-wide bad trade and the more intensive competition arising out of the reduced volume of business. The total expenses, including commission, amounted to £216,536, or 41.34 per cent. of the net premium income. The amount of the fire reserves is £559,490, and £95,484 has been carried to the profit and loss account.

ACCIDENT AND GENERAL ACCOUNT.

The premium income of the accident department amounted to £232,063, and the outgoings of every description to £196,618. The reserves have been increased to £266,496, and £45,381 has been carried to the profit and loss account.

PROFIT AND LOSS ACCOUNT.

To this account we have also added the profit on fixed-term assurances, £3,007; the shareholders' proportion of life profits, £32,184, and interest, £51,878.

LIFE ACCOUNT.

The net new business was £1,646,429, some £500,000 less than in 1929. In the year following the declaration of a quinquennial bonus, we invariably have to record a reduced new business, and on this occasion the fall has been accentuated by the absence of single-premium business, which, consequent upon the Finance Act of 1930, lost its attractiveness to the public.

The expense ratio was 15.99 per cent. of the premium income. The net rate of interest earned on the life funds was £4 10s. 9d. per cent. The life premium income was £695,109, and the amount of the claims by death £567,253. The death claims, although heavier than in the preceding year, are well within the amount expected.

Our total assets are £13,400,787, and our income £2,067,890. The market value of our Stock Exchange investments is very substantially above the figure at which they stand in the company's books.

ASSURANCE BY MONTHLY PAYMENTS.

Some years ago I drew attention to the revival by insurance companies of an old scheme, life assurance by monthly payments. This method of effecting life policies has, as was to be expected, made a direct appeal to that large section of the public with monthly incomes. Apart from the fact that persons who, in their own phrase, could not afford life assurance, have been shown how the necessary family provision can be secured without being a burden, many have effected policies for larger amounts more nearly commensurate with their responsibilities.

After all, the great difficulty in these days is not to awaken the public to the merits of life assurance, for they are already awake. Everyone admits its value, but unfortunately a very large number of persons are content to be able to say they are assured without giving serious thought to the question of the amount, and its sufficiency for the purpose for which it was effected. What happens when the income stops? The average man should seriously consider this matter. Will the amount of his life assurance policies "keep the home fires burning"?

To help the solution of the problem, we have prepared a scheme of family income policies. Under it, not only is there payable the

sum assured, but in the event of death within twenty years there is payable a substantial income for the remainder of the twenty-year period. The reception which the scheme has had during the few weeks since it was issued suggests that it suits the needs of a considerable section of the community, and I heartily commend it to all our friends and agents.

The Chairman concluded by moving the adoption of the report and accounts.

Mr F. W. Pascoe Rutter seconded the resolution, and it was carried unanimously.

The Rt. Hon. the Earl of Midleton, K.P., proposed the re-election of the retiring directors, Mr Philip E. B. Fooks, and the Rt. Hon. the Earl of Stafford.

This resolution was seconded by the Hon. E. C. G. Cadogan, C.B., M.P., and unanimously approved.

On the motion of Mr Charles Hendry, seconded by Mr Fooks, the auditors, Messrs Peat, Marwick, Mitchell and Company, were re-appointed.

MR RUTTER'S REMARKS.

Mr F. W. Pascoe Rutter: Mr Chairman and Gentlemen, I have much pleasure in proposing a vote of thanks to Mr Stirling, the officers, staff and agents, for their helpful services during the past year.

These are anxious times when it behoves everybody who is anybody to put his best foot forward in order to show that he is the man for the emergency. We are all getting poorer, and while this means that we shall have so much less to spend, there is one thing, and that is, that economy in insurance is false economy. If, then, a man finds that his capital is reduced, and that he has so much less to leave, it is all the more incumbent upon him that, in order to protect those who are dependent upon him, he should adopt the only alternative which is to increase his life assurance. I trust, therefore, that the good work, not only in getting, but in dealing with new business, for which we are so much indebted to those covered by this resolution in the past, may be emphasised and amplified during the ensuing year.

The vote was seconded by Mr Francis Scott and unanimously accorded.

The proceedings terminated with a vote of thanks to the chairman, on the motion of the Rt. Hon. Viscount FitzAlan of Derwent, K.G., seconded by Mr Busick E. Pemberton.

CONSOLIDATED WATER WORKS COMPANY OF ROSARIO, LIMITED.

CONTINUED EXPANSION—DECREASED WORKING EXPENSES.

The thirty-sixth ordinary general meeting of this company was held, on the 28th ultimo, at the offices of the company, 52, Moor-gate, London.

Mr Norman B. Dickson, O.B.E., M.Inst.C.E. (the chairman), who presided, said that the accounts showed a continued expansion in gross receipts, although not in so marked a degree as in some recent years. There was a considerable decrease in the working expenses, so that the increase in net receipts was £11,553. Considering the difficult times, those results might be regarded as satisfactory. Were it not for the large sum of £58,657 debited to revenue for loss on exchange, the board would have been in a position to deal more generously both as regards dividends and allocation to reserve. As it was, they had placed £10,000 to depreciation fund, had written off the whole of the debenture stock issue expenses—namely, £5,489—and recommended paying a final dividend of 5 per cent. on the ordinary shares, making a total of 8 per cent. for the year.

As to the outlook, exchange still remained the principal menace to the company's prosperity, but when one remembered that Rosario, with over 400,000 inhabitants, was the second city in importance in the Argentine, that four large railway systems converged there, and that the port authorities were being forced to study increasing their facilities, he was convinced that their own company, once the Argentine had settled its present exchange and political uncertainties, would continue to progress.

The report and accounts were adopted.

THE UNION BANK OF SCOTLAND, LIMITED.

DUKE OF ATHOLL ON THE TRADE POSITION.

The annual meeting of shareholders of the Union Bank of Scotland, Limited, was held, on the 29th ultimo, in Glasgow.

His Grace the Duke of Atholl, K.T., chairman of the bank, presided.

In submitting the directors' report reference was made by the Chairman to the easy monetary conditions of the past year, which had disproved the exaggerated theories propounded from time to time regarding the effect of Bank rate on trade. It seemed clear that the position on the whole was the reverse of what had been put forward as a theory; that the power of the banks was greatly overrated; and that the state of trade affected short-term money rates far more than the reverse. The existing absence of confidence and optimism was largely due to heavy expenditure on social services which the country could not at present afford, but the world-wide depression ought not to be used as an excuse for not facing our own troubles, which were obvious long before the very rapid fall in commodity prices during the past 12 months.

This country depended to a great extent on its export trade, and if on account of our high standard of living our goods could not be sold in other countries, a lowering of that standard, at least in so far as it was not a high standard of comfort, but one of extravagant spending, would have to take place. The present lack of confidence and absence of optimism had led to an unwillingness to invest capital in industry, and our greatest need was a restoration of confidence in the ability to make profits which would lead to the free flow of capital through all industrial channels.

AGRICULTURE AND INDUSTRY.

Reference was made to reports from the bank's branches all over Scotland, which gave a depressing picture of the situation. Agriculture had been hit in practically every branch during the past year. Harvest weather was unfavourable, good grain crops having been damaged, and the rise in price that might normally have been expected had been entirely neutralised by the continued flooding of our markets with foreign grain produced at uneconomic prices. Last year reference was made to the dumping of German oats. This year we had suffered even more from Russian competition, and all talk of organising farmers and helping them by agricultural credits, co-operative marketing, or State experiments was futile without a measure of control over such imports. The textile trades and heavy industries were also dealt with by His Grace, who, in referring to coalmining, stated that political interference was its bane. Recent legislation had hit the export trade very badly and miners' wages—the first charge on the industry—had been jeopardised.

The history of the bank and its constituent parts compiled by Principal Rait, of Glasgow University, had now been published, and anticipations had been fully realised. The book had been acclaimed on all sides as a masterly work and had formed a valuable contribution to Scottish banking literature.

The bank had continued its policy of branch expansion, and particular attention was drawn to another branch which had been opened in London at 332, Oxford Street—a most excellent position in a busy part of Oxford Street and also commanding Bond Street. The continued expansion of London and the drift southwards had to be recognised whether they liked it or not.

MR PETER RINTOUL'S REVIEW.

Mr Peter Rintoul, chairman of directors, in moving the adoption of the report and accounts, referred to the increase of £870,000 in deposits, now standing at over £29,000,000, and pointed out that cash and money at call or short notice, together with British Government securities and Treasury bills, amounted in all to 58 per cent. of the liabilities on deposits and notes in circulation. Owing to the falling-off in the demand for advances, British Government securities had been increased temporarily by approximately £1,500,000, this addition consisting almost exclusively of short-dated securities. For the first time for several years, advances showed a decrease amounting to £1,850,000, and this was largely due to the falling-off in trade and the lower price of commodities. The total, however, was only about £800,000 less than in 1929, and no doubt when trade recovered they would be called upon to assist their customers with increased banking facilities. The number of individual advances was very large, and they were only too glad to help the small industrialist and farmer as well as the larger concerns.

In conclusion, Mr Rintoul paid a warm tribute to the ability and energy brought to their service by Mr Norman Hird as general manager, and to the loyal support of their very efficient staff.

The report was unanimously adopted, and a dividend at the rate of 18 per cent. per annum declared.

LEGAL AND GENERAL ASSURANCE SOCIETY LIMITED.

ANNUAL GENERAL MEETING—A RECORD YEAR.

SUCCESS OF THE "SAFEGUARD" POLICY.

In commenting upon the record new life business of £11,533,000 achieved in 1930, Mr Romer Williams, D.L., J.P., the chairman of the society, mentioned that the rapid expansion was due in some measure to the new form of contract which the society introduced last year, known as the "safeguard" policy. This policy is especially attractive to the married man with family responsibilities, but its extreme flexibility—a very important feature—makes it universal in appeal.

The "safeguard" policy provides, in the event of the death of the life assured, an income of £3 per week, free of income tax, for each £1,000 of assurance. This is rather more than 15 per cent. interest, and because it is guaranteed and does not necessitate the dependants attending to various details of investment, it is particularly suited to all with dependants inexperienced in financial matters.

Obviously, no insurance company would pay 15 per cent. for more than a specified period, and under the "safeguard" policy the income is limited to an agreed number of years from the date the contract is effected. For example, in the event of the death of an assured within the first year of effecting a policy—where the specified period is twenty years—his dependants would receive an income of £3 per week for the remainder of the "safeguard" period, i.e., nineteen years, and at the end of that time £1,000 in cash. It will be seen that the contract is most effective at the time of maximum financial responsibility.

A £2,000 policy would provide £6 per week, or a £500 contract would secure 30s. per week, and so on, the income being in proportion to the sum assured. If desired an immediate cash payment can be made at death to meet inevitable and urgent expenses.

Mr Romer Williams and Lord Hailsham, who seconded the adoption of the report and accounts, both ventured to predict a great future for the "safeguard" policy.

THE "SAFEGUARD" POLICY



IS THE CHARTER OF FREEDOM FROM FINANCIAL WORRY, both for you and for your dependants. Why? Because, unlike ordinary Life Assurance, it puts first in importance the provision of a guaranteed, tax-free income, payable during the crucial period following your death, and then, at the end of the "Safeguard" income period, a large capital sum. If desired, an immediate cash payment could be made at death to meet inevitable and urgent expenses.

Example:

The Usual "SAFEGUARD" Benefits.

The "SAFEGUARD" Policy secures £3 per week to your dependants for the remainder of a period of 20 years from the date of the Policy, should your death occur in that period, and then the final payment of £1,000. On death after 20 years the £1,000 is payable, or if the policy be effected in Endowment form, the capital sum is payable on survival of the "Safeguard" period.

N.B.—There are many variations of the "Safeguard" contract. Proportionate incomes can be secured, i.e., a £500 policy provides 30s., or a £2,000 policy provides £6 per week.

The annual cost of this remarkable provision is very moderate. Use the enquiry coupon to obtain the cost applicable to your own case.

CUT HERE

To the General Manager,
Legal & General Assurance Society, Ltd.,
10, Fleet Street, E.C. 4.

Please send me an illustration for a "SAFEGUARD" Policy to provide

£30/- } A week for my £2500
£3 } dependants & £1,000
£8 }

Age next birthday

NAME

ADDRESS

E. 29/4/31.

* Delete figures not required.

THE ALLIANCE TRUST COMPANY, LIMITED.**SUCCESSFUL RESULTS OF A DIFFICULT YEAR.****DIVIDEND OF 25 PER CENT. AND BONUS IN PREFERENCE STOCK.****MR DAVID PIRIE'S REVIEW OF POSITION AND PROSPECTS.**

The annual ordinary general meeting of the Alliance Trust Company, Limited, was held in the company's registered office, Meadow House, 64, Reform Street, Dundee, on Friday, April 24, 1931, at 12.30 p.m.

The chair was taken by Mr David Pirie, and after formal evidence of the proper calling of the meeting had been submitted, the secretary, Mr J. K. Greenhill, read the auditors' report to the shareholders.

The Chairman, in moving the adoption of the annual report, said:—

It is now my duty to submit for your adoption the report and accounts for the twelve months which ended on January 31st last.

We are glad to think that you will regard these as, in the circumstances of the time, satisfactory. In submitting our report last year we pointed out that we had then passed into a period of declining trade, lower prices and general uncertainty in which it would be imprudent to commit ourselves to prophecies regarding the immediate future, but that we felt entitled to ask you to rely on the strong reserves of the company and its large margin of earning power to carry us through bad times. Except that the economic weather has got definitely worse, that still represents our view and our attitude to-day.

DISTRIBUTION FOR THE YEAR.

As I have said, however, the showing in the accounts before you will no doubt be considered satisfactory, and I am sure you will approve of the distribution made—a 25 per cent. cash dividend plus the bonus of 10 per cent. recently made in 5 per cent. preference stock, which, as the stock sells at fully par, is equivalent to a further cash dividend of 10 per cent.—and which is, of course, tax free. We are, further, able to place an increased amount—£95,000, against £90,000 last year—to contingent fund and to carry forward £52,063, against £51,206.

The distribution of preference stock without a coincident issue of ordinary stock alters somewhat the traditional proportion in which these two stocks should stand to one another, and to restore this it is necessary to make a new issue of £50,000 of ordinary capital. There appeared to us to be no reason to delay this further, and, accordingly, the letters offering the new shares are in your hands. We are glad to know that the issue has been favourably received—has, indeed, gone to a premium on the market, constituting something in the nature of a further bonus to start this year with.

CAUSES OF ECONOMIC DISTURBANCE.

As I have said, the economic weather has got worse instead of better since we last met you, and what has been well compared to an economic storm broke over the world in 1930. The disturbance spread itself over the whole world and no area of investment has escaped its devastating influence. Endless discussion has taken place as to the cause of the trouble. Perhaps the basic fact that throws most light on it is that while the population has increased since the war by not more than 10 per cent., production of raw materials is estimated to have increased by 40 per cent. The instinct of many financial experts, on the other hand, is to find the cause of economic trouble in monetary conditions. At one time our sorrows were attributed to the scarcity of gold. That view appears to have been more or less abandoned, and we are now more commonly advised that the trouble lies in the maldistribution of the metal. The large body of financiers whose interests lie in the East point to the catastrophic fall in the value of silver—which has reduced the purchasing power of one-third of the human race to a fraction of its former extent—as the worst difficulty we have to face. And so on. A commonsense view, perhaps, finds parts of the trouble in all these factors. And if we look for some ground for hope of recovery in basic considerations it may be found in this, that the cause of the disease lies not in any lack of real wealth, but in a maladjustment in the widest sense of that term. I am not losing sight of the fact that readjustment will be exceptionally difficult in our own country, and, in particular, that the obstacles in the way of the readjustment of our costs of production to world prices appear enormous; still, when readjustment is necessary, the force of circumstances has a way of compelling mankind to find means to effect it, and we must hopefully rely on necessity once again playing its proverbial part in human affairs.

COMPANY'S SOUND FINANCIAL POSITION.

But what directly interests us and other investment companies in all this is that even though readjustment and recovery were

to begin at once, we must in the immediate future continue to suffer. The results to be reported by industrial concerns during the current year can only reflect the troubles of the past, and defaults and reductions in dividends cannot fail to be the order of the day. Trust companies, in short, must pass through a period more trying than the most cautious pessimist ever anticipated. In the past they have reckoned that by a wide spreading of their investment risk a stable revenue position could be maintained, as it was not to be expected that all the world would go wrong at the same time. But the unexpected has happened, and every part of the civilised world is in trouble—often varied in its nature, but in every case severe. We must, therefore, fall back for reassurance on the fact that we have followed that other sound rule of trust company management, viz., to make abundant reservation from the revenue of good years for our protection in bad times. That has been the traditional policy of this company. To it we must largely attribute the strong position in which we find ourselves to-day. Particularly does this policy appeal to our debenture holders, whose primary object is to place their capital and revenue beyond peradventure, and whose support has contributed so much to the prosperity of the company.

WIDESPREAD DEPRECIATION OF INVESTMENTS.

Needless to say also, the present troubles have caused widespread depreciation on investments. *The Bankers' Magazine*, taking 278 securities of the variable-dividend class, drawn from 25 different groups, found a net depreciation in the twelve months ending December last of nearly 20 per cent. A few years ago, when appreciation was large, we told you that we did not place much weight on these fluctuations in Stock Exchange prices, and that remains our attitude in these days of depreciation. We are glad, however, to be able once more to state that at the close of our year the value at which our bond and stock investments stood in our balance sheet was below their market value, and we are satisfied that that has remained the case through the worst of the depreciation.

MORTGAGE CONDITIONS.

As indicated in the report, the conditions in our mortgage fields have been in all respects unfavourable. Agricultural conditions were worse last year than they have been for a quarter of a century, and when we have not only poor crops but poor world prices, it is small wonder that we have been faced with reduced interest collections and a dull real estate market. We are confident, however, that our representatives have done and will do everything they can to meet these difficulties, and that when there is a turn for the better we shall see arrears coming in and our real estate moving again.

I should wish in concluding to again express our appreciation of the loyal and effective services of our staff, and I would include in this expression an acknowledgment of the services of our representatives in the mortgage business in the trying and difficult conditions which they have had to face.

I will not detain you further, but will conclude by moving that the directors' report and accounts be adopted, and that final dividends be declared as therein recommended, viz.:—On £700,000 preference stock at the preferential rate of 4½ per cent. per annum; on £650,000 preference stock at the preferential rate of 4 per cent. per annum; on £750,000 preference stock at the preferential rate of 5 per cent. per annum, and on £1,000,000 ordinary stock at the rate of 25 per cent. per annum, all subject to deduction of income tax.

The resolutions declaring dividends, re-electing a director and appointing auditors were unanimously passed.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

To Publisher, "Economist Newspaper Ltd.,"

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In order to test the value of your publication I should like you to forward this to me by post for the next four weeks. If I then decide to become a subscriber, it is understood that there will be no charge for the copies thus received, but otherwise I shall be willing to pay 4s. to cover their cost.

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WALDORF HOTEL COMPANY, LIMITED.**STRONG FINANCIAL POSITION.****SIR FREDERICK ELEY'S REVIEW OF POSITION AND PROSPECTS.**

The twenty-fourth annual general meeting of Waldorf Hotel Company, Limited, was held, on the 24th instant, at the company's offices, Waldorf Hotel, Aldwych, London, W.C., Sir Frederick Eley, Bt., presiding.

The secretary (Mr Edward Gardner) having read the notice convening the meeting and the auditors' report,

The Chairman said: Gentlemen,—Before submitting the adoption of the report and balance sheet, which I assume will be taken as read, I propose to give you some details respecting the profit-and-loss account and the company's position generally.

As regards the first named, I am sure that most, if not all, of you will have been prepared for a falling off in revenue, as it would have been strange if we had been able to escape the serious decline which has been general, not only in the hotel world, but in practically every industry in the country, save perhaps the motor section which, thanks to the outstanding ability and enterprise of a few men, and to safeguarding, which has not put the prices up, but the reverse, has more than maintained, indeed increased, the turnover of that particular trade and the numbers of employed.

EFFECT OF TRADE SETBACK.

The depression through which we have been, and are still, passing is the worst that in a pretty wide experience I have ever known, and it is somewhat discouraging to take up one's paper day after day to read of companies and businesses of known repute and long-standing prosperity showing largely reduced earnings, or indeed losses, to say nothing of many which have ceased to exist. It is true that more or less the trade setback is world-wide, but it is a fallacy to console oneself with the knowledge that others are in the same boat; as a matter of fact, from our immediate point of view, it is the other way, because we have in ordinary times an appreciable clientèle from overseas. Arising out of these circumstances there is less need to visit London, and this applies equally at home, while in the wake of these adverse conditions has necessarily followed the reduced spending capacity, more palpably reflected in the apartments which in an hotel of this kind is the chief and most profitable source of revenue.

Varied opinions have been expressed as to the cause of all this, but I believe that, arising from the aftermath of the war and its partially deceptive commercial prosperity, much of which was a paper one soon to become worthless, or nearly so, we were led into the creation of overproduction. If all war debts had been cancelled—a big thing, I know, and not palatable in some quarters—and surplus stocks had been scrapped, the world might have got to work again normally, and this unemployment, with all its attendant circumstances and naturally increasing indebtedness, have been avoided. To-day we are overburdened with taxation which has killed much of the individuality so marked in the backbone of this old country in the past. What we need is such restoration of confidence as will inspire the so-called capitalist, instead of sending money out of the country, to employ it commercially here as in the past. He will only do this on being assured of fair play all round. There is the old saying that it is a long lane which has no turning; let us hope and trust we are nearly at the end of this one.

ALL DEBENTURES ELIMINATED.

Coming to a more cheerful subject—namely, the company's financial position, of which I think we may all be proud—forgive me if I repeat myself in stating that our debentures have all been cleared off, we have no obligations of any kind except ordinary current trade ones, and that our cash in the bank and gilt-edged securities total the very satisfactory figure of over £30,000.

Thanks to a past sound direction—our colleague, Mr Beatty, has been on the board since its inception—reserves, including carry-forward and redemption policies, have been built up of over £200,000 as against our share capital of £350,000. We all of us, of course, welcome good returns on our investments, and possibly some may think that we might have distributed a little more; to those I say, safety first, and remind them that our duty is, as in the past, to keep the hotel in its equipment and services absolutely up to date, and this we claim to have done.

Our tariffs have been much reduced of late, and the board have under consideration going somewhat further in this direction to meet the times, without in any way lowering our standard or giving less in accommodation, efficiency or any other of our services.

As you know, the hotel has now hot and cold running water in all the rooms, and it is not necessary to point out that our situation is second to none, and we claim that under the heads I have mentioned no one can give us points.

I appeal very strongly to our shareholders to support us, as they can directly and indirectly, as, after all, by so doing they will be helping themselves.

TRIBUTE TO OFFICERS AND STAFF.

I desire to place on record our appreciation of the whole of the staff, from Mr Kugi, the general manager, and Mr Gardner, the secretary, to the rank and file, all of whom have served us loyally in a year which has been the most trying of recent times.

Certain economies to which many of our employees have indirectly contributed have been effected, and the directors do not propose for their fees to be continued as before, but to be reduced by 20 per cent.—namely, £500.

I now beg to move: "That the report of the directors and the accounts for the year to January 31, 1931, be received and adopted, that the interim dividend paid on the ordinary shares and the dividend on the preference shares be and are hereby confirmed, and that the final dividend on the ordinary shares of 5 per cent., less income tax, as recommended by the board, be and is hereby declared, the dividend to be payable on May 1st next." I will ask Mr Beatty to second the resolution.

Mr A. H. Beatty, O.B.E., seconded the resolution, which was carried unanimously.

The retiring director, Mr A. H. Beatty, was re-elected, and Messrs George A. Touche and Co. were reappointed auditors.

A hearty vote of thanks was accorded to the chairman, directors and the staff, and the proceedings terminated.

OOREGUM GOLD MINING COMPANY OF INDIA, LIMITED.**AN ABNORMAL AND DIFFICULT YEAR.**

The ordinary general meeting of the Ooregum Gold Mining Company of India, Limited, was held, on the 28th ultimo, at Cannon Street Hotel, London, E.C., the Hon. Lionel Holland, chairman of the company, presiding.

The Secretary (Mr F. H. Williams, F.C.I.S.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said that, with regard to the past year's operations, although some falling off in revenue was expected at the time of the last meeting, the severe drop in revenue and profit disclosed in the accounts exceeded expectation and must have caused much disappointment.

The production of fine gold was more than 18,000 ounces below the 1929 return, and the revenue from gold sales, after deducting royalty and refining charges, was £255,622—a decline of over £75,000. Working costs and revenue expenditure were less by nearly £18,000, but the balance of profit at £18,101 was lower by nearly £58,500 than the figure for 1929. Of this fall in revenue, a decline of approximately 1 dwt. in the ton in the grade of ore delivered to the mill accounted for more than £31,500, while the grade of the old tailings retreated was unusually low. The tonnage mined last year, 143,761 tons, was 22,000 tons less than in the preceding twelve months. Both mining and development work were grievously interrupted by a series of rockbursts, while the return of gold was also diminished by at least a month's quota through the labour strike on the Kolar field last April. The strike started on April 3rd and ended on the 28th, but the shortage of labour remained serious even after the resumption of work, and it was not until the middle of June that operations could be resumed on their normal basis. It was unfortunate that at a time when most shareholders were faced with the disagreeable necessity of trying to meet increased taxation out of diminished income, the Ooregum Company had had to pass its ordinary dividend for the first time in forty years, and could only pay half of the fixed dividend upon its preference shares.

From the balance sheet it would be seen that, in spite of the unfavourable circumstances affecting the year's operations, the financial strength of the business had suffered but little. Their fluid assets—cash in hand, Government securities and sundry debtors—exceeded their liabilities by over £115,500, which was not £8,000 down on the showing for 1929.

Referring to the underground operations, the Chairman said that a development footage of 5,654 ft. compared with 6,883 ft. during the preceding twelve months. The alternation of rich and poor zones had been a mining feature of the Kolar field. The 73rd level had been driven through all three sections of the mine, and it was their programme now to push on down with all speed to the 76th level, confining development on the intervening levels to the known ore bodies, in the hope and expectation of encountering at the 76th level a re-make of the more important ore bodies met with above in Oakley's and Bullen's sections.

Mr Kenneth B. Taylor, having addressed the meeting and dealt with the mining position, the report and accounts were unanimously adopted, and the retiring directors and auditors, having been re-elected, the proceedings terminated.

ARMY AND NAVY CO-OPERATIVE SOCIETY, LIMITED.

LORD EBURY ON THE POSITION AND PROSPECTS.

The annual general meeting of the Army and Navy Co-operative Society, Limited, was held, on the 29th ultimo, at Caxton Hall, Westminster, London.

The Right Hon. Lord Ebury, D.S.O., M.C. (the chairman) said that his forecast at the previous meeting was not favourable, and his predictions had proved correct to a greater extent than he had anticipated. Apart from the fall in the price level of commodities, which, of course, affected the volume of turnover, they had suffered inevitably from the fact that their clientèle was composed of those upon whose shoulders the inequitable burden of taxation fell particularly, resulting not only in their having less money to spend, but in a feeling of insecurity which conduced naturally to a conservation of their remaining resources.

The effects were reflected in the society's trading results, but he wished to make it clear that, notwithstanding the adverse factors, they had actually served more customers in the year under review, which was both a gratifying fact and a healthy sign. Their balance from trading account, including miscellaneous revenue and interest on investments, was £760,785, a decrease of £30,282. On the other hand, expenses, including depreciations and interest payments, were £556,035, an increase of £10,035, which included an increase of £13,413 under the heading of lighting, rates, and taxes. Further, when consideration was given to the fact that an extra week was comprised in the accounts, it would be realised that considerable economy had been exercised on controllable items of expense.

THE DIVIDEND.

With regard to the considerations which had governed the board's decision to recommend a slightly lower rate of dividend, it was with the greatest reluctance and only after the most careful consideration that the board had resolved to recommend that reduction, and it had been arrived at because, notwithstanding the fact that their earnings for the past year would have admitted of the usual dividend being maintained, they were faced with an increased liability of about £6,000 in respect of the subsidy to pensions redemption fund.

Again, they had had three months' experience of the current year's trading in England and seven months of the current trading year in India before them, and, in the light of the depressed conditions prevailing and the general outlook, it had appeared to them inadvisable to recommend any other course.

Among the many grave considerations taken into account by his colleagues and himself in deciding on a conservative policy had been the question of what the future in India held for them. That was impossible to forecast, but conditions there were most unfavourable for British traders. However, never since his connection with the society had the position in regard to their Indian organisation been more satisfactory than it was now. It had taken some time to effect that improvement, but they now had a better and more contented staff; stocks were cleaner, and the business was under better control.

THE OUTLOOK.

Last year he had emphasised the fact that he was by no means a pessimist, and he wished to repeat that assertion, but in his view certain unpleasant facts had got to be faced, and there was no excuse to-day to brush them aside. A significant fact was that even by 1929—before the world depression began—our exports had fallen by nearly 20 per cent. as against 1913, in spite of the fact that the trade of the world as a whole had increased by 25 per cent.

Another fact was that the population of this country had between 1913 and 1930 increased by over 3,000,000 or 8 per cent., while exports of British produce and manufactures had within the same period shown a decrease of fully 30 per cent. No political party to-day had an equal opportunity—he might with equal truth say that no political party ever had a greater opportunity—than the present Government. In his view the trade union leaders held the key to the solution of the greatest part of the problem. The unpleasant fact was that people who were in work had got to be told that they had got to work harder or get less. Probably at the present time it was a case of both, and he was not only referring to the manual worker. That pronouncement would not be popular, but in his view it was the crux of the whole position.

The general outlook could not be described as anything but dark. So far as their business was concerned, the depressed tendency had become much more marked in the current year to date than in the previous year. But one thing was perfectly certain, and that was that their financial strength—the result of a sound and conservative policy in the past—would enable them to weather such storms as might lie before them.

ASSOCIATED ELECTRICAL INDUSTRIES, LIMITED.

STRONG FINANCIAL POSITION.

The thirty-first annual general meeting of this company was held, on the 30th ultimo, at Bush House, Aldwych, London.

Sir Felix J. C. Pole (the chairman) said that the profit for the year amounted to £372,997 against £365,961 in the previous year, an increase of £7,036, and the directors recommended a dividend of 6 per cent., less income tax, on the ordinary shares, leaving £110,410 to be carried forward, an increase of £1,169.

The consolidated balance sheet indicated the strong financial position of the associated group of companies if regarded as a single undertaking.

Notable accomplishments in 1930 included the manufacture of large steam turbine sets for the Portishead station of the Bristol City Council, the Liverpool Corporation and the Battersea station of the London Power Company, and, in addition, a 32,500 kw. set had been shipped to the Victoria Falls Power Company, which had passed its tests and been taken over. They had secured a number of orders for equipments for electrical winders for hoisting from deep mines. Several rolling-mill equipments for steel mills had also been supplied. A new line of induction motors had been brought into production during the year, and a line of silent motors for marine and other purposes had been developed in connection with the acoustics section of the research department. Progress had been made in the art of arc welding, and various new processes were being developed for commercial application. There had been some activity in connection with high frequency induction furnaces for the special steel trades. In these furnaces, high-quality alloyed steel could be produced with an ease and certainty which was unapproached by any other type of furnace. The current for these furnaces was applied from high frequency generators or from thermionic valves.

One of the important fields for the use of electric power was that of railway electrification, and during the last few days a most important report on the subject had been issued, viz., the Report of Lord Weir's Committee on Main Line Railway Electrification in this country. The Report, with admirable clearness and brevity, exposed the full economic and other advantages which would be secured by changing from steam to electric traction in Great Britain. Although the amount of electrification of railways actually carried out here had not been great, the engineering and manufacturing experience available was unsurpassed. The company had carried out electrification contracts not only in this country but in Australia, Africa, India, Holland, Spain and South America, and had accumulated a great amount of experience in regard to the particular system which had been adopted as a standard in this country. The facilities available for the manufacturer of electrical railway equipment were far in excess of any demand that had hitherto arisen, and there was ample capacity for undertaking a programme even of the magnitude contemplated by Lord Weir's Committee. As Lord Weir's Report indicated, the fuller utilisation of the existing facilities for the manufacture of railway traction material would greatly increase the power of British electrical manufacturers to compete in the world's markets for similar contracts, thereby assisting export trade.

It would be seen that the company and its subsidiary companies were concerned in practically all sections of the electrical industry, particularly in heavy electrical engineering.

A year ago he said that there was an increase of orders in hand, but that prices were far too low for manufactures such as theirs, which were the product of the highest degree of engineering and manufacturing skill. Not only had they had to face these low price levels, but in the latter half of the year there was great depression in many industries, coupled with unprecedented unemployment not only here but in certain other countries, and very unsettled conditions in India, China and elsewhere. All this had resulted in curtailment of orders, and he was sorry to say that at the end of the year the Metropolitan Vickers Company had fewer employees than at the end of the previous year. The results achieved in the face of so many difficulties might be regarded as indicating the potentialities of the company when less trying conditions were reached.

What was needed above everything else was a general revival of trade. So far as this country was concerned he was satisfied that protection of our home markets would be of immense benefit to industry and would contribute towards the solution of—if, indeed, it did not solve—the grave problem of unemployment.

Personally, he was extremely disappointed that the Chancellor of the Exchequer had not proposed a tax on imports, bearing in mind the evidence of growing distrust of the maintenance of free trade in this country as opposed to ever-increasing protection elsewhere. This was the only important country in which electrical and other manufacturers received no protection in their home market.

The report was unanimously adopted.

THE EQUITABLE LIFE ASSURANCE SOCIETY.

SATISFACTORY RESULTS—BRIGHT PROSPECTS.

The one-hundred-and-sixty-ninth annual general meeting of the Equitable Life Assurance Society was held, on the 29th ultimo, at 19, Coleman Street, London.

Mr H. L. M. Tritton (the president) said that the new sums assured showed a slight increase on the previous year, and it was satisfactory to record over £1,000,000 of new sums assured—a more pleasing return than the £200,000 to £300,000 which was the pre-war figure. In addition, a large amount of deferred annuity business in connection with pension schemes had been completed. Once again, he added, the report called attention to the figures from claims by death, and, as usual, the average amount paid was appreciably over twice the sum assured.

Obviously endowment assurances did not run so long as whole life assurances, so the results could not look so attractive.

PREMIUM REVENUE.

It would be noticed that the premium revenue had fallen by about £35,000 as compared with 1929. The reason was that in 1929 and several previous years the society received a larger amount of single premiums than last year. The total single premiums included in the premium revenue for 1930 amounted to only £11,000. If, however, an allowance was made for the reduction in single premiums it would be found that the annual premium revenue had substantially increased. In the interest income for 1930 was included a sum of £5,395, part of £10,395 which was received from the University Life Assurance Society.

VALUATION REPORT.

With regard to the valuation report, it had again been the practice to assume a very low rate of interest, such as 2½ per cent., 2½ per cent., or 3 per cent., as likely to be earned on life insurance funds. In their case 2½ per cent. was chosen. Their Actuary had now based his calculations on a rate of 4 per cent. net, which still allowed a reasonable but not an excessive margin.

Finally, the Chairman said that, apart from political troubles or international difficulties or such other events as were outside their control, he thought it could be claimed that the present accounts were satisfactory, the recent valuation gratifying, and the future prospects bright.

The report was unanimously adopted.

AMALGAMATED ANTHRACITE COLLIERIES, LIMITED.

SATISFACTORY PROGRESS.

The annual general meeting of the Amalgamated Anthracite Collieries, Limited, was held, on the 28th ultimo, at River Plate House, London.

Mr F. A. Szarvasy (the chairman) said that for the second year in succession since the formation of their merger it had been his good fortune to present accounts which, from the point of view of profits earned and progress achieved, could be looked upon as eminently satisfactory and encouraging. He thought he was right in saying that 1930 had been the most difficult year which the business community had had to encounter within the present generation, and he wished he could say that the worst had been left behind, but so far the current year had not held out any of the encouraging signs which would lead one to believe that a definite turn for the better had set in.

Their merger had been described as "advancing under difficulties." The difficulties had indeed been great, but the advance was quite satisfactory, and, had it not been for a strike which had affected their accounts for December, the profits shown might have been slightly better. As it was, the gross trading profit was £108,000 better than in the previous year, and the net amount, after allowing for debenture, bank, and other interest and charges, had advanced by £145,000.

The coal industry was one of the most sensitive of all trades, because decreased industrial activity, reduced purchasing power, and trade depression generally produced sharp and quick repercussions. All those adverse conditions had operated against them during the past twelve months, but there was also some more permanent facts, such as coal being displaced by oil, natural gas, electricity, etc., which affected the future outlook. If in spite of those difficulties they had held their own and improved their position by recovering most of the ground lost five years ago, it was owing to the fact that since the establishment of their merger they had been able to regulate prices, not in the sense of trying to realise undue profits, but by reason of stabilisation and the avoidance of seasonal fluctuation.

Their properties were undoubtedly of great value, and, given normal conditions, results should be highly satisfactory.

The report and accounts were unanimously adopted.

SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY.

PROGRESS MAINTAINED.

The one hundredth annual general meeting of the Scottish Equitable Life Assurance Society was held, on the 30th ultimo, in Edinburgh, the Rt. Hon. the Earl of Stair, D.S.O., President of the Society, in the chair.

In submitting the report, the chairman of the board of directors, the Rt. Hon. the Viscount Younger of Leckie, D.S.O., made reference to the founding of the Society in 1831, and of its growth since that time, and said:—

To come now to the past year, we are pleased to be able to record what can be claimed as a good year's new business completed in what has been a year of severe depression in almost every direction. The gross amount was £1,580,000, of which £130,000 was reassured, leaving the net amount £1,450,000. The premium income, while smaller in total than that of last year, owing to the absence of large single premiums, is increased by over £11,000 so far as it is an annual income, and our interest income, in spite of larger deduction of £14,000, mainly on account of increased income tax, has increased by £2,000. On the outgo side our claims by death have once more been very moderate, being substantially within the expected amount at £364,499, while those claims which arose by members surviving the date of payment amounted to £241,005. The society's funds were increased by £271,627, and the total assets are less than £200,000 short of £10,000,000.

NEW PLANS OF ASSURANCE—BOOK SAFES.

We have in recent years been the first life assurance office in this country to introduce two special plans of assurance containing very novel and useful features, viz., the "Perfect Policy" and "The Married Man's Policy." You may have observed recently in the press very complimentary references to another new scheme which we have just launched. This is a plan whereby life assurance business in all its forms will be transacted by means of book safes issued by the society. Arrangements have been made so far as regards England for the National Provincial Bank and Lloyds Bank to look after the banking end of the scheme. We are hoping to make similar arrangements with our Scottish banking connections if certain practical difficulties can be met.

The report was unanimously adopted.

HOPE BROTHERS, LIMITED.

EFFECTS OF NATIONAL EXTRAVAGANCE.

The thirty-first annual general meeting of Hope Brothers, Limited, was held, on the 28th ultimo, at the Cannon Street Hotel, London, E.C., Mr Thomas Edward Goodyear (chairman) presiding.

The Chairman, in moving the adoption of the report, said the past year had been one of extreme difficulty. It would be remembered, he said, that at the last meeting he had informed shareholders that the second half of the year had been unfavourable to the company's business. No improvement had taken place during the past year, but on the contrary the unfavourable conditions had been intensified. National extravagance had continued on an increased scale, with the result that even the increased taxation was insufficient to meet the expenditure—and the expenditure of local authorities appeared to be on the same extravagant scale. Local rates had increased in proportion to the company's sales during the last five years by over 30 per cent., and unemployment had increased enormously during the year. It had been encouraged by the iniquitous system of doles, which had been largely extended and which was creating an army of parasites, who were becoming less able or less willing to shoulder the responsibilities of their manhood. The Government apparently wished to maintain a higher standard of living than our foreign competitors, while at the same time inviting them to flood the country with goods produced under conditions which would not be tolerated in this country. He thought a very serious warning should be the fact that last year for the first time our imports of iron and steel were in excess of our exports, and in their more immediate experience the lapsing of the safeguarding duties on gloves in December last had the effect of placing 50 per cent. of the hands on the roll of unemployed, and they themselves had been forced to purchase a larger portion of their supplies from foreign manufacturers. The company had sacrificed a source of revenue and the nation had been saddled with the cost of maintaining those who had been deprived of their employment. Combined efforts were needed to combat extravagance and to promote efficiency if prosperity was to be restored to the country, and until signs of improvement appeared they could hardly look for very prosperous times for their business.

The report was unanimously adopted.

LONDON TRUST COMPANY, LIMITED.

HON. EVELYN HUBBARD ON TRADE OUTLOOK.

The forty-second ordinary general meeting of the London Trust Company, Limited, was held, on the 27th ultimo, at Winchester House, London. The Hon. Evelyn Hubbard (the chairman) presided.

The Chairman, in moving the adoption of the report and accounts, said the year under review had been one of grave anxiety to everyone engaged in business, and trust company boards had had a very harassing experience in view of the serious decline in values and the reduction of dividend receipts on their investments. Their holdings were widespread, and for the most part in shares of well-known companies, but the "malaise," or industrial sleeping sickness, that had overtaken the world had been so universal that hardly any company had escaped losses, and the consequent effect upon the Trust's revenue was disclosed in the accounts. The board greatly regretted the necessity of retracing the step they took last year in adding to the dividend, but it was not thought wise to maintain it at the expense of either reducing the amount of £20,000 placed to reserve or drawing on the surplus brought forward from previous years.

If the prospects for the present year had shown any signs of improvement, they might have felt justified in drawing on their resources, but he feared that the current year's receipts would be still further curtailed. In this country, unfortunately, their trade was handicapped by a Government policy which tended to discourage rather than to assist industry, and by financial measures which appeared to be inspired rather by a blind adherence to outworn economic maxims, than by any clear recognition of the obvious needs of the present position.

The revenue for the past year at £156,357 was £12,469 less than the previous year, and while £4,439 was accountable to the higher income tax charged on their receipts, the balance of £8,039 was attributable to lower dividends received. The available balance was £114,570, and with the amount brought forward of £47,816, there was a total of £162,386. They proposed to pay 5 per cent. on the preferred and 20 per cent. on the deferred stock, leaving a balance of £46,255 to be carried forward. The market values of the investments exceeded the cost shown in the balance sheet by a substantial amount.

The report and accounts were unanimously adopted.

S. T. D. MOTORS, LIMITED.

COMPANY'S CARS IN THE FOREFRONT.

The annual general meeting of S. T. D. Motors, Limited, was held, on the 29th ultimo, at the Cannon Street Hotel, London.

Sir Travers Clarke, who presided, said that the warrants for the Funding Certificate interest for the three months to September 30th last would be posted on May 12th. As shareholders were aware, the new board only came into being a month ago, and during that short period had been very much occupied in preparing the ground for putting into effect the principal recommendations set out in the accountants' report. Those operations must necessarily take some time to carry out, but they were essential if the company was to be brought back to its rightful position in the motor industry. In the circumstances, nothing was to be gained by any lengthy discussion at the meeting. Examination of the past had shown that there had been some defects of method which were now being remedied. The company's cars had been for a long time household words for elegance, fitness and reliability of service; they would continue to be so, and the board had faith, justified by recent sales returns, that they would consistently advance in public favour, in which connection he might remind the shareholders that they, too, could be good salesmen on behalf of the company.

The balance sheet showed that the company was still under somewhat heavy obligations in respect of the capital liabilities; the position in that regard was being most carefully examined, and generally the board asked for the confidence and forbearance of the shareholders until they had put their house in order, and for the results of the economies now being effected to bear fruit. The decision that the financial years of the parent company and its subsidiary companies must in future synchronise would involve some inconvenience during the current year, but shareholders would appreciate the advantage of the change, as it would mean that each year, on the same date, they would have a full and complete review of the whole position. The board had also arrived at the regrettable but strictly necessary decision that in future one firm of auditors should supervise the accounts of all their companies. That conveyed no hint of reflection on the firms who had done such good service in the past and now severed their connections. The board wished to take the opportunity of thanking Messrs. Turquand, Youngs and Company and the auditors of all the companies for their past valuable and efficient services.

The report and accounts were adopted.

ROYAL LONDON MUTUAL INSURANCE SOCIETY, LIMITED.

CONTINUED PROGRESS.

The seventieth annual general meeting of the Royal London Mutual Insurance Society, Limited, was held, on the 28th ultimo, at Winchester House, London.

The Chairman, Mr Alfred Skeggs, F.C.I.I., the managing director, in moving the adoption of the report and accounts, said: It is a source of great satisfaction that I am, once again, able to congratulate the policy holders upon the continued progress of the society.

The premium income for the year amounted to £4,030,134, showing an increase of £188,927 over the previous year. The number of new policies issued in the branch was 1,052,757, assuring the sum of £17,181,040. The industrial life fund at the end of the year amounted to £16,504,869.

The quinquennial valuation as at December 31, 1930, disclosed a surplus of £2,119,923, of which £1,023,660 has been used to provide reversionary bonuses to policy holders. The bonus is at the rate of £1 per cent. per annum upon the sum assured in respect of the years 1926 to 1930 on all policies (other than pure endowment) which had been not less than ten years in force and on which the premiums were being paid on the valuation date. A special additional bonus ranging from £5 per cent. to £15 per cent. has also been declared on policies which had been at least 30 years in force. £500,000 has been transferred to the investment reserve fund, and £301,982 carried forward unappropriated.

With regard to the ordinary life branch, the premium income of the branch during the year amounted to £1,216,014. The increase in the sum assured over the previous year was £136,134.

The valuation as at December 31, 1930, disclosed a surplus of £855,349. A reversionary bonus has been declared upon participating policies at the rate of £2 per cent. per annum upon the sum assured for each year of the quinquennium. This absorbs £819,324, leaving £36,025 to be carried forward unappropriated.

With regard to the profit and loss account, the balance at the end of the year amounted to £95,076, as compared with £78,092, balance at the end of 1929.

Turning to the balance sheet, you will observe that it now totals £24,160,866, or £2,228,780 in excess of the total of the previous year. The various funds set out in the account have been increased by no less than £2,221,052.

The resolution was carried unanimously.

JAMES W COOK AND COMPANY, LIMITED.

IMPROVED RESULTS.

The thirty-fourth annual general meeting of James W. Cook and Company, Limited, was held, on the 24th ultimo, at 130-135 Minories, London.

Mr W. J. Clarke (chairman and managing director) said that the present position of trade generally in the shipping world was at last, he believed, beginning to be realised, and he was hopeful that the efforts that were being made to remove the oppressive conditions of employment which now existed would meet with success. This was much to be hoped for, for, unless they could keep down costs in London, the percentage of trade to leave them would grow more and more, and a time would come when they would only have here what was consumed in the London district and environs. Under present conditions it was a matter for great thankfulness that the directors could present a balance sheet showing an improvement on previous years, and it would be seen that once again they had been steadily adding to their property and plant account both in craft and warehouses.

With regard to their lighterage department, he was glad to say that the relationship between the company and their clients was of the happiest, and it was a certificate of merit that so much business was carried on and maintained in unbroken continuity year after year without binding contracts beyond the best contract of all—good will.

As to the outlook, the atmosphere of depression induced by the constant reports of disappointment and failure on so many sides made it very difficult to see the silver lining they were all searching for, but the directors were determined to see that, taking the business as a whole, they secured for it the best measure of success that could be obtained by attention and assiduity from January 1st to December 31st.

The report was unanimously adopted and a dividend at the rate of 15 per cent. per annum for the past half-year on the ordinary shares, making 10 per cent. for the year, less income tax, was declared.

RIO DE JANEIRO CITY IMPROVEMENTS COMPANY, LIMITED.

"EXTENSIONS" NEGOTIATIONS WITH GOVERNMENT.

The sixty-ninth ordinary general meeting of this company was held, on the 28th ultimo, at Winchester House, London. The Right Hon. Lord Hunsdon (chairman) presided.

The Chairman, having referred to the circumstances in Brazil which brought about the cessation of negotiations with the Government as to the extension and modernisation of the existing drainage system, went on to say that, in spite of this setback, the Provisional Government had realised the importance of this question and, as one of their first administrative acts, had requested the company to resume negotiations. The Board responded to the request of the Government, and submitted a programme of work which, while not so extensive as that contemplated in 1930, would satisfy the immediate needs of the city, and would not involve an expenditure in excess of the company's cash resources. Owing to the lack of confidence which existed in all parts of the world, it might be suggested that it would be advisable, from a strictly financial point of view, that the company should retain its cash rather than invest it in an extension of the drainage system. But it should be remembered that this cash represents reserves and sinking fund for the amortisation of the company's assets at the end of the Concession, when these assets should revert to the Government. The Chairman proceeded to explain how the company's present proposals would render these reserves unnecessary. In the contract they were now discussing the board had suggested to the Government certain provisions which he believed would be for the benefit of all concerned, the most important of which referred to the arrangements which were made some 70 years ago for the termination of the company's present contract in 1947.

He felt sure that it would be in the interest alike of the Government and the working of the system that the company's plan should be adopted which would abolish the "Avos" (the Portuguese word for "fractions") proposal altogether, and would leave the company to continue their work unless and until they were bought out at a reasonable price. This would, of course, render the company's sinking fund and reserves to a great extent unnecessary, and would enable them to carry out the extensions now contemplated.

The report and accounts were unanimously adopted.

EAGLE, STAR AND BRITISH DOMINIONS INSURANCE COMPANY, LIMITED.

SUCCESSFUL YEAR'S OPERATIONS.

Presiding at the general meeting of the Eagle, Star and British Dominions Insurance Company, Limited, held on Thursday, April 30th, Sir Edward Mountain, Bart., J.P. (chairman), in moving the adoption of the report and accounts, said the life department, which had shown excellent results in the past, continued to develop and expand. New policies, numbering 2,104, were issued for sums assured of £2,488,501, of which £2,352,501 were retained. They continued to offer simple and up-to-date forms of insurance policies at moderate rates of premium—including a specially attractive "family policy." The total life funds stood at £15,657,155, showing an increase of over £409,000 during the year.

QUINQUENNIAL RESULTS.

The rate of interest earned on the life funds, after deduction of the increased income tax, was £4 15s. 1d. per cent. The quinquennial valuations of the two closed funds, the "Eagle" and "English and Scottish," made at the end of 1930, disclosed highly satisfactory results. The surplus in the case of the "Eagle" fund was sufficient to permit of the allocation of a simple reversionary bonus of 10 per cent. per annum for the five years, and in the case of the "English and Scottish" the surplus revealed enabled the declaration of a compound reversionary bonus at the rate of 7 per cent. per annum for the five years. These bonuses, he thought, were truly remarkable.

The premiums in the fire department were £867,802, showing a small decrease, practically the whole of which was in the United States. He was pleased to say, on the other hand, the remainder of their income in the foreign field was well maintained, and their home fire income continued to expand. After providing for a reserve of 40 per cent. of the premium income, the net profit for the year amounted to £13,409.

In the accident department the ordinary premiums for the year amounted to £68,722, and the special premiums to £63,545. As a result of the year's operations the sum of £43,224 had been transferred to profit and loss account.

In the general insurance department the premiums amounted to £1,332,610, being an increase of over £100,000 on the preceding year. The claims paid and outstanding amounted to £656,628, and after providing for the usual 40 per cent. in respect of unexpired risks, £54,294 was transferred to profit and loss account, a substantial increase on last year.

PROFIT AND LOSS ACCOUNT.

Turning to the profit and loss account, it would be seen that net interest from investments was £146,925, which more than sufficed to pay their whole dividend distributions without having to draw on the general trading profits of the company, and without taking into account any profits from their life department, which alone averaged over £80,000 per annum for the last five years. After transferring the sum of £50,000 to investment fluctuation account and writing off £50,000 from the cost of life businesses acquired and providing for dividends of 20 per cent. on the ordinary shares, 6 per cent. on the preference shares and 10 per cent. on the preferred ordinary shares, the balance carried forward in the profit and loss account, after providing for the final dividend instalment, showed an increase of £13,545.

The report and accounts were unanimously adopted and the proceedings closed with a vote of thanks to the chairman, directors and staff.

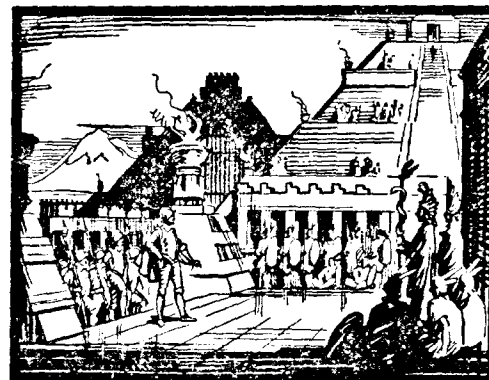
Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended April 25, 1931, amounted to £11,056,700 against ordinary expenditure of £5,703,600. After allocating £1,598,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £26,077, the week's operations, as shown below, reduced the National Debt by £3,739,000 to £7,601,971,000 :-

(000's omitted.)			
Treasury Bills	£ 211	Public Department Advances	3,900
National Savings Certificates	250	P.O. and Telegraph Money	300
	461		4,200

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.



CONQUISTADORES!

It is a far cry since the adventurous days of the Spanish Conquistadores and their pioneer expeditions to the ancient American civilisations.

To-day, a great and growing volume of overseas trade is transacted annually by the Republics of the New World, and unrivalled facilities for every description of modern banking business are afforded by

THE ANGLO-SOUTH AMERICAN BANK LTD
117 OLD BROAD ST, LONDON, EC2

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to April 25, 1931.	April 1, 1930, to April 26, 1930.	Week ended April 25, 1931.	Week ended April 26, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax—	£ 13,200,000	£ 13,974,000	£ 1,137,000	£ 1,031,000
Sur-tax, including Arrears of Super-Tax	4,490,000	4,740,000	860,000	590,000
Estate, &c., Duties	6,080,000	6,940,000	2,710,000	1,740,000
Stamps	450,000	940,000	220,000	250,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	30,000	60,000	...	40,000
Total Inland Revenue	24,250,000	26,654,000	4,927,000	3,651,000
Customs and Excise—				
Customs	8,682,000	8,610,000	3,544,000	2,567,000
Excise	9,101,000	9,250,000	1,253,000	1,070,000
Total Customs and Excise	17,783,000	17,860,000	4,797,000	3,637,000
Motor Vehicle Duties (Exchequer Share)	509,000	429,000	...	...
Post Office (Net Receipts)	2,600,000	1,700,000	1,200,000	1,110,000
Crown Lands	140,000	140,000	140,000	140,000
Receipts from Sundry Loans	4,220,908	4,232,272	...	...
Miscellaneous Receipts	1,366,724	831,902	2,668	516,592
Total Ordinary Revenue	50,869,632	51,847,174	11,066,668	9,094,592
SELF-BALANCING REVENUE.				
Post Office	1,700,000	2,650,000	400,000	550,000
Motor Vehicle Duties apportioned to Road Fund	2,029,000	2,149,000	...	...
Total Self-Balancing Revenue	3,729,000	4,799,000	400,000	550,000
Total	54,598,632	56,646,174	11,466,668	9,644,592

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to April 25, 1931.	April 1, 1930, to April 26, 1930.	Week ended April 25, 1931.	Week ended April 26, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	£ 22,521,908	£ 23,493,209	£ 551,127	£ 466,933
Payments to Northern Ireland Exchequer	202,464	188,624	202,464	188,624
Other Consolidated Fund Services	232,582	238,927	...	...
Total	22,956,954	23,920,760	753,591	655,557
Total Supply Services (excluding Post Office)	23,950,000	27,873,950	4,950,000	5,723,950
Total Ordinary Expenditure	46,906,954	51,794,710	5,703,591	6,379,507
SELF-BALANCING EXPENDITURE.				
Post Office	1,700,000	2,650,000	400,000	550,000
Road Fund	2,029,000	2,149,000	...	...
Total Self-Balancing Expenditure	3,729,000	4,799,000	400,000	550,000
Total Ordinary and Self-Balancing Expenditure	50,635,954	56,593,710	6,103,591	6,929,507
New Sinking Fund (1928)	3,086,226	2,950,881	1,598,000	1,433,997
Total, including New Sinking Fund	53,722,180	59,544,591	7,701,591	8,363,504

The aggregate revenue and expenditure to April 25, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO APRIL 25TH.			
(000's omitted.)			
Expenditure	£ 46,907	Revenue	£ 50,870
New Sinking Fund	3,086	Decreases in balances	3,152
Net amount repaid	4,029		
	54,022		54,022

POSITION OF THE FLOATING DEBT.			
Ways and Means Advances Out—	Apr. 26, '30.	Mar. 31, '31.	Apr. 25, '31.
standing—	£	£	£
Advances by Bank of England	44,530,000	24,500,000	29,400,000
Advances by Public Departments	570,155,000	569,825,000	560,970,000
Treasury bills outstanding	...	...	...
Total Floating Debt	614,685,000	594,325,000	590,370,000
	— 3,695,000		

Tenders for £40,000,000 in Treasury Bills were opened on April 24, 1931, and the total amount applied for was £85,110,000. Tenders were accepted for bills at three months, dated Monday to Thursday at 99 7/8. 3d., about 30 per cent., and above, in full, Friday at 99 7/8. 2d. and above in full, and Saturday at 99 7/8. 3d., about 30 per cent., and above, in full. The amount allotted was £40,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Apr. 2	40,000,000	57,960,000	2 1/2 3-58
Apr. 10	35,000,000	48,905,000	2 1/2 6-46
Apr. 17	35,000,000	56,530,000	2 1/2 11-94
Apr. 24	40,000,000	85,110,000	2 1/2 11-33

The OCEAN ACCIDENT AND GUARANTEE CORPORATION, Limited.	
ASSETS	£9,048,500
CLAIMS PAID	£56,933,000
Accidents and illness. Fidelity Guarantees. Employers' Liability. Burglary. Fire. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executors and Trusteeships.	
Head Office: 36-44 MOORGATE, LONDON, E.C.	

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, April 29, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Debt	£ 11,015,100
In Circulation	349,814,864	Other Government Securities	231,449,879
In Banking Department	56,464,700	Other Securities	13,441,716
		Discounts and Advances	7,193,173
		Securities	25,646,728
		Notes	32,844,901
		Gold and Silver Coin	56,464,700
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	146,279,564
			£406,279,564

BANKING DEPARTMENT.		BANKING DEPARTMENT.	
Proprietors' Capital	£ 14,553,000	Government Securities	£ 31,089,684
Reserve	3,159,809	Other Securities	3,324,032
Public Deposits	17,678,342	Discounts and Advances	7,193,173
Other Deposits	448,923,885	Securities	25,646,728
Banks	37,029,198	Notes	32,844,901
Other Accounts	85,953,083	Gold and Silver Coin	56,464,700
7-Day and other Bills	2,873		947,822
	£121,347,107		£121,347,107

Both Departments.		Both Departments.	
Amount, Apr. 29, 1931.	£	Inc. or Dec. on Last Week.	£
Inc. or Dec. on Last Year.	£		£
Note circulation	349,814,864	+ 1,370,616	— 9,007,013
Public deposits	17,678,342	+ 3,814,269	— 3,324,032
Bankers' deposits	48,923,885	+ 5,860,816	— 17,238,354
Other deposits	37,029,198	+ 1,626,084	+ 468,191
Seven-day bills	2,873	+ 328	— 8,836
Total outside liabilities	453,449,162	+ 950,481	— 29,110,044
Capital and rest	17,712,809	+ 40,362	— 3,465
Government debt and securities	273,554,663	+ 921,849	— 29,959,955
Discounts and advances	7,198,173	+ 1,216,297	+ 442,945
Other securities	39,088,444	+ 1,652,468	+ 17,461,340
Silver coin in issue department	4,093,305	+ 17,493	— 365,432
Coin and bullion (bank's reserve)	147,227,596	+ 487,672	— 17,056,407
Reserve of notes and coin in banking department	57,412,522	— 882,944	— 8,049,394
Proportion of reserve to outside liabilities			
(a) Banking department only ("proportion")	55 1/2 %	— 1/2 %	— 2 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	32 1/2 %	— 1/2 %	— 1 1/2 %

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.
1931.					
Mar. 18	401,957	347,287	10,500	59,796	33,228
25	403,614	348,808	9,500	57,704	33,771
Apr. 1	404,465	357,057	17,243	58,788	34,693
8	406,122	358,885	9,863	59,507	34,000
15	405,313	354,354	8,372	61,230	35,131
22	405,864	348,444	13,864	54,785	35,403
29	406,280	349,815	17,678	48,924	37,029

Issue Department.		Banking Department.		Gold in or out of Bank.	
Date.	Govt. Debt and Securities.	Other Securities.	Govt. Debt and Securities.	Other Securities.	Govt. Debt and Securities.
1931.					
Mar. 18	243,393	12,247	142,827	31 1/2 %	28,905
25	243,007	12,946	144,519	32 1/2 %	27,695
Apr. 1	243,232	10,691	147,023	31 1/2 %	26,629
8	243,584	12,225	146,202	31 1/2 %	26,609
15	241,635	14,241	146,740	32 1/2 %	26,500
22	242,465	13,442	147,227	32 1/2 %	25,647
29					

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Apr. 15	10,432,062	520,104	834,001	11,786,167
Week ended Apr. 22	599,441	33,321	53,489	686,251
Week ended Apr. 29	716,816	31,689	48,872	797,377
Total to date, 1931	11,748,319	585,114	936,362	13,269,795
Total to date, 1930	13,359,372	623,389	1,011,097	14,993,858
Increase or decrease in 1931	-1,611,053	-38,275	-74,735	-1,724,063
	-12.1%	-6.1%	-7.5%	-11.5%
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)		Provincial Clearing Returns.	
Week ended April 25.	Month of March.	Aggregate Totals January 1 to April 25.	
1930.	1931.	1930.	1931.
Number of working days	25	26	
BIRMINGHAM	1,512	1,643	11,149
BRADFORD	891	669	4,288
BRISTOL	669	872	5,117
DUBLIN	3,864	4,328	3,488
HULL	605	642	4,273
LEEDS	400	551	3,547
LEICESTER	5,642	4,735	31,451
LIVERPOOL	8,389	8,256	52,352
MANCHESTER	1,349	1,131	6,980
NEWCASTLE	353	363	2,675
NOTTINGHAM	403	526	4,484
SHEFFIELD			5,507
Total	24,721	24,322	129,804
			106,333
			-18.0
			566,468
			482,621

NOTE.—The latest Return of the Bank for International Settlements appeared in the *Economist* of April 11: Roumania, Denmark, National Bank of Egypt, Czechoslovakia, Lithuania, Russia, and Danzig in April 18; Portugal and Canada in April 25.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.		U.S. FEDERAL RESERVE BANKS.	
May 1, 1930.	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.
Total gold reserve	3,072,660	3,131,020	3,141,860
Total bills discounted	235,450	142,580	132,000
Bills bought in open market	209,560	171,130	131,480
Total U.S. Govt. securities	592,510	598,650	598,650
Total bills and securities	982,220	912,970	862,120
Total resources	4,973,880	4,666,440	4,946,710
LIABILITIES.			
Federal Reserve notes in actual circulation	1,507,270	1,505,140	1,515,720
Deposits—Memberbank—	2,384,720	2,388,700	2,356,410
reserve account	2,433,930	2,442,510	2,406,190
Total deposits	4,818,140	4,830,210	4,762,600
Capital paid in and surplus	451,140	443,350	443,350
Total liabilities	4,973,880	4,866,440	4,946,710
Ratio of total resources to deposits and Federal Reserve note liabilities combined	82.5%	83.8%	84.6%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

RESOURCES.		NEW YORK FEDERAL RESERVE BANK.	
May 1, 1930.	Apr. 9, 1931.	Apr. 16, 1931.	Apr. 23, 1931.
Total gold reserve	1,031,120	1,050,690	1,056,070
Total bills discounted	41,270	34,750	26,140
Bills bought in open market	49,790	57,540	24,550
Total U.S. Govt. securities	195,170	182,710	182,710
Total bills and securities	293,930	275,010	233,410
Deposits—Memberbank—	991,130	984,470	974,560
reserve account			
Total deposits	991,130	984,470	974,560
Ratio of total resources to deposits and Federal Reserve note liabilities combined	84.3%	85.9%	85.3%

SOUTH AFRICAN RESERVE BANK.—In \$'s (000's omitted).

ASSETS.		SOUTH AFRICAN RESERVE BANK.	
Apr. 4, 1930.	Mar. 6, 1931.	Mar. 13, 1931.	Mar. 20, 1931.
Gold coin and bullion	7,007	6,561	6,774
Subsidiary coin	122	274	281
Bills discounted	9,060	7,545	7,198
Investments	1,016	1,849	1,849
LIABILITIES.			
Capital	1,000	1,000	1,000
Reserve	600	720	720
Notes in circulation	8,565	7,670	7,017
Government deposits	1,851	1,756	2,136
Bankers' deposits	5,011	5,362	4,787
Ratio of cash reserves to liabilities to public	45.0%	45.0%	47.9%

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Apr. 26, 1930.	Apr. 11, 1931.	Apr. 18, 1931.	Apr. 25, 1931.
Gold.....	243,397	239,937	239,929	239,793
Government securities.....	22,352	3,358	3,358	3,358
Other Swedish bonds quoted on foreign bourses.....	62,312	69,609	69,609	73,289
Foreign bills.....	113	84	84	84
Bills payable in Sweden.....	142,878	197,366	152,804	149,944
" abroad.....	98,006	98,414	89,910	94,822
Balance abroad.....	178,520	132,027	140,778	130,973
Advances made on Government securities and bonds.....	34,066	43,401	37,497	35,820
LIABILITIES.				
Notes in circulation.....	499,314	573,142	509,558	494,074
Government deposits.....	179,047	192,761	187,613	195,648
Private deposits.....	47,144	9,036	10,491	10,459

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 30, 1930.	Apr. 22, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 22, 1931.
Gold and bullion.....	19,144	145,603	145,408	146,400	146,398
Balance abroad and foreign bills.....	28,533	44,328	37,704	36,362	35,190
Notes in circulation.....	6,816	26,083	54,358	53,940	53,940
Discounts and loans.....	76,911	238,524	173,671	171,635	172,009
LIABILITIES.					
Notes in circulation.....	113,484	310,020	296,966	291,200	287,995
Deposits at sight.....	7,188	80,437	61,538	62,763	62,926

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1930.	Apr. 19, 1931.	Mar. 28, 1931.	Apr. 4, 1931.	Apr. 18, 1931.
Gold.....	521,778	2,468,889	2,420,289	2,421,143	2,422,362
Silver.....	728,600	708,329	716,657	712,818	709,488
Loans & discounts.....	890,728	2,051,395	2,144,795	2,136,009	2,284,172
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475
Advances to Treasury.....	150,000	150,000	150,000	150,000	150,000
LIABILITIES.					
Circulation.....	901,550	4,447,295	4,604,459	4,669,638	4,744,082
Deposits.....	477,500	837,155	801,074	784,632	778,197

† In dollar and sterling only.

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	Apr. 23, 1930.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Cash Reserve.....	168,634	214,366	214,366	214,327	214,327
Gold coin and bullion.....	129,013	138,633	138,795	132,071	134,544
Foreign exchange.....	340,702	499,093	499,611	494,608	500,897
Bills discounted.....	123,864	92,125	76,084	65,122	57,026
Govt. debt.....	108,448	96,144	96,102	96,102	96,102
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	9,283	10,803	10,803	10,803	10,803
Notes in circulation.....	847,129	977,595	930,392	866,716	834,313
Deposits.....	120,719	66,376	139,436	172,314	172,314

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted).

ASSETS.	Apr. 23, 1930.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold coin and bullion.....	162,626	125,709	125,710	125,710	125,741
Drafts and notes.....	15,448	25,007	26,371	18,839	15,415
Silver coin and bullion.....	10,100	13,759	15,148	14,973	14,973
Indan bills, warrants and securities.....	202,320	257,538	236,490	214,391	205,494
Advances to the Treasury.....	82,866	60,140	60,115	60,115	60,115
LIABILITIES.					
Share capital (gold crowns 30,000,000).....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	369,887	384,506	365,959	334,110	319,957
Current accounts, deposits, &c.....	73,148	37,997	37,871	41,342	41,524

• Calculated at pre-war parity of exchange.

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Apr. 22, 1930.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 22, 1931.
Cash Reserve.....	96,513	99,054	99,098	99,125	99,227
Gold.....	18,295	17,896	18,011	18,120	18,387
Other coin and notes.....	266,178	86,951	90,422	86,200	91,758
Bills.....	1,083,320	1,216,107	1,242,139	1,214,456	1,216,942
Government advances.....	4,125,398	4,020,891	4,020,840	4,020,888	4,020,878
LIABILITIES.					
Notes in circulation.....	5,137,528	4,728,844	4,847,079	4,685,682	4,583,468
State credits.....	12,502	126,255	126,255	126,242	126,242
Deposits.....	2,019,718	1,017,761	920,951	1,061,920	1,171,242

Cash reserve is calculated as follows: One gold dinar = one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lire as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	Apr. 15, 1930.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.
Gold and silver holdings.....	1,575,671	1,467,821	1,471,062	1,474,456	1,478,270
Balance abroad and foreign currencies.....	785,686	630,165	621,583	641,419	635,372
Discounts and advances.....	1,221,091	3,064,426	3,064,426	3,064,426	3,064,426
Advances to the Treasury.....	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserve.....	1,252,000	1,183,283	1,183,283	1,183,283	1,183,283
Bank notes in circulation.....	3,792,851	3,170,136	3,128,804	3,223,498	3,182,620
Bank liabilities.....	1,680,252	1,449,640	1,448,490	1,418,864	1,406,919
Deposits.....	315,158	265,945	265,594	265,594	265,526

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Apr. 15, 1930.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.
Gold.....	629,889	516,991	498,631	499,852	480,480
Gold exchange.....	3,644,348	2,595,080	2,667,830	2,927,757	3,235,888
Other foreign exchange.....	3,174	2,468	2,070	2,180	2,178
Bills discounted.....	108,743	152,629	146,061	138,199	141,523
Advances.....	149,203	195,838	156,245	158,817	156,098
Debt to the State.....	3,512,763	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	5,027,455	4,516,517	4,464,777	4,576,777	4,621,218
Current accounts, deposits, &c.....	1,669,487	1,675,772	1,645,517	1,641,203	1,548,375
Foreign exchange liabilities.....	894,235	314,103	411,459	620,016	975,500

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Apr. 20, 1930.	Mar. 20, 1931.	Mar. 31, 1931.	Apr. 10, 1931.	Apr. 20, 1931.
Gold.....	702,075	562,816	562,886	562,922	567,305
Of which held abroad.....	219,046	77,396	77,396	77,396	81,716
Foreign currencies.....	403,577	349,580	361,221	350,730	354,129
Bills discounted.....	607,038	567,453	571,095	550,848	538,613
Loans against securities.....	81,477	90,793	97,615	96,289	92,210
Reserve fund securities.....	83,171	90,830	90,816	90,673	90,673
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve funds.....	110,000	114,300	114,000	114,000	114,000
Notes in circulation.....	1,248,846	1,147,071	1,260,511	1,211,638	1,264,234
Current accounts.....	364,194	229,776	218,989	251,790	254,543

* As from October 13, 1927, 8.91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1930.	Apr. 15, 1931.	Mar. 31, 1931.	Apr. 8, 1931.	Apr. 15, 1931.
Gold and bullion.....	35,091	303,799	301,870	301,732	301,612
Balance abroad and foreign bills.....	90,379	1,091,029	979,650	1,012,271	970,101
Notes in circulation.....	21,826	335,251	367,225	366,316	366,401
Discounts and loans.....	105,151	1,154,098	824,192	800,010	788,843
LIABILITIES.					
Notes in circulation.....	123,941	1,435,004	1,319,545	1,300,156	1,270,763
Deposits at notice.....	21,225	345,557	66,689	136,840	113,627

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Apr. 15, 1930.	Mar. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.
Gold coin and bullion.....	6,470	6,514	6,511	6,512	6,514
Net foreign exchange.....	19,204	17,537	17,551	17,636	17,823
Subsidiary Estonian coin.....	1,473	1,787	1,823	1,791	1,915
Home bill discounted.....	15,006	11,102	11,220	10,902	10,606
Loans and advances.....	12,864	12,746	16,352	15,280	14,887
LIABILITIES.					
Notes in circulation.....	33,088	35,803	35,658	34,762	33,100
Sight deposits and current accounts.....	16,973	11,009	17,394	16,748	17,340
Ratio of reserve to current liabilities.....	51.28%	47.11%	45.36%	46.88%	48.25%

* Includes Ekr. 5,044,216.45 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	Apr. 23, 1930.	Mar. 23, 1931.	Mar. 30, 1931.	Apr. 6, 1931.	Apr. 13, 1931.	Apr. 20, 1931.
Gold bullion and coins.....	23,982	24,069	24,071	24,070	24,072	24,076
Silver coin.....	6,061	6,381	6,317	6,217	6,438	6,599
Balance abroad.....	52,682	30,227	30,922	31,273	29,979	28,125
Treas. notes and am. change.....	11,660	13,487	13,348	11,760	13,579	15,043
Short term bills.....	92,521	82,431	82,510	82,118	81,024	80,945
Loans against securities.....	55,931	70,991	70,959	70,488	70,235	70,647
LIABILITIES.						
Notes in circulation.....	14,390	14,652	15,042	15,131	14,688	15,194
Notes in circulation.....	48,959	47,778	47,276	47,130	45,577	45,000
Capital paid up.....	18,735	18,735	18,735	18,735	18,735	18,735
Reserve.....	4,352	4,352	4,352	4,352	4,352	4,352
Special reserve.....	3,500	3,500	3,500	3,500	3,500	3,500
Deposits.....	16,844	20,959	21,725	20,961	20,947	21,096
Current accounts.....	53,751	57,464	58,671	56,531	57,833	57,838
Government accounts.....	105,429	73,855	74,231	72,466	71,391	71,690
Other liabilities.....	5,658	5,594	5,979	7,361	7,088	8,417

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1930.	Apr. 12, 1931.	Mar. 21, 1931.	Mar. 28, 1931.	Apr. 4, 1931.	Apr. 11, 1931.
Gold coin & bullion.....	221,320	954,383	835,587	833,379	833,357	836,018
Other coin & bullion.....						
Loans.....						
Discounts.....	41,740	682,128	635,187	644,074	64,088	64,870
Advances.....	70,540	76,116	55,975	56,028	49,663	56,640
LIABILITIES.						
Notes.....	362,270	1,224,030	1,010,380	1,111,929	1,090,615	1,024,649
Govt. deposits.....	87,340	478,288	452,980	440,707	519,694	450,736
Other deposits.....	11,440	382,417	330,959	236,854	181,395	257,758

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

	Mar. 28, 1930.	Mar. 6, 1931.	Mar. 13, 1931.	Mar. 20, 1931.	Mar. 27, 1931.
ASSETS.					
Gold at home.....	63,228	61,593	61,594	61,670	61,721
Gold abroad.....	340,160	269,051	259,394	253,120	246,996
Discounts and advances.....	128,497	88,098	82,766	85,213	91,427
LIABILITIES.					
Notes of the Bank in circulation.....	358,704	304,693	291,380	285,325	290,229
Deposits.....	105,770	49,860	47,746	56,910	59,669
Paid-up capital.....	90,832	90,832	90,832	90,832	90,832

The following were the United Kingdom imports and exports of silver registered from mid-day on the 20th instant to mid-day on the 27th instant:—

IMPORTS.	£	EXPORTS.	£
Mexico	18,915	China	174,550
Irish Free State	30,202	British India	34,471
Australia	5,677	Other countries	13,387
Other countries	13,721		
	£68,515		£222,408

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Apr. 22.	Apr. 15.	Apr. 7.
Notes in circulation	15,928	15,870	16,026
Silver coin and bullion in India	12,498	12,466	12,401
Silver coin and bullion out of India			
Gold coin and bullion in India	2,710	2,684	2,606
Gold coin and bullion out of India			
Securities (Indian Government)	720	720	1,019
Securities (British Government)			

The stocks in Shanghai on the 25th instant consisted of about 83,000,000 ounces in sycee, 153,000,000 dollars and 4,180 silver bars, as compared with about 84,000,000 ounces in sycee, 152,000,000 dollars and 1,440 silver bars on the 18th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.	Date.	Silver.
		Cash	Forward	Cash.
1931.	a. d.	d.	d.	d.
April 24.....	84 10 1/2	13 1/2	13 1/2	33 1/2
" 25.....	84 10 1/2	13 1/2	13 1/2	31 1/2
" 27.....	84 10 1/2	13 1/2	13 1/2	29 1/2
" 28.....	84 10 1/2	13 1/2	13 1/2	26 1/2
" 29.....	84 9 1/2	13 1/2	13 1/2	26 1/2
" 30.....	84 9 1/2	13 1/2	13 1/2	19 1/2

NOTICES.

Barclays Bank, Ltd., announce the opening of a new sub-branch at 208 Lincoln Road, Peterborough.

The Midland Bank announces the opening of a new branch in Station Parade, Tarring Road, Worthing.

The Midland Bank announces the opening of new branches at 41 Tower Bridge Road, London, S.E.1, and 132-4 Church Street, Blackpool, Lancs. Each branch will be provided with night safe banking facilities.

The National Provincial Bank, Ltd., announce that branches of the bank are now open at 7 Ewell Road, Cheam, and at 109 Mount Road, Higher Tramere, Birkenhead.

Mr O. H. Lucas, accountant at the London office of the National Bank of Australasia, Ltd., has been transferred to the Australian staff and is leaving London by the s.s. "Orsova" for Melbourne.

Company News.

SUMMARY OF BALANCE SHEETS.

AMALGAMATED ANTHRACITE COLLIERIES, LIMITED.

LIABILITIES.	Compared with Dec. 31, 1929.	ASSETS.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
7% cum. pref. (£1) 1,964,821	...	Properties	8,470,205 + 31,616
Ord. shares (£1) 6,717,300	...	Shares and debts in associated cos.	2,500,289 + 74,602
Int. accrued	30,419 - 1,304	Shares in other cos.	46,668 - 39,491
Creditors	653,682 + 41,627	Debtors	574,065 + 84,128
Bank advances	1,631,555 - 188,892	Stocks of coal and stores	169,373 - 47,807
Due to subsidiaries	43,306 + 15,457	Bills receivable	14,660 + 323
Profit and loss	611,378 + 443,254	Cash	123 - 100
Total	12,453,641 + 116,142	Total	12,453,041 + 110,142

DUNLOP RUBBER COMPANY, LIMITED.

LIABILITIES.	Compared with Dec. 31, 1929.	ASSETS.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
6 1/2% "A" pf. (£1) 1,000,000	...	Properties	3,381,488 - 55,261
7% "B" pf. (£1) 1,000,000	...	Debtors, less reserves	1,010,427 + 7,607
Ord. shares (£1) 2,400,000	...	Stocks	2,353,401 - 226,205
Int. accrued	4,575,777 - 94,100	Investments at or under cost	15,716,702 - 1,083,333
6 1/2% deb. stock	1,590,020 - 113,410	Subs. cos.	947,586 + 9,554
Mortgage	140,000	Assoc. cos.	417,315 + 416,846
Due to subs.	1,825,386 + 289,260	Cash and bills	1,134,116 + 125,080
Proposed divs.	145,312 - 547,611	Royalty agree-ments, &c.	637,644
Taxation res.	444,300 - 32,700	Deferred charges	25,676 + 3,668
Reserve for inter-co. profits	222,363 - 9,226	Unpaid redemp. policy	14,934 + 3,734
General reserve	2,373,105 - 1,000,000		
Special reserve	1,000,000 + 1,000,000		
Creditors	503,956 - 76,218		
Profit and loss	568,024 - 214,305		
Total	25,639,289 - 798,310	Total	25,639,289 - 798,310

FORESTAL LAND, TIMBER AND RAILWAYS COMPANY, LIMITED.

LIABILITIES.	Compared with Dec. 31, 1929.	ASSETS.	Compared with Dec. 31, 1929.
Amount.	£	Amount.	£
6% cum. pref. £1 1,865,852	...	Freehold properties	2,103,738 - 29,249
Ord. shares £1	3,708,837	Factory buildings	955,522 + 13,415
Reserve accounts	1,064,541 - 489,343	Town buildings	922,030 + 35,166
Depreciation ac- count	2,328,620 + 173,135	Plant, &c.	997,733 + 3,077
6% 10 year notes	1,000,000	Laboratory at Harpenden	11,978 - 3,213
Creditors	368,786 - 159,668	Subsidiary cos.	2,417,486 - 283,786
Due to subsidiaries	59,418 - 22,317	Other investments	417,552 - 8,792
Prof. div., &c.	28,622 - 920	Livestock	157,522 - 58,301
Profit and loss	453,860 + 9,116	Stocks	1,100,613 - 242,449
		Stores	298,775 - 125,627
		Debtors	456,695 - 179,798
		British Govt. securities	40,116
		Cash	945,776 + 390,160
Total	10,878,536 - 489,997	Total	10,878,536 - 489,997

GUEST, KEEN, AND NETTLEFOLDS, LIMITED.

LIABILITIES.	Compared with Mar. 31, 1930.	ASSETS.	Compared with Mar. 31, 1930.
Amount.	£	Amount.	£
5% cum. pref. shares	1,820,000 + 2,150	Land, build-ings, col-leries, &c.	1,845,675 - 191,107
5% 2nd pref. shares	4,714,639 + 27,556	Stocks	351,920 - 8,269
Ord. shares	6,434,468 + 129,994	Debtors	258,572 - 199,629
4% deb. stock	1,774,968 - 75,532	Subsidi. cos.	15,322,677 + 712,166
Reserve fund	3,582,978 - 266,966	Shares in	1,329,650 - 274,410
Sundry creditors	1,034,841 + 413,822	Investments	1,937,870 - 650
Subsidiary cos.	1,492,504 - 53,579	Cash and bills	308,889 - 91,001
Profit and loss	510,855 - 229,345		
Total	21,365,253 - 51,900	Total	21,365,253 - 51,900

THE UNION BANK OF SCOTLAND, LIMITED.

LIABILITIES.	Compared with Apr. 2, 1930.	ASSETS.	Compared with Apr. 2, 1930.
Amount.	£	Amount.	£
Deposits, &c.	29,133,282 + 870,775	Gold and silver coin, &c.	2,622,001 - 234,074
Current drafts	56,379 + 15,365	Money at call and notice	3,953,403 + 842,381
Acceptances	606,995 - 464,318	British Govt. securities	7,798,230 + 1,448,360
Notes in circula- tion	2,405,820 - 7,404	Other investments	3,401,485 + 1,985
Capital paid up	1,200,000 + 200,000	Bills under dis- count	3,941,274 + 1,188,590
Res. account	1,800,000 + 250,000	Advances and loans	12,752,204 - 1,850,045
Profit and loss	389,721 + 49,667	Acceptances	606,995 - 464,318
		Bank offices	252,663 - 4,042
		London property	100,000
		Heritable prop-erty	164,942 - 14,752
Total	35,593,197 + 914,085	Total	35,593,197 + 914,085

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	February, 1931.			March, 1931.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	82,000	129,155	37,432	95,000	144,978	45,026
City Deep	88,000	96,519	2,970*	95,000	102,241	1,880*
Consolidated Main Reef	61,800	91,246	14,710	67,500	97,708	15,414
Crown Mines (10s. shs.)	237,000	319,069	80,028	266,000	357,117	92,683
Durban Rdoort. Deep	43,200	61,293	6,205	46,800	63,671	6,621
East Rand Proprietary	142,300	163,946	10,801	154,400	179,548	12,635
Geildul Proprietary	79,000	108,680	43,431	85,500	116,150	47,013
Geldenhuis Deep	65,200	64,223	4,528	72,000	68,580	5,425
Glyn's Lydenburg	6,000	2,237	251	6,600	10,176	462
Government Areas	187,000	370,644	215,049	203,000	399,776	233,137
Kleinfontein, New	47,700	44,100	518	52,000	46,639	375
Langlaate Estate	74,000	109,521	32,050	80,000	116,812	34,039
Lupard's Vlei	16,700	16,808	1,009	18,400	17,686	1,013
Meyer and Charlton	67,000	83,659	32,055	73,500	92,820	35,113
Modderfontein B.	42,000	90,534	57,070	44,200	95,324	60,613
Modderfontein East	65,500	83,843	15,188	72,000	91,505	16,038
Modderfontein, New	150,000	274,212	153,018	166,000	299,334	166,896
New State Areas	73,000	158,210	75,120	39,000	170,698	81,002
Nourse Mines	63,000	79,758	6,045	69,000	87,843	7,311
Randfontein Estates	200,000	235,856	43,593	225,000	260,995	48,433
Robinson Deep	86,700	106,619	23,066	98,000	119,572	24,227
Rose Deep	58,000	62,728	2,292	63,500	64,478	2,521
Stimmer and Jack	72,600	86,957	11,105	76,200	93,884	12,571
Springs Mines	63,400	133,082	54,632	66,400	144,217	67,019
Sub-Nigel	29,300	110,629	55,680	32,000	119,581	60,579
Transvaal G.M. Estates	14,200	18,388	1,379	15,700	20,802	2,161
Van Ryn	40,000	39,053	3,565	43,000	42,610	4,559
Van Ryn Deep	60,000	32,201	28,576	63,000	97,321	28,628
West Rand Consol'd	95,000	100,947	21,701	94,000	108,743	24,612
West Springs	63,000	56,813	11,209	68,000	73,244	12,494
Witwatersrand Deep	38,000	38,023	1,915	38,700	38,846	822
Witwatersrand Knight	51,500	46,444	1,012	56,000	48,332	1,327

* Loss.

Messrs R. Nivison and Company announce that their address is now 6 Threadneedle Street, E.C.2.

Mr W. Gamper has been appointed a London Manager of the Bank of London and South America Limited.

DIVIDEND ANNOUNCEMENTS.

Name of Company	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.
	Interim or Final.	Date of Payment.	Method of Payment.	
BANKS.				
Bank of Adelaide	6†	...	Half-yearly	...
INSURANCE.				
Car and General Insurance	...	...	...	10/- p.s.
Gresham Fire and Accident Ins.	5%†	...	Less tax	10/- p.s.
London and Provincial Marine	...	...	...	10/- p.s.
Motor Union Insurance	...	...	...	4/- p.s.
Phoenix Assurance	14/- p.s.†	...	...	3/- p.s.
Thames and Mersey Marine Ins.	6/6 p.s.†	...	Less tax	13/- p.s. 1
United Insurance (Australia)	5%*	...	...	...
Wardens Insurance	10%†	...	Tax free	...
TEA AND RUBBER.				
Ceylon Proprietary Tea	7½%†	...	...	15
Demodora Tea	15%†	...	...	25
Dusan Durian Rubber	15%†	...	...	Nil
Ellawatte Ceylon Tea	15%†	...	...	22½
Imperial Ceylon Tea	4%†	...	...	7
Lunuvu (Ceylon) Tea	7½%†	...	Less tax	12½
Lunuvu Tea and Rubber	7½%†	...	...	17½
Ragalla Tea	10%†	...	...	25
Scottish Ceylon Tea	15%†	...	...	25
Telbedde Ceylon Estates	...	...	...	40
Yataderia Rubber and Tea	...	...	...	2†
MINING.				
Changhat Tin Dredging	6d. p.s.*	May 30	...	...
Lothian Coal	...	...	Tax free	5
OTHER COMPANIES.				
Alliance Investment (Def.)	7½%†	...	...	10
Anglo-American Debenture Corp.	10%†	...	...	15
Anglo-Celtic Trust	4½%†	...	...	7†
Ansell's Brewery	6½%†	May 1	...	...
Argentine Land and Investment	2%*	May 15	...	...
Army and Navy Co-operative	1/7† p.s.*	...	...	22½
Associated Electrical	8%†	...	...	6
Bankers' Investment Trust (Def.)	8%†	...	...	10†
Benger's Food	6½%†	...	Tax free	10
British Shareholders Trust	4%†	...	...	7
Burton Son and Sanders (def.)	...	...	Less tax	1/- p.s.
Canadian General Investment	8 p.s.*	May 1	...	1/- p.s.
Charterhouse Investment Trust	6d. p.s.*	May 15	Less tax	...
Colombo Gas and Water	5%†	May 8	Tax free	10
Consolidated Trust (Def.)	15%†	...	...	20
Continental Union Trust	3%†	May 23	...	5
Cornwall Power Co.	3%*	...	...	5
Dalgery and Co.	3%*	May 15	Tax free	...
Darjeeling Co.	12½%†	...	Less tax	17†
Darford Brewery	...	...	...	9
Debenture Securities Investment	5%†	...	...	9†
Dennis Bros.	6d. p.s.*	May 23	...	...
English and Caledonian Invest.	3½%†	...	Less tax	6
Forestal Land	4%†	...	...	6†
Fulford's	7½%†	...	...	12½
Gieves	...	...	...	15
Grand Hotel, Eastbourne	2½%*	May 14	...	...
Grand Hotel, Harrogate	5%†	(c) ...	...	...
Henry Barber	...	...	...	5
Hopkinson's	2½%†	...	...	5
Horne Bros.	...	...	...	5
Houlder Bros. and Co.	4%†	...	Tax free	8
Joce Rubber and Water-proofing	...	...	...	10
J. Compton, Sons and Webb	17½%†	...	...	27†
John Robertson and Son	...	...	...	10
Johnson and Phillips	5%†	...	...	10
Lamb Brewery	...	...	Tax free	4/- p.s.
Lancashire Waggon Co.	...	...	Tax free	10
London and Holyhead Trust	1½%*	...	...	4
London and Provincial Trust	5%*	...	...	8
London Electric Wire and Smiths	3½%†	...	...	5
Madras Electric Tramways	...	...	Tax free	2†
Mansell, Hunt, Catty and Co.	6%†	...	...	10
Marshall's Wagons	...	...	Less tax	1/6 p.s.
Marks and Spence	20%†	...	...	2/- p.s.
Minerals Separation	15%†	May 5	...	25
Monte Video Waterworks	5%†	...	...	6
Nottingham Brewery	5%†	...	...	10
Oriental Telephone and Electric	8%†	...	Tax free	12
Paripari	...	...	...	15
Peninsular and Oriental	2½%*	...	Tax free	15
Peter Walker (Warrington)	2½%*	June 1	Less tax	...
Royal Brewery, Brentford	...	...	...	13
Royal Hotel, Edinburgh	...	...	...	22†
Russells and Wrangham	...	...	...	15
S. and W. Berisford	10*	...	Less tax	4†
Sanctuary Buildings	...	...	...	4†
Scottish Land and Gen. Invest.	5%†	...	Less tax	9
Shanghai Electric Construction	7%†	May 22	Tax free	12
Singleton and Cole	...	...	...	15
Southern Investment Trust	...	...	...	9
Spillers	...	...	...	10
T. B. and W. Cockayne	2%*	...	...	...
Third Scottish Nat. Trust (Def.)	3%†	...	...	...
Wickens Pease and Co.	...	...	...	4
William Blythe and Co.	5%†	...	...	8
Wilson's	...	...	...	20
Wilson's Brewery, Manchester	10%† plus bonus	...	of 5%	20
Yorkshire Copper Works	...	...	Less tax	10

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribu- tion.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Breweries.											
Dartford Brewery	Dec. 31	£ 27,150	£ 42,428	£ 69,578	£ 7,975	£ 18,450	% 9	£ 14,458	£ 28,695	£ 47,404	% 9
Royal Brewery, Brentford...	Dec. 31	43,398	68,392	111,790	6,200	30,225	13	25,000	50,365	60,726	10½
Wilson's Brewery	Feb. 28	62,988	129,006	191,994	18,300	71,000	20	36,637	66,057	134,530	20
Canals and Docks.											
Sharpness New Docks, &c.	Dec. 31	...	17,033	17,033	8,212	...	...	8,821	...	6,555	...
Electric Lighting, &c.											
County of Durham Electrical	Dec. 31	1,547	32,456	34,003	...	26,750	5	6,000	1,253	32,423	6
Financial Land, &c.											
Forestal Land, Timber, &c.	Dec. 31	203,669	362,142	565,811	111,951	241,074	6½	...	212,786	354,961	6½
Hotels, Restaurants, &c.											
Waldorf Hotel.....	Jan. 31	4,953	42,184	47,137	15,000	15,000	10	8,521	8,616	47,853	10
Iron, Coal and Steel.											
Lothian Coal Company	Feb. 28	35,704	33,754	69,458	10,950	22,100	5½	...	36,408	33,731	5½
North's Navigation Collieries	Dec. 31	Dr. 338,586	2,180	Dr. 336,406	...	...	...	141,826	Dr. 478,232	15,112	...
Ocean Coal and Wilsons.....	Dec. 31	14,635	277,829	292,464	69,830	208,044	4	...	14,590	335,453	5
Shipley Collieries	Dec. 31	Dr. 17,859	46,447	28,588	...	...	...	32,610	Dr. 4,022	27,450	...
Stephenson (Robert) and Co.	Dec. 31	17,769	12,172	29,941	...	10,656	5	...	19,285	11,102	5
Motor and Cycle.											
Simms Motor Units	Dec. 31	27,958	16,140	44,098	6,799	6,250	2½	...	31,049	44,400	10
Rubber, &c.											
Batu Tiga (Selangor) Rubber	Dec. 31	11,461	6,141	17,602	...	...	...	...	17,602	26,820	10
General Ceylon Rubber, &c.	Dec. 31	4,857	737	5,594	...	...	...	...	5,594	31,556	10
Igalkande Rubber, &c.	Dec. 31	5,793	Dr. 1,886	3,907	...	...	...	...	3,907	1,413	5
Jasin (Malacca) Rubber.....	Dec. 31	4,290	200	4,490	...	...	...	...	4,490	6,495	10
Kombok Rubber	Dec. 31	12,410	Dr. 3,297	9,113	...	...	...	...	9,113	18,139	10
Langkat Sumatra Rubber...	Dec. 31	7,515	Dr. 10,920	Dr. 3,403	...	...	...	Dr. 4,529	1,124	Dr. 1,135	...
Ledang Rubber	Dec. 31	31,458	Dr. 93	31,365	...	...	...	...	31,365	7,607	...
Lower Perak Rubber.....	Dec. 31	5,244	933	6,177	...	...	...	...	6,177	6,247	5
Lubok Rubber	Dec. 31	3,603	Dr. 3,464	139	...	...	...	Dr. 2,367	2,506	6,636	6
Matale Ceylon Rubber	Dec. 31	1,113	Dr. 2,068	Dr. 955	...	...	...	...	Dr. 955	1,240	5
Mendaris (Sumatra) Rubber	Dec. 31	42,219	Dr. 10,529	31,690	...	...	...	...	31,690	16,876	4
Rembia Jelai Rubber.....	Dec. 31	24,491	6,988	31,479	...	...	...	...	31,479	44,526	7½
Strathmore Rubber	Dec. 31	4,894	7,531	12,425	...	4,388	2	2,000	6,037	17,857	5
Yataderia Rubber and Tea	Dec. 31	3,020	4,132	7,152	...	...	...	3,500	3,652	6,707	2½
Shipping.											
Britain Steamship Co.	Dec. 31	2,629	Dr. 1,271	1,358	...	...	...	...	1,358	19,810	1½
Houlder Brothers and Co. ...	Dec. 31	24,199	88,210	112,409	5,500	64,000	8½	25,000	17,909	107,183	10½
Shops and Stores.											
Civil Service Supply	Feb. 28	19,811	16,433	36,244	...	...	...	8,000	28,244	22,577	5
Horne Brothers	Feb. 28	60,251	25,999	86,250	38,500	22,500	5	...	25,230	72,307	5
Marks and Spencer.....	Mar. 31	51,111	476,073	527,184	64,708	217,800	30	191,571	53,105	298,588	20
Tea.											
Alliance Tea Co. of Ceylon...	Dec. 31	7,543	17,940	25,483	...	13,500	9	5,000	6,983	32,005	18
Ceylon Proprietary Tea.....	Dec. 31	7,118	20,835	27,953	1,306	13,500	15	6,000	7,147	24,353	22½
Imperial Ceylon Tea	Dec. 31	7,861	12,653	20,514	...	7,000	7	6,000	7,514	22,269	14
Lunuvu (Ceylon) Tea, &c.	Dec. 31	47,374	98,421	145,795	...	61,298	12½	31,000	53,497	98,688	17½
Poonmudi Tea and Rubber	Dec. 31	3,228	Dr. 3,886	Dr. 658	...	...	...	Dr. 1,000	342	9,949	5
Ragalla Tea	Dec. 31	1,728	25,904	27,632	2,100	19,500	25	3,000	3,032	24,782	25
Scottish Ceylon Tea	Dec. 31	2,147	17,329	19,476	630	12,750	25	3,500	2,596	25,817	40
Trust.											
Anglo-American Debenture	Mar. 31	26,533	123,363	149,896	28,688	67,500	15	25,000	28,708	123,695	15
British and Continental	Mar. 31	...	136	136	...	...	...	...	136	3,197	...
Plantations Trust	Mar. 31	14	56,224	56,238	12,600	41,625	9½	3,000	13	52,115	9½
Debenture Securities Invest-	Mar. 31	3,467	21,578	25,045	11,781	9,424	6	...	3,840	21,317	6
ment	Dec. 31	61,874	157,895	219,769	...	...	...	119,142	100,627	181,902	12½
English & Caledonian Invest.	Mar. 31	...	...	...	...	...	...	...	...	...	...
Rubber Plantations Inv. Tr.	Dec. 31	...	...	...	...	...	...	...	...	...	...
Waterworks.											
Monte Video Waterworks...	Dec. 31	120,067	113,255	233,322	...	78,000	6	...	155,322	132,441	8
Tarapaca Waterworks	Dec. 31	24,356	7,973	32,329	...	8,000	5	...	24,329	18,313	10
Other Companies.											
Associated Electrical Indus-	Dec. 31	109,241	265,318	374,559	76,449	162,699	6	25,000	110,411	261,811	6
tries	Dec. 24	29,230	47,550	76,780	29,636	16,626	10	...	30,518	48,636	5
Burton, Son and Sanders ...	Dec. 31	5,530	60,740	66,270	8,400	38,500	27½	13,500	5,370	60,099	27½
Dunlop Rubber Co.	Dec. 31	782,329	541,424	1,323,753	290,625	365,074	6	100,031	568,023	1,576,585	15
Hill (D.), Carter and Co. ...	Feb. 19	728	1,711	2,439	3,000	...	...	Dr. 1,500	939	5,022	...
Johnson and Phillips	Dec. 31	123,418	78,806	202,224	...	60,000	10	40,000	102,224	102,514	10
Lancashire Wagon	Mar. 31	5,492	6,375	11,867	...	4,390	10½	2,000	5,477	8,550	10½
London Electric Wire, etc.	Dec. 31	30,075	58,937	89,012	30,000	34,204	5	...	24,808	110,622	7½
Marcroft Wagons	Dec. 31	1,393	6,065	7,458	...	5,812	7½	...	1,646	...	...
Oxendale and Co.	Feb. 28	5,769	14,927	20,696	17,437	...	...	...	13,259	27,478	10
Fulmann (R. and J.)	Dec. 31	4,638	1,323	5,961	...	...	...	...	5,961	7,465	25
Pye Radio	Mar. 31	10,451	70,225	80,676	12,975	23,250	100	22,500	21,951	62,686	100
Robertson (John) and Son...	Feb. 28	1,366	1,240	2,606	581	1,938	10	Dr. 1,000	1,087	3,237	15
Spillers, Limited.....	Jan. 31	56,598	372,443	429,041	53,150	182,210	10	100,000	93,681	Dr. 7,151	Nil
United Newspapers, Ltd....	Dec. 31	234,321	Dr. 223,136	10,885	...	...	...	...	10,885	64,258	...

† Free of income tax.

Commercial Reports.

MARKET SUMMARY.

The coal trade remains depressed in Scotland, but exports continue to expand in Yorkshire. The recent improvement in South Wales has been maintained, but colliery owners find it increasingly difficult to dispose of the cheaper grades of small coals. Little headway is being made by the iron and steel industries and scarcely any improvement has taken place in the principal consuming industries. The downward movement in non-ferrous metals has continued during the week, and on Thursday tin touched £104 10s. per ton. Although the current production of tin, copper and lead has been adjusted to the low level of consumption, the size of stocks prevents a rapid rise in values. Among textiles, wool prices were lower at the opening of the third series of London sales. The demand for Bradford goods has remained quiet. Raw-cotton prices have again been slightly lower, and there has been no expansion in the foreign demand for cotton goods. Rayon fabrics experience a satisfactory turnover for home consumption, and exports to Canada and South America, though still small, have recently shown an improvement. Flax and hemp have been easier, but a further rise has taken place in jute in anticipation of a short crop in India. The tendency of foodstuffs is irregular. Trade in wheat is still active, but prices are slightly lower. Sugar has been quiet, and "British refined" has been reduced by 3d. per cwt. Coffee was in good demand at the auctions, but cocoa and tea declined. Meat prices show little change. Among miscellaneous commodities, the outstanding feature is the low price of rubber. Hides and leather were easier, and the market in vegetable oils and oilseeds has been quiet.

THE COAL TRADE.

SHEFFIELD.—The export coal market continues to improve, a steady tonnage going away with prices steady at 17s. 6d. to 18s. f.o.b. Business, however, is still mainly for prompt shipment. With a larger output available, supplies are easier to obtain. There is less surplus fuel on the market, however, than for a long period. Output of industrial fuel is being absorbed at firm prices. Demand for domestic fuel and coke for heating is easing off, but good for the time of year. Foundry and furnace coke are in slightly better demand, with an increase in price of a shilling per ton. Best ordinary house coal is quoted at from 22s. to 23s. at pits.

GLASGOW.—One or two brighter features have arisen this week, but aggregate business is disappointingly small, the dullness resulting from the poor export demand being accentuated by the seasonal falling-off in some requirements. Washed nuts are plentiful in all districts, and weak in price, although some demand from the near Continent has come forward for Lothian doubles. Steam coal prices show no further declines, but the market is no more than steady, only Lanarkshire splint and Fifeshire navigation being at all well placed. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 9d.; splint best, 16s. 6d.; splint second, 14s. 9d.; navigation, 15s. 3d.; navigation second, 14s. 6d.—15s.; Hartley, 15s. 6d.; steam, 14s.; trebles, 12s.; doubles, 10s. 6d.; singles, 9s.; pearls, 9s.; dross, 10s. FIFE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 12s. 3d.; third-class steam, 11s. 6d.—11s. 9d.; trebles, 11s. 6d.—12s. 6d.; doubles, 10s. 6d.; singles, 9s.; pearls, 8s. 9d. LOTHIANS.—Prime steam, 12s.; secondary steam, 11s. 6d.; trebles, 12s.—12s. 6d.; doubles, 11s.; singles, 8s. 9d.; pearls, 8s. 9d. AYRSHIRE.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 12s.; doubles, 11s. 3d.; singles, 9s. 6d.; pearls, 9s. 6d.; dross, 9s. 6d.

CARDIFF.—Business on the Cardiff coal market continues inactive, and during the present week the supply of tonnage has been exceptionally scarce. On Tuesday, the daily dock statement issued by the Great Western Railway Company showed that of 93 tips only 62 were working, and that at the Barry Docks alone 12 were idle. Collieries are dependent almost entirely on their contract commitments, but fortunately these are heavy enough to absorb practically the whole of the current output of large coals, while for some of the Monmouthshire grades the prices quoted were slightly above the minimum schedule. On the other hand, colliery owners are finding it extremely difficult to dispose of the cheaper grades of small coals, and at some pits the dumps of these coals are even larger than they were before the stoppage in January last. The price restrictions of the statutory regulation scheme prevent them being disposed of at such values as they would be able to command in a free market. The joint audit for the South Wales coalfield for the three months ended last January shows a trading loss of £185,542, or 5-4d. per ton, compared with a profit in the previous three months of 3-57d. per ton, and with a profit of 9-94d. per ton in the corresponding period ending January, 1930. These unfavourable returns are attributed entirely to the fortnight's strike in January, when there was a loss in output of nearly two million tons, and in the coal export trade of over one million tons. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 6d. to 18s. 9d.; Western Valleys, 18s. 3d. to 18s. 6d.; Eastern Valleys, 17s. 9d. to 18s. 3d.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 14s. 9d. to 15s.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove

IRON AND STEEL.

MIDDLESBROUGH.—Extreme dullness continues to characterise the market for Cleveland iron, and transactions during the past week have been of very small volume. Local and inland consumers are only buying what they require for short periods ahead, as they consider that prices must come down soon or foreign iron will be coming into the district again. It was thought by some people that makers would announce a reduction at the weekly market on Tuesday, but this did not occur and the official prices fixed on January 5th last still rule, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The amount of business transacted was of small extent and mostly for home account. Increased trade with Scotch consumers is impossible at present prices and for the same reason export orders are only obtainable for odd destinations and very small quantities. Hematite iron prices are somewhat weaker. A few small orders for prompt delivery have recently been offering, and rather than let them pass works have accepted 66s. for mixed numbers, which is now the general market quotation, although for forward delivery higher prices are asked. There is, however, very little inclination on the part of consumers to contract ahead. Stocks at makers' works on the Tees are reported to be gradually decreasing. In the finished trades, heavy steelmakers have a fair number of old orders that keep them moderately employed, but new business is scarce. The sheet trade continues inactive and there is practically no demand for shipbuilding materials. The ore market shows no improvement and the price of best Bilbao rubio is nominally lower at 15s. 9d. c.i.f. for early delivery. The rate of freight Bilbao-Middlesbrough for prompt boats is about 4s. 6d. Coke is in slow demand, but producers adhere to 16s. delivered works for good furnace qualities for early delivery, and more is asked for forward. The number of furnaces in blast in the district is unchanged at 21.

SHEFFIELD.—The local iron and steel industry remains inactive.

There has been no change of importance for a period of six months, while the tendency continues downward. Orders are numerous but of little weight, and a discouraging feature of the situation is a marked paucity of inquiries such as would indicate the placing of substantial business in the future. Two of the chief feeders of the steel trade, railways and shipbuilding, are buying less to-day than at any former time. The distribution of orders for railway material from the Boxer indemnity fund has not yet begun, but it cannot long be deferred. The matter is in the hands of several leading consulting engineers. There has been a distinct loss of confidence in business circles lately. The outlook in the overseas markets fails to improve. Prices of iron and steel material are unchanged, but a good deal of underquoting is found in alloys for making special steel owing to the big reduction of demand for ferro-chrome, ferro-silicon and tungsten. The output of non-corrosive iron and steel continues large, but business tends to flag and progress has been checked. Acute depression is found in plate and cutlery, but tools are meeting with a fair home demand. Trade in plantation tools has never been so bad.

GLASGOW.—Signs of improvement are still lacking in the West of Scotland iron and steel industries and it is impossible to keep plants running. In almost every branch the amount of export business being done is far below normal and the home demand, though well maintained, is not nearly sufficient to absorb anything like the output for which works are equipped. The demand for finished material is on the whole better than that for raw steel and semis, but even here it is unsatisfactory. Sheet makers are relatively better employed than many other branches, although they too are not able to employ all the mills. There is no change in prices.

CARDIFF.—Conditions in the South Wales iron and steel trades are unaltered. Imports of Continental pig iron, iron and steel

BARCLAYS BANK

LIMITED

Head Office: 54 LOMBARD ST., LONDON, E.C. 3.

And over 2,100 Branches in England and Wales.

AUTHORISED CAPITAL - £20,000,000
 ISSUED & PAID-UP CAPITAL - £15,858,217
 RESERVE FUND - £10,250,000
 DEPOSITS, &c. (31st December, 1930) £349,273,283

bars, and other partly manufactured products have continued to increase, and the delivered prices are the lowest experienced during the present depression. South Wales steel bars, however, remain unaltered at £5 per ton. Tinplate prices are a shade better at 15s. 3d. to 15s. 6d. per basis box, compared with 15s. to 15s. 6d. the previous week, but galvanised sheets continue a very inactive market at £11 per ton.

OTHER METALS.

TIN.—The low level of activity in the tin plate industry and other tin-using trades, coupled with the realisation that it must take a considerable time until stocks are reduced to a normal level, caused a further decline in prices. Wednesday's closing quotation for "standard cash," at £107 17s. 6d. to £108 per ton, compares with £111 to £111 2s. 5d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 27,330 tons, show an increase of 107 tons on the week.

COPPER.—Although production of copper has been slightly below consumption since the beginning of the year, prices fail to improve, and reports of a slight setback in industrial activity in the United States had a depressing effect on the metal. On April 29, Copper Exporters, Inc., further reduced their minimum price, for "electrolytic," c.i.f. Continent, from 10.05 cents per lb. to 9.80 cents per lb. Wednesday's quotation in London for "standard cash," at £41 13s. 9d. to £41 15s., compares with £42 11s. 3d. to £42 12s. 6d. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 11,254 tons, show an increase of 765 tons, while stocks of rough copper, at 1,422 tons, were 5 tons smaller. The following table shows the world's smelter production (estimated by the Metallgesellschaft A.G.), stocks in America and Europe, and prices in London:—

	Production (Thousands of Metric Tons)		Stocks (rough and Average Price refined)		Standard cash
	Estimated	Daily	(End of year—)	per long ton	
	Total	Average	month.	£ s. d.	
1930 Monthly Av.	136.4	3,484	543.3	54 10 9	
1931 January	116.8	3,768	532.9	45 0 10	
February	117.7	4,203	526.9	45 15 5	
March	121.4	3,915	518.3	44 18 5	
April 29	...	...	...	41 14 4½	

LEAD.—Despite the adoption of a restriction scheme by the lead producers, the metal has so far failed to recover. On the contrary, the prices realised this week show a slight fall. Wednesday's official closing quotation for "soft foreign," at £11 17s. 6d. to £11 18s. 9d., compares with £12 13s. 9d. to £12 18s. 9d. on the corresponding day last week.

SPELTER.—The market has been weak following a further reduction of 10 points in the American spot price to 3.40 cents per lb. Wednesday's closing quotation for "good ordinary brands," at £10 12s. 6d. to £11 1s. 3d., compares with £11 5s. to £11 11s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—The demand for other non-ferrous metals has been quiet, and aluminium was again quoted at £85 per ton, while nickel changed hands at last week's price of £170 to £175 per ton. Foreign antimony again sold at £24 10s. to £25 per ton, and there was no change in the price of quicksilver at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Prices have moved in a narrow groove during the week and quotations show a fall of about seven points. The markets continue to be very dull and depressing, the weakness in the New York Stock Market having an unsettling effect. Weather news during the week has not been quite so favourable as of late, some light frosts have been reported in the Eastern belt and cold winds and rain in the West have interfered with seed germination. Spot sales for the week 23rd to 29th (inclusive) are 30,000 bales, of which 15,900 are American, 2,600 Brazilian, 200 Argentine, 3,400 Peruvian, 3,600 Egyptian, 900 African, 1,000 East Indian, 2,140 Russian, and 260 sundries. Imports for the same period are 21,456 bales, of which 6,121 are American, 3,100 Brazilian, 1,517 Peruvian, 6,297 Egyptian, 739 African, 3,017 East Indian, and 665 sundries. Quotations to-day are: American Middling, 5.53; Egyptian Sakel, 8.20; Uppers, 6.38; Brazil Fair, 5.58; Peru, G.F. Smooth, 5.98; West African Middlings, 5.58; and East African G.F., 6.58.

Manchester.—Throughout the past week there have been very few indications of business on a larger scale and the majority of buyers have continued their policy of operating from hand to mouth. Although there has not been any particular decline in raw material rates, bearish sentiment is still very pronounced and undoubtedly traders are discouraged by the low prices ruling for all commodities. News from India has not improved and cloth sales have been of retail dimensions. Merchants continue to be advised of picketing in the bazaars to prevent the sale and clearance of British goods. Only isolated transactions have been mentioned for China, chiefly in fancies. Limited quantities of bleached shirtings have been sold for the Near East. A little more activity has prevailed in printed and dyed goods for South America and West Africa. Rather better reports have also been received from the home trade. It is a struggle for most manufacturers to prevent loss of ground. The yarn market has been slow and rather irregular. Only a restricted business has been done in American and Egyptian counts for home use and export.

Cotton Prices.

	1931.				Corresponding Date.	
	Apr. 8.	Apr. 15.	Apr. 22.	Apr. 29.	1929.	1930.
Raw Cotton—Mid. American	d. 5.62	d. 5.60	d. 5.57	d. 5.53	d. 9.95	d. 8.62
" Sakellaridis Fully Good Fair	d. 8.90	d. 8.80	d. 8.15	d. 8.20	d. 17.40	d. 14.20
Yarns—32's twist	9½	9½	9½	9½	15	12½
" 40's twist	9½	9½	9½	9½	15½	13
" 60's twist (Egyptian)	16½	16½	15½	15½	25½	21½
32-in. Printers, 116 yds., 16 by 16, 32's and	s. d. 18 3	s. d. 18 3	s. d. 18 1	s. d. 18 1	s. d. 25 1	s. d. 22 0
50's Shirts, 75 yds., 19 by 19, 32's and	20 0	20 0	19 10	19 10	27 7	24 9
40's	11 4	11 3	11 2	11 2	14 10½	13 6
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 3	10 2	11 1	10 1	13 4½	12 1
38-in. ditto, 37½ yds., 16 by 15, 8½ lb.	11 3	10 2	11 1	10 1	13 4½	12 1

THE WOOL TRADE.—Bradford.—The opening of the third series of London sales last Tuesday was not characterised by any very excited demand for the raw material, but the large attendance of buyers showed that there was real interest in the situation. The decline in both merino and crossbred tops in Bradford during the interval made lower prices for practically all descriptions inevitable, but as bidding proceeded good merino wool was very little, if any, cheaper than last March, and ordinary merinos did not exceed 5 per cent. decline. This was a satisfactory result in view of the fact that the merino offerings were neither large nor specially attractive compared with what was forthcoming on many occasions at the last sales. Continental competition has not yet done very much towards establishing the level of prices, but it is understood that there are some good buying orders in the background. Crossbreds leave a good deal to be desired in both the prices realisable in Coleman Street and consumption in Yorkshire. The decline in greasy wools ranges from 10 to 15 per cent., whilst shipe lambs are down about 15 per cent. The position in Bradford is practically unchanged. Quotations for both merino and crossbred tops are steady, but there does not seem to be any great amount of new business. Topmakers report increased inquiries, but these seem to be put out as a test of opinion regarding London rather than an indication of further actual requirements.

THE JUTE TRADE.—Dundee.—Mainly as the result of an advance in prices of raw jute, the trade generally has shown improvement. Buyers of both jute yarns and cloth have displayed considerably more interest and business has broadened out. Spinners have been able to establish an advance in their prices for jute yarns, but manufacturers have found it hard to get buyers to concede a fraction more. The prospects of a short crop of jute for next season are responsible for the rise in values of the fibre. Conditions for the growth of the new crop and also for the completion of sowings have not been good and the area covered to date is very considerably reduced compared with that of last year. Sellers of the raw material are very reserved and are not offering freely, and it seems to be quite possible that the low prices ruling this season will not be reverted to. Values are generally about £3 up from the bottom limit touched and spinners have missed their opportunity of buying. They have, however, had little encouragement to add to their stocks, owing to the lack of demand for jute yarns and cloth for many months past. Unfortunately, prices of Calcutta goods have not increased, and there is talk of a further restriction of output in India, which may on this occasion be confined to heavy goods. Stocks are still very large, and at the end of March in Calcutta there were 248,194,000 yards of hessian cloth and bags and 71,267,000 yards of sacking cloth and bags. The price of Daisee assortment is now £17 lowest, with threes at £16 15s. and fours at £15 5s., April-May. Tossa assortment is quoted at £18, threes at £17 15s., and fours at £16 to £16 10s., according to mark. Good lightnings and first marks are sparingly mentioned, the latter being purely nominal at £20, while a few parcels of Red H lightnings are offered at £18, April-May. One or two small sales of Daisee assortment have been made on the spot at the low price of £16 5s. ex warehouse. Yarns are very firm, with 1s. 11d. the very lowest now for common 8-lb. cops and 2s. for 8-lb. spools, which are the rates being paid for the small lots changing hands. Very few spinners will take these limits, however, and the majority are either not sellers or they are asking 1d. more in each case. Twist is firm at 3½d. for 3-ply 8-lb., and sacking yarns have noticeably improved to 2½d. for 24-lb. weight and 3½d. for 8-lb. chains. Rove is also dearer at £19 10s. wanted for 48-lb. and £16 5s. for 200-lb. The finer yarns have been in further demand for export to Brazil, and prices are now 1d. dearer at 2s. 10d. for second quality 8-lb. Rio warp, 2s. 6d. for third and 2s. 3d. for fourth. Carpet yarns have been brighter. Jute cloth business has improved, but there are still few substantial orders being placed. Occasionally manufacturers have obtained better prices, as in the case of the very light-weight Hessians, but business is still taking place at 2½d. for 10½ oz. 40-in. Hessians and from 1½d. for 8-oz. Linoleum Hessians have again been bought this week for the home trade, after one million yards purchased for America last week. Heavy goods are quiet but steady.

THE GRAIN MARKETS.

WHEAT.—Although recent heavy rains have hampered field work in most parts of the country, spring seeding is generally well ahead, and there is little evidence of any appreciable decrease in acreage. Winter crops present a healthy appearance on light soils, but still backward on heavier land. Supplies of native wheat were in small compass and trend of prices firmer. On the import market, a better tone was in evidence following the recent reaction in prices, sellers showing more reserve in face of renewed Continental buying, which encouraged shippers to raise their limits. France has been an active

purchaser of Argentine descriptions, and the milling quota of foreign wheat has been further raised to 25 per cent., against only 5 per cent. permissible last year. Germany is also buying Australian grades freely, which gives rise to expectations of an early reduction in the excessively high import tax. Continued large freight bookings from Argentina, North America and Australia, particularly for May loading to Continental and Mediterranean ports, indicates heavy shipments during that month. In view of increased European requirements up to the next domestic harvests, the undertone of the market remains steady, but large accumulations of old wheat in North America still proves a depressing factor in the general situation, and the uncertainty attaching to United States Farm Board holdings in particular gives rise to a good deal of anxiety, now that the new winter crop will shortly be moving. Shipments continue on a liberal scale, with a further increase in floating supplies to Europe. Quotations: No. 1 hard Northern Manitoba (Vancouver), ex ship, 28s. 9d.; No. 1 Northern Manitoba, ex ship, 28s. 3d.; No. 2 ditto, 27s. 3d.-27s. 6d.; No. 3, 26s.; No. 4 Manitoba, 25s.; Barusso, 63 lbs., 24s.; Rosafe, 63 lbs., 23s. 3d.; Australian, 25s.; Russian on sample, landed, 23s.-24s. per 496 lbs.; English, 5s. 4d.-5s. 6d. per 112 lbs.

WHEAT FLOUR.—The demand for home-milled flour was on quieter lines, but millers maintain the recent advance following the recovery in wheat prices. Imported makes are steady on spot, but business in shipment parcels is limited, North America offers being above buyers' views. Quotations: London, straight run, 24s. per sack for country deliveries, and 23s. London area. Of imported, Manitoba patents, 23s.-26s.; Buffalo ditto, 22s.-24s. 6d.; Australian, 19s.-20s., ex store, per 280 lbs.

BARLEY.—The market in barley has been steady. Quotations: Californian old, landed, 30s.-35s.; new, ex-ship, 30s.-41s. as to sample, Chilean brewing, landed, 30s.-35s.; Chevalier, 38s.-44s.; Australian, 32s.-42s.; Smyrna, 30s.-32s. per 448 lbs. Black Sea, landed, 19s.; ex-ship, 18s. per 400 lbs. English malting, 7s. 6d.-8s. 9d.; feed, 5s.-6s. per 112 lbs.

OATS.—The market in oats has been firm. Quotations: Plate, landed, 13s.; ex-ship, 12s.; Chilean tawny, landed, 14s.; whites, landed, 21s.-22s.; North Russian, landed, 18s.; South Russian, 18s.; Danubian, 15s. 9d.; mixed Canadian feed, landed, 12s.; ex-ship, 10s. 9d.; Black Plate, landed, 12s. per 320 lbs. English, 6s. 4d.-6s. 8d. per 112 lbs.

MAIZE.—Of feeding stuffs, a firm tone governed the market for maize, with a high premium for spot and adhoc parcels. New crop positions, however, were not so well supported, owing to large supplies coming forward. The first official Argentine estimate indicates a crop of 43,357,000 quarters, and although below commercial estimates, it is 5½ million quarters greater than the previous record production of 1927. Quotations: Plate, landed, 22s. 6d.; ex-ship to arrive, 21s. 3d.; new, April-May, 17s.; May-June, 16s. 9d.; June-July, 16s. 9d. per 480 lbs. Yellow maize meal, £6 15s. f.o.r. London per ton.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to Apr. 25	Cwts. 97,129	Cwts. 174,140	Cwts. 168,682	Cwts. 278,138
34 weeks to Apr. 25	3,944,037	7,971,969	8,554,137	8,697,012
Average price of English wheat per cwt.	s. d. 5 3	s. d. 9 0	s. d. 9 11	s. d. 10 5

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1926 to 1929:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Apr. 18, 1931	Cwts. 67,087	Cwts. 26,739	Cwts. 24,375	s. d. 5 3	s. d. 7 3	s. d. 6 0
Apr. 25, 1931	97,129	22,944	29,382	5 3	7 3	6 0
Apr. 23, 1927	160,033	38,435	51,513	11 6	10 9	8 4
Apr. 28, 1928	278,138	56,229	37,442	10 5	11 1	12 2
Apr. 27, 1929	168,682	35,975	39,684	9 11	10 9	9 9
Apr. 26, 1930	174,140	69,063	22,545	9 0	7 9	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	Apr. 30, 1930.	Jan. 2, 1931.	Apr. 15, 1931.	Apr. 22, 1931.	Apr. 29, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	105½	56½	62½	61½	59½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	101½	79½	83½	81½	81½

The visible supply of wheat in Canada at 61,876,000 bushels, shows a decrease on the week of 3,006,000 bushels. Supplies a year ago stood at 74,631,000 bushels.

OTHER FOODS.

SUGAR.—A slight reaction has followed the recent upward movement in sugar prices. The turnover in raw and refined sugar has been somewhat smaller, and British refined sugar was reduced by 3d. per cwt. on Tuesday. Raw futures have also been slightly easier, and Wednesday's sales included "May delivery" at 6s. 0½d. to 6s. 1½d., as against 6s. 2½d. to 6s. 4½d. on the corresponding day last week; August, at 6s. 4d. to 6s. 4½d., as against 6s. 5d. to

6s. 6½d.; and December, at 6s. 7½d. to 6s. 8½d., as against 6s. 10d. to 6s. 10½d. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
London	1,392	553	1,850	1,289	30,503	40,712
Liverpool	1,327	1,062	16,895	11,294	68,703	108,474
Total tons ...	3,019	1,615	18,745	12,583	99,206	149,186
Last week ...	20,850	1,802	19,241	10,828	114,932	160,154

COFFEE.—There has been a keen demand at the auctions, and prices are on a higher level than last week. Last week's movements of coffee in London were as follows: Brazilian, landed, 2 bags; delivered for home consumption, 120 bags; exported, 81 bags; stocks, 2,047 bags, against 6,190 bags last year. Central American, landed, 9,452 packages; delivered for home consumption, 4,629; exported, 2,624; stocks, 118,512 packages, against 108,279 a year ago. Other kinds, landed, 8,989 packages; delivered for home consumption, 2,943; exported, 2,824; stocks, 109,718 packages, against 124,581 a year ago.

COCOA.—The market in cocoa has again been dull and prices declined further. Wednesday's quotation for Accra, full fermented, May-June, at 20s. per cwt., f.o.b., London contract, shows a fall of 4½d. on the week. Last week's movements of cocoa in London were as follows: Landed, 4,385 bags; delivered for home consumption, 8,903 bags; exported, 268; stocks, 207,081 bags, against 201,184 last year.

TEA.—The quantities catalogued for this week's auctions comprised 48,917 packages of Indian, 30,466 packages of Ceylon, and 14,784 packages of Java and Sumatra tea. Although fine qualities again met with keen competition at the auctions, there was little interest in medium and common teas, which realised lower prices.

RICE.—The market in rice has again been dull and prices declined further. Wednesday's quotation, for Burma No. 2, cleaned, May-June, in singles to the Continent and to the United Kingdom, at 7s. 3d. per cwt., shows a fall of 1½d. on the week. Movements in London during the past week were as follows: Landed, 51 tons; delivered, 20 tons; stocks, 666 tons, as against 2,509 last year.

POTATOES.—The Borough Market has again been well supplied, and although demand was easier, the recent advance in prices has been maintained. "Best King Edward" again sold at from £9 to £10 per ton.

SPICES.—The spot market for pepper has been quiet, but prices were maintained. Wednesday's price of "Black Singapore," at 6½d. per lb., shows no change as compared with last week. Movements of pepper in London during the past week were as follows:—Black, landed, 2 tons; delivered, 13; stocks, 573 tons, as against 1,016 last year. White, landed, 45 tons; delivered, 43; stocks, 743 tons, against 784 tons a year ago.

MEAT.—The market in meat has been steady, and prices are scarcely changed on the week. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,325 tons, as compared with 8,254 tons in the corresponding week last year. Imported beef, principally Argentine, formed 83.0 per cent. of the supplies, as against 85.4 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82.3 per cent. of the total supply, as against 82.8 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally are quiet, and only a small business is passing. Linseed has declined in sympathy with an easier Argentine exchange, and some trade is reported at the lower levels. Current value of Plate on spot at Hull and forward to May being around £8 15s. with June and July something above this figure. For September-October, £8 17s. 6d. has been paid, Calcutta to London. April-May has been done at £10 10s. The quantity of linseed on passage to Europe shows a slight diminution to 211,500 tons, which is 11,000 tons less than last week, and compares with 128,300 tons a year ago. Crushers both here and on the Continent, are only moderate buyers, owing to the demand for oilcake falling off. Cottonseed is weak and lower. For Black Egyptian on passage to Hull £6 3s. 9d. has been accepted, and April and May loadings quote around £6 2s. 6d. Demand for linseed oil is only small. Prices declined in sympathy with seed, but have since steadied. Raw oil on spot, ex Hull mill, is now quoted £17 15s., and May-August delivery £17. Cotton oil is quiet. Crude Egyptian, ex Hull, being obtainable at £20 10s., and common edible at £23 5s. Other seed oils are inclined easier, and further reductions have been made in the mill prices of oilcakes.

HIDE, LEATHER AND ALLIED TRADES.—Prices for ox and heifer hides showed further weakness at the auctions held at Manchester, when several weights in both clear and warbled ox and heifers made ½d. per lb. less money. Cows were from ½d. to ¾d. per lb. cheaper, while bulls and irregulars were lower by ¾d. per lb. Calf skins were steady at the previous week's figures. The market for sheepskins is unsatisfactory, and prices generally are weak. Only small business is passing in connection with foreign hides, and then mostly at lower values. As a matter of fact, tanners have little confidence in the present basis of quotations, and there is a general feeling that further concessions will have to be made before buying is resumed on anything like a reasonable scale. In the South American market the United States trade has been operating in wet salted Frigorifics, but with no support from other directions, prices are considerably lower, Argentine ox having changed hands at 5½d., and Montevideo ox at 5½d. Trade in sole leather during the week has been of fair dimensions, but it is doubtful if the aggregate turnover has been up to that of the previous week or so. Demand

absorbing a fair quantity of short money, so that, although the discount market is still relatively inactive, funds are not too plentiful. Three months' bills are still quoted at the agreed minimum rate of $2\frac{1}{8}$ per cent., but as this rate is only applicable to bills of 63 days to three months' maturities, some competition has sprung up for 60-day bills. Thus, early July bills have lately changed hands at $2\frac{1}{8}$ per cent. A line of £500,000 Uganda three months' bills was successfully placed at $2\frac{1}{8}$ per cent., which is a good rate from the borrower's standpoint.

	Apr. 16, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	3%	$3\frac{1}{2}$ (May 1, '30)
Bankers' Deposit Rate..	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Discount (Call)	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Houses (Notice)	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	...

The Bank return reveals a further increase of £1,255,000 in the Bank's gold stocks, due mainly to its acquisition on Tuesday of the bulk of the Cape gold on offer in the market. Next week £825,000 in bars is expected, and the following week £918,000 in bars and £200,000 in sovereigns. £443,000 is also due from the Argentine about May 20th. The Bank's gold stocks now stand at £147.5 millions in the Issue Department. The note circulation expanded by £6,402,000, partly as the result of end-of-the-month demands by the public, so the Reserve has fallen by £5,147,000. Payment of Government dividends on May 1st explains in part both the contraction of £11,679,000 in Public Deposits and the increase of £9,648,000 in Bankers' Deposits noted above, but another explanation is to be found in the fact that this week's Treasury bills were applied for mainly for payment on May 9th. Government Securities have expanded by £4,825,000.

This week the most important news has come from abroad. As a subsequent paragraph shows, cuts in the New York Reserve Bank's buying rates for bankers' acceptances were accompanied by reductions in the Boston and Philadelphia rediscount rates, while late on Thursday it became known in London that the New York rediscount rate had been reduced from 2 per cent. to the very low figure of $1\frac{1}{2}$ per cent. Money, too, has become very cheap in Paris, and both the franc and the dollar exchanges have responded. It is true that sterling lost ground early in the week, but this was probably due to covering of forward positions opened earlier in the year, and the fact that the relapse was only temporary bears witness to the new fundamental strength of the pound.

In these circumstances it is hardly surprising that suggestions have been heard in the market of an approaching reduction in Bank rate here. Until the New York rediscount rate reduction was announced, such suggestions were premature, but now that New York has come down, a different position has clearly arisen. At times of change it is unwise to make too dogmatic forecasts, but there is no doubt that the situation of sterling arouses far less anxiety than it did even a few weeks ago. Thus, while it may still be too early to look for a reduction in Bank rate, it is conceivable that it may not now be thought so necessary to maintain by agreement a minimum market discount rate of $2\frac{1}{8}$ per cent.

Were market rate to be left free to find its own level, it might very likely fall to about $2\frac{1}{2}$ per cent., and the question is whether such a rate would be so low as to involve the risk of expelling some of the French and American short money now in London. Probably it would not, in view of the low rates prevalent in Paris and New York, and this seems to be a tenable view even when allowance is made for the cost of covering the exchange by forward sales of sterling. This theory, however, would have to be tested practically, if and when such conditions

arise, and so once more it is unwise to be too definite. The discount market, of course, would welcome the removal of the "peg" on the three months' market rate, for it is common knowledge that it has had the effect of restricting business. On balance the situation is developing to the point where its removal would be a justifiable risk.

A reduction in Bank rate is, of course, another story, and, in any case, must be preceded by a freeing of discount rates. A $2\frac{1}{2}$ per cent. Bank rate might easily mean a market rate of under 2 per cent., and such a rate is hardly high enough to be safe. Here, again, the situation must be allowed to develop, and here again it is still inadvisable to express a definite view. For the moment it is sufficient to note that the situation is swinging round in favour of sterling, and so of lower money rates in London, and not to expect too much to happen at once.

This week money in New York has moved on to a definitely lower plane. On Wednesday the New York Reserve Bank made a further reduction in its buying rate for bankers' acceptances, when it announced that it was prepared to buy bills of up to 30 days' maturity at the new record low rate of $1\frac{1}{2}$ per cent. Dealers followed suit by reducing their rates on all bankers' acceptances by $\frac{1}{2}$ per cent. The same day it became known that the Boston Reserve Bank had reduced its rediscount rate from $2\frac{1}{2}$ to 2 per cent., and the Philadelphia Reserve Bank its rediscount rate from $3\frac{1}{2}$ to 3 per cent. With call money at $1\frac{1}{2}$ per cent. and at 1 per cent. outside the market, everything pointed to a lower rediscount rate in New York, and on Thursday the expected announcement was made, the rate being lowered from 2 to $1\frac{1}{2}$ per cent.

The Foreign Exchange market continued fairly active, and, after a temporary relapse, sterling recovered its recent strength. New York fell away to 4.86 $\frac{1}{2}$, but recovered at the close to 4.86 $\frac{1}{2}$, the week's highest rate. The Montreal rate was also $\frac{1}{2}$ cent higher at 4.86 $\frac{1}{2}$. Paris moved in sympathy with the dollar, closing at 124.45, against 124.44 a week ago. Brussels was on offer, the rate rising to 34.98 $\frac{1}{2}$, and Milan was steady at about last week's level. The peseta lost ground, closing at 46.90, after erratic movements between 46.10 and 47.50. A further depreciation in Dutch guilders took the Amsterdam rate to 12.11 $\frac{1}{2}$, or a loss of $1\frac{1}{2}$ cents on the week. Reichsmarks were steady between 20.42 and 20.43. The South American exchanges depreciated. Buenos Aires losing $1\frac{1}{2}$ d. at 34 $\frac{3}{4}$ d., Rio $\frac{3}{4}$ d. at 3 $\frac{3}{4}$ d., and Monte Video $1\frac{1}{2}$ d. at 31d. In the Eastern exchanges both the rupee and the yen were steady at last week's levels. In the forward market dollars moved with the variations in the spot rate, closing at premiums of $\frac{3}{8}$ cents for one, and $\frac{1}{2}$ cents for three months. Paris forwards were at premiums of 16 and 39 centimes. Forward Brussels was slightly more offered at $2\frac{1}{2}$ cents and $5\frac{1}{2}$ cents premium. There was a consistent demand for forward pesetas, the closing margins being at premiums of 3 cents and 14 cents. Amsterdam forwards were in demand at premiums of $\frac{1}{4}$ cents and $1\frac{1}{4}$ cents, respectively. Wider discounts prevailed for forward Reichsmarks at $1\frac{1}{2}$ and $2\frac{1}{2}$ pfennigs for the respective periods. The premium on forward Swiss francs decreased, at $2\frac{1}{2}$ and $5\frac{1}{2}$ centimes for the two periods. Silver was mainly weaker at 13d., but improved at the close to last week's levels of 13 $\frac{3}{4}$ d. for both spot and forward. Hong Kong was 1s. and Shanghai 1s. 3 $\frac{1}{2}$ d.

BANKING SUPPLEMENT.

With this issue of "The Economist" is published a special Supplement dealing with banking conditions at home and abroad. It includes an analysis of British banking earnings, and also of the policy of the Bank for International Settlements, and deals with the banking situation in the United States, France and Germany.

ECONOMIST INTELLIGENCE BRANCH.

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THE REFORM OF UNEMPLOYMENT INSURANCE.

THE Royal Commission appointed to consider how the Unemployment Insurance Scheme can be made "solvent and self-supporting," and what arrangements are appropriate to the case of unemployed workers unable to qualify for inclusion in a scheme of insurance, has had submitted to it this week important memoranda of evidence from the two leading representative bodies of employers and employed—the National Confederation of Employers' Organisations and the General Council of the Trades Union Congress. The Commissioners, in view of the extent of the rapprochement which the Melchett-Turner conferences achieved in the relations between capital and labour, may perhaps have hoped for some measure, at least, of agreement in the evidence put forward by these partners in industry; but any hopes they entertained have been disappointed. The submissions in most essentials are poles apart.

The T.U.C., who had first innings, began their evidence with the statement, which nobody could challenge, that the administration of unemployment benefit has long ceased to be on an insurance basis. This development, however, was not to be deplored or rectified; it should be accepted, perpetuated and universalised. To discriminate between different categories of the unemployed meant, in derogatory terms, the pauperisation of some; the remedy was the pauperisation of all. That is to say, the contributory system should be swept away; maintenance should be the right of everybody; and the whole cost of unemployment benefit, on a substantially higher scale than at present (the figure proposed for a married man with three children was 45s., as compared with 32s., per week), should be borne by the Exchequer; and the Treasury should also assume the charge of cancelling the fund's existing indebtedness.

"Neither the workers nor employers, except as taxpayers, should be burdened with the cost of maintaining the unemployed. At present the employer's contribution has to be paid by him whether he makes a profit, or does not. . . . The emergency should be met by a special unemployment levy on all incomes, whether from earnings or from interest and profit. The levy would be on a percentage basis . . . varied from time to time in accordance with the amount required . . . (but) not to exceed 1 per cent. on incomes up to £250 per annum."

The levy, according to the T.U.C.'s proposals, would be deducted at the source in the case of employed persons, and would be collected, through the existing income-tax machinery, on the basis of gross receipts from profits and investments. Subject to disqualification in the event of flagrant refusal to accept "suitable employment," all employed persons should be eligible for benefit, regardless of means or needs, and administration of benefit, in accordance with principles enacted by Parliament, should be rendered "more flexible" by handing over the management of this great national fund to a board of three nominees of the T.U.C., three nominees of the employers' organisations, two official members, and an independent chairman.

There are certain features of this extravagant scheme of "work or maintenance" which are so obviously impractical as to suggest that it may be a tactical manoeuvre motivated by the reluctance of the T.U.C. to assume responsibility for participating in an attempt to purge the present system of its extravagances and other grave defects. The suggested upward revision of the rates of benefit would exceed the present actual wages of large sections of workers (and these are at the utmost limit, if not in many cases beyond the maximum, that industries can pay), while the cost of the scheme would increase unemployment by adding enormously to the existing grave burden of direct taxation. Nevertheless, in certain points, notably its recognition of the danger of making the burden of unemployment benefit a charge entering into the costs of production and its acceptance of the idea of broadening the basis of direct taxation, the T.U.C.'s memorandum is on firm ground.

To these points we shall return; but, first, we may conveniently consider the other side of the picture presented by the employers' evidence. Prefacing their recommen-

dations with a survey of the now only too familiar history of the progressive development of insurance into undisguised relief paid in the form of benefits, the National Confederation strongly maintain that merely to remove from the existing system the more flagrant "abuses," to which attention has of late been prominently drawn, would not in itself offer any true solution of the problem. At its root lies the fact that "the use to which unemployment insurance has been put in the past ten years has fostered a belief that this country has unlimited resources which can enable it to act as a universal provider against all ills by paying weekly benefits which are demandable as a legal right, without conditions attached and without reference either to the recipient's own contributions or his needs." The memorandum proceeds:—

"Such a belief is the negation of that spirit of thrift, independence and sense of individual responsibility which Unemployment Insurance was intended to develop, and we go so far as to say that the fostering of that belief is insidiously sapping the whole social, financial and industrial stability of the country. . . . In our view, the system of Unemployment Benefits as operating since 1921 has, by preventing unemployment from acting as a corrective factor in the adjustment of wage levels and costs of production, been responsible, in no small measure, for aggravating the very disease which it has been trying to relieve."

The Confederation agrees with the T.U.C. that the existing debt of the Unemployment Insurance Fund should be transferred to the Treasury in order that a revised scheme may not be saddled with a heavy initial burden. For the future it is suggested that the solvency of the Insurance Fund proper should be safeguarded by placing it under the control of a board of trustees. The weekly rates of contribution should ordinarily never exceed one shilling and threepence for adult males, payable in equal proportions by the contributor, the employer and the State, and the total number of benefits payable to any individual should bear a direct ratio to the number of contributions paid and should be limited to a fixed maximum in any single year. The board of trustees should be empowered to modify the amount of weekly benefit (the Confederation imply that, in view of the fall in the cost of living, the present scale should be revised downwards) and to vary the "ratio" and "yearly limit" rules to such an extent as might be necessary to ensure the fund's solvency, with a further power for that purpose to increase the rates of contribution up to a maximum of 1d. for each of the three contributing parties.

To meet the case of those unable to qualify for benefit under the revised system, the Confederation recommends that other unemployed persons should be dealt with by a system of "relief," the fundamental principles of which should be (a) that relief should only be given after adequate enquiry and assessment of need; (b) that relief should not be given to any applicant who refuses to accept work which he is reasonably capable of performing even though it is outside his normal occupation; (c) that a proper co-ordination of the existing public assistance and employment exchange services should provide the machinery for administering that relief; (d) that the system should be under the general supervision of a Statutory Commission appointed by Parliament for the purpose; and (e) that the cost of the system should be an Exchequer charge subject to the local authorities bearing only such proportion as may be deemed necessary to ensure economic and efficient administration. With regard to the scales of relief, the Confederation suggests that these should be governed by the determinations of the Statutory Commission and should follow the principle of being sufficiently low "not to tempt the individual to improvidence while he is at work, or tempt him to prefer relief to work when he is unemployed, or be such as to interfere with the mobility of labour or create and maintain rigidity of wage rates and costs of production."

There are several points in this evidence with which we find ourselves in agreement. It is important in our view that in any new scheme a clear distinction should be drawn between insurance benefits proper and payments made after the former have ceased—and that for two reasons. The first is that it is hardly desirable to retain

the contributory principle in order that both employers and employed may have as strong an incentive as possible to reduce unemployment to a minimum and thereby ultimately reduce their own rates of contribution. The second, and even more important, reason is that when this form of self-help is exhausted, and unemployment becomes a direct charge on the community, the latter is entitled to insist on more stringent rules regarding transfer to other occupations and in the case of appropriate classes of the employed upon some form of training. We are well aware of the objections of those who argue that such a distinction suggests that there is some stigma attaching to those who have been out of work for, say, 33 weeks, but none on those who have been only out 32 weeks. There is, of course, none; and in this connection we think it unfortunate that the Confederation have used the word "relief" in regard to exceptional unemployment payments. But the case for taking more drastic steps as time goes on to secure the transfer of labour in the national interest is overwhelming. We are therefore strongly opposed to the desire of the T.U.C. to obliterate what appears to us to be a most valuable principle—contributory insurance.

We do not admit, however, that it is practicable, under existing circumstances and considering the probabilities of the next few years, to reduce the present rates of contribution or to limit them in advance by Statute, however desirable it might be to relieve employers' costs of a proportion of this burden. In this matter the determining factor must obviously be the rates of future benefit; and here we would suggest that the Royal Commission should give careful consideration to the possibility of modifying the present system of a national flat rate. Given the essential need to maintain the incentive of the individual to find work, it follows that a national flat rate should be less than the minimum wage obtainable for employment in the worst paid industries in the most depressed districts. This, however, would palpably not meet the needs of unemployed persons in, say, London. Hence there is a strong case to be made for either having different scales of benefit in different industries and localities, or, alternatively, making benefit proportionate to the wages earned by the contributor when in employment.

With regard to those whose claims to insurance benefit lapse, but for whose support some maintenance must, by common consent, be provided, the proposals of the National Confederation appear to us to be broadly on the right lines. There is, however, one point in the recommendations to which we are inclined to take exception, namely, the proposal that the cost of relief should be absorbed in the national budget subject to some contribution from local authorities. We agree that it is impossible to add to costs of production the whole burden of financing our present exceptional unemployment, and, as we have already said, we welcome the T.U.C.'s recognition of the objections to saddling enterprise with a charge payable regardless of profits. But there appears to us to be a grave danger in sinking the cost of non-insurance relief in the general expenditure of the Budget. To do so must necessarily tend to obscure from public attention the real crux of the problem, which is not how to finance unemployment, but how to reabsorb into industry its recipients.

It is, we are aware, frequently argued that there is something financially vicious in earmarking any tax for a specific purpose, but, in the special case of unemployment, at any rate, we are of opinion that there is much to be said for having two separate and self-contained funds, the one an insurance fund proper, the other a fund for financing the provision for exceptional unemployment. Such a fund might well draw its revenues from a special surcharge on incomes, including, as the T.U.C. has suggested, those of weekly wage earners, whose employers would be required to make a deduction at the source. To impose such an emergency levy *ad hoc* would, in our view, be definitely preferable to making the Exchequer finance unemployment out of its general Budget revenue—a course certainly entailing the imposition of more taxation whose purpose, as time went on, would be lost sight of, and whose removal would, as always, be difficult to guarantee when the emergency had passed.

CLOUDS OVER CHINA.

FROM last autumn until the past few days the situation in China has been more promising than at any other time since the beginning of the Revolution—now more than twenty years ago. While brigandage on the grand scale has still been rife in the South, there has been no regular civil war; and while the negotiations between the Nanking Government and "the Treaty Powers" over the abrogation of extra-territoriality have dragged on, the likelihood of a general settlement of relations between China and the Powers in the near future has been fore-shadowed by certain auspicious events: for instance, the rendition, last October, of the British leased territory of Wei-hai-wei and the invitation extended in November by the Municipal Council of the International Settlement at Shanghai to Mr Justice Feetham, to report and advise on the situation in the principal treaty port of China. Only last week, we commented on the situation at Shanghai, *à propos* of the publication of the first part of Judge Feetham's report. The second part, setting out his recommendations, is expected to appear in a few weeks. Meanwhile, however, the political skies in China have suddenly become overcast in the disconcerting fashion of Chinese political weather. The breakdown of the Sino-British negotiations over extra-territoriality is announced, and at the same time there is a threat that the dissensions between politicians at Nanking and the activities of brigands south of the Yangtse may between them breed another civil war.

The issue at Nanking is important: it is the issue between a single-party oligarchy, of the type that prevails to-day in Italy and Russia, and some alternative form of Government which would probably be democratic in appearance and dictatorial in reality. Sun Yat-sen, the father of the Chinese Revolution and founder of the Kuomintang, laid down that the Revolution was to pass successively through the stages of military dictatorship and party tutelage on its way to the definitive stage of parliamentary democracy. After the hoisting of the Kuomintang flag over Peking in the summer of 1928, it was announced that the period of militarism had come to an end and the period of tutelage begun; but the tutelage of the Kuomintang has proved not only irksome to Chinese military dictators, but grievous to the Chinese people. The local organs of the Party in the provinces and sub-districts have done little constructive work—they have made hardly any contribution to the restoration of order and prosperity—but they have exercised an effective tyranny to their own personal advantage with little or no control on the part of the central organisation of the Party.

Their deserved unpopularity is one of the factors which accounts for the persistence of brigandage and the recurrence of military pronunciamientos in the provinces; and when the last civil war—between the Nanking Government of the one part and Fêng and Yen of the other—was brought to an end last autumn by the intervention of "the Young Marshal" from Manchuria, Chang Hsüeh-liang, the rescuer of the Central Government, made it a condition that the Kuomintang organisation should not function in the provinces under his control. This condition was by no means disagreeable to President Chiang Kai-shek; and thereafter Chiang and Chang, in concert, persuaded, or compelled, the Kuomintang to agree to the calling of a national convention with a view to bringing "the period of tutelage" to a speedy end. The convention is due to meet this very month; and, in anticipation of its meeting, Hu Han-min, the principal champion of the continuance of Party tutelage, has been arrested by Chiang Kai-shek and interned.

There is always, however, a covert connection between the political intrigues and rivalries at Nanking and the aspirations after local autonomy in the provinces. And it now looks as though President Chiang had scotched the opposition to his policy at the centre of China only to stimulate it on the periphery. There are ominous indications that Canton, the mother of the Chinese Revolution, is preparing to join forces with the war-lords

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of the adjoining province of Kwangsi—a recalcitrant military power which Chiang Kai-shek has several times defeated but never quite succeeded in breaking up. This is a portent, for the sister provinces of Kwangtung (Canton) and Kwangsi have seldom been on the same side in the almost infinite variety of permutations and combinations through which Chinese politics have passed since 1911. Taken in conjunction with the ill-success of Chiang Kai-shek's endeavours to suppress brigandage in the Yangtse Basin, this new threat from the South is very disquieting.

This, then, is the internal situation in China at the moment when the Sino-British negotiations over extra-territoriality have come to a standstill. It will be remembered that, as long ago as December 28, 1929, the State Council at Nanking, acting on instructions from the Central Political Council, issued a mandate to the effect that all foreign nationals in the territory of China who were enjoying extra-territorial privileges on that date should abide by the laws, ordinances and regulations duly promulgated by the central and local Governments of China on and after January 1, 1930. This drastic gesture was qualified by a saving clause providing for the execution of the mandate through a series of constitutional stages; and it was understood, as between the Nanking Government and "the Treaty Powers"—Great Britain in particular—that, in the meantime, the *status quo* was not to be disturbed and that the negotiations for an agreed abrogation of extra-territoriality were to continue.

Last Monday a new mandate was issued at Nanking announcing that the procedure laid down in the mandate of December 28, 1929, has now been carried out; that a plan for the application of Chinese law to the nationals of "the Treaty Powers" in China has been drawn up; and that, since more than sixteen months have elapsed without the negotiations between Nanking and the Powers resulting in agreement, the new regulations are to be brought into force, by the unilateral act of the Chinese Government, as from January 1, 1932 (or, according to another report, from October 1, 1931).

The rock on which the Sino-British negotiations have come to grief is a stipulation, on the British side, that there shall be four reserved areas—the treaty ports of Shanghai, Tientsin, Canton and Hankow—to which the proposed agreement for the abrogation of extra-territoriality shall not immediately apply. In answer to questions in the House on Wednesday, Mr Henderson stated that, in the view of the British Government, these ports must be excluded from the operation of the Treaty "until such time as necessary changes have been effected in the municipal administration at those ports to meet the new situation created by the abolition of extra-territorial rights." Since the four ports contain, between them, the great mass of foreign interests and foreign residents in China, and since at the same time, and for this very reason, these four ports are at present the

principal focuses of China's economic life, it is equally natural that the British Government should insist upon this reservation and that the Chinese Government should refuse to consider it. Here is the *impasse*, and it is a formidable one—though, pending the publication of the second part of Judge Feetham's report, we may perhaps indulge in the hope that he may have discovered some way out of the difficulty at Shanghai which could be followed in the other three treaty ports likewise.

Meanwhile, on the Chinese side, it has been announced that the new regulations, applicable to the nationals of Treaty Powers in China five months or seven months hence, include the following points: Special courts are to be set up in a number of places, including Shanghai, Tientsin, Mukden, Canton, and, presumably, also Hankow, for the trial of civil and criminal cases in which foreigners are involved (the term foreigners being restricted, for this purpose, to the nationals of Powers which still possessed extra-territorial rights in China on December 28, 1929). Outside the jurisdiction of these courts, foreign defendants may petition to have their cases tried in special courts. Advisers shall be attached to special courts, who shall not necessarily be Chinese. The advisers may submit written memoranda to the courts, but may not interfere with their judgments. Arrest and search are to be carried out in accordance with the Chinese criminal code, but foreigners arrested are to be handed over for trial within twenty-four hours, and they may be represented by foreign lawyers. Violations of the police regulations will be dealt with in the police courts, which will be empowered to impose fines up to \$15 (Mex.).

From this summary it would appear that the new regulations are based upon those which were introduced in Northern Manchuria after the voluntary abandonment of extra-territoriality by the Soviet Government half-a-dozen years ago. Does the Chinese Government really mean to apply the same system throughout China, by a unilateral act, to the nationals of all the remaining Treaty Powers, without the consent of the Powers themselves? That would, of course, be asking for trouble next October or January; but probably the statesmen at Nanking, who are often driven by necessity to live from hand-to-mouth, are thinking, not of October or January, but of this present month of May. It is not unlikely that the key to their present action, *à propos* of extra-territoriality, is to be found in the new threat to their authority at home. If we divine correctly, the present gesture is directed not so much towards the foreign Powers as towards the Chinese people. The Nanking Government, threatened once more by dissension in the capital and disaffection in the provinces, wishes to proclaim that in its foreign policy it is a stalwart champion of the national cause. As to what will happen at Shanghai or Tientsin when the date comes for the new mandate on extra-territoriality to take effect—perhaps it is more pertinent to ask what is going to happen, first, in Nanking and in Canton, before the present month runs out.

THE NEW LAND TAX.

In debating Mr Snowden's Land Tax proposal this week the House of Commons was in a position of considerable difficulty, for it was only shown the skeleton of the scheme, vital details of which will not be available until the Finance Bill is published. And in this matter of land taxation, as all who followed the discussion of 1909-10 will vividly remember, detail is all important. Any such project involves a host of intricate questions, and until it is known what is the precise manner in which the Government propose to meet such problems as are raised by methods of valuation and the scope of exemption, it is impossible to pass final judgment on the particular plan which Mr Snowden has advanced. The outlines of it can be explained in a few words. A flat rate of a penny in the £ is to be imposed upon bare site value of every unit of land over £120, with the exception of purely agricultural land, sites occupied by churches, hospitals and publicly-owned playing fields being among other exempted properties, the list of which will, presumably, be lengthened in the course of discussion. The valuation is to take place as at August 1, 1931, and is estimated to occupy two years, and revaluation is to be undertaken every five years. That practically exhausts the information at present at the disposal of the public.

In these circumstances both Parliament and the Press have of necessity concentrated rather upon the principles and the probable broad effects rather than on the exact nature of the proposal. It was as clear from the tone as from the text of the Chancellor's speech in the House of Commons on Monday that with him the motive force behind the plan is political and social. His two great aims are to free the land for the people, and to ensure that where land gains in value through services rendered by the community, the community shall take to itself a part of the benefit. We agree with the Chancellor and his school of thought to this extent that wherever owners of land can unreasonably withhold it from proper development for the benefit of the community, or can extort fantastic prices from the community, legislation to prevent so glaring a social abuse deserves the support of all good citizens. The coming of the motor and other means of rapid transport, however, have tended very considerably to moderate the effects of an evil which was much more serious a few decades ago, when the tendency was still to pack the population, as well as factories, into restricted urban areas. This view of the land question is tending rapidly to become out of date. Moreover, the community has armed itself with legislation compelling the landowner to sell at a fair market price computed by a tribunal to be that which could be reasonably received by a willing seller.

A much more important aspect of the land question, in our view, is that of increment in land value due to State or local services paid for out of the public rates or taxes—in particular, the building of roads. Here we entirely agree with Mr Snowden that such values are a proper target for the tax gatherer. The Chancellor has, however, abandoned any attempt to impose an increment duty such as that contained in the land taxation scheme of 1909, on the ground that such a duty is impracticable, although in a Town Planning Bill, now before the House of Commons, some attempt is made to meet the problem by rendering it possible for local authorities in urban areas to obtain for the community the betterment value created by public services. Such values have been secured by various devices in many countries. Mr Snowden's plan will give a very modest proportion of such increment to the Exchequer whenever periodical revaluations are made, but we should like to see a more determined effort made to touch a source of revenue which it is generally agreed may be equitably taken by the State, and the heavy taxation of which would not hamper development.

Objection has been raised to the tax on the ground that it is a capital tax on property, the profits or interest from which are already heavily taxed. In so far as land is appreciating in excess of the normal capitalised value of the income which it yields, either because it is being held

back from development or for any other reason, this objection against an additional capital duty is not valid. But for most land it is probably true. It is for this reason that a flat rate tax of the kind proposed cannot equitably be levied at a heavy rate without creating an excessive discrimination against a particular form of property. The tax, however, is naturally a very strong attraction to a Chancellor, for though there is room for a difference of opinion as to the final incidence of this as of every other kind of tax, we agree with those who hold that this is one of the most difficult of all taxes for those upon whom it is levied to pass on. It is therefore likely to have very little effect upon trade and industry.

A second criticism to which Mr Snowden, in our opinion, has not given a satisfactory reply, is with regard to the proposal to exempt land of a value of less than £120. If one of his aims is to broaden the basis of future taxation—as it is the avowed aim both of Labour back benches and of Mr Lloyd George—why does he propose to exempt property of the value of less than £120? The tax as proposed at present does nothing to broaden the basis of taxation. It does, in fact, impose the whole of its burden upon those who already bear the main brunt.

We very much regret that Mr Snowden did not see his way to give an estimate of the yield of this tax. The cost of valuation is estimated at £1½ millions—and may ultimately prove to be considerably higher—of which £400,000 will fall on this year's Budget, though there is no hope of any return for two years. This is a large sum and—followed, as it will be, by periodical revaluations—is likely to make a considerable hole in the yield of the tax. Again, so long as the amount of the proceeds is entirely vague, there is a danger that unjustified hopes of solving Budget difficulties from this source may divert attention from the unpopular course of public retrenchment. We shall not attempt to rush in where the Chancellor fears to tread. Mr Snowden himself observed in the debate that any estimate he might give might be absurdly low or fantastically high. Bearing this warning in mind, we would only observe that Sir Josiah Stamp in a recent issue of the *Statistical Journal*, gave—within wide limits of error—figures of £4,500 millions as the value of buildings (including sites), and £950 millions for "Land," including farm buildings, etc. A penny in the £ on this combined total would yield £23 millions a year; but as most of the agricultural value will be exempt and most of the former figure represents the buildings on the site, the yield can only be a fraction of this total.

Mr Snowden has not really made clear the whole of his difficulties in dealing with this question of land taxation. In our view there are two desirable things waiting to be done. One is to secure a substantial proportion of the enhancement of land values which is being created every day by public expenditure upon roads; and the other is gradually to transfer part of the burden of rates from buildings to sites. The de-rating plan has made this less urgent from the point of view of the prosperity of industry, but it is still a desirable reform in regard to residential and business premises. We regret that in dealing with this question Mr Snowden should have adhered to traditional methods instead of tackling these two problems.

FOREIGN LOAN MARKETS.—III. MINOR CENTRES.

(BY A CORRESPONDENT.)

Two previous articles, which appeared respectively in the March 21 and April 25 issues of the *Economist*, dealt with the position and prospects of the New York and Paris markets for foreign loans. It remains to consider four minor Continental markets, viz., Amsterdam, Switzerland, Sweden and Italy. None of these markets is capable by itself of handling a large foreign issue, but each of them is of importance as an auxiliary market for international loans, the main part of which is placed in one or several of the leading centres. They are, moreover, in a position to take up comparatively small foreign

loans even without the co-operation of any of the principal markets; and the Swiss, Dutch and Swedish markets have acquired considerable importance through their activity in issuing small foreign loans, either jointly or individually. While issuing activity in the leading foreign loan markets has been at a low ebb during the last two years, Dutch, Swiss and Swedish houses have continued to do a fair amount of business, and rendered valuable services to borrowers in urgent need of funds. They have thus been able to establish connections which are likely to prove valuable, even after the resumption of full activity in the leading centres.

In their rôle of auxiliary markets where parts of large international loans are placed the minor centres are also capable of rendering very useful services. While leading centres usually find it difficult to come to terms with each other, owing to the keen rivalry between them and to their ambition to assume the lead of the international group, difficulties of such a nature do not handicap the co-operation between a leading centre and the minor centres. The secondary markets are well aware of their limitations, and do not as a rule compete with the leading centres for any large transaction. They are quite content to occupy a secondary part in the international banking group, and are willing to take a small participation in any loan which appears to them a good business proposition. They remain strictly neutral in the fight for supremacy between London, New York and Paris, and are equally willing to assist either of the three centres in the marketing of foreign bonds.

The market which, among the minor centres, has been affected to the greatest extent by the depression is Holland. The slump in colonial produce has reduced considerably the profits constituting the principal resources which enabled the Dutch market to absorb a large amount of foreign securities before the crisis. Moreover, as the amount of foreign loans issued in Holland before 1929 was greater than the amount absorbed by the other secondary markets, the losses suffered by Dutch investors were more considerable than those of Swiss or Swedish investors. In addition, an abnormally large amount of foreign dollar bonds issued in the United States with Dutch participation has found its way to the Dutch market during the last three years, so that the public is to a great extent saturated with foreign bonds. Notwithstanding these circumstances, Dutch issuing houses have participated in the majority of international loan transactions during the period of depression. They realise the advantages of maintaining the continuity of their foreign issuing activity, even if the transactions result in an occasional loss, as was the case during 1930. The mentality of the Amsterdam market and of the Dutch public is even more international than that of the London market and of the British public; they do not insist that the Dutch portion of the international loans should be issued in guilder, and any attempt to oppose foreign lending on the ground of its effect upon home trade would be waved aside without hesitation.

Switzerland has recently made remarkable progress in the field of international issuing activity. It may, in fact, be said that she has gained during the last two years in relative importance to the same extent as Holland has declined. This is the result of the heavy influx of foreign funds seeking refuge from taxation or from possible currency depreciation. Switzerland has been suffering lately from an acute *embarras de richesse*, owing to the excessive supply of short-term funds and the difficulty of employing them profitably. Swiss banks have had to resort to various means to discourage the inflow, which continued unabated in spite of their decision not to allow any interest on new deposits. There have thus been ample resources available for lending abroad. Although the practice of investing short-term funds in long-term loans may be open to criticism, there is no doubt that a large percentage of the short funds recently placed in Switzerland will be kept there for some years at least; and their reinvestment in foreign bonds to a moderate extent need not be regarded as unsound. While some years ago the foreign issuing activity of Swiss banks met

with a great deal of local opposition on the ground that it was diverting capital from home industries, objections of this nature have disappeared completely owing to the plethora of funds and the slackening of demand, during the depression, for home requirements. Thus one of the principal obstacles to the development of the Swiss market for foreign loans has ceased to exist.

Sweden participates in foreign loans in two different ways. Its leading banks join international syndicates and acquire a small portion of international loans, in the same way as Dutch or Swiss banks do, though the amount is usually smaller than the Dutch or Swiss participation. Apart from this, a series of special transactions—some of them of very considerable magnitude—have been carried out by Kreuger and Toll. During the early years of the expansion of that concern in the sphere of international finance, it proved to be a serious rival to international banking groups; lately, however, Mr. Kreuger has worked in close collaboration with the leading banks of various centres, and, instead of undertaking the whole amount of loans, he is inclined to take over a participation of considerable importance. The great part of the foreign bonds thus marketed does not come to Sweden, either directly or indirectly, but is financed mainly through share or debenture issues abroad. This, however, does not reduce the importance of Stockholm as a lending centre; after all, the true rôle of an international banker is to re-lend abroad the funds he borrows abroad.

The Italian loan market belongs to a different category from the Swiss, Dutch and Swedish loan markets. Its activities are more influenced by considerations of a political nature. In most cases when Italian banking groups have undertaken to co-operate with international syndicates in the placing of a loan, the political motive has played a prominent part. In fact, for political reasons, Italian financial interests have undertaken on a few occasions to issue loans independently of other markets. As is well known, Italy does not possess any net surplus available for lending abroad; she is a borrower rather than a lender in international relations. The policy that inspires her international issuing activity is none the less wise, for it tends to increase the financial prestige of the country and to establish close links with the leading financial markets.

A revival of issuing activity in the principal centres is not likely to make any considerable difference to the four minor markets for foreign loans. Although the number of loans they issue independently of any of the big centres may decline, the number of transactions in which they take a participation will doubtless increase. The banks of the leading centres welcome the co-operation of the auxiliary markets, as it enables them to conclude loans beyond the absorbing capacity of their own market, and it places the issues on a broader international basis, which is decidedly an advantage from the point of view of both borrowers, issuing houses and investors.

BRITISH AND BELGIAN STEEL WAGE-COSTS.

The following article by a Belgian correspondent gives an account of an investigation made by Belgian business men and economists into comparative iron and steel costs of Britain and Belgium, the end in view being to determine what part differences in wages play in competition. The results are interesting and important. If they are substantiated, they suggest that the figures produced by the International Labour Office of comparative real wages in Brussels and London, though possibly correct for those cities, are not true for the industrial centres. They show further that arguments for Protection, based on the assumption that the Belgian worker is sweated and is on an unduly low standard of living, are unsound; also that the real wages of the Belgian worker have improved more than those of the British worker as compared with the pre-war situation. The writer very properly draws attention to the important fact that, in talking of sweated labour in relation to competition, it is vital to draw a distinction between money wages and real wages. It is perfectly true

that it is money wages which the British manufacturer has to take into account in his bill of costs. For many decades these wages have been relatively high in Britain; but hitherto we have overcome this disadvantage by superior efficiency, or by cheaper material, or by closer proximity to the market, or by our commercial advantages in buying and selling. If these factors no longer enable us to bridge the gulf in nominal wages, we must either give up selling or adjust our costs. Unless we can re-establish a sufficient lead in efficiency, we must reduce our nominal wage and price level to that of our competitors.

In his address to the shareholders' annual meeting, the Governor of the National Bank of Belgium recently observed:—"One reads sometimes that the expansion of our industry is due to low wages and long hours of labour. The eight-hours' day is nowhere better kept than in Belgium. As to wages, I may refer to three facts. A few years ago a British municipality had an investigation made of wages in the electrical works of Charleroi. The investigation proved that real wages (i.e., in relation with the cost of living) were as favourable as those of the British workmen. A few months ago we had an inquiry made into the wages of the iron and steel industry in both countries. This investigation was conducted by an impartial economist and two distinguished experts in the steel industry. It proves beyond any doubt that if there be a difference in nominal wages—although smaller than often believed—it is made good and, perhaps, more than compensated by accessory advantages which the Belgian industry gives to its labour and by the cost-of-living and other secondary conditions. Finally, an important German mining review states in its December, 1930, number that real wages in the Belgian coal industry are the highest in Europe, Great Britain included."

The detailed results of the two inquiries referred to may be of interest to readers of the *Economist*. In August, 1927, electrical manufacturers of Charleroi had tendered the lowest price for important supplies to an English municipality. When the tender came up for approval, the criticism was made that the lower price of the Belgian factory could only be obtained by underpaid and over-worked labour. Thereupon it was resolved that an inquiry should be made on the spot. This was done, and the necessary information was obtained by the municipality's delegate—not from the Belgian manufacturers, but direct from the labour unions, to whom he carried introductions. The British inquirer found that the Belgian workmen on the whole were considerably better off than they were in 1914; in spite of the reduction of working hours to the eight-hour day, their purchasing power was from 25 to 28 per cent. higher than before the war. If nominal wages in 1927 were lower in Belgium than in England, real wages, expressed in purchasing power, were at least as high; after paying for food and rent, the Belgian industrial workman had a larger "free" balance than his British comrade; the workmen in Belgium generally looked well fed, healthy and contented; and, in short, the idea that Belgian labour was "sweated" was quite baseless.

The more recent inquiry, which relates to the iron and steel industry, was made last year simultaneously in Great Britain and in Belgium. The Governor of the National Bank of Belgium appointed the inquirers, and his choice fell on a distinguished economist, professor at one of the Belgian universities, and two leading industrialists, occupying eminent positions in Belgo-Luxembourg steel manufacturing. The delegation went to England and Scotland, and also to the principal steel mills in Belgium and Luxembourg; and, after a very thorough and objective examination of all the elements of the problem, they reached several interesting conclusions. As to nominal wages, they found that the amount of accessory and other collateral advantages which were paid by the Belgian and Luxembourg industry to their labour exceeded by far what was done by the British industries. They rightly considered that these collateral benefits—e.g., family allowances, cheap rent on houses belonging to the factory, medical and other social services, greater regularity of employment, etc.—ought to be added to nominal wages. For instance, in the case of the British

worker in the metal industry, account should be taken of 10.5 weeks per annum of unemployment on the average for the years 1923 to 1929, as compared with a corresponding figure of 1.9 weeks of unemployment per annum in Belgium. Again, social advantages other than unemployment insurance may be calculated to cost 9d. per week in England; in Belgium, one may consider 5 per cent. of the wage bill an average charge for the social expenses of factories, apart from the cost of family allowances. Taking these factors into consideration, the average weekly wage of the British metal worker amounted to 54s., or 472.50 Belgian francs; while the Belgian worker got 326 francs. Thus, average nominal wages were in Belgium equal to 69 per cent. of average British wages, while the proportion ran up to 76 per cent. in Luxembourg. Without taking the respective risks of unemployment into consideration, the figures were 63 per cent. and 68 per cent. respectively.

The inquirers then investigated the purchasing power represented by these wages and the general conditions of life of the labour classes in both countries. The various items of the family budget were examined separately. As to housing conditions, it appeared clearly that the Belgian workman is very definitely better off than his British colleague. Rents are at most half as high in Belgian industrial districts as in British, viz., 56 to 350 francs a month, with an average of 175 francs, against about 400 francs in Great Britain. Moreover, an important percentage of the houses are owned by the workmen (25 per cent. in Seraing, 52.8 per cent. in La Louvière, 60 per cent. in Marchienne-au-Pont), while in newer districts houses are put at the disposal of workmen by the factories at especially low prices (56 to 200 francs a month). A number of facilities are also given to people who want to buy or build a house.

As for food, taste and customs vary so much from one country to another that a direct comparison of budgets is scarcely possible, and the most scientific method of comparison is to determine what amount of food families can buy in each country on about 60 per cent. of their budgets, which is the usual proportion in both countries. Using this method, the inquirers found that differences in nominal prices were 23.7 per cent. in favour of Belgium, if the composition of the British food budget of the 1904 inquiry was taken as standard, and 32.5 per cent. according to the Belgian standard elicited by the 1921 inquiry. The differences in price apply, of course, to staple products and do not take into consideration such things as vegetables, poultry, rabbits, which are very cheap in Belgium, often raised in home gardens, and extensively consumed. For clothes, transport, taxes, entertainment and other articles, price comparisons showed a still bigger discrepancy in favour of the Belgian worker.

A final question was then investigated: Whether the difference in wages and hours of labour in both countries was greater at present than before the war, at a time when the British iron and steel industry was holding its own, while cheap costs of living and low nominal wages already prevailed in Belgium. An inquiry made in 1908 by the Board of Trade gives the necessary basis for comparison, and the investigation showed that the discrepancy in daily nominal wages now existing is not substantially different from what it was before the war, and that any possible increase is more than compensated by greater differences in the cost of living. In 1908 Belgian weekly nominal wages were equal to 63 per cent. of British wages in the industries then investigated (metal not included), while in 1913 the proportion was 75 per cent. for the iron and steel industry; but, at that time, Belgian living costs were 81 to 89 per cent. of British, according to the budget chosen as standard.

It seems thus established beyond doubt that the present success of Belgian and Luxembourg iron and steel works does not depend on a lower standard of living of their labour. Other factors explain the present difficulties of the British industry, the principal cause being that if a few British factories are up to date—and these are able to compete—the great majority have fallen behind the times in equipment and organisation. If a

period of prosperity or artificial means like Protection allowed a number of the older plants to be used again, this would simply mean that the cost of iron and steel thus obtained would be higher than the present British average. With the older, less efficient British plants it would be impossible to produce on competitive terms for any length of time.

CANADA'S GRAIN PROBLEM.

(BY OUR OTTAWA CORRESPONDENT.)

THE problem of the fortunes of the graingrowers of the prairie provinces is still a source of profound anxiety to the Federal Government, their provincial administrations and the business and financial leaders of Canada. Mr Bennett, speaking in the House of Commons on April 21st, essayed to refute the pessimistic accounts of the western situation given during the debate on the Address by Liberal and Progressive members; he contended that, while there were temporary difficulties as the consequence of a mad speculative fever and the calamitous competition of cheap Russian wheat, the situation of the prairie country was being limned in unjustifiably dark colours for political ends. He also discerned certain hopeful features, pointing out that during the first eight months of the present crop year the export sales of wheat to Britain had amounted to 96,170,518 bushels, as compared with 69,398,672 bushels in the previous parallel period, and in the first quarter of the present year France had taken 7,538,600 bushels of Canadian wheat, as compared with 1,213,789 bushels in the same period of 1930. But competent observers who have recently visited Western Canada are convinced that the prairie provinces are up against something more serious than a normal cycle of agricultural depression, and that to extricate them from their difficulties will be a long and painful process. Thanks to an unusually mild winter and the relief measures undertaken by governments, there has been no toll of life through starvation during the past six months, but Eastern merchants and manufacturers are grimly aware of the scantiness of the purchasing power of the prairie farmers, and the banks and mortgage companies know that there has begun to pile up a mountain of indebtedness of which there is no prospect of immediate liquidation.

The price of wheat is now hovering a little above 60 cents (No. 1 Northern) and any upward fluctuation is invariably followed by a sharp setback. A recent crop survey of the grain market situation compiled by the Dominion Bureau of Statistics showed that the stocks of Canadian grain on hand on March 31st were 275,190,000 bushels, or 46½ million bushels more than the figure of 228,646,000 bushels recorded on March 31, 1930. The experts had forecast smaller stocks, and had not calculated that the farmers still held 88½ million bushels, or more than double the amount in farmers' hands a year ago. The bureau estimates that, provided exports are maintained at the rate of 5 million bushels per month for the remaining four months of the crop year, and there is a fairly extensive consumption of grain for livestock feed, the carryover on August 31st may be kept down to 115 million bushels; but even then it will be 3 million bushels above the parallel figure for July 31, 1930. And when to it are added the heavy stocks of wheat in the hands of the Federal Farm Board of the U.S. there threatens to overhang the market a huge surplussage of North American wheat, which can scarcely fail to keep prices depressed, especially as there is now the prospect of a bumper crop of winter wheat in the U.S.

Faced with these conditions, the graingrowers of the prairies are not disposed to take any roseate view of the immediate outlook. There are signs that there will be some curtailment of grain acreage, but it will not be more than 7 per cent., and the short crop which is predicted owing to dearth of subsoil moisture will do little good if nature is bountiful in other graingrowing countries. Accordingly their spokesmen are vociferously demanding some assistance in their travail. They realise that they

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neither can induce the Bennett Ministry to guarantee a fixed price for wheat nor can they get the machinery established for a compulsory pool. So they have begun to agitate for the revival of the Canada Wheat Board, which controlled the marketing of Canadian grain during the later war years, and the Manitoba Legislature has passed a resolution urging this step upon the Federal Government. So far the Bennett Ministry has not given any overt encouragement to the idea of reviving the Canada Wheat Board, and it will probably defer any pronouncement upon the grain marketing problem until it has had time to consider the report of the Royal Commission headed by Sir Josiah Stamp, which it appointed to determine authoritatively an ancient subject of controversy in the west, whether trading in grain futures operates to the detriment of the producer.

The Stamp Commission heard an abundant volume of evidence representing the viewpoints of different interests, and it revealed the existence of three definite and distinct schools of thought on the subject of trading in "futures." One school, which represents the private grain dealers on the Winnipeg Grain Exchange, holds that trading in "futures" is a beneficial and necessary practice because it provides insurance for the trade against price changes, widens and stabilises the market, and facilitates credit. Another school, which represents the radical element among the farmers who are agitating for a compulsory wheat pool, contends that the "futures" market encourages public gambling, especially by the farmers, and provides opportunities for manipulation of the market which are taken advantage of to the detriment of the farmer. Between these two schools of thought there lies an intermediate body of opinion whose most effective spokesman was Mr. George Langley, a leader in the agrarian co-operative movement who was once in the Saskatchewan Cabinet. It takes the view that trading in "futures" is sound in principle and helpful to the farmer, but that it is inadequately supervised and lends itself to market operations which often are disadvantageous to the graingrowers. It argues that there is too much "mystery" about the workings of the "futures" market; that the volume of trade is too large by comparison with the physical stocks of grain; that it is subject to violent fluctuations which do not represent changes in supply and demand; and that there are times when it gets completely out of control. The idea of Government supervision of the grain exchanges has been repeatedly put forward, and Mr. Langley argued that they should be transformed into publicly incorporated institutions with the functions of a public utility and regulated and supervised as such.

The officials of the pools refrained from giving any evidence until the final Canadian session at Winnipeg, when Mr. A. J. Macphail, who is chairman of the Central Selling Agency of the Pools, and also president of the Saskatchewan Pool, testified that the great majority of the prairie graingrowers are strongly of the belief that the effect of trading in "futures" is to curtail the returns for their labours, but lack definite proof for their belief because no adequate data are available for any intelligent study of the problem. He favoured Governmental supervision of the grain exchanges, and argued that if an unbiased study of records and statistics under Government supervision revealed that "futures" trading was a beneficial process, the suspicions now prevalent in farmers'

minds would be dispelled. Mr Cairns, the statistician of the pool, supported his arguments with a lengthy brief, in which he contended that, in the long run, it paid the farmer to carry his own risk instead of transferring it to the "futures" market by hedging. He declared that the present failure of the "futures" market to assume "anything like the risk-carrying function so commonly attributed to it" was an additional contributory factor to low prices; speculators, tamed by their experiences in the debacle of 1929-30, now hesitated to come into the market, with the result that the necessary buying to absorb "hedging" sales was not present, and price recessions followed. On the other hand, at the same session, Dr. J. W. T. Duvel, chief economist of the U.S. Government's agency for the administration of grain "futures," strongly endorsed the system, and Dr. Alonzo Wright, of Leland Stanford University, argued that it smoothed the inter-seasonal as well as the extra-seasonal wheat price curve with respect to both short-term oscillations and longer-term variations.

In certain agrarian circles the apprehension prevails that the appointment of the Stamp Commission was a preliminary move in a well-planned campaign for the extirpation of the co-operative pools, but a more plausible theory is that its real objective was to secure from a high economic authority like Sir Josiah Stamp a pronouncement in favour of the practice of "hedging," and there would be a reasonable motive for such an aim. It is improbable that the Canadian banks, in view of their experiences of the last two years, would be willing to finance the wheat pools for a larger initial payment than 25 or 30 cents on the 1931 crop, and such a sum would leave a pitifully small margin to the farmer after he had paid his threshing costs. But if the prejudices of the "pool" element among the farmers against "hedging" could be overcome by a report which supported the practice, and if the pool managers were allowed to hedge their deliveries of wheat, then they could pay out to the pool members the full cash value of their crop and there might thus be secured some temporary relief from the present economic embarrassments of the prairies. But the major problem of finding adequate foreign markets will still await solution, and involved in it is the question of the merits of the "Canada First" fiscal policy of the Bennett Ministry which is destined to be a subject of fierce political controversy during the coming years.

Notes of the Week.

The Commons and the Taxpayer.—The "swell turn" in this week's programme of Parliamentary Variety—the land tax debates—is discussed in a previous article. On Tuesday, "filling space," a thin and listless House addressed itself to the consideration of the Report stage of the Budget's Ways and Means resolutions. *Voces et praterea nihil.* Appeals were made in political faith, if not in hope, by the Opposition—that petrol used by agriculturists should be exempt from the increase in the duty; that the sur-tax limit should be raised from £2,000 to £2,500 per annum in order to relieve the "fine flower of professional and commercial individualist enterprise" from some of its present crushing burden; and that the standard rate of income tax should be reduced from 4s. 6d. to 4s.—but the reply in each case was that of the importuned in lands where alms, rather than taxes, are insistently demanded. *Makash flouiss:* sponsoring, in the Chancellor's absence, a Budget with no margin to spare (if this description fits a gambler's effort to conceal a deficit), Mr Graham had no difficulty in demonstrating convincingly that there was "no cash" wherewith to placate the Government's petitioners. This being so, what room for economic advantage or fiscal justice? Conservatives in the faithful Commons had perforce to be content with having secured from the Government spokesman the admission that income tax at present abstracts £54 millions annually from the reserves of joint stock undertakings.

The Naval Discussions.—The Italian reply to the French demand for a revision of the Arrangement of March 1st was despatched last Saturday, May 2nd. Neither this nor any of the other notes that have been exchanged between the French, British and Italian Governments during the last few weeks has yet been published; but it is understood that the Italian Government is taking the same line as the British. It finds itself unable to accept the French demand which—in the opinion of Rome, as well as London—overthrows the foundations on which the arrangement of March 1st was based. At the same time, the Italian Government associates itself with the British Government's counter-proposal. The gist of this counter-proposal seems to be that the British and Italian Governments agree to allow France to begin to lay down replacement tonnage in 1935, instead of 1936, if France is able to obtain the consent of the Naval Conference which is to meet in the former of these two years. This concession gives France a privilege, since the parties to Part III of the London Treaty of last year have bound themselves absolutely not to begin laying down the corresponding replacement tonnage in their own navies until the year 1936 has run out. Yet there seems little hope that this counter-proposal will be accepted by the French Government—at any rate, to judge by the tone of the French Press, which either passes the counter-proposal over lightly or else dismisses it as derisory. This is the situation which will confront the European Committee on the 15th and the League Council on the 18th of this month. When the statesmen meet one another again in person, will they be able to overcome the deadlock which has arisen out of the diplomatic correspondence? The consequences that will follow, if the deadlock remains, are exceedingly serious, as we pointed out last week. There is a real danger, not only that next year's disarmament conference may be stultified in advance, but that the great progress which we have already achieved in the agreed limitation of naval armaments may be undone. It is difficult to understand how, in this matter of disarmament, the French Government can be so reckless in thwarting the desires, not only of Italy and Germany, but of the British Empire, the United States and Japan. The world plainly wants disarmament; and those who defy the spirit of the times do so at their peril.

The Disturbances in Egypt.—The internal political situation in Egypt is taking a serious turn, and unfortunately Great Britain cannot wash her hands of it so long as the present anomalous relations between the two countries continue. In the Anglo-Egyptian negotiations of last year, His Majesty's Government on the one side and the Wafd on the other made strenuous efforts to place Anglo-Egyptian relations on an agreed treaty basis. The failure of these negotiations in London when they seemed within sight of success was followed in Egypt by the fall of the Wafd and the installation of a dictatorial Government, headed by Ismail Pasha Sidki, in the interest of King Fu'ad. This has led to a *rapprochement* between the Wafd, under the leadership of Nabhas Pasha, and the Liberal Party, under the leadership of Muhammed Pasha Mahmud—a statesman who had played a rôle not unlike Sidki Pasha's present rôle in 1928-9. Faced with a hostile combination of the two parties which, between them, represent the overwhelming majority of articulate political opinion in Egypt, Sidki Pasha has attempted to create at least a semblance of a party for himself; but his most effective stroke has been to alter the electoral law and to arrange for the holding of a general election. With this new law, and the power of "making" the elections which a Government—and especially a dictatorial Government—in Egypt enjoys, Sidki Pasha hopes to obtain a Chamber so efficiently packed that he can afford to allow it to meet and thus fulfil the condition—on which Great Britain has insisted and will insist again—that any treaty which may be negotiated between the British and Egyptian Governments must receive parliamentary approval on the Egyptian as well as on the British side before it comes into

force. It remains to be seen whether the British Government would be content with the approval of the kind of Parliament in Egypt which Sidki Pasha is working to produce. Meanwhile, the date of the Egyptian elections approaches, and tension in Egypt rises *pari passu*. The opposition parties are calling upon their followers to boycott the elections on the ground that these are to be held under an unconstitutional and illegal electoral law. The Government are prohibiting the opposition from preaching the boycott on the strength of a clause in the very electoral law the validity of which the opposition parties refuse to recognise. During the last few days this situation has given rise to encounters between the opposing political forces. That which took place on May 1st was a comedy. The opposition leaders, breaking through a cordon of police, boarded at Cairo a train which would normally have conveyed them to Tanta, only to find the carriages which they had taken by storm detached from the train and side-tracked in the desert, whence they returned to Cairo in taxicabs, while their constituents at Tanta awaited their coming in vain. On the other hand, last Sunday, when a number of Wafd leaders succeeded in making their way from Cairo to Beni Suef by motor-car, they and their supporters came into collision with the police, with the result, this time, that four persons were killed and 27 (including 15 policemen) injured. The leaders of the Wafd are now under arrest; but this may enhance and not diminish their influence. King Fu'ad would do well to study the history of King Alfonso.

Madeira.—Labour Day—which was so exemplarily peaceful in Madrid and which passed off without catastrophe, though not without disturbance, in Barcelona—was celebrated by alarms and excursions in Lisbon. The taxi-cab drivers went on strike and strewed nails in the streets to discourage black-legs (if the term is applicable to would-be strike-breakers on wheels); there was some bomb-throwing by the Government's opponents and some rifle and machine-gun firing by their supporters; three deaths and forty non-fatal casualties are reported. Nevertheless, the revolutionary movement seems to be distinctly on the wane on the Portuguese mainland, and the present dictatorship is probably safe again for the moment now that, in the islands, the collapse of the revolt in the Azores has been followed by its collapse in its last stronghold, Madeira. The punitive expedition from Lisbon landed in Madeira on Wednesday of last week and gradually drove the rebels out of their positions—working its way slowly through the mountains—until resistance ceased on Saturday. The rebel leaders have either surrendered or have taken refuge on board H.M.S. London—one of the two British men-of-war which have been standing by in case there might be any incidental danger to British lives and property. On Monday, Mr Henderson stated in the House of Commons that the Portuguese Minister for Foreign Affairs has given an undertaking (subject to the concurrence of the Portuguese Minister of Marine, who is now in Madeira) that, if the refugees on board H.M.S. London surrender, their lives will be spared. Fortunately, the casualties during the three days' fighting in Madeira appear to have been very light, and no molestation of British subjects is reported. Thus the political situation in Portugal returns to the *status quo*, and we may question whether it would have become very different if the opposition had succeeded in seizing power by the forcible method by which the existing regime has retained it. The whole affair seems to have been rather a meaningless ebullition of the Central American type. Yet it does not follow that Portugal is destined to remain in this unsatisfactory condition for an indefinite time to come. She can hardly remain unaffected by the profoundly important events that are taking place in the neighbouring country with which she marches on all her land frontiers. The real stirring of the depths which we are witnessing in Spain is something infectious; and the future of the whole Peninsula may be involved in the transformation of the centralised Spanish Monarchy into a republican federation of regional autonomies.

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Australia's Choice.—On May 6th Sir Robert Gibson, the chairman of the Commonwealth Bank, was summoned to the Bar of the Senate at Canberra to give evidence on the Commonwealth Bank Act Amendment Bill. This action of the Senate was almost, if not quite, unprecedented, and in some ways it is to be deprecated, as it placed Sir Robert in a very difficult position. Sir Robert's evidence, however, was so illuminating as to disarm all criticism of this character. He began by giving a valuable piece of testimony on the relations between the Commonwealth Bank and the Bank of England, which he defined as those usually existing between two central banks; he was certain, he said, that the Bank of England would give Australia all possible assistance, either by favourably influencing the London market or in any other way thought desirable. Later he denied the suggestion that the Bank of England was bringing any pressure to bear. This statement alone should do much to dispel current misconceptions in Australia. Next, Sir Robert came to his relations with his own Government. The Commonwealth Bank's advice was not sought with regard to the measure before the Senate, and the Bank had declined to ship gold to London in anticipation of any amendment of the Act requiring a statutory gold reserve as at present in force. The London situation was that in addition to bank overdrafts amounting to £5,000,000 due by various State Governments, there were £5,000,000 of Australian Treasury bills maturing in London on June 30th. Under present conditions it would be impossible to place fresh bills in London except at a price which he, Sir Robert, did not think Australia ought to pay. Sir Robert was next questioned on his attitude to a purely fiduciary note issue. In reply, he alluded to the recent decline in confidence in Australia, even when the gold reserves of the State were supposed to back that confidence. Senators could imagine what might be the confidence in a purely fiduciary issue. Subsequent questions came directly to the crux of the situation. Sir Robert referred to his letter of March 6th, in which he informed Mr Theodore that the Bank's resources in London were exhausted, and agreed that it was reasonable to assume that there was a danger of default unless special steps were taken. Opposed as he was to shipping gold, it was undoubtedly preferable to a default. Pressed as to whether there were a third alternative to gold shipments or default, Sir Robert contented himself with a simple affirmative, but the scene in the Senate that immediately followed showed that Senators were under no doubt as to his opinions. In conclusion, Sir Robert reiterated the Bank's opposition to any departure from the gold standard. The real point was that even if Australia did part with her gold, it would only defer the day of reckoning with her London creditors, or in Sir Robert's words, would not furnish any permanent safeguard against default. Thus the choice before Australia is not that between default and

gold shipments, but between default and the third alternative that Sir Robert had in mind. If Sir Robert's evidence leads to the Senate's rejection of the Bill, the date at which the electors will have to make that choice may be brought nearer.

Our Index Number.—The recession in the wholesale price level which developed in March, after a slight upward turn in February, became more pronounced last month. At the end of April our index number recorded a fall on the month of 1.2 per cent., as compared with a decline of one-half of 1 per cent. a month ago. The current figure of our index number is 19.9 per cent. lower than that for the end of April, 1930. Recent movements of the five groups are summarised below:—

AVERAGE, 1927 = 100.

	Apr., 1930.	Jan., 1931.	Feb., 1931.	Mar., 1931.	Apr., 1931.
Cereals and meat.....	84.9	67.4	66.4	66.9	70.0
Other foods.....	80.8	69.5	68.0	67.0	66.6
Textiles.....	72.9	49.2	50.6	53.7	50.8
Minerals.....	85.6	75.3	76.9	74.5	72.0
Miscellaneous.....	83.2	72.6	72.7	69.9	68.6
Complete Index.....	81.6	66.3	66.5	66.2	65.4

During April there was an appreciable upward movement in cereal prices, with the exception of rice, and, though coffee, cocoa and butter cheapened, imported meat and bacon were both dearer. In contrast, however, to the tendency of foodstuff prices, raw materials, where changed, showed an almost general decline, to which the only exceptions were jute and (as a result simply of the increased duty) petrol:—

	Inc. (+) or Dec. (-) per cent. compared with			Inc. (+) or Dec. (-) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign.....	+ 7.8	-35.7	Flax.....	- 2.8	-41.7
Wheat, English.....	+ 1.5	-41.7	Hemp.....	- 6.4	-38.1
Flour.....	+ 7.1	-32.8	Jute.....	+ 8.3	-35.6
Barley.....	...	- 6.5	Textiles.....	- 5.4	-30.3
Oats.....	+ 2.9	-10.0	Pig Iron.....	...	-13.3
Maize.....	+ 7.3	-30.2	Steel rails.....	...	- 9.5
Rice.....	-10.7	-39.6	Iron bars.....	...	-12.3
Potatoes.....	+21.4	+142.9	Timber.....	- 3.3	-19.5
Beef, English.....	...	-15.5	Coal, Welsh exp.....	- 3.3	- 7.8
Beef, Argentine.....	+ 8.3	+ 4.0	Coal, Durham gas.....	...	+ 9.5
Mutton, English.....	...	- 9.5	Lead.....	- 3.7	-32.5
Mutton, New Zealand.....	+ 2.7	-20.0	Tin.....	-12.4	-31.7
Bacon, Danish.....	+14.3	-41.3	Copper.....	- 4.1	-25.7
Cereals and meat.....	+ 4.6	-17.5	Spelter.....	- 9.4	-36.5
Tea.....	+ 9.3	-21.7	Minerals.....	- 3.4	-15.9
Coffee.....	- 7.0	-31.0	Timber, English.....	...	- 7.1
Cocoa.....	- 2.2	-26.7	Timber, Swedish.....	...	- 2.8
Sugar, cane.....	...	- 7.0	Cement.....	- 7.3	-14.7
Sugar, refined.....	...	- 6.8	Hides.....	...	+10.0
Cheese, Canadian.....	...	-22.7	Leather.....	...	+14.8
Butter, Danish.....	- 3.2	-10.9	Petrol No. 1.....	...	-12.5
Coconut oil.....	- 1.8	-20.6	Fuel oil.....	...	- 3.7
Tobacco.....	...	- 6.7	Linsed oil.....	- 2.7	-55.1
Other foods.....	- 0.6	-17.6	Tallow.....	- 6.8	-44.2
Cotton A.....	- 7.2	-37.2	Rubber.....	-20.1	-60.7
Cotton B.....	-13.8	-45.0	Soda, crystals.....	...	...
Cotton yarn.....	- 4.0	-26.3	Sulphate of ammonia.....	...	...
Cotton cloth.....	- 4.8	-17.6	Creosote.....	...	+7.7
Wool, English.....	- 7.1	-18.7	Miscellaneous.....	- 1.9	-17.5
Wool, Australian.....	- 4.3	-10.2			
Wool tops.....	- 7.7	-11.1			
Silk.....	- 6.8	-42.3			

In the next table we show our index number recalculated as a percentage of the average for 1913:—

AVERAGE, 1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscel- laneous.	Complete Index.
Average, 1924.....	159.9	169.9	210.6	145.2	131.5	159.3
" 1928.....	145.0	149.4	161.7	111.9	119.3	135.1
" 1929.....	135.6	136.8	141.9	116.2	112.7	127.2
" 1930.....	115.4	122.9	99.1	101.6	101.5	106.8
End Apr., 1930.....	118.8	124.6	112.5	104.0	103.6	112.3
" Mar., 1931.....	93.6	106.8	82.7	90.6	87.1	91.1
" Apr., 1931.....	98.0	106.1	78.2	87.5	85.4	90.0

If 1924 be taken as 100, the current figure of our index number works out at 56.5, as compared with 57.2 at the end of March and 70.5 a year ago.

The Little Entente and Tariffs.—The annual conference of the Little Entente which ended at Bucharest on Tuesday appears to have devoted most of its attention, as might be expected, to economic issues, and particularly to the question of tariffs. According to the brief reports which have reached London, Dr. Benesh, who had set out in a very temperate and fair-minded speech at Prague on April 23rd the objections of Czechoslovakia to the proposed Austro-German Customs Union, apparently persuaded his Roumanian and Yugo-Slavian confrères to join in united opposition to the scheme; the counter-attraction offered them is understood to have been a system of preference which M. Briand is in process of elaborating for the purpose of facilitating the general exchange of agricultural against manufactured products between Eastern and Western Europe. It remains to be seen what these countries will have to say on the whole question at Geneva, but in the meantime what may prove to be a tactical move has been taken in the reported decision of the countries of the Little Entente to inaugurate immediately a system of tariff preferences between the three States. This decision, which would appear to be aimed at opening the Czechoslovakian market to Roumanian and Yugo-Slavian cereals in return for preferential treatment to be accorded to Czech manufacturers, is of obvious importance internationally in that it raises once more the whole issue of the Most-Favoured-Nation clause. M. Benesh rightly claims that he has made no secret of his advocacy of such a modification, but has time and again brought the matter before the League. On the other hand, he has no desire to see Europe split into rival fiscal groups, but seeks a more general solution. This latest step is a counter move which may force the discussion on to a broader plane. Clearly the League's Commission of Enquiry for European Union, when it meets next week, will have plenty to discuss.

Politics in Roumania.—On a later page will be found a letter from our Bucharest correspondent giving an account of the developments in the political situation of Roumania, on which we commented in a Note of the Week on page 886 of our issue of April 25. A correspondent who has recently visited Bucharest has also sent us his impressions of the position there. He writes:— "The suggestion of the *Economist* that the Jorga Government may develop into a dictatorship is somewhat misleading. It is traditional for the party in office, even if only a one-man party, to become the party in power in Roumania, and there is little doubt of the ability of Professor Jorga and his colleagues to obtain a working majority of some kind in the next Parliament that will enable them to conduct the Government in a strictly constitutional sense. They will presumably secure the co-operation of some of the minor parties, and perhaps even of the so-called Liberals, to enable them to do so. The Jorga Government, however, will be nothing more than a stopgap affair that will 'carry on' as best they can until the situation crystallises. The country's political destiny, in other words, is still in a period of transition, and it is very problematical what the final outcome will be. The people are thoroughly disgusted with each of the varieties of party government that have been inflicted on them since the war, with Ministers and important officials almost without exception thinking more of their own private gain than of the public good. The principal function of the Jorga Government will be to put a curb on bribery and the misappropriation of public funds and national wealth, and to make a strenuous effort to restore Budget equilibrium. It is distinctly unfortunate for Roumania that Mr. Nicholas Titulescu, brought from London for that purpose, was unable to form a National Government or a coalition comprising the leaders of all the major parties. While King Carol undoubtedly desired Minister Titulescu to succeed in his mission, he was not at the critical moment given the royal support which he had the right to expect. In other words, the King allowed himself to be persuaded by certain advisers that the appeal to the country which would have had to be made on the programme of a Titulescu Government might

produce a result that would be distinctly embarrassing to the King himself; Mr Titulescu, it is claimed by those in a position to know, asked for an immediate and 'free' election on a programme that would have been decidedly disturbing for the party leaders. He is understood to have demanded nothing less than financial control over Roumania by the League of Nations, and furthermore to have insisted that the private fortunes of former Ministers and leading Government officials must be subjected to close scrutiny by a Parliamentary Commission—with the State having the right to confiscate fortunes found to have been illegally obtained. Only those who are closely familiar with the way public business for many years has been transacted in Roumania can realise the disclosures that would result from a searching inquiry of this character. The failure of King Carol at the critical moment vigorously to support Mr Titulescu's minimum programme was a blunder, but not an irreparable one, since the Jorga Government is merely a play for time. Irreparable damage would only have been done had the King followed the counsel of certain of his advisers and proclaimed a dictatorship. He is now, as it were, 'on the fence,' and in course of time must come down either on the Titulescu side or on the side of those who would prefer to see the country governed through the Army rather than through Parliament. There is no reason in the meantime to fear that the Jorga Government will develop into a dictatorship. Mr Titulescu himself advised the King to entrust the Premiership to Professor Jorga, and it is no secret that the new Premier has sought the advice of Mr Titulescu on practically every step he has taken since the Jorga Ministry was announced."

British Trade with the Far East.—The report of the British Economic Mission to the Far East makes the same disquieting reading as the other similar reports which have appeared during the past few years. Our exports to the countries of the Far East have declined alarmingly since the war; imports into China are 23 per cent. higher than in 1913, but British exports to China are one-third lower. This state of affairs is attributed largely to our inability to make goods at prices which can compete with those of Japanese manufacturers, but the report states that the defectiveness of British publicity is also very largely responsible, and makes various suggestions for cultivating among the Chinese a demand for British goods. The British wool textile industries are warned against the danger of being overtaken by the same fate that has already befallen the cotton industry in respect of Japanese competition. Yorkshire wage costs per unit of production are calculated to be two-and-a-half to three times as high as those in Japan. The report also states that the question of freight rates both on imported raw wool and exported finished products calls for serious investigation. Though the Mission regard Japan principally as a competitor, their report also contains proposals for improving the position of British exports in the Japanese market. One of the most important of these proposals is for the maintenance by British manufacturers or groups of manufacturers, especially in the iron and steel and engineering industries, of resident technical experts in Japan. The other recommendations—one wonders how long it will be before these exhortations, reiterated by every body which is called upon to give advice on British export trade, will be taken to heart—relate to the need for closer study of market requirements, for proper packing and labelling, adequate advertisement, and the adaptation of catalogues to the market in which they are intended to be circulated.

Lancashire and India.—Our Manchester correspondent writes:—The representatives of the Lancashire cotton industry, both employers and operatives, are losing patience with regard to the position of India, and there are signs of the agitation growing against the policy of the Government. Last week a demonstration was held in Blackburn, attended by 3,000 people, when Mr J. H. Grey, the chairman of the Cotton Spinners' and Manufacturers' Association, and Mr Andrew Naesmith, the secretary of

the Operative Weavers' Amalgamation, spoke from the same platform to voice a protest against the continuance of the boycott of Lancashire goods and the increase in the import duties. This meeting was followed by the conference in London between Lancashire cotton trade representatives and the Conservative members of Parliament for Lancashire constituencies. The event of importance, however, was on Tuesday last, when Sir Arthur Haworth, the chairman of directors of the Manchester Royal Exchange, submitted a resolution to the members on similar lines to that supported at the Blackburn meeting. The members of the Royal Exchange, who numbered about 8,000, supported the motion unanimously and with enthusiasm. It is an exceptional thing for the directors of the Exchange to allow action of this kind, the previous occasion being in 1917, when a resolution was then passed with regard to an increase in the India import duties on cotton goods. The opinion in Lancashire is growing that the time has arrived when her voice should be heard in London on this matter. Manchester merchants are being advised that dealers in the bazaars are afraid to purchase British goods, and in most centres the picketing is just as severe as before the agreement was reached with Mr Gandhi. It is urged that the spirit of the arrangement is not being carried out by the Congress Party, and it is further believed that the authorities in London have not been aware of the effect of the boycott and higher import duties upon Lancashire trade. It is true to say that from the point of view of trade, conditions have become distinctly worse since Easter.

World Cotton Trade.—The Quarterly Bulletin of the Federation of Master Cotton Spinners' and Manufacturers' Associations, published this week, contains reports from the leading countries of the world with regard to the state of trade. In Austria the situation has grown worse during the last few months, there being a reduction in exports and in home trade sales. It is pointed out that in January last only 586,000 spindles were running full time, as against 677,000 in January, 1930, and 764,000 in January, 1929. It is admitted that 25 per cent. of the spindles have been out of action during the past two years. In Belgium spinners continue to restrict their production. Stocks of yarn are approximately twice as large as they were a year ago. A special report with regard to China says that many factors have combined to reduce the volume of business on the market since November, 1930. Low exchange, the new duties and the stoppage of work in Lancashire have prevented all indent orders. Dominating factors in the market situation have been the fall in the price of silver and the imposition of the new import tariff. The report from France does not show any improvement in the deplorable situation. Short time is now being worked in all cotton industrial districts, and amounts to one day per week generally. The situation in Germany was unchanged at the beginning of the first quarter of 1931 as compared with the previous report. In every section sales remained very few, and were generally limited to small quantities for short-dated delivery. It is stated that conditions in the spinning section of the trade in Holland are far from satisfactory. Some mills are working short time, and it is very difficult for spinners to sell their production. In most cases prices are unremunerative, and the prospects are far from hopeful. In the manufacturing section conditions have also become gradually worse. With regard to Hungary, spinning mills are working at full capacity, although some of the weaving mills are running only four days a week. It is significant that the report on India says that the increase in the tariff on cotton piece-goods in April, 1930, and the boycott of foreign piece-goods early in the year gave impetus to cotton mill activity, and at the close of the year the industry was operating full time, with some mills working double shifts. In Italy there is much difficulty in disposing of cloth. There is a tendency to reduce operations in the weaving section, and consequently in the spinning branch. The anticipated improvement in the state of business in Switzerland has not materialised; while in individual cases a return has been possible from short time to full time employment, there have been other cases where recourse to still further restrictions has been unavoidable.

Midland Coal Prices.—On May 1st, writes a Leeds correspondent, a new standard of minimum prices for coal came into operation in the Midland area, as defined by the Coal Mines Act. The minimum prices were advanced one shilling a ton for domestic coal, two shillings for industrial fuel, and two shillings and sixpence for coal supplied to public utility concerns. Some time ago minimum prices were fixed, based upon the average prices over a period ending in April, 1930, less 10 per cent. The effect of the increase has so far been negligible because the new minima do not reach the current selling price. One result has been to bring into being contracts for delivery a considerable time ahead. The day before the new scheme came into effect substantial contracts with public utility concerns, which were due to expire next October, were received for a further period of twelve months from that date, and therefore were not affected. It will take nearly two years before any scheme of increased prices affects these supplies. Colliery owners are endeavouring to increase the price of coal used for industrial purposes, but in practice it is proving difficult. During the last twenty years great changes have taken place in industrial processes and these have demanded higher quality coal, and coal possessing particular qualities for particular work. In the present state of industry the demand for this coal is not good, and in any event colliery owners are left with large quantities of other grades which can be used by public utility concerns. Being able to give orders for very large quantities of coal they are in a favourable position to secure low prices. Another effort on the part of the colliery owners to ensure better prices is being made in discussions with the coal merchants. The proposal now under discussion is that the producer and merchant shall in conjunction secure certain selling prices. A considerable obstacle to an agreement is the action of the co-operative societies, who naturally wish to conform to the fixed prices upon which the customer, where he is a member of the society, secures a dividend of, maybe, two shillings or more in the pound. In this part of the country the co-operative societies handle a very large proportion of the retail trade, in some instances as much as fifty per cent. The coal merchants say there is not sufficient margin of profit on coal for them to cut their prices to that extent, and they cannot make up their profit on groceries or other articles sold by the co-operative societies.

Over-production and Trade Cycles.—At a recent meeting of the Academy of Political Science in New York Mr Carl Snyder, of the Federal Reserve Bank of New York, put forward some interesting and provocative suggestions with regard to the generally accepted conception of the business cycle. Mr Snyder stated that an examination of world statistics showed that the widest variations in production occur in the food groups, and that as these variations are dominated not by the acreage planted but by the yield, they must be attributed primarily to the weather, not to business conditions. Further, Mr Snyder found that among raw materials the rate of growth in production was highest among the minerals, whereas the fluctuation in world production was least in that group, and he inferred that people have been led by the violent month-to-month fluctuations of particular commodities in particular countries to suppose much greater variations in world production than actually take place. If world statistics do not disclose these cyclical variations while the statistics of individual countries do, Mr Snyder's inference is that the causes of business cycles must be local, and should not be sought in conditions within the fluctuating industries themselves. Further, Mr Snyder argued that as the present depression and that of 1921 have been distinguished from all others by their universality, some generating cause must have been present which did not exist before in the same degree, and that this could not have been over-production, as that explanation had already been advanced many decades before. The logic of this last point is hardly water-tight,

but the suggestion that the same interpretation will not necessarily account for both pre-war and post-war trade depressions may well prove fruitful. Finally, Mr Snyder made the interesting point that from 1923 to 1928 the growth in production resumed its pre-war rate of about 3 per cent. per annum, suggesting that there are some inherent forces in modern industry tending to make for a long-period uniform rate of growth. He hazarded the prediction that this rate will tend slowly to increase, as it will be a long time before the rate of increase in food production changes, while other products expand more rapidly than the total. This led him to some very optimistic conclusions as to future prosperity. The fact that the rate of increase in most industries just before the crash of 1929 was not materially different from the normal, reinforced Mr Snyder in the conclusion to which the preceding arguments had led him, that the cause of trade cycles is not to be found in over-production. We hope that Mr Snyder will follow up these interesting negative results by equally stimulating positive suggestions.

The British Bank of South America.—The continuance of the trade depression and the peculiar difficulties of Brazil made it inevitable that the accounts of this institution, which operates mainly in that country, should have revealed for 1930 a further decline in net profits. The actual magnitude of the contraction in profits is equivalent to a dividend of 1 per cent. on the issued and paid-up capital, but in view of the uncertain outlook, the board are wisely recommending a 2 per cent. reduction in the dividend from 10 to 8 per cent. The salient features in the accounts are shown below:—

	Dec. 31, 1928. £ thou.	Dec. 31, 1929. £ thou.	Dec. 31, 1930. £ thou.
Deposits.....	5,350	4,991	4,364
Other accounts.....	2,137	2,306	1,757
Bills for collection	1,949	1,473	1,039
Cash	2,415	2,790	2,358
Bills receivable.....	1,821	1,289	1,031
Investments	(a)	333	163
Other accounts.....	4,886	4,417	4,114
Gross profits to date	365	314	292
Expenses	264	214	202
Net profits	101	100	90
Dividend	10%	10%	8%

(a) Not shown separately.

The balance sheet is not very informative, but it is clear that circumstances have combined to bring about a general curtailment of the bank's activities, and the directors are to be congratulated upon their success in reducing expenses by £12,000. A bank of this character has its own fortunes so closely bound up with those of the area which it serves that it is difficult to discern an immediate recovery. At present, shareholders must content themselves with the knowledge that the strength and liquidity of the bank remain unimpaired.

Rotterdamsche Bankvereeniging.—Our Amsterdam correspondent writes:—Owing to the trade depression, the Stock Exchange crisis, and the lower money rates in 1930, the Rotterdamsche Bankvereeniging—one of the big Dutch banks—shows a decrease in its earnings. Revenue dropped from F. 19,027,000 to F. 15,204,000, and the gross profits total F. 6,347,000, against F. 9,497,000 in the previous year.

	1927.	1928.	1929.	1930.
		(In thousand guilders.)		
Earnings	16,542	18,234	19,027	15,204
Expenses	8,811	9,235	9,530	8,857
Gross profit	7,731	8,999	9,497	6,347
Depreciation	818	1,112	1,444	729
Interest	711	728	758	405
Reserves	1,750	2,100	2,500	...
Net profit	4,453	5,059	4,795	5,212
Dividend	5%	5%	5%	5%
Capital	52,623	52,590	50,000	50,000
Reserve	23,491	23,650	20,215	20,201
Deposits.....	77,752	81,193	76,354	81,734

The dividend, however, was maintained at 5 per cent., while depreciations and reserves are substantially lower than in the previous year, F. 729,000 against F. 8,944,000 in 1929. The balance sheet reveals a strong liquid position. Deposits increased from F. 76,354,000 to F. 81,734,000.

INSURANCE NOTES.

Legal and General.—A purchaser of Legal and General shares in 1925 (the year preceding the last quinquennial valuation) at the average price of that year would have paid £6 per share for investment. The market quotation is now £15½ per share and in the interval the income per share has risen from 8s. in 1925 to 8s. 6d., free of tax, in 1930. Here, surely, is a little paradise for shareholders; and it is founded in the first place on a life fund of over £20 millions, which since 1919 has issued only "without profits" policies (the rights of existing "with profits" policyholders being limited to a maximum bonus of 38s. per cent. compound), and in the second place on a young and growing fire and general business which already provides by way of underwriting profit and interest earnings more than three-fourths of the current dividend. Taking the latter first, the premium income showed a further increase in 1930, and since 1925 has risen from £216,000 to £350,000. For the most part the profits have been retained in the underwriting funds, but, calculated on the usual basis of a 40 per cent. unexpired risk reserve, the profits of the past two years are as below:—

	1929. Percentage of Amount. Premiums.	1930. Percentage of Amount. Premiums.
Fire	148 0.1	11,888 6.1
Employers' liability.....	1,293 6.9	812 4.3
Accident.....	7,829 6.3	4,513 3.3
Less income tax	9,270	17,213
Plus net interest earnings..	2,000	2,500
Total sum available for dividend	7,270	14,713
	48,017	48,456
	55,287	63,169

The dividend has been raised from 37½ per cent., free of tax, to 42½ per cent., free of tax, and now costs £85,000. At the last quinquennial valuation of the life department in 1926 the shareholders' portion of the trading surplus amounted to £243,000, equivalent to £49,000 per annum, so that the real earnings in 1930 available for dividend amounted to £112,000. The volume of new business transacted in the life department continues to show every year a remarkable increase, the figures for the last three years being as follows (all—be it noted—on the basis of without profits):—

	1928. Sums Assured. £	1929. Sums Assured. £	1930. Sums Assured. £
Life Assurances:—			
Ordinary business	3,387,118	3,366,004	4,928,857
Decreasing term and group insurances...	4,259,783	4,587,860	6,603,848
Deferred annuities.....	7,646,901	7,953,864	11,532,705
Sinking fund assurances	997,622	740,375	1,062,693
	16,291,424	16,647,043	23,528,103

The increase in 1930, as in previous years, has been common to all classes of business; and in proportion to its size the company transacts a larger new business than any other British office. The fivefold increase in deferred annuity business is a reflection of the company's largely advertised activities in the field of group pension schemes for the staffs and workpeople of industrial firms.

London Assurance.—The year 1930 marks the close of another quinquennial period in the life department and the customary valuation has been made. During these five years the life fund has increased by over £2 millions and now stands at £6,400,000, while 12,000 new policies

for net sums assured have been granted and the premium income has grown from £515,000 to £608,000. The results of the last two valuations are shown below:—

	1921-1925. £	1926-1930. £
Trading surplus earned during quinquennium	528,165	870,840
Brought forward	31,226	191,823
	559,391	1,062,663
Allocations:—		
To Bonuses to policyholders	308,800	578,402
.. Shareholders	58,768	96,350
.. Strengthening of actuarial reserves	...	282,000
.. Carried forward.....	191,823	106,911
	559,391	1,062,663

It will be observed that no credit has been taken for investment profits during the last ten years, and the assets are stated to be considerably in excess of the book values. The cost of the bonus now declared is well within the profits earned, notwithstanding an increase in the rate from 40s. per cent. to 45s. per cent. per annum of sums assured and previously existing bonuses. The division of profits between policyholders and shareholders in the case of the London Assurance is more than usually favourable to the latter since they are entitled to 20 per cent. of profits from pre-1911 policies, and to 10 per cent. from post-1910 policies; but as the calculation is determined by visible profits they have derived no advantage on this occasion from the considerable sum (£282,000) utilised to strengthen internal reserves. Nevertheless the department will contribute to profit and loss a sum of £20,000 in each of the next five years compared with £12,500 per annum during the quinquennium now ended. Turning to the figures of the fire and other departments, it has to be borne in mind that the company now adopts the practice followed by the Royal Exchange, of excluding the results of its subsidiary companies. The total premiums of the parent company yielded £2,615,000 (approximately £100,000 less than in 1929). The fire department is the largest, with premiums of £1,274,000, and the marine department contributes a disproportionately large total of £947,000. For some years past the underwriting results in the aggregate have been poor and, except for some relief in the marine department, the 1930 figures show no improvement. The detailed working of the years 1929 and 1930 are set out in the following table:—

	1929. Percentage of Amount. Premiums.	1930. Percentage of Amount. Premiums.
Fire	17,886 1.3	16,751 1.3
Accident.....	1,110 7.6	3,618 21.3
Employers' liability.....	10,006 20.5	8,983 19.3
General	55,675 15.4	40,314 12.2
Marine	45,516 5.0	9,805 6.7
Life	12,500	12,500
Less items debited to profit and loss account	62,609	15,503
Total trading loss	28,293	38,049
	90,902	53,552

The dividend has remained unaltered since 1925 at the rate of 45 per cent. and the cost is comfortably within the interest earnings. Shares in subsidiary companies (the British Law, the Vulcan Boiler, the London Associated Reinsurance, the Guildhall, and the Manhattan) stand in the balance sheet at £1,451,000 and yield 10 per cent. on dividend received.

The Equitable Life.—Though it is now the oldest existing life office, having been founded in 1762, the "Old Equitable," as it is affectionately called, has by no means lost its capacity for surprises, for, along with the annual report for 1930, there is published a report by the actuary on a valuation for the four-year period ended December 31, 1930, a report which is claimed by the chairman in his speech at the annual meeting to be "an epoch-making document." Shortly stated, the society has, in place of a net premium valuation, valued its liabilities on the

basis of experience rates of mortality, interest, etc., with a specific reserve for future bonuses. The net premium method of valuation, which has come to be regarded as a conventional standard, involves the employment of rates of mortality, of interest and of expense, all of which are completely artificial. So far as the Equitable is concerned, the method was based on the use of the O^x Table of mortality (founded on data fifty years old and showing rates of mortality approximately double those now ruling at the main assuring ages), a rate of interest of 2½ per cent. (compared with average earnings exceeding 4½ per cent.), and a provision for expenses equal to 18 per cent. of the office premiums (compared with an average expense ratio of approximately 7 per cent.). Valuations such as this, based on factors far divorced from reality, have long been regarded by actuaries as liable to produce misleading results, and most of them have felt the need for an internal valuation based on more reasonable anticipations of the various factors concerned. The Equitable is the first office openly to abandon the net-premium method and to regulate its policy publicly by a realistic basis. The new basis employed by the Equitable utilises for mortality the Eastern Counties Rural Districts table (founded on the 1921 Census), a rate of interest of 4 per cent., and a provision for future expenses approximately equal to the present expense ratio. The crux of the new basis is that, whereas under the old method the provision for future bonuses was wrapped up in the margin between the interest earnings and the rate assumed in the valuation, under the new method future bonuses are valued and specifically reserved for, in this case on the scale declared at the preceding valuation in 1926. A comparison in the report is given between the results of the old and new bases, but the following table seeks only to compare the last two valuations on the old basis:—

	1922-1926.	1927-1930.
	£	£
Trading surplus earned during valuation period.....	670,412	543,226
Investment profits realised during valuation period	53,790	14,603
Brought forward	160,000	215,517
	884,202	773,346
Allocations:—		
To bonuses to policyholders	651,510	605,996
.. general reserve fund	17,175	...
.. carried forward	215,517	167,350
	884,202	773,346

It may be observed that the cost of the bonuses now declared exceeds somewhat the trading surplus earned, as it is the deliberate policy of the management to make up to the older members for the omission of a bonus during the war years. For the whole-life assurances the scale of reversionary bonuses ranges from 32s. 6d. per cent. to over £10 per cent. For endowment assurances the reversionary bonus is 32s. 6d. per cent. per annum compound plus a further 15s. per cent. per annum on the sum assured, payable only on survival of the endowment assurance term.

Friends' Provident and Century Life.—The Friends' Provident transacts, on mutual principles, all classes of life assurance and annuity business, and since 1918 has owned, as an investment, the share capital of the Century Insurance Company, which transacted in its own name both life business and fire, accident and marine business. The life business of the Century is now operated as a closed fund. The Friends' Provident funds transacts the new life business of both offices, while with-profits policyholders of the Friends' Provident have a direct inducement to place their fire and accident business with the Century in that the profits thereby created are ultimately returned to them by way of dividend on the Friends' Provident's investment. Unfortunately, the Century has, during the last 12 years been only moderately successful. The collapse of the City Equitable group of companies involved the Century in a heavy and unexpected loss, and the underwriting results of the fire, of the accident, and of the marine departments have in all cases been extremely patchy. Last year's total premium income amounted to £743,000, of which £342,000 was in the fire department,

£265,000 in the accident department, and £136,000 in the marine department. The detailed underwriting results of the last two years are shown below:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
	£	£
Fire	1,362	—19,012
Accident	2,136	1,755
Marine	—18,951	—20,054
Life	23,164	...
	7,711	—37,311
Less items debited direct to profit and loss account ..	6,302	8,987
Total net trading surplus..	1,409	—46,298
Add net interest earnings..	45,995	43,991
Total amount available ...	47,404	—2,307
Less cost of dividend	33,600	32,550
Net increase in surplus assets	13,804	—34,857

In view of these underwriting results the company has prudently kept the dividend well within the net interest earnings, so that there has remained in both years a substantial sum wherewith to increase the surplus resources of the company. In 1930, however, after meeting the usual dividend of 12 per cent., there was a net depletion of surplus resources from the year's operations of £35,000, compared with an accretion of £14,000 in 1929. The Friends' Provident has evidently made further progress during 1930. The new life business has advanced from £1,645,844 to £1,846,728, and this increase has taken place wholly in with-profits assurances. Curiously enough the increase in business has been largely due to a reversal of the prevailing tendency by an actual substantial increase in the amount of business transacted by single premiums. The incidence of single premium business has also affected the expense ratio and reduced it from 17.6 per cent. to 15.6 per cent. Interest earnings remain at a high figure, the net rate having worked out to £5 3s. 1d., compared with £5 4s. in 1929. The balance sheet contains a statement that the assets are in the aggregate fully of the value at which they appear. On this occasion, however, the Stock Exchange securities show a depreciation on book values of £71,000 and this is, presumably, covered by the margin in book values of properties and ground rents. The shares of the Century Insurance Company stand at a book value of £700,000, and at this figure yield exactly 6 per cent. on the dividend received.

Car and General Insurance.—This company is one of the pioneers in motor insurance, and in this field, after 27 years of existence, it still occupies a leading position. During 1930 the sum of £803,000 was collected in premiums from motor-car insurance out of a total premium income of £1,133,000. The underwriting profits have been maintained in the aggregate at much the same figure as in 1929, except that the marine department has required a transfer of £10,000 from profit and loss account. The detailed figures are set out below:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
	£	£
Fire	4,038	11,394
Accident	3,906	942
Employers' Liability...	12,975	11,017
Motor	30,446	34,532
Miscellaneous	3,290	6,312
Marine	253	—10,000
Sundries	589	788
	48,411	42,361
Less items debited to profit & loss account ..	7,359	15,553
Total net trading surplus	41,052	26,808

The company enjoys the advantage of a remarkably small capital, consisting of £25,000 of 5 per cent. preference shares, and £26,436 of ordinary paid-up capital, the whole

of the ordinary shares being held by the Royal Exchange. As a result, the dividend is at a very high rate, being for the last two years 200 per cent. Interest earnings are sufficient to cover the cost of this with the exception of a small balance.

Northern Assurance.—The shareholders of this company have reaped in 1930 their recurring harvest from the valuation of the life department funds. Three separate life funds are maintained (a "with-profits" fund, a non-profits fund, and an annuity fund), and the shareholders' rights are of great potential value; for, although the "with-profits" fund belongs exclusively to the policyholders (and the expenses are limited to a figure of 10 per cent. of the premiums), the shareholders are entitled to the whole of the profits in the remaining two funds. The basis of valuation remains the same as before, and the results of the past two valuations are set out below:—

	1921-1925.	1926-1930.
	£	£
Trading surplus earned during valuation period:—		
With profits fund.....	19,072	717,878
Non-profits fund	131,319	125,448
Annuity fund	7,476	53,097
Investment profits taken credit for during valuation period:—		
With profits fund.....	267,497	17,960
Non-profits fund	55,085	7,281
Annuity fund	44,460	...
Brought forward	15,957	87,280
	540,866	1,008,944
Allocations:—		
To Bonuses to policyholders	278,586	665,542
.. Shareholders:—		
From non-profits fund	125,000	100,000
From annuity fund	50,000	25,000
.. Investment reserve:—		
Non-profits fund	...	25,000
Annuity fund	...	15,000
.. Carried forward.....	87,280	178,402
	540,866	1,008,944

A reversionary bonus for the quinquennium 1926-1930 has been declared at the rate of 50s. per cent. per annum on the sums assured (compared with 55s. per cent. for the preceding valuation period), but the interim bonus for the current quinquennium has been limited to a rate of 45s. per cent. The results of the previous valuation in so far as they relate to the "with-profits" fund were for a period of two years only, so that they are not really comparable with those for the period now under review. With regard to investment profits, a sum of £109,000 has been realised from sales since 1925 (in addition to the sums mentioned in the above table), and this has been utilised as an internal reserve. The accounts relating to fire and general business incorporate the figures of the various subsidiaries and show that the total premiums have fallen from £4,962,000 to £4,802,000, mainly due to a heavy decline in the fire department. The underwriting profits, as set out in detail below, make on the whole a satisfactory showing:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
	£	£
Fire	23,183	53,315
Accident	152,566	139,567
Marine	—5,365	—5,403
Non-profits life fund	...	100,000
Annuity fund	...	25,000
Leasehold redemption fund ..	...	5,000
	170,389	317,479
Less items debited to profit and loss account	83,389	114,278
Total net trading surplus..	87,000	203,201

Since 1920 the dividend has been at the rate of 85 per cent., and the same rate is again declared for 1930. Owing to a somewhat declining premium income, the interest earnings have also been falling, with the result that the "gap" between them and the cost of the dividend has now widened to a sum of £59,000.

Motor Union Insurance.—Though the results of the various departments are somewhat mixed, the 1930 report makes on the whole a decidedly better showing than its predecessor. Like the Car and General, the company is controlled by the Royal Exchange, which, by its ownership of these two companies, now has a commanding position in the motor insurance market. In 1925 and 1927 the company had to face devastating losses in its marine department, while the course of the substantial fire account has run anything but smoothly during the last six years. However, the marine account is now reduced to merely nominal size, while the fire account showed in 1930 a small margin on the right side, compared with a heavy loss in 1929; but the most striking feature of the 1930 accounts is a large deficit on the department handling miscellaneous insurances, where the claims alone have greatly exceeded the premiums. The details may be seen from the table following:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
	£	£
Fire	—36,890	1,353
Accident	6,646	5,608
Employers' Liability	14,992	8,353
Motor	—15,638	94,812
Miscellaneous	8,677	—53,492
Marine	...	...
	—22,213	56,634
Less items debited to profit and loss acc't ..	2,317	9,847
	—24,530	46,787

The events referred to above compelled the company to pass its dividend in 1927 and 1928, but payments were resumed in 1929 with a declaration of 20 per cent., and this has been repeated for last year. The price paid by the Royal Exchange for control in 1927 was £9 15s. per share, and at this figure the yield to the parent company on its investment is just over 2 per cent.

World Auxiliary Insurance.—This company is of post-war growth, and, by reason of a large shareholding interest held by the World Marine and General (itself a subsidiary of the Northern), is closely associated with the Northern group of companies. For many years past the underwriting profits have been on a uniformly satisfactory level, and although this feature is maintained in 1930 as regards the marine account, the fire account shows a heavy loss. The total premium income has risen from £440,000 to £478,000, of which £303,000 was in the fire department and £175,000 in the marine department. The complete figures are set out below:—

	1929.	1930.
	Amount of Profit.	Amount of Profit.
	£	£
Fire, Accident and General	—211	—27,197
Marine	15,000	20,000
	14,789	—7,197
Less items debited to profit & loss account ..	9,674	7,855
Total net surplus ...	5,115	—15,052

The dividend has been maintained at the same rate as in each of the three previous years, namely, 6½ per cent., and the interest earnings enable this payment to be made with a comfortable margin.

Sea Insurance.—Like so many of the old-established marine companies, the "Sea" branched out after the war on a general business in fire and accident insurance. This step was no doubt taken with a view to preserving old marine connections, but in almost every case it has been attended by unfortunate results from the underwriting point of view. In the case of the "Sea," fire and accident premiums during the last six years to an aggregate amount of £1,148,000 have involved a total

underwriting loss of £67,000. The 1930 report shows an intensified loss in these departments:—

	1929.		1930.	
	Amount.	Percentage of Premiums.	Amount.	Percentage of Premiums.
Fire	£ 3,181	— 1.8	£ 5,740	— 3.0
Accident	— 2,090	— 3.3	— 14,547	— 20.5
Marine	32,481	6.0	34,842	5.7
	27,210		14,555	
Less taxes, &c.	1,439		9,398	
Total net trading surplus	25,771		5,157	

The marine figures include the final profits of the 1928 and 1929 underwriting accounts respectively. The 1930 account, with a rather smaller premium income, but a less favourable first year's experience, enters upon its second year with 57.3 per cent. of the premiums in hand compared with 59.5 per cent. in the case of the 1929 account a year ago. The dividend has been raised from 16½ to 17½ per cent., and is covered by interest earnings.

Overseas Correspondence.

LEAGUE OF NATIONS.

Austro-German Plan — Disarmament Conference — Agricultural Credits.

(FROM OUR CORRESPONDENT.)

GENEVA, April 27.

THE provisional agenda of the next session of the League of Nations Council, which opens on May 18, has just been published; together with the business to be done at the Commission of Enquiry for European Union, which opens on May 15, it makes a formidable array of questions to be considered, including some of first-class importance. Interest centres primarily on the discussions arising out of the Austro-German Customs proposals and on several aspects of the disarmament problem. The Austro-German plan figures on the agenda both of the European Commission and of the Council, and the present indications are that the British proposal that the Council should examine the compatibility of the plan with Austria's international obligations may give way for the time being to the broader basis of discussion which will take place in the European Commission, at the request of the German Government.

There are undoubtedly awkward possibilities in asking for a legal opinion; it would be difficult to decide which would be the more embarrassing politically—a decision that the plan is legal or a decision that the plan is illegal. It seems wiser to tackle the problem in the wider sense in which the German Government intends to raise it in the Commission, namely, under the general terms of the development of Customs relations in Europe. The German Government's note says that it is desirable to discuss this problem once more in view of the failure of the Geneva Convention of 1930; Germany is to make at the same time a communication with regard to the aims which she is pursuing in this connection in agreement with the Austrian Government. This puts the problem where it ought to be. Germany and Austria claim that their plan is in accordance with the spirit and the aims of the European Commission and the European Commission is the proper place to consider how far this is so and to what extent the other States of Europe may be able to collaborate in the Austro-German initiative. What-ever is to be said for or against the methods or substance of Austro-German policy, there is no doubt that it has usefully stirred up those who have been too complacently satisfied with mere talk. No one seems to know much about the so-called counter-proposals from Paris, and so far as can be judged they seem to have little relation to the real problem. The results of the discussions in the European Commission will be communicated to the

Council, and the Council's consideration of the legal point will no doubt depend upon what happens in the Commission.

This controversy, and the renewed difficulties raised by France over the provisional naval agreement with Italy will not help very much in the Council's examination of disarmament problems. The selection of a President for the Disarmament Conference (a point left over from the January session) is still open, and the only definite development seems to be the final disappearance of any hope for those who have pressed Dr. Benes' claims. There has been a good deal of speculation about the possibility of appointing Mr. Henderson, and also, it may be said, a good deal of support for it. He would undoubtedly be a good president and would be acceptable to most countries, but, judging by French tendencies in these days, it is not to be expected that France and her friends would be any more enthusiastic about him than they are about the Conference itself. Still less would they be disposed to favour the holding of the Conference in London. The Council has to make the final choice of the seat of the Conference, and for this purpose will have before it a report from the Secretary-General on the facilities which can be afforded by Geneva.

There are two new proposals from the German Government. The first suggests the drafting of a standard questionnaire on the state of armaments in various countries. They are not content with the British Government's suggestion that these data, in preparation for the Disarmament Conference, should be provided on the basis of the table attached to the Draft Convention drawn up by the Preparatory Commission. The Germans want, among other things, the provision of information on armaments stocks. The other German proposal aims at excluding from the Disarmament Convention the publicity which the Convention calls for on civil aviation. The view of the German Government is that, while it has no objection whatever to such publicity, it is a matter which should not be contained in a disarmament convention but in the form of a separate international convention. It sees no reason why, if civil aviation is included in the Disarmament Convention, merchant shipping should not also be included. Both these are points that have been matters of controversy for years. In the present state of affairs there is little hope of any substantial concessions to German criticism of virtually everything that is being done for the preparation of the Conference. Their mood is one of criticism and suspicion of every step that is taken either by individual members of the Council, by the Council as a whole, or by officials of the Secretariat. There is distinct danger in this growing assumption of isolated German virtue.

Among the rest of the thirty odd questions before the Council are the minorities situation in Upper Silesia, on which the Polish Government is to inform the Council of the action taken on the Council's resolution at the last session; the resumption by the Council Committee of the examination of the minority petitions from the Ukraine; and several acute questions between Poland and Danzig. The European Commission and the Council will have the report of the Financial Committee on agricultural credits, for which a draft scheme has already been prepared by a delegation of the Financial Committee. The general character of this scheme was considered by a sub-committee of the Commission this month and was approved in principle by twelve Governments, comprising the eight countries which took part in the Warsaw Conference, and Belgium, France, Switzerland and Greece. The other countries represented on the sub-committee, while not in a position to make formal declarations, expressed sympathy with the general principles on which the scheme is based and with the object for which it is proposed. Such modifications as the sub-committee suggests will be left to the consideration of the Financial Committee, which meets early in May.

The draft plan proposes the organisation of an agricultural mortgage credit company, which will be a limited liability company constituted under the auspices of the League; before it can come into operation an international

convention will have to be concluded. The authorised capital will be 50 million dollars, but will be limited at the beginning to a first block of 5 million dollars. As soon as the company has been founded, a special reserve, equal to the first block of subscribed capital, will be furnished by the contracting Governments in the form of advances carrying interest. The total value of bonds issued by the company may not exceed ten times the paid-up capital and special reserve. The funds will be used for making long or medium-term loans to national mortgage credit companies, which will lend this money on first mortgages upon immovable property exploited agriculturally. The main purpose of the scheme is to provide credit facilities in Central and Eastern Europe, where conditions have been very bad and where economic activity has been gravely hampered by usurious rates of interest. It is unlikely in any event that the initial capital can be subscribed before next autumn.

UNITED STATES.

Business — Money Market — Capital — Farm Board — Public Finance.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 25.

FURTHER gradual seasonal recession in business activity and the continued decline in security and commodity prices are accentuating the bearishness of the financial district, but over the country generally the warmer weather and good crop prospects are promoting more cheerfulness. The failure this week of Pyncheon and Company, one of the largest Stock Exchange firms, came somewhat as a surprise, as it had been taken for granted that the bank which had been carrying the firm for a year or more would continue to do so. The bank's ostensible reason for letting go was that the firm's affairs were too involved to give hope of extrication. It is believed that the real reason was a dispute growing out of the recent financing of the Fox Film Company, in which the brokerage house had become rather heavily involved. It is well-known that a number of brokerage houses are being kept afloat by banking help, but with the exception of one or two small concerns it is not expected that this most recent failure will mean a change in policy by the banks.

The rising tide of gold imports and the energetic action taken by the Federal Reserve Bank to discourage the influx of funds from abroad by cheapening the New York money market have had no influence on the security and commodity markets. The Central Bank cut its buying rate on bankers' bills, bringing the asked quotation on 90-day maturities to 1½ per cent., the lowest ever in effect here, and a full ½ below the discount rate. Opinion differs on the outlook for a lower official charge, for a reduction below the current 2 per cent. rate would be little more than a gesture, which might not have an altogether happy interpretation. Member banks in this district have, for a long time, been entirely out of debt at the Federal Reserve Bank. On the other hand, cutting the bill rate has already put more Reserve Bank credit into the market. Purchases of bills at the local institution this week were \$16 millions, and for the system were \$20 millions. Discounts and Government security holdings were unchanged. Against a reserve ratio for the system of 84.5 per cent., the New York Bank has a ratio of 87.3 per cent.

Brokers' loans dropped \$5 millions this week, after a moderate rise in the previous week. The absence of any sharp decline in borrowing in the face of the drooping prices of stocks suggests a weakening of the stock position, and while a good deal of liquidation has undoubtedly come from investors' strong boxes, much of the current brokers' loan total is due to the stickiness of some recent bond offerings. The lack of absorption has discouraged new offerings, the week's total being less than \$20 millions, and since only the Government section of the bond market has been firm, the prospect for a revival is not very bright. Railroad bonds naturally have suffered with the

decline in railroad share prices to new low levels. However, current reports that some of the large insurance companies are disposing of their railroad bonds are exaggerated. What is happening is that some of these companies have become more cautious buyers of rails and have increased their proportion of public utility bonds.

Early reports on earnings for March indicate that the railroads are beginning to do somewhat better, but their continued loss of traffic to motor trucks and buses, and the general business depression, are hurting. One or two receiverships in the south-west would not be surprising unless conditions improve considerably before long. Fortunately, the public is finally becoming aroused to conditions, and some States have recently passed regulatory laws which are helping to remove unfair motor competition.

With the receipt, next week, of \$16 millions in gold from France the addition to the country's gold stocks this month will be approximately \$40 millions, and since the first of the year \$116 millions. A shipment of \$7 millions is on the way from Argentina and this, added to the net releases from earmark since the first of the year of \$17.5 millions, will bring the total gain for the four months above the addition for the same period of last year. Before the Reserve Bank took action to curb rising gold imports by cutting bill rates, importing bankers had predicted an inflow from France of around \$100 millions. The idea that gold might go from here to London is scouted, no such rise in sterling being thought probable. Some gold is likely to go to Canada in the next two or three months.

The Department of Commerce reports that foreign loans here since the first of the year have been only \$118 millions. Obviously, the market and the state of mind among investors is not very favourable to new foreign lending. Cancellation of the Spanish credit, which, admittedly, was desired by the bankers, has been followed by a remission to the Bank of Spain of the commissions collected in advance; there was a legal question involved inasmuch as the loan was made to the Central Bank of the Kingdom of Spain, guaranteed by the Kingdom. The credit was of the revolving variety and was for a period of 18 months, with no provision for renewal.

A flurry was caused by reports that the Farm Board intended to dispose of its wheat holdings abroad, but official denial quickly came that more than the 35,000,000 bushels held at seaboard would be sold. In most quarters the idea of holding the grain indefinitely is much disliked since the Board's holdings of both wheat and cotton are paralysing the markets. The prospect that purchasing will be resumed is rather slim, but another wave of bank failures in the west might force the Government to it.

Poor corporation earning statements for the first quarter continue. Such strong and well-managed corporations as General Motors and General Electric failed to cover their dividend requirements. United States Steel Corporation, which will publish its accounts next week, also fell far short of covering its dividend. It is estimated that fully half the 500 or so active stocks on the Stock Exchange have reduced or omitted dividends since January 1, 1930, and probably the movement has yet to reach its climax. Financial difficulty is, nevertheless, not serious outside real estate fields. The number of mortgage foreclosures and possessions by taxing authorities is rapidly mounting and is already at a very high total.

Alarm over the outlook for higher taxes and the growing Governmental deficits is spreading slowly but surely. President Hoover has announced plans to cut more than \$300 millions from the 1932 budget, but a heavy deficit is a certainty in any case. For the fiscal year, beginning July 1st last, the deficit is now more than \$800 millions. President Hoover placed soldiers' bonus loans to date at \$912 millions, with an additional \$140 millions applied for. This high total will not, of course, end the matter. Income-tax collections for first quarter were \$334 millions and not more than \$300 millions is likely for the June payments. The Treasury continues to borrow on discount bills and a moderate-sized long-term bond issue is expected, since the short-term debt is constantly growing

more unwieldy. Depressed trade conditions are bound to keep alive the radical political agitation, but current sentiment over the country is strongly against a special session of Congress. In the absence of any unexpectedly severe economic or financial disturbance the legislative holiday will last until the regular session next December.

FRANCE.

Presidential Election — M. Coty — Agricultural Programme — Coal, Iron and Steel Output.

(FROM OUR CORRESPONDENT.)

PARIS, May 8.

THE Presidential election remains the feature of the political situation, and, though it is only a week before the vote at Versailles, the situation is just as puzzling as ever. In view of the impending discussion by the League of Nations of the situation set up by the Austro-German Zollverein project, the outcome of next week's voting may be of vital importance. If M. Briand is elected, France will be without an authoritative voice at Geneva, at what all parties here regard as one of the most important international conferences since the Peace Treaty was signed. It is not surprising that some bitterness is being expressed here at the apparently lighthearted manner in which the French leaders agreed to the Geneva gathering being fixed for a date that must inevitably clash, for all practical purposes, with the inelastic provisions of the Constitution concerning Presidential elections.

The first more or less definite intimation that M. Briand has decided to be a candidate for the Elysée occurred yesterday, when the Chambers reassembled after the Easter recess. The order paper in the Lower House called for a date to be fixed for the nine interpellations of which notice has been given in regard to the Anschluss problem. The Government proposed that this supreme debate before the Geneva gathering should be fixed for Friday this week. The Left, for tactical reasons favouring M. Briand's own desires, insisted on Thursday being chosen, and a show of hands gave them a majority. The Government, in the circumstances, refrained from pressing the matter to a formal division, leaving M. Briand with a valuable twenty-four hours' advantage, from many points of view. M. Briand is expected to take full advantage of the opportunity to regain the ground he undoubtedly lost when he first faced the Chamber immediately after the sudden revelation that the two "Central Empires" had stolen a march on Europe. His speech on that occasion disappointed even his friends, and obviously helped appreciably to harden the growing opposition against his stay at the Quai d'Orsay.

M. Briand, it is now clear, will have the wholehearted support of the Unified Socialists, who are banking on the advantage his presence at the Elysée might give to them if, as they confidently expect, they return after next spring's elections as the largest party in the Chamber. The attitude of the Radicals, who in no way sympathise with the doctrines of the Socialist International where French foreign policy is concerned, has not yet been defined. M. Heriot's recent article in the *Dépêche du Toulouse* suggests that a certain amount of searching of heart is going on among himself and his friends as to the wisdom of a continuance of French policy on Locarno lines.

The opposition to M. Briand outside the Chamber is being vigorously—even ruthlessly—led by M. François Coty, who is now, since his incontestable victory over the boycott declared against him and his newspapers over a period of nearly two years by the entire French Press, respectfully regarded by all parties as a formidable factor of a kind never before existing in French politics. M. Coty was the inventor of the Caisse d'Amortissement as a means of replacing France financially on her feet, and he backed his proposal by offering to start it by a gift of 100,000,000 francs from his private pocket. His *bête noir* is double-headed, and comprises, first, M. Briand, whom he is roundly accusing of aiming at delivering France help-

lessly over to the Socialist International, by the operation of "the Locarno policy of concessions to Germany," and, secondly, the Banque de Paris et des Pays Bas, which he insists is "a bank too powerful in the State," doggedly and successfully despoiling France in the interests of international finance.

M. Coty, as the owner of the *Figaro* and the *Ami du Peuple*, occupies an incomparable pulpit, which is steadily drawing towards it the anti-Socialist and anti-Communist masses. The *Ami du Peuple* has now the second largest circulation in the country. A few days ago M. Coty disclosed the reason for its foundation. M. Briand and his friends, he says, falsified the original organic basis of the Caisse d'Amortissement to such an extent that, instead of being able to function in a manner that would have brought about the automatic stabilisation of the franc, it was rendered useless for the object in view. "It was torpedoed by MM. Briand, Peycelon, Raoul Péret, Loucheur and others," M. Coty alleges, "and France lost 500,000,000,000 francs of liquid capital, which would have been avoided if the Caisse had been created according to the original principles approved by five of the most qualified jurists and economists of the day." M. Coty states that, in view of what was happening, he withdrew his offer of a contribution of 100,000,000 francs towards the foundation of the new organisation and devoted it to the creation of the *Ami du Peuple*, for use as an arm against those responsible for the defeat of his plans.

M. Tardieu, undiscouraged by the fact that his great programme for reinforcement of the national economic equipment was regrettably modified, to suit party political exigencies, has this week secured the approval of his Cabinet colleagues for a long programme of legislation in the interests of agriculture. During the recess the former Premier, in his new post as Minister for Agriculture, has spent a good deal of his time in studying means to remedy some of the more pressing evils that affect the country's largest industry during the present crisis. M. Tardieu, both during his own Premiership and before, always insisted that one of the great sources of his country's strength is that, while fostering as much as possible her development as an industrial nation, she has never lost sight of the fact that her agricultural production must never be allowed to become subordinate to her manufacturing capacity. This doctrine explains to a great extent the almost inexplicably frequent changes in the tariffs for the protection of French agriculture that have latterly excited adverse criticisms from a good many foreign writers. The Minister for Agriculture has now been authorised to bring in Bills for improving the juridical and fiscal status of agricultural co-operative societies, for the creation of a national trade mark for French agricultural exports, for imposing marks of origin on imports of foreign produce, for encouraging the culture of flax, hemp, chicory and hops, etc. Bills already before the House are to be pushed forward and Commissions are to be appointed to consider propaganda plans in connection with wine exports, and to revise the present system of farm leases, compensation for improvements and other matters.

Coal production figures for March, which are issued this week, show a small fractional drop of 2,700 tons in daily output on the month, and a decline of 173,000 tons (slightly over 3½ per cent.) as compared with March, 1930, tonnage. Total output from the French mines was 4,627,561 tons, against 4,799,883 tons in March last year. The labour force employed was 2,300 units smaller than in February and 5,000 smaller than in the previous March, when 301,835 units were on the payrolls. The output of the Saar mines was 529,982 tons in March (against 479,400 in February), and arrivals of foreign coal totalled 2,283,500 tons (against 2,165,000 tons). British coal imports were 1,188,000 tons (against 1,043,500 tons); German, 346,225 tons (against 428,000 tons in February), including "reparations coal"; and Belgo-Luxemburg, 421,322 tons (344,762 tons). Total coal imports, which during the first quarter of 1931 were 7,501,000 tons, against 9,084,000 tons in January-March last year, have latterly been increasing, but there is ground to foresee that this improvement may henceforward be nullified owing to the restoration, as from April 28th, of the

preference rates formerly given to French coal destined for points in the West of France, in the shape of a rebate of 15 per cent. on transport charges.

Total output of pig iron in March was 775,000 tons, against 726,000 tons in February, and 898,000 tons in March, 1930. Crude steel production totalled 722,000 tons, against 693,000 tons in February and 848,000 tons in March last year. The output of metallurgical coke by the French colliery plants, however, continued almost as large as in March, 1930 (432,430 tons, against 443,909 tons). French export prices have fractionally declined, but quotations remain without change at home.

GERMANY.

Agricultural Duties — Bread Prices — Declining Revenue — Unemployment Expenditure — Economies — I.G. Farbenindustrie — Ruhrgas A.G.

(FROM OUR CORRESPONDENT.)

BERLIN, May 6.

THE Cabinet has now reached agreement on the revision of the duties on agricultural products, and has raised, by a decree of April 30th, the rates on pulses, barley, bacon, lard and pigs. At the same time the Food Ministry announced that wheat imports would be facilitated, not by lowering the duty, but by granting a drawback on limited quantities to certain specified mills. It remains to be seen whether this somewhat roundabout method will produce the desired effect on bread prices with sufficient expedition. Meanwhile, the price of bread is rising steadily and creating great political difficulties for the Government, who will probably avail themselves of the cartel decree to make an attack on the Bakers' Association. Past experience does not, however, suggest that such an attempt is likely to be successful. It is, moreover, doubtful whether a reduction in the price of wheat alone would suffice to bring about a fall in the price of bread, and whether an increased import of barley would not also be necessary in order to release for bread purposes the quantities of rye which are now being used as fodder. A small relaxation in favour of barley imports has already been granted.

The farmers' demand for higher duties on butter has been refused, for fear not only of the effect on consumers, but still more of political difficulties and possibly even political quarrels with the agricultural countries of Europe, which have a substantial interest in the export of butter to Germany. It is unfortunate that the trade treaty negotiations with Roumania have once more been postponed. Political influences from Paris and Prague evidently were partly responsible for this, for the German representatives had already set out and had to be recalled because Roumania once more refused to participate in the proposed conference. If, however, Germany is prepared to import more Roumanian produce, especially maize, an agreement will be possible before long.

It is particularly important at present for the Government to avoid any blunders in connection with the bread price question, for they will have need of every ounce of their prestige this summer in order to carry a series of highly unpopular measures. It is already extremely probable that the Budget for 1931 will not go according to plan. Receipts so far seem to be falling a long way short of the estimates, which is not surprising, as although the estimates were conservative as compared with those for 1930, they were a long way in excess of the actual receipts for the preceding year. Expenditure on unemployment relief is going to be much heavier than was originally allowed for, as the recovery in the labour market is so far proceeding very slowly, though it is impossible to make any definite estimate at present as the late spring has delayed the recovery in agriculture and building. There will at any rate be heavier expenditure on emergency benefit for those who have exhausted their actuarial right to benefit but continue for a limited period to receive support from the State.

The financial condition of the communes is a source of even more urgent anxiety. They are responsible for

the maintenance of those unemployed who have been out of work too long to be eligible either for benefit proper or for emergency benefit. The number of these increased until very recently and their reinstatement in industry will be particularly difficult as so long a period of unemployment has naturally undermined their capacity to work. As with the Reich, the finances of the States and Communes are in difficulties owing to the reduced receipts from taxation, and especially from the income tax, the bulk of the receipts from which are passed on by the Reich to the self-governing communities.

Incisive plans for dealing with this situation are no doubt being hatched by the Government. Increases in taxation will as far as possible be avoided. There will have to be an amalgamation of emergency benefit with the relief provided by the Communes for those who have been unemployed too long to be eligible for other forms of benefit. This would effect a substantial saving, though at the expense of one of the most needy sections of the population, for it would mean that persons who formerly drew emergency benefit would in future only receive the lower rate of communal relief. Further reduction in official salaries would go down with the mass of the people, for in a period of such severe unemployment their certainty of tenure is regarded as a very great advantage. It would, however, arouse a dangerous degree of resentment in official circles if the indemnities which they had counted for the current year were curtailed.

The Budget for 1931 contemplates the redemption of over Rm. 400 millions of debt, an effort which the people could be expected to make in a year of severe financial crisis. There is some hesitation in carrying out this redemption now that it has been included in the Budget, but the Government realise that they cannot possibly avoid taking some unpleasant decisions, and they possess a great asset in the moral credit which accrued to them from the way in which they met the difficulties of last winter. Whether, however, they will be able to continue throughout the summer their tactics of securing the support both of the Social Democrats and of the Conservative groups as far to the Right as Count Westarp is very doubtful. Still, even if they were forced to choose between Right and Left, there would be no serious danger of a crisis, for no party except the National Socialists and the Communists has anything to gain from such a crisis. There is, therefore, every probability that Herr Brüning and his colleagues will be able once more to persuade the German people to take bitter medicine for their economic and financial ills.

At the general meeting of I.G. Farbenindustrie, on June 3rd, the same 12 per cent. dividend, which has been paid since 1928, will be proposed, but this year the 2 per cent. bonus will not be forthcoming which was distributed last year out of the American compensation payments. The surprise of the directors' report consists in a reduction of capital by Rm. 85.63 millions to Rm. 713.72 millions, attributed to purchases made for the purpose of supporting the shares. Large quantities of shares were also acquired from those holders who wished to invest the proceeds in shares of the I.G. Chemie, Basle, and, in addition, I.G. shares to the nominal value of 24.71 millions were taken over from the Rheinische Stahlwerke in the new year in exchange for 41.19 million shares of Riebeck'sche Montanwerke. This capital reduction diminishes the amount required for dividends by Rm. 10.3 millions.

The I.G. report is, however, obscure on many points. It is not known how many shares were bought for purposes of supporting the market, nor at what price the purchases were made. The proceeding bears a certain resemblance to that of the Deutsche Diskonto Bank. In so far as these purchases were made at a loss, the loss must have been met out of hidden reserves. Possibly fuller information will be provided by the balance sheet, to be published shortly.

Ruhrgas A.G., the company which was formed in 1927 by all the large coal mines of the Ruhr area, to utilise the by-product gas of the coke ovens, shows a loss of over Rm. 5 millions for 1930. The company concluded

long-term agreements with many cities and industrial undertakings, even beyond the Ruhr area, and laid gas pipes from the works to these cities. At the end of 1930 800 kilometres of pipes were in use, and the output of gas in that year amounted to 710 million cubic meters, but in 1928 an output of 1,000 million cubic meters was counted on for 1930 and better prices were expected. The substantial loss is mainly due to the heavy interest payments with which the company is burdened by the great capital cost of its equipment. Its debt amounts to Rm. 70 millions, and its capital to Rm. 25 millions. Even the anticipated increase in its output to 950 million cubic meters may not suffice to provide a dividend on the share capital.

ROUMANIA.

Political Situation — National Peasant Party's Record — M. Jorga's Government.

(FROM OUR CORRESPONDENT.)

BUCHAREST, April 25.

THE resignation of the Government just before the Roumanian Easter holidays came sooner than was generally expected, and the solution of the political crisis which has at last been found, after long and protracted negotiations, in a Jorga Cabinet could hardly have been predicted three weeks ago. The National Peasant Government went out of office presenting the country with a bouquet of fresh laws passed during the last Session by which it crowned a career extraordinarily prolific in new measures—not all wisely inspired. The hopes with which the late Government was received when it came into power in 1928 were perhaps extravagant. Certainly the task confronting it at that time was by no means easy and was rendered yet more difficult by the advent of the acute economic world crisis which found Roumania, in consequence of previous bad administration, in a very weakened condition. Unfortunately, the Government did not always grapple with the problems that presented themselves in a prudent and statesman-like fashion. Especially since M. Maniu retired, the demagogic elements of the National Peasant Party gained in influence. Some of the later laws, in particular, bear unmistakable traces of having been introduced with an eye on the polling box. At the same time, the administrative reform, much advertised when it was proposed as the most necessary means of reorganising the Civil Service, proved in its application very costly and was undoubtedly used with the object of presenting plums to faithful adherents of the party. On the whole the effect produced in the country by the enormous output of new laws during the last two years is a feeling of bewilderment. The legislative machine has been worked at too high a pressure; and it is probable that the National Peasant Party has lost a good many of its supporters, especially in the business community.

The severity of the economic crisis and the absence of any prospect of amelioration in the near future prompted the King to make an appeal to the various political parties to come to an understanding for the formation of a National Government. M. Titulesco was entrusted with the difficult task of bringing together the heterogeneous elements of the Roumanian political world, but even his persuasive ability and ingenuity, supported wholeheartedly by the King himself, was not able to overcome the divergence of party interests and the practical difficulties of satisfying his own requirements and those of the various leaders. After a fortnight of uncertainty he had to admit failure, and the King called on M. Jorga, his old friend and former tutor, to step into the breach. M. Jorga stands apart from all the other political leaders. He is one of the most highly esteemed men in the country; his reputation for integrity is undoubted; and he is regarded as a man of lofty ideals. In the political arena he is the leader of a small party composed principally of professional men and people of culture. For the formation of his Government he has been able to secure the assistance of M. Argetoianu, an

old political hand, who has held office in previous administrations and whose influence and political acumen will be particularly valuable in the negotiations with different parties whose support will be necessary for the firm establishment of the new Cabinet.

For the moment the relations of the new Government to the various parties and in consequence the course of events in the immediate future are very obscure. It appears that M. Duca, the leader of the Liberal Party, is inclined to lend his support. This would mean a general election at which the relative strength of the Liberals and the National Peasant Party would be put to the test. On the other hand, the present Cabinet does not appear to find great favour with the National Peasant Party, which has the majority in Parliament now. At any rate, if M. Jorga wishes to govern with the Parliament, he has to obtain the support of one of the great parties, the Liberals or the National Peasant Party. This will make him at once largely dependent upon the good will of the party of his choice to which he would have to make far-reaching concessions. It will be seen that the path of the new government is by no means strewn with roses. Indeed, it is bristling with difficulties, and the immediate outlook is wrapt in mystery. There are, however, three declarations of M. Jorga which seem like beacons in the general obscurity, namely: that it is not his intention to institute a dictatorship; that he wishes to uphold the value of the currency; that he will not dissolve Parliament unless forced to do so by the attitude of Parliament itself. Apart from this, his utterances prove that he fully realises the extreme need of the country and that the only remedy lies in an honest administration and in intensive work by every member of the community.

CANADA.

Crop Conditions — Business — Problems — Trade Returns — Federal Revenues — Estimates.

(FROM OUR CORRESPONDENT.)

OTTAWA, April 21.

IT is many years since Canada enjoyed such an early spring. In the Eastern provinces the farmers have made good progress with cultivation, and, thanks to timely rains, there is already a good growth of pasture. On the prairies, however, while the spring is equally early, the lack of moisture in wide areas is serious and the problem of soil drifting is widespread.

The general resumption of outdoor work and the advent of warm weather have given, as usual, a certain stimulus to trade and a slight upward trend has been apparent in the business situation during the past fortnight. Reduced prices have also had a favourable effect in the retail trade; there is a steady normal distribution of groceries, and the public has begun to purchase light summer clothing earlier than usual. The carloading figure for the week ended April 11th, although it is 7,502 cars below the figure recorded for the parallel week of 1930, shows a gain of 4,392 cars over the total for the previous week. There is, however, not much evidence of any gain in industry; the textile mills, the boot and shoe factories and the furniture plants are fairly well employed, and have good orders on hand, but most other industries continue to operate well below capacity and under difficult conditions. The spring programme of new construction is decidedly modest, and the value of the building permits issued in March was placed at \$9,906,567, a decline of roughly 25 per cent. from the figure recorded in March, 1930. The winter lumber cut was only about 60 per cent. of normal, and yet is in excess of the demand, though there are some signs of improvement in consumption. The fishermen on the two coasts are suffering from unsatisfactory markets and poor prices for their catches. There has been an advance in the operating ratio of the newsprint industry, but it has been accompanied by a further cut in the price of newsprint by a group of important companies; they have agreed to a reduction of \$3 per ton, which is to be retroactive from January 1, 1930, until May 1st, and thereafter to a

further cut of \$2 per ton. Last year the average price was \$55 per ton, and it will now be lowered to \$50, which will not help the prospect of earning interest on newsprint securities. On the other hand, mining operations, particularly in the goldfields, have received an impetus from the lowering of the costs of production. Navigation is now open on the St. Lawrence, and Montreal and Quebec are profiting thereby at the expense of St. John and Halifax.

The trade returns for the fiscal year 1930-31, which ended March 31st, have now been published and give the total value of Canada's foreign trade at \$1,723,800,496, a decrease of \$669,377,000 as compared with the figure of \$2,393,177,586 recorded in the previous year. The import and export figures are as follows:—

	1929-30.	1930-31.	Decrease.
Imports	\$ 1,248,239,516	\$ 906,807,285	\$ 341,431,631
Exports (domestic and foreign)	1,144,938,070	816,993,211	327,944,859

The adverse trade balance, if only domestic exports are taken into account, was \$107,096,873, which is roughly 21 million dollars less than the figure for the preceding year.

The returns secured by the Department of National Revenue during the last fiscal year reflect the consequences of the economic depression. Customs revenues, placed at \$129,149,568, are down by 48 million dollars, Excise taxes \$36,861,044, by 25 millions, and Excise duties \$57,291,602, by 7½ millions; the only increase of revenue has been from income tax, which at \$71,048,022 is up by two million dollars. Full data are not yet available, but it is clear that the decline in revenue for 1930-31 will be in excess of 70 million dollars. Faced with this situation and the prospect of increased expenditure for unemployment relief and other things, Mr Bennett has, by exercising firm pressure upon the Departments, reduced the main estimate by nearly 38 million dollars to a figure of \$386,394,408. The heaviest cut was in "public works," for which the estimate is reduced by 16 million dollars, but the national defence estimates are also down by a million and a half and aviation by 2½ million dollars. There are also sharp decreases in the immigration and land settlement votes and the capital expenditure on railways and canals is reduced by nearly eight million dollars. One line of economy which the Government is taking is to dismiss civil servants, and in Ottawa already two hundred have been compulsorily retired, while more are expected to share the same fate. During the debate on the Address some criticism was directed at the huge expenditure of the Canadian National Railways upon the new terminals at Montreal, and from different quarters strong pressure has been exercised upon the Government to halt their construction until times improve. This could only be done at grave political risk, for the Quebec Liberals would at once allege that the Conservative Party was once more giving proof of its inveterate hostility to the Province of Quebec.

ARGENTINA.

Monetary Difficulties — Obscure Political Situation.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, April 24.

FINANCIAL conditions in Argentina considerably altered during the early part of the month. Some alarm was caused by the steady diminution of currency due to gold withdrawals by the Banco de la Nacion, and the proximate need for funds wherewith to handle the heavy maize crop that is now assured and likely to be moving overseas by the end of April. Argentina's aggregate "means of payment" should be ample for handling her present volume of trade, for both imports and exports have shown a steady reduction in values, nor is there any likelihood of price recovery during what remains of the current year. Yet the local monetary position is far from liquid, the actual cash holdings of most local banks being decidedly

low, with no present means of increasing them at short notice. The circulation recently stood at \$1,165,120,695, as compared with \$1,260,686,284 paper on December 31, 1930.

To allay this anxiety, and increase for the time being the notes in circulation, the Government has decreed a return to the system of gold deposits in Argentine legations abroad, the paper equivalent of which will be available here on receipt of cable advice to the effect that such deposit has been made. There are, however, special provisions which differentiate this decree from previous measures. In the first place, permission must be obtained from the Ministry of Finance before such deposits may be entertained, the technical adviser in this connection being the Banco de la Nacion, which institution will also charge a commission, based upon the difference between the rate of interest ruling at the centre where the deposit is made and the rate current in Buenos Aires. Exactly what this commission will be cannot be determined beforehand, but it is said that at the present time it amounts to ½ per cent. for London deposits and 1 per cent. for New York. The equivalent in paper dollars at \$11.45 to the pound is paid over by the Conversion Office, and the gold must be freed within six months by means of a return of the note equivalent, otherwise it passes into the possession of the Conversion Office. This institution is furthermore empowered to take gold deposits locally on similar conditions. How far this will go in providing additional cash facilities in Buenos Aires has yet to be seen. It is manifestly beneficial to cereal exporters, and they have already made use of the facility, an example which the banks will not be slow to follow if they are able to find safe and profitable employment for the resultant local funds, though institutions enjoying ample credit in Europe will doubtless find it more profitable to supply their currency needs by selling cable transfers. It is also symptomatic that from at least two distinct quarters an appeal has been made to the Government for a renewal of the practice of rediscount, and it is very much to be feared that this latter solution of present difficulties, disguised inflation though it be, will be forced upon the Government against its better judgment.

It is still impossible to say what the final outcome of the elections in the Province of Buenos Aires will be. There is talk of a call to "national" elections, a sort of plebiscite; still more common is the expression of a belief in the early coming of a dictatorship, and the probabilities point to some form of unitarian as opposed to federal direction of Argentine affairs being eventually adopted, though not quite in the crude form that is suggested to the minds of most people by the term dictator. What is urgently desired by all classes of Argentine society is economic stability and as early a return as may be to normal conditions of finance. Recent Cabinet changes have been in their essence merely the relieving of the ministers of the Provisional Government who had borne the strain of the past six months and desired, as well as deserved, a rest. They have been replaced by men of equally outstanding high character, ability and discretion, and who are wholly free from the slightest suspicion of axe-grinding. On the Minister of Finance falls the heaviest burden of the moment, for he has to continue the policy of economy which from the outset has been one of the planks in the platform of the Provisional Government, and has also the task of taking in hand, and that at once, the twin difficulties of banking and currency reform. In a speech delivered on the occasion of installing the new President of the Banco de la Nacion, Señor Adolfo Casal, his predecessor, Dr. Enrique Uribe, now Minister of Finance, stated plainly that the time had come for establishing a Central Reserve Bank, together with banking legislation governing capital liabilities, the preferential protection of depositors, and the superintendence of banks. Complete freedom from Government interference must be a *sine qua non*, and the management of both the Central Reserve Bank and the Superintendence Department can only be entrusted to competent men, neither wealth nor position nor good intentions compensating for absence of ability and experience in banking practice.

Establishment of a Central Bank was not the only innovation foreshadowed in the Minister of Finance's

speech. "We must," said he, "go as soon as may be to a tax on incomes." This is no idle threat, but may be taken as an official indication of the early introduction of this tax. It will at first be applied to profits of limited companies and commercial enterprises of analogous nature, the charge being on a reduced scale and the principle of strict equality being observed. Meanwhile studies are to be made with a view to gradual extension of the tax. Important as this news is, it remains to be seen how far the proposed measure will be put into practice, since many limited companies are at present showing losses.

Books and Publications.

PROFESSOR HOBHOUSE.*

Mr Hobson and Professor Ginsberg have produced a book which will be read with great satisfaction by the large number of persons who have reason to cherish Hobhouse's memory with affection and gratitude, and with great profit by all students of philosophy. Professor Ginsberg's contribution consists of seven chapters on Hobhouse's work, and it thus forms an excellent introduction to the study of Hobhouse's books. Mr Hobson writes as one of Hobhouse's oldest friends and gives an illuminating account of his character and temperament.

It is easy to see from this account why Hobhouse achieved distinction in different fields, for he possessed an unusual combination of qualities. Mr Hobson speaks of "the union of a powerful intellect with a profound emotional nature." He had all the force that belongs to enthusiasm which is controlled and directed by a steady judgment. In some respects he lived under a constant strain. A great many people are interested in the pursuit of truth who are not specially concerned about practical justice in the world around them. Many reformers eager for improvement in the conditions of social life watch the speculations of the man of science with a cold detachment. Hobhouse cared intensely about both, and he was always afraid of sacrificing one duty to the other. "You know," he wrote when he was twenty, "that I am a little speculative by nature and always in danger of caring more for knowing truth than for doing good." But this combination made him a most inspiring teacher and it enabled him to give life significance and range to a subject which, when he first devoted himself to it, was still on its trial. In the same way it gave him the incentive necessary to his philosophical writing. For his sense of duty to the cause of knowledge kept him to his larger task, pursued through many years that were dark with disappointment and distress about public affairs, just because the cause of knowledge was so clearly in his eyes the cause of progress.

When Hobhouse turned to practical affairs he was everything that a philosopher is supposed not to be. Nobody could hear him debate or discuss a practical problem without seeing that his mind was swift, lucid

* "L. T. Hobhouse: His Life and Work." By J. A. Hobson and Professor Morris Ginsberg. George Allen and Unwin. 12s. 6d.

THE GERMAN-AUSTRIAN CUSTOMS UNION

Two books indispensable to the understanding of this problem are: *AÜSSERERE WIRTSCHAFTSPOLITIK MITTEL-EUROPAISCHE PLÄNE.*

By Dr. Gustav Gratz and Dr. Richard Schüller. 14/- net.

AND
THE ECONOMIC POLICY OF AUSTRIA-HUNGARY DURING THE WAR IN ITS EXTERNAL RELATIONS, which is the same book in an English version by W. Alison Phillips. 16/- net.

Both books are published for the
CARNEGIE ENDOWMENT

BY THE
OXFORD UNIVERSITY PRESS

and constructive. This made him an admirable leader writer. Mr C. P. Scott speaks in this volume of his great services to the *Manchester Guardian* and Mr B. Hobson quotes a letter written by Lord Morley about his articles on the Boer War. "I cannot sufficiently admire the acuteness, industry, grasp and power with which Hobhouse has carried on this fight. It is one of the finest pieces of journalistic ability (in the highest sense) that I can remember." These gifts, together with his essential fairness of mind, found scope in his later life in his service as Chairman of Trade Boards. "In the opinion of all who were able to judge," wrote Mr Mallon, of Toynbee Hall, "he was the most eminent of the many distinguished men who have been connected with trade boards, and he communicated to them something of his own sanity and serenity and wisdom." Few men were so helpful or so ready when judgment was wanted or so generous in helping friends or a public cause.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Economic Disarmament. By J. H. Richardson. (London) George Allen and Unwin, Ltd., 40, Museum Street. 7s. 6d. net.

A study, by a former member of the research staff of the International Labour Office, of the possibilities of international co-operation.

Policy and Ethics in Business. By Carl F. Taeusch. (London) McGraw-Hill Publishing Company, Aldwych House.

A very elaborate study which, after an opening chapter on the social and religious background of business in the United States, goes on to discuss trusts, the ethics of price policies, unfair trade methods, advertising, output regulation and cancellation of contracts. Recorded cases are constantly quoted by way of illustration.

Economic Problems of Modern Life. By S. Howard Patterson and Karl W. H. Scholz. Second edition. (London) McGraw-Hill Publishing Company, Ltd., Aldwych House. 18s. 9d. net.

A discussion of modern economic problems which runs parallel with the usual first course in economic theory, and should be of great help to students in assimilating it.

Goldstandard und Arbeitslosigkeit. By Dr. G. W. Schiele-Naumburg. (Halle) Gebauer-Schwetschke Druckerei und Verlag A.-G. Preis 1.50.

A German pamphlet on the monetary situation.

New Zealand Official Year Book, 1931. (Wellington) W. A. G. Skinner. 7s. 6d. net.

An exhaustive collection of official statistics which is indispensable to any reference library.

International Labour Review. April, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street, 2s. 6d.

Includes articles on "Some Effects of the Agricultural Depression on Agricultural Labour"; "The Effect of Falling Prices upon Labour Conditions in New Zealand"; "New Statistics of Collective Agreements in Germany."

Le Società Anonime a Catena. By Luigi Einaudi and Edoardo Giretti. (Turin) Arte Grafiche-Ditta Fratelli Pozzo.

An Italian essay on interlocking holdings.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Ministry of Agriculture and Fisheries: Report on the Marketing of Honey and Beeswax in England and Wales. 6d. net.

An Account of the Public Income and Expenditure of the United Kingdom in the year ended March 31, 1931. 1d. net.

Report of the National Park Committee. Cmd. 3851. 2s. net.

Department of Overseas Trade: Economic Conditions in Poland (1930). 1s. 6d. net; *Economic Conditions in Denmark, February, 1931.* 2s. net.

The Stock Exchange.

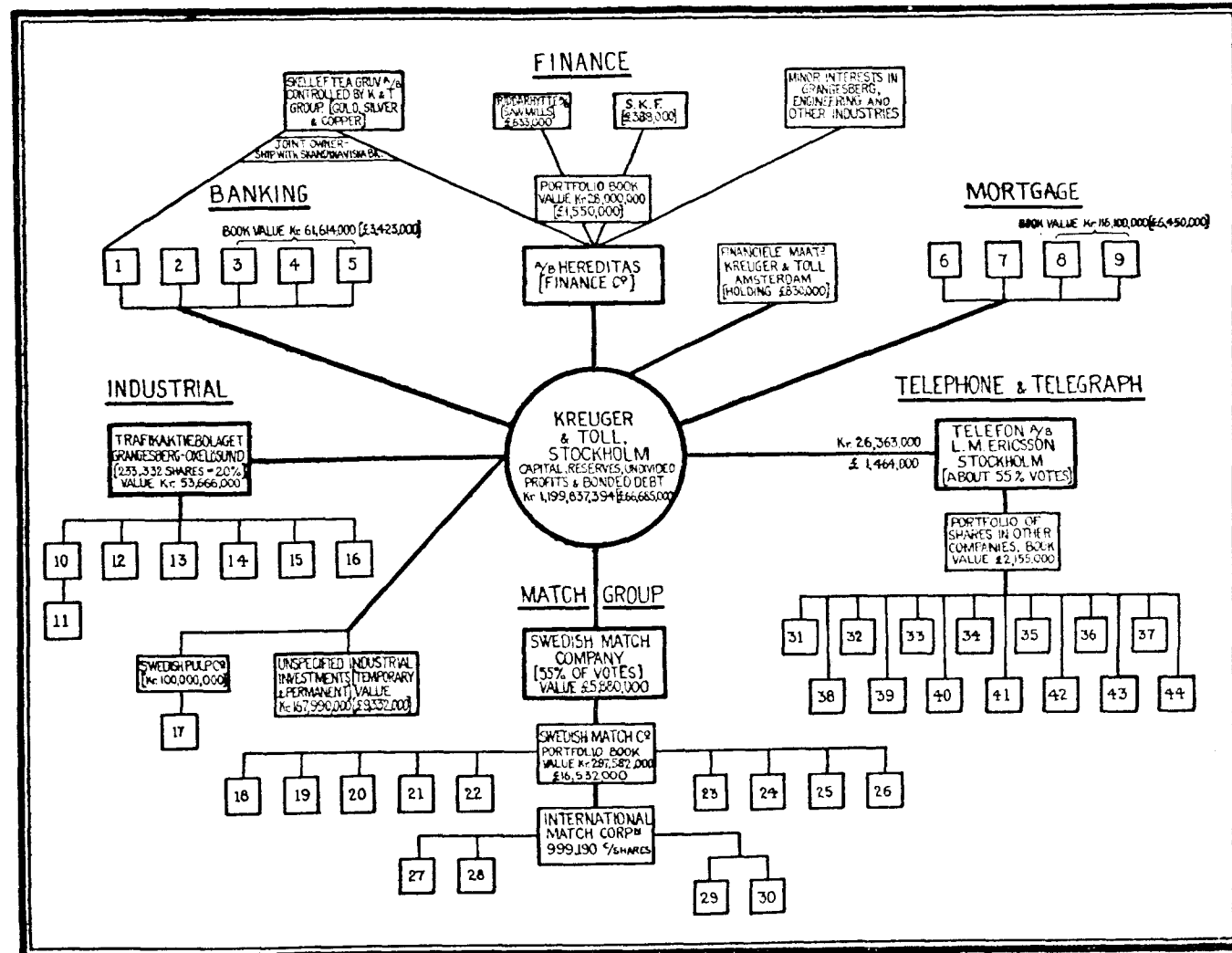
KREUGER AND TOLL.

The investor who surveys the varied activities of Kreuger and Toll may find it difficult, at first sight, to discover a common purpose binding together many of the varied parts of the undertaking into a single, and highly successful, financial trust. The connecting link is, in fact, the personality of Mr Ivar Kreuger. The company developed in accordance with Mr Kreuger's idea of financial service which directed itself first to the Swedish Match Company, then to other Swedish industries, and finally to world industry as a whole. In pursuing these great ambitions, Mr Kreuger has contrived to serve also the interests of his shareholders and few will deny that the results have been gratifying.

The activities of Kreuger and Toll have three distinct branches. The first is the granting of Government credits in return for concessions—for the most part Government match monopolies for the Swedish Match Company or International Match Corporation in which the company holds a controlling interest. The usual procedure is for

Kreuger and Toll to take over the whole of the Government loans in connection with these match monopolies while Swedish Match and International Match hold the industrial or commercial investments. As Swedish Match often acquires Government bonds at prices above the market quotations, Kreuger and Toll receives in such cases, on taking over the bonds, a participation in the match monopoly profits.

The second branch of the company's business is that of an investment trust—the holding of shares in industrial, real estate and banking companies of the highest standing. The original object in this case was the acquisition of permanent investment assets of a type radically different from Government bonds, in order to strengthen the financial structure of the company. In choosing these investments the directors had in mind companies owning important natural resources or carrying on business of such a nature that the holding of a large share interest did not entail management responsibilities. So



1. Skandinaviska Kreditaktiebolaget (11.4 per cent. interest).
2. Stockholms Int. Gar. A/B (10 per cent. interest).
3. Banque de Suede, Paris.
4. Hollandsche Koopmansbank, Amsterdam.
5. Other investments in banks.
6. A/B Hufvudstaden (95 per cent. interest).
7. Cie. Centrale de Prets Fonciers.
8. Deutsche Central Bodencredit (largest in Germany).
9. Unspecified mortgage interests.
10. Luosavaara-Kilrunavaara (Iron ore). All ordinary stock.
11. Swedish Government, owns preference stock.
12. Nordavenska Malmbelt (Iron ore).
13. A/B Hematit (ore), £1,312,000.
14. Oxelosund Railway, Örebro-Kiljings Railway, Strasså-Stora Railway (£802,000).
15. Gellivara Mines (£388,000).
16. Power, engineering and other interests.
17. Control of thirteen companies (largest producers of sulphate pulp in Europe).
18. Jönköping och Vulcan Fabrics A/B (£2,000,000).
19. För. Svenska Tandsticks A/B (£2,200,000).
20. Katrinefors (paper mills).
21. Överum Bruks A/B.
22. Trummer and Company (£200,000).
23. British Match Corporation (1,856,250 shares).
24. Fabrica Nacional de Fosforos, Sto. Domingo.
25. Cia. Chilena de Fosforos, Chile.
26. Interest in eight other companies (£1,780,000).
27. Polish Match Company.
28. Cia. de Fosforos Del Peru.
29. Nittedals Match Factory, Norway.
30. Bryn and Halden Match Company, Norway.
31. Soc. de Telephones Ericsson, Paris (manufacture).
32. Cia. Interriana de Telephones, Argentine (operating).
33. Cia. Sudamerica de Telephones, Buenos Aires (operating).
34. L. M. Ericsson, Finland (operating).
35. Greece, jointly with Siemens (operating).
36. Turkey (operating).
37. Polish Telephone Company (operating).
38. Soc. Ezerizi Telefoni, Naples (operating).
39. Spanish L. M. Ericsson (manufacture).
40. L. M. Ericsson, London (manufacture).
41. L. M. Ericsson, Warsaw (manufacture).
42. Nederlandische L. M. Ericsson (manufacture).
43. Soc. Ericsson, Rome and Genoa (manufacture).
44. Numerous smaller subsidiaries.

for the shares acquired for permanent investment, in addition to Swedish Match, have been in Swedish enterprises. They comprise: (1) a 99.9 per cent. interest in the Swedish Pulp Company, an amalgamation of the leading Swedish companies in the pulp and timber industries; (2) a 20 per cent. interest in Trafikaktiebolaget Grängesberg-Oxelösund, which, with the Swedish State, controls the most important iron ore deposits in Sweden; (3) a 95 per cent. interest in the Hufvudstaden Real Estate Company, owning properties mainly in Stockholm; (4) an 11.4 per cent. interest in Skandinaviska Kreditaktiebolaget, together with minor interests in many foreign banks; and (5) a 55 per cent. (voting) interest in the L.M. Ericsson Telephone Company, which was acquired last year.

The permanent shareholdings of Kreuger and Toll as a whole are distributed over 21 industrial, banking and real estate companies, of which last year only five showed a decline in profits. Of the 12 holdings officially quoted only one—the Grängesberg—had a market quotation lower at December 31st last than the cost of acquisition—namely, 244 per cent., against 285 per cent.—and this has now been written down. Moreover, the market value of all the officially quoted investments was Kr. 48,232,336 in excess of the book value of nearly Kr. 519 million, disregarding temporary investments of Kr. 107.8 millions.

The third branch of the company's activities is that of short-term financing, particularly in the matter of industrial amalgamations. For reasons of taxation, these "trading" operations are mainly conducted through a Dutch subsidiary—N.V. Financieel Maatschappij Kreuger and Toll. In this connection the company has established close co-operation with commercial banks throughout the world, enabling it to obtain reliable and first-hand information about economic conditions or business developments in foreign countries. The full extent of the company's ramifications is shown in the chart accompanying this article, which is based on data compiled by Mr F. P. Persson, with whose permission it is reproduced.

The growth of the three branches of the company's business in the past two years is shown in the following table:—

	(In millions.)	
	Years ended Dec. 31.	
	1929.	1930.
	Kr.	Kr.
Foreign Government and other bonds†	318.2	419.8
Permanent investments	577.7	518.8*
Temporary investments and syndicate participations	94.4	297.6

* After writing down by unknown amount.

† Eligible as collateral for Secured Debentures.

What is to be Kreuger and Toll's next development? There are two major possibilities. First, the company is helping to develop the market in mortgage bank bonds. To re-establish the position of mortgage bonds as a medium for international credits the Compagnie Centrale des Prêts Fonciers was founded in Amsterdam in September last year, with a capital of Fl. 10 millions, and in March, 1931, the International Bodenkreditbank was founded in Basle with a share capital of 25,000,000 Swiss francs. In both these companies Kreuger and Toll participated, together with the leading American, British, French, German and Swedish banks and finance houses. The object of these institutions is to offer the public securities of a relatively uniform type instead of the varying mortgage debentures issued by separate mortgage banks. The development of the mortgage bank business is regarded favourably by all the leading central banks as a means of easing the present world depression.

The second direction in which Kreuger and Toll seems bound to advance its financial business is in the telephone industry. The acquisition of a controlling interest in the Ericsson Telephone Company last year is of first importance. This company is one of the leading telephone manufacturing organisations in the world, and has been the pioneer of the telephone industry in Europe. Outside Sweden it operates factories in Great Britain, France, Italy, Spain, Czechoslovakia, Austria, Hungary,

Norway and Estonia. In addition to its manufacturing business, it operates under telephone concessions in different countries, in particular Poland, Italy, Argentina and Mexico, the last country being shared with the International Telephone and Telegraph. It is the intention of Kreuger and Toll to establish as intimate a financial co-operation with the Ericsson Telephone Company in the acquisition of Government concessions as it has done with the Swedish Match Company. Whether the control of Ericsson Telephone by Kreuger and Toll will lead to a "war" with the powerful American interests in the competition for Government telephone and telegraph concessions remains to be seen.

The investor in Kreuger and Toll has the choice of secured debentures, participating debentures and ordinary shares. The 5 per cent. secured debentures are covered up to 120 per cent. by specially pledged securities such as Government bonds and mortgage bank bonds. The participating debentures, ranking for 5 per cent. and for an additional 1 per cent. for each 1 per cent. paid on the share capital, are designed to enable the small investor to acquire a holding in the company. Some Kr. 76,000,000 of shares have been issued, including Kr. 10,000,000 of "A" shares and Kr. 66,000,000 of "B" shares, all of Kr. 100. The two classes rank equally, except that the "A" have one vote and the "B" one-thousandth of a vote per share. It is the company's policy to limit dividends and interest on the shares and on the participating debentures to an amount which can be covered by "recurring profits," i.e., by interest on the foreign Government bonds and dividends on the permanent shareholdings. The financing or "trading" profits, being variable, are rightly disregarded for dividends purposes. The following table, based on the consolidated income and surplus account, gives an analysis of the recurring and variable profits in the last three years:—

Capital:—	1929.	1930.
	Kr.	Kr.
Shares	76,000,000	76,000,000
Participating debentures	139,166,660	139,166,660
Secured debentures	185,167,910	182,238,806
Recurring profits*	\$53,000,000	93,790,532
Trading profits	59,838,283	32,186,858
Total profits	112,838,283	125,977,390
General expenses	4,274,365	3,629,336
Net income	108,563,918	122,348,054
Per cent. paid.....	30%	30%
Per cent. earned†	72%†	56.8%
Carried forward.....	153,833,579	214,381,636

* Interest on secured debentures of K. & T. have been deducted from interest received from bonds.

† On shares and participating debentures.

‡ On average amount of capital outstanding in year.

§ Approximate.

The participating debentures and shares of Kreuger and Toll are sometimes criticised on the ground that, apart from normal industrial and trading risks, a large political risk is present as a result of the vast holding of foreign Government bonds. The latter, however, are less than 27 per cent. of the company's assets as given in the last balance sheet, and in most cases the Government loans have a specific security—the first charge on annual payments or royalties made by the Swedish Match to the Government for the lease of the match monopoly. The amount of the loan is generally fixed so that the service is covered by the Swedish Match payments with a margin of 25 to 50 per cent. Further, considerable capital profits accrue to the company as these Government loans are redeemed by the operation of the sinking funds. In the last report the directors were at pains to argue that the Government bond holdings were a "safe and sound investment" with considerable possibilities of capital appreciation. That the market, however, rates the political risk in Kreuger and Toll securities higher than the directors is evident from the present quotation. At 23½ a yield of 7.0 per cent. is obtained on the "B" shares on the basis of dividends of 30 per cent. The highest price for these shares in 1930 was 83½ and in 1929 42½.

THE UNDERGROUND AGREEMENT.

A MEETING of the stockholders of the Underground Electric Railways Company of London, on Friday of last week, confirmed a provisional agreement between Lord Ashfield and the Minister of Transport regarding the transfer of the undertaking to the London Passenger Transport Board. Lord Ashfield made it plain that if Parliament included in the Bill terms to other undertakings better than those granted to the Underground group, the agreement came to an end. It is difficult, however, to conceive of better terms, for Lord Ashfield has undoubtedly made a good bargain on behalf of his stockholders.

To understand the somewhat complicated provisions of the agreement, it is first necessary to define the stocks to be issued by the Board, and the manner in which the income of the Board is applied. In the order of their charge upon revenue the stocks are as follows:—"A" stock, carrying interest at 5 per cent. or 4½ per cent.; T.F.A. stock (guaranteed by the Treasury and issued in exchange for the debentures guaranteed under the Trade Facilities Acts), carrying interest at 4½ per cent.; "B" stock, carrying interest at 5 per cent.; and "C" stock, carrying interest, which is dependent on each year's earnings, at the rate of 5 per cent. for the first two years and increasing to 5½ per cent. and then to 6 per cent., subject after ten years to sinking fund payments required to redeem "A," T.F.A. and "B" stocks within a term of 90 years, the sinking fund ranking after 5½ per cent. has been paid on the "C" stock.

The first three classes of stock are trustee securities, and it is thought that, under present monetary conditions, these will be valued in the market at under a 5 per cent. yield basis. The "C" stock for the first two years is expected to command a yield basis of 5½ per cent.; that is, to stand at 90. As regards the holders of the prior charges, the "common fund" companies—London Electric, Metropolitan District, Central London, Central and South London, Lots Road Power House and London General Omnibus Company—are treated as follows:—

In exchange for	To be received
(1) Debentures and rent charge—stocks.	4½ per cent. "A" and/or 5 per cent. "A" stocks to produce the same annual interest.
(2) T.F.A. 4½ per cent. stocks.	4½ per cent. T.F.A. par for par.
(3) Guaranteed stocks, preference stocks and income debentures.	5 per cent. "B" stock to produce the same annual interest.
(4) Ordinary shares	"C" stock at rate of £92½ "C" per £100 old (subject to certain adjustments in the case of L.G.O.C. ordinary).

As regards the tramway companies, the exchanges are on the following basis:—

	In Exchange for.	To be received.	Present Market Prices.
(1) Metropolitan Electric Tramways:—	4½ deb. stock 5% deb. stock. Pref. shs. Ord. shs.	{ £50 4½% "A" and £45 5% "B" stock £100 5% "B" stock 75% "C" stock 30% "C" stock	{ 81-86 81-86 3s.-5s.
(2) London United Trams—	4% deb. stock Pref. shs. Ord. shs.	{ £50 5% "B" and £25 "C" stock 30% "C" stock 12½% "C" stock	{ 65-70 3s.-5s. 1½d.-7½d.
(3) South Metropolitan Electric Tramways and Lighting.	Tramways only.	£75,000 "C" stock	
(4) Tramways (M.E.T.) omnibus company...	Whole Undertaking	£182,635 4½% "A"; £101,545 5% "B"; and £348,014 "C" stock.	
(5) Union Surplus Lands.....	Whole Undertaking	£88,889 4½% "A" and £238,936 "C"	
(6) Union Construction and Finance	Whole Undertaking	£365 "C" stock	

The total stock to be issued to the Underground group will be £27,237,585 in "A," £11,883,648 in "B," and £20,073,428 in "C" stock, a total of £59,194,661.

It will be seen from these exchanges that the prior charge holders of the "common fund" companies lose nothing in interest and probably gain in security. This particularly applies to the 5 per Cent. Income Debentures of the London General Omnibus Company, which are to receive "B" stock, so that holders will be in the possession of a trustee security. As regards the tramway companies, the holders of the prior charges gain not only in security but in part in income, seeing that the preference stockholders of these companies are not at present receiving dividends.

As regards the equity shares of the Underground Electric Railways, it may be a source of satisfaction to shareholders to find that the company retains intact its interest in the Associated Equipment Company, though the right of that company to supply omnibus chassis and spare parts to the L.G.O.C. is restricted to a period of ten years. The Underground Company also retains its interest in the North Metropolitan Electric Power Supply Company, and will have the right to buy on agreed terms the shares now owned in that company by the Metropolitan Electric Tramways, Ltd. Further, the Underground will maintain intact its interest in the South Metropolitan Electric Tramways and Lighting Company, as well as a small holding in the Metropolitan Railway Company. It is proposed to form a new holding company to take over these outside assets, and to distribute shares of this new holding company direct to shareholders of the Underground. At the same time, the Underground Company will be wound up and the stock which it receives from the Board will be distributed to its shareholders.

Lord Ashfield estimated that, of the present Underground dividends of 8 per cent., three-quarters were derived from transport undertakings and one quarter from the outside interests. In exchange for the transport undertakings every holder of 100 Underground shares of £1 should receive £115 "C" stock. This implies that the holder of 100 Underground ordinary shares, now in receipt of an income of £8, will receive in the first two years £7 15s., and thereafter £8 6s. 6d., when the interest on the "C" stock rises to 5½ per cent., and £8 18s. when the interest on the "C" stock rises to 6 per cent. Lord Ashfield added that the terms on which the undertakings were to be transferred were such that, on the results for the past three years, the Board should enjoy an income more than sufficient to pay the specific rates of interest on the "C" stock. An important protection for the stockholders is the provision that, if interest payments on the "A," T.F.A. and "B" stocks are in arrears for three months, or interest on the "C" stock in arrears for three consecutive years, the respective stockholders may apply to the Court for a receiver and manager. Other safeguards are that new capital must be raised in proper proportions from all classes of stock, thus maintaining the relative security of the different stocks and that the Board will be empowered to charge such fares as will enable it to meet its interest requirements. On the whole, Lord Ashfield is to be congratulated on securing a settlement with the Minister of Transport which is a model of sweet reasonableness, the acceptance of which will sensibly improve the prospects of the Transport Bill's eventually reaching the Statute Book.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

Ticket. May 19. | Account. May 21.

AGAIN prices in most markets took a turn for the worse, and though movements were frequently irregular, the trend was unmistakably downwards. Several commodities showed fresh weakness, while the recurrence of uneasy rumours from America induced an underlying nervousness. Gilt-edged stocks, however, provided a

(Continued on page 1010.)

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, Apr. 29, 1931.	Price, May 6, 1931.
Central American Exploration.....	96	58	14-14 dis	14-14 dis
Cosach 7% Ser. Bonds.....	96	58	44-34 dis	5-4 dis
De Beers 5% Ser. d.b.a.	98	58	2-1 pm	96-100
Durby 4 1/2% 1931-61.....	98	58	2-1 pm	14-14 pm
Fortnum and Mason Inc. 7% pref.....	85	5-1	1/8-6 1/2 dis	1/8-6 1/2 dis
Green 6% Ser. B d.b.a.	87	fy. pd.	24-14 dis	84-85
India 5 1/2% 1936-38.....	97	fy. pd.	96-96 1/2	95-96
Kenya 4 1/2% 1961-71.....	98 1/2	fy. pd.	99-100	99 1/2-100 1/2
Lanco. Cotton 6% deba.....	97 1/2	32 1/2	10-9 dis	11-9 dis
London and National Property 5% deba.....	99 1/2	30	1/2 dis-1 pm	1/2 dis-par
London Power 5% deb. 1972.....	100 1/2	60 1/2	2 1/2-3 pm	3-3 1/2 pm
Met. Water Board (D).....	100 1/2	60 1/2	1/2 pm	1/2 pm
National Canning Ord. £1.....	par	fy. pd.	18-19 1/2	15/6-17/6
Nat. Shipbuilders Security 5% deba.....	95	60	2-1 1/2 dis	4-2 dis
Panama Corporation 8% deba.....	100	25	1 1/2-1 1/2 dis	4-3 dis
Rhokana Corp. 7% deba.....	100	25	...	2 dis-par
Rio Claro Rly. and Invest. 5% deba.....	192-72	...	97-98	95-97
Rio Tinto 5% deba.....	91 1/2	25	6 1/2-5 1/2 dis	8-7 dis
S. Essex Water 5% pref.....	103	20	1 1/2-2 1/2 pm	par-2 pm
S. Essex Water Ord.....	111 1/2	20	1 1/2-2 1/2 pm	par-2 pm

(Continued from page 1007.)

noteworthy exception to the general tendency, and, apart from a mild reaction in mid-week, movements were mostly in favour of holders. A considerable investment demand on home and foreign account was assisted by a further influx of gold and a recovery in sterling. War Loan was exceptionally strong; and Funding and Victory Bonds made good progress. Australians at first evinced some heaviness on the latest customs figures, but later recovered somewhat in common with India loans. Home corporations reflected the strength of gilt-edged stocks.

In the foreign market Brazilian issues were again noticeably weak on fears as to the financial stability of the country, and considerable liquidation resulted, Rescissions losing as much as four points on Wednesday. State of Bahia 5's declined further, while Peru Corporation became a nominal market on the April revenue returns. Argentines and Chilians were quiet. Chinese loans slumped on the announcement that negotiations with regard to the treaty ports had temporarily broken down, but a smart recovery ensued on the following day. Europeans developed weakness in mid-week, and "Young" bonds were sold from Amsterdam. Hopes that this week's railway "traffics" would offer favourable comparison with last year were badly disappointed, and declines in most home rail stocks left quotations at new low levels in several cases. Argentine traffic figures were not unsatisfactory, but the shares were marked down all round. Leopoldinas were sold on the week's figures, while Canadian Pacific suffered a sharp setback on news of the dividend reduction.

In the industrial section, many shares continued to display marked irregularity, but sellers predominated, and the tone was extremely unsettled. Electrical equipment shares had an uncertain appearance, General Electric in particular proving a weak spot, with Associated not much better. A wave of forced liquidation from Glasgow was responsible for a sharp fall in J. and P. Coats and Distillers, which, however, rallied subsequently. Engineering shares were not affected by the Pease and Partners moratorium scheme (outline in a Note on page 1013). Further liquidation of Pinchin Johnson occurred as a result of somewhat amorphous fears, while Harrisons and Crosfield did not escape unwelcome attention. Wall Paper deferred suffered from the reduction in dividend, while Murex, which proved a bright spot on Monday, were unable to hold their rise. Cables and Wireless and the "Record" leaders shared in the weakness induced by less satisfactory news from America.

The oil share market displayed a certain hesitancy, and changes followed one another in quick succession. A firm opening was succeeded by renewed selling of Royal Dutch and Shell, but a recovery took place when Amsterdam set up a further demand on Thursday, despite the disappointing showing made by Shell Union. Rubber shares lost ground steadily throughout the week, there being no desire to take on fresh commitments until

the commodity showed some sign of stability. United Sua Betong and Trusts again led the decline. Tea shares were again in the doldrums, and prices were lower where changed.

The mining share market was still under the influence of declining metal prices, which in several instances against established low records. Kaffirs showed considerable resiliency after a poor opening, and with Paris and the Cape in support, Randfontein, Daggafontein and Crown Mines led a modest advance. Northern issues were dull at first, but later shared in the improved tone, and "Chartered" improved on Paris buying, while Rhokana showed signs of movement. Tin shares were harder in a few cases, and Tintos were a better market, after touching the lowest point for many years.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	Apr. 30, 1931.	May 1, 1931.	May 4, 1931.	May 5, 1931.	May 6, 1931.	May 7, 1931.
Government and Municipal Loans.....	1,336	1,696	1,309	1,336	1,442	1,442
Transport, Communications, and Public Utilities.....	1,001	1,323	899	913	938	938
Commercial and Industrial Banks, Insurance and Financial.....	1,868	2,452	1,720	1,724	1,597	1,597
Mineral Products.....	452	729	571	504	556	556
Mines (including Nitrates).....	540	544	412	407	417	417
Oil.....	152	214	161	121	117	117
Rubber, Tea and Coffee.....	107	212	93	160	127	127
Total.....	5,456	7,170	5,215	5,165	5,194	5,194

* Including iron and steel and br. wares.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 7.)	Apr. 30, 1931.	May 1, 1931.	May 4, 1931.	May 5, 1931.	May 6, 1931.	May 7, 1931.
72.3	59.7	62.6	*	61.3	61.1	60.6	59.7

* Stock Exchange Holiday.

FOREIGN STOCK EXCHANGES.

NEW YORK.

Further selling this week was attributable to bad business and depressed sentiment rather than to special factors connected with the death of Mr George F. Baker, the veteran banker and financier. The question of the possible liquidation of a part of Mr Baker's large holdings in leading American enterprises was discussed, but it was generally agreed that arrangements had been made before the decease which would obviate the selling of any large block of shares. At the same time, it was thought possible that the First National Bank of New York, which Mr Baker built up and raised to its present eminence, would be merged, in the near future, with another institution in the Morgan group. Though some stocks showed a slight recovery in mid-week, every rise in price tended to bring out selling, which was particularly heavy in the case of U.S. Steel. The Corporation's unfilled orders were expected to show a decline of 75,000 to 100,000 tons. Its operating ratio has now fallen below 50 per cent. of capacity, thus cancelling the increase of the last three months. The steel industry as a whole was working last week at 46 per cent. of capacity, against 48 per cent. in the preceding fortnight. Car loadings, similarly, have shown a slight decrease instead of the increase anticipated. The promised spring revival has not matured, and industry, if anything, is slowly slipping back. Some utility shares have shown liveliness at times, but industrials generally have been lower, with American Can under particular pressure. The heavy selling of Brazilian bonds which occurred was due to persistent rumours of default—a contingency calculated to react unfavourably on the position of certain American concerns.

	Apr. 29, 1931.	Apr. 30, 1931.	May 1, 1931.		Apr. 29, 1931.	Apr. 30, 1931.	May 1, 1931.
U.S. 3 1/2% T. Bds.....	105 1/2	105 1/2	106 1/2	Natl. Biscuit.....	191	191	191
U.S. 4 1/2% T. Bds.....	102 1/2	102 1/2	103 1/2	Phelps Dodge.....	191	191	191
Do. 4 1/2% 32-47.....	102 1/2	102 1/2	103 1/2	Pullman.....	43	40	38 1/2
Do. 4 1/2% 33-38.....	104	104 1/2	104 1/2	Seale-Roback.....	50 1/2	51	51
Atchafalaya.....	165 1/2	173 1/2	170	Studebaker.....	20 1/2	20 1/2	20 1/2
Ches. & Ohio.....	38 1/2	40	39 1/2	Un. Fruit.....	58	57	57 1/2
Erie.....	24 1/2	24 1/2	24 1/2	U.S. Leather.....	6 1/2	6	7 1/2
Illinois Central.....	58	61 1/2	57 1/2	U.S. Rubber.....	14	14 1/2	14
N.Y. Central.....	100 1/2	99 1/2	98	U.S. Steel.....	127 1/2	120	111
Pennsylvania.....	55 1/2	53 1/2	52 1/2	Westinghouse.....	71 1/2	63	61 1/2
Southern Pacific.....	87 1/2	89 1/2	84 1/2	Woolworth.....	60	61 1/2	68 1/2
Southern Rly.....	36 1/2	40	39	Am. Tel. & Tlg.....	184	181	180 1/2
Union Pacific.....	161	170	167	Interboro R.T.....	23 1/2	22 1/2	20 1/2
Am. Can.....	116 1/2	112 1/2	106 1/2	Int. Tel. Teleg.....	27 1/2	26 1/2	27
Amer. Smelting.....	42	40 1/2	39 1/2	Radio Corp.....	17 1/2	16 1/2	18
Anaconda.....	30	30 1/2	29 1/2	Utilities P. & L.....	21 1/2	21 1/2	21 1/2
Bethlehem Steel.....	47 1/2	43 1/2	44	W. Union Tlg.....	117	114 1/2	108
Chrysler Motor.....	19	18 1/2	19 1/2	Associated Gas "A".....	19 1/2	19	17 1/2
Cord Produce Rm.....	69 1/2	67	65 1/2	Pan. Amer. B.....	28 1/2	29	28
Eastman Kodak.....	154 1/2	155 1/2	154	Shell.....	25 1/2	24	24 1/2
Gen. Electric (New).....	43 1/2	43 1/2	43 1/2	Shell Union.....	5 1/2	5 1/2	5 1/2
Gen. Motors.....	38 1/2	41	42 1/2	Sinclair Oil.....	10 1/2	9 1/2	8 1/2
Int. Harvester.....	49 1/2	49 1/2	48 1/2	Sid. California.....	39 1/2	36 1/2	37
Montg. Ward.....	19 1/2	18 1/2	18 1/2	Do. N.J.....	38 1/2	37 1/2	37 1/2

* Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	Apr. 29.	May 6.
337 Industrials.....	134.5	218.9	98.2	174.1	99.6	90.4	93.9
34 Railroads.....	127.8	173.5	89.1	145.5	92.0	82.0	82.7
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	156.8	163.3
Total, 404 stocks.....	140.3	228.1	105.5	184.2	107.6	99.5	103.1
Average yield of 50 Industrial Common Stocks.....	3.10%	5.23%	4.15%	5.95%	5.91%	6.27%	5.97%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Apr. 29.)	Apr. 29, 1931.	Apr. 30, 1931.	May 1, 1931.	May 2, 1931.	May 4, 1931.	May 5, 1931.	May 6, 1931.
140.2	109.2	109.2	115.0	111.2	112.9	114.7	113.7	114.5

TOTAL DEALINGS IN NEW YORK.

	Apr. 30, 1931.	May 1, 1931.	May 2, 1931.	May 4, 1931.	May 5, 1931.	May 6, 1931.	May 7, 1931.
Stock Exchange—Shares (Thous.).....	3,300	2,909	1,300	1,400	1,600	1,500	1,700
Bonds (Value Thous. \$).....	12,060	9,525	4,635	7,400	8,576	8,150	11,398
Over-the-Counter (Thous.).....	580	480	230	220	280	280	240

* 2-hour session.

BERLIN.

The spring recovery came to an end early in April. In two months prices gained on the average about 20 per cent., thus wiping out part of the heavy declines of the end of last year. Lack of confidence in the political and economic stability of Germany after the elections was the cause of the decline at the end of 1930, and increasing confidence and business optimism the cause of the recovery. Until the beginning of April these political considerations rendered the course of the Berlin security market independent of markets abroad, but during last month Berlin again came under the influence of the unfavourable market situation in New York, London and Amsterdam. Sales on foreign account and increasing uneasiness over the uncertainty of economic developments abroad contributed in no small measure to the reaction in Berlin. The liquidity of the money market, due partly to the depression and partly to seasonal causes, came to an end in the last few weeks; renewed threats of a Budget deficit necessitated an issue of Treasury Bills and of Reichspost Bills, and these issues struck a severe blow at the loan market. An important fixed-interest security, the 7 per cent. preference shares of the Reichsbahn, fell from 91 to 87 1/2 in a few days. Moreover, the condition of the Reichsbank does not permit the hoped-for reduction in the rate of discount, so that no stimulus to activity can be

looked for from that direction. Bank shares have been especially depressed and are now at the lowest level for five years. Coal and iron lost about 15 per cent., and the decline of Siemens from 188 to 159 shows how severely the favourites of the Berlin stock exchange have suffered from selling. Potash shares have undergone an equally sharp fall, but I.G. Farbenindustrie, with an unchanged dividend, have been better maintained.

Official "Cash" Quotations in all cases.

	Apr. 7, 1931.	May 4, 1931.		Apr. 7, 1931.	May 4, 1931.
Banking and Insurance.....	128 1/2	119	Industrials—cont.....	144	125
Berliner Handels-Gen.....	115 1/2	108 1/2	Deutsche Erdöl.....	75	68 1/2
Commerz und Privatbank.....	150	131 1/2	Deutsche Lindeum.....	95	80
Darmstädter.....	113 1/2	103 1/2	Dynamit Nobel.....	76	71
Deutsche und Disconto.....	113 1/2	103 1/2	Farmindustria.....	156	142 1/2
Dresdner.....	165 1/2	143 1/2	Feldmühle Papier.....	139	119
Reichsbank.....	214	218	Gelsenkirchen.....	86	76
Salzwerk.....	189	180	Görlicher Waggon.....	90	85
Norddeutsche.....	87 1/2	87 1/2	Harpener.....	66	65
Deutsche Reichsbahn.....	73 1/2	56 1/2	Hirsch Kupfer.....	119	112
Hamburg-Amerika.....	121	109 1/2	Karl Aschersleben.....	175	141 1/2
Hansa.....	97	80 1/2	Karstadt.....	60 1/2	55
Norddeutscher Lloyd.....	75 1/2	57 1/2	Lindström.....	385	362
Industrials.....	110 1/2	100	Mannesmann.....	84	72
Allg. Elektrizität.....	69	60 1/2	Norddeutsche.....	70	52
Augsburg-Münchener.....	100	92 1/2	Orenstein und Kopp.....	58	50
Berlin.....	101	85 1/2	Polyphon.....	178	146
Continental Gummi.....	117	117	Riebeck Montan.....	93	84
Daimler-Benz.....	34 1/2	29	Rohrwerke.....	57	50
			Sarotti.....	257	217 1/2
			Schlesische Textilwerke.....	105	95
			Schultheiss-Patzenhofer.....	181	150
			Siemens und Halske.....	188 1/2	159
			Tietz.....	123	108
			Verein. Glanzstoff.....	120	118
			Verein. Stahlwerke.....	61	52 1/2
			Zellstoff Waldhof.....	107 1/2	90

* Dividend off this month.

PARIS.

The beginning of this month, which brought with it four days of respite in the shape of the Easter holidays, saw no alteration in the inactivity of the Paris market. Prices displayed considerable irregularity, events in Spain exercising an unfavourable influence. Rio Tinto suffered a sharp relapse, but the day following the declaration of options quotations sensibly improved. The settlement of the 15th was satisfactorily effected, with money at 1/2 per cent. During the second fortnight the markets were devoid of interest, with an insignificant amount of business and a steady downward trend of prices. The tone was heavy, and the fact that there was no inclination on the part of the public to take advantage of the low level of prices discouraged optimism.

	Mar. 31, 1931.	Apr. 30, 1931.		Mar. 31, 1931.	Apr. 30, 1931.
"Valeurs à Terme".....	18,330	17,465	Citroën.....	704	601
Banque d'Algérie.....	12,400	11,905	Norvég. Azote.....	1,456	1,327
Banque de France.....	2,310	2,155	Hotchkiss.....	1,635	1,475
Paris Pays Bas.....	1,335	1,280			
Union Parisienne.....	1,860	1,855	"Valeurs au Comptant".....		
Crédit Algérien.....	1,640	1,595	Union Vie.....	634	612
Crédit Commerc. et Industriel.....	1,230	1,125	Urbaine Seine.....	1,480	1,507
Crédit Foncier.....	5,120	5,105	Union Mines.....	650	611
Crédit Lyonnais.....	2,565	2,430	Indo-Chine (Banque et Electricité).....	3,730	3,390
Suez.....	15,150	14,145	El. Loire Centre.....	535	471
C. de F. Nord.....	2,160	1,985	Dollfus Meig.....	7,310	7,095
C. de F. Santa Fé.....	2,085	1,882	Châtillon-Comn.....	4,240	3,650
Soc. Lyon. Eaux.....	2,635	2,495	Danub. et Anzin.....	2,105	1,850
Parisienne Elect.....	2,300	2,150	Alsac. Construct.....	2,150	1,925
Gen. Electricité.....	2,700	2,440	Rhône-Poulenc.....	1,025	851
Elect. Nord Fr.....	1,300	1,234	St. Robain Chaux.....	3,218	3,080
Courrières.....	962	852	Givet.....	4,500	4,200
Mines de Lens.....	815	728	Kali Ste. Thérèse.....	3,195	2,285
Leuaroys.....	450	391	Rosario.....	27,400	23,510
Dives.....	2,230	1,950	J. Damoy.....	1,552	1,565
Elab. Kuhlmann.....	614	523	Poiet Chanson.....	2,325	2,190
Théop. Gals.....	590	520	S. Fr. Vierge.....	8,808	8,000
Vodhine.....	2,045	1,859	Am. Générale Vie.....	5,350	5,105
Air Liquide.....	1,049	897			
Acout. Indo-Ch.....	213	160			

INVESTMENT NOTES.

"Narrow Markets."—A "House" correspondent writes to point out that the recent firmness of gilt-edged stocks, and the "narrowness" of the market in many other securities, are not altogether disconnected phenomena. Five per cent. War Loan, he declares, continues to be one of the most liquid stocks in the House, in spite of the consistent prejudice with which it is regarded by trustees and others who, for years past, have considered it as a short-term investment. From the point of view of market leadership, however, Conversion 3 1/2 per cent.

Stock is generally accepted as setting the standard by which gilt-edged and other yields are measured. The market in Conversion stock is as free and flexible as is that in War Loan itself, and the same condition of easy negotiability attaches to most of the stocks in the list of British Government securities. This advantage is the more conspicuous, since, in some other parts of the "House," dealing has become a matter of greater difficulty than usual. There are still many instances of stocks and shares that can be more readily sold than bought, but others have temporarily lost their popularity with the investing public. A certain amount of realisation goes on automatically, emanating from executors, capitalists requiring money for the purchase of houses or businesses, and from other quarters. This regular stream of selling is, in the ordinary way, offset by an equally steady absorption by parties whose money has accumulated through the receipt of dividends, legacies and business profits. For some time past, however, selling has gradually been obtaining the upper hand. In a falling market, while one seller tends to make many sellers, prospective buyers hold their hands, preferring to await a lower level of values. These conditions inevitably make for a narrowing of markets. Dealers widen their quotations, or frankly admit that they have no buyers. Though the receipt of such information frequently causes stockholders to inveigh against the Stock Exchange, narrowness of markets is abhorred even more by members of the "House" than by investors. If those with money to invest prefer to leave it on deposit with their banks, the latter, in periods of inactive trade, have little option but to invest it in gilt-edged securities. A contributory factor in the strength of British Government stocks has been distrust of other certain trustee stocks, like Australians, and the passing of most Home Railway investments under a cloud.

The Supplementary List.—The Supplementary List of the London Stock Exchange appears this week in a new and improved form. The List corresponds broadly with the record of quotations on the New York Curb Market, with the important difference that whereas the Curb Market is an entirely separate institution from the New York Stock Exchange, the London Supplementary List has always been published by the trustees and managers of the Stock Exchange, and has related to bargains done between members within the walls and under the rules of the "House." Broadly, the securities included in the List are those which, on account of their relatively recent issue or for other reasons, have not yet qualified for eventual inclusion in the Official List. They range, at the present time, from shilling deferred companies, whose powers of survival are occasionally doubtful, to the "new" shares of highly reputable companies like Unilever, influentially backed stock like the National Shipbuilders' Security debentures, various Home Corporation issues, and the 4½ per cent. stock of the Central Electricity Board. The List is thus much more than the "graveyard" it is sometimes reputed to be. In the past the List has shown merely the price and the date at which business was last done, and although provision has been made for the taking out of "dead" securities after a given time, the prices shown have in many cases related to bargains done some weeks earlier. Cases have occurred in which specially arranged bargains, of relative ancient date, have been used by unscrupulous outside share manipulators as a basis for peddling dubious shares at largely fictitious values. The new "Supplementary List of Securities Not Officially Quoted," however, has a column for "Nominal Quotations," based on what the market regards as the present value of the securities, whenever the market is willing to make a price. The present List shows, however, that for various reasons it is impossible in many cases to obtain even nominal quotations. To take an example chosen at random, page 4 of the List for May 6, 1931, contains 246 securities, but nominal quotations are given for only 94. Possibly, the position in this respect will be improved as the market becomes more familiar with the new List. The latter also shows the denomination of each security and the last ex dividend date. Altogether, the Com-

mittee may be congratulated on a reform which has certainly not been produced out of due time. Whether the change in itself will seriously hamper the dealings of doubtful "shops" cannot be ascertained until the next market boom arrives.

Industrial Profits.—Some 217 British company reports reached us during the month of April, 153 of which covered the calendar year 1930. The total profits disclosed by the 217 companies showed a decline of nearly 10½ per cent. as compared with the previous year's accounts, the only groups reporting higher profits than in 1929 being, broadly, certain public utilities, finance and retail trading:—

Group.	Number of Companies.	Net Profit (after payment of Debenture Interest). All Reports received during month of April, 1931.	Increase or Decrease.
		1929-30. £	1930-31. £ %
Breweries	6	1,048,816	982,773 - 6.29
Canals and docks	2	17,492	25,106 + 49.24
Electric lighting and power	5	349,355	25,192 - 15.79
Financial, land, &c.	4	553,111	629,828 + 13.87
Gas	2	273,903	265,891 - 2.92
Hotels, restaurants, &c.	3	190,589	169,739 - 10.94
Iron, coal and steel	12	2,449,754	1,825,468 - 25.48
Motor and cycle	1	528,369	293,950 - 44.36
Oil	1	28,316	12,371 - 56.33
Rubber	52	762,863	Dr. 87,696 -111.48
Shipping	4	184,942	41,588 - 77.51
Shops and stores	12	1,135,715	1,191,557 + 4.82
Tea	23	788,985	656,024 - 16.85
Telegraphs, &c.	2	115,024	148,963 + 29.49
Tramways	4	202,037	211,909 + 4.88
Trusts	16	1,575,799	1,332,814 - 15.12
Waterworks	3	203,194	179,958 - 11.43
Other companies	61	18,579,372	17,593,857 - 5.30
Total	217	28,788,645	25,769,402 - 10.49

Among the larger companies which were happy enough to report increased earnings last month, as compared with 1929, were Amalgamated Anthracite, Spillers, and Marks and Spencer. Contrariwise, the list of companies which failed to maintain their previous earnings position included Dunlop Rubber, Guest, Keen and Nettlefolds, Lever Brothers, and United Newspapers.

Building Material Companies.—The reports issued during the past few months by companies whose interests lie chiefly in the manufacture of bricks, tiles and cement suggest that, in spite of a fall in the prices of building materials, which a prominent London building society manager recently estimated at 14 per cent., the manufacturers of such materials practically maintained their profits last year. The London Brick Co., which is the largest of the four producers whose results appear in the table below, actually increased its profit from £273,000 to £313,143, while Sussex Brick recorded a small advance and maintained its dividend. The decline in the revenue of Eastwoods was reflected in a reduced distribution, though the "cut" was of a precautionary nature, the dividend previously paid being more than covered by earnings:—

Name of Company.	1928.			1929.			1930.		
	Net Profit.	Ordinary.		Net Profit.	Ordinary.		Net Profit.	Ordinary.	
	£	%	£	£	%	£	£	%	£
Eastwoods	75,237	23.2	15	74,710	23.0	15	68,240	21.2	12.5
London Brick	266,339	29.2	23	273,000	20.2	29	313,143	20.2	20.0
Marblehead	16,194	35.3	53	28,842	51.8	90	27,751	81.3	70.0
Sussex Brick	36,305	34.6	22.5	25,419	21.0	22.5	27,088	24.2	22.5

* Fifteen months.

Despite the keen competition which still prevails in the manufacture and supply of cement, two of the largest companies show increased profits for the past year. Associated Portland Cement, whose results were described in our issue of March 28th last (page 686), records a trading profit of £534,781, against £575,484, but income from other sources has increased from £359,631 to £420,369. British Portland Cement, which is controlled by Associated, shows a gross profit of £731,948, against £721,992, and net revenue of £348,123, compared with £337,817,

the ordinary dividend being maintained at 15 per cent. Meanwhile, the ill-fated member of the quondam Horne group, Allied Cement Manufacturers, which passed into the receiver's hands last January, recently received an offer for its own assets and those of its subsidiary operating concerns which, it is understood, will, if accepted, permit the repayment in full of the debenture stock of Allied Cement, Greaves, Bull, and Lakin, and the publicly-held preference capital of Dunstable Portland Cement.

British Match Corporation.—The latest accounts of this £6 millions holding company, which includes in its investments all the ordinary shares of Bryant and May and J. J. Masters and Company, show that net profits for the year 1930 have declined from £493,930 to £461,387, revenue from investments being £26,679 less at £480,314:—

	Year ended April 30.		
	1929.	1930.	1931.
	£	£	£
Net profit	420,673	493,930	461,387
Preference dividend	14,426†	23,121	22,814
No. of times covered	...	21.4	20.2
Ordinary dividend:			
Amount	371,236	371,250	371,250
Earned %	6.6	7.6	7.1
Paid %	6*	6*	6*

Written off office fittings and furniture...	...	3,302	...
Written off goodwill, rights, &c.	...	80,000	40,000
Written off cost of issue of new capital...	19,657	...	...
Increase in carry-forward	15,354	16,257	27,323

† For half-year, less tax. * Tax free.

Some £40,000 is written off goodwill, and £94,789 is carried forward, compared with £67,466 brought in. The balance sheet is liquid, creditors amounting to only £10,897, while the cash item is as much as £326,504. At 23s. 9d. the ordinary £1 shares give a yield of £5 5s. 6d. per cent., free of tax, allowing for final dividend.

Pease and Partners Moratorium.—In September last an Advisory Committee, consisting of Mr George Balfour, Mr John Ferguson and Sir Gilbert Garnsey, was appointed to investigate the position of this coal and iron company and its subsidiaries, and to advise as to the steps which should be taken for financial and commercial rehabilitation. A scheme of arrangement, following in a modified form the recommendations of the Advisory Committee, has been prepared, which proposes to grant a moratorium to the company in respect of certain secured and unsecured creditors' claims. The report of the committee points out that from 1924-25 onwards the company, with its subsidiaries, made operating losses each year, with the exception of 1929-30 when the net loss was about £82,000. Economies in administration and costs of production had been made, which were calculated to produce savings amounting to £100,000 in a full year, but unless additional capital is found, the company will be forced to submit to the appointment of a receiver for its debenture holders. The report goes on to say that "plans are maturing of a far-reaching nature for closer working or sectional amalgamation in the iron and steel and coal industries, and this is clearly not the time to put the business under the hammer, or to embark on a scheme of financial reorganisation which might be materially affected by those plans." For the present, therefore, the 5 per cent. debenture stock holders are asked to agree (*inter alia*) that the interest on their stock becoming due on October 1, 1931, and on each half-yearly date thereafter, down to and including October 1, 1934, shall, during the period ending on December 31, 1934, be payable only out of available profits, while the sinking fund obligations of the company, in respect of the years 1932 to 1934 inclusive, shall be met only out of any surplus of profits after payment of interest. In so far as instalments of interest and sinking fund payments are not met out of profits they will be payable on January 1, 1935, together with interest at the rate of 5 per cent. per annum on all instalments in arrear. The unsecured creditors of the company coming within the scope of the scheme for amounts of over £250

are asked to agree to the postponement of payment of their claims (other than the first £250) until the three months next following December 31, 1934, when they will be paid by the company, with interest. To provide additional capital, the company is to be authorised to borrow up to £400,000 on prior mortgage debentures or debenture stock secured on the Thorne colliery. As the 4 per cent. debenture stock is irredeemable and carries a first floating charge on the undertaking, it has been decided to continue payment of interest. The Advisory Committee will remain in office until December 31, 1934, with special powers for safeguarding the interest of the parties to the scheme. Such schemes of arrangement make dismal reading for creditors and stockholders, but needs must when the devil drives.

Gramophone Merger Terms.—Details are now available of the proposed amalgamation between Columbia Graphophone and the Gramophone Company. According to the official circular, a new holding company is to be formed with the title of Electric and Musical Industries, which will purchase the shares of the merger companies. Holders of the ordinary shares of the Gramophone Company will receive an equal number of £1 fully-paid ordinary shares in the new company, and holders of the 5 per cent. preference shares an equal number of £1 fully-paid 6 per cent. cumulative preference shares, redeemable at the company's option on or before January 1, 1950, at 22s. 6d. per share. Holders of ordinary shares of Columbia Graphophone will receive an equal number of £1 fully-paid ordinary shares in the new company, and holders of every five 7 per cent. preference shares, six £1 fully-paid 6 per cent. cumulative preference shares. The offer is conditional on acceptance by holders of 90 per cent. of the issued share capital of each class of both companies. If and when it becomes binding, the directors intend to distribute a dividend of 3s. per share (less tax) on the ordinary shares of each company, while the directors of Columbia Graphophone will distribute by way of bonus in the form of voting trust certificates, the company's holding

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of shares of no par value in the Columbia Phonograph Company, Inc., of America. The circular states that the benefits accruing to both companies working under one control will be considerable, since unnecessary duplication will be eliminated, and economies will be obtained from the reorganisation and co-ordination of manufacture and marketing in almost every country in the world. The nominal share capital of the new company will consist of 460,000 £1 6 per cent. cumulative redeemable preference shares and 5,806,000 ordinary shares of £1 each.

Whiteaway, Laidlaw.—The profits of this drapery concern were seriously reduced last year:—

Year ended February 28.	1929.	1930.	1931.
	£	£	£
Net profit	92,158	91,225	30,670
Preference dividend	41,500	41,500	41,500
No. of times covered	2.22	2.19	0.73
Ordinary dividend:			
Amount	58,938	47,150	...
Earned %	8.59	8.43	...
Paid %	10†	8†	...
Employees' provident fund	1,000	1,000	...
Inc. or dec. in carry-forward	— 8,280	+ 1,575	— 10,830

† Free of tax.

On April 1, 1930, the company acquired a well-established business in Buenos Aires, and a new item of £114,943 in the balance sheet represents the cost of the business. To finance this purchase, £100,000 of India 5½ per cent. stock, 1932, valued in 1930 at £101,192, has apparently been sold. Stocks have risen by £165,853 to £734,503. Debtors at £38,718 are £13,698 lower, and cash is £143,175 down at £18,168, while creditors have risen by £68,932 to £147,669. The preference capital is secured by net tangible assets of £2 7s. 10d. per £1 share, counting "Goodwill and trade marks, Buenos Aires, at cost" as a tangible asset. The £1 ordinary shares stand at 11s. 3d. per share.

Amalgamated Tobacco Trust.—The report of the Amalgamated Tobacco Trust, Ltd., for the year ended January 31st last, raises numerous questions. The company was a 1928 registration, with the familiar capital structure of that period, including a large total in preference shares and a small total in ordinary. The company acquired 48 retail tobacco concerns in Great Britain, Mr D. Cosmo, the then managing director, estimating that in a normal year net profits should be not less than £30,000. The chairman was, and is, the Earl of Drogheda. Unfortunately, certain events led to the resignation of Mr Cosmo, and an "exhaustive overhaul" by the board revealed "serious differences in the certified values of the stocks," while further inquiry convinced the board that there was "no room for doubt" that the valuations placed on the businesses and stocks taken over were assessed by those concerned at figures which reflected the exaggerated optimism of 1928, and bore no relation to the depressed conditions which subsequently prevailed. The accounts to January 31, 1931, show an adverse balance of £2,773 after making a special stock adjustment of £4,261, the whole of the trading profit having been earned in the second half of the year. The auditors, however, qualify their report by stating that depreciation should be written-off freehold and leasehold premises, fixtures, fittings, trade utensils and trademarks. The assets referred to (including goodwill) have a total balance-sheet valuation of £90,747, and if the "dead" assets of formation expenses, and the accumulated loss balance be added, the total represents some 65 per cent. of the £196,021 on the assets side of the balance sheet. The mystery deepens on reference to the report, which shows that the auditors (Messrs. Oscar Berry, Froude and Company), are retiring and do not offer themselves for reappointment. At the meeting on Tuesday next the board will support a shareholder's nomination of another firm of chartered accountants as auditors. For the satisfaction both of the shareholders

and the retiring auditors it may be hoped that the fullest possible explanations will be forthcoming at the meeting. *Prima facie*, it is undesirable that auditors who, in pursuance of what they regard as their duty towards the shareholders—on whose behalf their examination of accounts is made—may deem it necessary to publish details of their failure to see eye to eye with the policy of the directors, should run a risk of losing their office. Without reference to any special case, it may be stated as a general principle that any system which puts a premium on time-serving is thoroughly vicious.

The Copper Position.—Though the recent slump in the £5 ordinary shares of Rio Tinto (which have been down to 20, ex coupon, against maxima of 66½ in 1929 and 47½ in 1930) is attributable, as we suggested in our issue of April 25th last, to other factors besides the weakness of the metal markets, the unsatisfactory outlook for copper is undoubtedly affecting the whole share position to a significant extent. Writing on the outlook, a trade correspondent declares that, in common with other non-ferrous metals, copper has suffered from bearish influences in Wall Street, the price quoted on the London market having declined to the lowest point for thirty years. Since January 1st various fluctuations have occurred in the Copper Exporters' quotation for electrolytic, but so far there has been a net reduction of about £5 per ton to £45 c.i.f. The last cut made by the American sales organisation signally failed to attract European buyers, who hesitated to buy in any quantity on account of price cutting in the States, where copper changed hands at 50 points below the equivalent of the export quotation. There are huge accumulations of refined copper across the Atlantic (totalling 354,000 short tons at April 30th), and it is due to this fact and the failure of the producers to effect a drastic and speedy reduction in the accumulation that buyers are showing such reluctance at what is almost a "record" low level. The monthly production of refined copper has now fallen to a round 100,000 short tons, and, if consumption were anything like normal, stocks would soon be reduced to manageable levels. Unfortunately, there is at present no prospect of better demand, for ultimate users are holding back, and the manufacturing interests are buying on a strictly hand-to-mouth basis. However unpalatable the fact may be, everything points to the likelihood of a still lower quotation for the metal. Confidence has been shattered and a figure definitely below last year's lowest point must be expected before an upward turn comes.

General Mining.—No dividend had been looked for in respect of 1930, writes our mining correspondent, but a greatly improved financial position had been anticipated. This expectation proves largely justified in the event. The balance sheet as at December 31st last shows surplus liquid assets to the amount of £263,800, against £144,100 twelve months previously. Moreover, thanks to repayments on the part of the West Rand Consolidated, the total under debtors and advances has been reduced from £452,200 to £280,200. In 1930 an operating profit of £61,150 was made, against £112,200 in 1929, while depreciation now calls for the substantially increased amount of £204,200. Accordingly it has been necessary to transfer £100,000 from general reserve, leaving £19,000 to go forward, or less than one-third of the sum brought in. Stocks and shares figure at 968,200; they are stated to show, at market prices, a substantial margin over the foregoing amount. During the current year further substantial repayments will be made by the West Rand Company. The last dividend was 5 per cent. in respect of 1928.

Anglo-French Exploration.—After figuring in the dividend list for the seven successive years ended in 1929 this company finds itself compelled to fall out. Last year's net profit amounted to £22,900, against £55,080, and on the present occasion it has been necessary to

provide £69,600 for depreciation. This leaves only £16,500 to be carried forward, as compared with £63,200 brought in. Save in respect of the portfolio, no very striking changes are shown in the balance sheet. This is the first time for many years that a valuation of the company's assets has shown a deficit. The £1 shares are now quoted at 10s., against 22s. at one time in 1930.

Tin-Dredging Results.—With output restriction in operation, as well as a reduced price for the metal it is no matter for surprise that the profits both of the Pengkalen and the Tekka-Taiping for last year should show a marked falling-off. In the case of the Pengkalen, also, the yield from one of the dredges declined appreciably owing to the removal of the machine to a new site. As a partial compensation, the second dredge treated a larger quantity of ground at a reduced cost ratio. Even with the assistance of £1,600 profit on sale of investments, and a cut of £5,000 (to £10,000) in the depreciation allowance, the profit came out at only £20,360, in place of £72,800. Accordingly, the dividend on the preference shares amounted to no more than 15 per cent. and on the ordinary to 5 per cent., against 50 per cent. and 40 per cent. respectively for 1928-29. The somewhat increased balance of £27,180 goes forward. But for a profit of £7,640 on sale of investments the Tekka-Taiping would have been faced with a deficit, the net profit amounting to only £6,100. Thus only 3d. per share could be paid, in place of 1s. 9d. The carry forward of £19,200 is more than brought in. Despite the operation during 7½ months of an additional dredge, the output was slightly below the previous year's total at 513 tons.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Underground Group, London and Lancashire Insurance, Friends Provident and Century Life Office, Scottish Union and National Insurance, English and Caledonian Investment, Anglo-American Debenture Corporation, Monte Video Waterworks, Lunuva (Ceylon) Tea and Rubber Estates, and Spillers. At the annual meeting of Spillers, Sir Malcolm Robertson quoted figures showing that the current value of the 4-lb. loaf in Germany was 1s. 5½d., in Italy 7½d. to 10d., in Sweden 1s. 6d., in U.S.A. 1s. 4½d., in Canada 1s. 1d., in Australia 11d., and in Great Britain, which had a free market in wheat, 7d. Presiding at the annual meeting of Lunuva (Ceylon) Tea and Rubber Estates, Mr H. J. Welch said that, at present prices, to produce a full crop of rubber would mean a greater money loss than producing a restricted crop, or even no crop at all—a fact which should induce many companies to stop tapping, preserve the bark, improve the health of the trees, and await the inevitable return of a more economic price. The Underground meeting is discussed in a leading article on page 1007.

CAPITAL ISSUES.

THE new issue market remains in a comatose condition. During the present year only £56½ millions have so far been offered for subscription in London, against £134½ millions in the corresponding period of last year, and £194½ millions in that of the boom year 1928. The sole operation of the week was a debenture stock issue by *Odhams Press*—a business which has shown rapid expansion and doubled its profits in the last five years. The issue, the proceeds of which will be used for further expansion, is a fairly well covered industrial proposition.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to May 2, 1931, £55,946,677. Total, including conversion, recorded January 1 to May 2, 1931, £65,616,626.

National Savings Certificates.		Net sales, week ended May 2, 1931, £400,000.		Total receipts, April 1, 1931, to May 2, 1931, £1,200,000.	
To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Odhams Press	200,000	...	196,000	10,000	186,000
Total offered to the Public, week ended May 9, 1931	200,000	Nil	196,000	10,000	186,000
To Shareholders only	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—		
Jan. 1 to date	£	£	Including Conversions.		
1931	55,212,526	56,542,677	Whole year—		
1930	195,107,496	134,507,472	1930	454,888,784	267,800,700
1929	155,213,858	141,634,618	1929	488,764,940	285,239,400
1928	...	194,583,872	1928	693,100,056	369,058,073
1927	...	175,057,451	1927	...	355,165,970
1926	...	83,638,688	1926	...	230,782,600
1925	...	56,804,718	1925	...	209,326,101
1924	...	47,242,119	1924	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	46,001,074	747,786	9,793,817	56,542,677
1930	107,828,644	11,450,697	15,228,131	134,507,472
Whole year—	£	£	£	£
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	3,930,875	...	4,255,632
Total for week ended May 9, 1931	Nil	...	Nil
Total to date, 1931	3,930,875	...	4,255,632
Total to date, 1930	13,992,628	...	15,643,832

Odhams Press.—Issue of £200,000 7 per cent. "B" Mortgage debenture stock at £98 per cent. The stock is redeemable by June 1, 1934, by means of a sinking fund commencing in 1935, which is to be applied annually to the redemption of such stock either by purchase at or below 102½ per cent., or by drawings at 102½ per cent. The company reserves the right to redeem the stock, in whole or part, at any time after December 31, 1934, at 102½ per cent. on six months' notice. Net profits for the year to December 31st last totalled £300,612, covering interest on the debenture stock, including the present issue, over five times.

Sutton District Water Company.—Sale by tender of £80,000 7 per cent. maximum ordinary stock in lots of £100 each at a minimum price of £130 per cent.

[Other Stock Exchange information, including the latest dividend announcements, summary of balance sheets, reports and notices, profit and loss figures, and weekly traffic returns, will be found on page 1026, under the heading "Company News."]

OIL OUTPUTS.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended April 15th: Venezuela, 36,031 barrels; Trinidad, 25,006 barrels; total, 61,037 barrels. Production for the week ended April 22nd: Venezuela, 36,204 barrels; Trinidad, 20,994 barrels. Total, 57,198 barrels.

MEXICAN EAGLE OIL.—The production for the week ended April 11, 1931, was 194,000 barrels. Production for the week ended April 18, 1931, was 214,000 barrels. Production for the week ended April 25, 1931, was 212,000 barrels.

164 Branches in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

COMPANY MEETINGS, &c.

THE LONDON AND LANCASHIRE INSURANCE COMPANY, LIMITED.

COMPANY'S GOOD RESULTS MAINTAINED.

MR PASCOE RUTTER'S INTERESTING REVIEW.

The sixty-ninth ordinary general meeting of the London and Lancashire Insurance Company, Ltd., was held on Wednesday, May 6, at the Chief Administration Offices, Chancery Lane, London. Mr F. W. Pascoe Rutter, Governor and Chairman, presided over a large attendance of shareholders.

The Secretary, Mr T. Wallas, having read the notice convening the meeting and the report of the auditors,

The Governor, in moving the adoption of the report and accounts said: Before I proceed to comment upon the accounts, may I be permitted to submit to you some reflections upon what is termed "the world situation." For you will bear in mind that our tentacles are fixed in almost every quarter of the globe, and that there is probably no concern other than a commanding British insurance company which is so affected, and bound to be affected, by happenings abroad, and, therefore, by the state of turmoil under which the world at present is labouring.

Amongst the operating causes of the world's demoralisation are over-production of raw materials, consequent low prices of commodities, and the hoarding of gold by the United States and France, at a time when the world's dislocation cried out for delicate and unselfish finance. These undoubtedly are all factors, but I submit that they are rather the consequences than the original cause. What we are all suffering from is the inevitable and logical result of the war. Instead of realising that the world was vastly impoverished—that the war had entailed a dead weight of debt and loss—both material and spiritual—it was actually regarded by countries and individuals as a fulcrum for a new era of prosperity and extravagance. We are now experiencing the natural and inevitable deflation.

Apart altogether from the actual impoverishment we are now reaping the fruits of the so-called self-determination in the growing nationalism rampant throughout the world.

Within our own Empire—and without—that spirit of nationalism has been generated, in many cases prematurely, and to the prejudice of the world's equilibrium. You have seen it in China, Australia, South Africa, and now in India. Great countries, upon which we have been accustomed to rely as prominent purchasers of our exports. And so we have had to face a situation where other countries have been endeavouring to be self-contained, thus reducing the volume of their imports, and causing a corresponding reduction in our exports.

GREAT BRITAIN'S POSITION.

But the trouble so far as Great Britain is concerned is deeper than this. At the greatest juncture in our history, there has been a lack of foresight. We have been badly led. Of all the nations of the world, we have been especially handicapped. Firstly, by an overwhelming debt, and coincident with it, an abnormal and increasing expenditure on social services, when everybody knew, or certainly knows now, that we have to face a diminishing income. This, our Socialistic expenditure—unemployment, health, workmen's compensation, old age pensions and poor law relief—if taken at the rate of 100 per cent., compares with an average of 19 per cent. for France, Germany, Belgium and Italy. Secondly, by the consequent taxation, so heavy and so searching that it has proved to be an insidious, but none the less real, levy on capital, which must, *pro tanto*, retard our recovery. This taxation, if taken at 100 per cent. per head of the population, compares with an average of 45½ per cent. for Germany, France, Belgium and Italy. And, thirdly, by the continuance of that national system peculiar to this country, under which the hours of labour are limited and wages maintained. Our wage levels, if taken at 100 per cent., contrast with an average of 57 per cent. for Germany, France, Belgium and Italy. The Trades Unions themselves know that, without a radical revision in this vital respect, it will be impossible for the trade of our country to recover.

For, we must remember, as I emphasised last year, that we are dependent upon our exports for our existence, more dependent than any other country. We are told, what is the undoubted fact, that one of the present anxieties is the disparity between wholesale and retail prices. That disparity is particularly applicable to Great Britain. For, other Continental countries (notwithstanding their tariffs, which have proved a real shield of protection) have—by the devaluation of their currencies; by the consequent scaling down of their indebtedness and the ensuing saving in taxation; by reductions

in wages, and other economies—been able, by hook or by crook, to bring down the rate of the goods which they sell to less than 120 per cent. of the pre-war level.

International commerce is really an exchange of goods. That exchange must be based upon a reasonable parity. How, then, can we Britons possibly expect to sell our goods, when the cost of living in this country, is 150 per cent., and our rate of wages—the basis of our export prices—is 170 per cent., of what they were pre-war?

THE U.S. DEBT SETTLEMENT.

One further reflection I am impelled to make, and that is as regards our indebtedness to the United States.

Due to the ever-present tendency of our friends across the Atlantic, in their virile atmosphere, to get rich quickly, their over-production came to roost very sharply in 1930. There is, however, one important consideration we must bear in mind. It has now been reasonably demonstrated that the exacting terms of the service of our debt to America have not benefited that country financially, and, indeed, may have actually helped to precipitate their industrial trouble.

And yet we, who have let others down so gently, continue to be burdened with this heavy annual payment to the richest of the Allies.

Not only so—but the war heralded a new epoch, during which it became the fashion to shamelessly resort either to depreciation of the national currency, or actual default. It may not surprise you to learn that in one form or another, no fewer than 21 countries—mainly Continental—have defaulted on some of their securities, or depreciated their currencies. It is, therefore, remarkable that we, with all our difficulties, are still able to maintain our balance, even if uncertainly, on our pristine pedestal of financial prestige.

GREAT BRITAIN'S INVISIBLE EXPORTS.

Having then brought before you the question of our actual exports, let us consider our invisible exports, which have been so helpful, and even essential, to us in past years. Indeed, they are our sheet-anchor. They are representative of our traditional supremacy in our enterprise and commerce overseas. Shipping, banking, insurance and income from foreign investments—all four show a definite retrogression in 1930. Shipping has fallen off by 18 per cent., and the prospect for 1931 is still worse. Income from overseas investments has fallen by 13 per cent. And, as regards banking and insurance, you can form your own judgment from the accounts and statements which have been published. I am satisfied that if we reckon a 20 per cent. reduction in the real profits of 1930, as compared with the years immediately preceding, it will prove to be a conservative estimate.

We are going through our *via dolorosa*—a hard road—and it is only by realising that our status as a great nation is at stake, that we can begin to put our house in order, and look with confidence to the future. But, I have a profound conviction that the country's backbone—that stratum of commonsense, the prerogative of the Britisher—is there still. There are glimmerings here and there that the gravity of the position is being realised, and if this is followed by rigid, ruthless economies, by a determination to cut down our expenditure and our cost of living, from top to bottom, we may gradually, very gradually, regain a large part of that commercial ascendancy of which we were, twenty years ago, so proud.

That, then, has been the world as we have found it, and it has been our task as an insurance company to make the best of it. We have often been successful in periods of adversity, but this time you would have wondered if we had escaped entirely the effects of the universal depression. Even as it is, the results which I will now explain are such that the general manager and his associates may, I submit, be reasonably proud of their work in such a difficult year as 1930.

UNDERWRITING RESULTS.

When considering the following figures, you will bear in mind that they are in all respects consolidated. That is to say, they represent the combined results of the "London and Lancashire" and all its subsidiaries. In this way you arrive at the only true index of a company's aggregate operations.

Our fire premiums amounted to £3,223,833, a reduction of £186,206, and although, as the direct consequence of this reduced

income, the expense ratio increased by 2½ per cent., the net corrected profit amounted to £324,116, or just over 10 per cent., as compared with 11·6 per cent. in 1929.

The accident premiums at £2,358,342 showed a reduction to the extent of £97,395, and the net outcome was a surplus of £85,157, or 3·61 per cent., as compared with 4·92 per cent. in the previous year.

The marine premiums were £1,268,516, a reduction of £220,580, and the profit was £186,843, or 14·7 per cent. against 16 per cent. in 1929. This handsome surplus was produced, in almost the same proportions, by our two companies, "The Marine" and the "Standard," and it must be a gratification to you that, in such times, which have been particularly adverse to marine insurance business, both our companies should continue to yield such an excellent contribution to our aggregate results.

Summarising the total results, therefore, we have a premium income of £6,850,690, which is £504,181 less than in the previous year, and, notwithstanding the heavier expense ratio, which has affected all departments, we still show a profit from the year's operations of £596,116, or 8·7 per cent., against 10·3 per cent. in 1929.

After deducting British income tax, the net surplus for the benefit of the shareholders is £435,406, against £580,779 in 1929.

RESERVE FOR UNEXPIRED LIABILITIES.

There is one feature about these results, to which I may perhaps call your special attention.

It relates to the 40 per cent. premium reserve to provide for the unexpired liabilities. Now the 40 per cent. reserve has been customary with almost every company for many years past, and is a recognised deduction in order to approximately ascertain the profit which has been really earned. But, with proper modesty, I may be allowed to assert what I think you have already realised, that the quality of the business of the "London and Lancashire" is distinctly above the average. Consequently, in our case, and in a number of other cases, a 40 per cent. reserve is more than sufficient. Taking our business as a whole, I am satisfied that 30 per cent. would be nearer the mark.

Bearing this in mind, therefore, you will appreciate that the profits which I have recited are really in excess—perhaps to the extent of £50,000—of what would be shown, supposing the unexpired liabilities could be worked out meticulously to their ultimate conclusion.

This is a point which I think shareholders as well as directors should remember, because it means that, when our income is progressing, as it did so spectacularly during the war, the 40 per cent. reserve is an unduly severe correction, whereas, when the income falls off, as it did in 1930, it has the converse effect.

THE LIFE ACCOUNT.

Our interest in the life business can be dealt with in a very few words.

You will remember that the "Law Union and Rock," who transact all the life business for our account, completed their quinquennium in 1929, and, as often happens, the first year after the quinquennium is not outstanding as regards new business. It is generally looked upon as a period for acquiring a fresh impetus for the new quinquennium.

The main thing is that the life income amounted to £1,188,786, and, with a reserve fund of £10,879,590, apart from the large funds covering the fire and accident business, the "Law Union" is relatively as strong as its parent company.

HOME BUSINESS GOOD.

An analysis of all these underwriting results would demonstrate to you that, as regards our own home business, both fire and accident, the outcome of our operations was quite good—rather better than last year, which was hit by a severe fire loss experience in the spring.

We cannot yet form a definite opinion as to the effect of the new legislation upon the claim ratio, but an examination of proposals which have been received indicates that there were few motor-car owners who were not already insured, whilst in the case of motor cycles a much larger percentage had evidently gone uninsured.

We should have preferred it the other way about.

EXPERIENCE ABROAD.

Looking abroad, Canada—one of our strongholds—maintained, I am glad to say, its satisfactory reputation. But China and India evidenced the effects of the disturbances which have become notorious. China's politics have, latterly, shown signs of settling down, but the marked fall in the value of silver, and, therefore, of Chinese currency, has prejudiced the volume of our business.

India has always loomed large in our foreign operations. 1930 inevitably suffered from the commercial boycott, from the general depression, and not less from Anglo-Indian apprehensions as to the future. We can only trust that the resumed deliberations of the

Round Table Conference may bring, not only a permanent settlement, but a settlement which will effectually protect and even encourage renewed enterprise on the part of the British community.

Australia has been another considerable anxiety. Only a fortnight ago, our deputy-general-manager, Mr Rogers, set off for Australia to study and deal with, not only the question of conditions, but of personnel. We have a considerable stake out there—a large business, and, consequently, an important amount invested in their securities. These investments for the time being naturally show a substantial depreciation, but we may bear this philosophically, as we can wait for the eventual recovery, and, in the meantime, can record with satisfaction that the result of our underwriting during the past year was quite good. Indeed, notwithstanding a diminished income due to the adverse exchange, 1930 proved to be as profitable as usual.

New Zealand recently had its own disaster in the shape of an earthquake destructive both in lives and property, costing the country in money anything from £3/4,000,000. Mainly consequent upon our historic Jamaica litigation in 1908, the legal liability of insurance companies in case of earthquake was very specifically defined, and, so far as we are concerned, it is quite improbable that we shall sustain any loss of moment.

THE UNITED STATES.

But the one blot upon the large canvas of our operations happened to be the United States, where we made little or no profit on the fire business, and where the casualty business proved to be an important detriment. Indeed, taken as a whole, the United States, for the first time in ten years, yielded us a loss. It happened that, last year, the United States encountered the worst gale of industrial and financial trouble which it has experienced in its history. There was, consequently, a perpendicular drop in premium income. Taking 28 groups of the largest British and American companies, the total premiums fell off to the extent of \$59,072,000, or just over 9 per cent. This reduction in income naturally and unavoidably sent up the expense ratio for all companies with a bound. At the same time, there was another serious factor. It does not always happen that, when times are bad, fires are more prolific, but this did occur in 1930, and the published figures indicate that for the same 28 groups of companies the loss ratio showed an increase of 6 per cent.

With these adverse factors, almost unprecedented in their severity, it will not surprise you to learn that the net outcome of our fire operations in the United States was £102,000 worse than in 1929.

The casualty business was even more difficult than the fire, and the account, particularly in the fidelity and surety department, suffered severely by reason of the financial trouble prevailing.

Here again, we are watching closely, and the rigidity of our operations should have an ameliorative effect during the present year, even if the depression continues.

INTEREST AND DIVIDEND.

Reverting to the figures which appear in the printed accounts you will find that our net interest and life profits for 1930 yielded almost exactly the same figure as for 1929, viz.:—£557,369 against £559,596. There would, in the ordinary course, have been an appreciable improvement, but this was negated by the extra 6d. in the income tax, the cost of which amounted to approximately £20,000. The interim dividend having been increased in accordance with our promise last year, the total dividend is now 20s. per share. As you will have seen from the report, we have decided to transfer £500,000 to the general reserve fund, which will thus become £1,500,000. Our total reserves amount to the significant figure of £10,085,389.

A further gratifying feature of our impregnable financial position is that, whilst 1930 was notorious for its collapse in so many directions, we did not suffer by the depreciation of our securities. On the contrary—thanks to the bulk of our investments being in gilt-edged loans and bonds—the value of our holdings, and, therefore, of our inner reserve, was actually increased. Even now, notwithstanding the situation in Australia, we are as well off in the aggregate as we were at December 31, 1929.

THE FUTURE.

Referring to the future, the Chairman said:—I cannot reasonably anticipate any general improvement in those conditions in the early future. We have not relaxed, and we do not intend to relax, the principles and traditions which time has built up, and, if we have to encounter worse conditions, we are prepared for them so far as is humanly possible. To this end we are all the time indebted, not only to the management—particularly the chief officials, Mr Hendry, Mr Rogers, and Mr Wallas—but to the staffs, who continue to live up to the high standard of efficiency which has accounted for so much of our past prosperity.

The Deputy-Chairman (Mr Charles G. Hamilton) seconded the motion, which was unanimously carried.

The usual formal business having been disposed of, votes of thanks to the Chairman, Directors, Representatives, and Agents of the Company terminated the proceedings.

FRIENDS' PROVIDENT AND CENTURY LIFE OFFICE.

MORE THAN £2,000,000 OF NEW BUSINESS.
GENEROUS BONUS RATES CONTINUED.

The annual meeting of the Friends' Provident and Century Life Office was held, on the 6th instant, at the Holborn Restaurant, London.

Mr Harold J. Morland, M.A., F.C.A. (the chairman), who presided, said:—Fellow members,—During a year of ebbing trade and severe losses in many classes of industry, life assurance institutions received a special measure of support from the public by way of new business. With many investors, life assurance policies were the only assets which increased in value, in contrast with the heavy depreciation of ordinary securities. Many thoughtful persons were therefore desirous of adding to the amount of their assurances, thus making good the inroads on their estates arising from the general misfortunes of the time.

NEW ASSURANCES.

The grand total of new assurances (including sinking fund assurances for £270,329) issued by the Friends' Provident and the Century during 1930 was £2,364,916, which was £273,960 more than for 1929 and £434,377 in excess of the amount for 1928. In 1930 the new business exceeded £2,000,000 for the second time.

MORTALITY.

The claim experience of the year has afforded a somewhat remarkable illustration of the effect of incidence of claims upon the amount of the profit from favourable mortality. The amount of the claims was unusually high, being 88 per cent. of the "expectation." Nevertheless, so fortunate was the office in the range of policies which became claims by reason of the death of the lives assured that the death strain was comparatively low. A profit of £83,000 from favourable mortality resulted, which was the largest sum accruing in any one year from this source in the experience of the office.

INVESTMENTS.

The productivity of the investments was well maintained. The gross rate of interest was 1s. 7d. higher at £6 1s. 4d., but the extra 6d. in the pound on the income tax nullified the increase in the gross rate, and reduced the net rate to £5 3s. 1d. How long this condition will remain it is not possible to forecast, but on the 1930 figures there is a margin of interest earned of £2 3s. 1d. per cent. over the 3 per cent. assumed by the actuary in his periodical valuations of liabilities.

The general depression has also adversely affected the market values of nearly all classes of securities, whether in London or other financial centres. On the stringent basis of Stock Exchange selling prices, the book values of the holdings totalling £2,870,316 are shown by the directors' certificate at the foot of the balance sheet to be £71,059 more than market value. On the other hand, the present worth of other investments was sufficiently in excess of the book values to warrant the directors in certifying that the assets regarded in the aggregate were fully of the value appearing in the balance sheet.

BONUS RATE.

The members will recollect that as at December 31, 1929, the directors declared a compound reversionary bonus on normal with-profit assurances at the rate of £2 2s. per cent. per annum for the five years then ended. The directors also authorised interim bonuses at the full rate of £2 2s. per cent. per annum to be payable during the current three-year period, with power to reconsider the rate at any time if thought advisable to do so. I am glad to inform you that the directors have authorised the continuance of this generous scale of bonus.

CENTURY ACCOUNTS.

The Century has paid the usual 12 per cent. dividend on the paid-up capital, and after providing for all outgoings of the past difficult year, the balance carried forward on profit and loss account was £68,689, as compared with £103,546 brought in. The total funds of the company, including paid-up capital, were £3,415,643, an increase of £114,553 for the year. Notwithstanding the severe depreciation in Stock Exchange securities during the past two years, the book values were still covered by market values.

FRIENDS' PROVIDENT BALANCE SHEET.

The total funds of the Friends' Provident advanced during 1930 by £396,978, and amounted to £6,824,846. Inclusive of the

resources of associated companies, the aggregate funds for the first time reached £10,000,000.

On previous occasions I have referred to the great services which life assurance institutions can render to those who require protection for their families and other dependents, but the uncertain conditions of the present time have caused me to give some consideration to the contribution which the office can make to the special needs of to-day. Most investors have suffered depreciation of their holdings during the past two years, and if the securities are of commercial type the potential loss amounts probably to a substantial percentage of the capital employed. It may be hoped that with the advent of better times much of the depreciation may be recovered, but there is no certainty of this recovery being complete in many instances. In any event, recovery may occupy a considerable period during which not only will estates which fall in on the death of the owner be smaller as the result of the depreciation, but realisation to meet death duties and other outgoings will be particularly disastrous because of the special difficulties in arranging a sale under "slump" conditions. To such investors a life assurance for the amount of the depreciation will not only be a good investment in itself, but will ensure the ultimate restoration of the estate to its former value.

Many investors are concerned as to the securities which may be bought without grave danger of depreciation, or even of loss of income and capital. To such investors I would suggest that they should consider the merits of a single-premium whole of life assurance, with profits, for a substantial sum in relation to their total capital. Such an investment does not, it is true, yield an annual income, but instead it increases from year to year by the attachment of bonuses. The advantage of the wide "spread" of the life office's investments is secured. The rate of interest yielded is an excellent one. At death there is a cash reserve fund available for discharge of legacies and payment of death duties, thus enabling securities which must otherwise be realised at a sacrifice to be nursed.

CONTINUOUS DISABILITY INSURANCE.

In the case of another class, which includes most of our younger members, the principal income-producing asset is good health. The income of many business and professional men ceases within a short time of a breakdown in health, and it is most desirable that the financial consequences of such a contingency should be insured against. Often the type of insurance benefit secured is under a policy which provides a weekly allowance during illness for only a limited period. Such a policy can be discontinued by the company irrespective of the necessities of the insured in the event of deterioration of his health. The Century Insurance Company was the originator of the more valuable type of sickness insurance known as continuous disability insurance. Under this scheme compensation is payable during breakdown of health until age 65 is attained, however long the illness persists. This scheme can be made use of to cover particular standing charges such as life assurance premiums. Thus, whereas a life policyholder may find it difficult to maintain his life assurance in force if prolonged ill-health overtakes him, in consideration of a small additional annual payment his life policy can be endorsed with a provision that the life premium will cease during prolonged illness, without detriment to the life assurance benefits provided by the policy.

Your directors desire to express their sense of indebtedness to our general manager, Mr Tapscott (who is also managing director of the Century), to Mr Little, the general manager of the Century, and to all the officers and staffs of the combined offices. As chairman of both companies I watch with admiration the skilful administration of our principal executive officer, and I appreciate to the full the loyal service of our departmental heads and branch officials. I feel sure that all my fellow members will wish to join in this expression of gratitude.

I have much pleasure in moving: "That the revenue accounts and balance sheet and report of the directors for the year ended December 31, 1930, be received, approved, and adopted."

Mr Francis J. Clark, J.P., seconded the resolution, which was unanimously adopted.

A cordial vote of thanks to the chairman concluded the proceedings.

UNDERGROUND GROUP.

LONDON PASSENGER TRANSPORT BILL.

An informal meeting of the debenture stockholders and stock and shareholders of the companies comprising the Underground Group was held, on the 1st instant, at the Central Hall, Westminster, S.W., to hear a statement as to the terms upon which, subject to the approval of Parliament, it is proposed to transfer the several undertakings to a board to be set up under the London Passenger Transport Bill.

The Rt. Hon. Lord Ashfield, in the course of his speech, said: This Bill empowers the Minister of Transport to set up a board to which are to be transferred all the local passenger transport undertakings within the London Traffic Area. The transfer is to be compulsory, and since it is not intended that you shall receive cash in respect of your present interests, but that you shall receive stocks of the board instead, you are inevitably concerned with the many aspects of the project covered by the Bill.

The stocks of the board, to be called London Transport Stocks, are as follows:—"A" stock in part carrying interest at 5 per cent. in part carrying interest at 4½ per cent., both ranking *pari passu*. "T.F.A." stock, carrying interest at 4½ per cent., to be issued only in respect of debenture stocks guaranteed under the terms of the Trade Facilities Acts, which guarantee continues under the Bill. "B" stock, carrying interest at 5 per cent. The "A," "T.F.A." and "B" stocks to be trustee securities and to be redeemable at par on or after agreed dates. "C" stock to be dependent upon each year's earnings for its interest, the rate of interest not to exceed in each of the first two years 5 per cent., or thereafter 6 per cent. per annum, subject to the provisions of paragraph 3 below. The "C" stock to be redeemable at par after twenty-five years at the option of the board.

For the past three years the holders of ordinary stocks of the four Underground Railway Companies have been receiving dividends at the rate of 5 per cent. When, in place of every £100 of their present holdings, they have received £92 10s. in "C" stock of the board, they will, for the first two years, when the interest upon the "C" stock is limited to 5 per cent., receive a return at the rate of £4 12s. 6d. per cent. on their present capital. After two years they are to receive 5½ per cent. upon their holding of "C" stock, which means that their return upon their present capital would be £5 1s. 9d., and when, as we expect, the board pays out of its further income, an additional one half of one per cent., making 6 per cent. in all, they will receive a return upon their present capital at the rate of £5 11s. per cent. At that time they will be at least one-half of one per cent. better off than they are to-day.

It is estimated that the Underground Company should have at its disposal roundly £12,500,000 of "C" stock. Subject to the provision of any moneys which may be required for the winding-up and to enable the various arrangements to be carried through it is thought that there should be sufficient "C" stock to permit every holder of ordinary shares in the Underground Company receiving £115 of "C" stock in exchange for every £100 in nominal value of ordinary shares held by him. At the present time a holder of ordinary shares in the Underground Company is receiving dividends at the rate of 8 per cent. It is estimated that of the 8 per cent. now paid at least 6 per cent. is attributable to holdings in the transport companies to be dealt with under the Bill. As against this 6 per cent. which he now receives, a holder of £115 of "C" stock should receive by way of interest during the first two years, when the interest on the "C" stock cannot exceed 5 per cent., 5.75 per cent., and thereafter, when the interest upon the "C" stock rises to 5½ per cent., 6.325 per cent., and, if the "C" stock should, as may be anticipated, pay 6 per cent., 6.9 per cent. To all these rates of interest must be added the dividends which he will receive from his shares in the proposed new holding company. These are expected to be equivalent to another 2 per cent. Admittedly, the aggregate interest in respect of the first two years is fractionally lower than the dividends which have been paid in recent years on the Underground shares, but after the first two years the holder of such shares may expect to receive interest equal to or exceeding by almost 1 per cent. his present return. The upshot of the arrangement is that the Underground shareholder, after two years, should receive not less than he does to-day, with an expectation of a further 1 per cent.

I have no hesitation in recommending the acceptance of the terms as being in your best interests and as affording you as good prospects in the future as you might fairly expect. I have assured the Minister that, upon the terms which I am putting to you, he shall have my fullest support, not only now but when the Bill has passed through Parliament.

A resolution was passed approving what had already been done by the board and authorising them to continue negotiations with the Minister of Transport and bring them to a conclusion.

ENGLISH AND CALEDONIAN INVESTMENT COMPANY, LIMITED.

TRADE DEPRESSION AND SECURITY VALUES.

MR E. S. ARLISS ON THE OUTLOOK.

The fourth annual general meeting of the English and Caledonian Investment Company, Limited, was held, on the 5th instant, at the registered offices, 3, London Wall Buildings, London, E.C.

Mr Edward Sydney Arliss (chairman of the company) presided. The Secretary, having read the notice convening the meeting and the auditors' report,

The Chairman, in moving the adoption of the report, said:—In a review of our balance sheet the first item to be noted is the value of our investments. Last year when I addressed you we were able to report that the value of our investments was slightly in excess of the book value. Since then, however, prices of securities in all the markets of the world have continued to fall heavily.

CAUSES OF FALL IN PRICE OF SECURITIES.

This is due to a variety of unfavourable factors, the chief of which are the prolonged and severe depression in trade throughout the world, the unprecedented fall in the prices of the primary commodities, political unrest in the East, in South America and elsewhere, and the general lack of confidence engendered by these and other circumstances. We naturally have not been immune from these influences.

At March 31st last it will be seen that the market value of our investments was £499,778, which represents a depreciation of 14.13 per cent. on the book cost of the investments. This compares very favourably with the depreciation reported by the majority of investment trusts formed at about the same time as our own. Moreover, whereas the rate of depreciation on our investments during the year works out at under 15 per cent., according to the Securities Index of the "Investors' Chronicle," the depreciation over the same period on a representative list of 176 securities amounted to 25 per cent. Our position, therefore, from an assets standpoint can be regarded as being not unsatisfactory.

Your directors adhere, of course, to the policy of keeping the risk of investments widely distributed. At March 31st last there were one hundred and twenty-nine investments in the company's portfolio. They consist of Government bonds, debentures, preference and ordinary shares, and include holdings in one hundred and thirteen different undertakings situate in twenty-four different countries.

THE NEW DEBENTURE STOCK.

An item which appears in the balance sheet for the first time is the 4½ per cent. redeemable debenture stock, 1970-75, of which £38,980 had been placed at the close of the financial year. In December last, we decided to take advantage of the company's borrowing powers to create debenture stock to the extent of £250,000, which sum represents but half the amount we are entitled to issue on the present issued capital of the company. In order to keep the expenses at a minimum, it was decided not to resort to a public issue, but to offer this stock to the preference and ordinary stockholders in the first instance, and to place it in parcels from time to time, as opportunity offers. This stock is well covered both as to principal and interest, and we shall be pleased to receive applications for any amount from £10 upwards at the present price of 87 per cent. At this price the yield is £5 3s. 5d. per cent.

The whole of the expenses incurred in creating the debenture stock and in issuing the amount outstanding at the date of the balance sheet has been written off out of the surplus realised during the year on the sale of certain investments. The balance of this surplus has been transferred to the contingency fund.

PROFIT AND DIVIDEND.

Turning to the profit and loss account, we see that the investment income for the year is £33,685. This compares with £31,702 for the previous year. After deducting, however, in each year from investment income the amount paid in the way of interest on borrowed money, the result is an increase this year of a little over £1,000. The net profit for the year is £27,752. It is proposed to pay a final dividend on the ordinary stock of 3½ per cent. actual, making 6 per cent. in all for the year, the same as for the previous year, and to carry forward the sum of £3,840, against £3,467 brought in.

As to the future, it would not be wise to prophesy. Economic, political and industrial conditions throughout the world have not yet improved, but I think that I am justified in expressing confidence on one point, and that is, that when general conditions do improve, our company should be one of the first to reflect the improvement.

The report and accounts were unanimously adopted, and the proceedings terminated with a cordial vote of thanks to the chairman and directors.

LUNUVA (CEYLON) TEA AND RUBBER ESTATES, LIMITED.

MR. H. J. WELCH ON RUBBER POSITION.

The twenty-fourth ordinary general meeting of the Lunuva (Ceylon) Tea and Rubber Estates, Limited, was held, on the 4th instant, in the Council Room of the Rubber Growers' Association, 2, 3 and 4, Idol Lane, London, Mr H. J. Welch (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—The general reserve now amounts to £245,000. If allowance is made for the net surplus assets, after deduction of the final dividend to be declared to-day, the planted areas stand in the books at the net figure of £44 12s. 6d. per acre, as against £44 11s. 5d. last year.

Although market prices for tea were generally lower during 1930, this company increased its selling price by over 1d. per pound. This is a further proof of the soundness of the policy which has been steadily pursued of providing every facility for and encouraging the manufacture of "quality" teas. The teas produced by this company are well above average, and are of a class for which there should always be a good demand at remunerative prices.

The cost of production of rubber last year was the lowest on record for this company. The company rested all its rubber areas during May, and for the greater part of the year it rested the whole of its rubber areas on the tea-cum-rubber estates. Selective tapping was adopted on the remainder. Having regard, however, to the continued fall in price and to the accumulation of world stocks, the board has recently decided to stop tapping altogether, and put all its rubber estates on what is known as a "caretaker basis."

The resting of rubber estates improves the health of the trees, preserves the bark and gives greater yields when the trees are again brought into tapping. Closing down, however, means a certain dislocation of organisation and labour forces. Notwithstanding this, however, the directors are of opinion that in the existing circumstances the policy adopted will justify itself.

After providing a sum of over £25,000 for depreciation the net profit for the year amounted to £39,634, which is equal to 16 per cent. upon our issued capital. A final dividend of 7½ per cent., making 12½ per cent. for the year, is recommended. It is interesting to recall that this, added to previous dividends, makes an average of 19 per cent. per annum paid during the last ten years.

Although this company is principally a tea-producing company and its rubber areas represent only a little more than one-third of its total planted acreage, perhaps a few remarks from me upon the general rubber position may not be thought out of place. The fundamental cause of the present unfortunate position is, in my opinion, that the world absorption of rubber last year was, and still is, below what would, but for the world-wide industrial depression, be the normal absorption. The demand is at present abnormally low, due to causes that are general and not specific to the industry. . . .

Is there, then, no remedy for the unfortunate position? I think there is—economic forces are working all the time to reconcile production with absorption. Unfortunately, their operation has been delayed by the hope constantly held out of international restrictive legislation. The economic forces would operate more quickly if the efforts to find a satisfactory basis for legally enforced restriction were now definitely abandoned.

In this connection I heartily welcome the statement made last week by Mr W. Shakspeare, the chairman of the Ceylon Association in London, at its annual meeting. He said: "Let us face the fact that restriction by legislative means is practically dead and gird ourselves to meet the situation."

If this view is more generally accepted I believe many more producers will recognise that, in view of the low prices and the heavy stocks and considering the matter from the point of view of their own interests only, it will now pay them further to restrict production or to stop tapping altogether. At present prices to produce a full crop will mean a greater money loss to a company than producing a restricted crop, or in many cases no crop at all. This should cause many companies now to decide to do what this company has decided—namely, to stop tapping, preserve the bark, improve the health of the trees and await the inevitable return to a more economic price. . . .

While, therefore, the outlook for the immediate future is very depressing, because the world trade conditions show no signs of improvement, when world trade does revive the plantation industry will be able profitably to supply its commodity at a lower price than ever before, and this lower price will not only enable it better to compete with the native producer, but also will encourage the extended uses and demand for our product.

The resolution was unanimously adopted.

SCOTTISH UNION AND NATIONAL INSURANCE COMPANY.

RECORD NEW LIFE BUSINESS. GRATIFYING SECURITIES VALUATION.

The Right Honourable The Earl of Mar and Kellie, K.T., Chairman, presided at the 106th annual general meeting of the shareholders of the Scottish Union and National Insurance Company, held at Edinburgh, on May 6, 1931. In moving the adoption of the report and accounts for the year 1930, he stated that it is very satisfactory to find that in a year of such adverse industrial conditions the new life business of the company at over 2½ millions gross and nearly 2¼ millions net exceeds all previous records. It is also satisfactory to find that the claims by death are less than they were in 1929 by £72,000.

FIRE ACCOUNT.

In the fire account the premiums are down by about £15,000, and the losses, including contributions to fire brigades, are up by a little over £48,000; but, notwithstanding these adverse features, a sum of no less than £112,000 has been transferred to profit and loss account from this account. We consider this to be a very satisfactory showing in what is generally regarded as having been a very difficult year for fire insurance companies.

ACCIDENT, EMPLOYERS' LIABILITY AND MISCELLANEOUS ACCOUNTS.

The accident, employers' liability and miscellaneous accounts together showed premiums amounting to over £251,000, which is an increase over the previous year of £6,000. The profits realised and transferred to the profit and loss account are £35,000, an increase of £16,000 as compared with 1929. The aggregate profits from these accounts are larger than have been shown heretofore in any single year.

MARINE BUSINESS.

As regards the marine account, the premium income for last year is about £26,000 lower than the previous year; but the losses are down by nearly £40,000, so that a sum of £20,000 (i.e., £5,000 more than the previous year) was transferred to the profit and loss account.

PROFIT AND LOSS ACCOUNT.

In the profit and loss account it will be observed that the directors propose to add a further £50,000 to the special reserve in the fire insurance account. The result is to bring the fire insurance fund up to 111 per cent. of the year's income in the fire account. After this transfer has been made, the balance carried forward to profit and loss account is only some £18,000 less than the amount brought in, and this balance is sufficient to cover over three years' dividends at the present rate.

Notwithstanding the very severe fall which has taken place in the value of Stock Exchange securities generally, a valuation of our Stock Exchange securities as at December 31st last reveals that the securities are worth considerably more than the figures stated in the balance sheet.

MONTE VIDEO WATERWORKS COMPANY, LIMITED.

The fifty-second ordinary general meeting of the Monte Video Waterworks Company, Limited, was held, on the 5th instant, at the offices, 52, Moorgate, London.

Mr. N. B. Dickson, O.B.E., M.Inst.C.E. (the Chairman), who presided, said that the net receipts for the past year had amounted to £209,340, an increase of £24,914. In a year when the company had been unable to add to the number of their services, this was a satisfactory result; they had recovered the decrease in net receipts shown last year due to the reduction in tariff which came into force when permission to lay the new main was granted by the Government.

Coming to the charges on the net revenue, the position was not so happy, as the loss on exchange amounted to no less than £56,418, and represented over 4½ per cent. on the ordinary capital. The distributable balance was £194,322, as against £219,833 in the previous year. The reduction in the dividend on the ordinary stock from 8 per cent. to 6 per cent. for the year was not only rendered advisable by the results of the past year, but was, to some extent, a precautionary measure in view of the outlook for the current year. As to the prospects for the current year, they must look for any increase in their income to new services which were now being rapidly connected to their system, and to an increase in the consumption of water by their present customers now that they were in a position to give a more ample supply. The decisive factor in the case—and the one regarding which it was almost impossible to prophesy—was the rate of exchange.

The report and accounts were unanimously adopted.

SPILLERS LIMITED.

EXCELLENT TRADING RESULTS.

DIVIDEND OF 10 PER CENT.

The Right Hon. Sir Malcolm A. Robertson, P.C., G.C.M.G., K.B.E., presiding at the annual general meeting of Spillers, Limited, at Cardiff, on Saturday, said that he had accepted the chairmanship of the company with the utmost possible diffidence, but he would endeavour to justify the confidence which the other members of the board had placed in him, and which he trusted the shareholders would confirm.

The profit of the company for the year amounted to £413,592 19s. 4d., and the payments made out of these profits, including a transfer of £100,000 to the reserve for depreciation of investments, left available for disposal £275,890 14s. 9d. The directors proposed to deal with this by the payment of a 10 per cent. dividend on the ordinary shares and 6½ per cent. on the co-partnership shares, and to carry forward the balance of £129,546 4s. 3d. to the next account.

The year under review had shown severe declines in values of both wheat and coarse grain, owing to the natural lack of confidence among buyers, due partly to the supply being in excess of the demand, and partly because the amount of the excess was impossible to gauge.

Russia had re-entered the world market as an exporter on a large scale, while the countries which had increased their production since 1914 in order to cope with the world demands were producing as much as, and even more than, they had done during the intervening years.

The position had been aggravated by the restriction of imports of foreign wheats in France, Germany, and Italy, and the market would be affected for a long time by the heavy stocks held by the Farm Board in the United States, which sooner or later would have to be liquidated.

The general effect of this and of our free market in wheat might be illustrated by the current value of the 4-lb. loaf in different countries, for instance: Germany 1s. 5½d., Italy 7½d. to 10d., Sweden 1s. 6d., United States 1s. 4½d., Canada 1s. 1d., Australia 11d. as compared with Great Britain and Northern Ireland 7d.

MILLERS AND QUOTA SYSTEM.

It had been suggested that in order to help the home farmer it was desirable that the British millers should use a definite percentage of home-grown wheat and that simultaneously a guaranteed price, the estimates of which varied enormously, should be established for such wheat as was millable. This latter necessarily involved a subsidy which, if the British taxpayer was willing to bear it, would not affect the millers.

To the quota system, however, there was a number of objections, some of them possibly not insuperable. Very little home-grown wheat was used by the port millers, partly owing to price, partly owing to the cost of transport, and partly because it was impossible to ensure a regular supply of English wheat in sufficient quantities and of regular quality. Of the native wheat some, although millable, went to the poultry breeders, and the question arose as to whether the latter would be entitled to the subsidy, and if not, whether the poultry breeder would have to buy imported wheat.

The suggested system of certificates representing English wheat which the port miller might buy from the country miller might easily lead to gambling and to an ultimate increase in the price of flour. Owing to variable climatic conditions, the quota would have to be adjusted year by year according to the crop, and, speaking generally, the company and the British millers as a whole would be strongly opposed to the imposition of such a system, which was considered unwise, uneconomic, and unnecessary.

In regard to the suggested quota for Dominion wheat, it did not appear to be realised that, for instance, the strong wheats of Canada were not interchangeable with the soft white wheats of Australia, and it would be a delicate and difficult matter to apportion a global quota between the different Dominions.

Millers, however much they might be averse to interference with their present free market, would be compelled to bow to reasons of major policy which affected the whole nation, especially if it involved the increased employment of home labour.

WHEAT DUTY PROBLEMS.

While it was said that the British electorate would never agree to a duty on wheat, it was demonstrable that a moderate duty on foreign wheat would not only be more easy to work than a Dominion quota, but would probably have no effect on the price of flour or bread, and would give an obvious advantage to the Dominions.

So far as Russian wheat was concerned, even under a quota system it would have to be strictly limited in view of the fact that on account of the conditions under which it was said to be pro-

duced and transported, Russia might be able to secure the whole of the non-quota market at the expense of Argentina, in which this country had over £500,000,000 of capital invested.

The importation of flour, which had recently again been increasing, and now amounted to over 10 per cent. of the total consumption, would have to be dealt with if the British millers' costs were to be artificially increased, as otherwise the additional advantage given to overseas millers would be disastrous. The case for the prohibition of importation of flour was unanswerable. It would enable our home mills to work nearer to capacity (which would still be in excess of the country's consumption), and would place something in the neighbourhood of 6,000,000 cwt. more wheatfeed on the market for the benefit of the British stock breeder.

SUGGESTED IMPORT BOARD.

The policy of establishing an Import Board for the purchase of wheat in bulk should also be mentioned, but no one had explained the advantages which this policy was supposed to have over the present system, which had secured for our home population the cheapest flour and bread in the world.

The policy of the company had been affected by the rationalisation of the flour-milling industry, which had led to the shutting down of certain redundant mills, as a consequence of which the company had been able to concentrate on the selling of their products within economic distances of the plants. Accordingly, notwithstanding the heavy decline of the prices of commodities, the company had been able to show such satisfactory results. All possible steps had been taken to eliminate the market risks on grain and anything in the nature of speculation.

All the company's products continued to give the highest degree of satisfaction to their customers, and the shareholders should enhance the value of their own property by buying the company's goods wherever possible.

The chairman concluded my moving the adoption of the report and accounts, which were approved.

The retiring directors and auditors were re-elected, and a resolution fixing the directors' remuneration was carried.

ANGLO-AMERICAN DEBENTURE CORPORATION, LIMITED.

DIVIDEND MAINTAINED.

The forty-first ordinary general meeting of the Anglo-American Debenture Corporation, Limited, was held, on the 7th instant, at Winchester House, London.

Mr Richard S. Guinness (the chairman) said that he thought the stockholders would share the board's satisfaction that, in such times of stress, while they could not expect to escape a certain measure of depreciation, they had, so far, weathered the storm so well, and were able to recommend a dividend equal to that paid in the previous year. The income from investments and trustees' fees had been more than maintained, amounting to £174,486—an increase of about £1,450 compared with the previous year. The amount available for ordinary stock dividend and reserves was £94,675, and, after paying the dividend of 15 per cent. they were allocating £25,000 to reserve and increasing the carry-forward by £2,175. They were sorry to break the record of the past nine years, in each of which there had been either a bonus declared or an increase in dividend, but the serious political and financial situation existing throughout the world doubly compelled a policy of prudence.

The investments had been valued on the usual conservative basis, and showed a fall compared with last year, but there was still a substantial surplus on book values. In addition, they had the reserve account and the carry-forward, amounting, together, to over £328,000, or 73 per cent. of the ordinary capital, as an additional margin. The number of investments was 609, and the average was, therefore, just under £4,000, distributed as to three-quarters in fixed interest-bearing securities and one-quarter in equity stocks. In these days of world depression well-balanced geographical distribution had not allowed the company to escape wholly from its effects, but the widespread distribution both geographically and industrially, combined with the relatively small investment in any one security, had certainly been one of the factors which had enabled them without serious impairment to meet the calamities of the past year.

The report was unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended May 2, 1931, amounted to £9,172,900 against ordinary expenditure of £26,466,400. After allocating £515,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £58,187, the week's operations, as shown below, increased the National Debt by £17,867,000 to £7,619,838,000:—

(000's omitted.)

Bank of England Advances.....	£	8,250
Public Department Advances.....	£	8,250
Treasury Bills.....	£	956
National Savings Certificates.....	£	400
Sundries.....	£	11
	£	+ 17,867

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 2, 1931.	April 1, 1930, to May 3, 1930.	Week ended May 2, 1931.	Week ended May 3, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax.....	15,953,000	16,236,000	2,753,000	2,262,000
Super-tax, including Arrears of.....	5,600,000	5,350,000	1,110,000	610,000
Estate, &c., Duties.....	6,870,000	7,830,000	790,000	850,000
Stamps.....	650,000	1,350,000	200,000	410,000
Excise Profits Duty and Corporation Profits Tax.....	...	...	...	...
Land Tax and Mineral Rights Duty.....	30,000	70,000	...	10,000
Total Inland Revenue.....	29,103,000	30,836,000	4,853,000	4,182,000
Customs and Excise—				
Customs.....	10,927,000	10,829,000	2,245,000	2,219,000
Excise.....	10,146,000	10,064,000	1,045,000	814,000
Total Customs and Excise.....	21,073,000	20,893,000	3,290,000	3,033,000
Motor Vehicle Duties (Exchequer Share).....	742,000	662,000	233,000	233,000
Post Office (Net Receipt).....	3,000,000	3,150,000	400,000	1,450,000
Crown Lands.....	140,000	140,000	...	...
Receipts from Sundry Loans.....	4,316,067	4,317,976	95,159	85,704
Miscellaneous Receipts.....	1,668,467	2,188,552	301,743	1,356,650
Total Ordinary Revenue.....	60,042,534	62,187,528	9,172,902	10,340,354
SELF-BALANCING REVENUE.				
Post Office.....	3,000,000	3,200,000	1,300,000	550,000
Motor Vehicle Duties apportioned to Road Fund.....	2,029,000	2,149,000	...	...
Total Self-Balancing Revenue.....	5,029,000	5,349,000	1,300,000	550,000
Total.....	65,071,534	67,536,528	10,472,902	10,890,354
EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to May 2, 1931.	April 1, 1930, to May 3, 1930.	Week ended May 2, 1931.	Week ended May 3, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt.....	36,509,735	36,031,210	13,987,827	12,538,001
Payments to Northern Ireland Exchequer.....	202,464	188,624	57,608	...
Other Consolidated Fund Services.....	290,190	292,223	...	53,296
Total.....	37,002,389	36,512,057	14,045,435	12,591,297
Total Supply Services (excluding Post Office).....	36,371,000	41,178,150	12,421,000	13,304,200
Total Ordinary Expenditure.....	73,373,389	77,690,207	26,466,435	25,895,497
SELF-BALANCING EXPENDITURE.				
Post Office.....	3,000,000	3,200,000	1,300,000	550,000
Road Fund.....	2,029,000	2,149,000	...	...
Total Self-Balancing Expenditure.....	5,029,000	5,349,000	1,300,000	550,000
Total Ordinary and Self-Balancing Expenditure.....	78,402,389	83,039,207	27,766,435	26,445,497
New Sinking Fund (1928).....	3,601,226	3,475,881	515,000	525,000
Total, including New Sinking Fund.....	82,003,615	86,515,088	28,281,435	26,970,497

The aggregate revenue and expenditure to May 2, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MAY 2ND.			
(000's omitted.)			
Expenditure.....	£	Revenue.....	£
New Sinking Fund.....	3,601	Decreases in balances.....	3,094
		Net amount borrowed.....	13,838
	76,974		76,974

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Outstanding—	May 3, '30.	Mar. 31, '31.	May 2, '31.	Week ended May 2, '31.
Advances by Bank of England	£ 1,500,000	£ 8,250,000	£ 8,250,000	£ 8,250,000
Advances by Public Departments	52,930,000	24,500,000	37,650,000	8,250,000
Treasury Bills outstanding	573,700,000	569,825,000	561,925,000*	955,000
Total Floating Debt	628,130,000	594,325,000	607,825,000	+ 17,455,000

* Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on May 1, 1931, and the total amount applied for was £78,195,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 7s. 1d., about 7 per cent., and above, in full, and Saturday at £99 7s. 3d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Apr. 10.....	35,000,000	48,905,000	2 11 6-46
Apr. 17.....	35,000,000	56,530,000	2 10 11-94
Apr. 24.....	40,000,000	85,110,000	2 10 11-33
May 1.....	35,000,000	78,195,000	2 10 11-94

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 6, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Securities.....	£
In Circulation.....	356,217,211	Other Government Securities.....	232,950,238
In Bank Department.....	51,288,863	Other Securities.....	11,942,571
		Silver Coin.....	4,091,793
		Amount of Fiduciary Issue.....	260,000,000
		Gold Coin and Bullion.....	147,506,074
	£407,506,074		£407,506,074

BANKING DEPARTMENT.

Proprietors' Capital.....	£ 14,553,000	Government Securities.....	£ 34,414,684
Reserve.....	3,195,124	Other Securities.....	232,950,238
Public Deposits.....	5,998,939	Discounts and Advances.....	£ 55,634,695
Other Deposits.....	£ 58,572,050	Securities.....	25,523,623
Other Accounts.....	35,511,635	Notes.....	31,158,518
	94,083,685	Gold and Silver Coin.....	51,288,863
T-Day and other Bills.....	7,557		975,440
	£117,838,305		£117,838,305

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, May 6, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....		£ 356,217,211	+ 6,402,347	- 2,273,487
Public deposits.....		5,998,939	- 11,679,403	- 10,212,153
Bankers' deposits.....		58,572,050	+ 9,648,165	- 9,962,335
Other deposits.....		35,511,635	- 1,517,563	- 522,798
Seven-day bills.....		7,557	+ 4,684	- 5,011
Total, outside liabilities.....		456,307,392	+ 2,856,230	- 22,975,784
Capital and rest.....		17,748,124	+ 35,315	+ 2,350
Government debt and securities.....		278,380,020	+ 4,825,357	- 21,891,613
Discounts and advances.....		5,634,695	- 1,563,478	- 920,177
Other securities.....		37,466,494	- 1,621,950	+ 16,228,722
Silver coin in issue department.....		4,091,793	- 1,512	- 370,506
Coin and bullion (bank's reserve).....		148,482,514	+ 1,255,128	- 16,019,880
Reserve of notes and coin in banking department.....		52,265,303	- 5,147,219	- 13,746,393
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion").....		52 1/2 %	- 3 1/2 %	- 24 %
(b) Gold stocks to deposits and notes ("reserve ratio").....		32 1/2 %	Nil	- 1 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Ratio.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Mar. 25.....	£ 403,614	£ 348,808	£ 9,500	£ 57,704	£ 33,711	£ 1,616 in	100 %
Apr. 1.....	404,465	357,057	17,243	58,788	34,693	845 in	100 %
8.....	406,122	358,885	9,865	59,507	34,000	1,655 in	100 %
15.....	405,313	354,364	8,372	61,200	35,111	1,616 out	100 %
22.....	405,864	348,444	13,964	54,785	35,403	546 in	100 %
29.....	406,230	349,815	17,678	48,324	37,029	408 in	100 %
May 6.....	407,503	355,217	5,999	58,572	35,512	1,217 in	100 %

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion Ratio.	Govt. Securities.	Dis. counts & Advances.	Other Securities.	
1931.							
Mar. 25.....	£ 242,423	£ 13,488	£ 144,519	£ 27,695	£ 11,362	£ 24,421	55 1/2 %
Apr. 1.....	243,007	12,946	145,387	30,350	24,629	25,685	43 1/2 %
8.....	245,232	10,691	147,023	31 1/2	35,400	28,609	48 1/2 %
15.....	245,684	12,225	146,666	31 1/2	34,335	28,852	51 3/4 %
22.....	241,681	14,241	146,740	32 1/2	28,590	28,295	56 1/2 %
29.....	242,465	13,442	147,227	32 1/2	31,090	25,647	57 1/2 %
May 6.....	243,965	11,943	148,483	32 1/2	34,415	25,524	52 1/2 %

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to Apr. 22.....	£ 11,031,503	£ 553,425	£ 887,490	£ 12,472,418
Week ended Apr. 29.....	716,816	31,689	48,872	797,377
Week ended May 6.....	830,749	38,031	62,798	931,578
Total to date, 1931.....	12,579,068	623,145	999,160	14,201,373
Total to date, 1930.....	14,130,328	664,384	1,081,002	15,875,714
Increase or decrease in 1931.....	- 1,551,260	- 41,239	- 81,842	- 1,674,341
	= 10.9 %	= 6.2 %	= 7.5 %	= 10.5 %
Total for year, 1930.....	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929.....	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930.....	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	= 2.8 %	= 3.7 %	= 3.7 %	= 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended May 2.		Month of April.			Aggregate January 1 to May 2.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days.....	24	24	24	24			
BIRMINGHAM.....	3,605	2,467	10,138	8,093	- 20.1	45,598	39,861
BRADFORD.....	1,218	1,080	3,879	3,518	- 9.3	17,193	15,619
BRISTOL.....	1,220	1,201	4,191	4,192	+ .02	19,854	19,856
DUBLIN.....	4,948	4,667	14,579	13,402	- 8.9	85,337	85,739
HULL.....	865	769	3,402	3,096	- 8.9	14,714	13,477
LEEDS.....	1,129	887	4,006	3,523	- 12.0	18,070	15,881
LEICESTER.....	691	660	2,855	2,496	- 12.5	13,368	11,615
LIVERPOOL.....	7,157	5,823	27,781	21,942	- 21.0	125,319	101,644
MANCHESTER.....	12,022	10,333	45,298	37,655	- 16.8	207,421	165,046
NEWCASTLE.....	1,915	1,334	6,537	4,837	- 26.0	26,897	23,565
NOTTINGHAM.....	699	436	2,419	1,431	- 41.3	11,198	8,411
SHEFFIELD.....	1,348	921	3,528	2,931	- 16.9	17,290	14,847
Total.....	36,815	30,578	114,034	94,114	- 17.4	603,259	513,201

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Banks of Roumania, Lithuania, Russia and National Bank of Egypt appeared in the *Economist* of April 18; Canada in April 25; Japan, Austria and Italy in May 2.

BANK FOR INTERNATIONAL SETTLEMENTS.

(In Millions of Swiss Francs.)

	Jan. 31, 1931.	Feb. 28, 1931.	Mar. 31, 1931.	Apr. 30, 1931.
ASSETS.				
Cash	5.7	6.8	7.2	7.6
Sight funds	85.5	56.4	186.3	102.8
Bills and acceptances	247.0	429.4	471.5	443.4
Commercial bills	185.4	174.7	138.1	203.9
Treasury bills				
Time funds :—				
Not exceeding 3 months	722.1	723.6	850.7	939.9
Between 3 and 6 months	162.2	260.4	12.8	7.4
Between 6 and 9 months				
Over 9 months	187.7	197.1	222.6	225.9
Short investments	12.3	12.6	12.0	12.6
Other assets				
LIABILITIES.				
Capital paid up	102.9	102.9	103.2	103.5
Special deposits :—				
Annuity	154.3	154.2	154.9	154.6
German Government deposit fund	77.1	77.1	77.4	77.3
French Government guarantee fund	68.8	68.8	68.9	68.8
Time deposits of Central Banks :—				
Between 3 and 6 months :				
By their own account	6.2	5.7	5.7	10.9
For account of others	124.7	555.2	5.3	...
Not exceeding 3 months :				
For their own account	580.4	214.9	495.1	457.2
For account of others	150.6	150.5	355.7	590.0
Other deposits	8.7	8.7	13.8	13.8
Sight deposits of Central Banks :—				
For their own account	237.8	316.1	311.0	295.3
For account of others	182.9	190.5	292.2	152.5
Other deposits	0.2	0.2	0.2	0.2
Miscellaneous items	13.3	16.3	17.8	19.3

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, May 31, 1931.	Apr. 30, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Gold	171,175	578,769	642,796	642,798	642,800	642,803
Foreign bills and Balances abroad	391,035	313,683	315,784	316,452	315,900	315,900
Discounts	37,490	45,211	28,273	32,937	58,149	41,078
Advances	103,000	45,996	40,032	38,110	35,059	41,078
LIABILITIES.						
Notes in circulation	275,925	916,284	971,838	920,457	906,997	987,814
Deposits	33,750	153,754	158,360	188,472	197,690	149,265

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Position, May 31, 1931.	Apr. 30, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Gold	243,353	239,929	239,781	239,793	239,758	239,758
Government Securities—Swedish	21,942	3,358	3,358	3,358	3,358	3,358
Government deposits	62,312	69,609	73,289	73,289	73,289	73,289
Other Swedish bonds quoted on foreign bourses	113	84	84	84	84	84
Bills payable in Sweden	112,429	152,804	149,944	146,539	186,292	186,292
Bills payable abroad	123,513	89,910	94,822	93,826	93,414	93,414
Balance abroad	169,703	140,778	130,973	132,247	128,730	128,730
Advances made on Government securities and bonds	38,208	37,497	35,820	34,751	42,256	42,256
LIABILITIES.						
Notes in circulation	545,091	509,558	494,074	482,547	546,511	546,511
Government deposits	160,601	187,613	195,648	204,348	164,446	164,446
Private deposits	10,710	10,491	10,459	7,411	8,512	8,512

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF NORWAY.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1931.	Apr. 30, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Coin and bullion—Gold	44,224	146,600	145,400	146,398	146,399	146,399
Balance abroad and foreign bills	28,533	41,573	36,362	33,190	31,473	31,473
Norwegian and Foreign Government securities	8,816	29,359	53,940	53,940	53,940	53,940
Discounts	76,911	239,732	171,635	172,009	184,879	184,879
LIABILITIES.						
Notes in circulation	113,484	310,165	291,200	287,995	295,846	295,846
Deposits at sight	7,188	83,525	62,763	62,926	66,503	66,503

NATIONAL BANK OF DENMARK.—In kroner (000's omitted).

ASSETS.	Position, May 31, 1931.	Apr. 30, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Coin and bullion	76,644	172,202	171,944	171,852	171,827	171,945
Loans & discounts	88,470	106,763	112,873	103,964	102,870	102,870
Debtors abroad	24,102	83,270	73,660	85,436	61,021	61,021
Securities	11,988	47,055	44,299	45,109	42,663	42,673
LIABILITIES.						
Circulation	157,265	361,958	340,939	340,115	341,285	353,705
Deposits	6,698	30,842	32,381	25,210	23,025	30,533

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1931.	Apr. 26, 1931.	Apr. 4, 1931.	Apr. 11, 1931.	Apr. 18, 1931.	Apr. 25, 1931.
Gold	521,775	2,469,333	2,421,143	2,421,297	2,422,362	2,422,913
Silver	728,600	713,627	712,818	709,488	706,681	706,325
Loans & Discounts	800,725	1,991,276	2,144,795	2,136,009	2,284,172	2,357,666
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,395,038	4,669,638	4,744,082	4,893,493	4,950,872
Deposits	477,500	840,721	784,632	778,197	755,821	759,466

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	Position, Apr. 9, 1931.	Mar. 18, 1931.	Mar. 25, 1931.	Apr. 1, 1931.	Apr. 8, 1931.
Coin and bullion	8,724	8,948	8,916	8,891	8,868
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	185,529	169,985	159,812	157,503	157,578
Loans & Discounts	336,900	336,900	336,900	336,900	336,900
Government bonds	1,530,992	1,531,003	1,531,003	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation	1,899,025	1,865,491	1,859,713	1,885,822	1,883,135
Deposits	65,722	176,647	187,380	163,836	160,270

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted).

ASSETS.	Position, Apr. 30, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Metal reserve—Gold coin and bullion	162,627	125,710	125,710	125,741	111,800
Drifts and notes	10,201	26,371	19,839	15,415	46,796
Silver coin and bullion	10,266	13,148	14,292	14,973	14,368
Advance bills, warrants and securities	248,141	236,490	214,391	205,494	263,328
LIABILITIES.					
Notes in circulation	6,120,652	6,698,906	6,389,663	5,932,941	5,743,482
Share capital (gold crowns 50,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	453,672	365,959	334,110	319,957	405,957
Current accounts, deposits, &c.	24,988	37,871	41,342	41,524	30,857

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	Position, Apr. 23, 1931.	Apr. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold	1,262,112	1,542,092	1,542,067	1,541,673	1,541,682
Balance abroad and foreign currency	1,860,942	2,199,268	2,160,066	2,130,748	2,103,992
Discounts and advances	476,251	163,201	182,939	182,939	162,642
State notes debt balance	3,688,386	3,363,886	3,356,895	3,352,084	3,345,266
Other assets	596,228	1,095,022	1,115,925	1,102,744	1,115,634
LIABILITIES.					
Bank notes in circulation	6,120,652	6,698,906	6,389,663	5,932,941	5,743,482
Check account balances	1,026,687	828,027	1,102,281	1,478,018	1,594,555
Other liabilities	228,192	325,625	355,037	376,687	420,268

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Apr. 23, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold	35,091	303,725	301,732	301,612	301,499
Balance abroad and foreign bills	90,379	1,065,234	1,012,271	970,101	944,548
Discounts and advances	21,826	335,251	366,316	366,401	366,465
LIABILITIES.					
Notes in circulation	123,941	1,401,850	1,300,156	1,270,763	1,226,491
Deposits at notice	21,225	318,641	136,840	113,627	163,418

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	Apr. 30, 1931.	Apr. 8, 1931.	Apr. 15, 1931.	Apr. 22, 1931.	Apr. 30, 1931.
Cash Reserve—Gold	96,608	99,098	99,125	99,227	99,294
Other coin and notes	17,912	18,611	18,120	18,387	18,388
Foreign credits	262,674	90,422	86,200	91,758	92,865
LIABILITIES.					
Notes in circulation	1,077,386	1,242,139	1,214,456	1,216,942	1,203,658
Government advances	4,123,399	4,020,890	4,020,888	4,020,878	4,020,878
LIABILITIES.					
Notes in circulation	12,502	4,847,079	4,685,682	4,583,468	4,691,806
State credits	5,221,043	126,255	126,242	126,242	126,242
Deposits	1,923,550	920,951	1,061,920	1,171,242	1,062,118

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	Apr. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold and silver holdings	1,576,072	1,471,062	1,474,456	1,478,270	1,480,168
Balance abroad and foreign currencies	765,973	647,377	677,549	684,531	757,314
Discounts and advances	1,173,866	621,583	641,419	635,372	642,114
Advances to the Treasury	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,252,959	1,183,268	1,183,305	1,183,305	1,183,980
Bank notes in circulation	3,408,073	3,128,804	3,223,438	3,182,620	3,103,692
State credits	1,618,437	1,444,890	1,418,854	1,406,919	1,581,902
Deposits	314,805	265,594	265,593	265,526	264,143

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	Apr. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold	630,204	498,631	499,852	480,480	480,922
Gold exchange	3,654,417	2,667,830	2,927,757	3,235,888	3,120,418
Other foreign exchange	3,773	3,070	2,180	2,178	2,195
Bills discounted	92,952	146,061	138,199	141,523	146,278
Advances	147,591	156,285	158,817	156,098	156,324
Debt to the State	3,512,763	3,388,763	3,388,763	3,388,763	3,388,763
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	5,154,038	4,464,777	4,576,777	4,621,218	4,424,056
Deposits and current accounts	1,685,052	1,674,517	1,641,203	1,548,375	1,692,657
Foreign exchange liabilities	738,679	411,459	620,016	975,050	925,579

RUSSIAN STATE BANK.—Note-Issuing Department.

ASSETS.	May 1, 1931.	Mar. 16, 1931.	Apr. 16, 1931.	Apr. 16, 1931.	May 1, 1931.
Gold in coin and bullion	32,454	50,358	50,351	50,375	50,396
Other precious metals	2,823	2,098	2,098	2,098	1,917
Foreign currency	6,098	3,912	4,751	5,044	4,634
Drifts in foreign currency	903	257	257	257	229
Collateral for short term loans	123,322	156,375	162,716	163,388	168,824
LIABILITIES.					
Bank notes transferred to State Bank	164,629	210,736	219,385	220,339	224,551
Balance to which notes may still be issued	371	2,264	615	661	145

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Apr. 23, 1931.	Mar. 31, 1931.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.
Gold coin and bullion	6,471	6,511	6,512	6,514	6,515
Net foreign exchange	19,459	17,551	17,636	17,821	17,265
Subsidiary Estonian coin	1,178	1,823	1,791	1,915	1,784
Home bills discounted	14,639	11,220	10,902	10,606	10,540
Loans and advances	11,897	16,352	15,280	14,887	15,303*
LIABILITIES.					
Notes in circulation	34,156	35,658	34,762	33,100	35,659
Sight deposits and current accounts	15,174	17,394	16,748	17,340	14,524
Ratio of reserve to current liabilities	52.55%	45.36%	46.88%	48.25%	47.39%

* Includes Ekr. 5,035,896-63 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

	Apr. 30, 1930.	Mar. 30, 1931.	Apr. 6, 1931.	Apr. 13, 1931.	Apr. 21, 1931.	Apr. 27 1931.
ASSETS.						
Gold bullion and coins.....	23,987	24,071	24,070	24,072	24,076	24,078
Silver coin.....	6,035	6,317	6,217	6,428	6,599	6,548
Balance abroad.....	52,760	30,922	31,273	29,979	28,125	27,002
Treas. notes and sm. change.....	12,862	13,348	11,760	13,579	15,043	15,702
Short term bills.....	90,537	82,510	82,118	81,024	80,945	80,945
Loans against securities.....	56,235	70,959	70,488	70,235	70,647	70,391
Other assets.....	14,627	15,042	15,131	14,688	15,194	17,089
LIABILITIES.						
Notes in circulation.....	47,507	47,276	47,130	45,577	45,000	46,273
Capital paid up.....	18,735	18,735	18,735	18,735	18,735	18,735
Reserve.....	4,432	4,352	4,352	4,352	4,352	4,352
Capital.....	3,500	3,500	3,500	3,500	3,500	3,500
Special reserve.....	21,025	21,025	20,961	20,947	21,098	21,073
Deposits.....	54,416	68,071	66,531	67,823	67,836	66,415
Current accounts.....	107,309	74,231	72,486	71,985	71,690	70,922
Government accounts.....						
Other liabilities.....	4,273	5,979	7,361	7,088	8,417	8,102

Messrs Samuel Montagu and Company write on May 6, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £146,279,564 on the 29th ult. (as compared with £145,863,946 on the previous Wednesday), and represents a decrease of £1,346,058 since December 31, 1930. In the open market yesterday about £1,060,000 of bar gold from South Africa was available. The price was fixed at 84s. 10½d. per fine ounce, at which about £25,000 was taken for Indian and trade requirements. The Bank of England secured about £1,029,000 at the statutory buying price. Movements of gold at the Bank of England during the week have resulted in a net influx of £1,217,480. Receipts consisted of £66,800 in sovereigns, of which £63,000 was from Australia, and £1,169,679 in bar gold. Withdrawals totalled £18,999, of which £12,000 was in sovereigns taken for export. According to the daily announcements made by the Bank of England, the total amount of sovereigns "set aside" during the first four months of this year was £5,754,533, whilst the amount "released" from "set aside" during the same period was only £2,192,848. It is understood that a large proportion of the amount "set aside" has been for account of Argentina.

SILVER.

There has been little change in the market during the past week, and, although prices showed a tendency to ease slightly, sellers did not press and the undertone remains steady. China and the Indian Bazaars continued to work both ways and the latter quarter has sent a few buying orders for immediate shipment. The off-take, however, has not been sufficient to maintain a premium on cash delivery, even rates for both positions having been quoted since the 1st inst. America has bought on occasion, but on the whole has been more inclined to sell than of late.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 27th ult. to mid-day on the 4th inst.:—

IMPORTS.	£	EXPORTS.	£
Germany	10,991	Miscellaneous	15,155
France	17,500		
Mexico	81,633		
Other countries	14,760		
	£124,884		£15,155

INDIAN CURRENCY RETURNS (in lacs of rupees).

	Apr. 30.	Apr. 22.	Apr. 15.
Notes in circulation	16,014	15,928	15,870
Silver coin and bullion in India	12,540	12,498	12,466
Silver coin and bullion out of India			
Gold coin and bullion in India	2,754	2,710	2,684
Gold coin and bullion out of India			
Securities (Indian Government)	720	720	720
Securities (British Government)			

The stocks in Shanghai on the 2nd inst. consisted of about 82,900,000 ounces in sycee, 153,000,000 dollars and 3,800 silver bars, as compared with about 83,000,000 ounces in sycee, 153,000,000 dollars and 4,180 silver bars on the 25th ult.

Statistics for the month of April last are appended:—

	Bar Silver (per oz. std.).	Bar Gold
Cash delivery. Two Mos. delivery.	(per oz. fine).	(per oz. fine).
Highest price ...	13½d.	84s. 10½d.
Lowest price ...	12½d.	84s. 9½d.
Average price ...	13.120d.	84s. 10.11d.

GOLD AND SILVER PRICES.

	Gold	Silver—		Silver.
	Per	Per Ounce.	Date.	Cash.
	Ounce.	Cash Forward		
1931.	a. d.	d.		d.
May 1.....	84 9½	13 ½	May 9, 1925	33 ½
" 2.....	84 9½	13 ½	" 9, 1926	31 ½
" 4.....	84 9½	13 ½	" 7, 1927	29 ½
" 5.....	84 10½	13 ½	" 6, 1928	26 ½
" 6.....	84 11½	13 ½	" 3, 1929	27 ½
" 7.....	84 11½	13 ½	" 8, 1930	19 ½

NOTICES.

Branches of Barclays Bank (Dominion, Colonial and Overseas) have been opened at Tabora (Tanganyika) and Clanwilliam (Cape), and a sub-branch has been opened at Rondebosch-Main Road (Cape).

The Midland Bank announces the opening of new branches at 22 and 24 Bethesda Road, Blackpool, and 411 Gloucester Road, Horfield, Bristol. Night safe banking facilities, already available at more than 440 offices of the Midland Bank, are in operation at these two new branches. A new branch has also been opened at 606 Coventry Road, Small Heath, Birmingham. New sub-offices are also open in Queen Square, North Curry, near Taunton; 3 Mor Awelon, Moelfre, Anglesey; and Cattle Market, Reading.

Barclays Bank, Ltd., announce the opening of new sub-branches at Bosham and at Reading Cattle Market.

Company News.

DIVIDEND ANNOUNCEMENTS.

Name of Company	Rate % per Annum, except where marked % or Stated in Cash.	Dividend for Years.	Latest Year.	Previous Year.
Interim or Final.	Date of Payment.	Method of Payment.		
RAILWAYS.				
Canadian Pacific Railway	1½%*	Quarterly	...	...
Indian General Navigation and Railway	...	Tax free	4	7½
BANKS.				
British Bank of South America	...	...	8	10
Hambros Bank	...	...	22½	22½
Royal Bank of Scotland	17*	Less tax	...	...
INSURANCE.				
Commercial Union Assurance	10/3 p.s.†	Less tax	20/6 p.s.	20/6 p.s.
Adams Peah Tea Estates	8%†	Less tax	...	...
Chersonese (F.M.S.) Estates	...	...	4½	8½
Dindings Rubber Estates	...	...	1	10
Kandapala Tea	15%†	...	20	20
Standard Tea of Ceylon	17½%†	Less tax	35	40
Talawakelle Estates	20%†	Less tax	30	30
MIXING.				
Horden Collieries	2½%*	May 30	Less tax	...
Pengkalen	...	...	5	...
Sinal Mining	2½%†	May 14	Tax free	5
OTHER COMPANIES.				
Alliance Investment (Def.)	7½%†	...	Tax free	10
Anglo-French Textile	...	...	10	10
Associated Newspapers (Def.)	...	...	10	10
Bovis (1928)	...	May 30	1½d. p.s.	1½d. p.s.
Bristol College Green Hotel	7%†	Less tax	12	12(a)
British and Foreign General Securities	...	...	6	7
British Match	4%†	Tax free	5	10
Brush Electrical Engineering	7%†	...	10	10
Cannock Electric Supply	...	...	25	25
Chester and Northgate Brewery	2½%*	...	25	25
Chesters Brewery	10%†	plus bon	us of 7½	...
City Business Properties	2½%*	Tax free	...	...
City of Buenos Ayres Tramways	5*	May 16	Tax free	...
Craigpark Electric Cable	...	...	10	10
Direct Spanish Telegraph	...	...	6	8
Dundee Ice and Cold Storage	...	...	8	8
E. K. Cole	...	Less tax	100	...
Egyptian Markets	10%†	plus bon	us of 1%	11
Erhold (of France)	4%†	...	...	...
Gaiety Cinema (Manchester)	6%†	May 18	Less tax	10
Glenfield and Kennedy	1½%†	...	2½	...
Grand Junction Co.	5%*	May 15	Less tax	2½
Hepworth and Grandage	1/6 p.s.†	...	2/6 p.s.	3/- p.s.
Hyderabad (Deccan)	...	...	25	25
J. Stone and Co.	...	Tax free	25	25
John Walker and Sons	10%†	...	25	25
Joseph Terry and Sons	3%†	May 1	Less tax	...
Leethams (Twilift)	3%†	...	4	...
London and Holyrood Trust	8%†	Less tax	5	...
London and Provincial Trust	20%†	Less tax	14	14½
London Gen. Investment (Def.)	8%†	...	14	14
Malkin Ties (Burslem)	...	...	5	10
Maritime Oilfields	...	...	5	15
Melbourne City Properties Trust	7%*	June 1	Tax free	...
Melbourne Electric Supply	3%†	May 12	Tax free	...
Metropolitan Industrial Dwellings	10%†	May 20	Tax free	...
Montevideo Gas and Dry Dock	2½d. p.s.†	...	3½d. p.s.	1d. p.s.
Poshies Hotel Hydropathic	2½%*	...	10	10
Quicktho (1928)	...	...	5	10
Rochdale and Manor Brewery	...	...	9	9
S. Lesser and Sons (1928)	5%†	...	9	9
Scottish and Canadian General Inv.	5%†	Less tax	11½	11½
Scottish and Canadian General Inv.	6½%†	...	7½	7½
Scottish Mortgage and Trust	5%†	...	...	...
Second Mercantile Trust	5%†	...	...	...
Securities Trust of Scotland	1/3 p.s.†	...	11½	15
Short & Co.	35/- p.s.†	plus bon	us of 10/- p.s.	6½
Strathmore Rubber	...	...	2	5
Swansea Improvements & Tramways	...	...	6	6
Tamplin's Licensed Properties	10%†	...	12	12
Taylor's Eagle Brewery	8%†	May 15	Tax free	...
Texas Land and Mortgage	2½%*	May 15	...	...
Trans-Oceanic Trust	24%*	...	5	2
Turner and Newall	1/- p.s.†	...	8	8
Tyrrill and Green	1/- p.s.†	...	20	10
United Cattle Products	10%*	June 1	Tax free	34½
Val de Travers Asphalt Paving	30%†	Less tax	40	40
Wenlock Brewery	7%†	Less tax	10	10
White Horse Distillers	...	Less tax	7	10
Wiggins, Teape and Co.	...	Tax free	5	5
Wiggins, Teape and Alex. Pirie	2%†	...	4	...
William Dixon	...	...	...	...
Winterbottom Trust	...	...	...	...

(a) Tax free.

THE BROKEN HILL PROPRIETARY COMPANY, LTD.—The Broken Hill Proprietary Company, Ltd., has received a cable from the head office in Melbourne announcing that no half-yearly dividend will be paid.

TURNER AND NEWALL.—Interim dividends of 3½ per cent. on the preference shares, payable on June 20th, and 2½ per cent. on the ordinary shares, payable on the 24th inst. A year ago the dividend on the ordinary shares was 5 per cent. The directors add that in future dividends will normally be payable on the preference shares about June 20th and December 20th, and on the ordinary shares approximately the end of July (interim) and the end of January (final). In common with all other undertakings, the company is feeling the effects of the economic crisis, but not, it is stated, in a degree calculated to cause any anxiety to the directors. They consider that in view of the present state of the world's commerce it is expedient for the company to conserve its resources.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended May 3, 1931.	(c) Week ended May 2, 1931.	(d) Week ended May 1, 1931.	(e) Week ended May 3, 1931.	(f) Week ended May 2, 1931.	(g) Week ended May 1, 1931.	(h) Week ended May 3, 1931.	(i) Week ended May 2, 1931.	(j) Week ended May 1, 1931.	(k) Week ended May 3, 1931.	(l) Week ended May 2, 1931.	(m) Week ended May 1, 1931.	(n) Week ended May 3, 1931.	(o) Week ended May 2, 1931.	(p) Week ended May 1, 1931.	(q) Week ended May 3, 1931.	(r) Week ended May 2, 1931.	(s) Week ended May 1, 1931.	(t) Week ended May 3, 1931.	(u) Week ended May 2, 1931.	(v) Week ended May 1, 1931.	(w) Week ended May 3, 1931.	(x) Week ended May 2, 1931.	(y) Week ended May 1, 1931.	(z) Week ended May 3, 1931.	(aa) Week ended May 2, 1931.	(ab) Week ended May 1, 1931.	(ac) Week ended May 3, 1931.	(ad) Week ended May 2, 1931.	(ae) Week ended May 1, 1931.	(af) Week ended May 3, 1931.	(ag) Week ended May 2, 1931.	(ah) Week ended May 1, 1931.	(ai) Week ended May 3, 1931.	(aj) Week ended May 2, 1931.	(ak) Week ended May 1, 1931.	(al) Week ended May 3, 1931.	(am) Week ended May 2, 1931.	(an) Week ended May 1, 1931.	(ao) Week ended May 3, 1931.	(ap) Week ended May 2, 1931.	(aq) Week ended May 1, 1931.	(ar) Week ended May 3, 1931.	(as) Week ended May 2, 1931.	(at) Week ended May 1, 1931.	(au) Week ended May 3, 1931.	(av) Week ended May 2, 1931.	(aw) Week ended May 1, 1931.	(ax) Week ended May 3, 1931.	(ay) Week ended May 2, 1931.	(az) Week ended May 1, 1931.	(ba) Week ended May 3, 1931.	(bb) Week ended May 2, 1931.	(bc) Week ended May 1, 1931.	(bd) Week ended May 3, 1931.	(be) Week ended May 2, 1931.	(bf) Week ended May 1, 1931.	(bg) Week ended May 3, 1931.	(bh) Week ended May 2, 1931.	(bi) Week ended May 1, 1931.	(bj) Week ended May 3, 1931.	(bk) Week ended May 2, 1931.	(bl) Week ended May 1, 1931.	(bm) Week ended May 3, 1931.	(bn) Week ended May 2, 1931.	(bo) Week ended May 1, 1931.	(bp) Week ended May 3, 1931.	(bq) Week ended May 2, 1931.	(br) Week ended May 1, 1931.	(bs) Week ended May 3, 1931.	(bt) Week ended May 2, 1931.	(bu) Week ended May 1, 1931.	(bv) Week ended May 3, 1931.	(bv) Week ended May 2, 1931.	(bw) Week ended May 1, 1931.	(bx) Week ended May 3, 1931.	(by) Week ended May 2, 1931.	(bz) Week ended May 1, 1931.	(ca) Week ended May 3, 1931.	(cb) Week ended May 2, 1931.	(cc) Week ended May 1, 1931.	(cd) Week ended May 3, 1931.	(ce) Week ended May 2, 1931.	(cf) Week ended May 1, 1931.	(cg) Week ended May 3, 1931.	(ch) Week ended May 2, 1931.	(ci) Week ended May 1, 1931.	(cj) Week ended May 3, 1931.	(ck) Week ended May 2, 1931.	(cl) Week ended May 1, 1931.	(cm) Week ended May 3, 1931.	(cn) Week ended May 2, 1931.	(co) Week ended May 1, 1931.	(cp) Week ended May 3, 1931.	(cq) Week ended May 2, 1931.	(cr) Week ended May 1, 1931.	(cs) Week ended May 3, 1931.	(ct) Week ended May 2, 1931.	(cu) Week ended May 1, 1931.	(cv) Week ended May 3, 1931.	(cw) Week ended May 2, 1931.	(cx) Week ended May 1, 1931.	(cy) Week ended May 3, 1931.	(cz) Week ended May 2, 1931.	(da) Week ended May 1, 1931.	(db) Week ended May 3, 1931.	(dc) Week ended May 2, 1931.	(dd) Week ended May 1, 1931.	(de) Week ended May 3, 1931.	(df) Week ended May 2, 1931.	(dg) Week ended May 1, 1931.	(dh) Week ended May 3, 1931.	(di) Week ended May 2, 1931.	(dj) Week ended May 1, 1931.	(dk) Week ended May 3, 1931.	(dl) Week ended May 2, 1931.	(dm) Week ended May 1, 1931.	(dn) Week ended May 3, 1931.	(do) Week ended May 2, 1931.	(dp) Week ended May 1, 1931.	(dq) Week ended May 3, 1931.	(dr) Week ended May 2, 1931.	(ds) Week ended May 1, 1931.	(dt) Week ended May 3, 1931.	(du) Week ended May 2, 1931.	(dv) Week ended May 1, 1931.	(dw) Week ended May 3, 1931.	(dx) Week ended May 2, 1931.	(dy) Week ended May 1, 1931.	(dz) Week ended May 3, 1931.	(ea) Week ended May 2, 1931.	(eb) Week ended May 1, 1931.	(ec) Week ended May 3, 1931.	(ed) Week ended May 2, 1931.	(ee) Week ended May 1, 1931.	(ef) Week ended May 3, 1931.	(ef) Week ended May 2, 1931.	(eg) Week ended May 1, 1931.	(eh) Week ended May 3, 1931.	(ei) Week ended May 2, 1931.	(ej) Week ended May 1, 1931.	(ek) Week ended May 3, 1931.	(el) Week ended May 2, 1931.	(em) Week ended May 1, 1931.	(en) Week ended May 3, 1931.	(eo) Week ended May 2, 1931.	(ep) Week ended May 1, 1931.	(eq) Week ended May 3, 1931.	(er) Week ended May 2, 1931.	(es) Week ended May 1, 1931.	(et) Week ended May 3, 1931.	(eu) Week ended May 2, 1931.	(ev) Week ended May 1, 1931.	(ew) Week ended May 3, 1931.	(ex) Week ended May 2, 1931.	(ey) Week ended May 1, 1931.	(ez) Week ended May 3, 1931.	(fa) Week ended May 2, 1931.	(fb) Week ended May 1, 1931.	(fc) Week ended May 3, 1931.	(fd) Week ended May 2, 1931.	(fe) Week ended May 1, 1931.	(ff) Week ended May 3, 1931.	(ff) Week ended May 2, 1931.	(fg) Week ended May 1, 1931.	(fh) Week ended May 3, 1931.	(fi) Week ended May 2, 1931.	(fj) Week ended May 1, 1931.	(fk) Week ended May 3, 1931.	(fl) Week ended May 2, 1931.	(fm) Week ended May 1, 1931.	(fn) Week ended May 3, 1931.	(fo) Week ended May 2, 1931.	(fp) Week ended May 1, 1931.	(fq) Week ended May 3, 1931.	(fr) Week ended May 2, 1931.	(fs) Week ended May 1, 1931.	(ft) Week ended May 3, 1931.	(fu) Week ended May 2, 1931.	(fv) Week ended May 1, 1931.	(fw) Week ended May 3, 1931.	(fx) Week ended May 2, 1931.	(fy) Week ended May 1, 1931.	(fz) Week ended May 3, 1931.	(ga) Week ended May 2, 1931.	(gb) Week ended May 1, 1931.	(gc) Week ended May 3, 1931.	(gd) Week ended May 2, 1931.	(ge) Week ended May 1, 1931.	(gf) Week ended May 3, 1931.	(gf) Week ended May 2, 1931.	(gg) Week ended May 1, 1931.	(gh) Week ended May 3, 1931.	(gi) Week ended May 2, 1931.	(gj) Week ended May 1, 1931.	(gk) Week ended May 3, 1931.	(gl) Week ended May 2, 1931.	(gm) Week ended May 1, 1931.	(gn) Week ended May 3, 1931.	(go) Week ended May 2, 1931.	(gp) Week ended May 1, 1931.	(gq) Week ended May 3, 1931.	(gr) Week ended May 2, 1931.	(gs) Week ended May 1, 1931.	(gt) Week ended May 3, 1931.	(gu) Week ended May 2, 1931.	(gv) Week ended May 1, 1931.	(gw) Week ended May 3, 1931.	(gx) Week ended May 2, 1931.	(gy) Week ended May 1, 1931.	(gz) Week ended May 3, 1931.	(ha) Week ended May 2, 1931.	(hb) Week ended May 1, 1931.	(hc) Week ended May 3, 1931.	(hd) Week ended May 2, 1931.	(he) Week ended May 1, 1931.	(hf) Week ended May 3, 1931.	(hf) Week ended May 2, 1931.	(hg) Week ended May 1, 1931.	(hh) Week ended May 3, 1931.	(hi) Week ended May 2, 1931.	(hj) Week ended May 1, 1931.	(hk) Week ended May 3, 1931.	(hl) Week ended May 2, 1931.	(hm) Week ended May 1, 1931.	(hn) Week ended May 3, 1931.	(ho) Week ended May 2, 1931.	(hp) Week ended May 1, 1931.	(hq) Week ended May 3, 1931.	(hr) Week ended May 2, 1931.	(hs) Week ended May 1, 1931.	(ht) Week ended May 3, 1931.	(hu) Week ended May 2, 1931.	(hv) Week ended May 1, 1931.	(hw) Week ended May 3, 1931.	(hx) Week ended May 2, 1931.	(hy) Week ended May 1, 1931.	(hz) Week ended May 3, 1931.	(ia) Week ended May 2, 1931.	(ib) Week ended May 1, 1931.	(ic) Week ended May 3, 1931.	(id) Week ended May 2, 1931.	(ie) Week ended May 1, 1931.	(if) Week ended May 3, 1931.	(if) Week ended May 2, 1931.	(ig) Week ended May 1, 1931.	(ih) Week ended May 3, 1931.	(ii) Week ended May 2, 1931.	(ij) Week ended May 1, 1931.	(ik) Week ended May 3, 1931.	(il) Week ended May 2, 1931.	(im) Week ended May 1, 1931.	(in) Week ended May 3, 1931.	(io) Week ended May 2, 1931.	(ip) Week ended May 1, 1931.	(iq) Week ended May 3, 1931.	(ir) Week ended May 2, 1931.	(is) Week ended May 1, 1931.	(it) Week ended May 3, 1931.	(iu) Week ended May 2, 1931.	(iv) Week ended May 1, 1931.	(iw) Week ended May 3, 1931.	(ix) Week ended May 2, 1931.	(iy) Week ended May 1, 1931.	(iz) Week ended May 3, 1931.	(ja) Week ended May 2, 1931.	(jb) Week ended May 1, 1931.	(jc) Week ended May 3, 1931.	(jd) Week ended May 2, 1931.	(je) Week ended May 1, 1931.	(jf) Week ended May 3, 1931.	(jf) Week ended May 2, 1931.	(jg) Week ended May 1, 1931.	(jh) Week ended May 3, 1931.	(ji) Week ended May 2, 1931.	(jj) Week ended May 1, 1931.	(jk) Week ended May 3, 1931.	(jl) Week ended May 2, 1931.	(jm) Week ended May 1, 1931.	(jn) Week ended May 3, 1931.	(jo) Week ended May 2, 1931.	(jp) Week ended May 1, 1931.	(jq) Week ended May 3, 1931.	(jr) Week ended May 2, 1931.	(js) Week ended May 1, 193
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SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
					Amount	Amount.	Rate.				
Breweries.											
Walker (John) and Sons ...	Mar. 31	£ 153,925	£ 402,312	£ 556,237	£ 81,375	£ 244,125	% 25	£ 71,409	£ 159,328	£ 647,365	% 25
Canals and Docks.											
Grand Junction Co.	Mar. 31	1,077	29,321	30,398	7,027	18,624	2½	2,000	2,747	26,424	5
Electric Lighting, &c.											
British Power and Light ...	Mar. 31	20,536	27,330	47,866	...	...	...	...	47,866	20,536	...
Cawnpore Electric Supply...	Dec. 31	6,241	80,419	86,660	14,000	20,700	10	45,841	6,119	78,944	10
Financial Land, &c.											
Anglo-French Exploration	Dec. 31	63,207	22,928	86,135	...	...	...	69,632	16,503	55,079	7½
Primitive Holdings ...	Apr. 30	6,380	116,633	123,013	...	113,802	6½	...	9,211	112,482	6
Scottish and Canadian Gen. Invest.	Mar. 31	4,627	29,483	34,110	10,116	13,950	9	6,081	3,963	25,373	...
Hotels, Restaurants, &c.											
Burlington Hotels Co.	Dec. 31	3,974	1,731	5,705	...	...	...	...	5,705	4,905	5
Dolphin Hotel & Restaurant	Dec. 31	694	492	1,186	...	...	...	...	1,186	694	...
Iron, Coal and Steel.											
Dixon (William).....	Feb. 28	9,901	48,086	57,987	15,000	32,800	5½	...	10,187	...	...
Richardsons, Westgarth and Co.	Dec. 31	444	Dr. 49,500	Dr. 49,056	10,500	...	...	Dr. 59,717	161	Dr. 17,212	...
Stone (J.) and Co.	Dec. 31	127,592	207,749	335,341	39,000	150,100	25	...	146,241	263,964	35
Oil.											
Maritime Oilfields	Dec. 31	758	3,497	4,255	...	3,836	5	...	419	8,333	10
New Brunswick Gas and Oil- fields.	Dec. 31	13,432	6,232	19,664	5,580	...	...	...	14,084	14,930	12
Rubber, &c.											
Anglo-Johore Consolidated	Dec. 31	8,622	Dr. 5,000	3,622	...	...	...	2,060	1,562	4,892	5
Baru (Java) Estates	Dec. 31	8,717	Dr. 1,930	6,787	...	...	...	Dr. 2,000	8,787	19,366	10
Central Travancore Rubber	Dec. 31	7,904	Dr. 892	7,012	...	...	...	...	7,012	5,141	...
Ceylon (Para) Rubber	Dec. 31	23,204	Dr. 6,059	17,145	...	...	...	...	17,145	9,229	10
Chulsa (Selangor) Rubber...	Dec. 31	2,705	4,714	7,419	...	...	...	...	7,419	9,547	8
Dahan Rubber	Dec. 31	29	Dr. 7,185	Dr. 7,156	...	...	...	Dr. 7,500	344	Dr. 4,000	...
Djapoera (Sumatra) Rubber	Dec. 31	6,376	309	6,685	...	...	...	...	6,685	2,076	...
Dusun Durian Rubber	Dec. 31	33,227	6,651	39,878	...	...	...	1,500	38,378	37,361	12½
Gadek Rubber.....	Dec. 31	2,008	Dr. 438	1,570	...	...	...	...	1,570	...	...
Hoewood Tin and Rubber...	Dec. 31	5,111	331	5,442	...	...	...	...	5,442	12,362	10
Kapar Para Rubber	Dec. 31	15,351	Dr. 3,867	11,484	...	...	...	...	11,484	16,001	10
Kasintoe Rubber	Dec. 31	6,740	Dr. 5,867	873	...	...	...	...	873	3,728	4
Kuala-Nai Kelantan Rubber	Dec. 31	446	Dr. 4,859	Dr. 4,413	...	...	...	Dr. 4,144	Dr. 269	...	...
Kwaleo Rubber	Dec. 31	9,164	Dr. 4,329	4,835	...	...	...	...	4,835	...	...
London Asiatic Rubber...	Dec. 31	97,027	Dr. 13,801	83,226	...	...	...	675	82,551	59,885	15
Mahawale Rubber, &c.	Dec. 31	9,300	Dr. 8,748	552	...	...	...	...	552	Dr. 517	...
Muar River Rubber.....	Dec. 31	6,606	Dr. 964	5,642	...	...	...	...	5,642	...	5
North Malay Rubber.....	Dec. 31	7,175	698	7,873	...	...	...	...	7,873	21,771	5
Rosehaugh Company.....	Dec. 31	8,040	16,701	24,741	8,364	...	...	...	16,377	23,534	5
Rubber Estates of Ceylon...	Dec. 31	2,754	Dr. 5,099	Dr. 2,345	...	...	...	Dr. 2,800	455	4,377	2½
Seaford Rubber	Dec. 31	26,766	Dr. 4,687	22,079	...	...	...	1,556	20,523	18,948	5
Seapang Selangor Rubber...	Dec. 31	17,717	Dr. 10,321	7,396	...	...	...	...	7,396	12,064	3
Stagbrook Rubber and Tea	Dec. 31	2,438	Dr. 2,517	79	...	...	...	...	79	1,009	...
St. George Rubber	Dec. 31	3,694	18	3,712	...	...	...	826	2,886	10,385	10
Sungei Kapar Rubber	Dec. 31	12,663	Dr. 5,339	7,324	...	...	...	...	7,324	11,132	8½
Sungei Knut Rubber	Dec. 31	6,327	Dr. 2,656	Dr. 3,671	...	...	...	...	Dr. 3,671	12,890	12½
Sunnygama Company	Dec. 31	11,313	Dr. 9,703	1,610	900	...	...	...	710	8,377	10
Tangga Batu Rubber.....	Dec. 31	1,194	Dr. 2,245	Dr. 1,051	...	...	...	...	Dr. 1,051	Dr. 466	...
Ulu Rantau Rubber	Dec. 31	8,344	Dr. 2,039	6,305	...	...	...	...	6,305	Dr. 133	5
United Rubber and Coffee...	Dec. 31	5,753	1,472	7,225	...	...	...	1,500	5,725	...	...
Shipping.											
India General Navigation ..	Dec. 31	25,056	48,467	73,523	12,202	26,223	4½	8,500	26,598	123,207	7½
Tea.											
Kandapolla Tea	Dec. 31	6,085	17,856	23,941	1,878	12,320	20	3,000	6,743	17,373	20
Pantiya Tea and Rubber...	Dec. 31	4,173	Dr. 2,601	1,572	...	...	...	...	1,572	4,298	15
Telegraphs, &c.											
Anglo-American Telegraph	Mar. 31	65,625	204,748	270,373	157,948	7,629 3½ ord. 39,171 1½ def.	12½	...	65,625	210,000	3½ ord. 1½ d.
Direct Spanish Telegraph ...	Dec. 31	2,176	9,159	11,335	300	3,879	6½	2,000	2,456	10,358	8½
Oriental Telephone and Elec.	Dec. 31	39,807	100,002	139,809	13,216	68,424	12½	15,000	43,169	99,521	12½
Textiles.											
Anglo-French Textile	Dec. 31	6,915	13,002	19,917	3,141	10,000	10½	...	6,776	13,016	10½
Trusts.											
Abbots Investment Trust....	Apr. 15	6,941	20,490	27,431	...	15,667	4	1,292	10,472	22,980	5
Anglo-Celtic Trust	Apr. 5	14,269	49,561	63,830	23,250	23,250	7½	...	17,330	65,227	7½
British Shareholders' Trust	Mar. 31	29,768	39,735	69,503	...	37,675	7	...	31,828	100,477	7
Continental Union Trust ...	Mar. 31	3,269	58,103	61,372	23,250	23,250	5	10,000	4,872	55,537	5
Scottish Mortgage and Trust	Mar. 31	9,347	128,115	137,462	30,516	66,844	11½	28,505	11,597	131,575	11½
Waterworks.											
Prov. of B. Ayres W'works.	Dec. 31	12,891	80,692	93,583	9,375	33,970	5½	37,386	12,852	88,302	6½
Other Companies.											
Blythe (William) and Co. ...	Dec. 31	5,960	21,454	27,414	1,696	17,608	8	1,963	6,147	31,260	10
Bovis, Ltd.	Dec. 31	1,499	35,753	37,252	9,375	14,128	10½	12,000	1,749	34,643	10½
British Match Corporation	Apr. 30	67,466	461,387	528,853	22,814	371,250	6½	40,000	94,789	493,931	6½
Brush Elect. Engineering	Dec. 31	77,947	5,150	83,097	...	23,006	5	5,150	54,941	56,944	10
Craig and Rose.....	Mar. 31	7,017	6,048	13,065	5,000	4,000	4½	...	4,065	10,120	5½
Craigpark Electric Cable ...	Mar. 31	2,125	14,492	16,617	2,850	4,750	6½	5,500	3,517	19,025	10
Dunlop Cotton Mills	Dec. 31	4,655	151,445	156,100	113,344	37,500	15½	...	5,256	271,655	62
Egyptian Markets	Dec. 31	14,294	22,629	36,923	...	22,101	11	...	14,822	21,974	11
Metropolitan Housing	Mar. 31	10,170	64,049	74,219	5,827	40,300	8	18,014	10,078	56,167	8
Lowrie (W. P.) and Co.	Mar. 31	101,783	112,630	214,413	13,950	108,500	20	...	91,963	127,689	34½
Quicktho (1928)	Jan. 31	6,713	31,427	38,140	...	18,229	14½	10,655	9,256	5,162	4½
Whiteaway, Laidlaw and Co.	Feb. 28	26,402	30,670	57,072	41,500	...	...	...	15,572	91,226	8½

† Free of income tax.

Commercial Reports.

MARKET SUMMARY.

The export demand for coal has remained satisfactory in South Wales and in Yorkshire, but the falling off in household requirements is being increasingly felt. The industrial demand continues on a low level. The recent improvement in the iron and steel industries has not been maintained, and Continental competition is again becoming increasingly severe. Non-ferrous metals declined sharply at the beginning of the week, and on Monday tin sold below £103 per ton. Among textile raw materials American cotton declined further, but wool values have been maintained at last week's level at the auctions in London. Flax has been maintained, but hemp and jute showed a slight decline. Reports from Lancashire are depressing. The demand for Manchester goods is dull, and the turnover is below the current output. The home demand for rayon fabrics has improved, but little headway is being made with exports. With the exception of wheat, the food markets are less firm, and in many cases prices show a decline. Among miscellaneous commodities, rubber has advanced slightly on the news that several companies have decided to reduce or to stop tapping.

THE COAL TRADE.

SHEFFIELD.—Prompt delivery for export business in best steams continues brisk and prices firm. Difficulties in connection with the quota system are gradually being overcome and supplies are better than for some time past. Forward buying is, however, very scarce. Current prices are 17s. 6d. to 18s. f.o.b. Humber ports. Demand for industrial fuel tends to shrink and smalls are accumulating at the pits. The call for house coal has declined lately and there are ample supplies. Prices continue firm, best ordinary South Yorkshire brands being quoted at 22s. and 23s. at pits. Secondary qualities are easier. The depression in furnace coke is being accentuated owing to the restricted demand for coke for heating. Quotations for this fuel vary from 11s. to 12s. per ton at ovens.

WORKINGTON.—The coal trade, after one of the best Aprils experienced for many years, is dull. The seasonal decline is almost in full swing. The Irish demand is poor, and industrial fuel and local landsale are both sluggish accounts. Prices are steady. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b. Small, 16s. 6d. per ton. Best house coal, 31s. 8d.; and house nuts, 30s. at station. Gas coal, 28s. per ton. West Coast coke is in fair request at from 17s. 9d. to 18s. 3d. per ton.

GLASGOW.—The seasonal falling off in home demand has become more pronounced since the change-over to summer time, and the result is an increase in supplies available for shipment and a consequent further weakening in the position on this branch. Practically all kinds are in abundant supply, especially washed smalls, and the collieries have resorted to short-time working to prevent further accumulations. Aitken navigation and Lanarkshire prime splints are two firm features among round coals. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 9d.; splint best, 16s. 6d.; splint second, 14s. 9d.; navigation, 15s. 3d.; navigation second, 14s. 6d.-15s.; Hartley, 15s. 6d.; steam, 14s.; trebles, 12s.; doubles, 10s. 6d.; singles, 9s.; pearls, 8s.; dross, 10s. FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s. 3d.; third-class steam, 11s. 6d.-11s. 9d.; trebles, 11s. 6d.-12s. 6d.; doubles, 10s. 6d.; singles, 9s.; pearls, 8s. 9d. LOTHIAN.—Prime steam, 12s.; secondary steam, 11s.; trebles, 12s.-12s. 6d.; doubles, 11s.-11s. 3d.; singles, 8s. 9d.; pearls, 8s. 9d. AYLESBURY.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 12s.; doubles, 11s.; singles, 9s. 6d.; pearls, 9s. 6d.; dross, 9s. 6d.

CARDIFF.—The general position on the Cardiff coal market is unchanged. Large steam coals and all special grades of anthracite have maintained a steady tone, while, on the other hand, smalls, and particularly bituminous qualities, continue very weak. The depression in the iron and steel industry is restricting considerably the demand for slacks, and the stocks of these coals are to-day greater than they have been for very many years. The fear has been expressed that the action of the Newcastle and Durham colliery owners in reducing their minimum prices of small coals by 2s. 6d. per ton will further prejudice the South Wales export trade, and the matter is to be considered by the Central Council under the Coal Mines Act. The shipments of coal from South Wales in April showed a substantial improvement compared with the previous month, while those of patent fuel were even greater than in the corresponding month last year. There is a proposal on foot to arrange an agreement between colliery owners and merchants for the better regulation of the local house coal trade. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 3d. to 19s. 9d.; best dross, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 9d. to 18s.; best small steams, 13s. 6d. to 13s. 9d.; cargo smalls, 12s. to 12s. 6d.; coking smalls, 14s. to 14s. 6d.; anthracite, best large, 36s. to 37s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 23s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—There has been no improvement in business in Cleveland iron during the past week, and consumers seem more determined than ever only to buy what is actually required a week

OVER ONE HUNDRED YEARS OF SERVICE.
SCOTTISH UNION & NATIONAL
 INSURANCE COMPANY.
ASSETS EXCEED - £15,500,000
FIRE. LIFE. ACCIDENT. MARINE.
 London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1.
 Edinburgh: 35, St. Andrew Square

or two ahead, feeling convinced that a reduction in prices must soon take place. Makers, on the other hand, argue that costs do not admit of any reduction in selling prices of iron, and as they are able to dispose of the current make they must be content with the position as it exists at present. No change was made in the official prices on Tuesday

GLASGOW.—In the West of Scotland the general impression seems to be that business is slightly better, but the improvement is slow and noticeable only in the lighter branches of the industry. Steel makers and steel re-rollers are finding business exceedingly quiet, and wrought iron makers have difficulty in securing orders sufficient to warrant keeping works in operation. The Glasgow pig-iron market is exceedingly quiet. The slight improvement which has been in evidence in the black sheet trade during the past two weeks is still maintained, and makers have been able to keep a larger number of mills in operation than for some time past; the forward bookings are not quite satisfactory nor sufficient to ensure that these mills will be kept in operation for any prolonged period. Business in galvanised sheets for export does not show any expansion, but the home demand is steady.

CARDIFF.—The depression in the tinplate industry has led to the service of notices closing down the Elba works at the King's Dock, Swansea, and there are reports that the output pooling scheme will be abandoned next month. Prices have been a shade easier at from 15s. to 15s. 6d. per basis box, compared with 15s. 3d. to 15s. 6d. the previous week. The output of tinplates in January and February was only 105,000 tons, compared with 155,000 tons in the first two months of 1930, and of galvanised sheets 59,900 tons, compared with 165,100 tons. Galvanised sheet prices are unchanged at £11 per ton, tinplate bars at £5 and foreign bars at £4 6s. per ton.

OTHER METALS.

TIN.—On Monday the metal touched £102 17s. 6d. per ton "standard cash" as compared with about £120 at the end of March. Later in the week, however, prices recovered to some extent, and Wednesday's closing quotation for "standard cash," at £105 10s. to £105 12s. 6d. per ton, compares with £107 17s. 6d. to £108 on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 28,007 tons, show an increase of 677 tons on the week. According to the London Metal Exchange, the world's visible supply, excluding "carry-over in Straits," amounted to 48,462 tons, as against 45,607 tons at the end of March.

COPPER.—Copper has also been easier in London, but Copper Exporters, Inc., maintained their minimum price for "electrolytic" c.i.f. Continent at 9-80 cents per lb. Wednesday's quotation in London for "standard cash," at £40 6s. 3d. to £40 8s. 9d., compares with £41 13s. 9d. to £41 15s. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 11,441 tons, show an increase of 187 tons while stocks of rough copper, at 1,310 tons, were 112 tons smaller.

LEAD.—Lead was in better demand, and although there was a fall in price early in the week, it subsequently recovered slightly above last week's level. From the table below it will be seen that the daily rate of production in March showed a decline on February. Wednesday's official closing quotation for "soft foreign," at £11 17s. 6d. to £12 2s. 6d., compares with £11 17s. 6d. to £11 18s. 9d. on the corresponding day last week. The following table shows the world's smelter production (estimated by the Metallgesellschaft A.G.), stocks in the United Kingdom and prices in London:—

(Thousands of Metric Tons.)

	Estimated Production.		Stocks.	Average Price
	Total.	Average.	U.K., end of year-month.	per long ton.
1930 Monthly				£ s. d.
average	137.9	4-532	8.5	18 1 1
1931 January...	131.1	4-228	10.7	13 17 6
February	125.6	4-486	13.4	13 13 1
March	132.1	4-261	13.8	13 8 6
May 6	...	...	...	12 0 0

SPELTER.—Little interest has been taken in spelter and Wednesday's closing quotation for "good ordinary brands," at £10 13s. 9d. to £11 3s. 9d., compares with £10 12s. 6d. to £11 1s. 3d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—The lack of demand caused a reduction in the price of antimony from £24 10s. to £25 per ton for "foreign" to £24 to £24 10s. Aluminium and nickel remained unchanged at £85 per ton and £170 to £175 per ton respectively, while quicksilver sold at last week's price of £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week, April 30th to May 6th (inclusive), are 24,000 bales, of which 11,390 bales are American, 900 Argentine, 2,400 Brazil, 3,000 Peruvian, 3,510 Egyptian, 900 African, 850 East Indian, and 1,050 sundries. Imports for the same period are 31,327 bales, of which 18,439 bales are American, 100 Argentine, 231 Brazil, 2,522 Peruvian, 6,316 Egyptian, 2,139 African, and 1,580 sundries. Quotations on May 6th: American Middling, 5-35; Egyptian Sakel, 8-30; Uppers, 6-32; Brazil Fair, 5-40; Peru G.F. Smooth,

5-80; West African Middling, 5-40, and East African G.F., 6-40. Prices show a slight fall on the week, the weakness in the New York Stock Market has rather overshadowed unfavourable weather reports.

Manchester.—The trade situation in Lancashire has shown very little change since a week ago. The dullness of demand in yarn and cloth has not been relieved, and many producers have continued to lose ground. The turnover is less than the current output. On the whole, there is more doing in home trade fabrics than in goods suitable for shipping. Very few workable offers are being received from India, and operations for China are confined to odd lots. Some producers of printing and finishing styles are meeting with fair orders for South America and West Africa. It is rumoured that some action is about to be taken with regard to prices for bleaching. There has been a restricted demand in American and Egyptian yarns and reports are being circulated of more mills closing down for an indefinite period.

Cotton Prices.

	1931.				Corresponding Date.	
	Apr. 15.	Apr. 22.	Apr. 29.	May 6.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	5-60	5-57	5-53	5-55	10-17	8-51
" Sakelariis Fully Good Fair..... per lb.	8-80	8-15	8-20	8-30	17-85	14-00
Yarns—32's twist..... per lb.	9 1/2	9 1/2	9 1/2	9 1/2	15	12 1/2
" 40's twist..... per lb.	9 1/2	9 1/2	9 1/2	9 1/2	15 1/2	12 1/2
" 60's twist (Egyptian)..... per lb.	16 1/2	15 1/2	15 1/2	15 1/2	26	22
32-in. Printers, 116yds., 16 by 16, 32's and 50's..... per lb.	18 3	18 1	18 1	18 1	25 3	21 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's..... per lb.	20 0	19 10	19 10	19 10	27 9	24 6
38-in. ditto, 38 yds., 18 by 18, 10 lb..... per lb.	11 3	11 2	11 2	11 2	15 0	13 4 1/2
39-in. ditto, 37 1/2 yds., 16 by 15, 8 lb..... per lb.	10 2	10 1	10 1	10 1	13 4 1/2	12 0

THE WOOL TRADE.—Bradford.—Though there is not quite the same firmness at the London sales, writes our correspondent, the demand for wool is fairly healthy. Certain influences are operating to take the keen edge off Continental buying. The reports received about the financial position in Germany are disturbing, and things are not going too well among users of the raw material in France, there being the probability of resistance on the part of the operatives to a reduction in wages. This week French support in London has not been quite so strong, but on the whole merinos are selling fairly satisfactorily, with sufficient call for clothing descriptions to maintain them around the opening level. Pieces, bellies and locks of Continental style have found quite satisfactory competition. This week withdrawals have been larger than last, but these have largely comprised second-hand offerings on which a profit is not immediately realisable, and if the sales in Sydney this week are any guide to what London offerings ought to be worth, there is justification in refusing to accept the bids forthcoming for the wools in question. Crossbreds admittedly still leave a good deal to be desired. Wool merchants and top-makers in Bradford report that very little new business has been done this week. Apart from the buying which is being done in London, the raw material is neglected, and tops are only saleable at prices which do not cover cost. Spinners are not prepared to pay more than 24-24 1/2d. for good 64's tops, and quite a decent warp can be bought at 25d. In crossbred tops, anything below 50's is on the easy side, and whilst 40's carded are quoted at 1 1/2d., and 40's prepared at 1 1/2d., either quality can be bought at 1/2d. less.

THE GRAIN MARKETS.

WHEAT.—The recent spell of cold weather in this country has had a harmful effect on the winter crop, besides causing considerable delay in field work. The continued scarcity in British wheat has resulted in a rise in prices. The international position has shown some improvement and prices are somewhat higher, owing to the increasing demand from certain European countries. The United Kingdom, France and Italy continue to import large quantities, and it appears that Germany, whose requirements are considerable, may facilitate imports by means of a substantial rebate on all wheat taken by mills. A marked advance in wheat prices in the near future is, however, improbable, considering the large stocks held by the main producing countries. It should be noted the conditions of the new crops will from now on play an important part in the determination of prices. Reports about American winter crops have so far been satisfactory, but weather conditions, both in North America and Russia, have been unfavourable to spring sowing. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 29s. per 496 lb., as compared with 28s. a week ago; No. 2, Northern Manitoba, Atlantic, ex ship, 28s. 6d., against 27s.; Rosafe, ex ship, 24s. 3d., against 23s.; Australian, ex ship, 26s. to 26s. 9d., against 23s. 9d. to 24s. 6d.; and Russian, on sample, landed, 24s. 6d., against 23s. to 21s. last week.

WHEAT FLOUR.—The demand for home-milled flour has been maintained, and prices are slightly higher. Quotations: Straight run, delivered country, 24s. 6d. per sack of 280 lb., as compared with 24s. last week; delivered London, 23s. 6d., against 23s. Manitoba patents, ex store, 22s. 6d. to 24s. 6d., against 21s. 6d. to 24s.; and Australian, ex store, 19s. to 19s. 6d., against 18s. 9d. to 19s. 6d. a week ago.

BARLEY.—The market in barley has been firm, and prices are a shade higher, mainly because of the absence of Russia as a seller. Quotations: "English malting," f.o.r., at 30s. to 35s. for 448 lb., remained unchanged. Californian sold at from 3s. to 43s., as compared with 30s. to 38s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 26s. to 32s. a week ago.

OATS.—Little interest has been shown in oats, but prices have been maintained. Quotations: "River Plate," landed, 12s. 9d.

per 320 lbs., as compared with 13s. last week; "River Plate," ex ship, 11s. 9d., against 12s. 3d.; "Chilean Tawny," landed, 14s., against 14s.; and North Russian, on sample, landed, 18s., against 18s. a week ago. English white showed an advance of 1s. at 19s. to 20s.

MAIZE.—Argentina has shipped large quantities of maize during the last week. As there has not been an increase in demand, prices declined sharply. Quotations: "Plate," landed, 21s. 9d., per 480 lbs., as compared with 22s. 6d. last week; Plate, ex ship, 17s. 9d., as against 21s. 3d.; Plate, May-June, new, 16s. 6d., as against 16s. 6d. Yellow maize meal, ex wharf, was again quoted at £6 10s. per ton.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat.....	Owts. 95,326	Owts. 161,749	Owts. 167,009	Owts. 289,262
1 week to May 2.....	4,039,363	8,133,718	8,721,146	8,985,274
35 weeks to May 2.....	s. d. 5 5	s. d. 9 0	s. d. 9 11	s. d. 10 10
Average price of English wheat per cwt.....	s. d. 5 5	s. d. 9 0	s. d. 9 11	s. d. 10 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
Apr. 25, 1931.....	Owts. 97,129	Owts. 22,344	Owts. 29,382	s. d. 5 3	s. d. 7 5	s. d. 6 0
May 2, 1931.....	95,326	22,051	38,327	5 5	7 1	6 3
Apr. 30, 1927.....	131,805	25,054	36,363	11 6	10 11	8 7
May 5, 1928.....	289,262	36,820	32,802	10 10	11 0	12 10
May 4, 1929.....	167,009	35,021	28,040	9 11	10 1	9 10
May 3, 1930.....	161,749	48,855	21,810	9 0	7 10	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	May 7, 1930.	Jan. 2, 1931.	Apr. 22, 1931.	Apr. 29, 1931.	May 6, 1931.
Winnipeg (No. 1 Manitoba).....	148 1/2	105	56 1/2	61 1/2	59 1/2	62 1/2
Chicago (No. 2 Winter).....	130 1/2	100 1/2	79 1/2	81 1/2	81 1/2	82 1/2
Cents per 60 lb.						

GENERAL MINING AND FINANCE CORPORATION, LIMITED.

(Incorporated in the Union of South Africa.)

ABRIDGED REPORT OF THE DIRECTORS FOR THE YEAR 1930. To be submitted at the Annual General Meeting to be held in Johannesburg on June 9th, 1931.

The working profit for the twelve months ended 31st December, 1930, after deducting Administration expenses, amounted to	£62,675 12 2
The unappropriated balance brought forward was	61,150 4 2
Making the total available profit.....	£123,825 16 4
To which was added an amount transferred from General Reserve	100,000 0 0
Which was dealt with as follows:—	
Amount appropriated to cover depreciation in market value of certain Stocks, Shares, &c.	£204,182 3 10
Amount paid for Taxes	606 10 2
Leaving a balance of unappropriated profit to be carried forward of	£204,788 14 0
	£19,037 2 4

The Directors considered it advisable to carry out their usual practice of writing down all investments to or under the market price ruling at the end of the financial year, and to effect this it was necessary to transfer an amount of £60,000 from the General Reserve, which was thus reduced to £300,000. The amount written off as depreciation, viz., £204,182, is largely in connection with the Corporation's holdings of Oil, Diamond and Industrial Shares. Taken as a whole, the shareholders of the Corporation at market prices ruling at the end of last year, show a substantial margin over and above the figure at which they appear in the Balance Sheet.

The large amount which it has been deemed advisable to provide for depreciation on stock and share holdings is not an ascertained loss, but may be recovered in whole or in part by reason of any revival in the depressed markets obtaining at the close of last year. Since that date there has already been a substantial appreciation in market prices for certain of the stocks and shares then written down.

The Directors also desire to point to the very liquid character of a large proportion of the assets shown in the Balance Sheet. Almost the whole of the Advances against Securities are at call or short notice. The available funds should be substantially increased by the repayment during the current year of the remaining liability of the West Rand Consolidated Mines to the Corporation. Therefore, the financial strength of the Company is such that advantage could readily be taken of entering on any new business that might offer promising returns.

The principal interests of the Corporation are in the following Companies:—

Meyer and Charlton Gold Mining Co., Ltd., Van Ryn Gold Mines Estate, Ltd., West Rand Consolidated Mines, Ltd., Witpoort Gold Areas, Ltd., New Steyn Estate Gold Mines, Ltd., East Rand Proprietary Mines, Ltd., and the Phoenix Oil and Transport Co., Ltd. The Corporation also holds various mining properties, real estate and leasehold property, &c.

BALANCE SHEET at 31st DECEMBER, 1930.		CR.	
To Capital—		By Stocks and Shares, including Participations	£968,235 11 5
Authorized:		" Mining Properties, Claim Holdings, Real Estate and House Property, and other Assets, less Reserve	71,410 12 5
1,500,000 Shares of £1 each	£1,500,000 0 0	" Office Furniture	5 0
In Reserve:		" Sundry Debtors (including advances to Mining and other Companies), less Reserves	280,242 14 11
235,421 Shares of £1 each	235,421 0 0	" Advances against Securities (including Stocks and Shares taken in)	176,012 17 1
Issued:		" British, South African and other Government and Municipal Securities	170,884 2 5
1,264,579 Shares of £1 each fully paid	£1,264,579 0 0	" Cash—at Banks and in hand	54,063 17 10
" General Reserve at 31st December, 1929, £400,000—			
Less amount transferred to Appropriation Account to meet depreciation on Stocks, Shares, &c., £100,000	300,000 0 0		
" Deposits (with Interest accrued)	18,950 8 9		
" Sundry Creditors and Contingency Accounts	59,917 6 4		
" General Mining Staff Pension Fund	48,889 15 7		
" Creditors for Stock bought but not yet delivered	7,317 19 11		
" Bills Payable	551 4 4		
" Unclaimed Dividends	1,607 3 8		
" Appropriation Account			
Balance at 31st December, 1930	19,037 2 4		
Note.—There are Contingent Liabilities amounting to £5,016 in respect of amounts uncalled on Shares.			
	£1,720,850 0 11		£1,720,850 0 11

Copies of the full Report and Accounts can be obtained at the London Office of the Corporation, Winchester House, Old Broad Street, E.C.2.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
GRAIN, &c.			CEREALS AND MEAT.			English Southdown, washed			Best heavy ox and heifer		
Wheat, No. 2, N. Man. 496 lb.	28	6	Irish bladders	s. d.	s. d.	per lb.	d.	s. d.	Best cow	s. d.	s. d.
Eng. Gaz. av. per cwt.	5	5	POTATOES—			per lb.	12	0	Best calf	0	3 1/2
Barley, Eng. Gaz. av.	7	1	Good English, per cwt.	9	0	Queensland, scd. super cmbg.	22	0		0	7 0 1/2
Oats, 100 lb. 480 lb.	21	9	SPICES—			N.Z.W. greasy, super	12				
Maize, 100 lb. 480 lb.	21	9	Pepper, per lb.			N.Z., grey, 50-56	10 1/2				
Flour, Lon. stan. ex mill, s. d.			Muntok, fair White	0	8 1/2	Crossbred 40-44	7				
280 lb. 22 3/4	0	0	Black Lampong	0	6						
Rice, No. 2 Burma, per cwt.	7	0	Cinnamon—1st sort, per lb.	0	8 1/2						
Sago, Pearl, per cwt.	16	6	Cloves—Zanzibar per lb.	0	10 1/2						
Tapio, per cwt.	17	6	Ginger—per cwt.	24	0						
Medium pearl	20	0	African	24	0						
			Jamaica, ord. to good	45	0						
			Mace	0	10						
			Nutmegs 656	1	1						
			SUGAR—								
			(Duty, 11s. 8d. per cwt.)	18	6						
			B.W.I., crystallised	6	21						
			Java, white, c. & f. India	7	10 1/2						
			Refined—London—	19	7 1/2						
			Cubes	24	0						
			Crushed	22	6						
			Granulated	20	4 1/2						
			Home Grown (April)	19	6						
			TEA—								
			Indian—per lb.	0	4 1/2						
			Pekoe	0	4 1/2						
			Broken Pekoe	0	4 1/2						
			Orange Pekoe	0	6 1/2						
			Broken Orange	0	5						
			Ceylon—per lb.	0	5 1/2						
			Pekoe	0	5 1/2						
			Broken Pekoe	0	6 1/2						
			Orange Pekoe	0	7						
			Broken Orange	0	8						
			TOBACCO—								
			(Duty 8/10-9/10 per lb.)								
			Empire growths, 6/9-7/6 per lb.								
			Virginia leaf	0	8						
			Common to fine	0	8						
			Rhodesian leaf	0	7						
			Nyasaland leaf	0	7						
			Strips	0	10						
			East Indian leaf	0	5						
			COTTON—								
			Mid-American	5	35						
			Sakellaris, f.g.f.	8	30						
			Yarns, 32's twist	9							
			50's twist	15 1/2							
			FLAX—								
			Livonian ZK	35	0						
			Pernau HD	32	0						
			Slanet Medium 1st sort	41	0						
			HEMP—								
			Italian P.C.	31	0						
			Manila, May-July "J2"	18	0						
			N.Z.	nom.							
			Sisal, African, May-July	15	10						
			Mexican	nom.							
			JUTE—								
			Native 1st mks.	per ton							
			c.l.f. R.A.R.B.	May-June							
			Daisee 2/3 c.l.f. Dundee	£16/15/0							
			May-June	£16/15/0							
			SILK—								
			Canton	s. d.	s. d.						
			Tussah	6	6						
			Japan	4	0						
			Italian—Raw, fr.	9	0						

RICE.—The market in rice has again been dull and prices declined further. Wednesday's quotation, for Burma No. 2, cleaned, May-June, in singles to the Continent and to the United Kingdom, at 7s. per cwt., shows a fall of 3d. on the week. Movements in London during the past week were as follows: Landed, 9 tons; delivered, 40 tons; stocks, 635 tons, as against 2,408 last year.

POTATOES.—Supplies at the Borough Market were plentiful, but requirements could easily be satisfied. Prices, however, have been maintained, and "Best King Edward" again sold at from 49 to 510.

SPICES.—Business in pepper has been on a small scale, and prices were slightly easier. Wednesday's price of "Black Singapore," at 6 1/2d. per lb., shows a decline of 3d. as compared with last week. Movements of pepper in London during the past week were as follows: Black, landed, 12 tons; delivered, 29; stocks, 556 tons, as against 994 last year. White, landed, 91 tons; delivered, 69; stocks, 765 tons, against 781 tons a year ago.

MEAT.—The market has been slightly easier. On Wednesday, Argentine beef (chilled hindquarters) were sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 4s. 2d. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 2s. 8d. to 3s. 4d., against 2s. 10d. to 3s. 4d. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,722 tons, as compared with 9,011 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.9 per cent. of the supplies, as against 83.0 per cent. a year ago; and imported mutton, mainly New Zealand, formed 85.2 per cent. of the total supply, as against 84.3 per cent. last year.

MISCELLANEOUS COMMODITIES.

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides from home slaughtered cattle were again lower at the auctions held in Manchester this week, several weights in both clear and warbled ox and heifers recording a reduction of 1d. per lb. Cows were from 1d. to 1 1/2d. per lb. cheaper, while the demand for calfskins was

sufficient to maintain last week's prices. Sheepskins remain difficult to sell and lower prices are anticipated. There has been a further weakening of the position of the market for foreign hides. In the South American market small sales of Frigorific ox have been made on the basis of 5 1/2d., while 5 1/4d. has been paid for Uruguay ox, and 5d. for lights. Dry South American hides are a slow sale, with B.A. Americanos quoted at 6 1/2d., and M.V. Americanos at 6 1/4d. African hides are all offered at lower figures with 7d. and 6d. asked for first and second dries, 6d. and 5d. for dry salted 20/30 lbs. Australian hides are lower on the average. Although a fair amount of trade is passing in sole leather, inquiry has inclined to be less active, particularly on account of the shoe manufacturing section. For English and wet salted bends the call has covered all weights to a greater or lesser extent, but the bulk of the business done has been in connection with medium weights. Turnover in regard to upper leather maintains a reasonable dimension, and although no bulk business is passing, the regular receipt of numerous small orders makes for fairly satisfactory trading.

RUBBER.—The expectation of the introduction of a restriction scheme, which had delayed the adjustment of output to current demand until the recent break in prices, no longer exists. Several companies have already announced a reduction or a complete cessation of tapping. This move, which is the beginning of an ultimate adjustment of supply to requirements, resulted in a slight strengthening of the market. Wednesday's official closing price for standard ribbed smoked sheet at 2 1/2d. per lb., shows a rise of 1/4d., as compared with that of the corresponding day last week. Forward positions were steadier. Business has been done at 2 1/2d. to 2 3/4d. for May, as against 2 1/2d. last week; at 2 3/4d. to 3d. for June, against 2 1/2d. to 2 3/4d.; at 3 1/4d. for July-September, against 2 1/2d. to 3d.; at 3 1/4d. to 3 1/2d. for October-December, against 3 1/4d. to 3 1/2d.; and at 3 1/4d. to 3 1/2d. for January-March, 1932, against 3 1/4d. to 3 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,691 tons; delivered, 1,218 tons; stocks at the end of last week at 138,438 tons, show an increase of 473 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, MAY 16, 1931.

No. 4,577.

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THE MONEY MARKET.

TWO-AND-A-HALF PER CENT.

MONEY was wanted early in the week, with rates running up for a time on Tuesday to 3 per cent. There was little apparent justification for these high rates, and by the following day easier conditions prevailed, while on Thursday morning the rate was barely 2 per cent. The demand for money on Monday and Tuesday seems to have origin-

ated mainly from the Stock Exchange, where, as in previous weeks, the activity in gilt-edged stocks is absorbing a fair quantity of funds. The discount market was comparatively inactive, notwithstanding the "unpegging" of the three months' rate.

The release on Friday of the control over the discount market was followed by an immediate reduction in the three months' market rate to $2\frac{3}{4}$ per cent., while last week's Treasury bills went at a shade over the same figure. This was a drop of $\frac{3}{4}$ per cent. below the former "pegged" rate of $2\frac{1}{2}$ per cent. No further decline took place up to Thursday noon, when the announcement of a $2\frac{1}{2}$ per cent. Bank rate was made. The first reaction to this change was that the rate was called nominally $2\frac{1}{8}$ per cent. and talked lower, but until the decision of the clearing banks as to the rates they would charge for weekly loans was known, little actual business in bills was done. As a result of the banks' decision to adhere to a full 2 per cent. for weekly fixtures, the market was placed in a somewhat anomalous position. On Thursday afternoon, day-to-day money was called $1\frac{1}{2}$ per cent. but discount rate was more or less effective at $2\frac{1}{4}$, it being understood unofficially by the market that the Bank of England authorities did not desire to see the rate fall below $2\frac{3}{8}$ per cent. as a minimum.

The general considerations of the aims and consequences of the reduction in Bank rate are dealt with in a leading article. From the market's point of view the decision of the joint stock banks makes the lowering of the official rate somewhat meaningless since, apart altogether from any question of the reimposition of a semi-official peg, the rate on weekly loans is ultimately the bottom limit of the range of discount rates. Since, however, it is known that the authorities are not yet prepared to approve of the London market rate dipping appreciably below $2\frac{1}{4}$ per cent., the maintenance of the weekly loan rate at 2 per cent., as an alternative to the "pegging" of the rate by other means, has no great disadvantages.

	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 14, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	3%	3%	2½%	3 (May 14, '31)
Banks' Deposit Rate.....	1	1	1	1	1½ (May 1, '30)
Discount of Call	1	1	1	1	1½ (May 1, '30)
Houses' Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2½	2½	2½	...

As regards future movements of discount rates, everything depends upon the course of the foreign exchanges. As we suggest elsewhere, the dollar need not be regarded as a particular danger point, but it would be shortsighted to overlook the fact that French short money in London, augmented by sums placed here since last winter, amounts to a considerable total. Even though France now has a large adverse visible trade balance, items such as reparations receipts and the expenditure of tourists (and the tourist season is now beginning) probably go far to neutralise her excess of visible imports. Moreover, investment abroad of French long-term capital is still not developed enough to serve as a make-weight to any repatriation of French short-money caused by the London rate falling below the point at which it would become unprofitable to leave short balances on this side of the Channel. The Paris rate will require to be closely watched during the coming weeks.

The impression left by the April average of the nine English clearing banks is very mixed. The relapse in acceptances practically to their January level is very disappointing after the recovery of the intervening months, and from the banks' standpoint the further decline in their deposits is disconcerting. The reduction of £3.3 millions in cash reflects in part the currency withdrawals by the public over the Easter holidays and in part the contraction in bankers' deposits at the Bank of England

at the end of April, due to the accumulation of funds at that time by the Treasury.

	April, 1930.	January, 1931.	February, 1931.	March, 1931.	April, 1931.
Capital and reserves.....	130.5	132.1	132.1	132.1	132.1
Acceptances	159.0	114.9	121.4	121.5	115.2
Deposits (including undivided profits, &c.).....	1,712.2	1,836.1	1,782.2	1,726.2	1,698.3
Total liabilities	2,001.7	2,083.1	2,035.7	1,979.8	1,945.6
Coin, notes, balance at bank, and cheques in course of collection	244.7	243.9	233.6	227.3	224.0
Money at call.....	131.7	141.1	112.9	110.7	113.5
Investments	251.7	306.9	319.3	320.9	318.2
Discounts	207.5	327.7	299.0	258.5	209.1
Loans and advances	968.0	907.4	908.1	919.4	923.8
Over for accept., premises, &c.	198.1	156.1	162.8	163.0	157.0
Total assets	2,001.7	2,083.1	2,035.7	1,979.8	1,945.6

The continued expansion in advances is somewhat surprising. There has been no improvement in trade, and the increased activity in gilt-edged securities would hardly account for it. It may be the aftermath of the heavy income-tax payments of previous months. The big fall in the banks' bill portfolio confirms the suggestion made on a subsequent page that a large proportion of the Treasury bills now maturing are held in special quarters.

The reduction in the New York Reserve Bank's rediscount rate from 2 to $1\frac{1}{2}$ per cent. has been followed by equivalent reductions in the rediscount rates of the Cleveland, Chicago, St. Louis and Dallas Reserve Banks. Their rates now range from $2\frac{1}{4}$ to 3 per cent. Allowing for the fact that rates always rule higher in the interior than in New York, money is now on a very cheap basis. Following the New York reduction, prime commercial paper was quoted at $2\frac{1}{4}$ per cent., while call money early in the week eased from $1\frac{1}{2}$ to 1 per cent., though on Wednesday it rose again to $1\frac{1}{2}$ per cent. A further reduction in the Reserve Banks' buying rate for bankers' acceptances were announced on Wednesday. This brings the rate down to 1 per cent. up to 15 days and $1\frac{1}{4}$ per cent. from 16 to 120 days. The move is regarded as being aimed at furthering a general "easy-money" policy, following the refusal of the New York Clearing House Committee to cut interest payments on deposits.

The Bank rate reduction unsettled the foreign exchange market, and caused the chief rates to move against sterling. New York fell from 4.86½ to 4.86. Montreal gained ½ at 4.86½. Paris went from 124.45 to 124.24, after touching 124.20. Brussels improved from 34.98½ to 34.95. Milan was a little better at 92.89. Madrid again fluctuated widely with the political disturbances and went from 46.90 to 48.80, after being more than once over 49.00. Amsterdam improved sharply from 12.11½ to 12.10½, and Berlin gained a point at 20.41½. Switzerland moved against us to 25.23½. The South American currencies were again weak and variable, Rio losing ½d. at 3½d., and Monte Video ½d. at 30½d. Buenos Aires, on the other hand, improved by ½d. to 35½d. In the Far East the rupee was firm around 1s. 5½d., as was the yen at 2s. 0½d. Batavia was better at 12.11. In the forward market one month's dollars were unchanged at ½ cent premium, whilst three months' were rather firmer at ¾ cent premium. Forward Paris declined to 11 and 30 centimes premium, against 16 and 39 centimes premium last week. One month's Brussels was ½ centime weaker at 2 centimes premium, three months' remaining unchanged at 5½ centimes premium. Milan was at 6 and 22 centesimi discount for the two periods. Madrid weakened from 3 centimos premium to 1 for one month and from 14 centimos premium to 10 centimos premium for three. Amsterdam was steady at ½ cent premium for one month and 1½ cents premium for three. Berlin was not much changed at 1 and 2½ pfennigs discount, as was Switzerland at 2½ and 4½ centimes premium. The silver market was dull, prices declining by ½d. to 13½d. for cash and by ½d. to 13½d. for forward. The China silver exchanges were not much affected, Hong Kong remaining unaltered at 1s. 0d., whilst Shanghai lost ½d. at 1s. 3½d.

WISDOM AT WASHINGTON.

TIME and place conspired to ensure that the maximum of world-wide notice should be accorded to the biennial meeting of the International Chamber of Commerce which took place at Washington last week. For, apart from the obvious fact that the height of a raging epidemic is the psychological moment for the public deliberations of eminent doctors, it was also very much to the good that at such a moment the American public should be put into closer touch with the views of European industrialists and should hear plain speaking on the causes of the great economic depression both from them and from their American counterparts. It happens, too, as it does not always happen at such Conferences, that the pronouncements of many of the leading delegates were well worthy of so important an occasion; and the reports of the week's proceedings provide abundant food for thought to the rulers and business men both of the United States and of Europe, not because any new diagnoses or remedies for the current malady were forthcoming, but because the general effect of the discussions was to leave three great problems standing out clearly as transcending all others—namely, Disarmament, Tariffs, and International Debts.

The first of the three was chosen by President Hoover as the theme for his opening address to the delegates, in which, dismissing all other factors as merely contributory, he declared that "reduction of the gigantic waste of competition in military establishments is, in the ultimate, of an importance transcendent over all other forms of economic effort." Again, in referring to next year's Disarmament Conference, the President said: "Of all the proposals for the economic rehabilitation of the world I know of none which compares in necessity or importance with the successful result of that conference." Every European will agree that the failure of that Conference, spelling, as it would, a continuance of armament competition, leading in the natural course to the next great clash of nations, would be a world calamity of the first order. But it is as well that other notable speakers filled in the gaps in Mr. Hoover's address by emphasising what to every student of European affairs is a truism, that the disarmament problem is not merely one of reducing the physical strength of armies, navies and air forces, but also one of co-operating to relieve the present economic, political and psychological tension, from which springs the atmosphere of insecurity and apprehension, that holds back the Governments from embarking upon the reductions in military preparation which the state of their Budgets so powerfully and so universally demands. In the economic sphere, the nations are at war, and in that war, we would remind Mr. Hoover, the United States is a protagonist, whose power to bring about an armistice is unique, arising as it does from her dual position as a high tariff country and as the ultimate creditor at the end of a chain of international war debts, which both as a political irritant and as a cause of monetary disequilibrium plays no small part in prolonging both the psychology and the actuality of economic depression.

In view of these paramount considerations we may be pardoned for finding Mr. Hoover's exclusive insistence on physical disarmament unsatisfying, and for regretting the impression conveyed, whether rightly or wrongly, by the brief cabled reports of the speech of Mr. Mellon, Secretary of the Treasury at Washington, that the American Government are not willing to avail themselves of the elastic provisions of the tariff—a method of initiating a general economic détente which lies ready to their hand. Indeed, with the prospect before them of a very large deficit in the current Budget, American official utterances show no reflection of the growing feeling in America that it might be in her interest to take the initiative in measures designed to revive the commerce of the world. More comfort is to be derived from the terms of the final resolution adopted unanimously by all the delegations, including the American, and in the plain-spoken economic common sense that came from the lips of American

business leaders. The resolution, while placing the necessity for peace and physical disarmament in the foreground, recognised that, on certain principles—defined by previous resolutions of the International Chamber—impartial re-examination of the effects of international war debts on international trade was permissible, if warranted by changed economic conditions; condemned unfair tariff discrimination; and urged immediate utilisation of the "machinery provided by some countries for the adjustment of tariff inequalities." More than that could not, perhaps, be expected from a resolution framed to secure general unanimity, and, in particular, the signature of the United States delegation; and that a deal of economic wisdom may be read between the lines is suggested by such American speeches as those of Mr. Melvin Traylor, President of the First National Bank of Chicago, who, according to the Washington correspondent of the *Times*, uttered a "scathing denunciation" of the business and financial policies of his own country and declared:—"We have not failed because of ignorance of economic theories, but because of our utter disregard and defiance of all economic laws." This indictment followed closely upon addresses given at the Academy of Political Science, in one of which Mr. Russell Leffingwell, the well-known American banker, called for "an effective demand on the Governments of all nations, including our own, to stop this war of tariffs and subsidies with which they are strangling the world's trade," while in another Mr. John H. Fahey claimed "that international trade is unlikely to revive on the scale we have a right to expect unless present excessive tariffs are modified," and urged that in such modification the United States could and should lead the way.

Meanwhile, European delegates to Washington have by no means wasted their opportunities. Herr Bergmann, the German spokesman, stressed the importance of reviewing the ramifications of the effect of reparation payments on international commerce, and Signor Pirelli, the Italian industrialist, talked of the "persistence and progressive growth" of the "European deficit" and sought a way out that would be to the mutual benefit of Europe and America. Nor were our own British delegates lacking in constructive contribution. In a striking appeal for greater economic freedom, Sir Alan Anderson asked:—"Must we continue the practices which limit sales? Must we play beggar-my-neighbour until we prove our folly by bringing international commerce to a standstill? Good credit and free buying will soon restore us, but, until we are once more prepared to buy from each other, the more we struggle to produce and refuse to buy, the less we shall sell." Sir Alan was supported by Dr. W. H. Coates, director of Imperial Chemical Industries, who exhorted the high tariff countries to "black out the red tariff lights before which trade traffic now halts in hopeless immobility," while in a thoughtful paper surveying the world depression Sir Arthur Salter deftly unravelled the threads of debts, tariffs, fear psychology, gold maldistribution and parochial economics which run through the tangled European skein.

Once again the captains of industry of every country have met in conclave and pointed out to the Governments and the peoples the only road that leads to economic salvation. They have heard once more reiterated, emphasised, underlined, at a moment when all must have learnt much in the hard school of adversity, the immutable truth of economic law, which, briefly stated, is that, in proportion as the free flow of commerce is blocked, the production of the nations will be restricted and the recovery of their prosperity effectively impeded, and the peace of the world jeopardised by the strain of economic warfare. Has the great depression and the world-wide proof of the failure of economic warfare humbled their narrower pride, so that at long last they will listen? Or will they still harden their hearts and "evermore come out by the same door as in they went"?

CUSTOMS UNION AND STATESMANSHIP.

SPEECHES on the German-Austrian Customs Union project have now been delivered by three leading European statesmen. Monsieur Benesh spoke on the subject in the chamber at Prague on April 23rd; Monsieur Briand on the night of Friday, May 8th, at the climax of a debate, which had continued over several days, in the French Chamber; and next day, Saturday, May 9th, Dr. Curtius replied to Monsieur Briand at the annual dinner of the Foreign Press Association in Berlin. Though we commented on Dr. Benesh's speech at the time of its delivery, the full text was not then in our hands. A comparison of the Czechoslovak Foreign Minister's observations on the Austro-German plan with those of Dr. Benesh's French and German colleagues shows off Dr. Benesh's statesmanship to advantage, and, at the same time, throws light on the nature of the chief problem with which the Council of the League, and the British delegates on the Council, have to grapple this week at Geneva.

The debate in the French Chamber showed that, for Monsieur Briand and his interpellators, the issue was largely personal. Was the German-Austrian *démarche* to stultify and discredit, in the eyes of the French people, the policy of reconciliation which Monsieur Briand has been pursuing for the last half-dozen years? Monsieur Briand was concerned to defend his own policy while denouncing the idea of the Anschluss. His success was registered in the voting on the resolution—a skilfully framed document, which the Chamber eventually adopted, in each of its three parts, by large majorities, in the second part unanimously. Monsieur Briand's own estimate of his personal triumph in this crisis was revealed in his eleventh-hour decision, after long hesitations, to stand for the Presidency of the Republic. Behind these political manoeuvres in Paris we can discern a deep anxiety in France lest, in the international politics of Europe, Germany may regain the initiative and may use it to undermine, in one point after another, the *status quo*, to which the French people is still inclined to cling blindly and fanatically.

While the French are thinking in these terms of the initiative and the *status quo*, Dr. Curtius's speech revealed once again that the Germans are thinking primarily—as “under-dog” is apt to think—in terms of prestige. Though Dr. Curtius expressly deprecated this attitude of mind, he displayed it himself when, in the crucial passage of his speech, he laid it down that the legal question must not be complicated by economic considerations and political wishes. In fact, for Germany, the ultimate issue raised by the proposal, and by the opposition which it has aroused, is the question whether Germany has really been readmitted to fellowship in the comity of nations on a footing of equality with her neighbours. Germany is willing to submit to an international tribunal the question whether the plan is in consonance with a treaty which she has signed, because any other Great Power might be required to submit to the same kind of legal investigation. But supposing the legal issue is decided in Germany's favour. The Germans are waiting to see whether, in that event, other nations will still interpose their veto, not because the Austro-German plan is contrary to the treaties, but because Germany is Germany and Austria is Austria: because they are defeated countries to whom their opponents in the late war can still dictate in virtue of a superiority of military force. On this issue, Dr. Curtius must perforce take the German national view, as Monsieur Briand must perforce take the French national view on the Anschluss, and this for the same reason in both cases: no statesman, in either country, who failed to pay homage to national opinion on such points could hope to remain in power.

Thus Monsieur Briand's and Dr. Curtius's speeches both reflect national political exigencies rather than international economic realities. It is only when we turn back to Monsieur Benesh's speech of April 23rd that we find those realities discussed frankly and constructively; and this reaction on the part of the Czechoslovak Minister for Foreign Affairs is very much to his credit, for the outcome of the present crisis matters even more to Czechoslovakia than to France or to Germany. If it is a question of

status quo, the very existence of Czechoslovakia is bound up with the sacrosanctity of the peace treaties, whereas France, at the worst, has only Alsace-Lorraine at stake—though it seems clear that Germany has renounced Alsace-Lorraine quite genuinely and not merely in external form. Again, if it is a question of the initiative, Czechoslovakia is exposed to the danger of losing hers as a consequence of this very first German move, whereas France would have many more counter-moves at her disposition, even if Germany were to win this first move in the new game of European diplomacy which seems to be beginning now. Finally, if it is a question of prestige, Czechoslovakia, having at last regained her national sovereign independence in the peace settlement, sees herself once again in danger of being subordinated, in fact if not in name, to the hegemony of the German-speaking countries by which her territory is encompassed on three flanks. Thus, in the circumstances, the Czechs would have more excuse than either the French or the Germans for violence and hysteria, whereas, in fact, Monsieur Benesh's speech is the most sober, reasonable and well-balanced contribution to the debate on the Austro-German project which any European statesman has yet made.

This is not to say that Monsieur Benesh's outlook is not coloured by his position as Foreign Minister of a “successor-state” of the Hapsburg Monarchy. His speech has, of course, to be discounted from this point of view. But Czechoslovakia is something else besides a “successor-state.” She is a European country, situated in the heart of the continent, astride the border between the industrial West and the agricultural East, and, therefore, sensitive to the peculiar economic difficulties of both parts of Europe under stress of the present world-wide economic crisis. These features in Czechoslovakia's position are reflected in Monsieur Benesh's outlook, and it is this element in his speech that lends it authority.

Whether or not we agree with the answers that Monsieur Benesh gives to the questions that he raises, we shall agree that he has raised those questions which are really fundamental. He takes it for granted that some kind of closer economic union in Europe is indispensable for the general welfare of the Continent. He embraces this view not, like Monsieur Briand, with the perfunctoriness of a statesman who feels that his own country is quite comfortable as she is, though perhaps she ought to make some gesture to satisfy her friends, but with the conviction of a statesman who feels that, in the long run, life will only be possible for his own country within the larger framework of European solidarity. In this matter, Monsieur Benesh's sincerity is hardly open to doubt. And, with this mental background, he asks two questions: First, would the German-Austrian project, if realised, help or hinder the cause of European economic solidarity? Second, supposing that the project is opposed by Czechoslovakia and her friends, not on merely legal grounds, but on this fundamental economic ground of European welfare, what is the alternative line of international action, leading towards the goal of European solidarity, which the Austro-German scheme would jeopardise?

Monsieur Benesh's answer to the first question is that the legal, political and economic aspects of the scheme are inseparable; that the scheme is the first step towards the Anschluss; and that the ultimate effect would be to divide Europe once again into two closed and mutually hostile camps. “We are convinced,” he says, “that we shall, in any case, arrive at a United Europe; but the path followed by the Customs Union between Germany and Austria, and the new political and economic blocs formed beside it, and against it, would mean the achievement of the union of Europe, perhaps only after new conflicts.” He declares, however, with emphasis, that it is not sufficient to take up a merely negative attitude towards the Austro-German scheme. He looks forward to establishing “a state of affairs for the whole of Europe more or less like what the German scheme is designed to produce merely for Central Europe.” He expresses the opinion that “there will be no peace in Europe without an understanding between Berlin and Paris.” And he propounds definite international policies for dealing with both the agricultural and the industrial crises from which

Europe is suffering (Czechoslovakia being a country which is affected by both crises alike). In propounding industrial remedies, he does not hesitate to prophesy that the industrial life of the continent will have to be regulated by international agreements between the Governments to a far greater extent than most Europeans at present contemplate. “I am convinced,” he says, “that the development of international economic life is moving along this path, and if Europe does not wish to experience a long period of very painful ills and disturbances, it must make an attempt to put into effect this solution of the international economic crisis.” Nor does Monsieur Benesh hesitate to criticise the current commercial policy of his own country in this light.

Altogether, Monsieur Benesh's speech is an important event. Mr Henderson's action in causing the legal aspect of the Austro-German plan to be referred to the Council of the League, with an eventual reference to the Permanent Court, was a wise first step. But, whichever way the legal decision goes, that cannot either settle or eliminate the economic issue that lies beneath. This will have to be taken up, and Monsieur Benesh's speech opens up certain possibilities which British statesmanship might be well advised to explore in the immediate future.

BANK RATE.

ON Thursday of this week Bank rate, which had remained at 3 per cent. since May 1, 1930, was reduced to 2½ per cent., a figure at which it had not previously stood since October 7, 1909. The analogy between the course of Bank rate since the Wall Street crash in the autumn of 1929 and the history of the aftermaths of the slumps of 1907 and 1921 is not without interest. From the high point of 7 per cent., which it reached on November 7, 1907, Bank rate fell by quick stages to 2½ per cent. on May 28, 1908; that is to say, the complete gamut from high to low was run in less than six months. In the post-Armistice slump the first reduction from the peak of 7 per cent., established on April 15, 1920, was made on April 28, 1921, and the low point of 3 per cent. was not attained until July 13, 1922. Thus, the period of decline lasted for nearly two-and-a-quarter years. In the present phase of the financial cycle it has taken twenty months to achieve an aggregate reduction of 4 per cent. in Bank rate.

During the ten days before the Bank's decision events in the monetary world moved fast. The story began on May 6th with the decision of the New York Reserve Bank to make a further reduction in its buying rate for short-dated bankers' acceptances, bringing the rate to the record low level of 1-1½ per cent. The Boston and Philadelphia Reserve Banks followed suit by immediately reducing their rediscount rates by ½ per cent. to 2 and 3 per cent. respectively, and on May 7th the New York Reserve Bank lowered its own rediscount rate from 2 to 1½ per cent. Four more reserve banks, Cleveland, Chicago, St. Louis and Dallas, reduced their rates by ½ per cent. on the following day; and, outside New York, the general run of rediscount rates is now between 2 and 3 per cent.

In London the response to New York's lead was rapid. On May 8th the three months' market discount rate was “unpegged” and at once fell from the agreed rate of 2½ to 2½ per cent., while the new Treasury bills issued that day were at an average rate of £2 5s. 11.07d., or very little over 2½ per cent. During the early part of this week, partly as a result of firmness of short money rates, the rate for three months' Bank bills was nominally maintained near 2½ per cent., but this quotation in practice was barely effective, and, on the eve of Bank rate reduction, the rate in competition was no better than 2½ per cent. Following the reduction, market rate was first called 2½ to 2 per cent. or less, but later, when it became known that the clearing banks had decided not to make any reduction in their existing rate of 2 per cent. for weekly loans to the money market, and that the Bank of England did not desire that market rate shall fall below a minimum of 2½ per cent. a quick reaction occurred, and at the close of business the market was endeavouring to make 2½ per cent. effective.

The immediate effect of a 2½ per cent. Bank rate on the foreign exchanges was negligible, partly owing to the fact that the Paris market was closed on Thursday, Ascension Day, and partly, it would appear, because the reduction was more generally anticipated abroad than in London, and had already been discounted to some extent in the foreign exchange market. Thus, the spot Paris rate had fallen from 124.45 francs on May 7th to 124.29 francs at the close on May 13th, while the dollar rate had similarly moved against us from 4.86½ to 4.86¼. It remains to be seen, however, what the ultimate effect of the reduction will be, and, though the improvement in sterling during the past four months and the strengthening in that period of the gold position of the Bank of England mean that it is less essential than it was to attract fresh foreign short money to London, any large-scale repatriation of the foreign funds which have been placed here since the New Year might have disagreeable repercussions.

So far as the dollar rate is concerned, little anxiety need probably be felt, since, on the basis of the rate obtainable on bankers' acceptances in New York to-day, and taking into account the premium on three months' dollars, there is no reason to suppose that a substantial proportion of the American short funds now in London would be withdrawn unless market rate in this centre fell appreciably below 1½ per cent. On the other hand, a similar calculation, though in this instance the basic data are less precise, leads, in the case of Paris, to less reassuring conclusions, and the possibility cannot be overlooked that were market rate in London to decline much below 2½ per cent. there might in present conditions be a considerable efflux of French short money, leading conceivably to a renewed loss of gold to France. In this connection, the consideration has to be borne in mind that in order to make provision for the War Loan dividend due on June 1st, the Treasury will have to make heavy issues of bills during the next few weeks, and a weekly issue of £45 millions is quite possible. Moreover, most of the Treasury bills maturing within the next few weeks are believed to be held in quarters where their proceeds will not normally become available to the market. Hence the prospective supply of bills is likely to be fully equal to all demands, and it is possible that the Bank of England authorities—their “hint” given—are relying on this factor to maintain market discount rate within ½ per cent. of Bank rate without the need of reimposing an actual “peg,” a course which from the market point of view has many objections.

In the following article we refer to some wider questions arising out of central banking policy in relation to the price level. No doubt the hope that the present reductions here and elsewhere would help to support the commodity markets and encourage an expansion of industrial enterprise was in the minds of the Bank directors. But we may perhaps draw the inference that a more immediate objective is to further a conversion operation by the Treasury. The monetary situation is exceptionally favourable for such schemes, and unless we take the defeatist view that the present depression will be indefinitely prolonged it would be well to seize an opportunity of relieving the taxpayer that may not occur again for several years. It is significant, as our Paris correspondent reports on a later page, that a French *Rente* conversion is believed in Paris to be imminent, and it may well be that the present Bank rate reduction has been made with an eye to assisting the British Treasury to follow suit at no distant date.

THE CAUSES OF THE CRISIS.

THE address of Dr. Sprague last Tuesday to the English Speaking Union was not a very encouraging statement, for he began by telling his audience that, as a result of his recent visit to America, he was quite unable to see a single gleam of light on the economic horizon. His speech, however, was of interest chiefly because of his analysis of the causes of the present crisis. His position as adviser to the Bank of England would, in any case, lend weight to his views, but he rather deliberately went out of his way to

state that, in diagnosing the causes of the crisis, he was expressing the views of the three chief central banks of the world. His analysis must, therefore, be regarded as a very authoritative pronouncement.

Dr. Sprague divided the various theses regarding the present crisis broadly into two classes. One attached chief importance to monetary causes and looked for the solution in an expansion of credit; the other attributed present difficulties to economic disequilibrium. Dr. Sprague did not deny that it might be possible to expand credit in present circumstances, and further added that there was sufficient agreement between the central banks to enable joint action to be taken if it were thought that this were really desirable. He went on to say, however, that the central bankers of the world supported the second thesis mentioned above. The prices of agricultural products had fallen too much relatively to those of manufactured products. This was due to an excessive production in relation to the demand for these agricultural goods. It took a very long time, however, to reduce production in proportion to the world's demand for this class of commodity. The reduced purchasing power of agricultural communities called for a diminished production of manufactured goods. This was achieved by a closing down of production and unemployment, but not by a reduction of price. On the contrary, high wages and agreements between manufacturers had maintained a comparative stability in manufactured prices. If equilibrium was to be restored, it was necessary to increase production of certain commodities for which there was an elastic demand.

For many such products there was an almost indefinite capacity to increase consumption provided prices were low enough. Dr. Sprague instanced houses, furniture, etc., but it was precisely the prices of such commodities or services that were being maintained. He, therefore, reached the conclusion that better conditions would most quickly be established by readjusting prices of manufactured goods to the new level of agricultural products and not by any attempt to raise agricultural products to the artificial level of manufactured goods. This adjustment might be achieved by dictatorial methods in some Continental countries, but Dr. Sprague evidently looked in the main to the free play of economic forces; and he concluded with a powerful plea that everything should be done to hasten such readjustment and perhaps even to some extent to guide the future production into those channels where an active demand would be likely to be experienced. To stimulate prosperity by an inflation of credit, which, in his view, would only have the effect of maintaining the prices which needed readjustment, would mean to delay the ultimate recovery of the world.

It is no doubt true that, as Dr. Sprague maintained, the contraction of production in agricultural output, and to some extent in raw materials and metals, is a slow and painful process; but before his thesis can be accepted as it stands, one or two obvious objections must be met. In the first place, it is usual for raw products to fluctuate violently in times of economic depression or boom, and it would surely be asking for the maximum of disturbance to attempt to adopt as the general price level the lowest point reached by raw products in times of unexampled slump. Further, an attempt to re-adjust on such a level would mean that the burden of fixed charges (including, in particular, in this country, the national debt) would become an enormous weight on the whole economic system. If all prices and wages are drastically reduced it is not reasonable to suppose that the public would endure such fixed charges without a proportionate scaling down. Seeing that many international charges are involved in this matter, it is clear that Dr. Sprague's solution would lead us into a very great number of serious difficulties. Moreover, the readjustment of wages on the scale suggested would clearly involve political repercussions of a very far-reaching character. In economic problems the simple theoretical solutions have often in practice to give way to practical considerations, and it is surely clear that all over the world the troubles of the present time will be very much mitigated if the price level is restored to something like that which has prevailed in recent years.

This view was voiced on Tuesday evening by Lord D'Abernon, whose address to the Royal Empire Society

developed a diametrically opposite thesis to that of Dr. Sprague. Lord D'Abernon rebutted the "over-production" theory by quoting figures for 1928, 1929 and 1930 for wheat, copper, silver and cotton (which showed a very modest increase in world production in those years), and the theory of disequilibrium between prices of manufactures and raw products by the argument that cheap raw materials are good for industrialists. The former of these arguments needs, however, to be dealt with over a longer period than the crisis years themselves, and account must be taken of the movement of stocks, which in all the cases mentioned are of the greatest importance. The second argument ignores the fact that a reduction of manufacturing costs is of little avail if one's customers are bankrupt. Nor was Lord D'Abernon altogether convincing in briefly dismissing as causes of the depression the heavy taxation involved in maintaining excessive armaments and the trade obstacles in regard to which the International Chamber of Commerce at Washington has been ventilating its opinion. But he was on much firmer ground in emphasising the importance of stability in the price level and the disruptive effect on the whole economic system of violent general changes. Events have shown conclusively that "in the presence of a violent and continuous slump, even the most solvent nations may find themselves in difficulties." Lord D'Abernon's plea for stability, moreover, is not incompatible with the thesis of Dr. Sprague that considerable adjustments are needed between the level of manufacturing and agricultural prices, and that for various reasons the world has not been producing all commodities in the right proportion. But, so far as this is the case, what is required is that there should be a change in *relative* prices—not that the general level should fall. Such a movement is particularly harmful when—as in the present case—it is very precipitate and is carried to exaggerated lengths by the very ruin and bankruptcy which it carries in its train.

Lord D'Abernon, who did not attempt to examine by what means stability can be attained, admitted that "it would be an exaggeration to say that the crisis is one of notation only." The truth is obviously to be found somewhere between those who attribute the whole trouble to monetary policy and those who consider that monetary policy has nothing to do with the matter. We should be sorry to think that central bank opinion adhered to the latter view in its extreme form, and if practice is the best proof of principles, the recent action of leading central banks culminating in the lowering of Bank rate this week by the Bank of England, shows that so far as in them lies, the central bankers are desirous of encouraging trade revival by persisting in, and pressing to the limit, the policy of cheap money.

THE WHEAT CONFERENCE.

THE conference of wheat-exporting countries, to be held at Canada House on May 18th, has for its objects the regulation of wheat exports for 1931-32 and the stabilisation of wheat prices. These are its immediate and concrete aims; and in a period of catastrophic fall in prices the importance of such an attempt cannot be exaggerated. But the convening of the conference has a greater importance as demonstrating the desire of producing countries to replace unfettered competition by the method of conference and agreement. The fact that the chief grain-exporting countries are coming together to discuss their trade problems is a matter of great significance; for if it is attended by a fair measure of success, it may exercise a great influence on future methods of world-marketing. But whether it will prove possible to introduce any element of international control in a commodity of such world-wide distribution remains to be seen.

The forthcoming conference is an outcome of that convened recently at Rome by the International Institute of Agriculture. The Rome conference, attended by delegates from forty-eight countries, represented all the wheat interests concerned, grain-importing as well as grain-exporting countries. But though it led to useful discussions and some elucidation of the character of the crisis, it

failed to yield any practical results, because of the divergence of interests between the two classes of representatives; for not unnaturally importing countries refused to abandon their policy of tariffs and bounties and agree to a reduction in their home production. The Canadian delegates, therefore, recognised that, at least in the immediate future, the problem of marketing wheat could be solved only by a conference strictly limited to the representatives of the chief grain-exporting countries. Hence, the conference now convened will endeavour to reach an accord simply between exporters.

The task which the conference is set is indeed formidable. Even the first and preliminary problem, that of obtaining constant and accurate knowledge of the import demands and export supplies of the wheat market, is likely to present very considerable difficulties. This is due not to the unreliability of international statistics, but to the fact that the very basis of calculation is insecure, and that uncertainty surrounds practically every factor in an estimate either of demand or of supply. Therefore, though the importance of arriving at an approximately definite view of the available reserves and capacity of the market is obvious enough, it is bound to remain more or less an academic question. The practical and crucial task of the conference will be the business of assigning to each country a definite share of the market. The problem bristles with difficulties. To allot any country a share will be no easy task, and the small countries will probably be as hard to satisfy as the big exporters. But probably the most difficult business of the conference will be to establish some agreement with the U.S.S.R. Indeed, it may be asserted that the success or failure of the conference will depend very largely upon the attitude taken up by the Russian delegates. It would be interesting, therefore, to know in what mood and with what expectations Russia is participating in the conference.

Russia's trump cards in any negotiations about grain exports are, first, her freedom from that dead-weight of huge accumulations which is proving so heavy a burden to Canada and the United States; and, secondly, her confidence in her ability greatly to increase her production of cheap wheat, raised on land which pays no rent, by means of large-scale mechanised cultivation. Whether this position of tactical strength will make Russia irreconcilable, or whether the disadvantages which she will suffer from renouncing her freedom in the world market can be offset by the advantages she will gain by entering into an international agreement, time alone will show. The attitude adopted by the Soviet delegates at Rome certainly suggests that they may be rather hard bargainers. There they insisted that Russia claimed as a right her old pre-war position in the wheat market. What such a claim implied was left vague at Rome; it will be the business of the London conference to resolve and define it.

In pre-war times Russia's position in the grain market was a predominant one. She was the leading shipper of wheat, and the price at which Russian wheat was selling was one of the main factors in fixing world prices. That Russia could again reach a position of predominance is not unlikely, though this would involve not only an enormous increase of production in Russia, but a corresponding contraction of production in other grain-exporting countries. But if Russia regains her position, she will secure it not as a concession to her own notion of fairness, but as a result of grim economic warfare. Russia may claim the "right" to export now as much wheat as she exported in pre-war times; but her right to do this is obviously qualified by similar rights possessed by other wheat-growing countries.

Should the Soviet delegates reaffirm and press this alleged right, they would, of course, be acting in strict accordance with the revolutionary tradition, which favours declaratory diplomacy. But this would not necessarily hamper the conference greatly, since it is concerned not with future developments in general, but merely with the strictly practical business of marketing crops for the year 1931-32. The assignment of the U.S.S.R.'s share in this season's market should present no unsurmountable difficulties, since it will obviously have to be based not on Russia's pre-war, but on her last year's receipts. A com-

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parison of various estimates suggests that those exports amounted to 90 million bushels, or a little over half of what Russia exported in pre-war times. It is quite conceivable that Russia will claim that her quota of this year's market shall allow for an increase of 10 to 12 per cent. on her last year's exports, on the ground that her wheat crops this year are expected to be 10 to 12 per cent. higher than last year; but this, after all, is a minor question and should easily admit of a compromise.

The assigning of quotas for the other big wheat-exporting countries, the United States, Canada, the Argentine and Australia, is not complicated in the same way by a rapidly changing situation. It nevertheless bristles with difficulties; and even if rival claims can be reconciled, what is it desired to attain by a policy of rationing exports? If it were certain that we are suffering only from a temporary glut, the problem would be comparatively easy. But the conference has to face the outstanding fact that all the measures that have so far been taken have tended to make the condition of disequilibrium permanent by creating an abnormal surplus which is still hanging over the market and has removed all confidence in recovery. Rationing of export, unaccompanied by reduced acreage, merely tends to enlarge the surplus, while persistence in the policy of maintaining prices and stimulating production in all importing countries lessens the international demand.

Sir Daniel Hall, in his concise and wise survey of the situation on Friday, expressed the opinion that consumption as a whole has not been appreciably reduced, and though bread-eaters do not eat much more bread merely because it falls in price, better trade and less unemployment would tend to increase demand which in any case is steadily expanding with increasing population and a rising standard of living in backward countries. Apart, therefore, from seasonal variations, he regards it as "a dangerous assumption that too much wheat is being grown." But the surplus remains, the amount held in the U.S.A. alone being no less than two-fifths of the annual requirements of the importing countries of Europe. With the lesson of coffee, rubber and a dozen other products whose marketing has been "controlled" before their eyes, the delegates to the present conference will need to walk with very great wisdom if they are to relieve the market from its abnormal depression. That this end is devoutly to be wished is, however, common ground; for all the industrial nations are suffering from the reduced purchasing power of primary producers all over the world. The proceedings of the conference will be followed in all countries with the very closest attention.

COAL TRADE DEVELOPMENTS.

(BY A CORRESPONDENT.)

IMPORTANT developments are expected in the near future concerning the marketing activities of the British coal industry. A meeting has been held in Sheffield this week for the purpose of reviving the Central Collieries Commercial Association in its application to the whole Midland area under the district scheme of the Mines Act. In more than one respect most of the coal owners in the area, which

includes Yorkshire, Nottinghamshire and Derbyshire, are of opinion that the provisions of the Coal Mines' Act do not go far enough if the industry is to get the full benefit of regulation of output. There is a majority already in favour of the re-imposition of the voluntary levy to assist the export trade. It is believed that the coal owners will lose more than the threepence a ton levy if the export trade declines to its former level. Either the quantity of coal formerly exported will be thrown on to the inland market or the restriction of output must be applied with greater severity to the economic disadvantage of the working of the collieries.

Although the volume of exports from the Humber has not diminished greatly owing to the continuance of old contracts, the volume of new business reveals a rather alarming prospect for the future. The levy was continued up to September 30th, and the subsidy on exports up to December 31st. Contracts entered into with the benefit of the subsidy have mostly still some time to run, but the outlook when they expire is far from hopeful. Before the establishment of the Central Collieries Commercial Association in 1928, the export from the Humber in the previous twelve months totalled 2,566,733 tons. Two years later they had risen to 7,018,712. With the cessation of the subsidy there is certain to be a big fall; and this week there comes also the report of a Yorkshire exporting firm which has placed a large order for Polish coal for its Belgian market.

Two considerations which influence Midland coal owners in favour of the resuscitation of the Association and the levy are the continuity which the levy would enable them to preserve in foreign markets, and the prospect of an increased quota if the volume of exports increased. They attach great importance to the first of these factors, because, if foreign buyers are compelled every now and then to buy Continental coal, they are likely permanently to transfer their custom. The levy would also enable Midland owners to adjust their costs to the level of the other exporting districts, particularly the North-East Coast, where the rail charges are shillings a ton cheaper. The question of a levy is receiving attention also in other parts of the country, and a proposal may be put forward in the near future for a national levy. This would present, however, quite a different problem to that of a Midland subsidy. In that area the bulk of the coal for the home market is raised, whereas in some districts it is very largely for export.

A majority for the resuscitation of the Association is assured, though whether there is a sufficient majority to take immediate action is doubtful. A recalcitrant minority may attempt to hold up the scheme. The promoters, however, believe that they will be ultimately successful; and they argue that, if the Association were to function once more, it would provide the effective machinery for implementing an agreement as to selling prices with the coal Merchants' National Federation. Discussions with the Federation have been going on for a considerable time, and a draft agreement has been prepared. Apart from the Midland area, Lancashire and Cheshire are taking a keen interest in this subject, and South Wales coal owners also are turning their attention to it. It is proposed to set up local committees representative of coal owners, merchants and the co-operative societies to fix prices for given areas, or zones. If the remaining difficulties can be overcome, it is believed that the revenue of the industry can be substantially increased.

To overcome the difficulties of the co-operative societies, a proposal has been put forward that the coal owners should enter into separate agreements with the Coal Merchants' National Federation and the Co-operative Wholesale Society representing the co-operative societies. The question of dividend will be difficult of adjustment, because, however it is manipulated, any profit will eventually find its way into the pockets of the members. Until such time as there is an amendment of the Act to allow district councils to enter into agreements with the Federation and the C.W.S., the work must be done by some voluntary body. For this reason those in the Midland area who have been concerned with the discussions with the Federation desire to see the Central Collieries Commercial Association working once again.

THE PRINCE SPEAKS OUT.

THE Prince of Wales did not go to South America for his health. Nor did he go for pleasure or amusement. He went there to help British industry not merely by opening the Buenos Aires Exhibition, but by studying for himself the trade conditions and the trade opportunities of the sub-continent, and he has lost no time in sharing with British industrialists the knowledge gained and the conclusions drawn from an arduous and exacting tour. At Birmingham on Monday, and at Manchester on Tuesday, His Royal Highness addressed big and representative audiences of business men, and gave them not the soft soap of useless flattery, but a penetrating analysis of their shortcomings and practical advice on the measures by which lost markets might be regained. This very delicate task he performed with forcefulness and tact.

Why are British exports losing ground in South America? And how can the ground be recaptured? The Prince's answers may be summed up as follows: Our manufacturers have a tendency to adhere too closely to pre-war types of goods, and to ignore changes in taste and fashion in this decade of rapid transition. We used to rely on quality and durability to sell our goods. To-day, people do not want things to last too long. "The taste of the world is becoming as fickle as women's fashions." We should, therefore, compete with foreign prices "by sacrificing some of the high finish and solidity we have been accustomed to give, without affecting mechanical efficiency and usefulness." Again, we need to study the needs of the market more closely, and abandon the idea that South Americans will buy what we think they ought to buy. They prefer bright things, and, therefore, we must give up sending sombre things. Principals of firms should make personal visits. Spanish should be used in catalogues and learnt for purposes of conversation. We are far behind in advertising, and must learn to "put things over" in the North American manner. The system of multiple agencies should be replaced by group representation. Special attention is desirable to new fields such as transport and aviation.

That, in the briefest and baldest terms, sums up the Prince's conclusions and advice, and he is unquestionably right in almost every point. Indeed, his entire thesis is borne out by the detailed investigations carried out last year by the British Economic Mission, of which Lord D'Abernon was the head. Lord D'Abernon and his colleagues found, for instance, that "we are reproached with inadaptability and with persistent adherence to what Great Britain thinks good, to the exclusion of what South America wants." Indeed, they detected shortcomings in almost every branch of British effort in the South American market, and the introduction to their report contained the following indictment:—

Our failure to capture even a small proportion of these trades (i.e., motor trade, agricultural machinery and roadmaking plant) may be attributed to inability to produce on a sufficiently large scale, insufficient finance, high prices, unsuitability to South American needs, defective salesmanship—including inadequate advertisement, inadequate service, inadequate showrooms, inadequate range of choice.

In a word, we are fighting a modern battle with antiquated pre-war weapons.

The Prince has dotted the i's and crossed the t's of the D'Abernon report, and in doing so has performed by no means the least of his outstanding services to the country. He, if anyone, can, to quote his own phrase, "put it across." Similar criticisms of the British exporter's nonchalant "take it or leave it" attitude have been made by many foreign critics and by many British observers. But the kindly strictures (to take one recent and most prominent example) of Professor Siegfried, though they touch us on the raw for the moment, are apt to be forgotten in a week. The reports of trade missions, however prominent the Press displays, are but a nine days' wonder. But when the most prominent and most popular and most widely-travelled of all the King's subjects lends to such strictures and recommendations the weight of his unrivalled prestige and wide experience, and takes the trouble to press home the lessons in person with his well-known energy and tact, we may at last hope to see concrete results. Happily, the

first-fruits are already visible, for, before the week was out, the Federation of British Industries announced the appointment of a special Argentine Committee to study the situation as revealed by His Royal Highness. To recover lost markets requires, as the Prince says, determination and patience, and in the struggle he is anxious, as ever, to "pull his weight." No man could have "pulled his weight" more effectively than he has done already, and let us hope that he will find his reward in seeing that he has infected the British exporter with his own determination, enthusiasm and practical common-sense.

Notes of the Week.

Parliament and India.—The debate on India in the House of Commons on Wednesday night was interesting less on account of any pronouncement made by the Government (Mr. Benn, in fact, had little to say other than that he was anxious that the Round Table Conference should be resumed as early as possible) than for the indication which it gave of the attitude of the Opposition parties. The continuation of peaceful picketing and the serious loss of Lancashire's trade under the modified boycott were naturally bound to bulk large in the minds of the Conservative and Liberal spokesmen. For the policy of "Churchillism" there was no evidence of any substantial support, and the great majority of the House clearly recognised that, if there is one thing which bayonets cannot achieve, it is the promotion of the sales of cotton goods. But, though the tone of representative speeches from all quarters of the House showed unmistakably that Parliament is in no mood to go back upon the principles laid down by the Round Table Conference last winter, it would be idle to pretend that there were no signs of growing uneasiness, occasioned partly by some of Mr. Gandhi's recent statements, partly by the continued failure to achieve any agreement between Mohammedans and Hindus, and partly by the feeling that, for all Mr. Benn's disclaimers, the negotiations as a whole were tending once more to drift. Sir Samuel Hoare probably voiced the feelings of most Conservatives when he emphasised the necessity of keeping in the forefront the safeguards laid down last January and of reminding India that, in the last resort, the great constitutional advances, upon which the Round Table Conference agreed, depended for their successful realisation on greater goodwill than had so far been displayed by Congress.

The French Presidential Election.—The Presidential Election by the French National Assembly at Versailles this Wednesday, May 13th, resulted in the defeat of Monsieur Briand by Monsieur Doumer on the first ballot by a margin of 41 votes. Thereupon, Monsieur Briand withdrew his candidature, and Monsieur Doumer—who, in the first ballot, had failed by seven votes to obtain the necessary absolute majority—obtained it on the second ballot by 504 votes to 334. The new President is a man little known outside France. He is a statesman of recognised integrity, with a distinguished though not very exciting political career, and he is reported to be moderate for a conservative—though there is no touch of moderation in such of his supporters as Monsieur Millerand and Monsieur Franklin-Bouillon. On the whole, Monsieur Doumer, in the Presidential chair, may be expected to take rather than give the cue, and to take it from political leaders who are more to the right than he is. Monsieur Doumer's personality, however, is not the most important feature in the election result. The significant questions are, first, was the defeat of Monsieur Briand a symbolic gesture of hostility in France towards "the Briand policy" of reconciliation in Europe? And, second, what are Monsieur Briand's political prospects now? We fear that the first of these two questions has to be answered in the affirmative. During the election campaign, Monsieur Briand was dubbed "the man of peace" and Monsieur Doumer "the man of war." The

appellations are crude, but they indicate the way in which French minds are working. This is the French *riposte* to the Austro-German plan for a Customs union; and in the light of what happened at Versailles on Wednesday, it would appear that the vote in the Chamber in Paris, last Saturday, in favour of the subtly-framed motion of confidence in the Government was a vote against the Austro-German plan and not a vote for Monsieur Briand. Monsieur Briand was ill served by his friends when they pressed him to stand for the Presidency at the eleventh hour. It is strange that such a master of parliamentary tactics should not have divined the temper of the National Assembly and acted on his own judgment. It is more pertinent to ask what is Monsieur Briand's political future? When he returns from presiding over the European Committee at Geneva, which is in session now, will his place on the stage of international politics know him no more? His position in France has, of course, always been precarious—since the day in January, 1922, when he was hunted from power by President Millerand and the Chamber in the middle of the International Conference of Cannes. The Conservatives, who have dominated the French Government without a break since the fall of Monsieur Herriot's Ministry half a dozen years ago, have barely tolerated Monsieur Briand even when they have found him indispensable. They have perpetually clipped his wings and pulled him back to French earth whenever he seemed to be meditating some flight of international statesmanship. The reaction of French opinion to the Austro-German plan, followed by Monsieur Briand's personal loss of prestige in consequence of his defeat on Wednesday, are likely to make the Conservatives believe that they can throw this opportunist-idealist overboard at last. If so, we are faced with the prospect of a Europe in which both Stresemann and Briand have disappeared from the international stage. This prospect is dark.

A Serious Turn in Spain.—The law and order which distinguished the first phase of the new Republican regime in Spain has unhappily been broken during the last few days. The fault does not lie with the Republican Government, which had refrained from political persecutions and had left the Monarchists completely free to work for their cause in the election campaign for the Constituent Assembly. Nor does the fault lie with Don Alfonso. As lately as May 5th the Monarchist newspaper, *A.B.C.*, of Madrid, published an interview with his late Majesty, in which he declared that, behind and beyond the Monarchial and Republican causes, there was the question of the national welfare of Spain, and in which he discountenanced the movement, among army officers, for refusing to give a promise of fidelity to the new order. When this admirable temper was prevalent on both sides, it seemed not too much to hope that the course of the Republican regime might continue to run smooth. The trouble began, on Sunday, in Madrid, in an "incident" in front of the headquarters of the Monarchist Association. There was a clash between the Monarchists and the crowd, which was followed by an attack upon the *A.B.C.* office. This incident has every appearance of having been unpremeditated, fortuitous, and the work of a few hot-bloods on either side. Unfortunately, it has unleashed the far stronger and more dangerous force of militant anti-clericalism. On Monday there were widespread attacks upon religious houses in Madrid, and seven of them were set on fire. Martial law was proclaimed in the capital that afternoon; but next day similar outrages occurred in the provinces, particularly, it would appear, in the South. The worst news came from Malaga, where there has been a systematic destruction and looting of churches and other religious buildings and a wholesale flight of ecclesiastics. Even the Primate of Spain, Cardinal Segura, has left Toledo and crossed the frontier into France. Moreover, though the Government have taken energetic steps to suppress these disorders, they have yielded to the insistence of revolutionary deputations which demanded punitive action against the Monarchist leaders. General Berenguer has been re-arrested, the military court which had acquitted him has been dismissed, a number of prominent Royalists, including several who had been

ministers under the Dictatorship, have been arrested likewise, the Monarchist *A.B.C.* and the Clerical *El Debate* have both been suspended from publication (though the order against the Clerical organ has since been revoked). Unhappily, these are well-known symptoms in the histories of revolutions that have gone wrong. It is to be hoped that the forces of order may succeed in recovering control while yet there is time. The popular animosity in Spain against the Roman Church is comprehensible. During the time immediately preceding the fall of the Monarchy the Church had given the appearance of being more royalist than the King himself. But it is a calamity that, after the victory of the Republican cause, old scores should be paid off in this barbaric way. It is not thus that the Republican cause can be served.

The Week in China.—There are two important pieces of news from China this week. First, it is announced that the suspended negotiations on extra-territoriality, between Mr C. T. Wang and Sir Miles Lampson, are to be resumed. In the second place, the People's Convention, which assembled in Nanking last week in accordance with a decision taken last autumn, has begun to debate, in committee, the draft for a provisional constitution for the Chinese Republic. From the reports at present to hand this draft appears to be a compromise between the school of political thought which wants to prolong "the period of tutelage" under the aegis of the Kuomintang, and the school which wants to replace the present system of one-party government by something more in the nature of parliamentary democracy at as early a date as possible. The democrats have succeeded in introducing into the draft a number of provisions designed to safeguard the liberty of the subject: e.g., liberty of conscience, speech and the Press; the right of association and privacy of communication; and the requirement that there must be due process of law before a citizen may be subjected to arrest, imprisonment, forcible entry and search of dwellings or confiscation of property. These provisions figured in an abortive Bill of Rights which was introduced not long ago—only to be defeated by the oligarchic element in the Kuomintang. The reappearance of these provisions in the new draft constitution represents a reverse for the oligarchs, as far as it goes. At the same time, it is surprising that the swing of pendulum has not gone much further, considering that the arch-oligarch, Hu Han-min, recently came into open conflict with President Chiang Kai-shek and suffered the penalty of being arrested and interned. It might have been expected that the President, having scored this political victory, would have attempted to follow it up by depriving the Kuomintang of its constitutional powers in the government of the Republic. The discomfiture of the Kuomintang would be much more likely to result in an untrammelled dictatorship by President Chiang Kai-shek and his Manchurian colleague, Marshal Chang Hsueh-liang, than in a democratic regime. Moreover, it is well known that neither the President nor the Marshal bear the party any love. It is, therefore, somewhat surprising to find that, in a draft constitution which has been introduced with the President's ostensible approval, the regime of tutelage by the Kuomintang Party is maintained. If this is to be it is to be hoped that there will also be some reform in the manner in which the party oligarchy is exercised—particularly in the local branches. Until such a reform is carried through, the internal political condition of China will not become stable, whatever the People's Convention at Nanking may say or do.

The Irish Free State Budget.—Our Dublin correspondent writes:—The only question that aroused any interest in the Free State Budget, which was introduced last week, was whether the Government had decided to accede to the farmers' demand for relief from local rates. Apart from this, the Budget was expected to reveal no changes of importance, as the existing taxes are yielding just sufficient revenue to meet current expenditure without either a deficit or a surplus. Ever since the British and Northern Ireland derating scheme came into operation there has

been incessant agitation in the Free State for equivalent relief, despite the difference between the conditions in the two countries. Nearly two years ago the Government appointed a very representative commission to advise on the probable effects on production and employment of additional relief to local taxation, and the report of this commission, which had been awaited with much interest, was published on the very eve of the Budget statement. The publication of the report disclosed that the members of the commission were divided in their opinions. The majority report, signed by ten members, including the chairman, recommended that no relief should be given on the grounds that the existing agricultural depression was in no sense attributable to the burden of local taxation, and that any remission from rates that might be granted would be illusory in view of the increased indirect taxation that would necessarily accompany it. Any additional expenditure on agriculture, it was suggested, should take the form of constructive assistance to the industry by means of education and credit facilities, and not the form of a "dole" in relief of rates. The minority report, signed by seven members, agreed with the majority in rejecting the claim for complete derating, but recommended that a sum of £1,000,000 should be devoted to increasing the grants from central funds for the relief of local taxation of agricultural land. In the event it appeared that the Government had taken a compromise course, by increasing the agricultural grant by the sum of £750,000. One half of the additional grant is to be allocated on the same basis as the existing grants, while the other half is to be allocated in proportion to population with the object of increasing the relief in densely populated or congested counties. The money required for this relief to local taxation is to be raised by a tax of fourpence per gallon on petrol and an additional tax of one-halfpenny per pound on sugar, which are estimated to yield £450,000 and £315,000 respectively. This concession, like all compromises, was received with scant gratitude by the Opposition parties. The general criticism of the Opposition was that the Budget was drawn up in the interests of the upper and middle classes, whose votes at the forthcoming election the Government is anxious to retain. Mr de Valera described it as "a party fund budget." The changes in taxation, apart from those already mentioned, are trivial. The tax on racecourse betting is to be repealed, principally with the object of demonstrating to the racing community that the Government is not to be blamed for the unsatisfactory condition of affairs on the Irish turf. The duty on sound films is raised from one penny to threepence per foot, and the entertainments tax repealed on entertainments in which artistes appear in person. The object of these changes is to discourage the disemployment of orchestras in picture houses. The stamp duty on the flotation of new companies is reduced from one pound to five shillings per cent. in the hope of attracting companies to register in the Free State. This concession is very popular in banking and commercial circles in Dublin. The revised estimates for 1931-32 are as follows:—

Revenue	£ 25,425,000
Expenditure	25,408,000
Surplus	17,000

The Budget is constructed on the sound and conservative lines which have always characterised the finances of the Free State.

Australian Bank Bill Rejected.—The chief item of Australian news this week is that, on Wednesday, the Senate at Canberra rejected the Commonwealth Government's Bank Act Amendment Bill by the overwhelming majority of 24 votes to 4. The Bill, it will be remembered, provided for the shipment to London of £5,000,000 of gold in order to meet the maturities of Commonwealth bills due for repayment on June 30th. No doubt the senators were led to this decision by the evidence given before them last week by Sir Robert Gibson, the chairman of the Commonwealth Bank, and summarised in these columns last week. This decision adds to the obscurity of the situation, and Mr Scullin's next step will be anxiously awaited. Provision still remains to be made for the

£5,000,000 of Treasury bills maturing June 20th, but it is understood that a loan of similar amount, repayable to the Westminster Bank at the same date, has been renewed for a short period, and that the Commonwealth bills held by Australian trading banks in London have been renewed until August 4th. Mr Scullin is obviously faced by a position of extreme difficulty, and the near future will show whether this rebuff from the Senate will make a parliamentary dissolution inevitable.

Overseas Trade in April.—The April trade returns are a shade better than those of the last few months. Even exports were slightly higher per working day than in March, and the percentage decreases in imports, exports and re-exports respectively as compared with April last year were all substantially lower than the corresponding percentages last month. While part of this is due to the fact that prices are not falling as fast as they were this time last year, some small part of this very modest gain appears to be genuine. The two tables below show the figures for April and for the year to date, compared with the corresponding periods of each of the last two years:—

	MONTH OF APRIL. (000's omitted).					
	Increase or Decrease as compared with					
	1931.	April, 1930.		April, 1929.		
Imports	£ 70,020	£ -13,895	% -19.5	£ -34,108	% -33.1	
British exports	32,483	-14,379	-30.7	-27,762	-46.1	
Re-exports	6,589	-1,255	-16.0	-3,788	-36.5	
Total exports	39,071	-15,634	-28.6	-31,550	-44.7	
Excess of imports over total exports	30,949	+ 1,739	+ 5.9	- 2,558	- 7.6	

	FIRST FOUR MONTHS. (000's omitted.)					
	Increase or Decrease as compared with first Four Months of					
	1931.	1930.		1929.		
Imports	£ 279,785	£ -87,596	% -31.3	£ -130,231	% -31.8	
British exports	135,829	-75,165	-35.6	-105,584	-43.7	
Re-exports	23,917	-6,408	-26.0	-16,557	-40.9	
Total exports	159,746	-83,573	-34.4	-122,141	-43.3	
Excess of imports over total exports	120,039	- 4,023	- 3.2	- 8,090	- 6.3	

Such improvement as there has been, however, has not been sufficient to produce any perceptible effect on the table of leading exports shown below, in which wool tops, largely owing to greatly increased purchases by Canada, are the only item to show an improvement on last year:—

	SOME LEADING EXPORTS.			
	First Four Months.			
	1929.	1930.	1931.	
Coal	17,882,080 tons	19,435,310	14,018,705	
Pig iron and ferro-alloys	189,436 tons	136,871	62,121	
Railway material	169,533 tons	161,232	83,571	
Total iron and steel	1,491,208 tons	1,251,842	669,052	
Textile machinery	42,493 tons	33,696	16,472	
Total machinery	184,707 tons	170,930	116,599	
Wool yarns	57,236,600 lbs.	49,589,700	42,235,700	
Cotton piece-goods	1,388,797,400 sq. yds.	1,111,095,700	573,603,500	
Woolen tops	111,145 central	95,441	98,904	
Woolen tissues	37,559,800 sq. yds.	30,571,700	20,055,900	
Woolen d. tissues	17,165,700 sq. yds.	13,395,400	10,752,000	
Linen, sec. goods	24,221,500 sq. yds.	24,323,500	21,961,300	
Boots and shoes	252,360 doz. pairs	324,080	219,913	
Leather	103,456 cwts.	92,913	53,092	
Paper and cardboard	1,511,069 cwts.	1,547,272	1,057,491	
Locomotives	11,599 tons	16,826	10,456	
Motor cars and chassis	14,165 number	11,357	8,378	

Among items not included in the above table the export of motor vessels continues to show an improvement on last year, though at the expense of a more than counterbalancing decline in exports of steam vessels, and exports of silk piece-goods are higher than in the first four months of 1930. Almost all categories of chemicals, on the other hand, are substantially lower. Imports of grain and meat were again higher than last year, but most of the important categories of raw materials, except wool, wet hides and

petroleum, show a decline, and most manufactured imports, with the exception of wool and artificial silk tissues, are lower. These returns definitely suggest that trade is at present growing no worse, but at this season of the year so negative a conclusion is hardly reassuring.

Coal-Mining Results in 1930.—A combination of the last four quarterly statistical summaries, issued by the Mines Department (that for the quarter ended December 31, 1930, was published this week) enables us to give, in the following table, comparative figures of the British coalmining industry's working in the four years since the coal stoppage of 1926:—

	1927.	1928.	1929.	1930.
Tons disposable, millions...	221.8	211.5	230.4	214.2
Wages.....	Mn. £ 117.8	Mn. £ 100.2	Mn. £ 105.7	Mn. £ 99.7
Stores and timber.....	20.2	17.0	18.0	17.2
"Other" costs	29.2	27.4	26.6	24.9
Total "net costs" *.....	172.9	150.0	156.0	147.1
Proceeds.....	167.5	140.2	160.2	150.8
Profit or loss	-5.4	-9.8	+4.2	+3.7

Miners employed† (000's) 961 881 894 875
Output per man-shift, cwts.† 20.60 21.29 21.69 21.61

* Including royalties, and after deducting proceeds of miners' coal. † Mean of quarterly averages.

It will be seen that a substantial part of the ground gained in 1929 was lost last year, with a decline of over 16 millions in disposable tonnage; and the consequent decline in profits, although smaller than might have been expected, is one that the industry, in its present condition, could ill afford. The next table shows the quarterly trend of results per ton disposable:—

Quarter. ended.	Per Ton Disposable.					Thousand Miners Employed	Output Per Shift
	Proceeds.	Costs.		Profit.	Loss.		
		Wages.	Total.				
Dec., 1928	s. d. 13 5½	s. d. 9 2½	s. d. 13 8½	s. d. 0 3	s. d. 0 3	851	Cwts. 21.80
Dec., 1929	14 3	9 2	13 3½	0 11½	0 11½	904	21.78
Mar., 1930	14 5½	9 1½	13 4	1 1½	...	911	21.94
June, 1930	13 10½	9 5	14 0½	...	0 2	886	21.32
Sept., 1930	13 9½	9 5½	13 11½	...	0 2½	853	21.34
Dec., 1930	14 1½	9 3	13 7½	0 6½	...	849	21.84

The rate of output per man-shift in the December quarter was not quite so satisfactory as in the first three months of the year, and the increase of 1½d. per ton in wage costs and of 1½d. in other costs was aggravated by a loss of 3½d. per ton on proceeds. The disposable tonnage in the October-December quarter amounted to 52.6 millions, as compared with 60 millions in the first quarter of the year and an average of 50.3 millions in the two summer quarters. The concluding table gives comparative results per ton disposable for the principal districts in the December quarter of 1929 and 1930:—

District.	Quarter ended December 31st.					
	1929.			1930.		
	Proceeds.	Net Costs.	Profit (+) or Loss (-).	Proceeds.	Net Costs.	Profit (+) or Loss (-).
Scotland	s. d. 13 1½	s. d. 12 4	s. d. + 0 9½	s. d. 13 1½	s. d. 12 10½	s. d. + 0 2½
Durham	13 2	12 5	+ 0 9	12 11½	12 7½	+ 0 3½
S. Wales	15 4½	15 4½	+ 0 11½	15 7½	16 1	+ 0 3½
Yorkshire	14 0	12 8½	+ 1 3½	13 7½	12 9½	+ 0 10½
N. Derby & Notts.	14 0	12 9½	+ 1 2½	13 8½	12 6½	+ 1 2½
Lancs. & N. Staffs.	17 0	16 4½	+ 0 7½	17 0½	16 5½	+ 0 7

The loss of 6d. per ton in the South Wales district is to some extent explained by the fact that in the case of this field the figures refer to the quarter ended January 31st last, and in that month a fortnight's strike occurred, with a consequent raising of costs per ton. In view, however, of the absence of any signs of immediate trade recovery, and bearing in mind the possibility of a crisis in the next few months on the question of hours, the prospects for the industry as a whole in 1931 are not encouraging.

Cotton Trade Reorganisation.—An important meeting of the Joint Committee of Cotton Trade Organisations was held in Manchester, on Friday, May 15th. About a month ago, writes our Manchester correspondent, the Committee issued a statement to the effect that, in their opinion, it was desirable that some scheme should be formulated for the purpose of facing the problem of redundant machinery, the proposal being that there should be a definite scrapping of machinery in order to reduce production to present demand. Since then, the constituent organisations have considered this question, and their views are now being submitted to the Joint Committee. It is well-known that considerable diversity of opinion exists throughout the industry as to the desirability of action of this kind. It is being urged in several directions that there is little likelihood of production costs being reduced without some alteration in producing methods in the spinning mills and weaving sheds. At the annual conference of the United Textile Factory Workers' Association, held at Blackpool this week, a resolution was passed which stated that rationalisation was only useful as a step to communal ownership, and that any attempt to improve the industry by displacement of labour, increasing working hours, the introduction of the two-shift system, or reduction of workmen's wages was doomed to failure. It is significant, however, that Mr Henry Boothman, the General Secretary of the Operative Spinners' Amalgamation, in criticising the resolution, complained that such a policy meant that the attitude of the operatives was "No" to every proposal. He said it was no use saying they would never agree to a two-shift system until they knew what it implied. When such a change was suggested they would have to examine it from every point of view, and it might result in less hours per day being worked. He held that to say "No" to every suggestion put forward to improve the cotton trade was foolishness and nonsense. There has been a good deal of interest in trade circles as to the attitude of the operatives towards the proposal of the Joint Committee that machinery in Lancashire should be scrapped.

Iron and Steel Production in April.—Iron and steel production showed a further slight recession in April according to the figures published this week by the National Federation of Iron and Steel Manufacturers. The number of blast furnaces in operation fell by three during the month to 78, and the production of pig iron declined from 357,100 tons in the previous month to 323,200 tons in April, a fall, taking into account the number of days in the month, of 6 per cent. Steel production fell from 500,100 tons to 397,400 tons, part of the decline, but not the whole of it, being due to the Easter holidays. The excess of imports over exports was reduced in April to 5,500 tons, since imports fell by 17,100 tons to 193,400 tons and exports rose by 17,600 tons to 187,900 tons. Although imports of iron and steel as a whole declined, imports of pig iron rose from 20,500 tons to 24,600 tons, mainly due to the increased imports from the Continent. The April exports were the highest in any month since November last; there was a welcome recovery in the exports of galvanised sheets (from 15,700 tons to 27,200 tons), while exports of railway rails also increased by 5,000 tons over the previous month. The following table shows the production of pig iron and steel in the chief producing countries in the first quarters of 1930 and 1931 respectively:—

	Pig Iron.			Steel Ingots and Castings.		
	First Quarter.		Per-centage Decrease.	First Quarter.		Per-centage Decrease.
	1930.	1931.		1930.	1931.	
United Kingdom	1,922.8	1,012.5	47	2,373.6	1,388.7	42
Germany	3,016.3	1,657.0	45	3,597.5	2,312.3	36
France	2,543.6	2,256.2	11	2,375.1	2,127.3	10
Belgium	991.8	751.8	23	1,004.9	727.1	27
Luxemburg	718.8	522.1	27	646.2	497.3	23
U.S.A.	8,912.6	5,453.1	39	12,143.5	8,033.9	34
Total	18,105.9	11,672.7	36	22,138.8	15,086.6	32

It is noticeable that production both of pig iron and of steel has declined most in the United Kingdom and that the decline has been more severe in Germany and the United States than in France, Belgium and Luxemburg.

The World Rayon Industry.—The rayon production and consumption figures for the first quarter of the year, writes a correspondent, reveal a slight, but by no means impressive, improvement in the industry's position. It is estimated that output totalled 99,475,000 lbs., while consumption amounted to 101,300,000 lbs. In view of the fact that there was a reduction in stocks in the United States of five or six million lbs., it will be appreciated that the trading position in the rest of the world was not good. Britain happily proved an exception, there being a small but healthy reduction in stocks. The only country showing a marked increase in output was Japan, which is doing a very large export trade in manufactured goods. Most of the other countries showed a restriction in output, but the position generally does not point to the likelihood of any marked increase in prices, though, as demonstrated by the recent action in Germany, some stiffening here and there will undoubtedly take place. It is anticipated that the more rationalised working of the German market will pave the way to an international agreement, but it should not be assumed that any immediate solution of the industry's troubles is likely to come about. Happily there are no indications that the popularity of rayon is on the wane.

Sugar Restriction.—On Saturday, May 9th, writes a correspondent, an international sugar convention, providing for the regulation of exports over a period of five years, was signed in Brussels. The convention, known as the "Chadbourne export restriction scheme," was initiated four months ago, and was discussed in the *Economist* of January 10th and 17th. Final agreement on all outstanding points was reached between the various interests at a recent meeting in Paris. The main questions then settled related to the supervision of the working of the scheme, and to the conditions under which the allotted quotas may be exceeded. It has been agreed that exports may be increased by 5 per cent. if the average world price for sugar of a basis polarisation of 96 degrees has been established at the equivalent of 2.00 cents (U.S.A.) per lb. f.o.b. Cuba, for prompt shipment, for a period of 30 consecutive working days. At a price of 2.25 cents a further increase of 2½ per cent. in exports may be permitted, and, should the quotation reach 2.50 cents for the prescribed period, the quota may again be increased by 2½ per cent., or by 5 per cent. if no increase has been granted at 2.25 cents. The scheme will be controlled by an international sugar council presided over by Mr Francis E. Powell, chairman of the Anglo-American Oil Company. The council possesses 90 votes, out of which 35 have been allotted to Cuba, 30 to Java, and 25 to Europe. The European votes have been distributed as follows: Czechoslovakia, 8 votes; Germany, 6; Poland, 6; Hungary, 3; and Belgium, 2. The three main producing countries which remain outside the convention are Russia, Peru and Santo Domingo. Negotiations with Russia had to be abandoned, but it is expected that the discussions with Peru and Santo Domingo will lead to a successful conclusion.

The Credit-Anstalt.—The revelation of the troubles recently experienced by this well-known Austrian banking house comes as a reminder of the difficulties with which Austria has long been faced, first as a result of the war and lately as a result of the world-wide trade depression. Dismemberment under the terms of the Peace Treaties, currency dislocation, high tariffs dividing her former markets into watertight compartments—all have inflicted their toll of loss; and when to these must be added the trade depression of the past year it is not surprising that symptoms of economic *malaise* should have arisen. Fortunately, it is already clear that the difficulties of the Credit-Anstalt are already being taken successfully in hand, and the very frank and reassuring statement issued

this week should go a long way to dispel doubts. The troubles of the bank began when it took over the Bodencreditanstalt at a time when that institution was in serious danger. This rescue work naturally entailed considerable losses, which, in the end, have proved greater than had been anticipated, and are now estimated at 60 million schillings. Further losses, we are told, are due to writing down of bad debts and from the depreciation of the bank's securities. These are the direct consequence of the depression, and raise the bank's total losses to 140 million schillings. Against this sum there are available the bank's paid-up capital of 125 million schillings and reserve fund of 40 million schillings, which are more than sufficient to cover the deficiency. Thus, the bank appears to be in a liquid position, and the loss falls entirely upon the shareholders. There is, however, a need for replenishing the bank's working capital and for restoring to its customers their normal margin of safety; and this task is already being undertaken. The Austrian Government, with the unanimous support of all political parties, has decided to provide the bank with fresh capital in exchange for new shares, which it will gradually dispose of as circumstances permit, and the necessary funds will be raised by the issue of three-year Treasury bonds and will not impose an additional burden upon the budget. The Austrian National Bank and the Rothschild interests are also taking appropriate shares in the work of reconstruction, and a representative of the B.I.S. has gone to Vienna in case he is needed. Concerted national and international action of this kind should have a decisive and reassuring effect, if the event should prove that the disclosed figure of 140 million schillings represents the full tale of the bank's losses, and that its assets have been drastically written down so as to reflect the consequences of trade depression in all its severity. The bank's shares are said to be mainly in strong hands, and this will mitigate the results that otherwise arise from the fall in their value. These events inevitably constituted a serious menace to the economic situation in Austria, and all concerned are to be congratulated upon the frank, prompt and energetic manner in which the episode has been dealt with.

Shipping Freight Index Number.—Based, as it is, on average monthly quotations, our index number of whole-cargo shipping freights in April shows little change in comparison with the March figure, the actual movement being a decline of one-half of 1 per cent. As compared with the position a year ago, the current figure, 94.0, represents a rise of 4.8 per cent. The following table summarises recent movements of the various group indices:—

	Average, 1913.	Apr., 1930.	Feb., 1931.	Mar., 1931.	Apr., 1931.
European Waters	110.0	94.4	87.1	86.5	86.0
North America	115.1	91.2	93.4	94.0	95.0
South America	123.4	95.9	94.6	90.5	94.4
India	106.3	94.8	96.9	99.2	94.0
Far East and Pacific	117.4	76.3	90.9	91.9	91.4
Australia	127.9	85.5	108.6	105.0	103.3
Total	116.3	89.7	95.2	94.5	94.0

Towards the end of April there was a considerable increase in the activity of grain-chartering from the Plate, and, to a minor extent, from Canada and the United States. On the other hand, the Eastern trades were very dull, apart from the conclusion of a few Australian fixtures; and in European waters both coal and ore business was slack. Individual changes recorded by the various sections of the index number are given below:—

	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	75.9	- 3.2	South America—outwards	73.0	...
Bay—outwards	100.9	+ 1.8	South America—homewards	115.9	+ 7.9
Bay—homewards	87.1	...	India—outwards	94.0	- 4.3
Mediterranean—outwards	91.9	+ 2.6	India—homewards	93.9	- 6.3
Mediterranean—homewards	84.1	- 1.5	Far East, &c.	91.4	- 0.5
North America	95.0	+ 1.0	Australia	103.3	- 1.7

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Expressed as a percentage of the average for 1913, the total figure of our index number for April works out at 80.8, as compared with 81.3 in March, and 77.1 a year ago.

The French Railway Loan to Poland.—Our Warsaw correspondent writes:—An extraordinary session of the Polish Diet was called in the latter part of April to vote the necessary Bills required for the French loan to complete and operate the new railway line intended primarily for transporting coal from Upper Silesia to Gdynia on the Baltic. Parliament approved the concession of this line to a joint Polish-French private enterprise known as the Compagnie Franco-Polonaise de Chemins de Fer, with legal domicile in Paris. The Conseil d'Administration of the company held its first meeting on May 4th, at which it was announced that all the necessary formalities connected with the granting of the concession had been complied with, and it was accordingly decided to proceed with the first issue of bonds. Securities will be issued up to a total of about one milliard francs by the company through the medium of Schneider-Creuzot and French banks. The first "tranche" will be for 400 million francs, with a coupon of 6.5 per cent. and an issue price of 94. Out of this "tranche" the Polish Government will be reimbursed for investments made on the northern and southern sections of this line, which have already been completed. A second "tranche" of 300 million francs, it is expected, will be issued in May, 1932, and the balance of the loan in May, 1934. The Polish Government guarantees as to interest and principal the bonds issued by the company, which has been granted an operating concession of the Upper Silesia-Gdynia line until 1975, with the Government retaining the right of prior purchase. It is maintained by Polish official sources that the loan has considerable political importance, since it gives French capital participation in an enterprise located in territory as to which there is, and will continue to be, a dispute with Germany over political sovereignty; that it finally opens up the French money market to Polish loans; that coal exports to the Scandinavian countries will be greatly facilitated when the new line is ready (the concession contract calls for its completion before the end of 1934); that the use of Polish materials, equipment and labour will be greatly stimulated by the rapid completion of the line; that the State Budget will henceforth be relieved of an annual expenditure of some 200 million zlotys for construction of the line; that the competitive power of the port of Gdynia will be greatly increased; and that it is expected Czechoslovakia will avail itself of the improved transit facilities which this line will offer for overseas traffic. The Government newspapers are elated with the loan; the principal Opposition groups in Parliament, nevertheless, declined to vote in favour of the concession for the reason that it is apparent that the Government has not laid all the cards on the table. In other words, there are undoubtedly conditions attached to the loan that have not been made public. The guarantee of the Polish Government to meet principal and interest on the bonds sold to the French investor and the assurance which has been given locally that transport rates on coal from Upper Silesia to the seaboard over the new line will not be so high as to restrict the continued increase in Polish coal exports to the Northern countries substantially confirm the surmise made in these columns on

April 4th that the Government will continue to subsidise coal exports by means of uneconomic freight rates and by meeting the services of the loans, if necessary, out of Budget revenue. In due course, it is hoped and expected, an agreement will be reached between Great Britain, Germany and Poland on the matter of coal exports in general and on shipments to the Scandinavian markets in particular. If and when such an agreement finally eventuates, subsidising coal exports by means of unprofitable freight rates and low port charges would no longer be necessary, so that the operation of the new line could then be made very profitable for the concessionaire.

Transvaal Gold Output.—The output of gold of the mines of the Transvaal during April amounted to 882,337 ounces of fine gold as compared with 910,998 ounces produced during March and 839,937 ounces in February. In April, 1930, the output amounted to 868,606 ounces. The following table shows the monthly output since the beginning of 1925:—

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	Pine Ore.	Pine Ore.	Pine Ore.	Pine Ore.	Pine Ore.	Pine Ore.	Pine Ore.
January	823,692	796,270	839,782	843,857	876,452	882,801	914,576
February	753,925	753,924	779,339	816,133	815,284	818,188	839,937
March	825,479	834,340	860,511	877,380	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	858,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	...
June	780,251	852,145	855,154	862,363	856,029	887,867	...
July	818,202	860,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,863	889,601	921,081	...
September	797,247	839,939	842,118	857,731	849,553	903,176	...
October	812,832	853,296	855,743	897,720	888,690	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,492	...
Total.	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	3,547,848

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	Aug. 1930.	Sept. 1930.	Oct. 1930.	Nov. 1930.	Dec. 1930.	Jan. 1931.	Feb. 1931.	Mar. 1931.	Apr. 1931.
Gold mines	202,257	205,061	206,778	205,030	203,473	209,442	209,777	207,239	206,770
Coal mines	14,788	14,706	14,482	13,973	13,763	13,865	13,740	13,436	13,242
Diamond mines	5,754	5,767	5,032	4,748	4,607	4,325	4,333	4,106	4,030
	222,799	225,534	226,292	223,751	221,843	227,632	227,850	224,781	224,042

There was a further decline in the native labour figures for all branches of mining during April.

Liverpool and London and Globe.—Though the operations of this company in 1930 resulted in a trading surplus, the amount was much smaller than in recent years, and the company has experienced a shrinkage in premium income in every department. Fire premiums have fallen from £4,846,000 to £4,699,000, while miscellaneous premium income has fallen from £5,428,000 to £5,282,000. Apart from the life department, the total premium income in 1930 amounted to £10,751,000. Fire premiums have shown a dwindling tendency throughout the last five years, and the whole of the increase in total premiums during that period has occurred in the miscellaneous branch, which includes, of course, motor car insurance. The underwriting results of the last two years are shown below:—

	1929.		1930.	
	Amount of Profits.	Percentage of Premiums.	Amount of Profits.	Percentage of Premiums.
Fire	260,242	5.4	256,340	5.5
Personal accident	900	.4	2,245	1.0
Employers' liability	20,142	11.6	26,239	15.8
Miscellaneous	146,652	2.7	64,968	1.3
Marine	33,435	8.3	29,078	8.2
Life	23,000		23,000	
	484,371		271,934	
Less items debited to profit and loss account	154,636		152,468	
	329,735		119,466	

The company is controlled by the Royal, and the dividend has been raised by a steady 2½ per cent. each year for

many years past. This increase is repeated for 1930, with a result that the dividend is now at the rate of 67½ per cent., absorbing £560,000, compared with interest earnings of £499,000. The net addition to surplus assets amounting to £58,000 is the smallest in any recent year. In the life department the net new business of the year amounted to £1,903,289, compared with £1,715,731 in 1929, and the life and annuity fund combined are now approaching the £10 million mark.

Alliance Assurance.—Including the life department the total funds now amount to the impressive total of £34 millions. Of this the Life, Annuity, and Sinking Funds account between them for nearly £24 millions; and these include some £6 millions belonging to the closed funds of subsidiary companies. In spite of the virtual cessation of single premium policies, the new life business transacted in 1930 was on a larger scale, the total being £3,210,646, compared with £3,027,438 in 1929; and both the annuity fund and the sinking fund show evidence of a substantial volume of new contracts having been issued last year. Under the stimulus, it is believed, of staff schemes and group insurance contracts, the life department has shown considerable expansion during the last five years. During that period the life fund has grown from under £12 millions to nearly £16 millions, and the volume of new business has increased by almost 50 per cent. As regards the profit-making capacity the interest earnings at about £4 9s. 6d. per cent. net are on the low side, though expenses are limited to the moderate figure of 10 per cent. The characteristic features of the accounts relating to the other branches of the business are the extraordinarily high rate of profit consistently shown by the fire department (the business of which is largely concentrated at home), and the comparatively large "gap" between interest earnings and cost of dividend. The existence of this "gap," which in lesser companies would constitute ground for criticism, is in the case of the Alliance abundantly justified by the high level of the departmental underwriting profits. A detailed analysis of the past year's results shows that these features are again present in the 1930 accounts:—

	1929.		1930.	
	Amount of Profits.	Percentage of Premiums.	Amount of Profits.	Percentage of Premiums.
Fire	331,548	16.1	324,793	15.9
Personal accident	— 12	...	2,457	6.0
Employers' liability	27,579	12.2	40,678	18.9
Miscellaneous	65,255	6.8	101,755	10.8
Marine	9,286	1.6	24,277	4.6
Transfer fees	9,469		9,796	
	443,125		503,756	
Less items debited direct to profit and loss account	262,188		256,736	
Net trading surplus	180,937		247,020	
Add net interest earnings	360,215		355,160	
Total available for dividend	541,152		602,180	

Since 1927 the dividend has been at the rate of 18s. per share, and this rate of distribution is repeated in 1930. The cost of this dividend is £488,250, and requires, therefore, a substantial draft on trading surplus wherewith to meet the payment.

North British and Mercantile.—Particularly on the American Continent, where its interests are large and important, the North British and Mercantile has felt the effect of the universal trade depression, and the premium income shows a shrinkage in all departments. Nevertheless, except in the fire department, where the underwriting ratio of profit has fallen from 9.9 per cent. to 6.7 per cent., the profits have been maintained, and, indeed, somewhat increased. The fall in premium income, which has been most pronounced in the fire department, amounts to

£600,000, and the 1930 total is £5,784,000. The underwriting results are set out in our usual table:—

	1929		1930	
	Amount of Profits.	Percentage of Premiums.	Amount of Profits.	Percentage of Premiums.
Fire	443,544	9.9	262,436	6.7
Railway passengers	96,613	8.0	112,480	9.4
Fine Art & General	30,660	8.1	39,815	11.0
Ocean Marine	35,000	10.5	35,000	10.9
Life	...		304,359	
Annuity	35,000		105,687	
Sinking fund	...		12,000	
	640,876		871,777	
Less items debited to profit and loss	156,274		171,083	
Total net trading surplus	484,543		700,694	

The company has always maintained a close relation between interest earnings and the cost of the dividend, and the steady rise in the former has enabled an increase in the rate of dividend to be declared in ten out of the last eleven years. The 1930 dividend is at the rate of 92 per cent., compared with 88 per cent. in 1929, and the cost of this is within the net interest earnings. The company transacts a large and increasing life assurance and annuity business, and the quinquennial valuation of this was made at the end of last year. In the life assurance fund, which amounts to over £26 millions, 90 per cent. of the profits belong to the policyholders and the balance to the shareholders; but the whole of the annuity profits, where the fund exceeds £3½ millions, and the whole of the sinking fund profits, belong to the shareholders. The valuation has been made on the same basis as in 1925, and the results of the last two valuations are as follows:—

	1923-1925.	1926-1930.
Trading surplus earned during valuation period	£ 1,224,313	£ 3,205,479
Investment profits brought into account	...	26,436
Brought forward	37,148	54,880
	1,261,461	3,286,795
Allocations:—		
To Bonuses to policyholders	1,125,241	2,739,235
„ Shareholders	81,340	422,046
„ Carried forward	54,880	125,514
	1,261,461	3,286,795

The 1925 valuation was in respect of a three-year period, and for that period a reversionary bonus of 36s. per cent. per annum compound was declared. For the quinquennium now ended the increased profits have enabled a reversionary bonus of 40s. per cent. per annum to be declared.

Scottish Equitable Life Assurance.—Early in 1831 a few gentlemen in Edinburgh who deemed it expedient to form a Life Assurance Society issued a circular letter inviting attendance at a meeting to be held at the Waterloo Tavern on March 29th of that year. The result was the Scottish Equitable. In the third year of its existence a premium income of £7,000 had been built up, and the fund amounted to £16,000, and during that period the society had been fortunate enough to experience only two death claims amounting to £300 in each case. By the fifth year progress had become rapid, the premiums had grown to £10,000 per annum and the fund to £40,000; and now in the centenary year ended March 1, 1931, the premium income is £650,000 and the fund is £9,603,000. Owing to the cessation of single premium business, there has been a falling off in total new business from £1,530,000 to £1,451,000, but the chairman rightly emphasised in his speech that "these figures consist entirely of individual policies taken out for the purpose of provision and include no blocks of group assurances or staff insurances, which represent a substantial proportion of the business of some of our competitors." The chairman went on to advocate what we have ourselves felt to be necessary, namely, the separation in annual reports of business under these special schemes from ordinary provident life policies. The society has been active in introducing new schemes, and one of those recently launched contemplates the payment of life assurance premiums by means of book safes issued by the

society. Arrangements have been made with the National Provincial Bank, Limited, and with Lloyds Bank, Limited, in England, under which the moneys deposited in these home safes will be credited periodically to the depositor's banking account at interest and thereafter transferred by the bank to the society in payment of premiums. The last quinquennial valuation of assets and of liabilities took place on March 1, 1928, when a reversionary bonus of 38s. per cent. per annum compound was declared. The directors, after considering all the circumstances, have decided to mark the society's centenary by increasing the rate of interim bonus for the current quinquennium from 38s. per cent. per annum compound to 40s. per cent. per annum compound.

At the meeting of the Royal Statistical Society, on May 19th, Dr. E. C. Rhodes will read a paper entitled "Labour and Output in the Coal-Mining Industry in Great Britain." The meeting will be held in the Hall of the Royal Society of Arts, John Street, Adelphi, W.C.2, at 5.15 p.m.

Overseas Correspondence.

UNITED STATES.

Corporation Earnings — Failures — Money Market — Trade Situation.

(FROM OUR CORRESPONDENT.)

NEW YORK, April 30.

DISCOURAGEMENT over the business outlook has increased. It has been partly a reaction from the continued decline in share and commodity markets and has caused further selling of securities. Actual changes in the trade position are unimportant, and there appears to have been at least no more than the usual seasonal recession from the early spring peak of activity, but as at this time last year, reports on earnings for the first quarter and consequent dividend reductions are opening eyes which had been closed to the true situation.

Publication of the earnings statement of the United States Steel Corporation was the outstanding industrial event of the week. The regular quarterly dividend of \$1.75 a share was voted on the common stock, which was somewhat reassuring. Although in well informed quarters it had not been expected that the Corporation would be able to earn anything on its common shares, the report proved to be a disappointment to the rank and file. Largely by skimping depreciation charges, the Corporation reported earnings sufficient to cover preference dividends and leave a balance of 5 cents a share for the common shares. In the preceding quarter the regular dividend was not covered, so that in the past six months about 25 millions have had to be taken from surplus for dividend payments. United States Steel has surplus and reserves of around three-quarters of a billion, but cash and Government securities are less than 200 millions, much of which is needed for working capital.

While the directors have been willing to dip into surplus for two-thirds of the final 1930 dividend and for virtually all the first quarter's payment this year, it is unlikely they will pay a full year's distribution of more than 60 millions by depleting the cash resources. Second-quarter earnings are unlikely to show any improvement, and therefore the market is attempting to discount a cut in the rate. Other steel companies are making a worse showing than the leader, and are reducing their dividends.

The general tenor of the industrial corporation reports, which are running close to 40 per cent. under the net income of the first three months of a year ago, and the immediate outlook are increasing the talk of wage cuts. Some industrial leaders are strongly opposed to general reductions in the pay scales, though a good many companies have already cut wages. The tendency is growing,

especially among bankers and economists, to regard wage reductions as inevitable and, in view of the sharp reductions in living costs, as bringing no hardship. Industry generally is awaiting the lead of some such organisation as the Steel Corporation or a large railroad. Labour will, of course, bitterly fight any attack on existing wage scales, and the possibility of a "showdown" on this question is one of the disturbing elements in the situation.

Wall Street is full of the rumours of trouble which usually mark the fag end of a sharp bear movement in stocks. Plausibility is given some of them by the failure of the large firm of Pyncheon and Company and a smaller satellite, but while some small houses may be obliged to close, no important institution is believed to be in danger. With respect to the trading corporations or investment trusts and one or two inflated holding companies, much will depend on how far the decline in prices deflates their assets. It must be expected that small bank failures will continue throughout the interior for several months.

Although the New York Federal Reserve Bank made no change this week in its discount rate, the matter was carefully considered, and some members of the board are known to favour it. A reduction would be unpopular among the banks, and opinion generally opposes it, for the reason that it would not be effectual in stimulating the bond market or business, nor would it be likely to stop the gold influx, except possibly that from France. The reduction to 2 per cent. last year was made mainly as a gesture, but it created fresh apprehension over business without helping anybody. At all events, the best practical means of cheapening credit in this market has already been taken by the Reserve authorities. For the second time in a week the New York bank has cut its bankers' acceptance buying rate, the asking rate on 90-day bills now being 1½ per cent., the lowest on record.

Open market rates now leave the discount rate high and dry, but while the lower bill rate is bringing bills to the Reserve Bank, the member banks of this district are borrowing so little money that a lower discount charge would make no difference. Discounts for this district are only 30 millions, and the New York City banks are entirely free of debt to the Reserve Bank and have been for a long time. The Reserve system added 18 millions in bills to its portfolio this week. Government security holdings were unchanged. Member banks, to provide for May 1st dividend disbursements and other financial settlements, borrowed 20 millions, the entire operation taking place in the interior. This increase in Reserve credit amounted to only 48 millions for the system, which also gained gold and raised its reserve ratio to 84 per cent. The week's imports were 11 millions, excluding approximately 15 millions that arrived late to-day but were not reported on the Reserve Bank tabulation. Bankers here expect more gold to come from France.

The failure of two Stock Exchange houses and the reorganisation of one or two others have helped to bring deflation in brokers' loans. The drop this week was 114 millions. Total loans of 1,730 millions are still 14 millions above the lowest figure reached on February 4th last. At the same time, the member banks of the Reserve system throughout the country are reducing their loans on securities, thereby forcing sales, most of which are coming on the New York Stock Exchange. Reporting member banks in leading cities last week revealed a decline of 56 millions in security loans, the total of 7,138 millions being 1,186 millions less than a year ago. These reporting banks hold approximately 40 per cent. of the banking resources of the country. Member banks also continue to report lower commercial loans, a reflection of the seasonal drop in business activity. To keep their funds employed they are constantly adding to bond investments, the week's rise being 55 millions and the total 2,057 millions above a year ago.

If the banks are buying bonds, individual investors are holding aloof, and another week has passed with virtually no new capital issues apart from another Treasury bill issue of 60 millions. This latest issue is to provide for early May maturities, and will doubtless be followed by several more before the June 15th tax collection date.

Trade results are encouraging only in so far as they show no swift decline in factory production or retail distribution. The trend is now downward, but it is a gradual recession. The steel industry has dropped another point to around 48 per cent. of capacity, and it is likely that the average rate for the remainder of the second quarter will be lower than that, making it impossible for the steel companies to earn anything on their common stocks. Railroad traffic is somewhat better, having gained slightly over the past fortnight.

FRANCE.

Presidential Election — Impending Conversions — Prices — Import Duties — Industry — Crop Prospects.

(FROM OUR CORRESPONDENT.)

PARIS, May 13.

To-day's presidential election at Versailles was expected to be full of surprises, and the forecast has proved justified. In political circles it is widely felt that M. Briand was ill-advised to accept nomination, under what was largely Socialist pressure, at a moment when the Parliamentary sands are unusually treacherous; and there is a widespread belief that the veteran Foreign Minister for once misinterpreted the meaning of the handsome vote of confidence (by 419 against 43, with 102 Socialist abstentions) which the Ministry secured in the small hours of last Saturday morning on a resolution which definitely pledged the Chamber to oppose all attempt to bring the Austro-German Customs Union project into operation. Opinion generally appears to consider that the Foreign Minister's position has been weakened by his failure to secure election.

Circumstantial reports are current that the application of the long-pending Rente conversion plans is now imminent. Between to-day's presidential election and June 13th, when the Chief of State will assume office, there should be, under normal conditions, a period of comparative calm, in view of the fact that the Ministry must automatically resign and leave the organiser of a new Cabinet to be nominated by the new President. It is widely felt that this period of political truce would be admirably suited to the application of the conversion scheme, and there seems to be good ground for believing that it will be so used. It is expected that the new conversion issue will be a 4 per cent. loan, issued at about 98½, which would probably best suit existing conditions.

Already the Crédit Foncier and many of the leading private companies have carried through bond conversion operations, and it is expected that the large existing issue of 6 per cent. 21 A bonds, issued jointly by the six great French railway companies, will undergo conversion almost immediately. The new loan for Yugoslavia, of which 675,000,000 francs of 7 per cent. bonds, issued at 87½, is to be offered here, and the coming 400,000,000 francs issue of 6½ per cent. bonds for the completion and extension of the Kattowice-Gdynia railway across Poland cannot be regarded as serious obstacles to a massive Rente conversion operation, although their terms are apparently much more attractive than any new 4 per cent. Rente issue would seem to be in any other country but this. One important factor in the situation is the need for the Treasury to be able to reimburse the Caisse d'Amortissement for the obligation it undertook under the Budget to assume charge this year of some 1,900,000,000 francs of debt service payments hitherto borne by the Budget, which it was understood would be made good out of savings to be effected by Rente conversion. Irredeemable three per cent. Rentes at the end of April stood at 89½, redeemable threes at 92.45, 1917 fours at 104.20, 1920 redeemable ("Caillaux") fives at 136.75 (with guarantee against exchange), 1915-16 fives at 104.75, and 1920 sixes at 105.52. The average rate offered by new bond issues in April was 4.60 per cent., against 4.55 per cent. in March, and averages of 4.69 per cent. throughout 1930 and 5.36 per cent. in 1929.

The index of wholesale prices at the end of April is 494 (as in January), as compared with 492 in March and a mean of 543 in 1930, of 623 in 1929, and of 634 in 1928. The detailed figures (July, 1914 = 100) are as follows:—

	Articles.	Jan.	Feb.	Mar.	April.
General index.....	(45)	494	492	492	494
French products.....	(29)	567	557	560	566
Imported products.....	(16)	364	375	370	365
Foodstuffs.....	(20)	553	529	537	548
Raw materials.....	(25)	462	461	453	449

The outstanding feature of the table continues to be the remarkable difference between the wholesale prices of French products and those of imported goods. These had means respectively in 1928 of 619 and 660. In 1929 the situation was reversed, and prices of imported goods dropped below those of French products (635 against 602). By the end of last year the figure for French products was almost exactly 50 per cent. higher than that representing prices of imported goods, and this approximately represents the situation at the end of April. The practically universal dumping which now prevails accounts, of course, to some extent for this unusual circumstance; but probably an even more important factor in maintaining French prices at their present high level is the lavish use which is being made of the power of the Government to modify the Customs tariff at will. Since March, 1930, import duties affecting some 150 items in the French minimum tariff have been in most cases very substantially increased. The Chamber on Thursday last formally approved a Bill increasing the import duty on butter to 400 francs per 100 kilos., or over 3½d. a pound. Consumers are mildly protesting that the cost of living does not appear to be growing cheaper; but so far as the working classes are concerned, there is still no sign of popular discontent, no doubt owing to the fact that wages in the majority of industries are governed by cost-of-living sliding scales. Exporters, however, appear to be beginning to realise that the falling off in foreign trade is to some extent, at least, due to French prices being too high, and complaints are being voiced to the effect that, however beneficial to agriculture this continual raising of the tariff wall may be, the advantage to the native producer is being largely nullified by the falling off in export trade. "By continually raising our prices," says one well-known writer, "we have almost entirely lost the British butter market and been replaced there by Australia, New Zealand, Argentina, Denmark, Holland, and even South Africa." The sharp increase in the butter tariff has been largely due to the desire to keep out Soviet butter.

Industrial production figures for March, which are issued this week, suggest that output on the whole continues steady, the general index figure for the principal nine industries being returned as 132 (1913 = 100), against 133 for January and February, 136 for October, and means of 140 for 1930, 139 for 1929, and 127 for 1928. The metallurgical industry, which has suffered more than any other during the past few weeks, shows a drop of four points (117 to 113) on the month, but still remains 13 per cent. above its pre-war level, although 12 points below its 1928 and 1930 means and 16 points below the record mean set up in 1929. Textiles, mining and motor-car output were each a nominal fraction lower. The rubber trade expanded a further 5 points to 930, largely owing to the record low prices of rubber. Unemployment is now apparently well on the downward trend.

Crop forecasts for the coming harvest, based on conditions on May 1st, are appreciably below those for the corresponding period of 1930 as to quality, but fractionally better, except in the case of wheat, as to quantity. The total area under winter and spring wheat on May 1st is returned as 5,055,910 hectares, against 5,256,810 hectares last year. This drop of rather over 200,000 acres has been due to the abnormally rainy winter, which held up sowing operations. The area under spring sowings this year totals over 311,000 hectares, against 91,000 hectares last year. The average quality of the new wheat crop is returned as 66, as compared with 73 last year at the same date.

BARCLAYS BANK (DOMINION, COLONIAL AND OVERSEAS).

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GERMANY.

Employment — Housing — Unemployment Commission — Berlin Finance.

(FROM OUR CORRESPONDENT.)

BERLIN, May 13.

The condition of the German labour market during the last few months has not proved so unsatisfactory as had been generally expected. After reaching its seasonal maximum in February, the number of unemployed has declined by some 700,000 against 600,000 last year. It is true that, without counting workers on short time, there are still 4.3 millions unemployed in Germany, against 2.7 a year ago. This is a fantastic figure, in all conscience, but recovery was bound to come later this season owing to the long duration of wintry weather.

In addition to the delay imposed by the weather, building activity has been severely hampered by causes only very indirectly connected with the general business situation. In previous years it has only been possible to continue the building of houses, in spite of the high rate of interest, by the grant of cheap mortgages from public funds. These funds were maintained by half the yield of a rent tax payable by the owners of pre-war houses, which was supposed to be compensated for by the fact that the mortgages on the older houses were for the most part wiped out by the inflation. The other half of the proceeds of the tax was used for general purposes by the States and Communes. This year, under the pressure of financial difficulties, part of the half which really ought to have been used for housing purposes has had to be deflected to other uses, so that fewer mortgages can be granted, and in consequence fewer houses can be built.

According to Government regulations mortgages at reduced rates are henceforward only to be granted to those builders who are confining themselves to the erection of small houses or flats at relatively low rents. This restriction was necessary because, in spite of the great housing shortage, some of the new blocks of moderately large flats are impossible to let, for in the present depression a large part of the population can no longer pay the rent of a newly built four or five-roomed dwelling, even with the aid of the reduction of interest by the State. The restriction is, however, very hard on the building industry, and it is somewhat ironical that a big exhibition of building technique should be being opened in Berlin just at this moment, simultaneously with a strong propaganda movement for the restriction of building. While the total decline in unemployment is about 14 per cent. the corresponding decline among building operatives, as far as it can be deduced from trade union statistics, barely amounts to 3 per cent., and if there is to be any improvement this year at all it will have to begin at once. There has, on the other hand, been a substantial increase in the demand for labour in agriculture.

The Unemployment Commission has now published the second part of its report. While the first part was devoted to proposals for improving the distribution of the existing demand for labour, and recommended a reduction in working hours to that end, the new report aims at suggesting means for increasing the opportunities of employment. The principal recommendation of the report is that no stone should be left unturned to obtain foreign capital for the development of the power industry, the improvement of the existing road system—the construction of new motor roads and canals is expressly discountenanced as uneconomic—the undertaking of agricultural improvements, and the promotion of land settlement. The Commission utters a warning against excessive restriction of house building. They also consider that the "labour conscription" for which there is a wide demand is not a suitable method of relieving the labour market, but they recommend a similar scheme on a voluntary basis. This system would consist of the employment on agricultural or similar work of groups of workers who cannot at present find employment at the customary or tariff wage, in return for a lower wage or for mere maintenance, while the State would be responsible for seeing that no depression of the general wage level resulted. In recommending this scheme the Commission are evidently relying very much on the desire of the unemployed to shake off the moral depression caused by the long duration of unemployment and the sense of their own superfluity.

The sale of the Berlin electricity works is now complete, as the municipal courts have sanctioned it. Berlin is thus freed of its floating debt burden as far as is necessary to ensure a sound financial policy. The short-term debt amounts nominally to 500-600 millions, but 100 millions of this was borrowed from the municipality's own funds. The sale of Bewag brings in 210 millions, and this, apart from a small reserve which is to be used for the time being to meet expenses in connection with the social services, is available to meet the debt. Some 150 millions have been lent by other public credit institutions which are not requiring payment for some time. About 100 millions have been lent to the city by the Danatbank and Kuhn-Loeb, who are prepared to extend the loan; this credit will be met later on out of the proceeds of the sale of a minority holding in the Berlin Gasworks, for which preliminary negotiations are already being conducted with every prospect of success. It will thus be possible to dispose of all the pressing demands for repayment.

The sale of so large a share in the municipal electricity works on such unfavourable terms was naturally a heavy sacrifice, but the result has been not only the recovery of financial freedom of movement by Berlin itself, but the freeing of the German money and capital markets from the perpetual danger of heavy demands for money by the capital. Only a relatively small part of the Bewag issue will come into the market, and that, especially the German share, will be easily absorbed, as the terms finally decided upon include a 10 per cent. dividend guarantee. If this dividend is not earned, the electricity tariff is to be raised.

HUNGARY

Politics — Budget — Austro-German Customs Union and Hungary — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BUDAPEST, April 27.

ALTHOUGH the mandate of the present Parliament does not expire until the end of the year, there is much talk in political circles of elections in June, or in the autumn. That members of the House of Deputies anticipate an early dissolution is demonstrated by the lack of interest with which they treated the Budget. The general debate on the Budget came to a sudden end on the second day, as not one of the 29 members who were notified to speak was present. In view of the fact that urgent financial and economic problems await solution in the near future, it

would be in the interest of the country to hold an election as soon as possible. There is little doubt that Count Bethlen, whose Government secured political stability for the last ten years, will be returned with a safe majority.

The Budget estimates for 1931-32, which were voted in the first reading on April 24th, forecast a revenue of 878.8 million pengő, and an expenditure of 878.3 million pengő. As the financial year ends on June 30th in Hungary, only the figures of 1929-30 are available for comparison. Actual revenue in 1929-30 as published by the monthly return of the Finance Minister, amounted to 953.9 million pengő, and expenditure to 953.7 million pengő. In the first seven months of the present financial year the total receipts of the Treasury amounted to 481.5 million pengő, as against 546.0 million pengő in the same period of 1929-30. Expenditure in the first eight months of the present financial year is returned at 646.5 million pengő, as against 662.5 million pengő in 1929-30. As expenditure did not decrease enough to offset the fall in the revenue, there is a deficit of 91.5 million in the first eight months of the current budgetary year. It is hoped, however, that the departmental receipts of the Treasury due in May and June will improve the situation, and with the proposed economies and latent reserves and by loan operations if necessary the Budget will be balanced. In view of the fact that expenditure in 1929-30 amounted to 953.9 millions, and will in all probability exceed 900 million pengő in the present financial year, the estimates of 878.3 million pengő for 1931-32, if strictly adhered to, mean a considerable saving which was very much needed. The Finance Minister warned the House of Deputies that the estimates for 1931-32 cannot be exceeded without threatening the budgetary equilibrium which the Government is anxious to safeguard by all means. Fortunately, bad as economic conditions are at present in Hungary, the maintenance of budgetary equilibrium is facilitated by the fact that more than 55 per cent. of the total expenditure is due to personnel and pension services, and only about 10 per cent. to fixed charges such as the service of the National Debt and Reparations. There is also scope for a moderate increase in receipts, the more energetic collection of tax arrears and increases of certain taxes which had been reduced in recent years. Of course, the main problem of Hungarian finances is the same as that of all other countries, to adjust the State Budget to the lower price level brought about by the fall in agricultural prices which has considerably diminished the taxable capacity of the population.

The Austro-German Customs Union plan and its probable effects on Hungary are widely discussed here. The Government has, however, wisely refrained from committing Hungary, and the Minister of Foreign Affairs has declared that the only possible attitude for Hungary is to wait and follow the developments closely. The decision of the Council of the League of Nations is therefore awaited with great interest. In the meantime, negotiations for a new commercial treaty with Austria are making good progress. Austria denounced the commercial treaty which had been in operation on the most-favoured-nation basis from 1926 and expires on June 30th. The new treaty provides for preferential quotas, railway and credit facilities, but nothing has been officially stated so far. There are rumours that negotiations with Czechoslovakia—with which country there has been a Customs war since December, 1930, when Czechoslovakia denounced the existing treaty—will be resumed in May for the conclusion of a new treaty. Hungary, being vitally interested in the marketing of her agricultural surplus, would undoubtedly gain if she could become a member on equal terms of any greater economic unit which imports cereals and cattle. Therefore, both the Austro-German project and the counter plan of Monsieur Briand, vague as it is, are in the forefront of politics. Hungary is fully conscious of the difficulties in the way of realisation of a customs union, or even of preferential or regional tariff treaties.

Foreign trade in the first quarter of 1931 resulted in an adverse balance of 12.6 million pengő, as against a surplus of 20.4 million pengő in January-March, 1930. Exports dropped from 218.4 million pengő in 1930 to 130.3

million pengő; imports have fallen from 198.0 million pengő to 142.9 millions. This contraction is due in the first place to the decline in prices and the diminished purchasing power of the population and to a lesser extent to the cessation of trade relations with Czechoslovakia on account of the customs war. The small deficit of the first quarter of 1931 is insignificant, as the bulk of Hungary's export trade falls to the second half of the year when harvest is finished. It is as yet too early to make forecasts for the crops. After the cold days of March and the first weeks in April the mild weather of the second half of April improved crop prospects, but the world prices of cereals are anything but cheerful now, and offer very poor prospects. The London Conference of wheat exporting countries will be attended by delegates from Hungary, but in the absence of the chief exporting countries this conference cannot solve Hungary's difficulties. What Hungary needs is to sell her surplus at satisfactory prices to the industrial countries. As Hungary's purchasing power depends entirely on the marketing of her agricultural surplus, it is also in the interest of the industrial countries to come to equitable terms with Hungary whether on the most-favoured-nation or a preferential or regional basis. As the Austro-German customs union project has shown Europe that something must be done to put an end to the mania of protection, it is hoped in Hungary that whatever the decision of the Council of the League of Nations may be, the case for a new departure in the commercial policy in Europe will be so overwhelming that the League will be unable to refuse the Austro-German plan without suggesting something better.

SWITZERLAND.

Foreign Trade — Unemployment — Money Market.

(FROM OUR CORRESPONDENT.)

GENEVA, April 25.

THOUGH the foreign trade returns show how seriously Switzerland is affected by the general economic depression, a small improvement was noticed during March. During the first quarter of the year imports totalled £21,867,852, compared with £25,620,637 during the corresponding period of 1930, a drop of £3,752,785, or about 14.6 per cent. The decrease in raw materials was especially heavy, a sign that home industry is not very active. Exports, on the other hand, aggregated £14,507,253, against £18,500,348 in 1930, a decrease of £3,993,095, or nearly 21.6 per cent. It is true that prices have gone down since last year, which partly accounts for the decline; but there was also a drop of about 19 per cent. in the quantity of goods exported. All the exporting industries are hit by the slump, but principally the watch-making, silk, cotton and machines industries, the aggregate exports of which, during the first quarter, were 29 per cent. lower than last year. Conditions have, nevertheless, improved since the beginning of the year, as shown by the following monthly figures:—

	Imports.		Exports.	
	1930.	1931.	1930.	1931.
January	8.3	7.3	5.9	4.6
February	8.2	6.9	6.3	4.7
March	9.1	7.6	6.3	5.2
	25.6	21.8	18.5	14.5

Commercial exchanges with Great Britain during the quarter were slightly inferior to those of last year; imports from her totalled £1,052,000, or about £250,000 lower, and exports to her were £2,420,000, a drop of £14,000 on the corresponding period of 1930. There are some prospects of British imports into Switzerland developing in the course of the year, principally in the case of motor cars, as a result of the Geneva International Automobile Salon held last month. For the first time, the number of British car exhibitors reached five, namely, Austin, Daimler, Humber, Morris and Rolls-Royce, and it is said that business was good. More Austin, Morris and Rolls-Royce cars are now seen in Switzerland, but there is room for many more, as automobile experts are of

opinion that Switzerland is capable of absorbing another 8,000 cars in the near future.

Despite the small improvement recorded in March, economic conditions are unsatisfactory. Unemployment is particularly severe in watchmaking and textiles. The number of unemployed was nearly 20,000 at the end of March, a drop of about 6,000 on the month. The decline is due to seasonal causes, mainly in connection with hotels, the building industry, and agriculture. The home market, which so far seemed to have remained sound, now shows some signs of slackness. The earnings of the railways and transport undertakings were lower than last year; but, on the other hand, there is great activity in the banking industry. Foreign funds continue to pour into the Swiss banks, one of which received in a single day £1,800,000 from Germany. Money is abundant and cheap, and interest on long-term deposits has been lowered from 4 and 3½ per cent. to 3½ and 3 per cent. since the end of last year. The favourable condition of the money market accounts for the fact that the Federal and Cantonal Governments, as well as banks and industrial concerns, are converting the loans issued a few years ago at 5½ and 5 per cent. into loans at 4½ and 4 per cent.

SOUTH AFRICA.

Trade Improvement — Workmen's Compensation Bill — Revenue — Gold Mining — Railway Budget.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, April 8.

To readers overseas the South African identification of General Hertzog's name with "the depression" would perhaps be something of a surprise. There are thousands of farmers and of the less experienced type of business men in this country who believe or have believed that the Prime Minister caused the depression by his speech of warning eighteen months ago. Perhaps they will now give him equal credit for the signs of improvement to which he referred in a speech in the country town of Clanwilliam a few days ago. He said, with special reference at the moment to the wool market, that there was no doubt that there were signs of improvement, but that farmers must also help themselves by their own efforts and by some sacrifices in articles and habits not strictly necessary to a proper standard of living.

On March 25th the Minister of Labour introduced into the House the new Workmen's Compensation Bill—a measure recognised on all sides as being very badly needed. The Bill proposes to establish a Workmen's Compensation Judge and a board of three members. The judge will have the powers of a Supreme Court judge, and the conditions under which an appeal is to be allowed from his decision are few and very closely defined. The duties of the board are to be to enquire into accidents, to assist in preparing claims, to present them to the judge, to fix rates of assessment and assume control of funds to be set up under the proposals, to collect information in regard to industrial accidents, and to present an annual report to the Minister. Rates of compensation for temporary total disablement are fixed at 60 per cent. of the workman's monthly earnings, but the judge may increase this to the full rate of wage; after six months the rate of compensation is to be 50 per cent. of the earnings. For permanent total disablement there is to be a monthly pension, and for permanent partial disablement the compensation is to be in a lump sum 16 times the monthly earnings up to £20. In the case of death, a widow, or other total dependant, is to receive two years' earnings or £500, whichever is less; while allowances are also provided for children under sixteen years of age. Compensation for natives whose earnings do not exceed £13 6s. 8d. per month is to be fixed at 60 per cent. of earnings for three months, but may be extended for a further three months by the judge. The Bill is the outcome of the investigations of a committee appointed some time ago by the Minister of Labour; it is to go to a Select Committee before the second reading. It is understood that the original committee had before it the Workmen's

Compensation Laws of all countries from which they could readily be obtained.

In his Budget speech, Mr N. C. Havenga, the Minister of Finance, had to confess to having been over-optimistic last year. Perhaps his long run of surpluses had clouded his judgment. The statement revealed a deficit for the current year of £1,700,000, against which the Minister proposed to set last year's surplus of £488,000. He considered that 1931-32 revenue would fall short of expenditure by £1,676,000, so that the estimated deficit at the end of next year would be £2,880,000. The Minister hoped to reap £715,000 from an increased duty of 3d. per gallon on petrol, £220,000 from a reduction of income-tax abatement, £505,000 from tariff adjustments on tea, millinery and piece-goods, and £600,000 from a restoration of the 2d. rate for letters. These, with other smaller proposals, are expected to reduce the £2,880,000 deficit by over £2,000,000.

The Customs revenue for the year just closing will be about £7,300,000, nearly £2,000,000 less than last year, and £1,150,000 less than the estimate. Of this drop, £600,000 is due to the fact that imports of motor vehicles fell from £5.34 millions to £2.23 millions. The total loss of revenue owing to reductions in motor transport expenditure was about £750,000. It is satisfactory to note that while the total figures of imports and exports fell by £14 millions, imports alone fell by £19 millions from last year's figures—which the Minister considered to be excessive at that time. The Minister referred to the position of the gold-mining industry as the mainstay of the economic structure of the Union, and pointed out that the severe depression in other industries and the poor season for agriculture had enabled the industry to secure adequate supplies of labour and to make new records in production. He also announced that the Government had concluded negotiations for the leasing of 2,500 claims at Grootvlei—so we shall have another mine developing on the Far East Rand. The area is a very promising one.

The Minister of Railways introduced his Railway Budget after his colleague of the Treasury. Mr C. W. Malan does not convey the impression of being so strong or so able a man as Mr Havenga, and he has, moreover, a very difficult task in managing the finances of an industrial concern employing so many supporters of his Government. His deficit was not far short of £800,000, of which he proposed to draw £105,000 from the Rates Equalisation Fund and to carry forward the balance. The decrease in revenue occurred under all heads, in approximately the same proportions, and the Minister fears that it is still continuing. He estimates that the position at the end of March next will show a deficit of £600,000 on that year. The accounts for the year 1929-30 revealed a deficit of £394,000, and for the year now closing £799,000—so that at March 31, 1932, the railway accounts might be expected to show an accumulated debit balance of £1,800,000, with no immediate prospect of discharge or of escape therefrom. In the circumstances certain cuts in local allowances to staff were proposed and had been applied in part.

Letters to the Editor.

THE AUSTRO-GERMAN ZOLLVEREIN.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Perhaps you will permit me to express amazement at seeing how little account is made in the general talk about the Austro-German Zollverein project of the fact that such a move is clearly contemplated in the standing Commercial Treaties of Italy with Austria and Germany, and of Great Britain with Germany.

Indeed, the first of these Conventions, the Treaty of Commerce between Italy and Austria, dated April 11, 1923, and therefore subsequent to the Geneva Protocol of 1922, by article 11, agrees that the general Most-Favoured-Nation Clause does not apply (I quote the French official text): "aux obligations imposées à l'une des Hautes Parties contractantes par les

engagements d'une Union douanière déjà contractée ou qui pourrait être contractée à l'avenir."

The same exception in identical terms is stipulated by article 12 of the Commercial Treaty of Italy with Germany, dated October 31, 1925; and it has been inserted likewise in article 4 of the Commercial Treaty between Great Britain and Germany dated December 2, 1924.

At least as concerns Italy and Austria, this special Convention is not a post-war novelty, for article 11 of the Treaty of Commerce now in force simply repeats article 7 of the old Treaty with the Austro-Hungarian Empire of February 11, 1906, which lasted until the war.

In point of fact, I may recall that in 1906 a Zollverein existed between the Austro-Hungarian Empire and the little Principality of Liechtenstein, which since 1924 has formed a Customs Union with Switzerland.—I remain, with compliments, Dear Sir, Yours truly,

Bricherasio, Turin.

EDOARDO GIRETTI.

April 23, 1931.

Books and Publications.

THE REFORM OF LOCAL GOVERNMENT.

It is almost a commonplace, nowadays, that no political party in this country will touch the reform of local government if it can possibly help it; that the setting up of even the largest and most learned commissions of inquiry (like the Royal Commission on Local Government or the earlier Commission on London Traffic) produces nothing but volumes of interesting information, and reports which are in effect only a helpless statement of the difficulties involved; and that the only way in which to secure the passage of even a reform to which practically all sections subscribe is to tie it to the tail of some other question of immediate urgency, as when, for example, the abolition of the Board of Guardians was carried through in connection with experiment in rating reform. Far-reaching reform in any field appears certain to encounter widespread and obstinate opposition; but where, as in the case of local government, a distinct uncertainty of aim on the part of the reformers is added to a ferocious conservatism on the part of all the bodies to be reformed—let those who doubt it study Mr Robson's almost theological hatred for the County Councils' Association—the outlook seems poor indeed.

Mr Robson's extremely interesting book* illustrates the difficulty very well, while affording, by the very fact of its publication, some hope that we may gradually approach a little nearer some sort of solution. The two largest sections of the book are devoted to a criticism of the present structure and the present functional powers of local authorities. In these two sections Mr Robson does not make any criticism that is particularly new, though, by gathering together and conveniently arranging a great deal of material gained both from practical experience and from the evidence given before the Royal Commission, he succeeds in presenting a clear and impressive picture of the ridiculous structure of present-day local government and of the scandalous inefficiency and lack of social service which results both from its structure and from the portentous growth of the doctrine of *ultra vires* which is now one of the chief barriers preventing the cities of England from being like the city of Munich. Mr Robson wishes, as indeed do most friends to local enterprise, to remove the senseless and expensive restrictions on local government activity, not necessarily by a general Enabling Bill, but at least by giving general powers to the larger local authorities to embark upon any enterprise which is not scheduled upon a "reserved list"; and he is prepared even to agree to a fairly strict limitation of the amount which may be borne upon the rates for some of the wider and newer activities.

Obviously, the present position, as compared, say, with that of American and Continental cities, is unnecessarily hampering, and if local life is to continue, must be reformed in some such way as Mr Robson suggests. But

* "The Development of Local Government." By W. Robson. Allen and Unwin. 12s. 6d.

any attempt to translate this reform into immediate legislation brings one up against the problems outlined in his chapter on structure, where he shows convincingly that the existence of a very large number of small and poor authorities running such enterprises not only makes for inefficiency but actually hinders progress. Nor is this lamentable situation to be blamed solely upon the smaller authorities; the daggers-drawn rivalry between county and county borough has also much to do with it. Mr Robson's own remedy is to increase considerably the number of county boroughs, and to make the county councils responsible for all the remaining area of the county, thus in effect turning the smaller towns into district committees of the county council; while at the same time he proposes to enforce co-operation of the larger authority for services, such as land drainage, which need a wider area of control. If this is not done, he correctly remarks, there will be an increasing tendency to remove altogether some of the more important services from local control and place them under a central department, as the Desborough Committee was inclined to propose in the case of the police. But also, on his own showing, if this is not done, many persons will feel qualms about conferring general enabling powers on the existing authorities, fearing, in fact, lest history should repeat itself and a new service be created at haphazard which will turn out to have exactly the same disadvantages as beset, for example, any conscientious attempt at region-planning. An increase of the powers of local authorities without a simultaneous reform of their structure seems to present grave difficulties.

The above points are the chief burden of Mr Robson's book, which should be of real assistance to all who are trying to think on these problems. Space forbids more than a mere mention of the valuable chapter on "The Municipal Civil Service," a subject on which Mr Robson is an acknowledged expert, or his detailed study of the effects of the present chaos in the public health services. The chapter on "The District Auditor" might have been made fuller and more suggestive. Elsewhere Mr Robson has warned us of the sinister growth of that dangerous and unget-at-able bureaucrat; but the position needs to be stated over and over again, and some remedy, if possible, suggested.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Criticism and Other Addresses. By Sir Josiah Stamp. (London) Ernest Benn, Ltd., 154, Fleet Street. 15s. net.

The subjects of these, the principal non-technical addresses given by Sir Josiah Stamp during the last two years, range from "The Economic Background of the Gospels" to "Accountancy in 1965." Most of them are economic in character and the fact that the economist was writing in a philosophic mood gives them a peculiar interest.

The Economic Situation of Great Britain. By Sir Walter T. Layton. (London) London General Press, Ltd., 6, Bouverie Street. 2s. 6d.

Reprint of an article in the *Revue de Paris*, in which Sir Walter Layton calls attention to some of the more encouraging factors in this country's situation which are apt to be left out of account. The article was designed, not as a reply but as a complement to the criticisms of Professor André Siegfried.

The League Committees and World Order. By H. R. G. Greaves. (London) Oxford University Press, Warwick Square. 14s. net.

An indispensable complement to the many more theoretical books on world co-operation which have appeared recently. Mr Greaves devotes a chapter to each committee, discussing the problems which confront it and the manner in which it tackles those problems.

Economy and Naval Security. By Admiral Sir Herbert Richmond. (London) Ernest Benn, Ltd., 154, Fleet Street. 8s. 6d. net.

A timely plea for clearer thinking on the question of naval disarmament. The author makes practical suggestions designed to promote economy and to facilitate international agreement.

Le Dumping Soviétique. By Boris Eliacheff. (Paris) Marcel Giard, 16, Rue Soufflot. 15 francs.

A scientific study of the problem presented by Soviet dumping, with suggestions for concerted action.

Soviet Foreign Trade. By J. M. Budish and Samuel S. Shipman. (New York) Horace Livesight, Inc. \$2.50.

A study based on official sources of Soviet foreign trade with special reference to the United States.

Bolshevism at a Deadlock. By Karl Kautsky. Translated by B. Pritchard. (London) George Allen and Unwin, Ltd., 40, Museum Street. 6s. net.

An examination of the Five-Year Plan which leads to the conclusion that the Plan is economically unsound and that Russia is heading for bankruptcy.

Forced Labour in Russia? (London) British Russian Gazette and Trade Outlook, Ltd., Walter House, Bedford Street. 3d.

A collection of "facts and documents" designed to show that reports of forced labour in the Russian timber camps are grossly exaggerated.

La Crise Agraire. By Simon Enyedi. (Budapest) Imprimerie du Pester Lloyd.

A brief discussion of the wheat problem.

Movimento Commerciale del Regno d'Italia nell' anno 1927. Vol. II. (Rome) Istituto Poligrafico dello Stato.

The Italian trade returns for 1925-27 analysed by countries of origin and destination.

Rhodesian Manual, 1931. (London) Mining and Industrial Publications of Africa, Ltd., Africa House, Kingsway. 21s.

Contains the fullest information on everything the tourist or settler might want to know. There are chapters on the history and political organisation of the country, information on land purchase and housing, detailed accounts of all branches of agriculture, mining and mineral resources, and chapters on sightseeing, sport and motoring.

Legal Notes for C.A. Students. By D. G. Steen and R. Browning. (Edinburgh) William Hodge and Co., Ltd., 12, Bank Street. 6s. net.

A textbook intended to provide such general legal knowledge as is needed for accountancy examinations in Scotland.

The Law of Bankruptcy in Scotland. By Wm. Elder Levie. Third Edition. (Edinburgh) Wm. Hodge and Co., Ltd., 12, Bank Street.

A popular handbook.

The Horrors of the Countryside. By C. E. M. Joad. (London) The Hogarth Press, 52, Tavistock Square. 1s. 6d. net.

A collection of essays, depressing because so painfully true, on the terrible things that are happening to the British countryside.

The Countryman, April-June. Edited and published by J. W. Robertson Scott at Idbury, Kingham. 2s. 6d. An antidote to the above.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

India Round Table Conference: Proceedings of Sub-Committees.—Part II. £2 net.

Accounts of the Metropolitan Police Fund, 1930-31. 4d. net.

Report to the Lord Chancellor on H.M. Land Registry, 1930-31. 4d. net.

British and Foreign State Papers. 1926. Part I. £1 5s. net.

Report of the British Economic Mission to the Far East, 1930-31. 2s. 6d. net.

Fifty-fifth Annual Report of H.M. Inspectors of Explosives, being their Annual Report for the Year 1930. Cmd. 3857. 9d. net.

Criminal Statistics, England and Wales, 1929. Cmd. 3853. 3s. 6d. net.

Education in Wales: Report for Year 1930. Cmd. 3854. 6d. net.

The Stock Exchange.

FIXED INTEREST STOCKS AND TRADE DEPRESSION—I.

IN theory, trade depression should tend to raise the prices of fixed-interest stocks, since it is commonly accompanied by a fall in money rates and a transfer of investment resources from equity to prior charge securities. So far as British Government stocks are concerned, the present industrial recession has been true to type. During the last eighteen months the yield on Three and a Half per Cent. Conversion Loan—a typical long-dated security—has fallen from £4 12s. per cent. to £4 6s. per cent., while the Actuaries' Investment Index shows a rise of nearly 5 per cent. in representative gilt-edged prices since the end of 1928.1

In most other cases, however, the experience of fixed-interest stockholders has been disappointing. The majority of the foreign bonds quoted in London are those of primary producing countries whose national income has been disastrously reduced by a fall of 30 per cent. in commodity prices over the past two years. The decline, over the same period, of about 35 per cent. in the average market price of Brazilian bonds and of 30 to 40 per cent. in that of Australian stocks, is readily comprehensible. Though depression in this country has proceeded to less extreme lengths, the enhanced "industrial risk" attaching to many British debentures and preference shares has more than offset any tendency to place a higher valuation on their "fixed" monetary yield. Whenever the public has regarded the "risk" as remote, prices have improved, the Actuaries' Index, for example, showing that investment trust debentures have appreciated by 5 per cent. and investment trust preference shares by 2½ per cent. over the last 2½ years. On the other hand, the same Index shows that, during this period, representative industrial debentures have fallen in value by 4 per cent. and industrial preference shares by as much as 14 per cent.

In normal times the equity earnings of any company provide a "cover" for debenture and preference holders. How far has the advancing tide of depression reduced this cover? An approximate answer may be based on our compilations of industrial profits, which show that 813 British companies which published their reports between January and April last, earned £93,506,000, a decline of £11,099,000 (10.6 per cent.), as compared with their previous earnings. From these profits, which were struck after debenture requirements of £11,857,000, total preference dividends were paid amounting to £24,085,000. Thus, if fixed-interest requirements had been identical in both years, the average debenture interest of the 813 companies would have been covered 9.8 times by the earnings of 1929 and 8.9 times by those of 1930. Preference dividends, on the same assumption, would have been covered 4.34 times in 1929 and 3.9 times in 1930.

These figures, so far as they go, are reassuring. They suggest that the net earnings of the 813 concerns might fall by nearly 75 per cent. without leaving any portion of preference dividends uncovered, in the aggregate. This statement, however, must be qualified by two considerations. First, the profit statements so far published do not show the full effect of current depression on earning power, since they include profits earned during the relatively favourable early months of 1930, and in the case of holding concerns may be based, in part, on dividends earned by subsidiaries in 1929. Secondly, the aggregate figures give no idea of the immense "spread" of profit fluctuations over individual industries, and, still more, over individual companies.

Some idea of the varying fortunes of different industries may be obtained by grouping the net profit figures pre-

viously given (with supplementary figures for a number of banks and home railways) under different industrial groups, in the order of relative stability:—

Group.	Number of Companies.	Net Profits (Reports published during first four months of 1931.)		Increase or Decrease.
		1929-30.	1930-31.	
Canals and docks.....	2	£ 17,492	£ 26,106	+ 49.25
Telegraphs.....	2	115,028	143,963	+ 25.50
Tramways.....	11	749,951	818,451	+ 9.00
Electric light and power.....	36	6,397,105	6,794,703	+ 6.21
Gas.....	43	3,751,814	3,874,119	+ 3.26
Trusts.....	86	6,589,795	6,548,121	+ 0.81
Waterworks.....	19	955,097	945,732	- 0.98
Breweries.....	27	2,840,372	2,786,969	- 1.90
Financial, land, &c.....	26	1,619,600	1,583,973	- 2.20
Shops and stores.....	48	6,952,142	6,594,976	- 5.00
Miscellaneous.....	283	55,937,565	51,910,709	- 7.27
Banks.....	23	17,235,190	15,270,737	- 11.39
Hotels and restaurants.....	9	489,575	422,253	- 13.75
Tea.....	26	869,980	721,610	- 17.05
Iron, coal and steel.....	42	5,560,717	4,586,232	- 17.52
Railways.....	6	35,647,853	28,970,365	- 18.73
Motor and cycle.....	14	3,407,008	2,767,394	- 18.77
Textiles.....	26	5,695,150	2,560,023	- 55.05
Oil.....	1	28,318	12,371	- 56.31
Shipping.....	14	1,325,961	546,136	- 73.89
Rubber.....	98	1,501,470	Dr. 144,213	- 111.09
Total.....	842	157,488,162	137,746,730	- 12.53

Allowance must be made for the over-weighting of some groups by the reports of a few large companies, and for the absence of sufficient reports in other cases (e.g., oil, telegraphs and canals) to make the figures really representative. Broadly, however, the greatest stability has been shown, so far, by public utility concerns—tramways, gas and electricity—followed by companies engaged in brewing, retail trading and finance. The worst results have been revealed by shipping, textile manufacture, and "speculative" primary industries, like rubber.

It is in these latter groups that fixed-interest holders have most to fear from the continuance of depression. Reductions in earnings of the order of 50 to 75 per cent. are obviously sufficient to threaten the "cover" of prior charges.

In this connection a crucial factor may be the relative importance of preference shares and debentures in the capital structure of a given company—or, to use a convenient term, the capital "gearing." A "high-gear" company, having, say, £5 of debenture and preference capital to every £1 of ordinary capital, may in good times show phenomenally large earnings per ordinary share. Whenever profits are tending to contract, however, its prior capital may be in a much more vulnerable position than that of a "low-gear" company, having, say, only 10s. of fixed-interest shares per £1 of ordinary capital.

In some cases this factor is of particular importance. Broadly, companies in industries requiring a large initial fixed-capital outlay tend to have a "high-gear" structure, while those which turn over their capital relatively quickly have a "low-gear" structure. For example, in the case of the four British group railways, the ratio of debenture and preference stock to ordinary stock is as 2.98:1. Among the 596 industrial concerns whose results were given in our last quarterly "Industrial Profits" article (see the *Economist*, April 11, 1931, page 775), some 21 brewery concerns had a "gear-ratio" of 1.72:2, 31 electric lighting concerns a ratio of 1.53:1, and 16 waterworks a ratio of 1.34:1. On the other hand, 26 textile concerns had a ratio of only 0.59:1, and 222 "miscellaneous" concerns a ratio of 0.60:1.

This factor is of even greater importance as regards the position of individual companies. The following table

shows the "gearing" of 11 large British concerns whose debentures and preference shares are widely held:—

Name of Company.	Total Debenture Capital.	Total Preference and Preferred Capital.	Total Ordinary and Deferred Capital.	Amount of Fixed Interest Capital per £1 of Ord. Capital.
	(£'000)	(£'000)	(£'000)	£
Unilever.....	2,596	11,419	0.23	0.23
Courtauld.....	8,000	24,000	0.33	0.33
Imperial Chemical.....	22,214	54,458	0.41	0.41
Bleachers.....	2,250	2,488	1.24	1.24
Cunard.....	4,420	2,500	1.24	1.24
Guest, Keen.....	1,775	6,535	1.29	1.29
Dunlop.....	6,306	4,400	1.36	1.36
Fine Cotton Spinners.....	2,750	3,940	1.52	1.52
Great Western Railway.....	38,152	67,082	2.19	2.19
London Midland and Scottish Railway.....	114,381	205,577	3.36	3.36
Cables and Wireless*.....	43,435	8,543	5.09	5.09

* See text below.

The gearing varies enormously, from that of Unilever, which has only £0.23 of fixed-interest stock in front of every £1 of its equity stock, and of Courtauld, which has only £0.33, to the London, Midland and Scottish Railway, with more than three times as much fixed-interest as equity stock, and Cables and Wireless, with more than five times as much (if the 7½ per cent. "A" ordinary stock be included with the fixed-interest capital).

The facts so far elicited suggest that while holders of British industrial debentures and preference shares still enjoy, in the aggregate, ample income cover, the decline in earnings in the more depressed industries and companies has gone sufficiently far to call for discrimination in investment policy, in certain cases. The ultimate security for preference shares—and even for debentures—is earning-power. In its absence, prior rights are apt to prove a broken reed. When profits are falling the relative speed and scope of their decline, rather than the absolute extent of the "cover" previously available for dividend requirements, may be deciding factors from the viewpoint of fixed shareholders. These considerations will be discussed at length in a succeeding article.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.	
TICKET. May 19.	ACCOUNT. May 21.

THE increasing irregularity and indisposition of the stock markets during the past week or two culminated this week in a series of all-round declines, which, in many cases, took quotations to fresh "record" low levels. Though liquidation was by no means of alarming proportions, dealers were unwilling to take on new commitments. All markets shared in the decline, and though anticipations of a fall in Bank rate (which proved well founded) induced slight bear covering on Wednesday, the effects of cheaper money were confined to gilt-edged stocks.

Even the gilt-edged market opened the week in poor style, in sympathy with a decline in sterling, but later additions to the Bank's gold reserve induced a recovery, accentuated by Thursday's announcement. Indian and Dominion issues were quiet, but, in general, shared the downward trend. Brazilian loans again enjoyed an exceptional recovery on a better view of the country's financial prospects. Renewed bearishness was apparent among Cillians, while Argentines relapsed, the movements of the peso being again far from satisfactory. Fresh support was forthcoming for Japanese bonds, but in the European section Austrians declined when the predicament of the Credit Anstalt became known, and German bonds were also extensively sold. Home Rails were adversely affected by Sir Ralph Wedgwood's evidence at the Railway Rates Tribunal, and fears for the status of some of the Prior stocks induced a pronounced slump, which took most prices to new low levels. The Home Rail position is discussed in a Note on page 1058. Foreign Rails were no better, heavy selling of Antofagasta following the cut in dividend, while Argentine Rails were marked down all round on the weakness of the peso.

Once again the Industrial market displayed considerable irregularity, but the trend was consistently downward. Transatlantic issues showed relative firmness at first, but as the week wore on they, too, were dragged into the vortex of depression. Electrical supply shares were out of favour, and, among engineering shares, Stewarts and Lloyds deferred were sold from the provinces. Confidence in textiles was upset by the unsatisfactory report of Fine Cotton Spinners (analysed on page 1060). The report of J. and P. Coats showed a large reduction in profits, but the maintenance of the dividend for the March quarter favourably surprised the market. Imperial Chemical and J. Lyons both came in for some forced selling from the North, the weakness of the former reflecting in part the decline in British Alizarine profits. Harrods came on offer, together with other stores, while breweries and tobaccos were alike dull, though the former strengthened in mid-week on the publication of several satisfactory interim dividends. Motor shares made a mixed showing, but in general lost ground. Insurance shares were heavy in the earlier sessions.

The oil share market showed a temporary improvement after the declaration of the V.O.C. dividend. Some strong buying of Royal Dutch and Shell preceded the announcement of the final dividends made on Wednesday evening, but disappointment over the figures induced further liquidation in all the leaders. The rubber share market enjoyed only a very meagre turnover, the fluctuations of the commodity having little effect on prices, which shared in the general tendency. Teas were as cheerless as ever, Budla Betas and Jokais leading all-round declines.

The mining share market remained dull throughout the week. Buyers were almost non-existent, and in the absence of support from Paris and Johannesburg prices drooped steadily. In the Kaffir section, Randfontein alone enjoyed a momentary improvement, but among Rhodesians, "Chartered" initiated a series of declines. De Beers deferred suffered a further shrinkage. Australians were marked down, and tin shares receded. Copper reached a new low level at £38 17s. 6d., but Tintos relapsed rather in sympathy with market psychology than with the metal.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	May 7, 1931.	May 8, 1931.	May 11, 1931.	May 12, 1931.	May 13, 1931.	May 14, 1931.
Government and Municipal Loans.....	1,442	1,563	1,669	1,360	1,181	1,321
Transport, Communications, and Public Utilities.....	938	798	1,153	1,155	1,172	1,053
Commercial and Industrial Banks, Insurance and Financial.....	1,597	1,757	2,022	1,561	1,792	1,682
Mines (including Nitrates).....	556	508	676	477	594	500
Oil.....	417	381	463	442	481	447
Rubber, Tea and Coffee.....	117	97	153	125	140	270
	127	137	185	105	152	127
Total.....	5,194	5,241	6,321	5,225	5,512	5,330

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 13.)	May 7, 1931.	May 8, 1931.	May 11, 1931.	May 12, 1931.	May 13, 1931.	May 14, 1931.
72.3	56.4	59.7	58.7	58.1	57.0	56.4	56.4

FOREIGN STOCK EXCHANGES.

NEW YORK.

Although prices showed no recovery, railroads on Tuesday reaching the lowest point since July, 1924, the immediate volume of liquidation showed signs of having spent itself. The weakness of rails was due mainly to continued anxiety over the absence of a check to the decline in earnings, an immediate factor being the announcement by the New York Central of a deficit of \$145,000 for the first quarter of the year, after allowing for taxes and charges, compared with a net income of

(Continued on page 1058.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit on redemption, where stocks are redeemable at the option of the company the yield is calculated on the dividends paid by the company during the last year.

Prices Year 1930.						Prices Year 1931 Jan. 1 to May 13 (inclusive).						Prices Year 1931 Jan. 1 to May 13 (inclusive).						Prices Year 1931 Jan. 1 to May 13 (inclusive).																	
High- est.		Low- est.		Name of Security.		Price May 6, 1931.		Price May 13, 1931.		Rise or Fall.		Present Yield.		High- est.		Low- est.		High- est.		Low- est.		Name of Security.		Price May 6, 1931.		Price May 13, 1931.		Rise or Fall.		Present Yield.					
£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.		£ s. d.							
British Funds.																																			
89 1/2	89 1/2	59 1/2	54 1/2	Consols 2 1/2 %	59	59	—	4 4 9	83 3/4	88 1/2	81 1/2	89 1/2	In. R. G. No. 1	810	810	—	32 5 0	94 1/2	94 1/2	93 1/2	85 1/2	Consols 4 %	93	93 1/2	—	4 6 0	103 1/2	103 1/2	103 1/2	98 1/2	Cm. Loan 3 1/2 %	103	103	—	4 7 11
83 1/2	82 1/2	82 1/2	81 1/2	Cm. Loan 3 1/2 %	81	82	+	4 6 0	83 1/2	85 1/2	84 1/2	83 1/2	Do. 5 % 1944-64	105	105 1/2	+	4 9 0	96 1/2	95 1/2	88 1/2	85 1/2	Punding 4 1/2 % 1920-30	94 1/2	95	+	4 5 0	106 1/2	106 1/2	103 1/2	88 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	—	4 0 0
103 1/2	103 1/2	103 1/2	98 1/2	Do. 4 1/2 % 1944-64	103	103	—	4 7 11	97 1/2	97 1/2	95 1/2	97 1/2	Treasury 5 % 1933-35	102 1/2	103	+	3 15 6	96 1/2	95 1/2	88 1/2	85 1/2	Victory Bonds 4 1/2 %	97	97	—	4 3 0	100 1/2	100 1/2	102 1/2	97 1/2	War Loan 5 % 1929-47	103 1/2	104 1/2	+	4 14 10
96 1/2	85 1/2	95 1/2	88 1/2	Punding 4 1/2 % 1920-30	94 1/2	95	+	4 5 0	85 1/2	85 1/2	83 1/2	85 1/2	Local Loans 3 %	68	68 1/2	+	4 8 0	98 1/2	97 1/2	88 1/2	85 1/2	India 2 1/2 %	48 1/2	49	+	5 17 9	69 1/2	61 1/2	68 1/2	64 1/2	Do. 3 %	60 1/2	59 1/2	—	6 1 3
100 1/2	100 1/2	100 1/2	95 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	—	4 0 0	106 1/2	106 1/2	103 1/2	106 1/2	Do. 4 1/2 %	80 1/2	49 1/2	—	5 17 8	98 1/2	97 1/2	88 1/2	85 1/2	Do. 5 %	105 1/2	106	+	5 3 0	102 1/2	102 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
97 1/2	97 1/2	97 1/2	91 1/2	Victory Bonds 4 1/2 %	97	97	—	4 3 0	26 1/2	26 1/2	24 1/2	26 1/2	War Loan 5 % 1929-47	103 1/2	104 1/2	+	4 14 10	104 1/2	104 1/2	102 1/2	97 1/2	Local Loans 3 %	68	68 1/2	+	4 8 0	104 1/2	104 1/2	104 1/2	98 1/2	India 2 1/2 %	48 1/2	49	+	5 17 9
100 1/2	100 1/2	100 1/2	95 1/2	War Loan 5 % 1929-47	103 1/2	104 1/2	+	4 14 10	104 1/2	104 1/2	102 1/2	104 1/2	Local Loans 3 %	68	68 1/2	+	4 8 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 3 %	60 1/2	59 1/2	—	6 1 3	104 1/2	104 1/2	104 1/2	98 1/2	Do. 4 1/2 %	80 1/2	49 1/2	—	5 17 8
69 1/2	61 1/2	68 1/2	64 1/2	Local Loans 3 %	68	68 1/2	+	4 8 0	104 1/2	104 1/2	102 1/2	104 1/2	Do. 4 1/2 %	80 1/2	49 1/2	—	5 17 8	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 %	105 1/2	106	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
49 1/2	40 1/2	45 1/2	41 1/2	India 2 1/2 %	48 1/2	49	+	5 17 9	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 %	105 1/2	106	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
59 1/2	47 1/2	55 1/2	47 1/2	Do. 3 %	60 1/2	59 1/2	—	6 1 3	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
68 1/2	55 1/2	64 1/2	55 1/2	Do. 4 1/2 %	80 1/2	49 1/2	—	5 17 8	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
80 1/2	78 1/2	85 1/2	77 1/2	Do. 5 %	105 1/2	106	+	5 3 0	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
106 1/2	100 1/2	106 1/2	102 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
102 1/2	100 1/2	102 1/2	96 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
99 1/2	87 1/2	99 1/2	96 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	104 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	102 1/2	97 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0	104 1/2	104 1/2	104 1/2	98 1/2	Do. 5 1/2 %	101 1/2	102 1/2	+	5 3 0
Dom. & Colonial Govts.																																			
95 1/2	76	80	62	Antarctica 5 % 1945-75	70	70	—	7 8 0	104 1/2	104 1/2	102 1/2	104 1/2	Canada 4 % 1940-60	70	70	—	7 8 0	104 1/2	104 1/2	102 1/2	97 1/2	Ceylon 6 % 1936-61	105	105	—	5 6 0	106 1/2	106 1/2	103 1/2	88 1/2	Gold Coast 4 1/2 % 1935-60	99	99	—	4 11 9
85 1/2	86 1/2	96	91 1/2	Canada 4 % 1940-60	70	70	—	7 8 0	104 1/2	104 1/2	102 1/2	104 1/2	Ceylon 6 % 1936-61	105	105	—	5 6 0	104 1/2	104 1/2	102 1/2	97 1/2	Kenya 5 % 1940-60	105	105	—	4 15 0	105 1/2	105 1/2	101 1/2	88 1/2	Nigeria 5 % 1940-60	104	104	—	4 15 0
106 1/2	102 1/2	105 1/2	103 1/2	Ceylon 6 % 1936-61	105	105	—	5 6 0	104 1/2	104 1/2	102 1/2	104 1/2	Gold Coast 4 1/2 % 1935-60	99	99	—	4 11 9	104 1/2	104 1/2	102 1/2	97 1/2	Nigeria 5 % 1940-60	104	104	—	4 15 0	105 1/2	105 1/2	101 1/2	88 1/2	N.S. Wales 5 % 35-55	91 1/2	92	+	10 0 0
98 1/2	92 1/2	99 1/2	97 1/2	Gold Coast 4 1/2 % 1935-60	99	99	—	4 11 9	104 1/2	104 1/2	102 1/2	104 1/2	Kenya 5 % 1940-60	105	105	—	4 15 0	104 1/2	104 1/2	102 1/2	97 1/2	N.S. Wales 5 % 35-55	91 1/2	92	+	10 0 0	105 1/2	105 1/2	101 1/2	88 1/2	N. Zealand 5 % 1946-60	98 1/2	98 1/2	—	5 6 0
105 1/2	105 1/2	105 1/2	101 1/2	Kenya 5 % 1940-60	105	105	—	4 15 0	104 1/2	104 1/2	102 1/2	104 1/2	Nigeria 5 % 1940-60	104	104	—	4 15 0	104 1/2	104 1/2	102 1/2	97 1/2	N. Zealand 5 % 1946-60	98 1/2	98 1/2	—	5 6 0	105 1/2	105 1/2	101 1/2	88 1/2	Queensland 5 % 40-60	104	104	—	4 18 0
100 1/2	101 1/2	104 1/2	101 1/2	Nigeria 5 % 1940-60	104	104	—	4 15 0	104 1/2	104 1/2	102 1/2	104 1/2	N.S. Wales 5 % 35-55	91 1/2	92	+	10 0 0	104 1/2	104 1/2	102 1/2	97 1/2	N. Zealand 5 % 1946-60	98 1/2	98 1/2	—	5 6 0	105 1/2	105 1/2	101 1/2	88 1/2	S. Africa 5 % 1945-75	102 1/2	103	+	4 18 0
92 1/2	70 1/2	72 1/2	46 1/2	N.S. Wales 5 % 35-55	91 1/2	92	+	10 0 0	104 1/2	104 1/2	102 1/2	104 1/2	N. Zealand 5 % 1946-60	98 1/2	98 1/2	—	5 6 0	104 1/2	104 1/2	102 1/2	97 1/2	Queensland 5 % 40-60	104	104	—	4 18 0	105 1/2	105 1/2	101 1/2	88 1/2	S. Africa 5 % 1945-75	102 1/2	103	+	4 18 0
105 1/2	99 1/2	102 1/2	88 1/2	N. Zealand 5 % 1946-60	98 1/2	98 1/2	—	5 6 0	104 1/2	104 1/2	102 1/2	104 1/2	Queensland 5 % 40-60	104	104	—	4 18 0	104 1/2	104 1/2	102 1/2	97 1/2	S. Africa 5 % 1945-75	102 1/2	103	+	4 18 0	105 1/2	105 1/2	101 1/2	88 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3
62 1/2	70 1/2	80	57	Queensland 5 % 40-60	104	104	—	4 18 0	104 1/2	104 1/2	102 1/2	104 1/2	S. Africa 5 % 1945-75	102 1/2	103	+	4 18 0	104 1/2	104 1/2	102 1/2	97 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3	105 1/2	105 1/2	101 1/2	88 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3
104 1/2	99 1/2	103 1/2	98 1/2	S. Africa 5 % 1945-75	102 1/2	103	+	4 18 0	104 1/2	104 1/2	102 1/2	104 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3	104 1/2	104 1/2	102 1/2	97 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3	105 1/2	105 1/2	101 1/2	88 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3
88 1/2	93 1/2	100	97 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3	104 1/2	104 1/2	102 1/2	104 1/2	Strat. Sec. 4 1/2 % 35-45	88 1/2	89	+	4 14 3	104 1/2	104 1/2																

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 6, 1931.	Price, May 13, 1931.
Central American Exploration.....	96	...	1 1/2-1 3/4	6 1/2-5 1/2
Cosach 7% Ser. Bonds.....	96	...	5-4 1/2	94-97
De Beers 5 1/2% Ser. Bonds.....	98	58	1 1/2-1 1/4	2 1/2-2
Derby 4 1/2% 1931-61.....	98	58	1 1/2-1 1/4	2 1/2-2
Fortnum and Mason Inc. 7% pref.....	98	58	1 1/2-1 1/4	2 1/2-2
Greek 6% Ser. Bonds.....	97	fy. pd.	8 1/2-8 1/4	8 1/2-8 1/4
India 5 1/2% 1936-38.....	97	fy. pd.	9 1/2-9 1/4	9 1/2-9 1/4
Kenya 4 1/2% 1961-71.....	97	fy. pd.	9 1/2-9 1/4	9 1/2-9 1/4
Lancs. Cotton 6 1/2% debts.....	97	32 1/2	11-9 1/2	14-12 1/2
London and National Property 5% debts.....	97	32 1/2	11-9 1/2	14-12 1/2
London Power 5% debts.....	100 1/2	60 1/2	3 1/2-3 1/4	3 1/2-3 1/4
Mt. Water Board (D).....	...	...	1 1/2-1 1/4	1 1/2-1 1/4
National Canals Ord. £1.....	par	fy. pd.	16 1/2-17 1/2	15 1/2-17 1/2
Nat. Shipbuilders Security 5% debts.....	95	50	4-2 1/2	5-2 1/2
Othman Press 7% (B) debts.....	93	5	1 1/2-1 1/4	1 1/2-1 1/4
Pakistan Corp. 7% debts.....	100	25	4-3 1/2	3 1/2-2 1/2
Bio Char. Ry. and Invest. 5% debts.....	100	25	2 1/2-2 1/4	2 1/2-2 1/4
1962-72.....	...	...	95-97	95-97
Bio Indio 5% debts.....	91 1/2	25	8-7 1/2	12-10 1/2
S. Essex Water 5% pref.....	103	20	par-2 pm	par-2 pm
S. Essex Water Ord.....	111 1/2	20	par-2 pm	par-2 pm

(Continued from page 1055.)

\$8,470,000 for the same period of 1930. Movements in all markets, however, became irregular as the week progressed, selling being intermittent and concentrated on individual issues, like J. I. Case, which is expected to reduce its dividend after next week's directors' meeting, and U.S. Steel, which was forced down to a new low level. The Corporation was working at 48 per cent. of capacity last week against 49 per cent. the week before, and the steel industry as a whole at 46 per cent. Last week's car loadings showed a rise of 16,019, but this was less than the normal seasonal movement. The chairman of the Farm Board has stated that Pacific Coast wheat is being steadily sold. A prominent exception to the prevailing market trend has been Woolworth, whose directors have approved a plan for the conversion of the English concern into a public company and the payment of a stock dividend to the parent. Details of the latter, with the announcement of a public capital offering, will be published in due course.

	Apr. 30, 1931.	May 7, 1931.	May 14, 1931.		Apr. 30, 1931.	May 7, 1931.	May 14, 1931.
W.B. 3 1/2% T. Bils.	106 1/2	106 1/2	106 1/2	Natl. Biscuit.....	7 1/2	7 1/2	7 1/2
Lib. Loan 3 1/2% 32-47	101 1/2	102 1/2	102 1/2	Phelps Dodge.....	19 1/2	17 1/2	17 1/2
Do. 4 1/2% 32-47	102 1/2	103 1/2	103 1/2	Pullman.....	40 1/2	38 1/2	36 1/2
Do. 4 1/2% 33-38	104 1/2	104 1/2	104 1/2	Sears-Robinson.....	51 1/2	53 1/2	52 1/2
Atchafalpa.....	173 1/2	173 1/2	163 1/2	Studebaker.....	20 1/2	21 1/2	19 1/2
Chas. & Ohio.....	40	39 1/2	37 1/2	Un. Fruit.....	57 1/2	57 1/2	57 1/2
Erie.....	24 1/2	23 1/2	16 1/2	U.S. Leather.....	6 1/2	7 1/2	5 1/2
Illinois Central.....	61 1/2	57 1/2	55 1/2	U.S. Rubber.....	14 1/2	14 1/2	14 1/2
N.Y. Central.....	99 1/2	98 1/2	89 1/2	U.S. Steel.....	120 1/2	111 1/2	106 1/2
Pennsylvania.....	53 1/2	52 1/2	47 1/2	Westinghouse.....	63 1/2	61 1/2	61 1/2
Southern Pacific.....	89 1/2	81 1/2	80 1/2	Woolworth.....	61 1/2	62 1/2	69 1/2
Southern Ry.....	40	39	32	Am. Tel. & Tlx.....	181	180 1/2	179
Union Pacific.....	170	167	162	Interboro R.T.....	22 1/2	20 1/2	21
Am. Can.....	112 1/2	106 1/2	104 1/2	Int. Tel. Teleg.....	25 1/2	27 1/2	27 1/2
Amer. Smelting.....	40 1/2	35 1/2	33 1/2	Radio Corp.....	15 1/2	19 1/2	18 1/2
Anacostia.....	39 1/2	29 1/2	25 1/2	Utilitie P. & G.....	21 1/2	23 1/2	22 1/2
Bethlehem Steel.....	43 1/2	41 1/2	43 1/2	W. Union Tlg.....	114 1/2	108 1/2	109 1/2
Chrysler Motor.....	18 1/2	19 1/2	19 1/2	Associated "A".....	19 1/2	17 1/2	19
Corn Producers Rf.....	67 1/2	65 1/2	65 1/2	Pan. Amer. B.....	29	28	29
Eastman Kodak.....	155 1/2	154 1/2	153 1/2	Shell.....	24 1/2	24 1/2	20 1/2
Gen. Electric (New).....	43 1/2	43 1/2	42 1/2	Shell Union.....	5 1/2	5 1/2	5 1/2
Gen. Motors.....	49 1/2	49 1/2	49 1/2	Standard Oil.....	9 1/2	8 1/2	8 1/2
Int. Harvester.....	49 1/2	49 1/2	49 1/2	Std. California.....	36 1/2	37 1/2	36 1/2
Montg. Ward.....	18 1/2	18 1/2	19 1/2	Do. N.J.....	37 1/2	37 1/2	39 1/2

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	By closing of Year.	May 6.	May 13.
337 Industrials.....	134.5	218.9	98.2	174.1	99.6	95.9	94.1
33 Bails.....	127.8	175.5	89.1	145.5	82.7	79.7	79.7
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	163.5	163.4
Total, 404 stocks.....	140.5	228.1	105.5	184.2	107.6	103.1	102.8
Average yield of 50 Industrial Common Stocks.....	3.10%	5.23%	4.15%	5.95%	5.91%	5.97%	5.87%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931 (Feb. 24)	Lowest of 1931 (Apr. 29)	May 6, 1931.	May 7, 1931.	May 8, 1931.	May 9, 1931.	May 11, 1931.	May 12, 1931.	May 13, 1931.
140.2	109.2	114.5	114.5	118.7	116.6	116.3	115.2	114.8

TOTAL DEALINGS IN NEW YORK.

	May 7, 1931.	May 8, 1931.	May 9, 1931.	May 11, 1931.	May 12, 1931.	May 13, 1931.	May 14, 1931.
Stock Exchange—Shares (Thous.).....	1,700	2,700	1,200	1,700	1,300	1,600	1,800
Bonds (Value Thous. \$).....	11,398	12,841	5,275	8,616	10,769	10,142	11,178
Over-the-Counter—Shares (Thous.).....	240	360	180	360	280	280	270

* 2-hour session.

INVESTMENT NOTES.

Home Rail Position.—Though liquidation of Home Rail stocks was in the main of quite modest dimensions during the past week there were signs that diverse fears as to the future of the railways were crystallising, with unfortunate consequences to market quotations. Jobbers were at one time quoting three-point margins for trustee stocks in the Chancery List, and in the absence of support prices fell to new low records throughout the list. The following table demonstrates the extent of the decline:—

	Prices of 1930.		Price May 6.		Price May 12.		Yield.	
	Highest.	Lowest.	£	s.	£	s.	d.	s.
Great Western Ord. Stock.....	94	62 1/2	55 1/2	50	11	0	0	0
London Midland and Scottish Ord. Stock.....	57 1/2	31	20	18	11	2	3	0
London Midland and Scottish 4% Pref. Stock 1923.....	73	54	37 1/2	31	12	18	3	0
London and North Eastern Def. Stock.....	13 1/2	5 1/2	4 1/2	3 1/2				Nil
London and North Eastern 5% Pref. Ord. Stock.....	39	15 1/2	12 1/2	9 1/2	2	13	0	0
London and North Eastern 5% Pref. Red. 1955.....	94 1/2	80	72	69 1/2	7	4	0	0
London and North Eastern 4% 2nd Pref. Stock.....	63 1/2	37 1/2	30 1/2	26 1/2	15	1	9	0
Southern Railway Def. Stock.....	32 1/2	21 1/2	18	15	8	6	8	0
Southern Railway 5% Pref. Ord. Stock.....	76 1/2	63 1/2	56	49	10	4	0	0
Southern Railway 5% Pref. Stock.....	96 1/2	82 1/2	83 1/2	83 1/2	5	19	9	0

No one factor was wholly responsible for the collapse of confidence. The announcement that the "Big Four" lines proposed to co-operate with the Passenger Transport Board in regard to their suburban traffic was interpreted by the "House" as a bear point, though the scheme, in its present form, has long been urged by all the companies. Hazy talk of electrification and possible nationalisation schemes added to the general feeling of insecurity. At the same time, the evidence of Sir Ralph Wedgwood at the Railway Rates Tribunal—in which Sir Ralph pointed out that the aggregate decline in traffic of the four lines to date was £5 1/2 millions, while the award of the National Wages Board meant a saving in a full year of little over £4 millions—was regarded as auguring ill for the immediate future. In the following table the declines in gross receipts are given for the first nineteen weeks of 1931:—

Company.	Passengers.	Merchandise.	Coal and Coke.	Total.
London Midland & Scottish.....	£ 566	£ 1,523	£ 158	£ 2,247
London and North Eastern.....	526	1,128	451	2,105
Great Western.....	315	521	462	1,298
Southern.....	278	131	50	379
Total.....	1,685	3,303	1,041	6,029

While there are as yet few signs of trade revival, it is probable that a too pessimistic interpretation has been placed upon the traffic receipts. Whereas the returns so far this year have compared with relatively good figures in 1930, the next seven months will afford comparison with an unfavourable period of 1930. Thus, though the aggregate decline to date totals over £6 million, it is quite possible that the fall will shortly be arrested. On the basis of estimates which have been put forward in the case of the Midland and Scottish, for instance, the decline, which so far totals £2,247,000, may not greatly exceed £4 million for the whole year. In that event,

the effects of the wage award—which means something like £1 1/2 millions to the L.M.S. this year—coupled with further economies which are being made in working expenses, should help to safeguard the trustee status of the preference stocks. It would seem that, given the absence of any further industrial trouble, particularly in the coal industry, the market is putting an unduly unfavourable construction on the home railway outlook.

Lord Kysant Summoned.—A rumour current on the Stock Exchange early this week, to the effect that Lord Kysant, chairman of the Royal Mail Steam Packet Company and other shipping concerns, had returned to this country on a semi-official request, appeared to be disproved by the Attorney-General's statement on Tuesday. This declared that no attention should be paid to the report that the Public Prosecutor would apply for summonses against "a world-famous business man." Less than twenty-four hours later, however, it was learned that two summonses had, in fact, been served upon Lord Kysant in relation to the affairs of the Royal Mail Company. In an interview with a Press representative, Lord Kysant is reported as having said that the summonses related to statements, alleged to be false in a material particular, in the Royal Mail Company's reports and balance sheets for the years 1926 and 1927, and had been issued from the office of the Director of Public Prosecutions. Summonses have also been served on Mr H. V. Morland, the auditor of the reports in question. The summonses are returnable for June 2nd next.

Dunlop Rubber Meeting.—Much the most satisfactory feature of the annual meeting of the Dunlop Rubber Company on May 8th last was the information given by the chairman, Sir Eric Geddes, regarding reductions in the costs of production. In spite of increased local rates and a tax now equal to 6d. a gallon on petrol (of which it uses 1,200,000 gallons a year) the company has effected such economies in its factories that, apart altogether from lower raw material prices, the goods produced in 1930 cost approximately £1,000,000 less to manufacture than they would have done in 1924. Similarly, costs of production on the company's rubber plantations have been reduced from 5 1/2d. per lb. f.o.b. in 1929, to 4.49d. in 1930, and a little over 3d. this year. The Dunlop directors remain wholeheartedly opposed to restriction in the rubber industry, either on voluntary lines or by Government intervention. The only hope for the industry lies, in their opinion, in the speedy elimination of the inefficient and expensive plantations. The reduction in manufacturing costs puts the company in a position to take immediate advantage of any turn in trading conditions, but when this will come, Sir Eric refuses to prophesy. In the first half of 1930 the company held its position remarkably well and was in some respects better off than in 1929. It was only in the second half of the year that the economic blizzard developed full force and upset the company's calculations. Indeed, sales abroad for the six months to July reached a new high record, but the slump at the end of the year was so severe that the yearly average sales in overseas markets made a low record. As regards the writing down of inventories, the total amount involved, including exchange losses, exceeded £600,000. This, in Sir Eric Geddes' opinion, could not have been avoided. The company's forward commitments of cotton and rubber at the end of the year were sufficient in quantity only to meet fixed contracts for the supply of tyres, and represented about one month's sales. Sir Eric dismissed as ridiculous the suggestion that the company had been speculating in raw materials. Less satisfactory was his statement regarding the leakage of information before the dividend announcement. Between May 20th and 27th, there was a fall of between 3s. and 4s. in Dunlop rubber 6s. 8d. shares, which are at present quoted at 6s. 6d. Sir Eric did not believe that there had been any leakage from the select few who knew the results before they were made public, and promised to devote his energies

to discovering where the leakage arose, if leakage there was. In the present temper of the markets, very little selling is calculated to depress the shares of even the strongest companies to a disturbing extent. The chairman's speech did not explain the reasons for the special transfer of £1,000,000 from general reserve to special reserve against interests in subsidiaries, on which we commented in our review of the year's results, in our issue of May 2 last.

Retail Hosiery Companies.—The recently published accounts of four men's outfitters—Austin Reed, Hope Bros., Horne Bros., and Meakers—suggest that, while in general there has been no falling off in business, the necessity of writing down stocks to current market prices has in most cases involved an appreciable decline in gross receipts. The accounts of Austin Reed for the year ended February 20th last show a trading profit of £117,552, compared with £125,424 for the previous twelve months. After deducting all expenses, but before placing £7,000, against £9,000 to income tax reserve, net revenue totals £78,281, compared with £85,939. Dividend on the increased ordinary capital is maintained at 15 per cent., absorbing £27,194, against £22,624. The sum of £20,000 is placed to reserve account, against £30,000, and £26,440 is carried forward, a slight advance on the amount brought in. The report of Meakers discloses a trading profit of £57,715, representing a decline of a little over £9,000; while net profit, after deduction of all fixed charges and after placing £5,000 to amortisation of leases account, amounts to £29,907, compared with an amount of £16,932 for 1929, struck after writing £20,000 off premises and fixtures. Last year's dividend of 5 per cent. on the ordinary shares is repeated, and is satisfactorily covered by earnings, while £2,712 is written off preference share issue expenses and £19,319 carried forward, against £18,813 brought in. Hope Bros.' results show a falling off in trading profit of roughly £17,000 to £71,604. Net profit amounts to £55,441, compared with £72,702 in 1929. The ordinary dividend is reduced from 10 per cent. to 8 per cent., the percentage earnings being just equivalent to the previous distribution. A further £10,000 is written off goodwill, and £1,000 added to benevolent fund. The carry-forward item is reduced by some £4,000. The report of Horne Bros. reveals a decline in income from £107,895 to £63,268, in spite of the fact that "the turnover for the year has been maintained to within 3 per cent. of the previous year." Though nothing was earned on the ordinary capital, the dividend is maintained at 5 per cent., with a consequent reduction in the carry-forward from £60,250 to £25,230. The £1 ordinary shares of Austin Reed give a yield of about £6 12s. per cent. at the current price of 2 1/2, while the ordinary shares of Hope Bros., at 3 1/2, yield about £8 5s. per cent., allowing for final dividend where necessary. The ordinary shares of Meakers and Horne Bros. are not quoted.

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GOVERNMENT, MUNICIPAL, RAILWAY, PUBLIC UTILITY, INVESTMENT TRUST AND INDUSTRIAL FINANCING

Fine Cotton Spinners.—The report makes no better reading than was to be expected. After payment of debenture interest totalling £110,000 and fees of £8,759 to a board of twenty-nine directors, there is a net loss of £345,703. For the third year in succession reserves are drawn upon, this time to the extent of £400,000, which makes possible the payment of the final dividends on the preference and preferred ordinary capital. The ordinary dividend, naturally, is passed:—

Year to March 31.	1929.	1930.	1931.
	£	£	£
Net profit	507,618	380,568	Dr. 345,703
Brought forward	200,449	214,167	183,135
Prof. and Pref. Ord. Dividend	197,000	197,000	197,000
No. of times covered.....	2.6	1.9	...
Ordinary dividend—			
Amount	396,900	264,600	...
Earned %	7.0	4.1	...
Paid %	9	6	...
Reserve	Dr. 100,000	Dr. 50,000	Dr. 400,000
Carried forward	214,167	183,135	40,432

The balance sheet does not reveal a liquid position, cash and debtors amounting to £748,396, while on the other side £110,517 is owing to subsidiaries, £772,443 to trade creditors, etc., and £346,273 to the company's bankers. Among its assets, the company includes investments in subsidiary companies totalling £3,121,665, at about which figure they appeared in last year's returns. Reserve fund is reduced from £1,157,959 in 1930 to £737,959. The ordinary shares stand at 12s., against 21s. earlier this year.

Welsh Associated Collieries.—This combine was formed in January, 1930, by an exchange of shares, to bring under one management the old Llewellyn group of colliery companies, other colliery properties controlled by Guest, Keen and Nettlefolds, and the coal-selling organisation of Gueret, Llewellyn and Merritt. It controls about one-quarter of the whole South Wales output, though its properties are concentrated on the central steam-coal area of the coalfield. The first report, covering a period of just over eleven months to December, 1930, shows a net profit of £208,611, equivalent to roughly 2½ per cent. on the issued capital—a not unsatisfactory result in the unkindly circumstances. The profit would suffice to cover the dividend on the preference shares, which are cumulative, but the directors have decided to conserve their resources rather than to make any distribution. This policy may be readily understood from a glance at the balance sheet, which shows cash at £13,386 only, stocks at £59,492, and sundry debtors at £41,281, against creditors £235,132 and loans (including bankers' advances) £1,193,475. The company has evidently found it necessary to advance considerable sums to its subsidiaries for working capital (amounts due from subsidiaries exceed amounts owing to them from the parent company by £667,010) and to maintain a large bank overdraft for this purpose, pending the possibility of an intended debenture issue, which the unsettled conditions of the coal trade have hitherto prevented from being arranged. The directors state that very substantial economies have been effected, and that the amalgamation of interests has been completely justified—a claim which the profit figures certainly support. It is the more to be regretted that a merger of this sort for the elimination of waste was not brought into existence long ago, instead of the purely financial transferences and combinations of which the South Wales coal industry has had too much experience in the past. The company's directly owned colliery properties, lands, plant, etc., were valued at the end of the year by an outside firm of mining engineers at £321,004 over their previous book values; the new valuation has been adopted for the balance sheet, and the surplus taken to capital reserve account, enabling formation expenses and a small earlier loss to be written off therefrom, and leaving a net balance of £274,071 in the account. Shares in subsidiary companies, entered at cost, amount to £7,450,592, or more

than four times as much as the directly owned properties. It is unfortunate that economic and other conditions in South Wales are likely to make 1931 a difficult year for the company's operations.

Canadian Pacific Dividend Reduction.—At a meeting on May 6th, the directors of the Canadian Pacific Railway Company decided to declare a quarterly interim dividend of 3¼ cents, equal to 1¼ per cent. actual, per \$25 share, this being no more than half the rate maintained for the previous twenty years. Shareholders who had listened to the president's speech at the annual meeting, on the same day, were fully seized of the reasons for the break with tradition. Mr E. W. Beatty showed that a drop in gross earnings of \$19,308,000 in 1929 was followed by a further drop of \$28,830,000 in 1930. The latter was the heaviest decrease, with but one exception, recorded in any single year in the company's history. In one respect, however, the company is in a more advantageous position than its counterparts in Great Britain, since it has been able to effect economies, particularly in labour costs, on a much more significant scale. In 1929, working expenses were reduced by \$10,758,000 and in 1930 by a further \$23,934,000. These economies were effected not primarily by dismissals of staff—the average number of employees on rail operations last year being only 5.9 per cent. below 1929 and 8.01 per cent. below 1928, a year of heavy traffic. The company's policy has been rather to effect a shortening of time among the staff. Including the results of further measures which take effect this month, the reduction in expenses represents between 10 and 11 per cent. of the wages paid to employees in offices, stations and shops. A similar "cut," in which directors will share, has been made in the salaries of officials, from the president downwards. As a result, expenses have been further reduced, in the first three months of this year, by an amount equivalent to \$1,659,000 a month, so that a fresh decline of \$5,920,000 in gross earnings has been reduced to one of only \$943,000 in net earnings. Shareholders, however, have the president's assurance that, in making these economies, the company has not allowed its property to fall below a normal level of efficiency. A co-operative effort between the Canadian Pacific and the Canadian National Railways is being made to eliminate wasteful forms of competition. Apart from what the chairman described as the "growing influence" upon railway earnings of road competition, the date at which the normal dividend can be restored must obviously depend upon economic conditions in Canada, over which the company has little direct control. Meanwhile, it is clear that, in the light of Mr Beatty's speech, all possible steps are being taken to reduce to a minimum the impact of depression on net revenues, and that the exceptional strength of the company's internal financial position qualifies it to withstand, without question, the worst economic blizzard. The ordinary shares have fallen to 30, and yield 4.17 per cent. on the basis of a 5 per cent. dividend and 8.34 per cent. on a 10 per cent. dividend.

Brazilian Finance.—In view of the recent extreme fluctuations in the market prices of Brazilian bonds, special interest attaches to the informed review of the whole situation given by the chairman of the British Bank of South America at the annual meeting on Thursday. The chairman stressed the fact that Brazil was entirely dependent for its prosperity upon its export trade. In 1930, he declared, Brazil suffered greater difficulties than at any other time in her history, and these were accentuated, directly and indirectly, by Stock Exchange movements in the United States. The collapse in coffee prices produced a fall in her exchange, and a gradual paralysis of her commerce and industry, which led directly to the revolution. Coffee accounts for approximately 70 per cent. of Brazil's exports. Since the issue of the £20,000,000 Coffee Realisation Loan the Provisional Government, to cope with the situation, had purchased all the coffee in store except that purchased by the State of San Paulo in connection with the Realisation Loan. Of the

emergency issue of 300,000 contos of reis, authorised by the Provincial Government, the amount so far issued amounts to 170,000 contos. The chairman declared that Sir Otto Niemeyer, in his report on Brazil's finances, would probably stress the advisability of forming a central bank. Although certain difficulties stood in the way of such a proposal, he believed it to be in Brazil's best interests. The Provisional Government was carrying out a determined economy campaign. The total savings in expenditure and the yield from new taxes were expected to reach 800,000 contos of reis. The magnitude of the task is shown by Brazil's trade returns. In 1930 exports declined by £29,061,000 to £65,770,000, but imports dropped by £33,034,000 to £53,619,000, leaving a "favourable" trade balance of £12,151,000, against £8,178,000 in 1929.

City of Vilna Bonds.—On February 5th last bondholders were informed that interest payments would be resumed on May 15, 1931, after a lapse of sixteen years, and were advised against selling their bonds at the then ruling price. Negotiations were stated to be proceeding for the settlement of the debt. The facts may be briefly summarised. In 1912 the City of Vilna raised £449,160 in 5 per cent. bonds of 189 roubles, 945 roubles and 4,725 roubles, equivalent to £20, £100 and £500 respectively, redeemable within sixty-two years by means of annual drawings. The amount now outstanding is £446,820. At the time of the flotation Vilna was in Russian territory, and part of the proceeds of the loan were placed in banks in Petrograd for a period of not more than three years. In 1915 the Germans occupied Vilna, and 612,000 roubles were lost, later, when the Bolsheviks assumed power in Russia. This sum represented 23 per cent. of the total loan, and the war wiped out the greater part of the remainder. In the post-war negotiations the city claimed that the loan should be revalued under the Polish valorisation laws, since it was issued in currency obtaining in Vilna in 1912 and not in terms of sterling. In 1925 a registration of these bonds was carried out, and has had an important part in the settlement which has now been made. Holders coming within the registrations yesterday received interest covering the past six months. On lodging their bonds with the British Overseas Bank within the next three months they will receive new bonds of equivalent face value. Thus, the holder of a bond of 945 Imperial roubles (£100) will receive a new bond of £100 bearing interest at 5 per cent., redeemable before November 15, 1990, by annual drawings and purchases. Holders not included under the 1925 registration must give proof of their nationality on May 21, 1925, within the next three months, though holders who find difficulty in doing so may obtain an extra three months' grace. The terms also provide for the virtual assumption of responsibility by the Polish Government. The Bondholders' Committee in London, which claims to represent approximately £350,000 of the total issue of £449,160, has issued a protest against the proposed differentiation between some bondholders and others, which it declares was not mentioned in the course of the negotiations with the Polish Government. It contends that the terms are "impossible of fulfilment in the case of bearer bonds, which change hands with the freedom of a bank note." The committee also states its intention to continue negotiations in regard to the arrears of interest to November 15th last, amounting to £77 10s. per £100 of stock.

Gillette and Auto-Strop.—In commenting on the announcement of the reported merger of the Gillette and Auto-Strop interests (see the *Economist*, October 11, 1930), it was hinted that, although Gillette's assets at the end of 1929 stood at nearly ten times those of the Auto-Strop company at the same period, Gillette was by no means likely to be the leading partner in the new combination. That this forecast was accurate is suggested, not only by the actual terms of the merger, but by the number of leading positions in the new combined company which are to be occupied by Auto-Strop

members. At the annual meeting of the new company, held on April 21st last, Messrs Frank J. Fahey, Thomas W. Pelham and Ralph E. Thompson, former Gillette directors, were not re-elected. In the new combine, Mr King Gillette continues as president, and Mr J. E. Aldred, of the banking house of Aldred and Company, as chairman of the board. The active direction of the new company has, however, been placed in the hands of Mr Henry Gaisman, who has been appointed chairman of the management committee of the Gillette Auto-Strop Company. Mr Gaisman is the inventor of the Auto-Strop razor and blade, and the founder of the Auto-Strop Company. It was the alleged infringement of his rights that led to the legal action against Gillette and the subsequent merger. Although the sales and advertising of the Gillette, Auto-Strop and Probak lines (the last-named is a separate product of the Auto-Strop Company) are all to continue in vigorous competition, the handling of the giant advertising account has been entrusted to the agents of the former Auto-Strop Company. The advertising budget for the year will be practically as large as the amounts spent by Gillette and Auto-Strop in 1930, and may total £1,200,000, the proportion of announcements allotted to the various products being 788,000,000 for Gillette, 555,000,000 for Probak and 157,000,000 for Valet Auto-Strop. Campaigns will be run in virtually every country in the world. Before its acquisition of Auto-Strop last winter, the Gillette Company was reputed to be doing 75 per cent. of the world's safety-razor business. It is believed that the merger has increased the Gillette-Auto-Strop proportion to about 85 per cent.

German Industrial Dividends.—Most German industrial companies publish in April their results for the preceding calendar year, and as the quarterly dividend is an unknown institution in Germany, and there are no reliable reports by the companies apart from the annual balance sheet, these provide the first official information the public has received as to the effect of the depression upon the course of business. Recent dividend announcements have, in fact, been more favourable than was anticipated, writes our Berlin correspondent. True, the average dividend, as far as it is yet ascertainable, has fallen by 1 to 2 per cent., but in spite of cautious accounting and substantial allocation to reserves, many companies have still been able to maintain their dividends unchanged. The credit banks, with the exception of the Reichsbank, have all reduced their dividends, most of them by one-third, but the mortgage banks have maintained their distribution unchanged. Shipping company profits are substantially reduced, though Hapag and Lloyd have been enabled by special receipts to pay 6 per cent. against 7 and 8 per cent. respectively last year. The following table shows the dividends of some of the chief German companies:—

DIVIDENDS PER CENT.

	1929.	1930.		1929.	1930.
Coal and Iron—			Electricity—		
Vereinigte Stahlwerke	6	4	Siemens & Halske	9	7
Phoenix	6½	4½	Siemens-Schuckert	14	14
Mitteldeutsche Stahlwerke	8	6	Brown Boveri	10	7½
Harpener	6	0	Gesfired	9	5
Buderus	6	4	Lahmeyer	10	9
Oberbedarf	6	0	Engineering—		
Ilse	10	10	Demag	5	5
Potash—			Schless-Defries	7	7
Salzdetfurth	15	15	Linde's Eisemaschinen	14	15
Aachener	10	10	Schubert & Salzer	16	12
Westphalen	10	10	Ming	10	0
Burbaach	12	12	Miscellaneous—		
Wintershall	12	8	Sarotti (chocolate)	11	7
Building—			Goldschmidt (chemical)	5	0
Holzmann	8	8	Sachtelen (chemical)	12	12
Berger	20	20			
Grün & Biffager	15	15			

It is evident from the dividend announcements that coal, iron and steel-producing companies have suffered severely from the economic crisis; only those which produce lignite have maintained their dividends. Electrical results are uneven, but here as in engineering the setback is slight. Potash and building firms have done very well. The chief textile companies have not yet announced their dividends.

Shell Union Oil.—The passing of the dividends on the common shares since June, and the publication of unsatisfactory earnings for the first three-quarters of the year, had prepared the market for a disappointing annual statement from the Shell Union Oil Corporation, but scarcely for the calamitous figures which have now been disclosed. There is, however, one comforting feature about the Shell Union statement, namely, that the Corporation maintains its conservative policy of writing down its stocks of oil to current market values—a virtue which cannot be credited to some American oil companies. Approximately half the amount allowed for depreciation and drilling expenses represents actual depreciation or the writing down of inventories. The trading results and the distribution of the profits of the Corporation are shown in the following table:—

	1928 \$	1929 \$	1930 \$
Gross income (less minority interests)	68,606,789	72,848,909	48,142,537
Depreciation, depletion, drilling expenses, &c. ...	44,012,282	50,478,786	46,700,224
Interest on debentures, including amortisation of discount and expenses...	4,199,486	4,796,874	6,537,887
Balance	20,395,021	17,573,249	Dr. 5,095,574
Preference dividends	...	1,045,000	2,200,000
Available for com. divs....	20,395,021	16,518,249	Nil
Available per share	\$2.04	\$1.26	Nil
Common divs. paid	14,000,000	18,285,986	9,148,867
Common divs. per share ...	\$1.40	\$1.40	75c.
Surplus	6,395,021	Dr. 1,757,737	Dr. 16,444,441
Brought forward	30,628,358	37,023,378	35,265,642
Carried forward	37,023,379	35,265,642	18,821,201

In spite of the heavy loss, there is still a comparatively large surplus, carried forward, of \$18,821,201. Moreover, the liquid financial position of the Corporation has been well maintained. The balance sheet discloses total current assets of \$101,863,701, as against current liabilities of \$28,394,177. The trading results, however, are bad, and those of the first quarter of this year are even worse. A loss is shown, after interest, depletion and depreciation (including the writing down of crude oil stocks by \$1,000,000), of no less than \$9,903,472, as compared with a loss of \$3,155,008 in the corresponding quarter of 1930. At the present level of retail prices, few American crude oil companies are earning profits, except the pipe-line companies which are handling a glut of oil. Shell Pipeline Corporation, for example, earned in the first quarter \$3,787,985, against \$3,671,181 in the corresponding period of 1930. In view of the heavy loss reported for the first quarter, it seems doubtful whether the Shell Union directors will consider it wise to continue to pay preference dividends which are not being earned. When the turn in the oil industry comes, the Corporation will, of course, be able to advance quickly to a dividend-paying position, seeing that, unlike many other companies, it will have no further writing-down of inventories to effect. The 5½ per cent. convertible preferred shares, which have been as high as 78 this year, have fallen to 27, and the common shares, which were as high as 25½ in 1930, and have been 10½ in 1931, are now quoted at 4½.

OFFER TO NEW READERS.

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Oil Dividends.—The dividends declared by the Royal Dutch-Shell group of companies, on the whole, have been of a reassuring nature. Of the producing companies, while the Anglo-Egyptian Oilfields has reduced its dividends from 2½ per cent. to 1½ per cent.—as a result, doubtless, of difficulties in the Egyptian markets, which have been flooded by cheap Roumanian and Russian oil—the Venezuelan Oil Concessions has declared a final of 12½ per cent., making 17½ per cent. on its increased capital. This is equivalent to 23½ per cent. on the old capital, on which 20 per cent. was paid in respect of 1929. In view of the fact that the V.O.C. is now restricting production to 25 per cent. of its 1930 output, this dividend has come as an agreeable surprise to the market, although the directors had previously announced that the aggregate profit for 1930 would be approximately the same as that earned in 1929. The dividends of the holding companies were made known on Wednesday. Royal Dutch declared a final of 7 per cent., making 17 per cent., and Shell Transport a final of 7½ per cent. tax free, making 17½ per cent. tax free for the year. Thus in each case the final dividends were halved, the decision being in accord with general expectations in the market. The two companies have been deprived of Shell Union dividends for the last half of 1930 (equivalent to about 3½ per cent. on their respective ordinary share capitals), while the earnings of their wholly-owned shipping and marketing companies have been adversely affected by the 1930 decline in oil prices and consumption. The prices of Royal Dutch and Shell ordinary shares fluctuated widely on these announcements, and closed on Thursday at 17½ and 2½ respectively, as against 19½ and 2½ at the beginning of the week. The Burmah Oil Company is paying a final dividend of 12½ per cent., making a total of 22½ per cent., against 30 per cent. for 1929.

Tin Restriction.—A good deal of importance is attached to the meeting of the representatives of the Dutch East Indies, British Malaya, Bolivia and Nigeria, comprising the International Tin Commission, which is convened at the Hague for to-day, May 16th. It is generally assumed that the inter-Governmental Commission will recommend severer output restriction. It has also been rumoured that one of the countries outside the international restriction agreement (possibly Siam) will "join up." Clearly, the rate of restriction so far enforced has been insufficient to bring supplies and consumption into equilibrium. There was an increase in visible supplies and carry-over in the East last month of a little over 3,000 tons, following an increase in the first quarter of the year. From £123 a ton in the middle of March the price of tin has fallen to below £103 a ton, though at the moment of writing it is slightly harder at £104½ per ton. The anxiety of high-cost producers to tighten up the restriction scheme is easily understood. The part played by Signor Patino, for example, in the restriction movement, may be viewed in the light of the annual report of Patino Mines, which has just been issued. Allowing for a profit of £82,055 from the railway, there is an actual loss on mining operations of £240,059, as against a profit of £1,079,099 in the previous year. The Patino Mines are the largest tin producers in the world. Their output last year was 17,100 tons of fine tin, against their present quota of 15,000 tons under the restriction scheme. The average cost per ton was £118 9s. 5d., excluding depreciation, though actual costs in the last quarter of the year were reduced to £109 16s. 7d. The latter figure, however, was raised to £135 2s. 6d. after allowing for depreciation and depletion. It is not altogether difficult to understand the opposition to the restriction scheme expressed by the low-cost producers in Malaya, who declare that they have been compelled to reduce their output by 22.62 per cent., compared with only 16.4 per cent. in the case of the Dutch East Indies.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—British Bank of South America, Alliance Assurance, Commercial Union Assurance, Liverpool and London and Globe Insurance, World Auxiliary Insurance, Yorkshire Insurance, Oriental Telephone and Electric,

British Shareholders Trust, Calcutta Electric Supply, Cawnpore Electric Supply, London Asiatic Rubber and Produce, British Match Corporation, and Dunlop Rubber. At the annual meeting of the London Asiatic Rubber and Produce Company the chairman pointed out that the fact that about half the world's output of rubber was produced by Asiatic smallholders, of many different races and languages, scattered over a number of countries, made it impossible for any satisfactory and equitable system of voluntary restriction of output to be organised. At the annual meeting of the British Match Corporation the chairman referred to the company's Scottish timber estates, situated at the head of the Holy Loch on the Clyde, where Bryant and May owned close on 7,000 acres, which they were afforesting with timber particularly suitable for the match business. Up to the present 3½ million young trees had been planted on an area of 1,500 acres. The speeches of the chairmen of the British Bank for South America and the Dunlop Rubber Company are discussed on pages 1060 and 1059 respectively.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to May 9, 1931, £56,542,677. Total, including conversion, recorded January 1 to May 9, 1931, £66,212,626.

National Savings Certificates.
Net sales, week ended May 9, 1931, £350,000.
Total receipts, April 1, 1931, to May 9, 1931, £1,550,000.

To the Public.	Nominal Capital.	Conversion or Repayment.	New Money Cash Subscription.	First Payment.	Further Liability.
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Ceylon Land and Produce, 20,000 ord. shares, £1. at 25s.	20,000	...	25,000	2,500	22,500
North Somerset Electric Supply, 5½% cum. pref., 100,000, at 20s. 6d.	100,000	...	102,500	12,500	90,000
Total to Shareholders only, week ended May 16, 1931.	120,000	...	127,500	15,000	112,500
Total Offered for Subscription—Including Conversions.	Excluding Conversions.	Total Offered for Subscription—Including Conversions.	Excluding Conversions.		
Jan. 1 to date—	£	£	£	£	£
1931	66,690,126	57,000,177	454,888,784	267,800,700	186,988,077
1930	211,771,586	138,919,312	488,764,240	245,239,400	243,534,800
1929	173,043,064	147,060,110	693,100,056	369,058,073	324,041,983
1928	...	205,824,233	1927	355,165,970	...
1927	...	178,834,951	1926	230,782,600	...
1926	...	84,276,834	1925	232,214,500	...
1925	...	79,918,671	1924	209,326,101	...
1924	...	75,412,567	1923	271,399,173	...

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	46,351,074	747,786	9,921,317	57,020,177
1930	111,398,969	11,550,697	15,971,646	138,919,312
Whole year—	£	£	£	£
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealt.	Total Cash Involved.
Amount previously recorded	3,930,875	...	4,255,632
De Beers Consolidated Mines, £2,414,600 5½% debts.	2,366,308	98	2,366,308
Total for week ended May 16, 1931	2,366,308	...	2,366,308
Total to date, 1931	6,297,183	...	6,621,940
Total to date, 1930	15,703,378	...	17,383,957

[Other Stock Exchange information, including the latest dividend announcements, summary of balance sheets, reports and notices, profit and loss figures, weekly traffic returns, rubber company statistics, and oil outputs, will be found on page 1076 under the heading "Company News."]]

MINING OUTPUT STATISTICS.

GOLD.

Company.	Period.	Oza. Recovered.	Company.	Period.	Oza. Recovered.
Ariston	March	3,960*	New Goldfields of Venezuela	March	5,083*
Asbanti Goldfields	March	14,146	New Goldfields of Venezuela	April	4,844*
Asbanti Goldfields	April	14,044	New Kleinfontein	April	50,700*
Associated Gold	March	4,889*	Nunddyroog	March	7,254
Balaghat	March	2,108	Nunddyroog	April	6,757
Balaghat	April	2,109	Oreogum	March	4,525
Blackwater	March	2,854*	Oreogum	April	4,607
Blackwater	April	3,460*	Rezende	March	6,400*
Boulder Perseverance	March	6,673*	Rezende	April	4,400*
Bukhan	March	27,730	Sherwood Starr	April	4,600*
Cam and Motor	April	24,600*	South Kalguri	March	8,957*
Champion Reef	March	5,609	Springs	March	201,800*
Champion Reef	April	4,763	Springs	April	67,500*
Chosen Corporation	March	9,580*	Taquah and Abosso	March	10,605*
Frontino and Bolivia	March	2,510*	Transvaal Gold	April	15,500*
Globe and Phoenix	March	6,015	Van Ryn	April	43,000*
Glyn's Lydenburg	March	6,600*	Wanderer	March	15,000*
Glyn's Lydenburg	April	6,200*	Wanderer	April	15,000*
Golden Horseshoe	March	37,537*	West Rand Consolidated	April	91,000*
Great Boulder	March	10,324*	West Springs	March	20,600*
Lake View and Starr	March	15,623*	West Springs	April	64,500*
London & Rhodesian	April	3,390*	Witwatersrand Deep	March	38,700*
Lonely Reef	March	2,229	Witwatersrand Deep	April	37,100*
Lonely Reef	April	6,400*			
Moder Deep	March	44,200*			
Meyer and Charlton	April	17,800			
Mysore	March	9,243			
Mysore	April	7,704			

* Tons treated.

TIN.

Company.	Period.	Tons Produced.	Company.	Period.	Tons Produced.
Anglo Burma	March	15½	Nigerian Consolidated	March	14
Anglo-Nigerian	March	58	Open River	March	3½
Aramayo	March	198	Pahang Consolidated	March	252
Ayer Hitam	March	107½	Penawar	March	10,605*
Baba River	March	6,600*	Penakalen	March	65½
Bangrin	March	82½	Petalang	March	176
Batu Caves	March	24	Rahman Hydraulic	March	65½
Batrang Monguna	March	5	Rambutan	March	9½
Beralit	March	13	Rantau	March	22
Bisich	March	49	Rehong	March	63½
Bisich, of Burma	March	90	Riben Valley	March	8
Canai	March	6	Rodlong Mines	March	27
East Pool & Agar	March	44	Siamsee Syndicate	March	188½
Fabulous	March	115½	South Baku Aress	March	11
Pilani	March	24	Southern Malayan	March	163½
Gopeng Consolidated	March	59½	Southern Perak	March	35½
Hongkong	March	50½	Southern Tronoh	March	45
Idria	March	208	Sungei Way	March	119
Jantar Nigeria	March	21	Taipung	March	23
Kaduna Syndicate	Feb.	22	Tanjong	March	44½
Kaduna Prospectors	Feb.	9	Tekka	March	33
Kagera (Uganda)	March	20	Tekka Taiping	March	57½
Kasa (Uganda)	March	12½	Temeugor	Feb.	10½
Kint (Uganda)	March	22½	Tin Fields of Nigeria	March	44
Kinta Kelas	March	68½	Tongkah Harbour	March	70
Lahat	March	20½	Tronoh	March	93
Malayan	March	131	Ulu Klang	March	25½
Malaysiam	March	28½	United Tin Areas	March	18
Naraguta Extended	March	10	Zanipal	Feb.	20

MISCELLANEOUS.

Company.	Period.	Output.	Company.	Period.	Output.
Clydesdale (Transvaal)	March	15,589	Wankie Colliery	March	43,869
Natal Navigation	March	59,407	Witbank Colliery	March	56,281
Tweefontein United	March	54,298			

TEMUGOR.—March: Ore treated, 6,504 tons; zinc concentrates produced, 1,862 tons, assaying 46.21 per cent.; lead concentrates produced, 946 tons, assaying 74.22 per cent. lead, 52.09 oza. silver.

SANTA GERTRUDIS.—March: Dry short tons milled, 34,447. Total revenue, after allowing for development and participation of owners, but before deducting reserve for depletion, depreciation, &c., \$55,470. (February, \$54,627.)

ELECTROLYTIC ZINC.—Production during four-weekly period ended April 1st: 4,149 tons of zinc, of which 40 tons used at the works.

LAKE VIEW AND STARR.—March: 8,335 tons of company's ore and 7,548 tons of tributaries' ore treated; revenue, £21,354; working expenses, £14,364; profit, £6,990.

WORKING PROFIT, TRANSVAAL.—The total estimated working profit of the gold mines of the Transvaal for the month of March, 1931, amounted to:—Witwatersrand, £1,087,815; outside districts, £63,292; total, £1,151,017. The estimated working profit in February, 1931, was: Witwatersrand, £989,270; outside districts, £56,710; total, £1,045,980.

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COMPANY MEETINGS, &c.

DUNLOP RUBBER COMPANY, LIMITED.

RESULTS OF A DIFFICULT YEAR.

UNPRECEDENTED FALL IN RAW MATERIAL.

SIR ERIC GEDDES ON POSITION AND PROSPECTS.

The thirty-second ordinary general meeting of the Dunlop Rubber Company, Limited, was held, on the 8th instant, at the Whitehall Rooms, Whitehall Place, London. S.W., the Right Hon. Sir Eric Geddes, G.C.B., G.B.E. (the chairman of the company), presiding. Mr C. Tennyson (the secretary) read the notice convening the meeting and the auditors' report.

The Chairman, in moving the adoption of the report and accounts, said: My Lords, Ladies and Gentlemen,—Those of you who heard or read my speech at the last general meeting of shareholders will have realised that the causes which have brought about the result of last year's trading, and possible effect of these causes, were then very present to the minds of your board. You will remember that I dealt somewhat fully with the unfortunate effects of taxation and political uncertainty on the position of British industry, referring to these as factors which, looking to the future, we could not disregard. I continued in these words: "But it is not only at home that we trade, a large proportion of our business is export business, and when one looks at the unrest and disturbance, financial, political and economic, in every quarter of the globe—Australia, India, China, Egypt, South America, Russia, Poland—I doubt whether in the history of organised business there has ever been a time when greater uncertainty existed."

Unfortunately, the events of the past year have given to these adverse factors the fullest possible weight. Here at home, high and ill-adjusted taxation and continued political uncertainty have maintained their adverse influence. Moreover, the unrest and disturbance in our export markets to which I made reference developed to a degree which your board, in spite of the most careful study, could not foresee. Indeed, I do not think that anyone, whether statesman, economist or man of business, foresaw the full intensity of the depression, nor the suddenness with which the economic avalanche was to descend upon us in the latter part of the year. This avalanche has resulted in unbalanced Budgets in many of the most important countries of the world. In our own country there has been a deficit of over £37,000,000. In America, an adverse balance of over £160,000,000 is anticipated.

In Australia, the year closed with a deficit of £13,000,000, and in Italy the first eight months showed a deficit of about £11,500,000, which is four times as great as the deficit at the corresponding date last year. Causes which have so staggered Governments were bound to upset the calculations of commercial and industrial companies also, and it is not surprising that in almost every branch of business profits are being heavily reduced and even turned into losses.

FALL IN RAW MATERIALS.

Our own company is, as you know, international, doing an unusually large proportion of its business overseas in every quarter of the globe. It was inevitable, therefore, that we should feel in full severity the force of the economic and political blizzard which has overwhelmed the world. It will perhaps be well for me to remind you of the chief factors of this depression as they affect our own business.

The most startling feature has perhaps been the unprecedented fall in the price of raw materials and foodstuffs. To take those materials which are most important to this company, rubber fell during the year from 8d. to 4½d. per lb. As you know, the price has fallen much lower since then. Cotton fell from 9.24d. to 5.34d. over the year, and the same has been true of almost all, if not all, of the principal commodities, wool, copper, tin, wheat, for example, all having fallen somewhat in the neighbourhood of 40 per cent. Many people think that falling prices of foodstuffs and materials must be beneficial to the world, but this is emphatically not true of such a landslide as that from which we are now suffering. Low prices mean an excess of supply over demand. The producers of these materials, who are the most important customers for manufactured goods, cannot sell their produce, and, therefore, have no money to buy manufactures, and the continually falling price level makes purchasers hold off the market in the hope that, by doing so, they will be able to buy more cheaply later on. Meanwhile, producers, in the hope of some form of voluntary or Government restriction being enforced upon the market, or in a desperate effort to secure some return towards the reduction of their overhead charges, continue to produce, with the result that stocks accumulate, thus depressing price levels still further, and still further postponing the day of

liquidation and return to normality. I could give you a number of index figures illustrating these points, but, in the interest of brevity, I have contented myself with putting certain figures in tables and graphs at the end of the speech so that you can consider them at leisure. They will repay study as they show quite clearly the causes which have so materially contributed to the reduction of the earnings of your company during the past year. Not only has the purchasing power of our important customers been curtailed, but in countries like the Far East, where we have done good business, the fall in exchange has torn the fruits from our grasp.

The most remarkable feature of the slump has been the extent to which it developed towards the end of 1930.

I have referred to political disturbances in various parts of the world, but there is one in particular which has affected our trade seriously and is still doing so. I refer to India, one of our most important overseas markets. Our business there in the first half of 1930 showed definite increases over 1929, but later the political disturbances in many parts of the country and the pronounced boycott of British goods so affected our business that by the end of the year our turnover showed a substantial drop as compared with 1929. Incidents of this kind, and I could cite many more, are entirely outside the control of your board.

I hope I have made it clear that your company could not possibly have escaped these adverse conditions operating throughout the world during the latter part of 1930.

THE ACCOUNTS.

The total profits from all sources for 1930, after providing for depreciation in the accounts of the whole group of companies, amounted to £1,250,963, as compared with £2,307,354. There has, therefore, been a decrease in profits of about 46 per cent. Out of these net profits for 1930 the dividends on the preference shares of the Dunlop Cotton Mills, Dunlop Plantations, and Dunlop Rubber Company (India) have been paid, absorbing £309,750, and also interest on debentures, loans, etc., £399,789, leaving a balance as shown by the profit and loss account of £541,424. Adding to this balance the £782,328 brought forward from last year, the sum of £1,323,752 is available for disposal. Out of this we have transferred to taxation reserve £100,030, bringing that reserve up to £444,300, as shown in the balance sheet. The preference dividends for the year, less income tax, absorb £290,625, and the interim dividend at the rate of 6 per cent., less income tax, paid upon the ordinary shares on October 11th last absorbs £365,074, leaving a balance of £568,023, which it is proposed to carry forward to next year. In view of the falling off in the profits no further distribution to the ordinary shareholders can be made.

When year after year I have told you that our efficiency was never so high, and that our costs of production were falling, I have sometimes felt that perhaps I failed to make myself understood, and that my audience did not appreciate what I meant. I want you to realise what the statement means.

First, let us remember that our costs are inflated with crushing taxation necessitated by National Debt obligations and charges for social services undreamed of a few years ago; by very high local rates; and now there is 6d. a gallon tax on petrol, which is one of our raw materials, and of which we use 1,200,000 gallons a year. Our competitors abroad have no such burden to bear, yet we are still, owing to our very competent management, able to produce at competitive costs, which is something of which we have reason to be proud.

Put it another way, our progressive economies at Fort Dunlop alone since 1924, eliminating material cost, have been so great that if the production of 1930 had been at the costs of 1924, the cost of converting the raw material into manufactured products would have been approximately £1,000,000 more than it actually was.

ECONOMIC BLIZZARD.

For the first half of the year 1930 profits held up remarkably well, and in some directions were ahead of 1929. It was not until the last quarter of the year that the economic blizzard developed its full force, and it was the conditions during this period that upset our calculations. Nevertheless, the profits are substantial, and indicate what the company could have achieved had world conditions been normal.

The general economic conditions of 1930 I have already described. Their effect upon the affairs of your company has been that in the last three months of the year there was a heavy fall in sales, particularly in our Continental and overseas markets. For example, our overseas sales of motor covers from our home factories for the first six months of 1930 were nearly a high record for the past six years, but by the end of the year sales had so dropped that our total for the twelve months made a low record.

From almost a high record for the six months to July we drop to a low record for the twelve monthly period. The slump at the end of the year was the more remarkable as our past experience has been that in the export field the second half-year is generally better than the first half-year.

Other consequences of the economic depression were a heavy fall in foreign exchanges, particularly in South America, China, Australia, Spain and Persia, which directly involved your company in serious book losses, not all of which, I am glad to say, represent realised losses to date. Similarly declining values made it incumbent on us to write down our inventory valuations for balance-sheet purposes, but this again does not altogether mean a realised loss. Under the heading of exchange and inventories for the whole group of companies, the total amount involved exceeds £600,000, but no part of this, so far as it does represent a loss, could have been prevented.

In September, when the board was considering the payment of an interim dividend, the figures then available, which were as up to date as possible, and which fully justified the payment, gave no indication of the avalanche that occurred in the later months of the year.

In the notice accompanying the interim dividend it was stated, "I am instructed by the board of directors to advise you that the trading position of the company has been maintained in a most satisfactory manner during the first six months of 1930." This statement was fully justified by the results for the first half of that year from home sales, export shipments, and sales of overseas factories.

We have not been alone in feeling the effects of the storm that has raged over the industrial world in general and the tyre and rubber industry in particular, and it may interest you to know that, taking the published figures of the twelve largest rubber companies in America, they show that whereas in 1929 profits totalled \$37,196,000, in 1930 the corresponding figure was a loss of \$20,488,800. These figures, I think, give a striking illustration of the effects of the unprecedented slump that has taken place during the year under review, a slump most severely felt in the export field, where we are for better or worse involved to a far greater extent than most competing tyre companies.

The balance-sheet position, I think you will agree, is a very strong one, as there is a surplus of current assets over current liabilities of £3,444,986, this surplus having increased during the year by £570,413.

FUTURE PROSPECTS.

You will expect me to say something now as to future prospects. You will remember that last year, speaking, as I said, with a full sense of responsibility, I referred to certain favourable factors in our then position. I will quote my own actual words:—

(1) The quality of our products, as proved by very complete records, was never so high.

(2) Our plant throughout the organisation was never so up to date or in better condition.

(3) The efficiency and economy of our tyre and rubber factories were never greater, and the wages of our employees have improved with the increased efficiency and have steadily risen since the reconstruction.

(4) Our relations with our employees have never been better, and are excellent.

These statements I can still, with the same full sense of responsibility, repeat to-day, and although unfortunately I cannot say, as I did last year, that the demand for our products throughout the world has never been so high, I can and do assert that our proportion of the available world business has never been so great as it is now.

I can repeat also what I said of our plantations. They are producing at the lowest figure which they have ever attained and with a record weight of rubber per acre and in total. In 1929 the average f.o.b. cost for rubber for all our estates over the year was 5½d. per lb., and you will remember that I forecasted a cost for 1930 of less than 5d. In fact we have in 1930 reduced this to 4.49d., and still further reductions are in prospect. For this year we estimate a cost of a little over 3d. without any relaxation of upkeep. You will see, therefore, that as soon as trading conditions revive, the company is in a position to take immediate advantage of the opportunity.

Unfortunately it is impossible yet to forecast when this opportunity may arise. The depth of the depression is without precedent,

and its duration already exceeds past experience. The indication is that recovery will be a long and painful process. The great accumulation of stocks to which I have referred, and political and economic conditions in such countries as Australia, India, Germany, Spain, South America, Italy and the East are serious adverse factors.

FISCAL PROBLEMS.

In our own country there is also an element of uncertainty due to political conditions. The demand for a change in our fiscal system has been growing insistent during the past few months, although it seems that the present Government has decided to ignore it. I referred last year to the vital importance to this company and to the automobile and allied industries as a whole of retaining the McKenna Duties. I am glad to say that these duties are still in operation, but other industries have lost the modest protection which they enjoyed, and the McKenna Duties are threatened.

I will not go into this controversial question to-day, except to call attention to one all-important argument which I do not think politicians or even economists have ever appreciated at its real value. I mean the very great change which the development of mass production has introduced. Mass production, depending as it does on heavy capital expenditure on machinery and equipment and a heavy annual expenditure on research, supervision, and control, involves a great increase in those factors of cost which do not vary, or vary very little, with the rise and fall of output, and a substantial decrease in the relative importance of the cost which does so vary.

This expenditure, which makes for economy, cannot be undertaken unless there is a reasonably secure market of sufficient volume to ensure the necessary minimum demand which is required to cover the non-varying cost. There is no way of securing such a market except under a fiscal system which will reserve the necessary proportion of the home market to home manufacturers. Unless this is done, our industries not only cannot themselves obtain the full benefit of mass production economy, but they become exposed to the full force of attack from mass production industries in competing countries. These industries, having a secure home market, are able to sell their surplus production here well below full production cost—in fact, at any price which will secure them even a small return towards their overhead expenses.

BOARD'S VIEWS ON RUBBER RESTRICTION.

The discussion which has been going on intermittently for many months regarding the possibility of restriction in the rubber plantation industry is another factor of uncertainty which is affecting us very adversely. Your board are unanimously and wholeheartedly against any proposal to reimpose restriction, either voluntarily or by Government intervention. As I said last year, we feel that there is a big future for the plantation industry, provided scientific production and economic management are generally adopted. The best hope for the plantation industry is the speedy elimination of the inefficient and expensive plantations. So long as it is believed that there is a chance of restriction, the inefficient producers will hang on and maintain excess production. It is the view of your board, therefore, that the sooner the bogey of restriction is finally laid, the sooner will the rubber plantation industry return to prosperity.

I am afraid the world picture which I have drawn is a somewhat gloomy one. We can at least derive encouragement from the intrinsic strength of the company's position, which the events of the closing months of last year have in no way impaired. On behalf of your board, I can repeat with all conviction the closing words of the speech which I made to you in this room last year:—

"We view the future with confidence, and in the knowledge of our conserved strength. What we require is the renewal of trade so long overdue. We are fully equipped to cope with it. So far as we are concerned, we shall go on in faith and courage, developing the great organisation which you have entrusted to our hands."

I hope that with that statement shareholders will feel that the board has fulfilled its trust to them in the care of their interests in every possible way. Other companies in the same industry as ourselves have suffered very much more severely than we have. We have made economies which are startling in their magnitude. We feel that in the interests of everyone we are doing our best all over the world, and I hope that my speech has brought that home to you. No one regrets more than I and my colleagues do that this should have been a lean year; but it is not a Dunlop lean year; it is a world lean year, and we have made a very fair and substantial profit.

Sir J. George Beharrell, D.S.O. (managing director), seconded the resolution, which was carried, after the Chairman had fully replied to questions and observations of shareholders.

ALLIANCE ASSURANCE COMPANY, LIMITED.**RECORD NEW LIFE BUSINESS.**

The annual general Court of the Alliance Assurance Company, Limited, was held on the 13th instant, in London.

Mr C. E. Barnett (the chairman) said that a year ago he referred to the proposals then before Parliament relating to single premium policies, and deplored the fact that the Chancellor of the Exchequer, in his attempt to legislate against what had become an abuse, was inflicting injustice and hardship on the companies which had confined themselves to business of a perfectly legitimate character. Fortunately, the Chancellor eventually yielded to the strong representations made to him, and the proposals were amended. In the result all the policyholders who took out these single premium policies with the company had the satisfaction of knowing that the privileges which they were led to expect when they effected the policies would be allowed to continue.

Notwithstanding the cessation of this particular form of single premium policy, the actual net new life business completed during the year amounted to £3,210,646, which was £183,208 above that of 1929, and was the largest amount ever transacted in one year by the company. The premium income, however, in the active Alliance account was £82,321 less than in the previous year, and this drop was due entirely to the large diminution in the single premium business. The Alliance life and annuity funds increased during the year by £811,715, and the total life and annuity funds, including the closed funds, amounted at the end of the year to £22,300,375.

FIRE AND MARINE RESULTS.

In the fire department the company had a fairly satisfactory year having regard to the prevailing conditions. The premium income, £2,046,170, was only £13,638 less than in the previous year and, in view of the great depression in trade and the consequent reduction in stocks held by merchants and others, they could not complain of this comparatively small reduction in income. The surplus on the account, after providing for unexpired risks and including interest, was £447,876, which was only a few thousands less than a year ago.

From the marine account they had been able to transfer to profit and loss the sum of £73,232, which compared with £59,002 transferred a year ago. Moreover, this year they had set aside £40,000 to provide for future claims, as compared with £25,000 similarly set aside a year ago. The results, therefore, showed a substantial improvement. During the year marine underwriters had had under very serious consideration the unfortunate results of the rate cutting which had been going on for some years. When trade improved it might reasonably be expected that these efforts to put marine business on a healthier footing would show satisfactory results.

ACCIDENT DEPARTMENT.

As to the accident department, the Road Traffic Bill referred to a year ago, had now become an Act, and its insurance provisions came into force on January 1, 1931. It was feared that claims from third parties would be more frequent, and that there might be a tendency on the part of juries to award larger damages, as it would be assumed that in every case an insurance company would have to pay. Notwithstanding the increased liabilities, the offices generally had decided to make no change in existing rates of premium for the present, but the experience would be carefully watched, and the rates of premium reviewed when sufficient information as to the results of motor business was available. The company obtained some new business towards the end of the year, but most of it was not of a specially attractive character.

There had been a further setback in workmen's compensation premiums, owing to the continued depression of trade. In addition, they had taken steps to cancel a section of the business in Canada which had proved unprofitable, and the result was that the total premium income on the combined accident accounts for the year was some £50,000 less than in 1929. It was gratifying, however, that the actual profit on the accounts was substantially higher, and that they had been able to transfer £140,916, in addition to £63,352 interest, to profit and loss account.

The profit and loss account showed that they had carried £100,000 to reserve and £50,000 to pension reserve, and that the balance carried forward was £1,230,964, which was practically the same as the amount brought in.

In conclusion, the chairman announced his retirement from the office of chairman, after having served as a director of the company for fifty years.

The report was unanimously adopted, and a dividend of 18s. per share (less income tax) for the year was declared.

A vote of thanks was passed to the chairman, directors and staff, coupled with a request that the chairman should have his portrait painted and hung in the board room.

YORKSHIRE INSURANCE COMPANY, LIMITED.**FAVOURABLE RESULTS IN DIFFICULT YEAR.**

The hundred and seventh annual general meeting of the Yorkshire Insurance Company, Limited, was held, on the 12th instant, at the Royal Station Hotel, York, Sir James Hamilton (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, after referring to the changes in the directorate and those of associated companies, said: Last year I referred to the unfavourable conditions prevailing in the world of commerce and finance, and its effect on insurance business generally. Notwithstanding this, we then reported an increase of £141,000 in our premium income in the fire and accident departments. It was hoped that the trade conditions in 1930 would show some improvement, but this has not been so. This is reflected in the reduction in our fire and accident premium incomes, which are less by some £76,000. That the decrease is limited to this amount speaks well for the energy put forth by the company's officials and agents. The abnormal situation in the United States is accountable for a drop in income in excess of the £76,000 mentioned, thus indicating that elsewhere we have more than succeeded in maintaining our position.

INCREASE IN NEW LIFE BUSINESS.

In the life department, despite the adverse circumstances prevailing, we are able to report an increase in the new life business of about £83,000 sums assured, after deducting reassurances. I wish to bring to your notice a new scheme of life assurance which we are undertaking; the contract is called the "security" policy, and, briefly, it provides a much larger income in the event of the policyholder's death within 20 years than could ordinarily be obtained by investment of the capital sum assured. The scheme is capable of variation in details to suit individuals—for example, on the basis of a nominal sum assured of £1,000 provision can be made for the payment, should the life assured die within 20 years, of: (a) £250 to cover immediate needs; (b) an income of £3 per week for the remainder of the 20 years; and (c) at the end of that period a cash payment of £750. While, if the life assured survives the 20 years, the sum of £1,000 is payable at death, and after age 65 no further premiums are payable.

DEPARTMENTAL ACCOUNTS.

I will now briefly run through our departmental accounts, the figures relating to which are in front of you.

Life Account.—The net new sums assured were £1,653,048, an increase of £82,888, while the claims by death £166,055 are less by £16,146. The life fund has been raised by £378,632 to £6,854,204, the expense ratio being 12.9 against 13 per cent.

Sinking Fund Account.—The premiums are £35,226 against £36,399, and the fund £313,365 as against £302,377.

Fire Account.—The premiums £1,026,784 show a reduction of £41,592 for the reasons already explained. The losses £527,992, a reduction of £37,073, and the sum of £125,544 is transferred to profit and loss account, as compared with £107,704 last year.

Accident Account.—The premiums £1,348,010 show a reduction of £34,634 and the losses £761,293, an increase of £14,359, but the sum transferred to profit and loss account is greater than last year by £18,722—namely, £80,643.

Marine Account.—The premiums £543,160 show an increase of £26,193. Only the interest £20,473 is transferred to profit and loss. The fund is now standing at £609,003, an increase of £27,755, and represents 112 per cent. of the premiums.

I am pleased to report that a valuation of our Stock Exchange securities on the basis of market prices at December 31st last discloses a small increase on the values of the previous December 31st.

PROFIT AND DIVIDEND.

Summarising the position, in the departmental accounts, other than life, the underwriting profit, excluding interest on the departmental funds, amounted to £157,745, as compared with £117,102 in 1929. Adding the net interest and deducting the taxes, expenses and contributions to the staff pension fund, as shown in the profit and loss account, the net profit for the year is £161,088, as compared with £140,468 in 1929. Realising the difficult times through which we are passing, I hope you agree with us in considering we have every reason to be satisfied with the past year's results. The directors recommend that the dividend be 9s. 6d. on the £1 fully-paid shares, and 4s. 9d. on the partly-paid shares, which is the same as for the previous year, and 1s. 6d. per share on the new 5s. fully-paid shares.

On the two former classes of share an interim dividend was paid in October, and it is proposed that the balance be paid forthwith. The report was adopted.

**COMMERCIAL UNION ASSURANCE COMPANY, LIMITED.****SATISFACTORY RESULTS IN A DIFFICULT YEAR.**

The sixty-ninth annual general meeting of the Commercial Union Assurance Company, Limited, was held, on the 12th instant, in London.

The Right Hon. Sir Robert Horne, G.B.E., K.C., M.P. (the chairman), in the course of his speech, said:—The year 1930 was one in which the majority of people in all parts of the world were glad to see come to an end.

The business of insurance, though it is one of the steadiest amongst the branches of human activity, could not escape from the adverse influences. At home, although the previous premium income was well maintained, progress was not so marked as usual. Abroad, with the exception of America—and even in such a disturbed country as China and such an unrestful region as India—results were, in the circumstances, satisfactory. In the United States, however, there was a decided decline.

FIRE AND MARINE ACCOUNTS.

The premium income of the fire department amounted to £6,774,315, being £866,651 less than that of the previous year. The greater part of this decrease is attributable to the United States. There has been transferred from the account of the fire department to profit and loss a sum of £185,000. This leaves the fire fund at £7,495,291, being 110.64 per cent. of the premiums, compared with 102.49 per cent. in 1929.

The marine department achieved remarkably favourable results on the year's working. The net premiums, at £698,828, showed an increase of £13,941 over those of 1929, while the claims paid and outstanding amounted to £319,700. It was thus rendered possible to transfer to profit and loss the same amount as last year, viz., £200,000, and, after fortifying the reserves, to leave the marine insurance fund at £1,194,349. This figure represents 170.91 per cent. of the premiums, compared with 168.7 in 1929.

ACCIDENT DEPARTMENT.

In the accident department the premiums amounted to £8,658,457, showing a decrease of £127,125 on the figures of the previous year. If we except the United States, our accident account, at home and abroad, has shown excellent results. Our decline, as in the case of the fire department, is due entirely to the setback in the United States.

The passing of the Road Traffic Acts in Great Britain and Northern Ireland was the outstanding feature of 1930.

In order to give the new measure every chance of success we decided, along with other insurance companies, not to increase our rates of premium, although many considerations would justify the view that risks are now greatly multiplied. It remains to be seen whether the present rates will prove sufficient to meet the additional liabilities and expense which the Act has placed upon insurance.

Of the other classes of business which are transacted in the accident department—personal accident, fidelity guarantee, burglary, public liability, plate glass, engineering—I am glad to say they are all in a healthy condition. From the accident account there has been transferred to profit and loss the sum of £70,000. Although, owing to the adverse factors to which I have referred, the revenue account of the accident department shows only a profit of £370, we felt justified in taking the sum of £70,000 to profit and loss in view of the generous fund by which the account is buttressed. This transfer leaves the fund at £5,824,608, being 67.27 per cent. of the premiums, as compared with 67.74 in the previous year.

RECORD LIFE BUSINESS.

In spite of unfavourable economic conditions the life department had a successful year. We issued 8,030 policies, assuring over £4,500,000 gross, or, after deducting reassurances, over £4,385,000 net. These figures constitute records in the history of the company, surpassing even those of the best year—1920.

The directors recommend the payment of a final dividend of 10s. 3d. per share, less income tax, making a total for the year 1930 of £1 0s. 6d. per share, less income tax. The funds of the company, excluding the share capital and after providing all necessary reserves for ascertained and estimated liabilities, show a surplus of over £12,500,000. We may, therefore, without undue pride, congratulate ourselves on the powerful position which we hold and our ability to meet with equanimity all vicissitudes of fortune.

The report and accounts were unanimously adopted.

WORLD AUXILIARY INSURANCE CORPORATION, LIMITED.**SATISFACTORY YEAR'S BUSINESS.**

The meeting of the World Auxiliary Insurance Corporation, Limited, was held, on the 12th instant, at Winchester House, London, Captain the Right Hon. C. C. Craig, D.L. (chairman) presiding.

The Chairman, in moving the adoption of the report, said, with regard to the fire, accident and general account, the fund brought into this account from December 31, 1929, amounted to £129,713, to which was added premiums £302,724, interest £7,960, and transfer from profit and loss account £30,000. After paying all claims and outstanding commissions and expenses, the fund at December 31 amounted to £151,831. In the marine account the premiums for the year amounted to £175,353 and interest £7,584, which items, added to the fund of £189,952 brought in, gave a total of £372,890. Claims paid on 1929 and previous years amounted to £101,882, and on 1930 account to £41,689, or 23.7 per cent., and expenses to £9,612, leaving a marine fund of £192,121 after transferring £27,584 to profit and loss account. The profit and loss account showed that, after paying the dividend of £18,750 in April, 1930, the balance brought in amounted to £29,993. To this was added £16,204 for interest not charged to other accounts, and the transfer from marine account, making a total of £74,336. After paying sundry charges, there remains a balance of £65,927. In view of the substantial amount of the reserve funds, and any increase in dividend being, in the opinion of the board, inadvisable at the present moment, the directors had decided to take advantage of the opportunity of strengthening the fire and accident account by transferring from his account the sum of £30,000.

The investments taken at cost and cash on deposit amounted to £921,631. Last year he had referred, he said, to a depreciation of £33,000 existing at December 31, 1929, on the market value of the investments. He was happy to say that not only had this depreciation been wiped out, but their investments had considerably appreciated.

When it was realised how the world-wide economic depression had added to the difficulties of all classes of insurance, he thought it a matter for congratulation that they had been able to increase their fire and accident premium.

The report was unanimously adopted.

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY LIMITED.**1930 RESULTS.****A SATISFACTORY YEAR.**

The ninety-fifth annual general meeting of the Liverpool and London and Globe Insurance Company, Limited, was held, on the 13th instant, at the company's head office, 1 Dale Street, Liverpool.

The Chairman, Mr A. Allan Paton, C.B., referred to the fact that the company now operates in 96 countries, and stressed the importance of personal contact in the development of business with overseas connections. He mentioned that the general manager and his assistants had, during the past year, visited 37 countries abroad, whilst representatives from 11 other lands had been welcomed in this country. Mr Paton commented upon the interesting fact that of these 96 countries the major number had different currencies, and the question of foreign exchange, therefore, demanded keen and constant attention in addition to the problems of underwriting.

PROGRESS IN THIRTY YEARS.

The Chairman gave interesting figures comparing the company's position to-day with that of thirty years ago. Sums insured in the fire department had increased from four hundred and thirty-three millions sterling to approximately one thousand five hundred millions sterling, whilst in the life department, whose business is almost wholly confined to Great Britain, the assurances had risen from eight millions to twenty-one millions sterling.

CLAIMS PAID EXCEED £3 PER MINUTE.

Since its foundation 95 years ago the company had paid claims at the average rate of over £3 a minute, night and day, the aggregate exceeding one hundred and sixty-one millions sterling.

1930 RESULTS.

The total underwriting profits amounted to £271,934, and total funds were increased by £610,185 to £24,692,646.

Fire premiums amounted to £4,699,243, the profit of £256,340, or 5.45 per cent., comparing with £260,243, or 5.38 per cent., in 1929. In a year such as 1930 this was very creditable.

Accident premiums totalled £5,695,890, on which there was an underwriting loss of £36,484.

On marine premiums of £356,211 a satisfactory profit of £29,077, or just over 8 per cent., was recorded.

RECORD LIFE FIGURES.

1930 proved a record year in the life department. The net new business reached £1,903,289. The rate of interim bonus on whole-life policies was raised to the high figure of 48s. per cent., an increase fully justified by the department's financial position.

The report and accounts were adopted and a final dividend of 13s. 6d. per share was declared, making 27s. per share, less income tax, for the year, against 26s. in 1929.

The retiring directors were re-elected, and a vote of thanks was passed to the management, staff and agents. A cordial vote of thanks to the chairman concluded the meeting.

BRITISH SHAREHOLDERS TRUST, LIMITED.

DIVIDEND MAINTAINED.

COMPANY'S SATISFACTORY POSITION.

The ninth ordinary general meeting of the British Shareholders Trust, Limited, was held, on the 11th instant, at the Cannon Street Hotel, London, E.C.

Mr Follett Holt (chairman of the company) presided.

The Secretary (Mr F. Charlton Fry, F.C.I.S.) read the notice convening the meeting and the report of the auditors.

The Chairman said:—Gentlemen,—The resolution before the meeting is "That the report and accounts to March 31, 1931, submitted to the meeting, be and they are hereby approved and adopted." I will ask the Managing Director, Mr Edgar Crammond, to second this.

Mr Edgar W. Crammond (managing director): I beg to second the resolution.

The Chairman, continuing, said:—At a time when dividends are being passed or cut in all directions it must have been a relief to our shareholders to learn that our earnings even in such a calamitous time were sufficient to enable the directors to recommend a dividend of 7 per cent. on the share capital, the same as last year, and to increase the amount to be carried forward to the revenue account of the current year to the substantial figure of £31,827. If it had not been for the conservative policy that we have observed with your full consent in the past, that is to say, if we had not placed on one side substantial sums to reserve, in view of the general depreciation that has occurred in investments, we should not have been in the strong position in which we are to-day.

A SOLID AND SATISFACTORY POSITION.

From the report you will have noted, I have no doubt, that after deducting the depreciation in our investments, which amounts to 16.3 per cent., from our reserve and carry-forward, we still have our capital of £538,212 intact, and in addition to this assets to the cash value of £230,000. So you will see that our position remains very solid and satisfactory and is one that need cause you no anxiety as to the future.

Our funds are well spread geographically and otherwise over some 185 investments, and among these are British Government and other stocks which are held not only for safety but for the ease with which they can be readily converted into cash when necessary for the purposes of our business.

As indicated in the report, our issuing house has had a busy but somewhat fruitless year. We have been concerned in many investigations, and still have under examination and observation issues that may materialise under rationalisation and other schemes. One issue only, as reported, was made during the past year, and it was of a character that was readily accepted by the public. For the rest it is, I am sure, obvious to you that conditions call for patience with the knowledge that, through not only the reputation but the ability of this house to handle it, we shall receive our good share of business when times are more normal and opportune.

As our present financial year dates from the first of last month, there is really nothing that I can say of any usefulness as to the prospects of the current year. All I can do is to express the hope, which I am sure you will all re-echo, that business in our country will respond to all the efforts that are being made to sustain and improve it. Meanwhile, as far as we are concerned, we shall do our utmost to maintain the solidity and efficiency of this house.

The resolution was carried unanimously, and a final dividend of 4 per cent., making 7 per cent. for the year, less tax, was approved.

The retiring director (Mr B. H. Binder, F.C.A.) was re-elected, and the auditors (Messrs. Price, Waterhouse and Company) were reappointed.

A hearty vote of thanks to the chairman, directors and staff terminated the proceedings.

ORIENTAL TELEPHONE AND ELECTRIC COMPANY, LIMITED.

TAX FREE FINAL DIVIDEND OF EIGHT PER CENT.

SIR HENRY McMAHON'S ADDRESS.

The thirty-seventh ordinary general meeting of the Oriental Telephone and Electric Company, Limited, was held, on the 11th instant, at the Great Eastern Hotel, Bishopsgate, London.

Sir A. Henry McMahon, G.C.M.G., G.C.V.O., K.C.I.E., C.S.I., &c. (chairman of the company), said in the course of his speech: The result of the year's working, as you will have seen, is a slight increase in the company's net revenue from £99,521 to £100,001; and with the carry-forward from last year added, there is a balance of £110,392 available for disposal, after payment of the usual interim dividends, as against a corresponding amount of £104,530 for 1929. Out of this we propose to pay final dividends for the year of 3½ per cent., less tax, on the preference shares, and 8 per cent., free of tax, on the ordinary shares, which requires £52,223 12s.; to place £15,000 to general reserve; and to carry forward the balance of £43,168 18s., or £3,361 17s. 11d. more than last year. Having regard to the very difficult conditions which have prevailed throughout the past year, I venture to think that this result may be regarded as by no means unsatisfactory.

DEPRECIATION AND RENEWALS.

The balance sheet does not present any substantial variation from that presented to you a year ago. I might, however, explain that on the debit side the relatively high withdrawal of £38,128 from the reserve for depreciation and renewals is largely due to the substitution of automatic working for manual at Singapore. Adequate provision for depreciation, based on the normal expectation of useful life of the different classes of plant and apparatus employed in the business is made year by year. But when, as occasionally happens, it is deemed advisable to replace plant before its useful life has expired—either with a view to giving improved service, to effecting economies in working, or for other reasons—special provision has to be made to meet the deficiency which would otherwise occur in the depreciation fund.

In the case of the manual equipment at Singapore, which, as I have explained upon a previous occasion, comes under this heading, we have been making provision in advance during the last few years to meet this deficiency, so that by 1930, when the change-over took place, the depreciation fund would be in a position to meet the special demand upon it. The cost of the manual equipment is now written off, and the balance of £40,556 represents the correct amount which should at present be in the fund to provide for the depreciation of all the company's plant and property, both in Singapore and Mauritius.

FAVOURABLE FINANCIAL POSITION.

On the credit side of the balance sheet, the deduction of £21,024 from the "cost of exchange equipment" is due to the same cause, namely, the withdrawal of the old manual equipment at Singapore. The addition of £13,387 to the land and buildings account represents, mainly, the final cost of the staff housing scheme there to which I made reference in my address to you last year. The value of your company's share holdings in the subsidiary and associated companies appears at the same figure as last year and, as usual, represents a very conservative estimate of the actual value of these holdings. The cash and liquid resources of the company have not varied substantially, save that a considerable proportion which figured last year under the heading of "fixed deposits," now appears under the heading "British and Indian Government securities." The company is thus in a very favourable position to cope, at short notice, with any development or expansion which it may be called upon to undertake.

Turning now to the profit and loss account, the principal item which attracts attention on the debit side is the increase of nearly £6,000 in income tax for the past year, due to the larger profits brought into account, and to the increase in the rate of tax from 4s. to 4s. 6d. in the £. Other items require no special mention, being all much the same as last year.

On the credit side the combined profits of our own two branches (Singapore and Mauritius) are up by £13,344, due mainly to substantial economies which have been effected during the year, and to the non-recurrence of special charges under the heading of depreciation and renewals. Dividends and interest from associated companies are down, however, by some £6,000, but this has already been explained in the report in your hands.

In conclusion, he dealt in detail with the year's working of their branches at Singapore and Mauritius, and their subsidiary and associated companies in Bombay, Bengal, Rangoon, Madras and Hongkong.

The report and accounts were unanimously adopted.

THE LONDON ASIATIC RUBBER AND PRODUCE COMPANY, LIMITED.

LEGISLATIVE RESTRICTIONS FOR RUBBER IMPROBABLE.

AMALGAMATION WITH SEPANG COMPANY APPROVED.

The twenty-third ordinary general meeting of the London Asiatic Rubber and Produce Company, Limited, was held, on the 8th instant, in the council room of the Rubber Growers' Association (Incorporated), 2, 3 and 4, Idol Lane, London, E.C., Mr H. J. Welch (the chairman) presiding.

Mr J. O. May, representing the secretaries (Messrs Harrisons and Crosfield, Limited), having read the notice convening the meeting and the report of the auditors,

The Chairman, in the course of his speech, said: Ladies and Gentlemen,—For the first time in its history the company has not made a profit, the loss (including £5,475 written off for depreciation) amounting to £13,800, against a profit for 1929 of £69,884. It may be permissible to recall that since I joined the board, in 1915, the average dividends paid by this company up to last year equalled over 21 per cent. per annum.

The restricted crop produced showed a decrease of 370,000 lbs., and the cost per pound was the lowest ever attained by the company.

As further economies have been effected since the beginning of 1931, production cost per pound for this year upon the restricted crops now contemplated will be decidedly lower even than those for 1930, and will consequently create a fresh low record.

VOLUNTARY OR LEGISLATIVE RESTRICTION IMPROBABLE.

No estate can hope to obtain a profit by production of rubber at present prices. The objective must be principally to minimise the loss incurred.

Through a prolonged period of depression, such as the present, the financial resources of companies should be safeguarded at all costs.

The fact that about half the world's output of rubber is produced by Asiatic smallholders, of many different races and languages, scattered over a number of countries, makes it impossible for any satisfactory and equitable system of voluntary restriction to be organised.

Principally because no legislative restriction would be satisfactory to estate producers that did not limit the production of native producers, a satisfactory scheme of legislative restriction seems equally improbable. Owing to various reasons no scheme seems possible under which the actual tapping of the Dutch native can be restricted, even if the political difficulties of restricting his output could be overcome.

It is unfortunate that the idea of combined legislative restriction has been flirted with so long, as it has doubtless been the cause of prolonging the excessive supplies. The sooner now it is definitely abandoned the sooner will supplies begin to balance demand.

AMALGAMATION WITH THE SEPANG COMPANY.

Amongst the advantages of such amalgamations are those of local administration. Efficiency of management is generally increased and certain economies are made possible. The risks of tropical agriculture are more widely distributed.

The combined surplus liquid assets existing as at January 1st last, added to the calls upon the shares to be issued for the Sepang Estate, will amount to £144,500. This sum will provide the estimated capital expenditure of £54,000 required during the next six years to bring all the estates of both companies to maturity, and will leave a substantial balance of £90,000 available for working capital and cash reserves.

LOW NET COST PER ACRE.

You will also have noticed that, after providing for the further capital expenditure, the amalgamation will substantially reduce the net cost per planted acre of this company to £28, without placing any value on the reserve lands, etc., but also without, I must unfortunately add, making any allowance for any future debits to our profit and loss account.

The directors' report and statement of accounts were adopted after the chairman had replied to shareholders' questions; the retiring director and auditors were re-elected; and the resolution to increase the capital to enable the amalgamation to be carried through was approved.

A vote of thanks was passed to the estates staff and the Eastern agents, with whom the proposer and seconder associated the chairman and directors, for the services they had rendered to the company during a long period of years.

BRITISH MATCH CORPORATION, LIMITED.

HIGHLY SATISFACTORY RESULTS.

The fourth ordinary general meeting of the British Match Corporation, Limited, was held, on the 13th instant, at Winchester House, Old Broad Street, London, E.C., Sir George Paton (chairman and managing director of the company) presiding.

The Secretary (Mr H. E. Hobson, A.C.A.) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—In these difficult and troublesome times it is gratifying to your directors, as I am sure it must be to you, that we have been able to place before you accounts which, if not quite up to last year, are highly satisfactory.

The net revenue amounts to £461,387 1s. 4d. and, adding the amount brought forward from last year, you have a total of £528,853 9s. 6d., against £545,139 2s. 2d.

Your directors recommend to write the sum of £40,000 off goodwill, rights, etc. The directors also recommend the payment of a dividend on the preference shares for the half-year to April 30, 1931, at the rate of 5½ per cent. per annum, less income tax, and a dividend of 4 per cent., free of income tax, on the ordinary shares. These two dividends absorb £259,125 2s. 6d., leaving £94,789 5s. 9d. to be carried forward to next account, against an amount of £67,466 8s. 2d. brought in.

Shares in subsidiary companies, taken at cost, are unchanged at £5,923,048 15s., and I can assure you they are not overvalued. They yield a gross return of over 10 per cent.—to be exact, 10.27 per cent.

The net revenue from shares in subsidiary companies at £480,313 15s. is down by £26,679 12s. This is more than accounted for by the depreciation in the Brazilian exchange.

SOURCES OF INCOME.

This corporation is only a holding company, and I think you would like me to tell you something of the businesses from which it draws its income. The most important of these, as you know, is Bryant and May, Limited, this corporation holding all the ordinary shares in that company. The annual meeting was held on April 29, 1931, when dividends the same as last year were declared. The net profit amounted to over £530,000, against £528,000 in the previous year; £100,000 was added to reserve account, bringing it up to £500,000. The investments consist of £549,699 in Government securities, yielding a return of over 5 per cent., and £1,377,793 in subsidiary and associated companies, which give a return of over 20 per cent. on the book value, and provide a large proportion of the profits of that company's business.

These results, I am sure you will agree, are eminently satisfactory, and I firmly believe, while largely due to the profit-sharing and co-partnership system introduced into that business over twelve years ago—the distribution amongst the employees this year was £47,341—it is also due to the conservative policy which has been consistently pursued for many years.

Sales of matches in the home trade have been maintained and are well over last year's totals, although competition from cheap imported matches has been very keen and in some districts troublesome. Goods of the highest quality only are produced at your factories. Good salesmanship and service are essential at all times, but particularly in the days, or shall we say the years, which we have been and are passing through. They bring their reward in the confidence and loyalty of buyers and friends alike.

The subsidiary companies of Bryant and May have all given a good account of themselves. I would also like to refer to our Scottish timber estates, situated at the head of the Holy Loch on the Clyde, where Bryant and May own close on 7,000 acres, which they are afforesting with timber particularly suitable for the match business. Up to the present 3,500,000 young trees have been planted on an area of 1,500 acres.

POSITION IN AUSTRALIA.

My colleague, Mr Bartholomew, has just returned from an extended trip to New Zealand and Australia, visiting Canada on his way to New Zealand. He reports most encouragingly regarding all our businesses in these places, but, with regard to Australia and New Zealand, the exchange question and increased taxation are putting up costs, and I fear we must face the fact that this will somewhat affect our returns from these particular places until the financial situation improves, as no doubt it will, provided the Australian Governments tackle the question of economy in a serious way.

A STRONG POSITION.

The position of the corporation and its subsidiaries is financially very strong, and, given better world conditions, there is nothing that I can see to prevent its future prosperity and growth.

The report and accounts were unanimously adopted.

CALCUTTA ELECTRIC SUPPLY CORPORATION, LIMITED.

BUSINESS WELL MAINTAINED.

The meeting of the Calcutta Electric Supply Corporation, Limited, was held, on the 11th instant, in London, the Right Hon. Lord Meston of Agra and Dunottar, K.C.S.I. (the chairman), presiding.

The Chairman, in moving the adoption of the report and accounts, said that, despite political excitement, boycotts and severe trade depression, the business had more than held its own. They had a gratifying accession of new customers, both industrial and domestic, but the depression in the jute industry hit them badly, so that the increase in their gross revenue was only £27,000, and the effect on their load factor caused a rise of £16,000 in running costs. There was a serious enhancement of taxation in India, and the capital charges were increased owing to the new issue of 220,000 preference shares. In the result they had £295,000 to distribute, as compared with £306,000 last year. The system of distributing surplus profits between shareholders and consumers, which began two years ago, had not met with the popular success hoped for. The goal of the company's policy of modernising plant and distribution had been the cheapening of supply and the encouragement of increasing demand by lower rates. The board had accordingly determined, in place of a consumers' bonus this year, to reduce the domestic flat rate from 3 annas to 2½ annas (net) per unit, a concession worth over £50,000 a year to their consumers.

They had introduced an extremely moderate tariff for hotels, theatres and other large consumers taking current from the high-tension mains, and a novel and attractive rate for small power consumers. These measures would repay them by the extended use of electricity, especially as they were setting up a new and active sales organisation in Calcutta. There would be a period of transition, and to help them through it they proposed to set aside a special reserve of £30,000, leaving them with enough to maintain their carry-forward and repeat last year's dividend on the ordinary shares of 7 per cent., plus a 5d. bonus, in addition to the interim 5 per cent. distributed last November.

The resolution was carried unanimously.

CAWNPORE ELECTRIC SUPPLY CORPORATION, LIMITED.

SUCCESSFUL RESULTS DESPITE ADVERSE FACTORS.

The annual ordinary general meeting of the Cawnpore Electric Supply Corporation, Limited, was held, on the 11th instant, at Winchester House, Old Broad Street, London, E.C., Mr. John G. B. Stone (chairman of the company) presiding.

The Chairman, in moving the adoption of the report and accounts, after referring to the effects of the recent riots in Cawnpore on their business, said: Dealing with the accounts, we have generated some 10 per cent. more energy and we have sold 12½ per cent. more. We sold 87 per cent. of the quantity generated, compared with 86 per cent. in 1929.

Public lighting has been extended by 161 lamps, and a new contract is now under discussion with the municipal board. The supply for power purposes has been given at an average rate of 1.78 As., compared with 1.81 As. in the previous year, and the special contracts have brought in 0.69 As., against 0.76 As. in the previous year.

The cost of generating and distributing the supply at £54,386 shows a reduction of £1,758 on the figure for 1929, and the revenue from the sale of current, etc., at £167,121 shows an increase of £1,312. As to the figures for traction, the slight excess of receipts over expenditure is £368 less than it was in 1929, traffic having been considerably interrupted during the year. Finally, we carry £81,419 to profit and loss account. The 1929 figure was £79,944. We have transferred to depreciation and renewals account £25,000, to the general reserve £8,000, to income tax account £4,500, and to the debenture sinking fund £8,341 2s. 6d., and we have paid during the year the preference dividend, amounting to £14,000, an interim dividend on the ordinary shares amounting to £6,000, and the directors' commission of £1,000, which is in respect of both these dividends. These transfers and payments are included in the profit and loss account, and the balance of profit and loss account, £20,819, is practically the same figure as for 1929.

The investments are set out in detail. Their market value shows an appreciation over cost of some £5,000. If we compare the total of investments and cash amounting to £183,600 with the corresponding total for 1929 there is a reduction of £15,828, which has gone into capital expenditure.

The report and accounts were unanimously adopted.

BRITISH BANK OF SOUTH AMERICA, LIMITED.

SATISFACTORY RESULTS.

The sixty-eighth ordinary general meeting of the British Bank of South America, Limited, was held, on the 14th instant, at the head office, 117, Old Broad Street, London.

Mr. Robert John Hose (chairman of the company) referred to the contributory effects of the continued world crisis on the unprecedented difficulties of Brazil and expressed the great satisfaction felt everywhere that the patriotism of her leading citizens had curtailed the revolutionary struggle. He then outlined the plans recently announced by the Provisional Government, under the able leadership of Dr. Getulio Vargas, for the solution of the formidable coffee problem and the balancing of the National Budget, and applauded their anxiety to increase and diversify exports.

Referring to the heavy fall in Brazilian bonds abroad, he attributed the unjustifiably low prices of many of them to forced selling, principally from New York, on investing markets disturbed and limited by world conditions. He believed the steps taken by the Government towards freeing the exchange market would be all to the country's advantage in the long run.

After referring to the favourable balance—£12,151,000—of exports over imports last year, the chairman said that, whilst the situation in Brazil was still undoubtedly difficult and recovery must necessarily be slow and, owing to world conditions, dependent to a greater extent than ever before on Brazil's own efforts, the Provisional Government was tackling its many problems with courage and determination, thus affording the promise of better times ahead and the development of the vast natural resources of Brazil, whose fortunes the bank had watched and shared for over sixty years.

The Prince of Wales, during his recent visit to South America with Prince George, had done much to enhance British prestige and hearten the British communities in that sub-continent, and he (the chairman) urged British manufacturers to adapt themselves still more to the special conditions of those intensely competitive markets.

With regard to the balance sheet of the bank, there was a general decline in the totals, which was mainly due to the lower rate of exchange at the end of the year. For the same reason and by means of economies the general charges had been reduced by some £12,976. The gross profits were lower by £22,000, at £292,100, and the net profits were £90,100, against £99,900. He thought it would be agreed that that was a favourable result, having regard to the quite exceptional trading difficulties experienced during the year. They were of opinion that the present circumstances called for a conservative dividend policy, and, with the distribution of a final dividend of 6s., the full dividend was 8 per cent. for the year, as compared with 10 per cent. formerly, but the carry-forward was increased by £10,000 to £118,760.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street, London, E.C.4.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended May 9, 1931, amounted to £10,699,900 against ordinary expenditure of £7,490,300. After allocating £610,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £237,438, the week's operations, as shown below, reduced the National Debt by £2,837,000 to £7,617,001,000—

(000's omitted.)

Treasury Bills	+ 9,863	Bank of England Advances	— 8,250
National Savings Certificates	+ 350	Public Department Advances	— 4,750
		4% War Loan	— 50
	+ 10,213		— 13,050

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 13, 1931.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£
In Circulation	353,127,220	Other Government Securities	231,067,214
In Banking Department	55,849,653	Other Securities	13,825,387
		Silver Coin	4,992,299
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	148,976,873
	£408,976,873		£408,976,873

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 35,664,684
Reserve	3,199,759	Other Securities	231,067,214
Public Deposits*	10,323,631	Discounts and Advances	£6,362,032
Other Deposits	—	Securities	25,345,417
Bankers	£62,198,812		£1,705,449
Other Accounts	33,965,867	Notes	55,849,653
7-Day and other Bills	5,665	Gold and Silver Coin	1,026,948
	£124,246,734		£124,246,734

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, May 13, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 353,127,220	— 3,089,991	— 3,327,778
Public deposits	10,323,631	+ 4,324,692	+ 14,224,305
Bankers' deposits	62,198,812	+ 3,626,762	+ 3,888,175
Other deposits	33,965,867	— 1,545,768	+ 2,491,474
Seven-day bills	5,665	— 1,892	6,563
Total outside liabilities	459,621,195	+ 3,313,803	+ 16,161,945
Capital and rest	17,752,759	+ 4,635	+ 2,455
Government debt and securities	277,746,998	— 633,022	— 18,954,562
Discounts and advances	6,362,032	+ 727,337	41,496
Other securities	39,168,804	+ 1,702,310	+ 16,550,215
Silver coin in issue department	4,092,299	+ 506	+ 369,591
Coin and bullion (bank's reserve)	150,003,821	+ 1,521,307	+ 13,344,056
Reserve of notes and coin in banking department	56,876,601	+ 4,611,298	+ 10,016,278
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	53½%	+ 1½%	— 2½%
(b) Gold stocks to deposits and notes ("reserve ratio")	32½%	— ½%	— 1½%

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£		
Apr. 1	404,465	357,057	17,243	58,788	34,693	845 in	4.5
8	406,122	358,885	9,863	59,507	34,000	1,655 in	4.5
15	405,313	354,364	8,372	61,230	35,131	816 out	4.5
22	405,864	348,444	13,864	54,785	35,403	546 in	4.5
29	406,280	349,815	17,678	48,924	37,029	408 in	4.5
May 6	407,505	355,217	6,999	58,572	35,512	1,217 in	4.5
13	408,977	353,127	10,324	62,199	33,965	1,462 in	4.5

(000's omitted.)

Date.	Issue Department.		Both Depts. Gold Coin and Bullion and Reserve Ratio.	Banking Department.			Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.		Govt. Securities.	Discounts & Advances.	Other Securities.	
1931.	£	£	£	£	£	£	£
Apr. 1	243,007	12,946	145,387	31½	30,350	24,629	25,685
8	245,232	10,691	147,023	31½	33,400	28,509	28,509
15	243,684	12,225	146,202	31½	34,335	27,852	27,852
22	241,683	14,241	146,740	32½	30,950	5,982	26,500
29	242,465	13,442	147,227	32½	31,090	7,198	25,647
May 6	243,965	11,943	148,483	32½	34,415	5,635	25,524
13	242,082	13,625	150,004	32½	35,665	6,362	25,343

BANKERS' CLEARING RETURNS (000's omitted.)

	Town.	Metropolitan.	Country.	Total.
1931.	£	£	£	£
Jan. 1 to Apr. 29	11,748,319	585,114	936,362	13,269,795
Week ended May 6	830,749	38,031	62,798	931,578
Week ended May 13	778,630	31,691	52,458	862,779
Total to date, 1931	13,357,698	654,836	1,051,618	15,064,152
Total to date, 1930	14,873,977	699,354	1,139,334	16,712,665
Increase or decrease in 1931	— 1,516,279	— 44,518	— 87,716	— 1,648,513
	— 10.2%	— 6.3%	— 7.7%	— 9.8%
Total for year, 1930	14,782,577	1,812,146	2,963,631	19,558,354
Do.	39,955,924	1,881,989	3,078,764	44,896,577
Increase or decrease in 1930	— 1,153,347	— 69,843	— 113,944	— 1,337,134
	— 2.8%	— 3.7%	— 3.7%	— 2.9%

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 9, 1931.	April 1, 1930, to May 10, 1930.	Week ended May 9, 1931.	Week ended May 10, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	£ 18,358,000	£ 17,818,000	£ 2,405,000	£ 1,582,000
Super-tax, including Arrears of Super-tax	6,630,000	6,300,000	1,030,000	950,000
Estate, &c., Duties	7,880,000	9,450,000	1,010,000	1,620,000
Stamps	830,000	1,510,000	180,000	160,000
Excess Profits Duty and Corporation Profits Tax	—	—	—	—
Land Tax and Mineral Rights Duty	90,000	70,000	60,000	—
Total Inland Revenue	33,788,000	35,148,000	4,685,000	4,312,000
Customs and Excise—				
Customs	13,315,000	13,183,000	2,388,000	2,354,000
Excise	10,800,000	11,000,000	654,000	936,000
Total Customs and Excise	24,115,000	24,183,000	3,042,000	3,290,000
Motor Vehicle Duties (Exchequer Share)	612,000	1,519,000	Dr. 130,000	857,000
Post Office (Net Receipt)	4,700,000	4,450,000	1,700,000	1,300,000
Crown Lands	140,000	140,000	—	—
Receipts from Sundry Loans	4,399,916	4,401,825	83,849	83,849
Miscellaneous Receipts	2,987,468	2,392,866	1,319,001	204,314
Total Ordinary Revenue	70,742,384	72,234,691	10,699,850	10,047,163
SELF-BALANCING REVENUE.				
Post Office	3,700,000	4,200,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	3,062,000	2,149,000	1,033,000	—
Total Self-Balancing Revenue	6,762,000	6,349,000	1,733,000	1,000,000
Total	77,504,384	78,583,691	12,432,850	11,047,163

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to May 9, 1931.	April 1, 1930, to May 10, 1930.	Week ended May 9, 1931.	Week ended May 10, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	£ 38,537,559	£ 37,245,412	£ 2,027,824	£ 1,214,202
Payments to Northern Ireland Exchequer	404,928	391,540	202,464	202,916
Other Consolidated Fund Services	290,190	292,223	—	—
Total	39,232,677	37,929,175	2,230,288	1,417,118
Total Supply Services (excluding Post Office)	41,631,000	45,928,150	5,260,000	4,750,000
Total Ordinary Expenditure	80,863,677	83,857,325	7,490,288	6,167,118
SELF-BALANCING EXPENDITURE.				
Post Office	3,700,000	4,200,000	700,000	1,000,000
Road Fund	3,062,000	2,149,000	1,033,000	—
Total Self-Balancing Expenditure	6,762,000	6,349,000	1,733,000	1,000,000
Total Ordinary and Self-Balancing Expenditure	87,625,677	90,206,325	9,223,288	7,167,118
New Sinking Fund (1928)	4,211,225	4,105,881	610,000	630,000
Total, including New Sinking Fund	91,836,903	94,312,206	9,833,288	7,797,118

The aggregate revenue and expenditure to May 9, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MAY 9TH.	
(000's omitted.)	
Expenditure	£ 80,864
New Sinking Fund	4,211
	£ 85,075
Revenue	£ 70,742
Decreases in balances	5,332
Net amount borrowed	11,001
	£ 85,075

POSITION OF THE FLOATING DEBT.		Movement, Week ended	
Ways and Means Advances Outstanding—	May 10, '30.	Mar. 31, '31.	May 9, '31.
Advances by Bank of England	£	£	£
Advances by Public Departments	45,130,000	24,500,000	32,900,000
Treasury Bills outstanding	575,400,000	569,825,000	571,795,000*
Total Floating Debt	620,530,000	594,325,000	604,695,000
			— 3,130,000

* Includes £10,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.	
Tenders for £35,000,000 in Treasury Bills were opened on May 8, 1931, and the total amount applied for was £59,905,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 8s. 5d., and above, in full, and Saturday at £99 8s. 6d., about 36 per cent., and above, in full. The amount allotted was £35,000,000.	

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.	£	£	£ s. d.
Apr. 17	35,000,000	56,530,000	2 10 11.94
Apr. 24	40,000,000	85,110,000	2 10 11.33
May 1	35,000,000	78,195,000	2 10 11.94
May 8	35,000,000	59,905,000	2 5 11.07

PROVINCIAL CLEARING RETURNS.
(000's omitted.)

	Week ended May 9.		Month of April.				Aggregate Total January 1 to May 9.	
	1930.	1931.	1930.	1931.	Ino. or Dec.		1930.	1931.
Number of working days	22	24	24	24	%		£	£
BIRMINGHAM	2,269	2,073	10,138	8,093	-20.1		47,867	41,935
BRADFORD	657	650	3,879	3,518	-9.3		17,850	14,269
BRISTOL	1,220	1,052	4,191	4,192	+ .02		21,074	20,908
DUBLIN	4,696	5,003	...	...	...		91,033	90,742
HULL	779	780	3,402	3,096	-8.9		15,933	14,257
LEEDS	539	581	2,855	2,496	-12.5		13,907	12,196
LIVERPOOL	6,587	5,713	27,781	21,942	-21.0		131,906	107,357
MANCHESTER	10,309	9,273	45,298	37,655	-16.8		217,731	174,319
NEWCASTLE	1,371	1,114	6,537	4,837	-26.0		28,259	24,679
NOTTINGHAM	513	403	2,419	1,831	-24.3		11,711	8,813
SHEFFIELD	833	713	3,528	2,931	-16.9		18,123	15,200
Total	30,448	28,032	114,034	94,114	-17.4		633,709	541,233

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank of Russia and National Bank of Egypt appeared in the Economist of April 15. Canada in April 25; Danzig, France, Denmark and Bank for International Settlements in May 9.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	May 15, 1930.		Apr. 23, 1931.		Apr. 30, 1931.		May 7, 1931.		May 14, 1931.	
	1930.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.
RESOURCES.										
Total gold reserve	3,074,080	3,162,820	3,174,710	3,172,280	3,210,610	3,210,610	3,210,610	3,210,610	3,210,610	3,210,610
Total bills discounted	210,490	135,250	155,150	150,220	144,900	144,900	144,900	144,900	144,900	144,900
Bills bought in open market	171,560	151,610	169,760	193,870	153,110	153,110	153,110	153,110	153,110	153,110
Total U.S. Govt. securities	527,960	598,530	598,310	598,350	598,410	598,410	598,410	598,410	598,410	598,410
Total bills and securities	920,020	885,390	923,570	943,520	897,540	897,540	897,540	897,540	897,540	897,540
Total resources	5,030,400	4,919,290	4,906,840	4,941,200	4,993,700	4,993,700	4,993,700	4,993,700	4,993,700	4,993,700
LIABILITIES.										
Federal Reserve notes in actual circulation	1,464,900	1,526,310	1,527,740	1,540,780	1,528,310	1,528,310	1,528,310	1,528,310	1,528,310	1,528,310
Deposits—Memberbank—reserve account	2,379,360	2,379,780	2,407,530	2,417,730	2,420,790	2,420,790	2,420,790	2,420,790	2,420,790	2,420,790
Total deposits	2,420,830	2,435,790	2,462,840	2,471,540	2,483,180	2,483,180	2,483,180	2,483,180	2,483,180	2,483,180
Capital paid in and surplus	451,090	443,330	443,250	443,250	443,200	443,200	443,200	443,200	443,200	443,200
Total liabilities	5,030,440	4,919,290	4,906,840	4,941,200	4,993,700	4,993,700	4,993,700	4,993,700	4,993,700	4,993,700
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	83.6%	84.5%	84.0%	83.4%	84.5%	84.5%	84.5%	84.5%	84.5%	84.5%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	May 15, 1930.		Apr. 23, 1931.		Apr. 30, 1931.		May 7, 1931.		May 14, 1931.	
	1930.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.
Total gold reserves	30,300	31,190	30,560	28,470	31,900	31,900	31,900	31,900	31,900	31,900
Total bills discounted	35,310	40,980	66,660	72,870	45,510	45,510	45,510	45,510	45,510	45,510
Total U.S. Govt. securities	177,860	182,710	182,710	160,170	145,170	145,170	145,170	145,170	145,170	145,170
Total bills and securities	252,070	254,890	275,290	262,610	225,680	225,680	225,680	225,680	225,680	225,680
Deposits—Memberbank—reserve account	972,570	996,330	1,036,690	1,018,010	1,034,810	1,034,810	1,034,810	1,034,810	1,034,810	1,034,810
Ratio of total res. to dep. and Federal Res. note liabilities combined	86.8%	87.3%	86.8%	87.5%	90.4%	90.4%	90.4%	90.4%	90.4%	90.4%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	Apr. 17, 1930.		Mar. 27, 1931.		Apr. 2, 1931.		Apr. 10, 1931.		Apr. 17, 1931.	
	1930.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.
ASSETS.										
Gold coin and bullion	7,599	6,410	6,423	7,131	6,801	6,801	6,801	6,801	6,801	6,801
Subsidiary coin	132	287	309	303	307	307	307	307	307	307
Bills discounted	7,689	6,790	7,132	8,255	7,524	7,524	7,524	7,524	7,524	7,524
Investments	1,049	1,778	1,848	1,863	1,859	1,859	1,859	1,859	1,859	1,859
LIABILITIES.										
Capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	600	720	720	720	720	720	720	720	720	720
Notes in circulation	7,642	6,711	7,412	8,266	7,593	7,593	7,593	7,593	7,593	7,593
Government deposits	2,103	1,971	2,135	2,795	1,910	1,910	1,910	1,910	1,910	1,910
Bankers' deposits	4,549	4,635	4,705	5,012	4,773	4,773	4,773	4,773	4,773	4,773
Ratio of cash reserves to liabilities to public	51.6%	49.1%	46.8%	43.8%	46.5%	45.9%	45.9%	45.9%	45.9%	45.9%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	Apr. 18, 1930.		Mar. 27, 1931.		Apr. 2, 1931.		Apr. 10, 1931.		Apr. 17, 1931.	
	1930.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.	1931.
ASSETS.										
Total resources	29,86,19	29,80,01	29,73,74	30,01,63	29,55,44	29,57,17	29,57,17	29,57,17	29,57,17	29,57,17
Loans	14,00,25	11,78,76	12,10,70	14,97,93	14,71,54	12,72,38	12,72,38	12,72,38	12,72,38	12,72,38
Cash credits	32,44,54	27,63,62	29,33,47	29,73,06	29,23,77	28,85,25	28,85,25	28,85,25	28,85,25	28,85,25
Inland bills	5,77,14	6,90,02	4,32,88	3,95,44	3,40,69	2,66,80	2,66,80	2,66,80	2,66,80	2,66,80
Foreign bills	2,81,23	2,75,37	2,75,37	2,75,15	2,75,16	2,75,20	2,75,20	2,75,20	2,75,20	2,75,20
Dead stock	31,67	1,03,73	1,24,60	24,20	5,92	11,51	11,51	11,51	11,51	11,51
Bal. with other banks	12,01,78	10,01,38	13,32,66	11,18,42	12,03,14	11,37,75	11,37,75	11,37,75	11,37,75	11,37,75
LIABILITIES.										
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50	5,52,50
Total deposits	81,28,70	77,90,79	82,35,71	81,40,66	72,15,34	77,02,37	77,02,37	77,02,37	77,02,37	77,02,37
The above includes—										
Deposits in London	1,060	5,002	5,173	5,195	5,150	4,090	4,090	4,090	4,090	4,090
Advances in London	2,128	4,380	4,486	5,404	5,432	4,115	4,115	4,115	4,115	4,115
Cash, &c., at other Banks in London	240	780	937	184	44	88	88	88	88	88

THE REICHSBANK.—In Reichsmarks* (000's omitted).

	May 7, 1930.		Apr. 23, 1931.		Apr. 30, 1931.		May 7, 1931.	
	1930.	1931.	1931.	1931.	1931.	1931.	1931.	1931.
ASSETS.								
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212	177,212	177,212	177,212	177,212
Gold and bullion	2,565,417	2,547,505	2,568,404	2,569,868	2,569,868	2,569,868	2,569,868	2,569,868
Of which deposited abroad	149,788	149,788	207,638	207,638	207,638	207,638	207,638	207,638
Reserve in foreign currencies	330,198	330,198	330,198	330,198	330,198	330,198	330,198	330,198
Bills of exchange and cheques	1,860,421	1,860,421	1,860,421	1,860,421	1,860,421	1,860,421	1,860,421	1,860,421
Silver and other coin	138,030	206,876	167,714	175,099	175,099	175,099	175,099	175,099
Notes of other German banks	15,314	15,314	15,314	15,314	15,314	15,314	15,314	15,314
Advances	53,645	53,645	53,645	53,645	53,645	53,645	53,645	53,645
Investments	91,064	102,634	102,634	102,634	102,634	102,634	102,634	102,634
Other assets	606,038	489,993	496,231	461,807	461,807	461,807	461,807	461,807
LIABILITIES.								
Reduced capital	122,788	122,788	122,788	122,788	122,788	122,788	122,788	122,788
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212	177,212	177,212	177,212	177,212
Reserve	371,139	371,139	371,139	371,139	371,139	371,139	371,139	371,139
Notes in circulation	4,403,696	3,684,824	4,340,167	4,076,736	4,076,736	4,076,736	4,076,736	4,076,736
Notes daily maturing obligations	601,382	453,108	356,468	332,741	332,741	332,741	332,741	332,741
Other liabilities	163,122	261,817	261,817	249,657	249,657	249,657	249,657	249,657

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

		Position, May 28, 1914.	May 8, 1930.	Apr. 16, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.
ASSETS.		(b)	1,194,708	1,443,563	1,444,563	1,445,090	1,445,906
Gold							
Foreign bills and Balances Abroad	232,650	646,447	906,995	900,454	890,539	855,743	855,743
Silver and other coin		4,073	4,738	6,908	5,764	5,364	5,364
Securities	697,600	802,117	731,035	734,739	748,311	728,073	728,073
LIABILITIES.							
Notes in circulation	934,150	2,906,675	3,225,929	3,201,214	3,278,820	3,239,218	3,239,218
Current accounts	112,125	55,839	182,660	205,415	114,353	115,641	115,641

(b) In thousand francs.

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	Apr. 30, 1930.	Mar. 31, 1931.	Apr. 10, 1931.	Apr. 20, 1931.	Apr. 30, 1931.
Gold	702,185	562,886	562,922	567,305	567,376
Of which held abroad	219,046	77,396	77,396	81,716	81,716
Foreign currencies	409,589	381,221	350,730	334,129	344,684
Bills discounted	590,563	571,095	550,848	538,613	544,148
Loans against securities	86,959	97,615	96,289	92,210	87,123
Reserve fund securities	83,171	90,816	90,673	90,673	90,667
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,325,985	1,260,511	1,211,638	1,164,234	1,258,939
Current accounts	301,738	218,989	251,790	254,543	187,978

* As from October 13, 1927, 8-91 zlotys equals 1 U.S. dollar.

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	Apr. 30, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Gold	35,091	303,539	301,612	301,499	301,365
Finance abroad and foreign bills	90,379	1,069,616	970,101	944,548	959,364
Financial and Foreign Government securities	21,826	335,251	366,401	366,465	365,472
Discounts and loans	105,151	1,041,703	788,843	780,211	756,268
LIABILITIES.					
Notes in circulation	123,941	1,439,878	1,270,763	1,226,491	1,301,479
Deposits at notice	21,225	207,216	113,627	163,418	97,835

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	Apr. 30, 1930.	Apr. 7, 1931.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.
Gold coin and bullion	6,477	6,512	6,514	6,515	6,517
Net foreign exchange	18,169	17,636	17,823	17,265	17,258
Subsidiary Estonian coin	1,471	1,791	1,915	1,784	1,851
Home bills discounted	14,373	10,902	10,606	10,540	10,807
Loans and advances	12,044	15,280	14,887	15,303	16,002
LIABILITIES.					
Notes in circulation	32,327	34,762	33,100	35,659	35,536
Sight deposits and current accounts	16,324	16,748	17,340	14,524	15,967
Ratio of reserve to current liabilities	50.66%	46.88%	48.25%	47.39%	46.16%

* Includes Ekr. 5,148,517-06 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	May 7, 1931.	Apr. 6, 1931.	Apr. 13, 1931.	Apr. 20, 1931.	Apr. 27, 1931.	May 4, 1931.
Gold bullion and coins	23,992	24,070	24,072	24,076	24,078	24,080
Silver coin	7,047	6,217	6,428	6,599	6,548	6,656
Finance abroad	52,220	31,273	29,979	28,125	27,002	27,526
Treasure, notes and ex. change	12,853	11,760	13,579	15,043	13,702	14,185
Short term bills	90,591	82,118	81,024	80,945	80,578	80,476
Loans against securities	55,904	70,488	70,235	70,647	70,351	69,780
Other assets	15,316	15,131	14,688	15,194	17,081	15,909
LIABILITIES.						
Notes in circulation	46,613	47,130	45,577	45,000	46,273	44,587
Capital paid up	18,735	18,735	18,735	18,735	18,735	19,676
Reserve	4,352	4,352	4,352	4,352	4,352	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	17,109	20,961	20,947	21,096	21,073	21,134
Current accounts	35,357	66,531	67,823	67,838	66,419	67,203
Government accounts	108,811	72,486	71,985	71,690	70,924	72,901
Other liabilities	4,446	7,361	7,088	8,417	8,103	4,881

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	Apr. 30, 1930.	Feb. 28, 1931.	Mar. 15, 1931.	Mar. 31, 1931.	Apr. 15, 1931.	Apr. 30, 1931.
Gold	15,199	39,414	39,419	39,445	39,455	39,446
Silver	4,178	2,975	2,975	2,975	2,975	2,975
State Treasury coins	1,672	1,414	1,412	1,396	1,392	1,406
Foreign currency	73,712	72,077	67,330	70,586	76,195	74,192
Discount and credit	94,261	103,048	103,262	109,209	101,986	104,542
LIABILITIES.						
Capital	12,000	12,000	12,000	12,000	12,000	12,000
Reserve	1,553	1,900	1,900	1,900	1,900	1,900
Banknotes in circulation	101,815	107,996	103,962	112,845	107,096	111,902
Deposits	94,130	97,899	99,561	98,109	103,258	97,645

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	Apr. 26, 1931.	Apr. 11, 1931.	Apr. 18, 1931.	Apr. 25, 1931.
Gold coin & bullion	221,320	940,320	833,357	836,018	838,247
Other coin & bullion	41,740	672,209	58,913	60,005	61,499
Discounts	70,540	76,294	49,663	56,640	55,626
Advances	362,720	1,185,659	1,090,615	1,024,649	1,011,523
LIABILITIES.					
Govt. deposits	87,540	408,921	419,694	450,036	396,057
Other deposits	11,440	284,295	181,395	257,758	319,429

CENTRAL BANK OF CHILE.—In \$ (000's omitted).

ASSETS.	Apr. 18, 1930.	Mar. 27, 1931.	Apr. 3, 1931.	Apr. 17, 1931.	Apr. 17, 1931.
Gold at home	63,245	61,721	61,725	61,753	61,756
Gold abroad	33,006	246,996	252,358	242,032	234,586
Discounts and advances	98,411	91,427	94,766	91,627	88,809
LIABILITIES.					
Notes of the bank in circulation	350,239	290,229	299,616	292,091	284,317
Deposits	75,431	54,669	53,941	47,716	44,364
Paid-up capital	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	May 7, 1931.	May 8, 1931.	May 9, 1931.	May 11, 1931.	May 12, 1931.	May 13, 1931.	May 14, 1931.
Bank rate (changed from 3% May 14, 1931)	3%	3%	3%	3%	3%	3%	2½%
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	1½-2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½-3½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills—							
2 months'	2½	2½	2½	2½	2½	2½	2-2½
3 months'	2½	2½	2½	2½	2½	2½	2-2½
Loans—Day to day	2-2½	1½-2	1½-2	2-2½	2-2½	2-2½	1½-1½
Short	2-2½	2	2	2-2½	2-2½	2-2½	2-2½
Deposit allowances: Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

Short Loans.	Bank Bills.				Trade Bills.			
	3 Months.	4 Months.	6 Months.	%	3 Months.	4 Months.	6 Months.	%
1931.	2-2½	2½	2½	2½	3	3½	4	4
Apr. 23	2-2½	2½	2½	2½	3	3½	4	4
May 7	2-2½	2½	2½	2½	3	3½	4	4
May 14	2	2½	2½	2½	3	3½	4	4

RATES OF EXCHANGE.

London on	Usance.	Par.	May 15, 1930.	May 7, 1931.	May 14, 1931.
New York.....	dollars to £1	Cable	4-86½	4-86½	4-86½
Montreal.....	dollars to £1	Cable	4-86½	4-86½	4-86½
Paris.....	francs to £1	T.T.	124-21	123-85-87	124-46-48
Berlin.....	marks to £1	T.T.	20-43	20-36½	20-42-42½
Amsterdam.....	florins to £1	T.T.	12-107	12-08½	12-104
Brussels.....	belgas to £1	T.T.	35-00	34-81½	34-78-78½
Milan.....	lire to £1	T.T.	92-46	92-67-69	92-91-93
Bombay.....	rupees to £1	T.T.	25-22½	25-12	25-24½-25
Canton.....	dollars to £1	T.T.	18-155	18-16	18-16½
Copenhagen.....	kroner to £1	T.T.	18-159	18-12½	18-14½
Hankow.....	dollars to £1	T.T.	18-159	18-16	18-16½
Harbin.....	yen to £1	T.T.	25-22½	25-12	25-24½-25
Lyons.....	francs to £1	T.T.	4-50	108½	108½
Vienna.....	schillings to £1	T.T.	34-58½	34-44-48	34-56-59
Prague.....	kroner to £1	T.T.	164½	163½-164½	164-164½
Belgrade.....	dinars to £1	T.T.	25-22½	27½-28	27½-28
Bombay.....	rupees to £1	T.T.	27-82	27-79-83	27-88-92
Batavia.....	rupes to £1	T.T.	813-6	817-818	816-818
Calcutta.....	rupees to £1	T.T.	673-659	668-673	668-673
Colon.....	dollars to £1	T.T.	37½	37½-37½	37½-37½
Constantinople.....	piastres to £1	T.T.	110	102½	102½
Moscow.....	roubles to £1	T.T.	9-46	9-43-45½	9-44½-46½
Warsaw.....	zlotys to £1	T.T.	43-38	43-38	43-38
Beijing.....	yen to £1	T.T.	133-23	132½-133½	133-133½
Kobe.....	yen to £1	T.T.	48-66	48½-49	48½-49
Manila.....	pesos to £1	T.T.	18-159	18-22-29	18-20-27
San Francisco.....	dollars to £1	T.T.	25-22½	25-17-27	25-20-30
Shanghai.....	yen to £1	T.T.	97½	97½-98	97½-98
Singapore.....	dollars to £1	T.T.	47-62½	47-43	47-43
Sourabaya.....	rupes to £1	T.T.	16-70	16-70	16-70
Valparaiso.....	pesos to £1	T.T.	51	45½-48	50½-51
Yokohama.....	yen to £1	T.T.	90 days	par	12-73½
Calcutta.....	rupees to £1	T.T.	18	1½-1½	1½-1½
Bombay.....	rupees to £1	T.T.	18	1½-1½	1½-1½
Madras.....	rupees to £1	T.T.	18	1½-1½	1½-1½
Hong Kong.....	dollars to £1	T.T.	110	110½-110½	110½-110½
Shanghai.....	yen to £1	T.T.	110	110½-110½	110½-110½
Singapore.....	dollars to £1	T.T.	2½	2½-2½	2½-2½
Kobe.....	yen to £1	T.T.	24-57½	24-57½	24-57½
Manila.....	pesos to £1	T.T.	24-06½	24-06½	24-06½
Mexico.....	pesos to £1	T.T.	9-76	10-10-30	10-10-30
San Francisco.....	dollars to £1	T.T.	21-82½	21-82½	21-82½

† Rate for previous day.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Amsterdam.....	Jan. 24, 1931	Oslo.....	Nov. 7, 1930
Athens.....	Dec. 2, 1928	Paris.....	Jan. 2, 1931
Batavia.....	Mar. 10, 1930	Prague.....	June 24, 1930
Beijing.....	May 28, 1930	Pretoria.....	Mar. 12, 1931
Bombay.....	Oct. 9, 1930	Riga.....	Oct. 4, 1930
Brussels.....	July 31, 1930	Rio de Janeiro.....	Oct. 1, 1930
Buenos Aires.....	Mar. 31, 1931	Rome.....	May 20, 1930
Budapest.....	May 28, 1930	Sofia.....	Jan. 29, 1931
Calcutta.....	Jan. 15, 1931	Stockholm.....	Feb. 5, 1931
Canton.....	Nov. 12, 1930	Swiss Bank.....	Jan. 22, 1931
Cebu.....	Oct. 5, 1930	Tokyo.....	Oct. 6, 1930
Hankow.....	Aug. 26, 1930	Vienna.....	Sept. 9, 1930
Kobe.....	Apr. 1, 1930	Warsaw.....	Oct. 3, 1930
Lyons.....	June 2, 1930	Yokohama.....	May 14, 1931
New York Federal Reserve.....	May 7, 1931		
Madrid.....	July 17, 1930		

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	May 14, 1931.	Apr. 15, 1931.	Apr. 22, 1931.	May 6, 1931.	May 13, 1931.
Call money.....	3½	3½	3½	3½	3½
Time money (90 days' mixed coll.)	3½	3½	3½	3½	3½
Bank acceptances:—					
Members—eligible, 90 days.....	2½	2½	2½	2½	2½
Non-mem.—eligible, 90 days.....	2½	2½	2½	2½	2½
Ineligible, 90 days.....	3	3	3	3	3
Commercial accept. 90 days.....	3½	3½	3½	3½	3½

Rates of Exchange, New York on—		Par Level.	May 14, 1930.	Apr. 29, 1931.	May 6, 1931.	May 13, 1931.
London—						
Cable days.....	Dollars for £1	4-8666	4-831	4-834	4-831	4-831
Cable.....			4-86	4-86	4-86	4-86
Cheques.....			4-854	4-86	4-86	4-854
Paris .....cheques	Cents for 1 franc	3-918	3-921	3-901	3-901	3-914
Brussels.....	Cents for 1 Belga	13-90	13-95	13-91	13-90	13-91
Switzerland.....	Cents for 1 franc	19-30	19-334	19-264	19-264	19-27
Italy.....	Cents for 1 lire	5-263	5-24	5-234	5-231	5-234
Bombay.....	Cents for 1 mark	23-17	23-1	23-803	23-803	23-803
Vienna.....	Cts. for Austrian sch.	14-07	14-10	14-064	14-064	14-064
Madrid.....	Cents for 1 peseta	19-30	12-20	10-51	10-40	10-08
Amsterdam.....	Cents for 1 guilder	40-195	40-194	40-19	40-174	40-164
Copenhagen.....	Cents for 1 kroner	26-80	26-75	26-75	26-76	26-75
Oslo.....			26-75	26-75	26-76	26-75
Stockholm.....			26-811	26-79	26-76	26-78
Athens.....	Cents for 1 drachma	1-297	1-2975	1-294	1-294	1-294
Montreal.....	Can. Cents for \$1	100	100	100	100	100
Yokohama.....	Cents for 1 yen	49-85	49-40	49-35	49-35	49-40
Hong Kong.....	Cents for H. Kong \$	...	36-15	24-60	24-65	24-65
Shanghai.....	Cts. for 1 Shing tale	...	35-374	31-374	31-25	31-25
Calcutta.....	Cents for 1 rupee	36-50	36-07	36-05	36-07	36-16
Buenos Aires.....	Gold Pesos for 100	103-65	114-60	135-50	141-50	140-80
Rio de Janeiro.....	Cents for 1 milreis	32-42	11-85	7-25	6-85	6-50
Valparaiso.....	Cents for 1 peso	12-125	12-00	12-06	12-06	12-06

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS

	Net Profit	Appropriation.
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			₹	₹	₹	₹
Tatkal Railway Co.....	10	Apr.30	Gross	8,395	5,475	87,765
State of Bahia Ry.....	12	Apr.30	Gross	1,057	1,046	45,578
Bolivar Railway	4	Apr.30	Gross	11,800	1,200	48,050
Dorada Railway	4	Apr.30	Gross	12,200	11,800	50,700
Singapore Traction	7	Apr.30	Gross	\$135,000	2,000	964,000
Shanghai Elec. Cong.....	1	Apr.30	Gross	\$465,167	+ 156,327	1,793,554
Kalgote Elec. Trams.....	2	Feb.28	Gross	1,736		3,619

Company.	Period Ending	Balance from Last Account.	Net Profit After Payment of of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.						Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.	
					Prefe- rence.	Ordinary.						
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%	
Banks.												
British Bank of S. America	Dec. 31	108,625	90,135	198,760	...	80,000	8	...	118,760	99,977	10	
Breweries.												
Brampton Brewery	Mar. 31	58,839	35,121	93,960	5,500	20,000	16*	10,000	58,460	36,804	16*	
Buchanan-Dewar	Mar. 31	106,598	1,353,777	1,460,375	253,491	1,096,667	35	...	110,217	1,367,248	35	
Chesters Brewery	Mar. 31	69,559	137,417	206,976	17,588	90,966	25	27,500	70,922	151,51	25	
Rowell (John) and Son	Mar. 31	30,450	17,654	48,104	2,500	10,000	10	5,000	30,604	21,879	12½	
Electric Lighting, &c.												
Bridgewater and Dist. Electric	Dec. 31	1,644	5,344	6,988	3,686	1,750	7	...	1,552	...	...	
South Wales Electrical	Dec. 31	...	23,209	23,209	...	...	...	20,000	3,209	29,597	...	
Urban Electric Supply	Dec. 31	26,029	102,769	128,798	21,000	49,000	7	39,238	19,560	102,224	7	
Financial, Land, &c.												
Aboukir Company	Mar. 31	11,541	Dr. 4,466	7,075	...	...	...	Dr. 2,000	9,075	15,641	5†	
Texas Land and Mortgage..	Mar. 31	10,248	29,690	39,938	...	19,800	12†	9,000	11,138	32,221	12†	
Gas.												
Imperial Continental Gas....	Mar. 31	323,084	552,084	875,168	...	437,799	20	...	437,369	468,238	17½	
Montevideo Gas, &c.	Dec. 31	22,767	53,236	76,003	...	40,500	6†	18,000	17,503	50,929	7†	
Hotels, Restaurants, &c.												
Grand Hotel, Harrogate ...	Mar. 31	2,182	9,443	11,625	...	7,500	5	1,000	3,125	12,457	7½	
Iron, Coal and Steel.												
Beardmore (William) & Co.	Dec. 31	18,142	Dr 250,054	Dr 231,912	...	...	...	...	Dr 231,912	18,142	...	
Welsh Associated Collieries	Dec. 31	...	208,611	208,611	...	...	...	...	208,611	...	...	
Rubber, &c.												
Bandarapola Ceylon Co. ...	Dec. 31	1,941	Dr. 1,281	660	...	...	...	...	660	6,561	12½	
Bukit Tupah Rubber	Dec. 31	1,153	Dr. 7,596	Dr. 6,443	...	...	...	...	Dr. 6,443	Dr. 934	...	
Changkat Salak Rubber	Dec. 31	5,872	1,705	7,577	...	...	...	1,000	6,577	14,403	7½	
F.M.S. Rubber Planters.....	Dec. 31	11,547	13,575	25,122	...	...	...	2,000	23,122	35,565	15	
Gopeng (Perak) Rubber ...	Dec. 31	10,508	1,223	11,731	...	...	...	...	9,350	...	...	
Kelani Valley Rubber	Dec. 31	3,262	Dr. 1,862	1,400	...	...	...	2,381	1,400	6,937	17½	
Kulim Rubber	Dec. 31	10,808	Dr. 763	10,045	...	...	...	...	6,278	...	...	
Malakoff Rubber	Dec. 31	9,501	Dr. 1,211	8,290	...	...	...	...	8,290	26,256	2†	
Marawan (Java) Rubber ...	Dec. 31	3,531	Dr. 5,321	1,790	...	...	...	Dr. 1,645	3,435	...	...	
Medini Rubber	Dec. 31	4,753	118	4,871	...	...	...	500	4,371	7,499	12½	
Palmadulla Rubber	Dec. 31	15,298	Dr. 11,473	3,825	...	...	...	784	3,041	17,144	10	
Remfield Rubber	Dec. 31	9,185	Dr. 2,415	6,770	...	...	...	...	6,770	7,029	...	
Siak (Sumatra) Rubber.....	Dec. 31	2,407	Dr. 1,631	776	...	...	...	...	776	...	...	
Simo Rubber	Dec. 31	12,746	Dr. 2,800	9,946	...	...	...	...	9,946	10,517	25	
Shops and Stores.												
Bolsom Bros. (1928)	Dec. 31	1,092	5,908	7,000	3,170	...	...	2,869	961	6,195	...	
Tea.												
Beverley Tea and Rubber ..	Dec. 31	2,525	Dr. 3,896	Dr. 1,371	...	...	...	...	Dr. 1,371	467	...	
British Darjeeling Tea	Dec. 31	3,314	18,058	21,372	...	14,400	20	3,000	3,972	18,363	15	
Darjeeling Co.....	Dec. 31	4,056	27,037	31,093	...	23,698	17½	2,000	4,395	38,829	25	
Ederapolla Tea.....	Dec. 31	2,647	Dr. 1,318	1,329	...	...	...	...	1,329	4,800	10	
Galaha Ceylon Tea	Dec. 31	7,151	75,884	83,035	3,600	58,400	20	13,500	7,535	69,122	20	
Glentaffe Tea Estates	Dec. 31	4,103	567	4,670	...	...	...	100	4,570	2,790	...	
Lathenty Tea	Dec. 31	1,438	2,434	3,872	...	1,938	5	...	1,934	3,293	9	
Mayfield (Dimbula) Tea	Dec. 31	7,475	14,454	21,929	1,980	7,969	26	4,000	7,980	19,017	37½	
Standard Tea of Ceylon.....	Dec. 31	37,688	64,713	102,401	...	41,650	35	25,000	35,751	65,665	40	
Textiles.												
Bright (John) and Brothers.	Mar. 31	42,815	Dr. 2,875	39,940	...	...	...	22,291	17,649	38,998	(a)	
Fine Cotton Spinners	Dec. 31	183,135	Dr 345,703	Dr 162,568	197,000	...	...	Dr 400,000	40,432	380,568	6	
Tramways and Omnibuses.												
Potteries Electric Traction	Dec. 31	5,413	2,552	7,965	...	...	...	...	7,965	431	...	
Trust.												
Alliance Investment Co. ...	Apr. 15	24,013	58,401	82,414	20,925	23,250	10	14,226	24,013	63,764	10	
Amalgamated Tobacco Trust	Jan. 31	355	Dr. 2,773	Dr. 2,418	...	...	...	...	Dr. 2,418	3,730	...	
Consolidated Trust	Apr. 15	...	54,583	54,583	18,038	31,866	20	4,679	...	65,365	20	
English and International												
Trust.....	Apr. 5	1,757	44,620	46,377	27,500	...	...	3,400	15,477	43,402	3	
Home and Foreign Invest...	Mar. 31	12,110	37,689	49,799	17,531	16,362	7	...	15,906	32,008	7	
Industrial and General Trust	Mar. 31	94,518	352,285	446,803	61,392	245,569	18	43,000	96,842	401,880	18	
London and Holyrood Trust	Mar. 31	6,702	58,459	65,161	34,875	18,600	4	...	11,686	41,043	5	
London and Provincial Trust	Mar. 31	19,529	27,024	46,553	8,719	15,500	8	...	22,334	31,566	8	
Winterbottom Trust.....	Mar. 31	1,137	41,898	43,035	23,432	12,567	4	3,500	3,536	39,176	10(b)	
Other Companies.												
Associated Newspapers	Mar. 31	773,336	1,059,836	1,833,172	25,000	942,000	{ 7 ord. 40 clef. }	200,000	666,172	1,245,323	{ 7 ord 40 clef }	
Cohen and Wilks	Dec. 31	172	39,453	39,625	13,978	10,656	5	7,375	7,616	27,440	5	
Ever Ready Co. (Gt. Britain)	Mar. 31	34,000	306,111	340,111	20,000	189,980	35	92,756	37,375	244,555	35	
Handley Page, Ltd.	Dec. 31	15,241	43,146	58,387	24,893	4,979	66½	...	28,515	40,507	66½	
Johnson (Richard) & Nephew	Mar. 31	16,370	31,915	48,285	16,275	11,625	5	...	20,385	40,673	8	
Liverpool Storage Co.	Mar. 31	11,726	6,973	18,699	...	4,498	10*	...	14,201	5,697	10*	
Salinas de Mexico	Nov. 30	10,142	Dr. 9,460	682	...	...	...	Dr. 5,610	6,292	1,322	...	
Shanghai Electric Construc.	Dec. 31	20,840	142,964	163,804	...	72,000	12†	74,808	16,996	136,763	12†	
Tweedales and Smalley ...	Apr. 30	97,939	Dr. 3,337	94,602	...	33,750	7½	...	60,852	55,631	10	
Val de Travers Asphalt	Dec. 31	21,798	42,757	64,555	...	27,789	7½	13,000	23,766	41,107	10	
Wiggins Toape & Co.....	Dec. 31	53,426	243,020	296,446	62,370	154,720	10	25,900	53,456	262,301	10	
Wylie and Lochhead	Feb. 28	5,660	9,352	15,012	2,500	7,500	5†	...	5,012	17,321	5†	

* Tax free. † Free of income tax. (a) Absorbed £24,300. (b) Rate per cent. per annum. Absorbed £12,501

The directors of the Liverpool and London and Globe Insurance Company, Ltd., have re-elected Mr. A. Allan Paton, C.B., as chairman, and Mr Arthur E. Pattinson, Mr A. Kentish Barnes, and Mr P. R. England as deputy chairmen of the company.

The directors of the Val de Travers Asphalte Paving Company, Ltd., have appointed Mr Charles W. Wood—for many years secretary and assistant manager to the company—to the post of general manager.

The British South Africa Company announces that Mr Arthur Edward Hadley, C.B.E., has been elected a director of the company.

Mr A. S. Bass, the treasurer of Gestetner, has been elected a director.

THE WALL PAPER MANUFACTURERS' LTD.—The directors have decided to pay an interim dividend of 5 per cent. on the ordinary shares of the company. With the results of six months' trading before them, they do not feel justified in maintaining the usual interim dividend of 5 per cent. on the deferred shares and have therefore reduced it to 4 per cent., believing this represents a true relation between the company's earnings and its share capital. It is not deemed to be owing to the effect of the world-wide depression on sales and production, but is possible to forecast final results at this stage, the board believes it right to state that, so far as it can be anticipated, it will not be possible to maintain the year's dividend on the deferred shares at its previous level. The warrants for the dividend on the ordinary shares will be paid to the holders on May 30, 1931, and for the dividend on the deferred shares on June 15, 1931.

DOMINION-SCOTTISH INVESTMENTS, LTD.—The directors have declared a dividend on the 5 per cent. cumulative redeemable preference stock (par value \$50.00) of the company at the rate of 5 per cent. per annum for the quarter ending April 30, 1931, payable on May 1, 1931, to shareholders of record at the close of business on April 20, 1931.

HARRIS (BUENOS AIRES) LTD.—The directors have considered the accounts for the half-year ended February 28, 1931, which show a heavy decrease in profits, but in view of the existing reserves and strong financial position, the directors have decided to declare the usual interim dividend on the cumulative preference shares at the rate of 8 per cent. per annum, less income tax at 4s. 6d. in the pound. Dividend warrants, payable June 17th, will be posted on June 16th to preference shareholders whose names are on the company's registers on May 15, 1931.

RUBBER COMPANY STATISTICS.

Name.	Financial Year Ends.	Share and Paid.	Shares Issued.	Highest and Lowest, 1931.	Total Div. for Full Year.	Acres Planted Rubber.	Acres in Reserve.	Last Published.			Last Financial Year's Output.	Output Jan. 1931.	Output Feb. 1931.	Output Mar. 1931.
								Average Selling Price.	Cost f.o.b.	Cost all in.				
Lbs.														
Allied Sumatra.....	Dec. 31	£	1,400,000	10 0 7 6	2 1/2	21,945	21,969	0/9-45	0/5-56	0/6-47	4,160,240	339,000	325,000	364,000
Amptat.....	Sept. 30	2 0	700,050	12 1/2 0 11 1/2	NH	2,855	5,143	0/6-49	0/6-01	0/6-31	725,838	...	...	...
Anglo-Dutch.....	Dec. 31	1	2,350,350	23 3/4 15 1/2	10	31,509	129,426	0/9-54	0/6-31	0/6-31	13,210,344	1,101,920	1,516,250	1,516,250
Anglo-Java.....	Mar. 31	2 0	7,385,750	1 1/4 0 7	NH	31,239	7,672	0/8-17	...	...	10,569,747	1,057,100	903,700	1,038,100
Anglo-Johore.....	Dec. 31	1/0	1,500,000	0 3/4 0 1	NH	1,408	525	0/8-92	0/5-63	0/6-83	560,000	38,000	39,000	40,000
Anglo-Malay.....	Dec. 31	1	412,507	7 6 3 9	NH	5,782	2,584	0/4-83	0/6-73	0/5-39	1,371,627	101,458	93,089	103,587
Ayer Kuning.....	Dec. 31	1	140,000	18 6 15 0	NH	3,874	2,054	0/5-16	0/4-84	0/5-39	1,070,498	97,500	92,000	98,000
Badek.....	Dec. 31	1	123,208	18 9 15 0	10	5,111	...	0/8-60	0/5-70	...	1,168,447	103,036	88,570	110,409
Bah Lias.....	Oct. 30	1	351,213	15 3 3 6	NH	8,799	7,867	0/6-45	0/7-83	...	1,352,792	124,000	104,000	128,000
Bandar Sumatra.....	July 31	1	93,847	11 0 10 0	NH	2,482	1,138	0/5-36	0/6-25	...	765,000	59,000	44,000	53,000
Batang (Selangor).....	April 30	1	99,000	12 6 11 10 1/2	5	1,886	218	0/8-03	...	0/5-84	1,000,849	...	...	...
Batang Consol.....	Dec. 31	2 0	2,458,840	0 8 0 6	6	2,671	...	0/8-91	0/4-40	0/6-13	1,132,532	...	...	114,827
Batu Tiga.....	Dec. 31	1	221,666	13 0 10 0 1/2	10	6,153	408	0/9-13	0/5-17	0/6-38	2,463,081	220,000	206,500	216,500
Bekoh Consolidated.....	June 30	2 0	2,995,007	0 9 0 3 1/2	NH	2,672	616	0/7-54	0/4-17	0/6-18	956,260	...	...	74,372
Bertam Consolidated.....	Mar. 31	2 0	3,340,000	2 4 1 3	8	5,542	...	0/8-45	0/4-54	0/5-38	3,601,962	262,895	232,351	225,719
Besocki.....	Dec. 31	1	110,000	18 1 13 3	NH	2,037	1,131	0/11-17	0/4-94	...	875,318	...	...	87,000
Bikam.....	Dec. 31	2 0	1,885,000	1 2 1 0 8 1/2	NH	3,290	1,524	0/4-45	0/5-86	...	959,721	72,300	64,700	52,400
Biting.....	Mar. 31	2 0	750,000	0 4 0 4	NH	982	...	0/6-73	0/4-79	0/6-37	286,000	28,100	22,000	27,500
Bradwall.....	Dec. 31	1	90,000	16 3 13 9	10	2,849	249	0/9-75	0/5-22	0/6-11	670,000	55,600	43,800	54,200
Brooklands.....	June 30	2 0	1,750,000	2 3 1 7 1/2	NH	5,100	...	0/6-69	0/5-28	...	1,365,600	...	...	108,000
Broome.....	June 30	1	135,000	4 6 5 0 4	NH	1,803	...	0/7-70	0/4-86	...	698,760	...	...	57,000
Bukit Kajang.....	Dec. 31	1	175,000	10 3 7 5	NH	4,770	967	0/6-8	0/6-30	...	1,269,385	141,078	124,850	...
Bukit Mertajam.....	Mar. 31	2 0	3,000,000	1 1 1 2	NH	7,490	3,567	0/8-36	0/5-56	0/6-74	2,674,157	290,081	190,575	...
Bukit Sembawang.....	Dec. 31	2 0	2,330,881	0 6 0 3	NH	2,468	856	0/11-12	0/7-27	0/8-56	845,369	...	79,253	86,229
Bukit Selangor.....	Dec. 31	2 0	3,339,550	0 7 0 3 1/2	NH	5,870	...	0/7-84	0/6-43	0/6-91	1,581,732	...	...	...
Catfield.....	June 30	2 0	1,000,000	3 7 3 2 1/2	NH	3,324	152	0/6-79	0/6-72	...	1,074,674	113,980	100,245	...
Ceylon (Para).....	Dec. 31	2 0	700,000	3 6 3 0	10	3,446	744	0/9	0/6-16	0/7-49	1,414,560	113,681	70,900	72,600
Chemong (1920).....	Mar. 31	2 0	2,782,594	0 8 1 2	NH	2,622	162	0/8-51	0/5-48	0/7-55	1,068,410	...	...	...
Chersonese (F.M.S.).....	Dec. 31	2 0	2,700,000	1 7 1 2	4	4,950	...	0/9	0/5-48	...	783,083	100,700	99,300	...
Cleely.....	Dec. 31	2 0	2,300,000	3 0 2 0	2 1/2	4,544	638	0/9-32	0/4-96	0/5-30	1,694,248	172,602	172,707	162,857
Cleely Ord.....	Mar. 31	2 0	1,334,312	3 5 2 6	10	4,965	803	0/7-96	0/4-72	0/6-02	1,482,090	107,600	91,400	97,500
Consolidated Malay.....	Dec. 31	2 0	750,000	3 6 2 7 1/2	20 1/2	3,619	1,415	0/8-70	0/5-22	0/6-02	1,397,248	107,600	91,400	97,500
Dennistown.....	Dec. 31	2 0	1,678,820	0 6 1 0 4 1/2	NH	3,261	406	0/9	0/5-37	0/6-34	816,001	64,137	61,561	46,901
Djember.....	Dec. 31	1	164,436	16 3 15 0	10	3,108	3,472	0/9-28	...	...	960,887	107,700	60,806	106,500
Eastern Produce Ord.....	Dec. 31	1	333,000	6 0 6 4 4 3	2 1/2	3,108	...	0/9-28	...	...	864,090	60,806	43,604	...
F.M.S. Rubber Plant.....	Dec. 31	1	210,000	17 6 14 6	15	5,878	1,925	0/9-83	0/4-98	0/7-10	2,290,568	226,600	194,800	211,800
Gadiah.....	April 30	2 0	482,177	2 1 1 6	NH	2,023	6,522	0/9-27	0/6-40	0/7-10	441,580	...	...	...
General Ceylon.....	Dec. 31	1	305,000	16 9 9 6	10	4,155	2,603	0/8-13	...	...	1,733,315	48,000	37,000	49,140
Glen Bervie.....	Sept. 30	1	85,069	3 1 1 3 1 1/2	NH	2,319	110	0/4-05	0/5-53	...	733,000	64,000	50,000	56,500
Glenshiel (1919).....	Dec. 31	1	175,000	7 3 1 5 9	4	2,105	157	pft.	per lb.	0/3-28	824,681	46,790	42,300	58,700
Goldonia Malay.....	Dec. 31	1	113,000	10 4 4 1	NH	2,202	...	0/4-35	0/5-53	...	867,112	83,375	75,015	...
Golden Hope.....	Dec. 31	1	280,728	18 7 8 9	NH	7,248	2,561	0/4-41	0/4-42	...	2,256,252	162,106	154,831	153,965
Grand Central.....	Dec. 31	1	1,225,000	11 10 7 3	NH	16,123	5,662	0/4-76	0/5-38	0/6-13	6,405,840	494,996	316,018	409,453
Hewagani.....	Dec. 31	1	240,000	6 3 5 0	NH	2,822	600	0/4-66	0/5-87	0/6-52	1,251,193	98,400	52,300	60,500
Highlands & Lowlands.....	Dec. 31	1	309,481	18 9 14 6	NH	5,551	792	0/5-21	0/4-44	0/5-62	1,783,598	161,500	150,000	157,500
Inch Kenneth.....	June 30	1	30,000	25 0 16 3	NH	1,467	210	0/7-10	0/7-62	0/8-62	411,119	10,000	8,900	10,250
Insulind.....	June 30	2 0	1,211,820	0 6 1 0 4	NH	2,395	10,568	0/7-52	0/5-44	0/6-13	526,195	47,100	39,300	44,000
Java Amalgamated.....	Dec. 31	1	185,000	16 5 9 0	NH	3,761	...	0/4-94	...	...	1,460,137	73,000	70,000	80,000
Java Rubber Plant.....	Dec. 31	2 0	699,650	1 9 1 6 1/2	NH	2,213	134	0/3-36	...	0/7-22	708,562	73,000	61,000	82,000
Java United.....	Mar. 31	1	150,000	16 3 12 6	3	2,320	3,500	...	0/6-22	...	896,757	...	86,947	81,174
Jeram.....	Mar. 31	1	112,500	...	NH	3,079	...	0/7-18	0/5-36	...	838,092	82,133	...	...
Jong-Landor.....	June 30	1	89,500	13 6 10 4 1/2	NH	2,342	358	0/7-30	0/6-50	0/7-99	1,895,040	96,100	...	...
Jugra Land & Carey.....	Dec. 31	1	1,435,738	9 10 6 1	NH	9,899	11,788	0/5-26	...	0/5-01	3,859,497	...	...	...
K.M.S.....	June 30	1	59,554	15 6 10 0	2 1/2	3,518	1,017	0/8-02	0/6-36	0/6-75	1,032,352	...	...	...
Kali Gajah.....	Mar. 31	2 0	985,100	0 10 0 7 1/2	NH	3,701	297	0/8-38	...	0/6-75	793,960	86,500	74,300	88,400
Kali Jawa.....	Dec. 31	2 0	668,147	0 7 1 0 6	4	1,027	1,024	0/8-75	...	...	351,787	...	25,400	...
Kampong Kuantan.....	Dec. 31	2 0	835,499	2 4 1 7	20	2,707	596	0/8-78	0/5	0/6-60	988,000	...	109,000	117,000
Kamuning Rub. & Tin.....	June 30	2 0	2,010,000	2 4 1 7	NH	3,806	2,330	0/7-29	...	0/5-78	1,563,220	86,700	75,400	88,400
Kawle (Java).....	Mar. 31	2 0	750,000	2 10 2 1/2	12 1/2	2,376	223	0/8-57	...	0/8-65	873,398	86,700	75,400	88,400
Kepitigalla.....	Mar. 31	2 0	1,375,000	0 10 0 7	NH	2,826	680	0/8-33	0/7-72	0/8-55	791,184	56,693	...	...
Kepong (Malay).....	Dec. 31	2 0	1,180,000	3 9 2 7 1/2	27 1/2	5,763	625	0/11-10	0/6-24	0/5-97	2,144,397	193,492	173,372	206,435
Kinta Kelias.....	Mar. 31	2 0	1,300,000	1 10 1 5	5	3,645	1,600	0/6-77	0/6-24	...	1,140,000	...	90,500	...
Klanang Produce.....	Dec. 31	2 0	870,000	3 4 2 9	NH	2,578	874	0/4-82	0/5-87	...	1,135,990	107,119	100,799	103,878
Kuala Selangor.....	Dec. 31	2 0	775,000	2 6 2 1 1/2	16 1/2	1,953	...	0/7-97	...	0/5-01	972,983	78,311	74,170	87,041
Lahu (F.M.S.).....	Dec. 31	1	234,564	25 0 18 9	2 1/2	4,792	775	0/9-25	0/5-07	0/5-38	1,784,000	55,510	55,544	55,518
Landron.....	Dec. 31	1	360,000	7 3 5 1										

OIL OUTPUTS.

ANGLO-EQUADORIAN OILFIELDS, LTD.—The production for April is cabled as 16,824 tons.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of April are as follows:—Production of oil, 48,080 tons; deliveries, 44,190 tons.

THE ATTOCK OIL COMPANY, LTD.—Production for April, 10,796 barrels.

BRITISH CONTROLLED OILFIELDS, LIMITED.—Production for the week ended May 6th:—Venezuela, 36,106 barrels; Trinidad, 28,430 barrels; total, 64,536 barrels. Production for April:—Venezuela, 155,325 barrels; Trinidad, 99,584 barrels; total, 254,909 barrels. Deliveries for April:—Venezuela, 160,145 barrels; Trinidad, 80,623 barrels; total, 240,768 barrels.

DACIA ROMANO PETROLEUM SYNDICATE, LTD.—Gross production for April: Dacia, 6,055 tons; Perimeter X, 5,384 tons. The decrease in the latter is due to the sanding up of Well No. 2.

THE KERN RIVER OILFIELDS OF CALIFORNIA, LTD.—The total production during the month of April amounted to 99,794 barrels, or approximately 14,256 tons.

LOBITOS OILFIELDS, LTD.—The production of the Peruvian Company for April is cabled as 24,767 tons.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended May 2, 1931, was 218,000 barrels.

SERVICE PETROLEUM.—The production from the company's oil wells at Gura-Oenitzi, Moreni and Ceptura for the week ended 12th instant, was 4,473 tons (31,311 barrels).

STEUA ROMANA (BRITISH), LTD.—The production of the Steua Romana Company, Bucharest, for the month of April was 73,670 tons.

TAMPICO OIL, LTD.—The total production on the company's properties in Mexico during April was 20,579 barrels, in respect of which the royalty due to Tampico Oil, Ltd., amounted to 1,543 barrels.

TOCULO OILFIELDS OF VENEZUELA LIMITED.—Oil produced during April, 1931, 2,396 tons.

TRINIDAD LEASEHOLDS, LIMITED.—Oil produced during April, 13,650 tons; oil purchased during April from other companies, 50,150 tons. On account of the large purchases of crude oil now being made, the company's own production is being restricted, and it is anticipated that restriction will continue over the next two or three months.

VENEZUELAN OIL CONCESSIONS, LTD.—Production for the week ended April 18th was: Bolivar district, 73,501 m. tons; Maracaibo district, 17,299 m. tons; total, 90,800 m. tons. Production for the week ended April 25th was: Bolivar district, 72,709 m. tons; Maracaibo district, 17,042 m. tons; total, 89,751 m. tons. Production for the week ended May 9, 1931, was: Bolivar district, 76,115 m. tons; Maracaibo District, 16,672 m. tons; total, 92,787 m. tons.

Commercial Reports.

MARKET SUMMARY.

The general situation of the commodity markets is rather worse than a week ago. Prices have been irregular, but on balance the general level has been below that of last week. Some sections of the coal trade in Yorkshire and South Wales experience a good demand, but small coals continue to accumulate and industrial requirements show no signs of an early expansion. Exports during April, at 3.6 million tons, were 0.2 million tons below those of March, and they compare with 4.6 million tons a year ago. The low level of activity in the iron and steel industries is reflected by the production figures for April. The output of pig iron at 323,200 tons shows a decline of 33,900 tons on March, and the figure for steel at 397,400 tons shows a decrease of no less than 102,700 tons as compared with the previous month. The principal non-ferrous metals show a further decline in price—most pronounced in copper and tin. It is true that production has been greatly reduced in most cases and is now scarcely above the rate of current consumption, but the huge stocks, accumulated during the past year, prevent any substantial rise in quotations until a definite increase in consumption becomes noticeable. Among textile raw materials, cotton and wool declined further and there has been no increase in the sales of finished goods. Raw jute, hemp and silk have also been easier, but flax was maintained. High-class rayon fabrics are still in good demand in the United Kingdom, but little headway is being made in exports. Most foodstuffs, including wheat, have been cheaper, and the slight advance in raw sugar prices is due to the signing on May 9th of the International Sugar Convention known as the "Chadbourne Plan." Among miscellaneous commodities, vegetable oils and oilseeds have been dull, and hides failed to recover. Rubber has been slightly firmer following considerable American buying, and the decision of several companies to suspend tapping because of the unremunerative level of prices.

THE COAL TRADE.

SHEFFIELD.—After contract demands and arrears have been satisfied, there is little large steam coal available for shipment. It is probable, however, that the condition of the inland market will soon enable collieries to offer increased supplies for export. Best hards are firm at 17s. 6d. to 18s., f.o.b. Humber ports, and screened steam coal at 15s. 3d. to 15s. 9d. There is a seasonal decline of demand for house coal; some of the best qualities are more plentiful, and there is a surplus of secondary fuel. Best house coal is quoted at 22s. and 23s. at pits. The call for industrial fuel continues quiet, and trade in furnace coke has eased off since the demand for domestic heating declined.

CARDIFF.—The general position on the Cardiff coal market is unchanged. The majority of the large coals have been steadily absorbed, and for some of the Monmouthshire grades the prices realised for Cardiff shipment are from 3d. to 6d. per ton above the schedule minimum. The collieries are also well stemmed up to the Whitsun holidays. Beyond that period the outlook is very unsettled. Small coals continue to glut the market, and the colliery companies are experiencing increasing difficulties in the stocking of surpluses. The washed classes are fairly steady, but the cheaper qualities are receiving a diminishing support. The Egyptian State Railways are in the market for the balance of their recent requirements of 300,000 tons of large coal; but it is anticipated that, owing to the increase in the rates of freight to Alexandria, it will be impossible for contractors to renew the prices at which they were prepared to supply earlier in the year when the freight rate to Alexandria was only about 6s. 9d. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 6d. to 19s. 9d.; Western Valleys, 18s. 3d. to 18s. 6d.; Eastern Valleys, 17s. 9d. to 18s. 3d.; best small steams, 13s. 6d. to 13s. 9d.; coking smalls, 14s. 9d. to 15s.; cargo smalls, 12s. to 12s. 6d.; anthracite, best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 24s.

IRON AND STEEL.

MIDDLESBROUGH.—There is no lift in the depression that has overshadowed the market for Cleveland iron for so long, and consumers, who are expecting an early reduction in prices, continue a hand-to-mouth buying policy. Trade with Scotch consumers shows no expansion, although it is understood that increased concessions have recently been offered by Cleveland makers to secure more business. The response, however, has been altogether disappointing. No change was made in the official prices on Tuesday, which remain: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. per ton f.o.b. or f.o.t. The business reported was almost negligible and the outlook is very discouraging. The demand for hematite is slowly improving, increased quantities having been sold recently for early delivery, amongst which are some parcels for export, which is a satisfactory feature. Makers, however, have had to cut prices still further and have accepted 65s. for mixed numbers, which is now the general market quotation, although some works are holding for more. Inquiries are still circulating for important quantities for forward delivery, but business is slow to mature. Premiums are asked on the prompt price according to time of delivery required. In the finished trades very little new business is coming to hand and old orders are being rapidly worked off, which is causing uneasiness in regard to future rolling operations. Prices for home are unchanged, viz.: Plates, 48 15s.; angles, 48 7s. 6d.; joists, 48 15s.; subject to rebates. Other home prices are: Iron crown bars, 41 10s.; heavy steel rails, 48 10s.; 24-gauge galvanised corrugated sheets, 41 11; and 24-gauge black sheets, 48 10s. In the ore trade there is practically nothing doing. Spot cargoes of best rubio have been offered recently at 15s. 6d. c.i.f. without finding buyers. The freight Bilbao/Middlesbrough for prompt tonnage is about 4s. 3d. For forward delivery prices are higher, but consumers are off the market. Coke is in plentiful supply, and although 16s. is asked for good medium qualities delivered works, very prompt lots can be secured at a trifle less. There are still 21 furnaces in blast in the district, but this number will be increased by two going in at Ayresome Works towards the end of next week.

SHEFFIELD.—Taking local industry as a whole, conditions are no worse, and in several departments the downward movement of trade appears to have been checked and the bottom of the depression reached. Business, however, continues very bad and turnover so low that many firms are carrying on at a monetary loss. It is doubtful whether the trade in shipbuilding and railway material has ever been at such a low ebb as at the present time. Pig-iron makers are still experiencing severe competition from Indian foundry iron, and there is no sign of the home output being increased. Rather more tools and cutlery were exported last month than in March, and the home demand for cutlery and plate is somewhat brisker than it has been. Imports of cutlery remain at previous levels, although large quantities of very cheap safety blades have been delivered here lately. Trade in sterling silver ware is stagnant. The cheapness of raw silver has failed to stimulate buying on the part of the public.

GLASGOW.—The depression in the Glasgow and Lanarkshire steel trade shows no sign of lifting and works continue to run intermittently. The present state of affairs in the Clyde shipbuilding industry is largely responsible, as the shipyards normally take much the greater portion of the output of the West of Scotland steel

plants. Purchases of all materials are mainly for small lots for special requirements and it would seem that practically all buyers are well stocked with common sections. Work is more plentiful in the locomotive shops this week on account of a considerable amount of repair work which is presently being carried out. The pig-iron market is very quiet. Sheetmakers are booking very steadily for the home market and a fair tonnage of black for export, but the galvanised export trade is poor.

CARDIFF.—Depressed conditions continue to prevail in the tinplate and other branches of the South Wales iron and steel industry. Tinplate prices are weak, and it is reported that the continuance of the pooling arrangement is doubtful after the end of the present month. Quotations have ruled down to 14s. 9d. per basis box, and how severe the recent fall in price has been may be gathered from the fact that in mid-May, 1930, the current quotations ruled between 18s. 3d. and 18s. 6d. Extreme depression continues also in the galvanised sheet trade, where prices are unaltered at 411, compared with 412 per ton at the corresponding period last year. Tinplate bars are easier for the local make at from 44 15s. to 45 per ton, and for foreign bars it is between 43 15s. and 44 per ton.

OTHER METALS.

TIN.—It has been realised that at the present low level of consumption, the production quotas allotted under the restriction scheme are too high to bring about a considerable reduction in the large quantity of visible supplies which have a depressing influence on prices. The object of the scheme has thus been defeated. A meeting of the International Tin Producers, comprising representatives of the Dutch East Indies, Bolivia, British Malaya and Nigeria, has therefore been convened for Saturday, May 16th, at the Hague, with the object of examining the position. It is expected that the downward revision of quotas will be decided upon. Meanwhile the metal has failed to recover, and Wednesday's closing quotation for "standard cash," at 104 10s. to 104 15s. 6d. per ton, compares with 105 10s. to 105 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 28,616 tons, show an increase of 609 tons on the week.

COPPER.—Copper has suffered a further setback during the week. There has been no improvement in consumption, and although production has been severely curtailed, particularly in the United States, stocks of rough and refined copper in North and South America at the end of April showed an increase of more than 8,000 tons over the previous month. On May 9th, Copper Exporters, Inc., reduced their minimum price for "electrolytic" c.i.f. Continent from 9.80 cents per lb. to 9.775 cents per lb. owing to the lowering of freight rates, and on May 13th, the quotation was further reduced to 9.525 cents per lb. For domestic consumption the metal changed hands at only 9.00 per lb. Wednesday's quotation in London for "standard cash," at 438 18s. 9d. to 439, compares with 440 6s. 3d. to 440 8s. 9d. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 11,858 tons, show an increase of 417 tons, while stocks of rough copper, at 1,272 tons, were 38 tons smaller. According to the Metal Exchange, the April approximate copper figures for North and South America are as follows:—

	April.	March.
Tons.	Tons.	Tons.
Refined stocks	328,571	316,071
Bliet, stocks	173,135	177,522
Foreign deliveries, refined	28,571	33,036
Domestic deliveries, refined	49,107	66,964
Refined production	90,179	91,071
Mine production	41,964	38,265

LEAD.—The metal has experienced a quiet demand and prices in New York and London again declined. On May 11th the New York spot price was reduced from 3.85 cents per lb. to 3.75 cents, and Wednesday's official closing quotation in London for "soft foreign," at 11 7s. 6d. to 11 13s. 9d., compares with 11 17s. 6d. to 12 2s. 6d. on the corresponding day last week.

SPELTER.—Considerable selling took place in spelter, and prices declined further. Wednesday's closing quotation for "good ordinary brands," at 10 5s. to 10 15s., compares with 10 13s. 9d. to 11 3s. 9d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—The demand for other non-ferrous metals has been quiet, and aluminium was again quoted at 48s per ton, while nickel changed hands at last week's price of 170 to 175 per ton. Foreign antimony sold at the recently reduced price of 424 to 424 10s. per ton and there was no change in the quotation of quicksilver at 22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—On balance, prices are two to three points lower than those of Wednesday of last week. Weather news continues to be unfavourable, but the market is responding more to the weakness in the stock markets than to crop reports. The U.S. textile figures for April are very discouraging, as they show sales to be only 138,000,000 yards, against 226,000,000 yards produced, compared with 295,000,000 yards sold and 272,000,000 yards produced in March. The U.S. consumption of cotton for April is estimated to be 515,000 bales, against 491,000 bales in March and 532,000 bales in April of last year. Fertiliser sales have not improved, and on May 1st were reported to be 28 per cent. less than last year. Spot sales for the week 7th to 13th (inclusive) are 33,000 bales, of which 13,050 are American, 1,550 Brazilian, 150 Argentine, 3,800 Peru, 3,200 Egyptian, 950 African, 460 East Indian, 9,440 Russian and 410 sundries. Imports for the same period are 27,519 bales, of which 18,299 are American,

983 Argentine, 498 Peru, 5,216 Egyptian, 1,334 African, 981 East Indian and 208 sundries. Quotations May 13th: American Middling, 5.32; Egyptian Sakel, 8.30; Uppers, 6.31; Brazil Fair, 5.37; Peru G.F. Smooth, 5.77; West African Middling, 5.37; and East African G.F., 6.37.

Manchester.—There have been no signs during the past week of increased activity in the market. Bearish sentiment in raw cotton circles is still pronounced, and the fear of lower values is undoubtedly putting a severe check upon enterprise. All sections of the trade are feeling the depreciation in values. Disappointing news has again been received from India and cloth sales have been few and far between. Dealers on the other side are complaining of poor clearances, and there is no disposition to purchase anything more than retail lots. Bids for China have been scarce. Very little has been done for Egypt and some cases are being mentioned of manufacturers being asked to delay deliveries against old contracts. Cloths for printing and dyeing have been in far request for South America. The home trade continues fairly busy. On the whole, encouraging clearances are being effected in the retail and wholesale establishments. American yarns have been slow of sale, with some irregularity in prices when tested. Only a restricted business has been done in Egyptian counts. Very few workable bids have been reported in export numbers.

Cotton Prices.

	1931.				Corresponding Date.	
	Apr. 22.	Apr. 29.	May 6.	May 13.	1929.	1930.
Raw Cotton—Mid. American	d. 5-57	d. 5-53	d. 5-35	d. 5-32	d. 10 12	d. 8-62
" Sakellaridis Fully Good Fair	8-15	8-20	8-30	8-25	17-85	14-05
Yarns—32's twist	9 9	9 9	9 9	9 9	15 12 1/2	12 1/2
" 40's twist	15 1/2	15 1/2	15 1/2	15 1/2	26	22
" 60's twist (Egyptian)	s. d. s. d. s. d. s. d. s. d. s. d. s. d. s. d.	18 1 18 1 18 1 18 1 18 1 18 1 18 1 18 1	18 1 18 1 18 1 18 1 18 1 18 1 18 1 18 1	18 1 18 1 18 1 18 1 18 1 18 1 18 1 18 1	25 3 21 9	21 9
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	19 10 19 10 19 10 19 10 19 10 19 10 19 10 19 10	19 10 19 10 19 10 19 10 19 10 19 10 19 10 19 10	19 10 19 10 19 10 19 10 19 10 19 10 19 10 19 10	19 10 19 10 19 10 19 10 19 10 19 10 19 10 19 10	27 9 24 6	27 9 24 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2	11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2	11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2	11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2 11 2	15 0 13 4 1/2	13 4 1/2
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	13 4 12 0	13 4 12 0
39-in. ditto, 37 yds., 16 by 15, 8 1/2 lb.	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1 10 1	13 4 12 0	13 4 12 0

THE WOOL TRADE.—Bradford.—The end of the third series of London sales is now near enough to make it virtually certain what the final result will be. Unfortunately, the best anticipations have not been realised, even merinos failing to maintain the level

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	£13,164,170

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seen at the opening. This, writes our Bradford correspondent, may be partly attributed to the inadequacy of Continental demand, but conditions in the industry both at home and abroad are not such as to contribute to an improvement of wool values, and during the sales withdrawals of merinos have been unfortunately large. Better prices are certainly needed to enable the owners to get out without loss, and the aggregate weight of merino wool available for consumption before another clip begins to come forward is not too much for the trade to face. The way fine wool has sold in Australia this week is in striking contrast with London and Bradford; 40,000 bales are being offered in Brisbane, but cable information indicates that prices realisable are fully 2d. more than a parity with the selling value of tops in Bradford, and only slightly below the Sydney sales a fortnight ago. Meanwhile, values for practically all descriptions in London have suffered a further relapse. Last week it was stated that merino could be bought on a clean scoured basis of 4d. less than at the opening, and it is now admitted that both merinos and crossbreds are 1d. per lb. cheaper. The position of merinos is stronger than that of crossbreds, for the consumption of the former is very large and likely to remain so. The Bradford market is still very dull, and it is impossible to sell anything except at less money. This week leading makers have been standing out for 24d. for average 64s, but have admitted quite frankly that they could not make that figure. At this juncture many spinners are not prepared to risk the future, even on a lower basis of price for tops. At the same time, yarns have been sold at figures which leave a loss on botany counts, even at to-day's cost in the wool. The demand for crossbred tops to-day is still worse than merinos, but failing the development of bigger requirements than are now in sight, still lower prices will have to be accepted by those who are determined to sell.

THE JUTE TRADE.—Dundee.—The jute trade has lapsed into idle conditions and prices of all productions are barely able to hold their own. Buyers of yarns and cloth have begun to look for lower prices, but spinners and manufacturers are determinedly resisting attempts to depress the market because of the uneconomical state of values compared with those of the raw material. The fibre is being maintained around recent levels, with sellers displaying considerable reserve, and this in spite of the fact that consumers of raw jute are taking extremely little interest meantime. Reports of the new crop of jute for next season are now more favourable and sowings will soon have been completed. Everything points to a much smaller crop than those of recent seasons. The unemployment figures in the jute trade in Dundee are increasing, and altogether there are over 22,000 persons engaged in that industry only who are receiving unemployment benefit, 13,500 being wholly unemployed. There are still no signs of improvement and, indeed, the position seems to be even worse now. Prices of raw jute are unchanged from last week, but the undertone of the market is very steady. Daisie assortment rules at from £16 10s., with threes at £16 5s. and fours at from £15, May-June. Tossa assortment continues at £17 15s., threes at from £17 6s., and fours at £16 to £16 10s., same shipment. White jute is very sparingly offered, and prices of good Lightnings and First Marks are more or less nominal at £17 10s. and £19 10s. respectively, May-June. Offers of new crop jute have been mentioned, but as the prices have been a bit above those of old crop, little notice has been taken of them. Jute yarns are very quiet and prices show a tendency to decline a little. Buyers are offering 1s. 10d. for common 8-lb. cops and 1s. 11d. for 8-lb. spools, but without success, though 1s. 10½d. and 1s. 11½d. would not likely be refused if actual business were to transpire. The quoted rates are 1s. 11d. for cops and 2s. for spools. Twist is quiet, and might be bought at 3½d. for 3-ply 8-lb., and sacking yarns are unsteady at 2½d. for 24-lb. weft and 3½d. for 8-lb. chains. Rove is dull at from £19 for 48-lb. and from £16 for 200-lb., while fine yarns are not so firm as they were. The cloth market is almost stagnant, with only small quantities being bought as a rule. Occasionally a large quantity is placed, but in that case buyers expect and receive concessions on the quoted rates of from 2½d. for 10½-oz. 40-in. hessians and 1½d. for 8-oz. The Calcutta goods market is quiet. Quotations are 18s. 9d. for 10-oz. 40-in. and 15s. 3d. for 8-oz., May-June; 18s. 10d. and 15s. 7d. respectively for July-September; and 19s. and 15s. 9d. for October-December.

THE GRAIN MARKETS.

WHEAT.—Climatic conditions during the last week have been beneficial to the British winter crop, which is somewhat backward, and farmers have been able to proceed with the sowing of spring cereals. The international wheat position has undergone little change since last week. Trading has been on a slightly smaller scale owing to reduced Continental imports, and the recent rise in prices has not been fully maintained. However, it is known that native supplies in France and Germany are quite insufficient for the remaining months of the current season, and it is expected that considerable quantities will have to be imported by both countries. It appears that a rebate of 10s. 9d. has been allowed to German millers for one month on all foreign wheat. The Crop Reporting Board of the Bureau of Statistics (Crop Estimates) of the United States Department of Agriculture has published its estimate of the condition of the winter wheat crop as on May 1st:—

Average Condition of United States Winter Wheat.

	April.	May.	June.	July.	Yield per Acre in Bushels.
1929	82.7	83.6	79.6	75.9	15.4
1930	77.4	76.7	71.7	73.8	15.7
1931	88.8	90.3	...	...	16.1 (May)

The area planted has been estimated at about 40,432,000 acres, or about 3.7 per cent. less than that of last year. The average

condition of 90.3 per cent. indicates a yield of 16.1 bushels per acre, or 652,902,000 bushels, as against 604,337,000 bushels last year. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 28s. 9d. per 496 lb., as compared with 29s. a week ago; No. 2, Northern Manitoba, Atlantic, ex ship, 28s., against 28s. 6d.; Rosafé, ex ship, 23s. 9d., against 24s. 3d.; Australian, ex ship, 26s. to 26s. 9d., against 26s. to 26s. 9d.; and Russian, on sample, landed, 24s. 6d., against 24s. 6d. last week.

WHEAT FLOUR.—The demand for flour has been steady, and last week's prices have been maintained. Quotations: Straight run, delivered country, 24s. 6d. per sack of 280 lb., as compared with 24s. 6d. last week; delivered London, 23s. 6d., against 23s. 6d. Manitoba patents, ex store, 22s. to 25s., against 22s. 6d. to 24s. 6d.; and Australian, ex store, 19s. to 20s., against 19s. to 19s. 6d. a week ago.

BARLEY.—There has been no change in quotations for barley. Brewing barley meets with a good demand, but barley for feeding purposes has been quiet. Quotations: "English malting," f.o.r., at 30s. to 35s. for 448 lb., remained unchanged. Californian sold at from 33s. to 43s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—The scarcity of home supplies resulted in a better demand for foreign oats, with a consequent rise in prices. Quotations: "River Plate," landed, 13s. 3d. per 320 lbs., as compared with 12s. 9d. last week; "River Plate," ex ship, 12s. 3d., against 11s. 9d.; "Chilean Tawny," landed, 13s. 9d., against 14s.; and North Russian on sample, landed, 18s. 6d., against 18s. a week ago. English white remained unchanged at 19s. to 20s.

MAIZE.—Supplies of maize are large and considerable quantities continue to be shipped to Europe. Out of 803,000 quarters thus shipped last week, Argentina alone accounted for 661,000 quarters. Although feeding stuffs are in good demand, supplies are in excess of requirements, and there has been a slight decline in prices. Quotations: "Plate," landed, 21s. 3d. per 480 lbs., as compared with 21s. 9d. last week; Plate, ex ship, 17s. to 17s. 3d., as against 17s. 9d.; Plate, May-June, new, 16s. 6d., as against 16s. 6d. Yellow maize meal, ex wharf, was quoted at £5 15s., as against £6 10s. per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to May 9	Owts. 101,987	Owts. 183,867	Owts. 132,984	Owts. 278,460
36 weeks to May 9	4,141,350	8,317,585	8,874,130	9,264,734
Average price of English wheat per cwt.	s. d. 5 7	s. d. 8 11	s. d. 9 11	s. d. 11 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 2, 1931.....	Owts. 95,326	Owts. 22,081	Owts. 38,327	s. d. 5 5	s. d. 7 1	s. d. 6 3
May 9, 1931.....	101,987	19,080	29,051	5 7	6 9	6 5
May 12, 1927.....	142,128	25,191	57,138	11 8	10 9	8 11
May 12, 1928.....	273,460	28,965	30,425	11 2	10 10	12 11
May 11, 1929.....	152,984	24,324	28,994	9 11	10 0	9 10
May 10, 1930.....	183,867	55,840	23,827	8 11	7 10	6 10

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	May 14, 1930.	Jan. 2, 1931.	Apr. 29, 1931.	May 6, 1931.	May 13, 1931.
Winnipeg (No. 1 Manitoba) — Cents per 60 lb.	148½	105½	56½	59½	62½	62½
Chicago (No. 2 Winter) — Cents per 60 lb.	130½	102½	79½	81½	82½	82½

The visible supply of wheat in Canada, at 55,934,000 bushels, shows a decrease on the week of 5,345,000 bushels. Supplies a year ago stood at 69,542,000 bushels.

OTHER FOODS.

SUGAR.—On Saturday, May 9th, the international convention known as the "Chadbourne Plan" was signed in Paris. An International Sugar Council was established at the Hague with F. E. Powell as its chairman, and the votes allotted to the various countries are as follows: Cuba, 35; Java, 30; Europe, 25 (Czechoslovakia, 8; Germany, 6; Poland, 3; Hungary, 3; and Belgium, 2). The convention will remain in force until September 1, 1935. A discussion of the scheme will be found in *The Economist* of January 10th and 17th, and on another page of this issue. The signing of the convention resulted in a strengthening of the market in raw sugar, but in order to stimulate buying, "British refined" was reduced 3d. per cwt. In New York, Cuban centrifugals, 98 deg. spot, at 3.18 cents per lb., show a rise of 0.03 cents on the week. Raw futures in London have also been firmer. Wednesday's sales included "August delivery," at 6s. 3½d. to 6s. 4½d., against 6s. 2½d. to 6s. 3d. on the corresponding day last week; and December at 6s. 7d. to 6s. 8d., as against 6s. 6d. to 6s. 7d. a week

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).	Month ended April 30.		Four months ended April 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 5,028,272	£ 3,660,524	£ 22,893,190	£ 15,490,517
B. Feeding stuffs for animals	475,813	353,421	2,376,407	1,600,962
C. Meat	10,888,234	8,252,732	39,106,481	31,322,501
D. Animals, living, for food	1,133,164	1,115,137	5,454,279	4,991,710
E. Other food and drink, non-dutiable	13,817,710	13,830,396	61,424,635	55,513,174
F. Other food and drink, dutiable	4,539,775	4,450,531	20,536,201	17,968,664
G. Tobacco	842,682	832,150	5,102,215	4,307,762
Total, Class I.	36,725,650	32,494,891	156,893,408	131,195,090
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	1,830	3,048	9,730	10,657
B. Other non-metallic mining and quarry products and the like	430,120	260,931	1,819,459	1,290,196
C. Iron ore and scrap	536,873	207,429	2,268,962	864,947
D. Non-ferrous metalliferous ores and scrap	1,244,211	641,555	4,985,882	2,533,118
E. Wood and timber	1,955,112	1,166,382	9,003,833	5,503,635
F. Raw cotton and cotton waste	3,255,359	1,931,699	20,009,681	9,481,009
G. Wool, raw and waste, and woollen rags	4,522,435	5,448,075	22,560,463	16,996,409
H. Silk, raw, knubs and noils	144,407	104,440	773,816	459,803
I. Other textile materials	1,001,946	548,810	5,331,949	2,561,566
J. Oil seeds, nuts, oils, fats, resins and gums	3,112,455	2,495,814	12,675,801	9,353,354
K. Hides and skins, undressed	1,390,299	1,004,026	6,902,649	4,387,974
L. Paper-making materials	1,047,667	510,074	3,926,301	2,791,279
M. Rubber	1,197,255	449,862	4,752,554	2,304,238
N. Miscellaneous raw materials and articles mainly unmanufactured	821,565	708,670	3,903,072	3,146,311
Total, Class II.	20,661,534	15,480,815	98,924,132	61,684,496
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	126	2,123	4,546	6,110
B. Earthenware, glass, abrasives, &c.	905,924	783,997	3,633,493	2,844,465
C. Iron and steel and manufactures thereof	1,916,242	1,418,377	8,806,097	5,931,442
D. Non-ferrous metals and manufactures thereof	2,736,478	2,022,380	11,257,315	7,176,047
E. Outfitter, hardware, implements, and instruments	720,827	542,645	2,409,811	2,088,986
F. Electrical goods and apparatus	489,815	376,029	2,500,445	1,807,075
G. Machinery	1,698,584	1,215,753	6,444,786	4,773,681
H. Manufactures of wood and timber	748,618	553,839	3,194,175	2,233,293
I. Cotton yarns and manufactures	768,661	757,159	3,359,861	2,815,257
J. Woollen and worsted yarns and manufactures	1,115,728	1,207,805	4,983,681	4,388,813
K. Silk and silk manufactures	994,963	682,748	4,007,395	3,186,098
L. Manufactures of other textile materials	1,255,651	1,255,368	5,371,511	4,816,577
M. Apparel	1,635,634	1,725,605	6,835,300	6,857,816
N. Chemicals, drugs, dyes and colours	1,089,451	1,142,186	4,734,402	4,207,194
O. Oils, fats, and resins, manufactured	3,759,699	2,377,739	16,207,657	10,646,943
P. Leather and manufactures thereof	1,234,937	1,052,421	5,050,209	4,011,284
Q. Paper and cardboard	1,289,587	925,112	5,646,048	4,306,626
R. Vehicles (including locomotives, ships, and aircraft)	660,551	269,013	2,556,519	1,454,461
S. Rubber manufactures	391,277	316,571	1,497,467	1,108,602
T. Miscellaneous articles, mainly or wholly manufactured	2,229,667	2,291,164	8,993,335	8,711,866
Total, Class III.	25,642,420	20,918,034	107,494,053	83,178,636
IV.—Animals, not for food	210,292	218,885	1,113,038	1,095,821
V.—Parcel Post, non-dutiable articles	675,809	907,756	2,956,454	2,630,720
Total	83,915,705	70,020,381	367,381,085	279,784,763

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended April 30.		Four months ended April 30.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	£ 329,376	£ 293,716	£ 1,540,079	£ 1,115,889
B. Feeding stuffs for animals	186,348	207,115	783,594	814,637
C. Meat	108,776	103,745	500,635	438,589
D. Animals, living, for food	13,156	18,826	47,993	70,809
E. & F. Other food and drink	2,199,684	1,738,942	9,850,845	7,821,057
G. Tobacco	774,963	533,738	3,230,268	2,139,298
Total, Class I.	3,612,303	2,896,082	15,953,412	12,400,279
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	3,698,737	2,897,578	16,450,899	11,422,847
B. Other non-metallic mining and quarry products and the like	157,662	105,572	646,437	359,163
C. Iron ore and scrap	42,214	29,504	241,280	149,775
D. Non-ferrous metalliferous ores and scrap	90,062	40,796	308,941	135,704
E. Wood and timber	23,667	21,716	94,542	81,205
F. Raw cotton and cotton waste	52,651	32,322	251,481	103,257
G. Wool, raw and waste, and woollen rags	470,624	283,436	2,011,277	990,601
H. Silk, raw, knubs and noils	1,803	870	6,522	3,203
I. Other textile materials	18,933	12,824	108,467	42,865
J. Oil seeds, nuts, oils, fats, resins, and gums	272,916	248,158	1,436,674	938,289
K. Hides and skins, undressed	138,445	77,862	673,289	346,586
L. Paper-making materials	80,973	56,144	427,606	240,986
M. Rubber	16,556	7,693	68,360	34,828
N. Miscellaneous raw materials and articles mainly unmanufactured	311,908	290,062	1,303,588	1,096,018
Total, Class II.	5,378,211	4,104,537	24,029,363	15,745,325
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	197,663	215,277	1,201,507	1,019,380
B. Earthenware, glass, abrasives, &c.	939,214	745,248	4,190,459	2,794,158
C. Iron and steel and manufactures thereof	4,224,352	2,813,711	19,613,468	10,831,816
D. Non-ferrous metals and manufactures thereof	1,059,953	553,995	4,808,412	2,592,056
E. Outfitter, hardware, implements, and instruments	621,934	432,082	2,595,116	1,749,313
F. Electrical goods and apparatus	935,449	673,983	4,204,071	2,967,913
G. Machinery	3,861,488	2,842,830	16,816,086	11,669,893
H. Manufactures of wood and timber	163,283	126,112	717,871	488,807
I. Cotton yarns and manufactures	7,543,679	4,530,231	37,828,771	19,754,593
J. Woollen and worsted yarns and manufactures	2,567,467	1,674,156	14,725,363	9,105,028
K. Silk and silk manufactures	134,645	79,178	575,557	365,952
L. Manufactures of other textile materials	1,459,343	1,031,993	7,398,572	4,499,755
M. Apparel	1,658,669	1,131,443	7,490,173	4,981,118
N. Chemicals, drugs, dyes, and colours	1,985,295	1,599,424	8,184,153	5,905,404
O. Oils, fats, and resins, manufactured	591,184	451,331	2,708,604	1,868,884
P. Leather and manufactures thereof	471,935	301,657	1,963,126	1,100,053
Q. Paper and cardboard	654,438	516,452	2,998,698	2,404,535
R. Vehicles (including locomotives, ships, and aircraft)	4,902,184	2,491,714	15,946,336	10,745,721
S. Rubber manufactures	242,625	208,100	977,415	7

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.							
GRAIN, &c.	s. d.	Irish bladders	s. d.	English Southdown, washed	d.	Best heavy ox and heifer	s. d.
Wheat, No. 2, N. Man. 496 lb.	28 0	American, boxes, 56 lb.	44 9	Best cow	12	Best cow	0 3
Eng. Gas. av. per cwt.	5 7	POTATOES—		Best calf	0 3	Best calf	0 0
Barley, Eng. Gas. av.	6 9	Good English, per cwt.	9 0	Queensland, scd. super cmbg.	22		0 7
Oats, "	6 5	SPICES—		N.S.W. greasy, super	12		0 0
Maize, La Plata, landed, 480 lb.	21 3	Pepper, per lb.	0 8	N.Z. gray, half-bred 50-56	10		0 0
Flour, Lon. stan. ex mill, s. d.		Mustard, fair White	0 8	Crossbred 40-44	6 1		0 0
280 lb.	22 3	Black Lampong	0 5				
Rice, No. 2 Burma, per cwt.	7 1	Cinnamon—lat sort, per lb.	0 8				
Sago, Pearl, per cwt.	16 6	Cloves—Zanzibar per lb.	0 10				
Tapiocha, per cwt.	17 6	Ginger—per cwt.	24 0				
E.I. flake, fair spot	20 0	African	0 0				
Medium pearl	20 0	Jamaica, ord. to good	45 0				
MEAT—		Mace	0 10				
Beef, per 8 lbs.		Nutmegs 65s	1 1				
English long sides	4 10	SUGAR—					
Argentine chilled hinds	3 10	(Duty, 11s. 8d. per cwt.)					
Mutton, per 8 lbs.	5 8	B.W.I., crystallised	18 6				
English wethers	5 8	Java, white, c. & f. India	7 10				
N.Z. frozen	2 10	Refined—London	19 4				
Pork, English, per 8 lbs.	5 0	Cubans	23 9				
BACON— OTHER FOODS.		Crushed	22 3				
Irish	86 0	Granulated	20 1				
Danish	76 0	Home Grown (April)	19 3				
Canadian	nom.	TEA—					
Dutch	56 0	Indian—per lb.					
HAMS—Irish	0 0	Broken Pekoe	0 5				
Canadian	0 0	Orange Pekoe	0 5				
American	72 0	Broken Orange	0 5				
BUTTER—		Ceylon—per lb.					
Irish creamery per cwt.	nom.	Pekoe	0 5				
Australian	103 0	Broken Pekoe	0 5				
New Zealand	105 0	Orange Pekoe	0 5				
Danish	118 0	Broken Orange	0 5				
CHIEFS—		TOBACCO—					
Canadian	72 0	(Duty 8/10-9/10 per lb.)					
New Zealand	51 0	Empire growths, 6/9					
English Cheddars	46 0	Virginia leaf					
Dutch	48 0	Common to fine	0 8				
COCOA—		Rhodesian leaf	0 7				
(Duty, British grown,		Nyasaland leaf	0 7				
11s. 8d.; foreign, 14s. cwt.)		strips	0 10				
Acacia, f.f., per cwt.	19 0	East Indian leaf	0 5				
Trinidad	40 0	strips	0 5				
Grenada	30 0	COTTON—					
COFFEE—		Mid-American	5 32				
(Duty, British grown,		Sakelaris, f.f.	8 25				
11s. 8d.; foreign, 14s. cwt.)		Yarns, 32's twist	15 1				
Santos, sup., c.f., cwt.	45 0	FLAX—					
Colombian, good	70 0	Livonian ZK	35 0				
Costa Rica, med. to good	82 0	Peruvian H.D.	32 0				
East Indian	90 0	Slavonia Medium 1st sort	41 0				
Kenya, medium	78 0	HEMP—					
EGGS—		Italian P.O.	31 0				
English	9 0	Manila, May-July "J2"	17 10				
Danish	8 6	N.Z. African, May-July	14 15				
FRUIT—		Mexican	nom.				
Oranges, South African box	0 0	JUTE—					
Oranges—		Native 1st mks. per ton	£16/10/0				
Denia and Valencia		Daisee 2/3 c.f. Dundee	£16/10/0				
1 cases 300	12 0	SILK—					
1 cases 400	7 0	Caution	6 0				
1 cases 420 No. 1	0 0	Tussah	3 6				
Malaga cases 420 No. 1	0 0	Japan	8 6				
Apples: Amer. (var.) bria.	0 0	Italian—Raw, fr. Milan	8 0				
(var.) boxes	10 0						
" Australian	9 0						
Onions—							
Valencia, case, 4s.	0 0						
Egyptian Bags	12 0						
Grapes, Lisbon boxes	0 0						
" Almeria boxes	0 0						

against 2s. 8d. to 3s. 4d. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,640 tons, as compared with 9,503 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.0 per cent. of the supplies, as against 84.3 per cent. a year ago; and imported mutton, mainly New Zealand, formed 86.6 per cent. of the total supply, as against 85.4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally have a steeper feeling, but business continues on narrow lines. Linseed is steady after business done in Plate on passage to Hull and May-June shipment at £8 10s. and September at £8 15s., current value being slightly above these figures. The quantity on passage to Europe has been further reduced to 165,300 tons, which is 38,300 tons less than last week, and compares with 137,300 tons a year ago. Little is passing in Indian linseed, values of which are above buyers' ideas. Calcutta to London, May-June, is quoted nominally £10 7s. 6d. Cottonseed is lower, but demand is small, current value of black Egyptian, May and June loadings to Hull, being £5 12s. 6d. and Bombay £4 12s. 6d. (paid). The demand for linseed oil does not expand. Raw oil on spot, ex Hull, is quoted £16 10s., and June-August delivery, £16 5s. Cotton oil is quiet and lower, with crude Egyptian, ex Hull, at £19 10s., and common edible, £22 5s. The demand for oilcakes has fallen away, and with good supplies on hand, prices have again been marked down.

HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were steady in price at the auctions held in Manchester this week, all ox and heifers selling at the previous week's figures. Warbled cows were 1d. per lb. cheaper on some weights, while an easier tendency was noticeable also in regard to calfskins. The market for sheepskins remains weak, with prices tending towards a lower basis. Although imported hides remain a poor sale on the whole, rather more interest is being taken in the position of affairs by tanners, and there is a feeling that some slight revival may take place in the near future. In the meantime, sales have been made to various quarters of South American wet-

salted hides, Argentine ox having changed hands on the basis of 5 1/4d., and seconds at 4 1/4d. Dry hides from this centre have ruled lower in price, sales of B.A. Americas having been made at 6 1/4d., and B.A. Inservibles at 3 1/4d. The market for Capes remains quiet, with drys quoted at 7d. and 6d. for first and seconds, and 5 1/4d. and 4 1/4d. for dry-salted, 20-30 lbs. Several sales of Australians have been made at recent quotations. Business in connection with sole leather has, if anything, been slightly less than that of the previous week, and, taking a general view of the position, the outlook does not seem promising. Consumers appear to be holding off in the hope of lower values, and this has resulted in an accumulation of the least wanted sorts. However, a fair turnover has been done in English and wet-salted bends in the light and medium weights, but for the heavier descriptions there has been very little call. Shoe-manufacturing requirements have also been of smaller dimensions, and while the inquiry for light weights is for the time being considered satisfactory, in view of the limited supplies available, there has been no increase in the consumption of the medium and heavy weights. Upper leathers sales are maintained at a fair level, particularly in regard to willow calf, and glacé kid in both black and brown.

RUBBER.—Considerable American buying has strengthened the market during the week. No striking advance in prices can be expected in the near future, but it is already evident that there will be a considerable reduction in output which may ultimately bring about an adjustment of supply to demand. Wednesday's official closing price for standard ribbed smoked sheet, at 2 1/2d. per lb. shows no change as compared with the corresponding day last week. Forward positions were firmer. Business has been done at 3 1/4d. for June, against 2 1/2d. to 3d. last week; at 3 1/4d. to 3 1/2d. for July-September, against 3 1/4d.; at 3 1/4d. to 3 1/2d. for October-December, against 3 1/4d. to 3 1/2d.; and at 3 1/4d. for January-March, 1932, against 3 1/4d. to 3 1/2d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,477 tons; delivered, 1,387 tons; stocks at the end of last week, at 139,528 tons, show an increase of 1,090 tons, as compared with the preceding week.

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WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

Vol. CXII.

SATURDAY, MAY 23, 1931.

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A. JOEL, Manager.

Correspondents to the Italian Treasury.

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THE MONEY MARKET.

CONDITIONS have been fairly comfortable this week. The clearing banks have continued to charge 2 per cent. for money, but funds have been readily obtainable at 1 1/2 per cent. in other quarters, while late Wednesday afternoon money was offering down to 1 1/2 per cent. The activity in the Stock Exchange in British Government securities has been intensified by the general fall in money rates, and this is continuing to employ a fair amount of short

money. A further reduction of $\frac{1}{4}$ per cent. has been made in New York acceptance rates, and suggestions have been heard of the possibility of a reduction in the rediscount rate of the Banque de France, designed to facilitate conversion operations. In these circumstances, the idea of a further reduction in the London Bank rate is already being very widely mooted, but this suggestion appears somewhat premature.

Three-months' bills were quoted in the money market at $2\frac{1}{4}$ per cent. immediately after the Bank rate reduction, but during this week the rate has eased to $2\frac{1}{8}$ per cent. or even lower. It is difficult to see how market rate can remain for long at so low a level, as brokers are having to pay 2 per cent. on their loans from the clearing banks, and so have little or no margin in hand. It is possible that, with money so cheap and plentiful in all centres, they are able to obtain a fair proportion of their needs from outside sources at the lower rates quoted in the previous paragraph, but such a state of affairs would be contrary to their usual experience, and so cannot be expected to persist. Treasury bill issues are also heavy at the moment, as preparations are being made for the War Loan dividend due on June 1st, and this provides another reason why market discount rates should not fall any further.

This week's Bank return reveals few significant changes. The note circulation has contracted by £1,586,000, and the Bank has added £1,202,000 to its gold stocks, which now stand at £150,173,000 in the issue department alone. The reserve, consequently, has risen by £2,788,000, but this increase has been off-set by a reduction of £3,732,000 in Government securities. There has been a transfer of funds from bankers' to public deposits, due, possibly, to a very common reason, namely, discrepancies between the dates of Treasury bill payments and maturities. As a result of this, public deposits have risen by £4,642,000 and bankers' deposits have fallen by £5,565,000. The last-named now stand at £56,634,000, a figure low enough to suggest that under normal conditions of activity the market would not be over-supplied with funds.

	Apr. 30, 1931.	May 7, 1931.	May 14, 1931.	May 21, 1931.	Previous Rate and Date Changed.
Bank Rate	$\frac{3}{4}$	$\frac{3}{4}$	$2\frac{1}{4}$	$2\frac{1}{8}$	$\frac{3}{4}$ (May 14, '31)
Bankers' Deposit Rate...	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 1, '30)
Discount (Call)	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$ (May 1, '30)
Houses (Notice)	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$	$1\frac{1}{4}$ (May 1, '30)
Market rate (3 months' bills)	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2-2\frac{1}{8}$	...

It is possible that the market has let discount rates fall away on the ground that once the War Loan dividend is released, money will be very plentiful. If so, it is advisable to suggest that a longer view be taken. Money probably will be plentiful early in June, but, as already pointed out, the Bank return does not indicate that there is a superfluity of funds to-day. Again, in little more than a month's time, the market will be faced with the turn of the half-year, when resort to the Bank will be necessary. Even when the Bank has been repaid, the holiday season will be beginning, and with it the normal expansion in the note circulation and depletion of market resources. It seems likely, therefore, that if any sustained demand for funds arises, either from the money market or the Stock Exchange, conditions of greater stringency may develop.

It is also still necessary to have regard to the international position. In these days of depression there is always the risk of untoward events, leading to sudden movements of funds. At the moment, the position seems fairly settled, and this week's improvement in sterling suggests that, when the Bank rate decision was taken, the position was judged correctly. Unfortunately, there is no reason for supposing that our balance of payments *vis-a-vis* other countries is any more favourable than it was last year, when we were experiencing heavy and continuous gold losses. This means that the strength of sterling still rests largely upon London's power to attract and return foreign

short money. So far as New York is concerned, there is no ground for anxiety, for while there is no evidence that recent developments have brought fresh American money to London, no counter-movement has developed, and the decision of the New York banks to reduce their rates upon foreign time deposits should prevent any loss of money by London to New York.

On the other hand, the French position must still be watched. The premium upon forward francs is still equivalent to a margin in favour of Paris of 1 per cent. per annum, and, as before, this means that danger would arise if London discount rates fell below 2 per cent. Thus, not only is it against bill-brokers' interests to let market rate fall away any further, but it would also be inadvisable from the point of view of the stability of sterling. These arguments are also relevant in respect of any suggestions of another Bank rate reduction, unless, of course, the whole position in Paris is about to change. The market can be trusted to be aware of all these considerations, and for these reasons it looks as if the present level of discount rates will be maintained.

A further reduction of $\frac{1}{4}$ per cent. was announced on Tuesday in New York Reserve Bank's buying rate for bankers' acceptances, and the rate is now 1 per cent. for maturities up to 90 days. Dealers made a corresponding reduction in their rates, which now stand at $\frac{1}{4}$ per cent. for all bills up to 90 days' maturity. These reductions, following those announced in previous weeks, are understood to have as their object the checking of gold influx and the stimulation of the bond and commodity markets, and in view of the first object, it is significant that this week the New York banks have lowered their rate on foreign time deposits from 2 to $1\frac{1}{2}$ per cent., thereby bringing it into line with the domestic rate. The reductions have so far only affected Government and other first-class bonds, which have been very firm; but little fresh interest is taken in inferior bonds, while the commodity markets have so far failed to respond. The April foreign trade figures are disappointing. Exports were only \$217 millions, against \$237 millions in March, and imports \$187 millions, against \$211 millions in March. Several authorities are urging the need of downward industrial wage readjustments before business can revive, but this policy is meeting with resistance.

The Foreign Exchange market was moderately active, with sterling gaining ground against the principal currencies. New York rose from 4.86 $\frac{1}{2}$ to 4.86 $\frac{7}{8}$, after touching 4.86 $\frac{1}{8}$. Montreal lost $\frac{1}{4}$ at 4.86 $\frac{1}{2}$, while sterling improved against the franc by seven points to 124.36. Brussels, after touching 34.96 $\frac{1}{2}$, lost $\frac{1}{4}$ on balance at 34.95 $\frac{1}{2}$. Milan was weaker and lost three points at 92.92. Madrid was rather steadier, and remained unchanged on balance at 48.30 after touching 49.00. Amsterdam was steady, but the rate rose slightly at the close to 12.10 $\frac{1}{2}$. Berlin was a point worse at 20.42 $\frac{1}{2}$, but Switzerland improved from 25.23 $\frac{1}{2}$ to 25.22 $\frac{1}{2}$. Of the Scandinavian currencies Stockholm was $\frac{1}{4}$ worse at 18.14 $\frac{1}{2}$. Oslo lost $\frac{1}{4}$ at 18.16 $\frac{1}{2}$, and Copenhagen was unchanged at 18.16 $\frac{1}{2}$. The South American exchanges were variable, Rio gaining $\frac{1}{4}$ d. at 3 $\frac{1}{2}$ d., while Buenos Aires lost $\frac{1}{4}$ d. at 34 $\frac{1}{2}$ d., and Montevideo $\frac{1}{4}$ d. at 29 $\frac{1}{2}$ d. In the Far East the rupee was firm at 1s. 5 $\frac{1}{2}$ d., and the yen at 2s. 0 $\frac{1}{2}$ d. Batavia lost a point at 12.12. In the forward market dollars were firmer at $\frac{1}{2}$ cent and $\frac{1}{2}$ cent. premium, an improvement of $\frac{1}{2}$ cent in each case. Paris advanced from 11 and 30 centimes premium to 13 and 32 centimes premium for the two periods. Brussels was quoted at 3 and 6 $\frac{1}{2}$ centimes premium against 2 and 5 $\frac{1}{2}$ last week. Milan was unchanged. Madrid was more wanted at higher premiums of 3 and 17 centimos; Amsterdam was also better at $\frac{1}{2}$ cent and 1 $\frac{1}{4}$ cents premium. Berlin changed slightly from 1 and 2 $\frac{1}{2}$ pfennigs to 1 $\frac{1}{2}$ and 2 $\frac{1}{2}$ pfennigs discount. Switzerland was 1 $\frac{1}{2}$ and 4 centimes premium. The silver market was weak and dull, prices falling by $\frac{1}{4}$ d. for both cash and forward to 12 $\frac{1}{2}$ d. and 12 $\frac{3}{4}$ d. respectively. The China silver exchanges fell in sympathy, Hong Kong from 1s. to 11 $\frac{1}{2}$ d., and Shanghai from 1s. 3 $\frac{1}{2}$ d. to 1s. 2 $\frac{1}{2}$ d.

EUROPE'S TARIFF PROBLEM.

CONSIDERING the difficult circumstances, Mr Henderson may be accounted to have done the right thing at Geneva, and deserves congratulation upon the adoption of his proposal that the legal aspect of the projected Austro-German Customs union should be referred to the World Court for an opinion. For this step, taken by the League Council on his initiative, at least provides a breathing space, during which the present heated atmosphere of European politics may cool down. Such a respite was badly needed; for the animosities aroused by the Austro-German proposal had been exacerbated, on the eve of the Council meeting, by the defeat of M. Briand in the contest for the French Presidency, and the air was full of wild talk about a possible withdrawal from the League by Germany (Austria). The origin of such talk lay more in emotion than in logic; for it is difficult to suppose that, in view of the assistance rendered to her by the League, Austria would voluntarily resign membership, while it is also plain that Germany could not use her influence to draw Austria out of the League without thereby precipitating a peace crisis of the first order. Nevertheless, with peace running high and an *impasse* reached, the only way was to play for time, and Mr Henderson played it fully.

At the World Court will say, or whether its verdict resolve the *impasse*, is a very different question, for the problem with which it is faced is one of extreme complexity. To France, anything that can by the wildest flights of fancy be interpreted as an approach towards the Anschluss is abhorrent and illegal. On the other hand, Austria, on the grounds of sheer necessity, and Germany, as a matter of national pride, demand the right to act for themselves in the sphere of commercial policy. Moreover, the belief held by these two countries, that in the circumstances of the post-war situation it was natural and reasonable for them to draw together within the limits of the Peace Treaties, is one that has been shared by many outside observers, including the *Economist*. Inevitable and comparatively easy development in this direction comprised mutual facilities for migration, co-ordinated railway services, interchangeability of degrees and qualifications, common membership of cartels and closer inter-company relations. It was only when the question of tariff relations came to the front, as was inevitable sooner or later, that Germany and Austria were faced with a real dilemma. For both were committed to upholding the political and economic independence of Austria, and both were also obliged by the Peace Treaties, as well as by some of the commercial treaties, not to grant to each other any trade preferences which might involve a breach of the most-favoured-nation clause.

The formidable nature of this dilemma will be appreciated if we consider for a moment what are the essential differences between a Customs union and a preferential arrangement. A Customs union represents an agreement between two or more countries to trade with each other without any tariffs on their mutual trade and to establish a common tariff against the rest of the world. Such countries, in fact, transform themselves into a single economic unit. On the other hand, where two or more countries agree to reduce or even remove the duties on their mutual trade, but at the same time retain their own separate and varying tariffs against the rest of the world, it is not, in fact, a Customs union that results, but a preferential arrangement. An essential point is that where a Customs union exists there can only be one set of negotiations with third parties, whereas, in the case of a preferential arrangement, the nations participating in the arrangement will negotiate separately with all outside countries on the basis of their own separate tariffs. Clearly no country could demand free entry for its goods into the territory represented by a full Customs union, unless it was prepared to accept and adopt the tariff level in force for the union. Suppose that a full Customs union were formed between Germany and Austria—and that is without

doubt the final objective of the present proposals, to be achieved by several steps. In that case other countries would be obliged to negotiate their commercial treaties afresh with the new union, or, alternatively, to demand, in relation to the whole of the new union, the continuance of those treaties which are most favourable to themselves. For instance, if Britain regarded her treaty with Austria as more favourable than her treaty with Germany, she might properly demand that the Anglo-Austrian terms should apply to the whole of the new union. More than that could not be asked. On the other hand, if a preference arrangement only is made, the most-favoured-nation clause treaties give other countries the right to demand to share the concessions which the two countries are offering each other. Not only Great Britain but even countries whose tariff walls are high have frequently insisted on the right to come in on the ground floor when mutual tariff reductions between several of them have been contemplated under preferential arrangements. This insistence that reductions must apply all round, however high the opposing tariffs may be, has hitherto blocked any developments of this kind.

To return to the particular case now to be submitted to the World Court, the problem is further complicated by the fact that neither Germany nor Austria is a free agent. In the Treaty of Versailles Germany undertook both to give the Allied and Associated Powers most-favoured-nation treatment and to respect the independence of Austria, who also agreed to similar terms in 1919. Again in the protocol to the reconstruction scheme of 1922, Austria undertook to refrain from any negotiations or engagements which threatened to compromise her independence. So dilemma was reached. On the one hand, if the new Austro-German union was to avoid opening the door to the goods of all countries (through the operation of the most-favoured-nation clause) a complete Customs union was necessary. On the other hand, both countries are pledged to maintain independence. The new proposal seeks to solve the difficulty by the clumsy device of practically simultaneous legislation in the Parliaments of Berlin and Vienna on tariff matters, and though each country reserves the right to make separate treaties of commerce, "joint negotiations may be undertaken" subject to separate ratification by the two Parliaments.

It is evident from these considerations that a decision by the Court, whether of aye or no, will be difficult to reach, and will, whatever its nature, cause embarrassment. A decision in favour of Germany and Austria would have the following results:—It would be interpreted in France to mean that these countries can drive a coach-and-four through the provisions of the Peace Treaties, and would exacerbate Franco-German relations. It would mean that a union had been formed in Central Europe which it is practically impossible for any other country to join, and whose barriers, based on the recently-raised German tariff, would be difficult of penetration. It would mean that this limited union would be countered by rival unions bent on tariff war. If, on the other hand, the verdict goes against Germany and Austria, German public opinion will be gravely embittered, and the necessity will probably arise for fresh international action to save Austria from collapse.

Thus the World Court is faced with a most unenviable task. But reference to the Court was, as we have seen, the only method of evading immediate crisis and of providing Europe with one more opportunity for carrying out the recommendations of the World Economic Conference for freeing trade from the trammels which beset it. The breathing space must be used for hard thinking with regard to methods of approach to freer trade, other than that of the Customs union, which is not yet practical politics for any substantial number of countries. Interests are so conflicting that agreement as to a common tariff could not possibly be reached except on the basis of a low level of protection, and that can only be attained by stages. The scheme also premises a degree of surrender

of independent economic action, for which the countries are not yet ripe. France has propounded a series of alternative proposals, but in them lies little practical hope. Recent experience does not support the belief that such expedients as international allocation of markets, international cartels or even financial assistance can go to the root of the matter; nor is the problem solved by the offer of France to do more trade with Germany. What is wanted is not a bilateral deal between France and Germany, which would merely divert trade, but a general movement to lessen the impediments to international trade.

Where, then, is the road to salvation? The ideal, as emphasised by Mr Henderson for the hundredth time at Geneva this week, is a general agreement to lower tariff barriers. But experience in the last five years has shown this course overwhelmingly difficult of accomplishment. The supreme obstacle which has thwarted progress along the lines recommended by the World Economic Conference is the reluctance of nations to reduce their tariff all round without assurance that all countries, who will be thereby benefited, will reciprocate with fair treatment. For instance, some nations who are willing to join in a European movement for lower tariffs are definitely unwilling to reduce their duties on American imports so long as the United States maintains high barriers against their exports. Is there a way out? In our view there is. Hitherto the rigid enforcement of the most-favoured-nation clause, of which, admittedly, Britain has been one of the protagonists, has stood in the way. But in recent years a new conception of equity in international tariff relations has gained ground, and the rigid interpretation now in force no longer satisfies either justice or expediency. It is, of course, generally admitted that any return to chaotic tariff discrimination would be disastrous, and to prevent this it is necessary to establish and maintain the conception that, when a country reduces its duties on another country's goods, other nations should, on reasonable terms, have the opportunity of receiving similar benefits. It has, therefore, been suggested that countries should be free to make reductions in tariffs, the benefit of which would not necessarily be applicable to the whole world, but only to those countries whose tariffs conform to some standard of reasonableness. Various treaties have already been drafted with this object in view. If they come to fruition, they will provide inducements to other nations to conform to the tariff standard set up, and thereby the road to saner trade relations would at last be opened up. It is not feasible here to elaborate the possibilities that the initiation of a system of such agreements would open up for Europe. But it is our considered view that it is by such procedure, and by such procedure alone, that any early or substantial breach can be made in the tariff walls which are damming up the flow of international commerce.

POLICY AND ECONOMY.

PARLIAMENT, with a nonchalant shrug of the shoulders, has accepted Mr Snowden's makeshift Budget and has reserved all the fire of its criticism for the land tax proposals, the passage of which will not in any case affect the national revenue for two years. Mr Snowden has postponed the day of reckoning; but the taxpayer is living in *Paschal's* paradise if he forgets that it is a mere postponement, and that unless the Government undertakes major measures of retrenchment that day of reckoning will come next year as surely as sunset follows dawn. A few salient figures relating to the Budget prospects for 1932-33 suffice to support this assertion up to the hilt. Suppose, for the sake of argument, that expenditure for next year will stand at the present figure, which means that the Chancellor will successfully resist all influences working for new expenditure. Even then the Chancellor will be faced by a formidable deficit. It is certain that there will be a declining revenue from income tax and sur-tax levied upon declining profits and incomes. The Chancellor will also have to face the loss of £37 millions which he obtains

this year from raiding the Dollar Reserve Account (£23 millions), anticipating half of the second instalment of income tax (£10 millions), and taking the last remaining £4 millions from the De-rating Suspense Account. The upshot of the matter is that the Treasury may well be faced next year, if expenditure remains at its present level, with a prospective deficit of from £40 millions to £45 millions.

If such a situation arises, what will it mean? For the current year Mr Snowden budgets for tax revenue (if we include the whole of the receipts from the motor duties) of £721 millions, which, if the national income be computed at £3,750 millions, represents a ratio of tax to income of 19 per cent. This figure compares with 17.6 per cent. in 1930-31 and 15.4 per cent. in 1929-30. With trade depression in full force and the price level falling, the national income is declining, and, *ipso facto*, the tax burden increases in intensity, even without any additions to taxation. Without any new taxation at all, the tax burden bids fair to exceed 20 per cent. of the national income in the financial year 1932-33.

Such simple calculations as these should bring home to the country the vital necessity for Economy with a big and it is indeed becoming the fashion for the taxpayer the manner of a drowning man clutching at a straw, assume lightly that economy on a large scale is a simple matter which any Government can put into practice moment, if it cares to look the issue in the face. an assumption is as dangerous as it is erroneous; for results will not be obtained unless public opinion is the hard and unavoidable truth that retrenchment is substantial enough to give the taxpayer tangible relief inevitably involve important changes in policy, most which would be extremely distasteful to some sections of the community. Cheeseparing here and there will not take us far. If our estimate of a prospective deficit of £40 to £45 millions for next year be accepted as being within range of probability, then the extent of the reduction in public expenditure which is necessary, if sufficient tax relief is to be given to provide a psychological stimulus to industry and trade, is in the neighbourhood of £100 millions.

Can our Budget expenditure be cut by £100 millions? And if so, how? All who talk glibly about economy as a means to lightening taxation would do well to take a pencil and a piece of paper and attempt a solution for themselves. The sort of thing that they will find is this. Even if the whole of the 5 per cent. War Loan is converted to a 4 per cent. basis the maximum saving is £20 millions—and we still have £80 millions to find. The Defence Services are the next target. They are costing to-day £110 millions per annum. If the existing strength of the Army, Navy and Air Force is maintained, does anyone suppose that the Economy Committee could indicate savings of more than £5 millions through the elimination of waste and extravagance? If we are to get anywhere near our total savings of £100 millions, the Defence Forces must make a substantial contribution, which can only come through a deliberate reduction of strength of the forces. A cut of 20 per cent. in the Defence estimates would still leave the total at £88 millions—just £11 millions higher than the pre-war figure, when prices were not substantially different to those of to-day, and when the European nations were engaged in the maelstrom of armament competition. The fact must be faced that since the post-war figure the Defence Services includes £17 millions for pensions etc., a 20 per cent. cut in the aggregate cost (unlike pensions, etc., were reduced) would involve a cut of less than 24 per cent. in effective expenditure on military naval and air establishments and preparations. It would mean scrapping more warships, disbanding regiments and curtailing stocks of war materials. Can this be done with due regard to our national safety? Probably not, unless we can secure substantial reductions in the standard of defence expenditure by international agreement. But there lies the dilemma. We cannot have guns and men unless we pay for them, and if we are paying as much for them as in the past we cannot have economy and lighter taxes.

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There remains one flourishing and expanding tree to which the economist may lay his axe. It is, of course, the Civil Services, whose total is £318 millions. This total is made up as follows:—

	£ millions.
Pensions	99.2
Education	55.9
Health	22.3
Unemployment	44.9
Miscellaneous	99.5

The closer the study devoted to these various items, the more certain it becomes that unless Parliament is called upon to alter existing legislation, the Economy Committee cannot point to any very large savings. Let us suppose, however, that it can indicate ways in which the miscellaneous item may be reduced by 10 per cent., or £9 millions. This leaves us still with £49 millions to find, even after disarming to an extent which can only be achieved if the international situation undergoes a radical change for the better. Where are the remaining £49 millions to come from? The charge for education has risen by £10 millions in seven years, and clearly we cannot afford that the increase should continue. But it is difficult to see how more than £5 millions can be saved on this vote unless retrograde and unwise steps were taken. Unemployment charges—the favourite target of all—amount to £55 millions, including the general costs of the Ministry of Labour, and of this £30 millions are accounted for by "transitional" benefit, which at present falls entirely on the Exchequer. Unless trade recovers, or a drastic cut in unemployment benefit rates is made, it is hardly practicable to suppose that more than £10 millions could be saved under this heading. Now we have come to the end of our targets and are still short by no less than £34 millions of the desired goal. There is only one way in which that goal can be achieved, and that is by going back upon Parliament's contractual commitments to many beneficiaries, such as pensioners and employees of all kinds. There will be a real ground for reconsidering these contractual obligations without involving injustice if and when it can be shown that the rise in the value of the British £—as measured not, of course, by wholesale prices, but by the cost of living—has sensibly increased as compared with its value when the obligations were entered into. If the fall of prices could be arrested and the level restored to that of two or three years ago, the problem would not arise, for the tax revenue would expand and the burden of unemployment fall as the result of such a movement. But if we can neither restore the price level nor scale down contractual obligations in step with falling prices, we must abandon hope of any early easement of taxation. We do not, therefore, suggest that all the measures necessary to reduce expenditure by £100 millions, which we have indicated in this article, are within the immediate sphere of practical politics. But we have indicated them in order to reveal the size of the problem and in

the hope that the Economy Committee will not be afraid to propose savings on a really adequate scale, even though such savings involve not merely administrative tinkering, but definite departures from existing policy and statute. If such recommendations are contained in their report, it will at least open the eyes of the country to the magnitude of the changes needed if public retrenchment is to become an effective reality.

THE PLIGHT OF THE IRON AND STEEL TRADE.

THE statement of the Executive Council of the Iron and Steel Trades Confederation on the situation of the industry is a weighty and important document, and, in spite of occasional lapses into vague generalities and the impracticable nature of some of its proposals, the source from which it comes, as well as the line of its argument, entitles it to very serious consideration. The trade unions in the iron and steel trade are among the sanest in the country. Though the industry has been interrupted time and again by trade disputes in associated industries—coal, transport, the electrical trade and building—the iron and steel trade unions proper are proud of the fact that they have a long record of freedom from strikes or lock-outs. The sliding-scale system in the industry, which makes wages vary with prices and with output, has enabled the industry in part to adjust its conditions quickly to market changes, has directly associated the workers with the prosperity of their firm or their trade, and has oiled the wheels of wages negotiation. Conscious of the fact that they are, in the main, an export trade and must meet world conditions, the workers have been less obstructive than in many other industries to technical improvements. The men, also, are proud of their trade, and, in the report before us, go out of their way to rebut the charge that the industry is backward and behind the times. As regards technique and equipment, they endorse the opinion of the delegation, which they themselves sent to the Continent last year, that "the modernity and equipment of certain units of plant was equal to, and, in some cases, superior to the iron and steel plants which had been seen on the Continent." This is perhaps a rather half-hearted conclusion, for what we should like to hear is that the average condition of plant in this country is equal to, or better, than the average on the Continent. The statement, however, is evidence of the feeling almost of resentment which the unions harbour against criticisms of those who know little of the industry. If the spirit that obtains between employers and employed in the iron and steel trade had prevailed generally throughout the country, we should have avoided many of the difficulties which now beset us, and should have had much less leeway to make up in our competition for world trade. The report makes it clear that the iron and steel trades feel that they have little for which to thank the rest of the country. They have time

and again protested against their industry being held up by the quarrels of unions organised on a craft basis, of whose members only a few are incidentally employed in the iron and steel industry, and have even made efforts to bring everyone who works in the iron and steel works into the iron and steel trade unions. In the present report they drive home the complaint of the unsheltered against the sheltered trades, and, after contrasting the small increase in their own earnings with the much higher increase in the cost of living, in the increase of transport charges and of other commodities used by the trade, they observe that "for the past ten years it may be said that the industry, as regards the heavy sections in particular, has suffered exploitation by other trades and sections of the community." This, then, is not the report of a body of men who are either Bolsheviks or doctrinaire Socialists, but of a body of responsible trade unionists who are facing the stark realities of their situation.

What is the burden of their story? The figures show conclusively that, though British iron and steel prices have been kept down to a level substantially below the general price level, we have not been retaining our share of the world's production of iron and steel. In part this is due to the war, but in the main, so the thesis runs, it is due to the lack of national organisation in the industry. The Executive Council will not admit the common assumption that high wages in this country are the root of the trouble. They do not disguise the competitive effect of unorganised labour in such countries as Belgium, France and Poland, but they aptly point out that the test of labour conditions upon price is not the rate of wages, but the labour costs per unit of production under comparable conditions of efficiency; and they add significantly that "up to the present no comparative figures under that head have been produced." They might have added that, as was shown in an article which we printed a fortnight ago, the margin between Belgian and English wage rates to-day is no greater than it was before the war. In view, however, of the great recovery of the iron and steel industry of Germany, which has been made in recent years, their conclusion as regards that country is significant. "In any case," they say, "so far as Germany is concerned, we venture to assert that when the British iron and steel industry has been placed in an equal degree of efficient organisation and control, it need have no fear of Germany as a competitor in a fair field and no favour."

In this criticism of the organisation of the iron and steel industry, the unions are, indeed, on very strong ground. Effort after effort has been made from within the industry and from without, by Conservative and Labour Governments, by financiers and others to bring about reorganisation, but so far without avail. Certain firms, it is true, particularly in recent years, have amalgamated, but there is no nation-wide organisation of the industry either for buying and selling or for distributing orders among the works. The present memorandum points out that, even in the tinplate trade, where organisation for marketing and for negotiation with other countries is farther advanced than in other sections of the trade, "we have the spectacle of additional mills being erected while the trade was operating 20 per cent. below its productive capacity, and in other respects a minority of producers threatening the whole stability of the trade by a refusal to co-operate with their fellow producers for the common interest."

In view of these criticisms the trade unions are by no means at one with the employers in advocating the remedy of a protective tariff. They do, indeed, in certain circumstances, ask that the home market should be safeguarded; but their conclusion in this matter is very qualified, for they emphatically declare that to grant protection without doing anything else would be a very dangerous policy.

"If, therefore, the attitude of British iron and steel manufacturers is that all that is necessary to remove the difficulties of the industry is to impose protective tariffs, we cannot subscribe to that view. Such a short-cut method of solving a complicated problem has the appearance of a gambler's throw and one which would, in our judgment, make the industry the by-play of political factions and intrigue and provide a shelter for inefficiency and incompetence to the ultimate detriment of the more progressive elements."

This is in sharp contrast to the view put forward by many iron and steel employers, a typical example of which

is contained in the letter of Sir Peter Rylands, which will be found on a later page. Sir Peter Rylands makes a series of assertions with regard to the beneficial effects of protection which are contrary to all experience and to the trend of events in this country. But the most amazing of them all is that "all inefficient plants, unless engaged in specialised production, will be eliminated by competition." We have had the keenest possible competition for ten years, but neither by rationalisation nor by bankruptcy have we succeeded in eliminating the inefficient. Neither the experience of sheltered trades in this country nor any argument that Sir Peter Rylands has brought forward convinces us that, when the pressure of competition is relaxed and some degree of shelter given, the inefficient plants will tend to disappear. In this matter we are more disposed to accept the view of the trade unions indicated above than that of Sir Peter Rylands. Moreover, our readers will remember that, in the case of the Swedish iron and steel industry, protection was refused precisely on the ground that if it were granted there was no assurance that rationalisation would take place, seeing that the pressure of competition would be relaxed. The industry was, therefore, left unprotected, and, in fact, has put its house in order, with the result that it no longer needs protection.

The Executive Council, however, consider that, provided there were some national reorganisation of the trade, the central authority for the industry should have some power to assure the home market for the home industry, or, at all events, should ensure "fair competitive arrangements" with due regard to the interests both of the producers, including labour, and the consumers. Indeed, they do not ask for a tariff at all, but rather that the proposed Board should have the right to restrict or prohibit imports if competitive conditions required. They consider, however, that, in view of the authority which any central organisation of the industry should possess, it would obtain the results it requires rather by international agreement than in any other way. Indeed, the Council are careful to say that, on the general principles to be applied in the economic relation between countries, they support strongly those laid down by the World Economic Conference of 1927, and urge renewed efforts to secure the implementing of those principles by the various countries of the world "as being an international policy designed to promote the common welfare of the people and the peace of the world."

The conclusion of the whole matter is that there must be conscious planning and organisation of the industry. The unions are tired of waiting for private enterprise to do this, which conflicting interests appear to make impossible, and they therefore call upon Parliament to give the Government legislative authority to bring the industry under the control of a public-utility corporation and secure the mobilisation of the best organising ability, technical knowledge and experience for the effective organisation of the industry on the following lines:—

(a) The application of a national scheme of planning of the industry in all its main branches in well-defined regions of organisation with Managerial Boards responsible for the operation of the industry in their respective regions.

(b) A Central Board for the general supervision of the regional organisations, but allowing such local autonomy as will secure the fullest degree of initiative to produce the best results consistent with a sound national policy.

(c) Among other things, the Central Board would arrange for an adequate supply and distribution of ores and other raw materials, the co-ordination of research work, the distribution of orders and the marketing of the finished products.

(d) The Central Board would act for the industry as a whole in formulating agreements with other countries in regard to inter-trading relations, and would have authority to regulate, restrict or prohibit imports if the nature of the competition and other circumstances justified that course, and to fix prices of iron and steel in the home market, with due regard to the necessity of stimulating the activities of important using trades.

(e) Regional Joint Conciliation Boards to be set up to deal with Wages and Conditions of Labour that are local in character and a National Joint Conciliation Board to deal with those of a national character.

Now it is easy to criticise this scheme. It is only adumbrated in general terms, though in a matter of this kind details are all-important. It is also obvious that the iron and steel industry differs radically from a public-utility service of the ordinary kind, and that, in view of the great variety of products which it comprises, the fluctuations of

the market and the many decisions which those in charge must take on their own responsibility every hour of the day, a bureaucratically run industry would head straight for disaster. But if the statement is carefully read, it will be seen that this is not really what the unions have in mind. They speak of a public utility concern controlling the industry, and though, later on they speak of a Managerial Board running it and of the Central Board arranging for the sale of its products, it appears that they are thinking of building up from the existing organisation of the industry. Indeed, in a previous resolution, in which they had urged the necessity for a national scheme of organisation, they remark that "we hold no brief for any particular form of machinery." The whole tone of the report, in fact, is to suggest that since the efforts made from within the industry itself have failed, since Government persuasion has been of no avail, and since even the efforts of the Bank of England and of other financial authorities have been unsuccessful, the Government should step in and compel the trade to organise itself on a national basis. State intervention in so highly competitive a trade as this may well do an infinite amount of mischief; on the other hand, experience abroad has shown that it is not impossible for the Government to bring about the reorganisation of an industry. For those who hold Government intervention in any form to be the worst of all evils, the moral of this report is plain; and it is that, while there is yet time, the industry itself should reorganise so as to obtain the maximum economies in production by distributing orders, to act as a unit in the export trade, and to be able to bargain with other producing countries for its share in international trade.

THE DIRECTION OF OVERSEAS TRADE.

SINCE the March trade returns showed declines in our imports, exports and re-exports from £284 millions, £164 millions and £24 millions respectively in the first quarter of 1930 to £210 millions, £103 millions and £17 millions respectively in the first quarter of this year, it was hardly to be expected that our trade with any country would show an increase. However, an analysis of the first quarter's trade, published with the April trade returns, does in fact reveal a few small increases: a substantial growth in our imports from Russia, a smaller increase in those from Hungary, and a very small rise in our exports to Russia, Norway, Turkey-in-Asia and Colombia. The table below shows our trade with European countries:—

TRADE WITH EUROPEAN COUNTRIES.
January to March.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Russia	6,634	3,166	4,812	6,434	2,610	729	1,127	1,425
Finland	...	1,821	2,152	1,744	...	763	475	352
Estonia	...	253	464	265	...	67	73	53
Latvia	...	903	1,475	558	...	196	194	166
Lithuania	2,378	4,500	5,096	3,448	1,780	2,107	2,692	1,744
Norway	1,909	3,474	3,704	2,626	1,455	1,804	2,017	2,318
Denmark*	5,490	12,043	13,188	10,928	1,543	2,311	2,671	2,251
Poland	...	1,039	1,679	1,659	...	948	722	454
Germany	19,427	14,306	16,166	13,956	9,236	9,207	7,492	4,670
Netherlands*	6,783	14,786	13,762	11,052	5,744	7,773	7,254	4,346
Belgium*	6,089	10,408	11,316	7,565	3,638	5,136	4,982	2,868
France*	12,936	15,415	14,800	11,029	8,538	9,227	10,013	7,392
Switzerland	2,861	3,371	2,896	2,727	1,049	1,707	1,628	1,060
Portugal*	852	1,077	1,276	860	1,611	2,040	2,098	1,506
Spain	4,133	5,773	5,747	4,376	3,013	3,504	3,180	1,834
Italy*	2,289	4,185	4,076	3,411	3,893	4,250	4,122	2,431
Austria	2,036	111	869	255	1,278	650	707	159
Hungary	...	1,335	1,390	1,255	...	559	501	346
Czechoslovakia	...	427	279	269	...	562	1,274	1,091
Greece and Crete	327	338	1,019	722	313	620	711	372
Roumania	330	203	147	104	308	488	482	372
Turkey-in-Europe	...	...	...	...	...	...	...	...
Other European countries	14	433	575	537	53	944	693	544
Total	74,719	99,920	107,107	86,449	46,624	56,590	55,144	37,898

* Including dependencies.

Apart from the increases already mentioned, there was a fairly general decline in both imports from and exports to all the countries in the table, but it is worthy of note that whereas total imports and exports showed declines of approximately 26 and 37 per cent. respectively as compared with the corresponding period of the preceding

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year, imports and exports from European countries and their dependencies declined by only 19 and 81 per cent. respectively. Trade with foreign countries outside Europe showed the most severe decline, as the following table shows:—

TRADE WITH FOREIGN COUNTRIES OUTSIDE EUROPE.
January to March.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Turkey-in-Asia	£ 989	£ 336	£ 278	£ 182	£ 1,269	£ 143	£ 83	£ 96
Egypt	8,579	7,491	5,018	2,699	2,324	3,507	3,140	1,800
Iraq	...	474	248	203	...	582	505	323
Persia	140	2,166	2,357	1,554	183	593	721	332
China	1,167	3,379	2,780	1,836	3,246	4,115	2,803	2,267
Japan	1,156	2,324	2,461	1,808	3,204	3,166	2,689	1,314
United States*	39,704	57,843	48,045	28,627	7,728	11,145	9,363	4,639
Cuba	449	1,111	817	362	549	582	479	221
Mexico	655	730	716	574	644	532	641	311
Colombia	209	550	269	242	443	910	352	415
Peru	663	1,219	839	424	354	490	429	178
Chile	1,107	1,934	2,198	1,200	1,612	1,876	1,712	723
Brazil	3,806	1,299	3,918	1,222	3,348	4,038	2,313	1,244
Uruguay	858	1,792	2,246	1,632	712	835	992	755
Argentina	10,845	21,098	16,393	13,761	5,232	7,417	6,913	4,961
Other foreign countries (non-European)	1,570	4,123	4,228	3,811	1,505	2,824	2,593	1,420
Total	71,877	107,899	92,872	60,137	32,368	42,915	35,728	21,004

* Including dependencies.

Imports from the countries of this group were 35 per cent. lower and exports to them 41 per cent. lower than in the first quarter of 1930. The most conspicuous drops here are those of 40 per cent. in our imports from the United States and over 50 per cent. in our exports to that country. Trade with Egypt, Japan, Cuba, Peru, Chile and Brazil also fell off severely, in some instances by more than 50 per cent. In no case was there an increase in imports, but Turkey-in-Asia and Colombia took slightly more of our exports.

The next table shows our trade with the rest of the Empire:—

TRADE WITH BRITISH COUNTRIES.
January to March.
(000's omitted.)

	Imports from				British Exports to			
	1913.	1929.	1930.	1931.	1913.	1929.	1930.	1931.
Irish Free State	£ ...	£ 9,504	£ 9,742	£ 8,652	£ ...	£ 8,013	£ 8,569	£ 7,110
West Africa	1,222	4,350	2,945	1,899	1,446	3,220	3,025	1,641
South Africa	3,982	7,770	6,615	5,563	5,614	8,093	7,434	5,783
India and Ceylon	13,827	19,983	17,068	12,522	18,287	23,429	20,324	10,061
Strait Settlements	4,514	3,360	2,877	1,820	1,412	3,187	2,282	1,271
Australia	11,469	15,927	13,565	12,233	9,239	12,488	11,418	3,946
New Zealand	7,018	16,538	14,283	10,497	2,781	5,161	5,246	3,152
Canada	4,682	10,983	9,086	6,160	5,878	9,311	6,155	4,048
West Indies	375	1,181	983	974	420	1,026	1,105	1,080
Other possessions	2,550	8,560	6,241	4,944	3,300	7,754	7,702	6,353
Total	49,639	99,156	83,505	63,224	48,317	81,662	73,260	44,445

The decline here was greater than in our trade with Europe, but less than in that with other foreign countries, imports being down 24 per cent. and exports 39 per cent. Trade with the Irish Free State and the West Indies suffered least; imports from Australia showed a relatively small decline, but exports to that Dominion, as was only to be expected, were cut down by nearly two-thirds. Exports to India reached only one-half of the previous

year's level, and trade in both directions with Canada, South Africa and New Zealand was very much reduced. The remaining table shows re-exports to the principal countries over a number of years:—

RE-EXPORTS.
January to March.
(000's omitted.)

	1913.	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	£	£	£	£	£	£	£	£
Russia.....	2,490	3,097	2,293	2,455	357	439	827	473
Sweden	334	372	370	219	322	249	219	169
Denmark	121	306	214	186	195	178	213	149
Germany	5,893	8,605	4,785	7,541	8,362	7,188	5,188	3,550
Netherlands ..	1,465	1,784	1,348	1,118	1,203	1,212	1,242	944
Belgium.....	1,826	2,888	2,256	2,349	8,086	2,587	1,965	1,293
France.....	3,012	5,062	7,377	4,521	5,999	5,389	4,549	2,763
Italy.....	263	794	897	542	668	478	251	235
United States ..	9,720	7,418	9,038	4,822	5,233	4,895	2,601	2,043
Other foreign countries	2,356	2,451	2,275	2,166	2,224	1,873	2,026	1,412
Irish Free State ..	—	2,990	2,932	2,482	2,372	2,509	2,560	2,283
South Africa ..	468	428	392	352	386	411	330	269
India and Ceylon ..	480	362	346	422	408	342	408	298
Australia	867	1,190	591	654	611	533	417	172
New Zealand ..	242	277	190	238	189	197	227	172
Canada	995	856	688	411	550	469	453	405
Other British possessions	551	1,038	1,056	960	1,074	1,049	1,005	699
Total	31,083	39,918	37,048	31,438	33,239	30,098	24,481	17,329

* Including dependencies.

The decline here is marked in every instance, though re-exports to the Irish Free State have fallen off less than those to other countries. Re-exports to Australia only reached 41 per cent. of their very low level in the corresponding period of last year.

The extreme depression of international trade at present obscures any tendency there may be to changes in its channels. The only clear conclusion which appears to emerge from these figures is that trade with Europe appears to withstand the influences of the depression better than trade with more distant countries. Even this is probably to some extent a question of values, for the difference is more marked in the case of imports, and our imports from non-European countries consist to a far greater extent than those from Europe of food and raw materials which have fallen particularly heavily in price.

THE LAND-VALUE TAX.

(BY A LEGAL CORRESPONDENT.)

TEMPORARILY, at least, the dogs are tired of the unemployment bone: one of them has produced another where the meat is more easily got at, and politicians have, for the last fortnight, produced arguments, sound and fallacious by turns, as to why Mr Snowden's new land tax proposals should or should not become law.

From the point of view of the logical mind, the most striking feature of the Budget proceedings on the matter is the contrast between the terms of the speech in which the Chancellor introduced his project, and the actual text of the Bill as subsequently revealed. From the tenor of Mr Snowden's speech one surmised that what he was proposing was a new increment duty—a duty which should fall on persons who had become the richer by reason of the land which they chanced to own appreciating in value as the result of economic and social advance. Such a tax might well have received even the grudging approval of the Opposition in the House of Commons, but, on turning to the actual text of the Bill, one finds not a single provision which proposes to put into operation any tax on increments as such: admittedly, the value of increments is indirectly introduced because the valuation which will be made will necessarily be the larger as the result of the increase of value in land during the last century or so—but it never appears as *causa causans* as the Chancellor would have us believe.

The proposed Bill is thus nothing more nor less than a tax on the value of land as calculated at the valuation date, subject to certain provisions as to exemption, etc. The Land Tax of 1909 is quoted on all hands as the forbear of these new provisions, but if the two measures are viewed side by side, the contrast is more apparent than

the similarity. The three main provisions of the 1909 Act were as follows:—

- (1) A reversion duty, being a tax levied on lessors at the expiry of a lease at the rate of 10 per cent. of "the values of the bounty accruing to the lessor by reason of the determination of the lease."
- (2) An increment duty, being a tax of 20 per cent. levied upon increases greater than 10 per cent. of the "land value" as defined by the Act.
- (3) An undeveloped land duty, being an annual tax of $\frac{1}{4}$ d. in the £ upon owners of land which had a higher value than £50 per acre for purposes other than agricultural.

As compared with this old Act, the new Land-Value Tax is much simpler in structure—mainly because it is more sweeping and *prima facie* at least involves less minute technical calculations. For a Bill which will affect hundreds of thousands of people, the charging sections are few and brief, and the greater part of the text is concerned with definitions and administrative detail. Clause 7 of the Finance Bill merely provides that "there shall, in respect of all land in Great Britain, be charged . . . for each . . . financial year, a tax . . . at the rate of one penny for each pound of the land value of every land unit." A land unit is defined as being a piece of land in "separate occupation" at the valuation date, and the land value of a unit is to be the price which a buyer would pay in the open market for the unit at the valuation date, on the assumption that:—

- (a) existing buildings and works (with certain exceptions) were not on the land
- (b) other land units were in their existing condition with such buildings, etc., as are found thereon.

Further, in the case of agricultural land, the "cultivation value" is also to be taken into account, viz., the higher value which would have been put on the land had it not been used for purely agricultural purposes. In general words, the Bill envisages a charge to tax on a unit of land as a vacant plot, unbuilt on, but ready for use for building or agricultural purposes, but where agricultural land is concerned, only the "cultivation" value, i.e., the value in excess of the agricultural value is to be charged.

The tax will be a general tax on land values, levied year by year on the full selling value at the rate of one penny in the pound from 1933-34 onwards. It is to be charged primarily on owners—where the owner is also the occupier, the tax will fall upon him, but where the land is held by various people having various interests therein (e.g., leases and sub-leases) the tax will be charged upon the lessee whose interest is a term exceeding fifty years as originally granted, or, if no term of such extent exists, upon the freeholder. A lessee who is charged has the right to deduct from his next payment of rent to his reversioner either the amount of tax which he has paid, or a sum equal to one-twelfth of the year's rent, whichever is the less.

The Bill provides, as taxing acts normally do, for certain exemptions. Firstly, a person whose aggregate liability does not exceed ten shillings for any one year is to be entitled to total relief for that year. It will be noticed that it is the taxpayer, not the land-unit, which is relieved, so that any one person may have several land-units all over the country and yet not be liable to tax, if the aggregate capital value of his land does not exceed £120. In addition to this general exemption, specific relief from all tax whatsoever is granted to eight types of land:—

- (1) Agricultural land, including allotments and market-gardens, having no higher value than that for agricultural purposes. (It will be noticed that other allotments are not exempt unless owned by local authorities, which means that the greater number of allotments in urban areas will have to bear tax.)
- (2) Land owned by a Government Department or Crown Lands.
- (3) Land owned by local authorities.
- (4) Land owned by the National Trust.

- (5) Land owned by statutory bodies providing public traffic and transport services, e.g., railways and water and gas undertakings. (Such a body cannot alienate its property for other purposes.)
- (6) Land used as a churchyard or burial ground.
- (7) Sites of buildings used for public worship.
- (8) Land used for charitable purposes as a hospital or almshouse.

Certain modifications of these exemptions are made if the land is the subject of a lease for a term of more than fifty years which has already commenced. Such then are the general provisions of the Bill. The charging sections appear to be simplicity itself, but it is by no means certain that in practice the utility of the Bill as a taxing measure will not founder on the rock of judicial interpretation, as did Mr Lloyd George's Act of 1909.

Mr Snowden preened himself on having not increased the standard rate of income tax; but when this Land Value Bill is regarded from the point of view of incidence of tax, it will be seen that what he has done in effect is to increase the standard rate of income tax on certain profits and gains which are already within the scope of the Income Tax Act of 1918—viz., profits falling under Schedules A and B. If it is assumed that the annual value of land of the capital value of £100 is £5—i.e., that land "returns" 5 per cent.—the Bill proposes a tax of 1s. 8d. in the £ in addition to the standard rate of income tax at 4s. 6d. in the £ on property already charged under Schedule A.

From the sociological point of view, two ways in which the duty will be harmful are evident on a first reading of the measure. As has already been pointed out, the greater number of allotments in urban areas will become chargeable, and, unfortunately, so also will sports grounds. The improved facilities for sport which have been provided by commercial and industrial interests for employees has been one of the phenomena of the post-war period. Employers will be more ready in future to sell land for building purposes than to give it to their employees for athletics.

There is, however, little doubt that during its passage through Committee the Bill as at present framed will be materially altered, and the efficacy of the measure cannot be accurately foreseen until, if at all, it finds its place on the Statute Book.

CURRENCY IN THE U.S.S.R.

READERS of the *Economist* may recollect that, following the publication last autumn of our Russian Supplement, a correspondent, who signed himself "Traveller," dealt critically, in a letter which appeared in our issue of November 8th, with the 1929-30 inflation of the currency in the U.S.S.R. Briefly, his thesis was that the Soviet Government was apparently being compelled to emit paper money in excess of the proportionate increase in the physical volume of production, for the reason that the central and local Soviets were not receiving in revenue enough to pay small producers for the commodities acquired from them and to pay State and co-operative employees their wages. The Budget, he suggested, was, in fact, showing a serious deficit (including, as it does, the whole of the State trade operations), and the Government, in its rôle of employer, was being forced to have recourse to the note-printing presses in order to meet its wage bill. The question at that time seemed to be whether the resulting rise in prices would strain to breaking point the enthusiasm for the Five Year Plan intensively "worked up" among the masses of Russian people.

On a later page there will be found an extremely interesting communication addressed to this journal by Dr. H. Nagler, of the People's Commissariat for Finance at Moscow, dealing with the various points which "Traveller" raised. With regard to the precise amount of currency expansion which took place between April and October, 1930, Dr. Nagler corrects, as he is entitled to do, the figures which "Traveller" gave. (At the time when "Traveller" wrote, the regular publication of currency statistics in the *Economic Survey* of the

State Bank of the U.S.S.R. had been suspended, so that exact data were not available.) But for the purpose of "Traveller's" general argument there is no great difference between an increase of 48 per cent. and one of 65 per cent. in the volume of currency in circulation during this six months. The question is whether Dr. Nagler's arguments with reference to the effects of that expansion can be accepted.

It is difficult to attach much importance to Dr. Nagler's comparison between the volume of currency and the turnover of goods in 1913 and 1931. Estimation of the goods turnover in 1913 is a matter of pure guesswork, and, even so, the uses of currency are so much more circumscribed in the U.S.S.R. to-day than in 1913 that no sort of conclusion can be drawn from any such comparison. In fact, the enigma remains: why did the Soviet Government, which had been increasing for four years the volume of currency in circulation at the average rate of 31 per cent. per annum, call a halt to that process in the winter of 1929-30, and then, after four months of continence, issue additional currency at such a rate as to increase within six months the total volume of currency in circulation by 48.2 per cent.? Dr. Nagler refers to the elimination of the bill-of-exchange system and its replacement by a system of bookkeeping; but a reform of this nature, if it has any effect at all on the legitimate demand for currency, should reduce that demand, not increase it. It is difficult to see how "overhead charges," or "the automatic financing of purchasers," or the increasing of the responsibility of contractors, could call for emissions of currency.

The volume of active currency necessary to maintain price stability and progressive economic equilibrium must be conditioned by the volume of goods turned over in the markets in which currency is employed for purchasing. The words italicised dispose, for the purposes of this argument, of the figures given by Dr. Nagler of the increases in production in coal, oil, iron, tractors, cement, and bricks. Some unknown proportion of the increased coal and oil has gone to domestic users, but the bulk of it has gone into capital employments. Of the entire output of the other commodities, only a fraction can have been sold "over the counter." Currency in Soviet Russia, as elsewhere—indeed, more than elsewhere—is normally expended mainly upon food, clothing, domestic fuel and light, house accommodation, and on such miscellaneous items as household gear, tobacco, soap, soda, newspapers, etc. Now it is nowhere claimed—Dr. Nagler himself does not claim it, and the *Economist* Russian Supplement did not show it—that there was a substantial increase in the all-over volume of "family budget" goods offered for sale in Russia during the year ending October 1, 1930, a year which had seen an increase of over 50 per cent. in the volume of currency in circulation. It is doubtful whether there was on balance any increase at all. What then was the reason for the expansion of the currency, and what was the effect of that expansion on the wage-earning currency receiver?

Dr. Nagler says the theory that the emissions of 1929-30 were the result of a deficit in the budget must be definitely rejected. On the contrary, it must be definitely accepted. The balance sheet quoted by Dr. Nagler would be convincing did it not leave out the fact that the Soviet Chancellor of the Exchequer achieved his surplus of 807 million roubles by the simple expedient of printing some 1,600 million roubles to pay his bills. In fact, the real Soviet deficit appears to have been in the region of 1,300 million roubles on a budget of some 12,500 million roubles. Not a catastrophic deficit, perhaps; but still a deficit.

What has happened begins to be plain. The Soviet Government is concentrating the energies of its people intensely upon the construction of capital goods—factories, railroads, power plants, equipment. These energies are, for the moment, yielding relatively few consumable goods. Wages have to be paid; and to pay them the Finance Minister has had to print more and more notes. These notes are in circulation, but for the moment there is little or no increase in the volume of the goods on which alone they can be spent. The prices of the State-controlled goods are kept stable; the quantity of goods that can be so bought is only a diminishing fraction

of the money in the pockets of buyers; consequently there is a mass of currency in the public possession which is valueless except in so far as something can be bought with it at fantastic prices in the way of private trade.

The currency emissions, according to Dr. Nagler's figures, have for the time being ceased. One might congratulate the Soviet Government on having succeeded again, as they did in the winter of 1929-30, in stemming for a time the torrent of currency emissions, were it not for what appear to be authoritative reports from Soviet Russia to the effect that wage payments are being increasingly made in the form of vouchers entitling the holder to receive goods to a certain quantity or value at co-operative or Soviet stores. Such vouchers are obviously as much an amplification of the currency in circulation as are rouble notes, silver, or copper. The suggestions freely made are that these and other phenomena betoken the coming demonetisation of the currency, and for the time being are masking the real inflation that is continuing apace. Before one can attach any significance to Dr. Nagler's 1931 currency figures, one must know precisely what the position is in these respects.

For the truth is that the Soviet economic system is designed to be, and is becoming, one in which a person receives, in return for unrecalcitrant service with the "Economic Forces," a title to so much food, clothing, fuel, house-room, and extras. Money has hitherto been an adjunct to the process of obtaining goods on the strength of the vouchers (ration cards, permits, etc.) issued. The flooding of the country with paper money, far beyond the volume of any goods that can be purchased with it, has served to make it clear to all that the permit is the real instrument of purchase. Declarations of official financial spokesmen have seemed of late to be increasingly tending towards a specific pronouncement to that effect. It is of the essence of Soviet doctrine as well as Soviet practice that the possession of money, apart from the possession of a permit, should entitle the holder to nothing but what he can pick up in dubious markets at fantastic prices. The devaluation of the rouble is in complete harmony with the general scheme. It is accordingly a little perplexing to discover why Dr. Nagler, on behalf of the Soviet Government, should be at such pains to deny that any such process is taking place. For external purchases the Soviet currency is valueless; for internal purchases, except within the limits of a permit, it has already probably gone beyond redemption. The Soviet Government may let the currency go; but it has not escaped the temptations and dangers of currency inflation by resort to the permit. It has still to face up to the task of keeping the issue of permits within the compass of the goods becoming available. Clearly also, the corollary of all this is that calculations of "real" wages of the normal type based upon retail prices—whether "controlled" or "free"—and wages measured in roubles with which so much play has been made are meaningless, and that the only test of the well-being of the Russian workers in town or country is the quantity of consumable goods of which they are able to obtain possession, whether by voucher or any other means.

Notes of the Week.

Mr Henderson's New Task.—Much satisfaction has been given by the news that Mr Arthur Henderson has been selected as Chairman of next year's World Disarmament Conference, and that the British Cabinet has sanctioned his acceptance of the post. The success of the Conference will depend in no small measure upon the personality and capability of the chairman, not merely in presiding over the meetings, but in the heavy work of thorough and efficient preparatory organisation. The list of possible candidates with the necessary qualifications for this onerous post could not have been large. It was in the first place essential that the chairman should be a representative of a Government which had shown genuine

desire to promote the cause of disarmament, of a country which had itself very substantially reduced its own military and naval forces, and whose individual position was not likely to be involved in the clash of conflicting Continental interests. It was essential also that the statesman selected should be a man of vigour, of substantial prestige in the Chancelleries of Europe and of the tactfulness necessary to ensure the smooth working of the Conference itself. The selection of Mr Henderson satisfies these desiderata. Britain has given tangible proof of her desire to disarm; her present Government has worked hard and long to promote the recent naval treaty; Britain stands outside the main stream of European armament controversy, and, finally, Mr Henderson, although his rise to fame has been extremely rapid, and he therefore is not possessed of the length of experience enjoyed by certain other European statesmen, has climbed by tact, perseverance and commonsense to a commanding position in the counsels of Europe. His selection, therefore, should command universal approval, and the world will wish him God-speed in his difficult task.

Liberals and the Government.—The importance of the meeting of the National Liberal Federation at Buxton last week lies in the confirmation which the proceedings have given of the impression created by the Liberal reception of Mr Snowden's Budget that, provided their policy keeps within moderate bounds, the Government are assured of the support not only of the majority of the Liberal Parliamentary Party, but of the majority of Liberals in the country. The proceedings of the Women's Conference and the general tone of the Federation's discussions revealed an overwhelming body of support for the attitude adopted towards the Government by Mr Lloyd George, and when a resolution was submitted emphasising the "unfettered independence" of the Liberal Party it met with amazingly little support, and was side-tracked by an amendment which, while asserting independence, approved Mr Lloyd George's attitude. Apparently the rank and file agree with the diagnosis of the political position given by Mr Lloyd George to the conference last Friday. It is certainly reasonable to suppose that if a dissolution were forced at the present juncture one of three things would happen. Either the Labour Party would be returned to power with a clear majority over the Opposition parties, in which case the country would expect a dose of Socialism, unpalatable to the Liberals, or the Conservatives would be returned with a clear majority, which would mean an immediate introduction of Protection, which, to the Liberals, is equally abhorrent, or, thirdly, and most likely of all in the view of many experienced politicians, a General Election would return a House of Commons of very much the same complexion as the present. That is to say, a House of Commons in which no single party had a clear majority and in which the Government of the day would have to depend upon the Liberal vote, swollen, perhaps, by the operation of the alternative vote system. If this view of the position be correct, it is difficult to see any national advantage, and easy to see many national disadvantages, from forcing an election, and a change of Government is in itself highly undesirable during the short period which will elapse before the resumption of the Round Table Conference and the assembly of the Disarmament Conference over which Mr Henderson has this week been chosen to preside. Nevertheless, it is essential for the Cabinet to realise that Liberal support is not unconditional and unlimited, and it would be disastrous were the Cabinet to presume upon the certainty of Liberal support under all circumstances and allow this complacency to lead them into the easy path of shirking the vital task of retrenchment in public expenditure and reform of the system of unemployment insurance.

The Egyptian Elections.—As was only to be expected, with a dictatorship holding elections under a new electoral law promulgated by itself, on the one hand, and the principal parties in opposition organising a boycott on the other, the first polling day in Cairo led to scenes

of disorder and bloodshed. A demonstration started by Saidi in the railway workshops led to the burning of trams and buses; troops were obliged to use arms, and there were several casualties, many of them fatal. In Alexandria polling was conducted more peacefully, and a very much larger proportion of the electorate voted, though, as the official figures, which place the average at all polls at 65 per cent. of the electorate, are naturally exaggerated, it is impossible at present to ascertain how far the boycott has been successful. Meanwhile the leaders of the Wafd, and the Liberal Party, Mustafa Pasha Nahas and Muhamed Pasha Mahmud, have sent a protest against the new constitution to the King. It is to be hoped that King Fuad will see his way to give it serious consideration, for it will be impossible for the British Government to continue indefinitely to support a regime under which the elections are not free. Moreover, in thus packing the elections, Sidki Pasha is probably defeating his own end, for his purpose is to secure a Parliament from which approval would be forthcoming if a treaty were eventually negotiated with the British Government, and it is highly unlikely that any British Government would be satisfied by the approval of a packed Parliament unsupported by the votes either of the Wafd or of the Liberal Party.

Restoration of Order in Spain.—The attitude of the Provisional Government to the recent outrages is not easy to assess. On the one hand it is reported that one Doña Maria Montero was fined 500 pesetas for merely being overheard in the street expressing disapproval of the burning of convents, but, on the other hand, the Provisional Government have taken very strong measures against the public authorities in those areas where burning and riots occurred. The Governors of Malaga and Cordova have been removed—disciplinary measures taken against the Madrid police, and, though ecclesiastical property is rapidly being converted to private ownership, an order has been issued for the restoration of looted property. At the end of last week it was rumoured that the Government had decided upon the expulsion of the Jesuits, but no such decree has so far been promulgated, and it seems possible that it may be avoided if the Pope will discountenance their participation in politics. Nevertheless, the transference of the attention of the Provisional Government from the more constructive work of conciliation to the task of repressing its own too hot-headed supporters has not helped to consolidate its position. Many conservatives who were not ill-disposed to the Republic are being alienated, and their goodwill is hardly likely to be won by the continued suppression of their organs of opinion, the *A.B.C.* and *El Debate* (the promise to revoke the order for the suppression of the latter was not fulfilled). The Socialists, on the other hand, have decided to work in co-operation with the Republicans at the forthcoming elections. One sign of sober constructive work is the announcement that the committee which is to study the draft constitution to be submitted to the Cortes by the Provisional Government is now sitting.

The International Wheat Conference.—Representatives of eleven countries, including Poland, normally a net importer of wheat, assembled at Canada House on Monday to discuss the wheat situation. Three proposals have so far been submitted: (1) restriction of acreage by precept as opposed to economic pressure; (2) valorisation schemes by sliding-scale export quotas allotted by an international authority to be set up in London by the conference; (3) propaganda to increase wheat consumption. The first proposal is put forward by the United States delegation, but the Russian delegates will have nothing to do with it, and it appears unlikely to be capable of adjustment to the general development policies of Argentina, Australia and Canada. Even in the United States propaganda to this end during the past eighteen months has had no perceptible effect, and the desire of the conference to avoid by this means the extermination of individual marginal producers which is likely otherwise to result from the present

level of prices seems to have little chance of fulfilment. Direct valorisation schemes are advocated by Australia and Poland, and the principle has the support of Western Canadian interests. Mr McKelvie, grain member of the Federal Farm Board, addressed the conference at length on this proposal, laying great stress on the failure of similar measures in the United States and on the ease with which the possible effect on prices of marketing methods can be exaggerated. The figures he quoted from the experience of the Farm Board can scarcely have commended that line of action to the conference. The proposal to attempt to bring about an increase in wheat consumption by direct propaganda was put forward at Rome by the delegate of the Liverpool Corn Trade Association. It is meeting with some support, but does not commend itself to the United States delegates. A method of increasing wheat consumption which would have nothing but advantages without any compensating drawbacks would be the increase of purchasing power in importing countries by the removal of trade restrictions. If the conference can make any recommendation on these lines it will indeed have justified itself. The attitude of Russia to any agreement limiting her freedom to export wheat is likely to be difficult, in view of her need for foreign credits, but the acreage and sowing figures to date suggest that the fears so widely held of a further increase in her exports are very ill-founded, especially as her harvest last year was favoured by most exceptional weather.

The Irak Oil Agreement.—The ratification by the Iraq Parliament this week of the agreement reached between the Government and the Irak Petroleum Company marks the end of delicate and intricate negotiations which have been going on intermittently for more than twelve months. The Irak Petroleum Company is an international concern, whose share capital of £4,400,000 is distributed as follows:—

	Per Cent.
Anglo-Persian Oil Company (through the D'Arcy Exploration Company)	23½
Royal Dutch-Shell group (through the Anglo-Saxon Petroleum Company)	23½
French group (through the Cie Française de Pétrole, in which the French Government is interested)	23½
American group (through the North-East Development Corporation in which the Standard Oil and large independent oil companies are interested)	23½
and Mr. C. S. Gulbenkian (through Participations and Investments, Ltd.)	5

The company was granted a concession for 75 years under the Convention of March, 1925, and was allowed three years (subsequently extended to November, 1930) in which to undertake a survey and select twenty-four plots of eight square miles each. Oil land outside the chosen areas was to be auctioned and the company was to receive the proceeds of the auctions while the Government took the royalties on the oil. Exploratory drilling was undertaken and oil was struck near Kirkuk in October, 1927. Further drilling proved the existence of an enormous oilfield, oil being found in large quantities in 11 wells. As the 1925 Convention did not provide for payments by the company prior to production, the Government was naturally anxious to push forward the production and export of oil in order to secure its royalty income. A further complication was the desire of the semi-official French group, for political reasons, to secure a supply of oil at the earliest possible moment and to conduct the pipeline through French mandated territory. The company, on the other hand, in view of the world glut of oil, was not disposed to advance its production plans or to incur the enormous financial outlay on the construction of a pipeline which would have to cover the 600 or 700 miles between the field and the Mediterranean coast. This was the situation which faced Sir John Cadman, who, as chairman of the company, had the difficult task of reconciling all the divergent interests. The agreement which has now been ratified stipulates, first, that the company should surrender its right to the proceeds of auction sales of oil-bearing plots within its former concessionary area, and should receive in return sole concessionary rights for that part of the Province of Mosul and Bagdad lying east of the Tigris; secondly, that

the company should construct a pipeline from Kirkuk to the Mediterranean coast with two terminals, one at Haifa in Palestine and one at Tripolis in the Lebanon, the line bifurcating at the town of Haditha, with the Haifa branch passing through Transjordan and the Tripolis branch passing through Palmyra, in French Syrian territory, the whole system to be completed by 1935; thirdly, that the company should agree to pay the Iraq Government £400,000 per annum, payments to start immediately; fourthly, that the Government should exempt the company from taxation on its operations in consideration of a yearly compounding payment on the tonnage of crude oil exported; and, fifthly, that the concession should last for a period of 70 years from 1925, at the end of which it should revert to the Government. Thus, the Iraq Government has gained its object of an immediate revenue, the company remains in unfettered possession of its entire oilfield and protected against competitive drilling, and the French group win their point about the bifurcation of the pipeline. As was perhaps inevitable, commercial interests have been sacrificed to the political. It is clear that the bifurcation of an already costly pipeline could not possibly be justified on commercial grounds. The total cost of the pipeline will be in the neighbourhood of £10-£12 millions. Further, the immediate payment of a royalty of £400,000 per annum to the Iraq Government makes it necessary for the company to push forward its production plans, which otherwise it would have been anxious to postpone for the duration of the world-glut of oil.

The First Report of the B.I.S.—The first annual report of the Bank for International Settlements, covering a period of 10½ months from the Bank's inception to March 31, 1931, gives a full and encouraging account of the manner in which that institution is developing. Net profits amount to 11,186,522 Swiss francs, 5 per cent. of this amount is allotted to the Legal Reserve Fund, in accordance with the statutes, and a dividend of 6 per cent. is recommended, to absorb 5,156,250 francs. The balance then available, amounting to 5,470,946 francs, is to be allocated in part to a special dividend reserve fund, in part to the general reserve fund, and in part to the German and creditor governments, as provided by the statutes. Reverting to the experience of the Bank, beginning with deposits of only 220 million Swiss francs, it has now expanded until it holds deposits of Frs. 1,900 millions, together with capital and other resources of Frs. 120 millions. Government deposits of a long-term character, made in accordance with the terms of the Hague Agreement, amount to Frs. 301 millions, and adding to this sum the Bank's capital of 103 millions, the Bank has Frs. 404 millions of long-term funds at its disposal. Its remaining resources consist partly of other deposits lodged with it in its capacity as trustee for reparations payments, partly of deposits made by central banks on behalf of their governments, and partly of deposits made by central banks on their own account. The last-named category of deposits now amounts to 43 per cent. of the Bank's total resources, and the report states that, thanks to the collaboration of the central banks in this way, the B.I.S. has become a reserve centre for the foreign exchange holdings of those agencies in the respective countries which are charged with the duty of maintaining exchange stability. The report has a good deal to say on this side of the Bank's activities. It hints at assistance given to central banks to regularise exchange rates and to develop bill markets. It refers to efforts made by the B.I.S. to promote the more even distribution of capital, both geographically and as between long-term and short-term channels. In this connection it recalls that the B.I.S. has appointed a committee to elaborate general principles governing middle-term credits, especially for the promotion of exports, and discloses that, as a result of the committee's labours, the B.I.S. has decided to employ 100 to 150 million francs of its funds in addition to investments previously made in operations of this type. Another passage of the report refers to the conference held in November, 1930, between the heads of the exchange departments of several important European banks of

issue. This conference prepared the way for the adoption of common conditions for the purchase of gold, and, as a result, gold to the value of over a billion Swiss francs held abroad has been reported to the Bank, thereby enabling it to act as a clearing intermediary for banks having movements of gold to effect between various markets, and so to avoid unnecessary physical shipments. The B.I.S. also holds in its own name, though for the account of various central banks, gold in New York, London and Paris, and the report notes that the concentration with the B.I.S. of a part of the foreign reserves of central banks has permitted the development of book transfer operations between central banks in the accounts of the B.I.S., thereby avoiding resort to the open market. The report also alludes to the useful results arising from the frequent personal contacts between governors and other representatives of central banks at the offices of the B.I.S., and to the use of deposits made on behalf of governments as a means of clearing inter-governmental debt and other payments with the elimination of exchange operations. The impression left by the report is that the B.I.S. has firmly established itself, and has become an essential part of the world's financial machinery. Progress must be slow and careful, and, among other possible dangers, the B.I.S. must avoid becoming an additional competitor for the world's monetary gold. Such dangers, however, are apparent to those responsible for the management of the Bank, and, while the day may still be far distant when the B.I.S. is in full-fledged operation as the world's central bank and clearing house, events already seem to be shaping in that direction. The following additional directors have been elected to the board:—Dr. Vissering, President of the Netherlands Bank, Mr. Ivan Rooth, President of the Sveriges Riksbank of Stockholm; and Dr. Bachmann, a President of the Swiss National Bank.

Employment and the Cost of Living in April.—Employment in the country as a whole during April showed some improvement as compared with the previous month. According to the *Ministry of Labour Gazette*, among the workpeople insured against unemployment in Great Britain and Northern Ireland, the percentage unemployed at April 27 was 20.9, as compared with 21.5 per cent. at March 23 and 14.2 per cent. at April 28, 1930. It is estimated that the total number of insured persons in employment on April 27 was approximately 9,356,700. This was 89,500 more than at the end of March, but 553,300 less than a year ago. The number of persons registered as wholly unemployed on April 27 amounted to 1,848,170, as compared with 1,859,526 on March 23 and 1,158,109 at the end of April, 1930. Those temporarily without employment totalled 556,978 on April 27—47,111 less than a month ago, but 109,734 more than a year ago—while the number of unemployed among persons usually in casual employment amounted to 114,965, as compared with 116,503 at March 23 and 93,033 at the end of April, 1930. The Ministry's latest returns show that the total number of registered unemployed had risen to 2,532,511 on May 11 and included 1,853,927 wholly unemployed, 564,493 temporarily stopped and 114,091 usually in casual employment. With regard to the cost of living, the index number of the Ministry of Labour stood, on May 1, at 47 per cent. above the level of July, 1914, showing no change as compared with the figure for April 1, but a fall of 14.5 per cent. as compared with last year. For food alone the index registered 29 per cent. at May 1—the same figure as that recorded on April 1—against 40 per cent. last year. It may be recalled that our index number of wholesale prices at the end of April showed a decline of 19.9 per cent. on the corresponding figure a year ago.

Cotton Trade Reorganisation.—At the end of last week, writes our Manchester correspondent, the Joint Committee of Cotton Trade Organisations held a special meeting in Manchester to consider the replies of the constituent associations to the proposals put forward on April 9th. Some surprise has been expressed at the support recorded, as there was a unanimous decision in

favour of the resolutions. The statement made at the close of the meeting on April 9th was very comprehensive and covered practically all the problems which are facing the industry. In the first instance, it was recorded that in the opinion of the Joint Committee the time had arrived for a definite programme of action on the basis of the investigations which had been conducted by the Committee itself and by the Government Committee of Inquiry. The outstanding feature of the recommendations was that the Joint Committee expressed the belief that the first step towards any form of reorganisation was the adjustment of productive capacity to its present and prospective needs, so that all active units should as nearly as possible run full time. It was pointed out that a detailed basis of such an adjustment could not be formulated without accurate and complete information, and it was therefore recommended that an investigator or investigators should be appointed with statutory powers of inquiry, whose duty it should be to secure information for the use of the executive in preparing a scheme for maintaining a closer relation between capacity and demand. It is therefore important that all sections of the industry, by their decision at the end of last week, have agreed that productive capacity must be reduced, and action of this kind can only mean the scrapping of a portion of the machinery in Lancashire. It is recognised that many difficulties will be encountered in formulating a definite scheme to bring this about. Originally the Joint Committee suggested that the investigator or investigators should have statutory powers, but it has now been announced that with the goodwill of all sections it should be possible to obtain sufficient information on a voluntary basis. A questionnaire is being drawn up and will be submitted to the constituent organisations for their approval. It is hoped that all the necessary information will be available by the end of June, when a further meeting of the Joint Committee will be held. It is understood that the scheme will provide for the establishment of a fund with which to buy out the firms that consent to be eliminated.

Cotton Prices Low Record.—Our Manchester correspondent writes:—This week, the price of American cotton in Liverpool has broken its post-war low record. On Tuesday and Wednesday the spot quotation for middling qualities was 5.01d. per lb., and for a lower price it is necessary to go back to 1914, when the quotation in December of that year was 4.25d. per lb. The decline in values during the last few weeks has been due to the adverse conditions prevailing in the United States and the absence of any indication of increased world consumption. A critical period for the new crop is now approaching and operators are watching the weather reports from the belt very closely. On the whole, the climatic conditions for the plants are not very favourable, as heavy rains have recently taken place in many parts of the belt and crop progress has been hindered by low temperatures. It is recognised, however, that owing to the large stocks throughout the world, only a moderate yield in the coming season will be sufficient to meet the requirements of users. Although sentiment in many quarters is still bearish, values are certainly on an attractive level and much below the cost of production.

Re-Discount Operations in Argentina.—Our Buenos Aires correspondent writes:—Rediscount of commercial paper held by the Banco de la Nacion Argentina has already been effected with the Conversion Office, this latter institution issuing notes against bills deposited by the bank to a total amount of \$106,806,866 paper. The notes in circulation now are therefore increased by that amount and total \$1,268,316,754 paper; against which a gold backing is held of \$340,003,561 gold actually in Argentina and \$42,732,168 gold held in the Argentine legations abroad to the order of the Conversion Office, notes having been issued in Buenos Aires to the equivalent of the latter sum against cable advice that deposit has been made. The percentage of gold to the total amount

of paper in circulation is thus brought down from approximately 75 per cent. to 68.479 per cent. The backing is ample, and, provided that all the safeguards governing the commercial paper are adhered to unflinchingly, the issue of additional money at the present moment will help the local situation. Nevertheless, it is undeniably inflation, and, moreover, it undermines, be it by ever so little, the whole principle of Argentina's currency legislation. The system drafted in 1899, known as Law No. 3871, establishing an equivalence of 44 cents gold to the paper dollar—and it should be recalled that some \$293,000,000 paper were then taken over on purely fiduciary terms and are to this day without any more gold backing than the sum total of specie in the Conversion Office affords—was literally and morally based on the principle that the only emission of notes to be made henceforward in Argentina must have behind it \$1 gold for every \$2.27 paper. In 1899 the apparent danger, judging from past experience, lay in Government abuse of the printing press; commercial bills were certainly never in the mind of those who drafted and discussed the Conversion Law. They effectively tied the hands of would-be political financing, on the time-honoured lines of note issues backed by Government bonds, but they could not foresee the new trend in credit finance which, in a sense, warranted the emergency legislation of August and September, 1914. Then the Argentine Government granted the necessary authorisation to the Banco de la Nacion to take selected commercial bills—either from its own portfolio or from the bills of similar character rediscounted with it by other banks—and pledge them in the Conversion Office, provided that the specie backing of the total circulation in paper money never fell below 40 per cent. For seventeen years the power has lain in abeyance, and again and again it has been stated by the mouth of political and private leaders in the Argentine financial and commercial world that its application to current conditions was unthinkable. Recent general admissions of the unwieldy nature of Argentina's double currency, the obvious advantage of a Central Reserve Bank, and the equally evident need for a closer connection with the international exchange movement on lines that will enable this Republic to exercise the legitimate influence due to her importance both as a producer of foodstuffs and a rich market for manufactured goods, have, however, accustomed the public mind to the idea of change. What is most sincerely to be regretted is that the currency laws were not altered before the present step was taken. Now there is grave danger of the rediscount operations being used as a political arm which, skilfully handled, may even lead to the downfall of the actual Government, a result which would be most regrettable at the present juncture of Argentine affairs. *Abstr. omen.*

The Wiener Bank-Verein.—The report and accounts of this well-known Austrian institution show that so far it has weathered the prevailing depression successfully. There has been no serious contraction in the bank's resources, deposits being 446.3 million schillings on December 31, 1930, against 448.3 million schillings the year before, and net profits for 1930 at 2,944,000 schillings compare very favourably with those of 2,961,000 schillings for 1929. Nor has any significant change occurred in the distribution of the bank's assets. The report ascribes the small decline in gross profits to the shrinkage of earnings on securities and syndicate participations. The decline was almost entirely offset by economies in expenditure, including a reduction in the staff from 1,610 to 1,441. During 1930 the Austrian Bank rate was reduced from 7½ to 5 per cent., but the interest rates allowed on bank deposits were only lowered by approximately half as much. The remaining half represents "the sacrifice made by the banks in favour of the Austrian economy. The decline in money rates gave a certain impetus to the bond market, and this was of some benefit to the banks." Dealing with wider questions, the report alludes to the evil effects of high tariffs, and says that the news of the proposed Austro-German customs agreement was favourably received by the business community, particularly by farmers. Certain industries, the report holds, will need transitory tariff protection; but it holds that a successful

conclusion of the agreement will improve Austrian prospects. In general, the report is of a reassuring character, but it must be remembered that it relates only to 1930, and takes no account of subsequent developments.

Commercial Union Assurance.—A falling premium revenue and a lower level of underwriting profits reflect the conditions of general depression during 1930. The total premium income, excluding the life department, declined during the year by nearly £1,000,000 to £16,132,000. In the fire department, premiums were maintained on the home business, and practically the whole of the decline was suffered in the United States branch. In the accident department the falling off was relatively smaller, and here, again, the United States was mainly responsible. The comparative underwriting profits in the last two years are shown below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	306,823	4.0	195,374	2.9
Accident	155,336	1.8	— 5,570	— .7
Marine	200,000	29.2	200,000	28.6
Life:—				
Commercial Union	28,088		28,088	
Union Life Fund ...	5,000		5,000	
Hand in Hand Fund	80,000		50,000	
	775,247		472,892	
Less items debited to profit and loss acc't	256,783		216,922	
Total net trading surplus	518,464		255,970	

The chairman, in his speech at the annual meeting, attributed the falling off in profits almost wholly to conditions in the United States, where the decline in premiums was accompanied by a rising claims ratio and a heavier burden of expenses as compared with the reduced premium income. In regard to the accident account, the outstanding feature last year was the passing of the Road Traffic Act, which has imposed upon companies the principle of compulsory insurance. Time has yet to show whether or not this will redound to the benefit of the companies, since they no longer have the same freedom of selection of risks, and rates of premium have not been increased so that the new Act may have reasonable chance of success. The dividend has been maintained at 41 per cent., but, owing to reduced interest earnings, due to the smaller premium income, the gap between interest earnings and cost of dividend has widened from £150,000 to £181,000, with the result that the increase in surplus assets during the year's operations was only £75,000, a figure which compares unfavourably with the corresponding increases of former years. The balance sheet shows that £241,000 has been written off shares in subsidiary companies, compared with £400,000 in 1929, and the item "cost of businesses acquired" has, consequently, been reduced to £493,000 and is now within measurable distance of being wiped out. When this position is reached, the Commercial Union will possess shares in subsidiary companies standing at a book value of approximately £4,400,000, this sum being equivalent to a break-up value at dates of purchase, without any allowance whatever for the subsequent considerable increase in surplus assets of the companies concerned.

United British Insurance.—Two years ago this company was reorganised, and the control passed from the Motor Union to the Royal Exchange and the General Reinsurance Corporation of New York. Until that time the history of the company during its thirteen years of existence had been decidedly unfavourable. In particular, the Marine account, which at one time was the largest premium producer, was responsible for a loss of £110,000 in 1925 and £123,000 in 1927. Since that time the Marine account has been drastically reduced, and the company has virtually ceased transacting marine business. The loss of premium income has been replaced by a corresponding growth in the Motor and General department, as a result of the company's association with the

General Reinsurance Corporation of New York, but, so far, at any rate, the association has yielded nothing but losses. A general criticism which can be levelled against the company is the high rates of expense and of commission paid in all the underwriting accounts. In the Fire account, for instance, commission absorbs over 29 per cent., and expenses over 19 per cent. of the premiums and in the Motor and General account 27 per cent. and 17 per cent. respectively. So long as nearly 50 per cent. of the premiums continue to be absorbed in this way, the company can hardly expect to realise an underwriting profit. Details of the underwriting results in 1929 and 1930 are shown below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	— 21,959	— 17.7	— 10,797	— 9.0
Accident	743	22.7	265	8.7
Employers' Liability	514	4.7	219	2.3
Motor and General ...	— 16,050	— 5.5	— 19,170	— 5.7
Life	19,868		—	
	— 16,884		— 29,483	
Less items carried direct to Profit and Loss Account	95		3,480	
Total net trading loss...	16,979		32,963	
Add net interest earnings	29,736		32,966	
Total amount available	12,757		3	
Less preference dividend	22,400		21,700	

Total net decrease in surplus assets

No dividend on the ordinary shares has been paid since 1925.

Yorkshire Insurance.—As regards premium income the Yorkshire has shared the experience of other composite insurance companies transacting a world-wide business, total premiums (excluding the life department) having fallen from £2,968,000 to £2,918,000. The fire account yielded £1,027,000, the accident account £1,348,000, and the balance of £543,000 was in the marine account. Unlike many of its competitors however, underwriting profits show an increase in all departments, as will be seen from the following analysis:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	74,044	6.9	93,316	9.1
Accident and general	28,919	2.1	49,819	3.7
Marine	— 471	— .1	—	—
Life	9,610		9,610	
Profits from reversions	5,000		5,000	
	117,102		157,745	
Less items debited to profit loss account	108,366		122,529	
Total net trading surplus ...	8,736		35,216	

The dividend is at the same rate as for 1929, namely, 47½ per cent., and, owing to a falling off in interest earnings, calls for a slightly larger inroad on trading surplus than before. In the life department 1930 was the second year in the current quinquennium, and a small increase in new business was recorded, the comparative totals for 1929 and 1930 being £1,570,160 and £1,653,048 respectively. The interest earnings have been reduced by the rise in income tax, and the net rate in 1930 was £4 11s. 1d. per cent. The ratio of expenses and commission to premium income was low at 12.9 per cent.

Bankers' Trust Company.—Since the publication of our Banking Supplement with our issue of May 9th we have received the latest balance sheet of the Bankers' Trust Company of New York. We print this in a later column in order to complete the records of foreign banks with London offices, which were given in the Supplement.

Overseas Correspondence.

LEAGUE OF NATIONS.

Council Meeting — Proposed Customs Union — Disarmament.

(FROM OUR CORRESPONDENT.)

GENEVA, May 19.

THERE have been four full and important days of discussion in the League Council and in the Commission of Enquiry for the European Union on most of the elements—legal, historical, political and economic—of the Austro-German protocol. It has, to some extent, eased the situation, and has shown, by the variety of counter-proposals, that new life has been infused into the practical study of the general economic depression. The controversy remains acute, but it has been conducted with great moderation, with the single exception of the Yugoslav Foreign Minister's acrid intervention this morning. Accusing Germany of having caused the war by refusing any reference to the Hague or any conference, he delivered her a lesson on the danger of declining, for reasons of prestige, any discussion on matters concerning her interest. This was resented, though not with undue warmth, by Dr. Curtius. The point, however, is important. The Council has, after all, gone ahead with its request to the Court to give an advisory opinion upon whether the Austro-German protocol is compatible with the Treaty of St. Germain and with the Geneva Protocol of 1922. When that opinion is given (the Court will take up the matter in June or July), the League Council has to decide whether it will accept it. If the Court expresses the view that the Austro-German protocol is legally correct, France and the other States sharing her opinion reserve the possibility of raising the subject under the general terms of the Covenant. Such a discussion would be constitutionally legitimate, whatever might be its political wisdom, and the Germans have protested too much in their assertions that the Council might consider the legal but not the political or economic aspects of the plan. "Any circumstances whatever affecting international relations which . . . threatens to disturb . . . good understanding" are the words of the Covenant. M. Briand made the point plainly, and Dr. Curtius made no retort. But it would be far better, as Mr Henderson advocated in his emphatic speech this afternoon, that common agreement should be reached to meet the general European depression, no regional effort being by itself adequate. There was not much that was new in the Council debate on the legal side, except that Mr Henderson insisted on and obtained from the Austrian Vice-Chancellor, Dr. Schober, an assurance that no further steps would be taken for the establishment of the proposed regime until the Council had taken the necessary decision. One of the best points in an admirable exposé by Dr. Schober was the utterance of an apprehension lest a too-far-reaching interpretation of the Geneva Protocol regarding Austria's independence might deprive Austria of her freedom of action.

The more general debate in the European Commission, the various plans tabled and the gossip of the lobbies lend colour to the suggestion that France is trying to buy off Austria by offering counter attractions. This does not greatly matter if the opportunity is taken to press home the advantage now presented of some real action. Broadly, France's plan is to supplement measures already in contemplation to meet the agricultural problem by a preferential system for grain up to specified quotas fixed periodically (offering no opinion about equivalent concession on the part of grain-exporting countries), separate international industrial agreements which should make it ultimately easier to secure reduction of tariff barriers, continuation of the conversations now in progress on tariffs, special trade facilities for Austria, and consideration by the Financial Committee of the League of means of arranging Government loans in the general interest and on the widest basis. Italy advocates direct bilateral

agreements, and, with some other States, a revival of the Commercial Convention of March, 1930.

Two of the surprises were Italy's definite opposition—to last confessed—to the proposed Customs union, and Mr Litvinoff's moderate plea for some mutually advantageous *modus vivendi* between Russia and the capitalist States. Armaments, protectionism, debts and reparations, and the irregular distribution of gold were some of the causes of world depression outlined by Mr Litvinoff. An economic pact of non-aggression was essential (he said) for the peaceful co-operation of States in the economic sphere, irrespective of their political-economic systems. He circulated a draft in which he proposed an undertaking on the part of signatories not to adopt, in their relations with each other, any discrimination whatsoever, and to regard the adoption in any of their countries of a special attitude militating against the interests of one or any of the signatories as incompatible with the principles of this undertaking. He also suggested that States should agree by convention to remove differences of prices between the national and export markets and compulsory sale on the national market at prices not exceeding those demanded abroad.

Mr Henderson, in his speech this afternoon, said he hoped they would face the situation with a resolute determination to set aside every consideration of *amour propre* or prestige and concentrate on the real economic interests of the simple men and women they represented. Beyond all question, armaments were a contributory cause of the present situation, and for that reason he agreed with President Hoover that the success of the Disarmament Conference next year would do very much to bring the world crisis to an end.

But the causes of the present situation, as Mr Litvinoff had said, were many and various, and none of them could be dealt with by national action alone. There was no sectional solution, no action by any regional group could do very much to help, and even those like Dr. Curtius, who had proposed regional action, recognised that it could only have a limited effect, and, indeed, had only put it forward because they hoped it might lead to something wider. The present crisis brought home to them anew the absolute necessity for concerted economic action; public opinion in many countries had begun to understand the useless suffering that economic nationalism had caused; but nations in Europe to-day were striving by every means to keep out foreign goods, thereby impoverishing both their own and other nations. "This policy," he said, "is madness." It was a fight against the great economic forces of the age. In the view of the British Government, the magnitude of the high level of protective tariffs ranked first and foremost in the contributory causes of the world depression. They were barriers against prosperity. Behind these barriers there was subsidised, uneconomic and wasteful production, which competed with the natural harvests of more favoured countries for an ever-narrowing free market.

Meanwhile the principal creditor countries had insisted on the payment of the debts due to them and had refused to accept the goods which the debtor countries had to offer. They shut their eyes to the fact that international trade must take the form of barter; instead, the creditor countries had insisted on payments, not in goods, but in gold, and the consequent scramble for gold had contributed to the catastrophic fall in prices. This sequence was sapping the very foundations of our economic system. Everywhere the agricultural countries were being forced into bankruptcy because they were asked to pay in the gold they did not possess instead of in the goods which they had. The industrial countries in their turn found they could no longer sell their manufactures, and were therefore forced to maintain millions of people in a state of unemployment. The time had come to break the vicious circle; they must cease to make economic impossibilities into political necessities, or the last state of Europe would be hard to imagine.

"Before it is too late," he said, "we call once more for a change of policy, for a reduction of tariffs, for the abolition of restrictions on trade." There were, of course, strong vested interests to be faced, but each Government

must frame its policy by reference to the needs of its people as a whole and not the interests of sectional industries. The British Government would examine with the greatest sympathy the various proposals which had been submitted, and they would enter into negotiations with a determination to get results. It was plain that decisions could not be reached at this session on the plans put forward, and he proposed the creation of a sub-committee to recommend procedure for the preparation of definite practical proposals in the light of the various schemes submitted. He heartily endorsed the general principles of the French financial proposals; Europe was calling urgently for credit, but countries with surplus resources seemed more and more reluctant to lend.

UNITED STATES.

Money Market — Trade — International Chamber of Commerce — Corporation Profits — Railroads.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 10.

ANY doubts as to the Federal Reserve policy of forcing down interest rates throughout the country were removed this week. The New York bank again cut its bill buying rate, for the third time in a fortnight, which brought an open market rate of $1\frac{1}{2}$ per cent. The several reductions in bill rates had, of course, left the discount rate high and dry and weakened the control of the Federal Reserve Banks over the money market. Reduction in the discount rate from 2 to $1\frac{1}{2}$ per cent. was therefore logical, even though member banks had been steadily reducing their borrowings for more than a year, using the net imports of approximately \$360,000,000 in gold for that purpose.

The policy of sterilising gold imports and preventing them from exercising their normal influence on the credit system would probably have brought into existence just the same conditions had the old banking system of the country not been replaced by the Federal Reserve system. Thus the artificiality of cheap money at this time is more apparent than real. The widening of the credit base in the past year and a half amply justifies such expansion in credit as is likely to follow. However, the Federal Reserve authorities have doubtless wished to increase the velocity of credit rather than to add to the total amount outstanding. Money has been excessively cheap in New York and Boston, for short-term purposes, and fairly abundant for long-term employment; it has been scarce and rather dear for any purpose throughout the interior where cheap money is mostly needed.

It is hoped that an overflow of funds will take place in the New York money market, aided by a cut in bank deposit rates, which will increase the lending power at lower rates of interior banks. At the same time the bond market will be helped in all directions, and a considerable improvement has already taken place, which will probably be followed shortly by an increase in new capital issues. New financing for the past few weeks has been small and confined largely to municipal and State loans, apart from the heavy Federal Treasury borrowings. Another desideratum of the rate-cutting is the checking of the inflow of foreign money and of gold, though gold is still coming in from the Argentine. South American shipments, being due to political disturbances and slack trade, will scarcely be affected by cheaper money here.

Obviously there is some danger in this more determined cheap money policy. Some of the banks, already finding it difficult to make profits, are critical, but they will be compelled to meet the reduction with sharp cuts in their deposit charges. Savings banks in particular are paying too dearly for deposits, all of which encourages the piling up of money here. A few critics, while admitting the desirability of low rates now, are apprehensive lest, once an inflationary movement begins in the stock market, the Reserve authorities may hesitate too long before raising rates. That is borrowing trouble,

but it is hinted that the Chicago Reserve Bank, which followed New York with a reduction, did so with reluctance. Altogether seven of the twelve regional banks of the system have cut their rates, and the others will follow. The Federal Reserve Bank of New York will probably wait a while before making another cut in its bill rate. The supply of bills is falling rapidly and it is possible that acceptance rates may go below 1 per cent. Commercial paper, which did not have any seasonal expansion this year, may fall below 2 per cent. Call money is redundant at 1 per cent.

Federal Reserve policy, especially if it be followed immediately by a sustained rise in the bond market, may prove a much needed restorative of business confidence. Faith in the future was badly shaken by the poor character of the first quarter earning statements of industrial and railroad corporations, the failure of two Stock Exchange firms, the reorganisation of another, and ugly rumours concerning two or three large financial institutions. These rumours are believed to be entirely without foundation. Some faint stirrings of trade improvement are reported by corporation executives, but the statistics of basic industries are still mostly unsatisfactory. Pig-iron output in April was slightly higher, for the third successive month, but steel ingot production was somewhat lower. The steel industry is now operating at about 46 per cent. of capacity, compared with a mid-March peak of 56 per cent., and the rate may recede to 40 per cent. Prices are rather unstable. Motor output in April was up to expectations, at approximately 348,909 vehicles, a drop of 25 per cent. from a year ago, but a rise of 21 per cent. over March. Railroad traffic is not showing the usual seasonal gains, but is rising gradually.

Most of the speakers at the International Chamber of Commerce meetings held this week were careful to avoid prophecy of a business upturn, but the country is centring its hopes on the summer's harvests. Last year's drought was a heavy blow, and the financial burden which it imposed on the country was increased by the soldiers' bonus legislation. Given large crops this summer and autumn, regardless of prices, there will be solid ground for trade improvement. Commodity prices, after stiffening in March, had a setback last month. Dun's index shows a drop of 2 per cent.

General wage reductions are entering more insistently into any discussion of the trade position. Few are bold enough to advocate reductions as justified by current conditions, but in spite of the pious hopes expressed that wages may be maintained, there is a fairly general expectation that further cuts will have to come before industry can adjust itself to the new conditions. There will, of course, be trouble if the wage scales of the strongly unionised trades such as railroads and building are tampered with.

While proposals made before the International Chamber of Commerce for a reduction of international debts receive a good deal of sympathy here, it is unlikely that anything will be done about it. Many of those who feel that this country should cancel its war debts are not prepared to advocate such action at present, in view of our mounting Treasury deficit and the prospect of higher taxes. Such a move would be highly unpopular among the majority of citizens, and no political party would care to hoist that standard.

Criticism of tariffs and particularly of the American barriers, made at the meetings of the International Chamber, has met with approval among a wide section of Wall Street opinion; but, as in the case of international debts, the tariff is unlikely to be considered here in the near future as anything but a party measure. There is no evidence that the country as a whole is losing its illusions over high tariffs, although, of course, faith in the tariff as a business depression preventive has been somewhat shaken. Too much importance is possibly attached on your side to the possibility of practical results from the meetings of the Chamber.

First quarter corporation profits have run about 50 per cent. lower than in the same period last year, the heaviest

declines being shown in the petroleum industry. Most of the oil companies showed large deficits. Textile products companies suffered a drop of over 90 per cent. in earnings, and the iron and steel trade fell 85 per cent. Railroad net operating income for the quarter was approximately 40 per cent. lower than in the same three months of 1930, improvement in March helping to reduce the difference. The railroads earned at the annual rate of return of 2.07 per cent. on their property investment. As calculated by the National City Bank, the industrial profits for the first quarter were at the annual rate of return of only 5.3 per cent. on capital and surplus, compared with 10.7 per cent. a year ago.

Following conferences of railroad executives, it has been decided to make application to the Interstate Commerce Commission for an all-round increase in railroad rates, with exceptions for rates on commodities for which there is most active competition from motor transport. Recently the railroads have met this competition with voluntary reductions in fares. It is believed that these distressed times will not prove to be propitious for higher railroad tariffs, and possibly the railroad managers do not really expect them. Rather they wish to pave the way for the other way out of their dilemma—reduction in expenses, which can come only through lower wage scales. All other measures have been largely exhausted.

FRANCE.

Politics — Anglo-French Commercial Relations — Foreign Trade — Textile Strike.

(FROM OUR CORRESPONDENT.)

PARIS, May 20.

THE defeat of M. Briand's candidature for Presidential honours was a surprise only for those who ignored the fact that French presidential elections are generally fruitful in surprises, and for the still larger number of foreign observers who have persisted in under-estimating the enormous effect the results of the German elections of a few months ago had, and are still having, on French opinion of practically all shades.

It is impossible for any person who is in close contact with conditions here not to recognise that the Hitlerist success had the effect of a bombshell on all classes of Frenchmen. The sudden revelation of the Austro-German Customs union project which more recently followed had an almost equally alarming effect and, rightly or wrongly, appreciably increased the growing nervousness as to whether advantage was not being unfairly taken by Dr. Stresemann's successors of the Locarno policy hitherto followed by this country. All this helped to create an appreciable current of opinion that tended more and more to question the wisdom of M. Briand's foreign policy, some weeks before the Foreign Minister's candidature for the Elysée had become more than a possibility. M. Doumergue's significant speech at Nice undoubtedly focussed opinion even more closely on the problem, and equally undoubtedly the blatant insistence by M. Léon Blum, that M. Briand was "certain" to succeed to the Presidency as the nominee of the Left, fanned the growing dislike to the idea of a candidate put forward by such a sponsor.

Foreign opinion is apt to regard all suggestion of criticism of the Locarno policy as emanating merely from the irresponsible followers of M. Léon Daudet, than which there could be no greater error, as current events are proving. The *Action Française* movement has never been more discredited and less influential than at present. Its adherents have for many months been formally and actually under the Pope's ban of excommunication, and its doctrines are approximately as distasteful, in the eyes of the mass of the people, as those of the Communists. On the other hand, the hardening of opinion in the direction of a firmer French national policy has been strikingly indicated during the past two or three weeks by notable oral and newspaper pronouncements by M. Herriot, which appear to have completely modified the proba-

bilities of Socialists and Radical Socialists fighting side by side at the coming elections. M. Blum, in the *Populaire*, is openly accusing his former Radical friends of having helped to bring about M. Briand's defeat last Wednesday, and M. Herriot has flatly pronounced himself a supporter of French nationalism, in preference to the internationalism of M. Blum, which he frankly repudiates. A split in the Socialist Party itself, on similar grounds, also appears likely.

Misreading of the vote of confidence accorded before M. Briand's departure for Geneva apparently accounts for part of the misunderstanding abroad as to the Foreign Minister's present situation. The resolution, as its text shows, was one of confidence in the Government as a whole, and was certainly accepted by deputies as meaning that the mandate of whoever went to Geneva as the representative of France was definitely to oppose the Anschluss project. The developments that are likely to follow the formal resignation of the Ministry on M. Doumergue's accession to office in the middle of June remain obscure. There are indications, however, that the replacement of the present Cabinet by one still under the leadership of M. Laval, but in which M. Herriot and some of his friends may be included, is more than possible.

The statement, reported here as having been made in the House of Commons this week by Mr. Smith, Under-Secretary to the Board of Trade (in reply to a question by Mr. A. M. Samuel), indicating that no negotiations are in progress between the two Governments, in regard to suggested changes in the Anglo-French commercial tariff rates, has been received here with some bewilderment. In French official quarters it was elicited a few days ago that M. Elbel, Director of Commercial Accords at the Ministry for Commerce expects to be able to return to London within a month or six weeks, to resume the conversation begun during April with the Board of Trade officials there. At all events, the British request that the French Government should take into consideration the possibility of reducing certain of the import duties imposed on British goods entering this country has been taken under serious examination by the Ministry for Commerce, and there is every likelihood that M. Elbel will present certain counter proposals, when he again meets the representatives of the Board of Trade. The French Government has already replied to the British Note by asking for what amounts to a substantial reduction of some of the safeguarding and other duties affecting French exports to Great Britain. This was confirmed in the speech made yesterday by M. Rollin, Minister for Commerce, in the presence of Mr. Gillett, on his visit to the Foire de Paris. The Minister pointed out that it is true the French tariff affects 64 per cent. of British products, while the British tariff applies to only 26 per cent. of French products, but, on the other hand, owing to the fact that the British scale of duties is appreciably higher than the French rates, the duties imposed on French goods result in the British Treasury receiving £5,876,000 in revenue, while the French Government benefit from the duties on British goods entering France only to the extent of £2,174,000, or less than half the sum received by Great Britain.

The foreign trade returns for April show that the improvement registered during the previous three months, on which the Premier laid emphasis in a recent speech, has been only fugitive. Exports were 2,876,797,000 francs, or 199,000,000 francs less than in March, although still 119½ millions more than in February; and imports 3,901,650,000 francs, representing a drop of 28,000,000 francs. As compared with April, 1930, imports were 673,375,000 francs less and exports 1,012,500,000 francs smaller, only a minor fraction of which, so far as exports are concerned, is to be accounted for by the fall in prices. For the first four months of the year exports show a falling off of 4,291,500,000 francs (or 27½ per cent.) and 2,316,871 tons, as compared with the corresponding period of last year, while imports were 2,868,684,000 francs (or 15 per cent.) and 1,086,482 tons less.

The depressed state of the textile industry, which is the only one of the nine great French industries which has failed since the war to return to the level of its 1913 production (whereas industry as a whole stood at the end of March at 32 per cent. above 1913 output), resulted on Monday in the declaration of a strike against a small cut in wages in the Roubaix-Turcoing mills. It will be recalled that last year, when the national insurance scheme came into operation, the French textile workers refused to pay their half of the contributions towards their insurance, unless they received an equivalent advance in pay. Eventually, the employers' federation offered to add to the wages paid to all workers of over a year's standing in the same factory a bonus to be called a "fidelity premium," that would be equivalent to the payee's insurance contribution. The workers' unions refused to accept that, on the ground that such a designation of the bonus was a reflection on their dignity and an intolerable restriction of their liberty to work where they chose. The term was accordingly changed to "prime de présence," and under this guise accepted, the benefit to the workers being equivalent to about 4 per cent. of the wage. In view of the depressed state of the industry and the necessity for reducing production costs, the employers recently notified that in future insured workers must pay their own share of the insurance contribution, whereupon the textile unions—"C.G.T.," "Christian" and Communist alike—unanimously voted a general strike, to begin on Monday last, unless the employers cancelled their decision. So far about 120,000 out of the 160,000 workers in the Roubaix district have ceased work, and there seems to be a possibility of the movement extending to other trades.

GERMANY.

Money Rates and Reichsbank — Capital Market — Stock Exchange — Dividends — Unemployment in Coal and Building — Oldenburg Elections.

(FROM OUR CORRESPONDENT.)

BERLIN, May 20.

WE have for years been accustomed in Germany to regard changes in the Bank of England discount rate as of the greatest importance to our money market and to those of the rest of Europe. The latest reduction in the London rate, however, has not, at any rate so far, had the slightest effect in Berlin. The hopes of a reduction in the rate of interest in Germany, which were strong at the beginning of the year, now seem quite extinct.

This is due less to the technical position of the Reichsbank than to the stagnation of the gilt-edged market, but the situation of the Reichsbank is not all that could be desired. The fact that the note circulation on May 15 was backed by gold and foreign exchange to the extent of 65 per cent. against 68.5 per cent. at the corresponding date last year is not particularly significant; more important is the fact that the earning assets of the bank, discounts and advances against securities, stood at Rm. 1,596 millions, against Rm. 1,654 millions in the preceding year. The volume of production has, nevertheless, fallen very much in the interval, stocks have been cleared and a substantial decline in the demand for bank credits, and consequently in the amount of recourse to the central bank, might seem to have been inevitable. That this was not so is due principally to political uneasiness. There is less foreign capital in Germany now than last year, and banks and industries are making much more provision than they did then against sudden withdrawals of short-term foreign credit. As substantial sums are being placed abroad for this purpose, proportionally increased demands are being made upon the Reichsbank. For the same reason the market discount rate in Berlin is still 4½, and one-month money can only be got at 5-6 per cent. The fall in rates abroad is not even affecting the short-term market in Germany.

The state of the long-term capital market is best illustrated by the fate of the Reichspost bill issue. This was

a relatively short-term issue, of Rm. 150 million 6 per cent. bills, offered at 96 and redeemable on October 1, 1933. Its reception was thoroughly disappointing and, in spite of the efforts of all the larger banks, only about half was placed. (The success of the small share issue by the Berlin Light and Power Company, amounting to Rm. 30 millions, with a yield of 9 per cent., was due to particular causes.) The index of first-class German fixed-interest securities fell from about 95 to 94.2 last week, and the average yield is again 7.85 per cent., though there are many first-class loans which still yield 8½ per cent. In the circumstances the Reichsbank sees no possibility of reducing its discount rate below 5 per cent.; the margin between long- and short-term rates will first have to be reduced.

The disappointing course of interest rates is an important cause of the slump in the share market. Other causes are the uncertain state of foreign politics, the reaction on Berlin of market conditions in London and New York (large sales of German securities have recently been carried out on New York account), and the unsatisfactory profits earned by German industry. The latest dividend announcements have been very disappointing; scarcely had the market learned with satisfaction that the I.G. Farbenindustrie was maintaining its dividend and that the Mannesmann Röhrenwerke was only reducing its rate from 7 to 6 per cent. than the balance sheet of the largest pure coal-mining company in the Ruhr was published. The dividend on the ordinary shares, which had been 6 per cent. in the preceding year, was passed, and even the allowance for depreciation had to be reduced. Zellstoff-Fabrik Waldhof, the largest firm in the paper industry, which has large hidden reserves, is reducing its dividend from 12 to 6 per cent.; Polyphon, the leading gramophone company, from 20 to 12 per cent., and the Continentale Linoleum-Union, which has almost a European monopoly, from 15 to 5 per cent.

The outlook for other dividends is also unfavourable. It seems certain that the big department-store company, Karstadt, will have to pass its dividend after paying 12 per cent. last year, and the elektro-technical firm of Bregmann, and the Wicking Cement Works are expected to do the same, after distributing 9 and 10 per cent. respectively a year ago. The index of German ordinary shares rose from 85 to 103 in February and March, but the latest falls have swallowed up all this gain. At present prices many first-class shares are yielding 10 per cent., and no early improvement is anticipated.

While the general state of the labour market gives some ground for hope, the mining industry, like the building trades, is in a particularly critical state. The continual dismissals and extensions of short time are attributed to the decline in production: in the Ruhr, output in April averaged 290,000 tons per working day, against 364,000 in April, 1930, and an average of 407,000 in 1929. The output of raw steel in the first four months of 1931 was 2,212 million tons, against 3,966 million in the corresponding period of last year. In April this year 58 blast furnaces were in operation, against 90 in April, 1930. The number of residential building plans notified during the first four months of 1931 was 11,807, against 17,547 in the corresponding period of 1930. The corresponding figures for industrial and administrative buildings are 1,973 and 4,228 respectively.

At the Landtag elections in Oldenburg the National Socialists have increased the number of votes they secured at the 1930 Reichstag elections by one-third. Some of the centre parties have been almost eroded out of existence. The Social Democrats, hitherto the strongest party in the Oldenburg Landtag, have lost 15 per cent. of their votes, and about half of these have been transferred to the Communists. The Centre has held its own, which means that the National Socialists have gained practically no ground among the Catholics and the Peasants. The policy of this little State of barely 600,000 inhabitants would, of course, be of no great interest were it not that the State and communal elections in Germany have the significance of a political barometer, like by-elections in England and elsewhere. (There are no by-elections in Germany.) It is, however, very important to exercise

caution in generalising from the results. Oldenburg is predominantly agricultural, and all indications point to the fact that the National Socialists have recently been more successful in the rural districts than in the towns. Even in the smaller towns of Oldenburg they seem to have made less progress than in the villages.

The results of this election have, of course, no direct effect on the Reich, but they make the position of the Government more difficult by encouraging their opponents. Actually, though, the real matter for surprise to a dispassionate observer is the way in which the two great Parties, the Centre and the Social Democrats, have contrived, in spite of all difficulties, to hold their own against the Radicals both of the Right and of the Left. In spite of the losses of the Social Democrats, the body of enlightened opinion in Germany is still very strong—almost stronger than could reasonably have been expected in a country which has the heaviest unemployment in Europe, and which, in spite of all efforts and sacrifices, is perpetually faced with Budget deficits and with the consequent need for one further sacrifice after another.

BELGIUM.

Public Finance — Railways — Industry.

(FROM OUR CORRESPONDENT.)

LOUVAIN.

AS in all other countries, the economic crisis has seriously affected public finance, which was anyhow suffering from the ceaseless increases in estimates caused by the legislation of the last few years. The unemployment relief fund has begun to absorb a substantial subsidy, which, if no improvement appears in the labour market, will involve for 1931 more than 400 million francs, against only 40 millions for 1930, while the Belgian railways, which were to contribute 300 million francs to the Budget for 1931, will not be able to do so, on account of the decline in their receipts.

In view of this situation, the Government reduced the salaries and pensions of its officers on April 1st and caused the National Railways to adopt the same measure. The diminution has been fixed nominally at 6 per cent., but small salaries have been exempted, so that the yield of the reduction is less. A Bill providing for regulation of public officers' salaries has been promised, according to which salaries will vary with the cost-of-living index, so that there is likely soon to be a new reduction since the trend of the cost-of-living index remains downward. The reduction already enforced upon the salaries of Governmental agents *sensu stricto* makes possible an economy of about 150 million francs under this head.

The Government has also submitted to Parliament a Bill providing for new taxes, some of which are to be imposed immediately. Taxation revenue has to be increased by about 1 milliard, or about 12½ per cent. The import duty on motor oil, which amounts to 0.70 franc per litre, will be raised to 1 franc (say 6½d. per gallon). Tobacco taxes, which are at present very moderate (8 francs per kilo. is the average) and especially the import duty on cigarettes, will be substantially increased. The luxury tax of 6 per cent., *ad valorem*, on certain articles will be raised to 8 per cent. The excise duty on beer will also be augmented. The sales tax will again be fixed at 2 per cent. *ad valorem*, after having been cut to 1 per cent. at the beginning of 1930; but there will probably be numerous exemptions rendered necessary by the industrial depression. It is rumoured that death duties will be increased, at least for the larger inheritances. The tax on income proceeding from company directorships will be raised.

The incessant increase in the cost of pensions of all kinds paid by the Treasury has attracted the attention of the Government, and a committee of enquiry has been appointed. In the present Budget, 2,300 millions have been allowed for the payment of pensions, that is 30 per cent. of the estimated total tax revenue. Nearly half this amount has been appropriated to war pensions. There is

no doubt that there have been deplorable abuses in the obtaining of disability pensions. The number of disabled men entitled to a pension (90,000 against 530,000 in Great Britain) is surely out of proportion to the actual losses suffered by the Belgian army. It is also evident that old-age pensions are being drawn by persons who ought not to be eligible.

The present situation of the National Railways is also disquieting. The policy of its management has in general been good, and the substitution of the National Company for governmental management has certainly been responsible for progress, although the financial results have been mainly governed by the rates of freights and wages, both of which depend on the Government. The Government refused to revise the passenger and goods rates when they should have been raised. Salaries and wages have remained too high in view of the economic situation of to-day, for political reasons. In general, employees have earned 25 per cent. more than corresponding workmen in private industrial enterprises, in spite of the fact that the latter are exposed to the risk of unemployment and do not enjoy free tickets and holidays with pay.

The Belgian Railway Company's receipts, which are mainly influenced by the activity of the collieries and the metallurgical industries, have seriously declined, especially during the last three months. For the first two months of this year the receipts fell by 10 per cent. below the very conservative estimates made at the end of 1930. Expenses also have diminished, but not in the same degree, as wages comprise 58 per cent. of outlay. The usual placing of contracts for the renewal of the track has given rise to complaints, since the suppliers, having entered into cartels, have refused to lower prices. Quotations for rails, for example, have been kept too high by the I.R.M.A.

The business trend is still weak, but March was better than the first two months of this year. The situation of the collieries has become no worse. The wage reductions which the pitmen adopted have made it possible to reduce selling prices, and hence more successfully to resist foreign competition. Sales of Belgian coke have even been noticed in Sweden. The position of metallurgy has remained unchanged; in general it has maintained the reduced activity of October, 1930. The textile industry, which has so long been depressed, has shown some improvement. A rise in the price of wool has proved a stimulus to activity.

NORTHERN IRELAND.

Budget — Last Year's Results — Estimates — Unemployment Insurance.

(FROM OUR CORRESPONDENT.)

DUBLIN, May 14.

IN the absence of Mr H. M. Pollock, the Minister of Finance, who is recovering from a severe illness, the Northern Ireland budget was introduced by Mr Milne Barbour, the Financial Secretary to the Treasury. In 1930-31 total expenditure amounted to £12,229,000, of which supply services accounted for £8,592,000, reserved services for £1,800,000, and provisional contribution to Imperial services £507,000. This latter figure compares with an original estimate of £150,000, and the large excess over the estimate is due to the fact that in anticipation of an increase in the tax on tobacco, large quantities of tobacco were withdrawn from bond. Largely as a consequence of this development, reserved revenues exceeded the estimate by some £350,000. The final adjustment of the Northern Ireland contribution to Imperial services has, of course, to be settled by the Joint Exchequer Board; but meantime a sum of £507,000 has been retained by the Imperial Exchequer. The revenue in 1930-31 amounted to £12,233,000, leaving a surplus of £4,000. Transferred taxes yielded £1,024,000 and motor vehicles duties £528,000 (as compared with a budget estimate of £495,000). The yield of reserved services was £7,370,000, as compared with the budget estimate of £7,013,000. The tobacco duty exceeded the estimate by £324,000, while the duties on sugar and hydrocarbon oils also yielded

£21,000 and £13,000 respectively more than was estimated. The revenue from wines, beers and spirits, however, fell short of the estimate by £62,000. Income and super-tax produced 3,238,000 or some £43,000 more than the estimate. Total revenue from taxation thus yielded £8,922,000, while non-tax revenue yielded £3,311,000, including £884,000 from the Post Office, £860,000 from land purchase annuities and £517,000 by way of Imperial contribution to the Unemployment Insurance Fund.

In regard to the current year, determined efforts have been made by the Government to effect economies. A 15 per cent. cut has been made in the salaries of Cabinet ministers and of members of both Houses of Parliament. The salaries of teachers and of members of the Royal Ulster Constabulary have also been reduced by 7½ per cent. The estimates for supply services reflect the efforts of the Government in the direction of economy, and aggregate £8,589,000, as compared with total estimates (including supplementary estimates) of £9,220,000 in 1930-31. The estimated cost of reserved services amounts to £1,776,000 (as compared with estimates amounting to £1,811,000 in 1930-31), and Consolidated Fund services to £738,000 (as against estimates of £761,000 in 1930-31). Total estimated expenditure thus amounts to £11,103,000 in 1931-32, as against £11,792,000 in the previous year. On the basis of existing taxation, revenue from this source in the present year is estimated to yield £6,720,000. Customs and excise duties are expected to yield £3,550,000, as compared with an estimate of £3,808,000 for 1930-31 and actual receipts of £4,102,000. Income and super tax is expected to yield £3,160,000, as compared with an estimate of £3,195,000 in 1930-31 and actual receipts of £3,238,000. Receipts from non-tax revenue are placed at £1,861,000, while, in addition, £227,000 is expected from the British Exchequer by way of Unemployment Fund equalisation payment and £242,000 towards the cost of public works and buildings under Section 34 of the Government of Ireland Act. The total estimated revenue on the existing basis is thus £10,628,000, leaving a deficit of £475,000.

Changes in reserved taxation announced by Mr Snowden will bring in an additional £125,000 from Customs and Excise duties this year and an additional but non-recurring £100,000 from income tax. A sum of £205,000 is also available in the Rating Relief Suspense Account. These three items reduce the deficit to £45,000. In view of the fact that the revenue for the current year has probably been reduced by £250,000 by the premature withdrawal of tobacco from bond, and in the hope that a trade revival may also help to augment revenue next year, it has been decided not to impose any increased taxation. Accordingly a sum of £120,000 will be taken from the Road Fund as an emergency measure. This will enable the deficit to be met and will leave a sum of £75,000 available as a contribution to Imperial services.

In his Budget speech Mr Milne Barbour reviewed the position of what are probably the three main questions in connection with Northern Ireland finance at the present time. The year 1930-31 was the first in which the full effect of derating was felt. The total estimated cost for the year was £1,118,200, but from this must be deducted the cost of the previous grants in respect of the relief of rates on agricultural land, which in 1928 amounted to £257,000. The increased expenditure in respect of derating may thus be placed at £861,200. Since £410,000 was taken from the Rating Relief Suspense Account, only £451,200 of the additional cost of derating in 1930-31 was borne out of revenue for the year. In the current year, also, some £205,000 will be available from the Rating Relief Suspense Account, but as this will exhaust the account it will be necessary to meet the cost of derating in the future, either to effect economies or to provide extra revenue.

The continued heavy incidence of unemployment constitutes a further problem. Prior to the reinsurance agreement which was entered into between the Northern Ireland and the Imperial Governments in 1925 the Unemployment Insurance Fund in Northern Ireland had accumulated an excess debt of £3,424,434. This debt is, how-

ever, being dealt with and has already been reduced to £2,800,000. The interest on certain investments which have a market value of approximately £1,521,000, and which belong to the capital and reserve funds, is being accumulated towards the redemption of this debt. But since 1925 further debt has been incurred in connection with the Northern Ireland fund in the same way as in Great Britain, and under the parity arrangement with Great Britain the deficit of the fund is now about £1,750,000. In order to maintain the Northern Ireland fund on a parity basis with Great Britain, it has, however, been necessary, during the past five and a half years, to pay into the fund sums amounting to more than £5,000,000 over and above the normal state contribution towards unemployment insurance.

Certain items of the Northern Ireland non-tax revenue are of a terminable character. These are the Land Purchase Annuities and Church temporalities. In order to maintain a corresponding income to that derived from these sources, sinking funds have been established. The allocations from revenue in past years, and also the success of the Government in investing the monies in these sinking funds in long-dated securities at a more favourable rate than was anticipated, have resulted in a substantial surplus arising in these funds. Consequently the Government has decided to relieve the Exchequer by making no provision for the sinking fund in connection with the Land Purchase Annuities in the current year.

Letters to the Editor.

CURRENCY IN THE U.S.S.R.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Will you permit me to reply, even though it be somewhat late, to certain statements regarding the currency of the U.S.S.R., contained in a letter signed "Traveller" which appeared in your issue of November 8, 1930? It seems to me that a reply to the letter on the "Soviet Enigma" and "Inflation and its Dangers" has not lost interest even now, because the ideas expressed in the letter in question are still encountered in certain Western estimations of Soviet finance.

In the main, "Traveller" reasons thus:—The increase in the volume of money during the period 1925-28 is justified by the growth of the national economy of the country in those years. It was only in 1929-30, particularly in the latter half of that year, that such extensive emissions were made as to be a menace to the economic system of the country. These excessive emissions took place during a particularly slow growth of the volume of goods. In certain cases a decrease was even observed in the production of commodities of wide consumption, such as in cotton goods, the production of which decreased by 17 per cent. As a result, prices on the free market were doubled, difficulties commenced in regard to the exchange, and the illegal rate of exchange of foreign currency mounted. Owing to the doubling of prices on the free market real wages were considerably reduced. In conclusion, "Traveller" says:—"Will the Soviet regime collapse with the Soviet currency? The next six months will tell."

First of all, there are certain quite considerable inaccuracies in the figures relating to the currency in 1929-30 given by "Traveller." According to him, the volume of money on October 1, 1930, equalled 4,750 million roubles. Actually it was 4,263.9 million roubles. The increase in the volume of money for the period April to October he estimates at 65 per cent., instead of 48.2 per cent. which it actually was (on April 1, 1930, there were in circulation 2,876.1 million roubles).

Actually the movement of the volume of money for the last five years is as follows:—

	Total Volume of Money. Mn. Roubles.	Including Bank Notes. Mn. Roubles.
October 1, 1925	1,073.7	635.0
" 1, 1926	1,291.3	769.5
" 1, 1927	1,628.3	989.8
" 1, 1928	1,970.8	1,063.4
" 1, 1929	2,642.2	1,428.2
" 1, 1930	4,263.9	2,130.3
January 1, 1931	4,302.0	2,080.4
March 1, 1931	4,306.9	2,082.1

At the present time, by the way, the volume of money equals 4.3 milliard roubles and the goods turnover 60 milliard roubles (1929-30). The volume of money in Czarist Russia in 1913

equalled 2,100 million roubles, whilst the goods turnover equalled 11 milliard roubles. The nominal volume of money in the year 1930 exceeded the volume of 1913 by 100.4 per cent., and the goods turnover by 445.5 per cent. If we consider the difference in the purchasing power of the rouble, then the volume of money in Russia in 1913 would be equal to 4 milliard chervonetz roubles, covering, it is true, a greater territorial area than the present territory of the U.S.S.R. At any rate, it seems unquestionable that the goods turnover of the U.S.S.R. is based on a considerably smaller volume of money than that of pre-war Russia. The fact, however, remains that the emissions in 1929-30 were much more considerable than in the preceding years. The movement of the increase in volume of money in 1929-30 was as follows:—For the first quarter it was 130.8 million roubles; for the second quarter 103.1 million roubles; for the third quarter 578.5 million roubles; and for the fourth quarter 809 million roubles. Thus, the bulk of the emissions fall on the third and fourth quarters, more especially on the fourth.

What are the reasons for this increase? First of all, the theory that the emissions in 1929-30 were the result of a deficit in the budget must be definitely rejected. The State budget of the Soviet Union, commencing from 1924-25, has steadily shown a surplus of revenue over expenditure. The budget of 1929-30, as approved by the Government, covered 11.6 milliard roubles. It was actually realised as follows:—Revenue amounted to 12,623 million roubles, and expenditure to 12,316 million roubles. Thus, there was a surplus of 307 million roubles.

To elucidate the actual causes of the emissions made in 1929-30, we must bear in mind that the plans for that year provided for an increase in the output of planned industry of 32 per cent. and in the output of agriculture of 13.6 per cent. The amount of capital investment was to have been doubled. The reduction of production costs in industry was estimated at 12 per cent. and in building at 11 per cent. Moreover, provision was made for a considerable speeding up of the goods turnover of the consumers' co-operatives and for a diminution of left-over goods. It was these indices of the national economy that formed the basis of the financial plan, particularly of the credit and emission plans for the last economic year.

The realisation of this plan showed the actual increase in the production of planned industry in 1929-30 to have been 25 per cent. The insufficient rate of increase in the supply of raw materials at the commencement of 1929-30 prevented the expansion during that year of production in the light industries to the extent estimated by the plan. Production costs in industry were reduced only by 7 per cent.

What effect had this under-realisation of the plan on the financial plan? The absolute scope of the economic plan was so vast that even the comparatively slight under-realisation of it led to a considerable increase in the demands on the credit system.

Some influence must also be attributed to the not quite satisfactory methods of carrying out the credit reform (the liquidation of commercial credits and the transition to a planned system of financing) during the early months of its inception. One has to consider the great scope and exceptional difficulties of this fundamental reform, which eliminates from the Soviet economy the bill-of-exchange system existing since the Italian Renaissance. Naturally, reforms of this kind cannot be carried out without certain overhead charges. The practice of the automatic financing of purchasers has, to some extent, weakened control in the realisation of economic plans both in regard to the scope of production and to production costs. It is known that the Soviet Government has now introduced improvements in the methods of carrying out the credit reform. These improvements relate the financing of a given branch of industry to the realisation, both in regard to quantity and quality, of its plans, and, moreover, they increase the responsibility of the contractor for the quality of the goods he will have to supply. This does away with the possibility of making increased non-planned emissions, which inevitably happened during the period of change from the old system and the introduction of the new one for the financing of the Soviet economy. But, at that time, it would have been possible to avoid some of the unplanned emissions only at the expense of contraction of the industrial production, a proceeding which was not in the interests of the Soviet economy.

Such, in the main, are the causes of the upward movement in the volume of money. It is, however, clear to anyone that the figures relating to the movement of the money volume are, in themselves, insufficient to judge of the financial position of the country, particularly in regard to the existence of inflation and suchlike things. For this one must also consider the development of the national economy and explain the movement of such fundamental indices as gross production, goods-turnover, increased goods-traffic, movement of prices, etc.

The emissions in 1929-30, notwithstanding the under-realisation of the economic plan for that year, were made in

a situation marked by a great development of the economy of the country. The growth of industrial production as planned by the Supreme Economic Council equalled 25 per cent. for the single year. The national income of the country increased from 26.8 milliard roubles in 1929 to 35.9 milliard roubles in 1930 (at invariable prices), the goods traffic increased from 156 million tons to 244 million tons. The goods-turnover, of course, is an index not affected by change in prices. Below are given other salient indices:—

	Unit.	1928.	1929.	1930.	Estimates for 1931.
Sown area ...	Mil. hectares	113.0	118.0	127.8	143.0
Coal	Mil. tons	35.7	41.3	56.7	83.6
Oil	Mil. tons	12.4	14.4	18.9	27.0
Iron	Thous. tons	3,373	4,322	5,330	8,000
Tractors	Thous. pieces	1.5	4.5	16.4	56.0
Cement	Mil. barrels	12.5	15.3	21.7	35.0
Bricks	Mil. pieces	1,180	1,100	2,907	4,824

In regard to the production of commodities of wide consumption to which "Traveller" devotes special attention, it may be mentioned that the production of grain crops in 1928-29 amounted to 733.2 million centners, and in 1930 to 873.6 million centners; while the production of sugar rose from 1,285,700 tons to 1,736,700 tons, galoshes from 33.7 million pairs to 42.6 million pairs, boots from 34.6 to 68.0 million pairs respectively, and so on. Thus, the changes in the volume of money mentioned above coincided with a vast growth in the Soviet national economy.

In view of a partial under-realisation of the plans for 1929-30 the purpose of an emission to a certain extent beyond the limit set for that year was to supply industry in full with the necessary working capital. It also created conditions for a still greater increase in industrial production in the special quarter (for the three months alone industrial production increased by 25 per cent.) and in 1931.

To prove his theory about the so-called "Enigma" (i.e., inflation in the U.S.S.R.), "Traveller" instances the movement of the rate of exchange (illegal) and prices on the so-called "free" market. But the illegal currency market in the U.S.S.R. plays only a very insignificant part. The movement of the rate of exchange on this market has no economic importance whatever and does not reflect any changes in the national economy. Certainly in 1929-30 there was some rise, and in different parts a considerable one, in the so-called "free" prices, and there were certain temporary difficulties regarding the silver money. But after all, what was the importance of these facts? I trust that "Traveller" will find it hardly possible to deny that the overwhelming volume (90 per cent.) of industrial and agricultural products are sold and reach the hands of consumers at steady, stable and very low prices. In like manner all agricultural raw materials and the realisation of industrial products in the rural areas are also carried out at stable prices. Under inflation this would not happen.

The budget and the single financial plan for the special quarter of October-December, 1930, was drawn up and carried out without recourse to emissions. This alone emphasises the fact that there is no foundation for the assertion of inflation. The policy of a financial plan without emissions is being followed in 1931 also. The financial plan of the present year, covering in round figures 32 milliard roubles, is balanced without recourse to emissions and with a reserve of 2 milliard roubles (1.5 milliard roubles general reserve and 0.5 milliard roubles reserve for the estimates of the Supreme Economic Council).

The further strengthening of the rouble is one of the most important problems of the economic and financial policy of the Soviet Union. The resolution adopted at the last Session of the Central Executive Committee of the Union of Soviet Socialist Republics on the report of the People's Commissar for Finance, Grinko, concerning the financial plan and the budget of 1930, emphasised that the activities of the economic and financial organs must be so arranged that the following problems should be placed in the foreground:—(a) a complete realisation of the tasks, in quantity and quality, of the national economic plan in 1931; (b) a maximum mobilisation of the resources of the country necessary for carrying out the approved rates of socialist construction; (c) the introduction of the strictest financial discipline and regime of economy in all the branches of the national economy, social and cultural development and administration.

The prospects for the currency are very favourable. As a matter of fact, the national economic plan for 1931 approved by the Session of the Central Executive Committee of the U.S.S.R., has provided for an increase of production in State industry of 45 per cent.; for group "A" (production goods) provision is made for an increase of 58 per cent. in the output, and for group "B" (consumption goods) of 29 per cent.; the increase in retail trade is estimated at 30 per cent., and in

the consumers' co-operatives alone, serving the consumer direct, the increase is estimated at 25 per cent. This considerable development of the economy is based on a financial plan without recourse to emissions, balanced with a reserve of 2 milliard roubles.

The success of the special quarter and the efforts applied to the realisation of the national economic and financial plan of the present year have created a complete confidence that the question of the further strengthening of the chervonetz will be successfully solved.—Yours, etc.,

H. NAGLER.

People's Commissariat for Finance, Moscow.
April, 1931.

[Reference to this letter is made in a leading article.—Ed., Econ.]

TARIFFS AND PRICES.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In your comments upon the manifesto recently issued by Sir William Morris you refer—and not for the first time—to the Free Trader's belief that a tariff must put up prices and encourage inefficiency.

Those who believe in the wisdom of import duties confidently assert the contrary, and claim that while it may be contended that the available evidence is not conclusive, they are of opinion that this belief is confirmed by all experience in these matters, and at the worst that the argument on both sides is merely assertion lacking absolute proof.

Protectionists assert that if an industry can be conducted efficiently in this country, and the volume of production of the commodity increased in unlimited quantities, the following consequences must follow:—

1. Costs must fall.
2. Competition will stimulate the highest attainable degree of efficiency in production.
3. All inefficient plants, unless engaged in specialised production, will be eliminated by competition.
4. Prices must fall to a level not exceeding a reasonable profit under the most efficient conditions of manufacture.
5. Exports must tend to rise.

Protectionists claim that these results directly followed the adoption of a protective tariff in the United States of America and in Germany, and these results, which indubitably were achieved, were not "post hoc" but definitely "propter hoc."

Protectionists also claim that the only protected industry of importance in Great Britain presenting the conditions I have predicated, and of which we have experience, is that of motor cars, and no one can deny that the results which Protectionists say must follow the adoption of a Tariff under the stipulated conditions were actually experienced in the case of that industry.

It is possible that in small and unimportant industries these results might not be achieved, but it would be comparatively easy to provide some suitable safeguard as recommended by the "Balfour" Committee for dealing with any cases where import duties were used as a cloak for inefficiency.

In such cases, however, as the great steel industry, which can do so much to make or mar the prosperity of the country, Protectionists affirm with absolute confidence that these consequences would ensue. These views are almost universally held by the men responsible for the conduct of the British iron and steel industry. They know from their practical experience what would be the effect on their own companies; the amount of capital which they would immediately expend, and the enormous improvement in efficiency which would be achieved provided their home market was secured with the assistance of a tariff upon imported iron and steel.—Yours faithfully,
W. PETER RYLANDS.
Warrington.

[We deal with some aspects of Sir Peter Rylands' letter in a leading article on the iron and steel industry. We will only add two comments here. The first is to traverse the idea that the iron and steel development of Germany and America and of other countries was mainly due to Protection. In certain cases undoubtedly Protection has enabled certain branches of the industry to be established in the first place, the classic case being that of tinplates in the United States. But Sir Peter Rylands has omitted to mention the fact that, in spite of her colossal iron and steel production, the highly protected United States of America has never been a very heavy exporter of iron and steel and is not the most serious menace to this country except in certain lines. The threat has come in recent years from the countries with low iron and steel protection, namely, Belgium and France. The second point is that the case of motors, far from proving Sir Peter Rylands' case, strengthens our own view. Under the shelter

of a tariff and our horse-power tax the process of rationalisation has gone on intolerably slowly, and we have continued to produce an enormous multiplicity of types which have prevented the advantage of mass production. Motors have become a great product of world trade, but whereas in former days we were accustomed to get from 20 to 50 per cent. of world trade in manufactured goods, we have acquired since the war, according to the Balfour Committee, less than 10 per cent. of the world's increased motor export trade. Even in the unprotected electrical equipment industry, we have secured nearly 30 per cent. of the trade of the world in the last decade. By comparison the results of the protected motor industry are most disappointing.—Ed., Econ.]

Books and Publications.

MINERALS AND INTERNATIONAL POLITICS.*

A DESCRIPTION of the new elements which are said to have entered the "mineral picture," of the future geography of mineral resources, of the mineral position of the nations, and the nature of the specific political measures which have been adopted by them, together with a discussion of the question of conservation of minerals, the bearing of minerals on war, and the "mineral future and politics" seems an extensive theme for adequate treatment in a book of 213 pages. The plan of the book is well devised and the subject-matter, which is of engrossing interest, is expressed in a clear and attractive style. It is, therefore, the more regrettable that the argument should be marred by inaccuracies and half-truths, and weakened by the omission of fundamental matter. For these reasons the general reader must be warned against accepting the main conclusions, as these, though presented with an appearance of authority, are not always warranted by fact.

One cannot agree, for instance, that the concentration of mineral production will, for a lengthy period, be restricted to a few regions, and, consequentially, that the principal mineral trade routes must be few in number; and, again consequentially, that "the key to the problem is to be found mainly in the convergence of mineral trade routes of the North Atlantic Ocean" (page 13). Or that "the centre of gravity for minerals will remain as before with the North Atlantic countries" (page 171). For these assertions are largely in the nature of assumptions unsupported by evidence.

The author mentions the fact that over 90 per cent. of the world's steel-making capacity is confined to the United States of America, England, the Ruhr and North-Eastern France and adjacent territories. "In no other region now known," he states, "would it be possible to duplicate these large units with equal efficiency." Why not? Large steel and other works are now being established in the Urals by the Soviet Government, and, as long ago as November, 1928, Dr. Krummer, the well-known German authority, reported: "In a short time, the steel works and rolling mills of Seversk, the rolling mill and wire works of Revda, and the copper works of Degtiarka will bear an absolutely modern face, so that they can be compared without doubt with the most modern equipment in Europe or America."

Far from being static, the centre of gravity in regard to minerals is a changing centre. The centre of gravity of tin is now Malaya, Bolivia and Dutch East Indies. Once it was Cornwall. True it is that at present 85 per cent. of the world's oil-refining capacity is concentrated in the United States (page 9) and equally true that that country produces 55 per cent. of the world's copper (page 10) and so on. But the known supplies of liquid oil are nearing exhaustion in the United States, and, before a great many years have elapsed, the main sources of oil will be coal and oil shales, automobiles will probably be driven by vegetable alcohol, and the centre of gravity in respect of copper will, within a short time, have shifted from the United States to Northern Rhodesia.

The author's belief that the tendency is towards world monopoly by single companies or co-operating groups of

* "World Minerals and World Politics." By C. K. Leith. McGraw-Hill Publishing Company, Ltd. 10s.

companies, owing largely to the concentration of minerals of economic value in a few centres so that they are easily brought under one control, is not sound logically, for it pre-supposes a static condition in regard to technological methods. On the point of the advantages accruing from control by large combines, the author labours (page 16) a partial truth. Concentration of commercial control is not in all cases advantageous, and one doubts the existence of a "steady trend towards common ownership and centralised directing of the industry" in view of the number of separate and distinct productive units at the present time as compared with, say, 60 years ago. One doubts, too, very much whether "problems as to who shall ultimately own the world's minerals" do, in point of fact, "loom large before a rather startled world" (page 18).

In regard to the part the Governments of Great Britain and the British Empire play in mineral politics, the author is much at sea. It is hardly accurate to say that in the United Kingdom "The Government has now assumed control over the coal-mining industry" because of the provisions of the 1930 Act, of that "in most of the Empire, excepting Malay, under direct control of the British Government, there are restrictions against alien exploration and acquirement of minerals. Nor is it true, if one excepts oil, that "the Government exercises some degree of indirect control also through companies such as the British South Africa Company." The assertion that "the British Government owns the majority of shares in the Anglo-Persian Company" is incorrect—the interest is less than one-third. It will be news to many, too, to learn that the same Government has taken an active interest in the Nickel Industry of Canada and "in the manganese industry of the Gold Coast of Africa, and in the effort to secure high-grade iron ores abroad to supplement the low-grade domestic supplies."

The activities of Great Britain, which are largely a figment of the author's imagination, loom large in this work, the bibliography of which, with two minor exceptions, is American. Thus, "British Capital plays a large part in the mineral industries of the entire Empire and Great Britain makes no secret of its desire to unify the group and round it out by supplying deficiencies." And this in face of the fact that the British capital invested in the Canadian mineral industry is vastly less than that of the United States of America, and the fact that the copper-mining industry of Rhodesia is largely in American hands—to quote only two instances.

The author states as a fact that it is "especially true of the British Government that it is giving political aid to the exploitation of minerals outside its own spheres of influence." A declaration of this sort, to be of any value, should be supported by actual instances, but none are forthcoming.

With regard to gold, it is stated that "the peak of world production was passed in 1915," but there can surely be little doubt that a greater peak will be reached in the future. The great pre-Cambrian shield of Canada has been only very partially prospected, the Porcupine Gold-field was only discovered in 1913. The author fails to take into account the probable new discoveries of gold, the recovery of gold as a by-product in the treatment of other ores, and the possibilities, with the improvement of scientific methods, of the extraction of gold from substances at present valueless for that purpose.

In his survey of the mineral situation, the author omits from consideration the important bearing of the factors of population and of transport. Thus, the minerals of America have reached their present intensive development largely because they are situated among an industrially-minded population. The bearing on the problem of water transport is very great, as it is so much cheaper than land transport. For instance, British anthracite is sold in Montreal in successful competition with that from the United States of America.

The inference that Germany, in the first six months of 1914, accumulated stocks of manganese, brass, nickel, tin, aluminium, graphite and asbestos for war purposes is not proved by the chart shown on page 143. There is nothing to show that the comparative annual increase in imports was not occasioned by feverish purchasers on the

outbreak of war, or even later. The author should have given monthly, instead of annual statistics in support of his belief, a belief commonly held, but insufficiently supported by the data presented.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

The Firm of Cadbury, 1831-1891. By Iolo A. Williams. (London) Constable and Company, 10-12, Orange Street. 10s. 6d. net.

A well-written biography of one of the most interesting industrial firms this country has produced.

The Agricultural Situation in 1929-30. (Rome) Bestetti and Tumminelli S.A., Via Michelangelo Caetani, 32.

The publication of this annual commentary on their Statistical Year Book is a very welcome departure by the International Institute of Agriculture. There are chapters on the agricultural produce markets, and on action taken by Governments and by voluntary organisations in the interests of farm relief, and there is a short section on agricultural conditions in each country.

An Economic History of South Africa. By D. M. Goodfellow. (London) George Routledge, 68-74, Carter Lane. 10s. 6d. net.

A most readable book, which supplies a very definite want. It is much less of a textbook than the title suggests.

An Outline of the Economic History of England. By D. W. Roberts. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 4s.

An introductory book for students and the general reader.

International Competition in the Trade of India. By George B. Roorbach. (Worcester, Mass.) Carnegie Endowment, 44, Portland Street. 5 cents.

An account of India's imports, with a useful analysis of the changes in their sources.

Journal of the Royal Statistical Society. Part II., 1931. (London) Royal Statistical Society, 9, Adelphi Terrace. 7s. 6d. net.

Includes an article by the Editor of the *Statist* on wholesale prices in 1930.

The Political Quarterly, April-June, 1931. (London) Macmillan and Company, Ltd. St. Martin's Street. 14s.

Includes an article by Mr E. F. Wise on "An Alternative to Tariffs," and a reply by Professor Robbins.

The Journal of Political Economy, April, 1931. (Chicago) University of Chicago Press. \$1.25.

Includes articles on "The Economics of Exhaustible Resources" and "Some Aspects of Stock Market Speculation."

Proceedings of the Second International Conference with a View to Concerted Economic Action. (Geneva) League of Nations. 10s.

The full report of the proceedings at Geneva, November 17-28, 1930.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Ministry of Transport: Road Vehicles—Great Britain. Return showing the number of Mechanically-propelled Vehicles registered for the first time under the Roads Act, 1920, by each Licensing and Registration Authority during the month of March, 1921. 2s. 6d. net.

British Broadcasting Corporation: Fourth Annual Report, 1930. Cmd. 3863. 4d. net.

Department of Overseas Trade: Report of the United Kingdom Trade Mission to Egypt, February-March, 1931. 1s. 6d. net.

Imperial Shipping Committee: Second Report on Hudson Bay Marine Insurance Rates, 1931. Cmd. 3865. 3d. net.

Constitution of Ceylon. Cmd. 3862. 1s. 6d. net.

Empire Marketing Board: Fruit Supplies in 1930. 1s. net.

Department of Overseas Trade: Economic Conditions in the United States of America, March, 1931. 8s. net.

The Stock Exchange.

FIXED INTEREST STOCKS AND TRADE DEPRESSION—II.

IN last week's *Economist* we showed that, in theory, trade depression should cause a rise in fixed-interest stocks, as a class, since it is usually accompanied by a fall in money rates and a transfer of investment resources from equities to prior-charge securities. We found, however, that gilt-edged stocks alone had risen during recent months, investors having tended to sell many foreign bonds on account of their "political risks," and many company debentures and preference on account of their "industrial risks." An analysis of the reports of a large number of British concerns, published this year, showed that while profits in 1930 had fallen off by something between 10½ and 12½ per cent., as compared with those of 1929, they were sufficient, in the aggregate, to cover current debenture requirements nearly nine times and preference dividends nearly four times. A more detailed examination of the figures, however, revealed that while profits in the public-utility industries, brewing, retail trade and "finance" were relatively stable, they had fallen by 50 to 75 per cent. or even more in the case of shipping, the textile trades and "primary" industries like rubber. These results suggested that, in certain industries, the effects of depression had been sufficiently severe to threaten the earnings position of some companies.

As an example of the considerations affecting the position of fixed-interest securities at the present time, we instanced the factor of "gearing"—i.e., the proportion between fixed and variable dividend-bearing capital. The following table was given, showing the "gearing" of eleven large British concerns whose stocks are widely held:—

Name of Company.	Total Debenture Capital.	Total Preference and Preferred Capital.	Total Ordinary and Deferred Capital.	Amount of Fixed Interest Capital per £1 of Ord. Capital.
	(£'000)	(£'000)	(£'000)	£
Unilever	2,596	11,419	0-23	
Courtaulds	8,000	24,000	0-33	
Imperial Chemical	22,214	54,458	0-41	
Bleachers' Association	2,250	3,819	1-24	
Cunard	4,420	2,500	1-24	
Guest, Keen and Nettlefolds	1,775	6,535	1-29	
Dunlop	6,306	4,400	1-36	
Fine Cotton Spinners	2,750	3,940	1-52	
Great Western Railway	38,152	67,082	2-19	
London Midland and Scottish Railway	114,381	205,577	3-37	
Cables and Wireless	...	443,435	8,543	5-09

The "gearing," it will be seen, varies enormously the rule being that, if other things are equal, the higher the ratio between fixed-interest capital and ordinary capital, the more vulnerable the former to the effects of fluctuations in earning power. The above figures, however, give only an approximate idea of the real position, since the "gearing" of holding companies like Unilever, a large part of whose annual receipts is obtained from ordinary shares in subsidiaries, is obviously higher than its own figures, by themselves, suggest.

The impressions given by the last table may be supplemented by reference to the figures in the next column, which indicate, for the same eleven companies, the net profits earned in each of the last two years, and the percentage of each year's earnings required to meet the requirements of each class of capital on a cumulative basis. In other words, the figures show where each body of stockholders "got on and got off the earnings 'bus'" each year, and how far that vehicle travelled. This method, which is being increasingly used by investment statisticians on both sides of the Atlantic, is one of the most satisfactory ways of indicating the real "cover" for fixed-interest securities.

It will be seen that, despite last year's severe reduction in profits, preference shareholders are still amply covered in the case of such companies as Unilever and Courtaulds.

Company.	Date of Balance Sheet.	Net profit earned before Deb. Int.	Cumulative Percentage of Total Earnings taken by each Class of Stock, &c.					Rate of Divi- dend on Ord. Shar.
			Deb. Int.	Pref. Div.	Ord. Div.	Reserves &c.	Total.	
Unilever	Dec. 31, 1929 Dec. 31, 1930	£ 580,382 1,798,856	...	1-12 1-9	13-55 10-67	56-100 68-100	100 100	10 10
Courtaulds	Dec. 31, 1929 Dec. 31, 1930	3,743,827 2,274,409	...	1-11 1-18	12-75 19-81	76-100 82-100	100 100	10½ 6½
Imperial Chemical	Dec. 31, 1929 Dec. 31, 1930	5,780,208 4,473,392	...	1-24 1-35	25-86 36-93	87-100 94-100	100 100	8 6
Bleachers' Association	Mar. 31, 1929 Mar. 31, 1930	701,357 548,229	1-14 1-19	15-33 20-44	34-87 45-90	88-100 91-100	100 100	10 10
Cunard	Dec. 31, 1929 Dec. 31, 1930	1,052,520 240,651	1-23 1-92	24-36 93-148	37-76 ...	77-100 -48	100 100	7½ Nil
Guest, Keen and Nettlefolds	Mar. 31, 1930 Mar. 31, 1931	1,042,718 482,487*	1-7 1-15	8-38 16-83	39-98 ...	99-100 84-100	100 100	10½ Nil
Dunlop Rubber	Dec. 31, 1929 Dec. 31, 1930	1,771,843 841,182	1-24 1-47	25-41 48-82	42-93 83-125	94-100 -25	100 100	15 6
Fine Cotton Spinners	Mar. 31, 1930 Mar. 31, 1931	490,568 Dr. 235,703	1-22 (a)	23-62 (a)	63-116 ...	-16 ...	100 ...	6 Nil
G.W.R.	Dec. 31, 1929 Dec. 31, 1930	8,198,644 7,136,634	1-19 1-22	20-60 23-69	61-100 70-102	...	100 100	7½ 5½
L.M.S.	Dec. 31, 1929 Dec. 31, 1930	17,175,283 13,817,985	1-26 1-32	27-75 33-93	76-100 94-107	-7 ...	100 100	4½ 4
Cables & Wireless	Dec. 31, 1929	1,327,311†	...	1-95	...	96-100	100	Nil

* After deduction of £30,000 debenture redemption.

† Free of income tax.

‡ Period April 8, 1929, to December 31, 1929.

(a) Debenture interest, and preference and preferred dividends, paid out of reserves.

As regards Dunlop and the London, Midland and Scottish Railway, the margin has become slender, while in other cases, like the Fine Cotton Spinners and Cunard, preference requirements for the last financial year have been met only by drawing on the earnings of other years. The table also suggests that, in the case of companies engaged in trades which—as shown last week—have been particularly susceptible to depression, a "cover" which appeared satisfactory, or even generous, a year ago has tended to disappear with somewhat disconcerting rapidity. This tendency is exemplified by the figures for such companies as Guest Keen, Fine Cotton Spinners, Cunard, and Dunlop.

The reaction of the share market to these and other considerations is shown in the table on the next page, which sets out the present prices and yields of some of the most important debenture and preference stocks of the eleven companies.

If the yields are read in conjunction with the "cover" figures shown in the preceding table, it will be seen that, broadly, present prices tend to be governed less by relative rates of interest than by "dividend risks." Industrial debentures whose income position is regarded as relatively secure yield from 5 to 6 per cent. at present prices, and "good" preference shares yield up to about 7½ per cent. The more "doubtful" stocks, on the other hand, have an indicated yield of 10 per cent., or even more.

The conclusions suggested by this review may be briefly summarised. The severest trade depression for the last ten years has made sufficient inroads upon the earning power of British industry to compel fixed-interest stockholders to take cognisance of its existence, and to use discrimination as regards its potential effects on earning power. While debenture and preference requirements, over the whole field of company finance, still appear to be covered by profits with a reassuring margin, variations in

Company.	Shares or Stock (Description and Par Value).	Total Amount Quoted.	Present Price.	Present Yield (allowing for Accrued Interest).
Unilever	7% Cum. Preferred Shares £1.	2,600,000	1½	5 12 0
Courtaulds	5% Cum. Pref. Shares £1.	8,000,000	11	5 3 3
Imperial Chemical In- dustries.	7% Cum. Pref. Shares £1.	22,379,256	11	7 4 9
Bleachers' Association	4½% Debenture Stock 5½% Cum. Pref. Shares £1.	2,250,000 2,487,500	76½	6 0 0 8 16 0
Cunard Steamship ...	5% Deb. Stock	4,000,000	88	5 15 0
	5% Cum. Preference Stock.	1,500,000	70	7 5 0
Guest, Keen and Nettlefolds	6% Cum. 2nd Pref. Stock.	1,000,000	80	7 10 0
	4% Debenture Stock	1,850,500	72	5 11 0
	5% 2nd Cum. Pref. £1	4,714,639	11	7 12 6*
	5½% 1st Mt. Deb. Stk.	4,575,777	104	5 7 10
	6% 2nd Mt. Deb. Stk.	1,590,020	102½	6 0 0
Dunlop Rubber	10% Cum. C. Pref. Shares (15s. fully paid).	2,400,000	12	12 16 0
	4% 1st Deb. Stock ...	2,000,000	68	5 17 8
Fine Cotton Spinners	5% Cum. Pref. Shares £1.	3,000,000	11	8 8 6
Gt. Western Railway	4% Debenture Stock	25,279,314	83	4 17 8
	5% Cons. Guar. Stock	23,816,537	97½	5 2 7
	5% Cons. Pref. Stock	28,427,984	81	6 5 0
London Midland and Scottish Railway ...	4% Debenture Stock	101,791,069	76½	5 5 9
	4% Guaranteed Stock	40,692,915	61½	6 12 3
Cables and Wireless ...	4% Pref. Stock	118,908,762	40	10 0 0
	5½% Cum. Pref. Stock	23,172,689	51½	11 0 0

* Tax free.

earning power between industry and industry, and company and company, have been sufficiently wide to bring some preference shares, at least, within the danger zone. So long as the duration of the present depression is uncertain, it cannot be assumed that the company accounts so far published afford a complete indication of its effects on industrial profits. Investors may be well advised, therefore, to distinguish between industries and individual companies which have already shown marked susceptibility to the effects of depression and those whose earnings record has been more stable. Further, investors should remember that, as regards individual securities, figures of "earnings cover" must be related to those of "gearing." In a period of reduced profits, a "low-gear" share, other things being equal, is safer than a "high-gear" share. In the latter case an imposing amount of "cover" for fixed-interest requirements in one year may be reduced to dangerously low proportions by a moderate profits recession in the next.

Provided a given company is intrinsically sound, the converse will, of course, apply when trade takes its eventual turn for the better and the curve of industrial profits begins to rise once more. Under such conditions "high-gear" shares, in industries showing more than average liability to upward and downward earning fluctuations, will offer obvious scope for capital appreciation.

TIN RESTRICTION.

THE representatives of the Dutch East Indies, British Malaya, Bolivia and Nigeria, comprising the International Tin Committee, who met at the Hague last Saturday, reached decisions of great importance to the tin-producing industry. It was generally assumed that this inter-Governmental committee would recommend a more severe restriction of output, seeing that the delay which had occurred in bringing restriction into force—the starting-point having been postponed from January 1st to March 1st—had caused a much larger increase in the world's visible supplies than would otherwise have been the case. It was not, however, expected that the restriction screw would be turned so tightly as it was at the Hague meeting. The unanimous decision arrived at by the International Committee was that the production of the restricting countries should be further reduced by 20,000 tons per annum, "to assure the object laid down in Paragraph 1 of the scheme." This object, we may recall, is to "secure a fair and reasonable equilibrium between production and consumption with a view to preventing repeated and severe oscillations of prices." As there has been some misunderstanding of the actual percentage restriction which a further cut of 20,000 tons implies, we have prepared a table showing the actual world production for 1929 as agreed by the International

Tin Committee, the quotas which were allowed to the restricting countries under the agreement which came into force on March 1st, and the new quotas which are allowed under the Hague agreement of May 16th and which will take effect as from June 1st:—

	World		Percent- age Reduction		Percent- age Reduction	
	Produc- tion, Tons.	March 1st, Quotas, Tons.	from 1929, Tons.	June 1st Quotas, Tons.	from 1929, Tons.	from 1929, Tons.
Malaya	69,366	53,925	22·27	45,355	34·61	
Bolivia	46,338	34,260	26·07	28,818	37·81	
Dutch East Indies	35,730	29,910	16·29	25,159	29·59	
Nigeria	10,412	7,750	25·57	6,512	37·46	
Total	161,846	125,845	22·24	105,844	34·60	
Non-Participating countries	24,672	19,155	22·36	19,156	22·36	
Total World Output	186,518	145,000	22·25	125,000	32·98	

It will be observed that the restriction now proposed on the 1929 world production amounts to 61,518 tons, or approximately 33 per cent. Actually the restricting countries are curtailing their output by 34·6 per cent. as compared with 1929. With regard to the non-participating countries, it is estimated that the 1929 production of 24,672 tons will be reduced to 19,156 tons, partly because a number of mines—in Cornwall, Australia and elsewhere—have been shut down, and partly because other mines, although not yet included in the restriction agreement, are disposed to conform to some measure of restriction. The present scale of restriction would seem drastic enough not only to balance supply with demand, but to allow some inroads into the accumulated stocks. Consumption in the first four months of this year showed a very severe drop. The actual consumption statistics are not available, but it is possible to arrive at a fairly accurate estimate by assuming the market "delivery" figures as approximately 78 per cent. of actual consumption, an estimate which past statistics have proved to be reliable. On this basis the following estimates of consumption are arrived at:—

WORLD TIN CONSUMPTION.

(Based on "deliveries," being 78 per cent. of total.)

1929	180,000 tons
1930	163,000 "
1931	150,000 " (estimated on the first 4 months).

This estimate of consumption of 150,000 tons for the calendar year, 1931, compares with an estimated production for the year ending March 1, 1932, or 125,000 tons. It will, therefore, be appreciated that the extra restriction now imposed by the International Committee—a 16 per cent. turn of the March 1st screw—should dispose of any doubt about bringing supply into balance with demand. The statement issued by the International Tin Committee of the exports of tin (in terms of metal content) from the restricting countries shows that Bolivia, Dutch East Indies and Nigeria are already somewhat short of the quantities allotted as from March 1st. The figures are as follows:—

	March 1st. Monthly Quotas.	Exports, 1931.	
		March.	April.
Bolivia	2,855	2,861	2,813
Malaya	4,494	4,548	4,620
Dutch E. Indies	2,493	2,280	2,417
Nigeria	646	610	551
	10,488	10,299	10,401

It is reported from Malaya that certain producers are ill-disposed to accept the new quotas on the ground that they favour the Dutch at the expense of the British. It is true that an extra allowance of 1,778 tons was originally given to the Dutch East Indies, but that was compensated for by a reduced allowance of 1,483 tons for Bolivia and 295 tons less for Nigeria. The Malayan quota, it appears, was exactly the same percentage of the world's total under the March 1st restriction scheme as it was in 1929, namely 37·19 per cent., and has only fallen to 36·28 per cent. of the world's total on account of the rise in the non-restricting "quota."

Two further decisions of great importance were taken at the meeting of the International Tin Committee last Saturday. First it was decided to publish "agreed" international statistics. The apparent contradictions of the statistics published by the different Governments and the various trade authorities have long militated against any attempt to rationalise the producing industry or stabilise prices. Three computations, for example, are published of "visible supply," each compiled on primary information, but differing in the view taken of the moment when tin becomes "visible." There has been no organised effort to collate the various statistics of supply or to follow up the details of consumption, especially as regards deliveries direct from smelters to consumers. An international collation of statistics, provided it is published promptly enough, should be a great stabilising force in the industry. The second decision at the Hague was to appoint a sub-committee to consider the imposition of a nominal export tax of approximately 3s. per ton to provide for the maintenance of an International Tin Research Association. The present Research Association, which was set up when the Tin Producers' Association was formed, has suffered from inadequate financial and moral support. For the purpose of encouraging consumption, an International Research Association devoted to the application of tin in commercial alloys is all-important. The complexity of non-ferrous alloys demands constant research work, which the British Non-Ferrous Metals Research Association does not neglect; but there is every ground for believing that a greater variety of commercial uses would be found for tin if an individual research body were devoting special attention to the application of the white metal in commercial alloys.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.	
TICKET.	ACCOUNT.
June 9.	June 11.

DEALINGS in most markets were again limited, and during the earlier part of the week the bears reigned supreme. Apart from the gilt-edged market, where the reduction in Bank rate and the satisfactory tone of sterling combined to induce optimism, prices made new low levels until Wednesday, when the decline was arrested. A fair amount of bear closing initiated a general recovery. It was doubted, however, whether the latter was more than the inevitable reaction of an oversold market. The movement, significantly, had no counterpart in New York.

In the gilt-edged section quotations continued under the influence of sterling and the prospect of an early Conversion Loan, 5 per Cent. War Loan being sold in order that holders might exchange for long-dated securities. Elsewhere, marked strength was exhibited, new high levels being touched by several issues, including 4 per Cent. Funding Loan. Little business was recorded in Indian stocks, but prices were marked down on news of this week's £10 millions loan. Australians showed little alteration, but New South Wales issues again suffered from liquidation. New Zealanders likewise came on offer. Home corporations were firm in sympathy with gilt-edged.

The foreign market was again depressed. Argentine and Chilean Government bonds receded, while losses of a point or so were experienced in several Brazilian stocks on Wednesday as a result of liquidation from America. Peru Corporation revealed marked initial weakness. Among Europeans, German and Austrian loans reflected Continental dissatisfaction with the proposed Customs Union, the "Young" bonds being particularly out of favour. Chinese issues were fairly steady, but Japanese shared in the general indisposition.

Though this week's railway traffic figures failed to reveal the hoped-for improvement, the tone of the Home Rail Market was unusually steady, and movements were more favourable to holders than for some time past. Great Western proved an exception to the rule, the ordinary shares creating a new low record. Foreign rails made a

poor start, but the tone improved as the week advanced, with a mild recovery both in Argentines and Brazils.

The trend of quotations in the industrial market dipped sharply at the opening of the new account, and the moderate mid-week improvement left dealers looking to America for sufficiently encouraging news to justify the better tone which was apparent in most sections. J. and P. Coats (whose preliminary figures are discussed in a Note on page 1114), and Courtaulds again came in for forced liquidation from the North, though the wave spent itself by Wednesday. Brewery and tobacco leaders, electrical equipment, and catering and provision shares all suffered from selling at first, and recovered together when the bears covered. Engineering shares were comparatively steady, with Babcocks and South Durhams as bright spots. Cables and Wireless improved fractionally after a dull commencement, while sharp advances were recorded in Imperial Chemical and Turner and Newall. Insurance shares displayed unusual weakness, but subsequently improved.

The tone of oil shares varied almost as much as that of industrials, the cessation of forced liquidation later giving a firmer appearance to Royal Dutch, Shells and the Eagle issues, which enjoyed good support from Paris and America. Rubber shares were fairly steady, United Sua Betong recording a further advance. Tea shares were again in the doldrums, and little business was transacted, though Jhanzies and Jokais registered improvements. The Finlay group weakened on the reports, discussed on page 1115.

The mining share market experienced a not unsatisfactory week, after participating in the general weakness in the earlier sessions. Central Mining were dull on the report, but improved later, while support was enlisted for Randfontein and others in the Kafir list. "Chartered" exhibited strength, while Rhokanas rallied in the Northern section. De Beers were active, but no fresh interest could be evoked in Tin shares. Ashanti Goldfields enjoyed a further period of popularity, while inquiries were made for Taquah and Abosso.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	May 14, 1931.	May 15, 1931.	May 18, 1931.	May 19, 1931.	May 20, 1931.	May 21, 1931.
Government and Municipal Loans.....	1,321	1,375	1,831	1,406	1,402	1,257
Transport, Communications, and Public Utilities.....	1,053	1,040	1,283	979	943	1,077
Commercial and Industrial* Banks, Insurance and Financial.....	1,682	1,925	2,331	1,761	1,781	1,789
Mines (including Nitrate).....	500	599	689	565	605	459
Oil.....	447	534	670	489	484	436
Rubber, Tea and Coffee.....	200	197	215	161	170	177
Total.....	127	121	110	103	112	128

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	May 14, 1931.	May 15, 1931.	May 18, 1931.	May 19, 1931.	May 20, 1931.	May 21, 1931.
72.3	54.5	56.4	55.7	54.8	54.5	55.9	57.0	

FOREIGN STOCK EXCHANGES.

NEW YORK.

The week opened with heavy liquidation, particularly of railroad shares, which continued to be the chief danger signal in the market. Chain store issues were also subjected to bear attacks, and both United States Steel and American Can broke below 100 for the first time. Some of the selling was undoubtedly of a forced character, the speculative position, so far as the general public was concerned, having been greatly reduced. Although moderate recoveries developed intermittently, the trend continued downwards, with particularly sharp breaks among high-priced stocks. Little credence, however, was given to reports of heavy selling from England. Movements in the main trade indicators remained adverse, car loadings fall-

ing off slightly in the first week of May, while operations in the steel industry declined last week from 47 to 45 per cent. of capacity. The railroad executives are developing plans for a concerted movement to secure rate increases, estimated at \$400 millions gross for the whole country. It is understood that individual members of the Inter-State Commerce Commission question the advisability of such a policy in a period of depression, but are prepared to give due consideration to concrete proposals.

	May 7, 1931.	May 14, 1931.	May 21, 1931.		May 7, 1931.	May 14, 1931.	May 21, 1931.
U.S. 3% T. Bds.	106½	106½	107½	Natl. Biscuit	72½	71	65½
Lb. Ln. 3½ '32-47	102½	102½	102½	Phelps Dodge	17½	17	14½
Do. 4½ '32-47	103½	103½	103½	Pullman	38½	36½	34½
Do. 4½ '33-38	104½	104½	104½	Sears-Roebuck	53	52½	58½
Atchafalpa	170	163½	154	Studebaker	20½	19	17½
Ches. & Ohio	39½	37½	36½	Un. Fruit	57½	57	55½
Erie	23½	16½	19	U.S. Leather	7½	5	6
Illinois Central	57½	55	53	U.S. Rubber	14	14½	13½
N.Y. Central	98	89½	86½	U.S. Steel	111	106½	99½
Pennsylvania	52½	47½	47½	Westinghouse	61½	61½	62½
Southern Pacific	84½	80½	79	Woolworth	68½	69	64½
Southern Ry.	39	32	32½	Am. Tel. & Tlg.	180½	179	168½
Union Pacific	167	162	157	Interboro R.T.	20½	21	21
Am. Can.	106½	104½	98½	Int. Tel. Teleg.	27	27	25½
Amer. Smelting	35½	33½	31	Radio Corp.	18	18½	16½
Anacosta	26½	26½	25	Utilities P. & L.	23½	22½	22½
Bethlehem Steel	44	43½	42½	W. Union Tlg.	108	109½	100½
Chrysler Motor	19½	19½	17½	Associated Gas "A" ..	17½	19	17½
Corn Producers Rf.	65½	65½	61	Pan. Amer. B.	28	29	27
Eastman Kodak	154	153½	141	Shell	24½	20½	21½
Gen. Electric (New)	43½	42½	39½	Shell Oil	5	5	4½
Gen. Motors	42½	42½	38	Sinclair Oil	8	8	8½
Int. Harvester	48½	46½	46½	Sid. California	37	36½	35½
Monig. Ward	18½	19½	19½	Do. N.J.	37½	35½	34½

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	May 13.	May 20.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	94.1	86.7
33 Rails	127.8	173.5	89.1	145.5	92.0	79.7	73.0
34 Utilities	177.6	330.4	153.2	267.4	158.1	163.4	151.9
Total, 404 stocks ..	140.3	228.1	105.5	184.2	107.6	102.8	94.9
Average yield of 50 Industrial Common Stocks ..	3-10%	5-23%	4-15%	5-95%	5-91%	5-87%	6-43%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (Mar. 20.)	May 13, 1931.	May 14, 1931.	May 15, 1931.	May 16, 1931.	May 18, 1931.	May 19, 1931.	May 20, 1931.	May 21, 1931.
140.2	105.0	114.8	112.2	110.1	109.3	105.8	106.0	105.0		

TOTAL DEALINGS IN NEW YORK.

	May 14, 1931.	May 15, 1931.	May 16, 1931.	May 18, 1931.	May 19, 1931.	May 20, 1931.	May 21, 1931.
Stock Exchange—Shares (Thous.)	1,800	2,400	800	2,500	2,800	2,300	2,400
Bonds (Value Thous. \$)	11,178	10,433	4,675	9,499	11,668	11,054	11,892
Over-the-counter—Shares (Thous.)	270	400	130	400	500	500	550

* 2-hour session.

AMSTERDAM.

Contrary to expectation, new low records have again been registered on the Amsterdam stock market, not only for petroleum and rubber companies, but also for sugar and shipping shares. Among the causes of the decline can be mentioned the further drop in the price of rubber to below the cost of production, and the disappointment caused by the fact that the operation of the Chadbourne scheme has so far failed to bring about a rise in the price of sugar, while there has been no increase worth mentioning in the turnover of the V.I.S.P. The discouraging rumours as to the dividend to be distributed by Philips Works also tended to depress the market, and, last but not least, the drop in the quotations for Royal Dutch gave rise to general uneasiness. The pessimistic dividend expectations turned out to be justified. Artificial silks and Unilever failed to escape the influence of the general depression. Sumatra tobacco shares, on the other hand, managed to resist the effects

of the weak sentiment, and the good results of the last tobacco sales at Amsterdam helped to establish a firm tendency. The Dutch cigar industry, in particular, bought some large parcels at satisfactory prices. The favourable weather reports from the Dutch East Indies also tended to stimulate this section. The Deli company realised 5.42 guilders per (metric) pound for 1,000 bales, as against a valuation of 1.89 guilders. At the close rubber shares succeeded in recovering a little of the ground lost in the preceding week. Sugar shares were decidedly lower and registered new low levels all along the line. Shipping shares were dull, despite the improved tendency of the freight market. There was practically no trading in this section. The latest Bank rate reductions in New York, London and Amsterdam exerted hardly any influence on the stock exchange. In the bond market, on the other hand, the further drop in discount rates did not pass unnoticed, and the tendency continued firm. The marketing of the 4 per cent. State loan of 277.6 million guilders for conversion of the 1918 5 per cent. loan, was a great success. A big 4 per cent. East Indies loan, reported to be for 100 million guilders, is expected to be announced shortly.

	Mar. 16, 1931.	Apr. 14, 1931.	May 15, 1931.		Mar. 16, 1931.	Apr. 14, 1931.	May 15, 1931.
4½ Gov. Bds. 1916	102½	102½	102½	Algem. Exploratie	91½	72½	69½
4½ Bonds, 1916 ..	101½	101½	101½	Aniem	266½	258	230
4½ Bonds East Indies	98½	99	98½	Ned. Ind. Gas	236½	233	218
4½ Amsterdam, 1913/1914	101	101½	101½	Royal Dutch	286½	269½	218
4½ Rotterdam, 1930	101½	101½	101½	Amsterdam Rub'r	109½	96½	84½
Amsterdam Bank	176½	180½	173½	Deli Batavia	62	49	41½
Koloniale Bank	143	128	107	East Java	143½	134	109
Ned. Ind. Handelsbank	130½	123	112½	Hessa Rubber	88½	63	44
Neth. Trading Soc.	148	144½	133	Serbadijadi Sumatra	70½	56½	39
Rotterdam Bank	103	107½	100x	Allied Sumatra	45	41	32
Van Berckelaer Pat. Line	54	54	45½	Holland Amer. Line	13	11½	11½
Central Sugar	34½	36	32	Royal Packet	160	156½	128
Shipbuilding Wilton	24½	50½	18	Neth. Shipping U. Navigation "Neder-land"	133	44	118½
Dutch Art. Silk	78	81	81	Royal Steamship	55½	44	45½
Unilever	223½	207½	163½	Java China Japan Line	68	60	48½
Kuehnenmatt	62	78	78	Voorstenlanden	101	99	84½
General Art. Silk	75½	91½	69½	Philips Rlect. Lamp	157½	157	157
Dutch Ford	340	309½	279x	Trading Co. Amsterdam	386	374	306
Philips Rlect. Lamp	240	226½	157½	Sweden Match	286	275	280
Swedish Match	243½	222	207½	Neth. India Sugar	132	158	140
Kreuger & Toller	480	480	409	Beesock	594	570	...
Intern. Cred. Trad.	224½	202	172				

Redjang Leong	89½	129	121½	Deli Batavia	242	258	258½
Singkep Tin	149½	119	101	Deli	252	278	289½
Bolton	60	43	31½	Senembah	308½	327½	326½

x Ex dividend.

INVESTMENT NOTES.

Conversion Prospects.—The gilt-edged market on the Stock Exchange has every appearance of preparation for a conversion offer to 5 per Cent. War Loan holders. Under the stimulus of the reduction in the Bank rate and the fall in discount rates, long-dated stocks are steadily rising, while sellers of War Loan are much in evidence. The following table shows the rise in the long-dated stocks and the fall in 5 per cent. War Loan, as compared with the prices ruling before the Budget and before the reduction in Bank rate to 2½ per cent., together with the price to which the long-dated stocks must rise to return a yield of 4½ per cent.—a possible "jumping-off" figure:—

	Highest Price, 1930.	Pre-Budget Price, Middle.	Price at May 12.	Price at May 21.	Price to Yield 4½%
Consols 2½%	59½	57½	59½	60½	61½
Consols 4%	94½	90½	93½	95½	98½
Funding 4% (1960-90) ..	96½	93½	95½	96½	98½
Conversion 3½%	83½	80½	82½	83½	86½
Local Loans 3%	69½	66½	68½	69½	73½
5% War Loan (1929-47) ..	105½	104½	102½	102½	...

ex. div.

Opinion is sharply divided on the prospects of an early conversion operation. On the one hand, the unsatisfactory state of the national finances is emphasised—in

(Continued on page 1114.)

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.				Prices Year 1931 Jan. 1 to May 20 (Inclusive).				Name of Security.	Prices Year 1930.				Prices Year 1931 Jan. 1 to May 20 (Inclusive).				Name of Security.	Prices Year 1930.				Prices Year 1931 Jan. 1 to May 20 (Inclusive).																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
High.	Low.	High.	Low.	High.	Low.	High.	Low.		High.	Low.	High.	Low.	High.	Low.	High.	Low.		High.	Low.	High.	Low.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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994	522	604	544	Consols 2 1/2%	59	60	+1	4	4	0	933	522	604	544	In. Br. Ry. Am. no par	910	881	-29	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

† Free of Income Tax.

Prices Year 1930.				Prices Year 1931 Jan. 1 to May 20, (Inclusive).				Name of Security.	Price May 13, 1931.	Price May 20, 1931.	Rise or Fall.	Present Yield.	Prices Year 1930.				Prices Year 1931 Jan. 1 to May 20, (Inclusive).				Name of Security.	Price May 13, 1931.	Price May 20, 1931.	Rise or Fall.	Present Yield.		
High.	Low.	High.	Low.	High.	Low.	High.	Low.						High.	Low.	High.	Low.	High.	Low.	High.	Low.							
Coal, Iron and Steel.																											
7 1/4	2 1/2	3 1/4	2 1/4	Amal. Anthracite \$1 ...	2 1/2	2 1/2	-34	NH	20 7/8	9 1/2	11 7/8	5 1/4	Anglo-Roumanian \$1...	5 1/2	5 1/2	-64	13	6	9	5 1/2	28 1/2	28 1/2	-54	12	5	9	
16 1/2	11 1/2	14 1/2	8 1/2	Amal. Anthracite 7% Cum. Prof. \$1 ...	10 1/2	8 1/2	-1 1/2	NH	55 1/2	35 1/2	48 1/2	28 1/2	Anglo-Egyptian B \$1...	33 1/2	28 1/2	-54	12	5	9	33 1/2	28 1/2	28 1/2	-44	13	12	6	
10 1/2	5 1/2	6 1/2	2 1/2	Do. 7% Cum. Prof. \$1 ...	6 1/2	4 1/2	-1 1/2	NH	55 1/2	35 1/2	48 1/2	28 1/2	Anglo-Peruvian \$1...	33 1/2	28 1/2	-54	12	5	9	33 1/2	28 1/2	28 1/2	-44	13	12	6	
4 1/2	1 1/2	2 1/2	1 1/4	Babcock & Wilcox \$1 ...	38 1/2	40 1/2	+1 1/2	7 0 0	28 1/2	11 1/2	12 1/2	6 1/2	Apex (Trinidad) \$1...	8 1/2	7 1/2	-1 1/2	17	17	0	8 1/2	7 1/2	7 1/2	-1 1/2	17	17	0	
13 1/2	10 1/2	11 1/2	7 1/2	Baldwins \$1 ...	1 1/2	1 1/2	...	NH	40 7/8	16 1/2	20 1/2	10 1/2	Attack \$1 ...	13 1/2	14 1/2	+64	13	13	0	13 1/2	14 1/2	14 1/2	+64	13	13	0	
3 1/2	1 1/2	2 1/2	1 1/4	Bengal Iron \$1 ...	2 1/2	2 1/2	...	NH	14 1/2	6 1/2	9 1/2	6 1/2	Bell. Consol. (W.T.C.) \$1...	50 1/2	48 1/2	-1 1/2	34	34	0	50 1/2	48 1/2	48 1/2	-1 1/2	34	34	0	
3 1/2	1 1/2	2 1/2	1 1/4	Beyer Peacock \$1 ...	1 1/2	1 1/2	...	NH	14 1/2	6 1/2	9 1/2	6 1/2	Burnham \$1 ...	7 1/2	7 1/2	...	10	10	0	7 1/2	7 1/2	7 1/2	...	10	10	0	
3 1/2	1 1/2	2 1/2	1 1/4	Brown (John) Ord. \$1 ...	1 1/2	1 1/2	...	NH	14 1/2	6 1/2	9 1/2	6 1/2	Canadian Eagle, no par	1 1/2	1 1/2	...	24	24	0	1 1/2	1 1/2	1 1/2	...	24	24	0	
3 1/2	1 1/2	2 1/2	1 1/4	Camwell Laird \$1 ...	1 1/2	1 1/2	...	NH	14 1/2	6 1/2	9 1/2	6 1/2	Can. River Oil 10/-	1 1/2	1 1/2	...	24	24	0	1 1/2	1 1/2	1 1/2	...	24	24	0	
3 1/2	1 1/2	2 1/2	1 1/4	Consolidated Iron \$1 ...	3 1/2	3 1/2	...	NH	54 1/2	24 1/2	30 1/2	12 1/2	Lobitos Oilfields \$1 ...	15 1/2	14 1/2	-1 1/4	17	17	0	15 1/2	14 1/2	14 1/2	-1 1/4	17	17	0	
3 1/2	1 1/2	2 1/2	1 1/4	Cornell, William, \$1 ...	4 1/2	4 1/2	...	NH	15 1/2	6 1/2	10 1/2	5 1/2	Mexican Eagle (\$10/6)	6 1/2	6 1/2	...	3d	3d	0	6 1/2	6 1/2	6 1/2	...	3d	3d	0	
3 1/2	1 1/2	2 1/2	1 1/4	Dorman, Long \$1 ...	3 1/2	3 1/2	...	NH	15 1/2	6 1/2	10 1/2	5 1/2	Phoenix Oil \$1 ...	4 1/2	4 1/2	...	20	20	0	4 1/2	4 1/2	4 1/2	...	20	20	0	
3 1/2	1 1/2	2 1/2	1 1/4	Rbbw Vale \$1 ...	6 1/2	6 1/2	...	NH	99 1/2	69 1/2	75 1/2	43 1/2	Barry Dutch (\$8 1/2)	19 1/2	18 1/2	-1 1/2	8	8	0	19 1/2	18 1/2	18 1/2	-1 1/2	8	8	0	
3 1/2	1 1/2	2 1/2	1 1/4	Good Keen, & Co. \$1 ...	10 1/2	11 1/2	+64	NH	78 1/2	18 1/2	30 1/2	10 1/2	Trinidad Leaseholds \$1	10 1/2	10 1/2	...	12	12	0	10 1/2	10 1/2	10 1/2	...	12	12	0	
3 1/2	1 1/2	2 1/2	1 1/4	Headfield \$1 ...	3 1/2	3 1/2	...	NH	62 1/2	27 1/2	35 1/2	24 1/2	V.O.C. Ord. \$1 ...	2 1/2	2 1/2	...	12	12	0	2 1/2	2 1/2	2 1/2	...	12	12	0	
3 1/2	1 1/2	2 1/2	1 1/4	Har. & Wif. 6% Cum. Pr.	2 1/2	2 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Lawbert Bros. \$1 ...	15 1/2	15 1/2	-7 1/2	10 0 0	62 1/2	27 1/2	35 1/2	24 1/2								62 1/2	27 1/2	35 1/2	24 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Millon & Aakman \$1 ...	2 1/2	2 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Osama Coal & Wilsons	7 1/2	7 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Powell and Partners \$1 ...	1 1/2	1 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Pease Dunfry \$1 ...	4 1/2	4 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	S. Durham Steel \$1 ...	13 1/2	12 1/2	-1 1/2	9 12 0	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Do. Ord. \$1 ...	4 1/2	4 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Staveley Coal & \$1 ...	12 1/2	12 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Stewarts & Lloyds \$1 ...	12 1/2	12 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Swan, Hunter \$1 ...	12 1/2	12 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Thomas (Richard) \$1 ...	1 1/2	1 1/2	...	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Do. 6 1/2 Cum. Prof. \$1 ...	3 1/2	2 1/2	-34	NH	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Thymercroft, John \$1 ...	23 1/2	20 1/2	-3 1/2	13 0 0	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Thymercroft, John \$100 ...	11 1/4	10 1/2	-1 1/2	7 0 0	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Victoria \$1 ...	6 1/2	6 1/2	-34	8 16 0	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
3 1/2	1 1/2	2 1/2	1 1/4	Ward (Thos. W.) \$1 ...	9 1/2	9 1/2	...	13 17 3	21 1/2	16 1/4	13 1/2	16 1/2								21 1/2	16 1/4	13 1/2	16 1/2				
Textiles.																											
6 1/2	3 1/2	3 7/8	2 1/2	B. Ctn. & Wool Ds. \$s.	2 1/2	2 1/2	-34	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Bleachers \$1 ...	7 1/2	6 1/2	-34	32 0 0	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Bradford Dyers (E1) ...	12 1/2	12 1/2	-64	7 0 0	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Brill. Cleaners Ord. (10/-)	4 1/2	4 1/2	...	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Do. 1st Ctn. \$1 ...	4 1/2	4 1/2	...	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Do. 2nd Ctn. \$1 ...	3 1/2	3 1/2	...	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Calico Printers \$1 ...	6 1/2	5 1/2	-1 1/2	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Coats, J. and P. (E1) ...	4 1/2	4 1/2	...	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Courtaulds \$1 ...	30 1/2	27 1/2	-3 1/2	4 7 3 1/2	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	English Sew. Ctn. \$1 ...	21 1/2	21 1/2	...	11 15 0	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	English Velvet, Ctn. \$1 ...	13 1/2	13 1/2	...	8 14 7	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	English Wvg. \$1 ...	11 1/2	11 1/2	...	6 2 2	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Linen Thread (E1) ...	21 1/2	21 1/2	-34	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Lusters (E1) ...	9 1/2	9 1/2	...	2 13 3	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Patons & Baldwins \$1 ...	20 1/2	18 1/2	-1 1/2	2 13 3	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
6 1/2	3 1/2	3 7/8	2 1/2	Sisal Viscosa L120 ...	8 1/2	7 1/2	-64	NH	13 1/2	16 1/4	13 1/2	16 1/2								13 1/2	16 1/4	13 1/2	16 1/2				
Electrical Manufacture.																											
32 1/2	19 1/2	23 1/2	17 1/2	Associated Elec. (E1) ...	18 1/2	18 1/2	-64	6 12 6	10 1/2	16 1/4	13 1/2	16 1/2								10 1/2	16 1/4	13 1/2	16 1/2				
32 1/2	19 1/2	23 1/2	17 1/2	British Insulated (E1) ...	53 1/2	53 1/2	-2 1/2	5 17 0	10 1/2	16 1/4	13 1/2	16 1/2								10 1/2	16 1/4	13 1/2	16 1/2				
32 1/2	19 1/2	23 1/2	17 1/2	Callenders (E1) ...	51 1/2	48 1/2	-2 1/2	8 0 0	10 1/2	16 1/4	13 1/2	16 1/2								10 1/2	16 1/4	13 1/2	16 1/2				
32 1/2	19 1/2	23 1/2	17 1/2	Crompton Parkman \$1 ...	20 1/2	18 1/2	-1 1/2	8 0 0	10 1/2	16 1/4	13 1/2	16 1/2								10 1/2	16 1/4	13 1/2	16 1/2				

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 13, 1931.	Price, May 20, 1931.
Central American Exploration.....	96	58	14-14	14-14
Czech 7% Ster. Bonds.....	96	58	64-54 dia	9-7 dia
De Beers 5% Ster. deba.....	97	58	94-97	90-95
Darby 4 1/2% 1951-61.....	98	58	21-24 pm	22-3 pm
Fortnum and Mason Inc. 7% pref.....	85	5/-	2/- dia	2/6-1/6 dia
Greek 6% Ster. Bonds.....	87	fy. pd.	84-85	84-85
India 5 1/2% 1936-38.....	97	fy. pd.	95-95 1/2	94-95 1/2
Kenya 4 1/2% 1961-71.....	98 1/2	fy. pd.	100-101	101-101 1/2
Latvia 6 1/2% deba.....	97 1/2	30 1/2	14-12 dia	17-15 dia
London and National Property 5% deba.....	99	30	1/2 dia-par	1/2 dia-par
London Power 5% deb. 1972.....	100 1/2	60 1/2	34-44 pm	42-54 pm
Met. Water Board (D).....	99	30	12-14 pm	24-24 pm
Nat. Shipbuilders Security 5% deba.....	95	60	15-17 1/2	16 1/2-17 1/2
Odams Press 7% (D) deba.....	98	5	5-2 dia	10-5 dia
Panama Corporation 8% deba.....	100	25	14-24 pm	2-4 pm
Rhodana Corp. 7% deba.....	100	25	34-24 dia	4-2 dia
Rio Claro Rly. and Invest. 5% deba.....	96-72	95-97	95-97	95-97
Rio Tinto 5% deba.....	91 1/2	25	12-10 dia	11-10 dia
S. Essex Water 5% pref.....	103	20	par-2 pm	par-3 pm
S. Essex Water Ord.....	111 1/2	20	par-2 pm	par-3 pm

(Continued from page 1111.)

particular, the failure of the Government to reduce the national expenditure or to deal adequately with the "dole" problem. On the other hand, it is pointed out that the lack of confidence in other trustee securities—Australian, New Zealand, Indian and Home Railway—is artificially enlarging the demand for British Government stocks. What form the Conversion scheme is likely to take is being widely canvassed. On the whole, opinion inclines to the view that the offer to 5 per cent. War Loan holders will be in two or three classes of issue—a short-dated and a medium or long-dated stock—to meet the differing needs of the banks and finance houses on the one hand, and the permanent investor on the other, apart from an issue abroad, not subject to tax, to meet the case of the foreign holder. There are several considerations which the Treasury would do well to bear in mind. First, it is unwise to commit the country to pay 4 per cent. on a large block of debt for a long period. In twenty years' time or less British Government credit may be on a 3 1/2 per cent. or a 3 per cent. basis. Further, it is desirable that the mass of £2,095 millions of 5 per cent. War Loan should be split up into smaller and more manageable blocks. If an understanding were arrived at between the Treasury and the banks regarding the remission, in whole or in part, of the tax payable on capital profits through the redemption of 5 per cent. War Loan at par, the task of conversion would be facilitated. With the goodwill of the City there is no doubt that the conversion of 5 per cent. War Loan, in a period of abnormally cheap money, with Bank rate at a level which has not been seen since 1909, is an operation which should not be affected by the political complexion of any Government which may happen to be in power.

Marks and Spencer's Progress.—Marks and Spencer, familiarly known in pre-war days as the "Penny Bazaar Company," and later as the "English Woolworth," has had a remarkable earnings' record since its registration under its present auspices as a public company in 1926. In the last four years (to March 31st) the net profits, before income tax, have been:—1928, £167,243; 1929, £235,116; 1930, £335,175; 1931, £476,073. Though the chairman, Mr Simon Marks, is too good a business man to be unaware that a good company meeting has a high general advertising value, his speech on Tuesday gave shareholders an insight into the methods on which the company's expansion has been based. Its selling prices extend from 3d. to 5s.—a range sufficiently elastic to bring in not only the lower-priced "domestic materials," but a considerable selection of textiles, for example, which fall outside the scope of stores with a lower price limit. The company buys direct from the manufacturers (90 per cent. of its goods are British made) in large lines to its own specification. Presumably, the economies of large-scale production, on which the chairman and vice-chairman laid such stress in their speeches, are shared between the manufacturers and Marks and Spencer, and the latter, selling to the public on a strictly cash basis, can both avoid bad debts and obtain large discounts by making prompt cash payments to its own suppliers. Its

stock-in-trade is relatively small. At March 31st last it was valued at only £417,783—a figure only £81,620 more than that for furniture and fixtures, and less than 15 per cent. of the valuation of the company's freehold and leasehold properties. As the company has about 140 shops actually doing business (to be increased by this year's building programme to 118 large stores and 32 smaller units), the average amount of stock at each branch is no more than £3,000. Turnover, clearly, is exceptionally rapid, and the decline in prices, from the worst effects of which the company is thus protected, tends to bring an increasing variety of articles within the five-shilling range. Last June the company issued £1,000,000 6 per cent. debenture stock and £1,000,000 7 per cent. preference shares. Only part of this new capital has so far been employed, but the £550,883 of cash still available will shortly be absorbed by the building programme now in hand, and a further capital issue is envisaged for next year. The company's ordinary shares, at 4 1/2, yield £3 14s. per cent. This is one of the lowest in the whole gamut of shares in the Stock Exchange lists, but investors are doubtless influenced by the facts that the company last year earned 55 per cent., against the 30 per cent. paid on the ordinary and "A" ordinary, that the equity in the results of further developments in valuable, and that shareholders have received regular capital bonuses of 10 per cent. in "A" ordinary shares every year from 1929 onwards.

Newspaper Profits.—Although Sir George Sutton, the managing director of Associated Newspapers, Limited (which owns the "Rothermere group" of national journals), would appear to have been aware of the probability that advertisers as well as shareholders would read his speech at the annual meeting, on May 15th, the accounts gave a certain scope for pride of achievement. A decline of 15 per cent. in net profits was a not unsatisfactory result, having regard to the year's difficulties. The 40 per cent. deferred dividend, which has been paid regularly since 1924, was earned, with something to spare:—

	Years ended March 31st.		
	1929.	1930.	1931.
Net profit (after directors' fees).....	1,205,666	1,245,323	1,059,836
Preference dividend.....	25,000	25,000	25,000
Ordinary dividend.....	42,000	42,000	42,000
Deferred { Earned.....	50.9%	55.9%	45.3%
{ Paid.....	40%	40%	40%
{ Amount of dividend ..	900,000	900,000	900,000
Reserve fund.....	...	200,000*	200,000†
Pension fund.....	40,000	...	...
Carried forward.....	695,013	773,336	666,172

* Special publicity reserve. † Reserve against investments.

Sir George disclosed that the company's properties, machinery and plant, shown in the balance sheet at £1,590,000, had been valued by a well-known professional firm at £2,030,000. He did not discuss the valuation of the company's shareholdings in subsidiaries (which appear in the balance sheet at an unchanged figure of £1,569,725,) but described as a purely precautionary measure the writing down by £200,000, out of last year's profits, the portfolio of other investments now valued at £1,068,499. These include considerable holdings of British Government, American and Canadian securities, and it would seem that any depreciation which may have occurred must be related to the latter rather than the British holdings. As the crucial factor in "national" newspaper earnings, to-day, is advertising revenue, shareholders were reassured to learn that the fall in receipts from this source last year was no more than 10 per cent., due entirely to a decline in the volume of advertising matter, the number of advertisers using the group's newspapers being fully maintained. Despite the cessation of the provincial evening newspaper "war" between the "Rothermere" and "Berry" groups, the accounts of the latter, as set out in the annual report of Allied News-

papers, Limited, make a less favourable showing for 1930 than for 1929:—

	(Calendar Years).		
	1928.	1929.	1930.
Profits (after taxation).....	£ 694,517	£ 650,378	£ 531,732*
Debt interest.....	40,372	39,172	36,512
Net earnings.....	654,145	611,206	495,220
Preference dividend.....	304,000	304,000	299,250
No. of times covered.....	2.1	2.0	1.7
Ordinary { Earned.....	21.90%	19.4%	12.6%
{ Paid.....	14%	10%	2 1/2%
{ Amount of dividend ..	224,000	158,000	38,750
General reserve.....	110,000	110,000	120,000
Carried forward.....	138,655	177,861	215,081

* After transferring £150,000 to income tax reserve.

After transferring £150,000 to income tax reserve and paying debenture interest, the net profits show a reduction of 19 per cent. The company paid an interim of 2 1/2 per cent. last November, but, although the year's profits would have covered a final distribution of this magnitude, the directors, "having regard to the continued depression in trade," have decided to retain available profits in the business. No dividend from Allied Northern Newspapers was included in the year's accounts, though the latter company's receipts were more than sufficient to meet its expenses and debenture interest. Finally, the report of Inveresk Paper Company, Limited (of the quondam "Harrison group"), issued this week, suggests that the new management continues to find contemporary conditions unfavourable to the preparation of a reorganisation scheme, and has been lightening the company's load of indebtedness by realising some of its assets. Its shares in Koholyt A.G. have been sold for £1,000,000, and its holding in Horton Kirby Paper Mills for £30,339, against book values of £1,510,313 and £28,998 respectively. Since the close of the financial year the holding in Annandale and Son has been disposed of for £68,865. Further treatment of the £5,226,821 book item of investments in and loans to subsidiaries must await the eventual reorganisation scheme. Last year's income totalled £71,372 (against £337,953 in 1929), which was reduced to £118 by expenses, taxation and interest.

J. and P. Coats.—In a preliminary profit statement, issued last week, the directors report that operations during the year 1930 resulted in a net profit of £1,809,851, compared with a total for 1929 of £3,179,575. Dividends on the ordinary shares aggregating 15 per cent. have been paid in four quarterly instalments, but the usual bonus of 2 1/2 per cent. is not forthcoming. The directors, however, have declared the customary interim dividend of 3 1/2 per cent. for the quarter ended March 31, 1931.

	Year to December 31,		
	1928.	1929.	1930.
Net profit.....	3,429,058	3,179,575	1,809,851
Brought forward.....	676,896	825,954	...
Preference divs.....	330,000	330,000	330,000
No. of times covered.....	10.4	9.6	5.4
Ordinary dividend:			
Amount.....	2,950,000	2,581,250	2,212,500*
Earned %.....	21.2	19.8	10.4*
Paid %.....	20	17.5	15
Carried forward.....	825,954	1,094,279†	361,630

* Estimated. † Subject to auditors' fees, &c.

In the following table percentage earnings and dividends are set out since 1920:—

Year to June 30.	ORDINARY		Year to June 30.	CAPITAL	
	Earned	Paid		Earned	Paid
1920.....	20.5	17.5	1926.....	11.5	17.5
1921.....	11.4	17.5	1926*.....	7.2	8.75
1922.....	19.9	17.5	1927†.....	24.5	17.5
1923.....	17.4	17.5	1928†.....	21.2	20.0
1924.....	18.9	17.5	1929†.....	19.8	17.5
1925.....	22.6	17.5	1930†.....	10.4	15.0

* Six months to December 31st.

† Year to December 31st.

The ordinary shares were a heavy market for some weeks before the announcement, a considerable decline in profits having been foreseen as a result of depressed textile conditions at home and abroad, and the necessity of writing down inventories to reduced levels. The decision to pay an unchanged interim dividend, however, was regarded as a reassuring directorial "gesture." From a high level of 67s. 6d. in 1930, the £1 ordinary shares have fallen to 45s., and yield about £6 16s. per cent., allowing for the interim dividend.

Lancashire Electric Light and Power.—In view of conditions in Lancashire, this company's results for the twelve months ended March 31st last are not unsatisfactory. Practically all its assets are represented by investments in the Lancashire Electric Power Co. and the Ormskirk Electric Supply Co. During 1930 the Lancashire Electric Power Co. generated 253,459,310 units, a decline of only 7,083,814 units, while the horse power connected was 7,250 h.p. greater at 141,670 h.p. The trading profit dropped by £11,481 to £245,653. The holding company's gross profit was £5,711 down at £216,945 and its net profit £3,422 lower at £169,687:—

	(Year ended March 31).		
	1929.	1930.	1931.
Net profit.....	150,885	173,109	169,687
Preference dividend.....	90,686	85,811	84,936
No. of times covered.....	1.66	2.02	1.99
Ordinary dividend:—			
Amount.....	60,000	86,800	80,600
Earned %.....	7.52%	7.04%	6.83%
Paid %.....	7 1/2%	7%	6 1/2%
Increase in carry-forward.....	199	498	4,151

As was foreshadowed in the *Economist* leading article on the provincial electric supply companies last year, the dividend has been cut from 7 per cent. to 6 1/2 per cent. At 21s. 3d. the shares yield £6 10s. 4d. per cent.

SUMMER SHELL

The seasonal blending of Shell gives you a petrol more perfectly suited to Summer temperatures than is possible with any fuel blended on a compromise for all-the-year-round use.

NOW ON SALE AT EVERY SHELL PUMP

Rubber Production and Costs.—Though the price of rubber has recovered to 3½d., the industry remains by no means satisfied as to the general outlook. Part of this week's rise was due to a report that a scheme for output restriction had been submitted by Dutch interests to their Colonial Office, but opinion on this side was adequately expressed by Mr John G. Hay, the chairman of the Rubber Growers' Association, at last week's general meeting. Mr Hay declared that restriction could be successful only if it were sufficiently widely based to establish "a virtual monopoly of supplies"—a Utopian proviso in view of the large proportion of the industry in native hands. The failure of successive price reductions to produce a significant decline in the output of rubber, which has caused disappointment to so many investors, is adequately explained in the current issue of *The Rubber and Tea Quarterly*.* This journal declares that the majority of estates find the idea of dismissing staffs, which have taken many years to train, so repellent that they are unwilling to consider its adoption until the depletion of their liquid resources has rendered it imperative. Some producers, including a number of the weakest, have sold forward with a minimum price clause sufficiently high to enable them to make ends meet. While the scope for reductions in production costs has proved, so far, greater than was expected, the drastic measures taken in some cases are tending to exhaust bark reserves, and thus represent a virtual "living on capital" of a particularly undesirable kind. The speech of Sir Francis Voules at this week's meeting of the Gordon (Malaya) Rubber Estates, dotted the i's and crossed the t's of this argument. This company last year earned a small profit after depreciation, its estates being exceptionally low-cost producers. In reply to the suggestion that they should be placed on a "care and maintenance" basis, the chairman pointed out that, even if the company produced not a single pound of rubber, certain fixed charges could not be avoided. These included quit rent, weeding, maintenance of hospital, salaries, wages, maintenance of buildings, coolie lines and machinery, and the upkeep of the estate. Over the whole of the company's properties these costs would total £7,600 per annum, whereas, with rubber at 3d. a pound, the total loss from working the estate would not exceed £5,000. Actually, costs of production and marketing (exclusive of overhead and upkeep charges), were 2.30d. a pound, so that, at the then current market price of 3½d., the company was realising an amount towards the reduction of its overheads. An average price of 3.84d., the chairman declared, would cover the whole of the company's charges, and enable it to work without loss. Many of the less favourably situated estates certainly could not come within these figures, but it is clear that, while market prices remain at or over 3d., many estates will consider production a lesser evil than suspension—so long as their cash resources hold out.

I.G. Farbenindustrie.—Our Berlin correspondent writes:—"The results of Germany's largest chemical undertaking do not appear to have been affected to any immoderate extent by the world crisis. In contrast to Kuhlmann, the chief French chemical firm, which has had to reduce its dividend from 16 to 8 per cent., and the English chemical trust, which has cut the dividend on its ordinary shares by 2 per cent., I.G. Farbenindustrie is maintaining its 12 per cent. dividend. Gross profits were, indeed, reduced from Rm. 256½ to 217½, or more than 15 per cent., but as the burden of taxation was less and the depreciation of plant, which had been especially high in the preceding year, was Rm. 13 millions less, net profit amounted to Rm. 89.2 millions, against Rm. 104.6 millions the year before. If dividends had again had to be paid on Rm. 800 million ordinary shares, this net profit would certainly not have permitted the distribution of a 12 per cent. dividend, but as the company bought in a large quantity of its own shares during the year, there remained only Rm. 713.7 entitled to dividend. The use of its own resources for this purpose has only very slightly diminished the liquid assets of the company, as the depression has

brought about a reduction in stocks and in outstanding debts. The American offspring of the I.G., the American I.G. Chemical Corporation, shows particularly satisfactory results, with a net profit, after payment of interest, amounting to \$2.32 millions, against \$2.09 millions in the preceding year. The parent company receives no dividend on its holding in the American company, whose net profit is used to build up a surplus fund, thus augmenting the reserves of the concern as a whole. The I.G. report shows that the colour trade is fairly satisfactory, and business in medicines may even be described as very good, in spite of the diminished purchasing power of some importing countries. Nitrates alone show a serious decline, and both turnover and profits will again be substantially lower in the current year, but statistics are unfortunately not given. Owing to the slump in petroleum prices, the production of oil from coal has proved unprofitable, and the new hydrogenation plant is being used for refining crude oil. The company derived a substantial income last year from the sale of hydrogenation licences to foreign companies.

"Finlay" Tea Companies.—The report of James Finlay and Company, which is involved, both directly and indirectly, in the fortunes of the tea industry, shows a decline in profits last year. Income from fixed security investments rose by £4,304 to £113,112, but receipts from ordinary shares held by the company were £134,590 lower at £130,556, and a 1929 trading profit of £83,172 has been replaced by a trading loss of £4,662. Net profit was £196,194 lower at £233,806, and the dividend has been reduced from 25 per cent. to 15 per cent. The following table shows the comparative results of four tea companies closely associated with James Finlay:—

Company.	Year (Nov. 30)	Net Profit.	Pref. Div.	Ordinary.		Inc. or Dec. in Carry Forw'd.
				Earned.	Paid.	
Amalgamated Tea Estates	1928	£ 179,947	£ 21,000	16.61	17½	— 8,475
	1929	94,661	21,000	7.69	7½	+ 1,909
	1930	69,924	21,000	5.11	5	+ 1,089
Anglo-American Direct Tea Trading Co.	1928	126,065	16,542	17.26	17½	— 1,476
	1929	66,265	16,542	7.84	10	— 13,711
	1930	95,072	16,542	11.86	10	+ 12,293
Consolidated Tea and Lands	1928	332,683	78,000	21.22	22½	— 15,317
	1929	133,244	78,000	4.80	5	— 4,756
	1930	47,634	78,000	...	2½	— 60,366
Kanan Devan Hill Produce Co.	1928	304,053	33,000	36.14	35	+ 8,553
	1929	178,677	33,000	19.42	20	— 4,323
	1930	150,221	33,000	15.62	17½	— 14,029

None of these companies has made any allocation to its reserves in the last three years. The accounts of James Finlay show that during the year "goods consigned and on hand" declined by £162,468 to £433,353. The preference capital of £500,000 is secured by tangible assets of £9 Os. 4d. per £1 share fully paid. At their present price of 2½ per share the £1 ordinary shares yield about £7 1s. per cent. after allowing for final dividend.

More Oil Reports.—The preliminary figures of the Burmah Oil Company show a decline in earnings last year of 21.9 per cent. as compared with those of 1930. The net trading profit, after allowing £580,914 (as against £528,456) for depreciation, and providing for income tax and all charges, amounted to £2,736,013, as compared with £3,502,856 in 1930. The same allocations of £20,000 to insurance reserve, £500,000 to general reserve, and £100,000 to field expenditure equalisation reserve were made as in 1930, and there is an additional allocation of £350,000 to taxation reserve, leaving £612,517 to be carried forward, as compared with £399,775 in the previous year. The shares have fallen since the announcement of these results to 2½, which allows a yield of 11.2 per cent. on the present reduced rate of distribution of 22½ per cent. The Venezuelan Oil Concessions is able to report an increase of 16.13 per cent. in net profits, in spite of a 9.13 per cent. decline in production and a lower level of sales prices. This remarkable result was achieved by the reductions in operating expenditure, drilling expenses

falling from £2,240,129 to £1,889,708. The following table shows the results for the past three years:—

	1928.	1929.	1930.
Production (tons).....	5,084,580	6,469,206	5,878,186
Net profit	£1,206,430	£1,085,666	£1,260,757
Dividend { Amount	£1,114,877	£1,079,759	£1,259,541
{ Rate	11½%	20%	17½%
Carry forward	£190,005	£195,912	£178,097*

* Less £19,031 new issue expenses written off.

As we pointed out in our last issue, the dividend of 17½ per cent. is payable on an increased capital.

Central Mining.—In one respect, writes our mining correspondent, the report for 1930 makes a better showing than might have been anticipated. The profit falls only £79,000 short of the total for the preceding period. Unfortunately, the Central Mining, in its search for "fresh fields and pastures new," embarked heavily in a company formed to construct a railway in Spain. The Government of that country has signally failed in its undertaking to pay for sections of the line as completed, and the reimbursement made in January last, a year overdue, "took the form of Government bonds to which conditions were arbitrarily attached suspending their negotiation until after the end of the present year." As a result the company in question—the Anglo-Spanish Construction—will be unable to carry out the debenture redemption due on September 30th. It is mainly in this connection that the directors of the Central Mining have considered it necessary to transfer from the reserve fund £1,140,000 to a depreciation reserve. One would imagine that this provision should be found adequate. Then £310,000 further is transferred from reserve towards meeting the depreciation in the company's other interests. By these two transactions the reserve is reduced to £450,000. It is intimated that, apart from the shares and debentures in the Anglo-Spanish Construction Company, the market value of all quoted shares and investments at the date of the balance sheet considerably exceeded the book valuation. Our usual table is appended:—

	1928.	1929.	1930.
Shares, investments, &c.	8,250,370	7,810,730	6,652,980
Debtors, less reserves	236,990	1,502,290	1,637,150
Creditors and dividend	7,021,810	6,039,860	5,354,000
Loans	2,398,560	1,805,270	915,080
Cash	1,007,620	293,460	1,166,060
Dividends, profits, &c.	832,720	668,520	584,190
Management, &c., expenses ...	47,110	42,170	44,010
Taxes	59,930	63,070	56,250
Net profit	725,680	563,280	483,930
Earned per cent.	21.3	16.6	14.2
Dividends, amount	425,000	425,000	...
Rate per cent. (tax free)	12½	12½	...
To reserve fund	150,000	...	*310,000
For income tax	115,000	115,000	75,000
Written off	...	...	763,550
Brought forward	71,350	71,730	71,890
Carried forward†	71,730	71,890	27,270

* Taken from reserve. † After deduction of directors' percentage.

For each of the seven years ended in 1929 the company paid 12½ per cent., tax free. No interim distribution was made on account of the past year, nor can there be any final, the whole of the earnings being swallowed up by depreciation. The position of the company's South African interests generally remains satisfactory, but the oil undertakings have suffered from over-production. The latter remark would also apply to the Bolivian tin-silver properties, in which an interest was acquired in 1929. General conditions have adversely affected the earnings of Messrs. Bernard Scholle (the issuing house), but a 5 per cent. dividend has been paid by the Amalgamated Metal Corporation—a fusion of the British Metal Corporation and Messrs. Henry Gardner and Company. From their best this year of about 12, the £8 shares of the Central Mining and Investment Corporation have lately fallen to 7. This quotation is calculated to be more than covered by the value of the quoted investments.

Anglo-American Corporation.—It may be recalled that in the autumn of 1929 the capital of this undertaking was divided into equal portions of 6 per cent. preferred stock

and 10s. ordinary shares. In respect of 1929, 22½ per cent. was paid upon the latter. The announcement made in March last that no distribution upon the ordinary capital would be practicable for 1930 will have prepared the shareholders for a distinct setback in the profits. The accounts now issued show a surplus of £340,400, against £721,000 previously. Interest on the preferred stock required £120,000, and towards meeting the depreciation on holdings £1,065,000 is transferred from various reserves. The directors have not thought it necessary to write down all the scrip to market prices as at December 31st, holding the view that the low level then current was abnormal. Meantime, improvement has occurred in several of the company's Rand gold interests, but its diamond and Rhodesian holdings have suffered further heavy depreciation, and it is difficult to see ground for early substantial recovery. Some striking changes are indicated in the balance sheet. Shares and interests have fallen from £7,313,850 to £6,233,340, debtors from £3,232,150 to £769,800, loans from £2,212,560 to £1,568,680, Government and municipal securities from £1,281,900 to £271,300, and cash from £1,144,270 to £71,890. On the other hand, deposits by affiliated companies and others have shrunk from £6,052,580 to £2,167,700, and sundry creditors from £2,273,350 to £1,235,780. The liquid assets fall £802,800 short of the liabilities. Anglo-American preferred stock is now quoted around 78 and the ordinary shares at 11s.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following:—Incorporated Accountants and Auditors, Weiner Bank-Verein, Gresham Life Assurance Society, London Assurance, Royal Insurance, Imperial Continental Gas Association, Glentafte Tea Estates, Howard and Bullough, Associated Newspapers, Marks and Spencer, Shanghai Electric Construction, Forestal Land Timber and Railways, and Wiggins Teape and Company. At the annual meeting of the Society of Incorporated Accountants Mr Henry Morgan criticised the principle of "rationalisation," as recently applied, on the ground, among other things, that the amalgamation of larger numbers of companies and large combines had operated harshly as regards many members of the accountancy profession. We should point out that, though it is possible to sympathise with the smaller accountants who may be displaced by amalgamations, the benefits of rationalisation to the national economy in other directions are very great, and accountants, like other sections of the community, should be able to display sufficient elasticity to fit themselves as a body into the new conditions. Presiding at the annual meeting of Imperial Continental Gas, Sir Henry Birchenough said that, despite many attempts to stabilise prices, the inexorable law of the survival of the fittest was now asserting itself in the coking industry, and the fall in the price of metallurgical coke had already caused many coke-ovens to close down.

CENTRAL HANOVER

BANK AND TRUST COMPANY

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"The general economic depression resting on the world will pass, and, in fact, the extreme fall in commodity prices and the gradual abandonment of schemes to artificially counteract over-production are in themselves signs of a gradual return to more normal conditions. Meanwhile, the very existence of our difficulties should be an opportunity for constructive leadership. I still think that the far-reaching experience of this country in banking and finance will be an important factor in mobilising the credit resources of the world and making them available for a general revival of international trade." (Hear, hear.)

[Other Stock Exchange information, including the latest dividend announcements, summary of balance sheets, reports and notices, profit and loss figures, and oil outputs, will be found on page 1135 under the heading "Company News."]

	Month.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Man. Shipping Canal.	4	Apr 30	Gross	£ 90,939	- 5,834	£ 420,477	- 49,844
Algonra Central and Hudson Bay Rly.	9	Mar. 31	Gross	\$142,015	- 99,829	1,243,051	- 379,179
Costa Rica Rly.	9	Mar. 31	Gross	30,196	- 3,381	274,882	- 73,715
Int. of Cent. America	4	Apr. 30	Gross	114,109	- 36,059	507,209	- 144,020
			Net	46,458	- 27,697	227,688	- 98,455
Hellenic Elec. Rly.	4	Apr. 30	Gross	18,655	- 1,046	71,824	- 4,724
Brazilian Traca ...	4	Apr. 30	Gross	\$3,004,444	- 1,123,048	12,610,957	- 3,224,355
			Net	\$1,829,799	- 544,534	7,514,346	- 1,519,113
Para Elec. Rlys.....	5	Apr. 30	Gross	8,971	- 6,193	50,786	- 22,423
			Net	2,063	- 1,598	13,552	- 14,000

The marine department had transferred to profit and loss account a profit of £46,464 for the year. Premium income amounted to

THE OUTLOOK.

As to the outlook for this year, the Chairman said he found it difficult to say more than that, so far as the year had gone, there were indications of a further shrinkage of premiums, while the company's position as regards losses was somewhat more favourable than at the corresponding date last year. Never had they experienced such a world-wide depression, affecting not only the younger producing countries, but also, and just as acutely, the older and more settled communities. Reference to precedents could scarcely help, for the circumstances were really unprecedented.

The Chairman continued:—"The complex but nevertheless smoothly working structure of international commerce was dealt a terrific blow by the war—a fact which, I believe, we are only now beginning to realise in its true perspective, and the difficulties against which practically all the countries of the world are at present struggling are its direct and inevitable aftermath.

"Formerly commerce leaped over political frontiers to the advantage of all. Since the war political and economic frontiers have multiplied in number, and commerce has the greatest difficulty in surmounting them. The attempts of nations to live by themselves and for themselves and to place restrictions on everything not produced within their own boundaries intensifies the difficulties.

"The idea that the war was the threshold to an era of unprecedented prosperity and that self-determination and legislation would necessarily produce prosperous nations with a higher standard of living has proved fallacious. While I believe that the recovery for which we all look is inevitable, I do not think it will come until the hard school of experience has once more demonstrated that, to proceed on wrong principles, is to move towards disaster—a remark which is equally true of an individual or a nation. We in this country, in common with the rest of the world, are faced with the problem of readjusting our industrial and commercial structure to conditions which, during the past few years, have suffered a fundamental change through the fall in commodity prices, and the restriction of consuming markets, the recovery from which must necessarily be slow. It is my earnest hope that the realisation of the necessity for this readjustment will not be delayed, as only by such measures can we be restored to our former prosperity. It is assuredly impossible for any country to prosper where a policy of shorten the day and lengthen the pay is adopted. These conditions must inevitably affect our business, but I can only say that our organisation, both as regards the officials, the staff and the agents, not only in this country and the United States and Canada, but in Australia and elsewhere throughout the world, is well fitted to protect our interests through the troublous times that may still lie ahead, and to take full advantage of the opportunities which may be afforded when trade revival materialises." (Applause.)

The report and accounts were adopted.

The retiring directors, Mr A. Kentish Barnes, Mr Frederic A. Bates, Sir Edmund F. Rushby, Mr P. R. England, Mr Geo. B. Heyworth and Mr Arthur E. Pattinson, were re-elected.

EXTRAORDINARY GENERAL MEETING.

At the extraordinary general meeting held immediately after the annual general meeting a resolution, proposed by Mr A. Allan Paton, C.B., and seconded by Mr A. Kentish Barnes, was passed adopting the company's new articles of association.

164 Branches in Finland

CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30):
Fmk. 2,907,742,000.

KANSALLIS-OSAKE-PANKKI

(National Joint Stock Bank)

HEAD OFFICE: HELSINKI
(HELSINGFORS), FINLAND

Established 1889.

HOWARD AND BULLOUGH, LIMITED.

THIRTY-SEVENTH ANNUAL MEETING.

The thirty-seventh annual ordinary general meeting of the shareholders of Howard and Bullough, Limited, was held, on the 14th instant, at 12 o'clock noon, at Globe Works, Accrington.

The chairman of the company, Sir George Bullough, Bart., presided.

The report of the directors and auditors and balance sheet were taken as read.

In moving the adoption of the reports and accounts, the Chairman said:—

Since I last had the pleasure of addressing you, we have experienced even worse conditions in the world's cotton trade than those which prevailed during the year 1929-30. The effect of these conditions is reflected throughout the whole of the textile machinery making trade.

During the year under review many cotton mills have been compelled to go into liquidation, with the result that much fairly new machinery has been thrown out of commission, and in many cases this machinery has changed hands at practically scrap prices. The general situation has been further rendered more serious owing to increasing tariffs and importation restrictions which are being introduced by several countries.

The disturbed conditions in India have also seriously reacted upon us, but with wiser counsels prevailing, and a settlement of the difficult problems in a satisfactory manner, bringing a return to more normal trading conditions, we hope to secure a good share of new business.

Owing to such a combination of exceptional circumstances, competition for the small amount of new machinery offering has been keener than ever, and the level of prices obtainable, coupled with the necessary curtailment of production, has inevitably placed us in a worse position than we have ever experienced.

THE OUTLOOK.

The outlook, under prevailing conditions, does not seem favourable, unless some restoration of earning capabilities becomes apparent in the cotton trade generally. Many of our customers have deferred the purchase of new machinery under that hope, and although new machinery embodying many improved features would be an advantage, they are compelled to continue to work their old machinery until more propitious times.

Once again the hope I expressed last year in regard to the Russian business has been deferred, but we are keeping continuously in close touch, with a view to securing business when the time arrives.

It will be within your recollection that in my last year's remarks, I alluded to negotiations which were then in progress on the question of amalgamation or regulation of selling prices. Those negotiations, however, did not materialise, but quite recently further serious conversations have been taking place, and at this moment negotiations are in progress with a view to finding some means of conserving our industry. I am not in a position at this meeting to give you details of the proposals which are before us, but you may rest assured that should any scheme result from these deliberations which your directors consider to be advantageous to you, they will not hesitate to place it before you for your consideration. I am hopeful that some definite conclusions will be arrived at on this matter in the near future. My colleagues and myself will look with favour upon any scheme which they consider would be of benefit to our shareholders.

You will notice from the balance sheet that the money owing to us is considerably less than last year; you will also perceive that in consequence our investments are increased.

DIVIDEND POLICY.

The directors do not consider it advisable to pay any dividend this year on the ordinary shares, as they deem it more prudent to reserve the firm's resources in order to be able to cope with any new lines of business that we may be able to undertake. Whilst the demand for textile machinery is so meagre, your directors are continually seeking to develop other classes of work for which our equipment and reorganisation are suitable. It must be remembered, of course, that our works are laid out for dealing with large orders on mass production lines.

I wish to take this opportunity of referring to the retirement of one of our colleagues, who has felt it incumbent upon him, for reasons of health, not to seek re-election to your board of directors. I refer, of course, to Mr C. A. Peltzer, whose services have been of very great value to the firm for over forty years, and who also for many years occupied the position of vice-chairman. I am sure we all hope that he will live many years to enjoy his well-earned leisure.

During the past year we have been working in the most economical manner, and expenditure has been considerably reduced, consistent with the maintenance of organisation and efficient

working. At the same time, we have constantly in view improvements in our various machines, and many valuable and important advancements have been achieved.

As indicated in the report of the directors, it is not proposed to fill the vacancy on the board for the present, owing to the continued depression. A further economy will thus be effected in directors' fees, etc. I beg to move that the reports and accounts as presented in the balance sheet be allowed and passed.

Mr S. D. Fielding, Accrington, seconded, and the resolution was carried unanimously.

Mr J. H. Dickinson, New Longton, proposed the re-election of Sir George Bullough, Bart., as director of the company, which was seconded by Mr J. S. Wilkinson, Clayton-le-Moors, and unanimously approved.

The meeting terminated with votes of thanks to the chairman, co-directors and staff.

GRESHAM LIFE ASSURANCE SOCIETY, LIMITED.

CONTINUED PROSPERITY.

ATTRACTIVE COMPREHENSIVE POLICY.

The eighty-second ordinary general meeting of the Gresham Life Assurance Society, Limited, was held, on Tuesday, May 19, at the chief offices of the society, 188-190, Fleet Street, London, E.C.

Sir Reginald MacLeod (of MacLeod), K.C.B. (the chairman), presided.

The General Manager (Mr Alex. Lawson) having read the notice convening the meeting and the report of the auditors,

The Chairman said:—Gentlemen,—The report and accounts are before you, and I assume that, as usual, you will be pleased to take them as read. (Agreed.)

In submitting to you our eighty-second annual report I am happy to be in the position of congratulating you once again on the continued prosperity of the society. The year under review has, however, been one of anxiety to your directors. There has been a severe—I may even say catastrophic—trade depression in evidence in all parts of the world, and in India we have had to face difficulties similar to those experienced in other branches of commerce. Inevitably the society's new business in that country has, for the time, suffered materially, but death claims remain on the same moderate level as heretofore.

Notwithstanding these adverse circumstances, the new sums assured during the year amounted to £2,329,460, with a new premium income of £113,939, figures which are only fractionally below those of the previous year. The number of policies issued was 5,297, while 337 proposals were declined.

We received during the year the sum of £15,969 as purchase money for annuities, including annual premiums under contingent and deferred contracts, representing an ultimate annual payment by the society of £1,714. On the other hand, owing to the death of sixty-four annuitants, the society has been relieved from payments to the extent of £3,026 per annum.

The total premiums received amounted to £909,288, inclusive of single premiums of £2,861, being an increase of £22,618. Interest, less tax, amounted to £394,435, as against £375,487 in 1929. The income of the society from all sources amounted to £1,314,301, showing a highly satisfactory increase of £42,105. The death claims, together with bonus additions, absorbed a sum of £211,205, as against £247,500 in the previous year, the society experiencing the very satisfactory rate of mortality of 67 per cent. of the amount expected according to the table used in the valuation. This low rate is, I think I may claim, ample evidence, if such is needed, of the extreme care exercised by your directors and the management and their medical advisers in the selection of the risks which have been and are being placed on the books. The claims under matured endowments were £281,445.

The total assets of the society increased during the twelve months by £242,425, and now amount to £8,394,759. In the year 1930 the society paid to policyholders who elected to take their bonuses in cash a sum exceeding £110,000 in respect of the quinquennial distribution declared at the last annual general meeting. There would thus have been a further augmentation of the society's funds by this amount but for this cash distribution.

I am pleased to be able to say that the rate of interest earned upon the funds was £5 0s. 11d. per cent., after deduction of income tax, which shows a satisfactory increase of 1s. 2d. per cent. over the rate obtained in the previous year.

This matter of investment is, I need scarcely say, one that is continuously engaging the attention of your board, and, while every advantage is taken of market opportunity to enhance the rate of interest earned on the large funds of the society, the guiding principle of our investment policy is "Safety First."

The expense ratio was 24.62 per cent. upon the premiums, being very slightly in excess of the rate for the previous year. Every effort is made to control the expenses within the narrowest possible limits, but as the society's operations extend to many foreign countries, where the cost of production and administration exceeds that of companies transacting home business only, it follows that the expense ratio must show a corresponding cost; on the other hand, the rates of premium charged in those countries make due allowance for the special expenses to which they are subject. The Chancellor of the Exchequer has again failed—as did his predecessors—to meet the demand so vehemently urged, that life policies specifically taken out to meet claims on death for estate and succession duties should not be included in the deceased person's estate. So long as the amount provided to meet death duties is added to the net assets and the rate of duty increased with the total of such assets, every discouragement is given to a specific provision during life to meet the share demanded by the State at death. The change desired would be as much in the interests of the Exchequer, as securing ready and immediate payment of duties, as of the persons from whom such duties are exigible. There is one point which has been mentioned elsewhere on more than one occasion recently, but which I particularly desire to emphasise, as I consider that it cannot be too often or too forcibly brought home to the investing public—namely, the fact that a life insurance policy is not subject to the ordinary influences which may tend to depreciate the value of Stock Exchange investments.

In these times of falling commodity prices, trade depression and political unrest life insurance is, therefore, the safest and most protective form of investment. In this connection I should like to refer specially to our own comprehensive family policy. There has recently been an increased demand for a policy covering the ordinary assurance benefits, but in addition providing a larger income in case of death than could be obtained by the mere investment of the policy moneys in ordinary market securities. Our society was, I think, the first to make a feature of this form of policy, and its introduction has met with great success in many countries in which we operate. The policy is in the nature of an endowment assurance, the full sum being payable in case of survival to the end of the term selected. Should, however, the assured die during the term, the capital will be retained by the society and interest paid thereon at the rate of 10 per cent. per annum until the expiration of the original term, when the full sum assured becomes payable. In addition to the larger yield thereby obtained, the widow or other beneficiary avoids entirely the risk of loss which is incidental to the investment of money. I wish, in conclusion, to place on emphatic record our appreciation of the work of the officers and staff of the society at the head office and at our home and foreign branches. Special efforts have been made to draw together the staffs of this society and of the Gresham Fire and Accident Society so that the welfare and progress of both should be the common interest of all serving under the Gresham flag. (Cheers.) I beg to move:—"That the directors' and auditors' reports be approved and adopted."

Mr Courtenay C. S. Fooks (the deputy-chairman) seconded the resolution, which was carried unanimously.

A NEW DIRECTOR.

The Chairman, in moving that Mr Alexander Lawson be appointed a director of the society, said:—"I am very happy in that it falls to me to move the election of Mr Alexander Lawson to a seat on the board. He entered the service of the society as an officer in 1891, having already had many years' training in assurance work. Since 1913 he has held the arduous post of principal officer, and it is during this period of his control that the society has steadily forged ahead to its existing assured and prosperous position. Since 1928 he has acted also as a general manager of our subsidiary company, the Gresham Fire and Accident Insurance Society, and was elected to the board of that society last year. I move this resolution not only in recognition of the excellent work Mr Lawson has performed in the past, but also in the conviction that, occupying a seat on the board of both societies, he will be in a position to render still more service in the future. (Cheers.)"

Mr Courtenay C. S. Fooks, in seconding the resolution, said that the present was a unique occasion in the history of the society, when the directors commended to the shareholders' favourable notice the election of one of the officers to a seat upon the board. Mr Lawson had been with them since 1891. He had never spared himself for one moment in his efforts to forward the interests of their great, world-wide institution. He had travelled in its interests in every country in which they had done business, and the success of their foreign business was mainly due to his prolonged visits at great personal trouble and anxiety. The prosperity of the foreign branches was due to the energy and foresight which he had brought to bear upon them.

The resolution was carried unanimously with acclamation, and Mr Lawson briefly responded.

WIENER BANK-VEREIN.

REVIEW OF THE PAST YEAR BY MR HUGO MARCUS.

The sixty-first ordinary general meeting of the Wiener Bank-Verein was held in Vienna on May 7th, Mr Hugo Marcus, the chairman of the company, presiding.

The abridged report submitted to the shareholders proceeds as follows:—

THE PAST YEAR.

A world-wide economic crisis of unprecedented severity characterised the year 1930. Ever since its creation the Republic of Austria suffered acutely from the consequences of the prohibitive international tariff policy that was inaugurated after the war. It is but natural that Austria was therefore the first country to suggest at international conferences the practical proposal of mitigating by means of regional agreements the effects of the high Customs barriers that prove so harmful to the international exchange of goods. In an endeavour to improve this country's economic activity, the Government ultimately framed a preliminary Austro-German agreement aiming at a Customs Union between the two German-speaking countries. The news of the negotiations initiated by the Vienna and Berlin Cabinets was generally favourably received by the Austrian economic community and, in particular, by the farmers; certain industries will need a transitory tariff protection. Considering the many difficulties which have still to be surmounted, it is to be hoped that a successful conclusion of the contemplated agreement will improve the prospects of the Austrian economy.

In harmony with the international money markets, loan rates were lowered in Austria at an accelerated pace, this finding expression in the gradual reduction of the official Bank rate from 7½ per cent. to 5 per cent. Whereas that measure had its full effect on the cost of credits granted by bankers, the interest rate allowed on deposits was lowered only by approximately one-half of that reduction. This implies a sacrifice made by the banks in favour of the Austrian economy.

The cheapening money rates, as well as the lack of opportunities for profitable investments in productive operations, gave a certain impetus to the bond market; the banks derived some benefit from that circumstance, and the outlook in that direction is likewise fairly encouraging. We would recall in that connection the successful issue of the Austrian portion of the 1930 International Federal Investment Loan, the conclusion of which did, however, not relieve the depression under which the Austrian commerce and industries are labouring owing to the unfavourable economic conditions. After having for a long time shown a surprising stability, the fiscal revenue has begun to recede, so that the contemplated de-rating could not materialise. Single indirect taxes had even to be increased in order to raise the funds required for the emergency relief for the sorely stricken agriculture; this led to a further growth of the exceedingly heavy taxation burden. A development of the production was therefore further handicapped, all the more since no lightening of the taxation burden may be looked for in the near future.

Loans of a number of public corporations were launched also during the current year, *inter alia*, the 7 per cent. Housing Loan of 150 million schillings, in the successful issue of which our institution had a prominent share.

THE BANK'S ACTIVITIES.

The aggregate sum of the balance sheet remains only slightly below the figures of the 1929 accounts, notwithstanding the fact that the financial requirements of the economy were substantially reduced owing to the restricted production of goods and the receding trade, in conjunction with the general falling off of prices. The amounts deposited with our institution have further increased, and we register a similar tendency this year. Debtors show a moderate decrease, while our participations in syndicates and our holdings of securities have slightly risen.

The small decline of gross profits is almost entirely ascribable to the shrinking of the profits earned on securities and syndicate participations; the other earnings remained practically unchanged. As it was possible to reduce the expenditure, the net profit reached the same amount as in 1929; the relation between the charges and earnings from the current banking business was concurrently somewhat improved, while the discrepancy between taxes totalling 3.17 million schillings and a net profit of 2.73 million schillings—exclusive of the amount brought forward from 1929—still subsists. Owing to the extraordinary increase of charges since the war, banking business in Austria has to contend with serious difficulties. We propose to continue our unerring policy of trying to improve the

relation between the charges and the earning possibilities. The bank's staff now numbers 1,441, as against 1,610 one year ago. Owing to the opening of a new sub-branch in the city of Vienna the number of branch offices has advanced from 50 to 51; we now have 35 sub-branches in Vienna and its suburbs, 10 branches in Austria, three branches and three sub-branches abroad.

We participated in 1930 in the following transactions:—Jointly with the other Vienna banks we underwrote the 50 million schillings portion of the Austrian issue of the 1930 International Federal Loan; similarly, we participated in the successful issue of the 1929 7 per cent. loan of the Province of Tyrol. We took part in the capital increases of the Oesterreichische Automobilfabriks A.G., vormal "Austro-Fiat," the Eisenbahn-Verkehrsmittel A.G., Berlin, the Kabelfabrik Aktiengesellschaft, Cracow, the Crédit Foncier Franco-Bulgare, Paris, and the Société Industrielle d'Exploitation de Moyens de Transports, Paris. Jointly with the Böhmische Union-Bank, we participated in the creation of the Union-Portlandzement Fabrik, Stupava, while our Hungarian branch co-operated with the Pester Ungarische Commercial Bank and others in the creation of the Ungarische Ammoniakfabriks A.G. that was carried out by the Salegó-Tarjánér Steinkohlen Bergbau A.G. We moreover joined in the underwriter syndicates for the 4½ per cent. and 4 per cent. loans of the Swiss Federation, and for Treasury bonds of the City of Frankfurt. After enumerating participations in other syndicates, the Chairman mentioned that the bank's permanent participations in affiliated banks had undergone no changes. He thereupon proceeded to survey the numerous companies in which the Wiener Bank-Verein holds a controlling interest; while a number of these are, owing to the economic depression, slightly reducing their dividends, some even deciding to pass the dividend, single companies are able to maintain the dividend, and a few even to slightly increase it, while remaining true to their traditional conservative policy. The Wiener Bank-Verein, which is already interested in the existing large water-power plants of Austria, is devoting its careful attention to the further development of that great national asset. Amongst the hydro-electric schemes in which the bank is concerned the Danube water-power Ybbs-Persenbeug project has made great progress, and it is to be hoped, in the interest of the Austrian economy, that this scheme, which would also benefit the shipping on the Danube, will materialise in the near future. The bank is likewise interested in the development of the water power of the Styrian section of the Enns, and in that of the water power of Western Tyrol. The execution of those schemes should substantially improve the economic situation of Austria.

RESULTS OF THE YEAR.

The results of the year are as follows:—

Assets.		Schillings
Cash	...	18,170,526.51
Bills	...	83,926,202.03
Debtors:		
Balances with banks	...	47,630,553.29
Other debtors	...	298,983,847.02
		346,614,400.31
Permanent interest held in banks	...	20,456,136.87
Payments on syndicated shares	...	46,114,871.29
Securities	...	9,517,047.84
Real estate	...	7,677,703.37
Total	...	532,476,888.22
Liabilities.		Schillings.
Share capital	...	55,000,000.—
Reserve funds	...	20,000,000.—
Extraordinary Reserve Fund II.	...	500,000.—
Reserve fund (surplus yielded by increase of capital)	...	5,928,370.—
Ordinary Reserve Fund B	...	1,100,000.—
Special fund to provide for members of the staff not benefited by pension insurance	...	500,000.—
Dividend account	...	200,028.—
Bills guaranteed	...	33,802.83
Creditors, deposit certificates and savings deposits	...	446,271,128.06
Profit and loss account	...	2,943,559.33
Total	...	532,476,888.22

Profits.

	Schillings.
Brought forward	210,510.59
Interest	13,162,227.16
Securities	194,211.33
Exchange	2,245,895.07
Commissions	7,961,179.83
Participations	1,253,197.75
Total	25,027,221.73

Losses.

	Schillings.
Salaries	13,083,569.69
Current expenses	3,311,040.70
Pensions	2,402,669.07
Taxes and fees	3,165,382.94
Depreciation on real estate	121,000.—
Net profit	2,943,559.33
Total	25,027,221.73

Distribution of Profits.

The total earnings amount to	S. 25,027,221.73
after deducting charges totalling	S. 22,083,662.40

the balance is S. 2,943,559.33

The Chairman proposed, on behalf of the board of directors, to apply S. 2,750,000.—

of the net profit to the payment of a 5 per cent. dividend (i.e., S. 1.00 for one share of S. 20.00 par value), and to carry over to 1931 S. 193,559.33

No addition is made to the ordinary reserve fund, but the Chairman recalled that the bank's visible reserves exceed 50 per cent. of the share capital.

The reports and accounts were adopted. The Chairman paid a warm tribute to the memory of the hon. chairman, Herr Carl Stoegermayer, and the members of the board of directors, Herr Kuno Mauthner-Markhof, Herr Alfred Liebieg, and Herr Dr. ing. h.c. Otto Heinsheimer, the loss of which the board has to deplore. Their valuable advice and great experience, as well as their indefatigable zeal in carrying out their responsible duties, will be sorely missed. The co-optation as a member of the board of directors of Herr Richard Fanta, Vienna, who has, for many years, been closely connected with our foreign affiliations, was sanctioned, and the directors retiring by rotation, to wit, Signor Carl Arnstein, Mr W. M. L. Fiske, and Herr Oskar Wassermann, were re-elected.

A vote of thanks to the chairman concluded the meeting.

THE LONDON ASSURANCE.

QUINQUENNIAL VALUATION RESULTS—INCREASED BONUSES.

The annual general Court of the London Assurance was held, on the 20th instant, at 1, King William Street, London.

Mr Colin Frederick Campbell (the Governor), in moving the adoption of the report and accounts, said: The life account is of special interest because another quinquennial period has been completed. The progress made last year was most satisfactory. The premium income, apart from single premiums, showed an increase of £40,682, and the fund increased by almost half a million sterling. The claims were unusually small, and the expenses were much the same as in 1929; actually there was an increase of a little over £2,000, due to expansion of business. The rate of interest earned was £5 8s. 2d. per cent., compared with £5 9s. 3d. in the previous year. During the year we issued a leaflet drawing special attention to a scheme whereby a whole of life policy is issued with an option to convert at the end of five years into an endowment assurance. This has met with some success, and we continue to secure an increasing amount of new business under our other schemes, monthly premiums, children's option policies, etc., which have been brought out in recent years.

THE QUINQUENNIAL—GOOD PROGRESS.

Coming to the past quinquennium, consistently good progress has been made throughout the period. The life assurance fund has increased by nearly 50 per cent., and now amounts to £6,401,293. New assurances were completed for a total of nearly £9,000,000 after deducting reassurances, and over 12,000 new policies were issued.

When I addressed you five years ago, after the declaration of a very satisfactory bonus, I told you that, if matters should progress in a normal way during the next five years, there was a reasonable expectation that the results then declared might be maintained. I am glad to say that on the present occasion we are able to show even better results. The participating policy holders in the old series receive a bonus equivalent to a cash distribution of 55 per cent. of the whole term premiums paid during the quinquennium, and the policy holders in the 1911 series receive a compound reversionary bonus at the rate of £2 5s. per cent. per annum, as against £2 in 1926, the bonus of 55 per cent. to the policy holders in the old series comparing with 45 per cent. 5 years ago. These results have been arrived at after assuming a rate of interest of 2½ per cent., against 3 per cent. previously. Intermediate bonuses will be payable at the full rates on all policies which become claims during the current quinquennium 1931-1935, however recently they may have been effected, this being a further small concession in favour of policy-holders.

The lower rate of interest assumed has resulted in substantially strengthening the reserves, the actual amount of the increase being £282,000, and £112,960 has been carried forward to the next valuation.

The share of the profit taken by the shareholders will be £20,000 a year during the next five years, instead of £12,500 a year during the past quinquennium.

FIRE DEPARTMENT.

The fire account, which we took on as the backbone of our business, has been a disappointment to us during the past year. We have always had a large American business, which in days gone by has produced substantial profits. The result last year was extremely bad, because, while our premium income declined by about £150,000, the loss ratio rose by about 10 per cent., so that we experienced an actual loss of £27,000. This is the more disappointing because we secured an increase in our home department income, the result being quite satisfactory. We also more than maintained our premium income in the general foreign field, and with satisfactory results. The fire fund at the end of the year amounted to £1,250,000, being 98.1 per cent. of the premium income against 94.1 per cent. a year ago. Notwithstanding a smaller fire profit than we usually expect, I am confident that our organisation is such that it will quickly respond to any general revival in trade conditions.

MARINE ACCOUNT.

The marine account is always an interesting one to us, because, as is well known, we write a big account, and therefore its success or failure plays an important part in our affairs. The progress to which I have been able to refer in each of the two preceding years continues, and it really looks as if this department is once again definitely on a profit-earning basis. We may perhaps have to face disappointments in the future, and we still have a long way to go before it can be said that premiums on all classes of risk are adequate, but at the moment it looks as if the long period of losses has been arrested. A great deal is due to the collaboration that has taken place between those interested in marine business, but still more is due to the personal efforts of our underwriter.

The premium income at £946,548 is greater by £32,000 than in 1929, and the marine insurance fund of £985,415 represents 94.6 per cent. of the premium income, which compares with a ratio of 91.8 per cent. at the end of 1929. It is our desire to work up the marine fund to a figure at least equal to the premium income, and to do this from the profits on the account, but this year we have taken £35,983 from the account to the profit and loss account, which is £10,000 less than the interest credited to the account. After this transfer the fund represents 94.6 per cent. of the premium income, or 3 per cent. more than a year ago.

The accident account suffered from conditions in the United States similar to those of the fire department, and the re-insurance contracts to which I alluded last year have also affected the account this year. The results in the home field were favourable, but not so elsewhere.

GUILDHALL ACQUISITION.

With regard to the balance sheet, we continue to maintain the conservative policy which has always been adopted in the investment of our funds, and I am glad to say that the valuation made at the close of last year disclosed a large appreciation over the book value. The recent acquisition of the share capital of the Guildhall Insurance Company does not affect the figures in the statement before you for the reason that the transaction was not completed till January 1st this year. We have every confidence that the acquisition of the Guildhall by the London will prove to be of substantial benefit both to them and to us. The Guildhall is one of the most successful, possibly the most successful, of the post-war companies.

Both the British Law Insurance Company and the Vulcan Boiler Company did extremely well last year, and the results shown by the London Associated Reinsurance Corporation, all the ordinary shares of which are held by us, were also very good. We increased the share capital of the Manhattan Fire and Marine Insurance Company during last year to 1,000,000 dollars, but this did not involve any transfer of money from London to New York, as we held surplus funds in America sufficient for our purpose. This American company, which was only started seven years ago, is becoming firmly established, but no dividends have so far been declared, the surpluses having been utilised to strengthen the reserves.

DIVIDENDS AND CARRY-FORWARD.

The profit and loss account shows that, after providing for dividends at the same rate as in 1929, the balance carried forward is slightly increased at £240,098. The net interest earnings are considerably in excess of the cost of the dividend.

The Bill which was approved by the General Court held on November 26th last has now received the Royal Assent. I want to draw your attention to one of its most important provisions. This is that the present liability on our shares has now been definitely fixed at 25s. per share. That is to say, our ordinary shares, which are £2 10s. each, have a liability of not more than 25s. I am aware that this has been assumed generally to be the case, but there has been a doubt lurking in the minds of some which has now been removed for ever.

The report was unanimously adopted.

WIGGINS, TEAPE, AND COMPANY (1919), LIMITED.

BENEFITS ACCRUING FROM RATIONALISATION POLICY.

The twelfth annual general meeting of Wiggins, Teape and Company (1919), Limited, was held, on the 15th instant, at Winchester House, Old Broad Street, London, E.C.

Colonel W. R. Portal (the chairman), in the course of his speech, said: Ladies and Gentlemen, on the occasion of the last annual meeting, in dealing with the prospects for 1930, the chairman stated that the results for the year to date were satisfactory, and this condition of affairs operated for the first half of the year. During the second portion of the year, however, and in particular during the last two months, trade became most difficult, especially in the export markets.

OUTPUT AND SALES IN 1930.

Despite the unsatisfactory trade conditions in this country, your company maintained in the home market during the year 1930 the high level of sales reached in 1929. In the export markets, however, owing to the reduced purchasing power of most of the countries throughout the world, our sales show a considerable falling off compared with those for the year 1929. The output of paper from the mills of your company and those of the subsidiary companies was for the year 1930 practically the same as for the year 1929.

PROTECTION.

I think it will be plain to all that before long some form of protection must be given to the industries in this country. I submit, however, that protection in any form should not, and must not, be given merely to bolster up inefficient units in any particular industry. At the same time, if raw materials are allowed free of duty into this country, there should be no justification for the raising of prices against the consumer, as the extra output which should accrue to the various industries should enable them to keep their prices at the present level, unless they are already, through over-production and competition, both at home and abroad, producing at a loss.

PROSPECTS FOR 1931.

I am happy to be able to tell you that the economies which should accrue from the large amalgamation which has taken place have now commenced to operate, and the results are apparent since the beginning of this year. It will be another twelve months, however, before the full benefit of these economies will be felt, but you must realise that we have a big task in hand, and no time is being lost in taking full advantage of these benefits. We have been able to centralise our organisation and this is giving very good results, and a system of central buying has now been started which should help your company very materially.

The report and accounts were unanimously adopted, and the dividend of 10 per cent. as proposed was approved.

The retiring directors were re-elected, and the auditors having been reappointed, a vote of thanks to the chairman and directors concluded the proceedings.

FORESTAL LAND, TIMBER AND RAILWAYS COMPANY, LIMITED.

DIVIDEND MAINTAINED.

The twenty-fifth ordinary general meeting of the Forestal Land, Timber and Railways Company, Limited, was held, on the 21st instant, at River Plate House, London.

Baron Emile B. d'Erlanger (the chairman) said that taking into consideration the world-wide depression in trade, from which the leather trade and its associated trades had not escaped, and taking into consideration the fact that the Forestal Company had only worked at 50 per cent. of its output capacity and that the prices for quebracho extract had been lower than for 1929, they had every reason to congratulate themselves upon the results of the year, which enabled them to recommend the same dividend as in the previous year. The profit for the year was £362,142, or £58,898 larger than that of the previous year.

As to the subsidiaries, it was anticipated that the accounts of the Natal Tanning Extract Company for the period to 30th June next would show an initial profit. The results of the Calder and Mersey Extract Company had not been unsatisfactory, and the St. Helen Holdings, Limited, showed, as usual, a substantial profit. The three subsidiary companies in the Argentine had all shown satisfactory profits. The liquid assets of the Forestal Company exceeded the quick liabilities by approximately £2,000,000, of which close on £1,000,000 was in British Government securities and cash. A stronger financial position could hardly be wished for, and it was a sheet-anchor in the world tempest which assailed their industry, like all others, at the present juncture. It was proposed to pay a final dividend of 4 per cent.

While twenty-five years' experience in the tanning extract market and the proud record of the Forestal Company and the excellent organisation and management of its subsidiaries allowed the board to look with unshaken confidence upon the future, he was not without misgivings as to the immediate prospects. He did not think one could pick out any raw material or semi-manufactured article where the total capacity of production did not exceed the highest record of world consumption, and quebracho extract was no exception; but the company was in a strong position and shareholders might rest assured that they would weather the storm.

The report and accounts were unanimously adopted.

SHANGHAI ELECTRIC CONSTRUCTION COMPANY, LIMITED.

THE FALL IN THE VALUE OF SILVER.

The twenty-fifth annual general meeting of the Shanghai Electric Construction Company, Limited, was held on the 21st instant, at Basilston House, Moorgate, London.

Mr J. S. Haskell (the chairman) said that the accounts related to a year which had been by no means free from difficulty. In the month of April they had had a strike which had meant a total loss of revenue for a short period. Much more serious than that temporary disturbance was the severe and continued fall in the value of silver, and there was at present no indication of any material improvement under that head.

The unfavourable course of exchange had caused a rise in local prices, which meant a higher cost of living, and had reduced the purchasing power of local currency as regarded imports. The result, so far as the company was concerned, was that special allowances had had to be made to their foreign and native staffs and that the cost of the supplies essential to operation had materially increased. Those conditions had been progressive. It had therefore been necessary to revise the scale of fares once more. The revised fares were still very low as compared with the generality of similar undertakings.

The Singapore Traction Company, in spite of the depression in Singapore, had been able to show substantially increased earnings, and the share of profits which became payable to the Shanghai Electric Company as managers had been increased to £16,000, which was £2,000 higher than in the preceding year, and brought their total participation in profits to date up to the satisfactory figure of £50,000. The accounts were sufficiently clear to speak for themselves, and he thought shareholders would agree they showed a satisfactory financial position. The general reserve was more than represented by the value of British Government securities, and the accumulated provision for renewals stood at the substantial figure of £132,000. That provision was not a surplus but represented an appropriation of profits in recognition of the fact that the track and all other parts of the undertaking were undergoing wear and tear, and would sooner or later require renewal. The profits for the year sufficed to pay a dividend of 12 per cent. free of tax, of which 5 per cent. had already been distributed by way of interim dividend, and to carry forward £16,995 to next year.

The report and accounts were unanimously adopted.

IMPERIAL CONTINENTAL GAS ASSOCIATION.

SUCCESSFUL YEAR—RECORD GROSS PROFITS.

BURDEN OF TAXATION.

The 183rd ordinary general meeting of the proprietors of the Imperial Continental Gas Association was held, on the 20th instant, at Winchester House, Old Broad Street, London. Sir Henry Birchenough, Bt., K.C.M.G., deputy-chairman of the company, who presided, expressed the regret of the chairman, Col. H. Le Roy-Lewis, C.B., C.M.G., D.S.O., at his inability to be present owing to indisposition, read the address which Col. Le Roy-Lewis had prepared.

COL. H. LE ROY-LEWIS'S STATEMENT.

The address of Col. Le Roy-Lewis contained, inter alia, the following observations: Dividends, rents and sundry revenue, which shows an increase of £100,000, is made up as follows: Dividends on foreign shareholdings £399,000, as against £334,000 last year; dividends on home investments, £125,000, as against £102,000 last year; interest £70,000, as against £35,000; rents £80,000, as against £121,000; and sundry revenue £18,000.

The profit for the year amounts to £552,000, as against £468,000 for last year. These, however, are net profits, and to arrive at a true picture the figures for the two years should be increased by the amount of British income tax which we have to bear. In this way we arrive at a total of £580,000 for the previous year and £696,000 for this year, a gross increase of £116,000. (Applause.) Our previous record profit was in 1911, when £557,000 was earned. As, however, the rate of income tax was then only 1s. 2d. in the £, the corresponding gross profit was £600,000. We have thus this year passed our record gross profit by £96,000, although, owing to the increase in the rate of income tax, our net profit is still short of our 1911 net profit. In making comparisons, therefore, account must not only be taken of the loss, since 1911, of the gas supply of Berlin, Hanover, and other cities, but also of the increased burden of taxation, both English and foreign.

Loans to associated companies have increased by £672,000, and represent mainly our loans to the Utility Loan Company.

Cash at bankers' and in hand at the very low figure of £15,000, practically all of which is at stations, will indicate the impoverished state of our treasury. Actually in London on March 31st we had an overdraft of £68,000. This is an economical course in view of the present easy money rates, the alternatives being to realise part of our home investments or to make a further capital issue.

Investments show an increase in book value of £846,000; this is due to further investments in associated companies to the extent of £350,000. Home investments show an increase of £500,000, but this only represents a real addition of £304,000 of new money, as owing to favourable dealings in Government securities during the year a capital profit of £196,000 was realised and carried to our reserves, the proceeds being reinvested.

General and specific reserves now amount to over £5,000,000, the increase being mainly due to premiums on the issues of capital stock during the year, profits on the realisation of investments, and the addition to general reserve authorised at the last general meeting.

No additional appropriation to general reserve is recommended. Many of you will be surprised to learn that taxation of practically 8s. in the £ is imposed on all dividends from Belgian sources, and only slightly less on those from our French interests. Furthermore, we cannot claim any relief upon English taxation in respect of sums set aside out of profits as reserves. On the other hand, our subsidiary companies can claim relief from taxation in their own countries in this respect. It is, therefore, unwise to press the subsidiary companies for dividends in excess of the sums required to yield a reasonable rate of dividend, thus giving the subsidiary companies ample scope to build up substantial reserves and avoid unnecessary taxation. During their last accounting year the companies in which the association is chiefly interested, taking only the proportion of the association's participation to the whole capitals, put to reserve £175,000.

We now recommend the payment of a final dividend of 12½ per cent., less tax., £271,250, and a proportionate staff participating bonus of £4,335, the balance of £437,368 to be carried forward. This latter sum is approximately 20 per cent. on our capital, so that the present rate of dividend is practically assured for next year.

Our total profits may be said to have been the profit and loss balance of £552,000, plus income tax amounting to £144,000, plus other companies' reserves of £175,000, making a total of £871,000 and our gross dividend absorbs £560,000, so that approximately two-thirds of our gross earnings are coming to you as dividend.

COSTS AND PRICES

The successful industrialist must give perpetual thought to the means by which his costs and the prices of his goods can be reduced, so that people are able to purchase more of what he has to offer for

sale. To take a simple example: If the price of motor-cars is reduced by half, twice as many motor-cars may be bought. I go further: The relationship between reduction in prices and the quantity of goods bought is not merely a straight line function, but something further. If the price of an article is reduced by half, experience goes to show that the quantity of goods bought at the lower prices will not merely be twice as many, but often three or four times as many. I do not wish to appear to attribute too great a responsibility for the present industrial depression to the producer, for a great part of the trouble is due, not to the failure of the producer to reduce costs, but to the failure of the distributor to pass on to the consumer the reduction in costs. The retailer has, of course, extra charges to bear in the form of higher taxation and increased transport and handling costs, but I question whether the wide margin between wholesale and retail prices has complete justification. In the gas and electrical industries we are, for the most part, our own producers, our own transporters, and our own retailers, but, like others, we have to bear our proportionate share of taxation. I cannot speak for outside companies, but within our own organisation we are paying approximately the same gold price for our coal as before the war. Wages in terms of gold have considerably increased, but despite this our gas and electricity prices are below the gold pre-war level. This is in part due to improved technique, but apart from this I think that the gas and electricity supply industries, by the moderation of their prices, afford a clear demonstration that the middleman is playing far too large a part in the organisation of industry to-day.

SURVIVAL OF THE FITTEST.

It is idle to think that our competitive position in the world's markets can be secured by tinkering with plant the obsolescence of which is known; this is merely throwing good money after bad. Only the most economical producer with the most modern plant can survive; others must inevitably be driven out of business. Price-fixing agreements may ward off the evil day, but the law of the survival of the fittest will ultimately assert itself. Despite many attempts to stabilise prices, this inexorable law is now asserting itself in the coking industry; the fall in the price of metallurgical coke has already caused many coke-ovens to close down, and some of these will never be restarted. These are naturally the producers of high costs. In this way supply will adjust itself to demand over a space of time; in so far as the adjustment takes place at a lower price-level, demand will, in turn, be stimulated, and so will advance part of the way to meet the effects of the so-called over-production.

OBSCULENT PLANT.

I have said that courage is necessary for the application of this remedy: old works which were thought to have some value have to be demolished, and the values at which such works stand in the balance sheet have been written off. It is not pleasant, but is it not much better to utilise reserves for such a purpose than to eat up those reserves by seeking to keep in operation plants which are no longer economic units? The only real value which an industrial plant possesses is a capitalisation based on its cost of production. Where a plant has a high cost of production it has nothing more than a scrap value, and it is idle to keep such plants in the balance sheet at a figure which presupposes that such works have a value in excess of what could be realised by breaking them up.

We are putting out of action five works which, in our opinion, are no longer economic producers. We have created reserves against those plants, and, when the moment arrives, you must be prepared to see those reserves utilised for the purpose for which they were created, of writing out of our balance sheet obsolescent plant.

Our balance sheet may not look quite so good in consequence, but the true criterion of the value of your undertaking is its earning capacity, and the elimination of part of our reserves should lead to no diminution of our profits; in fact, having regard to the modernisation of our plant which necessitates it, I look forward, when our present programme is in full fruition, to increasing profits.

He moved the adoption of the report and accounts.

Mr Harold Godfrey Palmer seconded the resolution, which was unanimously adopted.

Other formal business having been transacted, the Chairman (Sir Henry Birchenough) proposed a cordial vote of thanks to the general manager and to the whole of the staff in London and on the Continent for their services during the past year. He referred to their loyalty and their eagerness to serve the company now, as always in the past.

Lord Remnant second the resolution, and added the shareholders' gratitude to the chairman and the directors, with the expression of an earnest hope that Colonel Le Roy-Lewis would soon be restored to health and allowed to return to his labours in the City. As for the report itself, the document, he said, was a bright spot amid deep depression in the City.

The resolution was passed with acclamation.

ASSOCIATED NEWSPAPERS, LIMITED.

STRONG FINANCIAL POSITION.

SIR GEORGE SUTTON ON THE YEAR'S TRADING.

The twenty-sixth annual ordinary general meeting of the Associated Newspapers, Limited (proprietors of *The Daily Mail*, the *London Evening News*, and the *Sunday Dispatch*), was held, on the 15th instant, in the Memorial Hall, Farringdon Street, London.

Sir George A. Sutton, Bart. (managing director), presided.

The Secretary (Mr J. P. Hobbs, F.C.I.S.) read the notice convening the meeting and the report of the auditors.

The Chairman, in moving the adoption of the annual report and balance sheet, said:—

Ladies and Gentlemen.—You have all had an opportunity of becoming familiar with the facts and figures contained in the accounts and reports which have been circulated, and I propose, therefore, with your approval, as usual, to take them as read.

Of the effect of the world's trade depression on the profits of the most flourishing and prosperous companies in Great Britain you are well aware. And a company such as ours, whose source of income is largely derived from advertisements, cannot but be affected also. For a considerable part of the year under review many large advertisers, in view of the continued depression, thought it advisable to curtail to some extent their advertising appropriations. The number of public issues of capital has been negligible, but many companies have availed themselves of our papers in order to obtain the greatest possible publicity for the proceedings at their annual meetings, as they find this is a cheap and effective method of bringing the work of their undertakings before the whole nation.

Having regard to the depression which has unfortunately led to the publication of so many disastrous company reports during the last year—many of them relating to the greatest and soundest concerns in the country—the directors consider the results we are able to place before you to-day are eminently satisfactory.

With your permission I shall run through the various items in the balance sheet which call for comment.

BUILDINGS AND PLANT.

With reference to the value of buildings and plant appearing in the balance sheet at the sum of £1,590,993 16s. you will be interested to know that Messrs Fuller, Horsey, Sons and Cassell, the well-known valuers and surveyors, who very recently surveyed our buildings and plant, reported that they were satisfied that if they were required to make a valuation in detail of the above assets, on the basis of what they are worth as a going concern, the amount of their certificate would be about but not less than *two million and thirty thousand pounds*. Messrs Fuller, Horsey, Sons and Cassell add that the plant and machinery of the printing and publishing offices (London and Manchester) "can without exaggeration be said to represent the highest standard of efficiency in newspaper production, attainable only by a board of directors having both foresight and experience with the necessary financial resources."

The very extensive additions and extensions at Manchester are practically completed, the whole of which have been paid for out of the resources of the company.

Stocks of paper and other materials are down by £246,305 8s. 11d. There is little alteration in the amount of the investments. These, other than investments in subsidiaries, include considerable holdings in British Government securities, also American and Canadian securities. The world's trade depression causes sudden fluctuations in market values, and, to provide for a possible loss on the realisation of investments, your directors have deemed it advisable to make a reserve of £200,000 on the appropriation account this year.

ANGLO-NEWFOUNDLAND DEVELOPMENT COMPANY, LIMITED.

You would perhaps like me to say a few words in regard to our large investment in the Anglo-Newfoundland Development Company. Your directors are very well satisfied with the last reports received covering this company's operations. Much money has been spent out of surplus funds during the past year in improvements to the mill plant and machinery, resulting in a substantial reduction in the cost of manufacture. In this respect the mill is now in a position to compete with any newsprint mill in the world, and I might again point out that the Anglo-Newfoundland Company is the owner of immense pulpwood forests held on long leases which ensure for the company virtually a perpetual supply of its raw material and form an asset of very great value. In addition, there is the Buchans Mine.

NORTHCLIFFE NEWSPAPERS.

As you are aware, your company is largely interested in Northcliffe Newspapers, Limited. Despite the difficult trading conditions of

the past year, the revenues of Northcliffe Newspapers continued to expand, and your directors feel that, as a result of enterprising and careful management, the value of your investment in this group of newspapers is steadily appreciating.

Readers and advertisers in the Newcastle and Bristol areas continue to show increasing evidence that the *Evening Worlds* have established themselves as part of the daily life of those centres. It is highly significant that, although advertising throughout the country declined substantially, both of these papers recorded very encouraging increases in advertisement revenues during the four months to April last, as compared with the corresponding period last year.

Northcliffe Newspapers have just enlarged their sphere of influence in the Midlands by the purchase of the *Leicester Mail*. This newspaper circulates in a prosperous industrial area which has not felt the effect of the trade depression to anything like the same extent as many other districts. The paper already has a very efficient plant, and the improvements which have been effected under the new management have already brought about a very satisfactory increase in the circulation.

Debtors are slightly increased. Our cash resources amounting to £642,074 are ample for the needs of the business.

The only item that calls for comment on the liabilities side of the balance sheet is the item for creditors and reserves for contingencies, which shows a decrease of £250,387. This is due entirely to a reduction in the amounts outstanding for ordinary trade creditors owing to the completion of our present programme for extensions at Northcliffe House, Manchester, and the considerable reduction in stocks of paper and materials. Reserves for contingencies include the £200,000 set aside last year for special publicity and remain practically the same as a year ago.

IDEAL HOME EXHIBITION.

The *Daily Mail* Ideal Home Exhibition held at Olympia, W., achieved a phenomenal success.

In a time of admitted depression, the exhibition smashed even its own remarkable records set up in a much more propitious period.

The total number of visitors who paid for admission during the 23 days on which the exhibition was open was 666,890, this figure being 49,852 above the previous record of 617,038.

Exhibitors in all sections were enthusiastic about the volume of business done, and in many cases stated that sales far exceeded their anticipations.

The exhibition, which has for long been an event of national significance, has now assumed international importance, and claims the interest of the Press throughout the world.

ADVERTISING REVENUE.

The high position of our papers in the esteem of the advertising world remains unchallenged. In common with other industries, the advertising revenue has been affected, but I am glad to say that, although we have lost a little in volume of advertising, we still have as many advertisers using our papers as ever.

This fall in revenue represents only about 10 per cent., and bearing in mind the twelve months of depression through which we have passed, I think you will agree that our papers have weathered the storm in a highly satisfactory manner.

Last year may, I think, be regarded as a test of the value of our advertising columns to the business community, because, although there has been a wholesale cutting down in many other directions by most advertisers, our papers have only suffered to the small extent that I have just indicated.

A large proportion of every important national advertising appropriation is spent in our newspapers, and advertisers are everywhere recognising the benefits of concentrating in them in association with our allied companies, which publish the *Daily Mirror*, the *Sunday Pictorial*, and the Northcliffe Newspapers.

Taking the combined sales of the *Daily Mail* and the *Daily Mirror* we have a figure of nearly three millions daily, while the sales of the *Evening News*, apart from sporting editions, are over two hundred thousand copies in excess of any evening newspaper published in London. The net sales of the combined Northcliffe evening newspapers throughout the provinces are in excess of 550,000 daily. On Sunday again the group supplies the two best advertising media, in the *Sunday Dispatch* and the *Sunday Pictorial*.

In these times of limited appropriations, advertisers would do well to study the potentialities of this group of newspapers exclusively, instead of dissipating their effort in a large field of doubtful media.

PULLING POWER OF "THE DAILY MAIL."

The *Daily Mail* stands supreme in its own field as the best advertising medium in the country, and it is worthy of note that during the past year the *Daily Mail* has carried no less than 86,636 inches more of trade display advertising than its next nearest competitor.

The return from advertising in the *Daily Mail*, even during the period under review, has time and again proved its superiority for increasing and developing business throughout the whole country.

I would like to quote one or two examples. On one occasion during the year the *Daily Mail* produced 90,000 replies for a 7½d. sample from one advertisement for Messrs. Crosse and Blackwell.

Messrs. Harrods, Limited, who reserved two full front pages of the *Daily Mail* to announce their January sale, in six days did £470,000 worth of business. The first day's total of £172,185 showed an increase of £24,000 over the corresponding day of the previous year, proving that the *Daily Mail* is unequalled for reaching middle-class homes and that section of the public who have money to spend or invest.

The *Evening News* still holds the premier place among evening newspapers, not only in its having the largest net sale of any evening newspaper in this country, but also in the amount of advertising that it carries. During the year the *Evening News* carried 222,955 single column inches of trade display advertising, which was 82,778 inches in excess of its next nearest competitor.

The *Evening News* has suffered less from the present trade depression than any of our other newspapers. This is no doubt due to the fact that, in addition to its established reputation as an unrivalled advertising medium in the evening paper field, the unemployment problem in and around London is not nearly so acute as in other parts of the country.

The *Evening News* is acknowledged to be the best evening medium in London for all types of advertising appealing to the middle and "upper-middle" classes.

No less gratifying has been the way in which the *Sunday Dispatch* has maintained its leadership in its own sphere of high-class Sunday journalism. This great national Sunday newspaper, serving a public of the middle and upper-class types, is essentially one which the whole family can read.

It is particularly popular with national and mail-order advertisers, who find in it an excellent Sunday medium for reaching in a national way the homes of the people on this one day of leisure and intensive reading.

The *Over-seas Daily Mail*, with its world-wide appeal to Britons abroad, gains increased prestige as an organ of British trade. It again shows an increase in advertisement revenue.

The *Daily Mail* Atlantic Editions, printed and published each day at sea in the ships of the Cunard Fleet, continue to receive wide support as a means of getting into touch with the wealthy ocean voyager.

I am pleased also to be able to report that during the past year, when many old-established businesses have found themselves in difficulties, the advertising agencies with whom the bulk of our business is conducted have met their commitments promptly.

Before closing I should like to add that very few readers of morning and evening newspapers are aware how much the newspaper industry affects the employment question. Take our own company as an example. We directly employ 4,500 persons, who receive in wages and salaries about one and a half million pounds per annum, and there are also numerous casual workers engaged. The rate of pay of our skilled and unskilled workers is, I believe, the highest in any industry.

NEW BUILDINGS AND PLANT.

During the past few years we have expended on new buildings and plant a sum of over £1,500,000, a very large proportion of which represents wages. Our enormous purchases of materials also entail the employment of many skilled and unskilled workers. In addition to this we contribute immense sums to railway and other transport companies, telegraph and postal departments, News agencies, and other new gatherers, authors and artists.

I have been associated with the *Daily Mail* since its foundation by the late Lord Northcliffe and Lord Rothermere, and I can safely state that (omitting the period of the war) I never remember such a time of acute trade depression in all industries.

Viewing the trade situation as it directly affects your company, it is difficult to indulge in prophecy. There are, however, certain signs that business is gradually taking a turn for the better. The

public is beginning to buy more freely. Firms who are standing fast to a policy of vigorous and forceful advertising are getting greater rewards for their enterprise.

And we all rejoice that the Prince of Wales has come forward, after his visit to South America, to encourage the nation to regain its old prosperity.

His views are sound and clear, his courage high, and his belief in the genius of the people of these islands is unshakeable.

He breathes confidence at a time of depression. And he has discovered, and is not afraid to tell us, that we, as a nation, are too modest. He is to-day the chief apostle of advertising. "Advertise, advertise, advertise your goods" is the lesson he has learned, and has set himself to teach the manufacturers and traders of these islands. Some have already learned the lesson and, consequently, are in a happier position to-day than those to whom the Prince appeals to tell the world, and sell their goods.

Clearly the Prince believes that if we set to work with a will the tide will turn. We do not know when that will be, but when it does this company, by reason of its strong financial position, keen and unrivalled personnel, liquid resources, and its magnificently equipped buildings, is ready to cope with any development or any competition that may arise.

STRONG FINANCIAL POSITION.

This business, as you know, is not burdened with debentures or prior charges. As I have mentioned before, the amount required to pay our preference and ordinary dividends is only £67,000 per annum, and on last year's figures this sum is covered some fifteen times, which I think you will agree is a very happy position to be in.

The resolution for the adoption of the report and accounts was carried unanimously.

The retiring directors were re-elected and the auditors (Messrs. Lever, Honeyman and Company) were reappointed.

The proceedings closed with a cordial vote of thanks to the chairman, directors and staff.

GLENATFEE TEA ESTATES, LIMITED.

TEA MARKET PROSPECTS.

MR. H. B. YUILLE'S SPEECH.

The sixth annual ordinary general meeting of the Glentafee Tea Estates, Limited, was held at 20 Eastcheap, London, E.C., on Thursday, May 21, 1931.

Mr H. B. Yuille (the chairman) said: During 1930 a restriction scheme was in force in all producing countries and this company subscribed to the scheme. We were, therefore, unable to produce to our full capacity. Owing to various causes the results were not so successful as was anticipated. We harvested a crop of 419,057 lbs., which sold at a net average price of 15-21d. per lb., which compares with a crop of 415,392 lbs., sold at 15-48d. the previous year. The net profit carried to the balance sheet was £566 10s. 9d., to which must be added the sum of £4,102 19s. 7d. carried forward from last year. We propose to deduct £100 as further provision for income tax, which leaves a balance of £4,569 10s. 4d. to be carried forward. The net average price of all Ceylon tea sold in London during the year 1930 was 4d. per lb. lower than in the previous year. As this company's average is only 4d. per lb. lower, it is evident that the quality of the outturn was fully maintained.

The working of the Rickarton Estate was handicapped to some extent in the early months owing to the dislocation caused by the fire, which destroyed the factory in 1929. The new factory is an up-to-date building in every way and has been placed on a more advantageous site. The cost of building is high nowadays, and we were obliged to spend £4,319 more than was recovered from the underwriters, but this amount includes alterations to the ropeways. For this sum, however, we have been able to replace an old, and in many ways unsatisfactory, building with a modern one planned as regards design and withering accommodation on the latest ideas, and we find the new factory is turning out an excellent class of tea which is selling at very satisfactory prices on the London market.

The Glentafee Division also maintained for most of the year an excellent standard of quality.

POSITION OF TEA MARKET.

The present state of the tea market is causing producers some anxiety. The London market has been over-supplied mainly with the commoner qualities owing to the financial troubles in Australia and also because considerably less tea was consumed locally in India, because of the boycott of British goods.

It has been very difficult, and at times impossible, to obtain exchange with Australia, and I understand a good deal of tea

recently shipped there was paid for by exports of other commodities from Australian ports.

Prices have fallen so low in Colombo that much of the tea usually sold there has been shipped to London and this market is now overstocked. A heavy decline in the prices for common and medium grades has taken place, these qualities in some cases selling below the cost of production. Fine teas, on the other hand, are selling well, and it is evident that those who can make good teas will do best by making every endeavour to maintain a high standard, even at the expense of quantity. We ourselves have given instructions to this effect, and I am glad to say that the present season's teas, which have been sold, have done credit to the managers and realised prices which compare favourably with other sales from the same districts. Economies in cost of production are being studied and given effect to, and we hope that a definite saving will be shown by the end of the year without any deterioration in quality. Capital expenditure, too, will be considerably less, and we feel that the time is now coming when the results of the expenditure and hard work that has been put into our properties will be apparent.

I will now put the first resolution, viz., that the report and accounts, as presented, are adopted, and ask Mr Cooke to second the resolution and give you an account of the state of your properties which he visited last month.

MR. W. H. COOKE ON HIS VISIT.

Mr W. H. Cooke said: Whilst in Ceylon at the end of last year, I was able to visit the company's estates, and spent some days making a close inspection of them. With regard to the Glentaffe and Shannon properties, I found that the improvement in their condition, which I was able to report on my last visit in 1928, has been fully maintained.

On Glentaffe crop was restricted, as in 1929 the yield was in excess of the minimum yield of 400 lbs. an acre—below which the restriction scheme did not operate. Had this not been the case, I am confident this estate would have maintained its former yield, and probably have exceeded it, even if allowance is made for more selective plucking. I found all works being well carried out. The estate is now fully equipped with the necessary labour accommodation, which is all up to Government standard. The staff bungalows are permanent and in excellent order. The factory was extended in 1929 and fully equipped with the necessary machinery to allow of the manufacture of Shannon leaf in one factory. With increasing crops from the latter estate, it may be necessary, later on, to provide additional withering space in the old portion of the factory, to give the best results, but for the time being the present factory should amply suffice to turn out satisfactory teas. With regard to Shannon, I find I wrote as follows in my report on the estate, dated November 17th last: "I am immensely pleased with the way this estate has responded to cultivation, combined with careful plucking and pruning." This is evidenced by the steady improvement in crops secured since the company acquired the estate, which are as follows: 1927, 78,956 lbs.; 1928, 108,483 lbs.; 1929, 113,229 lbs.; 1930, 119,612 lbs. The estimate for the current year is 130,000 lbs., and, judging from the crop secured to date, this appears likely to be obtained. Taking into consideration that these crops have been harvested with the lightest possible plucking and resting of all immature tea, I consider them very satisfactory. I found the tea looking in good heart and all works well carried out. Good progress has been made in bringing the accommodation for the labour up to Government requirements, and little more needs to be done. The ropeways erected for transport of leaf and manure are proving of much benefit and help to reduce transport costs.

Although I found the tea looking in good heart on Rickarton, crops have suffered, due to the disorganisation of pruning caused by so much labour having had to be employed on transport of factory materials for the building of the new factory, which was completed in 1930, and which also caused other works to get in arrears. This increased the cost of production.

I am satisfied normal working has now been resumed, and I have every confidence that this estate will make steady progress. The new factory is a first-class building and up to date in every way, capable of manufacturing teas under the best conditions.

Recent prices have been very satisfactory, and, given careful plucking in the field, I see no reason why these should not be maintained, as long as the present market demand for good teas remains steady.

Good progress has been made in cootch grass eradication, and although there is a comparatively large area of ravines to be cleared up and planted in tea, this can be taken in hand gradually.

My visit to the estates enabled me to go thoroughly into all matters with the managers on the spot, and I am pleased to say that, as a result, it has been possible to effect a good many economies which will undoubtedly assist in reducing the cost of production.

I am perfectly confident as to the future, and, given no unforeseen difficulties ahead and a steady market for good quality teas, I consider the future prospects of the company are favourable. I have pleasure in seconding the resolution.

The report and accounts were unanimously adopted.

MARKS AND SPENCER, LIMITED.

ANOTHER SUBSTANTIAL INCREASE IN PROFITS.

DIVIDEND INCREASED TO 30 PER CENT. AND USUAL SHARE BONUS.

PRESENT YEAR SHOWS STILL LARGER INCREASE IN TURNOVER.

PROGRESSIVE PROGRAMME OF DEVELOPMENT.

The fifth ordinary general meeting of Marks and Spencer, Limited, was held, on the 19th instant, at Winchester House, E.C., Mr Simon Marks (chairman and managing director) presiding.

The Secretary (Mr E. Berry, F.I.S.A., F.C.W.A.) having read the notice convening the meeting and the auditor's report,

The Chairman, in moving the adoption of the report and accounts, said:—It gives me very great pleasure to put before you a report which shows substantial progress in the development of our business. The net profit for the past year amounts to £476,073, which is an increase of £140,898 on the previous year.

This satisfactory result has been attained during a period of very trying conditions, which have involved this country in a large increase in unemployment, and which have reduced the purchasing power of the community to a much lower level. Our increased profit is due to the expansion policy we are steadily pursuing, and to the fact that we have achieved a very much greater volume of business, brought about not only by a reduction in our margin of profit, but also by the vast improvement in our merchandise.

It is worthy of note that our older stores continue to transact a larger volume of business year by year. Our principle of selling superior value merchandise is procuring for us the goodwill of the buying public, the only foundation on which a progressive business can be built.

It should be observed that only part of the capital brought in by the public issue of last year has so far been employed, and that this part has been productive only from the various dates of the opening of our new stores.

Our building programme, you will be interested to learn, is the largest this company has ever undertaken.

ALLOCATION OF PROFITS.

The net profit of £476,073, after deducting £54,071 for income tax, leaves a balance of £422,002, which, together with £51,111 brought forward from the previous year, makes a total of £473,114 available for distribution.

The directors recommend the following appropriations:—

Properties contingency reserve, £17,500, against £10,000.

General reserve account, £120,000, against £100,000.

Payment of a final dividend on the ordinary and "A" ordinary shares at the rate of 20 per cent. per annum, making 30 per cent. for the year ended March 31, 1931, £145,200.

By carrying forward to next year's accounts £53,105, against £51,111 brought in.

ISSUE ON BONUS TERMS.

The directors further recommend that a distribution be made by way of bonus to the holders of the existing ordinary and "A" ordinary shares of the company, in the proportion of one "A" ordinary share for every ten existing ordinary and "A" ordinary shares held.

BALANCE SHEET.

On reference to the balance sheet, you will notice that the authorised capital has been increased by a further £1,000,000. This is in respect of the 1,000,000 7 per cent. cumulative preference shares which you authorised last year. The issued capital has been increased by this amount, together with a further £66,000 represented by the bonus issue of 132,000 "A" ordinary shares of 10s. each, fully paid, allotted to the ordinary and "A" ordinary shareholders last year.

Loan capital, amounting to £1,000,000, is in respect of the issue of the 6 per cent. first mortgage debenture stock which you authorised last year, and the £10,000 is for interest accrued since the date of the last interest payment.

RESERVES.

Your directors have decided to write off the whole of the new issue expenses, amounting to £105,809, by setting off the £70,000 received by way of premiums on the issue, plus an allocation from

the general reserve account of the sum of £35,809. After writing off the balance of the new issue expenses, our general reserve account will amount to £329,457.

EXPENDITURE ON PROPERTIES.

On referring to the assets side of the balance sheet, the expenditure on freehold properties acquired during the past year, together with additions and alterations, amounted to £228,637. The expenditure on leasehold and leased premises during the same period was £258,612. The increase in furniture and fixtures is £68,820, and is in respect of furnishing new stores.

STOCK-IN-TRADE.

The stock-in-trade stands at £417,783, showing an increase of £71,502 on the previous year, and has been valued on our usual conservative basis.

MERCHANDISING POLICY.

It is true to say that the chain-store system is effecting substantial changes in the whole process of producing and marketing goods, and that it is perhaps the most effective attempt to grapple with the problem of the cost, not only of production, but of distribution, by eliminating all factors which tend to increase those costs.

The cardinal point to be borne in mind to-day by every business man is that the purchasing power of the community has decreased very materially, and is likely to decrease still further. If business, therefore, is to be maintained successfully, it is essential to provide the consuming public with cheaper and better merchandise values to fit their restricted purse.

Our efforts, therefore, are concentrated primarily in adjusting our merchandise values by continuously investigating, together with our manufacturers (with whom we co-operate most closely), methods by which savings in production may be achieved.

Our organisation offers unrivalled opportunities and facilities to the up-to-date manufacturer of doing a large direct business under favourable conditions. Provided he has the right goods which appeal to the public, we help him to solve his most difficult problem—that of distribution, which is our primary function.

Our selling prices range from 3d. to 5s., and, within these price limits, we have developed a large range and variety of useful and attractive merchandise in all departments. Although we aim at cheapness in price, we insist on quality and on our goods being well finished.

It is not sufficiently realised that about 90 per cent. of the goods which we buy are made in this country—British made. It is our desire to increase that percentage still further. We seek every opportunity of having goods, usually made abroad, manufactured in this country by British labour.

CONSTRUCTION PROGRAMME.

In view of the finance at our disposal, we are pushing forward more rapidly with a large building programme. Our organisation and personnel have been sufficiently developed to take care of this rapid progress. Experience has shown that every unit added or extended makes our position stronger. We have had every encouragement in the past by the knowledge that our expansion has so quickly met with such gratifying results, and we are satisfied that we are proceeding in the right direction.

During the past financial year we have dealt with 29 stores, which not only include new stores, but also extensions of existing units. Our building programme so far for this year will deal with about 32 stores, including extensions. When these are completed we shall have in operation 118 super stores and 32 smaller units. In the course of the year other new stores or extensions will be added as opportunity arises.

I repeat what I said last year, that although we have made good progress, we realise that we are still only on the threshold of our possibilities. We are convinced that there is ample scope in this country for a considerable development for this company for many years to come.

I should like now to refer to the success of our public issue of £1,000,000 6 per cent. debenture stock and £1,000,000 7 per cent. preference shares of last June. The success of the issue, which was

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AUSTRALIA'S LEADING FINANCIAL PERIODICAL.

DEALS WITH ALL COMPANIES LISTED IN AUSTRALIA.

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very gratifying, was due in no small measure to the policy we adopted of giving favourable terms to the public. This policy we shall pursue on future occasions, and we are confident that when we go to the public again, which we may have to do next year, we shall meet with an equally favourable response.

You will be pleased to know that since the beginning of the current financial year our volume of business shows a large increase over the corresponding period of last year. Without being unduly optimistic, I am hopeful that this increase should be maintained.

REMOVAL OF REGISTERED OFFICE TO BAKER STREET.

We have found it necessary to acquire considerably larger premises for our head office staff, in view of the development of our business. Our registered office will be shortly transferred to 72-82, Baker Street.

In conclusion, it gives me great pleasure once again to pay tribute to the enthusiasm and whole-hearted co-operation of the officers and staff.

Mr I. M. Sieff, B.Com. (vice-chairman and assistant managing director), seconded the resolution, which was carried unanimously.

The retiring director, Mr Norman Laski, was re-elected; Messrs Deloitte, Plender, Griffiths and Co., and Messrs Edwin Guthrie and Co. were reappointed auditors; and a resolution was passed authorising the capitalisation of £72,600 of the general reserve account to enable the distribution of bonus shares to the ordinary and "A" ordinary shareholders in the proportion of one "A" ordinary share for every ten ordinary and "A" ordinary shares held.

VOTE OF THANKS TO CHAIRMAN, DIRECTORS AND STAFF.

Sir George May, K.B.E., in proposing a hearty vote of thanks to the chairman, directors and staff, congratulated them on the remarkable progress which had been made during the last four or five years, and referred to the great possibilities for the expansion of the business in the future.

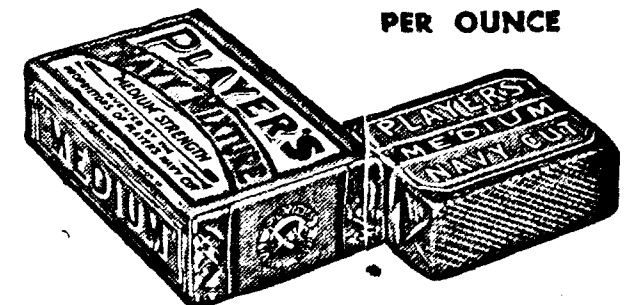
Lord Ratendone seconded the vote, which was accorded with acclamation, and the chairman having made a brief acknowledgment, the proceedings terminated.

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation
of a pipe of good tobacco
new hopes are born and
life's little problems are
viewed in their true per-
spective.

110½
PER OUNCE



INCORPORATED ACCOUNTANTS.

SATISFACTORY FINANCIAL POSITION.

MR HENRY MORGAN ON RATIONALISATION.

In the course of his presidential speech at the forty-sixth annual general meeting held, on the 19th instant, at Incorporated Accountants' Hall, London, Mr Henry Morgan, F.S.A.A., said that the Society's accounts disclosed a satisfactory financial position. The surplus for 1930 was £1,675, which was £500 greater than for 1929.

A feature of the last twelve months, he said, has been the progress in the application to certain leading industries of the principle of rationalisation. Generally members of the accountancy profession regard it with misgivings on the grounds that it is unlikely to bring permanent advantage to our sorely depressed industries. Rationalisation eliminates individuality, destroys initiative, and stifles competition. Dissension and jealousy are frequently engendered amongst staffs and officials of the various rationalised concerns, and labour difficulties are increased by the closing down of factories and works and the consequent displacement of labour. The distrust of investors has been clearly evidenced by the result of a recent issue to the public in connection with one of the important rationalisation schemes, when the underwriters were left with no less than 96 per cent. of the issue.

The amalgamation of large numbers of companies and large combines has operated harshly as regards many members of the accountancy profession. The auditors of the constituent companies, who have generally contributed towards the creation or building up of the businesses, almost invariably receive a polite intimation that the board of the combine has decided that all the companies shall be audited by the same firm of accountants and requesting their resignation. As a result much audit and accountancy work previously distributed amongst a number of practising accountants is swept into the net of a few large firms. The situation is of serious import, not only to practising accountants generally, but especially to the large number of young men who are qualifying year by year. During the last three years, despite an examination system which rejects 50 per cent. of the candidates, the average number annually admitted to membership of the Institute and Society has been over 850, but the increase in practising members is relatively small. It is evident that the major part of the members qualified in more recent years is not entering into practice. This is rather striking when we consider the rapid increase in the scope and extent of the work of professional accountants. The opportunities for the young accountant to commence public practice are curtailed by the fact that so large a part of audit and accountancy work is concentrated in the hands of a few firms. Whilst we recognise the services that have been rendered by the founders and principals of some of these large firms in raising the British accountancy profession to its pre-eminent position, our code of professional ethics should involve the discontinuance of any action which operates harshly or unfairly upon fellow members. This applies especially to rationalisation or amalgamation schemes, whereby a number of companies are brought under one control. I can well understand the feelings of hardship and even some bitterness created in the mind of an accountant who has carried out his duties faithfully and efficiently for a long period of years when he loses what may be an audit of material consequence to a firm whose practice is of a magnitude beyond the comprehension of the average practitioner, and to whom the addition of a few audits must be relatively a matter of small importance. Cases such as these have been numerous within the last few years, and it is perhaps not surprising that one is frequently asked the question as to whether they are consistent with the etiquette that should be observed between members of a great profession, especially as it must be frequently within the power of the leading accountancy firms to set their faces against the displacement of auditors or accountants under circumstances such as I have indicated.

Referring to the intense world depression and collapse in prices, the president said that possibly the chief handicap under which our manufacturers suffer is the relatively high rates of wages. After the war, when we experienced an artificial state of prosperity and when the purchasing power of money was much less than it is at present, the standard of living amongst all classes of the community was appreciably raised. Leaders of labour exhibit an unwillingness to recognise that the standard of living must have some relation to the state of prosperity or otherwise of commerce and industry, and that rates of wages must be regulated according to those ruling in the countries with which we compete. Claims are being advanced for a reduction in working hours as a means of relieving unemployment, but this can only intensify the difficulty unless it is accompanied by a corresponding reduction in wages.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended May 16, 1931, amounted to £8,675,000 against ordinary expenditure of £9,123,800. After allocating £485,000 to Sinking Fund and having allowed for a decrease in Exchequer Balances of £96,794, the week's operations, as shown below, increased the National Debt by £837,000 to £7,617,838,000:—

(000's omitted.)

Public Department Advances...	+ 1,900	Treasury Bills	- 1,063
National Savings Certificates...	+ 400	P.O. and Telegraph Money ...	- 400
	+ 2,300		- 1,463

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 16, 1931.	April 1, 1930, to May 17, 1930.	Week ended May 16, 1931.	Week ended May 17, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	18,365,000	18,091,000	27,000	273,000
Super-Tax, including Arrears of Super-Tax	7,490,000	7,010,000	860,000	710,000
Estate, &c., Duties	9,090,000	10,750,000	1,210,000	1,300,000
Stamps	990,000	1,870,000	160,000	360,000
Excise Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	90,000	70,000	...	...
Total Inland Revenue	36,045,000	37,791,000	2,257,000	2,643,000
Customs and Excise—				
Customs	14,880,000	14,779,000	1,565,000	1,596,000
Excise	12,024,000	15,960,000	1,224,000	4,960,000
Total Customs and Excise	26,904,000	30,739,000	2,789,000	6,556,000
Motor Vehicle Duties (Exchequer Share)	641,000	655,000	29,000	Dr. 864,000
Post Office (Net Receipts)	5,600,000	5,150,000	900,000	700,000
Crown Lands	140,000	140,000	...	...
Receipts from Sundry Loans	5,899,916	5,831,832	1,500,000	1,430,000
Miscellaneous Receipts	4,187,510	2,449,558	1,200,042	56,692
Total Ordinary Revenue	79,417,426	82,756,390	8,675,042	10,521,699
SELF-BALANCING REVENUE.				
Post Office	4,400,000	5,200,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	3,205,000	3,280,000	143,000	1,131,000
Total Self-Balancing Revenue	7,605,000	8,480,000	843,000	2,131,000
Total	87,022,426	91,236,390	9,518,042	12,652,699

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to May 16, 1931.	April 1, 1930, to May 17, 1930.	Week ended May 16, 1931.	Week ended May 17, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	39,307,662	39,476,745	770,103	2,231,333
Payments to Northern Ireland Exchequer	404,928	420,601	...	29,061
Other Consolidated Fund Services	293,923	295,665	3,733	3,442
Total	40,006,513	40,193,011	773,836	2,263,836
Total Supply Services (excluding Post Office)	49,981,000	52,303,150	8,350,000	6,375,000
Total Ordinary Expenditure	89,987,513	92,496,161	9,123,836	8,638,836
SELF-BALANCING EXPENDITURE.				
Post Office	4,400,000	5,200,000	700,000	1,000,000
Road Fund	3,205,000	3,280,000	143,000	1,131,000
Total Self-Balancing Expenditure	7,605,000	8,480,000	843,000	2,131,000
Total Ordinary and Self-Balancing Expenditure	97,592,513	100,976,161	9,966,836	10,769,836
New Sinking Fund (1928)	4,695,226	4,600,881	485,000	495,000
Total, including New Sinking Fund	102,287,739	105,577,042	10,451,836	11,264,836

The aggregate revenue and expenditure to May 16, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MAY 16TH.

(000's omitted.)

Expenditure	£ 89,987	Revenue	£ 79,417
New Sinking Fund	4,696	Decrease in balances	3,428
		Net amount borrowed	11,838
	94,683		94,583

POSITION OF THE FLOATING DEBT.				
Ways and Means Advances Outstanding—	May 17, '30.	Mar. 31, '31.	May 16, '31.	May 16, '31.
Advances by Bank of England	42,130,000	24,500,000	34,800,000	+ 1,900,000
Advances by Public Departments	585,055,000	569,825,000	570,725,000	- 1,070,000
Treasury Bills outstanding	627,185,000	594,325,000	605,525,000	+ 830,000
Total Floating Debt	1,254,370,000	1,188,650,000	1,211,050,000	+ 22,400,000

Includes £3,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on May 15, 1931, and the total amount applied for was £58,330,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 2d., about 92 per cent., and above, in full, and Saturday at £99 9s. 4d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
Apr. 24	40,000,000	85,110,000	2 10 11-33
May 1	35,000,000	78,195,000	2 10 11-94
May 8	35,000,000	59,905,000	2 5 11-07
May 15	35,000,000	58,330,000	2 2 7-99

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 20, 1931.

ISSUE DEPARTMENT.		BANKING DEPARTMENT.	
Notes issued—	£	Government Debt	£
In Circulation	351,540,860	Other Government Securities	231,120,545
In Banking Department	58,632,520	Other Securities	13,774,948
		Silver Coin	4,089,407
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	150,173,380
	£410,173,380		£410,173,380

BANKING DEPARTMENT.		BANKING DEPARTMENT.	
Proprietors' Capital	£ 14,553,000	Government Securities	£ 31,879,684
Reserve	3,206,591	Other Securities	1,202,683
Public Deposits	14,966,095	Advances	£ 5,956,300
Other Deposits	...	Securities	25,889,595
Bankers'	£ 56,633,516		31,845,895
Other Accounts	34,025,853		58,632,520
	90,659,369		1,032,306
7-Day and other Bills	5,350		
	£123,390,405		£123,390,405

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Both Departments.	
	Amount, May 20, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£ 351,540,860	+ 1,586,360	- 3,153,202
Public deposits	14,966,095	+ 4,624,464	- 6,211,633
Bankers' deposits	56,633,516	+ 5,565,296	- 1,202,683
Other deposits	34,025,853	+ 59,886	- 3,209,602
Seven-day bills	5,350	+ 315	- 6,531
Total, outside liabilities	457,171,674	+ 2,449,521	- 13,783,471
Capital and reserve	17,759,591	+ 6,832	+ 3,258
Government debt and securities	274,015,329	- 3,731,669	- 19,682,548
Discounts and advances	5,956,300	- 405,732	- 881,328
Other securities	39,664,543	+ 435,739	+ 14,392,553
Silver coin in issue department	4,089,407	+ 2,892	- 371,027
Coin and bullion (bank's reserve)	151,205,586	+ 1,201,865	- 7,237,863
Reserve of notes and coin in banking department	59,664,826	+ 2,788,225	- 4,084,661
Proportion of reserve to outside liabilities	56 1/2 %	+ 3 %	+ 1 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	33 1/2 %	+ 1/2 %	- 1/2 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.							
Apr. 8	£ 406,122	358,885	£ 8,663	£ 59,507	£ 34,000	1,655 in	3 1/2
15	405,313	354,364	8,372	61,230	35,131	816 out	3 1/2
22	405,864	348,444	13,864	54,785	35,403	546 in	3 1/2
29	406,280	345,815	17,678	48,324	37,029	408 in	3 1/2
May 6	407,506	356,217	5,999	58,572	35,512	1,217 in	3 1/2
13	408,977	353,127	10,324	62,199	33,966	1,462 in	3 1/2
20	410,173	351,541	14,966	56,634	34,026	1,190 in	2 1/2

(000's omitted.)

Date.	Issue Department.		Banking Department.			Reserve & the "Proportion."	Rate.
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.		
1931.							
Apr. 8	£ 245,232	£ 10,691	147,023	£ 33,400	£ 10,890	28,609	48 1/2 %
15	243,584	12,225	146,202	34,335	8,376	27,852	51 1/2 %
22	241,683	14,241	146,740	30,950	5,982	26,500	58 1/2 %
29	242,465	13,442	147,227	31,090	7,198	25,647	57 1/2 %
May 6	243,965	11,943	148,483	34,415	5,635	25,524	52 1/2 %
13	242,082	13,825	150,094	35,665	6,362	25,343	56 1/2 %
20	242,136	13,775	151,206	31,680	5,956	25,890	56 1/2 %

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to May 6	£ 12,579,068	£ 623,145	£ 999,160	£ 14,201,373
Week ended May 13	778,630	31,591	52,458	862,779
Week ended May 20	746,357	32,761	56,144	835,262
Total to date, 1931	14,104,055	687,597	1,107,762	15,899,414
Total to date, 1930	15,657,670	735,222	1,201,156	17,594,048
Increase or decrease in 1931	-1,553,615	-47,625	-93,394	-1,694,634
	- 9.9 %	- 6.5 %	- 7.8 %	- 9.6 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	-1,153,347	-69,843	-115,133	-1,338,323
	- 2.8 %	- 3.7 %	- 3.7 %	- 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended May 16.		Month of April.		Inc. or Dec.	Aggregate Totals January 1 to May 16.	
	1930.	1931.	1930.	1931.		1930.	1931.
Number of working days	24	24	24	24			
BIRMINGHAM	£ 2,418	£ 2,267	£ 10,138	£ 8,093	-20.1	£ 50,285	£ 44,201
BIRMINGHAM	692	542	3,879	3,518	- 9.3	18,542	14,811
BRISTOL	1,203	1,105	4,191	4,192	+ .02	22,196	22,013
DUBLIN	5,157	5,078	24,302	24,302	...	96,130	95,820
HULL	745	667	3,402	3,096	- 8.9	16,236	14,924
LEEDS	992	812	4,006	3,523	-12.0	19,737	17,370
LEICESTER	850	665	2,855	2,496	-12.5	14,757	12,661
LIVERPOOL	6,404	5,222	27,781	21,942	-21.0	138,310	112,579
MANCHESTER	10,822	8,903	45,298	37,655	-16.8	228,613	183,222
NEWCASTLE	1,436	6,537	6,537	4,835	-26.0	29,704	

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	May 15, 1930.	Apr. 24, 1931.	May 1, 1931.	May 8, 1931.	May 15, 1931.
Gold	43,187,320	55,615,943	55,617,876	55,624,663	55,628,048
Foreign assets:					
Sight deposits	6,896,477	6,905,514	6,845,471	6,694,294	5,574,437
Bills discounted	18,699,720	19,421,444	19,412,786	19,476,346	20,590,157
Commercial bills discounted at home	4,569,882	6,454,848	5,001,979	5,401,515	...
Advances against sec.	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
To the State	2,678,029	2,794,578	2,910,459	2,840,327	2,840,568
Other advances	...	...	...	...	...
Other assets (excluding forward exch.)	2,913,683	3,960,026	4,879,864	4,187,544	...
LIABILITIES.					
Notes in circulation	71,130,689	77,230,864	78,969,555	77,934,475	77,309,848
Public deposits	5,372,127	11,679,547	10,887,558	10,887,558	10,825,476
Private deposits	8,207,535	11,724,890	10,628,393	10,895,799	11,156,491
Other liabilities	2,629,618	2,799,449	2,824,356	2,788,254	...

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	May 15, 1930.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,577,665	2,368,404	2,369,868	2,370,289
Of which deposited abroad	145,788	207,638	207,638	207,638
Reserve in foreign currencies	297,819	157,250	169,281	170,803
Bills of exchange and cheques	1,584,896	1,860,463	1,707,437	1,417,420
Silver and other coin	156,119	167,714	175,099	185,171
Notes of other German banks	17,956	4,065	13,758	18,549
Advances	69,067	287,305	146,546	180,833
Investments	93,045	102,633	102,669	102,881
Other assets	615,471	496,231	461,077	491,195
LIABILITIES.				
Reduced capital	122,788	150,000	150,000	150,000
Increase of capital (shares not yet issued)	177,212	...	...	...
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,196,275	4,340,167	4,076,736	3,909,909
Other daily maturing obligations	556,035	355,468	332,741	279,419
Other liabilities	165,791	261,199	249,657	261,282

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, May 28, 1914.	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 13, 1931.
Gold	232,650	1,196,267	1,444,563	1,445,090	1,445,908	1,446,206
Foreign bills and balances abroad	6,436	665,057	900,454	890,539	855,743	870,545
Silver and other coin	697,600	4,053	6,908	5,764	5,364	5,787
Securities	...	819,528	734,739	748,311	728,073	737,324
LIABILITIES.						
Notes in circulation	934,150	2,902,736	3,201,214	3,278,820	3,239,218	3,230,549
Current accounts	112,125	119,729	205,415	114,353	115,841	152,482

(b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	May 12, 1930.	Apr. 20, 1931.	Apr. 27, 1931.	May 4, 1931.	May 11, 1931.
Gold	163,092	431,919	445,979	449,976	449,977	449,977
Silver	8,436	25,515	35,559	35,437	35,698	36,300
Home bills discounted	...	53,929	45,019	45,001	45,543	45,011
Foreign bills	153,504	236,622	214,486	220,693	223,260	223,648
Loans and advances in current acc.	...	97,026	88,241	88,142	131,966	99,038
LIABILITIES.						
Notes in circulation	316,632	835,457	826,117	838,391	898,393	861,817
Deposits	5,015	33,019	33,987	32,971	22,161	22,932

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	May 12, 1930.	Apr. 20, 1931.	Apr. 27, 1931.	May 4, 1931.	May 11, 1931.
Gold	22,971	138,667	162,300	161,900	162,000	161,100
Silver	29,785	27,683	...	...	...	...
Discounts, advances, and other investments	77,567	146,090	115,700	119,700	119,600	121,200
LIABILITIES.						
Notes in circulation	109,499	275,705	242,100	243,600	250,600	247,500
Deposits and bills payable	11,250	45,032	40,900	42,600	38,700	40,700

SWISS NATIONAL BANK.—In francs (000's omitted).

ASSETS.	Position, May 31, 1914.	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Gold	171,175	578,795	642,800	642,803	642,822	642,752
Foreign bills and balances abroad	...	369,649	316,452	315,290	288,355	300,798
Discounts	...	34,445	32,937	58,149	35,009	30,549
Advances	103,000	44,256	35,059	41,078	45,304	40,732
LIABILITIES.						
Notes in circulation	275,925	845,013	906,997	987,814	941,145	919,775
Deposits	33,750	226,225	197,690	149,265	173,099	192,419

BANK OF ITALY.—In lire (000's omitted).

ASSETS.	May 15, 1930.	Apr. 10, 1931.	Apr. 20, 1931.	Apr. 30, 1931.	May 10, 1931.
Gold, coin and bullion	5,203,600	5,310,600	5,312,600	5,312,700	5,312,800
Foreign bills and balance abroad	5,072,300	4,068,400	4,064,600	4,119,500	4,124,900
Other cash	226,300	234,000	266,400	364,800	275,400
Gold deposited abroad due by the State	1,799,700	1,778,600	1,776,600	1,776,600	1,776,600
Discounts	2,911,500	3,067,700	3,037,500	2,765,200	2,731,000
Advances	1,161,000	1,062,500	1,065,100	1,270,000	1,147,800
Credit with "Istituto di Liquidazione"	755,400	626,200	626,200	626,200	626,200
Government securities	1,062,800	1,176,500	1,176,500	1,176,500	1,214,900
LIABILITIES.					
Notes in circulation	15,854,200	15,004,100	14,797,300	14,882,900	14,821,700
Public deposits	300,000	300,000	300,000	300,000	300,000
Other deposits and drafts	1,333,500	1,828,800	1,967,600	1,651,400	1,508,700
Ratio of reserve to note and sight liabilities combined	58.56%	54.75%	54.95%	56.21%	56.75%

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	May 17, 1930.	Apr. 25, 1931.	May 2, 1931.	May 9, 1931.	May 16, 1931.
Gold	243,266	239,793	239,793	239,793	239,793
Government Securities—Swedish	21,789	3,358	3,358	3,358	3,358
Other Swedish bonds quoted on foreign bourses	62,512	73,289	73,289	73,289	73,289
Bills payable in Sweden	113	84	84	84	84
" " abroad	92,678	146,639	186,292	158,799	190,889
Balance abroad	127,952	93,825	93,825	102,876	102,700
Advances made on Government securities and bonds	168,859	132,247	128,730	115,818	115,752
LIABILITIES.					
Notes in circulation	508,722	482,547	546,511	509,837	506,302
Government deposits	169,210	204,348	184,446	187,381	223,284
Private deposits	21,852	7,411	8,512	11,925	7,796

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	May 10, 1930.	Apr. 18, 1931.	Apr. 25, 1931.	May 2, 1931.	May 9, 1931.
Gold	2,469,902	2,422,362	2,422,362	2,423,244	2,423,333	2,423,333
Silver	728,600	710,967	706,681	706,325	702,657	697,719
Loans & Discounts	800,725	2,040,779	2,284,172	2,357,666	2,399,989	2,443,439
Spanish 4% stock	344,475	344,475	344,475	344,475	344,475	344,475
Advances to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,466,428	4,893,493	4,950,872	4,983,051	5,037,733
Deposits	477,500	810,327	735,821	759,466	765,816	782,097

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	Apr. 30, 1930.	Apr. 8, 1931.	Apr. 15, 1931.	Apr. 22, 1931.	Apr. 29, 1931.
Coin and bullion	9,071	8,858	8,863	8,860	9,036
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	210,406	157,578	152,406	148,274	128,698
Discounts	329,367	381,456	379,300	372,150	370,322
Government loans	1,530,992	1,531,311	1,531,311	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation	1,886,056	1,883,135	1,856,585	1,853,655	1,863,883
Deposits	61,626	160,270	167,346	171,951	158,428

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	May 15, 1930.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.
Gold	1,262,234	1,541,875	1,541,682	1,541,555	1,541,508
Balance abroad and foreign currency	1,888,882	2,130,748	2,103,992	2,077,818	2,028,137
Discounts and advances	354,789	171,108	162,642	170,328	156,214
State notes debt balance	3,673,858	3,352,084	3,345,265	3,344,477	3,338,243
Other assets	673,135	1,102,744	1,115,634	1,055,548	1,026,499
LIABILITIES.					
Bank notes in circulation	6,167,047	5,932,941	5,743,482	6,608,990	6,179,173
Check account balances	941,975	1,478,018	1,594,555	710,781	1,050,890
Other liabilities	235,488	376,687	402,268	356,044	349,627

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	May 15, 1930.	Apr. 22, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Cash Reserve	96,338	99,227	99,294	99,346	99,394
Gold	18,570	18,387	18,388	17,918	18,132
Other coin and notes	231,552	91,758	92,865	107,260	90,403
Foreign credits	1,095,299	1,216,932	1,203,558	1,212,914	1,199,576
Bills	4,119,398	4,020,878	4,020,878	4,020,879	4,020,861
Government advances	12,531	4,583,468	4,691,806	4,808,700	4,720,032 </td
LIABILITIES.					
State credits	5,143,438	126,242	126,242	126,242	126,225
Deposits	1,816,277	1,171,242	1,062,118	941,259	1,055,621

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	May 7, 1930.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.
Gold and silver holdings	1,578,246	1,478,270	1,480,168	1,482,659	1,485,356
Balance abroad and foreign currencies	814,052	684,531	757,314	734,492	776,126
Discounts and advances	1,078,947	635,372	642,114	642,992	642,915
Advances to the Treasury	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,250,270	1,133,305	1,183,980	1,181,929	1,181,858
Bank notes in circulation	3,448,592	3,182,520	3,103,632	3,211,656	3,238,478
Sight liabilities	1,633,179	1,406,319	1,581,902	1,489,936	1,430,742
Deposits	313,587	265,526	264,143	264,121	263,366

BANK OF GREECE.—In drachmae (000's omitted).

	May 7, 1930.	Apr. 15, 1931.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.
ASSETS.					
Gold	621,770	480,480	483,922	481,446	481,953
Gold exchange	3,864,962	3,235,888	3,120,418	3,090,338	3,295,136
Other foreign exchange	2,507	2,178	2,195	2,149	2,149
Bills discounted	92,311	141,523	146,278	141,851	148,133
Advances	16,139	15,038	15,028	15,004	15,004
Debt to the State	3,488,753	3,388,763	3,388,763	3,388,763	3,288,776
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,946,657	4,621,218	4,424,056	4,335,741	4,424,561
Deposits and currency					
in transit	1,453,235	1,548,375	1,692,657	1,636,110	1,547,335
Foreign exchange liabilities	1,254,335	975,050	925,579	920,133	1,145,955

Rate of Exchange, New York on—	Par Level.	May 21, 1931.	May 6, 1931.	May 13, 1931.	May 20, 1931.
London—					
60 days.....		4-85½	4-85½	4-85½	4-85½
Cable.....		4-86½	4-86½	4-86½	4-86½
Cheques.....		4-85½	4-86½	4-85½	4-86½
Paris—					
Cheques.....		3-91½	3-92	3-91½	3-91½
Brussels—					
Cheques for 1 franc.....		13-90	13-95	13-90	13-91
Switzerland—					
Cheques for 1 franc.....		19-30	19-35	19-26½	19-27
Italy—					
Cheques for 1 lire.....		5-26½	5-23½	5-23½	5-23½
Berlin—					
Cheques for 1 mark.....		23-31	23-85	23-80½	23-80
Vienna—					
Cheques for 1 schilling.....		14-07	14-10	14-06½	14-04½
Madrid—					
Cheques for 1 peseta.....		19-30	12-15	10-40	10-06
Amsterdam—					
Cheques for 1 guilder.....		40-195	40-20	40-17½	40-17
Copenhagen—					
Cheques for 1 kroner.....		26-80	26-75	26-76	26-77
Stockholm—					
Cheques for 1 krona.....		26-82	26-78	26-79	26-80
Athens—					
Cheques for 1 drachma.....		1-297	1-295½	1-29½	1-29½
Montreal—					
Cheques for 1 dollar.....		49-85	49-40	49-35	49-40
Yokohama—					
Cheques for 1 yen.....		49-85	35-60	24-55	24-25
Hong Kong—					
Cheques for 1 dollar.....		49-85	35-60	24-55	24-25
Shanghai—					
Cheques for 1 shilling.....		36-50	36-02	36-07	36-16
Calcutta—					
Cheques for 1 rupee.....		114-90	114-90	114-90	114-90
Buenos Aires—					
Cheques for 1 milreis.....		32-42	11-80	6-85	6-95
Rio de Janeiro—					
Cheques for 1 peso.....		12-125	12-00	12-06	12-06

CENTRAL AND SOUTH AMERICAN EXCHANGE RATES.

The Irving Trust Company cable the following money and exchange rates in New York:—

Country.	Method of Quoting.	Par Value.	Usance.	Latest Rate.
Ecuador	Shillings to £	24-325	Sight London	24-58
Venezuela	Bollivares to £	25-25	"	29-45
Colombia (Bogota)	Pesos to £	5	"	5-03½
Nicaragua	Colonias to £	4-8665	"	4-96
Salvador	Colonias to £	9-73	"	9-92
Bolivia	Bolivianos to £	13-33	"	13-42½

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

Country.	Method of Quoting.	Union of South Africa.		Union of South Africa.	
		From March 16, 1931.	From March 14, 1931.	From March 14, 1931.	From March 14, 1931.
		Buying.	Selling.	Buying.	Selling.
T.T.		11% dis.	1% prem.	11% dis.	1% prem.
30 days		11% dis.	1% prem.	11% dis.	1% prem.
60 days		11% dis.	1% prem.	11% dis.	1% prem.
90 days		11% dis.	1% prem.	11% dis.	1% prem.
120 days		11% dis.	1% prem.	11% dis.	1% prem.

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

Country.	London on Australia and New Zealand.		Australia and New Zealand on London.	
	Buying.	Selling.	Buying.	Selling.
T.T.	131½	131½	130½	130½
30 days	131½	131½	130½	130½
60 days	131½	131½	130½	130½
90 days	131½	131½	130½	130½

All rates (Australia and New Zealand) now based on £100—LONDON.

BULLION.

The following statistics of imports and exports of gold for week ended May 21, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	To—	From—	To—
Netherlands	25,000	Germany	23,100
France	126	France	14,556
Belgium	50,000	Switzerland	25,300
British S. Africa	1,115,709	Austria	19,480
Straits Settlements	47,990	British India	26,331
Hong Kong	2,553	Other Countries	987
New Zealand	39,133		
Total declared value of imports	1,281,501	Total declared value of exports	109,814

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931. ARRIVALS.		1931. WITHDRAWALS.	
May 15	May 15	May 15	May 15
Sovs. from abroad	50,000	Sovs. for export	4,000
Bars bought	5,240	Sovs. set aside	20,833
18 Sovs. from abroad	18,700	Sovs. for export	11,000
19 Sovs. from abroad	200,000	Sovs. for export	2,900
20 Bars bought	15,726	Sovs. for export	Nil
21 Bars bought	247		
Sovs. received	443,334		
Total	1,647,847	Total	37,833

Net arrivals, £1,610,014.

Messrs Samuel Montagu and Company write on May 20, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £148,976,873 on the 15th instant (as compared with £147,506,074 on the previous Wednesday), and represents an increase of £1,351,251 since December 31, 1930. In the open market yesterday £917,000 of bar gold from South Africa and £50,000 from the Straits Settlements was available. The price was fixed at 84s. 9½d. per fine ounce, at which about £45,000 was taken for India and the Home and Continental trade. The Bank of England secured about £895,000 at the statutory buying price. Movements of gold at the Bank of England during the week have resulted in a net influx of £1,190,441. Receipts totalled £1,230,023, of which £275,000 was in sovereigns (£200,000 South Africa, £50,000 Brazil, and £25,000 Netherlands), and £955,023 in bar gold. Withdrawals amounted to £39,582, of which £20,833 was in sovereigns "set aside" and £17,000 in sovereigns taken for export.

SILVER.

A weak tendency developed during the past week, and quotations have shown a substantial decline. Up to the 18th instant the fall had been gradual, prices sagging daily by small fractions until 12½d. for cash and 12½d. for two months' delivery were quoted, but yesterday rates fell more sharply, being fixed ½d. lower at 12½d. and 12½d. for the respective deliveries. To-day, sellers showing hesitation, there was a slight reaction to 12½d. and 12½d.

A weaker feeling seems to have pervaded the Eastern markets, and both the Indian Bazaars and China have been disposed to sell, in addition to which there have been offerings on Continental account with America also inclined to sell on most afternoons. The market, therefore, has found little support except for small covering purchases by bears, who, however, have in many cases preferred to extend their commitments. The undertone seems less promising at the moment, but the outlook is very uncertain, as it is difficult to attribute the cause of the rather sudden weakness. The following were the United Kingdom imports and exports of silver registered from mid-day on the 11th instant to mid-day on the 18th instant:—

IMPORTS.		EXPORTS.	
£	£	£	£
France	35,534	British India	90,235
U.S.A.	26,345	Other countries	12,368
Mexico	46,810		
Canada	12,345		
Other countries	17,065		
Total	£138,099	Total	£102,603

INDIAN CURRENCY RETURNS (in lacs of rupees).

	May 15.	May 7.	Apr. 30.
Notes in circulation	15,767	15,660	16,014
Silver coin and bullion in India	12,610	12,549	12,540
Silver coin and bullion out of India	2,443	2,391	2,754
Gold coin and bullion in India	714	720	720
Securities (Indian Government)	...	...	...
Securities (British Government)	...	...	...

The stocks in Shanghai on the 16th instant consisted of about 84,000,000 ounces in sycee, 155,000,000 dollars and 3,720 silver bars, as compared with about 84,000,000 ounces in sycee, 154,000,000 dollars and 2,440 silver bars on the 9th instant.

We feel sure that all who are associated with the silver market will learn with interest of the retirement on the 1st of this month of Mr John F. Harman from the chairmanship of Messrs. Handy and Harman, of New York. We understand that Mr Harman, who is now eighty-seven years of age, has been actively engaged in the affairs of his firm for 64 years, and will still continue to act as a director.

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver Cash.
	Cash	Forward	Cash	Forward		
1931.						
May 15.....	84 11½	13 1½	13 1½	13 1½	May 16, 1925	33 ½
" 16.....	84 11½	13 1½	12 ½	12 ½	" 15, 1926	31 ½
" 18.....	84 11½	12 ½	12 ½	12 ½	" 14, 1927	30 ½
" 19.....	84 9½	12 ½	12 ½	12 ½	" 13, 1928	26
" 20.....	84 9½	12 ½	12 ½	12 ½	" 17, 1929	27 ½
" 21.....	84 9½	12 ½	12 ½	12 ½	" 22, 1930	18 ½

NOTICES.

At the fifty-third annual general meeting of the Institute of Bankers, held at 5 Bishopsgate, E.C., on Wednesday, May 20th, Brigadier-General Arthur Maxwell, C.B., C.M.G., D.S.O., one of the managing partners of Messrs Glyn, Mills and Company, was elected president of the Institute for the coming year. The annual report for the year ended April 30, 1931, and accounts to December 31, 1930, were submitted and adopted. The result of the Prize Essay Competition on the subject, "The Financial Aspect of the Rationalisation of British Industries," was announced as follows: 1st prize, £30, Mr P. J. Fleming, Lloyds Bank, Ltd., Southampton; 2nd prize, £20, Mr A. D. Cozens, Lloyds Bank, Ltd., High Street, Canterbury.

The Standard Bank of South Africa, Ltd., announce that an agency has been opened in the University of Cape Town. An agency of the bank has also been established at Citrusdal, near Clanwilliam, in the Cape Province.

Company News.

REPORTS AND NOTICES.

GOVERNMENT, &c.

AUSTRIAN INTERNAL LOAN—Applications aggregating 228,000,000 schillings were received for the 7 per cent. Austrian Housing Loan, issued at 95 per cent. and redeemable at par within 40 years. As the issue only amounts to 150,000,000 schillings, the loan has been oversubscribed to the extent of 50 per cent. Nominally, it is an obligation of the Credit Institut für Oeffentliche Unternehmungen und Arbeiten, in which the Austrian Treasury holds the majority of shares, but in fact the Austrian Republic is liable for interest and redemption charges. The sum required for the promotion of house-building is about 240 to 250 million schillings, and the subscriptions received for the loan are not far short of this amount. However, 150,000,000 schillings only will be allocated to subscribers, but it is believed that later in the year the Government will authorise the issue of a second tranche of 90 to 100 million schillings to be offered for subscription abroad.

ESTONIA (REPUBLIC OF) (BANKING AND CURRENCY REFORM) 7 PER CENT. LOAN, 1927.—The service of this loan, together with the service of a small loan of £130,000 raised in 1926 under the Trade Facilities Act, has a first charge upon revenues derived from the excise duties on tobacco, beer, matches, &c. The yield on these assigned excise duties in 1928 was £271,776; 1929, £267,817; 1930, £253,344. Approximate cost of yearly service of 1927 loan, £114,000.

MISCELLANEOUS.

AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN (SWEDISH BALL BEARING COMPANY).—The Board of Directors of the "S.K.F." has to-day published the results of the company's business for 1930 showing a net profit of Kr. 16,622,884.10, after deducting depreciation on buildings and machinery amounting to Kr. 3,723,275.19 and provision for taxes amounting to Kr. 2,800,000. The board at the same time announces its intention of proposing that of the above net profit Kr. 13,000,000 be distributed to the stockholders (amounting to 10 per cent. for the year), and that the remainder, Kr. 3,622,884.10, be transferred to undistributed profits, which will thereafter amount to Kr. 14,767,622.10.

THE BENGAL IRON COMPANY LIMITED.—The directors have issued a circular dated May 19, 1931, to holders of the 7 per cent. first debentures of the company as follows: The directors have had under consideration the serious position of trade, and also the political situation in India, and they have decided to ask the debenture holders to consent to two years' suspension of the sinking fund, the amount of which for 1931 would be £28,800, and for 1932 £30,800. They do this as a precautionary measure to conserve the resources of the company while passing through the difficult times now existing, for though the company has ample liquid resources both in cash and stocks for the purpose of its business, it is impossible to foresee how long the present depressed condition of trade will continue. Of the £1,000,000 of authorised and issued debentures £132,550 have already been redeemed out of profits. The directors trust that debenture holders will consider it in the best interests of the company that their proposal be accepted.

THE HOME AND COLONIAL STORES LIMITED.—The Directors of the Home and Colonial Stores, Ltd., announce that any shareholders in Lipton, Ltd., desiring to avail themselves of the offer to exchange their shares for shares in the Home and Colonial Stores, Ltd., must lodge the relative certificates and duly executed transfers at the offices of Lipton, Ltd., 179-189 City Road, London, E.C.1, on or before May 30, 1931, on which date the offer will be finally withdrawn. Notice will, in due course, be given by the Home and Colonial Stores, Ltd., of its intention to acquire, under the provisions of Section 155 of the Companies Act, any shares of Lipton, Ltd., which have not then been tendered for exchange.

THE MILLON AND ASKAM HEMATITE IRON COMPANY LIMITED.—The gross profit for 1930 amounted to £76,139. After deducting £9,303 for debenture stock interest and redemption fund, £5,000 reserve for income tax, £30,000 reserve for depreciation and directors' fees, a net profit of £26,030 is carried to the balance sheet. The preference dividend for the year ended September 30, 1930, absorbs £24,500, and the balance carried forward is £55,658, compared with £54,127 brought in from previous accounting period. Blast-furnace improvement account (£20,000) and general reserve (£130,000) remain unaltered. Depreciation reserve is increased by £30,000 at £67,500. The estimated loss of £50,014 on investment in and advances to the Camerton Coal and Firebrick Company, Ltd., is written off capital reserve, reducing that item to £403,972. Contingent liability (£15,000) (subsequently reduced) shows a reduction of £25,000. Works, plant and machinery have been maintained in an efficient condition out of revenue.

NATIONAL OMNIBUS AND TRANSPORT COMPANY LIMITED.—The net profit for 1930 amounted to £37,045, to which is added £38,099 brought forward, making £75,144 available. Preference dividend absorbed £24,081. The ordinary dividend of 8 per cent. per annum, less tax, absorbed £12,400. The carry forward is £38,663. The realisation account has increased by £143,640. It is proposed to amalgamate the general reserve of £15,000 with the realisation account, making total general reserve £258,640. Meeting at Fur Trade Sale Rooms of Hudson's Bay Company, Garlick Hill, E.C., May 27, 1931, at 2 p.m.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. • Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
BANKS.					
Standard Bank of South Africa..	14†	Plus bon	us of ls. p.s.	15	...
RAILWAYS.					
South Indian Railway.....	2%•	July 1	Less tax	...	...
West of India Portuguese Guar. Rly. Co.	5*	Plus bon	us of ½%.	...	...
INSURANCE.					
Guardian Assurance.....	5/-p.s.†	...	...	10/-p.s.	10/-p.s.
Planet Assurance.....	7%†	...	Less tax	...	...
TEA AND RUBBER.					
Adams Peak Tea.....	...	...	...	8	10
Aibheel Tea.....	5%†	...	...	8	20
Amalgamated Tea Estates.....	2½%†	...	...	5	7½
Andersons' Rubber.....	2½%†	...	...	12½	10
Anglo-American Direct Tea.....	...	...	...	10	10
Darjeeling Consolidated.....	10%†	...	...	20	30
Doom Dooma Tea.....	15%†	June 11	Less tax	20	30
James Finlay.....	...	...	...	15	25
Kanan Devan Hills Produce.....	12½%†	...	...	17½	20
Lebana Tea.....	20%†	...	...	30	30
Tara Tea.....	30%†	...	...	40	50
MINING.					
Manor Powis Coal.....	...	...	...	10	12
Tinsley Park Colliery.....	2½%•	May 20	Less tax	...	...
OTHER COMPANIES.					
Argus Press Holdings.....	...	...	...	12½	12½
British Tanker.....	...	...	Tax free	6	6
Burmah Oil.....	12½%†	...	...	22½	30
Carmath and Bulmer.....	14%†	...	...	15	26
Daily Mirror Newspapers.....	4½d.p.s.*	...	Less tax	...	...
Direct Supply Aerated Water.....	9%†	...	...	15	26
Dublin Brick.....	6½%†	...	...	...	...
East India Tramways (Def.).....	5%•	May 30	Tax free	...	...
Edwin Jones and Co.....	...	...	...	55	55
Fitch and Son.....	...	...	...	8	8
Frederick Sage.....	3%•	June 1	...	60	30
Henry Clay and Boch.....	7%•	• July 1	...	...	...
Hull Brewery.....	10%•	May 29	...	...	...
Hyderabad (Deccan) Co.....	1/6 p.s.†	...	...	2/6 p.s.	3/4 p.s.
Kelly's Directories.....	7½%†	Plus bon	us of 5%	17½	17½
Land and House Property.....	11%•	June 1	...	...	...
London Brick and Folders.....	5%•	June 4	Less tax	...	...
Morgan's Brewery.....	5%•	June 1	...	...	...
National Omnibus.....	...	...	...	8	8
Nineteen-Twenty-Nine Inv. Trust	...	...	...	...	...
Northern Loan Co.....	10%†	...	Less tax	15	15
Olliver's Brewery.....	7½%•	• June 1	...	...	...
Portsmouth Water.....	2½%†	...	...	5	5
Royal Sovereign Pencil.....	...	...	...	5	5
Scottish Drapery.....	...	...	Less tax	7½	7½
Second Industrial Trust.....	12½%•	...	Less tax	...	...
Shell Transport.....	7½%†	...	Tax free	...	...
Siemens Bros.....	5%†	...	...	7½	7½
South African Lighting.....	...	...	...	5	5
S. Smith and Sons.....	2½%•	May 29	...	...	...
Starkey, Knight and Ford.....	5%•	June 1	Tax free	...	...
Sunday Pictorial Newspapers (1920)	1/3p.s.*	...	Less tax	...	...
Taylor's Hygienic Service.....	...	...	...	10	10
Third Edinburgh Investment (Def.).....	5%•	...	Less tax	...	...
Thrift Stores (Def.).....	...	...	...	10	20
Tralee View Investment.....	...	...	...	13	13
Transvaal and Delagoa Bay Inv.	7½%•	...	...	...	...
Trust and Mortgage of Iowa.....	...	...	...	4	4
T. Seymour Mead.....	10%†	...	Less tax	...	...
Twentieth Century Investment	7½%†	...	Less tax	7½	10
Wales, Ltd.....	7½%†	...	Tax free	12½	12½
Western Sugar Refineries.....	4%•	June 15	Tax free	...	...
Wolverhampton.....	...	...	...	...	...
Breweries.....	8%•	June 1	...	...	...
W. Abbott and Sons.....	2½%•	May 23	...	...	...
W. H. Baxter.....	...	June 2	Less tax	20	20(a)
Yates's Castle Brewery.....	2½%•	...	...	...	...

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Electric Lighting, &c. Lancashire Elec. Light, &c.	Mar. 31	£ 3,806	£ 169,687	£ 173,493	£ 84,936	£ 80,600	% 6½	£ ...	£ 7,957	£ 173,109	% 7
Financial Land, &c. British and Chinese Corpn. City of London Real Property Hyderabad (Deccan) Co. ...	Dec. 31* Apr. 12 Dec. 31	31,065 161,224 5,795	Dr. 8,645 439,029 30,098	22,420 600,253 35,893	... 37,438 ...	... 341,000 28,000	... 5½ 2/6 p.s.	... 10,000 2,000	22,420 211,815 5,893	... 494,954 34,641	... 5½ 3/- p.s.
Hotels, Restaurants, &c. Criterion Restaurants	Mar. 31	14,644	41,520	56,164	...	28,125	12½	13,000	15,039	41,542	12½
Oil. Anglo-Egyptian Oilfields ...	Dec. 31	207,280	345,662	552,942	...	328,389	{ 17½B 29½C	7,275	217,278	449,806	{ 22½B 39C
Rubber, &c. Bukit Sembawang Rubber... Hidden Streams Rubber ... Kajang Rubber	Dec. 31 Dec. 31 Dec. 31	21,434 7,621 14,251	Dr. 12,655 Dr. 3,004 Dr. 963	8,779 4,617 13,288	... ... ...	... ... ...	... ... ...	... ... ...	8,779 4,617 13,288	6,123 2,355 7,635	... 5 10
Karak Rubber	Dec. 31	6,085	Dr. 3,577	2,508	...	...	...	...	2,508	6,583	10
Kimanis Rubber.....	Dec. 31	4,499	Dr. 2,316	2,183	...	...	...	...	2,183	9,648	2½
Kuala Pilah Rubber	Dec. 31	3,790	Dr. 2,902	888	...	...	...	...	888	6,363	6
Peacock and Nilambe	Dec. 31	447	6,555	7,002	1,500	...	...	2,000	3,502	9,075	7½
Shelford Rubber.....	Dec. 31	5,506	Dr. 1,744	3,762	...	...	...	...	3,762	9,921	10
United Patani (Malay) Rubber.....	Dec. 31	46,952	3,775	50,727	...	...	...	775	49,952	41,706	5
United Sumatra Rubber ...	Dec. 31	20,241	Dr. 1,986	18,255	...	...	...	2,000	16,255	6,766	...
Shipping. British and Irish Steam Pkt. Claymore Shipping	Dec. 31 Mar. 31	21,021 3,287	163,634 Dr. 1,165	184,655 2,122	90,000 ...	75,000 ...	5 ...	...	19,655 2,122	163,602 3,061	5 ...
Nitrate Producers' Steamship	Apr. 30	15,471	35,296	50,767	...	11,722	7½†	24,000	15,045	75,617	10†
Shops and Stores. Rogo Clothiers	Dec. 31	2,292	151	2,443	5,667	...	...	Dr. 3,455	231	21,009	...
Tea. Aibheel Tea Company	Dec. 31	5,491	12,415	17,906	...	8,160	5	1,000	8,746	23,986	20
Amalgamated Tea Estates...	Nov. 30	52,497	80,373	133,870	21,000	47,835	5	10,449	53,586	123,060	7½
Anglo-American Direct Tea	Nov. 30	36,742	95,179	131,921	23,271	66,237	10	108	42,305	122,052	10
Consolidated Tea and Lands	Nov. 30	74,980	219,233	294,213	78,000	30,000	2½	27,346	158,867	189,415	5
Kanan Devan Hills Produce	Nov. 30	105,865	205,274	311,139	33,000	131,250	17½	55,053	91,836	275,076	20
Lebong Tea.....	Dec. 31	5,690	21,661	27,351	...	19,697	30	3,000	4,654	24,372	30
Pandan Tea	Dec. 31	6,092	17,025	23,117	...	...	...	5,200	17,917	29,989	5
Telegraphs, &c. Great Northern Telegraph...	Dec. 31	313,816	435,325	749,141	...	400,000	20	34,723	314,418	438,433	20
Textiles. British Cotton and Wool Dyers'	Mar. 31	29,580	28,818	58,398	...	...	...	25,000	33,398	89,685	7½
Porritts and Spencer	Mar. 31	33,685	76,127	109,812	17,283	47,440	15	10,000	35,089	87,965	17½
Tramways and Omnibuses. National Omnibus, &c.	Dec. 31	38,099	37,045	75,144	24,081	12,400	8	...	38,663	87,747	...
Trust. Bankers' Investment Trust	Apr. 30	27,105	123,165	150,270	31,388	73,237	10½	18,500	27,145	171,569	11½
Lake View Investment Trust	Mar. 31	12,971	89,936	102,907	11,789	61,294	13	...	29,824	102,133	13
Nineteen Twenty-Eight In- vestment Trust	Mar. 31	5,498	58,280	63,788	29,201	19,651	5	9,000	5,926	58,062	5
Nineteen Twenty-Nine In- vestment Trust	Mar. 31	1,329	42,896	44,225	23,333	12,473	4	5,000	3,419	27,996	5
Second Mercantile Trust ...	May 5	27,401	63,537	90,938	19,375	29,063	7½	10,000	32,500	66,181	7½
Trust & Mortgage Co. of Iowa	Feb. 28	12,772	6,250	19,022	...	7,000	4	...	12,022	8,738	4
Other Companies. Advance Laundries	Mar. 31	1,034	30,119	31,153	20,800	...	...	8,800	1,553	20,816	...
Argus Press Holdings	Mar. 31	3,598	33,326	36,924	15,984	19,375	12½	...	1,565	38,664	12½
Chloride Electrical Storage	Mar. 31	85,825	291,735	377,560	3,720	154,397	15†	108,938	80,505	283,624	30†
Finlay (James) and Co.	Dec. 31	303,562	233,807	537,369	30,000	225,000	15	...	282,369	430,000	25
Laporte (B.), Ltd.	Mar. 31	10,733	35,242	45,975	11,235	10,667	9	12,500	11,573	33,417	9
Siemens Brothers and Co. ...	Dec. 31	338,511	267,675	606,186	55,000	183,750	7½	...	367,436	247,026	7½
United Premier Oil, &c.	Dec. 31	18,854	6,556	25,410	17,216	...	...	...	8,194	33,746	...

† Free of income tax.

* For half-year.

Mr John Herbert Fyfe and Mr Daniel Mackinnon Hamilton have been admitted as partners in the firm of Gray, Dawes and Company.

Sir Alfred Boit, Baronet, has joined the board of the Rhodesia Railways Limited.

Mr H. Leslie Boyce, M.P., has been elected a member of the Joint East African board.

The offices of the Secretary of the British Thread Mills, Ltd., are now at Eagle House, Friar Lane, Leicester.

The Broken Hill Proprietary Company, Ltd., announce that Sir W. Peter Rylands and Mr William Royse Lysaght have been elected members of the London board.

Sir Alexander Robertson Murray, C.B.E., a director of Lloyds Bank Ltd., has been elected to a seat on the board of the Bank of London and South America, Ltd.

On and after May 26th, the address of the Anglo-Czechoslovak and Prague Credit Bank will be at 48 Bishopsgate, E.C.2. Telephone No.: Avenue 2866 2870.

Consequent upon the death of Senor Don Fernando Guerrero, Sir Herbert Gibson, K.B.E., has been appointed chairman of the local committee of the Buenos Ayres Great Southern Railway Company, Ltd., in Argentina.

It is announced that Mr R. B. S. Castle, the manager of the Liverpool branch of the Royal Exchange Assurance, retired on pension on March 31st, after 37 years' service. To succeed Mr Castle the directors have appointed Mr A. W. O. Stubbs.

At a meeting held on April 16th, Mr J. W. Beaumont Pease, chairman of Lloyds Bank, Ltd., was elected chairman of the Committee of London Clearing Bankers and Sir Harry Goschen, Bart., K.B.E., chairman of National Provincial Bank, Ltd., was elected deputy-chairman for the ensuing year.

In view of the impending retirement of Mr Ernest C. Thomas, F.I.A., from the position of general manager and secretary of the Southern Life Association, the directors of the Association have appointed to succeed him in that position Mr John Miller Macfarlane, O.B.E., F.F.A., at present agency manager of the Scottish Amicable Life Assurance Society, Glasgow.

SUMMARY OF BALANCE SHEETS.

BANKERS TRUST COMPANY.			
Condensed Statement of Condition on March 25, 1931.			
ASSETS.		LIABILITIES.	
\$		\$	
Cash on hand and due from banks	81,002,470-11	Capital	25,000,000-00
Exchanges for clearing house	33,492,012-74	Surplus fund	50,000,000-00
Demand loans	168,860,800-27	Undivided profits	37,395,235-76
Time loans and bills discounted	273,102,375-88	Deposits	602,279,698-86
U.S. Government securities (at market value)	114,100,215-95	Outstanding and certified checks	20,835,160-29
State and municipal bonds (at market value)	25,885,269-68	Dividends declared and unpaid	1,876,090-50
Other securities (at market value)	27,232,787-05	Accrued interest payable	711,777-44
Bonds and mortgages	2,538,150-00	Unearned interest	790,932-01
Real estate	12,133,329-59	Reserve for taxes, &c.	1,750,644-00
Accrued interest and accounts receivable	2,295,613-98	Outstanding acceptances	40,412,837-64
Customers' liability on acceptances	40,309,351-25	Acceptances, &c., sold with our endorsement	52,523,499-44
Liability of others on acceptances, &c., sold with our endorsement	52,523,499-44		
Total	833,575,875-94	Total	833,575,875-94

The above statement includes the net worth (with securities figured at market values) of Bankers Company, a wholly owned subsidiary.

ALLIED NEWSPAPERS, LIMITED.

December 28, 1930.			
LIABILITIES.		ASSETS.	
Amount.		Amount.	
8% cum. pf. sh. £1 4,750,000	...	Copyrights & goodwill at cost	7,227,760
Ord. shares, £1 ... 2,000,000	...	Properties	1,050,162
5% deb. stock ... 847,529	32,416	Debtors	401,278
Int. accrued ... 2,771	105,925	Stocks	89,347
Creditors	499,720	Trade investments	68,580
Savings funds	89,744	Cash	218,166
General reserve	580,000	Owing by subsidiaries	41,439
Profit and loss	335,082	Investments in subsidiaries	8,014
Total	9,104,846	Total	9,104,846

FINE COTTON SPINNERS' AND DOUBLERS' ASSOCIATION, LIMITED.

March 31, 1931.			
LIABILITIES.		ASSETS.	
Amount.		Amount.	
5% cum. pref. ... 3,000,000	...	Properties, &c.	6,141,508
5% cum. pref. ord. ... 940,000	...	Investments	3,121,665
Ord. shares ... 4,410,000	...	Furniture, &c.	15,754
4% deb. stock ... 2,000,000	...	Stock-in-trade	2,539,401
4% ext. deb. stock ... 750,000	...	Debtors	745,170
Deb. interest ... 42,625	1,375	Cash	3,226
Reserves	757,959	Prepayments	10,693
Insurance	202,621	Loans to subsidiaries	1,237,438
Research fund	8,402	Other investments	145,297
Welfare fund	2,098	Patents & Trade Marks	542
Loans	577,804		
Creditors	773,286		
Bank	346,274		
Profit and loss	138,932		
Total	13,950,001	Total	13,950,001

JAMES FINLAY AND COMPANY, LIMITED.

December 31, 1930.			
LIABILITIES.		ASSETS.	
Amount.		Amount.	
6% cum. pref. shares, £1 ... 500,000	...	Properties, &c.	306,099
Ord. shares, £1 ... 1,500,000	...	Office furniture, &c.	5,675
Reserves	2,226,508	Goods consigned and on hand	433,353
Banking deposits and accounts	598,154	Debtors	588,770
Creditors	241,379	Due by subsidiaries	817,351
Due to subsidiaries	46,056	Bills receivable	25,340
Arises	23,501	Investments	3,394,985
Bills payable	180,984	Cash	115,376
Profit and loss	394,868		
Total	5,687,949	Total	5,687,949

OIL OUTPUTS.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended May 9, 1931, was 215,000 barrels.

SERVICE PETROLEUM COMPANY, LTD.—Cable received from Roumanian manager states that the production from the company's oil wells at Gura-Ocnitzei, Moreni and Ceptura for the week ended 10th instant was 4,083 tons (28,581 barrels).

Commercial Reports.

MARKET SUMMARY.

Most commodity markets have experienced a further decline in prices. The general situation of the coal trade remains depressed, and the total output of saleable coal in Great Britain during April at 18.6 million tons shows a decline of 0.8 million tons as compared with the previous month. The iron and steel industries have been

OVER ONE HUNDRED YEARS OF SERVICE.

SCOTTISH UNION & NATIONAL INSURANCE COMPANY.

ASSETS EXCEED - £15,600,000

FIRE. LIFE. ACCIDENT. MARINE.

Edinburgh: 35, St. Andrew Square.

London: 5, Walbrook, E.C.4, and 4, St. James's Street, S.W.1.

characterised by a slight reaction, and production in the tinplate industry has fallen to about 50 per cent. of capacity. Among non-ferrous metals, there has been a slight improvement in tin, following the decision of the Tin Producers' Committee to reduce the original quotas by 15.9 per cent. in order to adjust output to the low level of current consumption. Copper has weakened further, but lead and spelter have been steady. The outstanding feature in the textile raw material markets has been the sharp decline in cotton. The downward tendency in wool values has continued, but flax and jute remained unchanged. There has been no increase in the sales of finished cotton or wool goods, and the position in the rayon trade is also less satisfactory. Most foodstuffs, including wheat, have been cheaper. Among miscellaneous commodities, rubber has continued to advance, but vegetable oils and oilseeds have again declined.

THE COAL TRADE.

SHEFFIELD.—Prompt trade for best steams for import just about balances the supplies available, of which there is no excess. Apart from washed trebles, there is abundance of other classes of fuel. Best steams are firm at 17s. 6d. and 18s. f.o.b. There is a moderate inquiry for industrial fuel, but little new business has been forthcoming since prices were advanced. The house coal department is seasonably quiet, although prices are being maintained. Best ordinary quality is quoted at 22s. and 23s. at pits. The furnace coke branch is still extremely depressed, with prices weak at 11s. 6d. to 12s. at ovens.

GLASGOW.—Despite further curtailment of output, supplies remain ample for all requirements, and the general trend of values is weak. Collieries, however, are not disposed to entertain inquiries for business ahead at quotations now current—the labour outlook being still uncertain—and orders negotiated are mostly for small parcels for early delivery. An interesting development of the past few days has been the reaching of a new anthracite seam by the Manor-Powis Company at their colliery near Causewayhead, Stirling. Shipment prices (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 9d.; splint best, 16s. 3d.—16s. 6d.; splint second, 14s. 9d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 14s.; trebles, 11s. 6d.; doubles, 10s. 3d.—10s. 6d.; singles, 9s.; pearls, 9s.; dross, 10s. FIFE.—Screened navigation, 16s. 6d.—17s. 6d.; first-class steam, 12s.; third-class steam, 10s. 6d.; trebles, 11s. 6d.—12s. 6d.; doubles, 10s.—10s. 6d.; singles, 9s.; pearls, 8s. 9d. LOTHIAN.—Prime steam, 11s. 3d.; secondary steam, 10s. 9d.; trebles, 12s.; doubles, 11s.; singles, 8s. 9d.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 11s. 6d.; doubles, 11s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s. 6d.

CARDIFF.—The state of business on the Cardiff coal market continues unsatisfactory. Shipments have been fairly well maintained on the basis of the recently reduced volume of about 400,000 tons per week, but new inquiries are scarce and a great deal of irregular working is feared after the Whitsun holidays. Stocks of smalls continue to accumulate at the pit heads, and the larger combines have been compelled to seek dumping grounds elsewhere. No actual figures are available giving the quantities of these stocks, but they are described as unprecedentedly large. Prices for practically all grades are ruling at the scheduled minimum figures, but it is anticipated that there will be a further substantial reduction in the authorised output quota for the third quarter of the year. The uncertainty concerning the hours of labour in the coal mines after July 8th next is a deterring influence, and a strong resolution on this subject has been addressed to the Government by the Council of the Cardiff Chamber of Commerce. The following are the current prices:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dross, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 9d. to 18s.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s.; coking smalls, 13s. 6d. to 14s.; anthracite, best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 30s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 31s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. 6d. to 23s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The market for Cleveland iron continues inactive, and it is difficult to see any sign of early improvement. Trade is almost entirely confined to the requirements of local consumers, and they are only buying from hand to mouth. So far as can be ascertained, no extra business has been secured from Scotch consumers as a result of the recent offers of increased concessions made by local makers through their Scotch selling agency, and deliveries to that area show no expansion. Export orders coming to hand are only for small quantities for distant destinations, there being no chance of success on the near Continent at present.

prices. Notwithstanding the extremely unsatisfactory state of business, official prices were left unchanged at Tuesday's weekly market, viz.:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Work at most local foundries will be suspended for the first two days of next week, but the interruption of deliveries of pig iron will only be slight. The position of hematite is somewhat better than that of Cleveland. More orders are coming to hand, but they are mostly for early delivery, buyers lacking confidence to buy far ahead. Now that prices have reached a lower level, it is expected that trade will gradually expand, especially as stocks at works on the Tees are being reduced. For early delivery mixed numbers are obtainable at 65s. per ton, but 6d. to 1s. more is asked for periods ahead. Shipments of all kinds of pig iron to 19th inst. total 6,142 tons, against 6,959 tons to same date in April. In the finished trades new orders come to hand very slowly which is causing grave concern in regard to future operations. Prices are generally unchanged. The ore market shows no change. There is no business passing to fix prices, but best Bilbao rubio for early delivery is nominally 15s. 6d. c.i.f., and the freight Bilbao/Middlesbrough for prompt loading is about 4s. 3d. Coke is still in abundant supply for early delivery, but there is very little demand. Producers quote 16s. delivered furnaces for good medium qualities, but would accept a trifle less for spot lots. The number of furnaces in operation in the district will be increased to 23 by the end of the week by the addition of two on hematite at Ayresome Iron Works, Middlesbrough, which were lighted up on Tuesday, and expect to be producing iron in a few days.

SHEFFIELD.—Business in iron and steel has been curtailed this week owing to preparations for the Whitsun holiday. Most of the large works intend to stop operations for a full week. Signs of improvement in the situation as a whole are still lacking, and the heavier departments report that work is still undergoing contraction. Orders continue to be on the oddment level. A number of enquiries are about, but few of them materialise. Railway companies are curtailing their requirements to the extremest limits consistent with safety. There was a reduction last week of 10s. per ton on basic steel billets, and 2s. 6d. per ton on foundry and forge iron. As was predicted, these concessions have failed to stimulate buying. Substantial orders continue to be received for rustless steel material, including some from abroad. Makers of special steels report a bad slump in foreign business. The market for ferro-alloys for steelmaking is almost stagnant as regards new business. The market for steel scrap has again receded, causing a further drop in values. Some of the hand tool branches are doing rather better than of late, but there is no life in cutlery and plate.

GLASGOW.—Business is still very quiet in the West of Scotland. Within the past few days several small orders for steel structures have been placed with local firms, amounting in all to a quite fair tonnage. Steelmakers and makers of semis are finding very little business, as also bar iron manufacturers. There are rather more enquiries on the market for large diameter tubes. Further orders have been placed during the week for thin black sheets for export, but the export trade in galvanized sheets shows no expansion. Home trade in both is quite satisfactory.

CARDIFF.—Business in the tinplate trade continues very inactive, and output are approximately equal to only 50 per cent. of capacity. The organization for the regulation of production and prices is in a state of disruption, and present intentions are to discontinue the pooling scheme as from the middle of next month. Quotations on the Swansea Metal Exchange on Tuesday further receded to 14s. 6d. to 15s. per basis box, compared with 14s. 9d. to 15s. the previous week, and 18s. 4½d. to 18s. 6d. in the corresponding week last year. Galvanized sheets are unchanged at £11 per ton, South Wales tinplate bars at £4 15s. 0d. to £5 per ton, and foreign bars at £3 15s. per ton. Shipments last week were larger than have recently been usual, totalling 105,424 boxes, compared with 83,894 boxes in the corresponding week last year.

OTHER METALS.

TIN.—The production quotas, introduced last March, have proved to be too high at the current rate of consumption, and when prices fell early this month to the lowest level for twenty-nine years, the International Tin Committee decided to hold a meeting, which took place at the Hague last Saturday. It was then decided to reduce the quotas by 15.9 per cent. or 20,000 tons per annum. The new quotas are expected to come into operation on June 1st. The announcement has only slightly strengthened the market as considerable time will have to elapse before the effects of the new scheme will be felt. Wednesday's official closing quotation for "standard cash," at £105 to £105 2s. 6d. per ton, compares with £104 10s. to £104 15s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 29,123 tons, show an increase of 507 tons on the week.

COPPER.—In the absence of any encouraging feature, copper declined further during the week. In order to bring the export price more in line with domestic quotations, which remain at 9.00 cents per lb., Copper Exporters, Inc., reduced their minimum price for "electrolytic" c.i.f. Continent, from 9.775 cents per lb. to 9.525 cents per lb. on May 16th, and to 9.275 cents per lb. on May 18th. Wednesday's quotation in London for "standard cash," at £38 13s. 9d. to £38 16s. 3d., compares with £38 18s. 9d. to £39 on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 13,090 tons, show an increase of 1,232 tons, while stocks of rough copper, at 1,347 tons, were 75 tons larger.

LEAD.—The market in lead has been quiet, and New York spot prices remained unchanged at 3.75 cents per lb. London prices

show a slight improvement on last week, and Wednesday's official closing quotation for "soft foreign," at £11 11s. 3d. to £11 16s. 3d., compares with £11 17s. 6d. to £11 13s. 9d. on the corresponding day last week.

SPELTER.—Spelter has been quiet, but there was no further decline in prices. Wednesday's official closing quotation in London for "good ordinary brands," at £10 7s. 6d. to £10 15s., compares with £10 5s. to £10 16s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Antimony has declined from £24 to £24 10s. per ton for "foreign," but aluminium was again quoted at £85 per ton, while nickel sold at last week's price of £170 to £175 per ton. Quicksilver remained unchanged at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—**Liverpool.**—The markets have shown weakness in sympathy with the fall in the securities markets and more favourable weather news from the cotton belt. Spot sales for the week 14th to 20th (inclusive) are 45,000 bales, of which 15,150 are American, 1,500 Brazilian, 350 Argentine, 3,000 Peruvian, 3,750 Egyptian, 1,000 African, 1,050 East Indian, 18,950 Russian, and 250 sundries. Imports for the same period are 32,897 bales, of which 19,620 bales are American, 1,425 Brazil, 491 Argentine, 310 Peru, 6,269 Egyptian, 3,031 East Indian and 1,751 sundries. Quotations, May 20th: American Middling, 5.00; Egyptian F. G. F. Sakel, 8.05; F. G. F. Uppers, 6.03; Brazil Fair, 5.06; Peru G. F. Smooth, 5.46; West African Middling, 5.06; and East African G. F., 6.06.

Manchester.—The further decline in raw material rates has thoroughly disorganised trade throughout the market and owing to the fear of still lower values buyers have been decidedly cautious. There are some signs, however, of more activity if prices can be stabilised at round the present level. Some advices from India are slightly better. A few more cables have been received making offers for bleaching and printing styles, chiefly for Bombay and Karachi. It is reported, however, that picketing in the up-country districts is very pronounced. Trade improvement for China has been checked by the fall in silver, but some merchants have been asked to cable prices abroad on a freer scale and scattered transactions have occurred in bleached shirtings and fancies. Very little has been done for Egypt and the Near East. Finishing cloths continue to attract a fair amount of attention for South America and the West Coast of Africa. From day to day useful orders have been booked in home trade fabrics. Reports from most weaving districts are worse and there are indications of more machinery stopping. Very irregular conditions have prevailed in the yarn market. Only restricted purchases have taken place in American and Egyptian counts for home use and export.

Cotton Prices.

	1931.				Corresponding Date.	
	Apr. 29.	May 6.	May 13.	May 20.	1929.	1930.
Raw Cotton—Mid. American per lb.	5.53	5.35	5.32	5.01	10.28	8.57
" Sakellaridis Fully Good Fair Egyptian..... per lb.	8.20	8.30	8.25	8.05	17.85	13.85
Yarns—32's twist..... per lb.	94	9	9	82	15	121
" 40's twist..... per lb.	94	94	94	92	151	121
" 60's twist (Egyptian)..... per lb.	154	154	154	15	26	22
32-in. Printers, 116yds., 16 by 16, 32's and 50's.....	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
36-in. Shirtings, 75yds., 19 by 19, 32's and 40's.....	18 1	18 1	18 0	17 9	25 3	21 9
38-in. ditto, 38 yds., 18 by 16, 10 lb.....	19 10	19 10	19 9	19 6	27 9	24 6
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	11 2	11 2	11 2	10 10	15 0	13 4½
39-in. ditto, 37½ yds., 16 by 15, 8½ lb.....	10 1	10 1	10 0	9 9	13 4½	12 0

THE WOOL TRADE.—**Bradford.**—The closing days of the last London sales did not leave any very marked impression upon values. Certainly there was no recovery in crossbreds, and the best that can be said about merinos is that some broadening of competition imparted a healthier tone. Second-hand wools had previously been withdrawn rather freely during the first two weeks, and some owners who put up their wools a second time did not lose anything by the experiment. Values for all descriptions of the raw material are quite reasonable, writes our correspondent, the real trouble being lack of consumption. Judging from the quantity of wool held over in London at the end of the series, there will be plenty to supply all requirements when the July series commences—that is including the further supplies which will have become available by that date. The total quantity sold was approximately 115,000 bales, the home trade taking 53,000 bales, the Continent 61,500 bales, and the United States 1,000 bales. Including about 58,000 bales not offered, the weight carried forward is 72,000 bales. Neither the home trade nor the Continent has operated as heavily this time as at the second series, but given anything like satisfactory developments and the subsidence of present disturbance on the Continent, both sections should be ready to take substantial weights at the end of another six weeks. The wool transferred from Australia to this country last March will probably be as difficult as anything to shift at a profit. The Bradford market is quiet. Very little new business is being done in either merino or crossbred tops, but prices are just about steady. Spinners are still making low bids in the hope of finding a weak seller, but for standard makes of good warp 64's 24½d. is wanted. Reports of Russian operations in crossbred wool have been circulated in Bradford. It would be incorrect to say that there has been no buying at all on Russian account, but the absence of any improvement in crossbred tops is alone plain proof that there have been no big sales.

THE GRAIN MARKETS.

WHEAT.—Climatic conditions have recently been unfavourable to field work in this country, and the winter wheat crop is still backward. Supplies of home-grown wheat are scarce, and higher prices, have, therefore, been realised last week. The outstanding event in the international situation is the International Wheat Conference, which opened on Monday in London on the invitation of the Canadian Government. The purpose of the Conference, at which eleven exporting countries are represented, is the discussion of "the abnormal situation which has arisen and is forcing those engaged in the agricultural industry to sell their wheat below the cost of production." Mr G. H. Ferguson, High Commissioner for Canada, in opening the Conference in his capacity as President, stated that the problem may be dealt with under two headings: (1) The disposition of present accumulated stocks in various countries; (2) improved methods for handling and distributing the wheat surplus of the future. At a plenary meeting on Tuesday, Mr S. McKelvie, a member of the Federal Farm Board, said that they saw no possibility of a satisfactory solution of the world wheat problem which did not include, as the most important single element, curtailment of production in exporting countries, individually and as a whole, until a better adjustment between supply and disposition could be effected, and restraint upon fresh expansion of production thereafter. Meanwhile, reports of the favourable condition of the United States winter wheat crop, coupled with a temporary decline in Continental imports, caused a slight setback in prices. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 28s. per 496 lb., as compared with 28s. 9d. a week ago; No. 2, Northern Manitoba, Atlantic, ex ship, 27s., against 28s.; Rosafé, ex ship, 23s. 6d., against 23s. 9d.; Australian, ex ship, 26s. to 26s. 9d., against 26s. to 26s. 9d.; and Russian, on sample, ex ship, 22s. 6d. to 24s.

WHEAT FLOUR.—The demand for home-milled flour has been steady and prices remain unchanged, but imported flour remains neglected. Quotations: Straight run, delivered country, 24s. 6d. per sack of 280 lb., as compared with 24s. 6d. last week; delivered London, 23s. 6d., against 23s. 6d. Manitoba patents, ex store, 21s. 9d. to 25s., against 22s. to 25s.; and Australian, ex store, 19s. 3d. to 20s., against 19s. to 20s. a week ago.

BARLEY.—Requirements of barley for feeding purposes have been quiet, and prices have been slightly lower, but other varieties remained steady. Quotations: "English malting," f.o.r., at 30s. to 35s. per 48 lb., remained unchanged. Californian sold at from 33s. to 3s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Owing to their limited supply, native oats advanced further; this led to a slight expansion in the demand for foreign oats. Quotations: "River Plate," landed, 13s. 3d. per 320 lbs., as compared with 13s. 3d. last week; "River Plate," ex ship, 12s. 3d., against 12s. 3d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; and North Russian on sample, landed, 18s. 6d., against 18s. 6d. a week ago. English white remained unchanged at 19s. to 20s.

MAIZE.—The demand for maize has been quiet, but there was little change in quotations. Quotations: "Plate," landed, 21s. 3d. per 480 lbs., as compared with 21s. 3d. last week; Plate, ex ship, 17s. to 17s. 3d., as against 17s. to 17s. 3d.; Plate, May-June, new, 16s. 6d., as against 16s. 6d. Yellow maize meal, ex wharf, was quoted at £5 15s., as against £5 15s. per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to May 16	Owts. 122,997	Owts. 130,531	Owts. 88,053	Owts. 251,856
37 weeks to May 16	4,264,347	8,448,116	8,962,183	9,516,590
Average price of English wheat per cwt.	s. d. 5 8	s. d. 8 9	s. d. 10 0	s. d. 11 3

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 9, 1931.....	Owts. 101,987	Owts. 19,080	Owts. 29,051	s. d. 5 7	s. d. 6 9	s. d. 6 5
May 16, 1931.....	122,997	12,260	25,505	5 8	6 9	6 8
May 14, 1927.....	162,543	27,134	59,907	12 0	11 2	9 4
May 19, 1928.....	251,856	25,855	25,228	11 3	11 0	12 11
May 18, 1929.....	88,053	17,386	18,407	10 0	10 4	9 9
May 17, 1930.....	130,531	46,234	20,428	8 9	7 9	6 8

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	May 21, 1930.	Jan. 2, 1931.	May 6, 1931.	May 13, 1931.	May 20, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	144½	107½	56½	62½	62½	60½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	103½	79½	82½	82½	82½

The visible supply of wheat in Canada, at 51,955,000 bushels, shows a decrease on the week of 3,979,000 bushels. Supplies a year ago stood at 66,306,000 bushels.

OTHER FOODS.

SUGAR.—Although the level of prices is still exceedingly low, the signing of the International Sugar Convention has imparted confidence in the sugar position. In New York, Cuban centrifugals, 96 deg., spot, advanced a further 0.02 cent to 3.20 cents per lb. There was no change in the quotations for British refined sugar, but new futures in London have been slightly easier. Wednesday's sales included "August delivery," at 6s. 2½d. to 6s. 3½d., as against 6s. 3½d. to 6s. 4½d. on the corresponding day last week; December, at 6s. 6½d. to 6s. 6½d., as against 6s. 7d. to 6s. 8d.; and March, 1932, at 6s. 9d., as against 6s. 10d. to 6s. 10½d. a week ago. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931. Tons.	1930. Tons.	1931. Tons.	1930. Tons.	1931. Tons.	1930. Tons.
London	244	502	1,283	1,221	28,793	37,125
Liverpool	14,342	15,440	12,553	13,525	79,922	96,257
Total	14,586	15,942	13,836	14,746	108,715	133,382
Last week	22,744	14,909	14,325	17,178	107,965	132,186

COFFEE.—The prices realised at this week's auctions were generally lower than last week, and only finest qualities were in good demand. Last week's movements of coffee in London were as follows: Brazilian, landed, 133 bags; delivered for home consumption, 316 bags; exported, nil; stocks, 2,839 bags, against 5,948 bags last year. Central American, landed, 5,881 packages; delivered for home consumption, 4,053; exported, 2,508; stocks, 127,763 packages, against 114,909 a year ago. Other kinds, landed, 4,601 packages; delivered for home consumption, 3,407; exported, 3,996; stocks, 104,568 packages, against 133,450 a year ago.

COCOA.—After a considerable decline during the last few weeks, the downward movement in prices seems to have been arrested and Wednesday's quotation for Accra, fair fermented, May-June, remained unchanged at 18s. 9d. per cwt., f.o.b., London contract. Last week's movements of cocoa in London were as follows: Landed, 6,344 bags; delivered for home consumption, 3,088 bags; exported, 180; stocks, 224,502 bags, against 195,151 last year.

TEA.—The quantities catalogued for this week's auctions comprised 48,710 packages of Indian, 30,887 packages of Ceylon, and 11,568 packages of Java and Sumatra tea. The recent improvement in tea prices has been maintained, and there was a good demand for common and fine teas, but medium qualities were neglected. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mining Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
May 15, 1930....	1 2-81	1 6-47	1 7-95	0 11-13	1 0-30	0 11-24	1 4-01						1 4-01
April 30, 1931....	0 11-12	1 3-24	1 6-53	0 6-76	0 7-16	0 5-81	1 0-93						1 0-93
May 7, 1931....	0 10-62	1 2-87	1 5-41	0 7-06	0 8-14	0 5-92	1 0-84						1 0-84
May 14, 1931....	0 10-26	1 4-61	1 4-63	0 6-99	0 7-49	0 5-95	0 11-88						0 11-88

RICE.—A further improvement has become noticeable in the market for rice. Wednesday's quotation for Burma No. 2, cleaned, May-June, in singles to the Continent, and to the United Kingdom, at 7s. 4½d. per cwt., shows a rise of 3d. on the week. Movements in London during the past week were as follows: Landed, 34 tons; delivered, 29 tons; stocks, 572 tons, as against 2,589 last year.

POTATOES.—Supplies at the Borough Market were again rather heavy, with the result that no recovery took place in prices, and "Best King Edward" again sold at £9 to £9 10s. per ton.

SPICES.—There has been no further decline in pepper prices, but the market remained quiet. Wednesday's quotation for "Black Singapore," at 5½d. per lb., shows no change as compared with that of last week.

FIGURES OF ASSURANCE A.M.P.

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COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
Wheat, No. 2, N. Man. 496 lb.	27 0	Irish bladders	62 0	English Southdown, washed	11 1/2	Best heavy ox and heifer	0 3/4 0 5 1/2
Eng. Gaa. 47, per cwt.	5 8	American, boxes, 56 lb.	43 0	Lincoln hog, washed	8 1/2	Best cow	0 3/4 0 0
Barley, Eng. Gaa. 47, per cwt.	6 9	POTATOES—	9 0 9 6	Queensland, scd. super cmbg.	22	Best calf	0 7/2 0 8 1/2
Oats, 280 lb.	22 3 0	Good English, per cwt.	9 0 9 6	N.S.W. greasy, super	12	INDIGO—	
Flour, Lon. stan. ex mill, 6 d.	0 0	SPICES—		Crossbred 40-44	6 1/2	Bengal gd. red-vio. to	5 6 6 6
Rice, No. 2 Burma, per cwt.	7 4 1/2	Pepper, per lb.	0 8 1/2 0 0	Topes—		fine—per lb.	5 6 6 6
Sago, Pearl, per cwt.	16 6 0	Muntok, fair White	0 8 1/2 0 0	Merinos 70's	25 1/2	LEATHER—	
Tapioca, per cwt.	17 6 0	Cinnamon—1st sort, per lb.	0 8 1/2 0 0	" 64's	24	Sole Bends 8/14 lb.	1 3 2 6
E.I. flake, fair spot	17 6 0	Cloves—Zanzibar, per lb.	0 10 1/2 0 0	Crossbred 48's	11 1/2	Bark Tanned Sole	2 3 3 0
Medium pearl	20 0 0	Ginger—per cwt.	0 0 0 0	" 46's	11	Shoulders fm DS Hides	0 6 0 9
MEAT.		African	24 0 0 0	COAL—	a. d. s. d.	Do. Eng. or WS do.	0 9 1 4
Beef, per 8 lbs.		Jamaica, ord. to good	45 0 85 0	Welsh, best Ad'ty, ton	20 0 0 0	Bellies from DS do.	0 7 0 10
English long sides	4 10 6 0	Mace	0 10 1 8	Durham, best gas, f.o.b.	14 6 0 0	Dressing Hides	1 3 1 6
Argentine chilled hinds	4 0 4 8	Nutmegs 656	1 1 0 0	Sheffield, best house, at	22 0 23 0	Ro. Eng. Calf, 20/30 lb.	3 6 4 6
Mutton, per 8 lbs.		(Duty, 11s. 8d. per cwt.)	18 6 21 6	Java, white, c. & f. India	7 10 1/2 0 0	Aust. Bends	1 0 1 5
English wethers	5 8 7 8	Refined—London—		IRON AND STEEL—		VEGETABLE OILS—	
N.Z. frozen	2 10 3 6	Yellow Crystals	19 4 1/2 0 0	Pig, Cleveland No. 3, ton	58 6 0 0	Linseed, naked, p. ton net	14 10 6
Pork, English, per 8 lbs.	5 4 6 4	Cubes	23 9 24 3	Bars, M'brough	210 0 0 0	Rape, refined	25 0 0 0
BACON— OTHER FOODS.		Crushed	20 14 20 9	Steel Rails, heavy	170 0 0 0	Cotton-seed, crude	18 10 0
Irish	75 0 100 0	Granulated	20 14 20 9	Tin Plates (20 by 14),	14 6 15 0	Coconut, crude	27 0 0
Danish	70 0 72 0	Home Grown (April)	19 3 19 4 1/2	per basis box (2 1/2)	14 6 15 0	Oil Cakes, Linseed, Eng.	13 7 6
Canadian	67 0 0 0	TEA—		METALS—		per ton	7 10 9
Dutch	53 0 60 0	Indian—per lb.		Copper, electrolytic, ton	41 15 42 15	Oil Seeds—Linseed—	
HAIR—Irish	0 0 0 0	Pekoe	0 5 1 8 1/2	Sheets (strong)	73 0 0 0	La Plata, p. ton	8 7 6
Canadian	0 0 0 0	Broken Pekoe	0 5 1 2 3/4	Standard	38 13 9	Calcutta—per ton	10 6 5
American	74 0 90 0	Orange Pekoe	0 5 1 2 3/4	Lead Eng. Pig	13 11 1/2	PETROLEUM PRODUCTS—	
BUTTER.		Broken Pekoe	0 5 1 2 3/4	Soft Foreign	11 11 3/4	Motor spirit, No. 1, Lon-	
Irish creamery per cwt.	nom.	Orange Pekoe	0 5 1 2 3/4	Spelter G.O.B.	10 7 6	don	1 3 1/2
Australian	105 0 110 0	Broken Orange	0 5 1 2 3/4	Tin—English ingots	105 10 0	Petroleum, Amer. rid.	0 10 1/2
New Zealand	110 0 113 0	Pekoe	0 4 1/2 2 1/4	Standard cash	105 10 0	Fuel oil, in bulk, for	
Danish	118 0 119 0	Broken Pekoe	0 4 1/2 2 1/4	MISCELLANEOUS.		contract, ex instal.	
CHEESE.		Orange Pekoe	0 4 1/2 2 1/4	CHEMICALS—	a. d. s. d.	Thames—	
Canadian	70 0 76 0	Broken Orange	0 4 1/2 2 1/4	Acid, citric, per lb. less 5%	0 11 1 0	Furnace ... per ton	62 6
New Zealand	51 0 54 0	TOBACCO—		Nitric	0 24 0 4	Diesel	75 0
English Cheddars	48 0 106 0	(Duty 8/10-9/10 per lb.)		Oxalic, net	0 34 0 0	Lubricating oil ex store,	
Dutch	48 0 56 0	Empire growths, 6/9 1/2		Tartaric, English less 5%	0 11 0 11 1/2	London—per ton	9 10 0
OOOOL.		Virginia leaf	0 8 2 6	Alum, lump	10 0 0 0	Reds	10 7 6
(Duty, British grown,		Common to fine	0 7 1 3	Ammonia, carb.	36 0 38 0	Cylinder	9 12 6
11s. 8d.; foreign, 14s. cwt.)		Rhodesian leaf	0 7 1 3	Sulphate	10 0 12 0	ROBIN—	
Acacia, f.f., per cwt.	19 0 24 0	Nyasaland leaf	0 7 1 3	Arsenic, lump	35 0 40 0	American	per ton 12 5 0
Trinidad	40 0 48 0	strips	0 10 1 6	Bleaching powder, per cwt.	7 10 0 6 12 1/2	RUBBER—	
Grenada	30 0 39 0	East Indian leaf	0 5 1 0	Borax, gran.	per cwt. 11 0 0	St. ribbed smoked sheet	0 3 1/2 0 3 1/2
COFFEE.		strips	0 5 1 0	Nitrate of Soda	per cwt. 10 9 11 0	Pine Hard Para	per lb. 0 4 1/2 0 0
(Duty, British grown,		COTTON—		Potash—Chlorate, net	0 3 0 3 1/2	SHELLAC—	
11s. 8d.; foreign, 14s. cwt.)		Mid-American	5 0 1	Sulphate	per cwt. 10 0 11 0	TN Orange	per cwt. 75 0 77 6
Sant's suppr., c.d.f. cwt.	43 6 0 0	Sakellaris, f.f.	8 0 5	Sul-Astoria	per cwt. 42 6 45 0	SHELLS—	
Colombian, good	70 0 92 0	60's twist	15	Soda Board	per cwt. 9 0 10 6	W. Aust. M.-o.-P.	3 10 11 10
Costa Rica, med. to good	80 0 125 0	FLAX—		Crystals	per cwt. 5 0 5 3	TALLOW, London Town	per cwt. 19 6
East Indian	88 0 118 0	Livonian ZK	per ton 35 0 0 0	Sulphate of Copper	per ton 21 0 22 0	TIMBER—	
Kenya, medium	74 0 88 0	Pernau HD	32 0 0 0	CEMENT—		Swedish u/s 3 x 8	per std. 17 10 0
EGGS.		Slanetz Medium 1st sort.	41 0 0 0	Portland, best Eng. pr. ton	46 0 48 0	Do. 2 1/2 x 7	" 17 0 0
English	per 120 9 0 10 6	HEMP—		Portland, best Eng. pr. ton	46 0 48 0	Do. 2 1/4 x 4	" 15 0 0
Danish	8 6 10 3	Italian P.O.	per ton 31 0 0 0	S.D. Straits c.f.f.	per ton 12 17 6 0	Can'dn Spruce, Dia.	per load 24 0 0
FRUIT.		Mosina, May-July "J2"	17 5 0 0	Smoked South Sea	12 5 0 0	Pitchpine	per load 9 0 0
Oranges, South African box	0 0 0 0	N.Z.	nom.	DRUGS—		Ric Deals	per std. 36 0 0
Oranges—		Sisal, African, May-July	14 15 15 15	Camphor	a. d. s. d.	Teak	per load 30 0 0
Dania and Valencia		Mexican	nom.	Japan, refined	2 1 1/2	Honduras Mahg. logs	c. f. 9 10 6
Lemons, Sicilian boxes	9 0 16 0	JUTE—		Caster-oil	65 0 95 0	African	" 0 6 0
Malaga cases 420 No. 1	0 0 0 0	Native lat mks. ... per ton		Peppermint, Wayne Co.	9 3 9 6	Amer. Oak Boards	" 0 6 0
Apples: Amer. (var.) box	0 0 0 0	c.f. H.A.R.B.	£16/10/0	HIDES—		Do. Ash	" 0 7 0
" (var.) boxes	12 0 13 3	Daisee 2/3 c.f.f. Dundee	£16/7/6	Wet salted—Australian		English Oak Planks	" 0 6 6
" Australian	8 6 16 0	May-June		West Indian	0 4 1/2 0 5 1/2	Do. Ash	" 0 7 6
ONIONS.		SILK—		Cape	0 4 1/2 0 4 3/4		
Valencia, case, 4s.	0 0 0 0	Canton	per lb. 6 0 8 6	Dry and Drysalted Cape	0 6 0 7 1/2		
Egyptian Bags	11 12 6	Tussah	3 6 4 6				
Grapes, Lisbon	0 0 0 0	Japan	8 6 11 6				
" Almeria	0 0 0 0	Italian—Raw, fr. Milan	8 0 10 0				

MEAT.—A considerable advance in beef and pork prices was the feature at the Smithfield Market during the week. On Wednesday, Argentine beef (chilled hindquarters) was sold at 4s. to 4s. 8d. per 8 lbs., against 3s. 10d. to 4s. 2d. on the corresponding day last week, while New Zealand frozen mutton again realised 2s. 10d. to 3s. 6d. According to the Smithfield Market official report, supplies of meat during last week amounted to 8,918 tons, as compared with 9,234 tons in the corresponding week last year. Imported beef, principally Argentine, formed 86.6 per cent. of the supplies, as against 82.8 per cent. a year ago; and imported mutton, mainly New Zealand, formed 85.9 per cent. of the total supply, as against 83.5 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally have an easy tone and values show some reaction in the absence of effective demand. Linseed is quiet and neglected, crushers both here and on the Continent being out of the market despite lower prices in sympathy with Argentina. Plate for May and June shipments declined to £8 5s., but later improved to £8 10s., distant positions being at a small progressive premium. For September shipment to Hull £8 10s. was conceded early in the week. Calcutta to London, May-June, is nominally £10 5s. Large arrivals have reduced the quantity of linseed afloat to Europe to 129,000 tons, or 36,300 tons less than last week and comparing with 121,100 tons a year ago. Linseed oil is in poor trade demand and with Continental oil offering at competitive figures prices have declined sharply. Raw oil on spot at Hull has fallen to £15 10s., and May to August delivery to £15. Cotton oil is quiet and neglected. Crude Egyptian ex Hull mill offers at £18, crude Bombay £17 10s., and common edible at £20 10s. Oilcakes and meals are in only moderate demand at unchanged prices.

HIDE, LEATHER AND ALLIED TRADES.—Cattle hides showed a steeper tendency at the auctions held in Manchester this week, all ox and heifers selling at the previous week's figures. Cows were again a weaker market, reductions of 1/4d. per lb. being recorded

on all weights. Bulls were unchanged in value, as was also the case with calfskins. The market for sheepskins remains weak in face of a poor demand. Although business in regard to imported hides is chiefly confined to small sales, there is a brighter tone in some quarters and rather more strength in quotations. In the South American market the continual buying on account of United States tanners has kept prices at a fairly steady level, Argentine ox now being quoted at 5 1/2d., with light ox selling at a fraction over 4 1/2d., and Uruguay ox at 5 1/2d. Very little business has transpired in regard to dry River Plates, but small sales have been made of B. A. Americanos at 6s., and Inservibles at 3 1/2d. The position of the market for Cape hides shows practically no improvement. Australian hides are a quiet market. Turnover in regard to sole leather has not been at all satisfactory, and, generally speaking, sales have been for lesser quantities than during the past fortnight or so. Dry hide bends for manufacturing purposes have been inquired for and a fair amount of business, all things considered, has been done in the lighter weights. In the upper leather section a fair business has been done in most classes, the chief call being in connection with glacé kid and willow calf.

RUBBER.—The appointment by the Dutch Colonial Secretary of a committee to consider means of improving the situation of rubber growers in the Dutch East Indies, which has given rise to the hope that the Dutch Government may eventually consider the control of output, caused a sharp rise in prices at the end of last week. Wednesday's official closing price for standard ribbed smoked sheet, at 3 1/2d. per lb., shows an advance of 1/4d. as compared with the corresponding day last week. Forward positions were also firmer. Business has been done at 3 1/2d. to 3 3/4d. for June, against 3 1/4d. last week; at 3 1/2d. for July-September, against 3 1/4d. to 3 1/2d.; at 3 1/2d. to 3 3/4d. for October-December, against 3 1/4d. to 3 1/2d.; and at 3 1/2d. to 3 3/4d. for January-March, 1932, against 3 1/4d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,875 tons; delivered, 2,196 tons; stocks at the end of last week, at 140,207 tons, show an increase of 679 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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THE MONEY MARKET.

DULL conditions have prevailed since the holidays, and business has been very limited. On Wednesday, old money was quoted at 1 1/4 per cent., while 2 per cent. had to be paid for new money, but the following day 2 per cent. was quoted all round. Immediately before Whitsun there was a tendency for discount rates to fall below 2 per cent. Last Friday's Treasury bills were, in fact, allotted at an average rate of £1 19s. 11.95d. per cent.

and this rate was recorded in the absence of keen competition, as applications for the £35,000,000 of bills offered only amounted to £42,350,000. Since then rates have been inclined to harden. On Wednesday three months' bills were quoted at $2\frac{1}{2}$ per cent., while the following day 2 per cent. was a common figure.

The hardening tendency of discount rates was generally ascribed to adverse foreign exchange movements, for the New York, Paris, Amsterdam and Swiss rates have all moved this week against sterling. The movements were in no case large enough to cause any real anxiety, and it is noticeable that this week the premium upon three months' forward francs has narrowed from 32 to 23 centimes. The new rate is equivalent to a cost of covering French short-money investments in London amounting to only $\frac{3}{4}$ per cent. per annum, against one per cent. the previous week, and so a 2 per cent. market rate in London has for the moment ceased to be quite as essential as it was. In fact, market rate could now probably fall to $1\frac{1}{2}$ per cent. without any serious danger of French withdrawals arising.

On the other hand, so long as the clearing banks continue to charge 2 per cent. for their loans, it is difficult to see how market rate can remain as low even as its present level of 2 per cent. It is true that in these days, especially when money is unusually abundant, bill-brokers must be able to obtain a fair quantity of their funds from outside sources. Against this, competition from the gilt-edged market must be reckoned with, and in any case the money market is normally accustomed to rely upon the clearing banks for the bulk of its funds. Taking every factor into account, there is reason to believe that at present bill-brokers are having to work upon an adverse margin between the average cost of their loans from all sources and the average earnings on their bills. The return on their holdings of short-term Government securities helps to redress the balance, and in any case bill-brokers cannot grumble, after their previous post-war experience, if they have to pass through a lean period. Still, this does not suggest that a 2 per cent. market rate possesses any great permanence.

	Mar 7, 1931.	Mar 14, 1931.	Mar 21, 1931.	Mar 28, 1931.	Previous Rate and Date Changed.
Bank Rate	3%	2½%	2½%	2½%	3 (May 14, '31)
Banks' Deposit Rate..	1	1	1	1	1½ (May 1, '30)
Discount (Call)	1	1	1	1	1½ (May 1, '30)
Houses' Notice ...	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months bills)	2½	2½	2-2½	2	...

The foreign situation must also be taken into account, for the recent weakness of the mark, the Credit-Anstalt difficulties, and the hints of a possible reparations moratorium all show that there is a general atmosphere of unsettlement on the Continent. The Credit-Anstalt position is dealt with fully on a subsequent page, where it is pointed out that London houses are unlikely to do anything to add to the difficulties of the situation. Still, as the French banking difficulties of last autumn showed, any untoward development is likely to cause unexpected movements of funds, and to make money tighter all round. This makes it extraordinarily difficult to forecast the outlook for the discount market, and possibly bill-brokers would be well advised not to try and take at present too long or definite a view.

Suggestions of a 2 per cent. Bank rate are still to be heard, and no doubt the fact that it would facilitate conversion operations is being given due weight. Again, the decline in the premium on forward francs is removing one powerful objection to a further reduction. The considerations, however, advanced in the previous paragraph, apply with still greater force to the question of a lower Bank rate than they do to the course of market discount rates. So here again all that can be said at present is that the situation must be watched with the utmost circumspection, and that if the reduction does come, it will come

without the slightest warning. In one sense, it is to be hoped that it will come, for its advent might mean that the difficulties on the Continent are on the way to their solution.

This week's Bank return mainly reflects the Whitsun withdrawals of currency and the continuation of preparations for the War Loan dividend. The note circulation has expanded by £3,319,000, and allowing for the week's gold acquisitions of £872,000, the reserve is lower by £2,447,000. Public deposits are higher by £2,483,000, but against this Government securities have expanded by £2,926,000. An increase in discounts and advances almost exactly offsets a contraction in other securities, the movement being just under a million in each case. Bankers' deposits have fallen by £1,873,000 to £54,761,000. Under normal conditions this last figure is low enough to cause some stringency, and so the easy conditions now prevailing are evidence of the lack of demand for funds and of the inactivity of the money market.

Money remains cheap and plentiful in New York, and while the inside call rate remains at $1\frac{1}{4}$ per cent., money has at times been freely offered "outside" at 1 per cent. Brokers' loans, according to last week's return, have fallen to a new low record of \$1,631,000,000. New York banks have reduced their rates for foreign and commercial demand deposits to as low as $\frac{1}{4}$ per cent., while the rates paid on time deposits of these classes have been lowered from 2 to $1\frac{1}{4}$ per cent. Banks throughout the country are now reducing their deposit rates. The San Francisco Reserve Bank has lowered its rediscount rate from 3 to $2\frac{1}{4}$ per cent.

The Foreign Exchange market was fairly active in spite of the intervention of Whitsuntide, and fluctuations were numerous and in some cases wide. The dollar fell away at one time to below 4.86½, but closed at 4.86½, a loss by sterling of $\frac{1}{4}$ on the week. Montreal improved fractionally to 4.86½. The franc improved by nine points to 124.27, after touching 124.24. Brussels was better at 34.92, but the lira lost two points at 92.94. The peseta was again very erratic and touched new low levels at 52.50, against 48.30 last week. Amsterdam moved against us from 12.10½ to 12.09½. Berlin was weak throughout, and fell away from 24.42½ to 20.47½. Swiss francs improved sharply from 25.22½ to 25.16½. Of the Scandinavian exchanges, Stockholm was better by $\frac{1}{4}$ at 18.14½. Oslo lost $\frac{1}{4}$ at 18.16½ and Copenhagen gained $\frac{1}{4}$ at 18.16½. The South American currencies were again erratic and weak, Rio losing $\frac{1}{4}$ d. on balance at 3½½d., Buenos Aires declining from 34½d. to 33½d., and Montevideo from 29½d. to 27½d. In the Far East the rupee was weaker and lost $\frac{1}{4}$ d. at 1s. 5½½d. The yen was unchanged at 2s. 0½½d. Batavia improved from 12.12 to 12.10½. In the forward market, dollars were unchanged at $\frac{1}{2}$ cent and $\frac{3}{4}$ cent premium. Paris was more on offer at reduced premium quotations of 10 and 23 centimes, as was Brussels at $\frac{1}{2}$ cent and 3 cents premium for one and three months respectively. The discount on forward Milan widened by a point for each quotation to 7 and 23 centesimi. Madrid was weaker at 2 and 15 centimos premium. Amsterdam was firmer at $\frac{1}{4}$ cent and $1\frac{1}{4}$ cents premium. Berlin was better at $2\frac{1}{2}$ pfennig and $1\frac{1}{2}$ pfennigs discount, against $1\frac{1}{4}$ and $2\frac{1}{4}$ pfennigs discount last week. Switzerland fell away fractionally to $1\frac{1}{4}$ centimes and $3\frac{1}{4}$ centimes premium. As a result of Chinese and Indian selling, silver fell by $\frac{1}{4}$ d. for both cash and forward to 12½d. and 12½d. respectively. The China silver exchanges weakened in sympathy, Hong Kong losing $\frac{1}{4}$ d. at 11½d. and Shanghai $\frac{1}{4}$ d. at 1s. 2½d.

MONTHLY TRADE SUPPLEMENT

We publish this week our Monthly Supplement, in which will be found an appreciation of the trade situation at home and abroad, together with statistical information on the foreign trade, price movements, currency, and production of the leading commercial countries of the world. Its contents include an index of electricity production, and a series of indices of British trade activity. Included in our Supplement this month is a table showing stocks, output and prices of leading commodities.

THE WAGES PROBLEM.

WAGE negotiations are pending in a number of important British industries, among them engineering, shipbuilding and docks, and it is clear that this summer will bring to the forefront the main question, which a long-continued depression in trade was bound to raise, whether a widespread reduction in wage-levels has or has not become essential. Apart from the exceptional case of the coal mines and trades such as the iron and steel trade, where wages are based on a sliding scale, and the recent moderate scaling down of wages on the railways, the average level of nominal wages in organised branches of British industry has shown no appreciable change during the past seven years; but as the cost of living has steadily declined during these years, real wages have risen to an appreciable extent. The question is whether that level, which is the highest for those in employment that has ever been experienced in this country, can be maintained in the face of the last eighteen months' catastrophic decline in the prices of primary commodities and the consequent contraction in the purchasing power of many of the customers on whom our export trades rely.

The question, of course, is not by any means confined to this country. Important wage reductions have already been made in Germany, while in the United States the concerted attempt to prevent any wage reductions that was initiated by Mr Hoover after the stock market crash of 1929 has apparently broken down. Very many wage reductions have in fact been made with the consent of the local unions, and many more are under discussion. But the American Federation of Labour has now declared its intention of definitely resisting further cuts. The President of the Federation has just issued a statement pointing out that, though the prices of many commodities have fallen heavily, the reduction in retail prices and the cost of living generally is probably not more than 6 or 7 per cent., and that therefore large wage reductions can only be carried out at the expense of the worker's standard of living. But in the United States, even more than in this country, the industrial sections of the population are close up against the agricultural sections whose purchasing power has been very drastically diminished, and with six millions unemployed and a considerable number partly employed it is not surprising that, though there has been no general cutting of wage rates, the pay rolls of industrial concerns show a very rapid and substantial fall.

In this country, so far as the trade union leaders have declared themselves, they have adopted the same point of view as the American Federation. At the People's Congress, for example, held at Manchester a week or two ago, and attended by delegates from trade union, Labour and co-operative organisations, Mr Ernest Bevin, the dockers' leader, committed himself to a definite defence of the inelastic rigidity of British wages as an effective weapon whereby "the system" could be forced to adapt itself to the requirements of trade unionists. Unless trade unionists made the most stubborn resistance to the employers' proposals, he saw no logical end to the process of wage reductions other than a lowering of the workers' standard of living to what he described as the "coolie level"; and he made much of the argument that every time wages fell the commodity value of indebtedness to bondholders went up. Thus, he said, "resistance to wage reductions stands for a bigger philosophy than for the maintenance of a penny or two of present rates."

If this point of view, which after all is a natural reaction of wage-earners to any suggestion of wage reduction, is to be taken literally, it would imply that no wage reductions will be made in this country without serious conflict. We may, however, venture to doubt whether this is what, in fact, will happen, for it is natural to suppose that to some extent this declaration is a manœuvre for position, and that few, if any, of the forthcoming wage negotiations will be carried out on general principles. On the contrary, what is likely to happen is that the discussion in each industry will be based upon the capacity of that trade to pay present wages, and that the bargainers on the trade

union side will pay attention, as they have always done in this country, to the turnover of trade, to profits and the ability of the industry to employ at current rates. The trades in which demands for wage cuts are being made are naturally those in which competition is keenest, and the wage-earners, no less than the employers, are naturally anxious to avoid a drastic curtailment of employment. When the time comes to make a deal, the leaders will be able to justify part, at all events, of any concessions they may have to make by the fall in the cost of living to which we have already referred. Throughout industry generally, but particularly in the competitive trades, it is clear that the variations of employment would be considerably less if there were greater flexibility of wages and a more ready means of adjusting them to the state of trade. It is very much to be hoped that in the forthcoming negotiations, wherever conditions are appropriate, some system should be designed analogous to that obtaining in the iron and steel industry. In that trade the flexible system of wages adopted has maintained industrial peace and done something to enable employers to meet acute periods of competition. Unfortunately, the still unorganised character of dock labour makes it impossible to contemplate the adoption of such a system in that branch of the transport industry.

Unfortunately, any changes that may take place in these competitive trades will throw into greater relief the other great problem of British wages, namely, the discrepancy between "sheltered" and "unsheltered" trades, and this growing discrepancy will inevitably raise the question whether it is necessary to face a general scaling down of wages. We are certainly not among those who consider that the wage level of Great Britain is unduly high or one that it is quite impossible for her to maintain in normal circumstances. Indeed, the level of real wages is the test of a country's economic prosperity. An analysis of the facts shows that between 1924 and 1929, in spite of the difficulties attendant upon the return to the gold standard, and the prolonged mining dispute of 1926, the volume of employment in Great Britain kept pace with the increase in the adult population; while the productivity of the country increased a little faster, and, as we have already indicated, real wages slowly rose. During that period the continuing abnormal unemployment was mainly concentrated in a few export industries, and it is not too much to hope that, but for the intervention of the world depression, we should gradually have absorbed into other industries the surplus workers in the contracting trades. The slump of last year has produced a setback to this steady progress.

It is not, of course, practical to assume that the wage system of the country as a whole can swing backwards and forwards with the state of trade. The question to be decided is whether the present situation is such as to call for a general revision of the wage level. The answer to this question depends upon what view is taken of the economic situation. Briefly, three views are possible. The first is that owing to the economic decadence of Britain (of which, however, the progress of recent years affords no evidence), the threat of Russia to the whole of Western civilisation, the lessened opportunities for a great trading nation like Great Britain in a world of highly nationalist economic units, we must be prepared for a continuous decline in our trade, involving a steady fall in the British standard of living, or a great emigration of our population. The second view, to which Dr. Sprague recently gave some currency, is that there is no hope of reconciling the divergence between agricultural and manufacturing prices except by lowering the latter to the level attained by raw produce. Such adjustment would necessarily affect the earnings of the industrial population all over the world. The process would be long and must affect all commodities, but when it had been carried out production and exchange would go on as before. If either of these two views is correct, we must make preparations to bring about as smoothly and as harmoniously as possible a general fall in the level of wages. But if we do this,

we must take heed to Mr Bevin's demand that sacrifice must not be confined to the wage-earner, which is indeed unanswerable. Income reduction cannot be demanded for one section of the population only; the corollary to general wage reductions is a cut in all salaries and earnings of all kinds, including the return to the *rentier*, for it is inconceivable that any such general movement would be accepted if the holders of fixed-interest securities are to be immune from the general scaling down. This is, in fact, precisely the position which Australia is facing to-day. If prices all over the world are to be adjusted in the way that Dr. Sprague suggests, the only method by which we in this country could escape from the consequences entailed would be by cutting our monetary system adrift from gold—a step which would sacrifice our international commercial interests and prejudice the great volume of employment which depends upon them. Happily, however, there is a third possibility. It is that, under the influence of cheap money, with the elimination of the political difficulties that beset the international scene, and with the removal of arbitrary and foolish obstacles to trade, we may once more see a re-emergence of buying power, a resumption of the normal flow of capital, and a recovery of prices which will help the sorely distressed agricultural countries of the world. If this happens, we have no need to fear a prolonged or permanent reduction of the standard of living, and we may expect to see the price level re-established on a basis that may render unnecessary a nation-wide revision of salaries and wages.

We may not know for some little while which of these three will prove to be the correct view. In the meanwhile there are three points which should be borne in mind, and three steps to be taken. The first is that in the competitive trades every endeavour should be made to introduce automatic methods of wage adjustment according to the ability of the industry to pay—adjustments which, of course, must work upwards when trade is good as well as working downwards when trade is bad. Secondly, that the disparities between sheltered and unsheltered trades should, in notorious cases, be adjusted so as to remove an element of inequity from the wage system; and, thirdly, that the cost-of-living index should be overhauled and put on a basis which commands the confidence of the workers, in order that, if it is clear that the cost of living has fallen by a definite amount, wage adjustments should be readily and automatically accepted.

THE PHYSICIANS OF EUROPE.

THE League has once more amply justified its existence. The Austro-German customs union question was duly referred to the World Court, and thus removed for the moment from the arena of immediate controversy. But the delegates assembled at Geneva went further and made an attempt to deal constructively with the economic difficulties of the day. A convention providing for the creation of an International Agricultural Mortgage Company was signed by sixteen States, with other adhesions, including, possibly, that of Great Britain, in prospect. For the rest the European Committee did the only thing it well could do in the limited time at its disposal—selected a number of questions ripe for immediate examination and referred them to committees which will meet more or less simultaneously in the month of June. These various activities are enumerated by our Geneva correspondent in a later column. On their respective merits and on that of others that might be mentioned, much could be said—and there will be other opportunities of saying it. What is in some respects more important at this particular moment is the spirit in which the discussions at Geneva were conducted, the motives that prompted the suggestions made in different quarters, and the net effect on the political situation of Europe. These questions are the more relevant in that, though the meetings of the European Committee were devoted almost wholly to economic matters, the members of the committee were, with one or two unimportant exceptions, not Ministers of Commerce but Foreign Ministers. The points of view of the individuals holding those respective positions in a particular Cabinet do not always coincide, and before the sequels to the Geneva talks of ten days

ago work themselves out, the Boards of Trade and Ministries of Commerce will have their observations to offer on the general directives their colleagues of the Foreign Offices have given.

What lay behind those directives is clear enough. There weighed upon the European Committee, which M. Briand had brought into being, and over which he presided with a personal authority undiminished by his defeat in the presidential election, an oppressive sense of the economic distresses of Europe, and their convictions on that point were brought to a very definite head by the Austro-German customs negotiations. The question of the actual legality of the proposed customs union was sent safely off to the Court at the earliest possible moment, but it will come back from the Court some day, and it was necessary to be ready with some larger scheme of European economic reconstruction in which the Austro-German plan might be discreetly merged if the Court should pronounce it legal, or which might be accepted by Germany and Austria as a not inadequate alleviation of their sufferings in the event of the opposite verdict being returned. Austria, in particular, had justified her negotiations with Germany by the plea that her situation was so desperate that any possible relief from whatever quarter must be clutched at. That being so, Austria must be offered, as the French in their plan did offer her, something apparently tangible to feed her hopes. The customs union plan might or might not prove workable in practice and might or might not yield the results predicted of it, but it has at any rate produced in Vienna the impression that something radical, with considerable possibilities, is being attempted, and the consequent psychological reactions are not altogether negligible. France, in particular, was satisfied that some alternative must be provided that would make a direct appeal to Austria. Hence her proposals for a general preference for Austrian products, an advance which Austria would have appreciated more if it had come from the Little Entente, with which her trade relations are, or should be, extensive, rather than from France, with whom they are inconsiderable.

But even interpreted crudely as a mere attempt to outbid Germany as furnisher of relief to Austria, France's initiative is legitimate enough. Austria must have help of some sort from outside, and it was well for the European Committee to turn its mind in that direction. If that had no other effect, it enabled Dr. Schober to return to Vienna satisfied that his country's necessities were not being overlooked and that salvation did not hang on the customs union plan alone. It would appear that Dr. Schober did, in fact, return home reasonably satisfied. M. Briand, in his closing speech, declared that he, too, went home content, in the conviction that the body he had brought to birth was grappling as it should with the problems it was created to attack. Mr Henderson has put on record equally his belief that the discussions served their purpose in laying the foundations of new forms of international co-operation. M. Litvinoff, who was a good deal less out of his element in the Geneva framework than ever before, agreed that while the Soviet system and the capitalist system must continue to pursue their undying struggle, there was room for beneficial collaboration between them in the field of international trade.

To Dr. Curtius Geneva may have been less congenial. There could be no question of not accepting the reference of the customs union to the Court, but that course had to be justified to the Nationalists of various shades, who would have hailed its rejection with delight. The German Foreign Minister, moreover, has every reason to recognise what the failure of the European Committee, or some other agency, to effect an improvement in the affairs of Europe will mean to his country. Detached observers view with grave apprehension developments which the coming winter may bring in Germany, for, though no one believes Hitlerism capable of anything constructive, it may quite well put to its credit the far simpler achievement of pulling down. And the legates of a Hitler failure would be the Communists.

In spite of that, the general trend of the Geneva discussions gives ground for some encouragement. The

atmosphere was good. The opposition between the French and German points of view over the customs union was sensibly less sharp when the Foreign Ministers met face to face than when the interchanges had taken the form of public speeches and newspaper polemics. Talks between M. Briand and Signor Grandi resulted in a definite *détente* so far as the two Ministers themselves were concerned, though that does not mean necessarily that they can carry their publics with them along the road they would like to travel. M. Litvinoff conformed in all respects to the Geneva tradition, and his speeches opened up new hopes of the co-operation of Russia in various economic understandings essential to the welfare of Europe. And what may be most important of all if words have their sequel in action, the condemnation of Europe's tariff madness, voiced with outstanding emphasis by Mr Henderson, was endorsed openly or tacitly by all the Foreign Ministers on the European Committee—and they numbered over twenty. Italy made the specific proposal that the negotiations contemplated under the abortive Commercial Convention of last March should be resumed. That involves, incidentally, acceptance of the principle of the tariff truce, and more specifically the prosecution of further negotiations leading to progressive reductions of tariffs. The motives behind the proposal are to some extent matter for conjecture. The simplest explanation is no doubt that Italy is sincerely convinced of the necessity for general tariff reductions. Contributory motives may have been a desire to approach the standpoint of Great Britain on this question, and also the temptation to present a rather embarrassing challenge to France, which had discreetly postponed ratifying the Commercial Convention till after it had lapsed from an insufficiency of ratifications. If the British, French, German and Italian ratifications all hold good still, a reopening of the conversations might put a new complexion on the outlook for some definite understanding in regard to tariffs.

The optimism of M. Briand's closing speech to the European Committee may have gone a little far, but there can be no doubt that the committee fully justified its existence at its recent meeting. It is one of the recognised merits of the League of Nations Council that it brings into personal contact the principal Foreign Ministers of Europe at least three times a year. But there are a number of men outside that narrow circle—Benesh of Czechoslovakia, for example, and Hymans of Belgium, and Beelaerts van Blokland of Holland—whose countries are not at present members of the Council, but whose absence from any European discussions of importance would be a serious loss. In assembling them at Geneva as often as the Council meets the European Committee is serving a useful purpose, and so far from the Council and Committee clashing they are working in with one another in perfect harmony. The position at the present moment is that the Committee has taken a general survey of the ground and set machinery in motion which is timed to produce results in five weeks' time. Whether in that short space anything of practical value can be achieved is obviously open to question. On the other hand, the case is urgent, and what cannot be done quickly may be not worth doing at all.

SOME FEATURES OF THE AMERICAN SITUATION.

THE American boom of 1929, with its tremendous pull upon the liquid money resources of the world, followed by the disastrous slump in November of that year, stood out so clearly as the immediate heralds of the world depression that all eyes are naturally fixed upon the United States to seek for the first omens of recovery. It would be a mistake to regard the economic prosperity of the rest of the world as merely governed by conditions in the United States. Nevertheless, the United States is so important a factor as a consumer of raw produce, as well as producer, as financier and international trader, that the situation across the Atlantic is perhaps rightly to be considered as the greatest single

factor in the world position. We know of no one who is ready to make a really confident forecast as to the future trend in that country, and it is certainly not attempted by the official authors of the annual report* on the economic conditions in the United States, recently published by the Department of Overseas Trade. Their survey, however, of a very abnormal year contains a number of sidelights, comments and criticisms which may well help to a better understanding of the position.

Some of the features to which they refer are reassuring. For example, having called attention to the enormous expansion of credit during the period of prosperity, they proceed to discuss the part played by instalment buying—a system which some have regarded as at the root of the trouble. There can be no doubt that this system in certain industries gave tremendous momentum to the activity of the years of prosperity, and that the large amount of instalment debt outstanding when depression set in acted as an added check to the sale of all such goods.

"The interesting fact here to be recorded, however, is that liquidation of such indebtedness during the past year or eighteen months has proceeded, on the whole, in a very orderly manner without any alarming number of personal bankruptcies, while the reduction in the volume of new instalment sales has been no greater than the reduction in general business activity."

Moreover, it is significant that although the large number of concerns floated to finance this system were consolidated and to-day number probably no more than 1,200, there have been no failures recorded among these financial houses. According to a special inquiry of the *Magazine of Wall Street* no more than 10 per cent. of the instalment debt financed in 1929 was outstanding at the end of 1930. At the peak of the boom the system probably accounted for \$600 millions in a year, or about 10 per cent. of the total retail sales of the country. The system undoubtedly represents debt inflation, but the greater part of the extended bank credit went not into commercial loans but, particularly in the latter years of the boom, into loans against securities and real estate. A rough estimate of the holdings of the latter shows a rise from \$11 millions in 1920 to \$27 millions in 1929, while *Moody's* estimate of the total volume of securities outstanding shows an increase from \$62 millions in 1920 to \$100 millions in 1929.

The authors proceed to discuss the rôle of mass production. They lay the greatest possible stress upon the pooling of experience, which they think tended very considerably to raise the average level of industrial proficiency throughout the country. Whatever the cause, the results were undoubtedly very striking, but it is suggested that in many cases the movement has been carried beyond what was rational and has produced units of unwieldy size. "The point of maximum production-economy seems to have been exceeded, notably in such industries as flour milling, baking, petroleum refining and probably several others. . . ." In the opinion of the authors, some of these consolidations have been made for reasons by no means connected with efficiency.

"The aim in some instances has been rather to facilitate the raising of fresh capital or to provide personal profits for the promoters and their friends. Without inside information it is usually impossible to disentangle the motives behind consolidations. Sometimes they seem to result from the efforts of corporation lawyers to create work for themselves, and, again, from the lust of an industrial leader for greater power; but, in this country at least, the concentration movement swells and subsides with the rising and falling of the stock markets. With some concerns merger is the only alternative to bankruptcy, and this is undoubtedly the light in which some of the combinations should be regarded."

Another aspect of this matter is the great problem of disposing of the vast output of these huge units. The problem of marketing is growing acute. In past times the American market was a very rapidly developing one, but at the present moment, in the authors' opinion, the degree of elasticity now existing in American domestic demand is much smaller than formerly.

In these circumstances it might have been assumed that the effect of the depression would be to turn the output

* "Economic Conditions in the United States of America, March, 1931." Report by Sir J. Joyce Broderick and Arthur J. Pack. (London) H.M. Stationery Office, 3s.

of these great producing organisations into the overseas market, and in 1929 it seemed that this situation was imminent. Severe price cutting was resorted to in some instances, and it is well known that other countries considered the necessity of taking steps to meet this menace from America. The danger, however, did not materialise, and, as the authors observe, "no systematic dumping ever came to the writers' notice." Indeed, foreign orders dropped off in spite of the most energetic attempts to enlarge them. It would, however, be unwise to under-rate the trend of American production towards the export market. This is illustrated not only by the growth over a period of years of the total volume of American exports, but by the rising proportion of manufactured goods. Although much of the exceptional activity of American traders in 1915 and 1916 in South America proved ephemeral, and many firms perished in the collapse following 1920, the United States never entirely lost the foothold she secured during those years. In that part of the world and in the Far East, more than in Europe, the United States has been consolidating her position. The world has required, moreover, just those products which the United States has developed most rapidly. Countries which are desiring to industrialise their own equipment naturally tend to call for the most modern type of goods, and to obtain them in the country where modern machinery has been most successfully applied.

It is also important to recognise the rôle played by America in foreign lending. Although American loans may not be specifically associated with orders placed in the United States,

"the experience of Britain in the past and that of the United States in the last ten years show that, in the absence of very special circumstances, orders for machinery, equipment, construction material and the like tend strongly to go to the country providing the development funds, while the loan negotiations stimulate general enterprise in the lending country and widen contacts between its producers of other classes of goods and the consumers in the borrowing country."

It has sometimes been said that Americans were not developers; but if this was true fifteen years ago, it is not true to-day.

"It is estimated that at present there are about 2,000 independent or branch American industrial undertakings in operation outside the United States, including mining companies, sugar centrals, motor car assembly plants, packing houses, textile mills, shoe factories, etc."

The total of issues of foreign long-term bonds has, of course, fallen very heavily, from one and a-half billion dollars in 1927 to six hundred millions in 1929. There was, however, a fair recovery in 1930. It is, however, doubtful whether the total for the current year will exceed, even if it equals, that of 1930. If, therefore, the export of capital to countries in a state of depression is the key to the situation, it is doubtful whether a great stimulus will come from the United States until the American investor's confidence is restored by signs of returning prosperity in the borrowing countries.

It is encouraging to find the report referring to a growing recognition among the business community of the interdependence of nations and a reluctance to resort to embargoes or other extreme forms of international trade restriction. This attitude was notably displayed in the closing days of the present Congress in the face of insistent demand for added protection from some of the depressed industries. At the same time, the authors do not hold out much hope of any appreciable move towards a lower tariff, although they consider that there is a possibility that the elastic provisions of the tariff as now laid down may lead to some modification. The Tariff Commission can act more rapidly than heretofore; particulars submitted to it may be treated as confidential, and foreigners have the same right to initiate proceedings before the Commission as American interests. The authors appeal to British manufacturers to take the President at his word and to bring their difficulties and troubles to the Commission. We confess, however, to some scepticism, so long as the fundamental principle which guides the Commission is to put on a duty which will balance the difference between costs of production in the United States and in the principal competing country; in other words, to do away with the whole benefit of international trade.

As regards the immediate outlook, the report sees some signs of activity. When they wrote, the steel industry was growing, building contracts for residential construction had been increasing for two months, more raw material was being used by the cotton trade, the weekly sales of cloth had expanded, freight-car loads were better, and commodity prices had shown an inclination to benefit. Stocks in the hands of manufacturers and dealers had been dwindling, and employment showed a tendency to increase in the automobile and some other industries. Some of these signs have not been maintained during April and the present month, but the Federal Reserve Board index of American industrial production for April is slightly better than that recorded for March.

THE RUSSIAN WHEAT POSITION.

(BY A CORRESPONDENT.)

DURING the current cereal season Russia has, as is generally known, exported much larger quantities of wheat and of other grains than in any previous post-war season, though the quantities have not been as great as before the war. The large 1930 crops which have provided these export surpluses followed upon the mass drive towards the "Socialisation of Agriculture" inaugurated under the Five Year Plan, and there is a widespread tendency to regard the heavy shipments of this season as an instalment on account of much heavier things to come, as the Soviet plans for collectivisation and mechanisation progress. This expectation—it would be reasonable to say this fear—weighs very heavily upon the wheat market, and is not without effect upon other commodity markets, and, in turn, on the security markets. As stated by Lubimoff at the Canada House Conference last week:—"The total area under wheat in 1931 will be not less than 104 million acres," this comparing with 82 million acres in 1930 and 75 million acres in 1929. "The wheat crop anticipated is 1,307 million bushels," against 1,084 million bushels in 1930 and 703 million bushels in 1929. As cabled to America, and as circulated in the grain trade here, Lubimoff's statement, and similar statements by other Soviet authorities, have been taken as indicating that Russia might have for export next autumn three or four times as much wheat as in the current season, heavy though this latter quantity has undoubtedly been.

Lubimoff was in no sort of doubt as to the reason for the sudden appearance of a surplus last autumn, and for its expected tremendous growth next autumn and onwards:—"The new principles of State and collective farming, combined with the advantages of the system of planned economy and the utilisation of modern machinery make it possible for the U.S.S.R. to enter the world market with a high-quality grain and with lower costs of production than in a number of other countries. . . . We consider that the present agricultural crisis is directly due to the contradictions of the capitalist system. . . . The U.S.S.R. does not experience any crisis, and continues to develop its industry and agriculture in conformity with the Five Year Plan." It must not be thought that Lubimoff was simply manœuvring for position in an attempt to secure Russia an unreasonably high wheat export quota if the conference had been able to agree to a quota system; he was expressing the official Soviet view.

Despite the widespread acceptance which this view has secured, it rests upon very flimsy evidence. There is a considerable volume of testimony that the surplus which Russia secured last autumn was attributable only in a small degree to "Planwirtschaft," being almost entirely due to abnormally favourable growing weather, such as any country experiences in an exceptional year. In 1928 Canada and Argentina reaped about twice as big a wheat crop as the same acreage yielded in 1929; in 1915 the U.S.A. secured a crop of 1,026 million bushels, while in 1925 approximately the same acreage yielded 677 million bushels. In America, the banner crop of 1915 is regarded as "the 'break' which contributed (with the entrance of the United States) to the decisive issue of the war." If the Russian wheat crop of 1930 can be regarded as a similar "break," it contributed to depressing wheat prices

to about the lowest levels for many generations. Russia will require distinctly luck weather to equal last year's crop this year, while any increase, particularly so huge an increase as Lubimoff so confidently forecasts, seems quite out of the question, unless a summer growing season of freakishly and unprecedentedly favourable weather can be postulated.

Geographically, Roumania is closest to the main grain districts of Russia, and is not dissimilar in soil and climate. A comparison of Roumanian and Russian wheat crops is distinctly illuminating:—

WHEAT CROPS IN ROUMANIA AND IN RUSSIA, 1924-1930.

Year.	Roumanian Wheat Crop, Million Bushels.	Compared with Previous Year.	Russian Wheat Crop, Million Bushels.	Compared with Previous Year.
1924	70	(Crop failure)	472	(Crop failure)
1925	105	Increase	782	Increase
1926	111	Increase	914	Increase
1927	97	Decrease	776	Decrease
1928	115½	Increase	795	Increase
1929	100	Decrease	703	Decrease
1930	131	Increase and record.	1,084	Increase and record.

Both countries had crop failures in 1924; in every year since, if one has shown crop increase, so has the other, and *vice versa*. Roumania has no Five Year Plan, no collective farms, no mechanisation schemes or motor tractor stations; but Roumania had an increased and record crop in 1930, just as Russia had.

It is possible, roughly, to allocate the causes of the bumper Russian 1930 crop as between good luck in weather and good management in "Planwirtschaft." Molotov, in a speech to the Sixth Soviet Congress in March last, asserted that the yield on collective farms was 1.1 bushels per acre higher than on peasant farms for winter rye and 1.5 bushels per acre higher for winter wheat. It is intrinsically reasonable to suppose that collectivisation does tend to increase yields. Considering the appallingly primitive methods of strip farming employed by Russian peasants, complete scepticism as to collectivisation would hardly be justified. One may, however, fairly suppose that the increased yield on the collective farms was not greater than Molotov stated, and that the increase in spring wheat was less than in winter wheat—otherwise Molotov would have quoted the spring wheat, seeing that the entire speech was intended as propaganda for collectivisation. Two-fifths of the 1930 wheat acreage was on collective farms and Soviet estates, so that, taking Molotov's figure at its face value, and assuming that it applies also to spring wheat, it would appear that the effect of collectivisation in 1930 was to increase the over-all wheat yield by 0.6 bushels per acre. But the yield of wheat in 1930 was 3.9 bushels per acre bigger than in 1929. So that the proportionate influence of planning in making the yield increase in 1930 may have been little more than one-seventh as great as the influence of favourable weather.

As regards the present cereal year, the grain plan falls naturally into two parts—a plan for autumn-sown (winter) grain, and for spring crops, the latter being the more important. The winter-grain plan called for an increase of 9,600,000 acres: early reports were that an increase of 7,000,000 acres had been achieved, this being later reduced to an estimated increase of 5,000,000 acres, while last month revised estimates showed an increase of less than 3,000,000 acres, or about 3 per cent. increase instead of the 10 per cent. planned. Winterkill over the winter of 1929-30 was, however, abnormally light, only about 2 million acres, as compared with 20,000,000 acres killed in 1928. No estimate has so far appeared as to the extent of winterkill during the winter just passed, nor is there any clear indication as to what would be considered a normal amount. In the United States, which is analogous in some respects, an average winterkill is about 12 per cent. of the planted acreage. The total acreage of winter grain planted in Russia last autumn was roundly 100,000,000 acres, rather less than one-third of this being winter wheat, and the balance mostly rye. In certain districts south of Samara 12 to 15 per cent. of the sowings have been reported winter-killed. It is clear that, if acreage

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loss from winter and spring frosts has averaged anything over 5 per cent., there must be less autumn-sown acreage for harvest than last year. There would, even so, be some switch from rye to wheat, but this would not necessarily increase the exportable surplus of wheat, because the size of Russian wheat exports tends to be conditioned by the size of the total grain crop rather than by the wheat crop alone.

For spring-sown crops as a whole the plan calls for 247 million acres, as compared with 217 million acres last year; but so far the campaign appears to be going badly. As of May 15th a total of 114,100,000 acres is reported sown, as compared with 125,700,000 acres by the same date last year, which was itself considered late in spring sowing—not a good showing for a plan which calls for an increase of 30,000,000 acres. Weather has been against the plan, spring in the Ukraine being reported the latest in many years; but there may be factors more important even than weather working against it, as the following table illustrates:—

ACCOMPLISHMENT OF SPRING SOWING PLAN, MAY 15, 1931 AND 1930.

Type of Farm.	Sown by May 15, 1931. Acres.	Per cent. of Plan.	Sown by May 15, 1930. Acres.
Collective farms	78,000,000	64	64,600,000*
Soviet estates	11,500,000	65	2,400,000*
Peasant farms	24,600,000	23	58,700,000*
All farms	114,100,000	46	125,700,000

* For May 15, 1930, the total of 125,700,000 acres is as officially reported: the allocation between the various types of farming is based on the assumption that the percentage components were the same on May 15th as on May 10th, the latter having been reported but apparently not the former; the assumption can hardly cause any appreciable error.

Thus the "Socialised Sector" has fulfilled, roughly, two-thirds of its allotted acreage plan, which is a fair showing for the date, though hardly a good one. But the uncollectivised peasants have apparently drilled less than a quarter of the area officially expected from them, and only about two-fifths of the acreage which they had in by this date last year. It seems impossible for the uncollectivised peasants to fill their plan, or even approximate thereto. It may be that Soviet methods of "collecting" peasant grain, and of giving the "Socialised Sector" priority with all the means of production, leave the peasants with neither the incentive nor the ability to sow a full acreage. The collectives tend to be awarded the more fertile land, including presumably that in which spring is earliest, so that some relative loss in peasant sowing is to be expected, though hardly so much as is reported. *Izvestia* of May 16th complains of the backwardness of seeding in northern and north-eastern regions, due to "the return of cold weather. In some places a temperature of -12 was registered," i.e., 22 degrees of frost Fahrenheit, which does not help either sowing or even germination.

Spring wheat acreage sown by May 15th amounted to 54.7 per cent. of the plan, and equalled 66 per cent. of last year's total. Considering that in a normal year wheat seeding is reckoned to be finished by May 23rd even in the latest district (Eastern Siberia), this can scarcely be considered satisfactory. Whatever the final acreage may prove to be, it is already clear that the percentage sown abnormally late will be high, this naturally increasing the

hazard of summer drought: actually, by April 25th only 9,200,000 acres of spring wheat had been sown, as against 26,700,000 acres by the same date last year. Throughout the world's arid and sub-arid districts it is extremely rare for late-sown crops to yield as highly as those sown in good time. Yield forecasts would require weather forecasts for the next three months, which are not available to us, nor, so far as we know, to M. Lubimoff. Crop outturns depend on weather, and weather defies forecasting for more than the briefest period ahead. But it is not difficult to envisage summer weather conditions in Russia which might make the lateness of this spring unusually important.

THE CO-OPERATIVE CONGRESS.

(BY A CORRESPONDENT.)

This year's annual Congress of the Co-operative Union has been held at Bournemouth in a peaceful atmosphere reflective of the Whitsun weather and the calm complacency into which the movement has fallen since the alliance with political forces has diverted its active forces from the trading to the Parliamentary outlook. In his valedictory address, Mr T. Liddle, O.B.E., of Hartlepool (the retiring president) deplored the way in which the retail societies depended on private sources for a proportion of their supplies, and stressed the point that they should be more mindful of their co-operative principles in securing their progress in the commercial life of the country. This idea was developed by the incoming president (Mr W. J. Salmon, J.P., of Colchester), who challenged the view that the average purchase of £35 worth of goods per member per year was sufficient for the co-operative purpose. And, examining that £35 average individual trade per annum, the president suggested that they should limit the amount of supplies drawn from outside the movement. More trade ought to be done with their own co-operative factories with a view to developing a co-operative and buying policy.

The estimate of the present position of the retail distributive societies is that there are now 6,455,852 members of 1,344 distributive societies with funds of £162,227,000, of which £114,045,000 is in share capital. The stocks in trade are £19,000,000 and the debts are a rapidly growing item owing to the increase of mutuality clubs and hire purchase schemes. The sales in 1930 are calculated at £219,136,000, upon which the profit was £26,557,280. This gives an increase of 1 per cent. in sales and of 1.62 per cent. in surplus. But as the latter includes £4,875,434 interest on share capital—an increase of 7.74 per cent.—it is evident that the profits have been even better than the estimated 1.62 per cent. This may have been in the mind of the acting secretary of the Parliamentary Committee of the Co-operative Congress when he reminded the delegates that the Consumers' Councils' Bill (which will be in the charge of Mr A. V. Alexander, M.P., who was secretary of the Parliamentary Committee until he entered the Cabinet) will apply to co-operative societies as well as other trades. This was a significant warning in view of the steady rise in the dividends on purchases that have been a feature of the last few years. The growth of the share capital of the retail societies continues to be a distinctive feature of co-operative progress. Of the eight and a half millions of new share and loan capital received by the societies in 1930, only two and a half millions were used in land and buildings for trade, half a million in increased stocks, while five and a half millions had to be loaned to municipalities and other enterprises outside the trading operations of the distributive societies. Of the £114,045,000 share capital no less than £65,290,000 is re-invested. This has made it necessary for many of the retail societies to reduce their interest rates owing to the increasing difficulty of finding remunerative investments. There are now 125,021 employees in the distributive services and 58,600 in the productive and transport departments of these retail societies. Their wage bill was over £24,000,000.

The Congress has been mainly concerned with internal organisation. Last year, at the Congress at York, a committee of inquiry was set up, which has adopted proposals for the institution of a national authority to voice the views of all sections of the movement as a whole. The delegates have remitted this for consideration by the various bodies and districts, so that a final decision may be reached at the Congress to be held at Glasgow in 1932. The relations between co-operative societies and the trade unions became strained during the general strike of 1926, since when negotiations have been proceeding with the General Council of the Trade Union Congress—with, however, no decisive settlement. The T.U.C. General Council has just intimated that these negotiations may be regarded as closed; but the Co-operative Congress has resolved that the Co-operative Union shall make a new effort to secure an understanding on equitable lines.

The only hitch in co-operative amity that threatened to stir the placid atmosphere of this year's Congress arose in connection with a political matter—the attitude of the movement towards the Government's Agricultural Marketing Bill. Here the Agricultural Committee of the co-operators and the Co-operative Party came into conflict with the result that both their reports were withdrawn and they are to meet conjointly to find an agreed policy. As consumers the co-operative societies are at variance with the views of the producers, and efforts to find a policy that will be acceptable to the farmers and equitable to all sections are to be made before the Agricultural Marketing Bill goes much further. In fact, the attitude of the industrial co-operators may threaten the passage of the Bill into an Act. How far the co-operators have developed politically was shown by Mr A. Barnes, M.P., the chairman of the Co-operative Party, who showed that, for the first time, the membership affiliated to the Party was a majority of the movement, comprising 423 societies, with a membership of 3,281,971. Hence the confidence with which he submitted a report showing that in the discussions in Parliament on tariff problems the co-operative group always emphasised the objection to Protection and particularly to tampering with the free import of foodstuffs. He then proceeded to declare for the public and co-operative ownership and development of specified national key services and the establishment of National Boards for electricity, gas, oil and transport of every kind; the setting up of Home Trade Councils to secure the home market and a public inquiry into the economic utility of the sugar beet industry with a view to its reorganisation on a new basis with the two co-operative wholesale societies responsible for the manufacturing processes. This vast programme—reminiscent of the old-time Socialist formula of the “means of production, distribution and exchange,” was accepted practically without discussion and endorsed without a single figure or calculation being offered. The once familiar resolutions as to the Co-operative Commonwealth have been remodelled in terms of National Boards—without any indication of plans or costs.

Throughout the Congress there has been a deep interest in disarmament and peace between the nations. It was emphasised by the President in his opening address with a message from Viscount Cecil, who thanked the Co-operative movement for its sustained support of the League of Nations Union. Echoes of the same idea were loud in the speeches of the delegates from European countries, and in the final session on Wednesday a resolution on the limitation of armaments was carried enthusiastically to the effect that “Realising that the whole future of international co-operation largely depends upon the results of the first general conference for the reduction and limitation of armaments, this Congress earnestly requests His Majesty's Government to use all its influence to secure such real and substantial reduction at that conference as would be represented by an all-round cut of one quarter in the total amounts provided for military expenditure in the budgets of all countries other than those that have accepted restrictions on their armaments through the Peace Treaties.” On that note the Congress concluded.

SOUTH AFRICA'S REAL PROBLEM.

(BY A CORRESPONDENT.)

THERE is an opinion in South Africa, long held implicitly and now gaining an explicit credence, that all problems in that country are really one problem—in the sense that developments in the racial situation will sooner or later be found to exercise a governing influence over the ultimate solution of all other South African problems. Before the discovery of the mines sixty years ago, the population was predominantly pastoral in its pursuits, somewhat primitive in its outlook and with a preference for a loosely constructed patriarchal system of government. This was particularly true of the Republics of the Transvaal and Orange Free State, and partly true of many districts of the Cape Province. (The Europeans of Natal were then, as now, perhaps a little inclined to thank their Creator that they were not as other South Africans.) Into this loosely-knit, easy-going, financially poor collection of States, the mines—first diamond and then gold—drew a mixed collection of competent and pushful professional and business men, and a substantial industrial population. Within comparatively few years the position and preponderating outlook of the country experienced fundamental changes. To-day we know first that the gold mines are by no means exhausted and, secondly, that there are extensive supplies of other minerals. The harassing problems of agriculture are not insoluble, and manufacturing industries of importance are planned as a superstructure to the primary resources. South African patriots visualise a prosperous nation of world-wide importance—the term “United States of South Africa” has been heard. Of what human material is this nation to be made?

A solution of sorts is materialising by the ordinary processes of economic nature, hampered by official policy and by public opinion. Both official and popular forces are fighting elementary economic and social forces. The latter are bound to prevail ultimately, but the procedure is in the last degree clumsy and inefficient. It is not unjust to say that the majority of Europeans regard themselves as the people of South Africa and keep their own immediate interests in view without thought for others or any appreciation of the prospects of the situation. Natalians who grumble about the Indian village trader do not always reflect on the one-time importance of Indian indentured labour to the sugar plantations of that province. Housewives, artisans and others complain eternally of the stupidity of native workers, without reflecting either on their own casually given orders or on the obstacles to the general development of native intelligence. The fact that the native, working hard for comparatively low wages, must in the process maintain his own economic balance by learning from his masters is widely deplored. The view that the national income could be increased more readily by encouraging and educating natives than by any other means, is discounted. In any case, it is not generally appreciated that any increase in the national income, however caused and by whomsoever created, would be found at no distant date to benefit the whole country and everyone in it. The South African view, on the other hand, supports the wage-fund and work-fund theories—holding that any native employed on work which could be done by a European is displacing a European from that particular job. It is black heresy to suggest that the majority of Europeans receive real incomes in excess of their share of the income of the country and in excess of their value by international standards, because the non-European receives so much less. (Artisans on the Rand receive 2s. to 2s. 6d. per hour and upwards, whilst the native labourers receive about 3s. to 3s. 6d. per day, including the value of food and quarters.)

The only possible means by which South Africa could secure its future as a European nation would be by very heavy immigration in the next few years. To that policy there are two objections—one which will probably pass and one of a more fundamental nature. At present the tradition and opinions of ordinary Dutch South Africans are strongly opposed to any substantial influx of immigrants, because of the obvious fact that their own views and policy would be swamped by others less static.

One is reminded of President Kruger's reply to a suggestion that the Uitlanders should receive the vote on less onerous terms; pointing to the Vierkleur flying above him, he told his interlocutor “If I agree, that flag can be hauled down.” The other difficulty is that any country with a less civilised proletariat governed by an aristocracy of superior race, there is no satisfactory place for the lower order of European. The hewer of wood and drawer of water is the native. To him, his position is natural, and from that position he may in individual cases rise to others. The European who loses his place—or the European child who has never had a place—can make no career, as he can in a purely European country, in fields easier to his talents and temperament. It is no uncommon thing for the “poor white” South African who has lost all pride of race, all typical skill, personal ambition—even the habits of bare cleanliness and decency—to cling fiercely to his refusal to do “Kaffirs' work.”

The result is the “poor white problem.” “Poor whites” constitute perhaps an eighth of the European population. A large proportion of this fraction has already sunk below the level of the better class of industrialised native—some of them below the levels of native tribal decency. The problem has gone beyond the difficulty of finding them work. They have lost the habit of work, and in most cases are too ill-fed to work. Protagonists of “white South Africa” are fond of comparing the results of easily measured labouring work done by natives in South Africa with the results of similar work done elsewhere by European unskilled labourers in their own countries. It is not unnaturally found that the superior races give better results. But in South Africa there can be no doubt that the native is economically superior, at the relative wage levels, to the class of European against whom he finds himself in competition. In many cases, moreover, the native is intrinsically superior apart from the wage difference. This has resulted in the obscuring, in most country districts, of the economic boundary which still separates white and black in organised trades in urban areas. In some places it is by no means unknown for Europeans of the lower classes to work for non-European employers. In the social aspect, as distinct from the economic, neither public opinion nor laws against miscegenation prevent the arising of coloured offspring from parents drawn from the worst of both races.

This argument is not in any way concerned with the question whether the programme which contemplates South Africa as a country of Europeans served by natives is ethically sound. For the moment it is sought to show merely that it does not achieve its object. It does not provide, and it cannot provide, for the helpless type of European. It leaves the “poor white” problem untouched in essentials and badly and temporarily patched in details. Moreover, its confessed procedure prevents the white man from sinking merely by the very doubtful method of preventing the black from rising. This arrangement is adding a “poor black” problem to the existing “poor white” problem. The tendency of European administration is to remove the historic checks on the numerical increase of the native races: tribal wars are prevented, famine and pestilence are mitigated; but the black man's economic efficiency may develop only haltingly and in face of opposition.

The present and future interests of the South African nation could best be served by a policy not conceived so entirely in the supposed interests of the European population. We must not overlook the dictum of Marcus Aurelius as to the identity of interest of the beehive and the bee. Special circumstances of race-superiority have placed the direction of affairs in the hands of two-ninths of the population. The other seven-ninths cannot, however, be prevented from learning both good and evil from their masters. In so far as their opportunities of learning good, or experiencing economic development are restricted, so much the greater proportion of evil in what they learn. In the last resort, every sectional—even individual—component of the population stands or falls by its own economic merits. Even more important is the fact that the whole stands or falls by the merits of the whole. The respective capacities of European and native are, in representative cases, sufficiently differentiated to

enable the majority of Europeans to live free from fear. Where this is not so, a false policy based on race-fear is not merely ethically indefensible, but tactically useless. It restricts the development of the country, it fills the native with legitimate grievances, and it is failing even in its immediate object. South Africa's future lies in a policy promising scope to every citizen regardless of colour. Thousands of the "poor whites" are of good, or not definitely bad, stock; severe competition and some disciplinary training to meet it—the latter quite within the scope of a workable policy—would rescue a large number of them. Ill-designed and artificial support which they virtually vote to themselves (e.g., the "white labour" policy of the railways) is already leading to the precise end which it is sought to avoid.

Notes of the Week.

A Free-Trade Campaign.—While the Palace of Westminster remains closed until next Tuesday, the Whitsuntide recess has not been marked by idleness in the rival political camps, and of the holiday events the most interesting is the launching at the Caxton Hall by Mr Lloyd George of a nation-wide campaign in support of the maintenance of the Free Trade system. For the initiation of this campaign we have primarily to thank Mr Baldwin, whose series of speeches in the provinces, designed to outline Conservative policy, have become little more than a rather stale and wearisome reiteration of Protectionist fallacies. His latest address, delivered at Welbeck Abbey on Whit Monday, provides the Free Trade campaigners with an easy target, for Mr Baldwin harped upon the amazing theme that Britain's pre-war industrial supremacy was "built up on Protection." A more misleading quarter-truth it is impossible to imagine, and when a party leader lends his authority to such travesties of fact it is time that the whole truth should be widely propagated. A significant passage in Mr Baldwin's speech contained a reference to the fact that unemployment is worse in some great Protectionist countries than in Free Trade Britain. There is not the slightest doubt that this fact has caused a profound impression among industrialists, who, before that phenomenon appeared, were attracted by the idea that Protection might after all be a remedy appropriate to this country; nor will they be impressed by Mr Baldwin's very thin explanation that excessive unemployment set in here before it began to afflict America. All who have followed the recent proceedings at Geneva will realise that the tariff history of Europe has reached a crucial point. The one thing needed to make a perpetuation of tariff war a certainty would be for Britain to enter the lists of Protectionist combat, and it is regrettable that it is left to the numerically weakest of the three political parties to drive home that truth throughout the length and breadth of the country. But we trust it will succeed in awakening British common sense to realise that to add one more to the tariff walls of Europe is scarcely the most hopeful way of easing the flow of international trade.

M. Briand Sees it Through.—One cheerful item in a gloomy week's news is the announcement that M. Briand is to remain in charge of French foreign policy. The position of European politics is by no means so stable that it could afford to lose the unrivalled experience and adroit statesmanship of the man who, with the late lamented Dr. Stresemann, must be accorded a large share of the credit for the constructive work for peace which has been carried on in Europe during the last ten years. The news is doubly welcome, for the instalment of M. Doumer as President of the Republic appeared to herald a distinct movement to the Right in French policy, and for that reason, as well as in view of the *impasse* over the Austro-German customs union proposal, it was a most untimely moment for the removal of the master hand from the wheel of foreign policy. It appears that M. Briand's decision to stay has been arrived at somewhat reluctantly on the urgent advice of his friends. A fortnight ago

M. Briand made a profound mistake when he allowed his friends to persuade him to be a candidate for the Presidency, but in this case we do not think that he will regret his acceptance of their advice, and it is certain that his decision will be heard with relief throughout Europe.

Indian Negotiations.—The news from India is mixed. On the one hand active preparations for the re-assembly of the Round Table Conference in London are being pushed on energetically by the Viceroy and progress is reported with important preparatory committee work, as well as with the promised Indianisation of the Army. On the other hand, there seems to have been a definite and unfortunate setback to recent hopes of a Hindu-Moslem concordat. It was hoped that the embitterment caused among the Moslems by Mr Gandhi's address to the All-Moslem Conference at Delhi early in April had died down; but unfortunately the outlook has again been darkened by a further speech by Mr Gandhi, in which he asked for a "unanimous" definition by Mussulmans of the minimum safeguards which they thought necessary in conjunction with the grant of "responsibility at the centre." The effect of this phraseology, which implies that the All-India Moslem Conference is not representative of Moslem opinion, has been to put back the Hindu-Moslem deadlock to very much the position in which it was left after the London Conference; for the Working Committee of the All-India Moslem Conference, meeting this week at Lahore, passed a resolution calling upon Moslem members of the Round Table Conference "to refuse to agree to the introduction of responsibility at the centre unless and until the minimum demands embodied in our resolutions last Easter have been conceded." Meanwhile communications have been passing between the Viceroy and the Indian Round Table delegates on the question of the date for the London re-assembly. A date as early as July was suggested in messages from Simla at the beginning of the week, but it now appears that a postponement of a month or two will be necessary to suit the convenience of a number of delegates. The riddle of Mr Gandhi's intentions to be present or to abstain from participation has not yet been solved.

The Burma Rising.—As in China, so in parts of Burma, fighting is a seasonal occupation, and it was hoped last week that the arrival of the monsoon would temporarily check the rebellion which has been breaking out from time to time in different parts of the country. It is now, however, becoming evident that the rebel forces have so far no intention of abating their activities, and the official communiqué of May 22nd stated that a complete brigade of the Indian Army was being held in readiness for despatch to Burma. It is now reported that this brigade has been despatched. The need for this step arises not from any access of strength to the rebels but from the extremely scattered nature of their risings, which require the stationing of troops over a very large area. So far there has been little evidence of any organised nationalism behind the rebellion, though the frequent displays of anti-Indian feeling show that the primary motive of economic distress is reinforced to some extent by nationalist sentiment. The principal cause of the unrest, however, is probably the impoverishment which has resulted from the slump in the price of rice. It remains to be seen what degree of relief will be afforded by the decision of the Government, announced this week, to reduce from 10 to 6½ per cent. the rate of interest on loans to cultivators and to obtain from the provincial loan funds a further 20 lakhs to supplement the 11 lakhs of such loans which have already been issued.

New Australian Proposals.—The discussions at the Australian Premiers' Conference held this week were of a sounder and more constructive character than the proposals for currency inflation contained in measures recently presented to the Canberra Parliament and rejected by the Senate. In brief, the Conference is at last getting to grips with the problem of economy, and is also realising that the Australian economic situation must be

made to fit the present level of commodity prices, instead of trying to scale up prices to the level of two years ago. According to cabled reports, the Conference has adopted plans for a general cut of 20 per cent. in expenditure, and has also discussed proposals for increasing certain taxes, all designed to reduce the total Government deficits to manageable limits by the end of the coming financial year. The most striking of these proposals is that of the issue of new Government stock, bearing interest at 4 per cent., to be offered in exchange for all outstanding securities, subject to certain reservations as regards tax-free securities and interminable stock. While this conversion offer is nominally to be a free one, in that holders of existing Government stocks can accept or reject it, an element of compulsion is introduced by the proposal to impose a surtax of 25 per cent. upon the income derived from all unconverted Commonwealth and State securities. The rate of conversion is to be determined "by actuarial valuation on the basis of money being worth 4 per cent.," and it is calculated that the whole of this proposal is equivalent to a cut of 22½ per cent. on the average rate of interest now paid on Government stocks, or, in more definite terms, to a saving of £6,500,000 a year in the cost of the interest on Government loans. Certain exemptions, of course, are necessary, prominent among them being the case of foreign traders' balances, normally employed by them in their business, but at the moment lodged in Australian short-term stocks. The scheme before the Conference also envisages the progressive reduction of private interest rates, to be assisted by special taxation upon preference dividends designed to secure equality of sacrifice between different classes of investors. The banks, too, are lending their support to the scheme, for the Commonwealth and State Savings Banks have already announced a 1 per cent. reduction in their interest rates, conditional upon the complementation of the scheme, and the banks generally have let it be known that they will be prepared to extend credits for the relief of unemployment when once the scheme has gone through. The ultimate objective before the Conference was the restoration of confidence in Australia's finances, to the point that will permit of the funding upon reasonable terms of Australia's short-term external indebtedness. For the moment it is sufficient to say upon this point that Australia's present methods possess a far greater chance of success than those essayed earlier in the year. Resort to almost compulsory conversion is naturally unpalatable to Australia's creditors. But it is a more honest and, if fairly carried out, a more equitable method of composition than inflation.

The Wheat Conference.—The Canada House Conference concluded its labours on Saturday, having been unable to agree upon any of the more important suggested courses for improving the wheat market. The grain trade had throughout been sceptical, but those people who based hopes upon this Conference—and there were many such—were apparently disappointed; September wheat at Chicago sold at 62c. on the day before the conference commenced, and at 58c. on the day after it concluded. At the Rome Conference in March it was reported that no scheme for export quotas or similar international surplus control could be there devised because importing countries were represented; in London, apparently, there were too many exporting countries, with too many conflicting aims and views, for any such agreement; even within certain of the individual delegations, there was no unanimity as to the desirability or practicability of various suggested procedures. It is unofficially understood that the important United States delegation announced that it had no power to subscribe to any such scheme without special legislation; and it is suggested that before passing such legislation Congress might reasonably require that the "farm relief" which it has already legislated should commence to justify itself. It is incidentally doubtful whether any such legislation would be constitutional in the United States. In the absence of any agreement on export quotas, the main decision of the Conference was to set up a committee, consisting of one representative from each participating State, which shall in turn set up a "Clearing

House of information to serve the wheat exporting countries . . . thereby assisting the orderly distribution of wheat in world markets." This has been widely regarded as face-saving, and it is indeed difficult to indicate any field wherein such a clearing house might usefully work. The compilation of official data by the International Institute of Agriculture at Rome, and of unofficial data by the regular grain trade resources of information, is demonstrably comprehensive and thorough; the Canadian Royal Grain Commission found as a fact, "The Liverpool Wheat Futures Market . . . has the fullest possible information respecting world crop conditions, world needs and world supplies." On this matter also, as in many other matters, the experience of the United States Federal Farm Board is not cheering; it is mandatory on the Farm Board "to keep advised from any available sources and make reports as to crop prices, experiences, prospects, supply, and demand, at home and abroad." The Board has frequently stressed the great efforts it has made to comply with this instruction, having gone so far as to appoint Agricultural Attachés in foreign countries specifically for this purpose; but, immediately before sailing to Europe as chief American delegate at this Conference, Mr S. R. McKelvie, who is Grain Member of the Federal Farm Board, observed, "I might add that with all of the figures before me, I would have lost my shirt if I had speculated in the grain market any time during the past year." The Canadian Pool's experience in this matter is, if anything, even worse. Indeed, the gospel of "Salvation by Statistics" is not anywhere in North America preached to-day with quite the fervour of two years ago.

The Credit-Anstalt.—Recent developments unfortunately suggest that the task of overcoming the difficulties under which this institution are labouring are proving more formidable than at one time seemed likely. On May 27th an announcement was authorised to the effect that, in agreement with the Governor of the Bank of England and at the suggestion of the Credit-Anstalt itself, an informal and temporary committee had been established in London. The Committee consists of Mr Lionel de Rothschild, who will act as chairman, and of Mr Charles E. Whigham, Sir Robert Kindersley, and H. E. Peter Bark. It will concern itself particularly with the policy to be adopted in the near future, and inquiries from interested persons are invited, to be addressed to Mr H. E. Davies, New Court, St. Swithin's Lane, E.C.4. Previous reports show that the work of providing the Credit-Anstalt with fresh capital on the lines described in the *Economist* of May 16th was making good progress, and the fact that the direct assistance of the Bank for International Settlements was found not to be necessary also put a more hopeful aspect on the situation. On the other hand, it must not be overlooked that the Credit-Anstalt now concentrates in itself the bulk of Austrian banking business and that the Austrian system is one in which a large proportion of a bank's assets are locked up in the industrial undertakings of the country. In bad times these become completely frozen and liable to heavy loss. The dominant rôle which the bank plays to-day in Austria's economic life makes it peculiarly important in this time of acute difficulty for that country that the task of turning this difficult corner should be successfully accomplished. Although many important foreign creditors are deliberately refraining from adding to the difficulties by withdrawing their balances, calls upon the bank have been continuously made during this week. On Thursday a Government measure was introduced giving some form of State guarantee to the bank, but at the moment of going to press it was not clear to which of the bank's liabilities this applies. At the moment the vital need is to give those concerned in the work adequate breathing space, and no doubt this is the main reason for the appointment of the Committee. The Credit-Anstalt has extensive commitments and connections in all important foreign financial centres, and a chief task of the Committee is obviously to act as a medium for supplying interested parties with such information as they are entitled to and for giving them all reasonable reassurance from time to time that by exercis-

ing patience they will be safeguarding and not jeopardising their legitimate interests. The appointment of so strong a Committee after consultation with the highest quarters should go a long way towards establishing such an atmosphere.

Money and the Depression.—In a lecture entitled "The Monetary Character of the Present Crisis," delivered before the Institute of Bankers on Wednesday last, Professor Gustav Cassel returned to the charge that central banking policy was largely responsible for the existing crisis. The chief blame was laid by him upon the United States Federal Reserve system, both for their policy of restricting credit in 1928-29 with the avowed object of checking speculation upon Wall Street and for their delay in making credit more plentiful immediately after the Wall Street collapse. Their former policy of restriction inevitably affected both production and commodity prices, while on the latter point Professor Cassel declared that had the system concentrated in the first six months of the crisis the whole amount of the action it took up to January, 1931, it would have arrested the fall in commodity prices. Professor Cassel also quoted statistics of gold production and absorption of a kind already made familiar by Sir Henry Strakosch, and after alluding to the reports of the League of Nations' Gold Delegation, came to his constructive proposals. One was that central banks should be freed from all legal provisions regulating the size of their gold reserves on the ground that Governments and parliaments were not competent to determine such matters. Another was that the central banks should "come together and make an end of the depression simply by declaring that they intend, from this moment on, to supply the world so abundantly with means of payment that no further fall in prices will be possible." This raises, of course, a very wide question. As Professor Cassel realises, the depression is in part the legacy of the war and its aftermath, and in his lecture he gave a very vivid summary of the "appalling" mistakes and "violations of fundamental economic principles" committed by the present generation. Again, to recall a recent address by Sir Henry Strakosch, it is no use pouring oil copiously upon the bearings when once they have seized up, and this is one reason why trade fails to revive, even though there is already to-day a superabundance of money and credit. For this reason it is difficult to accept Professor Cassel's view that for the central banks to pump fresh credit into the bearings of the world's economic system would by itself be sufficient, though doubtless the knowledge that a trade recovery would not be held up by an insufficiency of credit would go some way to promote confidence in the future, the truth is that there are many causes of the depression, all leading back to a lack of confidence and equilibrium. Professor Cassel has put his finger upon one important cause, but the others must not be forgotten or neglected.

The Steel Masters' Point of View.—As was to be expected, the National Federation of Iron and Steel Manufacturers has lost no time in commenting upon the important statement by the iron and steel trade unions which we discussed last week. The employers are gratified to find that on a great many points the trade unions see eye to eye with them. Indeed, they dot the i's and cross the t's of the statement of the difficulties in which the trade has been placed during and since the war, emphasising in particular the fact of their heavy capital charges in contrast with their competitors, who either liquidated their capital debt by inflation or received compensation which enabled them to rebuild their industries on the most modern basis. Naturally, however, the employers join issue with the principal conclusion of the memorandum, repudiating the suggestion that "State control in any form could possibly assist the industry in the solution of its present difficulties," and claiming that nationalisation in any shape or form would lead to complete collapse or render it only possible to continue by subsidies from the taxpayer. To the complaint that the industry is far behind its competitors in organisation, the

Federation declares that "regional organisation based on amalgamation of similar interests which was initiated by the industry itself has already made substantial progress in every district," and it goes on to make the interesting observation that under private enterprise it contemplates that the units of organisation "will ultimately attain regional dimensions, with a co-ordinating body to formulate and direct national policy in, for example, such matters as development, marketing and international negotiations." Here is rather an unusual and promising forecast by an industry of the course of its future evolution. For the benefit of those who think that the industry has been very slow in moving towards its goal, the Federation adds the familiar argument that the industry can only be expected to reorganise and re-equip itself under the protection of a tariff. The Federation are prepared to agree, in the event of being granted protection, that consumers' interests should be safeguarded by a board, judicial in character, to which consumers could appeal in the event of a tariff affecting their interests adversely, and they hope to secure with its help "a basis for international co-operation by the industry itself in securing the stabilisation of world prices and marketing conditions by international agreement." In other words, the Federation now attribute to the lack of protection their failure to come to any agreement with European interests on the many occasions when the matter has been discussed during the last ten years. The final words of the statement reveal very clearly the state of mind of many business people, for the Federation conclude by demanding a tariff "as a means of negotiation for obtaining entry to markets now barred by tariffs as the only effective means of securing a greater measure of freedom in world trade which all sections of the community desire." Clearly the international side of their business is a matter which cannot possibly be ignored by an industry which can only hope to regain full production on the basis of a large export trade, and many of those in this position have got tired of waiting in vain for other countries to lower their barriers. In such cases, though those responsible for policy must be nervous of the effect of protection in raising costs at home, the use of a tariff as a bargaining weapon makes a strong appeal. But whether the best way to clear away other tariffs is to put up one ourselves is another story.

The Cotton Industry Since the War.—Our Manchester correspondent writes: The Cotton Trade Statistical Bureau has this week issued a comprehensive review of the world cotton industry since the war. The director, Mr H. G. Hughes, says that a review of this kind must be, to a large extent, a record of unsolved perplexities, irrelevant disturbances and frequent misfortunes. "Lancashire has lost most because she had most to lose. In no country has the cotton industry been exempt, particularly during the last two or three years, from the evils of over-expansion and excessive competition. On the other hand, it may be useful to set Lancashire's experience in perspective against those of other producers, not with the object of deriving a thin consolation from other people's troubles, but solely in order to see what guiding influences can be traced in the events of the last few years." The first section of the review is a survey of the general tendencies in the relations of supply and demand since the war. This is followed by an account of recent developments in the chief cotton manufacturing countries. Lastly, there is an analysis of the position in the principal markets for yarn and cloth. Mr Hughes contends that five main facts stand out:—(1) Since the war the cotton industries of the world generally have not grown so rapidly as other manufacturing industries, though their growth has kept pace with the increase of population; (2) world exports of cotton goods have not increased at the same rate as the increase in the total production; (3) other exporting countries have been able to increase their foreign trade at Lancashire's expense; (4) changes in the kind of goods consumed have been largely to the advantage of our competitors, whose industries were less dependent than Lancashire upon the great pre-war staples; (5) the world's cotton industry has for the last two or three years been in a position of instability, in which

profits have declined and full-time working has become increasingly difficult. In bringing the review to an end Mr Hughes strikes an optimistic note by saying:—"It is not unreasonable to suppose that, under the right conditions, Lancashire can look for a substantially larger volume of trade than was enjoyed in the past."

British Production.—The physical volume of production in the United Kingdom in the first quarter of 1931, as estimated by the Board of Trade, was 3.6 per cent. lower than in the first quarter of 1930, and 14.1 per cent. below that of the corresponding quarter a year ago. The following table shows the figures for the respective groups in each of the last two years, in the March and December quarters of 1930, and in the first quarter of 1931:—

INDEX OF PRODUCTION (1924 = 100).

Group.	Year 1929.	Year 1930.	Mar. Quarter 1930.	Dec. Quarter 1930.	Mar. Quarter 1931.
1. Mines and quarries	96.8	91.3	102.0	91.4	85.3
2. Iron and steel and manufactures thereof	114.0	88.8	113.8	65.8	67.7
3. Non-ferrous metals	120.5	119.1	105.7	118.3	95.5
4. Engineering and shipbuilding	121.0	116.6	125.5	105.9	104.3
5. Textiles	98.5	79.5	92.4	75.7	72.6
6. Chemical and allied trades	115.8	102.2	106.3	94.6	101.4
7. Paper and printing	†	†	†	†	†
8. Leather and boots and shoes	98.5	101.4	108.5	95.0	101.3
9. Food, drink and tobacco	106.0	104.9	96.9	109.4	101.2
10. Gas and electricity	135.8	139.7†	†	†	†
Total of manufactur- ing industries (2-10)*	115.5	106.3	113.2	100.9	98.0
Total of all groups (1-10)*	111.8	103.3	111.0	99.0	95.4

* Including also various industries not specified above.

† Adequate information in respect of the paper and printing trades has not up to the present been available. The particulars received have been included in the general index.

‡ Provisional figures of the quantity of gas made have been used for the calculation of the group index for 1930, but no information is available as to the quantities made in each quarter. The available data for electricity have been included in the general index.

It will be seen that the progressive decline in production which began early in 1930 has not yet been arrested. A comparison of the past quarter with the October-December period of 1930 shows a decrease in each group, with the exception of iron and steel, chemicals, and leather, boots and shoes. The recession in activity has been most pronounced in the mining, non-ferrous metals and food groups, which declined by 6.7 per cent., 19.3 per cent. and 7.5 per cent. respectively. Despite the severity of the depression in shipbuilding, the index for the engineering group shows only a small decline, which is ascribed to the relative stability in general and electrical engineering. A further sharp decline has taken place in the production of iron and steel in April, and, in the absence of any signs of a definite upward movement in the other industries, it appears unlikely that the index for the current quarter will show much improvement.

Our Trade with Egypt.—The criticism of British trading methods, recently expressed by the Prince of Wales, finds striking confirmation in the report* of the Trade Mission to Egypt which, under the chairmanship of Sir Arthur Balfour, was appointed to inquire into the present position of trade between that country and Great Britain and to recommend action which would lead to the increase and development of such trade. According to figures contained in the Mission's report, although Britain's share of Egypt's trade is still more than double that enjoyed by any other country, our share in Egyptian imports has fallen from 30.5 per cent. of the total value in 1913 to 20.3 per cent. in 1930, while we now take 34.4 per cent. of her exports as compared with a pre-war figure of 43.1 per cent. Cotton piece-goods, cotton yarn,

agricultural machinery, boots and shoes, motor cars and bicycles are among the articles in which the United Kingdom's share of Egypt's import trade has declined since 1913, while imports of coal from Great Britain show a fall in value of £E.439,000, although our share of the import trade in this commodity has increased since pre-war days. The Mission is of opinion, however, that if coal and cotton piece-goods are excluded, "the sum total of the remaining trade of the United Kingdom with Egypt is healthy, both absolutely and in relation to other nations." The reduction in the coal import figures is accounted for chiefly by the use of oil as fuel for ships, but the position with regard to cotton piece-goods is more serious. The report states that our prices are too high in comparison with those of other countries, and that we have lost ground to the textile industries of Italy, Czechoslovakia and Japan. This criticism applies to many other industries, and Sir Arthur and his colleagues are of opinion that a complete overhaul of our costs of production is more than overdue. They estimate that in 1924 the annual income per head of the "fellah" was about £E.15.5, of which probably not more than £E.6 represented actual cash, the rest being received in kind. For instance, most of the maize produced is eaten by the growers, while some is bartered for goods and services. By 1930 the annual income had probably fallen to £E.11.6 per head, and it is, therefore, not surprising that the "fellah" buys the cheapest goods, and not necessarily the best. In this respect British goods are often too substantial and not attractive in pattern to the Egyptian native. The latter likes bright colours and somewhat "flashy" designs, and the Mission urges the wisdom of studying the tastes and wants of our customers and adapting our goods accordingly. It is recommended that goods should be advertised by pictures, samples and by word of mouth, and that catalogues, price lists, etc., should be printed in English, French and Arabic, and, finally, that the exhibition of films showing British progress and enterprise might greatly assist in bringing our goods to the notice of the "fellah" who visits the cinema, although in many cases he does not read. In brief, the authors of the report urge our manufacturers to make a closer study of the market through personal investigation, to adapt their goods to its needs, and, above all, to aim at a reduction in production costs through the co-operation "of the State, financiers, employers, trade unions, and the workers."

Wealth and Income of the U.S.A.—In its March Bulletin the National Industrial Conference Board published its estimate of the national wealth and income of the United States for 1929. The estimate of the national wealth is based on, and designed to fill the gap between, the decennial valuations of the physical assets of the country made by the Bureau of the Census. The last official census was taken in 1922, and in its subsequent estimates the Board has assumed a rate of progress similar to that between 1912 and 1922. In working out the average annual increment to the national wealth between the two census years, the Board has eliminated variations in the price level by the application of the Department of Labour's wholesale price index. The results thus obtained are set out in the following table:—

ESTIMATES OF NATIONAL WEALTH, 1912-29.
(Thousand million dollars.)

Year.	Census Estimates.	Estimates of National Industrial Conference Board, Inc.			
		Aggregate Wealth of States.		Total Wealth (a).	
		In Actual Dollars.	In Actual Dollars.	In 1913 Dollars.	In Actual Dollars.
1912.....	183.6	183.0	184.8	186.3	186.3
1913.....	...	189.1	189.1	192.6	192.6
1920.....	...	485.8	218.7	488.7	488.7
1922.....	320.8	314.7	227.2	320.8	320.8
1924.....	...	331.2	235.6	337.9	337.9
1926.....	...	349.7	244.1	356.5	356.5
1927.....	...	339.4	248.3	346.4	346.4
1928.....	...	353.5	252.6	360.1	360.1
1929.....	...	355.0	256.8	361.8	361.8

* "Report of the United Kingdom Trade Mission to Egypt, February-March, 1931." (London) H.M. Stationery Office. 1s. 6d.

(a) Including value of ships belonging to United States Navy, value of privately owned waterworks, and value of gold and silver coin and bullion, not distributed by States.

The estimates of the national income are a continuation of those made by Dr. Willford I. King for 1909-18, and are based on the gross value of the national product. In this case variations in the purchasing power of the dollar have been eliminated by applying the index of the price of consumption goods, compiled by the National Bureau of Economic Research. This index was considered a more appropriate measure than the cost-of-living index of the Bureau of Labour statistics, which takes into account only the expenditure of wage-earners. The proportion of all taxes (Government, State and local) to the total income, which has been worked out by the Board, has been added to the next table:—

ESTIMATED NATIONAL INCOME, 1912-29 (a).

Year.	Total Income. Thousand Million Dollars.		Income per head, Dollars.		Proportion of Taxes to Income. Per cent.
	Actual Dollars.	1913 Dollars.	Actual Dollars.	1913 Dollars.	
1912.....	33.0	33.6	347	354	...
1913.....	34.4	34.4	356	356	6.4
1920.....	74.3	37.5	697	352	10.9
1922.....	60.0	37.9	546	345	10.3
1924.....	70.0	43.7	619	386	10.2
1926.....	79.5	47.7	681	410	10.9
1927.....	78.1	48.2	661	408	11.6
1928.....	81.0	50.6	676	422	11.5
1929 (preliminary)	84.0	52.5	692	432	11.6

(a) Includes business savings.

Eliminating changes in purchasing power, the national wealth shows an increase of 39 per cent. as compared with 1912; while the total income and the income per head advanced by 56 per cent. and 22 per cent. respectively. An interesting feature is the relatively low proportion of all taxation to the total income.

Economic Conditions in Mexico.—The Department of Overseas Trade have issued a report under this title, compiled by the Acting Consul-General at Mexico City and dated January last. The general tenor of the report is that while three years ago Mexico successfully established stable political conditions, the substantial gain to her commerce that should have accrued from this settlement of her internal affairs was largely neutralised by the 1930-31 trade depression. Mexico was hit particularly hard by the fall in silver and other metals and in petrol, and also by the fact that only poor crops were obtained both in 1929 and 1930. Thus at the moment her purchasing power, in common with that of other primary producers, is limited, and this reacts both upon her power to deal with her external debt, a revision of which is now under discussion, and upon her capacity to buy foreign goods. On this last point, the report is not too encouraging when it comes to speak of opportunities in Mexico for the development of British trade. It suggests in somewhat qualified terms that there is scope for British machinery and steel, but states that British tools are not sufficiently well known to command a ready sale, and holds out few hopes to the British motor industry or to British electrical engineers. Imports of textiles have now to face the effects of a recent 40 per cent. increase in the tariff, but inasmuch as there are still various products that are not made in Mexico and which, therefore, have to be imported, the Consul-General still feels that there is room for energetic salesmen in Mexico. In general, there are countless British articles still practically unknown in Mexico, and the United States enjoys a natural advantage in being a near neighbour to the Republic. On that point, however, the report pertinently calls attention to the high railway rates on goods coming from the United States, and say that the establishment of a rapid and frequent British steamship service to Vera Cruz would be of great benefit. This section of the report concludes by mentioning such familiar points as the appointment of suitable agents, the need of visits by principals, the necessity of maintaining adequate stocks, and terms of credit and payment. All these are important, but the general impression left by the report is that so long as Mexican purchasing power is restricted as it is at present it will not be easy for British traders to establish themselves in this market.

German Insurance Results.—The largest German insurance group, the Allianz-Konzern, shows very favourable results for 1930, writes our Berlin correspondent. The premium income of Allianz und Stuttgarter Verein Versicherungs A.G. has risen from Rm. 188 to Rm. 196 millions, and the expenses have been reduced by a substantial diminution in fire losses. Net profit was Rm. 5.7 millions against 4.3 millions in the preceding year, and a 12 per cent. dividend is again being paid on the ordinary shares. The sum of 1.2 million, against 0.6 million last year, is being used to pay up the amount uncalled on the ordinary shares. The premium income of the concern as a whole has risen to Rm. 356 millions, and now constitutes 13 per cent. of the aggregate premium income of all German companies in the property insurance business. The big daughter company, the Allianz und Stuttgarter Lebensversicherungsbank A.G., achieved a life insurance business of Rm. 3,183 millions in 1930 against Rm. 2,805 millions in the preceding year, which brings its share of German life insurance business to 17 per cent. It is now the largest life insurance company on the Continent, and has Rm. 500 millions invested in mortgages, securities, land, etc. The large profits of this company are mainly derived from the yield of its capital; its mortgages and securities yielded 8.5 per cent. in 1930. The company is once more distributing a 16 per cent. dividend, and its very satisfactory growth shows how baseless are the rumours of unsoundness in the German insurance business. The failures of recent years, notably that of the Frankfurter Versicherungsgesellschaft and also those of smaller transport, credit and motor insurance companies, were due to mistakes of management in these undertakings, but cannot be used as a ground for inferences as to the state of other German insurance companies.

German Bank Amalgamation.—Two of the largest German private banks, writes our Berlin correspondent, will shortly enter into an agreement which practically amounts to an amalgamation of their interests. They are the firm of S. Bleichröder, which was founded 128 years ago, and before the war played at times a leading part in the international money markets, and the much younger but recently very active firm of Arnhold Brothers. To the very substantial property which the latter firm has acquired through successful transactions during the last decade are now to be joined the tradition and the high prestige of Bleichröder, which has been represented on the advisory councils of most of the big German concerns for decades, but has hitherto held aloof for personal reasons from the substantial business opportunities which this position, together with the firm's foreign connections, would have made possible. The amalgamation will greatly strengthen private banking in Germany, giving rise, as it will, to a large and active private bank of the same rank as Mendelssohn and Warburg, hitherto the largest firms in existence.

Unemployment Relief in Czechoslovakia.—A correspondent writes:—There are at present about 300,000 unemployed persons in Czechoslovakia. This figure was only surpassed in the winter 1922-23, when there were 320,000 unemployed. The first step in the direction of unemployment provision was taken on December 10, 1918, by a law which granted to the unemployed and the returned soldiers direct State maintenance. The law of August 12, 1921, brought in a new regulation of the State provision for the unemployed, in which direct maintenance was continued. The main provisions of this law were the following: Persons, other than seasonal workers, covered by health insurance had the right to be supported during a period of unemployment not exceeding six months, or, in exceptional cases, one year. This period was increased in 1922 to eighteen months. The benefit amounted to about one shilling daily. The Act required, in addition, the provision of public work in times of slackness. As early as 1921 the National Assembly of Czechoslovakia decided to introduce the Gent system, by which the State contributes only to trade-union unemployment benefit. An Act to this effect came into operation on April 1, 1925, and is still in force, though a proposal is now being discussed for replacing the Gent system by compulsory

unemployment insurance. The State contribution was limited to 1s. 6d. a day. A considerable improvement was brought about by the law of June 5, 1930. Under this law the unemployed could claim State support for a period of 26 weeks, or six months in one year. Further, the State contribution was, in consideration of the circumstances, increased to four times the contribution paid by the organisation to which the unemployed belonged. The Act provided against the possibility of the number of the unemployed reaching an extraordinarily high figure. If the Minister declared unemployment in the whole State or in certain parts or in certain branches of industry to be extraordinary, members of a trade union were to have the right to claim unemployment benefit during a period of 13 weeks, even if a former claim had been rejected or exhausted. The contribution paid by the State amounts to 2½d., that of the trade union to ½d. These provisions regarding extraordinary unemployment proved to be of practical value, and, since January 1, 1931, unemployment in the following branches of industry has been declared extraordinary: textiles, glass, metal, leather, mining, wood and printing. The same Act provides also for the productive employment of persons out of work. The Minister is entitled to use a part of the unemployment fund for the carrying out of work undertaken in times of distress by the State, a borough or a municipality for the public welfare. The State is planning vast undertakings of its own and contributions to other public works on the strength of its powers under this Act.

Education in 1930.—The Report of the Board of Education for 1930 contains ample evidence of the fact that reorganisation, on the lines laid down in the Hadow Report, has been progressing steadily. The number of existing departments in public elementary schools affected by reorganisation schemes in the twelve months ended March, 1930, amounted to 1,202, as compared with 1,103 in 1929, and 742 in the previous year, while the majority of the new schools opened during the year were also organised according to the Hadow principles. The movement has also extended to voluntary schools, and has been greatly facilitated by friendly co-operation between the managers of these schools and the local educational authorities. The number of elementary schools in existence totalled 20,803 on March 31, 1930, as compared with 20,747 on the corresponding date in the previous year, while the number of children on the registers of public elementary schools maintained by local authorities amounted to 5,527,113, as compared with 5,512,283 on March 31, 1929. Considerable progress was made during the year in reducing the average size of classes, and the number with over 50 pupils dropped during the year from 10,883 to 10,017. Building activities during the year accounted for capital expenditure to the extent of £5,509,505, as compared with £4,298,909 in 1929, while the Board reports good progress in providing playing-field accommodation for both new and existing schools. Secondary schools eligible for grants from the Board numbered 1,354 at the end of March, 1930, and the pupils in these schools totalled 394,105 (207,462 boys and 186,643 girls) as compared with 386,993 on March 31, 1929. On October 1st last the number of pupils in grant-aided secondary schools over 16 years of age showed an increase of 4,500 over the figure for the corresponding date in 1929, and the Board have reason to attribute this increase in some degree to the difficulties experienced in obtaining employment under present conditions. Of the 66,741 pupils who left grant-aided secondary schools in 1929-30, 2,477 boys and 1,352 girls, 63.4 per cent. of whom were ex-public elementary school pupils, are known to have proceeded direct to universities.

Royal Insurance Company, Limited.—Owing to a considerable reduction in single premium business the premium income in the life department fell from £1,891,000 to £1,795,000, but the net new business transacted in 1930 was rather larger in amount, at £3,823,842, compared with £3,699,593, and the fund, which was also increased, now stands at almost £20½ millions. The last quinquennial valuation took place on December 31, 1929, and a

reversionary bonus for the five years then ended was declared at the rate of 42s. per cent., while the interim bonus for the current quinquennium was raised to 45s. per cent. The detailed working of the various departmental accounts is set out in the table below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	562,541	8.1	446,692	6.8
Personal accident.....	4,800	2.2	7,253	3.2
Employers' liability.....	58,844	15.8	32,236	8.5
General	292,817	5.8	172,593	3.4
Marine	104,489	8.8	46,465	3.9
Life	40,000		40,000	
	1,063,491		745,239	

Less items debited to profit and loss account.....	504,991	316,438
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Total net trading surplus 558,500

428,801

The total premiums, excluding life, have fallen from £13,755,000 to £13,202,000, most of the decline having occurred in the United States fire business. In the general and miscellaneous account, which produces over £5 million premiums per annum, there was actually a small increase. No doubt a portion of this was due to the passing of the Road Traffic Act, which has brought a certain amount of business to the Royal under the compulsory insurance provisions, though the general experience is that the proportion of motorists uninsured was exceedingly small, most of the extra business being in the form of small motor-cycle insurances. The marine account showed the largest proportion of decline in premiums, from £1,184,000 to £967,000. The decline in profits was heaviest also in this department, though the incidence of claims in the 1930 account suggests that some improvement may be expected when this account is closed at the end of the current year. The dividend has been raised from 62½ per cent. to 65 per cent., and 95 per cent. of the cost of this is met from interest earnings.

Sun Insurance.—In the 220th year of its existence the Sun finds itself by all the usual tests in an extremely strong position. In addition to the departmental reserves there is a general reserve of £1 million and a profit and loss account balance of nearly the same amount; while the total funds, apart from the capital, amount to 136 per cent. of the premium income. A year ago £120,000 was applied towards paying up 10s. per share of the uncalled liability, and at the same time each £10 share was split into ten £1 shares, on each of which 5s. is paid up. The 1930 dividend of 53½ per cent. is, therefore, not exactly comparable with that of 1929, but the cost is approximately the same and is entirely met out of interest earnings. It is pleasing to observe that the Sun has managed to report an increased total premium income in 1930 as compared with 1929, the respective totals being £4,473,000 and £4,291,000. Although the fire department showed a drop, there was again an expansion in the burglary and general department, and a large increase in the marine premium income. This latter department is a post-war development, and the premiums now amount to just under £600,000. The profits have been carefully conserved, with the result that the fund now comfortably exceeds one year's premium income. The detailed results of each department are set out below:

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	224,633	8.7	150,685	6.1
Personal accident.....	9,569	19.4	5,831	10.9
Employers' liability.....	5,504	3.7	18,637	12.6
Burglary and general	75,656	6.8	62,794	5.2
Marine	20,000	4.9	...	...

Less items debited to profit and loss account	335,362	237,947
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	121,789	123,586
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	213,573	114,361
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The 5s. shares stand at 70s. and yield 3.2 per cent. gross on dividend and 4.5 per cent. gross on earnings.

Guardian Assurance.—Following upon a disappointing fire report for 1929, the 1930 accounts show a substantial improvement in this department, an improvement which, however, has been off-set in some degree by a falling off in profits from the accident and miscellaneous account. Both accounts show a drop in premium income, the combined total, including marine, now being £2,061,000, rather more than one-half of which is derived from the fire department. The underwriting results are set out below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	23,677	2.1	87,235	8.1
Accident.....	46,819	5.8	26,137	3.3
Marine	650	.5	4,518	2.3
Life	36,000		36,000	
	107,146		153,890	
Less items debited to profit and loss account .	167,920		81,713	
	- 60,774		72,177	

In arriving at a net trading loss for 1929 it is only fair to mention that £70,000 of the total of the items debited to profit and loss account, being part of the cost of liquidating an old standing claim for Excess Profits duty, was met out of reserves created from past years' profits. Rather curiously, in view of the declining premium income, the net interest income shows a moderate increase, and, as the dividend has been maintained at the same rate as in 1929, namely 100 per cent., the gap in interest earnings has been reduced from £15,000 to £6,000. The life department shows a steady increase, and new business was transacted in 1930 for net sums assured of £1,323,404, compared with £1,332,770 in the preceding year. At the last quinquennial valuation, which took place on December 31, 1929, the usual distribution of surplus was made, and it was resolved that the shareholders' proportion of surplus in future should be reduced from 20 per cent. to 10 per cent.

Overseas Correspondence.

LEAGUE OF NATIONS.

Mr Henderson's Prestige — Polish Minorities — The Economic Crisis — Disarmament Conference Plans.

(FROM OUR CORRESPONDENT.)

GENEVA, May 26.

It is early to say what may be the ultimate effect of the May session of the League of Nations Council which ended on Saturday, but there can be no doubt of its importance as a stage in several matters of first-class political and economic concern. It has been a personal triumph for Mr Henderson, whose authority increases at every session, and there is real satisfaction over his appointment as President of the Disarmament Conference next year. This, apparently, is felt also in the United States, whose Secretary of State, Mr Stimson, has sent him a most cordial telegram of congratulation. Apart from this general observation on the part played by Mr Henderson in most of the major problems considered, his intervention on the question of German minorities in Upper Silesia was immediately hailed by the Germans in Geneva as having saved the German Government; if that is so, it was worth a Council meeting. But in itself it was characteristic. The report which the Polish Government had been asked by the last Council to furnish on the steps taken to deal with the abuses of which the German Government had rightly complained, only reached the members of the Council while they were in Geneva; it is a production of sixty pages, and does not include the one essential fact which would have satisfied the Council, namely, the complete severance of the official relationship between the authorities and the notorious Polish Insurgents Union. Regret was indicated in the Japanese representative's

report, which, however, noted considerable improvement in the relations between the authorities and the minority, and suggested that the Council's examination should be closed, implying also an expectation of further steps by Poland. But Dr. Curtius asked for an adjournment, as he had had little time to consider the Polish statement; this was quite reasonably supported by Mr Henderson (temporarily presiding), who pointed out the extremely busy time which Dr. Curtius had had as President of the Council, with its heavily charged agenda, in addition to the meetings of the European Commission. The French, Polish and Yugoslav representatives pressed for the immediate adoption of the report, and the Polish representative virtually threatened the Council by declaring that his Government could not be responsible for any circumstances which might ensue from the adjournment. It was to this that Mr Henderson vigorously retorted in the name of the Council that Poland could not so divest herself, and he thus gave much-needed comfort and satisfaction to Dr. Curtius. The matter was, in fact, adjourned, as no one challenged Mr Henderson's somewhat doubtful ruling in that sense.

The Council Committee on the Ukrainian petitions, sitting under the Presidency of Mr Henderson, followed the unusual course of issuing a *communiqué* explaining, in guarded but intelligible terms, that it was postponing its examination till a later session in the hope that the Polish Government would be able to reach agreement with the minority. It is generally assumed that the Committee received some assurances from the Polish Government, which is given this further opportunity of action. The Council had before it the report on the work of the European Commission, and approved its proposals. It appointed an organising committee for the creation of the International Agricultural Mortgage Credit Company, and decided that the convention setting up the company should be immediately open for signature; sixteen States attending the European Commission immediately signed. The conclusions of the Commission provide for a series of committee meetings throughout the summer, and it must be confessed that, while there are one or two elements of great potential value, they have, on the whole, the appearance of a hasty attempt to counter the Austro-German proposals. There will probably be an interval until September or possibly October before the legal opinion of the Court will be available for the Council's consideration, and this time must be occupied in showing whether the general approach to the problem of Europe's economic relations is really genuine and whether it is more feasible than the particular approach as advocated by the Germans and Austrians. However, the discussions in the Council and the Commission have undoubtedly produced a *détente* for the time being.

The plans of the Commission, as approved by the Council, are that a Co-ordination Committee, upon which all members of the Commission will be represented and whose sphere of action is to be conceived on the widest possible lines, will meet on July 6th to co-ordinate and, where necessary, amplify the conclusions of the various other sub-committees which it was also decided to appoint. This Co-ordination Committee will report to the full Commission and communicate the report before the Assembly meets to the members of the League not represented on it. The following steps were also taken:—

A sub-committee on agricultural problems, "with due reference to the results of the Rome and London Wheat Conferences," is to meet on June 10th. The British, Swedish, Danish, Norwegian, and Dutch Governments all made reservations on the suggestion for the establishment of a preferential regime for the benefit of agricultural countries of Eastern Europe.

It is recommended that the Council should, if it thinks fit, take steps for the application of the principles of the Commercial Convention of March, 1930; it is at the same time recommended that henceforward States should conform as far as possible to these principles.

States are invited to continue to endeavour to bring to a successful conclusion as rapidly as possible the negotiations entered into by agreement between various Governments and the British Government on the latter's initiative.

A committee of "highly qualified experts," working in contact with their Governments, is to meet on June 24th to examine "in complete freedom and in a spirit of liberal understanding," means calculated to bring about closer and more profitable co-operation with a view to improving the organisation of production and trade.

A small committee of five Government representatives is to consider, in consultation with a delegation of the Financial Committee of the League, practical measures for the issue of State loans of an international character.

A committee of twelve members is to study unemployment problems.

A number of other less vital problems are set down for consideration by one or other of the committees, e.g., trade in and transit of livestock, transport and transit of electric power, customs exemption for liquid fuel, customs nomenclature and treatment of foreigners.

One proposal was that there should be a committee to consider measures by which the difficulties of Austria might be remedied, but the Austrian representative observed that his Government proposed, if necessary, itself to submit suggestions on this matter to the appropriate committee. The draft pact of economic non-aggression submitted by Mr Litvinoff and supported by the Turks is referred to the Co-ordination Committee.

The Council finally selected Geneva as the seat of the Disarmament Conference next year. The German Government was not successful in its suggestion that the information to be asked of Governments on the position of their armaments should be provided in a model table containing facts on material in service or in stock and trained reserves. States which have obstinately opposed the inclusion in the Draft Disarmament Convention of limitation of material or trained reserves were not likely to agree that preparatory information should include these points. The Council, in fact, could do little else but accept the British proposal that the information should be provided by filling in the tables attached to the Draft Convention; the French and Japanese representatives found even these a little exacting, but at any rate it was agreed to with a certain amount of reservation, and with the proviso, on the other side, that the Conference would be free, if it liked, to ask for more information. Dr. Curtius abstained. Governments are also to be asked to fill in the standard budget contained in the report of the experts on budgetary limitation of armaments, and the Secretariat is to publish a special edition of the *Armaments Year Book* just before the Conference.

The Council decided to ask Governments to give their Assembly delegates the necessary powers to take a decision on the draft Convention for improving the means of preventing war, upon which a special committee has reached agreement on the points undecided at the last Assembly.

Among a variety of other subjects dealt with by the Council, one of the most important was the authorisation given to the League technical organisations to collaborate permanently with the Government of China in its reconstruction work. One of the things asked of the Council by the Chinese Government is to send an expert who will be in a position to give an opinion on its scheme of reconstruction, and on the particular methods by which the League could help in its execution.

The formal accession of Great Britain, Australia, India, New Zealand and France to the General Act for the Peaceful Settlement of International Disputes were made during the Council, and the Italian Government announced that it would accede shortly.

UNITED STATES.

Money Market — Public Finance — Industry — Wages.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 15.

THE latest moves of the Federal Reserve authorities to cut interest rates and force funds from New York back to the interior have produced only a moderate effect. Last week's reduction in the New York Federal Reserve Bank's discount rate has been followed by cuts in other districts and by one more reduction in the New York official bill-buying rate. Current stagnation in the bill market probably foreshadows still another reduction, which would force the rate on short-term bills below 1 per cent. Call money was posted at 1 per cent. renewal on the Stock Exchange for two days, but heavy withdrawals at that figure restored the old $1\frac{1}{2}$ per cent rate. However, time loans are being made at $1\frac{1}{2}$ per cent. for six months.

Chipping of bank interest rates charged to customers on loans at interior cities is beginning, and that is one of the objects of Federal Reserve policy. So far the bond market has improved only in the gilt-edged sections, and no increase in new capital offerings has appeared. The new issue market is given over almost entirely to Treasury and municipal financing, and some fancy prices are being received. An issue of New York City bonds, for instance, was sold this week to public investors on a 2.86 per cent. yield basis, the lowest in history for the municipality. The Treasury's last bill issue was awarded at about 1 per cent. Investment money is fairly plentiful and goes eagerly into high-grade investments, but is wary as ever of the lesser grades.

Rather to the surprise of Wall Street, the Clearing House Committee has failed to vote a cut in deposit rates. This is not to be interpreted as disagreement with the Federal Reserve Bank's policy of making money more plentiful in other centres, but a number of the Clearing House banks feared there might be too rapid a withdrawal of deposits by their country correspondents. Reduction probably will come. Individual banks are reducing rates on time deposits, and a committee of bankers representing the institutions holding the bulk of foreign deposits have decided to cut deposit rates on foreign time money from the old rate of 2 per cent. to $1\frac{1}{2}$ per cent. The demand rate was left unchanged at 1 per cent. Meanwhile the Federal Reserve Bank has announced a reduction in its buying rate on bills for foreign correspondents to $\frac{3}{4}$ per cent., which is calculated to make this market less attractive.

Bankers note no appreciable outflow of funds to foreign countries, and do not expect much for a while at least. This week's statement of the Federal Reserve system reveals the ineffectiveness of the latest bill cut in forcing credit into the market. Bill maturities far exceeded new purchases, and the system's portfolio of bills dropped \$40,000,000. Government security holdings were unchanged and the member banks cut discounts slightly.

Money circulation rose \$46,000,000 in April, responding to seasonal needs. Gold imports were over \$20,000,000, mostly from Argentina, and the cheap money campaign seems scarcely able to check the movement from there. Reports of a Spanish credit are believed to be unfounded on fact.

With declining prices in the share market and continued reduction of bank loans on securities throughout the country, the brokers' loan total is falling. This week's reduction of \$28,800,000 puts the figure at a new record low level of \$1,671,000,000. The portion now allotted to corporations and out-of-town banks is dwindling rapidly, since the spell of 1 per cent. money, after deducting the $\frac{1}{2}$ per cent. charge made by local banks for placing these loans, left little inducement for others to make loans. The drop this week for corporate and out-of-town bank loans was \$95,000,000, and corporate money lent is now down to \$152,000,000, or less than the Treasury holdings of the United States Steel Corporation, for example.

After a lull in loans under the new soldiers' bonus law, which in effect amounts to gifts from the Treasury, borrowing has increased rapidly. Loans under the old law totalled \$344,480,000, and additions under the new law, which increased the amount available to 50 per cent. of the maturity value, are \$711,132,000. The continuance of the trade depression makes it likely that borrowing will reach the maximum limit, which allows of nearly \$500 million dollars more being advanced.

The Treasury is now making a tender of non-interest-bearing bills every week, in amounts ranging from \$50,000,000 to \$100,000,000, and this form of borrowing has largely supplanted the old method of a note or certificate issue only on a quarterly tax date. A maturity will fall in each week for several weeks ahead, in addition to the new money which the soldiers' bonus payments and other expenditures are requiring.

Maturities of Treasury certificates on the next tax date, June 15th, total \$588,000,000, and it is possible that the Treasury may choose that date to float a long-term issue to consolidate much of the short-term indebtedness. It is

also possible that the long-term issue when it comes will carry privilege of conversion for Fourth Liberty and other Liberty loans. For the first time since before the war the Treasury's credit has been raised to a 3 per cent. basis. The certificate maturity for June will doubtless be replaced by another, and the financial community is talking of a 12-15-year 3 per cent. long-term issue, although so low a coupon might be somewhat difficult; but by the offer of special privileges as in 1927 a billion or two of Liberties might be converted into a 3 per cent. bond.

Trade news is still rather unfavourable on the surface, but some slight improvement is taking place in a few industries. Cotton consumption rose about 5 per cent. in April, and department store sales throughout the country, as reported by the Federal Reserve Board, increased about 9 per cent. last month. Motor production continues to gain moderately in the lower-price field, and building permits and contracts were larger in April, though the increase was less than seasonal. Steel output is around 46 per cent. of capacity, and probably will not go below 40 per cent. this summer. Railroad traffic is creeping ahead slightly, but is far below that of recent years for this season.

Industries which have shown some further recession include copper. Buying on the part of the public utilities and the electrical manufacturing concerns fell in April, and, although copper output declined, a moderate addition to stocks took place, after a few months of decline. Oil is still producing far more than consumption demands require, although recently a reduction has occurred in the new East Texas region, and somewhat more stable prices are the result.

Wage cutting throughout the country continues, but with very little publicity, and, in many instances, with such devices as work days without pay, designed to conceal the real reductions. The major industries, which work on a more or less fixed scale, such as the railroads and the steel and building trades, have not cut wages; but undoubtedly they feel that it will be necessary to do so, whatever may be said for publication. Railroad executives are fearful of efforts to bring down wages at this time, because the strikes which would most certainly follow would be too costly for the weaker roads to bear, and numerous receiverships probably would result. Dividend reductions are being made daily, offsetting to a considerable extent the influence of cheap money on investment markets.

FRANCE.

M. Briand — Radical and Socialist Policy — Revenue — Livestock.

(FROM OUR CORRESPONDENT.)

PARIS, May 27.

THE Briand problem, with all its far-reaching complications, received definite solution this morning, when the veteran Foreign Minister, in response to a request from M. Laval, in the name of the entire Cabinet, consented to continue in charge of French foreign policy. The *Temps*, which has not been too sparing in its criticism of M. Briand lately, remarks in an article of the "all's well that ends well" type, that "Ministerial solidarity has survived the consequences of the miscalculations of the Presidential election," which it suggests was due to M. Briand's ill-luck in having certain encumbering and compromising friends. "He has left the Socialists to their defeatist philosophy, and the Radicals—become rather more prudent latterly, if not wiser—to their rather too electoral conception of peace." The Ministerial team will therefore meet the Chamber to-morrow as a still united body, and in the middle of June will probably, according to all present indications, collectively resign on the accession of the new President and equally collectively resume office.

The alarm, nevertheless, has been a serious one. In present circumstances M. Briand could as little afford to

abandon the Ministry as the Cabinet could risk severing connection with him. The Government's left wing supporters are still too doubtful a quantity to permit the risk that would attend the dropping of a pilot of the calibre of M. Briand, and the Foreign Minister's own situation, were he dependent on the support of the Socialists and a probably divided Radical Party, would be largely divested of real authority. His firm stand at Geneva proved that he has recovered his old form, and he has on this occasion, as French opinion has been quick to realise, the active support of his British colleague.

The latest split between the Radicals and the Socialists, which apparently nearly came to a head with the defeat, alleged to be the result of Radical votes, of M. Briand's candidacy for the Presidency, now appears to be becoming more visible daily. M. Herriot has this week again declared himself definitely opposed to any kind of Austro-German Customs Union. M. Blum, on the other hand, is just as strongly in favour of the Austro-German project, and equally firm in his demand that France shall disarm, at any price, whatever other nations may do. In a strongly worded article in a Lyons newspaper M. Herriot insists that the project is not an economic but a purely political move, and that in putting it forward Germany has shown that, now the Rhineland has been evacuated, she has returned to her old policy of intimidation, on exactly the same lines as the historic *coup d'Agadir*. An economic alliance, M. Herriot argues, can only be necessary between nations whose respective industries are complementary, which in this instance is not the case. The launching of the project when the European Union was actually under discussion was a direct challenge to M. Briand's proposals, which latter he (M. Herriot) was prepared to support to the utmost.

Meanwhile, the Socialist Party, at their national congress at Tours, is mildly rent with intestinal sham-fighting. M. Paul Boncour, who, with a few other dissidents, refuses to accept either M. Blum's unilateral disarmament doctrine or his surrender to the Anschluss demand—and who, incidentally, is regarded by many old parliamentary hands as a more than possible successor of M. Briand—has abstained from attending the Tours gathering, and the assembly has so far carefully avoided taking serious official notice of their comrade's attitude. In view of the danger, owing to the proximity of the General Elections, of any direct vote on the Party's future policy in regard to national defence, the congress was electrified on Monday by a sudden interruption by a back bench delegate who grimly demanded: "Why do our German comrades vote credits for new cruisers and for the Reichswehr when we do not vote even the Budget?" The question, which embodies the whole Herriot and Paul Boncour gospel, fell like a bombshell on the party caucus. Everybody realised that any clearly-stated resolution, defining in plain language the party's attitude towards national defence, must in present circumstances inevitably prove disastrous to French International Socialists at the coming elections, no matter which alternative it favoured. It was promptly decided to adjourn consideration of the question till the closing hours of the congress to-day, by which time it was estimated it would be found possible to draft the usual meaningless resolution on the subject that will commit nobody, satisfy nobody and annoy nobody. Of all the members of the party, M. Renaudel is perhaps the most embarrassed. As *rapporteur* for the Air Ministry budget—a post which he willingly accepted—it was his duty to recommend large credits for air defence, which party discipline condemned him to refuse to support by his vote. His appointment as *rapporteur* was one of those slim little moves which French politicians delight in.

The revenue returns for April indicate only approximately the extent to which the country is suffering from the economic slump. The total yield from all "normal and permanent" general Budget sources for the month was 3,303,430,000 francs, as compared with 3,493,800,000 francs in April last year and 3,962,131,000 francs in 1929. It must not be overlooked, however, that during the past two years some £40,000,000 of taxation reductions have come into operation, which would be equivalent to something like 275,000,000 francs per month of lost revenue.

On the other hand, although no fresh taxation in the ordinary sense of the word has been imposed, there have been innumerable modifications upward, in connection with the incidence of many of the existing imposts, which have appreciably contributed to cancel out losses due to "remissions." Income-tax payers, for instance, last year found their assessment notes unexpectedly higher, while in a large number of cases rateable values have been mysteriously swollen. All this has the effect of rendering anything like exact comparisons impossible. Customs duties last month yielded 479,000,000 francs, against 253½ millions in April, 1930, or almost double, owing to the numerous increases by decree latterly in various scheduled rates. Imports in April, nevertheless, were 15 per cent. less in value and 5 per cent. lower in tonnage. The yield from the turnover taxes, on the other hand, was 17½ per cent. lower than in April, 1930, which was only partially due to the general, although small, drop in commodity prices during the year and the suppression of this tax so far as chemical manures are concerned. The tax on Bourse operations, which was reduced by one-half under the 1930-31 Budget, produced only 9,414,000 francs, against 27,500,000 francs in April, 1930. The yield for the month was 30,500,000 francs, or about 1 per cent. in excess of Budget estimates, against a surplus of 1½ per cent. in March and of 2½ per cent. in February. The January and December yields were respectively 136,000,000 francs and 38,500,000 francs below expectation.

Returns of the country's flocks and herds during 1929, which are now available, set forth the following totals, as compared with the pre-war figures:—

	1913	1929
Cattle	14,787,710	15,631,140
Sheep	16,131,390	10,451,760
Pigs	7,035,850	6,101,810
Horses	3,333,080	2,985,650

It will be noted that the stock of cattle, which in 1915 had sunk to 12,520,000 head, has since not only recovered to pre-war level but appreciably surpassed it. The stock of pigs, which was diminished to 4,910,000 by the end of 1915, representing a loss of about 30 per cent., has been the slowest to recover. The figures representing sheep are perhaps misleading, as they do not indicate that, although sheep-breeding has largely declined in France itself during the war, it was already seriously neglected for many years previously. Over half a century ago, when French sheep-breeding was at its zenith, the national flocks totalled over 30,000,000 head, but have been decreasing ever since, owing to ever-growing competition by Australian and other wool. The drop of nearly 6,000,000 head since 1913 has been almost exactly compensated for by the remarkable development of sheep-breeding in Algeria, whose flocks now amount to over the amount of the decline in metropolitan France.

GERMANY.

Geneva — The Austro-German Customs Proposal — Politics — B.I.S. Report — Rayon Cartel — Petrol Selling Agreement.

(FROM OUR CORRESPONDENT.)

BERLIN, May 27.

A LARGE section of the German people has been bitterly disappointed by the developments at Geneva. That the legality of the customs union agreement should be decided upon by the Hague International Court would have been comprehensible, but that the Council of the League should make the question the subject of a political debate is in German eyes a particularly poignant instance of the special treatment which Germany receives at the hands of international law. The attitude of the rest of the world to this question seems to Germany to be something like this: "If Germany's proposal is contrary to the Treaties, it must be abandoned, but if it is permitted by the

Treaties, we must first discuss whether it suits us to let Germany carry it out, and if we reach a negative conclusion, Germany shall not be allowed to exercise her right."

That is, of course, a misapprehension, but it is not surprising that public opinion in Germany cannot follow unaided the subtleties of League politics. This is not the only matter in which the edicts of international law and of Geneva custom are not quite an open book to the man in the street, but no other great people is so dependent in vital matters on the decisions of international committees as are the Germans. The English, the French, the Italians leave the details of League negotiations to their experts, but the German people cannot take things so calmly when it is a question of refusing to the population of the two German-speaking countries the elementary right of mutual help by economic means in an economic emergency, and of refusing it merely because these two countries were on the losing side in a war. It is as natural as it is regrettable that to the eyes of suspicion things seem even worse than they are. The only bright spot in the situation, otherwise so unfavourable, as far as Germany is concerned, to the cause of international co-operation, is the fact that, thanks to Mr Henderson's attitude, the Polish report on Upper Silesia was not accepted *in toto* but has been reserved for searching examination.

Disappointment at the turn of events in Geneva has given rise to an attack, in which some of his closest colleagues have played a leading part, on the position of Dr. Curtius. His resignation was demanded, and an attempt made to get the Chancellor to bring pressure to bear on him. In addition to the discontent with foreign policy, there was also a purely domestic political motive: the new emergency decree which will have to be issued early in June will be very unpopular, and naturally no party, not even the Social Democrats, to whose party Herr Curtius belongs, likes the idea of being responsible for it. These domestic considerations, however, only found expression because they coincided with the depression caused by the international political situation. The attack was a failure as the Chancellor was not to be moved, and as a large section of the German People's Party was afraid to jeopardise the existence of the Brüning Cabinet.

In its relations with the Left, also, the Chancellor's authority is the strongest asset of the Government. The Social Democrats will shortly hold their Party meeting, on the agenda of which are many resolutions calling for a change in policy and sharper opposition to the Brüning Government. Herr Löbe, the President of the Reichstag, recently criticised, with much greater moderation but very decidedly, the results of the complaisance which the Social Democratic Party has so far shown towards the Brüning Cabinet. Apart from the fear of the curtailment of the social services, which is certain to be introduced by the next emergency decree, the tendency towards opposition among the Social Democrats is primarily due to the question of bread prices. The price is still rising, and the Government has so far done little to bring about the stabilisation on the basis of the average for the last six months which was promised by the law. There are many signs that this may afford the Chancellor a means of meeting the wishes of the Social Democrats.

The first report of the Bank for International Settlements was received with great interest in Germany, where it has intensified the critical attitude towards the Bank which has existed for some time. It was already evident from the monthly reports that the Bank is doing nothing to restore equilibrium between long- and short-term credit; the medium of long-term investments of the Bank are very small indeed and are only to be very slightly increased in the near future. The annual report provides, however, the first information that has been made available as to the geographical distribution of the Bank's loans, and it appears that 21 per cent. have been placed in Germany. That amounts to about 400 million Swiss francs, almost exactly the sum which Germany keeps permanently in Basle as reparation balance and foreign exchange reserve. The B.I.S., therefore, so it is reasoned in Germany, is doing nothing to equalise interest rates between debtor and creditor countries, and nothing to facilitate the payment of reparations, though that is supposed to be its

function. It simply lends to Germany the sums it receives from her.

There are signs that the restoration of normal conditions in the rayon industry, which has suffered from the depression to an exceptional extent, may not be long delayed. As the productive capacity of the German factories greatly exceeds consumption, and imports, aided by the low duties, are very high, rayon prices in Germany during the last two years have fallen by 40 or 50 per cent. After prolonged and unsuccessful efforts the chief producers have at last reached an agreement with the principal importers. If they are successful in securing the adhesion of some of the smaller factories, a cartel will be evolved which will take over the function of selling in place of the importers and manufacturers. The cartel will take up the goods on the basis of fixed quotas; the Aku group, which is in close touch with Courtaulds, would have a quota of 50 per cent., I.G. Farbenindustrie 15 per cent., and the Italian importers (Snia Viscosa, etc.) 17½ per cent. The Belgian and French quotas are not yet fixed, and England does not export to Germany.

An agreement for joint action in the German market has also been reached by the big petrol companies. The competition between Russia and Roumania has brought about a very severe fall in prices, though increases in taxation have prevented the consumers from feeling its effects. After six months of unrestrained competition (before that there was a selling agreement), Standard Oil, Shell, and the Anglo-Persian group have now reached an agreement, and the Russian and Roumanian companies have so far fallen in with it as to adopt the same price increases. Upon the conclusion of the agreement prices were raised throughout Germany by 15 per cent. The American importers would like an agreement establishing quotas for all sellers.

HOLLAND.

Dutch East Indies — Coal Industry — Money — Revenue — Capital Issues — Foreign Trade.

(FROM OUR CORRESPONDENT.)

AMSTERDAM, May 15.

PROSPERITY in Holland is closely related to the economic situation prevailing in the Dutch East Indies, and the situation there is very critical just now in consequence of the phenomenal drop in the prices of plantation products. Rubber, sugar, coffee, tea, etc., as well as petroleum and tin, are among the principal products of the Dutch East Indies, and the proceeds of those products are far below the level of previous years. The income for the Netherlands from those sources is accordingly very disappointing. Many of the sugar enterprises, and the majority of the rubber companies, are operating at a loss, as the prices of the products are in many cases below their cost of production.

The Government of the Dutch East Indies has endeavoured to improve the situation by helping towards the achievement of tin restriction, and playing an active part in the matter of sugar restriction. The Chadbourne scheme which was signed at Brussels has come into operation, and, by means of the issue of export permits, the Government of the Dutch East Indies will be able to enforce the restriction of export, and so render nugatory the opposition of the minority.

So far the operation of the Chadbourne scheme has failed to bring about a rise in prices, and the sales of the V.I.S.P. are not progressing very briskly. Most of the sugar companies are, in fact, still burdened with stocks accumulated from the old crop. Although the working results of the Dutch East Indies sugar companies for 1930 have been disappointing, many of them have nevertheless distributed a dividend on their shares by drawing on reserve funds. Apparently those companies do not take a very gloomy view of the future, but consider the situation to be of a transient nature. Generally speaking, the weather has been beneficial for the new crop, and a larger

yield of sugar is to be expected, which will mean an automatic reduction in the cost of production.

The annual reports of the rubber enterprises also disclose a decidedly gloomy state of affairs, and, in view of this, it is remarkable that the Government of the Dutch East Indies has not been active in procuring some measure of relief on behalf of the rubber interests, but the Government has not made the slightest attempt to ameliorate the lot of this industry. Apparently they do not want to exert restraint on the native rubber planters, while the big rubber companies in Holland are also opposed to restriction. This critical situation in our colonies made the appointment of the new Governor-General a question of vital importance, and the appointment of Jonkheer de Jonge, hitherto director of the Bataafsche Petroleum Mij (Royal Dutch-Shell concern) has been greeted with satisfaction.

Most Dutch undertakings are suffering from the steep drop in prices, but in hardly any branch can a crisis be said to exist. The largest coal producers in the Netherlands, the State coal mines in Limburg, even record very satisfactory results for 1930. The production of coal in the Netherlands in 1930 totalled 12,211,000 tons (previous year 11,581,000), of which 6,959,387 tons (previous year 6,811,964) were produced by the State coal mines. Thanks to advance sales, results were satisfactory in spite of the unfavourable situation of the coal market. The average sale price was 9.96 guilders (preceding year 9.88) per ton, and the cost of production was 9.64 guilders (preceding year 9.57). The average cost for wages rose from 5.50 to 5.61 guilders per ton. The gross profits were 12,163,940 guilders (last year 11,188,069), depreciation 9,961,931 (9,038,069), reserves 52,009 guilders (last year nil), and the dividend on the 43,000,000 guilders of shares, all of which are in the hands of the State, was 2,150,000 guilders (unchanged). At the end of the year the number of persons in the employ of the State coal mines was 21,619.

The trade depression is already reflected in the revenue. Receipts from income tax for the first quarter of 1931 were 22,587,366 guilders (last year 23,602,665), and from property tax 3,753,588 guilders (last year 3,942,918). Traffic in the port of Rotterdam showed a further decline in the first quarter of the year, the number of vessels being 3,288 (against 3,711 same period last year), with a tonnage of 5,489,504 net (6,155,524).

The money market continues to be very amply supplied, and the Stock Exchange remains very weak. The reduction in the New York discount rate exerted hardly any influence here. The April end-of-month requirements were fulfilled very comfortably, the Amsterdam money market has reverted once more to its customary state of relaxation and the Netherlands Bank has reduced its discount rate from 2½ per cent. to 2 per cent.

Not only money rates, but long-term interest is still falling, as is apparent from the daily quotations of a number of selected funds. That the absorbing capacity of our capital market is not very big is equally apparent from the results of the issues marketed, for not even conversion loans could boast of any great success. The following table shows the issues during the first four months of recent years:—

	(Thousand guilders.)			
	1928.	1929.	1930.	1931.
January.....	34,737	68,209	51,037	10,444
February.....	55,116	101,588	55,485	14,200
March.....	92,688	25,820	74,664	32,473
April.....	38,734	16,762	55,700	22,769
Totals.....	221,275	212,379	236,886	79,886

As will be seen, the new issues market has not yet been able to recover from the effects of the trade depression. During the past month there was, however, some change in the character of the issues, industrial requirements having accounted for a relatively larger percentage this time. These issues were, however, almost entirely for consolidation purposes and not for extension of business. Issues of bonds continue to predominate, and

accounted for 21.7 million guilders in April (31.4 preceding month), against about 1 million guilders for share issues (1 million preceding month). The issues for April included only 4.8 million guilders for account of Dutch borrowers, the remaining 17.9 millions being for foreign account.

Imports in March weighed 2,259,000 tons, with a value of 166.7 million guilders, as compared with 2,641,000 tons, value 226 millions, in March, 1930. Exports in March, 1931, weighed 1,440,000 tons, with a value of 116.4 millions, against 1,341,000 tons and value 155.9 millions in March, 1930. The figures for the first quarter of the year 1931 are:—Imports, 495 million guilders (against 647 millions last year) and exports 343 millions (last year 452 millions).

BULGARIA.

Politics — Budget — Economic Situation.

(FROM OUR CORRESPONDENT.)

SOFIA, May 14.

BULGARIA's economic and financial troubles, skilfully and widely used as efficient propaganda weapons by the parties of the opposition, have gradually rendered the position of M. Liapcheff's Government almost hopeless, especially on the eve of parliamentary elections. Home policy, foreign relations, conduct of the country's financial affairs, administrative methods—almost every branch of the Government's activity has become the object of widespread and rapidly growing criticism, which, although in many cases unfair and not entirely justified, has created a painful atmosphere, necessitating important and radical changes in the composition of parliament and administration.

Soon after the close of the session, M. Liapcheff tendered the Cabinet's resignation. Building up a new amalgamation of elements of the opposition with part of M. Liapcheff's party proved a task much more difficult than was generally anticipated. Repeated efforts have been made to bring about a coalition between M. Malinoff's Democrats, both wings of Liberals and part of the Sgovor (M. Liapcheff's party formed after the *coup d'état* of June 9, 1923), but although there are no divergences on material points between the doctrines and aims of the parties concerned, there appear to be considerable difficulties mainly with respect to the distribution of ministerial posts in proportion to each party's aspirations. An agreement has, however, been reached with the former Radoslavist Liberals in virtue of which the Ministers of Commerce and Agriculture respectively have resigned in order to make way for the two Liberal leaders, M. Statoff and M. Smiloff.

Shortly before retiring, the Chamber voted the Budget for 1931-32, which could hardly be called a successful piece of work. After much argument about the urgent necessity of wide retrenchments in order to make the Budget correspond to the real possibilities of the country's present situation, the final estimates have been voted (in million leva):—

RECEIPTS.			EXPENDITURE.		
1930-31.	1931-32.		1930-31.	1931-32.	
Direct taxation.....	942	834	Central Government.....	2,290-5	2,150-4
Indirect taxation.....	2,761	2,450	Public Debt.....	144-5	152-4
Other taxes.....	759	745	Foreign Affairs.....		
Fines and confiscations.....	59	85	Home Office and		
Railways and Ports			Public Health.....	442-3	437-3
(net profit).....	126	125	Education.....	898-8	874-3
Posts, telegraphs and			Finance.....	132-8	132-8
telephones.....	306	303	Justice.....	207-0	239-0
Domains, &c.....	530	530	War.....	1,087-0	1,109-6
Municipal contribu-			Trade, Industry and		
tions towards main-			Labour.....	135-4	111-3
tenance of educa-			Agriculture.....	200-6	322-0
tional staff.....	485	412	Public Works, Roads,		
Industry revenues.....	806	606	and Communica-		
Revenue from closed			tions.....	393-6	371-4
exercises.....	225	240	Posts, telegraphs,		
			telephones and air	319-0	315-7
			Other expenditure.....	58-8	53-7
	7,000	6,400		6,445-4	6,399-7

According to expert opinion, estimates of receipts are too generous, especially as expenditure in the last two

financial years and the present economic position do not appear to warrant much optimism in this direction:—

	Estimates.	Actual Receipts.
1929-1930.....	6,740	6,210
1930-1931.....	7,000	5,300*
April-December, 1930....	4,890	3,983

* Provisional total.

On the other hand, it is only fair to state that a substantial reduction of expenditure will be very difficult to obtain without a wide and thorough reconstruction of several State services with a view to the reduction of redundant staff. Salaries have been reduced in almost every State service, but the remedy does not appear to consist in curtailing the salaries of a great number of underpaid officials. Competent students of this question give the total of State employees as 82,250, and their salaries as roughly 35 per cent. of the total expenditure of the State. As no serious diminution of expenditure is to be expected on such important items of public debt, roads and communications, public health and home services, labour, agriculture, commerce, etc., where, on the contrary, the provisions are notoriously insufficient, the only real economy is to be pursued in the direction of reforming administrative methods so as to reduce the number of employees. Even if earnestly carried out, such a policy will take many years and will meet with strong opposition. The number of educated people in Bulgaria is steadily increasing, and many of them cannot find employment outside the services of the State, as their training is hardly appropriate to the needs of an agricultural country of small estates and limited resources.

The total amount of protested bills in 1930 rose to leva 3,000 millions, as against 2,130 millions in 1929 and 1,432 millions in 1928. According to the statistical data of the National Bank, there were 224 failures, as against 107 in 1929 and 395 moratoria, as against 104 in 1929. These are record figures, and though a slight improvement has since set in, the situation remains unsatisfactory, especially on account of the heavy reduction in the purchasing power of peasant consumers. Prices of imported goods and of products of the protected local industries remain abnormally high in proportion to those of agricultural produce and raw materials of local origin. This circumstance is causing a strong dissatisfaction in peasant circles and is undoubtedly aggravating the economic position.

CANADA.

Crop Conditions — Grain Marketing — Business — C.P.R. Wage Cuts — Newsprint Situation — Inter-provincial Reciprocity — Lithgow Mission.

(FROM OUR CORRESPONDENT.)

OTTAWA, May 5.

FARMERS in Eastern Canada are well ahead of last year's schedule with their cultivation. On the prairies seeding has been delayed by lack of moisture and soil drifting, but in Manitoba, where 90 per cent. of the wheat has been sown, seeding is slightly in advance of last year; further west many farmers have been holding back in the hope that rains may come and give a decent seed bed. All reports agree that the wheat crop has rarely been planted under less favourable conditions, and Mr Gardiner, the Leader of the Progressive Party, who has recently visited his farm in Alberta, has declared in a Press interview that all the portents indicated the prospect of a short crop. Grain prices have shown a slight improvement, and a better foreign demand is anticipated, particularly from Germany, as the result of the decision of the German Government to permit more imports of wheat. Since navigation opened on the St. Lawrence, the export movement of wheat has been reasonably brisk, and over 3 million bushels have been loaded since April, making a total export of 5,319,260 since the year began, as compared with 3,933,578 in the parallel period of 1930.

The problem of the satisfactory marketing of the 1931 crop is exercising the minds of the agrarian leaders in the

West. A decision of the Supreme Court of Saskatchewan that the Grain Marketing Act recently passed by the provincial legislature is *ultra vires* has obliterated for the time being any hopes of a compulsory pool, and a demand has now arisen for the revival of the Canada Wheat Board, which marketed Canada's grain during the later war years. It has the support of the three provincial governments of the prairies, but the Bennett Ministry will probably delay making any pronouncement of policy until it has digested the report of the Stamp Commission on "futures" trading which has just come into its hands. Its decision may also depend upon the weather in May, for if dry weather persists the crop will be short and prices will probably rise to a level at which the pools could handle the situation for themselves; but if rains come and ensure an average crop, the establishment of a Wheat Board may be forced upon the Bennett Ministry.

In business conditions there is little change, but in some quarters it was claimed that there was evidence of an upturn during April. It was, however, comparatively slight, and little hope is entertained of any serious recovery until the autumn. The latest business review published by the Dominion Bureau of Statistics gives the following weighted indices of the physical volume of business in Canada for March, based on the six-year period from 1919 to 1924, and corrected when necessary for seasonal variations, with the comparative data for February, 1931, and March, 1930, added:—

	March, 1930.	February, 1931.	March, 1931.
Forestry	187.9	153.7	156.7
Mining	176.6	130.6	147.4
Construction	163.0	262.1	229.1
Manufacturing	161.1	128.7	141.8
Employment in trade ...	135.4	134.0	138.0
Imports	159.5	119.2	130.5
Exports	140.7	102.4	105.7
Car loadings	118.9	101.2	97.2
Shares traded	447.1	279.0	239.0
Bank debits	149.0	146.1	134.5

These figures indicate that, while there have been distinct gains in some departments of business, there have been recessions in others. However, car loadings have since shown a considerable improvement, and the Bureau's figure for the week ending April 25th, placed at 50,368 cars, though it is 6,390 cars below the figure for the corresponding week of 1930, shows a gain of 1,642 cars over the previous week. The figures for motor-car production in March, given at 12,993 cars, also show an increase over the total for February, which, however, was a shorter month. On the other hand, the unemployment index for April 1 was disappointing at 99.7 (1926 = 100), as compared with 100.2 on March 1st, and with 107.8, 110.4, 102.3 on April 1, 1930, 1929, and 1928 respectively. A seasonal decline at the beginning of April is not unusual, owing to the cessation of work in the logging camps; but the disturbing feature of the employment record is that for the first time for several years the curve has been steadily downward since the year began.

One adverse development has been the decision of the executive of the Canadian Pacific Railway Company to embark upon what is tantamount to a wage-cutting policy. They are not actually cutting the rate of wages, but they have reduced the wages of their supervising officials by 10 per cent. and have induced the rest of their staff to agree to lay off three days per month without pay until conditions improve. This means that the whole pay roll of the Canadian Pacific Railway will be reduced by 10 per cent., and the lead which has thus been given is certain to be followed not only by the Canadian National Railways, but by a number of important corporations. The inevitable consequence will be a curtailment by 10 per cent. of the purchasing power of the large proportion of the working classes, and this loss is bound to be reflected in decreased business for merchants. Consequently the business outlook for the summer is not regarded as auspicious, and many firms will be hard pressed to make any profits.

There is still considerable hardship in communities in the northern hinterland, which are dependent for their

livelihood upon the pulp and paper industry, and the situation has not been improved by the latest cut of \$5 per ton in the price of newsprint. Efforts to secure consolidations in the industry which might make possible economies are still being persevered with, but so far no definite results have been achieved. Undoubtedly the problem of the very serious embarrassments of the Canada Power and Paper Corporation and its subsidiaries is causing considerable worry not merely to the directors and shareholders of the corporation, but also to more than one important Canadian bank and to the Government. The protective committee appointed by the security holders is still engaged in working out a scheme of financial reconstruction, but many thorny difficulties have to be surmounted. Meanwhile there are forecasts that the Abitibi Pulp and Paper Company and the St. Lawrence Paper Company will shortly reach an agreement for the creation of a common selling organisation, and some other newsprint companies might be induced to join it.

A curious sectional quarrel has developed lately between the Maritime Provinces and Ontario. The coal operators of the Maritime Provinces, ever since the Bennett Government came into power, have, with the help of their political friends at Ottawa, been agitating for a sharp increase in the duties on bituminous coal, which would enable them to capture the Ontario market. The Bennett Government did make some concessions to their demands by fixing an arbitrary valuation upon bituminous coal for import duty purposes, but the manufacturers of Ontario, who want to import their bituminous coal from the United States, lobbied successfully at Ottawa against any tariff increase which would force them to buy their coal in the Maritime Provinces, and even objected to the increase which enabled the "Maritimers" to secure the market east of Montreal. So there has developed a movement in Nova Scotia to punish Ontario for what is described as its fiscal selfishness. Local business people are being urged by propaganda in the Press to transfer to Quebec orders which they formerly placed in Ontario, a province which buys two million dollars' worth of Maritime coal per annum. The movement is gaining considerable support in Nova Scotia, and bodies have passed resolutions in favour of what is called "interprovincial reciprocity." The efforts of the Maritime coal owners to secure higher tariff protection against American coal are viewed with disfavour by their brethren in British Columbia, who are interested in retaining a free export market in the United States, to which they exported last year 121,000 tons. They fear that higher duties on the part of Canada might provoke from the United States a retaliation which would cost them their American market.

The industrial mission organised by the Federation of British Industries and headed by its President, Sir James Lithgow, has spent its time in Montreal and Toronto, where it held conferences with local leaders of industry, bankers and others. It is understood that during the discussions the members of the mission received considerable encouragement for their schemes for the rationalisation of industry in the Empire, and they have certainly acquired a good deal of valuable information. They are due to reach Ottawa to-day, and will hold conferences with members of the Bennett Ministry and departmental officials. Subsequently, before sailing, they will revisit Toronto and Montreal.

Letters to the Editor.

THE WORLD DEPRESSION.

TO THE EDITOR OF THE ECONOMIST.

SIR,—I ask the indulgence of your readers if after so many years—more than ten—I venture to occupy their precious time again. As the after-war problems are almost common for all the world, I beg leave to discuss some of them, induced to do so by Mr Snowden's third Budget. The Chancellor of the

Exchequer had to deal with a Budget of over £800 millions, i.e., more than four times the second Budget of Mr Lloyd George for 1911-12 (£185,090,000), while the index numbers for the wholesale prices of commodities are under the pre-war levels. The debt charge for 1931-32 absorbs 45 per cent. of the total revenue. It is destined mostly for the payment of interest, leaving a very trifling sum for amortisation. The total reduction of the public debt during the last eight years is limited to 3½ per cent. In reviewing Mr Snowden's statement I am reminded of another Chancellor's address as far back as twelve years ago. In framing his Budget for 1919-20 Mr Chamberlain outlined the future shape of a peace Budget in the following way:—

Army, Navy and Air	£110,000,000
Debt Charges	400,000,000
Civil Services	190,000,000
Revenue Offices	53,000,000
Other Services	13,000,000
	£766,000,000

These items are not far from the present estimates. Mr Chamberlain spoke a few months after the Armistice. The interesting debates in the *Economist* about the best methods of restoring the disturbed conditions really began as long ago as the latter part of 1917. As the principal problems confronting Europe were of the same importance for all the countries I also joined the discussions in four letters published in the *Economist* (January-April, 1918, May-August, 1919). Will you be kind enough to let me repeat the following passages? "... The continuance of the war policy in peace times will lead to extravagances and misconceptions. ... The war has been fought and won through conscription by the masses. They are quite justly now expecting their reward. In order, therefore, to successfully cope with the amazing multiple labour problems and dissipate the dark clouds in the horizon, it is imperative to settle the financial questions. The financial sickness arising out of the great war is of a twofold character, namely, debt and currency. Internal debt to be reduced by a capital levy. External debt and currency are questions which cannot be settled the one without the other. These questions, moreover, cannot be regulated by one country single-handed. It is essential both for the creditor as also for the debtor countries to come to a common agreement in order to lay the foundation-stones of the new working plan of Europe. ... The war has been won by the establishment of the high military command. ... It would be expedient in order to secure the peace of the world to create a high financial command. ..."

Writing on the currency question in the December, 1920, issue of the Athens Chamber of Commerce Monthly Bulletin I expressed the following views:—"... In view of the necessity of co-operation of the banks of issue, I propose to place these institutions under a common financial council, just like the Federal Reserve Board in Washington. ... The United States to lend to Europe the gold which has been acquired during the war (some 7 billion gold francs). ... The European banks should, moreover, have the privilege of obtaining nearly one-half of the gold which is to be coined. ... The proportion of the gold, as also the volume of the fiduciary circulation, to depend upon the decisions of the financial council." Such recollections came to my mind on reading Mr Snowden's *exposé*.

Undoubtedly the present world depression is the consequence of a wrong after-war start. The leading financiers were then too sanguine about the situation. Had we proceeded to a joint regulation of the common financial problems, we surely could have obtained the annulment of our war obligations towards the United States of America. In the winter of 1919-20 leading Americans were convinced of the insolvency of Europe. But we lost that opportunity. The effects of a capital levy—which by now would have belonged to history—were considered by responsible men as a deterrent on the savings without which industry must wither, and it was decided to follow the policy of over-taxation. This was a good policy during the war against inflation, but a very bad one during the first period of peace owing to deflation, by which the economic forces became impotent. In order to cope with the present conditions and dissipate the very thick clouds encircling the horizon we must gain a clear conception of the situation. The present depression is not an accidental one. Only by joint efforts we can overcome it.—I am, Sir, yours faithfully,

Athens, May 14, 1931.

M. S. EULAMPIO.

Books and Publications.

EQUALITY.*

FEW causes are so fortunate in their advocates as those adopted by the author of this book. Mr Tawney is so evidently convinced by what he has to say, and says it so delightfully, that it is almost impossible not to agree with him. Nowhere has his gift for presenting what is still rank heresy to thousands as plain common sense been displayed to greater advantage than in these pages. Nowhere has he called a spade a spade with more disconcerting frankness. As thus: "A public school ... is not a school that is easily accessible to the public, but a school that the great majority of the public are precluded from entering." Or thus: "Rightly interpreted, equality meant" (to the nineteenth-century radicals) "not the absence of violent contrasts of income and condition, but equal opportunities of becoming unequal."

Fortunately, there are often solid grounds for not disagreeing with Mr Tawney. No doubt he underestimates the difficulties of an equalitarian world. No doubt he has something of the social reformer's lighthearted zeal for spending publicly money that is still for the most part privately produced. When all is said, however, this book states a powerful case in simple and powerful terms. Manifestly it is impossible to measure one human being against another, finding Tom to be worth two and a half Harrys, and Harry worth three and a half Dicks. Hence, the only possible course is to assume that we all matter equally. It is this simple fact which underlies the whole of Mr Tawney's social philosophy.

Social institutions, however, are, and always have been, framed on a different plan. Formerly it was legal inequality, then political inequality, then in these days economic inequality that poisoned the foundations of social life. In a rapid historical sketch Mr Tawney shows how each type of inequality has been overthrown only to give place to a new embodiment of the same unequal principles. Always we have distinctions of one sort or another dividing society into classes which, though their limits may not be clearly defined, are part of the very substance of English life and ways of thought. Mr Tawney's statistics of income and education, as well as his more personal researches into the life history of bishops and deans, show how formidable are the barriers that stand even to-day between class and class.

For what he calls the strategy of equality Mr Tawney relies chiefly on the redistribution of income through the provision of communal services out of the taxes. He makes no suggestion of an equal division of money incomes, and is well aware how disappointing would be the results were such a policy seriously attempted. In an interesting chapter describing the growth of these services in the past twenty or thirty years he condenses with characteristic skill into small compass the main facts about the growth and cost of public provision for the health and education of the people. Rapid though the rise of this type of communism has been, Mr Tawney has no difficulty in showing that it is far from having created even equality of external conditions, and quotes effective figures to illustrate how actual health and length of life are bought with money just as much as are the comforts and conveniences of civilisation. The rich, in fact, live when the poor would die.

In his concluding chapters Mr Tawney hints at the implications of his policy for industry. Society must learn to regard industry as a social function rather than as an exercise in oppression and greed. To which end "the bad old tradition of autocratic government, already disappearing from all reputable firms," must be "finally discarded"; and with it must go "the affectation that questions of business policy and organisation do not concern, or are beyond the competence of, representatives of the workmen." Possibly Mr Tawney is not always rigidly practical; but he is very seductive.

* "Equality." By R. H. Tawney. Allen and Unwin. 7s. 6d.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Wall Street and Lombard Street. By Francis W. Hirst. (London) Macmillan and Company, Ltd., St. Martin's Street. 8s. 6d. net.

An important analysis, by a former editor of the *Economist*, of the 1927-29 boom and its sequel. In the final chapter, Mr. Hirst discusses the causes and remedies of the present state of affairs.

Forecasting Business Cycles. By Warren M. Persons. (London) Chapman and Hall, 11, Henrietta Street, Covent Garden. 22s. 6d. net.

A well-stocked collection of data on business in the United States since 1875, with chapters on their analysis.

Proceedings of the International Conference of Agricultural Economists. (Menasha) George Banta Publishing Company. 14s.

Contains a very large number of papers covering a very wide range of subjects, including the causes of agricultural depression, farm wages, taxation in relation to agriculture, co-operative marketing, wheat price movements, agricultural credit, farm costings, recent developments in various countries, and all manner of allied subjects.

The Statesman's Year Book, 1931. Edited by M. Epstein. (London) Macmillan and Company, Ltd., St. Martin's Street. 20s. net.

A very useful book of reference. For each country there are sections on its constitution and government, area and population, religion and education, finance, defence, production and industry, commerce, communications, money, weights and measures.

Le problème monétaire d'après-guerre, et sa Solution en Pologne, en Autriche et en Tchécoslovaquie. By Michel A. Heilperin. With a Preface by William E. Rappard. (Paris) Librairie du Recueil Sirey, 22, Rue Soufflot.

A well-documented study of the post-war monetary experiences of Poland, Austria and Czechoslovakia.

Carl Fürstenberg. Die Lebensgeschichte eines deutschen Bankiers, 1870-1914. By Hans Fürstenberg. (Berlin) Verlag Ullstein, Kochstrasse, 22-26. Rm. 10.50.

The biography of a German banker.

Joseph Priestley. By Anne Holt. With an introduction by Francis W. Hirst. (London) Oxford University Press, Warwick Square. 8s. 6d. net.

An interesting biography.

Dangerous Drugs. By Arthur Woods. (London) Oxford University Press, Warwick Square. 9s. net.

An impressive account of the dangerous drugs traffic, and the efforts which are being made to combat it.

Latin-American Relations with the League of Nations. By Warren H. Kelchner. (Boston) World Peace Foundation.

A Ph. D. thesis which constitutes a useful record.

International Labour Review, May, 1931. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d.

Includes articles on the lignite industry, on wages and hours in coal mines in 1929, and on "An Experiment in the Management of Indian Labour."

Il Commercio del Grano. Part II. Il Mercato Italiano. By Ugo Caprara. (Milan) Industrie Grafiche Italiane Stucchi.

A description of grain cultivation and grain marketing in Italy.

The Success of the Five Year Plan. By V. M. Molotov. (London) Modern Books, Ltd., 16, King Street. 1s. 6d.

A report of two speeches delivered last March before the Sixth All-Union Soviet Congress.

The Fuel Problem of Canada. By Martin Nordegg. (London) Macmillan and Company, Ltd., St. Martin's Street. 6s. 6d. net.

A plea for reorganisation of the Canadian coal industry, having as its object the maximum possible degree of self-sufficiency in respect of fuel.

Union-Management Co-operation on the Railroads. By Louis Aubrey Wood. (London) Oxford University Press, Warwick Square. 18s.

An account of conditions on those United States railroads on which the trade unions co-operate in the management.

Budgetary Control in Manufacturing Industry. (New York) National Industrial Conference Board, Inc., 247, Park Avenue. \$3.00.

A survey of costing systems in the United States.

The United States Shipping Board. By Darrell Hevenor Smith and Paul V. Betters. (Washington) Institute for Governmental Research, Brookings Institution, 26, Jackson Place. \$2.50.

One of a series of monographs on the various services of the United States Government, which give the history of the service, its functions, its organisation, the laws governing it, and its finance. There is a good bibliography.

Hard Times—The Way In and the Way Out. By Richard T. Ely. (London) Macmillan and Company, Ltd., St. Martin's Street. 7s. 6d.

An informal essay on trade depression in which the author bases his main hope for the future upon research.

Der Deutsche Osten—Rettung oder Verzicht. By Otto Chr. Fischer. (Berlin) Junker und Dünhaupt Verlag. Rm. 3.80.

A plea for assistance, both economic and cultural, for the Eastern provinces of Germany.

The Bankers' Magazine, May, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

Includes, *inter alia*, articles on "Austria and the Zollverein" and "Some Causes of Industrial Depression, with some Suggested Remedies."

Indian Affairs, April, 1931. (London) Windsor House, Victoria Street. 3s. 6d. net.

Includes an article by the Editor on "The Indian States and the Federal Constitution."

The Tables Turned. By James Bonar. (London) Macmillan and Company, St. Martin's Street. 7s. 6d. net.

A series of imaginary conversations with Adam Smith, Malthus, Ricardo, and John Stuart Mill.

Los Salarios y le Empresa de los Ferrocarriles Nacionales de Mexico. By J. S. Herzog. Published by the Office for Economic Studies, Tercer Piso, Palacio Nacional.

A very detailed collection of Mexican railway statistics.

Liquidator's Index and Summary of the Companies Act and Winding Up Rules, 1929. By John H. Senior and H. M. Pratt. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 15s. net.

A conveniently arranged tabular book of reference whose appearance just now has a sinister timeliness.

The Society of Incorporated Accountants and Auditors. List of Members. (London) Society of Incorporated Accountants and Auditors, Incorporated Accountants' Hall, Victoria Embankment.

Provincial Brokers' Stock Exchange Year Book, 1931. (Hull) Provincial Brokers' Stock Exchange, Parliament Chambers.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Education in 1930. Cmd. 3856. 8s. 6d. net.

Report of the United Kingdom Trade Mission to Egypt, February to March, 1931. 1s. 6d. net.

Department of Overseas Trade: Economic Conditions in Belgium in 1930. 4s. net.

Report of the Committee of Council on Education in Scotland for Year 1930-31. Cmd. 3867. 1s. 3d. net.

Second Annual Report of the Department of Health for Scotland, 1930. Cmd. 3860. 8s. 6d. net.

Empire Marketing Board: Production and Trade of Sierra Leone, April, 1931. 2d. net.

The Stock Exchange.

NARROW MARKETS.

THE downward trend of prices on the London Stock Exchange, which started in February, 1929—ante-dating the slump in British industry by at least twelve months—has now outrun the two years at which some of the more pessimistic trade forecasters initially assessed its maximum duration. In the last major economic depression security values broke in April, 1920, on the rise of Bank rate to 7 per cent., only six months or so before the downward turn in industry, and touched bottom before the end of 1921—i.e., within a period of twenty months. Thereafter the prices of ordinary stocks, according to *The Bankers' Magazine* Index, appreciated by over 20 per cent. in the first ten months of 1922, remained relatively stagnant for two years, and began, towards the end of 1924, a steady rise which culminated in the boom of 1927-28. On the present occasion, having fallen by about 30 per cent. between February, 1929, and August, 1930, they declined, on the average, by little more than a quarter of 1 per cent. per week until the middle of last month. Then, in defiance of precedent, they took a new downward plunge, with a "gradient," according to the *Financial News* daily index, of about 4 per cent. per week, which was not checked till May 20, when prices, on the average, were little more than half those reached at the top of the boom.

This fresh decline, which attained its greatest momentum in the middle of May, was both disappointing and unexpected. To some extent prices in London have been influenced by heavy selling in Wall Street, following the publication of depressing first-quarter earnings' statements by the larger American industrial corporations and the abandonment of hopes of the much-advertised spring recovery in trade. Certain forced selling, again, from Scotland and the North of England has been attributed to the special difficulties of at least one financial group.

The slump of April-May, 1931, however, unlike that of 1929-30, has not, on the whole, been accompanied by really heavy and widespread liquidation. The break in quotations has been chiefly due to the fact that brokers, executing quite moderate selling orders for clients, have encountered an unwilling market, not merely for "difficult" stocks whose earnings' position was open to serious question, but for trustee issues like the senior preference stocks of the group railways. Jobbers, unwilling to add to their commitments, have marked down prices for reasons connected with the state of their own books rather than with the intrinsic merit of the securities concerned, or have quoted, for securities normally negotiable with the utmost facility, wide margins more commonly associated with shares in which dealings are nominal.

From all points of view, this state of affairs is regrettable. Prices in a narrow market are "artificial" in the sense that their disproportionately low levels are based on dealings in comparatively small and unrepresentative amounts of stock. They do not merely act as a damper upon any incipient recovery, but tend to create a vicious circle by lowering the margin on collateral loans and inducing sales, frequently of the best stocks, in order to restore the cover to the minimum dimensions required by the lender.

The extent to which current prices appear to have over-discounted the realities of a difficult economic situation can be shown by a few outstanding examples. Indicated dividend yields of $7\frac{1}{2}$ per cent. on Australian Fives (1945-75), of 10 per cent. on New South Wales Fives (1935-55), of $12\frac{1}{2}$ per cent. on San Paulo Coffee $7\frac{1}{2}$ per cent., and of $28\frac{1}{2}$ per cent. on Singer ordinary and $26\frac{1}{2}$ per cent. on Bleachers ordinary may all, possibly, be regarded as fairly reflecting prevailing uncertainty as to the income position. A brief examination of the Stock Exchange lists, however, will show that numerous industrial debentures and preference shares offer, at present prices, yields one would normally look for only from the most specula-

tive securities in their class. A few examples may be given:—

Company.	Share or Stock.		No. of times Interest or Dividend covered last two years.		Date of last Balance Sheet.	Price, May 27 1931.	Yield Allowing for accrued interest.
	Description.	Par Value.	Last Available Year.	Previous Year.			
L.N.E.R. Ry...	4% Deb. ...	£ 100	2-8	3-3	Dec. 31, 1930	75½	5 8 1
L.M.S. Ry....	4% Gtd. ...	100	5-8	7-9	Dec. 31, 1930	66½	5 8 1
B.A. & Pacific	6% cum. pf.	100	3-5	8-1	June 30, 1930	72	8 6 8
Swan, Hunter	6% cum. pf.	1	3-3	3-9	Dec. 31, 1930	11	8 17 2
Morris	7½% cum. pf.	1	4-2	4-6	Dec. 31, 1930	11	6 13 4
Union Castle	6% deb. stk. red.	100	3-5	7	Dec. 31, 1929	82½	7 5 6*
Imp. Chemical	7% cum. pf.	1	2-9	4-1	Dec. 31, 1930	1	7 0 0
Anglo-Persian Oil.	8% cum. 1st pref.	1	8-1	6-9	Dec. 31, 1929	1½	6 8 0

* Without allowing for redemption at par on February 1, 1934.

The effects of present conditions are far-reaching. Investors may decide for themselves, for example, how far the cessation of activity in the new capital market (where issues between April 13th and May 16th—i.e., in the period of most rapidly falling Stock Exchange prices—totalled only £7,151,000, against £48,407,000 and £33,825,000 in the same weeks of 1929 and 1930) is due respectively to trade stagnation, the disastrous failure of recent issues like Lancashire Cotton Corporation and Rio Tinto debentures, and the tendency of company boards to regard as prohibitive the cost of new fixed-interest stocks giving a yield anything like that on existing securities.

If the present situation be examined in the light of previous experience, two conclusions are suggested. First, the markets are feeling the effect of the absence of the much-maligned speculator, who in normal times, by his willingness to back the opposite view to that of the majority, is a vital element in the making of an active market. Secondly, the period of "dead centre" at which markets appear to have arrived is essentially a temporary phenomenon, though so long as it endures its effects may be extremely damaging. If the latter assumption is justified, a case can be made out for special measures, by all parties whose interests are affected, to tide over the present phase, in confident anticipation of improvement later on.

Public and private investors, who purchased stocks before the depression mainly in order to obtain a reasonably secured income, and are not at the moment financially embarrassed, may be urged by their responsible financial advisers to refrain from a human but mistaken tendency to "cut their capital losses" by selling sound shares at present prices—particularly prior securities or seasoned ordinary shares whose dividend position is not, so far as can be foreseen, in serious danger. The banks and other financial institutions who have considerable loans outstanding on the security of stocks and shares, may consider whether, with due regard to the maintenance of reasonable liquidity in their own position, they may gain in the long run by placing a somewhat generous interpretation on their rules as regards cover, in cases where the majority of the securities deposited with them are intrinsically sound, though temporarily depressed in value. In any case, "cover" ratios are somewhat academic under present conditions, as the banks would quickly discover if they foreclosed and endeavoured to realise borrowers' securities on a large scale.

No estimate can be made of the amount of bank loans, on collateral, at present outstanding. Though it is probably less than a few months ago, its total must needs be substantial. To take merely a small part of the whole field, the balance sheets of those investment trusts which have

shown bank loans as a separate item in reports published since the beginning of this year, reveal the following position:—

	Total Number of Com- panies.	Book Value of Investments. £	Total Loans. £
Trusts registered before the war	14	34,683,036	718,733
Trusts registered since the war ...	14	14,563,139	1,531,820

Judging from this small sample, the newer trusts appear to have resorted to bank loans on a more extensive scale than the pre-war companies. Certain selling of shares alleged to have come recently from Scotland has been unofficially associated, in some parts of the market, with the position of a trust group *vis-à-vis* its bankers.

Present conditions, again, can scarcely be regarded with equanimity by the Stock Exchange itself. Undoubtedly they have given a certain plausibility to the contention that while some market jobbers are men of substance, who perform a valuable economic function by carrying stocks over difficult periods, many others lack the necessary resources, and are a source of weakness rather than strength. Such men can neither find stock in a boom nor hold it in a depression. If, however, the later stages of a prolonged decline find the stronger and weaker dealers alike with so much stock on their books that they are driven to protect themselves against further additions by quoting prices which are intended to be prohibitive, the machinery of the Stock Exchange may be regarded as coming perilously near ceasing to function.

It is generally agreed that, under modern conditions, a larger proportion of the floating supply of stock in the market is financed by loans from outside than in pre-war days. If the market's resources are pledged up to the hilt, its ability to perform its normal functions in a complex national financial system may depend less on the willingness of its own members than on the attitude of outside financial institutions. From the market's point of view, it would be helpful if the latter, having made themselves indispensable to the Stock Exchange by their readiness to grant not altogether unprofitable accommodation in good times, were prepared, if necessary, to nurse the market—within reason—in bad times.

If, finally, the causes of Stock Exchange and trade fluctuations are in part psychological, all institutions whose attitude is a factor in public sentiment may consider whether a special effort to enhance general confidence is not called for at the present juncture. Irrational "prosperity talk," obviously, may do more harm than good, but a reasoned insistence by the Government, the Press and recognised leaders of industry and labour, on the mischievous results of undue pessimism and panicky action during a period of temporary trial, and on constructive measures calculated to expedite the return of prosperity, would be particularly helpful. So far as more strictly financial factors are concerned, those institutions whose word carries weight in the City of London may be counted upon to use their influence along the most helpful lines during a decisive phase of the current trade cycle.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. June 9.	ACCOUNT. June 11.
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MEMBERS who extended their Whitsun holidays missed very little. The tone of most markets showed no improvement. Gilt-edged suffered a setback and the foreign market was greatly depressed. New York was again a seller on balance, and unfavourable news was received from Central Europe. The "hammer" was twice heard on Monday, though neither failure was serious in character.

In the absence of any further sizeable gold influx, together with the less favourable appearance of sterling, the gilt-edged market deteriorated, initial dullness being

followed by a moderate amount of liquidation. Newfoundland loans were an unsatisfactory feature, following the announcement that the Government had failed to obtain tenders for a projected New York bond issue. Indian stocks were adversely affected by the tepid reception of last week's new issue and the prolongation of the rebellion in Burma. Australians remained heavy, with Tasmania 6½'s and New South Wales Fives of 1945-65 in the forefront of the declines. Home Corporations drooped in sympathy with gilt-edged.

The foreign market gave neither sign nor promise of recovery, and sellers again predominated. Brazilian stocks reflected the prevailing uncertainty as to the prospects of financial rehabilitation. Chilean loans were little better. Argentines declined, and San Paulo coffee bonds were liquidated. Renewed anxiety with regard to the Central European outlook brought about sweeping reductions in the Young loan, while Austrians relapsed after a short-lived recovery. Unexplained liquidation of Roumanian 4 per cent. Consols took the price from 36 to 33. Polish issues were weak. In the Far East, Chinese loans suffered from the latest news regarding the political situation.

Home rails took on a better appearance than of late, and all-round improvements were recorded among the prior charges, while even the junior stocks showed signs of convalescence. Argentine rails in the foreign section were unable to dissociate themselves from the renewed weakness of the peso, and heavy reductions ensued. Antofagasta and Leopoldinas were fairly firm.

Business in the industrial market was again very restricted, but the bears were less in evidence than during recent weeks. Transatlantic issues suffered heavily from the weakness of Wall Street. Cables and Wireless receded on the disappointing official traffic, and Swedish Match and Kreuger and Toll declined, with reviving fears as to the security of the latter company's large portfolio of Government bonds. Textiles found support on the news that the Egyptian Government is facing up to the gravity of the cotton situation. Pinchin Johnson, General Electric, and Turner and Newall suffered a precautionary marking down. Amalgamated Metal Corporation were a firm spot on a moderately satisfactory report, and J. Lyons, in the catering list, continued their upward trend. Imperial Chemical took on a steadier aspect following initial weakness. Insurance shares responded to modest investment orders.

Oil share transactions were on a very small scale, with Paris a seller of the Eagle issues and Amsterdam of Royal Dutch. Shells were easier, but Lobitos advanced smartly on the announcement of a 10 per cent. dividend. Few changes occurred among rubber shares, though Allied's yielded a small gain. Idle conditions prevailed in the tea share market, with a pronounced fall in Kukicherras among the "heavies."

In the mining share market dealings were of small proportions, but the tone was somewhat improved. Kaffirs responded to recent optimistic speeches, "Johnn's," Rand Mines and Springs Mines being among the favourites. Rhodesian shares were unable to throw off their lethargy, "Chartered" receding further; while the Northern issues trended downwards in most instances. The latest turn of the restriction screw made little impression on tin shares, and prices were mostly unaltered, while the effect of the new decline in copper was also negligible. Ashanti Goldfields, however, continued to enjoy marked popularity.

"FINANCIAL NEWS" DAILY BARGAIN INDEX. (Approximate number of Bargains recorded in Stock Exchange Lists.)						
	May 21, 1931.	May 22, 1931.	May 25, 1931.	May 26, 1931.	May 27, 1931.	May 28, 1931.
Government and Municipal Loans	1,257	1,283		1,383	1,307	1,382
Transport, Communications, and Public Utilities	1,077	987		932	750	840
Commercial and Industrial*	1,789	1,576		1,469	1,284	1,488
Banks, Insurance and Financial	459	517		505	478	440
Mines (including Nitrates)	436	383		374	318	349
Oil	177	144		121	66	131
Rubber, Tea and Coffee	128	99		79	76	97
Total	5,323	4,989		4,863	4,279	4,727

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1926 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	May 21, 1931.	May 22, 1931.	May 25, 1931.	May 26, 1931.	May 27, 1931.	May 28, 1931.
72.3	54.5	57.0	57.5	*	57.4	57.3	56.7

* Bank Holiday.

We are officially informed that Walter Granville Morrison and William Stafford Sidney were declared defaulters upon the Stock Exchange on May 26, 1931.

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets suffered from successive waves of selling, which were only momentarily stayed by the action of the New York Stock Exchange Committee in requesting members to furnish particulars of stocks borrowed and lent. Such a step had not previously been considered necessary since the slump of the autumn of 1929. Heavy selling occurred of railroad shares on the refusal of the Interstate Commerce Commission to take the initiative in proceedings for a rate advance as suggested by the railroad executives, though the latter will probably proceed with their efforts despite this check. United States Steel touched a new low record, and utilities again came on offer. Copper shares were one of the few exceptions to the general trend, a larger volume of sales of the metal being reported. Last week's operations in the steel industry were estimated at 43 per cent. of capacity, against 44 per cent. in the previous week and 80 per cent. in the corresponding week of 1930. Fifty railroads reported a drop of 35 per cent. in net operating income for April as compared with last year. The bond market was weak, partly owing to the continuance of relatively large new issues, and partly to political fears as regards South America and Central Europe. High quarters continued to express qualified optimism as to the outlook, but the market itself was disappointed by the absence of any recovery in commodity prices, and a growing tendency was noticeable to assume at least the temporary failure of the policy of attempting to stimulate activity by low money rates. Possibly, the markets may be ripe for a technical upward reaction in the near future, but the date of more permanent recovery is as difficult to estimate as ever.

	May 14, 1931.	May 21, 1931.	May 28, 1931.		May 14, 1931.	May 21, 1931.	May 28, 1931.
U.S. 3½% T. Bds.	103½	103½	103½	Natl. Biscuit	191	191	191
Lb. Lb. 3½% 32-47	102½	102½	102½	Phelps Dodge	71	68½	64½
Do. 4½% 32-47	103½	103½	103½	Pullman	36½	34½	33
Do. 4½% 33-38	104½	104½	104½	Sears-Robuck	52½	58½	50½
Atchafalca	163½	154	145½	Studebaker	19	17½	17½
Chas. & Ohio	37½	36½	33½	Un. Fruit	57	55½	54
Erie	16½	19	16½	U.S. Leather	5	2½	2½
Illinois Central	55	53	50	U.S. Rubber	14½	13½	11½
N.Y. Central	89½	86½	81½	U.S. Steel	106½	99½	91
Pennsylvania	47½	47½	46	Westinghouse	61½	62½	60
Southern Pacific	80½	79	75½	Woolworth	69	64½	67½
Southern Ry.	52	52½	51				
Union Pacific	162	157	150½	Am. Tel. & Tlg.	179	168½	156½
				Interboro R.T.	21	21	21
Am. Can.	104½	98½	96½	Int. Tel. Teleg.	27	25½	24½
Amer. Smelting	33½	31	29½	Radio Corp.	18½	16½	15
Anaconda	26½	25	23½	Utilities P. & L.	22½	22½	22½
Bethlehem Steel	43½	42½	41½	W. Union Tlg.	109½	100½	100½
Chrysler Motor	19½	17½	16½				
Corn Produce Rf.	65½	61	59½	Associated Gas "A" ..	19	17½	17
Eastman Kodak	153½	141	130	Pan. Amer. B.	29	27	25
Gen. Electric (New)	42½	39½	39½	Shell	20½	21	20½
Gen. Motors	42½	38	35½	Shell Union	5	4½	4½
Int. Harvester	46½	46½	43½	Sinclair Oil	8½	8½	7½
Mong. Ward	19½	19½	18½	Std. California	36½	35½	34
				Do. N.J.	35½	34½	33½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	May 13.	May 20.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	94.1	86.7
33 Rails	127.8	173.5	89.1	145.6	92.0	79.7	73.0
34 Utilities	177.6	330.4	153.2	267.4	158.1	163.4	151.9
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	102.8	94.9
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	5.87%	6.43%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (Mar. 20.)	May 13, 1931.	May 14, 1931.	May 15, 1931.	May 16, 1931.	May 18, 1931.	May 19, 1931.	May 20, 1931.
140.2	105.0	114.8	112.2	110.1	109.3	105.8	106.0	105.0

TOTAL DEALINGS IN NEW YORK.

	May 21, 1931.	May 22, 1931.	May 23, 1931.	May 25, 1931.	May 26, 1931.	May 27, 1931.	May 28, 1931.
Stock Exchange— Shares (Thous.)	2,400	1,600	600	1,900	2,400	2,500	2,100
Bonds (Value Thous. \$) ...	11,892	10,038	5,461	7,929	9,369	...	11,875
Curb— Shares (Thous.)	550	360	150	400	480	480	410

* 2-hour session.

CANADA.

There is nothing but gloom and trouble to report concerning the stock market situation in Canada. Recently, a spell of steady sagging culminated in a serious break, which took most stocks to the lowest levels since 1927. The bisection of the C.P.R. dividend, announced on May 16th, although it had been freely discounted, came as a bad shock to the market, and a considerable volume of selling followed, while a parallel weakness developed in Consolidated Smelters, which ranks as a C.P.R. subsidiary. The depression of a pivotal stock like C.P.R. generated a felling of pessimism, which was accentuated by poor reports about the condition of the new wheat crop in the West. Other adverse factors were the reduction of its dividend from \$1.00 to 50 cents by the Gooderham-Walker Corporation, which depressed all the distillery stocks; a disappointing report by International Nickel, which showed earnings of only 8 cents for the first quarter of 1930; and further weakening in the Brazilian milreis. When confidence in the market had been seriously undermined, it only required the sharp recession in New York which occurred on Monday, May 18th, to bring stocks tumbling down all along the line. Nor is there any hope of immediate improvement, for corporation earnings for the first quarter of the year are almost uniformly bad, and business will not be helped either by the impending increase in the sales tax or the wage-cutting process which is now going on. Negotiations for the reorganisation of the newsprint industry seem unable to make headway, and the doleful view which the Street takes of the industry's future is indicated by the fact that the common stocks of three important newsprint companies are at present selling below a dollar. Undoubtedly many stocks are to-day on the bargain counter, but investors are still very loath to buy, and the success of the Dominion Government's conversion loan indicates that there is now a widespread preference for the greater security of bonds. In the mining market the seasoned gold stocks seem almost proof against depression, but shares in other kinds of mines are still a drug on the market. The Bureau of Statistics Investors Index, covering twenty-five common stocks, stood on May 14th at 94.9, as compared with 96.5 on April 30th; but the latest slump came after this figure had been compiled.

	Mar. 31, 1931.	Apr. 29, 1931.	May 26, 1931.		Mar. 31, 1931.	Apr. 29, 1931.	May 26, 1931.
Abitibi Power & Paper	94	54	54	Fraser Companies	14	14	14
Asbestos Corp.	1	1	1	Hollinger Gold Mining	8	8	6
Bank of Montreal	296	284	246	International Nickel ..	17	14½	11½
Brazilian Traction	22½	19	14½	Masey Harris	7½	5	4
British Col. Power "A" ..	40½	38½	33½	Montreal Light	63	56	46½
Calgary Power	no bid	no bid	no bid	National Breweries	33½	29½	25½
Can. Bank Commerce	226	221	200	Nat. Steel Car	35	24½	20
Canadian Car.	164	13	12½	Power Corp., Canada ..	60½	54	42½
Canada Cement	16½	12	10	Price Bros.	37	34	31
Can. Indus. Alcohol "A" ..	4	3½	2	Quebec Power	45½	40½	34½
Canada Power & Paper	1½	1½	1½	Royal Bank of Canada	288	273	244½
Can. Steamship Lines	7½	7	4	Shawinigan	54	48½	40
Columbia Flow	9	7½	5½	Southern Can. Power ..	31½	27	24
Cone. Mining	162½	106	76	Steel of Canada	39½	30	27½
Dominion Bridge	49½	40½	30½	Winnipeg Electrico ...	18½	15½	14
Dom. Textile (New) ...	81	75½	65				

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE.—*Shares with a New York quotation, or with definite American interest, are distinguished by italics.*

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.				Prices Year 1931 Jan. 1 to May 27 (Inclusive).				Name of Security.				Prices Year 1931 May 20, 1931.				Prices Year 1931 May 27, 1931.				Name of Security.				Prices Year 1931 May 20, 1931.				Prices Year 1931 May 27, 1931.																																			
High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.	High- est.	Low- est.																																				
																£ s. d.																																£ s. d.															
British Funds.																																																															
59 1/2	52 1/2	60 1/2	54 1/2	Consols 2 1/2 %	60	60 1/2	+	4	2	8	53 3/4	58 1/2	61 1/2	59 1/2	In. Ry. C. Am. No. par	88 1/2	88 1/2	...	...	...	...	...	...	...	...	...	...	...	...																																		
94 1/2	82 1/2	96 1/2	85 1/2	Consols 4 %	95 1/2	96 1/2	+	4	4	8	57 1/2	60 1/2	62 1/2	58 1/2	Leopoldina Ord. Stk.	14	14	...	...	...	...	...	...	...	...	...	...	...	...																																		
103 1/2	93 1/2	105 1/2	94 1/2	Cons. Loan 3 1/2 %	103 1/2	104 1/2	+	4	4	10	52 1/2	55 1/2	58 1/2	50 1/2	Do. 5 1/2 % Cum. Pr. Stk.	35 1/2	34 1/2	+	1	15	18	6	...	...	...	...	...	...	...	...																																	
106 1/2	102 1/2	107 1/2	103 1/2	Do. 5 % 1944-64	106 1/2	107 1/2	+	4	6	9	42	19	21	10	Nitrate Bk. (£10)	27 1/2	26 1/2	+	3/6	...	...	...	...	...	...	...	...	...	...	...																																	
96 1/2	85 1/2	97 1/2	82 1/2	Punding 4 % 1960-90	96 1/2	97 1/2	+	4	3	0	85 1/2	65 1/2	70 1/2	70 1/2	Paraguay Gen. D. Db.	70 1/2	70 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...																																	
106 1/2	98 1/2	102 1/2	100 1/2	Treasury 4 % 1932-34	101 1/2	101 1/2	...	4	0	0	198	130	149	100	Salvador Ord. (£10)	105	115	+	10	8	2	...	...	...	...	...	...	...	...	...	...																																
103 1/2	100 1/2	101 1/2	101 1/2	Treasury 5 % 1933-35	103 1/2	103 1/2	...	3	15	6	80	65 1/2	65 1/2	42 1/2	San Paulo Ord. Stk.	101 1/2	101 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...																																
105 1/2	100 1/2	104 1/2	102 1/2	Victory Bonds 4 1/2 %	105 1/2	105 1/2	...	4	15	3	26 1/2	4	7	22	Tatlar Ry. Ord. 25	42 1/2	35 1/2	-	7/6	10	8	...	...	...	...	...	...	...	...	...	...																																
69 1/2	61 1/2	70 1/2	64 1/2	War Loan 5 %	69 1/2	70 1/2	+	4	15	3	...	...	...	...	Ud. Havans Ord. Stk.	5	5	...	...	...	...	...	...	...	...	...	...	...	...	...	...																																
49 1/2	40 1/2	46 1/2	38 1/2	Local Bonds 3 %	49 1/2	49 1/2	...	5	17	9	17 1/2	14 1/2	16 1/2	13 1/2	Banks.																																																
59 1/2	47 1/2	55 1/2	47 1/2	India 2 1/2 %	49 1/2	49 1/2	...	6	13	2	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-French (£1)	13 1/2	13 1/2	-	3/4	4	7	...	...	...	...	...	...	...	...	...	...																																
68 1/2	55 1/2	64 1/2	55 1/2	Do. 3 %	49 1/2	49 1/2	...	5	17	8	7 1/2	4	5 1/2	4	Anglo-Internat. (£1)	11 1/2	11 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
106 1/2	100 1/2	106 1/2	102 1/2	Do. 3 1/2 %	59 1/2	59	...	5	17	8	26 1/2	23 1/2	25 1/2	21 1/2	Anglo S. (£10 25 pd)	20 1/2	20 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
109 1/2	104 1/2	109 1/2	106 1/2	Do. 4 % 1935-60	109 1/2	109 1/2	...	5	17	8	26 1/2	23 1/2	25 1/2	21 1/2	American Edify Corp.	42 1/2	42 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
99	87 1/2	99 1/2	86 1/2	Do. 5 % 1945-70	99 1/2	99 1/2	...	5	17	8	26 1/2	23 1/2	25 1/2	21 1/2	Bank of N. Zealand (£1)	26 1/2	27 1/2	+	4	4	1	...	...	...	...	...	...	...	...	...	...	...	...																														
95 1/2	76	80	62	Dom. & Colonial Govts.	70	70	...	7	8	0	12 1/2	8 1/2	9 1/2	8 1/2	Bank of Eng. Stk.	26 1/2	27 1/2	+	4	4	1	...	...	...	...	...	...	...	...	...	...	...	...																														
95 1/2	86 1/2	96 1/2	91 1/2	Australia 5 % 1945-75	95 1/2	95 1/2	...	7	8	0	12 1/2	8 1/2	9 1/2	8 1/2	Barclay B. (£1)	54 1/2	54 1/2	+	6	4	1	...	...	...	...	...	...	...	...	...	...	...	...																														
106 1/2	102 1/2	105 1/2	103 1/2	Canada 4 % 1940-60	105 1/2	105 1/2	+	1	4	7	38 1/2	28 1/2	26 1/2	18 1/2	Barcl. (Dom. & C.) A £1	25 1/2	25 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
98 1/2	92 1/2	100 1/2	97 1/2	Ceylon 6 % 1936-61	105 1/2	105 1/2	...	5	6	0	58 1/2	58 1/2	58 1/2	58 1/2	Bk. of Australasia (£5)	7 1/2	7 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
98 1/2	92 1/2	100 1/2	97 1/2	Gold Coast 4 1/2 1956-99	99 1/2	99 1/2	...	4	11	9	19 1/2	15 1/2	17 1/2	11 1/2	Bk. of Montreal (£100)	55 1/2	55 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
105 1/2	100 1/2	105 1/2	101 1/2	Kenya 5 % 1948-58	105 1/2	105 1/2	...	4	15	0	24 1/2	14 1/2	14 1/2	9 1/2	British Overseas A £5	5 1/2	5 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
105 1/2	100 1/2	105 1/2	101 1/2	Kenya 6 % 1950-60	105 1/2	105 1/2	...	4	15	0	68 1/2	56 1/2	66 1/2	42 1/2	Chtd. of India (£5)	12 1/2	12 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
92 1/2	70	72 1/2	46 1/2	N. S. Wales 5 % 35-55	55	53	-	2	10	0	42 1/2	37 1/2	42 1/2	38 1/2	Cornel. Bk. of Aus. 10/-	12 1/2	12 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
105 1/2	99 1/2	102 1/2	88 1/2	N. Zealand 5 % 1948-58	97 1/2	97 1/2	...	5	7	6	7 1/2	4	4	3	Dist. & A. £5 10/-	56 1/2	52 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
92 1/2	70 1/2	80	57	Queensland 4 1/2 40-60	60	60	...	8	17	10	9 1/2	8 1/2	8 1/2	8 1/2	Do. 3 % fully paid	3 1/2	3 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
104 1/2	99 1/2	104 1/2	98 1/2	S. Africa 5 % 1945-75	102 1/2	103 1/2	+	4	17	5	120	99 1/2	115 1/2	104 1/2	Eng. Scot. & Am. £5 10/-	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
98 1/2	93 1/2	100 1/2	97 1/2	Stras. 4 1/2 % 35-45	98 1/2	98 1/2	...	4	14	0	66 1/2	7 1/2	63 1/2	63 1/2	Hambro £10, £24 paid	8 1/2	8 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
Foreign Governments.																																																															
89 1/2	82 1/2	88 1/2	78 1/2	Argentina 4 % Recies...	82 1/2	80	-	2 1/2	6	7	34	27 1/2	31 1/2	26 1/2	Alliance £1, fully pd...	19 1/2	19 1/2	+	1	4	10	0	...	...	...	...	...	...	...	...	...	...	...																														
105 1/2	100 1/2	104 1/2	101 1/2	Australian 6 % 1923-43	103 1/2	104 1/2	...	5	15	0	46 1/2	38 1/2	43 1/2	30	At. £24, fully pd...	12 1/2	12 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
96 1/2	89 1/2	98 1/2	84 1/2	Do. 7 % Int. Ref. by 1957	94 1/2	95 1/2	+	1	7	12	14 1/2	12 1/2	14 1/2	12 1/2	Gen. Acc. £5, £11 pd	14 1/2	14 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																															
113 1/2	108 1/2	112 1/2	104 1/2	B. Aires (Prov.) 3 1/2 %	110 1/2	110 1/2	...	6	3	11	360	337 1/2	355 1/2	144 1/2	Lon. & Lanc. £5, £2 pd	24 1/2	25 1/2	+	4	1	0	...	...	...	...	...	...	...	...	...	...	...	...																														
92 1/2	74 1/2	85 1/2	73	Belgian 7 % 1925	77 1/2	77 1/2	...	9	14	9	80 1/2	74 1/2	80 1/2	71 1/2	N. Brit. & Am. £5, £10 pd	31 1/2	32 1/2	+	2 1/2	3	8	0	...	...	...	...	...	...	...	...	...	...	...																														
87 1/2	72 1/2	85 1/2	75	Bulgaria 7 1/2 % Loan	77 1/2	77 1/2	...	8	8	0	...	...	...	...	Norfolk £10, £1 pd...	14 1/2	14 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
87 1/2	72 1/2	85 1/2	75	Brazil 5 % Fund, 1914	60 1/2	59 1/2	-	1	8	0	...	...	...	...	Phoenix £1, fully pd...	13 1/2	13 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
94 1/2	84 1/2	94 1/2	79 1/2	Chil. 6 % (1927)	74 1/2	74 1/2	...	10	19	0	...	...	...	...	Pr. £1, fully pd...	22 1/2	22 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
99 1/2	91 1/2	99 1/2	86 1/2	Chil. 6 % (1927)	74 1/2	74 1/2	...	10	19	0	...	...	...	...	Do. £1, fully pd...	57 1/2	57 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
55 1/2	27 1/2	62 1/2	39	China 5 % (1912)	43 1/2	42 1/2	-	1	15	0	21 1/2	17 1/2	21 1/2	11 1/2	Royal Exch. (£1)	58 1/2	58 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
69 1/2	54 1/2	69 1/2	62	Do. 5 % (1913)	67 1/2	67 1/2	...	7	9	3	26 1/2	21 1/2	24 1/2	11 1/2	S. Insur., £1 fully pd	3 1/2	3 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
115 1/2	109 1/2	113 1/2	109	Czechoslovakia 8 %	111 1/2	111 1/2	...	6	19	3	16 1/2	13 1/2	15 1/2	14 1/2	San Insur., £1 1/2 pd	57 1/2	57 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
82 1/2	78 1/2	86 1/2	79 1/2	Danish 3 %	82 1/2	82 1/2	...	3	12	0	30 1/2	26 1/2	28 1/2	24 1/2	San Insur., £1 1/2 pd	57 1/2	57 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
93 1/2	81 1/2	87 1/2	85 1/2	Danish 4 1/2 %	85 1/2	85 1/2	...	8	1	0	37 1/2	30 1/2	34 1/2	30 1/2	Stockholders Invest...	90 1/2	90 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
104 1/2	94 1/2	104 1/2	91 1/2	Do. 5 % 1910-15	73 1/2	73 1/2	...	4	11	1	17 1/2	14 1/2	16 1/2	14 1/2	Trans-Oceanic £1...	21 1/2	21 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
92 1/2	73 1/2	76 1/2	65	Estonia 7 % 1927	74 1/2	74 1/2	...	9	13	0	...	...	...	...	United States Deb...	220	215	-	5	6	11	6	...	...	...	...	...	...	...	...	...	...	...																														
100 1/2	91 1/2	92 1/2	90	Finland 6 % 1923	90 1/2	90 1/2	...	6	15	0	...	...	...	...	Argentine Land, £1...	17 1/2	17 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
121 1/2	119 1/2	121 1/2	120 1/2	French 4 % (British)	21 1/2	21 1/2	...	3	16	9	25 1/2	21 1/2	24 1/2	21 1/2	Australian Batton &...	39 1/2	39 1/2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...																														
100 1/2	91 1/2	92 1/2	90	Do. 5 %	20 1/2	20 1/2	...	4	16	4	41 1/2	36 1/2	40 1/2	33 1/2	Brit. Am. Tr. 5/-	18 1/2	18 1/2	...	...	...	...	...	...	...	...	...	...	...	...																																		

† Free of Income Tax.

[illegible]

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 20, 1931.	Price, May 27, 1931.
Central American Exploration.....	96	58	1 1/2-1 3/4	1 1/2-1 3/4
Osceola 7% Ster. Bonds.....	96	58	9-7 dis	10-8 dis
De Beers 5 1/2% Ster. deba.....	98	58	90-95	90-95
Derby 4 1/2% 1951-61.....	98	58	2 1/2-3 pm	3-3 1/2 pm
Fortnum and Mason Inc. 7% pref'd.....	98	58	2 1/2-3 pm	2 1/2-3 pm
Greek 6% Ster. Bonds.....	97	58	84 1/2-85 1/2	84-85
India 6% 1933-34.....	100	58	11-12 dis	11-12 dis
Kenya 4 1/2% 1961-71.....	98 1/2	58	10 1/2-10 1/2	10 1/2-10 1/2
Lancs. Cotton 6 1/2% deba.....	97 1/2	58	17-15 dis	18-16 dis
London and National Property 5% deba.....	99	58	1 1/2 dis-par	1 1/2 dis-par
London Power 5% deb. 1972.....	100 1/2	58	4 1/2-5 1/2 pm	4 1/2-5 1/2 pm
Met. Water Board (D).....	97 1/2	58	2 1/2-2 1/2 pm	2 1/2-2 1/2 pm
National Caning Ord. £1.....	97 1/2	58	15 1/2-17 1/2	15 1/2-17 1/2
Nat. Shipbuilders Security 5% deba.....	97 1/2	58	10-5 dis	10-5 dis
Odams Press 7% (B) deba.....	98	58	2-4 pm	2 1/2-4 pm
Panama Corporation 8% deba.....	100	25	4-2 dis	5-3 dis
Rhokana Corp. 7% deba.....	100	25	3-1 dis	1 dis-1 pm
Bio Claro Rly. and Invest. 5% deba.....	97 1/2	58	95-97	95-97
1962-72.....	97 1/2	58	11 1/2-9 1/2 dis	11-9 dis
S. Essex Water 5% pref'd.....	103	25	par-3 pm	par-3 pm
S. Essex Water Ord.....	111 1/2	20	par-3 pm	par-3 pm

INVESTMENT NOTES.

The Case for a S.E. Guarantee Fund.—It seemed particularly inappropriate, writes a "House" correspondent, that the Stock Exchange should return from its Whitsun holiday to hear a couple of failures announced. Both were brokers doing a comparatively small business, though one had been a member for forty-two years. That failures have not been far more numerous may be ascribed mainly to the fact that the open speculative position is now of negligible proportions compared with pre-war days. Nevertheless, even a single failure is a bad advertisement for the Stock Exchange. Clients are prompt to ask whether they would not do their business more safely through the agency of the banks than by going direct to the Stock Exchange, though to what extent the banks would accept responsibility in the event of the failure of a broker with whom they dealt on behalf of a customer, it is impossible to say. Some bank managers, at any rate in the provinces, have no hesitation in claiming absolute protection from customers against loss. For this reason the question of establishing a Stock Exchange guarantee fund has frequently been discussed. It has been suggested that, for some years, members of the "House" might contribute a special payment, in addition to their annual subscriptions, towards such a fund. Jobbers as well as brokers would probably be ready to contribute, on the ground that the average volume of business in the "House" might be expected to expand as public confidence increased. Indirectly, the existence of such a fund might affect the scale of commission charged to clients. The latter frequently complain, not without reason, that the minimum scale is high. The broker replies that, as he is required to return to intermediate parties half his gross commission, on a substantial proportion of the business he undertakes, his net remuneration is very different from that suggested by the official scale. If clients were to deal more directly with their brokers the latter might be willing to accept a lower rate of commission. In some of the Northern Stock Exchanges the rules permit of no division of commission with non-members. It is recognised in the South, however, that banks play a useful part in the collection of Stock Exchange business, and are entitled to a certain remuneration for this service. Some years ago they declined, most emphatically, to entertain proposals for altering the present system. The intimate connection between the banks and the Stock Exchange makes it a matter for regret that there should be any wide divergence of view. Obviously, however, the closely-related problems of a guarantee fund and the reduction of Stock Exchange charges are matters of considerable public interest.

Mr "Solly" Joel.—South African mining magnates are fairly plentiful in the City, but the passing of Solomon Barnato ("Solly") Joel will leave a gap not easily filled. Of humble origin, the late Mr Joel was called, with his

brother, Woolf Joel, to a prosperous business possessing infinite possibilities, by his uncle, Barney Barnato. Barnato Brothers made their fortunes in the Kimberley diamond boom and the gold rush on the Rand. After Barney Barnato had been drowned in the Atlantic and Woolf Joel had been assassinated in his office, "Solly" Joel settled down to business with great determination. He rapidly expanded his gold-mining interests and grouped them into the Johannesburg Consolidated Investment Company ("Johnnies"), which became eventually the premier mining house in South Africa. He bid successfully for the Government areas in the Far Eastern Rand, and he acquired, in 1916, the whole of the late Sir Joseph Robinson's interest in Randfontein Estates, in addition to the Langlaagte mine. Apart from the gold mines, "Solly" Joel became the leading force in the diamond industry, and organised through the Diamond Syndicate the monopolistic control of the world market in South African diamonds. He was a director of De Beers and New Jagersfontein, in which Barnato Brothers held vast interests, and became a director also of the Premier (Transvaal) Diamond and Companhia de Diamantes du Angola. Latterly he had ceded his control of the Diamond Syndicate to Sir Ernest Oppenheimer—possibly with wisdom—and followed (somewhat reluctantly, it appeared) in the rush to Rhodesian copper mines. Apart from gold and diamonds, "Solly" Joel's interests extended to South African breweries, theatres and hotels in London, and racing establishments in several countries. His spectacular deals included the purchase of the Speyer interests in the London "Underground" for several millions and his £5,000,000 deal with Horrockses, Crewdson and Company. In these spectacular and intricate financial excursions he had few rivals. His more solid work lives on in "Johnnies."

More Fixed Trusts Points.—Numerous points of interest have been elicited by a somewhat voluminous correspondence, arising out of our recent articles on fixed trusts. A firm of London stockbrokers has forwarded us a copy of a prospectus, sent by an American house, advertising the United States Electric Light and Power Shares, Inc., Trust Certificates, Series B. This is a fixed trust of a type which limits its portfolio to shares in light and power companies, and would appear to have the disadvantages of fixity without the advantages of the spread of investment risks over many industries. London brokers were offered, in this case, a commission of as much as 3 per cent. for selling the certificates. We have received a letter from a firm handling the London business of a large American fixed trust, declaring that, while the results of any hypothetical fixed trust formed in Great Britain before the war (on the lines of the example given in our article of March 21, 1931), would bear witness to the dangers of a fixed portfolio over long periods, the probabilities in this respect, in America, differ from those in Great Britain, both in degree and in kind. These correspondents contend that America, to-day, has the advantage of stronger companies and a more assured economic outlook than Great Britain in 1912. Whatever the truth or otherwise of this contention, the argument still holds good that, over long periods, profound economic changes may take place, in the face of which the inelasticity of fixed trust holdings is a serious defect. An American opponent of the fixed trust, Mr J. R. Edwards, of Cincinnati, makes the point (to which we have previously referred) that the legal position as regards trusteeship is altogether different from that generally supposed. This correspondent contends that all trusts are composed of three parts—the corpus or trust fund, the trustee who manages the trust, and the beneficiaries, who are the equitable owners of the trust and its proceeds. He declares that, since the promoters of the trust are responsible for all its conditions, and since they accept a profit for their services as managers, they cannot legally transfer all the responsibilities of trusteeship to a bank, which is responsible only for custodianship. The bank, in fact, is the agent of the promoter-trustee, is responsible to the latter as well as to the beneficiaries, and is paid for its services as a custodian,

and not as a manager. If the bank resigned, the promoter could appoint a new custodian. Whenever discretion of any kind is called for, the bank must act in accordance with the instructions of the promoters, within the terms of the Trust Deed. If a trustee makes a hidden profit, he violates his trusteeship. If the promoters are, in law, the trustees it would appear that the beneficiaries—i.e., the holders of fixed trust shares—are entitled to a full annual statement of all profits made by the promoting group. In no case within our knowledge, however, is the publication of such a statement provided for. Finally, a London reader sends us certain figures inspired by our calculation of the results of a policy of investing in the ordinary shares of various British investment trusts, before the war, and holding them on "fixed trust" lines, i.e., selling all rights except cash bonuses. This correspondent finds that an investment of £100 in each of 10 investment trusts in 1903 (the selection being made with a view to including as many different management houses as possible) would have given a capital value in 1930 of £3,740 (against an original investment of £1,000), and a steadily rising dividend from 5.69 per cent. in 1903 to 20.6 per cent. in 1930. As we go to press, we learn that the New York Stock Exchange has ruled that, while it cannot express any opinion regarding the soundness of the principles underlying the formation of trusts either of the fixed or restricted management type, it is prepared to allow its members to enter into relations with such trusts. Before adjudicating on any specific application, however, it will require to be satisfied on a large number of points, and will not permit any reference to hypothetical results obtainable by a process of "jobbing backwards." Our informant declares, however, that the Stock Exchange has no immediate intention of inviting applications for listing on the part of fixed trusts.

Jeremiah Rotherham's Directors.—Directors' fees are a peculiarly sensitive point with shareholders, and many an astute board, by throwing part of its remuneration to the wolves, has saved itself from a worse fate. The question whether directors can most appropriately be remunerated by fixed fees or a percentage of profits is of long standing. The majority of companies adopt the former method, which is not inappropriate, seeing that most "general" directors are not expected to give full-time attention to their companies' affairs, and the payment they receive is thus in the nature of a retaining fee. The method, however, may place a board of directors in an invidious position if a steady decline in profits converts total fees from a small to a comparatively large proportion of available earnings. This has occurred in the case of Jeremiah Rotherham and Company, Limited, an old-established concern of East London wholesale drapers, which has five directors entitled under the articles to an aggregate annual remuneration of £12,000—though, in fact, the board has drawn only £10,000 in recent years. The company's profits, unfortunately, have shown a steep downward trend in the last few years. Earnings (before debenture interest and directors' fees) have fallen from £152,457 in 1922-23 to £78,751 in 1929-30, and £41,925 in 1930-31. Thus directors' fees, which eight years ago absorbed less than 8 1/2 per cent. of profits, last year absorbed 24 per cent. The board has now produced a scheme under which its "fixed" remuneration will be limited to £5,000 per annum, further fees being governed directly by net profits. It is understood that, at the meeting called for next Monday, certain shareholders will oppose the resolution on the ground that, if profits return to the average for the five years before the present depression, the board will actually be able to claim a greater total payment than under the present system. Whatever adjustments may be made in detail, however, the plan has much to commend it in principle. Every case of this kind must be judged on its own merits. In the present instance shareholders would seem to have much to gain from a change which, without reducing fees to such a low level as to render the directors liable to lose interest in the business, offers the most effective of all incentives to a

special effort to reverse the downward tendency of profits, which clearly antedated the onset of general trade depression.

The Affairs of Barrow Haematite.—In the *Economist* of July 5, 1930, particulars were given of a scheme of arrangement put forward by the directors of this Northern steel company, by which the debenture stock holders were to take over the control of the company, and the greater part of the "equity" in the future. The scheme, which involved the drastic writing down of the second preference and ordinary capital, and the cancellation of all arrears of dividend on the first and second preference shares, was sanctioned by the Court only on condition that the company should issue, before May 31, 1931, £150,000 of 6 per cent. Prior Lien Notes for cash. A circular issued by the board states that, owing to the continued depression in the iron and steel industry, and the lack of confidence felt in financial circles in regard to trading conditions generally, the company has not yet found it practicable to raise the new money, though it has succeeded in holding its own and meeting all current trading expenses. In the circumstances, the directors propose to submit to the debenture holders, interest certificate holders, and the different classes of shareholders, a short modifying scheme of arrangement, whereby the date for raising the new money is extended to December 31st next. The directors refer to the possibility that, by the end of the year, a further extension may be required, but stress the importance of the results expected from the rationalisation of the iron and steel and coal industries generally.

Textile Machinery Fusion.—The announcement that six of Lancashire's most important textile machinery manufacturers have decided on a scheme of amalgamation marks a step towards rationalisation taken not before its time. The companies involved are shown in the table below, together with their share and debenture capital and reserves. Incidentally, the trading losses of five out of the six companies aggregated over £190,000 during their last financial year.

Name of Company.	Issued Share Capital.	Debenture Capital.	Reserves, &c.	Latest Year.	
				Net Profit.	Ord. Div.
Aaa Lees and Co.	360,000	24,000	Nil	...	...
Brooks and Dookey	572,500	230,722	266,900	Dr. 28,743	Nil
Dobson and Bullock	400,403	230,000	664,600	Dr. 51,176	Nil
Howard and Bullough	1,500,000	Nil	Nil	Dr. 53,343	Nil
John Hetherington	799,571	Nil	704,500	25,281	Nil
Platt Bros.	3,710,160	1,030,600	704,500	25,281	Nil

Though full details of the scheme are not yet available, it is understood that the fusion will involve a reduction in capital to £4,000,000, of which £2,500,000 will be in the form of 6 per cent. preference shares and £1,500,000 in £1 ordinary shares. Each company will form a subsidiary to take over buildings, plant and machinery and goodwill, receiving in exchange ordinary shares in the new company, while in return for stock and equivalents for cash, preference shares will be allotted. The shares of the subsidiary companies will be transferred to a holding company. While the prosperity of the textile machinery



SECURITY FIRST

Total Funds :
£41,373,928

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INSURANCE
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industry naturally depends largely on the state of trade in the cotton industry, it is admitted that there is ample scope for internal economies. The recent growth of competition from the Continent, added to the general depression in Lancashire, has led to a catastrophic struggle for markets and a price war which has contributed nothing to the welfare of the industry. Though the six companies are those mainly concerned with the production of machinery for the ginning, preparation, spinning and doubling of cotton, the business of this new merger company will embrace a wide field of activity. From many points of view, however, the fact that the scheme has been rejected by such an important firm as Tweedales and Smalley is a matter of regret.

William Beardmore.—Unfavourable conditions have greatly accentuated the difficulties of this company in putting its rationalisation plans into practice. Last year it suffered a trading loss of £41,198. Debenture interest required £72,956, while losses incurred on departments closed down or disposed of amounted to £161,960. Some £28,000 was transferred to the profit and loss account, from taxation reserve, no longer required. The results of the past three years are shown:—

	Year ended December 31.		
	1928.	1929.	1930.
Net profit	Dr. 69,105	18,142	Dr. 278,115
Reconstruction provision	216,540	...	...
Taxation reserve	...	...	Dr. 28,000
Inc. or dec. in carry-forward....	-285,645	+18,142	-250,115

During the year the shipyard at Dalmar was closed and the fixed assets and loose plant and machinery sold. The closing of the yard and other unremunerative departments, however, enabled the directors to rid the company of sources of substantial losses. Improvements, involving capital expenditure, have been effected in the remaining departments, but their effect will not be appreciable until a recovery occurs in industry. The directors do not consider that sufficient amounts were written off fixed assets in 1929, but believe that there is little practical point in any further writing down under present conditions. No depreciation, therefore, has been written off buildings, fixed plant and machinery. The locomotive department has been closed, but it has not yet been decided whether this should be a permanent or a temporary step. Owing to the R 101 disaster there has been a cessation of orders for airship engines, but it is hoped to produce a horizontally opposed Diesel engine for use in aeroplanes.

Associated Automatic Machine Corporation.—The disentanglement of the affairs of this unfortunate company from the Hatry web proceeds slowly but surely, according to the latest report. On March 31st last claims amounting to £174,614 were outstanding against the company in respect of irregular transactions purporting to relate to the share capital of the company, but since that date one of the claims, amounting to £70,052, has been withdrawn without any payment having been made by the company. Differences between the company and three of its late directors have been settled out of court on terms which included cash payments from each of the parties concerned, who, however, deny liability. In the meantime, the British Automatic Company, in which Associated Automatic has a 98 per cent. interest, recorded a profit for the year ended September 30th last of £56,464, after charging debenture interest and other expenses. After provision for depreciation and obsolescence of machines, and contingencies, a balance of £2,462 remained to be carried forward. Once again, no dividends were received from subsidiary companies. The balance sheet gives little more information than last year. Some £931,868 of total assets of £1,432,075 is represented by losses on realisation and revaluation of assets in the suspense account. To that account has been transferred an amount of £5,312, representing shares in the Photomaton Parent Corporation, together with £1,972, due by a subsidiary company. A further item of £960 has been included under

the heading "Legal Actions Suspense Account." Shareholders will look to the meeting for further information as to the possibilities of the company's reaching a satisfactory earnings basis.

British Electric Traction.—Though this holding company has large interests in the North and Midlands, where the prevailing depression is most severe, the preliminary profit figures show that earnings, after deduction of all expenses, have risen to £271,005 for the year to March 31st last, compared with £253,081 for the preceding year. The holders of the cumulative participating preference stock are entitled to a participating dividend of 2 per cent., making 8 per cent. in all, while the deferred ordinary stockholders again receive a dividend of 5 per cent. and a capital bonus in deferred shares of 10 per cent. Earnings on the deferred capital have risen from 54 per cent. to nearly 60 per cent. A balance of £80,217, compared with £65,547, is added to undivided profits account. The 8 per cent. preferred ordinary stock, at 122½, yields about £6 15s. per cent., after deduction of final dividend.

International Telephone and Telegraph.—The International Telephone and Telegraph Corporation closed the first decade of its history under conditions of exceptional world difficulty. As early as January, 1930, extensive readjustments were put in hand to meet prevailing conditions. In the upshot, the communications subsidiaries, engaged in telegraph and cable services, suffered severely from reduced earnings, but the receipts of the telephone operating companies were only slightly less than those of 1929, and the manufacturing companies showed increased sales and profits. Consolidated operating revenues and gross profits on sales aggregated \$93,076,000, as compared with \$89,291,000 in 1929, the increase being due in part to properties acquired during the year. Consolidated net income was \$19,221,000, against \$20,910,000, and net income available for dividends, after deducting interest on debenture bonds, \$13,750,000, against \$17,732,000—a creditable showing. Dividends were distributed quarterly, to a total of \$2 per share. During the year the company carried out two major financial operations, \$50 millions of Twenty-Five-Year 5 per cent. Gold Debenture Bonds being issued in February to liquidate floating indebtedness, and 733,967 no par shares issued in March at \$50. The company's policy, in the face of depression, has been, clearly, to concentrate on conserving and improving its plant and consolidating its recent acquisitions, without undertaking new commitments on a large scale. In many directions activity was maintained to a surprising extent. The seven Transatlantic cables operated by Commercial Cables carried a "wordage" only 2.8 per cent. less than in 1929 and 15.5 per cent. greater than in 1928, Stock Exchange depression being reflected in a tendency to transfer messages from the faster to the cheaper services, rather than in a decline in their volume. The year was noteworthy, in the sphere of radio telephony, for the establishment of a large number of new international circuits connecting existing telephone systems. The experience of the corporation's manufacturing companies, happily, was not on all fours with that of American industry, its largest subsidiary, International Standard Electric Corporation, actually showing an increase of 17 per cent. in its gross sales. Despite the magnitude and complexity of its international ramifications, the corporation regularly publishes detailed consolidated income accounts and balance sheets, being apparently unaware of the difficulties which so many British holding companies appear to find insuperable in connection with such a policy. The shares touched 77½ last year, and now stand at 24½.

Dutch Art Silk.—The Hollandsche Kunstzjde Industrie (Dutch Art Silk Industry) reports gross profits for 1930 of fl. 2,673,000, compared with fl. 4,419,000 in 1929. Net profits amount to fl. 1,400,000 (against fl. 3,066,000 in

the previous year) and have been appropriated in their entirety for writing off depreciation:—

	1927.	1928.	1929.	1930.
		(Thousand guilders).		
Capital	8,295	9,899	15,000	15,000
Reserves	900	1,000	2,125	2,125
Gross profit	3,194	4,192	4,419	2,673
Depreciation	1,113	1,927	1,257	1,400
To reserve	350	200	1,775	...
Net profits	2,231	3,060	3,066	1,400
Dividend	8%	8%	...	...

The annual report states that the company has been able to maintain its stocks at a moderate level, but efforts to arrive at an agreement between producers, in order to improve general conditions in the rayon industry, have had no positive result. The A.K.U. holds a large interest in the company.

Royal Dutch Petroleum.—The report of the management of the Royal Dutch Petroleum Company for the year 1930 contains, as usual, a number of highly contentious political arguments (ranging this time from Russia to bi-metallism) in addition to highly instructive comments on the world oil situation. Pessimism, it declares, is out of place in regard to the petroleum industry. "Over-production" is not so alarming for oil as for the coal industry. If the output of oil were doubled fuel oil would become so cheap that coal would be almost entirely ousted. Too little attention, we are told, has been given to the "earnestness" of the oil restriction movement. Not only was the daily average production of crude oil in America brought down from a level of 2,572,000 barrels a day in January, 1930, to 2,161,000 barrels a day by December, but a policy of restriction of output was put into effect in other countries—in Venezuela in November, 1930, and in Roumania from July to October, 1930. In the latter country the restriction agreement was terminated on the notice of the Steaua Romana, much to the dissatisfaction of the Royal Dutch directors, who have some hard words to say about it. Only Russia held aloof from the policy of restriction, its output for the year ended September, 1930, amounting to 17,209,000 metric tons, against 14,167,600 metric tons in the previous twelve months. The total world production of crude oil in 1930 was curtailed to 199,777,400 metric tons—about 11,000,000 tons less than in 1929. The directors of the Royal Dutch attribute the fall in oil prices, which is still continuing, to under-consumption rather than to over-production. They advance two causes for the slowing down in demand. The first is the elimination of Russia from the world's markets, and the second, the slump in silver. The Royal Dutch directors find many reasons to account for the slowing-down of economic development, such as the civil war in China, troubles in India, the payment of war debts and war indemnities, tariffs, and so on, but they stress the importance of the 40 per cent. depreciation in silver last year in its reaction on the purchasing power of 800 million people in China and India, and argue that the bi-metallic standard will have to be reinstated in order to bring "the value of silver up to where it belongs." The following figures are given of the crude oil production of the Royal Dutch group in 1929-30:—

	(Metric tons).	
	1929	1930
Dutch East Indies	4,746,426	4,806,640
Sarawak	760,166	701,518
Egypt	271,520	281,997
Roumania	852,372	1,034,042
Mexico { Corona	363,361	284,749
{ Aguila	1,689,564	1,553,258
{ Caribbean	2,330,341	3,072,084
Venezuela { V.O.C.	6,469,206	5,878,186
{ Colon	...	705,261
Trinidad	102,800	128,240
U.S. { Shell Petrol Corporation	3,602,835	2,873,908
{ Shell Oil Company	3,980,717	2,650,164
Argentina	15,079	9,980
	25,184,387	23,980,027

The trading results of the Royal Dutch, which holds approximately 60 per cent. of the share capital of the

subsidiaries against the Shell's 40 per cent., are shown in the following table for the past three years:—

	1928.	1929.	1930.
	Fl.	Fl.	Fl.
Dividends on shares	96,925,754	113,956,468	82,817,023
Interest and differences in exchange	6,490,866	12,611,453	9,242,162
Dividends lost by limitations, etc.	337,636	275,898	10,364
Total income	103,754,256	126,843,819	92,069,549
Net income (less administration expenses and interest)	103,367,780	126,471,391	90,836,415
Priority and pref. divs.	1,342,500	1,342,500	822,612
Rate of ord. dividend.....	24%	24%	17%
Amount of ord. dividend.....	98,904,720	120,869,760	85,616,080
Commissaries bonus	2,881,964	3,588,958	2,181,854
Carried forward.....	1,015,025	2,219,313	4,613,145

The net income of the company showed a decline of about 28 per cent. The directors are maintaining a conservative financial policy, the carry-forward being increased by Fl. 2,393,832. The cut in the final dividend from 14 per cent. to 7 per cent. disappointed the market in Amsterdam, if not in London, and the shares have subsequently fallen to 17½, as compared with a high level in 1929 of 38½. At 17½ the shares return a dividend yield of £8 2s. per cent.

Rubber Outlook.—After reaching the lowest price ever recorded, rubber has recently shown a slight improvement. Very few dividends, however, have been declared in respect of 1930. The largest companies have, in some cases, been among the worst sufferers. Grand Central and Jugra Land and Carey, for instance, have had a worse year than many smaller companies, though both have a paid-up capital exceeding £1,000,000. The following table shows the results of nine large companies for the past two years. The aggregate capital represented is £5,887,143:—

Company.	Net Profit to December 31.		Earned Per Cent.		Dividend Per Cent.		Market Price per £1 Share.	
	1929.	1930.	1929.	1930.	1929.	1930.	May 30, 1930.	May 26, 1931.
Bah Lian.....	£ 26,098	Dr. 1,596	9.29	...	5	...	22/6	7/6
Grand Central.....	57,417	Dr. 28,649	5.86	...	5	...	15/7½	5/-
Gala-Kulumpung.....	70,968	22,542	13.34	4.36	7½	...	22/6	7/6
Jugra Land and Carey.....	83,442	924	7.26	0.08	5	...	12/6	4/4½
Labu (F.M.S.).....	34,855	14,575	18.58	8.01	10	2½	28/9	18/9
London Asiatic.....	59,885	Dr. 13,591	15.23	...	15	...	3/10½	1/6½
Malakoff.....	26,256	Dr. 1,211	6.56	...	2½	...	8/9½	3/4½
United Patini (Malay).....	41,706	3,775	10.43	0.97	5	...	15/7½	6/8½
United Sui Betong.....	92,012	14,107	23.79	3.76	15	...	51/3	21/3

† Share denomination 2/-.

Despite the difficulties of the industry at the moment, the chairman of the Rubber Plantations Investment Trust took a cautiously optimistic view at the annual meeting. He declared that producers are realising that "all-out" production will not minimise their cash loss. On some properties "caretakers" are being introduced. At present, world stocks are heavy, totalling about 600,000 tons, and are increasing; but the general adoption of a conservative policy will, he believes, assist in reducing this very present bugbear of the industry, and in enabling growers to reserve their cash resources. Meanwhile production costs have fallen in remarkable fashion. In 1922, when rubber stood at 7d. per lb., many plantations had an "all-in" cost of 10d. per lb. In 1928 the "all-in" cost was 8d. per lb., and to-day certain companies are even able to produce at 5d. per lb., or less. Low prices have taught the industry the technique of economy, which has been assisted by the introduction of scientific methods. Expansion of acreage has been practically stopped, while even the native grower is beginning to see the inadvisability of "all-out" production. Other slight but tangible indications of better times are not entirely absent. In January last world stocks were increased by 15,000 tons; in April by 5,000 tons. During the quarter

ended April 30th last, deliveries to manufacturers in the United Kingdom were 1,500 tons more than in the corresponding period of 1930. The lasting economies introduced during the past twelve months may enable rubber to be sold profitably at a lower price than that ruling before the crisis—a factor calculated to stimulate demand after the passing of the present depression. In short, while some of the weaker companies may succumb, those which survive may legitimately look forward to better years in the near future, when prosperity may be based on more scientific foundations than in the past.

Lonely Reef.—From the standpoint of treatment operations, writes our mining correspondent, 1930 presented no very striking contrast with the preceding year. The effect of increase in tonnage milled, with a substantial decrease in the cost ratio, was rather more than offset by decline in the grade of the ore, the net profit coming out £2,000 down at £96,800. This would not in itself have entailed a cut in the dividend, but "to strengthen the position in regard to the acquisition of new interests" £15,000 was added to reserve, raising that fund to £25,000. After the payment of distributions totalling 20 per cent., as against 25 per cent., the enhanced sum of £20,060 remained to go forward. Development at depth continued to be attended with practically negative results, but the outlook has been changed by the savings effected—with more to follow—in working costs. This will permit the profitable treatment of a very large tonnage hitherto passed by as unpayable. The quantity is estimated at between 500,000 and 750,000 tons, representing eight or nine years' work—of course, on a reduced scale of earnings. Actually as from the beginning of the current year the monthly profit has been cut down to about £6,000, although an interim dividend of 10 per cent., has again been declared and is included in the current price of the shares. At about 15s. 6d. the latter do not appear overvalued.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Hambros Bank, India General Navigation and Railway, Licences and General Insurance, Fine Cotton Spinners' and Doublers' Association, Nitrate Producers' Steamship, Rubber Plantations Investment Trust, Central Mining and Investment, Crown Mines, and Wm. Beardmore. At the annual meeting of Central Mining the chairman informed shareholders that the Witwatersrand gold mining industry had had a successful year, the Transvaal production of a value of £45,520,000 being the largest annual output ever recorded, while of this amount the Witwatersrand alone accounted for £43,500,000. Presiding at the annual meeting of Fine Cotton Spinners, Mr H. W. Lee said that loss occasioned by short-time running had been due, not only to the world crisis, but to the rush into their branch of the trade of spinners who, until recently, used mainly American cotton. In 1914 there were 14 million spindles engaged on Egyptian types of cotton, and, although few new spindles had been installed since then in the Egyptian branch, the turnover of spindles from the American section of the trade had brought the number up to about 18 million spindles.

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CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to May 23, 1931, £67,502,677.
Total, including conversion, recorded January 1 to May 23, 1931, £77,172,626.

National Savings Certificates.
Net sales, week ended May 23, 1931, £300,000.
Total receipts, April 1, 1931, to May 23, 1931, £2,250,000.

To the Public.	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
Nil	£ Nil	£ Nil	£ Nil	£ Nil	£ Nil
To Shareholders only.					
Liverpool Gas, £300,000 5% pref. stock at par	300,000	300,000	...	300,000	...
North Chartered Exploration, £20,000 8% Notes at 98%	20,000	...	19,600	2,000	17,600
San Finx Tin Mines, £15,000 8% debts. at 75%	15,000	...	11,250	2,250	9,000
Total, shareholders only, week ended May 30, 1931	335,000	300,000	30,850	304,250	26,600

Total Offered for Subscription—	Including Conversions.	Excluding Conversions.	Total Offered for Subscription—	Including Conversions.	Excluding Conversions.
Jan. 1 to date—	£	£	Whole year—	£	£
1931	77,802,976	67,833,527	1930	454,888,784	267,800,700
1930	226,441,961	150,189,687	1929	488,764,940	285,239,400
1929	178,424,788	152,441,834	1928	693,100,056	369,058,073
1928	...	217,294,979	1927	...	355,165,970
1927	...	187,587,311	1926	...	230,782,600
1926	...	93,381,314	1925	...	232,214,500
1925	...	90,164,485	1924	...	209,326,101
1924	...	93,333,257	1923	...	271,399,173

Nature of Borrowing.

	Debentures Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—	£	£	£	£
1931	57,081,924	822,786	9,928,817	67,833,527
1930	121,717,344	11,609,597	16,371,646	150,189,687
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	59,393,200	46,209,400	250,782,600

By Stock Exchange Introduction.

	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	£ 6,297,183	£	£ 6,621,940
Total for week ended May 30, 1931	Nil	...	Nil
Total to date, 1931	6,297,183	...	6,621,940
Total to date, 1930	15,703,378	...	17,383,957

Bromsgrove Gaslight and Coke Company.—Issue by tender of 1,400 £10 ordinary "B" shares at a minimum price of £10 5s. per share, yielding at that price £6 16s. 7d. per cent. on the basis of a standard dividend of 7 per cent. The net profit of the company for the year to December 31st last was £5,563.

[Other Stock Exchange information, including the latest weekly traffic returns, dividend announcements, summary of balance sheets, reports and notices, and profit and loss figures, will be found on page 1194 under the heading "Company News."]

MINING OUTPUT STATISTICS.

GOLD.

Company.	Period.	Ozs. Recovered.	Company.	Period.	Ozs. Recovered.
Boulder Perseverance	April	6,700*	Globe and Phoenix	April	5,307

* Tons treated.

MISCELLANEOUS.

Company.	Period.	Output.	Company.	Period.	Output.
Clydesdale (Transvaal)	April	Tons, 37,580	Wankie Colliery	April	Tons, 40,558
Dundee Coal	April	44,914	Witbank Colliery	April	58,029
Natal Navigation Col.	April	57,865			Carats, 8,751
South African Coal Estates	April	55,113	Crown Diamond	April	17,500
Tweefontein United	April	58,045	West African Diamond	April	

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION.

SUMMARY OF ANNUAL REPORT, MAY 25, 1931.

TO THE STOCKHOLDERS:

The year 1930, the period covered by this report, marked an end of the first decade in the life and history of your Corporation. It was a period of financial and economic crisis which, originating before the beginning of the year and extending after its close, spread throughout the world.

It will be recalled that in the latter half of 1929 the first indications of a severe decline were felt. A second phase of the decline began in the following summer and continued with increasing severity throughout the rest of the year. In January, 1930, the executives of your Corporation initiated a thoroughgoing programme of readjustment to meet these conditions, not overlooking, however, the importance of conserving existing plant and maintaining positions already taken. This programme of readjustment to the new conditions was carried on throughout the year 1930, and was intensified during the first quarter of the present year.

The general regional and local executives of all our Companies were charged with the responsibility of making such revisions as would effectively meet the altered economic conditions with which they were confronted. Put to the test of facing the changed conditions, the employees, from the humblest to the highest, met the situation squarely and responded wholeheartedly. The fullest acknowledgment is given to each member of our large International family for the fine spirit displayed and the splendid example of service shown.

In general, it may be said, reviewing the results of the past year, that while the record communications companies, engaged in telegraph and cable services, suffered severely from reduced earnings, the earnings of the telephone operating companies were only slightly less than those of the previous year, and the manufacturing companies showed increased sales and profits.

As has been stated in previous annual reports, newly acquired companies, as a rule, do not immediately show their true earning power, and, as a result, do not contribute their full share of earnings until after they have gone through a period of reconstruction and development. While this period of reconstruction has been passed by the more important of our Associated Companies, the full benefit in increased earning power has been retarded in common with practically all classes of business activity during the past year.

THE INTERNATIONAL SYSTEM.

The International System now offers a highly co-ordinated and expanding record communications service. All branches of the service are so interconnected that telegraphic dispatches filed with any office of the System will be transmitted immediately by radio, cable or land line, or any combination of the three, to any point in the United States, to other countries of the world or to ships at sea. The flexibility of the services is a guarantee of efficient performance under all conditions.

In addition to maintaining direct cable service between North, Central and South America, All America Cables obtained authorisation to erect in certain parts of Central and South America radio stations to supplement cable facilities. Authorisation was obtained from the Government of Colombia to erect a radio station at Medellin, Colombia, for the handling of international telegraph and telephone business. This station is expected to be in operation by August 1, 1931. Radio telegraph service between Lima, Peru, and the Mackay Radio and Telegraph Company's station at Sayville, Long Island, has been successfully operated throughout the year.

Commercial Cables continued to render fast and accurate service over its seven cables across the Atlantic. There was a large increase in the number of words handled in the cheaper services, but the fast service showed a decrease in volume. The overall number of words transmitted, however, was 15.5 per cent. greater

than in 1928 and only 2.8 per cent. less than in 1929, when the Company handled the largest volume of business in its history.

The revenues of the Postal Telegraph System decreased during the year. The reduction, however, was less, proportionately, than the decrease in the total telegraph business of the country, since, as a consequence of the improvement and extension of its plant and increased efficiency in its services, Postal Telegraph succeeded in obtaining a greater proportion of the telegraph business of the United States than during the previous year.

Contracts were made with various of the Standard Oil Companies under which Postal Telegraph service is made available on the highways at these Companies' major filling stations throughout the country. Late in 1930 arrangements were completed for the delivery by Postal Telegraph offices of tickets for New York theatres. Furthermore, arrangements were made to extend the service providing for the telephoning of telegrams to Postal Telegraph offices, the charges appearing on the Telephone Companies' bills to the customers, which service at present is available throughout most of the territory of the United States.

Mackay Radio and Telegraph Company completed in August, 1930, a new station at Rockland, Maine. This station is located in the most advantageous position to serve ships of the North Atlantic lanes, and is the fourth radio station of the International System to be opened on the Atlantic coast, the others being located at Sayville, Long Island, New York City, and West Palm Beach, Florida.

The first step in the extension of the services of Mackay Radio to Europe was taken in March, 1931, through the completion of an agreement with Radio Austria. By virtue of this agreement a direct radio telegraph circuit has been established between New York and Vienna. This circuit was inaugurated on April 22, 1931, by an exchange of messages between the President of the United States and the President of Austria.

To consolidate its position in South America, and further to round out its communications service between that Continent and Europe, your Corporation acquired a controlling interest in Sociedad Anonima Radio Argentina. This company operates a radio telegraph service between Buenos Aires and Madrid, and accepts messages to and from South America, Europe and certain parts of North Africa. The Argentine Government recently granted to Sociedad Anonima Radio Argentina authority to extend its services to the U.S.A.

RADIO TELEPHONY.

Greater progress was made during 1930 than during the previous three years combined in bringing a large number of the peoples of the world into close communication with each other. This was due to the establishment of many new international radio telephone circuits connecting existing telephone systems.

Your Corporation, through the radio stations of its Associated Companies in Buenos Aires (Argentina), Santiago (Chile), and Madrid (Spain) provided radio telephone links connecting the South American countries with Spain and most of the other important countries of Europe. The Buenos Aires station affords direct radio telephone communication between the subscribers of our Associated South American Companies and more than thirty million telephones throughout the world, or about 90 per cent. of the world's total telephones.

Additional radio stations are now under construction in Brazil and Colombia. These stations will be placed in operation during 1931.

On May 7, 1930, radio telephone service between Great Britain and Argentina, Chile and Uruguay was officially inaugurated. This circuit, between South America and Great Britain via Madrid, typifies the high degree of co-ordination which has been effected between wire and radio systems in providing long international telephone connections. This circuit employs a combination of the land

telephone lines of the British General Post Office, of the Department of Posts, Telegraphs and Telephones of France, and of our Associated Telephone Company in Spain, with the radio circuit provided by the latter in co-operation with our Associated Radio Company in Argentina. Transmission beyond Buenos Aires follows the sub-fluvial cable of the United River Plate Telephone Company, Limited, to Uruguay, and the Transandean telephone cable to Chile.

The radio service between Europe and South America was further extended during 1930 and the current year by the provision of direct radio telephone circuits between Buenos Aires and several of the principal European capitals—namely, Paris, Berlin and London.

A further logical development in the expansion of telephony by means of radio was the installation of radio telephone apparatus on ships. Early in 1930, commercial radio telephone service was made available to the public on the Transatlantic liners *Majestic* and *Olympic* of the White Star Line. Facilities offered by this service enabled any passenger on either of these ships to telephone to any telephone subscriber in the United States or Great Britain at practically any time during the Transatlantic crossing. In the course of subsequent voyages, the ship to shore service was extended to the telephones in Canada, Mexico, and Cuba on the one hand, and practically all of the European countries on the other. Further extension of the service has now been made to include the telephone subscribers in Australia, Argentina, Chile and Uruguay. The equipment installed on these ships for this service is provided and operated by your Corporation's Associated Company, International Marine Radio Company, Limited.

The technical success obtained by ship to shore services in the North Atlantic was followed by the installation of similar radio equipment on the *Belgenland* of the Red Star Line, which was proceeding upon an around-the-world cruise. The latest and most highly developed equipment was installed, and, as a result, the ship was in almost constant touch with the whole of the civilised world throughout her voyage. It was possible for the first time in history for the passengers on a ship engaged in a cruise around the world to converse with their friends located in the chief countries of the globe.

TELEPHONE OPERATING COMPANIES.

In 1930 three new telephone companies were acquired, the Compania Peruana de Telefonos, Limitada (Peruvian Telephone Company); the Shanghai Telephone Company; and the Societatea Anonima Romana de Telefoane (Rumanian Telephone Company).

The Peruvian Telephone Company, a controlling interest in which was acquired January 3, 1930, operates a telephone system in Lima and other important cities in Peru, and its acquisition adds over 10,000 stations to the number served by our Associated Telephone Operating Companies.

The Shanghai Telephone Company operates in both the International and French Settlements, the Company having acquired as of August 1, 1930, with the approval of the Councils of both Settlements, the properties of the Shanghai Mutual Telephone Company, Limited. On December 31, 1930, this Company had in operation 35,432 telephones which connect with the Chinese Government exchange operating in the native section of Shanghai and also connect with the lines of the Government Telephone Administration which gives long-distance service to points in the Yangtze Valley as far as Nanking. Rotary automatic equipment, similar to that installed by the Corporation in many European capitals and other large cities of the world, is used.

The Rumanian Government, on July 3, 1930, granted to your Corporation the exclusive right to operate and develop the telephone system of that country. The contract covers the entire telephone and electrical communication field other than the telegraph, and provides for the establishment and operation of complete local, long distance and international telephone service, including auxiliary services by wire, cable or radio. The contract follows the general lines of that granted in 1924 to your Corporation's Associated Company in Spain. The actual transfer of the properties, previously owned by the State, to the new Company was made in January, 1931, and, accordingly, the consolidated statements included in this report do not reflect the investment or operating results of this property. At present there are over 80,000 miles of telephone lines connecting more than 50,000 telephones. Of this total, approximately 25 per cent. are in Bucharest, the capital.

The foregoing acquisitions bring the total number of countries in which Associated Companies of the International Telephone and Telegraph Corporation operate telephone systems to eleven, i.e., Spain and Rumania in Europe; Argentina, Brazil, Chile, Peru and

Uruguay, in South America; Mexico, in North America; Cuba and Porto Rico in the West Indies; and Shanghai, in China.

Progress was continued in the programme of development of the telephone properties, and in spite of the unfavourable economic conditions during the year there was a net station gain of 106,123, or 18.24 per cent., resulting in a total of 688,052 stations in service at December 31, 1930.

The Associated Telephone Operating Companies have adhered to the policy of training nationals of the countries in which they are established to assume the duties of operating their properties. The continued progress of the Associated Telephone Operating Companies is a tribute to the energy, zeal, and adaptability of these employees.

MANUFACTURING COMPANIES.

As has been recited earlier in this report, the manufacturing companies in the face of adverse economic conditions have concluded a year of increased earnings. The gross sales of the International Standard Electric Corporation in 1930 amounted to \$60,948,000, as compared with \$51,954,000 for the year 1929, an increase of 17 per cent. Orders on hand at the end of 1930 amounted to \$28,600,000. Gross sales of other manufacturing units amounted to \$19,375,000, and orders on hand at December 31, 1930, to \$7,642,000. The total sales of all manufacturing units were \$80,323,000 and total orders on hand at December 31, 1931, were \$36,242,000.

These manufacturing results are especially gratifying when it is borne in mind that many Government Administrations, which serve as an outlet for a large part of our manufactured products, had adopted a policy of retrenchment and in some instances had deferred the purchase of equipment for the extension of their systems until such time as normal economic conditions return. It is interesting to note that of the total sales effected during the year 1930, approximately 20 per cent. were to our Associated Telephone, Telegraph, Cable and Radio Companies, and the remaining 80 per cent. to other companies and Government Administrations.

Manufacturing units associated or affiliated with your Corporation are situated in ten of the principal cities of Europe, as well as in Buenos Aires, Shanghai, Sydney and Tokyo. In addition, there are sales and distributing organisations located throughout the world. Major item of manufacture are automatic central office equipment, manual central office equipment, subscribers' station apparatus, private branch exchanges, aerial and underground cable, carrier and repeater equipment, loading coils, radio point to point and broadcasting stations, telegraph printers as well as practically all accessories utilised in the telephone, telegraph and radio field. During 1930 the manufacturing activities of your Corporation were expanded through the formation of Standard Elektricitäts Gesellschaft, A.G., in co-operation with Allgemeine Elektricitäts Gesellschaft, A.G., and Felten & Guillaume, Carlsberg, A.G. This new company owns a controlling interest in several important German manufacturing companies. Your Corporation also acquired controlling interests in Österreichische Telephonfabrik, A.G., of Vienna, and in C. Lorenz, A.G. of Berlin, both of which specialise in the manufacture of telephone, telegraph and radio apparatus, and in Aktieselskabet Skandinaviske Kabel og Gummifabriker of Oslo, a company engaged in the manufacture of cables and wire.

Important orders executed by Creed and Company, Limited, included the supply and installation of telegraph printers for the British Post Office, Amsterdam Police, Italian Post Office, Italian State Railways, Italian Foreign Office, Vatican City, Reuters News Service in Shanghai, and a new ticker service for market quotations in Switzerland.

In September, 1930, Creed and Company acquired the rights of the Teletype Corporation relating to start-stop telegraph printing equipment for all countries of the world, except the United States, Canada and Newfoundland.

Very satisfactory progress has been made with the installation of the rotary type of automatic telephone equipment, which is an original development of the International Standard Electric Corporation. As of December 31, 1930, there were some 781,360 lines of Standard rotary automatic equipment in actual operation as compared with approximately 186,515 lines as of December 30, 1925, the year in which the International Standard Electric Corporation was acquired by your Corporation. Important contracts for further installations are held by several of our Associated Manufacturing Companies. There are now 83 cities in which Standard rotary automatic equipment is installed.

The Vatican City State, the newest of States, is essentially international, and it seemed fitting that the International Telephone

and Telegraph Corporation should be the medium through which a modern telephone system was installed in that State. On November 19, 1930, His Holiness, Pope Pius XI., most graciously lent his presence at the ceremony of inauguration and released the lever which set in action the rotary automatic telephone service. The Central Office is established in the building, until recently occupied by the Governor of the City of Rome, in the Villa Belvedere, which was commissioned by Pope Innocent VIII. (1484), and which is now the centre of the Vatican sculpture gallery.

LABORATORIES.

The practical results obtained from the research and development work of our Laboratories have been noteworthy. The commercial application of those developments by our Associated Manufacturing and Operating Companies will result in important economies and assure the continued recognition of the position of these companies in their respective fields. The following paragraphs outline some of the more important developments.

In March, 1931, the International Telephone and Telegraph Laboratories of Hendon, England, in co-operation with the Laboratories of Le Matériel Téléphonique of France, gave a successful international demonstration of new ultra short wave radio telephone transmission between Dover, England, and Calais, France. The wave length used was 18 centimetres, or approximately 7 inches, with transmitting and receiving aërials less than one inch long and power of $\frac{1}{2}$ watt.

This development, called "The Micro-ray," opens to possible commercial uses a new medium for the transmission of spoken and written messages, and points to a practical method for the transmission of television signals.

A system of facsimile telegraphy has been designed which transmits typewritten and printed messages as well as line drawings in such form that an exact duplicate is reproduced at the receiving terminals. The speed of transmission is at the rate of 90,000 printed words per hour, and a continuous flow of messages may be automatically passed through the machines without requiring the service of expert operators.

During the year, long distance automatic dialling was demonstrated before the Comité Consultatif International (International Communications Committee) at Dusseldorf, and also at the Brussels Conference, from an automatic telephone in Brussels, the Conference delegates dialled telephone subscribers in the London area. Considerable interest has been manifested in the equipment by several telephone administrations.

Ever since the introduction of the dial or automatic telephone, efforts have been made to design central office equipment of lower cost than the equipment now employed. Our Laboratories have succeeded in perfecting an automatic system known as the "By-path" for use in step-by-step automatic areas, which offers increased flexibility and lower cost of production.

The development of equipment for one of the largest broadcast transmitting stations in the world, rated at 120,000 watts, was completed during the year. It is now being installed in Prague, Czechoslovakia.

During the year the Laboratories completed a number of developments, through the use of which the operating telegraph and cable companies will be enabled to render improved service and to effect important operating economies.

Of great importance was the completion of the development of equipment for the improved operation of submarine cables. The installation of this equipment has increased by more than 30 per cent. the westward speed of the fastest Transatlantic cable of the Commercial Cable Company.

The Laboratories have also developed and improved ship radio telegraph transmitting and receiving equipment, and a number of these equipments have been manufactured and installed by the Mackay Radio and Telegraph Company and are giving highly satisfactory service.

FINANCIAL.

In the year 1930, two major financial operations were effected by your Corporation. On February 1, 1930, \$50,000,000 principal amount of twenty-five year 5 per cent. Gold Debenture Bonds due February 1, 1955, were issued and the proceeds utilised to liquidate indebtedness incurred in financing the Associated Companies during 1929 and the opening months of 1930. In providing

further for the financial requirements of your Corporation 733,967 shares of additional capital stock without par value were issued and sold at \$50 per share in the relation of one share for each eight registered in the respective names of the stockholders at the close of business March 21, 1930.

During 1930 the number of stockholders increased from 53,594 on December 31, 1929, to 77,804 at the end of 1930, or an increase of 24,210. On May 14, 1931, there were 81,617 stockholders.

Consolidated operating revenues and gross profit on sales during 1930 totalled \$93,075,550.50, as compared with \$89,291,335.64 in the previous year, an increase of \$3,784,214.86, which increase was due in part to the inclusion of revenues and gross profits of properties acquired during the year. Consolidated net income for 1930, before deducting interest on debenture bonds, amounted to \$19,221,271.25, as compared with \$20,909,672.39 for 1929, a reduction of \$1,688,401.14. Interest on debenture bonds amounted to \$5,471,138.39, as compared with \$3,177,513.50, resulting in net income available for dividends of \$13,750,132.86 in 1930, as compared with \$17,732,158.89 in 1929, a reduction of \$3,982,026.03.

Dividends were distributed quarterly at the rate of \$2 per year on each share of stock outstanding.

Further information of a financial nature will be found in the appended consolidated balance sheets of your Corporation and its Associated Companies as of December 31, 1930, and statement of consolidated income and surplus accounts for the year ended that date.

Approved by the Board of Directors,

HERNAND BEHN, President.

SOSTHENES BEHN, Chairman.

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION AND ASSOCIATED COMPANIES.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1930.

ASSETS.		\$	\$
Plant, Property, Patents, Licences, etc.	.....		394,688,272.13
Investments in and Advances to Associated and Allied Companies:—			
Associated companies not consolidated	...	58,252,302.55	
Allied companies	...	9,387,435.56	
			67,639,738.11
Special Deposits:—			
For payment of properties	...	3,427,815.09	
Other special deposits	...	2,531,680.05	
			5,959,501.14
Deferred Charges:—			
Bond discount and expense in process of amortization	...	9,311,337.20	
Prepaid accounts and other deferred charges	...	6,207,921.15	
			15,519,258.35
Miscellaneous Accounts and Investments...	...		10,523,243.05
Advances to Trustees under Employees' Stock Purchase Plans	...		507,701.71
Current Assets:—			
Cash in banks and on hand	...	21,125,693.42	
Marketable securities	...	8,982,456.18	
Accounts and notes receivable	...	39,193,714.62	
Merchandise, materials and supplies	...	39,790,186.91	
Sundry current assets	...	473,455.99	
			109,565,507.12
			<u>\$604,403,221.61</u>

CAPITAL AND LIABILITIES.

Capital Stock:—		\$	\$
Common stock of International Telephone and Telegraph Corporation—			
Authorized—15,000,000 shares without par value.			
Issued and outstanding—6,042,508 shares (of which 38,698 shares are held in treasury)	...	221,416,933.33	
Deduct for shares held by Trustees and available for future Employees' Stock Purchase Plans—174,336 shares	...	5,811,200.00	
			215,605,733.33
Preferred stock of associated companies	...		38,863,722.15
Minority Stockholders' Equity in Common Stock and Surplus of Associated Companies herein Consolidated	...		
			<u>9,573,979.10</u>

Funded Debt:—

International Telephone and Telegraph Corporation—	\$	\$
Twenty-five year 4½ per cent. gold debenture bonds, due July 1, 1952 ...	35,000,000.00	
Ten year convertible 4½ per cent. gold debenture bonds, due January 1, 1939 ...	37,661,100.00	
Twenty-five year 5 per cent. gold debenture bonds, due February 1, 1955 ...	50,000,000.00	
Associated companies ...	64,937,921.87	
	187,599,021.87	
Deferred Liabilities ...	10,621,744.09	
Current Liabilities ...	46,834,921.07	
Reserves for Depreciation, Contingencies, etc. ...	16,499,323.76	
Surplus:—		
Capital and paid-in ...	56,158,458.84	
Earned ...	22,645,817.40	
	78,804,276.24	
	\$604,403,221.61	

STATEMENT OF CONSOLIDATED INCOME AND SURPLUS ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 1930.

CONSOLIDATED INCOME ACCOUNT.		
Earnings:—	\$	\$
Telephone, telegraph, cable and radio operating revenues and gross profit on sales ...	93,075,550.50	
Miscellaneous income ...	11,397,047.77	
	104,472,598.27	
Operating, Selling and General Expenses, Taxes and Depreciation ...	79,115,044.10	
Net earnings (after provision for depreciation, replacements and renewals of \$7,843,643.17)	25,357,554.17	
Deduct—Charges of Associated Companies:—		
Interest charges ...	2,857,519.25	
Dividends on preferred stock ...	2,650,078.20	
Minority stockholders' equity in net income ...	628,685.47	
	6,136,282.92	
Net Income before deducting Interest on Debenture Bonds ...	19,221,271.25	
Deduct:—		
Interest on bonds of International Telephone and Telegraph Corporation ...	5,471,138.39	
Net income ...	\$13,750,132.86	

CONSOLIDATED SURPLUS ACCOUNT.		
Earned Surplus—January 1, 1930 ...	\$	28,054,706.93
Add—Net income, as above ...		13,750,132.86
		41,804,839.79
Deduct:—		
Dividends ...	12,868,408.44	
Extraordinary development and research expenditure written off ...	5,106,757.36	
Extraordinary expenditures incurred in repairing cable breaks resulting from earthquake ...	754,425.00	
Sundry surplus charges—net ...	429,431.59	
	19,159,022.39	
Earned Surplus—December 31, 1930 ...		22,645,817.40
Capital and Paid-in Surplus—January 1, 1930 ...	48,410,869.23	
Additions during year—net ...	7,747,539.61	
Capital and Paid-in Surplus—December 31, 1930 ...	56,158,458.84	
Total surplus—December 31, 1930 ...	\$78,804,276.24	

TELEGRAPH AND CABLE COMPANIES.

All America Cables, Incorporated ...	New York, N.Y.
Cuban All America Cables, Incorporated, The ...	New York, N.Y.
Cuban American Telephone and Telegraph Company ...	Havana, Cuba.
Commercial Cable Company, The ...	New York, N.Y.
Commercial Cable Company, Limited ...	London, England.
Commercial Cable Company of Massachusetts ...	Boston, Mass.
Postal Telegraph System ...	New York, N.Y.
Postal Telegraph and Cable Corporation ...	New York, N.Y.

RADIO COMPANIES.

Companhia Radio Internacional do Brasil ...	Rio de Janeiro, Brazil.
Compania Internacional de Radio Argentina ...	Buenos Aires, Argentina.
Compania Internacional de Radio S.A. (Chile) ...	Santiago, Chile.
Compania Internacional de Radio (España) ...	Madrid, Spain.
Mackay Radio and Telegraph Company, California ...	San Francisco, Calif.
Mackay Radio and Telegraph Company, Delaware ...	New York, N.Y.
Sociedad Anonima Radio Argentina ...	Buenos Aires, Argentina.
Radio Corporation of Cuba ...	Havana, Cuba.

TELEPHONE COMPANIES.

Companhia Telefonica Rio Grandense ...	Porto Alegre, Brazil.
Compania de Telefonos de Chile ...	Santiago, Chile.
Compania Peruana de Telefonos Limitada ...	Lima, Peru.
Compania Telefonica Argentina ...	Buenos Aires, Argentina.
Compania Telefonica Nacional de España ...	Madrid, Spain.
Cuban Telephone Company ...	Havana, Cuba.
Mexican Telephone and Telegraph Company ...	Mexico City, Mexico.
Montevideo Telephone Company, Limited ...	Montevideo, Uruguay.
Porto Rico Telephone Company ...	San Juan, Porto Rico.
Shanghai Telephone Company ...	Shanghai, China.
Societatea Anonima Romana de Telefoane ...	Bucharest, Rumania.
Sociedad Cooperativa Telefonica Nacional ...	Montevideo, Uruguay.
United River Plate Telephone Company, Limited ...	Buenos Aires, Argentina.

LICENSEE MANUFACTURING OR SALES COMPANIES.

Compagnie des Telephones Thomson-Houston ...	Paris, France.
Creed and Company, Limited ...	Croydon, England.
Creed Telephonapparate G.m.b.H. ...	Berlin, Germany.
Bell Telephone Manufacturing Company ...	Antwerp, Belgium.
Standard Electric Doms a Spoelen ...	Prague, Czechoslovakia.
China Electric Company, Limited ...	Shanghai, China.
Compania Standard Electric Argentina ...	Buenos Aires, Argentina.
Le Matériel Téléphonique ...	Paris, France.
Nippon Denki Kabushiki Kaisha ...	Tokyo, Japan.
Osterreichische Telephon-Fabrik Aktiengesellschaft ...	Vienna, Austria.
Standard Electric Aktieselskab ...	Copenhagen, Denmark.
Standard Electric Aktieselskap ...	Oslo, Norway.
Aktieselskabet Skandinaviske Kabel-og Gummifabriker ...	Oslo, Norway.
Standard Eléctrica, S.A. ...	Madrid, Spain.
Standard Elettrica Italiana ...	Milan, Italy.
Standard Electrica Romana S.A. ...	Bucharest, Rumania.
Standard Telephones and Cables, Limited ...	London, England.
Standard Telephones and Cables (Australasia), Limited ...	Sydney, Australia.
Standard Villamossági Részvénytársaság ...	Budapest, Hungary.
Vereinigte Telephon und Telegraphenfabriks Aktiengesellschaft, Czeija, Nissl and Co., Vienna ...	Vienna, Austria.
Standard Electric Company w Polsce Sp. z O. O. ...	Warsaw, Poland.
Lorenz C., A.G. ...	Berlin, Germany.
Standard Elektrizitäts Gesellschaft A.G. ...	Berlin, Germany.
Mix and Genest Aktiengesellschaft ...	Berlin, Germany.
Ferdinand Schuchhardt Berliner Fernsprech und Telegraphen-werk Aktiengesellschaft ...	Berlin, Germany.
Sueddeutsche Apparate Fabrik G.m.b.H. ...	Nuremberg, Germany.
Telephonfabrik Berliner Aktiengesellschaft ...	Berlin, Germany.

OTHER COMPANIES.

International Communications Laboratories, Inc. ...	New York, N.Y.
International Marine Radio Company, Limited ...	London, England.
International Standard Electric Corporation ...	New York, N.Y.
International Telephone and Telegraph Laboratories, Inc. ...	Hendon, England.

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COMPANY MEETINGS, &c.

THE FINE COTTON SPINNERS' AND DOUBLERS' ASSOCIATION, LIMITED.

ANNUAL MEETING OF SHAREHOLDERS IN MANCHESTER.

A CALAMITOUS YEAR, BUT NO CAUSE FOR DESPAIR.

TRADE DEPRESSION WORLD WIDE.

GROUND FOR GRATITUDE RATHER THAN CENSURE ON THE MANAGERS.

The thirty-fourth ordinary general meeting of the shareholders of the Fine Cotton Spinners' and Doublers' Association, Limited, was held in the Memorial Hall, Albert Square, Manchester, on Friday, the 22nd instant,

1. To receive the report of the directors and statement of accounts for the year ended March 31, 1931.
2. To declare dividends.
3. To elect directors in place of those retiring.
4. To elect auditors, and to fix their remuneration.
5. To transact such other business as may be legally transacted at a general meeting of the company.

Mr Herbert W. Lee (chairman of the association) presided. The other directors in attendance were as follows:—Col. R. W. D. Phillips Brocklehurst and Mr John Graham Peel (vice-chairmen); Mr William Howarth (managing director); Mr Vernon Bellhouse and Mr Alan Murray Gordon Debenham (the above constitute the executive board).

Mr John Wallace Adam, Mr Percy Ashworth, Mr George Alfred Barnes, Mr Robert Leslie Bellhouse, Mr Robert W. Bennett, Mr Arthur Lyons Carroll, Mr Archibald E. Dixon, Mr Esmond Miles Dixon, Mr Francis Iredale Dixon, Mr John I. Higson, Mr F. Watkin Hiller, Mr Ernest Mather, Mr E. Lomas Oliver, Mr Edwin Oliver, Mr Ian Maurice Lomas Oliver, Mr Wm. Alfred Perry, Mr Alfred Edwin Rahr, Mr John A. Wanklyn, Mr Philip Bruce Whitehead, and Mr Herbert Stowell (director and secretary).

There was a large attendance.

The Secretary read the notice convening the meeting. Then, at the call of the chairman, the auditors' certificate was read.

The Secretary also read letters of apology for absence from Mr. Percy Musgrave and Mr John B. Walker, two of the directors.

THE CHAIRMAN'S SPEECH.

DIFFICULTIES OF THE PAST YEAR.

WORLD DEPRESSION AND THE TEXTILE TRADE.

The Chairman, in moving the adoption of the report and accounts, said:—The report and balance sheet have been in your hands for the past week, and I presume you will follow your usual practice and take them as read.

It is with the utmost regret, a regret that is shared by all our directors, that we have such a calamitous result to put before you. This is the thirty-fourth meeting of our shareholders. Our returns have varied during that period, but we have never so far had to present you with a balance sheet with figures such as the one you have before you to-day.

Our worst year during the long existence of the company was that ending March, 1921, the year of the great slump, and it may be of interest to you to know, although it will not be much consolation that the actual trading of that year showed a greater loss than the present one. The position, however, in that case was improved by the great amount of excess profits duty which it was possible to bring back to the credit of the profit and loss account, and this minimised the loss to a great extent. It has been my practice during the now long period which I have been chairman of the association to give you at these meetings particulars of the various conditions of the trading of the year that have had a good or ill effect on the figures presented to you.

"TEXTILE TRADE ESPECIALLY HARD HIT."

I think that, with the unfortunate results you have before you, you will expect me on this occasion to somewhat amplify my report. In the time at my disposal it would be impossible to give you a full report of all the factors that have contributed to the result. You must remember, for one thing, that we are not an isolated example of bad trade, either as a company, or even taking trade in general as a nation. The whole world is going through the most widespread

trading crisis of modern times, and we could not have hoped to be exempt from it. The textile trade above all in every country has been especially hard hit. Whether you look East or West the aspect is the same, short-time running, great depreciation in values, and heavy losses in every direction.

Lancashire has had, in addition, extra handicaps in the boycott of its goods in India, and the disastrous fall of silver in China, markets which, you might think, did not affect this company, but which, especially in the case of China, both directly and indirectly, have a considerable effect on our trade.

TWO MAIN CAUSES OF HEAVY LOSSES.

Now, our failure to make both ends meet may be put down, roughly, under two heads, each of them brought about by a considerable variety of reasons. These are short-time running and a great loss from depreciation in the value of the heavy stocks in cotton and yarn we are compelled to hold. Both these reasons are immensely serious, the first is the one which gives me the greatest concern because the remedy for it is yet to be found. The second has, in the past year, been in the larger way responsible for the heavy losses we have sustained.

We have an advantage, in the ordinary course of affairs, in being an association that is, to a certain limited extent, a vertical one. We not only spin yarn but we cord it, and we also lay ourselves out to do many subsidiary processes that enable us to deliver our products ready to go straight into the loom, the hosiery machine, or any other machine that it may be required for. It is an advantage and one which we have been developing, and one which will help us in the future, but it has one great disadvantage, that is, the loss we must sustain in a time of falling prices. We have to carry always a heavy stock and that stock is in a material which, unlike American cotton, we cannot hedge, or can only do so to a very limited extent.

EFFECT OF COLLAPSE OF WORLD MARKETS.

This time last year the rate of prices that then obtained looked fairly safe; we were not perhaps shrewd enough to envisage the world collapse of all markets. We did not anticipate the world crisis that brought all raw products to values far below the cost of production and sent some of them down to even below pre-war levels. Cotton was no exception to this, and, unfortunately, the cotton we use was more seriously affected than any other.

ENORMOUS DROP IN COTTON PRICES.

The reduction in American was bad enough, but the reduction in many of the brands of cotton we use came to the astounding figure of 40 per cent. to 45 per cent. In yarn the drop was even more serious, reckoned per lb., caused not only by the fall in raw materials, not only through competition abroad, but through senseless and unnecessary competition among the spinners of this country, and it would not be an outside estimate to put the average fall in the price of yarn down at a figure of 6d. per lb. A part of this followed naturally the fall in the price of cotton, but part of it was unnecessary if the trade had made the slightest endeavour to work with any reference to the cost of production. When we consider that the fall of every penny per lb. on the minimum weight of stock we are compelled to carry to enable us to conduct our business is equivalent to well over £100,000, you will realise how easily and quickly under the circumstances of last year the difference between the profit we hoped to make and the loss we show can be accumulated. We may undoubtedly put down, not all, but the greater part of the actual loss of this year to this depreciation in value. It is a grievous showing, but such part as is the result of depreciation in value is limited.

We might have a further fall, but prices are now so low that any further heavy decline is most unlikely. It does not, personally, weigh on my mind, therefore, nearly as much as the remainder of

the loss occasioned by short-time running, which has been caused, not alone by the world crisis in trade, but also largely by the rush into our branch of the trade by spinners using up to recently entirely or at any rate mainly American cotton. In 1914 there were 14,000,000 spindles engaged on Egyptian types of cotton, and, although few new spindles have been installed since then in the Egyptian branch, the turnover of spindles from the American section of the trade has brought the number up to about 18,000,000 spindles.

This turnover and the competition from these extra spindles has been facilitated by the fact that the demand that has existed has required a much larger proportion of low qualities than has usually been the case, making it easier for mills not specially adapted for the spinning of Egyptian cotton, as ours are, to enter into this competition for such orders as may be offered with a better chance of success than would have been the case if the super qualities of yarns had been more generally in demand. I propose to say a few more words on this subject directly, but I should like, first, to just run through the figures of the balance sheet with you.

BALANCE-SHEET ITEMS—ASSETS.

I had perhaps best take them in the order you are used to, and turn, first, to the asset side of the balance sheet.

You will notice that our associated properties show additions of £91,938. This may appear to you a big amount in such a year as the present, and it may surprise you to hear that nearly half of it—£45,000—has been expended in the purchase of a new mill. We had at our concern of Shaw, Jardine and Company 76,000 spindles installed in a mill that was not of the most approved size for a spinning mill, and would not take modern machinery. We have, therefore, been allowing the machinery in this mill to run out its natural life, and it has now arrived at a period when it is advisable to scrap it. To rebuild and refill the mill would have cost over 40s. per spindle, and, under present conditions, we should never have contemplated such an expenditure, but we were offered the Ena Mill, at Atherton, one of the largest Lancashire mills, very little run, and very up to date, at 8s. per spindle, and we decided to scrap the Shaw, Jardine old machinery and turn this mill over to them instead. We had the greater inducement to do this because the firm of Shaw, Jardine and Company has always been a very successful one, and the old building, while unfit for spinning machinery, is well built and is exactly what we require for a rearrangement of the doubling machinery at that concern, and I think you will agree that the circumstances of the case justified this expenditure. The remainder of the sum paid for additions is almost entirely for finishing machinery, putting us into a position to deliver a greater weight of yarn in a form ready for immediate use by our customers. It is a great convenience to some of our manufacturers, and undoubtedly should give us a preference when they are placing orders.

DEPRECIATION.

I want to call your attention specially to the depreciation account; we have taken £180,000, the same as last year. This amount has naturally added to the loss we show. I notice that in many of the latest balance sheets of cotton mills, no provision, or very little provision, has been made for depreciation. It may be that, with the short time we have been working this year, together with the fact that we have now £495,218 standing to the credit of our depreciation account, we should have been justified in at any rate reducing in a year like this the amount we put on one side for this purpose, but your directors are so convinced that the future in the industry will be held, and can only be held, by those mills that not only keep their plant of every description equal to new, but are also ready and able to adopt without delay every new invention or improvement that comes forward, that they decided to adhere this year at any rate to the full amount. This sum is only on account of the associated mills, the subsidiary concerns have their full depreciation taken through their own balance sheets in addition at the same rate as for former years.

Out of the depreciation fund we have this year spent £99,288 on renewals, against the £180,000 placed to it, although we have not grudging any expenditure during that time for the objects I have indicated, and, in addition, we have expended the sum of £75,016 in repairs, which has been written off against profits in the usual way. This brings all our associated properties to £6,141,508, a net increase of only £11,228 over last year.

INVESTMENTS IN SUBSIDIARY COMPANIES.

The amount invested in our subsidiary companies comes under three heads. Investments in shares and debentures, £3,121,665, show a decrease of £6,930. debentures to that amount having been paid off. Advances to and amounts due from subsidiary companies, £1,237,438, always a varying amount, is this year £107,309 less than last year.

STOCK-IN-TRADE.

Stock-in-trade exhibits a reduction of £884,419. Part of this occurs through the weight of cotton in stock having been considerably reduced, but the larger part is represented by the fall in value during the year. Had our present stock been valued at the prices ruling at March 31st last year it would have stood at very nearly £600,000 more than it appears in the balance sheet to-day. I do not wish to give you the impression that we have lost that amount by the depreciation in values, that would not be correct, but the figure is of interest in indicating the great difference in the level of prices as between March 31, 1930, and March 31, 1931. I can assure you that these stocks have been taken with the utmost care, and that the value has in every case been written down to the level that obtained on the date of the stocktaking.

Trade and other debtors, at £745,170, show a reduction of £272,570, an amount easily accounted for by the miserable turnover and the reduction in values we have had during the year.

LIABILITIES.

Turning to the other side of the balance sheet, you will find no change until you come to the account of reserves, which are reduced by £400,000, the amount we recommend you to transfer to profit and loss account, to allow the payment of debenture interest and preference and preferred ordinary dividends, which I shall refer to again. The insurance account has now £202,621 standing to its credit, an increase of £6,366, the difference between the premiums credited to it and the claims paid.

The welfare fund stands at £2,097, and is sufficient for any work in sight. We are continuing in all necessary essentials the welfare work we have established, and we are convinced that it is not only of the greatest value to our workpeople, but it is also of financial consequence to the association in maintaining the best standard of worker and discipline in our mills.

RESULTS OF SUBSIDIARY COMPANIES.

Now, ladies and gentlemen, we must return to the profit and loss account, and into this should enter not only the profits or losses from our associated concerns, but also the results of our subsidiary companies. The returns of these subsidiary companies have been nearly as disappointing as those of the associated mills. Our mills in France, which have done so well during the past few years, have suffered from the reduction in values just as we have here, and for the last six months have felt a reduction in demand. In spite of that our French group of mills have paid us a dividend, although a much smaller one than last year. Our British mills in France, the Société Cotonnière d'Hellemmes, Limited, have, however, had to pass their dividend, largely in consequence of the depreciation in the value of stock. I am glad to tell you, however, that further sums have been received for reparation on account of this group of mills, and we hope to have a final settlement from the courts during the coming year. Part of the sum so far received has been paid over to the Inland Revenue, part has gone to reduce the capital value at which the mills stand in our books, which now rests at a figure we can regard with satisfaction, and part has been used in adjusting the taxation reserve, which, to some extent, has enabled us to minimise the loss we have sustained this year.

Many of you may have noticed reports of strikes, which are now occurring in France, in the Roubaix district, and you may have thought those strikes might have extended to our mills at Lille, which is close to that district; but I am glad to be able to tell you that the strikes have not extended to our mills. The mills are all running, and the managers assure me there is no likelihood of the strike in any way affecting us.

PLANTATIONS IN THE MISSISSIPPI DELTA.

We have had no good fortune this year with our investment in the plantations in the Mississippi Delta. You have all heard of the great drought in Arkansas and the neighbourhood of that State. We are on its borders, and, although the depth of our soil saved us from an entire failure, still the absence of rain from May to September reduced our crop from its normal 12,500 bales to 7,600 bales. Our reports of the planting and the condition of the starting of the year's operations are good. Considerable economies in working have been put into operation, reductions have taken place in salaries, and heavy reduction in wages have been made. Given a reasonable price for the crop and an average crop, we have no fear of the result in the future.

THE COLLIERY.

The colliery, in which I know you take an interest, is one of our subsidiary companies that has paid a dividend. This is not up to the average of those we have received in past years, but, when we

contrast the position of our colliery with the general run of the coal trade, I think we have every reason to be satisfied with the result, but I feel we may still count on a reasonable dividend in the future on the capital invested in this concern. Its success is, I think, due to the determination to keep everything connected with it up to date, and, above all, to the ability and the hard work of our managing director, Mr Ward. Some of our other investments in companies connected with but not actually spinning cotton have made small returns, but these have all been affected by the world crisis in trade.

Our big subsidiary companies in this country spinning and doubling cotton have all done badly. They have not been able to run any longer hours or to obtain any better prices than the associated mills, and have suffered like them from the depreciation in values. Their returns are not of a satisfactory nature either to them or to ourselves. I need not labour the recital of our disappointments, the result shows all too clearly in the profit and loss account you have before you.

If you turn now to that account you will notice that we bring in a carry-forward of £183,134, and we have a net loss of £226,944. We have, of course, to meet our debenture interest, which amounts to £110,000, and the charge of £8,759 for directors' fees. I ought, perhaps, to say a word about this figure. The last balance sheet was the first in which this item appeared. It was then shown as £16,950, but in that amount salaries were included which ought to have been charged elsewhere. That and a cut in the directors' fees at the end of last year account for the difference. The figure this year is taken in accordance with the provisions of the Companies Act of 1929.

BOARD'S DIVIDEND POLICY.

The directors have had the very difficult decision to take as to the course they would recommend you to follow to meet the deficiency in the account. They had decided at the interim stocktaking to pay the dividends on the preference and the preferred ordinary shares. The results for the first half-year were not as bad as they have been for the second, and at that time an improvement in the trade seemed imminent. They had now to decide whether or not to recommend you to pay the second half-year's dividend on those shares. As you know, we have considerable reserves, put away in past years. These amounted to £590,075, reserves from profits; £150,000, reserves from profits earmarked for equalisation of dividends; and £417,884, premiums on the issue of shares; a total of £1,157,959.

I must admit to you that the directors had the greatest repugnance in reducing these reserves by the large amount required to adjust the profit and loss account, but, after long consideration, they came to the conclusion that this was the best course to take, and they propose to you to transfer the £150,000 from the special reserve for equalisation of dividends, and a further sum of £250,000 from the reserve set apart out of profits. They also recommend you to pay the second half-year's dividend on the preference and preferred ordinary shares. These dividends are cumulative, and we can find the amount required without straining our financial resources, and it seemed to us, therefore, better for the association and better for the ordinary shareholders that these dividends should be paid. If you agree with this we stand in the position that our reserves are reduced to £757,959, our cumulative shares are paid up to date, and there is a little carry-forward left of £40,431 16s. 8d.

I need hardly say what a cause of regret it is to the board, for the first time in thirty-three years' working, to be unable to recommend any dividend on the ordinary shares, but I am sure you will all agree that, under the circumstances, we had no other course open to us.

FUTURE PROSPECTS.

Well, ladies and gentlemen, you are no doubt saying to yourselves, "What of the future, and how do our prospects stand for getting back to the prosperity we have enjoyed for the past thirty-two years?" That is a most difficult question, so many factors enter into it, over many of which we have no control. I should not like you to leave here feeling too depressed. I should like to remind you that, after all, we have not been facing ordinary bad trade, we have been and are in the midst of a world crisis in trade, and that of almost every description of trade. We cannot hope for a free-running business as long as values remain at their present level. The producers of primary products are our main customers, they cannot keep our spindles and looms running as long as they are having to sell the results of their labour below cost. Until we have a decided and considerable rise in values I cannot think we shall see much improvement in demand. Here is a problem we are powerless to influence. It is international. Many of us think the failure of the gold money standard of the world to keep pace with the productivity of the world has much to answer for, and we look in vain for the publication of the Macmillan report, which has been so often

promised, on this aspect of affairs. Then we have the problem of the redundant spindles in the trade. Sound trading can only be attained when all spindles running are working 100 per cent. Had it not been for the intervention of the Government and of the banks I think it probable that we should to-day have been in that position; as it is, we are not even approaching it. Several schemes are being discussed, and it may be that some solution of the difficulty may, in the end, emerge. During the year several of the larger units, of which we were one, on our side of the trade, made an attempt to join together, to try and hold prices to, at any rate, cost levels. It promised well for a short time, but it quickly broke down. I don't propose to attempt to apportion the blame. Indeed, I am doubtful if any such arrangement can succeed unless we can evolve some scheme having a considerable measure of financial unity. These are only a few points of the problems we have in front of us. I do not propose to speak to you at length on the necessity for the observance of national economy by the Government and the municipal and county authorities, the doing away with the excessive rates of wages in sheltered trades, which affect the cost of living, and the necessity for the entire reconsideration of the method of carrying on the social insurances. I have spoken from the Chamber of Commerce quite recently on all these points and won't repeat myself here.

TWO ESSENTIALS VITAL TO SUCCESS.

It is well, however, to remind you that, in addition to these, there are two conditions that are vital to success. One is the abolition of the trade union policies and restrictions which hamper us so much in our endeavour to cheapen production, and another is that the wages we have to pay should be properly related to the cost of living and the possibilities of trade. It is absolutely necessary, if we are to regain prosperity, that the policies and temper of the trades' unions should undergo a complete and drastic change, and that they should work with us in adopting every improvement and every modification in working that will enable us to produce our products at the cheapest possible rates, and it is equally necessary that old methods of price lists, many of which are long overdue for amendment, should be redrawn in the light of present conditions. Even in the matter of wages, it would be far better for a workman to be drawing less per pound if that would lead to full employment, rather than to be carrying on with a high rate of pay which curtailed the possibility of sales and kept him on part-time work. It is easy to understand and to sympathise with the reluctance of the workpeople to give way on these points, but I am sure it would be to their best interests to discuss the whole matter with the employers with the determination to make any alterations which will enable present trade to be retained and a part at least of lost trade regained. With all these difficulties in front of us you will easily understand that I can only ask you to have patience; you cannot expect a quick recovery. But, after all, the world depression must some time pass away, and it does not seem possible, as I said before, that we can have any great further loss from depreciation in stock, two important factors. We are actively engaged in not only looking after our old markets, but also in endeavouring to find new uses and to produce new materials which will absorb fine yarns and enable us to get our spindles fully running. Although one dare not prophesy, yet it may well be that the present position, black as it is, may mark the extent of the depression, and that brighter times may be in store. We can only work and hope.

TRIBUTE TO STAFF.

Before I sit down it is my pleasure and my duty to tell you that, in my opinion and from my observation as chairman, in spite of the impression the bad results of the year may have given you, you have been well served by your staff. Everyone has done his best, from the managers downwards, in endeavouring to save loss and to get spindles going in the midst of hopelessly impossible conditions, and they are still continuing the fight. It is interesting to note that the whole of the staff have joined with the directors in accepting a cut in their salaries with the utmost goodwill. In several cases, also, our workpeople have helped us, and I think that, if events ever give them a free hand and they have no outside pressure to resist, we could count on them for very different help to that which they are now able to render. (Applause.)

The Chairman then formally moved the resolution, as follows:—"That the directors' report and accounts, as presented to this meeting, and upon which a report by the auditors has been read, be and the same are hereby received and adopted."

He called upon Col. Phillips Brocklehurst to second the resolution. The resolution was seconded by Col. Brocklehurst, and it was adopted unanimously.

A FEW CRITICISMS.

Questions, or criticisms, at these meetings are very rare. On this occasion, however, when for the first time in its full history of

LOST.—Within the past twelve months, all over the country, much money invested in stocks and shares; owners desirous re-creating estates.

FOUND.—A gilt-edged security liable to appreciate, not depreciate; carries rights to income tax rebates; buyable in a rising market; creates an immediate estate. Apply LIFE DEPT., THE LIVERPOOL AND LONDON AND GLOBE Insurance Company, Ltd., 1, Dale Street, Liverpool.

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thirty-four years the association has failed to pay a dividend on its ordinary shares, a few Scotsmen had thought it fitting to send a few questions to the chairman by letter as to certain policies purposed by the directorate. Two gentlemen present in the room also asked for a little further enlightenment.

The Chairman replied to the queries addressed to him as chairman of the association, pointing out how much at fault some of the critics were in their inferences.

Concluding his remarks, he said, with deep feeling, that to reproach for one year's failure a board of directors who had carried a company on for thirty-three years and given their shareholders an average dividend of 10 per cent. through all those years would be the height of folly; and, he would like to add, the height of ingratitude. Loud and general cheering followed this expression of opinion.

Other resolutions were then submitted and adopted, as under:—

DECLARATION OF DIVIDENDS.

Moved by the chairman and seconded by Mr John G. Peel:—“That the following dividends be now declared out of the profits of the undertaking, viz.:—A dividend for the half-year ended 31st March, 1931, at the rate of 5 per cent. per annum on the £3,000,000 preference shares, numbered 1 to 3,000,000 inclusive. A dividend for the half-year ended 31st March, 1931, at the rate of 5 per cent. per annum on the £940,000 preferred ordinary shares, numbered 1 to 940,000 inclusive.”

RE-ELECTION OF RETIRING DIRECTORS.

Moved by Mr William Howarth and seconded by Mr Vernon Bellhouse:—“That Messrs H. W. Lee, J. W. Adam, F. I. Dixon, E. Mather, P. Musgrave, A. E. Rahr and J. A. Wanklyn, be and they are hereby re-elected directors of the association.”

ELECTION OF AUDITORS.

Moved by Mr G. St. Clair Robertson and seconded by Mr A. Richardson:—“That Messrs Edwin Guthrie and Company, chartered accountants, of 71, King Street, Manchester, be and they are hereby appointed auditors of the association until the next ordinary general meeting of the association, and that they be paid the sum of £1,500 as remuneration for their services, inclusive of out-of-pocket, travelling and hotel expenses.”

VOTE OF THANKS TO THE CHAIRMAN, DIRECTORS AND STAFF.

Moved by Sir William H. Himbury and seconded by Mr Wilfred Sykes:—“That the thanks of this meeting are due and are hereby tendered to Mr H. W. Lee for the ability and courtesy with which he has presided over this meeting, and to the directors and staff for their work in the past year.”

The Chairman responded in a very brief speech to this cordial recognition of the work of the directors, of his own work, and of the service rendered by the staff.

The meeting then separated. Of course, every shareholder regretted that there was no dividend this half-year, but there could be no question that everyone's spirits were lightened by what the chairman had to say of the general world-wide depression in trade, and of the constant and ardent endeavours of the directors and their managers to repair the weak places and to find new markets for their products.

THE RUBBER PLANTATIONS INVESTMENT TRUST, LIMITED.

MR. H. J. WELCH ON POSITION OF RUBBER INDUSTRY.

At the annual general meeting of the Rubber Plantations Investment Trust, held on the 22nd instant, in London, Mr H. J. Welch, the chairman, in the course of his remarks, said:—The accounts before you, when compared with 1929, show a fall in net profits from £252,550 to £157,894, caused by a decrease of over £50,000 in income from investments and of about £43,000 in profits from our tea estates. The market quotations for Rubber Plantation shares fell steadily throughout the year, and are now only nominal, and have little reference to real values. After making the allocations proposed in the report, the balance of the profit and loss account amounts to £100,626, which the directors recommend should be carried forward, together with the £50,000 standing to the credit of dividends equalisation reserve.

As regards the immediate prospects of this company, whilst I look upon the depreciation of market value of our investments as of a temporary nature, which any revival in the world's markets will speedily adjust, it should be remembered that the income from such investments this year must be considerably less than last. We estimate this year to produce our teas at about 1½d. per lb. cheaper, but the profit from them will depend upon the course of the market for teas, which is at present depressed.

At the end of April this year the stock in London warehouses was 212 million lbs., in comparison with 234½ millions at the end of April last year. For the first four months of this year the average price obtained for all tea sold in public sale on garden account has only been 1s. 0½d., whereas for the corresponding periods in 1930 and 1929 the average was 1s. 3½d. and 1s. 6½d. respectively.

RUBBER POSITION AND PROSPECTS.

Rubber, in common with most other raw commodities, experienced a period of acute depression during 1930. No one can doubt this decline was abnormal, and closely associated with the world-wide economic depression. The current price is now below the total cost of production of the cheapest producer of estate rubber. In recent weeks the factors of the problem have changed, and consequently we may expect the policy of “all-out” producers and others to change also. Most of them no longer can expect at present prices to sustain a smaller cash loss by full tapping than by producing a restricted crop, or, in some cases, by placing estates on a “caretaker” basis, the cost of which has recently been much reduced. The surplus stocks are heavier than ever, and are still increasing. These facts should lead all estate producers to review their policy, and, if advisable, reduce or further reduce their outputs, in order to minimise their inevitable losses at present prices.

It is estimated that on estates, afloat and in ports, and in hands of dealers and manufacturers, stocks equal about 600,000 tons, being ten and a-half months' supplies at the present average rate, and about nine months at the 1929 average rate of absorption. Probably the minimum amount of world stocks required for the efficient working of the industry equals six months' supply. Against the above figures must be placed the fact that the U.S.A. tyre stocks are below normal, and invisible stocks in the form of tyres in the hands of users are certainly reduced.

The idea of a satisfactory and equitable scheme of voluntary organised restriction of outputs was abandoned last year. In such an industry as ours, however, restriction can only be a temporary palliative, and the failure to find a satisfactory and acceptable scheme must not be considered all loss. I would remind you that, when in 1922 the British scheme was put in force, the average “all-in” cost on full production of good companies probably exceeded 10d. per lb. To-day the “all-in” cost of average good companies has been reduced to about 5d. per lb., and of some well below that figure. Another advantage gained from the depression is that practically all extensions have been stopped. The native producer also is learning a lesson it is hoped he will not forget. A further consideration is that under legalised restriction the industry would lose the control of its own affairs.

But although the immediate outlook is serious and even critical for many producers, the further outlook is, I think, more hopeful. The persistent trend of the increase in absorption for the last twenty years has only been stopped temporarily. In my view, when business recovers absorption will continue to increase with renewed vigour, as it has done on each previous occasion when the trend has been interrupted.

I believe that the rubber plantation companies which weather the storm will again enter upon an era of prosperity, in which, by reason of our present adversity, estate production will be upon a sounder economic foundation than for many years past.

CENTRAL MINING AND INVESTMENT CORPORATION, LIMITED.

EFFECTS OF WORLD ECONOMIC DEPRESSION.

STRONG FINANCIAL POSITION.

SATISFACTORY GOLD MINING RESULTS—OIL INTERESTS.

RAILWAY ENTERPRISE IN SPAIN—ATTITUDE OF GOVERNMENT.

SIR R. SOTHERN HOLLAND'S REVIEW.

The twenty-sixth ordinary general meeting of the Central Mining and Investment Corporation, Limited, was held, on the 27th instant, at No. 1, London Wall Buildings, London, Sir R. Sothern Holland, Bt. (chairman of the corporation), presiding.

The Secretary (Mr R. A. Macqueen) having read the notice convening the meeting, and also the auditors' report,

The Chairman addressed the meeting as follows:—Gentlemen,—I presume it is your wish that the report and accounts be taken as read.

Before we enter upon the business of our meeting this morning I desire, on behalf of my colleagues and myself, and I am sure on behalf of you all, to refer to the death of Mr S. B. Joel. He had been well known to many of us over a long period, and all must be conscious of a sense of loss—the loss of a real personality. We think of Mr Joel particularly in relation to his prominent connection with mining affairs from the very early days of Kimberley and Johannesburg, and the prominent part he took in the development of the gold and diamond mines, where he always showed great courage, foresight and knowledge. On behalf, I know, of all present I beg to extend an expression of sincere sympathy to Mrs Joel, the members of the family, to Mr J. B. Joel, and also to those associated in business with the late Mr Joel, whose death we all so deeply regret.

FACTORS AFFECTING RESULTS.

The results obtained from the operations of the corporation during the past year do not—for reasons which will be apparent to shareholders who have studied the report and accounts—warrant the payment of a dividend. The corporation could not, however, expect to escape some of the consequences of an economic depression more widespread and more profound than any in the experience of this generation.

Under the circumstances of the time, the working profit earned must be considered satisfactory; it amounted to 14.2 per cent. on the par value of the issued capital, compared with 16.6 per cent. for the previous year, an achievement which compares favourably with that of most other companies similarly situated. At the same time, a strong financial position has been maintained, as is, indeed, essential if the corporation is to take advantage of the first signs of economic improvement. Unhappily, in the middle of this unparalleled depression a further decline in the exchange value of the currency, and the loss, doubtless only temporary, of political stability that inevitably attends a revolution, compelled us to make immediate provision for a possible depreciation of our important interests in Spain.

When, in November last, the question of the payment of an interim dividend was, as is customary at that period of the year, under consideration, the board thought, in view of the then unpromising outlook, it was advisable that the matter of making any distribution should be deferred until the audited accounts covering the full period to the end of the financial year were available. That conclusion was announced to shareholders at the time, and subsequent events in the industrial and financial world in their bearing upon certain of our activities and investments prove it to have been a wise and prudent decision.

PROVISION FOR DEPRECIATION OF INVESTMENTS.

It is not possible—as I have said—to recommend a dividend on the present occasion. The board regret that fact, but the policy they have followed both in this respect and in connection with the provision that has been made for actual and possible depreciation of investment values will, I trust, commend itself as a full and frank appreciation and acceptance of the realities of the situation, as, indeed, it has commended itself to the best financial opinion in the comments made on the accounts since they were published. Shareholders may, and indeed will, feel disappointed—as the directors do—over the setback the corporation has experienced.

In the 15 years since the capital was fixed at the present figure

dividends have, except for the period under review, been paid without interruption at an average rate of 10 per cent. per annum free of tax. That is, I suggest, a good and creditable record, and should, taken in conjunction with the information given in the reports and accounts and, I trust, in my address to you to-day, be reassuring to shareholders as indicating that we have so far weathered economic troubles of a severity unparalleled in modern times, that we are in a position to meet such foreseeable difficulties as may still be ahead for industrial and financial institutions, and that we are in a good position to reap the advantage of any improvement in the general situation.

Before dealing in detail with the more important of our many interests, I should make some further reference to the profit and loss account and the financial position which I touched on a moment or two ago.

SOUND AND LIQUID FINANCIAL POSITION.

The balance of the profit and loss account for 1930, that is, the working profit of £483,926, shows that our profit-earning capacity was fairly well maintained, especially when we take into consideration the fact that market conditions throughout the period were most unfavourable for remunerative operations.

The balance sheet reveals the maintenance of a financial position which is sound and liquid. As you will have anticipated, the total figures of the balance sheet reflect the lower valuation of holdings. The essential figures in relation to our liquid assets, when compared with those of the previous year, can be most clearly realised in the following comparisons:—

Gilt-edged investments are decreased by ...	£782,000	0	0
Money loaned—on call, at short notice, etc., decreased by ...	£903,000	0	0
Cash on deposit and current accounts increased by ...	£872,000	0	0
Sundry debtors increased by ...	£135,000	0	0
Sundry creditors decreased by ...	£686,000	0	0

“Shareholdings and interests” as a whole remain in magnitude approximately the same, with the exception of our oil interests, where there has been a modest increase. The valuation of these holdings has, however, decreased considerably, with the exception of our South African gold-mining interests, which have more than maintained their value.

VALUE OF HOLDINGS.

If we exclude the Anglo-Spanish Railway investment, our holdings at December 31st last, based on market values where quotations exist, and the directors' valuation where holdings are not quoted, show a total value at that date considerably in excess of the value at which they stand in our books.

Returning to the profit and loss account, the net profit carried to appropriation account was, as I have mentioned, £483,926, which, together with the balance brought forward from the previous year of £71,890, necessitated a transfer from the reserve account of £310,000 to provide for the depreciation written off “shares and investments” of £763,549, to make the necessary reserve for income tax of £75,000 and to carry forward a balance to the current year of £27,267.

Depreciation in values has been general throughout the world, and the interests of the corporation are diverse and widespread, but a large proportion of the writing down of values that has been necessary is applicable to our substantial holdings in Trinidad Leaseholds and Tucuyo Oilfields of Venezuela. The heavy fall in the prices of oil is common knowledge to you all; I shall refer later to the position and prospects of these oil interests, but I am justified in expressing the opinion that although we may still have need to exercise considerable patience, this commodity may be expected, in due course, to command a better price with immediately beneficial effects upon the value of these important holdings. (Hear, hear.)

SPECIAL DEPRECIATION RESERVE ACCOUNT.

Before leaving the subject of the accounts, I would ask you again to turn to the balance sheet in order to observe the manner in which we have dealt with the reserve fund. You will see there the necessary transfer to appropriation account of £310,000, which I have just mentioned; in addition, we have considered it wise to make another transfer of £1,140,000 to a special depreciation reserve account. In the main, this special depreciation reserve account is created for the purpose of making provision as far as we can foresee towards meeting possible losses in connection with our Spanish railway interests, that is, to provide against the contingency of a substantial permanent depreciation in Spanish currency when stabilisation takes place.

In my belief, however, it is undoubtedly a fact (and one which represents the view of leading authorities whom we have on various occasions consulted in connection with the subject of the Spanish exchange) that the economic position of Spain compares favourably with most countries in Europe and that the exchange problem—so detrimental to foreign interests operating in Spain and to Spanish interests themselves—is, if the right measures are adopted, capable of satisfactory solution. The economic factors are, however, overshadowed and dominated by the vicissitudes of the political situation; the restoration of a normal measure of political stability and public confidence should enable the stabilisation of Spanish currency at a figure greatly superior to that which now prevails with corresponding advantages to Spain and to all those in economic relationship with that country.

When addressing you a year ago, I said the situation in Spain, and in particular its currency problem, was a matter of great anxiety to your board; during the intervening period that anxiety has been intensified by the sequence of subsequent events.

ACTION OF LATE SPANISH GOVERNMENT.

The treatment our interests received at the hands of the late Spanish Government during the time that has elapsed since the last annual meeting has been damaging and unjust. I am interpreting the result of their attitude and actions in moderate terms when I say that the major portion of the heavy provision from our reserves to meet possible contingencies in regard to depreciation in the Spanish currency would not have been necessary if the late Spanish Government had fulfilled its explicit promises and definite undertakings.

Of the amount due in February, 1930, for work completed in accordance with the contract, a balance of 70,000,000 pesetas remained unpaid, and clear undertakings were given by the Spanish Government that that sum would be paid within two months. Of this amount, however, nothing at all was received for twelve months, notwithstanding frequent applications and repeated personal visits to Madrid. The only payment on account eventually made was one of 50,000,000 pesetas in Spanish Government bonds plus interest at 5 per cent., which we received at the end of January of this year—approximately one year after the latest due date. Even so, the payment took the form of a deposit lodged by the Government with the Bank of Spain and endorsed subject to a condition that it cannot be moved or dealt with until the beginning of next year. This stipulation by the late Government was imposed arbitrarily and without any consultation with the interests concerned. The balance of 20,000,000 pesetas still remains unpaid.

DELAY IN PAYMENTS.

A final payment of 30,000,000 pesetas which fell due in February of this year in respect of the most recently completed section of the railway has also not yet been paid. As regards the amount of 70,000,000 pesetas which should have been received approximately fifteen months ago, we have a clear claim against the Spanish Government on account of the loss on exchange that has been experienced in consequence of the delay—as the rate of exchange at the time the money was due, and if paid would have been converted into sterling, was approximately 36 pesetas to the £. The railway which has, as you know, been built by the Santander-Mediterraneo Company, but financed by us through the Anglo-Spanish Construction Company, has been completed in what I feel sure is record time in Spain, and with an efficiency and of a quality that compare favourably with any railway in Spain.

In a word, we have done our job well and more than kept our contract; on the other hand, the late Spanish Government was not only unhelpful throughout the whole period, but failed definitely to keep specific undertakings given. There has, of course, been no suggestion of any dispute as to the amount owing, but there has been this inexcusable and costly delay in the making of payments. We have again in the last week or two paid a visit to Madrid for the purpose of getting into touch with the Ministers of the present Government, to whom we were able to put in the

plainest terms the injustice from which we have suffered. We are hopeful that action on their part in the future will be in accordance with what we have a right to expect from the Spanish Government.

FINANCING OF SANTANDER-MEDITERRANEO COMPANY.

The Santander-Mediterraneo Company in building the railway has been financed through the Anglo-Spanish Company by us not only as regards our large proportion of the share capital and debenture issue, but also by the open loan account, which it was necessary to place at the disposal of the undertaking in order to complete the work if the whole enterprise and assets were not to be placed in jeopardy. The open loan account, which at one time exceeded £2,500,000, was at December 31st last, £1,506,000, as appears in the balance sheet before you. The loan was granted on the understanding that it was to be repaid as the amounts were received from the Spanish Government, and would thus have been repaid had the Spanish Government fulfilled its obligations. When the open loan account was first initiated it was impossible to contemplate that the Government of Spain, which had hitherto always fulfilled its undertakings, would fail to do so in the manner I have described.

POSITION OF ANGLO-SPANISH CONSTRUCTION COMPANY.

At the present time the position of the Anglo-Spanish Construction Company is as follows:—

It has cash in Madrid of a little more than 4,000,000 pesetas; and there are deposited in the Bank of Spain, in the name of the Anglo-Spanish Company, Spanish Government bonds quoted at the date of deposit at approximately 52,500,000 pesetas; and there is still owing by the Spanish Government to the Santander-Mediterraneo Company approximately 52,000,000 pesetas, plus interest due at 5 per cent. per annum to date of payment. The Anglo-Spanish Company owns approximately 99 per cent. of the capital of the Santander-Mediterraneo Company, which, in effect, possesses, and has the right to exploit, the railway for a period of fifty years, against which exploitation it has lodged with the Spanish Government bonds to the value of approximately 12,000,000 pesetas as a guarantee; the equity of the Santander-Mediterraneo should, therefore, have considerable potential value.

In the aggregate, the assets of the Anglo-Spanish Company are very substantial, and if, as we hope, there is ahead of Spain an era of sound and stable Government, accompanies, as it would be, by the stabilisation of the peseta on a basis justified by the assured economic position of Spain, such a change in the situation might mean that the provision made in our reserve account would not eventually be required. It is, however, impossible under present conditions to formulate any confident view as to the probable course of events in the immediate future.

In our numerous conversations with Spanish Ministers we have not failed to realise the fact that our interests as potential sellers of approximately 105,000,000 pesetas necessarily constitute a factor of importance that must be considered when the time arrives to make arrangements for the stabilisation of the peseta. We have made it plain that we should be agreeable to any suitable arrangement by which sterling is made available for us on a satisfactory basis.

The Anglo-Spanish Company has recently circularised its debenture holders giving them all available information and intimating that a meeting will shortly be called to consider the necessity, under existing conditions, for deferring for a period the redemption of debentures due on September 30th next.

LATEST INFORMATION ON CONSTRUCTION.

Having dealt with the financial affairs of the Anglo-Spanish Company, I must bring your information up to date in regard to construction. When I addressed you last year, 321 kilometres of line were in exploitation. Since then the remaining section linking up Trespadernes with Cádiz has been completed and brought into operation, giving a total distance of some 366 kilometres. The Santander-Mediterraneo Company has thus carried out the terms of the Decrees governing its concession. The Spanish Government has not yet given any indication of the route which the line will follow north of Cádiz to establish direct communication with Santander.

According to legal opinion, there is no obligation on the Santander-Mediterraneo Company to undertake further construction, but that company has signified its willingness to consider negotiations for the construction of the route finally selected by the Government. As you are aware, the exploitation of the line is in the hands of the Santander-Mediterraneo Railway Company, and, bearing in mind that exploitation is in the initial stages and that no through traffic is possible owing to the fact that the railroad stops at Cádiz, the marked improvement now being shown in the traffic revenue is very encouraging. Receipts, however, still fall considerably short of the amount required to balance balance working costs.

INTERESTS IN SOUTH AFRICA.

I turn now to a happier section of our industrial field—South Africa. It has hitherto been the practice at the annual meeting to survey in considerable detail the activities of the gold mining industry and also the operations of the individual companies in which we are interested as shareholders and those for which we, in conjunction with the Rand Mines, Limited, are responsible for administering. On this occasion, however, I shall deal much more briefly and, for the most part, in general terms with these matters. I do so because all essential information is given in the illuminating and comprehensive report of the consulting engineer which is already in your possession, and also because the position of practically all our South African interests is eminently satisfactory.

The Witwatersrand gold mining industry had a successful year, and Transvaal production of a value of £45,520,000 was the largest annual output ever recorded; of this the Witwatersrand alone accounted for £43,500,000. The magnitude and the stability of the gold mining industry have been the mainstay of South Africa for a generation or more, and this fact has been conspicuously manifested and more generally recognised during the prevailing economic depression, from the effects of which in industry and agriculture the Union, like the rest of the world, is suffering severely.

NATIVE LABOUR.

The availability of a full supply of native labour was an all-important factor in making possible the increased scale of production; that supply has been obtained mainly because of the restricted activities of other industries and of agriculture, and shortages are, therefore, liable to recur in the future under normal conditions unless the Government agrees to provide facilities to be utilised if and when required to enlarge the present restricted field for recruitment. This important question is one of the subjects of inquiry by the Low-Grade Ore Commission—the latest of a long series of investigations carried out by the present and previous Governments.

The mines of the Witwatersrand under the Central Mining-Rand Mines administration were reduced in number owing to the sale, of which you are aware, of the Village Deep. The remaining mines in 1930 milled 12,988,900 tons of ore, producing 4,116,685 fine ounces of gold, equal to about 40 per cent. of the total gold production of the industry; the working revenue amounted to £17,561,315, the total working profits were £4,425,410, and the dividends declared came to £3,518,798. The working profits earned and the dividends declared were, respectively, £115,789 and £43,487 higher than the corresponding figures for the previous year.

REDUCTION IN WORKING COSTS.

In 1929 the working costs of the mines of the group showed a reduction compared with 1928 of 6.3d. per ton milled, or a total over the mines concerned of £340,000. In 1930 there was a further saving compared with 1929 of 6.9d. per ton milled, representing some £370,000. This must be regarded as a highly creditable achievement. There is another equally satisfactory performance. The development footage accomplished by the mines of the group in 1930 was a record notwithstanding the disappearance from the list in the last year or two of the Village Deep, the Ferreira Deep, and the Wolhuter. (Hear, hear.) This record footage totalled 524,733 ft., equal to almost 100 miles, which affords a striking indication of the tremendous amount of what I may term advance underground work done by the gold mines under our administration during the period under review.

It will interest shareholders to know that in the service of the Witwatersrand gold mines of our group—not taking into account those in the service of other South African mining and industrial concerns with which we are closely identified—there are over 9,000 European and over 81,000 non-European employees. For the reasons already given I do not propose to deal in detail with the affairs of the individual companies that comprise our large, varied and most valuable interests in South Africa. In respect of them all, with one exception, the comment may be made that the position is satisfactory.

RAND MINES, LIMITED.

In the long list of our South African interests—interests that have been fully maintained—the most important is that which we have in Rand Mines, Limited. You will, I am sure, have been impressed by the remarkably favourable showing made by the accounts of that corporation for the past year. The dividend, it is true, was slightly reduced (from 100 per cent. to 90 per cent.) in order to strengthen the financial position; but the profit at £601,710 was £36,140 more than that for the year before. Full provision for all depreciation in respect of share and other investments was made and written off against the largest investment reserve account created for such purposes, but the actual appreciation in the market

value of other investments, which appreciation was not taken into account, exceeded the total depreciation allowances for the corresponding period. These results are highly satisfactory and amply justify the maintenance of our large interest in the Rand Mines as well as our individual interests in South African mining and other industrial enterprises. (Hear, hear.)

The operations of the individual mining companies are, as I have already pointed out, fully reviewed by the consulting engineer in his report. One might enlarge upon the splendid position and progress of Crown Mines, the continued wonderful profit-earning capacity of New Modderfontein—though those profits, as was forecast by the chairman at the last annual meeting of that company, are now on a lower scale, and recent development results show a decline—the successful rehabilitation of Durban Rodepoort Deep, the prospective return to the dividend-paying list of the East Rand Proprietary Mines—(hear, hear)—the facts relating to these and other mines might be amplified.

CITY DEEP POSITION.

But it seems sufficient to repeat that they all make, to speak in modest language, a satisfactory showing both individually and collectively, with the exception of City Deep, in which we are largely interested as shareholders, and, in conjunction with Rand Mines, as loan-holders. This important gold mine has latterly been in a precarious position, and has only been enabled to continue its existence by the loan facilities that have been provided. Even here, however, uncertain as the outlook may be, it is encouraging to note that, at the annual meeting in Johannesburg last week it was officially stated that a scheme of reorganisation being introduced by the board afforded a real prospect of the mine regaining a profit-earning position.

We have valuable interests in South Africa other than our interest in gold mining companies, and all the more important of these, including coal and certain industrial concerns, have continued operations on a satisfactory profit and dividend-paying basis. As you are aware, the corporation is not involved in diamond mining or, except to a negligible extent, in copper mining; the exceptional extent to which those important and valuable industries—the prosperity of which would mean so much to British South Africa—have been affected by the prevailing depression is greatly to be regretted. (Hear, hear.) But they, like other industries organised on a sound basis, must benefit immediately from any general improvement in the economic situation.

OIL INTERESTS.

I have now to deal with our extensive oil interests. For the year ended June 30, 1930, the results of Trinidad Leaseholds, Limited, were less favourable on account of the serious fall in the price of oil products. The company refined a considerably larger tonnage of oil—namely, 962,566 tons, as against 927,430 tons—but profits declined appreciably, and the dividend was reduced to 7½ per cent. A year ago I mentioned that the world over-production of crude oil was entirely responsible for the low prices of products, and that the question of supply in relation to demand, which was engaging the serious attention of the big oil interests, had met with some measure of success, as was evidenced by the substantial reduction at the end of the year of the daily production of crude oil in the United States. I think I am correct in saying that such success as was achieved saved the industry from major disaster.

Unfortunately, towards the middle of the year the progressive deterioration of the general economic situation aggravated the difficulties facing oil producers and distributors; prices continued to fall and competition for available business became more intense. To meet the changed conditions the Trinidad Leaseholds Company restricted its oilfield production and operations, and, concurrently, has been able to effect considerable economies. It has also embarked on the distribution of petrol in the United Kingdom. This petrol, under the brand of "Regent," is a first-class product, and, being of fine quality and of Empire origin, has met with a gratifying reception and demand.

TOCUCO OILFIELDS.

The results of drilling undertaken by the Tocuco Oilfields have fallen short of expectations. Since the commencement of operations up to the beginning of February this year twenty-one producing wells have been brought in and the total quantity of oil won amounted to 33,561 tons. The geological conditions so far encountered have been found to be highly complex and the sands lenticular, irregular and watered. Drilling hitherto has only been done on a small part of the extensive area belonging to the company, and the latest geological work seems to indicate the possibility that more favourable conditions may be found to exist in a direction south-east of the present producing field. In addition to the shallow drilling a deep test well is at present being sunk, and the results of this test are awaited with much interest.

The North Venezuelan Petroleum Company continued active geological exploration throughout the year. The results of detailed work indicate several promising areas. An important agreement was concluded during the year under review with the Standard Oil Company of Venezuela, by which that company undertook to test one of these areas, and, in the event of satisfactory results, to exploit it. According to this arrangement, the North Venezuelan Petroleum Company will receive, in addition to a small royalty, a proportion of the oil won after the costs of production have been recouped. The gratifying news was received in a recent cable that the first test well drilled by the Standard Oil Company struck oil of very high quality at a shallow depth. Results appear to be encouraging, as an initial test of eight hours through a $\frac{1}{2}$ -in. aperture indicated an average rate of flow of 726 barrels per day. The geological work leading up to the location of this well was performed by the geologists of the North Venezuelan Petroleum Company, and I take this opportunity of congratulating them on what they have done.

GOOD RECORD OF TRINIDAD LEASEHOLDS.

Before leaving the subject of oil I should like to say that the directors see no reason to regret the investments made by the company in this field. The industry, even if temporarily depressed, caters for a demand the steady increase of which has been one of the most remarkable features of industrial history in recent years. The record of Trinidad Leaseholds is a good one. The company has made large profits and distributed good dividends and has maintained its property and equipment in a condition of first-rate completeness and efficiency. It is affected solely by the slump in the price of its product. (Hear, hear.) Our other oil interests are for the most part in the prospecting and development stage, and the news I have just given you of the new strike in Venezuela is a further indication of their potentialities.

The firm of Bernhard, Scholle and Company, Limited, did not have a successful year, and, as stated in the report, considerable depreciation had to be written off the value of the securities held and there was no dividend distribution. When it became necessary to deal with the direct and also with the indirect consequences of the heavy fall in security values, the unusual Articles of Association proved an obstacle to our exerting the measure of control that the extent of our interests warranted. To obtain direct control and so ensure the adoption of such measures as we considered it necessary to apply, we acquired (as was officially announced in the Press at the time) the holding of one of the directors who subsequently retired from the firm.

It would not serve any useful purpose, under existing conditions, to detail the action taken in one direction or another, and the justification in each instance for what we have done. I shall only say that all that has been done in this matter has been governed entirely by what we have conceived to be in conformity with the plain interests of Central Mining as shareholders, and this is the sole consideration that will continue to govern our policy in the future.

Other interests of the corporation do not call for any special comment from me to-day, though I should perhaps mention, since the investment in question is a substantial one, that London Wall Estate, Limited, of which we hold the control, continues to give a very satisfactory return—a return which should show progressive improvement as debenture redemption proceeds.

DIRECTORATE.

During the year Sir Evelyn Wallers paid frequent visits to Spain. Mr Phillips visited Venezuela and Trinidad. Mr Rogers spent a considerable period in the United States, and, in the current year, has recently returned from the Argentine and Bolivia. Mr John Martin, whom I am glad to welcome here to-day, continues to direct with distinction your extensive and varied interests in South Africa. (Hear, hear.) Colonel Pollen and Mr Fennell are the two directors retiring by rotation, and I shall presently have pleasure in proposing their re-election. I will also ask you to approve the re-election of the Comte Pierre de Villoutreys, who was recently appointed a director of the corporation, and who retires in accordance with the Articles of Association.

As you know, we have a large number of shareholders in France, and it has always been the object and desire of the corporation that those interests should have adequate and acceptable representation. We have been deprived of the services of one of our French colleagues for a considerable period owing to ill-health, and the Board have for some time past been devoting attention to the question of future arrangements. As you know, we have for many years had the benefit of the valuable co-operation of one of the French directors of M. de Verneuil, who occupies a position of great distinction and influence in Paris, and this is a co-operation which will be more strongly linked by the services on the Board,

which we are very glad to have obtained, of Comte Pierre de Villoutreys.

FRENCH REPRESENTATION.

In connection with the matter of French representation your directors have also had under consideration the possibility of devising some extension of the general organisation in a manner calculated to appeal and be satisfactory to the general body of French shareholders. It is not possible for me to announce to-day details of the arrangements we shall ultimately make in fulfilment of this policy, but without finally committing myself I may indicate that, as supplementary to adequate representation of French shareholders on the board of the corporation, we are carefully considering the feasibility of appointing a Paris committee.

Most of our companies which are registered and have their head offices in South Africa have, with complete success, followed the policy of having regular London committees, constituted by and responsible to the boards of the respective companies they represent. The success achieved by this method and the satisfaction it has afforded to oversea shareholders in the case of our South African companies predisposes us to believe—though the matter is still being considered—that a similar arrangement, if feasible, would be warmly welcomed by all our shareholders in France and provide—while such a committee would not exercise administrative functions—the means by which close contact and co-operation could at all times be maintained. In connection with these arrangements, you may be sure that the representation to be arranged will itself be really representative and influential.

In the early part of this year Mr Heim intimated his desire to retire from the board. He has devoted many years of service to the corporation, and I would like to take this opportunity of conveying to him the appreciation and thanks of the board. (Hear, hear.) I wish also to express to the staff in London and oversea warm appreciation of their services during an exceptionally trying year.

CRITICISMS OF BOARD IN FRANCE.

Before concluding I should briefly deal with a question that has been asked in advance by a shareholder, and also with criticisms of the policy and actions of the board that have recently been printed and circulated in France. To take the question first:

One shareholder wishes to know how the loan to the City Deep has been dealt with in the accounts; he is concerned about the prospects of repayment and also that the hope expressed two years ago that the mine would be put on a profit-making basis has not been realised. My reply to that inquiry is this: The loan to the City Deep is a joint loan by the Central Mining and the Rand Mines in the proportions of 40 per cent. and 60 per cent. respectively, and our proportion of it appears in the balance sheet among the items included under the heading of advances to associated companies. Although miners' phthisis outstanding liability is in certain circumstances, according to South African legislation, preferent to the claim of any other creditor, we should, at the least, be able to look forward to the repayment of our share of the current loan.

The annual meeting of City Deep took place at Johannesburg last week, and, as I mentioned in an earlier portion of my speech, the official view then announced was that there were sound prospects of the mine regaining a profit-earning position during the current year. The prediction of two years ago, to which the shareholder refers, was based upon certain assumptions in regard to the possibility of increased production, reduction of working costs, improvement of labour efficiency, and so on. All these assumptions were fully realised, but they were outweighed by a factor beyond control: the unforeseeable decline from an already low value of the grade of ore available for milling.

COMPLAINT OF COMMITTEE.

The published criticism of the corporation is contained in a circular recently issued in France by three people constituted as a committee, whose main complaint in appealing for the support of shareholders is that the Central Mining board, in consequence of an alleged change of policy in 1923, embarked upon a class of investment and enterprise outside South Africa, particularly the Spanish Railway, that has turned out unsatisfactorily. The assertion is most misleading. The actual founders of the corporation, with an organisation similar to our own, carried through with immense success many transportation (tramway) undertakings abroad, particularly in Europe and South America, any one of which would have been the very reverse of a success if the conditions we have recently met with in Spain, even in the matter of exchange depreciation alone, had been encountered.

After all, losses on the most conservative investments due to the reduction of the exchange value of the currencies of other countries have not been an uncommon experience since the war. Our principal oil interests, another subject of attack, date from 1913. The large interests we have in Trinidad and Venezuela were regarded by everyone as satisfactory and attractive both in themselves and as helping to broaden the basis of our investments and activities as a corporation. There was never a word of criticism in respect of them by or on behalf of any Central Mining shareholder until the influences of an unparalleled world depression upon the prices of oil immediately affected, and seriously affected, market valuations. (Hear, hear.) In the same circular information is given purporting to show the scale of our holdings of certain shares. I need only say that in important particulars the details given are inaccurate. Finally, there is an allegation that French shareholders are not adequately represented on the board. With that matter I have already dealt.

SUPPORT FOR THE BOARD.

In concluding my reference to this published criticism, which has by advertisements in the French Press and in other directions been carried to unexpected lengths, I should like to say that one of the effects of the campaign has been to produce overwhelming support for the board from the shareholders of the corporation both in England and from the most influential and responsible quarters in France. (Hear, hear.)

I have now completed my survey of the affairs of the corporation for the year 1930, and, where feasible, for the current year to date. As I remarked at the outset, the whole period under review has, for industrial and financial institutions, been characterised by conditions of unexampled difficulty and complexity. Many values hitherto thought to be normal have undergone a revolutionary transformation. We, as I have shown, have in consequence, and like so many other concerns, been severely affected in various directions and have, in addition, had to struggle with a situation in Spain that had become beyond any immediate business control. (Hear, hear.)

STRENGTH OF THE CORPORATION.

The depreciation for which we have had to provide in a single year has, however, revealed the strength of the corporation and the wisdom of the past policy of building up the reserve fund with the object of providing against the very contingencies that have now materialised. They materialised to a degree beyond anything that would normally have been thought possible. It must, therefore, be a source of satisfaction to shareholders that our financial position and profit-earning capacity should have been so well maintained. (Hear, hear.) The directors are bound to take a long view of the needs and interests of the corporation, and I trust it will not be long before a change in the world economic situation makes it safe for us to resume the distribution of a satisfactory proportion of our profits in the form of dividends.

I now beg to move: "That the report and accounts for the year ended December 31, 1930, as printed and circulated among the shareholders, be and they hereby are received, approved and adopted," and I shall ask Mr. John Martin to second the resolution.

MR J. MARTIN'S SPEECH.

Mr J. Martin: Mr Chairman and gentlemen, I have much pleasure in seconding the resolution. It is very seldom that I am present at a company meeting in London, as my main sphere of activity and responsibility is in South Africa, and I should like to recall that notable work has been done there by several members of the present board, including Sir Evelyn Wallers, Mr Rogers, Mr Phillips, and, at an earlier stage, Mr Fennell. The contributed to the building up of a splendid tradition and organisation in connection with the administration of our affairs in that country. As the chairman has told you, in common with the rest of the world, South Africa has not escaped some of the devastating consequences of the present unexampled depression. But, on a general survey, it is my opinion that there is no country which, under the greatest stress, has maintained a higher level than South Africa of security and stability. (Hear, hear.) The gold mining industry has been, and will continue for many years, the mainstay and foundation of the whole economic fabric of South Africa. It is appropriate, however, to recall that in the history even of the gold mines there have been periods of serious depression and crisis which caused the public confidence in their position and prospects to shrink and waver.

You have on many occasions heard well-justified criticism of Government action calculated to increase costs and retard the expansion of the gold-mining industry. It is, therefore, particularly satisfactory on the present occasion to be able to draw your

attention to a pronouncement recently made by the Hon. N. C. Havenga, Minister of Finance in the Union Government, who, when replying about a month ago to criticism of his Budget proposals, made the following statement:—

"I might have gained a great deal of popularity by taxing the gold mines, but the Government came to the conclusion that it was not in the best interests of the country to impose a further tax on the mining industry, which is already more heavily taxed than any other branch of industry. . . . The Government could do nothing calculated to prevent the investment of new capital in the industry or to cause a loss of faith in the industry."

PRESTIGE OF THE CORPORATION.

You will all appreciate, without emphasis from me, the wisdom, from a national standpoint, of such an attitude, though you may, no doubt, wish it was one that found more general recognition and application. In concluding, I wish fully to associate myself with what the chairman has so appropriately said about the present and potential value of our gold mining and other important interests in South Africa. There is another asset of great value—equally great in bad times as in good times—which does not appear in the account before you, one which exists and exerts its influence wherever the corporation is represented. I refer to the prestige of the corporation and the managerial, technical and general staffs which so ably and so loyally serve us in various parts of the world. (Hear, hear.) Our record, experience and organisation should enable us to take prompt and effective action whenever there is any general improvement in the economic situation. Whether that general improvement comes soon or late, I feel confident that our important interests in South Africa will continue to make a satisfactory showing.

The Chairman, having dealt with questions, the motion for the adoption of the report and accounts was put to the meeting and adopted.

The retiring directors were re-elected and the auditors were re-appointed.

A vote of thanks to the chairman and directors concluded the proceedings.

LICENSES AND GENERAL INSURANCE COMPANY, LIMITED.

IMPROVED RESULTS.

The forty-first annual general meeting of the Licenses and General Insurance Company, Limited, was held, on the 27th instant, at the offices of the company, Moorgate, London, Mr A. W. Ruggles-Brise, J.P., D.L. (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said that, so far as the "Licenses" were concerned, they would have been quite content under general conditions to see the premium income remain on last year's level. It was therefore a source of some gratification that they had actually increased the premium income by £8,560. In itself this was but a very small sum, but there was for them a source of greater approval when he told them that in that final figure they had reduced their reinsurance commitments, and so had actually more than replaced such decrease by an increase over all in the goodwill business of the company.

So far as the general revenue account was concerned, the variation in premiums was again slight, the claim payments were practically on last year's level. The total variation in the fund at the end of the year was an amount increased by less than £3,000, and the profit of £15,034 followed a similar course to the previous year.

Their interest earnings had risen to £21,270, and at such figure provided a satisfactory margin over the net amount required for the maintenance of the 20 per cent. dividend. Their underwriting reserves remained materially on the same high percentage ratio which it had always been their endeavour to maintain. They were steadily and quietly improving their position and enhancing their reputation. They viewed the future with some confidence and felt very satisfied that when the clouds of depression departed they would see ever-widening opportunities for the company's service.

So far as 1931 had gone, the reports were favourable. Direct income had slightly increased, and, if those early promises were maintained during the remainder of the year, they could count on a moderate advance in 1931. Claims were, on the whole, easier, especially in the fire department. Management expenses also showed a satisfactory decrease, comparing the first four months of 1931 with those of the previous year. The marine department registered a further improvement, with income stationary; claims had fallen by more than 2,000 during the period.

The report was adopted.

CROWN MINES, LIMITED.

(Incorporated in the Union of South Africa.)

VERY SATISFACTORY YEAR.

The thirty-fourth ordinary general meeting of shareholders was held in Johannesburg, on April 24, 1931.

The Chairman (Dr. Samuel Evans), in the course of his speech, said:—As you will have gathered from the reports and accounts, 1930 was in several respects a very satisfactory year for the Crown Mines. In a number of directions previous records were broken and generally our future prospects were substantially improved. The footage developed, the tonnage of ore mined and milled and the total yield were considerably higher than in any previous year. We were better supplied with native labour throughout the greater part of 1930 than in any previous year; and fortunately the layout and the organisation of the mine are such as to enable the fullest advantage being taken of the labour available. The importance of an adequate supply of natives for underground work can hardly be exaggerated. A shortage occasions decreased tonnage and increased costs per ton milled, and the resulting decrease in profit is much greater than the proportionate reduction in the labour supply.

There has been no change in the company's mining property since our meeting last year. I referred then at some length to the purchase of the freehold and the mynpacht of the farm Diepkloof. We had at the beginning of this year approximately 2,646 intact Main Reef Leader claims and 2,886 intact South Reef claims, as compared with 1,979 intact claims on both reefs at the time of the amalgamation twenty-two years ago. We have every reason to anticipate that we shall be able to work the whole of our mining ground with the exception of a small portion south of No. 15 Shaft and a small area in Diepkloof, provided there is no serious fall in the grade, that the dip of the reef does not steepen appreciably, that the native labour supply is reasonably adequate and that no further burdens are imposed on this industry by the Union and Provincial Governments. Unfortunately, I fear that we shall have to continue to leave untouched a considerable body of low-grade ore, the mining of which has been rendered unprofitable by the high working costs that have prevailed in recent years. It is true that the vertical depth of the stopes which are being worked is increasing from year to year. Last year the ore for the mills was hauled from an average vertical depth of 3,600 feet, as compared with 1,300 feet in 1909. In this connection, however, it is important to bear in mind that the length of the area over which our mining operations are being carried on has been steadily extending and will continue to extend for some years. The length on the strike of the reef of the ground stoped in 1909 was under 1½ miles, as compared with close on 2½ miles last year and with nearly five miles when mining operations are extended to our western boundary. The additions made to the length of our mining ground by the acquisition of Mooifontein and of the Diepkloof mynpacht will gradually moderate the speed of our downward stoping. In a few years' time our underground electric system will be working over the whole length of the property, a distance, as I have stated, of close on five miles from east to west. A distinctly encouraging feature is the fact that our development operations show that, whilst there has been a considerable reduction in the reef width since the early years of the company, the inch-dwt. value has been well maintained for the past ten years. The grade of the ore developed last year was actually higher than the average of the past fifteen years.

You will observe from the consulting engineer's report on last year's operations that, with the exception of a small area, the Main Reef Leader development gave gratifying results throughout and that in the deepest section of the mine 570,000 tons at 8.5 dwts. per ton over an estimated stoping width of 46 inches have been developed. The values exposed in other portions of the mine were generally good, and particularly in the Main Reef Leader at the west end of the mine. South Reef development continues to provide a considerable tonnage of payable ore of low value in the areas west of No. 15 Shaft.

A VALUABLE LESSON.

I am sure you will agree with me that what has been accomplished at the Crown Mines provides a valuable lesson which should be taken to heart by those who are responsible for the taxation and regulation of the industries in the Union of South Africa. It is generally recognised that the increase in the working costs since Union has rendered unprofitable the mining of a large quantity of low-grade ore and has thereby substantially curtailed the life of the gold-mining industry; but few realise that it is more than likely that the non-exploitation of deep-level areas which may contain comparatively high-grade ore involves an even greater loss

to South Africa. It is, I consider, justifiable to assume that in all probability there are in the undeveloped portions of the Rand several extensive deep-level areas carrying highly payable ore bodies at no greater depth than the payable ore exposed in the Crown Mines in recent years. Now why is it that so little is being done at present to open up and work those areas? I believe that the answer is this: They can only be located and worked by the expenditure of capital running into several millions. That is the governing factor in the case of deep-level mining on the Rand. The shaft sinking and equipment necessary to open up our deep-level ground has involved a capital expenditure of over three million pounds. It is true that this capital has been provided largely out of working profits, but it is as certain as anything can be that our deep-level development programme would not have been inaugurated had the present conditions as regards taxation and the interference of the Government with industries prevailed 20 years ago. When the Crown Mines came into existence, and for a few years afterwards, a distinctly optimistic feeling prevailed as to the future of mining and other industries in South Africa. In fact, at the time of the National Convention in 1908-9, we were assured that the Union of the four colonies under one administration would lead to economies in the cost of government and a reduction in taxation which would inevitably mean that the then working costs of the mines would be lowered. As a result, in the years prior to and immediately after the passing of the Act of Union, a great deal of fresh capital was invested in the mines of the Rand. When the Central Mining and Investment Corporation, Limited, guaranteed our debenture issue of £1,000,000, it was not for a moment contemplated that the Union Government would adopt the anti-capitalistic measures which have characterised its policy in the past 16 or 17 years. In 1908-9 those of us who were responsible for the amalgamation never anticipated that the Government interference with the mining industry would be extended in every possible direction, that the direct and indirect taxation of the mines would be enormously increased and that they would be called upon to pay a levy on account of miners' phthisis unprecedented in its prodigality. I do not for a moment suggest that there should be no provision for compensation in the case of industrial diseases. What I submit is that the miners' phthisis compensation is on a highly lavish scale and that the necessary funds should have been provided partly by the companies and partly by the European miners out of their wages. Act No. 40 of 1919, which transferred the whole of the miners' phthisis burden on to the scheduled mines, was an injudicious and harmful measure, as under it the European miners ceased to have any interest in preventing abuses and extravagances in the distribution of the compensation. Even if the European miners paid the whole of the miners' phthisis levy, their day's pay would still be higher than the average day's pay of the European gold miners in Australia. The Economic Commission which reported at the beginning of 1914 showed that wages of European miners on the Rand were then 69 per cent. higher than in Australia. The increases in wages made on the gold mines of Australia during the war and afterwards have been considerably less than on the Rand.

INCREASED REVENUE.

Our revenue last year amounted to £4,016,756, as compared with £3,687,453 in 1929 and £3,668,195 in 1928.

You will see from the report that we had an unappropriated balance at the end of last year of £440,644. This compares with an average of £340,000 at the end of the previous three years. We are carrying forward a larger amount than usual on account of the somewhat heavier capital expenditure which we estimate will be incurred this year for winding engines and other equipment for Nos. 16, 16A, 17 and 17A Shafts, underground pumping plant, reduction works, compounds and married quarters. For 1930 and 1931 together, however, our capital expenditure will average about £210,000, as compared with £240,000, the average of the three years ended December, 1929.

PROSPECTS FOR CURRENT YEAR.

Last month, March, records were made in tonnage crushed and gold produced, the figures being 266,000 tons and 84,036 ounces respectively. If the supply of labour remains good there is every prospect that the output for the current year will exceed that of 1930.

There has been a substantial increase in the commodity value of gold in the past 18 months. In several countries, notably those

where the gold standard was restored by devaluation, the purchasing power of gold, measured in both commodities and services, is almost as great as it was before the war.

For some years a number of writers on currency and finance have been disposed to blame gold for many of our present-day troubles. They contend that the world was faced with a gold famine and that the fall in prices from the high level of 1920 and the present world-wide depression were due mainly to two causes: the shortage of monetary gold and the mal-distribution amongst gold standard countries of the existing supply of monetary gold; and they insisted that an infallible remedy for this state of affairs would be the creation of an international organisation to control the distribution and the commodity value of gold and limit its use as money to international transactions. And it has been suggested that the Union Government should take the initiative in this movement, notwithstanding the fact that the real object of the movement is to prevent gold recovering its pre-war value and, if possible, further depreciate it. The views I have quoted are not quite so popular to-day as they were some time ago. A rapidly increasing number of authorities are recognising that the history, particularly the recent history, of money justifies the conclusion that the present depression is not due to the shortage or the mal-distribution of monetary gold, and that attempts to control its value, to regulate its distribution and limit its use as money will simply make matters worse instead of better.

As to the movement for the international control of the value of gold, it is clear now that it cannot possibly succeed. The establishment of a workable international understanding is out of the question, as the interests of the different nations of the world are not identical. As you are aware, I am a firm believer in the self-regulating gold standard of pre-war days. I entirely agree with the late General Walker "that the best money for mankind in the present and through any future for which the economist or statesman feels called to provide is a money the supply of which is determined by the cost of its production."

With regard to dividend prospects, the Chairman stated, in reply to a question, that personally he was inclined to be optimistic, but was not prepared to make any prophecy, as there were so many factors to be taken into account, the principal being the supply of native labour.

The motion was put to the meeting and carried unanimously.

INDIA GENERAL NAVIGATION AND RAILWAY COMPANY, LIMITED.

ADVERSE CONDITIONS AFFECT EARNINGS.

The annual meeting of the India General Navigation and Railway Company, Limited, was held on the 27th instant, at Winchester House, London.

Mr S. G. L. Eustace (the Chairman) said that the financial position as disclosed in the accounts might be summarised by the paragraph in the directors' report, "The general trade depression, mentioned in the last report, still continues, and has again seriously affected the company's earnings."

In this respect they were in the same position as most other carrying companies in the world, but in India added to the general depression they had political unrest interfering with trade and the prosperity of the country. Another adverse circumstance they had to contend with was that the Port Commissioners in Calcutta had found it necessary to increase their river due charges on practically all imports and exports by 12½ per cent., but it was hoped, with a revival of trade, this might only be a temporary measure.

The net profit, after the necessary provision for taxation, amounted to £43,466, against £123,207 for the previous year. Actually the total number of maunds of cargo carried did not show a very great falling off, but the passenger traffic was greatly affected by the depressed economic conditions of the country.

In referring to the additions to the fleet, he said that their commitments on capital account had for the moment ceased entirely, but during the past year their expenditure, in order to complete the programme, amounted to £95,000 odd.

After dealing with the profit and loss account and stating that it was proposed to pay a final dividend of 2 per cent. on the ordinary shares, making 4 per cent. for the year, he said that up to the present moment earnings again showed a decrease compared with the previous year, but every endeavour was being made to reduce working expenses commensurate with present trade conditions, and, in addition, a number of vessels had been laid up, but held in readiness to be again placed in commission so as to meet, at once, any improvement that might take place in the demand from shippers. The fleet, however, had been maintained in its usual first-class order, and they had had no complaints from either shippers or passengers in regard to the upkeep of the accommodation provided.

The report was unanimously adopted.

HAMBROS BANK, LIMITED.

CONTINUED EXPANSION OF THE BUSINESS.

The nineteenth annual general meeting of Hambros Bank, Limited, was held, on the 28th instant, at 41 Bishopsgate, London.

Sir Eric Hambro, K.B.E. (the chairman), said: In addressing you in previous years I have ventured to make certain observations on the ruling economic conditions. I think you will agree with me that a wise man in the present circumstances says very little and gets on with his business.

I should like, however, before turning to the balance sheet, to say that I think we can count ourselves fortunate in this, that the northern countries with whom we deal most largely are weathering the storm extremely well; and in Finland the timber exporters have tackled the problem of reducing their costs in a masterly fashion, and are in a good position to meet all eventualities.

Another country with which we are closely connected is Greece, and which I recently visited, and here again conditions are slowly improving under a wise Government, and the faith which we have always had in that country's future is, I am sure, fully justified, and she is—and will continue to be—a good customer of this country.

Coming now to the balance sheet, which is before you—the figures of which speak for themselves—I should like to say that our policy has always been to help our customers in the normal development of their commercial business. During the last year their requirements have naturally been affected by the restricted trade turnover and the fall in commodity prices, hence our figures show this year a very large measure of liquidity, and this has, in turn, slightly reduced our profits. Our acceptances, although they have fluctuated both ways during the year, were, at March 31st, at an almost identical figure with last year. This would seem to be exceptional in view of the general trend of trade, but, on the other hand, we have again been able to increase the number of our clients, which shows that our business continues to expand.

Before concluding, I should like to say a word about the staff and to thank them for the way they have carried on the work of the bank during the last year. We can count ourselves lucky on having so loyal a staff. Their devotion to duty has been beyond all praise.

The chairman concluded by moving the adoption of the report and accounts, which was seconded by Mr H. C. Hambro and carried unanimously.

WILLIAM BEARDMORE AND COMPANY, LIMITED.

PROGRESS WITH DIESEL ENGINES.

The annual general meeting of William Beardmore and Company, Limited, was held, on the 22nd instant, at Winchester House, Old Broad Street, London.

Mr H. A. Reincke, the chairman and managing director, who presided, said that in the profit and loss account there were two items on which shareholders would expect information, namely, the trading loss on continuing departments and the losses on departments closed down or disposed of during the year. The latter losses were accounted for almost entirely by the shipyard and the locomotive department at Delmuir. The shipyard had been sold to the National Shipbuilders' Society, Limited.

The steelworks were the very foundation on which the company was built. The forge at Parkhead was working; as to the Moss-end works, which had been closed since 1928, whilst they continued to remain closed they must be a factor in any scheme of rationalisation in the Scottish steel industry. At Parkhead there had been during the year under review a trading loss of, roughly, £29,000, which could not be avoided in the present state of trade depression. The dearth of orders still deferred the day when the benefit of the improvements effected would be reaped. Notwithstanding the fact that trade conditions generally were worse than at the time of the meeting last year, the forge and the foundry, which were the principal departments at Parkhead, had done better than last year.

In the Diesel engine department a great deal of work had been done in developing and improving the designs of the different classes of engine. Satisfactory reports continued to come to hand from various parts of the world where engines supplied by the company were running. A further advance had been made by the development of a horizontally opposed Diesel engine for use in aeroplanes. The mobile Diesel generating set supplied to H.M. Post Office had been followed by repeat orders for two similar sets, and he would be very disappointed if next year he was not able to report progress in that department. During 1929 sixteen sets of exhaust steam turbines and gears of the Bauer Wach system were installed in various vessels, and during the year under review nineteen sets had been installed in vessels of a total indicated horse power of 110,000.

The report and accounts were unanimously adopted.

NITRATE PRODUCERS' STEAMSHIP COMPANY, LIMITED.

DIFFICULTIES OF CARGO SHIPOWNERS.

The annual general meeting of the Nitrate Producers' Steamship Company, Limited, was held, on the 28th instant, at 20 Billiter Buildings, London.

Sir John Latta, Bt. (the chairman), said that from his remarks at their last meeting, shareholders would not have been surprised at the reduction in profits. Relative to obtaining conditions, the surplus was more than might have been expected. Failing a marked improvement in freights, the results for the current year must be on a further reduced scale.

After referring to the relative advantages of steamers as compared with Diesels, the chairman said that it was impossible to exaggerate how lamentable the position of the private cargo shipowner had become. He was not only suffering from a periodical sequence of the flows and ebbs of trade, but was also being submerged by an accumulation of adverse circumstances, greatly accelerated by foreign countries maintaining merchant fleets under heavy subsidies. It had always been his conviction that, if dividends were rigidly limited, and the whole of the surplus earnings in good times and bad put to reserve and judiciously administered, there were few more attractive commercial investments than that of a well-managed steamship company. The abnormal uneconomic conditions now obtaining, however, put that conservative opinion in danger. That was not without its anxiety for shippers and manufacturers, as they were vitally dependent upon the cheap freightage arising from the keen competition which had always obtained between tramp shipowners.

When the present death struggle of the shipowners of the world for bare existence had passed and normal conditions returned, it would be of paramount importance to the Empire that the volume and quality of our tonnage should not have declined. The central geographical position and equable climatic conditions which these islands enjoyed at the maritime gateway of the highly industrialised and thickly-populated Continental countries, who lived largely on and for foreign trade, gave this country unrivalled international advantages. Thus favoured, and with our world pre-eminence in high all-round trading traditions, coupled with the great history which our artisans had created for excellence of workmanship, our future wellbeing remained with ourselves.

They were not, however, living up to their opportunities, or true to the great heritage left them by their industrious forefathers. It was the antithesis of common sense that the thrifty and enterprising—nicknamed "broadbacks"—should indiscriminately be forced to support extravagant social experiments, as well as maintain thousands of able-bodied men and women in idleness.

Why should the "broadback" argument not apply to the favoured workers in sheltered employment? Their prosperity was to a large extent gained at the expense of the distressed artisans in the unprotected shipbuilding, engineering and kindred trades. The persistent refusal of those sheltered workers to recognise inexorable economic laws so increased home manufacturing costs as to make successful competition with foreigners impossible. In consequence, thousands upon thousands of their less fortunate confreres were mercilessly thrown on the dole. It was nothing short of a disguised labour civil war. Until those anomalies were effectively tackled and trade ceased to be the sport of politicians for vote-catching purposes, they must go from bad to worse.

The report and accounts were unanimously adopted.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended May 23, 1931, amounted to £10,068,400 against ordinary expenditure of £6,385,500. After allocating £1,202,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £144,954, the week's operations, as shown below, reduced the National Debt by £2,556,000 to £7,615,502,000:—

(000's omitted.)			
Treasury Bills	£ 4,064	Public Department Advances	£ 6,000
National Savings Certificates	+ 300	4% War Loan	- 100
	+ 4,364		- 6,700

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 23, 1931.	April 1, 1930, to May 24, 1930.	Week ended May 23, 1931.	Week ended May 24, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	18,394,000	18,425,000	9,000	334,000
Sur-tax, including Arrears of Super-Tax	7,960,000	7,650,000	470,000	640,000
Estate, &c., Duties	10,670,000	12,740,000	1,580,000	1,990,000
Stamps	990,000	2,090,000	...	220,000
Excise Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	90,000	90,000	...	20,000
Total Inland Revenue	38,104,000	40,995,000	2,059,000	3,204,000
Customs and Excise—				
Customs	17,360,000	17,883,000	2,480,000	3,104,000
Excise	17,697,000	18,676,000	5,673,000	7,716,000
Total Customs and Excise	35,057,000	36,559,000	8,153,000	5,820,000
Motor Vehicle Duties (Exchequer Share)	641,000	655,000	...	...
Post Office (Net Receipt)	5,350,000	4,550,000	Dr. 250,000	Dr. 600,000
Crown Lands	240,000	240,000	100,000	100,000
Receipts from Sundry Loans	5,899,916	5,836,832	...	125,000
Miscellaneous Receipts	4,193,958	2,449,558	6,448	...
Total Ordinary Revenue	89,485,874	91,405,390	10,068,448	8,649,000
SELF-BALANCING REVENUE.				
Post Office	6,000,000	7,200,000	1,600,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund	3,205,000	3,280,000	...	...
Total Self-Balancing Revenue	9,205,000	10,480,000	1,600,000	2,000,000
Total	98,690,874	101,885,390	11,668,448	10,649,000

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to May 23, 1931.	April 1, 1930, to May 24, 1930.	Week ended May 23, 1931.	Week ended May 24, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	39,969,788	39,958,188	662,126	481,443
Payments to Northern Ireland Exchequer	453,296	439,601	48,368	19,000
Other Consolidated Fund Services	293,923	295,665	...	...
Total	40,717,007	40,693,454	710,494	500,443
Total Supply Services (excluding Post Office)	55,656,000	57,303,250	5,675,000	5,000,000
Total Ordinary Expenditure	96,373,007	97,996,604	6,385,494	5,500,443
SELF-BALANCING EXPENDITURE.				
Post Office	6,000,000	7,200,000	1,600,000	2,000,000
Road Fund	3,205,000	3,280,000	...	...
Total Self-Balancing Expenditure	9,205,000	10,480,000	1,600,000	2,000,000
Total Ordinary and Self-Balancing Expenditure	105,578,007	108,476,604	7,985,494	7,500,443
New Sinking Fund (1928)	5,898,226	5,815,881	1,202,000	1,215,000
Total, including New Sinking Fund	111,476,233	114,292,485	9,187,494	8,715,443

The aggregate revenue and expenditure to May 23, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MAY 23RD.			
(000's omitted.)			
Expenditure	£ 96,373	Revenue	£ 89,486
New Sinking Fund	5,898	Decrease in National Debt	3,283
		Net amount borrowed	9,502
	102,271		102,271

POSITION OF THE FLOATING DEBT.				
Movement.				Week ended May 23, '31.
Ways and Means Advances Outstanding—	May 24, '30.	Mar. 31, '31.	May 23, '31.	
Advances by Bank of England	£ 47,730,000	£ 24,500,000	£ 28,200,000	- 6,600,000
Advances by Public Departments	577,140,000	569,825,000	574,790,000*	+ 4,065,000
Treasury Bills outstanding	...	...	...	...
Total Floating Debt	624,870,000	594,325,000	602,990,000	- 2,555,000

* Includes £4,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on May 22, 1931, and the total amount applied for was £42,350,000. Tenders were accepted for bills at three months, dated Tuesday to Friday at £99 9s. 10d., about 86 per cent., and above, in full, and Saturday at £99 10s. 0d., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 1	35,000,000	78,195,000	2 10 11-94
May 8	35,000,000	59,905,000	2 5 11-07
May 15	35,000,000	58,330,000	2 2 7-99
May 22	35,000,000	42,350,000	1 19 11-95

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, May 27, 1931.

ISSUE DEPARTMENT.

Notes Issued—	£	Government Debt	£
In Circulation	354,859,723	Other Government Securities	11,015,100
In Banking Department	56,257,748	Other Securities	23,711,871
		Silver Coin	10,177,468
			4,095,561
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	151,017,471
	£411,017,471		£411,017,471

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 31,214,684
Reserve	3,222,759	Other Securities	...
Public Deposits	17,448,616	Discounts and Advances	£ 6,825,096
Other Deposits	...	Securities	28,553,074
Bankers' Deposits	£ 54,760,689		35,378,170
Other Accounts	33,820,494	Notes	56,157,748
		Gold and Silver Coin	1,060,556
7-Day and other Bills	5,600		
	£123,811,158		£123,811,158

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.			
	Amount, May 27, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	354,859,723	+ 3,318,863	- 1,271,825
Public deposits	17,448,616	+ 2,482,521	+ 4,207,166
Bankers' deposits	54,760,689	- 1,872,827	+ 4,203,041
Other deposits	33,820,494	+ 205,359	+ 2,086,354
Seven-day bills	5,600	+ 6,250	+ 3,448
Total, outside liabilities	460,895,122	+ 3,723,448	+ 3,350,588
Capital and reserve	17,775,759	+ 16,168	+ 5,874
Government debt and securities	276,941,655	+ 2,826,526	- 12,545,950
Discounts and advances	5,825,096	+ 868,796	+ 19,603
Other securities	38,730,542	+ 934,001	+ 15,585,597
Silver coin in issue department	4,095,561	+ 6,154	+ 365,322
Coin and bullion (bank's reserve)	152,078,027	+ 872,341	+ 6,038,672
Reserve of notes and coin in banking department	57,218,304	- 2,446,522	- 4,766,847
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	53 1/2 %	- 2 1/2 %	- 3 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	32 1/2 %	- 1 %	- 1 1/2 %

(000's omitted.)			
Issue Department.		Banking Department.	
Date.	Notes Issued.	Public Deposits.	Bankers' Deposits.
1931.			
Apr. 15	405,313	354,364	8,372
22	405,854	346,444	13,664
29	406,280	349,815	17,678
May 6	407,596	356,217	9,999
13	408,977	353,127	10,324
20	410,173	351,541	14,966
27	411,017	354,860	17,449

(000's omitted.)			
Issue Department.		Banking Department.	
Date.	Govt. Debt and Securities.	Govt. Securities.	Discounts and Advances.
1931.			
Apr. 15	241,684	12,225	146,202
22	241,683	14,241	146,740
29	241,465	15,442	147,227
May 6	241,965	11,943	148,483
13	242,082	13,825	150,004
20	242,136	13,775	151,206
27	243,727	10,177	152,078

BANKERS' CLEARING RETURNS (000's omitted).

		Town.	Metropolitan.
		Country.	Total.
1931.			
Jan. 1 to May 13	13,357,698	654,836	1,051,618
Week ended May 20	746,357	32,761	56,144
Week ended May 27	597,071	26,298	41,597
Total to date, 1931	14,701,126	713,895	1,149,319
Total to date, 1930	16,479,090	767,907	1,251,725
Increase or decrease in 1931	- 1,777,964	- 54,012	- 102,407
	- 10.8 %	- 7.1 %	- 8.2 %
Total for year, 1930	38,782,577	1,812,146	2,963,631
Do. 1929	39,935,924	1,881,989	3,078,764
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133
	- 2.9 %	- 3.7 %	- 3.7 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)							
	Week ended May 23.		Month of April.			Aggregate Totals January 1 to May 23.	
	1930.	1931.	1930.	1931	Inc. or Dec.	1930.	1931.
Number of working days	£	£	24 £	24 £	%	£	£
BIRMINGHAM	1,909	1,800	10,138	8,093	- 20.1	52,194	46,001
BRADFORD	712	705	3,879	3,518	- 9.3	19,254	15,516
BRISTOL	999	1,036	4,191	4,192	+ .02	23,195	23,049
DUBLIN	6,185	5,458	...	...	...	102,575	101,278
LIVERPOOL	5,605	6,048	27,781	21,942	- 21.0	143,915	118,627
LEICESTER	647	584	2,855	2,496	- 12.5	15,973	13,445
LIVERPOOL	5,605	6,048	27,781	21,942	- 21.0	143,915	118,627
MANCHESTER	9,158	9,143	45,298	37,655	- 16.8	237,771	192,365
NEWCASTLE	1,227	1,235	6,537	4,837	- 26.0	30,931	27,140
NOTTINGHAM	463	363	2,419	1,831	- 24.3	12,747	9,571
SHEFFIELD	807	655	3,528	2,931	- 16.9	19,763	16,441
Total.....	29,699	28,730	114,034	94,114	- 17.4	695,723	597,422

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank of Denmark and Bank for International Settlements appeared in the *Economist* of May 9; Roumania in May 16; Russia, Danzig, Poland, Italy, Switzerland, Bulgaria, National Bank of Egypt, and Japan in May 23.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	May 29, 1931.	Mar 7, 1931.	Mar 14, 1931.	May 21, 1931.	May 28, 1931.
RESOURCES.					
Total gold reserve	3,057,310	3,172,280	3,210,610	3,223,290	3,259,270
Total bills discounted	247,050	150,200	144,900	148,880	152,850
Bills bought in open market	175,560	193,870	153,110	131,010	124,500
Total U.S. Govt. securities	523,710	528,150	528,410	528,540	528,370
Total bills and securities	958,780	943,520	897,540	873,190	878,720
Total resources	4,902,360	4,941,200	4,993,700	4,961,210	4,925,180
LIABILITIES.					
Federal Reserve notes in actual circulation	1,465,870	1,540,780	1,528,310	1,551,460	1,551,810
Deposits—Memberbank—reserve account	2,346,800	2,417,730	2,420,790	2,410,800	2,424,670
Total deposits	2,420,850	2,471,540	2,483,150	2,452,520	2,471,100
Capital paid in and surplus	447,450	443,230	443,090	443,110	443,060
Total liabilities	4,902,360	4,941,200	4,993,700	4,961,210	4,925,180
Ratio of total resources to deposits and Federal Reserve note liabilities combined	82.9%	83.4%	84.5%	84.9%	85.3%

BANK OF FRANCE.—In francs (000's omitted).

ASSETS.	May 22, 1930.	May 1, 1931.	May 8, 1931.	May 15, 1931.	May 22, 1931.
Gold	43,802,414	55,617,876	55,624,663	55,628,048	55,632,650
Foreign assets	6,878,990	6,845,471	6,894,294	6,874,437	6,850,990
Notes in circulation	18,673,583	19,412,786	19,476,346	20,590,157	20,500,522
Commercial bills discounted at home	8,774,418	5,001,979	5,401,515	4,748,052	...
Advances against sec.	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
To the State	2,621,153	2,910,459	2,840,327	2,840,568	2,770,351
Other advances	2,696,580	4,879,864	4,187,544	5,329,715	...
LIABILITIES.					
Notes in circulation	70,907,040	78,959,555	77,934,475	77,309,848	76,825,871
Public deposits	4,853,860	10,528,527	10,887,558	10,825,476	10,514,946
Private deposits	13,579,725	10,623,393	10,896,799	11,156,491	11,924,302
Other liabilities	2,704,270	2,824,356	2,788,254	2,701,559	...

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	May 23, 1930.	May 7, 1931.	May 15, 1931.	May 23, 1931.
Reichsbank shares not yet issued	177,212	177,212	177,212	177,212
Gold and bullion	2,585,439	2,369,568	2,370,283	2,370,420
Of which deposited abroad	149,788	207,538	207,638	207,638
Reserve in foreign currencies	342,678	162,281	170,803	196,564
Bills of exchange and cheques	1,519,662	1,707,437	1,417,420	1,430,498
Silver and other coin	167,772	175,099	185,171	189,658
Notes of other German banks	23,157	13,758	18,549	20,856
Advances	53,347	146,546	180,833	67,070
Investments	301,125	332,659	302,681	302,710
Other assets	618,529	461,807	491,195	472,266
LIABILITIES.				
Reduced capital	122,788	150,000	150,000	150,000
Increase of capital (shares not yet issued)	177,212	177,212	177,212	177,212
Reserve	371,139	337,331	337,331	337,331
Notes in circulation	4,045,769	4,076,736	3,903,909	3,751,395
Other daily maturing obligations	680,188	332,771	279,419	374,394
Other liabilities	192,245	249,637	261,282	246,932

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1.392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, May 28, 1930.	May 22, 1930.	Apr. 30, 1931.	May 7, 1931.	May 13, 1931.	May 20, 1931.
Gold	232,650	1,199,790	1,445,090	1,445,908	1,446,206	1,446,682
Foreign Bills and Balances	672,325	890,539	855,743	870,545	870,955	870,955
Silver and other coin	4,436	52,177	748,311	728,073	737,324	737,324
Securities	697,600	829,884	748,311	728,073	737,324	737,324
LIABILITIES.						
Notes in circulation	934,150	829,884	3,278,820	3,239,218	3,230,549	3,203,811
Current accounts	112,125	150,283	114,353	115,841	152,482	163,775

(b) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1930.	May 19, 1930.	Apr. 27, 1931.	May 4, 1931.	May 11, 1931.	May 18, 1931.
Gold	163,092	431,916	449,976	449,976	449,977	449,978
Silver	8,436	26,458	35,437	35,698	36,300	36,394
Home Bills discounted	153,504	236,722	45,001	45,543	45,011	43,428
Foreign Bills and Balances	153,504	236,722	220,993	223,260	223,468	223,681
LIABILITIES.						
Notes in circulation	316,632	816,062	838,391	898,393	861,817	847,942
Deposits	5,016	42,224	32,971	22,161	22,992	30,278

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1930.	May 24, 1930.	May 2, 1931.	May 9, 1931.	May 16, 1931.	May 23, 1931.
Gold	22,971	138,961	161,900	162,000	161,100	161,800
Silver	29,785	27,409	161,900	162,000	161,100	161,800
Discounts, advances, and other investments	77,567	147,073	119,700	119,600	121,200	117,400
LIABILITIES.						
Notes in circulation	109,499	272,153	243,600	250,600	247,500	243,900
Deposits and bills payable	11,250	50,003	42,600	38,700	40,700	42,200

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	Position, May 24, 1930.	May 2, 1931.	May 9, 1931.	May 16, 1931.	May 23, 1931.
Gold	243,200	239,758	239,681	239,683	239,653
Government Securities—Swedish	21,725	3,358	3,358	3,358	3,358
Government Securities—foreign	62,312	73,289	73,289	73,289	73,289
Other Swedish bonds quoted on foreign bourses	113	84	84	84	84
Bills payable in Sweden	88,613	186,292	158,799	190,889	180,071
Balance abroad	125,920	53,414	102,876	102,700	95,961
Advances made on Government securities and bonds	170,290	128,730	115,818	115,752	122,020
LIABILITIES.					
Notes in circulation	497,127	546,511	509,837	506,302	488,083
Government deposits	165,246	184,446	187,381	223,284	216,320
Private deposits	33,115	8,512	11,925	7,796	14,442

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF NORWAY.—In kronor (000's omitted).

ASSETS.	Position, May 31, 1930.	May 15, 1930.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Coin and bullion—Gold	44,224	146,595	146,399	146,394	146,395
Balance abroad and foreign bills	28,533	37,772	31,473	30,264	30,794
Government Securities	8,816	34,649	53,940	53,940	53,940
Discounts and loans	76,911	229,231	184,879	176,562	177,038
LIABILITIES.					
Notes in circulation	113,484	303,607	295,846	291,698	290,709
Deposits at sight	7,188	83,170	66,503	60,649	67,165

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1930.	May 17, 1930.	Apr. 25, 1931.	May 2, 1931.	May 9, 1931.	May 16, 1931.
Gold	521,775	2,470,071	2,422,913	2,423,333	2,423,632	2,423,632
Silver	728,600	712,019	706,325	707,657	707,719	695,121
Loans & Discounts	800,725	2,006,013	2,357,666	2,399,989	2,443,439	2,528,430
Spanish 4% Bonds	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation	901,550	4,436,864	4,950,872	4,983,051	5,037,733	5,087,650
Deposits	477,500	844,500	759,466	763,816	782,097	813,589

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	May 14, 1930.	Apr. 22, 1931.	Apr. 29, 1931.	May 6, 1931.	May 12, 1931.
Coin and bullion	9,042	8,860	9,036	9,260	9,539
Of which gold	8,577	8,577	8,577	8,577	8,577
Balance abroad	223,631	148,274	128,698	137,390	140,565
Discounts	227,452	572,150	370,322	363,618	353,524
Government loans	1,530,684	1,531,311	1,531,311	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation	1,878,653	1,855,655	1,863,883	1,881,981	1,872,016
Deposits	65,365	171,951	158,428	152,399	154,684

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Cash Reserve	165,575	214,327	214,327	214,327	214,327
Foreign exchange	231,223	134,544	138,151	135,722	128,799
Other foreign exchange	364,803	500,897	507,299	505,447	483,304
Bills discounted	102,622	57,026	82,206	69,511	297,584
Govt. debt	101,532	96,102	96,102	96,059	96,059
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	873,900	834,313	984,402	905,401	1,037,893
Deposits	101,798	172,314	64,083	119,176	185,939

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengo (000's omitted).

ASSETS.	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Metal reserve	162,631	125,741	111,800	111,801	111,801
Gold coin and bullion	10,565	15,415	46,796	44,413	31,079
Drafts and notes	40,094	14,973	14,365	13,436	13,334
Silver coin and bullion	201,771	205,494	263,328	244,461	224,906
Inland bills, warrants and securities	82,831	60,115	60,115	60,090	60,090
LIABILITIES.					
Share capital (gold crowns 30,000,000)	34,756	34,756	34,756	34,756	34,756
Notes in circulation	397,458	319,957	405,957	380,406	355,574
Current accounts, deposits, &c.	49,475	41,524	30,857	34,147	28,484

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
Gold	1,262,234	1,541,682	1,541,555	1,541,508	1,541,413
Balance abroad and foreign currency	1,888,882	2,103,992	2,077,818	2,028,137	2,017,946
Discounts and advances	354,789	162,642	170,328	156,214	141,325
State notes debt balance	3,673,858	3,345,266	3,343,243	3,339,243	3,329,864
Other assets	673,135	1,115,634	1,055,548	1,026,499	1,006,401
LIABILITIES.					
Bank notes in circulation	6,167,407	5,743,482	6,608,990	6,179,173	5,965,723
Check account balances	941,975	5,743,482	2,107,818	1,050,890	1,209,579
Other liabilities	235,488	420,268	356,044	349,627	350,636

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	May 22, 1930.	Apr. 30, 1931.	May 8, 1931.	May 15, 1931.	May 22, 1931.
Cash Reserve	96,917	99,294	99,346	99,394	99,469
Gold	18,717	18,888	17,918	18,132	18,169
Other coin and notes	252,229	252,229	252,229	252,229	252,229
Foreign credits	1,093,883	1,203,658	1,212,941	1,199,576	1,192,595
Bills	4,117,498	4,020,878	4,020,878	4,020,851	4,020,851
LIABILITIES.					
Notes in circulation	12,531	4,691,806	4,808,700	4,720,032	4,619,309
State credits	5,866,342	126,242	126,244	126,225	126,225
Deposits	1,946,612	1,062,118	941,259	1,035,621	1,194,350

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

BANK OF GREECE.—In drachmae (000's omitted).

	May 15, 1930.	Apr. 23, 1931.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.
ASSETS.					
Gold	611,839	480,922	481,446	481,953	482,555
Gold exchange	3,799,130	3,120,418	3,090,318	3,295,136	3,139,373
Other foreign exchange	2,414	2,195	2,149	2,149	2,370
Bills discounted	92,002	146,278	147,831	144,330	139,865
Advances	144,254	156,324	156,494	152,749	153,230
Debt to the State	3,488,763	3,388,763	3,388,763	3,288,763	3,288,763
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,902,686	4,424,056	4,435,741	4,424,514	4,307,066
Deposits and current accounts	1,494,031	1,692,657	1,636,110	1,547,328	1,664,767
Foreign exchange liabilities	1,151,065	925,579	920,133	1,145,592	998,929

BULLION.

The following statistics of imports and exports of gold for week ended May 21, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—	£	To—	£
Netherlands	3,359	Germany	15,770
Argentina	443,354	France	5,509
British W. Africa	46,363	Switzerland	2,000
British S. Africa	240,649	Spain	3,272
		Austria	6,820
Total declared value of imports	733,725	Total declared value of exports	31,171

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931. ARRIVALS.		1931. WITHDRAWALS.	
May 22 Bars bought	£ 23,669	May 22 Sovs. for export	£ 3,000
23	Nil	23 Sovs. for export	4,000
26	Nil	26 Bars sold	7,002
27 Bars bought	236,588	27 Sovs. for export	6,000
28 Sovs. released	100,000	28	Nil
Total	360,237	Total	20,002
Net arrivals, £340,235.			

Messrs Samuel Montagu and Company write on May 27, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £150,173,380 on the 20th instant (as compared with £148,976,873 on the previous Wednesday), and represents an increase of £2,547,758 since December 31, 1930. The shipment of bar gold which arrived from South Africa this week was only about £241,000, which, together with £45,000 from West Africa, was available in the open market to-day. There was only a small demand, trade requirements being about £40,000, and the price was fixed at 84s. 9½d. per fine ounce. The Bank of England secured £236,000 at the statutory buying price. Movements of gold at the Bank of England during the week have resulted in a net influx of £683,816. Receipts totalled £703,818, of which £443,334 was in sovereigns from Argentina and £260,484 in bar gold. Withdrawals consisted of £13,000 in sovereigns taken for export and £7,002 in bar gold.

SILVER.

Prices have fluctuated during the past week, but the tone continued weak. Some support has been given by China, although sales were also made by this quarter following a fall in the Shanghai exchange, but the pressure has been mainly from Indian Bazaar selling to cover bull commitments. The quotation had fallen to 12½d. for both cash and two months' delivery by the 23rd instant, a level which attracted buying from both China and Indian Bazaar bears, causing a slight reaction. America has again been disposed to sell for near delivery, but showed less inclination at the lower rates. Prices were quoted level on the 22nd and 23rd instant, but ½d. premium on cash delivery was re-established yesterday. The following were the United Kingdom imports and exports of silver registered from mid-day on the 18th instant to mid-day on the 23rd instant:—

IMPORTS.		EXPORTS.	
U.S.A.	£ 121,228	British India	£ 47,879
British West Africa	10,474	Other countries	23,024
Other countries	13,663		
	£145,365		£70,903

INDIAN CURRENCY RETURNS (in lacs of rupees).

	May 22.	May 15.	May 7.
Notes in circulation	15,371	15,767	15,660
Silver coin and bullion in India	12,671	12,610	12,549
Silver coin and bullion out of India			
Gold coin and bullion in India	1,986	2,443	2,391
Gold coin and bullion out of India			
Securities (Indian Government)	714	714	720
Securities (British Government)			

The stocks in Shanghai on the 23rd instant consisted of about 83,300,000 ounces in sycee, 156,000,000 dollars and 3,460 silver bars, as compared with about 84,000,000 ounces in sycee, 155,000,000 dollars and 3,720 silver bars on the 16th instant.

GOLD AND SILVER PRICES.

	Gold		Silver—		Date.	Silver.
	Per Ounce.	Per Ounce.	Cash	Forward		
1931.	s. d.	d.	d.	d.		
May 22	84 9½	12½	12½		May 23, 1925	34½
" 23	84 9½	12½	12½		" 22, 1926	31½
" 25	84 11	12½	12½		" 21, 1927	30½
" 26	84 11	12½	12½		" 20, 1928	26½
" 27	84 9½	12½	12½		" 24, 1929	28½
" 28	84 11	12½	12½		" 29, 1930	17½

NOTICES.

Mr Cecil Mercer Woodbridge, J.P., and Sir Harry Gloster Armstrong, K.C.M.G., K.B.E., have joined the London Board of The Australian Bank of Commerce, Ltd.

The National Provincial Bank, Ltd., announce that a branch of the bank is now open at High Street, Banbury.

Company News.

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended May 22, 1931.	(c) Week ended May 23, 1931.	Miles Open.	Week ended May 24, 1931. (000's omitted.)					Aggregate 21 weeks, 1931. (000's omitted.)				
			Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total.	Total for Week.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke.	Total.	Total Receipts.
Great Western...	3,761	255	200	108	308	563	4,048	3,981	2,220	6,201	10,249	
Do. for 1930...	3,754	205	221	114	335	540	4,334	4,548	2,697	7,245	11,579	
L. & N. Eastern (c)...	6,349	364	326	228	554	913	6,953	7,237	5,180	12,417	18,470	
Do. for 1930...	6,349	317	399	257	656	973	6,559	8,489	5,677	14,166	20,725	
Lon. Mid. & Scot....	6,552	604	475	240	715	1,519	9,125	9,802	5,583	15,385	24,510	
Do. for 1930...	6,552	468	451	231	732	1,250	9,582	14,755	5,728	17,203	26,738	
Southern...	2,180	346	58	28	95	442	5,528	1,469	685	2,154	7,782	
Do. for 1930...	2,179	292	82	26	108	400	5,875	1,621	651	2,272	8,147	
Total of above...	19,245	1,569	1,069	604	1,673	3,242	24,854	24,889	13,678	36,167	61,023	
Do. for 1930...	19,238	1,282	1,253	628	1,885	3,161	26,350	25,133	14,763	40,896	67,246	
Metropolitan (c)...	59	31.8	...	...	3.7	35.5	657.4	...	...	83.0	740.4	
Do. for 1930...	59	32.6	...	...	3.8	36.4	683.9	...	...	84.9	768.8	
Unltd. E.R. (c)...	...	298.5	...	...	...	298.5	6,019	...	...	...	6,019.3	
Do. for 1930...	...	310.6	...	...	...	310.6	6,144	...	...	...	6,144.4	
Green Buses, &c....	...	26.2	...	...	...	26.2	449.4	...	...	...	449.4	
Lon. & St. Grr. (c)...	...	43.9	...	...	...	43.9	879.2	...	...	...	879.2	
Do. for 1930...	...	45.5	...	...	...	45.5	892.3	...	...	...	892.3	
*E.R. & Co. (b)...	80	2.2	...	...	...	2.2	41.7	...	...	...	56.0	
Do. for 1930...	80	2.2	...	...	...	2.2	44.0	...	...	...	59.5	
*Q. Northern (b)...	562	10.1	...	...	...	13.3	23.4	...	...	...	503.6	
Do. for 1930...	562	9.6	...	...	...	14.8	24.4	...	...	...	514.4	
*Gt. Southern (b)...	2,188	21.9	...	...	...	39.2	1.1	...	...	...	1,300.3	
Do. for 1930...	2,188	24.6	...	...	...	41.0	65.6	...	...	...	1,049.6	

* Aggregate 20 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Millage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal.....	2	April 18	1,306	Rs. 4,00,000	Rs. 9,359	Rs. 9,99,000	Rs. 47,469
Barsi Lt. Ry.	5	May 2	202	49,400	+ 10,100	21,29,000	58,800
Bengal & N. Western	4	April 18	2,117	7,55,405	- 26,402	33,53,080	1,83,575
Bengal-Nagpur	2	April 18	3,187	14,73,000	- 2,05,671	39,30,000	7,22,000
Bombay, Bar. & C.I.	7	May 16	3,094	21,91,000	- 1,22,000	1,51,92,000	2,41,000
Madras & S. Mahr.	5	May 2	3,222	16,46,000	- 2,30,302	58,90,000	7,26,735
*Kolkat & Kumon	4	May 2	572	1,30,856	- 15,727	6,61,115	23,120
South Indian	3	May 2	2,458	11,67,124	- 2,44,536	49,94,946	9,73,876
† Including Canadian-Bareilly State Railway.							
CANADIAN.							
Canadian National	19	May 14	20426	3,625,974	- 671,755	64,879,406	15,162,438
Canadian Pacific	20	May 14	215543	2,564,000	- 650,000	54,451,000	9,377,000
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	21	May 24	804	14,580	- 11,300	389,730	223,800
Argentine N.E.	21	May 23	753	11,100	- 6,900	532,000	104,300
Argentine Transdn.	47	May 23	111	1,797	- 1,659	161,969	56,131
B.A. and Pacific	23	May 23	2,806	153,000	- 18,000	6,354,000	831,000
B.A. Central	46	May 17	...	11,349	- 488	570,584	31,821
B.A. Gt. Southern	47	May 16	5,076	223,000	- 12,000	10,159,000	972,000
B.A. Western	47	May 16	1,926	85,000	- 5,000	3,426,000	562,000
Cordoba Central	46	May 23	274	3,710	- 500	169,070	20,430
Entre Rios	47	May 16	809	22,400	- 1,900	1,286,300	3,800
G. Westn. of Brazil	21	May 23	1,052	5,400	- 5,200	157,500	192,800
Leopoldina	21	May 23	1,918	18,450	- 13,703	425,459	282,300
Leopoldina Termal.	21	May 23	...	3,544	- 3,097	78,033	69,079
Nitrate	14	May 15	410	4,110	- 12,610	80,132	115,358
Paraguay Central	46	May 23	274	3,710	- 500	169,070	20,430
Salvador	46	May 23	100	3,583	- 916	168,866	45,125
San Paulo	20	May 17	1534	23,443	- 19,466	569,086	271,012
United of Havana	47	May 15	1,369	24,089	- 24,117	1,814,560	1,256,213

OTHER OVERSEAS.

Gt. Southn. of Spain	19	May 16	104	Pea. 75,786	- 22,794	1,535,860	- 762,828
Mexican Railway	20	May 21	483	\$205,100	- 55,401	4,219,300	- 925,700

TRAMWAYS WEEKLY GROSS RECEIPTS.

Anglo-Argentine	20	May 20	329	£ 70,726	- 14,943	1,501,108	- 184,793
B. Aires Lacrosse	46	May 17	17	10,564	- 1,215	531,402	- 23,158
Liverpool Corp.	7	May 20	124	29,487	- 876	207,739	- 6,052
Madras Electric	15	May 15	15	51,162	- 5,320	437,566	- 19,821
L.C.C. Tramways	7	May 20	166	80,430	- 2,333	171,262	- 20,352

MONTHLY TRAFFICS.

Company.	Month.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.	
				1931.	+ or -	1931.	+ or -
Cities Services Co.	12	Apr. 30	Gross	3,436,088	- 1,760,934	53,715,817	- 1,065,775
			Net	2,330,925	- 2,359,439	39,194,675	- 4,361,455
Canadian Nat. Rlys.	4	Apr. 30	Gross	15,233,779	- 3,076,245	57,434,769	- 14,056,388
			Net	894,890	- 1,295,803	993,351	- 5,846,960

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay-ment.	Method of Payment.	Latest Year.	Pre-vious Year.
BANKS.					
Anglo-Polish Bank.....	...	...	...	% 8	% 8
Bank of Nova Scotia.....	4%*	...	Quarterly	...	...
Imperial Bank of Persia.....	7/- p.s.†	plus bon	use of 21/- p.s.	13½ p.s.	13½ p.s.
INSURANCE.					
Sun Insurance Office.....	...	...	...	53½	65
TEA AND RUBBER.					
Dalkeith (Ceylon) Rubber.....	15%*†	...	Less tax	2	10
Doom Dooma Tea.....	2½%*†	...	...	10	35
Leish River Tea.....	7%*†	...	...	10	20
Meengas Tea.....	6½%*†	...	...	...	...
Straits Plantations.....	...	...	...	...	...
MINING.					
Bengal Coal.....	...	...	...	15	17½
Hongkong (Selangor) Rubber.....	...	...	...	5	12½
Kaduna Syndicate.....	7½%*†	...	...	10	20
Lonely Reef Gold.....	...	...	...	20	25
OTHER COMPANIES.					
Aberdeen Ceylon and Eastern Trust.....	2½%*†	...	Less tax	...	...
Benskin's Watford Brewery.....	5%*	...	...	...	...
Brickwood and Co.....	7%*	May 30	...	...	...
Carreras.....	15%*†	...	Tax free	...	...
Carr's Flour Mills.....	10%*†	...	...	...	...
Cope Bros. and Co.....	8½%*†	...	...	12½	15
Forestal Land.....	4%*†	...	...	6½	12½
Glenfield and Kennedy.....	6%*†	...	...	10	12½
Greater Scala (Birmingham).....	5%*†	...	...	8	8
Hastings Pier.....	...	...	...	6	6
Hely's.....	7½%*†	...	...	12½	12½
House Property and Investment.....	5%*†	...	Less tax	10	10
Imperial Tobacco of Canada.....	1½%*†	June 30	...	20	20
Investment Trust Corporation.....	12%*†	...	...	8	8
Laseelles, Tichner and Co.....	4%*†	...	Less tax	10	10
Lobitos.....	...	...	...	...	...
Maldstone and District Motor Services.....	7½%*†	...	Tax free	12½	12½
Malta and Mediterranean Gas.....	5%*†	...	...	5	10
Metropolitan Associations, &c.....	2½%*†	...	...	15	15
Montgomery and Co.....	...	...	...	10	10
North British Canadian Invstmnt.....	...	...	...	2½	5
S. Symons and Co.....	5%*†	...	...	20	25
Scottish Ontario and Manitoba Land.....	...	...	...	2½	5
Second Guardian Trust.....	...	...	...	15	15
Southdown Motor.....	...	...	...	4½	4½
Sphere Investment.....	...	...	...	6	10
United Theatres.....	...	...	...	17½	20
Wyman and Sons.....	10%*†	July 1	...	...	...

AMALGAMATED PRESS.—The net profit for the year ended February 28, 1931, amounted to £716,507, a reduction of £19,252 compared with 1929-30. The preference dividend absorbs £315,000 and the ordinary distribution, which, with the final payment of 8 per cent. now recommended, is maintained at 15 per cent., absorbs £180,000. A transfer of £200,000 (against £220,000) is to be made to general reserve, increasing it to £600,000, and £10,000 is again to be placed to pensions and allowances fund, leaving £146,167 to be carried forward (against £134,660).

FABRIQUE DE SOIE ARTIFICIELLE DE TOMASZOW, S.A., WARSAW.—After making provisions for depreciation on plant, buildings and machinery, bad and doubtful debts, income tax, &c., there is a profit left for 1930 of Zl. 3,498,851, compared with Zl. 4,801,219 last year. After deducting directors' fees and bonus for the staff, a dividend of 7½ per cent. is being paid. According to the report, the management have been successful in reducing the cost of production, and by keeping the plant constantly up to date are continuing their efforts to obtain still better results.

LONDON THEATRE DEAL.—Sir Harold Wernher is about to acquire the control of Associated Theatre Properties (London), Ltd., now held by the American Shubert Brothers. He will henceforth be in control of six leading West-End playhouses, viz., His Majesty's, Gaiety, Apollo, Shaftesbury, Adelphi and the Cambridge. Associated Theatre Properties (London), Ltd., was registered in 1925, and has an authorised and issued capital of £500,000 in £1 shares—£300,000 in 7½ per cent. cumulative preference and £200,000 in ordinary shares. It has also £139,150 of 6½ per cent. first mortgage debenture stock outstanding of £250,000 authorised and issued.

THE UNITED MOLASSES COMPANY, LIMITED.—The United Molasses Company, Limited, announce that they have decided to liquidate the British Molasses Company, Limited and the Pure Cane Molasses Company, Limited, two of their subsidiary companies. This is purely an internal arrangement to effect economies of working, and has no other significance. The trading of these two subsidiary companies will in future be carried on by the United Molasses Company, Limited, who are taking over and fulfilling all outstanding contracts.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Financial Land, &c.											
House Property and Invest.	Mar. 31	9,397	32,779	42,176	16,046	11,625	10	7,500	7,005	33,556	10
Iron, Coal and Steel.											
Park Gate Iron and Steel ...	Mar. 31	4,235	33,210	37,445	...	...	...	25,000	12,445	62,007	...
Wilson and Clyde Coal	Feb. 28	10,212	7,877	18,089	3,500	...	...	Dr. 30,000	8,411	5,003	...
Motor and Cycle.											
Alvis Car and Engineering	Dec. 31	12,589	Dr. 1,181	11,408	5,812	...	...	...	5,596	15,688	5
Oil.											
Venezuelan Oil Concessions.	Dec. 31	195,912	1,260,757	1,456,669	...	1,259,541	17½	19,031	178,097	1,085,666	20
Rubber, &c.											
Besokei Plantations.....	Dec. 31	13,544	3,622	17,166	...	...	...	...	17,166	13,786	8
British Malay Rubber	Dec. 31	15,628	2,671	18,299	...	...	...	1,000	17,299	17,716	4
British Rubber Es. of Java	Dec. 31	12,060	Dr. 19,637	Dr. 7,577	...	...	...	Dr. 14,205	6,628	42,083	5
Cheras Rubber.....	Dec. 31	15,249	426	15,675	...	...	...	...	15,675	11,180	12½
Hongkong (Selangor) Rubber	Dec. 31	4,407	9,356	13,743	...	2,250	5	3,500	7,993	11,437	12½
Java United Plantations ...	Dec. 31	22,619	Dr. 5,575	17,044	...	...	...	...	17,044	17,594	13
Kepong (Malay) Rubber	Dec. 31	20,357	20,359	40,716	...	...	...	10,000	30,716	38,586	27½
Kuala Selangor Rubber	Dec. 31	7,935	Dr. 3,514	4,421	...	...	...	...	4,421	12,301	12½
Kurau Rubber Estate	Dec. 31	7,547	Dr. 1,499	6,048	...	...	...	...	6,048	...	...
Oriental Rubber	Dec. 31	9,099	1,332	10,431	...	...	...	1,000	9,431	8,808	4
Sungei Batu (Malaya) Rubber	Dec. 31	17,737	Dr. 1,716	16,021	...	...	...	...	16,021	9,834	7½
Sungei Matang Rubber	Dec. 31	3,626	Dr. 2,286	1,340	...	...	...	...	1,340	2,068	...
Sungei Purun (F.M.S.)	Dec. 31	15,266	1,414	16,680	...	...	...	350	16,330	12,782	12½
Sungei Siput Rubber	Dec. 31	16,703	Dr. 3,884	12,819	...	...	...	...	12,819	6,171	...
United Sua Betong Rubber	Dec. 31	36,768	14,108	50,876	...	...	...	...	50,876	92,012	15
Windsor (F.M.S.) Rubber...	Dec. 31	10,868	Dr. 2,323	8,545	...	...	...	...	8,545	2,716	3
Shipping.											
British Tanker Co.	Dec. 31	81,123	218,156	299,279	...	240,000	6½	...	59,279	211,874	6½
Tea.											
Chubwa Tea	Nov. 30	33,100	Dr. 1,617	31,483	3,710	5,300	5	...	22,473	20,494	15
Jetinga Valley Tea	Dec. 31	7,208	2,811	10,019	3,068	...	...	2,000	4,951	15,873	15
New Sylhet Tea	Dec. 31	4,386	Dr. 3,286	1,100	...	...	...	...	1,100	777	...
Sylhet Tea	Dec. 31	3,413	Dr. 1,890	1,523	...	...	...	...	1,523	...	...
Textiles.											
Armitage (Sir Eikanah)	Mar. 28	2,335	Dr. 16,769	Dr. 14,434	...	...	...	Dr. 15,000	566	Dr. 17,211	...
Crosses and Heaton's Assoc-	Mar. 31	Dr. 50,424	Dr. 139,234	Dr. 189,658	...	...	...	17,656	Dr. 207,314	55,273	...
iated Mills											
Crosses and Winkworth Con-	Mar. 31	6,473	Dr. 47,539	Dr. 41,066	...	...	...	...	Dr. 41,066	31,323	...
solidated Mills	Dec. 31	Dr. 16,760	Dr. 9,274	Dr. 26,034	...	...	...	...	Dr. 26,034	Dr. 4,042	...
Tramways and Omnibuses.											
Southdown Motor Services..	Mar. 31	21,511	75,911	97,422	...	60,000	15	15,000	22,422	61,483	15
Trust.											
British Overseas and General											
Investment	May 14	2,755	13,706	16,461	7,582	3,875	5	...	5,004	15,773	9
Investment Trust Corp. ...	May 1	145,197	359,885	505,082	84,000	217,000	20	...	204,082	368,757	20
Second Guardian Trust	May 5	11,927	58,013	69,940	19,375	27,125	7	10,000	13,404	63,642	7
Sphere Investment Trust ...	Mar. 31	3,272	48,037	51,309	23,250	17,437	4½	7,000	3,622	50,961	4½
Tea Share Trust	Mar. 31	8,861	5,300	14,161	...	...	...	...	14,161	7,923	5
Other Companies.											
Allied Newspapers	Dec. 31	177,862	495,220	673,082	299,250	38,750	2½	120,000	215,082	611,206	10
Amalgamated Metal Corp. ...	Dec. 31	...	298,318	298,318	53,917	214,290	5	18,751	11,360	...	...
Amalgamated Press.....	Feb. 28	134,660	716,507	851,167	315,000	180,000	15	210,000	146,167	735,759	15
Associated Automatic	Mar. 31	...	Dr. 567	Dr. 567	...	...	...	...	Dr. 567	Dr. 490,665	...
Catalinas Warehouses	Dec. 31	...	25,467	25,467	25,467	...	...	...	...	40,827	2½
City and West End Proper-											
ties	Mar. 25	26,804	95,704	122,508	15,356	39,768	7½	39,527	27,857	86,741	7½
Faulder (Henry) and Co. ...	Dec. 31	Dr. 13,166	Dr. 35,615	Dr. 48,781	...	...	...	...	Dr. 48,781	Dr. 128,336	...
Goodyear Tyre and Rubber	Dec. 31	137,420	126,084	263,504	...	80,000	10	3,486	180,018	114,292	Nil
Inglis and Co.	May 2	28,491	61,788	90,279	2,092	34,750	25½	24,792	28,645	67,825	25½
Inveresk Paper	Dec. 31	65,601	118	65,719	...	...	...	...	65,719	181,795	12½
Meters Limited.....	Mar. 31	5,898	17,340	23,238	7,216	12,320	9	...	3,702	20,311	9
North British Rubber	Dec. 31	27,153	Dr. 100,425	Dr. 73,272	5,625	...	...	Dr. 102,000	23,103	74,662	...
Symons (S.) and Co.	Mar. 31	1,074	19,212	20,286	...	16,000	20	2,619	1,668	21,632	25
Wyman and Sons	Dec. 31	11,303	60,039	71,342	21,050	27,000	17½	9,000	14,292	55,623	20

† Free of income tax.

Commercial Reports.

MARKET SUMMARY.

The seasonal decline in the world's industrial activity which has recently become noticeable, particularly in the United States, has had an adverse effect on the principal commodity markets. The British coal trade experiences increasing difficulties in foreign markets and the home demand for industrial fuel fails to expand. In addition to this there has been a sharp decrease in house-coal requirements. Activity in the iron and steel industry has declined further, and the decision to discontinue the output restriction scheme in the tinplate industry of South Wales after June 12th has caused a fall in prices. Non-ferrous metals have again been weak. Tin dropped to £102 2s. 6d. despite the new quota scheme, and copper prices in New York are the lowest for fifty years. Raw cotton, too, has fallen to a very low level, which is partly due to favourable weather reports from the United States and to the low level of consumption. Wool prices, though lower than at the beginning of the year, have been fairly well maintained. The expectation of a lower crop has kept up raw jute prices, although business in yarn and cloth fails to expand. Among cereals, wheat has declined, following favourable crop reports in North America. The Conference of representatives of the leading wheat-exporting countries, whose aim was to establish the regulation of the distribution of existing stocks and of the next crop failed in its immediate object. Maize has experienced a sharp decline when it became known that Argentina desires to market its huge crop rapidly. Among miscellaneous commodities, vegetable oils and oilseeds declined further in price, and rubber has not maintained its recent improvement.

THE COAL TRADE.

SHEFFIELD.—More fuel is available for export, but new business is scarce. South Yorkshire is experiencing keener competition from other home centres, as well as Poland and Germany. The available output of best steams is, however, being taken up on prompt account, and prices continue firm at 17s. 6d. and 18s. f.o.b. Humber ports. Industrial demand is still poor, and tends to ease off. Deliveries are chiefly on account of existing contracts. House coal is in plentiful supply, with a reduced demand. Best ordinary coal is quoted at 22s. to 22s. 6d. at pits. The market for furnace coals is in a depressed state. Good brands of blast furnace coke command from 11s. to 12s. at ovens.

WORKINGTON.—The coal trade has slumped, and it is evident that the collieries will have to work shorter time for the rest of the summer. The Irish market is flat, cross-Channel merchants being content to buy small lots for immediate shipment. House coal is dull, but industrial fuel is in normal request. Prices are steady. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s.; all f.o.b. Smalls, 16s. 6d. per ton. Best house coal, 31s. 8d.; and house nuts, 30s. at station. Gas coal, 28s. per ton. West Coast coke is in fair request at from 17s. 9d. to 18s. 3d. per ton.

GLASGOW.—The Scottish coal trade continues in a depressed condition. In addition to the seasonal contraction in the home market, the shipping trade generally runs on poor lines. Stocks are heavy in all districts, with large coals more plentiful than nuts, and buyers with firm business to place can usually secure concessions on the market rates, which are approximately as follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. 14s. 6d.; splint best, 16s. 3d.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 14s.; trebles, 11s. 11s. 6d.; doubles, 10s. 3d. 10s. 6d.; singles, 9s.; pearls, 9s.; dross, 10s. FIFE.—Screened navigation, 16s. 6d. 17s. 6d.; first-class steam, 11s. 9d. 12s.; third-class steam, 10s. 3d. 10s. 6d.; trebles, 11s. 6d. 12s. 6d.; doubles, 10s. 10s. 6d.; singles, 9s.; pearls, 8s. 9d. LOTHIAN.—Prime steam, 11s. 11s. 3d.; secondary steam, 10s. 6d.; trebles, 12s.; doubles, 11s.; singles, 8s. 9d.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 11s. 6d.; doubles, 11s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s. 6d.

CARDIFF.—All the collieries in the South Wales coalfield were idle on Monday, Tuesday and Wednesday of this week, and the output is estimated not to exceed 45 per cent. of the recent weekly average production. The docks resumed work on Tuesday and shipments have been fairly normal, but business on the Cardiff coal market was not actively resumed till Thursday. Prices are nominally stationary at the minimum schedule figures. It is anticipated that the decision of the Egyptian State Railways on the tenders for the supply of 300,000 tons will be reached next Monday, and negotiations are also in progress for the supply of 120,000 tons of sized coals to the Buenos Ayres Electricity Works. The following are the current approximate quotations: Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 9d. to 18s.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 14s.; anthracite best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 23s. to 23s. 3d.

IRON AND STEEL.

MIDDLESBROUGH.—The usual Tuesday's market was not held this week on account of the holidays. There is nothing fresh to report in regard to the position of Cleveland, and prospects of

increased trade are very slight. Official prices are unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. Local consumers continue to restrict their purchases to cover requirements from week to week, and this policy is likely to continue. Business with Scotch consumers does not increase and export trade is reduced to a minimum. The production of Cleveland iron for the open market is not large, but the present demand can scarcely absorb all that is available, and stocks are said to be increasing to some extent. Home consumers are buying moderate quantities of hematite iron for early delivery and a few lots have also been sold for export for prompt shipment. Forward business, however, develops slowly, although a move in this direction is looked for at any time. Makers are offering mixed numbers for early delivery at 65s., and in one or two cases have accepted a little less where delivery could be taken promptly. For forward, premiums of sixpence to one shilling are quoted, according to period. Shipments of all kinds of pig iron to 26th inst. total 9,301 tons, against 9,077 tons for the corresponding period of last month. In the finished trades operations are now generally resumed after the holidays, but there has not been any important accumulation of new business and fresh orders would be very welcome. There is still a fair amount of work in hand for rails and structural materials. Prices are unchanged except that galvanised sheets are lower and 24-gauge corrugated are now quoted at £10 5s. to £10 10s., and 24-gauge black sheets 5s. lower at £8 5s. The reductions, however, have brought in very little more business so far. The ore trade is idle, with best Bilbao rubio quoted nominally 15s. 6d. for early delivery. The current freight Bilbao-Middlesbrough for prompt boats is about 4s. 3d. Coke is freely offered and medium blast furnace qualities are now obtainable at 15s. 6d. to 15s. 9d. delivered works. The number of furnaces in blast in the district is increased to 23 by the blowing in of two on hematite at Ayresome ironworks.

SHEFFIELD.—At the majority of the heavy steel works production has been suspended this week, and the aggregate stoppage is rather longer than is usual at Whitsuntide. In the open-hearth section work continues scarce, and inquiries few and unimportant. Prices of all kinds of billets have been reduced lately to the extent of 10s. per ton, and basic scrap has dropped to 40s., or 22s. below the figure of a year ago. These concessions have failed to stimulate business. Some kinds of foreign part-manufactured steel are being offered here at pre-war prices. Imports of steel, however, continue to shrink, owing to our poor export demand for finished materials. The overseas situation does not improve, and the shipyards and railway companies at home are taking very meagre quantities of material and tools. All the cutlery and plate houses are working part time, and report the volume of business as the smallest for many years. Some classes of tools are selling fairly well at home, but exports are heavily down.

WORKINGTON.—The month closes with little indication of any improvement in trade. The make of the eight furnaces in blast between Workington and Ulverston is in excess of requirements, but hopes are entertained that the policy of stocking instead of damping down will be justified, and that local consumption will increase towards the end of the half-year. At present only one of the steelworks plant is in engagement, so that the overplus for the outside market is rather larger than at any time since the beginning of the year. The Continental and Midland demand is, however, steady. Some sales have been made to the Dominions, and Scottish and South Wales needs are not altogether inconsiderable. For the first time for five years the normal difference between East Coast and West Coast hematite prices exist. Bessemer mixed numbers are quoted at £3 13s. 6d. per ton at Glasgow; £4 2s. 6d. at Manchester; £4 4s. 6d. at Sheffield; and £4 6s. 6d. at Birmingham. Special qualities of iron are in fair request at from 2s. 6d. to 5s. per ton above these figures. Malleable iron is a quiet trade at £5 17s. 6d. per ton delivered at Birmingham, and there is little demand for ferro-manganese at £11 5s. per ton home. There is not much new business moving in the steel market, but the orders on the books represent a tonnage that will keep the rolling mills in operation until the middle of July. Railway material is being rolled at Workington for South America and South Africa and also for home users. Native ore at from 16s. 6d. to 18s. 6d. per ton is in steady request by Cumberland and North Lancashire smelters, but there is very little metal going to Scotland or the East Coast.

GLASGOW.—The larger number of inquiries on the market at the moment would seem to indicate that business is opening up in several overseas markets, but the amount of tonnage placed is not so encouraging and works are operating under the same uncomfortable conditions, which must continue until there is a resumption of forward buying. Meantime buyers are placing orders only for their immediate requirements in practically every branch of the industry. In the sheet trade the freeing of prices announced towards the end of last week has not had the effect of stimulating demand to the extent that might have been expected and bookings during the present week are somewhat disappointing. To-day's prices in Glasgow are £10 10s. f.o.b. for 24-gauge galvanised for export and £7 10s. per ton for black ½-in. The demand for bar iron and re-rolled steel bars is very poor and business remains quiet in the tube trade.

CARDIFF.—The discontinuance as from June 13th next of the output regulation scheme in the tinplate industry is now officially confirmed and it is also authoritatively stated that nine works have withdrawn membership of the South Wales Tinplate Corporation, which, for the past six years, has been marketing over 50 per cent. of the total output. Prices are weak, and it is feared that the dissolution of the regulation schemes will lead to increased internal competition. Prices of tinplate bars and galvanised sheets are unchanged.

OTHER METALS.

TIN.—Despite the new quota scheme, the price of tin declined further, and at £102 2s. 6d. per ton "standard cash" established a new low record. This fall has been attributed to a further increase of stocks and to large liquidations. Although the Government of the Malay States issued a reassuring statement as regards the new quotas, the metal failed to recover substantially on Wednesday. Wednesday's official closing quotation for "standard cash," at £102 10s. to £102 12s. 6d. per ton, compares with £105 to £105 2s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 29,812 tons, show an increase of 689 tons on the week.

COPPER.—The seasonal decline in American consumption has further weakened copper prices. Although "domestic spot" in New York remained unchanged at 8.75 cents per lb., "electrolytic," Copper Exporters, Inc., reduced their minimum price for "electrolytic," c.i.f. Continent, from 9.275 cents per lb. to 9.025 cents per lb. on Wednesday. This resulted in easier prices in this country, and Wednesday's quotation in London for "standard cash," at £37 3s. 9d. to £37 6s. 3d., compared with £38 13s. 9d. to £38 16s. 3d. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 13,054 tons, show a decrease of 36 tons, while stocks of rough copper, at 1,296 tons, were 51 tons smaller.

LEAD.—Considerable quantities of lead were offered during the week in London, and as demand was only moderate, prices showed a slight decline. New York spot prices remained again unchanged at 3.75 cents per lb. Wednesday's official closing quotation for "soft foreign," at £11 6s. 3d. to £11 12s. 6d., compares with £11 11s. 3d. to £11 16s. 3d. on the corresponding day last week.

SPELTER.—The market in spelter has been quiet, and prices failed to recover. The New York spot price for "East St. Louis" at 3.30 cents per lb., shows a decline of 0.05 cents on the week. Wednesday's official closing quotation in London for "good ordinary brands," at £10 8s. 9d. to £10 13s. 9d., compares with £10 7s. 6d. to £10 15s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Antimony declined further from £24.22 10s. to £23 10s. £24 per ton for "foreign," but aluminium was again quoted at £85 per ton, while nickel sold at last week's price of £170 to £175 per ton. Quicksilver remained unchanged at £22 7s. 6d. per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The market has declined during the week about 25 points, owing to continued weakness in the American Stock Markets and favourable weather news. The rapid decline over the holidays caused further long liquidation from the East and the continent, but to-day some slight short covering has been seen. Trade news continues very depressing. Spot sales for the week 21st to 27th (inclusive) are 20,000 bales, of which 8,600 bales are American, 500 Brazil, 200 Argentine, 2,000 Peru, 2,850 Egyptian, 2,550 African, 1,100 East Indian, 2,030 Russian, and 170 sundries. Imports for the same period are 36,501 bales, of which 5,151 are American, 1,244 Argentine, 2,882 Peru, 5,969 Egyptian, 713 African, 20,152 East Indian, and 390 sundries. Quotations, May 27th: American Middling 4-83; Egyptian, G.F.E. Sakel, 8-03; Uppers, 5-95; Brazil Fair, 4-88; Peru G.F. Smooth, 5-28; West African Middling, 4-88, and G.F. East African, 5-88.

Manchester.—This has been the big holiday week of the year in Manchester, and to a considerable extent business has been suspended. A feature of interest has been the further decline in raw cotton rates to a fresh low level. This development has made buyers of yarn and cloth more cautious than ever in placing orders. In all directions traders are feeling very adversely the depreciation in the value of stocks. Cable and mail advices from India remain poor, and only a few transactions have been arranged in piece goods. Operations for China have been confined to retail lines in fancies. The minor outlets East and West have given very little support. Less demand has been about in home trade goods. Prices in American and Egyptian yarns have been easier and demand has been very restricted.

Cotton Prices.

	1931.				Corresponding Date.	
	May 6.	May 13.	May 20.	May 27.	1929.	1930.
Raw Cotton—Mid. American	d.	d.	d.	d.	d.	d.
" Sakel, India Fully Good Fair	5-35	5-32	5-01	4-83	10-20	8-54
" Egyptian	8-30	8-25	8-05	8-10	17-05	13-85
Yarns—32's twist	9	9	8	8	15	12
" 40's twist	9	9	8	8	15	12
" 60's twist (Egyptian)	15	15	15	15	25	21
32-lb. Printers, 116 yds., 16 by 16, 32's and 50's	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
36-lb. Shirtings, 75 yds., 19 by 19, 32's and 40's	18 1	18 0	17 9	17 7	25 3	21 9
34-lb. ditto, 38 yds., 18 by 16, 10 lb.	19 10	19 9	19 6	19 4	27 9	24 3
35-lb. ditto, 37 yds., 16 by 15, 8 lb.	11 2	11 1	10 10	10 9	15 0	13 3
39-lb. ditto, 37 yds., 16 by 15, 8 lb.	10 1	10 0	9 9	9 8	13 4	12 0

THE WOOL TRADE.—Bradford.—This has been a quiet week in the wool trade, writes our correspondent, but, on the whole, the situation is fairly sound. Encouraging firmness has been maintained in raw material values in Australia. Cable information received from Brisbane, where 80,000 bales of wool were offered, showed that the clean cost was above a parity with Bradford, and there are no very large stocks of fine wool to absorb before the next clip begins to come forward. Both Australian and South African merino wool has passed out of hand in creditable fashion, and with patience forthcoming supplies should be absorbed somewhere around the current level. It is understood that the next Australian clip is expected to be a good one, weather conditions favouring

the growth of heavier fleeces. The scarcity of new business is at the moment a disappointing feature, and it really looks as if the trade as a whole is in for a further period of comparative inactivity. The character of the next clip will no doubt have a great deal to do with the prices realisable when it begins to come on to the market. One important asset will be the maintenance of quality in merinos, for, so far as can be seen at present, fine wool is likely to maintain its popularity for many manufacturing purposes. The market value of crossbred wool cannot advance unless larger ultimate requirements develop. There is no change to report in the Bradford market for tops. Some firms are receiving a little inquiry, but, on the whole, trade is slack, and anyone determined to sell to-day can only do so at a reasonable figure. This applies to all merino and crossbred qualities. Lack of demand for yarn is also being experienced, and some mills are standing the whole of this week.

THE JUTE TRADE.—Dundee.—Hopes are again revived that the Calcutta mills will take some steps to mitigate the depression surrounding the jute industry. A meeting of the committee of the Indian Jute Mills' Association is to be held to-day to consider the question of further curtailment of output, understood to be by stopping for one week each month, or to stabilise prices of goods by fixing minimum selling rates. From the manner in which stocks of both hessians and heavy goods are remaining high, it would appear that some action is due, and it is hoped that the mills will find a way out. Trade has been even worse during the past few weeks, and, so far as Dundee is concerned, this has been the quietest month on record. Prices are all more or less nominal in the absence of interest on the part of buyers. Raw jute is keeping up in price. The new jute crop reports are not so satisfactory, too much rain having fallen in most districts and more sunshine required for the young plants. Private estimates of the extent of the next crop indicate an outturn of between seven and eight million bales, judging by the area sown, but a great deal depends upon the weather conditions between now and the time for cutting. Sellers are receiving so little encouragement from spinners that they are not troubling to make offers now, and values continue about unchanged. Daisee assortment is offered here at £16 10s. and Tossa assortment at from £17 to £17 10s., with Mahabir Tossa-4 mentioned at £16, May-June. Heart Ram tops are unchanged at £16 7s. 6d. for May-June, and £16 10s. for June-July. Spot jute is freely offered, but spinners are bidding too low prices and business is practically nil. Jute yarns are very slow, yet spinners are not any more anxious to sell unless they obtain their quoted rates. Their losses are already too severe to admit of further reductions, and nothing less than 1s. 10½d. is possible for common 8-lb. cops and 1s. 11½d. for 8-lb. spools. Buyers continue to offer ½d. less in each case. Twist is quoted at from 3½d. for 3-ply 8-lb., and sacking yarns are steady enough at from 2½d. for 24-lb. web and from 3½d. for 8-lb. chains. Any small lots of rove changing hands are paid for at the unchanged rates of £19 for 48-lb. and £16 for 200-lb. Fine yarns are quiet but steady, and carpet qualities are dull. Only trifling lots of hessian cloth are being purchased, and for these manufacturers are receiving unchanged prices of from 2½d. for 10½-oz. 40-in. and from 1½d. for 8-oz., but if any buyer came forward with an order of any consequence he would have little difficulty in obtaining a concession. Linoleum hessians and heavy goods are very quiet. The Calcutta goods market has advanced about 6d. for both hessians and heavy goods as the result of the fresh attempts to help matters in Calcutta.

THE GRAIN MARKETS.

WHEAT.—The international conference of eleven wheat-exporting countries, which account for about 95 per cent. of the total exports, held its last meeting on Saturday, May 23rd, at Canada House, under the chairmanship of Mr Howard Ferguson, High Commissioner for Canada. It was the aim of the conference to discuss and adopt means of disposing of the large surpluses held by exporting countries and of regulating the distribution of the 1931-32 crop in order to secure a reasonable price for growers. None of the schemes put forward by the various delegates has found general acceptance, but if the conference has failed in its immediate object, it has nevertheless succeeded in establishing a contact between the exporting countries and in impressing upon the representatives the dependence of each country on the world wheat situation. In an official communiqué, it was stated that the fall in wheat prices was due especially to the world economic depression, to over-production, to the absence of adequate information about the movements of wheat, the requirements of certain countries and the quantity likely to be placed on the market, and to the uncertain state of the wheat market. The conference therefore decided to establish a committee consisting of one representative from each State participating in the conference for the purpose of establishing a clearing house of information on the wheat position in each country and to explore all possible avenues for the greater utilisation of the cereal. Meanwhile, the wheat markets have experienced a set-back during the week and prices are again lower. This decline has been the result of heavy shipments, the increase in the floating supply and favourable crop reports from North America, coupled with the failure of Continental countries to increase their imports to any considerable extent. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 27s. per 496 lb., as compared with 28s. a week ago; No. 2, Northern Manitoba, Atlantic, ex ship, 26s., against 27s.; Rosafe, ex ship, 22s. 9d., against 23s. 6d.; Australian, ex ship, 25s. 9d. to 26s. 3d., against 26s. to 26s. 9d.; and Russian, on sample, ex ship, 22s. 6d. to 23s., against 22s. 6d. to 24s. a week ago.

WHEAT FLOUR.—Flour has been a quiet market, and prices were slightly easier. There has been an increase in shipments from North America during the past week which amounted to 254,000 sacks, as compared with 211,000 sacks a week ago. Quotations:

Straight run, delivered country, 23s. 6d. per sack of 280 lb., as compared with 24s. 6d. last week; delivered London, 22s. 6d., against 23s. 6d. Manitoba patents, ex store, 21s. 9d. to 25s., against 21s. 9d. to 25s.; and Australian, ex store, 18s. 9d. to 19s. 6d., against 19s. 3d. to 20s. a week ago.

BARLEY.—Buying of barley has been on a small scale and prices remained unchanged. The visible supply in the United States at the end of last week amounted to 6,494,000 bushels, against 6,590,000 at the end of the previous week. Quotations: "English malting," f.o.r., at 30s. to 35s. per 448 lb., remained unchanged. Californian sold at from 33s. to 43s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Home-grown oats have again been in limited supply and prices have been maintained. Foreign oats, which again experienced a good demand, have been slightly cheaper. Quotations: "River Plate," landed, 13s. per 320 lbs., as compared with 13s. 3d. last week; "River Plate," ex ship, 11s. 9d. to 12s., against 12s. 3d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; and North Russian, on sample, landed, 18s., against 18s. 6d.; English white, 22s., against 19s. to 20s. a week ago.

MAIZE.—In view of the large crop in Argentina which that country desires to market rapidly, a sharp fall in prices has been experienced during the past week. Quotations: "Plate," landed, 16s. 9d. per 480 lbs., as compared with 21s. 3d. last week; Plate, ex ship, 15s. 6d., as against 17s. to 17s. 3d.; Plate, May-June, new, 15s. 9d., as against 16s. 6d. Yellow maize meal, ex wharf, was quoted at £5 10s., as against £5 15s. per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat	Cwts. 71,209	Cwts. 138,801	Cwts. 141,532	Cwts. 174,515
1 week to May 23	4,335,556	8,585,917	9,103,715	9,691,105
38 weeks to May 23	4,335,556	8,585,917	9,103,715	9,691,105
Average price of English wheat per cwt.	s. d. 5 10	s. d. 8 7	s. d. 9 10	s. d. 11 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 16, 1931.....	Cwts. 122,997	Cwts. 12,260	Cwts. 25,595	s. d. 5 8	s. d. 6 9	s. d. 6 8
May 23, 1931.....	71,209	11,221	19,733	5 10	7 5	6 8
May 21, 1927.....	170,754	27,011	66,210	12 4	11 4	9 9
May 26, 1928.....	174,515	12,846	14,868	11 2	10 8	13 1
May 25, 1929.....	141,532	28,274	27,349	9 10	10 7	9 8
May 24, 1930.....	138,801	21,393	19,652	8 7	7 4	6 7

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	May 28, 1930.	Jan. 2, 1931.	May 13, 1931.	May 20, 1931.	May 27, 1931.
Winnipeg (No. 1 Manitoba)	148½	111	56½	62½	60½	58½
Chicago (No. 2 Winter)	130½	107½	79½	82½	82½	82½
Centra per 60 lb.	130½	107½	79½	82½	82½	82½

The visible supply of wheat in Canada, at 50,221,000 bushels, shows a decrease on the week of 1,734,000 bushels. Supplies a year ago stood at 62,528,000 bushels.

OTHER FOODS.

SUGAR.—The raw sugar markets experienced a sharp decline in prices during the past week. This is ascribed mainly to the unsettled state of the market in the United States. Wednesday's quotation in New York, for Cuban centrifugals, 96 deg., spot, at 3.11 cents per lb., shows a decline of 0.09 cents on the week. On Tuesday "British refined" was again reduced by 3d. per cwt., and raw futures in London have also been easier. Wednesday's sales included "August delivery," at 5s. 11½d. to 6s. 0½d., as against 6s. 2½d. to 6s. 3½d. on the corresponding day last week; December at 6s. 3½d. to 6s. 3½d., as against 6s. 6½d. to 6s. 6½d.; and March, 1932, at 6s. 5½d., as against 6s. 9d. a week ago. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons. Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	3,004	2,049	1,534	1,458	30,263	37,716
Liverpool ...	7,445	15,390	12,683	14,079	74,684	97,568
Total tons ...	10,449	17,439	14,217	15,537	104,947	135,284
Last week ...	14,586	15,942	13,836	14,746	108,715	133,382

COFFEE.—At the last auctions before the Whitsun holidays prices showed some improvement. Last week's movements of coffee in London were as follows: Brazilian, landed, 8 bags; delivered for home consumption, 61 bags; exported, nil; stocks, 2,786 bags, against 5,752 bags last year. Central American, landed, 10,823 packages; delivered for home consumption, 5,350; exported, 2,722; stocks, 130,514 packages, against 118,845 a year

ago. Other kinds, landed, 3,151 packages; delivered for home consumption, 2,914; exported, 2,446; stocks, 102,359 packages against 132,745 a year ago.

COCOA.—The recovery experienced in prices last week has not been maintained, and Wednesday's quotation for Accra, fair fermented, May-June, at 18s. per cwt., f.o.b., London contract, shows a decline of 9d. on the week. Last week's movements of cocoa in London were as follows: Landed, 6,129 bags; delivered for home consumption, 2,650 bags; exported, 256; stocks, 227,725 bags, against 202,173 last year.

TEA.—There have been no auctions during the week. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasa-land.		Total.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	
May 22, 1930....	1 2-51	1 5-45	1 7-53	0 11-07	0 11-99	0 10-35	1 3-63						
April 30, 1931....	0 11-12	1 3-24	1 6-55	0 6-76	0 7-15	0 5-81	1 0-93						
May 7, 1931....	0 10-62	1 2-87	1 5-41	0 7-06	0 8-14	0 5-92	1 0-84						
May 14, 1931....	0 10-26	1 4-61	1 4-63	0 6-99	0 7-49	0 5-95	0 11-88						
May 21, 1931....	0 10-27	1 1-86	1 3-96	0 7-08	0 7-72	0 6-83	1 0-00						

RICE.—The market in rice has experienced a decline in prices during the week. Wednesday's quotation for Burma No. 2, cleaned, June-July, in singles to the Continent, and to the United Kingdom, at 7s. per cwt., shows a decline of 4½d. on the week. Movements in London during the past week were as follows: Landed, 40 tons; delivered, 32 tons; stocks, 580 tons, as against 2,730 last year.

POTATOES.—Supplies at the Borough Market have been ample to meet requirements. Prices remained unchanged, and "Best King Edward" again sold at £9 to £9 10s. per ton.

SPICES.—The spot pepper market showed some improvement at the end of last week. Wednesday's quotation for "Black Singapore," at 6d. per lb., shows a rise of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 7 tons; delivered, 60 tons; stocks, 542 tons, against 1,115 tons last year. White, landed, 11 tons; delivered, 47 tons; stocks, 644 tons, against 644 tons a year ago.

MEAT.—Prices at the Smithfield Market have been irregular during the week. On Wednesday, Argentine beef (chilled hind-quarters) was sold at 3s. 6d. to 4s. 4d. per 8 lbs., against 4s. to 4s. 8d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 2d. to 3s. 8d., as against 2s. 10d. to 3s. 6d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 9,075 tons, as compared with 8,420 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.3 per cent. of the supplies, as against 82.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 82.5 per cent. of the total supply, as against 86.9 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OLSEEDS.—Markets are very quiet and depressed, with prices still on the down grade for want of buying support. Linseed is again lower in sympathy with Argentina, but there is little or no demand from crushers either here or on the Continent, who seem to have all their immediate requirements well covered. Large quantities have arrived in Europe during the past two or three weeks. The quantity on passage having now dropped to 107,000 tons, as against 111,200 tons a year ago. Plate on spot afloat, May and June shipment to Hull, is quoted around £8, and shipment to October £8 2s. 6d., while the value of Calcutta to London is nominally £10. Cottonseed is quiet and easy. Egyptian (black) offering in all positions at £5 2s. 6d., without attracting purchasers. Linseed oil is in better trade demand at the extremely low levels now touched, the lowest for many years. Raw oil for delivery to August ex Hull mill has dropped to £14, and September-December to £14 10s. Cotton oil is rather steadier at the latest decline. Crude Egyptian ex Hull quoting £17 15s., and common edible £20. Olecakes and meals are in moderate request, and prices show but little variation.

HIDE, LEATHER AND ALLIED TRADES.—Owing to the Whitsun holiday no auctions of market hides and skins will be held this week, supplies at all centres having been sold for the fortnight at the last sales. At the present moment the market is in a fairly satisfactory position, and it is likely that prices will rule steady. Business in the imported hide market has been difficult, and with buying confined to small quantities, prices are again inclined to be easy. South American wet salted hides are offered at lower figures, sales of Argentine ox having been made on the basis of 8½d., while light ox have sold at 4½d., and Uruguays at 5½d. Dry South American hides are weaker in the face of small trading, B.A. Americanos having changed hands at 5½d., Sierra Cordobas at 6½d., and B.A. Inservibles at 3½d. Demand for African hides also is confined to narrow limits. A few sales have been made of dry salted Capes at 5½d. and 4½d. for first and seconds, 20/30 lbs. Enquiry has also been made for dry Capes, but the prices quoted by sellers are above the limits of buyers. This latter remark also applies to most classes of Australian hides, with the result that trade with tanners in this country is confined to a few odd parcels. Business in sole leather has not been very interesting since the holidays, and the general feeling is that nothing of consequence will transpire until shoe factories are back into their stride. Trade in upper leathers has been smaller, owing to the holiday, but some business has been done in staple lines, such as willow calf and black and brown glacé kid.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
GRAIN, &c.—		Irish bladders	62 0 72 0	English Southdown, washed	d.	Best heavy ox and heifer	0 31 6 0
Wheat, No. 2, N. Man. 496 lb.	26 0	American, boxes, 56 lb.	42 3 43 0	Lincoln hog, washed	11 1	Best cow	0 34 0 31
Eng. Gaz. av., per cwt.	5 10	POTATOES—		Queensland, soil. super. cmg.	22	Best calf	0 72 0 82
Barley, Eng. Gaz. av.	7 5	Good English, per cwt.	9 0 9 6	N.S.W. greasy, super.	12	INDIGO—	
Oats, "	6 8	Pepper, per lb.		N.Z., grey, half-bred 50-56	9	Bengal gd. red-vio. to	5 6 6 6
Maize, La Plata, landed, 480 lb.	16 9	Muntok, fair White	0 81 0 0	Crossbred 40-44	6 1	fine—per lb.	
Flour, Lon. stan. ex mill.	6 8	Black Lampung	0 51 0 0	Topes—		LEATHER—	
280 lb.	21 3	Cinamou—1st sort, per lb.	0 71 0 0	Merino 70's	25 1	Sole Bends 8/14 lb.	1 3 2 6
Rice, No. 2 Burma, per cwt.	7 0	Cinamou—2nd sort, per lb.	0 71 0 0	" 64's	23 1	Bark Tanned Sole	2 3 3 0
Sago, Pearl, per cwt.	16 6	Cinamou—3rd sort, per lb.	0 10 1 8	Crossbred 48's	11 1	Shoulders fm DS Hides	0 6 0 9
Tapioca, per cwt.		Ginger—per cwt.		" 46's	11	Do. Eng. or WS do.	0 5 1 4
E.I. cake, fair spot	17 6 0 0	African	23 6 0 0	MINERALS.		Bellies from DS do.	0 4 1 0 6 1
Medium pearl	20 0 0 0	Jamaica, ord. to good	40 0 80 0	COAL—	a. d. s. d.	Do. Eng. or WS do.	0 7 0 10
MEAT—		Mace	0 10 1 8	Welsh, best Ad'ty. ton	0 0 0 0	Dressing Hides	1 3 1 6
Beef, per 8 lb.		Nutmegs 65s	1 1 0 0	Durham, best gas, f.o.b.	14 6 0 0	Ro. Eng. Calf, 20/30 lb.	3 6 4 6
English long sides	5 0 5 8	SUGAR—		Sheffield, best house, at		Aust. Bends	1 0 1 5
Argentine chilled hinds	3 6 4 4	(Duty, 11s. 8d. per cwt.)		pis	22 0 22 6	VEGETABLE OILS—	
Mutton, per 8 lb.		R.W.I., crystallised	18 6 21 6	IRON AND STEEL—		Linseed, naked, p. ton net	14/15/0
English wethers	6 0 8 0	Java, white, c. & f. India		Pig, Cleveland No. 3, ton	58 6 0 0	Baps, refined	26/0/0
N.Z. frozen	3 2 3 8	July, September	8 0 0 0	Paw, M'brough	210 0 0 0	Cotton-seed, crude	17/0/0
Pork, English, per 8 lb.	4 8 5 8	Yellow Crystals	19 11 0 0	Steel, heavy	170 0 0 0	Coconut, crude	26/0/0
BACON— OTHER FOODS.		Cuba	23 6 24 0	Tin Plates (20 by 14)		Palm	13/10/0
Irish	71 0 95 0	Crushed	22 0 22 6	per basis box (2/3)	14 3 14 6	Oil Cakes, Linseed, Eng.	7/10/0
Danish	56 0 60 0	Granulated	19 10 23 6	METALS—	a. d. s. d.	Oil Seals—Linseed	
Canadian	0 0 0 0	Home Grown (April)	19 0 19 4 1	Copper, Electrolytic, ton	40 10 41 10	La Plata, p. ton	8/5/0
Dutch	44 0 52 0	TEA—		Sheets (strong)	73 0 0 0	Calcutta—per ton	10/5/0
HAMS—Irish	0 0 0 0	Indian—per lb.		Leaving, Pils. per ton	37/3/9 37/6/3	PETROLEUM PRODUCTS—	
Canadian	0 0 0 0	Pekoe		Soft Foreign	11/6/3 11/12/6	Motor spirit, No. 1, Lon-	1 2 1
American	80 0 90 0	Broken Pekoe		Speiter G.O.B.	10/18 9 10/13/9	don	1 2 1
BUTTER—		Orange Pekoe		Tin—English ingots	104/0/0 102/12/6	Petroleum, Amer. ref.	0 10 1
Irish creamery per cwt.	nom.	Broken Orange		Standard cash	102/10/0 102/12/6	Fuel oil, in bulk, for	
Australian	109 0 112 0	Ceylon—per lb.		MISCELLANEOUS.		contracts, ex instal.	
New Zealand	112 0 115 0	Holiday.		CHEMICALS—	a. d. s. d.	Thames	62 6
Danish	122 0 123 0	Pekoe		Acid, citric, per lb. less 5%	0 11 1 0	Pumice ... per ton	75 0 5
CHEESE—		Broken Pekoe		Nitric	0 2 1 0	Lubricating oil ex store,	
Canadian	72 0 78 0	Orange Pekoe		Oxalic, net	0 3 1 0	London—per ton	
New Zealand	55 0 57 0	Broken Orange		Tartaric, English less 5%	0 11 0 11 1	Pales	9/10/0 21/0/0
English Cheddars	48 0 102 0	TOBACCO—		Alum, lump	9 0 9 10	Reds	10/7/6 16/2/6
Dutch	47 0 56 0	(Duty 8/10-9/10 per lb.)		Sulphate	36 0 38 0	Cylinder	9/12/6 23/5/6
COCOA—		Empire growths, 6/9 7/6 (per lb.)		Arsenic, lump	35 0 40 0	ROBINSON	a. d. s. d.
(Duty, British grown,		Virginia leaf		Bleaching powder, per cwt.	7/10/0 6/12/6	American	12/5/0 19/10/0
11s. 8d.; foreign, 14s. cwt.)		Rhodesian leaf	0 8 2 6	Borax, gran.	11 0 0 0	RUBBER—	a. d. s. d.
Accra, f.f., per cwt.	18 6 23 6	Nyassaland leaf	0 7 1 0	Do, powder	12 6 0 0	Ft. ribbed smoked sheet	per lb. 0 3 0 0
Trinidad	28 0 46 0	strips	0 10 1 6	Nitrate of Soda	10 9 11 0	Pine Hard Para	per lb. 0 4 1 0
Grenada	28 0 38 0	East Indian leaf	0 3 1 0	Potash—Chlorate, net	0 3 0 3 1	SHELLAC—	
COFFEES—		0 5 1 0		Sulphate	10 0 11 0	TN Orange	per cwt. 75 0 77 6
(Duty, British grown,		COTTON—		Sal-Ammoniac	42 6 45 0	SHELLS	a. d. s. d.
11s. 8d.; foreign, 14s. cwt.)		TEXILES		Soda Bicarb.	9 0 10 6	W. Aust. M.-o.-P.	3 10 11 10
Santos sup., c.f. cwt.	43 6 0 0	Mid-American	4 83	Crystals	5 0 5 3	TALLOW, London Town per cwt.	19 6
Colombian, good	70 0 92 0	Sakellaris, f.g.f.	8 10	Sulphate of Copper per ton	20 0 21 0	TIMBER—	a. d. s. d.
Costa Rica, med. to good	80 0 125 0	Yarns, 32's twist	8 8	CMEMT—		Swedish u/s 3 x 8	per std. 17 10 0
East Indian	88 0 118 0	60's twist	15	Portland, best Eng. pr. ton	46 0 48 0	Do. 2 1/2 x 7	17 0 0
Kenya, medium	74 0 88 0	FLAX—		COPRA		Do. 2 x 4	15 0 0
EGGS—		Liverian ZK	34 10 0 0	S.D. Straits c.f.f., per ton	11/15/0 0 0	Can'du Spruce, Dis.	24 0 0
English	per 120 8 6 9 9	Perman HU	31 10 0 0	Smoked South Sea	11/2/6 0 0	Pitchpine	per load 9 0 0
Danish	8 3 10 3	Slants Medium 1st sort	41 0 0 0	DRUGS—		Rio Deals	per std. 30 0 0
FRUIT—		HEMP—		Campoch		Teak	per load 30 0 0
Oranges, South African bxs.	0 0 0 0	Italian P.O.	31 0 0 0	Japan, refined	2 1 1 2 2	Honduras Mahg. logs	c. ft. 0 10 0
Oranges		Manila, May-July "J2"	17 5 0 0	Castor-oil	85 0 95 0	Amer. Oak Boards	" 0 6 0
Dania and Valencia		Seal, African, May-July	14 10 15 5	Ipeacacuanha	7 0 7 3	Do. Ash	" 0 7 0
Lemons, Sicilian	100 0 23 0	Mexican	nom.	Peppermint, Wayne Co.	9 3 9 6	English Oak Planks	" 0 6 6
Malaga	cases 10 0 20 0	Daisies 2/3 c.f.f. Dundee	£16/7/6	HIDES—		Do. Ash	" 0 7 6
Apples: Amer. (var.) bxs.	0 0 0 0	SILK—		Wet salted—Australian		There is only one sure and certain method	
" (var.) boxes	11 6 12 6	Canton	a. d. s. d.	West Indian	0 4 1 0 4 1	by which the depreciation in the capital value of	
" Australian	8 6 15 0	Tussah	3 6 4 6	Cape	0 4 1 0 4 1	investments can be covered and that is by Life	
Onions—		Japan	8 6 11 6	Dry and Drysalted Cape	0 6 0 7 1	Insurance. To restore the value of your Estate	
Valencia, case, 4s.	0 0 0 0	Italian—Raw, fr. Milan	8 0 10 0			at an expenditure of a few pounds per cent. is	
Egyptian Bags	0 0 0 0					surely purchasing peace of mind at a cheap rate.	
Grapes, Lisbon	0 0 0 0					Under the Distinctive System of this Institution you can	
" Almeria	0 0 0 0					obtain at early and middle ages a Whole Life Assurance of	

THE TIMBER TRADE.—The market for European woods, writes our correspondent, has been weak during the past month, both in the spot and forward departments. This weakness is largely due to the fear that large quantities may be forced on to this market this year, and that foreign shippers desire to sell to the United Kingdom market quickly, and, seemingly, almost regardless of cost. On the surface, however, conditions appear most favourable to the spot market. United Kingdom imports are much smaller this year, 459,766 loads (of 50 cubic feet), against 714,652 loads for the corresponding period last year. London's receipts and dock stocks generally are lighter, and deliveries into consumption from dock stocks larger than a year ago. It is questionable, however, whether the demand is so good at other prominent United Kingdom ports. The Russian supplies are not coming forward on nearly such a large scale as a year ago, and with the exception of Polish wood via Danzig all the European countries have sent diminishing supplies this year as the result of poor hand-to-mouth buying. There is an impression amongst some operators that the Soviet will not be shipping more than 500,000 standards of wood to the United Kingdom this year, against the proposed 600,000 standards. To the end of last month the Soviet were some 23,000 standards behind last year's export to the United Kingdom, but the opening season does not start until late May-early June, and that deficiency may soon be caught up and perhaps surpassed. The c.i.f. values of Russian wood were considered as very low three or four months ago, but that is not the case to-day, for those of the timber of other countries have fallen appreciably, and British importers are still wondering whether they have touched bottom. Their fear of buying too far ahead, however, is in danger of leaving the United Kingdom market under-supplied, with the result that spot prices may move upward rather than downward. The building trade to the end of April was disappointing, unemployment that month totalling 19.5 per cent., or 5.6 per cent. more than a year ago. Better May weather should reduce those figures and add to the timber demand. In the hard and fancy woods market business has been very dull during the past month, and imports generally have been light. Mahogany and other sawn woods are well down

in imports, including the American varieties, but of the latter more than sufficient is coming forward to meet the declining call, and values are consequently suffering. A noticeable feature in the hardwood imports is the decline in the supply of Indian teak, due largely to the poor conditions of the shipbuilding trade and other industries in which that outstanding timber is brought into requisition. A year ago many operators were of the opinion that the depression in the demand for hardwoods was due to the great growth in the usage of plywood. Since then, however, the call for this made-up material has depreciated considerably, imports this year amounting to only 84.5 million square feet, as against 143.4 millions a year ago, and 107.3 millions January-April, 1929.

RUBBER.—Nothing is known as yet about the contents of the report submitted to the Dutch Colonial Secretary by the committee he appointed recently. In this connection, the speech of Mr J. G. Hay, chairman of the Rubber Growers' Association, is interesting. He stated that unless and until they receive authoritative and unqualified assurances (1) that the Dutch Government is prepared to consider legislation for the regulation of output, and (2) that the Dutch Government is willing and able effectively to control native production, they could have no confident belief that the negotiations of the liaison committee could reach a successful conclusion. In view of the present uncertainty, buyers showed less interest during the past week, and prices were slightly easier. Wednesday's official closing price for standard ribbed smoked sheet, at 3d. per lb., shows a decline of 1/4d. as compared with the corresponding day last week. In forward positions, business has been done at 3d. to 3 1/4d. for June, against 3 1/4d. to 3 1/2d. last week; at 3 1/4d. for July-September, against 3 1/4d.; at 3 1/4d. to 3 1/2d. for October-December, against 3 1/4d. to 3 1/2d.; and at 3 1/4d. to 3 1/2d. for January-March, 1932, against 3 1/4d. to 3 1/2d. a week ago. For the first time for many weeks, stocks in London and Liverpool show a slight decrease. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,590 tons; delivered, 2,216 tons; stocks at the end of last week, at 139,581 tons, show a decrease of 626 tons, as compared with the preceding week.

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

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No. 4,580.

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Correspondents to the Italian Treasury.

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passed through to the Bank of England for payment. The Bank return gives evidence of the effects of this operation. Public deposits have fallen from £17.4 to £6.5 millions, and Government securities have risen from £276.9 to £282.7 millions. Thus the Treasury has drawn heavily upon the funds it had been accumulating for this purpose during preceding weeks, and has also in all probability borrowed a small amount on Ways and Means from the Bank.

As a result of this disbursement, Bankers' deposits have risen from £54.8 to £72.2 millions, representing a transition from the market's standpoint from relative stringency to ease; and, in fact, the clearing bank which usually calls on Tuesday did not do so this week. It should be recognised, however, that on this occasion money has been less plentiful than is often the case immediately after a War Loan dividend payment, and that the surplus funds are already beginning to disappear. One reason for this is that, as March 1st fell on a Sunday, there were no Treasury bill maturities on June 1st, and so, on the latter day, the market was deprived of one of its usual sources of funds. Furthermore, Treasury bill issues are at present above the normal in size, this week's offering alone amounting to £45,000,000. So, taking everything into account, there has not been this June the usual extreme glut of funds.

Discount rates, too, have hardened since a fortnight ago. It will be recalled that the Treasury bills issued on May 22nd went at a rate of £1 19s. 11.95d. per cent., and that the following week three months' bills were quoted down to 2 per cent. Such rates were too low, both from the standpoint of the bill broker who still has to pay 2 per cent on money borrowed from the clearing banks, and from more general considerations such as the state of the exchanges and the comparative level of money rates in foreign centres. By the end of last week the market had begun to appreciate these facts, and the issue of May 29th went at £2 1s. 9.45d. per cent. This week, three months' bills have been dealt in at 2½ and possibly 2¾ per cent., with 2½ per cent. quoted by running brokers for "hot" Treasuries. With £45,000,000 of Treasury bills on offer on Friday, some brokers were inclined to look for a rate of 2½ per cent., but inasmuch as heavy maturities at the end of this week will supply the market with funds, the issue may go at a slightly lower rate.

	May 14, 1931.	May 21, 1931.	May 28, 1931.	June 4, 1931.	Previous Rate and Date Changed.
Bank Rate	2½	2½	2½	2½	3 (May 14, '31)
Banks' Deposit Rate..	1	1	1	1	1½ (May 1, '30)
Discount / Call	1	1	1	1	1½ (May 1, '30)
Houses' Notice	1½	1½	1½	1½	1½ (May 1, '30)
Market rate (3 months' bills)	2½	2-2½	2	2½-2¾	...

On the other hand, the market has recently received good allotments of Treasury bills, and so its power to absorb fresh supplies may be limited. It is noticeable that very few buyers of bills have been in evidence this week, and that even the clearing banks have limited their purchases to a few July and August bills. According to one account the banks are now buying short-dated bonds. Other factors that suggest higher discount rates in London are the recent temporary lapse of the Paris exchange to Frs. 124.08, and the general feeling of uneasiness inspired by the Continental situation in general, and, in particular, by the difficulties of the Credit Anstalt. This week's exchange and gold movements have already indicated the ways in which these developments can affect London.

Prominent among these are the further depreciation of the Reichsmark to Mks. 20.49½, and the appreciation of Swiss francs to Frs. 25.08. There is no doubt that these movements are connected, and that lack of confidence in Germany is causing the transfer of further funds to Switzerland. The rise in the value of Swiss francs had an immediate consequence in London, for on Tuesday Switzerland was in a position to bid for the Cape gold, and

of the £1,016,000 on offer, actually bought £387,000 at a price of 84s. 10½d. per ounce. The balance was held over till the following day, when Swiss competition was again in evidence, and the Bank of England was only able to secure gold after bidding 84s. 10½d., or practically 1½d. more than its statutory buying price, which is all it has had to pay since the middle of April.

Taking all these factors into account, it is just as well that discount rates should be settling down at rather over 2 per cent. Such rates leave brokers a small margin, and they also have regard to the needs of the international situation and to the level of money rates abroad. It is true that the New York exchange has been momentarily above parity. This week's fall in sterling against the franc, however, is a definite warning, and while the ground so lost has since been recovered, the market would be well advised to regard it as such.

New York has been overshadowed by the headlong fall in stock prices during the early part of the week, and by the widespread feelings of pessimism. Some indication of the intensity of the depression is given by the fact that according to the most recent figures, loans to members of the New York Stock Exchange have fallen since the 1929 peak from \$6,549 millions to \$1,431 millions, member bank security loans from \$9,179 to \$6,918 millions, and member bank other loans from \$9,871 to \$7,885 millions. To meet the recent fall in prices, several of the leading banks have this week reduced their margin requirements in respect of collateral loans to brokers from 25 to 20 per cent. Call money remains at 1½ per cent., and prime commercial paper is quoted at 2-2½ per cent.

The Foreign Exchange market continued active during the past week. Sterling on New York maintained its recent strength, touching 4.86½ on June 2nd and closing at 4.86½. Montreal was 4.87, as against 4.86½ a week ago. French francs appreciated at one time to 124.08, but closed near last week's level at 124.22. Demands for sterling in Brussels took the rate to 34.93½, as against 34.92 last week, while Milan was also offered and closed at 92.98. The peseta fluctuated wildly, and dealings were frequently impossible within reasonable margins of the rates nominally quoted. The worst level touched was 62½ on June 1st, but subsequently more settled conditions prevailed, and the rate closed at 51½, showing an improvement on the week of 1½ pesetas. Amsterdam was 12.09½. Reichsmarks were steadily offered from Continental sources and closed at 20.49½, a further depreciation of 1½ pfennigs. A strong and steady demand for Swiss francs, principally from Germany, caused the Swiss rate to fall to 25.08, against 25.16½ last week. Stockholm depreciated to 18.15½. In the South American exchanges Rio was 3½d., showing an improvement of ½d. against a week ago. Montevideo was also better at 28½d. and Buenos Aires at 33½d. was ¾d. better than last week. In the Far East rupees were weaker at 1s. 5½d., as also were yen at 2s. 0½d. In the forward market, dollars were generally in strong demand, and after being quoted at ¾ cent for one and 1½ cent premium for three months, closed at ¾ cent and 1½ cent premium respectively. Paris forwards fluctuated but closed around last week's levels. Forward Brussels was in better demand with the rise in the spot rate, being 2 cents and 4 cents premium for the two periods. Forward Milan was offered at discounts of 10 and 27 centesimi. Movements in forward Spain were as violent as those of the spot exchange, changing from premiums to discounts of 25 centavos and 80 centavos for one and three months, after being as high as 35 centavos and 1.00 peseta respectively. Amsterdam forwards were ¼ cent for one month and 1½ cents premium for three. Dealings in forward Berlin were small in volume and difficult of negotiation. The final rates were par for one month and ¼ discount for three. Forward Switzerland moved to discounts of ½ centime for both one and three months. After early weakness resulting from Chinese selling, silver recovered to within ¾d. of last week's levels at 12½d. for spot and 12½d. for forward delivery. Hong Kong was 11½d. and Shanghai 1s. 2½d.

THE STATE AND THE UNEMPLOYED.

WHATEVER results may emerge from the Interim Report of the Unemployment Insurance Commission all will agree that it has made an honest attempt to carry out its mandate. We sympathise with the view of both the Majority and Minority of the signatories that it is unsatisfactory to attempt to deal with the problem piecemeal and to make proposals which attempt to lighten the burden upon the country without radical overhaul of the whole system of relief of unemployment. The Commission has not had time to consider many important matters of administration, nor does it deal with many suggestions which must be considered before the final plan is drawn up. There is, for example, the question of varying the rates, both of contributions and of benefits, in different trades and localities, and the problem of dealing with those who have long been out of work, either by training or transfer. The argument, indeed, of "incompleteness" is used by the two dissentients from the Majority Report as a reason for leaving matters as they are until the final scheme is prepared.

Briefly, the scheme of the Majority, which is fully summarised in another column, makes a series of proposals—on the assumption that unemployment will continue at a level of about 2½ millions—under which the total expenditure on benefits would be cut from the present figure of £119 millions to £95 millions. Half of this cut is to be secured by reducing the rate of benefit from 17s. to 15s. in the case of a man, from 15s. to 13s. in the case of a woman, and from 9s. to 8s. for an adult dependant, the rate for children being alone unchanged. As to the other half, £5 millions is to be saved by setting an upper limit to the amount of benefit which can be drawn by part-time workers—the limit varying with their earnings during the days that they are at work—and by regulations which will prevent the drawing of benefit by married women unless it is clear that they are likely to be re-employed in an insured occupation. A further £3 millions is to be saved by imposing a means test for transitional benefit, not in all cases, but in case of single adults living with relatives, of married women, and of pensioners, etc., while £3½ millions are to be saved by the provision that the 30 contributions which qualify a man or woman to become an insured person must have been paid during the preceding six years. This elimination from the scheme of persons who have practically not worked for several years is the only one of the economies which will involve recourse to the Poor Law, and inasmuch as there will be a strict means test in all these cases it may be presumed that the additional charge on the Poor Law will be less than the amount saved under the Insurance scheme.

On the other side of the account it is proposed that contributions should be raised to 9d. (taking as a representative case an adult male) from each of the three contributing parties, namely, the State, the employers and the workers, which means an addition of 2d. a week from the worker, 1d. a week from the employer and 1½d. a week from the State. These contributions are estimated to yield £9 millions of additional revenue, which, with the £24 millions of reduced expenditure, will make it possible to reduce the £40 millions a year which are now being borrowed to a deficit of £7 millions. This is not solvency, but it is a serious attempt to attain it.

These recommendations will at once become the most important political issue in domestic politics. The Budgetary situation, the tightness of which we have repeatedly emphasised, and the precarious economic outlook in all countries, which threatens to prolong the present crisis, mean that the Government is bound to give the Majority Report most earnest consideration. At a time when sweeping wage reductions are being made in the erstwhile prosperous United States, when large cuts are imposing themselves on Australia and on many countries of

Europe, notably Germany and Austria, the Government in this country cannot lightly brush aside the comparatively modest changes that are here proposed to stop the threatened deterioration of our public finances.

It is idle to deny, however, that the Report, which embodies the first of the sacrifices to which Mr Snowden referred a few months ago, presents great political difficulties; for every single suggestion is certain to encounter from one quarter or another the keenest opposition. Employers, for example, will claim, not without reason, that an increase in their insurance payments will be a severe handicap at the moment when they are having the greatest possible difficulty in meeting competition. Clearly, however, it would not be practicable to ask the workers to increase their weekly payments without any corresponding increase from the employers; and without some increased contribution from these two sources we should merely be increasing the already excessive burden on the taxpayer. Again, the proposal to reduce the payment to part-time workers who are earning good wages for two or three days of the week will no doubt be resisted by the interested parties, but this and the proposal to restrict the payments to married women who are unlikely to resume employment in an insured occupation will probably secure fairly general support. As regards the means test for certain classes of those receiving transitional benefit, here we sincerely hope the Government will have the courage to adopt the recommendation, for it will not only save expenditure which the country can very ill afford, but it also serves to emphasise the distinction which the Commission quite properly makes between unemployment insurance and the subsequent relief of unemployment out of State funds. In this connection the Report quite truly observes that the restoring of the insurance character of the scheme is not only important for financial reasons, but also because a true insurance scheme makes it possible to pay out benefits without an excessive amount of red tape and private investigations. As soon, however, as payments to the unemployed become fully chargeable to the State, the latter must take measures to protect itself against what may easily become a fatal drain upon its resources. It is, we think, highly probable that in their final Report the Commissioners will find it necessary to make the distinction still sharper between those who are drawing benefit to which they have themselves contributed and other unemployed by requiring from the latter some form of work or training.

The immediate political crux of the matter is, however, quite clearly the proposal to lower the standard scale of benefits. It is true that, as the Report emphasises, the rates, after the proposed reductions, which mean that a man and wife and two children will under the new scheme get 27s. a week instead of 30s., compare favourably with the rate prevailing in recent years when account is taken of the fall in the cost of living. Thus, in 1924 such a family actually received 27s., but, as the cost of living was considerably higher, it was only the equivalent to 22s. 8d. at to-day's prices. The Commission's proposal, therefore, means that the family of an insured person will be better off at the reduced rates proposed than in recent years prior to 1930. Nevertheless, the reduction of benefit may well prove a bitter pill for the Government's supporters to swallow, and the use of the cost-of-living index in connection with scales of benefit has been challenged on the ground that an unduly large part of the income of beneficiaries is swallowed up in rent, which has not fallen.

This, and other similar points, need careful scrutiny, for it is certainly not desirable that the all too large section of the working population now unemployed should be reduced to a condition of under-feeding or driven hopelessly into debt. On the other hand, clearly the country cannot offer in this crisis to give a rising standard to those who are not working. Regarded as part of a general plan under which, to use Mr Snowden's phrase, sacrifices have

to be made all round, the majority Report strikes us at first reading as an admirably balanced piece of work which will stand all fair criticism. On its merits it deserves to be treated as many of our leading politicians indicated last autumn that they intended to treat it, and should be accepted as it stands. We should like to think that Mr MacDonald will rise to the occasion, take his courage in both hands and make an unequivocal declaration in this sense. If, unhappily, he feels himself not strong enough to do so, then his course should be to appeal to the House to treat the questions arising out of this vital Report as a non-party matter, and endeavour, in consultation with the leaders of the two Opposition parties, to ascertain what degree of support, both in Parliament and the constituencies, can be guaranteed him in implementing the Majority's recommendations. The worst thing of all that could happen would be if any of the three parties endeavoured to make political capital out of the report, or effectively prevented the carrying out of sound and urgent reform by manœuvring for position with an eye to the polling booths.

CONVERSATIONS AT CHEQUERS.

DURING the coming week-end the British Prime Minister's country house in the Chilterns seems likely to be the centre of European interest, for events have conspired to invest the visit to Chequers of Dr. Brüning and Herr Curtius with "news value" considerably greater than could have been anticipated when the meeting was arranged. Mr MacDonald's invitation that Germany's two leading statesmen should visit England for a friendly and informal talk was issued, before Easter, at a time when no obviously insistent topic—with the exception, it may be said, of the perpetual question of disarmament—presented itself as the natural object of speculation and forecast on the part of the European Press. In fact, the motive for the invitation was undoubtedly the desire that hospitality which had been enjoyed by the representatives of the other leading European nations should be extended with an equal warmth to the heads of the German Government. Since Easter, however, not only has the path of disarmament been once more obstructed by the hitch in the naval negotiations and the renewed strain in relations between Italy and France, but there has arisen a burning controversy over the Austro-German Customs union, and the idea of an *Anschluss*, while the continuance of economic depression and falling commodity prices, and the disclosure of the banking difficulties of Austria have brought into the picture once again the possibility of Germany applying for a postponement of transfer of the conditional annuities under the Young Plan, or even for a revision of the Plan itself.

A cursory study of the Continental Press during the past week serves to show how great is the importance attached, both in Germany and in France, to the Chequers meeting, and there is little doubt of the great potentialities for good or evil of these conversations. We do not propose to join in the intriguing but unprofitable game of endeavouring to prophesy in any detail what Dr. Brüning and Mr MacDonald will have to say to each other. It is obvious, however, that two statesmen in their position to-day cannot spend a week-end together without discussing in some form or other the three topics of disarmament, the *Anschluss* and the future of reparations in the light of Germany's and the world's present economic position. So far as disarmament is concerned, every good European will sincerely hope that Mr MacDonald will succeed in satisfying Germany, through Dr. Brüning, that in this matter we are actuated by feelings of cordial amity to the nations of Europe without distinction, that our objective is the eminently desirable one of securing substantial alleviation from the present terrible burden of expenditure on fighting forces, and that we are prepared to support with all our power the principle of budgetary limitation of armaments at a level substantially below present expenditure.

Equally, we hope that in the matter of the *Zollverein* the British Prime Minister may be able to satisfy his

German *confrères* that, if our policy has not been one of wholehearted support for the projected Customs union, this must not be taken as evidence of any lack of friendliness to Germany or to any desire to hem Germany in for ever with immutable treaty prohibitions. Actually the *Anschluss* is for Germany a matter of pride rather than of business; it would do extremely little to help Germany's economic situation; and persistence in the project might well damage, rather than assist, the trade and industry both of Germany and of Europe as a whole by exacerbating an already tense international situation. In this issue we suggest that a wise course for the statesmen at Chequers would be to explore the possibility, first, of Germany acceding to the definite request that we have put forward for a reduction of tariffs on English goods, and, secondly, of Britain and Germany working together to secure a really worth-while reduction of tariffs in Central Europe as a sound and valuable alternative to the *Anschluss*.

It is, however, the question of the future of reparations that seems likely to be indirectly the outstanding subject of moment in this week-end's conversations. Indirectly, we say, because we think that, in all probability, Dr. Brüning and Herr Curtius will not make any proposition even informally in this respect, but will be content at this juncture to represent to Mr MacDonald the cold facts of the German position and leave it to the British Government to draw its own conclusions. Doubtless, they will say, and rightly, that Germany has made an immense effort to carry out the Young Plan, the burden of whose execution has been considerably increased by the change during the past two years in the general level of prices, and is now aggravated by the world-wide depression, which has hit German industry hard. The establishment by Germany of a substantial export surplus has shown that the strain to which the Young Plan is being subjected falls not so much on the mechanism for transfer as on that for the collection within Germany of the means of payment. The Brüning Government has imposed on the nation a programme of rigid economy with stringent taxation and drastic reductions of social services, official salaries and wages. So far it has succeeded, with Social Democratic support, in carrying out this inevitably unpopular policy in the face of Nationalist opposition. But, faced with a heavy budgetary deficit, it is now being forced to apply further emergency legislation, whose details our Berlin correspondent foreshadows on a later page, and whose effect seems likely to be still further to drive German opinion to the extreme Right and the extreme Left. It would be premature, perhaps, to conclude that the stability of the Brüning Government is as yet in jeopardy, for the Socialists, up to a point, are likely to continue to support Dr. Brüning, in spite of his drastic programme, rather than risk the dangers of an alternative Government drawn from the Right, or a dictatorship. Dr. Brüning, however, we expect, will tell the Prime Minister with emphasis that the breaking point is not far off, that the problem of reparations has become for Germany essentially a political problem, and that a Government of the extreme Right, or a dictatorship (by no means an impossibility) would inevitably seek to secure its own position in Germany by making a moratorium for reparations and a revision of the Young Plan the main planks in its platform.

There is no statesman in England who would not feel bound to give these considerations his earnest and sympathetic attention, whatever might be the conclusion he ultimately reached. The emergence of a dictatorship in Germany would be a new and seriously adverse factor in a troubled world economy; and, on other lines, Mr MacDonald will be readily sensible to the fact that the effect of further reductions in German wages and standards of living will intensify the competitive international trade position and increase the difficulties of the export trade of this country. In short, there is a general consensus of British opinion, irrespective of political party, that reparations have demonstrably been, and are likely to be, increasingly a contributory factor in the international economic *malaise*. On the other hand, there is the fact, which cannot be gainsaid and which Germany will do well to take to heart, that the situation of the British Treasury

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is such that we are not in a position to make unilateral concessions in the matter of reparation payments, however much we might be convinced that relaxation was dictated by the demands both of justice to Germany and of the self-interest of the world. We have no cash to give, but are only middlemen in this issue of reparations and war-debt payments. If Germany needs relief she must address herself in the last resort to France and America. Public opinion in all countries concerned will do well not to look for any dramatic developments from the Chequers conversations, but to be content if this week-end of frank and friendly discussion of all the relevant facts and possibilities leads to Germany getting the assurance for which she is hoping—that her difficulties and efforts and her political "ardours and endurances" are regarded here with friendly and sympathetic eyes.

A TIMELY CAMPAIGN.

THE meeting at the Caxton Hall last week, at which Mr Lloyd George launched a nation-wide campaign against Protection, was a Party meeting, and the ex-Premier's speech was, therefore, as lively as ever in its partisan debating power. Nevertheless, when the fripperies of political debate are stripped from it, his address reveals a true conception of the circumstances under which Protectionists are striving to lead England to fiscal revolution, and of the need for a campaign to resist their efforts. Thus, although the campaign originates from a Party source, there are many who politically are not followers of Mr Lloyd George who will, as we do, extend to it and its standard-bearer the strongest of good wishes.

Mr Lloyd George did not attempt to compress into a single speech the whole case for Free Trade. He refrained, for instance, from analysing British unemployment by industries, and inquiring which of those industries could benefit from Protection; nor did he waste time in asking how a measure which would entail increased costs of production would help Britain to sell her goods in competitive markets. Indeed, as regards the purely domestic aspect of the case, he confined himself mainly to pointing out the danger of giving shelter to inefficient organisation and equipment, and to showing that even the special experiments in Protection which have been in operation in this country under the McKenna and Safeguarding Acts have been more of a hindrance than a help to industrial progress. To that aspect of the case we shall return in a subsequent issue. For the moment let us follow Mr Lloyd George into his wider international examination of the fiscal problem. Here four main points were stressed:—Firstly that the inefficacy of Protection as a means to industrial prosperity was at this moment being convincingly proved by the plight of Protectionist countries; secondly, that it is as true now as it was at the time of the World Economic Conference in 1927 that there can be no economic revival

until tariffs are abated; thirdly, that there can be no peace and confidence in Europe so long as war rages in the economic sphere; and, fourthly, that the most hopeless method of helping to end this war is for Britain to engage in it herself.

On all these points Mr Lloyd George's arguments were sound and forceful. It is notoriously tempting for a country, as for an individual, when she is sick, to "try something new" and to make experiments, on the grounds that "things couldn't be worse." There was a time some months ago, when weariness and disappointment, and the feeling that Britain was ailing while other countries were reasonably prosperous, were causing a revulsion of feeling towards the Protectionist experiment among British industrialists. But subsequent events have done much to check or even reverse that trend of opinion, and we trust that the new campaign, if conducted in the educational rather than the party spirit, will do much more. For it is beyond doubt that business circles have been profoundly impressed by the spectacle of such great Protectionist countries as the United States and Germany wallowing deeper in the economic slough than Free-Trade Britain. And the explanation of this instructive phenomenon offered by Mr Baldwin, presumably after consultations with his economic advisers, is palpably too thin. Mr Baldwin admits that Protectionist nations are worse off than Britain. "But," he exclaims, "the slump hit Britain first," because of her defenceless Free Trade position. It would be just about as reasonable to argue that because A was a non-smoker and caught a cold, and B and C, who were heavy smokers, afterwards caught worse colds, that therefore heavy smoking was the height of wisdom. The simple fact is that the time has gone for Mr Baldwin or anyone else to pretend that Protection is a panacea for any country, least of all Britain. Facts have opened the eyes of the world, and the pretence can no longer hope to gain the acceptance even of the credulous.

Evidence that the eyes of the world have been opened is abundant. The Protectionist world was not quite sick enough in 1927 to be ready to swallow its pride and face the truth about tariffs. To-day it is very sick, and many happenings, such as the recent discussions at Geneva, the Conference of the International Chamber of Commerce at Washington, and the tone of the comments upon these debates in the Press of the United States, and, indeed, of the whole world, reveal a growing and a spreading recognition of the home-truth that the world can only hope to emerge from the present crisis through co-operative effort, in which the foremost part must be played by a constructive attempt to build up international trade, and free the stream of commerce from the tariff dams which now obstruct it.

With this awakening in obvious process, with the statesmen of Europe almost feverishly engaged in the search for a solution of Europe's tariff problems, the moment is as unpropitious as any could possibly be for an attempt to add Britain to the list of economic war-

farers. For it is by virtue of our Free Trade position that this country, and this country alone, derives the prestige and opportunity to influence the counsels of the nations into saner economic channels. Yet this moment is chosen by Lord Beaverbrook to urge that we should cut adrift from Europe and shut ourselves inside an imperial tariff wall, and by Mr Baldwin for launching a Protectionist campaign. A counter-campaign was urgently needed, and it is good that it has been quickly and energetically launched. The logic of the facts is so powerfully behind it that it will succeed. But its success will be the greater if its protagonists frankly admit, as Mr Lloyd George admitted at its inauguration, that Free Trade by itself cannot cure all present ills. Free Trade, or tariff abatement, is part of a wider policy of international co-operation and appeasement in the political as well as in the economic sphere. Other counts in that policy must include honest work for the international reduction of armaments, an enlightened monetary policy, and the readjustment of the war debt situation. Economic policy must go hand in hand with foreign policy. The vindication to the world of Britain's adherence to Free Trade will ease progress towards a relaxation of tariff warfare, and such abatement will mark the beginning of the return of international confidence, upon which the revival of economic activity in the first place depends.

A STUDY IN MARKET CONTROL.

THE almost unprecedented condition of the commodity markets during the past two years has roused an unusual degree of interest in the question of organised control and organised selling. No more scientific contribution has been made to this subject than the studies published from time to time by the London and Cambridge Economic Service, and the monograph on rubber restriction by Mr J. W. F. Rowe, which appeared last March, is deserving of particular attention.

Mr Rowe briefly outlines the history of the Stevenson Plan, which need not be recapitulated here, and then sets to work to examine it, from the point of view both of rubber producers and of consumers, in order to extract from it all that may be learned about the pros and cons of restriction in general and about the particular pitfalls against which any particular scheme should guard. Addressing himself first to the question whether restriction was necessary at the end of 1922 in order to prevent serious financial losses to the industry, Mr Rowe makes a careful, though admittedly very approximate, calculation of the probable excess of potential production during the restriction years over actual absorption. When these results are qualified by reference to the effects of restriction on consumption, the conclusion emerges that the position would have steadily improved after 1923 and equilibrium might very well have been reached in 1925, so that the case for restriction really rests on the fact that the continuation of low prices throughout 1923 would probably have ruined the whole Chinese community in Malaya. The Malay smallholders, in Mr Rowe's view, would have survived, and the European estates would probably have suffered no more than most other industries suffered during 1921. Mr Rowe therefore concludes that, while the absolute necessity of restriction may be doubtful, it was, on the whole, desirable, though it would have been of far greater value had it been introduced twelve months earlier.

The next question is whether the purely mechanical method of regulating the price by a sliding scale was preferable to a more elastic method. Undoubtedly the method actually adopted proved insufficiently elastic, and did not allow of the release in 1925 of large enough quantities of rubber to meet the boom conditions and curb the exaggerated rise in prices. On the other hand, it had the advantage of certainty; a more adaptable method, even if a satisfactory person or body of persons could have been found to fix the percentages from time to time, would have had the great disadvantage that rubber users would have had far less foreknowledge of the probable course of prices. Mr Rowe suggests that the

difficulty of inelasticity under mechanical regulation could have been met if the Government had held emergency stocks to be released only at specified prices, though he emphasised the fact that really satisfactory working could only have been secured by enlisting the co-operation of the American rubber manufacturers. This would admittedly have been difficult, for the Rubber Growers' Association had always ignored the consumer, a mistake the danger of which is very well illustrated by the history of this experiment.

After careful consideration, Mr Rowe reaches the conclusion that, until the last year of the restriction, standard production was on the whole fairly assessed, and that the pivotal price of 1s. 3d. was approximately right. The raising of this price in 1926 to 1s. 9d., on the other hand, he denounces as a foolish attempt to turn the scheme into a mere monopoly, only explicable by the incredible blindness of the London rubber interests to the immense increase in Dutch native rubber planting. By 1926 enough was known of these new plantings to show that restriction in British territory ought to be terminated with all possible speed, and even if that necessity were not appreciated there was little justification for attempting to maintain the price at 1s. 9d.

Of all the restriction schemes of the last few years, the Stevenson Plan attracted the most widespread interest, for the consumer, as represented or misrepresented by a certain section of the United States Press, became so vocal during 1926 that American newspaper readers might have been pardoned for thinking that the matter was becoming a primary issue of international politics. Justice cannot be done in a brief summary to Mr Rowe's careful and impartial analysis of this question, from which it appears that much of the bitterness was probably due to a serious misunderstanding between the Rubber Association of America and the R.G.A. as to the circumstances in which the Colonial Office intended to exercise its discretionary power of ordering additional releases of rubber. The details of the subsequent diplomatic negotiations have not been made public, but it seems clear that the United States Government were anxious to avoid having too great political importance attached to them, and when they were abandoned as fruitless the United States adopted a purely defensive policy from which Mr Hoover, who framed it, expressly excluded all suggestion of trade reprisals.

The two most important weapons of defence were economy in rubber consumption and the use of reclaimed rubber, and the success attained under these heads is an object lesson to the organisers of restriction schemes as to the danger of losing sight of the consumer when laying their plans. It is difficult to assess the effect on the consumption of rubber of the vigorously prosecuted conservation campaign, as there was a simultaneous check imposed by the boom prices, but Mr Rowe calculates that the campaign reduced the amount of rubber used in 1926 by not far short of 30,000-50,000 tons. The part played by reclaimed rubber was more substantial. The maximum ratio to crude had been attained in 1917, when the price averaged about 2s. 10d. and the amount of reclaimed was 57 per cent. of the consumption of crude rubber, but when the price fell to an average of about 9d. in 1921-22 the ratio still remained as high as 19 per cent., which ought to have drawn attention to the fact that reclaimed rubber has some merits of its own. In 1925 the absorption of reclaimed reached a ratio of 35 per cent., a fact which suggests that there must have been in existence a reserve of plant for its manufacture. In 1926, when the price of crude averaged nearly 2s., the ratio was 45 per cent., and the next year it was 50.5 per cent., though the average price was down to 1s. 6d. Even in 1930, with an average price of less than 6d., it remained over 42 per cent. Though there is little doubt that the use of reclaimed was growing in any case, it would not have expanded nearly so rapidly without restriction and Mr Rowe suggests that if it had not been thus stimulated the United States would have required at least 150,000 tons more crude rubber during 1925-28. During those particular years, he considers it to have been more inimical to the scheme than was the new planting in the Dutch East Indies, though this

position would have been reversed as the new areas came into bearing and the scope for additional use of reclaimed became exhausted.

The other two devices adopted in the United States as a defence against the restriction scheme were less effective. Mr Firestone started a movement for planting new areas outside the probable sphere of restriction; but, though the United States Rubber Company and the Goodyear Company control considerable planted areas, this form of investment has not gained much ground in the United States. Finally, an attempt at organised buying was made by the formation of the Rubber Buying Pool in 1926, but at present the scanty information available leaves its history very much in doubt, and while American manufacturers believe that it had a considerable influence on prices, British producers appear to consider that it was of little importance.

Scarcely less remarkable than the indifference which British rubber producers displayed towards the doings of the consumer in the United States was their blindness towards the development of native planting in the Dutch East Indies. This was already well under way before restriction was adopted, but the R.G.A. seem to have had no idea of the extent of the area involved. In the earlier years this was understandable, since the Dutch themselves did not begin to wake up to it until 1923; but even in 1925, when the Dutch fully realised the situation and its implications, if the British planters in Malaya had recognised it themselves they completely failed to convince the City.

Probably some of the incredulity of Mincing Lane, where the importance of the growth in Dutch native rubber planting was concerned, was due to the wide differences between the economics of estate and native rubber growing. Space does not allow of a résumé of Mr Rowe's most interesting account of the methods of native rubber growing, but the essential points of which the British producers appear to have lost sight are two: the dependence for increase of output beyond a certain point upon the supply of immigrant labour from Java, the elasticity of which supply is a complicated function of many variables; and the fact that as the supply of land is almost unlimited and the planting of rubber largely a by-product of rice growing, the Dutch native can afford to increase his yield per acre by methods which on a European estate would in the long run be uneconomic. It was thus unsound to argue, as the British rubber growers apparently did, that because new planting had virtually ceased in 1920-22, the output of Dutch native rubber in 1926 and 1927 was not likely to be higher than in 1925.

As to the probable importance of Dutch native rubber in the future, investigators seem to be fairly well agreed that by 1935 a potential capacity of over 300,000 tons will have been reached, but it seems unlikely that more than half of that will actually be realised unless the price is very high. Mr Rowe's own view is that, with conditions as they were last spring, the potential output might be nearly attained at a price of 1s. 3d. to 1s. 6d.; but that if the price of rubber were to rise without much change in other prices and in the depression in Java, a price of 10d. might call out a very large volume.

Immediately after the termination of restriction, the outlook for both British and Dutch estates was heavily clouded by this menace of native production, for it seemed as though no price which was sufficiently low to discourage fresh native planting would be high enough to enable average estates to pay their way. Meanwhile the Malay estates were giving a surprisingly high yield, which was at first explained away as a temporary result of the enforced resting during restriction, but which, it gradually became apparent, was nothing of the sort, but the result of a permanent improvement in estate technique. During the restriction period the reserve of labour which could not be employed in direct production was occupied in drainage and other works of permanent improvement whose benefit is now being felt. At the same time, experiments in methods and organisation of tapping have yielded substantial economies, and these, together with the effects of extra resting, have permanently reduced estate costs per unit to such an extent that, writing last March, Mr

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Rowe estimated that the full normal costs, allowing for proper expenditure on cultivation and upkeep, of some 90 per cent. of the output of Malay estates would be covered by a price of 6d. Thus, whereas in the later years of restriction it looked as though the scheme was to produce the effect of making rubber "go native," the actual result has been entirely the reverse, and though native rubber still remains a very important factor—about two years ago the R.G.A. estimated native acreage at nearly 50 per cent. of the whole—the effect of restriction has been a very definite improvement, at any rate for the time being, in the position of estate relative to native cultivation.

The present prospects of restriction of rubber output are obscure. The Maxwell scheme, which was considered by the conference of British and Dutch representatives last March, has not found approval with the Dutch growers; but it is still possible that some agreement may be reached. Even if these were no further prospect of restriction in this particular industry, the lessons brought out by Mr Rowe's analysis would be of value in connection with similar schemes in other branches of production. The most important warnings of general application which may be gathered are the danger of neglecting to enlist as far as possible the co-operation of the consumer; the still greater danger of neglecting to watch the activities of the consumer and to study the possibilities open to him of economising or using substitutes; the necessity of taking into account every possibility of the exploitation of alternative sources of production; and, finally, the possibility that restriction may have far-reaching effects on the future economics of production. As far as the future of rubber itself is concerned, two further considerations have to be borne in mind: one is that, owing to the length of time which elapses before a newly-planted rubber tree comes into bearing, growers who sow the wind of restriction only begin to reap the full blast of the whirlwind some eight years after their scheme has been wound up; the other is the fact that as the major part of the output of rubber is used for motor tyres, its consumption is less influenced by its price than by the state of the motor industry, and is, moreover, liable to be revolutionised at any moment by technical inventions in tyre manufacture. In short, there can be few commodities which present such serious difficulties to organised regulation of the market.

SYNDICALISM IN SPAIN.

(BY A CORRESPONDENT.)

It appears that Leon Trotsky is not actually being encouraged by the Spanish Government to take up his residence in the new Republic. The mere possibility, however, was enough to horrify the ordinary humdrum Spaniard, whose attitude to Communism is that of a child scared by bogies. This almost superstitious fear has been greatly intensified by the recent unfortunate outbursts of extremist violence, so that the renewal of the dictatorship's connection with the Russian naphtha syndicate, though eminently good business, may turn out to be bad politics. Travellers in Spain, struck by the disproportionate amount of literature dealing with Soviet Russia which is displayed in the bookshop windows, may easily conclude that the country is on the way to becoming a prey to Bolshevism. Supporters of the Monarchy, moreover, are not above cultivating the Communist myth

as their most powerful means of discrediting the Republic, and their gloomy prognostications are given regular currency by the foreign Press. It is none the less a myth. Of Communism in the proper sense of the term, promoted from or by Moscow, there is so far very little trace in Spain, and it is a pity that any impression to the contrary should have been created by the facile practice prevailing everywhere, but conspicuously in Spain, of lumping together under the term "Communism" workers' organisations representing fundamentally opposite social ideals or methods.

Barcelona is represented as the focus of this "Communist" movement (now, we are told, financed from Russia via London and the Argentine), partly on account of its industrial importance and partly on account of its reputation for "revolutionary" violence. The dark deeds associated with the Conference Nacional del Trabajo (representing the syndicalists as distinct from the Socialist General Union of Workers) in the years 1910-23 are recalled, and many a bourgeois of Barcelona will tell you to-day that the period of "Communist" strikes and terrorist direct action will begin again as soon as the political situation offers the opportunity. It is the old confusion of the unthinking between syndicalism, originally a French shoot which has been grafted on the indigenous trunk of anarchism (the obverse of Spanish individualism) and extreme State Socialism, a Russian phenomenon which is entirely foreign to the Spanish mode of thought and Spanish conditions, and stands utterly condemned among the workers ever since the exposure by Fernando de los Rios, the present Minister of Justice, which was published nearly ten years ago.

Now the revival of Syndicalism, with its doctrine of direct action, in Catalonia is a reality. The *Sindicato Unico* has won back most of the ground that was cut away from under its feet by the exertions of General Primo de Rivera, and more especially his right-hand man, General Martinez Anido, the ruthless Civil Governor and later Minister of the Interior. Now, as before 1923, the Spanish Socialist Party, so strong and well organised in the rest of Spain, can make no headway there. Indeed, the only competition which the workers' leaders have to meet in that province is that of the *Sindicatos libres* (Free Syndicates) implanted by the Dictatorship and therefore doomed to obloquy, whatever their merits, and, in the country districts, a certain number of specifically Catholic syndicates.

The *Sindicato Unico*, as its name implies, is one big union organised from the bottom upwards as a network of local bodies, in contrast to the General Union of Workers, which receives its orders from a central executive. It has begun to put forth its tentacles even in the *Casa del Pueblo* in several big towns, hitherto monopolised by the Socialists both as a training-ground and as a field of manoeuvres. Thus Syndicalists and not Communists are at the bottom of the disturbances, which have compelled the Government to take strong measures and to maintain martial law in Andalusia. The leaders of the Socialist Union of Workers, on the other hand, have all along made desperate exertions to prevent their men "disgracing the Republic," and on the whole have been successful.

The "political" and certainly non-industrial strikes carried out last November were also in the main a show of strength by the respective bodies that claim the workers' allegiance. The demonstrations of the *Sindicato Unico* in Barcelona indeed assumed such an ugly form that the Berenguer Government made every effort subsequently to cut its claws. Various important centres of the *Sindicato Unico* were closed by Government orders, and although the country was now supposed to be enjoying all its constitutional guarantees a pretext was found to keep them closed until after the municipal elections. This caused considerable heartburnings, and, of course, the Syndicalists' propaganda activity continued unchecked.

The *Sindicato Unico* is professedly non-political. It leaves elections severely alone and concentrates on massing the forces of labour to resist any attack on wages or labour conditions. Even so the various Catalan factions

are busily engaged in competing for its support. The syndicate is determined to retain for its members their share of the fat profits accruing to Catalan industry in the war and early post-war years, whatever may be the changes in the employers' prosperity owing to the world slump. And, as unemployment figures in Barcelona have now risen to over 40,000, there are all the symptoms of a serious industrial crisis in which the power of the *Sindicato Unico* may well be decisive.

At present the "anarchial" note of the syndicalist revolutionary music is predominant. Many close observers of the situation, however, detect signs of a split. At the municipal elections, for instance, the candidatures (in Barcelona) included that of a "Workers' and Peasants' Group," which was an offshoot of this syndicalism and was hailed as a "Communist" candidature. In fact it was fiercely opposed by the official Communist organisation, and the leaders were excommunicated in the best Stalin tradition.

Whether this small nucleus of authentic Communism is destined to gain by this dissidence and to fulfil the predictions of the prophets of woe it is too early to say. The disturbed political situation of Spain in the early days of the Republic is undoubtedly a standing temptation to any of the Bolshevik leaders who have any time to spare from prosecuting the Five Years Plan.

THE UNEMPLOYMENT INSURANCE REPORT.

The first report of the Royal Commission on Unemployment Insurance, published this week, consists of a Majority and Minority Report. The first is signed by Judge Holman Gregory (Chairman), Mr Henry Clay, Dr. Hetherington, Mr Lascelles, and Mr H. M. Trouncer—the signatures of Mr Clay and Dr. Hetherington being subject to the proviso that, in their view, the recommendations "designed to relieve the present burden on the national finances might reasonably in the present circumstances of industry have been carried further." The Minority Report is signed by Mrs Rackham and Mr Asbury.

The Majority Report.

The Majority Report begins with the observation that, by its terms of reference, the Commission was charged with the task of making a wide inquiry into the whole scope of unemployment insurance and the arrangements which should be made outside such a scheme for able-bodied workers unemployed. The signatories would have preferred to present in one Report their conclusions on the whole range of questions. In response, however, to pressure from the Government they have issued this Interim Report on matters represented to them as urgent, namely,

- (1) The increasing indebtedness of the Unemployment Fund out of which unemployment benefit under the Insurance Scheme is paid;
- (2) the increasing cost to the Exchequer of transitional benefit; and
- (3) the suggestion that unemployment benefit is being paid to certain classes of persons in circumstances which the Unemployment Insurance Scheme was never intended to cover.

Before coming to the immediate position, the Report reviews briefly the extent of post-war unemployment and the development of unemployment insurance. With regard to the average level of unemployment, it is observed that the average percentage of the insured population recorded as unemployed at the end of each month since December, 1920, is 12.2, and that since December, 1930, it has been 20 per cent. or over. The present excess over the average is ascribed to the effects of the world-wide depression of the last eighteen months, but the Report remarks that the percentage of 12.2 "represents a persistent and obdurate problem, and, in our view, it would be unwise to treat this experience of the last ten years as transitory, or to assume that it overvalues the risk that has to be provided for in the next few years."

Moreover, "the indications are that unemployment will not fall appreciably in the next few months below the present level. What is necessary

now is to adjust the finances of the Fund to present circumstances, and for the purpose of this Report we do not feel justified in anticipating an average live register of less than 2,500,000."

The Report then goes on to consider the history of the Unemployment Insurance Fund, traces the steps by which post-war Acts progressively departed from the principles of the 1911 Scheme, and shows how the gradual widening of benefits and relaxation of conditions of qualification jeopardised the Fund's solvency, notwithstanding the fact that since 1930 the whole cost of "transitional" benefit has been met by the Exchequer.

Having detailed the various changes made in the rates of contribution and benefit since 1920, the Report finds that, under present conditions, the income and expenditure of the Unemployment Fund balance with a live register of 1,275,000, of whom 900,000 would be qualified for insurance benefit and the balance would consist of persons claiming transitional benefit, uninsured persons and insured persons without a title to benefit.

Ordinary Benefit.

On the basis of an average live register of 2,500,000, the position is as follows:—

Income.		Expenditure.	
	£		£
From employers ...	15,650,000	To claimants ...	61,250,000
From employed ...	13,650,000	Additional payment for dependants ...	13,250,000
From the Exchequer ...	14,850,000	Cost of administration ...	5,000,000
Other receipts ...	400,000	Interest on debt ...	4,500,000
Deficit ...	£39,450,000		
	£84,000,000		£84,000,000

Excluding transitional benefit, the outstanding indebtedness of the Fund proper on May 31, 1931, was £82,810,000, the limit of borrowing under existing legislation being £90 millions. In the circumstances of the present time, the attainment by the Fund of solvency

"appears to us to be an objective which cannot be fully realised without much greater changes in the provisions of the Scheme than we are prepared to recommend." Nor do we think that its attainment is the sole or even the principal consideration to which we should have regard. Nevertheless, we believe it to be of great importance that immediate measures should be taken to arrest the deterioration of the Scheme."

It is, moreover, even more important to preserve the principle of insurance. Under a genuine insurance scheme, and within the limits of the payments contemplated by the scheme, it is possible to pay benefit without reference to needs or without great inquiry. No other form of assistance can be given with this freedom. If payments are entirely at the expense of the State and without a limit of time, the State is compelled to take drastic steps to protect itself.

There are only three ways by which the deficit can be immediately reduced, namely, (1) by a reduction of the period for which benefit is paid; (2) by an increase of contributions; (3) by a reduction of benefit. To achieve the desired result by any one of these methods would require most drastic changes, and the Majority Commissioners therefore decide that they must employ all three. The period of benefit is to be reduced to twenty-six weeks; this will cut off one-seventh of those now drawing benefit and transfer them to transitional benefit. It will save the fund about £9 millions and transfer it to the Exchequer.

Increase of contributions is the most simple and direct way of strengthening the Fund, but for various reasons it is not desirable to do this very greatly at present. In the first place, the contributions of employers are a charge upon trade and industry regardless of profits or the condition of the market; in the case of the workers, though there is a real ground for increasing their contributions seeing that liability to insurance is so much increased, it is not possible to contemplate taking much more from very low wage earners.

It is therefore proposed that in the case of adult male workers contributions should be raised by an additional 1d. from the employer, 2d. from the worker, and 1½d. from the Exchequer with appropriate increases from other classes. This will yield an additional £9 millions of income.

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Finally, it is proposed to reduce benefit, in the case of a man from 17s. to 15s. a week, a woman from 15s. to 13s., adult dependents from 9s. to 8s., but leaving the payments for a dependent child unchanged at 2s. These are "the most favourable rates of benefit which the income of the Fund can provide."

Commenting on these proposals, the Commission observe that it has never been laid down in principle that benefit should represent full maintenance, nor that the worker should be relieved from relying on his own resources or on his savings.

Secondly, the present rates of benefit were fixed when there was less unemployment and when prices were higher. Taking the case of a family of a man, a woman and two children, the present rate is 30s. a week; the Commission's scale would give 27s. a week. In 1924 the payments due to a similar family was 27s., which at the then cost of living is equal to 22s. 8d. to-day.

Transitional Benefit.

Considerable savings could be effected if on the expiry of transitional benefit the beneficiaries were transferred to the Poor Law Authorities, for experience has shown that when benefit is disallowed, many of those concerned do not apply for Poor Law relief. Also, scales of relief are in the main below the scales of benefit. On the other hand, such a transfer means that a burden which is now evenly spread would be concentrated on local authorities, and in certain areas would constitute an insupportable burden on the rates. The Commission is therefore not prepared to recommend that transitional benefit should lapse, in accordance with the present law, on October, 1931, but thinks that the period should be again extended.

They point out, however, that there is no reason why transitional benefit, which is a direct relief charge upon the State, should be paid regardless of the means of the recipient. For the moment, however, they confine their means test to certain classes, viz.:—Single persons residing with relatives from whom they can reasonably expect support; married women and persons in receipt of pensions (other than war disability pensions) or fixed incomes other than from savings. These classes of claimants for transitional benefits should be required to prove that having regard to their circumstances, it is expedient that benefit should be paid to them.

The Commission does not propose any different rate for transitional benefit as compared with insurance benefit—at all events at this stage—but wants the qualification for benefit made more severe than at present by providing that the thirty qualifying weeks of work, which may at present have been worked at any time in the past, should have been worked within the last six years. This will eliminate persons who have really ceased to be in the industrial field.

Again, it is proposed to modify the conditions affecting those who are offered work after a prolonged period of unemployment. The Report doubts whether the present rule is sufficiently effective, under which, after a period an offer of work cannot be ruled out as "unsuitable" merely because it is in a form of employment other than the claimant's ordinary occupation.

We accordingly recommend that the form of condition which was in operation for "extended benefit" before the 1927 Act should be reintroduced for transitional benefit, i.e., that transitional benefit should not be paid to workers who refuse to accept on fair

terms and conditions work other than that to which they were accustomed, but which they are reasonably capable of performing."

Anomalies.

The Report then proceeds to deal with abuses and anomalies, the chief of which relate to intermittent, short-time and casual workers, married women and seasonal workers. As regards intermittent workers proper, namely, those who habitually earn their living on one or two days of the week, e.g., week-ends, at high wages, it is suggested that they should not be regarded as unemployed if they are carrying out this intermittent work unless they can show that they are normally employed in regular insurable work during the other days of the week. This, incidentally, implies that they should be permitted to apply for a certificate of exemption from contributions.

Secondly, special measures may be needed for dealing with casuals; but it is proposed that as an interim measure they should be treated as short-time workers.

There remains the case of short-time workers. The Commissioners recognise that the system of short-time has advantages in dealing with temporary unemployment, and do not attempt at this stage to do more than deal with that part of the problem where workers are able to earn in part of a week relatively high wages. The change proposed is that the present method should be subject to an over-riding limitation of the amount of benefit based on the formula that the amount of part-time benefit actually paid should not exceed a full week's benefit minus half the wages actually earned. Examples are given showing the working of this rule.

Next it is suggested that a married woman should be entitled to benefit only if she has satisfied the statutory authorities—

(a) that she has not abandoned insurable employment; and

(b) that having regard to her industrial experience and to the industrial circumstances of the district, she can reasonably expect to obtain insurable employment in the district in which she is residing.

Finally, a seasonal worker should be entitled to benefit in the off-season only if he can prove to the satisfaction of the Court of Referees—

(a) that he has in the past worked in the off-season for a reasonable time in some insurable occupation; and

(b) that, having regard to the industrial circumstances of the district, he can reasonably expect to obtain insurable work in the off-season in the district in which he is residing.

The effect of these various changes is estimated to relieve the Insurance Fund to the extent of £5 millions a year.

Finance.

The following summarises the finances of the plan:—

EXPENDITURE OF INSURANCE FUND. (Million £.)	
<i>Present total</i>	84
(Including £4½ millions interest on debt and £5 million administration.)	
<i>Deduct</i> —	
Amount transferred to transitional benefit under 26 weeks' rule	9.1
Savings from lower rates of benefit	8.7
Savings on payment to intermittent workers, married women and seasonal workers	5.0
<i>Proposed Expenditure</i>	61.2
TRANSITIONAL BENEFIT.	
<i>Present total in a full year</i>	35
Add transfer from Insurance Fund	9.1
Deduct savings from lower rates of benefit	3.7
Limitation of qualifying period to 6 years	3.3
Enforcement of means test and other minor changes	3.1
<i>Proposed Expenditure</i>	34.0
Total Expenditure at present	119
Total proposed expenditure	95
Savings	24

Of these savings £12.4 millions are in respect of reduced rates of benefit and £11.4 millions from the other changes proposed.

SOURCE OF FUNDS.

(Million £)

Insurance Fund. Contributions.		Present Scheme.		Proposed Scheme.
Exchequer ...	14.85	17.85	17.85	53.55
Employers ...	15.65	17.85	17.85	
Workers ...	13.65	17.85	17.85	
Others ...	.40	17.85	17.85	
Balance to be borrowed	39.45			7.65
Total Expenditure ...	84.00			61.20
Transitional Benefit.		Present Scheme.		Proposed Scheme.
Paid by Exchequer ...	35.00	35.00	35.00	34.00
Total ...	119.00	119.00	119.00	95.20
Total Stat Payments—		Present Scheme.		Proposed Scheme.
From Revenue ...	49.85	49.85	49.85	51.85
From loans ...	39.45	39.45	39.45	7.65
Payments from other Sources ...	29.70	29.70	29.70	35.70
	119.00	119.00	119.00	95.20

The Report ends with the following observation:—

"The Unemployment Insurance Scheme... has prevented serious distress in a period of unprecedented unemployment. To put the Scheme on right lines for the future is worth some effort and sacrifice. We are convinced that the principle of insurance against industrial unemployment has an important part to play in the adaptation of our industrial structure to changing needs."

The Minority Report.

The Minority propose that no changes should be made until the final report has been completed. They disapprove of borrowing and recommend that the whole of the cost in excess of contributions should be met by general taxation.

They dissent from the proposals to limit the period of benefit, increase contributions or reduce rates; "so long as the rate of unemployment benefit is less than a reasonable subsistence level, any variation in the rate of benefit to take account of variations in the cost of living is irrelevant." With regard to transitional benefit, they object to any stiffening of conditions of qualification. As regards short-time workers, they think that the recommendations require further consideration; they agree with the majority in the proposals for dealing with seasonal and intermittent workers; and Mr Asbury, but not Mrs. Rackham, agrees with the Majority findings in the case of married women.

Notes of the Week.

Parliament Resumes.—The House of Commons re-assembled on Tuesday after the Whitsuntide recess, and immediately proceeded to pass the Electoral Reform Bill by a majority of 50. The proceedings were listless and the attendance of members thin (the Prime Minister and the Chancellor of the Exchequer being prominent absentees), and even a vigorous attack upon the measure by Mr Winston Churchill failed to raise the political temperature. Wednesday was even duller, the Scottish Estimates being put down for that day, and, with this convenient arrangement of business, many English members found it in their consciences to take a Derby Day holiday. Thursday saw a slight revival of interest, the Conservatives protesting against the Government's timetable for the Finance Bill, which measure will occupy practically the whole time of the House for the next fortnight. The greater part of this time will, of course, be devoted to the Land Tax, which is practically the only controversial proposal contained in the Bill. In spite of the fact that this tax has not aroused, either in the Labour or in the Liberal ranks, any of the fervent enthusiasm which Mr Snowden hoped for, the passage of the Finance Bill cannot be regarded anything but a certainty, although substantial concessions may be made by the Government in the shape of exceptions from the Land Tax. Indeed, the progress of the Finance Bill will be completely overshadowed by the question of the reform of Unemployment Insurance, which now takes the centre of the political stage. As regards the position of the Government, its tenure of office has clearly been strengthened by the proceedings of the National Liberal

Federation, which demonstrated that an overwhelming majority of representative Liberals from all parts of the country definitely approved Mr Lloyd George's policy of independent benevolence towards Mr MacDonald's administration.

The Honours List.—Mr MacDonald has kept up his reputation for producing interesting Honours Lists, and the one issued on the King's birthday on Wednesday is both laudably free from rewards for purely party services and marked by well-deserved recognition for outstanding work in the realms of business, science, art, music and the drama. So far as the City is concerned, the most noteworthy award is the knighthood conferred upon Mr Archibald Campbell, whose services as Chairman of the Stock Exchange Committee are discussed on a later page in our Stock Exchange section. Among other honours given in the realm of business and economics, the most prominent are the baronetcy conferred upon Sir Herbert Gibson for his services to the recent British Empire Trade Exhibition at Buenos Aires, and the appointment as Companion of Honour of Mr B. S. Rowntree, who is as well known for his social and industrial studies as for his recent constructive work in connection with the unemployment problem. Expert services to the cause of agriculture are recognised in the knighthood received by Mr W. C. Dampier-Whetham. No new peerages are conferred, which was somewhat unexpected in view of the obvious temptation to strengthen the meagre representation of the Government in the Upper House. Among the very few politicians to receive awards is Mr Ben Turner, recently Secretary of Mines, who is knighted.

Church and State in Italy.—The recent outburst of anti-clericalism in Spain has found, though in a distinctly different way, a curious parallel in Italy. Last Saturday, Signor Mussolini instructed the Prefects, acting under the police code, to dissolve the local groups of the *Azione Cattolica*, thereby provoking protests from the Vatican. The motive underlying this step on the Government's part is somewhat obscure. Notwithstanding such symptoms of discontent as emerge from the so-called conspiracy of the Milan Liberals, whose leaders, Dr. Bauer and Signor Rossi, were sentenced, on Saturday, to twenty years' imprisonment, there is no ground for thinking that Fascismo is losing its hold on the imagination of a large section of the Italian people, or that this is a case of a dictatorship becoming more tyrannical through consciousness of internal weakness. On the contrary, the Italian domestic loan has been a success; the country is working hard in the face of the world economic depression; and for all the lack of "liberty of mind," there is no evidence that the Duce's popularity is being seriously impaired. It has been suggested that the official suppression of the *Gioventù Cattolica* was motivated by the desire to obviate the possibility of hostile demonstrations by young Fascists against that organisation. But it seems doubtful whether the alleged Fascist indignation at the supposed attempt of the Church to usurp Fascismo's functions, particularly in relation to workers' welfare, would have developed without Government encouragement. The truth, we imagine, is that Signor Mussolini decided, at the risk of offending Catholic opinion, to make it clear once more that he, and he alone, is the patriarchal head of the nation. In risking strained relations with the Vatican, he may prove to be unwise, but the whole affair appears to have received in the Press outside of Italy somewhat greater publicity than its importance warranted.

The Roumanian Elections.—Professor Jorga appears for the moment to be firmly seated on the parliamentary saddle. With the assistance of Dr. Argetoianu he had succeeded in welding together as a fairly cohesive "election bloc" the Old Liberals and the German (Transylvanian Saxons) and Jewish minority parties, together with his own "independent" following; and this "electoral coalition" is reported to have secured on Tuesday 52 per cent. of the votes cast. Under the Roumanian election law, which gives a bonus in seats to any

party or bloc which obtains 40 per cent. or more of the votes, Professor Jorga's administration will have 70 per cent. of the seats in the Lower House. Although there is a suspicion, at least, that the elections were to some extent "made," the result is clear enough evidence of the National Peasant Party's loss of popularity in the country; and the large decline in the aggregate votes cast appears to point to a distinct degree of apathy on the part of the electorate. In any case, Professor Jorga has now his opportunity to get on with the business of governing without being handicapped by the absence of an adequate working majority in Parliament. His ability to hold together his bloc (he appears disinclined to rely on the distribution of the sweets of office as cement) will depend greatly on the policy which he frames, particularly in the sphere of public finance, between now and Parliament's assembly next autumn.

The Credit-Anstalt.—During the past ten days further important developments have occurred, and there is now good ground for hoping that the corner has been turned. On May 28th the Austrian Parliament passed a Bill empowering the Government to guarantee all credits and advances granted to the Credit-Anstalt from that date onwards until June, 1933. The next day the B.I.S. officially announced that the directors of the bank had agreed upon measures which might come into force at any moment. In addition to the B.I.S., ten of the leading central banks had agreed to give a credit in foreign currency to the Credit-Anstalt, which the latter might use as the need arose. The B.I.S. expressed its confidence in the ability of the Austrian National Bank, with the assistance made available, to carry through its normal business and thus assure the stability of the Austrian currency, and announced that a representative of the B.I.S. was proceeding to Vienna to establish personal contact with the Bank. Early this week a further move was made, for the informal committee which was appointed in London last week has been merged in a strong international committee, including Mr Lionel de Rothschild, Sir Robert Kindersley, Mr C. F. Whigham from the old committee, and also Mr J. H. Clannon of the Chase National Bank, Mr D. B. Grant of the Guaranty Trust Company, Mr L. S. Chandler, junior, of the International Acceptance Bank, Mr A. Schupbach as representative of French banking interests, and Mr A. Beneduce to represent Italian interests. Members representing Dutch, Swiss and German interests will in all probability join the committee in due course. Mr Davies, the secretary to the informal committee, has become secretary to the new committee, whose first action has been to send M. Van Heugel, a managing director of the *Amsterdamsche Bank*, to Vienna with full powers to act for the committee. Meanwhile, at the invitation of the Austrian National Bank, Professor Bruins of the Netherlands Bank has proceeded from Basle to Vienna, where he is ready to act as adviser to the National Bank. Furthermore, the American Reserve Banks have now agreed to join in the credit arrangements in favour of the Austrian National Bank, and it is suggested that the exact help given will take the form of the purchase of commercial bills. As during the fortnight ended May 21st the National Bank's bill portfolio expanded from 69 to 350 million schillings and its reserve ratio dropped from 83 to 63 per cent., such assistance might be very valuable. In any case, it is clear that active and general assistance is now being given, and one great danger, namely, the withdrawal of foreign credits and balances at the end of May, has already been staved off. The main need now is time and patience, but now that international aid has been readily forthcoming, there should be no temptation to press matters. Regarded as a proof of the reality of international co-operation in the spirit of Basle and Geneva, the episode, regrettable though it is, has its brighter side.

The Australian Conversion Plan.—Now that the Premiers' Conference has had to get down to details, it is becoming clear that the problem of converting the Australian internal debt to a 4 per cent. basis is not so simple as it appeared when the broad principle was dis-

cussed. The first point that has had to be decided is the currency of the new loans. Sir Robert Gibson has declared emphatically that Australia must have at least a seven-year breathing space, and the banks further recommended that the currency of the loans should be spread over thirty years. In the end, the loans are to be divided into ten maturities, namely 7, 10, 13, 16, 19, 22, 24, 26, 28 and 30 years, but Professor Giblin has pointed out that this decision departs from one of the original recommendations of the Copland Committee, which was that the whole loan should be redeemable at the Government's option at the end of ten years, on the ground that by that time money may be cheap enough to permit of such an operation. To meet this, the Conference has now decided that there shall be an over-riding option of redemption in 1950. The next detail to be settled was that of the interest on the new loans. Latest cables state that 5½ per cent. stocks, amounting to £450,000,000, are to be converted into 4 per cent. stock at a discount; 5 per cent. stock, amounting to £45,000,000, into 3½ per cent. stock at par or into 4 per cent. stock at a discount, at the holder's option; and securities of £61,000,000, bearing interest at less than 5 per cent., into 3 per cent. stock at a premium or 4 per cent. stock at a discount, again at the holder's option. Holders of tax-free and interminable issues are to be invited to convert into new securities subject to a 22½ per cent. interest reduction, with concessions to the holders of pre-war stocks, and special short-term conversion securities are to be issued to meet the case of overseas trading balances now temporarily invested in short-term stock. Obviously further details have to be discussed regarding both these difficult cases, and in general there are numerous gaps still to be filled in. Meanwhile it is now less certain that these proposals *en bloc* are creating quite so favourable an impression as seemed likely a week ago. The Conference has adhered to the original proposal to impose a surtax of 25 per cent. on interest from unconverted securities, and this element of compulsion has evoked the criticism that the whole scheme would have a better chance of success if it were based solely upon an appeal to Australian patriotism and to the needs of the situation. Further criticism is made to the effect that while the conversion side of the economy proposals is now crystallising, the schemes for reducing other forms of Government expenditure are still nebulous and amorphous. It is clearly essential that these too should take shape without delay. Finally, the attitude of the banks is not entirely clear. A week ago Mr Scullin stated that "financial institutions holding practically half the bonds were willing to convert," but later cables suggest that financial institutions are still reserving judgment. Obviously, if the scheme is to be a success, the sacrifices it imposes upon the bondholder must be shared by other sections of the community, and the Government ought to place this at once beyond all possible doubt.

Our Index Number.—Movements of commodity prices in May unhappily confirmed the indications noted a month ago. At 63.6 our index number shows a fall of 2.8 per cent., as compared with a decline of 1.2 per cent. in April. Thus the period of comparative stability between January and March of this year has proved short-lived. Recent fluctuations of the five group figures are given below:—

AVERAGE, 1927 = 100.

	May, 1930.	Feb., 1931.	Mar., 1931.	Apr., 1931.	May, 1931.
Cereals and meat	82.0	66.4	66.9	70.0	69.0
Other foods	79.0	68.0	67.0	66.6	63.6
Textiles	71.1	50.6	53.7	50.8	48.2
Minerals	84.3	76.9	74.5	72.0	69.5
Miscellaneous	84.4	72.7	69.9	68.6	68.2
Complete Index	80.6	66.5	66.2	65.4	63.6

Changes in the cereals and meat group during May were irregular, but the downward tendency of "other" food-stuffs prices was fairly pronounced, and there was a further general "slide" in the quotations for textile

materials and non-ferrous metals. In the miscellaneous group the recovery in rubber was offset by a fall in the price of linseed oil:—

	Inc. (+) or Dec. (−) per cent. compared with			Inc. (+) or Dec. (−) per cent. compared with	
	Month ago.	Year ago.		Month ago.	Year ago.
Wheat, Foreign	− 6.4	− 41.1	Flax	− 1.4	− 40.5
Wheat, English	+ 11.0	− 32.1	Hemp	− 4.5	− 28.9
Flour	− 5.5	− 39.3	Jute	− 1.5	− 32.3
Barley	− 9.2	− 9.2	Textiles	− 5.1	− 32.2
Oats	+ 15.3	+ 6.5	Pig iron	...	− 13.3
Maize	− 23.9	− 40.2	Steel rails	...	− 2.3
Rice	− 3.4	− 41.7	Iron bars	...	− 2.3
Beef, English	+ 6.6	+ 183.3	Timber	− 2.6	− 20.9
Beef, Argentine	− 9.5	− 6.8	Coal, Welsh exp. ...	− 1.7	− 9.4
Mutton, English	+ 7.7	− 8.7	Coal, Durham gas ...	− 8.7	+ 5.0
Mutton, New Zealand	+ 14.0	− 12.8	Coal, household	− 7.7	− 38.5
Bacon, Danish	...	− 33.3	Lead	− 5.6	− 28.4
Cereals and meat	− 1.4	− 15.9	Tin	− 12.4	− 33.1
Tea	− 12.8	− 26.8	Copper	− 1.1	− 36.8
Coffee	− 4.2	− 33.9	Spelter	...	...
Cocoa	− 15.9	− 34.5	Minerals	− 3.5	− 17.6
Sugar, cane	− 1.2	− 5.9	Timber, English	...	− 7.1
Sugar, refined	...	− 23.9	Timber, Swedish ...	...	− 2.8
Cheese, Canadian	...	...	Cement	...	...
Butter, Danish	− 2.5	− 9.8	Hides	+ 3.8	− 18.8
Coconut oil	− 3.7	− 22.4	Leather	...	+ 2.3
Tobacco	...	− 6.7	Petrol No. 1	− 6.5	− 17.1
Other foods	− 4.7	− 19.6	Petroleum oil	...	− 12.6
Cotton A.	− 11.3	− 44.1	Fuel oil	...	− 3.7
Cotton E.	− 3.7	− 42.4	Linseed oil	− 12.5	− 62.9
Cotton yarn	− 5.4	− 29.6	Tallow	− 4.9	− 45.8
Cotton cloth	− 3.3	− 19.4	Rubber	+ 13.8	− 53.6
Wool, English	− 11.5	− 28.1	Soda, crystals	...	...
Wool, Australian	...	− 18.5	Sulphate of ammonia	...	+ 3.9
Wool tops	...	− 17.2	Creosote	...	...
Silk	− 12.2	− 44.6	Miscellaneous	− 0.6	− 19.2

The next table gives the figures of our index number recalculated as a percentage of the average for 1913:—

AVERAGE, 1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1924	159.9	169.9	210.6	145.2	131.5	159.3
" 1928	145.0	149.4	161.7	111.9	119.3	135.1
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End May, 1930	114.7	125.9	109.5	102.5	105.2	110.9
" Apr., 1931	98.0	106.1	78.2	87.5	85.4	90.0
" May, 1931	96.6	101.2	74.2	84.5	84.9	87.5

If 1924 be taken as 100, the current figure of our index number works out at 54.9, as compared with 56.5 at the end of April and 69.4 a year ago. During the past twelve months the decline has amounted to 21.1 per cent.

Miners' Hours at Geneva.—The prospect of agreement in the Coal Mines Commission of the International Labour Conference seems to be growing more remote. On Tuesday several resolutions were passed on conditions in hard coal mines, providing for a 7½-hours day, bank to bank; a maximum of 60 hours overtime yearly; payment for overtime at the rate of 25 per cent. above the ordinary rate; and revision of the Convention, with a view to the further reduction of hours, within three years of its coming into operation. When, however, the question was raised of special provisions for lignite mines, a deadlock was reached, as the German Government insisted on 150 hours overtime for underground and 250 for open lignite mines, against 100 and 150 hours respectively as proposed by the Draft Convention of the I.L.O. This is strongly opposed by the workers and by the Government delegates from hard coal-producing countries, who fear German dumping. On Wednesday Mr Shinwell declared that if the prospects of agreement were no better when the time came for him to return to Geneva from London, whither he was about to repair for the discussions on British miners' hours, he would remain in London. This announcement appears to have caused much consternation, as it is generally felt that without Mr Shinwell's assistance a compromise will be almost impossible to achieve; but when the Commission adjourned for the rest of the week, agreement was not much nearer. Most Government delegates had by then indicated varying degrees of willingness to accept

the Draft Convention, but the German Government delegate was obdurate, and, without German ratification, the adoption of the Convention would be of little use. It is to be hoped that the British Secretary for Mines will not withdraw his co-operation while there is any possible chance of a compromise being reached, for in the adoption of the 7½-hours Convention lies the best hope for the avoidance of a crisis in the British mining industry, with the expiry, in July, of the period for which the Seven Hours Act was suspended.

Dockers' Wages.—At a preliminary meeting of the workers' side of the National Joint Council for Dock Labour, held before the meeting of the Council last Tuesday, it was decided emphatically to reject the employers' proposals for a reduction in the daily time wage from 12s. to 11s. in the larger ports and from 11s. to 9s. in the smaller ports and for a corresponding percentage reduction in piece rates. In conveying this resolution to the meeting of the Joint Council Mr Bevin stated that the fact that rates of wages had not been altered since June, 1924, gave a false impression of the situation, as output had been so intensified as greatly to reduce the money cost of labour. He suggested that a reduction in piece rates would amount to violation of a pledge and would accentuate the old distrust of workpeople of the system of payment by results. In response to the submission of the employers that under the national agreement both sides are compelled to discuss the conditions of industry when requested, the workpeople agreed to enter into a discussion "without prejudice." How much may be hoped for from such a discussion is not clear; an immediate crisis is averted, and fuller examination of the facts may lead to a more accommodating attitude on the part of the dockers' leaders, but if the present excessive burden of port charges on the shipping industry is to be lightened, Mr Bevin will obviously have to be persuaded to modify substantially his present position. The patent weakness of the employers' case is their failure in the past ten years to press vigorously plans for decasualisation.

International Production.—The first quarter of 1931 witnessed a further decline in the industrial activity of most nations. In the following table we have converted the indices of the physical volume of production of various countries to a percentage of the average of 1924:—

INTERNATIONAL PRODUCTION INDICES.
(1924 = 100).

Period.	United Kingdom.	France.	Germany.	Sweden.	Canada.	United States.
	Board of Trade.	Statistique Générale.	Institut für Konjunkturforschung.	Svensk Finanstidning.	Monthly Review of Business Statistics.	Federal Reserve Board.
	(a)	(c)		(b)	(b)	(b)
1929 Average	111.8	127.5	147.4	129.8	166.4	125.3
1930 Average	103.1	129.6	122.1	126.0	141.4	102.1
1930 First qr.	111.0	131.9	135.2	145.3	149.2	110.5
1930 Second qr.	103.1	132.3	129.4	128.8	150.7	109.1
1930 Third qr.	99.4	128.7	115.3	121.2	136.5	97.2
1930 Fourth qr.	99.0	125.0	108.6	117.3	129.1	89.1
1931 First qr.	95.4	122.8	99.58	117.3	126.6	90.28
1931 March	...	122.2	101.48	117.3	132.0	92.68

(a) Quarterly index.
(b) Adjusted for seasonal variations.
(c) Partly adjusted for seasonal variations.
§ Provisional.

A comparison of the past quarter with the October-December period of 1930 shows that the recession was most pronounced in Germany and in the United Kingdom. Although France records a sharp decline in the output of her metallurgical and textile industries, the total volume of production in that country shows only a slight decline, and the seasonal drop in forestry and mining in Canada has been partly offset by increased activity in building and public works construction. There has been no further setback in Sweden, and the index for the United States shows a slight increase from the low level of the previous quarter, which is mainly ascribed to an

expansion in the iron and steel, textile and automobile industries. It is noteworthy that the level of activity in the United States and in the United Kingdom is now well below that of 1924. France, Canada and Sweden, however, have been able to maintain their volume of output considerably above that level. The March figures show a slight expansion of activity in Germany, Canada and in the United States, but later information suggests that this improvement has been merely temporary and will not be maintained during the current quarter.

Europe's Timber.—The comprehensive statistical tables of the approximate exports and imports issued annually by Messrs. William Brandt are now available for 1930. From them the following tables are compiled:—

EXPORTING COUNTRIES.

	1929.	1930.
	Standards.	Standards.
Norway	121,000	103,500
Sweden	1,200,000	1,013,000
Finland	1,200,000	900,000
Russia	829,000	965,000
Estonia	60,000	45,000
Latvia	145,000	194,000
Lithuania	22,500	19,000
Poland via Danzig	294,000	320,000
Germany	41,000	65,000
Czechoslovakia	98,500	97,500
Sundry countries	606,000	512,500
	4,617,000	4,234,500

1912 3,970,500

IMPORTING COUNTRIES.

	1929.	1930.
	Standards.	Standards.
Great Britain and Ireland	1,915,000	1,723,000
France	481,500	548,000
Belgium	343,000	238,000
Holland	487,500	444,000
Germany	650,500	541,000
Denmark	174,000	214,000
Spain	139,000	103,500
South Africa	88,000	71,000
Australia	40,000	6,000
Sundry countries	298,500	346,000
	4,617,000	4,234,500

1912 3,970,500

It will be seen from the first table that while Russian exports have risen, Swedish and Finnish shipments have fallen; this tendency is expected to be more pronounced when this year's statistics are recorded, unless something unlikely happens. Polish shipments also increased last year, as they are doing this year. On the importing side the lesser quantities received in the United Kingdom in 1930 reflect the falling off of industrial demand, and it is quite reasonable to suppose that the total receipts will be still lower this year, although larger supplies are likely to come forward from Russia and Poland. France and Denmark took more timber, but Germany is seen

GOLD

Some Problems of Distribution
BY
Professor T. E. GREGORY.

SEE

A Special Supplement to
"The Financial News" on
MONDAY, JUNE 8.

to have felt the effects of declining trade, receipts being well below her usual quantities. The imports of timber by "sundry countries" were above the general average of the past six years, and they should increase, for there are possibilities of a much larger trade on the Continent, as well as in South America and even the United States. South Africa is feeling the pinch of bad times, but has kept well up with her European timber purchases. On the other hand, the paucity of European wood shipments to Australia last year is a sad reflection of the economic position in the Commonwealth.

Electricity Production in Germany.—The electrification of German industry has made rapid strides during the post-war period of reconstruction and rationalisation. With the exception of her Southern States, Germany, like Great Britain, is relatively poor in water-power resources, but the large deposits of lignite in Westphalia and Central Germany from which two-thirds of the total output of electricity is generated, proved to be a ready source of electrical energy. The following table shows the output of electricity during recent years by the principal stations in Germany and by all authorised undertakings in Great Britain:—

ELECTRICITY GENERATED IN GREAT BRITAIN AND GERMANY.
(Million Kwts.)

Period.	Germany. (Principal Stations).	Great Britain. (Authorised Undertakers).
1927	12,120	8,234
1928	14,100	9,073
1929	16,620	10,294
1930	15,960	10,914
1930—First quarter	4,320	3,031
1931—First quarter	3,765	3,185

It will be seen that in Germany the peak of production was reached at the end of 1929, whereas in this country, where expansion has been less rapid, the quantity generated continued to rise throughout 1930 and during the first quarter of the current year. Since the beginning of 1930, the German output has shown a progressive decline which strikingly illustrates the severity of the depression in her industries.

Portuguese Stabilisation.—It is announced that the Portuguese Government proposes to stabilise, as from July 1st, the escudo at a rate of 108.25 escudos to the pound. The nominal parity is now 4.50 escudos to the pound, but the exchange has for several years stood at approximately 108 escudos, and so no disturbance should result from the adoption of the new parity. On the other hand, the "official" rate has lately been 99 escudos, and while this has been ineffective there was a suggestion that it might be adopted as the stabilisation rate. Such a course of action would involve some measure of deflation, which would particularly affect Portuguese exporters, and the Government are probably well-advised to select for the new parity the effective as opposed to the official rate. External support will be necessary to carry the operation through, and it is thought that credits will be obtained, as circumstances are not favourable to the flotation of a long-term external loan. It will be recalled that the League Commission on its visit to Portugal last year recommended the balancing of the Budget, the stabilisation of the currency, and the reform of the central bank. The first of these objects has already been attained, the second is now in process of achievement, and the third is receiving definite consideration.

Phoenix Assurance.—The most satisfactory feature of the 1930 report is the continued progress of the life department, in which a valuation was made for the quinquennial period ended December 31, 1930. A large new business has been transacted each year, the 1930 total being £2,934,512, and the life funds have grown during the period from £14,288,000 to £15,842,000, the latter figure including some £4½ millions appertaining to the closed funds of the British Empire, the Law Life and the

London Guarantee and Accident. The results of the valuation recently concluded, which was made on the same basis as formerly, are as follows:—

	1921-1925.	1926-1930.
Trading surplus earned in quinquennium	£ 700,424	£ 1,046,734
Investment profits taken credit for in quinquennium	137,820	98,011
Brought forward	84,370	128,045
	922,614	1,272,790
Allocations:—		
To Bonuses to policyholders	589,569	864,933
„ Shareholders	155,000	200,000
„ Staff pension fund	50,000	26,492
„ Carried forward	128,045	181,365
	922,614	1,272,790

The company has adopted on this occasion the now common practice of allotting a higher rate of bonus to whole-life assurances than to endowment assurances. The rates of bonus declared are 50s. per cent. per annum for whole life and 46s. per cent. per annum for endowment assurances, calculated in each case on the sum assured. These rates compare with 45s. per cent. per annum on the sum assured for the quinquennium ended December 31, 1925. The whole of the profits in the participating section belong to the policyholders, and the shareholders' interest in the life department is concentrated in the non-participating section, including annuities, in which the whole of the profits belong to them. A potent factor in the increased profits disclosed by the present valuation has been the higher rate of interest earnings, which over the past five years has averaged £4 16s. 1d. per cent. net, compared with a rate of interest of 3 per cent. assumed in the valuation. The corresponding interest earnings for the previous quinquennial period were at the average rate of £4 11s. 5d. per cent. net. The other departments of the company's business have suffered in every case from the prevailing depression. The premium income in the fire and in the general departments shows a heavy decline, and the underwriting profits in all departments are on a lower scale. The total premium income in 1930 was £7,591,000 compared with £7,884,000 in 1922. The detailed underwriting results of each department are shown below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Profits.	Amount of Profit.	Percentage of Profits.
Fire	120,809	3.7	76,262	2.5
Personal Accident	3,624	2.2	1,003	0.6
Employers' Liability	16,082	10.6	8,846	5.6
General	34,321	0.9	30,390	0.9
Marine	...	...	...	...
Life:—				
Phoenix Fund	40,000	...	40,000	...
Law Life Fund	83,174	...	...	...
Sinking Fund	...	...	35,000	...
	298,010	...	191,501	...
Less Items debited to Profit and Loss A/c	121,207	...	143,910	...
Total net trading surplus	176,803	...	47,591	...

The dividend, which was raised from 13s. per share to 14s. per share in 1927, has been maintained at the same rate ever since, and is repeated for 1930. The cost of the dividend last year was £545,000, compared with which interest earnings amounted to £503,000. The maintenance of the dividend for 1930 has thus utilised the whole of the interest earnings and all but £5,000 of the net trading surplus, whereas in 1929 the surplus, after meeting the dividend, amounted to £153,000.

Pioneer Life Assurance.—In his speech at the annual meeting of this small industrial company, the chairman delivered a spirited defence of industrial insurance policyholders in reply to a recent statement by the Attorney-General that such persons were very poor members of Society, and, because of that, needed special protection from Parliament. In claiming that industrial insurance

policyholders are the most sober, intelligent and thrifty of the industrial classes, the chairman pointed to the fact that the number of their policies during the last seven years has increased by 11 millions, the premiums paid by over £13 millions per annum, and the life assurance funds held against liabilities have increased from £37 millions to over £250 millions. Since three-fourths of the premium income of this company is derived from weekly and monthly payments by the industrial classes, it has, naturally, been unable to escape from the effects of the trade depression and unemployment. None the less, the new business in 1930 has been remarkably well maintained at £91,000 in the ordinary department, and £321,000 in the industrial department, compared with £102,000 and £320,000 respectively. The usual annual valuation has been made on the same basis as formerly, and the results of the last three valuations are set out in the following table:—

	1928-29.	1929-30.	1930-31.
Ordinary branch.			
Trading surplus earned during the year	£ 8,593	£ 544	£ 7,909
Investment profits	3,851	1,564	3,424
Brought forward from previous year	1,818	2,262	3,282
	14,262	3,282	14,615
Allocations:—			
To Shareholders	9,000	...	6,000
„ Investment reserve fund	3,000	...	4,000
„ Carried forward to next year ...	2,262	3,282	4,615
	14,262	3,282	14,615
Industrial branch.			
Trading surplus earned during the year	19,948	5,094	17,235
Investment profits	3,965	1,628	3,558
Brought forward from previous year	9,818	9,731	10,453
	33,731	16,453	31,246
Allocations:—			
To Shareholders	12,000	6,000	...
„ Investment reserve fund	7,000	...	26,000
„ Strengthening of actuarial reserve	5,000	...	...
„ Carried forward to next year ...	9,731	10,453	5,246
	33,731	16,453	31,246

After an unpleasant experience in 1929-30, owing to an unfavourable incidence of death claims, the profits have been restored in 1930-31 to about the level of those for the year 1928-29. Since the rate of interest earned on the combined funds was £4 10s. per cent. net in 1930-31, compared with £4 18s. 4d. per cent. net in the preceding year, and the expenses remain at virtually the same level, namely, 15.2 per cent. in the ordinary branch, and 39.5 per cent. in the industrial branch, the improvement is, no doubt, due to a favourable reaction in the mortality experience. These fluctuations are inseparable from the conduct of a small business, and bear hardly on a company such as this showing an annual valuation. The amounts transferred last year to investment reserve fund have increased this fund to £50,000, which is stated to be more than sufficient to meet the depreciation on book values. The whole of the company's business is transacted on a non-profits basis, and no allocations are, therefore, made for bonuses to policyholders. The dividend to shareholders has been maintained at 9½ per cent., the same rate as formerly.

Overseas Correspondence.

UNITED STATES.

Railroad Situation — Retail Trade — Industry — Foreign Trade — Prices — Money Market — Treasury.

(FROM OUR CORRESPONDENT.)

NEW YORK, May 22.

INCREASING alarm over declining railroad earnings, expressing itself first in a falling market for bonds, and fear that failure to maintain dividends and interest cover at the required points would cause the removal of the securities of many railroads from the list approved under State laws as

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legal investments for savings banks and insurance companies, has finally caused active steps to be taken by the railroad executives, with the approval of their bankers. Committees have been appointed to prepare new freight tariff schedules, which will be submitted for approval of the Interstate Commerce Commission. The new rates will be proposed in the hope of adding 400 to 500 millions annual revenue to the railroads, provided the present traffic volume is handled.

So far as possible the increases will apply to those classes of freight which are in least competition with motor truck and other forms of transportation, namely, ores, coal, motor cars and bulky commodities usually moving over long distances and in large quantity. Voluntary applications for lower freight rates on commodities hauled by competitors are still being made by the railroads. The railroads were granted an all-round increase in rates in 1921, shortly after their return to private operation following the wartime Government control. Since then there has been a constant whittling down and reclassification of rates, with a consequent considerable decline in revenues per ton. The average increase of 1921 was about 40 per cent., but readjustments to put one shipping point on a parity with others and to wipe out special favours for one industry as against another cut this down to about 25 per cent. within a short time. By now it is doubtful if any of the original increases remain.

Although work has barely begun on the new rate proposals, opposition is developing. In general, the banks and insurance companies, as well as the large body of investors holding railroad securities, favour higher rates, since it is obvious that something must be done to restore railroad credit. No organised opposition has developed, but the more radical brands of politicians and some trade leaders are attacking the proposals as an uneconomic solution of the problem. It is held that, in a period of falling commodity prices, the railroads would only stifle trade further by attempting to raise the price of their commodity. It is, however, recognised that only two alternatives to this course are possible: a general recovery in business or all-round wage reductions. No early trade improvement is looked for, and, if wage reductions are to be sought, it is logical for the railroads first to try to increase revenues. Failing that, they will have more support in cutting expenses in the only remaining way, by reducing wages.

Wage reductions, in the first place, could scarcely help for some time. The law provides for submission of labour disputes to arbitration, and undoubtedly railroad labour would not voluntarily submit to reductions. Arbitration would consume a good many months at best, and would probably be followed by "outlaw" strikes. Meanwhile, the railroads might be beyond help. Even higher freight tariffs, if granted, cannot go into effect for several months. They can become effective within 60 days after promulgation, but a good many weeks will be required to prepare new schedules. However, the prospect of aid is counted upon to bolster failing confidence in railroad securities. Markets have turned somewhat firmer, but railroad earning statements for April are beginning to appear. They are running nearly 25 per cent. under the same month of last year, and traffic is not rising to any great extent.

Reports of improvement in retail trade are heard, and it is noted that the country's largest retail dealer, the Sears,

Roebuck and Company mail-order concern, had a sales volume for the last week in April and the first three weeks of May within less than 1 per cent. of that of last year. Allowing for the lower prices, this meant a greater volume of business. In manufacturing and the heavy industries there is no change for the better. The steel trade has fallen to about 45 per cent. of capacity, and, with the price-cutting freely engaged in by many mills, little profit is being made. At the semi-annual meeting of the American Iron and Steel Institute this week President James A. Farrell, of the United States Steel Corporation, took his fellow steel company executives seriously to task for what he termed their ruinous policy of price- and wage-cutting. He made it clear that both had been carried to great lengths in the steel industry, and did much to dispel the optimistic vapours of Charles M. Schwab, chairman of the Bethlehem Steel Corporation, and presiding officer of the institute.

Motor sales are beginning to taper off, but there is some improvement in electrical output. The building construction industry is gaining a little with the season, but the real estate bond situation is so uncomfortable that not much can be expected from that quarter for some time. General employment in April was about stationary. The picture drawn by certain politicians of another bad winter of unemployment and the necessity for an extra session of Congress to deal with the matter is probably distorted, but real improvement before the end of the year will depend largely on the crops. At any rate, the American view is more cheerful than that taken on the European side.

Foreign trade figures for April were disappointing. Exports, at 217 millions, were the lowest since November, 1914, when prices were higher. Imports, at 187 millions, were 23 millions lower than in March, and the lowest for any month, with the exception of February, since pre-war times. Smaller cotton exports played a part, but it is held that curtailed Russian buying made a substantial difference. Exports to France and Japan were larger; those to Great Britain and Central Europe decreased. Bankers' bills used to finance exports fell 29 millions in April, though the drop of 44 millions in all classes of bills was considered less than seasonal. The explanation lies in the severe cuts in rates initiated by the Federal Reserve Bank, which have transferred much ordinary commercial bank borrowing to the bill market. The commodity price decline continues. The Bureau of Labour Statistics index for April stands at 73.3, a drop of 1½ per cent. The decline in the farm price group was smaller than the general average. Textiles fell sharply, as did petroleum products. Index numbers by groups follow:—

	April, 1930.	March, 1931.	April, 1931.
All commodities	90.7	74.5	73.3
Farm products	95.8	70.6	70.1
Foods	94.6	76.7	75.6
Hides and leather products	102.7	87.4	87.3
Textile products	85.5	69.2	6.6
Fuel and lighting materials	77.9	64.5	61.6
Metals and metal products	98.8	89.0	88.7
Building materials	94.7	81.9	80.9
Chemicals and drugs	91.0	81.9	80.1
Housefurnishing goods	96.2	90.8	90.8
Miscellaneous	78.5	64.7	63.9
Raw materials	89.8	69.4	68.3
Semi-manufactured articles	87.9	72.2	71.1
Finished products	91.9	78.4	77.1
Non-agricultural commodities	89.4	75.7	74.3

The Federal Reserve pressure in the direction of lower interest rates is relentless, and while the effects are appearing but slowly the authorities express themselves as well satisfied. Another cut in bill rates has been announced, and other regional banks have followed with reductions in their discount rates. Call funds have been landing as low as ¾ of 1 per cent. outside the Stock Exchange. Commercial banks are announcing cuts in deposit rates on special or thrift deposits, the usual reduction being from 3 to 2 per cent., and the process of leveling down rates is making progress among out of town banks. Probably before the autumn the savings banks also, which now pay from 4½ to 4 per cent. on deposits, will lower their rates. They are refusing deposits deflected to them from the commercial banks.

So far only the gilt-edged section of the bond market has been helped. Government bonds have risen to new high price levels, and the task of the Treasury will be simplified thereby. A long-term issue, probably with a 3 per cent. coupon, is looked for about June 10. It may offer conversion privilege for holders of the Fourth Liberty Loan 4½ per cent. bonds, not callable at this time. The Treasury deficit has almost reached \$1,000,000,000, and is fairly certain to pass that level before the end of the fiscal year, June 30th. The Under-Secretary of the Treasury, Mr Ogden L. Mills, points out that the deficit includes about 440 millions of public debt retirements, so that the actual increase in book amount of public debt will be less than the apparent deficit. He expresses the Washington conviction that tax increases at the next session of Congress will be avoided, but the Administration is now making frantic efforts to cut expenditures.

FRANCE.

Politics — Oustic Inquiry — Conversion — Coal, Iron and Steel Output — Unemployment.

(FROM OUR CORRESPONDENT.)

PARIS, June 3.

LAST Sunday's spectacular parade of 150,000 "Steel Helmets" at Breslau, in the official presence of the ex-Crown Prince, Marshal Mackensen, and General von Seeckt, and with the telegraphed approval of Marshal Hindenburg, was perhaps the most unfortunately timed form of manifestation that could have been hit upon in view of present Franco-German relations and the general European situation. The bellicose display on the Polish frontier, following the one on the western front a year ago, has had the worst possible effect on French opinion. The corrosive effect on the man in the street of the photographs reproduced here showing the ex-Crown Prince and other German war leaders, in full uniform proudly watching the march past of the Steel Helmets, is to be observed on every hand.

Curiously enough, during the past fortnight or so there has been a marked decrease in French nervousness in regard to the Chequers conference between Mr Macdonald and the German Ministers. For this Mr Henderson's firm stand side by side with M. Briand at Geneva is undoubtedly responsible. The Paris Press comments to-day are exceptionally calm and confident. The Entente Cordiale, it is regretfully observed, is dead, but it is also underlined that "nevertheless not one single international event of importance has occurred since 1920 in which, in spite of all hostile influences, France and England have not been found side by side for the common good." So far as any question of a moratorium or reduction of German reparation payments is concerned, the French attitude is that the problem depends entirely on the United States Government. Now that German reparation payments and Allied war debt payments to America are inseparably bound up together by the Hague Agreement and the Young Plan, any further reduction of Germany's obligations is only possible, it is insisted, if accompanied by a compensating modification of European obligations towards the United States. The apparently steady growth of American public opinion in the direction of at least a reduction of European reparation and debt payments, if only in the interest of America itself, is naturally attracting close attention here.

One of the most interesting domestic events of the week has been the resignation by M. Renaudel, one of the undoubted chiefs of the French Socialists, of his seat on the Oustic Inquiry Commission, of which he has until quite recently been one of the most ruthless inquisitors. M. Renaudel was the president of a parliamentary commission appointed immediately after the Cartellist victory in 1924 to investigate the origin of the political party and other funds used to fight the elections. Unfortunately, the victorious Cartellites arbitrarily limited the inquiry to exposing the origin of the funds expended by the Opposi-

tion parties, and prohibited the opening of any *dossiers* concerning Radical or Socialist war chests. A somewhat similar situation is latent now. The Oustic Commission was demanded by the parties of the Left, in the belief that a good many of M. Tardieu's supporters would be found implicated. The outcome has been entirely to the contrary. A good many *dossiers* remain to be opened concerning affairs with which members of the Socialist Parliamentary Party are alleged to have been connected, and these have so far been rather pointedly left on one side. Amused observers are now speculating as to whether the resignation of M. Renaudel will not result in the inquiry being brought to a graceful conclusion. M. Renaudel has been asked by the President of the Commission to reconsider his decision, but it is thought unlikely that he will do so. Meanwhile the Commission's future, like many other things, depends on what follows the collective resignation of the Cabinet immediately after M. Doumer assumes office on June 13th. M. Briand's position, the great Rentes conversion scheme, and next spring's general elections are only three of the outstanding factors in the situation.

The application of the Rentes conversion plan is becoming more urgent daily. Seven of the eleven issues, yielding nominally 3½, 4, 5 or 6 per cent. respectively, now stand slightly above par (ranging from 102 to 106). The two 3 per cents. are at 88½ and 88¼ respectively, while the 1920 5 per cents. stand at 136½. The 1925 4 per cent. issues are quoted at 131½. Bourse opinion is that the two 6 per cent. issues, which total about 50,000,000,000 francs, should first be dealt with. The question is, what proportion of the holders would ask solely for reimbursement. The Caisse d'Amortissement, although its resources have been reduced to one-half by new burdens thrown upon it for the purpose of balancing the Budget, has still some 9,000,000,000 francs available, which it is considered should be utilised as soon as possible, if the present opportunity is not to be lost. The saving to be effected by the conversion of these two issues to 4 per cent. is estimated at 976,000,000 francs a year. Further delay must inevitably increase the risk of another Budget deficit.

Coal, iron and steel production figures for April show an appreciable drop under each heading. The total output of coal during the month was 4,288,399 tons (25 working days), against 4,627,561 tons in March (26 working days), 4,560,158 tons in April, 1930, and monthly averages of 4,586,000 tons in 1930, 4,577,000 tons in 1929 and 4,369,000 tons in 1928. The output of metallurgical coke by the colliery plants amounted to 408,928 tons, against 432,436 tons in the previous month and 419,348 tons in April last year. In view of the large accumulations at the pitheads, especially in the Northern coalfield, and the increased keenness of competition from British, Belgian, Dutch, Polish and German fuel during the past few weeks, the coalowners are loudly demanding the organisation of a quota system for foreign coal, and the application of stronger protective duties. Belgian coal imports during the first quarter of the year have been 995,000 tons, against 609,000 tons during the corresponding part of 1930. Entries of Polish coal rose from 80,000 tons in February to 110,000 tons in March, and of Dutch coal from 18,000 tons to 32,000 tons.

The French Admiralty and the P.L.M. and Western State railways are all negotiating for supplies from British exporters. The Bordeaux Gas Company has ordered 60,000 tons from British, Polish and German sources. Tenders for another Midland contract, it is reported, stipulate that only British coal is wanted. Reductions of British export prices are also proving effective in the French market. This factor largely explains why coal imports here increased 41 per cent. last year, while the output of the French mines was only 5 per cent. larger. French critics of the French coalowners insist that the latter's complaints are exaggerated, and that the increased entries of foreign coal are due to the fact that importers are now content with a much smaller profit, whereas the French collieries are still maintaining their rate of profit at from 20 francs to 21 francs per ton (and in certain pits, where the cost of extraction is

especially easy, at from 30 francs to 35 francs a ton). The rate of profit secured by the Saar mines, it is stated, has been brought down from 17 francs to 10 francs per ton. On the other hand, British anthracite exporters are now faced in this country with steadily increasing competition from excellent quality steam coal from the French Far Eastern colony of Tonkin. Large deposits of this coal, lying close to a deep water port, are now being actively worked. The coal is stated to be equal to the best English anthracite in quality, and can be delivered here, in spite of the 11,000-mile voyage, at well under foreign competitive prices.

The total output of pig iron in April is returned as 738,000 tons, against 775,000 tons in March, 854,000 tons in April last year and monthly averages of 841,000 tons in 1930, 864,000 tons in 1929 and 832,000 tons in 1928. The number of blast furnaces in operation was 133, against 153 in April last year. Crude steel production was 675,000 tons, against 722,000 tons in the previous month, 787,000 tons in April, 1930, and monthly averages of 783,000 tons in 1930, 808,000 tons in 1929 and 832,000 tons in 1928. The French metallurgical industry is now feeling the world-wide depression more seriously than hitherto, in spite of appreciable cuts in selling prices, and the outlook in both the home and the export market remains threatening.

Unemployment, as gauged by the official returns of workers in receipt of the dole throughout the country—which have fallen from 51,814 on April 11th to 42,823 on May 23rd—is decreasing, but this is offset by a still larger increase in partial unemployment. The situation has been made worse by the general strike of the textile workers in the Roubaix-Turcoing area. The conflict, which is in its third week, is now showing signs of a collapse. The dispute is due to the refusal of the employers to continue to pay the workers' contributions towards the national insurance fund as well as their own.

GERMANY.

Politics — Ruhr Coal Syndicate — Exchange Weakness — Stock Exchange.

(FROM OUR CORRESPONDENT.)

BERLIN, June 3.

THE domestic political situation at present depends mainly on the new emergency decree, expected in the course of the next few days, which is to effect a further reform in public finance. The great question is whether it is going to be possible to raise, either by taxation or by economies, the funds which will be necessary to balance the Budget without overstraining the psychological situation. The Government is contemplating a general increase in the income tax, roughly graduated, but not really progressive, further reductions in official salaries, additional economies in social insurance, and an increase in the sugar tax and the petrol duty. Most of these are highly unpopular proposals. It certainly seems as though curtailment of the social services has been kept down to a minimum, and the programme in general so framed that it does not ask more of the Social Democrats than is absolutely indispensable, and should actually be less repugnant to them than to the Right Wing of the Coalition, especially the German People's Party, which has steadily stood out against increases in taxation.

In the last few days the Government has made two further concessions to the Social Democrats: Dr. Brüning has announced that he will definitely lower the grain duties if the price of bread does not fall in the immediate future, and the Minister of Labour has declared himself sharply opposed to a second wage-reduction movement. These two announcements may have been made for practical reasons. The reduction of the grain duties in particular is urgently desirable on financial grounds, as the present prohibitive rates, by almost completely preventing imports, are having a bad effect on revenue. It is, however, also in the nature of the political situation that the Government should for the moment look more to the

Left than to the Right. The Oldenburg elections have still further reduced the effectiveness of the moderate parties of the Right, and the consciousness of their weakness is causing them to drift further and further away from the Government bloc in order to evade responsibility.

The attack on the Foreign Minister has now been followed by a similar demonstration against Dr. Dietrich, the Minister of Finance, originating in this case also in industrial circles associated with the German People's Party. This attack, too, was unsuccessful, but it shows that the Government has little more to hope from the Right. It is, therefore, very natural that it should seek its support mainly from the Social Democratic Party, but the relative strength of the respective parliamentary parties is such that the Social Democrats, together with the nucleus of the Government bloc, the Centre and the State Party, cannot unaided give decisive support to the Government. In order to obtain such support one thing above all others is necessary—a success in the sphere of foreign politics. Not even the soundest and most adroit tactics can prevent the Brüning regime from being seriously endangered if it does not succeed in securing an alleviation, in some form or other, of the burden of reparations.

The Ministry of Economy has compulsorily prolonged the Ruhr Coal Syndicate for two months, as the mines were unable to agree on the new regulations. The assessment problem is still the kernel of the dispute. It is the practice of the Syndicate to pay the mines the full prices approved by the Minister, though these prices are only realised in a relatively small part of the market owing to the competition over the rest of the area of British coal and coal from other German districts. The excess which the collieries receive in this way is taken away from them again by a tonnage levy. A vehement discussion has been going on for a long time as to whether the mines which belong to companies which also own blast furnaces ought to pay this tax on the coal consumed within the concern. Originally they were required to do so, but last year a regulation was made, the general effect of which was to limit the levy on coal for companies' own use to 1.5 Reichsmarks per ton. This regulation, however, has still failed to give satisfaction, and at the last negotiations a plan was discussed for adjusting the levy on coal for use within a concern to the world price of iron. The collieries whose interest is mainly in the sale of coal maintained that the mixed companies, by supplying their own ironworks, satisfy a large part of the demand of the German iron industry outside the market, thereby forcing the other mines to sell at a loss, so that it is only fair that they should contribute to the equalisation of the reduction in profits. The mixed companies replied that they too suffered from inadequate profits owing to foreign competition and the fact that their unsatisfactory trade was in the export of iron was irrelevant, since this iron was just coal in a manufactured form. The question now is whether complete agreement can be reached on this principle. So far some 75 per cent. have agreed, but that was not enough to enable the Minister of Economy to put the new regulation compulsorily into force, so he simply prolonged the current agreement. It is rumoured that the Minister will not repeat this expedient, but will allow the Syndicate to dissolve in August if complete agreement is not reached.

One of the unpleasant surprises of the last few days has been the weakness of the mark. The dollar has risen in Berlin within a few days from 4.1980 to 4.2105 and sterling from 20.422 to 20.480, which latter rate is not far from the gold export point. But for the fact that the Reichsbank has placed foreign bills at the disposal of the market, rates would have gone still higher. The amount of foreign means of payment parted with was not indeed very heavy, and is small in relation to the large volume of cover held by the bank, but it was none the less an unpleasant necessity, as it reduces the liquid resources of the Bank.

Simultaneously with the weakening of the mark, German loans, especially the Young Loan, fell sharply in foreign markets. At 67 and 68 this 5½ per cent. loan has reached the lowest level since its issue, and this,

together with the exchange weakness, is evidence of foreign lack of confidence in Germany. The demand for foreign exchange in Berlin was due to the calling-in of foreign credits, though there is at the moment no question of a flight of capital. In sympathy with the general Stock Exchange decline there has been a further rise in interest rates, especially those for long-term capital. All this means that the prospect of a stimulus to German economy from the direction of the capital market is remoter than ever. No alleviation of the depression in Germany is forthcoming from international co-operation.

AUSTRIA.

Credit-Anstalt — Auspitz Lieben — Foreign Trade — Revenue Decline.

(FROM OUR CORRESPONDENT.)

VIENNA, June 2.

THE Austrian National Bank continues to be the principal source for satisfying the monetary requirements of the Oesterreichische Credit-Anstalt, and has taken over some 400 million schillings worth of bills bearing the endorsement of the Credit-Anstalt. These discounts are guaranteed by the Federal Government, and in addition the National Bank has availed itself of the support of the B.I.S. and the other great banks of issue by rediscounting part of the newly submitted bills with them. Individual savings banks, moreover, have been induced under Federal guarantee to re-deposit with the Credit-Anstalt part of the sums they had withdrawn in the early days of the trouble.

In financial circles here the urgent desire has been expressed that the exact position of the Credit-Anstalt should be made known. Such a report is in preparation, and the Austrian National Bank has delegated experts to assist with it. It has not yet, however, been possible to find suitable persons to join the board of the Credit-Anstalt for the purpose of safeguarding the interests of the State or the bank of issue. Negotiations have been carried on with a number of candidates, but again and again difficulties have been encountered. Some eminent Vienna financiers are of opinion that it would have been far better to issue a moratorium for the Credit-Anstalt immediately after its financial difficulties became known. Then the status of the bank could have been examined quietly and a proper balance sheet have been drawn up before according State intervention and far-reaching support by the National Bank.

The anticipated exchange support by the B.I.S. has caused the foreign bill purchases on the part of the public, which on certain days were very considerable, to decline materially. While last week only 5 per cent. of the demands for American paper were accorded, the allotment increased to 20 and even 100 per cent. after the prospect of exchange support had become known. The purchases, however, still continue, especially as the financial authorities have as yet made no definite announcements. In order to assist the Credit-Anstalt, the Federal Government has already paid up 100 million Austrian schillings for the shares it is to take over, though according to the strict interpretation of the law such a payment should not have been effected until a general meeting of the Credit-Anstalt had passed its balance sheet. While in the first few days of its crisis the Credit-Anstalt paid any sum that was recalled and also repaid deposits to its customers without consideration of the respective terms of withdrawal, it now strictly observes all such stipulations. Sums maturing at a later date are either not paid out at all or else a small advance payment is made on them; on the other hand, liabilities within the country are all immediately met. With the foreign creditors, negotiations are in progress the details of which are probably better known in London than they are here.

A second shock has been given to the market by the breakdown of Messrs. Auspitz, Lieben and Company, a firm which until a few days ago was considered absolutely

reliable. It now appears that, like the Credit-Anstalt, this firm had for a long time been contending with serious difficulties, which would have been admitted long before had it not been for the hope of an improvement in the business situation. In this case it is a question of serious abuse of confidence on the part of the heads of the firm, one of whom has committed suicide. The deposits of certain clients are non-existent, and there have been other gross improprieties. Nevertheless, it is thought that in the event of a slow liquidation the creditors would not suffer very severely, especially as the surviving partner, Herr Stefan Auspitz, is the owner of a picture gallery of international repute and as his relatives are also willing to make big sacrifices. The decree of the court initiating composition proceedings in regard to this firm has made it impossible for Austrian firms to exercise restraint for the satisfaction of their claims during a period of 60 days, a fact which has caused great perturbation on the Stock Exchange, as, in the expectation of such forced sales, there have been extensive bear operations within the last few days, for a large part of which cover had to be provided. The Stock Exchange Committee had resolved on shortening the terms of delivery for securities sold, with a view to restricting speculation. At present the state of affairs is nebulous, and very much will depend on whether foreigners prove inclined not only to prolong the credits they have granted the Credit-Anstalt but also to provide considerable fresh capital in exploitation of the Government guarantee envisaged for any new credits accorded to the institute.

The economic situation, even before the inception by the Federal Government and the Austrian National Bank of relief measures in favour of the Credit-Anstalt, was characterised by extreme depression. The final solution of the customs union question at Geneva was awaited with great impatience. Though there is a general opinion to the effect that Austria cannot recuperate under existing conditions, it has been pointed out that the uncertain position entailed by the customs union plan has engendered additional difficulties. Orders have been cancelled, since no one knows what effect German competition will have in the event of the customs union; for example, plans for the establishment of pipe-rolling mills have been discontinued, orders for machinery have been withdrawn, and commerce is also suffering from the state of uncertainty, so that the alleviation of unemployment is delayed.

Foreign trade has made an unsatisfactory beginning; in the first quarter imports fell short by 142.3 millions, and exports by 241.6 millions, of the corresponding returns for the same period of last year. The export of agrarian products, however, shows an increase of 20 per cent. The value of industrial exports declined from 440 to roughly 300 millions. For this reason the drafting of an amendment to the customs tariff is being accelerated; it provides, *inter alia*, for increased protection to agrarian products, which many people fear will entail higher foodstuff prices. Furthermore, the duties on iron and iron goods are to be raised. The finest sorts of cotton yarn are to be on the free list, as there are no corresponding native spinning interests to be protected. The duty on plate glass is to be remitted, so that Czechoslovakia will be benefited. Substantial increases are to be made in the duties on automobiles, and there are to be higher duties on crude oil and timber.

The receipts from taxation are still declining, and it is computed that—allowing for the monopolies and for Federal railway losses—the total deficit in the first four months will amount to no less than 140 million schillings. The decline in the share of the Federal provinces and the municipalities, according to estimates made up to the present, will amount to some 46½ million schillings for the whole year. For Vienna alone, the loss is estimated at 20 per cent. The recently appointed Economy Commissioner has drawn up a programme which—though not yet actually sanctioned by the Government—is likely to be passed in its essential points. He advocates restrictions in the system of bounties, especially those on agrarian products, and demands the fixing of a definite limit to the expenditure, not only of the Federal Government, but also of the provinces, the various economic organisations, and the social insurance institutions. He likewise demands

that no new employees be engaged in the public service and insists that this regulation be enforced far more severely than hitherto.

Until recently the Minister of Finance intended to levy a special tax, not exceeding 4 per cent., on all fixed salaries. This proposal met with the opposition of both civil service and private employees, the industrial concerns objecting on the ground that a cut of wages and salaries is inevitable, and has in many cases already been effected. The electricity industry, for example, has reduced wages by 10 per cent. Such cuts could not be maintained if the Government imposed an additional tax on incomes, thus further impairing the purchasing power of large classes of the population. So far, however, the Finance Minister has refused to abandon his project. Economic conditions, the smaller total tax revenue, and now the relief measures in favour of the Credit-Anstalt, make it impossible to effect the diminution of the rate of taxation which is demanded by all branches of economy. The expenditure of the Federal Government, including investments, has been doubled during the last eight years. Whereas in 1924 the total public expenditure barely absorbed a sum of 1,500 million schillings, it now exceeds 3,000 millions, and the total income of the Austrian nation is estimated at only between 6,000 and 7,000 million schillings.

ROUMANIA.

Little Entente — Commercial Treaty with Germany — Agricultural Situation — Treasury Deficit — Foreign Trade — Economic Situation.

(FROM OUR CORRESPONDENT.)

BUCHAREST, May 21.

The annual meeting of the Little Entente, which was held in Bucharest early in May, showed once more the perfect accord which reigns amongst its members, Czechoslovakia, Yugoslavia and Roumania, on political and economic questions; this was of particular interest, as it assured the unity of these countries in the face of the proposed Austro-German customs union. Nevertheless, the economic importance of such international action should not be exaggerated. The meagre results of the recent cereal conferences have amply proved how difficult it is to reconcile the divergent economic interests of the countries of Europe; but it has caused satisfaction that the change of government in Roumania has in no way involved a change of direction of Roumanian foreign policy.

There were great hopes that the commercial treaty between Germany and Roumania would be brought to a satisfactory conclusion in the course of this month. It was reported that Germany would accord preferential treatment to imports of barley and maize from Roumania, and the temporary suspension of negotiations has caused considerable disappointment, particularly as the raising of the German import duties on cereals last year dealt so severe a blow to Roumanian agricultural interests.

The agricultural situation is one of the principal preoccupations of the new Government. The export duties on cereals have been entirely withdrawn; the cost of transport is being reduced; a programme is to be evolved for the improvement of production, both in quantity and quality, by means of technical advice and the provision of machinery and credit facilities. The Agricultural Bank is in the course of formation, and the State is providing 650 million lei for this purpose out of the proceeds of the last loan and inviting the principal banks to participate. Negotiations are still proceeding, but it is not expected that the banks will be in a position to make a large contribution.

Treasury receipts for the first three months were, as was only to be expected, over 3,000 millions below the estimates, and amounted to about 5,200 millions, a reduction as compared with the same period last year of 2,900 millions. The total expenditure for the three months was fixed by royal decrees at about 7,500 millions, but in view of the insufficiency of the receipts, this sum was

reduced to about 6,500 millions, of which little over 5,000 millions have actually been paid during the three months. The total of the payments effected by the State during the same period of 1930 amounted to almost 7,500 millions. The constant postponement of payments due from the Government is interfering to a considerable degree with the credit system of the country. It is, therefore, the intention of the Government to submit the budget estimates for this year to a searching revision, and considerable reductions in the estimated expenditure of the various departments are to be made.

The foreign trade of Roumania during 1930 shows a substantial balance in favour of this country as regards both quantity and value. The following are the figures for 1930 and 1929 published by the statistical bureau of the Ministry of Finance:—

	1929.		1930.	
	Tons.	Lei.	Tons.	Lei.
Imports ...	1,104,869	29,896,504,000	773,881	22,468,543,000
Exports ...	7,063,132	28,914,934,000	9,214,485	28,495,852,000
Balance +	5,958,263	-981,570,000	+ 8,440,604	+ 6,027,309,000

The considerable reduction, both in quantity and value, of imports during 1930 as compared with the previous year, which is a sign of the great diminution in the purchasing power of the population. The quantity of the exports in 1930 shows a very satisfactory increase over 1929, whereas the value shows a slight decrease, owing to the fall in the prices of cereals, petroleum products and timber. These figures are eloquent testimony of the crisis through which this country is passing. Unhappily, the situation shows no signs of improvement yet. In fact, a feeling of discouragement is gradually gaining ground, and the attitude of irresponsibility or unscrupulousness of the debtor in general has been encouraged by bad legislation and a mistakenly lenient attitude of the courts. This has, of course, accentuated the restriction of credits and has prevented foreign interests from investing their capital in this country, especially as far as trade is concerned.

NORWAY.

New Government — Labour Situation — Oil — Shipping — Money — Fisheries.

(FROM OUR CORRESPONDENT.)

TRONDHEIM, May 22.

THE fall of the Mowinkel Ministry at the beginning of this month was due to the criticism of the Protocol Committee of the Storting with regard to a concession granted to the Norwegian industrial concern Denofa, 50 per cent. of whose capital is in the hands of the British-Dutch company, Unilever. According to the findings of this committee, the granting of this concession was incompatible with the public interest. In spite of the splendid and energetic defence offered by Mr Mowinkel with the support of his ministers and political partisans, the debate proved fatal to his Government. The first Norwegian Peasant Government has now been formed, with Mr P. L. Kolstad, hitherto President of the Odelsting, as Premier; while Mr Braadland, a major in the Norwegian army, has been appointed Foreign Minister. The remaining departments of the Government have been entrusted partly to Peasant members of the Storting and partly to prominent political partisans of the Peasants outside the Storting.

The inaugural declaration of the new Government made no definite promises or clear suggestions as to means of reducing public expenditure or relieving the strain under which trade and industry are labouring, but it certainly acknowledged the necessity of doing something. The Government have announced their intention of endeavouring to maintain "business-like" co-operation with the other political parties. The general opinion is that the Government, originating from a comparatively negligible minority in the Storting, will have to feel their way very carefully, requiring the support of at least three of the more important political parties in every question of importance which they may want to carry through.

Conditions on the labour market have not altered during the last few weeks. The Public Mediator is still engaged in the difficult task of constructing a passable bridge over the chasm dividing the parties concerned. Hitherto he has not considered it expedient to advance any proposal to be put to the vote, and the general idea seems to be that the conflict will be protracted.

The decision of the British Oil Trust to employ their own expeditions to bring home the fresh oil they need for next season has come as something of a surprise to the Norwegian whaling companies. It seems to have been assumed that the agreement of the Norwegian whaling concerns to lay up the whaling fleet would also include the Oil Trust. However, as the quantity of fresh oil required by the Oil Trust for next season is stated to be 300,000 barrels, while the average yearly consumption amounts to at least seven or eight times as much, the consequences may not prove too serious to Norwegian whaling industry.

In spite of the deplorable state of the freight markets, the Norwegian shipowners continue to increase their fleet. The most recent addition to the merchant fleet, the M.S. "Venus," of the Bergenske Steamship Company, was launched at the beginning of this month, and has already made her maiden trip from Bergen to Newcastle. This beautifully constructed ship will make the passage between the above-mentioned ports in twenty-one hours, seven hours less than hitherto required.

Conditions on the money market continue rather easy, but in spite of the recent reduction of the English and American bank rates, it is not considered likely that there will be a reduction of the Norwegian Bank rate at present. Much may depend, however, on developments in Sweden and Denmark. The bond and share market is lifeless, on account of the lock-out, but prices are generally maintained.

The spring cod fisheries in the Finmarken have been extremely poor so far, and the total return of the cod fisheries for the whole country at the end of last week was 35.4 millions, against 57.5 millions at the same time last year. The coast mackerel fishery on the south coast of Norway, however, has been excellent, and large quantities are being exported on ice.

JUGOSLAVIA.

Stabilisation Loan — Stabilisation — Budget — Foreign Trade.

(FROM OUR CORRESPONDENT.)

BELGRADE, May 18.

THE conclusion of a stabilisation loan in Paris on May 5th has been greeted with general satisfaction here, where it is taken as a sign of foreign confidence in the present dictatorial regime. The floating of the loan of 1,025,000,000 French francs has been undertaken by a consortium of banks, with the Union Parisienne at its head, the respective shares being: Union Parisienne 675, Swiss banks 125, Czech banks 100, Swedish banks 50, Yugoslav banks 50, and Dutch banks 25 million French francs. The price of issue is 87½, interest 7 per cent., and term of repayment forty years. Such conditions, while not brilliant, are yet relatively satisfactory, being financially better than those of the recently concluded Polish and Roumanian loans, and, unlike them, not burdened by additional obligations in the form of concessions. The questions of the Ottoman debt and the French holders of pre-war Serbian loans are not mentioned, nor are there any obligations as to purchases from the lending countries. On the other hand, the right of conversion after a period of five years has been granted.

Judging by the declarations of the Minister of Finance and the Governor of the National Bank, of the net total of this loan of 1,900 million dinars (£6,900,000), about 1,000 million will be used for repayment of the state debt to the National Bank, while the remainder will be devoted to public works, chiefly railways and roads. A further 800 million dinars will be gained from a revalorisation of the

metal and bill cover, which has hitherto been reckoned not at its actual, but at its nominal pre-war value, so that the state debt should be reduced from a total of 3,900 millions (£13,900,000) to about 2,100 million dinars (£7,300,000). A further reduction should ensue upon the issue of metal coinage, as provided for by the stabilisation law; while the remainder will be paid off gradually from the annual share of the State in the profits of the National Bank. As the cover of the National Bank, upon receipt of the money from the State and revalorisation, is expected to reach 2,800 million dinars, the fiduciary circulation, which is below 5,000 million dinars, should be covered to the extent of over 50 per cent.

The stabilisation law, published by Royal Decree, which is to come into force on June 28th, fixes the value of the dinar at 26.5 milligrams of pure gold, which corresponds to the value it has maintained during the actual stabilisation since August, 1925. The cover is fixed at 35 per cent., of which 25 per cent. must be in gold; while the maximum of metal coinage is to be 650 million dinars (£2,400,000). The convertibility of paper into gold or bills free for export has also been established for sums exceeding 250,000 dinars (£900).

The Budget for 1931-32, published on April 1st, differs but little from that for 1930-31, both being, in the words of the Finance Minister, the effect of the same regime and financial policy. The total is practically the same, 13,210 millions, against 13,348 millions for 1930-31. Nevertheless, read item by item, the Budget represents substantial savings, which are not reflected in the total because of the increase of the debt service and pensions. The increase in the debt service amounts to 204 million dinars, chiefly as a result of the settlement of the debt to France and partly because of the natural increase of the service of all other war debts. The chief expenditure is as usual on communication (inclusive of posts and telegraphs), 3,475 million dinars, army and navy 2,596 millions, State debts 1,220 millions, and pensions 1,100 million dinars. The chief items of revenue are:—Communications 2,985 millions, State economic enterprises 2,330 millions, direct taxes 1,600 millions, and customs dues 1,488 million dinars. In his explanatory statement the Minister of Finance expresses confidence that the new Budget, like its predecessor, will prove to be balanced, since it introduces no new fiscal burdens and even alleviates some of those already existing.

Trade, as everywhere, continues poor, the fall as compared with last year being about 27 per cent; 23 per cent. in imports and 31 per cent. in exports. Thus the figures for the first quarter read:—Imports 1,342 million dinars, as against 1,740 millions in 1930; exports 1,160 millions, as against 1,696 million in the previous year; deficit in the trade balance 182 million dinars. It is to be noticed, however, that the index figure of prices has ceased to fall, and has even evinced a very slight stiffening both in exports and in home-consumed goods. This applies specially to wheat and maize, of which no great reserve stocks are expected to be left over, partly because the harvest is likely to be late this year, and partly because much has been used for the fattening of cattle and pigs destined for export. This diversion of export corn for cattle feeding is very significant, and there are growing signs that the production of corn and cattle will gradually become equally balanced in this country.

SOUTH AFRICA.

New Party — Native Service Contract Bill — Vital Statistics — Census.

(FROM OUR CORRESPONDENT.)

JOHANNESBURG, May 13.

THE Nationalist Party is still in the throes of such troubles as seem invariably to dog the steps of all parties after extended periods of power. The latest and worst menace to their existence is a certain Dr. Steenkamp, member of the House of Assembly for Namaqualand. Dr. Steenkamp is personally well known and popular in his constituency, in

spite of its enormous area. The district, once purely agricultural except for the copper mines, is very poor. The discovery of diamonds might, in some circumstances, have improved its condition, but there is, and has been, for many months, a great deal of distress among the farmers and also among those who have become labourers on the diggings. Steenkamp is a very able man, with a fervent and genuine, if perhaps unbalanced, sympathy with the poor. Originally elected to Parliament as an independent Nationalist, he has continually developed independence. He is now the leader—so far hardly official—of a new "National Farmers' and Workers' Party." The party and its leader are causing the official Nationalists far more bother and anxiety than the official opposition. The arms of the party are much the same as those of the left wing official Nationalists, including republican government. The membership is drawn almost entirely from the poorer classes of Afrikaners, whose views of major questions are apt to be reactionary and ill-informed.

With the present conditions in rural districts—conditions which no Government could remedy or even greatly alleviate—Dr. Steenkamp and his friends seem likely to be favoured with good political weather for some time to come. Their parliamentary tactics are good, and in any case they have little to lose. Unfortunately, the party does not seem likely to be able to develop any policy of constructive value.

A further striking example of the trend of South African legislation affecting natives is provided by the Native Service Contract Bill, which is now before a Select Committee before being read a second time. It may seem curious that the Bill was introduced to the House, not by the Minister for Native Affairs, but by the Minister of Justice—whose able but sinister hand has apparently a firm grasp of the helm of Cabinet policy in many matters which lie somewhat aside from the ordinary business of his department.

The purpose of the Act is to regulate relations between employers and "labour tenants"—a labour tenant being a native who occupies land belonging to a European farmer in consideration of rendering service on the farmer's own farm. By definition, however, the draft Bill provides for service "of whatever nature." The purpose and intention of every line of the Bill is to bind natives to the farmer on whose land they live—and, owing to the inadequacy of native reserves, many thousands of natives must live as squatters on the land of European farmers. The most iniquitous section of all enables native guardians of children under eighteen or sixteen (in the case of males and females respectively) to bind them until that age. The guardian may on behalf of such native (i.e., the minor) enter into a labour-tenant contract or any other service contract with the owner of his domicile binding his ward to render service to such owner or occupier at any place in the Union. The sole protection to the unfortunate minors is that such contracts having a currency exceeding one year must be reduced to writing in a prescribed form. There is no lower age limit.

The provisions for the termination of labour-tenant contracts are, to say the least, more easily comprehensible to farmers than they would be to natives. Moreover "a labour-tenant contract entered into for any period or at any place should not be invalid merely by reason of the fact that it was not entered into in any particular manner or form" (Section 5 (2)). Section 9 provides for the taxation of owners of land who do not exact service from their native squatters. The whole Bill reads like a quotation from "Uncle Tom's Cabin." It may not become law in its present form, but it is scandalous that in these days it should ever be presented to a Parliament of Europeans claiming to be civilised.

According to the latest Report of the Department of Public Health, the vital statistics for the European population of the Union still make satisfactory reading. The birth rate per 1,000 of the European population is 25.8, and the standardised death rate is 10.69; the crude death rate is 10.15, and the survival rate of 15.6 per 1,000 is one of the highest in the world. The infantile mortality rate for Europeans is 70.49, which is lower than in most parts of Europe.

It is very unfortunate that the Government has decided not to take the census of the native and coloured population. The present figures are ten years old, and up-to-date information would have been invaluable for sociological and economic purposes. The wisdom of the decision, even in the present difficult times, has been questioned both publicly and in Parliament. One important phenomenon with which only a census can adequately deal is the urbanisation of the natives, and urbanisation, in the case of respectable natives in regular work, is no bad measure of civilisation.

Letters to the Editor.

THE LAND TAX: A FOREIGN VIEW.

TO THE EDITOR OF THE ECONOMIST.

SIR,—May I intrude a foreigner's word in the debate which is going on in your country on Mr Snowden's proposed tax on land? Some people, and it appears that you are of this opinion, think that the tax will make holders more ready to sell or utilise land for buildings or other productive purposes instead of keeping it vacant or covered with gardens, parks or playing grounds. Perhaps this will take place, but not for strictly economic motives.

Why is a plot kept vacant? Because a speculator feels or hopes that, in due course of time, the plot will ripen, so as to be utilised according to his best capability. If we suppose that no tax or other expense is incurred, a plot worth £100 will cost, after twenty years, in virtue of the simple passing of time, £180 12s. 2d. if the rate of interest is 3 per cent., £219 2s. 2d. at 4 per cent., £265 6s. 8d. at 5 per cent., £320 14s. 3d. at 6 per cent. As the future value of the land is, to all practical purposes, independent of the cost, and as after maturity the land value will increase no more, or at a less rapid pace than the interest loss, the holder is greatly interested in hitting the moment when the plot is ripe and sell or build on it. A sale prior to that moment is contrary to public interest, because it will mean building on unripe plots, building for factories or tenement-houses on plots which would, if built on at the best moment, be better used for business or residential or public purposes. Building before maturity means bad planning of cities, increase of public services cost, unremunerative investments. Maximum land value and best land utilisation are inseparable twins.

The tax, as proposed by Mr Snowden, produces no change in the picture. If we suppose, in the absence of the tax, that the plot will ripen twenty years hence, that the rate of interest is 5 per cent. and that the plot is worth to-day £100, it will be worth £265 6s. 8d. then. The tax will mean that the holder will be obliged to pay:—(1) An annuity of 1d. per pound on values which we will suppose increasing from £100 at the present moment to £252 13s. 9d. at the end of the nineteenth year. The present value of such a nineteen-years annuity can be estimated at £7 18s. 2d., and the value at the end of the twentieth year, the moment when the plot will become ripe, at £21; (2) a perpetual annuity beginning at the end of the twentieth year of 1d. per pound on £265 6s. 8d., the value of the plot at the said moment. We can suppose, for sake of argument, that the value of the plot will then stop increasing. If it goes on increasing the reasoning can be duplicated. The value twenty years hence of such perpetual tax is £22 1s. 8d., and the present value £8 6s. 6d. That tax will thus simply change the appropriation of present and future values of plots as follows:—

	Future Values at the moment of Plot Maturity.			Present Values.		
	£	s.	d.	£	s.	d.
To land holder	222	5	0	83	15	4
To State as intermediate taxation during the maturing life of the lot	21	0	0	7	18	2
To State as final perpetual taxation of the ripened and built lot	22	1	8	8	6	6
Total value	265	6	8	100	0	0

The new tax will simply transfer from the holder to the State a part of the future value of the plot. This value cannot but remain unchanged at £265 6s. 8d.; only the present holder or his successor will have to pay taxes up to £13 1s. 8d. If they keep the land they will pay the said sum and be so much the worse off; if they sell the land at once or thereafter they will sell subject to the burden of the tax. Would-be purchasers will

take account of it and pay so much the less. If, for instance, the plot is sold at once, the landholder will obtain for himself only £83 15s. 4d., leaving in the hands of the purchaser a total sum of £16 4s. 8d. towards payment of the new tax.

If this is the sequel of the tax, I submit that it makes no difference whether a purchaser pays £100 for the plot without the tax or £83 15s. 4d. with the tax. The tax is simply a device for transferring to the State a part of the value of the plot. It cannot have any effect on the time and methods of utilisation of the land. The holder will be interested just the same in waiting for the moment of the best maturity of the land if he possesses or buys a plot at £100 without the tax or at £83 15s. 4d. with the tax.

This is, indeed, pure theory. I grant that in real life we are obliged to take account of other than pure economic reasoning. Present values do not change forthwith, future values are not now easily estimated, and manifold frictions exist in this world of ours. Above all, psychological impressions are often more potent than economic reasons. Men accustomed to think in terms of £100 for their plots will become chagrined at the prospect of having to pay taxes on vacant land, which is bearing no present fruit, which is kept just because we or our family were used to it. The tax may turn the scale in favour of selling; and sales may be made to uneconomic men, who will make bad use of the opportunity offered them. In the first years, perhaps for a not too short period, the new tax will have bad effects on the economic and social utilisation of land. Mistakes will be made, for which the country will pay after twenty or fifty years by pulling down factories or cheap houses where other types of buildings should have been erected. Local bodies will then be busy replanning at no mean cost. But these are incidentals of a short-period view. In the long run things must relapse to the state where they would have been without taxation, except that a part of the value of the land will have been transferred to the State. My final suggestion is that it seems inadvisable to begin with a mere 1d. per pound, if the intention is to put up the rate of the tax from time to time. Better 3d. on the pound at once, and so reduce at once the present value of our imaginary £100 lot to £50 (I have supposed it taxed in the hands of a proprietor of many plots, unable to claim exemption under the £120 minimum rule) than three steps up the ladder of 1d. each. As each step is bound to beget psychological mistakes, it is better to have them all at one stroke. As a further query—I don't think myself authorised to make suggestions in this field—I ask if the new tax cannot have any good, bad or indifferent economic and social effects in the long run: if the short-run effects are at best doubtful, cannot any better device be discovered for bringing a few millions to the Treasury? It is a pity that a big enterprise such as the new valuation of all British land should be so imperfectly utilised. There is something in the proposed valuation of land and improvements; but this something can be observed only through a mist.

I stop the letter, however, because I am touching on problems bigger than Mr Snowden's new tax.—Yours, etc.,

Turin, May 30, 1931.
Public Finance Professor at the University of Turin.

Books and Publications.

THE ELEMENTS OF TAXATION.

WRITING recently in the trade supplement of a Sheffield paper, the Right Hon. J. W. Hills, one-time Financial Secretary to the Treasury, emphasised in strong and simple terms the cleavage of opinion between economist and business man concerning the incidence of direct taxation. To the orthodox economic view that income tax cannot enter into cost of production he opposes the experience of the business man that it can and does. People who receive dividends must, he says, have "some money to spend, and so the prices of the articles produced must be adjusted to give shareholders an appreciable return free of tax." Again, "all income-tax paying staffs must receive salaries on a basis allowing the tax-free remuneration which befits their services and positions." It is not difficult to see why this view should make an almost irresistible appeal to wide sections of the business community, and indeed to all persons above the income-tax limit, since it provides them with an altruistic reason for resisting impositions upon themselves. But whatever may be the motive, there is undoubtedly a widespread tendency to reduce the intricate problem of incidence to

the simple terms outlined by the National Union of Manufacturers before the Colwyn Committee:—"The difference between direct and indirect taxation hardly exists in actual fact . . . the burden becomes automatically distributed by a law of political economy that defies all Acts of Parliament."

It is to an exposition of this problem, with its wide opportunities for distortion, exaggeration and half-truth, that Mr. Silverman* addresses himself in his admirable text-book "Taxation: Its Incidence and Effects." As the title suggests, he is careful at every turn to emphasise the much-neglected distinction between incidence and that vaster, more indeterminate area of disturbance which may be called effect. To the advanced student of economics it may appear that there is little that is new in Mr. Silverman's exposition—a charge that can of course be levelled at most comprehensive elementary text-books. The hypercritical seeker after deficiencies may perhaps complain that the bearing of taxation upon saving, with reference to the varying purposes of saving, might have received more consideration in Part I., which deals with the general principles of taxation. He might add that the more copious treatment of the taxation of unearned increments from land would have given better proportions to Part II., which treats, in turn, of special forms of taxation. But all said and done, Mr. Silverman has provided the ordinary intelligent student of public affairs with something which he has long needed: a lucid and illuminating integration of the social and economic aspects of taxation, presented on practical and even topical lines, and accompanied by a helpful selection of illustrative statistical tables. It must, however, be confessed that, in spite of the objectivity and breadth of view which Mr. Silverman brings to the task of exposition, he has produced a sea of reasoning in which the arguments of Major J. W. Hills cannot remain afloat.

* Taxation: Its Incidence and Effects. By H. A. Silverman. Macmillan & Co. 7s. 6d. net. Pp. xix + 359.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Credit and Currency Control. By D. B. Copland. (London) Macmillan and Co., Ltd., St. Martin's Street. 5s. 6d. net.

A discussion of credit and currency problems with special references to Australia.

Constitutional Law. By E. C. S. Wade and G. Godfrey Phillips. (London) Longmans, Green and Co., Ltd., Paternoster Row. 21s. net.

A well-documented outline of the law and practice of the British Constitution, including English Local Government, the Constitutional Relations of the British Empire and the Church of England.

An Introduction to Politics. By Harold J. Laski. (London) George Allen and Unwin, Ltd., 40, Museum Street. 2s. 6d. and 3s. 6d. net.

A brief and eminently readable little book in which Mr Laski, with his usual persuasiveness, lays the basic problems of politics before the general reader.

The Banker. June, 1931. (London) Financial Newspaper Proprietors, Ltd., 20, Bishopsgate. 2s. 6d.

Includes an article by Dr. Gregory on "Are Bankers to Blame for the Trade Depression?"

British Banks and Agriculture. By S. Evelyn Thomas. (London) London General Press, Ltd., 6, Bouverie Street. 2s. 6d.

A short discussion of the question of agricultural credit.

Oil and Petroleum Year Book, 1931. Edited and published by Walter E. Skinner, 15, Dowgate Hill, London. 7s. 6d.

An important book of reference on the oil industry. It contains particulars of 620 English and foreign companies, with lists of their officials, full details of their capacity, latest balance-sheet figures, and recent Stock Exchange prices.

Oil Facts and Figures. May, 1931. (London) Frede. C. Mathieson and Sons, 16, Copthall Avenue. 1s. 6d.

A useful pocket collection of oil statistics, with financial details of the individual companies.

The Labour Year Book, 1931. (London) Labour Publications Department, Transport House, Smith Square. 3s. 6d.

A useful political and statistical record of the year.

The Round Table. June, 1931. (London) Macmillan and Co., Ltd., St. Martin's Street. 5s.

Includes, *inter alia*, articles on "France and Germany" and "Is the Five-Years Plan a Menace?"

The Crown Colonist. April, 1931. (London) 33, Tothill Street. 1s.

The preliminary number of an illustrated monthly, which is to be devoted to the resources and activities of the Crown Colonies.

Empire Review, June, 1931. (London) Macmillan and Company, Ltd., St. Martin's Street. 2s.

Includes, *inter alia*, articles on "Spain at the Cross Roads," by Sir Charles Petrie, and "Some Aspects of Australian Finance," by the Hon. Sir John W. Kirwan.

Statistical Abstract of British India. (Calcutta) Government of India Central Publication Branch. 6s.

Wereldwetgevers. By H. S. M. Van Wickevoort Crommelin. With a Foreword by R. A. Fockema. (The Hague) W. P. Van Stockeem and Zoon, Buitenhof 36.

A severe criticism of the International Labour Organisation at Geneva.

Currency Accounts in Sterling Books. By C. Ralph Curtis. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 5s. net.

A new system for the treatment of currency in the books of traders and bankers.

The Boston Stock Exchange. (Boston) Stock Exchange, 53, State Street.

A descriptive booklet.

Kelly's Directory of Merchants, Manufacturers and Shippers of the World. In two volumes. (London) Kelly's Directories, Ltd., 186, Strand. 64s.

A most valuable gazetteer, covering all foreign countries in volume I and British countries in volume II. The commercial directory, which is arranged by towns, contains over 1½ million names, and the whole is indexed in four languages.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Nineteenth Report of the Department of Agriculture for Scotland, being for the Year ended December 31, 1930. Cmd. 3870. 2s. net.

Forty-Eighth Report of the Comptroller-General of Patents, Designs and Trade Marks for the Year 1930. 4d. net.

Report of the Commissioners of Prisons and the Directors of Convict Prisons for the year 1929. Cmd. 3868. 1s. 6d. net.

An invaluable reference book for bankers, business men, journalists and all concerned with International Finance and Affairs.

STATESMAN'S YEAR-BOOK 1931

Edited by M. EPSTEIN, M.A., Ph.D., F.R.G.S.
With Maps. 20s. net.

Enlarged Second Edition just published.

THE DUAL SYSTEM OF STABILISATION

By J. TAYLOR PEDDIE, author of "The Flaw in the Economic System," and "The Invariable Standard and Measure of Value." 15s. net.

The "Dual System" explained by Mr. Peddie in his First Edition, does not embody either Free Trade or Protection. It is a system which enables producers to assume control of the price level, to take it away from money, and to promote rising wages and falling prices.

MACMILLAN & CO. LONDON W.C.2

The Stock Exchange.

NEWSPAPER SHARES—I.

THE extent of the public distrust of newspaper shares at the present time may appear extraordinary at first sight. At the end of 1928 the investor was apparently content to receive from the two principal equity shares of the "Rothermere" group—Daily Mirror ordinary and Associated Newspapers deferred—dividend yields of only 4.2 per cent. and 5 per cent. respectively, and from the holding company's ordinary shares—Daily Mail Trust—only 4.6 per cent. free of tax. At the same time, the equity shares of the rival "Berry" group—Allied Newspapers ordinary—were selling on a yield basis of 5.2 per cent. In July, 1929, five months after industrial equity shares on the London Stock Exchange had begun their decline, these shares were still returning comparatively low yields—Daily Mirror, 5.1 per cent.; Associated Newspapers, 5.3 per cent.; and Daily Mail Trust, 5.75 per cent., free of tax—though Allied Newspapers had fallen to a yield basis of 7.23 per cent. on the fear that a war between the Rothermere and Berry groups would be fought *à outrance*.

Since the autumn of 1929 the depreciation has been persistent and devastating. The collapse of the Horne group in 1930 added to the difficulties of the market, for the Carmelite Trust was a large holder of newspaper shares, in particular those of the Rothermere group. No technical difficulty, however, is sufficient to account for the whole of the present depreciation in market values. Apart from Allied Newspapers, which has recently passed its final dividend, Daily Mirror ordinary shares are now returning a yield of over 11½ per cent., Associated Newspapers deferred of over 11 per cent., and Daily Mail Trust of 10 per cent., tax-free. Only the London Express Newspaper ordinary shares, which have a very narrow market, maintain the appearance of some investment confidence. The relevant figures are shown in the next column.

At present prices, the market valuation of the four equity shares of the Rothermere group amounts to only £17,172,815, as compared with £34,675,265 and £55,985,437 at the highest market prices recorded in 1930 and 1928 respectively, while those of the two Berry companies amount to only £3,155,000, as compared with £6,285,000 and £10,792,500 respectively. The preference share capital of United Newspapers, Limited, is now valued at £153,126, as compared with £712,036 in

	Highest Price			Present Price	Div.	Yield	Yield in July 1929
	1928	1929	1930				
"Rothermere" Group.							
Associated Newspapers (5/- def.)	2½	56/-	35/9	18/-	40	11.10	5.34
Daily Mirror (5/- ord.)	2½	39/-	26/3	13/-	30	11.54	5.12
Sunday Pictorial (£1 ord.)	53½	93/9	66/6½	35/-	25	14.29	7.14
Daily Mail Trust (£1 ord.)	120/-	107/6	76/10½	35/-	17½	10.0½	5.75½
"Deverbrook" Group.							
London Express Newspaper (£1 ord.)	...	...	...	38/9	10	5.16	...
"Berry" Group.							
Allied Newspapers (£1 ord.)	3½	56/3	33/9	12/-	2½	4.17	7.23
Amalgamated Press (10/- ord.)	½	28/-	24/3	16/6	15	9.09	6.32
"Inveresk" Group.							
Illustrated Newspapers (£1 ord.)	26/3	23/-	12/6	3/-	2½	16.67	8.25
United Newspapers 7½% pref. (£1)	...	...	16/-	5/-	...	...	...
Daily Chronicle Investment 7% 1st pref. (£1)	...	...	12/-	1/10½	...	...	...

† Free of tax.

1928. This depreciation is all the more striking seeing that the recent reports of the principal companies, as the next table will show, disclosed no drastic decline in earnings. Apart from the *débâcle* of the *Daily Chronicle* group, which was attributable to unwise direction and finance rather than to conditions peculiar to the newspaper industry, there has been no serious trouble among the big newspaper companies. Of the Berry group, Allied Newspapers, in order to conserve its resources, has passed its final dividend, though its earnings would have allowed a substantial distribution, while the Rothermere group has so far been able to maintain the generous dividends of its principal companies without exception. Indeed, as compared with average industrial earnings last year, newspaper companies as a whole were able to show not unsatisfactory results. There may be no great significance in the figures of such holding companies as Daily Mirror, Sunday Pictorial and Daily Mail Trust on account of inter-company receipts, but it will be seen that, of the chief operating companies, Associated Newspapers reported a decline of 14.9 per cent. in net earnings for the year to March 31, 1931, and Allied Newspapers one of 15.8 per cent. for the year ended December 31, 1930.

If the figures disclosed in these newspaper profit and

loss accounts afford no clue to the catastrophic fall in the market valuations of the equity shares, how may we account for the investor's antipathy to the newspaper industry? We suggest, in the first place, that the investing public is now aware of the precarious poise of newspaper finance—that only a slight decline in advertising revenues will turn a profit on a penny daily into a loss, and that, when a newspaper starts making a loss, it cannot close down, but goes on piling up the loss with the sale of each day's production. The analysis given in the *Economist* of 1929 of the finance of the "Penny Daily" has probably not been forgotten. It was then pointed out that, while the "Penny Daily" sold for three-fifths of 1d. wholesale, its all-in costs of production were in the neighbourhood of 1½d., and that the deficiency had to be made good out of the advertising revenues before any profit was earned. A 10 per cent. drop in advertising revenues may represent the loss of perhaps half the newspaper's net profit unless economies in production costs can be achieved. The most important single item of cost (between 40 per cent. and 50 per cent. of the total), newsprint, is falling. Canadian newsprint is now \$50 per ton, as compared with \$62 in 1928. As contracts, however, have to be made well in advance, the accounts of the companies have not experienced yet the full benefit, and in any case the fall has not been nearly so precipitous as in the case of many raw materials. Again, in certain cases the heavy cost of newspaper insurance has fallen as a result of agreements between the big national dailies. But labour costs and railway transport remain at a high level. Meanwhile, the advertising revenues have fallen considerably, as is shown by the following "space-barometer" figures, which will appear in the forthcoming issue of "The Newspaper Finance Annual," and are reproduced by the courtesy of the publishers of that work:—

"GENERAL READER" GROUP.*

	First week of March.		
	1929.	1930.	1931.
(Thousand square inches.)			
News	166.7	174.6	166.7
Advertisements	110.7	94.6	85.0
Total	277.4	269.3	251.7

	(Indices, 1929 = 100.)		
	1929.	1930.	1931.
News	100.0	104.7	100.0
Advertisements	100.0	85.5	76.8
Total	100.0	97.1	90.7

	(Per cent.)		
	1929.	1930.	1931.
Ratio advertisements	40.0	34.1	30.6

"ILLUSTRATED" GROUP.†

	First week of March.		
	1929.	1930.	1931.
(Thousand square inches.)			
News	29.5	26.8	26.3
Advertisements	17.6	15.4	15.8
Total	47.1	42.2	42.1

	(Indices, 1929 = 100.)		
	1929.	1930.	1931.
News	100.0	90.8	89.1
Advertisements	100.0	87.5	89.6
Total	100.0	89.6	89.4

	(Per cent.)		
	1929.	1930.	1931.
Ratio advertisements	37.3	36.4	37.5

* *Daily Mail*, *Daily Express*, *News-Chronicle* (comparison with *Daily News* for earlier figures), *Daily Dispatch*, *Liverpool Post*, *Sheffield Telegraph*, *Newcastle Chronicle*, and *Western Mail*.

† *Daily Mirror* and *Daily Sketch*.

The experience of the two illustrated dailies is not, unfortunately, representative of the national Press as a whole. It will be found that, on an average, the amount of "news" space has declined only 3 per cent. since 1929, while the amount of advertising, revenue-producing space has declined by over 22 per cent. This loss of advertising revenue has put the national newspapers in a hazardous trading position. And the investing public is not unaware of it, even if the trading accounts for 1930 do not disclose it.

Our inquiry so far suggests that the recent fall in newspaper share values has not been merely the result of market liquidation incidental to the decline in security

values generally. Though the 1930 reports of certain well-known newspaper groups show only a moderate contraction in earnings, numerous factors in the newspaper-publishing industry afford a *prima facie* argument for caution in estimating earning prospects in the immediate future. Another aspect of this question will receive attention in a succeeding article.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
June 9.	June 11.

LITTLE happened during the week to induce any members to absent themselves from Epsom on Derby Day. A dull tendency again prevailed, the gilt-edged market being the only exception. Foreign bonds were depressed. After opening irregularly, Wall Street later showed signs of temporary and technical recovery, but this movement was regarded with caution in London.

Sterling showed improvement, which, with the re-investment of half-yearly dividends, was reflected in the strength of Home Government stocks, some of which reached new high levels for the year. The Bank of England's gold accessions also helped the market. Indian stocks continued to weaken, following last week's decline. Australians relapsed on fears for the outcome of the Premiers' Conference but, with the exception of New South Wales, improved slightly on news of the decision in favour of a 20 per cent. cut in public salaries. The internal debt "conversion" proposals continued to be regarded with mistrust. Home corporation stocks remained steady.

A reaction in the peso caused a fall in Argentine stocks, other South Americans declining in sympathy. The denial of rumours of a moratorium in Brazil, however, produced a slight recovery, assisted later in the week by a cessation of New York selling. After some hesitation regarding the political position, Central European stocks were marked up a little, though next to no buying took place.

Home rails reached new low levels, but subsequently showed a slight improvement. The traffic returns, covering Bank Holiday week, were difficult to interpret. However, very little selling was in evidence. Unsatisfactory crop returns were a bear point for Argentine rails.

(Continued on page 1228.)

THE UNIQUE CHARM OF SOUTHWOLD.

THIS PICTURESQUE SMALL TOWN on the Suffolk Coast is an ideal place for those who desire a few days' complete change and rest. The Town itself, with its wonderful Church and quaint "greens" and great, high Common commanding extensive views over sea and land, is different from the usual seaside resorts.

Across the river is WALBERSWICK, the haunt of nearly all artists and of many famous authors for some fifty years past, and from here are many beautiful walks or rides, either along the beach or across the silent marshes, to the lost city of DUNWICH, or over hilly gorse and heather commons flanked by woods to BLYTHBURGH, with its noble church, or WENHASTON, with the mediæval picture of "The Doom."

From Southwold delightful short motor excursions may be made to FRAMLINGHAM (20 miles), with its vast castle and church, with splendid monuments of the tragic Howards, or to WINGFIELD CASTLE (21 miles), the great Manor House of the ill-fated Dukes of Suffolk, with the beautiful effigy of Elizabeth Plantagenet in the church adjoining, or to ALDEBURGH, THORPENESS (16 miles) and ORFORD, remote from modern life, with the great Norman keep still dominating town and coast.

Southwold provides excellent sea angling, and there is an attractive 18-hole golf course. By train from London it is about two hours to SAXMUNDHAM (14 miles) and a little more to DARSHAM (7 miles), HALESWORTH (9 miles), where motors from hotels meet visitors by appointment.

There is THE SWAN HOTEL, (h. & c. water in every bedroom) in the Market Place, a well-known and most comfortable hotel with a century's reputation (Tel. 6), and also a smaller, THE CROWN HOTEL, an old Georgian Inn recently reconstructed (Tel. 53), both well known for the excellence of their catering.

Company and Balance Sheet Date.	Capital.		Goodwill in B/S.	Net Earnings.	Pref. Dividend.		Ordinary Dividend.			To General Reserve.	Carry-forward, Inc. or Dec.
	Pref.	Ord.			Amount.	Times covered.	Amount.	Rate Paid.	Rate Earned.		
Associated Newspapers Mar. 31, 1929	£ 1,100,000	£ 2,250,000	£ ...	£ 1,205,666	£ 67,000	18.7	£ 900,000	40.0	52.7	£ ...	£ 198,666
1930	1,100,000	2,250,000	...	1,245,323	67,000	19.4	900,000	40.0	54.8	200,000†	78,323
1931	1,100,000	2,250,000	...	1,059,830	67,000	16.1	900,000	40.0	45.1	200,000	107,164
Daily Mirror Feb. 28, 1929	350,000	1,400,000	1	479,529	28,000	17.3	420,000	30.0	32.7	20,000	1,529
1930	350,000	1,400,000	1	480,361	28,000	17.2	420,000	30.0	32.7	20,000	2,361
1931	350,000	1,400,000	1	446,149	28,000	17.4	420,000	30.0	29.9	20,000	1,851
Sunday Pictorial Newspapers (1920) Feb. 28, 1929	500,000	1,050,000	300,000	345,414	40,000	9.0	262,500	25.0	29.9	40,000	2,914
1930	500,000	1,050,000	200,000	346,553	40,000	9.0	262,500	25.0	30.1	40,000	4,153
1931	500,000	1,050,000	200,000	285,460	40,000	7.1	262,500	25.0	23.0	30,000	2,960
Daily Mail Trust Sept. 30, 1928	...	1,510,875	...	376,007	...	...	352,537	23.3*	24.9*	50,000†	26,530
1929	...	2,014,500	...	387,821	...	...	352,537	17.5*	19.2*	...	35,284
1930	...	2,014,500	...	367,019	...	...	352,537	17.5*	18.2*	...	14,482
Allied Newspapers Dec. 31, 1928	4,750,000	2,000,000	...	654,145	304,000	2.1	224,000	14.0	21.9	110,000	16,145
1929	4,750,000	2,000,000	7,227,760	611,206	304,000	2.0	158,000	10.0	19.4	110,000	39,206
1930	4,750,000	2,000,000	7,227,760	495,220	299,250	1.7	38,750	2.5	12.6	120,000	37,220
1931	4,500,000	1,200,000	6,725,065	684,523	315,000	2.3	180,000	15.0	33.9	180,000	9,523
Amalgamated Press Feb. 28, 1929	4,500,000	1,200,000	5,326,602	735,759	315,000	2.5	180,000	15.0*	39.1	220,000	22,267
1930	4,500,000	1,200,000	5,326,602	715,507	315,000	2.4	180,000	15.0	37.6	200,000	12,007
1931	4,500,000	1,200,000	5,326,602	199,416	100,793	1.9	89,600	8.0	8.8	21,243‡	12,220
Illustrated Newspapers Nov. 30, 1928	1,800,000	1,400,000	1,723,770	161,958	100,800	1.6	56,000	5.0	5.4	...	5,158
1929	1,800,000	1,400,000	1,723,770	136,359	97,650	1.4	27,125	2.5	3.6	...	11,584
1930	1,800,000	1,400,000	1,723,770	190,220	36,750	5.2	147,961	30.0	31.1	...	5,509
1931	612,000	771,000	674,000	64,258	36,750	1.7	Nil	Nil	4.6	...	27,508
United Newspapers Dec. 31, 1928	612,000	771,000	...	Dr 23,436	Nil	...	Nil	Nil	Nil	...	223,436
Daily Chronicle Investment Corp. June 30, 1928§	1,500,000	1,395,842	...	166,377	106,323	1.6	Nil	Nil	5.2	30,000‡	30,054
1929	1,500,000	1,545,842	...	168,904	112,000	1.5	61,834	5.0	4.6	...	4,930
1930	1,500,000	1,545,842	...	231	22,400	...	Nil	Nil	Nil	...	22,169
Provincial Newspapers Nov. 30, 1929¶	1,461,644	1,000,000	1,881,686	159,968	78,465	2.1	40,000	5.0	10.2	30,000	11,503
1930	1,461,644	1,000,000	1,472,646	112,783	25,044	1.4††	Nil	Nil	4.3	30,000	57,739

* Paid tax free.

† Special reserve.

‡ Written off preliminary expenses. Not separated. †† On full year.

§ Written off suspense account.

¶ Period December 12, 1928, to Nov. 30, 1929. § Period July 9, 1927, to June 30, 1928.

Prices Year 1930.				Prices Year 1931. Jan. 1 to June 3 (inclusive).				Name of Security.				Price May 27, 1931.				Price June 3, 1931.				Rise or Fall.				Present Yield.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.		
£ s. d.																											
Coal, Iron and Steel.																											
7 1/2	2/9	3/10 1/2	2/-	Amal. Anthracite £1...	2/3	2/6	+ 3d	Nil	Nil	11 7/8	9/9	11 7/8	5/11	Anglo-Egyptian £1...	6/3	5/9	-6d	11 1/2	9								
16 1/2	11/6	14/6	8/1	Do. 7% Cum. Pref. £1...	8/9	8/9		Nil	Nil	53 1/2	25/-	48 1/2	27 1/2	Anglo-Egyptian £1...	32 1/2	30/-	-2 1/2	11 1/2	9								
10 1/2	5d	6d	2d	Armstrong Whit. A 1/2...	4 1/2	4 1/2		Nil	Nil	95 1/2	53 1/2	56 1/2	25 1/2	Anglo-Peruvian £1...	30/-	30/-		10	0								
63 1/2	47/9	53 1/2	37 1/2	Babcock, Wilcox £1...	43 1/2	41 3/4	-1/9	6 14	9 1/2	28 1/2	11/-	12 1/2	56	Apex (Trinidad) 5/-	7/-	6/-	-1/-	20	13	0							
4 1/2	1/9	2/6	1 1/4	Baldwins 4/-	1/6	1/6		Nil	Nil	40 7/8	16 1/2	20/-	9 1/4	Attock £1	13 1/2	11 3/4	-2 1/2	Nil	Nil								
13 1/2	4 1/4	7 1/2	2 1/2	Bengal Iron £1...	2/6	2/6		Nil	Nil						1 1/2	1/-											
13 1/2	1/5	1 1/2	11 3/4	Best Block £1...	11 3/4	11 3/4		11 1/2	0	95 7/8	65 1/2	72 1/2	40 1/2	Burnham Oil £1...	48 1/2	43 1/2	-5	10	10	0							
3 1/2	11 1/2	1 1/2	9d	Brown & Wad. £10 6/-	1 1/2	1 1/2		Nil	Nil	6 1/2	6 1/2	3 1/2	2 1/2	Canadian Eagle, no par	7	6 1/2	-1/2	Nil	Nil								
10 3/4	5 1/2	5 1/2	2/6	Cannell Laird £1...	3/-	3/-	+9 1/2	Nil	Nil	54 1/2	24 1/2	30	12 1/2	Central India £1...	18 1/2	18 1/2		11	2	3							
3 3/4	5 1/2	5 1/2	44 1/2	Consort Iron £1...	50 1/2	48 1/2	-1/3	7 4	0	15 1/2	6 1/2	10 1/2	5 1/2	Chandaria £100, no par	6 1/2	6 1/2		Nil	Nil								
7 1/2	3 1/4	5 1/2	2 1/2	Cory, William, £1...	2/6	2/6		Nil	Nil	14 1/2	6 1/2	8	3 1/2	Chandaria £100, no par	18 1/2	18 1/2		11	2	3							
1 1/2	6d	7 1/2	2d	Dorman, Long £1...	4 1/2	4 1/2		Nil	Nil	35 1/2	23 1/2	28 1/2	17	Chandaria £100, no par	17 1/2	16 1/2	-1 1/2	8	18	0							
36 10 1/2	23 1/2	24 1/2	10 1/2	Edwards & Sons £1...	13 1/2	11 1/2	-1/3	Nil	Nil	79 1/2	69 1/2	76 1/2	37 1/2	Chandaria £100, no par	46 1/2	42 1/2	-4	8	4	6 1/2							
10 1/2	12 1/2	4 10 1/2	3 1/2	Edwards & Sons £1...	2/6	2/6		Nil	Nil	78 1/2	18 1/2	30 1/2	10 1/2	Chandaria £100, no par	13 1/2	12 1/2	-1	12	10	0							
23 1/2	17 1/2	15 1/2	15 1/2	Edwards & Sons £1...	15 1/2	15 1/2		10	0	62 1/2	27 1/2	35 1/2	24 1/2	Chandaria £100, no par	27 1/2	27 1/2		13	0	0							
39 1/2	29 1/2	29 1/2	20 7/8	Laird Bros. £1...	22 1/2	22 1/2		11	2	3																	
9 1/2	2/6	3 1/12	3/6	Millon & Askam £1...	3/9	3/9		Nil	Nil	21 1/2	16 1/4	19 1/6	16 7/8	Aerial-Flour £1...	18 1/9	18/-	-9d	5	11	0							
14 9	8 1/2	9 1/4	7 1/6	Ocean Coal & Wilsons...	7/-	7 1/4	+4 1/2	11	9	0	6	26 1/2	28 1/2	Agar Cross £1...	17 1/6	17 1/6		12 11	3 1/2								
4 1/4	1 1/12	1 1/12	1 1/12	Pease and Partners £1...	9 1/2	1/-	+ 3d	Nil	Nil	33 1/2	17 1/2	17 1/2	10 1/2	Allied Newspapers £1...	12 1/2	12 1/2		4	0	0							
12 9	5 1/2	7 10 1/4	4 1/2	Powell Duffryn £1...	4 1/2	4 1/2	- 3d	Nil	Nil	4 1/2	3/-	3 1/2	2 1/2	Amal. Dental Def. 5/-	3 1/2	3 1/2		7	2	9							
23 1/2	17 1/2	17 1/2	10 7/8	S. Durham Steel £1...	12 1/2	12 1/2		10	0	24 1/2	18 1/2	20 1/2	15 1/2	Amal. Press 10/-	16 1/2	16 1/2		9	5	0							
11 1/2	4 1/12	4 1/12	3/9	Do. 7% Ord. £1...	4 1/2	4 1/2		Nil	Nil	41 1/2	36	38 1/2	23 1/2	Army & Navy 10/-	27 1/2	28 1/2	+1 1/2	7	19	0							
28 1/2	20 1/2	22 1/2	18 1/2	Stanley Coal £1...	18 1/2	18 1/2		6 15	0 1/2	20 1/2	19 1/2	20 1/2	15 1/2	Assail. Newspaper, Df. 5/-	17 1/2	16 1/2	-1 1/2	12	6	2							
28 1/2	20 1/2	22 1/2	18 1/2	Stewarts & Lloyds £1...	12 1/2	12 1/2		10	0	27 1/2	22 1/2	25 1/2	16 1/2	Assail. Newspaper, Df. 5/-	22 1/2	22 1/2		6	15	0							
24 1/2	18 1/2	19 1/2	11 3/4	Swan, Hunter £1...	11 3/4	11 3/4		6	13	3	67 1/2	52 1/2	52 1/2	52 1/2	Barker (John) £1...	55 1/2	55 1/2		7	5	0						
3 1/4	1 1/12	1 1/9	9d	Thomas (Richard) £1...	1/-	1/-		Nil	Nil	89 1/4	41 10 1/2	43 1/2	23 1/2	Barry & Staines Ltd...	30 1/2	23 1/2	-6 1/2	7	1	2							
7 8 9	28 1/2	31 1/6	16 1/3	Do. 6 1/2% Cum. Pref. £1...	2 1/2	2 1/2		Nil	Nil	16 1/2	7	7 1/2	13 1/2	Barril Deferred £1...	33 1/2	32 1/2	-1 1/2	8	3	3							
20 1/2	13 1/2	15 6	8 1/2	U. States Steel \$100 ...	8 1/2	8 1/2	-10	8	4	8	9	29 1/2	31 1/2	British Aluminium £1...	25 1/2	25 1/2		8	0	0							
9 1/2	6 1/2	8 1/4	6 1/2	Wickers £8 ...	6 1/2	6 1/2		8	6	9	2	22 1/2	26 1/2	British Match £1...	21 3/4	20 1/2	-6 1/2	5	16	6 1/2							
16 1/2	12 1/2	13 1/2	8 1/2	Ward (H.W.) £1...	8 1/2	8 1/2		16	0	0	21 1/2	22 1/2	26 1/2	British Tobacco £1...	75 1/2	70 1/2	-5 1/2	7	2	9							
Textiles.																											
6 1/2	3 1/12	3 1/12	2/-	B. Ctn. & Wood & Ss. 5s.	2/3	2/3		Nil	Nil	13 1/2	4	6	3	Chinese Bank £1...	30 1/2	25 1/2	-5 1/2	7	4	0 1/2							
24 1/2	14 1/2	15 1/6	5 1/2	Blanchers £1...	7 1/2	7/-	-6d	28	11	6	57 1/2	27 1/2	37 1/2	Columbia Graph. 10/-	32 1/2	27 1/2	-5 1/2	14	16	0							
33 1/2	17 1/2	21 1/2	11 1/6	Bradford Dyers (£1)...	13 1/2	13 1/2		6	1	9	14 1/2	16 1/2	26 1/2	Critical Manilla £1...	15 1/2	15 1/2		10	0	0							
21 6 1/2	6 1/2	8 1/12	3 1/2	Brit. Celanese Ord. (10/-)	4 1/2	3 1/2	-6d	Nil	Nil	31 1/2	16 1/2	20 1/2	14 1/2	Debenham Sec. (5/-)	2 1/2	2 1/2		25	0	0							
16 1/2	8 1/2	9 1/2	4 1/4	Do. 7% 1st Ctn. Pf. £1...	5 1/2	5/-	-7 1/2	Nil	Nil	11 1/2	4 1/2	5 1/2	2 1/2	Dunlop & Co. 5/-	18 1/2	18 1/2		9	9	0							
14 6 1/2	5 1/2	6 1/2	3 1/2	Do. 7% 2nd Ctn. Pf. £1...	4 1/2	3 1/2	-6d	Nil	Nil	15 1/2	9 1/2	13 1/2	5 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
16 1/2	7 1/2	8 1/2	4 1/2	Calico Printers £1...	4 1/2	4 1/2	-7 1/2	Nil	Nil	12 1/2	6 1/2	9 1/2	3 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
6 1/2	52 1/2	55 1/2	47 1/2	Cardinals £1...	26 1/2	25 1/2	-1 1/2	6	15	9	12 1/2	6 1/2	8 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
45 1/2	29 1/2	32 1/2	19 1/2	English Sew. Ctn. £1...	25 1/2	23 1/2	-2 1/2	10	15	0	19 1/2	10 1/2	14 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
29 1/2	17 1/2	21 1/2	10 1/2	English Vdyer, Ac. £1...	13 1/2	13 1/2		8	14	7	10 1/2	6 1/2	8 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
28 1/2	23 1/2	24 1/2	16 1/2	Fine Cotton Spun. £1...	11 1/2	11 1/2		6	8	0	21 1/2	12 1/2	15 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
26 1/2	13 1/2	13 1/2	7 1/2	Linen Thread (£1)...	9 1/2	8 1/2	-6d	Nil	Nil	74 1/2	51 1/2	59 1/2	47 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
26 1/2	16 1/2	22 1/2	17 1/2	Patons & Baldwins £1...	18 1/2	18 1/2		2	13	3	17 10 1/2	11 1/2	15 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
15 1/2	6 1/2	8 1/2	6 1/2	Patons & Baldwins £1...	7 1/2	7/-	-6d	Nil	Nil	29 1/2	17 1/2	18 1/2	8 1/2	Ever-Ready £1...	18 1/2	18 1/2		9	9	0							
Electrical Manufg.																											
32 1/2	19 1/2	23 1/2	17 1/2	Associated Elec. (£1)...	18 1/2	18 1/2		6	10	0	9 10 1/2	4 1/2	5 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
80 1/2	64 1/2	67 1/2	47 1/2	British Insulators (£1)...	51 1/2	52 1/2	+1 1/2	5	14	3	10 1/2	8 1/2	8 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
78 1/2	62 1/2	63 1/2	46 1/2	Callenders (£1)...	50 1/2	48 1/2	-1 1/2	6	0	85 1/2	82 1/2	83 1/2	81 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
28 1/2	19 1/2	23 1/2	18 1/2	Crompton Parkins 5/-	18 1/2	18 1/2		8	0	84 1/2	81 1/2	82 1/2	81 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
20 1/2	9 1/2	10 1/2	2 1/2	Electric Light (£1)...	5 1/2	5 1/2		Nil	Nil	27 1/2	11 1/2	13 1/2	8 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
56 1/2	41 1/2	46 1/2	34 1/2	General Electric (£1)...	36 1/2	35 1/2	-1 1/2	7	11	0	33 1/2	21 1/2	24 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
40 1/2	33 1/2	35 1/2	25 1/2	Johnson & Phillips £1...	27 1/2	27 1/2		7	5	25 1/2	21 1/2	24 1/2	8 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
26 1/4	20 1/2	23 1/2	18 1/2	Siemens £1...	20 1/2	21 1/2	+7 1/2	7	1	2	14 1/2	11 1/2	13 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
Electric Light, &c.																											
56 1/2	82 1/2	82 1/2	81 1/2	Brazl. Trac., no par	51 1/2	51 1/2	-8 1/2	Nil	Nil	44 1/2	35 1/2	41 1/2	33 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
64 1/2	64 1/2	62 1/2	54 1/2	Boumtrac & Poole	58 1/2	58 1/2		5	2	3	102 1/2	91 1/2	95 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
52 1/2	42 1/2	45 1/2	32 1/2	Calcutta Electric £1...	33 1/2	33 1/2		8	6	0	42 1/2	33 1/2	34 1/2	Imperial Tobacco £1...	87 1/2	83 1/2	-4 1/2	5	12	0 1/2							
28 1/2	25 1/2	30 1/2	28 1/2	Charing Cross Elec. £1...	29 1/2	29 1/2		5	9	0	130 1/2	85 1/2	92 1/2	Imperial Tobacco £1...</													

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, May 27, 1931.	Price, June 3, 1931.
Central American Exploration.....	96	58	1 1/4-1 1/2	1 1/4-1 1/2
Cosach 7% Ster. Bonds.....	96	58	10-8 dis	11-9 dis
De Beers 5 1/4% Ster. debts.....	98	58	90-95	90-95
Derby 4 1/4% 1931-61.....	98	58	3-3 1/2 pm	3-3 1/2 pm
Fortnum and Mason Inc. 7% pref'd.....	85	5/-	2 1/2-1 1/2 dis	2 1/2-1 1/2 dis
Greek 6% Ster. Bonds.....	87	ty. pd.	84-85	82-83 1/2
India 6% 1933-34.....	100	55	13-14 dis	2 1/2-2 dis
Kenya 4 1/2% 1931-71.....	98 1/2	ty. pd.	10 1/2-10 1/2	9 1/2-10 1/2
Lance Cotton 6 1/2% debts.....	97 1/2	67 1/2	18-16 dis	18-16 dis
London and National Property 5% debts.....	99	50	1 1/2-1 1/2 pm	1 1/2-1 1/2 pm
London Power 5% deb. 1972.....	100 1/2	60 1/2	4 1/2-5 1/2 pm	4 1/2-5 1/2 pm
Met. Water Board (D).....	...	...	2 1/2-2 1/2 pm	2 1/2-2 1/2 pm
National Canning Ord. £1.....	par	ty. pd.	16 1/2-18 1/2	16 1/2-18 1/2
Nat. Shipbuilders security 5% debts.....	95	60	10-5 dis	10-5 dis
Odhams Press 7% (B) debts.....	98	5	2 1/2-4 1/2 pm	2 1/2-4 1/2 pm
Panama Corporation 8% debts.....	100	25	5-3 dis	7-4 dis
Rhokana Corp. 7% debts.....	100	50	1 dis-1 pm	par-10 pm
Rio Claro Rly. and Invest. 5% debts, 1922-72.....	...	...	95-97	95-97
Rio Tinto 5% debts.....	9 1/2	25	11-9 dis	12-10 dis
S. Essex Water 5% pref'd.....	103	20	par-3 pm	par-3 pm
S. Essex Water Ord.....	11 1/2	20	par-3 pm	par-3 pm

(Continued from page 1225.)

Industrial quotations improved in the latter part of the week, following the recovery in Wall Street. Transatlantic issues recovered, under the lead of Brazilian Traction, on buying orders from New York. Generally speaking, however, business was very restricted, variations in prices being due to jobbers' markings rather than solid transactions. Cables and Wireless rallied on bear closing. Electricity shares were dull, but there was some forced selling of County of London issues. Under the lead of Fords, motor shares were easier. Iron and steel shares showed little change, and a similar absence of movement applied to textiles, though Courtaulds came on offer. Among tobaccos a recovery was recorded in B.A.T. Breweries generally were uncertain. United Molasses slumped on the postponement of the payment of the dividend on the preference shares, but Imperial Chemical improved. As from Monday next, June 8th, Dunlops will be quoted as £1 units, following the conversion of the 6s. 8d. shares into stock.

Unfavourable reports from America and the Continent caused a further falling away in oil shares. Royal Dutch were again sold, though later in the week the shares recovered slightly on the cessation of Continental selling. The Anglo-Persian final dividend was equal to the most optimistic expectations, and a recovery ensued on bear closing. Rubber shares continued to decline, though commodity was steadier after falling slightly at the 10 1/2 set. Tea shares were lifeless.

The mining market was dull on a lack of inquiries from Johannesburg, while base metal prices again showed a falling tendency. Satisfactory returns failed to help Kafirs. "Chartered" were sold in London and Paris. "Johnnies," however, found buyers and recovered slightly. Randfonteins scored a slight improvement. Though the copper price situation gave rise to considerable uneasiness, purchases by short operators caused a rise in Rio Tinto. Australian mines remained out of favour.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.

(Approximate number of Bargains recorded in Stock Exchange Lists.)

	May 28, 1931.	May 29, 1931.	June 1, 1931.	June 2, 1931.	June 3, 1931.	June 4, 1931.
Government and Municipal Loans.....	1,382	1,292	1,376	1,429	1,414	1,330
Transport, Communications, and Public Utilities.....	840	869	1,021	797	857	908
Commercial and Industrial Banks, Insurance and Financial.....	1,488	1,388	1,450	1,619	1,261	1,480
Mines (including Nitrates).....	440	413	542	430	479	503
Oil.....	349	364	453	222	427	427
Rubber, Tea and Coffee.....	131	76	117	132	143	139
Total.....	97	95	95	117	78	112

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS. (1928 = 100.)

	Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	May 28, 1931.	May 29, 1931.	June 1, 1931.	June 2, 1931.	June 3, 1931.	June 4, 1931.
72.3	54.5	56.7	56.5	56.3	55.6	55.4	55.9	55.9

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets opened after the "Memorial Day" holiday with considerable selling, particularly of railroads and industrials, the former being affected by the general conviction that the securing of an increase in rates would be difficult and might divert still more traffic to competitive forms of transport. Utility shares were affected by the choice by Governor Pinchot, of Pennsylvania, of the present moment for an attack on the alleged inadequate regulation of the four major interests whom he described as controlling 90 per cent. of the electricity generated in the United States. Copper shares were sold on the cut in the Kennecott Copper dividend to an annual rate of \$1 per share, but oils were steadier, despite competitive price reductions, on the publication of figures showing that gasoline consumption in the first quarter of 1931 was 6 1/2 per cent. above the corresponding figure for 1930. The belief that the market was becoming oversold was confirmed on Wednesday, when one of the sharpest rallies of the year was experienced. The immediate cause was an announcement that leading banks had reduced their margin requirements on brokers' loans, which followed the revelation that loans by members of the Stock Exchange had fallen, last month, to the lowest level on record. Even foreign bonds joined in the recovery, on reports that banking houses had subscribed to a pool in order to purchase cheap South American issues in the market. U.S. Steel, American Can and American Telephone were prominent in the rally, and Vacuum Oil jumped several points on the announcement that the Government would not further oppose the merger with Standard Oil of New York. The whole movement, however, was purely technical in character, the continued unsatisfactory position of general industrial activity being indicated, among other things, by a fresh fall in steel operations from 43 to 41 per cent. of capacity.

	May 28, 1931.	May 29, 1931.	June 1, 1931.		May 28, 1931.	May 29, 1931.	June 1, 1931.
U.S. 3 1/2% T. Bds.....	107 1/2	107 1/2	187 1/2	Natl. Biscuit.....	193 1/2	193 1/2	193 1/2
Lib. Ln. 3 1/2% '32-47.....	102 1/2	102 1/2	102 1/2	Phelps Dodge.....	14 1/2	12 1/2	12 1/2
Do. 4 1/2% '32-47.....	103 1/2	103 1/2	103 1/2	Pullman.....	34 1/2	33 1/2	34 1/2
Do. 4 1/2% '33-38.....	104 1/2	104 1/2	104 1/2	Sears-Roebuck.....	58 1/2	50 1/2	51 1/2
Atchafalpa.....	154	145 1/2	146	Studebaker.....	17 1/2	17 1/2	17 1/2
Ches. & Ohio.....	36 1/2	33 1/2	33 1/2	Un. Fruit.....	55 1/2	54 1/2	54 1/2
Erie.....	19	16 1/2	17 1/2	U.S. Leather.....	6	5 1/2	5 1/2
Illinois Central.....	53	50	47 1/2	U.S. Rubber.....	13 1/2	11 1/2	12 1/2
N.Y. Central.....	86 1/2	81 1/2	80	U.S. Steel.....	99 1/2	91 1/2	92 1/2
Pennsylvania.....	47 1/2	46	48 1/2	Westinghouse.....	62 1/2	60 1/2	65 1/2
Southern Pacific.....	75	75 1/2	77	Woolworth.....	64 1/2	67 1/2	68 1/2
Southern Ry.....	32 1/2	31	33 1/2				
Union Pacific.....	157	150 1/2	150	Am. Tel. & Tlg.....	168 1/2	166 1/2	170
Am. Can.....	98 1/2	96 1/2	100 1/2	Interior R.T.....	21	21	21
Amer. Smelting.....	31	29 1/2	28 1/2	Int. Tel. Tlg.....	25 1/2	25 1/2	25 1/2
Anaconda.....	25	23 1/2	22 1/2	Radio Corp.....	16 1/2	15 1/2	16 1/2
Bethlehem Steel.....	42 1/2	41 1/2	45	Utilities P. & L.....	22 1/2	22 1/2	23 1/2
Chrysler Motor.....	17 1/2	16 1/2	15 1/2	W. Union Tlg.....	100 1/2	100 1/2	105
Corn Produce Mf.....	61 1/2	59 1/2	64 1/2				
Eastman Kodak.....	141	130	131 1/2	Associated Gas "A".....	17 1/2	17	16 1/2
Gen. Electric (New).....	39 1/2	39 1/2	40 1/2	Pan. Amer. B.....	27	25	25
Gen. Motors.....	38	35 1/2	35 1/2	Shell.....	21 1/2	20 1/2	19 1/2
Int. Harvester.....	46 1/2	43 1/2	42 1/2	Shell Union.....	4 1/2	4 1/2	4 1/2
Montg. Ward.....	19 1/2	18 1/2	18 1/2	Sinclair Oil.....	8 1/2	7 1/2	7 1/2
				Std. California.....	35 1/2	34	34 1/2
				Do. N.J.....	34 1/2	33 1/2	34 1/2

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Cophall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100) :-

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	May 27.	June 3.
337 Industrials.....	134.5	218.9	98.2	174.1	99.6	82.9	82.0
34 Railroads.....	127.8	173.5	89.1	145.6	92.0	71.6	68.7
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	147.0	146.2
Total, 404 stocks.....	140.3	228.1	105.5	184.2	107.6	91.3	90.1
Average yield of 50 Industrial Common Stocks.....	3.10%	5.23%	4.15%	5.95%	5.91%	6.70%	6.76%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

	Highest of 1931. (Feb. 24.)	Lowest of 1931. (May 27.)	May 20, 1931.	May 21, 1931.	May 22, 1931.	May 23, 1931.	May 25, 1931.	May 26, 1931.	May 27, 1931.
140.2	100.8	105.0	105.8	106.2	105.3	101.6	101.9	100.8	100.8
	Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	May 28, 1931.	May 29, 1931.	May 30, 1931.	June 1, 1931.	June 2, 1931.	June 3, 1931.	June 4, 1931.
140.2	92.7	101.2	98.9	94.2	92.7	100.0	...	...	...

TOTAL DEALINGS IN NEW YORK.

	May 28, 1931.	May 29, 1931.	May 30, 1931.	June 1, 1931.	June 2, 1931.	June 3, 1931.	June 4, 1931.
Stock Exchange—Shares (Thous.).....	2,100	2,100	†	3,100	3,300	3,300	3,200
Bonds (Value Thous. \$).....	11,875	11,581	†	12,635	15,958	11,861	12,042
Over-the-Counter—Shares (Thous.).....	410	360	†	650	630	600	550

* 2-hour session.

† Holiday.

PARIS.

After a mild and short-lived recovery at the beginning of the month, the Paris market, deprived of all internal support and discouraged by the tendency of the foreign bourses, continued its downward trend. Business was virtually at a standstill, and the smallest sales were sufficient in many cases to take values below the level of the beginning of 1928, before the stabilisation of the franc. The slump was more noticeable among international shares than among domestic issues, Rio Tinto, Canadian Pacific, Central Mining, Shell and Royal Dutch declining sharply. In the French group, electricity shares escaped the general depression, receipts having remained constant; while almost all companies have maintained or increased the dividend which they distributed in 1930. The lowering of official discount rates in New York and London had little influence on the Paris market, the Bank of France having so far maintained its rate at 2 per cent. Money remains plentiful, and the fortnightly settlement was effected at 1/2 per cent.

	Apr. 30, 1931.	May 29, 1931.		Apr. 30, 1931.	May 29, 1931.
"Valeurs à Terme":			"Valeurs à Terme":		
Banque de France.....	17,465	15,800	Citroen.....	601	586
Banque d'Algerie.....	11,905	10,825	Norveg. Azote.....	1,327	1,201
Paris Pays Bas.....	2,155	2,080	Hotchkiss.....	1,475	1,378
Union Parisienne.....	1,280	1,162			
Cie. Algerienne.....	1,855	1,753	"Valeurs au Comptant":		
Comptoir Nat.....	1,595	1,550	Union-Vie.....	612	575
Crédit Commer.....	1,125	1,026	Urbaine Seine.....	1,507	1,480
Crédit Foncier.....	5,105	5,230	Union Mines.....	611	530
Crédit Lyonnais.....	2,430	2,340	Indo-Chine (Eaux et Electricité).....	3,390	3,275
Suez.....	14,145	14,245	El. Loire Centre.....	471	457
C. de F. Nord.....	1,985	2,010	Delfins Mieg.....	7,005	7,000
C. de F. Santa Fé.....	1,882	1,575	Châtillon-Comin.....	3,650	2,765
Soc. Lyon. Eaux.....	2,495	2,480	Denain & Anzin.....	1,850	1,760
Parisienne Elect.....	2,150	2,225	Alais Construct.....	1,925	1,795
Gen. Electricité.....	2,440	2,395	Rhône-Poulenc.....	851	870
Littoral Médit.....	1,234	1,235	St. Gobain Chauny.....	3,080	2,990
Elect. Nord Fr.....	852	831	Givet.....	4,200	3,875
Courrières.....	888	822	Kali Ste. Therèse.....	2,285	2,350
Mines de Lens.....	728	654	Bosario.....	23,510	19,000
Penaroya.....	391	330	J. Darnay.....	1,565	1,535
Dives.....	1,950	1,770	Follet Chausson.....	2,190	1,980
Etab. Kuhlmann.....	523	534	S. Fr. Vicoque.....	8,000	7,000
Puosph. Gabs.....	520	536	Ass. Générale Vie.....	5,105	4,865
Pachinier.....	1,859	1,790			
Air Liquide.....	897	865			
Caout. Indo-Chi.....	160	173			

INVESTMENT NOTES.

Knighthood for Stock Exchange Chairman.—The "House" learned with considerable satisfaction on Wednesday that the Birthday Honours List included a knighthood for Mr. Archibald Henry Campbell, the chairman of the Committee for General Purposes. Mr. Campbell, who is a partner in the firm of Linton, Clarke and Company, first became a member of the Stock Exchange in 1896 and was appointed deputy-chairman of the committee in 1918 and chairman in 1923. Mr. Campbell's varied public services have included a governorship of Guy's Hospital, membership of various War Pensions Committees, and a share in the deliberations of the Greene Committee, appointed by the Board of Trade in 1926, upon whose recommendations the last revision of British company law was largely based. It is by his work for the Stock Exchange, however, that Mr. Campbell is best known, and members of the "House" in general, and the committee in particular, will regard themselves as jointly and severally honoured by the distinction conferred on him. Mr. Campbell's tenure of the highest office which Stock Exchange members have it in their power to bestow has covered both the boom of 1927-28 and the worst slump within the memory of many members. While some critics have contended that the Stock Ex-

change might with advantage have taken a stronger line in checking abuses connected with the flotation of bubble companies during the boom, it is universally agreed that the firmness and promptitude with which the Hatry difficulties were faced and overcome, and the vigour with which the lessons of the crisis were applied, reflected the greatest credit on the body over which Mr. Campbell presided. It is not too much to say that, under his chairmanship, the committee has, not once but many times, given proof of its recognition that its responsibilities are not confined to the wise administration of the affairs of the 3,900 members of the "House," but embrace a large measure of trusteeship for the wider interests of the investing public. By temperament Mr. Campbell is ideally fitted for the chairmanship of a large and responsible body. Himself no innovator, he has shown himself open to conviction of the desirability of numerous reforms. His instinct for the *via media*, and his unflinching urbanity, have been invaluable in holding his team to an orderly and progressive course throughout a very difficult period. Few would be bold enough to assert that the committee has, as yet, exhausted all its opportunities for useful reform. His colleagues will the more readily express the hope that Sir Archibald Campbell may continue to occupy the chair for a considerable time to come.

Foreign Bonds.—The market in foreign bonds both in London and New York has lately been very difficult, and conditions in New York at times have verged on the chaotic. Dealings in a number of cases have become a matter of negotiation, and holders have been made unpleasantly aware that, in New York at any rate, it may be next door to impossible to sell a foreign bond at a time of crisis. The American market has become the sport of rumour. This week it was reported that Peru was unable to continue to meet its interest payments on its external



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and internal debts, though the report has not been confirmed. It was also rumoured that Sir Otto Niemeyer had recommended a moratorium for Brazil, but this was subsequently contradicted on Sir Otto's authority. The position of Chile has also become the subject of rumour. Defaults are, of course, "in the air." Bolivia has already requested a moratorium and Uruguay has sent over a representative to London to negotiate with the European bondholders in regard to the suspension of sinking funds. Nor has Central Europe escaped the breath of suspicion. The difficulties of the Creditanstalt led to rumours of the reimposition of the financial control of the League in Austria, while the visit of the German Chancellor and Foreign Minister to Chequers has inspired widespread fears in New York that a moratorium for Germany will be demanded. The following table shows that prices of some foreign Government bonds have fallen to "default" levels both in New York and London, though prices in the London market present a much firmer appearance than those in New York:—

DOLLAR BONDS.			STERLING BONDS.		
	Price.	Approx. Yield to Maturity, %		Price.	Approx. Yield to Maturity, %
Argentina 6%, 1960.....	74½	8.30	Argentina Port of Capl. 5%, 1949.....	80	7 0 9
Berlin 6%, 1956.....	69½	9.06	Berlin 6%, 1957.....	78	8 1 4
Brazil 6½%, 1957.....	36½	...	Brazil 6½% 1927 Loan, 1957.....	44	15 2 6
Chile 6%, 1961.....	60½	10.29	Chile 6%, 1961.....	72	8 12 10
German 7%, 1949.....	99½	7.09	German 7%, 1949.....	69	7 0 0
Peru 6%, 1960.....	17½	...	Peru Guano 7½%, 1948	70	11 15 5
Poland 7%, 1947.....	74½	10.19	Poland 7%, 1947.....	79	9 12 8
San Paulo 8% (Coffee) 1936.....	40	...	San Paulo Coffee Insti- tute 7½%, 1956.....	55	14 12 8

It will be wise for investors to ignore rumours and keep facts in view. In Peru, for example, the Guano sterling loan is specifically secured, and funds are available for the payment of the next coupon. As regards Brazil, it may be pointed out that the 5 per Cent. Funding Bonds of 1898, the 5 per Cent. Funding Bonds of 1914, and the 5 per Cent. Loan of 1903 are specifically secured on the Customs revenues of Rio de Janeiro and other ports. The 6½ per Cent. Sterling Bonds of 1927 are secured by a general bond and by a charge on the gross receipts from certain taxes. The 7½ per Cent. San Paulo Coffee Loan and the 7 per Cent. Coffee Realisation Loan of 1930 are also specifically secured. Nor should talk of a moratorium on Germany's "conditional" annuities upset holders of the 7 per Cent. Dawes and 5½ per Cent. Young Loans, which are amply secured and rank before reparations payments. We do not wish to minimise the difficulties of the debtor countries at the present time. If raw material prices were stabilised at around their present levels the burden of fixed-interest payments abroad would be greatly increased. But we think that the investor should not be misled by the panic prices which have recently ruled in New York.

Lord Kysant in Court.—On Tuesday last, Lord Kysant, chairman of the Royal Mail Steam Packet Company, was charged, at the Guildhall, with making a false statement in the report of the company for 1926, and in that for 1927, with intent to deceive the shareholders. Mr Harold John Morland, chartered accountant, formerly auditor for the company, was summoned on a charge of aiding and abetting. A further summons was preferred against Lord Kysant with reference to a written statement in a prospectus which, it was alleged, he knew to be false in a particular. Counsel for the Crown, in opening the case, declared that Lord Kysant's remuneration from the Royal Mail Company was based on an arrangement under which his Lordship received a commission of ¼ per cent. on the company's gross takings when a dividend of 5 per cent. or more was paid. If the dividend was less than 5 per cent. the remuneration was fixed at £3,000. In 1926, the dividend was 4 per cent. and Lord Kysant received the latter amount, but in 1927 5 per cent. was paid and Lord Kysant's remuneration was, Counsel believed, £26,000. It was alleged that, in each year, the Royal Mail group had made serious losses, but had "raided" the reserves of its "100 per cent. subsidiaries" and purported to have made large trading

profits. For example, R.M.S.P. Meat Transports was alleged to have made in 1926 a trading loss of £21,941, but to have withdrawn £62,500 from reserves and paid £55,000 in dividends to the Royal Mail. In 1927, the Meat Transports Company's profit was £28,657, but a further £25,250 had been drawn from reserves and another dividend declared, absorbing £55,000. Altogether, submitted counsel, whereas the profit shown by the R.M.S.P. on the face of the 1926 accounts was £355,325, there had been, in reality (including the losses of the subsidiaries), an actual trading loss of £804,663. Thus, the 1926 figure was "wrong" by £1,159,988. Similarly, the error in the 1927 figure was £1,120,249. With regard to the second charge, Counsel for the Crown contended that, in connection with a Royal Mail debenture issue of £2,000,000, for the building of Royal Mail House and the general purposes of the company, the prospectus contained a statement intended to convince a reader that the company, during the previous ten years, had made a trading profit of something like £500,000 every year. In fact, it was declared, a heavy trading loss had been suffered during the seven years preceding the issue of the prospectus. The Court adjourned until June 8th, the Lord Mayor, who presided, expressing a hope that the case would be concluded by June 17th.

J. and P. Coats.—In the *Economist* of May 23rd we gave the preliminary profit figures of this famous company for the year 1930. The complete accounts now available show that profit and dividends totalled £1,642,322 against £2,971,272 and interest £248,282 against £295,186. Rents and transfer fees contributed £7,492 and £1,352 respectively. After deduction of charges amounting to £77,931 and directors' fees requiring £11,666, net profit at £1,809,851 was £1,369,724 less than last year:—

	Year to December 31,		
	1928.	1929.	1930.
Net profit	3,429,058	3,179,575	1,809,851
Brought forward	676,896	825,954	1,094,279
Preference dividend.....	330,000	330,000	330,000
No. of times covered	10.4	9.6	5.4
Ordinary dividend:			
Amount.....	2,950,000	2,581,250	2,212,500
Earned per cent.	21.2	19.8	10.0
Paid per cent.	20	17.5	15
Carried forward	825,954	1,094,279	*361,630

* Subject to auditors' fees, etc.

Though several significant changes have occurred in the balance sheet, it still reveals marked strength, reserve and contingency funds aggregating no less than £5,900,000. General investments have increased from £2,496,251 to £3,598,233, while "shares in subsidiaries" show a small decline. Debtors are up from £1,613,126 to £2,018,013, while stock-in-trade has been reduced from £3,131,167 to £2,488,741 and cash from £4,113,774 to £2,585,480. It is not clear how far the reduction of 17½ per cent. in stock-in-trade is due to a quantitative change and how far to a lower basis of valuation. Creditors total £4,446,578. The company, in short, has succeeded in maintaining a liquid position despite the difficulties of a trying year.

Argentine Meat Company Offer.—A circular has been sent to stockholders and shareholders by the board of the River Plate, British and Continental Meat Company, giving particulars of an offer, received confidentially through Lloyds Bank, to purchase the whole of the company's capital for cash. The terms are £90 for each £100 of 7 per cent. debenture stock, £55 for each £100 8 per cent. redeemable preferred charge stock, 4s. for each £1 ordinary share and 1s. for each 2s. deferred share. The prospective purchaser has also undertaken to pay to the directors remuneration for the year ending July 31st next, but no compensation for loss of office. The offer is conditional on acceptance by holders of 90 per cent. of the out-

standing stocks and shares respectively, or such less percentage, with a minimum of 51 per cent., as the purchaser may elect. The business is now being carried on under the technical management of Messrs. Armour and Company, under an agreement which provides (inter alia) a guarantee of £150,000 per annum for the company, this being the amount required for the interest and sinking fund on the debenture and preferred stocks. This agreement expires on or before July 31, 1933. The directors recommend acceptance, pointing out that for the past eighteen months the company has been earning only the amount of its fixed charges. As a result of dislocation of business, due to intensive competition, the company has found it impossible to preserve intact its working capital, which has been gradually absorbed by payments of fixed charges and by trading losses. At the time of the company's inception exports of meat from the River Plate amounted to approximately 1,000,000 tons annually. To-day the annual total is little more than 630,000 tons. If the agreement with Messrs. Armour were allowed to lapse, it would be essential to provide further working capital, which could probably be obtained only by creating a charge in front of the existing debenture stock. For the stock and share holders, the matter is largely Hobson's choice. There has been some speculation as to the identity of the unknown purchaser, Messrs. Armour being suggested. It would seem that the buyer, whoever he may be, expects to obtain a higher income from the company—possibly as part of a group of meat interests—than it is capable of earning under its present auspices.

Inveresk Meeting.—The general meeting of the Inveresk Paper Company, Limited, held at Edinburgh on May 29th, produced little solid comfort for shareholders. The chairman, Mr B. H. Binder, defended the sale for £1,000,000 of the company's shareholdings in the German concern, Koholyt A.G. He declared that when the final instalment of the price was received, loans and overdrafts from bankers, which a year ago amounted to £1,152,000, would be reduced to £330,000, though other guarantees amounting to £430,000 would remain outstanding. Although the company's reserves account totalled £1,276,500, this would be insufficient to meet the depreciation in value of the subsidiary and associated companies, even under more favourable general trading conditions. A large part of this depreciation, the chairman declared, arose from "unfortunate investments" in newspaper companies. Mr Binder disclaimed any immediate intention on the company's part to borrow further considerable sums of money, but expressed himself as unable to give even an approximate date for the production of a scheme of reorganisation. The chairman denied certain statements made in a circular issued to shareholders by the ex-chairman, Mr William Harrison, in a circular on May 21st. The latter gentleman defended certain aspects of his former policy at some length, particularly as regards the purchase of the *Daily Chronicle*. A vote on an amendment from the body of the meeting to a resolution that Mr Harrison be not re-elected showed a large majority in his favour. A poll was demanded, and resulted in the casting of 1,406,190 votes against and 333,098 votes in favour of Mr Harrison's re-election. Although the latter gentleman has disputed the validity of the proxies against him, the publication of the result of the poll has been followed by his resignation as a director. It may be presumed, therefore, that the eventual reorganisation of the company, when conditions permit, will be undertaken under the auspices and on the initiative of the present board.

Antofagasta (Chile) and Bolivia Railway.—Few concerns in South America have escaped the results of economic depression, and this soundly-administered railway company has been no exception to the rule. Gross railway receipts dropped last year by £632,549 to £1,269,235, while combined railway and waterworks gross revenue was down by £646,874, a decline of 32.39 per

cent. No allocation was made to the reserve fund. The following table shows the results of the past three years:—

Year ended December 31.	1928.	1929.	1930.
	£	£	£
Net profit (after tax)	600,804	687,271	352,640
Preference dividend.....	100,000	100,000	100,000
No. of times covered	6.01	6.87	3.63
Ordinary dividend:—			
Amount	390,499	440,074	256,614
Paid	7%	7%	4%
Reserve fund	100,000	100,000	...
Staff benevolent fund	20,000	15,000	10,000
Inc. or dec. in carry forward .	— 9,695	+ 32,197	— 13,974

The decline in railway receipts was due to the reduced output in the nitrate, tin and copper-mining industries and a smaller "up-traffic" of machinery, fuel, etc. Passenger traffics were also adversely affected. Goods traffic totalled only 864,034 tons, as compared with 1,406,720 tons in 1929. Receipts during the current year to date have declined by 36.47 per cent. as compared with 1929. At the present price of 28½ the ordinary stock yields £15 1s. 11d. per cent. on last year's dividend—a figure indicative of the market's conservative attitude towards the current year's earnings prospects.

Industrial Profits.—April and May, 1931.—Of the 428 British company reports which reached us during the last two months some 277 referred to the calendar year 1930. The total profits of the 428 companies showed a decline of 15.47 per cent. compared with last year. Some 217 reports received during April showed a decline of 10.49 per cent. and some 211 reports during May, a de-

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CAPITAL Authorised and Subscribed	£10,000,000
CAPITAL PAID UP	£2,500,000
RESERVE FUND	£3,164,170
CAPITAL UNCALLED	£7,500,000
	£13,164,170

Board of Directors.	
William Reiersen Arbuthnot, Esq.	Rt. Hon. the Earl of Selborne, K.G.
Rt. Hon. Lord Balfour of Burleigh.	William Smart, Esq.
Stanley Christopher, Esq.	Rt. Hon. Lord Sydenham.
Edward Clifton-Brown, Esq.	G.C.S.I., F.R.S.
Robert E. Dickinson, Esq.	Sir Roderick Roy Wilson.
Horace Peel, Esq.	

Joint General Managers in South Africa—James S. Shiel, G. F. Le Sueur, W. K. Robertson.
Deputy General Managers in South Africa—Francis E. King, Herbert G. Hoey.
Assistant General Manager in South Africa—E. C. Frost.
London Manager—Bertram Lowndes.
Secretary—T. D. Williams.

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cine of 23.2 per cent. The only important groups which disclose a rise in profits were gas, oil and telegraphs:—

Group.	Number of Companies.	Net Profit (after Payment of Debenture Interest), All Reports received during Months of April and May, 1931.		Increase or Decrease.
		1929-30. £	1930-31. £	%
Breweries.....	11	3,273,628	2,929,054	- 10.52
Cannals and Docks.....	3	43,916	55,427	+ 26.22
Electric Lighting and Power.....	10	752,765	697,606	- 7.44
Financial Land, &c.....	12	1,357,058	1,326,002	- 2.29
Gas.....	4	793,070	871,211	+ 9.86
Hotels, Restaurants, &c.....	7	250,187	222,925	- 10.89
Iron, Coal and Steel.....	19	2,781,662	1,876,186	- 32.55
Motor and Cycle.....	6	544,057	292,769	- 46.19
Oil.....	5	1,587,051	1,628,519	+ 2.61
Rubber.....	112	1,598,050	Dr. 179,795	- 110.66
Shipping.....	9	762,303	505,976	- 33.62
Shops and Stores.....	14	1,163,920	1,197,616	+ 2.03
Tea.....	44	1,858,096	1,517,280	- 18.34
Telegraphs, &c.....	6	873,340	898,197	+ 2.84
Textiles.....	9	675,575	Dr. 443,447	- 165.62
Tramways, &c.....	7	351,698	327,417	- 6.90
Trust.....	41	3,415,264	3,170,010	- 7.18
Waterworks.....	4	291,496	260,660	- 10.57
Other Companies.....	105	24,952,373	22,843,053	- 8.46
Total.....	428	47,328,009	40,006,096	- 15.47

Among the larger companies which reported reduced profits, the newspaper group featured prominently, Amalgamated Press, Allied Newspapers and Associated Newspapers being in the van. The outlook for newspaper earnings is discussed on an earlier page of this issue. Ever-Ready and Chloride Electrical were among the companies announcing small increases.

New Capital Issues in May.—In the following table we show the new capital raised in London by issue to the public or to shareholders, in May, and in recent years:—

Monthly Average.	(000's omitted.)				
	United Kingdom.	British Possessions.	Foreign Countries.	Total	
	£	£	£	£	
1924	7,051	6,023	4,370	17,444	
1925	12,918	5,077	1,356	19,351	
1926	10,765	4,431	4,036	19,232	
1927	17,240	8,318	4,039	29,597	
1928	21,965	5,263	3,526	30,754	
1929	16,502	5,081	2,186	23,769	
1930	14,220	5,121	2,975	22,316	
Monthly Average					
	Govt.	Other.			
Jan.-Mar., 1930 ...	450	24,326	5,360	1,120	31,256
Jan.-Mar., 1931 ...	2,000	7,013	5,112	1,847	15,972
April, 1930	450	10,223	1,228	10,869	22,770
April, 1931	800	714	5,226	304	7,044
May, 1930	500	15,821	16,438	893	33,652
May, 1931	1,450	381	10,045	11	11,887

Little activity was shown in the new capital market during May. Investments in National Savings Certificates exceeded encashments by £1,450,000. Of the issues made during the month the most important was the £10,000,000 Indian 6 per cent. 1933-34 loan, issued at par, a large proportion of which was left with the underwriters. The only conversion issue was that by the Liverpool Gas Company of £300,000 in 5 per cent. preference stock, at par. The largest public issue was made by Odham's Press, in the shape of £200,000 of 7 per cent. B mortgage debentures, 1954, at £98. The only important issue to shareholders consisted of £100,000 of £1 5½ per cent. cumulative preference shares at 20s. 6d., made by the North Somerset Electricity Company.

Oil Dividends.—The Anglo-Persian Oil Company is paying a final dividend of 10 per cent. on its ordinary shares, making 15 per cent. for 1930 as against 20 per cent. in 1929. This is in accordance with the general anticipation. The market was pleasantly surprised to find that the profit figures for the year, after allowing for debenture interest, Persian Government royalties and income tax at £4,648,579, were only 10.7 per cent. below the figure for 1929 (£5,206,762). The company is providing £487,287 for extra depreciation and £13,000

discount on debentures, and is allotting £550,000 to special reserve funds and £500,000 to reserve for taxation. After these appropriations the carry-forward is increased from £687,064 to £896,675. The shares were slightly harder at 1½ on the publication of these preliminary figures, but it should not be forgotten that the first cut in petrol came in September last year, so that the company had the benefit of nine months of rising consumption at highly profitable prices. The reductions which the oil combines have made in the price of petrol since the autumn of last year have amounted to 5d. per gallon, which, on 200,000,000 gallons a year, would amount to over £4 millions per annum. Drastic reductions in petrol prices have also occurred in the Continental markets, in which the Anglo-Persian is operating. Other dividend announcements of a satisfactory character were those of the Canadian and Mexican Eagle, both these companies maintaining their 1929 rates, which were as follows:—Mexican Eagle: 8 per cent. on the participating preference shares and 6 per cent. on the ordinary shares of 4 pesos; Canadian Eagle: 23.88 Canadian cents on the participating preference shares and 12 Canadian cents on the ordinary shares of no par value. The profit figures have not yet been published. The shares at the present market prices return the following yields:—Mexican Eagle (at 6s. 6d.), 7.38 per cent.; Canadian Eagle (at 6s. 9d.) 7.4 per cent. These dividends suggests that the Mexican Eagle is able to make satisfactory profits from its sales in the domestic market in Mexico, and that Canadian Eagle is assured of a comfortable income from the refining profits, which are, in effect, guaranteed, on the purchase and resale of Venezuelan crude oil.

Shell Transport.—The report of the Shell Transport and Trading Company follows the stereotyped staccato lines of previous years. This is regrettable, since Shell Transport accounts are among the most uninformative of holding company accounts. The directors may consider that the voluminous report of the Royal Dutch Petroleum, their senior partner, provides the public with sufficient information. The objections to this view are that the Royal Dutch report does not go into the hands of British shareholders of Shell Transport, that it is always far too voluminous to be reproduced in the Press, and that it invariably contains, as it did this year, highly contentious political arguments. The results of Shell Transport for the past three years are given in the following statement, showing that profits in 1930 declined by 22 per cent.:—

Year to December 31st.	1928.	1929.	1930.
	£	£	£
Receipts.....	5,492,074	6,527,975	5,074,415
Expenses.....	44,180	24,589	27,927
Directors' fees.....	...	20,000	20,000
Issue expenses.....	...	...	128,366
Preference dividends.....	450,000	450,000	668,251

Ordinary dividend amount..... 4,996,902 6,030,340 4,221,238
Ordinary dividend rate (tax free)..... 25% 25% 17½%
Forward..... 237,604 240,650 249,933
The balance sheet discloses a decidedly strong position. Gilt-edged investments stand at £9,771,379, of which the following holdings are of interest:—£2,198,021 in 5 per cent. War Loan, £4,858,279 in 4½ per cent. Treasury Bonds, and £2,150,717 in 4 per cent. Treasury Bonds. Cash stands at £4,405,486, as against £1,158,483 in the previous year—a position which reflects the additional funds made available by the issue of 5,000,000 7 per cent. second preference shares, which have not yet been fully utilised. The premium on this issue, namely £1,250,000, has been placed to the reserve account and the issue expenses written off out of the profit and loss account. The property account represented by holdings in and advances to sundry companies has been increased by £3,769,393 to £30,882,602, which is in part explained by participation in the share issue made by Venezuelan Oil Concessions last year. The market will look forward to hearing Lord Bearsted's views on the outlook, in view of its increasing nervousness over the continued collapse in oil prices in America.

Burmah Oil Company.—The report of the Burmah Oil Company, which, by virtue of its 3,560,985 ordinary shares in the Anglo-Persian and 1,000,000 ordinary shares in Shell Transport, is now a holding as well as an operating company, discloses a not unsatisfactory earnings position. This may be accounted for by the fact that remunerative prices ruled for three-quarters of the year, while dividends received from Anglo-Persian and Shell were at the 1929 rates. The following table gives a comparison of the results for the past two years:—

	1929.	1930.
	£	£
Net trading profits.....	4,170,788	3,464,201
Net after tax, interest and overhead expenses.....	3,502,856	2,736,013
Preference dividends.....	260,937	249,375
Balance.....	3,071,919	2,486,638
Per cent. earned on ordinary.....	52.4	36.2
Per cent. paid on ordinary.....	30%	22½%
General reserve and other reserves.....	670,000	970,000
Write-offs.....	565,384*	...
Carried forward.....	399,775	612,517

* £65,384 balance of expenses on 5½ per cent. debenture issue and £500,000 written off shares in subsidiary companies.

The directors, in their report, adopt a very conservative view of the outlook. They report a definite setback in kerosene consumption in India and a slowing down in the demand for petrol. At the same time heavier imports of petrol and kerosene from Russia and America have left insufficient room in India for the domestic production. In the directors' opinion, the protection of the company's position in the Indian market demands that measures be taken to secure a sufficient quota of the market for the local production. These remarks seem to forecast a dispute with the Standard Oil and Russian oil importers. The balance sheet of the company continues to show great financial strength. Investments in British and Indian Government securities stand at £2,926,051, against £2,676,945, and loans, deposits and cash at £1,723,712, against £1,458,297. The surplus of current assets over current liabilities amounted to £1,883,763. There is no change in the value of holdings in subsidiary and associated companies at £2,283,487, but miscellaneous holdings, which include the Anglo-Persian and Shell Transport interests, are valued at £8,467,334, against £7,380,488. The Anglo-Persian shares are valued at 11s. 8½d., but the others are at cost. In other words, the hidden reserve on the Anglo-Persian holding is allowed to offset the loss on the 1,000,000 shares in Shell Transport, which cost about double the present market value. The Burmah oil shares are at present quoted at 2½ to yield 10.47 per cent. on the basis of the 22½ per cent. dividend.

Venezuelan Oil Concessions Meeting.—At the general meeting of the Venezuelan Oil Concessions, Lord Bearsted was able to disclose a not unsatisfactory position to the shareholders. Although lower oil prices were recorded last year, the V.O.C. actually received, for each barrel of crude oil sold, a price slightly higher than in 1929. Lord Bearsted was, therefore, in a position to contend that the shareholders had been wise in maintaining their contracts with the Royal Dutch-Shell group and not embarking upon independent shipping and marketing arrangements which a minority of shareholders were at one time anxious to obtain. The total quantity of oil sold by the company last year was smaller than in 1929 on account of the restriction agreement made among the Venezuelan producers last autumn, the total production in Venezuela having been reduced from an average of about 375,000 barrels per day in 1929 to a present figure of 308,000 barrels per day. As a result of the economies made by the company, the slightly lower gross revenue was considerably more than offset by reduced expenditure, so that the net profit for the year exceeded that of 1929 by about £175,000.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Suez Canal, Guardian Assurance, Investment Trust Corporation, City of London Real Property, Venezuelan Oil Concessions, Hongkong (Selangor) Rubber, and Ever Ready (Great Britain). Presiding at the annual meeting of the City of London Real Property Company, the chairman made a vigorous attack on the proposed Land Tax, in the course of which he pointed out that, at the present time, the owner of a freehold house in the City, let in suites, was paying in rates and Government taxes three-eighths of the gross rent he received. At the annual meeting of the Suez Canal the chairman referred to the repeated requests from shipowners for a reduction in the canal dues, and affirmed that a reduction in tariffs, made under present conditions, would impose upon the company a further and important sacrifice which would certainly find no appreciable compensation in a corresponding development of traffic.

CAPITAL ISSUES.

The market for new capital remains under the deadening influence of economic depression. The sole public offer of the week was a small first preference share issue by a Sheffield concern, *The Ketton Portland Cement Company*. This company was registered in 1928 and completed its first producing unit in July, 1929, but the prospectus gives only a directors' estimate of profits. The yield on the shares is not high at the present stage in the company's development. No part of the issue has been underwritten. Application will be made for a quotation on the Sheffield Stock Exchange, but not in London, the issue, apparently, being regarded as of interest mainly to local investors.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to May 30, 1931, £67,833,527.
Total, including conversion, recorded January 1 to May 30, 1931, £77,802,976.

National Savings Certificates.
Net sales, week ended May 30, 1931, £350,000.
Total receipts April 1, 1931, to May 30, 1931, £2,600,000.

	Nominal Capital.	Conversion or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Ketton Portland Cement.....	150,000	£	150,000	37,500	112,500
Total offered to Public, week ended June 6, 1931.....	150,000	...	150,000	37,500	112,500
To Shareholders only.					
Gerrard Industries, 362,326 shares 2s. at 4s.....	36,232	...	72,464	9,058	63,408
Total offered to shareholders only, week ended June 6, 1931.....	36,232	...	72,464	9,058	63,408

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Total Offered for Subscription—			Total Offered for Subscription—		
Including Excluding			Including Excluding		
Conversions. Conversions.			Conversions. Conversions.		
Jan. 1 to date—	£	Shs.	Whole year—	£	Shs.
1931.....	78,302,976	68,405,931	1930.....	454,888,784	267,800,700
1930.....	228,456,951	152,214,687	1929.....	488,764,940	285,239,400
1929.....	179,308,103	153,325,149	1928.....	693,100,055	369,058,073
1928.....	222,365,975	192,365,975	1927.....	355,165,970	230,782,600
1927.....	102,037,414	192,365,975	1926.....	232,214,500	230,782,600
1926.....	92,731,631	192,365,975	1925.....	209,325,101	230,782,600
1925.....	93,499,532	192,365,975	1924.....	271,399,173	230,782,600

Nature of Borrowing.

Debtors, Bonds, &c.			Preference Stocks and Shares.			Ordinary Stocks and Shares.			Total.		
£			£			£			£		
Jan. 1 to date—	£	Shs.	Jan. 1 to date—	£	Shs.	Jan. 1 to date—	£	Shs.	Jan. 1 to date—	£	Shs.
1931.....	57,431,924	972,785	1930.....	10,001,281	68,405,991	1931.....	57,431,924	972,785	1930.....	10,001,281	68,405,991
1930.....	123,242,344	12,100,697	1929.....	16,871,646	152,214,687	1930.....	123,242,344	12,100,697	1929.....	16,871,646	152,214,687

By Stock Exchange Introduction.

Amount previously recorded			Amount at which Dealings Began.			Total Involved.		
£			£			£		
1931.....	6,297,183	...	1930.....	6,297,183	...	1931.....	6,297,183	...
1930.....	Nil	...	1929.....	Nil	...	1930.....	Nil	...
1929.....	6,297,183	...	1928.....	6,297,183	...	1929.....	6,297,183	...
1928.....	15,703,378	...	1927.....	15,703,378	...	1928.....	15,703,378	...

Ketton Portland Cement Company.—Issue of 150,000 6 per cent. first cumulative preference shares of £1 each at par. No part of the issue has been underwritten. The company was registered on July 13, 1928, to erect a works in Rutlandshire for the production of "Ketco" Portland cement and other products. Profits are estimated at £10,000 per annum, at which figure they would cover dividend on the present issue nearly 4½ times.

Particulars of the following have been issued "for information only," with a view to Stock Exchange introduction. **Trust Company of London and Scotland.** Particulars of an issue of £250,000 5½ per cent. redeemable debenture stock, 1960/1970, repayable on June 1, 1970, at 101 per cent. **Lea Bridge District Gas.** Particulars of an issue of £35,000 5 per cent. perpetual debenture stock, ranking *pari passu* with existing debenture stocks.

[Other Stock Exchange information, including the latest dividend announcements, summary of balance sheets, reports and notices, and profit and loss figures, and oil outputs, will be found on page 1247 under the heading "Company News."]

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	March, 1931.			April, 1931.		
	Ore.	Yield.	Est. Profit.	Ore.	Yield.	Est. Profit.
Brakpan.....	144,978	45,026	88,000	98,088	2,051	15,008
City Deep.....	95,000	102,241	1,880	92,860	15,008	87,176
Consolidated Main Reef.....	67,500	97,708	15,414	64,000	336,028	7,212
Crown Mines (104, etc.).....	266,000	357,117	92,683	241,000	63,523	12,021
Durban Deep.....	46,800	63,671	6,621	46,300	173,230	4,750
East Rand Proprietary.....	154,400	179,548	12,635	149,500	81,000	52,850
Geduld Proprietary.....	85,500	116,150	47,013	81,000	111,552	24,343
Glen's Lydenburg.....	72,000	68,580	5,425	70,500	68,327	555
Government Areas.....	6,600	10,176	462	6,200	10,020	130
Glen's Lydenburg.....	203,000	399,776	233,137	196,000	388,027	224,343
Kleinfontein, New.....	52,000	46,639	375	50,700	44,842	1,063
Langlaagte Estate.....	80,000	116,812	34,039	76,000	113,736	32,065
Leopoldina.....	18,400	17,686	1,013	17,000	90,942	35,017
Meyer and Charlton.....	73,500	92,820	35,113	72,000	94,090	59,620
Modderfontein E.....	44,200	95,824	60,613	43,500	89,816	16,036
Modderfontein East.....	72,000	91,505	16,038	70,500	288,008	160,109
Modderfontein, New.....	166,000	299,334	166,896	157,000	166,412	79,089
New State Areas.....	39,000	170,698	81,002	37,000	85,709	7,056
Nourse Mines.....	69,000	87,843	7,311	66,000	246,958	45,053
Robbison Deep.....	215,000	260,995	48,433	213,000	115,349	23,775
Randfontein Estates.....	98,000	119,572	24,227	92,000	52,244	2,214
Rose Deep.....	63,500	54,478	2,521	60,000	92,241	10,652
Stimmer and Jack.....	76,200	93,884	12,571	71,900	92,241	10,652
Spring's Mines.....	66,400	144,217	67,019	62,000	119,106	60,107
Sub-Nigel.....	32,000	119,581	60,579	32,000	21,318	2,051
Transvaal G.M. Estates.....	15,700	20,802	2,161	15,500	21,318	2,051
Van Ryn Deep.....	43,000	42,610	4,559	42,000	92,403	27,551
West Rand Consolidated.....	94,000	108,743	24,032	92,000	36,194	1,891
West Springs.....	68,000	73,244	12,494	67,000	48,891	230
Witwatersrand Deep.....	38,700	38,846	822	37,100	38,891	230
Witwatersrand Kintz.....	56,000	48,332	1,327	54,000	38,891	230

* Loss.

WEEKLY TRAFFIC RETURNS.
RAILWAYS OF GREAT BRITAIN AND IRELAND.

Line.	Miles Open.	Week ended May 31, 1931.					Aggregate 22 weeks, 1931.				
		(000's omitted.)					(000's omitted.)				
(b) Week ended Mar. 29, 1931.	(c) Week ended May 30, 1931.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.	Passen-ger, &c.	Merchandise, &c.	Coal and Coke.	Total Goods.	Total for Week.
Great Western.....	3,761	236	144	65	209	445	4,284	4,125	2,285	6,410	10,694
Do. for 1930.....	3,754	222	225	112	337	549	4,546	4,773	2,609	7,582	12,128
L. & N. Eastern (c).....	6,349	366	286	190	466	832	6,419	7,523	5,360	12,883	19,302
Do. for 1930.....	6,349	341	413	245	688	999	6,900	8,902	5,922	14,824	21,724
Lon. Mid. & Scot. (c).....	6,958	553	374	137	511	1,064	9,678	10,761	5,720	15,896	25,574
Do. for 1930.....	6,956	501	537	228	765	1,266	10,083	12,012	5,956	17,958	28,051
Southern.....	2,180	340	78	33	111	451	5,968	1,547	718	2,265	8,233
Do. for 1930.....	2,179	305	91	33	124	429	6,180	1,712	684	2,396	8,576
Total of above.....	19,243	1,495	882	415	1,297	2,792	23,649	23,371	14,083	37,454	61,103
Do. for 1930.....	19,238	1,369	1,266	618	1,884	3,253	27,709	27,397	15,371	42,768	70,477
Metropolitan (c).....	59	33	7	...	3	36	691	1	...	85	711
Do. for 1930.....	59	32	5	...	3	36	716	4	...	88	705
Undgl. E.R. (c).....	...	336	1	...	...	337	336	1	...	337	635
Do. for 1930.....	...	329	7	...	...	336	309	7	...	316	645
Green Buses, &c. (c).....	...	32	7	...	...	39	32	7	...	39	482
Lon. & S. Grp. (c).....	...	51	5	...	...	56	51	5	...	56	930
Do. for 1930.....	...	45	8	...	...	53	45	8	...	53	938
B.I. & C. (b).....	80	2	6	...	...	28	80	2	...	28	14
Do. for 1930.....	80	2	9	...	...	31	80	2	...	31	63
G. Northern (b).....	562	11	4	...	...	16	562	11	...	16	325
Do. for 1930.....	562	10	9	...	...	19	562	10	...	19	320
G. Southern (b).....	2,188	24	9	...	...	34	2,188	24	...	34	801
Do. for 1930.....	2,188	24	8	...	...	32	2,188	24	...	32	766

* Aggregate 21 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
				Rs.	Rs.	Rs.	Rs.
Assam Bengal	5	May 2	1,306	3,89,000	— 8,800	18,09,000	— 54,887
Burmi Lt. Ry.	9	202	42,900	— 3,500	2,55,800	— 62,300	
Bengal & N. Western	9	2,117	7,39,085	— 58,918	40,92,165	— 2,49,493	
Bombay & N. Western	4	April 25	3,188	15,51,000	— 3,20,708	54,41,600	— 10,42,108
Bombay-Nagpur	8	May 23	3,094	22,26,000	— 86,000	1,74,18,000	— 3,27,000
Bombay, Bar. & C.I.	5	May 2	3,229	16,76,000	— 1,91,020	75,66,000	— 9,17,755
Madras & S. Mah.	9	572	1,15,839	— 24,456	7,76,954	— 49,756	
Rohilk. & Kumaon	5	25	2,458	11,67,124	— 2,44,538	49,94,945	— 9,13,676
South Indian	3						
† Including Lucknow-Bareilly State Railway.							
CANADIAN.							
Canadian National	20	May 21	20,426	\$ 3,504,233	—	\$ 710,615	—
Canadian Pacific	21	May 28	15,545	2,664,000	—	650,000	—
SOUTH AMERICAN.							
Antofagasta (Chili and Bolivia)	22	May 31	804	£ 16,550	—	£ 11,900	—
Argentine N.E.	48	May 30	753	12,700	—	7,500	—
Argentine Transd'n.	48	May 30	111	1,736	—	1,561	—
B.A. and Pacific	48	May 30	2,806	131,000	—	1,000	—
B.A. Central	48	May 30	5,076	13,095	—	874	—
B.A. Gt. Southern	48	May 30	1,926	212,000	—	10,371,000	—
Central Argentine	48	May 30	3,442	75,000	—	5,000	—
Central Uruguayana	48	May 30	273	27,269	—	3,733	—
O. Urug. (E. Ext.)	48	May 30	311	6,731	—	243	—
O. Urug. (W. Ext.)	48	May 30	211	1,980	—	1,383	—
O. Urug. (W. Ext.)	48	May 30	1,218	54,000	—	200	—
Paraguay Central	48	May 30	809	24,500	—	1,300	—
Paraguay Central	48	May 30	1,052	4,600	—	5,600	—
Paraguay Central	48	May 30	1,918	22,891	—	11,045	—
Paraguay Central	48	May 30	3,483	2,262	—	14,360	—
Paraguay Central	48	May 30	274	4,290	—	280	—
Paraguay Central	48	May 30	100	3,407	—	287	—
Paraguay Central	48	May 30	1,369	22,978	—	25,433	—
Paraguay Central	48	May 30	1,918	22,891	—	26,423	—
† Months.							
OTHER OVERSEAS.							
Gt. Southn. of Spain	20	May 23	104	£ 205,000	—	£ 12,071	—
Mexican Railway	21	May 28	483	\$ 205,100	—	\$ 56,400	—
TRAMWAYS WEEKLY GROSS RECEIPTS.							
Anglo-Argentine	21	May 27	329	£ 71,121	—	£ 15,751	—
B. Aires Lacrosse	48	May 31	124	30,437	—	373	—
Liverpool Electric	15	May 31	166	Rs. 47,228	—	4,734	—
L.C.C. Tramways	8	May 27	166	84,430	—	1,143	—
† Months.							
MONTHLY TRAFFICS.							
Month.	Ending 1931.	Description.	Receipts for Month.		Receipts to Date.		

tion of decline and commencement of something like stabilisation may be not far off, in spite of such obstacles as the accumulations of wheat in North America which remain to be dispersed, the troubles in Brazil, which appear to be perennial, over the coffee crop, and the menace of Soviet Russia.

Recent years have brought many efforts at artificial regulation of trade and prices. Only in the rarest cases can such attempts succeed; satisfaction may be derived, therefore, from the fact that many attempts to restrict supplies and control prices are being abandoned, and that markets are being allowed to find their own level. A freer action of the laws of supply and demand should pave the way to stabilisation of prices, and make possible the working off of the excessive stocks of raw materials which are now in existence. Only after stocks have been reduced to normal dimensions can we look for a recovery in the price level and a return to profitable conditions of business.

I will now move:—"That the report and accounts as presented be and they are hereby received, approved and adopted, and that dividends of £2 per cent., less income tax, on the preferred stock, and £12 per cent. less income tax, on the deferred stock (making, with the interim dividend, 20 per cent. for the year ended May 1, 1931) be and the same are hereby declared."

Mr C. L. Dalziel seconded the resolution, which was carried unanimously.

The retiring director, Mr H. A. Vernet, was re-elected, and, on the motion of Mr Ledger, seconded by Mr Dunn-Gardner, the auditors, Mr C. O. Webb and Mr Lionel Baddeley, were re-appointed.

The proceedings terminated with a cordial vote of thanks to the chairman, directors and staff.

HONG KONG (SELANGOR) RUBBER, LIMITED.

SATISFACTORY TIN RESULTS.

The annual general meeting of Hongkong (Selangor) Rubber, Limited, was held, on June 3, at the registered offices, 7, Martin's Lane, Cannon Street, London, E.C.

Mr W. Arthur Addinsell, the Chairman, in the course of his remarks, said: The feature of the accounts is that the profit from tin interests completely overshadows the results from rubber. The fact that loss was sustained on rubber would not be unexpected. On the other hand, I have no doubt it was a pleasant surprise that the income from tin exceeded £11,000; and that there was a net profit of £9,336.

The success attained by Hongkong Tin, Limited, in the first full year is a matter for congratulation. Their mine is one of the richest (if not the richest) in the Malay Peninsula. Owing to the low price ruling for tin during the current year, the income by way of tribute and dividends will be substantially reduced. For the first four months receipts from tribute have worked out at approximately 50 per cent. lower than for the corresponding period of 1930. For this reason, and also having regard to the low price ruling for rubber, your directors, who are some of the largest shareholders, content themselves with recommending a dividend of 5 per cent. The undistributed profit should be a source of strength during the present crisis.

Last year, when the price of rubber began to fall below the average cost of production, the directors, secretaries and other officials in London voluntarily agreed to substantial reductions in fees, and the Eastern officials and staff readily fell into line. These economies operated as from September 30th.

The question of crop and expenditure has been constantly reviewed. Our policy has been to secure the minimum crop at the most economic figure. By cutting out certain cultivation works we are endangering the healthy condition of the rubber trees, but this is a risk we must take if we are to retain an efficient organisation and minimise the loss on working. There has been no pressure to secure a potential output. As a result, the quantity of rubber secured for 1930 was nearly 100,000 lbs. less than for the previous year.

Your directors are carefully watching your interests, and, having regard to the company's sound financial position, I can congratulate you on securing and retaining a holding in a rubber company which I am confident will justify your selection.

The report and accounts were unanimously adopted.

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street London, E.C.4.

GUARDIAN ASSURANCE COMPANY, LIMITED.

SATISFACTORY FIGURES.

ALL FUNDS STRENGTHENED.

The ordinary meeting of the Guardian Assurance Company, Limited, was held, on the 1st instant, at 68, King William Street, London, Col. Lionel H. Hanbury, C.M.G. (the chairman of the company), presiding.

The Chairman, in moving the adoption of the report and accounts, said:—"The figures are inclusive of those of our associated companies, except in the life department, where the figures relating to the three accounts are separately stated. The gross new life assurances amount to £1,440,938, which is greater than in 1929, but, after deducting re-assurances, the net new business, at £1,323,404, is less by £9,365 than in the previous year. The claims by death, at £169,979, are less by £78,146, and very well within the expectation, both as to the number of claims and their amounts. Policies matured to the sum, with bonuses, of £163,363, which is also less than a year ago.

The net premium income of the life department is £543,094, against £524,015, an increase of £19,079, and the net income from interest (£272,631) is £3,656 less than in 1929, because of the increase in tax. The consideration for annuities granted is £10,892, against £18,331.

The results of the fire business in 1930, although much better than in 1929, were only slightly less favourable than they had generally enjoyed in the past fifteen years. Their income from premiums was £1,081,336, approximately £27,500 less than in 1929. The losses were £503,500, being £81,980 less than in 1929. The total fire funds amounted to £1,540,700, and they had increased the general reserve fund to £1,000,000. The transfer to profit and loss account was £120,171. In the accident, burglary and general assurance department, the premiums amounted to £775,319, which was less than in 1929 by approximately £23,000, and there was an underwriting profit of £30,389. The total fund was now £710,060, a net increase of £5,460.

With reference to the marine department, they had closed the year 1929 by transferring to the suspense account £29,000, and, assuming that sum was adequate, there was a profit of £6,120, equivalent to 3 per cent. of the premiums. The premiums in the department for 1930 showed an increase of £5,887, and the claims settled were 21 per cent. of the premiums, as compared with 23½ per cent. in the previous year. The amount of the fund at the end of the year was £410,392, approximately £10,000 greater than at the end of 1929, and the transfer to profit and loss account of £19,028 was slightly less than the interest derived from the reserve fund. As to the general trend of marine business, he hoped that the recurring losses sustained by marine underwriters would have a steadying effect on rates of premium and that the new and scientific aids to navigation now fitted to many vessels would tend to reduce marine casualties.

RESULT OF YEAR'S OPERATIONS.

The dividend of 10s. for the whole year was nearly to be met out of the earnings derived from the interest on the several funds. In fact, the aggregated interest, at £197,274, was short of the sum required for one year's whole dividend by £6,320. The fact that the premiums of two of their trading departments, fire and accident, had declined was a matter of concern to the directors, although, on the aggregate premiums, the ratio of the reduction in those two accounts was but 2.6 per cent. The decline was to be ascribed to several causes together resulting in a paucity of new business and to severe competition, which always arose when there was not enough business to go round. In the United Kingdom industries were handicapped by the constantly increasing taxation, which far exceeded that in France, Italy, Germany or the United States, whereas our principal competitors had designed to increase the competitive power of industry by reducing taxation.

Advocates of social reform in these islands did not perhaps foresee some of the results, for they must give them credit that, in their efforts to render labour happier and more efficient by the means supplied by the taxpayer, it had never been intended by those same reforms to deprive labour, by the increasing unemployment, of those very advantages.

They prospered as trade, whether home or export, progressed; a reduction in premium income meant to them a higher percentage in their expense ratio, if in a minor degree. He did not forget that they had been passing through a time when economy had ceased, to a large extent, in some places, to be one of the tests of good management.

On the whole, he thought they might consider that the accounts before them were good in all the circumstances. They had strengthened each of their funds, as they always would do when the results permitted.

The report and accounts were unanimously adopted.

CITY OF LONDON REAL PROPERTY.

THE LAND TAX PROPOSALS.

POSSIBLE EFFECT IN THE CITY.

MR W. E. R. INNES'S VIEWS.

The ordinary general meeting of the City of London Real Property Company, Limited, was held, on the 1st instant, at the Cannon Street Hotel, London, E.C., Mr W. E. R. Innes (the chairman) presiding.

The Secretary (Mr L. A. Kingscote) read the notice and the report of the auditors.

The Chairman, in the course of his speech, said: The net revenue, after all charges, including rates, amounted to £439,029, as compared with £494,954, a reduction of £55,924. To the £439,029 has to be added £161,223 brought forward, making a total of £600,253. The preference dividend absorbs £37,438, and the directors recommend that a dividend be declared for the year on the ordinary shares at the rate of 5½ per cent., less tax—the same as last year—of which three quarterly payments, amounting together to 3½ per cent., have already been made. This will require £341,000. We have added £10,000 to the fund for replacement of freehold properties, leaving a balance of £211,814 to carry forward, an increase of £50,591.

THE CHANCELLOR'S BILL.

Unfortunately, the Chancellor of the Exchequer has selected the present moment for bringing forward his Bill for further taxation of land, and has based the justice of his demands on the grounds that the land is not the property of those who have bought and developed it, but belongs to "the people," in spite of the fact that land is one of the investments authorised for Trustees under the Settled Land Acts, and that mortgages on freeholds are included by Statute in the list of securities they may invest in.

Whenever propositions for land taxes are put forward, it is always claimed that landowners do nothing towards making the value of their property, and pay no taxes, which those making them must know to be untrue. Apart from the fact that the value of the land has been largely made by the capital expenditure of owners, they pay the same Government taxes as other people, and, in addition, contribute a very large share, both directly and indirectly, of the local rates. At the present time the owner of a freehold house in the City, let in suites, is paying in rates and Government taxes three-eighths of the gross rent he receives. When a person enters into a lease of land for development, the rates and taxes are taken into consideration in calculating the rent, so that indirectly the freeholder pays his share. To completely revise the whole system now, and to place all the rates on the landowner, and alter the terms of these contracts, which it has been suggested is one of the principal objects of the land valuation, must be most unfair. It means relieving one party to a bargain of his share of the outgoings at the expense of the other.

The supporters of the Bill talk airily of the land taxes in the Dominions and on the Continent, and suggest that the whole of the local taxation is on the land and none on the buildings. I have had some experience of Canada, and this is not the case where I was. I understand that every province has a different system, but in British Columbia, and I expect in the other provinces where the cities are of recent growth, the taxes are raised partly on the land and partly on the buildings, and together amount to nothing like what we are already paying here. At the time that system was evolved ground rents did not exist, and the tenure was all freehold; so there was no unfairness created between an owner and leaseholder.

POSITION IN THE CITY.

With regard to the City, I feel no doubt the measure will have a retrograde effect instead of that which its supporters maintain they expect. The tax will be a very serious burden, and is admitted to be only the prelude to much higher charges. Two of its worst features seem to me to be that it is intended to provide for further expenditure at a time when we are already overtaxed, and the grounds on which it is sought to justify it. In parts of the City the land is worth as much as the buildings, in which case this new tax in its initial stage will amount to an additional Schedule A charge of from 10d. to 1s. in the £. In a few cases the land is worth much more than the building with a corresponding increase in the tax. Office buildings, like everything else, get out of date, and if people are frightened of the safety of their capital they will hesitate long before they take the risk of replacing them. Should this, as I anticipate, prove to be the case, it will cause severe loss to employment in the building trade.

If the title to the land on which a person wants to borrow money for the purpose of building is claimed by the Government to be

bad, it will be very difficult to find people to advance the necessary funds, and probably even more difficult after the building is completed to find a purchaser. It is likely to end in firms who do not want a whole house, but find it more convenient to rent a suite, either having to put up with old buildings or paying a rent which provides for the tax, because it is too much to expect owners to put up new buildings to be occupied by other people unless they feel a reasonable prospect of a return after the payment of taxes.

VALUATION DIFFICULTIES.

The valuation of land in the City will, if fairly done, involve a tremendous amount of work. It is impossible to say that all the land in a street is of the same value. Parts of the same street vary very much, and those whose business it is to develop property know it is a most intricate business. The value depends so much on the shape of the plot, and its size and to what height the building can be carried, and how it can be lit. In the case of all sites on which the buildings have not been recently erected, plans will have to be drawn to see what accommodation can be provided if the figure is to be arrived at properly. Even where this has been done one hears amongst people best able to judge very considerable differences of opinion as to value, and with conditions as they are to-day it is more than usually difficult to put a figure on the land. A great injustice is done under the Bill to freeholders who have let their land for a term of fifty years or upwards, as they are not allowed any say in the valuation and are not given any right of appeal. The only person who is given any rights in these cases is the tenant, and his interest and that of the owner will probably be conflicting. The only thing the tenant will concern himself with is to try to arrange that the valuation is as low as possible in order to avoid the payment of a share of the tax.

Where, for instance, a landowner has been generous in providing a valuable site on lease for a charitable object, or for working-class dwellings at a nominal rent, if the land is valued on the rent paid the figure will be very low, in which case, if it is subsequently required for public purposes it will be taken for next to nothing and the freeholder will suffer, while, if the market value of the land is fixed as though it were used for its most profitable purpose, a heavy tax will fall on the leaseholder.

In cases where both the owner and the tenant are interested parties they ought both to have a right to a hearing. The appeal as to the value lies only to a single referee, and where the subject being considered runs into millions, as in the case of land in the City, and is of a very complicated nature, I think this is putting too much responsibility into one man's hands, and that an appeal should be allowed from his decision.

TOO MUCH LEGISLATION.

The truth is we are suffering from a surfeit of legislation, and a great part of many business people's time is now taken up more in trying to save as much as they can from the effects of new claims instead of in trying to improve their business. Last year an attempt was made to make us pay income tax on unlet offices, while since January we have had four measures under consideration, the L.C.C. General Powers Bill, the Town and Country Planning Bill, the Finance Bill, and the amendment of the London Building Act. In the L.C.C. General Powers Bill provision was made to make owners erecting new buildings in London set back for street widening, without compensation.

The Town and Country Planning Bill—a Bill held out to be so fair on the ground that one of the principal objects is that where an improvement is made at the expense of the public, which benefits an owner's land, the latter is to pay the whole amount of the assumed betterment to the responsible authority—really provides for something quite different. Under Section 27 it is the owner of any land which is said to be improved by a scheme, and not the public, who is to pay the expenses of that scheme. While Section 19 provides that where any betterment results the owner is to give up the whole of the betterment, before he has realised it, and apparently without any provision for an allowance in respect of his enforced contribution. And now we have the Finance Bill.

UNNECESSARY COMPLICATIONS.

Another cause we have for complaint is that the Bills as they are drawn to-day are so complicated that it takes hours of work to ascertain what they mean, and when they are being expounded by their advocates a description of their terms is given to catch the popular fancy, while their real importance is frequently neglected.

In the case of the Finance Bill, the rules as to how the valuation is to be arrived at are extremely difficult to understand, and probably when cases arise and their meaning is tested in the Courts they will be found very difficult to construe.

The report and accounts were unanimously adopted.

EVER READY COMPANY (GREAT BRITAIN), LIMITED.

LARGE INCREASE IN SALES.

The ordinary annual general meeting of the Ever Ready Company (Great Britain), Limited (Manufacturers of Batteries and Electrical Sundries), was held, on the 1st instant, at the Ever Ready Works, Hercules Place, Holloway, London, Mr Magnus Goodfellow (chairman and managing director) presiding.

The secretary (Mr F. W. Stevens, A.C.A.) read the notice convening the meeting and the auditors' report.

The Chairman, in moving the adoption of the report and accounts, said:—During the year which ended on March 31st last a year of depression and of general shrinking consumption—a careful estimate of the consumption of primary dry batteries of all types used in this country showed an increase of as much as 20 per cent. over the previous year. Careful administration, and the loyal co-operation and hard work of our staff and people, enabled us not only to obtain our full proportion of the increase in consumption, but also to obtain a considerable amount of business previously in the hands of our foreign competitors. The Board of Trade returns showed that such imports were reduced during the year by some 15 per cent. as compared with the previous year.

INCREASED EXPENDITURE TO MEET INCREASED SALES.

At our meeting a year ago I informed you that we had grounds for the belief that our preparations for an increased production would result in our doing an increased business, and it is a matter of great satisfaction to us that we have been even more successful than we had anticipated.

The heavy increase in the sales during the year—not only a record of sales, but a record of increase of sales—necessitated an expenditure of £20,000 in excess of the estimate of £30,000 on buildings and equipment. In addition, we have since sanctioned further expenditure, amounting to £15,000. During the past three years, therefore, we have expended and sanctioned expenditure amounting to £120,000 on buildings, plants, etc., provided for out of accumulated profits and internal resources. I have made a careful inspection of all the factories both here and on the Continent during May, and I am satisfied that our technical and chemical efficiency is higher than it has ever been.

TRADE ASSURANCES OF SUPPORT.

We are grateful to the trade as a whole for the support they have given us in a difficult year, and we believe the large number of assurances of support we have already received for the coming year will assist us in a further increase of business, to the mutual benefit of consumers, the trade and ourselves. It is our intention again to pass on to the consumer the savings in cost of production we have achieved during the year.

The Chairman then dealt fully with the items of the balance sheet, and mentioned that the reserves and carry-forward now reached the total of £612,000, as compared with £534,000 a year previously, being an increase of £78,000. I understand, he continued, that efforts are being made to prevail upon the Chancellor of the Exchequer to exempt profits retained in a business from income tax at 4s. 6d. in the £. Had this change operated during this year, the increase in our reserves would have been considerably more by reason of the saving of the tax we have had to pay on the previous year's surplus.

As to the future, I repeat what I have said to you on a number of occasions, that I believe the public use of primary dry batteries in every walk of life will continue to grow, as it has done during the past twenty years. It will be understood that I include the manufacture and sale of our portable electric lamps and other numerous kindred specialities. I am able to inform you that the sales for the two months to date show an increase over the sales of the corresponding period of a year ago, not only an increase but a greater increase than the corresponding period of last year showed over that of the year before.

In conclusion the Chairman paid a tribute to the work and loyalty of the managers, executive staff and workpeople, and said that he felt happy in the belief that they would continue to support them as they had done in the past.

DIVIDEND PAYMENTS.

Mr A. H. Sheppard seconded the resolution, which was carried unanimously, and a final dividend of 5 per cent. on the preference shares (making the maximum of 10 per cent. for the year) and a final dividend of 25 per cent. on the ordinary shares were declared.

The retiring auditors (Messrs Josolyne Miles Page and Company) having been reappointed for the ensuing year, the proceedings closed with a cordial vote of thanks to the chairman and his colleagues for the excellent results achieved during the year under review.

SUEZ CANAL COMPANY.

RESULTS OF A DIFFICULT YEAR.

The seventy-seventh annual meeting of the Suez Canal Company was held on Monday, June 1st, in Paris.

The Marquis de Vogüé (the President) presented the report of the council of administration, which was substantially as follows:—

The economic crisis, the first effects of which on the Canal traffic were apparent last year, continued and increased during the whole of the year 1930. At the same time, several abnormal factors—the boycott of English products in India, and the depreciation of silver in China—have exerted a detrimental effect on Europe's commerce with certain regions of the Far East. Under the influence of this mass of causes, the activity of the navigation through the Suez Canal has been definitely moderated, the tonnage, for the whole year, falling below the level of 1928. To this decrease in tonnage must be added the effect of the remission of 25 centimes, which came into effect on September 1st; the total result being a decrease in transit receipts of about 80 million francs as compared with the previous year.

It is under such circumstances that one can appreciate the advantages of the prudent financial administration which is a tradition in your company and which you have always approved. Thanks to measures taken during prosperous years, the position of the sinking funds and various reserves is such that we can reduce our allocations to them, which allows us to declare a gross dividend of 650 francs. You will observe, moreover, that this result has been obtained without any call on the special reserve; which remains intact to counterbalance the decrease in receipts which we foresee during the current year.

As you doubtless know, we have been the object, on the part of shipowners—especially British shipowners—of repeated requests seeking to obtain a further and considerable decrease in our transit charge. The arguments which were put before us in support of this demand have been the object of our most careful examination. If, in fact, we could believe that the transit charges of the Suez Canal, are, as some pretend, an appreciable factor of the economic depression, *a fortiori* if we had reason to hope that a lowering of these charges would show, as a consequence, a marked recovery in the traffic of the Canal we would not hesitate to satisfy, at least partially, the shipowners' desires; but the examinations we have made have led us to the opposite conclusions. A lowering of the tariffs made under present conditions would impose on the company a further and important sacrifice which would certainly not find any appreciable compensation in the development of traffic. A time will come, we hope, where, under different circumstances, a decrease would appear opportune, and then we will not fail to put this voluntarily into effect, as we have already done several times in the past; but we refuse to do so to-day under pressure of an opinion which we consider ill-informed. Your company has shown a very large and liberal spirit in the management of a public service of world-wide interest of which it has charge; it will not depart from this attitude in the future, everything being reconciled, as in the past, with the essential safeguarding of the interests of the shareholders.

The total receipts of the year at 1,098,547,518 fr. 64, show a decrease of 91,410,922 fr. 39, as compared with those of 1929. Up to the extent of 80,349,632 fr. 21, this decrease is in transit receipts.

Expenses, at 313,982,702 fr. 93, show an increase of 2,739,468 fr. 37 over those of 1929, the replacement of mooring piles, which we announced last year, alone accounting for an increase of 5,350,000 frs. Economies realised in other directions, luckily counterbalanced a part of this increase.

We propose allocating 40 millions for work on improvements and 20 millions on the writing down of materials.

After all allocations, the excess of receipts over expenditure amounted to 714,484,290 fr., to which has to be added 5,261,918 fr. brought forward from 1929, making a total of 719,746,208 fr. Of this sum it is proposed to distribute among the shareholders 718,309,859 fr. and to carry forward 1,436,349 fr. We propose a dividend of 650 fr. gross and 576 fr. 90 net.

As we have pointed out, the maritime movement of the Canal has shown, during 1930, a considerable decrease, as compared with the year 1929, which, after twelve years of almost uninterrupted progress, had shown a large increase on all previous results. It has even fallen slightly below the level of 1928.

The net traffic only amounted, in fact, to 31,668,759 tons, showing a decrease of 1,797,255 tons on the year 1929 and a decrease of 237,143 tons on the year 1928.

The average time of transit through the Canal is the lowest which has been recorded. It was 14 hours 34 minutes, as against 14 hours 57 minutes in 1929. The number of passengers was 305,202, a decrease of 20,653 on the preceding year.

The world economic position is too unsettled and unstable to allow us to make any definite forecast as to the canal traffic during

the next few months. It does not appear, however, unreasonable to hope that the decrease in tonnage, which reached in April 394,000 as compared with last year, will not increase from then to the end of the year.

VENEZUELAN OIL CONCESSIONS, LIMITED.

INCREASED PROFIT—STRONG CASH POSITION.

The fifteenth ordinary annual general meeting of the Venezuelan Oil Concessions, Limited, was held, on the 2nd instant, at Winchester House, London, E.C.

The Right Hon. the Viscount Bearsted, M.C. (the chairman), in the course of his speech, said:—Since our last meeting the liquidation of the V.O.C. Holding Company, Limited, has been completed, and our accounts now show the combined position. The proceeds of oil sold and the value of oil stocks amount to £4,639,084. The corresponding figure for 1929 was £4,885,597. This reduction in income from the sale of oil is due to our policy of restricting production, which consequently has fallen from 6,469,206 tons in 1929 to 5,878,186 tons in 1930. The financial effect of the lower production has been partly offset by an improvement, mainly due to our being able to produce from selected wells, of over 8d. per ton in the average price realised for our production.

The gross income in 1930 amounted to £4,670,881, a reduction of £217,139 compared with last year. This reduction has, however, been more than offset by economies in expenditure which we have been able to effect during the year. In comparison with 1929, the drilling, production, and field expenses show a reduction from £2,240,129 to £1,889,708. The amount provided for depreciation is practically the same as the corresponding figure in 1929, being now £729,365, against £733,556. The rates, which were used in preparing the 1929 accounts, have again been the subject of careful review, but we have been unable to justify any diminution of our scale.

PROFIT AND DIVIDEND.

The profit for the year is £1,260,756 13s. 3d., as compared with £1,085,665 18s. for the year 1929. With £195,912 2s. 9d. brought forward, there is a total amount at credit of profit and loss account £1,456,668 16s. Out of this there has already been paid the interim dividend at the rate of 5 per cent., less income tax, absorbing £359,868 14s.

The directors now recommend a final dividend of £899,671 15s. being at the rate of 12½ per cent. and making 17½ per cent. for the year, to be paid less income tax at 4s. 6d. in the £ on both classes of shares. The directors further recommend that the cost of Stamp Duty and expenses of the new cash issue of March 24, 1930, amounting to £19,031 4s. 10d., be written off, leaving a balance at credit of profit and loss account of £178,097 2s. 2d. to be carried forward to 1931.

The lower rate of production, together with the success attending recent drilling, and the good results of gaslift have enabled further reductions to be made in our drilling programme. The programme now consists of two strings at La Concepcion in the Maracaibo district, one string at La Rosa, one exploration string at the Curacao anticline to the east of La Rosa, and one temporary repair string at Lagonillas. This gives a total of five strings, as compared with 19 strings at the beginning of last year.

At La Concepcion the extent of the productive territory has been considerably enlarged towards the north. At La Rosa several stepping-out wells were drilled to explore towards the south over a distance of about 5 kilometres, but these wells were unsuccessful in proving the extension of the field in this direction.

ECONOMY IN FIELD OPERATIONS.

Production is being obtained as cheaply as possible, and the yield from individual wells is being improved by the increasing use of modern lifting methods.

Economy has been pressed in all our field operations, whilst, wherever economically sound, new expenditure on extensions has been curtailed.

As was stated in the directors' report, the reduction of the volume of oil sold last year was accomplished by reduction of deliveries under the temporary agreement with the Asiatic Petroleum Company, Limited. This agreement is on a basis similar to the Asiatic contract for 6,000,000 barrels per annum. The situation as regards the other buyer of our oil, the Canadian Eagle Oil Company, with whom we have a contract for the sale of 5,000,000 barrels per annum, is that owing to the increased efficiency of their tanker fleet, they were enabled to offtake considerable quantities in excess of the contractual amount. To provide for these additional liftings, supplementary contracts were made with the Canadian Eagle Oil Company, which expired at the end of 1930. A new supplemental contract, on satisfactory terms, was later concluded covering 1931.

The production for this year up to May 23rd amounted to approximately 1,987,000 metric tons. If production is not increased

above the present level, which depends upon continuance of co-operation between Venezuelan producers, the year's production will be about 4,875,000 metric tons.

STABILISATION OF PRODUCTION.

You are already aware of this company's participation in the efforts to maintain something approaching balance between the production of oil, and the consumption of oil products. At the beginning of 1929, a more or less temporary and rather informal agreement was concluded between the largest producing companies in Venezuela, which had the effect of stabilising the production of oil.

It is a matter of regret that this very sensible policy has not been consistently followed in other parts of the world, but I am sure you will agree with me that shortsighted and destructive over-production in one area, in the face of sensible and concerted policy in another, does not justify a disregard of the same policy by the party who has adopted it, merely to keep pace with the party who has disregarded it.

It is gratifying to be in a position now to say that the producers in Venezuela have recently gone a step further, and that the total production has been reduced from the average of about 375,000 barrels per day in 1929 to the present operating figure of 308,000 barrels per day.

Your company has played its full part, despite the fact that it is in a position almost to double its production.

Throughout the industry the year 1930 has been marked by poor prices both for crude oil and for the products derived from it. In the case of your company, however, we actually received per barrel of crude oil sold a price slightly higher than in 1929.

As a result of economies, the slightly lower gross revenue as compared with 1929 was considerably more than offset by reduced expenditure, and the net profit for the year exceeded the net profit over 1929 by about £175,000, which I think you will agree is, considering all the circumstances, a most satisfactory result.

While I never try to prophesy, and whilst even less value attaches to prophecies made in the face of existing conditions, it would appear that the net revenue at the present rate of production, and at present prices, should not differ greatly from that of last year. I am therefore hopeful that we shall again be able to pay an interim dividend in the autumn.

As you noted from the balance sheet, at the end of 1930 we have bank deposits and current accounts and cash totalling over £2,160,000 after payment of the 5 per cent. interim dividend. This amount, after payment in March of our income tax for 1930-31, has now been built up to £2,700,000, out of which the dividend to be declared to-day has to be paid. I feel that we have good reason to congratulate ourselves on this strong cash position.

The report and accounts were adopted.

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Established 1889.

UNITED STATES OF VENEZUELA.

Summary of Presidential Message

BY

Dr. J. B. Pérez.

ERA OF PROSPERITY BASED ON PEACE AND INDUSTRY.

The year 1930 will be a memorable one in the history of the United States of Venezuela, not only because it witnessed the Centenaries of the deaths of Bolívar and Sucre, Venezuela's national heroes, as well as the Centenary of the Reconstitution of the Republic, which took place in 1830, but because it was marked by many notable achievements carried out in that great country under theegis of the aptly termed "Government of National Rehabilitation."

Venezuela may be proud of its Government—a Government combining strength with justice, in which the devastating ghost of political strife has been well and truly laid and, further, a constructive Government which has nobly carried out its pledges for the social, economic, commercial and industrial development of a nation blessed with practically unlimited natural resources. The United States of Venezuela find themselves to-day at peace with the world and in the enjoyment of an era of unparalleled prosperity which the President, Doctor J. B. Pérez, in his Presidential Message to the National Congress—the salient parts of which are given below—ascribes to "the brain and guiding hand of General Don Juan Vicente Gómez," Commander-in-Chief of the Venezuelan Army.

Public Works.

After mentioning the many artistic embellishments and works of public utility carried out in Venezuela in the course of the year under review, such as, in Maracay—residence of General Gómez—the statue of Bolívar in the Square bearing the same name, that of General Páez facing the new barracks, the luxurious "Hotel Jardín," or Garden Hotel, a centre of ever-growing attraction to residents and visitors alike, the great Clinic fitted with every improvement devised by modern science, the new hangars and the port for hydroplanes in the Valencia Lagoon, linked with the city of Maracay by an excellent road, and in the Capital—Caracas—the monument to General José de San Martín in the Avenue bearing his name, that to Diego de Lozada, founder of Caracas, and, in commemoration of the Centenary, the reconstruction of the National Pantheon, Municipal Theatre, Yellow House, Central University, Aqueduct of Polvorín and the Seminario, and the Vargas Hospital, the President referred to public works of great importance in the following words:—

"Besides the building of thirty-six bridges and two hundred and fifty-one pontoons, the following hanging bridges were inaugurated: the Libertador Bridge over the Riber Torbes, in the State of Táchira, with a span of one hundred and seventy-two metres, seventy-five centimetres, and the General Juan Vicente Gómez Bridge, over the River Guárico, near El Sombrero, with a span of one hundred and twenty-five metres. In accordance with the pro-

gramme set by the National Government, unprecedented in its scope, many other works were carried out throughout the Republic, a detailed account of which will be given you by the Minister of Public Works."

Agricultural and Stockbreeding.

Proceeding with his Address, the President said:—

"On the eleventh of August of last year I issued a Decree creating a Ministry of Sanitation and of Agriculture and Stockbreeding, basing this step on the importance and development reached in every department of the Public Administration. This new organisation furthers the interest of the national sanitation, placed on a scientific footing by General Juan Vicente Gómez. It will be instrumental in the development, by the most efficacious and adequate means, of the nation's agricultural and stockbreeding industries, and, with the encouragement given to touring, will be a source of revenue that will benefit the National Treasury. The personal example set by General Gómez, an indefatigable worker who spares no efforts in the improvement of agriculture and stockbreeding by careful selection, will give a powerful impulse to the new Department in the management and development of the tasks allocated to it.

"The Ministry has inaugurated its labours by means of preliminary steps for the installation of an experimental farm in Maracay, and the competent authorities have been approached and asked to organise model farms in the different States. With that end in view, two pupils will be sent to the experimental school mentioned above by each of the Federal Entities, in order that they may devote their application to technical studies and give their own regions the practical benefit of their knowledge on their return home. At the same time the proper measures have been taken for the immigration into the country of orderly and healthy people, carefully chosen and well versed in the many labours appertaining to agriculture, and a model colony is being established at San Jacinto, in the State of Aragua."

The Greatness of Bolívar.

At the commencement of his Presidential Message to the National Congress, attended by the whole Diplomatic Corps, Doctor J. B. Pérez, referring to Bolívar, said that the anniversary of the death of the "Liberator," as Venezuela's greatest historical figure is known throughout Spanish-speaking America, had placed in high relief the solidity of the Republic's economic situation and the perfect understanding between Government and people on which the happiness of Venezuela is based.

UNITED STATES OF VENEZUELA—cont.

"Fully conscious of the labours and sacrifices imposed upon us by our great historical past"—the President said—"we have zealously maintained our integrity; we have retained the habits and customs which have made us one of the most free and justly proud people in America; and we are happy in the knowledge that we are consolidating in the mould of democracy a human conglomeration which will register new days of glory and triumph in the annals of Spanish-American civilisation. Our judgment is no longer questioned, and the highways leading to the future are no longer encumbered by obstacles in the form of sinister forecasts. When, under the guidance of an eminent public man like General Gómez, ardent champion of social welfare, a nation cancels in one stroke its External Debt, it can justly be said of it that it has reached full maturity."

Reverting to Bolívar, the President adds:—

"The Yellow Book furnishes you with a detailed account of the spontaneous way in which all nations combined to render tribute to the overwhelming greatness of Bolívar, acknowledging the permanent actuality of his ideals, his perseverance, his indomitable rectitude, his ever magnanimous soul. Whether in collective acts, such as those inspired by the League of Nations and the Pan-American Union, or in countless individual tributes, uniting Governments and peoples in common praise, the Liberator's memory has been hailed with such universal reverence that the commemoration of his death may be said to constitute one of the most profound tributes ever rendered to a great historical character—a tribute, be it noted, appreciated by us with the warmest gratitude. . . ."

Cancellation of the External Debt.

After referring to the old Martini claim, definitely settled by the Court of Arbitration in favour of Venezuela, and to the unveiling of the statue raised in memory of Henry Clay—a gift from the United States of America to the United States of Venezuela—the President, dealing with the important questions relating to the External Debt, the Public Debt, and the National Internal Consolidated Debt, made the following declaration:—

"The External Debt having been cancelled for an amount totalling Bolivares 23,757,634.06, the Public Debt of Venezuela was reduced to the National Internal Consolidated Debt of 3 per cent. per annum, amounting to Bolivares 26,487,741.86, on the first of January, 1931.

"The sum expended during the year in order to attend to the Debt Services totalled Bolivares 26,738,977.97, as follows:—

Interest on the External and Internal Debts . . .	B. 1,367,875.81
Cancellation of the External Debt	23,757,634.06
Amortization of the Internal Debt	1,262,391.33
Expenses	351,076.77
	<u>B. 26,738,977.97</u>

"The Reserve Funds of the National Treasury for April 14, 1931, consisted of cash in hand amounting to Bolivares 44,910,092.49, as follows:—

Amount available in the Bank of Venezuela . . .	B. 43,250,642.93
Amount available in the National Treasury . . .	1,659,449.56
	<u>B. 44,910,092.49</u>

"It should be borne in mind that this is the actual sum available after covering (up to the present period of the financial year) the expenses authorised by the Budget, and in spite of the increasing disbursements of an extraordinary nature incurred during the financial year in order to attend to the various important needs of

the Administration, chiefly those due to the commemoration of the Anniversary of the death of the Liberator.

Government Revenue and Public Services.

"Constant and well-directed efforts have been made by the responsible Ministry for the development of the national sources of revenue, a ceaseless control, technically supervised, being exercised principally on our petrol production, which still holds second place amongst the world's petrol markets, the total produced exceeding 20,153,912 tons, an increase of 308,976 tons on the output corresponding to the year 1929.

"The Postmaster General's Office has witnessed a notable improvement, both as regards internal and international services, owing to the activity of the air lines now functioning with the desired regularity, and our wireless system has benefited similarly, thanks to the installation of a powerful coastal station in Maiquetia. This important service will ultimately result in the establishment of direct telegraphic and telephonic communications between Venezuela and Europe, such communications being made possible by the installation in Santa Rita of an extremely powerful station. Praise should also be bestowed on the national telegraphic services, the development of which is indicative of constant progress.

"Public Instruction, with its manifold activities, continues showing a noteworthy improvement, special attention being devoted to the furtherance of national culture. In order to adequately meet the requirements of compulsory primary education, additional schools have been built in new localities possessing the requisite scholastic population, and the first Centenary of the Liberator's death was commemorated in a fitting manner in every educational institute throughout the Republic.

The National Rehabilitation.

"Peace and industry, on which the cause of the National Rehabilitation is firmly based, have earned for Venezuela an enviable position among the prosperous and cultured countries of the world. Unemployment does not exist in the Republic; the aspirations of our people, centred on the general welfare of the nation and on the concrete realities of life, keep the masses away from internecine troubles which engender crime and incite to rebellion. The propaganda which a few ungrateful citizens carried out abroad against the present political regime brought discredit upon its perpetrators and is now a thing of the past. The revolutionary phantom no longer haunts the slumbers of credulous and timorous people. The Government of Rehabilitation, inspired by the wise axioms of a sacred cause and desirous above all else to extend its protection to the present era of prosperity, pledges itself to continue as heretofore upholding honest labour, developing industry, defending the rights of citizenship, maintaining its protective guarantees and, guided by its international obligations, bestowing its loyal co-operation for the fulfilment of the ideals of fraternity, peace and justice to which all the cultured nations of the world aspire to-day more vehemently than ever before."

The President concluded his Message with the following tribute to General Gómez:—

"When Law and Order predominate; when the citizen feels that his rights are protected and the fulfilment of his duties thus becomes an easy and a pleasant task; when there are no oppressors and therefore no oppressed, every individual being a member of a great spiritual family, the country ceases to be an abstract idea and becomes a pleasurable reality.

"Such is the position in contemporary Venezuela, which has become a living expression of the dreams cherished by its Liberators. Passing through a constant evolution, Venezuela has clearly formed and defined its character, and this national realisation is due solely to a personal and epoch-making impulse which characterises the great task of General Juan Vicente Gómez."

NATIONAL BANK OF THE KINGDOM OF YUGOSLAVIA.

ANNUAL REPORT (Abridged) FOR 1930.

Economic Conditions in 1930.

YUGOSLAVIA as a pre-eminently agrarian state, has been feeling in the last few years the weight of the depression existing in agricultural productions throughout the world. Nevertheless, the poor condition of world agriculture was not able to impair seriously the economic conditions of this country. On the contrary, Yugoslav agriculture has had for a long time quite an exceptional position. Not only did it avoid the full brunt of the crisis, but, particularly at the end of 1929, it recorded an undoubted progress. It was only in the latter half of 1930, when economic conditions in other countries began to deteriorate rapidly, that economic activity here also began to ebb to any large extent. But an analysis of the economic position here very readily shows that it does not display to anything like the same extent the characteristics which are so noticeable in the economic life of many other countries. It is true that, compared with 1929, there was a certain set-back in 1930 in some particular branches. Thus, the volume of foreign trade diminished by 11.4 per cent., the harvest yield, in spite of a larger area sown, decreased by 11.3 per cent., and railway traffic by 7.6 per cent. But if 1930 is compared with 1928, when there was no general economic crisis, a certain advance is shown. The trade balance for 1930 shows a deficit of about 180,000,000 dinars, but in 1928, with a slightly larger total, it was about 1,390,000,000 dinars. The harvest yield in 1930 was 18 per cent. greater than that in 1928, and the number of trucks loaded was practically the same as in that year. The index of wholesale prices which the National Bank works out, taking 1926 as its basis, fell to 86.6. The index figure for 1927 was 103.4; that for 1928 106.2; for 1929 100, and, finally, for 1930 86.6. The heaviest fall in prices was in agricultural produce, but it must be noted at once that the fall was chiefly in the prices of corn and industrial plants like hemp, hops and opium, while the prices of other products fell considerably less. Of the industries which felt most acutely the fall in the prices of their products, and had other special difficulties in addition, the first place may be given to the timber industry. This is clearly illustrated from its exports. Timber exports from Yugoslavia in 1929 amounted to 2,112,868 tons, valued at 1,830,257,354 dinars. In 1930 exports were 1,617,359 tons, worth 1,453,686,185 dinars, representing a diminution in value of 20.6 per cent. The statistics of bankruptcies register an improvement. In 1929 there were 1,063, and in 1930 608, i.e., 455, or 42.8 per cent. less. Although last year turned out to be somewhat poorer than the preceding year as regards the harvest yield (68,279,000 metric cwt.), it represents nevertheless one of the average post-war crops and proves that our peasants are making efforts to raise and improve their production from year to year. Unfortunately we cannot say that their efforts are meeting with the success they deserve, for owing to the pressure of overseas competition, prices have fallen to a very low level, which means that corn production becomes still less profitable. But thanks to the variety of agricultural production in the various parts of the country, and especially of those districts which in addition carry on stock raising and fruit growing, the prices of which fell very much less, and in some cases even rose, the effect of the enormous fall in the prices of cereals has been to some extent moderated. The Government realised the necessity of relieving the position of the peasant, and endeavoured to do something to this end by means of special measures and laws which were put in force during last year. Among these measures, special emphasis must be laid on the foundation of the Privileged Joint Stock Company for the Export of Agricultural Products, which in a very short time has shown extreme activity. Other measures calling for notice are the reduction of the rate of taxation on land from 12 per cent. to 10 per cent.; the reduction of the state tolls on wine by 50 per cent.; the decrease of freights on exported wheat from 20 to 45 per cent., on bran 60 per cent., on smoked meat 23 per cent.; and further the facility of paying arrears of taxation in instalments spread over five years (with interest at 3 per cent. instead of 6 per cent.). Finally, the State will hand over the whole income from dividends on its shares of the Privileged Agrarian Bank. In order to assist the development of agricultural credit, the State River Navigation further reduced its freight for the transport of cereals by 25 per cent. The total value of foreign trade in 1930 amounted to 13,740 million dinars, which compared with 1929 represents a drop of 11.4 per cent. The fall in exports was greater than in imports, and this caused a deficit in the trade balance of 180 million dinars, in contrast with a favourable trade balance in 1929 of 327 million dinars. Exports in 1930 were 4,733,223 tons and were worth 6,780 million dinars, which compared with 1929 shows a decrease of 596,643 tons and 1,142 million dinars, or a drop of 11.1 per cent. and 14.4 per cent. respectively. The

products imported in course of the year amounted to 1,513,584 tons, representing a value of 6,960 million dinars. The imports compared with those of 1929 were reduced by 157,938 tons and 634,637,000 dinars, or by 9.4 per cent. and 8.3 per cent. respectively. The difficulties of the Yugoslav timber industry were extremely great. Prices fell by nearly 30 per cent., while exports fell both in value and volume, especially owing to Russian dumping. The sugar industry worked well, but incredibly low prices throughout the world prevented exports. In the course of the 1930-31 season, the output of white sugar decreased by 22 per cent. as compared with the previous season. The alcohol industry was likewise hit by low prices on the world markets and exports fell heavily in value. The position of the starch, syrup and grape industry is more or less unchanged. The same is the case with oil manufactures which slowed down work to some extent owing to smaller home consumption. The meat industry encountered severe foreign competition. The exports of fresh meat fell last year both in amount and value. Milling, too, is in a very bad way; the mills for the most part are utilising only 20 per cent. of their capacity, and flour exports have fallen to a minimum. The textile industry was very busy, but, as in the preceding year, found the sale of its products somewhat difficult. The factories for the manufacture of tanning extracts did somewhat better than in 1929, and their exports rose both in volume and value. The soda industry did less well, owing to an appreciable fall in exports and home consumption. The exports of the carbide and cyanide industries considerably diminished owing to low prices on the principal markets. The position of the superphosphates industry was rendered hard because of the reduced return on cereal cultivation. Production was therefore much smaller. The wood distilling industries cut down their output by 50 per cent. in the latter half of the year. The decline in building activity meant less employment for the cement manufactures. Exports, too, decreased both in quantity and value. Leather factories had a hard year. Exports rose a little over the previous year, but their value fell by 35 per cent. The paper factories struggled to retain the home market; exports ceased entirely. Glass manufacturing improved owing to large orders from Turkey. The heavy iron industry was well employed, but the manufacturers of iron goods cut down their output in the latter half of the year, while the truck building works ceased altogether. The official statistics of mining production in 1930 show a considerable rise in the output of copper and lead ores, but a decrease in coal.

The Bank and Agriculture.

The National Bank has been paying special attention to the assistance of agriculture. There are two main reasons why agriculture in this country needs aid. First, because 80 per cent. of the population live by it, and secondly, because the prices of the products of agriculture have fallen disastrously. If we desire trade, crafts and industries in this country to progress, it is essential that the yield from agriculture be increased so as to enhance in this way the purchasing power of the masses. Efforts must be concentrated in three directions chiefly for the development of agriculture and its advancement. These are: agricultural credit; standardisation of agricultural products; and organisation of exports. Agricultural credit does not lie, strictly speaking, in the sphere of activity of the National Bank. But the National Bank Act itself nevertheless provides for the grant of loans on the pledge of bonds of the Federations of Agricultural Co-operatives. The National Bank has undertaken this but not to any great extent. It has gone to the aid of the Federations in as far as these have applied to it. Agricultural credit has gained very much from the foundation of the Privileged Agrarian Bank, and the task of the National Bank was thereby much facilitated. Agriculture now possesses one of the greatest monetary institutions in the land, whose portfolio in bills or agricultural obligations can be rediscounted or pledged. Thus the final reserve of agricultural credit is absolutely secured. The Bank management, realising the utmost importance of agricultural credit to this country, and realising that the activity of the new bank ought to be expanded as much as possible, authorised to the Privileged Agrarian Bank a credit of 200,000,000 dinars at the exceptionally low rate of 4 per cent. In accordance with the resolution passed at the 10th regular shareholders' meeting, the fund of H.M. King Alexander I. was founded at the National Bank for the assistance and revival of national agriculture and a sum of 1,000,000 dinars was immediately voted to it. Similarly, in accordance with the decision of the shareholders' meeting, a second sum of 1,000,000 dinars was set aside for assisting the unification and standardisation of national products destined for export.

NATIONAL BANK OF THE KINGDOM OF YUGOSLAVIA—cont.

Statistical Data.

The following statistical data show the bank's business in 1930 in detail, and a comparison with the 1929 accounts show the following differences: The note circulation on December 31, 1930, was 5,396,532,715 dinars, or less than that on December 31, 1929, by 421,433,130 dinars. The average note circulation in 1930 was 5,363,154,060 dinars, or, compared with the average in 1929, which was 5,358,474,890 dinars, an increase of 4,679,170 dinars. On December 31, 1930, the Bank held in coined gold 98,575,852 dinars, or 3,106,205 dinars more than on December 31, 1929; in coined silver 17,581,636 dinars, or 2,694 dinars more; in foreign moneys 1,109,090 dinars, or 211,097 dinars less; in foreign moneys with correspondents abroad 118,855,244 dinars, or 147,764,469 dinars less. The Bank's assets in bills on December 31, 1930, were 1,433,683,790 dinars, or 146,154,831 dinars more than on December 31, 1929. In loans on pledge there were assets on December 31, 1930, of 203,472,463 dinars, or 26,647,831 dinars less than on December 31, 1929; on all loans, apart from State loans, the Bank had assets on December 31, 1930, to a total of 1,637,156,254 dinars, or 119,507,000 dinars more than a year earlier; on all State accounts, excepting the account of the exchange, the Bank had assets on December 31, 1930, of 3,894,642,664 dinars, or 52,542,424 dinars less than a year earlier. The Bank's liabilities on transfer current accounts, payable at sight, amounted on December 31, 1930, to 667,234,583 dinars, or 582,827,100 dinars less than on December 31, 1929; liabilities on various accounts, payable at sight, on December 31, 1930, were 195,619,701 dinars, or 34,790,369 dinars more. The Bank's liabilities on deposit (on the account of the exchange) of the Ministry of Finance in minted gold on December 31, 1930, were 48,152,983 dinars, or 64,017 dinars more than on December 31, 1929; in coined silver 2,021,002 dinars, or 7,536 dinars more. Liabilities on the deposits of the Ministry of Finance in foreign currencies and bills (at the conventional rate) on December 31, 1930, were 65,386,798 dinars, or 79,708,008 dinars less than a year earlier.

Bank Profit and Dividend.

The gross profit on all business last year was 123,951,441 dinars, or 6,973,061 dinars less than in 1929. The total expenses, redemptions and writings off last year, together with the 1,000,000 dinars contribution of the Bank for the encouragement of national agriculture were 55,384,810 dinars, or 475,848 dinars less than in 1929. The net profit in 1930 was 68,566,630 dinars, of which the amount available for shareholders was 23,781,053 dinars. A dividend at the rate of 400 dinars per share was declared.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended May 30, 1931, amounted to £4,760,400 against ordinary expenditure of £7,523,700. After allocating £485,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £154,677, the week's operations, as shown below, increased the National Debt by £3,403,000 to £7,618,905,000:—

(000's omitted.)			
Treasury Bills	£ 11,953	Public Department Advances ..	£ 8,500
National Savings Certificates ..	+ 350	P.O. and Telegraph	400
	+ 12,303		— 890

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 30, 1931.	April 1, 1930, to May 31, 1930.	Week ended May 30, 1931.	Week ended May 31, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	£ 18,400,000	£ 18,865,000	£ 6,000	£ 40,000
Super-Tax	8,620,000	8,260,000	650,000	610,000
Excise, &c., Duties	13,370,000	15,960,000	2,700,000	3,220,000
Stamps	1,150,000	2,480,000	170,000	390,000
Excess Profits Duty and Corporation Profits Tax	...	...	...	...
Land Tax and Mineral Rights Duty	120,000	110,000	30,000	20,000
Total Inland Revenue	41,570,000	45,675,000	3,566,000	4,680,000
Customs and Excise—				
Customs	18,937,000	20,135,000	1,527,000	2,253,000
Excise	18,300,000	19,396,000	603,000	720,000
Total Customs and Excise	37,237,000	39,532,000	2,130,000	2,973,000

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to May 30, 1931.	April 1, 1930, to May 31, 1930.	Week ended May 30, 1931.	Week ended May 31, 1930.
Motor Vehicle Duties (Exchequer Share)	641,000	655,000	...	...
Post Office (Net Receipt)	4,350,000	4,050,000	Dr 1,000,000	Dr 300,000
Crown Lands	240,000	240,000	...	...
Receipts from Sundry Loans	5,939,259	5,956,832	39,343	...
Miscellaneous Receipts	4,219,013	2,450,124	25,055	566
Total Ordinary Revenue	94,246,272	98,558,956	4,760,398	7,153,566
SELF-BALANCING REVENUE.				
Post Office	8,100,000	8,700,000	2,100,000	1,500,000
Motor Vehicle Duties apportioned to Road Fund	3,205,000	3,280,000	...	...
Total Self-Balancing Revenue	11,305,000	11,980,000	2,100,000	1,500,000
Total	105,551,272	110,538,956	6,860,398	8,653,566

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to May 30, 1931.	April 1, 1930, to May 31, 1930.	Week ended May 30, 1931.	Week ended May 31, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	£ 41,511,954	£ 41,499,933	£ 1,542,176	£ 1,541,745
Payments to Northern Ireland Exchequer	771,101	689,851	317,805	250,250
Other Consolidated Fund Services	309,663	440,446	15,740	144,781
Total	42,592,728	42,630,230	1,875,721	1,936,776
Total Ordinary Expenditure	103,896,728	106,229,030	7,523,721	8,232,426
SELF-BALANCING EXPENDITURE.				
Post Office	8,100,000	8,700,000	2,100,000	1,500,000
Road Fund	3,205,000	3,280,000	...	...
Total Self-Balancing Expenditure	11,305,000	11,980,000	2,100,000	1,500,000
Total Ordinary and Self-Balancing Expenditure	115,201,728	118,209,030	9,623,721	9,732,426
New Sinking Fund (1928)	6,383,226	6,310,881	485,000	495,000
Total, including New Sinking Fund	121,584,954	124,519,911	10,108,721	10,227,426

The aggregate revenue and expenditure to May 30, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO MAY 30TH.

(000's omitted.)			
Expenditure	£ 103,897	Revenue	£ 94,246
New Sinking Fund	6,383	Decreases in balances	3,129
		Net amount borrowed	12,905
	110,280		110,280

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	May 31, '30.	Mar. 31, '31.	May 30, '31.	May 30, '31.
Advances by Bank of England ..	£ 44,930,000	£ 24,500,000	£ 19,700,000	£ 8,500,000
Advances by Public Departments ..	581,685,000	569,825,000	586,750,000*	581,960,000
Treasury Bills outstanding	626,615,000	594,325,000	606,450,000	+ 3,460,000
Total Floating Debt				

* Includes £11,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £45,000,000 in Treasury Bills were opened on May 29, 1931, and the total amount applied for was £59,225,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 5d., about 42 per cent., and above, in full, and Saturday at £99 9s. 6d., and above, in full. The amount allotted was £45,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 8	£ 35,000,000	£ 59,905,000	2 5 11.07
May 15	35,000,000	58,330,000	2 2 7.99
May 22	35,000,000	42,350,000	1 19 11.95
May 29	45,000,000	59,225,000	2 1 9.45

The OCEAN ACCIDENT and QUARANTEES CORPORATION, Limited.

ASSETS : : : £29,046,500

CLAIMS PAID : : : £56,933,000

Accidents and Illness. Fidelity Guarantees. Employers' Liability. Burglary. Motor Cars. Public Liability. Inspection and Insurance of Boilers, Engines, Electrical Plant and Lifts. Executors and Trusteeships.

Head Office: **26-44 MOORGATE, LONDON, E.C.**

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 3, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£
In Circulation	356,370,794	Government Securities	11,015,100
In Banking Department	55,505,035	Other Government Securities	233,179,212
		Discounts and Advances	7,106,070
		Securities	28,310,773
		Gold and Silver Coin	4,098,957
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	151,875,829
	£411,875,829		£411,875,829

BANKING DEPARTMENT.

Proprietors' Capital	£	Government Securities	£
Rest	14,553,000	Other Securities	38,495,906
Public Deposits	3,242,142	Discounts and Advances	7,106,070
Other Deposits	6,545,145	Securities	28,310,773
Bankers' Deposits	£72,209,262	Gold and Silver Coin	4,098,957
Other Accounts	33,920,404		
7-Day and other Bills	6,080		
	£130,476,033		£130,476,033

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, June 3, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	356,370,794	+ 1,511,071	+ 3,427,808
Public deposits	6,545,145	+ 10,903,471	+ 2,332,797
Bankers' deposits	72,209,262	+ 17,448,573	+ 1,127,409
Other deposits	33,920,404	+ 99,910	+ 2,988,445
Seven-day bills	6,080	+ 480	+ 4,006
Total outside liabilities	469,051,685	+ 8,156,563	+ 7,617,635
Capital and rest	17,955,142	+ 19,383	+ 11,933
Government debt and securities	282,690,218	+ 5,748,563	+ 19,597,676
Discounts and advances	7,106,070	+ 280,974	+ 630,031
Other securities	40,017,504	+ 1,286,962	+ 15,671,449
Silver coin in issue department	4,098,957	+ 3,396	+ 364,481
Coin and bullion (bank's reserve)	152,934,078	+ 856,051	+ 3,945,007
Reserve of notes and coin in banking department	56,563,284	+ 655,020	+ 507,199
Proportion of reserve to outside liabilities			
(a) Banking department only	50 1/2 %	- 3 1/2 %	- 1 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	32 1/2 %	+ 1/2 %	- 3/8 %

(000's omitted.)

Date.	Issue Department.		Banking Department.			Gold in or out of Bank.	Bank Rate.
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.		
1931.	£	£	£	£	£	£	%
Apr. 22	405,864	348,444	13,864	54,785	35,403	546 in	1/2
29	405,280	349,815	17,678	48,924	37,029	408 in	1/2
May 6	407,506	356,217	5,999	58,572	35,512	1,217 in	3/4
13	408,977	353,127	10,324	62,199	33,966	1,462 in	3/4
20	410,173	351,541	14,966	56,634	34,026	1,190 in	3/4
27	411,017	354,860	17,449	54,761	33,820	684 in	2 1/2
June 3	411,876	356,371	6,545	72,203	33,920	856 in	2 1/2

(000's omitted.)

Date.	Issue Department.		Both Depts.		Banking Department.				
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	%.	Govt. Securities.	Dis- counts & Advan- ces.	Other Securities.	Reserve & the " Pro- portion."	
1931.									
Apr 22	241,683	14,241	146,740	32 1/2	30,950	5,982	26,500	58,295 56 1/2	
29	242,465	13,442	147,227	32 1/2	31,090	7,198	25,647	57,413 55 1/2	
May 6	243,965	11,943	148,483	32 1/2	34,415	5,635	25,524	52,265 52 1/2	
13	242,082	13,825	150,004	32 1/2	35,665	6,362	25,343	56,877 53 1/2	
20	242,136	13,775	151,206	32 1/2	31,880	5,566	25,890	56,665 53 1/2	
27	245,727	10,177	152,078	32 1/2	31,215	6,325	25,553	57,218 53 1/2	
June 3	244,194	11,707	152,334	32 1/2	38,496	7,106	28,311	56,563 50 1/2	

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to May 20 1931.	14,104,055	687,597	1,107,762	15,899,414
Week ended May 27	14,197,071	684,395	1,107,762	15,989,228
Week ended June 3	14,947,937	713,485	1,107,762	16,769,184
Total to date, 1931	15,346,063	747,380	1,198,803	17,292,251
Total to date, 1930	17,234,678	804,846	1,306,198	19,345,722
Increase or decrease in 1931	- 1,888,615	- 57,466	- 107,395	- 2,053,471
	- 10.9 %	- 7.1 %	- 8.2 %	- 10.7 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,935,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,153,347	- 69,843	- 115,133	- 1,338,323
	- 2.8 %	- 3.7 %	- 3.7 %	- 2.9 %

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended May 30.		Month of May.			Aggregate Total January 1 to May 30.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days	£	£	27 £	25 £	%	£	£
BIRMINGHAM	2,473	1,521	11,403	8,947	-21.5	54,567	47,522
BRADFORD	929	706	3,544	3,027	-14.5	20,183	16,222
BRISTOL	1,077	695	5,098	4,334	-14.9	24,272	23,744
DUBLIN	5,587	4,289	...	...	...	107,962	105,568
HULL	766	518	3,475	2,975	-14.3	17,739	16,116
LEEDS	650	580	4,294	3,548	-17.3	21,621	18,978
LIVERPOOL	530	330	2,973	2,474	-16.7	15,934	13,775
MANCHESTER	5,687	5,110	27,610	23,991	-13.1	149,602	123,737
NEWCASTLE	923	6,402	45,726	37,685	-17.5	247,014	198,767
NOTTINGHAM	1,224	943	6,383	5,227	-18.1	32,155	28,083
SHEFFIELD	499	253	2,492	1,607	-35.5	13,246	9,803
	673	422	4,020	2,881	-28.3	20,435	16,864
Total	29,338	21,749	117,018	96,596	-17.3	724,830	619,179

OVERSEAS BANK RETURNS.

NOTE.—The latest returns of the Bank of Denmark and Bank for International Settlements appeared in the *Economist* of May 9; National Bank of Egypt, in May 28; Canada, Chile, Lithuania, Poland and Reichsbank in May 30.

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

	June 5, 1930.	May 14, 1931.	May 21, 1931.	May 28, 1931.	June 4, 1931.
RESOURCES.					
Total gold reserve	3,060,580	3,210,580	3,223,290	3,259,270	3,259,110
Total bills discounted	144,800	144,800	144,800	172,430	172,430
Bills bought in open market	189,240	153,110	131,010	124,800	134,150
Total U.S. Govt. securities	543,830	598,410	598,370	598,370	598,350
Total bills and securities	978,650	899,320	873,180	873,180	907,020
Total resources	4,973,470	4,993,700	4,961,210	4,925,180	5,045,100
LIABILITIES.					
Federal Reserve notes in actual circulation	1,457,320	1,528,310	1,551,460	1,551,810	1,583,570
Deposits—Memberbank—re-serve account	2,411,730	2,420,790	2,410,800	2,424,670	2,388,530
Total deposits	2,464,520	2,483,180	2,452,520	2,471,100	2,484,360
Capital paid in and surplus	447,510	443,090	443,110	443,060	443,050
Total liabilities	4,973,470	4,993,700	4,961,210	4,925,180	5,045,100
Ratio of total reserves to deposit and Federal Reserve note liabilities combined	82.2 %	84.5 %	84.9 %	85.3 %	84.2 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	June 5, 1930.	May 14, 1931.	May 21, 1931.	May 28, 1931.	June 4, 1931.
RESOURCES.					
Total gold reserve	48,570	31,900	27,770	27,000	29,930
Total bills discounted	74,650	45,510	30,320	27,450	41,630
Other cash	182,880	145,170	145,170	145,170	145,150
Total bills and securities	309,950	223,680	204,010	200,370	218,360
Deposits—Memberbank—re-serve account	999,540	1,034,810	1,014,940	1,065,960	1,003,340
Ratio of total res. to dep. and Federal Res. note liabilities combined	81.8 %	90.4 %	91.4 %	92.6 %	90.4 %

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

	May 9, 1930.	Apr. 10, 1931.	Apr. 17, 1931.	Apr. 24, 1931.	May 1, 1931.	May 8, 1931.
ASSETS.						
Gold coin and bullion	7,090	6,601	6,265	6,304	6,639	6,204
Subsidiary coin	154	307	315	320	313	319
Bills discounted	7,934	7,524	7,584	7,154	7,771	6,517
Investments	1,109	1,859	1,859	1,859	1,859	1,859
LIABILITIES.						
Capital	1,000	1,000	1,000	1,000	1,000	1,000
Reserve	719	720	720	720	720	720
Notes in circulation	8,048	7,393	6,835	6,692	8,292	7,333
Government deposits	1,547	1,910	2,300	2,657	1,981	1,563
Bankers' deposits	4,789	4,773	4,832	4,756	4,921	4,849
Ratio of cash reserves to liabilities to public	48.4 %	46.5 %	45.9 %	45.5 %	44.9 %	45.4 %

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

	May 9, 1930.	Apr. 10, 1931.	Apr. 17, 1931.	Apr. 24, 1931.	May 1, 1931.	May 8, 1931.
ASSETS.						
Total securities	29,69,74	29,55,44	29,67,17	30,62,24	29,16,93	29,27,42
Loans	13,42,04	14,71,54	12,72,38	13,41,57	12,30,89	12,13,05
Cash credits	32,72,28	29,23,77	28,89,25	29,08,95	30,08,75	29,09,06
Inland bills	4,32,91	3,40,59	2,66,80	3,71,00	3,11,47	4,32,91
Foreign bills	52,64	31,53	39,92	58,77	51,39	40,65
Dead stock	2,81,60	2,75,16	2,75,20	2,75,49	2,75,25	2,75,54
Bal. with other banks	5,66	5,92	11,51	14,72	3,35	21,40
Cash	13,29,17	12,03,14	11,37,75	15,22,72	15,81,67	11,77,03
LIABILITIES.						
Capital paid up	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50	5,62,50
Reserve	5,32,50	5,40,00	5,40,00	5,40,00	5,40,00	5,40,00
Total deposits	84,07,07	72,15,34	77,02,37	83,84,18	82,20,51	78,35,11
The above includes—						
Deposits in London	942	5,150	4,090	4,083	5,085	3,071
Advances in London	2,202	5,432	4,115	4,111	3,110	5,018
Cash, etc., at other Banks in London	44	44	88	113	28	163

BANK OF FRANCE.—In francs (000's omitted).

	May 30, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	May 29, 1931.
ASSETS.					
Gold	43,808,866	55,624,663	55,628,048	55,632,650	55,634,061
Foreign assets					
Sight deposits	6,872,940	6,694,294	5,574,437	5,650,990	5,430,228
Bills discounted	18,696,344	19,476,346	20,590,157	20,500,522	20,755,939
Commercial bills dis- counted at home	7,611,582	5,401,515	4,748,052	5,324,457	6,138,046
Advances against sec.					
To the State	8,594,858	8,282,397	8,282,397	8,282,397	8,282,397
Other advances	2,540,751	2,840,327	2,840,568	2,770,351	2,806,103
Other assets (exclud- ing forward exch.)	2,713,879	4,187,544	5,329,715	3,910,174	4,141,333
LIABILITIES.					
Notes in circulation	73,078,814	77,934,475	77,309,848	76,825,347	78,185,340
Public deposits	5,363,093	10,887,558	10,825,476	10,514,946	9,940,151
Private deposits	9,688,320	10,896,799	11,856,491	11,924,302	12,215,498
Other liabilities	2,706,993	2,788,254	2,701,559	2,806,422	2,847,118

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

	Position, May 28, 1931.	May 28, 1930.	May 7, 1931.	May 13, 1931.	May 20, 1931.	May 28, 1931.
ASSETS.						
Gold.....	(b)	1,199,765	1,445,908	1,446,206	1,446,682	1,448,087
Foreign Bills and Balances Abroad	232,650	672,455	855,743	870,545	870,593	870,027
Silver and other coin		4,091	5,364	5,787	6,925	7,314
Securities	697,600	830,211	728,073	737,324	737,521	744,395
LIABILITIES.						
Notes in circulation...	934,150	2,909,367	3,239,218	3,230,549	3,203,811	3,218,458
Current accounts	112,125	120,459	115,841	152,482	163,775	161,162
(b) In thousand francs.						

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	May 23, 1930.	May 8, 1931.	May 15, 1931.	May 23, 1931.
Gold	35,091	302,952	301,277	301,147	300,961
Balance abroad and foreign bills	30,379	1,144,527	990,665	978,499	965,282
Finland and Foreign Government securities	21,826	342,942	364,952	374,677	376,294
Discounts and loans	105,151	921,292	786,038	797,181	802,582
LIABILITIES.					
Notes in circulation	123,941	1,333,860	1,251,312	1,247,338	1,203,627
Deposits at notice	21,225	236,772	227,817	245,263	277,253

BANK OF ESTONIA.—In Est. kronas (000's omitted).

ASSETS.	May 23, 1930.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.	May 23, 1931.
Gold coin and bullion	6,493	6,517	6,520	6,522	6,526
Net foreign exchange	17,117	17,258	17,264	17,143	17,002
Subsidiary Estonian coin	1,553	1,851	1,896	1,932	1,972
Home bills discounted	14,502	10,807	10,523	10,556	10,393
Loans and advances	11,746	16,002	15,106	14,829	14,769
LIABILITIES.					
Notes in circulation	31,615	35,536	33,731	32,459	34,081
Sight deposits and current accounts	14,537	15,957	16,447	18,216	16,330
Ratio of reserve to current liabilities	51.12%	46.16%	47.40%	46.70%	46.67%

* Includes Ekr. 4,799,721.33 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	May 28, 1930.	Apr. 27, 1931.	May 4, 1931.	May 11, 1931.	May 18, 1931.	May 25, 1931.
Gold bullion and coins	24,001	24,078	24,080	24,082	24,085	24,096
Silver coin	7,371	6,548	6,556	6,780	6,909	6,780
Balance abroad	49,065	27,002	27,526	27,828	27,281	26,870
Treas. notes and sm. change	15,420	13,702	14,185	14,978	15,022	11,845
Short term bills	89,290	80,578	80,476	80,150	79,514	79,258
Loans against securities	56,283	70,391	69,780	69,415	69,026	68,594
Other assets	14,701	17,081	15,909	15,406	15,255	15,617
LIABILITIES.						
Notes in circulation	45,078	46,273	44,587	43,495	43,374	42,414
Capital paid up	18,735	18,735	19,676	19,676	19,676	19,676
Reserve	4,352	4,352	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	17,225	21,073	21,134	21,024	21,035	21,035
Current accounts	59,605	66,419	67,203	68,751	68,972	68,424
Government accounts	100,603	70,924	72,901	72,867	72,416	71,071
Other liabilities	7,053	8,103	4,881	4,668	4,411	4,281

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	May 31, 1930.	Mar. 14, 1931.	Mar. 31, 1931.	Apr. 15, 1931.	Apr. 30, 1931.	May 15, 1931.	May 30, 1931.
Gold and bullion	3,314	3,639	3,290	3,708	3,511	3,661	3,587
Of which gold coin	116	118	119	129	129	129	129
Danzig subsidiary coin	3,198	3,522	3,171	3,579	3,382	3,532	3,458
Bal. Bk. of Eng.	14,710	11,923	16,462	12,201	14,843	11,459	14,050
Inc. notes	20,037	20,856	20,610	20,539	22,160	21,004	21,698
Bills of exchange	140	140	140	140	175	175	175
Loans	11,435	14,489	12,519	8,313	6,842	7,092	7,379
Foreign exchange	40	8	59	32	36	30	33
Other bills	3,666	3,993	3,993	3,993	3,993	3,993	3,993
LIABILITIES.							
Capital paid up	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation	36,446	31,830	36,523	31,936	36,126	31,551	35,096
Deposits on demand	1,541	1,457	1,699	2,728	1,303	1,697	1,601

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	May 17, 1930.	Apr. 25, 1931.	May 2, 1931.	May 9, 1931.	May 16, 1931.
Gold coin	221,320	932,757	839,576	841,768	844,137	844,883
Other coin & bullion	116	118	119	129	129	129
Discounts	41,740	655,407	62,054	62,919	64,164	65,119
Advances	70,540	76,019	55,705	55,645	63,429	63,407
LIABILITIES.						
Notes	362,270	1,032,373	1,057,686	1,086,675	980,031	952,875
Govt. deposits	87,340	427,709	371,404	352,457	378,201	365,502
Other deposits	11,440	385,139	300,705	251,718	350,170	382,941

LONDON RATES.

	May 28, 1931.	May 29, 1931.	May 30, 1931.	June 1, 1931.	June 2, 1931.	June 3, 1931.	June 4, 1931.
Bank rate (quoted from 3% May 14, 1931)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills							
2 months	2	2½	2½	2½	2½	2½	2½
3 months	2	2½	2½	2½	2½	2½	2½
Loans—Day to day	1½	1½	1½	1½	1½	1½	1½
Short	2	2	2	2	2	2	2
Deposits—Bank	1	1	1	1	1	1	1
Discount houses at call	1	1	1	1	1	1	1
At notice	1½	1½	1½	1½	1½	1½	1½

Comparison with previous week—

	Short Loans.	Bank Bills.			Trade Bills.		
		3 Months.	4 Months.	6 Months.	3 Months.	4 Months.	6 Months.
1931.	2%	2%	2%	2%	3%	3%	4%
May 14	2 1/2	2 1/2	2 1/2	2 1/2	3 1/2	3 1/2	4 1/2
" 21	1 1/2	2 1/2	2 1/2	2 1/2	3 1/2	3 1/2	4 1/2
" 28	2	2 1/2	2 1/2	2 1/2	3 1/2	3 1/2	4 1/2
June 4	1 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	3 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	June 5, 1930.	May 28, 1931.	June 4, 1931.
New York.....	dollars to £1	Cable	4.86½	4.85½-85½	4.86½-87
Montreal.....	dollars to £1	Cable	4.86½	4.85½-85½	4.86½-87
Paris.....	francs to £1	T.T.	124.21	123.90-92	124.27-29
Bombay.....	rupees to £1	T.T.	20.43	20.36-36½	20.47½-48
Amsterdam.....	florins to £1	T.T.	12.107	12.08½-08½	12.09½-1
Brussels.....	belgas to £1	T.T.	35.00	34.81½-81½	34.91½-92
Milan.....	lire to £1	T.T.	92.46	92.74-77	92.95-95
Berne.....	francs to £1	T.T.	25.22½	25.09½-10	25.15½-16
Oslo.....	kroner to £1	T.T.	18.159	18.15-15½	18.16½-17
Stockholm.....	kronor to £1	T.T.	18.159	18.10-10½	18.14½-15
Copenhagen.....	pesetas to £1	T.T.	18.159	18.15-16½	18.16½-17
Madrid.....	pesetas to £1	T.T.	25.22½	40.01-03	52.50-60
Lisbon.....	escudo to £1	T.T.	4.50	108½	109½-110½
Vienna.....	schillings to £1	T.T.	34.58½	34.43-46	34.60-63
Prague.....	kroner to £1	T.T.	164½	163½-163½	164-164½
Belgrade.....	dinars to £1	T.T.	25.22½	274½-275½	275-275½
Budapest.....	pengo to £1	T.T.	27.82	27.77-81	27.88-93
Batavia.....	rupes to £1	T.T.	815.6	817-819	816-818
Singapore.....	leva to £1	T.T.	656-659	656-675	668-673
Athens.....	drachma to £1	T.T.	375	375-375½	374½-375½
Constantinople.....	piastres to £1	T.T.	110	1025	1025 sellers
Moscow.....	roubles to £1	T.T.	9.46	19.43½-45½	9.44½-46½
Warsaw.....	zloty to £1	T.T.	43.38	43½	43½-44
Helsingfors.....	F. marks to £1	T.T.	193.25	192½-193	193-193½
Kyoto.....	yen to £1	T.T.	48.66	48½-49	48½-49
Reval.....	kron to £1	T.T.	18.159	18.22-29	18.20-27
Riga.....	lata to £1	T.T.	25.22½	25.17-27	25.20-30
Alexandria.....	piastres to £1	Sight	97½	97½	97½-98
Buenos Aires.....	pence to peso	T.T.	47.62½	42½-44	33½-34
Rio de Janeiro.....	pence to peso	90 days	16.70	51½	3½-3½
Montevideo.....	pence to peso	90 days	51	45½-45½	27-27½
Valparaiso.....	pence to peso	90 days	40	39.93	40.05
Lima.....	Eng. to Per £1	90 days	13.02½	17.37½	17.37½
Calcutta.....	pence to rupee	T.T.	1½	1½	1½-1½
Bombay.....	to rupee	T.T.	1½	1½	1½-1½
Hong Kong.....	ster. to dollar	T.T.	1½	1½	1½-1½
Shanghai.....	ster. to dollar	T.T.	24.4d.	24.4d.	24.4d.
Singapore.....	ster. to dollar	T.T.	24.4d.	24.4d.	24.4d.
Kobe.....	ster. to yen	T.T.	24.57d.	24.0d.	24.0d.
Manila.....	ster. to peso	T.T.	24.066d.	24.0d.	24.0d.
Mexico.....	pesos to £	T.T.	9.76	10.15-35	9.60-90
Slam.....	ster. to baht.	T.T.	21.82d.	1/10½	1/9½

† Rate for previous day.

OVERSEAS BANK RATES.

Changed.	From To	Changed.	From To
Amsterdam.....	May 16, 1931 2½	Oso.....	Nov. 7, 1930 4½
Athens.....	Dec. 2, 1928 10 9	Paris.....	Jan. 2, 1931 2½
Batavia.....	Mar. 10, 1930 5 4½	Prague.....	June 24, 1930 4½
Belgrade.....	May 28, 1930 6 5½	Pretoria.....	Mar. 12, 1931 5½
Bombay.....	Oct. 9, 1930 4 7	Reval.....	Oct. 4, 1930 8 7
Brussels.....	July 31, 1930 3 2½	Riga.....	Oct. 1, 1930 7 6½
Bucharest.....	Mar. 31, 1931 9 8	Rome.....	May 20, 1930 6 5½
Budapest.....	May 28, 1930 6 5½	Sofia.....	June 4, 1931 9 8½
Calcutta.....	May 28, 1931 7 6	Stockholm.....	Feb. 5, 1931 5½
Copenhagen.....	Nov. 12, 1930 4 3½	Swiss Bank.....	Jan. 22, 1931 2½
Helsingfors.....	Aug. 10, 1930 6 5	Tokyo.....	Oct. 6, 1930 5 48 5-11
Kyoto.....	Apr. 1, 1930 7 6	Vienna.....	Sept. 9, 1930 5½
Lisbon.....	June 2, 1930 8 7½	Warsaw.....	Oct. 3, 1930 6½ 7½
New York Fed. Reserve.....	May 7, 1931 2 1½	Irish.....	May 14, 1931 4 3½
Madrid.....	July 17, 1930 5½ 6		

Central Bank of Chile.—Discount rate for member banks, 7%; discount rate for the public, 8%.
a 6% applied to banks and credit institutions.
b 7% applied to private persons and firms.

CURRENT PRICES IN NEW YORK.

The Irving Trust Company cable the following money and exchange rates in New York:—

	June 4, 1931.	May 6, 1931.	May 13, 1931.	May 20, 1931.	May 27, 1931.	June 3, 1931.
Call money.....	3½	1½	1½	1½	1½	1½
Time money (90 days' mixed coll.)	3½	2	1½	1½	1½	1½
Bank acceptance.....	3½	2	1½	1½	1½	1½
Members—eligible, 90 days.....	2½	1½	1½	1	1	1
Non-mem.—eligible 90 days.....	2½	1½	1½	1	1	1
Ineligible, 90 days.....	2½	1½	1½	1½	1½	1½
Commercial accept., 90 days.....	3½	2½	2	2	2	2

Rates of Exchange, New York on—	Par Level.	June 4, 1930.	May 20, 1931.	May 27, 1931.	June 3, 1931.
London.....	Dollars for £1	4.8666	4.83½	4.83½	4.84½
60 days.....			4.85½	4.86½	4.86½
Cable.....			4.85½	4.86½	4.86½
Cheques.....			3.918	3.91½	3.91½
Paris.....	Cents for 1 franc	13.90	13.94½	13.91	13.92½
Brussels.....	Cents for 1 franc	19.30	19.35½	19.28	19.33½
Switzerland.....	Cents for 1 franc	5.263	5.23½	5.23½	5.23½
Italy.....	Cents for 1 lire	23.31	23.85	23.80	23.73½
Berlin.....	Cents for 1 mark	14.07	14.10	14.04	14.04½
Vienna.....	Cus. for Aust. shilling	19.30	12.125	10.08	9.50
Madrid.....	Cents for 1 peseta	40.195	40.19½	40.17	40.20
Amsterdam.....	Cents for 1 guilder	26.80	26.74½	26.77	26.78½
Copenhagen.....	Cents for 1 kroner	26.80	26.75	26.77½	26.77
Oslo.....			26.82½	26.80	26.80
Stockholm.....			1.297	1.29½	1.29½
Athens.....	Centas for 1 drachma	1.297	1.29½	1.29½	1.29½
Montreal.....	Centas for \$1	49.85	49.40	49.40	49.40
Yokohama.....	Centas for 1 yen	30.80	24.25	23.35	23.25
Hong Kong.....	Centas for H.K. dollar	36.50	30.12½	28.77	28.75
Shanghai.....	Centas for 1 shing. tael	36.50	35.90	36.16	36.

BURMAH OIL COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1929.	Amount.	Compared with Dec. 31, 1929.
6% pref. shares.....	250,000	Refineries	1,490,504 + 16,898
6% pref. shares.....	750,000	Wells, plant, &c.	350,000
8% pref. shares.....	3,000,000	Field electrification.....	439,527 - 70,180
Ord. shares.....	6,868,256	Pipe lines	257,255 - 31,068
54% deb. stk.....	4,000,000	Tanks, tankers, &c.....	135,004 - 97,461
Accrued int.....	28,494	Property.....	4,686 - 5,639
General reserve	2,000,000	Stocks of plant	1,532,459 - 309,160
Insurance fund	560,000	Ducts	1,250,315 + 37,251
Fields expendi- ture reserve	1,000,000	Investments	13,676,872 + 1,247,568
Taxation reserve	350,000	Sundry debtors	317,540 - 100,615
Fire and marine fund	1,169,617	Deb. issue ex- penses	... - 15,184
Sundry creditors	1,244,140	Loans to em- ployees	11,862 + 11,862
Due to sub'daries	147,032	Owing by sub's	899,532 - 310,986
Pref. dividends	126,562	Associated cos.	741,736 - 466,558
Profit and loss	1,336,904	Cash and loans	1,723,713 + 265,416
Total.....	22,831,005	Total	22,831,005 + 139,278

J. AND P. COATS, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Compared with Dec. 31, 1929.	Amount.	Compared with Dec. 31, 1929.
Pref. shares	2,500,000	Ground buildings, &c.....	1,097,978 + 36,970
Pref. "B" shrs.	3,000,000	Goodwill &c.....	1,000,000 + 404,887
Ord. shares	14,750,000	Book debts, &c.....	2,018,013 + 404,887
Divs. and interest outstanding.....	493,056 - 6,815	Stocks	2,483,747 - 647,415
Bills payable	... - 40,905	Cash	2,585,480 - 1,528,293
Creditors	4,446,578 + 246,171	Bills receivable	104,231 + 27,052
Underwriting ac- counts	1,000,000	Investments, &c.....	24,322,497 + 825,818
Div. reserve	2,550,000		
Women Thread Workers' Bene- fit Fund.....	607,556 + 15,966		
War contingen- cies fund.....	3,000,000		
Reserve fund	350,000		
Profit and loss	914,756 - 1,101,398		
Total.....	33,611,946 - 886,981	Total	33,611,946 - 886,981

REPORTS AND NOTICES.

MISCELLANEOUS.

ASSOCIATED BISCUIT MANUFACTURERS.—This company, which holds shares in manufacturing concerns, has suffered a decrease in income, interest and dividends falling by £83,757 to £115,010.

Year ended March 31.	1929.	1930.	1931.
Net profit*	£ 197,601	£ 198,807	£ 115,042
Preference dividend.....	31,200	31,200	31,200
No. of times covered	6.36	6.40	3.80
Ordinary dividend:—			
Amount	189,009	154,015	84,008
Earned %†	14.71%	17.74%	13.38%
Paid %†	13½	11%	6%
Written off formation exps. ...	15,000	12,937	...
Inc. or dec. in carry-forward..	- 37,608	+ 655	+ 809

* After tax. † Before tax. ‡ Free of tax.

During the year investments in subsidiaries were unaltered, but advances to subsidiaries declined by £43,746 to £67,757. The alterations in other assets were of a negligible character. Loans from subsidiaries have been reduced from £28,100 to £13,000.

BARROW HAEMATITE STEEL COMPANY, LIMITED.—A scheme of arrangement, modifying by extension of time the original scheme sanctioned by the court in January last, was approved at a series of meetings of the security holders at which Sir William B. Peat, C.V.O., presided, and shareholders, at which the Hon. Robert James presided, of the Barrow Haematite Steel Company, by overwhelming majorities in each case. It was explained that in consequence of the world trade depression it had not been found possible to arrange the new finance which the original scheme had authorised, and it was necessary, if the original scheme were to be saved, that the time fixed by the court within which to provide the new money should be extended. The directors believed that if that were done it would be possible to protect and carry on the business until the fresh capital could be raised. The company had been able so far to hold its own and meet all current trading expenses.

BENGAL IRON COMPANY, LIMITED.—At the meeting, held on June 1st, of the holders of the outstanding debentures of the Bengal Iron Company, an amended resolution suspending the operation of the sinking fund for two years was carried, on a poll, by 10,914 votes to 34.

EASTBOURNE CORPORATION THREE PER CENT. STOCK (1920-40).—Williams Deacon's Bank, Ltd., give notice that in order to prepare the interest warrants due June 24, 1931, on Eastbourne Corporation 3% Stock, 1920-40, the books will be closed from June 11 to 24, 1931, inclusive.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Year.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
INSURANCE.					
Sun Life Assurance	8%*	July 1	Tax free	%	%
TEA AND RUBBER.					
Bagrator Tea	4%†	...	Less tax	7½	20
Burdul Tea	20%†	...	...	35	45
Chulsa Tea	11%†	...	...	15	25
Darjeeling Consolidated Tea	10%†	...	Less tax	20	30
Dejoon Tea	5%†	...	Less tax	10	15
Koomsang Tea	7½%†	...	...	12½	35
Kramat Pulai	2½%*	June 20	...	...	...
United Planters of Ceylon	1½%†	June 23	...	4½	10
MINING.					
Carlton Main Colliery	21%†	...	...	...	...
Idris Hydraulic	5%*	...	...	2½	20
Kinta Tin Mines	5%*	...	...	...	...
Malayan Tin Dredging	2½%*	June 19	...	...	...
Southern Malayan Tin Dredging	2½%*	June 18	...	...	...
Tanjong Tin Dredging	5%*	...	...	...	...
OTHER COMPANIES.					
Anglo-Persian Oil	10%†	...	Less tax	15	20
Army and Navy Invest. Trust (def.)	3%*	June 17	...	20	35
Barnagore Jute Factory	5%†	...	...	7½	...
Barry and Staines Linoleum	2½%†	...	...	...	...
Bentley's Yorkshire Breweries	5%*	July 1	...	...	...
Bernard Hughes	5%*	...	...	...	...
Brownlee and Co.	10%†	...	Tax free	10	10
Brownlee and Company	...	...	Tax free	10	10
Burnah Oil	...	...	...	22½	30
Cape Asbestos	...	...	...	10	15
Cape Bros. and Co.	8½%†	...	...	12½	12½
Diamond Blower	5%†	...	...	10	10
District Messenger	...	...	Tax free	5	10
Doulton and Co.	5%†	...	...	5	6
Dublin Brick	...	...	...	1½ p.s.	1½ p.s.
Egyptian Delta Land & Invest- ment	10d. p.s.†	...	...	...	...
Ely Beet Sugar Factory	12½%†	June 19	Tax free	...	...
English Beet Sugar Corporation	20%†	June 18	Tax free	5	5
Forster's Glass	...	...	...	15	5
Gartside's (Brookside Brewery)	2½ p.s.†	...	Less tax	8	8
George Beer and Rigden	...	...	...	12½	12½
Heli's	7½%†	...	...	10(a)	10(b)
Holbrooks	6%†	...	...	...	...
Home Grown Sugar	5%†	June 10	Less tax	...	...
Indian and General Inv. Trust (def.)	...	...	...	18	18
Ipswich Beet Sugar Factory	12½%†	June 19	Tax free	5	10
Java Investment Loan & Agency	24%†	...	...	10	10
J. C. and J. Field	10%†	...	...	30	37½
J. G. Graves	10%†	...	...	5	5
Joseph Burton and Sons	10%†	June 19	Tax free	5	5
King's Lynn Beet Sugar	...	...	Less tax	5	5
Lilly and Skinner	1½ p.s.†	...	Less tax	6	6
Liverpool Warehouse	...	...	Less tax	15	15
Manitoba & North-West Land	7½%†	...	Tax free	5½	6½
Marston Thompson & Evershed	2%*	June 11	...	...	...
Nelson Financial Trust	5%†	...	...	...	...
Para Telephone	6d. p.s.†	July 1	Less tax	7½	7½
Rio Flour Mills	10%†	...	...	2	2½
R. S. McColl	...	...	...	17½	25
Second Co-operative Invest. Trust	1½ p.s.†	...	Tax free	14	15
Shell Transport and Trading	1½ p.s.†	...	...	10	10
Short's (Def.)	6%†	...	Tax free	6	5
Spirers and Pond	3½%†	...	...	5	15
Stanton Ironworks	...	...	Less tax	10	8
Telephone Rentals	...	...	...	9	12½
Thomas Hart	5%*	...	...	...	...
T. Seymour Mead	4%*	June 2	...	...	...
Twynford	5%*	...	...	...	...
Wheeler's Wiltshire Brewery	...	...	...	10	17½
Woolson Finance Corporation	...	...	Less tax	10	10
Wholesale Foundry & Engineering	7½%†	...	Tax free	20	20
Yorkshire Dyeware and Chemical	10%†	...	...	...	...
Z. Smith and Co.	...	...	...	...	...

(a) Plus bonus of 3d. p.s.

(b) Plus bonus of 6d. p.s.

BARCELONA TRACTION, LIGHT AND POWER COMPANY, LTD.—The board of directors have under consideration the payment of the dividend on the ordinary shares of the Barcelona Traction, Light and Power Company, Ltd., usually made during the month of June, but which it may be necessary to defer owing to the serious fall in the value of the peseta.

CANADIAN WALLPAPER MANUFACTURERS, LTD.—The directors of the Canadian Wallpaper Manufacturers, Limited, announce the payment of a dividend of one dollar per share for the financial year ending April 30, 1931, equivalent to five per cent. on the old common stock, as against ten per cent. for the previous year. A balance of \$307,000.00 is carried forward, as compared with \$252,000.00 brought in from the previous year.

SENA SUGAR ESTATES.—The Sena Sugar Estates is postponing payment on its seven and a half per cent. cumulative preference shares. The directors state that owing to considerable unsold stocks of sugar and the uncertainty of the market it is not yet possible to make an accurate forecast of the 1930 results. A provisional estimate based upon the prices being realised to-day does not justify payment of the dividend. The authorised and issued preference capital is £300,000, and dividend has been paid to December 31, 1929. No distribution has been made on the £1,200,000 of ordinary since the 15 per cent. for 1923.

UNITED MOLASSES COMPANY, LTD.—We are informed by the directors of the United Molasses Company, Ltd., that, in view of the prevailing conditions they do not feel justified in paying the preference dividend due on June 15, 1931.

THE RIO DE JANEIRO FLOUR MILLS AND GRANARIES, LTD.—The directors regret to announce that, owing to the heavy depreciation in the Brazilian exchange and the difficult conditions ruling in Brazil, the trading results for the first half of the current financial year have been adversely affected. The directors, however, have decided to use part of the undivided profits of the company for the payment of an interim dividend of 6d. per share, less income tax, on July 1st next. The share transfer books will be closed from June 3rd to 15th, inclusive.

SWEDISH MATCH COMPANY.—At the annual general meeting of the Svenska match Aktiebolaget (Swedish Match Company), held at their offices at Stockholm, on Saturday, May 30th, the final dividend of 10 per cent. for the year ending December 31, 1930, was confirmed, and is payable on and after June 1, 1931, at the offices of Higginson and Company, fiscal agent.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount.	Rate.				
					£	£	%	£	£	£	%
Breweries.											
Marston, Thompson and Evershed	Mar. 31	109,672	114,211	223,883	15,000	60,000	15†	40,000	108,883	131,747	15†
Electric Lighting, &c.	Dec. 31	20,416	50,818	71,234	15,000	27,500	11	5,437	23,297	45,903	11
Electric Supply Corporation Financial, Land, &c.	Mar. 31	<i>Dr 153,800</i>	<i>Dr. 69,817</i>	<i>Dr 223,617</i>	...	...	...	...	<i>Dr 223,617</i>	<i>Dr 62,718</i>	...
Australian Sheep Farms.....	Mar. 31	...	6,225	6,225	...	...	...	1,662	4,563	1,620	450
Selected Land and Property St. Martin's - le - Grand Property	Mar. 25	2,420	20,492	22,912	...	...	...	12,916	9,996	2,420	...
Gas.											
Malta & Mediterranean Gas	Mar. 31	20,119	12,157	32,276	3,450	7,504	10	...	21,322	11,148	10†
Plymouth and Stonehouse Gas-Light	Mar. 31	17,701	38,325	56,026	...	33,763	8	...	22,263	42,063	8
Iron, Coal and Steel.											
Barrow Hematite Steel	Dec. 31	<i>Dr. 38,802</i>	6,341	<i>Dr. 32,461</i>	...	...	...	...	<i>Dr. 32,461</i>	20,264	...
Niddrie and Benhar Coal....	Mar. 31	5,745	7,093	12,838	...	10,000	5†	...	2,838	26,506	5†
Motor and Cycle.											
Karrier Motors	Dec. 31	2,097	8,041	10,138	...	6,755	6	...	3,383	2,096	Nil
Oil.											
Burmah Oil	Dec. 31	399,775	2,736,013	3,135,788	249,375	1,303,895	22½	970,000	612,518	3,437,472	30
Lobitos Oilfields.....	Dec. 31	211,584	182,158	393,742	...	77,500	10	100,000	216,242	125,005	12½
Scottish Oils, Ltd.	Mar. 31	66,489	114,437	180,926	160,763	...	...	...	20,163	183,405	...
"Shell" Transport and Trading	Dec. 31	240,650	4,898,752	5,139,402	668,231	4,221,238	17½†	...	249,933	6,483,386	...
Tankers, Ltd.	Mar. 31	3,674	193,048	196,722	48,485	...	...	145,552	2,685	109,256	...
Rubber, &c.											
Allied Sumatra Rubber.....	Dec. 31	106,708	<i>Dr. 22,799</i>	83,909	...	...	...	...	83,909	39,869	2½
Dalkeith (Ceylon) Rubber....	Dec. 31	7,202	10,294	17,496	...	2,170	2	...	15,326	...	...
Henrietta Rubber Estate ...	Dec. 31	7,407	<i>Dr. 10,578</i>	<i>Dr. 3,171</i>	...	...	...	<i>Dr. 3,000</i>	<i>Dr. 171</i>	7,950	5
Lamiah Rubber.....	Sept. 30	<i>Dr. 5,469</i>	<i>Dr. 1,404</i>	<i>Dr. 6,873</i>	...	...	...	...	<i>Dr. 6,873</i>	...	...
Linggi Rubber.....	Dec. 31	505	4,522	5,027	700	...	...	...	4,327	36,085	5
Sialang Rubber	Jan. 31	66,011	<i>Dr. 8,390</i>	57,621	...	...	...	...	57,621	27,407	5
Straits Plantations.....	Mar. 31	24,279	34,141	58,420	...	26,975	6½	5,000	26,445	54,026	10
Tempeh (Java) Rubber.....	Dec. 31	4,525	<i>Dr. 2,608</i>	1,917	...	...	...	...	1,917	5,399	5
Shipping.											
Brynmor Steamship.....	Mar. 31	2,593	7,769	10,362	2,064	6,500	10	...	1,798	8,606	10
Tea.											
Dangua Jhar Tea.....	Dec. 31	1,922	<i>Dr. 2,321</i>	<i>Dr. 399</i>	400	...	...	<i>Dr. 1,220</i>	421	3,687	5
Darjeeling Consolidated Tea	Dec. 31	4,920	19,560	24,480	3,000	15,800	20	...	5,680	29,459	30
Mazdehe Tea	Dec. 31	<i>Dr. 51</i>	<i>Dr. 2,319</i>	<i>Dr. 2,370</i>	...	...	...	<i>Dr. 2,121</i>	<i>Dr. 249</i>	<i>Dr. 2,418</i>	...
Textiles.											
Coats (J. and P.)	Dec. 31	1,094,279	1,809,852	2,904,131	330,000	2,212,500	15	...	361,631	3,179,575	17½
Tramways and Omnibuses.											
Calcutta Tramways	Dec. 31	13,284	11,387	24,671	12,500	...	...	6,691	5,480	70,687	1/2†
Lisbon Electric Tramways	Dec. 31	28,085	179,614	207,699	25,533	66,573	7†	78,000	37,593	178,311	7†
Para Electric Railways, &c.	Nov. 30	3,605	26,487	30,092	...	...	...	23,651	6,441	41,141	...
Worcester Electric Traction	Dec. 31	2,496	4,275	6,771	...	4,770	5	...	2,001	5,121	5
Trust.											
General Scottish Trust	Apr. 30	489	4,720	5,209	2,325	1,550	5	...	1,334	5,169	5
Power Investment	Mar. 31	39,746	48,246	87,992	26,819	16,628	4	5,344	39,201	85,168	5
Second Co-operative Invest.	Mar. 31*	3,194	25,147	28,341	1,757	22,072	2	...	4,512	28,664	2½
Other Companies.											
Associated Biscuit Manufs.	Mar. 31	3,843	115,043	118,886	30,225	84,009	6†	...	4,652	198,807	11†
British Can Co.	Dec. 31	...	9,609	9,609	6,612	...	...	6,975	<i>Dr. 3,978</i>	...	...
Burton (Joseph) and Sons...	Apr. 11	24,298	20,005	44,303	12,167	2,500	5	5,000	24,636	19,545	5
Cape Asbestos.....	Dec. 31	13,704	26,211	39,915	12,500	6,250	5	...	21,165	39,382	15
Cope Bros. and Co.....	Mar. 31	55,104	44,446	99,550	...	36,328	12½	10,000	53,222	42,139	12½
Electric Construction Co. ...	Mar. 31	1,368	<i>Dr. 11,423</i>	<i>Dr. 10,055</i>	4,395	...	...	<i>Dr. 20,000</i>	5,550	14,874	5
Hart (Thomas)	Mar. 31	3,842	388	4,230	...	1,162	5	...	3,068	5,247	15
Hill (R. and J.)	Mar. 31	3,013	<i>Dr. 22,320</i>	<i>Dr. 19,307</i>	...	...	...	<i>Dr. 25,000</i>	5,693	2,590	...
Holbrooks, Ltd.	Mar. 31	20,581	52,579	73,160	2,880	45,000	15†	...	25,280	68,802	20
Kelly's Directories.....	Mar. 31	67,497	137,430	204,927	38,363	59,264	17½	37,553	69,747	156,081	17½
McColl (R. S.)	Apr. 24	6,501	20,108	26,609	9,300	8,719	7½	3,500	5,090	25,555	12½
Metropolitan Assocn., &c....	Mar. 31	967	8,250	9,217	...	7,448	5	1,000	769	8,251	5
Molassine Co.	Mar. 31	718	31,463	32,181	12,100	8,621	(†)	10,327	1,133	30,050	(†)
Selangor Oil Palm Co.....	Dec. 31	4,067	1,464	5,531	...	...	...	...	5,531	2,925	...
Short's, Limited	Mar. 31	3,456	36,561	40,017	15,500	19,687	11½	...	4,830	45,167	15
Standard Wood Pulp	Dec. 31	<i>Dr. 1,320</i>	<i>Dr. 2,445</i>	<i>Dr. 3,765</i>	...	...	...	<i>Dr. 1,598</i>	<i>Dr. 2,167</i>	...	...
Telephone Rentals.....	May 31	27,122	48,330	75,452	...	27,900	6	30,000	17,552	50,747	5

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OIL OUTPUTS.

APEX (TRINIDAD) OILFIELDS, LTD.—The results for the month of May are as follows: Production of oil, 47,640 tons; deliveries, 50,540 tons.

THE ATTOCK OIL COMPANY, LTD.—Production for May, 11,394 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended May 20th: Venezuela, 35,303 barrels; Trinidad, 26,901 barrels; total, 62,204 barrels.

THE MEXICAN EAGLE OIL COMPANY, LTD.—The production for the week ended May 16, 1931, was 239,000 barrels. The production for the week ended May 23, 1931, was 235,000 barrels.

SERVICE PETROLEUM COMPANY, LTD.—Production from the company's oil wells at Gura-Onitzei, Moreni and Ceptura for the week ended 17th May, was 4,171 tons (29,197 barrels). Production for the week ended 24th May was 4,781 tons (33,467 barrels).

Commercial Reports.

MARKET SUMMARY.

In the absence of any signs of an improvement in consumption, most commodity markets, overloaded with stocks as they are, experienced a further weakening in prices. The situation in the coal trade continues to deteriorate both in the home and foreign markets, and owing to the uncertainty about hours and wages after July 8th when the seven-hour day is due to become operative, forward business is quiet. Continental competition, following reductions in quotations, is again becoming increasingly severe, both in pig iron and steel. The principal non-ferrous metals experienced a further sharp decline in values, thus establishing new low records. The continued depression in the cotton textile industries all over the world is mainly responsible for the further drop in the prices of the raw material, and in the absence of an improvement in the wool trade raw wool has also been weaker. Jute, flax and hemp have been maintained. Among cereals, wheat prices in free markets are scarcely changed on the week, but it is noteworthy that prices in Chicago, though still above world parity, have sharply declined since June 1st, when the Federal Farm Board ceased to support the market. Among other foodstuffs, sugar has been slightly dearer, but tea, coffee and cocoa have been weaker. Among miscellaneous commodities vegetable oils and oilseeds have again fallen in price, but rubber has been maintained.

THE COAL TRADE.

SHEFFIELD.—The export trade for steam coal is quieter, and comparatively little new business is being booked. Coalowners in this locality feel that the restoration of the former subsidy on exports is necessary to stimulate buying. Prices of best qualities continue firm at 17s. 6d. and 18s., f.o.b. Humber ports. Demand for industrial fuel is restricted and does not improve, and the house coal department is experiencing the usual summer stagnation. Best ordinary house is quoted at 21s. to 22s. at pits. The depression in the market for furnace coke is unrelieved, and output exceeds the needs of the limited number of blast furnaces operating.

GLASGOW.—The Scottish coal trade is still very dull. The business passing consists almost entirely of parcels for prompt or early shipment, forward business being more or less stagnant. The collieries refuse to commit themselves ahead except at higher prices, which foreign buyers are not prepared to pay. Shipment prices (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s. 14s. 6d.; splint best, 16s. 3d.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 14s.; trebles, 11s.-11s. 6d.; doubles, 10s. 3d.-10s. 6d.; singles, 9s.; pearls, 9s.; dross, 10s. FIRE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 11s. 9d.; third-class steam, 10s. 3d.-10s. 6d.; trebles, 11s. 6d.-13s.; doubles, 11s. 9d.; singles, 9s. 6d.; pearls, 9s. LOTHIAN.—Prime steam, 11s.-11s. 3d.; secondary steam, 10s. 6d.; trebles, 11s.; doubles, 11s.; singles, 9s.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 11s. 6d.; doubles, 11s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s. 6d.

IRON AND STEEL.

MIDDLESBROUGH.—Conditions on the market for Cleveland iron do not improve, in fact the depression grows more acute. Trading during the past week has been on an extremely small scale, and at present level of prices there is little likelihood of improvement. Scotch consumers are still buying Continental and Northamptonshire No. 3 foundry iron at many shillings below the price of Cleveland, and only took 3,431 tons from here last month. Midland iron is even coming to this district at under local prices, and it

may not be long before importations of Continental iron into the Tees are resumed. In the meantime local users have to pay the price demanded by makers, but they do so very reluctantly, and only for such quantities as are absolutely required from week to week. In spite of the serious state of affairs, makers made no reduction in the official prices of Cleveland at the weekly market on Tuesday, which therefore remain:—No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b. or f.o.t. The demand for hematite improves a little, but it is confined to small quantities for early delivery. It is seldom that individual transactions of a few hundred tons take place. Such enquiries, however, have been on the market at intervals, for some time, but courage seems to be lacking to make purchases. Sellers are weaker in regard to prices, and have sold mixed numbers down to 64s., and are still willing to accept this price for early delivery, and 64s. 6d. a few months ahead. In the finished trades very little new business is being secured, and the position is causing anxiety. Prices for home consumption, under the rebate scheme, are unchanged, viz.:—Plates, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other prices are Heavy steel rails, £8 10s.; iron crown bars, £10 10s.; 24-gauge galvanised corrugated sheets, £10 5s. to £10 10s.; 24-gauge black sheets, £8 5s., also for home use. The ore trade shows no change and there is practically no buying. Best Bilbao rubio is nominally 15s. 3d. c.i.f., and the current freight Bilbao/Middlesbrough for early tonnage is about 4s. 3d. Imports of all kinds of ore into Middlesbrough last month amounted to 78,117 tons, against 53,828 tons in April. Coke is being pressed for sale, but there is little demand. Good blast-furnace qualities can now be obtained at 15s. 6d. delivered works. The number of furnaces in operation in the district is reduced to 22, by the blowing out of one producing Cleveland iron at Dorman's South Bank Works towards the end of last week.

SHEFFIELD.—The resumption of work in the local industries after the stoppage was not general until Monday, and the position appears to be much the same as before the holiday. There is no increase of buying, and transactions continue on a hand-to-mouth basis. Orders are numerous but individually small, and the absence of important inquiries is still a disquieting feature of the situation. The output of steel ingots and castings in the Sheffield area in April dropped to 46,500 tons from 69,500 tons in March and 86,800 tons in April last year. The April output of steel in the Lincolnshire area was only 20,500 tons, which figures compare with 38,500 tons in March and 63,100 tons in April, 1930. In Lincolnshire also 30,000 tons of pig iron were produced, compared with 72,300 tons in April last year. Such figures prove how seriously the steel trade has declined this year. Requirements of the automobile industry continue on a considerable scale, but compare unfavourably with a year ago. Demand for steel from shipbuilders still tends to contract. Orders from railway companies maintain former levels. Moderate business is reported for best wires, steel strip and corrosion-resisting steels, but export demand for best tool steels is moribund. Makers of tools, cutlery and plate report unfavourably of the situation, but no further decline in the volume of business passing. A large section of the steelworkers have agreed to a reduction of war bonus of 5s. per week. There are few sections of local workers whose wages have not been reduced this year. A cut of 5 or 10 per cent. on salaries of administrative staffs has also been fairly general in Sheffield.

GLASGOW.—There is really no change in the situation this week, business remaining very quiet, and export trade still showing no expansion. There is plenty of inquiry about, but very keen competition for any business going. Within the week, Messrs Jas. Currie and Company, shipowners, Leith, have placed orders for two steamers, one to be built and engine by Messrs Barclay, Curle and Company, Ltd., Glasgow, who will also build the engines for the second steamer, which is to be built by the Leith firm of Messrs. Henry Robb and Company. Sheetmakers are not finding any greatly increased demand, although very low prices are being quoted.

OTHER METALS.

TIN.—The chairman of the International Tin Committee has announced that the four participating countries have now accepted the recommendations of the meeting at The Hague on May 16th to reduce their output of tin by 20,000 tons. The new quotas, which came into force on June 1st, are as follows:—

	New Quota. Tons.	First Quota. Tons.	Production in 1929. Tons.
Malaya.....	45,355	53,853	69,366
Bolivia.....	28,818	34,220	46,338
Dutch East Indies.....	25,159	29,870	37,730
Nigeria.....	6,513	7,830	10,412
Total.....	105,845	125,773	163,846
Other countries.....	...	...	24,672

According to the Metallgesellschaft A.G., the daily average production (mine output) in April, at 433 metric tons, shows a decrease of 13 tons on the previous month, but the increase of 2,764 long tons in the world's visible supplies at the end of May over those of the previous month estimated by the Statistical Department of the London Metal Exchange, coupled with disappointing reports of consumption, caused a further fall in prices. Wednesday's official closing quotation for "standard cash," at £100 7s. 6d. to £100 10s. per ton, compares with £102 10s. to £102 12s. 6d. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 30,607 tons, show an increase of 795 tons on the week.

COPPER.—Despite the reduction in output in April (the Metallgesellschaft A.G. figure for the average daily smelter output, at

3,846 metric tons, shows a decrease of 94 metric tons on March), visible supplies are still increasing because of the poor demand for the metal. This has caused a wave of speculative selling in New York and London. "Domestic spot" in New York, at 8-00 cents per lb. for "electrolytic," shows a decline of 0.75 cent per lb. on the week, and as even at this price no support was forthcoming from American consumers, Copper Exporters, Ltd., reduced their minimum price for "electrolytic," c.i.f., Continent, from 9-025 cents per lb. to 8-775 cents per lb. on June 2nd. In London, prices reached their lowest level on record, and Wednesday's quotation in London for "standard cash," at £34 7s. 6d. to £34 10s., compared with £37 3s. 9d. to £37 6s. 3d. on the corresponding day last week. Stocks of refined copper in official warehouses at the end of last week, at 13,464 tons, show an increase of 310 tons, while stocks of rough copper, at 1,296 tons, remained unchanged.

LEAD.—The Metallgesellschaft A.G. reports a decline of 148 metric tons on the previous month in the average daily production of April. Although the New York spot price remained unchanged at 3-75 cents per lb., the lack of support resulted in a further decline in London. Wednesday's official closing quotation for "soft foreign," at £10 7s. 6d. to £10 15s., compares with £11 6s. 3d. to £11 12s. 6d. on the corresponding day last week.

SPELTER.—The scarcity of buying orders in the face of large supplies caused prices to weaken further. The New York spot price for "East St. Louis," at 3-20 cents per lb., shows a decline of 0-10 cent per lb. on the week. Wednesday's official closing quotation in London for "good ordinary brands," at £9 13s. 9d. to £10 5s., compares with £10 8s. 9d. to £10 13s. 9d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Owing to the lack of support antimony declined further from £23 10s. to £24 to £23 to £23 10s. per ton for "foreign," but aluminium was again quoted at £85 per ton, while nickel sold at last week's price of £170 to £175 per ton. Quicksilver was reduced from £22 7s. 6d. per bottle to £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Prices record a further drop of some 20 to 22 points because of the continued poor state of trade and on very fair crop reports covering an area of only 10 per cent. less than last year. Fertiliser sales are considerably less than a year ago, but in view of the enormous prospective carry-over, there is likely to be far more cotton in the world than can be used. It is evident that neither retailers nor manufacturers have sufficient confidence in present prices to induce them to buy in view of future requirements. The time when buyers will appear does not seem to be even in sight. Spot sales for the week May 28th to June 3rd (inclusive) are 19,000 bales, of which 10,350 bales are American, 800 Brazil, 200 Argentine, 2,200 Peru, 3,000 Egyptian, 500 African, 550 East Indian, 950 Russian and 450 sundries. Imports for the same period are 35,280 bales, of which 12,614 are American, 3,519 Brazil, 3,036 Argentine, 2,823 Peru, 5,176 Egyptian, 3,324 African, 3,990 East Indian and 798 sundries. Quotations, June 3rd: American Middling, 4-66; Egyptian Sakel, 7-60; Uppers, 5-60; Brazil Fair, 4-70; Peru G. F. Smooth, 5-10; West African Middling, 4-70; and East African G. F., 5-70.

Manchester.—Buyers and sellers in the market have been slow at getting to work again after the Whitsuntide holidays. Business has also been adversely affected by the further downward movement in raw cotton rates. Trade to a considerable extent has been disorganised and there is little hope of any revival of demand until conditions are stabilised. In the meantime producers and merchants are feeling the ill effects of depreciation in the value of stocks. News from India does not improve and cloth sales have been confined to retail lots. Some inquiry has been about for China in standard makes and fancies, but the low rate of exchange has made transactions very difficult. Not more than a miscellaneous business has been done for the several minor outlets east and west. A fair amount of inquiry, however, has been experienced in home trade fabrics. Reports from weaving districts remain discouraging. Yarn prices have again favoured buyers in sympathy with the decline in the raw material. Spinners have met with a moderate inquiry, but home users and exporters have placed orders with caution.

Cotton Prices.

	1931.				Corresponding Date.	
	May 13.	May 20.	May 27.	June 3.	1929.	1930.
Raw Cotton—Mid. American	5-32	5-01	4-83	4-65	10-26	8-43
" Sakellaridis Fully Good Fair	8-25	8-05	8-10	7-40	17-25	13-30
Yarns—32's twist	9	8 1/2	8 1/2	8 1/2	15	12 1/2
" 40's twist	9 1/2	9 1/2	9 1/2	9 1/2	15 1/2	12 1/2
" 60's twist (Egyptian)	15 1/2	15	15	14 1/2	25 1/2	21 1/2
32-in. Printers, 116yds., 16 by 16, 32's and 50's	18 0	17 9	17 7	17 5	25 3	21 9
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 9	19 6	19 4	19 2	27 9	24 3
38-in. ditto, 38 yds., 18 by 16, 10 lb.	11 1	10 10	10 9	10 8	15 0	13 3
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	10 0	9 9	9 8	9 7	13 13	10 0

THE WOOL TRADE.—Bradford.—There is very little indeed in the wool trade at the present time to encourage selling interest. Information received from Australia is meagre, and it is understood that at the sale at Melbourne on Tuesday there was a poor demand for scoureds, also a marked decline has been seen at the Liverpool-East India wool sales. These are the only two events which have served to give anything in the nature of a lead to the raw material, and the position now is that the trade will have to exercise as much

patience as possible until the next series of London sales commence on July 7. The probability of higher values being realised, writes our correspondent, is made rather remote by the fact that 70,000 bales were carried forward from the last series, and that there are other big weights of wool in users' hands awaiting consumption. A large proportion of the latter can be absorbed within the next four weeks, and by that time home and Continental buyers should be ready to operate on a fairly extensive scale. The absence of any big requirements locally, and the unsettled state of affairs on the Continent are, however, now creating a cautious attitude, and until the outlook becomes clearer nobody is likely to indulge in any big speculative operations. The most important test of all will be made when the Australian selling season commences, and with values even around the current level the clip should begin to move freely. The home trade is in a very parlous condition. The price of tops, both merino and crossbred, gradually declines, and while some topmakers may be quoting as high as 24d. for warp 64's, they can be bought at less. It is most difficult to say what is an actual market price. Consumption at the finer end of the trade does not show a great deal of change, but there certainly is a marked diminution in the consumption of crossbreds. At the moment nobody seems disposed to buy crossbred cloths in either dress goods or men's wear, while hosiery demands are exceedingly limited.

THE GRAIN MARKETS.

WHEAT.—The trend of wheat prices during the coming weeks will depend largely on the crop reports from North America, Russia and other European countries. The United States winter wheat crop, which is due to be harvested this month, appears to be in good condition, and the latest estimates suggest that its yield may not be much less than 700,000,000 bushels. The Federal Farm Board has ceased to support the market at the end of May, and since then prices, though still above world parity, have been falling rapidly. Although seeding in Canada is now complete, weather conditions are generally unfavourable, and rains are urgently needed in the Prairie Provinces. The Russian spring crop is somewhat backward, but the acreage sown so far is quite as extensive as last year. Provided weather conditions are favourable, the British winter crop may prove to be slightly larger than last year. On the whole, crop conditions are therefore so far not unfavourable, and prices are scarcely changed on the week, although considerable quantities are still imported by Continental countries. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 26s. 9d. per 496 lbs., as compared with 27s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 25s. 6d., against 26s.; Rosafe, ex ship, 22s. 6d., against 22s. 9d.; Australian, ex ship, 24s. 6d. to 25s. 6d., against 25s. 9d. to 26s. 3d.; and Russian, on sample, ex ship, 22s. 6d. to 23s., against 22s. 6d. to 23s. a week ago.

WHEAT FLOUR.—The market in flour has been dull, and prices were slightly easier. North American shipments during the past week amounted to 129,000 sacks, as compared with 254,000 sacks shipped during the previous week. Quotations: Straight run, delivered country, 22s. 6d. per sack of 280 lbs., as compared with 23s. 6d. last week; delivered London, 21s. 6d., against 22s. 6d. Manitoba patents, ex store, 21s. 6d. to 24s. 9d., against 21s. 9d. to 25s.; and Australian, ex store, 18s. 9d. to 19s. 6d., against 18s. 9d. to 19s. 6d. a week ago.

BARLEY.—Little interest has been taken in barley during the week, and quotations remained practically unchanged. The visible supply in the United States at the end of last week amounted to 5,895,000 bushels, against 6,494,000 bushels at the end of the previous week. Quotations: "English malting," f.o.r., at 30s. to 35s. per 448 lbs., remained unchanged. Californian sold at from 33s. to 43s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

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OATS.—The market in oats has been quiet, and last week's advance in the price of foreign oats has not been maintained owing to the decline in demand. Quotations: "River Plate," landed, 12s. 9d. per 320 lbs., as compared with 13s. last week; "River Plate," ex ship, 11s. 9d., against 11s. 9d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; and North Russian, on sample, landed, 18s., against 18s.; English white, per 336 lbs., 20s. to 21s., against 22s. a week ago.

MAIZE.—Prices have not recovered from the low level to which they have fallen a week ago, but shipments from Argentina have been smaller than expected. This is mainly ascribed to the fact that the reduction of from 10 per cent. to 20 per cent. in freight rates granted by the Argentine railways will not become operative before July 1st. Quotations: "Plate," landed, 16s. 9d. per 480 lbs., as compared with 16s. 9d. last week; Plate, ex ship, 15s. 6d., as against 15s. 6d.; Plate, May-June, new, 15s. 9d., as against 15s. 9d. Yellow maize meal, ex wharf, was quoted at £5 5s., as against £5 10s. per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—	Owts.	Owts.	Owts.	Owts.
1 week to May 30	101,821	134,308	95,098	252,838
39 weeks to May 30	4,437,377	8,721,225	9,198,815	9,953,943
Average price of English wheat per cwt.	s. d. 5 10	s. d. 8 7	s. d. 9 9	s. d. 11 2

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

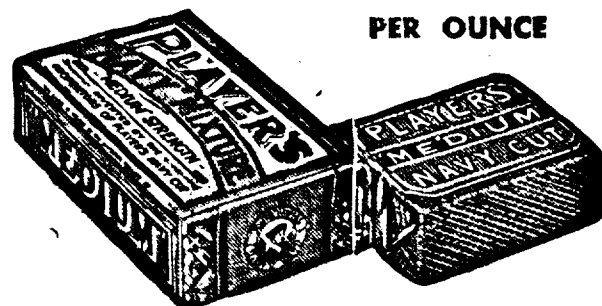
Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 23, 1931.....	Owts. 71,209	Owts. 11,221	Owts. 13,793	s. d. 5 10	s. d. 7 5	s. d. 6 8
May 30, 1931.....	101,821	14,659	33,617	5 10	6 7	6 11
May 28, 1927.....	162,986	18,326	50,231	12 5	11 5	9 11
June 2, 1928.....	262,838	21,247	24,637	11 2	10 10	12 11
June 1, 1929.....	95,098	10,078	14,691	9 9	9 9	9 9
May 31, 1930.....	134,308	36,554	17,479	8 7	7 3	6 5

PLAYER'S

NAVY MIXTURE or NAVY CUT TOBACCO

In the calm contemplation of a pipe of good tobacco new hopes are born and life's little problems are viewed in their true perspective.

1/10½
PER OUNCE



N.O.T. 2.

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	June 4, 1930.	Jan. 2, 1931.	May 20, 1931.	May 27, 1931.	June 3, 1931.
Winnipeg (No. 1 Manitoba) —Cents per 60 lb.	148½	111½	56½	60½	58½	60½
Chicago (No. 2 Winter) —Cents per 60 lb.	130½	105½	79½	82½	82½	66½

The visible supply of wheat in Canada, at 45,573,000 bushels, shows a decrease on the week of 1,648,000 bushels. Supplies a year ago stood at 57,430,000 bushels.

OTHER FOODS.

SUGAR.—An improvement became noticeable during the week in the international sugar position following increased buying of "raw," particularly in the United States. Wednesday's quotation in New York for Cuban centrifugals, 96 deg., spot, at 3-23 cents per lb., shows a rise of 0-12 cent per lb. on the week. Raw futures in London have also been steadier. Wednesday's sales included "August delivery," at 6s. 2½d. to 6s. 3d., as against 5s. 11½d. to 6s. 0½d. on the corresponding day last week; December, at 6s. 5d. to 6s. 5½d., as against 6s. 3½d. to 6s. 3½d.; and March, 1932, at 6s. 7½d. to 6s. 7½d., as against 6s. 5½d. a week ago. British refined has been advanced 3d. per cwt. on May 29th and again on June 1st. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	2,612	...	1,401	1,259	31,474	30,702
Liverpool	9,896	1,895	12,036	14,066	72,544	85,397
Total tons	12,508	1,895	13,437	15,325	104,018	116,099

Last week

COFFEE.—Auctions were resumed on June 2nd, but trading was quiet, and although finest qualities received considerable support, prices in general were slightly easier. Last week's movements of coffee in London were as follows: Brazilian, landed, 250 bags; delivered for home consumption, 75 bags; exported, nil; stocks, 2,961 bags, against 1,798 bags last year. Central American, landed, 6,240 packages; delivered for home consumption, 3,784; exported, 2,166; stocks, 129,807 packages, against 119,388 a year ago. Other kinds, landed, 2,310 packages; delivered for home consumption, 1,867; exported, 2,298; stocks, 100,504 packages, against 136,495 a year ago.

COCOA.—There has been a further decline in the price of cocoa, and Wednesday's quotation for Accra, fair fermented, June-July, at 17s. per cwt., f.o.b., London contract, shows a decline of 1s. on the week. Last week's movements of cocoa in London were as follows: Landed, 6,365 bags; delivered for home consumption, 3,797 bags; exported, 588; stocks, 229,705 bags, against 205,857 last year.

TEA.—The quantities catalogued for this week's auction comprised 45,990 packages of Indian, 37,616 packages of Ceylon, and 14,939 packages of Java and Sumatra tea. Monday's auctions of Indian tea met with a good demand, and the prices realised showed little change compared with those obtained before the holidays. Tuesday's opening sales of Ceylon exhibited a steady demand, but later in the day prices weakened, and on Wednesday all but the best Indian varieties declined further.

RICE.—Rice has failed to recover from the low level to which it had fallen recently, and Wednesday's quotation for Burma No. 2, cleaned, June-July, in singles to the Continent, and to the United Kingdom, at 7s. per cwt., shows no change as compared with last week. Movements in London during the past week were as follows: Landed, 38 tons; delivered, 20 tons; stocks, 598 tons, as against 3,010 last year.

POTATOES.—Supplies at the Borough Market were sufficient to meet requirements, but prices were slightly higher. "Best King Edward" sold at £9 10s. to £10 10s. per ton as against £9 to £9 10s. a week ago.

SPICES.—The recent improvement in the pepper market has not been maintained. Wednesday's quotation for "Black Singapore," at 5½d. per lb., spot, shows a fall of ½d. on the week. Movements of pepper in London during the past week were as follows: Black, landed, 45 tons; delivered, 10 tons; stocks, 577 tons, against 1,056 tons last year. White, landed, 20 tons; delivered, 48 tons; stocks, 616 tons, against 689 tons a year ago.

MEAT.—Beef and mutton prices at the Smithfield Market have been steadier, but pork was easier. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 6d. to 4s. 4d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 4s., as against 3s. 2d. to 3s. 8d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,769 tons, as compared with 9,003 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84-4 per cent. of the supplies, as against 84-0 per cent. a year ago; and imported mutton, mainly New Zealand, formed 87-5 per cent. of the total supply, as against 82-0 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Depressed conditions continue to rule, and very little business appears to be in progress, despite the very low levels to which many commodities have descended. Linseed gained some advantage from smaller Argentine shipments, and a better enquiry from the United States, but this has been lost, and demand is infinitesimal. Plate on spot and shipment to July has

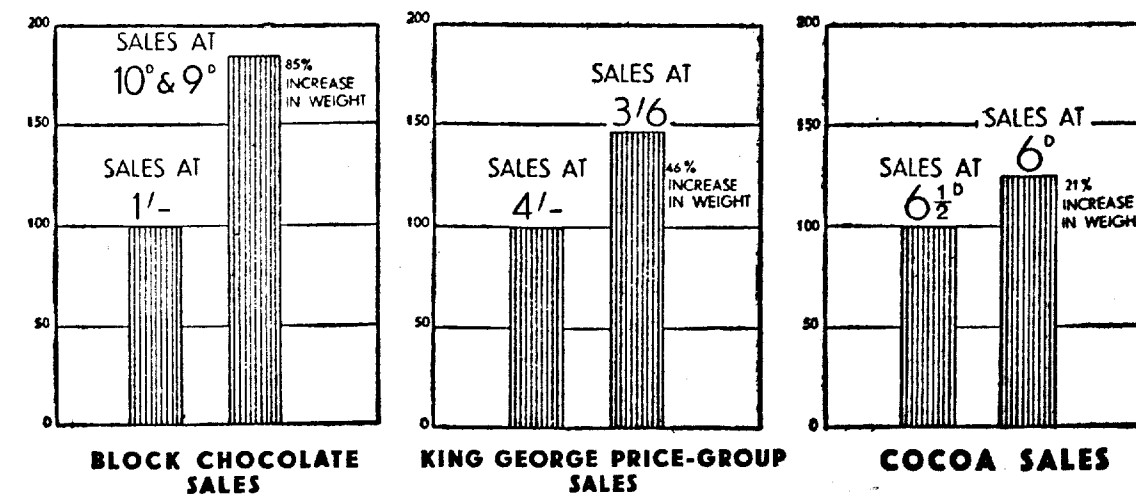
REDUCED PRICES AND INCREASED SALES

A statement by Cadbury Bros. Ltd.

It is our policy, whenever decreases in raw material costs and economies resulting from more efficient manufacture allow, to make an immediate reduction in the retail prices of our goods. A statement of this policy was published in the Press three months ago, when we expressed our confidence in this practice as a stimulant to depressed trade.

The remarkable effect of these price reductions in the last twelve months is shown in the charts below. In each case the reductions in price have been made *without any alteration of quality whatsoever.*

The sales of Block Chocolate (reduced from 1/- to 10d. per ½ lb. for Milk and to 9d. for Plain) have increased 85%. The King George price-group (reduced from 4/- to 3/6 per lb.) has so far increased 46% in sales. The price of Cocoa has been reduced from 6½d. to 6d. per ½ lb. and sales have advanced by 21%. *This latest reduction has actually brought the price of Cocoa 20% below the pre-war figure.*



In each chart shown the percentages represent the tonnage sales from the time of the latest price reduction to the end of May, compared with those of an identical period twelve months ago.

Statistical Office, Bournville

Issued by Cadbury Bros. Ltd. from Bournville, the Factory in a Garden

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
CEREALS AND MEAT.											
GRAIN, &c.—			Irish bladders	s. d.	s. d.	English Southdown, washed	d.		Best heavy ox and heifer	s. d.	s. d.
Wheat, No. 2, N. Man. 496 lb.	25	3	American, boxes, 56 lb.	42	9 43	per lb.	11		Best cow	0	3 0 8
Eng. Gas. av., per cwt.	5	10	POTATOES—			Queensland, sod. super embg.	21		Best calf	0	7 0 8
Barley, Eng. Gas. av.	6	7	Good English, per cwt.	9	6 10 6	N.S.W. grossy, super	11				
Oats, "	6	11	SPICES—			N.Z., gray, half-bred 50-56	9		INDIGO—		
Malze, La Plata, landol, 480 lb.	16	6	Pepper, per lb.			Crossbred 40-44	6		Bengal gd. red-vio. to		
Flour, Lon. stan. ex mill, s. d.			Muntok, fair White	0	8 1/2 0 0				Blue—per lb.	5	6 6 6
280 lb. "	20	3	Black Lampong	0	5 1/2 0 0	Topes—					
Rice, No. 2 Burma, per cwt.	7	0	Cinnamon—1st sort, per lb.	0	7 1/2 0 0	Merinos 70's	25		LEATHER—		
Sago, Pearl, per cwt.	16	6	Cloves—Zanzibar per lb.	0	9 1/2 0 0	" 64's	25		Sole Bends 8/14 lb.—		
Tapioa, per cwt.			Ginger—per cwt.			Crossbred 46's	11		per lb.	1	3 2 6
E.I. flake, fair spot ..	17	6 0 0				" 46's	10 1/2		Bark Tanned Sole	2	1 15 0
Medium pearl	20	0 0 0							Shoulders fm DS Hides	0	6 0 9
MEAT—									Do. Eng. or WS do.	0	9 1 4
Beef, per 8 lbs.—			African	23	6 0 0	COAL—			Bellies from DS do.	0	4 1/2 0 6 1/2
English long sides	5	0 6 0	Jamaica, ord. to good ..	40	0 80 0	Welsh, best Ad'ty	20	0 0 0	Do. Eng. or WS do.	0	7 0 10
Argentine chilled hides.	3	10 4 4	Mace	0	10 1 8	Durham, best gas, f.o.b.	14	6 0 0	Dressing Hides	1	3 1 6
Mutton, per 8 lbs.—			Nutmegs 656	1	1 0 0	Tyne	14	6 0 0	Ro. Eng. Calf, 20/30 lb.	3	6 4 6
English wethers	6	0 8 0				Sheffield, best house, at	21	0 22 0	Anst. Bends	1	0 1 8
N.Z. frozen	3	4 4 0									
Port, English, per 8 lbs.	4	4 5 4									
OTHER FOODS.											
BAKON—			Java, white, c. & f. India	8	0 0 0	IRON AND STEEL—					
Irish	72	0 96 0	Refined—London—			Pig, Cleveland No. 3, ton	58	6 0 0	VEGETABLE OILS—		
Danish	60	0 0 0	Yellow Crystals	19	7 1/2 0 0	Bars, M'brough	210	0 0 0	Linseed, naked, p. ton net	14	7/6
Canadian	48	0 52 0	Cubens	24	0 24 6	Steel Rails, heavy	170	0 0 0	Rape, refined	26	0/0
HAMS—Irish	0	0 0 0	Crushed	22	5 11 0	Tin Plates (20 by 14),			Cotton-seed, crude	17	0/0
Canadian	80	0 90 0	Granulated	20	5 21 0	per basis box (2/3)	14	0 14 3	Cocunut, crude	20	0/0
BUTTER—			Home Grown (April) ..	19	6 19 10 1/2	MTALS—			Palm	11	10/0
Irish creamery per cwt.	113	0 0 0				Copper, Electrolytic, ton	39	0 40 0	Oil Cakes, Linseed, Eng.		
Australian	110	0 113 0	TEA—			Sheets (strong)	70	0 0 0	per ton	7	10/0
New Zealand	113	0 116 0	Indian—per lb.—			Standard	34	7/6 34	Oil Seeds—Linseed		
Danish	119	0 120 0	Broken Pekoe	0	5 1/2 0 10 1/2	Lead Eng. Pig	12	0/0 0 0	La Plata, p. ton—		
CHEESE—			Orange Pekoe	0	6 1 11 1/2	Soft Foreign	10	7/6 10	Calcutta—per ton—		
Canadian	70	0 76 0	Broken Orange Pekoe ..	0	5 2 4 0 1/2	Spelter G.O.B.	9	13/9 10			
New Zealand	55	0 58 0	Ceylon—per lb.—			Tin—English ingots	102	10/0 10			
English Cheddars	46	0 90 0	Pekoe	0	5 2 3	Standard cash	100	7/6 100			
Dutch	40	0 49 0	Broken Pekoe	0	6 1 2 0 1/2						
OCCOA—			Orange Pekoe	0	8 2 6 1/2	MISCELLANEOUS.					
(Duty, British grown,			Broken Orange	0	8 2 6 1/2	Acid, citric, per lb. less 5%	0	11 1/2 0 11 1/2			
11s. 8d.; foreign, 14s. cwt.)						Nitric	0	2 1/2 0 4			
Accra, f.f., per cwt.	18	0 23 0	TOBACCO—			Oxalic, net	0	3 1/2 0 4			
Trinidad	38	0 45 0	(Duty 8/10-9/10 per lb.,			Tartaric, English less 5%	0	11 1/2 0 11 1/2			
Grenada	26	0 37 0	Empire growths, 6/9 1/2								
OFFICE—			7/5 1/2 per lb.)			Alum, lump	9	0 9 10			
(Duty, British grown,			Virginia leaf	0	8 2 6	Ammonia, carb.	36	0 38 0			
11s. 8d.; foreign, 14s. cwt.)			Common to fine	0	7 1 6	Sulphate	10	0 12 0			
Santa Cruz, C&F, cwt.	43	6 0 0	Rhodesian leaf	0	7 1 0	Arsenic, lump	35	0 40 0			
Colombian, good	70	0 92 0	Nyasaland leaf	0	7 1 0	Bleaching powder, per cwt.	7	10/0 6			
Costa Rica, med. to good	80	0 125 0	East Indian leaf	0	5 1 0	Borax, gran.	11	0 0 0			
East Indian	88	0 118 0	COTTON—TEXTILES.			Do. powder	12	6 0 0			
Kenya, medium	74	0 88 0	Mid-American	d.		Nitrate of Soda	10	9 11 0			
EGGS—			Sakellariadis, f.g.f.	7	40	Potash—Chlorate, net	0	3 0 3 1/2			
English	8	6 9 9	Yarns, 32's twist	14	1/2	Sulphate	10	0 11 0			
Danish	8	3 10 6	60's twist	14	1/2	Sol-Ammoniac	42	6 45 0			
FRUIT—			FLAX—			Soda Bicarb.	9	10 6			
Oranges, South African bxs.	0	0 0 0	Livonian ZK	per ton	34	0 0 0	Crystals	5	0 5 3		
South African	12	0 18 0	Permau HD	31	0 0 0	Sulphate of Copper per ton	20	0 21 0			
Lemons, Sicilian	10	0 20 0	Slanets Medium 1st sort.	41	0 0 0	CEMENT—					
Malaga	12	0 27 0	HEMP—			Portland, best Eng. pr. ton	46	0 48 0			
Apples: Amer. (var.) bria.	0	0 0 0	Italian P.C.	31	0 0 0	COPIA—					
(var.) boxes	11	6 12 6	Manila, May-July "J2"	17	10 0 0	S.D. Straits c.f., per ton	11	0/0 0			
" Australian	9	6 14 6	N.Z.	nom.		Smoked South Sea	10	7/6 0 0			
ONIONS—			Sisal, African, May-July ..	14	15 15 15	DRUGS—					
Valencia, case, 4s.	9	0 0 0	Mexican	nom.		Camphor	s. d.	s. d.			
Egyptian Bags	0	0 0 0	JUTE—			Japan, refined	2	1 1/2 2 2			
Grapes, Lisbon	0	0 0 0	Native 1st mks. ... per ton			Castor-oil	85	0 95 0			
" Almeria	0	0 0 0	c.f.f. H.A.R.B.			Peppermint, Wayne Co.	9	3 9 6			
			Daisee 2/3 c.f.f. Dundee ..			HIDES—					
			June-July			Wet salted—Australian					
			June-July			per lb. 0 4 1/2 0 5 1/2					
						West Indian	0	4 0 0			
						Cape	0	4 0 4 1/2			
						Dry and Drysalted Cape ..	0	6 0 7			

dropped to £8, and August and September to £8 2s. 6d., after business in the latter position had been done rather above this. Calcutta is neglected and easier. The quantity of linseed on passage to Europe is now 97,200 tons, or 10,000 tons less than last week, and compares with 123,000 tons a year ago. Cottonseed has fallen further to a low level which has only once or twice been recorded in the past thirty years. Black Egyptian on spot at Hull offers at £5, which is also about the value for shipment. Linseed oil is somewhat steadier at lower levels, but demand from consumers leaves much to be desired. Raw oil on spot ex Hull mill is quoted £14 10s. per ton, and June and July-August delivery £14. Cotton oil is cheaper, but steady crude Egyptian ex Hull quoting £17, and common edible £19 10s. Other seed oils are lower on the week, and oilcakes unchanged.

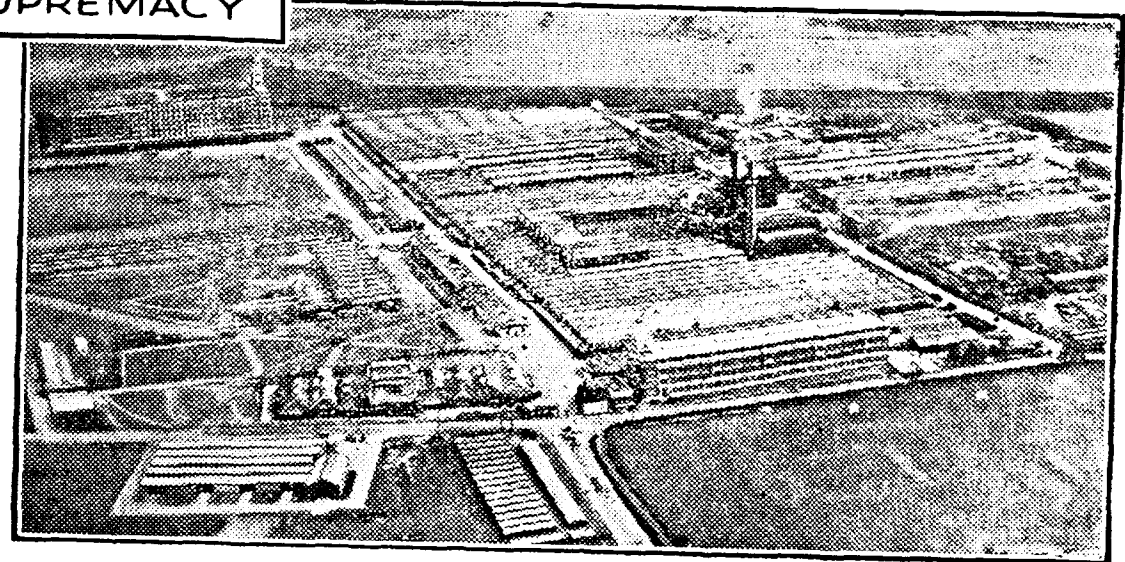
HIDE, LEATHER AND ALLIED TRADES.—Hides from home-slaughtered cattle were unchanged in price at the Manchester auctions, which were resumed this week after an interval of a fortnight, while calf skins were steady to a slightly easier tendency. There is a fair enquiry for English hides, and the expectation is that values will remain fairly steady at the week-end sales. With buying of foreign hides much restricted, prices for many sorts are again

inclined to be weaker, and the general position of the market is uncertain. A moderate amount of business has been done in South American wet-salted descriptions, Argentine ox having changed hands at 5 1/2 d., while second ox sold at 4 1/2 d., and Uruguay cows at 4 1/2 d. Dry hides of South American origin are all quoted lower, B.A. Americanos being offered at 5 1/2 d., and B.A. Inservibles at 3 1/2 d. There is very little life in the enquiry for most descriptions of African hides, and business is only possible on a low basis of values. A few sales of Capes have been made at 6 1/2 d. and 5 1/2 d. for first and second dries, while business has been possible in dry-salted at 5 1/2 d. and 4 1/2 d. for the same two selections. Although prices asked for Australians show a decline, business with this country has not improved, and sales are confined to a few small parcels. Rather more interest has been taken in the sole leather market this week, and it would seem that with the resumption of work at the shoe factories orders for footwear have come along a little more freely. In English and wet-salted bends the best enquiry is in regard to light weights, on which tanners are well so'd ahead. Medium weights, in some quarters, are finding more customers, but the turnover in these, as is also the case with the heavier weights, is not large. Producers and distributors of upper leathers have found a little more business forthcoming on such lines as willow calf and glacé kid, while there has been rather more enquiry for box calf.

RUBBER.—Little interest has been shown in the rubber market during the week, which is ascribed to the uncertainty about the views of the Dutch Government in regard to restriction. Nothing is known as yet about the Dutch Committee's report to the Colonial Secretary. Wednesday's official closing price for standard ribbed smoked sheet, at 3d. per lb., shows no change as compared with the corresponding day last week. In forward positions, business has been done at 3d. for June, against 3d. to 3 1/4 d. last week; at 3 1/4 d. for July-September, against 3 1/4 d.; and at 3 1/4 d. for January-March, 1932, against 3 1/4 d. to 3 1/4 d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,198 tons; delivered, 1,779 tons; stocks at the end of last week, at 139,000 tons, show a decrease of 581 tons, as compared with the preceding week.

REASONS FOR
DUNLOP
SUPREMACY

Number One



An aerial view of Fort Dunlop, the stronghold of the British Tyre Industry.

From beginning to end

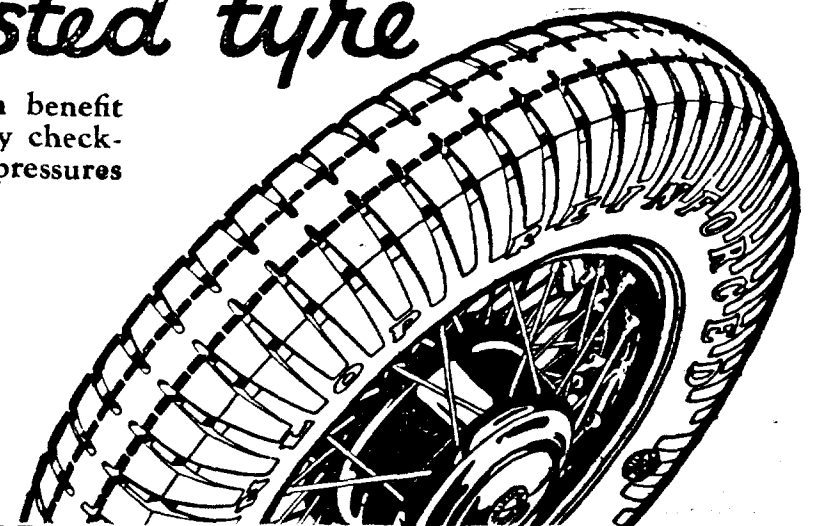
Dunlop quality rests on a sure and scientific foundation. It is the result of patient research, wide experience, comprehensive testing and knowledge properly applied. Dunlop quality is built upon facts; facts which are obtained by scientific tests. The tests on Dunlop tyres commence with the raw materials, and continue throughout every stage of manufacture right up to the behaviour of the finished tyre in actual service. Dunlop tests are conclusive. They leave no room for doubt.

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DUNLOP
the tested tyre

Secure the maximum benefit from Dunlop tests by checking your own tyre pressures every Friday.

DUNLOP RUBBER
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Branches throughout the
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C.F.M. 908

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DISTRIBUTION OF PROFITS 1930.

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Whole Life Full-Premium Policies
THREE PER CENT.
48 Gracechurch Street, London, E.C.3.

REFUGE ASSURANCE COMPANY LIMITED
 Chief Office: Oxford St., Manchester

Annual Income Exceeds - £11,000,000
 Assets Exceed - £49,000,000
 Claims Paid Exceed - £66,000,000

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
 BELL SYSTEM
 195 Broadway, New York, N. Y., U. S. A.
 167th Dividend

The regular quarterly dividend of Two Dollars and Twenty-Five Cents (\$2.25) per share will be paid on July 15, 1931, to stockholders of record at the close of business on June 20, 1931.

H. BLAIR-SMITH, Treasurer.

CITY OF CALGARY.
 FOUR AND A HALF PER CENT. AND FIVE PER CENT. DEBENTURE LOANS.

The City of Calgary announces that the COUPONS maturing 1st July, 1931, on the above-mentioned Debentures may be PRESENTED on and after the 15th June, 1931, between the hours of 10 and 2 o'clock (Saturdays excepted) at the Bank of Montreal, 47 Threadneedle Street, E.C.2. Three clear days required for examination. Lists may be obtained on application at the Bank.

CITY OF REGINA.
 FOUR AND A HALF PER CENT. DEBENTURES.

The City of Regina announces that the INTEREST COUPONS of the above-mentioned Debentures, maturing 1st July, 1931, may be PRESENTED on and after the 15th June, 1931, between the hours of 10 and 2 o'clock (Saturdays excepted) at the Bank of Montreal, 47 Threadneedle Street, E.C.2. Three clear days required for examination. Lists may be obtained on application at the Bank.

NATAL UNIVERSITY COLLEGE.
 (UNIVERSITY OF SOUTH AFRICA.)
 WILLIAM HUDSON CHAIR OF ECONOMICS.

Applications, with copies of testimonials and Birth and Medical Certificates, are invited for the Post of

PROFESSOR OF ECONOMICS.

The Professor appointed will work in Durban and will assume duties in March, 1932.

Salary, £900 per annum.
 £65 allowed for passage.
 Further details can be obtained from the undersigned, to whom all applications should be sent not later than July 15th, 1931.

WEBSTER, STEEL & CO.
 9 St. Helen's Place,
 Bishopsgate,
 London, E.C.3.

OTTOMAN BANK.
 (Incorporated in Turkey with Limited Liability.)

NOTICE IS HEREBY GIVEN that in accordance with Article 29 of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on Tuesday, the 23rd June, 1931, at Winchester House, Old Broad Street, London, at 12.30 p.m., to receive a Report from the Committee with the Accounts for the year ending 31st December, 1930, to propose a Dividend and to replace the retiring Members of the General Committee.

By the 27th Article of the Statutes, the General Meeting is composed of Shareholders possessing at least thirty Shares, who, to be entitled to form part of the Meeting, must deposit their Shares at the Chief Office of the Company, Istanbul, or at either of the several Branches or Agencies abroad (in London at 26 Throgmorton Street, and in Paris at 7 Rue Meyerbeer), ten days at least before the day fixed for the Meeting.

W. P. SHEPPARD, Secretary.

London, 1st June, 1931.

CITY OF PORT ARTHUR.
 FOUR AND A HALF PER CENT. AND FIVE PER CENT. DEBENTURES.

The City of Port Arthur announces that the INTEREST COUPONS of the above-mentioned Debentures, maturing 1st July, 1931, may be PRESENTED on and after the 15th June, 1931, between the hours of 10 and 2 o'clock (Saturdays excepted) at the Bank of Montreal, 47 Threadneedle Street, E.C.2. Three clear days required for examination. Lists may be obtained on application at the Bank.

The Economic Journal
 The Quarterly Journal of the
 Royal Economic Society, June, 1931.

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The Relation of Home Investment to Unemployment. R. F. Kahn.

Marshall's Time Analysis.

Redvers Opie.

Labour Mobility in South Wales Coal Industry, 1920-30. Brinley Thomas.

A Study of Occupational Mobility.

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Mr. Keynes' Treatise on Money.

Sir Josiah Stamp.

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Applications for Fellowship to the Secretary, Royal Economic Society, 9 Adelphi Terrace, London, W.C.2. Annual Subscription, £1 1s. The subscription includes the quarterly *Economic Journal*, and Economic History Series, Special Memoranda, Statistical Bulletins and sundry important publications at reduced prices. Life Composition, £10 10s.

CENTRAL ARGENTINE RAILWAY, LIMITED.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Six Per Cent. Cumulative Convertible Preference Stock will be closed from the 8th to the 20th June, both days inclusive, for the preparation of Warrants for the Balance Dividend for the year ending 30th June, 1931.

F. FIGHERA, Secretary.

3a, Coleman Street,
 London, E.C.2.
 4th June 1931.

CENTRAL ARGENTINE RAILWAY, LIMITED.

NOTICE IS HEREBY GIVEN that the Transfer Books of the Four Per Cent. Debenture Stock and the Three-and-a-Half Central Debenture Stock of the Company will be closed from the 8th to the 20th June, both days inclusive, for the preparation of Warrants for interest for the half year ending 30th June 1931.

F. FIGHERA, Secretary.

3a, Coleman Street,
 London, E.C.2.
 4th June 1931.

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THE MONEY MARKET.

MONEY has again been easy, with plenty on offer outside the clearing banks at 1½ per cent. No making-up by the clearing banks occurred on Tuesday, and the following day calling was comparatively light. On Thursday, however, calling was on the usual scale. The decline of £4,945,000 in Government securities revealed in this week's Bank return suggests that the money borrowed on

Ways and Means by the Treasury to finance the War Loan dividend had been successfully repaid. The absence of Treasury bill maturities on Monday was of assistance here, and it also explains the increase of £3,082,000 in Public Deposits, but it is conceivable that maturities towards the end of the week may again leave the Treasury short of funds. Against this, the War Loan dividend money is beginning to be absorbed, and these two factors may very likely cancel each other.

Meanwhile the market rate of discount upon three months' bills has been in the neighbourhood of $2\frac{1}{8}$ and $2\frac{1}{2}$ per cent., though on Thursday French interests bought a few bills at $2\frac{1}{2}$ per cent. Early in the week there was a tendency to take an optimistic view of the Bank's heavy gold acquisitions, amounting up to Wednesday night to £3,353,000 for a week, and discount rates consequently were inclined to weaken. For reasons discussed below, this was a mistaken interpretation to place upon the gold influx, and it is just as well that rates should since have become a little firmer. Taking into account the uncertain position on the Continent, it is desirable that London rates should not undergo any wide movements, and indeed there is something to be said for a rise in the three months' rate to $2\frac{1}{2}$ per cent.

	May 21, 1931.	May 28, 1931.	June 4, 1931.	June 11, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	$2\frac{1}{8}$	3 (May 14, '31)
Banks' Deposit Rate..	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Discount / Call	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Houses / Notice	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months' bills)	$2-2\frac{1}{8}$	2	$2\frac{1}{8}-\frac{3}{4}$	$2\frac{1}{8}-\frac{3}{4}$	...

Interest this week has centred mainly upon foreign exchange fluctuations and gold movements, Thursday's exchange fluctuations being particularly disconcerting. After several days of weakness, German marks broke abruptly to Mks. 20.52 $\frac{1}{2}$ upon Thursday afternoon, while Swiss francs have steadily appreciated until on the same day the rate had reached Frs. 25.05. Both these rates are well beyond the gold points, so that it would pay to ship gold from Germany to London and from London to Switzerland. This, indeed, has happened since Wednesday of last week. The Bank has added £5,400,000 to its gold stocks, of which only just over a million represented Cape gold. The origin of the remainder has not been disclosed, but there is little doubt that it represents sales by the Reichsbank. Such a transfer, of course, does not depend upon the gold point, but the significant point about it is that it has failed to bring about any improvement in the Berlin exchange.

On the other hand, buyers upon Swiss account have competed strongly for the Cape gold, and at Tuesday's market the Bank had to bid 84s. 11 $\frac{1}{2}$ d. per ounce, or nearly up to its selling price. It is clear that a transfer of funds from Germany to Switzerland is taking place, and unfortunately this can only mean that confidence in Germany is weakening. The Bank was clearly justified in resisting an unnatural gold movement of this character, nor is there any reason for supposing that the Swiss authorities desired it. The main point to bear in mind is that it is a serious symptom of the prevailing *malaise* upon the Continent, and the market should therefore regard the Bank's gold receipts as an untoward and not as an encouraging development. There should therefore be no relaxation of rates in London.

The May averages of the nine English clearing banks reveal a slight increase in deposits, but a slight diminution in cash. This last movement may reflect Whitsun currency withdrawals, and possibly payments for the additional Treasury bills issued in preparation for the War Loan dividend.

The increase in call money from £113.5 to £127.8 millions is clear evidence of the present abundance of short

money. The decline in investments may reflect sales made last May with a view to taking advantage of the

	May, 1930.	February, 1931.	March, 1931.	April, 1931.	May, 1931.
Capital and reserves.....	131.4	132.1	132.1	132.1	132.1
Acceptances	144.1	121.4	121.5	115.2	114.1
Deposits (including undivided profits, &c.).....	1,742.4	1,782.2	1,726.2	1,698.3	1,700.0
Total liabilities	2,017.9	2,035.7	1,979.8	1,945.6	1,946.2
Coin, notes, balance at bank, and cheques in course of collection	239.3	235.6	227.3	224.0	222.7
Money at call	135.3	112.9	110.7	113.5	127.8
Investments	257.9	319.3	320.9	318.2	299.6
Discounts	246.1	299.0	258.5	209.1	222.1
Loans and advances.....	955.8	908.1	919.4	923.8	918.0
Cover for accept., premises, &c.	183.5	162.8	163.0	157.0	156.0
Total assets	2,017.9	2,035.7	1,979.8	1,945.6	1,946.2

high prices then current in the gilt-edged market. The increase in discounts is probably seasonal, arising from the gradual expansion in the volume of Treasury bills since the opening in April of the new financial year. The contraction in acceptances follows naturally the renewed fall in commodity prices and the failure of trade to revive.

According to a semi-official estimate, applications for the recent issue of £800,000,000 $3\frac{1}{2}$ per cent. 1946-49 bonds offered by the United States Treasury amounted to no less than \$6,000,000,000, and financial opinion in New York regards this as striking evidence of the plethora of short money. Gold continues to arrive from South America, mainly from the Argentine and Cuba, and with call money still at $1\frac{1}{2}$ per cent. and prime commercial paper at $2-2\frac{1}{4}$ per cent., money remains cheap and plentiful. Brokers' loans have fallen to \$1,539,000,000, a new low record. The First National Bank of Chicago, with its trust and savings bank affiliate, has absorbed the Foreman-State National Bank (Chicago) with its affiliate, and the merger of the Central Trust Company of Illinois with another Chicago bank, the National Bank of the Republic, is also announced. Nineteen bank failures have occurred in Chicago this week, mainly among small banks. These are attributed to the depreciation of real estate in Chicago and the neighbourhood.

The foreign exchange market was quiet until Thursday, when sensational movements occurred. Viewing the week as a whole, the New York rate fell from 4.86 $\frac{3}{4}$ to 4.86 $\frac{1}{2}$, but Montreal lost $\frac{1}{8}$ at 4.87 $\frac{1}{2}$. Paris was unchanged at 124.22, after touching 124.29. Brussels improved to 34.92 $\frac{1}{2}$ and Milan gained six points at 92.92. Madrid was steadier than of late, and improved at the close to 48.00, against 51 $\frac{1}{2}$ last week on the news of the French credit to the Bank of Spain. Amsterdam gained $\frac{1}{4}$ at 12.09, but Berlin weakened on Thursday to 20.52 $\frac{1}{2}$. Switzerland improved steadily all the week from 25.08 to 25.05. Of the Scandinavian exchanges, Stockholm lost $\frac{1}{4}$ at 18.15 $\frac{3}{4}$, while Oslo and Copenhagen were practically unchanged at 18.16 $\frac{1}{2}$ and 18.16 $\frac{3}{4}$ respectively. The South American exchanges were again stronger, Rio closing at 34 $\frac{1}{2}$ d., after touching 4d. Buenos Aires gained $\frac{1}{4}$ d. at 34 $\frac{1}{2}$ d., after 34 $\frac{1}{2}$ d., while Monte Video was steady at 28 $\frac{1}{2}$ d. In the Far East the rupee weakened fractionally to 1s. 5 $\frac{3}{4}$ d. The yen was unchanged at 2s. 0 $\frac{3}{4}$ d., and Batavia was firm about 12.10 $\frac{1}{2}$. In the forward market, dollars were rather weaker at $\frac{3}{8}$ cent and $\frac{1}{4}$ cent premium for one and three months, respectively. Paris was quoted at 10 centimes and 27 centimes premium. Brussels weakened to 1 and 3 centimes premium, against 2 and 4 centimes last week. Milan was rather better at 9 and 28 centesimi discount, but Madrid weakened to discounts of $\frac{1}{2}$ peseta for one month and 1 peseta for three. Amsterdam stood at $\frac{1}{2}$ cent. and $1\frac{1}{2}$ cent premium. Berlin was from par and $\frac{1}{2}$ pfennig discount to $\frac{1}{2}$ pfennig and $\frac{1}{2}$ pfennigs discount, and Switzerland went to $\frac{1}{2}$ and $1\frac{1}{2}$ centimes discount. Silver was weaker 12 $\frac{3}{4}$ d. for cash and by $\frac{1}{4}$ d. at 12 $\frac{3}{4}$ d. for market being quiet and small. Of the Chinese exchanges, Hong Kong was unchanged at 1s. 2 $\frac{1}{2}$ d. Shanghai lost $\frac{1}{4}$ d. at 1s. 2 $\frac{1}{2}$ d.

AND AFTER CHEQUERS . . . ?

DR. BRÜNING and Herr Curtius have come, have conversed, and have departed. That the conversations at Chequers would lead to no immediate political decisions was a foregone conclusion, and the results of the meeting were summarised officially in the non-committal *communiqué* that "special stress was laid by the German Ministers on the difficulties of the existing position in Germany and the need for alleviation"; that the British Ministers "called attention to the world-wide character of the present depression and its special influences on their own country"; and that both Governments, being agreed that a revival of confidence and prosperity depended upon international co-operation, would "endeavour to deal with the present crisis in close collaboration with the other Governments concerned." This announcement, it is satisfactory to note, has been interpreted on the whole by the Paris Press without undue alarm or signs of prejudiced hostility—though it is regrettable that on Tuesday in the Chamber M. Briand felt constrained to say that "the Young Plan cannot be changed, for it is final"—while public opinion in Germany seems to have been prepared for the absence at this juncture of any dramatic developments, and has not shown symptoms of dangerous disappointment or despair—the less so since the acceptance by Mr MacDonald and Mr Henderson of the German Government's invitation that they should visit Berlin at some future date has been interpreted as an earnest of a desire to maintain close personal contact between the heads of the respective Governments.

The fact is that in one sense Germany has every reason to be satisfied with the effect, if not the positive result, of the Chequers visit. Apart altogether from the impression created on the minds of Mr MacDonald and the other parties to the Chequers conversations by the frank *exposé* which Dr. Brüning is known to have made of Germany's difficulties, financial, industrial and political, the world-wide publicity given to this meeting has concentrated public attention in every country on the urgent need of co-operative international effort to deal with the critical situation of Central Europe, wherein the whole question of reparations and the future course of German policy in relation to the Young Plan is one of the outstanding factors. Whereas not many weeks ago it was the coming Disarmament Conference which held the centre of the world stage, to-day the limelight by common consent has shifted to the more immediate question of Germany's capacity to pay; and though this issue, as we shall see, is in one sense political, its bearing, and that of the associated question of war debts, on the present trade depression is coming to be recognised as one of the major elements in a world problem whose crux is essentially economic.

In one way this development holds elements of danger, for there is the risk that some sections at least of American opinion may be persuaded to imagine that they see, in the present or coming *démarches* of European statesmen, an attempt once more to postpone coming to grips with the disarmament issue. Indeed, cables from Washington have already suggested that Mr. Hoover's Administration may be inclined to use the creditor position of the United States as a lever wherewith to bring pressure on the Disarmament Conference by holding out no hope of any revision of the debt settlements unless Europe's expenditure on fighting forces is drastically reduced all round. Such an intimation by America, however reasonable in itself, might well defeat its own ends; for it would be apt to be misinterpreted, coming from a country which spends more on armaments than any other nation in the world, and it would be calculated, we are convinced, to produce unfortunate psychological reactions on European opinion which, as it is, would be

prepared, with few exceptions, to back the statesmen in going far along the road towards disarmament. Moreover, one of the major obstacles in disarmament's path is the very atmosphere of uncertainty and nervousness which is being engendered by the renewed talk of a moratorium for Germany—to say nothing of the irresponsible rumours circulated in some quarters of repudiation of all Germany's foreign obligations—both damaging trade and delaying the restoration of confidence and economic recovery. An important item of news in the past week is that both Mr Stimson and Mr Mellon are about to visit Europe. Though it would be premature to conclude that their coming is significant of a change in the attitude of Mr Hoover's Administration or of Congress towards the revision of the debt settlements, it may be that the impressions which they will receive will do much to convince them of the need of advising Washington that the question of reparations and war debts, as part of the general economic crisis, cannot safely be shelved until after the conclusion of next year's Disarmament Conference.

The question is how long we shall have to await the next stage of the *dénouement*. Here it may be well to remind ourselves of the procedure provided for in the Young Plan, as ratified by The Hague Conference of January, 1930. Briefly, it is provided that the German Government, by giving at least ninety days' previous notice, shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of the postponable part of the annuity payable. Any sum in Reichsmarks the transfer of which is postponed shall be deposited to the account of the Bank for International Settlements at the Reichsbank. Further, at any time when the postponement of transfer is in effect, but not until one year after it has become effective, the German Government "shall have the right to postpone payment for one year of 50 per cent. of any sum the transfer of which shall then be susceptible of postponement." Finally, in the event of any declaration of postponement being made by Germany, or if the German Government declares "that it has come to the conclusion that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities," the Bank for International Settlements shall convene a Special Advisory Committee, consisting of nominees of the governors of central banks, together with four co-opted members; and this Committee shall "forthwith consider the situation in all its aspects . . . and shall indicate for consideration by the Governments and the Bank (i.e., for International Settlements) what in their opinion are the measures that should be taken in regard to the application of the Plan." In the year April 1, 1931-32, the annuity payable by Germany amounts to 1,618.9 million Reichsmarks, of which 660 millions are unconditional and non-postponable.

It will be seen that in so far as the collection within Germany of the means of payment is concerned, the operation of the measures of safeguard in the Young Plan is slow. What would be the nature of the Special Advisory Committee's findings were the German Government shortly to declare postponement it is idle at this moment to speculate. Dr. Brüning will obviously have two considerations in mind before deciding to have recourse to the safeguarding provisions of the Young Plan. In the first place, given the prevailing nervousness in almost every financial centre, a declaration of postponement might have dangerously adverse effects on Germany's commercial credit. In the second place, so far as can be judged, the immediate problem which confronts the German Government to-day is not the practicability of continuing the transfer of the postponable annuities but

the question whether it can continue to balance its Budget by policies of drastic retrenchment and terrific taxation without losing its somewhat precarious hold on office and provoking in Germany a political *émeute* which might bring into being an alternative Government pledged to a programme of repudiation and reckless nationalism.

In a later article we give a brief survey of the financial policy which the Brüning Government has pursued since it came into office, in order that our readers may measure the extent of the burdens and the sacrifices which have been imposed upon the German people during the past eighteen months. In relation to the acute industrial depression and the diminished incomes of the taxpayers, there can be little doubt that fiscally the German Treasury has come perilously near to the end of its tether. Under the constitution of the Reich, the emergency decrees cease to have effect unless submitted to and approved by the Reichstag within six months of the date of their enactment. The risk in connection with the present decree is that a special session of the Reichstag may be forced on the Government in advance of its normal re-assembly next autumn. The question whether the Reichstag is to be at once convened will apparently be settled by an adjourned meeting of the Procedure Committee next Tuesday. Should the decision be for an immediate re-assembly, a political crisis in Germany may be near; otherwise we are inclined to think that the Brüning Government will defer, for a short time at least, making any move in relation to the Young Plan.

Meantime, quite apart from the immediate political uncertainties in Germany itself, the economic crisis, as it affects not only German reparations, but both the situation in Austria and the rest of Central Europe and far wider considerations of credit and financial stability in many countries throughout the world, loses nothing of its urgency. In this crisis, after all, the dominating factor, whose application is by no means confined to the increase in the real burden of Germany's reparation annuities since the Young Committee presented its report two years ago, is the question of the catastrophic fall of prices. In this connection, Sir Basil Blackett, addressing the National Council of Women at Coventry on Friday, emphasised the gravity of the problem which the recent slump in the price level has created.

"In the complex world of to-day," he said, "depending to the extent it does on credit, confidence and sanctity of contract, there are obvious evils in any State intervention to break contracts between debtor and creditor, more especially where the State itself is the debtor and has solemnly pledged the nation's good faith to those whose money it has borrowed, and no sane person can view without trepidation the possibility of national repudiation of debt."

Yet it is not too much to say that the great fall in prices which has been taking place is bringing the whole world face to face with the prospect of at least partial repudiation. For nearly a year now Australia has been painfully struggling with her problems in which the burden of past borrowings plays a considerable part. So has Brazil. Germany's problem is scarcely less acute. The Young Plan for dealing with Reparation, adopted as recently as 1929, seemed at the time to give hope of proving a final settlement, and to leave Germany with a Reparation Debt, onerous indeed, but not beyond her capacity. In 1931, owing to the fall in prices, the money obligation (which can ultimately only be met in goods and services) has become very much heavier in terms of goods and services. Many good judges believe that, unless a rise in prices comes soon to relieve the pressure, Germany will feel herself compelled to demand a re-opening of the question. Not the least of the evils of an unstable price-level is that troubles which are in essence economic, show themselves at the next stage in political form."

Coming from a director of the Bank of England, these remarks will rightly attract widespread attention both in this country and abroad. We would add that we wholeheartedly commend Sir Basil Blackett's courage in stating in round terms what every financial authority in Europe is thinking. To organise effective steps for unravelling the knots of the whole intricate international problem of falling prices, growing debt burdens, fiscal obstacles to trade and obdurate unemployment is the task which statesmen, even more than financial authorities, must face during the coming months. The opportunity is great; the penalties of failure may be greater.

TWO YEARS.

Just two years ago the country passed its adverse verdict upon the Conservative Government's four-year tenure of office, and after Mr Baldwin's prompt acceptance of that verdict, Mr MacDonald took office, for the second time in five years, with a minority of the votes in the House of Commons at his command. It was generally considered at the time that his second Administration was launched under favourable auspices. So much so that Conservatives were heard to complain of the way in which fortune appeared to be playing into their opponents' hands. In fact, the barometer was rising. With the issue of the Young Report, the opportunity for constructive work in the sphere of European appeasement seemed to be bright, while at home a general impression was gaining ground that the volume of trade was slowly but steadily increasing in a manner that promised surely, if gradually, to ease the strain of the unemployment problem. No critical judgment of Mr MacDonald's two years' work can be fair or just, if it does not at the outset give full weight to the effect of the disappointment of that expectation of an uplift in the economic trend. Hardly had he become settled in the saddle than the Hatry affair shook the London markets, and a few months later the huge bubble of American speculation burst, with consequences in the economic sphere which cannot even yet be appraised. Suffice it to say that almost from the day when the present Government took office economic depression set in all round the world and the trend of commodity prices turned sharply downwards, thereby aggravating not merely our own domestic unemployment problem, but also the financial and economic problems of the world at large.

Fortune, then, turned against the Government at the outset of its career. It is properly argued that this very fact should have stimulated the Cabinet to a far more energetic policy for combating unemployment than it has in fact produced. To that just accusation we will return. But first let us hear the Counsel for the Defence on the Government's record as a whole. Admittedly his brief has its strong points, and it will particularly emphasise the work done in the field for foreign policy. Mr. MacDonald started with an outstanding personal success, his visit to President Hoover in the autumn of 1929 restoring a cordiality in Anglo-American relations which had been sadly lacking in the preceding years. Public memories are shorter than ever in these crowded times, but the achievement of rapprochement between the Anglo-Saxon nations is too big to escape a lasting recognition. Mr Snowden followed with a Reparations settlement at The Hague which was loudly and widely acclaimed by public opinion (though not by the *Economist*). Mr Henderson, from the first, took to the Geneva atmosphere like a duck to water, and has worked with an untiring energy and tact for various measures of both physical and economic disarmament. It is not his fault that the value of the Naval Treaty signed in London last year has been impaired by subsequent hitches, any more than it is the fault of Mr Graham, the President of the Board of Trade, that his labours for the stabilisation and subsequent reduction of tariffs have so far yielded little fruit.

In the realm of Imperial affairs, as contrasted with foreign policy, it may be said that results are, at the best, negative to date. Perhaps. But we cannot impute the blame for the nugatory result of last autumn's Imperial Conference to our Government, who were faced with the aggressive demand of Mr Bennett that they should bargain away our traditional fiscal system for reciprocal advantages which, at the best, possessed the most nebulous possibilities. Rather may we applaud Mr MacDonald for countering Mr Bennett's cry of "Canada first" with the answer "Britain first." Again, during these two years it has fallen to the lot of Mr MacDonald to face the Indian problem. Who can cavil at his method of approach? Some may hold that by greater forcefulness he could have obtained some degree of Hindu-Muslim truce. Others sniff and sneer at the "good luck" represented by the Princes' willingness to discuss a Federal

structure. All the same, few outside the anachronistic and scantily supported school of Mr Churchill will endeavour to find in the Indian negotiations a vulnerable spot in the record of the present Cabinet.

When we turn to domestic problems, the Counsel for the Defence will find himself on more treacherous ground. But even here he has not a little to say. The extreme proposals of "Labour and the Nation" for introducing "Socialism in our time" have been carefully eschewed. In recognition of the composition of the House of Commons the general policy has been, if socialistic at all, of the extreme Right Wing. More attention has been paid than in 1924 to the implications of minority government and, after considerable periods of friction, regular consultations are now taking place with the Liberals, who are no longer being treated as mere "brewers of wood and drawers of water." To do him justice, Mr MacDonald has made no inconsiderable endeavours to make Parliament a "Council of State." He did all that could be done to lift the Indian question out of party politics; he invited the co-operation of both Opposition parties for the investigation of means to deal with unemployment; and he yielded to pressure on vital clauses of the Coal Mines Act. All these chapters in the two years' story reveal a more practical deftness in working a minority government than was shown in 1924. As to individual measures, Mr Morrison has done good work with his Road Traffic Act, and Mr Snowden, despite the possible criticism that his last Budget was too easy-going, has tided over very difficult times without serious departures from his orthodox principles.

At this point the Counsel for the Defence must resume his seat, for the Prosecution for the Prosecution has a very serious indictment to press home. It is, in brief, that the Government have dilly-dallied with the whole problem of unemployment. They came into power mainly because they persuaded sufficient numbers of the electors that they had a policy for reducing unemployment. The event showed that they possessed neither a policy nor the vigour and imagination to invent one. But that is the lesser of several counts in the indictment, for the world knows now that Governments can do comparatively little towards curing unemployment in times of world-wide depression. Far more serious are three other counts. The first is that the Government have done nothing by way of leadership or example to arouse the country to recognition of the crisis through which we are passing, nor to check the growing disposition to believe that, thanks to an inexhaustible State purse, the mass of the people may cling indefinitely to standards of life, regardless of whether they are being earned or not. The second count is that, like his predecessor at the Treasury, Mr Snowden has so far utterly failed to translate into practice his unimpeachable precepts of public retrenchment. The third, and far the gravest, is that the Government have been inexcusably dilatory in facing the problem of the finance of unemployment insurance, and have allowed abuses of that system to run away with millions of the public money without making any attempt to step the holes in the sieve. Even now, armed with a courageous Report from a Royal Commission, the Cabinet—to judge by Mr MacDonald's announcement on which we comment in a Note of the Week—while conceding the necessity of dealing with "abuses," is still reluctant to face the full implications of the problem.

That the Government has lived two years, and in spite of certain dangers, appears still to have a fair expectation of life, is due mainly to two causes—the degree of willingness shown not to outrage Liberal opinion and the weakness of the Conservative Opposition, rent in twain by the Baldwin-Beaverbrook battle, lacking in leadership, bankrupt in constructive policy. There are reasons for wishing their life to continue a while; for it would be definitely undesirable to change horses while we are crossing the Indian stream, or to replace Mr Henderson before the Disarmament Conference. Nor is there much likelihood that a general election would give us a better Government. Nevertheless, there is one condition which must be fulfilled if their retention of office is to be justified, namely that the question of unemployment in-

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insurance be ultimately faced and public economy pursued in deadly earnest. But even there one is bound to ask doubtfully whether any other Government would be more likely than that of Mr MacDonald to act vigorously and boldly in these matters. Indeed, there are cynics who maintain that no party will take what is assumed to be unpopular action—though definitely required in the interests of the State—because it fears the wrath of Demos. But the heavy fall in the Labour poll at Gateshead, in spite of the fact that the Labour candidate violently repudiated the proposals of the Commission, suggests that the public is more ready to face unpleasant facts than the vote-catching politician is apt to believe.

GERMANY'S EMERGENCY DECREES.

In the following article we give a brief résumé of the budgetary position which has confronted Dr. Brüning's Government, and the fiscal and other measures which have been adopted in an endeavour to meet it.

When the present Chancellor, Dr. Brüning, took office in March, 1930, he inherited an accumulated deficit of 1,283.7 million marks. The Budget of the years immediately preceding had been as follows:—

Year ended March 31,	Million Reichsmarks.	
	Ordinary and Extraordinary Revenue.	Ordinary and Extraordinary Expenditure.
1925	7,757	7,220
1926	7,334	7,444
1927	7,690	8,543
1928	8,961	9,316
1929	9,812	10,887
1930	10,581	10,894

It will be seen that, from 1926 onwards, revenue consistently fell short of expenditure, a state of affairs upon which comment has frequently been made in these columns. One contributory cause of this development has been the unsatisfactory financial relation of the States and Communes to the Reich, which is responsible for raising most of their revenue, but has little control over their expenditure; and with the advance of the depression this weakness has become more serious in its effect.

In consequence of the steadily deepening depression, Dr. Brüning was faced, in addition to this accumulated deficit of 1,283.7 millions, with the prospect of a deficit of 760 millions for 1930-31. As no Budget had been voted by July, an emergency decree was promulgated under the constitutional powers of the President, in which the following measures for the balancing of the Budget were ordained:—

- (1) A temporary increase from $3\frac{1}{2}$ to $4\frac{1}{2}$ per cent. in unemployment insurance contributions, together with certain reforms in the scheme's administration.
- (2) A special levy of $2\frac{1}{2}$ per cent., effective September, 1930-April 1, 1931, on official salaries which exceeded 2,000 marks per annum after the deduction of 20 marks per month in respect of each minor child.
- (3) A similar charge on recipients, other than widows and orphans, of Reich and State pensions; on wages of public employees not insured against unemployment; and on

60 per cent. of the fees received by those members of the supervisory board of any undertaking who did not participate in the management.

- (4) A surcharge of 5 per cent. on the 1929 assessment to income tax of incomes exceeding 8,000 marks per annum.
- (5) A 10 per cent. surcharge on the income tax of unmarried persons, and a re-imposition of the 25 per cent. by which the tax was reduced in 1927.

The first of these measures was expected to yield 269 million marks, and the others 274 millions. In addition, 217 millions was to be secured partly by economies and partly by shortening the periods during which payment of the tobacco tax might be deferred. The weakness of the arrangement was that it budgeted for an average of 1,600,000 unemployed, whereas the number in receipt of benefit alone had amounted to over 2½ millions by the end of the year, and the total number unemployed was 4,384,000. A second emergency decree was issued at the beginning of December. It reduced, as from February 1st, the wages and salaries of civil servants above 1,500 marks by 6 per cent.; doubled the rate of beer duty levied by the Communes; raised the duty on raw tobacco from Rm. 80 to Rm. 180 per 100 kg., and imposed smaller increases in the duties on cigarettes, cigars and pipe tobacco; and again increased the income tax in the higher income classes. In addition, Budget expenditure for the next three years was limited by the decree to 10.6 milliards. An understanding was reached with the States and Communes that they also would reduce the salaries of their public employees, and the total anticipated saving to Reich, States and Communes under this head was 480 million marks. Reductions were made in certain taxes on land, transport and capital transfer whose crippling effect was held to be out of proportion to the revenue they brought in.

In spite of these measures, the 1930-31 Budget was very far from balancing. The Ministry of Finance has just announced that the deficit on the ordinary Budget was 1,190 millions. Tax revenue was 1,250 millions below the estimates; of this 778.4 millions would have gone to the Reich, 336.6 millions to the States and Communes, and 125 millions to the old age and invalidity insurance funds. The main items of supplementary expenditure amounted to 418.2 millions, of which about 300 millions was directly due to unemployment, and were offset only to the extent of 50 millions by economies. The revenue of the extraordinary Budget was 970 millions, derived mainly from the Kreuger Loan and the sale of Reichsbahn shares; the expenditure amounted to 460 millions, so that a surplus of 510 millions was available to set against the accumulated extraordinary deficit of previous years.

The Budget of 1931-32, which was based on the December emergency decree, was to balance at 10,713 millions, of which 10,466 millions fell to the ordinary Budget. Already a deficit of 940 millions is anticipated, 440 millions of which is in respect of the revenues allowed to the States and Communes, which have additional deficits of their own. To the 495 millions by which the revenue of the Reich (according to the now revised estimates) will fail to cover estimated expenditure must be added 79 millions for supplementary estimates, making a total of 574 millions. In these circumstances, a new emergency decree was signed last week appealing to all sections of the German people to accept the necessary sacrifices, and expressing the hope that this drastic measure would be the last of its kind.

The deficit with which the decree has to deal falls into three sections. The deficit of the Reich, amounting, as stated, to 574 millions, is to be met by economies of 306 millions (of which 101 millions will be effected by further salary cuts, 85 millions by reductions in war pensions, and 120 millions by cuts in departmental estimates), and by increased taxation amounting to 268 millions, of which 110 millions is to come from the sugar tax, 75 millions from the petrol duty, 8 millions from the statistics tax and 80 millions by the introduction of a system of monthly payments of turnover tax in respect of turnovers which exceed 20,000 marks annually. In addition, the deficit in respect of "emergency" unemployment benefit amounts to 245 millions and a further sum of 140 millions was allocated for the provision of work. This is to be covered by a "crisis tax," which is the most important measure in the decree and will be described fully below.

Lastly, the 440 millions deficit of the States and Communes is to be met as to 302 millions by salary reductions of 207 millions, together with 60 millions to be derived from the abolition of wage tax refunds and 35 millions from the new turnover tax. For the remainder, the Government merely commends the State and local authorities "to their own initiative."

The bulk of the contributions exacted from the German people, as this outline shows, consists of salary reductions and of increases in taxation. Details of the individual charges are as follows:—

Public employees, pensioners, and employees of the Reichsbank and the State railways are to have their salaries cut by amounts ranging from 4 to 8 per cent. as from July 1st, and the allowance for the first child is to be reduced from 20 to 10 marks per month. Civil servants' salaries will then be 10-13 per cent. lower than during the years 1927-30. The "crisis" tax is to extend corresponding sacrifices to private employees, employers, members of the professions and other independent workers. It falls into two parts: an additional tax on wages and salaries, and an additional tax on incomes assessed to income tax. Officials, who are subject to salary reductions, and persons who are exempt from the wages tax, will not be subject to these supplementary taxes. The tax on wages and salaries is graduated from 1 per cent. on gross wages not exceeding 300 marks a month to 5 per cent. on earnings of more than 3,000 marks monthly. The supplementary income tax ranges from ¼ per cent. on annual incomes not exceeding 3,600 marks to 4 per cent. on incomes over a million. This "crisis tax," which is to be effective until December, 1932, is expected to yield 385 millions in the current year (this just covers the deficit on unemployment expenditure, together with the appropriation for productive works), and 390 millions next year.

In addition to these direct sacrifices of income, Germany is undertaking certain reforms of unemployment insurance, on somewhat similar lines to those advocated by our own Commission. An attempt is to be made to restore the fund to solvency by a five per cent. reduction in benefits; a shortening of the period during which seasonal workers are entitled to benefit from 26 to 20 weeks, and by granting them only the "emergency" benefit rate; an extension of the waiting period; a tightening of the conditions under which work may be refused; and a means test for minors and married women.

These three emergency decrees by no means exhaust the tale of the growth of Germany's fiscal burdens. Isolated measures have been taken, from time to time, among which some of the most important were the raising to 6½ per cent. for an indefinite period, of the unemployment insurance contributions which took effect last October, and various heavy increases, by administrative order, in the Customs, especially the grain duties. Every section of the community is therefore contributing in a measure to this attempt to raise, in nine months, some 1,200 million marks as a net addition to the burdens already imposed by the Budget. Very approximately, this is equivalent to an additional levy of some 24s. per head per annum. This is no mean deduction at a time like the present, when incomes are being rapidly reduced. Dr. Brüning and his colleagues have met with increasing difficulty in maintaining their parliamentary position, and it remains to be seen whether their courage in facing the necessity of imposing fresh fiscal burdens at a time of acutest economic depression will provoke a serious political crisis.

THE GROWTH OF POPULAR THRIFT.

(BY A CORRESPONDENT.)

SPEAKING at the annual meeting of the City of London Savings Committee early in May, General Seely, Chairman of the National Savings Committee, quoted figures showing that the total savings through various popular channels of thrift had increased from £600 millions in 1914 to £1,433 millions in 1921 and £2,018 millions in 1931. Too frequently there is a tendency to accept statistics of this nature as satisfactory if the totals are large and striking, and to forget that the prime value of statistics is for purposes of comparison. Moreover, any comparison must take into consideration other factors which may have a substantial bearing on the result. The large table appended has been compiled to show the amounts accumulated through the various channels of thrift most readily

available to the small investor in the years 1913 and 1914; 1920 and 1921; and 1927, 1928 and 1929:—

SMALL SAVINGS. (Thousand £.)

	1913.	1914.	1920.	1921.	1927.	1928.	1929.
Post Office Savings Bank—							
(a) Deposits.....	187,248	190,533	266,508	264,157	284,650	288,619	284,953
(b) Govt. stock.....	26,576	26,577	204,282	209,731	188,649	191,464	190,779
Trustee Savings Banks—							
(a) Deposits.....	54,259	53,943	75,084	73,084	81,402	81,658	79,331
(b) Special Investment Dept.....	14,361	14,901	16,230	19,263	32,530	38,853	45,146
(c) Govt. Stock.....	2,723	2,656	27,246	28,963	32,904	34,727	37,966
National Savings Certificates—							
(a) Principal.....	...	...	273,541	284,996	371,823	362,448	361,238
(b) Interest (est.).....	...	...	22,800	40,000	121,000	121,000	122,000
Total Govt. Controlled.....	285,167	288,650	885,631	920,194	1,112,958	1,118,769	1,121,413
Building Societies.....	85,316	66,191	81,060	95,251	223,347	268,453	312,748
Friendly Societies.....	52,556	53,739	67,487	71,495	95,566	99,895	103,060
Industrial and Provident Societies.....	78,267	84,744	178,173	174,010	189,252	209,793	221,868
Industrial Assurance.....	65,000	68,563	107,633	119,774	219,173	233,596	247,749
Grand Total.....	546,306	561,887	1,326,044	1,380,738	1,840,095	1,930,518	2,006,836
Increase over previous year.....	...	15,581	...	54,694	...	90,423	76,318
Increase per cent.	...	2.85	...	4.12	...	4.91	3.95

The figures are taken from published official statistics, but cannot be taken as representing the exact total on a definite date in each year, as the accounts of the various organisations comprised in the total are made up to different dates. This fact will not, however, make any substantial difference to the final results. The totals for the years 1914 and 1921 are somewhat less than those quoted by General Seely, but there are some other savings organisations in existence (e.g., the Yorkshire Penny Bank) which are not included in the total.

In 1914 the increase was some £15½ millions, or 2.85 per cent.; in 1921 it was £54,694,000, or 4.12 per cent. In 1928 it rose to more than £90 millions, or nearly 5 per cent., while in 1929 the increase was only £76,318,000, or rather less than 4 per cent. Considered as percentages of the previous year's totals, these increases are not particularly encouraging, for the amount saved each year was apparently little, if anything, more than the interest earned. This, however, does not mean that very little really new money was saved by the "small investor." There is no reasonable doubt that considerable sums were withdrawn from the various organisations for investment in other and perhaps more directly productive ways; for the purchase of businesses, of houses and of lasting assets of all sorts, or for investments in stocks and shares of industrial companies; and that these withdrawals were replaced by savings of new money out of income.

Considering the separate items the two most striking features are the wonderful popularity of Savings Certificates and the enormous growth in the funds of the building societies during the last few years. That Savings Certificates have been popular is not surprising; they have been generally recognised as the best investment for the small investor and also an investment (up to the maximum permitted) not to be ignored by the more wealthy. It is probable that both Savings Certificates and building societies—but more especially the latter—have been used in the last year or two for the investment of substantial funds which would, in more prosperous times, have been invested in industry. This appears to be the most reasonable explanation of the steadily increasing purchases of Savings Certificates during the past two years and of the huge increase in the funds of building societies.

The National Savings Committee by its propaganda for Savings Certificates has undoubtedly done really magnificent work for the promotion of thrift among all classes, and particularly among children and adolescents. The value of this missionary work can hardly be over-estimated, and certainly cannot be calculated in terms of amounts invested. The Savings Certificate, admirable as an investment, has, however, one feature which might tend to cause uneasiness from the national aspect, i.e., it is repayable practically on demand. In 1914 the liability of the State in respect of deposits in the Post Office Savings Bank was £190 millions. In 1929 the liability in respect of the Post Office Savings Bank and Savings Certificates amounted to no less than £768

millions. The existence of debt of this amount, repayable on demand or at only a few days' notice, is apt to be an element of anxiety to the Chancellor of the Exchequer in times of financial stress. As regards the building societies, whose funds are largely invested in mortgages of house property, they undoubtedly have substantial security for their advances at the present time. If, however, through continued depression and a continuance of the general fall in prices a serious and rapid fall in property values took place, the position of many societies might become much less satisfactory.

Returning to the large table, it should be remembered that during the years covered by the figures wide variations occurred in the real value of money in terms of commodities. As a rough measure of these changes the Ministry of Labour's cost-of-living figure is available. Another factor to be considered is the increase in population, as estimated by the Registrar-General. Combining these factors, it is possible to arrive at an estimate of annual savings per head in terms of pre-war purchasing power, as follows:—

(1) Year.	(2) Cost-of-Living Index.	(3) Increase in Savings at Pre-war Value.	(4) Population.	(5) Annual Savings per head at Pre-war Value.
1914.....	100	£ 15,581,000	41,302,000	s. d. 7 6
1921.....	226	24,201,000	42,763,000	11 3
1928.....	156	54,472,000	44,375,000	24 6
1929.....	164	46,535,000	44,491,000	20 11

It is unquestionable that there has been a substantial improvement in average real weekly wages since 1914, and this has been accompanied by an improvement in the standard of living of the wage-earners. The foregoing figures show that a part at least of the increased wages has been saved. In 1914 the great bulk of wage-earners had little or no margin for saving. The margin has been substantially increased, and it is satisfactory to note that, though there was a falling-off in 1929, up to the present world-wide depression large numbers of wage-earners were saving very considerably more than before the war.

SOME RESULTS OF SAFEGUARDING.

THE Chamberlain tariff campaign of a quarter of a century ago led to the publication by the Board of Trade of a series of Blue Books containing a statistical examination of the state of British industry and trade in general and of export industries in particular. Statistics on similar lines have recently been issued by the Board of Trade in the form of two Blue Books, the first* of which refers to the state of trade at home and abroad over the past seven years, and the second† of which gives detailed statistics of leading British industries. The reason why these recent publications have entirely escaped the public attention which was showered upon their earlier counterparts is mainly that they consist almost purely of statistical tables and are issued without the explanatory memoranda which lent outstanding interest to the pre-war reports. They should, however, not be overlooked, and should be placed in the reference library of all students who have time to delve into a veritable mine of statistical information on commercial, industrial and fiscal problems.

Among the important data presented in the second volume is a series of tables setting out the course of events in those industries which have been accorded high tariff shelter under the machinery of the Safeguarding Acts. The results will repay the study both of Free Traders and Protectionists, and they will afford to neither a complete degree of satisfaction. To the latter, certainly, they will come as a cold douche, for one of the chief methods of argument used by our neo-protectionists has been to lay stress upon the wonderful results achieved in those favoured industries to which the supposed assistance has been granted of a heavy duty upon competing products emanating from foreign countries. The figures presented in this Blue Book show that the results

* Cmd. 3737. Price 7s. 6d. † Cmd. 3849. Price 7s. 6d.

have not been very wonderful at all. We set out below the salient figures for five "safeguarded" industries during five years of the operation of "safeguarding." We have chosen the years 1924 and 1929 as the fairest for comparative purposes, because the former year, apart from the brief post-war boom, was the best post-war year for employment, and the latter marked the top of a gradual trade improvement extending over a quinquennium, apart from a break during the labour troubles of 1926. Here are the results for those industries for which quantity figures are available:—

RETAINED IMPORTS.		1924.	1929.
Gloves:—			
Cotton fabric	(thous. doz. pairs)	816.9	1,033.2
Leather or fur	(thous. doz. pairs)	850.8*	621.4
Gas mantles	(thous. gross)	164.7	9.3
Cutlery:—			
Knives	(thous. doz.)	445.0	468.0
Scissors	(thous. doz.)	411.0	491.0
Packing and wrapping paper	(thous. tons)	206.6	176.0
Translucent pottery	(thous. cwt.)	252.7	208.7
Wrought enamelled hollow-ware	(tons)	5,821.0	4,313.0
Buttons and studs	(thous. gross)	8,628.0	11,081.0

* Excluding fur gloves.

BRITISH EXPORTS.		1924.	1929.
Gloves:—			
Cotton fabric	(thous. doz. pairs)	58.8	21.3
Leather or fur	(thous. doz. pairs)	41.1*	52.8
Gas mantles	(thous. gross)	23.1	26.3
Cutlery:—			
Knives	(thous. doz.)	936.0	912.0
Scissors	(thous. doz.)	67.0	73.0
Packing and wrapping paper	(thous. tons)	34.4†	11.0
Translucent pottery	(thous. cwt.)	990.8	794.6
Wrought enamelled hollow-ware	(tons)	2,749.0	3,007.0
Buttons and studs	(thous. gross)	1,449.0	891.0

* Excluding fur gloves.

† Includes large quantity of old newspapers exported to India and Far East.

RE-EXPORTS.		1924.	1929.
Gloves:—			
Cotton fabric	(thous. doz. pairs)	104.8	49.1
Leather or fur	(thous. doz. pairs)	50.4*	55.9
Gas mantles	(thous. gross)	0.8	0.4
Cutlery:—			
Knives	(thous. doz.)	28	25
Scissors	(thous. doz.)	18	4
Packing and wrapping paper	(thous. tons)	0.7	0.5
Translucent pottery	(thous. cwt.)	6.6	2.3
Wrought enamelled hollow-ware	(tons)	negligible	
Buttons and studs	(thous. gross)	1,627	1,223

* Excluding fur gloves.

What definite story can be gathered from these figures? Take the first item on the list—cotton fabric gloves. Here retained imports have risen, and both exports and re-exports fallen by over 50 per cent.—scarcely a triumph for safeguarding. The evidence regarding gas mantles, at first glance favourable to Protectionism, is vitiated by the operation of cartel agreements. Under the heading of "cutlery" there is a slight rise in imports and a slight contraction in total exports. With packing and wrapping paper and translucent pottery the story is one of a decline under all three heads; while the button and stud industry's experience under protective duties is the strange one of a rise in imports and a decline in both exports and re-exports. For the "lace and embroidery" industry only value figures are given; but these for the principal item, namely, "cotton lace other than lace curtains," scarcely reveal the revitalising effect of Protection. In this category between 1924 and 1929 retained imports rose from £185,000 to £304,400, while domestic exports fell from £1,125,000 to £406,600, and re-exports faded away from £1,700,000 to a mere £64,000.

One thing emerges clearly from all these official figures, and that is that the results of the Safeguarding duties have been anything but a convincing proof of the benefits of Protection. In interpreting them, we think that the Free Trader is fairly entitled to go a step further. It is no part of the Free Trade case to deny that individual industries may benefit (at the expense of other sections of the community), by the imposition of a sheltering tariff. On the contrary, it was reasonable to expect that such benefit would be most visible in just these cases, where particular

industries were singled out for individual shelter with unprotected industries all round them. Yet even in these conditions, which were the most favourable imaginable for successful essays in isolated or selective Protection, the results are so mixed as to permit of no general deduction at all. Let us hear no more, then, of the wide extension of "Safeguarding" as the cure for British unemployment.

INDIA AND LANCASHIRE.

(BY OUR CALCUTTA CORRESPONDENT.)

THE figures of India's foreign trade in the year ended March 31st reveal the effects of the world depression, accentuated by political unrest unprecedented within living memory in its range, duration and intensity. It is apparent that every product and every Province has been affected. Exports and imports have slumped concurrently and to almost the same extent. Thus, while imports at 165 crores show a drop of 76 crores, or 31 per cent., exports of Indian merchandise at 220 crores disclose a decline of 90 crores, or 29 per cent. Including imports, exports and re-exports, the total turnover was only 390 crores against 599 crores, a decrease of 169 crores, or 30 per cent.

This decline of 29 per cent. in exports, which may be ascribed almost exclusively to external factors, merits consideration as an indication of the extent to which the contraction in import business is attributable to an all-round decline in purchasing power as distinct from the Congress boycott. That loss of purchasing power has been an important factor making for contraction in India's overseas trade cannot be gainsaid. Nevertheless the boycott has been, and still is, a dominant issue, of particular interest to Lancashire, for it has been directed almost entirely against the import trade in cotton piece-goods, and in that direction has been extraordinarily successful. In this trade the decline, in round figures, was from 1,919 to 890 million yards, and in value from 50 crores to 20 crores.

It would be misleading to suggest that the Irwin-Gandhi pact has brought any relief to the piece-goods trade, or is likely to do so. In effect, except for a change in nomenclature, the boycott persists unmodified and unchecked. An adequate explanation of the influences at work would need to include not only an analysis of the steady development of the cotton mill industry in India, but also an essay on Indian mass psychology as affected by the civil disobedience movement. The position may, however, be briefly stated as follows. Despite any temporary checks, political, administrative or economic, to which it may be subjected, the campaign to render India independent of imported cotton goods will go forward, whatever form the new Indian Constitution may take, until it has achieved its objective. The sole uncertainty is regarding the period within which this ambition can be achieved. It is not a new movement, although it has never before acquired so great a momentum or influenced so large a percentage of the population. Massed behind it, and assuring its eventual triumph, are all the forces connoted by the words "economic nationalism." There is no political exit for Lancashire from this situation.

The movement towards greater self-sufficiency, especially as regards cotton goods, will persist whether Swaraj, as Congress leaders conceive it, is withheld or conceded. In the former event the boycott will be intensified; in the latter event the tariff will be raised high enough, and maintained at the higher level long enough, to encourage the establishment in India of mills equipped to manufacture the qualities of goods now imported. It is not inconceivable that, in such circumstances, Lancashire mill-owners would co-operate in effecting such a transfer of production; in either event Lancashire mills would lose the trade, and the number of workers dependent on the production of goods for the Indian market would be reduced to negligible proportions. These are the facts, and the inescapable inferences from the facts, and no endeavour to ignore them will alter the actual sequence of events. Whether the changeover thus forecast will be completed in one, two or three decades leaves room for

conjecture. But that is virtually the only point in doubt; and Lancashire would be well advised to plan accordingly. If the change is effected gradually so much the better; Lancashire will then have time to find new markets or new industries, while India will escape the defects inseparable from too hasty expansion.

Manifestly if such a programme were to materialise, there would be "offsets" even for Great Britain. Heretofore India has expended approximately 60 crores per annum on imported cotton goods. In the event of that not inconsiderable sum being retained in India, largely in the hands of Indian industrialists, one prediction may be made with absolute confidence. The money will not be hoarded; it will be employed productively, and there is plenty of scope. It is difficult to envisage India, for many decades, becoming a large importer of raw materials and foodstuffs; relatively small and occasional imports under both headings in recent years have occasioned widespread alarm and have already led to the adoption of remedial measures which, when fully applied, should lead to a considerable increase in India's output of all staples. It may be inferred that India will remain a large importer of manufactured products, including commodities which at present either do not figure in the import list or, in present economic conditions, are required only in very small quantities. As a political leader Mahatma Gandhi is at the apex of his power, but his economic programme is already in eclipse. The philosophy of the men who will control the new India will not be that of Gandhi, but of those who see economic salvation only in the indefinite multiplication of human wants; and among the 350 millions in India the enthronement of such a conception will signalise the advent of an era which will make India one of the largest markets for manufactured goods in the world.

Notes of the Week.

The Government and the Unemployment Report.—The announcement made by Mr MacDonald, on Thursday, of the Government's intentions with regard to the recommendations of the Royal Commission on Unemployment Insurance disappoints, on the one hand, the hopes we expressed last week that the Prime Minister would rise greatly to the occasion; yet, on the other hand, it calls in some respects for suspended judgment. Mr MacDonald informed his Party Meeting that the Cabinet had no intention at present to reduce the rates of benefit, alter the scales of contribution, or interfere with the "transitional" provisions. Before deciding on the recommendations made by the Commission under these heads, the Government would await the Final Report. The Prime Minister, however, stated that the Government would proceed with measures to deal with the "abuses" which the Interim Report had shown to be in existence, and that a Bill would be introduced before the recess. If, as we hope we may assume, the payment of benefit to "transitional" recipients who are not in need of it is to be reckoned among the "abuses," the best that can be said at first sight of this announcement is that if the promised legislation is drafted with the sincere determination to eliminate the "abuses" root and branch, the process of moral deterioration which recent Acts have started will be checked, and the ground will at least be cleared for the more radical financial reforms that will be imperative when the Commission has reached its final conclusions. On the other hand, the Government on this basis cannot hope to realise more than one-third of the savings recommended by the Commission, and little will be done to arrest the dangerous course of uncovered borrowing or to relieve next year's Budget.

The Land Tax Dilemma.—The battle over the Land Tax was vigorously begun in the House of Commons this week, and it is becoming increasingly clear that Mr Snowden's proposals, in their present form, have few

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enthusiastic friends and a growing host of bitter enemies. Protests have been issued by many representative industrial bodies headed by the Federation of British Industries. Unanimous dislike of the measure has united the Conservative Opposition, while the difficulties of the Government are brought to a serious point by the decision of the Liberals to move an amendment which would in effect change the whole nature of the proposals. The attack was opened in the House on Tuesday, when Sir Basil Peto and Mr Chamberlain presented the traditional case for the landowner and explained that under Mr Snowden's procedure every desirable use of land would be penalised while the land profiteer would go untouched. Sir John Simon followed with an uncompromising condemnation, the tenor of which was that the tax was both unjust and burdensome, and illustrated his argument by tracing the effects of the tax upon shops, mills, factories, shipyards, and educational and charitable institutions. In Sir John's view the tax would be more unfair in its incidence than rates. So far Mr Snowden, although welcomed back to the House on Tuesday, has not spoken in reply. Perhaps he will be able to do so on Tuesday, when the moving of the Liberal amendment will create a critical position for the Government. The effect of this amendment, if passed, would be practically to transform the general tax on all land into a tax on undeveloped land only, since income tax already payable under Schedule A in respect of any unit of land would, under the amendment, be deductible from that unit's assessment for Land Tax. The Liberals have made it clear that they will press the amendment, and it is extremely unlikely that they will retract from the position they have taken up. On the other hand Mr Snowden is believed to be so firmly wedded to his own method of tax that he will not accept the Liberal amendment. A deadlock, therefore, exists, and if a division is taken on the Liberal amendment, a Government defeat is quite possible. There is therefore considerable speculation as to the probable action of the Government. If Mr Snowden and the Liberals are both adamant (and Mr Lloyd George has definitely said that the Liberals are), the only way out of the *impasse* would appear to be the withdrawal *en bloc* of the whole of the Land Tax clauses in the Finance Bill, and it is considered in political circles that there is a decided possibility of this course being adopted. It would, of course, involve a major personal reverse for the Chancellor; but the rank and file of the Labour Party have not shown that they share Mr Snowden's fervid attachment to the Land Tax in its original form, and might not regard its withdrawal as a very serious political matter. However, it is possible that some compromise may be reached, for there exists both in the Labour and the Liberal Party a fairly widespread desire to see a valuation of the land undertaken.

Ottawa Conference Postponed.—The Imperial Conference, which assembled in London last November, failed, mainly because of Mr Bennett's impracticable demands, to make any notable progress on the economic side, and the economic discussions were adjourned for resumption at Ottawa this autumn. The Ottawa meeting will not take place, and apparently it is just as well that it should not. Mr Bennett is still in power in Canada, and a repetition of his demands that Britain should revolutionise her fiscal system in return for dubious benefits, would be hardly helpful, especially in view of the fact that the Canadian tariff on British goods has again been revised in the upward direction. Nor could the conference be representative, for South Africa had decided not to attend, and Mr Scullin and his Cabinet are obviously preoccupied with their own domestic crisis. It is regrettable, of course, that the much-needed work in the sphere of organisation, which was side-tracked last November, should not be taken in hand; but the prospects of achieving anything useful were not great. As for Mr Bennett's latest essay in high protectionism, it is fairly severe on British goods, among which steel plates and machinery will be prominent sufferers. British suffering is, perhaps, only incidental to the victimisation of American imports, which appears to be the main object of the new Canadian tariff. Nevertheless, the whole trend of Mr Bennett's fiscal policy is such as to create the expectation that any Imperial economic discussions in Ottawa would be nugatory. That being so the statesmen of the Mother Country and the Dominions will be better employed in concentrating upon their own various, and in every case, urgent, domestic problems.

The Cawnpore Inquiry.—The report of the Commission of Inquiry into the communal riots which took place in Cawnpore last March, and which resulted in the death of nearly 500 persons, does not attempt to gloss over the responsibility of the authorities for failing to deal effectively with a situation in which the machinery of ordered government lamentably broke down. As to the cause of the outbreak, there has been little dispute, and the report adds nothing to what was already known. The rioting was not directed against the Government, but was a tragic faction fight arising out of the friction between the Moslem and Hindus in connection with the recurrent *hartals* organised by Congress. The crucial phase is described as being the outburst of fury caused by the burning of the Meston Road Temple and the Bazura Mosque on the afternoon of March 24th. The District Magistrate is criticised for his slowness in appreciating the seriousness of the situation that then immediately developed, and it is added that the Governor-in-Council might with advantage have directed a firmer and more consistent recourse to the preventive sections of the ordinary law before the rioting came to a head. Though the U.P. Government acted promptly as soon as they were informed of the insufficiency of the police force at Cawnpore to cope with the rioting at its height, the Commission holds that before the outbreak the size of the police force in that inflammable city was inadequate. For the Provincial Government to act on these findings, so far as they concern administration, is not a matter of difficulty. The District Magistrate will be transferred and the police establishment at Cawnpore strengthened. But it would be idle to pretend that this disposes of the grave significance of this horrible episode in Indian history, the basic cause of which was the fanatical antipathy which exists between Hindu and Moslem. In the correspondence, published this week, which has recently passed between Mr Baldwin and the Prime Minister on the subject of the resumption of the Indian Round Table Conference, Mr Baldwin expressed his "extreme doubt" whether useful results are possible at the Conference so long as the communal atmosphere is so deeply disturbed in India. In his reply, Mr MacDonald, while agreeing that recent outbursts are a serious obstacle in the settlement of Indian aspirations, rightly emphasised the desirability of not postponing beyond September the re-assembly of the Conference.

To put off all attempts at further progress until a Hindu-Moslem concordat is reached in India would be obviously ill-advised, but every friend of India will earnestly hope that no repetition of the Cawnpore tragedy will occur to embitter what is in any case one of the most difficult aspects of the whole problem which confronts the Conference.

The Wailing Wall.—The Commission appointed by the League of Nations, under the chairmanship of M. Löfgren, to report upon the rights in the dispute between Moslems and Jews concerning the Wailing Wall in Jerusalem and the use of the Pavement in front of it, has now published its Report, and its findings have been implemented by Order-in-Council. The conclusions at which the Commission arrives are as follows:—It recognises Moslem ownership of both the Wall and the Pavement, and confirms the existing provisional enactment prohibiting the bringing of benches, chairs, carpets, etc., to the Wall, or the driving of animals over the Pavement. On Holy Days recognised by the Administration, the Jews are to be permitted to bring two tables to the Wailing Wall, and to place on one of them the Ark containing the Scroll of the Law and on the other the Scroll of the Law while it is being read. They are not to be allowed to blow the Ram's Horn near the wall, and the Moslems are prohibited from celebrating the Zikr ceremony close to the Pavement during the Jewish devotions. The Moslems are required to repair the Pavement, but the Administration is to be responsible for repairing the Wall as an historical monument. No political speeches or demonstrations are to be permitted on the Pavement or its surroundings. With these findings the Moslem Arabs, who announced in advance that they would not accept the conclusions of any Commission, should be satisfied, since their claim to ownership of the Wall is in substance recognised, and the prohibition against interference with Jewish devotions is eminently reasonable. Whether reason will prevail, or whether the Jews will be provoked to violent resentment by these findings, it is too early to say. *Tantum religio.* The Mandatory Power, in a situation of considerable delicacy, may well be thankful that it has obtained from the Commission an impartial Report on which to act.

Gold and the Depression.—The latest contribution to this vexed question comes from Professor T. E. Gregory. Writing in last Monday's "Gold Supplement" to the *Financial News*, he takes the view, on the whole, that gold maldistribution is not a major cause of the world depression. His first thesis is that the proof usually put forward of the presumed insufficiency of the gold supply in recent years really begs the whole point at issue, for, according to Professor Gregory, the insufficiency of the supply is presumed to exist from the fact of the fall in prices; and the fact that prices have fallen is explained by the fact that supply has been insufficient. This argument of Professor Gregory would be sound if it happened to be a true presentation of his opponent's case, but Sir Henry Strakosch's memorandum, published in the *Economist* last July, shows that the case for adducing gold shortage and maldistribution rests upon actual calculations of the amount and distribution of the gold in fact available. In particular, Sir Henry pointed out that in 1929 sterilisation of gold in the United States and France virtually caused a shrinkage in the world's monetary gold stocks. Professor Gregory contends that the fall in prices since the autumn of 1929 was not directly due to gold shortage. But the weight of the evidence, we suggest, supports the view that the beginning of the fall in prices and the depression coincided with the generally high money rates imposed in 1929 with the direct object of checking the maldistribution of the world's monetary gold and the abuse of a substantial portion of it as a basis for the pyramid of credit behind the Wall Street boom. The continuance of the depression and the fall in prices may be due to causes no longer directly connected with gold, but the glut of gold in America and the shortage in most of the remaining countries were largely responsible for the initial collapse. We also agree with Sir Basil Blackett that while supplies of gold and credit may be more than

sufficient to meet the world's abnormally low needs of to-day, confidence may be impaired by the belief that supplies will be insufficient to support a larger volume of trade at a restored level of prices. This is an important aspect of the question that should not be overlooked.

Australian Debt Conversion.—To judge from cabled reports, Australian affairs have again made an important move forward. The Premiers' Conference has taken the Opposition Leaders into its counsel, and a resolution has been adopted agreeing not only upon the issue of a new Conversion Loan on the lines described in the *Economist* last week, but also upon a substantial reduction of all expenditure "as a first step towards the restoration of prosperity and the prevention of immediate default and general failure." To launch the new Conversion Loan, a National Appeal Committee, consisting of Mr Scullin, Mr Lyons and Sir Robert Gibson, is to be formed, and it is confidently reckoned that a call to Australia's patriotism will be sufficient to achieve the desired end. Little has been heard this week of any element of compulsion in the conversion scheme, and even the suggestion of a penal surtax upon income derived from unconverted debt has receded into the background. If, as now seems likely, such sanctions are to remain in abeyance until voluntary conversion has been given a fair chance of success, there is no doubt that, from the standpoint of Australia's credit, the decision is wise. So, too, is the determination to press forward with other economies, for, in addition to the direct and substantial contribution that they will make to the rehabilitation of the national finances, they will remove any fear that the bondholder is being singled out for special treatment. The news that the Opposition are now co-operating is also encouraging, for it holds out the hope that Australia is now on the threshold of an united national effort. Once assured of this, the City will be eager to render Australia all possible assistance.

The British Wage Question.—The scope of the movement initiated by employers, under the pressure of the trade slump, to secure a readjustment of labour costs in conformity with the changed level of wholesale prices, is widening progressively. In our last issue we noted the rejection by the dockers of the port employers' proposals. On Thursday of last week the engineering employers intimated to the trade unions that, in view of the unions' decision on May 8th that the employers' proposals in that industry did not contain a reasonable basis of discussion, they (the employers) would put into effect from July 6th a modified revision of existing conditions irrespective of agreement on the unions' part. The employers' modified proposals are complicated, but, briefly, provide that piece-work remuneration shall be reduced by 6½ per cent., and that overtime shall be paid for at the rate of time and a quarter for the first three hours and time and a half thereafter, instead of being reckoned as at present on the basis of time and a half until midnight and double time thereafter. In addition, various alterations governing day and night shifts are proposed. The unions are meeting again on June 17th to consider this ultimatum, and it may be hoped that there need be no question of a stoppage of work. But it is clear that considerable accommodation from both sides will be required if a negotiated settlement is to be achieved. In a closely allied industry, shipbuilding, the following day saw the formulation by the employers of similar proposals for lightening wage costs. Here the employers' proposals are that plain time workers in the large shipbuilding districts are not asked to accept any reduction, provided that payments in excess of the nationally agreed time rates in the district are eliminated. Piece workers, on the other hand, are asked to surrender the remaining seven shillings of the war-time bonus and, in certain instances, the remainder of the so-called "standard ship's cycle" payments, another survival of war conditions. In the case of riveters, a percentage payment to squads, based on output, is proposed in substitution for the seven-shilling bonus and certain other payments.

These proposals, which affect in the main only the better-paid workers, are to take effect from the beginning of September, so that considerable time for negotiation still remains. Finally, the coal owners in South Wales have now announced the reductions which they would seek to make in the event of the seven-hour day being restored on July 7th. The terms represent a reduction of the minimum to be added to basic rates from 20 to 12 per cent., and a cut of threepence per day in the subsistence wage payable to adult workers, which would become 6s. 9d. per day for single men and 7s. 3d. per day for married men with children. In view of the bitterness created in that area by the recent Schiller wage award, these proposals are likely to evoke strong opposition, and, as they may be taken as a pointer indicating what will be proposed in other districts in the event of the Suspensory Act of 1926 being allowed to run out, it is clear that little time can be lost by the Government in making up its mind how a crisis in the coal industry is to be avoided.

Overseas Trade in May.—A preliminary summary of the figures of last month's overseas trade is published in this week's "Board of Trade Journal," from which the following tables are compiled:—

FIRST FIVE MONTHS. (000's omitted.)					
	1931.	Increase or Decrease as compared with first Five Months of			
		1930.		1929.	
Imports	£ 349,354	£ 108,974	−23.8	£ 164,045	−52.0
British exports	169,724	92,282	−35.2	139,125	−45.0
Re-exports	29,664	11,737	−28.4	21,282	−41.8
Total exports	199,388	104,019	−34.4	160,407	−45.8
Excess of imports over total exports	149,966	4,955	−3.2	3,638	−2.4

MONTH OF MAY. (000's omitted.)					
	1931.	Increase or Decrease as compared with			
		May, 1930.		May, 1929.	
Imports	£ 69,633	£ 21,404	−23.5	£ 33,790	−32.6
British exports	33,895	17,117	−33.5	33,542	−49.7
Re-exports	5,747	3,328	−36.7	4,724	−45.1
Total exports	39,642	20,445	−34.1	38,266	−49.2
Excess of imports over total exports	29,991	959	−3.19	4,476	+ 17.6

Comment must be reserved until the full detailed returns are available, but it is worth noting that British exports of manufactures reached the best figure since January, and that May (which had one more working day than April) saw a slight increase on that month in the total of British exports.

The L.C.C. and London Transport.—It was announced this week at the General Committee of Lords and Commons who are considering the London Passenger Transport Bill that an agreement had been reached between the Minister of Transport and the representatives of the London County Council as to the financial terms on which the L.C.C. tramways may be taken over by the new Board, subject to the consent of Parliament and to ratification by the L.C.C. A special class of the London Transport Board stock is to be issued to the amount of the net outstanding L.C.C. tramway debt at March 31, 1932, which has been agreed at the round figure of £8,500,000. The stock will bear interest at the rate of 4½ per cent., and will rank immediately after the T.F.A. stock and in front of the B stock. It will be a trustee security to be redeemed at par at the end of 90 years or at any time after 1975 at the option of the board. The L.C.C. will undertake not to put stock on the market for a period of ten years. In arriving at this settlement—to quote counsel's words—"the promoters had desired not to remain at issue on a matter of that kind with a great local

authority so deeply interested in London transport and its co-ordination as was the London County Council." What might be called the local government questions raised by the L.C.C. in their petition are not covered by the settlement of the financial terms. *Prima facie*, the settlement would appear to be fair and reasonable. The capital expenditure by the L.C.C. on its tramways system has amounted to £17,719,199. It has raised loans to the amount of £12,438,680, and its sinking fund for the redemption of these loans amounts to £4,138,086, so that the net debt outstanding at March 31, 1930, was £8,300,594. In the year ending March, 1930, the L.C.C. paid in interest on this tramway debt £252,481, and to sinking fund £506,144, making a total of £758,625. The total net operating profit of the L.C.C. tramways in that year was £847,205, so that, after providing for debt interest and sinking fund, there was a surplus of £88,580. The acceptance by the L.C.C. of stock to the amount of £8,500,000 as against a total capital outlay of over £17,000,000, would appear to provide fairly for the writing down of non-remunerative assets. Indeed, that the L.C.C. should accept stock bringing in interest of £382,500, whereas it paid out in interest and sinking fund last year £758,625, might seem to be a bad bargain for the L.C.C.; but it must be remembered that of the £758,625 only £252,481 was actually paid in interest and that the Council is keeping control of its sinking fund arrangements, to which, according to counsel, it attaches great importance "on account of the considerable financial advantage involved and the maintenance of their position as an independent local government authority." As regards the Underground group and the Metropolitan Railway, in so far as stockholders receive C stock, their interests will be unaffected, for it was always understood that the stock to be issued in consideration for the tramway undertakings of the local authorities would rank before C stock. It was not, however, assumed that this stock would rank before the B stock, and to this extent the stockholders of the railway companies may have a grievance, if it were found that the amount of the new stock issued was more than seemed fair and reasonable.

Indian Economic Councils.—Sir Arthur Salter, the Director of the Economic and Financial Section of the League of Nations Secretariat, was invited last November by the Government of India to visit that country and make suggestions for the organisation of a body to study continuously India's economic problems. In his report Sir Arthur proposes that a Central Economic Advisory Council should be established, with smaller Councils in every province. The total membership of the Central Council, including representatives of the Provincial Councils, of Indian States and of such bodies as the Indian Cotton Committee and the Tariff Board, would, it is suggested, be about fifty, and the best normal method of work would be largely through special *ad hoc* committees and individual investigators. The Provincial Councils should be smaller, averaging about twenty members. In commenting on his scheme, Sir Arthur adds:—

"Its main principle, that of making the system representative of unofficial institutions, is at the basis of the European Councils; the suggested method of working through specialised sub-committees has its closest analogy in Great Britain and at Geneva, though not confined to that example; its main framework of Central and Provincial Councils is adapted to the administrative divisions and areas of India, which are altogether different from those of any country which has in recent years set up a permanent advisory economic organisation."

The Indian Tariff Board has succeeded on the whole in keeping vexed questions of customs duties more or less out of the political arena. If the suggested Advisory Councils can achieve a similar success, they should do good work. Their early establishment, however, seems unlikely, as it is reported that the Government of India proposes that the operation of the scheme should be left to those who will hold office under the new constitution, unless it transpires that the earlier creation of the Councils would be in accordance with the expressed desire of those likely to direct policy in the future.

Earthquake Insurance.—By all the canons of insurance, writes a correspondent, the risk of damage by earthquake is one to be excluded from the policy, and great care and skill have been devoted to preparing clauses wide and strong enough to protect companies from this catastrophe. But for all that, there is always a certain amount of earthquake risk being run by companies and underwriters, some of it as a risk written for its own sake and more of it as a side-line to secure the fire business. The risks written for their own sake in the English market are for the most part taken by Lloyd's underwriters, and much of this business comes from the West Indies, for whose sake about twenty-five years ago an elaborate scheme of earthquake insurance was developed by a Lloyd's firm which ever since has had a large earthquake and hurricane connection in that part of the world. Apart from this specialised earthquake business most of the cover given against the risk is thrown in without premium, or at a small premium where the company or the underwriter is already drawing premiums for covering the fire hazard. The example most familiar to the public is the comprehensive policy, which started simply as a combination of fire, burglary and workmen's compensation insurance for householders, but under the stress of competition has been tricked out with one extra risk after another to tickle the palate of the insuring public. Aeroplanes, flood, riots, broken mirrors, assassination by burglars, death from fire—all these, as well as earthquake, have been added to the original policy without increase in the charge, and if any claims arise from last Sunday's earthquake in England they will be losses unpaid by any premium. It is, in fact, a debatable point whether the modern comprehensive policy, weighted so heavily with these fancy risks, is any longer a profitable form of insurance. In the same way a company that has a commercial fire risk that it wants to keep will often quote a merely nominal premium for the earthquake risk, not because it wants to insure against earthquake, but because it does not want to lose the fire. Restricted by tariff conditions in rating the fire, the company can make generous concessions in the matter of earthquake, and so bring down the mean rate for the two risks combined. The same process has been going on with another catastrophe risk—riots and war, and it is now recognised as a danger that the fire market, so prudently careful to avoid the catastrophe hazard, may buy its fire premiums too dearly with cover for these catastrophic risks which ultimately lie outside the scope of insurance.

Shipping Freight Index Number.—At 95.2 (the average for 1898-13 being taken as 100) our index number of whole-cargo shipping freights in May shows a rise on the month of 1.3 per cent, and is 7.5 per cent. higher than in May, 1930. The following table summarises recent movements of the various group indices:—

AVERAGE 1898-1913=100.					
	Average, 1913.	May 1930.	Mar., 1931.	Apr. 1931.	May 1931.
European Waters	110.0	95.1	86.5	86.0	85.0
North America	113.1	88.5	94.0	95.0	96.6
South America	123.4	91.6	90.5	94.4	94.7
India	106.3	94.2	99.2	94.0	94.8
Far East and Pacific	117.4	74.6	91.9	91.4	96.0
Australia	127.9	87.2	105.0	135.3	104.1
Total	116.3	88.5	94.5	94.0	95.2

The Plate was again the most active market, shipments of Argentine grain absorbing in the early part of May a large number of vessels. Business, interrupted by Whitsuntide, tended to decline towards the end of the month, and rates weakened under the pressure of heavy offerings of ballast tonnage. Apart from South America, the volume of demand showed little expansion, and trade in European waters was definitely less active. In the East, where tonnage is less superabundant, a modest revival of inquiry on some routes led to a slight rise in quotations. Individual changes recorded by the various sections of the index number are given in the following table:—

AVERAGE 1898-1913=100.					
	Index Number	Inc. or Dec. Points.		Index Number	Inc. or Dec. Points.
Home Trade	74.8	- 1.1	South America—out-	73.0	...
Bay—outwards	97.2	- 3.7	wards		
Bay—homewards	82.3	- 4.8	South America—		
Mediterranean—out-	97.2	+ 5.3	homewards	116.4	+ 0.5
wards			India—outwards	91.9	- 2.1
Mediterranean—	83.7	- 0.4	India—homewards	97.7	+ 3.8
homewards	96.6	+ 1.6	Far East, &c.	96.0	+ 4.6
North America			Australia	104.1	+ 0.8

Expressed as a percentage of the average for 1913, the total figure of our index number for May works out at 81.8, as compared with 80.8 in April, and 76.1 a year ago.

Wages in Germany.—In a recent enquiry the Statistisches Reichsamt has ascertained the level of wage rates in the principal industries on April 1st this year as compared with that obtaining before the trade depression. The results of this inquiry are set out in the table below:—

REDUCTION IN WAGE RATES, END 1929-APRIL 1, 1931.

Industry.	Skilled Workers.	Unskilled Workers.
Mining	5.6	5.5
Metallurgy	4.6	4.7
Paper mills	6.0	5.9
Printing	6.0	6.0
Textiles—		
Males	5.4	5.1
Females	5.5	5.1
Baking	5.0	4.8
Railways	6.5	4.8

It will be seen that reductions have taken place in all the principal industries, varying from 4.6 per cent. for skilled workers in the metal trades to 6.5 per cent. for railwaymen. Since April 1st there have been further reductions in the wage rates payable in various industries, and in others negotiations are pending. These reductions are, of course, quite apart from the cuts effected by the emergency decrees, whose details are summarised on an earlier page.

Holland and the Oslo Treaty.—It will be remembered that on December 22nd last a treaty was concluded at Oslo providing for an economic rapprochement between the Netherlands, Belgium, Denmark, Norway and Sweden. A Bill for the ratification of the treaty, writes our Rotterdam correspondent, has now been introduced in the Lower Chamber of Parliament in Holland, together with an explanatory memorandum. In two respects the treaty of Oslo differs in principle from the commercial convention of Geneva. On the one hand, the treaty of Oslo is not so far-reaching, as it does not create various groups of nations, but deals with all countries on a basis of equality. On the other hand, the treaty introduces a new principle in that the signatories are to respect each others' interests as far as possible. In the second place, the memorandum continues, it should be observed that the treaty of Oslo is not concerned with conflict as to changes of commercial policy, since commercial policy is not prescribed by the treaty. Thirdly, it is pointed out that the treaty of Oslo is of an entirely pacific nature, and is not directed against any country whatever. From the very outset it has been the express desire that other countries should join the conciliatory methods of the treaty. In Article II the principle is distinctly laid down that a Government which considers that its interests are menaced by other Governments has the right to make concrete proposals for modifying such measures, with a view to avoiding the danger threatened. Any mention of negotiations, as provided for in the original draft of the Norwegian Government, which took the initiative as to this treaty, has been omitted, because it was desired to prevent the tariffs of the signatories from becoming tariffs for negotiation purposes. As regards the protocol, the Governments undertake in the first place to afford their support to the international movement for minimising the obstacles to trade and for benefiting commerce. In the second place the protocol states that with this aim

in view and for the safeguarding of mutual interests, the Governments concerned desire to continue the co-operation initiated in 1930; here the safeguarding of mutual interests is dealt with, whereas in the preamble to the treaty the respecting of each others' interests is provided for. Thirdly, it is laid down that the signatories are to investigate the possibility of extending the principles of the treaty to other matters which might tend to injure the commercial relations between the nations concerned. With regard to this point, it is observed that it will presumably be a subject for discussion at the next conference, which most likely will consider whether the provisions of the treaty as to the future may also be made to apply to the past and to the present, that is to say whether any hindrances to mutual commerce which may already be in existence between the signatories could be modified or abolished.

At the meeting of the Royal Statistical Society, on June 16th, Professor O. M. W. Sprague will read a paper entitled: "Major and Minor Trade Fluctuations." The meeting will be held in the Hall of the Royal Society of Arts, John Street, Adelphi, W.C.2, at 5.15 p.m.

Overseas Correspondence.

UNITED STATES.

Conversion Issue — Railroads — Stock Exchange — New Issues — Money Market.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 2.

The first long-term Government loan to provide for the conversion of a portion of the short-term Treasury certificate and note issues and to secure new money for current purposes, has been announced. The new issue of \$800,000,000, or thereabouts, at a coupon rate of 3½ per cent., was smaller than had been generally expected. Recently Government long terms have been selling on a basis which suggested that the Treasury could borrow at 3 per cent., but it was desired that the issue should have unqualified success, and its small amount points strongly to another long-term offering before the end of the year.

There had been some expectation that the issue would offer conversion for some of the Liberty Loans, probably the Fourth 4½'s, but only the \$589,000,000 in certificates maturing on June 15th were included in the conversion privilege. The new loan immediately went to a premium in the over-the-counter market. It is likely that the Treasury, while anticipating a lively over-subscription, will not allow the allotments to exceed 10 per cent. over the offered amount.

The issue is the largest piece of Treasury financing since the war, though in 1924 there was an issue of \$754,000,000 4 per cent. bonds. The bonds are bound to be popular with the banks, which can subscribe merely by giving the Treasury credit for deposits, the interest rate on which the Treasury recently cut, probably in anticipation of this issue. The new money of more than \$200,000,000 which will be raised through the loan in addition to the certificate conversion is expected to obviate the necessity of further discount bill issues this month, although that will depend somewhat on the size of the June 15th tax collections. The new loan runs for eighteen years, with privilege of calling in fifteen years.

In the first half of the next fiscal year, beginning July 1st, the Treasury will have to look to the maturity of \$1,622,000,000 bills and certificates. Since the March tax date the Treasury has borrowed \$3,037,000,000 on bills and certificates, and with the present issue the total outstanding bonds will be about \$13,500,000,000. The deficit of the present fiscal year will be a billion or more, but the net addition to the public debt will be about

\$638,000,000, since the Veterans' Loan sinking fund had been credited with the bulk of the soldiers' bonus payments. For the fiscal year as a whole new borrowing amounts to \$6,472,000,000 and retirements to approximately \$5,834,000,000. On the tax date the Treasury will collect \$115,000,000 on war debts and pay out \$90,000,000 in interest. Income tax collections this month are estimated at \$300,000,000.

Long-term financing for the next few months will remove much of the short-term burden and prepare the way for the Liberty Loan refunding programme, which will require about \$8,000,000,000, of which \$1,933,000 of the First Liberty Loan is callable next year. Fourth Liberties of \$6,268,000,000 are callable in 1933.

While the Treasury's problems are not simple, the easy money outlook and the immense resources of investors are counted on to smooth the way. Government bonds have been quite strong for some time. The country is now thoroughly alive to the need of economy in Government finance, and while great difference of opinion exists on the question of increased taxation and as to how higher schedules should be framed, the matter contains the germs of no real disturbance. Radical proposals, an inevitable product of depression, are being made, as they always have been, but over the country political sentiment is still overwhelmingly conservative and no major change in policy on the part of either political party, or the formation of a new party with any chance of success, is probable.

As was the case with the recent meetings of the International Chamber of Commerce, the sittings of the Foreign Trade Council were productive of discussion of such international trade problems as the tariff and international debts. Such discussion is valuable in directing attention to the importance of these questions. Naturally, the tariff came in for much criticism, by Americans as well as foreign speakers. Several speakers, including President James A. Farrell, of the United States Steel Corporation, asserted that they could detect a moderate improvement in underlying business conditions, reminding their hearers that some further seasonal recession must be expected.

While at first it appeared unlikely that the railroads would secure higher freight rates, work on the matter has proceeded vigorously and the forces favouring the proposal are growing. It is now believed that the Interstate Commerce Commission will take into consideration the exigencies of the situation, as will many important shippers, particularly as the need for relief is more and more apparent. Formal application for the higher tariffs will be made as soon as the committees representing the eastern railroads can prepare the new files, which will be calculated to bear as lightly as possible on those classes of freight the most subject to motor and waterway competition.

Railroad earnings for April, reports on which are now being published, have run between 35 and 40 per cent. under a year ago, or about the same as for March. Market pressure on railroad shares has continued, but the selling now seems to spring largely from a discouraged attitude on the part of investors rather than from a calm appraisal of the position. Trade developments generally are significant of no change for the worse. The steel trade is receding very gradually, as it usually does until late summer. Railroad traffic is steady. Retail store sales are improving with price reductions.

The Stock Exchange authorities caused a slight flurry by calling for a statement of the short position by their members, but no great effect is noticeable on trading. The Exchange has already taken a firm stand in favour of short selling as a principle, and doubtless wishes to do nothing more than warn of the danger of carrying matters to extremes.

Share prices have fallen to new low levels for the bear market, liquidation in May proving to have been the heaviest since last September. Prices declined an average of about 14.5 per cent. Sentiment seems to be no longer

governed so much by the trade position as by discouragement. This condition is unlikely to last long, and any signs of stability probably would be followed by fairly large investment buying. Average yields on stocks are between 8 and 10 per cent., but the large number of dividend reductions tends to keep the figure from mounting rapidly. Dividend casualties in May amounted to approximately 152, of which 72 were omissions, offset by 53 increases, resummptions or initial payments. However, the number of cuts was the smallest of the past five months and was much below the peak reached in March. It is probable that the worst in that respect is over.

New security offerings for May totalled about \$330,000,000, against nearly \$600,000,000 in April and \$700,000,000 in March. The volume was swollen by New York City loans of \$52,000,000 and a Consolidated Gas Company offering of \$60,000,000 of debentures, the first corporation issue of size for a long time. No substantial issues are in sight, aside from Treasury bonds and municipal loans, but a turn in the bond market would quickly bring out borrowing.

Money continues a drug on the market and is seeping back to the interior but slowly. The stagnation in the bankers' acceptance market is regarded as foreshadowing another cut in the Federal Bank's buying rate. Brokers' loans have declined further, and at \$1,574,000,000 are the lowest since the Federal Reserve Board's records were compiled on the present basis. Corporation money in the call market amounts to only \$173,000,000, or less than the cash resources of each of a number of industrial and public utility companies. Reserve system credit outstanding remains unchanged at under \$900,000,000, and the system's ratio is now up to 85.3 per cent. Gold continues to arrive, principally from South America, and last month's gain was about \$69,000,000, bringing the net gain for the first five months to about \$202,000,000, compared with \$233,000,000 in the same period of last year.

FRANCE.

M. Briand's Prospects — Socialists and Defence — Defence Expenditure — Reparations.

(FROM OUR CORRESPONDENT.)

PARIS, June 10.

M. PAUL DOUMER, the new President of the Republic, is due to take office on Saturday, but whether the resignation of the Laval Cabinet, which will automatically follow that event, will be succeeded by the same Ministry's return to office, still apparently remains an open question. M. Laval himself, who is proving a worthy successor of Clemenceau as a past master of opportunist tactics, has allowed no hint to escape as to his intentions, and, consequently, the immediate future of M. Briand remains the one outstanding topic of speculation in the political world.

All parties agree that the French attitude in regard to Germany's expected demand for revision of the Young Plan, or, at least, for some kind of moratorium, depends largely on whether M. Briand remains at the Quai d'Orsay after the expiration of the current week. The immediate outlook is complicated by the fact that the Foreign Minister has undertaken to address an avowedly Pacifist demonstration on Sunday in the Lot Department, the stronghold of M. Malvy, fellow sufferer with M. Caillaux for his much-discussed attitude during the war. M. Briand's opponents regard his intention to speak at Sunday's gathering as a defiance, and insist that it may prove as fatal to his retention of his portfolio as did Socialist backing of his candidature for the Presidency of the State. M. Franklin-Bouillon yesterday, in another furious attack on the Foreign Minister in the Chamber, bluntly alleged that a good many deputies gave the Cabinet a majority in the recent divisions only on the promise that M. Briand would be thrown overboard on June 13th. Exactly what foundation there is for this statement nobody seems to know, and the Premier himself allowed the statement to pass without comment. On

the other hand, a good many well-informed observers insist that it would be impossible for M. Laval to return to power unaccompanied by M. Briand.

The situation bristles to an exceptional extent with intrigues of all sorts. A good many politicians incline to the view that M. Doumer may decide, as his first important official act, to utilise the situation for the purpose of making an attempt to bring about parliamentary stabilisation by calling on a statesman able to form a Ministry of broad concentration, comprising all the parties between the Marin Nationalists and the Socialists. This has long been M. Doumer's dream, as it has been that of M. Tardieu and others, and is regarded by a large section of opinion as the only solution by which the chaos that has prevailed since the last elections can be overcome. The most likely successor to M. Laval, in such a case, would appear to be M. Lebrun, who obligingly gave way to M. Doumer at the recent Presidential election, and is now favourite in to-morrow's contest for the Presidency of the Senate, which has just been vacated by M. Doumer.

A notable indication of the trend of even "advanced" French opinion is furnished by the issue of a manifesto, signed by MM. Paul Boncour, Renaudel and twenty-three other Socialist deputies and senators, protesting against the anti-nationalist policy in regard to national defence which has for many years been forced on their parliamentary representatives by the extremists among the local party leaders throughout the country. MM. Boncour and Renaudel have for some time been showing irritation against the "pas un sou, pas un homme" policy imposed on them, which has stipulated that the Socialist Parliamentary Party must refrain from voting military credits, and the majority of the Socialist parliamentarians, it is asserted, have already adhered to their manifesto, which has thrown consternation among the extreme pacifist section throughout the country. It is not difficult to realise that behind the declaration lies the fact that a good many of the Socialist deputies realise that, if the present temper of the electorate continues, they stand a serious risk of losing many of their seats at next year's elections, unless they are prepared to follow the same line as the German Socialists in regard to national defence.

French military, naval and air defence credits included in the 1931-32 Budget total 11,610,000,000 francs, or 688,390,000 francs more than for 1930-31. This total, however, includes nothing in respect of the defensive organisation of the frontiers, all provision for which was excluded from the current Budget and passed over to the charge of the Treasury. Under a special law passed on January 14, 1930, the War Minister was authorised to carry out a programme of frontier and anti-aerial defence involving estimated expenditure of 3,300,000,000 francs, bringing total expenditure under this head, after taking into account 542,000,000 francs previously authorised, to 3,842,000,000 francs (in round figures, £31,000,000). Figures made public this week indicate that credits actually opened to date total 1,428,000,000 francs. "In view of the urgent character of the work and of the necessity for it to be put in hand, without risk of being held up in regard to financing, the Government considers it indispensable to ensure forthwith that the whole of the necessary money shall be made available by levy on the resources of the Treasury." The Government considers that the most expedient method to ensure this object will be the opening of a special account with the Treasury, to which will be debited, as the money is required, expenditure up to a total of 2,400,000,000 francs (390,000,000 francs for artillery and 2,010,000,000 francs for engineering works), plus 127,625,000 francs in respect of coastal defences, for which credits have also been authorised. Since the war the defences of large portions of the eastern frontier have been entirely reorganised, and now consist of what is practically a continuous chain of mostly underground fortresses. The programme authorised early last year is understood to have been designed to complete the plans already carried out.

French opinion has received with deep satisfaction the information that, during the Anglo-German interview at the Chequers, M. de Fleuriau was kept informed in detail

of the tendency of the conversations, but so far little beyond the information given in the joint official communiqué issued after the meeting has become generally known. On the whole, the attitude here is one of satisfaction that the Chequers meeting has proved less menacing to French interests than it might have been. It is recognised freely that Germany, as M. Briand emphasised in the Chamber yesterday, would be entirely within her rights in seeking to secure the relief rendered possible under the provisions of the Young Plan. It is equally considered, however, as pointed out last week, that whatever relief is accorded to Germany, that would diminish French reparation payments, temporarily or otherwise, must be compensated for by a corresponding reduction of French debt payments to the United States.

GERMANY.

Chequers — Money Market and Stock Exchange — Emergency Decree — Prospects of Government — Social Democratic Party Conference.

(FROM OUR CORRESPONDENT.)

BERLIN, June 11.

At loggerheads on most subjects, people in Germany are almost unanimous in their interest in the Chequers visit. The same unanimity is not, of course, shown in their expectations of the result, for there is no question of tangible fruits, susceptible of objective valuation. None the less, Germany is eagerly awaiting the results, though in responsible quarters it is realised that too rapid developments must not be expected.

The inadequacy of the preparations for the Paris Conference of 1929 had to be heavily paid for, and the Brüning Government will not repeat that mistake—they intend to initiate during the next few weeks intensive interchanges of opinion with the most important foreign centres, especially Paris and Washington, and their future course of action will depend upon the results of these. Press reports, according to which the Government is about to ask for the application of the postponement provided for in the Young Plan, of the transfer of the unprotected part of the annuities are, to say the least, premature. There is no doubt that the German Government are anxious, if they are given the smallest chance of doing so, to avoid recourse to a moratorium.

So far, the Chequers visit has not had any calming effect on the Stock Exchange. The disturbance caused by the Credit-Anstalt catastrophe is still felt, and the Reichsbank lost about 200 million marks in gold and foreign exchange during the first week of June. The note circulation was reduced to the same extent. The position of the Reichsbank is so strong that these withdrawals are causing no embarrassment, for it still holds 2,300 millions gold and 113 millions of foreign exchange eligible as cover, as well as some 200-300 millions foreign exchange which are probably included among bills and miscellaneous assets.

This drain on the Reichsbank is, nevertheless, exercising a depressing influence on the money market and on the state of mind of business people. The hope that the German money market would share in the advantages of the reductions in money rates abroad has again faded away; the margin between the German rate of interest and that in the lending countries of Western Europe is greater than it has been for years, and there is no question of a reduction in the Reichsbank discount rate, though such a reduction is being widely demanded.

The decline in foreign exchange holdings is, as before, due principally to withdrawals of credit from abroad. The collapse of the Credit-Anstalt gave rise in many foreign financial centres to a general distrust of the financial position in Central Europe, and the effects of such a sentiment are naturally particularly keenly felt in a country so heavily indebted as is Germany. Unfortunately, the world does not distinguish very clearly between the banking and industrial situation in Berlin and that of Vienna. The essence of the difference lies in the very different

relations between the banks and industry. Whereas in Austria the big banks not only hold a majority of the shares of most industrial companies, but also grant them credit to several times the amount of the capital of these companies, in Germany industry maintains full independence in its financial relations with the banks. Even in the midst of the crisis the big concerns in almost every branch of industry still held balances at the banks which exceeded their short-term debts. German economy has greatly improved its liquidity during the depression, but the withdrawals of credit naturally force the banks to show greater caution than is desirable in view of the exigencies of the depression, and this increases the general distrust.

In addition to the main financial provisions of the emergency decree*, the Government are empowered, with a view to diminishing the number of unemployed, to reduce the hours of labour in individual industries to 40 per week without compensation for the consequent reduction in earnings. The execution of the provision will meet with technical difficulties, and also, although the measure was demanded by the Social Democrats and the trade unions, with opposition from the workers, in some instances, as it reduces the earnings of those who have hitherto been in employment for the benefit of those who have not.

It is scarcely possible yet to say what the effect on domestic politics of the emergency decree is likely to be. All the Parties are, of course, dissatisfied with it: those of the Right with the new taxation in particular, and those of the Left with the economies in unemployment insurance and other social expenditure. These two branches of the Opposition, however, weaken each other's force to some extent, for conditions have become such that a Chancellor is more likely to appear to the German People's Party worthy of support if he is violently opposed by the Social Democrats, and the Socialists have more chance of convincing their followers that there are worse people than Herr Brüning if the Right appears dissatisfied with him. All the same, the political basis of the Government has grown narrow, and early next week we shall know whether the Reichstag is to be summoned immediately or not. Motions will be brought before the Reichstag to rescind the emergency decree, and the National Socialists, the German Nationalists and the Communists will undoubtedly support them. Whether Herr Brüning will be able to secure for the rejection of these motions the support of the Moderate Right, on the one hand, and of the Social Democrats, on the other, and to postpone the amendments desired by these groups until the committee stage, depends upon whether he is regarded as the man who can bring to a successful conclusion the reparation discussion opened at Chequers. If the Chancellor can point to satisfactory prospects in foreign politics, neither the Moderate Right nor the Moderate Left will have the courage to overthrow him. If he cannot, the outlook is very doubtful.

The conference of the Social Democratic Party, held at Leipzig last week, gave the Parliamentary Party a free hand to take any steps which it should find necessary in the coming discussions, so that it is authorised, if necessary, to continue to tolerate the Brüning Cabinet. The conference passed, over a very small adverse vote, a motion severely censuring the nine members who voted against the defence Budget in spite of the Party's pledge to support Dr. Brüning. The extraordinary success of the Party leaders can only be explained by the fact that the Opposition was very badly represented. With the death of Paul Levi, last year, they lost their only constructive and convincing spokesman. The really radical wing of the Party has never been effective since, and the leaders have the organisation more firmly than ever under their control, though they realise that control of the machinery is not everything. Even if there was nobody at the conference to give expression to the discontent felt by a large section with the politics of the Party, the existence of this discontent cannot be doubted, and it is no small testimonial to the leaders. The Social Democrats have deliberately risked their popularity in order to pursue a policy which will strengthen the Republic and help to overcome the

present difficulties. Such a policy of deliberate unpopularity cannot, however, be carried on indefinitely, and it is possible that the Party leaders are already feeling the pressure to change it irresistible.

POLAND.

Customs Union — Budget Deficit — Gold Efflux —
Lodz Bank — Textile Industry.

(FROM OUR CORRESPONDENT.)

WARSAW, May 23.

THE Polish semi-official Press is displaying vastly more sympathy towards the French counter-plan to the proposed Austro-German Customs Union than was shown to the original announcement of last March. The latter received no apparent official consideration from the economic angle, and was condemned by the newspapers from the first moment because of its alleged political implications. Practical people, indeed, have been quick to realise the utter futility of the French plan, as disclosed this week at Geneva, for solving the present crisis; but the promise which is held out of financial relief for agriculture in Eastern Europe is pleasing to the Poles. Unfortunately, however, general economic deterioration appears now to have passed the stage where palliatives of the French type, assuming they can be made effective, will afford any lasting relief.

Following the announcement of a Budget deficit of 53 million zlotys for the fiscal year which ended on March 31st, the Cabinet decided to make effective as from May 1st the authorisation previously granted by Parliament to reduce the salaries of all State employees (including commissioned and non-commissioned officers of the Army and Navy, railway workers, police, post-office employees, teachers and pensioners) by 15 per cent. Marshal Pilsudski had apparently not realised that the 15 per cent. reduction would be made applicable also to the Army and Navy, and when the matter was brought to his attention, he forthwith ordered that the reduction should be restored to the Services—despite the fact that the latter are relatively well paid in comparison with the main body of public employees. This discrimination in favour of the Services produced an immediate outcry from railway workers and other public servants, with the result that instructions have since been given for the pay of commissioned and non-commissioned officers of the Army and Navy to be reduced by 5 per cent. as from June 1st. These wage reductions of public employees will save the Treasury about 100 million zlotys during the present fiscal year, but they will be quite inadequate to enable the Minister of Finance to balance the Budget. It is now feared that his minimum revenue expectation for 1931-32 of 2,500 million zlotys (the Budget as voted provides for a revenue of 2,943 millions) will not be realised, since thus early in the fiscal year it is very clear that revenue from virtually all sources is steadily contracting.

Notwithstanding the receipt at the end of April of approximately \$8,000,000, representing the first third of the net proceeds of the loan contracted six months ago with the Swedish Match Trust, the gold and foreign exchange holdings of the Bank of Poland have continued to diminish. The net gold efflux (legal reserve and otherwise) in 1930 was 252 million zlotys. From the beginning of January up to May 10, 1931, gold and foreign bill holdings available as cover have declined from 851 to 797 million zlotys, and foreign balances not serving as cover from 124 to 103 millions—making a total loss in slightly over four months of 75 million zlotys. During the same period the visible balance on foreign trade account has been in Poland's favour to the amount of 80 million zlotys, or a monthly average of 20 million zlotys, as compared with 15.5 millions in 1930. It is assumed that the favourable trade balance now approximately covers foreign debt services and other invisible debit items. The steady efflux of gold may represent in part the nervous transfer of zloty balances to foreign countries.

The recent failure of the Bank Handlowy of Lodz, with heavy liabilities in England, has further directed atten-

tion to the acute difficulties of the cotton-spinning and weaving branches of the textile industry. Since the breakdown on December 31st last of the Spinners' Cartel, which was organised at the beginning of last year for the regulation of production and the enforcement of a uniform and reasonable credit policy, there has been intensive cutting of yarn prices in order to force the weaker mills either to join a new cartel or to go out of business. It was announced a day or two ago that an agreement had finally been reached to form a new cartel and that all the mills spinning American cotton will join. This agreement was reached, however, only after strong Government intervention backed by the threat to impose an import duty on raw cotton with exemption for the mills that are members of the cartel.

While the Lodz situation is causing the authorities, as well as the banks and foreign creditors, a great deal of concern, the fundamental position is perhaps not as dismal as it appears to be. Throughout the present depression the mills have on the average been able to maintain operations at rather more than one shift of eight hours per day, though it is claimed in Lodz that most of the mills cannot operate profitably (under existing credit and price conditions) on less than two shifts per day. As Poland possesses some 1.4 million spindles for more than 30 million inhabitants, compared with approximately 3.5 million spindles for 15 million inhabitants in Czechoslovakia, it is manifest that she has no considerable excess of production capacity, for the domestic market is adequately protected by the tariff on yarn and finished goods. The fundamental difficulties are that much of the machinery is obsolete; that management and merchandising policies are chaotic; and that virtually all the mills are almost devoid of working capital. The solution of their problem undoubtedly lies in amalgamation and reorganisation, but there is so much jealousy and bad feeling throughout the industry that all attempts at rationalisation have so far met with strenuous opposition.

ARGENTINA.

Political Situation — Foreign Trade — Finance —
Money — Freights.

(FROM OUR CORRESPONDENT.)

BUENOS AIRES, May 19.

MUNICIPAL elections held in the Province of Buenos Aires resulted in a majority for the Radical Party, whereupon the Provisional Government postponed the forthcoming polls in the other provinces, announcing that on November 8th elections would be held throughout the country, embracing the selection, not merely of representatives for the provincial legislatures, but also of the representatives to sit in the National Congress. At the same time, it was stated that the Government intended to call for the introduction of a measure designed to reform the existing constitution, particularly in relation to the powers now possessed by Congress in the matter of incurring public expenditure, its examination of the credentials of newly elected representatives, and the general functioning of Congress as a body.

Sound Argentine opinion is with the Provisional Government in its desire to prevent, by all the means in its power, a recurrence of those evils which the revolution of September 6th was expressly planned to abolish; the doubt hinges on the direction in which popular opinion may be swayed in the course of the next six months. There are, however, manifest signs of a general if somewhat tardy repudiation by the Radical leaders of the unprincipled politicians who made a catspaw of ex-President Irigoyen in order to further the material interests of themselves and their friends. This is a good omen, inasmuch as the Provisional President, H. E. General Uriburu, has expressly and categorically made public declaration, again and again, of his desire to hand over the government to the party that proves to be the popular choice, provided only that it is clearly understood that "those who brought the country to the edge of the abyss cannot, and must not, return to the government." In this sentiment General

Uriburu has with him all thoughtful and sober-minded citizens irrespective of party. They feel, and very keenly, the stigma cast upon them by the abuses of the late regime, and they also realise that they themselves are in a measure responsible, owing to their blind choice of leaders notoriously unfitted for the difficult task of government under economic conditions which had greatly changed from those prevailing between 1916 and 1922. These feelings are the best guarantee that tranquillity will endure until the beginning of November, active though the political parties are certain to be in the meantime; and if it were possible to ensure a steady improvement in the state of trade and the general financial position, no doubt on this head would exist.

Unfortunately this is where the rub comes in. Trade conditions are far from satisfactory, nor is any marked improvement likely between now and the end of November. Cereal exports for the first four months of 1931 were 5,051,448 tons, valued at \$121,094,708 gold; for the corresponding period last year they were only 3,190,733 tons, yet the value was \$141,024,737 gold. If the total volume and values of exports for January-April, 1930 and 1931, be compared, the disparity is the same, the volume of all products exported, estimated in tons, being 3,845,748 tons, compared with 5,626,190 tons, while the value for 1930 was \$251,416,253 gold, against \$219,445,626 gold in 1931. It is true that imports are falling fast, and that for the first quarter of 1931 the visible trade balance against Argentina was but 1½ million dollars gold, but this squaring of accounts, which should in the nature of things benefit exchange and gradually restore the status of the Argentine peso, is indirectly counteracted by the fact that national revenues, based chiefly upon import dues of divers kinds, are shrinking fast at the very moment when administrative expenditure is heaviest. Despite wholehearted and well-devised plans for reducing official outlay, it is impossible in a country such as Argentina is to-day to use the axe ruthlessly. There is much administrative work in hand that cannot stand still, much less be curtailed, without doing both moral and material damage out of all proportion to the monetary saving effected. Hence the shifts which are necessary to meet current outlay at home and sustain Argentine credit abroad.

Financially, the national position is thoroughly sound, but the reduction of trade has comprised to a certain extent many agrarian, industrial, and mercantile interests whose commitments with the banks in Argentina, and, to a lesser extent, with firms abroad, are out of proportion to their present turnover, though not necessarily unreasonable when viewed in relation to their total assets. Granted that this last sentence needs qualification where many of the smaller import businesses are concerned, the steady purging, indicated by the monthly bankruptcy returns, is leaving the country in a healthier if weak state. Cereal stocks are moving off with rapidity, cattle and general products are selling better (including staples such as wool, of which the greater part of the last clip has been liquidated), and costs of production are coming down in every direction. Provided, therefore, that the orderly readjustment of political and administrative relations continues unbroken, Argentina has rounded the corner, and is now on the way to better conditions, though complete recovery must perforce be slow, and, in certain respects, painful to the individual interests who suffer in the meanwhile.

Conditions in the local money market are somewhat easier, thanks to the operation of the rediscount scheme, and rates for borrowed funds are 6½ to 8 per cent. per annum. Exchange is barely 35d., banks' cable drawing rate on London, and this despite continued if comparatively small shipments of gold to New York for Government requirements. At present there are \$337,370,000 gold in the Conversion Office, and \$40,760,000 gold deposited in legations abroad, and as the total note circulation is \$1,253,646,000 paper, the percentage guarantee, gold against paper at the statutory rate of 44 cents gold per \$1 paper is 68.55 per cent. Quotations for national bonds and the National Mortgage Bank Cédulas are on the whole well maintained, at roughly 4 points under parity for the 6 per cent. bonds, this being but 2 points under the quotations current at the year-end, a fair proof of local confidence.

* Summarised on p. 1261.

CANADA.

Crop Conditions — Business Situation — Conversion —
Unemployment — New Tariff Board — Foreign Trade.

(FROM OUR CORRESPONDENT.)

OTTAWA, MAY 19.

THE Eastern provinces of Canada have rarely had a more favourable spring, for the weather has been consistently fine, with just sufficient rain to provide the necessary moisture. The farmers are well ahead with their work, and both crops and pastures are doing well. On the prairies, however, the urgently needed rains have not yet been vouchsafed in any satisfactory volume. The despondency of the farmers about the outlook is reflected in the largest curtailment of wheat acreage in any recent years. According to the latest agricultural bulletin of the Bureau of Statistics the wheat acreage of Saskatchewan and Alberta is respectively 92 per cent. and 89 per cent. of the 1930 figure, but in Manitoba the cut is only 2 per cent. For all Canada the intended grain acreages for 1931, as reported on May 1st, are as follows, with the 1930 acreages added for comparison:—

	1930.	1931.
Spring wheat	24,082,900	22,152,300
Oats	13,258,700	13,336,000
Barley	5,558,700	4,734,000
Spring rye	357,050	292,150
Flaxseed	581,800	661,300
Mixed grains	1,201,400	1,210,800

The increase in oats, flaxseed and mixed grain would seem to indicate that Canadian farmers intend to devote the greater acreage to producing food for livestock and to go in more for mixed farming.

There is little change to record in business conditions, but retail stores report improvement in some lines of business, particularly in clothing and millinery. There has also been an increase in the production of concentrated milk, footwear and cheese, and the operating ratio of the newsprint mills is rather better than it was a month ago, but in the main the business depression still persists and the carloading figure for the week ending May 9, 1931, at 49,745 cars, shows a decline of 3,356 cars as compared with the previous week, and 11,281 cars as compared with the corresponding week of 1930. However, one hopeful factor was a slowing down in March of the decline in commodity prices. The Bureau of Statistics index number for April was 74.5, as compared with 75.0 on March 1st, and the decline was only 0.6 per cent., as compared with 0.9 per cent. in the previous month.

There has been an encouraging public response to the new Conversion Loan of the Bennett Government. War loans totalling \$1,083,000 bearing interest at either 5 per cent. or 5½ per cent., some of them with tax-free privileges, mature before 1934, and Mr Bennett, who is still his own Finance Minister, decided that the time was propitious for a refunding operation. The rate offered for the Conversion Loan was 4½ per cent. and holders of bonds which did not immediately mature were allowed the benefit of the privileges appertaining to them until the date of maturity. The Government originally set a limit of \$250,000,000 for its loan, but, after a week, \$400,000,000 had been subscribed, so the Government has now decided to make the loan \$500,000,000, and will probably secure the whole sum.

The action of the Canadian Pacific Railway in halving the dividend on their common stock, though foreseen in financial circles, came as a severe shock to the Canadian public on account of the dominant position occupied by the C.P.R. in the national economy. The example thus given is being followed by the Canadian National Railway and will also be imitated by other important corporations. The result will be a general reduction in the wage level, and while the reduction in the purchasing power of the public will have temporary adverse effects upon business, it is generally realised that wages had to come down. The workers of Canada, moreover, are not in a position to resist such a move. In the city of Winnipeg, for instance, where summer employment should be almost at its peak,

there are still 10,000 unemployed, and the cost of their relief is running at the rate of \$70,000 per week. The situation is bad elsewhere, particularly in the mining districts of Alberta; this year the unemployed in the towns and cities can find comparatively little outlet in rural work as the majority of the farmers cannot afford to hire any extra labour.

On May 17th Mr Bennett, in the House of Commons, introduced a Bill for the creation of a new Tariff Board to replace the board which he abolished soon after coming into office. He explained that the new board would be composed of three members, and would, unlike its predecessor, be a Court of Record, by which evidence will be taken on oath. Its main sessions would be in Ottawa, but it would be empowered to sit elsewhere, and, in addition to undertaking the ordinary functions of a tariff board in investigating applications for tariff changes, it would perform duties now carried on by officials of the Department of National Revenue in regard to the interpretation of Customs schedules and by the civil servants who administered the Combines Act. He advanced as his reason for abolishing the old board that it had only been created by Order-in-Council and lacked statutory authority, and also that it had been employed in a scandalous fashion to further the political ends of the King Government. Mr King, who denied these charges, declared that there had been no necessity to abolish the old board, and that it had been properly authorised by Parliament through a vote in the estimates. Progressive members were also critical of the Bill, but it was accorded a first reading.

The foreign trade returns for April are again very unsatisfactory. Imports were valued at \$51,189,376, as compared with \$71,401,839 in April 1930, and exports were valued at \$33,935,075, as compared with \$50,744,139 in April, 1930. Exports are, therefore, down by almost one-third and imports in a rather small proportion.

NEW ZEALAND.

Government Financial Proposals — Earthquake Relief —
Unemployment — Higher Wool Prices.

(FROM OUR CORRESPONDENT.)

CHRISTCHURCH, April 11.

FOR the past few weeks New Zealand has been watching closely the proceedings of the special session of Parliament, which met on March 11th to consider the Government's financial proposals. Immediately upon his return from the Imperial Conference the Prime Minister commenced an investigation of the effects on the public finances of the heavy fall in export prices and the general depression in business. A statement issued in mid-February outlined the position and the Government's proposals. A substantial deficit was anticipated for 1930-31 (the financial year ends March 31st), and a much more serious shortage for 1931-32 unless drastic economies were imposed. The following figures summarise official estimates of the position to be met before the 1931-32 budget can be made to balance:—

SHRINKAGE IN REVENUE.		INCREASES IN EXPENDITURE.	
£		£	
Customs	2,000,000	Debt charges	200,000
Income tax	500,000	Unemployment	600,000
Railway interest	500,000	Other items	100,000
Stamp revenue	300,000		
Other items	300,000		900,000
	3,600,000	Total deficit	4,500,000

The Government outlined proposals to cover the anticipated shortage which may be summarised as follows:—

£	
10 per cent. reduction in public service salaries	1,500,000
Reductions in other expenditure and financial adjustments	1,250,000
Increase in postage rates	900,000
Additional taxation, direct and indirect	850,000
	4,500,000

In addition it was proposed that, in order to permit some relief to private employers, the Arbitration Court should

be empowered to review current wage awards, which was generally interpreted to mean that general wage reduction would be effected. The Court's awards, however, cover only a fraction, perhaps one-third at most, of all wage workers, and wages have already been reduced fairly generally in occupations not subject to awards.

These proposals were embodied in a Finance Bill and submitted to Parliament when it met on March 11th. In introducing the Bill the Prime Minister, who is also Minister of Finance, announced the results of the first eleven months of the present financial year, and showed that the position was somewhat worse than had been anticipated. For the eleven months the revenue of the Consolidated Fund was £1,878,000 less than for the same period of the preceding year. Net railway revenue had declined by £1,350,000, £600,000 more than was allowed for in the Budget. Customs were £1,090,000 less than in 1929-30, a decline of £367,000 having been provided for. On these two items alone the shortage amounted to over £1,300,000. Other items, including land taxes and stamp duties, had declined, but certain economies had been effected to reduce expenditure. The review of the first eleven months' figures suggested that the deficit for the present financial year would approximate £1,250,000, and immediate and drastic economies were, therefore, necessary.

The Reform Party generally supported the Government's proposals, as did the Press throughout the Dominion, but the Labour Party opposed strenuously any reduction of wages for the lower-paid employees. After a Labour "stone-wall" lasting several days, the standing orders were amended to permit the application of the closure, and legislation was passed providing for a general 10 per cent. reduction in all public service salaries, and for the review of current Arbitration Court awards.

A Bill was also introduced to provide for earthquake relief in Hawkes Bay, which was stricken on February 3rd last. The Government proposes to lend £1,500,000, taken from its reserves, to provide for reconstruction, on easy terms, and to impose a special earthquake tax on all insurances, to be collected by insurance companies. The Bill, however, is complicated and will probably be subjected to considerable alteration before it becomes generally acceptable. The Government feels that it would be inexpedient to attempt to borrow at present, yet certain members of Parliament claim that the funds provided are insufficient, and the conditions ungenerous to earthquake sufferers. Others oppose the insurance tax on the ground that it would prove an inequitable and uneconomic tax on property. There are as yet no adequate estimates of material losses due to the earthquake, but some members are clamouring for an immediate and complete plan of reconstruction. The Bill appears likely to be referred to a select committee for fuller consideration.

Upon his return from England the Prime Minister expressed his strong opposition to the establishment of any method of payment to the unemployed except for work performed, and the Unemployment Board has, consequently, been very busy seeking relief works. Until recently, full award rates have been paid and an effort made to guarantee three or four days' work a week for married men, with a little less for single men. Wages have been paid mainly by the Board, and the work and necessary tools found by local bodies. But the unemployed have increased in numbers, partly because men have been encouraged to register by the prospect of relief work and pay; the numbers to be provided for must increase with the coming of winter; the funds available are running low and must prove inadequate; and, as most of the work is unproductive, the public are beginning to realise that present measures must fail to provide any permanent solution of the unemployment difficulty.

Meanwhile, a more optimistic tone has developed throughout the business community owing to the rise in wool and dairy produce prices. Present levels for wool are estimated at about 50 per cent. higher than the lowest levels reached during last season. But at the lowest point wool prices were only about half the 1914 level, and the improvements to date, appreciable though they are, leave

them still below pre-war standards. But though prices are still abnormally low, and though the rise came too late to make much difference to the total value of the season's exports, the idea is spreading that the worst of the depression is over, and that, once the winter is past, definite progress towards recovery may be expected.

Letters to the Editor.

FASCISM AT HOME.

TO THE EDITOR OF THE ECONOMIST.

SIR,—In view of your comments in last week's *Economist* on the present position of Fascismo in Italy, it occurs to me that your readers might be interested in the impressions derived in the course of a brief visit last month to Italy by one who was by no means favourably predisposed to the Duce's regime.

My last visit to Rome—a mere two days' halt en route from England to the Levant—was more than ten years ago, in December, 1920, when the Italians were at the nadir of their post-war disorganisation and disillusionment. At that time the trains in Italy kept to no time-table; one's Italian fellow-travellers seemed at the last gasp; the catchword on their lips was "the war has been a disaster"; at Rome the embankment of the Tiber was decorated—or, if you choose, defaced—with immense charcoal scrawls proclaiming "Viva Trotsky!" and "Viva Lenin!"

My previous visit was nearly twenty years ago, in the autumn of 1911. I came to Rome, that first time, as a student of Ancient History; and in my imagination the modern world was still overshadowed by Antiquity. Nor was this a false perspective in which to view Rome at that time; for in those pre-war days the old Rome of the Cæsars and the Popes really did live with a stronger life than the new Rome which is the capital of modern Italy. That was not so in 1920. The present was then too excruciating to yield precedence to anything less actual than itself. Again, it is not so to-day, when the vitality of modern civilisation has established its ascendancy even in the city which, of all cities in Western Europe, has been the very symbol and incarnation of the past. But this is to anticipate what I have to say; and first I must make a correction. The Rome which I saw in 1911 was not quite pre-war after all; for the Italo-Turkish War over Tripoli had broken out a few days before my arrival, and that war, as one can see in retrospect, was part of the overture to the great Devil's Opera. Already, in 1911, my archaeological zeal for the masonry of Roman buildings and the paving of Roman roads was eclipsed, at moments, by the spectacle of troop-trains crawling to Civitā Vecchia and by the tale, told in secluded mountain villages, of young men gone to the front who would not return. A familiar tale three years later! And its epilogue is the Italy of 1920 and the Italy of 1931, and, in fact, the whole of the world in which we are living to-day. . . .

Tyrannies exist in the world to-day, and they produce an immediate and perfectly definite effect upon the foreign traveller. I have experienced the sensation at least twice myself—to an extreme degree last year upon entering the dominions of the Soviet Government at Vladivostok, and to a lesser degree on entering Turkey at Adrianople not long ago. Proceeding from the known to the unknown, I had woven my expectations of Fascist Italy out of my experiences of Revolutionary Turkey and Soviet Russia. I can only say that I made a bad shot; for, as it turned out, I had no touch of this sensation upon entering Italy last month, nor, indeed, at any time during my stay in the country.

The day of my arrival, in pouring rain, I saw two things in Italy which gave me an unexpected impression. The first thing was the aspect of Turin on that soaking Sunday afternoon. Having two hours to wait between trains and not having seen Turin before, we braved the elements and sallied out of the station into the streets, expecting to have the streets to ourselves. But not a bit of it. The streets were almost roofed over by the umbrellas of the other foot-passengers. The whole population was *en promenade*—determined to enjoy itself in spite of the weather, and succeeding triumphantly. You do not see such merry and vivacious crowds on wet Sunday afternoons in Hyde Park or Kew Gardens. Again, towards evening, as our train was threading its way through the Maritime Alps towards Genoa, it was taken by storm, at a wayside station, by an army of young men and women coming home to the city from a day's outing in the mountains. It was the kind of scene that one may witness in Bavaria or

Austria: the rucksacks and bare knees; the laughter and singing; the simplicity without affectation; the high spirits without vulgarity. I cannot believe that this "Wandervogel" or "hiking" spirit is indigenous to Italy, but evidently it has been well acclimatised. There were similar troops of young people at all the stations on our line till late at night; and everywhere one seemed to feel the same light-heartedness and spontaneity.

Now, if these first impressions were right, they were important, for they were the very antithesis of my first impressions at Vladivostok and Adrianople, where the low spirits and the anxiety of the people at once communicated themselves, like a miasma, to the foreign spectator's soul. I must add that my contrary first impression of Italy under the present regime was confirmed during my stay. The Italians, as you see them *en masse*, just now, in the trains and trams and omnibuses and cafés, look remarkably unoppressed, in both the psychological and the political senses of the word. If "the Regime" does weigh heavily upon them, it is what is called, in military terminology, an "invisible occupation."

Here, of course, one comes up against the inevitable ignorance of the casual passer-by. That "unworried" look on Italian faces may be a testimony to the lightness of Mussolini's yoke, or it may be just a manifestation of the national temperament or the national manners (though, now I remember it, they did not look like that in 1920). I also received other impressions, on my present visit to Italy, which I will give for what they are worth without venturing to decide between alternative interpretations.

For instance, I attended two sessions of the Special Tribunal for the Defence of the State when it was trying a group of Milanese "intellectualoids" (as they are styled in the Fascist Press) who were accused of conspiracy against the Fascist regime. Here, again, I can testify to the atmosphere in court. It was not an atmosphere of fanaticism or brutality. Both the prisoners and their counsel were given a fair opportunity to put their case, and they were not brow-beaten. But I cannot, of course, judge whether the procedure was equitable or the evidence cogent or the sentences not disproportionate to the offences of which some of the prisoners were convicted. I may add, however, that some of the prisoners were acquitted. And I also noticed that, when I mentioned my attendance in court to one or two Italian acquaintances who are active supporters of the Fascist regime, they expressed pleasure that I had gone to see for myself, and this before hearing whether my impressions were favourable or the reverse.

Again, I can testify that in the neighbourhood of Rome there has been a notable increase in cultivation. The wilderness of the Campagna, which used to intervene between the city walls and the vineyards and villages of the Alban Hills, has been invaded by fields and villas and aerodromes and race-courses and wireless stations, until now the Campagna once more wears the yoke of a human master. I was also astonished, on re-visiting the Pontine Marshes, to find fields and farm-houses in a country once made uninhabitable by malaria. It appears that this kind of thing is going on all over the country—especially in the formerly backward South. And at first sight it looks as if this internal colonisation must be the right response to the challenge of a growing population. Yet this view cannot be accepted without qualification, for there is another side to the picture. Critics estimate that this work of reclamation has been performed at a cost which the national finances cannot really bear; they argue that it is wanton to increase Italy's agricultural productivity at a moment when foodstuffs are a drug on the world market; and they point out that, at the present time, both Italian land-owners and Italian peasants complain that their profits are not even covering their taxes.

The reclamation of waste land is only one of the great public works which the Fascist Government has put in hand. It has also been electrifying the railways and improving the road system on the grand scale. To a large extent these activities are the equivalent of that alternative to unemployment which, in England, has been advocated by the Liberal Party but never been taken up by any of His Majesty's Governments. The Fascist Government has plunged into these deep waters up to the neck. Whether it will sink or swim is a question of deep interest for us all.

This brings me to one point in which the present regime in Italy certainly does resemble the contemporary regimes in Russia and Turkey—however widely it may differ from them in other ways. It is an audacious, experimental regime, which is not afraid of "living dangerously" and trying untried methods of meeting unprecedented situations. The classic instance is the "Corporative State," which has been launched in the hope that it may prove to be a positive alternative to Communism. I have come away with a conviction that, while Italy is undoubtedly feeling the world slump like the rest of

us, she is at any rate swimming lustily against the stream. Will she make headway? Or will she be pushed, struggling, backwards? Or will her heart give out under the strain? And, if she does make headway, will that be thanks to Fascism or in spite of it?

I cannot presume to suggest the answers to any of these questions until I have visited Italy again. But I can say here and now, in all sincerity, that the Italy which I have seen on this, my third, visit is eminently worth studying and that she ought to be studied without prepossessions or prejudices.—Yours faithfully,

June 1, 1931.

HISTORICUS.

THE LAND TAX.

TO THE EDITOR OF THE ECONOMIST.

SIR,—Professor Einaudi maintains that, if Mr Snowden's proposed tax on land is instituted, the tax will not make holders more ready to sell or utilise land for buildings or other productive purposes, instead of keeping it vacant or covered with gardens, parks and playing grounds, at least not for economic motives. May I submit that Professor Einaudi's brilliant analysis altogether misses the point?

The problem of the consequences of the Land Tax is not as to whether its institution forces the sale of land which has been kept vacant for economic motives, *i.e.*, in the hope of further appreciation, but as to whether it will compel holders who are keeping land vacant for other than economic motives, to sell more readily. And there is no doubt that it will do so.

As Professor Einaudi points out, the institution of the Land Tax transfers part of the value of the plot from the holder to the State by way of putting an additional annual burden on the holder. As most of the land in question is held by private people, to whom it means a liability rather than an asset, it is very easy to see that an additional burden will have the tendency to force out into the open market land which otherwise would not have been sold. It is the "matured plot" which will be sold and which, without the institution of the tax, would have been kept out of the market. The higher the Land Tax, the greater will be the pressure to sell. Whilst these sales mean maximum land utilisation from an economic point of view, they may be thoroughly undesirable from a higher social viewpoint.—I remain, Sir, your most obedient servant,

44, Gordon Square, W.C. 1

THOMAS BALOGH.

June 9, 1931.

TO THE EDITOR OF THE ECONOMIST.

SIR,—With reference to Professor Einaudi's letter in your issue of the 6th inst., the general formula for valuing the capitalised burden of the proposed tax on land in the case of a vacant plot worth £100 before the introduction of the tax is

$$£ \frac{100}{240} \left(t - 1 + \frac{100}{R} \right),$$

where t = number of years before the plot is "ripe," and R is the assumed rate of interest. This ignores the exemption of the agricultural value of the plot. If this value is £ A , a closer approximation to the present value of the tax burden is

$$£ \frac{100}{240} \left(t - 1 + \frac{100}{R} \right) + \frac{100}{R} \cdot \frac{A}{240}.$$

One curious result of the tax in the example given by Professor Einaudi is that, as the value of the above equations varies directly with t , the longer the period during which the plot is "ripening," the lower the present value of the plot to the owner. The estimation of this period of ripening must be largely a subjective matter, so that the owner will place a higher present value upon his plot in so far as he takes a short view of its chances of appreciation!

Again, purchasers will belong to two classes, (a) those exempt from the tax and (b) those liable. The composite demand schedule for land will thus be altered to an extent depending upon the relative strength of these two classes. The presence of class (a) leads one to infer that the "equilibrium price" of land after the imposition of the tax will be somewhere between the original figure of £100 and the £100 less the full value of the tax burden. Thus owners will be able, on sale, to escape part of the full force of the tax, and the extent to which they will be able to do so will depend upon the number of exemptions granted by the legislature.—Yours faithfully,

Ki Runge, Langley Avenue,
Worcester Park, Surrey.

E. FRANKLAND.

June 6, 1931.

Books and Publications.

SOUTH AFRICA COMES OF AGE.*

THE eight South Africans who celebrate the twenty-first anniversary of the Union by presenting to their fellow-countrymen a sturdy volume of essays reviewing their country's position, have risen well and truly to the occasion, like the enthusiastic reformers that they all are. Jan H. Hofmeyr, sometime professor, university principal and provincial administrator, for the moment a mere member of Parliament, but still well under forty, contributes the introduction and a study of the administrative problems raised by the provincial system of local government. Professor T. J. Haarhoff and Mr R. F. Currey discuss the philosophical basis and political aspects of South African nationality, culture and language, defence, education and research. Professors E. H. Brookes and S. H. Frankel and Mr J. D. Rheinallt Jones, between them, review the economic consequences of racial differences, of industrialisation, and of the gift of responsible democratic government in South Africa, and Professor Brookes writes also on the public service and the administration of justice. Messrs W. H. Ramsbottom and O. D. Schreiner, members of the Johannesburg bar, contribute thoughtful essays on the franchise and on South Africa's external relations, particularly with the rest of Africa and the rest of the British Commonwealth.

To the onlooker who find much interest, and not a little anxiety, in watching South African events, this volume reveals something more than the erudition and enthusiasm of its young authors, and, indeed, of the rising generation of university men throughout South Africa (for it implies no disparagement of these essays to say that a companion volume, from perhaps another view point, could easily have been collected in the Cape). As the reader passes on from essay to essay the impression grows that the authors are one and all consciously endeavouring to reason with an unreasonable audience. Unpleasant truths are here displayed, but at times with a great parade of extenuating circumstance; unpalatable medicine is concocted, but the dose is diluted to avoid offence to a weak stomach. Inevitably the logic is at times weakened; the specific loses its potency. The essay on South African Nationality concentrates upon the "great differences between the two sections of the South African people" and the need for mutual understanding. It is disconcerting, twenty-one years after Union, to discover that the preoccupation is still how to secure a greater measure of mutual appreciation between English and Dutch, not between European and Bantu. The Bantu and other non-European population are not, according to this essay, to be regarded as an integral part of the South African nation. But they present an urgent problem. "Once our people, of both sections, are determined to tackle this question without prejudice or ignorance, fear or greed, we shall no longer have to ask ourselves why unity has not been achieved" (page 43).

It should not be inferred that the authors are not eager for the improvement of the condition of the non-European inhabitants. The economic essays concentrate on this problem and urge continually the need for such improvement. Here, however, some passages appear to have been written from the heart rather than from the head. "The economy of high wages" is frequently stressed, but never convincingly enunciated. The productivity of the Bantu worker is low "because he can be induced to take a low wage"; if labour "does not cost much to obtain, it will be misapplied, and its productivity will be correspondingly low" (pp. 152-3). The author comes dangerously near to arguing that national production would increase if only the factors of production were more scarce. The case for increasing the scope for the employment of the Bantu worker, by permitting him to develop his capacity and utilise his talents in fields in which he can earn higher wages, rests upon much firmer ground than is always evident from this essay.

* "Coming of Age. Studies in South African Citizenship and Politics." (Cape Town) Maskew Miller, Limited. (London) Simpkin Marshall, Limited. 10s. 6d.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]
*(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Development of Economic Doctrine. By Alexander Gray. (London) Longmans, Green and Company, Ltd., 39, Paternoster Row. 5s.

A history of economic theory, designed for beginners, in which the author has followed the rare and excellent principle of mentioning "no writer unless I could find space for something like an intelligible account of what he stood for."

Economic Power for Canada. By J. Alex. Aiken. (London) Macmillan and Company, St. Martin's Street. 8s. 6d. net.

An interesting survey of the economic position of Canada, with suggestions as to future policy.

Indian Industry. By M. Cecile Matheson. (London) Oxford University Press, Warwick Square. 3s. net.

The results of a personal survey by two experienced social workers.

Planwirtschaft und Verkehrswirtschaft. By Carl Landauer. (München) Duncker und Humblot, Theresienhöhe, 3c. 9 Rm.

From an examination of the effects of *laissez-faire* in modern economic conditions, Dr. Landauer proceeds to a most interesting discussion of Socialist principles and problems.

La Technique moderne du Crédit à l'Exportation. By Noé Wajner. (Paris) Les Presses Universitaires de France, 49, Boulevard Saint-Michel. 30 fr.

A French treatise on the financing of exports. The second part is devoted to an account of the English discount market.

Das mitteleuropäische Agrarproblem und seine Lösung. By Elemer Hantos. (Berlin) Organisation Verlagsgesellschaft, M.B.H., Leipzigerstrasse, 115-116. Rm. 3.90.

A discussion of the difficulties of the agricultural countries of Central Europe. The resolutions of the relevant international conferences are given in an appendix.

Hundert Jahre Griechische Landwirtschaft. By Dr. Demetrius G. Tsoungos. (Berlin) Wilhelm Christian's Verlag, Unterwasserstr. 8. Rm. 6.

A history of Greek agriculture during the last hundred years.

Movimento Economico dell'Italia. (Milan) Banca Commerciale Italiana.

A useful account of industrial, commercial and financial developments in Italy during 1930.

L'Esprit International, April, 1931. (Paris) Librairie Hachette, 79, Boulevard Saint-Germain. Frs. 10.

Includes articles on the world crisis; the limitation of armaments; the Dantzig corridor; the Pan-American Union; and the relations between Hungary and her neighbours.

The Slavonic and East European Review, March, 1931. (London) Eyre and Spottiswoode (Publishers) Ltd., 6, Great New Street. 6s. net.

Includes an article on the Russian agrarian revolution.

Archiv für Eisenbahnwesen, May-June, 1931. (Berlin) Verlag von Julius Springer.

This periodical is a valuable source of data on railway economics in all countries. The current issue includes articles on railways in South Africa, the Dutch East Indies, Denmark, Belgium, Italy and the Belgian Congo, and there is also the concluding article of a series on British passenger fares. There is a supplement on the electrification of the Berlin railways.

Traffic Tables, January to June, 1931. (London) Fredc. C. Mathieson and Sons, 16, Copthall Avenue. 1s.

Contains traffic statistics and share prices of home and foreign railways conveniently tabulated.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

First Report of the Royal Commission on Unemployment Insurance. Cmd. 3872. 1s. net.

Report on Ventilation of the Chamber of the House of Commons. Cmd. 3871. 1s. net.

Empire Marketing Board: Production and Trade of the Gold Coast. June, 1931. 2d. net.

Special Report by H.M. Government of Great Britain and Northern Ireland to the Council of the League of Nations on the Progress of Iraq, 1920-1931. 5s. 6d. net.

The Stock Exchange.

NEWSPAPER SHARES—II.

In a preceding article we discussed the recent drastic fall in the market capitalisation of the shares of many large newspaper groups. We showed that, although profits for 1930 had, in some cases, been relatively well maintained, the earnings position was precarious, in the sense that the newspapers were entirely dependent on receipts from advertising, which alone converted a working loss into a profit sufficient to meet fixed charges and pay dividends. Certain "space-barometer" figures were given, indicating that since 1929 the amount of advertising revenue-producing space had declined on an average by 22 per cent. We suggested that the investing public was not unaware of the precarious poise of newspaper finance, even if the trading accounts of the companies for 1930 did not disclose it.

There is a second cause of the public distrust of newspaper finance. The past rivalries and cut-throat competition of the newspaper peers have shaken the investor's confidence. The public has not forgotten the war in the provinces between the evening journals created by Northcliffe Newspapers, Ltd., and those controlled by Allied Newspapers, Ltd. It is unnecessary to recapitulate the details of this ridiculous war—the rival bidding by the Berry and Rothermere groups for the financial control of local newspapers and the establishment by the Rothermere group of *Evening Worlds* at Newcastle and Bristol by dint of new and ingenious methods of "buying circulation." A truce was unexpectedly signed in June, 1930, when Lord Camrose announced at the annual meeting of Allied Newspapers that the plans for the creation of *Evening Worlds* in Cardiff, Sheffield and Aberdeen had been dropped. But the damage had been done. The investor's confidence had been undermined. Indeed, Lord Rothermere had done his best to dynamite it by going out of his way to "talk down" newspaper shares at a time when Provincial Newspapers, Ltd., a subsidiary of the Inveresk group, was trying to make a public issue of shares to refund its floating indebtedness to its bankers. Lord Rothermere, in having statements published in the *Daily Mail* and *Evening News* at that time enlarging upon the risks of subscribing to newspaper capital issues, could never have considered the consequences of his short-sighted propaganda. Not only did Provincial Newspapers fail to obtain funds from the public, but all newspaper shares suffered a severe depreciation in the market. Incidentally, the banks were forced to take control of the Inveresk Paper Company's affairs, the *Daily Chronicle* was merged with the *Daily News*, and the first serious débâcle occurred in the British newspaper industry. All this deepened the investor's distrust of newspaper shares.

Is there any factor present to justify a recovery in the newspaper share market? It is difficult to find one. As regards the Rothermere group, the *Daily Mail* is now faced with serious rivals, apart from the *Daily Express* in which (together with the *Evening Standard*) it has a 49 per cent. interest. The new *Daily Herald*, in the hands of Odham's Press, made a remarkable debut fifteen months ago and, having started with a circulation of over one million, is now approaching the 1½ million mark. Shortly afterwards, the *News-Chronicle*, formed by the amalgamation of the *Daily News* and *Daily Chronicle*, established itself with an initial sale of over 1,400,000. The *Daily Mail* is apparently losing ground, for its net sales declined last year by 100,000 to 1,793,000. The position of the Rothermere group is further complicated by its inter-company liabilities. The Associated Newspapers, Ltd., and Daily Mirror Newspapers, Ltd., jointly and severally guarantee the capital and interest of £3,000,000 5½ per cent. debenture stock of Northcliffe Newspapers, Ltd., while the Daily Mirror and Sunday

Pictorial Newspapers jointly and severally guarantee £3,000,000 6½ per cent. debenture stock of the Anglo-Canadian Pulp and Paper Mills. The Northcliffe Newspapers, Ltd., which has now secured a 51 per cent. interest in the Hull and Grimsby Newspapers, Ltd., reported a loss of £98,957 in the year to June 30, 1930, after allowing for debenture interest of £165,000. In addition to this liability, Daily Mirror and Sunday Pictorial Newspapers will probably be called upon to find the interest on the £3,000,000 Anglo-Canadian Pulp and Paper Mills debenture stock.

The Berry group, in spite of the reassuring statements of Lord Camrose at the Allied meeting regarding the strong position of the provincial newspapers, remains a cause of no little nervousness among investors. It paid £5½ millions for the Hulton papers, over £2 millions for the Newcastle and Glasgow acquisitions, £1,300,000 for the control of the *Daily Sketch* and *Sunday Graphic* and £8 millions for the Amalgamated Press. The financial structure of the group is undoubtedly topheavy. An examination of the balance sheet of Allied Newspapers reveals that out of the total assets of £9,104,846, copyrights and goodwill accounted for £7,227,760. The company guarantees interest and principal of £991,324 6½ per cent. mortgage debenture stocks of Daily Sketch and Sunday Graphic, Ltd., and £3,000,000 6½ per cent. first mortgage stock of Allied Northern Newspapers. The directors of Allied Newspapers stated in their report that while the trading of some of the subsidiaries of Allied Northern had been affected by the severe competition, the net sales and advertising revenue in all cases had been satisfactory and that the dividends received were more than sufficient to meet the debenture interest and expenses of the company. This is satisfactory so far as it goes—indeed, Lord Camrose, at the general meeting of Allied Newspapers, implied that the provincial newspapers of the group had more than held their own against the onslaught of the Rothermere group—but the accounts refer to the calendar year 1930, and it is hardly necessary to emphasise the fact that advertising revenues have fallen off this year and that the financial position of a newspaper group can very rapidly deteriorate once any subsidiary company begins to make a loss on the daily editions of the papers.

As for the *Daily Chronicle* group, there is a long up-hill task before the management. The old *Daily Chronicle* collapsed partly because it had been committed to a huge capital outlay at a time when the *Daily Herald* had invaded the field of "Liberal" dailies and partly because its principal revenue-producing assets—the provincial newspapers—had been sold for second preference and ordinary shares in a new company, Provincial Newspapers, Ltd., promoted by Mr William Harrison. The passing of financial control of Inveresk Paper into the hands of the banks meant that all the profits of the group had to be first applied to clearing off the bank indebtedness of Provincial Newspapers, Ltd., and of United Newspapers, Ltd. This process may last some considerable time. The position of Provincial Newspapers, Ltd., has been eased by the sale to the Northcliffe Newspapers of a 51 per cent. interest in the Hull and Grimsby Newspapers, Ltd., subject to an undertaking by the Rothermere group not to establish new papers in areas in which the *Daily Chronicle* group is interested; but, even if earnings are maintained, it will be some years before the company will be in the position to recommence payment of dividends on its second preference shares.

The market valuation of the prior charges of the four newspaper groups gives further indication of the cautionary attitude adopted by the investor towards newspaper finance at the present time. In all cases where the earnings cover for dividends has been reduced to

slender proportions, or where the ratio of fixed-interest capital to ordinary capital is high, the market price of the security has fallen and yields are relatively high:—

	High, 1930.	Present Price.	Div. Yield.	Times Div. or Interest is covered.	Ratio of fixed Interest Capital to Ord. Capital.
"Rothermere" Group.					
Assoc. Newspapers, 5% pref. (£1)	19/3	19/6	5.13	16.1	49
Daily Mirror, 8% pref. (£1).....	27/6	27/6	5.82	17.4	25
Sunday Pictorial, 8% pref. (£1)....	25/6	24/6	6.53	7.1	48
"Berry" Group.					
London Express Newspapers, 7% pref (£1).....	20/7	20/-	7.0	1.9	245
"Berry" Group.					
Allied Newspapers, 8% pref. (£1)	22/-	15/-	10.67	1.7	281
Allied Northern, 6½% deb. stk.	100½	85	7.65	...	300
Amalgamated Press, 7% pref. (£1)	21/-	17/-	8.23	2.4	653
Amalgamated Press, 5½% deb. stk.	93½	91	6.11	4.8	653
Daily Sketch and Sunday Graphic, 6½% deb. stk.	106½	101	6.44	...	120
"Inveresk" Group.					
Illustrated Newspapers, 7% pref. (£1).....	15/4½	8/6	16.47	1.4	150
United Newspapers, 7½% pref. (£1)	16/-	5/-	Nil	Nil	86
Daily Chronicle Investment, 7% 1st pref. (£1)	12/-	1/6	Nil	Nil	97

It will be seen that only the preference shares of the Associated Newspapers and Daily Mirror Newspapers, the security of which is not open to doubt, stand on a strictly "investment-yield" basis. It is somewhat surprising to find that the Allied Northern debenture stock, in spite of 1930 earnings being sufficient to cover interest, and in spite of the guarantee of Allied Newspapers, is quoted on a 7½ per cent. yield basis.

The investor may arrive, therefore, at two conclusions; first, that newspaper finance is a difficult matter in a period of depression, because the main costs of production are inelastic and the main item of revenue (advertising) liable to extreme fluctuation; secondly, that the finance of those newspaper companies which have heavy fixed charges to meet, either to banks or debenture stockholders, has become even hazardous. The market's cautionary estimate of prospects in the immediate future may not be very wide of the mark. A general recovery in trade and industry would be the soundest argument for a selective revision of the market's attitude.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
June 23.	June 25.

AFTER an uneasy opening, the market quickly took on a more cheerful appearance. The volume of business showed a small but perceptible increase.

The gilt-edged market developed strength on the firmness of sterling and a heavy gold influx, the lead being given by long-dated stocks, such as Four per Cent. Consols and Funding Loan. Australians were marked up, following the decision of the Premiers' Conference, at Canberra, to make the internal Conversion operation purely voluntary. New Zealand stocks recovered slightly, despite the tepid reception of the £5,000,000 loan issue, 68 per cent. of which was left with underwriters. Home corporation stocks showed few changes.

Among South Americans, Brazilians showed a marked recovery on the cessation of liquidation and an improvement in the milreis. Argentines were firmer on a recovery in the exchange. Europeans, however, remained unsettled.

Despite disappointing traffics, Home rails improved slightly, but little business was transacted. The refusal of the railways to issue monthly figures of net revenue had no effect on the market. A fair volume of business was done in foreign rails, but prices showed no definite trend.

The carry-over showed a reduction in the bear account among industrials, and the tendency became more cheerful after a quiet opening. Wall Street, after

an indifferent start, sent buying orders to London, improving sentiment and causing a perceptible advance in prices. Transatlantics attracted attention. Radio Corporations lost ground after an early recovery. A later rally was led by Brazilian Traction. Bear covering resulted in the marking up of Cables and Wireless. After some uncertainty regarding the situation in Central Europe, a slight recovery occurred in the Swedish Match Group. Electrical shares were undecided. Rather more attention was given to motor shares. After some irregularities at the outset, iron and steel shares were firmer, Babcock and Wm. Cory showing particular stability. Breweries were more active, Distillers leading the way on buying from the North. Tobaccos held their ground. Textiles improved on inquiries from provincial centres, but Rayons were dull. There was a fair amount of business in the new Dunlop units. On Tuesday, unofficial bids were received from New York for the new Woolworth issue, which was not offered till Thursday. Imperial Chemical enjoyed a further recovery.

In the oil market, prices moved irregularly, an early recovery on rumours of increased prices for Californian crude oils being interrupted by the publication of increased output figures. Paris opened by selling Shells and Royal Dutch, but later showed a little buying interest. In the rubber market, dissatisfaction was expressed at the delay in publication of the Dutch Rubber Committee's report. Little business was reported, and variations were few despite a fall in the price of the commodity. The tea market was dull and inactive, though Consolidated Tea and Lands finished higher. An "Investment Note" on tea profits will be found on page 1282.

Advices from America and the Continent helped the mining market. Though the bulk of transactions were of a professional character, there were signs of slight interest, especially for gold mining shares, Randfonteins leading the way on the news of the striking of the new reef. Central Mining were moderately firm, but "Johnnies" remained listless, though a few buyers were attracted by the low price. Despite a slight recovery in the price of tin, the shares showed little movement. Australians were quiet, Wilunas alone registering any improvement. Tintos sagged early in the week, but more than recovered the lost ground later.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	June 4, 1931.	June 5, 1931.	June 8, 1931.	June 9, 1931.	June 10, 1931.	June 11, 1931.
Government and Municipal Loans	1,330	1,326	1,512	1,277	1,305	1,336
Transport, Communications, and Public Utilities	908	866	885	742	851	915
Commercial and Industrial Banks, Insurance and Financial	1,480	1,582	1,625	1,212	1,408	1,283
Mines (including Nitrate)	503	420	551	416	476	483
Oil	427	383	501	330	372	481
Rubber, Tea and Coffee	139	110	129	146	159	158
Total	4,899	4,785	5,278	4,177	4,634	4,710

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	June 4, 1931.	June 5, 1931.	June 8, 1931.	June 9, 1931.	June 10, 1931.	June 11, 1931.
72.3	54.5	55.9	56.2	55.9	56.0	56.6	57.0

FOREIGN STOCK EXCHANGES.

NEW YORK.

The markets opened irregularly, an initial tendency towards higher prices for a number of stocks being speedily checked by profit-taking. The view, however, that technical conditions were favourable to a moderate recovery in the absence of further heavy selling was confirmed by the anxiety of many bears to take cover on the next rally. This was particularly evident in the rail

(Continued on page 1282.)

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of repayment is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.				Prices Year 1931 Jan. 1 to June 10 (inclusive).				Name of Security.				Price June 3, 1931.				Price June 10, 1931.				Rise or Fall.				Present Yield.			
High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.	High-est.	Low-est.				
£ s. d.																											
British Funds.																											
594	521	60 1/2	54 1/2	Consols 2 1/2 %	60x	60x	...	4	3	4	833 1/2	831 1/2	112 1/2	83 1/2	In. Ry. C. Am. No. par	83 1/2	83 1/2	...	...	...	...	...	...				
94	82	96 1/2	85 1/2	Consols 4 %	95	95 1/2	+	4	5	0	57 1/2	18 1/2	26 1/2	12 1/2	Leopoldina Ord. Stk...	14	14 1/2	+	34	6	9	...	...				
83 1/2	74	84 1/2	75 1/2	Cons. Loan 3 1/2 %	84	84 1/2	+	4	4	0	83 1/2	50 1/2	56	30	Do. 5 1/2 % Cum. Prf. Stk.	31 1/2	31 1/2	...	17	11	0	...	...				
104	92 1/2	104 1/2	96 1/2	Do. 4 1/2 % 1940-50	102 1/2	102 1/2	+	4	5	0	97 1/2	45 1/2	55 1/2	21 1/2	Nitrate Rlys. (£10)	25 1/2	25 1/2	...	16	0	0	...	...				
103 1/2	94 1/2	107 1/2	103 1/2	Do. 5 % 1940-50	103 1/2	103 1/2	+	4	6	0	42	19	21	10	Paraguay Gen. D. Db.	10 1/2	10 1/2	...	25	0	0	...	...				
96 1/2	85 1/2	97 1/2	88 1/2	Funding 1960-90	96 1/2	97 1/2	+	4	5	0	85 1/2	65	70 1/2	10	Salvador Gen. (£50)	10 1/2	10 1/2	...	18	0	0	...	...				
106 1/2	98 1/2	102 1/2	100 1/2	Treasury 4 1/2 % 1932-34	101 1/2	101 1/2	+	4	5	0	198	130	149	100 1/2	San Paulo Ord. Stk.	10 1/2	10 1/2	...	10	8	8 1/2	...	...				
103 1/2	100 1/2	103 1/2	101 1/2	Treasury 5 % 1933-35	103 1/2	103 1/2	+	4	15	0	80 1/2	65 1/2	65 1/2	42 1/2	Taltal Ry. Ord. £5	35 1/2	35 1/2	...	17	2	9 1/2	...	...				
97 1/2	91 1/2	98 1/2	91 1/2	Victory Bonds 4 1/2 %	98	98 1/2	+	4	1	6	26 1/2	4	7	2 1/2	Utd. Havana Ord. Stk.	3	3	...	...	...	...	...	...				
105 1/2	100 1/2	104 1/2	102 1/2	War Loan 5 % 1929-47	103	103	...	4	14	5	...	...	...	...	...	...	...	...	...	...	...	...	...				
69 1/2	61 1/2	70 1/2	64 1/2	Local Loans 3 %	69 1/2	69 1/2	...	4	6	4	17 1/2	14 1/2	16 1/2	13 1/2	Anglo-French (£1).....	13 1/2	13 1/2	...	4	12	0	...	...				
49 1/2	40 1/2	49 1/2	43 1/2	Do. 3 1/2 %	46 1/2	47 1/2	+	6	7	8	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-Siam (£1).....	11 1/2	11 1/2	...	...	...	...	...	...				
59 1/2	47 1/2	55 1/2	44 1/2	Do. 3 %	56 1/2	55 1/2	...	6	7	3	12 1/2	10 1/2	11 1/2	10 1/2	Anglo-Siam (£10) £25 pd.	11 1/2	11 1/2	...	12	10	0	...	...				
68 1/2	55 1/2	64 1/2	52	Do. 4 1/2 % 1958-68	74 1/2	75 1/2	+	6	5	0	25 1/2	23 1/2	25 1/2	19 1/2	American B. E. L. fr. pd.	20 1/2	19 1/2	...	13	0	0	...	...				
90	78	86 1/2	73	Do. 4 1/2 % 1958-68	74 1/2	75 1/2	+	6	5	0	25 1/2	23 1/2	25 1/2	19 1/2	American B. E. L. fr. pd.	20 1/2	19 1/2	...	13	0	0	...	...				
106 1/2	100 1/2	106 1/2	102 1/2	Palestine 5 % 42-67	105	105	...	4	8	3	59 1/2	47 1/2	52 1/2	41 1/2	Bank of N. Zealand £1	42 1/2	42 1/2	...	6	15	0	...	...				
109 1/2	104 1/2	109 1/2	106 1/2	Sudan 5 1/2 % Bonds	108	108	...	5	2	0	27 1/2	24 1/2	27 1/2	25 1/2	Bank of Eng. Stk.	27 1/2	27 1/2	+	4	7	0	...	...				
99	87 1/2	99 1/2	96 1/2	Uster 4 1/2 % 45-75	99	99	...	4	11	1	58 1/2	53 1/2	58 1/2	52 1/2	Barclay B. (£1)	54 1/2	54 1/2	...	4	19	6	...	...				
Dom. & Colonial Govts.																											
95 1/2	76	80	61	Australia 5 % 1945-75	68x	69x	+1	7	8	0	12 1/2	8 1/2	9 1/2	5 1/2	Bk. of Australasia (£5)	48 1/2	48 1/2	+	2	6	5	...	...				
95	86	96	91	Canada 4 % 1940-60	95	95	...	4	7	0	68 1/2	56 1/2	63	48	Bk. of N.S.W. (£20)	20x	20x	...	9	15	0	...	...				
102 1/2	100 1/2	102 1/2	97	Ceylon 6 % 1936-51	102x	102x	...	5	10	6	5 1/2	5 1/2	5 1/2	5 1/2	British Overseas A £5	5 1/2	5 1/2	...	5	9	0	...	...				
98	92	100 1/2	90	Gold Coast 4 1/2 % 1956...	97x	99x	+2	4	11	5	19 1/2	15 1/2	17 1/2	11 1/2	Chtd. of India (£5)	12 1/2	12 1/2	...	8	6	0	...	...				
105 1/2	99 1/2	105 1/2	97	Kenya 5 % 1948-58	105	105	...	4	15	0	24 1/2	14 1/2	14 1/2	9 1/2	Comcl. Bk. of Aus. 10/-	12 1/2	12 1/2	...	10	0	0	...	...				
105	101	104 1/2	102 1/2	Nigeria 5 % 1950-60	104 1/2	104 1/2	...	4	18	0	68 1/2	56 1/2	66 1/2	36 1/2	Colonial A £5, £1 pd.	52 1/2	52 1/2	...	7	0	0	...	...				
92 1/2	70	72	46 1/2	N.S. Wales 6 1/2 % 35-55	53	55	+2	9	19	9	42 1/2	37 1/2	42 1/2	38 1/2	Do. £1 fully paid	40 1/2	40 1/2	...	10	0	0	...	...				
1 15	99 1/2	102 1/2	88	N. Zealand 5 % 1946...	91 1/2	93 1/2	+2	5	13	0	7 1/2	4 1/2	4 1/2	3 1/2	Eng. Scot. & Aust. £5, £3pd	8	8	...	1	0	0	...	...				
92 1/2	70	80	48	Queensland 5 % 40-60	55	55	...	9	8	0	9 1/2	8 1/2	8 1/2	8 1/2	Hambros 10 £10, £2 1/2 pd.	8	8	...	7	0	0	...	...				
104 1/2	99 1/2	103 1/2	98 1/2	S. Africa 5 % 1945-75	102x	102x	...	4	16	0	120	99 1/2	113 1/2	101 1/2	Hong. & S. (£125)	£103	£102 1/2	...	6	15	7	...	...				
98 1/2	93 1/2	100	97 1/2	Strts. Set. 4 1/2 % 35-45	98x	98x	...	4	14	0	66 1/2	59 1/2	63 1/2	53 1/2	Lloyds £5, with £1 pd.	54 1/2	55 1/2	+6d	5	9	0	...	...				
Foreign Governments.																											
89 1/2	82	88	75	Argentina 4 % Reiss...	78 1/2	82	+3 1/2	6	1	7	82 1/2	75 1/2	7 1/2	5 1/2	Martins £20, £2 1/2 pd.	5 1/2	5 1/2	...	4	16	0	...	...				
105	100 1/2	104 1/2	100 1/2	Austrian 6 % 1923-43	101 1/2	102x	+	5	15	0	46 1/2	38 1/2	43 1/2	30	Mat. of Egypt £1, fully pd.	74 1/2	74 1/2	...	4	16	0	...	...				
96	89	98 1/2	86	Do. % Int. red. by 1957	87	87	...	8	11	0	14 1/2	12 1/2	14 1/2	12 1/2	Nat. of Belg. £1, fully pd.	26 1/2	26 1/2	...	8	0	0	...	...				
61 1/2	51 1/2	56	46 1/2	B. Aires (Prov.) 5 1/2 %	48	48	...	7	5	0	36 1/2	33 1/2	35 1/2	34 1/2	Nat. of India £2, £1 1/2 pd.	31 1/2	31 1/2	...	5	13	0	...	...				
115 1/2	108 1/2	112 1/2	104 1/2	Belgian 7 %	111	111	...	6	2	5	15 1/2	13 1/2	14 1/2	12 1/2	Nat. Prov. £20, £5 pd.	12 1/2	12 1/2	...	4	17	0	...	...				
92 1/2	74 1/2	78	60 1/2	Bolivia 6 % 1924-54	70 1/2	70 1/2	...	10	14	3	80 1/2	74 1/2	80 1/2	71 1/2	Royal Bk. of Scotland	350 1/2	351 1/2	...	1	4	0	...	...				
87	62	75	53 1/2	Brazil 5 % Fund, 1914	55	55 1/2	+6 1/2	8	11	0	11 1/2	12 1/2	13 1/2	12 1/2	St. S. Afr. £20, £5 pd.	12 1/2	12 1/2	...	6	12	0	...	...				
94 1/2	54	79	40 1/2	Do. 6 1/2 % (1927)	44	55 1/2	...	11	12	3	...	...	...	...	Westminster £4, £1 pd.	71 1/2	71 1/2	...	5	12	0	...	...				
99 1/2	79	94	67	Chili 6 % (1929)	68 1/2	72 1/2	+	4	11	6	21 1/2	17 1/2	21 1/2	19	Alliance £1, fully pd.	19 1/2	20	+	3	15	0	...	...				
55	27	52 1/2	39	China 5 % (1921)	40	41	+	1	12	3	13 1/2	12	13 1/2	11 1/2	Atlas £5, £1 1/2 pd.	11 1/2	11 1/2	...	4	3	6 1/2	...	...				
115 1/2	104 1/2	115 1/2	99 1/2	Do. 5 % (1913)	66	67	+1	7	9	3	26 1/2	21 1/2	24 1/2	19 1/2	Com. Un. £2 1/2, fully pd.	19 1/2	19 1/2	...	5	3	0	...	...				
82	78 1/2	86 1/2	79 1/2	Czechoslovakia 8 %	111	111	...	6	19	3	16 1/2	13 1/2	15 1/2	14	Eng. Accident £5, £1 1/2 pd.	14 1/2	14 1/2	...	4	19	0	...	...				
96 1/2	81	87 1/2	85 1/2	Danish 6 1/2 %	85 1/2	85 1/2	...	3	12	0	30 1/2	26 1/2	28 1/2	22	Lon. & Lanc. £5, £2 pd.	25	25 1/2	...	4	3	0	...	...				
80 1/2	70 1/2	78 1/2	70	Danish 6 1/2 %	74	74	...	5	8	0	37 1/2	30 1/2	34 1/2	30 1/2	N. Br. £10, £5, £1 1/2 pd.	32x	32x	...	4	0	0	...	...				
92	73	76	65	Estonia 7 % 1927	71	71	...	10	2	9	13 1/2	12 1/2	13 1/2	11 1/2	Northern £10, £1 pd.	14 1/2	14 1/2	...	4	3	0	...	...				
100	91 1/2	92 1/2	85	Finland 6 % 1923	88	87	-1	6	19	6	15 1/2	12 1/2	14 1/2	12 1/2	Pearl (£1), fully paid	12 1/2	12 1/2	...	4	2	6 1/2	...	...				
21 1/2	19 1/2	21 1/2	20 1/2	French 4 1/2 % (British)	21	21	...	3	16	9	25 1/2	21 1/2	24 1/2	21 1/2	Prudential £1, fully paid	22 1/2	22 1/2	...	4	2	0 1/2	...	...				
109 1/2	99	106 1/2	96	German 7 %	99	97 1/2	-1	4	16	4	41 1/2	36 1/2	40	33 1/2	Do. £1, with 4s. paid	36 1/2	36 1/2	...	4	2	0 1/2	...	...				
90	68	81 1/2	66	Do. 5 1/2 % Stg. Bds. 1930	68x	67x	-1	8	6	7	8 1/2	6 1/2	8 1/2	5 1/2	Royal Exchange (£1)...	5 1/2	5 1/2	...	4	13	0	...	...				
93 1/2	86 1/2	93 1/2	90	Greek 6 % Stab. Ln.	91	91	...	6	17	0	3 1/2	3 1/2	3 1/2	3 1/2	Royal £1, fully paid	3 1/2	3 1/2	...	5	0	0	...	...				
104 1/2	100	104 1/2	99 1/2	Do. 7 % Refuges	100	100	...	7	0	4	4 1/2	3 1/2	3 1/2	3 1/2	Sun. Insur. £1wts 1/5 - pd	3 1/2	3 1/2	...	4	7	0	...	...				
104 1/2	98 1/2	103 1/2	98 1/2	Hungary 7 1/2 %	100	98	-2	7	17	0	5 1/2	5 1/2	5 1/2	5 1/2	SunLife Assur. £1wts 1/5	5 1/2	5 1/2	...	2	19	0 1/2	...	...				
96 1/2	91 1/2	100 1/2	92	Japanese 5 1/2 % 1935-65	98	99 1/2	+1 1/2	5	11	0	14 1/2	12	14 1/2	12	Yorkshire £1, fully pd.	12 1/2	12 1/2	...	3	15	0	...	...				
102 1/2	98	104 1/2	99 1/2	Do. 6 % (1924)	103 1/2	104 1/2	...	5	15	0	...	...	...	...	Investment Trusts.	26 1/2	26 1/2	...	5	13	2	...	...				
26 1/2	12	14 1/2	6	Mexican 5 % (1899)	7 1/2	7 1/2	...	3	19	0	31 1/2	28 1/2	29 1/2	26 1/2	Anglo-American Deb...	110	110	...	6	8	0	...	...				
104 1/2	100 1/2	104 1/2	101	Norwegian 6 %, 1921...	102 1/2	104 1/2	+2	5	14	0	15 1/2	14 1/2	14 1/2	110	Anglo-Celtic Ord.	110	110	...	6	8	0	...	...				
106 1/2	82 1/2	83	60	Peru 7 1/2 % 1922	65x	65x	...	11	10	9	29 1/2	20 1/2	21 1/2	15 1/2	Atlas Electric, etc. £1...	15 1/2	15 1/2	...	6	8	0	...	...				
92 1/2	77	86 1/2	74	Poland 7 %	77 1/2	75 1/2	-2	9	19	0	37 1/2	23 1/2	28 1/2	21 1/2	Bt. Assets Trust 5/-	23 1/2	21 1/2	-2/6</									

† Free of Income Tax

Prices Year 1930.		Prices Year 1931. Jan. 1 to June 10, (inclusive).		Name of Security.		Price June 3, 1931.		Price June 10, 1931.		Rise or Fall.		Present Yield.		Prices Year 1930.		Prices Year 1931. Jan. 1 to June 10, (inclusive).		Name of Security.		Price June 3, 1931.		Price June 10, 1931.		Rise or Fall.		Present Yield.					
High.	Low.	High.	Low.			High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.			High.	Low.	High.	Low.	High.	Low.	High.	Low.				
														£ s. d.																	
7 1/2	2/9	3/10 1/2	2/-	Coal, Iron and Steel.				2/6	2/6	...	...	...	...	20 7/2	9/9	11 1/2	5 1/2	Anglo-Egyptian R.L.				5/9	6/3	+6 1/2	11	4	0	0			
16 1/2	11 1/2	14 1/2	8/-	Amal. Anthracite £1 ...				2/6	2/6	...	...	...	...	...	53 1/2	25/-	48 1/2	27/6	Anglo-Egyptian B.L.				30/9	28/9	-1/3	12	3	0	0		
10 1/2	4/9	5 1/2	4/6	Do. 7% Cum. Pref. £1 ...				8/9	8/9	...	...	...	...	...	53 1/2	25/-	48 1/2	27/6	Anglo-Egyptian B.L.				30/9	28/9	-1/3	12	3	0	0		
6 1/2	4/9	5 1/2	4/6	Armstrong Whit. A. 1/-				4 1/2	4 1/2	...	...	...	...	...	25/-	12/6	56 1/2	26 1/2	Apex (Trinidad) 5/-				6/-	5/6	+6 1/2	20	0	0	0		
13 1/2	4 1/4	7 1/2	2 1/2	Bentall Iron £1 ...				2/6	2/6	...	...	...	...	...	40 7/2	16/3	20/-	9/6	Attok £1 ...				11 1/2	11/3	...	...	...	...	...	...	
13 1/2	10 1/2	17 1/2	11 1/2	Beyer Peacock £1 ...				11 1/2	11 1/2	...	...	...	...	...	95 7/2	65 1/2	72/6	4/10	B.R.T. Cont. Oils (V.T. Co.)				1/-	1/3	+3 1/2	...	...	...	...	...	
3/-	1/9	2 1/2	1/-	Brown (John) Ord. 6/-				1/6	1/3	-3d	...	...	...	...	14/-	6/3	9/6	6/2	Canadian Eagle, no par				43 1/2	47 1/2	+4 1/2	9	10	0	0		
3 1/2	1 1/2	1 1/2	9d	Cammell Laird £1 ...				1/-	1/-	...	...	...	...	...	6/6	2/6	3 1/2	1 1/2	Kern River Oil 10/-				1/-	1/3	+3 1/2	...	...	...	...	...	
10 1/2	5/6	5 1/2	5/8	Consett Iron £1 ...				3/9	3/9	-9d	...	...	...	...	50 1/2	24/4	30/-	12/6	Lobitos Oilfields £1				18/-	19/3	+9 1/2	10	6	9	0		
5 1/2	5/6	5 1/2	5/8	Cornwall, William £1 ...				48 1/2	50/-	+1/3	7	0	0	...	...	15 1/2	6/1	10/9	5/10	Mexican Eagle (£10/6)				6 1/2	6/3	+9 1/2	...	...	...	...	...
3 1/2	5/6	5 1/2	5/8	Dorman, Long £1 ...				2/6	2/6	...	...	...	...	...	...	14 1/2	6/3	8/6	3/6	Phoenix Oil £1 ...				3/6	4/-	+6 1/2	25	0	0	0	
1 1/2	6/4	7 1/2	2/3	Ebbw Vale £1 ...				4 1/2	4 1/2	...	...	...	...	...	99 1/4	69 1/2	75 1/2	37/6	Royal Dutch (£34)				16	16 1/2	+2 1/2	8	15	0	0		
36 10 1/2	23 1/2	24 1/2	10 1/2	Guest Keen, & Co. £1 ...				11 1/2	12/-	+3d	...	...	...	...	78 1/2	18 1/2	30 1/2	10	Trinidad Leasehold £1				42 1/2	45 1/2	+2 1/2	7	15	0	0		
10 1/2	5/-	6 1/2	3/4	Huddfield £1 ...				3/9	3/9	...	...	...	...	...	62 1/2	27/6	35 1 1/2	24 1/4	V.O.C. Ord. £1 ...				27/-	28/9	+1/9	12	3	0	0		
12 1/2	4 10 1/2	5 1/4	2/-	Har. & Wif. 6% Cm. Pf.				2/6	2/3	-3d	...	...	...	...	21 1/2	16 1/4	19/6	16 7/2	Aerated Bread £1 ...				18/-	18/6	...	...	...	...	...	...	
23 7/2	17 1/2	17 1/2	13 1/2	Horden Collieries £1 ...				15 1/2	15 1/2	...	...	...	...	...	10	0	0	0	Arcar Cross £1 ...				12/6	12/6	...	...	...	...	...	...	
35 1/2	29 1/2	29 1/2	20 1/2	Millom & Askan £1 ...				22 1/2	23 1/2	+1/3	10	11 1/2	...	...	33 1/2	17 1/2	19/9	10 1/2	Allied Newspapers £1 ...				3/1	3/1	...	...	...	...	...	...	
14 1/2	8 1/2	9 1/2	7 1/2	Ocean Coal & Wilsons				7 1/4	7/-	-4 1/2	11	9 0	...	...	4/6	3/-	3 1/2	2 1/2	Amal. Dental Ind. 5/-				16 1/2	16 1/2	...	...	...	...	...	...	
4 1/4	1 1/2	1 1/2	7d	Pease and Partners £1				1/-	1/-	...	...	...	...	...	24 1/4	18 1/2	20/-	15/-	Amal. Press (10/-)				16 1/2	16 1/2	...	...	...	...	...	...	
12 1/2	5/6	7 10 1/2	4/9	Powell Duffryn £1				4/3	4/-	-3d	...	...	...	...	4/6	3/-	3 1/2	2 1/2	Army & Navy 10/-				28 1/2	31 1/2	+2 1/2	7	4	0	0		
23 1/2	17 1/2	17 1/2	8/9	S. Durham Steel £1				12/-	10/-	-2d	12	0	0	...	...	41 1/2	36/-	38 1/2	23 1/2	Associated Newsp. D.5/-				16 1/2	17 1/2	+1/3	11	9	0	0	
25 1/2	18 1/2	18 1/2	5/6	Do. B. Ord. £1 ...				4/3	4/3	...	...	...	...	...	...	31 1/2	19/6	20 1/2	15/6	Baker, P. Cement £1 ...				20 1/2	21 1/2	+1/-	7	10	6	0	
28 1/2	20 1/2	20 1/2	10 1/2	Stavely Coal, & Co. £1 ...				18/-	18/9	+9d.	6	7	0	...	...	27 1/2	22/-	25/-	19 1/2	Boss (John) £1 ...				55 1/2	56 1/2	+1/3	7	3	0	0	
28 1/2	20 1/2	20 1/2	10 1/2	Swan, Hunter £1 ...				11 1/2	11 1/2	...	...	...	...	...	...	27 1/2	22/-	25/-	19 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
3 1/2	1 1/2	1 1/2	9d	Thomas (Richard) £1				1/-	1/-	...	...	...	...	...	...	89 1/4	41 10 1/4	43 11 1/2	23 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
11 1/2	5/6	5/9	2/9	Do. 6 1/2% Cum. Pref. £1				2/9	2/9	...	...	...	...	...	...	16/-	7 1/2	14 1/2	8/6	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
78 1/2	31 1/2	31 1/2	16 1/2	Thornycroft, John £1				16 1/2	16 1/2	...	...	...	...	...	...	40 1/2	36 1/2	37 1/2	29 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
20 1/2	13 1/2	13 1/2	8 1/2	St. James Steel £100 ...				8 1/2	8 1/2	+5	7	15	6	...	...	48 1/2	29 1/2	31 1/2	24 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
9 1/2	6 1/2	6 1/2	6 1/2	St. James Steel £100 ...				8 1/2	8 1/2	...	...	...	...	...	...	48 1/2	29 1/2	31 1/2	24 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
16 1/2	12 1/2	13 1/2	8 1/2	Ward (Thos. W.) £1 ...				8/9	8/9	...	...	...	...	...	...	119 1/2	94 1/2	105 1/2	69 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
														Textiles.																	
6 1/2	3 1/2	3 1/2	2/-	B. Ctn. & Wool. Ds. 5s.				2/3	2/3	...	...	...	...	...	...	13 1/2	4 1/2	5 1/2	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
24 1/2	14 1/2	15 1/2	5/6	Bleachers £1				7/-	6 1/2	-9d	32	0	0	...	...	57 1/2	27 1/2	37/-	25/-	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
33 1/2	17 1/2	21/-	11 1/2	Bradford Dyers (£1) ...				13 1/2	13 1/2	...	...	...	...	...	...	147 1/2	31 10 1/4	64 10 1/4	26 10 1/4	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
21 1/2	6 1/2	8 1/2	3 1/4	Brit. Calender Ord. (10/-)				3/9	4/3	+6d	...	...	...	...	...	11 1/2	16 1/2	20 1/2	14 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
15 1/2	8 1/2	9 1/2	5 1/2	Do. 1st Cm. Ord. £1 ...				5/5	5/5	...	...	...	...	...	...	11 1/2	4 1/2	5 1/2	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
14 1/2	5 1/2	6 1/2	3 1/4	Do. 7 1/2% 2nd Cm. £1				3/9	3/9	...	...	...	...	...	...	11 1/2	4 1/2	5 1/2	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
16 1/2	7 1/2	9 1/2	4 1/2	Calico Printers £1				5/-	5/-	...	...	...	...	...	...	11 1/2	4 1/2	5 1/2	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
6 1/2	52 1/2	55 1/2	42 1/2	Coats, J. & P. (£1) ...				44 7/2	45 7/2	+1/-	6	11	0	...	...	9 1/2	6 1/2	7 1/2	4 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
57 1/2	35/-	37 1/2	24 1/2	Courtauld £1				25/-	25/-	...	...	...	...	...	...	12 1/2	6 1/2	7 1/2	4 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
45 1/2	29 1/2	32 1/2	19 1/2	English Swg. Ctn. £1 ...				23 1/2	23 1/2	...	...	...	...	...	...	19/-	9 10 1/4	16 1/4	7 1/4	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
24 1/2	16 1/2	16 1/2	13 1/2	English Velvet, & Co. £1				13 1/2	13 1/2	...	...	...	...	...	...	10 1/2	5 1/2	6 1/2	3 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
29 1/2	17 1/2	17 1/2	13 1/2	Finsbury & Spinn. £1				18 1/2	18 1/2	-7 1/2	8	14	7	...	...	138/-	67 1/2	69 1/2	26 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
28 1/2	23 1/2	24 1/2	16 1/2	Linen Thread £1				18 1/2	18 1/2	...	...	...	...	...	...	12 1/2	15 1/2	15 1/2	6 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
19 1/2	11 1/2	13 1/2	7 1/2	Listers (£1) ...				8 1/2	8 1/2	...	...	...	...	...	...	6 1/2	0	0	0	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
26 1/2	16 1/2	16 1/2	17 1/2	Patons & Baldwins £1				18 1/2	18 1/2	...	...	...	...	...	...	2 13 1/2	5	5	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
15 1/2	6 1/2	8 1/2	6 1/2	Snia Viscosa L.120 ...				7/-	6 1/2	-6d	...	...	...	...	...	30/-	16 1/2	17 1/2	12 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
														Electrical Manufg.																	
32 1/2	19 1/2	23 1/2	17/-	Associated Elec. (£1) ...				18 1/2	18 1/2	...	...	...	...	...	...	6 10 1/2	0	0	0	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
80 1/2	64 1/2	67 1/2	47 1/2	British Insulated (£1) ...				48 1/2	48 1/2	...	...	...	...	...	...	10 1/2	5 1/2	6 1/2	3 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
78 1/2	62 1/2	63 1/2	46 1/2	Callenders (£1) ...				48 1/2	48 1/2	...	...	...	...	...	...	6 10 1/2	0	0	0	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
25 1/2	19 1/2	23 1/2	18 1/2	Crompton Parkins 5/-				18 1/2	17 1/2	-1/3	8	0	0	...	...	8 1/2	4 1/2	5 1/2	2 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
29 1/2	19 1/2	20 1/2	12 1/2	English Electric £1				5/-	5/-	...	...	...	...	...	...	27 1/2	17 1/2	19 1/2	12 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
56 1/2	41 1/2	46 1/2	34 1/2	General Electric (£1) ...				35 1/2	36/-	+4 1/2	7	16	0	...	...	33 1/2	22 1/2	27 1/2	18 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
40 1/2	28 1/2	31 1/2	24 1/2	Hewleys (W. T.) (£1) ...				4 1/2	4 1/2	...	...	...	...	...	...	6 10 1/2	0	0	0	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
26 1/2	20 1/2	23 1/2	18 1/2	Johnson & Phillips £1				27 1/2	27 1/2	...	...	...	...	...	...	7 1 1/2	5 1/2	6 1/2	3 1/2	Barr (John) £1 ...				25 1/2	26 1/2	+1/3	6	0	0	0	
														Electric Light, &c.																	
56 1/2	20 1/2	23 1/2	18 1/2	Brazil Trac., no par ...				5 1/2	5 1/2	+1 1/2	...	...																			

† Free of Income Tax

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 3, 1931.	Price, June 10, 1931.
Central American Exploration.....	...	...	1½-1½	1½-1½
Cosach 7% Ser. Bonds.....	96	40	11-9 dis	10-9 dis
De Beers 5% Ser. deba.....	98	fy. pd.	90-95	90-95
Derby 4½% 1951-61 Invest.....	98	fy. pd.	3-3½ pm	100-100½
Fortnum and Mason Inc. 7% pref.....	95	12-6	2½-1½ dis	2½-1½ dis
Greek 6% Ser. Bonds.....	87	fy. pd.	82-83½	81½-82½
India 6% 1933-34.....	100	55	2½-2 dis	2½-2 dis
Lanco Cotton 6½% deba.....	97½	67½	18-16 dis	19-17 dis
London and National Property 5% deba.....	99	50	4½-5½ pm	4½-5½ pm
London Power 5% deb. 1972.....	100½	60½	4½-5½ pm	4½-5½ pm
Met. Water Board (D).....	...	...	2½-2½ pm	2½-2½ pm
National Canning Ord. £1.....	par	fy. pd.	11-11	11-11
Nat. Shipbuilders Security 5% deba.....	95	60	10-5 dis	10-5 dis
New Zealand 5% 1932-34.....	99	5	18-1½ dis	18-1½ dis
Odham's Press 7% (B) deba.....	98	fy. pd.	2½-4½ pm	100½-102½
Panama Corporation 8% deba.....	100	25	7-4 dis	4-1 dis
Rhokana Corp. 7% deba.....	100	50	par-10 pm	par-10 pm
Rio Claro Bly. and Invest. 5% deba.....	...	...	95-97	95-97
1962-72.....	91½	25	12-10 dis	11-9 dis
Rio Tinto 5% deba.....	103	20	par-3 pm	par-3 pm
S. Essex Water 5% pref.....	111½	20	par-3 pm	par-3 pm
S. Essex Water Ord.....	...	...	...	...

(Continued from page 1279.)

market, where the decision of the New York Central Railroad to pay a quarterly dividend of \$1.50 had a marked effect on sentiment. The market, in its new mood, was disposed to discount unfavourable news, such as the drop of 277,000 tons in the unfilled orders of the U.S. Steel Corporation (which totalled 3,620,000 tons last month, against 4,060,000 in May, 1930), and the failure of a group of twelve banks serving the suburbs of Chicago. The deposits of these banks totalled \$13,000,000. Their failure was ascribed primarily to real estate commitments. The fall in realty values, indeed, is believed to have caused difficulties in a fairly wide area in the Middle West. Market leaders like Western Union, American Can, Consolidated Gas and U.S. Steel, all showed firmness as the week progressed, though in some respects the upward movement had a laboured appearance. Trade advices showed no tangible change in the general situation, though industry was regarded as holding its own, despite a further fall in steel production from 42 to 40 per cent. of capacity. A preliminary estimate places the new public financing in the United States during the first five months of 1931 at \$1,601 millions, compared with \$2,869 millions in the corresponding period of 1930. Bond and note issues accounted for 94 per cent. of this year's total. Of the aggregate proceeds, over 55 per cent. were represented by domestic public-utility financing.

	May 1931.	June 1931.	June 1931.		May 1931.	June 1931.	June 1931.
U.S. 3½% T. Bds.....	107½	107½	107½	Natl. Biscuit.....	64½	66½	65½
Lo. Ln. 5½% '32-47.....	102½	102½	102½	Phelps Dodge.....	12½	12½	12½
Do. 4½% '32-47.....	103½	103½	103½	Pullman.....	33	34½	34½
Do. 4½% '33-38.....	104½	104½	104½	Sears-Robuck.....	50½	51½	52½
Atchafalca.....	145½	146	157	Studebaker.....	17½	17½	16½
Ches. & Ohio.....	33½	33½	35½	Un. Fruit.....	54	54	55
Erie.....	16½	17½	20	U.S. Leather.....	64	64	64
Illinois Central.....	50	47½	47½	U.S. Rubber.....	11½	12½	12½
N.Y. Central.....	81½	80	87½	U.S. Steel.....	91	92½	91
Pennsylvania.....	46	46½	50½	Westinghouse.....	60	65	64½
Southern Pacific.....	75½	77	81	Woolworth.....	67½	68½	69½
Southern Ry.....	31	33½	32½				
Union Pacific.....	150½	150	155	Am. Tel. & Tlg.	165½	170	169
Am. Can.....	96½	100½	102½	Interboro R.T.	21	21½	23½
Amer. Smelting.....	29½	28½	29½	Int. Tel. Teleg.	24½	25½	25½
Anacosta.....	23½	22½	22	Radio Corp.	15	16½	15½
Bethlehem Steel.....	41½	45	44½	Utilities P. & L.	22½	23½	22½
Chrysler Motor.....	16½	15½	16½	W. Union Tlg.	100½	105	109½
Corn Produce Rf.....	59½	64½	64				
Eastman Kodak.....	130	131½	130½	Associated Gas "A" ..	17	16½	16½
Gen. Electric (New).....	39½	40½	40	Pan. Amer. B.	25	25	28½
Gen. Motors.....	35½	35½	35½	Shell.....	20½	19½	21
Int. Harvester.....	43½	42½	42	Shell Union.....	4	4	5½
Montg. Ward.....	18½	18½	19½	Sinclair Oil.....	7½	7½	7½
				Sol. California.....	34	34	35½
				Do. N.J.	33½	34	35½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Cophall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.	
	Lowest.	Highest.	Lowest.	Highest.	Re- ginning of Year.	June 3.
337 Industrials.....	134.5	218.9	98.2	174.1	99.6	82.0
33 Rails.....	127.8	175.5	89.1	145.6	92.0	68.7
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	146.2
Total, 404 stocks.....	140.3	228.1	105.5	184.2	107.6	90.1
						93.8
Average yield of 60 Industrial Common Stocks.....	3.10%	5.23%	4.15%	5.95%	5.91%	6.76%
						6.33%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	June 4, 1931.	June 5, 1931.	June 6, 1931.	June 8, 1931.	June 9, 1931.	June 10, 1931.
140.2	92.7	103.0	101.6	99.1	103.6	101.5	104.1

TOTAL DEALINGS IN NEW YORK.

	June 4, 1931.	June 5, 1931.	June 6, 1931.	June 8, 1931.	June 9, 1931.	June 10, 1931.	June 11, 1931.
Stock Exchange— Shares (Thous.)	3,200	2,800	800	2,700	1,900	1,800	1,700
Bonds (Value Thous. \$) ...	12,042	11,072	4,848	8,466	9,911	11,698	9,917
Curb— Shares (Thous.)	550	400	160	240	300	250	310

* 2-hour session.

INVESTMENT NOTES.

Quarterly Earnings' Statements.—The recent experience of shareholders in the Dunlop Rubber Company—who remained in ignorance until the end of April of a drastic change in their company's earnings' position which started nine or ten months earlier—has given point to the suggestion that leading British concerns should publish certified earnings' statements at more frequent intervals. The issue of quarterly statements by the leading American corporations, under the rules of the New York Stock Exchange, has, it is claimed, given American investors a far better perspective than that of their British colleagues. During the present slump it has been noteworthy that, on several occasions, the New York market, after showing a tendency to undue optimism, has been brought sharply back to realities by the publication of three months' statements affording a "check up" on prevailing conditions. At a time when earnings are liable to sudden and extensive fluctuations, the advantages enjoyed by American investors—who, on the average, are nine months ahead of British investors as regards real knowledge of their position—are self-evident. The dangers of working in the dark were unintentionally stressed by Sir Eric Geddes when he declared, at the Dunlop meeting, that even if the advisability of an interim dividend last September had been doubtful there would have been "tremendous arguments" in favour of paying it rather than allowing bearish speculation regarding the company's position to rage unchecked for another six months. This is a dangerous doctrine. The work of preparing quarterly statements would doubtless be considerable. The Dunlop Company's accounts, for example, embody the figures received from eighty-five different concerns, operating all over the world, and many other large British companies are in much the same position. Nevertheless, if the alternative, in extreme cases, were the payment of doubtful dividends, there could be no question as to the preferable policy. A contributory factor in the success of the New York Stock Exchange Committee's efforts has been the hearty co-operation of many of the biggest American concerns, especially the U.S. Steel Corporation. The force of example is immensely powerful, and it would undeniably be helpful if some British company, of first-class importance, were prepared to break with tradition and set the ball rolling. For this reason, it is doubly regrettable that the great British railways, in reply to a request signed by every dealer in the Home Railway market of the Stock Exchange, have this week reiterated their previous refusal to publish monthly or quarterly figures of net revenue.

Tea Profits.—In a recent issue (see the *Economist*, May 30, 1931, page 1173) we published a résumé of the current position in the rubber industry. We may now extend our survey to the closely related tea industry.

Though tea prices have declined significantly—particularly those for the commoner varieties—the industry as a whole has escaped the cataclysm which has involved many other primary producing industries in dire difficulties. During 1930, individual companies in Ceylon experienced varying fortunes, as is apparent from the following table showing the results of nine leading companies, representing an aggregate capital investment of £4,964,070. The combined earnings of these companies were equivalent to a return on their capital of 31.30 per cent. in 1929 and 28.75 per cent. in 1930:—

Company.	Net Profit, December 31.		Earned per cent.		Dividend per cent.		Market Price per £1 share.	
	1929.	1930.	1929.	1930.	1929.	1930.	May 30, 1930.	June 10, 1931.
Amal. Tea Estates...	£ 123,060	80,373	16.08	10.84	7½	5	19½	7½
Anglo-Amer. Direct	122,052	95,179	23.03	18.54	10	10	20½	10½
Ceylon Tea Plantns.	176,950	151,759	58.82	52.08	40	30	5	2½
Consol. Tea & Lands	189,415	219,233	19.73	23.57	5	2½	21½	7½
Eastern Prod. & Est.	133,259	102,289	42.61	39.63	30	22½	3½	1½
Galaha Ceylon	69,122	75,884	29.59	33.53	20	20	2½	1½
Kanau Devan Hills	275,076	205,274	45.84	35.31	20	17½	39½	23½
Produce	109,659	111,301	49.39	52.22	38	37	5½	4½
Nuwara Eliya	65,662	64,713	68.98	70.18	40	35	6	4½
Standard Tea of Cey.								

† Share denomination £10.

The restriction scheme, in force in the industry last year, has now been abandoned, owing to the failure of British and Dutch producers to reach agreement. Each company must thus work out its own salvation. Tea planters will now, probably, abandon all non-paying areas and curtail expansion. Savings must perforce result, since labour costs will be reduced. Tea, as a commodity, has an advantage over rubber, owing to its detailed and careful grading. The better quality teas, in particular, have benefited from this condition, though Northern and Southern Indian blends have suffered heavier set-backs than have those of Ceylon. In February, tea consumption in the United Kingdom showed a slight reduction. Since Easter, however, the tone of the tea market has been more satisfactory.

Lord Kylsant—Further Court Hearings.—Lord Kylsant again appeared before the Lord Mayor at the Guildhall on Monday and Wednesday last, on a charge of publishing reports of the Royal Mail Steam Packet Company for 1926 and 1927 known to be false in a material particular. With him appeared Mr Harold John Morland, formerly the auditor of the company, on a charge of aiding and abetting. A further charge has been made against Lord Kylsant of publishing a prospectus known to be false in a material particular. At Monday's hearings the Lord Mayor ruled that the Crown were entitled to present their evidence as a whole. Lord Plender, the well-known chartered accountant, then described the circumstances in which the Treasury, asked by the Royal Mail group in the latter part of 1929 to postpone the repayment of certain loans guaranteed by the Government, had decided on the desirability of an independent expert examination into the whole position, and selected Sir William McLintock to carry it out. Sir William Plender was proceeding to describe a meeting at the Treasury on May 7, 1930, at which it was decided that reconstruction of the Royal Mail group was not a practicable proposition, when objection was taken by defending counsel to the admission of the evidence. This objection being upheld, Lord Plender's evidence was withdrawn, and it was further held that the defence were not entitled to cross-examine him upon it. Sir William McLintock was then called, and declared that, as a result of his examination, he had discovered that R.M.S.P. Meat Transports, Limited, after charging depreciation, had made a trading loss of £21,945 in 1926 and a trading profit of £28,657 in 1927. The company had brought in various amounts from reserves, and declared dividends absorbing £55,000 each year. This figure Sir William subsequently amended to £49,000 net. Sir William described the various capital transactions as be-

tween the Royal Mail Company and the two "Nelson companies" (Nelson Steam Navigation and H. M. W. Nelson), and referred to various figures in the accounts of Melver and Company and the Pacific Steam Navigation Company, declaring that in 1926 the latter, whose accounts appeared to indicate a profit of £60,532, had made, on his computation, a trading loss of £183,755, after charging depreciation on a normal basis. In 1927 the company's accounts showed a profit of £59,422, whereas, Sir William alleged, a loss of £160,748 had been made. Continuing his evidence on Wednesday, Sir William declared that the remaining "100 per cent. subsidiary" of the Royal Mail, MacAndrews and Company, had shown a loss in 1926 of £52,973, which he himself had placed, after adjustments, at £57,107, and in 1927 had shown a profit of £9,778, which he suggested should be restated as a net loss, after depreciation, of £47,428. In the aggregate, Sir William calculated that the six subsidiaries had made a net loss of £213,669 in 1926 and of £169,606 in 1927. The Royal Mail and its subsidiaries as a whole had suffered losses of £804,663 in 1926 and £630,369 in 1927. The payment of dividends in the two years had been accompanied by transfers from various reserves, some of which—e.g., those for income tax and excess profits duty—had not been disclosed at any time in the published documents of the company. Under cross-examination from Sir Patrick Hastings, Sir William agreed that a case might be made for the views expressed by various eminent accountants as to the propriety of withdrawals from secret reserves without disclosure to shareholders. The Lord Mayor, however, ruled that evidence as to other companies' balance sheets, in this connection, could not be admitted, and Sir Patrick Hastings (for Mr Morland) and Sir John Simon (for Lord Kylsant) announced that, in view of this ruling, they would take no further part in the Court's proceedings, though their junior counsel would remain. Mr Arthur Theodore Cason, chief accountant of the Royal Mail Company from 1913 until May 5th last, gave evidence as to the preparation of the profit and loss account for 1926. The Court adjourned until Monday next.

SUMMER SHELL

The seasonal blending of Shell gives you a petrol more perfectly suited to Summer temperatures than is possible with any fuel blended on a compromise for all-the-year-round use.

NOW ON SALE
AT EVERY
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Dunlop £1 Units.—Following the refusal of the Stock Exchange Committee to grant permission to deal in 6s. 8d. units of stock, dealings were commenced on Monday last in the new £1 units of stock of the Dunlop Rubber Company, the opening price of 16s. 10½d. being based on the Friday night quotation of 5s. 7½d. per 6s. 8d. share. The company has converted every 300 of its 6s. 8d. shares into £100 stock. This matter was discussed by Sir Eric Geddes at the annual meeting of the company, its objects being to save the very considerable amount of work and expense which in the present state of the law is involved by the use of share certificates for which the use of distinctive numbers is obligatory. By way of example, Sir Eric produced, at the meeting, a certificate for 68,000 shares, which, he declared, required to be endorsed with 444 groups of figures, totalling 7,640 figures. These had to be written out four times by hand in various accounts, registers, certificates, etc., a total of 30,560 figures being thus required to be written and checked, though the shares in that certificate represented only 0.003 of the total issued ordinary shares of the company. While, in the circumstances, the advantages of stock over shares, in this connection, are clear, companies have sometimes hesitated to make the change-over in the belief that parcels of stock of £100 are less easily negotiated than shares of relatively small denomination. The expedient of quoting stock in £1 units, previously adopted in the case of P. and O., and Watney Combe Reid, suggests a convenient way out of the difficulty.

Callender's Cable.—Despite a considerable decline in earnings this company has fully covered its customary 15 per cent. dividends. Its net profits dropped by £74,876 to £256,536. The results of the past three years are shown:—

	Year ended December 31,		
	1928.	1929.	1930.
	£	£	£
Net profit	287,081	331,412	256,536
Preference dividend.....	56,000	56,000	56,000
No. of times covered	5.13	5.92	4.58
Ordinary dividend:			
Amount.....	120,000	167,400	167,400
Earned per cent.	28.88	24.68	17.97
Paid per cent.	15	15	15
Reserve fund	238,730	...	...
Renewals and contingency fund	...	...	100,000
Pension fund	10,000	10,000	10,000
Stamp duty on new capital	5,000	...	...
Inc. or dec. in carry-forward....	-142,649	+98,012	-76,864

The company has had a satisfactory year as regards orders, but has suffered from falling prices and difficult foreign exchange conditions. Its Indian business has been profitable, and the United States subsidiary has also earned profits under difficult conditions. During the year the parent company's stocks have been reduced by £98,337, but expenditure on uncompleted contracts and prepayments has risen by £78,073 to £469,453. Debtors have been reduced by £76,900 to £1,747,860, and sums due by subsidiaries have risen by £51,947. At 48s. 9d. the £1 shares yield £6 8s. 4d. per cent.

Armstrong Whitworth.—It is rather more than two years since Armstrong Whitworth submitted to its spectacular writing off of losses and reduction of capital. The new company then formed, Armstrong Whitworth Securities, which is entirely a holding company, earned a net profit in 1929, its first year of operation, of £11,715. For 1930 it is able to report a net profit of £52,842, after deducting all fixed charges. The advance is not substantial, but the company is moving at any rate in the right direction. It appears probable, though this is not positively stated in the report, that the profit was derived entirely from interest on its Government and other outside investments. No dividends were received from its three principal subsidiary companies—the engineers, the shipbuilders and the ironfounders. But whereas in 1929

a large provision had to be made against losses incurred by subsidiaries, in 1930 it appears from the consolidated balance sheet that in the aggregate these three subsidiaries made a profit of £37,395, which, however, was not taken into the holding company's accounts. Moreover, adequate provision for depreciation is reported to have been made by each of the three operating companies, and the only losses for which provision has not been made were incurred by other minor subsidiaries in which the Armstrong Whitworth shareholding stands at a nominal figure. The balance sheet shows that during the year the company has found use for much of its surplus cash, partly in the form of debentures and loans to subsidiaries (which have risen from £423,995 to £1,595,180), partly in buying Government securities (which have increased from £180,690 to £534,700). The cash in hand, etc., is reduced from £1,389,697 to £365,859, and in addition £365,000 5½ per cent. notes have been issued during the year to provide further resources. The balance-sheet position, however, still remains satisfactorily liquid. A less encouraging sign is the reduction in work-in-progress from £941,949 to £556,391 in the consolidated balance sheet. At £236,737 the reserve shows little change; it is not large, but the recent writing-down was so drastic that in the aggregate the investments are hardly likely to be over-valued in the books. The non-cumulative preference dividends have not been met this year, but the reconstructed company is now saddled with so small a load of prior charges that if the present rate of improvement continues, some return to the shareholders may not be too long delayed.

British Electric Traction.—In the *Economist* of May 30th we discussed the preliminary profit figures of this prosperous holding company. The complete accounts show gross income of £422,827, compared with £396,261, while expenditure increased by only £8,642. Of the net revenue of £271,005 the participating preference stock absorbed £57,020, and the preferred ordinary stock the usual £106,101. For the fourth year in succession the deferred ordinary stockholders receive a 5 per cent. dividend and a capital bonus of 10 per cent. in deferred shares, to be converted subsequently into stock.

	Year to March 31,		
	1929.	1930.	1931.
	£	£	£
Gross profit.....	330,822	396,261	422,827
Expenditure	133,827	143,180	151,822
Net profit	196,995	253,081	271,005
Pref. dividend	54,685	56,281	57,020
No. of times covered	3.6	4.5	4.8
Prof. ord. div.	106,101	106,101	106,101
No. of times covered	1.2	1.5	1.6
Def. ord. div.:			
Amount.....	7,394	8,384	9,222
Earned per cent.	24.5	54.1	58.5
Paid per cent.	5	5	5
Other allocations	14,789*	16,768*	18,445*
Undivided profits account.....	14,025	65,547	80,217

* Def. ord. stock dividend of 10 per cent.

The balance of £80,217 is added to the undivided profits account, bringing that item to £332,015. Of the bonus distribution of 423,501 ordinary shares and 847,002 6 per cent. preference shares of the Birmingham and District Investment Trust, received in December, 1929, and May, 1930, 292,535 preference shares have since been sold, and the amount realised has been applied in reduction of the book value of the investments, which nevertheless stand in the balance sheet at £5,507,179, an increase of £1,364,902 over those of last year. The remainder of the bonus shares received have been taken into the balance sheet at their par value of £977,968, and the undivided profits account has been increased by that amount. The capital of the company has been augmented during the year by the issue of 16,768 deferred ordinary shares of £1 each. At 122½ the 8 per cent. preference stock yields £6 15s. per cent.

William Cory.—Despite prevailing world depression, this company has enjoyed a very satisfactory year, net profits having declined by only £58,591 to £626,596:—

	Year ended March 31,		
	1929.	1930.	1931.
	£	£	£
Net Profit	740,289	685,187	626,596
Preference dividend.....	42,500	42,500	42,500
No. of times covered	17.42	16.12	14.74
Ordinary dividend:—			
Amount	512,220	513,338	514,261
Earned %	23.84	21.22	19.53
Paid %	17½	17½	17½
Reserve fund	150,000	50,000	50,000
Written off goodwill	...	54,993	...
Increase in carry-forward	135,569	24,356	19,835

The main alteration among the assets is the increase of £216,068 in debtors, now £2,757,248, and the growth of £48,539 to £185,006 in loans to subsidiaries. Deposits declined by £9,253 to £272,165, while creditors were £42,113 greater at £1,780,348. The preference capital is secured by net tangible assets of £34 19s. 11d. per £5 5 per cent. cumulative preference share. At 2½ the ordinary shares yield £7 7s. 4d. per cent.

Antofagasta (Chile) and Bolivia Railway Meeting.

Some interesting comments on the nitrate situation and on the position of British railways in Chile were made by the chairman of the Antofagasta (Chile) and Bolivia Railway Company at the general meeting on June 9th. In the past, the Chilean railways generally had the benefit of good tin and copper traffics when the nitrate industry was depressed, or good nitrate traffics when the tin and copper industries were depressed. At the present time, however, all three are depressed, and the unification of the Chilean nitrate industry has created a very serious situation for the Antofagasta Railway. The company serves 30 nitrate oficinas through the ports of Antofagasta and Mejillones. At the beginning of 1930, twelve of these were producing nitrate, but gradually all closed down except one belonging to the Lautaro Company. The formation of the "Cosach" Company had resulted in the concentration of nitrate production on the two Guggenheim process plants, both of which were situated in the north of the Tocopilla pampas. Tocopilla had therefore become the busy nitrate port of the North, and this meant a complete change in the economic position of the Antofagasta. As far as the railways are concerned, this upset has been accentuated by the falling off of the copper and tin traffics. The situation for the company and other British railways had become so serious that representations had been made to the Government, first, that any nitrate required to be produced from Shanks process plants should be from oficinas situated on pampas served by their railways, and that, as far as the new nitrate oficina "Pedro de Valdivia" belonging to the Lautaro Company was concerned, a part of this traffic should be sent to Antofagasta instead of Tocopilla, at no extra cost or shipping charges. The company and other British railways felt that by their capital and enterprise they had contributed largely to the development and prosperity of the North of Chile, and that until the Guggenheim process plants could be erected on all the pampas, the railways should be given some reasonable traffic in order that they should be able to keep their properties in good shape and receive some return on their business. It would, however, be a long time before new Guggenheim plants were erected. The chairman of the Antofagasta Railway estimated that the total stocks of nitrate were in the neighbourhood of 2,500,000 tons. The average annual sales during the last ten years had been about 2,200,000, so that existing stocks were equivalent to more than a year's consumption. The Guggenheim process plants at Maria Elena and Pedro de Valdivia oficinas were expected to produce in the nitrate year ending June, 1932, approximately 1,200,000 tons, so that unless sales materially increased a great deal of nitrate would not be required to be produced by the Shanks oficinas.

Mining Costs on the Rand.—A special correspondent to the Gold Supplement published by the *Financial News* on Monday last, advances a number of interesting arguments regarding the "profitability" of mining operations on the Rand. He declares that, since the price of gold is constant, working cost alone determines whether or not a gold-bearing reef is payable. The terms "low-grade" and "high-grade," as applied to ore, are purely relative, and may be misleading if they are not related to working costs. The gold mines of Rhodesia, Australia, the Gold Coast, and Brazil, are far richer than the average of the Rand, but the latter's ores are, nevertheless, profitable, on account of the much lower working costs of the mines. The following table, showing the results per ton milled in various areas, affords an illuminating commentary on this statement:—

Goldfield.	Mine.	Tons milled per annum.	Per Ton Milled.			
			Revenue.	Working Cost.	Working Profit.	Div.
Witwatersrand	(Average)	1,000,000	27/7	19/7	8/-	5/3
Southern Rhodesia	Cam & Motor	288,000	39/2	23/1	16/1	10/5
	Sherwood Starr	57,800	46/-	22/10	23/2	8/8
	Globe & Phoenix	72,300	41/1	23/1	18/0	22/1
Gold Coast	Rexende	75,400	36/2	19/5	16/9	9/10
	Ashanti	124,200	101/5	49/10	51/7	Nil
W. Australia	Taquin & Abosso	100,790	33/5	29/1	4/4	Nil
	Associated Gold	56,390	34/3	30/10*	3/5	Nil
Kolar Goldfield, India	Balaghat	39,200	48/-	...	...	Nil
	Champion Reef	91,550	50/-	31/11*	18/1	5/9
	Mysore	190,830	45/4	30/-	15/4	8/1
Brazil	Nundyrroog	128,820†	45/10	31/1	14/9	11/2
	Oreogum	143,760	35/6	33/-	2/6	Nil
	St. John del Rey	202,500	51/9	38/4	13/5	6/9

* Exclusive of development.

† Current ore, exclusive of tailings re-treated.

From the view thus expressed, it follows that a lowering of costs tends not only to make potential mines out of mere gold-bearing reefs, but to increase the "life" of the rich mines, and to enhance the proportion of a given year's dividend which shareholders can regard as "income," by reducing the amount which should be looked upon as "return of capital." These considerations have special relevance in view of the fact that the Rand Low-Grade Ore Commission's Report is impending in South Africa. If this report suggests important measures for reducing costs, and these are put into practice with the co-operation and assistance of the Union Government, shareholders may benefit in several ways. Their mines will have a longer estimated "life." The amount of shaft-sinking and development work necessary to open up a stated quantity of payable ore in a given period on a particular mine, may be reduced, since experience shows that these expenses tend to vary with the level of other costs. Finally, a reduction of costs would bring the Rand a step nearer to complete justification of its claim to be regarded, not as a "speculative," but as a more or less settled industry, whose shares should stand at prices giving an "industrial" rather than a "mining" yield.

Burmah Oil Meeting.—Sir Jorn Cargill, at the general meeting of the Burmah Oil Company, had some hard words to say about the mad orgy of over-production in the oil industry. The fact that the Burmah Oil Company had not been guilty of over-producing did not unfortunately enable it to escape the consequences of the oil glut in the shape of reduced oil prices. Further, the company had to meet reduced values for the whole of its kerosene production owing to the halving under the Indian Budget last year of the difference between the import and excise duties on that product. In spite of a definite setback in the consumption of kerosene and a slowing down in the demand for petrol, the imports into India from Russia and America had increased. As a result of the marketing agreement with the Anglo-Persian and Royal Dutch-Shell groups, imports from Persia and the Dutch East Indies had been reduced to afford a greater outlet for the indigenous production of India. The time had come, in Sir John Cargill's opinion, to require other importers of foreign oils to curtail their imports to a similar extent in the interests of the domestic oil industry. Fortunately, the merger which has now been

sanctioned by the American Government between Vacuum Oil Company and the Standard Oil Company of New York—the two largest American importers in India—may enable a satisfactory solution of this difficulty to be found, for the directors of the Vacuum Oil Company are understood to favour a pacific trading policy. Incidentally, Sir John Cargill justified the reduction in the company's dividend from 30 per cent. to 22½ per cent. on the ground that its investments in the Anglo-Persian and Shell Transport companies would yield less in the current year—actually over £250,000 less on the basis of the lower annual rates of distribution—but he did not say what policy the company would adopt if Anglo-Persian and Shell Transport were to reduce (as seems likely) the rate of interim dividend payable in December next.

The Anglo-Persian Oil Company.—The directors of the Anglo-Persian Oil Company had no important news to record in their annual report. The development of the prolific new oilfield at Haft Kel, halfway between the old Masjid-i-Suleiman field and the coast, had completely confirmed expectations. The company's present small production in Iraq and the Argentine was absorbed by the local markets, and in Albania operations had been suspended. Extensions had been made to the company's refineries in Persia and sales in general have been well maintained. The following table compares the results for the past two years:—

	Twelve months to Dec., 1929.	Dec., 1930.
Net profits	7,500,600	6,717,497
Debiture and other interest	279,717	281,475
Directors' fees	15,017	14,066
Persian Government royalty	1,161,589	1,014,595
Income tax	837,514	758,782
Extra depreciation	352,465	487,218
Discount on debenture stock	11,250	13,000
Debiture stock red. reserve	200,000	200,000
Amortisation reserve	100,000	100,000
Available for dividends	4,543,048	3,848,361
Prof. dividends	875,000	875,000
Balance	3,668,048	2,973,361
Earned on ordinary shares	32.1%	26.9%
Paid on ordinary shares	20%	15%
To other reserves	1,500,000*	750,000*
Carried forward	687,064	896,676

* General reserve, £1,000,000; preference share reserve, £500,000.
† General reserve, £250,000; tax reserve, £500,000.

It will be observed that net profits have declined by 15.3 per cent. last year, and that the directors have pursued a very conservative policy by reducing dividends from 20 per cent. to 15 per cent., although earnings amounted to 26.9 per cent. The balance sheet continues to show a strong liquid position, the surplus of current assets over current liabilities amounting to £5,421,111. No less than £5,554,000 is held in British Government securities and cash. The property account is higher, as the result of additions to refineries, at £6,724,680, as against £5,553,968. The ordinary shares of the company improved on the publication of these figures, and at the present moment are quoted at 1½ to allow a yield of £8 15s. per cent. on dividends of 15 per cent.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies: Suez Canal, Antofagasta (Chili) and Bolivia Railway, Calcutta Tramways, Electric Supply Corporation, Straits Plantations, Burmah Oil, Lobitos Oilfields, J. and P. Coats, Telephone Rentals, W. J. Bush, Geduld Proprietary Mines, East Geduld Mines, and Modderfontein Deep Levels. At the annual meeting of J. and P. Coats the chairman said that the fact that profits had again been affected by the writing down of stock values was not due to their unskilful buying of cotton. In the twelve years before the war, Egyptian cotton fluctuated between 16 pence and 6 pence, and in the twelve years after the war it ranged between 90 pence and 9 pence. To-day it was

round 7½ pence. Presiding at the annual meeting of Straits Plantations, Mr J. McNeill Miller said that though the cost of copra per ton worked out at £8 3s. 6d. f.o.b., which constituted a new low record in the history of the company, the price obtainable for their commodity had been extremely unsatisfactory throughout the year, the average net price showing a falling off of £4 12s. 4d. compared with last year.

CAPITAL ISSUES.

After several weeks of quiescence, the London capital market has become more active. On Monday the *New Zealand Government* offered £5,000,000 of short-dated 5 per cent. bonds at 99. Of the total, £1,000,000 were to be applied to the redemption of Treasury bills and the remainder to productive purposes, in connection with which considerable amounts were to be spent in Great Britain for purchases of material. Although New Zealand's credit in London is good, the issue was left as to 68 per cent. with the underwriters. On Thursday an offer for sale was made by Messrs Rothschild on behalf of *F. W. Woolworth and Company, Limited*. This company was incorporated as a private concern in 1909, as an offshoot of an American company. It has now 444 "three penny and six penny" retail stores in the United Kingdom and Ireland, and in recent years its combined profits have risen from £1,844,489 (in 1926) to £3,684,161 (in 1930). The business has been built up entirely out of profits, its net assets at December 31st last being over £10,000,000. The 6 per cent. preference shares, covered as regards dividends more than twelve times, are an attractive fixed-interest security of a type with which the market is not too well provided. The ordinary shares offer an earnings yield, on the average for the last three years, of nearly 10 per cent. at the issue price. The market regarded the shares as having a valuable equity, though the 5s. denomination and the 35s. premium were criticised in some quarters. Some criticism was also expressed of the requirements that applications should be in the fixed proportion of 25 preference shares to 10 ordinary shares, on the ground that the two stocks were calculated to appeal to different types of investors. Voting control will remain with the present proprietors, the general public being offered the opportunity to subscribe for only 1,944,000 out of an issued total of 15,000,000 5s. ordinary shares. The issue was largely "staggered" in the expectation of a keen American demand for the ordinary. An issue is expected shortly of £3,000,000 5½ per cent. debentures at 95 by the Buenos Ayres Great Southern Railway Company.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to June 6, 1931, £68,405,991.
Total, including conversion, recorded January 1 to June 6, 1931, £78,302,976.

National Savings Certificates.
Net sales, week ended June 6, 1931, £350,000.
Total receipts April 1, 1931, to June 6, 1931, £2,950,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
New Zealand Govt.	5,000,000	...	4,950,000	250,000	4,700,000
F. W. Woolworth and Co.— 4,860,000 6% cum. pref. £1 at par	4,860,000	...	4,860,000	486,000	4,374,000
2,250,000 ord. 5s. at £2	562,500	...	4,500,000	562,500	3,937,500
Total offered to the public, week ended June 13, 1931	10422500	...	14310000	1298,500	13011500

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To Shareholders only.					
Nuvara, Eliza, Ltd. Estates, 5,000 shares £1 at £4 10s.	5,000	...	22,500	22,500	...
Total offered to shareholders only, week ended June 13, 1931	5,000	...	22,500	22,500	...

	Including Conversions.	Excluding Conversions.	Total Offered for Subscription— Including Conversions.	Excluding Conversions.
Jan. 1 to date—				
1931	92,965,476	83,088,491	Whole year—	
1930	241,455,531	165,203,257	1930	454,888,784
1929	191,125,692	159,591,542	1929	488,764,940
1928	...	228,016,225	1928	693,100,056
1927	...	195,175,311	1927	369,058,073
1926	...	108,634,498	1926	355,165,978
1925	...	96,343,965	1925	230,782,600
1924	...	96,747,777	1924	232,214,500
			1923	209,336,101
			1923	271,399,173

	Debitures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	62,731,924	5,832,786	14,523,781	83,088,491
1930	135,727,344	12,324,987	17,150,926	165,203,257
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,165,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount Introduced.	Prices at which Deals Began.	Total Cash Involved.
Amount previously recorded	6,297,183	...	6,621,940
Total for week ended June 13, 1931	Nil	...	Nil
Total to date, 1931	6,297,183	...	6,621,940
Total to date, 1930	15,703,378	...	17,383,957

New Zealand Government.—Issue of £5,000,000 5 per cent. bonds, 1932-34, at £99 per cent. The principal is repayable at par on July 16, 1934, the Government of New Zealand having the option to redeem the bonds at par, in whole or in part, on or after July 16, 1932, on three months' notice. The sum of £4 millions will be allocated to productive purposes, and the remainder will be applied to the redemption of current Treasury bills in London.

F. W. Woolworth and Company.—Offer for sale of 4,860,000 6 per cent. cumulative preference shares of £1 each at par and 2,250,000 ordinary shares of 5s. each at £2 per share. Of these amounts, 306,000 ordinary shares were placed on the terms of the prospectus, and 941,700 preference shares and 376,680 ordinary shares were placed with the directors and other officials of the company on underwriting terms. The average annual combined profits of this company and its subsidiary for the three years ended December 31, 1930, amounted to £3,281,489, which is sufficient to cover the dividend on the preference shares more than ten times, and is 79.5 per cent. on the present ordinary share capital after providing for the preference dividend. The company was incorporated in the year 1909 as a private company.

West Hampshire Water Company.—Issue by tender of £10,000 5 per cent. perpetual debenture stock, minimum price par; 1,000 £10 5½ per cent. preference shares, minimum price £10 15s. per share, yielding at that price £5 2s. 4d. per cent.; and 1,500 £10 ordinary "B" shares, ranking for a maximum dividend of 7 per cent. equally with existing similar shares, minimum price £12 10s. per share.

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction:—**John Taylor and Company.** Particulars of an issue of £120,000 5½ per cent. guaranteed first mortgage debenture stock, guaranteed as to principal and interest by Walker and Homfrays, Ltd. **Primitiva Holdings.** Particulars of an issue of 250,000 6 per cent. redeemable cumulative preference shares of £1 each at par. The company was incorporated in July, 1929, to carry on the business of an investment trust company.

[Other Stock Exchange information, including the latest dividend announcements, summary of balance sheets, reports and notices, and profit and loss figures, will be found on page 1302 under the heading "Company News."]

Grace National Bank
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148 Leadenhall St. London, E.C. 3.

WEEKLY TRAFFIC RETURNS. RAILWAYS OF GREAT BRITAIN AND IRELAND.

(b) Week ended June 5, 1931. (c) Week ended June 6, 1931.	Miles Open.	Week ended June 7, 1931. (000's omitted.)					Aggregate 23 weeks, 1931. (000's omitted.)				
		Passen- gers, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total for Week.	Passen- gers, &c.	Merchandise, &c.	Coal and Coke	Total Goods	Total
Great Western...	3,761	268	221	107	307	515	4,492	4,325	2,392	6,717	11,209
Do. for 1930....	3,761	289	221	109	330	619	4,835	4,994	2,918	7,912	12,747
L. & N. Eastn. (c) ..	6,349	308	304	201	505	813	6,727	7,827	5,561	13,388	20,115
Do. for 1930....	6,349	399	348	224	572	971	7,299	9,250	6,146	15,396	22,695
Lon. Mid. & Scot. ..	6,958	463	469	230	699	1,162	10,141	10,644	5,951	16,595	26,736
Do. for 1930....	6,958	666	627	224	751	1,417	10,749	12,540	6,179	18,719	29,468
Southern	2,180	311	67	23	90	401	6,279	1,614	741	2,355	8,634
Do. for 1930....	2,179	399	70	18	88	487	6,579	1,781	703	2,484	9,063
Total of above....	19,255	1,292	1,040	561	1,601	2,893	27,639	24,410	14,645	39,055	66,694
Do. for 1930....	19,238	1,753	1,116	575	1,741	3,494	29,462	28,655	15,946	44,511	73,973
Metropolitan (c) ..	59	31.8	...	...	3.9	35.7	722.9	...	...	89.9	812.8
Do. for 1930....	59	33.5	...	...	4.0	37.5	749.9	...	...	92.7	842.6
Undgd. E.R. (c) ..	...	320.8	...	...	...	320.8	6676.2	...	...	...	6676.2
Do. for 1930....	...	319.8	...	...	...	319.8	6773.9	...	...	...	6773.9
Green Buses, &c. ..	...	29.4	...	...	...	29.4	511.5	...	...	...	511.5
Lon. & S. Grp. (c) ..	...	46.8	...	...	...	46.8	977.5	...	...	...	977.5
Do. for 1930....	...	46.6	...	...	...	46.6	984.7	...	...	...	984.7
*B.I.R. & Co. (c) ..	80	2.6	...	...	...	3.3	44.3	...	...	14.9	59.3
Do. for 1930....	80	2.9	...	...	...	3.8	46.9	...	...	16.4	63.3
*G. Northern (b) ..	562	11.2	...	...	12.7	23.9	213.6	...	...	337.8	551.4
Do. for 1930....	562	12.0	...	...	14.3	26.3	232.0	...	...	334.8	566.8
*Gt. Southern (b) ..	2,188	26.5	...	...	37.5	64.0	584.7	...	...	839.1	1,423.8
Do. for 1930....	2,188	30.4	...	...	41.9	72.3	538.8	...	...	1,010.7	1,549.5

* Aggregate 22 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Month.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	6	May 9	1,306	Rs. 3,82,000	+ 25,498	Rs. 21,91,000	- 23,389
Barsi Lt. Ry.	7	16	202	42,100	+ 2,300	2,97,900	- 60,000
Bengal N. Western ..	7	16	2,117	7,09,983	- 99,055	48,02,148	- 3,41,548
Bengal Nagpur	7	16	3,118	12,21,000	- 4,46,492	84,63,000	- 20,68,118
Bombay Bar. & C.I. ..	9	31	3,094	20,21,000	- 2,91,000	1,94,39,000	- 6,18,000
Madras & S. Mahr. ..	7	16	3,229	15,70,000	- 1,75,461	1,07,76,000	- 12,12,011
†Rohilk. & Kumaon ..	7	16	572	1,15,773	- 30,738	8,82,727	- 80,314
South Indian	6	9	2,458	11,20,285	- 91,181	6,115,231	- 10,65,057

† Including Lucknow-Bareilly State Railway.

CANADIAN.

Canadian National	22	May 31	20426	\$ 4,655,757	- 159,2914	\$ 73,039,396	- 17,465,967
Canadian Pacific....	22	31	15545	\$ 3,613,000	- 127,2000	\$ 58,064,000	- 11,149,000

SOUTH AMERICAN.

Antofagasta (Chili and Bolivia).....	22	May 31	804	\$ 16,650	- 11,900	\$ 406,380	- 235,700
Argentine N.E.	49	6	753	11,900	- 6,900	656,600	- 118,700
Argentine Trans'dn. ..	49	6	111	1,846	- 695	165,551	- 58,393
B.A. and Pacific....	49	6	2,806	125,000	- 3,000	6,617,000	- 826,000
B.A. Central	49	7	...	11,349	- 835	607,844	- 32,995
B.A. Gt. Southern ..	49	June 6	5,076	204,000	+ 8,000	10,575,000	- 974,000
B.A. Western	49	6	1,926	70,000	- ...	4,571,000	- 567,000
Central Argentine....	49	6	3,442	212,000	+ 48,000	10,389,000	- 622,000
Central Uruguay....	49	6	273	28,370	- 1,817	1,502,918	- 26,225
O. Uyg. (East Ext.) ..	49	6	311	5,863	- 834	338,481	- 21,480
O. Uyg. (N. Ext.) ..	49	6	185	3,747	- 627	175,403	- 8,109
O. Uyg. (W. Ext.) ..	49	6	211	2,559	- 347	145,833	- 4,765
Paraguay Central ..	49	6	1,218	54,000	- 3,000	2,742,000	- 11,000
Entre Rios	47	6	809	21,100	- 4,600	1,331,900	- 2,100
G. Westn. of Brazil ..	49	6	1,052	4,600	- 4,500	166,400	- 203,100
Leopoldina.....	49	6	1,918	21,320	- 8,075	469,670	- 301,428
Leopoldina Termnl. ..	49	6	...	4,546	- 2,851	89,849	- 70,120
Nitrate	15	May 31	410	2,262	- 14,360	82,594	- 129,718
Paraguay Central ..	49	June 6	1,200	54,000	- 3,000	2,742,000	- 11,000
Entre Rios	49	6	274	2,980	- 604	175,253	- 44,808
Nitrate	22	May 31	1534	22,566	- 18,275	1,645,630	- 314,720
United of Havana	49	June 6	1,369	22,569	- 19,295	1,860,020	- 1,301,931

COMPANY MEETINGS, &c.

BURMAH OIL COMPANY, LIMITED.

SATISFACTORY RESULTS DESPITE ADVERSE TRADING CONDITIONS.

DIVIDEND OF 22½ PER CENT.

OIL POSITION—"WILD ORGY OF PRODUCTION."

INDIAN MARKET CONDITIONS.

SIR JOHN T. CARGILL'S REVIEW OF YEAR'S OPERATIONS.

The twenty-ninth annual general meeting of the Burmah Oil Company, Limited, was held, on the 5th instant, within the Merchants' Hall, 30 George Square, Glasgow.

Sir John T. Cargill, Bart. (chairman of the company), presided, and there was a large attendance of shareholders.

The Chairman: Ladies and gentlemen,—In the first place I have here the certificate of the posting of the notices calling the meeting, and I presume that, as usual, you will agree to the notice of the meeting being held as read, also the report and accounts, and I call on the Secretary to read the auditor's report.

The Secretary (Mr F. G. Holdsworth) read the auditor's report.

The Chairman: Ladies and gentlemen,—I have already asked your kind permission to hold the report and accounts as read, which you have been good enough to give.

When I addressed you a year ago I was in the happy position of laying before you a statement of accounts which had enabled your directors, while dealing with depreciations and allocations to the various reserve accounts on an even more generous scale than usual, to raise the dividend on the ordinary shares from the 20 per cent. at which it had stood for two years to 30 per cent. and to submit to you a balance sheet which I described as the finest and strongest one I had had the good fortune to lay before you in the 26 years I had been chairman of your company. But when referring to the prospects for the year on which we had then entered, and the results of which you now have before you, and with which I am now going to deal, you will doubtless remember that I stressed the world-wide economic depression and political unrest which even then existed, and which, unfortunately, far from lifting, are to-day infinitely worse, and pointed out the danger and impossibility of attempting to make any forecast for the future and contented myself by saying that short of something in the nature of a world-wide upheaval of trade and of the petroleum industry I felt confident that in due course we would be able to lay before you another very satisfactory report and statement of accounts. And, ladies and gentlemen, I feel sure you will all agree that that confidence was not misplaced and that, especially looking to the very trying times we have been passing through and are still in, the report and statement of accounts now before you, and the dividend of 22½ per cent. we are recommending for last year, can be considered extremely satisfactory.

THE YEAR'S CONDITIONS AND RESULTS.

In the past year we had to face—as we still have—reduced values for the whole of our kerosene production—other than our price restriction policy volume—owing to the halving under the Indian Budget of that year of the difference between the import and excise duties on that product. And on top of this, in the autumn, the increasing disparity between world production and consumption of petroleum forced further falls in values throughout the world which the market in India could not and did not escape. The published results for 1930 of some of the greatest stalwarts in the industry speak eloquently of the consequences of the wild orgy of production which has been and is still taking place, and the fact that it has been possible in such circumstances for us to present these results well, I am sure, give you great satisfaction. For if we cannot recommend the same dividend as last year it has been fully earned, even after making our allocations to reserves and writings-off on a very generous scale. I was relying on economies being effected in the costs of our operations and on increased interest and dividends, and a fulfilment of these expectations has substantially mitigated the effects of lower values for our products.

In these hard times, and not least when our country, the whole Empire, and the world at large require all the encouragement to better heart that an occasional oasis in the arid sands of to-day's depression can afford, we should have liked nothing better than to recommend the payment of a final dividend up to that of last year—and not merely to have shown that we have earned it. But just because of these depressed conditions and the uncertainty of the immediate future, not of the petroleum industry alone but of business generally, your directors have felt that a less cautious and

conservative policy than they have proposed might be followed with grave risk.

POSITION OF THE OIL INDUSTRY.

For what is the position of the oil industry itself? The problem of the lack of balance between production and consumption has in effect scarcely been touched. World-wide decline in demand keeps grim pace with such efforts as have been made to control production, and the only glimmer of hope of any early improvement which can be pointed to is the negative one that for the greater volume of the world's production to-day's conditions are ruinous, even although unhappily the truth of this would not appear yet to have got fully home. One need not waste time over academic discussions as to whether the cause of the trouble is over-production or under-consumption. That there is under-consumption for the production which is taking place is sufficiently obvious. Yet despite this obvious fact all sense of proportion seems to have gone, and one even reads of companies proclaiming, and apparently claiming credit for the achievement, that they have drilled the "deepest well ever," while they are perfectly aware that all and more than all the production for which there is an outlet could readily and for some considerable time ahead be provided easily by the wells throughout the world already drilled and producing.

We in Burma and India have not participated in this mad and ill-considered development, with its resultant squandering of valuable and irreplaceable resources. For what other description can be applied to a policy which results in drilling several wells where one well would do, and in employing methods wasteful in the extreme of the gas which is Nature's machinery for moving oil to the surface? That we have studiously avoided this sort of thing and have not contributed to the present chaos, preferring a sound policy of development, does not unfortunately enable us to escape the consequences, in the shape of reduced values, of the insane race for production elsewhere. What, however, we do refuse to accept is that this over-production by others should now require us—who have not increased but have wisely stabilised our production—to reduce our production so as to make room for their overflow in our home markets.

THE INDIAN MARKET.

Despite a definite set-back in India in the demand for kerosene and a marking of time in that for petrol, we see imports from Russia and America if anything greater than before. Our arrangements with our friends the Anglo-Persian Oil Company, Limited, and the Royal Dutch-Shell Group have until recently provided us with the necessary breathing space, as their imports have gradually dropped out to yield to the indigenous production the outlet in India it has required. That margin has now, however, been exhausted, and, as we have said in our report, the time has arrived when we must require other importers of foreign oils to hold back to the extent necessary for India's indigenous production to find its market in India itself. We have not merely our own organisation there to protect. That is important, and we shall certainly protect it. But what is even more important, and especially so in to-day's gravely depressed economic position of India—a depression which is causing the authorities and every one concerned with the well-being of that continent the deepest anxiety—is that we should do what we can to protect the employment of the many thousands of Indians and Burmese for which the indigenous industry provides, and which is being menaced by these imports under the conditions I have described. That duty we shall not shirk.

THE ANGLO-PERSIAN AND SHELL COMPANIES.

It is in, and mainly because of, these circumstances that your board is unable to recommend a larger cash distribution out of last year's profits, but, quite apart from any possible developments in the Indian situation, we must not overlook that the current year will certainly yield us less in dividends on our holdings in the Anglo-Persian Oil Company, Limited, and the Shell Transport and Trading

Company, Limited. Your board's confidence in the strength and stability of these concerns, and in the value of your investments in them, is not, and never has been, inspired by short views. Technically—in respect of command over sources of production and of the means and ability for its disposal—we are satisfied that they were never stronger or better placed than they are to-day, or better organised to stand the stress of such conditions as now rule or to reap the advantages of better conditions when they come about. Nothing of this, however, can completely avoid for them any more than for the rest of the industry the reduced off-take and the diminished values now existing.

THE ACCOUNTS.

Having thus explained why out of such satisfactory results your directors cannot recommend the dividend which normally they would amply justify, I propose, as customary, going through and explaining the more important items in the accounts.

You will observe that at £580,914 7s. 7d. we have applied £52,458 9s. 3d. more for depreciation than we allocated in 1929, and that after charging this the balance of profit taken into the profit and loss account is £2,033,388 7s. 7d. as compared with £2,956,548 9s. in that year. This is increased to £3,464,201 0s. 3d. by transfer fees and interest and dividends amounting to £1,430,812 12s. 8d., which is £216,572 18s. 2d. more than we received in 1929, due mainly to the larger dividends from the Anglo-Persian Oil Company, Limited, and the Shell Transport and Trading Company, Limited. Deducting directors' and the auditors' fees, income tax, subscriptions, employees' provident fund contributions, and interest on the 5½ per cent. debenture stock, aggregating £728,187 15s. 9d., the balance of profit carried down amounts to £2,736,013 4s. 6d. compared with £3,437,472 5s. 4d. for 1929.

ALLOCATIONS TO RESERVES.

From this the board has made the following allocations aggregating £970,000—namely:—

General reserve, £500,000, bringing it up to £2,000,000.

Insurance reserve, £20,000, bringing it up to £560,000.

Fields expenditure equalisation reserve, £100,000, making it a round £1,000,000, at which it is proposed to stabilise it.

Taxation reserve, £350,000.

This last is a new reserve account which it has been thought desirable to create against the fact that the manner of assessment of income tax may mean calls for heavy payments in a year the profits of which itself may have fallen, and also as some provision against the loss which would be involved on excise duty paid stocks when and if such duties or some portion of them—as has been suggested—may be dropped after serving the purpose of meeting what are hoped to be only the temporary exigencies of Indian revenues.

These allocations to reserves amount to £970,000 and compare with £1,170,000 allocated in 1929. You will remember that in that year we applied £500,000 specially to write down investments—really that in the Assam Oil Company, Limited—but on this occasion the board feels that no further provision is necessary, since, despite the very heavy fall which has taken place in the market value of our holdings in the Anglo-Persian Oil Company, Limited, and the Shell Transport and Trading Company, Limited—a fall in which, like our own, these shares are to-day inevitably in the best and worst company—the aggregate value of your investments is still to-day higher than their book cost.

THE DIVIDENDS.

Adding the balance brought forward the sum left to be carried to the balance sheet amounts to £2,165,788 1s. 5d. or some £252,768 10s. 11d. less than the 1929 figure. Out of this the preference dividends for the year and the interim ordinary dividend have taken £828,884 2s., and from the balance of £1,336,903 19s. 5d. your directors recommend a payment of a final dividend on the ordinary shares of 2s. 6d. per share, less tax at 3s. 1½d. per £, which is the United Kingdom rate of 4s. 6d. less Dominion income tax relief. With the interim dividend of 10 per cent., this recommendation will provide a total dividend of 22½ per cent. for the year. The residue of the disposable balance on this basis amounts to £612,517 11s. 11d., which it is recommended, for the reasons I have already so fully referred to, should be carried forward.

I told you last year that of your profits some 40 per cent. were earned apart from our operations in India, and again in 1930 something less than 60 per cent. of them are due to our trading in that market.

BALANCE-SHEET ITEMS.

Turning now to the balance sheet, on the liabilities side you will find the capital position unchanged. "Sundry creditors and credit balances" are down by £623,176 17s. 3d. and the "fire and marine

insurance account" is up, at £1,169,616 12s. 6d., by £70,615 0s. 6d. Reference has already been made by me to the reserve accounts. With the fields expenditure equalisation reserve at £1,000,000, it is felt that it can safely be stabilised at that figure.

On the assets side, the first item, that of "refineries, &c.," shows a net reduction of some £16,898, despite heavy new capital expenditure, the total amount of writing off being £288,325 18s. 7d. The second item, as you know, has been kept now for many years at the very conservative figure of £350,000. The net reduction of the "fields electrification" account is some £70,180 and of the "pipe line" account £31,068. The "tankers and tank installations" item shows a net reduction of some £97,462 and "heritable property and furniture" of £5,700. Then "stocks of plant and stores" are down by £309,160, while "stocks of products" are up by £37,252 and "sundry debtors and debit balances" are down by £100,615. "Loans to employees" have been reduced from £15,184 to £11,862, and have since fallen further. These, of course, are covered by ample security. In the case of "investments" those in "British and Indian Government securities" show an increase of some £249,106 at £2,926,050 18s. 1d., a figure which has since been considerably added to; "miscellaneous" an increase of £1,086,846, at £8,467,334 11s. 5d.; "subsidiary companies," at £1,035,316 are down by some £87,224, due to repayments of debentures; and those in "associated companies" are down by £1,160, due to a small capital adjustment. Under the item of "indebtedness" that of "subsidiary companies" has been reduced by some £310,987, and of "associated companies" by some £468,566. Then the last item of "loans, deposits, and cash" is up by about £265,416, at £1,723,712 9s. 3d.

FINANCIAL AND MARKETING STRENGTH.

By these allocations to depreciations and reserves an already very strong and sound position is very materially strengthened. We have a balance sheet we can be proud of. The conservative finance of which it is the embodiment has paid you well in the past, and I am confident of your agreement with my colleagues and myself that our proposals are no more than reasonable precautions to maintain its soundness through the possibly difficult and certainly less profitable, however temporarily so, conditions which we are already experiencing and may yet increasingly feel.

Liquid cash resources are, however, not enough. And, happily, your position is at least equally satisfactory in respect of those other liquid resources which are the real life blood of your position. For your Burma fields are to-day at the highest state of efficiency they have ever reached and can confidently be relied on to meet the full demands of the stabilised policy of production to which we have been adhering. And so, too, in our refining equipment we possess the technique and the flexibility of operation which enable us to face to-day's difficult and unusual conditions with reasoned confidence. And in marketing strength we have the combined knowledge and experience of ourselves and our partners in Burmah-Shell Oil Storage and Distributing Company of India, Limited. In all three directions I include the men as well as the operations they are engaged in, and I would take this opportunity on your behalf, as well as on behalf of the board, to express to all of them, East and West, our appreciation of their labours so unstintingly and loyally given under far from easy conditions, and for their contributions to the satisfactory results we have been able to submit to you.

The march of time and of service inevitable is depriving us gradually of some of our older and more senior employees, and I would like to take this occasion also to express our deep appreciation of the long, valuable and loyal service in field and/or refinery management which the company enjoyed from, among others, Messrs Hope, Thorburn, and Lockhead, who have recently decided that their time for withdrawing from the East had arrived.

THE ASSAM OIL COMPANY.

Some of you may already have seen and read my speech on the 28th ult. at the annual meeting in London of the Assam Oil Company Limited. Copies of it will in any case be circulated to you as usual with copies of the proceedings at this meeting. In other and more normal market conditions the greatly improved technical position which we have brought about in that company at great expenditure since we acquired our interest in it would have been more strongly reflected than it is in its accounts for last year, but even as it is this has enabled it to make further progress towards the more conservative valuation of its assets and the reduction of the balance at the debit of its profit and loss account. Like others of the smaller indigenous companies, the Assam Oil Company, Limited, can at this juncture ill afford the effects of the narrowing of the difference between import and excise duties on kerosene which was made last year, and in the further increase in both duties which took place in March this year to help to balance the Indian Budget,

it was at least satisfactory that the novel expedient of 1930 of raising revenue by reducing the import duty on foreign kerosene and increasing the excise duty on the product of the country was departed from.

POLITICS AND THE INDIGENEOUS INDUSTRY IN INDIA.

We are naturally keenly watching the movements here and in India and Burma on the political platform, and let me say at once we are doing so sympathetically to the legitimate aspirations of both to a fuller and more responsible participation in the conduct of their Governments. The higher politics of these matters are not a subject for debate or discourse at a meeting such as this, but politics and business are at least to-day, whatever may have been the case in other days, inseparable, and there is one aspect of the political situation in India as it affects not only this company but thousands of Indians and Burmans who are directly and indirectly dependent on it, as well as State and semi-State revenues, &c., on which I feel that some remark is necessary.

As an indigenous industry we have not suffered from anything in the shape of boycott of our products during these difficult times, and have therefore nothing to complain of on that score. On the other hand, while we have no sympathy naturally with the boycott in any form or against any source, there is an old Scots proverb—it may even be a Glasgow one—that we should “gie our ain fish-guts to our ain sea-maws.” This, I take it, did not contemplate exclusiveness but merely a preference, and an admonition that, when there was not sufficient to go round, charity should begin at home.

FOREIGN IMPORTS.

To-day in India, as I have already pointed out, demand for petroleum products is shrinking under the economic distress of its peoples. At the same time—and to this I would specially direct the attention of those who still talk as if there is, or could possibly be, anything in the nature of monopoly applied to those engaged in the indigenous petroleum production of India—excess production of foreign oil by Russia and America is overflowing, *inter alia*, into the Indian market, and assisted by its low prices, and in the former case also by its low costs—since these include nothing for capital charges and next to nothing for wages—and stimulated by the reduced import duties, is menacing the indigenous industry and the employment it provides for these many thousands of Indians and Burmans. I present this case to the devotees of the spinning wheel and “khadder.” For here is an opportunity where their precepts can be applied in an example of seeing to it that the indigenous production is assured its outlet first.

THE COMPANY'S PART IN THE ECONOMIC LIFE OF INDIA.

Despite frequent attempts to make them aware of the actual facts, there is either real or assumed ignorance among some Indian politicians of the part your company plays in the economic life of India. Of course, Burma and Assam are a long way from Delhi or Simla or Bombay—that is one of the problems. But there can be no excuse surely for the idea voiced by a speaker in the last Budget debates at Delhi that “the Burmah Oil Company, Limited, does not even pay income tax.” It is by such statements, however, that bad will is created, and it is of such ignorance of the immense organisation and hive of industry, and of employment of Indian and Burman nationals behind the façade of a British company, that there is born a spirit of prejudice to the façade which is a menace to that much more important interior whose existence is never realised.

The Finance Member of the Government of India, in correcting the suggestion I have referred to, gave some figures showing the value of your company's operations to the economic life of India, but, to emphasise what is behind the façade, and what the more important interior is, let me give our critics in India a few more up-to-date figures which they would do well to remember. And before giving these perhaps I might also point out to them that we are less fortunate than some of our foreign competitors in the Indian market, for while we must pay excise duties when our products leave our refineries they pay import duties only as and when theirs come out of bonded storage in the ports of India, and whereas we pay the maximum of United Kingdom-Indian rate of income tax on ascertained profits they pay income tax on profits calculated on the difference between their invoice costs and the net selling value realised by them in India.

DISBURSEMENTS IN WAGES AND TAXATION.

It is these and the following facts relative to 1929—the last completed record available—which I would like our critics to remember:—

In Burma and India our direct employees numbered about 38,000, and we disbursed annually about Rs. 24,300,000, or, say, £1,822,500, in respect of their salaries and wages.

Through the Tinplate Company of India, Limited, we provided employment for a further 3,000, who received in salaries and wages about Rs. 2,100,000, or, say, £157,500 annually.

Through Burmah-Shell Oil Storage and Distributing Company of India, Limited, a still further 11,503 were employed, principally in distributing the indigenous production, and wages and salaries for these required a further Rs. 9,214,000, or £691,050 annually.

Direct employment in India and Burma was therefore provided by our operations for some 52,503, at an annual cost in salaries and wages of Rs. 35,614,000, or £2,671,050.

Allowing the very low rate of four per family of numbers employed, one can take it that some 210,000 were supported by and are dependent on the continuance of our operations.

In the case of ourselves alone—and neglecting entirely the contributions by the Assam Oil Company, Limited, Burmah-Shell Oil Storage and Distributing Company of India, Limited, and the Tinplate Company of India, Limited—our products in the same year bore Indian State and semi-State and municipal taxation of one form or another, including income tax, royalties, and excise duties, of Rs. 32,665,258, or, say, £2,449,894.

The following disbursements made by Burmah-Shell represent the share for which indigenous production was responsible of its total disbursements in 1930—namely:—Rail and inland steamer freights, Rs. 13,880,000, or, say, £1,041,000; commission, &c., to Indian selling agents, Rs. 10,324,000, or, say, £774,300; wharfage and port dues, Rs. 1,917,000, or, say, £143,775; rents, rates, and municipal taxes, Rs. 504,000, or, say, £37,800; income tax, Rs. 705,000, or, say, £52,875; Independent State duties, Rs. 169,000, or, say, £12,675; salaries and wages, Rs. 10,057,000, or, say, £754,275; stores—mainly Indian-made tinplates—Rs. 8,625,000, or, say, £646,875.

PROVISION OF DIRECT AND INDIRECT EMPLOYMENT.

Surely it requires little reflection on, and little imagination directed to, the implications of these considerable figures to bring home to every one who is not blinded by prejudice how important is the rôle played by your company in providing direct and indirect employment in India and in Burma, and in contributing both directly and indirectly to the revenue requirements of the Indian Empire and to the traffic of its ports, its railways, and its inland waterways.

In conclusion, I would also draw our friends' attention to the fact that whereas tinplate plants here are unhappily either shut down or working short time, India has been given by our efforts, and meantime with no financial advantage whatever to ourselves, a tinplate industry which, despite many difficulties—mainly put in its way from outside—has been a complete technical success and, as I have said, is providing steady and good employment for some 3,000 Indians.

Finally, as regards prospects for the current year, I am sure you will agree with me that in the conditions I have so fully described I cannot be expected, as it would be extremely unwise, to make any prophecy with regard to the probable results for the current year.

I now beg to propose: “That the report of the directors and audited statement of accounts, including the balance sheet and profit and loss account to December 31, 1930, presented to the meeting, be received, approved, and adopted,” and I shall call on Mr R. I. Watson, your managing director, to second this motion. After the motion has been seconded an opportunity will be given to shareholders to ask questions or make any remarks. (Cheers.)

Mr R. I. Watson: I have much pleasure in seconding the motion.

The Chairman: Ladies and gentlemen, Are there any questions anyone would like to ask or any remarks to make?

Mr W. B. Arnott (a shareholder): There is one question, please, that I would like to ask—whether the oil that is being produced by the Burmah Oil Company is being converted into petrol?

The Chairman: I thought that everybody would know, or realise, that a very large proportion of the crude oil is converted into petrol. Mr Arnott: Is it converted into any particular brand or proprietary petrol, such as we get in Scotland or England, so that we may know that it is Burmah oil we are using?

The Chairman: If you go out to India you will find all Burmah petrol under the Burmah brand. We do not ship any to Britain at all. I have already moved the resolution, and I now put it formally to the meeting. Those in favour? Those against? Carried unanimously. (Cheers.)

DIVIDEND RESOLUTION.

Continuing, the chairman said: I have now much pleasure in moving: “That the dividend on the ordinary shares, recommended by the directors, at the rate of 12½ per cent. per annum (2s. 6d. per share), less tax, making with the interim dividend paid in November last 22½ per cent., less tax, for the year, be adopted, and that the

same be hereby authorised to be paid on June 12th, and that the balance of £612,517 11s. 11d. be carried forward.

Mr William Muirhead: I beg to second the motion.

The Chairman: I am quite sure, ladies and gentlemen, you are all in favour of that. (Cheers.)

The Chairman: I have now very great pleasure in moving the re-election of Mr Leonard Gow as a director of the company.

Mr William George: I beg to second the re-election of Mr Leonard Gow as a director.

The Chairman declared the resolution carried.

Mr R. I. Watson: I have now to move the re-election of Sir John Cargill as a director of the company.

Mr Robert Scott: I beg to second the re-election of Sir John Cargill. The motion was carried unanimously.

The Chairman: I thank you very much, ladies and gentlemen.

Mr D. J. Brown: I beg to propose the re-appointment of Mr James Herbert Wilson, C.A., as auditor for the current year.

Mr T. W. Davidson: I beg to second the re-appointment of Mr James Herbert Wilson.

The motion was approved.

The Chairman: That is all the business of the meeting, ladies and gentlemen. I thank you very much for your attendance.

VOTE OF THANKS TO THE CHAIRMAN.

Mr T. F. Donald: Ladies and gentlemen, We have again to-day had the pleasure and the privilege of listening to a very lucid and informing speech from our Chairman, who has as usual dealt very fully with the position and finance of the company. I think that looking to the conditions of the oil trade, and the results published hitherto by other companies who are engaged in the production and distribution of oil and petroleum, that very few of the shareholders can have been much surprised when the directors found themselves bound to recommend a smaller final dividend for last year. It is therefore all the more satisfactory to learn that on the figures they would have been quite warranted in declaring the same dividend as in the previous year, and that this is in a great part due to the economies in cost and to the increase in dividends received; but personally, ladies and gentlemen, I think it is much more satisfactory that, on the exercise of a very wise discretion, the directors determined to reduce the dividend and apply the funds at their disposal by strengthening the additions to reserves and the allocations to depreciation to still further strengthen the very strong and sound position of this company. (Cheers.) I am sure all the shareholders will approve of the conduct of the directors in that way.

The report says, and the Chairman has also stated, that naturally they are unable to give any forecast of the results of the current year. The directors, however, and the Chairman have drawn our attention to the many difficulties and complexities which have to be faced in that connection. I notice that the directors of the Royal Dutch Company in their report state that there is no reason at all for any feeling of panic in regard to over-production in America, and that pessimism is out of place in regard to the petroleum industry. Well, ladies and gentlemen, panic is certainly to be deplored at any time, and pessimism never helps very much, but there is such a thing as due and proper caution. Our Chairman has pointed out that the world is suffering from under-consumption and over-production of oil, and I think we must agree with him and approve entirely of his opinion that the very liberal contributions to reserve and depreciation out of revenue are, in all the circumstances, no more than reasonable precautions. If I may indulge in metaphor, the skilful mariners have foreseen very “dirty weather ahead,” but they have had the ship well “snuggled down,” and, I have no doubt, will bring her safely into port.

“A VAST INDUSTRIAL ORGANISATION.”

The Chairman has shown that the Burmah Oil Company is not a mere money-making machine, but a vast industrial organisation of world-wide importance. He has also drawn attention to the fact of the great good it has done towards the indigenous industry in India and the enormous sums we pay there in taxation, which has never been properly recognised in certain quarters. He has also drawn attention to the many benefits the company give to a very large number of the inhabitants of Burma and India. I hope, Sir John, that that part of your speech, or the whole speech, will be circulated in the proper quarters and given proper attention.

The management of a company of this nature is no sinecure, and I think we may congratulate ourselves that we have such a strong board, and that, in particular, we have a chairman of the business capacity and wide experience and the very high financial ability of Sir John Cargill. (Cheers.) The past year must have involved very great trouble and anxiety, and I am afraid there is no immediate prospect of any great improvement in that respect. It is little we can do to help, but I think I am entitled to give Sir John the assurance that, come what may, he will always have

the complete sympathy and unshaken confidence of his shareholders. (Cheers.) I beg to move a very hearty vote of thanks to our Chairman.

Mr Arnott called attention to the statement that the subscriptions made last year by the company amounted to £20,000 and suggested that that item might be taken into account in the policy to secure economy.

CHAIRMAN'S REPLY.

The Chairman: Ladies and gentlemen,—I do not think I need reply to that in any way whatever. (Hear, hear.) I will confine myself to expressing to Mr Donald personally, and to the whole of you, my great personal gratification for the extremely kind words in which he has proposed this vote of thanks to me, and for the extremely cordial way in which you have received those words. They make me feel, without doubt, that I have the complete confidence of my shareholders. (Hear, hear.) Now, there is no shutting our eyes to the fact that we are passing through very difficult and very trying times. I agree with what I saw Sir George Hunter said the other day, to the effect that he thought it was extraordinarily foolish to make anything in the nature of an optimistic statement unless one was absolutely sure he had good reason for doing so. That is an attitude I have always taken. I have been blamed in some quarters for being a pessimist. I do not agree. I am not that at all. I try to be cautious, and I try never to promise anything that I do not believe will be fulfilled. It is for that good reason that I have been extremely cautious in saying anything about the future. I can say this, however, that last year, as I reminded you, I told you that I was then submitting the finest balance sheet I had submitted during the 26 years I had been chairman of this company. At the conclusion of 27 years I can tell you—and all of you who have any idea of accounts can see it for yourselves—that the balance sheet I have submitted to you to-day is an even finer one than the one I submitted to you last year. (Cheers.)

That balance sheet shows that for years past, ever since I became, as I might call it, the Chancellor of the Exchequer of this company, 27 years ago, the finances of the company have been conducted on these lines: always live well within your income, depreciate your assets liberally, and lay aside plenty for amortisation of your wasting assets, and provide, as my old father dinned into my ears in my early days, always provide something for a rainy day that is sure to come. (Cheers.) These are the lines on which your company has been conducted for all these years, and to-day you see the results of them before you. We are still providing for the rainy day that has come, and that may possibly last for some little time.

EARLY DAYS AND PROGRESS.

There is one personal little thing to which I might refer, if I am not detaining you too long. When I was giving you these wonderful figures of the position to-day of the Burmah Oil Company my memory instinctively took me back to over 41 years ago, when I landed in Rangoon to join as an assistant the firm of Finlay, Fleming and Company, who for many years carried on the entire management of the company. When I landed there the Burmah Oil Company had a small, what I would to-day call almost a derelict, refinery, which was putting through 200,000 gallons of oil a month. There were three European and three American drillers. That was the whole white staff of the Burmah Oil Company of those days. You can imagine, when I cast my thoughts back to that and go over the 40 years that I have been connected in various ways with the management of the company, you can imagine what it means to me to realise the wonderful growth of the company, and, while it is a tremendous pleasure and pride to me to think of that, along with it is the sad fact that to-day I am the only one left in the Burmah Oil Company who was there when I went out 41 years ago. The men of vision and foresight and determination of character: my father and the late Mr Kirkman Finlay, our first managing director—these were the men who had implicit belief in the future of the Burmah Oil Company when they were struggling and could not make ends meet. My one great regret is that these and other pioneers of the industry have not been spared, as I have been, to see the great results that I have put before you to-day.

One word more I would just like to say—to take this opportunity of expressing my own personal deep gratitude to all those who are associated with me in the management and the running of this business, and especially to the managing director, Mr Watson, and the assistant managing director, Mr Whigham. They are “towers of strength” to me. This meeting to-day, I am sure, will be glad when I tell you honestly that it is going to hearten me and strengthen me in my resolve to do my very utmost to carry on the Burmah Oil Company in the successful career it has so long enjoyed. (Loud cheers.)

This concluded the proceedings.

J. AND P. COATS, LIMITED.

RESULTS OF A DIFFICULT YEAR.

MR J. O. M. CLARK REVIEWS THE POSITION AND PROSPECTS.

At the forty-first annual ordinary general meeting of J. and P. Coats, Limited, held, on Thursday, 11 inst., in the Christian Institute, 70, Bothwell Street, Glasgow, Mr J. O. M. Clark (the chairman), in the course of his remarks, said: It is just over forty years since J. and P. Coats, Limited, was established as a limited liability company, and, though I cannot speak from personal experience of the whole forty years, I have no hesitation in saying that the present depression in trade has affected a larger number of markets simultaneously than anything that has been experienced previously, and we have certainly been faced with a greater variety of difficulties during the last twelve or eighteen months than at any other time in the company's history.

WRITING DOWN OF STOCK VALUES.

The reduction in the profits last year is due to two causes: Firstly, to the general falling off in trade in practically all countries and, secondly, to the writing-down of stock values. You have heard it stated from the chair in recent years with almost monotonous regularity that our profits have been affected by the writing-down of stock values, and some of you might reasonably assume that we are most unskilful in the buying of our cotton. If such a feeling exists I want to dispel it. Recognising after the war that cotton was standing at an excessively high price, we have in our cotton buying adopted methods devised to reduce to a minimum any element of speculation. The result has been that the average price of our cotton has never been very far removed from the average price ruling during the year. The writing-down has been due to the fact that during the last twelve years the tendency of cotton prices has been downward. In the twelve years before the war, Egyptian cotton fluctuated between 16 pence and 6 pence, and in the twelve years after the war it ranged between 90 pence and 9 pence. To-day it is round 7½ pence.

LOWEST PRICES FOR THIRTY YEARS.

When I had the pleasure of addressing you last June cotton values had been stationary for some time, but from July onwards they declined steadily until about the end of December, when they reached their lowest level. The prices at which our principal cotton qualities were then quoted were not only the lowest since the war but the lowest for over thirty years. As you are probably aware, it has been our custom to value our stocks at the market price on December 31st, in the event of this figure being lower than the price actually paid for the cotton, and this revaluation includes not only raw cotton, but the material at the various stages of manufacture and finished goods both at the mills and in our depots.

NO INCREASE IN DEMAND DESPITE LOW PRICES.

The present period of stagnation in the world's trade has shaken one theory, which most traders had hitherto looked upon as beyond dispute, namely, that the cheaper the price the wider the demand. In the textile trade in particular, and I believe in many other industries, the fact that raw materials are now standing at considerably lower prices than they have done for years and that manufacturers have cut down their margins until they are frequently selling without profit merely to keep their factories going, has apparently had little or no effect in reviving business, and in our own case we have found that various price cuts have met with only modified response.

REORGANISATION OF COMPANY'S INTERNAL MANAGEMENT.

We have lately undertaken a scheme of reorganisation, in connection with the internal management of the company and its various subsidiaries, with a view to improving the control and increasing the general efficiency. While we have aimed at a certain amount of what is now called rationalisation we have also provided for the decentralising of much detail work which has hitherto been concentrated in Glasgow.

As a part of this new arrangement a separate company called the United Thread Mills, Limited (of which we hold all the shares), has been formed, which will operate the mills in Paisley and those in England as a single unit, and it is hoped that as a result our costs of production will compare more favourably with those of our foreign mills than is the case at present.

PROBLEM OF NATION'S HIGH PRODUCTION COSTS.

The high cost of goods manufactured in Great Britain continues to be a matter of serious concern to us, as it frequently compels us

to choose between permitting business to pass us, and transferring manufacture from this country to one of the many other countries where production costs are lower.

In either case a regrettable loss of employment to our mills in Great Britain is inevitable, and short working time, or a reduction in the number of workers employed, must perforce ensue.

Reduced output means idle machinery and plant, and standing charges per unit of output are thereby increased, so that costs rise still further each time trade is lost or transferred abroad. Thus the process continues; higher production costs and the loss of trade due to them succeeding each other in a vicious circle.

The uneconomic state into which a number of enterprises in this country have been allowed to drift is, I feel, a warning to others which must not be disregarded, and it is surely as much in the interests of the employees as of the shareholders that the management should take every reasonable step to avoid this happening.

THE FUTURE.

As regards the immediate future, it must be evident to you that we are confronted with a period of much uncertainty and not a little anxiety. Trade still shows no signs of revival. The prospect of any substantial recovery in the price of cotton seems remote, and in the absence of any improvement in the demand prices may easily fall still further should America produce a large crop this year.

We may make economies here and there, we may increase our sales to some extent by taking trade from our competitors, but these items are, after all, of trifling importance compared with a general improvement in even a few large markets. If there is one thing that is certain it is that the sewing cotton trade cannot improve by itself. Permanent improvement can only come when there is increased prosperity in other trades on which it depends.

LESSONS OF PREVIOUS CRISES.

The present economic crisis is not unprecedented. It is even doubtful if in respect to actual suffering it can compare with other crises that have occurred in the past, though it is probably more widespread by reason of the fact that owing to improved communications the countries of the world have become more interdependent than formerly. Anyone who will take the trouble to read accounts of the crises of 1893, of 1873, or of 1857 and earlier ones, will find that history repeats itself, that the same causes which contributed to produce the troubles of former days are at the root of our troubles to-day, that they were largely the results of boom periods accompanied by excessive optimism and spending following a war, and that the prices of basic products, after having been wildly inflated, were marked down, not by slow or continuous stages but by movements of extreme violence.

As the former depressions passed so will this one pass, and the readjustment to a lower level of living costs will itself solve many of the problems of inadequate consumption and in due course lead us back to a time of prosperity.

COMPANY READY FOR ANY IMPROVEMENT IN DEMAND.

Taking the long view I feel satisfied that our business is established to-day on a sounder and broader basis than it has ever been, and assuming that civilised people will continue to wear clothes and that no more satisfactory substitute for putting them together will be discovered than sewing cotton or sewing silk, and assuming further that peoples who are at present less civilised will gradually become more so, then there should be a steady and increasing demand for these articles, and J. and P. Coats, Limited, having mills established in so many parts of the world and having an efficient selling organisation, should be in as good a position to supply the demand as anyone else.

As you are already aware, we have decided to pay an interim dividend at the rate of 9d. per share for the first quarter of the current year, and I hope it may be possible to continue the quarterly payments at this rate, but I think it only fair to warn you that we must be guided by circumstances.

In January this year we elected Mr Ian P. Coats to a seat on the board. Mr Coats has been connected with the technical side of the business since January, 1920, and for some time past has been actively engaged in the management of several of our foreign companies.

The report was unanimously adopted.

SUEZ CANAL COMPANY. STATE OF SHIPPING AND THE DUES. POLICY OF THE BOARD.

The Marquis de Vogüé, presiding at the general meeting of the Suez Canal Company, in Paris, in the course of his speech said:—When explaining to you last year the grounds on which it had been decided to make the reduction in dues which came into force on September 1st, in spite of the shrinkage in traffic and the effect which this reduction was bound to have on the revenue obtained from the Canal, your board indicated its ever-present desire to associate the fortunes of the company with those of its clients, so far as this is possible, and it expressed its wish "to offer shipowners a gesture of solidarity which was particularly opportune and particularly awaited."

You know how this gesture was met. A number of British shipowners, urged by the Liverpool Steam Ship Owners' Association, demanded a larger reduction to take effect immediately and declared war against us, calling heaven and earth to witness to the justice of their cause and the iniquity of ours.

The existence of any economic or sentimental reason why we should comply with the demand of the shipowners acting together in this manner has been investigated by us most conscientiously and with all fairness.

TRADE IN THE FAR EAST.

As to any economic reason, as you were informed just now, we would not hesitate to put a new reduction into force if it were proved that it was to be the signal for a revival of traffic. However, nothing could be less certain than this. British commerce is complaining that it is no longer able to maintain the struggle against American and Japanese competition in the Far East, and it blames the Canal dues for this. Nevertheless these dues only represent a minute proportion (1 to 2 per cent.) of the value of the merchandise carried. A reduction, even if it were 30 per cent. as demanded, would not have any appreciable effect on the sale prices of these goods. Furthermore, statistics prove that the United States trade with the Far East has fallen off in the same proportion as the trade of the United Kingdom—i.e., about 33 per cent.—showing here again that the crisis is world-wide.

The present crisis, in fact, is not felt in the same way in every country. A detailed examination of our statistics reveals the fact that of the total shrinkage in traffic passing through the Canal 8½ per cent. is under the British flag and 6½ per cent. under the French and Dutch flags, whereas the others, German, Italian, Japanese, Danish, American, Swedish, etc., each account for between 1.8 per cent. and 0.4 per cent. Surely this can only mean that the falling off in traffic which is reported on every sea route represents, apart from the effect of the world crisis, a reflection of causes peculiar to each country. It has been proved in particular, from official documents, that the freight rates for sailings from British ports are higher than the rates charged at any other ports. One is thus entitled to think that the personal mistakes of Great Britain's commerce, repeatedly given prominence by the most authoritative opinions, perhaps account for more of its disappointments than the Suez Canal dues. A reduction in these dues therefore would be practically ineffectual.

SHIPPING TROUBLES.

Failing any economic reason, could a reduction be defended on sentimental grounds at least? We are, of course, sensible to the distress of shipping, as we are to all the distress engendered by the difficulties of the present time, more so, in fact, by reason of the close ties which unite us to users of the Canal. Nothing would please us better than to remedy their troubles, if we could do so without sacrificing the legitimate interests of the shareholders, whose protection is our first duty. We are able to see clearly the loss which our shareholders would suffer by even a slight reduction in rates, but can we believe that it would satisfy the shipowners? The immediate past gives us the answer.

If there is no reason in fact or reason in sentiment to justify a further reduction forthwith, it must be admitted that external pressure has no power to compel us to introduce it. We attach—wrongly, some would say—great value to our independence as guaranteed to us under our Charter and as exercised under the sovereign control of the general meeting. Recalling the troubled beginnings of our undertaking, the difficulties of every kind with which it met, and the blind opposition of the very interests whose betterment it promoted, we are entitled to say that this independence was hard won. In defending it we are not striving for ourselves alone.

We are at the same time defending the cause of all companies of a private character, whether entrusted or not with a service of general interest, against the unjustifiable and increasingly acute

interference of Governments or of public opinion. In resisting, as we do to-day, the pressure which certain steamship companies wish to exercise, or cause to be exercised, on us, we are perhaps preparing their own defence for to-morrow.

BOARD'S UNANIMOUS DECISION.

While your board, however, has decided that it is unable at the moment to make a further reduction in dues, and I am glad to be able to say that this decision was arrived at unanimously, it is far from considering any change in the policy which it has, with your approval, always followed in the past. It is a fixed principle with us, and, subject to your assent, of which we have no doubt, our very firm intention, always to divide between the shareholders and the shipowners using the Canal, the surplus revenue derived from the normal expansion of world trade. This policy has enabled us during the last fifty years to give shipowners the advantage of reductions in dues amounting in all to 60 millions sterling, while shareholders have seen their income increase by 59 millions sterling.

While the development of commerce is now at a standstill, it is certain that an expansion will set in again. The only uncertain point is when this will be. There are already some signs of improvement—namely, a check in the fall of wholesale commodity prices in Europe, a resumption of certain interchanges between East and West, a slight increase in freights, all these being little patches of blue in a black sky. As soon as circumstances allow of it we are resolved to return to the paths we trod in former times, which, no one can doubt, brought prosperity and high repute to our company.

LOYAL COLLABORATION.

This is our policy now more than ever. It has been the basis of our attitude in the incidents to which I referred a moment ago. Your board is absolutely unanimous on this question, and I am pleased to pay a tribute to the loyal collaboration of those of its members who more particularly represent the British interests, as well as to the clearness with which they have always upheld, even against their compatriots or friends, the views of their French colleagues, which they regarded as favourable to the main interests of the company. In this respect we owe special thanks to Lord Inchcape, our vice-chairman, for his happy intervention in the discussion which arose with the shipowners.

ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY, LIMITED.

NITRATE OF SODA POSITION.

The forty-third general meeting of the Antofagasta (Chili) and Bolivia Railway Company, Limited, was held, on the 9th instant, at Winchester House, London.

Mr A. W. Bolden (chairman and managing director) said that the gross receipts of £1,350,454 were £646,874 less than the previous year. In nitrate, copper and tin one had to go back many years to find a worse position. They carried only 77,000 tons of copper bars compared with 137,000, and there was also a considerable reduction in tin. Of the 30 oficinas served by the company's system, 12 were elaborating nitrate at the beginning of the year, but by the end of the year only one was making nitrate. As the result of introducing every possible economy working expenses showed a decrease of £382,056. The profits for the whole undertaking were £483,343, and a final dividend of 2 per cent. on consolidated ordinary stock, making 4 per cent. for the year, was recommended, leaving £250,838 to be carried forward.

The various companies concerned in the Chilean nitrate of soda industry had practically all signified their acceptance of the terms of Cosach for merging their businesses into that company, which now controlled 95 per cent. of the whole productive capacity. It was claimed that a considerable saving would be effected by this means and an improved situation for Chilean nitrate of soda created in the world's markets. The great depletion in the nitrate industry in their region had had a very serious effect on the business and the people of Antofagasta. While recognising that the "raison d'être" of Cosach was largely the production of nitrate by the Guggenheim process, to effect this might take some time on pampas other than Tocopilla, and therefore the British railways asked that they should be helped by nitrate being produced by the Shanks process on the pampas served by those railways. It was to everyone's advantage that in the interregnum those railways should be given some reasonable minimum traffic in order that they might keep their properties in good shape and receive some return on their business.

At long last the decrees had been signed giving effect to the agreement for the reorganisation of the business of the Bolivia Railway Company.

The report was unanimously adopted.

CALCUTTA TRAMWAYS COMPANY, LIMITED.**"INTENSIFIED AND INDISCRIMINATE COMPETITION."**

The ordinary general meeting of the shareholders of the Calcutta Tramways Company, Limited, was held, on the 10th instant, at 1, Queen Victoria Street, London, Mr John G. B. Stone (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said: The falling off in the total traffic receipts of £66,631 is due to the world-wide trade depression severely felt in Calcutta, to the prevailing political conditions, including rioting, and, lastly, to the intensified and indiscriminate omnibus competition.

The result is a working profit on the tramways of £131,113. I need hardly say how very much we regret that the result of the year's working does not admit of the payment of a dividend on the ordinary shares, the more so in view of the fact that it is the first time for thirty years that no distribution on these shares has been made.

Dealing now with the omnibus position, whereas in Great Britain, on the Continent, and in the United States of America it has been recognised that unnecessary and wasteful competition in public passenger services is no good to the community, the licensing authorities of Calcutta have adopted a policy of intensified competition. It became impossible to continue to run our omnibuses at a loss, which you will see during the year 1930 amounted to £35,000. We therefore had no alternative but to order the closing down in February 1st last of our feeder omnibus services.

Now, as to the future, we realise that tramways require to be modernised to meet the new conditions now prevailing, but we have been handicapped by the difficulty arising from the terms of our concession, which gave the municipality the right of purchase in 1931, renewable thereafter at periods of seven years.

Summarised, the concession is in perpetuity, but with the right of purchase by the municipality as a going concern at seven-year periods. Having passed the first period, your directors decided to commence the modernising of the tramways.

With the re-establishment of normal conditions there seems no reason why the tramway business should not resume its former prosperity, as the curve showing returns in cash receipts, in spite of the reduction in fares, is rising in comparison with the same period last year.

The resolution was carried unanimously.

STRAITS PLANTATIONS, LIMITED.**RESULTS OF A DIFFICULT YEAR.**

The thirty-second ordinary general meeting of the Straits Plantations, Limited, was held, on the 8th instant, in the Council Room of the Rubber Growers' Association, 2, 3 and 4, Idol Lane, London, Mr J. McNeile Miller (the chairman) presiding.

The Chairman, in moving the adoption of the report and accounts, said:—We have during the past year produced 6,806 tons of copra, this being some 400 tons in excess of our production for the previous year. The crop of nuts averaged 2,736 per acre of the acreage in bearing, but the average number of nuts required per ton was disappointing, being 4,369, as against 3,675 for the previous year. Shortage of rain seems to have been responsible for the nuts running so small. The cost per ton works out at £8 3s. 6d. f.o.b., and the all-in cost, exclusive of freight and selling charges, at £8 9s. 8d., both of which, I think I am correct in stating, constitute a new low record in the history of the company, and compare with the respective figures of £9 7s. 6d. and £9 14s. 3d. for the year 1929-30.

Unfortunately, the price obtainable for our commodity has been extremely unsatisfactory throughout the year, the average net price obtained showing a falling off of £4 12s. 4d. per ton as compared with last year, and of no less than £6 15s. 3d. per ton as compared with the year before that.

During the twelve months under review the average market price c.i.f. per ton of copra was £17 8s. 11d., and as we managed to sell our crop at an average c.i.f. price of £17 18s. 6d. we cannot blame either ourselves or our agents for missing the best of a very bad market.

As it is, we have secured, including the amount received for interest on our investments, a net profit of approximately £36,500, which represents a return of 8½ per cent. on our paid-up capital.

After careful consideration, the Board have come to the conclusion that the best recommendation they can make is that set out in the report—namely, to transfer £5,000 to reserve and declare a dividend at the rate of 6½ per cent. If this meets with your approval, we shall carry forward some £2,000 more than the sum brought in from last year's accounts.

The crop for the current year is estimated at 6,650 tons, out of which we have sold 1,520 tons at an estimated average net price of £9 13s. 4d. per ton.

The resolution was carried unanimously.

W. J. BUSH AND COMPANY, LIMITED.**FINE CHEMICALS INDUSTRY.**

The thirty-fourth annual general meeting of W. J. Bush and Company, Limited, was held, on the 8th instant, at Great Eastern Hotel, London.

Mr James M. Bush (chairman and one of the managing directors), in moving the adoption of the report and accounts, said:—I do not propose to take up your time by expounding at length or in detail on the effect of the prevailing world-wide trade depression on our business. I feel, however, that I should make one exception, and refer in particular to our position in Australia, where we have large interests. The fall in the value of the Australian £ has brought about certain complications in preparing our accounts. With the approval of our auditors, we have taken our Australian assets at par, but at the same time have created a special Australian exchange contingency reserve to cover depreciation of these assets, which, we hope, will only be temporary.

We have many old and loyal customers in Australia, and we sincerely hope, and have the greatest confidence, that eventually the Australian people will overcome their present financial troubles.

This company was the first to take up the manufacture in Great Britain of a large number of important fine chemicals, many of which were badly needed during the war period. We realised at the time that our processes were not commercially efficient under peace-time and Free Trade conditions. We had confidence, however, that the Government would not let us down and involve us, and other chemical manufacturers similarly placed, in a big loss of capital. Under the conditions afforded by the Key Industries Section of the Safeguarding of Industries Act, we have had time in a number of cases to increase our efficiency to a point which we have reason to believe is equal to that reached by the best Continental practice.

The field is so vast, however, that we can only regard this industry as not yet fully developed, and much has to be done before this country reaches this position. In our opinion, the discontinuance of the Key Industries Section of the Safeguarding of Industries Act would be a great discouragement to English chemical manufacturers, would inevitably involve big capital losses, increase unemployment, and jeopardise national safety.

As trade depression has become still more accentuated since the commencement of the current year, we cannot look forward to an early revival of the average profits we have made during the past few years.

The resolution was carried unanimously.

ELECTRIC SUPPLY CORPORATION**PROGRESS OF UNDERTAKING.**

The twenty-ninth annual general meeting of the Electric Supply Corporation, Limited, was held, on the 8th instant, at Winchester House, London, E.C.

Mr John G. B. Stone (the chairman) said that in their own undertakings the net increase in lamp connections was slightly greater than in the previous year, and in the case of their subsidiary companies they showed a decided step forward. In the Central Sussex group the bulk supply of electricity did not become available until right at the end of the year, and until they had actually obtained it, they had had to hold back the connection of new consumers so as to bring them in on the new system and not on the old.

Stepping was still waiting for the bulk supply and standardisation of the system, but the Haywards Heath, Uckfield, Hassocks, and Hurstpierpoint areas were now supplied in bulk from the Central Electricity Board, enabling them to distribute energy at standard frequency and pressure. The figures shown for the other subsidiary companies indicated an extremely healthy rate of progress. At Chelmsford considerable expenditure had been made towards the cost of changing the system. The work was being carried out under the terms of an agreement between the corporation and the Corporation of Chelmsford.

The receipts for the year, at £96,029, were £544 more than in 1929. That was in spite of a drop of 787,822 units and £2,997 in the Dumbarton revenue, arising from the depressed state of the shipbuilding industry of the district. Their working expenses, at £61,571, had increased by £1,205 over the figure for the previous year, due in great part to the heavy local rates. They proposed to transfer to the repairs, renewals and depreciation fund £5,436, bringing it up to £67,000, and to distribute a final dividend of 7 per cent. on the ordinary shares, making 11 per cent. for the year. Considerable progress had been made in development of their various subsidiary companies, especially in the Central Sussex area.

They had made a small profit of £5,018 on construction work carried out for their subsidiary companies and that sum has been carried to the investment reserve account as a reserve against their investments in those companies.

The report and accounts were unanimously adopted.

TELEPHONE RENTALS, LIMITED.**POSITION STRENGTHENED AND DIVIDEND INCREASED.****STABILITY OF THE BUSINESS.**

The second ordinary general meeting of Telephone Rentals, Limited, was held, on the 10th instant, at the Cannon Street Hotel, London, E.C.

Mr. Fred. T. Jackson (the chairman), in the course of his speech, said: I would remind you that on comparison with last year it must be borne in mind that, although your company received a full year's dividends, the administration expenses charged against such revenue only represented expenses for five months of the year, expenses for the previous seven months having been taken up by the Telephone Manufacturing Co., Limited, then holders of the subsidiary companies' shares.

The profit for the year amounts to £62,520, as compared with £64,274, from which has to be deducted income-tax amounting to £14,190, giving a net available balance of £48,330, which, added to the balance of May 31, 1930, of £38,747, gives us a total of £87,077. From this figure has to be deducted the final dividend for the year May 31, 1930, less tax, of £11,625 net, and the interim dividend paid on account of the current year, absorbing a similar amount, totalling together £23,250, which gives us an available balance of £63,827. Of this sum we have passed to general reserve £30,000; the dividend of 3½ per cent. which we recommend (making 6 per cent. for the year) will absorb £16,275 net, leaving £17,552 to be carried forward to next year.

A STRONG BALANCE SHEET.

I think you will agree that the balance sheet we have placed before you is a very satisfactory one, particularly taking into consideration the extraordinarily difficult time we are living in, and that, although the balance sheet for the year ending May 31, 1930, was a strong one, the one before you now is immensely stronger, particularly in reference to the cash position and the small liabilities.

For the past year we appropriated over £2,000 more than in the previous year to our depreciation and special reserves, and the combined reserve accounts now amount to over £376,000.

During 1930 our revenue from rentals increased by a sum running into five figures. This achievement is very satisfactory, for the year 1930 has been one of the most difficult within my memory. One can say that, with the exception of those trades which have benefited from the McKenna and Safeguarding Duties, the year has been one of unparalleled depression. Yet, in spite of this, we have held our own, the profit earned being only very slightly less than that for the calendar year of 1929, and this profit has been arrived at on a really conservative basis.

THE OUTLOOK.

The stability of our business is such that I am confident that the results of our trading during 1931 will not be far short, if at all, of the results now before you. I can say this with the knowledge gained over the first five months of the year.

The fact that the general business of the country, as a whole, is in a worse state than it was last year cannot be denied, but I feel that it is worse than it need be. There is a general tendency to sit back and say there is a world-wide slump as an excuse for bad trade instead of working at greater pressure and trying to get more business, which would be of benefit to all industry.

The sales side of our New System companies at a time like this works with greater intensity and leaves no stone unturned in its endeavour to get new business. Yet here and there outside our organisation I am continually meeting young men with a strong disinclination to work as they should do. They think that from 10 o'clock to 4 o'clock is a good day's work. They want longer and longer holidays. Business was easy twenty-five years ago compared with conditions to-day. Is the period coincident with keen competition the time to take it easy? I say most definitely "No." It is the time for greater exertion. The class I am criticising are not drawers of the dole. They are all in the great middle class, and unless they acquire the will to work harder, we shall never get less unemployed.

INDIVIDUALISM IN BUSINESS.

Our business is one of the few which provides apparatus necessary to almost every trade and profession in the country. In consequence, we are in touch with all industries. There is a great deal to be learned from this contact. Apart from those trades which are protected, we cannot say that any one particular trade is doing better than another, but we do find this: the businesses which are doing best are those which are not so big that the men at the head cannot keep in touch with all the principal activities in development and organisation. We find that those in control of these businesses are very ready to take advantage of any apparatus the

use of which will improve their organisation and result in economies. A New System telephone installation will save its annual cost over and over again.

It is not possible to abolish individualism or personality and still retain a successful business. The moderate-sized businesses are weathering the storm best because the head of the firm usually regards the business he is in as himself, and works for the pleasure of achievement rather than for money. Money follows achievement, but never place money first. The result will be neither. Unfortunately, the number of these moderate-sized efficiently-run businesses is all too small, but they do show what can be done in bad times. We consider that it is still necessary to adopt a conservative attitude in the distribution of dividends, but, in spite of the bad times, we have increased this by 1 per cent.—perhaps a modest increase, but a good augury for the future.

The report and accounts were unanimously adopted.

LOBITOS OILFIELDS, LIMITED.**IMPROVED RESULTS.**

The twenty-third annual general meeting of Lobitos Oilfields, Limited, was held, on the 11th instant, at Winchester House, London, E.C.

The Rt. Hon. Lord Forbes, P.C. (the Chairman), said that he was glad to be able to submit accounts which showed an improvement as compared with the preceding year. The operation of the steamers during the past year was successful, and the profits, considering everything, were wonderfully good. The prospects for the immediate future, however, were not good. They doubted if the ordinary rate of depreciation was sufficient, believing, as they did, that the valuation of the steamers should stand, as far as practicable, at a definitely realisable figure, and the directors had, therefore, transferred £100,000 from reserve account to a special tank steamers' reserve account.

The net result of the year's operations was a credit balance of £182,000 as compared with £125,000 for the preceding year, which allowed them to recommend a dividend of 10 per cent. and to make liberal reservations, including the transfer of £50,000 to the general reserve account. By carrying forward an adequate sum, and having substantial liquid reserves, the board would be in a better position than would otherwise appear likely to continue payment of dividends without entire dependence upon the results of a particular year, and also to re-undertake expansion the moment such a course appeared desirable. Conditions generally had greatly changed for the worse since the termination of the financial period. World production had shown a large increase during the past five months, but perhaps the chief menace to better prices came from Russia. The conclusion to be drawn was that Russia was deliberately trying to nullify the effects of curtailment made elsewhere. She was also extending her shipments to and disorganising markets in all parts of the world. The company was also threatened in another direction by the large increase in the production of light oils and the reduced premium obtainable for the high grades such as theirs.

As to prices, during the past year the Mid-Continent posted price of light crude oil varied between \$1.45 and \$1.20 per barrel, but from 95 cents in November it had fallen to 33 cents now, which was considerably below the company's costs. Despite the difficult conditions, the directors took the view that a proved field such as that of Lobitos, producing high-grade oil on the seashore in favourable conditions, fortified by a strong financial position, would be able to stand against the storm as well as any other oil-producing enterprise.

The report was unanimously adopted.

OFFER TO NEW READERS.

Any reader who makes his first acquaintance with this journal with this week's issue is invited to fill up the attached:

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GEDULD PROPRIETARY MINES, LIMITED.

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

YEAR OF PROGRESS AND IMPROVED EFFICIENCY.

At the thirtieth ordinary general meeting of shareholders in the Geduld Proprietary Mines, Limited, held at Johannesburg, on May 15th, Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks, said:—The past year was again one of progress and improved efficiency in many directions, and the net result of operations was an increase of £18,261 in the dividends paid and an increase of £12,322 in the unappropriated balance carried forward. The ore mined exceeded our previous record by 23,545 tons, and the proportion sorted out as waste and discarded was increased to 18 per cent., so that 1,011,000 tons were milled, which was nearly 3,000 tons more than the record set up in the preceding year. The total production from this tonnage was 322,883 fine ounces of gold, equivalent to slightly under 6·4 dwt. per ton milled, and 26,195 fine ounces of silver. The total revenue was £1,369,152, equivalent to 27s. 1d. per ton milled, which was respectively £15,330 and 2·7d. above the corresponding figures of the previous year. Working costs, at the very creditable figure of 16s. 4½d. per ton milled, show a reduction of 1½d. The working profit was £541,286, and the addition of sundry revenue of £29,592, derived chiefly from interest on surplus funds and claim licences brought the gross profit to a total of £570,878, which shows a satisfactory improvement of £22,102 on the previous year.

After providing £73,799 for taxation and £2,179 for donations to sundry charities, there remained £494,900 to be carried to the appropriation account, raising the amount in that account to £685,172. Out of this a further £6,000 was set aside towards the company's proportion of the outstanding liability under the Miners' Phthisis Act; £474,778 was distributed in two dividends totalling 32½ per cent., which was £18,261 or 1½ per cent. more than for the previous year; and, after meeting the directors' additional remuneration in accordance with the Articles of Association, there remained to be carried forward to the current year's accounts a balance of £202,594, which was £12,322 more than the amount brought forward from the 1929 accounts. This balance was represented as to £111,636 by cash and as to £90,958 by cash assets. These figures do not, of course, include the balance of capital funds which are available for subscription of shares in the East Geduld Mines, Limited. You will see from the balance sheet that that figure stood at the end of the year at £248,476, which is sufficient to meet our commitments in this connection.

DEVELOPMENT WORK—ORE RESERVES.

The development work completed during the year amounted to 15,771 ft., which, though slightly less than in the previous year, more than sufficed to maintain the ore reserves position. The recalculation at the end of the year disclosed an increase of 100,000 tons for the year and practically no change in value or width, the total being 6,000,000 tons of an average value of 6·6 dwt. over an estimated stoping width of 59 ins. In addition to our own development, 12,459 ft. of development work was done for our eastern neighbour, the East Geduld Mines, Limited, all the ore and waste rock from which was hoisted through your mine. This work, as well as that of the three preceding years, has produced a considerable tonnage of good grade ore from development faces which, in accordance with our working agreement with East Geduld Mines, Limited, becomes the property of your company. The milling of this ore has conserved to a corresponding extent your own ore reserves and has helped materially to provide a reasonable recompense for the very valuable services and facilities your company has rendered to the East Geduld Mines, Limited.

CURRENT YEAR'S OPERATIONS.

During the first four months of the current year operations have proceeded on about the same scale as last year and the results obtained have been in every respect very similar. The gross profit for the period is approximately £185,500, which is almost identical with that for the corresponding period of last year.

Turning now to the development done in the property of the East Geduld Mines, Limited, in which company we hold, as you know, a very substantial share interest, I am very pleased to be in a position to inform you that the work disclosed highly payable values throughout the year, a particularly gratifying feature being the exposure of the richest ore in the deepest workings. As already mentioned, 12,459 ft. were developed during the year, bringing the total since work commenced in January, 1927, to 60,129 ft. The ore reserves at the end of the year showed the very substantial increase of 1½ million tons and a quarter of a dwt. in value to a total of 3,900,000 tons of an average assay value of 7 dwt. over an

estimated stoping width of 58 ins. Apart from a very difficult period when the inflow of water reached a rate of over 2 million gallons per day, the sinking of the first vertical shaft has proceeded steadily and expeditiously to the reef, which was intersected about six weeks ago. The erection of the reduction plant, which will be capable of treating about 60,000 tons per month, has also progressed quite satisfactorily and at the moment there is every reason to expect that all arrangements for the commencement of production will be completed in about two months' time, which will be earlier than I indicated when addressing you a year ago. I am sure you all will agree with me that in our holding of about 35½ per cent. of the East Geduld capital we have a very valuable asset; in fact, the present market value is equivalent to about £1 per Geduld share.

The report and accounts were adopted.

EAST GEDULD MINES, LIMITED.

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

HIGHLY ENCOURAGING RESULTS.

At the fourth ordinary general meeting of shareholders in the East Geduld Mines, Limited, held at Johannesburg, on May 15th, Mr P. M. Anderson, chairman of the company, presided, and in the course of his remarks, said:—It gives me pleasure to review to-day another satisfactory year in the company's short history, in the course of which the sinking of the No. 1 Vertical Shaft has continued successfully and expeditiously; the ore developed has shown a substantial improvement both in percentage of payability and average value; the ore reserves have been greatly increased in quantity with a higher average value, and satisfactory progress has been made with the erection of plant and equipment preparatory to starting milling operations.

EXPENDITURE AND CAPITAL.

The total expenditure from the inception of the company to the end of last year was £930,996, which includes £347,833 for development work and other expenditure as detailed in the balance sheet before you. At the end of this period the capital called up amounted to £980,988 and sundry revenue totalled £6,171 net, so that there was a balance of £56,163, of which £3,306 was represented by cash and the remainder by cash assets. At that date the uncalled capital amounted to £519,012, which it is anticipated will approximately suffice to cover the cost of bringing the mine to the producing stage. As far as we can see at present, there will be an over-expenditure in connection with shaft sinking, due to the excessive amount of water encountered in the course of sinking operations, but there will be savings in other directions, and the net over-expenditure should not be more than about one per cent.

THE YEAR'S WORK.

Turning now to the work done during the year, I am sure you will have been highly gratified with the results communicated to you through the medium of the periodical progress reports. The development footage for the year amounted to 12,459 feet, of which 8,860 feet on reef were sampled and 5,065 feet or 57 per cent. were found to be payable, the average value being 618 inch-dwt. These results were 15 per cent. higher in payability and nearly 24 per cent. higher in average value than those for the preceding three years from the commencement of operations. It is a particularly gratifying feature that the highest grade ore disclosed as yet is contained in the deepest workings. For example, on the 6th level, which is the lowest level yet opened, there had been driven up to the end of last month 880 feet on reef which disclosed an average value of 14·6 dwt. over 47 inches, equal to 688 inch-dwt. During the four years that work had been in progress up to the end of last year a total of 60,129 feet of development were accomplished, 41,865 feet on reef were sampled and 18,855 feet were found to be payable, the average value being 531 inch-dwt.

ORE RESERVES.

At the end of the year the ore reserves amounted to 3,900,000 tons of an average value of 7 dwt. over an assumed stoping width of 58 inches, which was an increase of 1½ million tons in quantity, a quarter of a pennyweight in value and an inch in width as compared with the figures given a year ago.

During the first four months of the current year a further 2,902 feet were completed and 1,630 feet on reef have been sampled of which 935 feet or 57 per cent. have been found payable, the average value being 638 inch-dwt. This brings the grand totals to 63,031 feet developed, 43,495 feet sampled, 19,790 feet payable, with an average value of 536 inch-dwt.

There has been a progressive decrease in the rate of development during the current year, and it has now been almost suspended until the shaft is completed.

As you are aware, the shaft intersected the reef at the end of March. It should reach its final depth of 3,225 feet by the end of this month, and thereafter the cutting of shaft stations, ore passes and bins, pump stations and surmps have to be completed.

It is expected that everything will be in readiness for the commencement of hoisting operations within the next two months, which will be earlier than I anticipated when addressing you a year ago.

The erection of the reduction plant, which will have a nominal capacity of 60,000 tons per month, has proceeded smoothly and steadily throughout the year and, provided the remaining work progresses according to schedule, as we confidently expect, crushing operations should commence earlier than anticipated, possibly within the next two months.

GOLD PRODUCING PROSPECTS.

Under the lease contract with the Government we had five years in which to decide whether we would sink a vertical shaft and erect a reduction plant; however, in view of the success that has attended every phase of our operations, it seems extremely likely that not only will this equipment have been installed, but we will be producing gold on a large scale in just over four and a half years from the inception of the company. At the same time I feel that shareholders should be warned not to expect too much just at the start. A large labour force has to be gathered and trained, stopes have to be opened out, all plant and equipment has to be tuned up to capacity and there is likely to be considerable absorption of gold in the plant during the early stages. It seems likely, therefore, that the first declaration of output may not take place till the end of September, and that it may take until about the end of the year to get the mine fully into its stride and producing normal results. Shareholders will, I think, agree with me that the results achieved to date are highly encouraging from every point of view and indicate a successful and prosperous future.

The report and accounts were adopted.

THE MODDERFONTEIN DEEP LEVELS, LIMITED.

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

GRATIFYING DEVELOPMENT FEATURE

At the thirtieth ordinary general meeting of shareholders in the Modderfontein Deep Levels, Limited, held at Johannesburg, on May 15th, Mr P. M. Anderson, chairman of the company, presided and in the course of his remarks said: The past year's results have been in keeping with the high standard we have been accustomed to, except that, owing to the lower ore reserve value, there was a reduction of about 9½d. in the yield per ton milled, which was reflected in a reduction of 5 per cent. in the dividend.

The ore milled during the year amounted to 530,400 tons. The net result was a revenue of £1,171,031, equivalent to 44s. 1·88d. per ton milled, which was £23,573 below that of 1929 when the average per ton milled was 9·55d. higher. A slight increase took place in the working costs due to an increase in the labour force, the gross working expenses per ton milled being 15s. 9·86d., which, however, was the lowest rate achieved by any gold mine on the Witwatersrand.

PROFIT AND DIVIDEND.

The resultant working profit of £751,431, equivalent to 28s. 4d. per ton milled, was £25,971 or 11d. per ton less than that for 1929. Owing to the fall in interest rates during the year sundry revenue was less at £16,096, bringing the gross profit for the year to £767,527, or £27,392 less than in 1929. Out of this £105,865 was paid in taxation, and a total of £1,616 was donated to sundry charities, leaving a net profit of £660,046 to be carried to the appropriation account, which, together with the balance brought forward from the previous year's accounts, gave a total of £803,318 to be dealt with. A further sum of £14,000 was set aside towards the company's share of the outstanding liability under the Miners' Phthisis Act, and, after providing for two dividends totalling 130 per cent., or 6s. 6d. per share, a balance of £138,318 was carried forward. The dividend distribution for the year was lower by 5 per cent., or 3d. per share, than those of the preceding five years. The balance carried forward to the current year's accounts is represented as to £100,150 by cash and as to £38,168 by cash assets.

DEVELOPMENT WORK.

The development work done during the year totalled 6,331 feet and was concentrated even more on the upper leaders than in the previous year, the percentage being 91 in 1930, compared with 80 per cent. in 1929.

Taken as a whole the occurrence and value of the upper leaders is so erratic that it is not possible to estimate the tonnage that will ultimately be mined from these sources, but results to date make it obvious that the value will not be high.

A very gratifying feature was the opening up of a further tonnage of good grade ore on the main reef in the course of splitting up areas which had previously been regarded as unpayable.

The ore reserves as recalculated at the end of the year consist of 2,050,000 tons on the main reef of an average value of 8·6 dwt. over a stoping width of 79 inches and 100,000 tons in Hanging Wall Leader blocks valued at 4·8 dwt. over a width of 60 inches. The Main Reef reserves thus showed a decrease for the year of half a million tons and a fifth of a pennyweight in value, while the Leader reserves were 10,000 tons less but a tenth of a pennyweight higher in value than when calculated a year previously.

CURRENT YEAR'S OPERATIONS.

During the first four months of the current year the scale of operations has been fully maintained but, as was to be expected from the further decrease in the value of the ore reserves, the revenue per ton of ore treated has been about 1s. below the 1930 average. Working costs have been slightly higher at about 15s. 11d., so that the net result of the operations for the period is a working profit of about £6,000 less than that earned in the corresponding period of last year. Development operations have continued to be confined mainly to the prospecting of the Upper Leaders, with the results similar to those of the past.

The report and accounts were adopted.

Government Returns, &c.**NATIONAL ACCOUNTS.**

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended June 6, 1931, amounted to £8,329,100 against ordinary expenditure of £55,263,500. After allocating £610,000 to Sinking Fund and having allowed for an decrease in Exchequer Balances of £211,508, the week's operations, as shown below, increased the National Debt by £46,947,000 to £7,665,852,000:—

(000's omitted.)

	£
Treasury Bills.....	+ 19,384
National Savings Certificates.....	+ 350
Bank of England Advances.....	+ 11,500
Public Department Advances.....	+ 15,700
Land Settlement.....	+ 13
	+ 46,947

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to June 6, 1931.	April 1, 1930, to June 7, 1930.	Week ended June 6, 1931.	Week ended June 7, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax.....	18,771,000	19,857,000	371,000	992,000
Sur-tax, including Arrears of Super-Tax.....	9,240,000	8,700,000	620,000	440,000
Estate, &c., Duties.....	14,550,000	16,740,000	1,180,000	780,000
Stamps.....	1,900,000	2,750,000	740,000	270,000
Excess Profits Duty and Corporation Profit Tax.....	...	...	...	...
Land Tax and Mineral Rights Duty.....	120,000	110,000	...	...
Total Inland Revenue.....	44,581,000	48,157,000	2,911,000	2,482,000
Customs and Excise—				
Customs.....	20,691,000	22,290,000	1,804,000	2,154,000
Excise.....	18,897,000	20,300,000	597,000	904,000
Total Customs and Excise.....	39,588,000	42,590,000	2,401,000	3,058,000
Motor Vehicle Duties (Exchequer Share).....	961,000	954,000	320,000	309,000
Post Office (Net Receipt).....	5,150,000	4,550,000	800,000	500,000
Crown Lands.....	240,000	240,000	...	...
Receipts from Sundry Loans.....	7,832,690	7,833,454	1,893,431	1,876,622
Miscellaneous Receipts.....	4,222,727	4,215,500	3,714	1,765,376
Total Ordinary Revenue.....	102,575,417	108,549,954	8,329,145	9,990,998
SELF-BALANCING REVENUE.				
Post Office.....	8,800,000	9,700,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund.....	3,205,000	3,280,000	...	...
Total Self-Balancing Revenue.....	12,005,000	12,980,000	700,000	1,000,000
Total.....	114,580,417	121,529,954	9,029,145	10,990,998

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to June 6, 1931.	April 1, 1930, to June 7, 1930.	Week ended June 6, 1931.	Week ended June 7, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt.....	89,203,571	89,285,091	47,691,607	47,785,058
Payments to Northern Ireland Exchequer.....	972,887	882,987	201,786	193,036
Other Consolidated Fund Services.....	309,745	440,446	82	...
Total.....	90,486,203	90,608,524	47,893,475	47,978,294
Total Supply Services (excluding Post Office).....	68,674,000	71,848,800	7,370,000	8,250,000
Total Ordinary Expenditure ...	159,160,203	162,457,324	55,263,475	56,228,294
SELF-BALANCING EXPENDITURE.				
Post Office.....	8,800,000	9,700,000	700,000	1,000,000
Road Fund.....	3,205,000	3,280,000	...	...
Total Self-Balancing Expenditure	12,005,000	12,980,000	700,000	1,000,000
Total Ordinary and Self-Balancing Expenditure.....	171,165,203	175,437,324	55,963,475	57,228,294
New Sinking Fund (1928).....	6,993,226	6,930,881	610,000	620,000
Total, including New Sinking Fund.....	178,158,429	182,368,205	56,573,475	57,848,294

The aggregate revenue and expenditure to June 6, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JUNE 6TH. (000's omitted.)			
	Revenue	Expenditure	
Expenditure.....	159,160	159,160	
New Sinking Fund.....	6,993	6,993	
	166,153	166,153	

POSITION OF THE FLOATING DEBT. Movement, Week ended June 6, 1931.			
	June 7, '30.	Mar. 31, '31.	June 6, '31.
Ways and Means Advances Outstanding.....	12,500,000	11,500,000	11,500,000
Advances by Bank of England.....	53,760,000	24,500,000	35,400,000
Advances by Public Departments.....	606,585,000	569,825,000	606,150,000*
Treasury Bills outstanding.....	606,585,000	569,825,000	606,150,000*
Total Floating Debt.....	672,865,000	594,325,000	653,050,000 + 46,600,000

* Includes £27,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.			
	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 15.....	35,000,000	58,330,000	2 2 7-99
May 22.....	35,000,000	42,350,000	2 1 19-95
May 29.....	45,000,000	59,225,000	2 1 9-45
June 5.....	45,000,000	56,160,000	2 3 7-89

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 15.....	35,000,000	58,330,000	2 2 7-99
May 22.....	35,000,000	42,350,000	2 1 19-95
May 29.....	45,000,000	59,225,000	2 1 9-45
June 5.....	45,000,000	56,160,000	2 3 7-89

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 10, 1931.

ISSUE DEPARTMENT.

	£	Government Debt	£
Notes issued—			
In Circulation.....	354,250,870	11,015,100	
In Banking Department.....	61,005,032	233,509,212	
		11,274,894	
		4,100,794	
Amount of Fiduciary Issue ...	260,000,000		
Gold Coin and Bullion.....	155,255,902		
	£415,255,902		£415,255,902

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BANKING DEPARTMENT.

	£	Government Securities	£
Proprietors' Capital.....	14,553,000	33,120,906	
Reserve.....	3,270,197		
Public Deposits.....	9,627,017		
Other Deposits.....	£69,561,406		
Other Accounts.....	33,266,981		
7-Day and other Bills.....	102,828,387		
	2,205		
	£130,280,806		£130,280,806

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, June 10, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation.....	354,250,870	— 2,119,924	— 9,751,397
Public deposits.....	9,627,017	+ 3,081,872	+ 1,388,138
Bankers' deposits.....	69,561,406	+ 2,647,856	+ 10,739,170
Other deposits.....	33,266,981	— 653,423	— 2,166,457
Seven-day bills.....	2,205	— 3,875	— 1,839
Total, outside liabilities.....	466,708,479	+ 2,343,206	+ 257,625
Capital and rest.....	17,823,197	+ 28,055	+ 35,645
Government debt and securities.....	277,745,218	— 4,945,000	— 12,472,676
Discounts and advances.....	6,597,037	— 509,033	— 207,372
Other securities.....	39,801,104	— 216,400	+ 14,228,888
Silver coin in issue department.....	4,103,794	+ 1,837	— 362,688
Coin and bullion (bank's reserve).....	156,287,523	+ 3,353,445	— 892,884
Reserve of notes and coin in banking department.....	62,036,653	+ 5,473,369	+ 8,858,513
Proportion of reserve to outside liabilities.....			
(a) Banking department only ("proportion").....	55 1/2%	+ 5%	+ 1 1/2%
(b) Gold stocks to deposits and notes ("reserve ratio").....	33 1/2%	+ 1/2%	— 1/2%

(000's omitted.)			
Date.	Issue Department.	Banking Department.	Gold in or out of Bank.
	Notes Issued.	Circulation.	Public Deposits.
1931.			
Apr. 29	406,280	349,815	17,678
May 6	407,505	356,217	17,678
13	408,377	353,127	17,678
20	410,173	351,524	17,678
27	411,017	354,860	17,678
June 3	411,876	356,371	17,678
10	415,255	354,251	17,678

(000's omitted.)

Date.	Issue Department.		Both Depts.	Banking Department.					
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Dis-counts & Advances.	Other Securities.	Reserve & the "Proportion."		
1931.	£	£	£	£	£	£	£	£	
Apr. 29	242,465	13,442	147,227	31,090	7,198	25,877	57,413	54.1	
May 6	243,965	11,943	148,483	31,415	5,635	25,782	52,265	52.4	
13	242,082	13,925	150,004	32,665	6,362	25,304	56,877	55.5	
20	242,136	13,775	151,206	31,880	5,956	25,890	59,665	55.7	
27	245,727	10,177	152,078	31,215	6,825	28,553	57,218	53.8	
June 3	244,194	11,707	152,334	32,496	7,106	28,311	56,563	50.9	
10	244,624	11,275	156,288	33,121	6,597	28,526	62,037	55.4	

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
Jan. 1 to May 27, 1931.....	14,701,126	713,895	1,149,319	16,564,340
Week ended June 3.....	644,937	33,485	49,489	727,911
Week ended June 10.....	588,317	31,406	57,574	677,297
Total to date, 1931.....	15,934,380	778,786	1,256,382	17,969,548
Total to date, 1930.....	17,885,905	834,909	1,360,128	20,080,942
Increase or decrease in 1931.....	— 1,951,525	— 56,123	— 103,746	— 2,111,394
	— 10.9%	— 6.7%	— 7.6%	— 10.5%
Total for year, 1930.....	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929.....	39,935,324	1,881,989	3,078,764	44,896,077
Increase or decrease in 1930.....	— 1,152,747	— 69,843	— 115,133	— 1,337,723
	— 2.8%	— 3.7%	— 3.7%	— 2.9%

PROVINCIAL CLEARING RETURNS. (000's omitted.)

	Week ended June 6.	Month of May.	Aggregate Totals January 1 to June 6.
	1930.	1931.	1930.
Number of working days.....	27	25	25
BIRMINGHAM.....	2,856	2,459	11,403
BRISTOL.....	1,216	1,088	5,098
DUBLIN.....	5,144	4,849	21,106
LIVERPOOL.....	791	773	3,475
LEEDS.....	900	825	4,294
MANCHESTER.....	6,138	5,840	23,991
NEWCASTLE.....	1,443	1,439	6,383
NOTTINGHAM.....	677	480	2,492
SHEFFIELD.....	1,192	829	4,020
Total.....	34,415	28,703	117,018

OVERSEAS BANK RETURNS.

NOTE.—The latest return of the National Bank of Egypt appeared in the Economist of May 23; Canada, Lithuania and Chile in May 30; Czechoslovakia, Finland, Estonia, Japan, Danzig, Spain, Roumania, Russia, and Netherlands in June 6.

BANK FOR INTERNATIONAL SETTLEMENTS. (In Millions of Swiss Francs.)

ASSETS.	Feb. 28, 1931.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.
Cash.....	6.8	7.2	7.6	8.9
Right funds in circulation.....	56.4	186.3	102.8	133.5
Bills and acceptances.....	429.4	471.5	443.4	455.9
Commercial bills.....	174.7	138.1	203.9	210.4
Treasury bills.....	254.7	333.4	239.5	245.5
Time funds.....	723.6	850.7	939.9	1,039.0
Not exceeding 3 months.....	260.4	12.8	7.4	29.7
Between 3 and 6 months.....	197.1	222.6	225.9	234.4
Between 6 and 9 months.....	12.6	12.0	12.6	14.2
Other assets.....	102.9	103.2	103.5	106.0
Capital paid up.....	154.2	154.9	154.6	154.2
Special deposits.....	77.1	77.4	77.3	77.1
German Government deposit fund.....	68.8	68.9	68.8	68.8
French Government guarantee fund.....	5.7	5.7	10.9	8.7
Time deposits of Central Banks.....	555.2	5.3	...	...
Between 3 and 6 months.....	214.9	495.1	457.2	514.7
For their own account.....	150.5	355.7	590.0	680.6
For account of others.....	8.7	13.8	13.8	...
Not exceeding 3 months.....	316.1	311.0	295.3	333.6
For their own account.....	190.5	292.2	152.5	159.0
For account of others.....	0.2	0.2	0.2	0.9
Other deposits.....	16.3	17.8	19.3	11.2
Miscellaneous items.....	...	...	...	...

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted).

RESOURCES.	June 12, 1930.	May 21, 1931.	June 4, 1931.	June 11, 1931.
Total gold reserve.....	3,079,500	3,223,290	3,259,270	3,277,000
Total bills discounted.....	210,480	148,880	152,850	172,830
Total bills bought in open market.....	148,170	131,010	124,500	134,150
Total U.S. Govt. securities.....	578,710	598,540	598,370	599,020
Total bills and securities.....	943,360	877,430	875,720	912,680
Total resources.....	4,951,200	4,961,210	4,925,180	4,995,800
LIABILITIES.				
Federal Reserve notes in actual circulation.....	1,447,000	1,551,460	1,551,810	1,583,570
Deposits—Memberbank—reserve account.....	2,408,800	2,410,800	2,424,670	2,397,860
Total deposits.....	2,408,800	2,410,800	2,424,670	2,397,860
Capital paid in and surplus.....	447,400	447,400	447,400	447,400
Total liabilities.....	4,951,200	4,961,210	4,925,180	4,995,800
Ratio of total reserves to deposit and Federal Reserve note liabilities combined.....	83.0%	84.9%	85.3%	84.2%

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted).

	June 12, 1930.	May 21, 1931.	June 4, 1931.	June 11, 1931.
Total gold reserves.....	1,123,280	1,192,330	1,156,780	1,117,790
Total bills discounted.....	28,140	27,720	27,000	29,930
Bills bought in open market.....	40,750	30,320	27,450	41,630
Total U.S. Govt. securities.....	273,260	273,260	273,260	273,260
Total bills and securities.....	273,260	273,260	273,260	273,260
Deposits—Memberbank—reserve account.....	1,005,500	1,014,940	1,065,960	1,003,340
Ratio of total res. to dep. and Federal Res. note liabilities combined.....	85.7%	91.4%	92.6%	90.4%

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).

ASSETS.	May 16, 1930.	Apr. 17, 1931.	Apr. 24, 1931.	May 1, 1931.	May 8, 1931.	May 15, 1931.
Gold coin and bullion.....	6,935	6,265	6,304	6,639	6,204	6,166
Subsidiary coin.....	163	315	320	313	319	326
Bills discounted.....	7,923	7,584	7,154	7,771	6,917	6,612
Investments.....	1,110	1,859	1,859	1,859	1,859	1,859
LIABILITIES.						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	720	720	720	720	720	720
Notes in circulation.....	7,565	6,835	6,692	8,292	7,333	6,858
Government deposits.....	2,113	2,300	2,657	1,981	1,563	2,208
Bankers' deposits.....	5,309	4,832	4,756	4,921	4,849	4,523
Ratio of cash reserves to liabilities to public.....	46.5%	45.9%	45.5%	44.9%	45.4%	46.1%

IMPERIAL BANK OF INDIA.—In rupees (000's omitted).

Total deposits (000's omitted).						
ASSETS.	May 16, 1930.	Apr. 17, 1931.	Apr. 24, 1931.	May 1, 1931.	May 8, 1931.	May 15, 1931.
Total securities.....	29,584.1	29,617.1	30,622.4	29,183.3	29,274.2	29,322.6
Loans.....	13,617.3	12,72.38	13,41.57	12,30.89	12,13.05	12,09.54
Cash credits.....	32,10.01	28,89.25	29,08.95	30,08.38	29,05.06	29,93.95
Inland bills.....	4,98.86	2,66.80	3,71.00	3,11.47	2,83.11	2,75.88
Foreign bills.....	4,81.61	39.92	58.77	51.39	40.65	4,23.88
Dead stock.....	28,81.85	2,75.20	2,75.49	2,75.26	2,75.54	2,75.75
Cash with other banks.....	35.16	11.51	14.72	3.35	21.40	13.61
Cash.....	15,44.16	11,37.75	15,22.02	15,81.67	11,77.03	15,22.46
LIABILITIES.						
Capital paid up.....	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50	5,62.50
Reserve.....	5,32.50	5,40.00	5,40.00	5,40.00	5,40.00	5,40.00
Total deposits.....	85,99.28	77,02.37	83,84.18	82,20.51	78,35.11	82,43.83
be above includes—	£	£	£	£	£	£
Deposits in London.....	1,074	4,090	4,083	3,085	3,071	2,963
Advances in London.....	2,138	4,115	4,111	3,110	3,018	3,017
Cash, &c., at other banks in London.....	264	88	113	28	163	104

MONTHLY STATEMENT OF LONDON CLEARING BANKS.

(000's omitted).

Average Weekly Balances. May, 1931.	Barclays Bank, Limited.	Coutts and Co.	Glyn, Mills and Co.	Lloyds Bank, Limited.	Martins Bank, Limited.	Midland Bank, Limited.	National Bank, Limited.	National Provincial Bank, Limited.	West- minster Bank, Limited.	Williams Deacon's Bank, Limited.	Aggre- gate.
ASSETS.	£	£	£	£	£	£	£	£	£	£	£
Coin, bank and currency notes and balances with the Bank of England.....	34,537	1,526	3,030	34,935	7,479	37,961	3,073	26,686	27,181	3,008	179,416
Balances with and cheques in course of collection on other banks in the United Kingdom...	8,377	565	1,105	7,242	1,928	9,557	166	6,821	6,812	1,005	43,578
Items in transit	...	...	...	2,234	749	...	...	...	...	...	2,983
Money at call and short notice ...	25,844	2,304	3,738	29,771	7,058	15,843	3,705	17,904	22,816	2,544	131,527
Bills discounted	47,635	1,617	463	35,628	4,330	68,103	1,847	28,744	34,854	756	232,977
Investments	57,846	3,826	6,599	54,425	19,476	32,317	16,103	38,505	53,687	7,076	289,860
Advances to customers and other accounts	172,392	8,794	16,210	181,986	38,144	205,626	16,665	147,209	131,821	15,782	934,629
Liabilities of customers for accep- tances, endorsements, &c.	12,665	526	2,661	42,979	4,264	21,986	41	8,443	20,060	550	114,175
Bank premises account	6,302	380	695	7,696	2,661	10,815	776	6,858	5,493	998	42,674
Investments in affiliated banks...	6,985	...	...	6,084	...	7,281	...	2,514	2,992	...	25,856
	372,583	19,538	34,501	402,980	86,089	409,489	42,376	283,684	305,716	31,719	1,988,675
Ratio of cash to current, deposit and other accounts	10.34	8.97	10.09	10.45	10.08	10.57	8.07	10.41	10.18	10.63	10.32
LIABILITIES.											
Capital paid up	15,858	1,000	1,060	15,810	4,160	14,248	1,500	9,479	9,320	1,875	74,310
Reserve fund	10,250	1,000	530	10,000	3,508	14,248	1,475	9,479	9,320	1,000	60,810
Current, deposit and other ac- counts	333,810	17,012	30,026	334,185	74,140	359,007	38,050	256,283	267,000	28,294	1,737,807
Acceptances, endorsements, &c.	12,665	526	2,661	42,979	4,264	21,986	41	8,443	20,060	550	114,175
Notes in circulation	...	...	...	6	17	...	1,310	...	16	...	1,349
Reduction of bank premises ac- count	...	...	224	...	...	...	...	...	...	...	224
	372,583	19,538	34,501	402,980	86,089	409,489	42,376	283,684	305,716	31,719	1,988,675

NATIONAL BANK OF DENMARK.—In kroner (000's omitted).

ASSETS.	Position, May 30, 1931.	May 31, 1931.	Feb. 28, 1931.	Mar. 31, 1931.	Apr. 30, 1931.	May 31, 1931.
Coin and bullion	76,644	172,262	171,852	171,827	171,945	171,917
Loans & discounts	88,470	100,870	103,964	102,870	121,034	113,159
Debtors abroad	24,102	97,891	85,436	73,652	61,021	64,960
Securities	11,983	47,469	43,109	42,663	42,673	43,555
LIABILITIES.						
Circulation	157,266	371,149	340,115	341,285	353,765	341,538
Deposits	6,698	30,488	25,210	23,025	30,533	35,621

BANK OF PORTUGAL.—In escudos (000's omitted).

ASSETS.	May 21, 1930.	Apr. 29, 1931.	May 6, 1931.	May 12, 1931.	May 20, 1931.
Coin and bullion	9,014	9,036	9,260	9,539	9,915
Of which gold	8,577	8,577	8,577	8,577	8,577
Balances abroad	217,119	128,698	137,390	140,555	145,156
Discounts	323,415	370,322	363,618	353,524	348,224
Government loans	1,530,684	1,531,311	1,531,311	1,531,311	1,531,311
LIABILITIES.					
Notes in circulation	1,862,107	1,863,883	1,881,981	1,872,016	1,849,649
Deposits	73,312	158,428	152,399	154,684	153,458

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	May 31, 1930.	May 7, 1931.	May 15, 1931.	May 23, 1931.	May 31, 1931.
Cash Reserve—					
Gold coin and bullion	168,557	214,327	214,327	214,327	214,327
Foreign exchange	257,702	135,722	128,799	119,364	116,453
Other foreign exchange	39,765	505,447	483,304	446,819	401,408
Bills discounted	132,675	69,511	297,584	349,994	451,306
Govt. debt	101,532	96,059	96,059	96,059	96,059
LIABILITIES.					
Share capital	43,200	43,200	43,200	43,200	43,200
Reserve fund	10,272	10,803	10,803	10,803	10,803
Notes in circulation	1,021,864	905,401	1,037,893	919,236	1,140,616
Deposits	39,137	119,176	185,938	311,183	142,247

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengo

(000's omitted).

ASSETS.	Mar 31, 1930.	Mar 7, 1931.	May 15, 1931.	May 23, 1931.	May 31, 1931.
Metal reserve—					
Gold coin and bullion	162,633	111,801	111,801	111,802	111,804
Drifts and notes	18,805	44,413	31,079	23,414	21,446
Silver coin and bullion	9,905	13,436	13,934	15,266	15,098
Inland bills, warrants and securities ..	219,584	244,461	224,906	214,905	257,374
Advances to the Treasury	82,831	60,090	60,090	60,090	60,090
LIABILITIES.					
Share capital (gold crowns 30,000,000) ..	34,756	34,756	34,756	34,756	34,756
Notes in circulation	440,940	380,406	355,574	318,742	369,618
Current accounts, deposits, &c.	30,895	34,147	28,484	46,455	41,597

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	May 31, 1930.	May 8, 1931.	May 15, 1931.	May 22, 1931.	May 31, 1931.
Cash Reserve—					
Gold	97,019	99,346	99,346	99,469	99,627
Other coin and notes	18,022	17,918	18,132	18,169	18,256
Foreign credits	251,659	107,260	90,403	103,348	94,622
LIABILITIES.					
Notes in circulation	1,067,716	1,212,943	1,199,576	1,192,995	1,223,282
State credits	12,531	4,808,700	4,720,032	4,619,309	4,790,809
State deposits	5,280,705	126,244	126,225	126,225	126,225
Deposits	1,658,176	941,259	1,035,621	1,194,350	1,048,634

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	May 31, 1930.	Apr. 30, 1931.	May 7, 1931.	May 15, 1931.	May 23, 1931.
Gold and silver holdings	1,580,208	1,482,659	1,485,556	1,486,768	1,490,029
Balances abroad and foreign currencies	805,802	734,492	776,126	768,691	723,986
Discounts and advances	1,005,275	642,992	642,915	646,386	642,384
Advances to the Treasury	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up	500,000	500,000	500,000	500,000	500,000
Reserves	1,253,624	1,181,929	1,181,858	1,183,754	1,184,168
Bank notes in circulation	3,409,092	3,211,656	3,298,478	3,280,509	3,200,957
Sight liabilities	1,576,959	1,489,936	1,430,742	1,430,261	1,402,645
Deposits	308,852	264,121	263,366	257,956	257,289

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	May 31, 1930.	May 7, 1931.	May 15, 1931.	May 23, 1931.	May 31, 1931.
Gold	3,063,099	481,953	482,555	483,108	483,643
Gold exchange	3,783,277	3,295,136	3,139,373	3,090,121	3,093,888
Other foreign exchange	3,023	2,149	2,370	2,384	1,915
Bills discounted	97,183	148,130	139,885	151,021	152,579
Advances	143,566	152,749	153,290	151,171	152,935
Debt to the State	3,488,763	3,288,763	3,288,763	3,288,763	3,288,763
LIABILITIES.					
Capital paid up	400,000	400,000	400,000	400,000	400,000
Notes in circulation	4,942,696	4,424,514	4,307,066	4,265,312	4,303,531
Deposits and current ac- counts	1,460,035	1,547,328	1,664,767	1,739,399	1,688,462
Foreign exchange liabilities	1,118,844	1,145,592	938,829	918,672	932,884

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	May 31, 1930.	Apr. 30, 1931.	May 15, 1931.	May 20, 1931.	May 31, 1931.
Gold	702,355	567,376	567,444	567,525	567,585
Of which held abroad	219,046	81,716	81,716	81,716	81,716
Foreign currencies	379,979	344,684	332,822	341,516	355,531
Bills discounted	594,354	544,148	532,052	522,185	541,209
Loans against securities	87,418	87,123	85,925	83,293	88,861
Reserve fund securities	84,150	90,667	91,683	93,595	93,595
LIABILITIES.					
Share capital	150,000	150,000	150,000	150,000	150,000
Reserve funds	110,000	114,000	114,000	114,000	114,000
Notes in circulation	1,332,684	1,258,939	1,201,302	1,142,065	1,222,390
Current accounts	252,388	187,978	221,402	275,879	206,442

* As from October 13, 1927, 8.91 zlotys equals 1 U.S. dollar.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	June 4, 1930.	May 4, 1931.	May 11, 1931.	May 18, 1931.	May 25, 1931.	June 1, 1931.
Gold bullion and coins	24,005	24,080	24,082	24,085	24,096	24,096
Silver coin	7,405	6,556	6,780	6,909	6,780	7,049
Balance abroad	48,941	27,526	27,928	27,281	26,870	25,736
Treas. notes and am. change	15,200	14,185	14,978	15,022	11,845	13,166
Short term bills	89,952	80,476	80,120	79,514	79,258	79,534
Loans against securities	66,052	68,780	69,415	69,026	68,564	68,193
Other assets	14,916	15,909	15,406	15,255	15,617	15,416
LIABILITIES.						
Notes in circulation	44,689	44,587	43,495	43,374	42,414	41,229
Capital paid up	18,735	19,676	19,676	19,676	19,676	19,676
Reserve	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve	3,500	3,500	3,500	3,500	3,500	3,500
Deposits	57,172	67,203	68,751	68,972	66,424	67,330
Current accounts	103,782	72,901	72,867	72,416	71,071	71,053
Government accounts	6,881	4,881	4,668	4,411	4,281	4,579
Other liabilities	...	...	...	...	...	...

LONDON RATES.

	June 4, 1931.	June 5, 1931.	June 6, 1931.	June 8, 1931.	June 9, 1931.	June 10, 1931.	June 11, 1931.
Bank rate (changed from 3% May 14, 1931)	2½	2½	2½	2½	2½	2½	2½
Market rates of discount—							
60 days' bankers' drafts	2½	2½	2½	2½	2½	2½	2½
3 months' do.	2½	2½	2½	2½	2½	2½	2½
4 months' do.	2½	2½	2½	2½	2½	2½	2½
6 months' do.	2½	2½	2½	2½	2½	2½	2½
Discount Treasury Bills —							
2 months'	2½	2½	2½	2½	2½	2½	2½
3 months'	2½	2½	2½	2½	2½	2½	2½
Loans—Day to day	1½	1½	1½	1½	1½	1½	1½
Short Deposit allowances' Bank	1½	1½	1½	1½	1½	1½	1½
Discount houses at call ...	1	1	1	1	1	1	1
At notice	1½	1½	1½	1½	1½	1½	1½

SOUTH AFRICAN EXCHANGE RATES.

The South African Banks quote the following rates:—

	Union of South Africa.		Union of South Africa	
	From March 16, 1931.		From March 14, 1931.	
	London on South Africa.		South Africa on London.	
	Buying.	Selling.	Buying.	Selling.
T.T.	11% dis.	1% dis.	par to 1% pm.	1% prem.
Demand	11% dis.	1% dis.	1% dis.	1% prem.
30 days	2% " "	1% " "	1% " "	1% " "
60 days	2% " "	1% " "	1% " "	1% " "
90 days	2% " "	1% " "	1% " "	1% " "
120 days	3% " "	1% " "	2% " "	1% " "

OVERSEAS DOMINION RATES.

COMMONWEALTH OF AUSTRALIA AND DOMINION OF NEW ZEALAND.

	London on Australia and New Zealand.				Australia and New Zealand on London.			
	Buying.		Selling.		Buying.		Selling.	
	Aus.	New Zealand.	Aus.	New Zealand.	Aus.	New Zealand.	Aus.	New Zealand.
T.T.	131 1/2	111 1/2	130 1/2	109 1/2	130	108 1/2	130 1/2	109 1/2
8 days	132 1/2	112 1/2	131 1/2	110 1/2	129 1/2	108 1/2	130 1/2	109 1/2
30 days	133 1/2	113 1/2	132 1/2	111 1/2	128 1/2	107 1/2	129 1/2	108 1/2
60 days	134 1/2	114 1/2	133 1/2	112 1/2	127 1/2	106 1/2	128 1/2	107 1/2
90 days	135 1/2	115 1/2	134 1/2	113 1/2	126 1/2	105 1/2	127 1/2	106 1/2

All rates (Australia and New Zealand) now based on £100—LONDON.

INDIA: REMITTANCES TO THE HOME TREASURY.

	During the week ending June 6, 1931.	From April 1 to June 6, 1931.
Sterling purchased in India	£ ...	£ ...
Net transfer to Home Treasury.	£ ...	£ ...
Less sales of sterling	3,000	3,000
Net remittance to Home Treasury	—3,000	6,747,000

BULLION.

The following statistics of imports and exports of gold for week ended June 11, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From	£	To	£
Germany	968,481	Poland	1,700
France	9,765	Germany	159,373
Venezuela	2,884	Netherlands	15,365
Argentina	10,000	France	18,269
British W. Africa	43,341	Switzerland	393,110
British S. Africa	1,035,947	Austria	4,685
Straits Settlements	57,854	Bombay	3,808
British Guiana	3,902	Other Countries	1,181
Other Countries	775		
Total declared value of imports	2,133,849	Total declared value of exports	640,291

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931.	ARRIVALS.	£	1931.	WITHDRAWALS.	£
June 5	Bars bought	4,139	June 5	Sovs. for export	5,000
	For coin bought	13		Sovs. for export	2,000
	6 Sovs. from abroad	10,000		8 Sovs. for export	12,000
	8 Bars bought	1,011,170		9 Bars sold	3,442
	9 Bars bought	1,891,238		Sovs. for export	10,000
	For coin bought	53		10 Bars sold	55,952
	Sovs. from abroad	1,150		Sovs. for export	2,000
	10 Bars bought	451,400		11 Sovs. for export	16,000
	Sovs. released	100,000		Bars sold	50,848
	11 Bars bought	1,600,900			
Total	3,469,163		Total	151,042	
Net arrivals, £3,318,121.					

Messrs Samuel Montagu and Company write on June 10, 1931, as follows:—

GOLD.

The Bank of England gold reserve against notes amounted to £151,875,829 on the 3rd instant (as compared with £151,017,471 on the previous Wednesday), and represents an increase of £4,250,207 since December 31, 1930.

In the open market yesterday bar gold was available to the value of about £1,136,000, of which £1,038,000 was from South Africa, £43,000 from West Africa, and £55,000 from the Straits Settlements. There was again some competition from Switzerland, but bids from that quarter were limited to 84s. 11½d. per fine ounce, and at the fixed price of 84s. 11½d. the Bank of England was able to secure about £1,038,000. Demand for Home and Continental trade absorbed about £23,000 and £65,000, respectively. An important feature of the week was the acquisition by the Bank of England on the 8th and 9th instant of bar gold from Germany amounting in all to about £1,900,000.

Movements of gold at the Bank of England during the week have resulted in a net influx of £3,374,769. Receipts totalled £3,469,163, of which £1,150 was in sovereigns received from abroad, £100,000 in sovereigns "released," and £3,357,947 in bar gold, whilst withdrawals consisted of £35,000 in sovereigns taken for export and £59,394 in bar gold.

SILVER.

The market has presented no fresh features, the tone during the past week being quiet and fluctuations in prices very small, quotations varying only between 12½d. and 12¾d. The Indian Bazaars have been rather inactive, and operations have been mainly on behalf of America and China. The latter has given support, making purchases to cover bear sales, but America has been a free seller of silver for near delivery on most afternoons. There are at present no indications of any important movements.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 1st instant to mid-day on the 8th instant:—

IMPORTS.		EXPORTS.	
	£		£
U.S.A.	43,112	British India	23,173
Mexico	93,540	Other countries	15,086
Canada	10,500		
Other countries	6,553		
Total	153,705	Total	38,259

GOLD AND SILVER PRICES.

	Gold Per Ounce.		Silver—Per Ounce.		Date.	Silver. Cash.
	Cash	Forward	Cash	Forward		
1931.	s.	d.	d.	d.	June 19, 1925	d.
June 5	84 11½	12½	12½	12½	" 18, 1926	31 ½
" 6	84 11½	12½	12½	12½	" 17, 1927	26 ½
" 8	84 11½	12½	12½	12½	" 14, 1928	27 ½
" 9	84 11½	12½	12½	12½	" 13, 1929	24 ½
" 10	84 11½	12½	12½	12½	" 12, 1930	16 ½
" 11	84 11½	12½	12½	12½		

NOTICES.

The Right Hon. John Lawrence, Baron Stonehaven, P.C., G.C.M.G., D.S.O., has been appointed a director of the Union Bank of Australia, Ltd.

The Rt. Hon. Lord Glenconner and Colonel H. E. Hambro, C.B.E., have been appointed directors of Hambros Bank, Ltd., in place of the Rt. Hon. Earl Grey, retired, and Mr H. Bendixson, deceased. Mr J. H. Hambro has been appointed a managing director.

Company News.

SUMMARY OF BALANCE SHEETS.

ANGLO-PERSIAN OIL COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Dec. 31, 1930.	Amount.	Dec. 31, 1930.
Ord. shares (£1)	13,425,000	Properties	6,724,680
8% cum. pref.	7,000,000	Stocks	1,085,280
9% cum. pref.	3,500,000	Investments in subsidiaries	263,765
5% deb. stock	5,435,000	Shares at cost	15,150,454
Deposits by sub-sidiary cos.	1,584,917	or under	275,875
Sundry creditors	6,478,970	Advances	8,659,751
Reserves	8,458,129	Investments in allied cos.	409,136
Profit and loss	2,895,425	Stocks of crude oil, &c.	4,102,560
		Sundry debtors	3,828,823
		Cash	2,225,293
		Investments in British Govt. securities	48,819
		Government stocks	3,328,322
Total	48,777,441	Total	48,777,441

ARMSTRONG WHITWORTH SECURITIES COMPANY, LIMITED.

LIABILITIES.		ASSETS.	
Amount.	Dec. 31, 1930.	Amount.	Dec. 31, 1930.
Ord. shares (1/4)	512,812	Shares in sub-sidiary cos.	2,431,014
Ord. shares (10/-)	2,350,000	Debts and loans in subsidiaries	1,595,180
6% 1st non-cum. pref. (£1)	1,000,000	Owing on current account	3,134
4% 2nd non-cum. pref. (£1)	1,100,000	Vickers' Arm- strong's ord. shares (£1)	885,871
4% deb. stock	1,036,014	Other investm'ts	379,853
Due to sub-sidiary cos.	—	Work in progress	67,538
5% notes, 1931-33	365,000	Debtors	685,223
Creditors	279,134	Investments in British and other Govt. securities	534,700
Contingencies re- serve	236,737	Cash and loans at short notice	365,858
Profit and loss	68,674		
Total	6,948,371	Total	6,948,371

* Market value, £536,610.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distribu- tion.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
					Amount	Amount.	Rate.				
Electric Lighting, &c.		£	£	£	£	£	%	£	£	£	%
Madras Electric Supply.....	Dec. 31	7,444	69,011	76,455	17,974	37,856	8*	10,000	10,625	65,868	8*
Financial Land, &c.											
Berkeley Property & Invest.	Mar. 31	8,873	57,267	66,140	...	47,250	7	10,000	8,890	48,707	7
Java Investment, Loan, &c.	Mar. 31	23,678	28,534	52,212	...	15,500	5	22,000	14,712	52,991	10
Mortgage Co. of Egypt	Mar. 31	74,284	108,105	182,389	50,000	30,000	12	52,389	50,000	135,744	20
Trust & Loan Co. of Canada	Mar. 31	21,208	76,481	97,689	...	47,500	5*	10,000	20,189	91,033	6*
Iron, Coal and Steel.											
Armstrong Whitworth Se- curities	Dec. 31	11,715	56,959	68,674	...	...	...	...	68,674	64,141	...
Consett Iron Co.....	Mar. 31	101,266	136,467	237,733	...	...	...	...	237,733	318,011	...
Cooke (William) and Co. ...	Mar. 31	<i>Dr. 34,422</i>	2,792	<i>Dr. 31,630</i>	...	...	...	<i>Dr. 31,630</i>	<i>Dr. 16,016</i>	...	...
Manchester Collieries	Mar. 31	17,569	217,548	235,017	86,162	...	...	69,242	79,713	108,215	...
Ransomes, Sims & Jefferies	Mar. 31	59,577	<i>Dr. 28,348</i>	31,229	5,500	...	...	...	25,729	20,143	...
Oil.											
Anglo-Persian Oil	Dec. 31	687,064	4,648,579	5,335,643	875,000	2,013,750	15	1,550,218	896,675	5,206,762	20
Rubber, &c.											
Batang Consolidated Rubber	Dec. 31	13,904	<i>Dr. 1,892</i>	12,012	...	...	...	...	12,012	13,551	6
Bradwall (F.M.S.) Rubber...	Dec. 31	6,517	<i>Dr. 1,365</i>	5,152	...	...	...	...	5,152	12,005	10
East Java Rubber	Dec. 31	6,394	<i>Dr. 3,114</i>	3,280	...	...	...	...	3,280	...	...
Holyrood Rubber	Dec. 31	3,153	<i>Dr. 1,542</i>	1,611	...	...	...	...	1,611	13,030	7½
Klabang Rubber	Dec. 31	14,243	105	14,348	...	...	...	503	13,845	21,625	7½
North Hummock (Selangor)	Mar. 31	4,892	7,491	2,599	...	...	...	<i>Dr. 3,000</i>	401	7,769	3
Tenom (Borneo) Rubber ...	Dec. 31	16,090	<i>Dr. 11,939</i>	4,151	...	...	...	...	4,151	4,503	...
Shipping.											
Burns, Philp and Co.....	Mar. 31	31,675	227,213	258,888	...	150,000	10	75,000	33,888	231,932	10
Globe Shipping.....	Dec. 31	702	<i>Dr. 4,578</i>	<i>Dr. 3,876</i>	...	...	...	...	<i>Dr. 3,876</i>	1,820	...
Shops and Stores.											
Boots Pure Drug	Mar. 31	229,828	722,265	952,093	96,750	435,000	29	200,000	220,343	724,869	29
Sanders Bros. (Stores)	Apr. 25	45,933	104,026	149,959	20,343	36,426	12½	45,000	48,190	108,431	12½
Tea.											
Baraocora (Sylhet) Tea	Dec. 31	12,142	10,638	22,780	4,750	3,600	3	...	14,430	3,482	2½
Bagracote Tea	Dec. 31	6,023	8,748	14,771	2,000	5,850	7½	1,000	5,921	...	...
Bordubi Tea	Dec. 31	9,262	33,143	43,405	...	31,500	35	3,900	8,005	44,350	45
Chulsa Tea	Dec. 31	35,539	62,125	97,664	6,000	40,500	15	8,000	43,164	76,627	25
East India and Ceylon Tea	Dec. 31	10,104	<i>Dr. 2,004</i>	8,100	3,000	...	...	<i>Dr. 2,500</i>	7,600	6,073	...
Kacharigaon Tea	Dec. 31	5,885	<i>Dr. 1,331</i>	4,554	192	...	...	4,362	3,230	12½	...
Koom Song Tea	Dec. 31	9,763	9,521	19,284	...	9,375	12½	6,500	3,409	33,518	35
Noyapara Tea.....	Dec. 31	26,023	3,807	29,830	...	3,750	5	...	26,080	8,260	7½
Romai Tea	Dec. 31	8,172	534	8,706	...	801	5	...	7,905	6,937	40
Tramways and Omnibuses.											
British Electric Traction ...	Mar. 31	...	271,005	271,005	42,765	148,023	{ 8a 15b }	...	80,217	253,081	{ 8a 15b }
Trust.											
First Scottish American ...	May 1	31,664	52,528	84,192	7,560	34,020	27	10,000	32,612	52,458	26
Indian and General Invest.	Apr. 30	...	33,881	33,881	8,696	21,009	18	...	4,176	29,876	18
Second London Scottish American	Apr. 30	8,753	46,160	54,913	23,250	17,050	5½	5,000	9,613	51,044	5½
Waterworks.											
Rickmansworth, &c., Water	Mar. 31	14,202	32,933	7,135	2,410	25,732	{ 10 7 }	7,000	11,993	24,885	{ 10 7 }
Other Companies.											
Benson and Hedges	Dec. 31	8,795	1,922	10,717	...	...	...	...	10,717	3,454	...
Brown (Thomas) and Sons	Jan. 31	15,767	<i>Dr. 2,983</i>	12,784	7,425	...	...	...	5,359	29,361	...
Brownlee and Co.	Mar. 31	40,378	38,301	78,679	3,875	31,495	10*	...	43,309	52,213	10*
Callender's Cable, &c.	Dec. 31	428,528	256,536	685,064	56,000	167,400	15	110,000	351,664	330,412	15
Charrington, Gardner, Locket and Co.....	Mar. 31	13,611	53,473	67,084	...	42,400	20	7,500	17,184	50,376	20
Hazell, Watson and Viney	Mar. 31	29,172	51,815	80,987	4,650	34,888	10*	10,000	31,449	57,943	10*
Swan (John) and Sons	Apr. 30	13,848	9,450	23,298	...	5,500	10*	3,821	13,977	13,721	10*
Victoria Dwellings	Apr. 30	452	2,786	3,238	...	2,136	¾	500	552	2,993	¾
White (A. J.)	Mar. 31	77,031	42,440	119,471	...	37,500	12½	...	81,971	41,811	15
Yorkshire Dyeware, &c. ...	Mar. 31	3,510	13,034	16,544	...	11,625	10	...	4,919	13,804	10

HYDRO-ELECTRIC SECURITIES CORPORATION.—The earnings for the month of March, 1931, of the subsidiary and affiliated public utility companies of the Standard Gas and Electric Company in which, directly or indirectly, Hydro-Electric Securities Corporation has made its principal investment are as follows: Gross earnings, \$13,529,164, decrease as compared with March, 1930, \$353,864; net earnings \$6,598,399, increase \$20,195; aggregate gross earnings for the 12 months to March 31, 1931, \$156,208,014, decrease as compared with the corresponding period last year \$2,674,241; aggregate net earnings \$73,606,608, decrease \$1,577,618. The figures for each period are for properties now comprising the system; the earnings of properties sold are not included.

INDEPENDENT INVESTMENT COMPANY, LTD.—The report for the year ended March 31, 1931, shows net revenue for the year, after deduction of income tax, amounted to £21,856, which compares with a net revenue of £20,245 for the preceding year. Preference dividend for year, less income tax, absorbed £9,975, against £10,080. The dividend on the ordinary stock is 5 per cent. for the year, less income tax, absorbing £5,636, comparing with a dividend of 7½ per cent. for preceding year, less income tax, which absorbed £9,849. The carry forward is increased from £19,804 to £25,048. During the year Mr. Ian Macpherson was appointed to a seat on the board, and Mr. T. J. Carlyle Gifford, W.S., has resigned. Investments at cost stand on balance sheet at £671,416. It is shown in the balance sheet that the market value of the company's investments on March 31, 1931, was £535,972. In the balance sheet dated March 31, 1930, investments at cost, after deducting capital reserve fund, was £647,500, with a market valuation on March 31, 1930, of £680,683. Meeting: Winchester House, London. July 22nd, at 3 p.m.

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash. * Interim div. † Final div.			Dividend for Whole Years.	
	Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
TEA AND RUBBER.					
Baratara (Siam) Tea				% 3	% 24
British Indian Tea	7½%*	June 27	...	10	15
Jhauze Tea	7½%*	June 24	...	10	15
Noyapara Tea	2½%*	...	...	5	10
Romai Tea	5%*	...	...	...	...
MINING.					
Frontino Gold Mines	2½%*	July 1	...	...	...
Siamese Tin Syndicate	5%*	...	...	15	30
Tredgar Coal	5%*	...	Tax free	5	5
Wallarah Coal	2½%*	June 26	Tax free	...	...
OTHER COMPANIES.					
A. Bocke Roberts and Co.	1%*	...	Tax free	6	6
A. J. White	7½%*	...	...	12½	12½
Amalgamated Dental	3d. p.s.†	...	Tax free	...	...
Anchor Cable	...	...	...	20	20
Anglo-Persian Oil	...	...	...	15	20
Birkenhead Brewery	4%*	...	...	...	...
Bowman	...	...	Less tax	7½	10
British Electric Traction (Def.) ..	...	...	...	5	5
British Maritime Trust	3%*	July 1	...	10	10
Burns Philp and Company	5%*	...	...	4	8
Burntisland Shipbuilding	2%*	...	...	15	15
Callender's Cable & Construction ..	5%*	July 1	...	...	...
Cardinal Investment Trust (Def.) ..	10%*	...	...	20	20
Charrington, Gardner, Lockett ...	4%*	June 30	...	...	...
De-benture Corporation	...	...	...	5	5
Don Fishing	...	...	...	3	6
Douglas and Co.	...	...	...	20	20
Falkland Islands Company	...	...	...	...	...
Frederick Smith	...	...	...	3	8
Freudlin	4%*	July 1	...	20	20
General Securities Inv. Trust	4%*	...	...	7½	7½
Goldborough Mort and Co.	...	...	...	5	10
Great Northern Telegraph	2½%*	July 1	...	...	...
Great Yarmouth Water Works	...	...	...	...	...
Havana Cigar and Tobacco	...	...	...	40	45
Hazell, Watson and Viney	7%*	...	Tax free	10	10
Henderson's Transvaal Estates ..	2½%*	...	...	5	5
Hyde's Bird Seeds	3½%*	June 30	Quarterly	...	...
Java Investment Loan & Agency ..	2½%*	...	...	5	10
Leeds and Wakefield Breweries ..	7½ p.s.†	July 1	...	...	...
London Produce Clearing House ..	7½ p.s.†	July 15	...	...	...
Madras Electric Supply	5½%*	...	Tax free	8	8
Manley and Regulus	10%*	...	plus bonus of 2½%	22½	22½
Minor Laundries	7½%*	...	...	15	17½
Mortgage Co. of Egypt	...	...	...	12	20
National Mortgage and Agency ..	2½%*	July 1	Tax free	...	...
Newcastle Breweries	2%*	June 30	...	...	...
New Zealand and River Plate ..	...	...	...	...	...
Land	4½%*	July 1	...	...	...
North British Cold Storage & Ice ..	5%*	...	...	12	10
Northampton Brewery	5%*	July 1	Tax free	...	...
Nuthalls (Caterers)	...	...	...	3½	3½
Outram Investment Trust (Def.) ..	5%*	July 1	...	...	...
Pentland Investment Trust	3%*	June 25	...	...	...
Sanders	10%*	...	...	17½	17½
Sanders Bros. (Stores)	10%*	...	...	12½	12½
Second London Scottish American ..	...	...	...	...	...
Trust	6†	...	...	5½	5½
Sheffield Public House Trust	...	...	...	4	...
South African Brewery	2.6 p.s.†	...	Tax free	3.5 p.s.	...
Spiers	...	...	...	5	5½
Thames Grit and Aggregates	10%*	July 1	Less tax	...	...
Transvaal and Delagoa Bay	1.6 p.s.†	...	...	6	...
Trust Houses	...	...	...	...	...
United Discount and Securities ..	3%*	July 30	...	...	...
United States Trust of Scotland ..	7%*	...	...	14	14
Victoria Buildings Association	...	...	Less tax	3½	3½
Webb's Crystal Glass	3%*	...	...	5	8

BURMA CORPORATION, LTD. (Incorporated in India).—Owing to the unprece-
dented fall in metal prices the directors regret to announce that, in their opinion
the payment of any further dividend for the current year would not be justified.

MASSEY'S BURNLEY BREWERY.—The directors of Massey's Burnley Brewery
have decided to pay no interim dividends on the six and seven per cent. cumulative
preference shares. Last year full dividends were paid, with an interim of 3½ per
cent. on the ordinary shares.

KREUGER AND TOLL.—At the annual general meeting of Aktiebolaget Kreuger
and Toll (Kreuger and Toll Company), held at their offices in Stockholm on
Saturday, May 30th, the dividend of 30 per cent. for the year ending December 31,
1930, was confirmed, and is payable on and after June 1, 1931, at the offices of
Higginson and Company, fiscal agent.

HARRISONS AND CROSFIELD, LIMITED.—The directors have declared the following
dividends:—Cumulative preference shares: 6 per cent. per annum for three months
ending June 30, 1931. Income tax will be deducted at the rate of 4s. in the £.
Preferred ordinary shares: 10 per cent. per annum for six months ending June 30,
1931. Income tax will be deducted at the rate of 3s. 9d. in the £. Warrants will
be posted on June 30th to shareholders on the register at that date, including
approved transferees in respect of transfers lodged at the company's office not
later than June 13th.

A. W. SECOND STOCK TRUST LIMITED.—Notice is hereby given that interest
at the rate of 2½ per cent. will be paid on the Income debenture stock of the company
on account of arrears for the year ended December 31, 1929. The transfer books
will be closed from June 7th to 20th inclusive, and the warrants posted on the
19th instant. No dividend has been received to date on the company's holdings
of 1,000,000 Armstrong Whitworth Securities Company, Ltd., 6 per cent. first
non-cumulative preference shares, 350,000 second non-cumulative preference shares,
and on the Vickers-Armstrongs, Ltd., 6 per cent. "B" preference shares.

RUSTON & HORNSBY.—Ruston and Hornsby, Ltd., announce that they will not
pay the dividend on the preference and ordinary shares for the year ended
March 31st. The debit balance includes provision for losses on the Australian
Exchange, and the charge for depreciation has been placed against capital reserve.
It is stated that depression has been much more severe, and much of the business
obtained has been at unremunerative prices owing to keen competition. The wages
of the entire office staff, including the directors, have been reduced by 10 per cent.
Nothing was paid on the ordinary shares for 1929-30, distributions being confined
to the dividends on the preference shares for the year to December 31, 1929. In
1928-29, the ordinary received 2½ per cent.

Commercial Reports.

MARKET SUMMARY.

The past week was characterised by sectional upward movements
in prices, mainly as the result of temporary or seasonal influences.
The general situation of the commodity markets shows no improve-
ment. The coal trade remains depressed, and only Yorkshire and
South Wales are able to maintain exports at a reasonably satis-
factory level. The demand for house coal has fallen off, and
industrial consumption fails to increase. The level of activity
in the iron and steel industries is very low, and, owing to the
lower quotations by Continental makers, British firms find it difficult
to maintain their proportion of orders both at home and abroad.
The wave of speculative selling of non-ferrous metals has temporarily
ceased, and tin, copper, lead and spelter all show a slight improve-
ment on the week. Among textile raw materials, cotton declined
further, mainly owing to favourable reports of the American crop,
wool was also easier because of the absence of any improvement in
the sales of finished goods. Raw jute has been steadier, but the
turnover of yarn and cloth fails to increase. High-class rayon
fabrics are still in good demand in this country, but exports make
little headway. Among cereals, wheat has been firmer, which is
mainly ascribed to the drought in Canada. It is noteworthy that
wheat prices in Chicago have once more returned to international
parity, following the cessation of the intervention of the Federal
Farm Board through its subsidiary, the Grain Stabilisation Cor-
poration. Among other foodstuffs, raw sugar has again been firmer,
but there has been a sharp fall in tea prices, particularly those of
the commoner varieties. Among miscellaneous commodities, hides
have been cheaper; but certain vegetable oils show a slight improve-
ment; while rubber, owing to the uncertainty about Dutch intentions
as regards restriction, has failed to recover.

THE COAL TRADE.

SHEFFIELD.—Best steams for prompt shipment are in brisk
demand and firm at 17s. 6d. to 18s. f.o.b., but there is little forward
business about. Members of the trade are anticipating the early
resumption of a subsidy for export trade. Demand for industrial
fuel remains sluggish, and there is a glut of small coals at the pits.
Sales of house coal have again dropped off, and some factors have
already reduced their prices. Best ordinary qualities are quoted
at 22s. and 23s. at pits. The call for blast furnace coke continues
on a restricted basis, and good qualities can be bought at the low
price of 11s. 6d. at ovens.

GLASGOW.—There has been no improvement in the Scottish coal
position. Demands continue to run on quiet lines, and with supplies
still plentiful despite restricted outputs the tendency of prices
remains easy. Nuts, however, have firmed up a little during the
week. Current prices for the shipping trade are approximately as
follows (f.o.b. district ports): LANARKSHIRE.—Ell best, 14s. to
14s. 6d.; splint best, 16s.; splint second, 14s. 6d.; navigation,
15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 14s.;
trebles, 11s. 6d.; doubles, 10s. 6d. to 11s.; singles, 9s. to 9s. 6d.;
pears, 9s.; dross, 10s. FIFE.—Screened navigation, 16s. 6d.
to 17s. 6d.; first-class steam, 11s. 9d. to 12s.; third-class steam,
10s. 3d. to 10s. 6d.; trebles, 11s. 6d. to 13s.; doubles, 10s. 9d.;
singles, 9s. 6d.; pears, 9s. LOTHIAN.—Prime steam, 11s.;
secondary steam, 10s. 6d.; trebles, 12s.; doubles, 11s.; singles,
9s. 6d.; pears, 8s. 9d. Ayrshire.—Unscreened navigation,
16s. 6d.; jewel, 17s.; steam, 13s.; trebles, 11s. 6d.; doubles, 11s.;
singles, 9s. 3d.; pears, 9s. 3d.; dross, 9s. 6d.

CARDIFF.—The outstanding event in the South Wales coalfield
this week has been the submission by the colliery owners of their
proposals to meet the contingency of the restoration of a seven-hour
shift on July 8th next. Their provisional application is for a
reduction of the percentage payable on the standard rates from
20 to 12, and of the three grades of subsistence wages of 7s. 6d.,
7s. 3d., and 7s., by 3d. per day in each case, as well as for the
discontinuance of the flat allowance of 4d. per shift to boys between
16 and 21. Under the terms of the new wages agreement the right
to apply for a review of existing wage conditions is given to either
side in the event of a statutory change in the hours of work; if such
a change does take place, the proposals are to be considered by the
joint board, and the casting vote of the independent chairman is to
be binding on both sides; if not, they will be automatically with-
drawn. The Executive Committee of the South Wales Miners'
Federation is to meet on Saturday to consider the owners' proposals,
but the men's leaders have already unofficially declared their
intention to resist any further reduction in wages, and are bringing
pressure to bear on the Government to give them a new Minimum
Wage Act. Conditions on the coal market show very little change,
but notwithstanding the scarcity of current inquiries, the volume
of exports is being well maintained. The Buenos Aires Electricity
Works have placed a contract for 120,000 tons of German sized
coals for delivery over 1932. This decision conforms with the
policy adopted in recent years of dividing the requirements of the
Buenos Aires Electricity Works between British and German
suppliers. The greater part of the 1932 supplies will be obtained
from South Wales. With a view of easing the small coal position,
prices to patent fuel manufacturers have been reduced by 2s. 6d.
per ton, and by 3s. 6d. for banked smalls; to other consumers
minimum prices are unchanged. The Best Admiralty large grades
are a quiet market, but other large qualities are in steady demand.
The following are the current approximate quotations:—Best
Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d.
to 19s.; Western Valleys, 18s. 3d. to 18s. 6d.; Eastern Valleys,
17s. 9d. to 18s. 3d.; Black Veins, 18s. 6d. to 18s. 9d.; best small
steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls,
13s. 6d. to 13s. 9d.; anthracite best large, 36s. to 37s. 6d.; Red Vein
large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; stove
nuts, 39s. 6d. to 43s. 6d.; rubbish culm, 8s. 6d. to 9s. 6d.; foundry
coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex
ship, 22s. 6d. to 23s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—There is no favourable feature in the
market for Cleveland iron and conditions continue very depressed
all round. Producers are able to sell very little iron at present
prices, and what they dispose of is mainly to local consumers for
early delivery. Recent efforts to secure more business in Scotland
at important concessions of the official figures have met with very
little success, and, although local consumers have to pay the price
asked, they do so very reluctantly and curtail their purchases as
much as possible. The result is that more Midland iron, which can
be got cheaper, is being brought into the district, and purchases
of Continental iron are also reported. The position of local makers
appears to be a difficult one. They say present costs do not admit
of a reduction on the ruling official figures, and yet seem to recognise
that only a substantial cut will enable Cleveland pig iron to compete
in outside markets or even retain the local trade. Such a move
they hesitate to take and at Tuesday's weekly market they
announced official prices again unchanged, viz.: No. 1, 61s.;
No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s. f.o.b.
or f.o.t. Very few orders were forthcoming and the tone generally
was very despondent. In hematite iron there is not much demand
for forward delivery, but a fair number of orders are being booked
for moderate-sized lots for early requirements. The bulk of this
business is for home consumption, but a few parcels have been sold
for export to the Continent and there are other inquiries circulating
for shipment abroad. With more iron available makers are rather
weaker in regard to prices and although sales of mixed numbers
have been made within the last few days at 64s., this has been shaded
for attractive business. For delivery a few months ahead about
64s. 6d. is asked. In the finished trades new business is difficult
to secure and operations will be curtailed in some departments
unless fresh orders come to hand very shortly. Prices are generally
unchanged. In ore, consumers are well provided for by stocks
on hand and quantities to receive against contracts and there is
practically no fresh buying, although spot cargoes are offering
from time to time at very low figures. Best rubio is nominally
15s. 3d. c.i.f. for prompt, and the current rate of freight Bilbao/
Middlesbrough is about 4s. 3d. Coke is in ample supply, but there
is a very limited demand. Good blast-furnace qualities are freely
offered at 15s. 6d. per ton delivered consumers' works. The number
of furnaces in blast in the district is unchanged at 22.

SHEFFIELD.—The absence of elasticity in the demand for iron
and steel material is extremely disappointing to producers in this
area. Hopes of some revival after Whitsun have not been fulfilled.
In the heavy sections further recession has taken place, output and
turnover being less to-day than four or six weeks ago. The weakest
sections of the heavy departments to-day are shipbuilding and
railway material. The recent cut in prices of billets has not satisfied
the shipbuilders, who are insisting on further concessions. Wages
of a large number of steelworkers have just been reduced substan-
tially as the result of conferences between the employers and the
Unions concerned. Raw materials have come down considerably,
notably steel scrap. Basic scrap at the present price of 40s. is
25s. less than at the beginning of last year. Makers of special and
other high-grade steels report comparatively little doing in exports,
and the home demand is only moderate. Orders for all kinds of

ASHRIDGE. THE BONAR LAW COLLEGE.

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A Week's Course on FINANCE AND TAXATION

A Subject of vital interest to all
British Citizens and Taxpayers.

Saturday, July 11th, to Friday, July 17th, 1931

LECTURES.

Two Lectures on Some Histori- cal Parallels in Taxation.	Dr. ANDREW BROWNING, D.Litt., M.A.
Three Lectures on the Econo- mics of Taxation.	Mr. JOHN BUYERS, M.A.
Tariffs and Markets.	Mr. EUGENE RAMSDEN, O.B.E.
(a) At Home.	
(b) Abroad.	
Tariffs and Prices.	Mr. ROBERT BOOTHBY, M.P.
The A B C of L. S. D.	Mr. J. S. WARDLAW-MILNE, M.P.
The Effect of Direct Taxation on Industry	Mr. F. WIGGLESWORTH, M.A., F.S.S.
Currency and Banking.	Mr. A. WIGGLESWORTH.

Fees, including Board and Tuition, £3 10s.

Full particulars of this and of further Courses of general interest
throughout the Summer and Autumn from the Secretary,
The Bonar Law College, Ashridge, Berkhamsted, Herts.

material lack bulk, and less than a third of the melting capacity of
Sheffield and Lincolnshire is operating. If matters do not improve
shortly, a further curtailment of production may be necessary.
Quietude is general in hand tools, cutlery and plate, with a moderate
but regular business for steel for automobile construction.

GLASGOW.—There is nothing to indicate any real improvement
in the situation in the West of Scotland. The continued depression
in the shipyards reacts unfavourably on practically all the industries
in Glasgow and the Lanarkshire area, and business is being carried
on under very difficult conditions involving only the partial employ-
ment of plants. The same conditions prevail in practically every
trade, and although in the sheet trade there is more evidence of
a revival in export demand, prices at which business is offered are
quite unremunerative, and in many cases when accepted it is only
for the sake of keeping plant in operation, although sheetmakers,
like others, are not able to keep plants running full time. Tube
makers also are poorly employed, and in the bar iron trade business
remains very quiet. Continental prices are exceedingly low, and
manufacturers are competing keenly for such business as there is
to be placed. It is believed that, when Continental makers come
together towards the end of this month, that an endeavour will
be made to increase and to stabilise prices.

CARDIFF.—On the Swansea Metal Exchange, on Tuesday, it was
announced that the official minimum price for steel bars had been
reduced from £5 to £4 12s. 6d. per ton. Foreign bars, however, are
ruling down to £3 15s. Tinplate prices are a shade steadier at from
14s. 3d. to 14s. 6d., and there are indications of an improving
demand. Galvanised sheets are easier at £10 per ton, compared
with £10 5s. the previous week.

OTHER METALS.

TIN.—The wave of selling appears to have ended, and the news
of the adoption of the new restriction quotas by the participating
countries gave rise to a steadier tone in the market. Wednesday's
official closing quotation for "standard cash," at £103 2s. 6d. to
£103 5s. per ton, compares with £100 7s. 6d. to £100 10s. on the
corresponding day last week. Stocks in London and Liverpool
at the end of last week, at 30,942 tons, show an increase of 332 tons
on the week.

COPPER.—Although the downward trend in prices has been
arrested this week, there has been no definite recovery. Consump-
tion statistics show no improvement. "Domestic spot" in New
York was again quoted at 8.00 cents per lb. for "electrolytic," but
Copper Exporters, Inc., again reduced their minimum price for
"electrolytic," c.i.f., Continent, by 0.25 cents to 8.525 cents per lb.
at the end of last week. Wednesday's official closing price for
"standard cash" in London, at £35 3s. 9d. to £35 5s., compares

with £34 7s. 6d. to £34 10s. a week ago. Stocks of refined copper in official warehouses at the end of last week, at 15,055 tons, show an increase of 1,591 tons, while stocks of rough copper, at 1,297 tons, were 1 ton larger.

LEAD.—Lead experienced a better demand this week, and as sellers adopted an attitude of reserve, prices showed a slight advance in London. In New York the metal again changed hands at 3.75 cents per lb., spot. Wednesday's official closing quotation for "soft foreign" in London, at £11 6s. 3d. to £11 13s. 9d., compares with £10 7s. 6d. to £10 15s. on the corresponding day last week.

SPELTER.—This metal also benefited by the firmer tone in the New York and London metal markets. The New York spot price for "East St. Louis," at 3.30 cents per lb., shows a rise of 0.10 cent per lb. on the week. Wednesday's official closing quotation in London for "good ordinary brands," at £10 17s. 6d. to £11 8s. 9d., compares with £9 13s. 9d. to £10 5s. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Although there is not much change in prices from those of a week ago, fluctuations have been more violent. Continued favourable weather in the cotton areas and weakness in the stock markets caused some selling, but slight recoveries in the New York stock market showed the cotton position to be somewhat oversold. The Fossicks Bureau yesterday gave their estimate of reduction in acreage as 10.2 per cent., and Cochran's Bureau estimate the condition at 67.7 and acreage reduction as 10.2 per cent. American cotton forwarded the world mills during last week was 201,000 bales against 162,000 for the same week. Last year, the average for the past four weeks being 204,000 bales as against 168,000 bales for the same weeks last year. Spot sales for the week 4th to 10th (inclusive) are 23,000 bales, of which 10,750 are American, 1,650 Brazilian, 300 Argentine, 3,500 Peruvian, 2,950 Egyptian, 1,500 African, 1,200 East Indian, 700 Russian, and 450 sundries. Imports for the same period are 24,176 bales, of which 8,847 bales are American, 517 Brazilian, 667 Argentine, 3,630 Peru, 6,446 Egyptian, 1,482 African, 2,019 East Indian and 568 sundries. Quotations, June 10th: American Middling 4-53, Egyptian Sakel 7-20, Uppers 5-49; Brazil Fair 4-68; Peru G.F. Smooth 5-08; West African Middling 4-68, and East African G.F. 5-68.

Manchester.—The attitude of buyers in the Manchester market during the past week has been dictated by the fluctuations in raw cotton prices. When advances have taken place the rise has been distrusted, and although values are on a low level traders see no reason why a further decline should not take place. Demand in piece-goods has been of limited extent and manufacturers who are able to maintain production consider themselves very fortunate. Business for all markets has been scrappy and an order of even moderate dimensions is seldom mentioned. Only isolated sales have taken place for India and business for China has been confined to sorting-up lines. The turnover for the remaining minor outlets has been quite unimportant. Spinners of American and Egyptian yarns have reported rather more price-testing, but very few serious attempts have been made at arranging business. The accumulation of stocks is being kept down by the large amount of machinery stopped.

Cotton Prices.

	1931.				Corresponding Date.	
	May 20.	May 27.	June 3.	June 10.	1929.	1930.
Raw Cotton—Mid. American	d. 5-01	d. 4-83	d. 4-65	d. 4-63	d. 10-14	d. 8-04
" Sakellaridis Fully Good Fair	8-05	8-10	7-40	7-20	16-80	12-95
Yarns—32's twist	8 1/2	8 1/2	8 1/2	8 1/2	15	12
" 40's twist	9 1/2	9 1/2	9	9	15 1/2	12 1/2
" 60's twist (Egyptian)	15	15	14 1/2	14 1/2	25 1/2	21
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	17 9	17 7	17 5	17 5	25 0	21 6
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's	19 6	19 4	19 2	19 2	27 9	24 0
38-in. ditto, 38 yds., 18 by 18, 10 lb.	10 10	10 9	10 8	10 8	15 0	13 1/2
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9 9	9 8	9 7	9 7	13 4	11 10 1/2

THE WOOL TRADE.—Bradford.—Though there is a fairly cheerful tone in the wool trade the situation lacks anything of a really encouraging nature. Very little news has been received from Australia or any other selling centres, and no definite test is being made of raw material values. Some users, writes our correspondent, seem determined to speculate on a further decline when wool markets again become active. There is, however, a feeling among those accustomed to handling wool, that the present decline has gone far enough. Information received this week from South Africa indicates that the market is about cleared out, and whilst short and other inferior wools are not easily saleable, there is very little left, and what is coming to hand is being disposed of fairly readily. So far as Cape wool is concerned it is now certain that the next clip will begin to come forward without any big surplus to hinder its sale, and the outlook for merinos generally is fairly good. According to mail information from New Zealand there is still a considerable quantity of unsold wool there, and this, along with the stocks held in this country, means that an enhance-

ment of crossbred values is out of the question unless big requirements develop which are not now in sight. The smallness of the demand for tops has resulted in slightly lower prices being accepted for merinos. Spinners have evidently been able to force the hands of some of their clients, and it is understood that botany yarns have been sold at distinctly less money than the nominal price of the market for tops. Even the aggregate turnover, however, is so small that prices cannot be said to have been fairly tested, or a real guide given to the future movement of wool.

THE JUTE TRADE.—Dundee.—Conditions in the jute trade have not improved. A sharp decline in prices of Calcutta goods, following the refusal of the Indian Jute Mills' Association to ratify the recommendation of their Committee to stop work for one week each month for three months has had an adverse effect on trade generally. At the end of May, stocks of heavy goods in Calcutta showed an increase, but hessians showed a decrease compared with those at the end of April. These stocks are still large and have a depressing influence on the market. Despite this, however, prices of raw jute have displayed a tendency to advance on account of speculative interest in Calcutta. The new jute crop reports are now quite satisfactory, but it is expected that the crop will be a late one, besides being considerably less than those of recent seasons. Whether it is that there is not so much raw jute remaining up-country or not, it is certainly very difficult for shippers to buy in Calcutta, and the imports into that centre are now very light. Up to the end of April the imports this season totalled 8,977,000 bales, compared with the forecast of 11,231,000 bales for the whole season to June 30th. Offers to this market have been scarce, but his has been due more to the apathy of spinners than anything else. Old crop prices have included Fuji-M at £17 17s. 6d. and Asahi Lightning at £17 7s. 6d., while Mahabir Daisee assortment rules at £17, Mahabir Tossa assortment at £17 15s., and Mahabir Tossa 4 at £16 10s., June shipment. New crop has been more freely quoted this week, including good First Marks at £20, Lightnings from £18 5s. to £18 15s., Hearts at £17 10s., Motial Tossa 2-3 at £18 10s., and Prangal Daisee 2-3 at £17 5s., September-October shipment. Jute yarns are very quiet, but prices are quite steady all round. Buyers of hessian descriptions are unwilling to pay more than 1s. 10d. for common 8 lb. cops and 1s. 11d. for 8 lb. spools, but spinners are rigidly adhering to 1s. 10 1/2d. and 1s. 11 1/2d., respectively. Only trifling lots are being sold. Twist is from 3 1/2d. for 3-ply 8 lb., and sacking yarns are quiet at from 2 3/4d. for 24 lb. web and from 3 3/4d. for 8 lb. chains. Rove is steady, unchanged, at from £19 for 48 lb. and £16 for 200 lb. Fine yarns are in small request and prices are nominal. Carpet descriptions are slow. A small steady business is passing in jute cloth. Buyers are making rather more inquiry, but hesitation is still displayed in buying more than sufficient to meet their immediate needs. Values remain notably unchanged at from 2 3/4d. for 10 1/2 oz. 40-in. hessians and 1 1/2d. for 8 oz. Linoleum hessians are quiet and heavy goods are of small interest.

THE GRAIN MARKETS.

WHEAT.—During the past week markets have been strongly influenced by crop conditions in North America. The drought conditions which have prevailed in Canada have been alleviated in certain areas of Eastern and Northern Manitoba and Southern and Northern Alberta, but the situation continues precarious in the large wheat-producing areas of central Saskatchewan and Alberta. It is generally expected that the coming crop will be smaller than that of last year, and, expressed as percentages of long time average yields per acre, the condition of wheat at the end of May has been estimated at 81, as against 97 for the corresponding date last year. Although the dry weather has recently extended into the north-west of the United States the condition of that country's crop are still satisfactory. In contrast to the situation in Canada, the British crop would greatly benefit by a spell of warm and sunny weather. The adverse conditions prevailing in Canada has resulted in a buying movement under the influence of which prices showed a slightly firmer tendency. In view of the heavy stocks in producing countries it is, however, improbable that quotations will show a substantial rise in the near future. It is interesting to note that prices in Chicago, following the cessation of buying by the Grain Stabilisation Corporation, have once more returned to international parity. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 27s. 9d. per 496 lbs., as compared with 26s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 26s. 9d., against 25s. 6d.; Rosafe, ex ship, 23s., against 22s. 6d.; Australian, ex ship, 24s. 6d. to 25s. 6d., against 24s. 6d. to 25s. 6d. a week ago.

WHEAT FLOUR.—Flour has experienced a steady demand during the past week, but it is expected that North American shipments will increase and thus lower the price. North American shipments during the past week amounted to 184,000 sacks, as compared with 129,000 sacks shipped during the previous week. Quotations: Straight run, delivered country, 23s. 6d. per sack of 280 lbs., as compared with 22s. 6d. last week; delivered London, 22s. 6d., against 22s. 6d. Manitoba patents, ex store, 21s. 9d. to 25s., against 21s. 6d. to 24s. 9d.; and Australian, ex store, 18s. 6d. to 19s. 6d., against 18s. 9d. to 19s. 6d. a week ago.

BARLEY.—The scarcity of home-grown barley resulted in a firmer tendency in prices, and foreign varieties, both for malting and feeding purposes, were well maintained. The visible supply in the United States at the end of last week amounted to 5,163,000 bushels, against 5,895,000 bushels at the end of the previous week. Quotations: "English malting," f.o.r., at 30s. to 35s. per 448 lbs., remained unchanged. Californian sold at from 33s. to 43s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Although the demand for oats remains quiet, prices advanced following unfavourable crop reports from Canada, where rain is urgently needed. Quotations: "River Plate," landed, 13s. 6d. per 320 lbs., as compared with 12s. 9d. last week; "River Plate," ex ship, 12s. 6d., against 11s. 9d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; and North Russian, on sample, landed, 17s. 9d., against 18s.; English white, per 336 lbs., 20s. to 21s., against 20s. to 21s. a week ago.

MAIZE.—The low level to which maize prices have fallen a fortnight ago acted as a strong stimulus to buying in this country and on the Continent. This activity caused a slight recovery in prices during the week in spite of considerable shipments from the Argentine. Quotations: "Plate," landed, 17s. 6d. per 480 lbs., as compared with 16s. 9d. last week; Plate, ex ship, 16s. 3d., as against 15s. 6d.; Plate, June-July, new, 16s. 3d., as against 15s. 9d. Yellow maize meal, ex wharf, was quoted at £5, as against £5 5s. per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to June 6, 1931.....	Owts. 81,244	Owts. 84,388	Owts. 67,167	Owts. 174,435
40 weeks to June 6.....	4,518,521	8,905,613	9,265,980	10,128,378
Average price of English wheat per cwt.....	s. d. 6 0	s. d. 8 7	s. d. 9 7	s. d. 11 0

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
May 30, 1931.....	Owts. 101,821	Owts. 14,659	Owts. 33,617	s. d. 5 10	s. d. 6 7	s. d. 6 11
June 6, 1931	81,244	3,660	16,716	6 0	8 2	7 0
June 4, 1927	131,275	10,481	31,288	12 6	11 6	9 11
June 9, 1928	174,435	18,566	13,576	11 0	10 11	13 0
June 8, 1929	67,167	9,771	11,888	9 7	10 0	9 6
June 7, 1930	84,388	14,572	7,372	8 7	7 6	6 5

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	June 11, 1930.	Jan. 2, 1931.	May 27, 1931.	June 3, 1931.	June 10, 1931.
Winnipeg (No. 1 Manitoba)	148 1/2	114 1/2	56 1/2	58 1/2	60 1/2	60 1/2
Chicago (No. 2 Winter)	130 1/2	104 1/2	79 1/2	82 1/2	66 1/2	57 1/2

The visible supply of wheat in Canada, at 46,667,000 bushels, shows a decrease on the week of 1,906,000 bushels. Supplies a year ago stood at 57,970,000 bushels.

OTHER FOODS.

SUGAR.—Increasing confidence in the Chadbourne scheme and therefore in the stability of the sugar position is responsible for increased buying by refiners. Raw sugar prices continued to advance. Wednesday's quotation in New York for Cuban centrifugals, 96 deg., spot, at 3-30 cents per lb., shows a further rise of 0.07 cent per lb. on the week. Raw futures in London have been firm. Wednesday's sales included "August delivery," at 6s. 4d. to 6s. 4 1/2d., as against 6s. 2 1/2d. to 6s. 3d. on the corresponding day last week; December, at 6s. 7 1/2d. to 6s. 8d., as against 6s. 5d. to 6s. 5 1/2d.; and March, 1932, at 6s. 9 1/2d. to 6s. 10d., as against 6s. 7 1/2d. to 6s. 7 1/2d. a week ago. British refined has maintained its recent advance. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	655	1,198	1,515	926	30,614	30,974
Liverpool.....	12,465	15,268	13,949	8,829	71,060	91,836
Total	13,120	16,466	15,464	9,755	101,674	122,810

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TEA.—The quantities catalogued for this week's auction comprised 48,995 packages of Indian, 39,595 packages of Ceylon, and 15,659 packages of Java and Sumatra tea. A slightly easier tendency prevailed during the Indian auctions on Monday. The large quantities of Ceylon teas offered for sale on Tuesday caused a further reduction in the prices realised, and during Wednesday's Indian auctions only finest qualities met a satisfactory demand. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	AVERAGE PRICE PER LB.					
	Northern India.	Southern India.	Ceylon.	Java.	Sumatra.	Nyssa-land.
May 9, 1930...	s. d. 1 2-04	s. d. 1 4-63	s. d. 1 6-71	s. d. 0 10-36	s. d. 0 11-95	s. d. 0 9-43
May 14, 1931...	0 10-26	1 4-61	1 4-63	0 6-99	0 7-49	0 5-95
May 21, 1931...	0 10-27	1 1-85	1 3-96	0 7-08	0 7-72	0 6-83
May 28, 1931...	Holiday					
June 4, 1931...	0 9-94	1 3-55	1 2-65	0 6-76	0 7-79	0 6-72

RICE.—The quiet demand for rice caused a further decline in prices, and Wednesday's quotation for Burma No. 2, cleaned, June-July, in singles to the Continent, and to the United Kingdom at 6s. 10 1/2d. per cwt., shows a fall of 1 1/2d. as compared with last week. Movements in London during the past week: Landed, 17 tons; delivered, 33 tons; stock, 1,174 last year.

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.		a. d. s. d.		a. d. s. d.		a. d. s. d.	
GRAIN, &c.—		Irish bladders	62 0 72 0	English Southdown, washed	d.	Best heavy ox and heifer	0 34 0 54
Wheat, No. 2, N. Man. 496 lb....	26 9	American, boxes, 56 lbs. 43	9 44 9	per lb.	10 1/2	Best cow	0 34 0 34
Eng. Gas. av., per cwt.	6 0	POTATOES—		„ Lincoln hog, washed	7 1/2	Best calf	0 7 0 8 1/2
Barley, Eng. Gas. av., per cwt.	8 2	Good English, per cwt....	10 0 11 0	Queensland, 80d. super combg.	21	INDIGO—	
Oats, „ „ „ „ „ „ „ „ „ „	7 0	SPICES—		N.S.W. greasy, super	11	Bengal gd. red-vio. to	
Maize, La. Plata, landed, 460 lb....	17 6	Pepper, per lb.—		N.Z., gray, half-bred 50-56	9	fine—per lb.	5 6 6 6
Flour, Lon. stan. ex mill, a. d.		Muntok, fair White.....	0 8 1/2 0 0	Crossbred 40-44	6	LEATHER—	
280 lb. „ „ „ „ „ „ „ „ „ „	21 3 0 0	Black Lampung.....	0 5 1/2 0 0	Topa.....	25	Sole Bends 8/14 lb.—	
Rice, No. 2 Burma, per cwt. 6 10 1/2	0 0	Cinnamon—1st sort, per lb.	0 7 1/2 0 0	Merinos 70's.....	25	per lb.	1 3 2 6
Sago, Pearl, per cwt. „ „ „ „	16 6	Cloves—Zanzibar per lb	0 9 0 0	„ 64's.....	25	Bark Tanned Sole	2 3 3 0
Tapioca, per cwt. „ „ „ „	17 6 0 0	Ginger—per cwt.—	23 0 0 0	Crossbred 48's.....	11	Shoulders fm DS Hides	0 6 0 9
E.L. flake, fair spot „ „ „ „	17 6 0 0	Jamaica, ord. to good.....	40 0 80 0	„ 46's.....	10 1/2	Do. Eng. or WS do.	0 9 1 4
Medium pearl „ „ „ „	20 0 0 0	Mace „ „ „ „ „ „ „ „ „ „	0 10 1 8	MINERALS		Bellies from DS do.	0 4 1/2 0 6 1/2
MEAT—		Nutmegs 65s „ „ „ „ „ „	1 0 0 0	COAL—		Do. Eng. or WS do.	0 6 1/2 0 9 1/2
Beef, per 8 lbs.—		SUGAR—		Welsh, best Ad'ty., ton 20	0 0 0	Dressing Hides „ „ „ „	1 3 1 6
English long sides.....	5 4 6 0	(Duty, 11s. 8d. per cwt.).		Durham, best gas, f.o.b.	14 6 0 0	Ro. Eng. Calf, 20/30 lb.	3 6 4 6
Argentine chilled hinds.....	4 2 4 6	B.W.I., crystallised.....	18 3 21 6	Sheffield, best house, at	22 0 23 0	Aust. Bends „ „ „ „	1 0 1 8
Mutton, per 8 lbs.—		Java, white, c. & f. India	8 0 0 0	IRON AND STEEL—		VEGETABLE OILS—	
English wetters.....	6 0 8 0	July, September „ „ „ „	8 0 0 0	Pig, Cleveland No. 3, ton 58	6 0 0	Linseed, naked, p. ton net	15/0/0
N.Z. frozen „ „ „ „	3 4 4 2	Yellow Crystals.....	19 7 1/2 0 0	Bars, M'brough.....	200 0 0 0	Rape, refined „ „ „ „	25/0/0
Pork, English, per 8 lbs.	4 4 5 0	Cubes.....	24 0 24 6	Steel Rails, heavy „ „ „ „	170 0 0 0	Cotton-seed, crude „ „ „ „	17/0/0
OTHER FOODS.		Crushed.....	22 6 23 0	Tin Plates (20 by 14),	14 3 14 6	Coconut, crude „ „ „ „	19/0/0
BACON—		Granulated „ „ „ „	20 3 21 0	„ basis box (2/5) „ „ „ „	14 3 14 6	Oil Cakes, Linseed, Eng.,	11/15/0
Irish „ „ „ „ „ „ „ „ „ „	72 0 96 0	Home Grown (April) „ „ „ „	19 6 19 10 1/2	METALS—		per ton „ „ „ „	7/5/0
Danish „ „ „ „ „ „ „ „ „ „	58 0 60 0	TEA—		Copper, Electrolytic, ton 38	0 39 0	Oil Seeds—Linseed—	
Canadian „ „ „ „ „ „ „ „ „ „	52 0 0 0	Indian—per lb.—		Sheets (strong) „ „ „ „	70 0 0 0	La Plata, p. ton „ „ „ „	8/5/0
Dutch „ „ „ „ „ „ „ „ „ „	46 0 52 0	Pekoe.....	0 5 0 8	Standard „ „ „ „ „ „ „ „	35/3/9 35/5/0	Calcutta—per ton „ „ „ „	9/16/3
HAMS—Irish „ „ „ „ „ „ „ „	0 0 0 0	Broken Pekoe „ „ „ „ „ „	0 4 1 11 1/2	Lead Eng. Pig „ „ „ „ „ „	12/5/0 0 0	PETROLEUM PRODUCTS—	
Canadian „ „ „ „ „ „ „ „ „ „	0 0 0 0	Orange Pekoe „ „ „ „ „ „	0 5 1 1 1/2	Soft Foreign „ „ „ „ „ „	11/6/3 11/13/9	Motor spirit, No. 1, Lon-	
American „ „ „ „ „ „ „ „ „ „	80 0 90 0	Broken Orange Pekoe „ „ „ „	0 5 2 10 1/2	Spelter G.I.B. „ „ „ „ „ „	10/10/0 11/8/9	don „ „ „ „ „ „ „ „ „ „	1 2 1/2
BUTTER—		Ceylon—per lb.—		Tin—English ingots „ „ „ „	10/10/0 0 0	Petroleum, Amer. rfd.	0 10 1/2
Irish creamery per cwt. 112	0 114 0	Pekoe.....	0 5 1 2 1/2	Standard cash „ „ „ „ „ „	103/2/6 103/5/0	brl. „ „ „ „ „ „ „ „	0 10 1/2
Australian „ „ „ „ „ „ „ „ „	106 0 108 0	Broken Pekoe „ „ „ „ „ „	0 5 1 2 0	MISCELLANEOUS.		Fuel oil, in bulk, for	
New Zealand „ „ „ „ „ „ „ „	108 0 112 0	Orange Pekoe „ „ „ „ „ „	0 7 1 2 1/2	CHEMICALS—		contracts, ex instal.,	
Danish „ „ „ „ „ „ „ „ „ „	117 0 120 0	Broken Orange „ „ „ „ „ „	0 7 1 2 3 1/2	Acid, citric, per lb. less 5%	0 11 1/2 0 11 1/2	Thames „ „ „ „ „ „ „ „	62 6
CHEESE—		TOBACCO—		Nitric „ „ „ „ „ „ „ „	0 2 1/2 0 4	Diesel „ „ „ „ „ „ „ „	75 0
Canadian „ „ „ „ „ „ „ „ „ „	70 0 76 0	(Duty 8/10-9/10 per lb.,		Oralic, net „ „ „ „ „ „	0 3 1/2 0 4	Lubricating oil ex store,	
New Zealand „ „ „ „ „ „ „ „	56 0 58 0	Empire growths, 6/9 1/2-		Tartaric, English less 5%	0 11 1/2 0 11 1/2	London—per ton „ „ „ „	9/10/0 21/0/0
English Cheddar „ „ „ „ „ „	46 0 90 0	7/6 1/2 per lb.)		Alum, lump.....per ton	9 0 9 10	Pales „ „ „ „ „ „ „ „	9/10/0 21/0/0
Dutch „ „ „ „ „ „ „ „ „ „	44 0 51 0	Virginia leaf—		Ammonia, carb.....ton 35	0 38 0	Reis „ „ „ „ „ „ „ „	10/7/6 16/2/6
COCOA—		Common to fine „ „ „ „	0 8 2 6	Sulphate „ „ „ „ „ „ „ „	10 0 12 0	Cylinder „ „ „ „ „ „ „ „	9/12/6 23/0/0
(Duty, British grown,		Rhodesian leaf „ „ „ „	0 7 1 6	Arsenic, lump „ „ „ „ „ „	35 0 40 0	ROBIN—	
11s. 8d.; foreign, 14s. cwt.)		Nyasaland leaf.....	0 7 1 0	Bleaching powder, per cwt.	7/10/0 6/12/6	American „ „ „ „ „ „	12/10/0 20/10/0
Accra, f.f., per cwt. 18	0 23 0	East Indian leaf „ „ „ „	0 10 1 6	Borax, gran. „ „ „ „ „ „	11 0 0 0	RUBBER—	
Trinidad „ „ „ „ „ „ „ „ „	38 0 45 0	„ „ „ „ „ „ „ „ „ „	0 3 1/2 0 7	Nitrate of Soda „ „ „ „ „	10 9 11 0	St. ribbed smoked sheet	
Grenada „ „ „ „ „ „ „ „ „ „	26 0 37 0	COTTON—		Sal-Ammoniac „ „ „ „ „ „	42 6 45 0	per lb. „ „ „ „ „ „	0 3 0 0
COFFEE—		Mid-American „ „ „ „ „ „	4 6 3	Soda Bicarb. „ „ „ „ „ „	9 0 10 6	Fine Hard Para „ „ „ „	0 4 1/2 0 0
(Duty, British grown,		Sakelargia, f.g.f. „ „ „ „	7 20	Crystals „ „ „ „ „ „ „ „	5 0 5 3	SHELLAC—	
11s. 8d.; foreign, 14s. cwt.)		Yarus, 32's twist.....	8 1/2	Sulphate of Copper per ton	20 0 21 0	TN Orange „ „ „ „ „ „	70 0 72 6
Santos, supr., c.&f. cwt. 44	0 0 0	60's twist „ „ „ „ „ „	14 1/2	CEMENT—		SHELLS	
Colombian, good „ „ „ „ „ „	70 0 92 0	FLAX—		Portland, best Eng. pr. ton 46	0 48 0	W. Aust. M.-o.-P. „ „	3 10 11 10
Costa Rica, med. to good	80 0 122 0	Livonian ZK „ „ „ „ „ „	33 10 0 0	COBRA „ „ „ „ „ „ „ „	8 0 8 0	TALLOW, London Town per cwt.	18 0
East Indian „ „ „ „ „ „ „ „	85 0 115 0	Pernau HD „ „ „ „ „ „	31 0 0 0	S.D. Straits c.f., per ton	12/10/0 0 0	TIMBER—	
Kenya, medium „ „ „ „ „ „	72 0 85 0	Slanets Medium 1st sort.	41 0 0 0	Smoked South Sea „ „ „ „	10/12/6 0 0	Swedish u/s 3 x 8	per std. 17 10 0
EGGS—		TEMP.		DRUGS—		Do. 2 1/2 x 7	„ 17 0 0
English „ „ „ „ „ „ „ „ „ „	8 6 9 9	Italian P.O. „ „ „ „ „ „	31 0 0 0	Campor „ „ „ „ „ „ „ „	2 1 1/2 2 2	Do. 2 x 4 „ „ „ „	15 0 0
Danish „ „ „ „ „ „ „ „ „ „	8 3 10 6	Manila, May-July „ „ „ „	18 0 0 0	Japan, refined „ „ „ „ „ „	85 0 95 0	Can'dn Spruce, Dis. „ „	24 0 0
FRUIT—		N.Z. „ „ „ „ „ „ „ „ „ „	nom.	Ipecacuanha „ „ „ „ „ „	6 9 0 0	Pitchpine „ „ „ „ „ „	per load 9 0 0
Oranges „ „ „ „ „ „ „ „ „ „		Sisal, African, May-July „ „	14 15 15 10	Peppermint, Wayne Co. „ „	8 0 8 6	Rio Deals „ „ „ „ „ „	per std. 30 0 0
South African „ „ „ „ „ „	11 0 16 3	Mexican „ „ „ „ „ „ „ „	nom.	HIDES—		Teak „ „ „ „ „ „ „ „	per load 30 0 0
Lemons, Sicilian „ „ „ „ „ „	10 0 20 0	JUTE—		Wet salted—Australian		Honduras Mahg. logs c. ft.	0 10 6
„ „ „ „ „ „ „ „ „ „	12 0 27 0	Native 1st mks. „ „ „ „		per lb. „ „ „ „ „ „	0 4 1/2 0 5 1/2	African „ „ „ „ „ „	„ 0 6 0
Malaga „ „ „ „ „ „ „ „ „ „	0 0 0 0	c.f.f. H.A.R.B. „ „ „ „		West Indian „ „ „ „ „ „	0 4 0 0	Amer. Oak Boards „ „	„ 0 6 0
Apples: Amer. (var.) brls.	0 0 0 0	June-July „ „ „ „ „ „	£16/15/0	Cape „ „ „ „ „ „ „ „	0 4 1/2 0 4 1/2	Do. Ash „ „ „ „ „ „	„ 0 7 0
„ (var.) boxes „ „ „ „ „ „	12 0 13 6	Dalsee 2/3 c.f.f. Dundee „ „	£16/12/6	Dry and Drysalted Cape „	0 6 0 7	English Oak Planks „	„ 0 6 6
„ Australian „ „ „ „ „ „	9 0 15 0	SILK—				Do. Ash „ „ „ „ „ „	„ 0 7 6
ONIONS—		Canton „ „ „ „ „ „ „ „	6 0 8 6				
Valencia, case, 4s. „ „ „ „	9 0 0 0	Tussock „ „ „ „ „ „ „ „	3 6 4 6				
Egyptian Bags „ „ „ „ „ „	0 0 0 0	Japan „ „ „ „ „ „ „ „	8 0 11 0				
Grapes, Lisbon „ „ „ „ „ „	0 0 0 0	Italian—Raw, fr. Milan	8 0 10 0				
„ Almeria „ „ „ „ „ „ „ „	0 0 0 0						

with 8,994 tons in the corresponding week last year. Imported beef, principally Argentine, formed 84.8 per cent. of the supplies, as against 83.2 per cent. a year ago; and imported mutton, mainly New Zealand, formed 84.9 per cent. of the total supply, as against 87.9 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—A spurt in demand for seed both here and on the Continent towards the close of last year led to an appreciation in value, but this has been followed by a recession in price. Plate, on spot and June shipment, around £8 5s. and later positions at a small progressive rise to £8 10s. for October. Calcutta is quiet, the price to London being £9 17s. 6d., June-July. The passage to Europe, at 103,000 tons, is 5,800 tons, and compares with 113,000 tons a year ago, when it was at a fair level, while the export of seed has been

fair amount of interest, but, even so, Argentine ox are now quoted at the equivalent of 5d., while cows are offered at 4 1/2d. Business has been done in dry South American hides at 5 1/2d. for B.A. Americanos, and in B.A. Inservibles at 3 1/2d. Sales of African hides are only possible when offers are made at the right figure, and for Capes 6 1/2d. and 5 1/2d. are considered somewhere round about the correct prices for first and second drys, with drysalted, 20/30 lbs., in the region of 5 1/2d. and 4 1/2d. Hardly any business has been done in Australians for this country, but dry-salted Queensland meats have been sold to the Continent at about 5d. There has been a slight improvement in the inquiry for sole leather, and considering the state of trade during the previous fortnight the position appears to be a little more hopeful. In English and wetsalted bends sales this week have been concerned more with the heavier descriptions, with only a limited amount of inquiry for light and medium weights. Dry hide bends for shoe-manufacturing purposes also have received more attention, and although producers of footwear continue to

The Economist,

WEEKLY COMMERCIAL TIMES,

Bankers' Gazette and Railway Monitor

A POLITICAL, LITERARY, AND GENERAL NEWSPAPER.

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SATURDAY, JUNE 20, 1931.

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ing that the turn of the half-year, short of unforeseen happenings, may be comfortably negotiated. On Thursday new money commanded generally 1-1½ per cent., while old day-to-day loans from sources other than the clearing banks were renewed at 1½ per cent.

Under pressure of abundant funds seeking employment the market rate of discount was barely maintained. Applications for the £35 millions of Treasury bills offered last Friday totalled £56.9 millions, and the whole of the bills were allotted at an average rate of £2 2s. 11.59d. per cent., as compared with £2 3s. 7.89d. per cent. a week before. During the week, on the one hand, the market has been a somewhat unwilling seller; on the other hand, except for a moderate demand from the clearing banks for August and September Treasuries, buyers of bills have not been greatly in evidence. Turnover has been small, and, though the rate generally quoted shows little alteration at 2½-3½ per cent., the competitive rate has been no better than 2½ per cent. At this level, however, the rate has shown signs of resistance, due to natural apprehension at the gravity of the situation in Central Europe.

The banking position in Germany is discussed in an article on page 1312, and the information given there may be amplified by a study of the significant changes which have taken place in the last three returns of the Reichsbank. Here are the main items.

	May 30. Rm.	June 6. Rm.	June 15. Rm.
	(000's omitted.)		
Gold—In hand.....	2,182,689	2,040,561	1,567,459
Deposited abroad	207,638	259,369	198,112
Total	2,390,327	2,299,930	1,765,571
Foreign currency reserve.....	186,181	112,956	104,309
Bills and cheques	1,816,432	1,765,960	2,032,654
Advances	167,182	69,876	154,848
Note circulation	4,299,122	4,079,250	3,888,610
Cover of note circulation (%).....	59.9	59.2	48.1

The decline of Rm. 624,756,000 in gold stocks in the first fortnight of June is the more impressive when it is remembered that the latest figure was made up before the heavy gold losses of the early days of this week and also before Monday's Reparations payment of £7,500,000, which is also understood to have necessitated gold transfers. The rise in the holding of bills and cheques also deserves careful examination. The fact of the fall between May 30th and June 6th, notwithstanding considerable internal rediscounting, suggests that sales of foreign bills may have rendered the composition of the June 13th figure less favourable to the international position of the Reichsbank than that of the bill figure for May 30th.

	Mar 24, 1931.	June 4, 1931.	June 11, 1931.	June 18, 1931.	Previous Rate and Date Changed.
VEGE					
Seed rate	2½	2½	2½	2½	3 (May 14, '31)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)
Seed rate	2½	2½	2½	2½	1½ (May 1, '30)

A striking reflection of these substantial gold movements was to be found in the Bank of England's return. Including receipts from Germany and the release of 500,000 sovereigns, against withdrawals (it is suggested, on German hoarding account), of some £350,000 in bars, the Bank gained £5.7 millions of gold on the week, and, as circulation fell by £2 millions, the reserve was £7.7 millions higher and the proportion 58.0 per cent., against 55.1 per cent. a week ago. In the Banking Department, Government Securities showed a decline of only £2.3 millions, while discounts and advances were up by £2.8 millions—a movement presumably connected with the advance to the Austrian National Bank—so that, notwithstanding an increase of £5.4 millions in public deposits, bankers' deposits were up by nearly £2 millions, at £71.4 millions. In other words, the Bank, desirous possibly of keeping conditions comfortable as some alleviation to the general feeling of nervousness, did not take steps to neutralise fully the gold influx. Whether this policy will be continued depends obviously on the ability of the market to maintain discount rate at what is regarded as a safe level, and on the course of the foreign exchanges.

Call money in New York this week has ruled steady around 1½ per cent., while open market discount rates have been unchanged at ½ to 1 per cent. for 90-day bank bills, and 1½ to 2 per cent. for six months' bills. On Tuesday gold to the value of \$4.5 millions was received from Canada and on Thursday \$2 millions in gold arrived from Peru. On Tuesday the Federal Reserve Bank un-earmarked \$31.7 millions of gold. This represented gold held in New York on French account transferred to the Reichsbank as an offset against shipments of gold from Berlin. Three small Middle-Western banks closed their doors on Tuesday, and on Wednesday the failure was announced of a bank in Toledo, Ohio, with \$20 millions deposits.

The foreign exchange market has had an anxious week, but movements on balance have not been wide. New York moved slightly in our favour to 4.86½. Montreal weakened to 4.87½. Paris, after touching 124.17, lost three points on balance at 124.25. Brussels weakened from 34.92½ to 34.95½. Milan was unchanged at 92.92. The peseta, after being steady all the week, showed signs of falling away again towards the close, and weakened from 48.00 to 48.95. Amsterdam was ½ better at 12.08½. Berlin, after Tuesday's political improvement, reverted to last week's figure of 20.50. Switzerland moved fairly sharply against us at 25.05. Of the Scandinavian exchanges Stockholm improved from 18.15½ to 18.14½. Oslo gained ½ at 18.16½ and Copenhagen was unchanged at 18.16½. The South American currencies were again rather irregular, Rio losing ½d. on balance at 3½d. after being 4d. Buenos Aires lost ½d. at 34½d. and Montevideo ½d. at 28½d. In the Far East the rupee was unchanged at 1s. 5½d. The yen was better by ½d. at 2s. 0½d. In the Pacific, Peking improved to 12.09½d. In the future of trade during the previous fortnight the ½ per cent. and to be a little more hopeful. In English and weaned bends sales this week have been concerned more with the heavier descriptions, with only a limited amount of inquiry for light and medium weights. Dry hide bends for shoe-manufacturing purposes also have received more attention, and although producers of footwear continue to

IN THE THICK OF THE STORM.

It is doubtful whether, at any period since the world depression developed in 1930, those responsible for guiding financial and economic affairs have had a more anxious time than during the last ten days. Apart from events in Austria, the chief outward symbol of a critical situation was perhaps the very unusual step of summoning the governing body of the Reichsbank on a Saturday and the raising of its rate by 2 per cent. from 5 to 7 per cent. There has been some inclination, particularly in America, to suggest that the accounts given of German difficulties are exaggerated propaganda for the purpose of obtaining concessions. But the continued withdrawal of funds from Germany by foreigners and the attempts of the Germans themselves to transfer their capital overseas are hard facts, and only those who are wilfully blind can attempt to deny that not only Germany, but many other countries of Europe also have been passing through a very difficult time. It is not that any new economic fact has developed, but rather that the strain is beginning to tell, and that in various countries the effects are beginning to be felt of the difficulties created by the long-drawn-out and severe fall of prices, by the restriction of trade, by the withholding of further supplies of foreign capital to countries whose economy has been fed by foreign loans, and by the far-reaching effects of slump psychology both among business people and among the masses of the population.

It is true, there is some ground for thinking that the strain of a week ago has, during the last two or three days, been momentarily relaxed. For, though the Reichsmark, after Wednesday's recovery, was again weak on Thursday, the flood of withdrawals of funds from Germany seemed to have slightly abated; while substantial relief has been afforded to the immediate position in Central Europe by the promptitude with which the Bank of England has accorded a £4 million credit to the Austrian National Bank at a moment when it was becoming more and more clear that delay might prove fatal. The troubles of an acute depression like the present are, however, by no means confined to the financial or even to the economic sphere, but spread into the field of politics. Seldom, indeed, can it have happened that on a single day four important Governments should be simultaneously in jeopardy, yet that was the situation on Tuesday of this week. The crisis in London was an internal affair; but those in Berlin, Paris and Vienna were definitely connected with the European situation, and, in the last of these cases, led actually to the downfall of the Government. The fall of the Austrian Cabinet took place after the signature of the document guaranteeing the payment of the debts due to the foreign creditors of the Credit-Anstalt, and should not therefore interfere with the efforts that are being made to save the Austrian situation, for there is no reason to doubt that the signature will not be honoured by any succeeding regime. But the stiff internal opposition to such necessary measures illustrates both the formidable nature of the tasks that may have to be performed by Governments before we are out of the wood, and also the greatness of the difficulties involved in economic relationship by financial co-operation.

The French problem was in the main a personal affair. M. Franklin-Bouillon's attack was beaten off with comparative ease, and even if he had succeeded in driving M. Briand from office, there is no reason to assume that this would in any way have diminished France's desire to see a solution of the present crisis, not merely for the sake of her political friends in the Little Entente, but also because of the repercussions which must inevitably occur if economic chaos were to develop in Europe. M. Briand's departure would, however, have created a new difficulty, for his name stands for a reassurance to the rest of the world of the good intentions of French policy. And such reassurance is more necessary than ever to-day, when the French attempt to make assistance for Austria con-

ditional upon the abandonment of the Customs Union project, has given rise to the unfortunate impression that French statesmen are not averse from making political capital out of economic and financial crisis.

Without doubt, however, the storm centred round Dr. Brüning's head. The Procedure Committee decided on Tuesday to call together neither the Reichstag nor the Budget Committee, but those who have been disposed to imagine that recent proceedings in Germany have been a political manoeuvre, would do well to study the state of public opinion in Germany (which a correspondent graphically describes on a later page) and to accept at its face value the statement of the Chancellor that this second cut in wages and salaries which he has made is the last that he will be able to carry through, unless Germany gets some relief from the burden which the fall of prices has so immensely increased. Dr. Brüning's victory has given a short breathing space; it has done nothing to mitigate the "hard core" of the crisis.

There are, however, some grounds for thinking that we may have turned the corner, or at all events, that our difficulties have been localised. One of these is the existence of the B.I.S. There can be no doubt whatever that, though there may still be great differences on monetary policy, there is much closer contact and a better understanding between the world's chief central bankers, since the B.I.S. came into existence a little more than a year ago, than has ever been the case hitherto. This has been illustrated by several incidents in the last few weeks, and when the history of this difficult period comes to be written, it may well emerge that the newly-founded B.I.S. will have played a great rôle in staving off financial disaster. The second ground for hope is the statement made last Saturday by Mr. Castle, the American Under-Secretary for War, to the effect that if it were necessary for Germany to ask for a moratorium, the United States might find it necessary to reconsider the war debt situation. This is a very definite change of tone from that adopted recently by Mr. Mellon, before the International Chamber of Commerce, when he said that events had proved that reparation and war debt payments could be made without serious difficulty. American investors have put large sums of money in Europe, both on long term and on short term, and the United States, therefore, has much interest in collaborating to prevent a European collapse.

We are not among those who think that a suspension of reparation and debt payments would solve all our difficulties. The profound economic disharmony created by the slump of prices cannot be cured solely by such means, and in any case Europe is only one of several storm centres. The United States itself may indeed well point out that Germany's budget is by no means the only one which is heavily in deficit. But the growing burden imposed upon Germany by her foreign debt payments is doubly irksome, because it involves so huge a payment overseas and because of its political character. Its repercussions tend to prevent the appeasement of Europe and to render more difficult the international co-operation which the situation requires. Any action taken to suspend the burden of reparations would have a far greater psychological effect than the mere money involved would justify.

But the economic difficulties remain. For years they have been talked about at Geneva with very little concrete result, but under the pressure of economic necessity and of the action taken recently by Germany and Austria, the more ambitious projects have been abandoned, including the grandiloquent scheme of M. Briand for a United States of Europe, and the European Committee, as a matter of urgency, has set up a number of special committees to make specific proposals in a few short weeks to be considered by responsible Foreign Ministers before the Assembly meets in September. The task of

reconciling conflicting views of economic organisation, of monetary theory and of the relation of the State to industry is no light one for the experts called upon to frame schemes of practical action. But we believe that it is one of the results of the strain of adversity that Europe is more in a frame of mind to take concrete action now than at any previous time.

Finally, it is some consolation to Englishmen, who in recent years have heard so much of the decadence of Britain, to find that, instead of being regarded as the weakling of the European family of nations, she is now looked to by other countries for support. This phenomenon should do something to restore the prestige of Britain in the eyes both of her own citizens and of the Continental peoples, who will not perhaps be less ready to believe the fable, so assiduously propagated, that the days of British economic strength have passed away for ever.

THE LAND TAX DAY BY DAY.

THE deadlock between the Government and the Liberals over the land tax has been resolved. The threatened dissolution of Parliament will not take place. That is the net result of several days of negotiation, and, whatever the view taken of the compromise which was eventually reached between the two parties, it is surely preferable to the complication of present difficulties and uncertainties by the feverish strife of a general election. Curiously enough, the *dénouement* was accompanied by the introduction of an element of comic relief. For when the Liberal amendment, which had been the cause of all the fuss, came to be moved in the House of Commons on Tuesday, the Chairman of Committee promptly ruled it out of order. This decision took all three parties and their leaders completely by surprise; but the House of Commons, even in these grim days, retains its sense of humour, and surprise quickly melted into mirth. Of a truth, the dividing line between tears and laughter is narrow.

However, the ruling out of the Liberal amendment to Clause 20 of the Finance Bill does not mean that all the time and energies spent by the Cabinet and the Liberal leaders in reaching a *modus vivendi* have been wasted. On the contrary, the fact remains that the Liberals had developed a definitely hostile view of certain aspects of the land tax, and, whether this particular amendment had been ruled out or not, a clash with the Government over a matter of principle was inevitable. The clash has come and gone, and it has had the effect of leaving the land tax in one important respect less open to objection than it was in its original form. The story of the "crisis" and its solution can be told in few words. Mr Snowden proposed to tax all land (apart from certain exemptions) at the rate of 1d. per £ on the site value. The Liberals maintained that it was unjust to apply this burden to "developed" land, that is, to land the value of which has been raised by the energy or enterprise of its owner in putting it to good use. They therefore drafted an amendment the effect of which was to permit the owner of a unit of land to deduct the amount of income tax payable under Schedule A from the amount assessed for land tax. This proposal cut at the roots of the "all-round simplicity" of Mr Snowden's plan and threatened a substantial loss of revenue, and it appeared for a time that, while the Liberals could not withdraw from their championship of the owner of "developed" land, Mr Snowden would stand firm against both infringement of principle and a prospective reduction of revenue. In the event, neither proved to be altogether intransigent. After protracted discussions the Government agreed to accept the Liberal proposal that an owner of developed land should not bear the new burden, and to meet the Government's views the method of securing this object was altered and a new Liberal amendment framed. Under this it was provided that from the value of his land as valued for land tax an owner may deduct four times the value as valued for purposes of Schedule A. For this substantial concession the Government insisted

upon a *quid pro quo*, and the Liberals for their part agreed that even where the land tax valuation does not exceed the Schedule A valuation, there shall nevertheless be imposed a tax at the rate of 1d. per £. The redrafting of the amendment in this sense saves Mr Snowden from a surrender of principle, and it also has the advantage in the eyes of the Government that, as a tax proposal is involved, it does not come within the purview of the House of Lords. On the other hand, the Liberals have achieved at least the major part of their object of protecting the owner of developed land from new burdens. Since the amendment was ruled out, the Government have promised to give time to a new clause in similar terms at a later stage. Its passage then is a foregone conclusion, and one of the most serious injustices proposed by the Bill will be removed.

This is not the only way in which the threatened burden of the land tax has been lightened during the past week. On Monday night Mr Snowden made a statement on the subject of exemptions which he proposes to allow. He promised to move an amendment exempting "charities," and from his phraseology it appears that this term will cover churches, colleges and schools, so far as the latter are not run purely as commercial ventures, and lands owned by them. Large numbers of playing fields will find exemption in this way, and even for those, such as cricket clubs and golf courses, which do not, there is some hope of alleviation; for the Minister of Health has tabled an amendment to Clause 26 of the Town Planning Bill, which will provide that, where an undertaking is given that such fields will not be used for building purposes, such undertaking will be taken into account in the valuation of the land, with the result that a material reduction in land tax assessment would ensue. So, day by day, Mr Snowden's universal land tax travels a little further into the realm of fair discrimination, and its burden grows by degrees beautifully less. When it has gone far enough in that direction to satisfy the House of Commons, how much of the prospective yield will be left? The irresistible process of concession and exemption robbed Mr Lloyd George of his revenue twenty years ago. Will history repeat itself to the discomfiture of Mr Snowden?

THE GERMAN BANKING SITUATION.

(BY A SPECIAL CORRESPONDENT.)

BERLIN, June 15.

It is only natural that financial opinion in Great Britain, and still more in the United States, should be apprehensive of the repercussions on Germany of the Austrian banking difficulties, in view of the juxtaposition of the two countries, their close economic and financial association, and their desire to enter into still closer commercial relations. In point of fact, although the Austrian crisis has spread its influence throughout Central Europe and turned an already strained situation into one of acute difficulty, the actual and direct effect of the Credit-Anstalt affair in Germany has been less than might have been expected. The German banks' direct commitments were insignificant in comparison with their total assets, and like the British banks they have in most cases refrained from calling in their credits. Moreover, the liquidity of German banks is much greater than that of Austrian banks and their actual long-term loans and participations in German industrial concerns are more limited in scope than is generally realised. Indeed, of recent years German banking practice has in this respect tended to draw closer to that of Great Britain.

The following table is based upon the returns of the leading German banks at the end of April last, and thus presents a fair picture of the position immediately prior to the crisis that culminated in the raising of the Reichsbank's rediscount rate from 5 to 7 per cent. at the end of last week. The banks included are the Deutsche Bank und Disconto Gesellschaft, the Dresdner Bank, the Darmstadter und National Bank, the Commerz und Privat Bank, the Reichs Kreditbank, and the Berliner

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Handelsgesellschaft. It is, thus, a picture of the banking position as a whole—not of any individual bank:—

ASSETS.		Million Rm.
Cash in hand (including foreign currency).....		128
Credit balances with banks of issue and clearing institutions.....		90
Cheques, bills and Treasury bills.....		2,529
"Nostro" balances with other banks payable within three months.....		981
Contangos and loans against securities quoted on the Stock Exchange.....		358
Advances on goods consigned or warehoused.....		1,828
Total liquid assets.....		5,914
Investments.....		190
Holdings in syndicates and joint operations.....		174
Investments in other banks.....		117
Loans and advances on current account.....		5,833
Premises.....		185
Sundries.....		25
		12,438

LIABILITIES.		
Capital.....		588
Reserves.....		330
Creditors:—		
(a) Acceptance credits granted by foreign banks and drawn against by customers.....		1,791
(b) Balances of German banks.....		1,059
(c) Other deposits.....		7,832
Distribution of (b) and (c) above—		
Payable within seven days.....		3,657
Payable within three months.....		4,802
Payable after three months.....		432
Acceptances.....		600
Other liabilities, including net profits to date.....		237
		12,438

The two main items among the banks' "liquid" assets are (a) cheques, bills and Treasury bills, (b) "nostro" balances with other banks, and (c) advances on goods consigned or warehoused. Many of the bills held under item (a) are eligible for rediscount at the Reichsbank. "Nostro" balances with other banks, and (c) advances on goods consigned or warehoused amounted to about 80 per cent. of the total. These are immediately available to meet foreign withdrawals. Advances on goods represent the liabilities of the banks' customers in respect of bills drawn by them against credits opened for the German banks by their foreign agents. It will be seen that there is a rough balance between this item and the per contra entry "acceptance credits granted by foreign banks." Both items are well secured and self-liquidating, and vary mainly with the course of trade. The bulk of these advances are secured by collateral and, when unsecured, represent advances to customers of such high standing that some bankers prefer them to secured advances.

Investments represent almost entirely securities admitted to quotation on the Stock Exchange. In any case this is a relatively small item. So, too, are holdings in

syndicates, representing the banks' participation in industry. These amount to only 1.4 per cent. of the banks' assets, a fact which should not be lost sight of in England. Finally, come "Debitoren," i.e., loans and advances on current account, mainly against collateral. To sum up the assets, 47.6 of them are liquid, and 47.0 are "Debitoren." Investments, participations, premises, etc., only amount to 5.4 per cent.

On the liabilities side, the two main items are acceptance credits—already explained—and other deposits. Acceptances granted by the banks themselves are comparatively small. So, too, are the banks' capital and reserves. Capital was written down as a result of the inflation, and the smallness of the banks' present capital is one reason for the decline in the banks' participations in industry and of the present-day greater approximation of German to British banking practice. In fact, when allowance is made for the need British banks are constantly under of renewing or extending their advances (theoretically short-term) to industry, the difference is comparatively small.

The main question of the moment, however, is the vulnerability of the German banking system to foreign withdrawals of funds. Estimates which were recently made available suggest that, even after the heavy withdrawals of the past few weeks, the leading institutions are still in a position to meet further calls without danger. At the end of 1930 it was estimated that the foreign indebtedness of the big German banks amounted to Mks. 4.75 milliards. Since then withdrawals have reached a total of practically one milliard, leaving outstanding indebtedness at Mks. 3.75 milliards.

Of this last sum Mks. 1.75 milliards represent foreign bank acceptance credits drawn against by the German banks' customers. These credits would only be cut down as a last resort if everything else failed and there was a general breakdown. In actual fact, curtailments to date have been relatively small and have to a large extent emanated from provincial American banks, some of whom are themselves in difficulties and are having to mobilise every cent they can to satisfy their own customers. Here Germany is the victim of American, and not of her own, troubles.

This leaves a debit balance of 2 milliards. Against this the German banks have been adding to their own foreign assets, for the Hitler crisis of last autumn gave them a very salutary and useful warning to increase their liquidity both at home and abroad. Their foreign assets have recently been estimated at Mks. 1.75 milliards. On this assumption, even if all foreign balances other than acceptance credits were withdrawn, the banks would only be Mks. 250,000,000 short. Long before this had happened, the banks would have taken steps to meet the emergency. The first step they would take would be to rediscount bills at the Reichsbank in exchange for foreign currency—action that they are entitled to take.

At the beginning of this week the Reichsbank, whose disclosed reserve amounted to Mks. 1,870 millions, still

together, we should expect to find a connection, under the condition stated, between the Wages/Prices curve and the unemployment curve.

Now for the qualifications:—

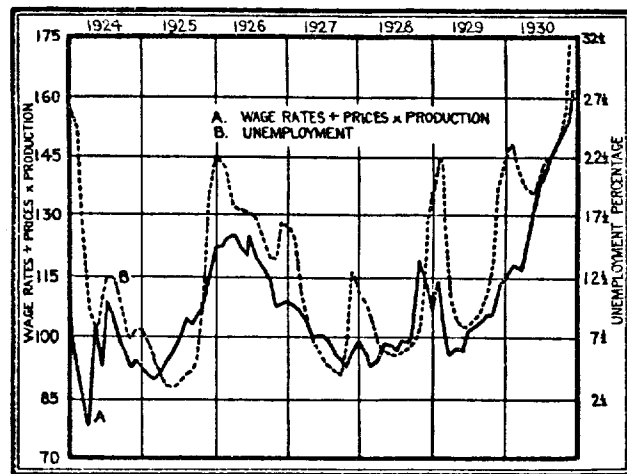
(1) Changes in demand may not be adequately reflected in price. Thus the recent falling-off of demand for British exports has led to a marked decrease in their volume without greatly lowering their prices. But since (a) the fall in import prices reflects the lowered purchasing power of our customers and hence the decreased demand for our exports, while (b) the reduced purchasing power of our export industries reacts upon other British industries, by decreasing the demand for their products, the "Rueff" curves show a better correlation than those of individual industries.

(2) The proportions of "capital" and "labour" used may change. For example, demand, wages, and prices may remain the same, but some labour may be displaced by machinery and thrown out of employment. Such "rationalisation," however, has not taken place on a large scale either in this country, or in France, or (to the extent that is sometimes supposed) in Germany. (This can be deduced, I think, from the correspondence between the production curve and the employment curve in all three countries.)

(3) Other costs may move in a different direction from wage-rates. Thus the price of cotton goods might rise, not because of increased demand for them, but because of a rise in the price of raw cotton. On the other hand, a fall in "other costs" might compensate to some extent for a rise in wage-rates, or for the failure of "sticky" wage-rates to fall. The fact that wages form some 70 per cent. of the costs in coal-mining probably explains why the correlation is greater there than in other industries.

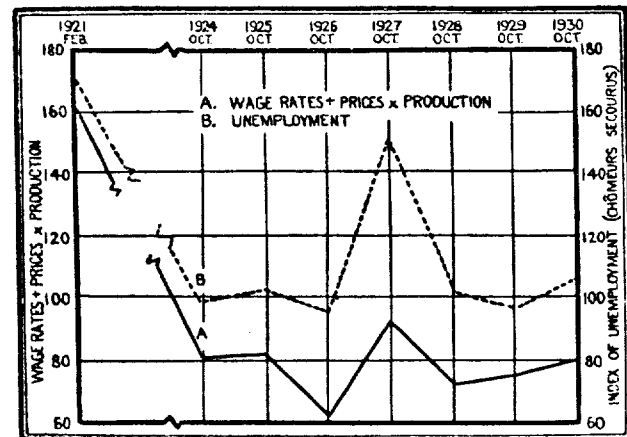
(4) Production per worker may alter. For example, each worker may produce more than before, thus enabling full employment to be maintained at the old wage-rates, although the products of the industry fall in price. In such a case, the fall in prices would reflect increased production and not reduced demand. The rise in wage-rates in Germany and, to a less extent, France, between 1924 and the end of 1929 was made possible mainly by increased productivity.

CHART III.—Relation between Wage Rates and Prices × Production and Unemployment in Germany.



Source of data as for Chart II.

CHART IV.—Relation between Wage Rates and Prices × Production in France.



* Since average wage-rates are available only for the particular months shown, all the other figures relate to those months. All data from the quarterly Bulletins of the Statistique Générale de la France. The wage-rates are daily rates for adult males in 38 occupations outside Paris. The prices are wholesale prices of (29) nationally produced commodities. The production and unemployment indices are the official ones.

We can allow for both (1) and (4) in the five British industries for which data are available, by using the relevant index of production for each industry. The correspondence between the curve of "wages ÷ prices × production," and the curve of unemployment is marked in every case. Similarly, the application of a general index of production gives a close correlation for Great Britain, Germany and France. The curves for France and Germany are shown in Charts III. and IV. The danger of this method is that the causal relationship between production and unemployment (more being produced when more men are employed) may be alleged to swamp the causal relationship which the curves are intended to show. But if the amount demanded alters, this is usually reflected in a corresponding change in the amount produced, but not necessarily in a change in prices.

IV.

It seems clear that the difficulty of "verifying" economic principles by statistical data is as great in this field as elsewhere. A fall in prices may show (inter alia) either decreased demand of decreased costs. Similarly, a fall in wages may show either a smaller demand for labour or a change in Trade Union policy, while an increase in productivity per worker may show either improved methods of production or the raising of the "margin" through the dismissal of the least efficient workers. Wages and prices might both remain unchanged in the face of great changes in (external) demand, and consequently in the amount of unemployment. And so one might continue. The conclusion is simply that we must not make statistical "evidence" carry more weight than it can bear; we must consider it in the light of our whole knowledge of the relevant facts.

It would be quite wrong, for example, to deduce that the most appropriate remedy for unemployment is *always* reductions in wages. Sometimes greater initiative or better organisation by employers is required. In the case of post-war Britain, however, there is ample ground for the empirical conclusion that the lack of flexibility in wage-rates and in working conditions has been responsible for a considerable part of our unemployment. The "Rueff" curves—although I cannot help feeling that their high correlation is *partly* a coincidence—support this view; but it is a view based on observation and economic principles rather than on statistical data. And it does *not* follow that the appropriate remedy is an *equal* reduction of wages all round—by, say, ten per cent. What is required is more flexibility in wage-rates, working conditions and methods of production. Intelligent adaptation to a changing situation is still the key to progress and prosperity.

THE CANADIAN BUDGET.

(BY OUR OTTAWA CORRESPONDENT.)

THE long-delayed Federal Budget was submitted to the House of Commons on June 1st by the Prime Minister in his capacity as Minister of Finance. Mr Bennett claimed with some justice that it was the first real Budget that Canada had been offered for many years, inasmuch as he essayed an estimate of revenues for the present fiscal year which his immediate predecessors had omitted to do. He placed the total revenue for the fiscal year 1930-31 at \$356,215,000, as compared with \$446,182,000 in the previous year; and since expenditure had been \$440,060,657, as compared with \$398,442,247, there had been a deficit of roughly \$84 millions. He estimated the direct national debt on March 31st at \$2,610,608,316, from which active assets valued at \$349,000,000 had to be deducted, leaving the net national debt at \$2,261,608,316; but he also reminded Parliament that account must be taken of indirect obligations aggregating \$1,269 millions, of which the Canadian National Railway account was responsible for \$1,237½ millions.

In reviewing the Government's financing during the past year he claimed that the recent conversion loan had resulted in approximately \$640 millions (out of a total of \$1,085 millions of War Loan issues) being converted at a lower rate of interest. Towards the financial situation of the Canadian National Railway system he adopted a critical and decidedly pessimistic tone. He quoted statistics to show that since it had become a unified system in 1923 it had incurred an aggregate loss of \$346 millions. Of this sum \$253 millions was on account of unpaid interest on cash advances totalling \$604 millions, which had been made by the Federal Treasury. The most serious feature was the fact that the revenues fell short by \$86 millions of meeting operating expenses and fixed charges to the public. Moreover, he pointed out that even this figure took no account of the \$17½ millions which the Treasury had had to find for the special concessions accorded to the Maritime Provinces by the Maritime Freight Rates Act passed in 1927. He dwelt upon the enormous increase of \$400 millions in the capital

investment in the railway since 1923, and argued that the most ominous feature of the situation was the fact that despite this increase of investment the gross earnings of the railway in 1930 were less than in 1923. He severely criticised the King Government for allowing the executives of the Canadian National Railway to expend money without any serious check, but declared that while his Government would exercise severe scrutiny upon the railway expenditures, it must not be regarded as the enemy of the public-owned system. This part of his speech was obviously intended to impress the country with the seriousness of the problem involved in the fortunes of the Canadian National system.

In his review of the trade treaties existing between Canada and other countries, Mr Bennett declared that New Zealand's abrogation of the British preferential rates (by which Canadian exporters expect to be so severely hit that they are pressing for negotiation for a new treaty) for Canadian imports was tantamount to a declaration of commercial war. For this state of affairs he laid the blame upon the King Ministry. In regard to the treaty with Australia, he said that negotiations were still proceeding. He also hinted at an impending revision of the commercial treaty with France, and laid it down that his Government would insist upon a revision of all commercial treaties which were not mutually advantageous. A few days later it was announced that the treaty with Australia had been signed, though its endorsement by the Australian Parliament may take some time. The terms are not yet disclosed, but it is said that, in return for substantial preferences for her wines, canned tropical fruits, oranges and dried fruits, Australia is to give Canada the benefit of her intermediate tariff on lumber, paper and fish, and of the British preferential rates on several other commodities. There are also said to be concessions in respect of the Australian duties on Canadian cars.

Mr Bennett asserted that he had found it impossible to undertake the general revision of the tariff which he had contemplated, but, as it is, the changes proposed in the Budget affect approximately 200 items and are a second long step in rounding off the "Canada first" policy of high protectionism. It is estimated that the tariff changes will affect 200 million dollars' worth of import trade, and since the revision of last September affected a similar volume, at least half of Canada's total imports are now to experience the impact of the Bennett protectionist policy. Practically every country which does business with Canada is hit by the tariff change, but the United States is the chief sufferer; moreover, despite the assurance in the Speech from the Throne that the British preference would only be incidentally affected, British trade will suffer heavily in different lines. In round figures the major items affected by the tariff are as follows:—

In Million Dollars.	
Coal	\$52
Coke	5
Machinery	24
Manufactures of iron and steel	15
Tea	13
Oranges	10
Corn	7
Furniture	5
Magazines	\$5
Leather	4
Steel plates	3
Bacon, hams, etc.	2
Canned fruits	2
Canned vegetables	1
Clock movements and parts	1
Cocoa butter	1

In the interests of what is called a National Fuel Policy, a special drive has been made against coal imports from the United States. For the first time in history American anthracite coal is subjected to a duty of 40 cents per ton, and as British anthracite is left free, there may be a transference of business from American to British coal exporters. The duty on American bituminous coal is raised from 50 to 75 cents per ton, and that on coke to \$1 per ton. Provision is also made for substantial subventions designed to cover part of the freight rates from the coalfields of British Columbia and Alberta to the prairie markets, and from the Nova Scotia mines to the markets of Ontario and Quebec. There are also important changes in the motor schedules for the purpose of substituting the complete manufacture of motor vehicles in Canada for the assembling of imported parts, and the entry of used cars is completely prohibited. In the iron and steel schedules there are increased duties on miscellaneous manufactures

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which will affect British exports as well as increased duties on leather goods and pickles, and there is a sharp addition to the duties on furniture. For purely revenue purposes the duty on tea, which the Liberals had removed, has been restored, and there are additional imposts on fruits and vegetables.

Apart from the actual alterations in the duties there are three notable features of the tariff revision:—

(1) New steps are taken to prevent manufacturers from exploiting the tariff by increasing prices. Last September Mr Bennett placed on the Statute Book a clause empowering the Government to deprive manufacturers who raise prices of their protection, but the plan was found unworkable, as in most cases only a few manufacturers of any given article raised their prices, and the Government hesitated to punish all for the sins of a few. There are now included in the Budget amendments which will authorise the Government to compel any manufacturer who increases his prices to pay an Excise tax equal to the tariff on his goods.

(2) Mr Bennett, who has always been an advocate of retaliatory fiscal tactics, seeks authority from Parliament for more power to conduct tariff wars against other countries. In the Customs Act there is a section which empowered the Government to impose a sur-tax upon the goods of any country which failed to give Canada equitable tariff treatment; this tax was low and had rarely been applied, but the Budget provides that the sur-tax be fixed at 3½ per cent., which would certainly be high enough to prohibit most imports on which it was levied.

(3) One of the fundamental principles of the Canadian tariff has been that nothing was to be considered duty-free unless the Tariff Act so stated, but only a small tariff has hitherto been imposed upon all articles not specifically enumerated. Mr Bennett enunciates in his Budget the principle that all goods, unless stated by the tariff, are not only dutiable but dutiable at the high rate of 25 per cent., which means that all new inventions, new articles, new fruits, etc., will have to pay this rate unless Parliament specifically decrees otherwise.

An innovation in the Budget is the imposition for the first time of a heavy tax upon American newspapers and magazines entering Canada, for the obvious purpose of reducing the inflow of these periodicals. The Budget also makes an attempt to give some help to the Western farmers by a provision respecting freight rates on exported wheat, which is tantamount to an export bonus of 5 cents per bushel. Critics suggest that this benefit will, at least in part, go to the European importer, and that only a direct bonus would achieve the ostensible purpose.

For the coming fiscal year Mr Bennett estimated the revenue on the basis of the existing taxation at \$325,000,000 and the expenditure at \$430,000,000, which left a gap of \$105,000,000 to be bridged. Of this sum, \$20,000,000 will be capital expenditure, which he will meet by borrowing, and of the remaining \$85 millions he proposes to raise \$78,175,000 by fresh taxation. This would still leave a prospective deficit for the current year of approximately \$7 millions, which might disappear if trade improved and revenues increased. Of the new imposts the most important is a sharp increase in the sales tax, which is raised from 1 per cent. to 4 per cent. Moreover, in addition to this flat rate there will be a special excise sales tax on all imported goods, which will have to pay 5 per cent. The exemptions to the sales tax have also been drastically reduced. The income tax has been subjected to complete revision, and the effect is to ease the burden slightly on people with relatively small incomes, and very substantially for the millionaire class, the maximum rate being cut from 45 per cent. to 25 per cent., and to increase the burden upon the middle class with incomes from \$10,000 to \$40,000 per annum. A special tax of 2 per cent. is to be imposed on income earned in Canada by non-residents of this country, and family corporations are to be abolished. The corporation income tax is

increased from 8 per cent. to 10 per cent. Mr. Bennett forecast that, as a result of the changes, the yield of the income tax, which was roughly \$71 millions last year, would be reduced to about \$58 millions.

The three-cent postage rate is restored by an increase of 1 cent in all existing rates, and the two-cent stamp tax on cheques, from which cheques of \$10.00 or less were exempt, is now to be generally applied. The postage rates on newspapers are increased on all newspapers possessing a circulation of more than 10,000 copies, with the exception of religious, agricultural and scientific publications.

Mr Bennett has made a bold effort to balance the Budget for 1931-32 under difficult conditions, and no Finance Minister has given the Canadian people such a frank and detailed account of their exact financial position. The Conservative Party and papers give the Budget their cordial approval, and even the *Manitoba Free Press*, the leading Liberal paper of the West, finds it less deplorable than it expected. Liberal and Progressive opinion in general, however, is very critical, and in opening the debate for the Liberals, Colonel Ralson subjected the Budget to a comprehensive arraignment as a preliminary to moving a severely censorious amendment.

GERMANY IN TRAVAIL.

The following letter has been addressed to the Economist by an English correspondent who has lately visited Germany and has set down, without partiality or prejudice, the impressions which he derived of that country's inner crisis, the "politische Umschwungsbewegung" with which Dr. Brüning, and Europe, have to reckon.

I ARRIVED in Berlin on Monday, June 1st, when the Chancellor and the Minister for Foreign Affairs were on the eve of their departure for England. I left on Sunday, the 8th, just after the conversations had begun at Chequers and the new Notverordnung (Emergency Order) had been published in Germany. I spent my week in talking with people of many kinds: officials in the Foreign Office and in other public offices (including the Reichsanstalt for Unemployment), bankers, Salvation Army officers, foreign diplomats, politicians, and above all a small number of private friends whom I always see each time that I visit Berlin. Thus, during this critical week, I was able in some measure to look at Chequers, and the world crisis, through German eyes.

What a different picture from that which I had brought home with me from my last visit to Berlin, three years ago! Or rather, what a strange and sinister contrast between the outward aspect of the city—the houses, the streets, the omnibuses—and the people's state of mind, as revealed in their discourse and, indeed, in their countenances before they opened their mouths to speak. The Berlin that is built of bricks and mortar and stone and steel is substantially unchanged. It is true that the motor traffic in the great thoroughfares is noticeably thin and that the prices of the goods displayed in shop windows are still more "derisory" than they are, nowadays, in London. There are also many more police and many more beggars in the streets (and in Prussia a host of beggars is perhaps a greater portent than a host of policemen). In general, however, the material, inanimate Berlin is still what it has always been. In the well-to-do quarters the houses still receive that last coat of paint and the gardens that last wash-and-brush-up that are often lacking in the corresponding quarters of London and Paris. And as for the poorer quarters, a Londoner can still walk right through them without realising that he has been exploring "the slums." For, in Berlin, such slums as disfigure London and New York have always been unknown. A population with less—and to-day far less—purchasing power than the urban proletariat of the English-speaking countries lives in streets where there are no smells, no garbage or waste-paper strewn about, and no children whose clothes are not neat and clean.

These things will endure so long as the German variety of Western civilisation continues to exist—and nobody

that I met in Berlin expects it to be blotted out of existence before the beginning of next winter! Nevertheless these material phenomena—even if they still have at least five more months of existence ahead of them—can hardly blind any but the most superficial observer to the psychological realities. For the essence of a city is not the bricks and mortar but the souls of men; and in Berlin to-day men's souls, in all classes and in all walks of life, are troubled to their depths. The contrast, in this city, between the neatness and precision of man's works and the doubt and gloom and foreboding which reign over his thoughts and feelings, strikes the foreign observer at every turn; and it is just in this contrast that the danger lies. For a people which has created this clean and orderly and upstanding city will not acquiesce tamely in a state of pauperism and idleness from which it can now see no prospect of redeeming itself by hard work and efficiency. The contrast, and conflict, between the Prussian tradition, externalised in the streets and buildings of Berlin, and the present plight of the German people, necessarily breeds a state of mind which, short of the intervention of some *deus ex machina*, can only lead to revolution.

As one goes about the city talking to the people, one becomes more and more conscious of the tension, the sense of nervous expectancy, and the inability to penetrate the darkness which shrouds the coming winter. Germany has just emerged from the winter of 1930-31, and at this moment her people might be supposed to be feeling "sufficient unto the season is the evil thereof." Actually, the shadow of the winter of 1931-32 has already cast its chill and gloom over this early summer's light and warmth. In German minds to-day the advent of next winter portends the end of the world. "I am thinking of sending my boy to a German university," I said to one of my German friends. "When?" "Say, about two years from now." "Two years! Why, what is the use of talking about anything in Germany two years hence?" Incidental ejaculations of this kind, made spontaneously without any thought of political effect, reveal how deep and genuine is the foreboding of disaster.

What do the Germans fear? They fear an almost automatic political revolution when the economic pressure which the Government is putting upon individuals becomes at last quite intolerable. The Government are determined, as far as they are concerned, not to repeat the history of 1922-23. They are taking draconian measures to keep the public economy and the public finances of Germany sound. But these measures are all taken at the private individual's expense in the form of drastic rationalisation, which swells the ranks of the unemployed in the middle as well as in the working class; drastic reduction of unemployment benefits (already startlingly low on English standards) and of official salaries; drastic increases in taxation, direct as well as indirect. The fear is that, at the sharp touch of next winter, the individual may be goaded into political revolt against the personal economic sacrifices that are being demanded of him by the State.

Which do they fear more: the National Socialists or the Communists? The Germans to whom I talked—and almost all of them belonged to the moderate middle parties between the two violent extremes—did not seem to regard the distinction as very important. "The young men will overthrow the present regime as Nazis and then reign in its stead as Communists," was a frequent reply. What is in a name? The reality is that, in the present state of Germany, and of the world, the young men of all classes in Germany are in a revolutionary frame of mind, which threatens, by next winter, to express itself in action unless the situation changes in the meantime.

My German informants did, however, distinguish very clearly between the disinherited and exasperated young men of this class and that. The higher the class, the greater the technical qualifications, the deeper the disillusionment. And, accordingly, that majority of people in Germany—and I believe it is still a majority—which dreads revolution is particularly afraid of the "Akademiker," the young men who have been through the universities to qualify as doctors and lawyers and engineers, and to find themselves stranded as an unemployed intellectual proletariat. These, one hears, will be

the spear-head of the revolution—as Hitlerites to-day, as Communists to-morrow, but as revolutionaries day in and day out. They are revolutionaries not because they believe that this revolutionary programme or that will bring them salvation (for that matter, all these programmes are remarkably vague), but because they are frustrated and disillusioned in their own individual lives. The spur that goads them is emotional and irrational. "Life has misused us! We will hit back at life wherever we can see a target; hit back at the Government, the capitalists, the Jews, the foreigners! No matter, so long as we strike a blow. We cannot make our own position worse, and by some miracle we may make it better. At least we shall enjoy the satisfaction of relieving our feelings! At the worst we shall perish out of a world which has given us nothing to live and work for!"

This is the rising note of revolutionary despair in Germany. But, through its strident tones, one can also hear, albeit faintly, another note which sings, not of the vindictive destruction of this world, but of a retreat from this world to another. Even in Hitlerism there is a strain of what one might unkindly call "uplift," or, more sympathetically, asceticism, renunciation, spirituality. But, apart from this, and by its nature almost unorganised, there is now on foot something like a religious movement in Germany: a revulsion from the materialism of the modern Reich to the idealism which reigned during the preceding age of adversity. The strength of this movement cannot be expressed in statistics. Perhaps it can be gauged by the strength of the regard for Dr. Brüning, the man of the hour, who is also a man of religion. If Dr. Brüning has so far succeeded, without precipitating a revolution, in obtaining from his countrymen one material sacrifice after another, it is because his countrymen know that the Chancellor's personal life is austere and unself-seeking.

Dr. Brüning may fall, as many heroes have fallen, in venturing upon superhuman tasks. But the spirit which he symbolises—"three-quarters saint and one-quarter Prussian"—will assuredly survive in Germany, even if the waters of revolution are destined, next winter, to go over her soul. In the ordeal of great nations, creative evolution finds the chance to do its work.

Notes of the Week.

The Government and the Dole.—Before the House of Commons resumes discussions of the Finance Bill in general, and in particular the compromise between the Government and the Liberals over the Land Tax, it will have to face on Monday the graver and more urgent problem of the dole. The borrowing powers of the Unemployment Insurance Fund, which now stand at £90 millions, are approaching exhaustion, and the Government will come to the House for authority to extend those powers to the tune of a further £25 millions. The White Paper explaining this demand shows that on June 8th the Fund was in debt to the extent of £85,870,000, and that (excluding accrued interest) the debt has been increasing at an average weekly rate of £1,010,000. The Government also propose to extend by six months the period of transitional benefit. This extension is estimated to be likely to cost some £20 millions, of which about £5 millions will fall in the financial year 1931-32, increasing the Budget provision under this head from £50 millions to £55 millions. Naturally, in view of the recommendations of the interim report of the Royal Commission, the House will expect to be told, quite clearly, before it votes these powers, what steps the Cabinet propose to take to deal with the abuses disclosed by the Report. It is now accepted as a certainty that the Government will not implement at once the major recommendations directed to re-establish the solvency of the Fund, but will leave that matter over until the final report of the Commission has been received. In this major aspect of policy temporisation is politically possible, but the matter of the abuses brooks no delay, for if confronted by absolute inactivity on the part of the Government, the

House of Commons would not be likely to agree to an extension of the Fund's borrowing powers, and such refusal would create a tense political crisis. Some immediate legislation must therefore be promised, and the dual problem for Mr MacDonald, as he looks right and left, is how little will satisfy the Liberals, and how far he can carry his own supporters. Monday will provide an acid test of the Government's willingness and ability to face up to the grave aspects of the situation.

Finance Bill Points.—The Land Tax has occupied so large a part of the parliamentary stage that a number of important points raised during the progress of the Finance Bill debates have passed almost unnoticed. Among these is the extension of the currency of Savings Certificates. The first series, issued between 1916 and 1922, were due, after several extensions, to expire on March 31, 1932, the amount of principal and interest falling due to be repaid at that date amounting approximately to £150,000,000. A second series is due to expire on September 30, 1933, the amount in this case being about £57,000,000. Then there is a third series—the current series—in which case the amount of principal and interest outstanding at the end of last year was stated by Mr Graham in the House of Commons on Wednesday to be about £255,000,000. The resolution passed on that day extends the first series to 1940, and it is sufficiently elastic to enable the Treasury to deal with the later series by means of extension as occasion arises. Another transaction of the House on Wednesday was the passage of a resolution authorising the Treasury to make advances not exceeding £9 millions to the Road Fund and to borrow for this purpose. Powers for temporary borrowing already exist, and the new resolution authorises borrowing of a more permanent nature in the shape of loans repayable between 1936 and 1941. The necessity was explained by the Minister of Transport to arise from the two "raids" on the Road Fund made by Mr Churchill in his Budgets. The annual discussions on Government assistance to the beet sugar industry have been proceeding, and special interest has been lent to them by Dr. Addison's agreement with the producers to mitigate the automatic fall in the subsidy this year from 13s to 6s. 6d. per cwt. by the grant of an extra 1s. 3d. per cwt., which is to be repayable in the event of a rise in the price of sugar by more than that figure. The resolution authorising this grant passed through to the report stage on Tuesday, but was strongly criticised by Sir Herbert Samuel, who argued that the subsidy and other allowances made by the Government exceeded the total value of the sugar produced, and claimed that through the subsidy only 12,000 workers had been put into employment at enormous cost. The whole question of the policy of the subsidy will be the subject of full debate at a later stage of the proceedings.

Monsieur Briand and his Opponents.—Monsieur Briand has once again emerged victorious from a trial of strength with his critics. Monsieur Laval has not only included him in his Cabinet, but has made his inclusion a question of confidence. The issue was raised this Tuesday, June 16th, by a fresh attack upon the Foreign Minister on the part of his inveterate assailant, Monsieur Franklin-Bouillon; and, when the vote was taken, the Government prevailed by 312 votes against 261. So far, so good; yet there is another side to the picture. The Government's victory was secured by the support of groups on the Right, which have no sympathy with Monsieur Briand's policy, but which voted on his behalf simply on the calculation that, if Monsieur Laval's Government went out—Monsieur Briand and all—this might open the way for at least a temporary regime of the Left. This vote gives some colour to the view that Monsieur Briand actually does disservice, by remaining at the Quai d'Orsay, to the cause which he had at heart by giving cover to colleagues who favour a very different policy from his and who invariably make his policy give way to theirs when it comes to the point. Might not the interests of Europe, and incidentally of France herself, be served better if a Government of the Left, in which Monsieur Briand was not included,

were to come into power in Paris? To this question there are two answers. In the first place, with the present composition of the Chamber, any Government of the Left would be almost certainly ephemeral. And in the second place, even if such a Government were to come temporarily into power, there is no guarantee that it would find itself able to go any further in the direction of international conciliation than Monsieur Briand has succeeded in going. Continuity of foreign policy is a phenomenon which presents itself in all countries, and not least in France. So, when all is said, we may be content to see Monsieur Briand remaining at the Quai d'Orsay, sorely though he may be handicapped by a body of colleagues who all stand so well to the right of him. His eloquence, his resourcefulness and his familiarity with the technique of international politics are personal assets that are peculiarly his own. As things are, we cannot see the possibility of France finding a successor whose ability to "deliver the goods" would so far exceed Monsieur Briand's as to outweigh the loss of those peculiar qualifications which he always brings to his task.

Powers Spiritual and Temporal.—When the Lateran Agreements were signed two years ago it seemed, on a superficial view, that the Holy See had attained a prospect of peace and security such as it had never been able to look forward to since the beginning of the Italian Risorgimento or, indeed, since the French Revolution. The outlook is different to-day, when Pope Pius XI finds himself in conflict with the Governments of Great Britain (apropos of Malta), Spain (apropos of the anti-Catholic movement there) and Italy (apropos of the affair of the Azione Cattolica). Paradoxically, the relations between the Vatican and France are now good, while the settlement of the religious conflict in Mexico seems to be holding firm likewise. On the other hand, the Maltese dispute, which has been temporarily quiescent, seems likely to flare up again when the Royal Commission, which is now concluding its investigations in the island, presents its report. As for the situation in Spain, the Government has definitely succeeded in putting a stop to the popular outbreaks of violence against ecclesiastical persons and property; but this at the price of taking certain precautionary, or punitive, measures which Señor Alcolá Zamora and his colleagues would probably have refrained from taking if they had been entirely free agents. The most signal case is the deportation, by the Spanish Government, of the Primate of Spain, Cardinal Segura, the Archbishop of Toledo, who had fled the country at the time of the popular outbreaks against the Church in the middle of last month, but had since returned to Spain after a visit to Rome. Last Sunday, June 14th, the Cardinal was arrested, and the next day he was taken in a police car to the frontier. This measure may placate anti-clerical feeling in Spain, but only at the price of exciting feelings on the Catholic side. The Catholic reaction against the present regime in Spain showed its strength in the demonstration which was held last Sunday at Pamplona, and which was followed by a clash between Catholics and Republicans. Meanwhile, in Italy, the exchange of notes between the Segreteria di Stato at the Vatican and the Palazzo Chigi continues; and while an eventual compromise in regard to the status and activities of the Azione Cattolica seems inevitable, it does not yet appear how the compromise will shape itself. The fundamental reason for the Fascist animus against the Azione Cattolica is perhaps a jealousy of any organisation in Italy which does not depend on the Fascist Party and is not stamped with the Fascist impress. Anti-clericalism is one of the traditional ingredients in Italian nationalism. And those Italian nationalists who have taken the line that Fascism has come not to destroy but to fulfil the work of the Risorgimento probably feel more at home when Church and State in Italy are at loggerheads than when they are in concord. As for the ostensible ground of complaint—namely, that the organisation of the Azione Cattolica was largely in the hands of ex-members of the former Partito Popolare—it must be remembered that the Partito Popolare included Catholics of many political persuasions

besides the radical element which was most closely identified with Don Sturzo; and it is not unlikely that some of these more conservative ex-Popolari should have found scope for their activities in the Azione Cattolica. On the other hand, it is hardly likely that an organisation so closely under the control of the Vatican should have taken to its bosom the radicals of Don Sturzo's way of thinking, who found no more favour with the Pope than with the Duce. Meanwhile, the underlying ground for the conflict remains, and will not easily be removed.

The Patiala Manifesto.—Second thoughts are not always the best: we cannot compliment the Maharajah of Patiala on the terms of the statement which he has issued in reply to the questionnaire recently circulated by the Chamber of Princes on the proposed scheme of Indian Federation. In striking contradiction to his speeches at St. James's Palace last winter, the Maharajah now explains that his acceptance then of the federal principle was merely conditional, and that recent changes in the political situation have confirmed his conviction that it would be neither wise nor politic for the States to adhere to the proposed scheme, which he describes as "vague, indefinite and diaphanous." He attacks the proposed Federation on the ground that it incorporates arbitrary powers of paramountcy, involves the danger of encroachment by the Federal Executive and threatens the very existence of the small States. It would appear that the explanation of this remarkable *volte face* is not unconnected with the replacement of the Maharajah of Patiala by the Nawab of Bhopal in the Chancellorship of the Chamber. However that may be, the Patiala manifesto adds a new complication to an already difficult problem, and, though there seems no serious likelihood that any of the other major States will thereby be deflected from their policy of supporting the federal scheme, the influence of the Maharajah on a number of the minor States may well introduce an unfortunate element of discord in the Chamber.

Future of Shanghai.—Some weeks ago we commented on the first part of the Report on the International Settlement at Shanghai which has been made by the distinguished South African Judge, Mr Justice Feetham, at the request of the Municipal Council. This first instalment, which was of a historical and descriptive character, has now been supplemented by the second and last instalment, which deals with policy and action. This second volume, having been published in Shanghai only this week, is not yet available in *extenso* in England; but sufficiently full accounts of its contents have been cabled to make its purport clear. Judge Feetham's recommendations are conservative. The practical steps which he recommends to be taken forthwith would appear to be little more than adjustments of administrative detail; but they must be read in the light of two considerations: they are put forward as the first steps in a continuous process of change; and they are governed by the principle of fostering co-operation, in the administration of Shanghai, between Chinese and foreigners. Judge Feetham rejects the idea of any immediate rendition of the International Settlement at Shanghai to the Chinese Government—even if rendition were to be made conditional upon the grant of a municipal charter which would temporarily maintain the present regime intact at the will of the Chinese Government in substitution for the treaty rights and the prescriptive rights of the foreign Powers. In view of the present state of China, he regards the rights of the Powers—which carry with them some important obligations—as an indispensable guarantee for the maintenance of those values which the International Settlement stands for: values so important for China as civil law and order, economic progress, administrative efficiency and purity. From this standpoint, he looks forward to a transition period which will be measured "not in years but in decades." There is perhaps, however, a danger that an investigator whose task is to concentrate his attention upon Shanghai may look at Shanghai in *vacuo*; whereas in reality the International Settlement and its Chinese

hinterland form an inseparable whole. From this wider standpoint it may be remarked that Judge Feetham himself propounds that the abolition of extra-territoriality in China at large would necessarily entail the rendition of the International Settlement at Shanghai (extra-territoriality supplying a vital element in the municipal administration) unless the Shanghai area were specially excepted. Whether or not Shanghai and certain other treaty ports are to be excepted from an agreed abolition of extra-territoriality in China as a whole has been in fact the stumbling block in the recent negotiations at Nanking between the Chinese Government and the British Minister, Sir Miles Lampson. And even if the British negotiator gets his way, the moratorium for the abolition of extra-territoriality in Shanghai will assuredly be measured not in decades but in years. In the rate of change at Shanghai—which is the crux of the Shanghai problem—there will probably have to be a compromise between the optimum vote from the standpoint of Shanghai and the optimum vote from the standpoint of China.

Australia Meets her Bills.—Australia has taken another drastic step in the right direction. Faced with market bill maturities of £5,000,000 to be met in London on June 30th, the Government decided to ship gold to London for the purpose. The decision was sanctioned, on Wednesday, by the Canberra Parliament, which, by 59 votes to 3, passed a bill authorising the shipment and also the consequential reduction of the statutory gold cover for notes of the Commonwealth Bank from 25 to 15 per cent. The latter measure is not without its dangers, but it is clearly better than default upon the June 30th bills, which would have seriously impaired Australian credit, and it is a sounder method of procedure than previous proposals. Moreover, the gravity of the measure is palliated by the insertion into the Bill of a definite proviso that a progressive return should be made to the old statutory cover ratio of 25 per cent., which is to be achieved within three years. At the same time, it is announced that the maturity of the Government's £5,000,000 obligation to the Westminster Bank has again been postponed from June 30th to September 30th. So day by day the Commonwealth Government is warding off the most pressing of its financial dangers. Of the serious difficulties that remain, however, a reminder is forthcoming this week in the disclosure by Mr Lang of a deficit of £8½ millions in the Budget of New South Wales.

Central Banks and the Crisis.—In the paper on "Trade Fluctuations," which he read to the Royal Statistical Society last Tuesday, Professor Sprague, Economic Adviser to the Bank of England, amplified, without greatly adding to, the theme of his recent address to the English Speaking Union, which has already formed the subject of comment* in these columns. The essence of his thesis was a denial of the proposition that trade recovery should be brought about by positive action by the world's central banks through the medium of credit expansion. The root cause of the present depression was, he said, the disequilibrium between the prices of agricultural products and those of manufactured goods—a disequilibrium perpetuated by such measures as the holding of stocks off the market, the imposition of tariff barriers, or the contraction of production. Trade recovery, with an accompanying rise in the general price level, pre-supposed the re-establishment of something like the former equilibrium between these groups of prices, but the equilibrium could not be secured through an upward movement in the prices of the commodities which had experienced the most extreme decline. All that central banks could be expected to do was to maintain easy conditions in the money markets and to enable the commercial banks to supply additional credit if and when trade revived. We remain unconvinced of the validity of Professor Sprague's conclusions and, though we are not disposed to challenge the thesis that wages and other costs in manufacturing processes require some readjustment to meet present conditions, we still want to

know, as a matter of practical application, how long Professor Sprague thinks it would take to drive down wages and salaries to something like their pre-war level. Even if the process were not appallingly complicated by the existence of a burden of fixed interest charges, both internal and international, which such deflation would make more and more onerous, could the re-establishment of equilibrium on these lines be brought about in time to prevent the present depression creating really critical financial, to say nothing of political, consequences? If there were really no alternative to a reduction of all wages and prices to the present level of agricultural prices, the whole world would indeed be faced, as Sir Basil Blackett said last week, with "the prospect of at least partial repudiation"—not to speak of serious social disturbance, of which recent events in Germany have given due warning.

France and Central Europe's Needs.—The semi-official announcement made here, writes our Paris correspondent, that a group of French financial and industrial experts is about to make a tour of investigation in the Central European countries for the purpose of studying on the spot their economic and financial situation has crystallised French attention on this subject. The projected mission is the outcome of conferences between the Ministers for Finance and Commerce with the Governor of the Bank of France and other authoritative persons. It is understood that the party will consist of six representatives of the banks, nominated by the Minister for Finance, and six leading industrialists, selected by the Minister for Commerce. In order to remove misconceptions, the Finance Ministry has issued a formal *communiqué* explaining that, although the mission has the approval of the Government departments named, it is not of an official character, and that, further, contrary to statements published here, it has no connection whatever with financial operations concerning the Austrian Creditanstalt. French opinion has latterly been somewhat irritated by suggestions from foreign sources that French capital should be more freely placed at the disposal of the weaker European countries. Emphasis is laid here on the fact that, during the past two years, large amounts of French money have been advanced, on long-term loans, to Germany, Roumania, Poland, Belgium, Finland, Austria, Bulgaria and Jugoslavia. These total over £50,000,000, while a loan to Czechoslovakia is pending. These loans, it is pointed out, have been made in spite of the fact that France is herself badly in need of money for internal purposes, and notwithstanding the fact that several of the countries named have for years past deprived French holders of their issues of the greater part of the money invested by insisting on paying interest and redemption in depreciated paper instead of gold, and are still, like many other countries, continuing this practice. There are now indications that, while French capitalists are perfectly willing to continue the time-honoured policy of lending abroad, they will in future insist that loans issued here shall be accompanied by much stricter financial guarantees than in the past, and particularly by undertakings that a given proportion of the money so lent shall be expended for the benefit of French industry, which it has not been in many instances in the past.

Postscript to the Hatry Crash.—Last Friday, nearly two years after the first reverberations of the Hatry crash, Clarence Hatry's Italian associate, John Gialdini, was convicted by the Milan Court on the charge, brought at the instance of the British Government, of falsification of documents and conspiracy to defraud. The sentence was one of five years and ten months imprisonment, but one year is remitted under the Public Amnesty granted last year on the occasion of the marriage of the Prince of Piedmont. For Gialdini to have escaped scot free by his flight from England, while his associates suffered, would have outraged justice; and it is satisfactory that, with the conclusion of this trial, *finis* may be written to an affair as discreditable as it was exceptional in the records of the City of London.

* See *Economist*, May 16, 1931, page 1037.

Overseas Trade in May.—The full returns of May overseas trade are now available. The totals, which were published last week, were:—Imports, £69,632,532; British exports, £33,895,429; re-exports, £5,746,855. The import figure shows a further slight fall, but exports of British goods are slightly higher than last month, though hardly more than half the corresponding figure two years ago. The following table shows retained imports, for the year to date, of some of the more important foods and raw materials:—

RETAINED IMPORTS.		First Five Months.		
		1929.	1930.	1931.
Wheat	cwts.	45,533,132	34,201,424	37,625,943
Beef	cwts.	5,136,190	5,259,846	5,253,328
Sugar	cwts.	17,815,728	13,226,309	14,029,122
Iron ore	tons	2,235,829	2,353,612	1,012,176
Raw cotton	centals	7,150,162	5,269,684	4,099,022
Sheep and lambs' wool	centals	3,212,719	3,119,760	3,787,255
Raw silk	lbs.	1,715,272	2,070,299	1,363,448
Flax, hemp and jute	tons	168,447	144,651	115,077
Wood and timber, sawn, soft	loads	739,532	939,031	600,600
Rubber	centals	1,887,155	1,283,399	1,141,140
Crude petroleum	thousand galls.	180,220	185,098	173,645
Wood pulp	tons	591,243	583,146	467,084
Hides, wet and dry	cwts.	342,540	461,705	446,053

The three foodstuffs shown here maintained or improved last year's level, but of the raw materials wool alone shows an increase, though in May itself, as compared with May, 1930, there was also an increase in imports of flax, hemp and jute, while oilseeds, which are not shown in the table, have also been imported in greater quantities this year. This table is closely paralleled by the table of exports, where the only increase is in exports of wool tops:—

SOME LEADING EXPORTS.		First Five Months.		
		1929.	1930.	1931.
Coal	tons	23,210,341	24,491,358	17,534,573
Pig iron and ferro alloys	tons	257,577	169,457	84,153
Railway material	tons	215,772	193,380	97,449
Total iron and steel	tons	1,933,982	1,546,571	836,596
Textile machinery	tons	55,867	42,175	21,835
Total machinery	tons	243,519	216,918	145,787
Cotton yarns	lbs.	73,322,600	62,038,600	52,921,900
Cotton piece-goods	sq. yds.	1,710,247,400	1,329,184,500	715,092,100
Wool tops	centals	145,279	114,470	123,490
Woolen tissues	sq. yds.	45,208,000	35,875,700	23,428,700
Worsted tissues	sq. yds.	20,803,900	16,021,700	12,579,100
Linen piece-goods	sq. yds.	31,431,507	30,753,600	27,746,000
Boots and shoes	dozen pairs	181,397	401,230	277,661
Leather	cwts.	139,646	125,697	67,203
Paper and cardboard	cwts.	2,059,221	1,943,599	1,298,118
Locomotives	tons	15,977	20,383	11,274
Motor cars and chassis	number	18,120	14,356	10,427

Everything else is badly down, and the May figures, taken by themselves, are not much more encouraging. There seems to be no definite indication as yet of any improvement, actual or impending, in this country's external trade.

Miners' Hours.—As we go to press we learn that the result of the final voting on the I.L.O. draft convention on hours of work in coal mines was carried by 81 votes to 2. On Tuesday the first reading of the convention was carried by 67 votes to 16. All the employers' amendments were rejected, and the only significant Government abstention, from the European point of view, was that of Poland. In the form in which it has emerged from the conference, the convention applies to all coal mines, and requires that time—reckoned from bank to bank—shall not exceed 7½ hours a day. In underground mines not more than sixty hours overtime annually (to be paid for at not less than time and a quarter) may be worked; and in lignite mines, seventy-five hours' overtime annually is permitted, with an addition of a further seventy-five hours in exceptional cases. Clauses are also incorporated in the convention allowing work on Sundays and national holidays in exceptional conditions, and also an extension of the daily limit to 8½ hours when it is agreed between coal owners and miners that certain continuous tasks require this extension. The fact that all the Government delegates of the main coal-producing countries on the Continent, with the exception of Poland, voted with Great

Britain in favour of the convention on Tuesday appears to augur well for its final ratification. But it remains to be seen whether the prospects of uniform limitation of hours on the proposed basis (this corresponds approximately to a 7½-hour day, British reckoning) will avail to ease the critical situation which confronts the British mining industry in the immediate future. During the coming week-end, negotiations between the owners, the miners' leaders and the Cabinet Coal Committee will be continued; and on Tuesday a national delegate conference of the Miners' Federation will meet to hear the report of its negotiators and to decide policy. Apart from the Yorkshire delegates, who are likely to press for a reversion to the 7-hour day, the general feeling of the miners in most districts seems to be in favour of accepting the continuance temporarily of a 7½-hour day, provided that a definite assurance is given that there will be no further wage reductions and that some improvement will be made in the rates now payable in South Wales. The possibility of the owners giving any sort of guarantee to this effect seems doubtful, and, in any case, this solution would not get over the difficulty of Scotland, where an 8-hour "spread-over" is still being worked. Unless the Cabinet Coal Committee can devise a very persuasive formula before Tuesday, the delegate conference will clearly require the most judicious handling if trouble is to be avoided.

Employment and the Cost of Living in May.—There was no marked change in employment during the first three weeks of May. Some improvement was recorded immediately before Whitsuntide, but in a number of firms in the North and the Midlands the holiday period was extended over the last week of the month. According to the *Ministry of Labour Gazette*, among insured workers in Great Britain and Northern Ireland the percentage unemployed at May 18th was 20.8, as compared with 20.9 per cent. at April 27th and 15 per cent. at May 26, 1930. It is estimated that there were approximately 9,380,700 insured persons in employment on May 18th. This was 24,000 more than at the end of April, but 464,500 less than a year ago. The total number of persons registered as wholly unemployed on May 18th was 1,840,562, as compared with 1,848,170 a month ago, and 1,164,468 a year ago. Those temporarily stopped on May 18th numbered 530,907, against 556,978 at the end of April, and 509,621 at May 26th last year, while of those usually in casual employment the number unemployed was 115,468—503 more than a month ago, and 19,506 more than a year ago. The latest returns of the Ministry show that by June 8th the total number of registered unemployed had risen to 2,602,898, including 1,844,978 wholly unemployed, 643,169 temporarily stopped, and 114,751 normally in casual employment. May saw a fall of two points in the cost of living, the index number of the Ministry of Labour at June 1st standing at approximately 45 per cent. above the level of July, 1914, as compared with 47 per cent. on May 1st, and 54 per cent. a year ago. For food alone the corresponding indices were 27.29 and 38 per cent. respectively. The fall in the indices during May was chiefly accounted for by reductions in the prices of tea, dairy produce and coal.

Iron and Steel Production in May.—Any consolation that can be taken from the iron and steel production figures for May just issued by the National Federation of Iron and Steel Manufacturers lies in the fact that there was no further downward movement. Production of pig iron amounted to 346,500 tons, compared with 323,200 tons in April and 614,500 tons in May a year ago. The average daily rate was 11,177 tons, which differs by only 0.3 per cent. from the average daily rate in the first five months of the year. The fact that the variation from this average is not more than 3 per cent. in any one of the first five months of the year seems to suggest that the bottom has been reached even if there are as yet no signs of a definite upward tendency. Steel production in May amounted to 435,100 tons, which was somewhat

higher than in April (397,400 tons), but much below the 691,900 tons recorded in May a year ago. Since the April figures were affected by the Easter holidays and May by Whitsun no very accurate comparison is possible. Imports of iron and steel rose from 193,400 tons in April to 227,800 tons in May, the highest figure for the year. The items chiefly responsible for this increase were sheet and tinplate bars, which rose from 43,600 tons to 60,200 tons, and billets, blooms and slabs, which rose by 6,500 tons to 38,000 tons. Pig-iron imports continued at the comparatively high rate of 25,000 tons. Chiefly owing to the decline of exports of railway rails, which, after being 20,000 tons in March and 25,000 tons in April, fell to 3,100 tons in May, the total exports of iron and steel declined by 20,400 tons to 167,500 tons. Thus, the excess of imports over exports, which had been reduced to 5,500 tons in April, was widened to 60,300 tons in May. Although exports of most products registered a decline, exports of pig iron increased by 6,200 tons to 19,200 tons. Reductions took place in prices of certain products during the month, reducing the price index to 105.5, compared with 106.9 in April.

Cotton Trade Census.—Our Manchester correspondent writes:—The Joint Committee of Cotton Trade Organisations has this week sent out the questionnaire to all the firms in the spinning and manufacturing sections of the cotton industry in connection with the inquiry which is to be conducted into the production and potential capacity of the industry. The main object of the inquiry is to ascertain the actual production of principal types of cloth and yarn during the past three years, and the maximum possible production assuming that full time had been worked. With this information it should be possible to indicate broadly in what sections of the trade the gap between actual and possible production is most pronounced, and it will provide a basis for any remedial measures that may be required. The Committee has appealed to the trade to make a satisfactory response so that the necessity to seek compulsory powers from the Government will not arise. The work of classification will naturally require a considerable time, and, although it is requested that the forms should be returned not later than June 27th, it is not expected that any report will be made to the Joint Committee before the middle of July. The strictest precautions, of course, have been taken to maintain the confidential character of the returns made by individual firms.

International Cotton Congress.—The fifteenth International Cotton Congress will be held in Paris on Tuesday next and the two following days, when over five hundred delegates from the twenty-three countries will attend. The opening ceremony in the Chamber of Commerce will be presided over by M. Rene Laederich, the head of the French Cotton Spinners' Association, and welcomes to the delegates will also be given by Comte de Hemptinne, the President and one of the founders of the International Federation of Master Cotton Spinners' and Manufacturers' Associations; M. Rollin, the Minister of Commerce in the French Government, and other notabilities. On the following day (Wednesday) the Congress will devote an entire session to consideration of the causes of the depression in the industry throughout the world, and the best means of removing them. Papers on these subjects have been prepared by delegates from all affiliated countries, and the discussions which will arise cannot fail to attract world-wide attention as they are the considered opinions of experts engaged day by day in the management of the cotton trade. The English delegation will be headed by Mr Fred Mills, the President of the Master Spinners' Federation.

The Public Trustee.—The twenty-third annual report of the Public Trustee, covering the twelve months ended March 31st last, contains the significant observation that "the general economic depression made the administration of trusts peculiarly difficult and anxious throughout the year." The number of new cases accepted was 1,008, as compared with 1,004 in the previous year, but their

aggregate value, £13,606,570, showed a slight decrease. The great use made of the office of the Public Trustee by small testators is illustrated by the fact that about 60 per cent. of the new cases accepted represented estates of under £5,000 in value. The nominal value of the total stocks held by the Public Trustee at the end of March was £205.4 million, against £200.8 million a year ago. Of this total the principal holdings were as follows:—

	Million £
British Funds	60.8
Colonial Government and Colonial and Foreign Corporation Stocks	31.4
Home Rails	28.1
British Corporation Stocks	18.6

In view of the serious depreciation which has occurred in the second and third of these large items, the difficulties and anxiety of the Public Trustee can be readily appreciated.

Transvaal Gold Output.—The output of gold of the mines of the Transvaal during May amounted to 910,279 ounces of fine gold, as compared with 882,337 ounces produced during April and 910,998 ounces in March. In May, 1930, the output amounted to 916,213 ounces. The following table shows the monthly output since the beginning of 1925:—

Months of	1925.	1926.	1927.	1928.	1929.	1930.	1931.
January	825,632	796,270	839,782	843,857	876,432	882,801	914,576
February	753,925	753,924	779,339	816,133	815,234	818,188	839,937
March	825,479	834,340	860,511	877,580	866,529	889,370	910,998
April	787,519	803,303	824,014	825,907	872,123	868,606	882,337
May	813,249	849,214	859,479	886,186	897,598	916,213	910,279
June	780,251	852,145	855,154	862,363	856,029	887,867	...
July	818,202	860,134	851,861	867,211	889,480	912,652	...
August	808,218	843,854	863,345	891,865	889,601	921,081	...
September	797,347	839,939	872,118	849,553	889,533	903,176	...
October	812,832	853,296	855,743	897,720	888,590	926,561	...
November	787,633	840,276	848,059	872,484	861,593	884,753	...
December	791,455	836,157	851,225	859,761	851,134	908,492	...
Total.	9,599,702	9,962,852	10,130,630	10,358,596	10,414,066	10,719,760	4,458,127

The number of natives employed by members of the Witwatersrand Native Labour Association and Contractors over the past few months was as follows:—

	Sept. 1930.	Oct. 1930.	Nov. 1930.	Dec. 1930.	Jan. 1931.	Feb. 1931.	Mar. 1931.	Apr. 1931.	May 1931.
Gold mines	205,061	206,778	205,030	203,473	209,442	209,777	207,239	206,770	207,109
Coal mines	14,706	14,482	13,973	13,763	13,865	13,740	13,436	13,242	13,305
Diamond mines	5,767	5,032	4,748	4,607	4,325	4,333	4,106	4,030	3,689
Total	225,534	226,292	223,751	221,843	227,632	227,850	224,781	224,042	224,103

The number of natives employed at the gold and coal mines showed a slight improvement, but the number employed at the diamond mines showed a rather pronounced decline.

Fire Losses.—The statistics published this year continue to show an improvement in the fire losses both in this country and in the United States. Those in the United Kingdom for May are estimated to have totalled £400,000, compared with £546,000 in May, 1930, while the United States figure for April was \$41,424,000, compared with \$43,551,000 in April, 1930. The detailed figures for the last three years to date are set out below:—

	1929.	1930.	1931.
United Kingdom—	£	£	£
January	1,086,000	1,387,000	794,000
February	733,000	632,000	678,000
March	1,677,000	796,000	1,350,000
April	1,160,000	600,000	488,000
May	930,000	546,000	400,000
Total for five months	5,586,000	3,961,000	3,710,000
United States and Canada—	\$	\$	\$
January	44,713,825	42,847,000	44,090,449
February	41,520,290	43,206,940	41,776,051
March	41,277,814	42,964,392	44,074,362
April	36,845,795	43,550,996	41,423,764
Total for five months	164,357,724	172,569,328	171,364,626

The moderate improvement so far recorded is an off-set to the declining premium revenue occasioned by the universal trade depression. Of the factors which have been responsible for this improvement, credit must be given to the companies themselves for a more effective pruning of risks carrying a high degree of moral hazard in both countries, but more particularly in the United States of America.

Norwich Union Fire Insurance.—Though not up to the high standard of previous years the 1930 report nevertheless shows that this society has augmented its free resources last year by a sum of £45,000, equal to rather more than £1 per share. This amount has in fact been applied out of the profits to pay off the remaining amount of the uncalled liability on the £25 shares. In this sense the year 1930 marks the close of an epoch. It will be remembered that the control of the society passed in 1925 from the Phoenix to the Norwich Union Life, and that at that time the capital stood at 44,000 shares of £25 each with £12 10s. paid up, i.e., the uncalled liability amounted to £550,000. In the interval the entire uncalled liability has been wiped out from profits. In addition, the total premium income has been increased from £4,034,000 to £4,118,000, and the departmental and other reserves are now equivalent to 89 per cent. of the premiums compared with 82 per cent. in 1925. The features of the 1930 accounts are the same as those which have been noticed in analyses of other composite companies, namely, a dwindling premium income, especially in America, and a reduced margin of profit. The details are set out below:—

	1929.		1930.	
	Amount of Profit.	Percentage of Premiums.	Amount of Profit.	Percentage of Premiums.
Fire	100,333	4.6	66,248	3.2
Personal Accident	2,287	1.8	582	1.4
Employers' Liability	17,681	7.0	4,480	1.8
General	61,372	4.0	56,614	3.9
Marine	— 5,280	— 2.7	7,500	4.4
	176,393		135,424	
Less taxes, etc.	46,411		64,155	
Total net surplus	129,982		71,269	

The reduction in premium income has had a corresponding effect on the interest earnings, which, after deducting debenture interest, amount to £186,724. The dividend has been maintained at £6 per share, and costs £213,000.

Overseas Correspondence.

UNITED STATES

Stock Exchange Recovery — Oil Merger — Debt Questions — Treasury — Railroads — Industry.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 9.

THIS week the security markets have enjoyed a striking recovery, after three months of almost uninterrupted decline. Although a rally from purely technical considerations was overdue, and no one saw in it a rainbow which promised a definite end to the bear market, it did a great amount of good. The fog of heavy pessimism which has stifled Wall Street and has helped to keep down the spirits of other sections of the country lifted considerably, and there has been a noticeably lessened tendency to sell securities merely because of discouragement and without the urge of real necessity or a sane appraisal of future prospects.

Encouraging developments were not lacking. Along with the intelligence that central banking co-operation

had been obtained to see Austria through her financial crisis, testimony was given that local banks were offering more assistance to the markets. This aid came through a reduction in margin requirements on security collateral against loans. The new policy was initiated by the larger banks and quickly followed by all the others, and shortly by the Stock Exchange firms. The banks announced that on call loans they would henceforth require only 20 per cent. more collateral than the face value of the loan, against 25 per cent. heretofore asked. Brokerage houses decided to carry on margin shares selling under \$10 a share, which had been contrary to the majority practice.

Taken alone this greater liberality was of no great importance. Its effect was none the less great, inasmuch as the market supposed that the banks expected no extensive break. So far as Wall Street loans are concerned, liquidation has continued to this time, in spite of the high yields obtainable on the best grade of shares and the bait of 1 per cent. and under for call money. All but the gilt-edged bonds have taken their cue from shares, the foreign sections being particularly weak. In May deflation in Street loans amounted to \$216,444,474, to a new low record total of \$1,434,683,000.

More important than these developments was the decision of the Government to drop its legal opposition to the proposed merger of the Standard Oil Company of New York and the Vacuum Oil Company. Both are units segregated from the original Standard Oil Company, under the Supreme Court decree of 1911, which brought about a division of the parent company into thirty-three companies, with independent management, but, of course, with share interests of varying amount retained by the Rockefellers and other principal owners of Standard Oil. Dissolution of the old Standard Oil trust was the acme of the Government's "trust-busting" activities, in which the aid of the Sherman law was invoked.

Merger plans for Standard of New York and Vacuum were drawn up about two years ago and approved by the directorates in 1929. The Department of Justice at once began court proceedings to prevent the merger. The case was tried last summer and decree permitting the merger granted in the Federal courts early this winter. The Government had given no indication of whether it would appeal to the Supreme Court. It announced that it would drop the case only on the last day of the time allotted for filing an appeal. It is generally believed that the Standard Oil Company of New Jersey (the original Standard Oil) will in turn seek to reunite some of its former units with itself, particularly the Standard Oil Company of California, a non-competing concern. Tentative negotiations were begun a year or so ago, but were dropped pending the outcome of the Vacuum case.

It must not be supposed that the Sherman law, designed to promote free competition and to prevent combinations of corporations in "restraint of trade," will become a dead letter. No one seriously wishes that to happen. However, this law was passed forty years ago, and the need for an overhauling of its provisions, or at least for a more up-to-date application, has been increasingly felt by serious people. Free competition as practised in a number of basic industries, of which oil is a shining example, has worked for chaos, as much to the detriment of consumers as to producers and marketers, and, it is felt, is doing much to prolong the business depression. Oil proration, copper curtailment agreements, and railroad mergers indicate the swing of the pendulum. In deciding not to carry to the legal limit the Standard-Vacuum contest official Washington evidently appreciates the changing aspects of the economic situation.

Whether Washington will change its mind on the subject of international debt payments is another matter. There is a strong body of opinion in Wall Street and among economists and others that the debt burdens should be reduced in the interest of a smoother flow of world trade, but this view is not shared by the country at large. Perhaps those who pay the larger share of the taxes would be willing to see either cancellation or sharp reduction, but they are a small minority. An overwhelming portion

of the population rather thinks that the settlements already made are too liberal, and it is doubtful if, with an election coming on next year, any Administration would stand on a debt-reduction platform. Should deep cuts be made in European armament expenditures, the picture would probably look different. This is not to say that Washington and the country are indifferent to the seriousness of the European situation, but our own Treasury deficit of around \$1,000,000,000 and the prospect of higher taxation provide a poor setting for debt reduction proposals.

In well-informed quarters in Wall Street it is thought that Germany can probably make out a good technical case for a moratorium on the conditional portion of reparation payments, but advice here would be against such a move at this time. It is held that the temporary advantage to the Reichsmark would be more than offset by the longer term injury to German credit.

The Treasury is preparing the way for another long-term bond issue. It has announced the calling of Series C of the 3½ per cent. notes, issued in 1928, redeemable on six months' notice. Of the \$607,399,000 originally issued, about \$451,000,000 are outstanding. The notes will be redeemed on December 15th. Other maturities on that date bring the total to \$995,168,000. Series A and B of the 3½ per cent. notes, amounting to \$1,100,000,000 were retired last spring. In addition to the December maturities, the Treasury has to provide for \$625,000,000 of maturing certificates on September 15th.

Oversubscription to the latest long-term issue of \$800,000,000 was heavy, the amount applied for being \$6,000,000,000. Allotment of \$821,410,000 is announced. In fixing a coupon of 3½ instead of 3 per cent., as it could have done, the Treasury made sure of heavy subscription; but the large amount applied for is partly due to the existence of a good deal of timid investment money. It is thought likely that the called 3½ per cent. notes will be met by a fresh offering of the recent bonds, since provision for that has been made.

Another encouraging aspect of the business situation is the progress being made by the railroads in preparing their case for higher freight rates. At first this move was looked upon with a good deal of disfavour, and the railroad executives themselves were a trifle lukewarm. More recently it has appeared as the only salvation, save a sudden and sharp increase in general trade, and the weakness of the railroad bond market has increased the activities of large investors in favour of higher rates. Meetings of executives of southern and western roads have been held, and it is planned to make a simultaneous application for all the roads of the country. Probably a horizontal increase of 15 per cent. will be applied for, and, if granted by the Interstate Commerce Commission, adjustments may be made later so as to cause as little diversion of traffic to motor trucks and waterways as possible. It is hoped that a 10 per cent., or \$400,000,000, actual increase in operating revenues will flow from higher rates.

Trade continues to feel the effects of seasonal slackness, but the nearness of the harvests is sustaining hopes of better times this autumn. Some improvement took place in placing of building construction contracts in May. Automobile output for May in the United States and Canada is estimated by the National Chamber of Commerce at 338,300 units, a drop of about 4 per cent. from April, the usual seasonal decrease. Railroad traffic is barely holding steady, and steel activity continues to decrease slightly. The operating average for the country is now down to 40 per cent. of capacity. In May steel ingot output averaged 45.3 per cent. of capacity, against 49.2 in April.

The Department of Agriculture has estimated the condition of the spring wheat crop as unusually low for the season. However, the bright prospect for the winter crop make it certain that total production will be well above last year. Both cotton and wheat stiffened momentarily with the upturn in stocks, but have since been uncertain on conflicting crop news. Wholesale commodity prices dropped further in May, the Bradstreet index showing a 3 per cent. and the Dun index a 2½ per cent. recession.

FRANCE.

Politics — Budget — Production — Textile Strike.

(FROM OUR CORRESPONDENT.)

PARIS, June 17.

THE accession of M. Paul Doumer has been received with general satisfaction. M. Doumer's long and able public career and unblemished past have convinced his fellow-countrymen that, with the helm of the State in his hands, the country is assured of wise and honest leadership, and that there is no danger that it will be plunged into adventure or suffer the risk of dangerous innovations. Born in the humblest circumstances, in a small provincial town, M. Doumer has worked his way to his present post by his own unaided merits.

M. Doumer's accession to office last Saturday definitely solved the problem of the immediate future of the Laval Cabinet, and, more especially, of that of M. Briand. M. Laval, in accordance with French practice, formally presented the new President with the collective resignation of the Cabinet. M. Doumer accepted it, and immediately requested the ex-Premier to resume office, and this, obviously in accordance with a pre-arranged programme, he immediately did. All question of M. Briand's departure was thus removed, and equally all question of any attempt by the new President to bring about the advent of a Ministry of Concentration, including M. Herriot and his friends, that would be assured of a more stable majority than the existing Cabinet, and bring the uncertainties of sterile party strife to an end. The situation, therefore, remains curiously interesting—and obscure.

This was confirmed by yesterday's fresh interpellation of the Government by M. Franklin-Bouillon, who again furiously attacked the Foreign Minister in person, taking his opportunity from M. Briand's much-discussed presence on Sunday at the gathering of former soldiers at Gourdon, one of the Radical Socialist provincial strongholds. M. Briand's Gourdon speech was eloquent, but void of any real exposition of his own situation so far as the present controversy is concerned. The outstanding feature of M. Franklin-Bouillon's attack was his emphatic assertion that MM. Tardieu, Maginot and Flandin, Ministers respectively for Agriculture, War and Finance in the Cabinet in which M. Briand holds the post of Foreign Minister, "urgently urged us to vote against M. Briand at Versailles." The immense majority of the Ministry, the speaker added, did the same, and they insisted that the present Foreign Minister was "a national danger." The Ministers named were sitting, as usual, with M. Briand on the front bench, and all ignored this direct challenge. In the result, on a motion of confidence, the Government secured a majority of 52, which M. Franklin-Bouillon received with the promise that he would return to the attack next week. Radical Socialists, Socialists and Communists, in the hope of provoking another Ministerial crisis, voted solidly against the Government, but the expected split in some of the groups who normally support the Government did not occur. Once more M. Laval's keen sense of parliamentary under-currents proved supreme, and it seems likely that on this factor—unless the German leaders indulge in further serious blundering—the future of the Ministry will depend.

Party preparations for next year's General Elections will henceforward be a factor of prime importance in the political world. This, indeed, was the underlying fact in the Opposition's hope that M. Franklin-Bouillon's attack would result in a Government defeat. The programme forecast was a repetition of M. Steeg's tactics before Christmas, when the new Cartellist Cabinet met the Chamber and promptly adjourned the House until after the New Year holidays. Were another Cartellist combination to succeed M. Laval, as most likely would be the case, an equally prompt adjournment until October, with unfettered control of the Home Office machinery meanwhile, would be of inestimable electoral value to the parties of the Left.

Details presented to the Chamber showing the results of the financial year ending March 31st indicate that revenue in hand down to May 1st in respect of the 1930-31 Budget totalled 51,356,877,000 francs, or 1,086,685,000 francs more than expected. This apparent surplus, however, was more than swallowed up by supplementary expenditure authorised after the Budget was adopted. Exactly what the real outcome of the year will be is not yet ascertainable. What is known is that, on the figures available on May 1st and since laid before the Chamber, the provisional deficit then amounted to 933,000,000 francs. There still remains other supplementary expenditure, yet to be brought into the account, amounting to 1,201,000,000 francs, which would bring the total supplementary credits for 1930-31 to 3,101,685,000 francs (equivalent to about 6 per cent. of the total expenditure originally voted), and thus leave the net deficit on the year at around 2,143,000,000 francs. This constitutes the other side of the medal representing the sweeping reductions of taxation which began under the Tardieu Ministry. M. Paul Reynaud, in defending his financial policy in the Chamber this week, when attacked by M. Georges Bonnet, a former Budget Minister, said the Chamber, instead of voting the 1,541,000,000 francs of relief proposed by the Ministry, increased the amount to 2,200,000,000 francs. This total was subsequently further increased by M. Bonnet and his Cartellist friends to 3,500,000,000 francs.

Industrial production figures for the month of April show a further small decline, although not so much as had been expected. The general index figure covering the nine principal industries (except agriculture) is 131 (1913 = 100), or only a single point lower than in March, against means of 140 for 1930, 139 for 1929 and 127 for 1928. With the exception of the leather industry, which remains unchanged at 111, or a point above the mean for last year, and the rubber trade (also unchanged at 930), the only drop of more than a point is in the motor-car industry, which has gone back from 596 to 581, as compared with a mean of 640 for 1930. There are indications that the May outputs will show more important recoils. The figure representing mining output, it is already known, dropped five points, to 108, during May, while the building industry also fell back a point.

The textile industry remains the only large trade in which production is below the 1913 volume, the figure for April being 81, or 19 per cent. lower than before the war. This will register a marked further recoil for May, owing to the general strike in the Roubaix area, which has now been proceeding for over a month. It now appears likely that the offer of the employers to reopen their factories next Monday to such of the workers as are prepared to pay their own insurance dues in the future, will result in a substantial renewal of work. There has been a recrudescence of violence in the poorer quarters of Roubaix this week, with erection and destruction of barricades in the streets and the sacking of one or two shops. This is alleged to have been due entirely to Communist agitators, and none of the arrests have involved textile workers.

The Roubaix troubles are the direct outcome of the faulty and impracticable nature of the national insurance plan. The original Bill was pushed through with scandalous haste immediately before the last General Elections, and two subsequent Bills, practically recasting the plan, were necessary before its application was even begun. Unemployment insurance was expressly kept out of the original Bill, and provision for old-age pensions was struck out during the recasting. The application of the scheme was insisted on by the Socialist Party, which has since, through the labour unions, been largely guilty of rendering it unworkable by supporting a movement to throw the entire contributions on the employers. The difficulties due to the increase of production costs, owing to the application of the Act, have been aggravated by the irritation arising from the intolerable complexity of the working of the scheme, which now constitutes, by universal admission, the worst example extant of French bureaucratic methods.

GERMANY.

Exchange Withdrawals — Credit-Anstalt Repercussions — Reparations — Home Politics — Institut für Konjunkturforschung Report.

(FROM OUR CORRESPONDENT.)

BERLIN, June 16.

DURING the last few weeks the situation in Germany has become most gravely disquieting. Since last Friday the losses of foreign exchange have grown progressively larger and the Reichsbank has come so near to the 40 per cent. legal minimum that last week's average rate of exchange withdrawals could not be maintained for more than another two or three days.

Until the decision of the Procedure Committee, in its session this evening, not to summon the Budget Committee, a decision which is likely to bring about a great improvement in the situation, the position bore a strong resemblance to the state of panic which prevailed last October after the elections, though there was a vital difference in the fact that whereas in October the flight of German capital played a large part in the withdrawals of foreign exchange, this time they have been almost entirely due to the calling in of credits from abroad. The causes of this development are perfectly clear: the repercussions of the Credit-Anstalt crash are growing more and more violent. It was clear from the beginning that such an institution could not collapse without the most serious consequences, but the fire might have been localised if the fire brigade had arrived quickly enough upon the scene. It was the delay of several weeks in rendering effective international assistance to the Credit-Anstalt which allowed the fire to spread so widely. The wave of distrust flowed from the Credit-Anstalt to the Anstalt-Bank in Amsterdam, which is directly connected with the house of Rothschild, permeated, inevitably, all the Succession States in which the Credit-Anstalt operated, and has now spread, quite without reason, into a general flood which has penetrated into Germany as well.

The differences between the Austrian and German banking structure were discussed here last week. The consequences of the Vienna crash, the liquidation of which is at the time of writing not yet in sight, have now been dangerously complicated for Germany by two circumstances. One is the raising of the reparations question. The fact that there has been public talk of an impending German moratorium has given rise to an incredible state of confusion. Naturally there never has been, and never can be, for Germany any question of anything more than the so-called transfer moratorium contemplated in the Young Plan itself; that is to say, of Germany's right to discontinue the transfer of the conditional part of the reparation annuity upon giving ninety days' notice to the B.I.S. After the Chequers conversations it may safely be asserted that the Government of the Reich will only take this step under pressure of the most urgent necessity, and will avoid it if it is in any way possible to do so. Nor are they likely to take any step to bring up the reparation question before Mr Stimson has had time to collect his impressions of Europe.

In any case, the postponement of transfers contemplated in the Young Plan has, of course, nothing whatever in common with a moratorium in the ordinary sense, and would involve no suspension of payments in connection with Germany's private or public loan obligations. Nobody in Germany has thought of such a thing for a moment, but misunderstanding on this question seems to have had an unfortunate effect, especially in America.

The second cause of complications is the confused situation in German domestic politics. The emergency decree, which is intended to meet the immense budget deficit, has had a more hostile reception than the Government expected. It has not met with approval in any quarter. Opposition is equally strong in both Left and Right, and with the Radical Parties reached the point of a demand that the Reichstag should be called. The German People's Party contributed most last week to the acuteness of the panic by their decision to support this

demand, for this decision was taken against the express and urgent warning of the President of the Reichsbank, himself a member of the Party.

This attack was directed less against the Chancellor than against the Foreign Minister and the Minister of Finance. In the end the German People's Party fell into line, but meanwhile its attitude had greatly intensified the enormous difficulties of the Social Democrats. The leaders of the Social Democrat Party knew what was at stake. They knew that a fall of the Brüning Government would make a Fascist dictatorship, with all its political and economic consequences almost inevitable; but under the influence of the growing distress of the masses and the successes of the Communists, the authority of the Social Democratic Party leaders has been very much undermined, so that up to the last moment it was doubtful whether the Government would be able to command a majority in the Procedure Committee against the motion to convene the Budget Committee. Their success in securing the rejection of the motion, against the votes of the Communists, the National Socialists and the German Nationalists, has greatly relieved the situation.

Above all, it is hoped that the withdrawals of credit will now cease. On Saturday the Reichsbank raised its discount rate from 5 to 7 per cent., but this step has so far been ineffective. Market rate simultaneously rose to 7 per cent., and this rate is scarcely adequate with a rate of 1 per cent. in Paris and New York. Nothing could be more illustrative of the chaotic state of world economy than this discrepancy of interest rates.

The Institut für Konjunkturforschung states in its quarterly report that world economic conditions are as devious as those in Germany of any sign of improvement, but that the downward movement has, in general, slackened. One of the favourable symptoms is the increase in industrial production in the United States and in some other countries. On the other hand, the improved liquidity of the international money markets has so far had no influence on the capital markets. In Great Britain the home market has been relatively well maintained, but Great Britain has naturally been particularly severely hit by the decline in the purchasing power of non-European countries.

It is true that in the opinion of the Konjunkturinstitut a change is coming about in the composition of European foreign trade. The crisis is now injuring more seriously the exchange of goods between industrial countries, whereas the decline of trade between manufacturing countries and raw material-producing countries seems to have somewhat slackened. German exports to extra-European countries declined in the first quarter of 1931 by 6.1 per cent. as compared with the last quarter of 1930, whereas those to European countries declined by 19.4 per cent. German exports, especially those of finished goods, have declined substantially since the beginning of the year, and the percentage decline is now approximately the same as that of Great Britain. Owing to the decline in imports, there was still an active balance of 586 million marks in the first quarter, and a further balance of 164 millions in April.

ITALY.

Treasury Bonds Issue — Sinking Fund — Taxation Problems — Economic Indices — Balance of Trade — Emigration.

(FROM OUR CORRESPONDENT.)

TURIN, May 27.

THE subscription to a 4,000 million lire issue of 5 per cent. nine-years Treasury bonds at 95 was closed with a total subscribed of 7,000 millions—a very remarkable success. The issue is intended for repayment of 3,807 million lire 5 per cent. bonds, due on November 15, 1931. The new bonds are very similar to the old ones, carrying the right to a greater number of yearly premiums, viz., eight of one million lire each, eight of half a million, sixteen

of 100,000 lire, etc. Old bonds sold before the issue at 99.50 and bearers were entitled to exchange them for the new ones with a refund of five lire. As the issue was oversubscribed, the excess will be used to ease the situation of the Treasury. How the crisis has influenced it can easily be seen from the following figures (in million lire):—

	June 30, 1928.	June 30, 1929.	June 30, 1930.	April 30, 1931.
Consols	71,604	71,449	71,410	71,368
Redeemable debts	13,224	13,175	13,021	13,003
Treasury current debts	1,618	2,510	3,671	5,113
Totals	86,446	87,134	88,102	89,484

What is the use, except the moral one, of maintaining an appropriation of 300 million lire for sinking fund purposes when the total debts are increasing? The sinking fund system was changed when, instead of the appropriation of the budget surplus, which according to our accounting methods is not always a cash surplus, the fund was allocated a share of the yield of the tobacco monopoly. From May 1, 1930, however, when tobacco prices were raised by an average of 23 per cent. so as to give the desired sinking fund surplus, consumption decreased by an average of 16 per cent, so that no surplus was forthcoming. Together with similar experiences with spirits and sugar, this is a proof of the old truth that low rates are frequently more beneficial to the Treasury than high rates.

A campaign is being conducted at present in favour of a reduction of the wine tax, which is said to check consumption. More than five million hectolitres of the 1929 vintage are to-day still to be disposed of, together with 12 million hectolitres of the 1930 vintage. It is alleged that this is caused by the wine tax, levied at rates varying from 45 to 76 lire per hectolitre. Abolish it, it is urged, and the wine will be sold at an average price of 100 lire and bring 1,700 million lire to the needy wine growers. The difficulty is to find an alternative source of revenue. A 12 per cent. tax on the sale value of all textiles is suggested in certain quarters but it is strongly objected to by cotton and wool and silk manufacturers. Moreover, this tax was tried during the war and was abolished by the present Government in 1923, since it was dangerously damaging a principal branch of Italian industry. Another suggestion is the re-establishment of the flour tax, which was one of the relics of the old Italian States prior to unification and which was abolished in 1884. The existence of the flour tax was one of the chief reasons for the unpopularity of the Government which fell in 1876. From the fiscal point of view the flour tax is certainly better than the customs duty on foreign cereals; because the flour tax would hit the whole 7.2 million tons consumed, whereas the duty is paid only by the 2 million tons imported. If 600 lire per ton are needed as customs duty for obtaining a given result, 170 lire would suffice as flour tax. What is suggested, however, is a flour tax not as an alternative to the custom duty but as a complementary tax; in which case the price of the loaf would be increased, to the detriment of the yield of some other tax.

It is probable that we have reached the limit of taxation. Professor Mortara, in the last chapter of his "Prospettive Economiche" for 1931, which are truly becoming an indispensable handbook for the study of Italian and world economic conditions, makes a well-balanced estimate of taxation incidence in Italy. In current lire the total (state and local) tax yield was 9.2 billion lire in 1913, 14.9 in 1925-26, and 22.5 in 1930-31. If the figures are translated into lire of constant purchasing power, total taxation amounted to 12.3 billion lire in 1913-14, to 14.9 in 1925-26, and to 29.5 in 1930-31. Against a national dividend which is presumably not increased, this increase in taxation looks formidable indeed. Professor Mortara concludes that the moment is certainly not favourable to a reduction of taxation, but as, in 1928, Signor Mussolini checked the depreciation of the lira, when such an achievement seemed out of the question, it is similarly imperative and possible for him to give the lead to the needed reduction of public expenditure.

Bourses are lifeless, with no encouraging features. Economic indices do not yet give any sign of the end of the crisis. State railways yielded in the first four months of the present year 405 million lire for passenger traffic,

as against 468 in the corresponding months of 1930 and 714 million lire for goods traffic as against 927. Passengers carried in April were 7.6 millions against 9.3 millions in April, 1930. Goods maritime traffic is also decreasing. Passengers, however, increased; 355,300 were landed against 344,900 in April, 1930, and 353,600 sailed against 336,000 in April, 1930. This is important, as foreign visitors were always a most important credit item in Italy's international balance of payments.

The excess of imports over exports is also decreasing; it was 983.4 million lire in the first four months of 1931 as against 1,944.6 million lire in the corresponding period of 1930. Though the decrease is useful from the point of view of the present balance of payments, it is of mixed meaning for the future, as it may mean a reduction to the minimum of purchases of raw materials. The General Industrial Confederation has made a very elaborate analysis of the official statistics with interesting results. Taking as 100 the average for 1925 and studying variations of quantities, exclusive of prices, they find that imports of raw materials increased to 116.8 in 1929 and decreased in 1930 to 102.07. In February, 1931, they had further decreased to 100.98, against 116.92 in February, 1930. Total imports decreased from a maximum of 112.88 in 1928 to 103.70 in 1930 and to 90.24 in February, 1931, against 100.44 in February, 1930. Total exports have done better, for they have reacted from the maximum of 114.94 in 1929 to only 109.33 in 1930, and remain at 110.01 in February, 1931, against 110.54 in February, 1930. As to values, we sold in 1930 at 60.57 per cent. of the 1925 basis, and we bought at 63.14 per cent.; in February, 1931, we sold at 50.71 per cent. and we bought at 51.86 per cent. Thus we sold at prices comparatively lower than we were able to buy; but as we sold larger amounts, the slump in international prices made us the gainers at the end of the game.

Unemployment is, as usual at this season, diminishing; there were 670,352 unemployed at the end of April, against a maximum of 765,925 at the end of February. Last year the figures were 372,236 at the end of April, against a maximum of 466,231 at the end of January. How far the increase in emigration has contributed to the decrease of unemployment is difficult to say. Net emigration of working men had decreased continuously from 91,019 in 1925 to 55,438 in 1928 and to 46,731 in 1929. After the Government decided in June, 1930, to resume the liberal granting of passports to would-be emigrants, net emigration increased at once, and reached for the whole of 1930 the total of 176,519. In the first four months of 1931 net emigrants (that is to say emigrants minus immigrants) were 41,002 as against 15,185 in the corresponding period of 1930. Most of them go to France and Switzerland; in April last 5,949 went to France, 5,974 to Switzerland, 1,830 to the United States (including 1,231 going there a second time), and 1,196 to the Argentine. How they can manage to find work in a world full of unemployed is a mystery, and a proof of the great resourcefulness and adaptability of these very hard-working men. In due time the increase in emigration is bound to have a beneficial effect on the emigrants' remittances. Perhaps, as after the 1887 crisis, the first signs of economic recovery will come from poor people.

SWEDEN.

Industrial Profits — Stock Exchange — Production — Foreign Trade — Banking.

(FROM OUR CORRESPONDENT.)

STOCKHOLM, May 28.

OF the twenty-two companies on the "A" list, no less than eleven have lowered their dividends for 1930, while nine have maintained their dividends unaltered, and two show an increased dividend. The first group consists of those concerns which sell their products in the world market, and includes the majority of the timber and pulp companies and also the great Grängesberg ore company, as well as two concerns which are specially sensitive to

the depression, the Skefko and Separator companies. Among those which have maintained their dividend at the same level as last year are the Kreuger concerns, which stand in a class by themselves, and, curiously enough, four of the leading mechanical industries, Asea and the largely international L. M. Eriksson telephone concern, Bofors, the manufacturers of war material, and Svenska Metallverken.

An examination of the total sum of dividends gives a different impression, however, partly because it is the most important concerns which have shown an unchanged dividend and partly because the fall for the remainder was remarkably small. The total dividends distributed during the year for the concerns in question amounted to 179.98 million kronor on a nominal capital of 1,526.52 million kronor. Last year, when the nominal capital on which dividends were paid was of the same magnitude, the corresponding figure was 192.60 million kronor. Thus the average dividend has fallen from 12.6 per cent. last year to 11.8 per cent. this year.

A comparison between the companies quoted abroad and purely domestic companies reveals a sharp differentiation. In the former group dividends fell only from 17 per cent. last year to 16.7 per cent. this year. In the latter, on the other hand, they declined from 8.2 per cent. to 6.8 per cent. To a large extent, of course, the high average dividend is explained by the dividends of the Kreuger concerns; but, even if these are eliminated, the level of the remainder is extremely good, having sunk only from 8.7 last year to 7.2 this year. Though this is very satisfactory, in view of the general depression, it must be remembered that it was only during the later part of last year that the depression seriously made itself felt in this country. Its effects will be seen much more clearly in the accounts for the current year.

This factor helps to explain the extremely pessimistic condition of our Stock Exchange since the latter part of March, and especially in April; but the severe decline in New York, which usually reaches the Stockholm Stock Exchange by way of Swedish shares quoted abroad, and primarily Kreuger shares, has also been a determining influence. The Stock Exchange losses for April amount to the very respectable sum of 316,000,000 kronor, the worst fall in values since the great Stock Exchange crisis of 1929. The whole of the improvement in February and March has thus been cancelled out, and the Stock Exchange value of "A" list shares at the end of April was 159,000,000 kronor lower than at the beginning of the year. This contrasts strikingly with the developments during the same period last year. In spite of incipient depression in April, the four first months of the year showed an increase of 501,000,000 kronor. The greater part of Stock Exchange losses this year are to be found among the purely domestic stocks.

Svensk Finanstidning's index number of production for March remained practically at the same level as that for February. It fell only from 123 to 122 (1923-24 = 100). It is true that the normal for this time of the year is a slight increase, but the decline is almost entirely due to reduction of output in the timber industry, where the extent of the restriction of output is to be explained primarily by the exceptional circumstances created by Russian competition. But for this special burden, therefore, the index number for March might have shown an entirely normal movement. A comparison of developments during the first quarter of this year and last year is, however, less encouraging. Whereas the index number for this period in 1930 was as remarkably high as 149, it was only 122 this year.

The progressive deepening of the depression appears very clearly in the statistics of foreign trade. Imports were maintained at a relatively high level in March, but exports shrank still further. Comparison with last year is, it is true, not altogether fair, because ice conditions then permitted shipments considerably earlier than this year; but, nevertheless, the decline in almost all important export commodities is very marked. Thus shipments of wood goods declined 54 per cent., of pulp 46 per cent., paper 23 per cent. and of iron ore 56 per cent. compared with last year. Still more pronounced was the decline

in certain finished commodities. Exports of ball bearings fell by 45 per cent., motors by 37 per cent., electrical machinery by 27 per cent., separators by 55 per cent. as compared with 1930.

This decline in exports has, of course, affected the balance of payments, and the result is clearly visible in the diminution of the exchange reserves of the commercial banks and the Riksbank. This is due to the fact that private banks in March and April again heavily increased their debts abroad, a tendency which had shown signs of weakening in February. Thus, on short accounts, their connections with foreign banks at the end of April showed a passive balance of 94,000,000 kronor, whereas a year earlier they had an active balance of 106,000,000 kronor. It is evident that this is a reflection of the outlook on the depression which has prevailed during recent months. As no improvement in the situation is counted upon during the next few months, it is clearly more advantageous to borrow at the lower rates prevailing abroad than to borrow from the Riksbank at a considerably higher rate.

DENMARK.

Agricultural Prices and Exports — Industry — Foreign Trade — Shipping — Stock Exchange.

(FROM OUR CORRESPONDENT.)

COPENHAGEN, June 13.

DURING the last few months, prices in Denmark have continued to fall, although not quite as rapidly as before. From 120 in December, 1930, the wholesale price index declined to 117 in February, 115 in April, and 113 in May. The decline has been most pronounced for the principal agricultural export articles, whose prices are now on the whole below their pre-war level. In the course of May, a particularly heavy drop took place in bacon, the top quotation for which has declined from Kr. 102 to Kr. 82 for 100 kilos., and it is very doubtful whether the production is still remunerative. This fall is partly offset by the fact that the prices of grain and cattle food, of which Denmark is a considerable consumer and importer, have likewise continued to decline, but as the remaining elements of the cost of agricultural production have not decreased to any appreciable extent, the economic situation of the principal Danish trade is at present very unfavourable, and considerable pessimism prevails. The farmers are endeavouring to overcome the difficulties by a continued increase of production, and the exports of butter, bacon and eggs are, therefore, of greater volume than ever.

Industrial conditions are still fairly favourable. Without involving any interruptions of work of importance an agreement was arrived at between employers and employees, entailing a reduction in wages costs by 5 to 8 per cent., and industrial peace for the next year has also been virtually secured. Industrial production and employment is fairly good, and unemployment is not very serious, although somewhat in excess of what it was last year at the same time. For April it is computed to be 16 per cent., against 12 per cent. in April, 1930.

Whereas agricultural exports have steadily increased, though at very low prices, the export of industrial products has been somewhat reduced, and in this respect the world crisis has exercised an appreciable influence upon Danish trade. The foreign trade figures for the last few months are as follows in millions of kroner:—

	January.	February.	March.	April.
Imports	125	109	124	119
Exports of Danish goods.....	111	98	109	121
Exports of foreign goods	5	5	8	7
Trade balance	-9	-6	-7	+9

The shipping trade is still working under very adverse conditions, and with a very low level of freight rates, but the tonnage laid up has been somewhat reduced. It reached its peak on April 28th, when 107 vessels, aggregating 218,000,000 gross tons, were laid up; since then many vessels have found employment, and in the course of May the tonnage laid up was reduced to about 170,000 tons.

The serious depression of the great world exchanges in the last few weeks has influenced the situation on the Copenhagen Stock Exchange, but the decline has been comparatively moderate as compared with that abroad. For Danish bonds the decline has been only slight, but it has been decidedly more for shares, and especially for shipping shares. Two important Danish companies have recently declared their dividends. The Great Northern Telegraph Company will pay a dividend of 20 per cent., as for the last few years, while the Danish sugar factories have suffered much from the difficulties of the markets for sugar and have reduced their dividend from 10 per cent. to 6 per cent.

JAPAN.

Banking and Industrial Profits — Foreign Trade — Prices — Gold Imports.

(FROM OUR CORRESPONDENT.)

TOKYO, May 8.

ACCORDING to Mitsui Bomei Kaisha's half-yearly analysis of earnings of Japanese joint-stock banks and industrial joint-stock undertakings, bank earnings show a substantial recovery, while industrial profits disclose a profound, general decline. The aggregate net profits of 250 banks examined in the survey for the second half of 1930 amounted to 71,812,000 yen, showing a very large increase of 9.5 millions, or 15.2 per cent., upon the first half of that year, but a decrease of 7.5 millions, or 9.5 per cent., upon the corresponding half of 1929.

In making comparison with the previous half-year, however, it must be remembered that in the June half-year of 1930 a large number of lesser banks recorded huge losses as the result of the return to gold, and, when we eliminate the figures of those banks, individual institutions generally disclose diminished earnings. Net earnings of 1,000 industrial companies for the past half-year totalled 123,400,000 yen, representing a decline of 14.6 million yen, or 10.6 per cent., and of 124.4 millions, or 50.2 per cent. respectively, as compared with those earned by the same concerns in the first half of 1930 and the second half of 1929. Sharp reductions occurred in almost all the industrial groups in the analysis. Even public utilities, whose profits during recent years have been on the increase, reveal a phase of diminished earnings. But the most noteworthy decline is shown by the textile group, a number of cotton and woollen mills recording again considerable losses. Iron and steel, shipbuilding, shipping, rubber and kilns also disclose an extremely adverse showing. The only bright spot in the dismal picture is the stock and produce trade, whose earnings substantially increased, reflecting a boom based on cheap money. The following table gives the comparison of the last three half-years:—

BANKING AND INDUSTRIAL NET PROFITS.

	No. of Cos.	Second Half-year 1929. Yen.	First Half-year 1930. Yen.	Second Half-year 1930. Yen.
Banks	250	79,334,099	62,303,974	71,812,236
Industrial cos. ...	1,000	247,817,812	138,057,338	123,400,667
Total	1,250	327,151,911	200,361,312	195,212,903

The trade returns for April show that, as compared with the corresponding month of last year, imports fell by 21.4 million yen, or 14.4 per cent., and exports decreased by 35.6 millions, or 30.4 per cent. The smaller percentage change in imports is accounted for by the increased entry of raw cotton, while raw silk and cotton goods are mainly responsible for the larger change in exports. While there was a general decline in most of the principal imports, imports of raw cotton increased by 7,403,000 yen, totalling 41,717,000 yen for April, the largest monthly figure since March, 1930. On the other side, exports of raw silk declined from 24,150,000 yen in April last year to only 14,435,000 yen, the smallest for any month in the post-war years, except the earthquake month of September, 1923. Two years ago the shipments were valued at 68,860,000 yen. Cotton goods exports were also rather poor, the value

being only 14,612,000 yen, as against 23,131,000 yen a year ago.

The upward movement in the general level of prices, which had developed in March, suffered a setback last month. The wholesale index number of the Bank of Japan for April registered a drop of a quarter of 1 per cent. on the month. The decline is chiefly accounted for by the textiles and fuel groups, whereas a number of foodstuffs and building materials moved upwards. The heaviest fall among the textiles was in raw silk and cotton yarn. Under the weight of the sale of the carryover held under the stabilisation scheme, raw silk prices touched 530 yen last week, the lowest ever reached. Cotton yarn also fell severely as a result of the relaxation of restriction.

Despite the outflow of gold to America, the Bank of Japan is increasing its gold holdings. Gold acquisitions by the bank amounted in a month or so to nearly 9.5 million yen, which mostly came from China and Siberia. The bank return for May 7th shows that the gold reserve totalled 842,747,000 yen, as against 833,336,000 yen for the same date in April, while the note circulation contracted to 1,028,329,000 yen, as compared with 1,074,098,000 yen a month ago. Monetary ease continues. Day-to-day loans are now obtainable at as low as 2 per cent.

Books and Publications.

BRITAIN'S LOST LEADERSHIP.

LAST October we published in our monthly supplement an article by Mr A. Loveday, head of the Economic and Intelligence Service of the League of Nations, in which he drew attention to the fact that not only is Britain's share in world trade declining, but that, still more ominous, she is failing to obtain her due proportion of the trade arising out of the development of new industries. By examining our trade figures relatively to those of other groups of countries, Mr Loveday established the fact that neither tariffs nor the inflation of other countries' currencies could be held responsible for our relatively slow advance, and he suggested that the prime cause lay in the rigidity of our economic organisation.

This essay, which was discussed in the *Economist* of October 25th, has now been published,* in fuller form, together with four earlier essays, all written for the general reader, and a technical paper on the measurement of tariff levels. Of the earlier essays, the first deals with economic tendencies in the six years following the Armistice, and traces the growth of economic nationalism, with the consequent increase in insecurity and steady piling up of restrictions, the shifting of the centre of economic gravity from the old to the new world, and the gradual realisation that a return to the economic *status quo ante bellum* was impossible. The second essay traces the rapid growth of the next four years, and another discusses the gold problem in relation to the trade cycle.

The most interesting of these earlier essays, that entitled "Quo Vadimus?" has frequently been referred to in the *Economist*. Its thesis is that owing to the slackening rate of population growth, the change in the age composition of the population, the more rapid production of wealth and the diminution in its inequality of distribution, the character of demand is steadily changing. The consumption of the staple necessities of life is growing much more slowly than that of commodities which cater for the requirements of leisure, and as these latter are subject to capricious variation in demand, and as, further, their value is composed to a much less extent of the value of their raw material content than is the value of the primary necessities, their usurpation of the dominant place in economic life requires a very substantial adjustment of economic organisation. One manifestation of the attempt to meet this condition is the growth of the merger in the United States and the cartel in Europe, and the agricultural counterpart of these is the

extension of the co-operative movement. As a result, business men are faced with the problem of reconciling a highly selective market with mass production.

Whereas America is rapidly adjusting herself to the new conditions, and Europe, more slowly but steadily, is making up lost ground, Britain, in Mr Loveday's opinion, is lagging behind. In common with more than one distinguished foreign observer, he finds the cause in the rigidity and lack of mobility of the British economic system. The authority of Mr Loveday's wide knowledge of world economic conditions, the incisiveness of his arguments, and the conciseness of their presentation lend exceptional weight to this diagnosis.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

The Cotton Trade and Industrial Lancashire, 1600-1780. By A. P. Wadsworth and Julia de Lacy Mann. (Manchester) Manchester University Press, 23, Lime Grove. 25s. net.

A most interesting and scholarly study of the cotton industry in the period which led up to the industrial revolution.

Stock Exchange's Ten-Year Record of Prices and Dividends, 1921-1930. Compiled and published by Frede. C. Mathieson and Sons, 16, Copthall Avenue. 20s.

An indispensable book of reference. The highest and lowest share prices and the dividends for the last ten years of any company can be seen at a glance.

Chamber of Shipping of the United Kingdom, 1930-1931. (London) Chamber of Shipping, 28, St. Mary Axe.

This annual report contains a remarkable collection of statistical tables and diagrams, covering, *inter alia*, tonnage under construction, tonnage launched, vessels belonging to each nation, movement of shipping, coal output, prices and exports, and freights.

Die Ursachen des Kapitalmangels in Deutschland. By Erich Welter. (Tübingen) Verlag von J. C. B. Mohr (Paul Siebeck). Rm. 13.

A discussion of the sources of capital accumulation, the flight of capital, and the causes of the present capital shortage in Germany.

Sozialstat und Soziale Belastung. By Dr. Felix Boesler. (Berlin) Verlag von Paul Parey, Hedemannstrasse, 28/29. 12 Rm.

A study of the burden of the social services in Germany.

The Law Relating to Banking and Foreign Exchange. By L. Le M. Minty. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 30s. net.

A text book on banking law, in writing which the author has kept particularly in mind the fact that a bank manager's primary interest in the law consists in keeping clear of it.

Audits. By A. E. Cutforth. Eighth edition. (London) Gee and Company (Publishers), Ltd., 6, Kirby Street. 10s. 6d. net.

A full outline for examination students of the main principles of auditing.

The Bankers' Magazine, June, 1931. (London) Waterlow and Sons, Ltd., London Wall. 2s. 6d. net.

Includes an article on the Budget.

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Twenty-third General Report of the Public Trustee. 2d. net.

Department of Overseas Trade: Economic Conditions in Czechoslovakia, March, 1931. 1s. 6d. net.

Empire Marketing Board: Changes in the Demand for Butter, November, 1928, and November, 1930. 1s. net.

Report of the Food Investigation Board for the year 1930. 3s. net.

Supplemental Agreement between H.M. Postmaster-General and the British Broadcasting Corporation. Cmd. 3884. 1d. net.

The Stock Exchange.

INVESTMENT TRUSTS IN AMERICA.

In a recent article we hazarded the opinion that the remarkable popularity of fixed-trust with the American investing public had been based, not merely on the specious attractions of these institutions as a sales proposition, but on serious dissatisfaction with the results of many management trusts formed in the period preceding the Wall Street slump. This opinion had been independently confirmed by the diagnosis of a leading investment advice agency, the Standard Statistics Company, which, in a recent brochure on investment trusts, has used much stronger terms than any non-American commentator would have dared to employ. Although the company makes no secret of its belief that "the investment trust proper" (i.e., the management trust), "when soundly piloted . . . is the most ideal form of investment vehicle yet devised," it sums up its views on recent events as follows:—"It is indisputable that the success in the sale of fixed trusts must stand as one of the bitterest indictments ever launched against Wall Street. It audibly reverberates the unsavoury accusation 'we will trust them only if their hands are tied.'"

Doubtless, the American investor's reaction against the management trusts has been carried to extreme lengths. Many recently formed American investment trusts are in sound hands, and have been managed on prudent lines. Some of their promoters and advisers, who have taken the trouble to study the history and technique of British trusts, have constantly emphasised the indispensability of conservative financial administration if the investment trust principle is to flourish in a new soil as it has flourished in its native land. Dame Fortune, again, has recently been unfriendly even to the best American trusts. The majority were formed when markets were optimistic and prices high. They have, consequently, been required to bear the brunt of a major decline in portfolio values before they have had a reasonable opportunity to build up their reserves. British investors, however, will be loath to condemn the American managements on this ground alone, in view of the depressing regularity with which the newer British investment trusts, formed by groups with many years' experience, have reported a depreciation of anything up to 20 or 25 per cent. in the market value of their investments this year.

When all allowances are made, however, it is difficult to explain away the contrast between the attitude of British and of American investors towards investment trust shares since the slump began. The Standard Statistics Company's index of the common shares of thirty American investment trusts showed, at the end of last March, a fall of no less than 75 per cent., as compared with the peak point of the boom. According to the index of the Institute of Actuaries, the ordinary stocks of 15 leading British investment trusts declined only 17 per cent. between December, 1928 (which was practically high-water mark in the London market), and the end of March last. Even more significant is the fact that, whereas in Great Britain the great majority of investment trust shares are still standing above the "break-up value" of the assets owned by the respective companies, American quotations are, on the whole, considerably below break-up value.

The Standard Statistics Company has made an analysis of the results of thirty-eight American trusts. At the end of last year the market capitalisation of the common shares of these concerns was equal to only 74 per cent. of the "liquidating value" of the assets behind them. Although investment trust shares appreciated, with the rest of the market, in the early months of 1931, and the ratio of market capitalisation to liquidating value had risen to 92 per cent. by March 23rd, a subsequent retrograde movement reduced the ratio approximately to the December 31st level. The following table, based on the prices prevailing at that date, is an eloquent commen-

tary on the attitude of the American market towards investment trust stocks. The companies have been arranged in descending order of net assets at December 31st last:—

Name of Trust	"Liquidating Value" (per share) of Net Assets, Dec. 31, 1930	Market Price per Share, Dec. 31, 1930	Ratio of Price to Liquidating Value, %
Blue Ridge Corporation.....	4.57	3½	68
Niagara Share Corporation	8.43	6½	77
Continental Shares	15.61	8½	54
Goldman Sachs Trading	12.40	5½	46
Lehman Corporation	75.49	53½	71
Tri-Continental	10.30	6½	61
Shenandoah Corporation	3.32	3½	109
Adams Express	16.40	16½	101
American International	19.94	19½	97
Petroleum Corporation of America..	13.82	6½	50
U.S. and Foreign Securities	9.41	7½	78
General American Investors	5.53	4½	86
Sterling Securities.....	13.48	6½	48
American European Securities	29.50	18½	63
Fourth National Investors	37.36	21½	58
Mayflower Associates	54.93	40½	73
Massachusetts Investors	30.65	31	101
Railway and Light Securities	45.22	36	80
American, British and Continental ..	80.94	49½	61
Commonwealth Securities	12.31	15	122

It will be seen that only four of these twenty companies had a market capitalisation, at the end of last year, higher than the liquidating value of their net assets, while the remainder showed a discrepancy between market value and break-up value varying between 3 per cent. and 54 per cent. In order to obtain an approximate comparison between the experience, in this respect, of American and British investment trust companies, we have analysed the balance sheets of the ten largest British trusts registered before the war and the ten largest registered since the war, whose accounts have reached us since the beginning of this year. In every case, where depreciation in a portfolio has been disclosed, we have reduced the book value of investments to market value at the balance-sheet date by applying the "co-efficient of depreciation" revealed in the body of the report. We have taken all other assets at book value, deducted all liabilities, together with the amounts of debenture and preference stocks outstanding, and have expressed the net assets available for ordinary, thus arrived at, as a percentage of the amount of ordinary stock outstanding. If the resulting figures are related to current market prices, the following results emerge:—

PRE-WAR INVESTMENT TRUSTS.

Name of Trust.	Date of Balance Sheet	Assets Value of £100 Ord.	Market Price £100 Ord.	Ratio of Price to Assets Value.
Scottish American.....	Dec. 31, 1930	257	400	156
British Investment	Jan. 1, 1931	300	375	125
Mercantile Investment	Jan. 31, 1931	171	270	158
United States Debenture	Jan. 31, 1931	194	215	111
Alliance Trust	Jan. 31, 1931	325	530	163
Industrial and General	Mar. 31, 1931	207	275	132
Investment Trust Corpn.	May 1, 1931	265	345	130
Bankers' Investment	Apr. 30, 1931	139	160	115
Foreign American and General ..	Mar. 15, 1931	129	140	109
American Inv. and General	Mar. 15, 1931	149	180	121

POST-WAR INVESTMENT TRUSTS.

Name of Trust.	Date of Balance Sheet	Assets Value of £100 Ord.	Market Price £100 Ord.	Ratio of Price to Assets Value.
Friar's Investment	Feb. 15, 1931	70	62½	89
London Border and General	Jan. 31, 1931	24	45	180
London and Holyrood	Mar. 31, 1931	52	100½	193
Nineteen Twenty Eight	Jan. 31, 1931	63	65	103
English and International	Apr. 5, 1931	39	50	128
Abbots Investment	Apr. 15, 1931	63	62½	99
Scottish United Investors	Dec. 31, 1930	70	180	257
Nineteen Twenty Nine	Mar. 31, 1931	58	60	103
Winterbottom Trust	Mar. 31, 1931	36	55	153
Anglo-Celtic Trust	Apr. 5, 1931	77	110	143

* "Britain and World Trade." By A. Loveday. Longmans, Green & Co., Ltd. 10s. 6d.

All of the ten pre-war trusts show a market price in excess of our computation of break-up values. A similar observation applies to eight of the ten post-war investment trusts, although the market price of seven ordinary shares in the latter group is standing below par.

Why has the American investor, in a bear market, adopted so much more conservative an attitude towards the investment trust than his British colleague? The compilers of the brochure to which we have previously referred suggest several reasons. In the first place, they declare that the American public lacks a clear understanding of the merits and demerits of investment trust shares, individually or collectively. This, they suggest, may in part be due to the fact that the term investment trust has been too loosely applied. It now includes several hundred concerns, many of which are not legitimate investment trusts. Their misfortunes, however, have tended to bring disrepute on the whole conception.

In the second place, the American public has sold its trust shares less on deliberate calculation than on psychological impulse. The shares of some trusts with commendable past achievements and a relatively strong financial position are selling at a substantially greater discount below liquidating value than those of other trusts whose portfolios have shown more than average depreciation. Nevertheless, the authors of the brochure admit that investment trust managements, in too many instances, contributed to their own discomfiture by their policy before the slump. Some trusts took care to spread their holdings over many industries and countries, and to "protect their senior money by senior securities"—by including in their portfolios bonds and preferred stocks equal to or exceeding the amounts of their fixed-interest capital. Many others, however, were attracted to particular parts of the American bull market, which appeared to offer opportunities for quick capital profits.

This policy was a source of weakness in two distinct ways. First, an unduly large proportion of the assets of these companies took the form of ordinary shares, in a limited number of industries, obtained at inflated values. Secondly, the managements were under a strong temptation to aim at capital profits, rather than a steady income from dividends, and to distribute these profits largely to shareholders, instead of following the British practice of using them to write-down the book value of their portfolios. "They inclined," in the words of the brochure, "to breathe optimism while their British cousins were exhaling and inhaling cynicism." For this complacency they paid dearly when depression reduced their income from dividends, cut off all their opportunities of obtaining profits from market operations, and exposed their portfolios to the full effects of the depression in American equities, without the "buffer" of a large bond holding.

A further reason suggested for the contemporary unpopularity of some investment trusts is that, in the absence of definite limitations on the percentage of total funds utilisable for the purchase of single securities, some managements have become heavily interested in securities of companies sponsored by themselves. Such a phenomenon, though not unknown, has, happily, been rare in Great Britain recently. The accusation that some American managements have regarded trusts under their care as no more than a dumping ground for securities in which they are personally interested, is probably justified only in a relatively small number of cases. More frequently, however, managements have tended to put a special valuation on blocks of shares in their holdings which have carried voting control of other companies. In other words, the distinction between a finance company and an investment trust has not always been clearly appreciated.

Whatever the mistakes made in the past, however, by a number of American investment trusts, the authors of the brochure believe that the principles of investment trust finance have taken firm root in the United States, and will survive the winter of Wall Street discontent. The managements have been quick to learn the lessons of adversity. Their portfolios have been, and are being, re-apportioned on strictly "income" lines. They have reduced their dividends, and are fully cognisant of the necessity for building up a strong reserve position, as and when conditions permit.

In short, the trusts, as a whole, are turning from speculation towards "straight" investment. It cannot be doubted that, along these lines, the future economic development of America should give ample scope for profitable investment trust administration in the future, when the movement has survived its growing pains. Conceivably, the results of the majority of trusts for 1931 will be worse than those of 1930. Companies in sound hands, however, which survive the present economic depression, may offer indubitable attractions to conservative American investors, when the difficulties and disillusionments of recent months have become matters of history.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET.	ACCOUNT.
June 23.	June 25.

THE week opened with dealers more inclined to await political developments than to speculate on events, and the approaching account caused a reluctance in entering into new commitments. Business was mostly small and irregular, but the defeat of the Government on Monday caused a short-lived improvement in the Street which however, faded away by the following morning. Later in the week, some bear selling was evident, but it was of no great magnitude. Dealings opened in the Woolworth issue on Thursday.

The continued strength of sterling, and daily influx of gold into the Bank, gave little assistance to gilt-edged securities, which had a tendency towards weakness until Thursday, when the Bank of England's credit to Austria created a better feeling. The market was affected by the unkind reception given to the £2,500,000 Middlesex County Council 4½ per cent. loan, 48 per cent. of which was left with the underwriters. Indians and colonial stocks generally maintained their levels, mainly due to the beneficial effects on sentiment of the recent political developments in Australia, whose stocks continued to strengthen throughout the week. Despite its flotation reception, the Middlesex loan went to a small premium after opening at a slight discount.

The European situation tended to weaken European stocks in the early part of the week, but the announcement of the assistance for Austria had a beneficial effect and there were sharp upward movements among German and Austrian bonds. Among South Americans, Chileans lost ground owing to rumours of an approaching default, but foundation for this rumour is lacking. Improved trade returns, strengthening of the milreis and sinking fund purchases contrived to improve Brazilians.

The railway market was listless. Home Rails advanced early in the week on slightly improved traffic figures, but prices afterwards sagged as a result of bear activities. There was little interest in the foreign rail market, the only appreciable movement being the weakening of Antofagasta, which continued to come on offer.

The tendency throughout the industrial market was one of irregularity and uncertainty, with business at a very low ebb. Internationals opened in an atmosphere of hopefulness, but became irregular. There was an active business in the new Woolworth shares; after opening at 2s. premium the ordinary fell to a slight discount, but the preference maintained a 6d. premium. Electrical shares remained steady after an early advance. Engineering and motor shares were, as usual, dull, but Thomas Tillings continued to rise on rumours of further favourable merger developments. Iron and steel received some support, but the most favoured shares of any market were those of J. Lyons in the provision market. Increased profits, shown on page 1340, and maintained dividends attracted attention to these shares which rose further on expectations regarding the chairman's statements at the coming annual meeting. Rayons lost ground on scattered provincial selling of Courtaulds, and there was a corresponding sagging among textiles. Breweries and tobacco were dull but steady, as were banking and insurance shares. Imperial Chemicals receded slightly, while Cables and Wireless lost ground owing to lack of

attention. Swedish Match stocks improved with the European situation.

Oil shares were very quiet, movements being of an irregular nature. It was expected that Paris would be selling, instead of which a few buying orders came from the Continent, thereby counteracting events in America. Later news of an encouraging nature regarding restriction in Texas assisted slightly, as did news of the decreased daily output of crude oil in the United States. The rubber market continued in its listless state and showed no signs of reviving. Rubber Trusts eased slightly after a firm opening. The tea market was lifeless and there were few dealings. Despite an unsatisfactory report, no ground was lost by Budla Betas.

Although little business was done in the mining market, prices were maintained owing to Kaffir dividends coming up to market expectations. Paris and Johannesburg were indifferent, but Randfontein and Daggafontein improved on a few buying orders, though Johnnies lost owing to bear activity. Rhodesians were quiet, little being reported from this quarter. "Chartered" fluctuated, finishing slightly down, as did Rhokana, but Roan Antelope recorded a small improvement. Among Australians some attention was given to Wilunas and Sulphides.

"FINANCIAL NEWS" DAILY BARGAIN INDEX.
(Approximate number of Bargains recorded in Stock Exchange Lists.)

	June 11, 1931.	June 12, 1931.	June 15, 1931.	June 16, 1931.	June 17, 1931.	June 18, 1931.
Government and Municipal Loans	1,336	1,436	1,624	1,215	1,310	1,156
Transport, Communications, and Public Utilities.....	915	957	980	866	905	726
Commercial and Industrial Banks, Insurance and Financial	1,283	1,305	1,558	1,320	1,285	1,186
Mines (including Nitrate) ...	483	472	526	445	471	333
Oil	481	357	359	317	322	300
Rubber, Tea and Coffee.....	158	113	149	123	74	79
.....	54	86	89	69	72	63
Total	4,710	4,726	5,285	4,355	4,439	3,843

* Including iron and steel and breweries.

"FINANCIAL NEWS" DAILY AVERAGE OF 30 INDUSTRIAL ORDINARY STOCKS.
(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	June 11, 1931.	June 12, 1931.	June 15, 1931.	June 16, 1931.	June 17, 1931.	June 18, 1931.
72.3	54.5	57.0	58.0	57.8	58.0	57.5	57.2

FOREIGN STOCK EXCHANGES.

NEW YORK.

Business in Wall Street continued at a low ebb, the total turnover of shares on Wednesday last being less than a million for the first time since October, 1926. The tone was no worse than could be expected in view of the large number of factors making for unsettlement, and markets reacted favourably to the improved news from Central Europe and to bank rate advances in Germany and Austria. The bond market, in particular, showed renewed firmness. Some trepidation is felt with regard to the forthcoming publication of the second quarter's reports, which are certain to reflect the intensification of trade stagnation. Railroad shares trended steadily downwards, the market having apparently discounted the company's petition to the Inter-State Commerce Commission for an increase in rates. In that connection it is noteworthy that the Commission has decided to meet the wishes of the railroads and forgo the 90-day delay in calling the hearings, and also to limit the number of witnesses to be heard. An emergency committee has been formed in connection with the railroad investments of the life assurance companies and mutual savings banks, which intends to fight for wage reductions, if the petition for a rate increase fails, as the only means of safeguarding the \$6,000 millions of railway bonds held by the insurance companies and the banks. There is a general feeling in the market, however, that rail dividend reductions are not yet at an end. The speech delivered by President Hoover at Indianapolis, which in-

cluded a defence of the tariff system, was not interpreted as foreshadowing any immediate change of major policy, and its effect on market quotations was negligible.

	June 4, 1931.	June 11, 1931.	June 18, 1931.		June 4, 1931.	June 11, 1931.	June 18, 1931.
U.S. 3½% T. Bds.	107½	107½	107½	Natl. Biscuit	66½	65½	64½
Lib. L. 3½% 32-47	102½	102½	102½	Chicago Dodge	12½	12½	12½
Do. 4½% 32-47	103½	103½	103½	Pullman	34½	34½	35½
Do. 4½% 33-38	104½	104½	104½	Sears-Roebuck	51½	52½	50½
Atchafalpa	146	157	151½	Studebaker	17½	16½	16½
Ches. & Ohio	33½	35½	34	Un. Fruit	54	55	54½
Eric	17½	20	18	U.S. Leather	6½	6	5½
Illinois Central	47½	47½	45	U.S. Rubber	12½	12½	11½
N.Y. Central	80	87½	84½	U.S. Steel	22½	21½	21½
Pennsylvania	48½	50½	47½	Westinghouse	65	64½	55
Southern Ry.	77	81	77½	Woolworth	68½	69½	65½
Union Pacific	150	156	154½	Am. Tel. & Tlg. ...	170	169	167½
Am. Can.	100½	102½	99½	Interboro R.T.	21½	23½	26½
Amer. Smelting	28½	29½	28½	Int. Tel. Telegr. ...	25½	25½	27½
Anaconda	22½	22	20½	Radio Corp.	151½	151½	14½
Bethlehem Steel ...	45	44½	41	Utilities P. & L. ...	23½	22½	22½
Chrysler Motor	15½	16½	17½	W. Union Tlg. ...	105	109½	106
Corn Producers Rf.	64½	64	63½	Associated Gas "A" ..	16½	16½	16½
Kastman Kodak	131½	130½	128½	Pan. Amer. B.	25	28½	25
Gen. Electric (New)	40½	40	38½	Shell	19½	21	21
Gen. Motors	35½	35½	33½	Shell Union	4½	5½	7½
Int. Harvester	42½	42	39½	Sinclair Oil	7½	7½	7½
Montg. Ward	18½	19½	18	Std. California	34½	35½	34
				Do. N.J.	34½	35½	34½

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Be- ginning of Year.	June 10.	June 17.
337 Industrials ...	134.5	218.9	98.2	174.1	99.6	85.4	84.1
33 Rails	127.8	173.5	89.1	145.6	92.0	72.8	74.4
34 Utilities.....	177.6	330.4	153.2	267.4	158.1	151.0	150.9
Total, 404 stocks...	140.3	228.1	105.5	184.2	107.6	93.8	93.1
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.33%	6.39%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	June 10, 1931.	June 11, 1931.	June 12, 1931.	June 13, 1931.	June 15, 1931.	June 16, 1931.	June 17, 1931.
140.2	92.7	104.1	103.6	106.5	103.2	102.4	102.8	101.3

TOTAL DEALINGS IN NEW YORK.

	June 11, 1931.	June 12, 1931.	June 13, 1931.	June 15, 1931.	June 16, 1931.	June 17, 1931.	June 18, 1931.
Stock Exchange— Shares (Thous.)	1,700	1,600	500	1,300	1,100	900	1,100
Bonds (Value Thous. \$) ...	9,917	11,144	4,662	9,664	10,093	9,198	8,975
Over- Shares (Thous.)	310	360	110	210	210	200	190

* 2-hour session.

BERLIN.

Last month brought the heaviest falls since September. The index fell from 96 to 80 between the end of April and the beginning of June, whereas the previous minimum had been 85 at the beginning of January. The declines in foreign Stock Exchanges were the principal cause, and these were sharply accentuated on May 12th when the losses of the Kreditanstalt in Austria became known. The succeeding weeks brought all manner of bad news: the political and financial crisis in Vienna; the unfavourable course of events at Geneva; the success of the National Socialists at the Oldenburg elections; the preparation of the emergency decree, with fresh increases in taxation and internal political difficulties; the fall in German bonds abroad in connection with the discussions of reparations—all these were depressing influences on the Berlin Stock Exchange. General nervousness, combined with sales of securities and the calling in of credits from abroad, which severely depressed the mark exchange led to grave losses only slightly checked by the recovery on June 15th, following the rise in the Reichsbank rate. Of the leading German shares shown in the following table, not one is quoted higher

(Continued on page 1336.)

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 10, 1931.	Price, June 17, 1931.
Central American Exploration.....	...	...	1 1/4-1 1/2	1 1/4-1 1/2
Osach 7% Ster. Bonds.....	96	40	10-9 dis	12-10 dis
De Beers 5 1/2% Ster. debts.....	...	...	90-95	90-95
Derby 4 1/2% 1951-61.....	98	fy. pd.	100-100 1/2	101 1/2-101 1/2
Fortnum and Mason Inc. 7% pref.....	85	12 1/2	2 1/2-1 1/2 dis	2 1/2-1 1/2 dis
Greek 6% Ster. Bonds.....	87	fy. pd.	81 1/2-82 1/2	81 1/2-82 1/2
India 6% 1933-34.....	100	55	2 1/4 dis	1 1/2-1 1/2 dis
Lanca. Cotton 6 1/2% debts.....	97 1/2	67 1/2	19-17 dis	18 1/2-16 1/2 dis
London and National Property 5% debts.....	99	50	1/2 dis-1 pm	1/2 dis-1 pm
London Power 5% deb. 1972.....	100 1/2	fy. pd.	4 1/2-5 1/2 pm	10 1/2-10 1/2
Mt. Water Board (D).....	101	fy. pd.	2 1/2-2 1/2 pm	101-101 1/2
Middlesex 4 1/2% 1950-70.....	101 1/2	5	1 1/2-1 1/2	1 1/2-1 1/2
National Caning Ord. £1.....	99	5	1 1/2-1 1/2	1 1/2-1 1/2
New Zealand 5% 1932-34.....	99	5	1 1/2-1 1/2	1 1/2-1 1/2
Odham's Press 7% (B) debts.....	98	fy. pd.	100 1/2-102 1/2	100 1/2-102 1/2
Panama Corporation 8% debts.....	100	25	4-1 dis	3 dis-par
Rhokara Corp. 7% debts.....	100	50	par-10 pm	5 dis-5 pm
Rio Claro Ry. and Invest. 5% debts.....	192-72	...	95-97	95-97
Rio Tinto 5% debts.....	9 1/2	60	11-9 dis	10-8 dis
S. Essex Water 5% pref.....	103	fy. pd.	par-3 pm	104-106
S. Essex Water Ord.....	111 1/2	fy. pd.	par-3 pm	111-115

(Continued from page 1333.)

than a month ago. After those companies whose results fell short of expectations (Karstadt, Zellstoff Waldhof, Lindström, Nardstern, etc.) the most heavy offerings have been of bank shares, especially those of the Darmstädter Bank. But even among market favourites there were declines:—I.G. fell 25, Siemens 28 1/2 and Salzdettfurth 50.

Official "Cash" Quotations in all cases.

	May 4, 1931.	June 15, 1931.		May 4, 1931.	June 15, 1931.
Banking and Insurance.			Industrials—cont.		
Banker Handelsg.	119	103	Deutsche Erdöl.....	29	20 1/2
Commerz und Privat.....	108	100	Deutsche Linoleum.....	80	52 1/2
Darmstädter.....	131	110 1/2	Dynamit Nobel.....	71	60 1/2
Deutsche und Disconto.....	103	100 1/2	Farbenindustrie.....	142 1/2	115 1/2
Dresdner.....	103	100	Feldmühle Papier.....	129	89 1/2
Reichsbank.....	143	121	Gelsenkirchen.....	76	57
Allianz und Stuttgarter.....	218	170	Görlitzer Waggon.....	83	62
Nordstern.....	180	101	Hirsch Kupfer.....	112	101
Communications.			Kali Aschensleben.....	141	106
Deutsche Reichsbahn Pfand.....	87 1/2	81	Karstadt.....	55	28 1/2
Hamburg-Amerika.....	56 1/2	43	Lindström.....	362	200
Hamburg-Süd.....	109 1/2	89 1/2	Mannesmann.....	72	54 1/2
Hansa.....	80 1/2	69 1/2	Orestein und Kopp.....	50	34 1/2
Norddeutscher Lloyd.....	57 1/2	54 1/2	Polyphon.....	146	115 1/2
Industrials.			Rutgers.....	50	37
Allg. Elektrizität.....	100	80	Salzdettfurth.....	217	167 1/2
Augsburg-Nürnberg.....	60 1/2	47	Sarotti.....	95	73 1/2
Bemberg.....	92 1/2	72 1/2	Schlesische Textilwerke.....	150	118 1/2
Bergmann.....	85	61 1/2	Schultheiss-Palshofer.....	159	130 1/2
Continental Gummi.....	117	93 1/2	Siemens und Halske.....	108	80
			Tietz.....	118	84
			Verein. Glanzstoff.....	52	36 1/2
			Verein. Stahlwerke.....	90	65 1/2
			Zellstoff Waldhof.....		

AMSTERDAM.

The annual reports of the leading Dutch industrial concerns, such as the Royal Dutch, Philips Lamp Works, Unilever and A.K.U. which were recently issued, all made a very poor impression on the Amsterdam stock market. Shares in Philips Lamp Works dropped from 207 1/2 per cent. to 122 per cent. in the course of a single month, and they now stand at around 109 per cent. The annual report, in fact, discloses that the profits declined from 42.9 million guilders to 12.7 million, whilst depreciation to the extent of 50 million guilders has had to be written off from the reserves. As it is stated that business was satisfactory until the middle of September, the question arises whether the works were operating at a proper margin of profit in the last quarter of 1930, and whether that is still the case. The quotations for Unilever and A.K.U. also suffered pronounced setbacks, although trading was more limited in extent. The profits of the A.K.U. declined from 10.2 million guilders in 1929 to 2.9 millions in 1930, the dividend being passed. Although the final distribution of 7 per cent. brought the total dividend of Royal Dutch up to 17 per cent., against 24 per cent. in 1929, whilst the profits were comparatively satisfactory, the shares dropped from about 225 to below 200. The profits in 1930 were 90.8 million guilders, or 36 million less than in 1929, representing a drop of 28.8 per cent. Comparing this figure with the profits of other big petroleum companies, the Royal Dutch makes a relatively good showing, for the decline in profits of the Standard Oil of New Jersey was 65 per cent. and of the Texas Corporation 68 per cent. Other sections failed to escape the

general weak tendency. In spite of improved crop prospects, tobacco shares were lower. There is some apprehension that the importation of Sumatra tobacco into the United States may be prohibited from January 1, 1932. Sugar shares recovered a trifle towards the close of the month, under the influence of the fairly satisfactory annual report of the H.V.A.; profits reached 63 million guilders against 12.8 millions in 1929. The sugar crop of the Dutch East Indies in the past year yielded 2,702,884 tons, of which 633,000 tons are at present unsold. Rubber shares were dull, and shipping shares were, if anything, more idle. Although quotations stiffened later, as a result of covering operations, the public showed no desire to appear on the market with investment orders.

	Apr. 1931.	May 1931.	June 1931.		Apr. 1931.	May 1931.	June 1931.
4 1/2% Gov. Bds. 1916.....	102 1/2	102 1/2	103 1/2	Algem. Explorat.....	72 1/2	69 1/2	70 1/2
4 1/2% Bonds 1916.....	101 1/2	101 1/2	103 1/2	Aniem.....	258	230	228 1/2
4 1/2% Bonds East Indies.....	99	98 1/2	98 1/2	Ned. Ind. Gas.....	233	218	210
4 1/2% Amsterdam, 1913/1914.....	101 1/2	101 1/2	102 1/2	Royal Dutch.....	269 1/2	218	199 1/2
4 1/2% Rotterdam, 1930.....	101 1/2	101 1/2	101 1/2	Amsterdam Rub'r.....	96 1/2	81 1/2	74 1/2
Amsterdam Bank.....	180 1/2	173 1/2	162	Deli Batavia.....	49 1/2	41 1/2	27 1/2
Koloniale Bank.....	128	107	97	East Java.....	134 1/2	109	104 1/2
Ned. Ind. Handelsbank.....	123	112 1/2	110 1/2	Hessa Rubber.....	63	44	39 1/2
Neth. Trading Soc.....	144 1/2	133	118 1/2	Serbadijati Sumatra.....	56 1/2	39	35
Rotterdam Bank.....	107 1/2	100 1/2	96	Allied Sumatra.....	41	32	27
Van Berkels Pat.....	54	45 1/2	40 1/2	Holland Amer. Line.....	11 1/2	11 1/2	7 1/2
Central Sugar.....	36	32	27	Royal Packet.....	156 1/2	128	122 1/2
Shipbuilding Wilton.....	50 1/2	18	18	Neth. Shipping U. Navigation "Nederland".....	44	118 1/2	36 1/2
Dutch Art. Silk.....	81	81	72	Royal Steamship Line.....	60	48 1/2	40
Unilever.....	207 1/2	163 1/2	160 1/2	Java China Japan Line.....	99	84 1/2	77
Kuechenmeister Acc.....	78 1/2	65	49 1/2	Vorstenlanden.....	374	306	287
General Art. Silk.....	91 1/2	69 1/2	59 1/2	Trading Co. Amsterdam.....	275	250	214
Dutch Ford.....	309 1/2	279 1/2	275	Java Plantations.....	158	140	117 1/2
Philips Elect. Lamp.....	226 1/2	157 1/2	111 1/2	Neth. India Sugar.....	370	...	...
Steeh. Match.....	222	207 1/2	175 1/2	Besocki.....	258	258 1/2	212
Kreuger & Toll.....	480	403	376	Deli Batavia.....	278	289 1/2	248
Intern. Cred. Trad.....	202	172	155	Sembab.....	327 1/2	326 1/2	260
Redjang Lepong.....	129	121 1/2	118 1/2				
Staggep Tm.....	119	101	103				
Bolton.....	43	31 1/2	36 1/2				

x Ex dividend.

INVESTMENT NOTES.

The Woolworth Issue and Pre-Allotment Dealings.

Two or three days prior to the issue of the Woolworth prospectus rumours were current in the City to the effect that America was bidding 8s. premium for the ordinary shares of 5s. that were to be offered at 40s. each. The lists for preference and ordinary shares were open for ten minutes in London, and country applications were considered which arrived by first post on the following morning. Dealings started almost immediately afterwards in the Stock Exchange. The ordinary shares changed hands in fairly large numbers between 3s. 9d. premium and 5s. premium above the 40s. at which the shares were offered. For the fully-paid preference shares 20s. 9d. was quoted. Considerable confusion prevailed in connection with these dealings. Stock Exchange firms with orders from clients to buy or to sell Woolworths as soon as the market opened had to decide whether they would execute these or whether they preferred to remain within the strict letter of the Stock Exchange rule which forbids dealing to take place in any shares before allotments or letters of acceptance are out. Financial houses outside the Stock Exchange who deal in stocks and shares are, of course, bound by no Stock Exchange rules in regard to the time at which they should be allowed to carry out their clients' orders. There is nothing to prevent a non-Stock Exchange firm from buying and selling, whether allotments have been despatched or whether the applicants for shares are still in doubt as to the allotments they will receive. The Stock Exchange is as keen as any other business body would be to undertake whatever legitimate business is offered, and in reply to the rule which forbids dealings before allotment, another rule was quoted in defence of the pre-allotment dealings, which permits bargains to be done in the case of new issues where a previous issue of

the same country, corporation or company has been quoted on a Dominion, Colonial or foreign exchange. The shares of the American Woolworth Company have been dealt in, of course, for years past, and those people who have been dealing before allotment in the shares of the English company claim that the rule just quoted is sufficiently wide to cover the transactions in the new Woolworth shares offered on this side, although the latter are in a different company. On the other hand, public interest, which is, after all, the main thing to which the Stock Exchange Committee's attention will be directed, is served by compliance with the rule that forbids dealings before allotment. If it were not for this rule, shady promoters would find it a simple matter to create an atmosphere of artificial strength, and, by this means, to induce purchases of shares at prices that the buyers would subsequently regret having paid. The Woolworth affair has given rise to a good deal of feeling in the Stock Exchange. While in some ways the abrogation of the rule prohibiting pre-allotment dealings might be considered a retrograde step, the necessity of clarifying the present position is beyond dispute.

"Independent" Tobacco Company Profits.—In spite of the fact that the amount of tobacco retained for home consumption increased from 147.6 million lbs. in 1929 to 151.6 million lbs. in 1930, the independent tobacco companies have had to fight hard for their trade, if we are to judge from the mixed showing of their latest reports. Of eight companies whose reports we have analysed, four show improved figures, though in the case of two, Abdulla and Cope Bros., the increase in profit is slight, while one, R. and J. Hill, has merely reduced its rate of losses. Gallaher, which has lately concentrated on its cigarette trade, did well to increase its rate of earnings from 13 1/2 per cent. to 15.7 per cent. seeing that its new factory in the South of Ireland only started operations in the latter part of last year. Of those companies whose profits for 1930 show a decrease Alfred Dunhill is conspicuous for a fall of 59.8 per cent. from £50,690 to £20,336. Godfrey Phillips, which holds the entire ordinary capital of Abdulla, and controls numerous other concerns, including Cavenders, Cohen Weenen, and Thomson and Porteous, has had to find £29,698 to cover the loss made by a subsidiary. It will be seen from the following table of the distribution of profits that in two cases—Albert Baker and Rothmans—the ordinary share dividends have been reduced, and in two other instances—Abdulla and Gallaher—increased:—

Name of Company.	Net Profit, 1929.	Ordinary.		Net Profit, 1930.	Ordinary.	
		Earned.	Paid.		Earned.	Paid.
Abdulla and Co.	£ 80,841	21.0	17.5	£ 80,866	20.4	20.0
Albert Baker	30,663	12.5	15.3	28,245	12.5	14.1
Cope Bros.	42,139	14.3	12.5	44,445	15.3	12.5
Alfred Dunhill	50,690	20.3	20.0	20,336	5.2	20.0
Gallaher	200,425 1/2	13.5	6.5	207,257	15.7	8.0
R. and J. Hill	Dr 33,910	Nil	Nil	Dr 22,320	Nil	Nil
Godfrey Phillips	171,359	24.5	10.0	135,358	15.4	10.0
Rothmans	29,577	67.8	28.1	23,951	33.3	17.5

† Period January 19, 1929, to December 31, 1929.
‡ Before income tax and contingencies.

In the next table the current market quotations are compared with prices this time last year and the yields given on the double basis of earnings and dividends:—

Company.	Market Price per £1 Ordinary Share.		Yield %	
	May 30, 1930.	June 15, 1931.	On Earnings.	On Dividends.
Abdulla and Co.	22 1/2	21 3/4	£ s. d.	£ s. d.
Albert Baker	24 1/4	24 1/4	10 1/4 1	7 10 4
Alfred Dunhill	41 3/4	15 10 1/4	6 13 1	11 10 2
Gallaher	30 1/2	25 7/8	12 5 0	34 3 3
R. and J. Hill	2 1/2	3 1/4	...	6 4 10
Godfrey Phillips	21 3/4	16 1/2	17 6 1	11 17 7
Rothmans	20 1/2	14 3/4	...	6 14 9

* £1 8 per cent. cumulative preference shares. Ordinary shares not quoted.
† £1 7 per cent. cumulative preference shares. Ordinary shares not quoted.

The chairman of Gallaher, at the general meeting in March, stated that the company's cigarette sales continued to show steady and satisfactory expansion. Clearly this company, which is now beginning to reap the benefit of its expansion policy, is to be a powerful new competitor in the cigarette trade. Nevertheless, despite fierce competition, the outlook for the tobacco industry is not unfavourable in comparison with other trades which have to meet a falling consumption as a result of the world slump.

Harland and Wolff.—The latest accounts of this £10 millions shipbuilding and engineering company make sorry reading. Although the gross tonnage output for 1930, at 145,636 tons, was the highest of recent years, the rate of profit earned was again unsatisfactory. After providing £250,000 for depreciation and £12,137 for income tax, net income totalled only £105,746, against £216,749 for 1929. Although, with the amount of £132,307 brought forward, the sum of £238,053 stands to the credit of profit and loss account, the report states that it is not represented by liquid resources available for distribution, so that no dividend can be paid on the preference shares. The ordinary capital has not received a dividend since 1924.

Year to December 31st.	1928.	1929.	1930.
Profit	£ 204,355 1/2	£ 674,873	£ 367,882
Depreciation	...	300,000	250,000
Written off investments	...	115,615	...
Income tax	...	42,509	12,137
Net profit	204,355	216,749	105,745
Brought forward.....	95,203	107,558	132,307
6% first pref. div.	192,000	192,000	Nil
Carried forward.....	107,558	132,307	238,053

† After provision for depreciation and income tax.

The report indicates that the directors are acting with the voting trustees appointed by the Treasury and the banks to control the Royal Mail group of shipping companies, with which Harland and Wolff is closely associated. It is from the Royal Mail group that a large proportion of the amounts outstanding is due. The directors recognise that the fixed assets must be reduced substantially from the amounts shown in the balance sheet in order to bring them into accord with present-day values, and that the investments in subsidiaries must also be written down. A scheme for the reorganisation of the company's assets and capital will be put before shareholders when the position of the associated shipping companies has been clarified. The liquid assets appear in the balance sheet at £675,444, and the current liabilities at £4,619,757. The £1 6 per cent first preference shares are quoted at 2s. 3d., against a high level for 1931 of 5s. 4 1/2d. and for 1930 of 12s. 4d.

Mexican and Canadian Eagle.—Of the reports of the Mexican and Canadian Eagle Oil Companies the latter makes the more satisfactory reading. Canadian Eagle took over the assets of the old Mexican Eagle outside Mexico. These assets included its interest in the Eagle

HARRIS, FORBES & COMPANY LTD

77 CORNHILL, LONDON, E.C.3

GOVERNMENT, MUNICIPAL, RAILWAY, PUBLIC UTILITY, INVESTMENT TRUST AND INDUSTRIAL FINANCING

Oil Transport, the entire share capital of which the company now owns, and the oil purchase agreement with the Venezuelan Oil Concessions. The company refines the oil purchased from the Venezuelan Oil Concessions in the Aruba refinery of its wholly-owned subsidiary, Arend Petroleum Maatschappij, and sells the refined products to the Anglo-Mexican Petroleum, 50 per cent. of whose ordinary share capital it owns. The basis of the purchase price of the crude oil and selling price of the refined oil products in effect guarantees the Canadian Eagle a certain refining profit without involving it in the risks of the oil market. The results for the past two years compare as follows:—

(In Canadian Dollars.)

	1929. Barrels.	1930. Barrels.
Purchases of oil	7,583,200	8,002,758
Shipments of oil	7,194,720	8,130,074
	\$	\$
Trading profit*	5,436,416	6,929,905
Investment reserve	1,000,000	1,000,000
Earned for dividend	4,436,416	5,929,905
Preference dividends	1,229,646	1,094,953
Participating preference dividend (23-88 cents)	204,119	204,119
Ordinary dividend (12 cents)	1,455,393	1,455,393
Earned on pref. and ord.	32.47	44.94
Carry forward	1,655,327	2,884,128†

* Includes interest and dividends from investments, after making provision for depreciation and reserve against fluctuations in value of stocks.

† Less \$1,946,640 premium paid on purchase of preference shares in Eagle Oil Transport and written off.

It will be observed that the company has applied \$1,000,000 to investment reserve, which, together with the depreciation reserve carried in the Arend Petroleum accounts, is sufficient to provide against any possible loss on the eventual disposal of the refinery at Aruba. The directors refer to the investment made jointly with the Royal Dutch-Shell group in the purchase of the Hotel Cecil property on which new offices are being erected for Shell-Mex, Ltd. The Mexican Eagle, which is producing, refining and marketing in Mexico, reports a satisfactory increase in output and sales but a lower revenue therefrom on account of the world decline in oil prices. The results for the past two years compare as follows:—

	1929. Barrels.	1930. Barrels.
Production	11,954,048	12,820,198
Purchases	6,765,805	5,554,263
Sales	14,854,739	18,883,361
	Mex. pesos.	Mex. pesos.
Trading profit	16,868,609	15,249,909
Dividends, interest, &c.	391,266	642,758
Total income	17,259,875	15,892,663
Depreciation	10,166,555	10,074,549
Available for dividends	7,093,320	5,818,114
To statutory reserve	354,606	290,906
First preference dividends	1,224,180	1,153,206
Participating pref. (8%)	272,000	272,000
Ordinary dividends (6%)	2,899,863	3,379,862
Carry forward	2,580,511	3,302,650

The directors refer to a reduction in the export taxes on petroleum, but declare that the existing scale of taxation in Mexico is still an excessive burden, particularly with the low prices prevailing for crude oil and refined oil products. The balance sheets of both companies show considerable financial strength, the amount of British Government securities and cash held by the Canadian Eagle being \$1,490,856 (£306,258) and by the Mexican Eagle \$17,887,225 (£1,832,707). The ordinary shares of Canadian Eagle and Mexican Eagle are quoted at 7s. and 6s. 10½d., to return yields of 7.04 per cent. and 7.15 per cent. respectively. The highest prices this year were 9s. 3d. and 10s. 9d. respectively.

Phoenix Oil and Transport.—Like the Mexican Eagle, the Phoenix Oil and Transport Company, Ltd., is a producing, refining and marketing company, with its sphere of operations more or less confined to one country. Unlike the Mexican Eagle, however, it has had to meet in its markets severe competition from domestic producers and

from imported Russian oil. Market prices have, therefore, been very unfavourable, but this has been offset to some extent by a further increase in the company's production. The results for the past two years compare as follows:—

	1929. 483,013 tons	1930. 613,391 tons
Production		
Trading profit	£ 288,311	£ 267,242
Net profit after overhead expenses	275,577	248,549
Per cent. earned on £1 shares	6.4	5.8
Per cent. paid	5.0	2½
Per cent. earned on 1s. ordinary shares	73.8	65.7
Per cent. paid on 1s. ordinary shares	57.6	28.8
To reserve	60,000	50,000
Carry forward	142,349	233,075

The directors stated that, although the profit earned during the year and the cash resources of the company were adequate for the payment of a final dividend equal to the interim dividend, they considered it wise to conserve those resources. The soundness of that decision will not be disputed, for Roumanian producers have failed to restrict their output, and prices in the domestic oil markets are weak in the extreme. The output of the company in the first five months of the current year showed a further increase, having been at the rate of 700,000 tons per annum, which indicates that the Phoenix Oil has shared wholeheartedly in the folly of overproduction. The £1 ordinary shares of the company are now quoted at 4s. 3d., as compared with a high level of 14s. 1½d. in 1930 and 1931.

A Contrast in Oil Producers.—The reports of Lobitos Oilfields, Ltd., and the Colon Oil Corporation, which are both producers of crude oil, but not marketers of refined oil products, present an interesting contrast. Lobitos, which controls Anglo-Ecuadorian Oilfields, and has an interest in the International Petroleum Company (in Colombia), has to sell its Peruvian crude oil chiefly in the American market. Last year it had to meet a substantial fall in market prices in February, partly offset by a subsequent small advance, and a further serious decline in October and again in March this year. The price of light crude oil of 36 Beaumé is now only 33 cents per barrel, as compared with \$1.45 sixteen months ago. The outlook for Lobitos is, therefore, pretty black. Lord Forbes, at the general meeting, on June 11th, stated that the price the company was now obtaining was considerably below cost, so that, unless an early improvement occurred, of which there was no present indication, the company's Peruvian subsidiary must show a loss for the current year. The increase in the revenue of Lobitos for 1930 was explained by the higher profits received from the company's tankers, as the following table will show:—

	1929. 320,820 tons	1930. 345,833 tons
Production		
Profit from steamers	£ 29,238	£ 80,562
Commission on sales of oil	63,235	61,616
Dividend from operating subsidiary ..	40,000	40,000
Miscellaneous	38,900	41,636
Total	171,374	223,814
Expenses	26,369	21,656
Income tax reserve	20,000	20,000
Available for dividends	125,005	182,158
Per cent. earned	16.1	17.1
Per cent. paid	12.5	10.0
To reserve	50,000	100,000*
Carry-forward	211,583	216,242

* Including £50,000 to income tax reserve.

In view of its large cash resources there is no doubt about the ability of Lobitos to emerge successfully from the present depression, but conditions in Peru at the moment could hardly be worse. With regard to the political situation, Lord Forbes said that a few agitators had stirred up discontent among the labour forces in the oilfields, but that the Government had sent troops to the scene and that the general position had improved. The Colon Oil Corporation, in contrast with the Lobitos Oilfields, is in a privileged position. Its subsidiary producing company, Colon Development, has proved two prolific oilfields in the

Colon district of Venezuela—Tarra and Los Manueles (the latter as yet undeveloped) which are believed to excel in size the entire producing areas of the Venezuelan Oil Concession. It is, therefore, a cheap producer and its crude oil, carried to the coast through a pipeline built by its parent company, Colon Oil Corporation, is sold to the Royal Dutch-Shell group on the basis of world prices without further trouble to the company. Last year, the company's production amounted to 696,220 metric tons, and the pipeline, which can carry 20,000 barrels a day, is now working at about 75 per cent. of capacity. In view of the flush production in the Tarra field, drilling elsewhere has been discontinued. According to Mr Agnew, who presided at the general meeting of the company on May 27th, the company is now earning a revenue considerably in excess of cash outgoings, including the payment of interest on \$10,000,000 6 per cent. debentures and supplementary loans. These debentures of the Colon Oil Corporation, which have been largely taken up by British investors, are now quoted in New York at around 50. In view of the depressed state of the oil markets throughout the world, the position of the Colon Oil Corporation may be regarded as not unsatisfactory by the debenture holders.

Lord Kysant—Proceedings Continued.—The hearing was resumed at the Guildhall on Monday last of the summonses against Lord Kysant and Mr H. J. Morland in respect of charges in connection with the affairs of the Royal Mail Steam Packet Company. Mr A. T. Cason, chief accountant of the Royal Mail, continued his evidence as to the preparation of the balance sheet and profit and loss account for 1926, and of the memorandum for auditors. Mr D. N. Pritt, K.C., for the prosecution, questioned the witness as to the information received from Lord Kysant by the directors with regard to transfers from hidden reserves, and as to the taking into account of special credits, of which Lord Kysant was said to have approved. Witness stated that the other directors did not approve of any of the special credits from 1921-1927. Dealing with matters relating to the prospectus charge, witness stated that at the beginning of 1928 the company was over-drawn at its bankers, and letters were read from Barclays Bank on the subject of the overdraft. In the middle of June, witness was shown a draft prospectus by Lord Kysant, who, following a suggestion made by him, altered the word "profits" therein appearing to "balance." The hearing was continued on Wednesday, when Mr C. S. Lewis, the present chief accountant of the Royal Mail, gave evidence as to conversations which he had had with Lord Kysant and Mr Cason regarding the draft prospectus and as to a letter which Lord Kysant had dictated to the effect that the audit of the company showed that during the last preceding ten years the average profits had been sufficient to pay the interest on the present issue many times over. Mr D. I. Conradi, secretary of the Royal Mail, since March, 1919, then gave evidence regarding directorial meetings at which the terms of the £2,000,000 debenture issue were discussed, and subsequently approved. Counsel referred to the minutes of a special general meeting of the company of May 15, 1907, which the witness agreed were to the effect that as from January 1, 1906, if the company paid a dividend of 5 per cent., after writing off depreciation of the fleet, Lord Kysant would receive, as chairman, remuneration based on ½ per cent. of the gross takings of the company. Mr A. H. Milbourne, a joint secretary of the Union Castle Mail Steamship Company, who acted as private secretary to Lord Kysant from about 1912 to 1930, gave evidence regarding instructions which he received from Lord Kysant to change "profit" into "balance" in the draft prospectus which he had prepared. Witness affirmed that nothing was said as to why there was to be no underwriting. The hearing continued.

Barry and Staines Linoleum.—Before the amalgamation, both Barry Ostlere and Shepherd and Linoleum Manufacturing published informative reports, but the accounts for the year to March 31st of Barry and Staines, the holding company, are difficult to interpret in the

absence of a consolidated statement of assets and liabilities. The profit disclosed by the holding company is £100,466, while for the 15 months to March 31, 1930—the change-over period—the net profit was £287,360, part of which represented the trading profit of the Linoleum Manufacturing and the remainder a final dividend from Barry Ostlere and Shepherd. The difficulty of comparison is increased by the note to the profit and loss account, which states that a proportion of the dividend of one subsidiary has been declared out of accumulated profits. The setback marks the first important reverse suffered by either of the principal constituent companies for many years, and is no doubt partly due to reduced consumption by railways, shipping companies and other large buyers of linoleum, and partly to the necessity for writing down inventories. The stock of the Linoleum Manufacturing business at March 31, 1930, stood at £465,368, but the corresponding figure for Barry Ostlere is not available. According to *Economist* figures, linseed oil and jute—the two principal commodities—fell respectively 54.3 per cent. and 39.4 per cent. in the 12 months ended March, 1931. Hence, it is conceivable that a large proportion of the reduction in profits is due to the writing down of stocks. The dividend for the year is 7½ per cent. on the capital as increased by the 40 per cent. share bonus which followed the amalgamation. This dividend represents less than half the amount distributed for the fifteen months' period ending March 31, 1930, but it necessitates an over-distribution of £18,873 of the holding company's income as only 6.4 per cent. was earned. It is, of course, useless to attempt a comparison of the working capital position, but no doubt the chairman will give sufficient information at the forthcoming meeting to indicate that the group's strong finances have been fully maintained. At the present price of 25s. the shares yield 6 per cent.

International Match Corporation.—Broadly speaking, the world interests of the Swedish Match Company outside Sweden are controlled through the International Match Corporation, an American organisation the common shares of which are practically all owned by Swedish Match. The report of the International Match Corporation for 1930 covers, therefore, most of the world activities of the Swedish Match group, and it should prove satisfactory reading for the shareholders. The total sales of the company in 1930 were the largest in its history, and the expansion of the company's activities more than offset the effect of increased tariffs which several countries imposed during the year. Russian competition, according to the directors, lost considerably in importance, reports indicating that Russian exports for 1930 were 40 per cent. below those of 1929. As the following statement shows, the consolidated net profits of the International Match Corporation amounted to \$20,923,626, equivalent to \$8.90 on both the participating preference and common shares, as against \$8.77 for the previous year:—

	Year ending Dec. 31, 1929.	1930.
Operating income	26,213,386	26,749,139
Other income*	...	5,000,000
Total income	26,213,386	31,749,139
Depreciation	2,068,463	2,078,120
Federal taxes	1,050,816	1,326,700
Bond interest	2,460,920	2,430,350
Securities write-down	...	5,000,000
Net income	20,623,530	20,923,626
Preferred dividends (\$4.0)	4,590,000	5,400,000
Common dividends (\$4.0)	3,403,366	4,000,000
Surplus for year	12,630,164	11,523,626
Profit and loss surplus	69,708,068	81,231,694
Earned per share, ptg. preferred	8.77	8.90
Earned per share, common stock	8.77	8.90

Based on 1,350,000 participating preference and 1,000,000 common shares of no par value. Participating preference shares are entitled to \$2.60 per share, and after common shares have received \$2.60 participate equally with common.

* Represents profit from redemption of French Government bonds.

The consistent improvement in profits is due largely to the fact that the operation of Government match concessions

enables substantial savings to be made in manufacturing and selling costs. A provision of \$5,000,000 has been made out of the profits for the year 1930 and applied to reduce the book value of the foreign bondholdings to a figure which is now well below the market value. That substantial profits may be made by the International Match and Swedish Match companies on their foreign bond holdings is evidenced by the redemption of the \$50,000,000 loan by the French Government in 1928, which gave the International Match Company a profit of \$5,000,000. To provide funds for the acquisition of new assets \$50,000,000 10-year 5 per cent. convertible gold bonds were issued by the company in January, 1931, which are convertible into participating preference stock of the company at the rate of 12½ shares for each \$1,000 bond. The participating preference shares are at present quoted in New York at 54½ to yield 7.30 per cent. on the basis of \$4 dividends.

J. Lyons and Company.—This famous firm of caterers has experienced a very successful twelve months, the net profit figure once more constituting a record. All the dividend rates have been maintained and the usual sum of £100,000 is transferred to the reserve fund. The results of the past three years are shown in the following table:—

	Year ended March 31.		
	1929.	1930.	1931.
Net profit	908,950	935,871	942,320
Preference dividend.....	395,545	416,353	419,353
No. of times covered	2.29	2.25	2.25
Ordinary dividend:			
Amount.....	359,161	360,849	363,661
Earned per cent.	32.16	32.39	32.36
Paid per cent.	22½	22½	22½
Proportional and "B" Proportional profit shares	42,750	42,750	42,750
Paid per cent.*.....	4½	4½	4½
Reserve fund	125,000	100,000	100,000
Inc. or dec. in carry-forward	-13,506	+15,919	+16,556

* Dividend of 9 per cent. paid on "B" proportional profit shares.

During the year the item "land, buildings and machinery" has been increased by £218,620 to £10,146,298, while stocks have fallen by £568,924 to £2,302,267. Loans to subsidiaries have declined by £54,160 to £105,517, while their current accounts have risen by £29,797 to £54,932. Debtors are £60,244 lower at £533,573, and the cash item shows a decrease of £25,478 to £515,238. Since creditors have been reduced by £455,413, the excess of current liabilities over liquid assets is £224,496 less at £622,407. The preference capital is secured by tangible assets of 92s. 5d. per £1 preference share. At their present price of 91s. 3d. the £1 ordinary shares yield £5 1s. 9d. per cent.

Manchester Collieries.—The second annual report of this company, registered in 1929 to amalgamate nearly a dozen colliery undertakings, suggests that "rationalisation" is slowly bearing fruit. Profit from collieries and other activities totals £205,170, compared with £141,085, while net profit, after writing £21,192 off overpaid mine rents and setting aside £48,150 for depreciation and amortisation, amounts to £148,306, against £108,215:—

	Year to March 31.	
	1930.*	1931.
Income	159,828	220,369
Directors' fees	2,939	2,821
Depreciation, &c.	48,674	69,242
Net profit	108,215	148,306
Brought forward	...	17,569
Preference dividend.....	90,647	86,162
No. of times covered	1.2	1.7
Earned for ordinary, per cent.....	0.4	1.9
Carried forward	17,569	79,713

* Period March 12, 1929, to March 31, 1930.

Before arriving at the profits of subsidiary companies for the year, £17,524 was placed to amortisation reserve and

£5,876 to depreciation of rolling stock in the books of those companies. The balance sheet reveals a satisfactory degree of liquidity, available assets at £949,284 representing more than three times the total of current liabilities. Stocks have increased from £173,394 to £286,214, and cash is down from £332,015 to £201,807. At 16s. 6d. the £1 7 per cent. preference shares yield £9 6s. 8d. per cent., allowing for the dividend. The £1 ordinary shares are quoted at 4s.

Boots Pure Drug.—The widespread industrial depression has had little effect on the prosperity of this business of druggists and chemists. Income for the year to March 31st last totalled £860,870, against £857,059 in 1930, while net profit, after deduction of the usual generous allowances for depreciation and pensions fund, amounted to £722,264, compared with £724,868:—

	Year to March 31.		
	1929.	1930.	1931.
Profit	892,700	857,059	860,870
Depreciation, &c.	142,548	131,565	137,961
Directors' fees	...	625	645
Net profit	785,152	749,868	752,264
Brought forward	208,308	226,710	229,828
Prof. and pref. ord. dividend.....	96,750	96,750	96,750
No. of times covered	8.1	7.8	7.8
Ordinary dividend:			
Amount.....	435,000	435,000	435,000
Earned per cent.	47.2	45.6	45.4
Paid per cent.	29*	29*	29*
General reserve	200,000	190,000	200,000
Carried forward	226,710	229,828	220,342

* Including bonus of 5 per cent., tax free.

A further £200,000 is added to reserve, which now stands at £1,200,000. A highly liquid position is disclosed, current liabilities of about £630,000 being covered more than twice by available assets. At 5½ the £1 ordinary shares yield about £5 7s. per cent.

Bleachers' Association.—The accounts of this famous northern company, incorporated in 1900 to amalgamate certain firms in the bleaching trade, give details of one of the blackest years since its inception. Trading profits have declined from £769,873 to £308,053, after charging £238,836 for repairs and maintenance. Directors' fees take £2,610, depreciation fund £200,000, and debenture interest £101,250, leaving a net profit of £4,576, compared with £446,979 in 1930. Preference dividend, requiring £136,813, is met by drawing on dividend equalisation reserve to the tune of £90,000, and reducing the carry-forward from £279,414 to £237,177. The directors are unable to recommend the payment of a dividend on the ordinary shares.

	Year to March 31.		
	1929.	1930.	1931.
Net profit	600,107	446,979	4,576
Brought forward	298,072	282,818	279,414
Preference dividend.....	135,988	136,613	136,813
No. of times covered	4.4	3.2	...
Ordinary dividend—			
Amount.....	379,373	254,583	...
Earned %	12.8	8.5	...
Paid %	10	6.67	...
To reserve	100,000	59,187	Dr. 90,000
Carried forward	282,818	279,414	237,177

It is difficult to believe that the present débâcle will prove in the end to be anything more than a temporary setback. Dependent as it is on the most hardly hit of all our industries, the Association has encountered the full blast of the trade recession, and its earning power has suffered accordingly. The balance sheet, however, reveals a reserve fund of £1,050,000 and a satisfactory degree of liquidity. The £1 ordinary shares stood at 6s. 6d. following the publication of the accounts, against a high level of 24s. 3d. in 1930 and of 15s. 6d. early this year.

Daimler-Benz.—The largest German motor-car manufacturing company, the Daimler-Benz A.G., which produces the Mercedes-Benz car, made heavy losses in 1930. The turnover fell from Rm. 130 millions to Rm. 100 millions, and the losses were Rm. 7½ millions, against capital and reserves of 50 and 20 millions respectively. Even more serious than these losses is the further decline, amounting so far to 25 per cent., in the turnover of the current year. Daimler-Benz produces only the more expensive classes of car—the cheapest costs Rm. 6,000—and the demand in Germany at present is very much concentrated on small cars. It is probable that in the course of this year the company will produce a new small car, though competition in that market is already excessive. The price of this company's shares has recently fallen as low as 21 per cent. of their nominal value.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Mexican Railway, Madras Electric Supply Corporation, Callenders Cable and Construction, Armstrong Whitworth Securities, Wm. Cory and Son, Hovis, and City Deep. At the annual meeting of Callenders Cable and Construction Co., the chairman said that, in view of the primary importance of railway electrification in this country, he was pleased to inform shareholders that the company had carried out the conversion of one of the suburban lines from Manchester to Altrincham, jointly owned by the L.M.S. and L.N.E. railways. Presiding at the annual meeting of City Deep, Mr F. Raleigh told shareholders that the only alternative to their present policy of reducing the scale of operations and expenditure would be to curtail development to a minimum, gradually reduce tonnage and prepare the mine for closing down.

CAPITAL ISSUES.

THE public had the opportunity to subscribe for two issues during the week. *Middlesex County Council*, which has a good reputation as a borrower, offered £2,500,000 4½ per cent. debenture stock at 101 per cent., redeemable in 1970, and allowing the somewhat low redemption yield of £4 8s. 5d. per cent. The terms were a little high, and 48 per cent. was left with the underwriters. On Wednesday the lists opened for an issue of £3,000,000 5½ per cent. redeemable debenture stock of the *Buenos Aires Great Southern Railway Company* at 95 per cent., giving a flat yield of £5 15s. 6d. per cent. Despite the recent setback in the fortunes of the company, it is not anticipated that there will be any difficulty in meeting the debenture stock, annuity and rent charges for the current year.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to June 13, 1931, £83,088,491. Total, including conversion, recorded January 1 to June 13, 1931, £92,985,476.

National Savings Certificates.
Net sales, week ended June 13, 1931, £400,000.
Total receipts, April 1, 1931, to June 13, 1931, £3,350,000.

	Nominal Capital.	Conversions or Repayments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To the Public.					
Middlesex County Council	2,500,000	...	2,525,000	125,000	2,400,000
Buenos Aires Gt. Southern Rly.	3,000,000	...	2,850,000	150,000	2,700,000
Total offered to Public, week ended June 20, 1931	5,500,000	...	5,375,000	275,000	5,100,000
To Shareholders only.					
Armstrong Estates (Selangor) Rubber. £10,000 7% Deb. Stk. at par	10,000	...	10,000	2,000	8,000
Total offered to Shareholders only, week ended June 20, 1931	10,000	...	10,000	2,000	8,000
Total Offered for Subscription—					
Including Conversions.					
Jan. 1 to date—					
1931	98,770,476	88,873,491	1930.....	454,888,784	267,800,700
1930	243,687,847	167,435,573	1929.....	488,764,940	285,239,400
1929	194,554,634	163,229,034	1928.....	693,100,056	369,058,073
1928	...	420,860,661	1927.....	...	355,165,970
1927	...	199,298,664	1926.....	...	230,782,600
1926	...	117,252,324	1925.....	...	232,214,500
1925	...	111,261,974	1924.....	...	209,326,101
1924	...	103,674,781	1923.....	...	271,399,173

Nature of Borrowing.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
January 1 to date—				
1931	68,516,924	5,832,786	14,523,781	88,873,491
1930	136,609,594	12,724,987	18,100,992	167,435,573
Whole year—				
1930	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	212,817,900	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	355,166,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

	Amount previously recorded.	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
Amount previously recorded	6,297,183	...	...	6,621,940
Total for week ended June 20, 1931	Nil	...	...	Nil
Total to date, 1931	6,297,183	...	...	6,621,940
Total to date, 1930	15,703,378	...	...	17,383,957

Buenos Ayres Great Southern Railway.—Issue of £3,000,000 5½ per cent. redeemable debenture stock at £95 per cent., giving a flat yield of £5 15s. 8d. per cent. and a redemption yield of £5 16s. 7d. per cent. The stock will be redeemable at par by the operation of an annual cumulative sinking fund of 1 per cent., commencing July 1, 1932, to be applied in the purchase of debenture stock under par or drawings at par and accrued interest. The stock not previously redeemed is to be repaid at par on July 1, 1966. The proceeds of the issue will be applied to the repayment of temporary advances from bankers, and will leave a balance in hand sufficient to provide for present commitments and for general purposes.

Middlesex County Council.—Issue of £2,500,000 Middlesex County Council 4½ per cent. redeemable stock, 1950-70, at £101 per cent. Trustees are authorised to invest in this stock. The stock will be redeemed at par on November 1, 1970, unless previously cancelled by purchase or agreement, but the Council will have the option of redeeming in whole or part, at par, at any time on or after November 1, 1950, on three months' notice. The proceeds of the issue will be used for education, highways, bridges, etc., and to the extent of approximately £1,841,517 for the repayment of existing temporary loans.

Littlehampton Gas Company.—Issue by tender of 2,200 £5 "B" ordinary shares, minimum price £5 15s. per share, yielding at that price £6 19s. 2d. per cent. A dividend of 8 per cent. has been paid on the "B" ordinary stock for the past seven years.

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction:—**English and Scottish Investors.** Particulars of an issue of £191,040 4½ per cent. debenture stock, 1960-70. **South Metropolitan Electric Light and Power.** Particulars of an issue of £500,000 4½ per cent. debenture stock at 93 per cent., redeemable at par on January 1, 1972.

[Other Stock Exchange information, including the latest weekly traffic returns, dividend announcements, summary of balance sheets, reports and notices, profit and loss figures, oil outputs, and Transvaal gold output statistics, will be found on page 1352 under the heading "Company News."]

FIGURES OF ASSURANCE A.M.P.

By careful and prudent administration the A.M.P. has made more than £42,000,000 for the benefit of its Policyholders since its establishment in 1849, and this, after providing for all expenses of management, commission, taxes, etc. A.M.P. premiums are low, Bonuses high and policies, as befits the largest British Mutual Life Office, world-wide. Assets £83,000,000. Annual Income £11,800,000. Full particulars on application.

AUSTRALIAN MUTUAL PROVIDENT SOCIETY
73-76 King William St., London, E.C.4
D. E. WALKER, Manager for the United Kingdom.

AGRICULTURE, INDUSTRY AND FOREIGN TRADE OF LITHUANIA.

By M. LIPCIUS, Director of the Lithuanian State Treasury.

According to its topographical structure, Lithuania is essentially an agricultural country with 76.7 per cent. of the population engaged in agricultural occupations. Of the total area of 5,565,800 ha., about 49.6 per cent. is arable land, 25.3 per cent. meadows and pasture land, 15.9 per cent. forests and the remaining 9.2 per cent. roads, water, &c., unsuited for agriculture. The area under forests is about 885,500 ha., 87.7 per cent. of which is Government owned.

During the past ten years great changes have taken place in the social organisation of the country's agricultural life. Before the World War the distribution of the territory among the inhabitants was quite disproportionate. The manor lords, who represented only 0.1 per cent. of the total landowners, owned over 1,000 ha. each, or 21.6 per cent. of the total area, while the small landowners, with holdings of less than 10 ha., comprised one-third of the total landowners, with only 7.7 per cent. of the land belonging to them. After the country became an independent Republic, a Land Reform Law was passed which empowered the Government to take over all private-owned forests and land from the large estate-owners in excess of 80 ha. This confiscated land was then parcelled out to war veterans, army volunteers, small landowners and to landless people. Up to 1931, 599,551 ha. had thus been parcelled out, and at the present time 112,322 ha. still remain to be disposed of.

Apart from this, it is to be noted that prior to the World War the farmers lived in the villages. Such an arrangement greatly hindered the development of individual farms, and realising this defect, the Lithuanian Government immediately sought to split up the villages and create separate farms. By 1931, 2,325 villages had been split up and 637,795 ha. of workable land redistributed. In this manner the social structure and even the outward semblance of agricultural life underwent a decided change within a very short time. Agricultural methods and the economic aspect altered. Productivity was increased and concentration was withdrawn from grain cultivation and directed to the breeding of livestock. Moreover, drainage work proceeded at a greater pace, and by 1931 1,440,000 ha. had been drained at a cost of 18,300,000 lita.* The total area still requiring drainage is estimated at 2 million ha.

The development of livestock is progressing along two separate lines, viz., pig-breeding and dairy-farming. The following figures demonstrate the unusual progress made in these two branches over a five-year period:—

	1925.	1926.	1927.	1928.	1929.	1930.
Butter export (Mil. klgr.)	0.9	1.7	2.1	2.6	4.1	7.4
Pig export (1,000 head)	48.0	72.0	56.8	41.8	96.5	154.1

It will be seen from the foregoing that dairy-farming is developing very rapidly with a permanent, steady growth, and that pig-breeding has also been on the upward trend for the past two years. This increase would have been even more noteworthy had better conditions existed for placing the produce on the world market. Nevertheless, the rapid development of these two branches has not materially affected the cultivation of grain. The area under seed of the various grains is given below (in 1,000 ha.):—

Cultures.	1927.	1928.	1929.	1930.
Wheat	120	159	198	213
Rye	500	470	451	485
Barley	197	169	214	214
Oats	310	288	350	346

These figures would indicate that the area under grain has remained almost the same for the past three years, except a slight decrease in the area under rye, but with a compensating increase under wheat.

FOREIGN TRADE.

Lithuania's foreign trade is essentially related to its economic development. In the export trade agricultural products dominate, such as foodstuffs, livestock and timber, while imports consist largely of manufactured goods. From 1924 to 1929 the annual value of exports and imports respectively averaged about 250 million lita, i.e., the total foreign trade turnover amounted to about 500 million lita. During the past two years export and import values showed the following increase:—

	(In million lita).		
Year.	Export.	Import.	Surplus.
1929	329.8	306.4	23.4
1930	333.7	312.4	21.3

By dividing the export items into four groups we get the following results for the two-year period:—

	1929.	1930.
Raw and semi-finished material.....	170.0	119.5
Foodstuffs	74.9	131.5
Livestock	62.1	70.1
Manufactured goods.....	22.6	12.6

From these figures it can be seen that important changes have occurred in the 1930 exports, when foodstuffs headed the list. Before 1930, raw and semi-finished materials led in the export

* £ = 48.6 lita.

trade. The shifting of importance to food products cannot be said to be unexpected; it is one of the results of the reorganized agricultural system. Livestock export up to 1929 held a steady position without any marked fluctuation, between 35 and 40 million lita. The sudden jump of the past two years can be attributed to the greater export of pigs. The export of manufactured goods occupies an insignificant place in relation to other items of export as Lithuanian industries are at present not developed beyond supplying the domestic market.

The leading items of export are as follows:—

	(In million lita.)		
	1927.	1929.	1930.
Butter	13.6	31.4	46.9
Fresh meats	6.5	17.1	30.3
Salted meats	0.3	0.05	15.5
Eggs.....	10.9	12.8	11.9
Pigs.....	12.6	28.6	38.6
Timber	20.9	44.8	29.1
Cellulose	23.8	38.3	32.6
Flax and linseed	73.4	47.1	26.9

As regards the values of the above items, the universal agricultural crisis has caused a great drop of prices during the past two years, especially in the case of flax.

The classification of import items according to their value, appears as follows:—

	(In million lita.)	
	1929.	1930.
Manufactured goods.....	165.5	188.9
Raw and semi-finished products	84.9	84.2
Foodstuffs	55.7	38.9
Livestock	0.09	0.3

Among imports, in contrast to exports, manufactured goods occupy first place. In 1930, these included woven materials to the value of 50,900,000 lita; yarns, 12 million lita; and paper, 7,500,000 lita. Second place was taken by raw and semi-finished products, such as fertilizers, 15,800,000 lita; coal, 10,700,000 lita; iron, 9,600,000 lita; fuel oil, 7,600,000 lita; and cement, 5,800,000 lita. Foodstuffs, which occupy third position, include sugar to the value of 14,500,000 lita; herrings, 9,400,000 lita; salt, 2 million lita; etc. The livestock imported was mostly for the purposes of improving the various breeds of animals.

In the total foreign trade turnover, England occupies second position (Germany, first).

	(In million lita.)			
	1926.	1928.	1929.	1930.
Exports to Great Britain	63.1	52.3	57.4	65.0
Imports from Great Britain.....	19.1	19.3	26.0	24.1
Total turnover	82.2	71.6	83.4	89.1

The most important items of trade between the two countries are as follows:—

	(In million lita.)	
	1929.	1930.
Exports to Great Britain.		
Food products	9.1	27.9
Salted meats	...	15.1
Butter	5.1	8.4
Eggs.....	1.7	1.3
Fresh meats	1.4	2.1
Raw and semi-finished products	38.7	31.2
Cellulose	17.0	16.5
Flax and tow	10.6	8.1
Linseed	6.9	4.1
Timber	2.7	1.7
Manufactured goods.....	9.6	5.7
Veneer	8.1	5.0
Cardboard	0.4	0.4
Imports from Great Britain.		
Foodstuffs	10.0	8.7
Herrings	9.4	8.2
Raw and semi-finished products	3.0	2.2
Coal	1.8	0.8
Fuel and mineral oils	0.3	0.4
Metal	0.2	0.3
Manufactured goods.....	13.0	13.2
Cotton fabrics	3.6	3.9
Tinplate.....	3.1	3.5
Cotton yarns.....	0.6	1.4
Woollen goods	1.0	1.0
Woollen yarns	0.4	0.3

From the above table it will be seen that exports to Great Britain consist largely of agricultural products, such as butter, eggs and bacon and semi-manufactured goods, such as cellulose, timber material, and flax, while imports are mainly cotton and wool fabrics, tinplate, and foodstuffs, such as herrings.

Trade relations between Lithuania and England would have shown even greater development if the Lithuanian territory of the Vilna district, with its larger towns and developed industries, had not been occupied by Poland.

COMPANY MEETINGS, &c.

MEXICAN RAILWAY COMPANY, LIMITED.

A YEAR OF ANXIETY.

REDUCTION OF GROSS RECEIPTS.

MR VINCENT YORKE'S ADDRESS.

The 132nd ordinary general meeting of the Mexican Railway Company, Limited, was held on Wednesday, June 17th, at Winchester House, Old Broad Street, London, E.C., Mr Vincent W. Yorke (chairman of the company) presiding.

The Secretary (Mr C. Tennant) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said:—At our last meeting I made no attempt to disguise from you that the results of the half-year which we are reviewing to-day would be most unsatisfactory, and so they have proved to be. The gross receipts, on which the well-being of any railway mostly depends, reached the low figure of about \$31,000 per day, which is even less than the figure of the corresponding half-year, in which the total gross receipts were seriously affected by the disastrous strike of December, 1929. At the same time, as a result of the new working conditions imposed upon us by the settlement of this strike, expenses have necessarily increased in almost every department, and these increases have been accentuated by a fall in exchange which has affected the cost of all purchases from abroad and reduced the value of remittances.

TRAFFIC STATISTICS.

Though I have no wish to take up your time with unnecessary detail, there are one or two features in regard to our receipts to which I will draw your attention. The grand total of passenger receipts shows a decrease of nearly 6 per cent. as compared with the corresponding half-year. This is mainly due to the increase of road competition. The policy followed by the Mexican authorities in the construction of roads seems to me an unfortunate one both for the railways and the general interest of the community. Instead of these roads being constructed so as to radiate out from railheads into the country in need of development and into which, for physical reasons, it is almost impossible for railways ever to penetrate, they have been, and are being, constructed in developed country and directly parallel to the railways. While, therefore, remoter regions will remain undeveloped, road competition is more and more likely to encroach upon our earnings. It is satisfactory to be able to report an increase of some \$18,000 in earnings from first-class passengers during the half-year. This is due to an increase in tourist travel, for which there are great opportunities in Mexico, and which is being carefully fostered by an excellent organisation in Mexico City and by the efforts of the Ward Steamship Line, who are increasing the size of their ships plying between New York and Vera Cruz, and shortening the time of the voyage.

As regards goods traffic, while the total increased by 7,700 tons, foreign goods, which is our best-paying traffic, decreased by 6,300 tons, or in money \$255,000. This is undoubtedly due to the general depression of trade and the decline in Exchange, which, of course, adds to the cost of importations to the importer. The increase of 7,700 tons in the total movement of goods has led to an increase in traffic train kilometres of 9 per cent., but it should be said, in justice to the management, that this work has been done, in spite of the many additions to departmental expenses of which I have already spoken, at an increase of expenses of only 7 per cent.

NET REVENUE.

The total of net revenue for the half-year, including all other receipts, only amounts to the meagre figure of some £17,000, from which loss on exchange of some £6,000 has to be deducted. The receipts, however, on account of indemnity have enabled us to pay our debenture interest without much encroachment on our cash resources.

In view of the low figure of recent and of current earnings, and of the uncertainty of the outlook of business generally, we have decided not to make any further reductions in the amount outstanding in respect of "A" and "B" stocks, which stands at about £327,000. We still have until December 31, 1933, in which to discharge this liability.

I regret that I cannot ask you to draw any favourable inferences from the results of the current half-year. The first two months of this period showed actual losses on operation; since then our general manager has reported that, by readjustments of labour contracts, the shortening of hours and other means, he hopes to reduce expenses by nearly \$50,000 per month. Traffic, however, continue to show a decreasing tendency, and it seems unlikely that the very substantial saving which he hopes to achieve will do more than mitigate a most unsatisfactory situation.

CONDITIONS IN MEXICO

Turning to general conditions, you may remember that at our last meeting I told you that a country which depends for its living on the production of oil, silver, copper and lead must be suffering severely when the prices of all these commodities had fallen to such low levels. Since then the same prices have fallen much lower in every case; silver, indeed, of which Mexico is the largest producer in the world, stands at little more than 1s. per ounce, as compared with 1s. 6d. which till this year was the lowest price on record. It is not surprising, therefore, that business conditions should have gone from bad to worse, and it would be rash to say either that the bottom has been touched, or that there are any definite signs of recovery. The matter of exchange, as regards which Mexico has been remarkably fortunate during the last ten years, is also a very serious matter from our standpoint. Silver currency, in which our receipts are paid, which stood at a discount of 8 per cent. as lately as October last, stands at a discount of nearly 27 per cent. to-day. Such a discount not only adds substantially to such part of our expenses which have to be paid for in gold, but takes a heavy toll from our remittances.

On the other hand, political conditions, which are always liable to disturbance in times of economic trouble, have remained absolutely stable and quiet, which augurs extremely well for the progress of the country as soon as a recovery in business sets in. A new Labour Law is now before Congress; this law, though in many respects unsatisfactory to us, and one against which we have felt it our duty to make various serious representations, is framed in a far more statesmanlike and reasonable spirit than the former law introduced about 18 months ago and fortunately not passed. Meanwhile, our own employees have shown a reasonable desire to help us in the difficult circumstances of the moment, and have agreed to the institution of many economies of which I have already spoken, and for which we are very grateful.

LATEST NEWS.

I will now read a cable just received from our general manager:—

"Every prospect of good cereal crops unless unexpected heavy rain, potatoes and tobacco crops very promising also sugar and alcohol, movement banana shipments to United States increasing with new plantations in Chiapas opened. Textile goods industry working fairly well at Santa Rosa, Nogales and Orizaba, while textile and flour mills are working reduced hours in Puebla. Mexican Eagle Company expect to pump oil fuel here August by new pipe line. Shipments of timber and iron pipe expected from abroad though imports generally have greatly fallen off owing to silver situation; business depression increased by duties on many articles. Labour Law is still the topic of the day and every effort has been made to obtain a hearing from legislators. Congress discussion expected in a few days. Trains running regularly but road competition increasing. All reductions in wages hold good until end of the year. Net oil fuel price recently reduced to 63.75 cents (U.S.). Due banks' consortium all exchange being handled by them at fixed price, but owing to scarcity of American exchange impossible obtain sufficient for requirements."

The news he gives as to harvest prospects is satisfactory, as also is the hope that the banana traffic will increase. This latter traffic, of which we had great expectations, has fallen off considerably lately owing to a great fall in prices of bananas in the United States. On the other hand, the news with regard to the early completion of the pipe line by the Mexican Eagle Company must mean the loss to us of certain regular volume of traffic, which, although carried at very fine rates, and, therefore, not very profitable, we cannot afford to lose just now.

In conclusion, I regret that I have not been able to speak more cheerfully about the situation in which we find ourselves. Unfortunately, we are going through an anxious and uncomfortable time, and it would be wrong for me to attempt to conceal it from you. On the other hand, railways of every description, in all parts of the world, are under a cloud at the moment, and it is difficult to say when it will lift. I do not agree with the general opinion of the financial world in thinking that prosperity will never return to railway business, or that railways will not be able to adapt themselves to changing conditions, or that the Governments concerned will stand by and allow the immense blocks of capital invested in railways to be scrapped by the destruction of their earning power. If there is yet a mission, as I believe, for railways in this and other old countries, still more must there be one for them in a new and undeveloped country such as Mexico.

It only remains for me to speak with pleasure and gratitude of the good work which Mr Holmes, our general manager, and staff are doing for the company. Bad trade, and the fall in receipts which follows it, add enormously to the difficulties and anxieties of the management of a railway, and I feel satisfied that they have done everything that could be done under most awkward circumstances.

The report and accounts were unanimously adopted.

ARMSTRONG WHITWORTH SECURITIES, LIMITED.**A SATISFACTORY PROFIT.****PROGRESS WITH THE DIESEL ENGINE.**

The annual general meeting of Armstrong Whitworth Securities, Limited, was held, on the 18th instant, at Winchester House, Old Broad Street, London, E.C., Major-General G. P. Dawney, C.B. (chairman of the company), presiding.

The Secretary (Mr W. T. C. Cochrane) having read the notice convening the meeting and the report of the auditors,

The Chairman said: Ladies and gentlemen, in presenting the accounts of your company for the year 1930, together with the directors' report, I should have had a satisfactory task to fulfil, had it not been for the acute depression in trade which, as you will hardly be surprised to hear, is bound to cause the current year's operations to contrast most unfavourably with those for the year reviewed in the accounts before you.

I think we are entitled to consider the results for the year 1930 very satisfactory. For, looking at the results of the operations of the Armstrong group of companies as a whole, as you will see, the balance at credit of profit and loss in the consolidated statement which we include with the accounts has risen from £11,700 to £106,000; and this latter figure does not include any profits on the credit shipbuilding operations except such as were actually applicable to, and received in, the year 1930.

A SATISFACTORY NET PROFIT.

The profit and loss account for the year calls for little comment. As you will remember, the net profit for the year 1929 was subject to provision for losses of subsidiary companies, which reduced the balance at credit of profit and loss at the end of that year to £11,714. The net profit for the year under review is £56,959, provision having been already made in the profit and loss account for a small loss incurred by one subsidiary company during the period. The net profit for the year of £56,959 does not include any profits earned by our operating companies during the year, the profits so earned having been retained in the operating companies themselves, in view of the severe depression through which we are passing, and of the uncertain outlook. Taking the above facts into consideration, and bearing in mind the lower rates of interest obtainable in 1930 as compared with 1929, I think you will consider the figure of profit for the year to be very satisfactory.

THE OPERATING COMPANIES.

As regards the three main operating companies, the Engineers Company showed a profit for the year, after making adequate provision for depreciation, contrasting favourably with the loss shown by that company in the previous accounts. As you will see stated in the directors' report, this profit was mainly attributable to satisfactory results in the marine engineering department.

The Shipbuilding Company also showed a profit for the year, after adequate depreciation, against a considerable loss in the preceding year. This was due to shipbuilding contracts taken on credit terms. As the payments in respect of the ships so sold are receivable in instalments spread over several years, the profit now reported by the Shipbuilders Company includes no more than such proportion of the total profit as is actually applicable to the instalments received during the year under review. The remainder of that company's profits in respect of last year's operations will fall to be taken into that company's profit and loss account as and when instalments are received in the current and subsequent years.

Finally, the Ironfounders Company, which was formed since we presented our last accounts to you, has also been able to show a profit after adequate depreciation has been provided for.

PROGRESSIVE DEPRESSION.

I think you will agree that these are satisfactory results when you take into consideration the condition of trade during last year. Your board has had under the fullest consideration what course they should adopt in dealing with the operating companies' profits. Conditions in the engineering business have been steadily changing for the worse for many months past. As you know, shipbuilding in this country may almost be said to have come to a standstill. On the whole of the River Tyne there are not more than four or five berths at present occupied; and you have all read of the great numbers of ships, the huge tonnage of British shipping, now laid up owing to the lack of profitable occupation. In our own works, and in our own shipyards, we are experiencing no ordinary slackening of business. There has been a progressive falling off in orders since the middle of last year. I shall refer presently to the measures which we are taking to develop new fields of activity, and to prepare ourselves to take immediate advantage of any revival of trade—and a revival must come sooner or later. But in the actual circum-

stances, and with no apparent prospect of any early or considerable improvements in the situation, it has seemed to us that our only course, as prudent business men, was to recommend leaving the profits of the operating subsidiaries in those companies for the time being, with a view to the utmost conservation of their resources.

NEED FOR CONSERVATIVE FINANCE.

This brings me back to the second paragraph of our report, and to our recommendation as to the disposal of the Securities Company's profit. While it is true that we are in a strong position as regards liquid resources, we feel that the time is one which calls for the strictest measures of conservation. We have decided, therefore, after close and anxious consideration, not to recommend the payment of a dividend on the first preference shares, but to propose that the balance at credit of profit and loss should be carried forward to next year. Our decision to make this recommendation is one which I believe to be very amply justified in view of the world-wide and unprecedented depression through which trade is now passing; and your board believe it to be the proper and prudent course to adopt, and the course in the best interests ultimately of all shareholders.

I must just make a brief reference here to one other subsidiary company in which we have a controlling interest. Craven Brothers, whose loss in 1929 had to be provided for out of your profit and loss account for that year, has this year operated without loss. Thus the reorganisation instituted by your vice-chairman, Colonel Ionides, who is chairman of that company, has so far shown satisfactory and promising results. Colonel Ionides is now proposing to the shareholders a reconstruction which will strengthen the company's position, and as a result of which we hope to improve the prospects for our considerable investment.

DEVELOPING THE DIESEL ENGINE.

When I spoke last year of the activities of the Engineers' Company, I mentioned an agreement which had been concluded with Messrs Sulzer Bros. of Winterthur, Switzerland, under which we had embarked on the production of Diesel electric rail units. Since that date we have secured an order for four Diesel electric units of 1,700 h.p. each, and have under construction at Scotswood Works three Diesel electric rail coaches and other units.

The use of the Diesel engine is nothing more nor less than applying the same means of propulsion to railway trains as is used on the modern motor car or lorry, with these two differences: that in place of using petrol we use a heavy oil, which is not only much cheaper, but also gives 50 per cent. more mileage per gallon; and that, for the transmission of the power of the engine to the axles of the train we employ the medium of electricity.

We believe that the development of this form of motive power is a matter of outstanding interest. It seems to me that consideration of the exceedingly interesting Weir Report on the electrification of the railways lends colour to that view. Full electrification is unquestionably appropriate to dense traffic areas; but on lines of low traffic density we believe that the truest economy lies in the use of Diesel electric rail units, which are vastly cheaper in first cost than electrification and equally cheap to operate. We believe, in fact, that this system will establish itself as ancillary to electrification and effect substantial savings in capital expenditure to the railway companies.

The interest taken in this new activity is so general as to encourage the anticipation, with the return of normal trade conditions, of a considerable and growing volume of business.

A second development, which I may just mention, is in connection with the manufacture of commercial vehicles. We have become interested, with the Saurer Company of Arbon, Switzerland, in a company which will manufacture the well-known Saurer lorry for the home market and for the Empire overseas. This vehicle, of proved capacity and endurance, is equipped with a Diesel engine using heavy oil instead of petrol. The engine, in weight, revolutions, and performance, compares favourably with the best types of petrol engines. Not only does it use the cheaper fuel, but it only consumes, for a given performance, about two-thirds of the volume. In service the engine has proved itself for reliability and good wearing qualities. The first British-made models will be exhibited at the Motor Show in November, by which time it is anticipated that deliveries will be able to be made.

So much for certain new lines upon which we hope to develop your business in the future, and for the foundations which we have tried to lay for taking advantage of a revival in trade as soon as it occurs. At present it is difficult to detect much indication of an early revival. The prospects are not encouraging so far as the immediate future is concerned. There is, of course, no question but that our industrial difficulties are much accentuated by the world depression. But I feel impelled to express my own belief that there are certain vital flaws in our national economy which, if they

be not remedied, will very possibly prevent our recovery even after the world depression has ceased, just as, in fact, our troubles began some years before the world depression fell upon us.

CAUSES OF THE WORLD DEPRESSION.

There is a general measure of agreement that the main causes of the world depression are wastage of capital in the Great War, and the industrial dislocation resulting from the war itself and from the post-war international settlements; the burden of European debts, rampant economic nationalism, and, lately, the fall in the prices of primary commodities, reducing the purchasing power of the primary producers, and so reacting on the manufacturing communities. These factors are world-wide; but I shall make no apology for mentioning certain others which seem to be more within our own national control.

I suggest that, at present, our whole system is out of equilibrium. Our external trade is vital to our very existence. Our population presses upon us, and cannot, I believe, be absorbed into industry without a revival of our overseas trade. And, in order to make such a revival possible, certain conditions precedent are, I believe essential. The first is the re-institution of public economy—real, effective, and drastic. The second is the re-establishment of the equilibrium, at present lost, between the rates of wages in the sheltered and the unsheltered trades respectively. The third is the necessity for taking into primary account, in any consideration of our economic policy, such measures as will not only avoid damage to our export trade, but will definitely assist its recovery and development.

NEED FOR PUBLIC ECONOMY.

I have said that I believe the first essential to be public economy. I believe it is not widely enough realised what our recent lack of public economy—our present public extravagance—means. Between 1913 and 1929, a period during which the volume of our export trade decreased by 20 per cent., there has been an increase of 250 per cent. in public expenditure. In 1913 the value of our exports exceeded our public expenditure by £222,000,000. But in 1929 our public expenditure exceeded the value of our exports by £365,000,000. Taxation is estimated to absorb almost a quarter of the total income of the whole nation to-day. Does anyone believe that it is possible to rehabilitate our industry and to reabsorb the unemployed, while the State, in taking this huge proportion of the national income in taxation, is depriving industry of the very means which would otherwise be available to facilitate its expansion and development? I must quote a recent aphorism by Sir George Touche, which is wholly admirable:—"A depleted industry can only pay depleted wages, and those only to a minimum of workers. More unemployment follows as a matter of course." It is the promoters and supporters of public profligacy, therefore, who, through the depletion of industry, are really responsible for attacking the standard of living. I do not know of any industrialists who wish to attack the standard of living of the manual workers. Our object is to promote a healthy industry in their interests no less than in yours.

The second condition which appears to me essential is an adjustment of the equilibrium between the costs, and particularly the labour costs, in the sheltered and unsheltered trades respectively. When one realises the disparity between the rates paid in the sheltered industries and those paid in the unsheltered industries, the mal-adjustment is seen to be very remarkable. To take one instance, according to Ministry of Labour figures the standard of hourly time rates for building trade labourers are equal to the rates paid to engineer fitters and turners—skilled workers in an unsheltered industry—and the standard rates for local authorities—unskilled labourers are actually higher than those of fitters and turners. It is to be remembered, of course, that the State and local authorities constitute the largest sheltered industry in the country. This position of disequilibrium is of the gravest import. Its result is that the sheltered, or non-exporting, trades, being either in the position of spending public moneys, or being free from the burden of foreign competition, create for the industries competing in the world market burdens which the latter cannot support. This factor, together with the lack of public economy, is, I believe, causing our external trade to bleed to death.

Let me make myself abundantly clear. I am not suggesting any general attack on wages. But I do suggest that the reaction of abnormal wages in sheltered industries unfairly handicaps our engineers, our shipyard workers, our boiler makers, our moulders and the members of many other skilled crafts.

THE CUMULATIVE BURDENS ON THE EXPORT TRADE.

For the burdens placed on the unsheltered industries by the sheltered are not of single incidence. I must emphasise the point that there is a cumulative burden of charges of other industries

which at all the various stages contribute to the cost of the unsheltered trades' material. The charges in respect of general public extravagance or in respect of social services, doles, non-remunerative expenditures of all sorts, excessive wages paid by the State and local authorities, excessive building trade wages reflected in high rents and house prices, excessive railway wages reflected in railway freights—and railway freight charges on industrial goods have increased about 60 per cent. since the war—all these increase the cost from the mine and quarry to the blast furnaces; they are all added again in the cost of the blast furnaces' products to the steel works and foundries; and again in the cost of the steel which goes to the bar mills and sheet mills, or in the cost of the boiler plates which go into the engineering shops; and, again, for the fourth or fifth time, in the boilers when they pass from the engineering shops for shipment.

As an example of the multiplied burden, take one item alone, that of rail transport costs. In 1913 the railways carried 30½ million tons a month, at a total cost to customers of about £5,360,000; in July, 1930, they carried under 24½ million tons at a cost to customers of £8,200,000. Now, while I am not arguing that the whole onus is to be laid on excessive transport wages, it is clear that in so far as those wages stand at a level which is out of relation with comparable wage standards in the unsheltered trades, the excess attributable to the transport wage-earners' relative advantage constitutes a cumulative burden on industry, increasing in almost geometrical progression through the various stages of manufacture. Coal, lime, coke, ore, have to be transported to the blast furnace for the manufacture of pig iron; pig iron, coal, coke, lime and ore have to be transported to the rolling mills and steel foundry for the manufacture of steel; the steel has to be transported with coal and other commodities to the engineering shops, and so forth. Thus the accumulated load of transport charges is out of all proportion to the cost of the final product. It is to be remembered that the price of a ton of coal includes a number of charges imposed by Government or municipal authorities, as well as of transport, at every stage. And it takes four tons of coal to make one ton of steel.

It has been calculated that of the prices charged by British engineering to its customers, there is only some 30 per cent. which it is able directly to control, the remaining 70 per cent. of these prices being absolutely outside their power either to control or to reduce or in any way to affect. It seems to me certain that there is no hope for our export trade under the intolerable burden of these accumulated pre-charges, these multiplied burdens piled upon it by national profligacy and by the attempt, too successful in the case of the sheltered workers at the expense of the unfortunate unsheltered, to peg the standard of living at a level which is out of relation with world standards.

THE VITAL OVERSEAS TRADE.

We must consider our external trade—in which, as you know, our own business is vitally concerned—as a primary factor in ordering our economic life. The whole nation is living beyond its means. We must set our house in order so that we may be in a position to take advantage of a revival when the world depression passes. I do not wish to exaggerate, but there is reason to fear that our capacity to take part in the recovery may be endangered, apart altogether from temporary world conditions, if we pursue much further the reckless courses upon which we appear to be embarked.

AMENDMENT DEFEATED.

Mr J. H. Clifford Johnston, who said he represented the A. W. Second Stock Trust, which owned the whole of the one million 6 per cent. first non-cumulative preference shares and 350,000 of the 1,100,000 4 per cent. second non-cumulative preference shares, then moved the following amendment:—"That the report of the directors be referred back to them for further consideration, so that they may have due regard to the items upon which the scheme for reconstruction of the company was presented to the creditors and shareholders of the company and in particular to the rights of the non-cumulative preference shareholders," which was formally seconded.

The Chairman said that the board of directors had, of course, given close consideration to the terms of the scheme for reconstruction, and it was quite clear that it had not been intended to turn the company into a mere holding company or trust company. If they were not to give up the operating companies, but to be ready to support and finance them when there was a revival in trade, they had to conserve their resources for the purposes of the group as a whole. He stated that, although in his view the amendment was out of order as involving a negative, he would put it to the meeting in order that the shareholders' feelings might be known.

On being put to the meeting, Mr Clifford Johnston's amendment was defeated by a large majority, only two votes being given in its favour.

The motion for the adoption of the report and accounts was carried with two dissentients.

CALLENDER'S CABLE AND CONSTRUCTION COMPANY, LIMITED.

SATISFACTORY RESULTS—DIVIDEND MAINTAINED.

The thirty-fifth ordinary general meeting of Callender's Cable and Construction Company, Limited, was held, on the 17th instant, at the Waldorf Hotel, Aldwych, London. Sir J. Fortescue Flannery, Bart., D.L., M.Inst.C.E. (the chairman), presiding.

In moving the adoption of the report and accounts, the Chairman said that while they were not able to show the same degree of advancement this year, they were able to come before the shareholders with confidence and congratulation that the company had fared so well in the depressing surroundings of bad trade throughout the world. They had been very fortunate, owing to their extended friendly connections, in securing a continuance of excellent orders for service mains, for household cables, and for wires for internal electrical connections. At the last meeting he pointed out the importance into which this branch of the business was developing, and he was glad to say that it had not only maintained the good expectation which he had had, but it had done even better than they had expected, and still continued as a flourishing and important branch of their trade. The directors considered it their duty to provide amply for depreciation, and after making every necessary deduction they were able, for the twelfth year in succession, to recommend a dividend on the ordinary shares at the rate of 15 per cent. per annum. Important pioneering work in the cable industry was now taking place. Ever-increasing service was demanded from underground mains, involving higher and even higher pressure, which meant new designs and costly experiments. They felt bound to go on and to progress even in front of the times. That constant advance could not be otherwise in view of the wide future before all electrical supply undertakings. In 1930 they had to provide a considerable additional sum for this pioneer work, which to some extent accounted for the reduction in profits.

Great Britain had lagged behind other countries in the use of electricity for power and lighting. There was ample room for all forms of developing power and light in central manufactories and distributing from them to consumers, and no form of such development and distribution need, in his opinion, look forward to the future except with hope and confidence. The lagging behind of this country as compared with others indicated considerable future demand for the employment of all electrical implement manufacturing companies, including cable manufacturers. If railways were to hold their own, they must electrify to a large extent, and some had already begun. They need not, therefore, look with pessimism to the future, but might reasonably hope that with the general revival of trade cable-making generally and Callender's Company in particular would not be the last to participate with profit to the customers, to the workers and to the shareholders.

Sir T. O. Callender, Kt., J.P., M.I.E.E. (deputy-chairman and managing director), said: The year began with a considerable amount of work in hand and hopes for the future, but in March the unexpected fall in the price of copper and other raw materials with which they dealt began and had since persisted in its downward course. As the company had to follow the prices of materials in the rates at which it sold its manufactured goods, that, in itself, made a considerable difference to the company, but what had been of still more importance had been the total lack of confidence and enterprise that that dropping away of values had engendered and which the financial stringency had increased.

Whilst the carrying out of important new contracts hardly existed in the latter part of 1930, the demand for household wires, involving other branch mains or new service cables, and certainly much internal wiring, was increasing.

Among the new developments to which the company had given special attention was that of the electrification of the railways. Only a small portion of the railways of this country was at present electrified, but the extension of electricity for that purpose was considered by engineers and politicians, and, indeed, by all concerned, as of primary importance. It was, therefore, with great pleasure that he had to tell the shareholders that the company had carried out the conversion of one of the suburban lines, from Manchester to Altrincham, jointly owned by the L.M.S. and L.N.E. railways. They had always carried out a certain amount of work in ship wiring, but had recently opened a new department under the charge of his son, Mr T. O. Callender, and in the last few days they had received orders for the cabling on board the giant Cunarder now being built.

Although the twelve months through which they had just passed—that is, from June of last year to the June of this year—had been sparsely strewn with orders, he looked forward with confidence to better times, and to finding the present condition of their factories—full up with work—to be the condition they will find all through the year.

The report was unanimously adopted.

MADRAS ELECTRIC SUPPLY CORPORATION, LIMITED.

FURTHER CAPITAL FORESHADOWED.

The ordinary general meeting was held, on the 16th instant, at 1 Queen Victoria Street, London, Mr. John G. B. Stone presiding. The Chairman, in moving the adoption of the report and accounts, said:—I am pleased to be able to report that the progress of the company of recent years has been maintained during 1930. The increase in kilowatt hours sold was 5.89 per cent. in excess of 1929. The increase applied to every class of consumer, and a corresponding improvement occurred in revenue.

A balance of £69,010 remains as net profit for the year, being an increase of £3,143. To the net profit has to be added £7,444 brought forward, making a total of £76,454. After deducting the dividend on the 5½ per cent. preference shares for nine months to September 30, 1930, and an interim dividend of 2½ per cent. (actual) on the ordinary shares, there remains for distribution £51,144. The directors recommend that this be appropriated as follows:—(1) Provision for three months' preference dividend accrued to December 31, 1930, £4,493; (2) payment of a final dividend of 5½ per cent. (actual) on the ordinary shares (making 8 per cent. for the year), free of income tax, £26,026; and (3) transfer to general reserve fund, £10,000 (bringing that fund up to £120,000). These provisions make a total of £40,519, leaving to be carried forward to next year's account £10,624.

The overhaul of our generating plant and boilers has been practically completed, and we have now ample plant available for our requirements. This expenditure, which has been considerable, has, as usual, been debited to renewal account. In order to keep pace with the growth of the business, further capital will be required, and we shall be communicating with the shareholders in regard to this towards the end of the year.

It is gratifying to be able to report an improvement during 1930 in the working of the tramway, in which company we hold the whole of the ordinary share capital.

It is thought that the public is now realising the advantages of a regular and ample service on the tramways, as compared with the intermittent service of omnibuses, and steps are being taken to improve the tramway company's rolling stock. I am glad to say that since the beginning of this year there has been a further improvement of 5.3 per cent. in the traffic receipts.

The resolution was unanimously adopted.



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WM. CORY AND SON, LIMITED.

STRONG FINANCIAL POSITION.

The thirty-fifth annual ordinary general meeting of Wm. Cory and Son, Limited, was held, on the 18th instant, at the Cannon Street Hotel, London.

Sir A. C. Cory-Wright, Bt., said that the profits had been earned not only on the extensive trade both in coal and oil fuel carried on by the company in the United Kingdom and from the valuable shipping and lighterage interests which they possessed, but also from dividends they received from investments in subsidiary companies operating abroad, and from the large invested reserves held by the company. The strong financial position of the company had been built up by a cautious and conservative policy pursued since the company's inception.

The operation of the Coal Mines Act had added to the difficulties of carrying on their business in a normal manner. The quota scheme designed with the object of restricting the output of coal, had, more particularly in some of the mining districts, affected the regular supply of coal to the consumer and had, at times, caused inconvenience and involved many industrial enterprises in additional cost, as well as resulting in bunkering and export orders being lost to this country. The fixing of minimum prices had not worked in an entirely satisfactory manner, nor had it assisted the export trade, especially to countries which were able to take advantage of the low prices of coal offered by the foreign producer at prices designedly fixed below this country's minimum figures, which were well known to them. It could hardly be expected that any legislation would immediately overcome all the many difficulties that for so long had troubled the entire coal-mining industry, but it was not unreasonable to hope that the Act might be so adjusted that it would in time help to bring prosperity to the trade.

Generally speaking, their tonnage in nearly every branch had been up to the average of the past few years. In view of the great falling off of the world's trade affecting every class of industry, and, perhaps, none more seriously than that connected with shipping, on which the company relied for making large supplies of coal for bunker purposes, they might have expected a considerable decrease in turnover. It had, however, proved little short of the previous year, and any falling off there had been in their coal tonnage had been more than compensated for by a big increase in their oil fuel trade, which was greatly in excess of all previous years.

The report was unanimously adopted.

HOVIS, LIMITED.

RECORD PROFITS.

The ordinary general meeting of Hovis, Limited, was held, on the 18th instant, at the Caxton Hall, Westminster, London.

Mr A. H. Dence (the chairman) said that it was again their privilege to present a balance sheet and profit-and-loss account which carried on the record of their success of recent years. He was sure it would be agreed that year by year their balance-sheet figures demonstrated increased strength. The profits for the year under review were slightly higher than those for the previous year, and constituted what was at present a record. Such results must, indeed, be satisfactory and cheering to all the shareholders.

The days in which they lived were days of unprecedented trade depression throughout the world. Many of the largest and best-known industries were suffering most severely. With such conditions prevailing, not only in England, but in the United States of America and throughout Europe, they should be grateful for their own success. Not only did they propose to maintain the dividend and bonus on their ordinary shares at the same rate as in the past few years, but the steady price of the company's shares on the Stock Exchange showed that there was some security of tenure of their position to be anticipated.

It would be their earnest endeavour to maintain the safe and conservative policy in the future that they had followed in the past, and they would strive to maintain their dividends at their present level, and also to maintain the financial reserves of the company, which formed so strong a foundation for their trading.

Dealing with the accounts, he said that with the proposal to transfer another £25,000 to that account, they would start the new financial year with their reserve account at £340,000. With the amount brought forward from 1930, the balance from profit-and-loss account carried to the balance sheet was £115,071. The net profit was £118,804, the highest figure yet attained by the company.

He was only too happy to pay once again his tribute to their wonderful commodity, "Hovis" Bread, which was the mainstay and reason of their business. They would continue to press home by every means in their power that Hovis was the most nourishing, sustaining and vitalising bread, and that its regular use contributed very materially to the health and general well-being of the population.

The report and accounts were adopted.

CITY DEEP, LIMITED.

(INCORPORATED IN THE UNION OF SOUTH AFRICA.)

ANOTHER DIFFICULT YEAR—REORGANISATION OF WORK.

The thirtieth ordinary general meeting of City Deep, Limited, was held in Johannesburg, on May 19th last. Mr F. Raleigh presided.

The Chairman said:—Gentlemen,—Unfortunately our chairman, Mr John Martin, is not able to preside to-day owing to his absence on a short visit overseas.

The City Deep has experienced another difficult and unprofitable year. Working losses, though much smaller than those incurred during the previous twelve months, have continued; the available ore reserve has fallen, slightly in tonnage but appreciably in value; and the indebtedness of the company on loan account has increased. The improvement in the development results recorded in the first portion of the year was not maintained, and values have shown a serious decline during the latter part of 1930 and the current year to date. If that were the whole story, the outlook for the mine would be gloomy almost to the point of hopelessness. It is, therefore, satisfactory to be able, notwithstanding so many previous setbacks and disappointments, to hold out a reasonable prospect of regaining a profit-making position before the end of the current year.

The tonnage milled was increased to 1,157,500 tons, which is 74,500 tons greater than the figure for the previous year. The yield and working revenue per ton milled decreased by 0.164 dwt. and 9d. respectively, but working costs showed a satisfactory reduction of 2s. 11d. per ton milled (a reduction of 4s. 10d. per ton compared with the costs for 1928), with the result that the working loss per ton milled was 2s. 2d. less and the total working loss was reduced to £23,040, as against £139,234 for the previous year.

YEAR'S RESULTS.

The total loss for the year, after adding the interest due on the loan made to the company by the Central Mining and Investment Corporation, Limited, and Rand Mines, Limited, and deducting the difference between sundry minor items of revenue and expenditure, was £39,908. The net cash liability at the beginning of the year was £422,841. Adding to these two amounts the net expenditure of £17,702 on capital account (which is considerably less than was forecasted a year ago) and a small increase of £1,643 in cash assets, the net cash liability at the end of the year was £482,094, against which the company had £115,972 partly invested in shares and interests in co-operative and other concerns and partly represented by stores and materials and by sundry debtors and payments in advance, leaving a net financial shortfall of £366,122. The amount of the loan at December 31st last was £424,373, and at the end of last month £440,964.

The development footage accomplished during the year totalled 47,113 ft., compared with 48,017 ft. in 1929 and 46,524 ft. in 1928. Out of 17,270 ft. sampled on the main reef leader, 9,835 ft. gave payable values averaging 320 inch-dwts. The small footages which were advanced on the south reef and on the pyritic stringers disclosed poor values. The payable ore developed during the year and added to reserves amounted to 963,700 tons, of an average value of 5.95 dwt., i.e., 0.39 dwt. lower than the value of the ore developed during the previous year.

ORE RESERVE.

The estimated ore reserve at December 31, 1930, totalled 1,758,600 tons, of an average value of 6.08 dwts. per ton over a stoping width

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CAPITAL AND RESERVES:
Fmk. 426,000,000.
TOTAL ASSETS (31/12/30)
Fmk. 2,907,742,000.

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of 43.1 inches. Deducting the tonnage contained in shaft and safety pillars, which cannot at present be stoped, the available reserve amounted to 1,268,200 tons, averaging 5.98 dwts. per ton over 42.4 inches. Compared with the position twelve months earlier, the available reserve showed a decrease of 55,200 tons in quantity and of 0.23 dwts. per ton in value. Owing, however, to an increase in the tonnage of ore in shaft and safety pillars, chiefly due to additions to the No. 4 shaft pillar, the total reserve showed an increase of 141,500 tons, although its average value was 0.34 dwts. per ton lower.

When the company began to incur losses, underground work was reorganised in an endeavour to restore the position. It has proved successful in every direction within our control. Improved methods of stoping, suitable for the great depths at the City Deep, were introduced; stoping widths were considerably reduced and working conditions generally improved. Fathoming was increased by over 20 per cent. and maximum scale production attained. All these results, however, have hitherto proved insufficient to counterbalance the factor beyond our control—the continued decline in the value of ore developed.

SMALLER SCALE OF PRODUCTION.

The position has clearly become critical, demanding new measures. It has been decided to reorganise work on a smaller scale of production, for a mill tonnage of 75,000 to 80,000 tons per month, resulting in a relatively improved—though still unsatisfactory—ore reserve position; and enabling the company to effect more readily any changes of policy necessitated by the results of subsequent development. Such a scheme now affords a reasonable prospect of the company regaining a profitable position.

In giving effect to this reduction of the scale of operations, some retrenchment of staff and employees will be unavoidable. This is a regrettable necessity, the more so because those connected with the mine, realising that its very existence has been at stake, have loyally co-operated with the management in their efforts to cope with a most difficult situation. But the only alternative to our present policy of reduction in scale of operations and expenditure would be to curtail development to a minimum, gradually reduce tonnage and prepare the mine for closing down. By adopting a middle course, we are convinced that we are doing the best for all concerned—both for shareholders and employees—and are making it possible to hold out a real measure of hope for future success.

The motion for the adoption of the report and accounts was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended June 13, 1931, amounted to £5,985,400 against ordinary expenditure of £11,993,880. After allocating £485,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £84,546, the week's operations, as shown below, increased the National Debt by £6,578,000 to £7,672,430,000:—

(000's omitted.)

Treasury Bills	+16,863	Bank of England Advances.....	£ 9,000
National Savings Certificates...	+ 400	Public Department Advances.....	650
		Rail Fund.....	635
		P.O. and Telegraph Money.....	400
	+17,263		-10,685

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to June 13, 1931.	April 1, 1930, to June 14, 1930.	Week ended June 13, 1931.	Week ended June 14, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax	18,775,000	20,307,000	4,000	450,000
Super Tax	9,820,000	9,080,000	580,000	383,000
Stamp Duty	15,710,000	17,750,000	1,160,000	1,010,000
Excise Profits Duty and Corporation Profits Tax	1,500,000	3,350,000	...	600,000
Land Tax and Mineral Rights Duty	120,000	110,000	...	...
Total Inland Revenue	46,325,000	50,597,000	1,744,000	2,440,000
Customs and Excise—				
Customs	23,171,000	23,872,000	2,480,000	1,582,000
Excise	20,150,000	21,115,000	1,293,000	815,000
Total Customs and Excise	43,321,000	44,987,000	3,773,000	2,397,000

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to June 13, 1931.	April 1, 1930, to June 14, 1930.	Week ended June 13, 1931.	Week ended June 14, 1930.
Motor Vehicle Duties (Exchequer Share)	£ 871,000	£ 1,080,000	Dr. 90,000	£ 116,000
Post Office (Net Receipt)	5,450,000	4,550,000	300,000	...
Crown Lands	240,000	240,000	...	...
Receipts from Sundry Loans	7,832,690	7,833,454	...	...
Miscellaneous Receipts	4,481,153	4,218,319	258,426	2,619
Appropriation from Rating Relief Schemes Account	...	...	...	...
Total Ordinary Revenue	108,560,843	113,505,773	5,985,426	4,955,819
SELF-BALANCING REVENUE.				
Post Office	5,500,000	10,700,000	700,000	1,000,000
Motor Vehicle Duties apportioned to Road Fund	3,396,000	3,280,000	191,000	...
Total Self-Balancing Revenue	12,896,000	13,980,000	891,000	1,000,000
Total	121,456,843	127,485,773	6,876,426	5,955,819

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to June 13, 1931.	April 1, 1930, to June 14, 1930.	Week ended June 13, 1931.	Week ended June 14, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	92,047,451	91,901,004	2,843,880	2,615,913
Payments to Northern Ireland Exchequer	972,887	882,987	...	...
Other Consolidated Fund Services	309,745	440,446	...	...
Total	93,330,083	93,224,437	2,843,880	2,615,913
Total Supply Services (excluding Post Office)	77,824,000	80,418,800	9,150,000	8,570,000
Total Ordinary Expenditure	171,154,083	173,643,237	11,993,880	11,185,913
SELF-BALANCING EXPENDITURE.				
Post Office	5,500,000	10,700,000	700,000	1,000,000
Road Fund	3,396,000	3,280,000	191,000	...
Total Self-Balancing Expenditure	12,896,000	13,980,000	891,000	1,000,000
Total Ordinary and Self-Balancing Expenditure	184,050,083	187,623,237	12,884,880	12,185,913
New Sinking Fund (1928)	7,478,226	7,425,881	485,000	495,000
Total, including New Sinking Fund	191,528,309	195,049,118	13,369,880	12,680,913

The aggregate revenue and expenditure to June 13, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JUNE 13TH.

	£	Revenue	£
Expenditure	171,154	108,561	
New Sinking Fund	7,478	3,642	
		66,429	
	178,632	178,632	

POSITION OF THE FLOATING DEBT.

Ways and Means Advances Outstanding—	June 14, '30.	Mar. 31, '31.	June 13, '31.	June 13, '31.
Advances by Bank of England	£ 8,750,000	£ 2,500,000	£ 9,000,000	£ 9,000,000
Advances by Public Departments	53,030,000	34,750,000	650,000	650,000
Treasury Bills outstanding	618,325,000	569,825,000	622,595,000*	16,845,000
Total Floating Debt	680,105,000	594,325,000	660,245,000	7,195,000

* Includes £9,000 the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.

Tenders for £35,000,000 in Treasury Bills were opened on June 12, 1931, and the total amount applied for was £56,900,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 2d., and above, in full, and Saturday at £99 9s. 3d., about 59 per cent., and above, in full. The amount allotted was £35,000,000.

Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 22	35,000,000	42,350,000	1 19 11 95
May 29	45,000,000	59,225,000	2 1 9 45
June 5	45,000,000	56,160,000	2 3 7 89
June 12	35,000,000	56,900,000	2 2 11 53

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The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 17, 1931.

ISSUE DEPARTMENT.

Notes issued—	£	Government Debt	£ 11,015,100
In Circulation	352,265,813	Other Government Securities	232,585,515
In Banking Department	68,650,563	Other Securities	12,207,226
		Silver Coin	4,092,159
		Amount of Fiduciary Issue	260,000,000
		Gold Coin and Bullion	160,926,376
	£420,926,376		£420,926,376

BANKING DEPARTMENT.

Proprietors' Capital	£ 14,553,000	Government Securities	£ 30,845,906
Reserve	3,307,602	Other Securities	...
Public Deposits	15,017,431	Discounts and Advances	£9,395,435
Other Deposits	£71,445,689	Securities	37,439,253
Bankers'	33,681,067	Notes	68,650,563
Other Accounts	105,126,756	Gold and Silver Coin	1,650,427
7-Day and other Bills	1,360		
	£138,006,149		£138,006,149

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.		Amount, June 17, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	£	352,265,813	— 1,985,057	— 6,981,396
Public deposits	£	15,017,431	+ 5,390,414	+ 1,560,181
Bankers' deposits	£	71,445,689	+ 1,881,283	+ 13,114,155
Other deposits	£	33,681,067	+ 414,086	+ 2,006,186
Seven-day bills	£	1,360	— 845	— 1,980
Total outside liabilities	£	472,411,360	+ 5,702,881	+ 2,564,414
Capital and reserve	£	17,860,602	+ 37,405	+ 3,030
Government debt and securities	£	274,546,521	— 3,198,697	— 15,833,749
Discounts and advances	£	9,395,435	+ 2,798,398	+ 2,296,644
Other securities	£	40,251,044	+ 449,940	+ 11,931,331
Silver coin in issue department	£	4,092,159	— 8,635	— 374,058
Coin and bullion (bank's reserve)	£	161,986,803	+ 5,699,250	+ 4,497,276
Reserve of notes and coin in banking department	£	69,720,990	+ 7,684,337	+ 11,478,672
Proportion of reserve to outside liabilities—				
(a) Banking department only ("proportion")	%	58%	+ 2½%	+ 5½%
(b) Gold stocks to deposits and notes ("reserve ratio")	%	34½%	+ ½%	+ 1%

(000's omitted.)

Date.	Issue Department.		Banking Department.				Gold in or out of Bank.	Ratio
	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.			
1931.								
May 6	£ 407,506	£ 356,217	£ 5,999	£ 58,572	£ 35,512	£ 1,217 in 3		
13	408,977	355,127	10,324	62,199	33,965	1,462 in 3		
20	410,173	351,541	14,966	56,634	34,026	1,190 in 3		
27	411,017	354,660	17,449	54,761	33,820	684 in 2½		
June 3	411,876	356,371	6,545	72,203	33,920	856 in 2½		
10	415,256	354,251	9,627	69,761	33,267	3,375 in 2½		
17	420,926	352,266	15,017	71,446	33,581	5,640 in 2½		

(000's omitted.)

Date.	Issue Department.		Banking Department.				Reserve & the "Proportion."
	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	Other Securities.	
1931.							
May 6	£ 243,965	£ 11,943	£ 148,483	£ 34,415	£ 5,635	£ 25,524	£ 52,265 52½%
13	242,082	13,825	150,004	32,111	5,665	25,343	51,877 53½%
20	242,136	13,775	151,206	33,880	5,956	25,890	52,665 56½%
27	245,127	10,177	152,078	31,215	6,825	28,553	57,218 53½%
June 3	244,194	11,707	152,934	32,418	7,106	28,311	58,363 50½%
10	244,624	11,275	155,288	33,121	6,597	28,526	62,037 55½%
17	243,701	12,207	161,987	34,846	9,355	28,044	69,721 58%

BANKERS' CLEARING RETURNS (000's omitted).

	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to June 3	15,346,063	£ 747,380	£ 1,198,808	17,292,251
Week ended June 10	588,317	31,406	57,574	677,297
Week ended June 17	623,448	30,909	52,853	713,206
Total to date, 1931	16,563,828	809,691	1,309,235	18,682,754
Total to date, 1930	18,641,851	868,577	1,416,643	20,927,071
Increase or decrease in 1931	-2,078,023	-58,886	-107,408	-2,244,317
	-11.1%	-6.8%	-7.6%	-10.7%
Total for year, 1930	38,782,577	1,612,146	2,963,631	43,358,354
Do. 1929	39,955,924	1,881,989	3,078,764	44,916,677
Increase or decrease in 1930	-1,173,347	-69,843	-115,133	-1,358,323
	-2.8%	-3.7%	-3.7%	-2.9%

PROVINCIAL CLEARING RETURNS.

(000's omitted.)

	Week ended June 13.		Month of May.			Aggregate Totals January 1 to June 13.	
	1930.	1931.	1930.	1931.	Inc. or Dec.	1930.	1931.
Number of working days			27	25			
	£	£	£	£	¢	£	£
BIRMINGHAM	1,871	2,050	11,403	8,947	-21.5	59,394	52,031
BRADFORD	623	615	3,544	3,027	-14.5	21,717	17,573
BRISTOL	711	1,003	5,098	4,354	-14.9	26,199	23,835
DUBLIN	4,188	5,810				117,294	116,227
LIVERPOOL	640	603	3,475	2,975	-14.3	19,169	17,493
LEEDS	585	579	4,294	3,548	-17.3	23,107	20,382
LEICESTER	569	648	2,973	2,474	-16.7	17,270	15,052
LIVERPOOL	5,107	5,267	27,610	23,991	-13.1	160,847	129,004
MANCHESTER	7,198	8,344	45,726	37,685	-17.5	266,391	215,974
NEWCASTLE	1,029	1,083	6,383	5,227	-18.1	34,627	30,605
NOTTINGHAM	437	379	2,492	1,607	-35.5	14,360	10,610
SHEFFIELD	496	547	4,020	2,881	-28.3	22,123	18,239
Total	23,544	26,978	117,016	96,696	-17.3	782,498	663,019

THE REICHSBANK.—In Reichsmarks* (000's omitted).

ASSETS.	June 14, 1930.	May 30, 1931.	June 6, 1931.	June 15, 1931.
Reichsbank shares not yet issued.....	177,212	177,212	177,212	177,212
Gold and bullion.....	2,618,787	2,390,327	2,299,930	1,765,571
Of which deposited abroad.....	149,788	207,638	255,369	158,112
Reserve in foreign currencies.....	422,206	186,181	112,956	104,309
Reserve in Reichsmarks.....	1,543,825	1,816,432	1,763,960	2,032,654
Reserve in other currencies.....	151,998	174,315	176,965	199,131
Notes of other German banks.....	17,014	5,120	12,539	17,826
Advances.....	50,034	167,182	69,876	154,848
Investments.....	101,026	102,997	102,723	102,729
Other assets.....	619,951	541,489	542,661	573,973
LIABILITIES.				
Reduced capital (shares not yet issued).....	122,788	150,000	150,000	150,000
Increase of capital (shares not yet issued).....	177,212	177,212	177,212	177,212
Reserve.....	371,139	337,331	337,331	337,331
Notes in circulation.....	4,278,808	4,299,122	4,079,250	3,888,610
Other daily maturing obligations.....	537,365	553,272	270,471	323,620
Other liabilities.....	219,771	244,018	244,958	251,480

* Equal to one billion paper marks or one Rentenmark.
The gold reserve is calculated in accordance with the new legal prescription of one pound of fine gold equals 1,392 Reichsmarks.

NATIONAL BANK OF BELGIUM.—In Belgas (000's omitted).

ASSETS.	Position, May 28, 1914.	June 12, 1930.	May 20, 1931.	May 28, 1931.	June 4, 1931.	June 11, 1931.
Gold.....	232,650	714,840	870,953	870,027	847,690	860,870
Foreign Bills.....		4,112	6,925	7,314	7,334	16,617
Balance Abroad.....		785,410	737,521	744,395	731,098	727,707
Silver and other coin.....						
Securities.....						
LIABILITIES.						
Notes in circulation.....	934,150	2,919,512	3,203,811	3,218,458	3,230,565	3,219,642
Current accounts.....	112,125	125,807	163,775	161,162	109,542	155,913

(*) In thousand francs.

NETHERLANDS BANK.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	June 14, 1930.	May 25, 1931.	June 1, 1931.	June 8, 1931.	June 15, 1931.
Gold.....	163,092	431,927	449,978	449,978	449,980	478,481
Silver.....	8,436	26,210	36,825	38,212	38,629	40,428
Home Bills discounted.....		51,898	42,182	43,722	45,457	44,919
Foreign Bills.....	153,504	237,518	223,736	224,666	224,987	225,641
Loans and advances.....						
LIABILITIES.						
Notes in circulation.....	316,632	806,568	837,205	886,840	853,036	849,649
Deposits.....	5,016	53,595	42,659	41,410	35,068	75,456

BANK OF JAVA.—In florins (000's omitted).

ASSETS.	Position, May 30, 1914.	June 14, 1930.	May 23, 1931.	May 30, 1931.	June 6, 1931.	June 13, 1931.
Gold.....	22,971	138,895	161,800	162,000	161,800	161,100
Silver.....	29,785	24,619				
Discounts, advances, and other investments.....	77,567	147,501	117,400	119,200	113,100	113,200
LIABILITIES.						
Notes in circulation.....	109,499	279,338	243,900	243,900	249,600	248,300
Deposits and bills payable.....	11,250	47,373	42,200	41,950	32,400	33,300

BANK OF SWEDEN.—In kronor (000's omitted).

ASSETS.	June 14, 1930.	May 23, 1931.	June 6, 1931.	June 13, 1931.
Gold.....	242,944	239,453	233,421	239,339
Government Securities—Swedish.....	21,305	3,326	3,211	3,150
Other Swedish bonds quoted on foreign bourses.....	62,312	73,289	62,249	54,607
Notes payable in Sweden.....	113	84	84	84
Notes payable in Sweden.....	88,079	180,071	218,598	213,764
Balance abroad.....	108,024	95,961	86,964	82,000
Advances made on Government securities and bonds.....	189,089	122,020	131,027	135,094
LIABILITIES.				
Notes in circulation.....	41,585	34,553	40,436	42,538
Government deposits.....	523,317	488,083	542,440	519,856
Private deposits.....	173,779	216,320	230,687	213,567
Reserve fund.....	7,885	14,442	8,497	8,146

† The sum of the items "Bills payable in Sweden" and "Advances made on Government Securities and Bonds" excludes advances and cash credit which are not available as cover for the note issue.

BANK OF SPAIN.—In pesetas (000's omitted).

ASSETS.	Position, May 30, 1914.	June 7, 1930.	May 16, 1931.	May 23, 1931.	May 30, 1931.	June 6, 1931.
Gold.....	521,775	2,470,810	2,423,632	2,423,885	2,424,039	2,424,161
Silver.....	728,600	715,231	695,121	698,005	700,815	692,800
Loans & Discounts.....	800,725	2,012,782	2,528,430	2,555,086	2,670,852	2,782,633
Spanish 4% stock.....	344,475	344,475	344,475	344,475	344,475	344,475
Adv. to Treasury.....	150,000	150,000	150,000	150,000	150,000	150,000
LIABILITIES.						
Circulation.....	901,550	4,444,652	5,087,650	5,160,438	5,196,504	5,293,968
Deposits.....	477,500	826,028	813,569	808,128	892,469	830,071

AUSTRIAN NATIONAL BANK.—In schillings (000's omitted).

ASSETS.	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 31, 1931.	June 7, 1931.
Cash Reserve—					
Gold coin and bullion.....	168,549	214,327	214,327	214,327	214,327
Foreign exchange.....	255,930	128,799	119,364	116,453	116,132
Other foreign exchange.....	389,461	483,304	446,819	401,408	346,676
Bills discounted.....	112,879	297,384	349,994	451,306	475,405
Govt. debt.....	101,487	96,059	96,059	96,059	96,059
LIABILITIES.					
Share capital.....	43,200	43,200	43,200	43,200	43,200
Reserve fund.....	10,272	10,803	10,803	10,803	10,803
Notes in circulation.....	961,830	1,037,893	919,236	1,140,616	1,555,718
Deposits.....	70,886	185,938	311,183	142,247	196,190

† In dollar and sterling only.

NATIONAL BANK OF HUNGARY.—In Hungarian Pengő (000's omitted).

ASSETS.	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 31, 1931.	June 7, 1931.
Metal reserve—					
Gold coin and bullion.....	162,633	111,801	111,801	111,804	111,804
Drafts and notes.....	21,773	31,073	23,414	21,446	17,625
Silver coin and bullion.....	13,934	15,256	15,256	15,098	14,648
Inland bills, warrants and securities.....	206,187	224,906	214,905	257,374	236,917
Advances to the Treasury.....	82,797	60,090	60,090	60,090	60,065
LIABILITIES.					
Share capital (gold crowns 30,000,000)*.....	34,756	34,756	34,756	34,756	34,756
Notes in circulation.....	407,006	355,574	318,742	369,618	353,598
Current accounts, deposits, &c.....	54,120	28,484	46,455	41,597	30,096

* Calculated at pre-war parity of exchange.

NATIONAL BANK OF CZECHOSLOVAKIA.—In Cz. K. (000's omitted).

ASSETS.	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 31, 1931.	June 7, 1931.
Gold.....	1,312,923	1,541,413	1,541,209	1,541,554	1,540,937
Balance abroad and foreign currency.....	2,065,789	2,017,946	2,045,682	2,043,443	2,051,118
Discounts and advances.....	309,480	141,325	146,573	244,613	287,789
State notes debt balance.....	3,659,182	3,329,864	3,325,947	3,323,061	3,316,744
Other assets.....	764,107	1,006,401	1,043,376	1,149,867	1,159,360
LIABILITIES.					
Bank notes in circulation.....	6,665,894	5,965,723	5,772,901	6,731,685	6,431,697
Check account balances.....	801,589	1,209,679	1,423,566	1,665,158	911,806
Other liabilities.....	235,610	350,636	395,409	394,284	501,534

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	June 8, 1930.	May 15, 1931.	May 22, 1931.	May 31, 1931.	June 8, 1931.
Cash Reserve—					
Gold.....	97,133	99,394	99,469	99,627	99,743
Other coin and notes.....	18,132	18,132	18,132	18,132	18,132
Foreign credits.....	278,569	90,403	103,348	94,622	94,677
Bills.....	1,101,709	1,199,576	1,102,995	1,223,282	1,231,458
Government advances.....	4,092,441	4,020,861	4,020,861	4,020,861	4,020,853
LIABILITIES.					
Notes in circulation.....	12,531	4,720,032	4,619,309	4,790,809	4,774,467
State credits.....	5,272,303	126,225	126,225	126,225	125,217
Deposits.....	1,658,684	1,035,621	1,194,350	1,048,534	1,087,559

Cash reserve is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lira as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	May 31, 1930.	May 7, 1931.	May 15, 1931.	May 23, 1931.	May 31, 1931.
Gold and silver holdings.....	1,581,367	1,485,356	1,486,768	1,490,029	1,491,439
Balance abroad and foreign currencies.....	857,689	776,126	768,691	723,986	644,307
Discounts and advances.....	982,888	642,515	645,386	642,334	680,284
Advances to the Treasury.....	3,339,302	3,064,426	3,064,426	3,064,426	3,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserves.....	1,253,724	1,181,858	1,183,754	1,184,168	1,184,232
Bank notes in circulation.....	3,364,123	3,298,478	3,280,509	3,200,957	3,183,469
Sight liabilities.....	1,705,562	1,430,742	1,400,261	1,402,645	1,408,314
Deposits.....	288,427	263,366	257,956	257,289	257,031

BANK OF GREECE.—In drachmae (000's omitted).

ASSETS.	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 31, 1931.	June 7, 1931.
Gold.....	591,449	492,555	483,108	483,643	484,887
Gold exchange.....	3,615,168	3,139,373	3,090,121	3,093,888	2,990,789
Other foreign exchange.....	2,542	2,370	2,384	1,915	1,881
Bills discounted.....	100,685	139,885	151,021	152,579	145,626
Advances.....	141,518	153,230	151,171	152,935	151,358
Debt to the State.....	3,488,763	3,284,763	3,284,763	3,284,763	3,284,763
LIABILITIES.					
Capital paid up.....	400,000	400,000	400,000	400,000	400,000
Notes in circulation.....	4,912,671	4,307,066	4,265,312	4,303,531	4,263,393
Deposits and current accounts.....	1,399,108	1,664,767	1,739,399	1,688,462	1,664,165
Foreign exchange liabilities.....	1,015,570	958,829	918,672	932,884	873,133

RUSSIAN STATE BANK.—Note-Issuing Department.

ASSETS.	June 16, 1930.	May 1, 1931.	May 16, 1931.	June 1, 1931.	June 16, 1931.
Gold in coin and bullion.....	36,462	50,396	50,878	50,893	50,971
Other precious metals.....	2,578	1,917	1,860	1,892	2,360
Foreign currency.....	5,554	4,634	4,835	5,025	5,035
Drafts in foreign currency.....	298	229	229	229	232
LIABILITIES.					
Bank notes transferred to State Bank.....	177,426	224,551	224,508	224,489	225,342
Balance to which notes may still be issued.....	574	145	1,492	2,511	2,658

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1914.	June 7, 1930.	May 23, 1931.	May 30, 1931.	June 8, 1931.
Gold.....	302,516	300,951	300,951	300,951	300,640
Balance abroad and foreign bills.....	90,379	1,206,912	965,282	963,424	928,029
Financial and Foreign Government securities.....	21,826	347,556	376,294	375,298	376,846
Discounts and loans.....	105,151	868,490	802,582	797,511	790,172
LIABILITIES.					
Notes in circulation.....	123,941	1,388,006	1,203,627	1,256,699	1,237,590
Deposits at notice.....	21,225	222,278	277,253	195,665	186,644

BANK OF ESTONIA.—In Est. kronas (000's omitted).

BANK OF ESTONIA.—In Est. Krohns (000's omitted).					
ASSETS.					
	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 30, 1931.	June 7, 1931.
Gold coin and bullion	6,503	6,522	6,526	6,526	6,528
Net foreign exchange	15,943	17,143	17,002	17,019	17,026
Outstanding Estonian coin	1,322	1,322	1,322	1,322	1,322
Home bills discounted	14,451	10,556	10,393	10,193	10,197
Loans and advances	11,734	14,829	14,719	15,133	14,004
LIABILITIES.					
Notes in circulation	29,904	32,459	34,081	32,896	31,408
Sight deposits and current accounts	16,441	18,216	16,330	17,660	17,915
Ratio of reserve to current liabilities	48.43%	46.70%	46.67%	46.37%	47.75%

INDIA: REMITTANCES TO THE HOME TREASURY.

		During the From April week ending 1 to June 13, 1931.	
		£	£
Sterling purchased in India	From paper currency reserve	...	...
	From gold standard reserve	...	...
Net transfer to Home Treasury	From gold standard reserve	...	...
	From paper currency reserve	...	...
Less sales of sterling		405,679	408,679
Net remittance to Home Treasury		- 405,679	6,341,321

GOLD STANDARD RESERVE.

Statement showing the form in which the balance of the Reserve was held on May 31, 1931:—

		£	£
In India:			
Gold		12,950,200	
In England:			
Cash at the Bank of England		4,795	
Gold		2,152,334	
British Treasury Bills:—Value as on May 31, 1931		5,699,386	
Other British and Dominion Government Securities:—At or below market value on May 31, 1931		19,193,285	
			27,049,800
			£40,000,000

BULLION.

The following statistics of imports and exports of gold for week ended June 18, 1931, are issued by the Statistical Department of H.M. Customs and Excise:—

Imported into Great Britain and Northern Ireland.		Exported from Great Britain and Northern Ireland.	
From—		To—	
£		£	
Germany		Germany	
7,892,795		566,420	
Netherlands		16,000	
3,110		4,000	
France		14,284	
1,173,503		11,900	
Straits Settlements		4,000	
78,807		11,176	
Australia		66,630	
21,520		850	
Other Countries		749	
647			
Total declared value of imports		Total declared value of exports	
9,176,970		696,009	

GOLD MOVEMENTS.

The arrivals and withdrawals of gold during the past week, as announced by the Bank of England, have been as follows:—

1931. ARRIVALS.		1931. WITHDRAWALS.	
	£		£
June 12 Bars bought	7,621	June 12 Bars sold	108,200
13 Bars bought	316,000	Sovs. for export	27,000
13 Sovs. released	200,000	13 Bars sold	125,927
14 Bars bought	2,300,000	Sovs. for export	10,000
Sovs. from abroad	400,000	14 Bars sold	122,429
15 Bars bought	727,800	Sovs. for export	16,000
Sovs. released	300,000	15 Bars sold	83,814
16 Bars bought	441,214	Sovs. for export	39,000
17 Bars bought	358,027	Sovs. set aside	20,834
Foreign gold coin	29	16 Bars sold	33,000
Sovs. released	300,000	17 Bars sold	59,969
		Sovs.	6,000
Total	5,350,691	Total	651,673
Net arrivals, £4,699,018			

GOLD.

The Bank of England gold reserve against notes amounted to £155,255,902 on the 10th instant (as compared with £151,875,829 on the previous Wednesday), and represents an increase of £7,630,280 since December 31, 1930. In the open market yesterday bar gold was available to the value of about £850,000, of which £774,000 was from South Africa and £76,000 from the Straits Settlements. There was a considerable demand from Switzerland, and the important feature was that competition from that quarter caused the price to be fixed at 85s. 0½d. per fine ounce, a premium of ¼d. over 84s. 11½d., which had been the highest quotation in the open market since January 19th last. The amount taken on Swiss account was £600,000, and the Home and Continental trade secured £30,000 and £52,000, respectively. The balance was available to-day, but with less competition the price was fixed at 84s. 10½d. per fine ounce, at which £107,000 was taken from Switzerland and £53,000 for the Continental trade. It would appear that the gold bought in the open market on Swiss account has not all left this country. The week under review has seen a substantial addition to the gold holding of the Bank of England, mostly in the form of bar gold from Germany, whence about £5,000,000 has arrived since our last letter. The movements at the Bank of England have resulted in a net influx for the week of £5,639,783. Receipts totalled £6,292,635, of which £500,000 was in sovereigns released, £400,000 in sovereigns from South Africa, and £5,392,635 in bar

gold. Withdrawals consisted of £20,834 in sovereigns "set aside," £141,000 in sovereigns taken for export, and £491,018 in bar gold.

SILVER.

Although variations in prices have again been small, the market has remained quietly steady, sellers showing hesitation at declining rates. Support has been given by the Indian Bazaars, which have been rather more active, but America has been willing to meet the market, still selling fairly freely for near delivery. China has both bought and sold. The market continues quiet and shows no decided trend at the moment.

The following were the United Kingdom imports and exports of silver registered from mid-day on the 8th instant to mid-day on the 15th instant:—

IMPORTS.		EXPORTS.	
	£		£
U.S.A.	52,598	British India	31,339
British West Africa ..	28,296	Other countries	15,614
Other countries	6,390		
	87,284		46,953

INDIAN CURRENCY RETURNS (in lacs of rupees).

	June 7.	May 31.	May 22.
Notes in circulation	15,564	15,479	15,371
Silver coin and bullion in India	12,775	12,744	12,671
Silver coin and bullion out of India	2,046	2,021	1,986
Gold coin and bullion in India	...	...	...
Gold coin and bullion out of India	...	...	...
Securities (Indian Government)	743	714	714
Securities (British Government)	...	...	...

The stocks in Shanghai on the 13th instant consisted of about 83,200,000 ounces in sycee, 160,000,000 dollars and 4,560 silver bars, as compared with about 83,200,000 ounces in sycee, 160,000,000 dollars and 6,700 silver bars on the 6th instant.

GOLD AND SILVER PRICES.

Gold Per Ounce.		Silver—Per Ounce.		Date.		Silver.	
1931.		Cash Forward				Cash.	
June 12	84 11½	12½	12½	June 19, 1925	31½		
" 13	84 11½	12½	12½	" 18, 1926	30½		
" 15	84 11½	12½	12½	" 17, 1927	26½		
" 16	85 0½	12½	12½	" 14, 1928	27½		
" 17	84 10½	12½	12½	" 13, 1929	24½		
" 18	84 11½	12½	12½	" 19, 1930	15½		

NOTICES.

Mr James Marmion Carroll, of Dundalk, has been appointed a director of the Provincial Bank of Ireland, Limited.

Barclays Bank Limited announce the opening of a new sub-branch at 35 Jersey Parade, Lampton.

Mr Henry A. Koelsch, Jr., assistant vice-president, has arrived in London from New York to take charge of the London offices of the National City Bank of New York.

The directors of the Standard Bank of South Africa, Ltd., announce that Major-General The Right Hon. The Earl of Athlone, K.G., has been offered, and has accepted, a seat on the board of the bank.

Mr John F. Schmid, until recently vice-president of the Bankers' Trust Company, with whose Foreign Department he has been connected for over twenty-two years, has been elected vice president of the American Express Bank and Trust Company, New York.

The London office of the Australian Bank of Commerce, Ltd., has received from the head office in Sydney, advice announcing that Lieut.-Col. the Hon. T. A. J. Playfair, D.S.O., O.B.E., V.D., M.L.C., has joined the board of this bank in place of Lieut.-Col. T. L. F. Rutledge, who has resigned owing to his decision to reside in the country.

Company News.

SUMMARY OF BALANCE SHEETS.

BLEACHERS' ASSOCIATION, LIMITED.

LIABILITIES.		ASSETS.	
Amount.		Amount.	
£		£	
Ord. shares (£1)...		Land, buildings, &c.	
3,818,737		9,244,843	
Pref. shares (£1)...		Stocks, &c.	
2,487,500		35,290	
4½% deb. stock ...		110,989	
2,250,000		1,206	
Unpaid divs.		Investments	
799		287,392	
Sundry creditors ...		Shares in subs. ...	
1,050,000		744,213	
General reserve ...		Advances to subs. ...	
90,000		1,023,423	
Div. reserve ...			
386,523			
Superannuation fund ...			
371,556			
Fire insur. fund ...			
57,376			
Investments con- tinuities fund			
271,381			
Profit and loss ...			
11,447,356		11,447,356	

HARLAND AND WOLFF, LIMITED.

LIABILITIES.		ASSETS.	
Amount.		Amount.	
£		£	
6% 1st cum. pref. £1		Properties, &c. ...	
4,000,000		9,694,388	
6% "A" cum. pref. £1		Investments in steel works and other controlled	
3,095,094		4,271,354	
"B" pref., £1 ...		Government and other investm'ts	
3,090,000		206,462	
Ord. shares ...		Amount owing by subsidiaries	
1,000,000		113,351	
Reserve fund ...		Stocks	
278,837		458,350	
At credit of controlled cos.		Debtors	
691,471		404,699	
Trade Facilities		Expenditure on work in progress	
Act advances ...		1,041,409	
1,044,000		Bills on hand	
Deposits ...		80,000	
40,396		Cash	
Creditors ...		77,393	
2,843,890			
Receipts on work in progress			
4,974			
Unclaimed divs.			
311			
Dividend on 1st cum. pref. shrs.			
96,000			
Profit and loss ...			
238,053			
Total	16,347,346	Total	16,347,346

J. LYONS AND CO., LIMITED.

LIABILITIES.		ASSETS.	
Amount.		Amount.	
£		£	
Ordinary shares ...		Land, buildings, &c.	
400,000		10,146,298	
"A" ordinary ...		Stock	
1,216,273		2,302,267	
5% pref. shares ...		Debtors	
647,065		534,574	
7% pref. shares ...		Investments in associated cos.	
4,000,000		227,240	
8% pref. shares ...		Subsidiary cos. : Shares at cost	
1,000,000		471,823	
6% pref. ord. shrs.		Loans	
456,667		105,517	
Prop. profit shares		Current acc'ts	
225,000		54,932	
4% deb. stock ...			
350,000			
4½% deb. stock ...			
15,144			
4½% deb. stock ...			
125,000			
6% deb. stock ...			

REPORTS AND NOTICES.

GOVERNMENT, &c.

GREEK GOVERNMENT LOANS (ASSIGNED REVENUES).—The following revenue receipts are to hand from Athens for the first quarter of 1931:—

	Drs.	Drs.
New revenues	166,964,956	+ 21,260,237
Old revenues	748,616,139	+ 17,800,003
	915,581,095	+ 39,060,240

Upon the basis of the above receipts and the relative security rights of the various loans, the following figures show the approximate security available for the first quarter of 1931:—

	Security available*.	Service of loan requires	No. of times covered.
7 per cent. Refugee	1,756,406	230,625	7.61
6 per cent. Stab. 1928	1,416,815	171,163	8.04
6 per cent. Pub. Works, 1928	1,221,992	143,869	8.49
6 per cent. Pub. Works, 1931†			
8 per cent. Exch. Ref. Ind., 1926-28	855,575	264,800	3.23
6 per cent. Exch. Ref. Ind., 1928			

* Exchange is calculated at Drs. 375 per £1 (the stabilised rate), and all contingent prior future charges deducted.

† £8,600,000 at present issued. A further £5,400,000 can be issued ranking *pari-passu*. The service of the whole £14,000,000, assuming the balance £5,400,000 issued upon the same basis would then be covered 5.23 times.

MISCELLANEOUS.

HUDSON'S BAY COMPANY.—At the suggestion of the Rt. Hon. Sir Robert Horne, who, in accordance with the decision of the Extraordinary General Court of Proprietors held on January 16, 1931, had acted as arbitrator in deciding three new appointments to the board of directors, the board of the Hudson's Bay Company have held an informal meeting to which they invited a few of the principal proprietors, together with Mr C. L. Nordon and the members of his committee, to meet them in Beaver House. Sir Robert Horne made a statement to the meeting as regards the course

of the proceedings which had taken place since the Extraordinary General Court, and advantage was also taken of the opportunity to introduce to those present the new Governor, Mr Patrick Ashley Cooper, who presided over the meeting. Mr Ashley Cooper briefly addressed the meeting, and in expressing confidence as regards the future of the company, asked for the harmonious co-operation of all the proprietors, which was essential in the difficult times through which the company was passing.

LOW TEMPERATURE CARBONISATION, LTD.—At an extraordinary general meeting of the holders of the prior lien mortgage debenture stock of the above company, held on June 10th, Colonel W. A. Bristow, M.I.E.E., M.I.A.E., F.R.A.E.S., chairman of the company, was appointed chairman of the meeting by the trustees for the debenture stockholders, Sir Gilbert Garney, K.B.E., and Sir Arthur Marshall. The resolution sanctioning the postponement of the date for the redemption of the said stock from July 1, 1931, to July 1, 1936, was carried by an overwhelming majority. Amongst a large number of stockholders present, there were only three dissenters to the resolution, and we are officially informed that over 80 per cent. of the stockholders voted personally and by proxy in favour of the resolution.

PEASE AND PARTNERS, LIMITED.—At the meetings of the 5 per cent. debenture stockholders and the unsecured creditors of Pease and Partners, Ltd., the scheme of arrangement put forward was passed at both meetings by an overwhelming majority. Both these meetings were presided over by Sir Gilbert Garney, K.B.E., F.C.A., who was appointed by the court to act as chairman. At an extraordinary general meeting of shareholders which followed, the alterations in the articles of association made necessary by the scheme of arrangement were unanimously approved.

THE ST. MARTIN'S LE GRAND PROPERTY CO., LIMITED.—The report and accounts for the year ended March 25, 1931, show that the net profit, after providing for tax, was £20,492 (last year, £2,419); the balance brought forward from last year was £2,419 (last year, nil), making £22,911. Out of this sum the directors recommend the following appropriations: Transfer to general reserve, £5,000; transfer to maintenance reserve, £2,500; transfer to rental reserve, £2,000, leaving £13,411. Preliminary expenses to be written off, £3,415, leaving to be carried forward, £9,996. The directors feel that, in view of the large sums which must be set aside in the ensuing four years for the redemption of the first and second mortgage debenture stock, and of the heavy interest charge thereon, the outstanding second debentures should be reduced as far as possible by redemption out of the company's present resources, thus greatly strengthening the position and making possible the payment of satisfactory dividends during the current year and thereafter. It is intended to utilise in this manner a sum at least equivalent to the amount transferred to reserve. It is, however, proposed that an interim dividend for the current year should be paid at an early date.

THOMAS HART, LTD.—The net profit for year ended March 31, 1931, amounted to £388, comparing with £5,247 for preceding year. The amount brought in was £3,842, making £4,230 available, against £7,330 a year ago. The dividend on the ordinary shares is reduced from 15 per cent. to 5 per cent., less income tax. The carry-forward is reduced from £3,842 to £3,068. Total assets are £94,676. Cash is reduced from £13,755 to £11,546. Debtors are at £6,490, against £10,607. Stocks are down from £6,465 to £3,569. Investments at cost stand at £21,727, against £11,560. Creditors, at £435, compare with £177.

TRANSVAAL GOLD OUTPUT STATISTICS.

Name of Mine.	April, 1931.			May, 1931.		
	Ore.	Est. Yield.	Est. Profit.	Ore.	Est. Yield.	Est. Profit.
Brakpan	Tons.	£	£	Tons.	£	£
City Deep	88,000	98,088	2,051*	96,000	145,211	43,465
Consolidated Main Reef	64,000	92,860	15,008	91,000	98,515	1,439*
Crown Mines (10s. shs.)	241,000	336,028	87,176	268,000	345,356	15,012
Durban Deep	46,300	63,523	7,212	47,800	65,323	7,497
East Rand Proprietary	149,500	173,230	12,021	158,000	182,721	12,863
Geduld Proprietary	81,000	111,552	44,750	86,900	117,350	47,433
Geldenhuis Deep	70,500	68,327	5,285	71,700	69,333	5,728
Glyn's Lydenburg	6,200	10,020	555			
Government Areas	196,000	388,027	224,343	205,000	401,211	233,097
Kleinfontein, New	50,700	44,842	130	52,100	44,056	4,147*
Langlaagte Estate	76,000	113,735	32,063	78,000	113,470	33,058
Lupard's Vlei				31,500		4,488
Meyer and Charlton				18,300	16,632	1,505
Modderfontein B.	72,000	90,942	35,017	77,000	95,787	36,035
Modderfontein Deep	43,500	94,090	59,620	44,200	95,613	60,750
Modderfontein East	70,500	89,846	16,036	72,500	92,590	16,465
Modderfontein, New	157,000	288,008	160,109	166,000	292,023	161,495
New State Areas	77,000	166,812	79,089	80,000	171,230	82,002
Nourse Mines	66,000	85,709	7,056	70,000	89,570	7,216
Randfontein Estates	213,000	246,955	45,953	235,000	265,762	51,515
Robinson Deep	92,000	115,349	23,775	99,000	116,694	22,285
Rose Deep	60,000	52,244	2,214	63,700	64,247	2,514
Slimmer and Jack	71,900	92,241	10,652	83,000	96,405	14,068
Springs Mines				149,944	70,742	
Sub-Nigel	32,000	119,106	60,107	32,200	122,440	61,367
Transvaal G.M. Estates	15,500	21,318	2,051	16,000	21,862	2,030
Van Ryn				44,000	42,764	5,038
Van Ryn Deep	59,000	92,403	27,551	61,000	93,238	28,052
West Rand Consolidated				94,500	109,891	25,002
West Springs				70,500	74,856	12,853
Witwatersrand Deep	37,100	36,194	1,891*			
Witwatersrand Knight	54,000	48,891	230	62,000	61,321	2,049

* Loss.

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefce.	Ordinary.					
						Amount	Amount.					Rate.
Banks.		£	£	£	£	£	%	£	£	£	%
Bank of Adelaide	Mar. 30	49,482	91,813	141,295	...	87,500	7	...	53,795	138,107	9
Hambros Bank.....	Mar. 31	91,792	295,121	386,913	...	180,975	22½ 6A	100,000	93,938	320,869	22½ 6A
Imperial Bank of Persia ...	Mar. 31	44,881	93,013	137,894	...	65,000	13½-†	30,000	42,894	124,279	13½-†
Netherlands Bank of South Africa.....	Dec. 31	246	43,167	43,413	...	28,112	6	14,166	1,135	49,924	7
Financial, Land, &c.											
Ceylon Estates Investment	Mar. 31	1,700	3,246	4,946	...	3,814	17½	...	1,132	6,734	27½
South American Assets	Mar. 1	5,121	2,780	7,901	...	...	...	...	7,901	...	...
Hotels, Restaurants, &c.											
Cranston's Hotels	May 17	14,708	30,037	44,745	8,544	15,500	25	5,311	15,390	36,097	15
Lyons (J.) and Company ...	Mar. 31	33,226	942,320	975,546	419,353	406,411	22½	100,000	49,782	935,871	22½
Iron, Coal and Steel.											
Allied Ironfounders	Mar. 31	4,247	192,619	196,866	53,956	...	...	105,420	27,490	130,312	...
Cory (William) and Son.....	Mar. 31	701,853	626,595	1,328,448	42,500	514,261	17½	50,000	721,687	685,187	17½
Harland and Wolff	Dec. 31	132,307	105,746	238,053	...	...	...	...	238,053	332,364	...
Roberts (Wm.) (Tipton)	Mar. 31	2,722	1,605	4,327	1,627	...	...	...	2,700	1,695	...
Oil.											
Phoenix Oil and Transport .	Dec. 31	142,349	248,459	390,808	...	107,733	2½	50,000	233,075	275,577	5
Tocuyo Oilfields of Venezuela	Dec. 31	Dr. 3,530	Dr.131,143	Dr.134,663	...	...	...	...	Dr.134663	Dr. 3,529	...
Rubber, &c.											
Djember Rubber	Dec. 31	5,744	Dr. 5,453	291	...	...	...	Dr. 661	952	23,098	10
Madingley (Malay) Rubber	Feb. 28	3,002	Dr. 191	2,811	...	...	...	...	2,811	4,079	4
Riverside (Selangor) Rubber	Dec. 31	1,475	Dr. 1,695	Dr. 220	...	...	...	Dr. 2,000	1,780	4,162	...
Rubber Estates of Krian ...	Dec. 31	2,768	Dr. 1,260	1,508	...	...	...	...	1,508	8,841	5
Scottish Malay Rubber	Dec. 31	4,037	Dr. 8,359	Dr. 4,322	...	...	...	Dr. 5,000	1,678	5,237	...
Shipping.											
Coast Lines	Dec. 31	41,520	180,930	222,450	161,250	...	...	40,000	21,200	230,958	...
Shops and Stores.											
Baker (Albert) and Co.	Mar. 31	24,083	28,245	52,328	...	25,000	12½	...	27,328	30,663	12½
Garage (A. W.)	Jan. 31	3,783	Dr. 9,303	Dr. 5,520	9,625	...	...	...	Dr.15,145	26,010	5
Tea.											
Borhat Tea	Dec. 31	24,776	5,744	30,520	...	3,600	2	...	26,920	7,995	4
Borbheel Tea	Dec. 31	5,742	2,874	8,616	...	2,775	12½	...	5,841	5,881	25
Jhazie Tea	Dec. 31	21,230	40,266	61,496	...	41,800	10	...	19,696	56,682	15
Makum (Assam) Tea	Dec. 31	1,844	Dr. 4,896	Dr. 3,052	...	5,550	5	Dr. 9,000	398	26,792	22½
Rajmai Tea	Dec. 31	12,208	29,296	41,504	...	30,800	55	...	10,704	37,134	67½
Southern India Tea	Feb. 28	3,844	2,884	6,728	438	1,617	2½	4,000	673	3,024	...
Textiles.											
Bleachers' Association	Mar. 31	279,415	204,575	483,990	136,812	...	...	110,000	237,178	666,391	6½
Grout and Co.....	Apr. 30	10,439	4,476	14,915	259	...	...	...	13,876	Dr. 6,981	...
Trust.											
British Empire Trust	Apr. 30	23,286	25,565	48,851	37,022	7,386	7	...	4,443	68,485	9
Dominion and General Trust	Apr. 30	14,587	31,151	45,738	10,697	19,021	8	...	16,020	31,571	9
Independent Investment Co.	Mar. 31	19,804	21,855	41,659	9,975	6,636	5	...	25,048	20,245	7½
Monks Investment Trust ...	May 15	6,499	25,843	32,342	...	18,700	4	4,381	9,261	26,624	5
Trust Union.....	May 15	18,285	71,402	89,687	15,694	34,875	10	19,443	19,675	75,816	10
United States Trust Co. of Scotland	May 31	8,317	37,072	45,389	10,462	21,700	14	5,000	8,227	39,248	14
Witan Investment Co.	Apr. 15	25,004	215,733	240,737	49,469	110,825	10	20,000	60,443	234,043	10
Waterworks.											
East Surrey Water Co.	Mar. 31	23,486	53,628	77,114	5,500	2,800 33,663	10A 7B	7,500	27,651	50,762	10A 7B
New River Co.....	Mar. 25	5,962	33,510	39,472	...	26,000	20†	7,000	6,472	35,727	20†
Other Companies.											
Barry and Staines Linoleum	Mar. 31	105,245	100,107	205,352	17,262	101,719	7½	...	86,371	284,361	16½
Budgett (H. H. & S.)	Feb. 28	7,110	13,359	20,469	20,924	...	...	Dr. 455	22,824	...	...
Country Life	Mar. 31	17,985	22,027	40,012	5,500	15,000	15	...	19,512	30,572	15
Dent, Allcroft and Co.	Jan. 15	6,906	27,749	34,655	27,625	...	...	...	7,030	31,371	...
Hall and Co.	Mar. 31	74,899	64,935	139,834	5,754	19,181	10	35,000	79,899	85,722	10
Hovis Limited	Mar. 31	22,575	90,096	112,671	9,000	47,700	15	32,000	23,971	89,777	20
Mirlees, Bickerton and Day	Mar. 31	12,283	4,246	16,529	3,255	...	...	...	13,274	32,134	7
Nouchatel Asphalte	Dec. 31	68,557	23,571	92,128	...	10,497	2½	15,736	65,895	31,612	5
Newnes (George)	Mar. 31	57,101	154,184	211,285	41,273	92,988	20	17,500	59,524	150,284	20
Owen (Thomas) and Co.	Mar. 31	Dr. 4,263	Dr. 34,848	Dr. 39,111	...	...	...	Dr.39,111	Dr. 4,467	...	...
Roberts (Charles) and Co. ...	Mar. 31	8,465	9,811	18,276	15,742	...	...	...	2,534	...	...
Santa Rosa Milling	Dec. 31	8,199	15,292	23,491	7,459	...	...	10,000	6,032	...	...
Scribbans and Co.	Apr. 30	17,895	172,547	190,442	...	92,225 30,742	7 ord. 19½def	526,35	14,840	233,931	7 o. 19½d
Twyford Limited	Mar. 31	41,787	38,107	79,894	...	31,375	9	10,000	38,519	59,111	12½
Victoria Wine Co.	Feb. 28	11,377	39,705	51,082	20,000	...	...	...	31,082	44,277	12½

DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.			Dividend for Whole Years.	
	Interim or Final.	Date of Pay- ment.	Method of Payment.	Latest Year.	Pre- vious Year.
RAILWAYS.					
Bengal and North-Western	4%*	plus bonus	us of 4%	%	%
Rohilkund and Kumaon Railway	4%*	plus bonus	us of 2%	...	...
BANKS.					
Bank of Adelaide	...	...	...	7	9
Bank of British West Africa	1½%†	...	Less tax	4	6
Barclays Bk. (Dom., Colon., &c.)	4½%*	...	...	...	...
Imperial Bank of Persia	...	...	Tax free	13/- p.s.	13/- p.s.
Netherlands Bank of South Africa	...	...	...	6	7
INSURANCE.					
Eagle Star and Brit. Dominions	5%*	...	Quarterly	...	...
Union Insurance Socy. of Canton TEA AND RUBBER.	16/- p.s.†	...	...	...	...
Bogawantawala District Tea ...	17%†	...	...	28	32½
Barbheer Tea	7½%†	...	...	12½	25
Budla Beta	5%†	...	...	2	4
Deamoolie Tea	10%†	...	...	5	20
Elmhurst (Ceylon) Tea & Rub. Galkandawatte Tea	5%*	...	...	20	40
Jorhant Tea	5%†	...	...	11	15
Limbuguri Tea	7½%†	July 1	Less tax	10	20
Rajmahal Tea	17½%†	...	...	12½	25
Rupai Tea	5%†	...	Less tax	55	67½
Scottish Assam Tea	...	...	Less tax	15	30
Southern India Tea Estates	...	...	Less tax	5	10
MINING.					
Ayer Hittam Tin Drudging	2½%*	...	...	2½	...
Bullcroft Main Collieries	3%*	...	...	...	...
Cain and Motor Gold Mining	10%†	...	Tax free	...	...
Clydesdale (Transvaal)	10%†	...	...	17½	20
Geduld Proprietary	16½%*	...	...	...	...
Gopend Consolidated	4d. p.s.*	July 7	...	...	...
Henderson's Transvaal Estates	2½%†	...	Less tax	5	5
Madder Deep Levels	60%*	AUG. 6	...	...	...
Natal Navigation Collieries	24%†	...	...	6½	7½
Pato Mines (Columbia)	10/- p.s.*	June 19	...	...	...
Regende Mine	2½% p.s.*	...	Less tax	...	...
Sherwood Stair Gold Mining	15%†	...	Less tax	30	25
South African Coal Estates	24%†	...	Less tax	5	5
South Hutton Coal	...	...	...	1½	1½
OTHER COMPANIES.					
Albert Baker and Co.	10%†	...	...	12½	12½
Allsopp and Sons	3½%*	...	...	...	...
Associated Bakeries	3½%†	...	...	...	...
Associated Fireclay Cos.	4%†	...	...	7	8
Baker Perkins	7%†	...	...	7	8
Barclay Perkins	7%†	...	...	11	11
Barry and Staines Linoleum	...	...	...	7½	...
Blumen Bros.	2½%*	...	...	...	...
British Empire Trust (Def.) ...	...	...	...	7	9
Butterley Co.	4%†	...	...	5	5
Canadian Eagle Oil	...	...	...	5	5
Ceylon Estates Investment	7½%†	...	...	12c. p.s.	12c.p.s.
Clover Paint and Composition ..	2%†	...	...	17½	27½
Consolidated London Properties ..	4½%†	...	...	4	9
Cornbrook Brewery	5%*	...	...	8	7½
Country Life	7½%†	...	...	...	...
Cranston's Hotels	...	...	...	15	15
Dominion and General Trust	10%†	...	...	25	...
East Kilbride Dairy Farmers ...	5%†	...	...	8	9
Eastern Telegraph	3½%*	...	Quarterly	10	12½
Ely Beet Sugar Factory	...	...	Tax free	12½	12½
English Beet Sugar Corporation ...	...	...	Tax free	20	20
First Scottish American Trust ...	13½%*	...	...	27	26
Foster Clark	12½%*	July 1	...	...	...
General Electric Co.	9%†	...	...	10	14
George Newnes	3½ p.s.†	...	...	20	20
Globe Telegraph and Trust	2½%†	June 30	...	8½	10
Greenwood and Batley	6%*	...	...	5	5
Hants and Dorset Motor Service ..	6%*	...	...	12½	12½
Henekeys	6%*	...	...	...	...
Hick, Hargreaves and Co.	...	...	...	2	3
Hovis	...	...	...	15	15
Independent Investment	3%†	...	...	7½	...
Ipawich Beet Sugar	10%†	...	Tax free	12½	12½
James Deuchar	...	...	Tax free	20	25
J. Lyons	...	...	...	22½	22½
King's Lynn Beet Sugar	...	...	Tax free	10	10
London Auction Mart	...	...	...	5	5
London Paper Mills	7½%†	...	...	12½	15
Mexican Eagle Oil	...	...	...	6	6
Milton Proprietary	5%*	July 1	...	...	...
Monks Investment Trust	...	...	Less tax	4	...
Monotype Corporation	3½%*	...	Less tax	...	...
Neuchatel Asphalt	...	...	...	6d. p.s.	...
New River Co.	...	...	Tax free	20	20
North British Cold Storage	7%†	...	...	12	10
Ohlsson's Cape Breweries	7%†	...	...	10	10
Pentland Investment Trust	...	...	...	3	4
Portsmouth and Brighton United Breweries	5%†	...	...	7½	5
P. Phipps and Co.	5%*	...	Tax free	...	...
R. Wood Haggie and Son	5%*	...	...	...	...
Reckitt and Sons	5%*	...	Quarterly	...	...
Ribble Motor Services	6%†	...	...	10	10
Rio Claro Rly. and Investment ..	4%†	June 24	...	...	...
Rochdale Canal	1%*	...	...	...	...
Sawm... ..	4%†	plus bonus	us of 1%	9	10½
Scottish Heritable Trust	3%*	...	...	...	...
Scottish Stockholders' Inv. Sheffield and District Cinemas ..	1½%*	July 1	...	...	...
Thos. Stevens	3%†	...	...	10	10
Trust of London and Scotland ...	3%*	July 1	...	6	6
Trust Union	6%†	...	...	5	...
Twyfords	5%†	...	Less tax	10	10
United States Trust of Scotland ..	7%†	...	Less tax	9	12½
United Water Softeners	...	...	Less tax	14	14
Victoria Wine	...	...	Less tax	7½	10½
Virol	5%*	...	...	10	12½
White, Tomkins and Courage ...	...	...	...	10	10
William Cory and Son	...	...	...	17½	17½
Willoughby's Consolidated	2½%†	...	...	5	5

(a) Tax-free.

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION.—A regular quarterly dividend of 50 cents per share has been declared, payable July 15, 1931, to stockholders of record June 15, 1931.

THE AFRICAN AND EASTERN TRADE CORPORATION, LTD.—Payment will be made on July 1st of the half-yearly dividend to June 30, 1931, on the 6 per cent. cumulative "A" preference shares, less income tax at 4s. 6d. in the pound.

Commercial Reports.

MARKET SUMMARY.

The past week witnessed a deterioration in the general situation of the commodity markets. Last week's sectional upward movements have mainly been caused by temporary influences, as indicated in the last market summary. The output of coal in May, at 17.3 million tons, shows a drop of 1.3 million tons on the previous month, and there has been no improvement during the past week. The decline in the activity of the iron and steel industries still continues, and there are no signs of an early improvement. Continental pig iron is again shipped to this country in increasing quantities. With the exception of spelter, the principal non-ferrous metals have not maintained the slight advance recorded last week. Among textile raw materials, cotton has recovered a few points, but wool was easier and sales of Bradford goods have been diminishing recently. Flax and hemp were maintained, but jute was cheaper. The demand for viscose and acetate rayon yarn has shown some expansion, and though exports of fabrics were scarcely larger, the home trade still absorbs considerable quantities. Among cereals, wheat has been slightly cheaper, following the announcement by the Federal Farm Board that "it will not pledge itself to withhold its wheat stocks from the domestic market for another year." The principal other foodstuffs have all been weaker, and the fall in tea prices has been particularly sharp. Rubber has been inactive but steady in price, and the market in vegetable oils and oilseeds has been firmer.

THE COAL TRADE.

SHEFFIELD.—Lifeless conditions obtain in the South Yorkshire coal market, although the limited supplies of best quality hards sell readily for export on prompt account. Prices are firm. Demand, however, is extremely poor for secondary quality steams, smalls and house coal. Forward business is very quiet. Best steams are quoted at 17s. 6d. and 18s. f.o.b., and best ordinary house at 22s. at pits.

GLASGOW.—Business remains on a poor scale, with little prospect of improvement in any direction. Shipments last week amounted to only 177,000 tons, which is about the lowest figure for a long time, and the aggregate shipments this year now stand at 4,722,000 tons, against 5,773,000 tons last year to date. Restricted outputs are the rule in all districts, but in spite of this the trend of prices for large coals at least is easy. Nuts are slightly firmer in places, but pearls remain a dull spot. Shipping prices are approximately as follows (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 11s. 6d.-12s.; doubles, 11s.-11s. 6d.; singles, 10s.; pearls, 9s. 3d.; dross, 9s. FIFE.—Screened navigation, 10s. 6d.-17s. 6d.; first-class steam, 12s.; third-class steam, 10s. 3d.-10s. 6d.; trebles, 11s. 6d.-13s.; doubles, 11s.; singles, 10s.; pearls, 9s. 3d. LOTHIAN.—Prime steam, 11s.; secondary steam, 10s. 6d.; trebles, 12s.; doubles, 11s.; singles, 10s.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 12s.; trebles, 11s. 6d.; doubles, 11s.; singles, 9s. 3d.; pearls, 9s. 3d.; dross, 9s. 6d.

CARDIFF.—There has been no improvement this week in the position on the Cardiff coal market. Inquiries have been scarce and the docks only partially employed. On Tuesday about 40 per cent. of the tips at Cardiff, Newport, Swansea and Port Talbot were idle. The demand for anthracite is fairly active, although the volume of the export trade in that coal is less than it was this time last year. For all bituminous descriptions production is in excess of demand, and the Marketing Association has reduced the authorised quota for the September quarter to 9½ million tons, compared with about 10½ millions in the June quarter and 11.6 millions in the March quarter. Prices for all grades are stationary at the scheduled minimum figures. Stocks of smalls continue to accumulate, and it is doubtful whether many of the dumps will be utilised till prosperous conditions are restored to the local iron and steel industries. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best dries, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 9d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 6d. to 18s.; best small steams, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; best anthracite, large, 36s. to 37s. 6d.; Red Vein, large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; stove nuts, 39s. 6d. to 43s. 6d.; French nuts, 43s. to 46s.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 22s. 3d. to 22s. 9d.

IRON AND STEEL.

MIDDLESBROUGH.—The position of the Cleveland iron market continues unsatisfactory, and what is likely to happen in the immediate future is difficult to forecast. Makers seem determined not to make any reduction in the official prices, with the result that business with local consumers becomes more and more restricted, while increased quantities of Midland iron are coming into the district and importations of Continental iron on an important

scale are threatened. Small parcels of the latter have been arriving recently, but larger lots are now spoken of as being under negotiations, if not already sold. Local makers sold a little iron to Scotch consumers last week, but to secure this business important concessions on the official local prices had to be conceded and the tonnage secured was only small as the foundries in Scotland are well booked up in Continental and other iron at much lower prices, and many foundries are working short time. The weekly market on Tuesday was only thinly attended and makers announced Cleveland prices unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d.; and No. 4 forge, 57s., f.o.b. or f.o.t. The result was that very little business was done with local consumers and there was practically no demand for export. In hematite the position improves a little in regard to orders for early delivery, but forward business is still very difficult to secure. Stocks are large, but are not being pressed on the market at present figures, so that the furnaces actually producing are getting rid of a good portion of their output. Makers are easier as regards prices and are willing to book mixed numbers for early delivery at 63s., and even a little less than this has been accepted for suitable business. For forward, 3d. to 6d. premium on the prompt price is generally quoted according to period required. In the finished departments new business seems to be held up in anticipation of a reduction in prices when the Associated Steel Makers meet next month. Strong representations are being made by consumers for concessions, and it is difficult to see how these can be avoided in the face of the low prices quoted for Continental material. In the meantime figures under the rebate scheme for home consumption remain: Plates, ½ in. up, £8 15s.; angles, £8 7s. 6d.; joists, £8 15s. Other quotations are: Heavy steel rails, £8 10s.; iron crown bars, £10; 24-gauge galvanised corrugated sheets, £10; and 24-gauge black sheets, £8 5s., also for home use. The ore market continues quite idle. Best Bilbao rubio is now nominally 15s. c.i.f. for early delivery, and the current freight Bilbao/Middlesbrough for prompt boats is about 4s. 3d. Coke is in abundant supply, but the demand is poor. Good blast-furnace qualities are offering at 15s. 6d. per ton delivered consumers' works, and less would probably be accepted. The number of furnaces in blast in the district remains at 22.

SHEFFIELD.—The local iron and steel industry continues featureless and the prevailing depression is intensified by the arrival of the customary quiet season. Indian foundry pig iron is still arriving in substantial tonnages in Scotland and South Wales. Italy has lately bought 15,000 tons of such iron. It is cheaper than British or Continental. The largest local steel works is closing all departments for a week or more for stocktaking shortly. The market for steel scrap is practically moribund. Users are not taking contract deliveries and new business cannot be secured except at abnormally low prices. Such material is 25s. a ton cheaper than a year ago. Trade with Australia is still bad. Firms here are not exporting to Australia a fourth of their former average business. Signs of trade recovery are still absent, and no considerable change for the better is expected until the beginning of autumn. There is a moderate call for tools, cutlery and plate.

GLASGOW.—The situation as regards the iron and steel trades in and around Glasgow is practically unchanged, and it seems now to be generally accepted that no marked improvement can be looked for until after the annual fair holidays in the middle of July. On the whole the volume of inquiries for material, both for export and for home consumption, has been maintained, and there has been a noticeable, though not great, increase in the amount of business done for overseas markets in the manufactured iron and steel trades. Some of the tube makers have a little more work on hand than for some time, but at all plants work is not sufficient to insure regular employment. Makers of semis are still faced with very keen competition from the Continent, and very little business is being done either in home or foreign material.

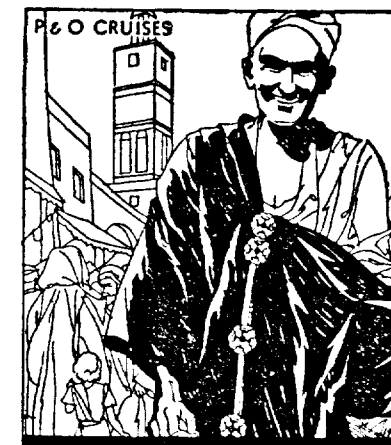
CARDIFF.—On the Swansea Metal Exchange on Tuesday tinplates were reported a quiet market at from 14s. to 14s. 3d. per basis box. Steel bars were easier at £4 12s. 6d. per ton for the local make and £3 15s. for imported material. Galvanised sheets are down to £10 per ton, with demand still very restricted. Shipments of tinplates last week totalled 86,543 boxes, compared with 93,095 boxes the previous week, and stocks 221,259 boxes, compared with 230,963 boxes. Discussions are reported to be taking place on the question of output and price regulation, but, apparently, no decision has yet been reached. Meanwhile, both production and marketing are free from artificial restraints.

OTHER METALS.

TIN.—In the absence of any signs of an improvement in demand, the news, early this week, of a further increase in stocks in this country resulted in liquidation and lower prices. The slight improvement recorded last week has therefore proved of short duration. Wednesday's official closing quotation for "standard cash," at £101 2s. 6d. to £101 5s. per ton, compares with £103 2s. 6d. to £103 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,366 tons, show an increase of 427 tons on the week.

COPPER.—Disappointing industrial conditions and unfavourable statistics for May caused a renewed decline in values on the London Metal Exchange. Wednesday's official closing price for "standard cash" in London, at £34 6s. 3d. to £34 8s. 9d., compares with £35 3s. 9d. to £35 5s. a week ago. New York prices, both for "domestic spot" and for export, remained unchanged. Stocks of refined copper in British official warehouses at the end of last week, at 15,688 tons, show an increase of 633 tons, while stocks of rough copper, at 801 tons, were 496 tons smaller. According to the

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Metal Exchange, the May approximate copper figures for North and South America are as follows:—

	May.	April.
	Tons.	Tons.
Refined stocks	356,250	328,571
Blister stocks	170,156	173,135
Foreign deliveries, refined	24,107	28,571
Domestic deliveries, refined	40,179	49,107
Refined production	91,964	90,179
Mine production	41,071	41,964

LEAD.—This metal maintained last week's improvement, which was, however, largely due to the absence of selling pressure and not to an increase in demand. In New York the metal again changed hands at 3.75 cents per lb., spot. Wednesday's official closing quotation for "soft foreign" in London, at £11 6s. 3d. to £11 13s. 9d., shows no change as compared with the corresponding day last week.

SPELTER.—There was a slight improvement in demand, both in New York and London, and as there was no selling pressure, prices advanced further. The New York spot price for "East St. Louis," at 3.35 cents per lb., shows a rise of 0.05 cent per lb. on the week. Wednesday's official closing quotation in London for "good ordinary brands," at £11 2s. 6d. to £11 13s. 9d., compares with £10 17s. 6d. to £11 8s. 9d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—Spot sales for the week 11th to 17th (inclusive) are 29,000 bales, of which 16,350 are American, 1,900 Brazilian, 200 Argentine, 4,000 Peruvian, 1,850 Egyptian, 1,600 African, 1,800 East Indian, 800 Russian, and 500 sundries. Imports for the same period are 16,474 bales, of which 9,737 are American, 1,031 Brazilian, 1,402 Argentine, 1,607 Peruvian, 898 Egyptian, 478 African, 907 East Indian, and 414 sundries. Quotations, June 17th: American Middling, 4.84; Egyptian Sakel, 7.65; Uppers, 5.75; Brazil Fair, 4.90; Peru G.F. Smooth, 5.30; West African Middling, 4.90, and East African G.F., 5.90.

Manchester.—The recovery in prices for both American and Egyptian cotton, writes our correspondent, has caused rather more activity in the Manchester market. Mixed reports, however, have been given out with regard to the amount of business done, and although some manufacturers are able to arrange sales covering the

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weekly output, others have not been able to make any progress, with the result that quite a few number of firms contemplate stopping more machinery. A feature of interest has been the larger demand in dhooties for India, and at least one fair transaction has been recorded. Light bleaching fabrics and fancies have also been in request, but orders have been of small weight. Trade with China has not shown any signs of broadening, and a bigger trade for that outlet cannot be expected until there is an advance in the price of silver. Buyers for Egypt and the Near East have not given much support. Some moderate lines have been sold in printing and finishing cloths for South America. The Dominions have continued to purchase from hand to mouth. A fair business has been done in a wide range of fabrics for the home trade. There has been a little more demand in American and Egyptian yarns. Producers have been unable to obtain improved margins.

Cotton Prices.

	1931.					Corresponding Date.	
	May 27.	June 3.	June 10.	June 17.	June 24.	1929.	1930.
Raw Cotton—Mid. American	d. 4-83	d. 4-65	d. 4-63	d. 4-85	d. 4-85	10-20	7-55
" Sakelordis Fully Good Fair	d. 4-10	d. 7-40	d. 7-20	d. 7-65	d. 7-65	16-40	12-45
Yarns—32's twist	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2	15 1/2	11 1/2
" 40's twist	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	15 1/2	12 1/2
" 60's twist (Egyptian)	15	14 1/2	14 1/2	14 1/2	14 1/2	25 1/2	20 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's	d. 17	d. 17	d. 17	d. 17	d. 17	25	21
36-in. Shirtings, 75 yds., 16 by 16, 32's and 40's	19	19	19	19	19	27	23
38-in. ditto, 38 yds., 18 by 16, 10 lb.	10	10	10	10	10	15	13
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.	9	9	9	9	9	13	11

THE WOOL TRADE.—Bradford.—Nothing very encouraging can be said about the trade in this centre, writes our correspondent. According to a preliminary estimate of the quantity of wool for the fourth series of London sales, there will be about 193,000 bales, including the 70,000 bales held over from the third series. The outlook for merinos seems to be better than for crossbreds, though the aggregate weight of the former belonging to the last clip, which is now in London and in warehouses in the Bradford district, must be fairly large. A good deal of this will no doubt be held against known requirements, but the new clip is coming forward in Australia earlier than usual, which is indicative of a desire on the part of growers to sell. The tendency of prices in Bradford is against sellers. It is impossible to realise prices for merino tops which correspond with the cost in Australia this week, and there is a weakening tendency in crossbreds. Besides this, there is a disposition to sell yarns at lower prices, and bids for merino tops are being made which approach the last slump level. More spinning machinery is running short time, and exports of fully-manufactured goods continue to decline. In spite of all this, there are not lacking evidences of confidence in wool, and reasonably steady values at the next sales should impart a better tone.

THE GRAIN MARKETS.

WHEAT.—Influences of a conflicting nature caused prices to be maintained at about last week's level. On the one hand adverse weather conditions made for a rise in values while the announcement by the Federal Farm Board that it will not "pledge itself to withhold its wheat stocks (which are estimated at 200 million bushels) from the domestic market for another year" acted as a "bear" influence. According to the weekly crop report of the Dominion Bureau of Statistics, the Prairie Provinces are still suffering from drought and the yield of the new crop has been estimated at only 236 million bushels. Although the condition of the Pacific Coast crop of the United States is deteriorating because of the lack of rain, that country's general harvest prospects remain good. Little is known about the progress of the Russian wheat crop, but an official estimate places the area sown at 17,685,000 hectares, of which the Middle Volga region accounts for 2,376,000 hectares, the Lower Volga region for 3,080,000 hectares and the Ukrainian region for 2,275,000 hectares. The condition of crops of other European countries is about average and the area sown in England and Wales, though smaller than in 1930, is promising a satisfactory yield. International trade during the past week has been on a smaller scale, total shipments to all countries, according to Mr G. Broomhall, amounting to 1,905,000 quarters, as against 2,392,000 quarters in the previous week. Shipments to Belgium and Holland show a rise, but France, Italy and the United Kingdom took considerably less. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 27s. per 496 lbs., as compared with 27s. 9d. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 26s., against 26s. 9d.; Rosafé, ex ship, 22s. 3d., against 23s.; Australian, ex ship, 24s. 3d. to 25s. 6d., against 24s. 6d. to 25s. 6d. a week ago.

WHEAT FLOUR.—Flour has been steady and prices remained unchanged. North American shipments at 208,000 sacks during the past week show an increase of 25,000 sacks on the week, but as large quantities of this has been sent to non-European destinations,

values remained unaffected. Quotations: Straight run, delivered country, 23s. 6d. per sack of 280 lbs., as compared with 23s. 6d. last week; delivered London, 22s. 6d., against 22s. 6d. Manitoba patents, ex store, 21s. 9d. to 25s., against 21s. 9d. to 25s.; and Australian, ex store, 18s. 6d. to 19s., against 18s. 6d. to 19s. 6d. a week ago.

BARLEY.—The market has been easier because the new Danubian crop is now being offered and that of North Africa is being harvested. The visible supply in the United States at the end of last week amounted to 4,946,000 bushels, against 5,163,000 bushels at the end of the previous week. Quotations: "English malting," f.o.r., at 30s. to 35s. per 448 lbs., remained unchanged. Californian sold at from 36s. to 40s., as compared with 33s. to 43s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—The market in oats has been inactive, and despite the drought conditions in Canada, particularly Saskatchewan, prices showed a downward tendency. Quotations: "River Plate," landed, 13s. per 320 lbs., as compared with 13s. last week; "River Plate," ex ship, 12s., against 12s. 6d.; "Chilean Tawny," landed, 13s. 9d., against 13s. 9d.; and North Russian, on sample, landed, 17s. 9d., against 17s. 9d.; English white, per 336 lbs., 20s. to 21s., against 20s. to 21s. a week ago.

MAIZE.—Argentina is now shipping heavily and the slight rise in values last week has not been maintained. Quotations: "Plate," landed, 17s. per 480 lbs., as compared with 17s. 6d. last week; Plate, ex ship, 15s. 9d., as against 16s. 3d.; Plate, June-July, new, 15s. 9d., as against 16s. 3d. Yellow maize meal, ex wharf, was quoted at £5, as against £5 per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat—				
1 week to June 13	Owts. 76,523	Owts. 164,371	Owts. 79,952	Owts. 183,780
41 weeks to June 13	4,595,144	8,969,984	9,336,932	10,312,158
Average price of English wheat per cwt.	s. d. 5 11	s. d. 8 7	s. d. 9 7	s. d. 11 0

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
June 6, 1931	Owts. 81,244	Owts. 3,660	Owts. 16,716	s. d. 6 0	s. d. 8 2	s. d. 7 0
June 13, 1931	76,523	3,733	17,584	5 11	8 5	6 10
June 11, 1927	214,579	17,409	51,221	12 9	11 6	10 0
June 16, 1928	183,780	12,202	13,709	11 0	11 6	12 9
June 15, 1929	70,952	15,106	11,468	9 7	10 3	9 6
June 14, 1930	164,371	18,533	20,276	8 7	7 2	6 3

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	June 18, 1930.	Jan. 2, 1931.	June 3, 1931.	June 10, 1931.	June 17, 1931.
Winnipeg (No. 1 Manitoba)	148 1/2	101	56 1/2	60 1/2	60 1/2	60 1/2
Chicago (No. 2 Winter)	130 1/2	96 1/2	79 1/2	66 1/2	57 1/2	57 1/2

The visible supply of wheat in Canada, at 48,574,000 bushels, shows an increase on the week of 1,907,000 bushels. Supplies a year ago stood at 60,724,000 bushels.

OTHER FOODS.

SUGAR.—On the whole, the recent improvement in the international sugar situation has been maintained, and refiners are still buying considerable quantities of "raws." In New York, prices of raw sugar have been maintained at last week's level, i.e., at 3-30 cents per lb. for Cuban centrifugals. In London raw futures have been slightly easier. Wednesday's sales included "August delivery," at 6s. 3 1/2d. to 6s. 4d. per cent., as against 6s. 4d. to 6s. 4 1/2d. on the corresponding day last week. British refined has maintained its recent advance. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London	413	180	1,234	663	29,793	30,491
Liverpool	15,896	5,530	12,485	9,791	74,471	87,575
Total	16,309	5,710	13,719	10,454	104,264	118,066

Last week 13,120 16,466 15,464 9,755 101,674 122,810

COFFEE.—The demand for coffee has again been quiet at this week's auctions, but prices remained steady, and good Kenya and Central American qualities were readily absorbed. Last week's movements of coffee in London were as follows: Brazilian, landed, 127 bags; delivered for home consumption, 240 bags; exported, nil; stocks, 2,913 bags, against 2,136 bags last year. Central American, landed, 2,417 packages; delivered for home consumption, 6,855; exported, 2,770; stocks, 120,840 packages, against 117,288 a year ago. Other kinds, landed, 1,506 packages; delivered for home

OVERSEAS TRADE RETURNS.

IMPORTS (Value C.I.F.).

	Month ended May 31.		Five months ended May 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	5,921,795	3,907,196	28,814,985	19,397,713
B. Feeding stuffs for animals	532,865	417,326	2,909,272	2,014,288
C. Meat	10,851,558	8,401,696	49,958,039	39,723,997
D. Animals, living, for food	1,202,501	940,412	6,656,780	5,932,122
E. Other food and drink, non-durable	16,555,410	15,017,661	77,080,945	70,530,835
F. Other food and drink, durable	4,742,388	4,231,290	25,217,928	22,137,014
G. Tobacco	680,182	374,608	5,776,566	4,681,772
Total, Class I	39,586,699	33,290,189	196,413,615	164,421,741
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	2,641	2,241	12,371	12,898
B. Other non-metallic mining and quarry products and the like	575,878	388,440	2,395,337	1,678,656
C. Iron ore and scrap	561,160	223,189	2,830,122	1,088,136
D. Non-ferrous metalliferous ores and scrap	1,295,324	771,637	6,281,206	3,304,755
E. Wood and timber	2,780,938	1,626,558	11,784,771	7,130,193
F. Raw cotton and cotton waste	4,647,294	1,864,899	24,656,975	11,345,908
G. Wool, raw and waste, and woolen rags	4,682,221	4,083,293	27,242,684	21,079,702
H. Silk, raw, knubs and noils	99,004	66,146	872,820	525,949
I. Other textile materials	839,360	606,469	6,171,309	3,212,035
J. Oil seeds, nuts, oils, fats, resins and gums	3,437,373	2,474,619	16,113,174	11,827,973
K. Hides and skins, undressed	1,390,499	804,013	8,283,148	1,919,987
L. Paper-making materials	1,019,298	745,149	4,945,595	3,536,428
M. Rubber	985,031	309,996	5,737,565	2,614,234
N. Miscellaneous raw materials and articles mainly unmanufactured	801,327	682,468	4,704,399	3,728,779
Total, Class II	23,117,344	14,593,117	122,041,476	76,277,613
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	225	1,852	4,771	7,962
B. Earthenware, glass, abrasives, &c.	931,886	771,695	4,565,379	3,616,160
C. Iron and steel and manufactures thereof	1,974,717	1,554,119	10,780,814	7,485,561
D. Non-ferrous metals and manufactures thereof	2,436,619	1,798,842	13,693,934	8,974,889
E. Cutlery, hardware, implements, and instruments	794,304	575,628	3,204,115	2,665,614
F. Electrical goods and apparatus	517,201	370,966	3,017,646	1,982,981
G. Machinery	1,853,472	1,304,926	8,298,258	6,084,607
H. Manufactures of wood and timber	706,193	621,422	3,900,368	2,854,715
I. Cotton yarns and manufactures	810,830	693,357	4,170,691	3,508,614
J. Woollen and worsted yarns and manufactures	1,105,831	1,097,818	6,089,512	5,486,631
K. Silk and silk manufactures	1,124,077	1,027,270	5,131,472	3,798,368
L. Manufactures of other textile materials	1,512,296	1,275,526	6,883,807	6,092,103
M. Apparel	1,656,438	1,612,966	8,491,738	6,470,782
N. Chemicals, drugs, dyes and colours	1,221,492	1,020,687	5,955,894	5,227,881
O. Oils, fats, and resins, manufactured	4,686,137	2,429,349	20,893,794	13,076,292
P. Leather and manufactures thereof	1,373,522	1,050,507	6,423,731	5,061,791
Q. Paper and cardboard	1,561,100	1,377,794	7,207,148	5,684,420
R. Vehicles (including locomotives, ships, and aircraft)	673,376	251,135	3,229,895	1,705,596
S. Rubber manufactures	408,872	321,845	1,906,339	1,430,447
T. Miscellaneous articles, mainly or wholly manufactured	2,343,214	2,230,764	11,336,549	10,942,630
Total, Class III	27,691,802	20,979,408	135,185,855	104,158,044
IV.—Animals, not for food	203,405	196,688	1,316,443	1,292,509
V.—Parcel Post, non-durable articles	453,957	573,130	3,410,411	3,203,350
Total	91,053,207	69,632,532	458,367,800	349,353,757

EXPORTS OF PRODUCE AND MANUFACTURES OF THE UNITED KINGDOM (Value F.O.B.).

	Month ended May 31.		Five Months ended May 31.	
	1930.	1931.	1930.	1931.
I.—Food, Drink, and Tobacco—				
A. Grain and flour	421,640	276,895	1,961,719	1,392,784
B. Feeding stuffs for animals	168,726	183,046	952,320	997,683
C. Meat	118,938	87,531	619,571	526,120
D. Animals, living, for food	20,749	16,468	68,742	87,277
E. & F. Other food and drink ..	2,336,455	1,682,535	12,187,300	9,503,592
G. Tobacco	743,950	520,293	3,974,218	2,659,591
Total, Class I.	3,810,458	2,766,768	19,763,870	15,167,047
II.—Raw Materials and Articles Mainly Unmanufactured—				
A. Coal	4,204,323	2,878,610	20,655,222	14,101,457
B. Other non-metallic mining and quarry products and the like ..	145,223	102,039	791,660	461,202
C. Iron ore and scrap	42,617	33,230	283,897	183,005
D. Non-ferrous metalliferous ores and scrap	82,695	51,142	391,636	186,846
E. Wood and timber	30,388	14,608	125,930	95,813
F. Raw cotton and cotton waste ..	58,456	29,883	309,937	133,140
G. Wool, raw and waste, and wool- len rags	390,391	304,515	2,401,668	1,295,116
H. Silk, raw, knubs and noils	1,963	602	8,485	3,805
I. Other textile materials	29,338	18,871	137,805	61,734
J. Oil seeds, nuts, oils, fats, resins, and gums	325,442	212,835	1,762,116	1,151,124
K. Hides and skins, undressed ..	133,222	64,823	806,511	411,409
L. Paper-making materials	98,526	57,905	526,532	298,891
M. Rubber	17,850	8,575	86,210	43,403
N. Miscellaneous raw materials and articles mainly unmanufactured ..	284,138	237,295	1,587,726	1,333,313
Total, Class II.	5,844,972	4,014,933	29,874,335	19,760,258
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel....	237,856	118,944	1,439,363	1,138,324
B. Earthenware, glass, abrasives, &c.	1,222,809	742,747	5,413,268	3,536,905
C. Iron and steel and manufac- tures thereof	4,942,281	2,600,623	24,555,749	13,432,439
D. Non-ferrous metals and manu- factures thereof	1,080,349	544,608	5,888,761	3,136,664
E. Cutlery, hardware, implements, and instruments	677,498	458,907	3,272,614	2,208,220
F. Electrical goods and apparatus ..	1,043,173	622,275	5,247,244	3,590,188
G. Machinery	4,470,870	2,879,869	21,286,956	14,549,762
H. Manufactures of wood and timber	201,168	132,853	919,039	621,660
I. Cotton yarns and manufactures of woolen and worsted yarns and manufactures	7,847,252	4,619,195	45,676,023	24,373,788
K. Silk and silk manufactures	2,411,867	1,640,518	17,137,230	10,745,546
L. Manufactures of other textile materials	125,480	100,280	728,037	466,232
M. Apparel	1,866,129	1,091,786	9,264,701	5,591,641
N. Chemicals, drugs, dyes, and colours	1,434,222	1,002,708	8,924,395	5,983,826
O. Oils, fats, and resins, manufac- tured	2,045,556	1,728,879	10,229,709	7,634,283
P. Leather and manufactures thereof	779,194	479,982	3,487,798	2,346,866
Q. Paper and cardboard	631,550	285,226	2,594,762	1,385,279
R. Vehicles (including locomotives, ships, and aircraft)	805,528	495,133	3,804,226	2,599,668
S. Rubber manufactures	4,987,408	4,393,296	20,933,744	15,139,017
T. Miscellaneous articles mainly or wholly manufactured	277,402	214,136	1,274,817	961,918
	2,701,742	1,848,300	12,785,719	9,274,759
Total, Class III.	39,816,334	26,000,365	204,864,069	128,718,985
IV.—Animals, not for food	111,004	75,447	594,712	374,828
V.—Parcel Post	1,429,416	1,037,916	6,908,964	5,703,000
Total	51,012,184	33,895,429	262,005,950	169,724,118

The Economist,
WEEKLY COMMERCIAL TIMES,

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No. 4,583.

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THE MONEY MARKET.

In the same way as, last week, the critical situation developing in Germany found little obvious reflection in the course of rates in Lombard Street, so this week the changed conditions created by President Hoover's moratorium offer had only a limited influence on day-to-day market conditions. Money has been consistently easy. On Tuesday, owing partly to the absence of

LONDON, WEDNESDAY.			LARD—			WOOL—			Market Hides, London—		
CEREALS AND MEAT.			Irish bladders 52 0 7 0			English Southdown, washed d.			Best heavy ox and belfer 0 34 0 5d		
GRAIN &c.—			American, boxes, 56 lbs. 43 9 45 3			" Lincoln hog, washed 10 7			Best cow 0 34 0 3d		
Wheat, No. 27 N. Man. 496 lb. 26 0			POTATOES—			Queensland, super. super comb. 11			Best calf 0 7 0 3d		
Eng. Gas. av., per cwt. 5 11			Good English, per cwt. 10 0 11 0			N.S.W. greasy, super. 21			INDIGO—		
Barley, Eng. Gas. av. 6 5			SPICES—			N.Z., gray, half-bred 50-56 11			Bengal gd. red-vio. to fine—per lb. 5 6 5		
Oats, 6 10			Pepper, per lb.—			Crosbred 40-44 6					
Maize, La Plata, landed, 480 lb. 17 0			Mustard, fair White. 0 8 0 0						LEATHER—		
Floor, Job, sta. ex mill, s. d. 0 5 0 0			Black Lampung 0 5 0 0						Sole London 8/14 lb.—		
280 lb. 21 3 0 0			Cinnamon—1st sort, per lb. 0 7 0 0						per lb. 1 2 2 5		
Rice, No. 2 Burma, per cwt. 6 7 0 0			Cloves—Zanzibar per lb. 0 9 0 0						Bark Tanned Sole 2 3 3 0		
Sago, Pearl, per cwt. 16 6			Ginger—per cwt.—						Shoulders fr DS Hides 0 6 0 8		
Tapioca, per cwt.—			African 22 0 0 0						Do. Eng. or WS do. 0 8 1 3		
S.T. Flake, fair spot 17 6 0 0			Jamaica, ord. to good. 40 0 80 0						Bellies from DS do. 0 4 0 6		
S.T. medium pearl 20 0 0 0			Mace 0 10 1 8						Do. Eng. or WS do. 0 6 0 0		
MEAT—			Nutmegs 65s 1 0 0 0						Dressing Hides, per lb. 1 3 9 6		
Beef, per 8 lbs.—			SUGAR—						Ro. Eng. Calf, 20/30 lb. 3 6 4 6		
English long sides 5 4 6 0			(Duty, 11s. 8d. per cwt.)						Aust. Bends 1 0 1 8		
Argentine chilled hinds, 3 10 4 6			B.W.I., crystallised 18 3 21 3						VEGETABLE OILS—		
Mutton, per 8 lbs.—			Java, white, c. & India 7 10 0 0						Linsed, naked, p. ton net 15/10 0		
English wethers 5 8 8 0			REVISED—London—						Rape, refined 26/0 0		
N.Z. frozen 3 4 4 2			Yellow Crystals 19 7 0 0						Cotton-seed, crude 19/0 0		
Pork, English, per 8 lbs. 4 0 4 8			Cubes 24 0 24 6						Coconut, crude 21/0 0		
			Crushed 22 6 23 0						Palm Oil, Cakes, Landed, Eng. 12/10 0		
			Granulated 20 3 21 0						per ton 7/5 0		
			Home Grown (April) 19 6 19 10 1/2						Oil Seeds—Linsed—		
BACON— OTHER FOODS.			TEA—						La Plata, p. ton. June-July 8/5 0		
Irish per cwt. 70 0 90 0			Indian—per lb.—						Calcutta—per ton— 9/17 6		
Danish 53 0 55 0			Pekoe 0 3 1 0								
Canadian 0 0 0 0			Broken Pekoe 0 4 1 7								
Dutch 40 0 46 0			Orange Pekoe 0 3 1 7								
HAMS—Irish 0 0 0 0			Broken Orange Pekoe 0 4 1 2 1/2								
Canadian 0 0 0 0			Ceylon—per lb.—								
Danish 85 0 87 6			Pekoe 0 5 2 0								
BUTTER—			Broken Pekoe 0 5 1 10 1/2								
Irish creamy per cwt. 112 0 114 0			Orange Pekoe 0 7 2 0 1/2								
Australian 104 0 107 0			Broken Orange 0 6 1 2 1/2								
New Zealand 108 0 111 0			TOBACCO—								
Danish 118 0 120 0			(Duty 8/10-9/10 per lb.,								
			Empire growths, 6/9 7/6 per lb.)								
CHEESES—			Virginia leaf—								
Canadian per cwt. 70 0 76 0			Common to fine 0 8 2 6								
New Zealand 56 0 58 0			Rhodesian leaf 0 7 1 6								
English Cheddar 46 0 55 0			Nyassaland leaf 0 7 1 0								
Dutch 45 0 56 0			" 10 1 6								
OOCEA—			East Indian leaf 0 3 1 0								
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			" stripe 0 5 1 0								
Acacia, f.f., per cwt. 18 0 23 0			MUTTON— TEXTILES.								
Trinidad 38 0 45 0			d.								
Gruera 26 0 37 0			Mid-American 4-85								
COFFEE—			Sakellariotis, f.g.f. 7-65								
(Duty, British grown, 11s. 8d.; foreign, 14s. cwt.)			Yarpe, 32s twist 14 1/2								
Bantow suppr., c.d.f. cwt. 48 0 0 0			60's twist 14 1/2								
Colombian, good 70 0 92 0			FLAX—								
Costa Rica, med. to good 80 0 122 0			Livonian ZK per ton 33 10 0 0								
East Indian 85 0 115 0			Pernau HD 31 0 0 0								
Kenia medium 72 0 85 0			Selat Medium 1st sort. 41 0 0 0								
EGGS—			S.M.P.								
English per 120 8 9 10 6			Italian P.O. per 31 0 0 0								
Danish 8 9 11 6			Manila, May-July "J2" 18 0 0 0								
FRUIT—			N.Z.								
Oranges—			Sisal, African, May-July..... 14 15 15 10								
South African boxes 11 0 16 9			Mexican.....								
Lemons, Sicilian boxes 10 0 20 0			JUTE—								
Limes, boxes 12 0 20 0			Native 1st mks. per ton								
Malaga, cases 120 No. 1 0 0 0			calf. H.A.R.B. June-July £16/7 6								
Apples: Amer. (var.) brls. 0 0 0 0			Dalsee 2/3 c.l.f. Dundee June-July £16/5 0								
(var.) boxes 12 0 13 6											
Australian 9 0 15 0											
Onions—			SILK—								
Valencia, cases, 4s. 12 0 0 0			per lb. 6 6 8 6								
Egyptian Bago 0 0 0 0			Tussah 3 4 6 6								
Grapes, Lisbon boxes 0 0 0 0			Japan 8 0 11 0								
Almeria brls. 0 0 0 0			Italian—Raw, fr. Milan 8 0 10 0								

New-Zealand, formed 83·1 per cent. of the total supply, as against 84·4 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Markets generally have a better tone, and in some sections there has been a fair degree of activity. Linseed met with a better demand both here and on the Continent at the close of last week, but consumer's needs seem now to have been met for the present. Plate seed for shipment was dealt in at from £8 5s. (June) to £8 11s. 3d. (October), according to date, since when, in sympathy with lower Argentine options values have eased, seed on spot at Hull and for June shipment now offering at £8 5s., and July-August £8 7s. 6d. An increase in the quantity of linseed afloat to Europe to 130,000 tons, or 27,000 tons more than last week, have rather weakened nearer positions. Calcutta to London, June loading, is reported done at £9 15s. Cotton seed, after a good trade, and higher prices, closes quiet with black Egyptian afloat and June loading offering at £5 2s. 6d. and July £5 5s. Linseed oil is in improved demand from consumers who have bought freely for forward delivery. Prices are firmer, raw oil on spot, ex Hull, now being quoted £16, June-August £15 15s., while £16 has been paid for September-December, and £16 5s. January-April, though there has since been some reaction. Cotton oil also is firmer, and crude Egyptian is held for £19, and common edible for £21. Oilcakes are in poor demand, but prices are steady.

HIDE, LEATHER AND ALLIED TRADES.—Prices for hides from home-slaughtered cattle showed little change at the auctions held at Manchester this week, all ox and heifers selling at the previous week's figures. Cows were slightly weaker on average, although 4d. per lb. more was paid for first heavy clears. Calfskins were steady to a slightly firmer tendency. Sheepskins are still a difficult market, and with large supplies available comparatively poor prices have to be accepted to clear. Business in foreign hides continues disappointing, and with tanners confining their purchases to small parcels the tendency of values, in the main, is to become weaker.

Frigrifics, for which a shade more money has been obtained of late, are an exception. Business in sole leather this week has moved on fairly steady lines, but there have been little signs of improvement in the amount going into consumption. Medium and heavy weight English and wet-salted bends move off regularly, but the call in regard to dry hide stock is mainly for the lighter weights. Mediums and heavies in the latter description are only a dropping sale, while the call for shoulders continues slow. Rough and pinned, bellies, however, have received more attention; fair sales have been made of late, and there are possibilities of further business maturing in this direction from the inquiry coming to hand. Upper leathers are a regular sale in regard to glacé kid and willow calf, and in some quarters orders have been for rather larger quantities. Here and there patent has again come in for more attention, while real reptile skins are a moderate market if quotations are on a rock-bottom basis. Small business is being done in suede and matt leathers, but this class of stock has not received the attention that at one time it was expected to do. Curriers still find business difficult to obtain, and even where orders are forthcoming prices have to be cut to the lowest fraction.

RUBBER.—The market in rubber during the week has been quiet and featureless and prices scarcely fluctuated. Dutch intentions with regard to restriction are still unknown, but the increase in consumption in the United States, from 1,281 tons per working day in April to 1,513 tons in May, provided a steady influence. Wednesday's official closing price for standard ribbed smoked sheet, at 3d. per lb., shows a rise of $\frac{1}{4}$ d. as compared with the corresponding day last week. In forward positions, business has been done at 2 $\frac{1}{2}$ d. to 3d. for June, against 2 $\frac{1}{2}$ d. last week; at 3 $\frac{1}{4}$ d. for July-September, against 3d.; at 3 $\frac{1}{2}$ d. to 3 $\frac{3}{4}$ d. for October-December, against 3 $\frac{1}{4}$ d.; at 3 $\frac{1}{2}$ d. for January-March, 1932, against 3 $\frac{1}{4}$ d. to 3 $\frac{3}{4}$ d.; and at 3 $\frac{1}{2}$ d. for April-June, as against 3 $\frac{1}{4}$ d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 2,468 tons; delivered, 2,973 tons; stocks at the end of last week, at 138,668 tons, show a decrease of 468 tons. as compared with the preceding week.

Treasury bill maturities and partly to some increase in Stock Exchange demand for accommodation, borrowers occasionally paid $1\frac{1}{2}$ per cent. for advances over night, but the general rate was $1\frac{1}{2}$ per cent. From Wednesday onwards the approach of the end of the half-year began to have its normal effect in increasing the demand for money, and on Thursday, after the Bank rate decision was announced, a moderate sum was borrowed from the Bank for a week on the usual terms. Day loans, however, were still obtainable freely at $1\frac{1}{2}$ per cent., with the same rate charged for renewals, and though it was expected that there would be further borrowing at the Bank, the prospects of a comparatively comfortable end-June position were favourable, since the clearing banks were offering loans into July at $2\frac{1}{2}$ per cent. after endeavouring unsuccessfully to quote a higher figure on the previous day.

Last Friday's Treasury bills were allotted at an average rate of £2 ls. 11.22d. discount, or one shilling below the figure a week before. As a consequence of the easy situation of credit and renewed talk of the possibility of an early reduction in Bank rate, the market rate of discount had a definitely weaker tendency. By Thursday three months' bills were quoted as low as 2 per cent., though in some quarters an attempt was still made to make $2\frac{1}{2}$ effective. Forward business on 90-day bills for delivery early in July was concluded on the basis of $1\frac{1}{2}$ per cent.

Gold movements during the week have been less spectacular than a week ago, but the Bank of England has nevertheless gained substantially. On Monday £400,000 in sovereigns were received from South Africa and £200,000 in bars from Germany; and on Tuesday, thanks to the appreciation of sterling on Zurich, the Bank secured £600,000 Cape auction gold in addition to a further £450,000 from Germany. In view of these further acquisitions and the knowledge that £5 millions in gold will shortly arrive from Australia, the possibility of a reduction in Bank rate on Thursday was canvassed in the market, but the no-change decision accorded with the majority of anticipations. It was felt that no move by the Bank was likely to be made until there was definite assurance that the Hoover plan would go through without hitch. Given such a result, however, there was a general anticipation to look for a 2 per cent. Bank rate in the near future.

	June 4, 1931.	June 11, 1931.	June 18, 1931.	June 25, 1931.	Previous Rate and Date Changed.
Bank Rate	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	3 (May 14, '31)
Banks' Deposit Rate...	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
Discount/Call	1	1	1	1	$1\frac{1}{2}$ (May 1, '30)
House { Notice ...	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$	$1\frac{1}{2}$ (May 1, '30)
Market rate (3 months bills)	$2\frac{1}{2}$ - $2\frac{1}{2}$	$2\frac{1}{2}$ - $2\frac{1}{2}$	$2\frac{1}{2}$ - $2\frac{1}{2}$	$2\frac{1}{2}$ - $2\frac{1}{2}$	...

With gold stocks £2 millions higher at £164 millions, the Bank of England's return this week made an exceedingly strong showing, the reserve proportion having risen $1\frac{1}{2}$ to the high level of $59\frac{1}{2}$ per cent., notwithstanding an increase of £566,000 in the note circulation. Apart from these changes, the only other significant movements were an increase of £10.2 millions in public deposits (reflected in a diminution of £9.8 millions in bankers' deposits) as a result mainly of the continued excess of payments to be made on Treasury bills over current maturities. The present level of bankers' deposits at £61.2 millions appears to confirm the correctness of market anticipations that, though the end of the month should be relatively comfortable, a moderate amount of borrowing from the Bank will be necessary.

Apart from the eagerly watched movements of the reichsmark, which, as recorded below, suffered a disappointing reaction on Thursday, after earlier firm-

ness, the Spanish peseta has attracted most attention in the market for foreign exchange. A break at the beginning of the week, due to pessimism regarding the political situation, was followed by a strong recovery on the news that the Spanish Government had contracted for a foreign credit of £6 millions against shipments of gold. This arrangement has been taken as welcome evidence that the new Spanish authorities are willing to employ their surplus stocks of gold to proper and effective purpose. It was at first rumoured that the origin of the credit and the destination of the gold was London, but this appears to be incorrect, and it is understood that Paris, not London, is involved.

Gold movements in New York during the past week included the receipt last Saturday of \$1.5 millions from the Argentine and \$3 millions on Wednesday from Canada, while, in addition to further unearmarking, \$11 millions in gold from Germany are on the way. Call money has been unchanged at $1\frac{1}{2}$ per cent., and open market discount rates have been steady at $\frac{3}{4}$ to 1 per cent. for 90-day bank bills. Four mutual savings banks in New York City will reduce their rate on deposit from 4 to $3\frac{1}{2}$ per cent. as from July 1st. A further decline of 3 per cent. in steel mill operations is reported, and there was a decrease of 28,437 in the number of loaded cars for the week ended June 13. The application of the railroads to the Inter-State Commerce Commission for a 15 per cent. increase in freight rates has been reserved for further consideration.

At the beginning of the period under review the foreign exchanges remained under the influence of the generally disturbing financial and political conditions on the Continent. Following the American proposals for the postponement of war debts, however, there was a general recovery in rates, led by sterling on New York, which had previously borne the brunt of the withdrawal of funds from Germany and Austria. Subsequently a slight reaction took place and quotations closed below the best. The dollar rate rose at one time to 4.86 $\frac{1}{2}$, and was finally $\frac{1}{8}$ cent higher on the week at 4.86 $\frac{1}{2}$; while the Canadian rate also moved in favour of sterling to 4.89 $\frac{1}{2}$. Paris was 3 centimes cheaper on balance at 124.28, after touching 124.30. In Zurich the pound recovered strongly, on the cessation of German and Austrian demand, from 25.05 to 25.10 $\frac{1}{2}$, but weakened slightly from the best to 25.10. Reichsmarks did not respond as much as might have been expected, being on Thursday $\frac{1}{4}$ pfennig worse at 20.50 $\frac{1}{2}$. Belgas, which were offered up to 34.96 $\frac{1}{2}$, eventually closed at 34.92 $\frac{1}{2}$, after a strong demand from Brussels had caused a reaction to 34.92. Amsterdam and Milan, after touching 12.09 $\frac{3}{4}$ and 92.98, remained practically unchanged on the week at 12.08 $\frac{1}{2}$ and 92.94 respectively. Apart from a further recovery in Swedish kroner from 18.14 $\frac{3}{4}$ to 18.14 $\frac{1}{2}$, the Scandinavian exchanges were practically stationary. The Spanish peseta continued erratic, and after depreciating to 52.25, the closing rate of 51.70 showed a loss on the week of $2\frac{1}{2}$ pesetas. In South Americans, Buenos Aires rose from 34 $\frac{3}{4}$ d. to 35 $\frac{1}{4}$ d., Monte Video from 28 $\frac{1}{2}$ d. to 28 $\frac{3}{4}$ d., whilst Rio lost $\frac{1}{8}$ d. at 3 $\frac{1}{2}$ d. Forward rates were not materially affected, except in Berlin, the heavy discount ruling recently being still further reduced to $\frac{1}{4}$ pfennig and $1\frac{1}{2}$ pfennigs for one and three months. Dollars were at slightly increased premiums of $\frac{3}{4}$ cent and $\frac{3}{2}$ cent, and French francs showed little change at 11 and 30, against 12 and 32 centimes premium. Forward belgas were cheaper at $1\frac{1}{4}$ and 4 centimes premium for the two periods, whilst forward Amsterdam was unchanged at $\frac{1}{2}$ and $1\frac{1}{2}$ cents premium. The Swiss franc forward was around par, as against a small discount last week. Milan also improved slightly at 10 and 30 centesimi, as did the forward peseta at $\frac{3}{4}$ and $\frac{1}{2}$ peseta, as against $\frac{3}{4}$ and $1\frac{1}{2}$ pesetas last week. In common with other commodities, silver recovered sharply from 12 $\frac{3}{4}$ d. to 13 $\frac{1}{4}$ d. for cash and 13 $\frac{1}{2}$ d. for forward, but a relapse followed from these levels, the closing prices being 13 $\frac{1}{4}$ d. and 13 $\frac{1}{2}$ d. respectively. China silver exchanges were erratic, Hong Kong being finally 11 $\frac{1}{4}$ d. after 1s. 0 $\frac{1}{4}$ d., with Shanghai firm at 1s. 4d.

THE BREAK IN THE CLOUDS.

THERE are dark storm-stressed days in which a sudden lull is vouchsafed and through a break in wind-swept clouds there comes a gleam of sunlight. No picture could describe more fittingly the first impression created by the proposal made last Saturday evening by President Hoover, speaking in the name of the American Government, and offering on the part of the United States a one year's moratorium for all inter-Government payments. Though the acuteness of the immediate crisis was scarcely realised by the man in the street in any country outside Central Europe, the instant reaction of almost the whole world to the proposal was one of profound relief, reflected in a burst of psychological optimism on every Bourse. Even before there was any definite assurance that the terms of the offer would meet with acceptance it was recognised that a great step forward in world affairs had been taken, and that President Hoover had risen greatly to a large occasion.

The situation on the eve of this historical announcement and the final course of events which led to it can be briefly summarised. On his return from a visit last week to the Middle West, which seems to have deeply impressed him with the serious state of American trade, industry and employment, Mr Hoover was apprised by his financial advisers at Washington, and doubtless also by cabled advices from Mr Mellon in London, that the crisis in Germany was coming to a head with disastrous swiftness, and that the heavy continued foreign withdrawals of funds, accompanied by growing signs of panic on the part of German depositors, constituted an imminent threat to the stability of the German banking system. In these circumstances President Hoover acted with decision and courage. Though he could not but be keenly sensitive to political complications at home, in view of the traditional attitude of Congress towards any question of debt revision, he arranged rapidly a series of conferences with leaders of the Democratic and Republican Parties in both the Senate and the House of Representatives, and, having secured what he considered to be a sufficient measure of support, announced at 6 p.m. on Saturday, June 20th, that the American Government proposed the postponement during one year of all payments of inter-Governmental debts, reparations and relief debts, both principal and interest, but not including obligations of Governments held by private parties. Subject to the confirmation of Congress, the American Government would postpone all payments upon debts of foreign Governments to the American Government payable during the coming fiscal year on the condition of there being a like postponement for one year of all payments of inter-Governmental debts to the important creditor Powers. The statement went on to observe:—

"The purpose of this action is to give the forthcoming year to the economic recovery of the world and help free the recuperative forces already in motion in the United States from retarding influences abroad. . . . The essence of the proposition is to give time to permit the debtor Governments to recover national prosperity. I am suggesting to the American people that they shall be wise creditors in their own interests and be good neighbours."

Mr Hoover added that he did not approve "in any remote sense" of the cancellation of debts due to the United States, and that America was not involved in the discussion of strictly European problems, of which the payment of German reparations was one. He was confident, however, that the American people did not desire to attempt to extract any sum beyond the capacity of the debtor to pay, and that a broad vision required that his Government should recognise the situation as it existed. Finally, he expressed the hope that, by this evidence of American desire to assist in the early restoration of world prosperity, the United States would be contributing to the goodwill

necessary to the solution of the major question of the limitation of land armaments, the burden of whose maintenance had contributed to bring about the economic depression.

Having regard to all the factors in the American political situation—President Hoover's lost popularity, the near approach of the next Presidential election, the large prospective deficit in the Budget, and the unpalatable prospect of having to make good not only that deficit, but the loss of some £50 millions in war debts, by imposing new taxes at a time when acute economic depression is hitting hard a people grown accustomed to the rising curve of post-war prosperity—this lead given by President Hoover was more than the action of a "wise creditor." It was the gesture of a great man, and, as such, it met at home with its reward. The announcement elicited in the United States a response more favourable than most foreign observers would have deemed possible. Politically Mr Hoover's stock rose almost as rapidly as did the prices of securities in Wall Street under the stimulus of relaxed tension and renewed confidence. His opponents in the Democratic Party and his critics among his own Republican followers were constrained to appreciate that, by his courageous and generous offer, Mr Hoover had once again secured for the United States a leading rôle in world affairs.

In Europe both the reception of the offer and the immediate political and financial effects were such, all things considered, as to confirm Mr Hoover and American public opinion in the realisation that a timely act of statesmanship had been achieved. In Germany, as might be expected, the reaction was an instant sense of profound relief that a breathing space in an intolerable situation had been afforded. The incipient financial panic was at once arrested, and, though there was still immediate need for international banking assistance to tide the Reichsbank over the difficult end-June week, it may well be doubted whether the success achieved in fact by such measures as were concerted to this end could have been realised in the absence of the psychological appeasement afforded by the mere announcement of the Hoover plan.

In Great Britain Mr MacDonald rightly interpreted public feeling by intimating as early as Monday that this country would co-operate wholeheartedly in President Hoover's scheme, and on Wednesday, by which time Italy had informed Washington of her "cordial acceptance in principle" of the arrangement, Mr Snowden made a fuller statement of Great Britain's response to what he described as "a very great gesture on the part of the United States." His Majesty's Government agreed with the United States' view that there was no time for a conference with regard to details, and were prepared to extend the one year's moratorium to payments on relief bonds which they held from other European Governments and also to postpone for twelve months the payment of war debt annuities by the Dominions, in consideration of the suspension of German payments due to them. These proposals would involve the loss of approximately £11,000,000 to the current Budget, a figure which should dispose of any impression that Great Britain, whose already vast voluntary sacrifices in the matter of war debts should not be forgotten, is involved in no financial loss by the application of the moratorium.

That President Hoover's proposals should meet with unreserved welcome in France was not reasonably to be expected. As we show in a Note of the Week, wherein we have endeavoured to present a rough picture of the financial effects of the moratorium on the position of the respective Treasuries, France is arithmetically, of course, the heaviest loser among the European creditors; and though, obviously, the almost inevitable alternative to the

Hoover scheme, i.e., the declaration by Germany of the postponement of the conditional Young Plan transfers, would leave France in an even less favourable position in view of her guarantee obligations under the Hague Agreement, opinion in the Chamber and generally among the French public had been so insistently taught to regard the unconditional portion at least of the Young Plan as a final and inviolable instrument, that the proposal for a 100 per cent. moratorium naturally came as something of a shock. Throughout the week the temper of most of the French Press was so definitely hostile to the whole sense of President Hoover's terms that it was evident that unqualified acceptance by the Government would render its position in the Chamber highly precarious. In the event, though we still await the official text of the French reply, a solution of the difficulty appears to have been sought in a counter-proposal to Mr Hoover, suggesting that Germany's unconditional annuities should be credited to French account at the Bank for International Settlements, but that for the moratorium year they should be utilisable, at the Bank's discretion, for loans to the Agricultural States of Eastern Europe or to Germany itself. This would be a considerable modification of the scheme, and the reception of the counter-offer in Washington and Berlin was awaited on Thursday with some anxiety. One thing is clear: whatever force there may be in French contentions, if the American Government consider that in all essentials the plan must stand or fall in its entirety (and, the offer once promulgated, the broad effect would be endangered by exceptions and reservations), then France would be ill-advised to deny the world, by her refusal to co-operate, the breathing space offered it at the eleventh hour.

It is still too early to attempt any considered forecast of the influence which such a breathing space would have on the future course of world history. Though this week's bullish tone in all the principal Stock Exchanges is a true reflection of legitimate anticipations of restoration of confidence, it is well that enthusiasm should be tempered by recognition that the recovery of the world from the depths of its present economic depression cannot be realised in a day. To the extent that the American reception of Mr Hoover's gesture is significant of the beginning of a reorientation of opinion in the United States towards the question not only of inter-Governmental debts, but of foreign policy in general and tariff barriers in particular, the developments of the past week (provided that hopes of French agreement are not disappointed) may well prove to have marked the turn in a great tide.

On the other hand, the situation in Germany must in any case occasion anxiety. Notwithstanding such modifications in the latest emergency decree as Dr. Brüning might be able to make in the light of the year's postponement of reparations, the strain caused by the pressure of wage reductions, crushing taxes and severe unemployment is too serious for the possibility to be overlooked of a critical situation still arising unless general economic conditions improve before next winter. It is questionable, too, until progress is made in clearing up the obscurity of the more distant future and deciding what is to happen at the end of the moratorium year, whether world trade can attain a full measure of recovery. The nexus of the many complicated problems, fiscal and economic, which, as we point out in a subsequent article, the Commission of European Enquiry is studying, still remains to be unravelled; and the major issue of next year's Disarmament Conference—on whose results the ultimate alignment of American opinion towards European troubles will so largely depend—has still to be faced. We have to travel far along the road of international co-operation (and here let us welcome Dr. Brüning's statesman-like suggestion of a "Franco-German Chequers" in his broadcast speech on Wednesday) before the world can see an end to its present ills. For the moment (assuming that the cup is not to be dashed from the lips) let us indulge not in facile optimism, but in a sense of relief and gratitude that, during the year of grace now granted, the statesmen of all countries may have a chance to approach their problems in a mood not of despair and exasperation, but of regained assurance and hope for the future.

CO-OPERATION AT GENEVA.

In the lucid and instructive report* on the course and phases of the present economic depression, drawn up last May by the Secretariat of the League of Nations, it is observed that "the date at which real recovery begins, and the rapidity with which it progresses, will depend not only on such natural forces as the gradual consumption or decay of stocks, but also . . . upon the economic policy pursued. . . . The world is, in fact, more closely knit to-day economically than politically. The actions of individual countries not only in regard to monetary and commercial policy, which are immediately international in their reactions, but also with regard to what may seem to be merely political or domestic affairs inevitably entail far-reaching economic consequences." In the light of the changed conditions brought into being by the announcement of the Hoover plan, whose general implications we have already examined above, it is particularly opportune to recall to mind what steps have been taken by the Commission of Enquiry for European Union with a view to studying lines of policy likely to remedy the depression.

It will be recalled that, at its third session in May, the Commission of Enquiry, "being convinced that the solution of this problem must be sought in ever more intimate economic co-operation between the States of Europe and the whole world," decided to appoint an Economic Co-ordination Sub-Committee, which is to meet at Geneva on July 6th and which is to make to the Commission of Enquiry any proposals on economic questions that it may think fit, on as wide lines as it desires. The Commission also decided to convene at Geneva on June 24th (i.e., in advance of the meeting of the Economic Co-ordination Sub-Committee on which all the States taking part in the work of the Commission will be represented) a committee of ten economic experts "who, working in contact with their Governments and availing themselves of the work of the economic organisations of the League and of the International Labour Office, will examine in complete freedom and in a spirit of liberal understanding all means which may seem calculated to bring about closer and more profitable co-operation between the different countries with a view to improving the organisation of production and trade in the general interest." The composition of the Experts' Committee, which met at Geneva on Wednesday, is as follows:—

- Belgium.—M. Emile Francqui, Minister of State, formerly Minister of Finance, Vice-Governor of the Société Générale de Belgique.
- Czechoslovakia.—M. Jan Dvoracek, former Minister of Commerce, director of the Zivnostenska Bank.
- France.—M. Duchemin, President of the Confédération Générale de la Production Française.
- Germany.—Herr Clemens Lammers, Assistant Director of the Reichsverband der Deutschen Industrie.
- Great Britain.—Sir Walter Layton, Editor of the *Economist*.
- Holland.—Dr. L. J. A. Tripp, former Governor of the Bank of Java (Chairman).
- Italy.—M. de Michelis, President of the International Institute of Agriculture at Rome.
- Poland.—M. Eugeniusz Kwiatkowski, former Minister of Commerce and Industry.
- Sweden.—M. Björn Prytz, Director of the Société Suédoise de Roulements à Billes.
- U.S.S.R.—Professor Eugene Preobrazensky.

The terms of reference to the Experts' Committee are drawn so widely that it would clearly be unprofitable to speculate at this juncture what course discussions are likely to take and what will be the objectives to which they will give primary consideration. Since, however, the Experts' Committee came into being as a result of the deliberations of the Commission of Enquiry at its May session, it would be natural to assume that the various theses bearing on the economic depression and its possible remedies then put forward by the respective States will necessarily engage the experts' close attention. In order, therefore, that our readers may consider for themselves the extent of *rapprochement* and divergence between the attitudes of the various Governments who have appointed the experts, we propose to give a brief summary of the points of view expressed at the Commission of Enquiry's third session.

* "League of Nations." Official Number, C. 284, M. 134.

In the course of these discussions at Geneva last month the question of the Austro-German customs union inevitably figured prominently in the background, though the delegates were addressing themselves to the consideration of the world economic depression in so far as it affects Europe as a whole. The main point of cleavage was, in fact, that between the thesis put forward by Dr. Curtius on behalf of Germany and that submitted by M. François Poncet on behalf of France. The German view was, briefly, that particular attention should be paid to examining the European situation from the standpoint of customs arrangements and with reference to the failure so far of attempts by multilateral agreements to remedy the situation resulting from the parcelling of the Continent into a large number of small economic territories. The most hopeful line of approach, Dr. Curtius suggested, was that Europe should aim at a progressive enlargement of economic unification, starting from the particular—i.e., agreements between two parties or between regional groups—and going on to the general.

The French delegate objected that the German scheme would tend to create in Europe rival blocs, occasioning economic difficulties and arousing political suspicion. It was important not to give up all idea of a universal agreement, such as had been the principle underlying the original Briand plan, in favour of immediate particular agreements. Moreover, tariffs were less a cause than a symptom of the *malaise*; the root of the trouble was Europe's failure hitherto to regulate and control its production and commerce. He envisaged the problem as falling into two parts:—

- (a) *Agriculture.* The acute difficulties of the Eastern European grain exporting countries should be met partly by the International Agricultural Mortgage Credit Company, and partly by the establishment of a preferential regime in their favour, based on quotas fixed periodically and subject to revision.
- (b) *Industry and Trade.* The possibility should be explored of extending the control of production by developing the system of international cartels in order to organise the European market. Since the domestic market would normally be protected by clauses in each cartel, it might be possible to arrange for the reduction of customs barriers on cartelised products exported.

In addition, the Financial Committee of the League should press on with the examination of means to promote the better distribution of investment capital.

The British delegate endorsed the general suggestions of M. François Poncet in the financial sphere, but expressed the view that the cartel plan presented certain difficulties. The question of tariffs and barriers to international trade was of prime importance. High protection, payments of debts and the scramble for gold were sapping the very foundations of our economic system. The British Government would negotiate willingly for any agreement designed to stimulate the flow of commerce.

Italy's attitude was also somewhat critical of the cartel scheme, which Signor Grandi described as being desirable only on condition that international needs could thereby be co-ordinated and regard had to the limited possibilities of the less industrialised countries. A system of preferences would risk creating further obstacles to international commerce; while customs unions, if they left the productive capacity of the linked countries intact, could do little to eliminate the fundamental causes of over-production; on the other hand, apart from political suspicions, such unions might mean the undesirable sacrifice of a weaker to a stronger organisation. Italy therefore suggested that more attention should be given to the possibility of bilateral agreements aimed at the betterment not only of customs relationships, but of common conditions of transport, banking, credit and commercial organisation. Italy would like to see the March, 1930, Commercial Convention put into prompt application.

Of the other States represented, the members of the Little Entente tended naturally, with some qualifications (e.g., Czechoslovakia emphasised the importance of giving attention to the international aspects of unemployment and the possibility of at least stabilising tariffs), to support the principles of the French thesis. Belgium, on the other hand, pointed out the limited utility of the cartel system, whose application to "quality" products would be difficult; Sweden was in favour of the Italian proposal to put into force the 1930 Commercial Convention, while

Holland was reserved on the cartel plan but tentatively supported bilateral treaties as a prelude to general conventions, and Denmark was inclined to criticise any regime of preference, if applied without the approval of all States enjoying most-favoured-nation clauses. The Danish representative also pointed out that the French cartel scheme would necessarily involve the creation of some system of international control.

It would be idle to pretend that from this summary of expressions of opinion there emerges a very encouraging measure of common accord. Nevertheless, there is this hopeful factor in the situation. Though the divergent attitudes of the representatives of the respective countries at the third session of the Commission of Enquiry, when contrasted with the clear-cut unanimity achieved at the World Economic Conference of 1927, might create *prima facie* the impression of hopeless conflict of views in respect to economic policy and methods of co-operation in ridding Europe of its tangled troubles, it is legitimate to recall that an important proposal made at the 1927 Conference was that it should be followed by a meeting of Ministers of Commerce. The hope then was that this might lead to positive action by Governments, but the proposal came to nothing; the opportunity slipped away. To-day, however, the membership of the Commission of Enquiry and of the Economic Co-ordination Sub-Committee, which is to meet on July 6th, consists of Ministers of States all hard pressed to find relief from the economic depression which weighs upon their respective countries and threatens the balance of their national budgets. It is no small thing that the pursuit of means for international economic co-operation should no longer be reserved for non-official economists and leaders of industry, but should now have come directly within the purview of statesmen, meeting each other in frequent session.

RAKE'S PROGRESS.

"WHAT an extraordinary debate this is," remarked Mr J. H. Thomas in the House of Commons at the close of the discussion on the new Unemployment Insurance resolution. We agree with him. The debate was both extraordinary and deplorable. Miss Bondfield, the Minister of Labour, having pressed the Royal Commission appointed by herself for urgent emergency recommendations, declared that she could not implement the Commission's major recommendations just because they were of an emergency nature. Again, Miss Bondfield, although taking a gloomy view of the employment outlook and envisaging an accelerated plunge by the Insurance Fund into the irredeemable depths of bankruptcy, produces not even a hint of any rescue policy, but prefers to devote the greater part of her speech to dubious interpretations of economic theory and to attacks, in the best party manner, on the capitalist system. And, when we turn for comfort to the Opposition, we find Liberal speakers at pains to show that benefit rates can never be reduced, while Mr Baldwin quite unhelpfully says that he has got a plan for dealing with the whole matter, but will not tell us what it is. To cap it all, glimmerings of what Mr Baldwin's plan does not contain were forthcoming in quotations made during the debate from a speech of a Conservative leader in the House of Lords to the effect that his party would not stand either for the increase in contributions or for the cut in benefit rates which the Majority Report of the Royal Commission has just recommended. Nowhere is there a sign of the courage required to face a situation of known gravity, which, as it rapidly goes from bad to worse, threatens the stability of the British Budget.

Miss Bondfield's statement on Monday must be read in conjunction with the Bill drafted by the Government to deal with some—only some, unfortunately—of the abuses in the working of the dole system disclosed by the Royal Commission's Report, and a generous interpretation of the rules of procedure allowed the debate to touch upon both. It was a gloomy story that Miss Bondfield unfolded. The outstanding debt of the Unemployment Insurance Fund, on June 13th, was £85,870,000, and the existing borrowing powers of £90,000,000 would have been

exhausted by July 5th. These, by the resolution introduced by the Minister, are to be raised by £25,000,000 to the total of £115,000,000. If the "live register" of unemployed averages 2½ million this additional borrowing will last out till January, 1932; if it averages 2½ millions, till November, 1931; if a figure of 3 millions is recorded it will be exhausted by October next, and Miss Bondfield found it quite impossible to make any optimistic prophecy as to the figure. This means that, apart from the great and growing Budget burden in respect of "transitional benefit"—the period of which is now to be extended for six months—the State is lending to the fund at the rate of at least £50,000,000 per annum, and even this figure may, if Miss Bondfield's gloomy prognostications come true, be substantially increased. This of itself, then, threatens fully to swallow the whole of the sinking fund allocations of the Budget, and we have ceased the process of debt repayment, which represented to the harassed taxpayer the most hopeful avenue of ultimate relief. It is an exaggerated version of the rake's progress, which, in principle, no one condemned more roundly than Miss Bondfield, when, two years ago, she assumed her present office.

What is she going to do about it? We regret to say that the only answer suggested by a joint perusal of her statement and the Government Bill is that she will do the absolute minimum which, in view of the Commission's Report, could possibly be expected to placate public opinion. Having repudiated the idea of raising contributions or cutting benefits, Miss Bondfield proceeded to draw a red herring across the trail by diverging into a wholly irrelevant and unbalanced survey of the Rueff theory of the relation between wage rigidity, unemployment, and the dole. This theory was examined in some detail in last week's *Economist*, and we need say no more here than that Miss Bondfield twisted the argument unwarrantably to suit her anti-capitalistic argument before explaining, thinly and insufficiently, what the Government will or will not do with regard to the remedy of the abuses—"anomalies" is her euphemism—in the present system, which are so seriously draining the resources of the State; and here we must turn to the text of the Unemployment Insurance (No. 3) Bill. This Bill proposes to set up an Advisory Committee, consisting of a chairman and eight members, three of which shall be appointed after consultation with the Trades Union Congress, three after consultation with the National Federation of Employers' Organisations, and one after consultation with the Treasury. This Committee will advise the Minister in regard to making regulations changing "the conditions and terms with respect to the receipt of benefit" by certain classes of workers. These classes are (1) part-time workers, (2) those seasonally occupied, (3) married women, "who in any prescribed period subsequent to marriage have had less than the prescribed number of contributions paid in respect of them."

The machinery of the Advisory Committee, composed of possibly warring elements, has been criticised as likely to be dilatory in the extreme. Also the procedure proposed represents a most distasteful extension of the system of government by the bureaucracy. On the other hand, there

is substance in Miss Bondfield's view that to pass complicated legislation dealing with a host of categories of cases and circumstances would have been a lengthy business, and that the resulting Act would have lent itself, as former Acts have, to wholesale legal abuse by ingenious claimants. With a shrug of the shoulders, therefore, we may accept the procedure by the Advisory Committee as a *pis aller*. Further, it may be admitted that if the Government are really in earnest in using the powers accorded by this Bill for vigorous action in checking the flow of public money into the pockets of those who are not in real need of it, then something substantial will have been achieved both in the financial and in the moral sense. But we must confess that when we turn back to certain passages of the speeches delivered by Mr. J. H. Thomas at Manchester on Saturday and by Miss Bondfield in the House of Commons on Monday, confidence in the earnest determination of the Government, even within the slender limits set by themselves, begins to wane. It is, indeed, ominous that Miss Bondfield ruled out the application of a means test for dole recipients, and that Mr Thomas's speech suggested that any unemployed person would continue to receive benefit unless a job could be found for him in his own specified occupation, even though alternative work elsewhere might be available. There was a passage in Miss Bondfield's speech which lends itself to the same interpretation. From this it would appear that State money will continue to flow to persons whose household resources are as adequate as those of many workers in actual employment, and to persons who could find work in alternative occupations. If that is really so, then the Government are clearly not in earnest in their proclaimed intention of removing "anomalies" that cost the State dearly.

What, then, is the picture? It is one of the Insurance Fund sinking deeper into insolvency, of the threat to the national budget equilibrium growing daily more formidable, and of all parties in the State lacking the courage to meet the situation. Will they wait until Rome is burnt out before they cease fiddling? Condemnation for cowardice in facing a grave issue must rest primarily on the Government of the day, but the other parties cannot escape their share of the blame.

THE ECONOMIC SITUATION IN GERMANY.

WHEREAS the immediate objective of the Hoover moratorium plan was to counteract the acute "crisis of confidence" in Germany—a crisis brought to a head by the difficulties of the Credit Anstalt, the June emergency decree, the talk of postponement of Young Plan transfers, the withdrawals of foreign credits, and the threatening flight from the mark—there remains behind all recent surface developments the fundamental question of Germany's economic position. What evidence is there for the conclusion that the financial and political strain lately manifested in Germany was the inevitable consequence of her material reactions to the world-wide depression? In an attempt to present some objective evidence bearing on this question, we print below a table

	Total Unemployed (End of Month).	Index of Production.	Railway Goods Traffic.	Imports.	Exports (including Reparations in kind).	Postal Cheques.	Average Hourly Wages.		Shares Index (Monthly Averages).	Wholesale Prices (Monthly Averages).	Cost of Living (Monthly Averages).
							Skilled.	Unskilled.			
1924 Average	701	69.0	23.25	757	546	3,258	88.4	49.5	139.0	127.6	127.6
1925 Average	658	82.2	31.09	1,030	774	4,617	86.1	61.8	93.4	141.0	140.0
1926 Average	2,028	79.0	83.4	870	4,767	92.8	98.1	66.6	109.0	134.4	141.2
1927 Average	1,356	100.1	36.17	1,193	900	5,657	98.1	71.5	158.0	137.6	147.6
1928 Average	1,376	100.0	36.02	1,167	1,023	6,074	105.4	78.6	148.4	140.0	151.7
1929 Average	1,916	101.8	36.34	1,121	1,122	6,280	110.6	83.0	133.9	137.2	153.8
1929—January	3,217.6	94.6	29.97	1,305	1,092	6,687	111.9	84.0	120.0	132.3	151.6
1929—February	3,365.8	92.6	30.82	982	1,026	5,521	111.9	84.0	120.6	129.3	150.3
1929—March	3,040.8	92.7	27.09	977	1,026	5,767	111.9	84.0	119.0	126.4	148.7
1929—April	2,786.9	94.5	28.10	884	1,096	6,043	111.9	84.0	122.2	126.7	147.4
1929—May	2,634.7	89.7	30.92	830	1,096	6,043	111.9	84.0	121.7	124.7	147.6
1929—June	2,640.7	83.6	27.74	814	910	5,562	111.9	84.0	116.4	124.7	147.6
1929—July	2,765.3	80.5	29.14	909	951	6,316	111.9	84.0	110.0	125.1	149.3
1929—August	2,882.5	79.6	28.62	795	971	5,644	111.9	84.0	103.3	124.7	148.8
1929—September	3,004.3	78.5	29.91	737	1,001	5,562	111.9	84.0	102.3	122.8	146.9
1929—October	3,252.1	77.1	33.85	834	1,073	6,252	111.9	84.0	95.8	120.2	145.4
1929—November	3,698.9	75.6	30.48	734	931	5,509	111.9	84.0	92.3	120.1	143.5
1929—December	4,383.8	72.2	27.69	681	903	5,831	111.9	84.0	87.3	117.8	141.6
1931—January	4,886.9	68.5	24.65	715	775	5,982	111.9	84.0	81.8	115.2	140.4
1931—February	4,971.8	70.2	21.83	620	778	4,855	111.9	84.0	85.6	114.0	138.8
1931—March	4,743.9	71.1	...	584	867	5,095	111.9	84.0	91.1	113.9	137.7
1931—April	4,389.0	...	...	679	818	...	111.9	84.0	92.4	113.7	137.2

* Temporarily discontinued.

† Labour Office Statistics.

HALF-YEAR'S NEW CAPITAL.

It is an old supposition that a period of cheap money provides the borrower with a golden opportunity; but in light of recent experience it will have to be revised. In spite of the cheapness of money and the plenitude of lendable resources, borrowers during the past half-year have found it difficult to pass through the strait and narrow gate that leads to London's new capital market. The fact, of course, is that the great economic depression has combined with the psychology of distrust and political anxieties to create among the investing public, from whom ultimately new capital must be extorted, an unwillingness to finance industrial enterprises, or even to lend freely on the security of long-term bonds. A few very big individual issues have swollen the total, which, however, is only half that of a year ago, but in numbers borrowers have been few indeed. The London new issue market, therefore, has had a very quiet half-year, even quieter than the following rough totals suggest:—

DESTINATION OF NEW CAPITAL.

	First Half of Years.					
	1913.	1927.	1928.	1929.	1930.	1931.
United Kingdom—						
Government	£ Nil	£ 67,153,800	£ 85,211,000	£ 1,600,000	£ 39,960,000	£ 10,250,000
Other	20,324,400	89,869,800	99,310,900	103,815,800	66,618,500	34,392,000
	20,324,400	157,023,600	184,521,900	105,415,800	106,578,500	44,642,000
British Possessions—						
Government	14,324,300	12,813,100	31,423,000	23,590,000	27,000,800	27,736,600
Other	28,678,300	21,529,000	8,754,700	26,374,000	10,154,200	7,852,000
	43,002,600	34,342,100	40,177,700	49,964,000	37,155,000	35,588,600
Foreign countries—						
Government	22,629,500	2,657,500	5,745,100	3,650,000	18,480,000	1,740,000
Other	34,403,100	13,540,600	14,318,100	15,363,800	7,442,200	7,302,900
	57,032,600	16,198,100	20,063,200	19,013,800	25,922,200	9,042,900
Grand total	120,359,600	207,563,800	244,762,800	174,393,600	169,655,700	89,273,500

The British Government total consists entirely of the excess of sales over encashments of National Savings Certificates, and that the figure should be as large in bad times is a welcome fact. Issues for home purposes, other than Government, are barely half those of the first half of 1930, which in turn showed a big reduction on the records of previous years. The British Empire, thanks almost entirely to two big India issues, are much the same as a year ago, but foreign borrowing has faded away to insignificant proportions. The next table gives a further analysis of various classes of borrowers:—

CLASSES OF BORROWERS.

(£ million.)

	Total.	British Government.	Foreign and Colonial Govts.	British Colonies and Foreign Corps.	Foreign Railways.	Mines, Finance, and Exploration.	Rubber and Oil.	Balance (Mainly Home Industry).
Total whole year, 1923	271.4	77.7	95.8	4.8	5.4	15.5	7.7	44.9
Total whole year, 1924	209.3	13.7	90.6	18.8	1.0	12.7	2.3	70.2
Total whole year, 1925	232.2	45.6	30.7	25.3	3.8	18.0	19.1	89.7
Total whole year, 1926	230.7	4.7	54.6	49.2	8.2	26.9	6.2	80.9
Total whole year, 1927	355.1	66.0	67.5	5.4	35.2	11.0	13.4	134.1
Total whole year, 1928	369.0	83.8	56.1	26.4	3.1	49.7	8.7	141.2
1929—1st quarter	96.9	1.9	27.2	0.3	3.8	21.2	4.9	37.8
2nd "	77.4	Dr 0.3	Nil	11.4	Nil	12.9	0.1	63.3
3rd "	18.7	Dr 1.4	2.8	0.4	Nil	2.4	1.1	13.4
4th "	92.2	65.2	Nil	Nil	4.0	5.0	0.3	17.7
Total whole year, 1929	285.2	65.4	30.0	12.1	7.8	41.5	6.4	122.0
1930—1st quarter	87.7	38.4	14.6	15.9	2.7	1.0	6.7	8.4
2nd "	81.9	1.6	30.9	18.8	Nil	6.3	2.0	22.3
3rd "	22.9	3.8	3.0	Nil	0.8	3.0	0.5	11.8
4th "	75.3	21.8	21.8	10.0	1.2	0.1	1.2	16.3
Total whole year, 1930	267.8	65.6	70.3	44.7	7.6	11.5	9.3	58.8
1931—1st quarter	45.2	6.1	14.5	2.7	Nil	5.6	0.1	16.2
2nd "	44.0	4.1	14.9	3.6	2.8	5.9	0.1	12.7

The most striking point about this table is the last column, representing roughly the new financing of home industry and commerce. In the full year 1928 the figure was £141 millions and in 1929 £122 millions. The great depression brought the figure for 1930 down to £58.8

millions, and the first half of 1931 could only show £29 millions. The next table carries our analysis further by sub-dividing the past half-year's issues into twenty-nine categories.

ANALYSIS OF NEW CAPITAL APPLICATIONS.

Description.	First Half-Year, 1930.	First Quarter, 1931.	Second Quarter, 1931.	Total First Half-Year, 1931.
British Government Loans	£ 39,963,000	£ 6,150,000	£ 4,100,000	£ 10,250,000
Colonial Government Loans	27,000,800	12,786,600	14,950,000	27,736,600
Foreign Government Loans	18,480,000	1,740,000	Nil	1,740,000
British Corporation, County and Public Board Loans	32,971,300	2,700,300	3,505,000	6,205,300
Colonial Corporations and Public Board Loans	1,739,000	Nil	Nil	Nil
Foreign Corporations, &c.	Nil	Nil	Nil	Nil
British railways	4,265,000	Nil	Nil	Nil
Colonial railways	2,512,500	Nil	Nil	Nil
Foreign railways	2,683,000	Nil	2,850,000	2,850,000
Australasian mines	Nil	Nil	Nil	Nil
South African mines	493,500	371,900	Nil	371,900
Other mines	4,316,700	3,418,600	5,513,700	8,932,300
Exploration, financial and investment trusts	2,593,100	1,861,800	393,200	2,255,000
Breweries and distilleries	1,184,000	112,500	Nil	112,500
Merchants, Importers, &c.	Nil	337,500	Nil	337,500
Stores and trading	3,220,300	Nil	9,360,000	9,360,000
Estate and land	397,100	64,200	47,500	111,700
Rubber	605,800	85,700	57,500	143,200
Oil	8,050,000	Nil	Nil	Nil
Iron, coal, steel and engineering ..	Nil	Nil	Nil	Nil
Electric lighting, power and telegraph ..	1,771,000	3,735,800	102,500	3,838,300
Tramways, omnibuses, &c.	Nil	98,000	Nil	98,000
Motor traction and manufacturing ..	381,600	6,000,000	300,000	6,300,000
Gas and water	130,800	Nil	429,000	429,000
Hotels, theatres and entertainments ..	Nil	Nil	82,500	82,500
Patents and proprietary articles ..	367,500	300,000	Nil	300,000
Docks, harbours and shipping	950,000	950,000	Nil	950,000
Banks and insurance	3,023,600	136,400	Nil	136,400
Manufacturing and miscellaneous	13,507,000	4,374,600	2,358,700	6,733,300
Total	169,655,600	45,223,900	44,049,600	89,273,500

Of the £27 millions borrowed by Empire Governments India took nearly £22 millions in two issues, and New Zealand's recent issue nearly £5 millions, the remaining £1 million odd going to the Gold Coast. The only foreign Government to test the market was that of Greece, which issued in March a £2 millions 6 per cent. loan at 87, while the June quarter saw no foreign visitor. Among British corporations, Derby and the Middlesex County Council alone figure in the past quarter, though in the first quarter Belfast, Birkenhead, Surrey, Reading, and the Metropolitan Water Board all floated loans. Colonial and foreign corporations, British, foreign and colonial railways, Australian mines, breweries and distillers, oil companies, merchants and importers, and iron and steel and engineering failed to produce a single public issue between them; while the only stores issue was that made by Woolworth in June, which attracted more attention than any other issue of the half-year, especially by reason of the heavy volumes of dealings in advance of official quotation. Details regarding the terms and the subsequent quotations of the outstanding issues of the half-year are given below:—

Month of Issue.	Name and Description.	Nominal Amount.	Issue Price.	Price, June 24, 1931.
1931.				
February ..	Govt. of India 5½% Stk., 1936-38 ..	12,000,000†	97	92
March	Gold Coast 4½% Stk., 1960-70	1,170,000	98	101
February ..	Surrey County Council 4½% Stk.	1,500,000	99	102
February ..	Reading Corporation 4½% Stk.	700,000	99½	102½
January ..	London Power 5% Deb., 1952	3,000,000	100½	104
January ..	National Shipbuilders Security 5% Deb., 1961	1,000,000	95	10 dis.
March	National Canining Ord. £1	175,083	par	par
March	Rio Tinto Co. 5% Deb. Stk.	2,000,000	91½	9-7 dis.
March	Greek Govt. 5% Public Works	2,000,000	87	82½
March	Lancashire Cotton Corporation	2,000,000	97½	10-17 dis.
May	Govt. of India 6% Stk., 1933-34 ..	10,000,000	par	1½-1½ dis.
April	Corpor. of Derby 4½% Stk., 1951-61 ..	1,000,000	98	101½-1
June	New Zealand Govt. 5% Bonds, 1932-34	5,000,000	99	1½-1 dis.
June	Middlesex County Council 4½% Stk., 1950-70	2,500,000	101	1½-1 pm.
June	Buenos Ayres Great Southern Railway 5½% Deb., 1931	3,000,000	95	1½-1 dis.
June	F. W. Woolworth (Ss. Ord.)	562,500	42	1½-1-4½ d. pm.
June	F. W. Woolworth 6% Cum. Pref., £1	4,860,000	par	10½ d.-1/1½ gm.

† Also £5,000,000 for Conversion Purposes.

With the exception of one or two cases—among which the Woolworth issue was notable—the public have shown as little keenness to acquire new, as they have shown to acquire old, securities, and the underwriters have frequently been left with large proportions of new issues on their hands. The cautious tone of the investment world

is further illustrated by our next table, which shows the issues classified into debentures, preference shares and ordinary shares:—

NATURE OF BORROWING.

	Debentures, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
Year 1927	£ 228,958,000	£ 36,836,600	£ 89,371,400	£ 355,166,000
" 1928	212,817,900	45,062,600	111,177,600	369,158,100
" 1929	137,670,300	31,543,400	116,025,700	285,239,400
" 1930	227,658,500	15,548,800	24,593,300	267,800,600
First half-year, 1930	137,679,600	13,775,000	18,101,000	169,655,600
First half-year, 1931	68,916,900	5,832,800	14,523,800	89,273,500

The great preponderance of issues has again been in the form of fixed-interest securities. New "equity" issues to-day have to possess a special degree of allurements if they are to succeed in inducing investors to part with their savings.

The new capital issues included in our quarterly surveys take no account of Stock Exchange "introductions," an aspect of the capital market which was discussed fully in the *Economist* of July 27, 1929 (page 176). In the following table we show the total amounts involved in these "introductions" during the past nine quarters. "Cash values" are calculated on the assumption that the whole of the nominal value of the stock "introduced" is taken up at the price at which dealings on the Stock Exchange open:—

TOTAL CASH INVOLVED IN ISSUES BY STOCK EXCHANGE INTRODUCTION.

	United Kingdom.	Colonies.	Abroad.	Total.
Year 1929—	£	£	£	£
1st Quarter	15,191,600	393,700	3,094,400	18,679,700
2nd Quarter	9,465,500	1,284,400	2,156,400	12,916,300
3rd Quarter	3,574,700	217,100	5,778,300	9,570,100
4th Quarter	733,400	304,400	1,437,500	2,475,300
Total Year 1929	28,965,200	2,199,600	12,476,600	43,641,400
Year 1930—				
1st Quarter	3,982,300	1,477,000	8,399,900	13,859,200
2nd Quarter	839,600	Nil	2,685,100	3,524,700
3rd Quarter	67,200	100,000	601,500	768,700
4th Quarter	3,402,900	1,667,600	721,200	5,791,700
Total Year 1930	8,292,000	3,244,600	12,407,700	23,944,300
Year 1931—				
1st Quarter	2,174,200	632,900	Nil	2,807,100
2nd Quarter	1,121,600	2,366,300	581,900	4,069,800

† Nominal amount of capital introduced, £31,519,934.
‡ Nominal amount of capital introduced, £22,156,480.

This record conforms to the trend shown by the figures given above of open-market flotations. There has been a marked reduction in the number of issues "for public information only" during the past half-year. The total cash involved in these issues amounted to £6,876,900, as compared with £17,883,900 during the first half of 1930. The market is now wondering whether the strengthening of confidence heralded by President Hoover's initiative will increase the flow of applicants for financial accommodation.

THE AUSTRIAN CREDIT ANSTALT.

(BY A CORRESPONDENT.)

FROM the moment of its birth the Credit Anstalt of Vienna stood in the forefront of international finance. Promoted by the Austrian branch of the Rothschilds, with the more than benevolent assistance of the Emperor and Government, aided from the beginning by the best names in Austrian aristocracy, trade and finance, hailed by the whole population as the liberator from poverty, the "Kaiserlich-Koenigliche privilegierte Oesterreichische Credit Anstalt für Handel und Gewerbe" was intended to become a financial power; and it was a power from the first day it came into existence towards the close of the year 1855. In France the Revolution of 1848 and Pereire's Credit Mobilier had broken the monopoly of the Rothschilds; but outside France, though political democracy had suffered a defeat, Saint-Simon's idea of credit by the people for the people had taken permanent root in the

surrounding countries. The Empire of the young Francis-Joseph was at this time an agricultural State, as yet scarcely influenced by the industrial revolution. The land in the most fertile provinces was in the hands of large landowners, and manufacture was carried out mainly by small craftsmen; engineering had just begun; and the building of public utility works was in its infancy. The whole economic system suffered from lack of capital, and the distributive machinery of credit was very defective.

The wars and civil troubles following the accession of Francis-Joseph to the throne had heavily increased the national debt and seriously endangered the currency. Trading and agricultural interests were doing badly and were dissatisfied. When, in 1852, peace seemed to have been re-established, the Government set itself to remedy this state of affairs. In their search for money they received an offer from the Credit Mobilier of France, which undertook to lease the railways for a period of years, the State to guarantee the interest and sinking fund. The group further offered to form a "Central Aktiengesellschaft," a sort of general finance company for Austria according to the precepts of Saint-Simonism, but to be controlled by the Credit Mobilier of France. The Government agreed to let the railways, and they showed a marked interest in the proposed company. Pereire and his friends had carried the war against the Rothschilds into Austrian territory.

S. M. von Rothschild accepted the challenge, and, unlike his relatives in France, won the contest. In 1854 Bruck, one of Austria's ablest Ministers of Finance, launched his programme for the funding of the Austrian debt and the improvement in the economic conditions of the people. The promotion of industry and long-term credit were to be placed in the hands of an institution similar to the Credit Mobilier of France. The charter to form this company was granted to Rothschilds. "Upon request" (from the Emperor) the houses of Rothschild and Laemel combined, and the prospectus of the Credit Anstalt was signed by them, in conjunction with the Princes of Schwarzenberg, Auserperg, the Count of Chotek and Dr. von Haber (as a sort of Government representative). The leading newspapers, which had received free blocks of shares in the new enterprise, gave it a magnificent reception. When the lists for public subscriptions were opened on December 11, 1855, people stood in all-night queues despite a heavy frost, and soldiers had to keep the crowds in order. Promises to obtain allotment changed hands at increasing prices, and money was paid for the official application forms which were provided free of charge by the bank. Its original capital was Fl. 60 millions (£1 equals about Fl. 11), of which 15 millions were offered for public subscription. This amount was forty-three times over-subscribed.

The first activities of the new bank disappointed those who had expected that it would bring credit to every man's door or that it would raise industrial enterprises as by a magic wand. The Rothschilds and their friends controlled the bank, and, by their actions, they gave proof from the beginning that they were only willing to conform to those parts of the teachings of Saint-Simonism they thought to be suitable to the books of their bank. During the first years of its existence the bank's own resources amounted to more than 50 per cent. of its total funds—the art of collecting funds from all parts of the Empire was not developed until later—and it invested these resources in the traditional manner of its masters: namely on the Stock Exchange, in the finance of railways and in general banking business. In all three departments the management displayed great circumspection from the beginning. The original Credit Mobilier and its followers outside Austria declared their first dividends from the profits of their Stock Exchange flotations, and gave very little attention to the development of their banking business, with the result that most of them came to grief in the very first crisis. But the Credit Anstalt successfully weathered the world crisis of 1857 and the crash of 1873, which drastically thinned the ranks of Austria's banks. It selected its debtors very carefully, and, from the beginning, had made its banking business pay its dividend. Although it exerted a great influence upon the Bourses of Vienna and elsewhere, it never tied up its funds either on

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the Stock Exchange or in railway finance. From 1857 until 1928 the Credit Anstalt never failed to earn its dividends.

By the late sixties the bank's influence in Austria extended from one end of the Monarchy to the other. It still confined its activities to its traditional business; but, if it failed to obey the precepts of the Credit Mobilier in the investment side of its policy, it succeeded extraordinarily well, through the increasing number of its branches, in collecting funds from all parts of the country, and it achieved this success despite a rising competition which its own example had inspired. About 1870 the bank began to take part in the promotion and finance of railways, banks and certain heavy industries in Switzerland, Germany, Russia and the Near East. The trade depression of the Seventies, which deeply affected some of the bank's leading debtors, induced it to open merchandise departments, which acted as agents and factors for the output of certain of their industrial clients—in the first place for sugar and later for coal and other commodities. Finally, in the Nineties, under the control of Mauthner, Blum—the Blum Pasha of Egyptian fame—and Spitzmueller, the bank took an active part in the conversion of Austria's chief industrial enterprises into joint-stock companies. In 1913, having a share capital of Kronen 150 millions (£1 equals Kr. 25), and with total resources amounting to £40 millions, the Credit Anstalt had an active interest in about fifty industrial joint-stock companies, most of which were the leading enterprises of their branch.

The vagaries of the Austrian Exchequer and the political developments which took place around the monarchy prevented the Credit Anstalt and its Austrian competitors from ever playing a part in international finance similar to that of their German neighbours, although there very few international syndicates in which they were not invited to co-operate. The accumulation of capital in Austria never reached the figures it did in Germany, and the Austrian banks never enjoyed that measure of support from the State which was given by the Reich to its leading banks. For the crisis of 1873 had definitely changed the attitude of the Government and electorate towards banking. The Austrian always instinctively favoured the small craftsman and the small enterprise. The crash of the seventies killed the old Liberalism, not only in politics but in economics as well and gave rise to that spirit of anti-capitalism which has distinguished the bourgeois parties of both old and new Austria just as much as it distinguished their Socialist rivals, and which contributed so much to the final downfall of Austrian banking after the war. However, if the Austrian banks never attained that smashing force in attack of the German D-Banks of pre-war days, the circumstances of their time bred in the Austrian bankers before the war astuteness, circumspection and adaptability in negotiations. They realised better than any one else the limitations of their country and of their own surroundings; they managed all the same to achieve real power and to make their banks pay well-earned dividends, despite the many crises they had to face both at home and abroad.

The war closed a chapter in the history of Austrian banking, and the effect of the Peace Treaty of St. Germain may be summed up in a sentence: the Credit Anstalt was left at the head of a commercial banking structure, divorced from the branches which it had spread through-

out South-Eastern Europe, and with its headquarters situated in a curtailed country whose manufactures were denied an outlet by its neighbours. Helped by the undimmed glamour of the name of Rothschild, the Credit Anstalt emerged from the immediate post-Armistice crisis with its international standing unimpaired. All the world knew that Austria was in need of capital, and the leading houses hastened to offer the Credit Anstalt money and to acquire holdings in its share capital. For a moment it seemed as if the collapse of the Austro-Hungarian monarchy would leave the power of Vienna, and with it that of the Credit Anstalt, almost unaffected. The effects of the franc speculation and the subsequent Stock Exchange collapse in Vienna dealt this impression the first serious blow. The collapse of the Depositenbank and of the Postsparkasse started a series of bank failures. The crisis of 1924 shook international confidence, and foreign capital began to leave. The Succession States, anxious to free themselves from the "shackles of Vienna" and get into their own hands the connection with foreign capital, redoubled their attacks upon Austrian-owned property in their territory.

It must be admitted that the Austrian Government itself did very little to assist its banks. The municipality of Vienna was under the rule of the Social-Democrats, and the main bourgeois party (the Christian Socialists) were lineal descendants of those people who had started the cry of "down with the big enterprises" in the Seventies. To the Social Democrats capitalism was a power which must be destroyed on principle. To the Christian Socialists capitalism, and particularly banking, meant money to the Jew, and it did not matter what happened to the Jew. Hardly any of the taxes which had been put on during the inflation were removed in the subsequent years, and in many cases new burdens were heaped upon the banks. The deepening of the world depression, the tariff policy of the world, and particularly of the surrounding states, and the repeated delays before the flotation of the second Austrian loan, which compelled the State to borrow heavily from the banks, increased their difficulties. Trade and industry went from bad to worse, and the Stock Exchange collapsed completely, its monthly turnover falling to only half a million pounds.

As things have turned out, of only one bank, the Niederösterreichische Escomptegesellschaft, the oldest of all the Austrian joint stock banks, can it be said that its management rightly predicted the course of events and successfully adapted themselves to the rising tide of adversity. All the others remained optimists to the last, getting their banks deeper and deeper into debt by taking short-term money which they re-lent long, and as one after the other collapsed, the position of the Credit Anstalt became ever more dominant, particularly after it had taken over what remained of the assets of the Anglo-Austrian Bank, Limited, a step whose only apparent advantage was that it brought the bank into contact with the Bank of England. After the breakdown of the Boden Credit Anstalt, its greatest rival in pre-war years, which the Government practically compelled it to take over, the balance sheet of the Credit Anstalt amounted to 70 per cent. of the total figures of all Austrian banks taken together. To all intents and purposes it became what popular hopes had meant it to be eighty years before—a central holding and finance company for Austria. Unfortunately the enterprises it was compelled to administer were almost all suffering from the effects of the ten years' depression. In the Succession States and the Balkans the credit which the bank had granted had in most cases also become illiquid. There the ownership of the best industrial companies had long since passed into stronger hands. What was left abroad was in many cases dependent upon the assistance from the bank. All these enterprises required long-term credits and would have necessitated very heavy writing off in the books of the banks. The Credit Anstalt was only able to obtain short-term money abroad, and, as it turned out, its management apparently did not realise the amount of depreciation which the changed circumstances required it to apply to its assets. It could keep going so long as the supply of short-term funds did not show any falling off. The American banking difficulties deprived it of an

important source of money. The continued world depression compelled it to attempt the proper valuation of its assets. This investigation revealed that the bank had lost a good deal, if not the whole, of its share capital. It cannot be said that the managers of the bank were free from faults of commission and omission, and the latter were particularly serious; but they had had to contend with overwhelming odds. With no capital market at home from which to draw resources, and with the continued imposition of new burdens, the Credit Anstalt finally succumbed. Founded thirteen years before the old Austro-Hungarian monarchy came into being, the Credit Anstalt survived its break up for exactly the same number of years. If some people believed after St. Germain that part of the financial organisation of the old empire could be preserved in the body of the Credit Anstalt, they have now learned that at St. Germain the doom of the whole economic system of Austria was signed.

Notes of the Week.

Budgets and Debt Postponement.—The financial effect of the Hoover proposals for the postponement of inter-Governmental war and reparations debt services is exceedingly intricate. We have, however, attempted a very rough and tentative estimate of the extent to which the Exchequers of the four countries most concerned will be affected. The net immediate loss by the United States in the year ending July, 1932, if the Hoover proposal were put into effect would be, in very round figures, £50 millions, and the saving to Germany would be £75 millions. The net loss by France would be some £16.1 millions, made up as follows:—

Receivable by France, year ended June 30, 1932	Payable by France, year ended June 30, 1932
£ Mn.	£ Mn.
From Germany, on reparations account (net)* 39.463	War Debt—
Allied Debts to France... 0.240	To U.S.A. ... 10.288
	To Great Britain ... 12.500
	Share of joint guarantee to Great Britain ... 0.815
	Balance sacrificed ... 16.100
	39.703

* Receivable from Germany £42.9 millions, less £3.4 millions representing the service of the Young Loan and B.I.S. charges.
† Under Hague Agreement.

Of the "unconditional" Young Plan annuities, the share accruing to France in 1931-32 would be some £23 millions, but under the Hague Agreement, in the event of a postponement of Young Plan transfers, France would have to find some £17 millions net in order to complete the "percentage equalisation" fund for the benefit of the other creditor Powers not entitled to such a large proportion of the unconditional annuities. The position of Great Britain would be as follows:—

Receivable £ millions	Payable £ millions
From Germany (net) ... 14.40	To U.S.A. ... 33.10
Share of Reparations	Balance sacrificed ... 10.40
Annuities guaranteed by France, Italy and Belgium ... 1.40	
Reconstruction and relief debt payments ... 2.30	
War Debts—	
From Allies ... 17.80	
From Dominions and India ... 7.60	
43.50	43.50

Since Mr Snowden has announced that inter-Imperial War Debts are to be included in the scheme, Australia would be able to postpone payment of a further £3.92 millions, in addition to the £1.60 millions covered by the existing two years' moratorium, and New Zealand would be relieved of a payment of £1.75 millions. These two Dominions would forgo reparations receipts of £0.83 millions and £0.33 millions respectively. Except in the case of the United States, whose financial year coincides

with the year during which postponement is suggested, the effects of the scheme are divided between the Budgets of 1931-32 and 1932-33. On a very approximate calculation, in which the minor payments have been assumed to be divided between the two Budget years in the same proportion as the major payments, the net advantage to Germany under the scheme would accrue as to £55½ millions in this year's Budget and as to £19½ millions in the Budget of 1932-33. France would sacrifice about £15½ millions under this Budget and about £500,000 in the next. The British sacrifice of £10½ millions (which is additional to the £1.6 millions on which a two years' moratorium has already been granted to Australia) would fall entirely within the current Budget, owing to the fact that whereas the war and reparation debts to us are paid monthly, so that three-quarters of the cost of postponement is incurred within the current financial years, one of our semi-annual payments to America for 1931-32 has just been made. The £10½ millions which we stand to lose by the scheme is therefore composed of a net sacrifice of £11½ millions under this year's Budget, balanced by a net saving of £½ million under the Budget of 1932-33.

Land Tax Progress.—The Land Tax is wending a weary and unhappy way to the Statute Book. It has surmounted, this week, the most difficult obstacle in its path, for, on Tuesday, Mr Snowden moved the new clause insisted upon by the Liberals, in which the penalisation of developed land is substantially mitigated. The terms of the clause, roughly, conform to the forecast given in these columns last week. It provides that for the purpose of the charge of Land Tax "the land value of every land unit not being a unit comprising agricultural land shall be reduced either (a) by a sum equal to four times the annual value of the unit for income tax purposes; or (b) by a sum equal to seven-eighths of the land value of the unit, whichever is the less." The upshot is that land developments will be taken into consideration, and the maximum rate of tax applicable to the best developed land will be as low as ½d. per £ of value. The terms satisfied the Liberals, but the reluctance with which Mr Snowden made the concession was shown by the provocative tone of his reference to it, and Mr Lloyd George was moved to complain of the "offensive and disagreeable way" in which the Chancellor had moved the clause. Clearly, Liberal-Labour amity has not been sweetened by the whole incident. Possibly, Mr Snowden's ill-grace on Wednesday was the result partly of the previous night's proceedings over the question of exempting playing fields, when the Government escaped with a bare majority of seven, and the Liberal flock was so scattered that 20 members of that party voted against the Government, 10 in support of it, and 28 abstained, including Mr Lloyd George and Mr Herbert Samuel. Something was done, however, to conciliate Liberal opinion on playing-field exemption next day, when Mr Snowden explained that he had every sympathy with the exemption of playing fields, but could not extend exemption to commercial sporting ventures. Mr Snowden looks like getting his Land Tax, but the unofficial Labour-Liberal concordat is working anything but smoothly.

The Writing on the Wall.—The results of the last three by-elections are far from encouraging to Labour headquarters. Here are the figures:—

	1931.	Previous Election.	Increase or Decrease.
Gateshead.			
Labour Vote	22,893	28,393	- 5,500
Conservative Vote	21,501	11,644	+ 9,857
Liberal Vote	...	10,314	...
Independent Vote	...	3,688	...
Labour Majority	1,392	16,749	- 15,357
Wavertree.			
Conservative Vote	18,687	16,880	+ 1,807
Labour Vote	10,042	13,585	- 3,543
Liberal Vote	...	11,723	...
Conservative Majority	8,645	3,295	+ 5,350
Ardwick.			
Labour Vote	15,294	20,041	- 4,747
Conservative Vote	14,980	13,177	+ 1,803
Labour Majority	314	6,864	- 6,550

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At Gateshead and Wavertree Liberal candidates, who had stood at the general election, retired to leave the field free for a Labour-Conservative fight, while a straight fight between the two biggest parties was repeated at Ardwick. Allowing for cross-currents, personalities and local influences, which often count for so much at by-elections, the obvious deduction from the Wavertree and Gateshead figures is that Liberals, bereft of a candidate of their own, voted fairly strongly for the Conservative representatives, while at Ardwick the Liberals, who two years ago had in many cases given a vote of censure against the spineless Conservative administration, now recorded their dissatisfaction with Mr MacDonald's record. The Labour Party may, of course, claim that the results merely represent a perfectly normal swing of the pendulum, and that the swing has not gone far enough to change the representation in the House of Commons of these three constituencies. But it is significant that all three results, all tending so strongly against the Government, have followed the publication of the Report of the Royal Commission on Unemployment Insurance and the Government's refusal to grasp boldly the nettle of dole reform. If it is true that these three elections represent a protest against inadequate tinkering with abuses of the present system, they suggest firstly that public opinion is running ahead of Government action, and, secondly, that the figures may be regarded as the writing on the wall, presaging the decay of the Government's hold upon the confidence of the electorate.

French Naval Policy.—On Thursday, June 18th, when the French Naval Programme for 1931-32 was discussed in the Chamber, the deputies took the Government by surprise by the independence of their attitude. The contentious point was the proposal for a new battleship of 23,000 tons, which would account for 60 per cent. of the tonnage which the Government would like to build during the coming financial year—only the remaining 40 per cent. being allocated to light surface craft, and nothing at all to submarines. This represents a striking departure from the policy of recent years; for instance, last year, when 70 per cent. of an approximately equal aggregate tonnage for new construction was allotted to light surface craft, and the remaining 30 per cent. to submarines. The reason, of course, for this change in French building policy is the appearance of the first German "pocket-battleship"; and in view of this the debate in the French Chamber on this occasion must be regarded as an event of considerable international importance. The Government's proposal for a French 23,000-ton battleship was criticised by the deputies on two grounds: first, that it was neither the most efficient nor the most economical reply to the German 10,000-ton ship that naval experts were capable of devising; second, that it might evoke the construction of a still heavier battleship on the part of Italy. Finally, the naval construction bill was adopted with an amendment, moved by Monsieur Loucheur and accepted by the Government, which cuts down the credit demanded by more than 50 per cent. (from 1,010,000,000 francs to 500,000,000). This will allow the Government to proceed with the construction of the light vessels on its programme, while suspending the laying down of the battleship until this question has received further study and consideration. The importance of this result is that it may delay the construction of the new French battle-

ship until the assembly of the Disarmament Conference, when France may be induced to relinquish the prospective battleship altogether, provided that corresponding concessions are made by other Powers. Here, surely, is an opportunity for Germany to make an effective contribution towards the cause of disarmament—and, if she is wise, she will not wait for this till next February, but will make her gesture straight away, while the French attitude towards President Hoover's proposal is still in the balance. If the German Government were to proclaim now its readiness, as part of an all-round scheme of disarmament, to scrap the already constructed "pocket-battleship" and to forgo the right which it possesses, under the Treaty of Versailles, to build five more of them, this might have a profound and immediate effect on French feelings and French policy. Dr. Brüning has dared to ask greater sacrifices from his countrymen than this. If he were to make this announcement forthwith, we believe that both he and his country would find themselves well rewarded.

The New Austrian Ministry.—Cabinet-making in Austria has been facilitated by the financial alleviation resulting from the Bank of England loan and from President Hoover's pronouncement; and last Sunday afternoon the Austrian Cabinet crisis was resolved by what amounts to a reconstruction of Dr. Ender's late Ministry. In this reconstruction the Chancellorship is filled by Dr. Karl Buresch, the Governor of Lower Austria, a somewhat obscure politician who is a Christian Socialist with moderate views. Perhaps the most significant appointment is the return of Dr. Schober to the Ministry of Foreign Affairs, and the most striking appointment that of Professor Redlich to the Ministry of Finance. Dr. Schober's return presumably signifies that the policy of closer union with Germany is not to be abandoned. As for Professor Redlich, he is a jurist and publicist of international reputation, whose prestige and abilities may be counted upon to put Austrian public finances in order—not merely in the way of balancing the budget, but in the matter of the relations between the Government and the banks. Dr. Schober and Professor Redlich, between them, will give the new Austrian Cabinet the strength which it can hardly be expected to derive from the new Chancellor.

The New Egyptian Government.—Outwardly the opening of the new Egyptian Parliament last Saturday, June 20th, was a triumph for Sidky Pasha—or, rather, for King Fu'ad, whose policy Sidky Pasha has set himself to carry out. To remodel the Constitution, found a new party, hold an election and secure the triumph of the new party at the polls, all in the space of a few months, might seem a great achievement for any government—even in a country where governments have such facilities as they have in Egypt for "making" constitutions, elections and almost anything else they choose. Yet there is one thing—referred to in King Fu'ad's speech from the throne—which it takes two parties to make, and that is a treaty between Egypt and Great Britain. Of course we want such a treaty. Wise men on both sides have made repeated efforts to achieve a treaty during the last decade. Yet there is one condition, laid down by the British Government on former occasions, on which any British Government is bound to insist again whenever the question of resuming negotiations arises: an Egyptian Government which cares to treat with the British Government for a comprehensive settlement, on a treaty basis, of Anglo-Egyptian relations must be genuinely representative of the Egyptian people. And Sidky Pasha is no nearer now to demonstrating the genuine representativeness of his Government in British eyes than he was before the recent elections were held and the new parliament assembled. If Sidky Pasha imagines that British statesmanship would look no farther than the figures of his brand-new parliamentary majority, he is greatly mistaken. For the British desideratum is eminently practical. What we require of any Egyptian Government that seeks to negotiate with us is that it should be able to carry the Egyptian people with it in any agreement with this country with which it is satisfied for its own part. Now

Sidky Pasha's Government is evidently not a government of this kind. The result of the recent elections certainly does not reflect the opinion of the politically-conscious portion of the Egyptian nation. Just because he knows that he is non-representative, Sidky Pasha would be constrained to make higher demands upon Great Britain than, for example, Zaghlul Pasha would have been constrained to make had he still been alive; and it is practically certain that any treaty, however favourable to Egypt, which Sidky Pasha did agree upon would be repudiated by the Wafd, which would find in this its opportunity for returning to power. The moral is that so long as King Fu'ad continues to play his present very dangerous game of ruling Egypt through a party of "the King's Friends," the impasse in Anglo-Egyptian relations will continue.

The Pope Speaks Out.—Last week, when we referred to the Azione Cattolica affair in the *Economist*, it looked as though the controversy between the Vatican and the Italian Government were tailing off into a lengthy exchange of notes, and as though the strong feelings which have flared up recently on both sides were at least being damped down again, if not extinguished, by mutual consent. Meanwhile, on the 21st, the Pope himself has deliberately underlined the continuance, and the gravity, of the dispute in an address delivered in the Vatican to a company of 700 pilgrims belong to the Propaganda Fidei. On this occasion he went so far as to compare the treatment which the Roman Church has been receiving at the hands of the Fascist Government in Italy with the persecutions to which it has been subjected in Mexico and in the U.S.S.R. He declared that the impression of a return to tranquillity, which was being spread abroad by the Italian authorities, was far from being in accord with the facts; that the parties were not on the way to agreement; and that it had not yet been possible even to begin negotiations. This last statement presumably refers to the particular matter of the "congregations" of young persons, placed under the supervision of the bishops and clergy, which have been organised as a means of salvaging some vestige of the Catholic boys' clubs which the Fascist Government has already dissolved. Logically enough, these "congregations" have been dissolved by the Fascist Government in their turn; and here there is for the moment an absolute deadlock—the Pope refusing to recognise their dissolution, while the Government refuses to admit that this is a matter for negotiation. In this affair there does seem to be a certain parallelism between the official policies of Fascist Italy and Soviet Russia. Both regimes are willing to tolerate ecclesiastical organisations for religious purposes in the narrowest sense of ritual and liturgy; but both are inclined to disallow any ecclesiastical organisations which trespass on the domain of social welfare—a field which they deny to the Church and claim wholly for the State. Considering that a Church which is forbidden to carry on any organised social activities can hardly expect to live, it would appear that the issue here raised really is one of great importance and gravity, as the Pope declares it to be.

The Coal Mines Negotiations.—This week has brought us into the crucial period of negotiations between miners and owners, the outcome of which is to decide whether the country is to have a coal stoppage superimposed next month upon its present difficulties, or whether a compromise over wages and hours can be reached. The coal owners met the Cabinet Coal Committee on Wednesday evening, and after further deliberation on Thursday morning informed the Cabinet that they had made an offer to the miners to extend to twelve months their earlier offer to stabilise for six months existing wage scales on the basis of a 7½ hours day. As we go to press the attitude of the miners' leaders to this substantial advance by the owners is not known. There are, of course, difficulties and complications to be overcome, especially in Scotland, where the 8 hours spreadover is in operation, while the hostility of the Yorkshire delegates is inevitable. Again, the position is not rendered any easier by the strike, which began on Thursday in the Cumberland field as a

protest against an award of the National Board giving a 7½ per cent. reduction in wages. Nevertheless, we trust that wise counsels will prevail and that the miners' leaders will persuade the delegate conference to accept the owners' offer at least as a basis for further negotiation. A coal stoppage at this juncture would be so calamitous in its effects upon the whole country, as well as upon all engaged in the coalmining industry, that we cannot believe either party to the present negotiations will split straws or fail to clutch at every reasonable opportunity for settlement.

The Engineering Settlement.—The acceptance by the engineering trade unions of the terms of settlement reached provisionally by the negotiating committees of the employers and the unions last Saturday happily removes one of the threatened disputes which have been casting a dark shadow on the British industrial outlook. The unions appear to have done as well as they could expect in the negotiations. The reduction of piece-work prices for which the employers asked in their final terms was conceded, but the men secured an agreement providing for a distinct improvement in the terms originally proposed for overtime and double shifts. It is now agreed that for the first two hours overtime shall be paid at the rate of time-and-a-quarter, and thereafter at the rate of time-and-a-half, and that night shifts shall be paid for at the rate of time-and-a-sixth for all hours worked. Piece prices are now fixed so as to enable a man of average ability to earn 25 per cent. instead of 33½ per cent. on his base rate. These reductions represent an appreciable sacrifice on the part of the engineers, but it is a great thing for all concerned that a disastrous stoppage should have been averted.

The Hoover Plan and Commodities.—While the immediate effects of the announcement of the Hoover Plan on the world's principal Bourses was a burst of enthusiasm, whose reactions on security prices are described in our Stock Exchange pages, a point of perhaps greater interest is to watch the influence which the proposals have had, and seem likely to have, on commodity prices. In the following table we show the closing prices of a selection of leading commodities at the end of May, on the eve of the announcement, and on Monday and Thursday of this week:—

Date.	Wheat		Cotton		Tin		Copper		Rubber	
	Liverpool futures "July"	per 100 lbs.	American Middling "July"	per lb.	"Standard Cash"	per ton	"Standard Cash"	per ton	"Smoked sheet"	per lb.
May 29th	s. d.	d.	s. d.	d.	s. d.	d.	s. d.	d.	s. d.	d.
June 19th	4 0 1	4 57	100 13	9	36 3 1	3 1	3 1	3 1	3 1	3 1
" 22nd	4 0 8	4 62	104 11	3	33 10 7	3 1	3 1	3 1	3 1	3 1
" 25th	4 3	5 03	108 6	3	36 3 9	3 1	3 1	3 1	3 1	3 1
" 25th	4 2 1	5 33	113 8	9	38 8 9	3 1	3 1	3 1	3 1	3 1

* Unofficial Close.

Monday witnessed in every case a sharp rise in quotations. The movement hung fire on Tuesday and Wednesday owing to uncertainty as to the French reception of the plan, but on Thursday the advance was resumed. It would, however, be premature as yet to conclude that a definite recovery in the prices of raw materials has set in, for the improvement which has occurred up to date has been the result of bear covering and changed market psychology rather than of an actual expansion in purchases for consumption.

International Cotton Congress.—A cotton correspondent writes:—The chief feature of the International Cotton Congress, which was held in Paris this week, was the discussion on the causes of the depression in the world cotton industry. The principal speaker was M. André Siegfried, who read a paper on "The Crisis in the Cotton Industry and the World Crisis." He pointed out that a large part of the cotton spinning industry has passed from Lancashire to the Far East and from New England to the cotton growing region in the South of the United States. At the present time the industry was capable of manufacturing more cotton goods than the world could

absorb, productive capacity having been largely increased by improvements in machinery and the working of double and treble shifts. It was reasonable to count on a continuous development arising from a natural increase of population or progress in the standard of living. It was also legitimate to expect the introduction of a great many new uses of cotton. If world spinners and manufacturers were to count upon increased demand as the sole solution of the crisis, an increase of at least one-fifth would be required—an expectation which savoured of somewhat excessive optimism. The solution of the question whether there will be an increase in the amount of cotton used lay, so far as the East and Far East was concerned, outside the cotton industry itself. It depended on the prices of agricultural and mineral products and to a general extent on the political atmosphere prevalent in the world of to-morrow. Mr. Arno S. Pease, formerly General Secretary of the International Federation, in the discussion which followed, said that England's aloofness from the double-shift system had been responsible for the loss of a great deal of her trade. Working in double and treble shifts, there was too much cotton machinery in the world and unless some agreement was arrived at, first in each country and afterwards internationally, the problem would resolve itself into the principle of the survival of the fittest. He expressed the opinion that the present period of evolution would lead eventually to better times. Some English delegates argued that the primary cause of the depression was the now almost universal adoption of the gold standard, and said that the decline in the price of silver deprived manufacturers in gold standard countries of competitive power with manufacturers in silver standard countries. The German delegates said that they were in the position to supply the requirements of Germany, provided that in the fine section they received adequate protection. The secretary of the Belgian Spinners' Association, on the other hand, asserted that European countries would soon have no outlet other than their home market if they did not take up an energetic crusade against protection. On behalf of the French industry it was stated that when monetary inflation ceased in 1926, the rise of the franc exercised a depressing influence and the artificial influences which had worked in favour of the trade ceased, and had been followed by the most intense crisis. The Italian delegates believed that the crisis would not be overcome until the price of the raw material became more remunerative.

America's Budget Deficit.—A transatlantic correspondent, writing, of course, before Mr Hoover's moratorium proposal, gives the following description of the position of the United States Federal finances:—The deficit which faces the Treasury has assumed alarming proportions. On June 2nd President Hoover, after consultation with Colonel Roop, the director of the Budget, issued a statement which attempted to put as favourable a light as possible upon the financial situation of the nation. It indicated that the deficit at the end of the fiscal year would probably not exceed 950 million dollars, and it attributed it partly to the drastic decline in revenues as the result of the economic depression and partly to special expenditures. The sum required to meet the demands of the war veterans under the scheme for making advances on their war service certificates has now reached a total of \$1,100,000,000, and the increased expenditure for the construction of public works to relieve unemployment has already amounted to 540 million dollars. The administration has reason to be gratified with the success of its issue of 800 million dollars of 3½ per cent. bonds, for it was over-subscribed several times. But \$589,000,000 of this issue has to be allocated to the retirement of Treasury certificates due June 15th, and President Hoover in his statement forecast that at the end of the fiscal year there would have been an increase of roughly 500 million dollars in the national debt. He claimed, however, that the situation would have been infinitely worse but for the "economy drive" which was inaugurated last summer and has already saved the Treasury 180 million dollars. But it is a sobering experience for a country to find that it has

reverted in one brief year from a situation where it was retiring its national debt at an amazing rate and showing huge annual surpluses to a plight where it has to face a gigantic deficit and is compelled to indulge in large borrowings to balance its Budget. It is generally taken for granted that a heavy dose of new taxation is inevitable, and the problems involved will provide the new Congress with one of its most fruitful subjects of controversy. The Republican Party naturally dislikes the idea of entering a Presidential campaign burdened with the odium of the sponsorship of new taxation, and it is particularly anxious to avoid responsibility for the sort of taxes which would alienate the big business interests and the support of newspaper magnates. But most of the leaders of the Democratic Party, intent as they are upon demonstrating that their party is free from any infection of radical doctrines, are just as anxious as the Republicans not to forfeit the goodwill of "big business," some of whose leaders have been manifesting a new friendliness to it, and as a consequence there will be a powerful sentiment in Congress in favour of keeping any increase of taxation at a modest level and meeting the deficit to a large degree by borrowing. However, the group of Republican Progressives, led by Senators Norris and Borah, who will hold the balance of power in the new Congress more decisively than in the last, are insistent that there must be new taxation and that it must take the form of levies which will entail greater sacrifices from the richer classes; they want to double the Federal death duties and raise the income tax rates for the higher classes of payes. Faced with this problem it is understood that President Hoover is giving serious consideration to the appointment of a new Commission for the purpose of studying the whole taxation problem and working out new sources of Federal revenue. He has already discussed the question with the Tax Commissioners of several important States and they have urged him to call a national conference of tax experts out of which the Taxation Commission might emerge. For some time past State administrations have been viewing with apprehension the invasion by the Federal authorities of fields of taxation which are claimed to be the preserves of the States, and a Taxation Commission would undoubtedly be instructed to study the problem of closer co-operation between the Federal and State authorities in order to secure an allocation of the fields of taxation which would prevent overlapping and secure more uniformity in the system.

The Irish Derating Report.—Our Dublin correspondent writes.—The whole system of local government and local finance in the Free State is reviewed in the Report of the Derating Commission. The majority report recommends no further relief of rates on agricultural land, and draws attention to the fact that any extended measure of relief would necessitate fundamental reforms in the structure of local government. The Report states that rates amount to less than 5 per cent. of the costs of production of the typical farmer, and are a relatively insignificant burden compared with the cost of feeding stuffs and labour. The conclusion is reached that the remission of rates would have no material effect on agricultural production, the volume of which is dependent mainly on price movements. As to the advisability of transferring to the Central Government the administration or the cost of certain services now paid for by local rates, the possibility of granting relief from rates on condition that production is extended, and the methods of finding the additional revenue that would be necessary if de-rating were adopted, it is pointed out that a large part of the additional taxation required would ultimately be borne by the agricultural community, whose relief would thereby be rendered to a large extent illusory. Finally, the Commission emphasises the superior merits of constructive schemes of expenditure to assist agriculture. Needless to say, this Report has been accorded a hostile reception by the farming interests, who are naturally more anxious for a concrete and immediate relief than for a policy the fruits of which will not be reaped this year or next. The Report represents another declaration of the policy to which the Government has so far con-

stantly adhered of spending public money on agriculture only by way of productive investment and of refusing all claims for subsidies and bounties at the expense of the taxpayer. The wisdom of that policy has been demonstrated by the recent course of wheat prices. Three years ago there was advanced in very influential quarters a serious proposal to subsidise the growing of wheat in the Free State, which, if it had been adopted, would have involved the expenditure of millions of pounds in the last couple of years. At that time the Government's refusal was bitterly attacked by many disappointed farmers; but public opinion has now come to approve the decision. The soundness of the Government's policy of concentrating on the improvement of animal husbandry and dairying has also been justified by the recent course of agricultural prices. It is a matter of common knowledge to-day that the price of animal products has declined far less than that of cereals, and that the countries producing the former have weathered the prevailing "economic blizzard" comparatively well. It is probably not so generally understood that the relatively favourable price level of animal products is likely to be a permanent and not merely a passing phenomenon, owing to the revolution which has taken place in cereal cultivation. The mechanisation of farming and the consequent increase in the output per man employed have definitely lowered the cost of production and increased the volume of the world's principal cereal crops, while no such changes in technique have been introduced in animal husbandry. Another influence operating to produce the same result is the growing demand for animal foodstuffs caused by the general increase in the standard of living. Thus changes both in conditions of supply and of demand appear to be influencing the price situation favourably to the principal Irish agricultural products.

India's Foreign Trade.—In 1929-30, writes our Calcutta correspondent, imports of merchandise into India from the United Kingdom were valued at over 103 crores. Last year the corresponding figure was just over 61 crores. Meanwhile, imports from all foreign countries combined, excluding the British Empire, totalled nearly 89 crores, against 116 crores in 1929-30. In the same two years exports of Indian merchandise to the United Kingdom have dropped from 66 to 52 crores, and to foreign countries from 200 to 134 crores. Total imports from all sources in 1930-31, at 165 crores, were 76 crores lower than in the previous year, and exports of Indian merchandise, at 220 crores, were 90 crores lower. The fall in the price of sugar has saved India roughly 5 crores on its purchases for the year. Indeed, the price has fallen so low that the Tariff Board, in the interests of the Indian industry, has recommended a stiff increase in the import duty. Heavier yielding canes have in recent years been evolved by the official experts, and these have spread so rapidly, and hold out the promise of so large an increase in production in the next few years, that the establishment of a large number of modern sugar factories, capable of meeting the requirements now satisfied mainly by the Java product, is held to be essential to the preservation of the indigenous industry. Another welcome decline was in imports of food grains, which in 1930-31 were valued at 2½ crores less than in 1929-30 and at 8 crores less than in 1928-29. The adoption of the Wheat Import Tariff Bill indicates that in future imports of wheat will be permitted only when Indian production falls short of Indian consumption. As only a small percentage of this year's wheat surplus has found a market abroad, it has been deemed expedient to ban imports, excepting only a small quantity required by flour mills situated in Calcutta and Bombay whose contracts had been entered into before a tariff was contemplated. Although imports of raw cotton last year exceeded 6 crores in value, an increase of 3 crores, it has not yet been suggested, except in Congress circles, that a similar ban should be placed on the raw material of the cotton mills, despite the fact that the cotton cultivators in India are so badly circumstanced, owing to a decline in external demand by 19 crores. In cotton yarn and manufactures the decline in imports was of the order of 34 crores,

namely, from 59 to 25 crores, a decline without precedent in the history of the trade. Undoubtedly the boycott, to which this decline is ascribed, was greatly assisted by the economic depression, which would remain a potent factor even if Congress propaganda and picketing ceased. The decline in exports of raw jute exceeded 14 crores, or, compared with 1928-29, 19 crores. In manufactured jute the decline was 20 crores, or, compared with two years ago, 25 crores. Such conditions, even in the most favourable political conditions, would not have left imports unaffected.

Canadian Newsprint Scheme.—Our Ottawa correspondent writes:—The Honourable Charles A. Dunning, the chairman of the protective committee of security holders of the Canada Power and Paper Corporation, whose embarrassments have been a source of serious anxiety to the Government and the banks, has announced the terms of the reorganisation of the financial structure of the corporation, which had been approved of by the committee. The Anglo-Canadian Pulp and Paper Mills, controlled by the Rothermere interests, which had been embraced in the Canada Power and Paper merger, have availed themselves of the terms of their agreement to withdraw from participation in the new scheme; but the other six constituent companies, namely, the Laurentide, the Belgo-Canadian, the Waygamack, the Port Alfred Pulp and Paper, the St. Maurice Valley Corporation and the Anticosti Corporation, will come into the scheme if the shareholders ratify the proposals. The plan contemplates the formation of a new company, which will acquire the undertakings and assets of the constituent companies and will have an authorised capital of \$100,000,000 first-mortgage gold bonds and first-mortgage sterling debenture stock, and 2,000,000 no-par value common shares. Authority is sought for an issue of bonds not exceeding \$65,000,000, but these will not be all issued immediately, and it is estimated that the outstanding capitalisation of the new company when the plan is carried out will be \$51,058,522 first-mortgage gold bonds and first-mortgage sterling debenture stock and \$1,547,141 common shares of no par value. The bonds will be on an income basis for five years ending July 2, 1936, and will thereafter bear fixed interest at the rate of 5½ per cent. They will mature on July 2, 1961. The scheme practically cuts the capitalisation of the Canada Power and Paper Corporation in half, and it has been favourably received in Stock Exchange circles and by the Press as affording hopes that by the elimination of "water" the capital of one of the largest units in the newsprint industry has been reduced to manageable dimensions on which interest can be earned.

Latvia and Her Minorities.—A correspondent writes:—News from Latvia which has recently reached London suggests that the nationalistic Lettish parties are pursuing *vis-à-vis* the minorities a policy which may have very serious consequences. This new and unfortunate policy dates comparatively from recent times. During the first decade after the war Latvia, together with Estonia and Finland, constituted an oasis in Eastern Europe, in which the ruling national majorities and the national minorities enjoyed comparatively peaceful relations. This relatively happy state rested primarily on the statesmanlike conduct of the then Latvian Government, which passed in 1919 a school law granting educational autonomy to the German, Jewish, Polish and Russian minorities. In response to this gesture, the minorities, and especially the German minority, co-operated in the Government and were represented in coalition Cabinets. At a later date, however, nationalistic tendencies began to appear; German and Polish landed property was expropriated; and in 1928 a measure was enacted which excluded ex-soldiers of German nationality from rights in land which was being redistributed to all other ex-soldiers of the Latvian army who had fought in the war of liberation. The successful enactment of this discriminatory measure against members of a minority appears now to have encouraged the Latvian chauvinists to proceed further along the same perilous road. At the present time

a campaign is raging against the Polish minority in one section of the country, while simultaneously steps are being taken to expropriate the German cathedral in Riga and to attach lands belonging to historic German guilds. It is not necessary to have a profound knowledge of Eastern Europe to see that this policy of anti-minority nationalism is both dangerous and unjust. Latvia cannot afford for internal reasons to play fast and loose with the minorities which constitute a quarter of her population, or for international reasons to disregard treaty obligations entered into with the Great Powers.

The Position in Uruguay.—Commercial and financial interests in Montevideo have been seriously alarmed at the fall in the Uruguayan dollar, writes a correspondent, and a memorandum has been addressed to the Government by the managers of the local private banks wherein it has been clearly stated that various popular explanations of the drop, such as the statement that speculative interests in Buenos Aires have purposely driven down the value of Uruguayan currency, cannot be regarded as correct. The basic fault lies in the national expenditure, and only by drastic reduction in this year's budget can the ever-growing difference between receipts and expenditure be substantially checked. Meanwhile the uncertainty prevailing abroad with regard to future regular payment of the debt service has driven Uruguayan bonds down to lower levels than ever before. It has, therefore, been suggested that the \$10,000,000 gold which it was proposed to ship, out of the funds held by the Banco de la Republica, be used to purchase Uruguayan bonds in the New York market, as cover for exchange operations, thereby improving at one and the same time the bond quotations and the rate ruling for the Uruguayan dollar. At the moment of writing it is not certain whether the proposed suspension of the amortisation fund allocated to Uruguayan consols will actually be carried into effect. If at the last moment it is found possible to refrain from taking so grave a step, the favourable reaction upon Uruguayan credit and Uruguayan exchange should be marked. The plain truth is that, for many years past, national expenditure on social services in Uruguay has steadily gone up year after year, whereas the country, in common with her larger neighbour Argentina, has suffered from a substantial decline in the price received for her principal commodities, without, hitherto checking either her general or her private expenditure on imports. It should, of course, be understood that, although it has been proposed to suspend amortisations owing to the heavy depreciation in exchange, which has reached 45 per cent., such suspension refers only to the transmission in foreign equivalents of the statutory sums, with due provision, as usual, for their being set aside here in Uruguayan currency. Unfortunately, owing to the loose wording of the first official statement, both New York and London understood that Uruguay actually proposed to suspend the service of her foreign loans, whereas nothing was further from the mind of the Minister of Finance.

Overseas Correspondence.

UNITED STATES.

Money Market — Railroad Rates — Business — Foreign Trade.

(FROM OUR CORRESPONDENT.)

NEW YORK, June 16.

THE second quarter's income-tax collections scarcely made a ripple in the money market pool. Natural ease created by the Treasury operations on June 15th, involving, together with corporation dividend payments and other settlements, a turnover of \$2,000,000,000, was accentuated by the arrival of \$7,500,000 in gold from Canada and a release from earmark of \$60,000,000 at the Federal Reserve Bank. Gold releases are believed to be for German account, the gold having been in the form of a French credit on a triangular arrangement. The Bank of

France is the only central bank with sufficient gold held under earmark at the Federal Reserve Bank to account for such heavy releases, and naturally there is no reason for thinking that France was giving up the gold for her own account.

This evidence of French willingness to help Germany and of Chancellor Brüning's determination to take steps, as for example raising the discount rate, toward stopping the withdrawal of short-term credits from Berlin, was well received here. Wall Street feels that the seriousness of conditions in Germany has been somewhat exaggerated, but is less apprehensive than it was over the outlook for political disturbance. It is still felt that the time is not opportune for a reopening of the reparations question, and this country is likely to do nothing towards foreign debt remission at this time.

In a public address, President Hoover has reaffirmed his opposition to tariff reduction as a means of restoring business prosperity. He is equally firm in opposition to any scheme for unemployment doles. A proposal for the abolition of the capital gains tax has again been brought forward. The President made a further plea for confidence and a more cheerful viewpoint.

Because of the large amount of long-term bonds offered to refund maturing short-term certificates and Treasury bills, the Treasury tax date overdraft was smaller than usual, about \$50,000,000, all of which was taken by the Federal Reserve Bank. The overdraft was entirely liquidated on the following day. Since the leading banks agreed not to lend call funds at less than the Stock Exchange rate, which has been pegged for a long time at $1\frac{1}{2}$ per cent., the supply of money in the outside market has been irregular. Recently the outside rate has been $1\frac{1}{4}$ per cent., against 1 per cent. for several weeks previously. Private banks have furnished the principal supply.

Rates charged by banks to customers continue to fall. For the country as a whole they are now at the lowest since 1924 and for New York the lowest since 1927. In this respect the Federal Reserve's campaign for cheap money has met with some success, and the bond market also has noticeably improved recently, though new capital issues continue at a low ebb. Last week's total was only \$7,000,000, and, excluding Government financing, this month's offerings bid fair to set a new low record for a long time. Low interest rates here have been less effective in keeping out gold. South American gold has come because of the debt obligations and poor foreign trade of the Argentine and other countries. The present releases from earmark for German and French account are, of course, due to special circumstances. Canada has begun to send gold, partly because of trading operations in anticipation of higher tariff duties.

Savings banks are finding it increasingly difficult to maintain their old deposit rates, which are 4 and $4\frac{1}{2}$ per cent. Agreement has been reached among the leading institutions to cut interest paid to $3\frac{1}{2}$ per cent., beginning with the July-September quarter. This is unlikely to diminish the savings bank deposits, but the problem of employing the new deposits driven from securities and the ordinary banks, as well as corporation money, will be much simplified.

This week the railroads made formal application to the Interstate Commerce Commission for a 15 per cent. "blanket" increase in freight rates. Assuming no increase in traffic and on the basis of the present economical operation of the roads, it is calculated that the higher rates, if granted, will bring in approximately \$400,000,000 additional net income. Even with this the roads claim that they will be unable to show on an annual basis as much as 4 per cent. earned on their property investment. In their application the railroad executives clearly were pleading for public support rather than for that of the Interstate Commerce Commission, which is, of course, thoroughly familiar with the problem. The application stresses the need for hurry if the bonds of the railroads are to be maintained as legal investments for insurance companies, savings banks and trusts, and if their credit

is to be maintained. Illuminating information is given relative to the growth in railroad operating efficiency in the past few years. It is brought out also that there has recently been a good deal of deferred maintenance. In the first four months, expenditures for maintenance of way has dropped about 25 per cent. and maintenance of equipment about 20 per cent., which accounts in part for the ability of the roads to show as much net income as they have.

On the subject of wages the railroad executives remind the Commission of the "policy of the Federal Government, concurred in by the managements of most leading industries, that the revival of industry and commerce should be predicated, for the time being at least, upon the maintenance of existing wage scales." Mainly because of the long period necessary to determine the question of wage reductions, to say nothing of the public opposition which naturally would arise to wage-cut proposals, the railroads ask for relief in higher rates rather than in wage reductions. Increases in passenger rates is dismissed as impracticable, since too little of that traffic is now available. In fact, the trend has been the other way in passenger fares, many roads having voluntarily cut rates to combat motor-bus competition, but without notable success. Just how much real benefit will flow to the railroads from the proposed rate increases is still a matter of varying opinion, but the increases are fairly likely to be granted. The banks and insurance companies are solidly behind the railroads. They will probably take effect by the first of September.

From President Hoover down, self-appointed prophets have had much to say recently about the prospects for trade improvement and they are all positive that the worst has been seen. This view is shared in generally over the country—provided the harvests are good. So far as current indices of business activity are concerned, some further recession has taken place. The steel industry is down to 38 per cent. of capacity. Motor output is falling moderately, and railroad traffic is running nearly 20 per cent. under a year ago. Electrical output is declining slightly.

Foreign trade results for May were, if anything, better than expected. Both imports and exports were lower, but not appreciably so. Exports of \$205 millions were \$12 millions under last year, and imports of \$182 millions were \$5 millions smaller. February imports were only \$174 millions, but exports last month were the smallest for any month since October, 1914. For the first five months the export excess is \$194 millions, against \$296 millions for the same period of last year.

FRANCE.

The Hoover Proposal — French Impressions — Paris Reply — Revenue Returns — Markets.

(FROM OUR CORRESPONDENT.)

PARIS, June 24.

The first impression here of Mr Hoover's offer was one of incredulous astonishment. French opinion has so pinned its faith to the intangibility of the Young Plan as the sheet anchor of financial security that it refused absolutely to believe that Mr Hoover intends to bring about what is universally regarded here as the tearing up of the "scrap of paper" on which the decisions of the Hague Conference are recorded, and bring down the whole carefully-built-up French financial structure like a house of cards. All illusions were swept away yesterday, when it was circumstantially asserted that Mr Hoover will insist on acceptance of his offer before July 1st, leaving France with the alternatives, in default of compliance, of either carrying out her debt engagements towards the United States (in spite of having been deprived of the means of doing so), or of seeing her credit destroyed.

Still, although three days have elapsed since Mr Hoover's offer was made known, a good deal of indignation has already been blown off, and it now remains to be

seen to what extent this aspect of French feeling will be reflected in the forthcoming debates in the Chamber. The Cabinet has spent two long sittings drafting a reply to Mr Hoover, and it is announced to-night that their answer was this afternoon handed to the American Ambassador here for transmission to Washington. The exact text of the reply is not yet known, but it is understood to be of a temporising nature, as might be expected. The French are not used to American "hustle" in diplomatic matters, and they appear to have very astutely called Mr Hoover's attention to the fact that acceptance of his offer involves, for all practical purposes, abrogation of the Hague Agreement, to which the approval of the French Chambers was necessary before it could become operative. In other words, the Young Plan, which was embodied in the Hague Agreement, stipulates that a radical distinction shall be made between the conditional and the unconditional portions of the German annuities, consequently the French Chambers alone can sanction any new arrangement in conflict with the Young Plan. The French Cabinet is, of course, powerless to accept Mr Hoover's offer, and would certainly prefer, in any case, to receive the opinion of the Chambers before venturing to reject such an offer, however much it might feel inclined to do so. Whether this reply, and the delay which it will necessarily involve, will suit Mr Hoover remains to be seen.

Figures made public here from French sources show that it is estimated that the direct effect on the French revenue of the cessation during the coming twelve months of German reparation payments to this country would result in a loss to the Budget of 1,959,500,000 francs. Figures drawn from American sources purport to show that the French loss of revenue, due to acceptance of the American proposals, would be 2,732,152,000 francs; while the operation of the moratorium clauses of the Young Plan, should France prefer to continue the existence of that system, would result in a net loss of 2,171,000,000 francs, or 561,125,000 francs less. As a compromise, the French reply suggests that the unconditional payments due from Germany under the Young Plan moratorium clauses shall be transferred direct by the German Treasury to the Bank for International Settlements and held there, without conversion into foreign currency, for utilisation in any plans which may be devised for helping Germany and the other Central European Powers out of their present difficulties. The French fear, at bottom, is that, as the result of Mr Hoover's offer being put into operation, German reparation payments will not merely be suspended for twelve months, but for all time, and that with this the Treaty of Versailles itself would also be torn up.

The revenue returns for May, the second month in the new financial year, show a total yield from all normal and permanent sources of 2,688,810,000 francs, against 2,171,928,000 francs in May, 1930, and 3,203,972,000 francs in 1929. The total recoveries for the month were 77,500,000 francs below budget estimates, whereas the yield in April was 30,500,000 francs more than had been expected. Practically the whole yield, as is usual at this time of the year, when the new income tax assessment notes have not yet been delivered, was from indirect taxation. The yield from turnover taxes was 659,672,000 francs, or 153,652,000 francs (say, 19 per cent.) below the recoveries under this heading in May, 1930, which may be taken as equivalent to the recent accentuation in the prevailing depression, so far as this country is concerned. Customs yielded 22 per cent. more on the month than in May, 1930, but this was practically entirely due to recent increases in import duties. The tax on Bourse operations produced only 8,566,000 francs, or less than one-third of the amount estimated for; while the yield from taxes on securities was over 41 per cent. less than budgeted for. Taxes on railway tickets, wines, beer, spirits and mineral waters, theatres and music halls, all showed appreciably higher yields on the month; while motor-car taxes produced nearly 20 per cent. more. The revenue of the Caisse d'Amortissement from tobacco and the special taxes on successions and first transfers of real estate showed a fractional decline under all three heads. Last Thursday's bank statement returned the balance to the credit of the Caisse as 8,319,000,000 francs, so that it is evident the

institution is amply prepared to meet any probable demands for reimbursement of capital in the event of the commencement of application in the near future of the Government's rente conversion plan.

Unfounded reports were in circulation last week that the Government, before the week was out, would formally lay before the Chamber its rente conversion proposals, as to which it is pledged to secure Parliamentary approval before any definite action is taken. It is expected that the two 6 per cent. issues will be taken in hand first, and brought down to a 5 per cent. level, preparatory to further reduction, in the second half of next year, to 4 per cent., which it is believed will be the level to which the 5 per cents. will also be taken. Ordinary 4, 5 and 6 per cent. Rente issues, in view of the coming conversion scheme, now all stand at approximately the same level above par. 1918 fours closed last night at 103.40, 1913-16 fives at 103.075, 1928 fives at 103.175, 1920 sixes at 101.90, and 1927 sixes (redeemable plus the accrued portion of the 50 per cent. premium) at 103.50. It now seems evident that the actual date of the application of the conversion scheme depends for the moment on what kind of solution the American debt moratorium offer may receive. In any case the general budgetary situation renders it imperative that whatever savings can be affected by conversion should be accomplished as soon as possible. Money is badly needed to meet last year's deficit of over £17,000,000, and this year's expected revenue shrinkage.

Meanwhile, the average interest rate offered on new bond issues is steadily rising again, and is returned for May as 4.68 per cent., against 4.60 per cent. in April, 4.55 per cent. in March, and 4.10 per cent. (the lowest yet touched) in February. Practically the whole of this week's new issues offer either 5 or $5\frac{1}{2}$ per cent. The Orleans railway is offering 500-franc 3 per cent. bonds at 374, 1,000-franc 5 per cent. bonds at 975 and 5,000-franc 5 per cent. bonds at 4,860 (with coupon for August 1st in each case), which are being readily absorbed. A Government Bill is to be laid before the Chamber forthwith to bring into operation a large number of measures for the purpose of getting rid of the present huge deficit on the working of the railways. These include a general raising of passenger fares by 18 per cent. (to bring them up to pre-war level), and the reduction from 32 per cent. to 12 per cent. *ad valorem* of the tax hitherto levied on the companies in respect of all tickets issued (and not included in the fares paid by the public). Goods rates, which are already well above pre-war levels, are to be left unchanged.

GERMANY.

The Events of the Crisis — Mr Hoover's Proposal — Stock Exchange — Miners' Hours and Wages.

(FROM OUR CORRESPONDENT.)

BERLIN, June 24.

GERMANY will not easily forget the week which has just passed. The Reich has never been so near to complete collapse since 1923. The tension reached a critical point on two occasions. The first was June 16th, when the question of summoning the Reichstag against the will of the Chancellor was discussed, and the Chancellor announced that the Cabinet would resign if an affirmative decision were reached. At one o'clock the Procedure Committee decided against summoning the Reichstag, but the question of convening the Budget Committee to discuss amendments to the emergency decree was left open until the evening, and the Chancellor was prepared to resign on this question also, thereby putting the Social Democrats under a pressure which seemed likely to bring about the disintegration of the Party. Dr. Brüning himself seemed to have taxed his strength to the limit, and no longer to have the elasticity which is indispensable for such critical negotiations. A similar nervous exhaustion was responsible for the momentous dissolution of the Reichstag in July 1930.

At the last moment an agreement was reached by which the Social Democrats forwent any meeting of the Budget Committee at present in return for the promise that it should be convened after August 1st. This date was that on which the Government had determined to take a decisive step in connection with reparations. Until then, and especially during Mr Stimson's visit to Europe, they wanted a free hand.

The Stock Exchange reacted to the survival of the Brüning Cabinet (whose fall would have meant a Fascist dictatorship and economic chaos) with a sharp rise, and the demand for foreign exchange began to decline on Wednesday. The effect, however, lasted only 24 hours. On Thursday the demand for foreign exchange again reached a disquieting level, and on Friday panic broke out. On Friday and Saturday the Reichsbank lost almost a further Rm. 150, and the gold cover of the note issue fell to the legal minimum of 40 per cent., or even below (it is not at present certain which), so that the Reichsbank was faced with a serious decision. The raising of the discount rate had proved completely ineffective, and the Reichsbank thus had to consider two courses of action: securing power from the General Council, as provided for by the banking law, to go below the 40 per cent. minimum, or bringing about a general credit restriction in order to safeguard the mark. The chief step towards this end consisted in the suspension, on Saturday, of private discount quotations, as the Reichsbank had been for some time the only purchaser of private discounts.

A complete restriction of credit would have come about, had not the Hoover Declaration brought a recovery on Saturday. The restriction could, it is true, no longer be checked, as instructions had been sent out to branches in the provinces on Saturday and Sunday and could not be simply countermanded on Monday morning before there had been time to review the position of the mark. A meeting of the General Council had been called for ten o'clock, but it was already possible to abandon the idea of proposing a reduction of the legal minimum; and the credit restriction was proceeded with only in the mildest form, by merely examining private claims to credit to make sure that they would not be used for undesirable and avoidable purchases of exchange.

By noon on Monday the situation was saved. The Reichsbank had no further need to intervene to any considerable extent in the exchange market. True, there remained on Monday a considerable demand for exchange owing to the calling-in of credits, as the letters which had been despatched on Saturday were not recalled; but there was also a large supply available. Undoubtedly, part of the demand for exchange, especially last week, was due to German purchases in anticipation of possible developments. These speculative positions were partly liquidated on Monday, and, in addition, there was a violent influx of orders from abroad for German shares and bonds.

The Stock Exchange itself reacted to the Hoover proposal with a rise of unprecedented violence. The pressure of purchasers was so great that, although the Exchange opens at 11.30, the opening prices of most shares could not be ascertained until 1.30. The following table shows the scale of the upward movement:—

	June 19.	June 20.	June 22.
Reichsbank	120½	120½	139½
Farbenindustrie	115	117½	139
Siemens	125	128	156½
Salzdetfurth	158½	162½	195
Stahlverein	36½	38½	48½
Reichsbahn pref.	80	80½	84½
Young Loan	67	64½	69
Inscribed stocks, 1948	59	60	66

After the close, and on Tuesday, things grew calmer, and there was naturally a slight weakening. The Stock Exchange has been rendered a little uncertain by the unsatisfactory response in France, though, on the other hand, it is strengthened by the fact that there are probably large bear positions still uncovered.

Mr Hoover's move is naturally regarded here as the salvation from an imminent catastrophe. The proposal

involves for Germany an immediate relief from a burden of some 1.6 milliard Reichsmark, the restoration of confidence, which had been severely shaken, and it means, perhaps also for the world, and therefore also for Germany, the turning point in the trade cycle. An improvement in economic conditions would doubly benefit Germany's public finance: it would reduce the cost of unemployment and increase the tax revenue. That would give the Government a margin with which to make the most urgent modifications in the last emergency decree. The Government will, however, most certainly oppose all attempts to use the reparations savings of one year for remissions of taxation. The Brüning Government may be trusted to use this saving exclusively for the consolidation of German finances, and especially for the repayment of the dangerous floating debt. Everything else depends upon the negotiations which must take place in the coming year upon the whole complex of political and financial questions which are bound up with reparations and disarmament.

The Ruhr Coal Syndicate is opposing the Government's proposal to force a reduction of prices upon it in return for the remission of unemployment insurance premiums. As the syndicate opposes the reduction of prices, and the Government has no power of compelling it, the concession as to insurance premiums is certain to be withdrawn. The State will thereby gain some millions, which will presumably be put aside, to begin with, as a reserve for balancing the budget, or will possibly be passed on to the communes in some form.

The new emergency decree contemplates the possibility of reducing legal working hours to 40 per week, without any compensation for loss of wages. The Government's negotiations with the parties concerned, however, seem to have encountered serious difficulties. As the workers are already heavily hit by the wage reductions and by the new emergency tax, they have little desire to offer themselves up, in addition, as a sacrifice to their unemployed colleagues, and that is what the proposal in the emergency decree, that those hitherto employed should work shorter time in order to make possible the employment of additional workers, amounts to. On the other hand, it is out of the question for the employers to give any compensation for the loss in wages.

AUSTRIA.

Credit-Anstalt Position — The British Bank Credit — Economic Crisis.

(FROM OUR CORRESPONDENT.)

VIENNA, June 22.

In both political and financial circles the opinion is held that the Credit-Anstalt must, in the end, be gradually liquidated. This is scarcely altered by the fact that the State has accepted liability for both Austrian and foreign deposits and that foreign creditors have agreed to prolong their claims for two years. It is considered that a banking institution as big as the Credit-Anstalt will take a long time to liquidate. The internal condition of the bank is still obscure, although chartered accountants from London and a delegation from the Austrian National Bank are working out the position of the concern. In any case, it appears that the original assumption that the loss would amount to 140 million schillings at the outside was much too optimistic. In spite of the big writings off in regard to the claims against several industries appearing in the internal balance sheet, it was believed that these industries might still be carried on, but it is now to be feared that several of them will have to be closed down, and the estimate of the losses of the Credit-Anstalt thereby increased. Furthermore, additional money has been lost in the meanwhile on the share holdings. The shares of the Credit-Anstalt, of which there are considerable batches in the hands of the bank, represent a very doubtful value. For weeks there has been no official quotation, and unofficially

the value of the shares is assumed to be eight to ten schillings, which means that, since the commencement of the crisis, they have fallen a further 75 per cent.

One of the most important questions for the Credit-Anstalt and the associated enterprises is how they are going to get fresh money. At the sittings of the board of the National Bank, and at the negotiations between the banks and savings banks and the Government, the opinion was expressed that the Austrian National Bank had already granted the Credit-Anstalt sufficiently large credits, and that care should, therefore, be exercised in according further credit, because the covering of the requirements of other banks and of the savings banks is very important. If the Credit-Anstalt cannot get any further credit from the National Bank it will be obliged to turn to its big creditors or shareholders, but it will also be obliged to realise in greater measure on its credits abroad and to proceed with the sale of its industrial interests in neighbouring States. In any case, it is probable that several of the enterprises associated with the Credit-Anstalt will be closed, for it no longer has at its disposal the means to keep unprofitable companies going.

On several days last week there was a panic demand for foreign values in Austria. The National Bank was hardly able to cope with the inquiry for notes, though at all times it naturally met demands for withdrawal. The proceedings at the Credit-Anstalt had given rise to considerable public nervousness. Big withdrawals were also made from the savings banks in Vienna and in the provinces. In consequence, all of these institutions had to make substantial calls on the National Bank. In the meantime the position has become easier, withdrawals have practically ceased, and the procuring of foreign notes and values for panic purchases has also diminished. But withdrawals from the Credit-Anstalt are still being made by small depositors. On the other hand, as the Government has accepted liability for old deposits, the savings banks have left theirs with the Credit-Anstalt and also paid in a sum of 50 million schillings. The moratorium at the Amstelbank, with which the Credit-Anstalt and the Vienna Rothschild Bank are connected, is being very much discussed, as large sums of Austrian capital are deposited with the bank, chiefly money which was sent abroad during the period of inflation or shortly afterwards.

The State guarantee to Austrian and foreign depositors the Credit-Anstalt has been the subject of very lively dispute, and largely on account of this question the Ender Cabinet has gone out of office. The late Minister of Finance, Dr. Juch, was very strongly in favour of giving the guarantee. The tension in the financial situation relaxed greatly as soon as the English advance was made against the 150 million schillings in Treasury bonds which is to be issued. This has effected a big improvement in the last report of the National Bank, but nevertheless the Austrian National Bank will shortly be obliged to make use of the second rediscount credit at the Bank for International Payments. The new Government will have to take serious measures to clear up the Credit-Anstalt affairs, and also cut down the national Budget, as revenue from taxation is constantly dwindling on account of the crisis in commerce and industry.

In comparison with the terrible effects of the troubles of the Credit-Anstalt, all the other questions of the moment are insignificant. Economic reports are becoming more and more unfavourable. The Central Association of Industry has protested vigorously against the combating of the financial difficulty by means of fresh taxation. They are decidedly in favour of retrenchment. They point out that in the critical year of 1924 the maximum unemployment figure was 100,000, whereas this year the figure has been as high as 375,000. In the year 1913 taxation amounted to 5½ kronen per head of the population, in 1923 to 14 schillings, and now to 70 schillings. Furthermore, the biggest of enterprises have got into difficulty, their shares are terribly depreciated, the wealthiest of people have lost their fortunes, and the question must therefore be asked: Where are the taxpayers to come from? In addition, the balance sheets published within the last few weeks have been anything but satisfactory. For instance, the Alpine

Montangesellschaft (iron trust) is paying no dividend this year, and 7.4 million schillings are to be written off. Last year a sum of 10.12 million schillings was written off. Iron sales continue bad, and it is quite clear that the investment policy of the company, which for years has always been setting up new plant at great cost, has been a wrong one. The shares are now quoted at 14 schillings. The Danube Steamship Company also reports a loss of 4.27 million schillings for the year 1930, which is to be covered largely out of reserves. Last year the company's loss amounted to 3.78 million schillings. However, the subsidy contract recently concluded with the State will help the company to some extent, but shareholders need not expect any returns for years. On the occasion of the last increase of the capital the fresh shares were paid for at 100 schillings, and they are now worth ten schillings. Serious complaints about business are coming in from the cotton industry. Even the seasonal business is not very satisfactory and there is a decline in exports: Jute factories are working at half capacity. Sales of woollen and knitted goods are better. Foreign trade, too, reflects the stoppages in economic life. Imports for the first five months are given at 910.6 million schillings, which means a decrease of 232 millions in comparison with last year. Exports this year figure at 554.7 million schillings, which means a drop of 236 million schillings as against last year. In order to improve the unsatisfactory state of foreign trade a number of trade treaty negotiations have been entered upon. The treaty with Hungary is concluded. It is the first regional treaty completed in Central Europe. It is a connecting link between the Austro-Italian treaty and the Hungarian-Italian treaty. The three States have made one another certain concessions in regard to goods on which import quotas have been set.

CZECHOSLOVAKIA.

Trade Situation — External Loan — Agrarian Protection — Austro-German Zollverein — Commercial Treaties.

(FROM OUR CORRESPONDENT.)

PRAGUE, June 10.

THE economic depression in Czechoslovakia diminished only slightly during the last two months, and the seasonal trades were the preponderating factor in the revival, which was feeble and later than usual owing to the long duration of winter conditions. The index of wholesale prices in gold, after rising somewhat in April, fell again in May from 110.5 to 110.3, though the food-price index rose. Unemployment diminished as a result of greater absorption of labour in the building trades, agriculture and other seasonal trades, and the figure stood at 289,008 at the end of April.

The Stock Exchange has been very weak lately; the index of industrial and transport shares fell below 100 on May 15th for the first time since 1926. On May 22nd the total Stock Exchange index stood at 98.992, and that of industrial and transport shares at 96.209. Coal extraction declined considerably owing to the diminished needs of industry and also to the diminished consumption of household fuel. The output of pig iron in April fell to 97,915 tons, that of raw steel rose slightly to 136,247 tons.

An attempt to combat unemployment and to stimulate industrial activity has been made by means of state investments and public works; most of the internal loan concluded last March has been earmarked exclusively for this purpose. Industrialists, however, blame the Government for carrying out the scheme too slowly, so that the support it affords is coming rather late.

Parliament has passed an Act sanctioning a new external loan—the first for a long time. The original intention was to contract a loan of 50,000,000 dollars for the purpose of converting the 8 per cent. external loans of the years 1922 and 1924, and, further, to conclude

another loan of about 20 million dollars destined for the reduction of the State debt taken over from the Austro-Hungarian Bank, in order to strengthen the position of the National Bank of Czechoslovakia. In Parliament, however, the new 5½ per cent. loan was limited to only 50 million dollars and is to be used for the conversion in 1932. The loan has been contracted with the Union Européenne Bank, Paris, and Lazard Frères, and it will be offered for subscription on the French, Swiss, Dutch and Swedish markets; at present it is not quite certain whether it will be also offered on the London market.

Foreign trade for the first four months, when compared with the corresponding period of last year, shows a great decline. Imports total Cz. K. 3,614 million, against Cz. K. 5,396 million for the same period in the preceding year; exports Cz. K. 4,253 million, against Cz. K. 5,719 million. The laws for the protection of agricultural products passed by Parliament last year have been producing unexpected effects. The home stocks of rye have been exhausted, with the result that the prices of rye and bread-flour have risen rapidly. For that reason the duty on rye has had to be lowered, and the regulations relative to the forced mixing of foreign flour with home flour had to be relaxed and exports of rye limited. A supplementary duty on pigs was introduced last year, and was to be regulated in such a way as to maintain a certain average price. In spite of this duty and the fact that imports from abroad were very small, the price of pigs fell persistently because of the increasing stocks of pigs at home.

The question of the Austro-German customs union is naturally of great importance for Czechoslovakia, in view of her geographical position and of the great participation of both these countries in Czechoslovak foreign trade. Economic as well as political circles have been profoundly occupied with this question. Mr Benes gave a detailed report in the Chamber of Deputies, in which he repudiated the Austro-German scheme on political and economic grounds, and put forward another solution for the economic crisis on the basis of a European scheme agreed to by the chief interested parties in the spirit of Geneva. This point of view was ultimately adopted as the result of the proceedings in Geneva.

Negotiations are being carried on with Austria regarding the new commercial agreement. The main difficulty in these negotiations consists in the intention of Austria to raise substantially the duty on a number of industrial articles, which will react unfavourably upon Czechoslovak exports. In these circumstances the new tariff agreement, like the last, is likely to result in further mutual increases in the existing tariff level and consequently to further economic alienation.

In negotiations with Hungary the main problem involved is that of reconciling import of agrarian products, especially wheat and flour, from Hungary with the protection of agricultural production in Czechoslovakia. It is early to judge to what extent Czechoslovakia, in her negotiations with Austria and Hungary, could adopt similar methods to those adopted as between Austria and Hungary, for they might lead to conflict with the most-favoured-nation clause. Owing to her widely ramified export interests, Czechoslovakia will consider the general preservation of this clause indispensable. Beside the two commercial treaties just mentioned, a new commercial agreement with Greece is under consideration, and it is also quite possible that a revision of the commercial treaty with Poland and Switzerland will be negotiated this summer.

The International Parliamentary Commercial Conference in Prague has recently concluded. The Conference was primarily occupied with the problem of the economic world crisis, the agricultural crisis and the question of capital circulation. Great attention was attracted by the statement of the rapporteur on this question, the former French Minister of Finance, M. Germain-Martin, who laid stress on the great importance of the British money market and the necessity of co-operation with it.

GREECE.

I.F.C. Report — Bank of Greece — Commercial Agreement with France — Tobacco — Fruit Exports — Stock Exchange — Industry — Conversion.

(FROM OUR CORRESPONDENT.)

ATHENS, June 9.

Gross receipts in 1930 from the revenues assigned for the service of the National Debt, showed a decline of Drs. 268 millions, as compared with the previous year, according to the annual report of the International Financial Commission. This falling off, due, the report says, to a decrease in consumption and in the economic activity of the country, is consequent upon the world-wide business depression and fall of prices. It was manifested especially during the first months of the year, a smaller decline having been observed in the remaining months, thanks, partly, to the raising of certain classes of customs duties. The service of the Debt, plus expenses, required Drs. 1,558 millions, against Drs. 1,469 millions in 1929. A balance of Drs. 2,405 millions was paid over to the Greek Government, as compared with Drs. 2,786 millions in 1929. For the first four months of this year gross receipts of the pledged revenue show an increase of Drs. 47 millions over the corresponding period of 1930.

Exchange on London remained steady throughout the year at the stabilisation rate of Drs. 375 to the £. Notes in circulation amounted at the end of 1929 to Drs. 5,193 millions, or Drs. 496 millions less than a year before; and in 1930 they decreased further to Drs. 4,803 millions. These successive contractions, due largely to the general restriction of business, are partly attributable also to the operation of the Clearing Department established in 1929 and to the replacement of the notes of 20 drachmas and smaller denominations by coins.

The proportion of the gold and foreign exchange reserve of the Bank of Greece to its note circulation and other sight liabilities, fell from 46.35 per cent. at the end of 1929 to 46.11 per cent. on December 31, 1930. The maximum reached during the year was 51.76, and the minimum 43.76 per cent.—the statutory minimum being 40 per cent. A new feature of the Report is a table showing the amounts and the respective percentages of coupons paid abroad and in Greece. According to this table, 74.7 per cent. of the total was paid abroad, and 25.3 per cent. in Greece. These figures do not, however, tell the whole story, for important blocks of bonds belonging to Greeks are deposited, and the coupons presented for payment, abroad.

After protracted negotiations a new commercial agreement with France was signed last month. The question of the importation of Greek wines into France has been settled in a satisfactory way for Greece. Moreover, the French tobacco monopoly undertakes to buy Greek tobacco to a value of Frs. 13,500,000 yearly. Greece is a good customer for French articles: imports from France were Drs. 902 millions in 1929 and Drs. 778 millions in 1930, while exports amounted to Drs. 425 millions and Drs. 401 millions respectively. First in the list of countries exporting to Greece in 1930 came the U.S.A., with goods of a value of Drs. 1,663 millions, and second the United Kingdom, with Drs. 1,384 millions, out of total imports of Drs. 10,851 millions. The best customer of Greece is Germany, whose imports of Greek articles amounted in 1930 to Drs. 1,392 millions on a total value of exports of Drs. 5,918 millions.

The growing difficulties in disposing of tobacco, the principal article of export, have recently led the authorities to a series of decisions aiming at a restriction of cultivation, at an understanding with other tobacco-growing countries for the adoption of a similar measure, at the disposal abroad of old stocks by means of an exchange with imported articles, at the establishment of a central tobacco office for the purpose of formulating and applying a unified programme concerning production and export, and, lastly, at the solution of the tobacco labour problems, which are one of the causes of the present

difficulties. Another question which has attracted the attention of the authorities since last year, and which is on the way to being arranged, is the export of fresh fruit, especially grapes, of which Greece produces abundant quantities at low prices, of good quality and of various types. A company is shortly to be formed under the auspices of the State and with the participation of the Agrarian Bank, the National Bank and other organisations interested in agriculture. The purpose of this company will be to organise and conduct the systematic export to foreign markets of grapes and other fruit, in conformity with the customs and the needs of each market.

Ever since the stabilisation of the drachma the list of shares quoted on the Athens Stock Exchange has been showing, with a few exceptions, an almost continuous decline of prices. Repeated interventions of the banks to support prices have had a temporary effect only, and the downward trend has been resumed after a short time. According to the securities value index number published by the State Statistical Department, the value of the various groups of shares (base, May 14, 1928, the date of stabilisation of the currency), had fallen at the end of March last to 90.24 for the shares of railway companies, 31.08 for those of wine-producing companies, 72.43 for industrial companies, 62.08 for navigation companies, 25.57 for mining companies, 80.21 for building companies, 77.64 for light companies, 52.08 for textile companies and 73.55 for sundry companies. Fixed interest securities alone show an increase. This situation is the combined effect of the world crisis, of local or special causes and, for not a few enterprises, of a defective organisation and inefficient management. In the circumstances, further intervention by the banks, such as is demanded by stock brokers, would not be productive of permanent results, but would only increase the losses they have hitherto suffered from similar previous experiments.

Industrial output for 1930 is estimated at Drs. 6,645 millions, against Drs. 7,157 millions in 1929. On the other hand, though both imports and exports of merchandise show a falling-off last year, the commercial deficit for 1930 is smaller than in the previous year. The returns of foreign trade for the first three months of this year are similar. It has been decided to lower the legal rate of interest from 12 to 11 per cent. The official discount rate remains, for the moment, at 9 per cent., though market rate is in many instances lower. A reduction in the Bank rate is, however, foreshadowed. It is announced that the Governor of the Bank of Greece has submitted his report to the Government concerning the projected conversion of certain internal loans, which would result in a certain economy on the annual charge for interest on the national debt. This conversion, it is added, might take place in the last months of this year.

HONG KONG.

Political Situation — Mr Justice Feetham's Report — Report of Economic Mission — Trade in Woollen Goods.

(FROM OUR CORRESPONDENT.)

HONG KONG, May 14.

AFTER two years of peaceful but undistinguished administration, General Chen Ming Shu fled from Canton last week, having been driven from his post of Civil Governor by the Garison Commander, General Chan Chai Tong. The *coup d'état* was of the mildest character, and has caused no disturbance in Canton itself. It has, however, dealt a severe blow to the prestige of the Nationalist Government, and, coinciding with the opening of the People's Convention in Nanking, has falsified the hopes that the Convention would seal the pact uniting the divergent elements of the nation. The rupture between Chen Ming Shu and Chan Chai Tong came as a surprise, although it was known that there had been friction for some time past. Chen, as the henchman of Chiang Kai Shek, has insisted upon a due proportion of the revenue of the southern provinces being remitted to Nanking,

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whereas Chan has endeavoured to retain it all for the benefit of the Canton Government. Ultimately Chan proved the stronger of the two, and when dissensions in Nanking resulted in the arrest of Hu Han Min and some of his associates, Chan came out openly as the enemy of Nanking.

Frantic endeavours were made by the Central Government to minimise the events in Canton. Chiang Kai Shek went so far as to make a public statement censuring Chen Ming Shu and bestowing his blessing on Chan Chai Tong; but the latter soon showed that he was not to be mollified, so Chen was summoned to Nanking. Chang Hsu Liang, the young Marshal of Manchuria, also became alarmed and, having hastened to Nanking to make first-hand inquiries, has cabled Chan Chai Tong beseeching him to remain loyal and pointing out the direful consequences of another outbreak of Civil War. Sun Fo, on the other hand, ranges himself beside Hu Han Min, and other leaders are also taking the opportunity of deserting Chiang Kai Shek. It appears, therefore, that the peaceful change-over in Canton threatens the very existence of the Nationalist Government, for all the war lords, some of whom were presumed to be travelling abroad, are beginning to stir again, and even Wu Pei Fu, who long since disappeared from public life, has received a safe-conduct pass to Nanking. The People's Convention, which was to have celebrated the abolition of extra-territoriality and the unification of China, will now dissolve in a very different atmosphere from that in which it assembled.

The publication of the first portion of Mr Justice Feetham's Report on Shanghai is a matter of great interest to all concerned with the future of China in general and Shanghai in particular. For fifteen months Mr Justice Feetham has been diligently pursuing his inquiry into the political, economic and administrative history of Shanghai, with a view to assisting the Municipal Council of the Foreign Settlement "in formulating some constructive plan or scheme which, while giving full consideration to the aspirations of the Chinese people, will at the same time afford reasonably adequate protection to the great commercial and business interests which have been developed in Shanghai." The result of Mr Justice Feetham's labours is shown in Volume I, which not only gives evidence of a most exhaustive study of his subject, but also shows a balanced understanding of a situation which is extremely complicated. In this volume facts are marshalled, classified and substantiated, and while no definite conclusions are reached, the Judge is able to draw many inferences which justify the retention of extra-territoriality, pending the establishment of a constitutional government for China in place of the dictatorship of the Kuomintang. The second and concluding volume of the Report is about to be published, and will contain Mr Justice Feetham's proposals and suggestions in regard to the political future of the Settlement.

The cabled summary of the report of the British Economic Mission has been read here with a good deal

of satisfaction. At last the manufacturers and operatives of Great Britain have had presented to them in a form which demands attention authoritative evidence of the decline of British trade in China. Not only has Japan made tremendous strides in the textile industry, with Germany and America competing keenly in lines formerly the virtual monopoly of Great Britain, but China itself is now in a position to supply many of the needs of its people. The industrialisation of China is making steady progress, and many of the Shanghai cotton mills are shipping their output to markets as far afield as India and Aden. The Economic Mission's appeal to Lancashire to reduce costs all along the line is echoed here, for there is still a big market for British textiles, provided prices are not beyond the reach of the consumer.

At the moment the Hong Kong piece-goods market is busy negotiating business in woollens for next autumn and winter. The buying season is much later than usual, but when it opened some six or eight weeks ago Bradford prices were 15 to 20 per cent. above what dealers here were prepared to pay. The latter have been very stubborn and have refused to improve their offers. At last Bradford as given way, and orders for substantial quantities have been booked during the past fortnight at practically the same price as dealers stipulated at the outset. This business has been booked on the basis of exchange at 1s., as compared with 1s. 6d. a year ago. The further fall in raw wool has, however, helped to bridge the difference, and few lines are costing more than 25 per cent. above last year's local currency price. It is, however, a tribute to the healthy state of the piece-goods market here that dealers can face so substantial a rise as 25 per cent., in the confidence that they can dispose of their goods when they arrive in the autumn.

BOOKS RECEIVED.

[Brief mention of a book in this column does not necessarily mean that it will not receive fuller notice in a subsequent issue.]

(It would be a convenience to our readers if publishers would make a point of notifying us of the prices of books sent for inclusion in this column.)

Les Grands Problèmes Italiens. By Michel Mitzakis. (Paris) Librairie Félix Alcan, 108, Boulevard Saint-Germain. 80 frs.

A most valuable study, by a French financial expert, of the Italian economic and financial situation.

Investment Banking. A Case Book. By Clinton P. Biddle and George E. Bates. (London) McGraw-Hill Publishing Company, Ltd., Aldwych House. 30s. net.

A collection of 84 cases designed to illustrate the problems of the investor and of the investment banker.

The Dual System of Stabilisation. By J. Taylor Peddie. (London) Macmillan and Company, Ltd., St. Martin's Street. 15s. net.

A considerably amplified second edition.

Prospettive Economiche, 1931. By Giorgio Mortara. (Milan) Università Bocconi.

A valuable survey of the money and commodity markets, transport and finance in various countries, and particularly in Italy.

The Manufacturing Industries of the British Empire. Part III. The Union of South Africa. (London) Erlangers, Ltd., 4, Moorgate. 2s. 6d.

A most useful collection of statistics, illustrated by very striking diagrams.

The National Gain. By Anders Chydenius. With an introduction by Georg Schauman. (London) Ernest Benn, Ltd., 154, Fleet Street. 5s. net.

Translated from a work published in 1760 by a Finnish economist who in many ways anticipated the doctrines of the classical school.

Exceptions to the Most-Favoured-Nation Treatment. By Richard Riedl. (London) P. S. King and Son, Ltd., Orchard House, Westminster.

A very clear and concise report; drawn up for the International Chamber of Commerce.

Debentures of Private Companies. By Herbert W. Jordan. (London) Jordan and Sons, Ltd., 116-118, Chancery Lane. 2s. 6d. net.

A useful guide for company officials on the procedure relating to the issue and registration of debentures.

Wechsel und Scheck in Europa und Uebersee. By H. Böttger. (Berlin) Carl Heymanns Verlag. 10 Rm.

A very useful book of reference on the legal requirements and taxation affecting bills of exchange and cheques in over fifty countries. The text is in German.

Marine Underwriting at Rouen, 1727-1742. By Warren R. Dawson. (London) Lloyd's, Leadenhall Street. 7s. 6d. net.

Reprint of the text, interleaved with a translation, of a French document of historical interest.

"Prosperity." By M. J. Bonn. (Berlin) S. Fischer Verlag.

An essay, in German, on superstitions and reality in American economic life.

Ich Dien. The Tory Path. By Viscount Lymington. (London) Constable and Co., 10-12, Orange Street, 4s. 6d. net.

An essay, packed with the purest Tory reflections, on the political and economic situation.

Il Sindacalismo in Inghilterra. By L. A. Miglioranza. (Rome) Edizioni del Diritto del Lavoro.

An examination of the British trade union movement, made with the object of finding what Italian syndicalism has to learn from it.

Nuovi orientamenti della finanza pubblica inglese. By Ernesto D'Albergo. (Rome) Tip. Delle Terme, Via Pietro Sterbini, 2-6.

An essay in Italian on recent encroachments by the State, notably in the Local Government Act, 1929, on the self-governing rights of local authorities.

L'Industrie Moderne et La Fonction du Marchand en Gros. By Carlo Pagni. (Brussels) Goemaere, 21, Rue de la Limite.

A short essay on the functions of the wholesale merchant.

Building Collective Farms. By J. Stalin. (London) Modern Books, 16, King Street. 2s. 6d. and 1s. 6d.

An account, straight from the fountain head, of Soviet agricultural policy.

The Key to Prosperity. By G. A. Cram. (London) Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway. 2s. 6d. net.

The principal remedies advocated for the cure of depression are protection and a general reduction of working hours.

The Financial Post Business Year Book, 1931. (Toronto) The Financial Post, 153, University Avenue.

Contains a very useful collection of Canadian industrial statistics.

Aperçu Statistique de la République Tchèque-Slovaque. Compiled and published by L'Office de Statistique, Prague.

A very useful collection of Czechoslovakian official statistics.

Annuaire Statistique, 1930. Compiled by the Turkish Central Statistical Office. (Ankara) Ahmet Ihsan Matbaası, Ltd.

A statistical abstract of Turkey.

Annals of Collective Economy, September-December, 1930. Edited by Edgard Milhaud. (Geneva) 8, Rue Saint-Victor. Annual subscription £1.

Includes articles on "Public Ownership in America" and "The Economic Significance of Local Government."

OFFICIAL PUBLICATIONS RECEIVED.

The following may be obtained from H.M. Stationery Office, Adastral House, Kingsway, W.C.2:

Report of the Oversea Settlement Committee for the Period 1st January, 1930, to 31st March, 1931. Cmd. 3887. 9d. net.

Statistical Abstract for British India, 1919-20 to 1928-29. Cmd. 3882. 6s. net.

Department of Overseas Trade: Economic Conditions in the Netherlands, 1930. 4s. 6d. net; *Economic Conditions in British Malaya to 28th February, 1931.* 2s. net.

Motoring Offences during Year ended December 31, 1930. 4d. net.

Report of the Chief Registrar of Friendly Societies for the Year 1929: Part 3. Industrial and Provident Societies, Section I. 2s. net.

The Stock Exchange.

THE HALF-YEAR ON THE STOCK EXCHANGE.

If an investor had been endowed with divine prescience at the beginning of this year he would have argued more or less on the following line. "The first half of 1931 is bound to provide the stock markets with more bad news than the whole of 1930. Hence, my speculations must run on the 'bear' tack. There is no sign of the trade depression coming to an end; there is every indication that it is deepening and that it will take at least another year to restore the equilibrium between the prices of raw materials and manufactured goods. Indeed, the great producers of primary commodities will suffer so severely from the decline in the money values of their export trade that they will not be able to balance their international accounts, in spite of drastic restriction of imports, and will, in some cases, be forced into default. Hence, I will go 'short' of the bonds of those foreign Governments whose finances or economics appear weak, not forgetting that the burden of reparations payments is bound to cause a crisis in Germany sooner or later. Further, the deepening of the trade depression is bound to be reflected in company reports more and more sharply as the half-year runs on. The accounts of most industrial companies did not begin to feel the effects of the slump until the last half of 1930. Therefore, towards the end of the first half of 1931 I must expect ordinary, and in many cases preference, dividends to be passed and directors to express increasingly gloomy views of the future in their reports. Nevertheless, I will not go short of equity shares until the Americans have staged their inevitable show of confidence in a spring-time recovery in trade. In 1930 this bullish demonstration lasted until April; in 1931 I do not expect it to last through March. Just before it collapses will be the time to 'go short' of every description of equity share, with the possible exception of gold mines. And, although interest rates will fall to abnormally low levels, I will confine my purchases, in the field of fixed-interest securities, mainly to British Government funds and high-grade municipal stocks or public utility debentures. I will fight shy of industrial debentures, and especially industrial preference stocks, to which an increasing degree of economic risk attaches the longer the slump lasts, because such stocks are bound to suffer depreciation. I shall bear in mind that, in a prolonged trade depression, only those stocks whose security is unquestionable will continue to react to the cheapness of money."

It would not have been impossible to argue on these lines at the beginning of this year. Yet few investors even attempted it, and the majority, we feel sure, did nothing but hope vaguely for some unforeseen event to change the tone of markets. They have now been treated to Mr Hoover's proposal for a war-debts moratorium—whose stimulating effects on markets is discussed in a subsequent Note—and they will probably hope just as vaguely that Mr Hoover's intervention will allow them to sleep peacefully on their investments for the next six months.

The stock markets behaved in the past six months exactly as we have outlined them in our imaginary investor's argument. The individual movements in markets are clearly brought out in the tables of security prices which we have compiled for this review. Except in the gilt-edged market, business fell to a very low ebb. Indeed, for the average stockbroker, the past half-year was the blackest in history. Further, what activity there was in gilt-edged stocks went mainly into the hands of the large firms handling the business of the banks and financial institutions. It must also be borne in mind that this activity in the gilt-edged market became confined more and more to British Government stocks because of the lack of confidence in other trustee securities. The investor became disturbed by the political situation in India, scared by the financial position of the Australian Government

and nervous even of the economic health of New Zealand. In other words, British Government funds were the only market able to respond to the influence of lower money rates without the risk of outside disturbance. We are not, of course, forgetting the Budget, about which there was nervousness at one time, but although the Budget did nothing to restore the credit of the Government or improve the finances of the country, the Chancellor of the Exchequer, by avoiding a further increase in direct taxation, opened the way for a sustained advance in British Government funds. It was, of course, appreciated that, if it had not been for the intervention of the Bank of England in the discount market, and the maintenance of money rates in London at a higher level than in New York and Paris, the position of sterling would have been precarious, but the discount market loyally co-operated in ensuring that a sufficiency of foreign funds should continue to be attracted to London.

The first table shows the substantial gains which were made by British Government stocks in the past six months. From a yield basis of over 4.3 per cent. the long-dated stocks advanced in this period to a yield basis of 4.26 per cent. A smaller advance was shown by Canadian Government and home corporation stocks. In Indian and Australian Government stocks the market had to withstand the shock of the Gandhi negotiations, the default of New South Wales, and the wrangle among the political parties in Australia as to the best way of saving the credit of the Commonwealth Government. The Gandhi-Irwin settlement enabled the India stocks to recover part of their losses, and recently Australian Government securities have moved upward. New Zealand stocks, however, remain depressed, yielding about 5½ per cent., as against 4½ per cent. at January 1st.

British and Colonial Government and Home Corporation Stocks.

Security.	1930.		1931.		Rise or Fall in Half-year.	Yield allowing for accrued interest and redemption where necessary.	
	Highest Price.	Lowest Price.	Price, Beginning of 1931.	Price, June 24, 1931.		Beginning of 1931.	June 24, 1931.
British Government Stocks—							
5% War Loan (1929-47)	105½	100½	103	103½	+ ½	4 14 6	4 14 3
5% Conversion (1944-64)	106½	102½	106	107	+ 1	4 8 0	4 7 9
3½% Conversion Loan ...	83½	74½	81½	84½	+ 2½	4 6 11	4 4 4
4½% Conversion (1940-44)	103	93½	101½	102½	+ 1	4 7 0	4 10 0
4½% Consolidated Loan ...	92½	82½	91½	95	+ 4	4 7 6	4 5 1
4% Funding (1960-90) ...	96½	91½	94½	97	+ 2½	4 5 6	4 3 0
Victory Bonds 4% ...	97½	91½	96½	98	+ 1½	4 3 0	4 1 6
4½% India (1950-55) ...	90	78	87	75	- 12	5 9 3	6 12 2
Dominion Govt. Stocks—							
Commonwealth of Australia							
5% (1935-45) ...	96½	75	81½	69	- 12½	7 1 0	7 18 8
South Africa 5% (1935-43)	103½	99	101	101	...	4 12 9	4 12 9
Canada 4% (1940-60) ...	95	86½	94	95	+ 1	4 7 3	4 7 0
New Zealand 4½% (1947)	98½	92½	97	90½	- 6½	4 15 4	5 9 4
New South Wales 5½% (1947-57) ...	96½	75	77½	59	- 18½	7 3 0	9 11 6
Birmingham 5%, 1946-56	106	99½	105	107	+ 2	4 10 11	4 8 9
London County Council 5%, 1940-60 ...	105½	100½	105	106	+ 1	4 7 6	4 3 9
Bristol 5%, 1948-58 ...	106	99½	106	107	+ 1	4 8 0	4 8 0

x Ex dividend.

Foreign bonds, with few exceptions, were reactionary up to the last week of June. The South American Republics provided their full share of the shocks. Peru was the first to demand a moratorium, Bolivia followed, and Brazil called for the advice of Sir Otto Niemeyer. San Paulo coffee issues suffered heavy depreciation, but are now showing some recovery on the improvement in the coffee situation. Uruguay bonds fell on the report that the Government desired to suspend sinking funds, and Chile bonds have been heavily sold on the certainty that the country is faced with an adverse international balance. German and Austrian Government bonds were on the verge of collapse before Mr Hoover's intervention. Only

Japanese and Chinese issues offered resistance to the downward trend of the foreign bond market.

Foreign Government Bonds.

Security.	1930.		Price, Beginning of 1931.	Price, June 24, 1931.	Rise or Fall in Half-year.	Yield.	
	Highest Price.	Lowest Price.				Beginning of 1931.	June 24, 1931.
Foreign Government Stocks—						£ s. d.	£ s. d.
Brazil 5% Funding 1914	87	62	65½	65½	—	7 12 8	7 12 8
Chili 6% (1929)	95½	93½	82	65½	—16½	7 6 4	9 3 2
San Paulo Coffee 7½% ..	96	61½	66½	67½	+ 1	11 5 6	11 14 3
German 7% (1924), red.							
1925-49	109½	99	101	99	— 2	6 18 9	7 1 4
Do. 5½% Sig. Bonds ..							
1975	90	68	70	74½	+ 4½	7 17 1	7 8 1
Japan 6% (1924), red. by							
1959	102½	98	101½	105	+ 3½	5 16 9	5 14 0
China 4½% Gold (1898)							
(English issue), red. by							
1941	89½	76½	88	89	+ 1	5 19 7	5 18 7
Argentine 5% Internal							
(1909)	96	90½	92	82½	— 9½	5 18 6	6 19 8
Greek 6% Stabilisation...	93½	86½	91	90	— 1	6 11 10	6 13 4

With regard to other fixed-interest securities, it became increasingly evident that the market trend of company debentures and preference shares, to which a known or suspected economic risk was attached, was downward. This is more plainly brought out in our tables than in the security price index numbers, although the Actuaries' Index for industrial preference shares now shows a decline of 14 per cent. over the past two years. On the other hand, the fixed-interest securities of public utility concerns, whose security was unquestionable, continued to react to the influence of cheaper money.

Other Fixed Interest Securities (Railways excepted).

Security.	1930.		Price, Beginning of 1931.	Price, June 24, 1931.	Rise or Fall in Half-year.	Yield.	
	Highest Price.	Lowest Price.				Beginning of 1931.	June 24, 1931.
Public Utility Stocks—						£ s. d.	£ s. d.
Port of London 4% 1940-60	90½	80½	89x	90	+ 1	4 14 0	4 12 9
Metropolitan Water Board 3% "B"	70	62½	70	71	+ 1	4 8 0	4 6 0
Agricultural Mortgage 5% Central Electricity Board 4% 1959-89	105½	98½	103x	102	— 1	4 17 0	4 17 6
Industrial Debentures—							
Watney Combe Reid 3½% Pref. Deb.	71½	63	70½	72	+ 1½	4 19 3	4 17 3
Guest Keen, & Co. 4% Deb.	82	72	82x	70½	—11½	4 17 7	5 13 6
Bleachers' Assn. 4½% Deb.	87½	79	87½	76½	—11	5 2 9	5 17 8
Tate and Lyle 4½% Deb.	88½	82½	88½	91	+ 2½	5 4 0	5 1 3
P. & O. 3½% Deb.	69½	65½	69½	69½	—	5 0 9	5 0 9
Gas Light & Coke 5% Deb.	63	55½	62½	62½	—	4 16 0	4 15 0
General Electric 5% Deb.	...	...	101½	104½	+ 3	4 18 6	4 15 8
Industrial and Miscellaneous Preference Stocks—							
Barclays Bank (Dominion, Colonial, and Overseas) 8% Cum. Pref. (£1) ..	1½	1½	1½	1½	—	4 18 6	5 0 0
Fine Cotton Spinners 5% Cum. Pref. (£1)	1½	1½	1½	1½	—	5 16 6	8 17 9
Imperial Chemical 7% Cum. Pref. (£1)	1½	1	1½	1½	—	6 11 9	6 16 0
Industrial and General Trust 4½% Cum. Pref.	90	80	87½	89x	+ 1½	5 2 10	5 1 2
Yorkshire Electric Power 6% Cum. Pref. (£1) ..	1½	1½	1½	1½	—	4 18 6	4 18 6
Shell Transport 7% 2nd Prof. (£1)	1½	1½	1½	1½	—	5 12 0	5 12 0
Cables and Wireless 5½% Prof. Stock	99½	64½	69½	57½	—12	7 18 3	9 11 3

x Ex dividend.

The market in railway stocks continued to be one of the most depressing on the Stock Exchange. Home railway stocks were consistently sold on the declines in traffics which were common to all systems except the London Underground, while Argentine railway stocks reacted sharply to the decline in the exchange, the dwindling traffics and interim dividend cuts. Railway prior charges were seen to be among the most vulnerable of fixed-interest securities. An outstanding event for the railway market was the introduction of the London Passenger Transport Bill and the subsequent agreement between the Government and the Underground group regarding the exchanges of stock, which on the whole was well received by the market.

As regards equity shares, it will be seen from our tables that few escaped heavy depreciation. Bank and insurance shares joined in the downward trend, although all

the insurance companies maintained their dividends and only Lloyds among the "Big Five" banks made a reduction in the final dividend. The overseas banks, which

Railway Stocks.

Security.	1930.		Price, Beginning of 1931.	Price, June 24, 1931.	Rise or Fall in Half-year.	Yield.	
	Highest Price.	Lowest Price.				Beginning of 1931.	June 24, 1931.
Fixed Interest Stocks—						£ s. d.	£ s. d.
Lon. Mid. & Scot., 4% deb.	85	76	80½	80½	—	4 19 6	4 19 5
Gr. Western, 5% com.							
Glar.	103	93	101	101½	+ ½	5 0 0	5 0 0
Southern, 5% irred. pref.	96½	82½	92	82½	— 9½	5 10 6	6 3 5
Lon. & N.E.R., 4% 2nd pref.	63½	37½	41½	24½	—17	9 12 9	16 6 9
East Indian Ry., 3½% deb.	65	55½	64	52½	—11½	5 9 6	6 13 4
Canadian Pacific, 4% pref.	80½	76½	80	78	— 2	5 0 0	5 2 7
Ordinary Stocks—							
Lon. Mid. & Scottish	57½	31	33	18	—15	13 12 9	11 2 3
Great Western	94	62½	68	48	—20	11 0 9	11 6 9
North Eastern, def.	13½	5½	6	3½	— 2½	Nil	Nil
Southern, def.	32½	22½	22½	14	— 8½	11 2 3	4 17 0
Canadian Pacific (225) ..	58	37½	40½	28½	+ 1½	6 13 3	9 5 3
Bengal and North-Western	28½	24½	27½	22½	— 5	6 7 6	8 6 9
Buenos Aires Pacific	90½	44½	49½	37	+ ½	6 18 6	18 10 8
Leopoldina	57½	19½	20½	15½	— 5	14 2 10	31 5 0
Buenos Ayres Gr. Southern	100½	64	67	49	—18	24 8 0	12 2 6
Antofagasta	88	38	43½	20½	—23	8 19 3	19 10 8

x Ex dividend.

were more exposed to trade depression, showed substantial declines. Another feature of the equity markets was the decline in investment trust stocks. Prices in many cases were quoted "sellers only," and the market in both pre-war and post-war investment companies' stocks became nominal. "Trade" shares which showed greater resistance to selling pressure were those of food and tobacco companies and stores, but especially vulnerable were those of the large industrial combines or mergers, such as Imperial Chemical and Turner and Newall. The "international" shares were the prey of Wall Street selling after March, when the spring-time bullishness had evaporated. Shipping shares were a particularly depressed market as a result of the Royal Mail revelations.

Commercial and Industrial Securities.

Security.	1930.		Price, Beginning of 1931.	Price, June 24, 1931.	Rise or Fall in Half-year.	Yield.	
	Highest Price.	Lowest Price.				Beginning of 1931.	June 24, 1931.
Banking Insurance and Investment Trust—						£ s. d.	£ s. d.
Anglo South American Bank £10 with £5 paid.	7½	4½	5½	4½	— 1	9 10 6	11 8 6
Chartered Bank of India (25)	19½	15½	17½	12½	— 5	5 15 0	7 19 0
Midland Bank (£1 fully pd.)	4½	3½	3½	3½	— 1	4 11 0	4 16 0
Colonial Union Assur. (£2½ fully paid)	26½	21½	24	20½	— 3½	4 2 9	4 18 0
Indust. and Gen. Trust ord. stock	363	325	325	277x	— 48	5 10 9	6 10 0
Public Utilities—							
Brazilian Traction ord. (no par)	\$56½	\$20½	\$21½	\$18½	—\$2½	...	...
Newcastle-Tyne Elec. ord. (£1)	1½	1½	1½	1½	—	4 18 6	5 6 9
Cables & Wireless A. ord.	77	18½	22½	17	— 5½	Nil	Nil
Do. B. ord.	39½	8½	12	10	— 2	Nil	Nil
Imperial Continental Gas & Electric Indus. and Commercial—							
Associated Cement (£1) ..	1½	1½	1½	1½	—	6 7 6	6 14 9
Assoc. Newspapers, def. (5s.)	1½	1½	1½	1½	—	10 0 0	10 13 3
Babcock & Wilcox ord. (£1)	3½	2½	2½	2½	—	6 0 0	6 5 0
British Celanese (10s.) ..	1½	1½	1½	1½	—	Nil	Nil
Costa (J. and P.) (£1) ..	3½	2½	2½	2½	—	6 9 0	6 5 0
Col. Graphophone (10s.) ..	7½	1½	1½	1½	—	12 6 0	12 4 0
Courtaulds (£1)	2½	1½	1½	1½	—	5 8 0	4 9 0
Dennis Brothers (1s.)	2½	1½	1½	1½	—	7 15 0	11 16 0
Distillers Co. (£1)	3½	2½	2½	2½	—	6 16 3	7 16 3
Dunlop Rub. (£1)	2½	1½	1½	1½	—	8 17 9	6 12 6
General Electric (£1) ..	2½	2½	2½	2½	—	7 0 0	5 12 0
Gramophone (£1)	5½	1½	1½	1½	—	11 0 9	11 8 6
Guest, Keen & Nettlefolds (£1)	1½	1½	1½	1½	—	8 4 2½	Nil
Harrods, ord. (£1)	3½	2½	2½	2½	—	7 2 0	7 10 0
Hudsons Bay ord. (£1) ..	4½	2½	2½	2½	—	...	...
Hydro Electric	\$57	\$22½	\$22½	\$22½	—	...	...
Imp. Chemical ord. (£1) ..	1½	1½	1½	1½	—	8 16 3	8 0 0
Imperial Tobacco (£1) ..	5½	4½	4½	4½	—	4 18 0	5 6 0
International Nickel n.p.v. P. & O. Steam Nav. def. (£1)	\$44½	\$22½	\$15½	\$15½	—	...	...
Pinchin Johnson (10/-) ..	2½	1½	1½	1½	—	5 8 0	4 4 3
Royal Mail, ord. stock ..	36	10	10	2½	—7½	Nil	Nil
Swedish Match 100 kn ...	\$17½	\$12½	\$13	\$11½	— 1½	6 5 0	7 6 0
Tilling (Thos.) (£1)	5½	4½	4½	3½	— 1½	4 6 6	5 10 3
Turner & Newall (£1)	5½	3½	2½	1½	— 4	5 8 0	7 15 0
Unilever (£1)	3½	1½	1½	1½	—	5 8 0	5 18 6
United Molasses (£1) ..	6½	2½	2½	2½	—	33 6 9	Nil
Vickers ord. (6s. 8/-)	1½	1½	1½	1½	—	8 0 0	8 0 0
Watney Combe Reid def. (£1)	3½	2½	2½	2½	—	7 13 3	8 6 0

† Tax free.

x Ex dividend.

Among the more speculative equity shares, rubber and tea continued in the doldrums, while the oil market had to adjust itself to the reductions in the dividends of the leading companies whose shares hitherto had enjoyed an investment status. Of the mining markets, copper and tin shares were particularly depressed, but a notable exception to the slump was the market in South American gold mines on the recognition that gold producers prosper in a period of trade depression. South African gold shares in January recovered their entire losses of the previous twelve months.

Other Securities.

Security.	1930.		Price, Beginning of 1931.	Price, June 24, 1931.	Rise or Fall in Half-year.	Yield.	
	Highest Price.	Lowest Price.				Beginning of 1931.	June 24, 1931.
Plantation—						£ s. d.	£ s. d.
Rubber Plantation Investment Trust, ord. (£1) ..	1½	1½	1½	1½	—	10 10 0	Nil
Anglo-Dutch Plantations of Java (£1)	1½	1½	1½	1½	—	8 12 0	14 11 6
Cons. Tea & Lands, ord. (10/-)	26½	14	14	7½	—19½	3 9 0	3 6 9
Jorahaut Tea, ord. (£1) ..	3½	2½	2½	1½	— 1½	6 0 0	13 6 0
Oil—							
"Shell" Transport, ord. (£1)	4½	3½	3½	2½	— 1	6 19 0	6 19 0
Burmah Oil, ord. (£1) ..	4½	3½	3½	2½	— 1	8 10 0	8 19 0
Anglo-Persian (£1)	4½	2½	2½	2½	—	7 4 6	6 14 0
Mexican Eagle (8/-)	1½	1½	1½	1½	—	7 13 4	5 11 3
Royal Dutch (100 fl.)	35½	23½	24	18½	— 5½	8 6 9	7 12 0
V.O.C., ord. (£1)	3½	1½	1½	1½	—	13 6 9	10 18 0
Mining—							
Burma Corporation (Rs. 10)	3½	3½	3½	4½	+ 1	9 18 0	...
Crown Mines (10s.)	3½	3½	3½	4½	+ 1	9 0 0	8 2 0
Johannesburg Consolidated Investment (£1)	2½	1½	1½	1½	—	11 8 6	6 6 8
Malayan Tin (5/-)	1½	1½	1½	1½	—	13 6 9	13 15 0
Rio Tinto, ord. (25)	4½	27	28	18½	—10½	9 12 0	5 8 0
Bwana M'Kubwa (5/-) ..	1½	1½	1½	1½	—	Nil	Nil
Rhokana Corp. (£1)	2½	2½	2½	2½	—	Nil	Nil
Roan Antelope (5/-)	1½	1½	1½	1½	—	Nil	Nil

x Ex dividend.

† Tax free.

The immediate outlook for the equity markets depends on the reactions to the Hoover proposal of a year's moratorium for war debts. No one supposes that President Hoover has ended the slump, but psychology counts for a great deal. If the public is tempted to buy, it is not impossible that markets will now begin to discount a trade recovery, even if it does not materialise for twelve months. There is no doubt that if a collapse had occurred in Austria and Germany, something like a panic would have developed on the Stock Exchanges. This crisis has been averted. A week ago no one would have dared to have suggested that the bottom of the stock markets had been reached, but to-day, at any rate, there is ground for hope.

THE WEEK IN THE MARKETS.

THE LONDON STOCK EXCHANGE.

SETTLING DAYS.

TICKET. July 7. ACCOUNT. July 9.

The new account opened with an excited bidding for shares—unmistakable evidence that the bears were rushing to cover. This extraordinary change from the gloom of Friday's closing was the result of President Hoover's proposal for a one-year war-debts moratorium. The rebound in prices, which was almost startling, is discussed in our leading Investment Note. After the excitement of Monday, prices reacted pending the statement of the French Government's intentions, but on Thursday markets again moved upward on the lead of Continental and American buying. The settlement of the threatened engineering labour dispute was also a factor in the recovery in British industrial shares.

In the gilt-edged market stocks in many cases reached their highest levels for the year. Sterling was strong, and in the light of the Bank of England's further acquisitions of gold, some dealers entertained hopes of a reduction this week in the Bank rate. Though this did not eventuate, forecasts of an early reduction were made, and there were further rumours of a conversion scheme for short-dated

bonds. Indian, Australian and New Zealand bonds advanced, especially Australian, on the announcement that the Government would extend the Hoover moratorium plan to the Dominions. Home corporations were firmer and maintained their gains.

Foreign Government bonds improved sharply, German issues being the main feature under the lead of the Young loan. Little attention was paid to Austrians. Aided by a strengthening of exchanges, Brazilians and Argentine bonds rose and held their gains. After a prolonged inactivity Chinese loans rose on hopes of better conditions in the silver market.

Home rails showed substantial gains and closed at improved levels despite earlier scattered realisations on the week's somewhat disappointing traffic returns. Foreign rails enjoyed an early improvement due to political developments, and the early closing of the Buenos Ayres Great Southern £3,000,000 5½ per cent. debenture issue. The underwriters, however, were left with 50 per cent. of this issue.

In the domestic industrial market there were signs of intense activity, and prices moved rapidly upward. On Tuesday there was a slight easiness caused by professional profit-taking, but later prices improved even further on hopes of French acceptance of Mr Hoover's plan. International stocks were prominent in the advance, strong Continental and Wall Street buying orders being received in London. Nickels, Radios and Brazilian Tractions were particularly in evidence, and Swedish Match rose sharply. Electrical shares were supported, especially such equipment companies as Callenders and General Electric, the latter being favoured on the annual report. Engineering and motor shares found buyers, but a bad report, disclosing a heavy loss, was a bear point with Guys. Distillers were a leading feature on the maintenance of the dividend and there was buying of the leading tobacco issues. Textiles strengthened and were well maintained. J. and P. Coats closed at higher levels on rumours of a new agreement in the textile trades. Insurance shares firmed up on good investment buying. Dunlops and Imperial Chemicals spurred on bear closing, but Cables and Wireless, after a sharp rise on Monday, sagged on the unsatisfactory May traffic receipts.

LONDON ACTIVE SECURITY PRICES AND YIELDS.

NOTE—Shares with a New York quotation, or with definite American interest, are distinguished by italics.

In calculating the yields on the stocks and shares quoted below allowance is made for interest accrued since the last payment. Where stocks are definitely redeemable at a certain date the yield includes any profit or loss on redemption; where stocks are redeemable at or before a certain date the final date of redemption is taken when the stock stands at a discount and the earliest date when the quotation is above par. The return on ordinary stocks and shares is calculated on the dividends paid by the company during the last year.

Prices Year 1930.				Prices Year 1931 Jan. 1 to June 24 (inclusive).				Name of Security.				Prices Year 1930.				Prices Year 1931 Jan. 1 to June 24 (inclusive).				Name of Security.				Price June 17, 1931.				Price June 24, 1931.				Rise or Fall.				Present Yield.			
High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.						
59 1/2	52 1/2	60 1/2	54 1/2	Consols 2 1/2	60	60	...	4	3	4	3	33 1/2	38 1/2	112 1/2	88 1/2	In. Ry. C. Am. No par	...	15	15	...	1	1	...	1	1	...	1	1	...	1	1	...	1	1					
94 1/2	82 1/2	97 1/2	85 1/2	Consols 4 1/2	95	96	+1	4	5	1	57 1/2	58 1/2	126 1/2	126 1/2	Leopoldina Ord. Stk.	...	15	15	...	1	1	...	1	1	...	1	1	...	1	1	...	1	1						
83 1/2	74 1/2	80 1/2	76 1/2	Cons. Loan 3 1/2	84	84 1/2	+	4	4	4	83 1/2	84 1/2	56	56	Do. 5 1/2 Cum. Pr. Stk.	...	32 1/2	32 1/2	...	32 1/2	32 1/2	...	32 1/2	32 1/2	...	32 1/2	32 1/2	...	32 1/2	32 1/2	...	32 1/2	32 1/2						
103 1/2	93 1/2	104 1/2	98 1/2	Do. 4 1/2 1914-15	102	102 1/2	+	4	4	10	97 1/2	98 1/2	55 1/2	55 1/2	Nitrage Rlys. (El.)	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2						
106 1/2	102 1/2	107 1/2	103 1/2	Do. 5 1/2 1914-15	106 1/2	107	+	4	7	9	42	45	21	21	Paraguay Gov. B. Deb.	...	70 1/2	70 1/2	...	70 1/2	70 1/2	...	70 1/2	70 1/2	...	70 1/2	70 1/2	...	70 1/2	70 1/2	...	70 1/2	70 1/2						
96 1/2	85 1/2	97 1/2	88 1/2	Pending 4 1/2 1914-15	96 1/2	97	+	4	3	3	85 1/2	86 1/2	15	15	Salvador Ord. (El.)	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2	...	20 1/2	20 1/2						
103 1/2	100 1/2	104 1/2	101 1/2	Treasury 4 1/2 1914-15	101 1/2	101 1/2	...	4	0	0	100 1/2	101 1/2	149	149	San Paulo Ord. Stk.	...	115	115 1/2	...	115 1/2	115 1/2	...	115 1/2	115 1/2	...	115 1/2	115 1/2	...	115 1/2	115 1/2	...	115 1/2	115 1/2						
97 1/2	91 1/2	98 1/2	91 1/2	Treasury 5 1/2 1913-35	103 1/2	103 1/2	...	3	15	6	80 1/2	80 1/2	65 1/2	65 1/2	Tatlat. Rly. Ord. Stk.	...	35 1/2	35 1/2	...	35 1/2	35 1/2	...	35 1/2	35 1/2	...	35 1/2	35 1/2	...	35 1/2	35 1/2	...	35 1/2	35 1/2						
105 1/2	100 1/2	104 1/2	102 1/2	Victory Bonds 4 1/2	98	98	...	4	2	0	26 1/2	26 1/2	4	4	Un. Havana Ord. Stk.	...	3	3	...	3	3	...	3	3	...	3	3	...	3	3	...	3	3						
69 1/2	61 1/2	70 1/2	64 1/2	War Loan 5 1/2 1929-47	103 1/2	103 1/2	+	4	14	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...					
49 1/2	40 1/2	46 1/2	37 1/2	Local Loans 3 1/2	69	70	+1	4	5	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...						
59 1/2	47 1/2	55 1/2	44 1/2	India 2 1/2	39	39	...	6	8	2	17 7/8	14 3/4	16 1/8	12 1/2	Anglo-French (El.)	...	12 1/2	13 1/2	...	13 1/2	13 1/2	...	13 1/2	13 1/2	...	13 1/2	13 1/2	...	13 1/2	13 1/2	...	13 1/2	13 1/2						
68 1/2	55 1/2	64 1/2	52 1/2	Do. 3 1/2	46	47 1/2	+1	6	7	8	12 1/2	10 1/2	6 1/2	3 1/2	Anglo-Intero. (El.)	...	11 1/2	11 1/2	...	11 1/2	11 1/2	...	11 1/2	11 1/2	...	11 1/2	11 1/2	...	11 1/2	11 1/2	...	11 1/2	11 1/2						
106 1/2	98 1/2	104 1/2	101 1/2	Do. 4 1/2 1914-15	106 1/2	107	+	4	5	1	26 1/2	26 1/2	19 1/4	19 1/4	Anglo S. A £10 £5 pd	...	19 1/2	19 1/2	...	19 1/2	19 1/2	...	19 1/2	19 1/2	...	19 1/2	19 1/2	...	19 1/2	19 1/2	...	19 1/2	19 1/2						
100 1/2	94 1/2	102 1/2	98 1/2	Do. 5 1/2 1914-15	100 1/2	101	...	4	8	3	59 1/2	62 1/2	52 1/2	52 1/2	Bank of N. Zealand £1	...	47 1/2	47 1/2	...	47 1/2	47 1/2	...	47 1/2	47 1/2	...	47 1/2	47 1/2	...	47 1/2	47 1/2	...	47 1/2	47 1/2						
97 1/2	91 1/2	98 1/2	91 1/2	Do. 6 1/2 1914-15	97 1/2	98 1/2	...	4	5	2	27 1/2	27 1/2	25 1/2	25 1/2	Bank of Eng. Stk.	...	27 1/2	27 1/2	...	27 1/2	27 1/2	...	27 1/2	27 1/2	...	27 1/2	27 1/2	...	27 1/2	27 1/2	...	27 1/2	27 1/2						
105 1/2	100 1/2	104 1/2	102 1/2	Do. 7 1/2 1914-15	105 1/2	106	...	4	5	1	58 1/2	58 1/2	52 1/2	52 1/2	Barclay B. (El.)	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2						
69 1/2	61 1/2	70 1/2	64 1/2	Do. 8 1/2 1914-15	69 1/2	70	...	4	5	9	26 1/2	26 1/2	25 1/2	25 1/2	Bk. of Australasia (£5)	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2						
49 1/2	40 1/2	46 1/2	37 1/2	Do. 9 1/2 1914-15	49 1/2	50	...	4	5	2	17 7/8	14 3/4	16 1/8	12 1/2	Bk. of Montreal (\$100)	...	52 1/2	52 1/2	...	52 1/2	52 1/2	...	52 1/2	52 1/2	...	52 1/2	52 1/2	...	52 1/2	52 1/2	...	52 1/2	52 1/2						
59 1/2	47 1/2	55 1/2	44 1/2	Do. 10 1/2 1914-15	59 1/2	60	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Bk. of N.S.W. (£20)	...	21 1/2	21 1/2	...	21 1/2	21 1/2	...	21 1/2	21 1/2	...	21 1/2	21 1/2	...	21 1/2	21 1/2	...	21 1/2	21 1/2						
68 1/2	55 1/2	64 1/2	52 1/2	Do. 11 1/2 1914-15	68 1/2	69	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	British Overseas A £5	...	5 1/2	5 1/2	...	5 1/2	5 1/2	...	5 1/2	5 1/2	...	5 1/2	5 1/2	...	5 1/2	5 1/2	...	5 1/2	5 1/2						
106 1/2	98 1/2	104 1/2	101 1/2	Do. 12 1/2 1914-15	106 1/2	107	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Chind. of India (£5)	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2						
97 1/2	91 1/2	98 1/2	91 1/2	Do. 13 1/2 1914-15	97 1/2	98 1/2	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	Com. R. of Aust. 10/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2						
105 1/2	100 1/2	104 1/2	102 1/2	Do. 14 1/2 1914-15	105 1/2	106	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Com. R. of Aust. 10/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2	...	12 1/2	12 1/2						
69 1/2	61 1/2	70 1/2	64 1/2	Do. 15 1/2 1914-15	69 1/2	70	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	Do. B £1 fully paid	...	40 1/2	40 1/2	...	40 1/2	40 1/2	...	40 1/2	40 1/2	...	40 1/2	40 1/2	...	40 1/2	40 1/2	...	40 1/2	40 1/2						
49 1/2	40 1/2	46 1/2	37 1/2	Do. 16 1/2 1914-15	49 1/2	50	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Eng. Scot. & Aust. £5, £3 pd	...	4 1/2	4 1/2	...	4 1/2	4 1/2	...	4 1/2	4 1/2	...	4 1/2	4 1/2	...	4 1/2	4 1/2	...	4 1/2	4 1/2						
59 1/2	47 1/2	55 1/2	44 1/2	Do. 17 1/2 1914-15	59 1/2	60	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	Hamrore £10, £24 paid	...	7 1/2	7 1/2	...	7 1/2	7 1/2	...	7 1/2	7 1/2	...	7 1/2	7 1/2	...	7 1/2	7 1/2	...	7 1/2	7 1/2						
68 1/2	55 1/2	64 1/2	52 1/2	Do. 18 1/2 1914-15	68 1/2	69	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Hong. & S. (£125)	...	10 1/2	10 1/2	...	10 1/2	10 1/2	...	10 1/2	10 1/2	...	10 1/2	10 1/2	...	10 1/2	10 1/2	...	10 1/2	10 1/2						
106 1/2	98 1/2	104 1/2	101 1/2	Do. 19 1/2 1914-15	106 1/2	107	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Lloyds £5, with 11 pd.	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2	...	55 1/2	55 1/2						
97 1/2	91 1/2	98 1/2	91 1/2	Do. 20 1/2 1914-15	97 1/2	98 1/2	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	Martins £20, £21 pd.	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2						
105 1/2	100 1/2	104 1/2	102 1/2	Do. 21 1/2 1914-15	105 1/2	106	...	4	5	1	26 1/2	26 1/2	25 1/2	25 1/2	Midland £1, fully pd.	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2	...	73 1/2	73 1/2						
69 1/2	61 1/2	70 1/2	64 1/2	Do. 22 1/2 1914-15	69 1/2	70	...	4	5	2	26 1/2	26 1/2	25 1/2	25 1/2	Do. of Egypt £10	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1/2	...	26 1/2	26 1									

NEW ISSUE PRICES.

Stock or Share.	Issue price.	Amt. paid.	Price, June 17, 1931.	Price, June 24, 1931.
Buenos Aires Gt. Southern 5½% deba.	95	35	11-11	11-11 dis
Central American Exploration	...	...	11-11	11-11
Comach 7% Ster. Bonds	96	40	12-10 dis	12-10 dis
De Beers 5½% Ster. deba.	...	...	90-95	90-95
Greek 6% Ster. Bonds	87	fy. pd.	81-82½	82-83
India 6% 1933-34	100	55	11-11 dis	11-11 dis
Lance Cotton 6½% deba.	97½	67½	18½-16½ dis	19-17 dis
London Power 5% deb. 1972	100½	fy. pd.	104½-105½	104½-105½
Mst. Water Board (D)	...	fy. pd.	101-101½	101½-101½
Middlesex 4½% 1950-70	101	16	1-1 pm	1-1 pm
New Zealand 5% 1932-34	99	5	1-1 dis	1-1 dis
Odham's Press 7% (B) deba.	98	fy. pd.	100½-102½	101-103
Panama Corporation 8% deba.	100	25	3 dis-par	3 dis-par
Primitiva Holdings 6% Red pref.	100	6	par-6d. pm	5 dis-5 pm
Rhokana Corp. 7% deba.	100	50	5 dis-5 pm	5 dis-5 pm
Bio Chlor Mfg. and Invest. 5% deba., 1962-72	...	...	95-97	95-97
S. Essex Water 5% pref.	103	fy. pd.	104-106	104-106
S. Essex Water Ord.	111½	fy. pd.	111-115	111-115
Woolworth (F. W.) Ord. (5/-)	22	1	1d-4½d.	1d-4½d.
Woolworth (F. W.) 5% Cum. Pref. 21	21	10/-	...	10½d.-1½ pm

(Continued from page 1385.)

"FINANCIAL NEWS" DAILY AVERAGE OF 50 INDUSTRIAL ORDINARY STOCKS.

(1928 = 100.)

Highest of 1931. (Jan. 5.)	Lowest of 1931. (May 19.)	June 18, 1931.	June 19, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.	June 25, 1931.
72.3	54.5	57.2	57.0	59.3	59.8	60.4	61.7

FOREIGN STOCK EXCHANGES.

NEW YORK.

Markets took on a fresh lease of life this week, following the announcement of the now famous Hoover plan for a war-debt moratorium. The buying was due at first to bear covering, on fears of a popular buying movement, rather than to any marked public enthusiasm, but there was a general feeling that if the Hoover proposals were accepted they would at least clear the stage for an economic revival. At the same time, it was pointed out that the amount of occupied steel production had declined further to 35 per cent., while car loadings last week were again lower. The bulls predominated, however, and professional profit taking brought only a temporary setback. On Wednesday the volume of trading was the heaviest since early in February, with a turnover of over five million shares. U.S. Steel rose 3½ to par, while Radio Corporation added nearly four points, and other leaders enjoyed marked popularity. The impression was widespread that large interests were accumulating stock. The request of the Interstate Commerce Commission for information as to whether the desired railway rate increases, if granted, would be conferred immediately, and as to what exceptions, if any, were proposed, was interpreted as indicating a strong feeling in favour of some eventual increase. Considerable interest was caused by the advances in silver, lead and copper, but it remains to be seen whether brokers are wise in disregarding other less favourable business indices.

	June 18, 1931.	June 19, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.	June 25, 1931.
U.S. 3½% T. Bds.	107½	107½	106½	106½	106½	106½
Lb. Ln. 3½% '32-47	102½	102½	102½	102½	102½	102½
Do. 4½% '32-47	103½	103½	103½	103½	103½	103½
Do. 4½% '33-38	104½	104½	104½	104½	104½	104½
Atchafalpa	157	151½	165	165	165	165
Chen. & Ohio	35½	34	37½	37½	37½	37½
Brie	20	18	22	22	22	22
Illinois Central	47½	45	50	50	50	50
N.Y. Central	87½	84½	93½	93½	93½	93½
Pennsylvania	50½	47½	49½	49½	49½	49½
Southern Pacific	81	77½	83	83	83	83
Southern Ry.	32½	31	35	35	35	35
Union Pacific	156	154½	167	167	167	167
Am. Can.	102½	99½	109½	109½	109½	109½
Amer. Smelting	29½	28½	37½	37½	37½	37½
Anacosta	22	20½	30½	30½	30½	30½
Bethlehem Steel	44½	41	47½	47½	47½	47½
Chrysler Motor	164	17½	22½	22½	22½	22½
Corn Produce Rf.	64	63½	70½	70½	70½	70½
Eastman Kodak	130½	128½	150	150	150	150
Gen. Electric (New)	40	38½	44½	44½	44½	44½
Gen. Motors	15½	15	18½	18½	18½	18½
Int. Harvester	42	39½	46	46	46	46
Montg. Ward	19½	18	21½	21½	21½	21½

x Ex dividend.

By courtesy of the Standard Statistics Company, Inc., of New York, and 13, Copthall Avenue, London, we print

the following index figures of American values calculated on closing prices (1926 = 100):—

	1929.		1930.		1931.		
	Lowest.	Highest.	Lowest.	Highest.	Beginning of Year.	June 17.	June 24.
337 Industrials	134.5	218.9	98.2	174.1	99.6	84.1	94.5
33 Rails	127.8	173.5	89.1	145.6	92.0	74.4	80.1
34 Utilities	177.6	330.4	153.2	267.4	158.1	150.9	163.7
Total, 404 stocks	140.3	228.1	105.5	184.2	107.6	93.1	103.3
Average yield of 50 Industrial Common Stocks	3.10%	5.23%	4.15%	5.95%	5.91%	6.39%	5.59%

DAILY AVERAGE OF 50 AMERICAN COMMON STOCKS (1926 = 100).

Highest of 1931. (Feb. 24.)	Lowest of 1931. (June 1.)	June 17, 1931.	June 18, 1931.	June 19, 1931.	June 20, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.
140.2	92.7	101.3	99.9	99.8	106.0	107.0	109.5	115.6

TOTAL DEALINGS IN NEW YORK.

	June 18, 1931.	June 19, 1931.	June 20, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.	June 25, 1931.
Stock Exchange—							
Shares (Thous.)	1,100	1,100	1,500	4,600	2,600	5,100	4,300
Bonds (Thous. \$) ...	8,975	8,958	6,984	13,474	13,556	12,806	11,217
Over—							
Shares (Thous.)	190	190	250	800	460	740	690

* 2-hour session.

PARIS.

As a result of Mr Hoover's proposals, the Paris market enjoyed a sharp recovery on Monday, though much of the rise was due to the fact that the bears were taken completely by surprise and had to rush for cover in conformity with other bourses. A certain heaviness developed on Tuesday as a result of apprehension regarding the effect of the moratorium on the current budget. However, as the following table shows, representative securities continued their upward trend on Wednesday:—

	June 19, 1931.	June 22, 1931.	June 24, 1931.	June 25, 1931.
Panque de France	15,775	16,645	15,770	15,770
Credit Lyonnais	2,260	2,530	2,470	2,470
Suez Canal	14,455	15,085	15,600	15,600
Charmers Réunis	299	320	340	340
Rio Tinto	1,927	2,255	2,380	2,380
Royal Dutch	20,450	22,700	23,500	23,500

BERLIN.

Following the news of the moratorium proposals, quotations of leading issues on the Berlin bourse went rapidly ahead, purchases on foreign account contributing in no small measure to the advance. The gains were said to be the largest known on the bourse. Prices were unable to maintain their highest levels, however, fears as to the reception of the scheme in Paris militating against the continuation of the upward trend; while a certain amount of profit-taking affected the technical position unfavourably.

	June 19, 1931.	June 22, 1931.	June 24, 1931.	June 25, 1931.
Reichsbank	120.75	139.37	139.50	139.50
Nat. Biscuit	65½	64½	68	68
Phelps Dodge	12½	12	16	16
Pullman	34½	35½	39½	39½
Sears-Robuck	52½	50½	56½	56½
Studebaker	16½	16½	18½	18½
Un. Fruit	55	54½	57	57
U.S. Leather	6	5½	7½	7½
U.S. Rubber	12½	11½	15½	15½
U.S. Steel	91	87	98½	98½
Westinghouse	64½	55	67½	67½
Woolworth	69½	65½	68½	68½
Am. Tel. & Tlg.	169	167½	178½	178½
Interboro R.T.	23½	23½	24½	24½
Int. Tel. Teleg.	25	27½	33½	33½
Radio Corp.	15½	14½	20	20
Utilities F. & L.	22½	22½	24½	24½
W. Union Tlg.	109½	106	115½	115½

AMSTERDAM.

On the Amsterdam Stock Exchange the Hoover pronouncement was considered to be a noteworthy step in the economic regeneration of Europe. The enlarged scale of business, including fresh buying and bear covering, sent quotations to much higher levels, Philips Lamps,

Unilever and A.K.U. being prominent in the advance. A certain hesitancy was noticeable in Tuesday's dealings, accompanied by profit taking, but rumours that France was contemplating a tentative acceptance of the proposals gave renewed strength to several issues in mid-week:—

	June 19, 1931.	June 22, 1931.	June 24, 1931.		June 19, 1931.	June 22, 1931.	June 24, 1931.
5½ German Loan	62½	70½	69½	San Paulo Coffee	58	61	61
Margarine Union	120½	121½	119½	A.K.U.	57½	75½	75½
Philips Glowlamps	96	122½	120½	Ford Motor	240½	267	280½
Allied Smalt	29	34½	34½	Deli Butavia Tobacco	215	220	220
Swedish Match	170	174½	201	Holland Amerika	8	10	12

INVESTMENT NOTES.

Stock Exchange and War Debts Moratorium.—Heated imaginations in the Stock Exchange saw in the proposals of President Hoover for a one year's moratorium of war debts the dawn of a new era of industrial prosperity. The first effect upon Stock Exchange markets was dramatic, almost electrical. For the first hour or so of business on Monday morning of this week, following President Hoover's pronouncement, dealings were carried on in the various markets under conditions of great difficulty. Prices rose in staccato fashion. Stock Exchange jobbers have been blamed for putting up prices, at the outset, to the extent of 2 to 10 points in stocks and bonds, and correspondingly in the case of shares. The excitement came, not from a sudden accession of buying orders, which were, in point of fact, conspicuous by their absence, but by reason of the huge demand from all over the country for information as to price-changes brought about by the moratorium suggestion. As most investors are aware, a large number of limits to sell stock, as well as to buy, are always present in the Stock Exchange markets. Practically every Stock Exchange broker keeps a "limit" book in which are entered instructions from clients who wish to buy or sell at prices that are not practicable when the orders are given. The sudden letting-in of light into a prospect which previously had been charged with depression, led to such a sharp rise in prices as would have enabled a good proportion of the selling orders to be executed, if clients still wished to sell. The news arrived on the morning of Contango Day—the beginning, that is to say, of a new Stock Exchange account, when in any case reference would be made to clients before these clients' orders, previously given, were carried out. The Stock Exchange practice is to regard a "limit" as being in force for one Settlement only, except when specific instructions are given to renew. Therefore, it became necessary to find out whether these selling limits were in force or not for the mid-July Settlement, dealings for which started on the Monday morning. Besides this, however, it is the habit of many Stock Exchange brokers to refrain from the execution of a limit if anything should happen likely to exercise an important effect upon the prices of the stocks and shares. Therefore, many brokers would, in the ordinary course, have held their hands before selling stock, even at their clients' limits, in the face of a world event of such consequence. Thus, the telephoning and telegraphing of prices, the endeavour to ascertain whether selling limits were "on" or not, and at the same time the execution of a very moderate amount of new buying business, led to a clash and confusion which, with prices flying upwards, produced all the circumstances of a miniature boom. Probably more buying came from bears than from members of the public. The cancellation, in a great many cases, of selling limits removed the stock which the bears considered they would be able to obtain if they deemed it advisable to close their short position. For a time there was a general hunt-round for whatever stock might be on offer, irrespective of the price asked for it. The excitement thus developed by various elements occupied attention to such an extent that it afforded little spare time for discussion of its cause. When the flurry was over, and comparison of experiences between members of the Stock Exchange revealed how small was the additional volume of public business that the news had brought to the House, the first wild upward rush of prices was checked. A few people bought early and were able to

take substantial profits on the bull tack, a matter so unusual as to cause the stock to be turned out promptly, and thereby to colour the statement that a good deal of profit-taking was in progress. Prices reacted further when the news of French opposition to the American proposal was first heard. Later, reports of a compromise offered by France came as a signal for a fresh rush of buying and "bear" closing. The following table shows the extent of the rebound in representative securities as compared with the closing of business on Friday:—

	Price on Friday, June 19th.	Price on Thursday, June 25th.
German 7%	94½	99
German 5½%	66	75½
Austrian 7%	87	90
Brazil Traction	15½	20
Colgraphs	1½	2½
Courtaulds	24/10½	1½
Ford	2½	2½
Imperial Chemical	13/1½	15/3
International Nickel	11½	16½
Kreuger and Toll	18½	22½
P. & O. deferred	22/6	25/-
Swedish Match "B." Kr. 100	9½	11½
Turner and Newall	26/6	29/3
Royal Dutch	18½	19½
Shell Transport	2½	2½

To sum up, the statement may be ventured that the Stock Exchange is impressed by the prospect of better conditions being established as a result of even a twelve months' moratorium of war debts. A fresh breeze of cheerfulness was badly needed to dispel the almost miasmic despondency into which Stock Exchange markets, members and clients had been plunged, and from which there had seemed little hope of escape.

The Outlook for Base Metals.—Even before Mr Hoover's announcement regarding war debts, the base metals had given signs of an upward reaction, for zinc made a definite move from its low record of £9 7s. 6d., and copper, although it seemed less favourably placed than the others, achieved a brief rally on better Continental buying. The moratorium suggestion, however, created something like a panic among bear interests which have for so long dominated copper and tin, and last Monday saw a rush for cover which produced an advance of nearly £3 in standard copper and £5 in tin; while lead and spelter were marked up by about 20s. The anticipated addition to the price of electrolytic copper was made on Tuesday, the meagre quota offered for sale in Europe by the Exporters' Association being quickly snapped up, and many buyers being left dissatisfied. As a result of this standard copper was, in a number of cases, bought as a hedge. Tuesday afternoon saw a sharp reaction all along the line on news of a weaker Wall Street market and fears of opposition from France to Mr Hoover's scheme, but on Thursday metals again advanced. The remarkable rise in values has been due largely to an optimistic reaction, for although tin is now being assisted by very definite curtailment of production and a zinc cartel is understood to be all but achieved, consumption is far below normal,



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and there is no real indication of improvement in that direction. A 15 per cent. cut in lead output is also in force, but this excludes the United States, and there is certainly more than enough lead to meet all present needs. In copper the statistical outlook is extremely poor, for stocks of refined metal at May 31st had risen to 400,000 short tons, and the recent discussion in New York on the all-important question of cutting down output was barren of result. Undoubtedly the world can use an enormous tonnage of copper at the present low price, but the marketing methods of the American sales organisation have sapped confidence, and there is little real hope of a lasting recovery in values until a clearer view can be taken of the general political and economic situation.

The Royal Mail Moratorium.—The terms were announced last week of a further scheme of arrangement between the Royal Mail Steam Packet Co. and its principal creditors. The present moratorium is due to expire on June 30th, and the new arrangement is in the nature of a prolongation of the *status quo* till the end of the year. It is provided under the scheme that the three classes of creditors shall not take steps to enforce their security so long as no execution is issued against any of the company's assets; while the company is entitled to borrow up to £250,000 on the security of debentures issued to rank *pari passu* with the existing 4½ per cent. debentures, which constitute a first charge on the assets. The new scheme incorporates undertakings previously given that the company will not, during the period of the arrangement, make any payment voluntarily with regard to (1) bills to the value of £195,000 subject to a moratorium, (2) £239,000 due to subsidiary and allied companies, (3) calls and uncalled liabilities on investments, totalling £1,616,750, and (4) the guarantee of loans and acceptances of R.M.S.P. Meat Transports. It is pointed out in reference to the scheme that a further half year's dividend on the £5 millions preference shares of the White Star Line will fall due on July 1st next, totalling £162,500, for which the R.M.S.P. would normally be liable under its guarantee, and that after June 30th it would be open under the existing scheme for the White Star Line, the trustees and each individual preference shareholder of that company to sue the Royal Mail; while there would be a renewed danger of the debenture-holders' security becoming enforceable. The court has consequently ordered meetings of the 4½ per cent. debenture stockholders, the 5 per cent. debenture stockholders and the preference shareholders of the White Star for June 30th. At the same time, it is stated that while it has been found impossible to put forward a complete scheme of arrangement within the time available, during the last month matters have advanced to such an extent that a rough draft of a comprehensive scheme is in existence. In the meantime, there has been a slight improvement in trading conditions, and the cash position of the company is consequently better than was originally anticipated. Another member of the Royal Mail group, the Union Castle Steamship Co., practically all of whose ordinary stock is held by the R.M.S.P. and Elder Dempster, announces that, in view of the fact that the final call of 8s. per share (amounting to £399,560) in respect of the company's holding of ordinary shares of White Star Line, has been made, it is proposed to defer the payment of the dividends on the company's preference shares. Holders are reminded, however, that the dividends on the 4½ per cent., 6 per cent. "A" and 6½ per cent. preference shares are cumulative, and the hope is expressed that the resumption of payment will not be long delayed.

The Kysant Case: Defendants Sent for Trial.—The hearing of the summonses against Lord Kysant and Mr H. J. Morland in connection with the affairs of the Royal Mail Steam Packet Company was concluded at the end of last week. Mr F. Fulton, for the prosecution, dealt with Lord Kysant's drawings under the agreement whereby he

was to receive ¼ per cent. of the gross takings if the dividend was not below 5 per cent. Mr Cason, formerly chief accountant of the Royal Mail Company, agreed that Lord Kysant drew £48,337 in 1920, £32,364 in 1921, £23,376 in 1922, £26,045 in 1923, £26,490 in 1924, and £27,165 in 1925. In 1926 the dividend fell to 4 per cent., so that Lord Kysant received only £3,000, to which he was entitled under the agreement. Evidence was given by Mr C. E. Matthews, assistant accountant of the Royal Mail, to the effect that of reserves of £1,920,183 held by the Royal Mail Steam Packet Company and its subsidiary, the R.M.S.P. Meat Transport Co., amounts totalling £1,620,183 were credited to the profit and loss account of the R.M.S.P. Company. The Lord Mayor presumed that these transfers enabled the company to show a profit, although there was a loss in round figures of £49,000. Mr R. S. Stewart, a chartered accountant, gave evidence with regard to the capitalisation of £200,000 of reserves of H. and W. Nelson, Ltd. Mr A. H. McGill, chief accountant since 1916 to the Pacific Steam Navigation Company, stated that sundry amounts, varying from £152,311 to £531,000, were taken from reserves of various characters between the years 1921 and 1927. Mr W. A. Wellington then produced evidence regarding the financial position of McAndrews & Co., and Mr Thomas Smith gave similar evidence on the subject of David MacIver. At the close of the prosecution's case the Lord Mayor said that, as the matter was an unusually serious one, he proposed to reserve his decision until Monday morning. On that day he announced that he had come to the conclusion that a *prima facie* case had been made out against both defendants on the charges against them relating to the report, and against Lord Kysant in relation to the prospectus. He accordingly committed them for trial at the Central Criminal Court, calling upon them to enter into their own recognisances, each in the sum of £5,000, to appear for trial.

London Transport Merger Terms.—It is announced that meetings of the various classes of security holders of the Underground group will be held on July 1st to approve the terms of exchange of the new Transport stocks for the different Underground issues. Details of the proposed terms, which had not been made public at the meeting on May 1st but which have been disclosed this week, are set out in the following table:—

Company.	Existing £100 Stock.	Transport Stock.	Earliest Redemption Year.	Yield.
Central London	4% preferred	85 " C "	1955	£ 8 s. d. 4 5 0
Central London	6% deferred	100 " C "	1955	5 2 0 5 0 0
Met. Dist.	3½% assented 1st pref.	75 " B "	1965	6 0 0 3 15 0

It should be noted that a decision with regard to the final apportionment as between the preferred and deferred ordinary stocks of the Central London Railway is still pending, though it is considered that an average of their respective market prices for the last three years will be the most equitable basis for the division of the £185 of Transport "C" stock which has been provisionally allotted. Accompanying the circulars to shareholders is a memorandum setting out estimates of the capital stocks to be issued by the Board at its inception, and the revenue at its disposal. The Board will have a capitalisation of approximately £100 millions. Half of the balance in each year, after the first two years, following the payment of the charges set out in the memorandum, is to be applied in paying further interest on the "C" stock at a rate not exceeding ¼ per cent., making a maximum of 6 per cent. The whole of the balance in the first two years, and half the balance in subsequent years, is to be utilised in establishing a general reserve fund, which is to be applicable at the discretion of the

Board to certain specified objects, including the development, extension and improvement of the Board's undertakings and the reduction of fares.

General Electric Company.—In view of the obstacles with which even the most favoured industries are having to contend to-day, shareholders in this electrical equipment company should be well satisfied with the year's results. Net profit dropped by £75,404 to £666,382, and after paying preference dividend the directors declared the usual 10 per cent. dividend on the ordinary capital, but did not repeat the 1930 bonus of 4 per cent. The sum of £132,923 was transferred to the reserve account, now standing at £1,290,000. During the year £3,500,000 of 5 per cent. mortgage debenture stock was issued at a cost to the company of £209,923 and this sum was written off the reserve fund. The pension fund received £34,310, leaving £21,785 to be added to the amount carried forward, now £400,880. The results for the past three years are shown in the following table:—

	Year ended March 31.		
	1929.	1930.	1931.
	£	£	£
Net profit	555,642	741,786	666,382
Preference dividend	252,000	252,000	252,000
No. of times covered	2.20	2.94	2.64
Ordinary dividend:			
Amount	225,365	315,510	225,364
Earned per cent.	13.47	21.73	18.39
Paid per cent.	10	14	10
Reserve fund	130,000	130,000	132,923
Pension fund	24,662	27,182	34,310
Inc. or dec. in carry-forward	-76,385	+17,094	+21,785

During the year the company redeemed 7 per cent. mortgage debentures amounting to £2,619,760, leaving £880,240 outstanding. Investments in subsidiaries were £646,191 greater at £2,090,448, due to expansion in the supply business. Land and buildings were £224,755 more at £3,577,735 and debtors rose by £210,592 to £2,260,995. Gilt-edged securities at £805,725 showed a reduction of £569,179, while creditors were £156,786 greater at £204,701. The preference shares are secured by net tangible assets of £2 1s. 4d. per £1 preference share fully paid. At the present market price of 40s. per share the yield on the £1 ordinary shares is £5 5s. 3d. per cent.

A. W. Gamage.—As a result of reduced turnover, due to the general depression and lower prices, the directors of this well-known retail store have to announce a net loss for the year to January 31st last of £9,304, against a net profit of £26,010 for the previous twelve months. Trading profits declined from £262,330 to £206,480. After payment of the preference dividend, requiring £9,625, there is carried forward a debit balance of £15,146. No dividend is recommended on the £475,000 ordinary capital:—

	Year to January 31.		
	1929.	1930.	1931.
	£	£	£
Trading profit	302,154	262,330	206,480
Net profit	43,934	26,010	Dr. 9,304
Brought forward	10,089	11,148	3,783
Preference dividend	9,625	9,625	9,625
No. of times covered	4.6	2.7	Nil
Ordinary dividend:—			
Amount	33,250	23,750	Nil
Earned %	7.3	3.4	Nil
Paid %	7	5	Nil
Carry forward	11,148	3,783	Dr. 15,146

The report states that during the year one of the company's outlying properties which was no longer required for the purpose of the business was sold, the amount realised being less by £10,863 than the book value. The directors are satisfied, however, that the loss on the

property sold is covered by appreciation in the value of the other properties, most of which stand in the books at pre-war values. Shareholders will be glad to hear that every effort has been made to reduce expenses, and that during the current year there has been an appreciable improvement in the company's trade. Some dissatisfaction, however, was expressed at the annual meeting, on Monday last, with regard to the relationship between A. W. Gamage and Gamage (West End), which has recently gone into compulsory liquidation. The parent company held 450,000 deferred shares and guaranteed the dividends of the 7½ preference shares of the subsidiary company. The extent of the loss which will be suffered by A. W. Gamage is not yet fully ascertainable. The amount due to the company by its subsidiary was stated at the meeting to be £58,000, though the amount realised must depend on the price at which the building and fixtures of the West End company are sold. Provision has been made to the extent of £20,000 against loss to January 31st in respect of the guarantee of the subsidiary's preference dividend, which expired on the order being made for the winding up of the company. The proposal to set up a committee of five persons to act in a consultative and advisory capacity was wisely welcomed by the board on Monday, and there seems no sound reason to doubt that a complete recovery in the company's fortunes will ultimately be effected.

J. Lyons and Company.—In the *Economist* of last week we stated that the current liabilities of this company, as shown by the balance sheet, exceeded the liquid assets by £622,000. It should be explained that, according to our usual practice, we refrained from including "stock in trade," valued at £2,302,267, under the latter heading. In the case of this company, the item in question would, of course, normally include a large proportion of readily realisable assets.

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Brazilian Traction, Light and Power Company.—A decline of 4.97 per cent. in the gross earnings of the Brazilian Traction, Light and Power Company in 1930 does not appear unreasonable in the light of the trade depression and the revolution of October, 1930. As a result of the reduction in the operating expense ratio from 43.16 per cent. to 41.26 per cent. the decline in net earnings, before depreciation, was only 1.79 per cent., and this was due chiefly to the decline in the exchange in the last half-year. The directors refer to the further depreciation in the milreis this year which has made it imperative for the company to conserve its cash resources. The dividend on the ordinary shares for the last quarter of the year was paid in stock at the rate of 2 per cent., the quarterly dividend of 50 cents per share in cash having been paid in the preceding three quarters. The ordinary shares representing this stock dividend were taken into the capital stock account at \$20 per share and a corresponding amount was charged to the profit and loss account for the year. In addition to the 2 per cent. stock dividend, a special stock dividend of 1 per cent. was paid in March, 1930, making a total distribution of 3 per cent. in stock and \$1.50 per share in cash for the year. The table compares the earnings and distribution of profits for the past three years:—

	1928.	1929.	1930.
	\$	\$	\$
Net revenues from subsidiaries	14,383,994	17,184,634	16,407,899
Other income	378,625	420,545	438,177
Total income	14,762,619	17,605,179	16,846,076
General expenses	341,015	394,083	420,737
General amortisation	300,000	350,000	400,000
Preference dividends	54,392	30,463	24,315
Ordinary dividend amount	8,013,753	11,471,108	12,051,542
Ordinary dividend per share	34% on old stock & 88 cts. on new shares.	2.00	1.50 plus 3% in stock.
General reserve	5,000,000	4,000,000	...
Surplus	9,947,367	11,306,892	*13,682,533

* From which special stock dividend of 1 per cent., taken at \$25.00 per share, is deducted.

It will be seen that \$400,000, as against \$350,000, has been transferred to the general amortisation reserve. Before arriving at the net revenue of subsidiaries, \$7,745,594 had been allowed for depreciation and sinking funds. The total of the balances at December 31, 1930, standing to the credit of the general amortisation reserve of the parent company and of the depreciation and sinking fund reserves of the subsidiary companies was \$66,071,492. The directors appear to be pursuing a conservative financial policy in paying stock dividends, and as long as earnings of the company increase at a greater rate than that of the increase in the capital stock, the shareholders have no cause for alarm. The company's prosperity as a utility concern supplying electric light, gas, water and telephones is dependent, of course, on the prosperity of Brazil, and it is satisfactory to hear better accounts of the coffee industry on which the welfare of Brazil so largely depends. Indeed, the recent improvement in Brazilian Government bonds reflects an increasing public confidence in the future. The present price of Brazilian Traction common shares is \$20, as compared with a high level of \$29 this year and \$56½ in 1930.

Patons and Baldwins.—In their last report the directors of this Halifax firm of textile manufacturers stated that the sharp decline in profits was due to the exceptional fall which had taken place in wool values, involving a serious writing down of stocks. At the annual meeting the chairman said that a further serious slump in wool prices seemed impossible, and affirmed that, given a stable market, the company need not fear for the future. The accounts for the year to April 30th last give some ground for hope. Net profit, at £112,186, still compares unfavourably with the amount of £133,275 for 1929, but constitutes a considerable advance on last year's figure of £17,596. The net preference dividend of £68,482 is well covered, and the surplus allows the payment of 2½ per cent., tax free, on the ordinary capital, the same rate as for 1930,

when £100,000 was taken from reserve. The carry forward is increased from £36,460 to £40,182.

Year to April 30.	1929.	1930.	1931.
	£	£	£
Net profit	133,275	17,596	112,186
Brought forward	45,813	28,433	36,460
Prof. dividend	70,691	69,587	68,482
No. of times covered	1.9	2.5	1.6
Ordinary dividend—			
Earned £	62,584	Dr. 51,991	43,704
Paid £	79,965	39,982	39,982
Earned %	3.9	Nil	2.7
Paid %	5*	2½*	2½*
Reserve	Nil	Dr. 100,000	Nil
Carried forward	28,433	36,460	40,182

* Tax free.

Stock-in-trade is valued in the balance sheet at £1,422,020, compared with £1,750,721 last year. A liquid position is revealed, available assets of £692,976 exceeding current liabilities by £372,326. At their present price of 18s. 9d. the £1 ordinary shares give a yield of about £2 14s. 6d. per cent., tax free, allowing for the dividend of 2½ per cent.

Barclay Perkins and Company.—Despite a small decline in the amount of dividends received, the net profit of this well-known brewery company was £2,656 greater at £308,396, owing to an income tax refund of £24,809 being credited to the profit and loss account. The usual dividend rates were maintained and £25,000, as against £20,000, was transferred to the reserve fund. Staff provident fund again received £8,064. The sum carried forward was increased by £3,016 to £74,268.

	1929.	1930.	1931.
	£	£	£
Net profit	209,760	305,740	308,396
Preference dividend	73,800	75,600	75,600
No. of times covered	2.84	4.04	4.08
Ordinary dividend:			
Amount	69,289	196,198	196,718
Earned per cent.	21.58	12.90	13.02
Paid per cent.	11	11	11
Contingencies reserve	10,000	20,000	25,000
Workpeople's provident fund	8,976	8,064	8,064
Increase in carry-forward	47,695	5,878	3,016

The outstanding features of the balance sheet included the increase of £64,318 to £304,479 in general investments, the rise of £52,035 to £3,067,487 in "tied houses and equities," and the growth of £82,033 to £142,948 in cash. Loans to publicans at £505,448 showed a decrease of £53,486, while dividends receivable were £48,145 lower at £9,688. The liquid assets exceeded the current liabilities by £624,999, which was £55,110 more than in 1930. The preference shares are secured by net tangible assets of £5 5s. 4d. per £1 10 per cent. cumulative preference share. The ordinary shares yield £8 15s. 3d. per £1 share at their present quotation of 26s. 6d.

Stanton Ironworks.—The results which this company is able to show for the year ending March 31, 1931, a period of acute depression in most manufacturing industries, not excluding pig iron, are a notable tribute to the excellence and business foresight of its management, helped by the good luck of proximity to great Midland markets which are naturally protected against foreign iron by expensive rail hauls from the coast. Profits, after providing for taxation and contingencies, have again advanced, this time from £240,532 to £264,193, in spite of the fact that income tax at the higher rate was chargeable throughout the year. For the tenth successive year a dividend of 10 per cent., tax free, is recommended on the ordinary shares, and as the follow-

ing table shows it has this time been amply covered by earnings:—

Years to March 31.	1929.	1930.	1931.
	£	£	£
Profit	192,037	240,532	264,193
Debiture and other charges	36,000	40,175	38,229
Reserve for depreciation	50,000	50,000	50,000
Preference dividend	21,488	21,152	20,817
No. of times covered	4.9	7.1	8.4
Ordinary { Earned	7.4%	11.3%	13.6%
{ Paid, tax free	10%	10%	10%
{ Amount of dividend	113,671	113,671	113,767

Increase or decrease in carry forward..... - 29,122 + 15,534 + 41,477

The balance sheet maintains the good impression created by the profit and loss account. Properties at £1,838,901 are up by £62,536, while among liabilities the balance outstanding on capital purchases has been reduced from £294,534 to £235,158, and in addition the first instalment of the sinking fund on the Trade Facilities debenture stock has been duly paid, amounting to £51,200. Other outside liabilities are still approximately balanced by liquid assets, and adequate cash resources are in hand. The reserves and the carry-forward together aggregate £940,908, or more than one-third of the share and loan capital. This argues skilful financial policy, but much of the company's success is due to its readiness to adopt new lines of production. It is specialising in and improving its spun iron pipe process, besides making concrete pipes, and it has now completed its plant for crushing and tarring blast-furnace slag for road-making purposes. A covering statement with the report, while affirming that the work of three of the four collieries is seriously restricted by the operation of the Coal Mines Acts, adds the assurance, which few companies are able to give nowadays, that the demand for the main products, iron and concrete pipes, continues good. The fully-paid £1 ordinary shares at 31s. 3d. yield £6 13s. 4d. per cent., free of tax.

Yorkshire Amalgamated Collieries.—This holding company, perhaps the best-known of the post-1926 colliery amalgamations, has just issued its fourth annual report. A year ago it was able to declare maiden dividends. On this occasion the directors have taken the wise step of refraining from recommending any distribution for the time being, in view of the fact that no settlement has been reached with regard to hours and work after July 8th. When this matter has been settled they propose to reconsider the dividend question. The net profit of the holding company declined from £60,673 (to which a windfall of £20,000 from an unrequired reserve was added in 1929-30 to £54,332 in 1930-31, but the profits of the four operating companies are included only to the extent of dividends receivable. The earnings available for the ordinary shares (practically all of which are held by the parent company) of these four subsidiaries were as follows, though the accounting period differs somewhat in each case:—

	1929.	1930.
	£	£
Dinnington Main	70,362	45,464
Rossington Main	47,982*	19,247
Maltby Main	22,585*†	15,966
Denaby and Cadeby Main	Dr. 1,454	96,586

* No depreciation written off.

† Nine months only.

In the latest year depreciation has been charged against profits in every case, and the auditors' certificates are unqualified. The recovery made by the Denaby and Cadeby Main figures is striking, but it has to be noticed that the last financial year of this company ended as long ago as June 30, 1930, and the winter of 1929-30 provided a decidedly more favourable experience for the coal trade than the following one. No important variations are recorded in the balance sheets, all five of which are presented in the report, but they give the general impression that surplus resources have been gradually applied towards repaying bank advances. The collieries are inevitably being affected by the severe depression in all sections of

industry, as the report says, but this group should be as well fitted as most to take advantage of any future improvement in demand.

Scribbans.—This long-established firm of cake and biscuit manufacturers has borne its share of the burden of trade stagnation. Net profit for the year to April 30th last was £41,385 lower at £176,577, but the dividend rates on the ordinary and deferred shares were maintained. The following table shows the results for the past three years:—

	1929.	1930.	1931.
	£	£	£
Net profit	152,315	217,962	176,577
Ordinary dividend:			
Amount	68,000	93,500	92,225
Earned per cent.	11.19	16.54	13.40
Paid per cent.	5	7	7
Deferred dividend	22,667	31,167	30,742
Paid per cent.	14½	19½	19½
Written off preliminary expenses	46,325	92,651	...
Written off cost of acquisition of new business	4,031	4,031	31,665
Development account	...	35,000	25,000
Inc. or dec. in carry-forward	+11,292	-38,387	-3,055

In the circumstances the directors consider the year's results not unsatisfactory. Extensions in Dublin are under consideration, while the additions at Smethwick are proceeding according to plan. The biscuit branch is showing encouraging results. During the year freehold land and buildings rose in the balance sheet by £23,671 and plant by £4,076. Together with a loan of £45,900 made during the year to a subsidiary, these factors have combined to reduce the bank balance by £50,915 to £41,736. Investments at market value are shown at £89,479, or £35,716 less than twelve months previously. The loan from bankers has been increased by £14,349, while creditors are reduced by £6,938 to £61,690. The £1 ordinary shares, secured by tangible assets of 9s 11d., yield £11 4s. 11d. per cent. at their present price of 13s. 3d. per share.

The Rand Midsummer Dividends.—Our Mining correspondent writes:—Taken as a whole, the dividends of the Witwatersrand Gold Mining Companies for the half-year just ending must be written down as uninspiring. Some months ago much was heard of the benefit to gold producers of the fall in commodities generally; but, up to the present, this favourable factor has failed to find any marked reflection in the cost ratio. Indeed, the full statistics of production for April show an average of 20s. 1d. per ton, the same as in April, 1930. For each month of the current year to April the average has ruled above that of last year—19s. 8d. A partial explanation is that some companies have taken advantage of the labour position to carry out an abnormal development footage, the fruits of which will be reaped later on. Still, shareholders who have been looking for increased distributions forthwith will probably not regard the explanation with enthusiasm.

Castbury
Maker
of Fine Chocolates.

In the case of the Rose Deep the question of a dividend has been deferred until the close of the year, capital expenditure being envisaged. Doubts as to the policy of the "Johnnies" Company have been set at rest by the declaration of 7½ per cent. less tax. For the six years ended June, 1929, 15 per cent., tax free, had been disbursed. The position of the company in regard to its diamond and Rhodesian interests entailed what was described as the deferment of the interim dividend for 1930-31, and in some quarters nervousness was felt as to whether any payment would be made in respect of the current year. These fears were not entirely without foundation, for to permit the disbursement now announced it has been necessary to write off £400,000 depreciation from reserves. The New Era returns to the list with a reduced distribution, but the directors of the Anglo-American Corporation of South Africa consider it necessary to defer payment of the interim dividend on the preference stock. Our usual table is given:—

Company.	Total, 1929.	June, 1930.	Dec., 1930.	Total, 1930.	June, 1931.
Brakpan	48½	21½	22½	43½	20
Consol. Main Reef	10	3½	6½	10	6½
Crown Mines	65	32½	35	67½	35
Durban Deep	...	2½	5	7½	7½
Geduld Proprietary	31½	16½	16½	32½	16½
Geldenhuis Deep	5	3½	5	8½	5
Government Areas	90	45	45	90	45
Langlaagte Estate	15	10	10	20	10
Modderfontein "B"	80	40	40	80	30
Modderfontein Deep	135	65	65	130	60
Modder East	20	20	10	20	10
New Modderfontein	140	67½	65	132½	60
New State Areas	12½	7½	10	17½	10
Nourse	2½	2½	3½	6½	3½
Robinson Deep	...	...	...	7½d.	4½d.
Rose Deep	...	2½	2½	5	...
Simmer and Jack	...	...	...	1½d.	...
Springs Mines	36½	17½	20	37½	18½
Sub Nigel	40	20	30	50	30
Van Ryn Gold	5*	2½*	2½*	5*	2½*
Van Ryn Deep	35	15	15	30	12½
West Springs	10	5	5	10	3½
Witwatersrand Gold	2½	5	5	10	2½
Johannesburg Consol.	15	7½	...	7½	7½
New Era Consol.	10	...	...	...	5
Rand Mines	100	50	40	90	40

* Tax free.

This table does not include declarations made at dates other than June and December.

In a number of cases the improved rates paid for the second half of 1930 are maintained in respect of the first half of 1931. A prominent example of this is furnished by the Sub Nigel. Some optimists, however, had been looking for a renewed expansion. The monthly profits of the Crown Mines had certainly afforded ground for the

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expectation of a fresh increase in the rate, but the directors have chosen to follow a conservative policy. Durban Deep stands out by declaring as much for the current six months as was paid for the whole of 1930. Reductions in the distributions of the Modder B, New Modder and Van Ryn Deep had been foreshadowed by the trend of the monthly returns, although a cut of 5 per cent. in the Modder rate had scarcely been looked for. The announcement by the Robinson Deep B of only 4½d. per share came as a distinct disappointment. True, the returns had shown some falling off; but, at the annual meeting, held in April, the chairman had spoken in terms generally interpreted to indicate the probability of an improvement upon the 7½d. paid in respect of the period following the reorganisation of the "B" capital—about nine months.

Vereeniging Estates.—Our mining correspondent writes:—Having regard to the conditions which prevailed in South Africa as well as elsewhere last year, it is no matter for surprise that this undertaking should have experienced a setback. The net profit amounted to £161,830, comparing with £201,500 in 1929 and £184,200 in 1928, but representing a substantial advance upon the results for earlier periods. A balance dividend of 5 per cent. is declared, making a total of 10 per cent., as against 12½ per cent. for each year from 1926 to 1929 inclusive. In the latest period coal output and sales were well maintained, while good progress was made by the forests and orchards. On the other hand, the farming profits fell off, and the condition of the building and allied trades found reflection in the sale of bricks. The farms now figure at £522,000; estates, etc., £374,300; collieries, £1,190,000; industrial interests, £220,100. As usual, the cash balance is small. Pending the issue of the new £650,000 of 6 per cent. debentures, advances to the amount of £125,100 have been obtained against security. Out of the former sum £350,000 of 7 per cent. debentures is due to be repaid on June 30th; the balance is wanted for new equipment at the Cornelia Colliery and other matters. The company is a well-managed undertaking, and stands to benefit quickly from any improvement in general conditions.

Company Meetings of the Week.—On later pages of this issue will be found the reports of the following companies:—Banco do Brasil, Ottoman Bank, Bank of British West Africa, Bleachers' Association, J. Lyons and Company, British Empire Trust, British Electric Traction, Harland and Wolff, Union Corporation, George Newnes, Henderson's Transvaal Estates, Shell Transport and Trading, Boots Pure Drug, General Mining and Finance Corporation, United Kingdom Tobacco, Beechams Pills, and Scribbans and Company. At the annual meeting of J. Lyons and Company the chairman informed shareholders that during the year they had served in their restaurants, corner houses and tea shops over 160 million meals. This only accounted for a portion of their business, as a very large amount of their turnover was in sales to shopkeepers of similar products to those which were sold in their own shops, and which were produced in their bakeries, kitchens and the ice cream department at Cadby Hall, and in sales of tea, coffee and confectionery. Presiding at the annual meeting of Bleachers' Association, Sir Alan Sykes said that trade with India had become progressively worse throughout the year, the maximum decline being reached in the third quarter, when exports were 67 per cent. less than in the corresponding period of the previous year. For the whole year their exports to this market showed a decline of 54 per cent. from the previous year, or 60 per cent. when compared with 1928-29. At the annual meeting of Union Corporation the chairman said that though the British Enka Artificial Silk Company had again made a considerable loss it was producing rayon of as high a quality, and probably as cheaply, as that of any other manufacturer in England.

CAPITAL ISSUES.

ISSUES OF THE WEEK.

By Prospectus or Offer for Sale.

Net total recorded, excluding conversion, January 1 to June 20, 1931, £88,873,491.
Total, including conversion, recorded January 1 to June 20, 1931, £98,770,476.

National Savings Certificates.
Net sales, week ended June 20, 1931, £400,000.
Total receipts, April 1, 1931, to June 20, 1931, £3,750,000.

To the Public.	Nominal Capital.	Conversions or Re-payments.	New Money Cash Subscriptions.	First Payment.	Further Liability.
To Shareholders only.	Nil	Nil	Nil	Nil	Nil
Total Offered for Subscription—Including Conversions.	Nil	Nil	Nil	Nil	Nil
Jan. 1 to date—£	99,170,476	89,273,491	1930	454,888,784	267,800,700
1931	245,907,847	168,655,573	1929	488,764,940	285,239,400
1929	205,719,134	174,393,534	1928	693,100,056	369,058,073
1928	...	244,762,793	1927	...	355,165,970
1927	...	207,563,814	1926	...	230,782,600
1926	...	122,745,363	1925	...	232,214,500
1925	...	114,061,974	1924	...	209,326,101
1924	...	114,575,914	1923	...	271,399,173

Nature of Borrowing.

January 1 to date—	Debt, Bonds, &c.	Preference Stocks and Shares.	Ordinary Stocks and Shares.	Total.
1931	68,916,924	5,832,786	14,523,781	89,273,491
1930	137,679,594	13,774,987	18,100,992	169,555,573
Whole year—	227,658,500	15,548,800	24,593,300	267,800,600
1929	137,670,300	31,543,400	116,025,700	285,239,400
1928	218,817,300	45,062,600	111,177,600	369,058,100
1927	228,958,000	36,836,600	89,371,400	555,165,000
1926	145,180,000	39,393,200	46,209,400	230,782,600

By Stock Exchange Introduction.

Amount previously recorded	Amount of Capital Introduced.	Prices at which Dealings Began.	Total Cash Involved.
George Beer and Rigden, £250,000 5½%	250,000	102	255,000
Deb. Stk. at par.	250,000	...	255,000
Total for week ended June 27, 1931	250,000	...	255,000
Total to date, 1931	6,547,183	...	6,876,940
Total to date, 1930	15,703,378	...	17,383,957

Particulars of the following have been issued "for information only" with a view to Stock Exchange introduction. Ascot District Gas and Electricity Co. Particulars of £50,000 5 per cent. Perpetual Debenture Stock.

[Other Stock Exchange information, including the latest weekly traffic returns, summary of balance sheets, reports and notices, and profit and loss figures, will be found on page 1414 under the heading "Company News."]

OIL OUTPUTS.

THE BRITISH BURMAH PETROLEUM COMPANY, LIMITED.—A cablegram has been received from Burma reporting the production of crude oil by this company for the month of May as 30,354 barrels.

BRITISH CONTROLLED OILFIELDS, LTD.—Production for the week ended June 17: Venezuela, 34,208 barrels; Trinidad, 24,656 barrels; total, 58,863 barrels.

Grace National Bank

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148 Leadenhall St.

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DIVIDEND ANNOUNCEMENTS.

Name of Company.	Rate % per Annum, except where marked % or Stated in Cash.	Interim div. †	Final div.	Dividend for Whole Year.
Interim or Final.	Date of Payment.	Method of Payment.	Latest Year.	Previous Year.
RAILWAYS.				
South Behar Railway	5*	July 15	...	%
BANKS.				
Ottoman Bank	...	...	3/- p.s.	5/- p.s.
TEA AND RUBBER.				
British Indian Tea	7½%†	...	...	10
Dhondia Tea	10%†	...	...	15
Highlands Ceylon	...	...	...	10
Scottish Assam Tea	...	...	Less tax	5
United Planters of Ceylon	1½%†	...	...	4½
MINING.				
Apex Mines	5*	...	...	3½
Transvaal Gold Mining	...	...	...	5
Wankie Colliery	5%*	July 3	...	...
West Canadian Collieries	1½%†	...	...	...
OTHER COMPANIES.				
Aberthaw & Bristol Channel, &c.	3%†	...	Less tax	6
Alex. Findlater and Company	...	...	...	5
Argentine Industrial	...	...	...	7
Australian Agricultural	1/6 p.s.†	July 17	Tax free	2/6 p.s.
Barclay Perkins	7½%†	...	...	11
Berry's Electric (1928)	...	...	Tax free	2½
Blockbros Brewery Investment	3%†	...	...	6
Buckley's Brewery	8%†	...	...	10
Carlton Main Colliery	...	...	...	2½
Clapton Stadium	10%*	July 23	...	...
Clark's Bread	7½%†	...	...	15
Consolidated Spaniards Ore	22½%†	Aug. 15	...	32½
Cork Manufacturing	5%†	...	...	7½
Electric & General Investment	...	...	...	10
Def.	...	...	...	1/- p.s.
Estates Control	...	...	...	75
Foster Clark	12½%*	July 1	...	10
General Electric	...	...	...	14
Gro. Bassett and Co.	12½%†	...	...	20
Gravesend Steel	...	...	...	1/- p.s.
Glasgow Greyhound Racecourse (Def.)	...	...	...	10
Greenwood and Batley	2½%†	...	...	...
Guildhall Trust	2%*	June 30	...	...
Hardy's Crown Brewery	7/- p.s.†	...	...	16/- p.s.
Hollie Bros. and Company	...	...	...	24
John Harper and Company	...	...	...	7
J. F. and H. Roberts	3½%*	...	...	...
J. W. Cameron and Company	7%*	...	...	17
Leinster Brewing & Malting (Def.)	...	...	...	20
Lennards	5%*	July 1	...	...
Liebig's	5%*	...	Tax free	...
Longa Electricity and Chemical	5%†	July 1	...	8
Metal Box	...	...	...	12½
Ohlsson's Cape Breweries	...	...	...	10
Patons and Baldwin	...	...	Tax free	2½
Peel River Land and Mineral	3%*	July 21	...	...
Philip Harris and Co.	15%†	...	Tax free	45
Reeves and Sons	5½%†	...	...	8
Ribble Motor Services	...	...	...	10
R. H. and S. Rogers	2½%*	...	...	...
Scottish Central Invest. Trust	2½%*	July 15	...	...
Scottish Cities Investment	7½%†	...	...	6
Spiers and Pond	8%†	...	...	14
Standard Trust	4%*	July 15	...	10
Stanton Ironworks	...	...	...	3
Trust of London and Scotland	...	...	...	4
United Velvet Cutters	...	...	...	6½
Victoria Falls & Transvaal Power	12%†	...	...	15
Wells Gas Light	2½%†	...	...	5
West Midland Sugar Co.	...	...	Tax free	10
White, Tomkins and Courage	...	...	...	10
William Murray and Company	10%*	July 1	...	10
Wm. Mowat and Sons	...	...	...	10

ANGLO-AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.—The board of directors consider it advisable to conserve at the present time the cash resources of the Corporation and have, therefore, decided to defer the payment of the dividend on the six per cent. cumulative preferred stock for the six months ending June 30, 1931.

AUSTRALIAN ESTATES AND MORTGAGE.—In December last the directors decided to postpone consideration of the payment of the dividend on the £500,000 of 6½ per cent. cumulative preference share capital for the half-year to December 31 last until they had before them the completed accounts. They now announce that, after carefully considering the accounts for the past year, they have decided to make no payment at the present time. The same considerations will require the postponement of payment of the preference dividend for the half-year ending June 30, 1931.

THE INDIA RUBBER, GUTTA PERCHA AND TELEGRAPH WORKS COMPANY, LTD.—In reviewing the company's progress during the first half of the current financial year, the directors are pleased to note that the effects of re-organisation are becoming increasingly apparent. They regret, however, that the results of the half-year's trading do not yet warrant the payment of the arrears of dividend due to the preference shareholders nor the further half-year's dividend due to them on the 1st proximo. It has been decided that the company's financial year shall terminate at September 30th in this and each succeeding year, thus reverting to their former practice.

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LTD. (Incorporated in the Union of South Africa).—The directors have declared a dividend of 7½ per cent. (1s. 6d. per share), less British income tax, for the year ending June 30, 1931, payable to all shareholders registered on the company's books at that date. The directors have pleasure in stating that the gross profits of the company have been well maintained. In view of the abnormal depreciation in the market value of certain of the company's shareholdings, the directors have decided to provide such part of this depreciation as has not been met out of profits by an allocation of approximately £400,000 from the company's reserve fund. The transfer books of the company will be closed from July 1 to July 10, 1931, both days inclusive. The dividend will be payable on and after September 10, 1931.

REGG CLOTHIERS, LTD.—Although the general trend of the trading for the first half-year shows a distinct improvement, the directors feel that, while there continues the uncertainty as to prices both of raw materials and finished goods, it would be prudent to postpone again the payment of the dividend on preference shares until the full year's accounts can be taken.

SINGLO TEA COMPANY, LTD.—It has been decided to pay on July 1, 1931, the half-year's preference dividend on the 6½ per cent. preference shares of £1 each of the company. The accounts as at June 30, 1931, are not yet audited, but it is not expected that it will be possible to make any further payment to the ordinary shareholders on account of the year 1930. The preference transfer books will be closed from June 22 to 27, 1931, both days inclusive.

ANNUAL REPORT OF THE BANCO DO BRASIL FOR 1930.

The following is a brief summary of the Annual Report of the Banco do Brasil for the year 1930, placed before the General Meeting of Shareholders on April 30, 1931.

After referring to the world crisis, which has seriously disturbed the economic life of Brazil and increased its already burdensome interior difficulties, the Chairman of the Banco do Brasil, Senhor Augusto Mario Caldeira Brant, mentioned two factors of great importance which have contributed largely to Brazil's economic depression, namely: the over-production of coffee and of home manufactured textiles, which has deprived other national industries of manual and financial support, attracting labour and capital to an artificial boom, the nefarious conditions of which are now being felt. These vast coffee plantations and the rapidly multiplying textile factories erected under the protection of high tariff walls are not considered a genuine source of national prosperity by sound economists, since they have resulted in a surplus of coffee, stored at inflated and almost prohibitive prices, and the textile factories, overstocked with goods produced at exorbitant cost, which were compelled to restrict production. The countless workers who abandoned stable industries attracted by a mirage of sudden wealth are now impoverished, and, in the opinion of the Chairman, "the task of the second Republic will be to liquidate this inheritance of errors, to renounce regional opinion and the policy of premature industrialization of the country, and to re-establish the free play of economic laws."

Caixa de Estabilização.

Continuing his report, the Chairman said:—"At the commencement of last year Brazil had £30,000,000 in the Caixa de Estabilização and in the Banco do Brasil. The predominating opinion in the entourage of the ex-President of the Republic—an opinion tending traditionally towards inflation—did not enable the country to avail itself of the opportunity of establishing the conversion of the national currency. The twenty million pounds sterling received between 1927 and 1929 would have been better applied had they been added to the ten millions held by the Banco do Brasil to back the circulation of 2,570,000 *contos* instead of being devoted to an inflation of 800,000 *contos*. Such a cover, amounting to 46 per cent., could have been turned into conversion purposes after a period of from one to two years. The contraction of currency which would have resulted from the withdrawal of so much paper money per £ exported, supported by a sound and well-advised discount rate policy of the Banco do Brasil, would have certainly diminished the difficulties of the position which has arisen and saved part of the gold deposit necessary for the rehabilitation of our currency. The Caixa de Estabilização created two circulations within watertight compartments. The Banco do Brasil, deprived of natural means of defence, was perforce relegated to an attitude of expectancy. The Gresham Law operated without let or hindrance. . . ." This is described as a "régime of inflation," attended by a demand for more paper money and by legislative measures calculated to stop the exportation of capital, to restrict the importation of certain products and to curtail exchange operations.

Relations with the Treasury.

"The difficulties in which the late Government found themselves brought about the renewal on the 11th of October of the agreement dated April 24th, 1923, between the Treasury and the Banco do Brasil.

"On that date the Treasury owed the Bank 517,563:134\$731, debit balance on account of future revenue and of bills for collection, due and unpaid. In this emergency, the Treasury took up the Bank's issue amounting to 592,000 *contos*, the redemption and conversion fund, including the remaining share of the reserve applicable to this fund in accordance with Clause 3 of the 1923 agreement, being shared between both parties as stipulated. The agreement being rescinded before the term of ten years, the Bank was freed from the obligation of re-selling to the Treasury, at the same price, the £10,000,000 received from the latter in payment in 1923. As a result of these operations, the Treasury was credited with 706,394:982\$954, with which it paid the Bank, remaining with a credit balance of Rs. 188,831:848\$223, of which it disposed to meet its needs.

"With reference to the above operations, it should be observed that if, on the one hand, the Bank was compelled to advance a payment of 706,000 *contos*, thus depriving itself of these funds for the remaining term of the agreement and the subsequent period devoted to liquidation, it was able, on the other hand, to dispose of means which allowed it to strengthen to a considerable extent its reserve fund and to carry over, in accordance with the Government, the sum of 70,000 *contos* to the special liquidation fund formed to meet eventual losses. In this manner, the Bank consolidated its position considerably.

"On the 17th of October the Government duly authorised an issue of 300,000 *contos*, of which the Bank issued 120,000 *contos*, backed by £1,000,000 and a further 80,000 *contos* on its own securities. The governing Junta authorised a second issue of 50,000 *contos*, the amount issued thus totalling 170,000 *contos*. As there was still a shortage of export bills which forced a downwards tendency in the rate of exchange, the Government liberated the £1,000,000 security, fixing the redemption of the issue by the Bank in six years, by means of minimum half-yearly payments of 25,000 *contos*.

"By a decree dated November 22nd of last year, the Government suspended the operations of the Caixa de Estabilização and

the issue and redemption of notes, which services, when re-established, will be carried out by means of bills drawn at sight on London by the Banco do Brasil. The functions of the Caixa de Estabilização, as determined by Law No. 5,108 of 1926, were therefore transferred to the Banco do Brasil, and it is of course clear that this Bank will not be able to exercise such functions until the value of the national currency does not return to that fixed by the above-mentioned Law."

Position of the Banco do Brasil.

Referring to the position of the Banco do Brasil, the Chairman said:—

"The net profits of the Bank in 1930 were Rs. 59,480:515\$840, of which total Rs. 39,310:608\$240 corresponded to the first half-year and Rs. 20,169:907\$600 to the second. The Agencies contributed Rs. 13,776:326\$486, of which Rs. 8,846:701\$865 corresponded to the first half-year and Rs. 4,929:624\$621 to the second. The net profits of the Bank in 1929 being Rs. 71,105:009\$312, the profits for the year under review show a decrease of Rs. 11,624:493\$472. This decrease was, however, compensated as follows:—

"(a) The Reserve Fund, which totalled Rs. 157,965:587\$356 on the 31st of December, 1929, reached Rs. 208,308:621\$895 at the end of 1930, thus showing an increase of Rs. 50,343:034\$539;

"(b) In order to meet possible working losses and to eventually eliminate previous transactions from the credit side, the following amounts were carried over to a special fund: Rs. 28,005:161\$881 in 1929 and Rs. 90,233:783\$687 in 1930, that is, Rs. 62,228:621\$806 more during the past year.

"In this wise, although the net profits for 1930 were below those corresponding to 1929, the position of the Bank improved greatly, not only owing to the increase of Rs. 50,343:034\$539 to its Reserve Fund, but owing to the healthier condition of its credit side arising from the increase of Rs. 90,233:783\$687 in the above-mentioned special fund.

"In accordance with the contract signed in October, 1930, whereby the Federal Government made itself responsible for the Bank's issues, the former will receive for the liquidation of the redemption fund and the conversion of paper money, Rs. 114,394:982\$954, from which will be deducted Rs. 70,000:000\$000 (which will be added to the amount of Rs. 90,233:783\$687 before mentioned) to attend to eventual losses, the balance remaining being added to the reserve fund. On the other hand, the gold deposited in the Caixa de Amortização being liberated (£10,000,025 lls. 0d., represented by Rs. 300,000:766\$510 in the statement of accounts for the year ending December 31st, 1929), the Bank decided to export this gold to cover the deficiency on export bills. As a result of these operations the entries described as 'Gold deposited in the Caixa de Amortização' and 'Fund for the redemption of paper money,' which figured in the statement of account for the year ending December 31st, 1929, for Rs. 300,000:766\$510 and Rs. 123,354:334\$568 respectively, did not appear in the statement of accounts for the year ending December 31st, 1930.

"At the end of December, 1930, the amount in circulation totalled Rs. 170,000:000\$000, out of which Rs. 120,000:000\$000 were issued by order of the late Government and Rs. 50,000:000\$000 in virtue of a resolution passed by the governing body which preceded the present Provisional Government.

"The loans, which totalled Rs. 1,440,227:458\$292 on December 31st, 1929, showed a decrease of Rs. 116,396:042\$135 during the following year. This decrease was due to the liquidation by the Federal Government in October, 1930, of notes issued by that Government to the value of Rs. 145,518:600\$070 which figured in the Bank's accounts before the 31st of December, 1929.

"The deposits, which totalled Rs. 7,679,493:658\$250 on December 31st, 1929, decreased to Rs. 1,331,119:262\$845, thus showing a decline of Rs. 348,374:395\$405 which took place in October, 1930, when the Federal Government withdrew the amount deposited in order to contribute its obligatory share to the fund formed for the redemption of paper money.

"The cash balance, which totalled Rs. 689,896:298\$877 on the 31st of December, 1929, decreased to Rs. 323,292:868\$473 at the end of 1930, thus showing a decline of Rs. 366,603:430\$404, but it must be remembered that the percentage of entries in relation to deposits for the year ending December 31st, 1929 (i.e., 41 per cent.) was too high. The same percentage for the year ending December 31st, 1930 (24 per cent.), showed a return to normal conditions. The dividend corresponding to 1930 was as usual, both in the first as in the second half-year.

"During 1930, ten new Agencies commenced operations, five in the State of São Paulo (Botucatu, Pirajui, São Carlos, Sorocaba and Taubaté), three in Rio de Janeiro (Barra Mansa, Itaperuna and Valença), one in Santa Catharina (Itajahy), and one in Matto Grosso (Ponta Porã).

After acknowledging the valuable services rendered to the Banco do Brasil by the Fiscal Council, the Chairman ended his Report with the following tribute to Sir Otto Niemeyer:—

"I do not want to end this Report without expressing the pleasure afforded us by the presence in this city of Sir Otto Niemeyer, who, at the invitation of the Provisional Government, has lent his valued co-operation and counsel and his universally acknowledged competence to the financial reconstitution of the country."

COMPANY MEETINGS, &c.

THE OTTOMAN BANK.

EXCEPTIONALLY DIFFICULT YEAR.

CONDITIONS IN TURKEY AND NEAR EAST.

SIR HERBERT A. LAWRENCE'S REVIEW OF POSITION AND PROSPECTS.

The annual general meeting of shareholders of Ottoman Bank was held, on the 23rd instant, at Winchester House, Old Broad Street, London, E.C.

General the Hon. Sir Herbert A. Lawrence, G.C.B., presided.

The secretary (Mr W. P. Sheppard) having read the notice convening the meeting,

The Chairman said:—Ladies and gentlemen,—I have been informed that this meeting is properly constituted, and I presume that it is your pleasure that the report and balance sheet circulated among you should be taken as read. (Agreed.)

Before referring to business matters I have to report with the deepest regret that since the beginning of the present year we have lost the oldest member of our committee, M. Arsène Henry, nominated counsellor of the bank in 1907 and member of the committee in 1911. For nearly 25 years M. Henry gave us the benefit of an authority and experience acquired in the course of a brilliant administrative and diplomatic career. Your committee ask you to join them in expressing their sincere regret.

I must also mention the death, in November last, of M. Albert Mirabaud, who from 1907 to 1919 was a colleague whose sure judgment and conscientiousness we shall not easily forget.

Another of our colleagues, the Earl of Bessborough, has resigned his seat following his appointment as Governor-General of Canada. I do not doubt that I interpret your sentiments aright in addressing to the new Governor-General the congratulations of this meeting and our regrets at losing his services in the Ottoman Bank.

YEAR'S RESULTS.

You will observe that the net profits realised in 1930 show a decrease of £100,000 in comparison with the fairly constant figure of the last few years. We can, however, only feel satisfaction that your establishment has passed through an exceptionally difficult period without worse results, and has succeeded in keeping intact its resources for a more favourable period in the future.

The crisis, severe throughout the world, was felt to the full in the countries of the Near East where our business is carried on. These countries have few industrial resources or reserves of capital to offset the fall in those commodities and agricultural products which are the sources of their revenue. The rural populations experience the greatest difficulty in finding remunerative prices for their crops of cereals, tobaccos and cotton, and find their purchasing power restricted. Stocks accumulate in the hands of the importers of manufactured goods, with bankruptcy as a frequent result. The assistance asked from the banks is no longer the normal financing needed for the agricultural or commercial campaign, but a means of carrying over unsold stocks in the hands of producers or intermediaries.

NECESSITY FOR CAUTION.

Never have conditions imposed on the banks the necessity for greater caution in the granting of new credit, or more constant watchfulness over risks already assumed.

For our part, we have considered it essential, for the credit of an establishment receiving public deposits in territories so extensive and widespread as our own, to keep a central reserve, powerful enough, in all circumstances, to meet the emergencies of so disturbed a situation. In other words, our main preoccupation has been the maintenance of a safe liquidity.

It is clear that this policy involved our keeping important funds in a form which could be rapidly realised. Coupled with the extreme and almost universal cheapness of short money, it was, therefore, inevitable that our profits would be reduced. Nevertheless, the justification of this policy at the present moment, and its merits so far as the future is concerned, are so evident that it cannot fail to meet with your approval.

CONDITIONS IN TURKEY.

With this general survey, which applies to all our groups, I may touch briefly upon the conditions of particular spheres of action

Nowhere has the business of banking met with greater technical difficulties than in Turkey. The Turkish pound is one of the few currencies which have not yet been stabilised and which cannot freely be exchanged against other currencies. So long as this continues a current of capital between Turkey and abroad is impossible, as the incoming of capital is paralysed by the exchange risk, while its outgoing is restricted by the Turkish law of February 20, 1930, and subsequent decrees. The Turkish money market, therefore, is isolated; and the monetary circulation has a rigidity which hampers the action of the banks. Moreover, the economy of the country is purely seasonal.

From September to December, when instruments of credit are needed to move the crops and to finance the business of export, this rigidity is highly detrimental, though the consequences are most felt in the years of abundant agricultural production, as was the case in 1930.

SATISFACTORY CROP YIELD.

Apart from raisins, figs and cotton, which show a decrease in the hinterland of Izmir and in the zone of Adana respectively, the last crop has been favoured by the weather and shows a very satisfactory yield. Cereals are estimated at more than 200,000 tons in excess of 1929, tobacco 45,000,000 kilograms against 35,000,000, and nuts 50,000 tons, against a complete failure of the crop in the previous year. Unhappily, the low world prices in conjunction with high costs of production made it impossible for the cultivator to reap sufficient profit to free himself from old debts. The result has been a very difficult situation for the producing regions, and for most of the banks inevitable immobilisations, especially in Cilicia.

I would mention as symptomatic of general conditions in Turkey the multiplication of bankruptcies in Istanbul and Anatolia, a decrease of 15 per cent. in the movement of the Clearing House, and the heavy fall in fiscal receipts, in view of which the Government has reduced its Budget for the year 1931-32 from £T.222,000,000 to £T.189,000,000.

In these circumstances the necessity of reducing the bank's business programme in Turkey and the impossibility during the dead season of using available funds have weighed on the results of our Siège Central and the Turkish branches.

NEED FOR A STABILISED CURRENCY.

As you see, the lack of a stabilised currency is in constant conflict with the needs of the country, and difficulties will continue until a legal stabilisation, supported by adequate resources in foreign currencies, restores the Turkish pound to the world of sound currencies.

So far as we are concerned, we have given our assistance to the Turkish authorities by keeping at the disposal of the Treasury facilities in foreign currency in excess of our concessionary obligations; we have joined the Consortium of Banks, and we are participating in the capital of the Central Bank, the creation of which, voted on June 11, 1930, is on the point of becoming an accomplished fact.

Last autumn the necessity arose of preventing a rise in the Turkish pound, which would have been prejudicial to the national economy. We accepted from the Government the mission of putting into temporary circulation from the reserve stock the Treasury notes necessary to absorb the excess of foreign exchange offered by exporters. Week by week we publish the number of notes issued and the amount of exchange purchased, which remains locked in our till, the control of these two figures guaranteeing that the operation with which we are charged is a seasonal measure and not a means of inflation.

This operation permitted the accumulation in the space of four months of a reserve of more than £1,000,000. To-day this is almost entirely exhausted, but the measure sufficed to keep the variations of the Turkish pound within extremely narrow limits around the rate of 1,030 piastres to the pound sterling, which was reached after the great crisis in exchanges in November, 1929.

The stability was considerably favoured, however, by various chance factors, such as the contraction of 45 per cent. in imports, an advance of \$10,000,000 obtained against a concession of the match monopoly, and the practically complete suspension of transfers for the external debt.

When these factors cease to exercise their influence, Turkey will again have to face the fundamental problem of balancing its accounts.

EGYPT AND PALESTINE.

Business in Egypt has been very restricted. The fall in the price of cotton weakened the purchasing power of the country, and its commercial balance was affected. At the end of 1930 imports figured at £E.47,000,000, against exports £E.31,000,000. In 1929 imports for the same period amounted to £E.56,000,000 and exports to £E.52,000,000.

The general depression has naturally had an adverse influence on the business of all banking establishments.

As you will have seen from the press, we unfortunately suffered a loss through forgeries and defalcations in Egypt. Other establishments were similarly victims of these forgeries. Our loss was £38,880, which sum has been provided for out of provision for contingencies.

In Palestine the trade depression continued throughout 1930 and general conditions were unsatisfactory.

The construction of Haifa Harbour progresses steadily, and a desert railway survey was taken in hand last November. Conventions with the Iraq Petroleum Company for the construction of a pipeline from Iraq to Caiffa were signed last January by the Palestine and Transjordan Governments.

IRAQ AND PERSIA.

Iraq also has had to face the heavy fall in the world prices of her products, and business of all kinds has been affected.

The Government has rendered valuable assistance to agriculture by remitting taxes and by making advances to cultivators.

The capital position of the Iraq Government is considered favourable in that they have no public debt, internal or external, and important public works in recent years have been constructed without recourse to borrowing.

The project to introduce a national Iraq currency based on sterling has been advanced by a report from Sir Hilton Young. The project follows approved lines; its convertibility into sterling is to be secured by the maintenance of an actual sterling reserve, and the unit is to be the dinar with an exchange value of £1 sterling. It is hoped to introduce this currency towards the end of 1931.

In view of the increasing importance of Kirkuk, the bank opened a branch there in January, 1931.

In Persia our branches have been handicapped by the dislocation of business resulting from the break in the kran exchange in the early part of the year.

In March, 1930, the Persian Government took steps to fix the exchange rate at the arbitrary figure of kran 60 to £1 sterling, and all exchange operations came under the control of a Commission in Teheran established by the Government. In February, 1931, the official rate was again altered to kran 90 to the pound sterling.

In January of this year a sub-branch of our bank was opened at Sultanabad, the centre of the carpet industry in the neighbourhood of Hamadan.

OTHER SPHERES OF ACTIVITY.

Our secondary branches in England and France have each suffered from the crisis peculiar to their respective regions:—Stagnation of the cotton industry at Manchester, the crisis in colonial produce at Marseilles, the low price of cereals and olives in Tunis, and the decrease in tourist traffic at Nice.

Our London and Paris offices suffered from the cheapening of the rates for short-term loans.

The Levant States under the French Mandate in some degree during 1930 escaped the general distress, and our filiale, the Banque de Syrie et du Grand Liban, succeeded without difficulty in maintaining its dividend at 11 per cent. The circulation of its notes, a legal currency based on the French franc, showed an increase of more than one-third—from 174,000,000 frs. to 234,000,000 frs.

In Yugoslavia there was a fall in the price of cereals, but the country sold its cattle and fruit under good conditions, and the monetary stability has just been secured by a legal stabilisation.

The results of the Banque Franco-Serbe, which was reorganised two years ago under our auspices, have permitted the distribution of a dividend of 5 per cent.

Our more recent creation, the British-French Discount Bank, Limited, carries on, as you know, business in Athens and the Piræus.

In the present state of the Greek market the bank could not, with prudence, have any other aim than to secure its position for the future. A prudent management has brought it safely through the many failures which occurred in the course of the year. Its profit and loss account shows a small credit balance which the general meeting held to-day has decided to carry forward.

In Macedonia the Oriental tobacco market remains dangerous. The same restrictions of credit have been imposed on the two branches of our establishment at Salonika and Kavalla.

I regret that I cannot speak any more favourably either of Roumania, where we are interested through the Bank of Roumania, Limited, or of Cyprus, where we are interested both through our own branches and the Agricultural Bank of Cyprus, Limited.

In these places, as in others, it is useless to look for profits until there is an improvement in world conditions.

PROFIT AND DIVIDEND.

Before submitting the balance sheet to your approval, I would remark that it has been prudently drawn up, in accordance with our traditions. Those assets which through the exigencies of our business have been invested and kept in currencies other than those of the balance sheet have been converted into pounds sterling at the rate of December 31, 1930.

As drawn up, the accounts for the year 1930 show a balance of £110,952. With the amount brought forward of £27,319, the total at our disposal amounts to £138,271. To adhere as far as possible to the policy followed since 1926, we propose to you that this sum should be divided into two parts; the first, of £75,000, will be distributed to you, and represents a dividend of 3s. per share; the second, of £40,000, will serve to strengthen our provisions for eventualities. If you are so good as to follow our recommendations, the dividend will be payable on June 29 at Istanbul, London, and Paris, free of all tax in Paris, and there will remain a sum to be carried forward of £23,271.

In order to fill the vacancies which have occurred in your general committee, we have called on M. Roudy, one of the managers of the Banque de Paris et des Pays Bas, an establishment with which we have close relations, and Sir Gordon Nairne, whose past connection with the Bank of England will be known to all of you.

You will be asked to ratify these elections, and to re-elect those members whose mandate expires this year.

Finally, it is an agreeable duty to address in your presence to the staff of the bank, both at home and abroad, an expression of our satisfaction and thanks.

THE RESOLUTION.

I now beg to move: "That the report and accounts now read be received and adopted; that the dividend for the year ended December 31, 1930, be fixed at the rate of 3s. per share, and that this dividend be payable in Istanbul, London, and Paris on June 29, 1931." Before I put the resolution I am at your disposal to answer any questions which are addressed to me.

M. Charles de Cerjat seconded the resolution, which, in the absence of question or comment, was carried unanimously.

The Chairman next moved: "That M. Anathase Roudy and Sir John Gordon Nairne, Bt., be, and they are hereby, elected members of the General Committee."

Mr A. C. Gladstone seconded the motion, which was unanimously approved.

On the proposition of the Chairman, seconded by Lieutenant-Colonel Sir Albert Stern, K.B.E., C.M.G., it was unanimously resolved: "That M. le Baron Hottinguer, M. le Comte Pillet-Will, and General the Hon. Sir H. A. Lawrence be, and they are hereby, re-elected members of the General Committee."

VOTE OF THANKS TO CHAIRMAN.

Mr Gordon Jacobs.—Gentlemen, before this meeting disperses I should like to propose that a hearty vote of thanks be accorded to the chairman for his very able and lucid speech. That a smaller profit has been earned and a smaller dividend is to be distributed, in these difficult times, is easily understood. The figures placed before us to-day are, I think you will agree, a fine achievement in the circumstances, and we can rest assured that our interests are being well safeguarded. I should like to join with the chairman in an expression of thanks to the management and the members of the staff at home and abroad.

Mr A. Addiscott seconded the vote, which was unanimously accorded, and, the Chairman having made a brief acknowledgment, the proceedings terminated.

BLEACHERS' ASSOCIATION, LIMITED.

YEAR OF UNPARALLELED DIFFICULTIES.

CONDITIONS IN VARIOUS MARKETS.

SIR ALAN SYKES REVIEWS POSITION AND PROSPECTS.

The thirty-second ordinary general meeting of Bleachers' Association, Limited, was held at Blackfriars House, Manchester, on Tuesday, June 23, 1931. Sir Alan J. Sykes, Bart. (chairman of the company), presided, and after expressing his regret for the death of Mr Andrew McNab, one of the original directors of the Association, and the retirement of Mr. George Hamilton, also an original director, the Chairman said:—

When I addressed you last year I pointed out that the financial year 1930-31 had opened under far less favourable conditions than the year 1929-30 with which I was then dealing, and that, unless there was a very marked improvement, it was inevitable that the profits of our business must show further contraction.

Uncertain as the outlook then was, I doubt whether many of us anticipated a continuation of the disastrous decline in prices and the accompanying depression throughout the whole of the past year, and, although I felt obliged to warn you of the probability of less favourable results, I certainly did not at that time think that we should suffer to the extent that we have done.

LARGE DECREASE IN EXPORT TRADE.

The extent of the decline in the volume of our trade is illustrated by the export of bleached cotton piece-goods from the United Kingdom. During the past financial year such exports amounted to 724 million square yards, compared with 1,244 millions in the previous year and 1,376 millions in 1928-29, that is, a decrease of nearly 42 per cent. compared with 1929-30, and more than 47 per cent. compared with 1928-29.

Our export trade in bleached goods in the past year was at a lower level even than in the world slump of 1921, and we have nothing worse on record since the years of the American Civil War of 1861-65.

An output 42 per cent. below that of the previous year is not sufficient to employ one-half of that portion of the capacity of the bleaching industry which is normally devoted to the export trade, and here, in one sentence, you have an explanation of the shrinkage in our profits during the past year.

Reduced exports to Asiatic markets account for 75 per cent. of the total decline in our export trade in bleached goods. Africa accounts for a further 12 per cent. of the decrease, and North and South America for some 6 per cent. or 7 per cent., the balance being almost equally divided between Europe and Australasia.

By far the greater part of the decline in our trade with Asia is to be found in the four principal markets of India, China, the Dutch East Indies and British Malaya, and a brief review of the conditions affecting our trade in those markets will throw some light upon those influences, other than the world depression, to which I have referred.

INDIA.

Trade with India became progressively worse throughout the year, the maximum decline being reached in the third quarter when exports were 67 per cent. less than in the corresponding period of the previous year. For the whole year, our exports to this market showed a decline of 54 per cent. from the previous year or 60 per cent. when compared with 1928-29.

India has suffered a marked decline in purchasing power by reason of the fall in price of her principal agricultural products, as evidenced by an average decrease of 40 per cent. in the declared value of her principal exports between the first quarter of 1929 and the first quarter of 1931. It must not be assumed, however, that the full effect of this reduced purchasing power would react upon India's capacity to acquire imported cotton goods, for within the same period the declared value of such imports also declined by nearly 30 per cent. and our own records of exports to India show a decrease in the average price of bleached goods of rather more than 33 per cent. within the same two years.

Our trade with India has been further hampered by the increase in price due to the higher import duty. Although a slight preference is accorded to British goods, the duty has afforded a further measure of protection to the Indian mills and their production has increased. Japanese competition in this market is becoming more severe and, within the past year, Japan has doubled her imports of bleached goods into India. Signs are not wanting that, unless those responsible for the policy of the trades unions in the different sections of the cotton industry appreciate more fully the seriousness of this country's position, and are courageous enough to bring

plain facts home to those whom they represent, our share of the trade must rapidly diminish, as it already has done in China. If those upon whom this responsibility rests require any backing to assist them in such a campaign, surely this is readily available in the evidence brought back by those who represented their interest on the British Economic Mission to the Far East.

Of the several causes contributing to the serious decrease in our trade with India, the boycott of foreign cloth, and especially British cloth, has been by far the most important. The undertaking that the boycott should not be used as a political weapon has made no appreciable difference in its effectiveness as an instrument for an unwarrantable interference with the liberty of the consumer and for the prejudice of our trade. The value of that undertaking would appear to consist solely in the fact that it affords an excuse to the responsible Government of this country and of India for doing nothing to remedy an intolerable abuse on the grounds that the undertaking is being complied with. That the responsible Government should remain passive in face of a direct attack on British trade, carried out by threats and coercion from a self-constituted organisation, is, to my mind, a cause for legitimate protest.

We are asking for no privilege in India if we suggest that, having regard to what we have done for that country, we are at least entitled to fair play. That is all we do ask, and, until we get it, I can hold out little hope of substantial improvement in our business.

CHINA.

In China, the decline of trade has been relatively greater even than in India, and, in the past financial year, our exports were less than one-third of the volume in 1929-30 and less than one-quarter of that in 1928-29. The immediate cause of this exceptional contraction was the continued fall in the price of silver from an average of nearly 27d. per ounce in 1928-29 to an average of less than 16d. in 1930-31, that is, a decrease of more than 40 per cent. Since March the price has declined still further to a point a little above 12d. per ounce. Circumstances have favoured the cheaper products of the Japanese cotton industry, and it is not surprising to find that imports of bleached goods from Japan have increased during the past year.

DUTCH EAST INDIES AND BRITISH MALAYA.

In the Dutch East Indies and in British Malaya we can attribute the loss of trade, in part, to reduced purchasing power consequent upon the exceptional fall in the price of rubber and, in part, to the increased competition of Japanese cloth.

This survey of market conditions could be extended, but, in almost every case, the story is similar, and I have probably said sufficient to indicate that the past year has been unparalleled in the difficulties which it has produced. The position was not improved by the unfortunate stoppage of work in the weaving section of the industry in January and February, which entailed a marked reduction in the volume of cloth available for process.

ECONOMIES EFFECTED.

Faced with an unprecedented contraction in the volume of our output, our main concern has been to secure the maximum of economy in our costs of production, a task which, as I have said on previous occasions, is by no means easy in a business where fixed and indirectly variable charges (including labour) form so large a part of the total expenditure.

By agreement with our operative employees we have secured a reduction in wages, not to the extent which we had hoped, but, fortunately, without a dispute involving any interference with production, although the prolonged negotiations which were necessary have deprived us of any benefit from this economy in the year under review. In addition to this, a substantial reduction in fees, salaries and standing wages has been voluntarily accepted by every other employee of the association, and in this category we include the chairman and directors, and all the managing staff, but this does not represent the full extent of the sacrifice which has been entailed in many cases where remuneration is based to a considerable extent upon results.

During the past year we have closed three of our smaller works with a view to economy by the concentration of output, and arrangements have been made for three or four more of the smaller and less efficient works to be closed. We have only taken this step after the fullest consideration and with considerable regret, but the present position is so serious and the outlook so uncertain that we must

explore every avenue leading to economy. It is inevitable that the remedies we are compelled to apply should result in the creation of more unemployment, but it cannot be too fully recognised that the rigidity of wages, especially in sheltered industries, and the attempt to maintain a higher standard of living than is justified by the volume of production are the immediate and most potent causes of the high level of prices which is handicapping our export trade. Moreover, the maintenance of a system whereby the proceeds of production are taxed, in order to maintain in idleness those who have been thrown out of work, must entail a permanent contraction in the output of our industries. But if the obvious remedy is to be allowed to function it is necessary that the artificial protection enjoyed by the sheltered industries should be removed.

This handicap of high prices was fully stressed in the Report of the Committee on the Cotton Industry, which was issued during the past year, and has been emphatically endorsed by the recently published Report of the British Economic Mission to China.

You will be aware that the Joint Committee of Cotton Trade Organisations is contemplating steps to effect a reduction in the output capacity of the cotton industry to accord more closely with demand, thus demonstrating in fact the principle to which I have just referred, but progress in these matters is slow, and, in the meanwhile, foreign competition is becoming keener.

THE ACCOUNTS.

The Chairman then referred to the accounts which were presented in the same form as last year, and in which the figures showed little change by comparison with the previous year. The decrease of £136,039 in the value of land, buildings, etc., was accounted for by the fact that the amount of depreciation written off was largely in excess of the expenditure which had been incurred on capital account during the past year.

The value of the shares of the subsidiary companies showed no change, but the advances to those companies were somewhat lower as their financial requirements had fallen in consequence of the reduced volume of business. Investments appeared at about the same amount as in the previous year, and the investments contingency reserve, £57,375, was more than sufficient to meet any market depreciation thereon.

YEAR'S PROFIT.

The gross trading profit brought into account, after charging £238,836 in respect of repairs and maintenance, and including a transfer from tax reserve account amounting to £25,087, was £308,436, that is a reduction of £461,815 compared with the previous year. The reduction in the charge for repairs and maintenance was attributable mainly to the reduction in working time, and to efforts that had been made to reduce expenditure to the lowest level possible, but this had in no way detracted from the condition of the works, which had been maintained in a high state of efficiency. The profit had been increased by a transfer of £90,000 from the reserve for equalisation of dividends, and the available balance, including the amount brought forward from the last account, was £373,990.

The directors had already paid an interim dividend on the preference shares at the rate of 5½ per cent. per annum for the nine months ending December 31, 1930, amounting to £102,609. They recommended that a further dividend be paid on the preference shares for the three months ending March 31, 1931, at the rate of 5½ per cent. per annum, amounting to £34,203, and that the balance of £237,178 be carried forward to the next account.

After an expression of thanks to the managing directors, staff and all employees of the association, the Chairman continued:—

You will have appreciated from what I have already said the reasons which have actuated the directors in their decision to recommend no dividend on the ordinary shares in respect of the past year's trading, and I can assure you that it is with the greatest regret that they have felt compelled to disturb the continuity of a distribution which had remained unbroken for twenty-one years.

THE FUTURE.

It is impossible, under existing conditions, to make a reliable forecast of the future, but I can say that the immediate prospect is not encouraging.

The present year has opened with trade at a slightly lower level than at this time last year, but, although there are, as yet, no signs of improvement, there is at least no indication of further deterioration.

The future must depend, in the main, upon factors which are almost entirely beyond our control—a halt in the decline in world prices and either an improvement in the purchasing power of agricultural communities or a reduction in the costs of manufactured articles to accord more closely with the lower level of prices of primary products—a rise in the price of silver, or, failing that, some means to restore a measure of stability to Eastern exchanges—the restoration of fair trading conditions in India—it is to deve-

lopments such as these that we must look for any substantial improvement in our trade.

Meanwhile, the shareholders may rest assured that the directors are doing everything within their power to reduce costs and to secure the maximum of economy in production whilst maintaining the works of the association at the highest point of efficiency. If I may adopt a nautical metaphor, the vessel is in first-class trim and we are prepared to take advantage of the first breath of the wind of returning prosperity.

The resolution approving the report and accounts was moved by the Chairman, seconded by Mr Arthur K. Davies, supported by Lord Colwyn, and carried unanimously.

LORD COLWYN'S VIEWS.

Lord Colwyn said that he felt it his duty at that particular period to come and stand by those who had had such a struggle in the last twelve months and give them whatever support he could in the unexampled difficulties which they had had to face. There was depression everywhere—particularly in Lancashire and Yorkshire—greater than any that he had seen in his lifelong business, and there were difficulties to be fought against which were nearly unsurmountable.

He said that it was because of the difficulties that he knew their concern had been fighting against that he had come to tell them to have courage and go on with the work they were doing. Bleachers' Association was a great organisation, fine, efficient and honourably conducted. He reminded them that they must not expect too much, and not to be disappointed under the circumstances that there was no dividend on the ordinary shares.

The retiring directors were re-elected on the motion of Mr H. W. Arnold, seconded by Mr Frank Rees.

On the motion of Mr W. B. Morison, seconded by Mr P. B. Brown, the joint auditors, Messrs Jones, Crewdson and Youatt and Messrs P. and J. Kevan were re-elected.

The meeting terminated with a vote of thanks to the Chairman, moved by Mr D. Q. Henriques and seconded by Mr S. E. Nightingale. This was carried unanimously, and the Chairman expressed on behalf of himself and his colleagues his appreciation of the resolution.

BRITISH ELECTRIC TRACTION COMPANY, LIMITED.

INCREASED PROFIT—PROPOSED DEBENTURE ISSUE.

The thirty-fifth ordinary general meeting of the British Electric Traction Company, Limited, was held, on the 23rd instant, at Winchester House, Old Broad Street, London.

Mr J. S. Austen (chairman of the company), in the course of his speech, said: I am in a happier position than are many chairmen in these times, in that I am able to announce an increased profit for the past year. Our revenue is £18,000 better than it was last year.

A long time ago I told you that it was my ambition to get back for you the £1,000,000 which you lost when your capital was written down. A start was made by giving you deferred stock which, after the bonus to-day, will amount to £200,000. I have tried to produce a scheme which will provide a little more income for those who want income and some cash for those who want cash, whilst still retaining their stock. What we propose to do is to create £1,000,000 debenture stock and then to give £500 of that stock to every holder of £100 of deferred stock, and, of course, proportionately. That is £5 debenture stock for every £1 of deferred stock held.

Then we propose to set aside out of the surplus profits—after paying the dividends on the preference, preferred ordinary and the deferred ordinary stocks—£60,000 a year—which is equal to 6 per cent. on the proposed debenture stock—as a service fund for that stock. If a holder of £100 of deferred stock keeps his £500 of debenture stock he will get £15 a year interest, which equals 15 per cent. on his deferred stock, but we propose to discontinue the payment of the 5 per cent. cash dividend on the deferred stock, so that the increase will be only 10 per cent. We also propose to reduce the annual stock bonus on the deferred stock from 10 per cent. to 5 per cent.

As to the prospects of the current year, there are one or two considerations which I should like to put before you. The first is that our total dividends from investments last year were £376,000. Out of that £300,000 was derived from companies in which we are actively concerned in the management, and only £76,000 has come from outside investments. With regard to that £300,000, so far as I know, that income is just as likely during the current year to be more as it is to be less. Anyhow, the balance of loss, if any, cannot be sufficient seriously to affect the position. Then again, we are still very largely interested in omnibus companies, and just at present I know of no class of investment which is quite so sound as an omnibus company.

The report and accounts were unanimously adopted.

J. LYONS AND COMPANY, LIMITED.

FURTHER PROGRESS RECORDED.

ADVANTAGES OF UP-TO-DATE ORGANISATION.

REDUCTION IN PRICES TO CUSTOMERS.

CREATION OF ADDITIONAL 7 PER CENT. PREFERENCE SHARES

MAJOR ISIDORE SALMON ON THE YEAR'S ACTIVITIES.

The thirty-seventh ordinary general meeting of J. Lyons and Company, Limited, was held, on the 23rd instant, at the Trocadero Restaurant, Shaftesbury Avenue, London, W.

Major Isidore Salmon, C.B.E., D.L., J.P., M.P. (one of the managing directors), presided.

DIRECTORS' REPORT.

The report of the directors for the year ended March 31, 1931, states that:—

The balance from Trading Account shows:—	£	s.	d.
A profit of	942,320	5	4
Amount brought forward from last year.....	33,226	5	2
	<u>£975,546</u>	<u>10</u>	<u>6</u>

From this amount is to be deducted:—

	£	s.	d.
Dividend on 5% Preference Shares paid to November 30, 1930, and proportion provided for period to March 31, 1931	32,353	5	0
Dividend on 7% Preference Shares paid to March 31, 1931.....	280,000	0	0
Dividend on 8% Preference Shares paid to March 31, 1931.....	80,000	0	0
Dividend on 6% Preferred Ordinary Shares paid to September 30, 1930, and proportion provided for period to March 31, 1931	27,000	0	3
Interim Dividend (1s. 8d. per share) on Ordinary and "A" Ordinary Shares already paid for the half-year ended September 30, 1930.....	134,689	8	4
Interim Dividend (4d. per share) on Proportional and "B" Proportional Profit Shares already paid for the half-year ended September 30, 1930	15,833	6	8
And the directors propose to deal with the balance as under:—			
To place to reserve (making a total of £1,400,000)	100,000	0	0
To pay a dividend of 2s. 10d. per share on the Ordinary Shares and "A" Ordinary Shares for the half-year ended March 31, 1931.....	228,972	0	2
To pay a dividend of 6-8d. per share on the Proportional and "B" Proportional Profit Shares for the half-year ended March 31, 1931.....	26,916	13	4
To carry forward to next account	49,781	16	9
	<u>£975,546</u>	<u>10</u>	<u>6</u>

During the financial year the following establishments have been opened:—

74/6 Church Street, Blackpool.
49/50 High Street, Guildford.
108 New Oxford Street, W.C.1.
35/39 Golders' Green Road, N.W.11.
49 Albemarle Street and 6 Dover Street, W.1.
10 Central Parade, High Road, Wembley.
41 Alfred Place, South Kensington, S.W.7.

Additional premises have been acquired and will be opened in due course, and negotiations for other premises are proceeding.

With a view to providing further capital to meet certain proposed building costs and the general requirements of the business, the directors have decided to invite the shareholders to assent to the creation of 1,000,000 additional 7 per cent. preference shares to rank in due course *par passu* with the 4,000,000 7 per cent. preference shares already existing in the capital of the company and the notice of meeting includes a resolution for such purpose. There is no present intention to issue these shares, but the directors think it advisable to obtain the power so that they may be able to utilise it whenever in their opinion it should be expedient.

Messrs I. M. Gluckstein and B. S. Gluckstein retire from the office of directors, and being eligible, offer themselves for re-election. Messrs George Dee and A. C. Watkins, employed directors, retire and are eligible for re-election.

Messrs Turquand, Youngs and Company, the auditors, retire and are eligible for re-election.

The dividends received from subsidiary companies have been included in the company's trading account. In the aggregate the profits of the subsidiary companies exceeded the declared dividends. Losses of subsidiary companies so far as they concern this company have been dealt with in this company's accounts.

CHAIRMAN'S SPEECH.

Mr H. H. G. Bennett (one of the secretaries) having read the notice convening the meeting and the report of the auditors,

The Chairman, who was received with cheers, said:—Ladies and gentlemen,—It is my pleasure to meet you once more at the annual meeting. We are to-day presenting our thirty-seventh balance sheet and it is an equal pleasure to report that in spite of the continued depression of trade we have maintained our position and are able to produce figures fully equal to anything that has gone before. That is indeed a matter for congratulation and it has been accomplished by taking time by the forelock, reducing prices, taking full advantage of markets and continuing the process of reorganisation which is always going on in the endeavour to be what is usually described as "up-to-date."

I do not propose to spend much time in going through the figures, which are from year to year so regular that they call for little comment.

You will, I am sure, understand that this effect is not obtained without very careful control of our many departments and of our multitudinous productions. It is the result, as I dare say I have said before, of carefully watching each separate item of production having regard to the cost of material, the cost of manufacture, and the cost of distribution.

OVER 160,000,000 MEALS SERVED.

In the year under review there has certainly been a diminution in spending power, and if each person is spending less the only way to maintain profits is by serving a greater number of people. That we have succeeded in doing. Last year we served in our restaurants, corner houses, and tearooms over 160,000,000 meals. This, as you know, only accounts for a portion of our business, because a very large amount of our turnover is in sales to shopkeepers of similar products to those which are sold in our own shops and which are produced by our bakeries, kitchens, and the ice cream department at Cadby Hall, and in sales of tea, coffee, and confectionery. It may interest you to know that these sales to shopkeepers amount to over 3,000,000 lb. weight a week or 75,000 tons per annum.

PRICES REDUCED—WAGES MAINTAINED.

We have met the reduced spending power by a reduction in prices which, this year, has amounted to something like half a million pounds sterling. We have maintained wages and by that careful supervision which I have mentioned the balance available for distribution we are able to show (which might in the present condition of trade have been expected to be less) is, indeed, as you see, slightly more.

It is becoming a fashion in certain quarters to decry the making of profits, and one is almost expected to make an apology for there being any. We do not offer any apology. Production must have capital, and capital can only be maintained by profit. There must be a surplus or there will be no room for growth, whether of population or in the standard of living, and none of us want to see things at a standstill, not even the wildest Communist. If capital cannot earn a profit it will soon cease to be capital, and I commend this statement to the consideration of some of those people who are foolish enough to say that capital and labour are opposed or that either can get along without the other. (Hear, hear.)

ALLOCATION OF PROFIT.

To come to the figures: the balance from trading account amounts to £942,320, and is £6,450 in excess of last year. (Hear, hear.)

In the allocation of this amount, given on the first page of the report, you will no doubt have observed an increase of £3,000 in dividend on the 6 per cent. preferred ordinary shares. This is

accounted for by 66,667 of those shares which have been issued for the purchase of the capital interest in a laundry which has been under our control for some years now and where we had taken an option to purchase. After some years' experience we decided to declare that option. The profits accruing from that concern are more than sufficient to pay the interest on the shares we have issued. The Laundry undertakes a large amount of work for the Strand Hotel, Limited, and that company has purchased from us for cash a proportion of the laundry company's capital, based upon the ratio of the work undertaken for the hotels to that undertaken for us.

There is a small amount of increased dividend due to the issue of shares to managing directors. We have repeated this privilege again this year as a gesture of acknowledgment of their services, and it is understood that you approve this when you pass the resolution accepting the accounts as presented.

I do not think the rest of the figures on the front page need any comment.

You will have seen that it is not proposed to pay any more dividend, but to pay as last year and to place again as last year a sum of £100,000 to reserve.

BALANCE-SHEET CHANGES.

The major changes in the balance sheets are as follows:—

Freehold land and buildings, plant, machinery, &c., the main item among the property and assets, is increased, in round figures, by £200,000, which is very modest considering the steady expansion of business.

Shares in subsidiary companies have been increased by the transaction that I referred to in dealing with the figures of profit on the front page of the report. Loans, which I explained last year, have been reduced by some £50,000, but the current accounts of the subsidiary companies have increased by £30,000. Stock in trade is down in round figures £570,000, I think you will agree a very satisfactory position having regard to the present state of the markets and falling prices.

On the debit side of the balance sheet, capital is increased by the issue of the 6 per cent. shares which I have referred to. The creditor accounts are reduced by half a million, an item one would expect to see in view of the reduction of stock, seeing that the stock represents the requirements for a very short period of trade. The amount due to subsidiary companies has also been reduced by £80,000.

There is nothing more in these figures, I think, which needs comment.

CONSTANT PROCESS OF REORGANISATION.

Going back for a moment to the question of profit earning, I have said that we have made a contribution to the public by reduced prices and that we have maintained wages. Those two things together mean that the wages are worth more; in other words, that they have effectively increased notwithstanding that they may remain at the same nominal amount.

I have said how this is done and the process is commonly called organisation; but organisation undergoes change just as the products and the demands change, so there is a constant process of reorganisation. There is, for example, a growing tendency on the part of the housewife to purchase ready prepared meals for home consumption. This is a tendency of which we have taken advantage in our numerous tearshops and Corner Houses, where a large variety of dishes is available in attractive form and at prices which are equally attractive. The advantages of economy, variety, and efficiency in this service are widely recognised by housewives. That is one of the many ways in which reorganisation of the business takes place in the process of keeping up to date.

MODERNISATION AND EXTENSION.

Another, which also is directly seen as well as felt by our customers, is the modernisation of existing tearshops which is always going on side by side with the acquisition of new sites in London and various parts of the country. But that has been part of our policy from the earliest days of the company: the very first shop we opened was in advance of anything then existing—we aim to keep that leadership by not merely making our newest shop the best yet but also by constantly bringing the others up to the highest standard we have achieved. Accompanied as all this is by reductions of prices, we can, I think, justly claim that we are giving our customers better value than ever in surroundings which are unequalled anywhere. Still a third way in which reorganisation goes on lies in the replacement of manufacturing plant and equipment by the most advanced and improved types with a view to ensuring the utmost efficiency and economy in production which in turn is reflected in the prices at which the goods are sold. A fourth example is in the provision of incentives to efficiency in our personnel, making the reward

commensurate with the effort, on the principle, not of the utmost output for a minimum reward, but of each member of the team pulling his weight and sharing proportionately in the success achieved.

VIRILE MANAGEMENT.

It seems to me that what is required in the present condition of British trade and industry is more virility, more foresight and a greater effort than ever both on the part of the employer and the employee. It is in times like these that virile management comes into its own; and I feel that, without undue conceit, we can claim from the results we have put before you to-day that our business has that quality. (Hear, hear.)

Some of this may sound like self-advertisement—setting up a claim that Lyons are more advanced than some other trades—but we don't think this will be denied, and we are not making a claim that we are by any means perfect—there is still plenty of scope for all the brains and energy we can find. We do not propose to rest upon our laurels lest they should fade away.

RECENT DEVELOPMENTS.

It will be appropriate to refer at this point to some of our more recent developments. You will have seen from the report that seven new tearshops have been opened during the financial year and that other properties have been and are being acquired for that purpose. We have opened an extension to the Strand Corner House, incorporating with it a part of the adjoining property, acquired two or three years ago, of which we obtained possession during the year under review. Then there is the site in Oxford Street between Old Quebec Street and Portman Street which we acquired some years ago, and to which reference has been made at these meetings from time to time. It was originally our intention to utilise part of this site, when it came into possession for the erection of a Corner House. We have, however, modified our plans, having after mature consideration come to the conclusion that complication would probably arise from the close proximity of one of our Corner Houses and the hotel, with restaurant facilities, intended to be erected by Strand Hotel, Limited, on the adjoining site to the westwards. As those of you who are shareholders of the Strand Hotel, Limited, will have already heard, we have now agreed with that company to combine the two businesses on the hotel side. For this purpose we are forming a separate company, the capital of which will be divided equally between the two parent companies. The site has already been cleared and the erection of the new structure commenced, the two companies contributing cash as required to meet the building costs.

Since the close of the financial year we have been honoured with another Royal visit to our factories. On this occasion it was their Royal Highnesses the Duke and Duchess of York who paid a visit to Cadby Hall and were good enough to express their keen interest in and approval of what they had seen.

A LOYAL AND KEEN STAFF.

I should like here to pay a tribute to the contribution our vast staff makes to the successful results we are able to show. Though this has become a regular feature of our yearly report to you the tribute is, I can assure you, a sincere one. The efforts of the staff constitute one of the most important factors in achieving success in any business and we are indeed fortunate in having a staff of outstanding loyalty and keenness.

INCREASE OF PREFERENCE CAPITAL.

The notice of meeting which you have received contains a resolution for the creation of a further 1,000,000 7 per cent. preference shares and on that I should like, in conclusion, to say a word. The last increase of our capital was made in 1927, when we created 2,000,000 7 per cent. preference shares, of which half were issued in that year and the remainder the following year. Since then, the expanding business has been financed from the company's resources and by mortgages on newly acquired property. The development of the Oxford Street property which I have mentioned and the general needs of the business will, in due course, call for the issue of further capital—it may be this year—although there is no immediate prospect of it; and we thought it desirable to have the shares available for issue rather than trouble you with an extraordinary general meeting for the sole purpose of creating them.

THE DIVIDENDS.

I now have very much pleasure in proposing the following resolution:—“That the report of the directors and the balance sheet submitted to this meeting be and are hereby adopted; that the payment of interim dividends of 1s. 8d. per share on the issued ordinary and “A” ordinary share capital of the company and 4d. per share on the proportional profit and “B” proportional profit

share capital of the company for the half-year ended September 30, 1930, be and is hereby confirmed; and that a dividend be paid for the half-year ended March 31, 1931, of 2s. 10d. per share to the holders of ordinary and “A” ordinary shares of the company and 6d. per share to the holders of proportional profit and “B” proportional profit shares of the company who were on the registers on June 9, 1931.”

I shall be glad if a shareholder will second that resolution. (Cheers.)

DIRECTORS AND MANAGEMENT COMPLIMENTED.

Sir Richard Sennett,—Ladies and gentlemen,—With your kind permission I shall have very great pleasure in seconding the resolution. The chairman, of course, is clarity itself, so that, after the speech which he has delivered, there is not very much left for me to say. We know that the million of money asked for to-day is quite a large sum even in these days of wonderful sums paid to film artists; but when one comes to look at the enormous ramifications and magnitude of this business one realises that it is really no more than a coffee-stall keeper asking for £10 in order to paint and varnish his premises. Lyons, we are told, are very lucky people. There is really no question of luck about it, ladies and gentlemen; it is a question of jolly hard work. (Hear, hear.) Things don't turn up; they have to be turned up, and Messrs Lyons's directors are the gentlemen who seem to know how to do it. We all know very well how they have managed this business in the past. I personally have been a shareholder for many, many years, and I am only green with envy to think that I have not put all my small amount in this company instead of putting it into other fiddling things that have not exactly “gone to pot” but are at a very, very great discount to-day. Lyons, as you know, have not only conquered the London suburbs, Manchester, and other places, but even lately nine of their young ladies have gone to Lucerne and “taken the cake” there. (Laughter and cheers.) Ladies and gentlemen, I will not detain you any longer; I formally beg to second the resolution. (Cheers.)

The Chairman having replied to shareholders' questions, the resolution was put to the meeting and carried.

Mr Harry Salmon (one of the managing directors) proposed the re-election of Mr I. M. Gluckstein and Mr B. S. Gluckstein, the retiring directors.

Mr J. G. Shield seconded the motion, which was unanimously adopted, and Mr B. S. Gluckstein briefly thanked the shareholders for his re-election and that of his colleague.

Major M. Gluckstein (one of the managing directors) then moved the re-election of Mr George Dee and Mr A. C. Watkins as employee directors of the company. This was seconded by Mr Symonds and unanimously agreed to, and Mr Watkins, on behalf of Mr Dee and himself, thanked the shareholders for this expression of their confidence.

On the proposition of Mr A. J. Wood, seconded by Mr Shield, Messrs Turquand, Youngs and Company were reappointed the company's auditors for the current year.

THE NEW 7 PER CENT. PREFERENCE CAPITAL.

The Chairman then proposed the following resolutions:—

1. That the capital of the company be increased to £9,925,000 by the creation of 1,000,000 additional 7 per cent. preference shares of £1 each, and that accordingly the following provisions in regard to the said 7 per cent. preference shares shall have effect (that is to say):—

(a) The 1,000,000 7 per cent. preference shares hereby created shall carry the right to a fixed cumulative preferential dividend at the rate of 7 per cent. per annum on the capital for the time being paid up or credited as paid up thereon respectively, and such dividends shall be payable half-yearly on the 1st day of April and the 1st day of October in each year.

(b) The said 7 per cent. preference shares shall rank both as regards dividend and return of capital to the extent of the amount paid or credited as paid thereon *pari passu* with the existing 7 per cent. preference shares in the capital of the company already issued, and with any other 7 per cent. preference shares created as hereinafter mentioned next after the 5 per cent. preference shares in the capital of the company already or hereafter to be created or issued, and in priority to all other shares in the capital of the company, but shall not have any further right to participate in profits or assets.

(c) The company is to be at liberty from time to time to create and issue further 7 per cent. preference shares, ranking in all respects *pari passu* with the 7 per cent. preference shares previously created.

(d) The said 7 per cent. preference shares shall not confer on the holders the right to attend or vote either in person or by proxy at any general meeting of the company nor to have notice

of any such meeting unless the dividend on such 7 per cent. preference shares or any part thereof is and so long as it is in arrear for 28 days in any year nor shall such 7 per cent. preference shares qualify any person to be a director of the company.

2. That the directors be and they are hereby authorised to issue the said 1,000,000 7 per cent. preference shares to such persons at such time or times and on such terms as the directors shall from time to time determine.

Mr Gollop seconded the resolutions, which were put to the meeting separately by the chairman and carried unanimously.

The Chairman, in thanking the shareholders for their attendance, announced that the dividend warrants would be posted that evening.

VOTE OF THANKS.

Mr Wood said he was sure the shareholders would not wish to separate without passing a very hearty vote of thanks to the chairman and directors, as well as to the managing staff and employees of the company, and congratulating them upon the very successful result of their labours during the past year. That result was simply marvellous, and he was sure that the whole of the shareholders felt deeply indebted to the directors and the staff for the able manner in which they had conducted the business. (Hear, hear.)

Mr Shearme seconded the motion and expressed warm appreciation of the efforts of those included in it.

The vote was accorded with acclamation, and the Chairman having made a brief acknowledgment the proceedings terminated.

“SHELL” TRANSPORT AND TRADING COMPANY, LIMITED.

POLICY OF CONSERVATION OF PRODUCTION.

VISCOUNT BEARSTED ON THE OUTLOOK.

The annual general meeting of the “Shell” Transport and Trading Company, Limited, was held, on the 23rd instant, at the Cannon Street Hotel, London.

The Secretary (Mr E. A. Smith-Rewse) having read the notice convening the meeting and the report of the auditors,

The Right Hon. Viscount Bearsted, M.C. (chairman of the company), presided, and, in the course of his speech, said:—During the year we issued 5,000,000 7 per cent. preference shares of £1 each at 25s. per share. The premium therefrom, amounting to £1,250,000, has been added to the reserve account, which now stands at the sum of £8,131,609. The profit and loss account, after having had charged to it the whole expenses of the new issue, shows a reduction in the balance carried to the balance sheet of £1,581,589 and amounts to £5,139,401. The directors recommend a final dividend on the ordinary shares of 7½ per cent., making, with the interim dividend of 10 per cent., a total dividend of 17½ per cent., free of tax. All depreciation necessary has been fully covered by the companies in which you are interested, and the directors are quite satisfied that all the properties, either in your books or in those companies in which you are interested, stand at a figure well below their real value, as is proved by their yield. The profits from which your dividends are payable are the result of trading operations, and your reserves have in no way been depleted. (Hear, hear.) The affiliated companies have the whole of their stocks of oil and material free and unencumbered.

STRONG LIQUID CASH POSITION.

I would particularly call your attention to the strong liquid cash position, which shows that the Shell Company alone had at the end of the year in cash and securities, mainly gilt-edged, over £14,000,000 sterling. We are thus amply equipped for seeing through the period of prolonged depression from which, in common with all other commodity trades, we are now suffering.

For the first time for a great many years the group's production showed a decrease, namely, from just over 25,000,000 tons in 1929 to just under 24,000,000 in 1930. This was in no way due to any falling off in the productive capacity of our fields, from which we could easily have produced at least 29,000,000 tons had the demand been existent, but was entirely brought about by our consistent policy of conservation, which we have steadily advocated and observed. Our available fleet has now a carrying capacity of about 2½ million tons, and carried during 1930 nearly 20,000,000 tons of oil. Owing to the falling off in demand we have been compelled to lay up several ships, but these are gradually coming into service as our chartered vessels go off hire, and by the middle of 1932 we should have no vessels unemployed. Our many producing interests are all in excellent condition and in almost every case capable of

considerably increased production without much additional expenditure. This particularly applies to the United States of America, Venezuela, the Dutch East Indies and Roumania.

POSITION IN THE U.S.A.

The position in the oil industry in the United States perhaps calls for comment in view of our large investment in the Shell Union Company. Of recent years the proven reserves within the United States have been largely increased. Unfortunately, the industry in the United States has been unable to prevent some of these additional resources from being brought to the surface instead of being treated as reserves, thus creating a definite over-production within the country. The building up of huge stocks has thus resulted in a serious collapse of prices of both crude oil and refined products. Signs are not wanting that the seriousness of this situation is becoming more generally recognised, and there is a disposition amongst State Governments to promulgate laws having for their purpose a prevention of waste by the orderly development of new fields. There are also increasing signs that the industry in the United States can and will organise so that these wasteful methods shall once and for all be avoided and production kept within the safe limits of actual consumption. The development of such plans must of necessity take a considerable time, but, in spite of the recent fall in prices, I am more hopeful than for some time past that we are nearing this correcting movement. So far as the Shell Union Oil Corporation is concerned, it naturally prospers or suffers with the industry in the United States, but its position both as regards cash and reserves is unusually strong, and can well afford to await the trend of events. The passing of dividends is necessitated by the prevailing low prices, but the ultimate prosperity of the company is beyond doubt.

In Mexico results have been satisfactory, and we received dividends at the same rate as for 1929 from our investment in the two Eagle companies. Our refinery in the Argentine, to which I referred last year, is now completed and in operation, and we are able to proceed with our plans for further development in that country.

HOTEL CECIL PURCHASE.

I have been informed that a good deal of criticism has been levelled at us in connection with the purchase and reconstruction of the Hotel Cecil, and, therefore, wish to give you your directors' appreciation of the position. For more than two years prior to the purchase of the Hotel Cecil we were conducting a search for suitable and sufficient office accommodation, or alternatively for a site upon which it might be erected. Eventually, the Hotel Cecil site was offered to us, and suggested itself as easily the best solution of the problem with which we had so long been faced.

In spite of increasing competition, much of it from new directions, the popularity of Shell motor spirit throughout the world has been maintained. There is evidence of the same appreciation as ever on the part of motorists of its unassailable quality, its uniformity and reliability, and of its availability even in the remotest villages. At the same time, it must be admitted that price-cutting is rampant to-day, particularly in the cheaper qualities of petrol. We have never instituted price-cutting, but the policy of your board is that we must hold our share of the trade here by meeting it, no matter to what lengths we may have to go in order to keep an outlet for our production.

CONDITIONS AFFECTING THE INDUSTRY.

The present depression in the oil industry is obviously due to causes which are outside the scope of the industry itself, and it is to the statesmen of our own and other countries that we must look for remedial action in these purely political complications. The news we have recently received seems to betoken a realisation of these facts, and, what is more important, an attempt to begin constructive dealing with them. But I still hold that the way must be long and rough, and the effect of any remedial measures, if and when adopted, as opposed to suggested, cannot be felt immediately. Still, things have begun to move in the right direction, and one can perhaps take a more hopeful view of the world to-day than a week ago. At present, I say unhesitatingly that the business depression has been largely brought about by almost universal Governmental interference with the immutable law of supply and demand. I claim that our policy of conservation of production, of scientifically adjusting supply to demand, is the only sound and logical method. But in our industry, as in many others, overwhelming stocks exist, and I can see no hope of a readjustment of values till they are liquidated, however big a realised loss on book values such liquidation may entail on those who have not, like our group, consistently taken their stocks at well below ruling market price, however low that may be.

The report and accounts were unanimously adopted.

BRITISH EMPIRE TRUST COMPANY, LIMITED.

SUCCESSFUL RESULTS IN A DIFFICULT YEAR.

The thirtieth ordinary general meeting of the British Empire Trust Company, Limited, was held, on the 22nd instant, at the Great Eastern Hotel, London.

Mr J. Davidson (chairman and managing director) presiding.

The Chairman, in moving the adoption of the report and accounts, said that with the possible exception of the year 1914-15, following the outbreak of war, they were now considering the results of the most difficult and trying year the company had experienced during the twenty-five years for which he had been responsible for the management and direction of the company.

In common with other financial companies, the company had been adversely affected in three ways: firstly, by the fact that profitable financial business had been almost impossible to obtain during the past twelve months; secondly, depreciation in the value of securities had been, with a few exceptions such as British Government and Dominion of Canada Government stocks, continuous and severe; and thirdly, interest rates on well-secured loans and first-class investments had fallen substantially. As an example of the last mentioned, he pointed out that the average rate earned on British Government Treasury bills, of which the company, owing to the nature of its business, usually required to hold a substantial amount, was only £2 5s. 7d. per cent. for the year ended April 30, 1931, as compared with £4 17s. 1d. per cent. for the previous year.

Under these circumstances he felt that in recommending final dividends of 2 per cent. on the preferred ordinary and 3 per cent. on the deferred ordinary shares, making total dividends of 5 per cent. on the preferred ordinary and 7 per cent. on the deferred ordinary for the year, the company had satisfactorily surmounted a most difficult period, especially bearing in mind that depreciation had been fully provided for and that the capital of £845,259 and reserve fund of £225,000 remained intact. He reminded the shareholders, however, that the company was not merely an investment trust company which could afford to disregard depreciation of its investments: it was formed to carry on a financial business of a wide and general character, and to succeed in such business it was essential that its capital should be unimpaired and that its standing and credit, which were among its most valuable assets, should be kept on a sound and unquestionable basis.

Moreover, there was nothing in the immediate outlook which justified the company in assuming that it might not suffer further depreciation during the current year, nor would he be justified in assuming that conditions which had shaken some of the soundest preference and debenture stocks might not, coupled with the low rates earned on first-class securities, lead to some temporary reduction in their interest and dividends from investments and interest on loans. So far as he could judge, however, at the present time, the company should be able to maintain dividends on at least the present level unless conditions became worse than he anticipated. Canada, in which they were largely interested, had, as a producer of large quantities of primary products, suffered severely as the result of the great fall in prices. Wheat, lumber, newsprint, metals, and many other commodities were at unnaturally low prices, having regard to the cost of production. The decreased purchasing power of the producers of these commodities had, in turn, reacted on every branch of her industrial activity. Canada, during the year 1930, reached the record output of 2,089,766 fine ounces of gold, as compared with 1,928,308 ounces the previous year. The production of silver, copper, lead, zinc, and petroleum also increased as compared with 1929, and while there were slight decreases in the production of nickel, asbestos, and coal, and lower prices prevailed for all minerals, except gold, the total value of minerals produced in 1930 was \$278,470,000, as compared with \$310,850,000 the previous year.

After referring to some of the more prominent Canadian companies with which the Trust was closely associated, the chairman said it was gratifying to be able to record that the West Gloucestershire Power Company, Limited, had made excellent progress in 1930. The report for that year showed an increase in units sold of no less than 10,500,000—an increase of approximately 79 per cent. over the previous year. The gross revenue increased by 32½ per cent. The year 1931 has opened well, the figures of units sold for the first five months from January to May being 11,265,395, as compared with 10,141,769 units in 1930—an increase of 1,123,626 units. The company's power station at Lydney had been included in the Central Electricity Board's scheme for South-West England and South Wales as one of the "selected" stations, from which the Central Electricity Board would purchase supplies. The "selection" of the company's Lydney power station for the national scheme would facilitate future development and would ensure that the company's requirements for electricity would be obtained in the most economical manner.

The report and accounts were unanimously adopted.

HENDERSON'S TRANSSVAAL ESTATES, LIMITED.

STRONG POSITION—DIVIDEND MAINTAINED.

The nineteenth ordinary general meeting of Henderson's Transvaal Estates, Limited, was held, on the 24th instant, at River Plate House, London, the Right Hon. Lord Stanley of Alderley, K.C.M.G. (chairman of the company), presiding.

The Secretary (Mr F. R. Cunningham) having read the notice convening the meeting and the report of the auditors,

The Chairman, in moving the adoption of the report and accounts, said: Turning to the balance sheet, the issued capital of the company is decreased by £140,924 7s. as the result of the resolutions for the return of capital passed at last year's meeting.

The distribution of cash was carried out without any difficulties, and out of the £140,924 there only remains the sum of £2,102 to be collected by shareholders.

Amounts due to subsidiary company at the close of the financial year was £288 less than last year.

Sundry creditors are £2,749 higher, the whole of this sum being in respect of unappropriated income-tax balances at present in suspense.

Reserve for depreciation in investments, &c., remains at £100,000.

Turning to the other side of the balance sheet. The figure against "subsidiary companies" is £42,880 lower, due to the reduction in the capital of the Henderson Consolidated Corporation £38,551, and £6,408 Second Debentures of the Delagoa Bay Development Corporation, Limited, redeemed during the year.

Properties, plant, &c., stand at £4,200 less—£3,000 representing the normal annual depreciation on the by-products plant, and £1,200 repayment of advances made to that undertaking.

Government stocks are £55,609 less, having been realised to provide moneys for the repayment of capital, but during the year an additional £40,238 has been put into Treasury Bonds, so that the actual balance representing our holding in gilt-edged securities was, on March 31, 1931, only £15,371 less than at March 31, 1930.

Other stocks and shares are reduced by £68,494, our realisation of shares in Daggafontein Mines being responsible for most of this sum.

The market value of our quoted stocks and shares, which includes our holdings in Government securities, is higher than the cost at which they stand in the books of the company. The book value of our holdings in subsidiary companies is on a very conservative basis, and in this connection I would point out that the reserve for depreciation still stands at the substantial figure of £100,000.

Sundry debtors were £11,365 higher; most of this sum has since been received, and the balance is quite secure.

Cash in London is £29,626 lower, that in Johannesburg £14,972 higher. The reduction on balance is due to the repayment of capital.

Turning to the revenue and expenses account, London expenditure is increased by £986, of which £775 is directly attributable to the costs of reduction of capital. Johannesburg expenses are £55 lower on balance, higher administration expenditure being more than compensated for by a reduction in Transvaal provincial tax.

London revenue is £1,007 lower, in consequence of income from Government securities being reduced, as previously mentioned.

Johannesburg revenue is £1,084 less, profit on sale of land being only £25, as compared with £1,421 last year.

The balance of profit for the year carried to the balance sheet is £36,335, making, with the amount brought forward from last year, £46,872 to the credit of profit and loss. We have already paid you an interim dividend representing £17,606, leaving an unappropriated balance of £29,266. Out of this we recommend the payment of a final dividend at the rate of 2½ per cent., less income tax, making a total of 5 per cent. for the year ended March 31st last, leaving a balance of £18,345 to be carried forward to the current year.

We also declare an interim dividend of 2½ per cent. in respect of the current year, both dividends to be paid simultaneously.

The Chairman, having dealt with the company's various properties, continued:—Our policy during the very disturbed times through which the financial world has been passing has been directed to the conservation and strengthening of our liquid resources and the maintenance of the rate of dividend paid. The results which have been laid before you, in my opinion, furnish ample confirmation of the wisdom of the board in following the policy, laid down. After the repayment of capital, we reckoned we should still have in cash and Government securities a sum amounting to £127,000. What is the position now? In cash and Government securities we have over £200,000—(hear, hear)—we are paying a dividend at the same rate, and are carrying forward a higher sum to the current year. I quite realise that we might have secured higher rates for our money, but I think you will all agree that had we tried to do so we must have run the risk of destroying the very satisfactory position in which we are at the present time.

The report and accounts were adopted.

GENERAL MINING AND FINANCE CORPORATION, LIMITED.

STRONG AND SOUND FINANCIAL POSITION.

The annual general meeting of this corporation was held in Johannesburg on the 23rd instant.

Sir George Albu, in the course of his address, stated that the report and accounts reflected the results of an abnormally difficult time in the financial world, during which the resources of many business concerns had been severely tested. Nevertheless, the corporation had weathered the storm well and was in a strong and sound financial position.

The decreased profits were entirely due to the adverse market conditions prevailing, and, as they were insufficient to provide for the depreciation in certain stocks, etc., the directors had decided to transfer £100,000 from general reserve for that purpose.

Since the close of last year there had been a fairly general and substantial appreciation in the market price of the shares of many companies in which the corporation was interested. As a result the considerable margin which existed in the values of stocks and shares over the figures at which they appeared in the balance sheet at the end of December had been substantially increased. The surplus of liquid assets, apart from stocks and shares, over current liabilities was well over £500,000, which, having regard to the unprecedented period of financial stress experienced during the last two years, was extremely satisfactory.

The profits of West Rand Consolidated Mines for the five completed months of the current year were £117,777, and thus showed an increase of £20,000 compared with the corresponding period of 1930. The profit for May of £25,001 represented a further record. The actual ore reserves exceeded 5,000,000 tons, or sufficient to supply the plant for over five and a half years. The outlook for this mine was distinctly favourable, since, apart from the very satisfactory scale of profits, the company's indebtedness to the corporation had been reduced from £216,125 at the end of last year to about £70,000 at the present moment.

In conclusion, the Chairman stated that, if South Africa was to maintain her present position, it was essential for her to reduce the high scale of taxation, and to amend the restrictive legislation which was holding up prospecting and mining operations to a large extent. He was hopeful that the Government, which had recently shown its realisation of the value of the mining industry to the country, would alleviate the position.

SCRIBBANS AND COMPANY, LIMITED.

SATISFACTORY TRADING RESULTS.

The fourth annual general meeting of Scribbans and Company, Limited, was held, on the 24th instant, at the Hotel Victoria, London, W.C.

Mr Philip E. Hill (the chairman), in moving the adoption of the report and accounts, said:—We have made a profit for the year of £259,593, which is comparable with £284,410 for the previous year, a difference of some £25,000. But, in making this comparison, it should be borne in mind that we have carried out considerable developments of the business, and, although last year we provided a sum of £35,000 for this purpose, we have not used any of this money, but have taken the whole of the expenditure out of this year's trading profits. In addition, we have written down our Stock Exchange investments, so, taking these facts into consideration, the trading results for the year are satisfactory.

Our Stock Exchange investments stand at £89,000 odd, as compared with £124,000 odd in the previous year, the difference of £35,000 being accounted for partly by sales and the balance by the amount written off. You will notice that the loans to our subsidiary company have been increased by some £46,000, this being required in connection with the completion of its new factory and plant.

The year under review has admittedly been one of the most difficult in the history of our country, and I think we should all be exceedingly grateful for the results achieved.

We have increased our trading facilities at Smethwick, and it is anticipated that the whole of the extensions will be completed by the end of August next. Our Irish business continues to be satisfactory, and we are satisfied that it offers scope for further profitable expansion. To meet this we are arranging immediately to extend our works in Dublin. The biscuit business continues to be satisfactory, and our new works are completed and producing. They represent the last word in the shape of biscuit factory and machinery, which we hope will enable us to earn increased profits.

The outlook during the last day or two has improved, consequent upon America's proposal to postpone payment of interest on the war debt, but the trading position is still full of very considerable difficulty. Our average profits during the last three years have exceeded £250,000 per annum, and, if nothing untoward occurs, I hope that this will be maintained in the ensuing year.

Mr Louis Nicholas, F.C.A., seconded the motion, which was carried unanimously.

UNION CORPORATION LIMITED.

STRONG CASH POSITION.

MR P. M. ANDERSON'S REVIEW OF POSITION AND PROSPECTS.

The ordinary general meeting of shareholders in the Union Corporation, Limited, was held at Johannesburg on May 29th. Mr P. M. Anderson presiding.

The Chairman, in the course of his remarks, said:—

The world-wide depression which set in from October, 1929, and which became accentuated during 1930, has had its effect on our net profit; which fell from £418,034 to £248,888. I need not remind you of the precipitous decline in share and security prices, especially towards the end of last year, nor of our custom of providing currently and fully out of receipts for writing down any assets that may stand in our books above the market prices ruling at the time we make up our accounts. In accordance with this custom we have devoted a considerable part of the profits we had realised to writing down our shareholdings, which in the aggregate continue to show, as you will have seen from the directors' report, a very substantial margin of unrealised profit.

LOWER RECEIPTS.

But this is not all, for our receipts from dividends declined, mainly owing to a reduction in the distribution made by the San Francisco Mines of Mexico, and there was also a falling off in our income from interest, owing to the low rates ruling in the short money market, and in commissions, owing to the curtailment of business activity generally. If one has regard to the severity of the world depression, the wonder, perhaps, is not that the profits were so much reduced, but that they have not fallen off by a much greater amount, such as has been the case with most companies engaged in business similar to our own.

We have added to the reserve account the usual amount of £30,000 out of profits, raising it to £690,570, and have paid dividends amounting to 3s. 3d. for the year, as compared with 5s. 6d. for 1929, while the amount carried forward is £111,017, as against £119,629.

BOOK COSTS OF HOLDINGS.

The book cost of our share and debenture holdings, after making due allowance for writing down shares to the market prices of December 31st, stands at £2,057,152, which compares with £2,107,420 a year earlier. Our cash position remains strong, the cash assets, excluding debtors, amounting to £1,979,609, while our total liabilities figure at £2,243,350, each of these items being about £90,000 below the previous year.

We have never ceased to regard the development of gold mining interests on the Rand as our chief concern. Indeed, we have for many years been preparing for extending our interests in the Far East Rand, and our efforts are now coming to fruition. I refer to the East Geduld Mines, which, after the development which has continued since the beginning of 1927, has erected its reduction plant and is about to enter the producing list; to Grootvlei, in which we more recently acquired an interest from the African and European Investment Company, and which, with the assistance of a lease granted by the Government, it is proposed should be opened up under our management; and to Vlakfontein No. 21, the property of the Lydenburg Gold Farms, Limited, in which we have been interested for many years and which it is also proposed to test with a view to turning it to account if satisfactory results are obtained. We are therefore taking a leading part in opening up the farther East Rand.

The affairs of the Witwatersrand gold mining companies in which the corporation is principally interested were then reviewed by the chairman on the lines of the addresses from the chair at the recent general meetings of these concerns.

VALUABLE ORE BODIES ACQUIRED THROUGH MERGER.

In regard to interests held elsewhere he said:

As mentioned in the annual report, the interests of the Bwana M'kubwa Copper Mining Company, Limited, and the N'changa Copper Mines, Limited, were merged during the year with those of the Rhodesian Congo Border Concession, Limited, and the latter company has now changed its name to the Rhokana Corporation, Limited. During the negotiations which preceded this consolidation we took up the attitude that the Rhodesian Congo Border Concession, Limited, would have been better off if it had remained unattached. We still think so, but nevertheless the assets acquired by the consolidation are very valuable, and we have confidence in the future of the enlarged company. In particular, the ore body at N'changa West continues to show excellent development results, and there is little doubt that it is the largest single body of such high grade copper ore in the world. With this ore body and the other very important ore bodies at N'changa and N'kana, acquired through the consolidation scheme, it is reasonable to assume that ultimately the company will be one of the world's most important copper producers. In view of the high grade of the Northern

Rhodesian ore bodies in general and of the N'changa West ore body in particular, the costs of production should compare favourably with other large world producers.

SAN FRANCISCO MINES OF MEXICO.

The world depression has hardly had a more severe effect than upon the prices of metals which are basic raw materials. Lead, zinc and silver have fallen this year to one-third of the prices of 1925, when those prices were high, and to a little more than one-half of the quotations of 1913. The fall was considerable even during the year to September 30th, and as a consequence the dividend of the San Francisco Mines of Mexico, Limited, was only 1s. per share as compared with 3s. 9d. to 4s. for each of the preceding five years. The world production of these metals has been reduced in each case instead of being increased in the normal fashion, but the reduction has been insufficient to equalise with the demand, which has been exceptionally low and which has resulted in material increases in the unsold world stocks. A consequence of the fall in prices so far as the San Francisco company is concerned has been that half of the projected increase in the milling programme has been postponed until better times, though the first half went into commission last June. During the current financial year there has been a further falling off in profits, due to the same cause. Apart from this the mine is in an excellent condition, and the blocked-out and total reserves are four and a half and six years ahead of the mill, a position which is exceptional for a Mexican mine.

BRITISH ENKA ARTIFICIAL SILK COMPANY.

The British Enka Artificial Silk Company, Limited, again made a considerable loss, attributable to the extraordinary fall in price of rayon, which was aggravated by a considerable amount of unnecessary price-cutting in the trade. The company is now producing rayon as high in quality and probably as cheaply as any other manufacturer in England. It has, moreover, the unstinted support of the A.K.U., the powerful Continental combine, which lends its aid in all technical matters and in finance. The outlook, therefore, is not devoid of encouragement.

POLYPHONWERKE AKTIENGESELLSCHAFT.

Trading in the case of the Polyphonwerke Aktiengesellschaft has been at low ebb in harmony with general conditions. Whilst the company paid dividends of 20 per cent. per annum for the previous two years, the dividend for 1930 was reduced to 12 per cent. In the gramophone record field the company has in Central Europe a high reputation, which is gradually spreading, as indicated by the encouraging development of its export trade.

The report and accounts were adopted.

BEECHAM'S PILLS, LIMITED.

HOME SALES MAINTAINED—PROGRESS OF THE SUBSIDIARIES.

MR PHILIP E. HILL'S STATEMENT.

The third ordinary general meeting of Beecham's Pills, Limited, was held on Thursday, June 25th, at the Victoria Hotel, Northumberland Avenue, London, W.C.

Mr Philip E. Hill, the chairman of the company, in moving the adoption of the report and accounts, said:—Ladies and gentlemen, we have made a net trading profit for the year of £163,492 7s. 7d., which is some £39,000 less than the profit for the previous year; £21,000 of this is accounted for by profits of a non-recurring nature, and the balance by the fall in the company's export business, which can hardly be wondered at, having regard to world conditions which are undoubtedly the most difficult experienced in our time. It should, however, be a source of the greatest satisfaction to all of us that our home sales have been fully maintained.

Although it looks as if the slump in the world's trade may now be stayed if those in authority exercise ordinary common sense and prudence, there are still many difficulties to be overcome, and one must be ultra-conservative in anticipating future trade profits. With this fully present in our minds your board are of opinion that the profits for the ensuing year should be materially increased.

The acquisition of Yeast-Vite, Limited, has been fully dealt with in the report, and therefore it is unnecessary for me to go over this ground again other than to say that the business is progressing satisfactorily, and the trade so far this year is in excess of that of last year. Our other subsidiaries, which include Veno's, Pritchard and Constance, Sherleys, etc., have shown a steady improvement during the last few months.

In recommending a reduced dividend on the deferred shares, it may be suggested that your directors have erred on the side of caution. Be this as it may, we are satisfied that in the interests of all concerned it is the best policy to pursue.

Mr Louis Nicholas, F.C.A., seconded the motion, which was carried unanimously in the absence of question or comment.

A hearty vote of thanks to the chairman and directors closed the meeting.

HARLAND AND WOLFF, LIMITED.

RESULTS AFFECTED BY SHIPPING DEPRESSION.

The annual general meeting of Harland and Wolff, Limited, was held, on the 25th instant, at Winchester House, Old Broad Street, London, E.C.

Mr F. E. Rebbeck, J.P. (chairman and managing director), presided, and, in the course of his speech, said: When I accepted the invitation of the voting trustees and my co-directors to become chairman of the company, I was fully conscious of the difficulties attached to the position, and realised that, while it was a mark of their confidence, it was accompanied with great responsibility. Nevertheless, from my intimate knowledge of the personnel, the plant and the organisation of the company, I felt convinced that Harland and Wolff could face the position with courage, and the conviction that there is still a future for the great shipbuilding and engineering companies in this country.

As you will see from the report, the year's working has resulted in a profit of £105,745, after providing a sum of £250,000 for depreciation. The result is not such as you and I would desire to see as the outcome of a year's working in this large undertaking; but, in view of the prevailing depression in the heavy industries, it cannot be regarded as altogether unsatisfactory.

Unfortunately, with the steady falling off of work in the yards, the present year much show a much less satisfactory result. The entire absence of new inquiries at this season of the year means that no new work is likely to come forward in time to influence the current year's results.

We built motor vessels ranging in size from the White Star Liner "Britannic," of 27,000 tons, to a small sternwheel steamer, recently delivered for service in Nigerian waters. The first-named vessel has already established a high reputation in the North Atlantic for sea-going qualities and economical working, and we have under construction at Belfast a sister vessel for the same owners. Several important vessels were also delivered to the Union-Castle Line, and in the course of the year we completed the machinery conversion for a third large passenger vessel for the Canadian Pacific Steamships, Limited. At the end of the past year we had also in hand the fine new motor passenger liner "Reina del Pacifico," which has since been delivered to her owners, the Pacific Steam Navigation Company. This vessel, unique in many respects, has just returned to this country after completing a very satisfactory maiden voyage to the west coast of South America. She should prove a valuable acquisition to the Pacific Company's fleet and worthily uphold the prestige of British shipping, having, amongst other attainments, established a record for low fuel consumption.

The work in hand at Belfast includes the White Star motor liner "Georgic," 27,000 tons; and a motor liner of 14,000 tons for the Nelson Line, also the Elder Dempster new passenger liner "Achimota" is approaching the finishing stage. We have two vessels for the Anglo-Saxon Petroleum Company, Limited, under construction at Glasgow; and, in addition to the machinery for all these vessels, we are also constructing land engines, including a fine installation of Diesel engines for the Bank of England.

As indicative of the extraordinarily rapid falling off of work that took place in the year under review, and which is taking place to a still greater extent during the current year, I want to give you a brief statement of the number of men we have employed in the past and now employ, because there is no better index of the prosperity or depression in the industry. At the time when the industry was fairly well occupied, in 1923, we gave employment throughout our organisation to about 48,000 men, and at the beginning of 1930 the number had only fallen to 44,000; whereas by the early part of 1931 the number had fallen to exactly half, namely, 22,000 men. These figures include the men employed by our subsidiary shipyards, steel works and collieries, and they show the difficulty of our position, for standing charges like rents, rates and supervision cannot be brought into immediate conformity with such rapidly diminishing numbers of men employed.

During my remarks I have given you a plain statement of the actualities of the situation. The present state of the industry generally does not permit of any other treatment. But, having placed the facts regarding the outlook quite clearly before you, I would like to say, in conclusion, for the benefit of those shareholders who are not already aware of the fact, that you have in our different establishments the best-equipped shipbuilding, marine engineering and repair works to be found anywhere. The organisation is in a healthy condition so far as its technical ability is concerned, and is backed by a capable and willing body of hard-working men; and, without fear of contradiction, I say we have an undiminished ability to deal with the biggest and most progressive developments that are likely to be met in the future. Optimism is not fashionable at the present time, but I sincerely hope pessimism will not take its place.

The report and accounts were unanimously adopted.

BANK OF BRITISH WEST AFRICA, LIMITED.

EFFECTS OF BAD TRADE.

The thirty-seventh annual general meeting of the Bank of British West Africa, Limited, was held, on the 25th instant, at 37, Gracechurch Street, London, E.C.

The Right Hon. the Earl of Selborne, K.G., G.C.M.G. (the chairman), said that the profit shown was only £24,568, as compared with £121,821 last year, and nothing had been allocated to the contingency fund which they had been building up during more prosperous years, or to the premises and furniture account. The balance to be carried forward was £30,000, as against £53,432 last year. It was an unpleasant duty to present a report which proposed to reduce the moderate dividend of 6 per cent. paid by the bank during recent years to 4 per cent., but he had no apology to make on the subject.

The directors had drawn attention in the report to the advantageous position in which the bank stood owing to its reserves and liquid position. He wished to stress that fact again because never had it been in a sounder or stronger position than it was that day. The reduction in the profits was not caused by any losses made by the bank, but simply by the fact that the year covered by the accounts under review had certainly been the worst year for trade known in West Africa since the establishment of the bank there.

Quite naturally, the West African did not understand why his produce should have fallen so much in value. He suspected that he was not being fairly treated, and did not understand that he was the victim of a world-wide depression. He ceased to cultivate, or held up his produce, or sold it slowly and only as he was forced by his wants to realise something. The inevitable consequence was that the volume of the demand for money and goods fell off; there was comparatively little outward or inward flow of business, and the banks suffered with the rest of the community.

So far as he could see, the current year was going to be a worse year for the trade of the world than last year, and they, no more than any other bank, could escape the consequential falling off in business. Until Mr Hoover made his famous proposal on Monday last, he (the chairman) had not been able to see that the clouds were lifting anywhere. That proposal was the first ray of hope. If goodwill and a full appreciation of the seriousness of the consequences to the world at large of rejecting that proposal prevailed and the proposal, with all its implications, was frankly accepted, last Monday might prove the turning point of the world's misery.

The report and accounts were unanimously adopted.

UNITED KINGDOM TOBACCO COMPANY (1929), LIMITED.

CURRENT YEAR'S PROSPECTS.

The second annual general meeting of the ordinary shareholders of the United Kingdom Tobacco Company (1929), Limited, was held, on the 23rd instant, at Winchester House, London.

Mr Arthur Donn (chairman of the company), in moving the adoption of the report and accounts, said that the year under review had been one of grave anxiety. In the early months of 1930 they were faced with the most worrying and unsatisfactory trade conditions both abroad and in the home market. They had always been dependent on their export trade to India, China, and Australia, and the sale of 10 for 6d. cigarettes in the home market for the bulk of their revenue. They found that, owing to the general boycott, their business in India practically collapsed, their business in China was not profitable, owing to the fall in the price of silver, and their trade with Australia was reduced to minute dimensions, owing to the imposition of prohibitive tariffs. They also, like most manufacturers, found a serious falling off in the sale of better lines, owing to the fierce competition of coupon cigarettes. It was the duty of the directors to find a solution to the many difficulties which presented themselves, and he thought he could say that they had grappled with them successfully, although it had been a tough job. The problem of the lost export trade was tackled with determination and new markets were developed. In the home market they practically concentrated their efforts in promoting the sales of their coupon cigarettes—Bandmasters. He was happy to say that their efforts had so far been successful. The directors had arranged to prepare the accounts for the first six months' trading of the current year to June 30, and it would undoubtedly be as cheerful for the shareholders to hear, as it was for him to say, that although the first six months of the year in the cigarette business was not usually the best, he fully and confidently expected that the accounts would disclose that they had made a trading profit sufficient to reduce substantially—if not actually to extinguish—the adverse balance standing upon the profit and loss account at December 31, 1930.

The report and accounts were unanimously adopted.

BOOTS PURE DRUG COMPANY, LIMITED.

RECORD TURNOVER.

The forty-third annual general ordinary meeting of Boots Pure Drug Company, Limited, was held at Station Street, Nottingham, on June 25, 1931, the Right Hon. Lord Trent, chairman of directors, presiding over a large attendance of shareholders.

The Secretary (Mr A. Sugden) having read the notice convening the meeting, the minutes of the last annual meeting were taken as read and confirmed.

The report of the auditors, Messrs Sharp, Parsons and Company, chartered accountants, was then read by Mr J. C. Parsons.

Mr H. B. Holthouse, the oldest director, paid a tribute to the memory of the late Lord Trent, and the meeting stood in silence for a minute.

The Chairman said: Ladies and Gentlemen,—I should like to express publicly my appreciation of the kindness of my fellow directors in so readily postponing this meeting from the date originally fixed until to-day, and hope that this has caused no great inconvenience to the shareholders.

The facts concerning my father's business life are so well known that any comment from me would be superfluous; but I think you would like to know that although he had taken no part whatever in the management of the business since 1920, whenever his state of health permitted it he was keenly interested in hearing about the firm's activities and development, even up to a few weeks ago.

Following our usual custom, I presume that we may take the directors' report and balance sheet as read. At the end of March our colleague, Mr Ratcliffe, retired from the board. He had been with the firm 43 years, and had worked from the position of cashier up to that of director in charge of merchandise. Though he was active and well he felt that, having reached the age of 65, he should now make way for a younger man and devote his time and energy to some other form of public work. There is a great deal of work in a large city like Nottingham which can only be carried on by such public-spirited men as Mr Ratcliffe. He had always taken a great interest in the young people on our firm, and it is interesting to note that many of the younger departmental managers owe a great deal to his training and encouragement. I am sure he has the best wishes of us all in his retirement.

Turning now to the balance sheet, you will see that freehold properties are up £136,638, which is largely accounted for by the steady progress which has been made with our new manufacturing laboratories at Beeston.

Plant and fittings show an increase of £47,517, which is £6,716 more than last year.

Sundry debtors show an increase of £9,895.

Stock in trade shows a decrease of £105,655, which, in view of the present trend in prices, is a very satisfactory feature.

The amounts owing by subsidiary companies show an increase of £208,265.

On the other side of the balance sheet you will see that creditors show a decrease of £43,122.

We have transferred £30,000 to the general staff pension fund, which is £5,000 more than last year. £11,247 interest has been added to this fund, against £9,521 last year, and it now amounts to a total of £266,189. Last year we paid £13,800 to those members of our staff who had had to retire through sickness or advancing years.

Turning to the profit and loss account, you will notice that the balance, after deducting various charges, is £722,264, which I am sure you will agree is highly satisfactory in times like these. I need hardly say that these profits are the result of trading operations.

After payment of all preference and preferred share dividends, and after payment of four quarterly dividends of 6 per cent., less tax, on the ordinary shares, we have a balance from the year's profits of £265,514, which, together with the balance from last year, amounts to £495,342. Your directors recommend the payment of a bonus of 1s. per share, free of income tax, on the ordinary shares, absorbing £75,000, the same as last year, and a transfer to the reserve fund of £200,000, leaving £220,342 to be carried forward to next year.

The increase in the number of customers was nearly 7,000,000, and, in spite of the drop in prices and the lower purchasing power of the public, our turnover was much the largest the company has ever had. From these facts, together with the figures which I have just read to you, there is only one conclusion to be drawn, that is, in spite of all the difficulties, and they have been many, that the year's results are satisfactory. In order to get these results, every process in our organisation, whether in the laboratories, warehouses or offices, is under constant revision with a view to efficiency and economy, and wherever improved methods or machinery can be introduced, we are doing so.

Concurrently with this, we are striving the whole time to improve

our service to our customers, and I am satisfied that we have never given better value to the public than we are giving to-day.

Satisfactory progress is being made with the second unit of our new plant at Beeston, which, when complete, will be a model works in every respect, and we hope to start production there during 1932.

Realising our responsibility to our millions of customers, we have made it a matter of principle, not only to afford the utmost possible service to the public in our branches, but also to carry out and support researches directed to the prevention and cure of diseases in every possible way.

This we do by means of original investigations carried out in our own laboratories, and also by assisting workers in the field of medical science by preparing for them, often at considerable expense to ourselves, various drugs for clinical trial. Acknowledgments in medical and scientific journals bear witness to this fact. Our contact with important hospitals and with the leading representatives of medical and scientific research in this country has enabled us to improve and extend our range of special medical products. In a time of general trade depression, from which the chemical industry as a whole has not escaped, it is a matter of pride to record that the department manufacturing our fine and medicinal chemicals has had a record year, and that the demand for our brands of staple fine chemicals, such as aspirin and insulin, continues to increase rapidly.

In accordance with our policy and duty to medical science in this country, we have introduced new products of our own manufacture, and have imported products to assist in the treatment of various diseases. For some three years past we have made and marketed a liver extract in powder form, prepared by the official process, for the treatment of pernicious anaemia. This is necessarily expensive, owing to the method of manufacture, and, acting upon representations made to us, we now produce an extract of liver in fluid form, which costs less than the powder, and which has also been tested and found to be efficient clinically.

It is our policy to provide for our customers, not only the best medicines obtainable in the British Isles, but also to investigate the value of medicinal discoveries introduced in other countries. Published information showed us that the concentrated serum for the treatment of pneumonia, introduced by Felton, was saving many lives. After investigation we arranged to place our distributing facilities at the disposal of the Lederle Company, who are one of the manufacturers of this special serum, for supplying this valuable remedy throughout the country, and it has now been arranged that we shall be the distributors in Great Britain for all Lederle products.

During the year our research department has been keeping abreast of the trend of modern scientific opinion, particularly on the medicinal side. A prominent feature in recent medical literature, both in this country and elsewhere, has been the question of antiseptics, especially for use in midwifery, and of methods of evaluating them in the laboratory. Our bacteriological department has consequently made many tests upon the new and previously known antiseptics by a number of different methods, and in this way accumulated a sound basis of knowledge on which to build in future.

Some of the results of our researches have been published in scientific journals during the last twelve months; amongst them are papers dealing with our new antiseptic, Amyl-meta-cresol, the valuation of carbolic powder, the mode of action of insulin, and the syntheses of compounds allied to the active principle of ipecacuanha.

In spite of world-wide depression, I am pleased to say that our export trade has grown very satisfactorily during the past year.

Our retail companies have opened 33 new branches during the year, and the total number on March 31st last was 911.

The new shops at Cambridge and Norwich to which I referred in last year's report have now been opened some months, and show a satisfactory increase in business.

We have also rebuilt our shop at Coventry, and reconstructed our premises at Grainger Street, Newcastle, where we have instituted a 24-hour service. This has been greatly appreciated both by the doctors and the general public. During the last twelve months we have kept the whole of our 17,000 employees on full time, and a large number of men have been working on our extension at Beeston, and, in addition, we have spent over £200,000 on structural work to improve our various properties, and thus contributed in a small way to prevent unemployment from becoming worse than it is. Whilst the outlook for business in general is uncertain, we have satisfactory reserves, sufficient liquid assets for our requirements, stock in a healthy condition, and last, but not least, a loyal hard-working staff, who can be relied on to do their utmost for the success of the company.

I now move that the accounts be accepted, and that the appropriations out of the profits, as printed in the directors' report, be hereby approved.

Mr J. E. Greenwood, M.A., LL.B., A.C.A., seconded the adoption of the report, which was carried unanimously.

GEORGE NEWNES, LIMITED.

ANOTHER SUCCESSFUL YEAR.

The thirty-fourth annual general meeting of George Newnes, Limited, was held, on the 25th instant, at the offices of the company.

The Rt. Hon. the Lord Riddell, the Chairman, said: Ladies and gentlemen, notwithstanding trade depression, we are again able to present a satisfactory profit and loss account. The profit amounts to £154,184, compared with £155,284 last year—a difference of only £1,100.

We propose to pay a final dividend on the ordinary shares at a rate of 9 per cent., making 15 per cent. for the year, together with a bonus of 5 per cent. We also propose to transfer £7,500 to the sick and pension fund and for staff bonus, to transfer £10,000 to general reserve, and to carry forward £59,523, compared with £57,101 last year. In dealing with the subsidiary companies we have only taken credit for dividends paid by them to Newnes as holders of the ordinary shares in these undertakings. We have not taken credit for sums carried forward by our subsidiaries, or for amounts placed by them to reserve. These amount in the aggregate to a substantial sum, and may be regarded as nest-eggs for George Newnes, Limited.

STRONG BALANCE SHEET.

To turn to the balance sheet. The increase in sundry debtors is due to an increased turnover in certain departments. The balance of the £100,000 borrowed by *Country Life* from bankers to purchase the business of Messrs W. H. and L. Collingridge has been paid off. Notwithstanding this expenditure, on March 31st Newnes and its subsidiaries had standing to their credit at their bankers a total sum of £233,000.

We are entitled to claim that sound conservative finance has been largely responsible for the success of our business, which is capitalised at a very moderate figure, both as to preference and ordinary shares. There are no debentures, except those of subsidiaries held by Newnes.

Having referred to the list of important publications controlled directly or indirectly by the company, numbering twenty-five weeklies and monthlies, the Chairman proceeded to say:—The company and its subsidiaries also own unencumbered freehold and leasehold properties of very considerable value. The bulk of these have been purchased out of the company's reserves and profits—that is, without raising fresh capital. The same remark applies to our great printing works at Exmoor Street, Notting Hill—one of the largest and best-equipped works in the kingdom. When we established these works some years ago, the company formed to acquire them, in which we hold all the ordinary shares, issued £150,000 debentures to the public, but these have since been paid off by Newnes and Pearson's out of their reserves and profits, and they now hold the debentures.

In view of these results I need hardly tell you that our publications have been doing well. We continue to cater successfully for all tastes and all classes. Considering the depressed conditions obtaining in some of our overseas markets, circulations abroad have been well maintained.

" TIT-BITS " JUBILEE.

This autumn *Tit-Bits* will celebrate its jubilee. Its fiftieth birthday will be marked by special numbers of a most interesting and appropriate character. Sir George Newnes made two great inventions, first, *Tit-Bits*, which revolutionised the presentation of printed matter, and, second, the *Strand*, which, under the editorship of my friend and colleague, Mr Greenhough Smith, revolutionised magazine production. *Tit-Bits* was, perhaps, the more important, as it awakened writers and readers to the advantages of brevity and simplicity. It is gratifying to think that a publication which has exercised such an important influence upon the English-speaking world is still in a highly-flourishing condition.

During the early part of the year, my colleague, Mr Edward Hudson, visited India to superintend the photographing of New Delhi for *Country Life*. The wonderful pictures now appearing in that paper are the fruits of his visit.

So far as the present year is concerned, I shall make no prophecies. Our business more than most depends on general trade conditions. If other trades are doing well, we do well. If other trades are doing badly, we suffer in consequence. A revival in trade

Orders for the publication in these columns of the reports of Company Meetings should be addressed to the Reporting Manager of THE ECONOMIST, 8, Bouverie Street, Fleet Street London, E.C.4.

LOST.—Within the past twelve months, all over the country, much money invested in stocks and shares; owners desirous re-creating estates.

FOUND.—A gilt-edged security liable to appreciate, not depreciate; carries rights to income tax rebates; buyable in a rising market; creates an immediate estate. Apply LIFE DEPT., THE LIVERPOOL AND LONDON AND GLOBE Insurance Company, Ltd., 1, Dale Street, Liverpool.

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depends in a great measure on a reduction in taxation. Like most other businesses, we are suffering from heavy taxation, which prevents us from starting new enterprises that would provide employment and, we hope, additional profits.

The Chairman concluded by moving the adoption of the report and accounts.

Sir Frank Newnes, Bart. (vice-chairman), seconded the resolution, and the motion, having been supported by Sir Neville Pearson, Bart. (vice-chairman), was carried unanimously.

Government Returns, &c.

NATIONAL ACCOUNTS.

As is shown from the Treasury Return printed below, the total ordinary revenue for the week ended June 20, 1931, amounted to £11,619,500 against ordinary expenditure of £21,721,000. After allocating £610,000 to Sinking Fund and having allowed for an increase in Exchequer Balances of £134,523, the week's operations, as shown below, increased the National Debt by £10,846,000 to £7,683,276,000:—

(000's omitted.)

Public Department Advances...	+ 10,200	Bank of England Advances.....	- 2,500
Treasury Bills	+ 3,027	Road Fund.....	- 281
National Savings Certificates...	+ 400		
	+ 13,627		- 2,781

A complete analysis of the National Debt at March 31, 1931, was printed in the *Economist* of April 4th.

REVENUE.	Total Receipts into the Exchequer.			
	April 1, 1931, to June 20, 1931.	April 1, 1930, to June 21, 1930.	Week ended June 20, 1931.	Week ended June 21, 1930.
ORDINARY REVENUE.				
Inland Revenue—				
Income Tax.....	18,788,000	20,618,000	£ 13,000	£ 311,000
Super-tax, including Arrears of				
Estate, &c., Duties.....	10,340,000	9,520,000	520,000	440,000
Stamps.....	17,030,000	21,580,000	1,320,000	3,830,000
Excess Profits Duty and Corporation Profits Tax	1,950,000	3,390,000	50,000	40,000
Land Tax and Mineral Rights Duty.....	120,000	110,000	...	...
Total Inland Revenue	48,228,000	55,218,000	1,903,000	4,621,000
Customs and Excise—				
Customs	25,481,000	26,372,000	2,310,000	2,500,000
Excise	26,400,000	28,400,000	6,210,000	7,285,000
Total Customs and Excise...	51,881,000	54,772,000	8,520,000	9,785,000
Motor Vehicle Duties (Exchequer Share)	787,000	801,088	Dr. 84,000	Dr. 278,912
Post Office (Net Receipt)	3,900,000	2,800,000	Dr. 1,550,000	Dr. 1,750,000
Crown Lands	240,000	240,000	...	...
Receipts from Sundry Loans.....	9,383,915	9,383,453	1,551,225	1,549,999
Miscellaneous Receipts	5,760,476	5,350,532	1,279,323	1,112,213
Appropriation from Rating Relief Suspense Account	...	...	...	...
Total Ordinary Revenue ...	120,180,391	128,545,073	11,619,548	15,039,300
SELF-BALANCING REVENUE.				
Post Office	11,500,000	12,700,000	2,000,000	2,000,000
Motor Vehicle Duties apportioned to Road Fund.....	3,480,000	3,558,912	84,000	278,912
Total Self-Balancing Revenue	14,980,000	16,258,912	2,084,000	2,278,912
Total	135,160,391	144,803,985	13,703,548	17,318,212

EXPENDITURE.	Total Issues out of the Exchequer to meet payments.			
	April 1, 1931, to June 20, 1931.	April 1, 1930, to June 21, 1930.	Week ended June 20, 1931.	Week ended June 21, 1930.
ORDINARY EXPENDITURE.				
Interest and Management of National Debt	106,864,727	107,161,934	14,817,276	15,260,930
Payments to Northern Ireland Exchequer	972,887	927,952	...	44,965
Other Consolidated Fund Services	363,494	494,196	53,749	53,750
Total	108,201,108	108,584,082	14,871,025	15,359,645
Total Supply Services (excluding Post Office)	84,674,000	85,968,800	6,850,000	5,550,000
Total Ordinary Expenditure	192,875,108	194,552,882	21,721,025	20,909,645
SELF-BALANCING EXPENDITURE.				
Post Office and Road Fund	11,500,000	12,700,000	2,000,000	2,000,000
Road Fund	3,480,000	3,553,912	84,000	278,912
Total Self-Balancing Expenditure	14,980,000	16,253,912	2,084,000	2,278,912
Total Ordinary and Self-Balancing Expenditure	207,855,108	210,811,794	23,805,025	23,188,557
New Sinking Fund (1928)	8,088,226	8,744,881	610,000	1,319,000
Total, including New Sinking Fund	215,943,334	219,556,675	24,415,025	24,507,557

The aggregate revenue and expenditure to June 20, 1931, is shown below:—

FINANCIAL YEAR, 1931-32, APRIL 1ST TO JUNE 20TH. (000's omitted.)			
	Revenue	Expenditure	
Revenue	120,180	192,875	
Expenditure	120,180	8,088	
New Sinking Fund	77,276	8,088	
	200,963	200,963	

POSITION OF THE FLOATING DEBT. Movement, Week ended June 20, '31.			
Ways and Means Advances Outstanding	June 21, '30.	Mar. 31, '31.	June 20, '31.
Advances by Bank of England	—	—	2,500,000
Advances by Public Departments	64,020,000	24,500,000	44,950,000
Treasury Bills outstanding	622,895,000	569,825,000	626,020,000*
Total Floating Debt	686,915,000	594,325,000	670,970,000

* Includes £7,000 of the proceeds of which were not carried to the Exchequer within the period of the account.

TREASURY BILLS BY PUBLIC TENDER.			
Tenders for £40,000,000 in Treasury Bills were opened on June 19, 1931, and the total amount applied for was £58,440,000. Tenders were accepted for bills at three months, dated Monday to Friday at £99 9s. 5d., and above, in full, and Saturday at £99 9s. 7d., and above, in full. The amount allotted was £39,685,000.			
Date.	Amount Offered.	Amount Applied For.	Treasury Bills at 3 Months, Average Rate.
1931.			
May 29	45,000,000	59,225,000	2 1/2 9/45
June 5	45,000,000	56,160,000	2 3/4 8/9
June 12	35,000,000	56,900,000	2 1/2 11/59
June 19	40,000,000	58,440,000	2 1/2 11/22

The Bankers' Gazette.

BANK OF ENGLAND.

Return for Week ended Wednesday, June 24, 1931.

ISSUE DEPARTMENT.

	£	Government Debt	£
Notes issued—			
In Circulation	352,831,656	11,015,100	
In Banking Department	70,662,760	232,211,776	
	4,088,032	12,685,092	
		4,088,032	
Amount of Fiduciary Issue	260,000,000		
Gold Coin and Bullion	162,894,416		
	£422,894,416		£422,894,416

BANKING DEPARTMENT.

	£	Government Securities	£
Proprietors' Capital	14,553,000	30,400,906	
Reserve	3,377,712		
Public Deposits*	25,249,188		
Other Deposits	...	29,633,254	
Bankers' Deposits	261,643,786	27,128,948	
Other Accounts	33,519,992		
7-Day and other Bills	1,360	36,762,202	
	95,163,778	70,662,760	
	1,139,170		
	£138,345,038		£138,345,038

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

Both Departments.	Amount, June 24, 1931.	Inc. or Dec. on Last Week.	Inc. or Dec. on Last Year.
Note circulation	352,831,656	+ 565,843	+ 5,700,221
Public deposits	25,249,188	+ 10,231,757	+ 3,744,338
Bankers' deposits	261,643,786	+ 9,601,903	+ 2,132,436
Other deposits	33,519,992	+ 161,075	+ 2,593,775
Seven-day bills	1,360	Nil	+ 1,840
Total outside liabilities	473,245,982	+ 834,622	+ 6,683,934
Capital and reserve	17,930,712	+ 70,119	+ 7,601
Government debt and securities	273,527,782	+ 918,739	+ 19,136,863
Discounts and advances	9,633,254	+ 237,169	+ 6,265,907
Other securities	39,814,040	+ 437,001	+ 12,844,928
Silver coin in issue department	4,088,032	+ 4,127	+ 373,989
Coin and bullion (bank's reserve)	164,013,586	+ 2,025,733	+ 6,240,296
Reserve of notes and coin in banking department	71,181,930	+ 1,460,940	+ 11,940,517
Proportion of reserve to outside liabilities—			
(a) Banking department only ("proportion")	59 1/2 %	+ 1 1/2 %	+ 10 1/2 %
(b) Gold stocks to deposits and notes ("reserve ratio")	34 1/2 %	+ 1/2 %	+ 1 1/2 %

Issue Department.		Banking Department.		Gold in or out of Bank.		Bank Rate.
Date.	Notes Issued.	Circulation.	Public Deposits.	Bankers' Deposits.	Other Deposits.	
1931.						
May 13	408,977	353,127	10,324	62,199	33,966	1,462 in
20	410,173	351,541	14,966	56,634	34,026	1,190 in
27	411,017	354,860	17,449	54,761	33,820	684 in
June 3	411,876	356,371	6,545	72,209	33,920	856 in
10	415,256	354,251	9,627	69,561	33,267	3,375 in
17	420,926	352,266	15,017	71,446	33,681	5,640 in
24	422,894	352,832	25,249	61,664	33,570	1,863 in

Issue Department.		Both Depts.		Banking Department.		Reserve & the "Proportion."
Date.	Govt. Debt and Securities.	Other Securities.	Gold Coin and Bullion and Reserve Ratio.	Govt. Securities.	Discounts & Advances.	
1931.						
May 13	242,082	13,825	150,004	32 1/2 %	35,665	25,343
20	242,136	13,775	151,206	33 1/2 %	35,566	25,890
27	245,727	10,177	152,078	32 1/2 %	35,553	27,218
June 3	244,194	11,707	152,934	32 1/2 %	35,566	28,311
10	244,224	11,275	155,288	33 1/2 %	35,597	28,526
17	245,701	12,207	161,987	34 1/2 %	35,846	28,044
24	245,227	12,685	164,014	34 1/2 %	35,833	27,129

BANKERS' CLEARING RETURNS (000's omitted.)				
	Town.	Metropolitan.	Country.	Total.
1931.				
Jan. 1 to June 10	15,934,380	778,786	1,256,382	17,969,548
Week ended June 17	623,448	30,905	52,853	713,206
Week ended June 24	591,292	29,485	46,834	667,611
Total to date, 1931	17,155,120	839,176	1,356,069	19,350,365
Total to date, 1930	19,290,592	900,745	1,470,230	21,661,567
Increase or decrease in 1931	- 2,135,472	- 61,569	- 114,161	- 2,311,202
	- 11.1 %	- 6.8 %	- 7.8 %	- 10.7 %
Total for year, 1930	38,782,577	1,812,146	2,963,631	43,558,354
Do. 1929	39,335,924	1,881,989	3,078,764	44,896,677
Increase or decrease in 1930	- 1,553,347	- 69,843	- 115,133	- 1,738,323
	- 4.0 %	- 3.7 %	- 3.7 %	- 3.9 %

PROVINCIAL CLEARING RETURNS (000's omitted.)				
	Week ended June 20.	Month of May.	Aggregate Totals January 1 to June 20.	
	1930.	1931.	1930.	1931.
Number of working days	27	25		
BIRMINGHAM	2,117	1,784	11,403	8,947
BRADFORD	506	466	3,544	3,027
BRISTOL	1,132	1,151	5,098	4,334
DUBLIN	4,249	6,238	...	...
HULL	755	686	3,475	2,975
LEEDS	721	871	4,294	3,548
LEICESTER	575	682	2,973	2,474
LIVERPOOL	6,526	4,917	27,610	23,991
MANCHESTER	11,714	7,813	45,726	37,685
NEWCASTLE	1,252	1,190	6,383	5,227
NOTTINGHAM	497	358	2,492	1,607
SHEFFIELD	779	725	4,020	2,881
Total	31,023	26,881	117,018	96,656

OVERSEAS BANK RETURNS.				
NOTE.—The latest return of the Bank for International Settlement and of the Banks of Denmark and Canada appeared in the <i>Economist</i> of June 13; National Bank of Egypt, Czechoslovakia, Greece, Russia, Netherlands, and Reichsbank in June 20.				

U.S. FEDERAL RESERVE BANKS.—In \$'s (000's omitted.)				
	June 26, 1931.	June 4, 1931.	June 11, 1931.	June 18, 1931.
RESOURCES.				
Total gold reserve	3,059,170	3,259,110	3,277,000	3,355,290
Total bills discounted	231,510	172,430	184,750	185,390
Bills bought in open market	102,110	134,150	127,220	106,810
Total U.S. Govt. securities	576,970	598,350	599,020	593,000
Total bills and securities	910,690	904,930	911,090	895,590
Total resources	4,879,940	5,045,100	4,995,800	5,165,870
LIABILITIES.				
Federal Reserve notes in actual circulation	1,402,870	1,583,570	1,641,950	1,668,310
Deposits—Memberbank—reserve account	2,386,430	2,388,530	2,397,860	2,401,100
Total deposits	2,459,380	2,484,360	2,440,010	2,556,840
Capital paid in and surplus	446,670	443,050	443,010	442,950
Total liabilities	4,879,840	5,045,100	4,995,800	5,166,870
Ratio of total reserves to deposits and Federal Reserve notes combined	83.7 %	84.2 %	84.4 %	84.1 %

NEW YORK FEDERAL RESERVE BANK.—In \$'s (000's omitted.)					
	June 26, 1931.	June 4, 1931.	June 11, 1931.	June 18, 1931.	June 25, 1931.
Total gold reserves	1,156,780	1,117,790	1,182,580	1,236,040	1,236,040
Total bills discounted	38,150	29,930	33,260	34,600	34,600
Bills bought in open market	10,160	41,630	31,790	32,810	35,190
Total U.S. Govt. securities	179,940	145,150	145,170	145,170	151,420
Total bills and securities	231,500	216,710	207,610	214,810	229,410
Deposits—Memberbank—reserve account	1,001,970	1,003,340	1,003,740	1,053,050	1,119,480
Ratio of total res. to dep. and Federal Res. note liabilities combined	88.9 %	90.4 %	91.2 %	91.3 %	90.4 %

STATEMENT OF CANADIAN BANKS.—In \$'s (000's omitted.)					
	Mar. 31, 1931.	Dec. 31, 1930.	Jan. 31, 1931.	Feb. 28, 1931.	Mar. 31, 1931.
ASSETS.					
Cash and bank balances	403,399	419,385	330,632	336,790	344,897
Bank balances abroad	82,029	89,805	107,610	107,711	116,630
Call and short loans	414,786	350,686	311,760	318,484	312,432
Securities	604,169	593,008	593,008	653,593	678,689
Loans in Canada	1,474,382	1,282,467	1,280,320	1,265,415	1,277,415
Loans abroad	278,843	213,965	214,601	222,264	224,335
Other assets	193,771	183,339	183,743	181,573	178,107
LIABILITIES.					
Note circulation	162,861	148,017	141,439	143,671	139,423
Deposits—Government	123,393	68,033	60,102	118,097	96,337
Public in Canada	2,061,080	2,067,539	1,985,452	1,978,034	2,024,642
Foreign	397,424	372,276	347,364	360,540	316,340
Bank balances—Canadian	14,412	12,807	13,047	14,926	14,569
Foreign	73,505	65,046	62,268	58,860	72,662
Bills payable, &c.	95,520	83,652	83,229	81,283	76,765
Capital and res.	304,312	307,250	307,250	307,250	307,250
Other liabilities	5,197	4,704	4,885	6,840	4,197

SOUTH AFRICAN RESERVE BANK.—In £'s (000's omitted).						
	May 30, 1930.	May 1, 1931.	May 15, 1931.	May 22, 1931.	May 29, 1931.	
ASSETS						
Gold coin and bullion.....	8,257	6,539	6,204	6,166	6,181	6,583
Subsidiary coin.....	94	313	319	326	331	326
Bills discounted.....	9,404	7,704	6,917	6,612	7,064	7,064
Investments.....	616	1,859	1,859	1,859	1,859	1,859
LIABILITIES						
Capital.....	1,000	1,000	1,000	1,000	1,000	1,000
Reserve.....	600	720	720	720	720	720
Notes in circulation.....	9,709	8,292	7,333	6,858	6,544	8,143
Government deposits.....	2,050	1,981	4,563	2,208	2,339	1,962
Bankers' deposits.....	4,994	4,921	4,849	4,523	4,997	4,736
Ratio of cash reserves to liabilities to public.....	47.1%	44.9%	45.4%	46.1%	45.2%	46.2%

NATIONAL BANK OF JUGOSLAVIA.—In dinar (000's omitted).

ASSETS.	June 15, 1930.	May 22, 1931.	May 31, 1931.	June 6, 1931.	June 15, 1931.
Gold Reserve.....	97,196	99,469	99,627	99,743	99,889
Other gold and notes.....	18,486	18,169	18,256	18,491	18,793
Foreign credits.....	220,873	263,385	264,622	264,671	264,546
State bills.....	1,106,629	1,192,995	1,223,822	1,231,458	1,251,181
Government advances.....	4,090,442	4,020,861	4,020,861	4,020,853	4,020,853
LIABILITIES.					
Notes in circulation.....	5,204,860	4,619,309	4,790,809	4,774,467	4,615,514
State credits.....	163,951	126,225	126,225	126,217	126,217
Deposits.....	1,514,955	1,191,350	1,048,634	1,087,559	1,217,054

One dinar is calculated as follows: One gold dinar as one dinar, one pound sterling as 25 dinars, one dollar as 5 dinars, one lire as one dinar, one Swiss or French franc as one dinar, &c.

NATIONAL BANK OF ROUMANIA.—In lei (000's omitted).

ASSETS.	June 7, 1930.	May 16, 1931.	May 23, 1931.	May 30, 1931.	June 6, 1931.
Gold & gold exchange.....	10,784,803	11,175,321	11,187,728	11,193,024	11,186,419
Commercial bills.....	8,539,307	7,159,188	7,170,282	7,251,567	7,236,692
State debt, advances to State, &c.....	5,797,426	5,616,746	5,616,746	5,616,746	5,616,746
LIABILITIES.					
Notes in circulation.....	18,507,593	18,735,585	18,685,944	18,709,167	18,600,231
Other sight liabilities.....	7,276,198	7,886,531	8,086,464	7,911,276	7,416,121

NATIONAL BANK OF BULGARIA.—In leva (000's omitted).

ASSETS.	June 7, 1930.	May 15, 1931.	May 23, 1931.	May 31, 1931.	June 7, 1931.
Gold and silver holdings.....	1,583,129	1,486,768	1,490,029	1,491,439	1,494,689
Balances abroad and foreign currencies.....	934,246	768,691	725,986	644,307	604,267
Discounts and advances.....	5,339,302	5,064,426	5,064,426	5,064,426	5,064,426
LIABILITIES.					
Capital paid up.....	500,000	500,000	500,000	500,000	500,000
Reserves.....	1,253,352	1,183,754	1,184,168	1,184,232	1,183,982
Bank notes in circulation.....	3,501,957	3,280,509	3,200,957	3,183,469	3,234,328
Sight liabilities.....	1,577,060	1,400,261	1,402,645	1,408,314	1,293,735
Deposits.....	288,262	257,956	257,289	257,031	257,031

BANK OF POLAND.—In zloty* (000's omitted).

ASSETS.	June 10, 1930.	May 10, 1931.	May 20, 1931.	May 31, 1931.	June 30, 1931.
Gold.....	702,493	567,444	567,525	567,585	567,650
Of which gold abroad.....	219,046	81,716	81,718	81,716	81,716
Foreign currencies.....	380,940	332,822	341,516	355,531	337,105
State bills.....	573,752	532,052	522,185	541,209	524,381
Loans against securities.....	82,488	85,925	83,293	88,861	85,899
Reserve fund securities.....	84,150	91,683	93,595	93,595	93,595
LIABILITIES.					
Share capital.....	150,000	150,000	150,000	150,000	150,000
Reserve funds.....	112,000	114,000	114,000	114,000	114,000
Notes in circulation.....	1,260,346	1,201,902	1,142,000	1,222,300	1,277,181
Current accounts.....	307,918	221,402	275,879	205,442	315,128

* As from October 15, 1927, 8-91 zlotys equals 1 U.S. dollar

BANK OF FINLAND.—In F. Marks (000's omitted).

ASSETS.	Position, May 30, 1931.	June 14, 1931.	May 30, 1931.	June 6, 1931.	June 15, 1931.
Gold.....	35,091	302,264	300,771	300,640	300,396
Balance abroad and foreign bills.....	90,379	1,166,108	963,424	928,029	990,212
Finland and Foreign Government securities.....	21,826	347,556	375,298	376,846	381,596
Discounts and loans.....	105,151	861,373	797,811	790,172	791,381
LIABILITIES.					
Notes in circulation.....	123,941	1,364,751	1,256,699	1,237,590	1,226,938
Deposits at notice.....	21,225	177,978	195,666	166,644	163,443

BANK OF ESTONIA.—In Est. kroon (000's omitted).

ASSETS.	June 15, 1930.	May 23, 1931.	May 30, 1931.	June 7, 1931.	June 15, 1931.
Gold coin and bullion.....	6,508	6,528	6,528	6,528	6,528
Net foreign exchange.....	16,066	17,002	17,019	17,026	16,660
Subsidiary Estonian coin.....	1,812	1,792	1,882	1,939	1,960
State bills discounted.....	14,115	10,393	10,193	10,197	9,821
Loans and advances.....	11,339	14,769	15,133	14,004	11,046
Thereof loans to Government.....	5,000	5,000	5,000	5,000	2,000
LIABILITIES.					
Notes in circulation.....	28,870	34,081	32,896	31,408	30,804
Sight deposits and current accounts.....	17,422	16,330	17,650	17,915	14,137
Ratio of reserve to current liabilities.....	48.45%	46.67%	46.57%	47.75%	51.59%

* Includes Rkr. 4,435,574-11 guaranteed by the Government.

BANK OF LATVIA.—In lats (gold francs) (000's omitted).

ASSETS.	June 18, 1930.	May 18, 1931.	May 25, 1931.	June 1, 1931.	June 8, 1931.	June 15, 1931.
Gold bullion and coins.....	24,017	24,085	24,096	24,096	24,101	24,101
Silver coin.....	7,391	6,909	6,780	6,780	6,780	6,780
Balance abroad.....	47,728	27,281	26,870	25,736	25,978	21,410
Treas. notes and sm. change.....	16,510	15,022	11,845	13,166	14,119	13,687
Short term bills.....	89,369	79,514	79,258	79,534	78,930	78,533
Loans against securities.....	54,360	69,026	68,664	68,193	67,591	67,362
Other assets.....	15,726	15,255	15,617	15,416	15,552	15,803
LIABILITIES.						
Notes in circulation.....	43,904	43,374	42,414	41,229	40,041	39,414
Capital paid up.....	18,735	19,676	19,676	19,676	19,676	19,676
Reserve.....	4,352	4,729	4,729	4,729	4,729	4,729
Special reserve.....	3,500	3,500	3,500	3,500	3,500	3,500
Deposits.....	17,496	21,013	21,035	21,094	21,042	20,879
Current accounts.....	58,924	68,972	66,434	67,330	66,233	66,233
Government accounts.....	100,448	72,416	71,071	71,053	71,431	69,018
Other liabilities.....	7,252	4,411	4,281	4,579	4,764	4,644

BANK OF LITHUANIA.—In lt. (000's omitted).

ASSETS.	June 15, 1930.	Apr. 15, 1931.	Apr. 30, 1931.	May 15, 1931.	May 31, 1931.	June 15, 1931.
Gold.....	35,325	39,455	39,446	39,469	39,472	39,477
Silver.....	4,275	2,814	2,866	2,868	2,892	2,919
State Treasury coins.....	1,644	1,392	1,406	1,402	1,400	1,397
Foreign currency.....	80,963	76,195	74,192	69,848	63,358	67,347
Discount and credit.....	90,566	101,986	104,542	106,518	106,755	101,833
LIABILITIES.						
Capital.....	12,000	12,000	12,000	12,000	12,000	12,000
Reserve.....	1,553	1,900	1,900	1,900	1,900	1,900
Banknotes in circulation.....	96,110	107,096	111,902	107,850	108,644	106,558
Deposits.....	104,143	103,258	97,645	101,692	91,687	94,742

BANK OF DANZIG.—In Danzig gulder (000's omitted).

ASSETS.	June 14, 1930.	Mar. 31, 1931.	Apr. 15, 1931.	Apr. 30, 1931.	May 15, 1931.	May 30, 1931.	June 15, 1931.
Gold and bullion.....	3,531	3,290	3,708	3,511	3,861	3,587	3,783
Of which gold coin.....	116	119	129	129	129	129	129
Danzig subsidiary coin.....	5,415	3,171	3,579	3,582	3,532	3,458	3,654
Bal. of Bng. Inc. notes.....	11,159	16,462	12,201	14,843	11,459	14,050	11,482
Bills of exchange.....	20,683	20,610	20,539	22,160	21,004	21,698	22,719
Loans.....	140	140	140	175	175	175	175
Foreign exchange.....	9,302	12,519	8,313	6,842	7,082	7,379	5,151
Other bills.....	40	39	32	30	35	41	41
Securities.....	3,666	3,993	3,993	3,998	3,993	3,993	3,993
LIABILITIES.							
Capital paid up.....	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Notes in circulation.....	31,892	36,523	31,936	36,126	31,551	35,096	30,525
Deposits on demand.....	1,699	1,699	2,728	1,303	1,697	1,801	2,449

BANK OF JAPAN.—In yen (000's omitted).

ASSETS.	Position, June 30, 1931.	June 7, 1931.	Mar. 16, 1931.	May 22, 1931.	May 30, 1931.	June 6, 1931.
Gold coin & bullion.....	221,320	925,077	844,883	846,038	847,440	847,867
Other coin & bullion.....	1,740	65,119	65,717	66,662	67,226	67,226
Discounts.....	41,740	658,159	634,307	632,975	639,256	626,379
Advances.....	70,540	39,467	55,629	55,629	55,626	55,658
LIABILITIES.						
Notes.....	352,270	1,085,375	952,875	980,315	1,077,760	991,347
Govt. deposits.....	87,340	504,405	365,502	360,355	336,155	300,123
Other deposits.....	11,440	312,617	382,941	369,491	298,506	361,359

CENTRAL BANK OF CHILE.—In \$'s (000's omitted).

ASSETS.	May 23, 1931.	May 1, 1931.	May 8, 1931.	May 15, 1931.	May 22, 1931.
Gold at home.....	63,019	61,993	62,002	62,875	63,267
Gold abroad.....	360,029	218,361	207,835	193,393	183,260
Discounts and advances.....	89,568	117,125	125,953	135,304	132,846
LIABILITIES.					
Notes of the bank in circulation.....	337,849	300,815	308,299	303,840	293,025
Deposits.....	90,568	35,264	43,255	35,643	30,741
Paid-up capital.....	90,832	90,832	90,832	90,832	90,832

LONDON RATES.

	June 18, 1931.	June 19, 1931.	June 20, 1931.	June 22, 1931.	June 23, 1931.	June 24, 1931.	June 25, 1931.
Bank rate (changed from 3% May 14, 1931).....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Market rates of discount—							
60 days' bankers' drafts.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
3 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
4 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
6 months' do.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Discount Treasury Bills.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
3 months'.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
6 months'.....	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2	2 1/2
Loans—Day to day.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Short.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Deposit allowances: Bank.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
Discount houses at call.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2
At notice.....	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2	1 1/2

Comparison with previous week—

	Bank Rate.	Trade Rate.
3 Months.....	2 1/2	2 1/2
4 Months.....	2 1/2	2 1/2
6 Months.....	2 1/2	2 1/2
3 Months.....	2 1/2	2 1/2
4 Months.....	2 1/2	2 1/2
6 Months.....	2 1/2	2 1/2

RATES OF EXCHANGE.

London on	Usance.	Par.	June 26, 1930.	June 18, 1931.	June 25, 1931.
New York.....	dollars to £1	Cable	4.86 1/2	4.86 1/2-36 1/2	4.86 1/2-36 1/2
Montreal.....	dollars to £1	Cable	4.86 1/2	4.86 1/2-36 1/2	4.86 1/2-36 1/2
Paris.....	francs to £1	T.T.	124.21	123.76-78	124.28-30
Berlin.....	marks to £1	T.T.	20.43	20.39-39 1/2	20.49-49 1/2
Amsterdam.....	florins to £1	T.T.	12.107	12.09-09 1/2	12.08-8 1/2
Brussels.....	belgs to £1	T.T.	35.00	34.62-62 1/2	34.95-1 1/2
Madrid.....	pesos to £1	T.T.	166.25	165.44-44 1/2	165.91-91 1/2
Berne.....	francs to £1	T.T.	25.22 1/2	25.07-07 1/2	25.06-06 1/2
Cairo.....	kroner to £1	T.T.	18.159	18.141-141 1/2	18.161-1 1/2
Stockholm.....	kronor to £1	T.T.	18.159	18.08-08 1/2	18.14-1 1/2
Copenhagen.....	kroner to £1	T.T.	18.159	18.15-15 1/2	18.161-1 1/2
Madrid.....	pesetas to £1	T.T.	25.22 1/2	42.42-42 1/2	48.90-90 41
Vienna.....	schillings to £1	T.T.	4.50	4.08-1 1/2	4.05-05 1/2
Vienna.....	schillings to £1	T.T.	34.58 1/4	34.4-4 1/4	109 1/2-109 1/2
Prague.....	kronen to £1	T.T.	164 1/2	163 1/2-163 1/2	164 1/2-164 1/2
Belgrade.....	dinars to £1	T.T.	25.22 1/2	27 1/2-27 1/2	27 1/2-27 1/2
Budapest.....	pengo to £1	T.T.	27.82	27.77-80	27.85-88
Bukarest.....	lei to £1	T.T.	613.6	617-619	616-618
Bolsa.....	liras to £1	T.T.	613.6	665-675	666-673
Athens.....	drachmas to £1	T.T.	375	274 1/2-274 1/2	374 1/2-375 1/2
Constantinople.....	piastres to £1	T.T.	110	102 1/2	102 1/2
Moscow.....	roubles to £1	T.T.	9.46	9.43-40.445	9.444-463
Warsaw.....	zloty to £1	T.T.	43.38	43-43 1/2	43-43 1/2
Helsingfors.....	P. marka to £1	T.T.	193.23	193 1/2-193 1/2	193-193 1/2
Oslo.....	krone to £1	T.T.	193.23	193 1/2-193 1/2	193-193 1/2
Rural.....	kronor to £1	T.T.	18.159	18.25-25 1/2	18.25-25 1/2
Riga.....	lats to £1	T.T.	25.22 1/2	25.25-25 1/2	25.25-30
Alexandria.....	piastres to £1	Sight	97 1/2	97 1/2-97 1/2	97 1/2-97 1/2
Buenos Aires.....	pesos to peso	T.T.	47.62 1/2	40.40-40 1/2	35 1/2-35 1/2
Rio de Janeiro.....	pesos to mils.	90 days	16.70	5 1/2-5 1/2	3 1/2-3 1/2
Sao Paulo.....	pesos to mils.	90 days	16.70	5 1/2-5 1/2	3 1/2-3 1/2
Valparaiso.....	pesos to £1	90 days	40	39.36	28.28 1/2
Lima.....	Eng. to Per £1	90 days	par	15.12 1/2	39.39
Calcutta.....	pesce to £1	T.T.	18	1 1/2-1 1/2	1 1/2-1 1/2
Bombay.....	pesce to £1	T.T.	18	1 1/2-1 1/2	1 1/2-1 1/2
Madras.....	pesce to £1	T.T.	18	1 1/2-1 1/2	1 1/2-1 1/2
Shanghai.....	ster. to dollar	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Shanghai.....	ster. to tael	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Singapore.....	ster. to dollar	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Kebe.....	ster. to yen	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Manila.....	ster. to peso	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Manila.....	ster. to peso	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2
Siam.....	ster. to baht	T.T.	2 1/2-1 1/2	1 1/2-1 1/2	1 1/2-1 1/2

The following were the United Kingdom imports and exports of silver registered from mid-day on the 15th instant to mid-day on the 22nd instant :-

IMPORTS.	£	EXPORTS.	£
Mexico	11,225	China and Hongkong ...	61,225
United States	7,110	British India	60,453
Java	5,125	Other countries	5,816
Other countries	5,638		
	£29,098		£127,494

INDIAN CURRENCY RETURNS (in lacs of rupees).

	June 15.	June 7.	May 31.
Notes in circulation	15,331	15,564	15,479
Silver coin and bullion in India	12,858	12,775	12,744
Silver coin and bullion out of India			
Gold coin and bullion in India	2,023	2,046	2,021
Gold coin and bullion out of India			
Securities (Indian Government)	450	743	714
Securities (British Government)			

The stocks in Shanghai on the 19th instant consisted of about 83,100,000 ounces in sycee, 160,000,000 dollars and 3,540 silver bars, as compared with about 83,200,000 ounces in sycee, 160,000,000 dollars and 4,560 silver bars on the 13th instant.

GOLD AND SILVER PRICES.

	Gold Per Ounce.	Silver—Per Ounce.		Silver.
		Cash Forward	Date.	Cash.
1931.	a. d.	d. d.		d.
June 19.....	84 11½	12 ½	June 19, 1925	31 ½
" 20.....	84 11½	12 ½	" 18, 1926	30 ½
" 22.....	84 11½	13 ½	" 17, 1927	26 ½
" 23.....	84 10½	13 ½	" 14, 1928	27 ½
" 24.....	84 11	13 ½	" 13, 1929	24 ½
" 25.....	84 11	13 ½	" 26, 1930	15 ½

NOTICES.

Barclays Bank announce the opening of a new branch at 39 Hill-side, Stonebridge, N.W.10.

At the organisation meeting of the board of directors of the National City Company, held on June 8th, which followed the meeting of trustee shareholders at which the present board was re-elected, the directors re-elected all executives of the National City Company with the exception of Mr Ronald M. Byrnes, who has retired as vice-president of the company. In addition, the following executives were elected: Mr Hendrik R. Jolles as vice-president at the head office in New York; Mr Gordon M. Morier as resident vice-president, with headquarters in London; Mr Henry Mann as resident vice-president, with headquarters in Berlin.

Company News.

SUMMARY OF BALANCE SHEETS.

GENERAL ELECTRIC COMPANY, LIMITED.

March 31, 1931.

LIABILITIES.	Amount.	ASSETS.	Amount.
Ord. shares.....	2,253,645	Freehold land and buildings.....	3,577,735
Prof. shares.....	3,600,000	Plant, etc.....	1,003,400
7% deb. stock	880,240	Loose plant, good-will, etc.....	3
5% deb. stock	3,500,000	Sundry debtors.....	3,445,846
Due to subsidiaries	284,193	Stock-in-trade	2,176,295
Sundry creditors	2,041,701	Trade investments	2,718,911
Reserve	1,290,000	British Govt. stks.	805,725
Profit and loss	626,245	Cash	367,859
		Cash held by Mid-land Bank for 7% deb. stks.	880,240
Total	14,476,014	Total	14,476,014

STANTON IRONWORKS COMPANY, LIMITED.

March 31, 1931.

LIABILITIES.	Amount.	ASSETS.	Amount.
6% cum. pref. £1	447,668	Blastfurnaces, col- lieries, etc.....	1,838,901
Ord. shares £1	789,832	Bilthorpe Colliery and Village	954,126
Ord. shares, 15s. paid	346,875	Cash, Bilthorpe Colliery	15,878
4½% deb. stks.....	948,800	Investments in subsidiaries	977,506
Int. accrued	5,515	Shares at cost	29,732
Balance outstanding on capital		Advances	21,331
Int. accrued	2,464	Stocks	339,052
Creditors	1,025,642	Royalties	98,393
Owing to subsidiary		Minerals	24,184
Contingencies re- serve	136,303	Debtors	567,653
Capital reserve	216,711	Investments	42,511
General reserve	440,448	Cash in hands of trustees	743
Profit and loss	302,808		645
Total	5,005,312	Total	5,005,312

WEEKLY TRAFFIC RETURNS.

RAILWAYS OF GREAT BRITAIN AND IRELAND.

LONDON AND MIDLAND RAILWAY.															
(b) Week ended June 19, 1931. (c) Week ended June 20, 1931.	Miles Open.	Week ended June 21, 1931. (000's omitted.)						Aggregate 25 weeks, 1931. (000's omitted.)							
		Passen- gers, &c.		Merchan- dise, &c.		Coal and Coke.	Total Goods.	Total for Week.	Passen- gers, &c.		Merchan- dise, &c.		Coal and Coke.	Total Goods.	Total Receipts.
		£	£	£	£				£	£	£	£			
Great Western....	3,761	225	203	116	319	544	4,938	4,722	2,616	7,338	12,276				
Do. for 1930....	3,761	252	208	110	318	570	5,373	5,365	3,095	8,460	13,833				
L. & N. Eastn. (c) ..	6,349	341	323	218	541	882	7,387	8,476	5,012	14,488	21,875				
Do. for 1930....	6,349	380	367	233	600	980	8,113	9,945	5,753	16,519	24,634				
Lon. Mid. & Scot.	6,954	498	459	218	677	1,175	11,128	11,576	5,395	17,971	29,097				
Do. for 1930....	6,954	554	526	218	744	1,238	11,912	12,390	6,539	20,029	31,941				
Southern	2,180	338	76	30	106	444	6,330	1,765	801	2,566	9,496				
Do. for 1930....	2,179	357	82	25	107	464	7,320	1,928	749	2,677	9,997				
Total of above....	19,255	1,402	1,051	582	1,643	3,045	30,321	26,539	15,824	42,363	72,744				
Do. for 1930....	19,238	1,543	1,183	585	1,768	3,311	32,718	30,729	16,956	47,685	80,403				
Metropolitan (c) ..	59	51.1	...	...	3.9	35.0	785.6	...	...	97.8	883.3				
Do. for 1930....	59	51.8	...	...	4.0	35.8	817.3	...	...	100.1	917.4				
Undgd. E.R. (c) ..	...	310.4	...	...	...	310.4	7294.4	...	...	...	7294.4				
Do. for 1930....	...	317.7	...	...	...	317.7	7434.7	...	...	...	7438.7				
Green Buses, &c.	...	27.2	...	...	...	27.2	9.9	...	...	...	565.9				
Lon. & Sh. Grp. (c) ..	...	46.1	...	...	...	46.1	1069.6	...	...	...	1089.6				
Do. for 1930....	...	46.6	...	...	...	46.6	1084.4	...	...	...	1169.6				
*B.I.F. & Co. (w) (b)	80	3.2	...	...	7.3	5.9	52.3	...	...	16.9	69.6				
Do. for 1930....	80	3.8	...	...	8.8	4.6	57.2	...	...	18.4	75.6				
*G. Northern (b) ..	562	11.4	...	...	14.5	25.9	258.3	...	...	365.2	600.4				
Do. for 1930....	562	12.8	...	...	14.3	27.1	258.3	...	...	363.4	6210.7				
*Gt. Southern (b) ..	2,188	28.0	...	...	36.3	64.3	633.6	...	...	91.0	1551.6				
Do. for 1930....	2,188	33.5	...	...	41.8	75.3	607.9	...	...	1094.0	1698.6				

* Aggregate 24 weeks.

OVERSEAS RAILWAY RECEIPTS.

Name.	Weeks.	Ending.	Present Mileage.	Gross Receipts for Week.		Total Gross Receipts.	
				1931.	+ or -	1931.	+ or -
INDIAN.							
Assam Bengal	8	May 23	1,304	Rs. 4,19,000 +	+ 40,352	Rs. 29,86,000 +	+ 25,748
Barsi Lt. Ry.	9	30	202	37,600 +	400	3,70,700 +	61,400
Bengal & N. Western	9	30	2,119	6,70,937 +	-1,04,874	62,11,233 +	5,06,400
Bengal-Nagpur	7	16	3,198	14,77,000 +	-4,00,502	99,40,000 +	-24,68,622
Bombay, Bar. & C.I.	11	June 13	3,094	20,44,000 +	+ 2,000	2,35,77,000 +	6,02,000
Madras & S. Mahr.	9	May 30	3,230	13,85,000 +	-3,42,548	1,30,67,000 +	-19,32,328
† Rohilk. & Kumaon	9	30	572	1,18,566 +	-32,037	11,32,266 +	1,38,400
South Indian	9	30	2,458	11,23,063 +	-1,75,198	94,42,521 +	-15,84,612

SUMMARY OF COMPANY PROFIT AND LOSS ACCOUNTS.

Company.	Year Ending	Balance from Last Account.	Net Profit After Payment of Deben- ture Interest.	Amount Available for Distri- bution.	Appropriation.					Corresponding Period Last Year.	
					Dividend.			Carried to Reserve, Deprecia- tion, &c.	Balance Forward.	Net Profit.	Divi- dend.
					Prefee.	Ordinary.					
						Amount	Amount.					Rate.
		£	£	£	£	£	%	£	£	£	%
Banks.											
Bank of British West Africa	Mar. 31	53,433	24,568	78,001	...	48,000	4	...	30,001	121,822	6
Breweries.											
Barclay, Perkins and Co.....	Mar. 31	63,189	308,397	371,586	75,600	196,718	11	25,000	74,268	305,740	11
Greene, King and Sons	May 31	30,674	103,646	134,320	10,000	63,000	18	29,487	31,833	103,885	18
Financial, Land, &c.											
Bechuanaland Exploration..	Mar. 31	15,073	Dr. 1,279	13,794	...	...	...	1,000	12,794	26,192	7
Bieckert's Brewery Invest- ment.....	May 31	...	29,494	29,494	...	28,439	6	...	1,055	...	...
Electric and General Invest- ment.....	May 31	20,564	6,962	27,526	4,627	3,100	15	1,519	18,280	...	...
Heskoth Estates, Southport Hotels, Restaurants, &c.	Feb. 28	15,989	Dr. 34,248	Dr. 18,259	6,781	...	...	...	Dr. 25,940	30,091	12
Spiers and Pond	Mar. 31	7,010	89,617	96,627	32,341	58,179	14	...	6,107	103,438	15
Iron, Coal and Steel.											
Allen (Edgar) and Co.	Mar. 31	7,678	Dr. 34,776	Dr. 27,098	15,000	...	...	Dr. 10,000	Dr. 32,098	23,491	21†
Brown (John) and Co.	Mar. 31	...	10,532	10,532	...	...	...	...	10,532	24,184	...
Butterley Company	Mar. 31	63,123	90,024	153,147	...	90,000	5†	...	63,147	105,806	5†
Darwins Limited.....	Mar. 31	7,007	Dr. 18,116	Dr. 11,109	...	...	...	...	Dr. 11,109	21,060	...
Firth (Thos.) & Brown (John)	Dec. 31	119,081	25,902	144,983	54,000	...	...	15,000	75,983	...	...
Greenwood and Batley	Mar. 31	13,801	17,321	31,122	7,028	17,420	5	Dr. 2,500	9,174	26,851	5
Grovesend Steel & Tinsplate	Mar. 31	89,158	51,707	140,865	16,250	25,000	5	10,000	89,615	92,808	12†
Keith (James) & Blackman	Mar. 31	16,244	19,943	36,187	2,112	15,500	10	...	18,575	43,741	17†
Platt Brothers	Mar. 31	4,544	Dr. 137,966	Dr. 133,422	...	...	...	...	Dr. 133,422	25,281	...
Ruston and Hornsby.....	Mar. 31	38,195	Dr. 62,275	Dr. 24,080	...	...	...	Dr. 50,000	25,920	29,579	...
South Hetton Coal Co.	Mar. 31	17,281	52,815	70,096	15,000	2,438	1‡	20,000	32,658	...	...
Stanton Ironworks.....	Mar. 31	132,721	225,962	358,683	20,816	113,670	10†	50,000	174,197	200,357	10
Tredegar Iron and Coal	Mar. 31	48,591	97,338	145,929	...	86,555	5†	10,000	49,374	104,453	5†
Yorkshire Amalgamated Col- lieries	Mar. 31	16,102	54,332	70,434	...	...	...	...	70,434	65,672	3‡
Motor and Cycle.											
Guy Motors.....	Dec. 31	62,780	Dr. 18,672	Dr. 123,943	...	...	...	Dr. 140,000	16,057	66,213	15
Oil.											
Attock Oil Co.	Dec. 31	196,851	Dr. 29,789	167,062	...	...	...	...	167,062	167,006	...
Rubber, &c.											
Badek Rubber.....	Dec. 31	23,521	Dr. 1,917	21,604	...	...	...	3,000	18,604	19,179	10
Batavia (Kerkhoven) Rubber &c.	Dec. 31	Dr. 1,293	Dr. 1,529	Dr. 2,822	...	...	...	...	Dr. 2,822	...	...
Brush Rubber.....	Mar. 31	9,064	381	9,445	...	...	...	...	9,445	5,927	5
Chota Rubber	Dec. 31	3,606	Dr. 2,114	1,492	...	...	...	...	1,492	8,688	7‡
Java Para Rubber	Dec. 31	10,322	Dr. 16,267	Dr. 5,945	...	...	...	Dr. 12,000	6,055	...	...
Khota Tampan Rubber	Jan. 31	2,844	Dr. 3,808	Dr. 964	...	...	...	...	Dr. 964	2,375	...
Malacca Rubber	Dec. 31	52,894	165	53,059	...	...	...	...	53,059	35,216	...
Nordanal (Johore) Rubber..	Dec. 31	24,453	Dr. 4,976	19,477	...	...	...	...	19,477	5,834	...
Selama (Malaya) Rubber	Mar. 31	4,191	Dr. 505	3,686	...	...	...	...	3,686	4,456	5
Tanah Datar Rubber.....	Dec. 31	3,937	Dr. 2,975	1,862	...	...	...	...	1,862	6,460	4
Tanah Estates	Dec. 31	...	Dr. 4,307	Dr. 4,307	...	...	...	...	Dr. 4,307	...	...
Tea.											
Borjan Tea	Dec. 31	2,356	591	2,947	560	...	...	...	2,387	1,111	5
British Indian Tea	Dec. 31	20,026	9,743	29,769	825	8,516	10	350	20,078	13,266	15
Dhundai Tea	Dec. 31	7,666	5,293	12,959	...	4,800	15	...	8,159	8,987	7‡
Ghoir Allie Tea	Dec. 31	1,961	Dr. 4,400	Dr. 2,439	...	...	...	Dr. 2,861	422	254	10
Rupejuli Tea	Dec. 31	2,433	Dr. 6,747	Dr. 4,314	...	...	...	Dr. 6,000	1,686	1,065	10
Scottish Assam Tea	Dec. 31	6,165	3,280	9,445	...	3,217	5	...	6,228	10,753	10
Tingri Tea	Dec. 31	8,226	Dr. 5,446	2,780	...	...	...	...	2,780	14,977	10
Textiles.											
Petons and Baldwins	Apr. 30	36,460	112,186	148,646	68,482	39,982	21†	...	40,182	17,596	21†
Tramways and Omnibuses.											
Mansfield and District Tram- ways.....	Dec. 31	1,190	Dr. 6,154	Dr. 4,964	...	...	...	Dr. 4,964	...	931	...
Ribble Motor Services.....	Mar. 31	42,032	99,064	141,096	13,000	59,937	10	25,000	43,159	50,942	10
Trust.											
Globe Telegraph and Trust	May 31	17,460	255,481	272,941	84,218	200,090	81†	Dr. 28,000	16,633	261,751	10†
Pentland Investment Trust	May 31	1,321	19,075	20,396	11,625	4,650	3	...	4,121	17,854	4
Taylor's (Cash Chemists) Trust.....	Mar. 31	10,017	40,535	50,552	51,150	4,650	5	Dr. 10,000	4,752	78,344	20
Other Companies.											
Beechams Pills	Mar. 31	30,799	135,595	166,394	95,755	29,062	15	...	41,577	150,387	25
Benson (J. W.)	Mar. 31	143,526	33,667	177,193	16,666	12,501	7‡	4,500	143,526	39,864	7‡
Caroni Sugar Estates.....	Dec. 31	39,385	Dr. 11,265	28,120	...	...	...	...	28,120	14,572	...
Chadburn's (Ship) Telegraph	Mar. 31	3,802	4,673	8,475	3,600	585	3	...	4,290	...	...
Clark's Bread Co.....	Mar. 28	7,653	14,833	22,486	...	9,075	15	1,323	12,088	13,863	15
Consolidated London Pro- perties	Mar. 25	21,267	39,175	60,442	13,200	26,400	8	...	20,842	38,974	7‡
Denny, Mott and Dickson ...	Mar. 31	75,080	Dr. 31,696	43,384	32,400	...	...	...	10,984	97,401	6
General Electric Co.	Mar. 31	379,165	666,314	1,045,479	286,311	225,365	10	132,923	400,880	741,790	14
Glave (Henry)	Mar. 31	14,976	23,580	38,556	16,800	...	...	15,725	6,031	68,313	20
Harris (Philip) and Co.	Mar. 31	10,778	16,068	26,846	3,344	9,000	45†	2,926	11,576	17,948	45†
Mowat (Wm.) and Sons	May 30	2,269	2,587	4,856	1,163	1,550	10	...	2,143	3,516	12‡
Pearson (C. Arthur).....	Mar. 31	35,030	60,545	95,575	13,750	39,375	15	...	42,450	71,993	15
Phosferine Limited	Apr. 30	9,713	35,642	45,355	...	32,000	8	5,000	8,355	52,045	8
Reeves and Sons	Apr. 30	7,106	18,264	25,370	10,250	8,308	8	...	6,812	18,700	9
United Kingdom Tobacco ..	Dec. 31	15,027	Dr. 29,733	Dr. 14,706	7,500	...	...	Dr. 3,058	Dr. 19,148	28,476	...

REPORTS AND NOTICES.

Mr William May, of Messrs Slaughter and May, has been elected a director of the Trustees Corporation, Ltd.

Mr A. E. Bell has been elected chairman of the Northern Maritime Insurance Company, Ltd., in place of Sir Gerald H. Ryan, Bart., who had signified his desire to relinquish his office as chairman, but who will continue as a director of the company.

Mr Arthur M. Walters has been elected chairman of the London Guarantee and Accident Company, Ltd., in place of Sir Gerald H. Ryan, Bart., who had signified his desire to relinquish his office as chairman, but who will continue as a director of the company. Mr Percy John Pybus, C.B.E., M.P., has been elected a director and deputy chairman of the London Guarantee and Accident Company, Ltd.

Sir Thomas Royden, Bt., C.H., has been elected chairman of The Union Marine and General Insurance Company, Ltd., in place of Sir Gerald H. Ryan, Bt., who had signified his desire to relinquish his office as chairman, but who will continue as a director of the company. Mr George Brookhurst has been elected deputy chairman, and Mr Percy John Pybus, C.B.E., M.P., has been elected a director of The Union Marine and General Insurance Company, Ltd.

The directors of Williams Deacon's Bank, Ltd., announce with great regret that Mr Reginald Thomas Hindley, owing to ill-health, has found it necessary to resign his position as general manager of the bank, a post he has occupied for the last sixteen years. To fill the vacancy thus created the directors have appointed Mr Harold Bradburn and Mr Richard Dobson, assistant general managers, to be general managers of the bank.

GOVERNMENT, &c.

STATE OF SAN PAULO.—Messrs. J. Henry Schroder and Co. are authorised by His Excellency the Minister of Finance of the State of San Paulo to publish the following announcement:—Owing to temporary exchange difficulties, the Government of the State of San Paulo has requested its bankers, in order to meet July 1st payments of interest and amortisation of the State of San Paulo 6 per cent. external sterling loan of 1928 and the next service of the State of San Paulo 7 per cent. (waterworks) loan of 1926, to utilise temporarily the service reserve funds held by them for such emergencies, which reserves will be reconstituted as soon as possible. The service of the Government of the State of San Paulo 8 per cent. sterling bonds, 1921, and of the State of San Paulo 7 per cent. coffee realisation loan, 1930, will be remitted regularly as usual.

STATE OF SAN PAULO COFFEE INSTITUTE 7½% STERLING BONDS.—Messrs. Lazard Brothers and Co., Limited, announce that the monthly remittances made to them by the State of San Paulo Coffee Institute during the six months December, 1930, to May, 1931, in respect of collections of the special gold tax of one gold milreis on each bag of coffee moved in the State of San Paulo amounted to £541,170. The tax so remitted constitutes the specific security for the 7½ per cent. sterling bonds of the institute, the half-yearly service of which requires £423,538. As already advertised, the coupon due on July 1st will be paid on that date. In addition, the reserve fund, amounting to one-half year's service money, namely, £423,538, is intact and is held in London in sterling by Messrs Lazard Brothers and Company, Ltd., in accordance with the contract.

MISCELLANEOUS.

H.M.V.-COLUMBIA MERGER.—Shareholders are reminded that the last day for depositing forms of acceptance and relative transfers accompanied by share certificates with Messrs Morgan, Grenfell and Company, 23 Great Winchester Street, E.C.2, is June 29th. If for any reason the share certificates cannot be produced, the necessary forms should be lodged with a covering letter of explanation.

THE UNION-CASTLE MAIL STEAMSHIP COMPANY, LIMITED.—The board of this company have had under consideration at their meeting, on June 23rd, the question of the payment of the dividends on the 4½ per cent., 6 per cent. "A," and 6½ per cent. preference shares, due July 1st next. The board have reviewed the matter exhaustively in all its bearings, and have come to the decision with much regret that, in view of the fact that the final call of 8s. per share (amounting to £399,560) in respect of the company's holding of ordinary shares of White Star Line, Ltd., has been made (of which £100,000 has been paid, and the balance will be paid in due course), the payment of the dividends on the company's preference shares should, for the time being, be deferred. The South African trade, in which the company is mainly engaged, has not hitherto suffered so severely from the acute general depression as has been the case in many other ocean trades, and the results of the company's working may, in the circumstances, be regarded as satisfactory. The directors remind the preference shareholders that the dividends on the 4½ per cent., 6 per cent. "A," and 6½ per cent. preference shares are cumulative, and hope that the resumption of the payment of dividends on these shares may not be long deferred. We are notified by the company that the half-year's debenture interest, payable on August 1st, will be met.

WHITEHALL ELECTRIC INVESTMENTS, LIMITED.—Net income, 1930-31, was £443,142. For 1929-30 it was £449,882. Ordinary dividend is 5 per cent., as before. Carry forward, 1930-31, was £118,426. For 1929-30 carry forward was £112,783.

The Royal Exchange Assurance announces that Mr S. Beresford Shaw, at present district manager of the South West London office, has been appointed manager of the West End branch as from July 1, 1931.

Commercial Reports.

MARKET SUMMARY.

The United States Government's proposal for the postponement, during one year, of all payments on inter-Governmental debts, reparations, and relief debts caused an upward movement in the principal wholesale commodity markets. "Bear" covering was, however, more in evidence than new buying, and on Tuesday a slight reaction became noticeable. The situation in the coal trade is still deteriorating, and in South Wales the position of the pits appears to be worse than at any time during this year. In the iron and steel industries the level of activity continues to decline. Non-ferrous metals advanced sharply, and tin is now substantially above the low level reached last week. Among textile raw materials, cotton recovered to some extent, but wool values are still low. The trade in finished goods has not improved. Among cereals, wheat has been slightly firmer, while barley, oats and maize were maintained at last week's level. The principal other foodstuffs all show an improvement on last week, when many of them reached their lowest level this year. Among miscellaneous commodities, oils and oilseeds advanced sharply, but hides failed to recover, and rubber, though slightly dearer than last week, was dull.

THE COAL TRADE.

SHEFFIELD.—Extreme quietude prevails in the South Yorkshire coal trade. Best quality steams for export sell fairly readily, but smalls and secondary qualities are a drug on the market. There is little or no contract booking. Export buyers regard current prices as being too high. The house-coal trade is quiet, the recent reduction of prices having had no effect. Demand for industrial fuel and furnace coke continues to diminish with easing prices. Best steams are quoted at 17s. 6d. and 18s., f.o.b.; best ordinary house at 18s. to 20s. at pits; and blast-furnace coke at 11s. and 11s. 6d. at ovens.

WORKINGTON.—The coal trade has slumped. The Irish market has never been more unsatisfactory, and one of the collieries at Workington employing 1,400 men has been idle for three weeks. There is a good deal of coal lying under load. A crisis has arisen on account of the reluctance of the men to accept the National Board's award of a reduction of 7½ per cent. in wages. Two ballots already taken resulted in a majority for a rejection of the award, but the result of the third ballot this week was not known on Wednesday. Prices are unchanged. Best round is 22s. 6d.; washed doubles, 21s.; washed singles, 19s., all f.o.b. Small, 16s. 6d. per ton. Best house coal, 31s. 8d.; and house nuts, 30s. at station. Gas coal, 28s. per ton. West Coast coke is from 17s. 9d. to 18s. 3d. per ton.

GLASGOW.—Conditions show little change in the Scottish coal trade. As a result of the continued restriction of outputs, supplies are, perhaps, not now greatly in excess of the demand; nevertheless, no difficulty is experienced in arranging tonnages of practically any quality, and prices show little or no improvement. Among large coals Fife first-class steams are firmly held, while among nuts singles are steadier than other sizes. Current prices for shipment are approximately as follows (f.o.b. district ports):—LANARKSHIRE.—Ell best, 14s.; splint best, 16s.; splint second, 14s. 6d.; navigation, 15s.; navigation second, 14s. 6d.; Hartley, 15s. 6d.; steam, 13s. 6d.; trebles, 11s. 6d.-12s.; doubles, 11s.-11s. 6d.; singles 10s.; pearls, 9s. 3d.; dross, 9s.—FIFE.—Screened navigation, 16s. 6d.-17s. 6d.; first-class steam, 12s.; third-class steam, 10s. 3d.-10s. 6d.; trebles, 11s. 6d.-13s.; doubles, 10s. 9d.-11s.; singles, 10s.; pearls, 9s. 3d. LOTHIANS.—Prime steam, 10s. 9d.-11s.; secondary steam, 10s. 3d.-10s. 6d.; trebles, 12s.; doubles, 11s.; singles, 10s.; pearls, 8s. 9d. Ayrshire.—Unscreened navigation, 16s. 6d.; jewel, 17s.; steam, 12s.; trebles, 11s. 6d.; doubles, 11s. 3d.; singles, 9s. 6d.; pearls, 9s. 3d.; dross, 9s. 6d.

CARDIFF.—Colliery owners and exporters on the Cardiff coal market report an extreme slackness of new business, and with the expiration of contracts the position of the pits is probably worse to-day than it has been at any other period this year. Notwithstanding the reduction in the quota for the June quarter, many pits are working irregularly, and the authorised production for the September quarter has been further reduced to approximately about 70 per cent. of the standard tonnage. The docks are only partially employed, and on Tuesday the official returns of the Great Western Railway Company showed that only 59 tips were working, leaving 39 idle. Quotations are nominally unchanged at the minimum schedule figures. The competition of Scottish gas coals at prices substantially lower than those for South Wales gas qualities is receiving the attention of the Marketing Association, and the advisability is being considered of referring the matter to arbitration under the powers of Part I. of last year's Coal Mines Act. Patent fuel remains depressed, while pitwood prices are lower than they have been during the past five or six years. The following are the current approximate quotations:—Best Admiralties, 20s.; seconds, 18s. 9d. to 19s. 9d.; best drys, 18s. 6d. to 19s.; Black Veins, 18s. 3d. to 18s. 6d.; Western Valleys, 18s. to 18s. 3d.; Eastern Valleys, 17s. 6d. to 18s.; best small steam, 13s. 6d.; cargo smalls, 11s. 6d. to 12s. 6d.; coking smalls, 13s. 6d. to 13s. 9d.; anthracite

best large, 36s. to 37s. 6d.; Red Vein large, 22s. 6d. to 27s. 6d.; machine-made cobbles, 40s. to 45s.; French nuts, 43s. to 46s.; stove nuts, 39s. 6d. to 43s. 6d.; rubbly culm, 8s. 6d. to 9s. 6d.; foundry coke, 27s. 6d. to 34s.; patent fuel, 19s. 6d. to 20s. 6d.; pitwood, ex ship, 21s. 6d. to 22s.

IRON AND STEEL.

MIDDLESBROUGH.—There are no signs of improvement in the market for Cleveland iron, writes our correspondent, and business is practically at a standstill. Furnaces are getting rid of the bulk of the present limited output against old contracts, but many of these will expire at the end of the half-year, and what will happen then is extremely doubtful. Producers seem determined to adhere to the present official prices, and if this attitude is maintained local purchases will be restricted as much as possible, as users are not likely to buy ahead, particularly as concessions are being given to Scotch consumers to the extent of shillings per ton. This procedure has aroused a rather bitter feeling amongst local founders, and they are taking increased quantities of Midland iron, which they are able to buy on much better terms, notwithstanding the heavy carriage from producing works. Purchases of some Continental iron have also been made, and although no large quantity is definitely named as having been sold, it is likely that imports from the Continent will increase very shortly. There was almost an entire absence of business at Tuesday's weekly market, and official prices were unchanged, viz.: No. 1, 61s.; No. 3, 58s. 6d.; No. 4 foundry, 57s. 6d., and No. 4 forge, 57s., f.o.b. or f.o.t. Business in hematite is still confined to lots for early delivery, and although these orders are increasing in number there is a marked disinclination on the part of consumers to contract ahead. No doubt they are influenced in this policy by the recent weakening in prices, and are waiting to see whether there is likely to be any further fall. In the meantime, mixed numbers are obtainable at 62s. 6d. for early delivery, and for delivery a few months ahead 3d. to 6d. more is asked. There is little new to report in the finished trades, but works keep moderately employed on old contracts. It is not expected that there will be much fresh buying until after the British Steel Makers' meeting next month, when prices will come up for revision. The ore market is practically stationary. Best Bilbao rubio is nominally 15s. per ton c.i.f. for early delivery, and the current freight, Bilbao-Middlesbrough, for prompt loading, is 4s. 3d. Coke continues a weak market, with supplies in excess of demand. Spot lots of good blast-furnace qualities have been sold at 15s. 3d. per ton delivered works, and can still be obtained thereat, and possibly a little less. The number of furnaces in blast in the district is unchanged at 22.

SHEFFIELD.—The stagnation in the iron and steel branches is unrelieved, writes our correspondent, but the prevailing pessimism has been modified by the American proposal for a war debt moratorium. Work to the value of several million pounds in connection with the disbursement of the Chinese Boxer indemnity fund has been allocated to a number of British manufacturers of rails, rolling stock, axles, tyres, springs, stores and so forth, and the placing of the orders will be carried out next week. Sheffield firms are receiving a substantial share of the work. Several local works are still closed for stocktaking, and this reacts on the market for scrap and other kinds of raw materials. Prices continue to tend downwards. Substantial orders for both heavy and light steel are few and far between and the output of the Sheffield works has shrunk further since the beginning of the month. Makers of tools are affected by the general depression, but to a lesser extent than those interested in crude materials. Orders from the automobile industry are relatively poor. Shipbuilding requirements are at a low ebb. A substantial trade has developed in stainless and other special steels for aircraft construction. The depression in cutlery and plate and in the export trade is as pronounced as ever.

WORKINGTON.—The position has weakened since last month, writes our correspondent, the volume of business having shrunk to such an extent that two furnaces have had to be damped down in the southern part of the district. There are now only six remaining in blast between Workington and Ulverston, but the make is ample to satisfy needs, and no important reduction of the heavy stocks that have been carried since last autumn has been effected. Local consumption has dropped on account of the closing of the steelworks at Barrow. Scottish and South Wales requirements are lower than they were a month ago, and there has been some easing off in the Midland and Continental demand. The outlook continues to be uncertain, and even unfavourable. Everything depends upon what happens in the steel industry, and as far as that is concerned there is little expectation that operations in the rolling mills on the present scale can be prolonged after the end of July. East Coast competition has become severer, and prices are accordingly inclined to droop. Nominally, Bessemer mixed numbers are quoted at £3 11s. 6d. per ton at Glasgow; £4 0s. 6d. at Manchester; £4 2s. 6d. at Sheffield, and £4 4s. 6d. at Birmingham. Low-phosphorus iron is in fair request at from 2s. 6d. to 5s. per ton above these figures. Malleable iron is in quiet request at £5 15s. per ton delivered at Birmingham, and there is little doing in ferro-manganese at £10 15s. to £11 5s. per ton home. During the month the mills at Workington have been engaged on home and foreign rails, sleepers and fish plates. Native ore at from 18s. to 18s. per ton is in smaller local request, and very little metal is being sold to East Coast or Scottish smelters.

GLASGOW.—Whilst business on the whole remains very quiet in the West of Scotland, bookings by local machinery makers and structural engineers (who are experiencing a very quiet time) have been on a somewhat more satisfactory scale during the present week. Sheet makers also have been able to secure a fair amount of export business, both in black and galvanised sheets, prices,

however, remaining at recent low levels. In almost all other branches business remains exceedingly quiet, and it is impossible to keep works running at anything near capacity. Continental quotations for semis are still exceedingly low, but very little business is being done in this district.

CARDIFF.—Business in the tinplate trade continues very quiet, and prices are easier at from 13s. 9d. to 14s. 3d. per basis box. The affairs of the pooling scheme are being wound up, and it is regarded as improbable that any further attempt will be made in the immediate future to resuscitate any form of artificial regulation of either output or prices. Galvanised sheets are a weak market at £9 15s. per ton; bars are also weak at £4 12s. 6d. for the local make and £3 15s. for foreign steel.

OTHER METALS.

TIN.—Under the influence of favourable reports from Paris about the working of the International Pool prices, tin advanced sharply last Friday. A further upward movement was caused by President Hoover's proposals on Monday, but a slight reaction took place later in the week. According to the Metallgesellschaft A.G., the daily average mine production of the metal in May at 418 metric tons shows a decline of 6 tons per day as compared with the previous month. Wednesday's official closing quotation for "standard cash," at £107 17s. 6d. to £108 per ton, compares with £101 2s. 6d. to £101 5s. on the corresponding day last week. Stocks in London and Liverpool at the end of last week, at 31,894 tons, show an increase of 528 tons on the week.

COPPER.—The general upward movement in prices during the past week included copper which, on Wednesday, was quoted in New York at 8.50 cents per lb. for "electrolytic," domestic spot, as compared with 8.00 cents per lb. a week ago. Copper Exporters, Inc., promptly raised its minimum price for "electrolytic," c.i.f., Continent, from 8.525 cents per lb. to 8.775 cents per lb. Wednesday's official closing price for "standard cash" in London, at £37 12s. 6d. to £37 15s., compares with £34 6s. 3d. to £34 8s. 9d. a week ago. New York prices, both for "domestic spot" and for export, remained unchanged. Stocks of refined copper in British official warehouses at the end of last week, at 15,688 tons, show an increase of 633 tons, while stocks of rough copper, at 801 tons, were 496 tons smaller.

LEAD.—Lead also improved and was quoted at 4.25 cents per lb. for "spot" against 3.75 cents per lb. a week ago. Wednesday's official closing quotation for "soft foreign" in London, at £12 15s. to £13 2s. 6d., compares with £11 6s. 3d. to £11 13s. 9d. on the corresponding day last week.

SPELTER.—This metal has been firm. The New York spot price for "East St. Louis," at 3.55 cents per lb., shows a rise of 0.20 cent

THE MORATORIUM AND THE MARKETS.

THE FORD COMPANIES.

GENERAL ELECTRIC.

PATONS & BALDWIN.

THE ASSAM COMPANY.

THE RAND LABOUR POSITION.

A STOCKBROKER'S NOTEBOOK.

By AUSTIN FRIARS.

SEE

The

Investors' Chronicle

and Money Market Review

THIS WEEK.

The Investors' Chronicle may be obtained at all bookstalls and newsagents throughout the country, price 6d., or from

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per lb. on the week. Wednesday's official closing quotation in London for "good ordinary brands," at £12 16s. 3d. to £13, compares with £11 2s. 6d. to £11 13s. 9d. on the corresponding day last week.

OTHER NON-FERROUS METALS.—Among other non-ferrous metals the quotations for aluminium and nickel at £85 per ton, and at £170 to £175 per ton respectively, have been maintained at last week's level. Antimony again changed hands at £23 to £23 10s. per ton for "foreign," while quicksilver remained unchanged at the recently reduced price of £17 per bottle.

TEXTILES.

THE COTTON TRADE.—Liverpool.—The market has improved considerably on the strength of President Hoover's proposed moratorium of war debts. The market opened very excitedly immediately after the announcement some 35 to 40 points advance, and though some profit-taking caused a recession of a few points, the market has remained fairly steady since then. The advance so far has not brought about much stimulus to trade, though short covering has been noticeable. Crop news continues to be favourable, but the plant has a critical time before it. Spot sales for the week 18th to 24th (inclusive) are 30,000 bales, of which 12,250 bales are American, 1,400 Brazilian, 700 Argentine, 6,500 Peruvian, 2,850 Egyptian, 1,950 African, 1,700 East Indian, 610 Russian, and 1,040 sundries. Imports for the same period are 48,964 bales, of which 26,555 bales are American, 1,290 Argentine, 3,554 Peruvian, 11,458 Egyptian, 3,176 African, 2,239 East Indian, and 693 sundries. Quotations, June 24th: American Middling, 5-17; Egyptian F.G. Sakel, 7-90; F.G.F. Uppers, 6-16; Brazil Fair, 5-22; Peru G.F. Smooth, 5-62; West African Middling, 5-22, and East African G.F., 6-22.

Manchester.—The event of importance in the Manchester market during the past week has been the effect of President Hoover's proposal. His announcement last week-end caused a striking advance to take place in raw cotton prices. A more cheerful tone prevailed in the Manchester market, but at the same time buyers have not been prepared to give out orders on a freer scale. Here and there, of course, merchants have been compelled to obtain cover. There has been rather more activity for India, and scattered sales have taken place in light bleaching fabrics and fancies. The rise in the price of silver has been a favourable development, and this should help trade with China. A few more orders have been booked for Egypt and South America. The better demand for the home trade has been maintained. There has been more business done in American and Egyptian yarns. The general trade outlook can be considered rather brighter.

Cotton Prices.

	1931.				Corresponding Date.	
	June 3.	June 10.	June 17.	June 24.	1929.	1930.
Raw Cotton—Mid. American..... per lb.	4.65	4.63	4.85	5.17	10.35	7.47
" Sakellaridis Fully Good Fair Egyptian..... per lb.	7.40	7.20	7.65	7.90	15.95	12.35
Yarns—32's twist..... per lb.	8 1/2	8 1/2	8 1/2	8 1/2	15	11 1/2
" 40's twist..... per lb.	9	9	9 1/2	9 1/2	15 1/2	12
" 60's twist (Egyptian)..... per lb.	14 1/2	14 1/2	14 1/2	14 1/2	25 1/2	20 1/2
32-in. Printers, 116 yds., 16 by 16, 32's and 50's.....	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
36-in. Shirtings, 75 yds., 19 by 19, 32's and 40's.....	17 5	17 5	17 8	17 11	25 0	21 0
38-in. ditto, 39 yds., 18 by 18, 10 lb.....	19 2	19 2	19 5	19 9	21 9	23 6
38-in. ditto, 39 yds., 18 by 18, 10 lb.....	10 8	10 8	10 10	11 0	15 0	12 10 1/2
39-in. ditto, 37 1/2 yds., 16 by 15, 8 1/2 lb.....	9 7	9 7	9 8	9 10	13 4 1/2	11 7 1/2

THE WOOL TRADE.—Bradford.—Topmakers are not yet prepared to commit themselves heavily either as buyers or sellers. Spinners and manufacturers are passing through a difficult period. It is now too late for any more dress goods business this season. The wages dispute is another disturbing factor, but anxiety to keep or obtain employment and to get such orders as are available may easily be the strongest factor in deciding the policy of employers and employees.

THE JUTE TRADE.—Dundee.—There are still no signs of improvement in the jute trade, and business remains as dull as ever. Prices of Calcutta goods have fluctuated to a little extent during the period, without showing much actual alteration, which also applies to the raw jute position. There were rumours that the Indian Jute Mills Association was again to consider the question of further curtailment of production, but this came to nothing. The manner in which stocks of heavy goods have increased in Calcutta must be causing some concern, and it is thought that the mills may take steps to keep them down. It will be remembered that at the last change in the working hours of the mills there were 24 per cent. of the hessian looms stopped, but the sacking looms were allowed to run as formerly. The stocks of hessians in Calcutta at the end of May were 220,458,000 yards, and heavy goods were 102,316,000 yards, while the stocks of hessians in the United States were 150,000,000 yards and the quantity afloat to that country from Calcutta was 102,000,000 yards. The stocks in United States at January 31st last were 185,000,000 yards. The average monthly consumption for the first five months of this year by the United States was 57,000,000 yards. The first Government forecast of the jute crop will be published in Calcutta on July 15th, but the district returns will be known on July 7th, estimating the area which has been sown for raw jute during the coming season. The weather for the growing crop has been quite favourable recently and sellers of the new crop for forward shipment have reduced their prices. The rate for Daisoe assortment has come down to £15 and has been accepted several times for October-November shipment. Old crop Daisoe, however, still rules at £16 5s., with £16 10s.

wanted for Mahabir assortment, while Tossa-2/3 is at £17 7s. 6d. for Mahabir and £16 15s. for single mark of threes, Fuji-M First Mark at £17 7s. 6d., and Asahi Lightning at £16 17s. 6d., June-July shipment. Jute yarns are quiet and there is very little business taking place. Common 8-lb. cops are occasionally dealt in in small quantities at 1s. 10d. and 8-lb. spools at 1s. 11d., if delivery is taken from stock, but the market value is still 1s. 10 1/2d. and 1s. 11 1/2d. respectively. Other yarns are quiet and more or less nominally unchanged. Twist is from 3 1/2d. to 3 3/4d. for 3-ply 8-lb., sacking weft from 2 3/4d. for 24-lb., and 8-lb. sacking chains from 3 1/2d. Rove is steady at £19 lowest for 48-lb. and £16 for 200-lb. Fine yarns have been purchased by Brazil to the extent of 100 tons. Carpet qualities are dull and nominal at from 3 1/2d. for 14-lb. warp. Jute cloth prices are steadily maintained at from 2 1/2d. for 10 1/2-oz. 40-in. and from 1 1/2d. for 8-oz. Only small quantities are being bought as a rule and buyers' wants are easily supplied from stock. The holiday period is approaching and it is expected that the works will be closed this year for an extended time.

THE GRAIN MARKETS.

WHEAT.—The situation in the principal wheat market centres has been dominated early this week by President Hoover's proposals, which resulted in "short" covering at rising prices. Continuous unfavourable crop reports from Canada, particularly Saskatchewan, and rumours that the Federal Farm Board might consider, contrary to its recent announcement, to hold its wheat stocks off the market for another year, were further strengthening factors. The Federal Farm Board subsequently denied this rumour, which resulted in a slight reaction, which was later accentuated by reports of the favourable progress of winter wheat harvesting and the news of showers in the North-West of the United States. On balance, prices showed little gain on the week. Wednesday's quotation in Chicago for No. 2 Winter, "July," at 58 1/2 cents per bushel, shows a rise of only 1/2 of a cent., as compared with the corresponding day last week. Quotations: No. 1 Northern Manitoba, Atlantic, ex ship, 27s. per 496 lbs., as compared with 27s. a week ago; No. 2 Northern Manitoba, Atlantic, ex ship, 26s., against 26s.; Rosafe, ex ship, 22s. 3d., against 22s. 3d.; Australian, ex ship, 24s. 3d. to 25s. 3d., against 24s. 3d. to 25s. 6d. a week ago.

WHEAT FLOUR.—The upward movement in wheat prices early this week had little influence on the market in flour, which remained quiet. North American shipments at 190,000 sacks during the past week show a decrease of 18,000 sacks as compared with the previous week. A large proportion of these was again destined for non-European countries. Quotations: Straight run, delivered country, 23s. 6d. per sack of 280 lbs., as compared with 23s. 6d. last week; delivered London, 22s. 6d., against 22s. 6d. Manitoba patents, ex store, 21s. 9d. to 25s., against 21s. 9d. to 25s.; and Australian, ex store, 18s. to 18s. 6d., against 18s. 6d. to 19s. a week ago.

BARLEY.—Barley has been a quiet market during the week and prices are scarcely changed on the week. Quotations: "English malting," f.o.b., at 30s. to 35s. per 448 lbs., remained unchanged; Californian sold at from 36s. to 40s., as compared with 36s. to 40s. last week; "Australian Chevalier" changed hands at 28s. to 32s., against 28s. to 32s. a week ago.

OATS.—Oats have been dull and easier in price. There has been a slight increase in buying in this country, but shipments, particularly from the Argentine, are increasing, which prevents an improvement in prices. Quotations: "River Plate," landed, 12s. 9d. per 320 lbs., as compared with 13s. last week; "River Plate," ex ship, 11s. 6d., against 12s.; "Chilean Tawny," landed, 13s. 6d., against 13s. 9d.; and North Russian, on sample, landed, 16s. to 17s. 6d., against 17s. 9d.; English white, per 336 lbs., 20s. to 21s. against 20s. to 21s. a week ago. Despite the large shipments from the Argentine, values have not fallen further. An early recovery from the low level to which quotations have recently fallen is, however, unlikely. Quotations: "Plate," landed, 17s. 3d. per 480 lbs., as compared with 17s. last week; Plate, ex ship, 16s., as against 15s. 9d.; Plate, June-July, new, 16s., as against 15s. 9d. Yellow maize meal, ex wharf, was quoted at 25s. as against 25 per ton a week ago.

COMPARATIVE AVERAGES OF GRAIN.—The following table gives the estimated sales of home-grown wheat during the harvest years 1930-31, 1929-30, 1928-29, 1927-28:—

	1930-1931.	1929-1930.	1928-1929.	1927-1928.
Estimated sales of home-grown wheat.....	Owts. 63,281	Owts. 111,621	Owts. 144,440	Owts. 143,150
1 week to June 20.....	4,664,425	9,081,605	9,408,372	10,460,318
42 weeks to June 20.....				
Average price of English wheat per cwt.....	s. d. 6 0	s. d. 6 6	s. d. 6 7	s. d. 10 10

The following is a statement showing the Quantities Sold and the Average Price of British Corn in the past two weeks, and for the corresponding week in each of the years from 1927 to 1930:—

Weeks ended	QUANTITIES SOLD.			AVERAGE PRICE PER CWT.		
	Wheat.	Barley.	Oats.	Wheat.	Barley.	Oats.
June 15, 1931.....	Owts. 76,523	Owts. 3,733	Owts. 17,584	s. d. 5 11	s. d. 6 5	s. d. 6 10
June 20, 1931.....	69,281	3,352	10,951	6 6	6 3	6 8
June 18, 1927.....	118,930	10,077	36,922	12 9	11 5	10 3
June 23, 1928.....	148,160	11,241	9,359	10 10	10 10	12 7
June 23, 1929.....	114,440	8,289	9,083	9 6	9 7	9 6
June 21, 1930.....	111,621	20,680	7,920	6 6	6 6	6 4

AMERICAN WHEAT MARKETS.—The following table shows wheat quotations in recent weeks with comparative figures for 1930:—

NEAREST FUTURE.	Jan. 2, 1930.	June 25, 1930.	Jan. 2, 1931.	June 10, 1931.	June 17, 1931.	June 24, 1931.
Winnipeg (No. 1 Manitoba).....	148 1/2	94 1/2	56 1/2	60 1/2	60 1/2	62 1/2
Chicago (No. 2 Winter).....	130 1/2	88 1/2	79 1/2	57 1/2	57 1/2	58 1/2

The visible supply of wheat in Canada, at 51,156,000 bushels, shows an increase on the week of 2,582,000 bushels. Supplies a year ago stood at 62,666,000 bushels.

OTHER FOODS.

SUGAR.—Early this week "raw" sugar advanced on "bear" covering, but there was not much new buying in evidence. In New York, Cuban centrifugals, 96, spot, at 3-40 cents per lb., show an advance of 0-10 cents per lb. on the week. In London, raw futures have been slightly firmer. Wednesday's sales included "August delivery," at 6s. 4 1/2d. to 6s. 4 1/2d. per cwt., as against 6s. 3 1/2d. to 6s. 4d. on the corresponding day last week. British refined has been maintained. The movements of raw sugar in London and Liverpool during last week are set out in the table below:—

	Imports.		Deliveries.		Stocks.	
	1931.	1930.	1931.	1930.	1931.	1930.
Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
London.....	12,439	621	1,253	795	35,613	30,317
Liverpool...	13,115	16,922	12,919	15,329	74,674	89,168
Total.....	25,554	17,543	14,172	16,124	110,287	119,485
Last week...	16,309	5,710	13,719	10,454	104,264	118,066

COFFEE.—Coffee has been in quiet demand at this week's auctions, but good Costa Rica qualities realised steady prices. Last week's movements of coffee in London were as follows: Brazilian, landed, nil; delivered for home consumption, 92 bags; exported, nil; stocks, 2,331 bags, against 1,946 bags last year. Central American, landed, 4,937 packages; delivered for home consumption, 4,313; exported, 2,823; stocks, 118,653 packages, against 118,825 a year ago. Other kinds, landed, 2,396 packages; delivered for home consumption, 2,340; exported, 1,042; stocks, 91,643 packages, against 135,759 a year ago.

COCOA.—A sharp upward movement characterised the market in cocoa. As compared with the corresponding day last week, Wednesday's quotation for Accra, fair fermented, June-July, at 23s. per cwt., f.o.b., London contract, shows a rise of 3s. per cwt. Last week's movements of cocoa in London were as follows: Landed, 3,946 bags; delivered for home consumption, 5,516 bags; exported, 23; stocks, 228,408 bags, against 202,978 last year.

TEA.—The quantities catalogued for this week's auction comprised 44,897 packages of Indian, 28,314 packages of Ceylon, and 12,514 packages of Java and Sumatra tea. At the auctions of Indian tea last Monday, prices for all varieties showed a substantial recovery from the low levels touched last week, and buying was on a larger scale. The following table shows the average prices (compiled by the Tea Brokers' Association) of tea sold in Mincing Lane on Garden Account:—

Week ending	Northern India.		Southern India.		Ceylon.		Java.		Sumatra.		Nyasaland.		Total.	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
June 16, 1930	1 1/2	1 1/2	1 3/50	1 5/53	0 10/43	0 11/79	Nil	Nil	1 2/50					
May 26, 1931	0 9/94	1 3/55	1 2/65	0 6/76	0 7/79	0 6/72	0 11/41							
June 11, "	0 8/35	0 10/92	1 1/35	0 5/85	0 6/36	0 5/92	0 10/07							
June 18, "	0 7/91	0 9/64	1 11/57	0 5/50	0 6/20	0 5/45	0 9/05							

RICE.—Rice has been a steadier market this week, and prices showed an improvement on last week. Wednesday's quotation for Burma No. 2, cleaned, June-July, in singles to the Continent, and to the United Kingdom, at 6s. 10 1/2d. per cwt., shows a rise of 3d. as compared with last week. Movements in London during the past week were as follows: Landed, 41 tons; delivered, 22 tons; stocks, 578 tons, against 1,380 last year.

POTATOES.—The seasonal scarcity of "old," and insufficiency of new potatoes tends to keep prices at a relatively high level. At the Borough Market, "Best King Edward" sold at £11 per ton, while new English potatoes were quoted at from 14s. to 18s. per cwt.

SPICES.—The spot pepper market was steady, but prices showed no improvement on last week. Wednesday's quotation for "Black Singapore," at 5 1/2d. per lb., shows no change on the week. Movements of pepper in London during the past week were as follows: Black, landed, 20 tons; delivered, 54 tons; stocks, 505 tons, against 955 tons last year. White, landed, 31 tons; delivered, 58 tons; stocks, 575 tons, against 952 tons a year ago.

MEAT.—At the Smithfield market, beef and mutton were steady, but pork was dearer. On Wednesday, Argentine beef (chilled, hindquarters) was sold at 3s. 10d. to 4s. 4d. per 8 lbs., against 3s. 10d. to 4s. 6d. on the corresponding day last week, while New Zealand frozen mutton realised 3s. 4d. to 4s., against 3s. 4d. to 4s. 2d. a week ago. According to the Smithfield Market official report, supplies of meat during last week amounted to 7,770 tons, as compared with 8,159 tons in the corresponding week last year. Imported beef, principally Argentine, formed 85.5 per cent. of the supplies as against 81.7 per cent. a year ago; and imported mutton, mainly New Zealand, formed 81.6 per cent. of the total supply, as against 83.3 per cent. last year.

MISCELLANEOUS COMMODITIES.

VEGETABLE OILS AND OILSEEDS.—Oilseeds and their products generally felt the influence of the American War Debts proposal, and prices all round advanced in varying degree. Doubts, however, as to the attitude of France in particular has caused a pause, and speculators are inclined to wait on events. Linseed, helped by an advance in the Argentine exchange rate and a fair demand, moved up quickly, and Plate afloat and for June loading was held for £8 12s. 6d., while for September up to £8 16s. 3d. was conceded. Current value on spot at Hull and shipment, including July, is £8 12s. 6d., and September £8 15s. The quantity of linseed afloat for Europe is now 122,600 tons, or 7,400 tons less than last week, and compares with 115,000 tons a year ago. Cottonseed is also firmer, and black Egyptian, after falling below £5, has hardened, June and July loading quoting £5 5s., and August £5 7s. 6d. Linseed oil advanced sharply in sympathy with seed, raw oil on spot being held for £17 15s., and June-August delivery for £17 5s., ex Hull. Cotton oil is firm and dearer, crude Egyptian, ex Hull, quoting £19 10s., and common edible £21 15s. Oilcakes are in slow demand, as is usual at this time of the year.

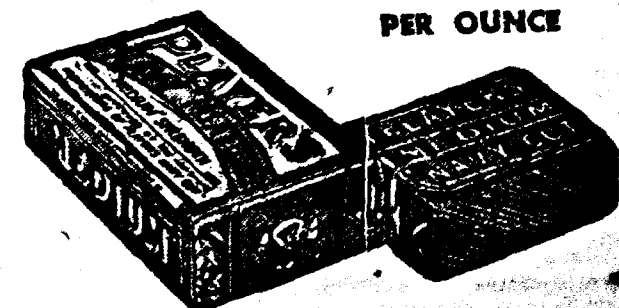
HIDE, LEATHER AND ALLIED TRADES.—Ox and heifer hides were a better market at the sales held in the early part of this week, several weights in both clear and warbled classes at the Leeds auctions advancing by from 1/2d. to 1/2d. per lb. Similar conditions were noticeable in regard to first clear oxhides at the Manchester sales, while cows and bulls were unchanged from the previous week. Calfskins are a steady market, but the position of sheep pelts remains unsatisfactory, and low prices have to be accepted in order to effect sales. Although there has been no improvement in the turnover of foreign hides, and the market continued very weak until Monday, there is a feeling that the position will shortly show some alteration. There are slight indications of this already; the drop in values has been stayed for the time being at any rate, and there seems to be rather more confidence on the part of buyers, although operations for the most part are still confined to parcels for near requirements. In the South American market wet-salted Argentine ox have been sold to the United States at 4 1/2d., while cows have changed hands for the same destination at 4 1/2d. Sales of dry hides have been made on the basis of 5 1/2d. for B.A. Americanos, with M. V. Americanos quoted at 5 1/2d. More inquiry has been met with for African hides, and although business continues difficult, sales of Capes have been made on the basis of 5 1/2d. and 4 1/2d. for dry-salted 20-30 lbs., and with 6 1/2d. and 5 1/2d. paid for the same selections in drys. Unbathed Adis Abebas are offered at 5d. Certain Continental countries are inquiring for Australians, but for the time being there is a certain

PLAYER'S

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110 1/2 PER OUNCE



N.O.T. 2

COMMERCIAL TIMES—WEEKLY PRICES CURRENT.

The prices in the following list are revised with the assistance of an eminent firm in each department.

LONDON, WEDNESDAY.		LARD—		WOOL—		Market Hides, London—	
CEREALS AND MEAT.							
GRAIN, &c.—	s. d.	Irish bladders	62 0 66 0	English Southdown, washed	d.	Best heavy ox and heifer	0 34 0 57
Wheat, No. 2, N. Mar. 496 lb.	25 0	American, boxes, 56 lbs.	45 0 46 9	Lincoln hog, washed	10 1/2	Best cow	0 34 0 38
Eng. Gas. av., per cwt.	6 0	POTATOES—		Queensland, red, super embg.	21	Best calf	0 61 0 66
Barley, Eng. Gas. av.	6 3	Good English, per cwt.	11 0 0 0	N.S.W. grey, super	11		
Oats	6 8	SPICES—		N.Z., grey, half-bred 50-56	9		
Maize, La Plata, landed, 480 lb.	17 3	Pepper, per lb.—		Crossbred 40-44	6		
Flour, Lon. stan. ex mill, s. d.		Muntok, fair White	0 81 0 0 0				
280 lb.	21 3 0 0	Black Lampong	0 54 0 0 0				
Rice, No. 2 Burma, per cwt.	6 10 0 0	Cinnamon—1st sort, per lb.	0 7 0 0 0				
Sago, Pearl, per cwt.	16 6	Cloves—Zanzibar per lb.	0 81 0 0 0				
Tapioca, per cwt.	17 6 0 0	Ginger—per cwt.	10 10 0 0				
Medium pearl	20 0 0 0	African	22 0 0 0 0				
MEAT—		Jamaica, ord. to good	40 0 80 0				
Beef, per 8 lbs.—		Mace	1 10 1 8				
English long sides	5 6 6 4	Nutmegs 65s	0 1 0 0 0				
Argentine chilled hinds.	3 10 4 4	SUGAR—					
Mutton, per 8 lbs.—		(Duty, 11s. 8d. per cwt.)	18 3 21 3				
English wethers	6 0 8 0	B.W.I., crystallised	19 7 1 0 0				
N.Z. frozen	3 4 4 0	Java, white, c. & f. India	7 10 1 0 0				
Pork, English, per 8 lbs.	4 8 5 4	REFINED—London—					
OTHER FOODS.		Yellow Crystals	19 7 1 0 0				
BACON—		Cuba	24 0 24 6				
Irish long sides	70 0 90 0	Crushed	22 6 23 0				
Danish	52 0 55 0	Granulated	20 3 21 0				
Canadian	44 0 46 0	Horse Ground (June)	19 6 19 10 1/2				
Dutch	0 0 0 0	TEA—					
HAMS—Irish	0 0 0 0	Indian—per lb.—					
Canadian	0 0 0 0	Pekoe	0 4 0 11 1/2				
American	82 6 0 0	Broken Pekoe	0 4 2 7 1/2				
BUTTER—		Orange Pekoe	0 4 2 1 6				
Irish creamy per cwt.	112 0 0 0	Broken Orange Pekoe	0 5 2 1 2				
Australian	104 0 107 0	Ceylon—per lb.—					
New Zealand	108 0 112 0	Pekoe	0 4 2 1 1 1/2				
Danish	118 0 120 0	Broken Pekoe	0 5 1 2				
OTHER MEAT—		Orange Pekoe	0 7 1 10 1/2				
Canadian	68 0 74 0	Broken Orange	0 5 1 2 2				
New Zealand	56 0 58 0	TOBACCO—					
English Cheddars	46 0 50 0	(Duty 8/10-9/10 per lb.,					
Dutch	51 0 93 0	Empire growths, 6/94-					
COCOA—		7/64 per lb.)					
(Duty, British grown,		Virginia leaf	0 8 2 6				
11s. 8d.; foreign, 14s. cwt.)		Common to fine	0 8 1 3				
Accra, f.f., per cwt.	20 0 26 0	Rhodesian leaf	0 7 1 0				
Trinidad	38 0 45 0	Nyasaland leaf	0 9 1 6				
Grenada	26 0 36 0	strips	0 3 1 0 7				
COFFEE—		East Indian leaf	0 5 1 0				
(Duty, British grown,		strips	0 5 1 0				
11s. 8d.; foreign, 14s. cwt.)		COTTON—					
Banto sup., c.d.f. cwt.	46 0 0 0	TEXILES.					
Colombian, good	70 0 95 0	Mid-American	5 17				
Costa Rica, med. to good	80 0 122 0	Sakelariob, f.f.	7 90				
East India	82 0 112 0	Yarns, 32's twist	4 1/2				
Kanya, medium	70 0 82 0	60's twist	14 1/2				
BGS—		FLAX—					
English	9 3 11 3	Livonian ZK	33 10 0 0				
Danish	9 0 11 6	Permian HD	31 0 0 0				
FRUIT—		Shanta Medium 1st sort	41 0 0 0				
Oranges		HEMT.					
South African	10 0 16 0	Italian P.O.	31 0 0 0				
Lemons, Sicilian	10 0 19 0	Manila, May-July "J2"	18 0 0 0				
Malaga	12 0 21 0	N.Z.	nom.				
Apples: Amer. (var.) brls.	0 0 0 0	Sisal, African, May-July	14 15 10				
(var.) boxes	0 0 0 0	Mexican	nom.				
" Australian	8 6 15 0	JUTE—					
Onions—		Native 1st mks.	per ton				
Valencia, case, 4s.	10 0 0 0	Native 1st mks.	c.f. H.A.R.B.				
Keypian Bags	0 0 0 0	Dalisco 2/3 c.f. Dundee	£16/7/6				
Grapes, Lisbon	0 0 0 0	June-July	£16/5/0				
" Almeria	0 0 0 0	SILK—					
		Canton	per lb.				
		Tusah	3 6 5 0 0				
		Japan	8 6 11 6				
		Italian—Raw, fr. Milan	8 6 10 6				

amount of hesitation on the part of buyers to pay the figures asked. In some quarters rather more inquiry has been met with in regard to sole leather, but at the same time consumption is still below normal. In English and wet-salted hides a fairly satisfactory demand continues to be met with for medium weights for the repair trade, in addition to which most tanners appear to have quite respectable contracts on their books for the lighter averages. This latter remark applies also to dry hide bends, although the call for medium and heavy weights in this class remains poor and stock tends to accumulate. The offal market is the most unsatisfactory feature of bottom leathers. Prices for all descriptions are low, yet no amount of persuasion on the part of producers will induce buyers to take anything more than is required for immediate needs, and then only certain lines, such as good substantiated shoulders suitable for sole purposes and wetting bellies. Manufacturers and distributors of upper leathers find that the state of the enquiry continues to run on the two staple lines, viz., black and brown glace kid, and willow calf.

THE TIMBER TRADE.—As a result of the cautious policy of British buying this year, writes our correspondent, May receipts of European building and joinery woods were very light, and for the five months were roughly a third less than for the corresponding period last year. Poland excepted (which is making strenuous efforts to clear goods to the United Kingdom in keen competition with Russia, Finland and Sweden), all countries have sent less. London dock statistics show that whilst holdings of the larger sizes—deals and battens—are in increased stock compared with this time last year, the deliveries from docks into consumption have not been so good, hence the smallness of the shipments have proved a great blessing to holders during a period of depression and keen competition in selling. But by this time the Russians will have got well into the swing of their shipping season, and the July volume of imports from the Soviet is likely to be large, to make up for the recent comparatively poor exports to this country. Stocks and deliveries of scantlings, ends, sawn boards, planed and dressed woods, slating battens and plasterers' laths are more in line with

the smaller imports than is the case with the deals. The Russian 1931 shipments are to be in the hands of a British syndicate for distribution, whereas Finland, Poland and Sweden are vying with one another for business on the best terms possible from our cautious importers, which tends to make the forward market unsteady. Hardwood logs are moving very slowly into consumption, and imports are all well down this year. Of mahogany, teak and other hard and fancy woods, fresh supplies can be more or less regulated to meet the demand, whereas with the European building woods above mentioned not only shippers but banks and bankers have to be considered. The sawn hardwoods section is largely under the domination of States shippers, supplies from there comprising from 50 to 60 per cent. of our annual imports. The latter, from all sources, have declined appreciably this year compared with the first half of the past two years, yet stocks of States lumber are still large, with prices weak, but receipts from the U.S.A. are expected to decline still further. Plywood imports last month showed an advance of 1.4 million square feet, bringing the deficiency this year down to 57.5 million square feet. Like soft and hard woods, this new member of the timber family has had a bad time, but the drastic cutting in forward business must have had some effect in strengthening the spot market.

RUBBER.—President Hoover's proposal led to considerable "bear" covering, which drove up prices. There was, however, not much new buying, which was mainly confined to market operators. Wednesday's official closing price for standard ribbed smoked sheet, at 3½d. per lb., shows a rise of ½d. as compared with the corresponding day last week. In forward positions, business has been done at 3d. to 3½d. for June, against 2½d. to 3d. last week; at 3½d. for July-September, against 3½d.; at 3½d. to 3½d. for October-December, against 3½d. to 3½d.; at 3½d. for January-March, 1932, against 3½d.; and at 3½d. for April-June, against 3½d. a week ago. Movements of rubber in London and Liverpool during the past week were as follows: Landed, 1,173 tons; delivered, 2,387 tons; stocks at the end of last week, at 137,341 tons, show a decrease of 1,327 tons, as compared with the preceding week.

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No. 92.

In the following pages we have aimed at compiling tables which will show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations,* supplemented from our statistical records. We propose in these columns to give our own appreciation of the trade position, fortified by informed opinion, and to leave the figures to be interpreted by our readers each in his own way.

* "League of Nations Monthly Bulletin of Statistics." 1s. 6d.

THE STATE OF TRADE AT HOME AND ABROAD.

So far, the main distinction of 1931 is that it has opened with a complete absence of the optimistic forecasts with which the advent of a New Year is usually heralded. In one sense, this is healthy, for in previous years a certain amount of harm has been done by the extravagant hopes and promises held out at this season. On the other hand, their absence to-day is evidence of the serious nature of the present situation of the country, and indeed of the whole world; and corroboration of this evidence can be obtained on every side.

Thus, considering this country alone, the December iron and steel production figures beat even the poor record of the previous month. Some allowance must be made for the holidays, it is true, though the fact that in many cases the holidays have been extended is an additional evidence of the depression rather than an explanation of that afforded by the production figures. The unemployment percentage had risen by the end of last year to over 20 per cent., and the latest weekly returns give an absolute figure of 2,636,168. In the field of foreign trade, British exports for December were the worst of any month of the year, while as regards commodity prices, the prediction made in the December "Trade Supplement" that by the end of 1930 wholesale prices would have fallen to below their pre-war level was duly fulfilled.

Again, our series of indices of business activity, printed on a later page, fails to suggest any lightening of the depression. In a few cases the latest figures, e.g., of consumption of coal, iron and steel, and cotton, register a moderate rise from the year's low point reached in August-September; but this purely seasonal upward movement is itself of less than normal dimensions, and comparison between the December figures and those of the corresponding month last year reveals in almost every instance how pronounced the recession has been.

Finally, the pressure of events, and in particular of the present disparity between prices and costs, has involved us after a long period of industrial peace in a succession of labour troubles. The December Scottish coal dispute was followed in January by a stoppage, lasting nearly three weeks, in South Wales. The dispute in the cotton industry over the number of looms to be

worked by each operative has at last come to a head, and there is now a complete lock-out in the weaving section of the industry. The railway wage negotiations are still pursuing their normal course, and there is at present no ground for anticipating that they will not end in an amicable settlement. Yet it must not be ignored that the gap between the managers' and the men's demands is too wide to be bridged without difficulty.

The fundamental fact in the present situation is that

the catastrophic fall in commodity prices during the past two years has left behind it a whole legacy of problems which still await solution. In England, and indeed in all the more industrialised nations, the problem resolves itself mainly into one of reconciling selling prices and costs, and all the labour disputes referred to above find their roots in this issue. Abroad, especially among those countries which are "primary producers," the problem takes the more pressing form of finding a market for their produce at almost any price which will supply them in the aggregate with sufficient foreign money with which to meet their external commitments. This is the pressing problem of Australia, of the Argentine, and of Brazil, and until they have solved it, it is difficult to see how they can be expected to extend their purchases of foreign goods.

This throws the problem back upon the more industrialised nations, and

shows that all nations, both industrial and agricultural, are vitally interested in its solution. The first essential is that the fall in commodity prices should be arrested, and in the middle of January there was little sign of this taking place. There have, however, recently been one or two developments, particularly in the monetary sphere, of a hopeful character. Thus the decision of the Banque de France to accept standard gold is evidence of the desire of the French authorities to co-operate in the world endeavour to stabilise prices, and though its first result was to intensify the flow of gold to Paris, it may accelerate the date at which the flow will finally come to an end.

Important as it is, however, to bring about a more equitable distribution of the world's gold stocks, it is still more important to recognise that on the basis of the present restricted volume of world trade and the present

HOME TRADE STATISTICS—DECEMBER, 1930.

	Nov.	Dec.	Dec. '29.
UNEMPLOYMENT—			
(State Insurance %)	19.1	20.2	+ 9.1
PRODUCTION—			
Coal (million tons)*	4.9	4.6	— 0.4
Iron (thous. ")	384	350	— 293
Steel (")	434	337	— 227
FOREIGN TRADE—			
Imports (million £'s)	79.4	89.6	— 17.0
Re-exports (")	6.8	5.2	— 2.7
British Exports (")	44.1	38.5	— 27.9
TRANSPORT—			
Railway Receipts* (£0,000)	308	305	— 21
Shipping Freight (av. level†)	79.3	81.5	— 4.7
COMMODITY PRICES (")	70.9	68.7	— 19.6
TRADE DISPUTES (thous. } working days lost)	64	547	+ 506
SECURITY VALUES (av. level‡) 116.8	114.4	— 6.6	
FINANCIAL DATA—			
Bank of Eng. Notes (mill. £'s)*	354	369	nil
Bank Deposits (")	1,638	(a)	(a)
Bank Advances (")	935	(a)	(a)
Banks Cash Ratio (%)	10.4	(a)	(a)
Bank Clearings:			
London (million £'s)*	821	720	— 113
Manchester (")	9.8	9.0	— 3.0
Three months' Bank Drafts	2 1/2	2 1/2	— 2 1/2
(Discount Rate %)*	2 1/2	2 1/2	— 2 1/2
Day-to-day Loans (%)	2 1/2	2 1/2	— 2 1/2

† 1913 = 100.

‡ Economist Index No. 1927 = 100.

(a) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100.

(b) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures. (a) Figures not yet available.

low level of world prices, there is to-day ample credit available, and that a substantial expansion in trade and recovery in prices could take place before a shortage of credit supervened. In England, the joint-stock bank balance sheets, analysed elsewhere in this issue, provide ample evidence of the surplus of money now available, and the low level of rates and glut of funds in such foreign centres as New York and Switzerland show that London is not alone in possessing an abundance of funds. The fact is that the world is in a vicious circle. Because traders fear that prices are going to fall still lower, they refrain from launching out into fresh commitments beyond the immediate needs of the moment; and because they are afraid to display any enterprise and to buy ahead, there is no demand for the world's commodities, and so prices fall once more.

Thus there is as much a psychological as a monetary cause of the trade depression, or rather the two are interwoven with each other and also with the supreme difficulty—by no means peculiar to Great Britain—of bringing costs into line with the fall of prices that has already taken place. It is clear that 1931 must be a year of re-adjustment and of the restoration of confidence before trade recovery can materialise. It remains to be seen how readily these processes can take place.

HOME INDUSTRIES.

Coal.—Production in South Wales was interrupted for nearly three weeks in January by the labour dispute. Unfortunately, although good clearances of South Wales stocks were effected, other British coalfields failed to benefit as much as had been expected. There is a fair inland demand for house coal.

Iron and Steel.—The December production figures were worse even than those for November, though this was partly due to the holidays. Early this year, a further reduction of 5s. per ton was made in Cleveland pig iron, while steelmakers have added 5s. per ton to the rebate granted to home users of British steel. It is too early to tell if these concessions will stimulate demand.

Engineering.—Little change is noticeable, and the industry as a whole is operating at only 75 per cent. of capacity. There is a fair demand for locomotives and rolling stock, but other branches are relatively quiet.

Electrical Industry.—The following index of production in the electrical industry is copyright by the Economical and Statistical Department of the British Electrical and Allied Manufacturers' Associations. An explanation of the manner in which it has been computed was given on page 888 of the *Economist* of November 28, 1925.

INDEX OF ACTIVITY IN THE ELECTRICITY INDUSTRY. (1920 = 100.)

1929.	Home.	Export.	Total.	1930.	Home.	Export.	Total.
January.....	92	122	99	January.....	68	220	107
February.....	92	128	101	February.....	69	240	112
March.....	88	126	97	March.....	71	236	113
April.....	86	145	100	April.....	72	214	108
May.....	84	143	99	May.....	70	209	105
June.....	84	149	101	June.....	59	212	98
July.....	90	151	105	July.....	55	232	100
August.....	88	140	102	August.....	53	245	109
September.....	81	150	99	September.....	63	221	103
October.....	76	191	106	October.....	64	181	94
November.....	71	216	109	November.....	61	171	89
December.....	60	228	102	December.....	75	152	95

The home index is the best recorded since 1929, the improvement being mainly due to two large London contracts placed as part of the national electricity scheme.

Motor Industry.—Business is now only of moderate dimensions, the commercial vehicle section being perhaps the most favourably placed. Seasonal improvement, however, is expected, and by Easter the industry should have regained a point nearer to its full working capacity.

Cotton.—Business has been disorganised by the lock-out in the weaving section. Apart from this, however, inquiry from India remains restricted and the low price of silver continues to have an adverse effect upon Far Eastern trade. Some slight improvement is reported from Calcutta and Shanghai.

Wool.—All sections of the industry find demand most disappointing. The break in the Australian exchange was reflected in a decline of 15.20 per cent. in wool prices at the London sales that opened on January 20th, and this has had a further depressing effect upon confidence.

Linen.—Flax sales are slow, and so far the quality of the new crop on sale has not been satisfactory. Some spinners have fixed up large contracts for delivery next summer, but manufacturers as a rule are only buying against actual cloth business. Demand for piece-goods is quiet.

Rayon.—Business at present is slow, as the spring trade has yet to develop; but the yarn market is more confident, and recent price-reductions have stimulated demand for fine

filament viscose yarns. The demand for acetate yarns is also better, though still much below normal.

Boots and Shoes.—Apart from the women's fashion trade, which is displaying considerable enterprise, business is slow in developing. Spring orders are not coming forward well.

Chemical Industries.—Markets have been quiet and largely under the influence of the holidays. The labc;ir troubles in the coal and cotton industries have also restricted demand.

Agriculture.—Cultivation in many districts is less forward than usual, but the condition of autumn sown corn is good. There are indications that this year there will be a smaller acreage under wheat and oats. The open weather has been favourable to livestock, and milk yields are normal.

Shipping.—Freight markets have been generally quiet. The Argentine has chartered a fair volume of tonnage at steady rates, but homeward business in other directions is poor, and the outward trade in coal has been seriously handicapped by the stoppage in the South Wales pits.

Building Trades.—Employment again declined during December and outside work was restricted by bad weather conditions.

Retail Trade.—A London store reports that with the exception of certain departments, December business was below that of the previous year. January, however, opened well; the annual sales led to a good turnover, and there are signs that price-reductions are stimulating purchases.

BRITISH EMPIRE.

Rain has affected the Australian wheat harvest, and the market has been disorganised by the fall in prices. Wool prices are again slightly lower. Butter production prospects and grazing conditions are exceptionally favourable. Business conditions generally show an improvement.

No improvement is reported from Canada, and the low level of wheat prices continues to restrict general business and purchasing power. Still during December surplus stocks of wheat were reduced, and there is now a feeling that the worst is over.

South Africa reports little improvement in business, though some traders are well satisfied, considering the prevailing world depression. Farming conditions remain good in Cape Province and Natal, but rain is badly needed in the Transvaal and Orange Free State.

Bombay commerce was depressed in December by a further sharp break in raw cotton prices. Clearances of Manchester goods are still impeded by political difficulties, and fresh business is almost non-existent. Fair clearances of Indian piece-goods were effected, but demand has fallen away.

UNITED STATES OF AMERICA.

Industrial activity receded during December, mainly as a result of the holidays and stock-taking. Distributive trade was well maintained in comparison with 1929. Steel mill operations fell to as low as 35 per cent. of capacity, and automobile production also reached a low level. Textile mills, however, were slightly more active. Construction contracts were lower.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—DECEMBER, 1930.

	Nov.	Dec. '29.	Dec. '30.
EMPLOYMENT†—(June, 1914=100)	95.2	94.2	14.9

PRODUCTION—	Nov.	Dec. '29.	Dec. '30.
Bituminous coal (Thous. tons).....	38,122	39,716*	6,484
Pig-iron (" ").....	1,867	1,666	1,171
Steel (" ").....	2,234	2,008	888

Unfilled orders, U.S.	Nov.	Dec. '29.	Dec. '30.
Steel Corporation (Thous. tons)....	3,640	3,944	473
Building permits (Thous. \$).....	113,317	117,377*	6,422

FOREIGN TRADE—	Nov.	Dec. '29.	Dec. '30.
Imports (Thous. \$).....	203,713	209,000*	102,000
Exports (" ").....	289,021	273,000*	161,000

TRANSPORT—	Nov.	Dec. '29.	Dec. '30.
Monthly average of weekly car loadings (Thous. cars).....	825	696	...

SECURITIES—	Nov.	Dec. '29.	Dec. '30.
20 industrial stocks—Highest quotations†... 190.30	186.82	76.64	...
Lowest quotations†... 171.60	157.51	73.38	...

Thous. shares sold during month	Nov.	Dec. '29.	Dec. '30.
—(New York)....	51,950	58,765	25,097
New securities issued (Thous. \$) ...	240,499	182,869	326,745

BANK CLEARINGS—	Nov.	Dec. '29.	Dec. '30.
New York (Million \$).....	22,183	26,961	6,139
Other cities (" ").....	13,574	14,911	4,568

RETAIL BUSINESS—	Nov.	Dec. '29.	Dec. '30.
Total sales, mail order houses‡ (Thous. \$).....	57,366	71,201	8,818

* Preliminary estimates made by Messrs Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

EUROPE.

The French coal and iron trades are to some extent sharing in the general depression, and there are suggestions that inland steel prices will have to be reduced. The textile trades are very depressed.

Belgian industrial coal prices have been reduced, but trade is still unsatisfactory. The steel trade has lately weakened after its recovery at the end of last year.

Unemployment has again increased in Germany, the number at the end of the year being 4,357,000, against 2,851,000 at the end of 1929. There was a slight improvement in the coal trade during December. The textile industries are very depressed.

There has been little change in Dutch business conditions during the past month, and only a slight increase in unemployment. Most enterprises, however, are only able to work on a very low margin of profit, and reports from home agriculture and from plantations in the East Indies are discouraging.

In Scandinavia, despite the closing of the Baltic, the Norwegian timber trade is held up by uncertainty regarding Russian prices. The Swedish timber and wood pulp industries are depressed, and unemployment has increased in Denmark, where the current low level of prices of agricultural produce makes the outlook very discouraging.

SOUTH AMERICA.

General rains have fallen in Argentina over the whole of the maize zone, and the latest cable advices state that the plants are everywhere in excellent condition. Cutting of wheat, linseed and oats is practically finished, but threshing is hindered by the wet weather. The general business situation in the republic continues dull, owing to the low level both of prices of export products and of the exchange. Trade and credit conditions in Brazil are still depressed, and prices of coffee rule low. The Chilean trade situation is quiet, but the exchange is steady, and an official announcement by the Chilean Minister of Finance states that the negotiations in New York for the financing of the merger in the nitrate of soda industry are nearing completion.

FAR EAST.

Although business with China has been checked by the fall in silver to new record low levels, a better tone is reported to be in evidence in the Shanghai market. Prices at the auctions are firm, and a fair volume of business is taking place.

ELECTRICAL PRODUCTION.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical production in the chief industrial areas of Great Britain. We show below a *résumé* of the results achieved during recent periods:—

INDEX OF PRODUCTION OF ELECTRICITY.* (Monthly Average 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Auto-motive Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1928.						
January.....	174	164	195	232	199	172
February.....	170	162	188	249	195	164
March.....	170	165	192	252	195	159
April.....	149	149	164	226	164	132
May.....	140	138	170	223	163	125
June.....	141	138	160	248	158	130
July.....	131	127	149	248	151	124
August.....	130	131	131	227	147	116
September.....	150	145	164	263	175	138
October.....	161	153	185	245	189	154
November.....	178	164	215	240	206	189
December.....	181	171	210	195	210	176
1929.						
January.....	187	172	234	236	220	190
February.....	195	182	248	250	222	198
March.....	173	169	215	268	192	162
April.....	165	158	201	321	185	152
May.....	156	150	182	321	170	135
June.....	156	152	192	318	172	141
July.....	146	140	187	282	166	130
August.....	148	151	167	206	175	124
September.....	156	153	194	241	178	140
October.....	179	170	224	243	207	166
November.....	203	192	250	252	240	192
December.....	192	182	235	186	228	190
1930.						
January.....	192	176	255	250	231	182
February.....	198	183	260	257	237	184
March.....	184	171	240	250	226	172
April.....	160	150	204	214	202	146
May.....	157	146	192	235	193	143
June.....	140	130	177	208	175	127
July.....	143	127	193	220	182	137
August.....	133	117	165	192	184	111
September.....	156	137	223	282†	203	144
October.....	161	150	195	244	222	158
November.....	188	167	226	246	255	185
December.....	194	169	260	207	267	189

† Increase due to special causes.

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

Even after allowing for all the corrections discussed upon another page, there is little doubt that the December figures represent an improvement over those of previous months.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)	
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.								
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102	
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100	
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5	
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106	
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112	
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	...	91.5	117	109.5	140	87.5	102	
"Corrected" average for 3 months ended:																			
1929-Dec. ...	128	117	120	122	309	111	130	84.5	109.5	113	107.5	99	99.5	116	111	132	110	} 107.5	
1930-Jan. ...	135	131	126	120	226	114	132	84.5	108.5	112.5	107	97	99	120	107	133	106		
Feb. ...	126	134	123	102	309	114	131	84.5	107	112.5	106	93	100	121	102	132	100		
March ...	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100		
April ...	103	119	124	88	489	111	122	83.5	104.5	112	105	90	98	119	101	143	94	} 99	
May ...	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93		
June ...	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87		
July ...	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89		
August ...	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85	} 96	
Sept. ...	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84		
Oct. ...	87b	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82b		
Nov. ...	91b	115	89	68	337	109	112	73.5	99	112	100.5	...	86	116	111	141	82b		
Dec. ...	106	110	91	81	381	111	120	73	98	111.5	99.5	...	91	117.5	106	138	79	} 105	
c., 1924	124	92	104	133	107	104	108	96	101	100	100	103	101	100	102	99	102		...
"., 1925	126	102	74	126	172	101	114	89.5	104.5	103.5	102	101	105	104	100	107	106		...
"., 1926	117a	98	76	102	134	88	107	54.5	101.5	104.5	95	91	93	106	90	106	90		...
"., 1927	105	102	102	111	230	115	125	86.5	107.5	109	105	101	106	110	103	118	109	...	
"., 1928	111	110	76	109	310	103	122	79	107.5	109	104	96	97	116	111	126	111	...	
"., 1929	128	117	120	122	309	111	130	84.5	109.5	113	107.5	99	99.5	116	111	132	110	...	
"., 1930	109	110	91	81	381	111	120	73	98	111.5	99.5	...	91	117.5	106	138	79	...	

A NEW INDEX OF ELECTRICITY CONSUMPTION.

The difficulties of compiling an index of industrial production or activity are such that they are not easily overcome. The accurate use of such single factors as value or physical volume becomes more doubtful as the period over which the comparison is made becomes longer, and such factors as price changes and technical improvements play an increasing part; and in those composite indices which are based upon a large number of factors such as trade, employment, output, sales, etc., the difficulty is one of synchronisation, particularly in relation to short-period fluctuations. It is extremely difficult, for example, to give an exact measure of the time-lag involved in returns relating to unemployment or import and export trade.

In view of these considerations, the desirability of producing, if possible, an index which, by the fact of its simplicity, would be a quick, sensitive record of industrial activity, led in 1926 to the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association compiling an index of electricity production in the main industrial areas of Great Britain. This index, which has been regularly published in the Monthly Supplements of the *Economist*, represents fairly accurately the consumption of electrical power for industrial purposes, and thus of productive activity within the industries embraced in its scope. As these include coal-mining, iron and steel, shipbuilding, heavy engineering, general engineering, automobile construction, chemicals, marine transport, textiles, cotton and wool, the total index is fairly representative of the whole of the industries of this country. At the same time, not only does it contain a very marked upward trend due to expansion in generating installations and connections, but it is also subject to marked seasonal fluctuations. An attempt has therefore been made to eliminate both these factors from the index, and so arrive at a statistically useful measure of movements not inherent in the conditions of electricity supply, but which are due to alterations in economic factors external to it. Satisfactory "correction" of the index has not been possible in the past owing to the insufficiency of statistical data, but this gap has now been adequately filled.

The compilation of the original index was fully explained in our issue of July 10, 1926. Its base year was taken as March 31, 1923, to March 31, 1924. In the new index now compiled by Beama's Economic and Statistical Department, the base year is 1924-1925. This alteration was made in order that the index might be more readily comparable with the industrial indices published by the London and Cambridge Economic Service and the Board of Trade, both of which are based upon the year 1924.

The actual construction of the index has followed this sequence:—

(1) The conversion of the old index into the base 1924-25.

(2) The elimination of the "trend" due to expansion of generating plant and transmission connections. The method followed here has not been the one commonly used in statistical practice. Instead, a "correction" factor has been obtained which is based upon the increase in the connections of industrial motors in the supply companies covered. Equating the monthly average of connections for the year 1924 to 100, the corresponding indices for subsequent years are as follows:—

INDEX OF CONNECTIONS OF INDUSTRIAL MOTORS.

1924	100.0	1928	135.0
1925	109.2	1929	147.7
1926	115.9	1930	150.0
1927	125.7		

Indices for the individual months have been obtained by a curved graph. It will be seen that "correction" by this method gives a resultant index representing the consumption of units per kw. connected of industrial motors.

(3) From this index of consumption per connection is then obtained a "correction" factor for seasonal fluctuations.

The actual method adopted is the one commonly used for similar purposes, and need not be described here. The year 1926 was omitted in computing this factor, owing to its somewhat abnormal nature due to the coal stoppage.

The seasonal correction factor is as follows:—

January	113.1	May	93.7	September	92.8
February	114.5	June	88.2	October	100.5
March	108.2	July	84.9	November	112.9
April	97.1	August	83.6	December	112.2

The final index is then obtained by correcting the index of consumption per connection by the factor for seasonal fluctuations.

For purposes of record, and in order to illustrate the stages in the composition of the new index number, the following table is given, showing separately the original index converted to a 1924-25 base (see A below); the index corrected for the increase in connections but still containing seasonal fluctuations (see B below) and the final index with the seasonal movements removed:—

ELECTRICAL INDEX OF INDUSTRIAL PRODUCTION
(Year ended March 31, 1925 = 100).

	A.	B.	Final Index.		A.	B.	Final Index.
1924				1927			
January...	106.6	110.2	97.4	July	108.2	85.8	101.2
February...	108.2	111.6	97.5	August	108.2	85.4	102.2
March	106.6	108.9	100.7	September	121.5	95.3	102.7
April	94.2	95.6	98.5	October	133.9	104.3	103.9
May	94.2	94.9	101.2	November	146.1	113.2	100.3
June	91.5	91.8	104.3	December...	158.5	122.2	109.0
July	87.2	87.0	102.5	1928			
August ...	87.2	86.3	103.2	January ...	153.2	117.1	103.5
September	95.0	93.5	100.7	February ...	149.8	113.8	99.5
October	103.0	100.7	100.2	March	149.8	113.2	104.7
November	115.2	111.7	99.0	April	131.2	98.8	101.8
December	111.8	107.6	96.0	May	123.2	92.4	98.7
1925				June	124.2	92.3	104.7
January...	113.7	108.9	96.2	July	115.2	85.4	100.6
February...	118.0	113.0	98.8	August	114.5	84.3	100.7
March	115.2	109.1	101.0	September	132.1	95.5	102.8
April	99.4	93.5	96.4	October	141.8	103.1	102.8
May	99.2	92.8	99.2	November...	156.9	113.2	100.4
June	89.8	83.3	94.5	December..	159.3	114.3	102.0
July	89.8	82.5	98.3	1929			
August ...	90.6	82.7	99.0	January ...	164.8	115.3	102.0
September	102.2	92.5	99.6	February ...	171.8	119.7	104.7
October	111.0	100.2	99.7	March	152.2	105.6	97.7
November	127.8	114.3	101.4	April	145.2	99.8	102.9
December	125.0	111.2	99.3	May	137.3	94.0	100.5
1926				June	137.3	93.3	105.9
January...	122.0	108.3	95.7	July	128.7	86.8	102.2
February...	124.1	109.2	95.4	August ...	130.4	87.5	104.7
March	118.9	103.8	96.1	September	137.3	91.5	98.5
April	104.8	91.1	94.0	October	157.7	104.3	103.9
May	82.0	70.7	75.5	November...	178.8	117.8	104.3
June	88.1	75.5	85.7	December..	169.0	110.5	98.6
July	80.2	68.3	80.5	1930			
August ...	84.5	71.9	86.1	January ...	169.0	110.1	97.3
September	82.4	77.8	83.8	February ...	174.6	113.0	98.8
October	110.1	91.9	91.5	March	162.0	104.2	96.5
November	119.8	99.5	88.2	April	141.0	90.3	93.1
December	130.2	107.6	96.0	May	138.2	88.2	94.3
1927				June	123.4	78.4	89.0
January...	139.1	114.1	100.9	July	126.0	79.7	94.0
February...	138.2	112.8	98.6	August	117.2	73.7	88.3
March	129.5	105.0	97.2	September	137.4	86.2	92.8
April	126.8	102.3	105.6	October	142.0	88.6	88.2
May	121.6	97.5	104.2	November...	165.7	102.8	91.2
June	111.0	88.6	100.6	December..	170.5	105.4	94.0

It will be seen that from the Final Index two important disturbing causes have been removed. What is left, however, represents variations from the basis in consumption per kw. connected, but should not be regarded as an exact index of industrial activity. When times are good or bad the number of units connected tends to rise or fall, and the extension of electrification gradually brings in smaller concerns whose consumption per kw. connected tends to be lower than that of large undertakings. Thus, from a long-period angle, the new index appears to understate productive activity and should be regarded in conjunction with the figures of total consumption included in our series on the preceding page.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.					
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- land.	Poland.	Canada.	South Africa.	India.	Japan.	United States.	Austria.	Czecho- slovakia.	Germany.	Hun- gary.			
1913	24,337	1,903	1,189	3,338	15,842	156	748	1,119	665	1,311	1,776	43,088	218	1,227	7,269	460			
1925	20,590	1,925	1,047	3,925	11,052	571	2,423	719	983	1,693	2,522	43,988	253	1,550	11,644	460			
1926	20,692	2,105	1,181	4,283	12,108	717	2,379	974	1,038	1,703	2,619	49,729	246	1,543	11,596	485			
1927	21,272	2,296	1,168	4,316	12,800	777	3,174	1,028	1,006	1,790	2,794	45,197	255	1,655	12,542	520			
1928	20,107	2,298	1,213	4,280	12,572	891	3,385	1,037	1,013	1,825	2,822	43,052	272	1,704	13,799	543			
1929	21,337	2,244	1,377	4,466	13,620	m965	3,851	1,023	1,052	1,893	2,663	45,510	294	1,880	14,598	587			
1929-December...	21,764	2,237	1,443	4,363	13,652	958	4,023	895	995	1,894	2,886	48,859	296	2,017	14,530	667			
1930-January	24,150	2,469	1,308	4,884	14,398	1,060	3,306	950	1,054	2,057	2,501	51,543	314	1,850	14,008	672			
February	22,366	2,274	1,179	4,461	12,168	985	2,930	831	969	2,278	2,523	41,469	248	1,572	11,372	545			
March	22,764	2,333	1,167	4,695	12,519	987	2,827	810	1,025	2,015	2,748	36,581	268	1,565	11,303	469			
April	20,033	2,258	1,174	4,459	11,441	977	2,643	729	977	2,086	2,527	36,391	235	1,514	10,826	452			
May	21,683	2,290	1,106	4,526	11,953	1,017	2,671	913	1,017	2,115	2,576	38,012	238	1,463	12,315	436			
June	17,225	2,654	1,054	4,126	10,805	916	2,591	925	933	1,782	2,434	35,287	211	1,349	11,746	414			
July	19,163	2,212	1,180	4,599	11,605	1,097	2,975	872	1,060	1,619	2,389	36,626	245	1,458	12,250	437			
August	18,199	2,223	1,200	4,356	11,471	1,010	3,062	855	987	1,607	2,256	37,967	242	1,567	12,255	446			
September	19,878	2,293	1,261	4,513	11,723	1,052	3,417	831	996	1,933	2,146	39,848	264	1,711	12,820	528			
October	21,375	2,486	1,284	4,684	12,217	1,131	3,662	928	1,002	1,751	...	46,517	275	1,779	13,141	619			
November	20,139	2,195	1,277	4,317	10,816	987	3,476	...	868	1,726	...	39,307	261	1,711	11,692	...			
December...	118,772	...	...	...	...	...	...	...	...	...	...	40,390†	...	...	...	...			
PIG IRON.														STEEL.					
Period. Monthly Average.	United King- dom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.	United King- dom.	Hol- gum.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.	
1913	869	207	434	114	1,397	a	212	61	85	2,601	649	206	391	159	1,467	101	62	88	2,564
1925	530	212	709	121	841	197	36	48	3,058	625	212	622	132	1,016	174	43	64	3,737	
1926	230	281	786	135	803	213	39	64	3,277	305	278	718	145	1,028	187	44	66	3,794	
1927	567	309	775	149	1,091	228	35	60	3,036	770	307	656	158	1,359	205	44	66	3,677	
1928	610	351	832	161	984	231	35	88	3,167	722	325	732	173	1,213	214	51	105	4,222	
1929	642	341	864	175	1,117	245	41	92	3,580	817	344	808	184	1,369	225	60	117	4,599	
1929-December...	653	340	879	173	1,100	242	37	84	2,882	672	323	812	168	1,156	217	56	84	2,950	
1930-January	660	343	875	174	1,092	250	37	88	2,873	783	340	800	185	1,225	216	52	117	3,857	
February	617	315	815	162	965	231	39	72	2,884	789	321	772	175	1,176	215	56	108	4,144	
March	676	342	898	182	1,008	249	41	76	3,298	839	359	845	181	1,301	225	54	119	4,369	
April	630	341	850	163	901	221	35	74	3,123	782	318	782	168	1,033	188	56	110	4,223	
May	624	300	826	156	802	212	42	82	3,285	703	294	858	179	1,034	189	59	33	4,089	
June	572	265	841	158	767	178	29	67	2,981	610	253	753	148	859	150	42	97	3,495	
July	494	260	861	160	771	185	38	66	2,682	631	264	790	169	906	165	53	70	3,980	
August	423	247	845	157	739	197	38	58	2,564	459	245	775	152	897	177	62	59	3,145	
September	432	251	800	147	663	190	37	49	2,315	590	255	767	147	814	166	55	57	3,214	
October	422	249	827	146	687	194	35	41	2,200	521	252	796	141	856	195	62	66	3,254	
November	390	239	782	138	637	179	42	47	1,897	441	232	708	135	739	169	49	73	2,270	
December	355	...	...	...	...	...	...	...	1,693	343	...	...	...	...	...	...	...	2,040†	

PIG IRON.

Period. Monthly Average.	United King- dom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.	United King- dom.	Hol- gum.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.
	<i>b</i>				<i>g</i>	<i>a</i>								<i>g</i>	<i>a</i>			<i>c</i>
1913	869	207	434	114	1,397	212	61	85	2,601	649	206	391	159	1,467	101	62	88	2,564
1925	530	212	709	121	841	197	36	48	3,058	625	212	622	132	1,016	174	43	64	3,737
1926	208	281	786	135	803	213	39	64	3,277	305	278	718	145	1,028	187	44	66	3,794
1927	617	309	775	148	1,091	228	35	60	3,036	770	307	656	158	1,359	205	44	77	3,675
1928	560	321	832	161	984	231	33	88	3,167	722	325	792	173	1,210	214	51	105	4,222
1929	642	341	864	175	1,117	242	41	92	3,580	817	344	808	184	1,369	225	60	117	4,599
1929-December	653	340	879	173	1,100	245	37	84	2,882	672	323	812	168	1,156	217	56	84	2,950
1930-January	660	343	875	174	1,092	250	37	88	2,873	783	340	800	185	1,275	216	52	117	3,857
February	617	315	815	162	965	231	39	72	2,884	789	321	772	175	1,176	215	56	108	4,144
March	676	342	838	182	1,008	249	41	76	3,298	839	359	848	188	1,201	225	54	119	4,369
April	630	315	854	168	901	221	42	74	3,233	707	313	787	168	1,033	198	56	104	4,221
May	624	300	901	176	860	212	42	82	3,285	703	294	855	179	1,034	189	53	93	4,089
June	572	265	841	158	767	178	29	67	2,981	610	253	753	148	859	150	42	97	3,495
July	494	260	851	160	771	185	38	66	2,682	631	264	790	169	906	165	53	70	3,980
August	423	247	845	157	739	197	38	58	2,564	459	245	775	152	897	177	62	59	3,145
September	432	251	800	147	653	190	37	49	2,315	590	255	767	147	814	146	55	57	2,914
October	432	249	827	146	687	194	42	47	2,200	521	252	796	141	866	195	62	66	3,214
November	390	239	782	138	637	179	35	41	2,200	441	222	703	135	739	169	49	73	2,270
	355								1,695	343								2,040

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bul- garia.	Den- mark.	Estonia.	France.	Fin- land.	Germany.	Greece.	Italy.	Jugo- Slavia.	Nether- land.	Poland.	Swed'n.	Switzer- land.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Ek.	Francs.	Markka.	Mark.	Drach- ma.	Lira.	Dina.	Guilder.	Zloty.	Kronor.	Francs.	£	Dollars.
1913	54.931	...	386.384	15.775	64.785	688.884	701.778	41.035	897.474	14.828	303.803	a	325.231	c	70.545	159.985	2.271	147.935
1924	94.729	5.632	1,475.052	463.109	184.874	833.684	3,346.901	392.956	756.901	669.914	1,615.056	685.145	196.961	211.877	118.708	278.706	4.086	297.928
1925	97.283	5.162	1,488.078	606.958	161.382	8,046	3,712.700	459.959	1,630.171	848.069	1,283.574	229.047	204.583	229.589	120.535	219.727	4.676	348.018
1926	92.989	5.043	1,920.460	520.578	127.319	7,964	4,968.923	472.309	833.454	833.745	2,186.571	635.882	203.445	228.242	133.151	201.690	5.896	394.420
1927	91.282	5.012	2,422.921	510.749	131.508	8,035	4,416.334	532.157	1,185.672	1,032.162	1,632.901	697.191	212.410	229.589	133.151	211.690	5.896	394.420
1928	89.610	4.928	2,658.462	586.745	135.350	10.948	4,432.963	567.742	1,168.772	1,032.162	1,632.901	697.191	212.410	229.589	133.151	211.690	5.896	394.420
1929	92.554	5.026	2,951.467	690.702	141.305	10.247	4,857.052	583.026	1,120.566	1,106.294	1,775.002	632.982	229.589	259.248	147.708	231.987	4.453	360.940
1929-Nov.	90.981	5.058	2,841.291	655.284	155.315	9.606	4,789.413	571.187	1,161.002	1,207.637	1,775.002	621.862	237.720	243.448	166.904	260.027	5.235	332.633
Dec.	98.537	4.281	2,906.253	628.448	139.851	8.404	5,019.755	533.344	1,020.312	1,116.092	1,995.769	599.604	214.464	212.807	160.405	268.338	4.920	302.692
1930-Jan.	93.680	4.359	2,934.499	601.026	142.003	9.240	4,777.565	306.386	1,304.815	918.944	1,505.483	560.132	219.970	216.668	136.622	257.705	5.287	367.605
Feb.	79.563	4.703	2,699.088	367.349	130.948	9.224	4,807.932	306.386	1,304.815	918.944	1,505.483	560.132	219.970	216.668	136.622	257.705	5.287	367.605
Mar.	85.765	5.038	2,877.592	387.327	138.366	9.220	4,807.932	347.643	881.850	1,063.932	1,505.483	560.132	219.970	216.668	136.622	257.705	5.287	367.605
Apr.	76.078	6.827	2,844.639	373.064	146.349	8.406	4,565.719	442.575	888.921	842.605	1,570.928	624.330	203.978	179.415	149.215	233.833	2,592	305.973
May	81.952	5.865	2,866.465	403.704	132.462	8.406	4,452.929	518.859	830.150	832.513	1,570.928	624.330	203.978	179.415	149.215	233.833	2,592	305.973
June	75.363	4.514	2,486.836	329.109	133.076	7.981	4,165.326	453.421	813.516	886.855	1,984.315	504.701	201.141	177.358	124.101	200.818	2,913	324.198
July	78.587	4.740	2,433.336	358.921	126.756	8.543	4,119.972	457.225	809.165	873.090	1,778.733	577.409	203.666	195.040	104.884	238.479	3,294	328.184
Aug.	73.565	4.209	2,325.984	360.248	131.247	8.556	4,067.877	437.764	795.535	849.297	1,161.636	571.767	195.040	188.491	130.384	240.281	5,308	218.358
Sept.	83.611	4.893	2,520.737	415.094	131.247	8.824	4,205.516	488.839	736.544	1,001.196	1,281.855	649.250	196.049	190.443	146.102	221.805	3,731	226.312
Oct.	72.564	...	2,139.653	396.855	130.610	7.564	4,249.795	518.389	734.277	1,001.196	1,281.855	649.250	196.049	190.443	146.102	221.805	3,731	226.312
Nov.	72.564	...	2,139.653	396.855	130.610	7.564	4,249.795	518.389	734.277	1,001.196	1,281.855	649.250	196.049	190.443	146.102	221.805	3,731	226.312
Dec.	84.386	...	2,139.653	396.855	130.610	7.564	4,249.795	518.389	734.277	1,001.196	1,281.855	649.250	196.049	190.443	146.102	221.805	3,731	226.312

EXPORTS OF Domestic Production—Merchandise Only. (000's omitted.)														
			<i>f</i>	<i>g</i>	<i>h</i>	<i>i</i>	<i>j</i>	<i>k</i>	<i>l</i>	<i>m</i>	<i>n</i>	<i>o</i>	<i>p</i>	<i>q</i>
			<i>r</i>	<i>s</i>	<i>t</i>	<i>u</i>	<i>v</i>	<i>w</i>	<i>x</i>	<i>y</i>	<i>z</i>	<i>aa</i>	<i>ab</i>	<i>ac</i>
1913	43,771	302,882	7,778	53,113	573,351	33,482	841,436	9,917	20,303	a	b	c	d	e
1914	66,747	4,199	1,251,662	408,519	164,671	655,483	2,530,743	414,217	545,971	272,182	1,927,746	794,898	138,368	182,337
1915	64,448	3,615	1,128,626	470,187	149,667	8,054	3,842,675	464,459	733,208	381,189	1,592,785	724,048	150,641	183,235
1916	54,421	3,432	1,661,198	468,135	1,131	8,020	4,286,227	520,331	851,265	503,118	1,255,378	715,518	118,293	133,895
1917	56,020	3,681	2,218,971	4,599,680	520,331	851,265	503,118	302,662	533,346	158,309	209,562	134,175	168,604	3,977
1918	60,486	3,979	2,573,408	519,271	127,552	10,592	4,231,227	520,440	967,731	523,566	1,213,253	57,058	165,515	208,999
1919	60,795	3,900	2,683,718	532,972	134,201	9,789	4,172,695	535,560	1,055,278	582,100	1,240,736	650,142	165,786	234,47
1920	63,125	4,808	2,541,675	660,038	139,329	9,737	4,267,785	595,126	1,090,583	913,172	1,315,702	814,665	165,617	256,137
1921	51,330	4,779	2,758,174	499,676	137,899	9,586	4,396,445	495,925	1,003,210	624,273	1,309,722	778,663	143,853	254,751
1922	58,962	5,640	2,205,917	584,047	138,535	7,256	3,714,387	319,358	1,031,597	728,303	974,925	616,151	151,853	218,991
1923	51,241	5,624	1,810,136	387,810	114,037	6,575	4,017,787	254,797	960,804	834,409	1,077,845	840,829	144,517	218,590
1924	57,946	3,487	2,760,128	660,199	124,267	6,970	3,958,428	265,882	1,041,973	444,181	1,044,028	599,006	155,592	198,610
1925	46,861	3,044	2,538,993	507,618	117,034	6,322	3,887,769	324,933	924,932	270,875	1,038,795	617,142	128,949	199,002
1926	51,012	3,726	2,291,466	454,206	136,971	8,363	3,732,961	478,605	1,015,006	286,061	1,039,373	542,568	150,789	199,201
1927	42,808	3,415	2,012,838	450,330	125,894	9,444	3,351,817	671,591	858,524	275,895	1,354,437	50,025	134,532	169,274
1928	50,746	3,580	2,276,229	461,716	127,009	10,543	3,529,726	707,293	89,099	280,467	736,635	513,920	145,052	197,776
1929	42,777	3,929	1,940,640	528,985	134,412	7,704	3,108,292	532,522	921,554	274,043	867,541	569,198	152,718	210,486
1930	47,441	4,269	2,223,554	532,776	129,285	10,080	3,568,530	482,661	444,010	512,720	1,054,789	599,118	159,311	219,902
1931	46,922	4,181	2,218,537	454,593	135,076	9,433	4,402,511	583,023	1,012,112	787,121	1,068,927	662,093	150,212	207,873
1932	44,057	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1933	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1934	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1935	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1936	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1937	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1938	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1939	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1940	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1941	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1942	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1943	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1944	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1945	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1946	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1947	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1948	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1949	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1950	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1951	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1952	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1953	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1954	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1955	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1956	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1957	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
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1960	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1961	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1962	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1963	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1964	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1965	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1966	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1967	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1968	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1969	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1970	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1971	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1972	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1973	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1974	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1975	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
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1978	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1979	38,458	3,858	2,014,592	579,294	115,603	6,984	3,440,504	422,247	870,053	771,720	967,194	501,259	195,877	230,952
1980	38,458	3,858												

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

EXPORTS of Domestic Produce—Merchandise Only. (000's omitted.)

a General trade. b Sea-borne trade only. c Including ships' stores. d Excluding a few articles shown by number. e Until Feb., 1923, Julian Calendar; excludes articles shown by number. f General trade, gross weight. g Until 1927 fiscal year beginning July 1st. h Including Luxembourg. i Until 1929, excluding live stock and articles shown by number. j Excluding weight of live animals. k Excluding reparation deliveries. l Including a few goods declared by number only. m 1914. n Since May, 1922, figures refer to "Union Economique Belgo-Luxembourgeoise." o Provisional figure.

			Arrested	Stock	Coron.
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Valpa-	Re-	Hong	Chen	Chen	Singa-
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Pence to Euro		Euro to Pence	
1	0.0076636	1	130.76
2	0.0153272	2	261.52
3	0.0229908	3	392.28
4	0.0306544	4	523.04
5	0.0383180	5	653.80
6	0.0459816	6	784.56
7	0.0536452	7	915.32
8	0.0613088	8	1046.08
9	0.0689724	9	1176.84
10	0.0766360	10	1307.60
11	0.0842996	11	1438.36
12	0.0919632	12	1569.12
13	0.0996268	13	1699.88
14	0.1072904	14	1830.64
15	0.1149540	15	1961.40
16	0.1226176	16	2092.16
17	0.1302812	17	2222.92
18	0.1379448	18	2353.68
19	0.1456084	19	2484.44
20	0.1532720	20	2615.20
21	0.1609356	21	2745.96
22	0.1685992	22	2876.72
23	0.1762628	23	3007.48
24	0.1839264	24	3138.24
25	0.1915900	25	3269.00
26	0.1992536	26	3399.76
27	0.2069172	27	3530.52
28	0.2145808	28	3661.28
29	0.2222444	29	3792.04
30	0.2299080	30	3922.80
31	0.2375716	31	4053.56
32	0.2452352	32	4184.32
33	0.2528988	33	4315.08
34	0.2605624	34	4445.84
35	0.2682260	35	4576.60
36	0.2758896	36	4707.36
37	0.2835532	37	4838.12
38	0.2912168	38	4968.88
39	0.2988804	39	5099.64
40	0.3065440	40	5230.40
41	0.3142076	41	5361.16
42	0.3218712	42	5491.92
43	0.3295348	43	5622.68
44	0.3371984	44	5753.44
45	0.3448620	45	5884.20
46	0.3525256	46	6014.96
47	0.3601892	47	6145.72
48	0.3678528	48	6276.48
49	0.3755164	49	6407.24
50	0.3831800	50	6538.00
51	0.3908436	51	6668.76
52	0.3985072	52	6799.52
53	0.4061708	53	6930.28
54	0.4138344	54	7061.04
55	0.4214980	55	7191.80
56	0.4291616	56	7322.56
57	0.4368252	57	7453.32
58	0.4444888	58	7584.08
59	0.4521524	59	7714.84
60	0.4598160	60	7845.60
61	0.4674796	61	7976.36
62	0.4751432	62	8107.12
63	0.4828068	63	8237.88
64	0.4904704	64	8368.64
65	0.4981340	65	8499.40
66	0.5057976	66	8630.16
67	0.5134612	67	8760.92
68	0.5211248	68	8891.68
69	0.5287884	69	9022.44
70	0.5364520	70	9153.20
71	0.5441156	71	9283.96
72	0.5517792	72	9414.72
73	0.5594428	73	9545.48
74	0.5671064	74	9676.24
75	0.5747700	75	9807.00
76	0.5824336	76	9937.76
77	0.5900972	77	10068.52
78	0.5977608	78	10199.28
79	0.6054244	79	10330.04
80	0.6130880	80	10460

• Daily rates

The Economist

MONTHLY SUPPLEMENT.

New Series.

SATURDAY, FEBRUARY 28, 1931.

No. 93.

In the following pages we have aimed at compiling tables which will show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations,* supplemented from our statistical records. We propose in these columns to give our own appreciation of the trade position, fortified by informed opinion, and to leave the figures to be interpreted by our readers each in his own way.

* "League of Nations Monthly Bulletin of Statistics." Is. 6d.

THE STATE OF TRADE AT HOME AND ABROAD.

The year is now practically two months old, and though there is plenty of time for change, we begin to see how 1931—commercially and industrially regarded—is shaping. On the whole, the results of a survey of the present position are still disappointing. It would be wrong to say that the picture is one of unrelieved gloom; as shown below, it does contain one or two bright spots. Still, its more sombre portions are so much the more extensive that its general effect is far from pleasing, especially as there must now be added to the more tangible evidences of the trade depression a rather widespread lack of confidence in business circles that there will be an early recovery.

Although there was a slight improvement in employment during early January, the figures subsequently moved the wrong way, and the latest returns give a total of unemployed still in excess of 2,630,000. Between mid-December and mid-January unemployment increased in the building and allied trades; in the engineering, ship-building and metal industries; in wool and other textile trades; and—most significantly—in the distributive and transport industries. There were, however, several bright spots where an improvement occurred, and it is encouraging that these included such staple industries as steel, tinplates, motors, rayon yarn, linen and boots and shoes.

Current production returns provide varied reading. The coal output figures are not too discouraging when allowance is made for the South Wales stoppage. There is a slight falling-off in pig iron, but this is to some extent compensated for by the fact that on balance seven more furnaces were brought into blast during January. There has been a definite improvement in steel production, though this is somewhat discounted by the fact that it includes the normal expansion after the Christmas holidays. On the other hand, our indices of business activity, given on another page, show that little or no real progress has been made, and that, with the exception of the heavy industries, the volume of employment in January was less than in the preceding month. The foreign trade returns are also discouraging. The sharp fall in imports between December and January is to some extent a natural reaction from the relatively high figure recorded in December, while among exports it is noticeable that those of

British manufactured goods recorded a fractional improvement in January over December. The volume of raw material imports, however, was slightly lower, and, when January, 1929 and 1930, are compared, the results are bad.

Among other important indicators, both railway receipts and shipping freights are lower on the month, and it is significant that rather discouraging reports have been received from the London retail trade. It is now clear

that the general contraction in purchasing power, consequent upon the trade depression, is beginning to tell, and it is by no means certain that the full effects of this factor have yet been experienced.

There are, however, several signs of a more encouraging character. The settlement of the coal and cotton disputes ranks high among these, and it is satisfactory to note that the gesture of the cotton employers, in giving way and terminating the lock-out, has been followed by a slight but definite revival in the industry. Better advances are now coming from India, and there is perhaps firmer ground for hope that the political difficulties in that country may be settled and that this all-important market may be more readily accessible to Lancashire. Commodity prices, also, have become much steadier during the past fortnight, and numerous small increases have been registered.

The real trouble is that confidence is still lacking. At home the forthcoming Budget is beginning to cast its shadows, and the revelations of the state of the national finances, made both in Parliament and before the Unemployment Insurance Commission, have aroused feelings of anxiety in industrial and commercial circles. Stock markets have, however, shown some recovery recently; there are signs of a better understanding in regard to monetary policy and the political sky is less overcast in Europe.

Abroad the trade depression continues to run its course. In the United States there was the normal seasonal revival in business at the opening of the New Year, but, apart from a quickening of activity in Wall Street, it is doubtful if any substantial progress towards recovery has been made. On the Continent unemployment is increasing in Germany; and Belgium, Holland

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lire.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Rupia.	Yen.	Dollars.
1913.....	16.5	25.6	7.3	565	15.0	23	13	20	18	44	56	45	1	1
1924.....	17.4	26,992	7.3	565	15.0	23	13	20	18	44	56	45	1	1
1925.....	19.4	26.3	43	307	55.1	746	33	7.7	219	16	56	29	204	518
1926.....	19.2	2.7	37	401	74.8	473	48	6.1	516	13	59	16	228	529
1927.....	29.6	10.5	31	615	114.1	254	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	60	875	113.0	450	50	27.1	384	31	87	24	335	675
1929.....	23.8	8.5	55	1,259	80.2	697	29	17.8	318	23	81	56	222	850
1930.....	32.3	14.5	35	1,072	118.8	493	49	13.6	318	14	104	37	216	931
Jan.-Mar. 1931.....	25.6	1.0	27	1,199	112.5	794	20	22.9	479	23	143	127	332	859
Apr.-June.....	6.2	3.9	108	54.9	54.6	15	11.3	295	15	30	34	207	677	777
July-Sept. 1930.....	30.6	14.8	51	1,741	34.6	594	33	23.4	179	32	47	25	139	565
1931.....	31.3	4.0	32	3,309	73.5	474	52	15.2	379	17	134	34	133	715
Jan.-Mar. 1931.....	25.6	5.7	51	1,582	31.5	836	66	21.2	702	16	148	13	218	908
Apr.-June.....	24.4	6.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	373
July-Sept. 1930.....	3.8	2.9	26	1,351	30.0	432	21	19.0	303	15	184	15	246	379
Oct. 1930.....	26.2	3.0	28	3,650	45.5	245	13	...	86	14	71	24	...	394
Nov. 1930.....	15.6	7.5	41	1,134	15.5	131	...	...	54	11	...	16	...	258
Dec. 1930.....	31.5	...	...	2,311	...	...	...	...	60	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. * Until end 1924, Kroner. † Excluding Treasury Bills. ‡ Ex. large railway issues. § "Rivista Bancaria." A issues exceeding Fr. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. || Since 1924, excluding annuities and conversions. ¶ End of 1922 paper mark. ** Société de Banque Suisse. †† Invitation for subscriptions on Swiss market including obligations and Local Govt. loans. ‡‡ India, compiled by "Commercial & Financial Chronicle." § Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
1921—June.....	17.8	9.9	16.8	3.0	8.1	30.7	7.7	12.5	13.2
December.....	16.2	6.6	25.2	1.6	16.6	23.7	33.2	9.5	15.1
1925—June.....	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9
1926—June.....	14.6	0.9	15.6	18.1	5.9	22.6	19.6	6.7	4.1
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.9	5.7	5.9
1927—June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	9.9	6.6
1928—June.....	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2
December.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.9	6.6
1929—June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December.....	11.1	2.4	22.4	20.1	12.3	14.9	16.9	13.1	11.4
1930—February.....	13.1	2.6	21.0	23.5	12.5	18.9	13.2	...	11.5
March.....	13.0	2.5	15.6	21.7	8.6	17.8	12.5	...	10.8
April.....	14.6	2.2	11.8	20.3	6.9	15.8	11.1	...	9.0
May.....	15.3	1.9	9.4	19.5	6.3	12.2	8.3	...	10.3
June.....	15.8	1.9	8.7	19.6	5.5	10.8	8.3	...	10.6
July.....	17.1	2.4	9.3	20.3	6.7	10.8	7.9	...	9.2
August.....	17.5	3.0	9.1	21.7	7.6	13.4	8.4	...	9.3
September.....	17.6	3.8	9.4	22.5	8.2	15.7	9.8	...	9.4
October.....	17.7	4.1	11.0	23.6	9.0	18.0	12.5	...	10.8
November.....	19.1	5.6	15.3	26.0	11.8	...	...	...	9.4
December.....	20.2	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions.....	12.1	0.6	0.3	4.5	10.4	0.04	0.3	0.4	0.2
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† Ex. Irish Free State since Mar. 1923.
* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

SECURITY VALUES.

	United Kingdom.	Netherlands.	Sweden.	Switzerland.	Canada.	United States.
"Bankers' Magazine."	Official, 49 Ordinary Industrial Shares.	Official, 49 Industrial and Shipping Shares.	Official, 49 National Bank Shares.	Official, 79 (i) Common Industrial Shares.	Official, 342 Industrial Shares.	Standard Statistics Co. 342 Industrial Shares.
Base, Dec. 1921 = 100.	Dec. 1921 = 100.	Dec. 1921 = 100.	Dec. 1921 = 100.	Dec. 1921 = 100.	Dec. 1921 = 100.	Dec. 1921 = 100.
1925—June.....	108.6	125.5	114.1	131	134.4	...
Dec.	108.8	132.5	116.5	131	144.6	88.4
1926—June.....	110.0	136.5	118.7	91	146	92.2
Dec.	109.3	135.7	118.0	91	150	107.0
1927—June.....	110.1	141.5	120.4	102	153	121.5
Dec.	112.2	146.9	122.9	103	161	121.6
1928—June.....	112.2	152.7	125.4	111	156	120.0
Dec.	112.1	158.8	127.3	115	152	154.3
1929—June.....	109.8	157.9	125.4	121	146	191.0
Dec.	108.5	147.1	121.0	100	211	146.9
1930—Mar.	112.7	145.3	123.3	98	237	165.0
April.....	112.7	147.9	124.2	100	235	170.8
May.....	111.4	143.7	121.9	94	225	160.1
June.....	110.0	135.5	119.0	85	208	165.4
July.....	112.3	137.2	120.3	82	205	162.2
Aug.	111.9	131.0	118.1	78	194	153.1
Sept.	112.0	134.6	119.3	75	189	160.1
Oct.	113.1	127.0	117.6	73	182	129.2
Nov.	112.8	125.2	116.8	67	181	108.5
Dec.	112.5	118.5	114.4	...	181	101.9

(a) Fixed interest. (b) Variable dividend. (c) Total. (d) Monthly average. (e) Average of highest and lowest quotations on each Wednesday. (f) Shares of companies with a capital of more than £5 millions. The composition of this class, therefore, is not invariable. (g) On 25th of month. (h) End of month. (i) Since Jan. 1929, 92 shares. (j) Average of closing prices on each Thursday of month.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,589,481	16,436,404
1924.....	35,038,605	1,594,114	2,960,145	39,532,864
1925.....	35,801,264	1,678,347	2,957,508	40,347,119
1926.....	35,346,429	1,650,757	2,817,868	39,825,054
1927.....	36,819,842	1,758,032	2,973,827	41,550,541
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,062,577	1,812,146	2,963,631	42,838,354
1930 (Jan. 14).....	1,619,817	86,856	1,39,873	1,846,530
1931 (Jan. 14).....	1,491,523	83,140	1,31,301	1,705,964

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of			Exports of		
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.	Iron and Steel.	Coal.
Monthly Average.	£	£	£	£	£	£	Cwts.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	*589	0.41	6.1
1923	42.5	3.7	27.1	10.9	21.4	48.3	8.4	1.1	0.6	345	0.36	6.6
1924	47.6	4.7	33.4	8.9	25.0	51.5	9.9	1.3	0.6	370	0.32	5.1
1925	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.2
1926	44.9	3.2	32.7	3.9	26.3	44.9	8.1	1.5	0.7	319	0.26	1.7
1927	44.9	4.4	29.3	6.4	26.9	47.0	9.2	0.5	0.3	343	0.35	4.3
1928	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322	0.36	4.2
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.36	5.0
1930	39.2	4.4	19.1	5.2	26.0	39.7	9.6	0.4	0.5	197	0.30	4.7
July	37.2	4.0	17.5	4.4	24.2	33.1	8.1	0.5	0.4	164	0.22	3.9
August	36.7	4.2	16.5	5.0	24.6	32.1	11.1	0.6	0.3	143	0.20	4.6
September	44.1	4.3	18.1	5.3	27.7	35.9	10.3	1.0	0.8	150	0.26	1.8
October	40.6	4.8	16.5	4.7	21.6	32.7	10.4	1.4	0.4	130	0.20	4.1
November	44.4	5.5	20.6	4.7	23.8	27.6	13.9	1.9	0.8	130	0.17	4.2
December												

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).										Austria.	Germany.	Italy.	Canada.	United States.
	Gross Receipts.		Freight Traffic (f).												
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Minerals and Other Merchandise	Total.									
	£	£	Tons.	Tons.	Tons.	Ton-Miles.	Ton-Miles.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.	Tonnes-Km.		
1926—June	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	4,695	1,332	2,846	439,237	1,392		
December	4.7	8.5	4.9	15.9	3.1	24.8	1,392	1,321	5,641	1,394	4,561	440,096	1,392		
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,249	5,126	1,095	4,261	438,483	1,401		
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,209	5,398	928	4,128	434,580	1,400		
1928—June	5.5	8.3	4.8	14.9	5.3	25.0	1,324	1,325	5,528	1,038	4,129	437,304	1,324		
December	4.6	8.3	4.7	16.1	4.8	25.6	1,352	1,252	4,715	1,030	4,608	444,961	1,352		
1929—June	4.2	8.4	4.8	15.7	5.6	26.1	1,392	1,335	5,603	1,087	4,848	439,458	1,392		
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,323	4,874	1,031	3,767	422,618	1,426		
1930—April	4.8	8.2	4.8	15.6	5.1	25.5	1,367	1,197	4,297	1,041	3,625	50,945	1,367		
May	4.3	8.6	5.0	16.2	5.6	26.8	1,444	1,278	4,849	1,089	3,723	53,955	1,444		
June	5.7	7.3	4.4	13.2	4.7	22.2	1,196	1,305	4,502	1,044	4,222	50,251	1,196		
July	6.9	8.2	4.8	14.8	4.8	24.4	1,357	1,176	4,765	1,066	3,655	51,946	1,357		
August	7.5	7.5	4.1	14.3	5.1	22.5	1,295	1,149	4,365	991	3,793	56,810	1,295		
September	5.2	8.2	4.7	15.3	4.6	24.6	1,369	1,329	4,728	...	5,668	52,880	1,369		
October	4.2	6.8	5.1	16.0	5.1	26.3	1,470	1,289	4,848	...	...	51,364	1,470		

and Switzerland are all feeling increasingly the effects of the depression. News from France has also become much less cheerful. It is now admitted that there are 350,000 wholly unemployed in the country, and about 1,000,000 partly unemployed; and reports from the chief industrial centres—especially from Lille and Roubaix—have become more despondent.

As regards countries which are usually described as "primary producers," much depends upon the harvest outlook. Several South American countries report damage by rain to wheat and linseed crops, though maize has apparently escaped, and an abundant harvest of that cereal is promised. The size of this year's American cotton crop is a most uncertain factor. The Federal Farm Board are making efforts to reduce acreage, and it is suggested that credit stringency, due to the recent spate of small American bank failures, may also exercise a restrictive influence. If, however, cotton prices rise at all substantially, it is to be feared that acreage will at once increase.

Generally, the question remains to be answered—how far such reduction in the size of crops as takes place will be balanced by an equally problematical improvement in prices; for the purchasing power of the "primary producers" depends upon the product of these factors. It is only necessary to state this question to show how difficult it is to answer it, and this is a fundamental reason why the outlook is so uncertain to-day. Better trade depends upon confidence at home and a restoration of purchasing power abroad, and there is no clear evidence that either condition will be satisfied in the very early future.

HOME INDUSTRIES.

Coal.—Following the resumption of work in South Wales there was a fairly brisk export demand, but this consisted mainly of overtaking arrears, and there is practically no forward business. Industrial fuel is dull, but there is a good demand for anthracite, and the house coal trade is firm.

Iron and Steel.—Demand remains limited, and the improvement shown by the January steel production figures is largely the reflex of the previous holidays. Pig-iron stocks are growing, and Continental steel prices have again fallen.

Engineering.—Locomotive and rolling-stock builders continue to do fairly well, and agricultural engineers are shortly expecting a slight seasonal revival. Marine engineers and boiler-makers are very depressed.

Electrical Industry.—The following index of production in the electrical industry is copyright by the British Electrical and Allied Manufacturers' Associations.

INDEX of ACTIVITY in the ELECTRICITY INDUSTRY.

1929.				1930.			
Home.	Export.	Total.		Home.	Export.	Total.	
Jan.	122	101		Jan.	88	101	
Feb.	128	101		Feb.	99	112	
March	126	97		March	71	113	
April	145	100		April	72	104	
May	143	99		May	70	105	
June	149	101		June	59	102	
July	151	106		July	55	100	
August	140	102		August	63	109	
September	150	99		September	63	103	
October	191	106		October	64	94	
November	216	109		November	61	85	
December	228	102		December	75	99	
				1931.			
				Jan.	69	150	90

So far, 1931 has been the worst year for new orders since 1921. Only one order from abroad was placed during January, and none at all the following month. Home trade is equally dull.

Motor Industry.—The private-car trade remains quiet, but exports are well maintained. Commercial vehicle manufacturers are moderately busy, but export orders are scarce. Cycle and motor-cycle makers are only fairly well employed.

Cotton.—Demand for yarn and piece-goods has revived since the conclusion of the lock-out. More encouraging advices have been received from India, and better sales of light bleaching cloths and also of prints and fancies have been effected. Trade with China has been checked by the New Year celebrations and the low price of silver.

Wool.—Raw wool prices have rallied from the low depths touched at the January sales, and a better tone is apparent in most sections of the trade. Top-makers are displaying greater resistance, and even spinners are beginning to press for better prices.

Linen.—Russian flax has recently been selling in bulk at £3 to £5 above the limits current in January. Yarns also are selling more freely, especially in the lower grades. Some forward contracts for cloth have been fixed.

Rayon.—February has witnessed a better demand, both for yarns and fabrics, and the British Industries Fair has further

stimulated business. Prices are steady as regards the better qualities, but price-cutting continues in the lower grades.

Boots and Shoes.—Trade is very slow, demand having been affected by the general depression. Very few forward orders are being placed.

Pottery.—Some manufacturers have noticed a slight improvement in the home market, but demand generally is very limited. Export trade has fallen away, the Australian market now being particularly disappointing.

Chemical Industries.—February witnessed a slight expansion in home demand, especially in the pharmaceutical section. Prices have been steady, and increased orders have been received for various products.

Agriculture.—Outdoor work has been hindered by wet weather, but the delay should not be irretrievable, and early in February the condition of autumn-sown crops was good. Potato disease was fairly prevalent. Prospects for the lambing season were good, but drier weather was needed. Milk yields were about normal.

Shipping.—Apart from a fair demand for grain tonnage from the Plate, the cargo freight market in January was still very quiet. Outward coal business was dull.

Building Trades.—A fair amount of time was lost during January on outside work as a result of bad weather. Unemployment has increased.

Retail Trades.—A London store reports that the improvement noticed in January has not been maintained. Lately business has been very disappointing.

BRITISH EMPIRE.

Australia reports favourable seasonal conditions in the pastoral areas. The wheat market is disorganised by price depression and legislative interference, but export trade in other agricultural produce is being stimulated by the low exchange. Trade generally is depressed and unemployment is increasing.

Canadian farming and business conditions remain depressed. In view of Australian and Argentine competition, no real improvement in wheat prices is expected for some time to come.

The Indian situation remains very uncertain. Mail advices from Bombay state that sales of Manchester goods are still very restricted, but later news is rather more encouraging.

South Africa reports increased seasonal business activity, but adds that the improvement is hardly up to normal. Farming conditions remain good in the coastal areas, but inland weather conditions are unfavourable.

UNITED STATES OF AMERICA.

There was a moderate seasonal expansion in business during January. Steel mill operations improved to 45 per cent. of capacity, and automobile manufacturers increased their production schedules, though demand was still rather uncertain. Building construction was fair, and stocks of cotton goods were reduced. Distributive trade was of fair dimensions, and a fair number of unemployed workers were reabsorbed.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—JANUARY, 1931.

Dec. 94.2 Jan. 90.2 Jan. '30 16.1

EMPLOYMENT†—(June, 1914=100) 94.2 90.2 16.1

PRODUCTION—

Bituminous coal (Thous. tons) 39,716 39,000* — 10,778

Pig-iron (" ") 1,666 1,714 — 1,113

Steel (" ") 2,008 2,483 — 1,303

Unfilled orders, U.S.

Steel Corporation (Thous. tons)..... 3,944 4,132 — 336

Building permits (Thous. \$)..... 109,105 93,070* — 20,476

FOREIGN TRADE—

Imports (Thous. \$) 208,721 183,000* — 127,967

Exports (" ") 275,193 250,000* — 154,849

TRANSPORT—

Monthly average of weekly car loadings (Thous. cars) 696 698 ...

SECURITIES—

20 industrial stocks—Highest quotations†... 186.82 173.04 — 94.10

Lowest quotations†... 157.51 161.45 — 82.75

Thous. shares sold during month

—(New York).... 52,765 42,543 — 19,763

New securities issued (Thous. \$) ... 182,869 676,004 — 205,188

BANK CLEARINGS—

New York (Million \$)..... 26,961 25,300 — 6,731

Other cities (" ") 14,911 14,010 — 4,746

RETAIL BUSINESS—

Total sales, mail order houses‡ (Thous. \$) 71,201 46,314 — 809

* Preliminary estimates made by Messrs Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

EUROPE.

The French coal trade is depressed, and short time is being worked in the Nord and Pas de Calais. The iron and steel trades are also dull, and there are frequent complaints of price-cutting. Lille cotton spinners are curtailing production, and the manufacturing end of the Roubaix wool industry is unsatisfactory. Unemployment is increasing.

The Belgian coal and steel industries are dull and depressed. Stocks of coal at pit-head are increasing.

Unemployment in Germany increased during January from 4,357,000 to 4,894,000. Attempts are being made to introduce a five-day working week, with proportionate wage reductions. The heavy industries are dull, and price reductions have been made by iron and steel manufacturers.

Dutch reports have lately become more disquieting. Unemployment is increasing, and short time is being extended. Shipping is depressed, and sugar factories are working at less than capacity.

Scandinavian news is, in some respects, more encouraging. Swedish pulp manufacturers have lately arranged some fair-sized contracts with America, and newsprint makers have also booked some good orders. Danish farmers have obtained some relief from the recent rally in butter prices, and are now feeling more hopeful.

Home trade and purchasing power in Switzerland is well maintained, but the export industries are very depressed.

SOUTH AMERICA.

Good rains have fallen in the Argentine maize areas, and abundant harvests are now assured. Trade remains dull, but the exchange is firmer. Business in Chile only makes slow progress, but the "Cosach" nitrate scheme is now approaching fruition. Brazilian trade remains depressed, but more movement is reported in the local coffee markets. Political disturbances are reported from Peru, but the Government has the situation well in hand. Colombian coffee prices have improved.

FAR EAST.

Business in China has been interrupted by the New Year holidays and the low level of silver prices is also restricting trade. Japan had in January a small favourable trade balance of Yen 1,800,000. This is the first time for several years that this has been achieved. Raw silk sales remained satisfactory, and there was a better demand for cotton goods. The restrictions on cotton yarn production have been slightly relaxed.

ELECTRICAL PRODUCTION.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical production in the chief industrial areas of Great Britain. We show below a résumé of the results achieved during recent periods:—

INDEX of PRODUCTION of ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1928.						
January	174	164	195	232	199	172
February	170	162	188	249	195	164
March	170	165	192	252	195	159
April	149	149	164	226	164	132
May	141	138	170	223	163	125
June	141	138	160	248	158	130
July	131	127	149	248	151	124
August	130	131	131	227	147	116
September	150	145	164	263	175	138
October	161	153	185	245	189	154
November	178	164	215	240	206	169
December	181	171	210	195	210	176
1929.						
January	187	172	234	235	220	190
February	195	182	248	250	222	198
March	173	169	215	268	192	162
April	166	158	201	321	185	152
May	156	150	182	321	170	135
June	156	152	192	318	172	141
July	146	140	187	282	166	130
August	148	151	167	206	175	124
September	156	153	194	241	178	140
October	179	170	224	243	207	166
November	203	192	250	252	240	192
December	192	182	235	186	228	190
1930.						
January	192	176	255	250	231	182
February	198	183	260	257	237	184
March	184	171	240	250	226	172
April	160	150	204	214	202	146
May	157	146	192	235	193	143
June	140	130	177	208	175	127
July	143	127	193	220	182	137
August	133	117	165	192	184	111
September	156	137	223	282†	203	144
October	161	150	195	244	222	158
November	188	167	226	246	255	185
December	194	169	260	207	287	189
1931.						
January	197	169	271	209	274	195

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

While the "uncorrected" figure given in the table above has risen from 194 to 197, the "corrected" figure, which makes allowance for seasonal fluctuations and for the steady expansion in the use of electricity, was 93.8 for January, as compared with 94.0 in December and 97.3 in January of last year.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.					Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	...	91.5	117	109.5	140	87.5	102
"Corrected" average for 3 months ended:																		
1930-Jan.	135	131	126	120	226	114	132	84.5	108.5	112.5	107	97	99	120	107	133	106	107.5
Feb.	126	134	123	102	309	114	131	84.5	107	112.5	106	93	100	121	102	132	100	
March	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100	
April	103	119	124	88	489	111	122	83.5	104.5	112	105	90	98	119	101	143	94	
May	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93	99
June	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87	
July	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89	
August	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85	
Sept.	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84	96

COMMODITY PRICES—PRE-WAR AND TO-DAY.

In the winter of 1928 we decided to remodel our index number of wholesale commodity prices. The reasons for our decision, together with a full description of the method of compiling the revised index number, were given at some length in our issue of December 15, 1928. At that time few people, if any, anticipated that wholesale prices would shortly drop to their pre-war level; and for purposes of broad historical comparison we thought it sufficient, after consultation with various statistical experts, to link the new series with 1913 by using as a co-efficient the figure 143.7 (1913 = 100), which represented the average, calculated geometrically, for the year 1927—the pre-war list of commodities serving as a basis for this computation. That is to say, we did not "work back" our revised index number to 1913 by using the new list of articles as a basis.

Now that, as a result of the tremendous decline in prices which has taken place since the autumn of 1929, our post-war index number, expressed by means of the link-computation aforesaid, has actually passed below the 1913 level in its downward sweep, the true relationship between present and pre-war prices has become of greater interest, although we would urge no claim that any index number can establish, with complete accuracy, an absolute ratio between averages separated by such a long period of years. Accordingly, we have taken our post-war list of commodities, have ascertained as closely as circumstances permit the 1913 average price for each article, and have worked out on that basis the average index figure for the year 1927, expressed as a percentage of 1913, both arithmetically and geometrically. In order to obtain comparative results we have also worked out geometric averages of the index numbers published in the form of arithmetic means by the *Statist* and the *Times*, and we have been furnished by the courtesy of the statistical correspondent of the *Financial Times* with the arithmetic mean of the index number published, as a geometric average, by that journal. A summary of the results is given below:—

YEAR 1927. (1913 = 100.)

Arithmetic Averages. Geometric Averages.

	Index Figure.	Deviation from mean.	Index Figure.	Deviation from mean.
Economist (old).....	147.9	+ 3.4	143.7	+ 3.6
Board of Trade.....	(a)	...	141.6	+ 2.1
Statist.....	143.7	+ 0.4	135.8	- 2.1
Times.....	142.1	- 0.7	138.3	- 0.3
Economist (new).....	141.5	- 1.1	137.6	- 0.8
Financial Times.....	140.3	- 2.0	135.5	- 2.3

Mean 143.1

(a) Material for calculation not available.

Consideration of the figures of deviation from the mean recorded by the foregoing list of indices undoubtedly suggests that the "old" *Economist* index, whether calculated arithmetically or geometrically, exaggerated the increase in the average level of prices between 1913 and 1927. Considering only the geometric averages, the cause of the difference between the "old" and the "new" figure in 1927 is to be found mainly in the group of commodities classed in our new index number under the heading "Other Foods." This is due to two reasons. In the first place the quotations for particular commodities used in our new index number show in several instances smaller increases than the quotations for the same commodities used in our old index. This is not surprising, for it is on the whole to be expected that a quotation which represents a standard that is becoming obsolete and is being superseded by a new standard will tend to remain relatively higher than the new quotation. This statistical difficulty inevitably arises in using a single quotation as representative of a market over a series of years in which great changes have occurred. Secondly, the average increase shown by the "new" list was greatly reduced by the inclusion in it of two commodities, cocoa and coconut oil, which did not figure in the "old" list. On the reasonable assumption,

then, that the new list of 58 commodities, selected as being the most representative in post-war usage, forms a better basis to reflect price changes than the pre-war list of forty-four commodities, we are of opinion that the average rise in prices between 1913 and 1927 is more correctly expressed by the figure 137.6, whose deviation from the mean of the six index figures listed above is only 0.8 per cent.

It now remains to examine briefly the movement of prices between the average for the year 1927 and the month of December, 1930. In this connection comparison can be most conveniently made between the "new" *Economist* index and those published by the Board of Trade and by the *Financial Times*, since these three indices are all computed geometrically. The fall, calculated geometrically, in that period has been as follows:—

Board of Trade (a) ... 23.2 per cent.

Financial Times (a) ... 26.5 "*Economist* (b) ... 31.3 "

(a) December average; (b) end December.

The reason for this divergence is explained mainly by the fact that whereas the *Economist* index number comprises 58 articles, that of the *Financial Times* covers 75, and that published by the Board of Trade 150. Now it is a matter of common knowledge that during the past two or three years primary products have fallen in price much more severely than have finished and semi-finished goods. It is also obvious that the more numerous the articles included in an index number, the more of the components must be more or less finished products. Thus it would be natural to expect that between 1927 and the end of 1930 the Board of Trade index would fall considerably less than that of the *Economist*, with the *Financial Times* index mid-way in between; and this is what has occurred.

We give below the figures of our index number recalculated on the basis of the post-war list of commodities.

NEW "ECONOMIST" INDEX.

1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Mine-rals.	Miscellaneous.	Complete Index.
Average, 1924	159.9	169.9	210.6	145.2	131.5	159.3
" 1925	159.7	161.0	190.9	135.9	135.4	154.2
" 1926	143.9	154.0	149.6	145.6	129.5	143.2
" 1927	139.9	159.3	153.9	121.6	124.6	137.6
" 1928	145.0	149.4	161.7	111.9	119.3	135.1
" 1929	135.6	136.8	141.9	116.2	112.7	127.2
" 1930	113.4	122.9	99.1	101.6	101.5	106.8
End Jan., 1930	124.8	132.3	118.1	112.7	109.6	118.5
" June, "	115.1	124.0	102.4	100.7	104.7	108.5
" Sept., "	111.3	118.7	87.7	96.6	95.5	100.8
" Oct., "	107.4	117.4	86.0	96.2	96.8	97.7
" Nov., "	102.4	111.8	84.8	96.0	96.9	97.6
" Dec., "	98.0	113.2	79.1	94.8	93.7	94.6
Jan., 1931	94.3	110.8	75.8	91.5	90.4	91.3
Do., Old Index	99.5	140.5	77.2	94.2	84.3	95.3

As we have said, the difficulty of measuring changes in prices over a period of seventeen years is considerable, and changes in quality are bound to vitiate to a slight extent the most accurate statistical computation that is possible. Moreover, when it is said that "prices have reverted to their pre-war level," it is important that we should be clear in our minds as to what is meant. For example, in December, 1930, wholesale prices as measured by the Board of Trade index were 8.9 per cent. above the level of 1913, whereas measured by the *Financial Times* index they were 0.9 per cent. below 1913, and according to the "new" *Economist* index (taking the mean of the figures for the end of November and the end of December) 3.9 per cent. below that level. In other words, an average derived mainly from primary products had fallen appreciably below the pre-war datum line, whereas an average more heavily weighted with finished and semi-finished articles was still 9 per cent. above that line. Did an index exist composed exclusively of prices of finished goods, the percentage increase would undoubtedly be very much greater.

PRODUCTION. (Thousands of Metric Tons.)

COAL.													LIGNITE.				
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- lands.	Poland.	Canada.	South Africa.	India.	Japan.	United States.	Austria.	Czechoslovakia.	Germany.	Hun- gary.	
	<i>d</i>		<i>k</i>		<i>g</i>				<i>j</i>	<i>l</i>				<i>k</i>	<i>g</i>		
1913	24,337	1,903	1,189	3,338	15,842	156	748	1,119	665	1,311	1,776	43,088	218	1,927	7,269	460	
1926	10,692	2,105	1,181	4,283	12,108	717	2,979	974	1,038	1,703	2,619	49,729	246	1,543	11,596	485	
1927	21,272	2,296	1,168	4,316	12,800	777	3,174	1,028	1,006	1,790	2,794	45,197	255	1,635	12,542	523	
1928	20,107	2,298	1,213	4,280	12,572	891	3,385	1,037	1,013	1,826	2,822	43,052	272	1,704	13,799	543	
1929	21,837	2,244	1,377	4,486	13,620	m965	3,853	1,023	1,052	1,893	2,663	45,510	294	1,880	14,588	587	
1930	20,639	2,284	1,214	4,499	11,891	...	3,126	...	1,028	1,912	...	40,047	...	1,602	12,159	...	
1930-January	24,150	2,489	1,308	4,884	14,398	1,060	3,806	960	1,054	2,057	2,601	51,543	314	1,850	14,008	672	
February	22,066	2,274	1,179	4,481	12,168	985	2,990	831	969	2,278	2,520	41,469	248	1,572	11,372	545	
March	22,784	2,333	1,197	4,695	12,539	997	2,827	810	1,025	2,016	2,748	36,581	268	1,555	11,303	469	
April	20,023	2,258	1,174	4,459	11,481	977	2,643	729	977	2,086	2,527	36,991	235	1,514	10,826	452	
May	21,683	2,390	1,106	4,526	11,953	1,017	2,671	913	1,017	2,115	2,576	38,012	238	1,463	12,315	436	
June	17,225	2,054	1,054	4,126	10,805	916	2,591	925	933	1,782	2,434	35,287	211	1,349	11,746	414	
July	19,163	2,212	1,180	4,599	11,605	1,097	2,975	872	1,050	1,619	2,389	36,626	245	1,458	12,250	434	
August	18,139	2,223	1,200	4,356	11,471	1,010	3,062	856	987	1,607	2,256	37,967	242	1,567	12,235	446	
September	19,878	2,293	1,261	4,513	11,729	1,052	3,417	831	996	1,933	2,146	39,848	264	1,711	12,820	528	
October	21,375	2,486	1,284	4,684	12,217	1,101	3,662	928	1,002	1,751	2,390	46,517	275	1,779	13,141	619	
November	20,139	2,195	1,277	4,290	10,816	987	3,478	813	868	1,726	...	39,507	261	1,711	11,692	580	
December	20,936	2,298	1,262	4,372	11,516	...	3,399	...	942	1,976	2,290	41,551	...	1,727	11,689	...	
1931-January	18,735	...	...	...	...	...	...	...	...	...	...	40,907	...	...	...	...	

PIG IRON.													STEEL.					
Period. Monthly Average.	United Kingdom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.	United Kingdom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.
	<i>b</i>				<i>g</i>	<i>a</i>								<i>g</i>	<i>a</i>			<i>c</i>
1913	859	207	434	114	1,397	212	61	85	2,601	649	206	391	159	1,467	101	62	88	2,564
1926	208	281	786	135	803	213	39	64	3,277	305	278	718	145	1,028	187	44	65	3,794
1927	617	309	775	148	1,091	228	35	60	3,036	770	307	696	158	1,359	206	44	119	4,675
1928	560	321	832	161	994	231	33	88	3,167	722	305	792	173	1,205	174	51	105	4,222
1929	643	341	864	171	1,117	242	42	82	3,680	814	344	808	184	1,354	225	60	117	4,599
1930	525	283	842	159	808	206	38	63	2,659	618	282	784	161	962	189	54	86	3,357
1930-January	660	343	875	174	1,092	250	37	88	2,873	783	340	800	185	1,275	216	52	117	3,857
February	617	315	815	162	965	231	39	72	2,884	789	321	772	175	1,176	211	44	119	4,144
March	676	342	898	182	1,008	249	41	76	3,298	839	353	848	188	1,201	225	56	119	4,369
April	630	313	854	168	901	214	42	74	2,313	787	319	787	173	1,033	198	56	104	4,221
May	624	300	876	201	860	212	42	82	3,285	703	294	855	179	1,034	189	59	93	4,089
June	572	265	818	158	767	178	29	67	2,981	710	253	753	148	859	150	42	97	3,495
July	494	260	861	160	771	185	38	66	2,682	631	264	790	169	906	165	53	70	3,280
August	423	247	845	157	739	197	38	58	2,564	459	245	775	152	897	177	62	59	3,145
September	432	251	800	147	653	190	37	49	2,313	590	255	767	147	814	168	55	57	2,514
October	422	249	827	146	687	194	42	41	2,200	521	252	796	141	856	195	62	66	2,764
November	390	239	781	138	637	179	35	47	1,897	441	222	705	135	739	169	49	73	2,270
December	355	217	800	145	615	184	38	39	1,692	343	272	756	149	744	183	43	57	2,040
1931-January	343	214	...	...	...	183	...	...	1,742	410	...	...	...	...	172	...	...	2,493

PIG IRON.

STEEL.

Period.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.
Monthly Average.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.
1913	869	207	434	114	1,397	212	61	85	2,601	649	206	391	159	1,467	101	62	88	2,564
1926	208	281	786	135	803	213	39	64	3,277	305	278	718	145	1,028	187	44	65	3,794
1927	617	309	775	148	1,091	228	35	60	3,036	770	307	696	158	1,359	206	44	77	3,675
1928	560	321	832	161	984	231	33	88	3,167	722	325	792	173	1,205	214	51	105	4,222
1929	643	341	864	175	1,117	242	41	92	3,580	816	344	808	184	1,354	225	60	117	4,599
1930	525	283	842	159	808	206	38	63	2,659	618	282	784	161	962	189	54	86	3,357
1930-January	660	343	875	174	1,092	250	37	88	2,873	783	340	800	185	1,275	216	52	117	3,857
February	617	315	815	162	965	231	39	72	2,884	789	321	772	175	1,176	215	56	108	4,144
March	676	342	898	182	1,008	249	41	76	3,298	839	359	848	188	1,201	225	54	119	4,369
April	630	313	854	168	901	221	42	74	3,253	707	313	787	168	1,033	198	56	104	4,221
May	624	300	901	176	860	212	42	82	3,285	703	294	853	179	1,034	189	59	93	4,089
June	572	265	861	158	767	178	29	67	2,981	613	253	753	148	859	150	42	97	3,495
July	404	260	861	160	771	185	38	66	2,682	631	264	790	169	906	165	53	70	3,380
August	423	247	845	157	739	197	38	58	2,564	459	245	775	152	897	177	62	59	3,145
September	432	251	800	147	653	190	37	49	2,313	590	255	767	147	814	166	55	57	2,914
October	422	249	827	146	687	194	42	41	2,200	521	252	796	141	856	195	62	66	2,764
November	390	239	781	138	637	179	35	47	1,897	441	222	705	135	739	169	49	73	2,270
December	355	271	800	145	615	184	38	39	1,632	343	272	756	149	744	183	43	57	2,040
1931-January	345	...	...	...	...	...	...	...	1,742	410	...	...	...	...	...	...	...	2,493

† Provisional figure. a Figures communicated by the "Groupe des Industries Sidérurgiques." b Including ferro alloys. c Excluding castings.
d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1929 amounted to 94.27% of the total.
g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 saleable coal. j Including coal waste.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148.1	149.7	744	955	165	702.6	134.4	145	603	198	181.2	185	181	149	144.5	158.4	148	156.3
1927.....	141.6	143.8	847	979	153	617.2	137.6	148	495	167	118.6	174	172	146	142.2	167.0	148	150.6
1928.....	140.3	141.1	843	979	153	519.6	140.0	149	462	161	119.8	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	133.1	851	924	150	511.4	137.2	142	446	153	113.4	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	112.9	744	g117.9	130	535.5	124.6	...	386	143	97.6	...	...	122	126.5	146.7	116	135.8
1930—January ...	b	b				b	b	c	b	c	d	e	f	g	h	i	j	k
February.....	131.0	123.7	808	124.2	143	563.5	132.3	131	417	150	104.5	172.5	182	131	121.6	158.0	131	149.4
March.....	127.8	121.0	791	121.5	140	564.4	129.3	126	408	147	100.6	178	173	128	133.1	153.9	126	146.9
April.....	124.5	119.4	774	121.0	136	552.8	124.5	122	400	146	100.7	187	173	125	131.0	151.4	125	143.6
May.....	123.7	117.2	777	120.2	135	548.4	126.7	122	396	145	100.7	188	172	124	129.4	152.2	123	143.3
June.....	122.0	115.8	774	119.1	132	541.5	125.7	118	390	144	98.7	187	168	123	128.1	154.7	121	140.5
July.....	120.7	113.5	750	119.7	130	532.7	124.5	118	382	143	98.5	186	168	123	125.2	152.3	121	140.5
August.....	119.1	112.8	739	118.6	129	537.6	125.1	115	375	142	99.3	188	170	121	125.8	151.1	115	134.1
September.....	117.8	109.3	729	115.1	128	531.7	124.7	114	379	141	96.9	187	173	121	125.8	148.9	114	131.4
October.....	115.5	105.2	712	113.3	126	523.9	122.8	112	375	141	94.3	187	174	119	123.0	140.8	111	128.9
November.....	113.0	104.0	705	112.7	123	508.2	120.2	111	364	140	92.9	187	175	118	122.4	135.9	107	127.2
December.....	112.0	101.9	695	111.1	122	493.5	120.1	110	351	139	93.5	...	175	117	119.6	132.1	104	124.7
1931.....	108.9	98.7	679	110.0	120	487.6	117.8	108	350	136	90.8	...	...	117	117.0	128.6	101	121.6
1932.....	106.1	96.6	661	108.8	118	483.7	115.2	...	350	133	89.1	...	...	...	115.0	...	...	...

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Jugoslavia.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Reutenmark.	Drachma.	Dinars.	Guinea.
1913	29.6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	313
1925	385.3	890	7,814	3,655	8,408	438	1,309	49,933	...	1,476	5,339	416	6,063
1926	381.0	947	7,646	3,481	8,203	386	1,346	52,449	3,736	1,164	4,865	471	5,812
1927	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	4,564	716	4,966	487	5,743
1928	378.3	1,067	12,358	4,173	8,466	360	1,513	62,181	4,930	530	5,690	513	5,628
1929	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	501	5,818
1930	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,397
1929-Dec.	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	501	5,818
1930-Jan.	348.0	981	13,841	3,260	6,923	347	1,259	70,339	4,653	373	4,977	476	5,598
Feb.	346.8	974	13,992	3,148	6,838	352	1,369	71,116	4,722	365	4,842	441	5,560
Mar.	357.3	980	14,341	3,350	7,011	357	1,447	70,826	4,806	362	4,890	431	5,363
Apr.	358.8	982	14,658	3,302	6,854	362	1,440	72,373	4,684	362	4,991	464	5,221
May	353.1	1,022	14,547	3,364	6,896	371	1,392	73,079	4,812	353	4,943	441	5,281
June	353.6	1,028	14,817	3,396	7,196	366	1,373	72,594	4,685	437	4,894	449	5,230
July	358.4	1,021	14,817	3,433	6,807	347	1,355	72,008	4,658	435	4,816	466	5,317
Aug.	360.9	1,018	15,278	3,683	7,077	340	1,352	73,677	4,707	443	4,761	440	5,621
Sept.	359.4	1,008	15,648	3,660	7,198	345	1,350	73,033	4,744	443	5,077	430	5,536
Oct.	356.6	1,035	15,637	3,656	7,144	370	1,313	74,787	4,675	438	5,055	400	5,572
Nov.	359.2	1,042	15,783	3,562	7,278	354	1,263	75,951	4,601	437	4,761	439	5,404
Dec.	368.8	1,090	15,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,397
1931-Jan.	368.8	979	16,031	...	6,608	341	1,231	78,559	4,383	441	4,521	446	5,064

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Token Notes and Coins.	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lire.	Lire.	Kroner.	Zloty.	Zloty.	Leu.	Id. Rbla.	Rbla.	Kronor.	Francs.	£	Dollars.	£
1913	2,284	499	108	...	...	437	...	...	234	314	10.0	726	343
1925	19,350	2,100	363	381	440	20,126	388	727	530	875	53.9	1,766	294
1926	18,340	1,793	337	593	428	20,951	398	797	525	874	49.9	1,900	294
1927	17,992	783	331	1,003	309	21,025	460	1,003	526	917	51.8	1,927	294
1928	17,295	161	316	1,295	244	21,211	708	1,031	546	953	48.7	1,933	294
1929	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	45.3	1,988	294
1930	15,680	...	312	1,328	241	19,605	...	2,100	594	1,062	48.2	...	297
1929-Dec.	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	45.3	1,988	294
1930-Jan.	16,329	76	298	1,247	238	19,717	976	1,466	521	890	42.6	1,774	294
Feb.	16,055	73	297	1,282	235	19,957	1,050	1,508	534	893	43.3	1,774	294
Mar.	16,322	73	305	1,324	234	19,709	1,097	1,532	575	918	44.0	1,774	294
Apr.	16,062	73	310	1,326	230	19,080	1,084	1,613	545	916	44.4	1,774	294
May	15,944	68	308	1,333	227	18,521	1,230	1,671	557	908	44.9	1,774	294
June	15,846	68	316	1,317	222	18,190	1,349	1,843	594	929	44.9	1,774	294
July	16,192	...	315	1,371	223	18,684	1,534	2,055	551	928	44.8	1,699	294
Aug.	16,074	...	315	1,355	230	19,134	1,737	2,177	570	943	44.8	1,699	294
Sept.	16,172	...	309	1,373	233	19,307	1,859	2,146	613	987	44.4	1,774	294
Oct.	15,758	...	312	1,408	239	18,860	1,943	2,105	581	989	45.2	1,774	294
Nov.	15,679	...	308	1,352	238	18,726	...	2,080	588	968	45.7	1,774	294
Dec.	15,680	...	312	1,328	241	19,605	...	2,100	594	1,062	48.2	...	297
1931-Jan.	15,200	...	290	1,277	...	...	...	2,108	533	949	...	...	297

a Until November, 1928, including State notes, then transferred to Bank. d In terms of new lire = £373 millions. e Excluding Government notes.
g Marks—initially Reichs- and Darlehnbankenscheine. f Excluding notes held by Reichsbank. k Until end 1924 paper kronen. (One pengö = 12,500 paper kronen.)
h Token coin 228 million slot. i Excluding notes held by Reichsbank. j Excluding notes held as reserve by Chartered Banks. l State notes. m Since January, 1926, excluding notes held by Bank of Poland. n Since 1926, including Austrian, Hungarian and other notes converted after the war into National Currency. o Since May, 1922, including Luxembourg. Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.
p In terms of new lire = 1,829 millions. q In terms of new franc = 1,829 millions. r Since May, 1922, including Luxembourg. Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	Francs to £1.	Beigas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.
Par level	124.21	35.00	92.46	25.22	25.22	12.107	18.159	18.159	18.159	20.43	34.58	4.86	47.62
Highest, 1930	124.34	34.96	93.22	25.22	25.22	12.13	18.15	18.21	18.20	20.44	34.68	4.88	47.61
Lowest, ..	123.50	34.73	92.62	24.99	35.65	12.04	18.08	18.14	18.15	20.35	34.40	4.85	47.34
Beginning of—													
July, 1914	25.15	125.35	25.25	21.16	26.10	12.11	18.30	18.25	18.30	20.49	34.58	4.87	47.4
January, 1924	87.85	109.45	100.4	24.63	33.58	11.35	16.26	29.82	16.26	20.44	34.58	4.87	47.4
January, 1925	87.40	109.45	100.4	24.63	33.58	11.35	16.26	29.82	16.26	20.44	34.58	4.87	47.4
January, 1926	129.51	110.00	112.35	24.34	33.95	11.71	17.62	31.37	26.85	19.94	34.58	4.87	47.4
January, 1927	129.51	110.00	112.35	24.34	33.95	11.71	17.62	31.37	26.85	19.94	34.58	4.87	47.4
January, 1928	124.00	109.62	109.62	25.14	31.23	12.12	18.15	19.04	18.20	20.43	34.58	4.87	47.4
January, 1929	124.00	109.62	109.62	25.14	31.23	12.12	18.15	19.04	18.20	20.43	34.58	4.87	47.4
January, 1930	124.00	109.62	109.62	25.14	31.23	12.12	18.15	19.04	18.20	20.43	34.58	4.87	47.4
October, ..	123.91	34.88	93.22	25.13	36.62	12.04	18.09	18.16	18.15	20.41	34.42	4.85	47.4
November, ..	123.69	34.83	92.80	25.02	42.92	12.06	18.11	18.15	18.16	20.38	34.49	4.85	47.4
December, ..	123.55	34.79	92.66	25.06	43.60	12.06	18.09	18.15	18.15	20.36	34.49	4.85	47.4
January, 1931	123.66	34.76	92.74	25.04	46.30	12.05	18.13	18.16	18.16	20.38	34.48	4.85	47.4
February, ..	123.91	34.82	92.80	25.14	48.14	12.03	18.14	18.16	18.16	20.42	34.56	4.85	47.4
Par level	16	51	40	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.	a. d.
Highest, 1930	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Lowest, ..	44	35	39.57	1.5	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Beginning of—													
July, 1914	16	51	40	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1924	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1925	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1926	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1927	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1928	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1929	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
January, 1930	54	46	40.02	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
September, ..	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
October, ..	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
November, ..	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
December, ..	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
January, 1931	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
February, ..	42	40	39.72	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4

† Francs to £1. ‡ Pence to £1. § Kronor to £1. * Daily rates.

THE ECONOMIST MONTHLY SUPPLEMENT.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	Estonia.	France.	Finland.	Germany.	Greece.	Italy.	Jugoslavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	£kr.	Francs.	Markka.	Mark.	Drachma.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	£E.	Dollars.
1913	64,931	...	386,384	15,775	64,785	...	701,778	41,035	897,474	14,828	303,803	...	325,251	...	70,545	159,985	2,271	147,532
1925	97,223	5,162	1,488,378	606,958	161,382	8,046	3,712,700	459,959	1,030,171	848,069	2,183,374	729,407	204,583	229,589	120,535	219,427	4,778	348,018
1926	92,989	5,043	1,920,460	500,578	127,319	7,964	4,968,923	472,309	833,454	833,745	2,156,571	635,982	203,495	228,242	124,151	201,209	4,189	346,910
1927	91,232	5,012	2,422,921	510,749	131,508	8,038	4,416,334	532,157	1,185,672	1,050,162	1,697,900	607,191	212,659	280,180	142,730	227,925	4,123	339,891
1928	89,160	4,928	2,668,664	586,745	137,276	10,944	4,452,963	667,742	1,166,770	1,166,770	1,166,770	632,896	212,659	280,180	142,730	227,925	4,123	339,891
1929	92,589	5,020	2,951,520	693,719	140,247	10,247	4,851,731	58,555	1,120,566	1,106,194	1,805,397	632,896	229,538	253,248	147,708	231,983	4,452	360,942
1930	79,822	...	2,576,812	368,627	136,201	8,197	4,362,051	437,325	866,096	913,034	1,445,920	...	201,521	187,164	137,324	222,017	...	...
1929—Dec.	98,337	4,281	2,906,425	628,448	139,851	8,404	5,019,755	533,344	1,200,312	1,116,092	1,995,769	599,604	214,464	212,807	160,405	268,338	4,920	302,665
1930—Jan.	93,680	4,359	2,934,499	401,026	142,003	9,240	4,777,558	308,886	1,304,815	918,944	1,554,483	560,912	219,870	216,668	136,562	281,490	5,268	302,665
Feb.	79,563	4,603	2,699,088	367,349	130,948	7,859	4,802,796	296,906	981,628	855,349	1,544,582	521,070	206,732	181,998	132,030	215,550	5,286	283,710
Mar.	85,750	5,498	2,887,692	387,582	138,368	9,002	4,417,135	349,348	1,032,600	1,183,620	1,694,830	658,473	226,204	194,960	130,211	227,402	2,210	304,433
Apr.	76,078	4,687	2,244,653	373,046	134,548	8,408	4,305,772	442,575	888,921	842,605	1,750,928	624,530	203,978	179,415	149,215	233,833	2,592	305,430
May	81,962	4,985	2,866,465	403,704	132,462	8,646	4,102,929	518,859	830,150	832,513	1,489,619	608,444	223,880	196,685	154,231	211,331	2,576	282,477
June	75,563	4,514	2,846,836	332,109	133,076	7,981	4,165,326	453,421	813,516	886,855	1,984,315	504,701	201,141	167,127	124,001	208,818	2,513	326,155
July	78,587	4,780	2,543,336	358,921	126,756	8,543	4,119,972	457,225	795,165	879,090	1,078,733	577,409	203,666	195,308	148,884	238,429	2,224	318,080
Aug.	73,563	4,299	2,325,984	360,298	131,247	8,586	4,067,877	483,764	795,535	849,297	1,161,636	571,767	203,666	195,308	148,884	238,429	2,224	318,080
Sept.	73,563	4,751	2,378,737	420,062	153,979	8,094	4,205,516	488,839	736,544	1,001,196	1,281,835	649,250	196,049	190,443	146,102	201,804	2,331	327,727
Oct.	83,251	4,893	2,520,217	415,004	144,701	7,654	4,249,795	518,389	734,307	900,304	1,303,902	540,381	180,816	163,846	133,622	210,245	3,752	245,442
Nov.	72,564	4,157	2,139,613	390,437	130,610	8,694	4,330,435	416,124	681,347	900,822	1,636,004	...	165,215	158,907	124,983	217,127	...	208,727
Dec.	84,366	...	2,340,623	440,000	124,203	5,447	4,330,435	416,124	681,347	900,822	1,636,004	...	165,215	158,907	124,983	217,127	...	208,727
1931—Jan.	69,533	...	...	...	...	...	3,816,897	...	...	...	1,023,593	...	...	...	...	182,112	...	185,000

CAPITAL ISSUES.—(000,000's omitted.)														
Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Spain.	Switzerland.	U.S.A.	U.S.S.R.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Ruppes.	Yen.	Dollars.
1913.....	16.3	6	...	...	60	...	...	...	20	18	...	...	45	...
1925.....	19.2	2.7	37	401	74.8	473	48	6.1	516	13	59	16	228	529
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	60	876	110.0	450	60	27.1	344	31	57	24	355	676
1929.....	23.8	8.6	55	1,249	80.2	607	29	17.8	318	23	81	56	222	849
1930.....	22.3	4.8	38	1,632	46.6	514	...	...	460	21	125	24	...	587
1931.....	32.3	14.5	35	1,072	118.8	492	49	13.6	318	14	104	37	216	936
Jan.-Mar.	25.8	1.0	27	1,199	112.5	794	20	22.9	479	29	143	127	332	861
Apr.-June	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	200	1,017	...
July-Sept.	30.6	14.8	51	1,741	74.6	594	33	23.4	179	32	47	25	139	566
1930.....	31.3	4.0	32	2,399	73.5	474	52	15.2	379	17	134	34	133	715
Jan.-Mar.	25.6	5.7	51	1,593	11.5	835	...	...	572	17	148	14	218	906
Apr.-June	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
July-Sept.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oct.-Dec.	...	...	...	...	...	...	...	...	...	...	...	...	...	...
1931.....	16.6	7.5	41	1,134	15.5	131	75	35.0	54	11	133	16	...	258
Jan.-Mar.	31.5	0.7	15	2,311	33.1	256	...	...	353	60	45	38	...	385

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Romania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are excluded. * Until end 1924, kronen. † Excluding Treasury Bills. ‡ Excl. large railway issues. § "Rivista Bancaria." A issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan., 1925, foreign issues. ¶ Since 1924, excluding amalgamations and conversions. || End 1922 paper mark. ** Société de Banque Suisse. †† Invitation for subscriptions on Swiss market including obligations and Local Govt. Bonds. ‡‡ Italia, compiled by "Commercial & Financial Chronicle." § § Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

BANK RATES.														
	1925.	1926.	1927.	1928.	1929.	1930.	1931.							
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June							
London.....	4.5	4.5	4.5	4.5	4.5	4.5	4.5							
Paris.....	6.5	6.5	6.5	6.5	6.5	6.5	6.5							
Berlin.....	9.9	9.9	9.9	9.9	9.9	9.9	9.9							
New York.....	34	34	34	34	34	34	34							
Amsterdam.....	4	4	4	4	4	4	4							
Brussels.....	34	34	34	34	34	34	34							
Rome.....	7	7	7	7	7	7	7							
Switzerland.....	11	11	11	11	11	11	11							
Vienna.....	12	12	12	12	12	12	12							
Warsaw.....	7.5	7.5	7.5	7.5	7.5	7.5	7.5							
Tokyo.....	5	5	5	5	5	5	5							
Calcutta.....	5	5	5	5	5	5	5							

LONDON BANKERS' CLEARING RETURNS.				
	Town.	Metropolitan.	Country.	Total.
1913.....	14,191,275	855,648	1,389,481	16,436,404
1924.....	35,036,605	1,594,114	2,900,145	39,530,864
1925.....	35,801,264	1,676,347	2,957,508	40,434,119
1926.....	35,346,969	1,685,057	2,872,827	40,304,853
1927.....	36,819,692	1,754,032	2,872,827	41,446,551
1928.....	39,311,117	1,854,190	3,034,422	44,200,729
1929.....	38,782,577	1,812,146	2,963,531	43,558,254
1930 (Feb. 18).....	5,307,712	271,973	440,994	6,020,679
1931 (Feb. 18).....	5,202,542	258,280	415,866	5,876,688

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)														
	Food.		Raw Materials.		Manufactures.		Imports of		Exports of					
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.	Iron and Steel.	Coal.		
1913.....	24.2	4.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	6.1		
1924.....	47.6	4.7	33.4	8.9	25.0	51.5	9.9	1.3	0.6	370	0.32	5.1		
1925.....	47.6	4.6	35.4	7.0	26.7	51.4	8.1	1.6	0.6	370	0.31	4.2		
1926.....	41.9	4.2	32.7	3.9	25.3	44.9	8.1	1.6	0.7	319	0.26	1.7		
1927.....	44.9	4.2	29.3	6.4	26.9	47.0	9.2	1.3	0.7	143	0.35	4.3		
1928.....	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322	0.36	4.2		
1929.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.36	5.0		
1930.....	39.8	4.0	20.9	5.3	25.6	36.6	8.8	1.0	0.7	201	0.26	4.6		
1931.....	37.2	4.0	17.5	4.4	24.2	35.1	8.1	0.5	0.4	168	0.22	3.9		
Jan.-Mar.	36.7	4.2	16.5	5.0	24.6	32.1	11.1	0.6	0.3	143	0.20	4.6		
April-June	44.1	4.3	18.1	5.3	27.7	35.9	10.4	0.4	0.4	130	0.17	4.2		
July-Sept.	40.6	4.3	16.5	4.7	21.6	32.7	10.4	0.4	0.4	130	0.17	4.2		
October-December	44.4	4.5	22.6	4.7	23.8	27.6	15.9	1.9	0.8	130	0.17	4.2		
1931-January	36.2	3.7	17.9	3.7	20.4	28.7	7.3	1.1	1.0	156	0.17	3.3		

RAILWAY STATISTICS.—(000,000's omitted.)														
	Great Britain (g).					Austria.					Germany.			
	Gross Receipts.		Freight Traffic (f).			Passengers.		Freight.			Passengers.		Freight.	
	Passengers.	Freight.	Merchandise.*	Coal, &c.	Miscellaneous and 1 Other Merchandise.	Total.	(b) (h)	(a)	(e) (f)	(c) (g)	(b) (h)	(a)	(e) (f)	(c) (g)
1926-June.....	4.7	5.3	4.7	1.9	3.6	10.2	704	1,202	4,695	1,132	42,846	439,257	439,257	439,257
1927-June.....	6.1	8.8	5.1	15.5	4.1	24.8	1,392	1,321	5,641	1,094	43,641	440,096	440,096	440,096
1928-June.....	4.8	8.7	5.1	17.2	4.1	26.2	1,401	1,249	5,126	1,095	42,611	438,483	438,483	438,483
1929-June.....	5.5	8.3	4.8	14.9	5.3	25.0	1,324	1,325	5,528	1,038	42,128	434,580	434,580	434,580
1930-June.....	4.6	8.3	4.7	16.1	4.8	25.6	1,352	1,282	4,715	1,030	42,608	434,961	434,961	434,961
1931-June.....	5.2	8.4	4.8	15.7	5.6	26.1	1,392	1,335	5,603	1,087	42,846	439,257	439,257	439,257
Jan.-Mar.	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,323	4,874	1,031	42,611	438,483	438,483	438,483
April-June	4.3	8.6	4.0	16.2	5.6	26.8	1,444	1,278	4,849	1,089	42,723	439,257	439,257	439,257
July-Sept.	6.9	8.2	4.8	14.8	4.8	24.4	1,196	1,305	4,502	1,044	42,222	434,961	434,961	434,961
October-December	7.5	7.5	4.1	14.3	4.1	22.5	1,235	1,365	4,497	991	3,792	44,633	44,633	44,633
1931-January	4.2	8.8	5.1	16.0	4.1	26.3	1,470	1,289	4,762	...	4,929	57,364	57,364	57,364

* Inc. livestock. (a) "Reichsbahn." Excl. free-hauled. (b) State and private railways, including freight on foreign lines. (c) Railways with annual operating revenues of at least £500,000. (d) Ton-miles. (e) Including free-hauled. (f) Excluding free-hauled. (g) Lone ton = 1,016.05; mile = metres 1,609.34. (h) Gross tonnage. (i) Fiscal year ending June 30. † Provisional figure.

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The Economist

MONTHLY SUPPLEMENT.

New Series.

SATURDAY, MARCH 28, 1931.

No. 94.

In the following pages we have aimed at compiling tables which will show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations,* supplemented from our statistical records. We propose in these columns to give our own appreciation of the trade position, fortified by informed opinion, and to leave the figures to be interpreted by our readers each in his own way.

* "League of Nations Monthly Bulletin of Statistics." 1s. 6d.

THE STATE OF TRADE AT HOME AND ABROAD.

WHILE there are still many discouraging factors in the situation, there is on the whole a greater disposition to hope that the bottom of the depression curve has now been reached. These hopes are based chiefly upon three major movements. The first of these is the abatement, temporarily at least, of the decline in wholesale prices. The Economist index number for the end of February recorded a slight increase, and more recent statistics show that in England, France, Germany, Italy and the United States commodity prices have been steadier during the past seven weeks, though the most recent fluctuations are less reassuring in the case of wheat and metals. The cost of living, on the other hand, in this country continues to fall, the decline during February being one of two points. Hence not only are wholesale prices showing signs of greater stability, but the gap between wholesale and retail prices is narrowing. These developments alone are sufficient to justify a somewhat more hopeful view of the outlook than has been possible hitherto.

The second major development has been the détente, in some directions at least, which has occurred in strained political relations in Europe; and though psychologically the situation has been worsened this week by the hostile reactions on the part of France to the suggested Customs Union between Austria and Germany, that pact itself arouses hopes of a gradual freeing of European commerce to the advantage of traders in all parts of the world. In the more purely financial sphere, the foundation of the International Mortgage Bank, and the recent return of French funds to Germany, hold out hopes of a more equitable distribution of capital, not only geographically, but as between short-term and long-term channels. In the East an Indian settlement, though still unrealised, seems nearer, at least, than it was a few months ago, and already Lancashire reports a slightly larger Indian inquiry for some goods. Elsewhere, South America has settled down after her recent series of revolutions, and if the political outlook in Spain is still obscure, it is at least true to say that progress is being made with the plans for stabilising the peseta.

Thirdly, the monetary outlook is much better. The drain of gold to France has been successfully checked, and on March 17th, for the first time for nearly a year, the Bank of England secured the bulk of the new Cape gold on offer in London. Since then, more gold has reached the Bank, and at present the Paris rate stands near par. To some extent all this is due to the deliberate efforts of the Bank of England to attract foreign funds to the London market, and as continual efforts are needed to retain these funds, the situation is still not without an element of artificiality or even of danger. On the other hand, the improvement is also due to the movement of French money to Germany, alluded to above, and in any case there is the assurance that the efforts now being made to promote a more even distribution of the world's available capital are meeting with the most cordial co-operation of the French authorities themselves.

It is still premature to expect factors such as these to be exercising any pronounced effect upon the general situation of industry and commerce. Nevertheless, allowing for the temporary dislocation caused by the coal quota, the rate of increase in the unemployment curve has been definitely retarded. Employment has improved in many important industries, most noticeably of all in the textile trades, including cotton, linen and wool. There has been a seasonal decline in unemployment in the building and allied industries, and more work has become

available in the steel, pottery, boot and shoe and clothing trades. Moreover, apart from actual increases in employment, there is an improvement in the general business tone. The approaching budget seems to be exercising less restrictive apprehension than might have been expected, and in several industries there is a noticeable increase in the number of inquiries coming forward. There is a general feeling that many prices have "bottomed," and that there is little to be gained by much further delay in buying. Minor but more tangible indications include the February rise of £6,500,000 in the clearing banks' acceptances on behalf of their customers, and the slight improvement registered in the same month in steel production.

At the same time, it would be wrong to assume that all current changes are in the right direction, and the increase in unemployment in such staple industries as coal, pig iron, engineering, shipbuilding, motors and dock and

HOME TRADE STATISTICS—FEBRUARY, 1931.

	Jan.	Feb.	Compared with Feb. '30.
UNEMPLOYMENT— (State Insurance %)	21.5 ...	21.7 ...	+ 8.8
PRODUCTION—			
Coal (million tons)*	4.4 ...	4.8 ...	- 0.7
Iron (thous. ")	337 ...	320 ...	- 287
Steel (" ")	402 ...	486 ...	- 290
FOREIGN TRADE—			
Imports (million £'s)	75.6 ...	63.6 ...	- 24.6
Re-exports (" ")	6.0 ...	5.9 ...	- 2.7
British Exports (" ")	37.6 ...	31.8 ...	- 20.1
TRANSPORT—			
Railway Receipts* (£0,000)	280 ...	282 ...	- 29
Shipping Freights (av. level) ¹	81.2 ...	81.9 ...	+ 5.4
COMMODITY PRICES (" ")	66.3 ...	66.5 ...	- 17.7
TRADE DISPUTES (thous.) working days lost	3,400	1,500 ...	- 1,421
SECURITY VALUES (av. level)²	114.9 ...	112.6 ...	- 9.2
FINANCIAL DATA—			
Buk. of Eng. Notes (mill. £'s)*	352 ...	347 ...	nil
Bank Deposits (" ")*	1,873 ...	1,820 ...	+ 69
Bank Advances (" ")*	924 ...	925 ...	- 63
Banks Cash Ratio (%) (%)*	10.6 ...	10.4 ...	- 0.1
Bank Clearings :			
London (million £'s)*	852 ...	799 ...	- 48
Manchester (" ")*	10.5 ...	9.4 ...	- 3.4
Three months' Bank Drafts (Discount Rate %)*	2½ ...	2½ ...	- 1½
Day-to-day Loans (%)*	1½ ...	2½ ...	- 1½

(¹) 1913 = 100. (²) Economist Index No.; 1927 = 100.
(*) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (*) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

harbour services comes as a sharp reminder of the serious nature of the situation. The damping down of two large North-East Coast furnaces during February, and the stagnation in the shipbuilding industry and its allied trades are equally serious, and while the poor export returns for February can be discounted in that they refer to business past and gone, the equally poor returns of raw material imports for that month are hardly indicative of an imminent trade revival. Again, while it seems likely that the recent wage reduction awards in several important industries will be accepted by those concerned, the risk of labour trouble cannot be altogether dismissed. Finally, the operation of the quotas provided for in the Coal Mines Act has this month caused some dislocation in the coal industry.

A true reading of the present situation may be that its favourable factors, important though they are, serve mainly to create an atmosphere favourable to a trade revival rather than to cause business to pick up at once. If this view is correct, there is nothing inconsistent or disappointing in the failure of business, production or employment to have responded as yet to more than a partial extent. It has always been known that even when the recovery begins, its progress must be slow. The reports of our industries at home and also of business conditions in the Empire and foreign countries show that there are still numerous difficulties to be overcome.

HOME INDUSTRIES

Coal.—Business in certain areas has lately been disturbed by the operations of the quota system, and some orders have been diverted from Yorkshire to Northumberland as a result. The cold spell early in March stimulated a temporary demand for house coal. Export trade has been variable.

Iron and Steel.—Little change is reported, though the February steel production was more encouraging. This was partly due to the fact, however, that production was made abnormally low during January by holidays in Scotland, and a further discouraging event is the recent blowing-out of two large furnaces on the North-East Coast.

Engineering.—A slightly more hopeful undertone is noticeable in the industry, together with some increase in the number of new inquiries coming forward. There is a seasonal improvement in agricultural engineering, and the power house equipment and bridge-building trades are maintaining their ground. Marine engineers and textile machinists are depressed, and there is a lull in the locomotive section.

Electrical Industry.—The following index of new orders received by the electrical industry is copyright by the British Electrical and Allied Manufacturers' Association.

INDEX OF ACTIVITY IN THE ELECTRICAL INDUSTRY. (1920 = 100.)

1929.	Home.	Export.	Total.	1930	Home.	Export.	Total.
January.....	92	122	99	January.....	68	220	107
February.....	92	128	101	February.....	69	240	112
March.....	88	126	97	March.....	71	236	113
April.....	86	145	100	April.....	72	214	108
May.....	84	143	99	May.....	70	209	105
June.....	84	149	101	June.....	55	232	100
July.....	90	151	106	July.....	63	245	109
August.....	88	140	102	August.....	63	221	103
September.....	81	150	99	September.....	61	171	89
October.....	76	191	106	October.....	75	152	95
November.....	71	216	109	November.....	69	150	90
December.....	60	228	102	December.....	66	123	75

The February results are again disappointing, especially as regards overseas business. Home orders for turbine plant were almost entirely from industrial concerns and not from the Electricity Board. There have been a fair number of small orders for rotary converters.

Motor Industry.—The seasonal revival in the private car section has not yet taken place. Exports too have been disappointing. Commercial vehicle manufacturers are also quiet, though to some extent they have escaped the trade depression. Cycle and motor cycle manufacturers are only fairly well employed, but are receiving good orders from South Africa.

Cotton.—Raw material prices have been steadier, and trade has shown some improvement. Although the political situation is still uncertain, there has been a better inquiry from India, and the outlook for the China trade is also more promising.

Wool.—Raw material prices have advanced sharply since the New Year, mainly under the influence of heavy Japanese buying, but there has been only a limited response in the Bradford industry. There are signs, however, that tops and yarn prices are being brought into line with the higher scale of values, and some manufacturers are now busier.

Linen.—Large quantities of flax have been disposed of at higher prices, and it is anticipated that values will continue to harden. Yarns are selling in bulk at very firm prices and demand for cloth is developing favourably.

Rayon.—Output of both yarns and fabric has expanded and stocks are being reduced. Home demand is satisfactory for the time of year, but overseas business remains quiet.

Boots and Shoes.—There has been a slight seasonal improvement in the industry, but business remains slow.

Pottery.—The most satisfactory news is the settlement of the labour dispute and the avoidance of the threatened lock-out. Business generally is still dull.

Chemical Industries.—The home market is better, with more numerous inquiries and orders, though the latter have mainly been of small dimensions. Exports remain very unsatisfactory.

Agriculture.—Outdoor work was retarded during February by bad weather, and cultivation was hardly as forward as usual. Autumn-sown crops remained in good condition, but growth was slow. Lambing was hardly general except among lowland flocks in a few areas, but the fall indicated an average result for the season. Milk yields, though in general well maintained, were lower in some districts.

Shipping.—Chartering for whole cargoes on nearly every route remains slow; there is little change in rates.

Building Trades.—Employment improved slightly during February, but work was interrupted by bad weather.

Retail Trades.—A London stores reports that retail trade shows distinct signs of improvement. Many sections state that their comparative figures have been more than maintained.

UNITED STATES OF AMERICA.

There was a seasonal expansion in industrial activity during February, and the general business tone is now noticeably better. Steel mill operations have improved appreciably, and now stand at 52 per cent. of capacity, against 35 per cent. at the New Year. There has been a moderate expansion in automobile production, and the textile industry has made further progress. Building and construction are a little more active, and freight movements have expanded seasonally. Distributive trade is fairly good, and employment is better.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—FEBRUARY, 1931.

	Jan.	Feb.	Compared with
	90.2	91.5	Feb. '30.
EMPLOYMENT † (June, 1914=100)	90.2	91.5	14.7
PRODUCTION —			
Bituminous coal (Thous. tons).....	38,745	30,800*	8,815
Pig-iron (" ").....	1,714	1,707	1,132
Steel (" ").....	2,483	3,965	103
Unfilled orders, U.S.			
Steel Corporation (Thous. tons).....	4,132	2,527	1,952
Building permits (Thous. \$).....	96,064	97,727	13,700
FOREIGN TRADE —			
Imports (Thous. \$).....	183,250	175,000*	106,790
Exports (" ").....	249,646	226,000*	122,962
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars).....	698	709	...
SECURITIES —			
20 industrial stocks—Highest quotations†... 173.04	194.36	—	77.91
Lowest quotations†... 161.45	168.71	—	93.76
Thous. shares sold during month —(New York)...	42,543	64,145	4,578
New securities issued (Thous. \$) ...	676,004	201,095	164,773
BANK CLEARINGS —			
New York (Million \$).....	25,300	21,223	4,765
Other cities (" ").....	14,010	11,441	4,418
RETAIL BUSINESS —			
Total sales, mail order houses‡ (Thous. \$).....	41,343	38,781	7,059

* Preliminary estimates made by Messrs Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

BRITISH EMPIRE.

Pastoral and agricultural conditions in Australia are satisfactory in the East, but elsewhere rain is needed. Japan is buying wool heavily, and prices have again advanced. Wheat is moving freely and butter production and exports are increasing. Business is still very difficult.

South African farming prospects have been improved by good rains. Maize is cheaper and demand restricted, but South African wool-growers have benefited from the recent improvement in world markets. Retail trade is a little more active, but wholesale business remains dull.

Canada has shared in the recent seasonal improvement in business, an improvement being noticeable in the automobile and textile industries.

Mail reports from Bombay allude to a definite advance in raw cotton prices, and to a stronger demand for home-made piece-goods. Rainfall has been adequate, except in Bengal and the Punjab, and crop prospects are satisfactory.

EUROPE.

The French coal industry is existing under the shadow of a stoppage threatened on March 30th. Output of iron and steel is declining. The Lille textile trades remain dull, but the Roubaix wool industry is feeling more hopeful as the result of the rise in the raw material.

There is no improvement in the Belgian iron and steel trades, and prices have again weakened. The cold weather early in March improved the demand for house coal, but industrial fuel is still moving very slowly. There has been a slight improvement in the glass industries.

The German heavy industries remain depressed, but the recent influx of French capital has both cheapened money and stimulated a general improvement in confidence. Nevertheless, unemployment by the end of February had risen to nearly 5,000,000.

The Scandinavian timber trades remain depressed. Swedish sales to the middle of March for this year are only 130,000 standards, against 450,000 standards in 1930.

SOUTH AMERICA.

During the past month the ripening maize crop in Argentina has again benefited from good rains, and a very heavy yield is now assured. As regards the trade situation, interest is now centred on the British Empire Exhibition and the prospects for increased sales of British products resulting therefrom. Exchange is firmly maintained, and the outlook appears rather more favourable. Chilean commercial conditions are still dull. In Brazil the coffee markets are firmer, and the first steps have already been taken to bring into operation the comprehensive Government scheme for the purchase of stocks.

FAR EAST.

The recent small advance in silver has stimulated business with China, and Lancashire has noticed a slightly better demand.

In Japan sales of raw silk have continued satisfactory, and stocks are now being gradually disposed of under the guarantee scheme. Production has been curtailed, and it is hoped to realise at least 5,000 bales every month. There is a good demand for cotton yarn and cloth.

ELECTRICAL GENERATION

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a *résumé* of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.* (Monthly Average 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship-building, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1928.						
January.....	174	164	195	232	199	172
February.....	170	162	188	249	195	164
March.....	170	165	192	252	195	159
April.....	149	149	164	226	164	132
May.....	140	136	170	223	163	125
June.....	141	138	160	248	158	130
July.....	131	121	149	248	151	124
August.....	130	131	131	227	147	116
September.....	150	145	164	263	175	138
October.....	161	153	185	245	189	154
November.....	178	164	215	240	206	169
December.....	181	171	210	195	210	176
1929.						
January.....	187	172	234	236	220	190
February.....	195	182	248	250	222	198
March.....	173	169	215	268	192	162
April.....	165	158	201	321	185	152
May.....	156	150	182	321	170	135
June.....	156	151	192	318	172	141
July.....	146	140	187	282	166	130
August.....	146	141	167	266	175	124
September.....	156	153	194	241	178	140
October.....	179	170	224	243	207	166
November.....	203	192	250	252	240	192
December.....	192	182	235	186	228	190
1930.						
January.....	192	176	255	250	231	182
February.....	188	183	260	257	237	184
March.....	184	171	240	250	226	172
April.....	160	150	204	214	202	146
May.....	157	146	192	235	193	143
June.....	140	130	177	208	175	127
July.....	143	127	193	220	182	137
August.....	133	117	165	192	184	111
September.....	156	147	223	282†	203	144
October.....	161	150	195	244	222	158
November.....	188	167	226	246	255	185
December.....	194	169	260	207	267	189
1931.						
January.....	197	169	271	209	274	195
February.....	193	164	255	218	256	193

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association. † Increase due to special causes.

As the table shows, February was a disappointing month, particularly as regards general engineering and marine transport and docks.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.																		
Period.	Net Imports.		Consumption of			Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	General Industry.	Miscellaneous Services.	Total.							
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5	102
1926	107	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94	100
1927	113.5	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5	107.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102
"Corrected" average for 3 months ended:																		
1930—Feb.	126	134	123	102	309	114	131	84.5	107	112.5	106	93	100	121	102	132	100	} 107.5
March	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100	
April	103	119	124	88	489	111	122	83.5	104.5	112	105	90	98	119	101	143	94	
May	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93	
June	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87	
July	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89	} 99
August	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85	
Sept.	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84	
Oct.	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	
Nov.	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	
Dec.	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	} 105
1931—Jan.	105c	107	92	79	247	112	128	73.5	96	110	98.5	...	94	119	100	143	73c	
Feb.	97c	107	90	70	418	111	123	73	95	109.5	98	...	95	120.5	94	144	66c	
Feb., 1925	143	104	100	132	115	104	114	95.5	101.5	100.5	100	98	105	103.5	93	104	105	
Feb., 1926	135	107	82	127	171	108	115	93	104	104	102.5	97	106	108.5	94	107	105	
Feb., 1927	129a	106	154	115	132	106	118	85	104	105	101.5	94	100	109.5	94	111	91	
Feb., 1928	107	125	106	107	175	119	124	86.5	107.5	106.5	105	94	106	115	95	122	103	
Feb., 1929	123	123	66	111	263	114	130	83.5	106.5	110	104.5	83	107	115	93	134	109	
Feb., 1930	126	134	123	102	309	114	131	84.5	107	112.5	106	93	100	121	102	132	100	
Feb., 1931	96c	107	90	70	418	111	123	73	95	109.5	98	...	95	120.5	94	144	66c	
* Excluding coal imports.																		
c Provisional figures.																		

PROGRESS OF THE ELECTRICITY BOARD.

THE third annual report of the Central Electricity Board for the year ended December 31, 1930, is the first to be issued since the completion of the preliminary surveys for the electrification of Great Britain. The report covers eight of these surveys; the ninth, for South Scotland, was adopted early this year; and provisions for the tenth and last scheme (covering North Scotland) have, to a certain extent, been made through arrangements with the owners of the Grampian water-power undertaking which supplies that area.

Besides the completion of these preliminary surveys, certain sections of the "grid" were in operation by the end of 1930. These include the Central Scotland scheme, which was officially inaugurated by the Minister of Transport on April 30th, and a number of other sections operating, in the main, under the provision of temporary arrangements in the Act of 1926. The more important of these arrangements include 106 route-miles of 132,000-volt line and seven transformer stations in the South-East England scheme, together with thirteen authorised undertakings working under the provisions of the Act and certain sections of the secondary transmission line in the North-West England scheme.

The effective work of the Board has proceeded very rapidly during the past year. Approximately 1,000 miles of wayleaves were obtained, bringing the total to date for main and secondary transmission lines to 1,746 miles. This represents about two-thirds of the total route surveyed and slightly less than one-half of the total mileage of all lines in the "grid." A more detailed example of what has been done in this sphere is obtained from the following table, which shows the position to date in respect of the main transmission lines in each area:—

MAIN TRANSMISSION LINES AT DECEMBER 31, 1930.

	Approximate Total Mileage.	Routes Surveyed. Miles of Way- leaves obtained.
Central Scotland	240.6	240.6
South East England	547.5	301.9
Central England	399.1	320.4
North West England	302.0	231.2
Mid East England	319.9	198.8
North East England	91.8	70.0
South West England	644.8	14.0
East England	141.0	14.3
Total	2,686.8	1,919.2

The development work in connection with wayleaves has been well maintained; and it is interesting to note that, in only two cases, both in South-East England, was it necessary to apply for special Orders conferring compulsory powers on the Board. Progress was greatly facilitated by the machinery provided by the Public Works Facilities Act, 1930.

The work of construction in connection with the "grid" is already far advanced. During the year new contracts for construction were entered into amounting to £7,368,137, bringing the total to date for these contracts to £18,264,829. Of this total South-East England accounted for £7,054,649; North-West England for £2,694,676; Central England for £2,252,973; Mid-East England for £2,247,756, and Central Scotland for £1,727,447. The actual capital expenditure by December 31, 1930, was £7,477,747 for construction purposes and £1,821,385 on standardisation of frequency. Details of construction include 219 miles of main transmission lines and eleven transforming stations in Central Scotland; 256 miles of main transmission lines and 17 transforming stations, together with 50 miles of secondary transmission lines in South-East England. As for the other areas, the Central England scheme has 92 miles of the main transmission lines complete, while 16 miles of the lower voltage transmission lines are complete and in actual operation. Work on eleven of the transforming stations is well advanced. In the North-West England scheme construction work is proceeding on 25 miles of main transmission and 85 miles of secondary transmission lines, and also on five primary

and seven secondary transforming stations. In the Mid-East England scheme work in progress covers 166 miles of main transmission and 66 secondary transmission lines and eight main transforming stations. In the North-East England scheme the survey of the routes of all transmission lines has been completed, and all contracts in connection with the erection of these lines have been placed. While no erection has yet been started, work on the contracts is proceeding in the shops. Similarly, in the South-West England scheme contracts for the construction of the whole of the 132,000-volt lines and equipment have been placed, and these are now in course of manufacture. Of the remaining two schemes, East England and South Scotland, the contracts for the major equipment have now been placed, and work will begin shortly.

With the progress of electrification it has been found that the original estimates of expenditure have been, in many cases, exceeded. It thus became necessary during the year to increase the original estimated sum of £8,569,000 on account of expenditure for standardisation by supply undertakings to £9,969,550, to be spread over the next few years, bringing the total to date on this account to £18,589,450. It is mainly on account of this that the borrowing powers of the Board were increased by a Special Order from £23,500,000 to £50,000,000. The original sum included £25,000,000 to cover the first five years' expenditure on the construction of the transmission system, the necessary working capital with an allowance for a reserve, and a further net sum of £8,500,000 for standardisation of frequency.

As indicated, the present estimate of the cost of changing the frequency in the country, based upon the experience gained in Central Scotland and Central England, has been put, in round figures, at £19,000,000, or £16,300,000 net. The borrowing powers of the Board were, therefore, increased by that amount. Up to December 31, 1930, the Commissioners had issued consents to the borrowing by the Board of a sum not exceeding £20,500,000 for the purpose of the "grid," and £5,500,000 for the purpose of standardisation of frequency, a total of £26,000,000. By the end of the year the total amount actually borrowed was £15,045,000. The main form of borrowing by the Board is by the issue of "Central Electricity Stock." On December 31, 1930, the amount of stock issued was £16,000,000, divided up as follows:—

- £3,000,000 4 per cent. Stock 1959-1989 on May 24, 1929, at £83;
- £7,000,000 5 per cent. Stock 1950-1970 on January 24, 1930, at £97 10s.;
- £6,000,000 4½ per cent. Stock 1951-1973 on November 21, 1930, at £95 10s.

The terms of issue provide that the stocks will be redeemed by cumulative sinking funds commencing not later than the years 1935, 1936 and 1937 respectively, and sufficient to repay the whole of the stock to which the sinking fund relates by its maturity date.

It is clear from the report that good progress is being made with the development and, equally important, with the standardisation of electric-power production in Great Britain. The electrical engineering industry has directly benefited, for it has received to date orders amounting to £18,000,000 in respect of the different schemes. The benefit to industry in general, though less direct, will in the long run be substantial, for ultimately it should lead to economies in power costs in the widest sense of the word. How far individual factories will be able or willing to transform themselves from steam to electricity as their source of power is open to question, as are also the effects of the development of electric power upon the coal trade, upon the railways and last, but not least, upon the geographical distribution of industry and employment. These questions, however, are not for the Electricity Board to consider, and there is no doubt that they are making steady and commendable progress with their task.

PRODUCTION. (Thousands of Metric Tons.)

COAL.													LIGNITE.			
Period. Monthly Average.	United Kingdom.	Belgium.	Czecho- slovakia.	France.	Germany.	Nether- lands.	Poland.	Canada.	South Africa.	India.	Japan.	United States.	Austria.	Czecho- slovakia.	Germany.	Hun- gary.
	<i>d</i>		<i>k</i>		<i>g</i>				<i>f</i>	<i>e</i>				<i>k</i>		<i>g</i>
1913	24,337	1,903	1,189	3,338	15,842	156	748	1,119	665	1,311	1,776	43,088	218	1,927	7,269	460
1926	10,692	2,105	1,181	4,285	12,108	717	2,979	974	1,038	1,703	2,519	49,729	246	1,543	11,596	485
1927	21,272	2,296	1,168	4,316	12,800	777	2,374	1,028	1,006	1,790	2,794	45,197	255	1,635	12,542	520
1928	20,107	2,298	1,213	4,280	12,572	891	3,585	1,037	1,013	1,826	2,822	43,052	272	1,704	13,799	543
1929	21,877	2,244	1,377	4,486	13,620	m965	3,853	1,023	1,052	1,893	2,663	45,510	294	1,880	14,598	587
1930	20,539	2,284	1,214	4,499	11,891	m1,018	3,126	864	1,028	1,912	2,441	40,047	255	1,602	12,159	...
1930—February ...	22,066	2,274	1,179	4,481	12,168	985	2,990	831	969	2,278	2,520	41,469	248	1,572	11,372	645
March	22,784	2,333	1,197	4,695	12,539	997	2,827	810	1,025	2,016	2,748	36,551	268	1,565	11,303	469
April	20,023	2,258	1,174	4,459	11,443	977	2,643	729	1,017	2,086	2,527	36,991	235	1,514	10,826	452
May	21,683	2,290	1,106	4,526	11,953	1,017	2,671	913	1,017	2,115	2,576	38,012	238	1,463	12,315	436
June	17,225	2,054	1,054	4,126	10,805	916	2,591	925	993	1,782	2,434	36,287	211	1,349	11,746	410
July	19,163	2,212	1,180	4,599	11,605	1,097	2,975	872	1,050	1,619	2,389	36,626	245	1,458	12,250	437
August	18,199	2,223	1,200	4,556	11,471	1,010	3,062	856	987	1,607	2,256	37,967	242	1,567	12,285	446
September	19,878	2,293	1,261	4,513	11,729	1,052	3,417	831	986	1,933	2,146	39,848	264	1,711	12,820	528
October	21,375	2,486	1,284	4,684	12,217	1,101	3,662	928	1,002	1,751	2,390	46,517	275	1,749	13,141	619
November	20,139	2,195	1,277	4,290	10,816	987	3,478	815	868	1,726	2,230	39,307	261	1,711	11,692	580
December	20,936	2,298	1,262	4,372	11,516	1,013	3,399	846	942	1,979	2,409	41,551	263	1,727	11,689	578
1931—January	19,481	2,444	1,175	4,637	11,526	1,058	3,460	...	916	2,088	...	40,550	...	1,571	11,024	...
February	19,522	...	...	...	...	...	...	...	...	...	...	43,300	...	...	...	...

PIG IRON.

Period. Monthly Average.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.	United Kingdom.	Belgium.	France.	Saar.	Germany.	Luxemburg.	Sweden.	Canada.	United States.
1913	869	207	434	114	1,397	212	61	85	2,601	649	206	391	159	1,467	101	62	88	2,564
1926	208	281	786	135	803	213	39	64	3,277	705	278	718	145	1,028	107	44	66	3,794
1927	617	309	775	148	1,091	228	35	60	3,036	707	307	696	156	1,359	206	44	77	3,676
1928	590	324	832	161	984	231	32	83	2,817	722	325	792	173	1,205	214	51	105	4,222
1929	643	341	864	175	1,117	242	41	92	3,580	816	344	808	184	1,354	225	60	117	4,599
1930	525	283	842	159	808	206	38	63	2,659	618	282	784	161	962	189	54	86	3,357
1930—February ...	617	315	815	162	965	231	39	72	2,884	789	321	772	175	1,176	215	56	108	4,144
March	676	342	898	182	1,008	249	41	76	3,298	839	359	848	188	1,201	225	54	119	4,369
April	630	313	854	168	901	221	42	74	3,233	707	313	787	168	1,033	198	59	104	3,989
May	624	300	812	174	808	224	42	82	3,036	705	313	787	168	1,033	198	59	104	3,989
June	624	300	812	174	808	224	42	82	3,036	705	313	787	168	1,033	198	59	104	3,989
July	494	260	661	150	771	185	38	66	2,682	631	264	790	169	906	168	53	70	3,495
August	423	247	845	157	739	197	38	58	2,564	459	245	775	152	897	177	62	59	3,145
September	432	251	800	147	653	190	37	49	2,313	590	255	767	147	814	186	55	67	2,914
October	422	249	827	146	687	194	42	41	2,200	521	252	796	141	856	195	62	66	2,764
November	390	239	781	138	637	179	35	47	1,897	441	224	705	135	739	169	49	73	2,270
December	415	261	800	145	615	186	38	37	1,692	416	222	756	149	749	183	43	57	2,040
1931—January	343	270	803	149	603	183	34	36	1,742	410	263	746	159	773	172	33	59	2,523
February	325	...	...	...	...	169	...	...	1,734	494	...	...	...	...	161	...	...	4,010†

† Provisional figure. ‡ Figures communicated by the "Groupement des Industries Siderurgiques." § Including ferro alloys. ¶ Excluding castings.
 d Salesable coal; since 1921 excluding lignite. e British provinces only. f Establishments whose production in 1929 amounted to 94.27% of the total.
 g Excluding Luxembourg. Since 1922, excluding Polish Upper Silesia. h Coal sold. i Until end 1928 salesable coal. m Including coal waste. n Including lignite.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1926.....	148.1	143.4	744	956	163	702.6	134.4	145	603	198	181.2	185	181	149	144.5	168.4	148	156.3
1927.....	141.6	137.7	847	979	153	617.2	137.6	148	495	167	118.6	174	177	146	142.2	167.0	148	152.7
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	163	119.6	173	167	148	144.6	164.7	145	150.6
1929.....	136.5	127.6	851	924	150	611.4	137.2	142	446	153	113.4	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	108.1	744	g117.9	130	535.5	124.6	117	386	143	97.6	...	...	122	126.5	146.7	116	135.8
1930—February.....	127.8	115.9	791	121.5	140	564.4	129.3	126	408	147	100.6	187	173	128	133.1	153.9	126	146.9
March.....	124.5	114.3	774	121.0	136	552.8	126.4	122	400	146	100.7	187	173	125	131.0	151.4	125	143.6
April.....	123.7	112.3	777	120.2	135	548.4	126.7	122	396	145	100.7	187	173	124	129.4	150.8	123	143.3
May.....	122.0	110.9	774	119.1	132	541.5	125.7	118	390	144	98.7	167	168	123	128.1	154.7	122	140.3
June.....	120.7	108.5	750	119.7	130	532.7	124.5	118	382	143	98.5	169	166	123	126.2	152.3	116	137.5
July.....	119.2	106.8	739	118.1	129	529.9	124.2	117	376	142	98.3	170	167	123	126.2	152.3	116	137.5
August.....	117.8	104.7	729	115.1	128	531.7	124.7	114	379	141	96.9	187	173	121	125.8	148.9	114	131.4
September.....	115.5	100.8	712	113.3	126	523.9	122.8	112	375	141	94.3	187	174	119	123.1	140.8	111	128.9
October.....	113.0	99.7	705	112.7	123	508.2	120.2	111	364	140	92.9	187	178	118	122.4	135.9	107	127.2
November.....	112.0	97.6	693	111.7	122	493.5	120.1	110	361	139	93.5	188	175	117	119.6	132.1	104	124.7
December.....	108.9	94.6	679	110.0	120	487.6	117.8	107	350	136	90.8	...	173	117	117.0	128.6	101	121.6
1931—January.....	106.9	91.3	661	108.9	118	483.7	115.2	105	342	135	85.7	...	...	115	115.2	130.4	...	119.8
February.....	106.2	91.6	...	...	117	481.7	114.0	...	...	133	...	...	...	...	115.0	...	...	...

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Italy.	Japan.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank."	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markka.	Francs.	Reichsmark.	Rentenmark.	Drachme.	Pengö.	Dinara.	Gulden.
1913	29.6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	...	...
1925	385.3	890	7,814	3,655	8,408	438	1,309	49,993	2,960	1,476	5,339	875	17	...
1926	381.0	947	9,646	3,482	8,203	398	1,346	52,449	3,736	1,164	4,865	817	13	...
1927	382.3	1,005	10,951	3,727	8,417	354	1,514	56,301	4,564	476	5,743	797	12	...
1928	378.3	1,067	12,358	4,173	8,466	360	1,513	62,811	4,930	530	5,690	829	11	...
1929	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	397	5,193	801	81	...
1930	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,397	843
1930-Jan.	348.0	981	13,841	3,260	5,923	347	1,259	70,339	4,653	373	4,907	476	5,586	824
Feb.	346.8	974	13,992	3,148	6,838	352	1,259	71,116	4,722	365	4,842	441	5,560	826
Mar.	357.3	980	14,341	3,350	7,011	357	1,447	70,826	4,806	362	4,890	431	5,363	837
Apr.	358.8	982	14,658	3,302	6,854	362	1,440	72,373	4,664	362	4,991	464	5,221	829
May	356.1	1,022	14,547	3,364	6,896	371	1,392	73,079	4,812	353	4,943	441	5,281	847
June	356.1	1,028	14,857	3,396	7,196	366	1,373	72,594	4,685	437	4,894	449	5,230	843
July	368.4	1,021	15,416	3,435	6,897	347	1,355	74,008	4,638	435	4,816	466	5,317	809
Aug.	360.9	1,018	15,278	3,683	7,077	350	1,352	73,677	4,707	443	4,761	440	5,521	844
Sept.	359.4	1,008	15,648	3,660	7,198	348	1,350	73,053	4,744	443	5,077	450	5,536	831
Oct.	356.6	1,035	15,637	3,656	7,114	370	1,313	74,781	4,678	439	5,404	455	5,404	855
Nov.	359.2	1,042	15,783	3,562	7,278	354	1,263	75,951	4,601	437	4,761	455	5,404	855
Dec.	368.8	1,090	15,419	3,296	7,824	360	1,279	76,436	4,778	439	4,803	469	5,397	843
1931-Jan.	346.8	979	15,031	3,059	6,608	341	1,231	78,559	4,383	441	4,521	446	5,064	801
Feb.	347.7	976	15,037	3,029	6,571	340	1,105	78,947	4,428	439	4,417	400	4,917	802

Period.	Italy.	Norway.	Poland.	Roumania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Token Notes and Coins.	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Lire.	Lire.	Kroner.	Zloty.	Leu.	Gd. Rbls.	Rbls.	Kroner.	Francs.	£	£	Dollars.	Yen.
1913	2,284	499	108	...	427	...	234	314	10.0	116	2.3	726	343
1925	19,350	2,100	363	591	440	20,126	388	727	530	876	53.9	178	2,458
1926	18,340	1,793	337	591	428	20,951	398	797	530	876	53.9	178	2,458
1927	17,992	1,783	331	1,003	309	21,025	480	1,003	526	917	51.8	192	2,458
1928	17,295	1,611	316	1,295	244	21,211	730	1,091	546	953	48.7	193	2,458
1929	16,774	80	318	1,340	259	21,144	1,028	1,501	569	999	45.3	188	2,458
1930	15,680	...	312	1,328	241	19,605	...	2,100	594	1,062	48.2	201	2,458
1930-Jan.	16,329	76	298	1,247	238	19,717	976	1,466	521	890	42.6	172	2,458
Feb.	16,095	73	297	1,282	235	19,957	1,050	1,508	534	893	43.3	174	2,458
Mar.	16,322	73	305	1,324	234	19,709	1,097	1,532	575	918	44.0	173	2,458
Apr.	16,062	73	310	1,326	230	19,080	1,184	1,613	545	916	44.4	168	2,458
May	15,944	68	308	1,333	227	18,521	1,230	1,671	557	908	44.9	174	2,458
June	15,846	68	315	1,317	222	18,190	1,349	1,843	594	929	44.9	176	2,458
July	16,182	...	315	1,352	223	18,684	1,534	2,055	551	924	44.8	169	2,458
Aug.	16,074	...	315	1,355	231	19,134	1,737	2,177	570	943	44.8	175	2,458
Sept.	16,172	...	309	1,373	233	19,307	1,859	2,146	613	987	44.4	176	2,458
Oct.	15,738	...	312	1,408	239	18,860	1,943	2,105	581	989	45.2	177	2,458
Nov.	15,679	...	310	1,332	238	18,726	1,951	2,080	588	968	45.7	174	2,458
Dec.	15,680	...	312	1,328	241	19,605	...	2,100	594	1,062	48.2	201	2,458
1931-Jan.	15,212	...	290	1,277	236	18,532	...	2,108	533	949	45.7	...	...
Feb.	15,130	...	257	1,284	...	...	...	2,108	545	961	...	...	...

a Until November, 1928, including State notes, then transferred to Bank. d In terms of new lire = 2,373 millions. e Excluding Government notes.
 b Marks—Including Reichsbank and Darlehenkassenscheine. f Excluding notes held by Reichsbank. g Gross issue. h Excluding
 notes held as reserve by Chartered Banks. i State notes. j Since January, 1926, excluding notes held by Bank of Poland. k Since 1920, including Austria-
 Hungarian and other notes converted after the war into National Currency. l Since 1926, excluding notes held by the State Bank. m In terms of new lire = 1,829 millions.
 n In terms of new franc. o Since May, 1922, including Luxembourg. p Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million
 francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oso.	Copen- hagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	France to £1.	Beigas to £1.	Lire to £1.	France to £1.	Penetas to £1.	Florins to £1.	Kronor to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to Dollars
Far level	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½	47.62
Highest, 1930	124.34	34.96½	93.72	25.22	51.00	12.13½	18.15½	18.21½	18.20½	20.44½	34.68	4.88½	46½
Lowest, "	123.50	34.73½	92.62	24.99½	35.65	12.04	18.08½	18.14½	18.15½	20.35½	34.40	4.85½	34½
Beginning of —													
July, 1914	25.15	† 25.35	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	† 24.55	4.87½	47½
January, 1924	87.85	† 99.45	100.4	24.63½	33.58½	11.36½	16.26½	29.82½	24.44½	19½ billions	† 305,500	4.29½	40½
January, 1925	87.40	† 94.79½	112.35	24.34½	33.95½	11.71½	17.62½	31.37½	26.85½	19.94 gld. mks.	† 337,500	4.74½	46½
January, 1926	129.31	† 107.00	120	25.08½	34.31½	12.12½	18.08	23.83½	19.60½	20.37½	† 34.37½	4.85½	46½
January, 1927	122.81	34.89	109.62½	25.14	34.31½	12.12½	18.154	19.04½	18.20	20.43	34.47½	4.87½	47½
January, 1928	124.00	34.92	92.32	25.27½	28.24	12.09½	18.11½	18.34½	18.20	20.45	34.57½	4.87½	47½
January, 1929	124.10½	34.88½	92.64	25.18½	29.74	12.08	18.13	18.19	18.17½	20.38	34.44½	4.85½	47½
January, 1930	123.91	34.88	92.62	25.13½	36.62½	12.09½	18.13½	18.20½	18.20	20.43	34.65½	4.87½	48½
November, "	123.69	34.83	92.80	25.02½	42.92	12.06½	18.11½	18.15½	18.16	20.38	34.49½	4.85½	38½
December, "	123.55	34.79	92.66	25.06½	43.60	12.06½	18.09½	18.15½	18.15	20.36	34.49	4.85½	38½
January, 1931	123.66	34.76½	92.74	25.04	46.30	12.05	18.13	18.16	18.16	20.38½	34.48	4.85½	35½
February, "	123.91	34.82½	92.80	25.14½	48.14	12.09½	18.14	18.16	18.16	20.42½	34.56	4.85½	34½
March, "	124.01	34.85	92.73	25.23½	45.27½	12.12½	18.13½	18.16	18.16½	20.43½	34.56½	4.85½	37½

	Rio de Janeiro.	Monte Video.	Valpa- raiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singap- ore.		Place	Method of Quoting.	February Quotations.		
	Pence to Milreia.	Pence to Dollar.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.				Highest.	Lowest.	Average
Far level	16	51	40	s. d. 1 6	s. d.	s. d.	s. d. 2 0	s. d.	New York.					
Highest, 1930	5½	46½	40.02	1 5½	1 8½	2 1½	2 0½	2 4½	Feb., 1930	Dollars	to £1.	4.86½	4.85½	4.852
Lowest, "	4½	35	39.57	1 5½	1 8½	1 4½	2 0½	2 3½	Jan., 1931	Dollars	to £1.	4.85½	4.85½	4.855
									Feb., 1931	Dollars	to £1.	4.86½	4.85½	4.859
Beginning of —									Paris.					
July, 1914	16½	51½	40½	1 3½	1 10½	2 6½	2 0½	2 4½	Feb., 1930	France	to £1.	124.32	123.95	124.201
January, 1924	5½	43½	40.30	1 6½	2 4½	3 4½	2 1½	2 4½	Jan., 1931	France	to £1.	123.95	123.62	123.809
January, 1925	5½	40½	40.30	1 6½	2 4½	3 1½	2 1½	2 4½	Feb., 1931	France	to £1.	124.00	123.87	123.940
January, 1926	7½	50½	39.80	1 6½	2 4½	3 1½	2 1½	2 4½	Amsterdam.					
January, 1927	5½	50½	39.65	1 6½	1 11½	2 5½	2 0½	2 4½	Feb., 1930	Florida	to £1.	12.13½	12.11½	12.123
January, 1928	5½	51	39.35	1 6½	2 0½	2 7½	1 11½	2 4½	Jan., 1931	Florida	to £1.	12.08½	12.05½	12.066
January, 1929	5½	51	39.64	1 6½	2 0½	2 7½	1 10½	2 4½	Feb., 1931	Florida	to £1.	12.11½	12.08	12.104
January, 1930	5½	46½	39.80	1 5½	1 8½	2 1½	2 0½	2 3½	Berlin.					
October, "	5½	39½	39.96	1 5½	1 3½	1 7½	2 0½	2 3½	Feb., 1930	Reichmk.	to £1.	20.37½	20.35	20.366
November, "	5	39½	39.97	1 5½	1 2½	1 6½	2 0½	2 3½	Jan., 1931	Reichmk.	to £1.	20.44½	20.38	20.416
December, "	4½	38½	39.69	1 5½	1 2½	1 6½	2 0½	2 3½	Feb., 1931	Reichmk.	to £1.	20.46	20.42½	20.438
January, 1931	4½	35½	39.89	1 5½	1 1½	1 5½	2 0½	2 3½						
February, "	4½	33½	39.93	1 5½	0 11½	1 2½	2 0½	2 3½						
March, "	4½	35	39.93	1 5½	0 11½	1 2½	2 0½	2 3½						

† Francs to £1. ‡ Pence to £1. § Kroner to £1. ¶ Daily rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

MONTHLY AVERAGE OF FOREIGN CURRENCY MARKETS—Continued Only. (Units Unlimited.)																		
Period.	U.K.	Irish Free State.	Belgium.	Bulgaria.	Denmark.	Estonia.	France.	Finland.	Germany.	Greece.	Italy.	Japan.	Netherlands.	Poland.	Sweden.	Switzerland.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Ekr.	Francs.	Markka.	Mark.	Drachma.	Lire.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	£	Dollars.
1913	54,931	...	386,384	15,775	64,785	...	701,778	41,035	497,474	14,828	303,803	...	325,231	...	70,545	159,985	2,271	147,932
1925	97,223	5,162	1,438,378	62,058	161,382	8,046	3,712,709	459,959	1,030,171	848,069	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1926	92,989	5,043	1,320,460	62,058	161,382	7,964	4,968,923	472,309	833,454	833,745	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1927	91,282	5,012	2,422,921	510,749	131,508	8,035	4,416,334	452,157	1,185,672	1,050,162	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1928	89,610	4,928	2,668,664	586,745	137,276	10,948	4,452,963	667,742	1,166,772	1,050,162	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1929	92,589	5,020	2,951,520	693,719	142,907	10,247	4,861,719	583,028	1,206,566	1,106,294	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1930	79,822	4,630	2,976,812	386,627	136,201	8,197	4,362,031	437,325	1,066,996	1,035,034	2,183,374	729,407	204,583	229,589	120,535	219,477	4,678	348,018
1930-Jan.	93,680	4,359	2,934,499	401,026	142,003	9,240	4,777,565	308,985	1,304,815	918,944	1,505,463	560,912	219,970	218,668	136,682	208,159	6,287	316,705
Feb.	79,563	4,603	2,699,088	367,349	130,948	7,859	4,807,926	296,906	981,624	852,988	1,494,592	521,070	200,732	181,656	126,415	204,956	9,286	276,510
Mar.	85,760	5,498	2,887,692	387,582	138,368	9,022	4,431,115	347,643	883,860	1,063,922	1,504,830	658,473	226,204	194,960	130,511	227,402	2,210	304,435
Apr.	76,078	4,697	2,644,639	373,066	136,349	8,406	4,565,779	442,575	888,921	842,605	1,570,928	624,530	203,978	179,415	149,215	233,833	2,592	305,370
May	81,962	4,985	2,867,465	403,704	132,467	8,646	4,565,779	518,859	830,580	832,513	1,469,619	608,444	223,880	196,685	154,231	211,331	2,515	284,474
June	75,365	4,514	2,486,836	332,109	137,076	7,981	4,165,922	453,221	813,514	804,701	1,469,619	608,444	223,880	196,685	154,231	211,331	2,515	284,474
July	78,567	4,780	2,453,336	358,921	126,756	8,543	4,119,972	457,225	909,165	873,090	1,773,537	577,409	203,666	195,368	148,884	228,429	2,924	218,089
Aug.	75,363	4,209	2,325,984	360,238	131,247	8,556	4,067,877	443,764	795,535	849,297	1,161,636	571,767	198,504	188,491	130,384	204,281	3,308	216,920
Sept.	73,254	4,751	2,378,737	420,062	153,979	8,094	4,205,516	488,839	736,544	1,001,196	1,281,855	649,250	196,049	104,493	146,102	221,805	3,721	227,767
Oct.	83,651	4,983	2,520,217	415,004	144,377	8,924	4,520,134	556,912	833,589	1,027,872	1,339,151	620,704	197,917	202,201	150,755	251,245	3,275	245,426
Nov.	72,564	4,571	2,318,633	404,437	130,610	7,564	4,249,795	518,369	734,307	900,304	1,303,902	504,381	180,616	136,846	133,622	210,615	3,729	203,442
Dec.	84,386	4,118	2,430,623	390,207	124,023	5,532	4,330,435	525,124	811,344	900,304	1,303,902	504,381	180,616	136,846	133,622	210,615	3,729	203,442
1931-Jan.	69,532	...	...	...	120,399	5,493	3,816,897	225,294	715,356	749,574	1,028,953	410,333	178,806	153,448	103,348	173,197	...	175,000
Feb.	57,794	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

The Economist

MONTHLY SUPPLEMENT.

New Series.

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In the following pages we have aimed at compiling tables which will show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our statistical records. We propose in these columns to give our own appreciation of the trade position, fortified by informed opinion, and to leave the figures to be interpreted by our readers each in his own way.*

* "League of Nations Monthly Bulletin of Statistics." 1s. 6d.

THE STATE OF TRADE AT HOME AND ABROAD.

THE general impression made by recent developments is that while the worst of the trade decline has probably been seen, the curve is not yet definitely turning upwards. The absence of clear signs of improvement is causing some despondency; but the situation is not wholly unfavourable. Wholesale prices, after greater stability in February and March, have latterly shown renewed weakness in some direction, but the March trade returns, though poor in themselves, were no worse than those of February.

regards this last industry, Lloyds Register for the first quarter of the year is very gloomy reading. It shows that during the past quarter less than 33,000 tons of new work was put in hand in this country, and that tonnage under construction in British yards amounted at the end of the quarter to only 694,000 tons, against 909,000 tons at the end of 1930, and 1,615,000 tons at the end of March, 1930. About 300,000 tons of the work now in hand consists of tankers, and as this residue of the 1929-30 boom in the

construction of oil-carrying vessels is worked off, total work in progress may be expected to decline still further.

The story to-day is thus one of an absence of any real progress, and it is not surprising that, as the course of Stock Exchange prices shows, this is creating a certain amount of uneasiness. Such feelings are only natural immediately before the Budget, especially as the last financial year closed with a deficit of £23,000,000, and the current year opens with the prospect of heavier taxation. Again, company reports now coming to hand reflect the full force of the trade depression, and they will continue to exercise a discouraging effect upon public opinion even after the business curves turns upwards.

In general, it may be well to realise that even if recovery is beginning, its initial progress will be very slow; failure to recognise this fact will cause further

loss of confidence and so retard recovery still more. Progress will be all the slower, because abroad the political and economic outlook is far from clear. The repercussions of the Spanish revolution, both in Spain and in South America, cannot yet be estimated. In Europe, the preparations for the Disarmament Conference have lately made slow and irksome progress. There is no news of any recovery in Belgian industries, and, while German reports are now a shade more encouraging, news from France shows that she is now beginning to feel the full force of the world depression. The American situation at the best only resembles that of Great Britain, namely, stability at a low ebb, while in the Empire, Australian events—such as Mr Lang's attempt at repudiation and the political crisis which has arisen from the Senate's rejection of the Fiduciary Notes Bill—continue to have an unsettling effect. Nor is there much encouragement from develop-

HOME TRADE STATISTICS—MARCH, 1931.

		Compared with		
		Feb.	Mar.	Mar. '30.
UNEMPLOYMENT—				
(State Insurance %)	.....	21·7 ...	21·5 ...	+ 7·8
PRODUCTION—				
Coal (million tons)*	.....	4·8 ...	4·5 ...	- 0·9
Iron (thous. " )	.....	318 ...	357 ...	- 309
Steel ( " " )	.....	486 ...	500 ...	- 326
FOREIGN TRADE—				
Imports (million £'s)	.....	63·6 ...	70·7 ...	- 22·7
Re-exports ( " " )	.....	5·9 ...	5·4 ...	- 2·3
British Exports ( " " )	.....	31·8 ...	34·0 ...	- 19·9
TRANSPORT—				
Railway Receipts* (£0,000)	.....	282 ...	287 ...	- 34
Shipping Freights (av. level ¹)	.....	81·9 ...	81·3 ...	+ 5·8
COMMODITY PRICES (" „²)				
	.....	66·5 ...	66·2 ...	- 16·9
TRADE DISPUTES (thous. } working days lost)				
	1,500	175	...	+ 124
SECURITY VALUES (av. level³)				
	112·6	114·1	...	- 9·2
FINANCIAL DATA—				
Bank of Eng. Notes (mill. £'s)*	.....	347 ...	349 ...	- 1
Bank Deposits ( " „ )*	.....	1,820 ...	1,764 ...	+ 45
Bank Advances ( " „ )*	.....	925 ...	936 ...	- 55
Banks Cash Ratio (4) (%)*	.....	10·4 ...	10·4 ...	- 0·3
Bank Clearings :				
London (million £'s)*	.....	799 ...	758 ...	- 206
Manchester ( " „ )*	.....	9·4 ...	9·5 ...	- 2·3
Three months' Bank Drafts				
(Discount Rate %)*	.....	2½ ...	2½ ...	- ½
Day-to-day Loans (%)*	.....	2½ ...	2½ ...	- ½

(¹) 1913 = 100. (²) *Economist* Index No.; 1927 = 100.
(³) *Bankers' Magazine* Index No. of 365 securities; December, 1921 = 100. (⁴) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

* Average weekly figures.

1931.

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Romania.	Sweden.	Switzerland.	British India.	Japan.	United States.
Monthly Average.	£	Schilling.	Koruna.	Francs.	Mark.	Lira.	Gulden.	Zloty.	Lei.	Kroner.	Francs.	Rupia.	Yen.	Dollars.
1913	16.3	...	...	d	m	s	ch	y	...	20	18	44	56	45
1912	18.2	2.7	37	401	74	60	23	13	...	...	...	59	16	228
1917	29.6	10	51	616	114.1	264	43	17.7	271	22	73	17	255	649
1928	23.8	8.6	55	1,259	80.2	60	25	27.1	384	31	87	24	335	676
1930	22.3	4	38	1,832	46.6	514	47	17.8	418	23	81	56	222	849
1929.	22.3	4	38	1,832	46.6	514	47	17.8	418	23	81	56	222	849
Jan.-Mar.	32.5	14.5	35	1,072	118.8	492	49	13.6	318	14	104	37	216	936
Apr.-June	25.8	1.0	67	1,199	112.5	794	20	22.9	479	29	143	127	332	861
July-Sept.	31.3	1.0	67	993	54.9	546	15	11.3	295	15	30	34	200	1,017
Oct.-Dec.	30.6	14.8	61	1,741	34.6	594	35	23.4	179	32	47	25	159	566
1930.	30.6	14.8	61	1,741	34.6	594	35	23.4	179	32	47	25	159	566
Jan.-Mar.	31.3	4	32	2,309	73.5	474	52	15.2	379	17	134	34	133	715
Apr.-June	25.6	5.0	51	1,582	31.3	836	66	21.9	702	16	148	18	218	906
July-Sept.	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec.	24.8	3.7	28	2,365	31.4	211	45	19.1	624	28	116	26	285	346
Dec.	31.5	0.7	15	2,311	33.1	256	47	12.5	353	60	45	38	541	385
1931.	31.5	0.7	15	2,311	33.1	256	47	12.5	353	60	45	38	541	385
Jan.	8.2	4.1	47	484	74.9	264	...	...	...	42	104	...	...	466
Feb.	20.6	...	...	4,228	...	...	...	...	...	44	...	...	...	...

Unless otherwise stated, the figures represent the amount of capital issues in the respective countries during the period indicated.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Danmark.	Germany.	Netherlands.	Norway.	Sweden.	Australia.	Canada.
1921—June	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	15.2
December	16.2	6.6	25.2	1.6	6.1	23.4	33.2	9.5	13.7
1925—June	11.9	1.0	3.3	3.5	6.6	8.9	8.2	10.2	6.1
December	10.4	2.8	91.1	19.4	16.0	23.7	19.4	4.1	...
1926—June	*14.6	0.9	15.6	18.1	5.9	22.6	9.6	5.7	4.1
December	*11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9
1927—June	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December	8.8	3.6	13.6	12.9	14.9	28.0	18.6	8.9	6.6
1928—June	10.7	0.6	5.8	14.7	14.4	17.7	17.6	11.2	3.2
December	11.1	1.9	28.4	16.7	11.5	22.2	17.3	10.0	6.2
1929—June	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	3.6
December	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930—April	14.6	2.2	11.8	20.3	6.9	15.8	11.1	...	9.0
May	15.3	1.9	9.4	19.5	6.5	12.2	8.3	...	10.3
June	15.3	1.9	9.4	19.5	6.5	12.2	8.3	18.5	10.6
July	17.1	2.4	9.3	20.0	6.1	17.7	7.9	...	9.9
August	17.5	3.0	9.1	21.1	7.6	13.4	8.4	...	9.2
September	17.6	3.8	9.4	22.5	8.2	15.7	9.8	20.5	9.4
October	18.7	4.3	11.4	23.3	9.6	18.0	12.5	...	10.8
November	19.1	6.1	15.3	26.0	12.5	21.4	15.5	...	13.8
December	20.2	9.3	24.4	31.7	...	...	...	123.4	17.0
1931—January	21.5	...	34.7	...	...	...	...	...	...
February	21.7	...	25.6	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorized share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the U.S.A. and Switzerland, the figures of the increase of capital include the issue of new shares, but bonus shares and conversions are excluded. ^a Excluding Treasury Bills. ^b Excl. large railroad issues. ^c Excl. issues exceeding Fls. 100,000 on the Dutch market and issues exceeding 100,000 on the Berlin market. ^d Excl. issues exceeding 100,000 on the Dutch market and conversions. Until end 1922 paper mark. ^e Soci  t   de Banque Suisse. ^f Invitation for subscription of Swiss shares including obligations and Local Govt. loans. ^g Excl. issues exceeding 100,000 on the Dutch market. ^h Commercial and Financial Companies. ⁱ Excl. authorized issues, including Western departments; since 1928 amounts actually issued, whole territory.

Number of Workers Covered by Last Returns.									
Millions.....	12.1	0.6	0.3	4.5	10.4	0.04	0.4	0.4	0.2

* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

BANK RATES.														
	1925.		1926.		1927.		1928.		1929.		1930.		1931.	
	End of		End of		End of		End of		End of		End of		End of	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	Jan.	Feb.
London	0	5	0	5	0	4	0	4	0	5	0	5	0	5
Paris	5	5	5	5	4	4	4	4	5	5	3	3	3	3
Berlin	7	6	6	6	5	5	3	3	3	3	2	2	2	2
New York* ..	9	9	6	6	6	6	7	7	7	7	4	5	5	5
Amsterdam ..	3	3	3	3	4	4	4	4	5	5	4	4	2	2
Brussels	4	3	3	3	3	3	4	4	4	4	3	3	2	2
Rome	5	7	7	7	7	7	7	5	4	4	5	5	5	5
Switzerland ..	4	3	3	3	3	3	3	3	3	3	3	3	2	2
Vienna	11	9	7	7	6	6	6	6	7	7	5	5	2	2
Warsaw	12	12	12	9	8	8	8	8	9	9	5	5	7	7
Tokyo	7	3	7	3	6	5	4	5	4	5	5	5	5	5
Calcutta	5	6	4	5	5	4	5	4	5	5	5	5	5	5

• Federal Reserve •

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913	14,191,275	855,648	1,389,481	16,436,404
1924	55,038,605	1,594,114	2,900,145	59,532,864
1928	55,801,284	1,680,757	2,957,508	60,347,119
1926	55,346,429	1,756,582	2,972,827	60,075,838
1927	56,819,682	1,583,582	2,871,868	59,425,004
1928	59,311,117	1,854,190	2,939,422	64,104,729
1929	58,782,572	1,812,146	2,963,631	63,558,354
1930 (Mar. 18)	58,538,762	1,411,279	2,712,167	62,662,208
1931 (Mar. 18)	7,919,442	387,956	626,765	8,934,163

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

EXPORTS.—(100,000 £ omitted.)												
	Food.		Raw Materials.		Manu- factures.		Imports of			Exports of		
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.	Iron and Steel.	Coal.
Monthly Average.	£	£	£	£	£	£	Cwts.	Centals.	Centals.	Sq. Yds.	Tons.	Tons.
1913	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589	0.41	6.1
1924	47.6	4.7	33.4	8.9	25.0	51.5	9.9	1.3	0.6	370	0.32	5.1
1925	47.6	4.6	35.4	4.0	26.7	51.4	8.1	1.6	0.6	319	0.31	4.2
1926	41.9	4.2	32.7	3.9	26.3	44.9	8.1	1.5	0.7	370	0.26	1.7
1927	44.9	4.4	29.3	6.4	26.9	47.0	9.2	1.3	0.7	343	0.35	4.3
1928	44.3	4.5	27.9	5.8	25.7	48.2	9.3	1.1	0.7	322	0.36	4.2
1929	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306	0.36	5.0
1930	39.8	4.0	20.9	5.3	25.6	36.6	8.8	1.3	0.7	201	0.26	4.6
1930—September	36.7	4.2	16.5	5.0	24.6	32.1	11.1	1.0	0.3	143	0.20	4.6
October	44.1	4.3	18.1	5.3	27.7	35.9	9.8	1.0	0.3	150	0.25	4.8
November	40.6	4.6	16.5	5.3	21.6	32.7	10.4	1.4	0.4	130	0.20	4.2
December	44.4	3.5	20.6	3.7	20.4	27.6	13.9	1.9	0.8	130	0.17	4.2
1931—January	36.2	3.7	17.9	3.7	20.7	28.7	7.3	1.1	1.0	156	0.17	3.3
February	30.0	2.8	13.3	3.8	19.5	24.0						

• Yards

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).											Austria.	Germany.	Italy.	Canada.	United States.
	Gross Receipts.		Freight Traffic (f).													
	Passengers.	Freight.	Mer- chandise.*	Coal, &c.	Minerals and Other Merchandise	Total.										
							(b) (h)	(a)	(e) (i)	(c) (e)	(e)					
1926—June	£ 4	£ 5.3	Tons. 4.7	Tons. 1.9	Tons. 3.6	Tons. 10.2	Ton-Miles. 704	Tonnes-Km. 1,202	Tonnes-Km. 4,695	Tonnes-Km. 1,132	Tonnes-Km. 42,846	Tonnes-Km. 439,237				
December	4.7	8.5	4.9	15.9	4.1	24.8	1,392	1,321	5,641	1,094	43,641	440,096				
1927—June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,249	5,126	1,095	42,611	438,483				
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,209	5,228	928	44,128	434,580				
1928—June	4.6	8.5	4.8	14.9	5.3	25.0	1,324	1,325	5,528	1,038	43,129	437,304				
December	4.6	8.3	4.7	16.1	4.8	25.6	1,352	1,282	4,715	1,030	43,608	437,304				
1929—June	5.2	8.4	4.8	15.7	5.6	26.1	1,392	1,335	5,603	1,087	44,846	439,558				
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,323	4,874	1,031	43,767	436,818				
1930—June	5.7	7.3	4.4	13.2	4.7	22.2	1,306	1,196	4,502	1,044	42,222	430,251				
July	6.9	8.2	4.8	14.8	4.8	24.4	1,357	1,176	4,066	1,066	43,655	431,946				
August	7.5	7.4	4.1	14.3	4.1	22.5	1,235	1,365	4,497	1,066	43,991	435,833				
September	5.2	8.2	4.7	15.3	4.6	24.5	1,369	1,329	4,728	1,001	43,568	432,880				
October	4.2	8.8	5.1	18.0	5.1	26.3	1,470	1,289	4,819	990	44,929	437,304				
November	3.4	8.2	4.5	16.4	4.4	25.8	1,384	1,179	4,164	...	41,994	437,304				
December	4.3	8.1	4.4	16.9	4.2	25.5	1,384	1,179	4,164	...	41,994	437,304				

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2
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ments in the Far East. There is no finality in the Indian situation, whether political or commercial, and China trade is still retarded by the low price of silver. In all countries who are producers of primary commodities the problem of huge unliquidated stocks remains, and it will take many months of stable prices to reduce them to manageable proportions.

In the monetary and banking sphere the outlook is more hopeful. The foundation of the International Mortgage Bank has been followed by that of L'Union Internationale de Placements, and in both institutions French interests are taking a leading part. While too much importance should not be attached to the rumours arising out of Mr Norman's visit to the States, it may well be that further measures of international co-operation are in contemplation, all designed to divert capital from short-term to long-term channels and to facilitate its more even distribution. The main obstacle in the way is the general lack of confidence, and its deterrent effect upon the private investor. Confidence takes time to re-establish, and this is another reason why recovery must be slow.

HOME INDUSTRIES.

Coal.—The new quotas are now in force, but Northumberland still reports a shortage of certain descriptions. Durham pits, on the other hand, are badly in need of fresh business. Sheffield reports a strong export prompt demand, but deliveries of house coal have fallen considerably. In South Wales there is a fairly steady demand for large coal, and the anthracite market is active and firm.

Iron and Steel.—March production of pig iron, even after making allowance for the difference in the lengths of the two months, was a little better than in February. Two hematite furnaces are shortly to be blown in on the North-East Coast, as their owners have successfully reduced their stocks and have enough business in sight to employ these additional furnaces for at least three months. There was a slight increase in steel production in March, but this was insufficient to correspond to the greater length of the month. The general tone of the industry is still one of despondency.

Engineering.—The new inquiries reported a month ago have failed to yield much fresh business, and order books have become still more depleted. The amount of work in progress has also diminished during the past few weeks, but this is not surprising in view of the existence of a time-lag of several months between the placing and completion of an order. Hence the prevailing inactivity reflects the depressed state of business at the end of last year. There is still a fair demand for boilers and prime movers, but locomotive builders have lately lost ground, as the home railways are cutting down expenditure as far as possible and foreign needs appear to be satisfied. Textile machinists and marine engineers are very depressed, and there is no improvement in the machine tool trades.

Electrical Industry.—The following index of new orders received by the electrical industry is copyright by the British Electrical and Allied Manufacturers' Associations.

INDEX OF ACTIVITY IN THE ELECTRICITY INDUSTRY. (1920 = 100.)

1929.	Home.	Export.	Total.	1930.	Home.	Export.	Total.
January.....	92	122	99	January.....	68	220	107
February.....	92	128	101	February.....	69	240	112
March.....	88	126	97	March.....	71	236	113
April.....	86	145	100	April.....	72	214	108
May.....	84	143	99	May.....	70	209	105
June.....	84	149	101	June.....	59	212	98
July.....	90	151	106	July.....	55	232	100
August.....	88	140	102	August.....	63	245	109
September.....	81	150	99	September.....	63	221	103
October.....	76	191	106	October.....	64	181	94
November.....	71	216	109	November.....	61	171	89
December.....	60	228	102	December.....	75	152	95

Although the March figures were disappointing, there have recently been signs of an upward turn. On the export side some useful orders from China have lately been received, while at home a number of small orders for turbines for use in mines have been placed.

Motor Industry.—There is some evidence of increased activity in the private car section, and a further improvement is anticipated during the next few months. March exports were disappointing. Commercial vehicle builders are only moderately well occupied, and new orders are being held back owing to uncertainties arising from the various regulations being issued under the new Road Traffic Act. Cycle and motor cycle manufacturers are only fairly busy.

Cotton.—Demand has fallen away again after the slight improvement that took place in March, and order lists are

lighter than they were a month ago. In India a fair amount of buying of bleaching styles and prints has taken place for Karachi and Bombay, but in Calcutta and some up-country markets the "economic" boycott has lately become more intense. Business with China is still restricted, but a better demand has come from South America, and certain fine fabrics have attracted more attention from the Continent. Little support has been received from Egypt and the Near East, but home trade remains steady. Spinners of American counts have had difficulty of disposing even of their limited output, and demand for Egyptian yarns has been irregular.

Wool.—Raw wool is being steadily absorbed, largely through heavy French and Japanese buying, and the balance of the Australian clip should be readily marketed. Business in Bradford has nevertheless weakened, as top-makers are waiting on spinners, and the market is being disturbed by cheap sales of merinos. At the moment buyers' prices in Bradford are too low to correspond with the new level of raw material prices.

Linen.—Flax prices are firm, and sellers are refusing to make concessions. Arrivals from Russia are being delayed, and in some cases buyers have had to accept substitutes. There is a steady demand for yarns, and contracts have been placed for delivery up to the end of December. Business in cloth now covers a wider range, and production is increasing.

Rayon.—Home demand is more active. There is greater confidence in the yarn market and better prices are being obtained for the cheaper grades. Manufacturers are busy on warps. Export business is still much below normal.

Boots and Shoes.—Demand on the whole is a little better, and some firms are now doing fairly well. Activity, however, is by no means uniform, and at Bristol, which concentrates on the heavy boot trade, most firms are still working short time.

Pottery.—Trade has recently become a little better, but is still very slow.

Chemical Industries.—March witnessed a slight improvement in the general tone of the chemical market. Home orders were more numerous, mainly owing to a better demand from the textile industries. Individual orders, however, were of smaller magnitude than usual, and it is possible that the April setback in the cotton industry will have unfavourable reactions. The general consumption of sulphuric acid also shows little sign of improvement.

Agriculture.—Sowing proceeded rapidly during the latter half of March, and although frosts and cold winds checked autumn-sown crops, they were as a rule of good appearance and made progress towards the end of the month. Preparation of land for potatoes was well in hand, and some earlies were planted. The fall of lambs was up to average. Grass made little growth, but supplies of winter keep were adequate. Livestock did fairly well, and milk yields were average.

Shipping.—The cargo market continues to show little life; business has not expanded appreciably on any routes; and freights in all directions rule round their recent low levels.

Building.—Although there was a further improvement in employment during March, conditions as a whole remained very inactive apart from a few centres, including Hull and Coventry. Outside work was interrupted by bad weather during the early part of the month.

Retail Trade.—A London store reports that business remains satisfactory. Normal figures are now being returned by many more departments than previously, and the outlook is promising.

BRITISH EMPIRE.

Australia reports that recent good rains have ensured favourable pastoral conditions for the coming winter. The butter export season has been extended, and cultivation for the ensuing wheat crop has been facilitated. Wool is realising higher prices, and the outlook for the grower is much improved. In other directions the trade depression is deepening, and, apart from the political situation, no substantial improvement is expected.

In Canada only a seasonal improvement in business has taken place, and unemployment remains serious, with activity below the level of a year ago. Some pulp and paper manufacturers are having to default on their fixed charges, and plans for financial reconstruction are being considered. Agriculture remains depressed by the low level of wheat prices.

In South Africa, good rains fell in February throughout the summer rainfall area, and farming conditions were generally favourable. Wholesale traders reported better business and retail trade was maintained, but it is clear that the public are still spending carefully. The improvement in local wool markets continued during February, and there was also a keen demand for hides and skins.

In India, mail reports from Bombay state that cotton prices were firm with heavy Japanese buying. There has been no

real improvement in the demand for Manchester goods, and, apart from political influences, the increase of 5 per cent. in the Customs duty has had a deterrent effect. Good clearances of Indian-made goods were reported, but inquiries have lately fallen away.

UNITED STATES OF AMERICA.

There was a slow seasonal improvement in business during March, though lately steel operations have receded and the month has closed with mills working at 55 per cent. of capacity. Automobile production is expanding cautiously, the March output being estimated at nearly 300,000. Construction contracts showed a slightly more than seasonal expansion, and the improvement in the textile industries has continued. Freight movements increased seasonably but are still at a low level. There was a small recovery in employment.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—MARCH, 1931.

	Feb. 90·2	Mar. 90·2	Compared with Mar. '30. 14·9
EMPLOYMENT† —(June, 1914=100)			
PRODUCTION —			
Bituminous coal (Thous. tons)	31,408	33,873	— 1,867
Pig-iron (" ")	1,707	2,032	— 1,214
Steel (" ")	2,527	3,032	— 1,547
Unfilled orders, U.S.			
Steel Corporation (Thous. tons)....	3,965	3,995*	— 294
Building permits (Thous. \$).....	95,896	142,300*	— 14,403
FOREIGN TRADE —			
Imports (Thous. \$)	175,108	211,000*	— 89,464
Exports (" ")	224,313	237,000*	— 159,624
TRANSPORT —			
Monthly average of weekly car loadings (Thous. cars)	709	735	...
SECURITIES —			
20 industrial stocks—Highest quotations\$... 194·36	187·72	— 98·47	
Lowest quotations\$... 168·71	172·36	— 97·98	
Thous. shares sold during month —(New York)...	64,145	65,494	— 31,058
New securities issued (Thous. \$) ...	201,095	751,921	— 159,161
BANK CLEARINGS —			
New York (Million \$).....	21,223	26,168	— 7,597
Other cities (" ").....	11,441	12,753	— 4,864
RETAIL BUSINESS —			
Total sales, mail order houses\$ (Thous. \$)	38,775	43,567*	— 6,384

* Preliminary estimates made by Messrs Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

SOUTH AMERICA.

In Argentina, the picking and stacking of maize is proceeding slowly, there having been fairly general rains. The weather, however, has been most favourable for ploughing for the next harvest of wheat, linseed and oats, and this work is being more actively undertaken. Reports of the progress of and attendance at the British Empire Trade Exhibition in Buenos Aires are extremely satisfactory. Brazilian trade conditions do not as yet show any marked improvement, but advices regarding the tone of the coffee markets continue to be more favourable. The trade movement in Chile is still slow, due to the poor demand for export products, but the exchange position remains remarkably stable. The bond issue of "Cosach" having now been made, rapid progress is taking place in the reorganisation and consolidation of the Chilean nitrate of soda industry. The general commercial situation in Peru is still depressed. In Mexico, interest is centred in the exchange position, which has been rendered rather more satisfactory by the operations of the Exchange Regulating Commission. Colombian business conditions continue to improve, and the production of coffee in the Republic this season shows an appreciable increase on that of last year. Nicaraguan business has been interrupted by the earthquake in Managua.

EUROPE.

The depression in the French steel industry is becoming accentuated, and the textile markets, apart from wool, are being affected by the weakness of raw material prices. Cotton spinners and weavers have lately lost ground. The wool industry, on the other hand, has improved with the firmer tendency of raw wool prices, the recovery being most noticeable in the combing and spinning sections.

Belgium reports a slight recovery in certain steel prices, but there is no improvement in the number of orders coming to hand. Coal stocks are still increasing in spite of diminished production. Conditions in the textile trades are bad, and much short time is being worked.

The German outlook is, if anything, a shade better. Unemployment decreased slightly during March, though the returns for the end of that month still gave a figure of

4,756,000. Exports amounted to Mks. 822 millions in March, against Mks. 733 millions in the previous month, but current industrial reports are less encouraging. The average daily turnover of the Westphalian Coal Syndicate fell by 2,000 tons as between February and March, and, though the steel trades report a slight improvement in demand since Easter, this is not big enough to possess much significance.

Holland reports a slight seasonal decrease in unemployment, and apparently the reports now being issued by numerous small companies are better than might have been expected. Raw material imports have also expanded slightly.

The Scandinavian timber trade is still very dull. In Norway the most important recent events were the decision of the Norwegian Whalers' Association to suspend operations over the whole of the next season, and the industrial troubles which culminated after Easter in a lock-out embracing 80,000 workers. After its initial shock had passed, the decision to suspend whaling was well received, but the lock-out naturally aroused feelings of greater anxiety. Danish prices of agricultural produce are still very low, and this is ascribed to the competition of Empire produce in the British market.

FAR EAST.

The low price of silver continues to restrict trade with China, and apart from this (to judge from the report of the British cotton mission) Japanese competition is becoming a more and more formidable factor. Chinese purchasing power is much restricted, which means that demand is concentrated upon cheap, low-quality goods, and Japanese goods are as a rule more quickly available.

Japanese cotton spinners, on the other hand, are noticing a greater importation of Chinese cotton yarn, and are, in consequence, in favour of increasing their over-production so as to counteract Chinese imports. In the iron and steel industry a Central Selling Agency has lately been formed by arrangement between the Government and the private interests concerned, and this has introduced more settled conditions into the steel market. The cessation of raw silk production during March has had good results. The disposal of stocks held under the guarantee scheme has been temporarily postponed in view of existing market conditions.

ELECTRICAL GENERATION

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show below a resume of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.* (Monthly Average 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Ship- building, Heavy Engin- eering.	General Engin- eering, Auto- mobile Construc- tion.	Chem- icals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926.						
January.....	174	164	195	232	199	172
February.....	170	162	188	249	195	164
March.....	170	165	192	252	195	159
April.....	149	149	164	226	164	132
May.....	140	136	170	223	163	125
June.....	141	138	160	248	158	130
July.....	131	127	149	248	151	124
August.....	130	131	131	227	147	116
September.....	150	145	164	263	175	138
October.....	161	153	185	245	189	154
November.....	178	164	215	240	206	169
December.....	181	171	210	195	210	176
1929.						
January.....	187	172	234	236	220	190
February.....	195	182	248	250	222	198
March.....	173	169	215	268	192	162
April.....	165	158	201	321	185	152
May.....	156	150	182	321	170	135
June.....	156	151	192	318	172	141
July.....	146	140	187	282	166	130
August.....	148	151	167	206	175	124
September.....	156	153	194	241	174	140
October.....	179	170	224	243	207	166
November.....	203	192	250	252	240	192
December.....	192	182	235	186	228	190
1930.						
January.....	192	176	256	250	231	182
February.....	198	183	260	257	237	184
March.....	184	171	240	250	226	172
April.....	160	150	204	214	202	146
May.....	157	146	192	235	193	143
June.....	140	130	177	208	175	127
July.....	143	127	193	220	182	137
August.....	133	117	165	192	184	111
September.....	156	137	223	242†	203	144
October.....	161	150	195	244	222	158
November.....	188	167	226	246	255	185
December.....	194	169	260	207	267	188
1931.						
January.....	197	169	271	209	274	195
February.....	193	164	255	218	256	193
March.....	184	155	245	243	247	180

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association. † Increase due to special causes.

The "corrected" figure, allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 91.7 in March, against 91.0 in February, 93.8 in January, and 96.5 in March last year.

THE WOOL TEXTILE INDUSTRY.

An Analysis of Britain's Decline.

The following review of changes in the distribution since the War of the British overseas trade in wool textiles consists mainly of a summary of a study by Mr G. H. Wood, published in Hamburg, in the April issue of Archiv, together with certain additional matter for which we are also indebted to Mr Wood. The author prefaces his survey with the observation that the changes in British statistics of overseas trade involved by the creation of the Irish Free State in 1923 inevitably produced an element of non-comparability between pre-1923 and post-1923 figures, while strict comparison between pre-war and post-war data is also complicated by the changes resulting from the Treaty of Versailles. Where it has been necessary to convert pre-war linear yards into square yards, the conversion has been made in accordance with the formula worked out by Mr Wood in 1925.

The post-war history of the British wool textile industry falls into two parts. During the war the normal course of the industry was interrupted. Wool supplies became progressively scarcer as the demands for supplies for the armed forces of Great Britain and her Allies increased, while shipping facilities decreased. At the end of 1918 there was ample wool in the world for all visible requirements, while most of the markets were denuded of stocks. These circumstances combined to produce a feverish boom, and British wool textile exports increased rapidly. In May, 1920, prices broke, and exports of wool tissues fell to an almost nominal figure in the winter of 1920-21. During 1920-23 the statistics are confused because, in addition to this boom-and-slump condition, they contain also the exports of civilian cloth (and clothing) to the devastated areas (much of it made with materials diverted from war-service) and of cloth, rugs, and blankets made for war service and sold by the British "Realisation" Department.

Accordingly, though figures for 1920 and 1921-23 are included, for what they are worth, in the following tables, the year 1924 is taken generally as the basis for comparison with subsequent developments. Excluding the minor consideration that British blanket exports in that year included quantities of Army horse rugs shipped to Greece and Turkey, 1924 is a suitable year for comparative purposes since, apart from the fact that the last British census of production was then taken, the world trade in wool textiles in 1924 approximated in volume to that of 1913, and, allowing for European frontier changes, this approximation was not very unevenly distributed.

Raw Material Supplies.

The British domestic supply of wool is not large, but its quality has certain valuable peculiarities which cause it to be preferred for certain purposes by spinners and manufacturers at home and also in Belgium and Germany and the United States of America. In addition, Great Britain is a historical centre of the world's wool trade and her entrepôt trade in this commodity has been a very important and profitable item in her commercial life.

The chief sources of gross British imports of sheep's and lamb's wool in 1913 and in 1929, the latest year for which particulars are available, were as follows:—

Source.	1913. Mn. lbs.	1929. Mn. lbs.
Australia	265.1	270.2
New Zealand	181.2	194.0
British South Africa	133.2	167.5
Other British countries	62.1	66.8
All British countries	641.6	698.5
South America	84.7	78.7
Other foreign countries	74.3	36.6
All foreign countries	159.0	115.3
Total all countries	800.6	813.9

Of the gross imports in 1929, about 330 million lbs. were re-exported.

As to the production of British wool, the proportion exported since the war has ranged between 40 to 50 per cent., until 1930, when exports amounted to only 28 per cent. The quantities of British and foreign wool

retained for use in this country are shown in the following table:—

BRITISH AND FOREIGN WOOL PRODUCTION, GROSS IMPORTS AND RETENTION.

(In millions of lbs.)

Year.	British Wool.		Foreign Wool.*	
	Production.	Retention.	Gross Imports.	Retention.
1913	125.1	96.5	800.6	494.1
1920	107.9	85.7	872.9	648.3
1921-3	102.4	50.9	868.7	470.6
1924	104.6	52.3	760.3	401.5
1925-7	114.3	57.6	786.8	445.4
1928	119.6	71.6	779.3	440.5
1929	117.9	65.9	813.9	483.3
1930	115.0	82.3	783.4	495.0

* Sheep's and lamb's wool only.

In addition to sheep's and lamb's wool Great Britain imports (and re-exports) alpaca, vicuna and llama; camel's hair; mohair; and waste, noils and rags. Wool pulled from sheepskins imported also represents an addition to British wool supplies. Comparative figures for 1913, 1924 and 1930 are given below:—

NET IMPORTS.

	1913.	1924.	1930.
Alpaca, vicuna, llama..... (Lbs. Mn.)	5.5	4.3	2.4
Camel's hair	7.9	4.1	3.6
Mohair	27.8	18.3	13.6
Wool waste and noils..... (Lbs. Mn.)	3.2	6.6	3.5
Wool pulled from sheepskins (Lbs. Mn.)	35.4	22.4	21.2*
† Woollen rags	1,078	795	428

* Figure for 1929.

† Nearly all "not pulled."

Against these supplies there have to be set the exports of British wool waste and rags, for which comparative figures are as under:—

BRITISH EXPORTS.

	1913.	1924.	1930.
Wool waste	13.9	19.7	11.7
Wool noils	20.0	20.8	12.8
Woollen rags—			
Pulled	120.1	122.4	43.4
Not pulled	83.1	134.2	137.4

Great Britain is still a great gathering ground for the world's woollen rags, and the destination of her exports of these valuable waste reclamations throws some light on the trend of wool and spinning in other countries. During the past five years, British imports of rags, pulled and not pulled, have declined considerably, but her exports have increased materially. The following figures, giving the estimated total weight of reclaimed wool fibre content in the rags exported by this country, whether of British production or of foreign origin, are significant:—

Thousands of Cwts.

	1913.	1924.	1929.
Exports to—			
Germany	57.9	58.9	73.8
Holland	8.4	5.2	6.0
Belgium	13.2	4.7	9.6
France	25.1	6.8	14.1
Czechoslovakia.....	Nil	3.8*	10.7

* Figures for 1925-27.

These figures suggest that since 1924 the world-share of low- and medium-quality woollen yarn (and almost certainly tissue) production hitherto enjoyed by Great Britain

is decreasing, whereas that obtained by Czechoslovakia, and, in a lesser degree, Belgium and France is increasing. Germany, too, shows some signs of increase.

The survey of this aspect of the wool textile situation—i.e., raw material supplies—is completed by the following table, which brings into one round figure the estimated weight of wool, mohair, pulled wool, waste, etc., retained in the United Kingdom annually:—

ESTIMATED TOTAL WOOL RETENTION.

Year.	Millions of lbs.	Year.	Millions of lbs.
1913	872.2	1924	637.8
1919	1,225.8	1925	594.4
1920	897.5	1926	657.3
1921	593.9	1927	660.6
1922	822.7	1928	631.7
1923	498.3	1929	695.0

In reading the foregoing table, regard should be had to the fact that a considerable carry-over is always necessary. The consumption of 1929 was not in excess of that of 1928. That for 1930 will assuredly be lower.

Wool Tops.

Great Britain does a small trade in tops of foreign production. Her gross imports in 1923 were almost exactly one-tenth of the exports of tops of her own combing and the bulk of these were purchased from Belgium and France. Re-exports are so small as to be practically negligible, a fact which suggests that the merchandising trade in tops is not large in any country. This is as would be expected, for spinners the world over have a notorious fear of experimenting with tops which they cannot trace back to the top-maker. Retained imports in 1930 amounted to 2.11 million lbs., against 4.69 million lbs. in 1924.

The magnitude of British exports of tops is on a far different scale. Somewhere about one-seventh of her production is exported, Germany, Canada and Sweden being her largest customers in the order named. Foreign and colonial spinners using British tops buy largely direct from the top-maker and have thus the advantage frequently of buying an article which is standardised. British exports of tops have been falling annually since 1927, but the fact that she sells in practically every country in the world where worsted spinning is practised is evidence of their reliability in quality.

EXPORTS OF BRITISH WOOL TOPS.

(Millions of lbs.)

Country of Destination.	1913.	1920.	1921-3.	1924.	1925-7.	1928.	1929.	1930.
Sweden	5.3	1.0	3.8	5.0	3.8	4.2	3.6	4.3
Germany	16.2	9.5	8.3	9.8	8.8	10.2	9.3	4.2
Netherlands	3.6	1.9	2.2	2.3	1.2	1.0	1.4	...
Belgium	2.4	1.2	2.2	2.3	1.7	1.9	1.0	1.1
France	1.1	0.5	0.6	1.0	0.9	1.0	0.7	0.7
Japan	5.1	0.1	3.8	5.5	3.8	0.6	0.3	0.1
United States	0.4	0.4	5.5	0.3	0.2	0.1	0.7	...
Mexico	...	...	0.1	1.0	0.2	0.4	0.5	...
Other foreign countries ..	6.5	4.5	5.4	5.3	7.1	5.3	6.0	...
All foreign countries	40.6	19.5	32.0	33.5	27.8	24.7	23.5	...
Canada	2.8	4.3	6.1	5.1	6.0	7.3	6.6	6.0
Other British countries ..	0.3	...	0.3	2.5	2.1	2.5	2.7	...
All British countries	3.1	4.3	6.4	7.6	8.1	9.8	9.3	...
Total, all countries	43.6	23.8	38.4	41.1	35.9	34.4	32.7	28.8

This table makes clear the steadiness of British exports of tops to Sweden (leading us to infer that that country's domestic spinning industry has been remarkably stable in its employment of machinery during the past nine years), the consistency of the German purchases (until the intense depression of her spinning in 1930 cut them down), and the unreality of the Japanese boom of 1923-25. It fails, however, to exhibit a remarkable trend which has set in during the past three years. We are not yet in a position to isolate all the facts, but we know that in 1928 Sweden, Germany, Belgium, France, Italy, Japan and Canada together took over 75 per cent. of Britain's export of tops. Since 1928 the course of exports has been as follows:—

	1928.	1929.	1930.
British Exports to—			
Seven countries enumerated.....	25.7	22.0	16.7
All other countries.....	8.7	10.7	12.1

Unless some extraordinary international interchange of tops is taking place these statistics mean that each year domestic spinning is developing all over the world and that manufacturers of tissues and hosiery in hitherto backward "spinning" countries are relying increasingly on domestic supplies of yarn.

Yarns.

In 1910-12 Great Britain's exports of all kinds of woollen and worsted yarn of her own spinning averaged 91 million lbs., whereas in the three years 1928-30 they averaged 56 million lbs. Yarn imports in 1928-30 amounted to only 19 million lbs., against 28 million lbs. in 1910-12. Taken together, the changes in the figures of exports and imports suggest that there has been some re-distribution of the world's (and particularly Europe's) yarn trade. The following table gives a general picture of Britain's overseas trade in yarns in 1913, and from 1920 onwards:—

IMPORTS, RE-EXPORTS AND BRITISH EXPORTS OF YARNS.

(Millions of lbs.)

	1913	1920	1921-3	1924	1925-7	1928	1929	1930
Gross imports	33.0	14.9	13.2	17.8	16.8	17.9	20.5	19.1
Imports from—								
Germany	5.0	0.8	0.1	0.2	1.2	2.1	2.1	...
France	12.1	5.8	5.6	8.5	8.6	10.6	12.8	...
Belgium	15.6	6.0	6.1	6.6	6.0	3.8	4.2	...
Netherlands	...	...	0.1	0.4	0.2	0.3	0.3	...
Above countries	32.7	14.6	11.9	15.7	16.0	16.8	19.4	...
Re-exports	0.4	0.1	0.1	0.2	0.2	0.1	0.2	0.2
Net imports	32.6	14.8	13.1	17.6	16.6	17.8	20.3	18.9
Exports of British Yarns—								
Woollen	4.8	6.4	8.3	8.3	6.0	7.5	7.9	5.4
Worsted	49.9	23.6	33.8	45.6	38.6	41.5	38.8	31.9
Alpaca and mohair	17.2	4.3	6.8	8.4	7.8	8.9	7.9	5.9
Hair or wool N.E.S.	8.5	3.4	2.4	3.7	5.5	8.2	9.0	6.4
Total exports	80.4	39.6	51.2	65.9	57.9	66.0	63.6	49.6

* Details not yet available.

† Amount negligible.

From this it will be seen that the imports of yarns have shown an upward tendency since 1922; that the re-exports of imported yarn are negligible; and that the exports have shown a marked tendency to decline, particularly since 1928. Four countries supply Great Britain with 95 per cent. of her imported yarn, and two of these share 85 per cent. between them. While Germany is slowly creeping up, France and Belgium are in fierce competition, in which France is almost continually gaining ground and Belgium losing it. Various reasons have been assigned for this change over, which is largely concerned with yarns for hosiery manufacture, but in the final analysis one reason becomes dominant, namely, cost. It is not a change in the type of yarn required nor any other peculiarity in which French spinners specialise which enables them to overtake all their rivals; the secret lies in the price.

An analysis of Britain's post-war yarn exports according to principal markets is a source of considerable light on some phases of the world's post-war wool textile activities.

DESTINATIONS OF BRITISH YARNS.

(Millions of lbs.)

Country of Destination.	1913	1920	1921-3	1924	1925-7	1928	1929
Sweden	1.3	3.1	2.1	1.9	1.4	1.6	1.2
Germany	1.6	1.7	1.1	1.3	1.4	1.3	1.4
Denmark	2.0	3.2	2.0	2.3	1.9	2.1	1.9
Belgium	50.2	5.8	16.4	28.1	26.6	30.8	26.3
Netherlands	3.2	3.7	3.9	3.7	3.0	3.6	3.6
Belgium	2.5	2.1	1.2	1.2	0.9	1.0	1.5
France	2.6	2.9	1.6	1.8	1.2	1.8	2.2
China	0.2	0.6	1.5	2.2	2.2	3.0	6.1
Japan	0.5	1.9	4.7	6.4	3.5	2.8	1.5
United States	0.4	3.2	4.1	1.8	0.8	0.2	0.3
Other foreign countries ..	9.0	3.5	4.0	5.9	7.0	8.7	6.7
All foreign countries	73.6	31.7	42.7	56.6	49.9	56.9	52.7
Irish Free State	1.7	...	0.4	1.6	1.3	1.6	1.9
Australia	4.4	3.5	2.6	2.8	3.2	4.8	5.6
Other British countries ..	0.7	0.5	1.8	2.0	1.6	1.8	2.1
All British countries	6.8	6.9	8.5	9.3	8.1	9.2	10.9
Total, all countries	80.4	38.6	51.3	65.9	58.0	66.0	63.6

The large shipments to Japan in 1921-24 are a reflection of the short-lived boom in the Far East in those

years, while the rise in shipments to Canada in 1928-29 is a consequence of the 1928 tariff which admitted yarns for weaving duty free.

The consistent increase in the totals to "Other foreign countries" is eloquent testimony to the determination of countries all over the world to manufacture their tissues and their hosiery for themselves. It has already been shown that the export of tops to "other countries"—namely, to that large number of countries which used not to be regarded as important wool textile producing countries—has been constantly increasing. Proceeding steadily to import tops instead of yarns they are also proceeding, though not to so great an extent, to import yarns instead of piece-goods.

Wool Tissues.

The statistics of the weaving section of the wool textile industry—a section which has hitherto accounted for the preponderating portion of its activities both for export and for the home market—involve at the outset difficulties of classification, e.g., as between "worsted" and "woollens," in regard to whose declaration importers and exporters have been inconsistent. For example, since 1925 the imports of worsteds show successive decreases and of woollens successive increases, despite the fact that it is well known that no such considerable changes in the character of wool textile imports have taken place.

Then again there is no true and proper distinction between "woollens" and flannels. Years ago there doubtless was felt to be a clear distinction, to-day there can be no doubt about the difference between a tweed and a shirt-flannel; but the vogue for grey flannel suits, or trousers, increasing as it does the proportion of the appropriate cloths in the export statistics, destroys the true demarcation because there is no clear line to be drawn between those cloths and woollens proper.

Setting aside these distinctions, the following table gives a clear picture of the course of trade:—

IMPORTS, RE-EXPORTS AND BRITISH EXPORTS OF TISSUES.

(Millions of Square Yards.)

	1913	1920	1921-3	1924	1925-7	1928	1929	1930
Imports—								
Woolens, worsteds and flannels ..	65.2	10.54	15.48	29.86	38.14	41.85	37.55	39.0
Other tissues ..	0.71	1.30	3.05	2.19	3.67	3.03	3.3	3.3
Carpets ..	2.0	1.95	2.60	4.41	5.19	6.81	8.25	8.7
Total imports...	67.2	13.23	19.38	37.33	45.52	52.33	48.83	51.0
Re-exports—								
Woolens, worsteds and flannels ..	8.2	1.47	1.51	2.66	3.28	3.66	3.73	2.6
Other tissues ..	0.20	0.31	0.50	0.26	0.48	0.39	0.3	0.3
Carpets ..	1.4	0.69	0.53	0.86	0.87	1.03	1.01	0.8
Total re-exports	9.6	2.37	2.35	4.02	4.43	5.17	5.13	3.7
Net retention—								
Woolens, worsteds and flannels ..	57.0	9.07	13.97	27.20	34.86	38.19	33.82	36.4
Other tissues ..	0.51	0.99	2.56	1.91	3.19	2.64	3.0	3.0
Carpets ..	0.6	1.29	2.07	3.55	4.32	5.78	7.24	7.9
Total net retention	57.6	10.87	17.03	33.31	41.98	47.16	43.70	47.3
Exports of British manufacture—								
Woolens, worsteds and flannels ..	219.8	271.25	155.82	229.37	177.22	177.25	161.93	118.3
Other tissues ..	12.3	12.12	11.73	22.84	13.22	13.28	10.18	6.7
Carpets ..	8.6	6.91	5.91	7.18	6.70	6.36	6.48	4.6
Total exports	240.7	290.28	174.46	259.39	197.14	196.89	178.59	129.6

After the activity, exceptional in the post-1920 period, of 1924, exports, until 1929, were relatively steady on a much lower level, whereas there was a substantial increase in imports. In 1929 the export depression was much accentuated, and in 1930 we reached to the lowest post-war point. While Great Britain was experiencing this depression of her exports, her imports of wool tissues continued to increase, and even in 1930 a level was attained almost equal to that of the maximum post-war year. The depression in the exports of British wool textiles measured from the isolated (but by no means extraordinary) year 1924 is roughly as follows:—Tops, 31½ per cent.; yarns, 20½ per cent.; tissues, 50 per cent. The total net British imports of tissues have increased by 30 per cent. since 1924. In the case of woollens, worsteds and flannels a reduction in 1929 of over 6 million square yards in

purchases from France, as compared with 1924, was offset by an increase of over 9 million square yards in imports from Germany, while purchases from Belgium, Holland and Czechoslovakia also showed minor increases.

With regard to exports, British trade records are unfortunately not published with sufficient details to enable a complete analysis of all tissues to be made, but, subject to a small margin of error in respect of alpaca and mohair, the following table, which covers 90 per cent. of British exports of wool tissues, indicates the trend of trade with sufficient accuracy:—

EXPORTS OF WOOLLEN, WORSTED, ALPACA AND MOHAIR AND FLANNEL TISSUES.

(Millions of Square Yards.)

Country of Destination.	1913	1920	1921-3	1924	1925-7	1928	1929	1930*
Scandinavia	2.5	30.67	4.50	4.49	3.01	3.49	3.96	4.4
Germany	11.2	4.38	0.95	2.15	3.31	7.08	7.13	6.7
West Europe	25.2	51.91	17.41	14.57	9.99	11.15	9.99	12.1
S. and S.W. Europe ..	4.8	13.30	3.45	3.40	2.79	3.54	3.37	2.7
Mid Europe	1.9*	2.07	3.11	3.14	2.73	2.96	3.13	2.8
E. Europe, Egypt	8.4	21.68	9.01	10.21	6.48	5.26	6.35	4.5
Far East	52.0	37.03	39.92	76.91	42.82	41.94	25.96	16.1
Australasia	29.0	21.75	21.07	21.40	15.95	12.66	10.91	6.5
South America	35.8	24.30	20.59	23.58	24.12	24.97	25.19	17.2
North America	51.4	44.24	38.82	50.90	45.56	41.22	40.18	26.4
South Africa	4.8	4.94	3.76	4.64	5.48	6.56	6.06	4.9
Irish Free State	18.7	14.98	10.74	9.76	9.88	10.66	11.23	9.0
All other countries ..	136.1	196.06	115.08	140.83	105.24	108.54	102.05	73.4
Foreign countries	103.7	75.19	60.41	88.54	71.98	68.71	59.87	45.5
British countries	239.8	271.25	175.48	229.37	177.22	177.26	161.92	118.3
Total, less Far East ...	187.8	234.22	135.56	152.46	134.40	135.32	135.96	102.2

* Austria only.

* Provisional figures.

The table brings out clearly the transient nature of the Far East boom which set in towards the end of 1923 and obscured the depression which had then already commenced in Great Britain, though not on the Continent. Between 1925 and 1928 exports to British countries were declining, while those to foreign countries were increasing. Closer examination reveals that the decline was in the Australasian markets. In 1929 the depression was intensified in the Far East, Australasia, North America, South America, and slightly in the Irish Free State. In Europe, on the whole, there was an expansion of about 10 per cent., but the falling off in the Far East outweighed the European increase threefold. In 1930 the depression became further intensified; in fact, a depression was superimposed on a depression.

The export trade in tissues, other than those already analysed, may be briefly reviewed. Wool and mohair plush exports—an important item in a group of West Riding mills—have steadily declined, and amounted in 1930 to only 519,000 square yards, as compared with 1,042,000 square yards in 1929 and 2,229,000 square yards in 1924. Exports of damasks, tapestry and other furniture stuff, another small corner of the wool textile industry, have recently suffered from the depression in the furnishing trade, and amounted in 1930 to 167,000 square yards, as compared with 306,000 in the previous year, and 325,000 in 1924. Exports of travelling rugs, etc., which totalled 894,000 square yards in 1924 and averaged about 740,000 square yards during the next five years, fell, in 1930, to 551,000 square yards. Blanket exports numbered 596,000 pairs in 1930, against 895,000 pairs in 1929 and 2,146,000 pairs in 1924. Between 1924 and 1929 the largest declines were in the case of the South African, Far East, and Canadian markets.

International Comparisons.

The next stage is to examine as far as possible the relationship of British wool textile exports to those of other great exporting countries. The available information is by no means complete, but as it includes France, Germany, Belgium, Italy and Czechoslovakia, it is possible to form a reliable opinion on the changes in the distribution of the world's international trading in wool products. The large table opposite should be read with the reservation that, except in the case of tops, the vertical comparisons are not absolutely reliable. Alpaca and mohair yarns and "wool and hair yarns not elsewhere specified" are included in the British figures but may be excluded from some or all of the records for the Conti-

mental countries. Similarly, in the case of woollen and worsted tissues, the record for Great Britain contains the weight of blankets, wool and mohair plushes, travelling rugs and, indeed, all wool tissues except carpets. Those for the Continental countries may or may not contain these goods, but owing to differences of classification we cannot be certain. While the vertical comparisons are not exact (i.e., the weights given do not necessarily apply in all countries to the same group of tissues) the tabulation has been compiled year by year in uniform principles.

The following main features emerge. The year 1924 was a year of revival, apart from the boom in the Far East. France in particular improved her exports even apart from her sales to Japan. A depression followed in 1925-6 during which a considerable portion of the total trade was re-distributed. In 1927-8 there was a recovery, mostly marked in the exports of yarns. In 1929 there was a relapse; in 1930 the depression was practically universal.

Over and above all this, the table reveals the pitiful position of Great Britain. The previous tables have traced (1) the decline in our annual average raw wool retention; (2) our increased sale of rags; (3) the decline in our total exports of tops and yarn, together with an increase in exports of these categories to "other countries" which provide only small markets and buy in comparatively small lots; (4) the increase in our retained imports of yarns which, being mainly for hosiery manufacture, are becoming a serious competitor against Yorkshire spindles; (5) the continuous decline in our exports of wool tissues of all classes and in practically all our markets; and (6) the continuous increase in our retained imports of wool tissues, which, after a temporary decrease in 1929, actually increased in 1930—the most depressed year in the modern history of our wool textile industry. It may be true that there are special influences at work, arising out of our great trading connections with the Far East, which have increased our share in the world depression of 1929-30; but the fact remains that our share of the world's markets is constantly diminishing, while that of our European competitors, taken together, is actually expanding.

Measuring the Depression.

In 1924 the average activity of British wool textile machinery was 82.1 per cent., whereas a careful estimation of all the factors involved leads to the conclusion that the industry could then have run its machinery 96 per cent. of a full working week. The industry was, therefore, depressed in 1924 to the extent of $13.9 \div .96 = 14.5$ per

cent. Between 1924 and 1930 approximately 5 per cent. of the whole machine equipment of the industry was destroyed, and, in the latter year, the average activity of the remainder was 65.8 per cent. Thus, in 1930 the depression (or loss of production) may be measured by the figure of 34.9 per cent.

In 1924, of the productive activity of the industry, 42 per cent. was for direct export, and 58 per cent. for home consumption or eventual export as hosiery or made-up garments. In 1930 direct export accounted for only 30 per cent. of the industry's productive efforts. On the basis of the not unreasonable assumption that in 1924 the export trade was fully occupied, the following percentage figures may be taken as representing in 1924, 1929 and 1930 the comparative extent of depression in the industry divided into its home and export branches:—

PERCENTAGES OF DEPRESSION.

	1924.	1929.	1930.
Home	22.7	27.0	28.6
Export	Nil	28.5	42.5
Total	14.5	27.5	34.9

If the statement that the wool textile industry is depressed to the extent of 35 per cent. requires confirmation, this may be found in the numbers employed. A careful investigation of the numbers employed at insurable and non-insurable ages elicits the following results:—

	Number of Persons attached to the Industry.	Per cent. Unemployed.	Total Unemployed.	Remainder Employed.
June, 1924 ..	281,600	7.1	20,079	261,531
June, 1930 ..	265,300	25.3	67,041	198,279
Jan., 1931 ...	265,300	31.3	83,123	182,197

These comparative figures of employment—their validity is little affected by the inclusion as unemployed of the numbers "temporarily stopped"—confirms broadly the conclusions already reached that the industry is operating at no more than two-thirds of its capacity.

Causes of Britain's Decline.

What are the causes of this depression? It is not sufficient to cite the world depression as the explanation: the transference of our export trade to the extent indicated in the large table of international comparisons given above is convincing evidence that particular causes affecting the British wool textile industry have been operating with increasing force for the past six years.

EXPORTS OF TOPS, YARNS AND TISSUES OF THE CHIEF EXPORTING COUNTRIES.

(Millions of lb.)

Exporting Countries.	1913.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.*
Tops.										
Great Britain	43.6	41.60	39.00	41.13	32.04	33.62	41.95	34.43	32.74	28.8
France	47.0	45.76	39.88	40.77	34.80	56.00	58.80	54.60	52.90	47.0
Germany	20.9	10.65	17.10	14.15	13.68	13.86	21.60	23.32	19.40	19.4
Australia	3.6	5.54	5.64	4.59	5.43	4.70	3.80	1.40	0.70	0.16
Total of above	115.1	103.55	101.62	100.64	85.95	108.18	126.15	113.75	105.74	95.3
Woollen and Worsted Yarns (including Alpaca and other Hair).										
Great Britain	80.4	62.70	56.50	65.89	57.41	47.35	69.13	66.01	63.61	49.6
France	32.4	27.43	28.75	34.51	31.98	42.37	76.54	61.40	57.50	57.0
Belgium†	25.9	19.51	14.37	(17.53)	20.70	21.45	21.90	20.96	17.39	14.5
Germany	30.4	14.44	24.38	16.08	15.69	19.00	19.90	23.60	26.20	22.5
Total of above	169.1	124.08	124.00	134.01	125.78	130.15	187.47	171.97	164.70	143.6
Woollen and Worsted Tissues (not including Carpets).										
Great Britain	141.6†	119.63†	142.20	152.52	114.55	103.63	109.61	111.88	100.37	74.0
France	40.5	30.47	43.82	61.41	50.61	50.40	45.61	46.91	42.93	35.5
Germany	50.5	21.30	28.36	21.99	23.17	30.25	34.90	35.20	34.50	30.0
Belgium†	3.5	3.37	3.68	(3.95)	4.22	4.07	4.17	4.25	4.08	3.5
Italy†	4.3	(8.0)	8.18	15.11	18.34	17.61	14.18	15.79	17.01	15.5
Czechoslovakia	...	14.73	13.69	20.20	19.45	18.00	22.39	23.65	23.47	20.5
Netherlands	...	0.98	1.18	1.36	1.19	1.11	1.51	1.48	1.43	2.2
Total of above	240.4	198.48	241.11	276.54	231.53	225.10	232.37	239.16	223.79	181.2
Continent	99.7	78.85	98.91	124.02	116.98	121.47	122.76	127.26	123.42	107.2

* Provisional Figures. † Without trade with the Irish Free State.

‡ The bracketed figures are estimates.

In reality the causes of the decline in the British wool textile industry are not far to seek. They divide themselves into three parts:—

- The world depression, and a redistribution of personal expenditure in the purchase of alternative amenities;
- Tariff barriers and the development of manufacturing in countries which were formerly content to purchase wool textiles in exchange for their domestic agricultural and raw material produce;
- The fall in the price of silver; and
- Excessive British costs of production.

Of these, the first is a common world-manifestation, and its incidence is only varied by special local circumstances. The second is a barrier or handicap which is common to the wool textile export trades of Europe (accentuated, perhaps, "as far as this country is concerned, by the deliberate tariff attack on its export trade by Australia, Canada, and by conditions peculiar to India). The third affects this country more than any other because of our greater proportion of exports to China, India, Japan, Ceylon, and South America. The fourth is peculiar to ourselves, and is the overwhelmingly important cause of the successive annual transfer of our export trade to our Continental competitors.

World prices are to-day but little over pre-war levels, but British wool textile conversion costs are anything up to 70 per cent. above the corresponding costs of 1914. At the present time direct labour costs form just under 40 per cent. of the selling cost of cloth (and the proportion varies by only a small percentage when almost extreme types of cloths are compared) while labour costs contained in the services purchased by the industry (repairs, renewals, transport, etc.), form nearly another 10 per cent. Thus,

roughly speaking, 50 per cent of the cost of the finished piece is represented by wages, practically all of which have been increased considerably more than the increase in the cost-of-living in this country and quite disproportionately to money wages in the countries in which we formerly sold our products. In the wool textile industry of the West Riding and Lancashire the rates now obtaining are, nominally, for the bulk of the home-workers, pre-war rates plus 5 per cent. increase on base rates, plus 64 per cent. cost-of-living wages, or a total increase of 72 per cent.; and for the piece-workers, pre-war rates plus 5 per cent. on base rates, plus 56.3 per cent. cost-of-living wage, or a total increase of 64 per cent. Actually the increase is much more. A careful and detailed examination of all the advances ("levelling-up" and local advances, etc.), reported to the Employers' Federation, shows that the average increase in time- and piece-rates is to-day 83 per cent., and, in addition, the hours have been reduced from 55½ to 48 per week, with a full compensation of 15.625 per cent. on all piece- and hourly-rates. The increase per unit of labour cost is, therefore, 111.6 per cent. Add to this the vast increase in the cost of social services (Unemployment and Health Insurances, more stringent factory legislation requirements, etc.) and there is no need to wonder why our costs are too high and our industry is dwindling.

Such is the analysis of Mr G. H. Wood, and the conclusions to which it leads are serious enough to demand the immediate attention of all who are engaged in the industry, whether as wage earners, managers, directors, or shareholders. To say that the industry must "rationalise" its costs of production is a truism; but it is doubtful whether all the advantages claimed for large-scale mergers are applicable to the case of wool textiles. What is certain is that, if the industry is to retain any substantial part of its old magnitude, it must succeed in quoting competitive prices in the world market.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.					Merchandise on Railways.		Provincial Bank Clearings.		Postal Traffic.		Shipping Movements.		London Bank Clearings.		Exports British Manufactures.		Foreign Trade Turnover.	
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Elec. tricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.	Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.	Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover.
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	93	102	103.5	98	104	101.5	102	102	102	102	102	102	102	102
1926	107	107	89	116	137	93	101	90	103	103	101	93	102	103.5	98	104	101.5	102	102	102	102	102	102	102	102
1927	113	106	133	113	175	106	109	87	108	103	105	99	102	109.5	105	117	104.5	107.5	105	105	105	105	105	105	105
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108	106	106	106	106	106	106	106	106
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109	112	109	109	109	109	109	109	109
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5	102	102	102	102	102	102	102	102
1930—March	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100	107.5	107.5	107.5	107.5	107.5	107.5	107.5	107.5
April	103	119	124	88	489	111	122	83.5	104.5	112	105	90	98	119	101	143	94	99	99	99	99	99	99	99	99
May	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93	99	99	99	99	99	99	99	99
June	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87	96	96	96	96	96	96	96	96
July	95	121	102	61	303	96	98	76.5	102	113.5	103	83	88	114	117	138	85	96	96	96	96	96	96	96	96
August	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85	96	96	96	96	96	96	96	96
Sept.	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84	96	96	96	96	96	96	96	96
Oct.	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82	96	96	96	96	96	96	96	96
Nov.	91	115	89	63	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82	96	96	96	96	96	96	96	96
Dec.	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79	96	96	96	96	96	96	96	96
1931—Jan.	111	107	92	79	247	112	128	73.5	96	110	98.5	81	94	119	100	143	74	91	91	91	91	91	91	91	91
Feb.	107	107	90	70	418	111	123	73	95	109.5	98	...	95	120.5	94	144	67	91	91	91	91	91	91	91	91
Mar.	98	102	84	64	355	112	126	71	95	109	98	...	95	121.5	92	146	66	91	91	91	91	91	91	91	91
Mar., 1925	130	110	105	127	111	107	116	94.5	101.5	100.5	100	106	105.5	92	107	107	...	...	...	...	...	...	...	...	...
Mar., 1926	120	111	81	125	187	111	113	93.5	104	104	102.5	101	104	110.5	96	110	106	...	...	...	...	...	...	...	...
Mar., 1927	137	110	175	152	221	111	118	88	105.5	106	103	101	102	111.5	97	114	106	...	...	...	...	...	...	...	...
Mar., 1928	111	124	102	110	248	114	123	86.5	108	109	105	96	106	117.5	97	125	108	...	...	...	...	...	...	...	...
Mar., 1929	124	118	70	116	290	119	128	85	107	110	105	92	106	116	99	136	109	...	...	...	...	...	...	...	...
Mar., 1930	117	119	126	98	356	117	130	84.5	105.5	112	105	93	100	121	102	142	100	...	...	...	...	...	...	...	...
Mar., 1931	98	102	84	64	355	112	126	71	95	109	98	...	95	121.5	92	146	66	...	...	...	...	...	...	...	...

a Excluding coal imports.

d Revised figures.

PRODUCTION. (Thousands of Metric Tons.)

COAL.													LIGNITE.					
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- lands.	Poland.	Canada.	South Africa.	India.	Japan.	United States.	Austria.	Czechoslovakia.	Germany.	Hungary.		
1913	24,337	1,903	1,189	3,338	15,842	156	748	1,119	665	1,311	1,776	43,088	218	1,927	7,269	460		
1926	10,692	2,105	1,181	4,283	12,108	717	2,979	974	1,038	1,703	2,619	49,729	246	1,543	11,596	485		
1927	21,272	2,296	1,168	4,316	12,800	777	3,174	1,028	1,006	1,790	2,794	45,197	255	1,635	12,542	520		
1928	20,107	2,298	1,213	4,280	12,572	891	3,385	1,037	1,013	1,826	2,822	43,052	272	1,704	13,799	563		
1929	21,837	2,244	1,377	4,486	13,620	965	3,453	1,023	1,052	1,893	2,863	45,510	294	1,880	14,598	587		
1930	20,639	2,284	1,214	4,499	11,891	1,018	3,126	864	1,028	1,912	2,441	40,047	255	1,602	12,159	...		
1930—March	22,781	2,333	1,197	4,695	12,539	997	2,827	810	1,025	2,016	2,748	36,581	258	1,565	11,303	469		
April	20,023	2,258	1,174	4,459	11,481	977	2,643	729	977	2,036	2,527	36,991	235	1,514	10,826	452		
May	21,683	2,290	1,106	4,526	11,953	1,017	2,671	913	1,017	2,115	2,576	38,012	238	1,463	11,235	436		
June	17,225	2,054	1,054	4,126	10,805	916	2,591	925	993	1,782	2,434	35,287	211	1,349	11,746	414		
July	19,163	2,212	1,180	4,599	11,605	1,097	2,975	872	1,050	1,619	2,389	36,626	245	1,458	12,250	437		
August	18,199	2,223	1,200	4,356	11,471	1,010	3,062	896	987	1,607	2,256	37,967	242	1,567	12,285	446		
September	19,478	2,293	1,261	4,517	11,729	1,052	3,117	831	996	1,933	2,146	39,848	264	1,711	12,820	528		
October	21,375	2,486	1,284	4,684	12,217	1,101	3,562	928	1,002	1,751	2,390	46,517	275	1,779	13,141	619		
November	20,139	2,195	1,277	4,290	10,816	987	3,478	813	868	1,726	2,290	39,307	261	1,711	11,692	580		
December	20,935	2,298	1,262	4,372	11,516	1,013	3,399	846	942	1,979	2,409	41,551	263	1,727	11,689	578		
1931—January	19,481	2,444	1,175	4,543	11,527	1,058	3,440	752	916	2,092	...	40,550	274	1,571	11,024	560		
February	19,224	2,179	1,057	4,244	9,794	...	2,784	687	840	2,294	...	33,384	...	1,456	9,514	...		
March	18,610	...	...	4,632	...	...	...	...	...	...	...	35,950	...	...	...	...		
PIG IRON.																		
Period. Monthly Average.	United Kingdom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.	United Kingdom.	Bel- gium.	France.	Saar.	Ger- many.	Luxem- burg.	Sweden.	Canada.	United States.
1913	869	207	434	114	1,397	212	61	85	2,601	649	206	391	159	1,467	187	62	88	2,564
1926	208	281	786	135	803	213	39	64	3,277	305	278	718	145	1,028	187	44	66	3,794
1927	617	309	775	148	1,091	228	35	60	3,036	770	307	696	158	1,359	206	44	77	3,675
1928	560	328	832	161	984	231	33	88	3,187	722	325	792	173	1,205	214	51	105	4,222
1929	643	341	864	175	1,117	242	41	92	3,580	816	344	808	184	1,354	225	60	117	4,599
1930	525	283	842	159	808		266	38	2,659	618	282	784	161	962	189	54	86	3,557
1930—March	676	342	898	182	1,008	249	41	76	3,298	639	359	848	188	1,201	225	54	119	4,369
April	630	313	854	168	901	221	42	74	3,233	707	313	787	168	1,033	198	56	104	4,221
May	624	300	961	176	860	212	42	82	3,285	703	294	855	179	1,034	189	59	93	4,084
June	681	268	878	178	878	213	39	67	3,381	665	253	753	148	859	150	42	97	3,495
July	494	260	861	160	771	195	38	58	2,682	631	249	735	169	903	165	37	70	2,980
August	423	247	845	157	739	187	38	66	2,564	459	245	775	152	897	177	62	59	3,145
September	432	251	800	147	653	190	37	49	2,313	590	255	767	147	814	186	55	57	2,914
October	422	249	827	146	687	194	42	41	2,200	521	252	796	141	856	195	62	66	2,764
November	390	239	781	138	637	179	35	47	1,897	441	222	705	135	739	169	49	73	2,270
December	355	271	800	145	615	184	38	39	1,692	343	272	758	149	744	183	43	57	2,040
1931—January	343	270	701	149	603	183	34	36	1,742	410	263	746	159	773	173	33	59	2,523
February	325	240	726	138	620	169	35	47	1,734	494	228	693	140	760	161	44	84	2,568
March	365	...	...	...	...	178	...	...	2,060	512	...	...	...	...	172	...	...	3,058

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Bulgaria.	Denmark.	France.	France.	Finland.	Germany.	Greece.	Italy.	Jugo-Slavia.	Netherlands.	Poland.	Sweden.	Switzerland.	Egypt.	United States.	
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Ekr.	Francs.	Markka.	Mark.	Drachm.	Lira.	Dinars.	Gulden.	Zloty.	Kronor.	France.	£E.	Dollars.
1913	54,931	...	386,384	15,775	64,785	...	701,778	41,035	897,474	£ 14,828	303,803	...	325,231	...	70,545	159,985	2,271	147,932
1925	97,223	5,162	1,484,478	606,598	161,382	8,046	3,712,700	459,959	1,030,171	848,069	2,183,374	729,407	304,953	229,589	120,535	219,421	4,679	348,010
1926	92,989	5,043	1,920,460	520,578	127,319	7,964	3,968,923	472,309	833,454	833,745	2,155,571	635,982	203,498	128,282	120,150	201,279	4,191	367,340
1927	91,262	5,012	2,422,921	510,749	131,508	8,035	4,416,334	532,157	1,185,672	1,050,152	1,697,900	607,191	212,405	240,998	132,030	213,650	3,896	346,924
1928	90,868	4,928	2,668,668	586,745	137,275	10,948	4,452,963	667,742	1,266,772	1,035,760	1,826,702	652,944	223,659	280,180	142,330	228,723	4,123	339,828
1929	92,939	5,020	2,951,520	663,719	142,307	10,247	4,851,719	683,226	1,120,566	1,106,294	1,805,397	632,896	229,538	299,248	147,708	231,987	4,443	361,548
1930	79,822	4,630	2,576,812	386,627	136,201	8,197	4,562,031	437,325	666,096	913,034	1,445,920	580,009	201,521	187,164	137,324	222,017	3,584	260,000
1930—Feb.	79,563	4,603	2,699,088	367,349	130,948	7,859	4,807,926	296,906	981,624	852,988	1,494,582	521,070	200,732	181,669	126,415	204,956	9,286	283,713
Mar.	85,160	5,498	2,687,692	387,582	138,368	9,022	4,413,115	347,643	883,860	1,063,922	1,504,830	658,473	226,204	194,960	130,511	227,402	2,210	304,435
April	77,768	4,897	2,444,639	373,046	146,365	8,406	4,565,779	425,575	888,921	842,605	1,570,928	624,530	203,978	179,415	149,215	233,833	2,592	305,970
May	81,946	5,085	2,488,646	403,704	146,462	8,416	4,602,522	418,559	840,156	832,513	1,489,619	608,444	224,880	196,685	154,231	211,531	2,576	282,974
June	75,553	4,514	2,484,836	332,109	133,475	7,984	4,165,555	381,516	801,858	840,556	1,384,450	501,434	177,136	124,011	120,818	200,818	2,913	326,198
July	78,567	4,780	2,643,336	358,921	126,756	8,543	4,119,972	452,295	909,165	879,090	1,078,733	577,409	203,666	195,908	104,884	204,929	3,924	216,980
Aug.	73,563	4,209	2,325,984	360,259	131,247	8,556	4,067,877	477,764	795,535	849,297	1,161,636	571,767	198,504	188,492	140,281	138,384	2,200	286,000
Sept.	75,258	4,751	2,378,737	420,062	153,979	8,094	4,205,516	488,309	736,544	1,001,196	1,281,855	649,250	196,049	190,443	146,102	221,801	3,371	227,767
Oct.	73,561	4,893	2,520,377	415,064	144,377	8,924	4,250,154	556,912	833,589	1,027,872	1,339,151	620,794	197,971	202,201	150,755	251,245	3,752	245,443
Nov.	72,564	4,157	2,319,635	360,437	120,610	7,564	4,330,435	518,389	734,307	900,822	1,303,902	540,381	180,816	163,846	133,622	210,615	3,279	196,917
Dec.	84,386	4,118	2,340,623	390,207	120,393	8,532	4,316,245	416,244	681,347	900,304	1,303,902	540,381	180,816	163,846	133,622	210,615	3,279	196,917
1931—Jan.	69,532	3,555	2,054,449	296,295	120,399	5,493	3,816,897	223,294	715,356	749,574	1,024,438	410,333	177,677	158,907	124,983	171,127	3,300	201,367
Feb.	57,794	...	...	130,800	103,660	4,004	4,064,872	192,066	620,312	668,773	1,035,307	...	149,538	116,566	102,164	173,192	...	183,564
Mar.	65,229	...	...	...	...	4,004	...	...	...	...	...	...	...	...	...	192,388	...	211,000†

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* Including bullion and specie. b Since 1922 declared values. c Including Dantzig. d Until February, 1923, Julian Calendar. f Including bullion. g Since 1928 declared values. h Old Greece only. m Since March 1922, figures refer to "Union Economique Belgo-Luxembourgeoise." n Including bullion. p From April 1, 1923, including trade of Great Britain and Northern Ireland with the Irish Free State, and excluding the direct foreign trade of the Irish Free State. q Including parcel post for the half-year. † Provisional figures.

Value.										Quantity (Metric Tons).										
Period.	Aus- tra- lia.	British India.	Canada.	New Zealand.	South Africa.	Japan.	Brasil.													
Monthly. Average.	£s.	Rupees.	Dollars.	£s.	£s.	Yen.	Milreis.													
1913	6,555	152,725	54,917	1,785	3,365	60,474	83,958													
1925	12,580	186,999	74,123	1,302	5,459	207,227	281,403													
1926	13,429	196,606	84,088	4,073	5,804	192,101	225,463													
1927	11,890	206,740	90,593	3,655	5,770	174,883	272,764													
1928	11,361	208,170	101,860	3,661	6,291	177,792	307,916													
1929	11,850	208,568	108,249	3,998	6,588	180,710	293,978													
1930	7,678	160,563	84,040	3,505	5,093	125,572	195,308													
1930—Feb.	9,228	177,356	80,922	3,897	5,303	157,320	208,151	5,597	545	5,383	5,044	189	282	2,371	281	611	433			
Mar.	10,269	201,950	113,026	3,982	5,331	173,448	235,784	3,890	632	4,681	4,469	228	328	2,641	307	652	528			
April	8,690	183,697	71,402	3,485	4,946	144,901	195,102	3,462	689	5,521	4,744	193	340	2,441	282	631	446			
May	8,444	183,399	101,545	3,356	4,878	150,772	193,726	3,721	830	4,926	4,574	183	355	2,797	296	663	426			
June	6,085	140,915	91,544	3,089	4,618	124,103	206,617	3,293	675	4,741	4,548	238	348	2,768	239	684	463			
July	7,090	143,960	84,551	2,949	4,807	101,177	171,868	3,674	745	4,893	5,284	282	448	2,922	310	816	303			
August	6,677	180,946	77,906	4,006	5,313	93,152	211,279	3,294	724	4,978	4,881	195	509	2,725	325	782	385			
Sept.	5,940	113,289	87,900	3,629	4,948	87,976	173,609	3,198	753	5,192	4,471	248	585	2,585	293	768	374			
Oct.	6,675	128,507	78,358	3,629	5,122	98,405	214,788	3,557	713	5,302	4,648	225	515	2,704	331	821	404			
Nov.	6,675	120,709	76,325	2,783	4,771	93,089	134,475	3,155	751	4,919	3,969	216	428	2,568	301	752	278			
Dec.	4,977	116,157	60,338	3,015	4,910	95,584	155,950	3,014	836	5,014	4,366	213	366	2,514	286	679	365			
1931—Jan.	4,943	146,654	50,414	3,012	4,476	101,866	152,787	3,284	499	4,437	4,046	204	233	2,261	278	607	321			
Feb.	...	132,395	50,994	2,397																

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copenhagen.	Berlin.	Vienna.	New York.	Buenos Aires.
	France to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to Dollars.
Par level	124-21	35-00	92-46	25-22½	25-22½	12-107	18-159	18-159	18-159	20-43	34-58½	4-86½	47-62
Highest, 1930	124-34	34-00	93-22	25-22	51-00	12-13½	18-15½	18-21½	18-20½	20-44½	34-60	4-88½	46¾
Lowest, "	123-50	34-73½	92-62	24-99½	35-65	12-04	18-08½	18-14½	18-15½	20-35½	34-48	4-85½	34¾
Beginning of—													
July, 1914	25-15	+ 25-35½	25-25½	21-16½	26-10	12-11½	18-30	18-25	18-30	20-49½	+ 24-55	4-87½	47 ¼
January, 1924	87-85	+ 99-45	100½	24-63½	33-58½	11-36½	16-26½	29-82½	24-44½	194 billions	+ 305,500	4-29½	40 ½
January, 1925	87-40	+ 94-79½	112-35	24-54	33-95½	11-71½	17-62½	26-85½	26-85½	19-94 gld. mks.	+	4-74½	46 ½
January, 1926	129-31½	1107-00	120	25-08	34-31½	12-05	18-08	23-84	19-60	20-37½	"	34-37½	4-85½
January, 1927	122-81½	34-89	109-62½	25-14½	31-23½	12-12½	18-15½	19-04½	18-20	20-43½	"	34-42½	4-85½
January, 1928	124-00	34-92½	92-32½	25-27½	24-74	12-09½	18-14½	18-34½	18-20½	20-45½	"	34-52	4-87½
January, 1929	124-10½	34-88½	92-64	25-16½	29-74	12-08	18-13	18-19	18-17½	20-38½	"	34-44½	4-85½
January, 1930	123-91	34-88½	92-64	25-13½	36-62½	12-09½	18-13½	18-20½	18-20½	20-43½	"	34-65½	45½
December, "	123-55	34-79½	92-66	25-06½	43-60	12-06½	18-09½	18-15½	18-15½	20-36	"	34-49	4-85½
January, 1931	123-66½	34-76½	92-74	25-04	46-30½	12-05½	18-13½	18-16	18-16½	20-38½	"	34-48½	4-85½
February, "	123-91	34-82½	92-80	25-14½	48-14½	12-09½	18-14½	18-16½	18-16½	20-42½	"	34-56½	4-85½
March, "	124-01	34-87½	92-73	25-23½	45-22½	12-12½	18-13½	18-16½	18-16½	20-43½	"	34-56½	4-85½
April, "	124-17	34-94½	92-78	25-25½	44-40	12-12½	18-15½	18-16	18-16½	20-40	"	34-56½	4-85½

	Rio de Janeiro.	Monte Video.	Valparaiso.	Bombay.	Hong Kong.	Shanghai.	Japan.	Singapore.	Place.	Method of Quoting.	March Quotations.		
	Pence to Mils.	Pence to Dollar.	Pence to £1.	Pence to Rupee.	Sterling to Dollar.	Sterling to Yen.	Sterling to Yen.	Sterling to Dollar.			Highest.	Lowest.	Average*
Par level	16	51	40	a. d.	a. d.	a. d.	a. d.	a. d.	New York.				
Highest, 1930	5½	46½	40-02	1 6	1 ...	2 ...	2 0½	2 ...	Mar., 1930	Dollars to £1.	4-87½	4-85½	4-863
Lowest, "	4½	35	39-57	1 5½	1 0½	2 1½	2 0½	2 3½	Feb., 1931		4-86½	4-85½	4-859
									Mar., 1931		4-86½	4-85½	4-859
Beginning of—									Paris.				
July, 1914	16 ½	51½	39½	1 3½	1 10½	2 6½	2 0½	2 ...	Mar., 1930	Francs to £1.	124-36	124-19	124-260
January, 1924	49	43½	40-30	1 5½	2 4½	3 4½	2 1½	2 ...	Feb., 1931		124-00½	123-87	123-940
January, 1925	50	50	40-30	1 6½	2 3½	3 1½	1 7½	2 4½	Mar., 1931		124-25	123-95	124-162
January, 1926	51	50½	39-80	1 6½	2 4½	3 1½	1 9½	2 4½	Amsterdam.				
January, 1927	51	50	39-65	1 6½	1								

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The Economist

MONTHLY SUPPLEMENT.

New Series.

SATURDAY, JUNE 27, 1931.

No. 97.

The tables in the following pages show summary figures for as many nations of the world as possible, and have endeavoured to combine brevity with comprehensiveness. The greater number of the figures are taken from the Monthly Statistical Bulletin of the League of Nations, supplemented from our records.

THE STATE OF TRADE AT HOME AND ABROAD.

On this occasion our monthly review of the state of British and world trade has to be issued at a moment when appreciation of the true position and prospects is peculiarly difficult. The immediate effect of the Hoover moratorium proposals, whose political and other implications we discuss in the columns of this week's *Economist*, was to produce, not only on the world's principal Bourses but in most of the chief commodity markets, a sharp rebound from their previous acute depression. The

So far as Great Britain is concerned, May-June saw little or no betterment of conditions. The May figures of overseas trade, due allowance being made for the comparative number of working days per month, repeated more or less the disappointing story of April. In our series of Business Activity Indices the downward trend of net imports of raw materials and of manufactured exports (corrected in both cases to offset price-changes) is shown to have been checked; but here the comparison, it will be

noted, is actually (i.e., because of the three months' average system utilised) between May and the short month of February. The remaining indices in the series point mostly to a further decline, while the trend of the unemployment returns, after a brief pre-Whitsuntide improvement, has been discouraging. Holiday stoppages in the Midlands and the North were frequently prolonged into June, and seasonal improvement in building and the clothing trades was offset by a worsening of employment in the coal mines, engineering, shipbuilding and most of the textile industries. The weakness of commodity prices, which became still more pronounced during May and continued into June, had a generally restrictive effect; and though May witnessed a fractional rise in such indicators as steel output and shipping freights, the improvement was quickly lost. A somewhat brighter feature was the slight expansion noted in the demand for rayon and electrical plant. On the other hand, though the labour negotiations in the engineering industry reached, by compromise, a successful settlement, the critical hours-wages question in the coal mines looming at the beginning of July occasioned growing anxiety.

Conditions abroad, up to mid-June, gave equally little ground for optimism. Apart from the then imminent "confidence crisis" in Germany, whose development has been fully described week by week in our columns, the situation both in North and South America and the East was such as to suggest that the beginning of recovery was yet distant. Will the impetus towards more confident purchasing given by the Hoover proposals (always assuming that the moratorium goes through without hitch) lead quickly to revival, arrest further deterioration, or fail altogether ultimately to reverse the downward curve? All that can safely be said to-day is that there is a break in the clouds, and that a great chance is afforded of earlier recovery than could be looked for a week ago.

HOME TRADE STATISTICS.—MAY, 1931.

	Apr.	May	May, '30.
UNEMPLOYMENT— (State Insurance %)	20.9	20.8	+ 5.8
PRODUCTION—			
Coal (million tons)*	4.3	4.2	- 0.7
Iron (thous. ")	323	347	- 268
Steel (" ")	397	435	- 257
FOREIGN TRADE—			
Imports (million £s)	70.0	69.6	- 21.4
Re-exports (" ")	6.6	5.7	- 3.3
British Exports (" ")	32.5	33.9	- 17.1
TRANSPORT—			
Railway Receipts* (£0,000)	303	297	- 9
Shipping Freights (av. level)*	80.8	81.8	- 5.7
COMMODITY PRICES (" ")	65.4	63.6	- 17.0
TRADE DISPUTES (thous. working days lost)	130	214	- 1,386
SECURITY VALUES (av. level)*	111.9	108.0	- 13.9
FINANCIAL DATA—			
Bnk. of Eng. Notes (mill. £s)*	355	354	- 2
Bank Deposits (" ")	1,736	1,738	- 42
Bank Advances (" ")	940	935	- 37
Banks Cash Ratio (%)	10.3	10.3	- 0.4
Bank Clearings:			
London (million £s)*	909	824	- 52
Manchester (" ")	8.9	8.8	- 1.8
Three months' Bank Drafts (Discount Rate %)*	2½	2½	- ½
Day-to-day Loans (%)	2½	1½	- ½

(*) 1913 = 100. (†) Economist Index No.; 1927 = 100.
(*) Bankers' Magazine Index No. of 365 securities; December, 1921 = 100. (†) Cash in hand and at Bank of England as % of total current, deposit, and other accounts.

* Average weekly figures.

This being so, we would ask readers to bear in mind that the notes in the following pages relate in all cases to "pre-Hoover" conditions, and cover broadly the period May 15th-June 15th. Under these circumstances the survey is in one sense already out of date; yet, in another sense, it has a value greater than that of mere historical record. For the picture which emerges is one of steadily deepening depression, relieved here and there by isolated instances of slight seasonal improvement, but involving with every month of its continuance a progressively greater financial, psychological and political strain, notably in Central Europe. The magnitude of the slump, with its obdurate symptoms of widespread unemployment and curtailed purchasing power, is sufficient to emphasise that the re-establishment of equilibrium and the smooth running again of the economic mechanism is not to be accomplished in a day.

On this occasion our monthly review of the state of British and world trade has to be issued at a moment when appreciation of the true position and prospects is peculiarly difficult. The immediate effect of the Hoover moratorium proposals, whose political and other implications we discuss in the columns of this week's *Economist*, was to produce, not only on the world's principal Bourses but in most of the chief commodity markets, a sharp rebound from their previous acute depression. The beginning of this week saw the quotations for silver, wheat, cotton and metals all rising in such a way as to suggest superficially that the first steps towards definite recovery had been taken. By Tuesday evening the upward movement had been checked, pending assurance that the United States Government's offer would meet with all-round acceptance; and merchants and manufacturers, after the initial burst of optimism (accompanied, naturally, by the closing of "short" positions), were not slow to recognise that for a complete cure from its economic malaise the world would need more than the simple postponement for twelve months of inter-Governmental payments. Nevertheless, it is not too much to say that the psychological revival of confidence last Monday introduced a new factor of prime potential importance in the trade situation; and though it is still much too early to assess the extent of the influence which the Hoover Plan will prove to have on commerce and industry, its mere enunciation has been sufficient to affect considerably any *apercu* of the outlook.

CAPITAL ISSUES.—(000,000's omitted.)													
Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	U.S.S.R.	U.S.A.
Monthly Average.	£	Schilling.	Koruna.	Franc.	Mark.	Lira.	Guilder.	Zloty.	Leu.	Kronor.	Franc.	Rupia.	Yen.
1913.....	16.5	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	2.7	37	...	...	...	...	...	...	...	...	...	...
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	13	59	16	228
1928.....	30.8	12.0	60	876	110.0	450	50	27.1	384	31	57	24	255
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205
1931.....	32.3	14.5	35	1,072	118.8	492	49	13.6	318	14	104	37	216
Jan.-Mar.	25.8	1.0	27	1,199	112.5	794	20	22.9	479	29	143	127	332
Apr.-June	3.9	10.8	993	54.9	546	15	11.3	295	1	30	3	200	1,017
July-Sept.	30.6	14.8	51	1,741	34.6	594	33	23.4	179	32	47	25	139
Oct.-Dec.	31.3	4.0	32	2,309	73.5	474	52	15.2	379	17	134	34	133
Jan.-Mar.	23.6	5.7	51	1,582	31.3	836	66	21.9	702	16	148	18	218
Apr.-June	24.4	3.7	38	1,073	50.4	534	25	14.7	594	24	104	18	183
July-Sept.	24.8	3.7	28	2,365	71.4	211	45	17.3	464	28	116	26	285
Oct.-Dec.	24.8	4.4	47	484	34.9	264	...	...	...	...	...	...	...
1931.....	8.2	2.0	47	4,228	47.7	137	...	...	...	...	...	...	...
Jan.	20.6	2.0	47	4,228	47.7	137	...	...	...	...	...	...	...
Feb.	19.1	...	...	1,304	...	...	...	...	...	...	...	...	...
Mar.	...	...	...	...	...	...	...	...	...	...	...	...	...

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. c Excluding Treasury Bills. d Excl. large railway issues. f "Arista Bancaria." A Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. m Since 1924, excluding amalgamations and conversions. n Until end 1922 paper mark o "Société de Banque Suisse." Invitation for subscriptions on Swiss market including obligations and Local Govt. loans. p India, compiled by "Commercial & Financial Chronicle." y Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	U.S.S.R.	U.S.A.	Canada.
1921-June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2	...	...
December.....	18.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1	...	...
1925-June.....	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1	...	...
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9	...	...
1926-June.....	14.6	0.9	15.6	18.1	5.9	22.6	19.0	6.7	4.1	...	...
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9	...	...
1927-June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2	...	...
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6	...	...
1928-June.....	10.7	0.6	13.5	6.2	4.4	14.4	7.6	11.2	3.2	...	...
December.....	11.1	1.9	28.4	16.7	11.5	22.1	17.3	9.3	6.6	...	...
1929-June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9	...	...
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4	...	...
1930-June.....	14.6	2.2	11.8	20.3	6.9	15.8	11.1	...	...	...	...
May.....	15.3	1.9	9.4	19.5	6.3	12.2	8.3	...	...	...	...
June.....	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6	...	...
July.....	17.1	2.4	9.3	20.5	6.7	10.8	7.9	...	...	...	...
August.....	17.5	3.0	9.1	21.7	7.6	13.4	8.4	...	...	...	...
September.....	18.7	3.8	9.4	22.5	8.2	15.7	9.8	20.5	...	...	...
October.....	18.7	3.3	11.4	23.6	9.6	15.7	9.8	20.5	...	...	...
November.....	19.1	6.1	15.3	26.0	12.5	21.4	15.0	...	...	...	...
December.....	20.2	9.2	24.6	31.7	18.2	25.5	23.3	23.4	17.0	...	...
1931-January.....	21.5	11.1	24.4	34.2	23.4	...	19.9	...	16.0	...	...
February.....	21.7	...	25.6	34.5	22.2	...	18.3	...	...	...	...
March.....	21.5	...	...	...	...	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions.....	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Switzerland.	U.S.S.R.	U.S.A.	Canada.
1921-June.....	12.1	0.6	0.3	4.5	10.4	0.04	0.4	0.4	0.2	...	...

* Ex. Irish Free State since Mar., 1923.

* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. † Provisional figure.

BANK RATES.

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London.....	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Paris.....	7.5	6.5	6.5	6.5	6.5	6.5	6.5
Berlin.....	3.5	3.5	3.5	3.5	3.5	3.5	3.5
New York.....	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Amsterdam.....	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Brussels.....	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Rome.....	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Switzerland.....	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Vienna.....	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Warsaw.....	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Tokyo.....	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Calcutta.....	5.5	5.5	5.5	5.5	5.5	5.5	5.5

* Federal Reserve.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913.....	14,191,275	855,648	1,389,461	16,436,404
1924.....	35,038,605	1,594,114	2,900,145	39,532,864
1925.....	35,801,264	1,678,347	2,957,508	40,347,119
1926.....	35,346,429	1,660,757	2,817,868	39,825,054
1927.....	35,319,622	1,762,827	2,972,817	40,055,266
1928.....	39,311,117	1,854,190	3,039,422	44,204,729
1929.....	38,782,577	1,812,146	2,963,631	43,558,354
1930 (Apr. 15).....	12,091,944	563,513	916,339	13,571,796
1931 (Apr. 15).....	10,432,062	520,104	834,001	11,786,167

U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

Period.	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lamb's Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	Cwts.	Centals.	Centals.	Sq. Yds.
1913.....	24.2	2.7	23.5	5.8	16.1	34.3	8.8	1.8	0.7	589
1924.....	47.6	4.7	33.4	8.0	25.0	51.5	9.9	1.3	0.6	370
1925.....	47.6	4.6	35.4	7.9	26.7	51.4	8.1	1.6	0.6	370
1926.....	41.9	4.2	32.7	7.9	26.3	44.9	8.1	1.5	0.7	319
1927.....	44.9	4.4	29.3	6.4	26.9	47.0	9.2	1.5	0.7	322
1928.....	44.3	4.5	27.9	5.8	25.7	48.2	8.6	1.1	0.7	322
1929.....	44.7	4.6	28.3	6.6	27.9	47.8	9.3	1.3	0.7	306
1930.....	39.4	4.0	20.9	5.3	25.6	36.8	8.8	1.0	0.7	201
1931-January.....	44.4	4.8	18.1	5.3	27.7	35.9	9.8	1.0	0.3	150
February.....	44.4	4.8	18.1	5.3	27.7	35.9	9.8	1.0	0.3	150
March.....	36.2	3.7	17.9	3.7	20.4	28.7	7.3	1.1	0.7	130
April.....	30.0	2.8	13.3	3.8	19.5	24.0	5.1	0.7	0.8	146
May.....	32.6	3.0	15.1	4.1	22.3	25.6	9.6	1.0	1.0	136

* Yards.

RAILWAY STATISTICS.—(

HOME INDUSTRIES AND TRADE.

The following reports on British industries cover, in most cases, the period to the middle of June; in the remainder they relate to the month of May.

THE COAL TRADE.

During June the position of the British coal trade steadily deteriorated. This was partly the result of such seasonal influences as the normal shrinkage in household requirements for the summer months, and partly a reflection of the further decline in industrial activity at home and abroad; but other factors also entered into the situation. According to the official trade returns, British exports during the first four months of this year showed a decline in quantity of about 24 per cent. as compared with the corresponding period last year. German foreign sales declined by only 15 per cent., and Belgium, Holland and Poland actually showed an increase in their exports. It is thus evident that this country has been steadily losing ground to her competitors. The contention in market circles, that the enforced adherence of collieries to the minimum prices provided under the marketing schemes partly accounts for the loss of trade, is not entirely without foundation. During the past month the situation has been further aggravated by the uncertainty about hours and wages after July 8th, which made it difficult for owners to enter into forward contracts.

IRON AND STEEL.

The improvement which became noticeable during May has not been maintained, and business shows a decrease in most sections. Continental competition is becoming increasingly severe, with the result that British iron and steel makers find it more and more difficult to hold their own, either abroad or at home. Continental pig iron, which is quoted at prices substantially below that of British makers, is entering the country in considerable quantities, and the recent cut in Midland pig iron has had little effect on sales. Despite the low level of production, it appears that stocks are again increasing. Similar conditions prevail in the steel industry. Transactions are few in number and usually small in quantity. The demand from shipbuilders still tends to contract, and business in structural steel has recently diminished. One of the few industries whose demand for steel has shown little reduction is the motor-car manufacturing trade. Generally, new orders placed are for immediate requirements, as a reduction in prices is anticipated at the meeting of the Associated Steel Makers, which is to take place next month.

ENGINEERING.

Little headway has been made by this industry during the past month. Industrialists are delaying both renewals and replacements and the installation of new equipment until there are definite signs of a recovery in trade. An encouraging feature, however, is the satisfactory conclusion arrived at in the wages negotiations. The depression, moreover, is not equally severe in all branches, as can be seen from the unemployment returns compiled by the Ministry of Labour. The percentage unemployed on May 18th was as follows: Marine engineering, 42.5 per cent.; constructional engineering, 25.5 per cent.; general engineering, 27.4 per cent.; and electrical engineering, 14.7 per cent. An interesting feature which may lead to the reorganisation of the Lancashire textile machinery section is the recent announcement of the directors of six leading companies that they will recommend to their shareholders a scheme of amalgamation.

ELECTRICAL INDUSTRY.

After a further sharp fall in May, the downward movement in the activity of the electrical manufacturing industry appears to have been temporarily arrested during this month. The latest indices of new orders, both home and export, which are shown below, suggest that a slight improvement in output may be expected in the near future:—

INDEX OF NEW ORDERS RECEIVED BY ELECTRICAL MANUFACTURING INDUSTRY.*
(1920=100.)

Period.	Home.	Export.	Total.
1926—Monthly Average	84	100	88
1927	87	195	114
1928	75	112	85
1929	83	157	102
1930	66	211	103
1930—May	70	209	105
June	59	212	98
July	55	232	100
August	63	245	109
September	65	221	103
October	64	181	94
November	61	171	89
December	75	152	90
1931—January	60	150	89
February	66	123	75
March	62	126	74
April	60	130	76
May	63	137	79

* Copyright of the British Electrical and Allied Manufacturers' Associations.

The outstanding new orders received for the home market have been placed by two municipal supply undertakings for two turbo-alternator sets of 30,000 kw. and of 15,000 kw. respectively, together with condenser plant. Features among the foreign orders are those received for a 26,000 kw. turbo-alternator and condenser set from Northern Rhodesia and for two smaller plants from South Africa.

PRODUCTION OF ELECTRICITY.

In the *Economist* of July 10, 1926 (pages 57-8), we published a new index of electrical generation in the chief industrial areas of Great Britain. We show in the next column a résumé of the results achieved during recent periods:—

INDEX OF GENERATION OF ELECTRICITY.*
(Monthly Average 1923-24 = 100.)

Period.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Auto-motive Construction.	Chemicals.	Marine Transport, Docks, etc.	Textiles, Cotton, and Wool.
1926—Monthly average	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	260	196	160
1930	167	152	216	234	215	156
1930—May	157	146	192	235	193	143
June	140	130	177	208	175	127
July	143	127	193	220	182	137
August	133	117	165	192	184	111
September	156	137	223	282†	203	144
October	161	150	195	244	222	158
November	188	167	226	246	255	185
December	194	169	250	207	267	189
1931—January	197	169	271	209	274	195
February	193	164	255	218	256	193
March	184	162	245	243	247	180
April	158	136	206	197	210	148
May	148	124	200‡	178	191	135

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.
† Increase due to special causes.
‡ Provisional.

The "corrected" figure, allowing for seasonal fluctuations and the steady expansion in the use of electricity, was 84.2 in May and 87.7 in April against 91.7 in March and 94.3 in May last year.

MOTOR INDUSTRY.

No marked improvement can be reported in the private car section although factories making lower-priced cars are fairly busy. The latest available statistics of registration of new cars are those for April, which showed a considerable decline on the previous month. Exports are disappointingly low, but an expansion is looked for from the South American market. Commercial goods and passenger vehicle manufacturers maintain a moderate level of activity and a fair number of orders from overseas are reported. Business in motor cycles and cycles continues restricted. It is, however, anticipated that the Budget proposals with regard to motor cycle taxation should have a beneficial effect upon next year's sales.

THE COTTON TRADE.

The depression in the Lancashire cotton industry has become increasingly severe during the past month. Buying of raw cotton has been restricted as a result of the almost continuous fall in prices. Production in both the spinning and weaving sections has declined, and it is estimated that, at the moment, less machinery is working than at any time this year. The turnover in yarn has, however, been so small that, despite the reduced output of spinners, stocks have been increasing. The trade with India has not shown any signs of expansion. Exports to China are still on a small scale, and although there has been a considerable number of inquiries from smaller markets, sales have been negligible. The demand for cotton goods is not expected to expand until there are indications of more stability in cotton prices.

THE WOOL TEXTILE TRADES.

Under the influence of declining raw wool prices, orders have become increasingly scarce since the beginning of June, and they are usually for small quantities only. The outlook for the near future depends largely on the course of raw material prices, which as yet show no signs of an early improvement. Competition in foreign markets is severe, and, as the increasing volume of retained imports shows, Bradford is even losing ground in the home trade. This suggests that British costs are falling more and more out of touch with those of the principal foreign competitors. Manufacturers appear to regard a reduction in wages as a necessary preliminary to any improvement. It is understood that the private meeting of the Employers' Council in Bradford on June 17th had as its main purpose the discussion of the proposed reduction of 15.4 per cent. in the wages in the West Riding wool textile industry.

THE RAYON TRADE.

According to various trade reports the general situation in the rayon trade during the past month has been slightly better. Little encouragement can, however, be derived from this fact, as the increase in demand, which was brought about by seasonal influences, has been for home consumption only. Until an improvement in exports takes place no real revival can be expected. High-class dress fabrics are at the moment the mainstay of the home trade.

THE LINEN TRADE.

Owing to the growing scarcity of flax, prices have remained firm. It is reported that the new crop in Northern Ireland may be expected to be smaller as sowings have been considerably below those of last year. Business in linen goods has been maintained at last month's level. The demand for yarn and piece-goods against existing contracts continues steady, but new cloth business is mainly confined to current requirements. The bulk of the trade in yarns is done at cut prices, but quotations for cloth have been maintained.

BOOTS AND SHOES.

The usual expansion in business during spring has been scarcely noticeable this year, and, although trade at home and for export has not declined further, there is little evidence of a general revival in the near future. The section dealing with medium-priced shoes in Northampton appears to be fairly active, but in most others the three-day working week is still the rule. A slight improvement is recorded in the better-class goods for women, but, on the whole, new orders, though numerous, are disappointingly small in quantity. There is encouragement in the fact that in Northampton the question of piece-rates revision seems likely soon to be settled.

THE POTTERY TRADE.

The outstanding event of the past month is the reduction of 10 per cent. in the wages of operatives following the recent arbitration award. A similar cut has been effected in the United States. Meanwhile, the situation in this country has again deteriorated, and Japan and Germany appear to be able to secure an increasing share in the declining demand. Sales of medium- and low-priced goods have so far been better maintained, but the U.S. is making a great effort to replace British pottery by her own products.

THE CHEMICAL INDUSTRY.

Business in chemical products was only moderate during May-June. Orders for heavy chemicals were small and limited to immediate requirements. Coal tar products showed a small but steady improvement, and business in refined coal tar has been satisfactory, although at lower prices. Pharmaceutical business was only fair. Citric and tartaric acids showed no signs of the expected seasonal improvement, but methyl and sodium salicylates and aspirin enjoyed a satisfactory demand. It is noteworthy that exports in May maintained a slight improvement, while imports were slightly below those of the corresponding period in 1930.

AGRICULTURE.

According to a report published by the Ministry of Agriculture, the cold and wet weather prevailing over most of the country during the latter part of April continued during the first half of May. During this period conditions were unfavourable to the growth of vegetation which, in many parts of the country, was further checked by some sharp night frosts. In the latter half of May there was almost everywhere an improvement in agricultural conditions as a result of warmer and sunnier weather, but although some progress was made, field work was still slightly behind at the end of the month.

SHIPPING.

The slight improvement during May in the whole-cargo freight market, resulting from more active shipments of Argentine grain, was not maintained in June. Chartering generally diminished in volume, and rates from Canada and the United States were particularly weak. Tonnage was offered on all routes beyond the needs of charterers. The passenger liner trades suffered severely from poor demand for the summer season, a number of prospective North Atlantic sailings being cancelled.

BUILDING.

As reflected in the unemployment statistics compiled by the Ministry of Labour, the seasonal improvement in building which began in April continued throughout May. The improvement extended to all administrative divisions of Great Britain, but there was a decline in operations in Northern Ireland. According to the returns furnished to the Ministry of Labour by local authorities, in 143 of the principal urban areas in Great Britain (except the London County Council area), with a total population of 16,279,000, the estimated cost of building plans approved during May amounts to £5,674,000, against £5,838,200 in April and £8,383,400 in May, 1930.

RETAIL TRADE.

According to a London store, retail trade during the first three weeks of this month has been dull. This has been due mainly to the unfavourable weather conditions and to the close proximity of the sales. The statistics relating to retail trade compiled by the Incorporated Association of Retail Distributors and the Bank of England show a decline of 5.4 per cent. in the value of total sales during May as compared with the corresponding month last year. This decline, however, requires to be judged in the light of an appreciable fall in average selling prices per unit.

INDICES OF BUSINESS ACTIVITY.

1924 = 100.

Period.	Net Imports.		Consumption of		Consumption of Power.		Volume of Employment.				Merchandise on Railways.	Provincial Bank Clearings.	Postal Traffic.	Shipping Movements.	London Bank Clearings.	Exports British Manufactures.	Foreign Trade Turnover. (Quarterly Figs.)
	Raw Materials.	Non-Ferrous Metals.	Iron and Steel.	Cotton.	Rubber.	Coal.	Electricity.	Heavy Industry.	"General" Industry.	Miscellaneous Services.	Total.						
Monthly Average.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1924	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1925	107	107	89	116	137	93	101	90	103	103	101	98	102	103.5	98	104	101.5
1926	107a	100	57	98	175	72	92	57	101	104	95.5	88	94	103.5	90	109	94
1927	113a	106	133	113	197	106	109	87	108	108	105	99	102	109.5	105	117	104.5
1928	101	113	88	103	212	99	110	82	108	110	105	93	100.5	114	106.5	125	108
1929	113	120	103.5	106	271	106	116	84.5	109.5	112	107	95	99	115.5	111.5	130	109
1930	101	117	103	76	340	106	112	77.5	101.5	112	103	88	91.5	117	109.5	140	87.5
"Corrected" average for 3 months ended:																	
1930—May	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93
June	97	129	118	71	350	100	104	79	103	113	104.5	87	91	116	112	143	87
July	95	121	102	61	303	96	98	76.5	102	113.5	104	87	90	115	117	144	89
August	88	116	90	58	314	96	93	75.5	101	113.5	103	83	88	114	117	138	85
Sept.	84	108	85	53	370	102	96	74.5	100.5	113	101.5	85	85	114	118	135	84
Oct.	87	110	89	65	454	109	100	74	99.5	112.5	101	86	84	114.5	116	136	82
Nov.	91	115	89	68	337	109	112	73.5	99	112	100.5	87	86	116	111	141	82
Dec.	106	110	91	81	381	111	120	73	98	111.5	99.5	85	91	117.5	106	138	79
1931—Jan.	111	107	92	79	247	112	128	73.5	96	110	98.5	81	94	119	100	143	74
Feb.	107	107	90	70	418	111	123	73	95	109.5	98	78	95	120.5	94	144	67
Mar.	98	102	84	64	355	112	126	71	95	109	98	79	95	121.5	92	146	66
Apr.	90c	117	78	64	371	108	118	70	96	110	98	...	94	120	93	139	63c
May	93c	118	82	66	309	102	108	68.5	97	111	98.5	...	93	118	99	142	64c
May, 1924	89	107	106	95	86	108	102	103.5	100	99.5	100.5	103	103	100	99	105	97
May, 1925	99	109	108	128	72	98	101	92	102.5	102	101	98	107	104.5	96	104	99
May, 1926	106	105	57	98	229	71	94	72	103	105	99	87	98	99.5	87	111	92
May, 1927	123a	107	157	116	190	104	109	88	108	108	105.5	103	104	110.5	105	120	104
May, 1928	108	116	91	104	246	102	108	85	109	110	106	94	105	113.5	104	124	107
May, 1929	111	124	96	110	289	104	115	85.5	110	112	107.5	96	101	116	109	130	112
May, 1930	103	116	123	85	387	111	113	81.5	104	112.5	104.5	92	95	118	109	147	93
May, 1931	93c	118	82	66	309	102	108	68.5	97	111	98.5	...	93	118	99	142	64c

a. Excluding coal imports.

c. Provisional figures.

STATE OF TRADE ABROAD.

Up to mid-June, reports from the respective countries noted below afforded few indications of relief from the protracted and, in many cases, deepening depression.

BRITISH EMPIRE.

Australia.—Trade still shows no improvement, and the Stock Exchange is weaker. The seasonal outlook shows a further improvement in some sections, but excessive rain is delaying wheat sowings, and the acreage will be less. Wool prices have not been maintained at the recent sales, but an excellent clip is expected. Butter production is still very high. Imports in April, in sterling, were:—Merchandise, £2,827,354; bullion and specie, £24,473. Exports were:—Merchandise, £6,319,990; bullion and specie, £214,265. There are some signs of a more favourable attitude to revision of the tariff with a view to reductions where they would be likely to benefit the revenue.

India.—At the end of May the condition and prospects of the standing crops were reported to be fairly good, and the rainfall had so far been in general satisfactory. The areas under jute and rice respectively are, according to the final estimate, 2 per cent. above those of the preceding year. Foreign trade in April showed an immense drop as compared with April, 1930; imports fell from 17.97 lakhs to 12.44 lakhs and exports from 24.05 lakhs to 13.65 lakhs. A large part of this decline is due to the fall in prices, which has been very marked during the last twelve months.

Canada.—Grain movement from Montreal has been brisker than last season, and the cattle export trade is improving, but there are no signs of improvement in general business, and stock market quotations continue to decline. The wheat area in the Prairie Provinces shows a reduction of about two million acres, and lack of moisture has very considerably reduced the anticipated yield. Prospects in the Central and Eastern Provinces, however, are encouraging. The success of the new conversion issue, besides effecting very substantial economies, is valuable for its psychological effect. Industrial production in the Central Provinces is slack, except in the silk, rayon and woollen industries, which are working almost full time. There is some improvement in trade in British Columbia, but in the Maritime Provinces business is poor.

South Africa.—Good rains have fallen in the greater part of the country, and prospects for production are favourable. Some damage was caused to the maize crop by premature frost in the Western Transvaal, but most of the crop was too far advanced to be seriously affected, and the harvest has already begun in many districts. The preliminary estimate of the new sugar crop amounts to about 365,000 tons. Wheat prices, in the middle of June, were still steady at 21s.22s. per 200 lb. prompt railing; wool prices were slightly easier, with markets becoming quieter owing to the approach of the end of the season. Wholesale and retail trade conditions showed an improvement in April, but the motor trade was less active.

EUROPE.

Germany.—Conditions have been very critical during the past month. Before the drain on the Reichsbank reserves began there were signs of a slightly more than seasonal diminution in the unemployment figures, and the first week of June saw a rise in wholesale prices and an increase in the output of coal. Most of the indices for May, however, showed slight declines as compared with those of April.

France.—Industry remains in a very depressed condition. Producers of iron and steel are contemplating further reductions in output, and operations at the coal mines have been cut down. The Roubaix textile strike has involved large numbers of workers and continued for over a month, but it is hoped that a settlement will soon be reached.

Belgium.—The market for industrial coal was very poor in May, but domestic coal has been meeting with a better demand. The slight revival in the iron and steel industries has not been maintained, and prices are very weak indeed. The position in the glass industry is comparatively satisfactory. The restriction of diamond production has been abandoned, owing to the refusal of the South African producers to join the scheme. An improvement is reported in the textile industries.

Italy.—The financial situation has improved since the beginning of the year, and there has been a seasonal reduction of unemployment. The textile, hatmaking and glass industries of Lombardy are severely depressed, conditions are still deteriorating in the chemical works, and the leather, paper and timber trades are experiencing less favourable conditions. The rubber and pottery industries, however, are still enjoying a fair amount of activity. A trade mission of industrialists is about to visit Russia.

Scandinavia.—Summer stagnation is setting in in Sweden. Sulphate is selling at very low prices, but newsprint has been a comparatively satisfactory market. In Denmark industrial conditions are still fairly good, and a substantial reduction in wages costs has been secured without serious disturbance.

Spain.—Drastic cutting in Government contracts will inevitably intensify unemployment, and the fluctuations of the peseta are a serious discouragement to any revival of trade. The orange and grape crops have been severely damaged by bad weather.

Czechoslovakia.—Crop conditions are promising and the sugar trade is doing fairly well. Unemployment showed a sharp decline in April, owing partly to seasonal causes and partly to the effect of a public works programme. A co-operative agreement has been

reached between the three largest motor-car works, and a lignite cartel is in process of formation. The cotton industry is depressed, but wool and rayon are doing fairly well. The glass and pottery industries are still working very much below capacity.

UNITED STATES OF AMERICA.

There was a seasonal decline in trade during May, and a downward revision of their schedules by automobile manufacturers, conforming to a reduced demand, has brought the estimated output down to 330,000. The decline in steel mill activity has continued, and operations are at 44 per cent. of capacity. The decline in building contracts is slightly more than the usual seasonal fall. Cotton mill activity is responding to a reduction in demand. Railroad gross earnings were 17 per cent. below those of last year. The volume of retail trade is about the same as last year, but the value is lower. Wholesale trade is uneven. Stock prices are the lowest they have been for five years and the turnover is relatively small. Money rates are exceedingly low and commodity prices have fallen to new low levels.

The following indices of American economic conditions have been forwarded to us by Moody's Investors' Service, of New York and London:—

AMERICAN TRADE STATISTICS—MAY, 1931.

	Apr.	May '30.	May '31.
EMPLOYMENT—(June, 1914=100)†	90.4	89.6	14.4

	Apr.	May '30.	May '31.
PRODUCTION—			
Bituminous coal (Thous. tons)	28,446	29,300*	6,584
Pig-iron (" ")	2,020	1,994	1,239
Steel (" ")	2,722	2,505	1,519

	Apr.	May '30.	May '31.
Unfilled orders, U.S.	3,898	3,620	439
Steel Corporation (Thous. tons)	151,207	123,000*	51,197

	Apr.	May '30.	May '31.
Building permits (Thous. \$)	106.4	109.8	...

	Apr.	May '30.	May '31.
CONSUMPTION OF ELECTRIC ENERGY (1923-25=100)	106.4	109.8	...

	Apr.	May '30.	May '31.
FOREIGN TRADE—			
Imports (Thous. \$)	185,747	182,000*	102,644
Exports (" ")	214,888	205,000*	117,000

	Apr.	May '30.	May '31.
TRANSPORT—			
Monthly average of weekly car loadings (Thous. cars)	746	747	173

	Apr.	May '30.	May '31.
SECURITIES—			
20 industrial stocks—Highest quotations†	172.43	154.41	120.66
Lowest quotations†	143.61	128.46	129.85

	Apr.	May '30.	May '31.
Thous. shares sold during month	54,333	46,663	31,377
—(New York)	513,982	359,111	379,980

	Apr.	May '30.	May '31.
BANK CLEARINGS—			
New York (Million \$)	26,381	24,944	6,485
Other cities (" ")	13,043	11,862	5,561

	Apr.	May '30.	May '31.
RETAIL BUSINESS—			
Total sales, mail order houses‡ (Thous. \$)	51,747	52,214	7,020

* Preliminary estimates made by Messrs. Moody, subject to revision. † Based on reports of U.S. Labour Bureau and of Bureau of the States of New York, Wisconsin, and Pennsylvania. ‡ Average of actual prices. § Partly estimated.

LATIN AMERICA.

Weather conditions in Argentina have been favourable for the conditioning of the maize, and, thanks to a reduction in railway tariffs, this crop should go forward for export as soon as ready. Exports of cereals have recently been heavy, and further large quantities are still available. The worst of the financial situation is thought to be over. Trade in Brazil is still dull, but Sao Paulo reports that the textile situation is more promising. Though stocks of imported goods are barely sufficient to meet local requirements, no import demand is as yet apparent. Colombian trade has shown a slight improvement. A law has been passed by Congress for the creation of a new credit institution, for the granting of loans to agriculturists. The main factor in Mexico has been the exchange situation; rates have been maintained by the banks which have formed themselves into a pool to supply purchases of foreign currency against silver on a *pro rata* basis. Conditions in Peruvian commerce remain very unsettled. Business in Chile is still inactive and very much below normal for the time of year. The increases in taxation which are necessary for the maintenance of financial stability are intensifying the difficulties of the complicated economic situation.

FAR EAST.

The Japanese Government has energetic plans for co-operation with the combined silk interests to clear the heavy stocks which are hampering the market. Restriction of output in the steel industry is to be continued through August. The Government bond issue, floated in May, was heavily over-subscribed.

Buying in North China has been temporarily checked by exchange fluctuations; the fur market has closed for the season after a small but profitable business. There is some business in metals for local manufacturing purposes. The tax situation is growing more and more confused and the burden upon both imports and exports has increased.

PRODUCTION. (Thousands of Metric Tons.)

COAL.														LIGNITE.		
Period. Monthly Average.	United Kingdom.	Belgium.	Czechoslovakia.	France.	Germany.	Nether- lands.	Poland.	Russia.	Canada.	South Africa.	India.	Japan.	United States.	Czechoslovakia.	Germany.	Hun- gary.
	<i>d</i>		<i>k</i>		<i>g</i>					<i>f</i>	<i>h</i>			<i>t</i>	<i>g</i>	
1913	24,337	1,903	1,189	3,338	15,842	156	748	...	1,119	665	1,311	1,776	43,088	1,927	7,269	460
1926	10,692	2,105	1,181	4,283	12,108	717	2,979	2,203	974	1,038	1,703	2,619	49,729	1,543	11,596	455
1927	21,272	2,296	1,168	4,316	12,800	777	3,174	2,683	1,028	1,006	1,790	2,794	45,197	1,635	12,542	520
1928	20,107	2,298	1,213	4,280	12,572	891	3,385	2,685	1,037	1,013	1,826	2,822	43,052	1,704	13,799	543
1929	21,837	2,244	1,377	4,486	13,620	m965	3,853	3,362	1,023	1,052	1,893	2,663	45,510	1,880	14,598	587
1930	20,639	2,284	1,214	4,499	11,891	m1,018	3,126	3,932	864	1,028	1,912	2,441	40,047	1,602	12,159	...
1930—May	21,683	2,290	1,106	4,526	11,953	1,017	2,671	3,887	913	1,017	2,115	2,576	38,012	1,463	12,315	436
June	17,225	2,054	1,054	4,126	10,805	916	2,591	3,856	925	993	1,782	2,434	35,287	1,349	11,746	414
July	19,163	2,212	1,180	4,599	11,605	1,097	2,975	3,532	872	1,050	1,619	2,389	36,626	1,558	12,250	437
August	18,199	2,223	1,200	4,356	11,471	1,010	3,062	2,915	856	987	1,607	2,256	31,967	1,567	12,285	446
September	19,878	2,283	1,261	4,513	11,729	1,052	3,417	2,870	831	996	1,833	2,146	39,848	1,711	12,820	528
October	21,375	2,486	1,284	4,684	12,217	1,101	3,662	3,951	928	1,002	1,751	2,390	46,517	1,779	13,141	619
November	20,139	2,195	1,277	4,290	10,816	987	3,478	4,232	813	868	1,726	2,290	39,307	1,711	11,692	580
December	20,936	2,298	1,262	4,372	11,516	1,013	3,399	4,629	846	942	1,979	2,409	41,551	1,727	11,689	578
1931—January	19,481	2,444	1,175	4,543	11,527	1,018	3,460	...	752	916	2,092	2,250	40,550	1,571	11,028	560
February	19,224	2,179	1,057	4,244	9,794	938	2,784	...	687	840	2,095	2,116	35,384	1,456	9,514	488
March	19,702	2,407	1,118	4,535	10,607	1,077	2,998	...	709	863	2,098	2,312	35,031	1,520	10,064	475
April	18,872	2,318	1,081	4,203	9,506	...	2,902	...	700	857	1,920	...	31,006	1,486	9,597	...
May	21,141	...	...	4,066	...	...	...	...	...	...	...	...	32,000	...	...	...

PIG IRON.

	United Kingdom.	Belgium & Luxembourg.	France.	Saar.	Germany.	Sweden.	Russia.	Canada.	United States.
1913.....	869	419	434	114	1,397	61	...	85	2,601
1926.....	208	494	786	135	803	39	204	64	3,277
1927.....	617	537	775	148	1,091	35	252	60	3,036
1928.....	560	552	832	161	984	33	281	88	3,167
1929.....	643	583	864	175	1,117	41	360	92	3,580
1930.....	525	489	842	159	808	38	418	63	2,659
1930—May.....	624	512	901	176	850	42	446	82	3,285
June.....	572	443	841	158	767	29	441	67	2,981
July.....	494	445	861	160	771	38	428	66	2,982
August.....	423	444	845	157	739	38	403	58	2,564
September.....	432	440	800	147	653	37	395	49	2,313
October.....	422	443	827	146	687	42	407	47	2,462
November.....	390	418	781	138	637	35	410	47	1,897
December.....	355	455	800	145	615	38	414	39	1,692
1931—January.....	343	453	801	149	603	34	414	36	1,742
February.....	323	409	726	138	520	35	414	47	1,734
March.....	363	441	775	149	560	38	414	58	2,065
April.....	328	429	733	136	529	42	413	55	2,052
May.....	352	...	...	...	...	...	...	...	2,026

a Figures for Luxembourg communicated by the "Groupeement des Industries Siderurgiques." b Including ferro alloys. c Excluding castings. d Saleable coal; since end 1921 excluding Ireland. e British Provinces only. f Establishments whose production in 1929 amounted to 94.27% of the total. g Excluding Luxembourg. h Since 1922, excluding Polish Upper Silesia. i Coal sold. j Until end 1928 saleable coal. k Including coal waste. l Including lignite. m Provisional figure.

WHOLESALE PRICES.

Monthly Average.	U.K.		Belgium.	Czechoslovakia.	Denmark.	France.	Germany (Official).	Holland.	Italy (Bacchi).	Norway.	Poland.	Russia.	Spain.	Sweden.	Switzerland.	Australia.	British India.	Canada.
	Board of Trade.	Economist.																
1913.....	100	100	A100	A100	100	100	100	100	100	100	A100	100	100	100	A100	100	A100	100
1926.....	148.1	143.4	744	955	163	702.6	134.4	145	603	198	181.2	185	181	149	144.5	168.4	148	156.3
1927.....	141.6	137.7	847	979	153	617.2	137.6	148	495	167	118.6	174	172	146	142.2	167.0	148	157.5
1928.....	140.3	135.1	843	979	153	619.6	140.0	149	462	161	119.8	173	167	148	144.6	164.7	145	150.0
1929.....	136.5	127.6	851	924	150	611.4	137.2	142	446	153	113.4	180	171	140	141.2	165.7	141	149.4
1930.....	119.5	108.1	744	917.9	130	535.5	124.6	117	386	143	97.6	...	...	122	126.5	146.7	116	135.8
1930—May.....	122.0	110.9	774	119.1	132	541.5	125.7	118	390	144	98.7	187	168	123	128.1	154.7	121	140.3
June.....	120.7	108.5	750	119.7	130	532.7	124.5	118	382	143	98.5	189	166	123	126.2	152.3	118	137.5
July.....	119.2	106.8	739	118.1	129	537.6	125.1	115	375	142	99.3	188	170	121	125.8	151.1	118	134.1
August.....	117.8	104.7	729	115.1	128	531.7	124.7	114	379	141	96.9	187	173	121	125.8	148.9	114	131.4
September.....	115.5	110.8	712	113.3	126	523.9	122.8	112	375	141	96.3	187	174	119	125.0	140.8	111	128.9
October.....	113.0	99.7	705	112.7	123	508.2	120.2	111	364	140	92.9	187	175	118	124.4	135.9	107	127.5
November.....	107.9	97.6	632	111.1	122	493.5	120.1	110	351	139	93.1	186	175	117	119.6	132.1	104	124.7
December.....	108.9	94.6	709	110.0	120	487.6	117.8	107	350	136	90.3	...	175	117	117.0	128.6	101	121.6
1931—January.....	106.9	91.3	661	108.9	118	483.7	115.2	105	342	135	84.8	...	175	115	115.2	130.4	98	119.0
February.....	106.2	91.6	658	108.8	117	481.7	114.0	104	338	133	85.8	...	173	114	114.7	129.1	99	118.8
March.....	105.4	91.1	660	110.5	116	481.7	113.9	103	333	131	86.6	...	174	113	113.6	128.4	100	117.3
April.....	105.0	90.0	652	110.3	115	483.7	113.7	...	337	130	89.0	...	...	112	112.2	129.1	...	116.4
May.....	104.9	87.5	649	...	115	470.1	113.3	...	532	128	...	...	...	111	...	123.1	...	...

FINANCE.

Notes in Circulation. (000,000's omitted.)

Period.	United Kingdom.	Austria.	Belgium.	Bulgaria.	Czechoslovakia.	Denmark.	Finland.	France.	Germany.	Greece.	Hungary.	Jugoslavia.	Netherlands.
End of	Bank of England Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Reichsbank Notes.	"Rentenbank" Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	£	Schilling.	Francs.	Leva.	Koruna.	Kron.	Markat.	Francs.	Reichsmark.	Rentenmarks.	Drachmae.	Pengö.	Dinara.
1913.....	29.6	...	1,067	189	...	152	113	5,714	2,742	...	245	...	313
1925.....	385.3	890	7,814	3,655	8,408	438	1,309	49,993	2,960	1,476	5,339	416	6,063
1926.....	381.0	947	7,646	3,451	8,203	356	1,346	52,449	3,736	1,164	4,865	471	5,812
1927.....	382.3	1,065	10,951	3,727	8,417	354	1,314	56,301	4,564	716	4,966	487	5,743
1928.....	378.3	1,067	12,358	4,173	8,466	363	1,513	62,181	5,530	501	5,528	513	5,528
1929.....	369.8	1,094	14,683	3,609	8,230	367	1,361	68,571	5,044	501	5,818	501	5,818
1930.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	5,397	469	5,397
1930-April.....	358.8	982	14,658	3,302	6,854	362	1,440	72,373	4,664	362	4,991	464	5,221
May.....	355.1	1,022	14,547	3,364	6,936	371	1,392	73,079	4,812	353	4,943	441	5,281
June.....	363.6	1,028	14,547	3,364	6,936	371	1,392	73,079	4,812	353	4,943	441	5,281
July.....	368.4	1,121	15,416	3,435	6,897	347	1,355	74,098	4,685	437	4,894	449	5,230
Aug.....	360.9	1,018	15,528	3,383	7,077	350	1,352	73,677	4,707	443	4,816	466	5,317
Sept.....	359.4	1,008	15,674	3,360	7,198	345	1,350	73,053	4,744	443	4,816	466	5,317
Oct.....	355.6	1,035	15,637	3,366	7,144	370	1,313	74,787	4,675	438	5,055	500	5,572
Nov.....	358.2	1,042	15,783	3,562	7,278	354	1,263	75,951	4,601	437	4,761	439	5,404
Dec.....	368.8	1,090	16,419	3,296	7,824	360	1,279	76,436	4,778	439	5,397	469	5,397
1931-Jan.....	346.8	976	15,031	3,059	6,628	341	1,211	73,947	4,428	431	4,803	469	5,397
Feb.....	347.7	979	15,067	3,029	6,571	340	1,305	77,864	4,388	441	4,521	446	5,064
Mar.....	348.8	978	15,522	3,129	6,639	341	1,320	77,864	4,456	439	4,655	438	5,064
Apr.....	349.8	984	16,394	3,212	6,609	354	1,301	77,231	4,077	433	4,436	406	4,692
May.....	354.9	1,141	16,092	3,183	6,732	342	1,257	78,185	4,299	423	4,304	370	4,791

Period.	Italy.	Norway.	Poland.	Romania.	Russia.	Sweden.	Switzerland.	Australia.	Canada.	South Africa.	Egypt.	United States.	Japan.
End of	Bank Notes.	State Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.	Bank Notes.
	Libre.	Libre.	Kroner.	Zloty.	Zloty.	Leu.	Od. Rbla.	Rbla.	Kronor.	Francs.	£	Dollars.	Yen.
1913.....	2,284	499	108	...	477	...	234	314	10.0	116	2.3	726	343
1925.....	19,350	2,100	363	381	440	20,126	388	727	550	876	53.9	176	6.2
1926.....	18,340	1,793	337	593	428	20,551	398	797	525	874	53.9	176	6.2
1927.....	17,992	783	331	1,013	309	21,025	400	1,005	526	917	51.8	192	7.6
1928.....	17,295	161	316	1,295	244	21,211	730	1,091	546	953	48.7	193	7.6
1929.....	16,714	80	318	1,340	259	21,144	1,028	1,501	569	999	45.3	188	7.6
1930.....	15,680	...	312	1,328	241	19,605	...	1,052	594	1,052	48.2	201	7.1
1930-April.....	16,062	73	310	1,326	234	19,080	1,184	1,613	545	916	44.4	168	7.1
May.....	15,944	68	308	1,333	230	18,521	1,230	1,671	557	908	44.4	168	7.1
June.....	15,846	68	316	1,317	227	18,190	1,249	1,843	594	929	44.9	176	7.2
July.....	16,182	...	315	1,321	222	18,684	1,534	2,055	551	928	44.8	169	7.1
Aug.....	16,074	...	315	1,355	223	19,134	1,737	2,162	570	943	44.8	180	7.1
Sept.....	16,172	...	313	1,373	230	19,307	1,859	2,130	613	987	44.4	175	6.9
Oct.....	15,738	...	312	1,408	233	18,660	1,945	2,094	611	989	45.2	177	7.0
Nov.....	15,679	...	303	1,332	239	18,725	1,951	2,065	588	968	45.7	179	7.1
Dec.....	15,680	...	312	1,328	238	19,805	1,946	2,080	594	949	45.7	179	7.1
1931-Jan.....	15,212	...	290	1,277	241	18,449	1,929	2,108	533	949	45.7	179	7.1
Feb.....	15,129	...	287	1,284	236	18,105	...	2,108	545	961	47.2	159	6.9
Mar.....	15,034	...	286	1,261	241	18,341	...	2,194	580	994	48.2	154	6.9
Apr.....	14,883	...	286	1,259	238	18,630	...	2,246	548	988	...	151	6.8
May.....	14,722	...	291	1,222	238	18,736	...	2,245	548	990	...	151	6.8

a Until November, 1928, including State notes, then transferred to Bank. d In terms of new lire = 2,373 millions. e Excluding Government notes.
 b Marks-Including Reichsbank and Reichsbankenscheine. f Excluding notes held by Reichsbank. m Token coin 236 million sly. o Gross issue. p Excluding
 notes held as reserve by Chartered Bank. r State notes. s Since January, 1926, excluding notes held by Bank of Poland. u Since 1920, including Austria-
 Hungarian and other notes converted after the war into National Currency. v Since 1926, excluding notes held by the State Bank. w In terms of new lire = 1,829 millions.
 y In terms of new francs. z Since May, 1922, including Luxembourg. Since Oct., 1926, including Government Notes of 5 and 10 francs to value of 700 to 750 million
 francs, replacing similar bank notes.

LONDON RATES OF EXCHANGE.

Period.	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amsterdam.	Stockholm.	Oso.	Copen- hagen.	Berlin.	Vienna.	New York.	Buenos Aires.
End of	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kronor to £1.	Kronor to £1.	Kronor to £1.	Marks to £1.	Schillings to £1.	Dollars to £1.	Pence to £1.
Far level.....	124.21	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½	4.86½	47.62
Highest, 1930.....	124.34	34.96½	93.22	25.22	25.22	12.13½	18.15½	18.21½	18.20½	20.44½	34.68	4.88½	46.61
Lowest, 1930.....	123.50	34.73½	92.62	24.99½	24.99½	12.04	18.08½	18.14½	18.15½	20.35½	34.40	4.85½	46.34
Beginning of—													
July, 1914.....	25.15	100.00	25.25½	21.16½	26.10	12.11½	18.30	18.25	18.30	20.49½	34.58½	4.87½	47.62
January, 1924.....	87.40½	100.00	100.00	24.63½	33.58½	11.36½	16.26½	29.82½	28.44	19.94 gld. mks.	34.58½	4.87½	47.62
January, 1925.....	87.40½	100.00	100.00	24.63½	33.58½	11.36½	16.26½	29.82½	28.44	19.94 gld. mks.	34.58½	4.87½	47.62
January, 1926.....	129.31½	107.00	120.00	25.08	34.11½	12.05	17.02½	31.37½	28.80	20.37½	34.58½	4.87½	47.62
January, 1927.....	122.81½	34.89	109.62½	25.14½	31.23½	12.12½	18.20½	28.34½	28.34½	20.37½	34.58½	4.87½	47.62
January, 1928.....	124.00	34.92½	92.32½	25.27½	28.24	12.09½	18.11½	18.34½	18.20½	20.45½	34.58½	4.87½	47.62
January, 1929.....	124.10½	34.88½	92.32½	25.18½	29.74	12.08½	18.13½	18.19	18.17½	20.38½	34.58½	4.87½	47.62
January, 1930.....	123.91	34.84½	92.32½	25.13½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
January, 1931.....	123.66½	34.76½	92.74	25.04½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
February.....	123.91	34.82½	92.80	25.14½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
March.....	124.01	34.85	92.73	25.23½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
April.....	124.17	34.94½	92.78	25.25½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
May.....	124.47	34.78½	92.92	25.24½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
June.....	124.25	34.93	92.96	25.08½	29.74	12.09½	18.13½	18.16	18.16½	20.38½	34.58½	4.87½	47.62
Rio de Janeiro.													
Monte Video.													
Valparaiso.													
Bombay.													
Hong Kong.													
Shanghai.													
Japan.													
Singapore.													
Place.													
Method of Quoting.													
Highest.													
Lowest.													
Average.													
New York, 1930.....	Dollars to £1.	4.86½	4.85½	4.859									
Apr., 1931.....	Dollars to £1.	4.86½	4.85½	4.860									
May, 1931.....	Dollars to £1.	4.86½	4.85½	4.864									
Paris, 1930.....	Francs to £1.	123.99	124.80	123.898									
Apr., 1931.....	Francs to £1.	124.47	124.14	124.280									
May, 1931.....	Francs to £1.	124.50	124.10	124.344									
Amsterdam, 1930.....	Florins to £1.	12.09½	12.07	12.081									
Apr., 1931.....	Florins to £1.	12.12½	12.09½	12.103									
May, 1931.....	Florins to £1.	12.11½	12.08½	12.103									
Berlin, 1930.....	Reichsmarks to £1.	20.37½	20.35½	20.365									
Apr., 1931.....	Reichsmarks to £1.	20.43	20.35½	20.409									
May, 1931.....	Reichsmarks to £1.	20.49½	20.40½	20.433									

† Francs to £1. ‡ Pence to £1. § Kroner to £1. • Daily rates.

FOREIGN TRADE.

IMPORTS for Domestic Consumption—Merchandise Only. (000's omitted.)

Period.	U.K.	Irish Free State.	Belgium.	Bul- garia.	Den- mark.	France.	Fin- land.	Germany.	Greece.	Italy.	Jugo- Slavia.	Nether- lands.	Poland.	Swed'n.	Switzer- land.	Russia.	Egypt.	United States.
Monthly Average.	£	£	Francs.	Leva.	Kroner.	Francs.	Markka.	Mark.	Drach- ma.	Lira.	Dinars.	Gulden.	Zloty.	Kronor.	Francs.	Roubles or Gold Rbl.	£E.	Dollars.
1913	54,931	...	386,384	15,775	64,785	701,778	41,035	897,474	a 14,828	b 303,803	a	325,231	c 229,559	d 70,545	155,985	....	2,271	147,932
1925	92,283	5,162	1,488,378	606,958	161,382	3,172,700	459,959	1,030,171	848,069	2,183,374	729,407	204,583	228,539	120,535	219,427	61,445	4,678	348,018
1926	97,229	5,043	1,920,460	520,578	127,319	4,968,923	472,309	833,454	833,745	2,156,571	633,982	203,496	128,242	124,151	201,209	50,941	4,196	367,540
1927	91,282	5,012	2,422,921	510,749	131,508	4,416,334	532,157	1,185,672	1,050,162	1,697,900	607,191	212,405	240,993	173,030	213,650	54,439	3,896	346,524
1928	89,510	4,928	2,658,664	586,745	137,264	4,482,963	667,742	1,166,772	1,035,760	1,826,702	652,836	223,659	280,180	142,353	228,772	63,849	3,658	346,524
1929	92,589	5,026	2,951,520	693,719	142,907	4,852,019	583,026	1,120,566	1,106,294	1,805,397	633,836	223,558	289,241	147,008	231,987	61,317	4,453	366,582
1930	79,822	4,630	2,576,812	586,627	136,201	4,365,731	437,325	866,096	913,034	1,445,920	580,009	201,521	187,164	137,324	222,017	76,608	3,844	260,000
1930-April	76,078	4,697	2,844,639	373,064	146,349	4,565,779	442,575	888,921	842,605	1,470,928	624,533	203,978	179,415	149,215	233,833	93,700	2,592	305,970
May	81,962	4,865	2,866,465	403,704	132,462	4,102,929	518,859	830,150	832,513	1,859,619	680,444	223,880	196,685	154,231	211,351	77,000	2,576	282,478
June	75,563	4,514	2,486,336	338,109	133,076	4,165,326	453,421	813,516	866,855	1,984,315	504,703	231,147	177,368	124,101	200,818	72,399	2,313	272,400
July	78,767	4,849	2,443,336	352,921	126,756	4,119,972	457,225	909,165	878,080	1,078,733	509,165	230,499	177,368	124,101	200,818	72,399	2,313	272,400
Aug.	73,563	4,207	2,258,884	360,838	131,247	4,067,817	445,739	859,335	849,297	1,161,835	571,767	198,040	188,441	130,384	204,281	82,500	2,928	218,095
Sept.	73,568	4,751	2,378,737	420,062	153,379	4,205,616	468,939	736,544	1,001,196	1,281,855	649,250	196,049	190,443	146,102	201,125	84,000	3,731	227,767
Oct.	83,551	4,893	2,520,217	415,004	144,377	4,520,134	556,912	833,589	1,027,872	1,339,151	620,704	197,971	202,021	150,765	251,245	75,400	3,752	245,443
Nov.	72,564	4,157	2,139,633	380,437	130,610	4,249,795	518,389	734,307	900,304	1,303,302	540,381	180,816	163,846	134,622	210,616	66,300	3,279	196,917
Dec.	84,386	4,118	2,340,623	390,207	124,203	4,300,435	416,124	681,347	900,822	1,609,912	522,469	165,215	158,967	124,963	217,127	55,400	3,901	201,367
1931-Jan.	69,532	3,555	2,054,449	296,495	120,399	3,681,897	223,294	715,377	749,574	1,024,778	430,333	178,152	153,448	115,448	182,112	52,921	2,534	183,366
Feb.	57,794	3,993	1,957,921	308,421	103,660	3,064,872	192,066	620,270	666,773	1,032,073	388,328	149,398	115,448	102,144	173,197	51,923	2,530	175,108
Mar.	62,827	3,740	2,035,055	346,092	126,051	3,293,424	275,730	584,029	800,057	1,027,111	543,164	166,780	125,474	111,845	192,388	112,632	2,329	209,607
Apr.	63,432	3,900	2,222,094	450,951	122,323	3,901,650	271,783	679,359	717,641	1,080,466	...	168,855	142,890	129,073	189,435	...	...	185,701
May	63,889	...	...	...	...	...	...	...	...	...	...	...	...	...	183,462	...	...	182,000

CAPITAL ISSUES.—(000,000's omitted.)

Period.	United Kingdom.	Austria.	Czechoslovakia.	France.	Germany.	Italy.	Netherlands.	Poland.	Roumania.	Sweden.	Switzerland.	United States.	Japan.	Other.
Monthly Average.	£	Schilling.	Koruna.	Franc.	Mark.	Lira.	Guilder.	Zloty.	Leu.	Kroner.	Franc.	Rupia.	Yen.	Dollars.
1913.....	16.3	...	...	...	...	...	...	...	...	...	...	...	...	...
1926.....	19.2	2.7	37	401	74.8	473	48	6.1	516	13	59	15	228	528
1927.....	29.6	10.5	31	616	114.1	264	43	17.7	271	22	73	17	255	649
1928.....	30.8	12.0	30	875	110.0	450	50	27.1	384	31	57	24	335	676
1929.....	23.8	8.6	55	1,259	80.2	607	29	17.8	318	23	81	56	222	849
1930.....	22.3	4.8	38	1,832	46.6	514	47	17.8	460	21	125	24	205	587
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
July-Sept. 1930.....	6.2	3.9	108	993	54.9	546	15	11.3	295	15	30	34	200	1,017
Oct.-Dec. 1930.....	30.6	14.8	51	1,741	34.6	594	33	23.4	179	32	47	25	139	565
1931.....	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Jan.-Mar. 1931.....	31.3	4.0	32	2,309	73.5	474	52	15.2	379	17	134	34	133	715
Apr.-June 1931.....	25.6	5.7	51	1,582	31.3	835	66	21.9	702	16	148	18	218	906
July-Sept. 1931.....	24.4	5.6	38	1,073	50.4	534	25	14.7	594	24	104	18	183	379
Oct.-Dec. 1931.....	24.8	7.7	28	2,365	31.4	211	45	17.3	164	28	116	26	285	346

Unless otherwise stated, the figures represent authorised share issue of new joint stock companies at home, and the increase of capital of existing companies. Bonus shares are excluded from the figures of the U.S.A., Roumania, Switzerland and Czechoslovakia. In the case of the Netherlands and the U.K. both bonus shares and conversions are included. *c* Excluding Treasury Bills. *d* Excl. large railway issues. *e* "Rivista Bancaria." *f* Issues exceeding Fls. 100,000 on the Dutch market including Colonial, and since Jan. 1925, foreign issues. *g* Since 1924, excluding amalgamations and conversions. *h* Until end 1922 paper mark. *i* "Société de Banque Suisse." *j* Issuance for subscriptions on Swiss market including obligations and Local Govt. loans. *k* India, compiled by "Commercial & Financial Chronicle." *l* Up to 1927, authorised issues, excluding western departments; since 1928 amounts actually issued, whole territory.

UNEMPLOYMENT.

Percentage of persons unemployed in trade unions or in official unemployment insurance schemes (Belgium and U.K.).

End of Month.	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
1921-June.....	17.8	9.9	16.8	3.0	8.1	20.6	27.7	12.5	13.2
December.....	16.2	6.6	25.2	1.6	16.6	23.4	33.2	9.5	15.1
1925-June.....	11.9	1.0	9.3	3.5	6.6	8.9	8.2	10.2	6.1
December.....	10.4	2.8	31.1	19.4	16.0	23.7	19.4	8.1	7.9
1926-June.....	14.6	0.9	15.6	18.1	5.9	22.6	9.6	6.7	4.1
December.....	11.9	2.6	32.2	16.7	12.1	27.7	19.0	5.7	5.9
1927-June.....	8.8	1.4	18.0	6.3	6.0	22.5	9.5	6.4	3.2
December.....	9.8	3.6	31.6	12.9	14.9	28.0	18.6	8.9	6.6
1928-June.....	10.7	0.6	13.5	16.2	4.4	14.4	7.6	11.2	3.2
December.....	11.1	1.9	28.4	23.6	9.6	18.0	17.3	9.9	6.6
1929-June.....	9.6	0.4	10.0	8.5	2.6	11.3	7.3	10.0	2.9
December.....	11.1	2.4	22.4	20.1	12.3	18.9	16.9	13.1	11.4
1930-June.....	15.8	1.9	8.7	19.6	5.5	10.8	8.3	18.5	10.6
July.....	17.1	2.4	9.3	20.5	6.7	10.8	7.9	...	9.2
August.....	17.5	3.0	9.1	21.7	7.6	13.4	8.4	...	9.3
September.....	17.6	4.8	9.4	22.5	8.2	15.7	9.8	20.5	9.4
October.....	18.7	4.3	11.4	23.6	9.6	18.0	12.5	...	10.8
November.....	19.1	6.1	15.5	26.0	12.5	21.4	15.6	...	13.8
December.....	20.2	9.2	25.1	31.7	18.2	25.5	23.3	23.4	17.0
1931-January.....	21.5	11.1	24.2	34.2	23.2	26.3	19.9	...	16.0
February.....	21.7	11.7	26.0	34.5	22.2	...	18.4	...	15.6
March.....	21.5	11.3	22.1	33.6	17.7	...	19.3	25.8	15.5
April.....	20.9	...	15.9	31.8	13.6	...	...	...	...
May.....	20.8	...	13.1	...	...	...	...	...	...

Number of Workers Covered by Last Returns.

Millions.....	U.K.	Belgium.	Denmark.	Germany.	Netherlands.	Norway.	Sweden.	Austria.	Canada.
1921.....	12.1	0.6	0.3	4.5	10.4	0.04	0.4	0.4	0.2

† Ex. Irish Free State since Mar., 1923.
* Workpeople in the coal-mining industry, who ceased work on account of the dispute, are not included in this figure. *†* Provisional figure.

BANK RATES.

	1925.	1926.	1927.	1928.	1929.	1930.	1931.
	End of June	End of Dec.	End of June	End of Dec.	End of June	End of Dec.	End of June
London.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Paris.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Berlin.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
New York.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Amsterdam.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Brussels.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Rome.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Switzerland.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Vienna.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Warsaw.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Tokyo.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Calcutta.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0

* Federal Reserve. *†* 7% as from June 13.
‡ 6% as from June 6; 7½% as from June 15.

LONDON BANKERS' CLEARING RETURNS.

	Town.	Metropolitan.	Country.	Total.
	£	£	£	£
1913.....	14,191,275	855,648	1,389,481	16,436,404
1924.....	35,038,505	1,594,114	2,900,145	39,532,864
1925.....	35,801,264	1,678,347	2,957,508	40,437,119
1926.....	35,346,429	1,660,757	2,817,868	39,825,054
1927.....	36,813,682	1,750,032	2,973,827	41,537,541
1928.....	33,311,117	1,554,129	2,339,422	37,204,729
1929.....	38,782,577	1,812,146	2,963,631	43,558,354
1930 (June 17).....	18,641,851	868,577	1,416,643	20,927,071
1931 (June 17).....	16,563,828	809,691	1,303,235	18,682,754

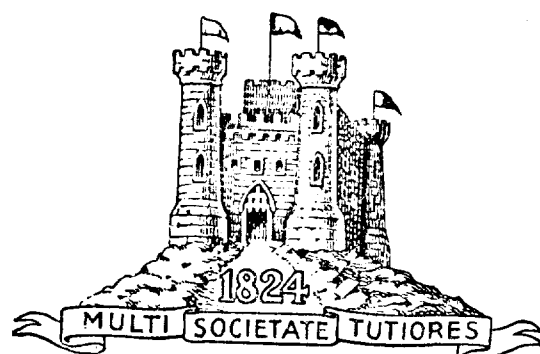
U.K. IMPORTS AND EXPORTS.—(000,000's omitted.)

	Food.		Raw Materials.		Manufactures.		Imports of		Exports of	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Wheat.	Raw Cotton.	Sheep's & Lambs' Wool.	Cotton Piece Goods.
Monthly Average.	£	£	£	£	£	£	Centals.	Centals.	Sq. Yds.	Tons.
1913.....	24.2	2.7	23.5	5.8	16.1	34.3	0.7	8.8	0.1	0.41
1924.....	47.6	4.7	33.4	8.9	25.0	51.5	1.3	9.9	0.32	0.51
1925.....	47.6	4.6	35.4	7.0	26.7	51.4	1.6	0.6	0.31	0.42
1926.....	41.9	4.2	32.7	3.9	26.3	44.9	1.5	0.7	0.26	1.7
1927.....	44.9	4.4	29.3	6.4	26.9	47.0	1.3	0.7	0.34	4.3
1928.....	44.3	4.5	27.9	5.8	25.7	45.2	1.1	0.7	0.32	4.2
1929.....	44.7	4.6	28.3	5.8	25.7	47.8	1.3	0.7	0.30	5.0
1930.....	39.8	4.0	20.9	5.3	25.6	36.6	0.7	0.7	0.20	4.6
1930-December.....	44.4	3.5	27.6	4.7	23.8	27.6	1.9	0.8	0.17	4.2
1931-January.....	36.2	3.7	17.9	3.7	20.4	28.7	1.1	1.0	0.17	3.3
February.....	30.0	2.8	13.3	3.8	19.5	24.0	0.7	0.8	0.14	3.5
March.....	32.6	3.0	15.1	4.1	22.3	25.6	1.0	1.0	0.17	3.6
April.....	32.5	2.9	15.5	4.1	20.9	24.3	0.7	1.3	0.19	3.6
May.....	33.3	2.8	14.6	4.0	21.0	26.0	0.7	1.0	0.17	3.5

* Yards.

RAILWAY STATISTICS.—(000,000's omitted.)

	Great Britain (g).								Austria.	Germany.	Italy.	Canada.	United States.
	Gross Receipts.		Freight Traffic (f).										
	Passengers.	Freight.	Mer- chandise.*	Coal, &c.	Minerals and other Merchandise	Total.	Tons.	Ton-Miles.					
(b) (A)	(a)	(e) (i)	(c) (e)	(e)									
1926-June	4.4	5.3	4.7	1.9	3.6	10.2	704	1,202	4,695	1,132	2,846	439,237	
December	4.7	8.5	4.9	15.9	4.1	24.8	1,392	1,321	5,641	1,094	4,541	440,096	
1927-June	6.1	8.8	5.1	15.5	5.8	26.4	1,401	1,249	5,136	1,095	4,611	438,483	
December	4.8	8.7	5.1	17.2	4.8	27.2	1,400	1,209	5,398	928	4,128	434,580	
1928-June	5.5	8.3	4.8	14.9	5.3	25.0	1,352	1,325	5,528	1,036	4,129	437,304	
December	4.6	8.3	4.7	16.1	4.8	25.6	1,392	1,282	5,715	1,030	4,846	54,961	
1929-June	5.2	8.4	4.8	15.7	5.6	26.1	1,392	1,335	5,603	1,037	4,846	59,458	
December	4.5	8.2	4.7	17.6	5.0	27.3	1,426	1,323	5,874	1,031	4,846	54,961	
1930-June	5.7	7.5	4.4	13.2	4.7	22.2	1,196	1,306	4,502	1,044	4,222	50,251	
October	4.2	8.4	5.1	16.0	5.1	26.3	1,470	1,289	4,819	990	4,929	57,364	
November	3.4	8.2	4.5	16.4	4.4	25.3	1,384	1,179	4,164	889	4,194	47,150	
December	4.3	8.1	4.4	16.9	4.2	25.5	1,388	1,145	5,846	879	3,607	42,377	
1931-January	3.5	8.0	4.4	15.3	4.1	24.8	1,373	1,064	5,768	862	3,247	44,257	
February	3.0	7.4	3.9	14.7	3.7	22.3	1,253	960	5,706	...	3,169	39,335	
March	3.4	8.0	4.4	15.7	4.2	24.3	1,340	1,122	4,363†	...	3,169	39,335	



ALLIANCE

ASSURANCE COMPANY, LIMITED.

HEAD OFFICE: BARTHOLOMEW LANE, LONDON, E.C. 2.
MARINE DEPARTMENT: 2-6, BILLITER SQUARE, LONDON, E.C. 3.

ESTABLISHED IN 1824.

Assets exceed £30,000,000.

DIRECTORS:

CHARLES EDWARD BARNETT, *Chairman.*

LIONEL N. DE ROTHSCHILD, O.B.E., *Deputy-Chairman.*

THE VISCOUNT BEARSTED, M.C.
FREDERICK CAVENDISH BENTINCK.
ALFRED FOWELL BUXTON.

JOHN CATOR.
MAJOR GERALD M. A. ELLIS.
FREDERICK CRAWFORD GOODENOUGH.
THE MARQUESS OF HARTINGTON, M.P.
C. SHIRREFF HILTON.
EDWARD RALPHE DOURO HOARE.

R. M. HOLLAND-MARTIN, C.B.
DAVID LANDALE.
COLONEL WILFORD N. LLOYD, C.B., C.V.O.
SIR CHRISTOPHER T. NEEDHAM.
G. W. B. PORTMAN.
THE EARL OF ROSEBERY, D.S.O., M.C.
WILLIAM HEARD SHELFORD.
ARTHUR JAMES STEWART TODD.
HENRY ALEXANDER TROTTER.

RICHARD DURANT TROTTER.

INSURANCES OF EVERY KIND:—

LIFE (with and without Profits). Assurances with **Disability Benefits. Estate Duty Policies. Staff Assurance and Pension Schemes. Group Life Assurances. Children's Deferred Assurances and Educational Endowments. Annuities.**

SINKING FUND and CAPITAL REDEMPTION.

FIRE.

MARINE.

BURGLARY and THEFT.

ACCIDENTS of all Kinds: Personal Accident and Disease, Third Party, Drivers' Risks, Lift, Plate-Glass, and Workmen's Compensation, with Special Policies for Domestic Servants.

MOTOR CAR, MOTOR CYCLE.

FIDELITY GUARANTEE.

LIVE STOCK.

BOILER and MACHINERY INSURANCE and INSPECTION.

COMPREHENSIVE POLICIES FOR BUILDINGS OR CONTENTS OF DWELLING-HOUSES.

THE COMPANY IS EMPOWERED TO ACT AS EXECUTOR AND TRUSTEE.

Particulars of any of the above will be sent on application to the Company.

A. Levine, General Manager.

NATIONAL BANK OF INDIA, LIMITED.

Registered in London under the Companies Act of 1862 on the 23rd of March, 1866.

Established in Calcutta 29th September, 1863.

Bankers to the Government in KENYA (B. E. Africa) and UGANDA.

Subscribed Capital-	-	-	-	-	-	£4,000,000
Paid-up Capital	-	-	-	-	-	£2,000,000
Reserve Fund	-	-	-	-	-	£3,000,000

Head Office: 26 BISHOPSGATE, LONDON, E.C. 2.

BRANCHES:			
ADEN	CHITTAGONG	MADRAS	ENTEBBE
BOMBAY	COCHIN (S. India)	MANDALAY	JINJA
CALCUTTA	COLOMBO	NUWARA ELIYA	KAMPALA
CAWNPORE	DELHI	RANGOON	DAR-ES-SALAAM
	KANDY	TUTICORIN	TANGA
	KARACHI	ZANZIBAR	
	LAHORE		

The Bank grants Drafts and Telegraphic Transfers on all places where it is represented; negotiates and collects Bills of Exchange; collects Pay, Pensions, and generally transacts every description of Eastern Banking business. The Bank receives Deposits for fixed periods, not exceeding one year, at rates to be obtained on application. The Bank opens Current Accounts, and, provided they do not fall below £200, allows Two per cent. per annum interest on the minimum monthly balances.

Trusteeships and Executorships also undertaken.



Estd. 1862

SOUTH AMERICAN Business Enterprise

An intimate knowledge of existing conditions was never more essential to business men than in the case of Latin-American Markets to-day.

To those commercial houses and investors wishing to enter or extend their connections in these intricate but rich markets, the Bank of London & South America offers exceptional facilities.

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ROYAL BANK OF SCOTLAND

Incorporated by Royal Charter, 1787.
Capital (fully paid), £3,362,442 Reserve Fund, £3,580,913
Deposits, £50,387,090

Total Number of Offices 243. **OVER 200 YEARS OF COMMERCIAL BANKING** Correspondents throughout the World.

A COMPLETE BRITISH COLONIAL AND FOREIGN BANKING SERVICE. CORRESPONDENCE INVITED.

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and 1, BURLINGTON GARDENS, W.1. (formerly branch of Bank of England.)

HEAD OFFICE EDINBURGH.

General Manager: SIR ALEXANDER KEMP WRIGHT, K.B.E., D.L.

In 1930 the share capital of Williams Deacon's Bank, Ltd. (Members of the London Bankers' Clearing House) was acquired in exchange for Stock of the Royal Bank of Scotland.

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT, 1695.

AUTHORISED CAPITAL - £4,500,000
PAID-UP CAPITAL - £1,500,000
RESERVE FUND and BALANCE CARRIED FORWARD - £2,172,400
DEPOSITS and CREDIT BALANCES as at 28th February, 1930 - £32,258,308

Governor: The Rt. Hon. LORD ELPHINSTONE, K.T. Deputy Governor: Sir RALPH ANSTRUTHER OF BALCASKIE, Bart.
GEORGE J. SCOTT, Treasurer.

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2, ST. VINCENT PLACE. A. W. M. BEVERIDGE, Manager.

LONDON OFFICES: City Office—30, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

Piccadilly Circus Branch—16/18, PICCADILLY, W. C. D. ALLISON, Manager.

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Incorporated by Royal Charter and Act of Parliament.

Established 1825.

Affiliated with Lloyds Bank Limited.

Capital Subscribed, £5,000,000. Paid-up, £1,100,000. Uncalled, £3,900,000.

RESERVE FUND - £1,550,000
DEPOSITS, 1st November, 1930 - £32,266,197

Head Office: ST. ANDREW SQUARE, EDINBURGH.

London Office: 37, NICHOLAS LANE, LONDON, E.C.4.

Glasgow Office: 47, ST. VINCENT STREET, GLASGOW.

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The Bank is prepared, in approved cases, to act as Trustee, Executor or Administrator, and also as Trustee for Debenture or other issues, etc.
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All classes of Overseas business transacted at all the Bank's Branches.

The Commercial Bank of Scotland Ltd.

ESTABLISHED 1810.
Subscribed Capital - £7,500,000
Paid up - £2,250,000
Reserve Fund - £2,850,000
Deposits (31st October, 1930) - £33,182,700

Head Office: 14 GEORGE STREET, EDINBURGH.
General Manager, ALEX. ROBB. Asst. General Manager, JOHN M. ERSKINE.

London, City Office: 62 LOMBARD STREET, E.

Joint Managers, ANDREW W. RUSSELL and JAMES W. AL

Kingsway Branch: IMPERIAL HOUSE, KINGSWAY,

Manager, JOHN ARCHIBALD.

Glasgow, Chief Office: 113-115 BUCHANAN STRE.

Manager, ANDREW SCOTT. Asst. Manager, WILLIAM

Princes Street, Edinburgh, Branch: 118 PRINCES STR

Agent, JAMES THOMSON.

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The Economist COMMERCIAL HISTORY & REVIEW OF 1930.

Being the Sixty-Eighth of the Series, which Commenced in 1863.

Vol CXII.

SATURDAY, FEBRUARY 14, 1931.

[No. 4,564.]

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THE PAST YEAR.

The story of the business year 1930 which the following pages unfold is one of a widening and deepening depression which no country entirely escaped, and from which no industry was wholly immune. Quarter by quarter the economic *malaise* became more and more severe; nor at the close of the year was it possible to see any signs of assurance that the downward trend of the trade cycle was near its end. The past year, then, will live in history as a black period both for Britain and for most of the rest of the world.

A great deal of time and thought has naturally been expended by bankers, economists and other experts on the task of diagnosing the symptoms and searching for the causes of one of the world's most serious depressions. The main and general symptoms have been only too obvious: rising unemployment, a sharp and prolonged fall in commodity prices, decreasing industrial production, dwindling international trade, falling profits and dividends, and budgetary embarrassments. As for the causes, the conclusions reached by investigators have been many and various, as readers of the *Economist* are aware. But on two or three main points there is fairly general agreement. At the root of the trouble is the fact that production had out-run demand in the case of many basic primary commodities, such as wheat, cotton, rubber, oil, sugar, coffee; and abortive attempts at output restriction and artificial price maintenance in many commodities have, by their failure, intensified the price collapse. One of the fundamental facts in the position is undoubtedly the reduced purchasing power of the populations of the vast agricultural territories of the earth. But it is not solely the bounty of nature and man's skill in exploiting it which have to be blamed for our troubles. Contributing to them without doubt is the failure of human wisdom and co-operation in working the machinery of international credit and exchange. Most of the nations have laboriously returned to the gold standard, only to find that that standard is not, for a variety of reasons, working as smoothly as in pre-war days. The striking maldistribution of the world's gold supply, and its increasing concentration in the coffers of two creditor nations, without adequate expansion by those countries of their external credits, cannot be excluded from the list of legitimate scapegoats. When we add to these causes of physical and credit disequilibrium, such phenomena as the peculiar troubles in China and India, the

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COMMERCIAL CREDITS
& CONSIGNMENTS.

FOREIGN EXCHANGE.

CABLE TRANSFERS.

FOREIGN COLLECTIONS.

TRAVELLING CREDITS.

DIVIDENDS COLLECTED

COUPONS PURCHASED.

DEPOSIT and CURRENT
ACCOUNTS OPENED.

AGENTS and CORRESPONDENTS
ALL OVER THE WORLD.

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comparative isolation of Russia, the persistence of high tariffs and economic nationalism in Europe, the débâcle in the price of silver, the political unrest and insecurity in many countries, we may claim to have covered most of the ground to be explored.

One major influence at work—which is at once an effect and a cause of the depression—is psychological. In the world in general and in Europe in particular the psychology of fear has been prevalent. Progress towards disarmament has been largely frustrated by lack of confidence; but confidence can hardly come without armament restriction. It is a vicious circle, and it remains to be seen just where it can be broken. Fear and suspicion straddle the path that might lead to European co-operation. Fear of Europe's stability prevents the investors of America and France from financing debtor countries. Fear of further price falls and of higher taxation discourages enterprise and dampens initiative.

As regards Britain herself, the coming of what Mr Churchill has called "the economic blizzard" has revealed the existence of certain peculiar disabilities in our economic system. Britain is still more vitally dependent upon export trade than any other country in the world, and success in export trade rests on the ability to place goods on the market at competitive prices; and that entails, in times like these, an ability rapidly to readjust production costs. In that Britain has so far been unsuccessful. The quick fall of wholesale prices to the pre-war level has left a widening gap between the wholesale and retail levels, and this fact has reinforced the strength of trade unionism in resisting wage adjustment. In a word, the British economic system has shown itself too rigid and inelastic to be capable of smooth and speedy readjustment to the needs of a rapidly changing economic scene. Yet, if our export trades are to live, and the unemployment problem is to be conquered, readjustment must be accomplished. That is the country's great task of 1931, and it is one that calls for a national effort and a common sacrifice and facing of facts by every section of the community.

Having said so much, we shall not be accused of facile optimism if we suggest that there is another side to the picture. There is comfort, cold, perhaps, but real, in the reflection that in some respects Britain, in spite of her peculiar vulnerability, has stood up to the strain better than some of her industrial rivals. For instance, the reduction in productivity last year, as measured by official indices, was substantially less here than in either the United States or Germany. The increasingly severe sufferings of other countries have helped to assuage the feeling of "defeatism" in Britain, which threatened to become rampant at a time when Britain appeared to be foundering while other countries maintained a reasonable degree of prosperity. The clear revelation that high tariffs do not shelter countries like America, Germany, Australia or Canada against world-wide depression has checked the impetus of the tariff movement here; while the alluring suggestion that prosperity was easily within our grasp, if we diverted our vast trade to Empire channels, was demolished by its unequivocal refutation by the Dominion Premiers at the Imperial Conference in October. It is of good omen that 1930 has seen the shattering of disturbing economic illusions and a lessening of the inclination to look for short-cuts to prosperity. Nor was the year barren of other welcome features. The result of the Round Table Conference holds out a greater hope of the re-establishment of confidence in India than at one time seemed possible. The handling of foreign policy by Mr Henderson has redounded to the prestige of this country. Mr Snowden's budget in April eschewed Socialist extravaganzas and adhered to sound finance; and although, thanks largely to the effect of new legislation in connection with unemployment insurance, a Budget deficit is threatened in the current financial year, a Royal Commission is endeavouring to grapple with the problem, and the campaign for national retrenchment is gathering force.

We have no wish to minimise the seriousness of the position which the story of 1930 has revealed in the world at large and at home in Britain. It is all to the good that the seriousness should be fully realised; for only if that is so can we look for bold and imaginative effort in facing the tasks of readjustment. We would not suggest that the dawn of economic recovery shows signs of breaking as yet, nor hide our belief that 1931 brings us face to face with a testing ordeal. Yet we would conclude with two notes of comfort. In the first place Britain has withstood the blizzard better than her economic tendencies in the pre-slump years might have led us to expect. Secondly, this great world depression is a crisis not of starvation—in the sense of failing crops, lost human skill, or dwindling resources—but of paradoxical superabundance. As time passes, and the lessons of the slump become plainer, those who guide the economic affairs of the nations can, and must, find ways of adjusting the machinery of international credit, production and exchange in such a way that abundance becomes the blessing, which it should be, instead of the curse, which it was in 1930.

PRODUCTION AND TRADE.

BRITISH INDUSTRY.

The history of British production and commerce during 1930 is the record of a progressive decline in activity, whose effects on the volume of unemployment became more and more marked as the year wore on. Up to March, although the depression had already become acute in the textile industries, many branches of our manufacturing processes maintained a fairly satisfactory rate of output; shipbuilders were engaged on large contracts for tanker tonnage previously placed; the consequent demand for iron and steel was augmented by a moderately good domestic absorption in other directions; and the figures both of net imports of raw materials and of exports of British manufactures were not too discouraging. From April onwards, however, the receding curve turned steeply downwards, and the country as a whole entered the winter in the midst of a profound depression in which few, if any, signs of early improvement could be discerned.

In the following table we have grouped together a number of indices and other data of output and trade for the past three years:—

PRODUCTION AND BUSINESS.			
	1928.	1929.	1930.
Indices of production—			
London and Cambridge Economic Service	102.5	110.6	98.7
Board of Trade	105.5	111.8	(a)
Output of—			
Saleable coal (Mn. tons)	238	257	244
Pig iron (Mn. tons)	6.6	7.6	6.2
Steel (Mn. tons)	8.5	9.6	7.3
Rayon yarn and waste (Mn. lbs.)	54.2	56.9	48.7
Indices (Economist) of Business Activity (1924 = 100) —			
Net imports, raw materials	101	113	101
Exports, British manufactures	108	109	87.5
Total foreign trade turnover	106	112	102
Consumption of—			
Iron and steel	88	103.5	103
Cotton	103	106	76
Coal	99	106	106
Electricity	110	116	112
Provincial clearings	100.5	99	91.5
Volume of employment	105	107	103
Shipping Movement	106.5	111.5	109.5
Indices (Board of Trade; 1924 = 100) —			
Postal receipts	114	116	117
Building plans approved—			
Dwellings	106.5	117.5	124
Others	133	140.5	135.5

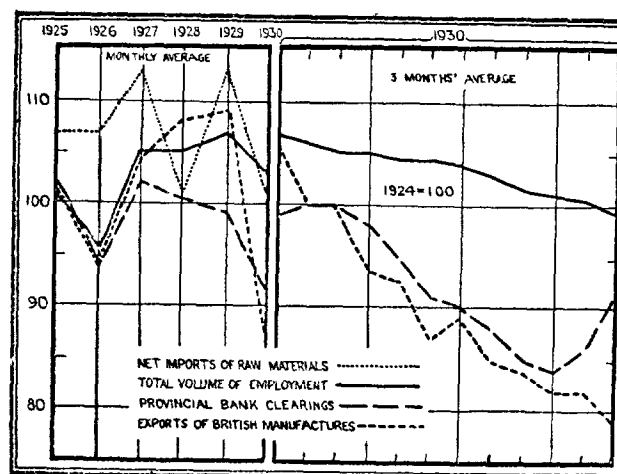
(a) For the first nine months of 1930 the figure was 104.5, as compared with 110.8 in the corresponding period of 1929.

The average figures for the year given above necessarily disguise the progressive deterioration which occurred during the twelve months, and which is strikingly illustrated in the diagram on the opposite page.

The situation at the end of the year can be better appreciated by comparing the December figures of certain of the foregoing indicators with those of the corresponding month a year ago. Thus, for example, in December, 1930, our index of exports of British manufactures had fallen to 79, as compared with 110 in December, 1929; that of total employment to 99.5 against 107.5; and the indices of iron and steel and cotton consumption to 91 and 81 respectively as compared with 120 and 122. Again, continuing the comparison between December, 1929, and December, 1930, steel output had declined from 661,000 tons to 337,000; output of rayon from 3.98 to 3.24 million pounds; and shipbuilding begun during the last quarter of the year totalled only 132,000 tons against 499,000 tons in the fourth quarter of 1929.

With the fundamental causes of the world-wide depression and the particular disabilities of British industry, we have dealt briefly in the introduction to our Supplement. The catastrophic decline in commodity prices—at once a cause and symptom of the slump—is dealt with in detail on later pages, and a description of the fortunes of individual industries and trade will be found in Section III. The industries ancillary to production—shipping and railways—naturally suffered from the general decline. Thus shipping freights, as measured by our index number, were 8 per cent. lower

INDUSTRIAL ACTIVITY.



in 1930 than the mean for 1898-1913, and at the end of the year the index number (1898-1913 = 100) stood at 94.8, as compared with 100.3 at the end of 1929 and an average figure of 116.3 for the year 1913.

The figures, available only for the first nine months of the year, relating to railway freight train traffic, are given below:—

Description.	Great Britain. (All Standard-Gauge Railways.)		
	Aggregate, Jan.-Oct., 1930.	Inc. (+) or Dec. (-), compared with the corresponding period of 1929.	
	Tons.	Units. Tons.	Per Cent.
Freight train traffic excluding (free-hauled):			
Merchandise*	46,410,266	- 3,197,365	- 6.45
Minerals and merchandise†	49,748,036	- 4,944,041	- 9.94
Coal, coke and patent fuel	159,395,629	- 11,170,871	- 6.95
Live stock	1,978,608	- 61,764	- 3.03
Total	257,532,539	- 19,374,041	- 7.00

* Excluding Classes 1-6.

† Classes 1-6.

The decline of 7 per cent. in total tonnage compares with an increase of 7.6 per cent. in 1929, but though there is a modicum of satisfaction in noting that the reaction up to October, 1930, had not carried the total below the level of 1928, it must be borne in mind that in 1929 the bulk (16 million tons) of the increase represented larger coal traffic. General merchandise (excluding heavy minerals, etc.) increased in 1929 by less than half-a-million tons, so that this traffic in 1930 was substantially lower than in 1928. Passenger receipts showed a fall on the nine months of 5 per cent.

AGRICULTURE.

The dominating influence in agriculture in 1930 was the over-stocked condition of the world wheat markets and the consequent catastrophic slump in all cereal prices. In the two preceding years the general unsatisfactory trend of British agriculture was relieved to some extent by exceptionally favourable conditions for cultivation and cropping. In 1930, however, these conditions were far from good, and the anxiety caused by the decline in arable acreage was accentuated by the generally disappointing yields. As compared with 1929 there was a loss of agricultural land of about 46,000 acres, a reduction of 57,000 acres in the area under crops and grass being only partly counterbalanced by an increase of 11,000 acres in the area of rough grazings. The arable area declined further by 115,000 acres (1.2 per cent.), this reduction, however, being appreciably less than that shown in 1929. The area under corn crops showed a reduction of about 140,000 acres, a small increase in the acreages under wheat, rye, beans and peas being heavily outbalanced by reductions in the areas under barley, oats and mixed corn. Potatoes and roots were grown on areas reduced by 94,000 acres and 39,000 acres respectively, but the acreage put down to sugar beet was increased by 117,000 acres (over 50 per cent.). The area devoted to vegetables and fruit showed a decrease, and the hop acreage was reduced by about 4,000 acres.

The production of the various crops was on the whole disappointing. The corn harvest was adversely affected by unfavourable weather in August and September. In the result, the average yields of corn crops, except wheat and barley, were slightly above average, but on the reduced acreages the total production of all corn crops, except beans, was well below that of 1929. Potatoes gave a yield per acre slightly above average, but the total production fell short of that of the previous year by 847,000 tons. The crop, moreover, contained a greater proportion of diseased tubers than usual. Roots were affected to an unusual extent by pests and also by lack of sun, and the yields were below average. The hay crop was exceptionally abundant, and notwithstanding the damage caused to a considerable quantity by excessive rain the total production was well over average.

With the exception of sheep, all kinds of live stock showed a reduction. Cattle were reduced by 108,000 (1.8 per cent.) and pigs by 60,000 (2.5 per cent.), while horses showed a reduction of 38,000 (3.8 per cent.). There was an increase of 222,400 (1.4 per cent.) in the total number of sheep.

The most unsatisfactory feature of the year from the producer's point of view was the further marked fall in the price of most commodities. The monthly general index figure varied between 48 and 26 points above that of the base years 1911-13, as compared with a range of 52 and 40 in 1929, while the general index number for the year was 34 points above the base years, a fall of 10 points since 1929. Live stock generally maintained, and in some cases improved, the level of the previous year, but for almost all other commodities the fall in the level of prices was very marked. The following are the principal indices compared with those of 1929:—

1911-13 = 100.

	1929.	1930.		1929.	1930.
Wheat	130	105	Poultry	152	147
Barley	125	100	Eggs	159	136
Oats	125	87	Fruit	159	117
Fat cattle	133	133	Vegetables ..	164	138
Fat sheep	157	160	Potatoes	117	96
Bacon pigs ..	160	153	Wool	126	82
Pork pigs	165	165	Hops	51	47
Milk	169	161	Hay	125	118
Butter	152	128	Feeding stuffs	139	96
Cheese	158	130	Fertilisers ..	100	101

The continued depression in market prices has focussed attention during the year upon the competition arising from the unrestricted importation of foreign agricultural produce. This competition was particularly marked in 1930 in the cereal and soft fruit markets. In the cereal market some alarm was

caused by the re-entry of Russia into the grain-exporting trade. While no doubt accelerating to some extent the decline in prices, the almost unprecedented low level of wheat prices was due to the surplus world production, to which Russia was no more than a contributing factor.

OVERSEAS TRADE.

The overseas trade results for 1930 illustrate not only the intensity of the fall in commodity prices, but also the commercial depression:—

FOREIGN TRADE VALUES.

	1924.	1928.	1929.	1930.
Imports.....	£ mill. 1,277.4	£ mill. 1,195.6	£ mill. 1,220.8	£ mill. 1,044.8
British exports.....	801.0	723.6	729.3	570.5
Re-exports.....	140.0	129.3	109.7	87.0
Total exports.....	941.0	852.9	839.1	657.5
Excess of imports over total exports.....	336.4	351.7	381.7	387.3

Comparing 1929 and 1930, imports have fallen by 14.4 per cent., British exports by 21.8 per cent., and re-exports by 20.6 per cent. There is very little difference between the absolute contraction in imports and total exports, with the result that the adverse visible balance of trade was much the same in 1930 as in the preceding year. The decline of £176.0 millions in imports was mainly accounted for by decreases of £59.9 millions in foodstuffs, of £88.8 millions in raw materials, and of £26.9 millions in articles "wholly or mainly manufactured." British exports of raw materials fell by £15.1 millions, of which coal accounted for £2.9 millions and wool for £4.8 millions. Exports of British foodstuffs fell by £7.4 millions. British manufactures by £134.0 millions. The textile and clothing trades account for no less than £77.5 millions of this decrease and the iron and steel trades for another £16.7 millions.

The next table shows net imports and exports for certain years, sub-divided into their main classes:—

	1929.		1929.		1930.	
	Retained Imports.	Exports.	Retained Imports.	Exports.	Retained Imports.	Exports.
Food, drink and tobacco.....	£ mill. 541.2	£ mill. 57.0	£ mill. 509.5	£ mill. 55.7	£ mill. 451.8	£ mill. 48.3
Raw materials and articles mainly unmanufactured.....	323.8	106.5	285.3	78.9	212.4	63.8
Articles wholly or mainly manufactured.....	266.0	618.9	305.5	573.8	283.3	439.8

It will be seen that the decrease in value between 1929 and 1930 was common to all three classes. On the question how much of this general decrease in the value of our foreign trade is due to the fall in commodity prices, and how much of it represents a physical shrinkage in volume, considerable light is thrown by the quarterly index numbers issued by the Board of Trade, which measure changes in actual volume:—

Year.	Imports.		Exports.	
	Gross.	Retained.	British Produce.	Imported Produce.
1924.....	100.0	100.0	100.0	100.0
1927.....	108.9	111.2	102.3	90.1
1928.....	105.6	107.8	104.7	88.0
1929.....	110.9	114.0	108.3	84.8
1930.....	108.1	111.4	88.7	81.1
1929 1st quarter.....	110.8	113.5	106.7	89.1
2nd ".....	108.0	109.8	106.5	93.1
3rd ".....	105.9	109.5	109.1	76.6
4th ".....	118.9	123.6	110.9	80.4
1930 1st ".....	109.6	112.8	99.9	83.5
2nd ".....	105.6	107.6	87.4	89.5
3rd ".....	100.4	104.2	85.0	69.9
4th ".....	117.0	121.4	82.7	81.3

In interpreting these figures regard must be paid to the pronounced seasonal increase in imports (both net and gross) and in re-exports in the fourth quarter of the year. Still, even when due allowance is made for this, it is clear that while imports in 1930 were

only slightly below their 1929 level, there was a very pronounced fall in exports of British goods.

How serious this fall was is illustrated by the following table:—

SOME LEADING EXPORTS. Quantity (000's omitted).

	1924.	1927.	1928.	1929.	1930.
Coal..... tons	61,651	51,149	50,052	60,267	54,879
Total iron and steel manufactures..... tons	3,851	4,196	4,261	4,379	3,158
Total machinery..... tons	463	512	566	562	481
Cotton yarns..... lbs.	163,056	200,465	169,207	166,637	136,710
Cotton piece-goods..... sq. yds.	4,443,959	4,116,883	3,866,500	3,671,687	2,406,76
Wool tops..... centals	411	420	344	327	288
Woolen tissues..... sq. yds.	164,740	130,914	128,339	108,185	79,042
Worsted tissues..... sq. yds.	56,843	39,980	42,111	47,281	34,711
Linen piece-goods..... sq. yds.	110,786	73,911	66,135	71,540	61,450
Boots and shoes..... doz. pairs	998	990	1,079	1,006	907
Paper and cardboard..... cwts.	4,757	4,317	4,539	5,047	4,259
Locomotives..... tons	24	27	41	40	51
Motor cars and chassis..... No.	15	36	33	42	30

The 1930 coal shipments do not compare very unfavourably with those of previous years, but there is a serious shrinkage in the iron and steel figures, and machinery has lost much of the ground gained between 1924 and 1927. The textile industries, however, make easily the worst showing, in comparison both with 1929 and with earlier years. Vehicles formed the only group in which 1930 showed an increase, and this did not extend to motor cars.

INDUSTRIAL PROFITS.

Our analysis of the profits of joint stock industrial undertakings also reflects, when allowance is made for the time-lag between the close of working periods and the publication of accounts, the increasingly serious effects of the trade recession. Taking the calendar year as a whole, the accounts of 1,932 concerns show a fall in net earnings amounting to 0.6 per cent.

NET PROFIT (AFTER PAYMENT OF DEBENTURE INTEREST, &c.).

	Number of Companies.	Reports Published in		Increase (+) or Decrease (-).	
		1929.	1930.		
First quarter.....	516	£ 69,888,497	£ 62,021,337	+ 1,132,840	+ 1.9
Second quarter.....	578	73,421,411	79,717,393	+ 6,295,982	+ 8.6
Third quarter.....	329	28,232,486	23,626,832	- 4,605,654	- 16.4
Fourth quarter.....	509	39,272,377	32,174,677	- 7,097,700	- 18.1
	1,932	198,817,771	197,539,909	- 1,277,862	- 0.6

The results published in the third and fourth quarters of the year contrasted very unfavourably, as was to be expected, with the figures for the first and second quarters; and the decline in profit in the fourth quarter, as compared with the corresponding period of 1929, amounted to over 18 per cent. With the exception of breweries and iron, coal and steel companies, every group of concerns shared in the progressive decline.

In the following table we show for the post-war decade, in comparison with the figures for the five years preceding the war, the ratio of net profits to preference and ordinary capital, and the average dividend paid on preference and ordinary shares:—

PROFITS AND DIVIDENDS.

	Ratio of Profits to Pref. and Ord. Capital.	Average Dividend on Preference Capital.	Average Dividend on Ordinary Capital.
1909.....	7.4	4.3	6.3
1910.....	8.2	4.5	7.0
1911.....	9.9	4.9	8.5
1912.....	10.2	5.2	8.5
1913.....	11.7	5.1	10.2
1920.....	15.2	5.0	12.6
1921.....	10.3	5.2	10.2
1922.....	7.0	5.2	8.4
1923.....	9.8	5.3	9.3
1924.....	10.3	5.4	9.8
1925.....	10.9	5.5	10.3
1926.....	11.3	5.4	11.1
1927.....	10.5	5.3	10.8
1928.....	11.1	5.4	10.6
1929.....	10.5	5.5	10.5
1930.....	9.8	5.7	9.5

The average rate of interest paid on debenture capital in 1930 was 5.39 per cent., as compared with 5.15 per cent. a year ago, and 5.02 per cent. in 1928, while the ratio to total ordinary and preference capital of the amounts reserved showed a further fall at 1.7 per cent. against 1.9 per cent. in 1929, and 2.5 per cent. in the previous year. In the last quarter of the year the average rate of ordinary dividend had fallen to 8.4 per cent., against 10.6 per cent. in the corresponding quarter of 1929, while the proportion of net profits left in the business was only 15 per cent., as compared with 18 per cent. a year before, and 23 per cent. in the fourth quarter of 1928.

COMMODITY PRICES.

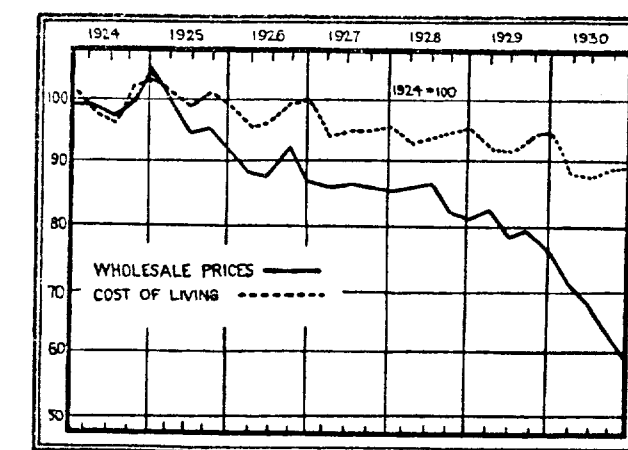
The course of commodity prices in 1913 was uniformly downwards; and whereas the fall in the average level as measured by our index number amounted in 1929 to approximately 7 per cent., the decline last year was over 22 per cent. All the groups of commodities into which our index number is sub-divided participated in the recession. The textiles group, which led the way in 1929 with a fall of 19 per cent., again headed the downward movement with a fall of nearly 38 per cent., followed by cereals and meat with a drop of 24 per cent. The other three groups—"Other Foods," Minerals and "Miscellaneous"—each declined by a little over 15 per cent.

1927 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1925	114.1	101.0	124.0	111.8	108.7	112.0
" 1926	102.8	96.6	97.2	119.8	104.0	104.0
" 1927	100.0	100.0	100.0	100.0	100.0	100.0
" 1928	103.6	93.8	105.1	92.1	95.8	98.1
" 1929	96.9	85.8	92.2	95.6	90.5	92.4
End Dec. 1928	97.6	90.2	101.7	94.1	91.4	95.0
" Dec. 1929	92.3	83.6	82.6	92.4	89.2	88.3
" Jan. 1930	89.2	83.1	76.7	92.6	88.0	86.1
" Feb. "	85.4	83.0	74.7	90.5	87.0	84.2
" Mar. "	84.7	82.7	73.0	89.8	85.5	83.1
" Apr. "	84.9	80.8	72.9	85.6	83.2	81.6
" May "	82.0	79.0	71.1	84.3	84.4	80.6
" June "	82.2	77.8	66.5	82.8	84.1	78.8
" July "	84.2	76.3	63.6	82.1	81.5	77.6
" Aug. "	82.5	75.2	61.7	81.5	79.7	76.1
" Sept. "	79.5	74.5	56.9	79.5	76.7	73.2
" Oct. "	76.8	73.7	55.8	79.1	77.7	72.4
" Nov. "	73.2	70.2	55.1	79.0	77.8	70.9
" Dec. "	70.0	71.0	51.4	78.0	75.2	68.7
Average, 1930	81.0	77.2	64.4	83.6	81.6	77.6

At the end of December the only commodities which were dearer than a year ago were potatoes, tea, household coal and leather. Steel rails, iron bars, cement, fuel oil and soda crystals were unchanged in price, but every other commodity included in the list on which

WHOLESALE AND RETAIL PRICES.



our index number is computed showed a fall. The heaviest declines were those registered by Canadian wheat (56 per cent.), maize (43 per cent.), raw cotton (44 per cent.), Australian wool (33 per cent.), hemp,

flax and jute (35 to 44 per cent.), non-ferrous metals (30 to 35 per cent.), linseed oil (50 per cent.), and rubber (47 per cent.).

In the next table we give the figures of our index number converted to a percentage of the average level of the last pre-war year:—

1913 = 100.

Date.	Cereals and Meat.	Other Foods.	Textiles.	Minerals.	Miscellaneous.	Complete Index.
Average, 1926	151.7	195.3	152.6	149.8	120.7	149.4
" 1927	147.6	202.2	157.0	125.1	116.1	143.7
" 1928	152.9	189.7	165.0	115.2	111.2	140.9
" 1929	143.0	173.5	144.7	119.6	105.0	132.8
End June, 1929	140.3	170.1	145.5	120.4	103.6	131.7
" Dec., 1929	136.2	169.1	129.6	115.6	103.5	126.9
" June, 1930	121.3	157.3	104.4	103.5	97.6	113.2
" Dec., 1930	103.3	143.6	80.7	97.5	87.3	98.7
Average, 1930	119.5	156.1	101.1	104.6	94.7	111.5

It will be seen that though the average for 1930 works out at 111.5, compared with 132.8 in the previous year, by the end of last December wholesale prices had reverted to a point slightly below the average for 1913.

In the following table we show the annual changes which have occurred in each group of prices since 1925:—

YEARLY AVERAGES (1924 = 100).

	1925.	1926.	1927.	1928.	1929.	1930.
Cereals and meat.....	99.9	90.0	87.5	90.7	84.8	70.9
Other foods.....	94.7	90.6	93.8	87.9	80.5	72.3
Textiles.....	90.6	71.1	73.1	76.8	67.4	47.1
Minerals.....	93.6	100.3	83.7	77.1	80.0	70.0
Miscellaneous.....	102.9	98.4	94.7	90.7	85.7	77.3

Complete index... 96.8 89.9 86.4 84.8 79.9 67.0

The final table shows the average percentage increase, as compared with July, 1914, for all the items included in the Ministry of Labour's cost-of-living figure for the past seven years:—

AVERAGE PERCENTAGE INCREASE SINCE JULY, 1914.—All items (Food, Rent, Clothing, Fuel and Light, &c.).

Month (beginning of).	1924.	1925.	1926.	1927.	1928.	1929.	1930.
January.....	77	80	75	75	68	67	66
February.....	79	79	73	72	66	65	64
March.....	78	79	72	71	64	66	61
April.....	73	75	68	65	64	62	57
May.....	71	73	67	64	64	61	55
June.....	69	72	68	63	65	60	54
July.....	70	73	70	66	65	61	55
August.....	71	73	70	64	65	63	57
September.....	72	74	72	65	65	64	57
October.....	76	76	74	67	66	65	56
November.....	80	76	79	69	67	67	57
December.....	81	77	79	69	68	67	55

It will be observed from the foregoing figures that the comparative rigidity in the index number from 1927 to 1929 gave way to a fairly rapid decline in 1930; but, as will be seen from the accompanying chart, the disparity between wholesale and retail prices has greatly increased during the past year.

MONEY AND EXCHANGES.

MONEY MARKET.

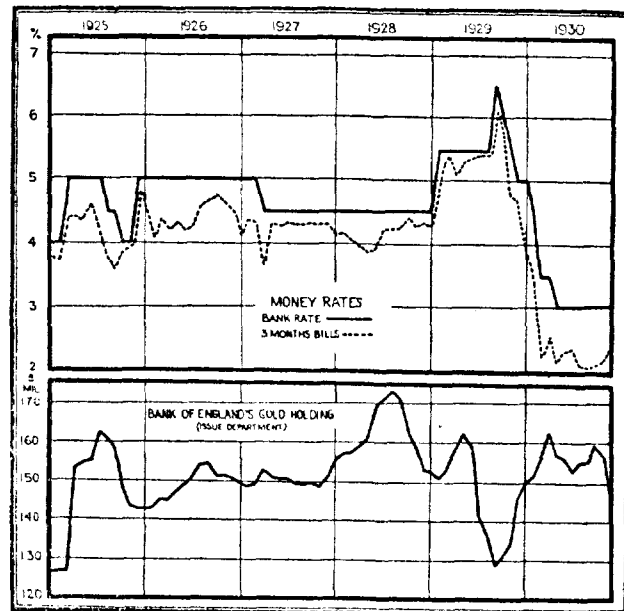
If 1929 was a year of tight money, high Bank rate, and a narrow margin between Bank rate and the three months' market discount rate, 1930 proved to be just the reverse. The idle and depressed stock exchanges, falling prices, and bad trade brought about a general contraction in the demand for money. Traders borrowed less, and bankers were more careful in their scrutiny of applications for fresh loans, while they rigorously called in or wrote down outstanding loans, especially those of a doubtful character. There was a pronounced falling off in the supply of bills in the London market, evidence of which is to be found in the huge contractions in the leading banks' acceptances

on behalf of their customers. This was due to the combined effect of the trade depression, which reduced the volume of goods to be financed, and to the fall in prices, which diminished the cost of financing each transaction. Finally, the Government's conversion operations in the spring of 1930 made substantial inroads on the volume of outstanding Treasury bills.

The result was the headlong fall in money rates illustrated in the chart. Time and time again, in the spring of 1930, market rate fell to an abnormal distance below Bank rate, and the latter had to be reduced to bring it into line with market rate. There was nothing abnormal in these movements, for bad trade naturally brings with it cheap money, for the reasons described above. The extent of the decline, which brought Bank rate down from $6\frac{1}{2}$ to 3 per cent. in a little more than six months, is thus in one sense a measure of the intensity of the trade depression, and the contraction in the amount of employment available for short money.

During these three months the French demands for gold were quiescent, and the Bank of England succeeded in adding £18.2 millions to its gold stocks, mainly by acquisitions from Australia and South

GOLD AND MONEY RATES.



America. In May, however, the French gold demand revived, partly because of the concentration of French funds in Paris for the purpose of subscribing to the French quotas of the Bank for International Settlements share issue and the reparations loan. At Whitsun, a few weeks later, the Bank of England let it be known that owing to the depletion of its stock of fine gold bars, henceforward it would exercise its legal right of delivering standard gold against its sales.

As the Banque de France was unwilling to accept other than fine gold, the consequence was that gold withdrawn from the Bank of England for shipment to France had to be refined. This involved shippers in some trouble and delay, and also imposed upon shipments a physical limit of £300,000 a day, this being the largest quantity with which refiners could deal. As a result, the export gold point of the Paris exchange fell from Frs. 123.89 to Frs. 123.65, and a premium was established upon the fine Cape gold arriving each week and sold in the London market. These conditions remained in force until the middle of January, 1931, when the Banque de France agreed to accept standard gold.

The French gold withdrawals continued at this restricted rate during July, and money at that time was fairly tight, though market discount rates, at $2\frac{3}{4}$ per cent., were well below the 3 per cent. Bank rate. During the next three months French gold withdrawals were only of limited dimensions, and as trade became worse and commodity prices continued to fall, money (apart from isolated days of stringency due to special and technical causes) became extremely cheap

and abundant. At times three months' bills were quoted at very little over 2 per cent., or nearly a full point below Bank rate. This margin was an abnormally wide one, and left little or no profit to bill-brokers, who borrowed their weekly money at the customary minimum rate of "one below Bank rate," or 2 per cent.

November witnessed a sudden change in the situation. The French bank failures, caused by the Oustric collapse, forced French banks as a whole to draw upon their foreign balances so as to strengthen their home resources. Thus France once more began to take gold, and continued to do so at the rate of £300,000 a day from November 6th right up to the end of the year, while so soon as the Banque de France agreed to take standard gold, the daily withdrawals rose for a short time to an average of £1,000,000. The closing months of the year also witnessed widespread American bank failures, and latterly there have been signs that American banks have been strengthening their cash resources by drawing upon their foreign funds. Thus money in London gradually tightened as the year drew to its close, and in mid-December, immediately before the annual borrowings from the Bank began, three months' bills were quoted at $2\frac{1}{8}$ per cent.

The most important event of the year in international monetary history was the foundation of the Bank for International Settlements. Although it has been in existence for less than a year, it is already clear that its functions as a regulator and distributor of world credit and as provider of a common meeting ground for representatives of central banks are beginning to outweigh its immediate function of a collector and distributor of reparations. Already it is setting reparations receipts and allied debt payments off against each other so as to keep them clear of the world's exchange markets, and plans are under discussion for establishing a general foreign exchange clearing system.

The year was also notable for the publication of the interim report of the Gold Delegation of the Financial Committee of the League of Nations. This called attention to the extent and imminence of the danger of the potential shortage of monetary gold in the world, and outlined certain steps that could be taken to arrest such a shortage. Detailed consideration of these steps and other matters was left over for subsequent reports. In general, the issue of this document and the world-wide collapse of trade and of commodity prices has served to focus world attention upon the gold problem, without, however, any general measure of agreement yet having been reached.

The course of Bank rate in different countries during 1930 is summarised below:—

INTERNATIONAL COMPARISON OF BANK RATES.

	End of Months of 1930.											
	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
London	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Paris	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Berlin	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
New York Federal Reserve	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Amsterdam	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Oslo	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Stockholm	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Copenhagen	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Brussels	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Madrid	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Rome	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Helsinki	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Lisbon	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Prague	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Vienna	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Tokyo	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Calcutta	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Algeria	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Bucharest	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Budapest	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Belgrade	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Danish	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Riga	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%

It will be seen that the fall in Bank rates was general, and that in several centres extremely low rates were established. An exception to the down-

ward trend is found in last October's increase in the Reichsbank's rate. This was the direct consequence of the unsettling effect upon international finance of the successes of the extremist parties at the September elections.

We append our usual tables of money rates:—

LONDON RATES.

	Whole Year									
	1921.	1922.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.
Changes in Bank rate	four %	four %	one %	none %	four %	none %	one %	none %	five %	four %
Highest Bank rate	7	5	4	4	5	5	5	4	6	5
Lowest Bank rate	5	3	3	4	4	5	4	4	4	3
Arg. Bank rate	6/2/4	5/13/10	3/13/10	4/0/0	4/11/0	5	4/13/0	4/13/0	5/10/0	3/8/5
Arg. market rate	5/4/3	2/13/0	2/13/0	3/10/9	4/2/0	4/10/3	4/4/10	4/3/0	5/5/4	2/12/3
Best 3 months' bills	18/1	1/0/10	1/0/10	9/3	9/0	9/9	8/2	7/0	4/8	16/2
Difference										

BANK CLEARINGS.

As was inevitable, London bank clearings in 1930, shown in the following table, fell below the level of the preceding year:—

000's omitted.

	1930.	Decrease in comparison with 1929.	Increase in 1929 in comparison with 1928.
Town Clearings	38,782,577	-1,153,347	+624,807
Metropolitan Clearings	1,812,146	-69,843	+27,599
County (Cheque) Clearings	2,963,631	-115,133	+691,751
Grand total	43,558,354	-1,338,323	+39,342

As commodity prices in 1930 were 15 per cent. below the 1929 level, and as trade was depressed and the stock exchange inactive, it is somewhat surprising that 1930 London clearings were as high as they were. The explanation probably lies in the large number of routine payments that have to be made in good and bad years alike. The provincial clearings reveal the trade depression in all its severity. Bradford clearings for the whole year contracted by as much as 27.2 per cent. against 1929, while if the fourth quarter of each year be compared, the fall was as much as 33.4 per cent. The year's decreases for Liverpool (19.1 per cent.) and for Manchester (17.9 per cent.) were nearly as serious, and at these centres as well the comparison for the fourth quarter of each year revealed a greater decline. These were the three worst centres—as, indeed, would be expected from the depressed state of the textile industries—but results from elsewhere in the provinces were far from encouraging.

FOREIGN EXCHANGES.

The Foreign Exchange market in 1930 was subjected to various extraneous influences which tended to override the usual seasonal factors. To take the movements of the various currencies month by month, and the principal political and economic events by which they were influenced: January saw the signature of the Final Act at The Hague Conference on Reparations, and the opening of the Naval Conference, whilst the Bank rate was reduced on different dates in Berlin, Vienna, Budapest, Paris, and Warsaw. Sterling was very firm against the dollar, and touched the highest level of the year at 4.88½. Paris fell below parity for the first time since stabilisation, and the steady withdrawals from London of foreign, especially French, balances began the movements unfavourable to sterling, which brought several of the gold exchanges to such a premium that gold export point was reached on several occasions. In February, the Argentine peso broke sharply, and a crisis arose in the Chicago and Canadian wheat pools, which began a new fall in wheat, and a recession in the exchanges of the wheat-producing States. This was accentuated later by an extension of the general fall in commodity values, and Australian purchasers of goods abroad were brought eventually almost to a system of barter, and, finding themselves unable to export exchange, paid their debts abroad by buying wool in

Australia and selling it in London. Bank rate was reduced in February in London, New York, Vienna and Budapest. The French Government fell on February 17th and the franc went to a discount. In March, a political crisis in Spain, combined with speculation and a lack of confidence abroad, started the break in the peseta, which was to become worse in June, and continued in aggravated form until the end of the year. The Australian exchange also began to fall away, and grew gradually but steadily worse later. The Bank rate was reduced in Milan, London, Stockholm, Amsterdam, Copenhagen, and Berlin during the first week of March, and, in the third week, in London and Amsterdam for the second time, and also in Oslo and Vienna. In April further commodity price falls occurred, especially in copper, but the exchanges were reasonably steady, with sterling holding its own. The Bank rate was reduced in Stockholm, Milan, Helsingfors and Brussels. May saw the beginning of the heavy drain of gold to France, and the sharp appreciation of the franc, which led later to the marked movement of Amsterdam and Geneva against the £, and the steady depreciation of the Reichsmark. The Bank rate was again reduced in London and New York to 3 per cent., and in Paris from 3 per cent. to $2\frac{1}{2}$ per cent. Other reductions were Copenhagen to 4 per cent., Milan, Vienna and Budapest to $5\frac{1}{2}$ per cent., Berlin to $4\frac{1}{2}$ per cent. The tendency for funds to be withdrawn from the United Kingdom was aggravated in June by the Reparation Loan and the Bank of International Settlements issues. Heavy liquidation in Wall Street preceded an upward movement of sterling, which found its fullest development during July and August, only to fall away steadily after that until the end of the year. The peseta opened another period of depression, which got worse later, and lasted practically until the close. In July the Bank rate was reduced in Calcutta, but the rupee was firm almost throughout the year. The raising of the Bank rate in Madrid induced a slight temporary recovery in the peseta. In Germany the defeat of the German Government brought uncertainty as to the future of the Reichsmark, which came to a head in October with the success of the Hitler party at the elections, and brought the rate to its highest level of the year, 20.44½. The Belgian Bank rate was again reduced, to $2\frac{1}{2}$ per cent. In August the Bank rate was reduced in Helsingfors and Danzig. The peseta again depreciated sharply, and sterling was strong against New York, but Paris was very firm against us. In September a revolution in the Argentine brought the peso down to 38½d., the lowest up till then for the year. October saw a further sharp break in the Argentine exchange, and a renewal of the gold outflow to France. Madrid touched its highest rate for the year at 50.65. Revolution broke out in Brazil on the 6th, but was liquidated by the 24th. An exchange moratorium probably saved the situation in the interval from the exchange point of view. The Bank rate was reduced in Riga and Tokio, and raised in Berlin. The end of the month saw the suspension of the Banque Oustric in France. The franc was little affected, but Berlin touched its highest for the year, 20.44½. November opened with further bank suspensions in France. The peseta recovered, Zurich moved sharply against us, as did Amsterdam. The Bank rate was reduced in Copenhagen and Calcutta.

In December the exchange rate for the mark against sterling reached the lowest for the year, viz., 20.35½. The Tardieu Government fell in France without any effect on the franc, which, as a result of the causes we have outlined, and of end-of-the-year requirements, also touched the lowest rate for the year at 123.54. Milan, which had been at a discount almost all through, also went to the best marking for the year at 92.64. In America the Bank of the United States suspension started a new phase of the crisis there, and this was followed by a fresh slump on Wall Street. Fresh record low levels were touched by wheat and silver, with the result that Rio and Buenos Aires in the first instance, also Hong Kong and Shanghai, touched the lowest for the year at 4½d., 34½d., 1s. 1½d. and 1s. 5d.

respectively. Of the other principal exchanges the Scandinavian currencies were comparatively stable, although Stockholm moved principally against us. Tables illustrating the movements of the more important currencies will be found in an appendix.

The following table is extracted from statistics published by Messrs Samuel Montagu and Company:—

RATE OF EXCHANGE AS COMPARED WITH PRE-WAR PARITY OF THE £ STERLING.

	Pre-war Par Value.	Dec. 31, 1929, Middle Rate.	Dec. 31, 1930, Middle Rate.	Compared with its Pre-war Par Value the £ Sterling is at a Premium of		Present quotation of the £ Sterling as compared with its Pre-war Value	
				End 1929.	End 1930.	End 1929.	End 1930.
France	25.207	123.87	123.67	391.4	390.62	4 18 3	4 18 2
Belgium	25.207	174.324	173.814	591.6	589.50	6 18 4	6 17 11
Italy	25.207	93.22	92.75	259.8	268	3 14 0	3 13 7
Spain	25.207	36.50	46.20	44.8	63.28	1 8 11	1 16 7
Norway	18.13	18.205	18.16	0.41	0.16	1 0 1	1 0 0
Denmark	18.13	18.205	18.164	0.41	0.19	1 0 1	1 0 0
Portugal	4.5534	108	108	2,305	2,305	24 1 0	24 1 0
Greece	25.207	375	375	1,388	1,388	14 17 8	14 17 6
Roumania	25.207	818	817	3,145	3,145	32 9 1	32 8 7
Finland	25.207	194	193	670	666	7 14 0	7 13 2
Czechoslovakia	24.02	164	163	585	582	6 17 2	6 16 5
Buenos Aires	47	46	35	3.11	33.21	1 0 7	1 6 8
Rio de Janeiro	164	57	41	197	252	2 19 5	3 10 5
Shanghai	2/4	2/4	1/5	10.34	64.70	1 2 1	1 12 1
Japan	2/0	2/0	2/0	1.62	0.25	1 0 4	1 0 0
At Discount of							
New York	4.874	4.88	4.85	0.15	0.36	1 0 0	19 11
Montreal	4.874	4.93	4.85	1.24	0.30	1 0 3	19 11
Holland	12.086	12.09	12.06	0.06	0.22	1 0 0	19 11
Switzerland	25.207	25.12	25.04	0.33	0.65	19 11	19 10
Sweden	18.13	18.13	18.12	0.01	0.01	1 0 0	1 0 0
Germany	20.418	30.42	20.38	0.03	0.15	1 0 0	19 11
India	1/4	1/5	1/5	10.88	10.10	17 10	17 11

(a) Quotation, 31/7/14. (b) 1 Belg. = 5 Francs. (c) At premium of 100. Comparison cannot be made with pre-war parity for Poland and Austria, as the currency in those countries has been altered in the interval.

GOLD OUTPUT AND MOVEMENTS.

The estimated gold production of 1930 is appreciably greater than that of 1929, and is indeed the largest since 1917. Details are given in the following table compiled by Mr Joseph Kitchin.

GOLD PRODUCTION.

(In millions of pounds at 84s. 11½d. per fine oz.)

Year.	Transvaal.	The Rest of the Empire.	British Empire.	Foreign Countries.	World.	Rise or Fall as compared with 1915 (the Maximum World Output).		
						Transvaal.	British Empire.	World.
1914	35.7	20.8	56.5	34.0	90.5	...	...	...
1915	38.6	22.0	60.6	36.1	96.7	...	...	...
1916	39.5	20.0	59.5	34.0	93.5	+	2	1
1917	38.3	17.8	56.1	30.4	86.5	-	1	-10
1918	35.8	15.2	51.0	28.0	79.0	-	7	-18
1919	35.4	14.7	50.1	25.0	75.1	-	8	-17
1920	34.7	13.4	48.1	20.2	68.3	-	10	-20
1921	34.5	12.9	47.4	20.5	67.9	-	10	-20
1922	29.8	14.8	44.6	21.1	65.7	-	25	-32
1923	38.9	14.5	53.4	22.1	75.5	+	1	-12
1924	40.7	15.3	56.0	24.8	80.8	+	5	-7
1925	40.8	15.3	56.1	24.7	80.8	+	5	-7
1926	42.3	15.3	57.6	24.7	82.3	+	5	-5
1927	43.0	15.6	58.6	24.0	82.6	+	14	-2
1928	44.0	15.4	59.4	24.3	83.7	+	14	-2
1929	44.2	15.5	59.7	25.1	84.5	+	14	-1
1930	45.6	16.3	61.9	25.6	85.3	+	18	+2

* Output temporarily reduced by strike of white miners.

Mr Kitchin writes:—"The British Empire shows an increase of £2,200,000 in 1930, of which £1,300,000 is due to the Transvaal, which shows a record for the seventh year in succession, while Canada has advanced £700,000. Apart from the Transvaal the only country with any important production which shows an advancing output is Canada, though there has been some revival in West Africa. Foreign countries as a whole have shown a stationary output for seven years past." During 1930, the net increase in the monetary gold stocks of the principal countries of the world was approximately £75.0 millions, the difference between this figure and that of the £85.5 millions of new gold produced during the year being explained by the requirements of India and the arts, by the fact that the first figure only relates to fourteen countries, and by minor discrepancies in the dates to which the returns for these fourteen countries relate. The main trend

of gold movements was from Japan and Brazil towards the United States and France, Japan losing £32.0 millions and Brazil £25.0 millions, while the United States and France gained respectively £41.0 and £90.0 millions. Thus France's acquisitions were £15.0 millions in excess of the total world output for the year. Most of the Japanese gold went direct to the United States, which also took some gold from South America. France's gold imports consisted partly of Cape gold, which reached her via the London market, and partly of gold which, though coming immediately from the Bank of England, came ultimately from other countries, such as Spain and South America. London, in fact, acted as a distributive centre for the world's gold, a task which was the natural complement of her function as banker and financial clearing-house to the world at large. The change in the Bank of England's own gold stocks during the year was insignificant.

NEW CAPITAL ISSUES.

Certain economic characteristics of the year were clearly reflected in the record of London's new capital market in 1930. Bad trade, Stock Exchange inactivity, lack of public confidence, and cheap money all played their part. Compared with 1929, there was a big decline in offerings of speculative shares and equities of any class, but this drop was not counterbalanced by the growth in issues of fixed interest bonds which arose from cheaper money. The total amount which the public were asked to subscribe during the year was, therefore, £17,438,700 less, at £267,800,700, than in 1929. The capital for use in the Colonies was £500,000 greater at £61,500,000, and foreign requirements rose by £9,400,000 to £35,600,000, the decline in the total sum being accounted for by the drop of £27,400,000 in the capital for domestic use, which was £170,600,000. The money raised for Home Government purposes during the year remained steady, the falling off being evident among monies required for industrial and other purposes.

Capital raised for employment at home, apart from Government issues, fell from £179,700,000 in 1928 to £136,600,000 in 1929 and £105,000,000 in 1930. There were also sharp declines in non-Governmental requirements, both in the Empire and foreign countries, while advantage was taken by foreign and Colonial Governments of the better terms prevailing in the market. The British Government total of £65,640,000 included proceeds of £37,060,000 from the 4½ per cent. Conversion Loan of February, £19,000,000 from 4 per cent. Treasury Bonds, the Ulster Loan of £1,980,000, and £7,600,000 from National Savings Certificates. Foreign and Dominion Government issues amounted to £50,000,000 more than in 1929. Against these figures is that under the Miscellaneous heading, the most striking of all declines. In 1929 the amount raised was £56,981,800, while last year the figure was £21,361,700. "Trusts" and "Patents" showed heavy declines of £21,556,500 to £6,316,000, and of £6,739,900 to £367,500 respectively. These figures show a clear indication of the lack of enterprise in the market. The rise of £729,200 to £8,050,000 in issues under the heading of "Oil" was attributable to the Shell flotation of £5,000,000 £1 shares in February at a premium of 5s. per share. Cheap money, together with the general strength of the good-class fixed interest securities on the Stock Exchange, is responsible for the fact that most of these 1930 issues are now quoted at a price above that at which they were issued. Of the one or two notable exceptions, the German Reparations Loan and the San Paulo issue have fallen under the pressure of peculiar adverse circumstances.

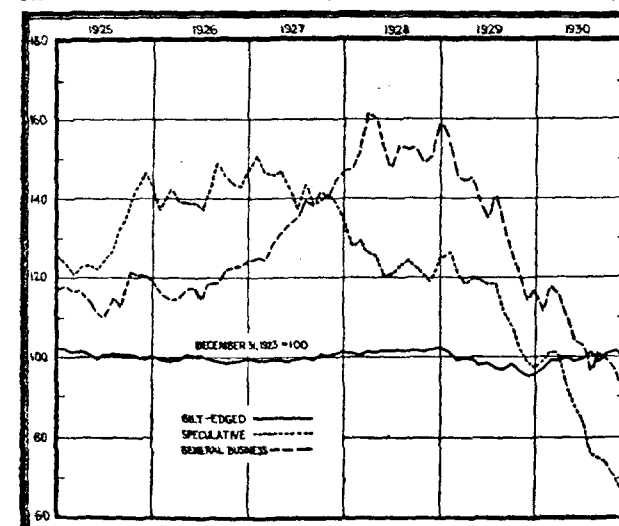
The figures which have been dealt with above do not include Stock Exchange "introductions" made during the year. The sum which came under this heading in 1929 was £43,641,400, representing nominal capital of £31,519,934, issued at an average premium of £38 9s. 1d. per cent. Last year the sum raised was £23,944,300 at an average premium of £8 1s. 2d. per cent. Of the total sums thus raised, £28,965,200 was obtained in 1929 for employment in the United King-

dom, as compared with £8,292,000 in 1930. The Colonies obtained £3,244,600 by this means in 1930, an increase of £1,045,000, and £12,407,700, representing a decrease of £63,900, was raised in 1930 for use in foreign countries. In issues for public information only there was a great reduction as compared with 1929, but the last quarter of 1930 saw a growth in number in this type of issue.

THE STOCK EXCHANGE.

The year 1930 came and went in an atmosphere of almost unrelieved gloom, and during its passage the misfortunes of the speculative investor were considerably aggravated. Under the influence of cheap money, industrial ordinary shares enjoyed a brief respite during the first week of March, and continued to rise until April in sympathy with American common stocks. In the middle of that month, however, the renewed slump in Wall Street was the signal for a further collapse in London, following upon the realisation that there could be no trade recovery by the summer of 1930. Apart from an insignificant upturn at the end of June, prices continued to decline till the third week in August, when a second mild recovery took place, due partly to the "squeezing" of bear operators. A period of stagnation followed, with a barely perceptible downward trend, and just before the close of the year prices again fell to new low levels.

A gratifying contrast to the widespread depression among ordinary shares was provided in gilt-edged and secondary values ("Investors' Chronicle" Index).



"Gilt-edged" includes British, Dominion and Colonial, and Corporation issues.

"General business" comprises Railway, Banking and Insurance stocks, and representative ordinary shares from eleven industrial groups.

"Speculative" includes representative ordinary shares of gold mining, land, nitrate, oil, rubber, tea, and tin companies.

higher-grade fixed-interest securities. The increase in direct taxation imposed by the Budget, the conversion operations of the Government, and the heavy borrowings by home corporations at rather dear rates in the first half of the year alike failed to prevent rises of from 7½ to 10 points in long-dated British Government stocks, consequent on the reduction in Bank rate in four stages from 5 per cent. to 3 per cent. between February and May. Australian stocks were an unhappy exception to the improved trend of Dominion Government securities. As the financial position of the Commonwealth Government grew more involved the Australian stock market became nominal, and declines of over 15 points were recorded in some cases during the year. India stocks, however, showed a slight recovery, despite the uncertain political outlook.

Owing to a variety of circumstances, including political unrest, with or without revolution, and the deterioration of the Government finances, foreign bonds failed to participate in the "cheap money" boom. The mere suggestion in New York of the possibility of a moratorium for Germany under the Young Plan brought about general liquidation of German bonds, especially the 5½ per cent. Reparations Loan

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issued in June. Brazilians wallowed heavily in a trough of economic depression and political chaos. Chinese bonds, on the other hand, enjoyed a marked recovery, and where securities were held to be free from political risks movements were mostly in favour of holders.

The market in railway stocks was probably the most depressed on the Stock Exchange. Serious declines occurred in home rail ordinary stocks, while wholesale liquidation of South American railway stocks accompanied the heavy declines in traffic receipts, which in turn were due to the prevalent agricultural and mining depression. The fact that United Railways of Havana and Cordoba Central defaulted in their payments of debenture interest served only to deepen the gloom.

In so far as equity shares were concerned, an unbroken decline in market values was registered. From time to time the dwindling confidence of shareholders was seriously disturbed by the publication of disconcerting statements—for instance, by Hudson's Bay, United Molasses, and Guest, Keen and Nettlefolds. Even when current reports were not actually unsatisfactory, shares were often sold on the prospect of inevitable declines in profit figures in 1931. Stocks which are dealt in on the New York market presented an even worse appearance at the close of the year than British industrials confined to the London market. The speculative markets received the full blast of the catastrophic collapse in commodity prices. Dealings in rubber shares became nominal for a time, while tea shares remained comparatively neglected. Oil shares, which had maintained their ground in the first part of the year, collapsed in the second half as a result of extensive cuts in oil prices in America, and the nervousness induced by the final dividend distribution of the leading oil companies. Mining securities shared in the extensive fall, the only exception being found in the Kaffir market, partly as a result of the increase in dividends declared by several Rand mines, and partly due to a growing realisation on the part of speculative investors of the special position enjoyed by gold-producing companies in a period of falling commodity prices. Copper shares came in for heavy liquidation towards the end of the year, while diamond shares presented a depressed appearance throughout.

The year ended, inevitably, in profound gloom, deepened, if anything, by the consciousness that a Stock Exchange revival, though it might to some extent precede a recovery in economic prosperity, must nevertheless depend, as always, on a general trade revival. It looks, however, as though much of the really heavy liquidation has passed, and in so far as London at least is concerned, the technical conditions of the market appear such as to offer favourable ground for renewed activity.

LABOUR CONDITIONS.

Although the number of trade disputes beginning in 1930 was only slightly below the figure for the previous year, the number of workers affected was considerably lower, and the total duration of the stoppages much shorter than in 1929. The Ministry of Labour's figures for several years past are given below:—

Year.	Number of Disputes Beginning in Year.	Number of Workpeople Involved in Disputes Beginning in Year.		Aggregate Duration in Working Days of All Disputes in Progress during Year.
		Directly.	Indirectly.	
1920	1,607	1,779,000	153,000	26,570,000
1921	763	1,770,000	31,000	85,870,000
1922	576	512,000	40,000	19,850,000
1923	678	343,000	62,000	10,670,000
1924	710	558,000	55,000	6,420,000
1925	603	401,000	40,000	7,950,000
1926	333	2,724,000	10,000	162,230,000
1927	308	90,000	18,000	1,170,000
1928	302	80,000	44,000	1,390,000
1929	420	492,000	40,000	8,280,000
1930	415	287,000	21,000	4,400,000

Two disputes, one in the wool textile industry and the other in the coal-mining industry, were responsible for approximately two-thirds of the workpeople involved in disputes during 1930, and the former accounted for nearly three-quarters of the total loss of working days resulting from these disagreements. Employment became progressively worse throughout the year, and the estimated average number of insured persons, aged 16 to 64, in work fell from 10,207,000 in 1929 to 9,764,000 in 1930, the lowest figure recorded since 1926. Unemployment among insured workers during the year averaged 16.1 per cent., against 10.4 per cent. in 1929, and 10.8 per cent. in 1928. The monthly figures of the numbers unemployed during the past two years are as follows:—

NUMBERS (INSURED AND UNINSURED) REGISTERED AT EMPLOYMENT EXCHANGES, &c.

(At date of Ministry of Labour Monthly Returns.)

(000's omitted.)

	1929.	1930.		1929.	1930.
January	1,434	1,534	July	1,188	2,072
February	1,430	1,582	August	1,190	2,106
March	1,168	1,731	September	1,217	2,230
April	1,198	1,752	October	1,270	2,308
May	1,165	1,823	November	1,323	2,359
June	1,176	1,947	December	1,552	2,725

Unemployment was most severe in the textile trades (which accounted for nearly 28 per cent. of the year's increase), in coal and metalliferous mining, in pottery and earthenware manufacture, in the metal trades, and in engineering and shipbuilding. The following table shows the movements of the unemployment percentage in recent years:—

PERCENTAGE UNEMPLOYED AMONG INSURED WORKPEOPLE IN GREAT BRITAIN AND NORTHERN IRELAND.

	1924.	1925.	1926.	1927.	1928.	1929.	1930.
End of—	%	%	%	%	%	%	%
January...	11.9	11.5	11.0	*12.0	10.7	12.3	12.6
February...	10.7	11.3	10.4	10.9	10.4	12.2	13.1
March	9.9	11.1	9.8	9.8	9.5	10.1	14.0
April	9.7	10.9	9.1	9.4	9.5	9.9	14.6
May	9.5	10.9	*14.3	8.7	9.8	9.9	15.3
June	9.4	11.9	*14.6	8.8	10.7	9.8	15.8
July	9.9	11.2	*14.4	9.2	11.6	9.9	17.1
August ...	10.6	12.1	*14.0	9.3	11.6	10.1	17.5
September	10.8	12.0	*13.7	9.3	11.4	10.0	17.6
October...	11.1	11.4	*13.6	9.5	11.8	10.4	18.7
November	11.0	11.0	*13.5	9.9	12.1	11.0	19.1
December	10.9	10.4	*11.9	9.8	11.2	11.1	20.2

* Excluding workpeople in the coal-mining industry who were disqualified for unemployment benefit owing to the dispute.

The Ministry of Labour states that a small net reduction in wage rates occurred in 1930. Changes, in the industries and services covered by available statistics, during the year resulted in an aggregate net increase of approximately £57,800 in the weekly full-time rates of 760,000 workers, and in a net decrease of about £115,800 in those of 1,100,000 workpeople. Of those workers whose wages were reduced in 1930, nearly 80 per cent. were in the textile and building industries, while the most important groups affected by increases were railway and shipbuilding employees. The average decrease of all industries together was equal to about 1 per cent. of the wage rates prevailing at the beginning of the year. According to the Ministry, when account is taken of all the available information, it is estimated that the average increase between July, 1914, and the end of 1930 in the weekly full-time rates of those workpeople covered by the statistics was from 70 to 75 per cent. As there has been a general reduction in hours since 1914, this percentage increase indicates a greater increase in hourly rates. Hours of labour were considerably reduced during the year, for against 12,550 workpeople who had their hours increased, 344,000 experienced reductions. The aggregate net decrease was 863,500 hours per week, as compared with 8,750 hours in 1929.

II.—CONDITIONS IN PRINCIPAL COUNTRIES.

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A.—EUROPE.

FRANCE.

In 1930 the general economic depression slowly extended to France, but even then France, the last of the industrial countries to suffer, felt the depression only to a comparatively negligible extent. In the financial world, the year was notable for the throwing back on the French market of enormous quantities of stocks, bought at high record levels in 1928 and 1929 on American, German and other foreign account. These came back into French ownership at bargain prices. Poor crops and decreased consumption made the year difficult in nearly all industries. The outstanding feature, from the business point of view, was that French domestic prices were maintained at a very much higher level than in other countries. This gave the opportunity for increased foreign competition in the French home market, particularly in coal, iron and steel. The political atmosphere was disturbed by repeated Ministerial crises, due to party warfare, which seriously delayed the carrying on of necessary parliamentary business.

Trade and Production.—French exports in 1930 amounted to 42,829,652,000 francs and 36,579,342 tons. Exports of manufactured goods (which formed over 60 per cent. of the whole) were 14½ per cent. lower in value, while those of raw materials fell off 20 per cent. in value and rather under 10 per cent. in tonnage. Imports were 52,344,369,000 francs. Imports of raw materials were nearly 17 per cent. lower in value, but nearly 3 per cent. more in tonnage. Entries of manufactured goods (which represented 21 per cent. of the whole) were nearly 13 per cent. greater. Total imports were 10 per cent. less in value and total exports 13½ per cent. less. The declines were due to the world-wide economic depression and general drop in prices. Exports of iron and steel fell off during the year, and imports increased. Steel output touched a new high record figure in May, with 855,000 tons, but fell off during the rest of the year. Further cuts in output were agreed by the European Steel Cartel during the year and are still in effect. The general index of production (1913 = 100), which averaged 127 in 1928 and 139 in 1929, rose to 144 in January and March-June, but had fallen to 135 in November. Rubber manufactures again took the lead and stood at 891 in November, as compared with a mean of 861 in 1929 and 587 in 1928. The motor-car industry came next and stood at 683 in March, falling with the season to 584 in November, as against means of 657 in 1929 and 610 in 1928. Most of the other industries closed the year with figures still appreciably above the mean for 1929. Textiles, which averaged 99 and 92 in 1928 and 1929, fell to 80 in August and September, but slightly recovered later. Railway receipts during the year totalled 15,399,576,000 francs, or about 14 per cent. below 1929. The year closed with a deficit on working estimated to be about 1,500,000,000 francs, due to enormous increases in wages and other working costs, without compensation in the form of increased traffic rates. The number of wagons loaded daily ranged from 66,700 earlier in the year to 56,720 towards the close. The daily mean in 1929 was 63,800 and in 1929 65,100, but a new system of computation renders exact comparison unsafe. Inward shipping averaged 5,058,000 tons per month,

against means of 4,840,000 tons in 1929 and 4,363,000 tons in 1928. Outward tonnage averaged 4,400,000 tons monthly, against 4,099,000 tons in 1929 and 3,868,000 tons in 1928. Bankruptcies totalled 6,149, with a monthly average of 512, against 508 in 1929 and 474 in 1928.

Labour.—Labour shortage was severely felt at the beginning of the year, particularly in agriculture and mining, and necessitated extensive recruiting of foreign workers. In certain industries, particularly in connection with luxury trades, there was some unemployment and the number in receipt of out-of-work allowances (which averaged 5,067 in 1929 and 909 throughout 1929) was in January 1,484. By November the total in receipt of benefit was 4,893 and in December 11,952. The number of workers unable to find work through the labour exchanges, which averaged 10,192 in 1929, and 15,962 in 1928, rose from 10,000 in July to 26,500 at the end of the year. These figures are admittedly based on insufficient data, as several industries have been working short time for some months past, and in many districts labour has been reduced. Ministry of Labour figures announced on January 31st indicated that the number of totally unemployed in the country was 350,000 (based on figures for concerns employing over 100 workers) and that 1,000,000 people were partly unemployed.

Crops.—The wheat crop, which was expected to exceed the record harvest of 1929, was seriously damaged by the bad weather throughout the summer, and yielded only 63,000,000 quintals. The grain, moreover, was mostly below average quality and weight. The potato crop suffered similarly, although not to the same extent. The wine crop amounted to only 42,000,000 hectolitres, against 63,000,000 hectolitres in 1929, and was the poorest since 1917.

Commodity Prices.—The general index figure of wholesale prices (1914 = 100) fell from 588 at the end of December, 1929, to 498 at the end of 1930, with a mean of 543 for the year (or 110 gold). The outstanding feature of the year in regard to prices was the continued widening of the ratio between those for French and imported products respectively. The index of wholesale prices of French products during the year fell only 55 points (from 620 to 565), while that for imported products dropped 153 points—from 530 to 377. At the end of December the index of French products was 188 points, or almost exactly 50 per cent. higher than that for imported goods. The index of wholesale prices of thirteen common household articles at the end of December was returned as 639, and for retail prices of the same products as 649, against 543 and 549 respectively at the end of 1928 and 586 and 611 at the end of 1929. The cost-of-living index for a Paris working-class family of four persons, at the end of August (food, clothing, rent, lighting, heating and sundries), was 592, against 555 for the corresponding period of 1929, and a mean of 519 in 1928 and 514 in 1927. The question of the effect of the steadily growing volume of the note issue on commodity prices has lately been a subject of sharp controversy.

Money and Stocks.—The past year, like 1929, was marked by a continued abnormal abundance of unemployed capital and a lack of opportunities for short-term investments. The plethora of money was increased by the return to Paris of French balances

unable to find profitable employment abroad. The amount of idle capital was so abundant in the latter half of the year that carrying-over rates on the Paris Bourse dropped to $\frac{1}{2}$ per cent. in the Parquet, the state of the market still leaving large sums unemployable. The Bank of France discount rate, which had stood at $3\frac{1}{2}$ per cent. since January 19, 1928, was brought down to 3 per cent. in January, 1930, and on May 1st following was fixed at $2\frac{1}{2}$, where it remained until January 2nd this year. The rate of interest paid on National Defence Bonds was reduced during the year from $3\frac{1}{2}$ per cent. to $2\frac{1}{2}$ per cent. The average yield from issues with varying return during the year was 3.36 per cent. (4.26 per cent. in December), against 2.72 per cent. in 1928 and 2.70 per cent. in 1929. The average yield offered by bond issues was 4.69 per cent., against a mean of 5.36 per cent. in 1929 and 6.03 per cent. in 1928. The general index figure representing Bourse quotations of 300 French issues of variable yield at the end of 1930 (1913 = 100) was 349, as against 463 a year before and means of 507 in 1929 and 415 in 1928. The figure representing quotations of 35 standard 3 per cent. and 4 per cent. issues (1913=100) at the end of December was 94.1, against means of 85 in 1929 and 81 in 1928. New French capital issues during the year totalled 21,925,000,000 francs (against 18,808,000,000 francs in 1929 and 13,800,000,000 francs in 1928). Mortgage and other bond issues formed, as usual, the great part of the whole, and totalled 17,538,000,000 francs (against 10,492,000,000 francs in 1929 and 13,800,000,000 francs in 1928). Only 622,000,000 francs consisted of issues by new companies (against 996,000,000 francs in 1929 and 1,068,000,000 francs in 1928). Increases of capital by old companies amounted to 3,765,000,000 francs, as compared with 7,320,000,000 francs in 1929 and 5,484,000,000 francs in 1928. The only notable foreign issues during the year were the French portions of the German $5\frac{1}{2}$ per cent. International Loan (Young Plan bonds) and of the Bank for International Settlements capital. The latter, which was offered here in May, was subscribed 158 times over. The French share of the "Young Bonds" issue, in June, totalled 2,215,000,000 francs, and was also a spectacular success.

Public Finance.—Owing to the prolongation of the 1929 financial year to the end of March, 1930, comparative revenue figures are no longer possible. The revenue under the General Budget for the first nine months, ending December 31st, of the current financial period totalled 35,559,648,700 francs, representing a surplus of 1,010,000,000 francs over Budget Estimates, as compared with a surplus of 6,605,000,000 francs at the end of 1929. During the complete year a further total of 7,396,500,000 francs was received by the Caisse d'Amortissement, of which 4,487,000,000 francs was derived from the tobacco monopoly, and the balance from the special taxes now devoted to debt extinction. A large part of the previous year's surplus was utilised as compensation for taxation relief. The Treasury balance at the bank at the end of December was 4,638,750,000 francs, and that of the Caisse d'Amortissement 7,985,500,000 francs. Debt extinction continued systematically throughout the year.

Bank of France.—During the year the Bank of France gold reserve increased from 41,668,000,000 francs to 53,577,000,000 francs. During the same period the note circulation was increased from 68,570,000,000 francs to 76,436,000,000 francs, and holdings of foreign exchange from 26,030,000,000 francs to 26,173,000,000 francs.

	1928.	1929.	1930.
Trade :			
Imports..... Million francs	53,448	58,285	52,344
Exports..... Million francs	54,926	50,072	42,830
Industrial Output :			
Coal..... Thous. tons	52,848	54,924	55,026
Pig iron..... Thous. tons	10,092	10,453	10,098
Steel..... Thous. tons	9,396	9,655	9,425
Transport :			
Railway receipts... Million francs	14,749	15,462	15,400
Shipping tonnage entered			
Thous. tons	52,356	58,080	60,696

	1928.	1929.	1930.
Agriculture :			
Wheat crop..... Million quintals	76,554	87,000	63,000
Yield per hectare..... Quintals	14.60	16.87	11.77
Sugar beet..... Tons of refined sugar	745,677	807,718	1,068,320
Price indices (monthly average) :			
Wholesale.....	634	623	543
Retail.....	549	586	610
Note circulation at end December			
Million francs	63,915	68,570	76,436
Gold reserve at end December			
Million francs	31,977	41,668	53,577
Foreign exchange reserve at end			
December..... Million francs	32,641	26,030	26,173
Capital issues :			
Home bonds.....	13,800	10,492	17,538
Home shares.....	6,572	8,316	4,387
Stock Exchange index, December...	483	463	349
Bankruptcies.....	6,149	6,096	5,688

GERMANY.

All statistics of production and consumption confirm the conclusion that 1930 was the year of severest depression ever experienced in Germany. This was a disappointment, for in contrast to many other industrial countries, especially the United States, Germany began to feel the depression as early as the end of 1927, and it was expected that 1930 would bring the beginning of a revival. Germany, however, was unable to escape the effects of international influences, and to these were added political complications of purely German origin. Parliamentary conflicts and the success of the revolutionary Hitler Party at the elections produced a violently disturbing effect on economic conditions, and led to a withdrawal of foreign credits and the flight of German capital. The German State and German economy proved, however, stabler and sounder than had been widely assumed both at home and abroad.

Public Finance.—The financial position of the Reich, the States and the Communes became dangerously acute in the course of the year. Even in 1928 and 1929 the Budget closed with a small deficit which was covered by floating debt, and in the autumn of 1929 by the floating of the \$125 million Kreuger Loan. In 1930 the estimates were completely falsified by the depression, and a large deficit will have to be carried forward and covered by short loans. In October a foreign loan of \$125 million for two years was raised by an international consortium of banks under the leadership of Lee Higginson and Company. The most substantial relief to the Budget was given by the raising in October of the unemployment insurance contributions from $4\frac{1}{2}$ to $6\frac{1}{2}$ per cent. of wages.

Money Market and Stock Exchange.—The position of the Reichsbank in the first half of 1930 was very favourable. Discount rate, which had had to be raised to $7\frac{1}{2}$ per cent. in the summer of 1929, in conformity with the high rates abroad, was reduced to 4 per cent. by July. Market rates on short loans also fell rapidly, but the inadequacy of capital accumulation in Germany prevented any relaxation of the long-term capital market. Even in the summer of 1930 long-term industrial and mortgage credits cost 8 per cent. After the failure of the Young Loan and the results of the Reichstag elections, however, a reverse development began. In one month the Reichsbank had to pay out Rm. 1,000 million in gold and foreign exchange, amounting to about one-third of its holdings. The withdrawal of credits by foreign banks, the sales by foreigners of the security holdings in Berlin and the flight of German capital must represent a passive item of some Rm. 1,500 million in the German balance of payments. The Reichsbank was obliged to raise its rate from 4 to 5 per cent. in spite of the low rates abroad, and in spite of the depression, and it looked as though a general credit restriction policy would be necessary in the interest of the currency, when more settled political conditions and the conclusion of the foreign loan brought a check to the weakness of the mark. Since the elections there has been no effective capital market in Germany, and indeed, even before

only very small issues were possible. Apart from the Young Loan, Germany again in 1930 received very little capital from foreign loans, in contrast to the great influx in 1927 and 1928.

After the declines at the end of 1929 the securities market held up relatively well until June. From then onwards, in sympathy with foreign bourses, but principally under the influence of German political developments, a landslide of security values began which is without parallel in German history. In six months they had fallen on an average by more than one-third. Leading securities with a secure yield lost in some instances half their value as the heavy home and foreign offerings met with no demand. At current quotations many shares yield 10 per cent. and more.

Industry.—Industrial production also maintained a satisfactory level until June; the decline in coal and steel production was only 15 per cent., as compared with the exceptionally favourable period January-June, 1929. But in the second half-year the decline as compared with the corresponding period of 1929 was 37 per cent. in steel, and 25 per cent. in coal. The general index of production shows a reduction of about 20 per cent.

An unprecedented increase in unemployment resulted from the decline in production. As early as the winter of 1929-30 the number of unemployed, at 3.4 millions, had reached a new high record, very little of the usual seasonal diminution took place in spring and summer, and from June onwards the numbers increased rapidly, ending the year at $4\frac{1}{2}$ millions.

Foreign Trade.—This is the one cheerful chapter in the history of 1930 in Germany. Imports naturally fell very much, as they consist largely of industrial raw materials, whose prices were very much lower, and which were needed in smaller quantities on account of the falling-off in production. In addition the import of luxuries was curtailed by the depression. But whereas the exports of all industrial countries have declined, in Germany their volume has been maintained, for the diminution of 10 per cent. in value was accompanied by a 9 per cent. reduction in average export prices. Exports to overseas countries have fallen off, but trade with Europe has enabled German industry to strengthen its position even during 1930.

Prices and Wages.—Industrial raw materials and imported foods were 20-25 per cent. cheaper in December, 1930, than on the average of 1929. As wages, taxes, and railway rates have scarcely changed, this reduction only affected the cost of living slowly and to a limited extent, and by December it had fallen 9 per cent. In the autumn the Government took action to reduce wages and prices. The salaries of all Federal and State officials were reduced by 6 per cent., and wages in the most important industries, through compulsory arbitration, by 4-8 per cent. These wage reductions led to serious disputes, but so far it has been possible, after varying degrees of difficulty, to secure a settlement in each case, and there was no prolonged strike during the year.

Agriculture.—In spite of satisfactory harvests, agriculture has been severely injured by the heavy falls in world prices. It was the more necessary for the Government to take steps to protect it in that conditions were worst in the province of East Prussia, which is entirely surrounded by Polish territory. The economic condition of this province is a source of particular anxiety, and on political grounds it must be protected. The measures taken consisted on the one hand of credits on easy terms to farmers, many of whom in Germany are exceptionally burdened with debt, and on the other, of action to support prices. The attempt to maintain prices was successful in the case of wheat, the price of which was kept at a respectable level during most of the year, and is now in Berlin at about twice as high a level as would correspond to the world price. It was much less successful with rye, Germany's most important cereal, but the fall was checked in the end. Almost all the duties on agricultural products were raised during 1930, and severe con-

licts with various exporting countries resulted. The interest of German industry in the export trade leads to serious conflicts of interest in this respect between agriculture and industry.

GERMANY.				
	1928.	1929.	1930.	
Trade :				
Imports..... million marks	14,052	13,447	10,393	
Exports..... million marks	11,422	13,484	12,035	
Industrial output :				
Coal..... thous. tons	150,840	164,440	140,019	
Pig iron..... thous. tons	11,804	13,401	9,694	
Steel..... thous. tons	14,517	16,246	11,538	
Production indices (end Dec.)	100	96	79	
Building (1929 = 100).....	107.3	100	69.5	
Transport :				
Thousand trucks loaded ...	45,060	45,630	39,120	
Crops :				
Wheat and rye...thous. tons	10,328	11,655	11,606	
Sugar beet (tons of raw sugar)	10,591	11,091	14,919	
Price indices (monthly average) (1913 = 100) :				
General.....	170.0	134.7	124.0	
Agricultural products.....	134.3	130.2	112.5	
Industrial raw material...	134.1	132.3	120.0	
Cost of living.....	151.7	153.8	139.0	
Finance :				
Revenue..... mill. mks.	...	10,100	10,959*	
Expenditure.... mill. mks.	...	10,398	11,775*	
Note circulation at end Dec.				
mill. mks.	4,778	5,044	4,930	
Gold reserve at end December				
mill. mks.	2,216	2,283	2,729	
Foreign exchange reserve at				
end December... mill. mks.	469	404	155	
Time money (monthly average)..... per cent.	7.55	8.08	6.70	
Savings bank deposits at end				
December..... mill. mks.	6,988	9,015	10,345	
Capital issues :				
Home bonds.....	1,081	585	359	
Home shares.....	984	513	118	
Long-term foreign loans received..... mill. mks.	1,570	370	1,400†	
Stock Exchange index, end				
December.....	165.4	126.5	90.5	
Bankruptcies..... number	7,975	9,852	11,341	
Total unemployed, Dec. 31st...	2,444,000	2,895,000	4,357,000	

* Estimates, fiscal year, 1930-31. † Including Young loan.

ITALY.

Foreign Trade.—For the first time since 1921 foreign trade has experienced a severe slump. Imports, which, in present stabilised lire, increased from 13,868 million lire in 1921 to 21,300 in 1929, decreased to 17,351 millions in 1930. Exports, which had increased from 7,487 million lire in 1921 to 14,889 in 1929, decreased to 12,119 millions in 1930. The major part of the slump is owing to the decline in prices. From indices below it appears that between 1929 and 1930 prices of exported goods decreased 96.7 points, while those of imported goods only 67.3 points. According to another set of figures of the Industrial Confederation, however, both indices have varied at about the same rate; so that the comparative bargaining position of Italy should not have been impaired. The fact that, notwithstanding a decrease to about half the 1925 cost, the volume of imported raw materials decreased during the months July-September, 1930, to about 72 to 82 per cent. of the 1925 basis, suggests that a decrease in industrial stocks occurred. When a revival comes, the imports of raw materials should be the first to rise. The excess of imports over exports was only 5,232 million lire in 1930, as against 6,429 in 1929. How this deficit has been covered is difficult to tell. No loans were made in foreign countries, current foreign accounts in Italian banks are not said to be increasing, some Italian securities were repatriated, and the gold reserves of the Bank of Italy increased by 106.7 million lire. The one adverse item known, the decrease by 863.6 millions of the foreign exchange reserve of the Bank of Italy, does not suggest, however, a strong pressure on the liquid resources of the country towards the balancing of foreign trade payments.

Crops.—Wheat had a poor year, while yields of corn, sugar beet, rice, potatoes, raisins, and hemp were

larger or not much smaller than in the past two years. Prices were much lower; and the trend was not stemmed by increases in custom duties. The internal price of wheat at about 100 lire per quintal, and that of raw rice at 45, are the worst that have been seen in the last two generations. No wonder that the consumption of artificial fertilisers in past autumn has alarmingly decreased; so that lower prices are offered to induce agriculturists not to slacken their efforts.

Industry.—The use of electric power, which is a good index of industrial activity, has progressed, taking into account also imported power, from 8,933.7 million Kw. during the first 11 months of 1929 to 9,148.2 Kw. during the corresponding period for 1930. Possibly the increase is due more to an extension of plants than to an increase of production in old plants since, from October, 1929, to October, 1930, the installed power increased from 3,735,000 Kw. to 4,139,000 Kw. Commercial imports of coal decreased from 9,521,000 tons in 1929 (10 months) to 8,594 in 1930 (same period), and imports of reparations coal from 2,546,000 to 2,082,000 tons. Petrol and oil imports were 555,000 tons in the first nine months of 1930, as against 699,000 tons for the whole of 1929. Unemployment increased throughout the year: the lowest figure was 322,291 at the end of June, and the figure of 642,169 reached at the end of December, 1930, is the maximum of the last ten years. Traffic on the State railways is decreasing: 53 million tons of goods were loaded in 1930, as against 60.3 in 1929; 97.6 million passengers were carried in 1930 (11 months), as against 108.0 in 1929 (same period). Navigation, and the output of textiles, cement, superphosphates, rayon, paper, and minor metals have been maintained; but profits are less, or vanishing. Building permits were issued for houses aggregating 129,560 rooms in 1930 (10 months), as against 158,429 in 1929 (same period). The number of bankruptcies is still rising: the monthly average for 1930 was 1,029, against 956 in 1929, and 933 in 1928.

Prices, Wages, Cost of Living.—The usual discrepancy between wholesale prices, the index of which was 368.6 in December, 1930 (1913 = 100), retail prices (482.1), and cost of living (517.6) exists in Italy as elsewhere. A campaign has been organised against the high cost of living, beginning with reductions of salaries and wages and of rents. But the continued fall of wholesale prices has maintained the distance. Wages are beginning to decrease; but, as the lowest wages were exempted from the reduction agreed upon between the employers and the employees' associations, the general average is only slightly affected. Short time and unemployment are reducing the yearly earnings of the workers.

Savings and New Capital Issues.—Diminished incomes necessarily have reacted unfavourably on savings and investments. Saving banks deposits are almost stationary, their increases being limited to capitalisation of interest. The same may be said of the deposits of ordinary banks. Investments in joint-stock companies totalled only 2,641 million lire in 1930 (11 months), as against 4,615 in 1929 (same period). Debentures issued in the first 11 months totalled 1,028 millions in 1930, against 1,421 in 1929. As there were several failures of minor banks, and forced amalgamations of others, there was probably an increase in direct investments, especially in the country, and of the hoarding habit. Active note circulation should therefore be calculated at less than the total issues.

Money and Stocks.—Foreign exchanges were maintained, with very slight variations, near the upper gold point of 19.10 lire to the dollar. The official rate of discount, beginning the year at 7 per cent., was reduced to 6.50 per cent. on March 3, to 6 per cent. on April 24, to 5.50 per cent. on May 19. Market rates for commercial paper were lowered gradually from 6.75-7 to 5.5-5.50 per cent., for financial paper from 8.50 to 6.50-7.50 per cent. Prolongation rates for industrial first-rate securities went down progressively from 6.50-7.25 to 5.25-5.75 per cent. At the end of the year money was to be found in the bourses, on 3.50

per cent. Consols, even at 2.50-3 per cent., and on 5 per cent. Consols, at 4.4-2.5 per cent.

Public Finance.—The financial year 1929-30 closed with a surplus of 151 million lire. During the first six months (July 1st to December 31st) of the present financial year, accounts disclose a deficit of 951 million lire; which was the justification for a reduction of 12 per cent. of all salaries of public employees. Public internal debts increased from 87,134 million lire on June 30, 1929, to 88,102 on June 30, 1930, and to 88,781 on December 31, 1930.

ITALY.			
Trade:—	1928.	1929.	1930.
Imports (million lire)	21,920	21,300	17,351
Exports (million lire)	14,559	14,889	12,119
Agricultural Production (in 1,000 tons):—			
Wheat	6,221	7,079	5,738
Maize	1,588	2,434	2,866
Rice	631	673	651
Potatoes	1,490	2,008	1,945
Raisins	7,503	6,492	5,849
Hemp	86	90	91
Sugar beet	2,861	2,925	3,025
Industrial Output (in 1,000 tons):—			
Pig iron	507.6	678.5	534.3
Steel	1,963.1	2,142.8	1,774.1
Sheet iron	1,849.1	1,951.8	1,531.4*
Lead	21.3	22.7	22.7
Spelter	10.6	15.7	15.7
Aluminium	3.6	7.0	7.0
Cement (monthly average) ...	256.4	326.7*	316.7*
Superphosphates (monthly aver.)	87.1	118.4*	129.0*
Rayon (monthly average)	2.17	2.94*	2.75*
Paper	26.9	31.5*	31.5*
Industrial Production Indices:—			
Building permits in 17 cities (number of rooms)	...	187,355	129,560†
Electric power (hydro-electric, thermo-electric and imported) mill. kw.	...	9,745.2	9,148.2*
Imports of coal: commercial 1,000 tons	9,152	11,481	8,894†
Imports of coal: reparations 1,000 tons	3,544	3,122	2,082†
Imports of petrol, oil, &c. 1,000 tons	607	699	555§
Consumption of cotton in years ending July 31 (1,000 bales)	954	1,038	1,001
Transport:—			
State railways: commercial goods loaded (1,000 tons)...	56,692	60,343	52,998
State railways: number of passengers carried (1,000) ...	112,238	116,891	97,649*
State railways: traffic receipts, in years ending June 30 (mill. lire).....	4,478	4,666	4,606
Shipping tonnage entered (1,000 tons)	27,327	28,091	32,627
Prices, Cost of Living, Wages (basis 1913 = 100, when not otherwise stated):—			
Annual average wholesale prices:			
Home goods	484.5	475.1	406.9
Imported goods	506.1	491.7	424.4
Exported goods	479.6	452.8	356.1
General index	491.4	480.7	411.0
Gold index of wholesale prices	133.9	130.5	111.6
Retail prices of 21 commodities (December average)	563.9	554.2	482.1
Cost of living, Milan (January, June, 1914 = 100) (December average)	537.8	549.2	517.6
Wages (July, 1928-June, 1929 = 100) (end of December)...	101.6	102.6	99.5
Unemployed (end of December) thousands	363.5	408.7	642.2
Money Market, Finance:—			
Note circulation, end of Dec. (mill. lire)	17,295.4	16,774.3	15,680.3
Gold reserve, end of December (mill. lire)	5,051.8	5,190.1	5,296.8
Foreign exchange reserve, end of December (mill. lire)	6,018.9	5,191.1	4,327.5
Post office savings bank deposits (mill. lire)	10,819	11,778	12,414†
Other savings bank deposits (mill. lire)	15,685	16,459	16,913†
Net increase of share capital of joint-stock companies (mill. lire).....	2,698	4,645	2,641*
Stock exchange: index of 35 leading shares (basis Dec., 1925 = 100)	88.3	81.2	66.4
Stock exchange: index of 14 Milan debentures (basis Dec., 1925 = 100)	101.9	99.3	102.0

* 11 months. † End of October. ‡ 10 months. § 9 months.

Money Market, Finance—cont.			
	1928.	1929.	1930.
Total clearings (mill. lire)	780,508	741,143	598,921*
Number of bankruptcies	13,346	12,906	15,789
State revenue (year ending June 30) (mill. lire)	19,710	20,201	19,897
State expenditure (year ending June 30) (mill. lire)	19,222	19,646	19,746
Public internal debt (June 30) (mill. lire)	86,446	87,134	88,102

* 11 months.

RUSSIA.

Throughout 1930 efforts to realise the ambitious estimates of agricultural and industrial production contained in the Piatiletka, or Five Year Plan, continued with unabated vigour. A decision of considerable importance to the fulfilment of the Plan was arrived at in September, when it was resolved that henceforth the economic year should be identified with the calendar year instead of being reckoned from the beginning of October to the end of the following September. The object of the change was to make sure that before the estimates for the succeeding year were finally adopted the results of the harvest should be known.

Currency and Credit.—During the year a marked increase occurred in the currency in circulation, particularly in the amount of bank notes and treasury notes. In October, 1929, the aggregate currency outstanding totalled 2,642 million roubles. This was increased to 2,773 millions in January, 1930, and advanced steadily throughout the year to 4,172 millions in September. The increase for the twelve months to September 1, 1930, was therefore considerably more than 50 per cent. Of the 4,172 million roubles in circulation in September, 2,162 millions were in the form of bank notes and 1,736 millions in the form of treasury notes. Credit facilities for State and co-operative undertakings were provided on a larger scale than ever, agriculture and the heavy industries again enjoying the lion's share.

Finance.—The State Budget for 1929-30 totalled 11,665 million roubles. The sum of 2,796 millions was received from taxation, 2,589 millions from Excise duties, and 6,118 millions from State activities. The estimates for 1931 anticipate an expenditure of 20,216 million roubles, an increase of over 70 per cent. The total "financial plan" for 1930 amounted to 22,000 million roubles, against 13,000 million roubles for the previous year. Estimates for 1931 envisage a total of 31,755 million roubles, of which national industry will contribute 13,300 millions and taxation 11,000 millions.

Agriculture.—The "socialised sector," which includes the Sovhozi, or State farms, the Kolhozi, or collective farms, and the communes, continued to make headway at the expense of individualist cultivation. An unauthorised "drive" for collectivisation by local Communists in the spring led to renewed peasant resistance, which took the form of destruction of stock and implements. The issue of a pamphlet by Stalin entitled "Giddy with Success," in which he severely reprimanded the party for its deviation from the "Plan," brought about a return of the previous regular "tempo." Considerable successes were scored during the year. The harvest was very good in most districts, and the grain harvest totalled 86.5 million tons, against 71.7 million tons in 1929. The total area under cultivation amounted to 127.7 million hectares, compared with 118 million hectares in 1929. Attention was again devoted to the improvement of "technical" crops, the area under sugar beet increasing by 11.1 per cent. and under cotton by 23 per cent., though in the latter case the harvest was not good. By October 1, 1930, more than a fifth of all peasant farms in Soviet Russia had been brought inside some form of co-operative or collective organisation, while in the grain areas of the Ukraine, Siberia and the Volga basin as much as 43 per cent. of the whole was

"collectivised." The "Socialist sector" now provides over 50 per cent. of the total grain supply, and is concentrating attention on the organisation of livestock along "collective" lines.

Industries.—In spite of difficulties arising from the unsatisfactory nature of the transport system, the fuel supply, and the distribution and shortage of skilled labour, remarkable advances were made in industrial output, which in the aggregate exceeded the total of 1928-29 by 25 per cent. The greatest successes were achieved in the heavy industries, particularly in coal, pig iron and steel, the output of which increased respectively by 20 per cent., 24 per cent. and 18 per cent. The expansion in oil output by 26 per cent. was a noteworthy feature. In the production of finished goods, particularly of textiles, achievements were less satisfactory. The year witnessed the virtual elimination of the private producer from the heavy industries, apart from "concessions," and clearly foreshadowed the disappearance of the few remaining private traders.

HOLLAND.

Though 1930 was a year of depression for the Netherlands, they have not been hit to such a great extent as many other countries. As the statistics show, only relatively slight symptoms of the depression have become perceptible, but the stagnation of trade is making itself felt more and more intensely. Though the extent of unemployment here contrasts favourably with the situation in Germany and England, it is greater than it has been since 1924. Though the unemployment is chiefly industrial, a number of branches of industry, particularly electric lamps and artificial silk, suffered far more through reduced remunerativeness than through actual lack of orders, while in some other lines the depression hardly made itself felt at all. A far more serious aspect was assumed by the crisis in agriculture and dairy farming, as a result of the steep decline in prices.

Trade and Prices.—The trade balance is relatively satisfactory, as the figures below show. There is no decline in actual quantities imported and exported, but in terms of value the exports and imports are lower than in 1929, owing to the lower price level. In shipping and shipbuilding the general depression was severely felt. The drop in wholesale prices has not been arrested yet. It is remarkable that, in spite of this, no changes of importance in wages or conditions of labour have become operative; there have been practically no strikes, and rates of wages have been maintained generally, except in the diamond industry.

Stock Exchange.—The Stock Exchange has undergone an acute crisis, coupled with unprecedented liquidity on the money market. The market for new capital issues was a trifle more active, but only for bond and debenture issues; offers of foreign bonds practically ceased.

Public Finance.—State revenue as well as the position of the National Debt remains satisfactory. The national wealth, as indicated by the increased deposits at the savings banks, continues satisfactory too.

In contrast with the Motherland, the Dutch East Indies, as an exporting country of staple commodities for the world's markets, has felt the world-wide trade depression to an acute extent. The yields of the principal plantation products, such as rubber, sugar, tobacco, tea, coffee, and also tin, etc., are estimated at a much lower figure than in preceding years.

HOLLAND.			
	1928.	1929.	1930.
Trade:			
Imports (in million guilders)...	2,684	2,752	2,418
Exports (in million guilders)...	1,986	1,989	1,719
Industrial output:			
Coalminers at work (number) (monthly average)	34,113	35,485	37,553
Coal (thous. tons)	10,920	11,582	12,224
Electric power (mill. kw.) ...	14.00	16.06	16.29†
Salt sold by the salt works (in tons)	41,470	44,914	45,735†

* 11 months.

	1928.	1929.	1930.
Transport:			
Railway receipts (mill. guilders)	173.7	179.9	160.7†
Shipping entered (in mill. m³)*	73.69	72.22	66.55†
Shipping cleared (in mill. m³)*	60.31	49.42	44.00†
Ships arriving at Rotterdam:			
Number	12,291	12,635	12,043
Tonnage (1,000 tons)	20,456	21,317	20,487
Agriculture:			
Sugar beet (raw and refined sugar in mill. kg.)	235.12	288.54	210.12†
Price indices (monthly average):			
Wholesale (1913 = 100)			
General	149	142	117
Foodstuffs	157	149	119
Finance (million guilders):			
Revenue	675.3	699.2	648.4†
Expenditure	657.7	711.2	715.9†
Note circulation (end Dec.)	813	818	843
Gold reserve (end Dec.)	435	447	426
Foreign exchange reserve (end Dec.)	220	220	246
Postal savings banks—			
Deposits (end Nov.)	332.1	372.5	363.8
Capital issues (million guilders):			
Bonds	333	179	571
Shares	329	298	30
Foreign	310	144	249
Home	352	333	352
Stock Exchange Index:			
December	118	100	65
Tax on stock dealings (fl.1,000)	7,459	8,530	4,721
Bankruptcies	3,191	2,781	3,171

* 2.83 m³ = 1 ton. † Eleven months. ‡ Provisional.

BELGIUM.

Production, Price and Traffic.—In 1930 Belgium felt the consequences of the world crisis fairly acutely. The crisis was felt first in the Antwerp diamond industry, the customers of which live chiefly in America; then it extended to the other branches in the usual successive order. In metallurgy, production decreased by 22 per cent. as compared with the record level of 1929; at the end of the year only 70 per cent. of its working capacity was actively employed. The coal mines, which before were short of labour, attained in 1930 a record output of 28 million tons, one-fourth more than in 1913, but the unsold stocks also reached a record. The "Comptoir des charbons," which was started in 1928, has not proved very effective. Wholesale prices by December, 1930, had fallen 20 per cent. below the average of 1928; this corresponds to general movements abroad. The retail prices, though they show a tendency to fall, are resisting a little more than in other countries; this is a consequence of the low stabilisation rate. Prices and cost of living are still notably below those of other countries. Wages, which had risen in 1928 and 1929, have now a slight tendency to fall, but this reduction is so far not very considerable, and is less than 10 per cent. for the mass of labour. Unemployment has begun to appear; at the end of the year about 25,000 were wholly and 75,000 partially unemployed, but this is partly seasonal.

Foreign trade has declined 15 per cent. owing chiefly to the fall of prices; the deficit will be about 4 milliard francs, against 3,276 millions in 1929 and 1,186 millions in 1928. The deficit of 1930 is normal, considering the large invisible exports.

Money, Exchanges and Stock Markets.—Money became extremely easy during last year. The Banque Nationale, which had already reduced its discount rate from 5 to 4½ per cent. in 1929, brought it down to 3½ at the end of December, to 3 per cent. in May, 1930, and to 2½ per cent. in August. Call money varied between 2.6 and 0.88 per cent. (monthly average); it did not rise above 3 per cent. at the end of December. Rates for longer-term loans have also decreased. At the end of 1930, banks granted no more than 2½ at one month and 1 per cent. at sight; further, the income tax (15 per cent.) is to be deducted from these profits. The State Caisse d'Épargne (Savings Bank), which allowed 4 per cent. to depositors, has reduced this rate first to 3½ per

cent., then at the end of the year to 3 per cent. up to 20,000 francs, and 2 per cent. above this sum. State funds, which yielded about 5½ per cent. at the beginning of the year, have come back to about 5 per cent. Mortgage loans are still very costly, about 7 per cent. The National Bank, which until August operated under a gold exchange standard and was not subject to compulsion in giving or accepting gold, has adopted the gold bullion standard; gold bills still form part of its reserve.

Belgium's balance of payments has been largely favourable; this produced an abundance of gold and bills: 1 milliard francs in gold and 1½ milliards foreign bills. This situation resulted principally from visible and invisible exports, but also from the raising of substantial loans abroad by Belgian establishments. The influx of gold and foreign bills has caused an increase of 18 per cent. in notes in circulation. This increase, which seems unnecessarily large, is wholly covered by gold.

The repayment of the remnant of the inflation advance to the State by the National Bank has been settled by a convention of October 13, 1930. This sum, 1,460 million francs, will be repaid in eighteen annuities. The Stock Exchange has continued depressed under the influence of developments abroad. Compared with the maxima reached in May, 1928, the loss may be estimated at 60 per cent. New issues have been quite unimportant; those of shares are less than one-third of their amount in 1929. As to bonds, a faint awakening of new issues can be noted. Dividends remain satisfactory, and are 15 per cent. higher than in 1929 and 37 per cent. higher than in 1928.

Public Finance.—Fiscal receipts reach only 8,140 million francs, against 9,836 in 1929. This reduction comes partially from the reduction of taxes—1,500 millions—voted by Parliament in the spring of 1930. The economic crisis has resulted so far only in a loss of about 200 millions, but its effects are felt more severely from month to month. Expenditure, on the other hand, is advancing steadily, and will probably cause a serious deficit for the financial year 1930. The Belgian public debt has been reduced by the anticipated payment of the 1920 American loan up to 1,200 millions. On September 30, 1930, the debt totalled 52,246 million francs. Moreover, Belgium is preparing to convert the 8 per cent. dollar loan of 1920, of which 600 millions were still to be paid off; instead of this an external loan at 4½ per cent., issued at 96 per cent., was concluded in November, 1930. This year, telephones and telegraphs have been constituted a separate service, which has immediately raised the rates. The National Railway Company announces that, for 1930, it will pay a superdividend of 1 per cent. (2 per cent. for 1929) over the fixed interest of 6 per cent. Its receipts are slackening, but expenses are also falling.

	BELGIUM.		
	(000's omitted.)		
Trade:	1928.	1929.	1930.
Imports	francs 32,140,000	35,510,000	31,000,000*
Exports	francs 30,954,000	32,234,000	27,000,000*
Industrial output:			
Coal ... thous. met. tons	27,543	26,932	23,283
Pig iron " " "	3,856	4,096	3,393
Steel " " "	3,817	4,011	3,270
Unsold coal end Dec. thous. met. tons	1,088	322	2,483
Production index (1913 = 100):			
Coal	120	118	124
Pig iron	155	164	136
Steel	159	167	136
Transport:			
Railway receipts francs	3,070,000	3,547,000	3,525,000*
Thousand trucks loaded	6,470	7,000	6,500*
Shipping entrances			
Antwerp (thous. tons)	23,660	24,253	23,459
Price indices (monthly average) (1914 = 100):			
Wholesale, paper	843	851	745*
gold	122	123	107
Retail, paper	820	875	874
gold	118	126	126

* Provisional estimates.

Finance:			
Note circulation at Dec-ember 25th	Francs. 11,511,000	Francs. 13,437,000	Francs. 15,818,000
Gold reserve	4,517,000	5,875,000	6,773,000
Foreign exchange reserve	2,707,000	2,796,000	4,385,000
State's saving bank deposits	4,170,000	5,433,000	7,500,000*
Capital issues—bonds	12,000	237,000	800,000*
shares	12,250,000	14,730,000	4,500,000*
Stock Exchange index (January 1, 1928=100) (end December):			
Bonds	108	113	120
Shares	118	76	54
Dividends	2,897,000	3,478,000	4,100,000*
State's fiscal receipts	9,261,000	9,836,000	8,134,000

* Provisional estimates.

SPAIN.

Numerous political troubles disturbed the labour market during 1930, but the economic fabric of Spain has not been seriously damaged, though the unchecked fall of the peseta seemed at times almost catastrophic. The depreciation of the currency has acted as a defence against the world-wide depression, bringing Spanish gold prices down to a level which allowed the maintenance of a stable level at home, and helped to improve the balance of foreign trade. If the political unrest could be reduced in the near future Spain would be in a fairly good position to face the issues of the world economic crisis. The unemployment which had been feared after the closing down of the Exhibitions did not prove to be of much importance; a serious lack of work has only been felt in some Southern regions following an exceptionally bad olive crop. The financial position of the State has been strengthened by important curtailments in the expenses, which have permitted a small surplus, and public debt has not increased in 1930. Producers are taking advantage of lower gold prices to regain foreign markets which two or three years ago, with the high value of the peseta, seemed lost for ever.

Production and Trade.—Agricultural conditions were as a whole worse than in 1929. The wheat crop amounted to 3,973,000 metric tons against 4,200,000. The harvest of other cereals was larger at 4,180,000 metric tons, against 3,990,000, but the wine produced showed a decrease with 16,700,000 hectolitres (25,000,000 in 1929), and the olive crop reached only the figure of 6,800,000 metric quintals, one of the lowest registered in many years and only one-fifth of the previous crop (which amounted to 31,100,000 quintals). Mineral production during the first nine months of 1930 was nearly the same as in the same period of 1929, the extraction of ores giving the following figures:—Iron, 4,165,757 tons (against 4,234,609 in 1929); copper, 2,812,113 tons (2,735,594 in 1929); coal, 5,669,254 tons (5,476,075 in 1929); lead, 104,473 tons (107,555 in 1929); zinc, 96,751 tons (75,917 in 1929). A setback occurred in the iron and steel industries during the same nine months' period, the production of pig iron falling from 520,425 tons in 1929 to 478,525 in 1930, and steel from 701,034 tons in 1929 to 677,944 in 1930. The production of other metals showed a decrease in zinc, 7,978 tons in 1930 (nine months), against 8,410 in 1929, but an increase in copper, 18,566 tons (15,831 in 1929), and lead, 98,764 tons (89,533 in 1929). Other industries, like the textiles, and internal trade were pretty busy all over the year, a slight decrease being only noticed in Christmas shopping. The ever-growing imports of cotton, rubber, artificial silk, mineral oils and machinery show clearly that there is no depression to be detected in most industrial activities, and that in some of them production has actually increased. The exports of finished goods during the first eleven months of 1930 amounted to 177,000 tons, against 151,000 in the same period of 1929. Although the real facts do not correspond exactly to the official figures, which put the value of the imports in the

first eleven months of 1930 at £88,500,000 (£97,400,000 in 1929), and the value of exports at £81,100,000 (£73,100,000 in 1929), there must have been an effective improvement of the foreign trade balance. Spain could no longer afford the continuous increase of imports whose index number stood at 240 in 1929 (1913 = 100), while the export index was only 158.5 in the same year.

Finance, Prices and Stock Exchange.—The provisional figures for the public revenue and expenditure during 1930 were more favourable this year than was expected. Revenue amounted to 3,755 million pesetas and expenditure to 3,693 million, leaving a small but real surplus. Expenditure showed a reduction of 258 million compared with 1929. The estimates for 1931 are similar to the actual results of the previous year: 3,754 millions for the revenue and 3,691 for the expenditure. No bonds have been issued by the Government either for their own account or for the railways, whereas in 1929 one milliard pesetas was raised in the market. The total value of securities issued in 1930 was one of the lowest registered during the last ten years, amounting to 908 millions against 2,497 million pesetas in 1929, and although the reduction is due mainly to restriction of expenditure by public bodies it means also a lack of new industrial enterprise as the amount of industrial securities issued in 1930—745 millions against 1,835 in 1929—is exceptionally low. The Stock Exchange has been depressed throughout the year, but no heavy falls of an unusual character occurred in quotations. The monthly index number for wholesale prices during the first ten months of 1930 averaged 171.6 against 171.5 in the same period of 1929. This stability of prices has been achieved by the devaluation of the peseta, which has restored equilibrium between gold prices in Spain and those prevailing in countries with a gold standard. Gold prices in Spain stood at 101 per cent. of the pre-war level in October, 1930, when in England, according to the index number of the *Economist* the corresponding figure was 104. The loss in the exchange has been very heavy, as the average price of the pound in pesetas passed from 37.11 in January to 38.33 in February, 39.48 in March, 38.95 in April, 39.73 in May, 41.38 in June, 42.10 in July, 44.91 in August, 45.33 in September, and 47.12 in October, finishing the year at about the same exchange. The pound was worth 28.52 pesetas in 1927, 29.33 in 1928 and 33.21 in 1929.

SWITZERLAND.

Trade and industrial conditions were most unsatisfactory during 1930 in Switzerland, where the economic depression was deeply felt in all quarters, though not so deeply as in more industrialised countries. Banking was very active as business was facilitated and fostered by an extraordinary influx of foreign capital, which caused all money rates to be lowered by about ½ per cent. in July. Bad weather, and unsettled economic conditions in other countries, had also a depressing influence on the hotel industry, the earnings of which were considerably lower than usual, as well as on the receipts of all transport undertakings. For the same reasons unemployment has been growing since the middle of April, and at the end of December there were about 25,000 unemployed, as against 18,000 at the end of 1929.

Finance.—Federal and municipal finances showed a further improvement. There was a surplus of 23,990,000 francs in the Federal accounts for 1929. The Budget of the Confederation for 1930 showed estimated expenditure at 382,890,000 francs, and revenue at 383,000,000 francs, leaving a surplus estimated at 110,000 francs and likely to be much greater, thanks to the higher yield of Customs duties and Stamp duty. The Public Debt, which stood at 4,901,729,000 francs (including the floating debt) at the end of 1929, that is, 50,000,000 francs less than in the previous year, was again reduced by 18,000,000 francs in 1930. Traffic

receipts were lower than in 1929 owing not only to the smaller number of tourists who visited the country, but also to motor-car competition. The Federal Railways in consequence lowered their transport rates for goods, and offered new advantages and facilities to passengers. It is estimated that the Federal Railways will record a surplus of 146,000,000 francs, and that, after paying the interest on the loans and war debt, and the instalments to the special funds, the net surplus will be about 500,000 francs.

Money.—Bank rate, which was 3½ per cent. until the month of July, was then reduced to 2½ per cent., while the private discount rate was reduced from 3 to 2½ per cent.: call loans commanded between 3 and 3½ per cent., and long-term deposits between 4 and 4½ per cent. The gold reserve of the Swiss National Bank was increased by the new law providing for the supersession of bi-metallism by the gold standard, it was 61.10 per cent. of the bank-notes circulation in March, 69.42 per cent. in November, and reached 71 per cent. in December. The sterling exchange opened at 25.16 francs in January, it reached its highest figure—25.19 francs—in February, and was 25.04 francs at the end of December. Activity on the Swiss Bourses was small during the year, and heavy losses were recorded by many investors, but the slump in securities did not affect the banks very much, and there is no example of a Swiss bank being in difficulty during the past year. While the value of foreign securities dropped on the Swiss market under the influence of foreign Bourses, that of Swiss securities remained comparatively steady, and even increased in some cases. For example, the average value of a group of 109 banking, industrial, transport, etc., securities oscillated between 195.41 and 236.03 per cent., and that of 12 securities of the Federal Government and Railways rose from 98.66 per cent. in January to 114.21 at the end of November.

Foreign Trade.—Imports and exports showed an important drop over the previous year, and all the exporting industries were hit by the slump, particularly the key industries—watchmaking, cotton, silk and machines—which recorded respectively drops of 25.1, 25.0, 19.0, and 7.4 per cent. Commercial exchanges with Great Britain were more active in 1930, when imports from her totalled 231,933,000 francs, compared with 167,821,000 francs in 1929, and exports to her reached 262,689,000 francs, as against 288,099,000 francs in 1929.

	1928.	1929.	1930.
Imports (million fr.)	2,744	2,783	2,666
Exports (million fr.)	2,134	2,104	1,767
Electric power (millions of kw.)	3,648	3,736	3,800
Railway receipts (million fr.)	428.1	431.3	418.5
Wheat yield (per hectare)	22.5	21.9	22.6
Wholesale price index (July, 1914 = 100)	145	141	126
Cost of living index (July, 1914 = 100)	161	161	158
Revenue (million fr.)	383	395	383
Expenditure (million fr.)	359	371	382
Note circulation, end of year (million fr.)	952.6	999	1,062
Gold reserve (million fr.)	533	595	712.9
Foreign exchange reserve (million fr.)	254.4	353	344.7
Savings banks deposits (million fr.)	5,750	5,875	6,000
Capital issues:			
Home bonds (million fr.)	256	99	794
Home shares (million fr.)	129	363	405
Foreign bonds and shares (million fr.)	90	110	355
Bankruptcies	1,630	1,520	1,580

CENTRAL EUROPE.

Austria.

The past year brought Austria several political successes, such as the settling of the Relief Debt and the Hague agreement, which cleared up the reparation obligations and the old administration debts. The placing of the first batch of the investment loan may also be regarded as an achievement. On the other hand, there were serious economic losses and dis-

appointments. Industry, which displayed tough resistance to depression, is now in a difficult position. At the end of the year production of crude iron had sunk to 21.6 per cent. of normal output, while rolled iron goods had dropped to 39.9 per cent. Building was temporarily animated by the State housing scheme and also by the housing done by the municipality of Vienna. On the other hand, the electricity and machine-building industries felt keenly the impediments which are everywhere placed in the way of export trade. In eleven months imports of raw materials have receded from 7.5 to 5.7 million tons. The deficit in the balance of foreign trade, about 900 million schillings, has, it is true, been reduced by 200 million schillings, but the chief reason for this is the cutting down of industrial activity and reduced prices of the goods imported.

On the Vienna Stock Exchange the value of shares traded in fell from 1,251 million schillings to 1,076 millions. Machine construction, iron and paper shares in particular suffered depreciation. There was absolutely no capital issue business. For a time the call for mortgages was good, but this was brought to a halt, along with the increase in bank deposits, by the disturbance in domestic politics. Deposits with the banks and savings banks have risen from 2.3 to 2.6 milliard schillings.

Last year bankruptcies rose from 581 to 694, and compositions with creditors from 1,987 to 2,695, while many compositions have been carried through privately without the intervention of the law courts. The official bank rate has been reduced in four stages from 7½ per cent. to 5 per cent., but this circumstance has not made loans or overdrafts any easier for most people to obtain. The National Bank succeeded in increasing its holdings of foreign values by 200 million schillings, aided by the conversion of the proceeds of the investment loan and the augmentation of the gold holdings.

Throughout the year there was no easing of the burden of taxation. The agriculturists managed to get relief at the cost of the rest of the population, but neither this sacrifice nor the special subsidy from the Government has made any essential improvement in the position of the farming class. For this reason agricultural products are to have special tariff protection in the coming year, and in order to keep interests on an equal footing, tariff protection will also be accorded to certain industrial products.

Poland.

The world-wide collapse in the prices of agricultural products and raw materials made 1930 an exceedingly difficult year. With rye, Poland's principal crop, selling as low as 15 zlotys per metric quintal (less than half the average price for the years 1928 and 1929), the purchasing power of the farming community has been annihilated. The farmers, moreover, have had great difficulty in meeting obligations contracted before the collapse of cereal and livestock prices. Their difficulties grew as the year progressed, and 1930 ended with the agrarian community in a very impoverished condition. The reaction of agricultural distress on trade and industry has been marked, with the result that the index of industrial production at the end of 1930 was the lowest recorded during the past four years. It would have gone still lower in 1930 if the Government had not employed public money freely to extend credits to the building industry. With the termination of the building season in November unemployment increased rapidly, the number applying for employment at the State exchanges rising from 180.5 thousand on November 15th to 246.6 thousand on December 13th—a weekly average rise of 16.5 thousand as compared with 12.2 thousand during the same period of 1929. While all the major industries showed a recession in 1930 as compared with 1929, the iron and steel industry was greatly helped by large orders from Soviet Russia, while the operations of the textile industry were helped by the insistence of the Spinners' Cartel on maintaining operating schedules within measurable limits of the market's

requirements. Coal production in 1930 (with December estimated) amounted to 37.6 million tons, as compared with 46.2 millions in 1929 and 40.6 millions in 1928. Crude oil production (December estimated) was 658 thousand tons, which compares with 674.7 thousand in 1929 and 743 thousand in 1928. The average monthly cast steel production in 1930 (based on figures for the first nine months) was 103.2 thousand tons and rolled products 76.6 thousand. The respective figures for 1929 were 114.5 and 80.1 thousand, and, for 1928, 119.7 and 87.1 thousand tons.

Revenue received in the first nine months of 1930 totalled 2,131.9 million zlotys, approximately 5 per cent. less than the amount collected in the same period of 1929, and slightly over 5 per cent. less than the Budget estimates. Expenditure during the same time was 2,103.6 million zlotys, also below the 1929 disbursements and the estimate for 1930. Considering the severity of the depression, and the fact that taxation in 1929 was believed to be crushing, Budget revenue during the first half of the present fiscal year (April to October, 1930) held up surprisingly well. When the full year's figures are available, however, it will probably be found that tax revenue in the second half was much less than in the first half, and that expenditure will have had to be reduced accordingly, since the Government are apparently determined not to allow expenditure to exceed revenue.

The reserve position of the Bank of Poland is showing the effects of the trade depression much more than the Budget position. On December 31, 1929, the bank's bullion reserve amounted to 700.5 million zlotys and its foreign bill holdings comprised in the reserve to 418.5 millions. By the end of 1930 the respective figures were 562.2 and 288.4 million zlotys—a total loss of 268.4 millions. During the year the Treasury balance at the bank also declined from 269.1 to 26.6 million zlotys, owing largely to the extension of credits for agrarian relief and for building. Banknote circulation was contracted from 1,340.3 millions on December 31, 1929, to 1,328.2 million zlotys by the end of 1930, the withdrawal of the Treasury balance having approximately offset the decline in gold cover insofar as the outstanding volume of currency was concerned; but the percentage of cover declined during 1930 from 62 to 55. No foreign loans of any consequence were obtained in 1930, but some will have to be obtained in 1931 or Government aid to agriculture and industry must be greatly reduced.

The foreign trade figures for the past three years have been as follows:—

Year.	Imports.		Exports.	
	Thousand Tons.	Million Zlotys.	Thousand Tons.	Million Zlotys.
1928	5,165.4	3,362.2	21,037.9	2,508.0
1929	5,087.9	3,112.6	20,423.6	2,813.4
1930	3,571.0	2,246.0	18,922.0	2,433.2

There was accordingly a foreign trade deficit of 854.2 million zlotys in 1928, 299.2 millions in 1929 and a favourable balance of 187.2 millions in 1930. The considerable decline in imports has affected virtually all commodities, and has been caused primarily by the inability to finance the purchase of imported merchandise—both raw materials and manufactured goods. The loss of gold and foreign exchange during 1930 resulted largely from the liquidation of commercial credits contracted in former years.

Czechoslovakia.

Czechoslovakia appears to have suffered from the world depression less than was expected in some quarters, and 1930 was a fairly good average year. The total foreign trade was, it is true, £44,000,000 less than in 1929 (imports in 1930 were Cz. Kr. 15,726 millions; in 1929, 19,987; exports in 1930, Cz. Kr. 17,494 millions; in 1929, 20,498), but it is still higher than in 1926 and nearly equal to that of 1925, and both these years were considered favourable. Allowing for the general fall in prices, the decrease in volume

is even smaller than the figures suggest. The exports of finished goods show a decline of a little over £11,000,000, whereas the imports of raw materials declined by £16,200,000, which does not promise well for an early improvement in industry.

The main items of exports and imports for 1930 compared with those for 1929 give the following figures:—

	1929.		1930.	
	Imports.	Exports.	Imports.	Exports.
(In millions of crowns.)				
Live stock	950	35	723	54
Foodstuffs and beverages	2,918	2,341	2,650	1,705
Raw materials	9,777	3,433	7,128	2,792
Finished goods	6,234	14,606	5,149	12,865
Bullion and specie	46	13	34	13
Return merchandise	60	68	45	63
	19,987	20,498	15,726	17,494

The tonnage of goods transported by the Czechoslovak railways in 1930 was 54,860,000 tons, as against 59,550,000 tons in 1929, but it was nearly as high as in 1927, and was actually higher than in 1926 and 1924.

The number of unemployed on December 1, 1930, was 154,615, as compared with 38,295 on December 1, 1929. This is the highest figure since 1922 and 1923, the years of the acute crisis caused by the policy of appreciation of the currency; but considering that the total population of the country is now nearly 15 millions, the number of unemployed is not really alarming.

The output of coal in 1930 was 14,570,000 tons, as compared with 16,521,000 tons in 1929, but it was higher than in any of the other previous years. The output of lignite for the last six years was as follows:

	Tons.
1925	18,789,000
1926	18,799,000
1927	19,620,000
1928	20,451,000
1929	22,560,000
1930	19,129,000

The production of pig iron in 1930 dropped to 1,420,000 tons from 1,619,000 tons in 1929, but again exceeded all other previous years. The production of steel with 1,820,000 tons is lower than in 1929 (2,145,000 tons) and 1928 (2,100,000 tons), but larger than in the years 1925, 1926 and 1927. The exports of iron and iron manufactures in 1930 at Cz. Kr. 1,892 millions exceeded those of all previous years, 1929 included. Agriculture has suffered throughout the year from an acute crisis, and the farmers have been demanding more effective protection against imports of foreign foodstuffs.

The wholesale index number of gold prices (1913 = 100) was 111.1 in December, 1930 (193.3 in December, 1929), the foodstuffs index being 103.3 and the index of raw materials and industrial products 121.1. The Czechoslovak crown remained one of the most stable currencies. The National Bank reduced its discount rate from 5 to 4½ per cent. in May, and in June to 4 per cent., where it remained for the rest of the year. In the 1931 budget, expenditure is estimated at 9,838 million crowns, against a total revenue of 9,843 million crowns; thus for the sixth year in succession the budget shows a surplus. At the end of 1930 the total value of notes in circulation was Cz. Kr. 7,823 millions, the gold and silver reserves of the National Bank 1,545 millions, and the balances abroad and foreign currency 2,447 millions, so that the notes in circulation are covered to the extent of 46.7 per cent.

Savings deposits have increased by Kr. 3,460 millions. New capital issues and increases of capital amounted approximately to 340 million crowns, about the same total as in 1929. The general trade depression is reflected partly in the increased number of bankruptcies (804 in 1930, as compared with 579 in 1929) and of the arrangements with creditors (3,774, as against 2,614). The capital involved was some 646 million crowns.

Hungary.

Hungary experienced, in 1930, her worst year since the League of Nations Reconstruction Scheme began to operate in 1924. The world crisis was particularly reflected in the heavy drop of agricultural prices, and Hungary, predominantly an agricultural country, was faced with immense difficulties. As there were no long-term loans available during 1930, Hungary had to pay in the form of merchandise exports for her needs, and foreign trade figures show an active balance for the first time since the Great War. In the first eleven months exports totalled 841.9 million pengő, as against 919.6 millions in the corresponding period of 1929, and imports amounted to 766.6 million, as against 978.2 million pengő in 1929. Thus the adverse balance of 58.6 million pengő of 1929 was changed into an active balance of 75.3 million pengő.

Foreign debt in 1930 amounted to approximately 260 million pengő, in which amount the £3.15 millions Treasury bills of the Government are also included. This sum, however, was not used in 1930, but is still deposited with the National Bank. Treasury receipts reflect the economic crisis in general and the fall in agricultural prices in particular. It was found necessary to impose new taxes in order to safeguard the equilibrium of the budget, because the huge budgetary surpluses so conspicuous in former years have totally disappeared. The financial year 1929-30 ending on June 30th closed with a small surplus of 0.2 million pengő, thanks to the latent reserves of the Treasury accumulated in the former years. The total revenue amounted to 953.9 million pengő, as against 964.9 millions in 1928-29, but tax receipts proper showed a decrease of 70 million pengő as compared with the previous financial year. The heavy fall of agricultural prices during the past year is mainly responsible for the decrease in the receipts of the Treasury during the first five months of the present financial year, beginning on July 1, 1930. Total revenue in July-November, 1930, amounted to 349.1 million pengő, as against 388.2 millions in the same period of 1929. Expenditure decreased, according to the estimate of the Finance Minister, from 416.9 millions in 1929 to 409 million pengő in 1930. In order to cover the deficit Parliament has voted additional taxes, and an Economy Act was passed, which, if put into effect, will mean savings amounting to 45 million pengő.

The money market was easy compared with the past year, because foreign credits on short term were abundantly offered. The National Bank has gradually reduced its discount rate, which stood at 7½ per cent. at the beginning of the year, to 5½ per cent. Owing to the adverse conditions of the principal money market, the long-expected State Loan was not issued in 1930, and there were no long-term loans to be had for much-needed agricultural purposes. The absence of long-term loans has undoubtedly aggravated the economic crisis. The Stock Exchange was dull throughout the year, quotations have substantially declined, and practically no new issues have taken place. Saving deposits and deposits on current account with the twelve principal Budapest banks show a small increase, amounting to 1,433.6 million pengő on November 30th, as against 1,413.2 million pengő at the end of 1929. The banks have not yet published their balance sheets, but on the whole they had a satisfactory year. Prices have declined. The wholesale index is returned by the Statistical Department at 92 in November, 1930, as against 107 at the end of 1929. The index for agricultural products is 80, that for industrial goods is 120, as against 97 and 132 at the end of 1929. The cost of living index, returned at 100 by the Statistical Department, certainly understates the situation, as living is undoubtedly more expensive than it was before the War.

Roumania.

The indications of an incipient improvement in the economic situation of Roumania which showed at the close of 1929 have disappeared entirely in the course of last year, and the outlook for 1931 is exceedingly

grave. The chief cause for this unfortunate development is the extreme agricultural depression resulting from the fall in the prices of cereals which, amounting in the case of wheat, barley and maize, the most important products, to practically one-third of the prices obtained in 1928, has completely annulled the effect of two years of good harvests. In view of the condition of the world cereal markets there does not appear to be any prospect of improvement. The effect on land values is most serious, and the whole credit system of the country is threatened. Already several provincial banks have had to close their doors. Legislation passed with a view to protecting the debtor has only further imperilled the state of affairs.

The oil industry has had an unsatisfactory year. The price of crude oil fell during the year from £26 15s. per waggon to £8 6s. These prices compare with £22 to £24 in 1929 and £24 to £26 in 1928. Production has increased considerably. The convention for the conservation of crude oil which was concluded in July only survived till November, and the agreement between the refineries also proved impossible to maintain. In addition, the industry is over-taxed. As a result, the prices of the principal petroleum products show substantial reductions; most of the petroleum companies are working at a loss, and the industry gradually is being ruined. Russia's export activities have had no small share in aggravating the situation of the cereal and petroleum producers. The timber trade has also suffered from Russian competition.

The reserve of the Banca Nationala, its holding of bills and its note circulation are all lower than last year. Imports are down by about 15 per cent., as against the previous year; and although exports have risen, they do not represent profitable business as the principal exports, cereals and petroleum products, are effected at a loss as indicated above. Foreign trade for the first nine months of 1930 shows an active balance of 4,344 million lei. This favourable feature is unfortunately offset to some extent by a bad budget for 1931, in which the receipts are over-estimated, the Minister of Finance not having taken sufficiently into account the effects of the trade depression. It is not unlikely, therefore, that 1931 will close with a deficit in the State Budget, unless expenses are greatly reduced below the estimates. The return of King Carol to the throne of Roumania has had a steadying influence on the political situation, and the activities of the parties have become more normal.

Jugoslavia.

After six good months, during which all branches of economic life showed better results than in 1929, Jugoslavia came during the second half of 1930 under the cloud of the general European depression. Agriculture was first to feel the slump of prices, although the effects were to some extent mitigated by the Privileged Export Society, a newly-created semi-State institution. Thanks to its exceptional position, its direct connection with foreign markets, its elimination of middlemen, and its readiness to forego profit, the Society soon established a quasi-monopoly for the export of maize and wheat. Next to feel the slump was industry, hit equally by the reduced purchasing power of the peasant and by Russian competition especially in timber export. The general index of prices (1913 = 100) fell from 1,413 in December, 1929, to 1,175; that of agricultural produce from 1,032 to 808; and that of industrial goods from 1,685 to 1,471. The present index in gold value is 108.

Both internal and foreign trade have diminished. Exports for 11 months at 6,287 million dinars and imports at 6,438 million dinars were below those of 1929, while the balance, last year active by 148 millions, has become passive to the extent of 151 million dinars. Private and Government finance are rather better; State receipts, largely owing to more efficient collection, exceeded those of any post-war year; saving deposits have increased from 12,000 to 13,160 million dinars; foreign capital is still flowing in, though in smaller quantities. At present the withdrawal of money from

business is further accentuating the depression, although the interest rate has declined from 12-16 per cent. to 8-12 per cent., and bankruptcies were only 608, as against 1,063 in 1929. The year was also remarkable for the passing of certain much-needed economic legislation.

Bulgaria.

The steady depreciation of agricultural produce and raw materials has heavily handicapped the process of recovery from the trade congestion and over-lending crisis under which Bulgaria suffered in 1929. In spite of the very unfavourable trend of prices of goods exported, the foreign trade position has considerably improved: the deficiency of Leva 2,100 millions at the beginning of 1930 has been completely made good, and there is, at the year's close, a credit balance of at least Leva 900 millions. A sharp decline of purchasing power on the one hand, and the lack of adjustment between prices of agricultural and of manufactured products, on the other, created an almost unprecedented shrinkage in every branch of economic activity. The position of the Treasury has been considerably affected by this general standstill: receipts as a whole are far under the estimates, and the strain begins to make itself felt in the working of the whole machinery of the State. The general situation, at the close of the year, gives little scope for optimism with regard to the near future.

Greece.

While economic conditions in Greece show no improvement during the past year, the country has so far withstood fairly well the tide of universal depression. Agriculture suffered again from declining prices, inclement weather and foreign competition, and measures of relief had to be taken in many instances. Industry and the merchant marine are deeply affected by the present difficulties. Trade continues dull. As an importing country, however, Greece has partly benefited by the fall of world prices, which considerably reduced the adverse balance of trade as compared with the previous year.

Public finance remains on the whole satisfactory, though signs of exhaustion of the taxable capacity of the people have begun to appear. This is also manifest in a decline of consumption, owing to a lowering of the standard of living and to unemployment. The budget of the current financial year will close with a surplus, and estimates for the financial year 1931-32 anticipate a very small surplus. Nevertheless, the Government has asked for parliamentary authority to make a reduction not exceeding 6 per cent. in the salaries of public servants in case of need. The Stock Exchange has not experienced a flourishing year. Trade depression and a fall in interest rates have helped, however, to raise the prices of Government securities. Some exceptionally good stocks have also risen, but, on the whole, the prices of stocks have touched lower levels. The position of the banks is sound, but the threatened interference of the authorities with a view to lowering interest and commission rates may produce a disagreeable situation for them. With the help of advances from the bankers the Government was enabled to continue the execution of public works. The flotation of the second portion of the foreign loan for public works is expected in February.

Participation of capital from abroad in financing the economic reconstruction of the country has continued unabated during the past year. Thanks partly to the import of foreign capital, the reserve of the Bank of Greece was maintained at the satisfactory level of 44.42 per cent. of its note circulation and sight liabilities, on December 23, 1930, as against 46.35 per cent. at the end of 1929. The official discount rate has been 9 per cent. since December, 1928. Greece is passing through a period of large foreign borrowing, necessitated by her economic reorganisation. It is expected that economic progress will more than counterbalance the burden thus imposed on the

country, but meanwhile, in view of the world economic crisis, it would perhaps be advisable to resort less frequently to borrowing, especially abroad. The same may be said of public expenditure, other than that for the service of debt, which is increasing, as a result, often, of a wrong tendency to enlarge the sphere of intervention of the administration in private economy. Fortunately, political stability at present is a great factor in maintaining public confidence and economic activity. Equally satisfactory and helpful is the foreign policy of friendship and co-operation followed by the authorities.

SCANDINAVIA.**Denmark.**

Though Denmark was affected throughout the year by the world-wide decline in prices, its influence during the first few months was not wholly detrimental, as grain and cattle food declined more rapidly than the prices of farm products. Later in the year this margin diminished and the farmers' position became increasingly difficult. Exports of agricultural products have nevertheless increased; butter, eggs and bacon have all been exported in larger quantities, and the exports of bacon, in consequence of a substantial increase in the pig population, have risen to 310 million kilos. Total exports were valued at Kr. 1,610 millions, of which Kr. 1,518 millions consisted of Danish produce. Imports amounted to Kr. 1,727 millions.

Industrial exports were lower, but in the early part of the year some branches of industry, noticeably building, shipbuilding and engineering, were still enjoying a fair degree of activity. In the last quarter, however, activity began to decline. It was a bad year for shipping, and this accentuated the decline in the share market, which is largely influenced by shipping shares. The bond market was strong.

Norway.

The general depression of world trade and the heavy fall in prices, initiated by the crisis in the United States in the autumn of 1929, did not seriously affect conditions in Norway until the latter half of the past year. The progress in trade and industry during the first seven months was, if not very marked, at any rate promising. A number of tariffs were prolonged in January, and the absence of serious labour conflicts gave a feeling of confidence. Unemployment figures decreased during the first seven months, but then rose rapidly to about 28,000 in December against 22,500 in January. In August a number of industrial concerns were obliged to reduce output, and at the same time the influx of fresh orders diminished. Foreign trade figures showed a favourable development during the first six months, but the later months brought an aggravation of the adverse trade balance, which amounts to 362 million kroner, against 292 million kroner for 1929, the figures representing the first eleven months of the year. The fisheries gave poor results both as regards quantity and profit, while whaling showed large catches, valued at about 128 million kroner, approximately 15 millions more than in the preceding year. It was a very difficult year for shipping; the freight markets collapsed and a great percentage of the tonnage remained unemployed. There was, however, an increase in total tonnage of about 500,000 tons during the year, about 310,000 tons representing tankers. The crops of cereals and hay correspond to those of an average year, while potatoes and other roots gave about 13 per cent. less than the average.

Monetary conditions were governed to a greater extent than usual by the international situation. Bank rate was reduced in the course of the year from 5 to 4 per cent. The Government, as well as municipal and private corporations, have converted a number of high-interest-bearing loans. New companies formed amounted to 207, with total capital of about

75 million kroner. The banks had a quiet year, and have, according to reports hitherto published, maintained their rates of dividend. Deposits, however, decreased by about 7 per cent.

The outstanding political event was the Storting elections in October, resulting in the defeat of the Labour Party, which lost 15 seats in the Storting.

Sweden.

Despite some symptoms of depression as early as the end of 1929, it was not until June that these effects were seriously felt, and even then they were mild compared to those in other countries. The leading industries have undergone a systematic rationalisation since the war, which has enabled them to compete both in production capacity, in quality, in financial strength and sales organisation. Moreover, the previous boom had not given rise to excessive speculation or unsound expansion, but it did bring the accumulation of a very large reserve of orders. For these reasons production has been maintained at a very high level. The *Svensk Finanstidningen's* index of production, which is based on the output of the most important export industries, with 1923-24 as a basis, was 147 for January-May, compared with 139 in 1929. For June-November the average figure fell to 124, compared with 132. The average for the first eleven months was the same in both years, 135. The December figures are not yet available. Most marked is the contraction in iron and steel, and during the later months in iron ore. Of the leading industries, pulp has maintained itself well and the same applies broadly to timber, although the prospects for the latter are seriously darkened by Russian competition.

The effects of the depression are more marked in foreign trade, though not to a disquieting degree. It is remarkable that the mechanical industries have maintained their position so well. Excepting ball bearings all the leading industries in these branches show increased shipments, in spite of the fall in prices. *Svensk Finanstidningen's* average wholesale price index number for 1930 was 115, against 134 for 1929. From December, 1929, to December, 1930, it fell from 128 to 108. As in other countries, the money market has been characterised by an abundance of money and reduced demand for credits. The Riksbank lowered its discount rate at the beginning of the year from 5 per cent. to 4½ per cent., in March to 4 per cent., and in April to 3½ per cent., a rate which has remained unaltered since. It has undoubtedly been too high, with the consequence that the commercial banks rediscounted abnormally little and sold their holdings of foreign exchanges, which yielded a much lower rate, to the Riksbank instead. The result was that the Riksbank reserve of exchanges rose from Kr. 266 to Kr. 391 millions, whilst that of the commercial banks fell from Kr. 318 to Kr. 163 millions. Another marked consequence was that during the greater part of the year the Swedish krona was quoted remarkably high. Despite an increase of exports of capital, the balance of payment was only worse by Kr. 30 millions, and net bank claims abroad were Kr. 554 millions at the end of the year.

The abundance of money and the falling tendency have created great activity in the bond market. New issues amounted to Kr. 878 millions (1928 = 233), but since at the same time debentures for Kr. 758 millions (1929 = 286) were redeemed, the net increase was Kr. 120 millions (a reduction of Kr. 54 millions in 1929). These transactions involved Kr. 445 millions of Government conversions. In the share market, there was a strong recovery at the beginning of the year, after the enormous losses associated with the crash in New York. Subsequently the tendency has been predominantly weak, with signs of improvement at the end of the year. Broadly speaking, the Swedish Stock Exchange has shown considerable resistance. For the whole year the value of "A" list shares fell by only Kr. 188 millions, or 4 per cent., against Kr. 583 millions, or 12 per cent., in 1929.

Finland.

Economic life in Finland was marked in 1930 by the depression of trade that dominates the position throughout the world. The money market grew considerably easier, but owing to the fall in prices and reduced demand, production was restricted in many spheres, which led to unemployment and reduced purchasing power. The harvest was comparatively plentiful and of good quality, but its value was reduced appreciably, as the drop in the prices of agricultural produce was particularly heavy. Butter exports established a new record in quantity, but their value was considerably below that of 1929. The branches of industry supplying the home market experienced difficulties owing to the reduced purchasing power in the country, and complained of ruinous foreign competition. Production was reduced by about 6½ per cent. The exporting industries were forced to make considerably larger restrictions, 19 per cent. on an average, owing to the inability of the markets to absorb larger quantities. Shipments of sawn timber fell from 1,206,800 standards in 1929 to 907,000 standards last year. Exports of plywood, cellulose and mechanical pulp were also reduced, although the productive capacity was increased to some extent. Paper exports alone recorded a slight rise. Total exports dropped from 6,429.7 million marks to 5,398.3 millions, or 16 per cent., the greater part of which was due to the fall in prices. Imports decreased from 7,001.4 million marks to 5,247.9 millions, or 25 per cent. The balance of trade therefore showed a surplus of exports of 150.4 million marks, whereas the preceding years had closed with large import surpluses.

The number of bankruptcies was large. The banks suffered substantial losses, but most of them were able to present satisfactory balance sheets at the end of the year and pay the same dividends as before. The easier state of the money market is seen most clearly in the position of the Bank of Finland; its total credits were reduced by 447 million marks, chiefly owing to the drop in rediscounts. Thanks to the increase in the bank's foreign balances and other circumstances, the ordinary cover rose from 60.8 per cent. to 74.9 per cent. of all liabilities payable on demand. During the year three bond loans were taken up abroad. The Central Bank for the Co-operative Agricultural Credit Societies took up 300 million French francs at a nominal rate of 5 per cent., the City of Helsinki (Helsingfors) 8 million dollars at 6½ per cent. interest, and the Industrial Mortgage Bank of Finland £2,000,000 at a nominal rate of 6 per cent. The greater part of these funds was employed in redeeming foreign short-term borrowing. Thanks to this circumstance and the favourable balance of trade, Finland stabilised its position towards other countries considerably during the past year.

THE BALTIC STATES.

The world depression and the fall in prices were the dominating factors during 1930, and offset to some extent the undoubted advantages the Baltic States had gained from an intensive expansion of agriculture and dairy farming. In spite of this, undoubted progress was made, but the great need in all the Baltic States, as in 1929, is foreign capital, without which the expansion of their resources and further progress are likely to be more than difficult.

Lithuania.

With a population of two and a-quarter million, of which 75 per cent. is engaged in agriculture, Lithuania was inevitably affected by the world slump in commodity prices. Luckily, however, the crop results last year were again favourable, the production of cereals at 1,630,000 tons being rather below that of 1929, when 1,650,000 tons were harvested. Potatoes and flax were, as elsewhere, satisfactory, the yields being, flax 30,000 tons (35,000 tons), potatoes 1,500,000 tons (1,800,000 tons), and linseed 42,000 tons (44,500 tons). The figures given in brackets are those for 1929. The exports

of livestock, meat and dairy produce show a satisfactory increase:—

	FIRST NINE MONTHS.		
	(Million Lits.)		
	1928.	1929.	1930.
Cattle	5.8	10.7	9.8
Pigs	4.2	13.9	27.5
Meat	3.7	9.8	28.2
Butter	16.5	22.3	36.5
Cheese	2.0	1.6	2.3
Eggs	10.9	9.7	8.7

For the first 11 months of 1930 imports were valued at 285,500,000 lits (283,000,000 in the same period in 1929), and exports at 300,850,000 lits (302,800,000 in the same period in 1929). Satisfactory progress was made in the transit trade, which, together with emigrants' remittances from America, is one of Lithuania's great assets, and the recent improvement of communications, railways, port facilities, rolling stock and the like, should lead to satisfactory developments in the future. Industry other than agriculture remains unimportant, and the lack of mineral resources hampers expansion, while recovery from the war is still slow.

Treasury receipts for the first ten months of 1930 are returned at 261,610,000 lits, and expenditure at 249,260,000 lits. The favourable position in the money market which prevailed in 1929 has continued, and there is no stringency comparable with that existing in other Baltic States. This is partly due to the substantial excess of exports, but more especially to a loan of 60,000,000 lits in connection with the Match Monopoly. Largely as a result of these conditions, the Bank of Lithuania's holding of foreign currency had increased to 86,000,000 lits on December 31st last, from 72,000,000 lits a year earlier. Advances made by the Bank have risen by 18,000,000 lits to 103,000,000 lits in the same period. There was a corresponding increase in the note circulation to 117,000,000 lits from 94,000,000 lits, and the issue is still covered to the extent of over 100 per cent. by gold and foreign currency reserves. In view of the greater activity in the trades working up agricultural products for export, some increase of credit was necessary. The Bank of Lithuania was able to lower its discount rate to six per cent. as early as April 1st, and during the year there has been a substantial lowering of rates charged by the banks and private credit institutions.

The question of Vilna remains a stumbling block to really satisfactory relations with Poland, whilst its retention by the latter Power deprives Lithuania of considerable territory and economic wealth. Relations with Poland are, however, rather better, and a trade treaty now in negotiation between Lithuania and Latvia is said to be favourably regarded by the Polish Government.

Estonia.

As 70 per cent. of the population is occupied in agriculture, Estonia could not expect to escape from the effects of the general fall in commodity prices, but she suffered during the past year to a less extent than might have been expected. This was chiefly owing to a plentiful harvest. As in Latvia, the Government intervened in support of the farmers by setting up a grain monopoly, and fixing the price of rye, and a duty on barley and other agricultural produce was introduced with the same object, but it is too early to say whether these expedients will be successful. The fall in the price of butter was compensated for by an increase in exports to 140,000 quintals against 120,000 quintals in 1929, but the future is unpromising with an increase in the German tariff, and the conclusion of the German-Finnish trading agreement. The general outlook of the European butter market as a whole, too, is said to be unfavourable. Timber was, as elsewhere, seriously affected by Russian marketing methods, and it was estimated at the end of November that there were some 10,000 to 15,000 standards of sawn, but unsold, timber in the country. On the industrial side, the textile industry has suffered most; machinery has done better in connection with the projected considerable extension

of the shale industry, and the consequent installation of plant, but this is expected to be merely temporary. Paper and cellulose also have done satisfactorily.

Foreign trade for the last two years, in millions of kronas, was as follows:—

	1929.	1930.
Imports	121.6	98.3
Exports	117.5	96.4

Unfavourable balance — 4.1 — 1.9

The drop in imports is accounted for partly by the fall in world prices, but partly also by re-imposition of high tariffs. Export volume has been in general well maintained, and in some cases even increased.

The Budget again closed with a surplus:—

	(In millions of E. Kr.).			
	1926-7.	1927-8.	1928-9.	1929-30.
Revenue	85.7	89.4	92.2	95.9
Expenditure	83.1	86.9	90.8	95.7
Surplus	2.6	2.5	1.4	0.2

With the loan from the Swedish Match Company taken last year for the nominal amount of Sw. Kr. 7.6 millions, the total foreign debt amounts to approximately E. Kr. 119 millions. Conditions on the money market have not been satisfactory, and the stringency noticed in past years has continued. The Bank of Estonia, however, has carried out a cautious policy, and by curtailing advances has checked any tendency to over-trading. The Bank rate was reduced on October 1st to 7 per cent. Although foreign trade was slightly more favourable, the Bank's holding of foreign currencies continued to fall off, and at the end of the year only totalled Kr. 16.5 millions, as compared with Kr. 20.8 millions on January 1st. On the other hand, gold reserves have risen slightly, and as in addition the note circulation has fallen, the issue is still amply covered.

Latvia.

Over 60 per cent. of the population of Latvia is occupied in agriculture. The fact that the State owns 52 per cent. of the land and practically all the forests, which are considerable, accounts for the efforts to support agriculture by protective legislation designed to restrict the import of foreign corn, and to maintain prices of home produce in the export market, in the face of abnormal depreciation in world values of such products. Temporarily, the first objective appears to have been attained, corn production and the area sown having both increased during the past year, but the success of the second is open to doubt.

Agriculture, but for falling prices, has been satisfactory, and the harvest good. Aggregate crops and average yield per hectare show a considerable gain on the previous year, the comparative figures for the principal crops being as follows:—

	Winter Rye.		Winter Wheat.	
	Average yield quintals per hectare.	Aggregate crop 1,000's of tons.	Average yield quintals per hectare.	Aggregate crop 1,000's of tons.
1926	6.17	153.1	10.79	33.3
1927	10.13	257.1	13.44	57.8
1928	8.37	213.5	11.38	55.2
1929	10.13	238.2	10.93	42.5
1930	13.73	362.6	17.04	88.3

The summer seed harvest was adversely affected by weather. The livestock census shows a gratifying increase, the figures in round numbers being as follows over a period:—

	(In thousands).			
	Cattle.	Sheep.	Pigs.	Horses.
1913	910	995	550	320
1921	800	1,130	480	280
1929	975	900	385	360
1930	1,025	870	525	362

Exports of butter during the first nine months of 1930 totalled 14,000 tons, as against 10,000 tons in 1929. The further increase of the German tariff on butter as from the New Year, however, raises doubts as to whether equally good results can be expected this year. Latvia, like all other Baltic and Scandinavian timber producers, has been hard hit by Russian exports, and exports of timber declined from 77.8 million tons in 1929 to 63 millions in 1930.

Finance.—The accounts for the Commonwealth and States for the year ending June 30, 1930, are set out in the following table:—

State.	Revenue.	Ordinary Expenditure.	Loan Expenditure.	Gross Public Debt.
	£	£	£	£
N.S.W.	*19,601,379	*20,980,642	10,004,328	270,630,848
Victoria	24,609,725	25,782,595	6,467,067	155,719,888
Queensland ...	15,997,869	16,721,055	2,811,967	112,623,979
South Aust. ...	10,551,017	12,176,840	2,488,439	93,986,118
West Aust. ...	9,750,515	10,268,518	3,693,051	71,194,325
Tasmania.....	2,687,414	2,715,133	146,853	22,688,862
Six States.....	83,197,419	88,644,783	25,611,705	727,639,836
Commonwealth	77,143,000	78,614,000	5,291,533	372,957,362
Total.....	160,340,419	167,258,783	30,903,238	1,110,597,198

* Excluding business undertakings.

The Budget speech was delivered on July 9th by Mr J. H. Scullin, Prime Minister and Treasurer, in which he estimated an additional expenditure for the year 1930-31 of £1,094,303. Owing to increasing expenditure and to falling revenue, it is estimated that there will be a shortage of revenue in 1930-31 of £14,038,770. To cover this estimated shortage new taxes and charges amounting to £12,550,000 are to be imposed, and the total is to be made up from liquidation of ex-enemy properties amounting to £1,500,000. The new taxes and charges are to consist of £5,700,000 from new revenue duties under Customs and Excise, £5,000,000 from a sales tax similar to the Canadian tax, £1,000,000 from additional postage charges, and £850,000 from increased income-tax rates.

The Commonwealth raised a loan for £10,000,000 in November, 1929, and in March, 1930, the maturing loan for £10,000,000 was met by a conversion offer. With this offer was associated a conversion offer to holders in 6 per cent. War Loan maturing December 15, 1930. In all, £48,000,000 was covered by this operation. These were the only loans raised by the Commonwealth either in Australia or overseas in the financial year 1929-30.

During 1929-30 the amount applied to Commonwealth debt redemption totalled £6,367,482. State redemption totalled £3,169,777, of which the Commonwealth contributed £994,433. The payment on the combined Commonwealth and State debts amounted to £526,968,664 in Australia and £573,628,534 overseas. The public debt of Australia per head is £170 17s. 6d., compared with £173 4s. 7d. in 1928-29.

Banking.—The net profits of the Commonwealth Bank were £777,751 for the half-year and £1,508,081 for the year ending June 30, 1930. Of these amounts £246,282 and £500,448 respectively accrued from purely banking business. For the Commonwealth Savings Bank the profits were £132,125 for the half-year and £251,332 for the year ending June 30, 1930. The reserve fund amounted to £868,808 for the Commonwealth Bank and £1,411,579 for the Commonwealth Savings Bank.

NEW ZEALAND.

In New Zealand the past calendar year witnessed a considerable progressive increase in the quantities of produce exported in certain important lines, particularly butter, cheese, mutton and lamb, and apples. Low prices on the British market, however, caused a falling away in the total export values. Notwithstanding this the year closed with an excess of exports over imports of £1,914,779.

FOREIGN TRADE OF NEW ZEALAND.
(Millions £'s.)

	1926.	1927.	1928.	1929.	1930.
Imports	49.8	44.7	44.8	48.7	43.0
Exports	45.2	48.4	56.1	55.5	44.9

Public Finance.—The following is a condensed statement of the national balance sheet for the past two financial years. Only the principal items of revenue and expenditure and the respective total units are shown:—

(000's omitted.)					
Revenue.	Year ended March 31st.		Expenditure.	Year ended March 31st.	
	1929.	1930.		1929.	1930.
Customs	£ 7,954	£ 8,897	Interest.....	£ 8,675	£ 9,134
Beer duty	611	620	Sinking fund and funded debt reduction	1,435	1,562
Motor vehicle duties, licences, &c.	1,243	1,510	Pensions	2,657	2,747
Stamp and death duties	3,575	3,405	Education.....	3,092	3,218
Land tax	1,140	1,506			
Income tax	3,533	3,310			
Railways (interest on capital liability) ..	2,331	2,132			
Totals (including other items)...	23,599	25,349	Totals (including other items)...	24,176	25,200

The gross debt at March 31, 1930, was held as under:—

Where held.	Amount.
New Zealand	£ 116,526,091
Australia	4,276,750
London	146,580,502
Total	2,671,383,343

For the year 1930-1931 revenue is estimated at £25,120,000 and expenditure at £24,874,000.

Production.—Output continued to increase, but prices for butter, cheese, mutton and lamb, wool and other chief lines show little improvement. The recent earthquake will also probably make certain demands on the public exchequer. Wise precautions, however, have been taken to meet the situation, and strict economies instituted. The following are the values of the principal exports for the past two calendar years:—

	1929.	1930.
	£	£
Wool.....	15,359,206	7,664,362
Butter	13,227,917	11,854,056
Cheese	7,017,463	6,438,438
Frozen meat	9,245,327	10,644,830

The most serious loss in export revenue has been in wool, but the present outlook in that trade is certainly brighter than last year.

INDIA.

The preliminary figures of India's overseas trade during the calendar year 1930, as compared with 1929, were as follows, in crores of rupees:—

	1929.	1930.
Imports of private merchandise	249	184
Exports, including re-exports	329	257
Net imports of treasure	28	28

Under the joint influence of political unrest and the further fall in prices, both imports and exports have shown a sharp decline, and many years of good crops and prosperous trading will be necessary to compensate for the heavy losses thus occasioned. The year 1929-30, to quote the official trade review, was "a disastrous one, as far as the price level was concerned," but in 1930-31 prices have fallen still further, with effects which can only be described as calamitous. Despite the boycott, imports have not fallen to a very much greater extent than exports, in which the decline is due almost exclusively to world-price movements and the general decline in demand. The decline on both sides of the account has been not only sharp but progressive, each succeeding month, almost without exception, showing a less satisfactory turnover than its predecessor. No interest has escaped scathless. Political feeling has been given a sharper edge, railway revenues have fallen away by between 7 and 8 crores, the yields of most of the principal heads of taxation have fallen to an extent creating large deficits in the Central and Provincial budgets and new taxation will be necessary, which can

hardly fail to be on a scale and in forms tending to further restriction of trade and a lower level of consumption, especially of imported commodities. Higher import duties on a large number of commodities, in view of the present financial outlook, must be regarded as unavoidable, however lamentable from the political, as well as the economic, standpoint.

Trade.—Although the decline in exports is fairly general, the deterioration in jute exports, normally representing over 25 per cent. of India's total exports, stands out as one of the most remarkable features. As 1929-30 was itself a year of "acute depression," to use the official description, the further decline in this year's production and shipment is the more serious. The amount of raw jute rendered available by last year's crop was apparently in excess of world demand, regardless of price; and official propaganda has been initiated directed to inducing the cultivators to reduce the acreage allotted to the crop pending a closer approximation between supply and demand. The following figures refer to the eight months April-November, 1930. In the latter period exports of raw jute totalled 362,103 tons, valued at 8.40 crores, against 538,000 tons, valued at 18.73 crores, in the corresponding months in 1929. In the same period, 568,685 tons of jute manufactures, valued at 24.79 crores, were exported, against 644,013 tons, valued at 36.37 crores. Under jute, raw and manufactured, exported, the amount realised has totalled only 33.19 crores in the eight months, compared with 55.10 crores in the corresponding months in 1929, and 60.80 crores in the same period in 1928. The effect has been not only to curtail the purchasing power of the cultivators, the most prosperous section of the rural community in Bengal in normal times, but to force the mills to revert to the 54-hour week for eighteen months as from July 1st last, and, in addition, to close the mills for one week each month until March 31, 1931. During the same period, 403,207 tons of raw cotton were shipped, valued at 29.40 crores, against 413,940 tons, realising 38.95 crores a year previous. Oilseeds exports point in the same direction, shipments totalling 657,226 tons, being valued at only 12.76 crores, against 844,092 tons, yielding 18.68 crores. The list might be continued almost indefinitely; wheat, which almost disappeared from the export list last year, being one of the few products shipped on a larger scale. The aggregate effect has been a reduction in the purchasing power of India, which would in any event have meant a corresponding reduction of imports, the main effect of the political ban being to subject imports of piece-goods to a sharper reduction than has been experienced in any other section of import business.

The gravity of the position and outlook of the Lancashire trade with this country would be difficult to exaggerate. One hammer-blow has succeeded another. The production of piece-goods in Indian mills in 1929-30 reached 2,419 million yards, against 1,164 million yards in the last pre-war year 1913-14. Meanwhile, the imports, compared with the pre-war year, were less by over 1,278 million yards, including all sources. For instance, in million yards, greys totalled only 925, against 1,534; whites, 473, against 793; and coloured, printed or dyed, 463, against 831. Of this diminished import Lancashire supplied only 65 per cent., against 97.1 in 1913-14; while Japan supplied 29.3, against 0.3 per cent. pre-war. A higher tariff on all imported piece-goods was imposed in the last budget, differentiating in favour of British goods, the preference, however, being more than offset by the political boycott which immediately followed, which undoubtedly derived an additional stimulus from the action of the Government of India in resorting to what was described as a measure of Imperial Preference, despite the strong opposition of the most influential sections of Indian opinion. The effects of the boycott are epitomised in the figures of imports for the eight months April-November:—

	Million Yards.		Value in Crores Rs.	
	1929.	1930.	1929.	1930.
Greys:—				
United Kingdom.....	319	129	7.36	2.55
Japan.....	256	142	5.97	2.73
All sources	583	273	13.51	5.31
Whites:—				
United Kingdom.....	290	172	8.17	4.06
All sources	310	199	8.88	4.73
Coloured, &c.:—				
United Kingdom.....	192	122	6.61	3.72
Japan.....	98	48	2.26	93
All sources	325	189	10.40	5.40
Total piece-goods, all sources	1,244	667	33.42	15.58

In view of the joint effects of the higher tariff in increasing production by encouraging the establishment of new mills outside Bombay, and the additional stimulus imparted to the consumption of Indian goods by the *swadeshi* movement, it is highly improbable that imports, within any calculable period, will revert to their pre-boycott level. The *per capita* consumption of mill-made cotton goods in India, local and imported, in 1929-30 was only 13.10 yards, against 13.33 yards in 1913-14, the quantity estimated as available for consumption last year totalling 4,182.7 million yards, against 4,210.1 million yards in 1913-14. While consumption therefore remains stationary, the figures quoted above indicate the increasing percentage of the Indian demand which is met by Indian mills, and it only remains to add that this percentage is likely to show a very considerable increase in the next few years. Indeed, one expert calculation places the future maximum import, from all sources, at not more than 1,000 million yards, there or thereabouts; the Indian tariff being relied upon, especially under an Indianised Administration, to nullify any reduction in the price-level of imported piece-goods that may result from improved methods of production and distribution.

Finance.—The probable deficit in the Central Budget is estimated unofficially at from 10 to 15 crores, and the aggregate deficits in the various Provincial Budgets at from 6 to 8 crores. Additional taxation will therefore be necessary, and will have to be comprehensive in scope, and heavy in its incidence, in order to restore the balance between revenue and expenditure. Higher levels of income-tax and supertax are forecast, but further recourse to Customs duties is also anticipated, although it is probable that the additional imposts will not be confined to manufactures, but will include a certain number of foodstuffs, especially sugar. One regrettable result of the new taxation, now necessary to meet even existing expenditure, will be the additional obstacle thus placed in the way of providing the additional revenues required by the Provincial Governments in order to finance the "nation-building" departments alluded to in the Report of the Statutory Commission. In such circumstances it is apprehended that the new Provincial Administrations will be subject to the same heavy financial handicap as the Dyarchic Governments shortly to be superseded.

SOUTH AFRICA.

The year 1930 has seen the partial fulfilment of the Prime Minister's famous 1929 slump prophecy. Not only have prices of various primary products (agricultural and other) remained near or below South African cost of production, but as far as the various departments of farming production are concerned the season has so far been on the whole unfortunate. On the other hand, conditions have been favourable to the obtaining by the gold mines of exceptionally good supplies of native labour from British South Africa.

Public Finance.—The Minister of Finance was once again able to greet the House in April last with a surplus, although not a surplus of the magnitude of those which marked his earlier years. The final

estimate was £400,000, but Customs, Excise and Income Tax were all above the original estimates, though exports of farm products showed a drop of £8 millions, or nearly 20 per cent., from the previous year's figures. There will be no surplus to announce in respect of the current financial year, and the Government are already experiencing a good deal of financial and other discomfort.

Trade.—During the year there has been a very heavy fall in imports, which at the end of November stood at about £54.5 millions, against £75 millions in the corresponding eleven months of 1929. The duty is down by some £1,850,000 over the same period. The exports of merchandise up to the end of November amounted to £24.35 millions, as against £29.73 millions in the same period last year. The eleven months' export of bullion and specie in 1930 was £45.04 millions, and in 1929 £43.38 millions. Diamonds worth £14.1, £10.1 and £13.6 millions were exported in the year 1927, 1928 and 1929 respectively. Figures for 1930 are not yet available, but can hardly be good.

Production.—The gold mines, aided by a good supply of labour from British South Africa, have had a good year. Dividends declared by the companies whose results are published by the Chamber of Mines amount to £8,650,000 or thereabouts—an increase of roughly £250,000. The list is noticeable for the fact that the increase is derived from dividends by several of the older and recently unprofitable companies. With a good labour supply and the careful application of up-to-date methods there is still a fair yield on some of our oldest gold mining shares.

South African statistics of industrial production show that the country is progressing rapidly in this respect. The current figures, showing a gross output of £107 millions and value of £52 millions added to materials, indicate a growth at the present time of about six or seven per cent. per annum. It is, however, difficult to export at our manufacturing costs, or from factories on the South African scale of production. The bulk of the Rand engineering business depends so largely on the mines as to be fundamentally a part of the mining industry.

General Hertzog has been speaking on the urgent necessity for a reduction in South African costs of production of farm produce, whilst Mr P. M. Anderson (President of the Chamber of Mines) has lately expressed the view (very unpopular in South Africa outside mining circles) that the fall in prices will be more or less permanent, or at any rate a "long period" effect.

Agriculture.—The position is now showing some promise of improvement, as rain has fallen in most districts. During the spring the dry weather added to low prices combined to cause a bad outlook. It is now hoped that with the aid of a small carry-over from last season there will be no shortage of maize in spite of late planting. The crops will be patchy in quantity, as some districts where frost is early will be unable to plant. The wheat crop has been good in the Transvaal; wheat is attracting more attention in suitable parts of the Union.

IRISH FREE STATE.

The Irish Free State experienced a relatively prosperous year in spite of the general economic depression. The low prices of grain and other feeding stuffs reduced the farmers' costs of production, while the price of cattle and other livestock kept up fairly well. Towards the end of the year a sharp fall in the price of butter caused considerable alarm among dairy farmers. An emergency import duty on a prohibitive scale was imposed pending an inquiry by the Tariff Commission into the general condition of the industry and its need for some measure of permanent protection. The marketing of dairy produce also formed

the subject of investigation by a special tribunal, which recommended in its report the establishment of a central selling organisation composed of all the co-operative creameries in the country without exception. Action on these recommendations has not yet been taken. The difference between the movements of beef and butter prices shows the wisdom of a diversified farming system, and justifies the insistence by the Department of Agriculture on the breeding of dual purpose cattle. The schemes for the improvement of all classes of livestock were extended during the year; 2,493 premium bulls were provided, and 55,212 cows were under test for milk yields.

Production.—The preliminary reports of the Census of Production for 1929 which are now appearing show that a measure of progress has characterised most of the protected industries since 1926, when the last Census was taken. At the same time the protected articles are still imported in large quantities and the duties are making considerable contributions to the revenue. It is noteworthy that the industry which has shown the greatest advance during the period under review is the manufacture of bacon and pork, which has received no protection and produces almost entirely for export. This fact corroborates the opinion of the school of thought which believes that the best line of development of Free State industries lies in the direction of manufacturing specialised high-grade articles for export rather than in attempting to encourage a variety of small industries behind a tariff wall. That the industrial situation is on the whole fairly satisfactory is shown by the fact that it has been found possible to reduce the amount of the contributions to the unemployment insurance fund owing to the small pressure on the fund.

The Shannon scheme is proving a success more rapidly even than was anticipated by its promoters. Practically all the electricity used in the Free State is now supplied from the Shannon, including the lighting of Dublin and other cities and towns, the operation of the Dublin and Cork tramways, and the provision of power in the Ford works. It is generally thought that the next report of the Electricity Supply Board will show that the scheme is already on a paying basis, and the question of undertaking the further development of the river is being discussed. Great interest is being taken in the experiments on the Drumm battery which promises, if successful, a revolution in electric transport.

Finance.—The chief financial event was the flotation of the Third National Loan. £6,000,000 of 4½ per cent. stock was raised at 93. This loan now stands at 98 and the earlier 5 per cent. loans are well above par. The Minister for Finance has redeemed £704,000 of Compensation Stock. Other successful issues were made by the Dublin Corporation and the Agricultural Credit Corporation, both of which were oversubscribed. The very high credit of the Free State indicates a belief by investors in the political and social stability of the country that is perfectly justified.

Emigration is declining substantially. The lower figures for 1930 are no doubt partly the result of American conditions, but the decline has been continuous since 1925 and seems to indicate that the pressure on employment in the Free State is gradually easing. The other figures which are commonly used as "economic barometers" all suggest that the year was relatively prosperous; Dublin bank clearings increased slightly on the previous year; the receipts of the Great Southern Railways were down by less than 5 per cent.; revenue and expenditure (for the first nine months of the financial year 1930-31) showed a decline of less than one per cent.; imports (during the twelve months ending October) decreased by 5 per cent., while exports slightly increased.

C.-OTHER COUNTRIES.

UNITED STATES.

Continuous but orderly deflation in security prices, commodity prices, credit outstanding, and in the manufacture, distribution and sale of goods has been characteristic of the past year. Federal Reserve Bank indices of general business activity (production and trade) put the decline during the year at 14 per cent., while the drop from the peak reached about the middle of 1929 was larger. After a moderate revival in trade during the first three months, when it was thought the setback might be of short duration, fresh weakness appeared and there was little interruption in the decline from early spring until the end of the year. All forms of activity, with the sole exception of retail trade, which was stirred by Christmas shopping, reached the lowest point in the closing two months. Security prices set new low records in December, money interest rates were close to the lowest of the year, and new capital flotations dwindled to negligible proportions. The general forces which made for slack trade throughout the world were accentuated by a severe drought in the Middle Western farming regions.

Agriculture.—Perhaps the most upsetting influence was the severe decline in prices of wheat and cotton, both of which fell to the lowest level since 1915, and the reduced output and low prices of corn, tobacco and other farm products. The Department of Agriculture estimates a decline of \$2,500 millions, or 28 per cent., in value of farm crops in 1930 as compared with 1929. The estimated value of \$6,250 millions was the smallest since 1921. Total output was 5 per cent. lower than the previous year. Corn was down 20 per cent. at 533,000,000 bushels, the smallest output since 1901. Production of wheat and oats were larger at 604,337,000 bushels and 850,965,000 bushels respectively. Cotton output was about 5 per cent. smaller at 14,243,000 bales, but the value was not much greater than half that of the previous year.

Production and Trade.—Steel ingot production, according to the American Iron and Steel Institute, was 39,652,539 tons, the smallest since 1924 and a drop of 27 per cent. from 1929. Pig iron output fell to 31,399,105 tons, 25.7 per cent. under the record production of 1929. Operating rate, which rose to around 90 per cent. early in the year, fell to below 80 per cent. at the close, and averaged around 50 per cent. Motor production was estimated by the Department of Commerce at 3,505,061 vehicles, 33 per cent. under the 1929 level. Railway freight car loadings were reported by the American Railway Association at 45,887,413, a reduction of 13.1 per cent. from 1929 and of 11.1 per cent. from 1928. Coal, ore and miscellaneous freight were the hardest hit.

Merchandise exports for the eleven months were \$1,245 millions lower at \$4,814 millions, and imports were down \$1,286 millions at \$4,089 millions, the excess of exports being \$724.8 millions, compared with \$715.3 millions in 1929. Gold exports for the first eleven months were \$44 millions, against imports of \$283.5 millions, and for the full year the Federal Reserve Bank of New York estimates a net gain of \$275 millions. Business failures in 1930, according to Dun's reports, exclusive of banks, numbered 26,355, compared with 22,109 in 1929. Liabilities were \$668.2 millions, compared with \$483.2 millions. The numerical increase was thus 15 per cent. and the increase in indebtedness was 38.3 per cent. Last year's failures exceeded those in any previous year on record, both in number and extent of liabilities.

Banking and Money.—Credit deflation and the decline in interest rates and loss of deposits made the year a rather indifferent one for the commercial banks. Most of the metropolitan institutions earned their dividends, but a few did not, and the year was marked with a record-breaking number of failures, mostly in the Southern and Western States, where the full weight of the reduction in agricultural income was

felt, and where over-expansion of banking facilities had been carried to the greatest extreme. Failures, according to Dun's, numbered 934, a new high record, and involved \$908.1 millions. These figures compare with 437 and \$218.7 millions in 1929.

Federal Reserve Bank policy was one of consistently cheap money. The decline in the New York discount rate began in the autumn of 1929, and four reductions brought the rate down from 4 to 2 per cent., the lowest in the history of the Reserve system. Others of the twelve regional institutions followed more slowly. At the end of the year nine banks still had a 3½ per cent. rate, one a 3 per cent. and one a 2½ per cent. rate. The principal changes in the Federal Reserve system's position during the year were an increase of \$84 millions in gold reserve, a reduction of \$281 millions in discounts, a drop of \$30 millions in bill holdings and a rise of \$219 millions in the Government security portfolio. Circulation of Reserve notes was \$276 millions smaller at the year end, and the reserve ratio of 73.7 compared with 69.6 per cent. at the end of 1929. The statement of weekly reporting member banks in leading cities showed a reduction on the year of \$1,386 millions in loans (about two-thirds commercial loans) and an increase of \$1,179 in investments (largely second grade bonds). Borrowings from the Federal Reserve Bank dropped \$316 millions. Brokers' loans, according to Federal Reserve Board reports, dropped \$1,498 millions, closing the year at a total of \$1,296 millions. The highest for the year was \$4,274 millions on April 30th. From September 24th there was a decline for thirteen consecutive weeks, bringing a reduction of \$1,802 millions.

New Capital Issues.—Last year was marked by a sharp decline in new capital flotations, but bond issues were larger than in the previous year. New issues were scarce among industrial corporations and investment trusts, which had figured prominently in 1929. On the basis of *Commercial and Financial Chronicle* reports for the eleven months and estimates for December, total financing was \$7,420 millions, the smallest since 1925. This compares with \$11,604 millions in 1929. Capital issues from investment trusts, trading corporations and holding companies contributed only \$222.7 millions to the total. Refunding issues were less than half those of 1929. Foreign borrowing was \$1,130 millions, compared with \$718 millions in 1929.

Public Finance.—Gross public debt, less net balance in the general fund, was \$15,719,283,000 on December 31, 1930, compared with \$16,127,925,000 in the previous year and with \$25,478,592,000 on August 31, 1919, when the war debt was at its peak. The Government closed the first half of the fiscal year (June 30, 1930, to December 31, 1930) with ordinary receipts of \$1,854,207,000, against \$2,077,539,000 in 1929. Excess of receipts over expenditure was \$53,124,000, against \$91,644,000 in the previous year. However, public debt retirement in the first six months of the 1930-31 fiscal year was only \$94,235,000, of which \$65,000,000 was from the sinking fund and the balance from foreign repayments, which compares with a total of \$274,932,000 in the same period of 1929-30. Customs receipts for the six months were \$201,385,000, compared with \$302,214,000, and the income tax collections were \$1,107,307,000, against \$1,185,317,000.

ARGENTINA.

Expectation of an improvement in Argentine exports, both in quantity and prices realised, was general when 1930 opened. Politically, the country appeared to be quiet, and financial circles entertained hopes of a Congressional session devoted to practical legislation, and more particularly to the consolidation of floating debt and the preparation of a balanced budget, based on the Republic's actual revenues. These hopes were vain. Party politics, now seen to have been based only on self-interest, thrust all administrative affairs

aside, current debts were left unpaid, irregularities of every sort were committed, and the country was on the verge of bankruptcy when the Revolution of September 6th called a peremptory halt to a multitude of abuses. Closure of the Conversion Office at the end of 1929 had contributed to the fall in exchange, which from 44½ on January 31, 1930, dropped to 39½ by September 3rd, banks' cable drawing rate; the rate on New York fell from 110.80 to 125.45. Effective control of the finances through the appointment of capable, trustworthy men in the national and provincial administrations; the cessation of all outlay not immediately necessary; and a full, accurate statement of public indebtedness all helped to restore confidence.

Finance.—When the Provisional Government took office it had first to apply to the local banks for a loan to meet current outlay, since there were no funds in the national treasury, only a third of the administrative salaries had been paid, and firms had current accounts with the Government outstanding for over \$140,000,000 paper. A sum of \$100,000,000 paper was at once offered and made use of during September to November, estimates for the 1931 Budget were prepared on the basis of a reduction of \$105,000,000 paper, and the Banco de la Nacion was authorised to use the faculty of paying the service of external debts by means of gold shipments, and, later in the year, by using the sum of \$30,000,000 gold appertaining to the Conversion Fund and held abroad. The total public debt, national, provincial and municipal, was found to be 4,300 million dollars paper, as against 2,300 millions in 1916, and as world conditions were not favourable to further borrowing for the purpose of long-term consolidation, while exports of cereals and wool were small, the exchange fell still lower, until at December 30th it was 35½ and 140.70 on London and New York respectively. Though the use of the \$30,000,000 gold aforesaid for exchange purposes subsequently checked the fall in rates, no substantial improvement can be expected until the Conversion Office is reopened. The Government are averse from taking this course, believing that the low exchange aids producers. *La Prensa*, however, points out that this is erroneous: "An attitude of vacillation aids speculation and contributes to depreciate the peso still further, the apparent benefit to the producer being counterbalanced by the fact that he has to pay more for all that he needs, starting from the seed he sows." Exchange notwithstanding, prices of wheat, maize, and linseed, which were \$8.75, \$5.87 and \$16.80 paper, on September 6th, were \$5.30, \$3.65, \$9.80 paper per 100 kilos at December 29th. And though first official estimates give an exportable surplus of 5,443,000 tons wheat and 2,100,000 tons linseed, implying a production of nearly 3 million tons wheat and 1 million tons seed above last season, at these figures it is probable that much grain will be left unharvested.

Foreign Trade.—Exports for the first eleven months of 1930 compare with those of 1929 as follows:—

	Amount in Tons.	Values in \$ Gold.
1929	16,703,430	953,743,919
1930	9,916,706	567,198,132

Imports for the first six months (latest data), taking tariff values, amounted to \$382,473,244 gold, as compared with \$431,516,702 gold for first half of 1929. The trade for this period showed a passive balance of \$36,343,912 gold, as contrasted with an active balance of \$113,990,016 gold for the same period of 1929. United States shipments to Argentina show the heaviest decline; for ten months ending October 31st they are valued at \$112,173,000 U.S., as against \$181,143,000 U.S. to October, 1929. The diminution of imports will be even more marked when figures for the full year are available, luxury goods, motor-cars, and agricultural plant being chiefly affected. There is reason to believe that British goods will not show such a heavy diminution, as markets are short of cotton textiles, prime materials for local manufactures, paints, varnishes and colours generally. Improved exchange would be followed by better trade,

and great hopes are entertained of the British Exhibition, for which preparations are well advanced. Local business was quiet at the year-end and the money market was well supplied with funds owing to the smallness of the demand from sound borrowers. Rates were 6 to 7½ per cent. for advances and discounts, while bank deposits in currency are rising steadily. Gold in the Conversion Office amounted to \$426,773,917 gold, as against \$419,643,387 gold on December 31, 1929. Total notes in circulation on December 31st were \$1,260,686,223 paper, against \$1,246,753,201 paper on December 31, 1929.

BRAZIL.

The outstanding event in Brazilian affairs during the past year was the revolution early in October last. Owing to the vast extent of the Brazilian territories and the lack of communications, there was at first considerable anxiety that the dispute might be protracted, and the uncertainty was not dissipated until it became known that a *coup d'état* had occurred in the capital, and that Dr. Washington Luis had been obliged to resign.

The cause of the revolution was, undoubtedly, popular discontent with economic conditions, arising chiefly from the severe depression in the coffee industry. The reasons for the collapse in the coffee market are too well known to require recapitulation, the principal cause having been over-production, but the immediate effects in Brazil were widespread difficulties, losses in every section of the country's commercial and trading activities, and a general feeling of insecurity. This, indeed, has not yet disappeared, although it is the avowed intention of the present Provisional Government, under President Vargas, to take practical measures to improve the general economic situation of the country. Measures already taken include an official declaration of strict adherence to the terms of the Sao Paulo Coffee Realisation Loan of £20,000,000, which was floated internationally in April, 1930, for the purpose of effecting gradual liquidation of the surplus stocks of Sao Paulo coffee and placing each future crop on the market in regular rotation over a period of ten years. Further, a Decree has been issued inviting coffee-producing countries to take part in an international conference at Sao Paulo on March 31, 1931, for the purpose of studying problems relating to the trade from an international standpoint.

Trade.—The uncertainty in the political situation in Brazil has naturally found reflection in the official trade returns of the country, though, partly by reason of economies and partly as a result of the high import duties, the diminution in the total value of imports has more than counterbalanced the reduction of exports, so that the favourable balance of merchandise trade has actually shown an appreciable increase. The aggregate value of imports during the first ten months of 1930 was equivalent to £47,387,000, as compared with £73,173,000 in the corresponding period of 1929, while exports totalled £58,215,000, against £80,483,000. Another favourable feature of the trade returns has been a distinct tendency towards greater diversification of the country's export products, meat shipments having increased considerably.

Finance.—In October a national holiday was decreed for a period of fifteen days, and afterwards extended by the present Government in the form of a moratorium, which, under the terms of various decrees, was made effective in respect of obligations maturing between October 3 and December 31, 1930. The Government has been punctilious, however, in providing for the service of the external debt of the country, authorising special shipments of gold for this purpose. On November 22nd last, a decree was signed abolishing the Caixa de Estabilisação and transferring its functions to the Banco do Brasil. The exchange of notes for gold is, therefore, in suspense and the currency position as a whole is obscure. Severe

restrictions have been placed upon dealings in foreign exchange, especially so far as concerns the provision of drafts for imports of luxury articles. That the present Government is alive to the inherent difficulties of the situation is evident from the fact that an official invitation has been extended to an English financial expert, Sir Otto Niemeyer, to visit Brazil and advise upon the execution of a plan entailing the prompt reconstruction of the Banco do Brasil as an orthodox Central Bank; upon currency reform and exchange stabilisation; budgetary reform measures; and the limitation of foreign borrowings.

CHILE.

After the scheme for centralised selling of nitrate of soda announced last year, another phase has been reached in the rationalisation of the nitrate industry by the passing of the law authorising the formation of the *Compañía de Salitre de Chile*, known familiarly as "Cosach," in which enterprise over 90 per cent. of the producing companies have signified their intention to participate. Arrangements for the financing of "Cosach" are proceeding in New York and an official pronouncement is expected early in 1931. A marketing agreement has also been reached between the nitrate producers and the European manufacturers of synthetic nitrogen. The Chilean copper industry is seriously affected by the low value of the metal in the world's markets. Until production be more nearly apportioned to consumption requirements, no real hope can be entertained of any permanent satisfactory state of the industry. In the autumn of 1930 discussions were taking place in New York between leading world producers of copper regarding restriction of production. If any such scheme comes into operation, there are certainly better prospects ahead for the Chilean industry.

Trade.—Commercial activity was maintained at a high level throughout the whole of 1929, the total values of both imports and exports for that year showing substantial expansions on those for the preceding year. Towards the end of 1929, however, productive activity tended to decline, and during the current year the depressed economic conditions throughout the world have gradually had their effect upon the situation in Chile, and a reaction from the intensive activity of 1929 has set in. Trade figures so far published for 1930 show a decided falling-off in exports, due to the lower volume of nitrate and copper shipments. Up to and including September, total imports in 1930 were 1,054,041,000 pesos, against 1,125,800,000 pesos in January-September, 1929. Exports amounted to 982,905,000 pesos, as compared with 1,768,700,000 pesos. The value of nitrate shipments during the period was 377,900,000 pesos, and of copper 381,200,000 pesos, against 696,900,000 pesos and 714,400,000 pesos respectively. The cause of Anglo-Chilean trade has been furthered by the raising of the British and Chilean Legations to the status of Embassies.

The scarcity of export bills this year has naturally had its effect on the demand for foreign currency, but the Banco Central de Chile has, by utilising its gold reserves, adequately and efficiently maintained the exchange value of the peso. During the year, the 90-days' sight rate has moved between the narrow limits of 39.57 and 40.02 pesos to the £ sterling. The ratio of gold reserves to deposit and note liabilities of the Banco Central has been maintained much above the legal minimum of 50 per cent., and the latest return available shows gold holdings at home and abroad at 348,060,182 pesos, which represents a proportion of no less than 99 per cent.

The latest estimates of revenue for the 1930 fiscal year are 1,151,650,000 pesos, and expenditure 1,152,538,000 pesos, there being thus a small estimated deficit of 888,000 pesos. Budget figures relating to the 1931 fiscal year have been published wherein revenue is estimated at 1,039,617,000 pesos and expenditure at 1,039,448,000 pesos, thus showing a small surplus. In view of the existing conditions, and of the fact that

practically no funds are available from the ordinary budget, expenditure for public works under the extraordinary budget has been drastically curtailed, and such outgoings as may be considered vital will be met by new internal taxation.

OTHER LATIN AMERICAN STATES.

Colombia.

Colombian affairs were adversely affected in 1930 by the low price obtained for the staple product, coffee, which naturally had a restrictive influence on business. Although the commercial situation was depressed during the greater part of the year, reports dated November state that greater activity was noticeable due to end-of-year sales of merchandise, and to the high prices ruling for Colombian coffee in consuming markets.

By the judicious use of its gold reserves and the operation of the discount rate, the Banco de la República has maintained the exchange value of the peso within very narrow limits around parity level. The latest return of the bank shows the ratio of the gold coin against note circulation as high as 111 per cent. With a view to alleviating the present rather stringent credit conditions, the Banco de la República has resolved, in accordance with its powers, to effect credit operations with the public, and the management may make advances to private persons against the security of deposit certificates and warehouse warrants of agricultural produce, particularly coffee and tobacco.

Recent political events have been of an important and encouraging nature. Dr. Enrique Olaya Herrera took office as President of the Republic on August 7th last, and confidence is widespread in the sincerity and ability of the new administration. Their announced policy of retrenchment in expenditure as well as the adoption of measures in other directions should result in their being able to restore equilibrium between revenue and expenditure, and achieve other results of fundamental benefit to the country.

Ecuador.

The prosperity of Ecuador is largely bound up with its cocoa crop, and the general economic and financial situation of the country is but a reflection of the cocoa situation. Exports of cocoa and coffee in 1929 were both about 30 per cent. lower than in the preceding year, while in the first nine months of 1930 local prices of cocoa fell by 30 per cent., and of coffee 40 per cent., compared with the prices ruling in January. There has, however, been considerable development of other natural resources, rendering the country less dependent upon cocoa, and the Government has taken an active interest in the development of agriculture. The economic development of the country has been materially aided by the progress made during the last few years in the extension of railways and roads.

Peru.

Peru has been no exception to the number of countries on the South American Continent which have experienced a setback in the commercial and economic situation during the past year, coupled with political uncertainties. Shortly before the *coup d'état* in Argentina, a similar event occurred in Peru, when the Government of President Leguía was suddenly deposed and replaced by a military Junta. The change of Government was not wholly unexpected, but, unfortunately, it was followed by the suspension of payment by the Banco del Peru y Londres—an old-established and highly-respected local institution—which took place on October 13th. The moratorium granted to the bank is to continue until January 31, 1931, during which period a decision will be arrived at as to whether arrangements can be made for reconstitution.

Peru has naturally been seriously affected by the collapse of world prices of staple commodities, and,

more especially, by the unfavourable market conditions for her chief export products, namely, cotton, sugar and petroleum. One of the chief difficulties has been the effect of the economic depression upon the exchange position. During 1929, the value of the Peruvian pound tended to depreciate, and, in order to rectify the situation, a Monetary Law was promulgated in the Republic under date February 10, 1930, establishing a new monetary unit, the gold sol, equivalent at parity to four United States cents. In the absence of a free gold market, the rate has since risen to around 16.57 soles to the £ sterling, and the new Government has issued a Decree authorising the constitution of a Monetary Reform Commission to report upon the situation and to suggest steps for definite stabilisation. Moreover, the Kemmerer Commission has been invited to visit Peru and to make recommendations for the amelioration of economic conditions.

The latest returns available of Peruvian foreign trade show that the total value of imports during the first quarter of 1930 was 37,932,000 soles, as compared with 45,528,000 soles in the corresponding period of 1929, while exports were 65,007,000 soles, against 68,580,000 soles. There was thus an import surplus of merchandise trade of 27,075,000 soles, against 23,052,000 soles. It is expected that trade statistics relating to the remainder of 1930 will show an even greater falling off, while stocks of merchandise are reported to be still relatively high, as sales of imported goods have diminished on account of the lower purchasing power of the community.

Owing largely to the depressed state of trade, the Government revenue showed an appreciable falling off during 1930, and the precise position of the national finances is not clear. In all the circumstances, therefore, no rapid recovery from the present difficult trade situation is to be anticipated.

Uruguay.

Latest official figures of the foreign trade of Uruguay for 1930 show that during the period January-September exports (the figures are based on actual market prices) amounted in value to 79,384,098 pesos, and imports (according to Customs valuation) to 66,455,307 pesos. Imports from the United States in the first six months of 1930 decreased from 32 per cent. to 26 per cent., but, on the other hand, those from Great Britain increased from 15 per cent. to 17½ per cent. Of Uruguay's exports, Great Britain heads the list by taking 34 per cent., as compared with the United States' purchases of 9 per cent.

Trade has suffered a material setback by the depreciation of the peso, which has continued since March, 1929, the rate at the end of 1930 being 35½d., as compared with 45d. in December, 1929, a decrease in the value of the peso of no less than 21 per cent. As in the case of Argentina, various factors have contributed to this, the chief being the disastrous slump in commodity values. In May, a 6 per cent. loan of \$17,581,000 (U.S.) was floated in New York for road construction and other public works, but this had no appreciable effect in maintaining exchange.

The total Public Debt in October last was 238,997,290 pesos. Budget estimates for the financial year July, 1930, to June, 1931, show ordinary revenue at 60,495,788 pesos and expenditure corresponding thereto at 64,415,211 pesos. The estimated deficit of 3,919,423 pesos is to be met by increases in taxation on articles of consumption and in import duties.

Bolivia.

The transformation of the Banco de la Nación Boliviana into the Banco Central de Bolivia has enabled that institution to function satisfactorily in supporting exchange, and the value of the boliviano has remained steady during the year. On the other hand, commercial conditions have remained extremely depressed. The main factor in the country's economy is tin, and, while depression overshadows that industry, no relief to the existing critical position can be anticipated.

Paraguay.

The world-wide trade depression of 1930 was not evident to the same degree in Paraguay as in most of the Latin American countries, conditions being comparatively satisfactory. With the possibility of war with Bolivia removed, trade, in general, was able to follow a more normal course. The tobacco crop was not so large as in previous years, but best qualities obtained a higher price. Sugar production has shown expansion, the output in 1929 having been 5,829,000 kilos., while estimates place the 1930 crop at 7,000,000 kilos.

Venezuela.

The production of petroleum in Venezuela in the year 1929 showed further expansion, at 137,472,000 barrels, as compared with 105,523,000 barrels in 1928, and 62,817,000 barrels in 1927. In 1930, however, there appeared to be a movement towards voluntary restriction of output. The 1929-30 coffee crop proved disappointing, and, as regards the 1930-31 crop, prospects in the Panaquiere region are excellent. Around Rio Chico, reports state that rainfall has been irregular, and that it is too early to say how the crop will turn out. In May last, authority was sought from Congress to cancel the foreign debt of the Republic in its entirety, and it is understood that the necessary amount of gold has been shipped to New York.

Mexico.

With the low prices now being obtained for silver, the position of producers—and Mexico is, of course, the world's largest producer—is, to say the least of it, unsatisfactory. Some mines are, it is true, working at a small profit, but a great many are operating at a loss owing to the relatively high wages and taxation, combined with the low grade of their ore. There is a consequent tendency to curtail production, and in the first six months of 1930 the output of silver was 1,689,231 kilos.; the figure for the corresponding period of 1929 was 3,381,276 kilos. The production of copper was 38,520,040 kilos., against 86,553,669 kilos.; of lead, 115,094,005 kilos., against 248,400,858 kilos.; zinc, 64,132,806 kilos., as compared with 174,049,667 kilos.; and gold, 10,498 kilos., against 20,276 kilos.

The tendency of recent years for the production of petroleum in Mexico to be reduced was continued in 1929, the output having been 44,687,879 barrels, a reduction of 5,462,731 barrels, as compared with the figure for 1928. In the first seven months of 1930 production totalled 23,875,054 barrels, against 24,856,874 barrels in the same period of 1929. Many of the wells in the Tampico district—which was formerly the largest producing area—have been dismantled, but exploration and drilling are continuing fairly actively further South of the Isthmus of Tehuantepec.

Home-grown maize is still insufficient for national requirements, and considerable quantities continue to be imported. Owing to the decreased consumption of sugar, a carry-over of 20,000 tons from this season's crop is expected, while estimates place the coming crop at 240,000 tons, or approximately 50,000 tons more than requirements. Endeavours are being made to export 20 per cent. of production so as to maintain local prices. The 1930 crop of cotton is expected to have been about 25 per cent. less than in 1929, and that of wheat to be about the same.

Figures of national revenue and expenditure for 1929 are not yet available. The 1930 budget shows an estimated revenue of 293,206,950 pesos, against an expenditure of 293,773,887 pesos; in the latter figure is included 26,025,490 pesos to meet the service of the National Debt. An agreement was reached in July last between the Mexican Minister of Finance and the International Committee of Bankers in New York respecting the renewal of payments on the Foreign Debt and an adjustment of the debt of the National Railways of Mexico. It is expected that Congress will shortly ratify the agreement.

Exchange during the greater part of 1930 was fairly stable between the limits of 10.20 and 10.40 pesos to

the £ sterling, but in November a sharp slump occurred, and, despite a temporary rally in the same month, December saw the gold peso quoted at 10.96. At the end of the year a recovery occurred to 10.33 pesos to the £ sterling. The chief influences at work were the general lack of confidence, due to the decline in petroleum production and to the silver situation, coupled with the depressed situation of world trade generally. Silver coin has been fluctuating at a considerable discount against gold. However, news of the appointment of an Exchange Regulating Commission has resulted lately in a betterment in exchange and a decline in the discount on silver from 20 per cent. to 10 per cent.

Central America and West Indies.

In Guatemala, Nicaragua and Salvador, good coffee crops were obtained, but prices were unfavourable to producers. Banana production in Guatemala and Nicaragua is going ahead satisfactorily, and efforts are being made to increase the output of cereals. Transport facilities have been improved in Salvador by a link with the Atlantic coast by railway between San Salvador and Puerto Barrios in Guatemala. Conditions in the West Indies are generally depressed owing to the poor prices received for leading products. The situation in Jamaica is, however, brighter and trade and industry are rapidly approaching normal. Prospects for the coming coffee and sugar crops in Trinidad are good, but the cocoa position is unsatisfactory. In Costa Rica the coffee outlook is uncertain, due to dry weather. In several of the above countries there has been a certain amount of political unrest, generally of a short and sharp nature, and in each case tranquil conditions were resumed with the minimum of interruption to commerce.

JAPAN.

Japan's first year of the gold standard, which was restored on January 11, 1930, was marked by the most pronounced form of slack trade and low prices. Despite the heavy drain of gold, the general trend of the money market remained practically unchanged through the greater part of the year. The foreign trade record was altogether discouraging and without any reassuring feature. Many branches of the staple industries have maintained organised short time. The agricultural industry has experienced a year of particularly severe disappointments, with a sharp fall in rice and cocoon prices.

Public Finance.—The revised Budget for 1930-31 estimated expenditure at 1,525,715,000 yen, a saving of 81 millions on the original estimates, and a decrease of 156.6 millions upon the preceding year. The national accounts for the first six months, ended on September 30th last, disclosed revenue amounting to 395,024,000 yen, and expenditure to 493,900,000 yen, as compared with 433,478,000 yen and 600,026,000 yen respectively for the corresponding period of 1929. The decline in revenue is mainly accounted for by tax receipts. Customs and Excise alone being down by 26.9 millions. The Budget estimates for the next fiscal year show estimated expenditure of 1,448 million yen, against estimated revenue of 1,428 millions, with a deficit of some 20 millions to be met by a raid upon the sinking fund to the extent of the German reparations receipts and the shortening of credit allowed to tobacco sellers. The national debt rose by 151.5 millions to 6,057.2 millions during the first eleven months of 1930.

Money.—The year saw the Bank of Japan lose 224 million yen of its gold, but the effects were materially neutralised by slack trade and lower prices. The note circulation fell sometimes below the 1,000 millions level. The Bank rate was reduced to 5.11 per cent. on October 7th. With the approach of winter, however, money became appreciably difficult. But the situation was eased by liberal advances made

by the chartered banks. The new capital market was far less active than in 1929, and issues totalled only 915.8 millions, as against 1,640 millions. The yen exchange fluctuated within very narrow limits after stabilisation. The dollar was quoted at 49½c. and sterling at 2s. 0½d. on December 20, 1930, as compared each with 49c. and 2s. 0½d. at the same date in 1929.

Trade.—From January 1st to December 20th imports were valued at approximately 1,511,394,000 yen and exports at 1,430,173,000 yen. As compared with the corresponding period of 1929, imports and exports contracted respectively by 648 millions, or 30.7 per cent., and 666 millions, or 31.7 per cent., the apparent adverse balance being thus 17.5 millions higher at 81.2 millions. For the first eleven months imports of raw cotton fell in value by 193 millions, iron and steel by 58 millions, raw wool and woollen and worsted manufactures by 40 millions, timber by 33 millions, and wheat by 27.8 millions; while exports of raw silk declined by 344 millions, cotton manufactures by 141 millions, and silk goods by 44 millions. Even allowing for the 21 per cent. fall in prices registered during the year, these changes show that a heavy shrinkage in volume has also taken place.

Production and Prices.—The year's rice crop is officially estimated at 65,305,000 koku, an increase of 5,753,000 koku on the actual yield of the preceding year, and 5,854,000 koku above the five years' average. The wheat crop is placed at 19,304,000 koku, as against 20,763,000 koku in 1929. The output of cocoons totalled 101,881,000 kamme, a slight increase of 211,000 kamme upon the preceding year. The Bank of Japan's index number of wholesale prices (taking the average for July, 1914, as a basis) was 129.0 for November last, as against 167.9 a year ago.

MALAYA AND THE DUTCH EAST INDIES.

In common with the rest of the world, Malaya and the Dutch East Indies have suffered from the results of the economic depression. Rubber and tin, Malaya's chief products, have been in the throes of the slump, and both commodities have registered record low prices. Malaya indulged in a tapping "holiday" throughout May, but the news that the wishes of the planters that some form of restriction should be re-introduced had not been acceded to had disastrous results on the price of the raw commodity. Anglo-Dutch interests had strongly advocated some further measure of restriction, but their recommendations were ignored in the quarters that mattered. Native production has not been so great in Sumatra, but stocks on the western markets have always been well in excess of the demand. Imports of raw rubber last year by Great Britain from Malaya were 1,094,510 tons and from the Dutch East Indies 258,521 tons.

Throughout the year the price of tin, which is mined both in Malaya and the Dutch East Indies, has been abysmally low, though a slight improvement was reported towards the end of the twelve months. Restriction of tin production, as a remedy for the uneconomic price of the metal, has been operated widely by reducing the hours of labour on the plant. Coffee cultivation in Malaya has been creating some interest, but the output is not yet sufficient to meet local demands, and any export trade is for the moment out of the question. Tea is still in the experimental stage in Malaya, but hopes are entertained for its future commercial success. In the Dutch East Indies a joint restriction policy as regards tea output was agreed upon by the various planters' associations, as a result of which the 1930 crop is expected to have yielded 60 million tons less than that of 1929. This should

make the total Dutch East Indies crop in the neighbourhood of 50,000 tons.

In Malaya the import duties on cigarettes have been reduced from 90 to 80 cents per lb., but the duties on unmanufactured and native tobacco, other than cigars, cigarettes and snuff, have been increased from 20 to 40 cents per lb. Import duties on matches have been amended, and the excise tax on matches is now 60 per cent. of the duty on imported matches. Export duties on rubber have also been increased.

Unemployment has been rife in Malaya as a result of the rubber depression, and the purchasing power of the population has been affected by the serious economic position, but the country is weathering the storm as it has overcome previous difficult times. The Dutch East Indies, too, have had their troubles, but no repercussion of the disturbances in neighbouring countries has been felt in either Malaya or the Dutch colonies. During the first nine months of 1930 imports into the Dutch East Indies amounted to Fl. 648,900,000 and exports to Fl. 915,700,000 compared with Fl. 807,500,000 and Fl. 1,091,300,000 in the corresponding period of 1929.

CHINA.

The task of governing China during 1930 has assuredly been no sinecure, and the responsible statesmen in control at Nanking, reviewing their year's achievement, are entitled to congratulate themselves. They have consolidated their position in the country, and earned the respectful attention of the Great Powers. A serious challenge to the Nanking administration arose in the spring, when Feng Yu-hsiang and Yen Hsishan, whose armies aggregated more than half a million bayonets, formed an alliance for its overthrow. After some early successes they set up a rival Government in Peking, and announced the convening of a National Assembly. Nanking organised a punitive expedition against this Northern Alliance, Chiang Kai-shek personally assuming the command-in-chief. Matters, however, were brought to an issue, not by fighting, but by the intervention of the Mukden ruler, Chang Hsueh-liang, commonly termed "the Young Marshal." Chang's declaration was in essence merely for peace. After an interchange of telegrams with the opposing generals, he brought about a truce; Manchurian troops occupied Peking, and Chang eventually accepted *pro forma* high rank in the Nanking Army. The result has been that Yen and Feng have retired into obscurity, and the country has reached another milestone in its long road towards unification. It is not amiss to contrast this wisely-guided move upon the part of Chang Hsueh-liang with the earlier excursions beyond the Great Wall of his famous father, Chang Tso-lin. Both father and son may justly be styled patriots with the good of their country at heart; but, while the former was obsessed with the Red menace, the Bolshevik Bogey as it has been called, the latter has proved himself the mouthpiece of the national will to peace.

The outstanding event of the year in China's foreign relations has been the rendition of Weihaiwei in September. In performing this act of perfunctory justice, Great Britain was heedless of the tenets of self-determination, for there is no doubt that an overwhelming majority of the inhabitants of the leased territory, both British and Chinese, would have preferred to have no change in its administration. It is commonly said that Weihaiwei was seized as a set-off to the occupation of Port Arthur and Kiaochow by other European Powers, but it is often forgotten that Lord Salisbury in 1898 acted at the suggestion, almost at the request, of the Chinese Government of the day. Negotiations with regard to the abolition of extra-territoriality have proceeded but not progressed. The Foreign Minister has

interchanged Notes with both England and America. From the phrasing of these communications, and from his other public utterances, it is to be apprehended that he is desirous of diverting Chinese thought from the unhappy internal conditions of the country to purely theoretical grievances in relation to foreigners. The only change of consequence which has taken place has been the reorganisation of the Provisional Court at Shanghai as established in 1911, which has now become virtually a Chinese District Court. Nothing in the Agreement signed by the Powers directly affects extra-territorial rights, since the new Court will deal with cases between Chinese and cases of foreigners against Chinese. But the withdrawal of Consular Assessors has in it something akin to dropping the pilot, and the experiment will be watched with anxiety as well as goodwill.

No definite improvement in the financial position is to be recorded; military expenditure remains a dead-weight in the balance against the reforms urged by the Finance Minister. Nevertheless, the year has not been unprofitably spent. The Report of the Kemmerer Commission, a body of eminent American financial experts, was published in April. This voluminous document contains the results of much spade-work which will prove of use hereafter when re-construction takes practical shape. Its main theme is the advisability of adopting a gold standard, and, with this end in view, it was resolved to collect Customs duties on imports on a gold basis. A new gold unit for the purpose, equivalent to 19.7265 pence sterling, was adopted from February 1, the Haikwan tael being regarded as equal to 1.50, and later 1.75 of the new unit. By this means the effect of the phenomenal fall in the price of silver has been counteracted in so far as the service of loans secured on the Customs is concerned. The Customs receipts for the year show an advance of 18 per cent. on the previous year's collection, 180,570,000 tls. against 152,760,000 tls.

It is on her communications, and in particular on her railways, that China must depend for any restoration of her credit in foreign markets. Not only are the railways indispensable in bringing new and virgin areas within the industrial field, but, given any measure of political tranquillity, they present under central control very considerable potential revenues as yet unplugged. New railway construction is not feasible, however, until provision has been made for the discharge of the existing railway debts and defaults. It is, if anything, an underestimate to rate these overdue liabilities at £17,000,000. Nevertheless, railway rehabilitation has engaged the attention of the Chinese Government throughout the year, and it is not too much to hope that means will shortly be devised for effecting some amelioration of the situation.

The price of bar silver in London fell during 1930 from 21½ pence to 14½ pence per ounce, and the Hong Kong and China exchanges, in direct consequence, find themselves at their lowest recorded figures. China, as the principal consumer of silver, and the last remaining country using silver as a currency basis, while her foreign debt is in gold, suffers very materially from the fall. The loss of trade does not result wholly from those low prices, but from the uncertainty and risk attaching to their instability. Trade can adapt itself equally well to a low or to a high exchange, but as China's imports exceed her exports in value by 250 million taels, the subsidence of the unit of currency acts as a direct deterrent to foreign trade, and has brought business along many import lines to a standstill. Quack remedies and palliatives of every variety for this condition of affairs have been advanced from time to time, only to be met by the cold truism that silver, like every other commodity, must eventually find its own price level. It is generally realised that over-production and low prices are inseparable, and that neither one nor all of the proposed cures could have more than a temporary or transient effect.

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I.—HOME PRODUCE.

THE CORN TRADE.

The miller has bought more freely from Canada since September 1, 1930, when the revised grades of the Canadian Government, which make for better quality, became law. If this had been done on September 1, 1929, as the British Corn Trade Associations desired, some part of Canada's wheat troubles might have been escaped. From September, 1930, the shipments of new-crop Canadian were in healthy request, and a very fair trade has passed, but the intervention of Russia occurred from this very date, and the Soviet was able to offer two sorts of milling wheat—Azima, a medium to strong winter red, which competed both with No. 3 Canadian and with American No. 2 red winter, and the once-famed Odessa Ghirka, which is spring wheat. The Soviet quoted extraordinarily low prices, but these were mostly "rye terms," under which the seller will not be responsible if up to 5 per cent. of the "wheat" shipped is rye. The trouble of cleaning as well as the actual 5 per cent. are naturally allowed for by the miller in his bid, but cleaned and conditioned the Russian wheat, especially that from the "Czerno," or black soils of the South-East, is excellent.

PRODUCTION OF WHEAT.

The home crop, despite a slight increase of area, is about a million cwt. smaller than in 1929. The Government published an optimistic estimate of 22,340,000 cwt. (for England and Wales alone), but on December 12th it issued a pessimistic return per acre of 15.9 cwt. Our figures include estimates for Scotland and Ireland. The U.S.A. crop is probably much over-estimated, as was that of 1929. The production, in millions of cwt., of the eight chief countries in the wheat trade may be estimated roughly as follows:—

	1914.	1925.	1926.	1927.	1928.	1929.	1930.
British Isles ..	33.4	26.0	27.6	29.9	26.0	23.0	22.0
U.S.A.	427.3	356.2	453.6	457.0	480.0	556.0	440.0
Canada	86.0	227.2	219.1	243.0	268.0	160.0	195.0
India	171.2	175.5	174.6	175.0	160.0	173.0	186.3
Argentina	85.6	119.0	117.0	120.0	140.0	112.0	135.0
Australia	20.0	65.0	90.0	68.0	80.0	72.0	115.0
Germany	77.4	59.0	60.0	70.0	75.0	59.4	64.0
France	154.8	177.3	135.0	152.0	160.0	192.0	144.0
	1,095.7	1,215.7	1,276.9	1,316.3	1,389.0	1,347.4	1,301.3

The Russian wheat exports were about 40 million cwt., and those of South-eastern Europe amounted to a further 15 millions.

SUPPLIES OF BREADSTUFFS.

The great and increasing price depression of 1930 has not been due to over-supply of breadstuffs to the markets.

IMPORTS. (Thousands of tons.)	1925.	1926.	1927.	1928.	1929.	1930.
January	409	518	466	382	456	379
February	321	308	427	416	386	320
March	451	435	524	644	502	462
April	421	420	538	521	547	335
May	455	351	523	468	526	464
June	442	501	654	476	420	405
July	512	516	475	494	487	529
August	393	570	565	506	530	461
September	405	480	535	397	650	638
October	440	400	410	380	650	558
November	407	402	519	460	535	554
December	609	456	431	662	369	740
Total	5,265	5,396	6,067	5,696	6,068	5,840

Russia was solely responsible for the unique imports of December, but otherwise the year would have left off in importers' favour. The reduction in consignments from Argentina has more than balanced the increase in supplies from Russia and from India.

The year has been very political in the wheat trade. Not since 1903 has the Exchange been so perturbed by influences from Westminster. Sir Herbert Robson, the great Govern-

ment buyer during the war, Mr. Hugh Rathbone, with his forty-five years' knowledge of Liverpool trade, and, of course, the Conservative advocates of a quota, have been prominent. The Government has intimated a preference for import boards. Conferences with Dominion statesmen have revealed a desire to restrict the choice of the British buyer which needs to be watched.

In 1931 the breadstuff imports of France and Italy will prove much larger than in 1930. France will need quite 10 million quarters, Italy at least five, and, with the Iberian Peninsula, the Latin peoples of Europe may fairly be assigned quite 17 million quarters (nearly 73 million cwt.) more purchases than before. This may naturally relieve the situation.

THE PRODUCTION OF SPRING CORN.

The American producers of maize appear to have little desire to control the world trade, which has passed chiefly to Buenos Aires. The American yield for 1929 was not extraordinary, but it fell in 1930 and a very small export is probable in 1931. Even a good yield per acre nowadays means more pigs and poultry kept rather than more maize exported. Argentina has grown only 225 million cwt., against America's 1,102,400,000 cwt., but, growing mainly for exportation, is already a brisk seller of her April harvest for May shipment at 3s. 6d. per cwt. c.i.f. Other maize producers are eclipsed. Barley in 1930 was a poor home crop; the New World had considerable yields of very poor average quality. Germany has made great efforts to grow good barley, but her brewers see to it that little needs exportation. France had a most disappointing barley crop and is needing imports. France was also unfortunate with oats, which are usually in such a wet year the best of the cereals. The home crop of oats was mediocre, and so was the German. Argentina has a fine new crop. Canada and the U.S.A. devoted vast areas to production of the most superior type; 288 lb. to the quarter is now the average weight.

PRODUCTION (In Millions of Cwts.).

	Maize.			Barley.			Oats.		
	1928.	1929.	1930.	1928.	1929.	1930.	1928.	1929.	1930.
British Isles ..	None	None	None	24.0	19.0	15.0	56.0	50.0	46.0
United States ..	1,361.0	1,224.9	1,102.4	148.0	138.8	143.8	415.0	365.0	400.0
Canada	2.2	2.0	2.2	62.0	48.2	60.0	143.0	107.0	125.0
Australia	5.0	5.2	4.8	2.5	3.0	3.5	3.0	2.5	3.0
Argentina	200.0	175.0	225.0	14.0	15.4	17.0	30.0	35.0	40.0
Germany	None	None	None	48.0	60.0	64.0	150.0	158.0	154.0
France	12.0	14.0	12.0	27.0	29.7	26.7	112.0	117.6	110.0
Total	1,580.2	1,421.1	1,346.4	325.5	314.1	330.0	909.0	835.1	878.0

South Africa in 1930 increased its consignments to us of maize, but not to an important extent. Roumania, on the other hand, increased its exports by nearly one million quarters. No new barley-growing region appears, though all south-west Asia, including Anatolia and Syria, is classed as mainly barley soil. Oats are apparently not grown for export by Russia as they were before the war. In the seven years before the war the mean production was over 108,000,000 quarters annually, and rather over seven millions were exported.

MARKET PRICES.

A great change in prices has marked the past year, and in many instances the value in January, 1931, was below the level of January, 1914. The word "pre-war" carries a market weight which is undeniable, and while wheat is "1s. above pre-war" for English, and flour is "3d. above pre-war" for London, the fact that bread is still 2s. 4d. above the 1914 price per cwt. is not currently noted in the same way, so few of us buying bread by the cwt.

MARK LANE PRICES PER CWT. AT THE BEGINNING OF YEARS NAMED.

	1914.	1926.	1927.	1928.	1929.	1930.	1931.
Wheat, English	7/3	12/6	12/3	11/-	9/9	9/9	6/3
" Canadian	8/6	15/-	13/6	13/-	10/9	12/-	6/5
Flour, English	9/-	17/6	17/-	16/6	13/3	14/-	9/3
" Canadian	10/-	20/-	17/9	17/6	13/9	15/-	9/6
Barley, malting	10/6	21/-	18/6	17/9	14/3	16/-	9/9
" feeding	9/-	16/-	18/-	15/-	14/-	14/-	13/-
Oats, English	7/-	10/6	9/-	10/-	10/-	8/-	5/6
" Argentine	5/9	9/-	8/6	8/3	9/-	7/6	5/-
Maize, F.A.Q.	5/6	10/-	7/6	8/9	10/-	7/6	4/6
Rice, feeding	8/-	16/-	16/6	15/6	15/9	14/6	12/6
Peas, mangles	12/-	17/-	18/6	16/-	17/-	15/-	12/-
Sugar, feeding	8/-	14/-	15/9	12/-	10/-	9/-	6/6
Potatoes, F.A.Q.	4/-	8/-	7/-	5/6	4/6	4/-	5/6
Bread, household	14/-	23/4	22/2	21/-	18/8	21/-	16/4

The Canadian wheat which even in pre-war days was 1s. 3d. dearer than English and a year ago was 2s. 3d. dearer, is now only 3d. above the home product. All spring corn has declined heavily in price, though malting barley and maple peas have held their own better than lower grades of produce. The recovery in potatoes is exceptional, but the home crop showed a reduction of 847,000 tons, and imports were a little smaller on the year. The extreme cheapness of wheat has prevented this from causing any suffering even in the poorest industrial districts.

The following table shows the quantity and value of our imports of wheat, etc., in 1913, 1929 and 1930:—

	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
Wheat from—	Cwts.	Cwts.	Cwts.	£	£	£
Russia	5,011,100	...	...	1,984,964	...	...
Germany	447,600	...	...	162,038	...	...
Roumania	35,600	...	...	14,962	...	...
Turkey	41,000	...	...	11,261	...	...
United States	34,067,944	22,265,950	21,076,306	13,953,072	11,742,051	9,141,739
Chile	765,100	...	...	326,244	...	...
Argentina Rep.	14,756,200	45,378,474	15,205,188	6,137,518	22,906,500	6,792,878
Brit. East Ind.	18,766,190	141,169	3,342,568	7,998,552	78,134	1,391,696
Australia	10,128,658	12,797,402	12,721,482	4,426,629	6,840,517	5,648,738
New Zealand	56,200	...	...	23,210	...	...
Canada	21,787,900	27,190,852	26,196,334	8,803,949	14,162,371	11,378,539
Other countries	13,700	3,993,551	26,455,161	6,774	2,054,925	8,775,713
Total wheat	105,878,102	111,767,398	105,006,857	43,849,173	57,784,498	43,129,303
Wheat meal & flour	...	...	...	...	...	...
Germany	455,800	...	...	241,825	...	...
Belgium	32,100	...	...	17,144	...	...
France	301,700	577,593	1,184,097	137,800	286,646	525,184
Austria	99,691	...	...	74,217	...	...
Hungary	6,157,644	2,536,495	3,178,100	3,247,423	1,850,850	2,011,386
United States	121,500	758,778	566,728	78,173	330,846	1,922,728
Argentina Rep.	349,075	1,332,439	1,713,103	184,218	874,280	999,675
Australia	4,168,563	3,723,966	4,492,227	2,261,783	2,563,214	2,727,344
Canada	222,280	774,174	584,270	101,165	423,597	245,721
Other countries	...	...	...	...	...	...
Total	11,978,153	9,703,446	11,738,527	6,347,771	6,333,433	6,652,038
Barley	22,439,248	11,986,261	15,268,106	8,077,100	5,522,137	4,609,240
Oats	18,162,163	6,923,491	9,459,745	5,671,957	2,747,518	2,414,135
Peas	1,978,315	1,691,720	1,349,867	1,006,755	1,627,567	1,038,522
Beans	1,853,468	1,518,042	734,072	806,874	1,091,468	723,436
Total of grain and flour	220,704,110	186,294,316	185,374,270	84,403,247	95,914,625	72,928,436

* Including other items not given above.

FRUIT AND POTATOES.

With a favourable year for fruit-growing, crops as a general rule being good, it might have been expected that growers would enjoy a year of comparative prosperity. But fruit, and particularly soft fruit, has been subjected to such heavy Continental dumping that the producer has been robbed of the reward of his labours. The summer favoured bush fruit and strawberries, but little or no benefit was reaped either by the grower or the consumer. To the competition which our growers of black currants had to suffer was added the foreign fruit pulp imported by English jam makers, which up to September amounted, in the case of supplies from Holland alone, to 11,704 tons, mostly strawberry. Among the imports of strawberries in 1930 were 1,650 tons from Holland, and, 1,716 tons from France, as against 1,197 tons and 2,753 tons respectively in 1929. Gooseberries to the amount of 1,032 tons were imported from Holland in 1930, or twice what came in 1929. From three Continental countries were received 5,837 tons of currants (red and black), made up of 1,439 tons from Holland, 3,606 tons from France and 792 tons from Belgium. It was revealed in a statement made by Sir William Lobjoit that 1,111 acres of black currants had averaged 2d. per lb. for jam and 2½d. per lb. for chips; 164 acres had been left untouched. On 904 acres of gooseberries, 400 tons were not picked, while the average of produce was 1½d. per lb. on the

market. Hundreds of tons of Pershore plums were never picked.

According to the Ministry of Agriculture returns, the area under fruit in England and Wales at the present time is 313,200 acres, as against 320,466 acres in 1913 and 291,096 acres in 1919. For some years now we have got back to the pre-war acreage, with the difference that the area to-day is producing a better-quality article, that the decrease in orchards which was shown in the returns to have occurred during war-time has been more than made up in the shift from the worn-out plantations in the West to new districts in the East. The decrease shown in the orchard acreage as compared with 1929 was almost made up by the 1,300 acres added to the areas under soft fruit, to which most counties contributed, the largest additions being 334 acres in Lincs (Holland), 185 acres in Essex and 161 acres in Kent.—*The Fruit Grower.*

The following table shows the area and yield of potatoes in the last three seasons for this country and some of the largest of the world's producing areas, as estimated by the International Institute of Agriculture:—

	Area (Thousand Acres).			Yield (Thousand Cwt. of 100 Lbs.).		
	1928.	1929.	1930.	1928.	1929.	1930.
England and Wales	489	519	423	78,699	80,371	61,398
Germany	7,038	7,005	6,927	909,836	883,553	976,750
Poland	6,189	6,513	1	609,811	699,965	638,240
Czechoslovakia	1,800	1,880	1,750	183,435	235,801	180,298
U.S.A.	3,825	3,338	3,394	278,690	215,429	216,654
Totals for 27 countries	17,604*	26,002	25,807	1,917,234*	2,876,367	2,716,288

* Twenty countries.

† Not available.

LIVESTOCK.

By the courtesy of the Ministry of Agriculture we are able to give the following provisional figures, subject to revision, showing the numbers of livestock in England and Wales halfway through 1928, 1929 and 1930 respectively, as compared with the average for the years 1920-29. The figures are collected annually as on June 4th:—

	Average 1920-29.	1928.	1929.	1930.
Horses—	No.	No.	No.	No.
Horses used for agriculture (a)	771,666	732,510	706,765	682,830
Stallions being used for service	4,739	2,955	2,845	3,320
Unbroken horses:				
One year and above	160,861	93,291	89,274	84,780
Under one year	59,643	36,151	37,583	37,910
Other horses on agricultural holdings	204,319	171,503	162,806	152,510
Total of horses	1,201,228	1,038,460	999,273	961,350
Cattle—				
Cows and heifers in milk	1,994,374	2,066,483	2,054,073	2,033,380
Cows in calf, but not in milk	285,083	301,774	293,715	288,770
Heifers in calf	356,879	355,231	364,763	352,690
Bulls being used for service	83,168	82,112	80,271	82,920
Other cattle:				
Two years and above	945,671	925,980	918,878	888,320
One year and under two	1,130,637	1,174,956	1,143,640	1,117,060
Under one year	1,124,107	1,119,897	1,102,254	1,086,540
Total of cattle	5,917,919	6,026,433	5,957,594	5,849,680
Sheep—				
Ewes kept for breeding	6,105,020	6,836,712	6,717,258	6,810,180
Rams and ram lambs to be used for service	174,913	191,491	187,209	192,450
Other sheep:				
One year and above	2,508,834	2,379,277	2,266,762	2,236,670
Under one year	6,365,408	6,981,930	6,934,224	7,056,500
Total of sheep	15,174,175	16,389,610	16,105,453	16,337,800
Pigs—				
Fows kept for breeding	346,249	380,063	307,144	315,230
Fows being used for service	24,591	26,222	21,925	20,770
Other pigs	2,160,333	2,564,758	2,037,474	1,970,940
Total of pigs	2,551,173	2,971,043	2,366,543	2,306,940

(a) Including mares kept for breeding.

The following information is based on articles by Mr Harry Brown in the *Farmers' Red Book*:—

Pedigree Cattle.—While there have been several outstanding prices recorded at sales, the trade for the breed has not been as level as in past years, and, generally speaking, the demand has not been as good as might have been expected. One of the most important home sales was the dispersal of the Stoke Climsland herd belonging to His Royal Highness the Prince of Wales, at which the average for 53 head was £61 19s. 5d. Herefords have been in good demand; 128 head averaged £46 1s. at the March show. At one large dispersal 70 head averaged £24 13s. 6d. Devons and Sussex have also been in good demand. Aberdeen Angus have commanded high prices, while Dairy Shorthorns have met with a level demand. Prices for

British Friesians were lower. Most other breeds have sold well.

Horses.—While there have been no outstanding prices for Shires, a level trade has been experienced at most centres, the demand for commercial purposes being very good. There has been an excellent demand for quality Clydesdale geldings and for mares and fillies for breeding stock. A fair trade has been done in Suffolk Punches and Percherons.

Pigs.—It is several years since there has been such a demand for pigs as that recorded in 1930. Large Whites have enjoyed a very successful year. There have not been such high prices as were made a year ago, but the demand all round has been very good. Middle Whites, Wessex Saddlebacks, and Large Blacks have all enjoyed a very level trade.

Sheep.—There has been a good trade in Oxford Downs, Border Leicesters and South Devons, and a satisfactory export demand for Shropshires, Southdowns, Suffolks, and Cheviots. Ryelands, Kerry Hills, Romney Marsh, and Blackfaced Mountain have not done quite so well.

Fat Stock.—As compared with the preceding year, prices of fat cattle in 1930 showed practically no change. During the first eight months of the year values were remarkably stable, and the general level was rather higher than at the corresponding period of 1929. A decline set in during the closing months, however, and in December the average for second quality cattle was 3s. 6d. per live cwt. lower than in the previous December. Prices of fat sheep in 1930 were fully as high as those ruling in 1929. During the spring and summer months they were higher, but the customary rise in December did not take place, and the average for second quality at the close of December was 11½, against 12½ at the close of 1929. Baconers failed to maintain the comparatively high level of prices ruling in 1929, and average second quality bacon pigs realised 15s. 4d. per score lbs., or about 6d. less than in 1929. The movement of pork pig prices was very similar to that of bacon pigs, but in the last three months of the year prices advanced and the annual average price for second quality was unchanged at 17s. 6d. per score lbs. The percentage increase in prices as compared with the average, 1911-13, was as follows:—

	1923.	1925.	1926.	1927.	1928.	1929.	1930.
Fat Cattle	51	41	27	35	33	33	33
Fat Sheep	87	83	57	50	67	57	60
Pigs, Baconers	57	63	80	44	35	60	53
Pigs, Porkers	71	64	84	55	38	65	65

—*The Agricultural Market Report.*

POULTRY.

The past year has been the most notable and, in many respects, the most prosperous of any previous period, and this branch of production has provided a partial or entire means of livelihood for many who might otherwise have gone under. The census taken by the Ministry of Agriculture on June 4, 1930, shows that on the holdings of an acre and upwards in England and Wales there were increases of 12 per cent. of fowls of all ages over the previous year, and 0.6 per cent. in ducks; geese showed a decrease of 1.6 per cent., and turkeys of 3.3 per cent. The net increase of all poultry was 11 per cent.

In 1930 the number of eggs in shell imported was 26,500,914 great hundreds, against 24,964,393 in 1929. There were substantial increases in the quantities imported from Denmark, Poland, and the Netherlands; and considerable decreases in those from Russia, Belgium, France, Egypt and Canada. Imports of dried and liquid eggs were as follows:

Year.	Quantities.	Values.	Per cwt.
	Cwts.	£	£ d.
1927	640,028	3,066,344	95 9
1928	583,680	2,718,792	95 4
1929	680,086	3,103,403	92 6
1930	760,669	3,006,155	79 0

POULTRY IMPORTS AND EXPORTS.

The imports of live and dead poultry into Great Britain and Northern Ireland in 1930 were:—

Country.	Quantities.	Values.
	No.	£
Alive:		
Irish Free State	971,055	171,327
Other countries	121,241	12,881
Total alive	1,092,306	184,208
Dead:		
Latvia	24,709	135,953
France	37,184	210,538
Austria	53,461	276,498
Hungary	85,666	441,323
United States of America	13,264	75,545
Irish Free State	115,584	631,193
Other countries	256,410	1,201,397
Total dead	586,378	2,973,487
Less re-exports	15,219	71,219
Net total dead	571,159	2,902,268
Gross total poultry	...	3,086,416

The returns show in quantities an increase in imports of dead poultry of 32,213 cwt., or 5.8 per cent., and in total values of £13,951, or 0.5 per cent. The average values of dead poultry were 100s. 11d. per cwt., a reduction from the previous year of 5s. 10d. per cwt., or 5.4 per cent.

Exports of live poultry in 1930 were in number 28,609, and in value £14,422, an increase in number of 6,908, or 31.9 per cent. The increase in values was only £71. On the face of it this is the most disappointing of all branches of the poultry industry, and requires consideration and investigation. The British dead poultry exported were 5,895 cwt., in value £40,796.

Estimates, which have been carefully revised, are submitted as approximately correct, based upon census returns and average values of eggs and poultry for 1930, are:—

	£
Estimated production in England and Wales	26,315,000
Estimated production in Scotland	3,077,000
Estimated production in Northern Ireland	3,569,000
Total production in Britain and Northern Ireland	32,981,000
Imports of eggs and poultry, inclusive of dried and liquid eggs, less re-exports	22,483,304
Total wholesale consumption	55,464,304

It will be seen, therefore, that in respect to values home supplies represent 59.4 per cent. and imports 40.6 per cent. of the total consumption.—*The Poultry Industry in 1930, by Sir Edward Brown.*

FISH.

The official figures giving the total weight of fish handled in Billingsgate Market from January 1st up to November 30th show the arrival, all told, of 174,337 tons, of which 19,032 tons were waterborne. These figures compare very closely with those of 1929, which were 174,804 and 20,317 respectively, but the increased tonnage that is handled outside the market makes the grand total a more impressive figure. Supplies of prime fish have again been short throughout practically the whole of the year, but, to counter-balance this, other classes have been well in evidence. Home-caught fish have shown further signs of the steady decline which became visible last year. Offal grades have continued to find a very good market, and rates for these classes have been far more stable than previously. The developments in the handling of foreign fish have proved a very important point in the general fish trade of Billingsgate Market, and many of the leading firms rely on such foreign fish for their main supplies. The regular arrival of these foreign supplies has had a good tendency towards the stabilisation of the market. Supplies of fresh salmon were on the short side practically the whole of the season and values were fairly high. The demand for all varieties of British-caught salmon was good, and Norwegian fish, too, found a good market. Intensive campaigns to popularise frozen salmon have been undertaken by leading firms handling Canadian and Newfoundland salmon in the Billingsgate Market, and reports show that these campaigns have met with very considerable success.

Grimsby and Hull have enjoyed excellent years and Swansea has done well. Fleetwood has not had such satisfactory trade as was hoped, and the fall in values has made the year disastrous for Aberdeen.—*The Fish Trades Gazette.*

The Board of Trade returns for the landings of sea fish of British taking in 1929 and 1930 include the following:—

TWELVE MONTHS ENDED DECEMBER 31ST.

Kinds of Fish (England and Wales).	Quantity.		Value.	
	1929.	1930.	1929.	1930.
	Cwts.	Cwts.	£	£
Cod	3,052,415	4,333,652	2,890,298	2,966,200
Haddock	2,059,064	2,445,588	2,308,577	2,131,

II.—COLONIAL AND FOREIGN PRODUCE.

TEA.

The year 1930 provided little cause for congratulation, but certainly cause for thankfulness that tea, of all the great agricultural industries, suffered least during the great slump. This is not due to favourable trade conditions, but solely to the fact that the growers are efficiently organised and agreed to a scheme of restriction of crops. The restriction scheme reduced output by about 50 million lbs., and climatic conditions assisted to the extent of a possible further 7 million lbs., or, if we include China tea, 22 million lbs., but, in spite of this, the value of common and medium tea has remained on a low, and to many estates, unremunerative level. The price of common tea throughout the year has been about 8½d.-9½d. per lb., and, save for the support of the large distributors, the price would at one time have gone considerably lower, the whole of the surplus stock being composed of common and low medium teas. Fine tea, on the other hand, has been a consistently strong market throughout the year, owing, in a large measure, to the fact that medium teas for purposes of breaking down the cost have been so plentiful and cheap.

The stock figures published at the end of each month have shown London with a record stock, and the end of the year left us with a stock of 26½ million lbs., or, roughly, seven months' requirements, while but for restriction this stock would have been sufficient for 8½ months. Restriction will be necessary for several years owing to the large area of young tea yet to come into bearing. We estimate that, on a conservative basis, there are 70,000 acres of immature tea, which will yield an addition to the world's tea supplies of 40 million lbs. when in full production in four or five years' time. In addition to the above new areas, a very extensive planting programme is being carried out by the Russian Soviet Government in the Caucasus.

It would appear that consumption in Great Britain has increased by at least 10 million lbs. during 1930, which is satisfactory, but there has been a very heavy increase in the sale of tea at 1s. per lb.—easily the cheapest beverage. Exports to other markets, both from London and from the East, are disappointing and show a decline of, roughly, 1½ million lbs., London exports being down by 6½ million lbs., India by 2 million lbs., Ceylon by 5½ million lbs., while the Netherland East Indies show an increase of 2½ million lbs. This does not necessarily mean decreased consumption; dealers and retailers alike are no doubt buying from hand to mouth owing to difficult trading and financial conditions. Owing to restriction and unfavourable weather, the world's production for the year shows a decrease of 57 million lbs., India, North and South, accounting for 48 million lbs., Ceylon 8 million lbs. and the Netherland East Indies 1 million lbs. The figures for Ceylon and the Netherland East Indies are shipments, production figures not being available.

The following table gives the exports from India during the last two years:—

EXPORTS FROM INDIA TO ALL COUNTRIES.

	1929.	1930.
NORTHERN INDIA:		
U.K. (Calcutta and Chittagong)	273,055,764	259,718,121
All other places	52,534,652	50,400,297
Total	325,570,426	310,118,418
Bombay by Rail	5,902,569	3,565,151
Bombay by Sea	6,627,315	6,029,409
Indian Ports	1,754,595	1,932,080
Burma	3,242,372	3,176,935
Total	343,081,297	324,281,993
SOUTHERN INDIA:		
United Kingdom	33,331,516	28,764,616
Colonbo	2,950,652	3,743,375
All other places	829,929	742,915
Total	36,912,097	33,250,906

The following table gives the exports from Ceylon from January 1st to November 30th:—

	1929.	1930.
United Kingdom	143,744,186	141,181,342
Continent	6,617,032	5,318,319
America	23,491,670	23,749,598
Australia	29,661,221	27,882,531
China	392,012	363,848
All other countries	26,225,349	24,018,202
Total (lbs.)	230,131,510	222,513,640

Ceylon, as usual, has come through this bad time better than the other growing countries, but many of her low-elevation estates have barely paid their way.

The following table give exports from the Netherlands East Indies:—

	1929.	1930.
FROM JAVA (January 1st to November 30th):—		
Holland	22,808,095	23,662,857
Great Britain	60,036,867	56,675,320
Australia	17,362,396	20,223,199
U.S.A.	4,682,176	4,800,871
Canada	696,502	601,724
Singapore	3,801,882	2,037,792
British India	516,054	650,677
South America	1,180,753	1,556,443
China	593,703	812,062
Russia	2,289,208	1,719,454
Mesopotamia	2,984,533	5,145,096
Continent	531,117	755,658
Other Ports	4,310,341	2,861,311
Total	122,032,068	121,532,197

	1929.	1930.
FROM SUMATRA (January 1st to October 31st):—		
Holland	6,809,009	9,931,570
United Kingdom	10,582,224	8,328,261
U.S.A.	64,638	22,176
Australia	375,358	72,103
Other Places	334,419	197,987
Total	18,165,648	18,552,097

Java and Sumatra undertook to restrict crops to the extent of about 10 million lbs., but the above figures show that they have failed to do so. The European-owned estates carried out their contract, but, as with rubber, the native grower is proving a real problem.

The following tables give the exports of China tea—black and green—from the opening of the season to the end of November:—

	1929.	1930.
FROM SHANGHAI:—		
Black.		
Green.		
Great Britain	4,937,976	343,862
Continent	1,347,486	2,177,173
Bombay	1,347,459	2,198,503
Central Asia	55,866	34,111
S. African Ports	1,871,185	15,402,840
U.S.A.	33,732	933
Canada	1,173,043	3,774,242
Russia	126,663	111,597
Australia	5,795,587	2,195,455
Other Ports	62,265	Nil
Total (lb.)	16,751,262	26,238,716
Total — Black and Green	42,989,978 lb.	31,627,991 lb.

	1929.	1930.
FROM FOOCOW:—		
London	1,242,585	1,042,106
France	409,095	171,174
Germany	916,485	738,111
Holland	852,105	505,182
Russia	1,843,368	857,030
U.S.A. and Canada	37,535	36,012
Australia and N. Zealand	258,070	563,911
S. Africa	8,145	11,863
S. America	66,300	48,114
Italy	114,920	57,482
Other Countries	98,490	119,029
Total (lb.)	5,847,098	4,150,014
To all Countries:—		
Shanghai—Black and Green	42,989,978	31,627,991
Foocow	5,847,098	4,150,014
Total (lb.)	48,837,076	35,778,005

Exports from Formosa from commencement of the season to the end of November, 1930:—

	1930.	1929.
U.S.A.	6,173,949	4,333,156
London	1,206,282	1,568,787
Various	164,365	139,236
Total	7,544,596	6,041,179

The past season has been one of the most trying and unsatisfactory ones on record. The crop was small and poor; the fine Keemuns were mostly rain damaged, but, being in short supply, sold at high prices. Green teas sold at much lower prices, but here again quality and make were poor.—Messrs Brooke Bond and Company, Ltd.

The Board of Trade figures for the United Kingdom for 1913, 1929 and 1930 are as follows:—

	1913.	1929.	1930.
Imports:—			
British India	203,459,657	306,734,835	289,997,494
Ceylon	110,936,427	153,095,061	152,668,213
China (including Hong Kong and Macao)	16,272,548	9,209,619	8,744,808
Java, Sumatra, and other Dutch possessions in the Indian Seas, and Netherlands	32,052,717	85,404,476	84,612,747
Other countries	2,322,115	4,723,767	5,419,883
Total imports	365,043,464	559,167,758	541,443,145
Stocks of all kinds at December 31st.	138,005,000	...	...
Re-exports total	57,555,651	95,022,790	88,402,300

COFFEE.

The troubles which the Brazilian Government experienced late in 1929, with which the fortunes of the coffee industry were so intimately connected, were followed by far greater anxiety in 1930. Then, owing to financial stress and the difficulty the Government encountered in its endeavour to raise foreign loans, the question as to its ability to continue to carry heavy accumulated stocks caused considerable apprehension. The huge crop of the 1927-28 season of over 25,000,000 bags was a severe strain on the Government, and, although the 1928-29 crop was small, that of 1929-30 was, and the one now being gathered promises to be, again in excess of requirements. At the end of 1929 the up-country stocks totalled 17,250,000 bags, and have now reached a total of over 22,000,000 bags. This quantity is not far short of the world's consumption for a year. Even under normal conditions the question of holding and financing such immense supplies would have given rise to some misgivings, but with the internal affairs of the country so long disturbed by civil war a heavy decline in prices was inevitable. Things are now settling down under the new Government, which is carrying on the policy of the old one so far as coffee is concerned. Superior Santos, c. and f., opened the year at 57s. 6d. a cwt. and closed it at 44s., while Rio No. 7 was quoted at 44s. in January and at about 30s. a cwt. in December.

The growth in production in mild coffee during recent years has naturally been an embarrassment to Brazil. About 10,000,000 bags are now produced apart from the South American crop. This is freely thrown on the markets of the world, and growers in the various countries indirectly benefit by the Brazilian policy. Central America and Africa are notably to the fore as producing countries, the latter finding a good market in the United Kingdom. Production and consumption during the year amounted to about 23,000,000 bags; this is, of course, leaving the surplus held by the Brazilian Government out of account. Shipments to America for the year totalled 11,600,000 bags, while about 11,000,000 bags were sent to Europe. The world's visible supply on December 31st stood at 5,054,000 bags, compared with 4,969,000 bags a year ago.—The Times Annual Financial and Commercial Review.

COCOA.

Production has maintained its upward trend. A somewhat severe drop in American consumption during 1930, especially during the latter months, forced down prices to a considerable extent. Fair fermented Accra, f.o.b., opened at 39s. 3d. per cwt., and, after remaining fairly steady for a month or so, the price gradually gave way until 24s. per cwt. was touched in the autumn, while spot Accra, f.f., declined from 44s. to 29s. per cwt. The fall in the value of the commodity caused Gold Coast native producers to store the beans pending an improvement in price. Harvesting of the new main crop began in October, and only about 26,280 tons had been shipped up to the end of November. The crop is estimated at about 200,000 tons, and, as two-thirds is said to have been gathered, there must be between 90,000 tons and 100,000 tons stored up country. This policy made business exceedingly difficult, but, largely as a result of it, quotations were 2s. per cwt. above the lowest at the close of the year. Other descriptions fell in sympathy with the general movement of the market. Trinidad, good to fine, on the spot London, opened at from 62s. to 65s., and finished at from 48s. to 52s. per cwt., while fine Ceylon closed at 77s. 6d., after opening at 95s. per cwt.

World production for the year is estimated at 547,000 tons, against 537,500 tons in 1929. Of this quantity the Gold Coast produced about 260,000 tons, against 236,000 tons a year ago, and Africa as a whole about 359,000 tons, compared with 353,000 tons in 1929. Countries outside Africa contributed about 188,000 tons, which is about equal to that of the previous year. World consumption is down by about 70,000 tons as compared with 1929. This drop is almost entirely due to the decline in the quantity taken by America, from 224,000 tons in 1929 to 165,000 tons in 1930. The European total, at 284,000 tons, is only slightly below the previous year's level. Germany took 75,000 tons, against 77,000 tons, Great Britain 56,000 tons, against 58,000 tons, Holland 50,000 tons, against 49,000 tons, and France 34,000 tons, against 35,000 tons. At the close of the year the industry was handicapped by heavy visible supplies. The stock at London and Liverpool was about 240,000 bags, and 350,000 bags were held by America. Hamburg and Havre held some 270,000 bags, beside which there were the unsold stocks in West Africa.—The Times Annual Financial and Commercial Review.

The Board of Trade returns for 1913, 1929 and 1930 are as follows:—

IMPORTS, CONSUMPTION AND STOCKS.						
	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
Raw cocoa—						
Imports	669,639	1,542,076	1,189,561	2,282,573	3,810,844	2,649,340
Home consumption	543,227	1,149,931	1,139,869	...	...	...
Re-exports	135,560	213,051	98,891	475,013	524,105	175,468
Stocks	198,000	617,000	569,000	...	...	...
Cocoa or chocolate prepared—						
Imports	...	203,417	195,505	...	1,411,146	1,197,808
Re-exports	...	1,535	535	...	10,119	5,992
British exports	...	185,775	193,344	...	1,136,240	965,156

SUGAR.

Production, which had already overtaken consumption, continued to make strides in all growing centres of the world, and it is estimated that the huge total of 28,500,000 tons was reached. Against this figure there is a consumption total of roughly 26,500,000 tons. This constant weight of unwanted supplies had a detrimental effect upon prices. Cuban raw sugar (96 per cent.) at the opening of the year was about 8s. 6d. a cwt. c.i.f., and fell to as low as 4s. 8½d. in October, a price which is about equal to half the cost of production.

Cuba made isolated attempts to steady the market by returning to its previous policy of central selling, but such ample quantities were always forthcoming from other growing countries that it was felt that, unless the principal exporters of sugar would mutually agree to some scheme of universal restriction, there was little hope of achieving the object in view. From this there emerged what is known as the Chadbourne plan, the object of which is to limit exports, based on a system of quotas, during the next five years and, in the case of Java and Cuba, to segregate existing stocks and so prevent any undue flooding of the markets with unwanted supplies. The scheme seemed to be well on the way to success when the various interests met at the recent Brussels Conference, but Germany took exception to the amount allocated to her for export purposes, and it was owing to this point of disagreement that the conference had to be adjourned until the New Year, when the outstanding differences with Germany were settled at further conferences held in January.

Prices had advanced on general optimism with regard to the outcome of the conference. Cuban 96 per cent. rose to 6s. 6d. a cwt. c.i.f., but at the close of the year was 5s. 7½d. The importance of obtaining general European concurrence in any restriction movement is apparent, as the estimate for the crop now being harvested is 10,255,000 tons, including about 2,000,000 tons from Russia.

With the aid of the Government subsidy and the rebate allowed on raw sugar, sugar-growing in this country continues to flourish, and some 460,000 tons will be harvested this season, compared with about 330,000 tons last season. The balance of internal requirements, which amounts to about 2,000,000 tons, is provided mainly by the British refining industry, as the rebate on raw sugar prevents foreign refined from finding a market here, except in comparatively small quantities. Tate and Lyle's granulated closed at 19s. 3d. a cwt., having opened at 22s. 3d.—The Times Annual Financial and Commercial Review.

Licht's latest estimates of European crops are as follows:—

	1928-29.	1929-30.	1930-31.
Germany	1,851,351	1,566,782	2,500,000
Czechoslovakia	1,042,948	1,022,116	1,175,000
Austria	107,321	120,391	150,000
Hungary	220,062	246,831	225,000
France	903,075	909,622	1,160,000
Belgium	279,290	252,048	275,000
Holland	319,937	126,871	300,000
Denmark	170,000	134,300	165,000
Sweden	160,860	121,404	180,000
Poland	756,889	928,776	770,000
Italy	391,684	415,169	415,000
Spain	266,246	273,955	310,000
Yugo-Slavia	128,840	131,639	100,000
Roumania	133,890	82,230	150,000
United Kingdom	222,590	331,116	480,000
Russia	1,446,000	950,000	2,000,000
Other countries	97,977	109,880	145,000
Grand total, Europe	8,498,960	8,261,860	10,500,000

* Including 10,000 tons of sugar from Dutch beets.
† Excluding 10,000 tons of sugar from beets exported to France.

Visible supplies at December 31, 1930, were 7,018,000 tons, as compared with 5,614,000 tons a year before. According to Messrs. C. Czarnikow, Ltd., the preliminary result shows the cane crop of 1929-30 at 19,128,000 metric tons raw value and beet crop at 9,332,000 metric tons, against 19,286,000 and 9,584,000 metric tons in the preceding season.

300,000 barrels over the course of the year. Such intelligent co-operation would have been considered impossible a few years ago. Outside the American oil industry the restriction of crude-oil output was inconsiderable. The operating companies in Venezuela have now agreed to cut their production to 10 per cent. below the 1929 level, but this decision was only arrived at towards the end of the year. The only countries which increased their output considerably were Russia and Roumania, the first in accordance with Government plans, the second in accord with private inclinations. In Mexico the decline in output was due to natural causes. The next table gives the estimated world production for the year as compared with 1929:—

WORLD PRODUCTION OF OIL. (In 1,000 Barrels.)			
Country.	1929.	1930 (est.)*	
U.S.A.	1,007,323	900,000	
Venezuela	137,472	139,000	
Russia	99,507	126,000	
Mexico	44,658	40,000	
Persia	42,145	44,000	
Roumania	34,689	40,000	
D. E. Indies	38,072	36,000	
Others	80,555	78,500	
Total	1,484,451	1,403,500	

* Estimates of Mr. Garfias, Foreign Oil Department of Henry L. Doherty and Company.

No figures are published of world oil consumption, but some idea of the state of demand and supply may be obtained from the figures of American domestic production and imports as against American domestic consumption and exports, which cover nearly 80 per cent. of the world's oil trade. Estimating from the actual figures for the eleven months ending November 30th, published by the U.S. Bureau of Mines, we arrive at the following comparisons:—

U.S. SUPPLY AND DEMAND OF ALL OILS. (In Thousands of Barrels.)			
	12 months, 1929.	12 months (est.), 1930.	
Supply—			
Domestic production	1,062,649	959,262	
Imports	108,710	106,449	
Total new supply	1,171,359	1,065,711	
Demand—			
Domestic consumption	940,083	924,724	
Exports	153,120	158,834	
Total demand	1,103,203	1,083,558	
Stocks (at end of period)	682,069	672,806*	
Day's supply (at rate of consumption for period)	228	226*	

* Stocks at November 30, 1930.

Instead of an over-supply of 68,156,000 barrels, which was the unfortunate record of 1929, supply was brought down below the level of demand in 1930 by no less than 18,000,000 barrels. It will be observed that domestic consumption showed only a very slight decline. Actually, the consumption of gasoline, which is the most important product, showed an increase last year of 5.7 per cent. over that of 1929.

In spite of the restriction of output, crude-oil prices were not maintained. Mid-Continent crude oil of gravity 36° was reduced from \$1.45 to \$1.20 per barrel in February, was raised to \$1.29 in April, and was reduced to 95 cents per barrel in October, at which price it is still quoted. In California, Sante Fé Springs crude of 29° gravity was raised from \$1.15 to \$1.37 per barrel in March, and was reduced to \$1.28 in September, at which level it remained for the rest of the year. Gasoline prices weakened steadily from April. Taking the "U.S. motor" grade of petrol ex Oklahoma refinery, there was an advance of 1 cent to 7½ cents per gallon in the first four months of the year, but thereafter the price fell month by month until it was no more than 4 cents per gallon in December. Thus there was a fall of 45 per cent. from the peak level. The average price for the year worked out at 5.85 cents per gallon, as compared with 7.43 cents in 1929, a decline of 21.3 per cent. The prices of gasoline (petrol) in the markets outside America also found lower levels. The American Oil Exporters' Association endeavoured for seven months to maintain its export price at 8 cents for the "U.S. motor" grade of gasoline, but this struggle against economic laws was finally abandoned in September, when each member of the association was left free to fix individual export prices. In Great Britain the retail price of petrol was cut by 2d. a gallon in September as a result of the failure of the American Oil Exporters' Association, and the 4d. discount in favour of the London and Home Counties zone was later applied to the rest of England and Wales, so that the retail price to the motorist south of the border is now 1s. 4½d. per gallon. On the Continent prices were cut even more severely, and in Germany the price-fixing agreement between the leading distributors was abandoned. The slump in tanker freight rates

was, of course, a contributory factor in forcing down the market prices of oil products in the export markets. At the beginning of the year the rate for carrying petrol from the Gulf to U.K. or Continental ports was 30s. to 31s. per long ton, but from March it declined sharply, until at the end of the year it was no more than 10s. per ton. Similarly, rates for "dirty" tankers fell from 22s. 6d. per ton at the beginning of the year to 10s. per ton at the close. Consumption of refined oil products in European markets was, however, satisfactory, the imports into Great Britain showing the normal increase, as the next table reveals:—

U.K. OIL IMPORTS AND EXPORTS FOR 1929 AND 1930.			
	1929. Gallons.	1930. Gallons.	
Imports—			
Crude oil	487,348,477	460,964,202	
Motor spirit	810,084,428	954,609,176	
Fuel oil	405,610,933	491,059,299	
Others	492,314,528	498,278,155	
Total	2,195,358,366	2,404,910,832	
Total value	£43,392,774	£46,486,337	
Re-exports—			
Motor spirit	78,936,245	45,889,477	
Fuel oil	3,063,020	5,719,326	
Others	20,228,144	20,440,324	
Total	102,227,409	72,049,127	
Total value re-exports	£2,989,387	£2,042,867	
Exports—			
Motor spirit	28,857,063	32,104,557	
Fuel oil	38,380,131	37,182,797	
Others	50,460,901	42,157,039	
Total	117,698,095	111,444,393	
Total value exports	£3,583,498	£3,499,214	

Earnings of oil companies which have so far been published reflect the difficult trading conditions ruling last year. For example, the Shell Union Corporation, the American subsidiary of the Royal Dutch-Shell group, was forced to pass its common stock dividends after June. Economies in operating expenditures were the order of the day. The Standard Oil Company of New Jersey reabsorbed the Anglo-American Oil Company, its distributing subsidiary in Great Britain. The Standard Oil Company of New York and the Vacuum Oil Company sought the permission of the Government authorities to merge. So critical did the situation become in the American oil industry that the Washington Government entirely changed its attitude towards restriction of output. No longer is it considered a crime for American oil companies to co-operate to keep oil off the market. Over-production is now deemed a waste of natural resources. Nevertheless, apart from California, where a Conservation Law has been passed, it is doubtful whether restriction can be legally enforced in the oil-producing States; and there were signs already at the close of the year that the independent producers were becoming restive under a restriction scheme which did not even give them the benefit of stable prices.

III.—BEER, WINES AND SPIRITS.

The two outstanding features in the year 1930 were the increase in the beer duty and the Royal Commission on Licensing. The Chancellor of the Exchequer proposed to raise the beer duty, as from April 15th, by 3s. per standard barrel, leaving the rebate of £1 per barrel unaltered. That was an increase of 1d. per gallon, too small to justify any alteration in retail prices and on the question of a possible reduction in gravities the Chancellor had received assurances from the brewers. The estimated yield of the additional duty was £3,100,000 in a full year and £2,750,000 in the current year.

The number of barrels brewed has risen slightly, but the average gravity in the fiscal year preceding the imposition of the duty underwent the first reduction for many years, as the following table shows:—

Year to Mar. 31.	Duty. s. d.	Standard Barrels.	Bulk Great Britain and all Ireland.	Average Gravity.
1914	7 9	36,057,913	37,558,767	1,052.80
1920	7 0	25,115,196	35,047,947	1,039.41
1921	100 0	26,729,835	34,504,570	1,042.61
1922	100 0	23,513,774	30,178,751	1,042.88
1923	*100 0	18,564,212	23,948,651	1,042.72
1924	*100 0	19,890,033	25,425,017	1,043.04
1925	*100 0	20,954,392	26,734,825	1,043.12
1926	*100 0	21,034,419	26,765,610	1,043.23
1927	*100 0	19,745,199	25,100,461	1,043.28
1928	*100 0	19,962,997	25,359,154	1,043.31
1929	*100 0	19,252,986	24,530,155	1,043.31
1930	*100 0	19,523,732	24,984,168	1,042.52

* Less a rebate of 20/- per bulk barrel.

The yield of beer duty in 1929-30 was £77,155,000, against £76,114,703 in 1928-29. For the year ended March 31, 1931, the estimate is £80,750,000. The acreage, estimated yield and average price of hops are shown below:—

Year.	Acreage.	Produce. Cwts.	Yield per Acre. Cwts.	Average Price. £ s. d.
1900	51,308	347,894	6.7	5 18 8
1914	33,661	507,258	13.8	4 3 9
1920*	21,002	258,042	11.7	19 10 0
1921*	25,133	256,172	9.5	19 10 0
1922*	26,452	312,000	11.4	12 0 0
1923*	24,893	229,000	9.2	14 10 0
1924*	25,897	476,916	17.2	10 5 0
1925	26,256	355,000	13.5	10 15 0
1926	25,599	332,000	13.0	11 15 0
1927	23,004	255,500	11.1	12 10 0
1928	23,800	242,100	10.2	11 16 0
1929	23,986	359,100	15.0	5 0 0
1930	19,997	253,000	13.1	

* Hop Controllers' figures.

—Messrs White, Tomkins and Courage, Ltd.

Wines and Spirits.—Despite the lower statistical levels to which the wine and spirit trades have descended during the last year, there is reason for satisfaction that the condition is no worse. Mr Snowden's Budget in April left the trade in *statu quo* so far as the duty rates were concerned, although he disturbed what equanimity was remaining by adding to the income tax. The fear that the Chancellor was preparing to increase the wine duties, however, was well exemplified by the trade returns. Whereas during the three months January-March, an increase was shown of 1,032,553 gallons of foreign and Empire wines cleared for consumption compared with the corresponding quarter of 1929, in April-June there was a decline of 393,886 gallons. For the whole year there was a decrease in clearances amounting to 674,242 gallons. This reveals the uneven spread of activity, and, what is more important, of financing to which the trade has to submit, owing to the annual meddling which is esteemed necessary to safeguard the national interest. Orders which retailers issued were chiefly for small quantities, for they are wary of assuming any part of the taxation burden if they cannot immediately realise. Thus, most wholesale firms of any size, in order to be able to ensure quick delivery, and for various other reasons, have had to maintain a fair stock in hand, thereby suffering the burden of heavy financial outlay to the Exchequer. During the summer months it was very difficult to stimulate fresh business in any section of the trade, but towards Christmas there was a spate of stock-filling orders, though not of such dimensions as would in past years have been deemed satisfactory. It would appear that the distributing branch is still understocked, and it is hoped that there will be greater activity in buying during the early weeks of the New Year.

The following table shows the imports and clearances of wines and spirits for the past two years:—

	1929.		1930.	
	Imports. Gallons.	Clearances. Gallons.	Imports. Gallons.	Clearances. Gallons.
French (still)	2,084,880	2,024,503	1,848,995	1,802,131
Do. (sparkling)	720,233	654,755	593,950	610,354
Portuguese	5,943,501	5,716,320	5,098,550	5,072,227
Spanish (red)	1,144,137	871,491	977,681	925,099
Do. (white)	1,540,023	1,349,350	1,636,721	1,516,185
Italy	706,769	677,535	725,542	683,397
Germany	263,990	238,699	230,434	235,615
Madeira	42,273	27,115	37,728	27,088
Empire wines	2,717,686	2,762,854	2,643,671	2,784,011
Other countries	76,619	99,857	71,647	92,130
Total	15,240,111	14,422,479	13,864,919	13,748,237
Brandy	509,638	540,663	459,599	487,757
Rum	1,542,518	830,265	1,729,337	651,456
Other sorts	1,099,837	323,673	743,465	294,065
Total	3,151,993	1,694,601	2,932,401	1,433,278

The complete statistics of British wines on which excise duty was paid are not yet available; the nine months' total was 1,865,860 gallons, compared with 1,774,842 gallons in 1929. Home consumption of spirits during 1930 amounted to 1,433,278 gallons, a decline of 261,323 gallons from the preceding year. Imports fell by 219,592 gallons. The excise statistics of home consumption of British spirits are not yet available, but an estimate made by adding the figure of the last quarter of 1929 to that for the first three quarters of 1930 shows a total of 10,292,498 gallons against 10,969,962 gallons in 1929.—*Ridley's Wine and Spirit Trade Circular.*

IV.—RAW MATERIALS.

COTTON.

The following is taken in part from the Annual Review of Messrs Robert Barbour and Brothers, Ltd.:—

American cotton from the beginning of the year has steadily declined in value. From 9.42 at the close of 1929 middling spot by the end of March was 8.57, and a further 1d. had been dropped by the time the first six months was concluded. At the end of the September quarter the quotation stood at 5.70. During October there was a recovery to over 6½d. per lb., but fresh weakness developed later, and on December 15th the lowest point of the year was touched at 5.12d. The difference between the top and bottom rates has been 4.48d. per lb., compared with 1.92 last year. The average price of middling American cotton at Liverpool during the year was 7.42d., against 10.28d. in 1929 and 10.9d. in 1928. The 1929-30 crop was given as 14,821,000 bales, against a first estimate of 15,543,000 and a final one of 14,919,000.

In Egyptian cotton F. G. F. Sakellaridis—14.15 when the year opened—was slightly higher than this at the end of March, but a decline of nearly 2d. per lb. was recorded by the time June was out. The close of the September quarter found the price further reduced to 9.75 and the lowest quotation of the year—7.60 in December—has not previously been touched since 1915. The average for the year was 11.95d., against 17.02d. in 1929 and 19.2d. in 1928. The current season started with expectations of a bumper crop, but ideas of the probable outturn began to be reduced as the season progressed, and under the circumstances the somewhat surprising decline can only be put down to the markets having discounted in advance the reduction in the official estimates and to the influence which is generally found to be reflected by whatever movements take place in the American growth.

International Cotton Statistics.—The International Federation of Master Cotton Spinners report the world consumption of American cotton in 1929-30 at 13,023,000 bales, against 15,076,000 bales in the preceding season and



SALMON P. CHASE, Secretary of the U.S. Treasury under LINCOLN

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HAVANA - Cuba. CHRISTOBAL - Canal Zone
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OFFICES OF REPRESENTATIVES:
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PARIS - - - - 41 Rue Cambon
BERLIN - - - - Unter den Linden 57
ROME - - - - Piazza Minganelli 3

LONDON OFFICES:
10, MOORGATE, & BUSH HOUSE,
E.C.2 ALDWYCH, W.C.2

15,407,000 in 1927-28. Total world's mill stocks of American cotton were, at July 31, 1930, 1,985,000 bales, against 2,129,000 at July 31, 1929. Stocks of all kinds of cotton were 4,437,000 bales, against 4,863,000 bales at the end of July, 1929. Probable consumption in 1930-31 has been estimated at 11,400,000 bales.

American Cotton.—The following table shows the production and consumption of American cotton during a number of years, and is based on the annual statements of the Liverpool Cotton Association, Ltd.:—

THOUSANDS OF RUNNING BALES.

	Total Crop.†	Total Deliveries.	American Consumption.		Exports to—					Total Exports.
			North.	South.	Great Britain.	France.	North Europe.	Other Countries.		
1885-86 ...	6,550	6,509	1,825	340	2,620	410	968	345	4,344	6,580
1905-06 ...	11,320	11,969	2,575	2,413	2,903	778	1,978	920	6,580	8,849
1913-14 ...	14,610	14,849	2,867	3,133	3,435	1,059	3,129	1,226	8,549	8,334
1914-15 ...	15,067	14,957	3,415	3,208	3,812	683	1,630	2,203	8,334	6,030
1915-16 ...	12,953	13,599	3,547	4,022	2,866	928	2,029	2,029	6,030	5,222
1916-17 ...	12,976	13,212	3,307	4,383	2,681	1,010	1,711	1,680	5,222	4,228
1917-18 ...	11,982	11,802	3,242	4,334	2,276	645	1,289	1,289	4,228	6,388
1918-19 ...	11,605	11,472	2,514	5,305	2,623	756	3,235	1,744	6,388	6,129
1919-20 ...	12,218	13,394	3,281	3,725	2,071	556	987	1,775	5,579	6,129
1920-21 ...	11,355	10,987	2,170	3,239	1,743	583	1,702	1,551	5,579	4,636
1921-22 ...	11,495	12,722	2,572	4,902	1,779	772	1,800	1,779	6,129	4,636
1922-23 ...	11,248	11,933	2,782	4,515	1,286	633	1,315	1,402	4,636	5,678
1923-24 ...	11,327	11,566	1,829	4,059	1,719	720	1,866	1,372	5,678	8,044
1924-25 ...	14,716	15,022	2,595	4,474	2,547	605	2,617	1,974	8,044	7,997
1925-26 ...	15,452	15,472	2,514	4,901	2,221	756	3,235	1,744	7,997	10,959
1926-27 ...	19,227	19,282	19,150	2,756	5,435	2,582	1,025	4,016	3,336	10,959
1927-28 ...	14,373	15,037	2,071	5,367	1,447	897	3,049	2,206	7,599	7,974
1928-29 ...	15,858	16,214	2,469	5,771	1,857	802	2,732	2,583	7,974	6,654
1929-30 ...	14,631	15,894	2,008	5,252	1,272	826	2,317	2,219	6,654	

† Including linters. § Including 195,314 bales sent to Canada. || Including 10,957 bales sent to Mexico.

The following table shows the Board of Trade figures of total imports of raw cotton and the value thereof during the years 1913, 1929 and 1930:—

Cotton, Raw (except Linters).	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
Imports from—						
Egypt.....	Centals of 100 lbs. 4,026,694	Centals of 100 lbs. 2,958,802	Centals of 100 lbs. 2,101,632	£ 17,642,358	£ 17,768,068	£ 9,310,616
United States of America.....	15,847,695	8,359,637	5,884,062	47,307,765	37,854,343	19,374,998
Peru.....	808,009	839,034	839,034	4,023,579	2,869,246	
Brazil.....	618,036	664,702	694,321	1,992,268	2,812,175	2,546,252
Other foreign countries.....	531,421	498,620	521,038	1,696,192	2,173,899	1,752,402
Total from foreign countries.....	21,023,846	13,290,770	10,040,987	68,638,584	64,632,064	35,853,514
British Africa.....	173,891	1,012,920	814,714	490,484	6,944,938	4,206,477
British India.....	514,102	1,061,362	1,216,737	1,128,831	3,825,662	3,555,103
British West Indies.....	29,895	20,865	21,497	209,422	190,829	196,464
Other British Possessions.....	1,262	11,863	8,891	3,226	52,518	35,400
Total from British Possessions.....	719,150	2,107,010	2,061,839	1,931,963	11,013,947	7,793,444
Total.....	21,742,996	15,397,780	12,102,826	70,570,547	75,646,011	43,646,958

* Not shown separately.

WOOL.

The year 1930 opened with a slump of unexpected severity, and was productive throughout of anxiety, disappointment and uncertainty. The interval after

the December close was marked by heavy accumulations of wool due to the restricted offerings in Australia, and this, added to the increasing stocks of tops on the Continent, especially in France, induced a lack of confidence in prices. The actual decline far exceeded expectations, and the January series opened with merinos 15 to 20 per cent. and crossbreds fully 20 per cent. below last year's close. A reduction of offerings led to a firmer tone, and the sales closed with an appreciation of 5 per cent. on opening rates. In the interval top prices fell, due to forced realisations, and this improvement was not maintained when the March series opened, though the fall was less than anticipated. Merinos opened 5 per cent. lower and sold with a hardening tendency throughout: crossbreds 10 per cent. down at the opening closed only 5 per cent. lower. The home trade, in spite of the threat of a strike in Yorkshire, was particularly active, encouraged by the reduction of the Bank rate to 4 per cent. and later to 3½ per cent. This strength went far to re-establish confidence, a marked improvement in trade was apparent on the Continent, and stocks of tops were much reduced. The home trade, owing to the strike, was able to reduce stocks of semi-manufactures considerably, and, in consequence, when the May series opened, showed an unexpected buying power. The sales closed at their best point, with good merinos 10 per cent. and inferior often 15 to 20 per cent. higher than in March. Crossbreds had regained the March fall.

This satisfactory state of affairs proved to be but transitory. The long duration of the strike had lost to home manufacturers part of their season's orders. In June top prices again declined, and the activity on the Continent gradually died down, and, when the July series opened, the demand was insufficient to hold May levels. Combing wools were well competed for at a decline of 5 to 7½ per cent., but carding wools, as throughout the year, were difficult to sell. Broadhaired merinos, in the absence of Yorkshire demand, fell 10 per cent., but at this level found support from Continental spinners, and some of the fall was regained. Crossbreds were in small supply, but in spite of this fell 7½ to 10 per cent., as the cheapness of merinos was beginning to make itself felt. In September a heavy offering following on an exceptionally quiet interval proved to be too much for the market. Good wools, suitable for the Continent, though well competed for, opened in buyers' favour and closed 7½ per cent. lower. Ordinary merinos, 5 per cent. lower at the opening, slipped away, and were quite 10 per cent., and in some cases 15 per cent. down by the close. Crossbreds, 10 per cent. lower at the opening, eased further, and, by the close, were 15 per cent. lower for fine and as much as 20 per cent. for medium and coarse. Following this series there was a considerable turnover both at home and on the Continent, due partly to rush deliveries to Canada before the imposition of the new tariff, but at prices below London parity. Consequently, prices in the November series were expected to conform and the sales again opened with a fall. Merinos were 5 to 7½ per cent., and crossbreds (influenced by competing wools from South America, where the exchange position favoured the buyer to the extent of 20 per cent.) were 10 to 15 per cent. lower. Merinos failed to maintain this level, and eased a further 5 per cent. Crossbreds, of which a considerable quantity was withheld, continued on about opening level and closed in sellers' favour.

Thus the year closes with prices at their lowest point. Compared with this time last year, spinners' and topmakers' merinos are 35 per cent., good and medium pieces 35 to 40 per cent., faulty pieces 45 per cent., fine crossbreds 40 per cent., medium 50 per cent., and coarse 55 per cent. lower.

Compared with July, 1914, spinners' merinos are 25 per cent., topmaking 30 to 35 per cent., good pieces 30 per cent., faulty pieces 40 per cent., fine crossbreds 45 per cent., medium 50 per cent. and coarse 45 to 50 per cent. lower.

We give below our usual statement of the value per lb. clean of a few representative descriptions in July, 1914, and in December in recent years:—

	N.S.W. Good.	Q'land. Good.	Victorian Good.	South Aust. Average.	Cape N.Z. Washing.	Australian & N.Z. Crossbred.			
						Fine (Super).	Fairly Fine.	Med.	Coarse
July, 1914	d. 32	d. 30	d. 31	d. 29	d. 23½	d. 27	d. 25	d. 17	d. 15½
Dec., 1919	135	110	138	108	68	95	70	40	29
" 1921	46	39	43	31	23	35	21	10½	8½
" 1923	65	63	65	58	48	52	42	23	19
" 1924	82	78	80	68	60	65	58	37	33
" 1926	52	49	48	42	34	42	33	19½	17½
" 1927	57	55	55	47	38	44	35	23½	21½
" 1928	50	49	48	43	34	41	35	25	22½
" 1929	35	34	34	27	27	23½	19½	9	18
" 1930	23	22½	22	18	15	18½	14½	9	8½

Average value of the Colonial bale:—1914, £17; 1920, £52; 1921, £18; 1923, £28; 1924, £39; 1925, £29; 1926, £26; 1927, £27; 1928, £30; 1929, £23; 1930, £14½.—Messrs Schwartz, Buchanan and Company.

The following table, compiled by *The Weekly Wool Chart*, shows the amount of wool retained in the United Kingdom in the years stated, the figures for 1930 being for the twelve months ending November:

	(In million lb.)			
Imports, foreign and colonial wool	1913.	1928.	1929.	1930.
Re-exports, ditto.....	801	779	814	786
Retained.....	307	339	331	300
British clip retained	494	440	483	486
Total retained by trade.....	95	72	66	82
	589	512	549	568

The quantity of wool retained was larger than in 1929, but consumption obviously must have been less, even allowing for a more extended use of virgin wool in place of re-worked wool. The balance has to be accounted for by increased stocks, mainly in crossbred and particularly clothing wools. The actual consumption in 1930 would probably be about 500 million lb., which compares with an estimate of 515 million lb. for 1929, 525 million lb. for 1928, 555 million lb. for 1927, and 580 million lb. for 1924.

FLAX, HEMP AND JUTE.

Hard fibres have experienced a severe decline as the result of the culmination of developments initiated three years ago in East Africa and in the Dutch East Indies. Undoubtedly the check to long-range buying is responsible for the strain at the producing end, and a balance will not be reached until consumers resume a normal buying policy.

Italian Hemp.—A restricted demand for hemp goods and relatively cheaper flax combined to reduce consumption and trading was from hand to mouth throughout the year. From the beginning of the year until the second half of March the market was dull and the price of SB fell from the opening figure of £54 in January to £48 at the beginning of March. Later in March a sudden burst of buying took place which advanced prices £4 to £5 a ton from the lowest point, but the higher level was not maintained. The market at the end of the year was quiet and the value of SB was £32 10s. per ton c.i.f. United Kingdom.

Russian Hemp.—Trading in Russian Siretz hemp during the year was of a spasmodic nature, and as a general rule this material was only purchased by consumers when offered at prices relatively lower than those of other soft hems. Good medium Siretz was obtainable at £40 per ton in January, but no transactions of note were recorded until the end of March, when the Soviet organisations reduced prices drastically, and succeeded in clearing a large part of their stock in Riga. About a month later, other sales were carried through, at a further reduction in price, and from then until the end of the year a retail business was carried on by those merchants who held stocks. In the summer and autumn months considerable quantities of lower-grade Siretz were purchased in substitution for Indian hems, but later in the year many consumers changed over to Italian Strappatura and tows. The value of good medium Siretz at the close of the year was £25 per ton.

Indian Hemp.—There was a sharp fall from the end of January until a level was reached competitive with other fibres, but from the spring onwards the market remained

very steady at basis £20 to £21 per ton for fine Jubblepore. The prospects of business in new crops are not encouraging. Quotations in London have been steadily falling to keep pace with the decline in other fibres, and are now at the lowest level on record, £14 per ton for fine Jubblepore. On the whole the season's quantities show a marked improvement.

Flax.—In January the price of BKKO was £64, basis 1, and of Livonian flax £65 basis R, and sales in the early part of the season totalled fully 25,000 tons. During the month of March there was a certain amount of activity and important yarn business was transacted on the Continent and in the United Kingdom. Unfortunately this improvement was short-lived and the market continued to sag until the end of the year, when the price of BKKO stood at £35, and Livonian R at £38.

Jute.—This market has been overshadowed throughout the year by the accumulation of stocks of hessian in Calcutta. From an opening figure of £28 per ton for Firsts marks the price fell to £22 10s. in March. There was a temporary recovery in April, but this revival was short-lived, and the promise of a bumper crop and reduction of working hours in the Calcutta mills, coinciding with one of the worst periods of trade in history, brought about a violent reaction. The director's estimate of 11,231,000 bales against 9,767,270 bales last season, precipitated a débâcle and a low record of £15 per ton has been reached for Firsts marks—a fall of over 46 per cent. The year closed with a very weak market, an absence of support and pressure to sell.

Manila.—January opened with the higher grades S1's at £49, "G" at £37, J2 at £36, "K" at £32 10s. and M1's at £27 10s., but with intermittent reactions prices continued to droop until the seasonal demand in September arrested the fall. Since then the market has dragged along the bottom and the above-mentioned grades closed the year at £36, £23 10s., £23, £22 and £21 10s., representing in the worst case a depreciation of about 37 per cent. Consumption shows a decrease in Japan and America. Stocks are undoubtedly low in both hemispheres, but until improved conditions and confidence are restored supplies seem ample for the existing demand. European consumption, however, shows an expansion.



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FIBRE VALUES IN THE UNITED KINGDOM.

	Jan. 1, 1913.	Jan. 1, 1927.	Jan. 1, 1928.	Jan. 1, 1929.	Jan. 1, 1930.	Jan. 1, 1931.
Italian P.C.S.B. per ton	£ 45 0	£ 52 0	£ 63 10	£ 67 0	£ 54 5	£ 31 10
Russian P.S.P.R.H.	40 10	64 0	66 0	64 0	58 0	...
Flax, Egyptian Z.K.	42 0	57 0	94 0	96 0	60 0	34 0
Flax, Belgian	44 0	64 0	98 0	95 0	65 0	36 0
Kotelnich Tow.	63 0	87 0	80 0	56 0	30 0	...
Bombay Hemp H.J.F.	23 15	23 0	26 0	28 10	24 10	14 0
Bengal Sunn.	28 0	34 0	38 0	34 0	35 0	23 0
Benares	17 10	19 0	19 0	23 0	20 10	13 0
Jute, first natives	26 0	31 10	31 0	32 10	28 0	15 10
Manila, J. U.K.	35 5	46 10	42 0	39 10	35 10	23 0
New Zealand, fair	32 0	36 10	33 10	34 10	30 10	22 0
African sisal, No. 1	36 10	42 0	37 0	42 0	36 10	19 0
Oebu Magney, No. 2	...	38 0	32 10	34 10	28 5	19 0
Manila Magney, No. 2	...	37 0	32 0	34 0	28 0	18 0
Mauritius Hemp, prime	31 10	35 10	37 10	39 10	33 10	24 0
Mexican Hennequen, per lb.	7½c.	7½c.	6½c.	6½c.	7½c.	4.80c.
Cotton, Spot, Liverpool	7.11d.	6.89d.	11.05d.	10.59d.	9.50d.	5.34d.

ESTIMATED PRODUCTION OF HARD FIBRES.

	1928.	1929.	1930.
Philippine Manila	175,000	195,000	162,000
Philippine Magney	16,000	16,500	11,450
Mexican Hennequen	127,000	101,000	104,000
African sisal	52,000	70,000	76,000
Java and Sumatra sisal	46,000	52,000	55,000
Java and Sumatra abaca (manila)	...	...	10,000
Cuba and Haiti sisal (Unascertained)	...	3,000	4,000
Jamaica sisal	1,000	500	...
Bahama sisal	1,500	500	300
New Zealand hemp and tow	15,000	14,000	11,650
Mauritius	2,492	2,400	1,300
	435,992	454,650	436,000

—Messrs Wigglesworth and Company, Ltd.

The following figures show our imports of flax, hemp and jute in 1913, 1928 and 1929:—

	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
FLAX.						
Russia	68,161	1,894	1,557	2,806,829	154,612	94,107
Esthonia	...	2,434	1,463	...	191,251	88,194
Latvia	...	11,169	13,649	...	760,343	823,533
Netherlands	1,442	2,369	1,235	87,059	240,875	98,488
Belgium	14,194	35,385	12,942	1,262,141	1,753,517	1,458,221
Other countries	473	2,947	1,524	24,100	224,484	99,453
Total	84,270	36,458	32,468	4,180,129	3,325,082	2,661,996
FLAX TOW OR CORDAGE.						
Russia	13,416	1,019	592	503,160	63,355	20,169
Esthonia	...	374	423	...	21,438	17,722
Latvia	...	4,421	5,634	...	256,909	237,446
Belgium	3,812	1,013	598	65,335	55,101	28,031
Other countries	955	1,753	1,092	22,595	89,045	39,584
Total	18,183	8,580	8,339	591,090	485,848	343,352
HEMP.						
Russia	12,818	...	...	432,201	...	...
Germany	4,186	...	...	129,299	...	...
German East Africa	949	...	...	31,210	...	...
Italy	9,102	7,321	6,029	376,044	441,079	297,626
Philippine Islands	64,579	50,637	50,256	2,000,450	1,776,944	1,445,501
British East Africa	283	5,140	4,552	7,273	197,452	140,207
British East Indies	17,390	4,283	3,788	386,680	127,010	95,083
New Zealand	21,824	4,291	2,938	649,170	157,564	90,521
Other countries	6,571	12,698	9,557	179,492	459,329	290,664
Total	137,702	84,370	77,120	4,191,825	3,139,378	2,359,602
HEMP TOW OR CORDAGE.						
Russia	2,208	...	...	51,686	...	...
Italy	754	...	...	22,020	...	...
New Zealand	4,906	2,935	1,795	69,789	150,479	76,136
Other countries	708	6,801	4,513	14,909	187,856	103,605
Total	8,576	9,736	6,508	158,404	338,335	179,741
JUTE, Raw	350,826	213,266	136,690	9,246,598	6,583,031	3,301,560
Total of flax, hemp and jute	599,557	352,410	260,925	18,368,046	13,871,674	8,846,251

SILK.

In spite of the conservative policy to which the industry had adhered for some months past, the world crisis affected silk together with all other commodities. It is now cheaper than it has ever been, 40 per cent. lower than in January, 1930, and only one-seventh of its record value in 1920. The trade has kept its head remarkably well in the circumstances.

Last winter had been rather encouraging, but depressing news came from the primary markets: the Chinese exchange was declining and stocks of silk were accumulating in Japan. Reelers began to make concessions in Europe as well as in the East, and the decline in value made buyers cautious. At June 30th there remained 128,000 bales unsold in Yokohama and Kobe, against 6,000 bales on June 30, 1929. Purchases by short sellers strengthened the market in July, but manufacturers relied on hand-to-mouth purchases, and in September Japan filatures No. 1 to 1½ fell to 555 yen. In October the United States realised how cheap real silk was

and their purchases, which have continued in substantial quantities, together with the bear covering induced by this revival of interest, advanced Japan quotations by 10 per cent. In Lyons also more interest is being shown in natural silk.

SILK SUPPLY FROM ALL COUNTRIES.
(Metric Tons.)

	Seasons.					
	1913-14	1926-27	1927-28	1928-29	1929-30	1930-31*
Export from Shanghai (including Tussah)	5,300	5,545	6,025	6,420	6,480	3,500
Do. Canton	2,780	3,200	2,635	2,795	2,845	2,500
Do. Yokohama	12,120	30,025	31,225	33,600	28,745	35,000
Do. Persia and Central Asia	435	210	165	180	325	190
Do. India and Indo-China	115	120	140	110	60	65
European crop	4,235	4,180	5,005	5,120	5,095	5,020
Levant crop	1,880	860	875	960	1,025	990
Total	27,365	44,140	46,070	49,185	44,575	47,265

* Estimates.

RAW SILK PRICES—END OF DECEMBER.
(In Francs, Lyons Terms.)

	1913.	1927.	1928.	1929.	1930.
Italian, Extra, 13/15	...	305-310	305-310	245-250	150-155
Syrian, 2nd class, 9/11	45-46	280-290	290-295	245-250	130-135
Shanghai, steam silk, best 9/11	53-54	370-375	400-410	340-350	185-190
"Tatlee R. R. merit Pegasus 1,2,3	33-34	195-200	210-215	170-172	135-140
"Szechuen silk, No. 1, 13/15	41-43	250-255	270-275	235-240	75
"native Tussah, best to good	81-9	...	...	...	160-170
Japan silk, 1½ 10/12	45	300-310	310-315	280-285	145-150
" 1½ 13/15	42½	275-280	285-290	260-265	130-135
Canton silk, best 1 13/15	40	230-235	235-240	180-185	110-115

—Extracted from the Annual Review of Messrs Chabrières, Morel et Cie., Lyons.

HIDES AND LEATHER.

Few if any firms engaged in the hide and leather trades will have cause for satisfaction with their trading results for last year, as, although prices for many descriptions of raw hides and skins were below the pre-war level, the price of the finished product offset any benefit from that. The only reason why the trade as a whole has not been involved in any great financial difficulties is the conservative policy adopted in past years. Prices for raw hides from domestic cattle were on a low level during most of 1930, and, with anything like a normal inquiry for leather, this would have proved of very material advantage to the tanning trade. Demand for the finished product was, however, very much less than the producing capacity of the industry. Merchants and dealers in hides in consequence had to face not only lower prices and less profits, but also smaller turnovers.

Although a real comparison with pre-war prices is rather difficult in regard to certain classes of hides, owing to an alteration in the method of classification, the following will, to some extent, indicate the position. During the last week of December, 1913, Manchester best ox hides, which are looked upon as a standard for the English product, were realising from 7½d. to 6½d. per lb., while for the equivalent week of last year best hides, free from warble holes, were selling at from 6½d. to 5½d. per lb. Foreign raw hides show a similar state of affairs; Frigorificos, at the end of 1913, were changing hands at about 9½d. per lb., while at the end of last December 6½d. was the most that could be obtained. Packer hides in the United States appear to have fared worse than South American hides, native steers commanding only 10 cents at the end of last year, whereas at the same time in 1913 they were fetching as much as 19½ cents. It can, therefore, be safely assumed that world supplies of hides are more than sufficient to meet the needs of the tanning industry, and that at any rate for the time being there is little prospect of any startling upward trend in values.

Although reduced prices obtained for practically all classes of heavy and light leathers, sales on the whole were confined to very narrow limits for the first six to nine months of the year. A noticeable incident in connection with sole leather was the launching of a national advertising campaign by the United Tanners' Federation: this was done with the object of counteracting the use of substitutes for soleing purposes. That the campaign met with a considerable measure of success is indicated by the fact that sales of bottom leather improved considerably during the last quarter of the year, and, although no definite information is available as to what extent sales of substitutes have fallen off, boot repairers report a much smaller enquiry from the public for this class of material.

Tanners experienced most difficulty in regard to disposing of their offal—shoulders and bellies. The market for home products had to face the competition of foreign imports practically throughout the year, and as these were offered at low figures turnover was restricted, with the result that stocks accumulated and low prices prevailed for the best part of the time. Sales of dry hide leathers suffered as a result of the poor orders received by shoe manufacturers, and the only demand which could be considered as reaching anything like a fair level was that for English and wet-salted bends in the better tannages. It can be safely assumed that producers of footwear have had to face a set of conditions similar to those which have confronted the tanner, and the only section of the industry which is likely to be satisfied with its profits for the past year is the shoe-retailing section, particularly the large multiple concerns.

Definite steps were taken during the course of the year to deal with the damage caused by the warble fly. This pest is responsible for a large annual loss to farmers, butchers and tanners on account of the destruction it causes to cattle hides. The Worshipful Company of Leathersellers took an active part in the various conferences that have been held on the subject, and, from the progress already achieved, it would appear that a determined effort is being made on the part of the trade of this country to stamp out the pest.

Producers and distributors of upper leathers have perhaps done slightly better than their colleagues in the heavy section, but even so trade for the major part of the year was dull and uninteresting. With orders for footwear confined to small quantities the requirements of the shoe manufacturer for leather were restricted to immediate needs, and, although the aggregate number of small purchases made for a fair turnover, the trouble met with in fulfilling them was often far greater than would be associated with bulk purchases. The main demand was concentrated on a few particular lines for which a moderate inquiry was experienced. Producers of novelty skins for shoe-upper purposes, however, had a very quiet year, and some considerable sacrifices had to be made in order to negotiate sales. The imposition of a tariff on leather imported into the United States was responsible for some dislocation, and certain firms who in the past had done quite a respectable turnover with that country found this business cut off. So far there has been no indication of a revival of this export trade, but this is possibly more due to the wave of depression that has of late been experienced in the United States than it is to the tariff. For the present year everyone is hoping for a better turnover at more remunerative prices. Trade at the moment, however, does not show much prospect of this, but, on the other hand, there is the feeling that values for raw material have touched bottom, and that we have reached the trough of the wave of depression which has for so long existed in the hide, tanning, leather and allied industries.

The following is a statement of imports and exports of hides and leather during 1913, 1929 and 1930:—

	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
Imports.						
Wet Hides—						
Calf	32,942	35,542	40,307	£ 145,451	£ 184,162	£ 187,212
Others, including Ox and Cow	92,170	...	...	259,774	...	...
Russia	27,610	...	...	94,588	...	...
Germany	...	31,468	26,809	...	99,551	74,116
Netherlands	10,007	2,215	2,839	33,691	17,904	10,090
Belgium	36,754	29,547	32,233	122,879	87,156	31,919
France	119,702	86,460	97,215	513,509	379,873	363,875
Italy	188,097	63,758	138,627	874,781	281,812	421,482
Argentine Republic	...	89,722	81,041	...	284,104	201,967
Irish Free State	68,118	68,777	64,915	242,883	280,718	189,072
British South Africa	113,331	30,215	33,007	435,464	111,491	85,976
Australia	142,592	206,721	244,642	436,812	754,792	733,684
Other countries	798,381	613,833	701,328	3,014,381	2,297,401	2,110,181
Total of Wet Hides	831,323	649,375	741,635	3,159,832	2,481,563	2,297,393
Dry and Drysalted—						
Calf	17,313	4,412	7,296	£ 134,257	£ 27,108	£ 31,431
Others, including Ox, Cow, and Kips	57,300	...	...	207,761	...	...
Russia	...	15,430	29,351	...	80,752	100,130
Argentine Republic	124,223	155,063	103,848	580,705	859,537	442,604
British South Africa	...	42,475	44,173	...	214,386	150,641
British East Africa	70,554	14,527	25,659	263,951	68,024	75,242
Straits Settlements and Fed. Malay States	40,371	16,039	17,513	134,516	61,192	48,418
Australia	36,253	26,146	39,351	171,107	121,523	128,847
Other countries	276,665	250,935	290,920	1,195,585	1,206,350	1,053,393
Total	605,376	520,615	550,815	2,554,210	2,611,764	1,999,275
Total of Dry and Drysalted Hides	622,689	525,027	558,111	2,688,467	2,638,872	2,030,706
Leather, Total	1,452,815	1,005,536	906,963	4,194,276	4,805,564	4,048,166

	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
Exports.						
Boots and shoes (wholly or mainly of leather)	Dr. Frs. 33,666	Dz. Frs. ...	Dz. Frs. ...	£ 122,206	£ ...	£ ...
Sweden, Norway, and Denmark	...	20,155	24,436	...	70,487	79,265
Netherlands	50,550	29,520	33,491	78,291	100,974	91,318
Egypt	...	15,710	12,239	...	69,451	53,103
United States	...	32,444	24,823	...	413,879	256,161
Irish Free State	...	289,284	312,215	...	1,487,039	1,506,675
British South Africa	387,510	189,844	154,990	1,160,800	711,452	542,237
British East Indies	189,656	26,138	16,708	531,471	124,136	78,768
Australia	210,353	21,767	10,763	317,758	101,925	53,588
New Zealand	99,523	39,764	9,563	305,399	127,466	38,599
Canada	...	125,272	111,369	...	638,790	513,882
Brit. West India Islands (including Bahamas) and British Guiana	37,384	62,260	56,169	73,094	221,424	183,192
Other countries	276,230	48,877	50,479	998,615	205,241	195,083
Total	1,452,815	1,005,536	906,963	4,194,276	4,805,564	4,048,166

of superphosphate in Great Britain and Ireland for the fertiliser year 1929-30, which was 575,600 tons as against 556,400 tons in 1928-9. The increased production of sulphuric acid by the zinc-smelting companies, together with the lower total production, has naturally reacted unfavourably on the other producers. Further large additions have been made to the contact plants operating in England.

Owing to the slackness in the galvanising trade the total demand for hydrochloric acid has fallen off. The development of the synthetic nitrogen industry has rendered available cheap ammonia in large quantities, and the proportion of nitric acid produced by the old method of treating natural nitrate of soda with sulphuric acid has therefore declined with the development of ammonia oxidation. Owing to the general agricultural depression the rate of increase in the total consumption of nitrogen throughout the world (except in the case of Spain and Portugal) fell off compared with previous years, but as synthetic nitrogen gained relatively at the expense of Chilean nitrate there was still an absolute increase in the consumption of synthetic nitrogen.

The decline in the chlorine products group has been relatively slight, though in bleaching powder severe competition was experienced in certain overseas markets. The depression in the cellulose acetate silk section of the rayon industry is almost entirely responsible for the decline in home deliveries.

The consumption of glycol in explosive manufacture continues to expand. The market for crude glycerine has been consistently dull throughout the year, with very low prices. Production in consequence has been further curtailed. European stocks have been practically cleared, and those in America substantially decreased. The demand for refined qualities has been good generally, and new channels of consumption for these grades have developed.

Two large plants have been brought into production this year by Imperial Chemical Industries at Billingham and the Distillers Company at Hull, in which acetic acid is produced by the oxidation of acetaldehyde. A plant has also been erected for the production of ethyl and methyl chlorides. There is now sufficient capacity in the United Kingdom for all requirements for these substances, and the quality is of a very high order. The main outlet for ethyl chloride is in dyestuffs manufacture.—*From an article in The Manchester Guardian Commercial Annual Review.*

Nitrates.—Towards the end of the fertiliser year 1929-30 a number of new synthetic plants came into operation, and there was considerable pressure to sell in those markets which are capable of absorbing nitrogen in the summer months. If indiscriminate selling had been allowed to persist a general break in nitrogen prices would undoubtedly have occurred. A one year's agreement was reached in the summer between the organised producing groups in Belgium, Czechoslovakia, France, Germany, Great Britain, Holland, Italy, Norway and Poland. This agreement led to an arrangement with the Chilean Government and producers, and the breathing space thus secured will be used to endeavour to secure a more permanent basis of co-operation for the future. The following table shows estimates, for which strict accuracy is not claimed, of production and consumption during recent years:—

WORLD PRODUCTION AND CONSUMPTION OF PURE NITROGEN.
(In Metric Tons.)

Production:—	1927-8.	1928 9.	1929-30.
By-product sulphate of ammonia	368,000	376,000	380,000
Synthetic sulphate of ammonia	367,000	485,000	455,000
Cyanamide*	735,000	861,000	835,000
Nitrate of lime	204,000	210,000	263,000
Other forms of synthetic nitrogen	105,000	136,000	135,500
Other forms of by-product nitrogen	236,000	365,000	423,000
Chilean nitrate of soda	54,000	51,000	62,300
Total production	1,724,000	2,113,000	2,178,400
Consumption:—			
Manufactured nitrogen	1,249,605	1,452,630	1,596,330
Consumption of Chilean nitrate of soda	392,722	419,450	362,390
Total consumption	1,642,327	1,872,080	1,958,720
Agricultural consumption about	1,490,000	1,684,000	1,721,000

* Excluding part of the cyanamide made in Japan, which is included under synthetic sulphate of ammonia.

† Including ammonia liquor used for industrial purposes.

In view of the fall in the prices of agricultural produce and the unfavourable financial position of farmers in many countries, it appears doubtful whether any considerable increase in the consumption of nitrogen can be looked for during 1930-31.—*Annual Report of the British Sulphate of Ammonia Federation, Ltd.*

VEGETABLE OILS AND OILSEEDS.

The oilseed crushing and vegetable oil industry of the United Kingdom experienced a very trying and disappointing year. Supplies of oil-bearing materials were abundant and again emphasised the fact that production is much greater than the capacity to consume, a position made worse by the unsettled financial and economic conditions and the rapid fall in prices which were the ruling characteristics of the trade over almost the entire period. In the circumstances oilseed crushing has been carried on under serious disadvantages and, owing to the poor prices obtained for the products, very often at an absolute loss. It is therefore not surprising to learn that the quantity of oilseeds, nuts and kernels imported into the United Kingdom during 1930 showed a substantial decline. The gross receipts of oilseeds were 924,482 tons, against 1,153,988 tons in 1929, and nuts and kernels 327,790 tons, against 385,620 tons. The re-exports were very small, viz., 17,243 tons, against 30,648 tons, and for the most part consisted of copra. The most notable feature, perhaps, was the small import of linseed, which at 224,563 tons was 60,000 tons behind the previous year, and only about three-fifths of the annual requirements of this country. Cottonseed at 519,812 tons was 50,000 tons down and soya beans at 105,560 tons showed a decline of nearly 100,000 tons. Castorseed was rather a larger total, but rapeseed at 9,935 tons was less than one-third of the quantity imported in 1929, owing to the failure of the usual sources of supply. Palm kernels, ground nuts and copra together gave a total of 327,790 tons, or 57,830 tons less.

The fears of a shortage of linseed, arising out of the small yield of the Argentine crop, were not realised. Demand accommodated itself so effectively to supply that at the end of the season Argentine shippers were left with a considerable balance unsold and had to face a record new crop pressing on the market. World shipments of linseed in 1930 were 1,537,600 tons, against 2,034,500 tons in 1929, to which Argentina contributed 1,242,500 tons, against 1,750,000 tons. The proportion destined for Europe (including 246,000 tons from India) was 1,230,300 tons, against 1,410,200 tons, while the United States took only 275,400 tons, against 560,000 tons. In the latter part of the year the well-defined prospects of a record new crop in South America had an important influence over prices and as the growth proceeded the estimated yield was officially stated to be such as to leave an exportable surplus of over two million tons. In view of the tight position regarding supplies, Plate linseed on spot at Hull opened the year at £21 per ton, but when the new seed began to arrive the price dropped to £17. It subsequently recovered to £18 15s. in April for "spot" seed and £18 2s. 6d. for "shipment." From that point onward the downward trend again became marked and £14 10s. was touched in July. There was a recovery to £16 15s., but in later months when it became evident that a large balance remained unsold and a big new crop was at hand there was a further decline to £10 7s. 6d. on spot in November and £9 12s. 6d. for November-December shipment. Prices temporarily recovered, but the fall could not be resisted and down to £8 was actually accepted for January-February shipment—the lowest level recorded for very many years.

Egyptian cottonseed (black), which in the first four months ranged between £8 5s. and £7 5s. per ton on spot at Hull, gradually declined until £5 5s. was touched at the end of September, this marking the close of the old crop; and new seed for shipment was quoted at £5 12s. 6d. at the end of the year.

Prices of vegetable oils moved largely in sympathy with seed. Thus raw linseed oil ex Hull mill declined from £44 10s. per ton in January to £18 15s. in December, the monthly average ranging from £44 3s. (January) to £22 2s. 6d. (December), the average for the twelve months being £35 10s. 8d., against £34 13s. in 1929. Linseed oil has since further declined and has not been so low for fifteen or twenty years past. Cotton oil prices also were on the down grade and, with slight fluctuations, crude Egyptians ex Hull dropped from £29 10s. (in April) to £19 (in December).

In varying degrees all other seed oils declined in value as the year progressed and very low and unremunerative levels were recorded at the close. Generally there was a poor market for oilcakes and meals, farmers being well supplied with alternative feeding stuffs, and this had an important effect upon the trade position.

A feature of the imports was the preponderance of seed oils. Palm, coconut and olive oils accounted for only 43.7 per cent., as against 50 per cent. and more in previous years. Linseed oil, however, bulked unusually large, a total of 43,501 tons comparing with 31,046 tons in 1929 and

22,472 tons in 1928. Soya and rape oils also showed big increases, though imports of vegetable oils in the aggregate were about 10,000 tons down on the year. The export trade suffered badly against keen competition in foreign markets, the shipments abroad being 35,698 tons less than in 1929. The following is a summary of the Board of Trade returns of exports (produce or manufacture of the United Kingdom):—

	1927. Tons.	1928. Tons.	1929. Tons.	1930. Tons.
Unrefined oils	50,024	96,193	93,463	60,633
Refined oils	16,645	16,370	20,460	17,612

The production of oil in the mills of the United Kingdom, estimated from the commercial yield of oil from the net imports of oilseeds, nuts and kernels, was 346,406 tons, a decrease of 68,090 tons as compared with the previous year and much below average. The comparative figures are as under:—

	1927. Tons.	1928. Tons.	1929. Tons.	1930. Tons.
Linseed oil	117,388	115,774	94,322	74,710
Cottonseed oil	89,441	95,576	94,906	86,635
Other seed oils	31,758	44,549	60,844	40,651
Palm kernel oil	82,593	72,186	67,883	56,608
Ground nut oil	18,626	47,908	52,734	45,532
Coconut, &c.	22,375	24,424	41,137	42,270
Total	362,181	400,597	414,496	346,406

The approximate position of the vegetable oil supply of the United Kingdom is indicated by the following summary:—

	1927. Tons.	1928. Tons.	1929. Tons.	1930. Tons.
Home production	362,181	400,597	414,496	346,406
Deduct British exports	106,669	112,923	113,943	78,245
Net remaining	255,512	287,674	300,553	268,161
Add net imports	224,568	208,080	241,639	231,580
Total remaining in U.K.	480,100	495,754	542,192	499,741

Although there was a reduction of 42,000 tons as compared with 1929 it will be seen that last year's total was not below the two preceding years. Exports of oilcakes at 75,110 tons compared with 105,108 tons in 1929—a decline of 30,000 tons. Imports of oilcakes and meals from abroad were again substantial, the net imports being 442,893 tons against 480,459 tons in 1929. The supply of oilcakes for the United Kingdom may be put at 1,250,000 tons, against 1,475,000 tons in 1929 and 1,350,000 tons in 1928. The c.i.f. value of the gross imports of oilseeds, nuts and

kernels, vegetable oils and oilcakes in 1930 was £25,680,265, against £35,348,557 in 1929; and the f.o.b. value of British exports of oil and cakes £3,568,246, against £5,638,149. Re-exports of all kinds had a value of £548,785, against £978,248, equal to just over two per cent. of the value of the imports.

TIMBER.

In all branches of the timber trade the past year proved one of extreme difficulty. During the first six months a moderate demand for most classes of material was maintained, but during the latter half of the year the consumption continued to fall away steadily. In addition, pronounced weakness developed in the prices of certain classes of material, particularly those of American origin, while the uncertainty with regard to the Russian position seriously upset the softwood market. Throughout the greater part of the year the teak market remained firm, with decks, large average squares, and long specifications of planks none too plentiful, but with the falling off in the demand from this and other countries supplies became more plentiful and prices tended to ease. Pitch pine continued a firm market throughout the year, the supply of large-sized timber becoming increasingly scarce, while manufactured deck planks were almost unobtainable. In common with other woods the demand fell off considerably during the later months.

Among Pacific Coast woods, the shipyard demand for Oregon pine decks was of fair extent, while clear spruce and Californian yellow pine were also in request. The general tendency of prices of these woods was in a downward direction, extremely low levels being reached, especially on Oregon pine and clear spruce. In the engineering trades a limited demand occurred for yellow pine for patternmaking requirements, and prices remained fairly steady. Among other outlets, railway, waggon-building, and colliery requirements were only of limited extent. American waggon oak planks were contracted for on a reduced scale, the building of new waggons going more largely to the South, but repair work absorbed a fair quantity of standard-sized specifications. During the last quarter of the year prices of American oak dropped to some extent, owing to the fall in freight rates and the slump in the United States generally. Throughout the year the railway companies were moderate buyers of pitch

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pine and other material. The building trades provided the market with the steadiest outlet, but prices generally were keenly cut. It is hoped, however, that the arrangements arrived at with regard to the Russian production will help to stabilise prices.—*Glasgow Herald*.

From the statistics below, which are taken from the Board of Trade Returns, it will be seen that the total wood imports last year compared with 1929 fell by about £3 millions, though slightly above the figure of 1928:—

	Quantity.			Value.		
	1928.	1929.	1930.	1928.	1929.	1930.
Howen, hard	7,141,394	6,955,761	5,589,280	1,502,933	1,512,585	1,215,841
" soft	386,439	427,191	496,652	1,379,429	1,223,813	1,419,847
Sawn, hard	31,562,770	31,871,168	32,465,168	7,923,773	8,087,244	7,586,261
" soft	4,605,073	5,224,082	4,852,072	21,435,525	23,772,367	20,675,065
Planned or dressed	589,470	621,156	622,569	3,393,731	3,405,260	3,303,031
Mining timber	2,596,885	2,692,517	2,781,898	4,779,080	5,029,098	5,193,458
Staves	261,553	369,101	533,161	1,173,773	1,675,743	2,415,630
Woods	101,416	125,575	91,376	678,081	787,084	657,062
Panel wood	4,285	4,932	5,294	285,466	346,941	331,325
All other sorts	22	...	...	53	...	...
Totals	...	...	...	42,557,904	45,840,135	42,797,519

V.—METAL AND COAL TRADES.

THE COAL INDUSTRY.

United Kingdom.	Output.	Exports (including Bunkers).	Average Export Price (Board of Trade), F.O.B.	Unemployment in Coal Mining Industry.
	Thous. Tons.	Thous. Tons.	£ s. d.	%
1913	287,430	94,424	0 13 10	0.4†
1923	278,500	97,608	1 5 1	2.4
1924	269,604	79,338	1 3 5	4.3
1925	243,180	67,255	0 19 10	15.8
1926	131,386‡	28,184	1 0 0 (w)	9.1*
1927	251,232	67,996	0 17 10	18.4
1928	237,768	66,876	0 15 7	22.2

	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
January ...	22,432	23,769	5,863	6,832	0 15 7	0 17 2	19.1	12.9
February ...	21,060	21,717	5,105	6,013	0 15 8	0 17 2	15.3	13.2
March	22,587	22,424	6,093	6,017	0 16 1	0 16 8	13.2	14.5
April	20,871	19,706	6,085	5,637	0 16 5	0 16 8	15.8	16.6
May	20,689	21,340	6,744	6,468	0 16 1	0 16 8	17.9	22.1
June	19,882	16,953	6,244	5,278	0 15 11	0 16 5	19.0	23.8
July	21,105	18,861	7,301	6,012	0 16 1	0 16 9	18.9	28.2
August ...	20,538	17,911	6,418	5,269	0 15 10	0 16 3	16.2	23.6
September ..	20,590	19,564	6,630	6,070	0 16 2	0 16 7	15.1	23.0
October	22,989	21,037	7,186	6,109	0 16 7	0 16 6	15.5	26.5
November ...	22,256	19,821	6,681	5,276	0 16 7	0 16 6	14.3	21.1
December ...	21,420	20,655	6,336	5,523	0 16 7	0 16 6	14.6	19.7
	256,719	243,758	76,686	70,495	0 16 1	0 16 8	16.2	20.4

* Exclusive of those who ceased work on account of the dispute which commenced on May 1, 1926.
† Trade Union figures.
‡ Coal strike.
(a) May–December figures entirely unrepresentative.

The following information is extracted from the *Iron and Coal Trades Review*:—At the close of the year the industry is not only seriously affected by trading conditions due to lost markets abroad, but surrounded with difficulties due to legislation and the continuance of political interference. There has been a falling off both in the output and the workers employed since the beginning of the year. The year was marked by very good relationship between the employer and the employee, and willingness has been strikingly shown on both sides to interchange ideas and do all possible to further operations in the various districts and to overcome the difficulties arising therein. Unfortunately the close of the year was marked by an interruption of work in South Wales and threatened stoppages in other districts. The output per worker has fallen to approximately 263 tons, against 278 tons in 1929.

One of the most important events of the year was the passing of the Coal Mines Act (1930). Part I of the Act is divided under two heads: (a) Regulation of production, and (b) Control of sale. Part II provides for the setting up of a Commission to promote amalgamations. Part III repeals the Act which restored the eight hours day. Part IV deals with the establishment of an Industrial Board. The coal industry has kept in close touch with all work going forward with a view to furthering the use of coal and enabling consumers to utilise it with the maximum efficiency.

South Wales.—The world depression and the undercutting abroad resulted in a heavy shrinkage of trade, which was

most acute in the second half of the year. Following the inclusion of the collieries previously outside the Association, there was a slight levelling-up of the prices of such collieries to the minimum schedule prices, but the difference to be made up was rarely more than 3d. per ton. There were seasonal changes in house coals. Cokes, with the exception of special foundry classes, slumped owing to the closing of the iron and steel works and the necessity to bring down prices to sell abroad. Patent fuel, as well as small coals, had to be lowered in price. Sized coals, extracted by washing and treatment of small coals, became scarcer with the general reduction in output, and these realised rather above the scheduled minimum levels. The trade depression has been probably deeper than in any previous year, and Northumberland has felt it to the full extent. Little Northumberland coal now goes to Scandinavia owing to the severe competition of Polish coal, which can be exported at roughly 2s. per ton less than Northumberland coal of similar type. Under the new quota and minimum price schemes, production is to be restricted and prices maintained at about the present level, so that there is little prospect of this competition being overcome in the near future. Some other markets have been found, but these are chiefly in the home trade and are quite inadequate to absorb the normal production of the county, with the result that for the greater part of the year pits have been working short time.

Durham.—The Durham markets have suffered in a lesser degree than those of Northumberland, although conditions throughout the county have been exceedingly bad, the state of trade necessitating the closing of many pits and considerable idle time at most of the others. One redeeming feature, from the point of view of the colliery owners, was that during the busy period in 1929, when prices were high, they were able to obtain contracts for 1930 at values which have been considerably above the average for the year. There have been no other good features in the position, and the year has been probably the worst within living memory.

South Yorkshire.—The long anticipated improvement in the South Yorkshire coal trade did not materialise in 1930, and another difficult year has been experienced. Speaking generally, the collieries have worked only four or five days per week, but the output of all classes of fuel has been sufficient to meet the demand, which, during most of the year, was erratic. In the first half of the year some progress was made towards recapturing trade with foreign countries, but owing to the stoppage of the subsidy at the end of September the exports were adversely affected.

The following tables, compiled from figures published by the Mines Department of the Board of Trade, covering about 96 per cent. of the industry, show output, costs and proceeds for the first three quarters of 1930, as compared with recent periods:—

Great Britain.	1929.		1930.		
	First Quarter.	First Quarter.	Second Quarter.	Third Quarter.	Third Quarter.
Tonnage disposable ... tons	50,063,619	59,957,599	51,581,822	50,088,658	50,088,658
Wages	26,517,131	27,364,900	24,282,295	23,693,970	23,693,970
Stores and timber	4,432,450	4,729,910	4,342,069	4,034,212	4,034,212
Other costs	6,361,085	6,721,543	6,575,112	6,207,459	6,207,459
Royalties	1,428,162	1,444,828	1,276,555	1,241,802	1,241,802
Net costs	39,165,779	39,983,536	36,289,782	34,989,781	34,989,781
Commercial disposals	41,417,785	43,327,072	35,853,630	34,489,219	34,489,219
Balance	2,252,006	3,741,536	Dr. 416,152	Dr. 500,562	Dr. 500,562

Working results per ton, together with earnings and output per man-shift, are given below:—

Period.	Pro-ceeds per Ton.	Wages per Ton.	Net Cost per Ton.	Net Balance Credit (+) or Debit (−) per Ton.	Output per Man-shift Worked.	Earnings per Man-shift Worked.
1928.	s. d.	s. d.	s. d.	s. d.	Cwt.	s. d.
First quarter	13 5 09	9 7 78	14 2 43	−0 9 34	21.24	9 5 0
Second quarter	13 0 88	9 7 04	14 5 90	−1 5 02	20.98	9 3 0
Third quarter	13 0 06	9 5 99	14 4 17	−1 4 11	21.13	9 3 2
Fourth quarter	13 5 8	9 2 21	13 6 67	−0 2 87	21.80	9 2 84
1929.	s. d.	s. d.	s. d.	s. d.	Cwt.	s. d.
First quarter	14 0 30	9 0 16	13 3 15	+0 9 15	22.13	9 2 69
Second quarter	13 7 07	9 3 24	13 10 50	−0 3 43	21.45	9 2 59
Third quarter	13 8 77	9 3 29	13 8 99	+0 0 22	21.40	9 2 61
Fourth quarter	14 3 11	9 1 92	13 3 82	+0 11 29	21.78	9 2 78
1930.	s. d.	s. d.	s. d.	s. d.	Cwt.	s. d.
First quarter	14 5 43	9 1 54	13 4 06	+1 1 37	21.94	9 3 25
Second quarter	13 10 82	9 4 98	14 0 76	−0 1 94	21.32	9 3 26
Third quarter	13 9 25	9 5 53	13 11 65	−0 2 40	21.34	9 3 85

The destination of our coal exports in 1913, 1929 and 1930 is shown in the following table:—

EXPORTS OF COAL, COKE AND MANUFACTURED FUEL FROM THE UNITED KINGDOM.

	Quantity.			Value.		
	1913.	1929.	1930.	1913.	1929.	1930.
To—	Tons.	Tons.	Tons.	£	£	£
Russia	5,998,434	33,787	39,428	4,336,582	26,877	29,286
Finland	462,266	403,262	...	332,213	259,202	...
Sweden	4,563,076	2,335,855	1,766,510	3,032,459	1,779,148	1,371,470
Norway	2,298,345	1,444,467	1,202,225	1,447,356	1,025,604	877,453
Denmark	3,034,240	2,194,385	1,920,949	1,990,740	1,626,763	1,421,609
Germany	8,952,328	5,520,944	4,926,189	5,327,733	3,797,113	3,420,992
Netherlands	2,018,401	3,123,358	2,859,760	1,260,863	2,218,014	2,082,175
Belgium	2,031,077	4,139,634	3,444,715	1,176,130	2,817,292	2,391,704
France	12,775,909	13,045,033	12,969,043	8,074,053	10,390,391	10,801,396
Portugal	1,201,722	1,050,469	1,136,506	877,827	835,206	933,987
Azores & Madeira	154,359	67,389	56,136	126,607	55,990	47,689
Spain	2,534,131	1,782,649	1,711,729	1,811,246	1,613,718	1,507,358
Canary Islands	1,114,629	456,410	364,499	847,085	372,996	306,596
Italy	9,647,161	7,094,808	7,167,334	6,887,721	5,989,323	6,184,090
Austria	1,056,644	...	...	724,237	...	...
Hungary	727,899	589,281	529,573	540,875	512,136	463,059
Greece	3,162,477	2,267,874	1,811,527	2,368,203	1,869,395	1,540,798
Algeria	1,261,564	1,808,081	1,434,908	873,190	1,345,117	1,120,171
French W. Africa	149,107	215,866	145,736	132,564	181,189	127,792
Portuguese West Africa	233,015	299,764	176,973	203,098	233,461	144,511
United States of America	...	334,781	398,122	...	511,608	607,492
Chile	588,526	40,207	2,478	500,380	29,136	2,949
Brazil	1,856,871	1,808,925	1,204,361	1,581,475	1,583,370	1,099,967
Uruguay	723,936	594,724	301,311	616,413	344,538	258,852
Argentine Republic	3,693,572	2,798,861	2,687,941	3,090,000	2,559,624	2,485,103
Irish Free State	167,862	208,590	238,523	122,453	228,754	275,412
Channel Islands	354,702	347,596	209,910	256,102	276,432	168,931
Malta	700,111	184,953	102,730	519,089	156,377	88,689
Aden and Dependencies	181,204	61,852	31,532	154,330	58,129	29,682
British India	179,192	22,369	17,577	146,696	21,134	17,313
Ceylon	239,657	111,838	80,275	203,384	107,627	77,778
Canada	...	744,823	975,104	...	934,646	1,310,170
Other countries	1,749,877	2,818,247	2,093,935	1,398,359	2,385,587	1,787,791
Total of Coal	73,400,118	60,266,618	54,879,479	50,727,252	48,616,811	45,671,032
(a) Anthracite	2,976,389	4,217,326	4,105,578	2,374,353	5,073,147	5,464,814
(b) Steam	53,618,922	40,805,453	36,501,048	37,845,546	31,996,397	29,064,413
(c) Gas	11,527,686	7,316,673	6,634,906	7,154,427	5,441,666	5,097,580
(d) Household	1,769,719	1,855,364	1,931,689	1,164,088	1,841,025	1,902,061
(e) Other Sorts	3,507,402	6,071,802	5,706,258	2,188,838	4,264,576	4,142,164

Coal shipped for the use of steamers, &c., not being an export in the ordinary acceptance of the term, the value thereof is not included in these returns.

IRON AND STEEL.

United Kingdom.	Output (Thousand Tons).		Iron, Steel and Manufactures thereof (Thousand Tons).		Price of Cleve- land G.M.R. No. 3 per ton.		Unemployment.	
	Pig Iron.	Steel Ingots and Castings.	Imports.	Exports.	£ s. d.		Pig Iron.	Steel.
1913	10,250	7,660	2,230	4,969	6	s. d.	...	...
1923	7,438	8,489	1,322	4,318	5	0 0*	19.0†	...
1924	7,320	8,220	2,428	3,854	4	7 7	14.3	21.1
1925	6,238	7,397	2,721	3,731	3	6 5	20.3	25.5
1926	2,444	3,561	3,742	2,988	4	7 0	45.9	41.2
1927	7,294	9,100	4,406	4,196	3	12 9	14.6	18.3
1928	6,613	8,525	2,896	4,260	3	5 10	16.8	21.5
	1929 1930	1929 1930	1929 1930	1929 1930	1929	1930	1929 1930	1929 1930
Jan.	564 650	764 771	244 310	421 352	3 6	0 3 12	6 18 17	12 0 20 2 23 7
Feb.	520 607	775 776	160 259	380 294	3 7	0 3 12	6 16 11	12 2 19 8 22 7
Mar.	590 666	806 826	182 280	350 338	3 7	0 3 10	0 12 5 13	8 17 6 26 1
April	611 620	809 696	262 235	340 268	8 6	3 3 7	6 11 8 17	8 18 3 30 9
May	655 614	844 692	257 234	443 295	3 10	0 3 7	6 11 1 19	0 18 2 30 2
June	658 563	831 600	234 215	307 251	3 12	6 3 7	6 10 6 18	9 19 32 8
July	672 486	803 621	237 159	376 303	3 12	6 3 7	6 10 1 28	5 19 9 32 6
Aug.	682 417	753 451	255 195	358 219	3 12	6 3 4	6 10 4 30	7 20 0 36 8
Sept.	665 425	848 581	229 224	298 200	3 12	6 3 3	6 9 9 30	10 19 0 38 1
Oct.	689 415	890 513	249 264	390 264	3 12	6 3 3	6 10 0 34	6 20 0 41 4
Nov.	631 384	815 434	251 210	383 204	3 12	6 3 3	6 11 2 33	6 22 9 44 7
Dec.	643 350	661 337	256 283	332 170	3 12	6 3 3	6 12 2 35	7 22 0 50 6
Total	7580 6197	9655 7298	2815 2908	4379 3158	3 10	6 3 6 11	12 1 23 9	19 8 34 0

where the production of pig iron fell by 28 per cent. and of steel by 31 per cent. In France and Belgium the decline was not nearly so marked; in fact, French production declined by no more than 4 per cent. But the demoralisation caused by a declining market was so great that the very existence of the Continental Steel Cartel itself was threatened. Just when conditions might have been mitigated by a resolute price policy, the syndicates collapsed and a period of internecine competition ensued. In spite, therefore, of the low demand in Great Britain, both on home and export markets, imports continued at a fairly high rate, and amounted for the whole year to 2,908,000, or 86,000 tons more than in 1929. British makers realised that price reductions, which were not the result of production economies, but of unregulated competition, could only have the effect of still further destroying confidence, and kept prices as stable as possible throughout the year, although some price concessions were granted in the case of pig iron. For iron and steel prices as a whole, the Board of Trade price index, which stood at 15 per cent. above pre-war at the beginning of the year, declined by only six points throughout the year to 108.9.

During the past year further steps were taken in the direction of rationalisation. The amalgamation of Dorman Long and Bolekew Vaughan was a *fait accompli* before the end of 1929, but the long negotiations for the amalgamation of the Wigan Coal and Iron Company, the Pearson and Knowles Company and the Partington Iron and Steel Company were concluded in the early part of the year, leading to the formation of the Wigan Coal Corporation, with a nominal capital of approximately £1½ millions, and the Lancashire Steel Corporation with a nominal capital of £5½ millions. As from January 1st the heavy-steel departments of Messrs Guest, Keen and Nettlefolds and Messrs Baldwins, Ltd., were taken over by a new company, known as the British (Guest Keen Baldwins) Iron and Steel Company, while in Scotland Messrs Colvilles, who had already taken over Messrs Beardmore's business in plates, sections and rails, amalgamated with James Dunlop and Company; the new company is to be known as Colvilles, Ltd., with a capitalisation of £4½ millions.

The following tables show world production and British prices of iron and steel:—

WORLD PRODUCTION OF PIG IRON AND STEEL.
(In Millions of Tons.)

	1913.	1926.	1927.	1928.	1929.	1930 (estimated).
Pig iron—						
Great Britain	10.26	2.46	7.29	6.61	7.59	6.20
Germany	10.73	9.50	12.90	11.62	13.19	9.55
Saax	1.35	1.61	1.74	1.91	2.07	1.88
France	8.93	9.28	9.18	9.82	10.20	9.85
Belgium	2.45	3.35	3.69	3.84	4.03	3.30
Luxemburg	2.51	2.52	2.69	2.73	2.86	2.42
Total, Western Europe	36.23	28.72	37.49	36.53	39.94	33.20
United States	30.97	39.37	36.57	38.16	42.61	31.40
Other countries	10.70	9.43	11.24	12.25	14.68	14.05
World total	77.90	77.52	85.30	86.94	97.23	78.65
Steel ingots and castings—						
United Kingdom	7.66	3.60	9.10	8.52	9.64	7.30
Germany	11.93	12.15	16.06	14.29	15.99	11.10
Saax	2.05	1.71	1.86	2.04	2.17	1.90
France	6.86	8.30	8.18	9.35	9.55	9.15
Belgium	2.43	3.32	3.66	3.87	4.07	3.30
Luxemburg	1.31	2.21	2.43	2.53	2.66	2.25
Total, Western Europe	32.30	31.29	41.29	40.60	44.08	35.00
United States	31.30	48.29	44.94	51.54	56.43	41.20
Other countries	11.55	12.05	13.99	15.84	17.92	16.80
World total	75.15	91.75	100.22	107.98	118.43	93.00

—Iron and Coal Trades Review.

RANGE OF PIG IRON AND STEEL PRICES.

Grade.	Dec. 31, 1929.	Dec. 31, 1930.
No. 1 Cleveland	4 s. d.	4 s. d.
No. 3 Cleveland G.M.B.	3 15 0	3 6 0
No. 4 Foundry	3 12 6	3 3 6
No. 4 Forge	3 11 6	3 2 6
Common iron bars	10 15 0	10 15 0
Steel boiler plates	10 10 0	10 0 0
Steel ship plates*	8 15 0	8 17 6
Steel angles*	8 7 6	8 7 6
Steel joists*	8 10 0	8 10 0
Heavy steel rails	8 10 0	8 10 0
Fishplates	12 10 0	12 0 0
Billets—		
Soft	6 12 6	5 12 6
Hard	8 0 0	7 2 6
Black sheets	9 17 6	9 12 6
Galvanised corrugated sheets, 24 gauge	12 12 6	11 5 0

* Subject to rebate.

SILVER.

The following information is taken from the *Annual Bullion Letter* of Messrs Samuel Montagu and Company:—

The year under review was marked by a continuation of the fall in silver prices and the establishment of the lowest quotations ever recorded hitherto. The continued state of saturation in China, due to the unsettled conditions in that country, the existence of supplies in excess of requirements, and the forsaking of silver for monetary purposes, have again been the chief contributory factors to the loss of confidence demonstrated during the past year.

The highest price of the year was 21½d. for both cash and two months' delivery quoted on January 2nd, and the lowest recorded were 14½d. and 14½d. for the respective deliveries quoted on the last day of the year. For purposes of comparison we give the following table showing the variation between the highest and lowest quotations for the last ten years:—

	Cash Delivery.	Two Months' Delivery.
1921	12½d.	13d.
1922	7½d.	7½d.
1923	3½d.	2½d.
1924	4½d.	4½d.
1925	2½d.	2½d.
1926	7½d.	7½d.
1927	3½d.	3½d.
1928	2½d.	2½d.
1929	5½d.	5½d.
1930	7½d.	7½d.

At the beginning of the year Indo-China was still selling silver in anticipation of her adoption of the gold standard, which became effective in February, and the effect of this was reinforced by a lack of demand for silver in China, where stocks were already excessive. During most of the year China and the Continent were sellers of silver, but during the first three months the market was, to some extent, supported by purchases on Indian account in anticipation of the duty on the import of silver, which was imposed in the Budget. Demand from Hong Kong also helped the market during the first few months of the year.

A rapid decline was witnessed in May, which month showed the largest variation in prices of any month in the year. The highest quotations of the month were 19½d. and 19½d. for cash and two months' delivery respectively on May 5, and the lowest 17½d. for cash quoted on the 29th and 31st, and 17½d. for two months' quoted on the 29th. The demand of the Indian Bazaars, which had been the main source of support, showed signs of slackening, and heavy selling from China, owing to weakness in Shanghai, had a depressing effect on an ill-supported market. In addition, the Indian Bazaars, taking a weak view following the trend in China, made substantial bear sales. On May 15th the export of gold from China and the import of foreign silver coin was prohibited, the latter provision being directed against the dumping of silver from Indo-China. A continued decline, with very brief rallies, throughout June was chiefly the result of constant selling pressure from China, and was aggravated by the disturbed political conditions in India. Conditions in July, August and most of September were quieter, but there was a further fall at the end of September owing to the operations of speculators in China. October and November were again fairly quiet, but in December there was a very rapid decline. Weakness of the Shanghai exchange, mainly due to an excess of imports, led to loss of confidence and heavy selling, with little support from any quarter, and the year closed with quotations the lowest on record.

It is estimated that imports of silver into India and China during 1930 amounted to 85 million and 135 million fine ounces respectively. Coinage for Hong Kong is believed to have absorbed 10 million ounces. The amount of demounted silver which reached the market is estimated at 30 million fine ounces from the Government of India, 23 million from France and 18.3 million from Indo-China. Estimates of silver production are as follows:—

SILVER PRODUCTION (in millions of fine ounces).

	Mexico.	United States.	Canada.	Elsewhere.	World.
1912*	75	64	32	60	231
1919	66	57	16	41	180
1920	67	55	13	39	174
1921	64	53	13	41	171
1922	81	56	19	54	210
1923	91	73	18	64	246
1924	91	65	20	63	239
1925	93	66	20	66	245
1926	98	63	22	71	254
1927	105	60	23	66	254
1928	109	58	22	68	257
1929	109	61	23	59	262
1930 (estimated)	106	51	26	61	244

* Pre-war record year.

The report of the Kemmerer Commission on Chinese Currency was made public in March, and recommended the gradual adoption of a uniform nation-wide gold standard currency. The Hong Kong Currency Committee reported

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in July in favour of retaining the present currency as long as the Chinese currency remained on a silver basis. The committee, however, expressed the view that, though China's adoption of the gold standard was likely to remain for some time only a pious hope, it was most important that when the change came Hong Kong should be in a position to anticipate it.

COPPER.

Both copper production and consumption showed an appreciable falling off during the past year, as the table below shows:—

WORLD'S MINING PRODUCTION OF COPPER.
(Thousands of Long Tons.)

	1900.	1913.	1928.	1929.	1930.
Africa	7	23	135	168	183
Canada	8	34	92	113	130
South America.....	34	73	343	374	260
United States	263	555	832	900	695
Totals*	479	989	1,714	1,920	1,608

* Including countries not shown above.

This is the first interruption of a continued rapid rise since 1921.

WORLD'S COPPER CONSUMPTION.
(Thousands of Long Tons.)

	1900.	1913.	1925.	1928.	1929.	1930.
Great Britain	108	140	135	152	155	140
France	46	104	116	125	135	122
Germany	110	260	230	253	215	155
United States	172	362	730	892	1,000	710
Totals*	503	1,052	1,512	1,830	1,890	1,461

* Including countries not shown above.

Consumption of copper last year fell below the level of 1925, and both 1925 and 1930 compare closely with 1913 for the chief copper-consuming countries, with the exception of the United States, whose consumption in both years was practically double that of 1913. *Per contra* the three principal European countries last year did not even reach their 1913 tonnage, mainly due to the severe drop in German consumption. The unparalleled expansion in America should be looked upon as a post-war phenomenon and not as a basis from which conclusions for future development and expansion can be drawn, while any large increase in European consumption must come from an expansion in the automobile industry, or further electrification of industry and a vastly greater use of electrical appliances for household and industrial purposes, as well as a great increase in telephone and telegraph equipment. General economic and social conditions in Europe certainly do not point towards greatly increased activities in most of the above fields, although there is still ample room for further electrification of industry in many of the large industrial centres of Europe. We are, therefore, led to the conclusion that world's requirements for the next few years will not exceed the figures of 1928 and 1929, on the contrary, we believe that industrial activity everywhere must be on a large scale to reach these figures again within the reasonably near future.

At the beginning of the year the Copper Exporters, Inc., were quoting a price of 18.30c. c.i.f. Continent and £84 5s. c.i.f. United Kingdom for electrolytic copper. This price had already been maintained for about nine months, no account having been taken of the complete change which had taken place in the world's industrial condition and in the greatly changed level of prices of other commodities. In view of the large proportion of the total world's production controlled by the Copper Exporters, consumers were forced at times to buy some copper at this artificial price, but these purchases were naturally kept to as small a figure as possible. That the Copper Exporters' price at this time was largely artificial is very clearly shown by the price of standard copper, which at the beginning of the year was about £15 below the electro price.

Stocks in America rose very rapidly despite a certain restriction of output by the larger producers. The increase was caused primarily by a heavy decline in the rate of consumption, but was aggravated by the high price, which encouraged smaller independent mines to increase their production to the utmost, whilst holders of scrap materials delivered every ounce that they could collect to the refineries. In the meantime standard copper had also been shipped to America for refining, as was only to be expected with so large a margin prevailing. These shipments led to the creation of a heavy backwardation in standard, which at one time reached £5 per ton. The position was, however, relieved by considerable shipments of rough copper from Germany and elsewhere.

In the middle of April the producers had to bow to the inevitable and reduced their price in one day by 4 cents

per lb., which is equivalent to £18 5s. per ton. The market was, however, by now so demoralised that even this reduction failed to bring in any volume of buying, and very soon afterwards the price fell further to 12.80c. c.i.f. Continent and £59 c.i.f. United Kingdom. At this level consumers bought fairly large quantities, as they had depleted their stocks as much as they safely could. The producers foolishly took this opportunity immediately to raise the price again by ½c., but the improvement was short-lived. For some time the domestic market was below the Copper Exporters' price for Europe, which was much resented by European consumers. This position has often arisen since, but each time a buyers' strike has ensued, and has usually resulted in further reductions in the export price. The lowest point was reached at the end of October, when the price of the exporters was reduced to 9.80c. c.i.f. Continent and £45 3s. 9d. c.i.f. United Kingdom. This reduction was the signal for a heavy outbreak of buying, not only by consumers but also by speculators, who recognised that this figure was reasonable. At the same time a meeting of producers, including representatives of African interests, was assembled in New York and a decision was eventually arrived at to reduce the production still further by 23,000 short tons per month. The excited buying was further stimulated by the fact that producers only offered a limited tonnage each day, despite the fact that by this time stocks in their hands had risen to about 350,000 tons of refined. After being maintained for some days nominally at 9.80c., despite the heavy buying, the quotation was suddenly raised within a few days to 12.30c., an advance which quite effectually put an end to the buying movement. Little of interest occurred between this movement and the end of the year. The price gradually slipped away again to 10.30c. c.i.f., followed by a small rally to 10.80c. c.i.f. just before the close of the year.—*Messrs Brandeis, Goldschmidt and Company.*

LEAD.

At the beginning of the year the price of lead stood at £21 10s. per ton, to which it had fallen from higher levels, and was then regarded as a reasonable price for this metal. The price was very well maintained for quite a long time, owing to a considerable extent to market control being carried out in an efficient and reasonable manner. The slump in commodities, however, lasted too long and was too severe to allow of the programme of stabilisation being carried through successfully, and the position in lead has been somewhat analogous to that in copper, with an excess of supplies becoming available as time went on.

In order to effect its purpose the lead group was frequently compelled to keep London lead arrivals off the market by putting the metal into warehouse, thus lessening the supplies available on the market and delivering from warehouse as occasion arose. One result of these tactics was that instead of there being—as there otherwise would have been during the greater part of the time—a fairly large contango, there was often even a backwardation, especially towards the ends of months when contracts had to be settled. The stocks of lead in official warehouses in England are of no large size, amounting to 8,321 tons, but it is impossible to say how much more has been placed in unofficial warehouses or delivered in advance to consumers for future purchase. We imagine that invisible stocks of this kind amount to no small figure. At the same time the consumption of lead has, on the whole, been comparatively good. The statistical position has undoubtedly deteriorated both in America and in Europe during the later months of the year. The price in London was maintained around £21 10s. for both the prompt and forward position until about the middle of February, and on February 15th the quotations were £21 13s. 9d. February shipment and £21 11s. 3d. May shipment. A week later quotations were 10s. lower. The lead group at this juncture no doubt itself came to the conclusion that the price was no longer justified by prevailing conditions, and very sensibly cut its price to accord with the open market. At the same time the backwardation gave way to a contango, and on March 8th prices stood at £18 10s. March shipment and £18 15s. June shipment. The quotation remained around this figure until near the end of April, at which point a further fall took place, carrying the price at the beginning of May down to £17 5s. May shipment and £17 7s. 6d. August shipment. Support was then forthcoming and consumers bought more freely, stiffening the price again to about £18 per ton. The market then settled down to a value of between £17 15s. and £18 per ton, with alternating small contangos and backwardations until August, when, owing to temporarily smaller arrivals and purchases by Russia, the price was carried a few shillings higher, and a

larger backwardation was established. At the end of August quotations stood at £18 13s. 9d. August shipment and £18 3s. 9d. November shipment, but with the turn of the month the backwardation, as usual, disappeared. Then followed a period of quiet trading, with practically no alteration in values until well into September. Evidence that the statistical position in America was deteriorating, and recognition that the artificial withholding of supplies and the creation of invisible stocks by the pool was producing an unhealthy state of affairs, caused successive falls and heavy sales in the forward position. On October 11th, and in spite of half-hearted attempts to support the market, the price had fallen to £14 18s. 9d. per ton for both prompt and forward. This heavy fall brought buyers into the market, which recovered again to about £15 15s. per ton, and remained around this level with minor fluctuations until about the middle of December, when the price fell to £14 10s. per ton. A slight recovery took place subsequently and the year closed at £15 December shipment and £14 15s. March shipment. While consumption of lead has kept up fairly well in all the circumstances, production, in face of the very severe fall in price, has continued surprisingly high. According to the figures given below, the aggregate reduction amounts to only about 5 per cent. against 1929; whereas we estimate that consumption has fallen away by about 15 per cent. for the whole year and even more during the later months:—

WORLD'S PRODUCTION OF LEAD.

(Thousands of long tons.)	(American Bureau of Metal Statistics figures.)	1913.	1928.	1929.	1930.*
United States	398	580	618	556	
Mexico	62	232	245	238	
Spain	198	121	131	94	
Australia	123	163	174	163	
Canada	16	78	80	80	
Germany and Polish Silesia	195	121	131	115	
Belgium	53	63	61	61	
Other countries	162	136	144	184	
Totals	1,207	1,645	1,726	1,634	

* Our estimate.

In the United States consumption has fallen off very materially and very quickly after the first quarter of the

year, so that the stocks which at the beginning of the year amounted to 47,756 tons had increased by the end of June to 55,501 tons, and on December 31st stood at nearly 100,000 tons.—*Messrs. Brandeis, Goldschmidt and Company.*

SPELTER.

The decline in the price of spelter continued throughout the year until in December the figure of £13 5s. was reached. This is equal to the lowest price ever recorded and has only once before been quoted, forty-five years ago. The metal has not been within £3 of its present level for nearly thirty years. The total fall in price during 1930 amounts to over £6, and has been more or less evenly distributed over the whole year. As the price of £26 15s. ruling on January 1, 1928, was less than £3 higher than the average price ruling during the ten years prior to 1914, the fall may be considered severe.

The production in 1930 is estimated at about 1,292,000 tons, a decrease of about 130,000 tons as compared with 1929. Consumption, however, declined by a still greater amount, with a resulting increase in stocks. At the end of the year the stocks are estimated to have been as follows:—U.S.A., 128,000 tons; Continent of Europe, 94,000 tons; England, 12,000 tons. These figures represent increases of 62,000 tons in the United States, 49,000 tons on the Continent and 7,500 tons in the United Kingdom. Thus the increases amount to over 9 per cent. of the total production, and this despite a decrease in production of nearly 9 per cent. as compared with 1929. While these figures may not be very encouraging, the total of the stocks only represents about 2½ months' consumption, and it looks as if the world were taking an unduly pessimistic view so far as spelter is concerned. This may be prompted by certain special features in the situation. The price of spelter stands at a figure which can show little or no margin of profit over the cost of winning ore and producing the metal. In the ordinary way, such a price level should have its natural effect in the elimination of the production from those mines which lose money at this price. If the situation had been governed by natural factors, it is more than probable that the price of the metal would never have reached so low a figure, and that there would months ago have been an adjustment in production which would, in the natural course of events, have led to a rise in price. The

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year, however, has seen the continuance of the efforts to form a cartel, and as long as those producers who cannot work at a profit have had the hope of a combine for the maintenance of the price, they have been reluctant to close down. Indeed, it can be said that the efforts to make a cartel have been a very disturbing factor in the whole situation. Another important factor is the improved methods of treating lead zinc ores, which has had the effect of making zinc concentrates, to a considerable extent, by-products of the lead industry. As long as producers of the latter metal can obtain a margin over their freight and handling charges for their zinc concentrates, it is in their interest to dispose of them. Equally, as long as they go on producing lead concentrates, so must they produce a certain amount of zinc concentrates. In this way a portion of the world's spelter production is inevitably controlled by a factor which has really nothing to do with the spelter situation.

If the consumption of spelter were on the increase, the production of zinc concentrates from this source might be viewed with equanimity. It is a recognised fact, however, that the consumption is, if not actually decreasing, at any rate at a standstill. There are certain definite and well-known factors which account for this, such as the changes in building practice resulting in the use of concrete where zinc was used before, and in the replacement of galvanised sheets by other materials such as asbestos compositions. In support of this reference has only to be made to the sheet and galvanised sheet statistics. The American exports of sheets and plates, for as much of 1930 as is reported at the time of writing, is only about 63½ per cent. of the corresponding period in 1929. The United Kingdom export of galvanised sheets is, similarly, only 64 per cent. of the corresponding period in 1929, but the last months to be reported are only 50 per cent. of the early months of the former year, while the amount of zinc used for galvanising is only 72 per cent. of the 1929 figure. This position is aggravated, temporarily at any rate, by the increase in the tariff on galvanised sheets into India and the prohibition of the importation of galvanised iron into Australia. In the meantime, it has to be recognised that the price of spelter remains at what can only be considered an uneconomic figure, and it seems certain that if all suggestion of artificial restriction were removed, the production would readily adjust itself to consumption with a corresponding improvement in price.—*Messrs. Brandeis, Goldschmidt and Company.*

TIN.

The year 1930 opened with tin at £180 7s. 6d. cash and £183 15s. three months. This was practically the highest point, and the subsequent course of the market was an almost uninterrupted fall, such recoveries as took place being relatively small and of short duration. The lowest price touched was £104 2s. 6d. cash and £105 7s. 6d. three months on December 17th. Subsequently a recovery took place on rumours of restriction, and on December 31, 1930, the quotation was £116 12s. 6d. cash and £118 2s. 6d. three months.

In January and February, the policy of restriction was definitely put into operation, and it was announced that mines in Malaya, as well as in Bolivia and Nigeria, had agreed to fall in line with the curtailment of production. How far this programme was actually effective it is difficult to say, and there is no doubt that it was impossible to include most of the mines worked by the Chinese in the Malayan Peninsula, who, as they usually do in a period of falling prices, undoubtedly increased their output. In spite of the constant recession in price, the supplies of tin during 1930 have been little less than in the record year 1929. On the other hand, while according to published statistics deliveries, which are presumed to be deliveries to consumers, show a greater falling off than the supplies, yet the published deliveries still make a very good showing taking all the factors into consideration. There is reason to suspect, however, that the published figures of deliveries are probably a good deal in excess of actual consumption.

Towards the end of the year it was rumoured that fresh schemes were afoot to restrict and control the quantity of tin reaching the market. This new scheme apparently is to be operated in collaboration with the Governments of the producing countries concerned, with a view to allotting to each a certain quantity of tin which may be exported within a fixed period.—*Messrs. Brandeis, Goldschmidt and Company.*

TIN STATISTICS.

Long Tons (2,240 lbs.).

	World's Mine production.	Deliveries.	Visible supply including "carry-over" in Straits. End of Year.†	Average cash price of Standard Tin, London. £ per long ton.
1928	182,000	161,900	25,800	227
1929	196,000	177,000	32,900	204
1930	178,000	157,000	46,900	143

Source: * Metallgesellschaft A.G. Frankfurt/Germany.

† London Metal Exchange.

Tinplate.—During the first six months of the year the output of the tinplate trade was the greatest in history, but the last few months have shown a distinct falling off, an experience shared to the full by our overseas competitors. In Wales the works operated at about 80 per cent. of capacity during the early part of the year; the figure was only about 60 per cent. in September and 50 per cent. at the close of the year. The tendency towards self-supply is shown in an increasing number of countries—at least eight in Europe, as well as Japan and the United States, where a recently established factory now looks towards supplying the export demand for the Far East.

Prices.—The year opened with 18s. 9d. as the market price for cokes f.o.b. Wales. In September, owing to the paucity of business, the official minimum price was reduced from 18s. to 17s., but this concession failed to produce any marked improvement in demand, as buyers continued to hold off and many mills had to stand idle. Makers therefore decided on November 22nd to abandon fixed prices and leave the market open. Efforts have recently been made to bring the few outside works into the "Pool" and a new scheme for controlling sales has also been considered. The year closed with the price somewhere in the neighbourhood of 15s. 3d.

Bars.—Welsh bars were quoted at £6 10s. in January. The prices were reduced in February to about £6 3s. 9d., where it remained till June. In July it fell to £6, in September to £5 15s. and in November to £5, at which level bars were quoted till the end of the year. Foreign bars started the year at £5 2s. 6d., fell gradually to £3 17s. 6d. in November and recovered to £4 5s. at the end of the year. Imports of foreign bars were 527,348 tons, against 418,838 tons in 1929 and 540,167 tons in 1928.—*Messrs. Sim and Coventry's Annual Report.*

VI.—SHIPBUILDING AND SHIPPING.

SHIPBUILDING.

United Kingdom.	Output (Gross Tons, 000's omitted).			Price of a New, Ready 7,500 Ton Cargo Steamer.†	Unemployment.
	Commenced.	Under Construction.	Launched.		
1913	467	2,002	1,932	(Thou. £) 62.0	37.5
1923	238	1,374	646	61.8	29.4
1924	263	1,439	1,440	53.2	34.1
1925	264	1,038	1,085	55.1	39.7
1926	145	805	640	63.3	25.0
1927	441	1,431	1,226	59.0	26.7
1928	325	1,244	1,446		
1929	362	427	1,357	1,615	290
1930	428	230	1,454	1,392	393
1931	360	161	1,448	1,117	369
1932	499	132	1,560	909	473
1933	412	238	1,455	1,258	1,523
1934	412	238	1,455	1,258	1,479
1935	412	238	1,455	1,258	1,479
1936	412	238	1,455	1,258	1,479
1937	412	238	1,455	1,258	1,479
1938	412	238	1,455	1,258	1,479
1939	412	238	1,455	1,258	1,479
1940	412	238	1,455	1,258	1,479
1941	412	238	1,455	1,258	1,479
1942	412	238	1,455	1,258	1,479
1943	412	238	1,455	1,258	1,479
1944	412	238	1,455	1,258	1,479
1945	412	238	1,455	1,258	1,479
1946	412	238	1,455	1,258	1,479
1947	412	238	1,455	1,258	1,479
1948	412	238	1,455	1,258	1,479
1949	412	238	1,455	1,258	1,479
1950	412	238	1,455	1,258	1,479
1951	412	238	1,455	1,258	1,479
1952	412	238	1,455	1,258	1,479
1953	412	238	1,455	1,258	1,479
1954	412	238	1,455	1,258	1,479
1955	412	238	1,455	1,258	1,479
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1967	412	238	1,455	1,258	1,479
1968	412	238	1,455	1,258	1,479
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1970	412	238	1,455	1,258	1,479
1971	412	238	1,455	1,258	1,479
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1979	412	238	1,455	1,258	1,479
1980	412	238	1,455	1,258	1,479
1981	412	238	1,455	1,258	1,479
1982	412	238	1,455	1,258	1,479
1983	412	238	1,455	1,258	1,479
1984	412	238	1,455	1,258	1,479
1985	412	238	1,455	1,258	1,479
1986	412	238	1,455	1,258	1,479
1987	412	238	1,455	1,258	1,479
1988	412	238	1,455	1,258	1,479
1989	412	238	1,455	1,258	1,479
1990	412	238	1,455	1,258	1,479
1991	412	238	1,455	1,258	1,479
1992	412	238	1,455	1,258	1,479
1993	412	238	1,455	1,258	1,479
1994	412	238	1,455	1,258	1,479
1995	412	238	1,455	1,258	1,479
1996	412	238	1,455	1,258	1,479
1997	412	238	1,455	1,258	1,479
1998	412	238	1,455	1,258	1,479
1999	412	238	1,455	1,258	1,479
2000	412	238	1,455	1,258	1,479

† According to "Fairplay."

§ Average for four quarters.

Although the annual returns of shipbuilding in 1930, recently issued by *Lloyd's Register*, do not disclose the full effects of the trade depression on this industry during the past twelve months, it is significant that, whereas the total tonnage launched in the world last year showed, at 2,889,472 tons, an increase of 96,262 tons as compared with 1929, the launchings in British yards declined by 44,000 tons to 1,478,563 tons, while the tonnage launched abroad amounted to 1,410,909 tons, as compared with 1,270,587

tons in 1929. In this country the year opened with a satisfactory volume of new work, while the tonnage under construction in the first quarter showed a considerable increase over the quarterly average for 1929. But from the spring of the year onwards the effect of the depression became more marked, and in each of the last three quarters of the year the amount of work commenced fell far below the rate of launching. The fairly satisfactory position of the industry during the early part of 1930 was to a great extent due to the large contracts for tankers which were placed with British shipbuilders during the latter part of 1929. Indeed, the amount of tanker tonnage under construction resulting from these contracts did not reach its maximum of 634,000 tons until June, 1930. Work in hand on other vessels, however, steadily decreased from 1,221,000 tons in September, 1929, to 520,000 tons at the end of 1930—the lowest figure recorded for the end of any quarter since the war. The lack of orders for new vessels has been sharply reflected in the amount of unemployment in the industry, the percentage of insured workers unemployed at the end of December, 1930, having risen to 45.4 per cent., as compared with 23.3 per cent. at the end of 1929.

Foreign shipbuilding does not appear to have suffered from the world-wide trade depression as severely as that of this country. The following table compares the total tonnage output in Great Britain and foreign countries during the past two years with the average figures for 1909-13, 1922-25 and 1926-28:—

Period.	Tons launched. (000's omitted.)			British Percentage.	Output as Percentage of 1909-13.		
	U.K.	Abroad.	World.		British.	Foreign.	World.
Average—							
1909-13.....	1,522	967	2,489	61	100	100	100
1922-25.....	1,050	1,087	2,137	49	69	112	86
1926-28.....	1,104	1,116	2,220	49.5	72.5	115	89
1929	1,523	1,270	2,793	54.5	100	131	108
1930	1,478	1,411	2,889	51	97	146	116

The most striking feature brought out by the foregoing table is that while the position in British yards since the war has tended to fluctuate—and to experience a severe setback in 1930—foreign shipbuilding has steadily increased

during post-war years, and in 1930 was 46 per cent. above the level of 1909-13. The following table of launchings in various foreign countries during the past four years shows that in only a few cases was the output of 1930 below that of 1927:—

TONNAGE LAUNCHED ABROAD (Thousand Tons).

	High Record.	1927.	1928.	1929.	1930.
Denmark	since 1920.	139	72	139	111
France	139	72	139	111	137
Germany	211	44	81	82	101
Holland	526	290	376	249	246
Italy	232	120	167	187	153
Japan	220	101	59	71	88
Sweden	227	42	104	164	151
U.S.A. (coast)	132	67	107	107	132
U.S.A. (total)	995	124	86	101	214

The outputs of Denmark, France, the United States and Sweden in 1930 all showed considerable increases as compared with 1929—Sweden recording her highest figure since 1920. As regards the volumes of work in hand at the end of December, 1930, as compared with previous years, it will be seen that the trade recession has not affected the shipbuilding of all overseas countries to the same extent:—

WORK IN HAND DECEMBER 31.

(Thousand Tons.)

	1925.	1927.	1928.	1929.	1930.
United Kingdom	885	1,580	1,243	1,560	909
Germany	234	472	382	253	218
Italy	310	183	95	78	180
France	167	115	161	167	174
Holland	109	175	182	232	160
Denmark	61	98	83	105	108
Japan	52	69	119	184	86
Sweden	55	101	99	98	146
U.S.A.	105	97	48	179	232
World total	2,069	3,119	2,618	3,111	2,326

Apart from Germany, Holland and Japan, all the foreign countries in the above table had more work in hand at the end of 1930 than they had at the end of 1929, and only in the case of Japan was the percentage decline in tonnage under construction comparable with that of Great Britain. Thus at the end of December, 1930, 39 per cent. of the tonnage under construction was building in yards in the United Kingdom, a figure which compares unfavourably with 50 per cent. at the end of 1929 and 57 per cent. on the average of the last twelve months before the war.

The serious position of the shipbuilding industry in this country is again emphasised by the fact that the percentage of available berths in British yards had fallen from

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55 per cent. in 1929 to barely 25 per cent. at the present time, and the returns of idle shipbuilding indicate such a vast surplus of carrying space under present conditions that it is obvious that any recovery in trade will have to be of considerable dimensions before shipowners are likely to place orders other than for the minimum of replacements. Even after allowing for the large proportion of the total represented by tankers, it is obvious that the output of 5.7 million tons of new shipping during the past two years, at a time of extreme trade depression, was bound to result in a severe tonnage glut which cannot be worked off for a considerable time. Although quotations of British builders are not unfavourable as compared with those of other countries, it is evident that shipowners in many countries, who before the war gave large orders to British yards, are now placing their contracts at home.

SHIPPING.

	Tonnage engaged in British Overseas Trade.		Economic Index of Freight Rates (1913=100).	Unemployment.		
	Entered (With Cargo).	Cleared (With Cargo).		Shipping Services.	Dock, &c., Services.	
	Thousand Tons.	Thousand Tons.		%	%	
1913	49,064	57,829	100	...	...	
1923	51,092	70,691	109.69	19.7	22.0	
1924	55,370	65,293	113.44	19.5	25.6	
1925	55,513	62,311	102.22	20.6	30.0	
1926	64,141	46,977	109.68 *	20.5	30.0	
1927	60,549	63,500	109.64	16.0	24.3	
1928	60,336	64,444	98.8	16.2	30.5	
	1929.	1930.	1929.	1930.	1929.	1930
January...	4,674	4,786	5,410	5,788	109.6	81.2
February...	3,313	4,270	4,621	4,953	106.7	76.5
March	4,574	4,444	5,505	5,341	102.6	75.5
April	5,155	4,979	5,518	5,259	99.1	77.1
May	5,381	5,783	6,013	5,981	97.3	76.1
June	5,363	5,412	6,750	5,335	92.1	75.7
July	5,962	6,046	6,162	5,714	94.8	78.1
August	5,861	5,639	6,464	5,839	96.1	82.6
September...	5,894	5,833	5,963	5,877	95.3	83.6
October...	5,832	5,569	6,217	5,814	93.3	81.7
November...	5,130	4,961	5,857	5,107	88.3	79.3
December...	4,944	5,123	5,166	4,889	86.2	81.5
Total ...	62,704	63,700	68,686	65,857	96.8	79.1
		</				

* This figure, being based, in part, on averages for May to November, when no coal freights were obtainable, and homeward freights consequently at an abnormal level, is not comparable with the figures for preceding years.

In face of the severe all-round contraction of trade, it would be natural to expect that the activity of shipping traffic (leaving out of account for the moment the question of the average "load factor" per voyage) should also have undergone a substantial diminution. The available statistical evidence bearing on this point requires to be read with several considerations in mind. In the first place there are the returns of laid-up tonnage in the principal ports of Great Britain and Ireland, given below:—

Laid up on—	Thousand Tons net Average	1925-28.	1929.	1930.
January 1st.....	408	330	353	
April 1st.....	359	236	892	
July 1st.....	638	381	919	
October 1st.....	408	266	885	

A definite "peak" was reached on October 1, 1929, immediately before the world depression set in. Between that date and the beginning of 1930—a quarter in which there is a strong seasonal tendency for improvement to be registered—the increase in unemployed tonnage was of moderate dimensions; but six months later the figure had risen to nearly one million tons net; and the following quarter, in which a seasonal improvement is again usually recorded, brought a very minor betterment in the situation.

In the next place, there are the returns of tonnage entered and cleared with cargoes at British ports. The trade with the Irish Free State is eliminated throughout, and the figures for 1930 are calculated on the basis of the Trade and Navigation Returns for the first ten months of the year:—

ENTRANCES AND CLEARANCES.		Monthly Average	
Tons net entered (in thousands)—	1928.	1929.	1930.
British	3,078	3,121	3,156
Foreign	1,671	1,824	1,915
Total	4,749	4,945	5,071
Percentage British	64.8	63.1	62.2
Tons net cleared (in thousands)—	1928.	1929.	1930.
British	3,269	3,427	3,274
Foreign	1,753	1,43	1,944
Total	5,022	5,370	5,218
Percentage British	65.1	63.8	62.7

† On basis of first ten months.

Somewhat surprisingly, the conclusion to be drawn from the foregoing table (and the traffic returns of other

European ports point in the same direction) is that notwithstanding the recession in production and trade during 1930, the physical activity of shipping was little less than in the previous years.

The explanation which reconciles the apparent conflict between these returns of idle tonnage and of shipping in movement reveals the two features which, apart from the general price-fall and trade depression, have contributed to the difficulties of the past shipping year. Not only did acute competition between liner concerns with super-abundant tonnage at their disposal lead to traffic being maintained, notwithstanding the fact that the capacity of ships officially returned as "entered or cleared laden" was far from fully utilised, but a sudden change in the balance of the world's grain trade shortened the average length of voyage of vessels carrying this commodity, and so produced an unreal apparent expansion in the traffic returns. Further, in the autumn of 1930, Russia reappeared in the world market as a large-scale exporter of wheat, and her requirements were for handy-sized tonnage (whereas the whole decade 1919-29 had seemed to point to the "inevitability" of the large carrier suitable primarily for the Plate trade). Her exports were the last straw on the breaking "camel's back" of the world price for wheat, and no market succeeded in making any headway against the general downward trend of freights.—*Mr. Aylmer Vallance, in Lloyd's List Annual Review.*

ENGINEERING.

United Kingdom.	Exports of Machinery.	Unemployment.				
		General Engineering.	Electrical Engineering.	Marine Engineering.		
	Tons.	%	%	%		
1913	689,389	...	...	...		
1923	432,486	18.3*	5.6*	22.2*		
1924	463,648	15.2	5.5	16.9		
1925	515,896	12.6	5.5	20.9		
1926	475,789	15.7	7.7	26.9		
1927	512,156	10.4	5.2	15.8		
1928	566,153	9.9	4.9	13.5		
	1929.	1930.	1929.	1930.	1929.	1930.
January	52,175	46,219	10.9	11.7	5.3	5.2
February	44,003	43,653	10.3	12.7	5.4	5.7
March	45,885	41,549	9.1	13.8	4.7	6.0
April	42,644	39,509	9.1	14.7	4.9	6.6
May	58,612	45,988	9.5	14.9	4.6	7.1
June	37,824	38,300	8.8	15.7	4.4	7.4
July	51,977	45,813	8.9	16.7	3.8	7.9
August	44,896	35,634	9.7	18.3	4.0	8.5
September	38,425	30,327	10.0	19.8	4.1	9.3
October	49,341	44,133	9.9	21.5	4.1	10.1
November	52,994	35,590	10.2	22.3	4.2	11.4
December	43,696	34,625	10.3	24.7	4.2	11.1
	562,472	481,345	9.7	17.2	4.5	8.0
						10.4
						18.2

* End of year.

General Engineering.—A fair amount of structural work has been done during the year. Not very many railway contracts were placed. Toolmaking reports vary: some branches, especially those concerned with the heavier classes of machines, were fairly well occupied, but on the whole it was not a good year for business, though technical progress has been maintained. Printing machine makers have enjoyed a fair business, but the position and prospects of the textile machinery industry are very unsatisfactory. The aeroplane industry has obtained a number of good contracts during the year. The past year has been one of the worst on record for agricultural engineering.

Electrical Engineering.—This branch of the industry has been better occupied than most, as extensive contracts have been placed in connection with the national scheme for railway electrification and from the application of electricity to marine propulsion. While the total value of electrical exports is down, some important export contracts for large plant were received. The following is an index of activity in the electrical industry of Great Britain, and is copyright by the Economic and Statistical Department of the British Electrical and Allied Manufacturers' Association:—

		(1920 = 100.)				(1920 = 100.)	
1929.	Home. Expt. Total.	1930.	Home. Expt. Total.	1929.	Home. Expt. Total.	1930.	Home. Expt. Total.
January	92 122 99	January	68 220 107	January	92 122 99	January	68 220 107
February...	92 126 101	February...	69 240 112	February...	92 126 101	February...	69 240 112
March	88 126 97	March	71 236 113	March	88 126 97	March	71 236 113
April	86 145 100	April	72 214 108	April	86 145 100	April	72 214 108
May	84 113 99	May	70 209 105	May	84 113 99	May	70 209 105
June	84 149 101	June	59 212 98	June	84 149 101	June	59 212 98
July	90 151 106	July	55 232 100	July	90 151 106	July	55 232 100
August	84 140 102	August	63 245 109	August	84 140 102	August	63 245 109
September...	81 150 99	September...	63 221 103	September...	81 150 99	September...	63 221 103
October...	76 191 106	October...	64 181 94	October...	76 191 106	October...	64 181 94
November...	71 216 109	November...	61 171 89	November...	71 216 109	November...	61 171 89
December...	60 228 102	December...	75 152 95	December...	60 228 102	December...	75 152 95

For private and commercial accounts



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EDWIN FISHER. HENRY THOMAS MITCHELL.
FOREIGN GENERAL MANAGER: WALTER OSBORNE STEVENSON.

Authorised Capital ...	£20,000,000
Issued and Paid-up Capital...	£15,858,217
Reserve Fund ...	£10,250,000
Deposits, etc. (31st Dec., 1930) ...	£349,273,283

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BARCLAYS BANK S.A.I.: ROME AND GENOA.

THE BRITISH LINEN BANK.

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The home index for December was the best of the year, largely owing to the placing of two large London contracts as part of the national scheme. The following average figures of electricity production are based on the index numbers which are regularly published in the monthly supplement to the *Economist*:—

INDEX OF PRODUCTION OF ELECTRICITY.*
(Monthly average, 1923-24 = 100.)

Date.	Britain, excluding London and Wales.	Coal Mining, Iron and Steel, Shipbuilding, Heavy Engineering.	General Engineering and Automobile Construction.	Chemicals.	Marine Transport, Docks, &c.	Textiles, Cotton and Wool.
Monthly Average.						
1924	114	122	111	132	112	102
1925	121	124	130	151	126	111
1926	119	100	138	162	134	120
1927	146	143	158	210	163	139
1928	156	150	177	237	190	147
1929	171	164	211	250	196	160
1930	167	152	216	235	215	156

* Prepared by the economic and statistical department of the British Electrical and Allied Manufacturers' Association.

Motor Vehicle Manufacture.—An encouraging development has been the increasing tendency to the purchase of British cars for the home market, but the export trade has been disappointing, though the growing popularity abroad of baby cars is a hopeful sign. Exports of touring cars amounted to only 19,226, against 23,891 in 1929, and exports of chassis fell from 15,484 to 7,041, Australia having taken over 6,000 fewer. The commercial section was more successful and increased its exports from 2,636 in 1929 to 3,486 in 1930. The motor-cycle industry had a difficult year, especially in foreign markets.

Marine Engineering.—In spite of a decrease in tonnage constructed, the output of marine engineering shops in 1930 was slightly greater than in 1929. Interest in the question of the utilisation of high pressure steam continues very keen.

BUILDING TRADES.

The building industry has suffered a 2½ per cent. reduction on the wage rates for all trades during the past year. This was the outcome of the pre-arranged wages agreement between employers and operatives, and was effected without giving rise to any serious trouble. Unemployment during 1930 has slightly increased, the percentage of unemployed throughout the industry being 16.3, as compared with 12.99 at the close of 1929. In London—almost, if not quite, alone—extensive building activity has continued during the year. The unemployment is most manifest in the large industrial centres of the United Kingdom, and the slackness in the building trade in these is due to general trade conditions.

For the past ten years housing has occupied the premier position in all building undertakings, and 1930 has been no exception to this rule. The returns of plans passed by local authorities show that housing has represented 63 per cent. of the total of building work approved during the year. This preponderance of housing over general building, inevitable although it may be under present conditions, cannot be regarded as a healthy state of affairs. When the Estimates were laid before the House of Commons at the beginning of the financial year 1930-31, the general housing position up to that time was that there had been completed since the Armistice in connection with State-aided schemes 939,000 houses. Private building of houses without assistance of any kind accounted for 520,000 houses; so that since the war the total number of houses actually completed in England and Wales amounted to 1,459,000. The total expenditure by the Government since the war to cope with the housing problem was £45,000,000—to which must be added the £4,950,000 provided for the current financial year. In many parts of the country, particularly on the outskirts of London, the supply of houses of higher value appears to have caught up with the demand; but the demand for working-class houses shows little sign of falling off.

During the International Builders' Congress the principle of rationalisation was discussed in all its bearings. As the result of the trend in this direction, considerable advance is being made by contractors in this country, as well as on the Continent, in the standardisation of building units, and the increased mechanisation of processes. A system of team work affecting all concerned on the job is introduced, which brings about a greater efficiency, and must inevitably result in the speeding up of the work.—*Chamber of Commerce Journal*.

SOAP AND GLYCERINE.

As will be seen from the table below, the total exports of soap for 1930 show a fairly considerable decline over the previous year, especially in hard and laundry soaps. Unfortunately there is no corresponding decline in imports, which, on the contrary, continued to increase. The imports, however, are not large compared with the large export or with the home market. It is difficult to say precisely what the home consumption is, and it may not come up to the export figure. If it does, then the average consumption of soap per head of the population in this country, assuming a population of 50,000,000, amounts to 3.36 lbs. per annum, which is undoubtedly on the lower side. In any case it is evident that the home manufacturers have the lion's share of the home market, but it is only by constant effort and ceaseless vigilance that they do so, and foreign competition becomes more and more severe both at home and abroad.

IMPORTS.

	Quantities cwts.			Values (£).		
	1928.	1929.	1930.	1928.	1929.	1930.
Soft	34,304	47,911	55,595	43,571	68,481	63,569
Hard, bars or tablets	131,175	141,925	196,813	281,874	313,896	389,987
Abrasive	11,867	16,738	11,627	1,704	18,964	13,316
Toilet and shaving	75,993	63,300	55,826	302,560	252,414	202,857
Other	28,070	30,850	27,553	51,878	57,586	46,493
Total	281,409	300,724	347,414	697,087	709,341	716,222

EXPORTS.

Soft	40,263	38,811	33,839	61,956	50,661	41,209
Hard, bars or tablets	1,445,407	1,319,186	1,101,510	2,778,697	2,470,505	1,959,705
Abrasive	28,610	28,933	27,940	70,881	72,867	64,001
Toilet and shaving	83,904	89,324	72,517	713,591	755,642	564,926
Other	39,948	37,322	33,203	175,099	161,446	123,454
Total	1,638,132	1,513,576	1,269,009	3,798,224	3,511,121	2,753,295
Candles	126,226	107,748	95,929	306,202	291,287	236,469

One bright feature in the soap trade is the success of the home manufacturers in maintaining their position in regard to toilet soaps. A short time ago there was an invasion of the home market by cheap foreign toilet soaps, but this was quickly countered by some of the leading English makers, with the result that the imports of foreign toilet soaps have declined. From the technical point of view research in many directions is being steadily pursued, but without any outstanding results. In fact, British research in the soap and allied trades, as carried out by the largest concern in the country, has not been distinguished by any very brilliant successes, and such improvements as have been made have been largely of foreign origin.

In regard to glycerine, there is little to report. The market has remained in the same dull and quiescent condition reported for the previous year, and, despite the almost desperate attempts to find fresh uses and markets, there has been little if any recovery. Ethylene glycol, which at one time appeared to threaten the very existence of the glycerine trade, has not proved so formidable as was at one time anticipated; but it has now been tried in various forms, as a soap constituent, for example, ethanalamines and glycol ethers. The use of these ethers, as polyglycol or otherwise, is now commercially possible, and hard, soft, transparent or liquid soaps can be made therewith, having very good cleansing properties and unobjectionable odours. It is possible they may be suitable also for toilet soaps; experiments have shown that they are indeed superior to some toilet soaps in that they do not extract fat from the skin.

It is doubtful, however, if these or any other synthesised materials can be looked upon as constituting a serious source of cheaper material for the soapmaker, and the usual oils and fats will remain as the chief ingredients of his fat charge as they always have been. There may be changes from time to time in the relative importance of the different oils and fats, from the soapmaker's point of view, but this does not affect the main position.

The BRITISH OVERSEAS BANK LIMITED

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Registered with unlimited liability, 1885
Incorporating

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(Established before 1000) (Established 1809)

BANKERS

Army and Air Force Agents, Navy and Prize Agents.

Capital	£1,080,000
Reserve Fund	530,000
Current and Deposit Accounts	39,535,509
Cash in Hand and at Bank of England	7,157,643
Money at Call and Short Notice	8,153,400
Investments	6,638,253
Advances, etc.	15,593,356
Balances with, and Cheques in course of Collection on, other Banks in the United Kingdom	1,567,753

31st December, 1930

42, GRACECHURCH STREET, E.C.3

(Temporary Head Office during rebuilding of 67 Lombard Street, E.C.3).

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VII.—TEXTILES. THE COTTON TRADE.

United Kingdom	Imports of Raw Cotton.	Exports.		Prices—Middling American.	Unemployment.	Average Earnings per Week.
		Yarn.	Piece Goods.			
	Thousands of Lbs.	Million Lbs.	Million Sq. Yds.	Per Lb.	%	Per Week.
1913	19,167	210.1	*7,057.3	7.27	1.71	20.5
1921	12,919	145.0	4,140.2	16.27	16.9	23.5
1922	15,777	163.1	4,444.0	16.87	13.7	23.5
1923	16,912	189.5	4,433.7	12.72	8.3	23.5
1924	17,371	168.5	4,334.3	9.30	18.0	23.5
1925	15,483	200.4	4,116.9	9.38	18.0	23.5
1926	15,076	169.2	3,666.5	10.95	12.0	23.5
1927						
1928						
1929						
1930						

* Million linear yards. † End of year.
‡ Trade Union figure; other figures are Unemployment Insurance returns.

The year 1930 for cotton spinners and manufacturers in Lancashire was a disastrous year, in which output varied between 55 and 65 per cent. of full capacity. There were many reasons for the continuance of the depression, but outstanding events during the year were the fall in raw cotton prices and the decline in the price of silver.

Cloth manufacturers experienced the worst year since the depression began in 1920. Demand from abroad was on a smaller scale than ever, and a number of employers closed their sheds for an indefinite period. The wretched state of affairs is reflected in the falling off in export trade, the shipments of cloth in square yards being 34 per cent. smaller than in 1929. There was a remarkable decline in the exports of India of 43 per cent. A feature of interest, however, was the increased activity for Hong Kong in poplins and similar goods, and some substantial contracts were arranged. Japanese competition in the Far East, however, tends to increase. There was no general activity for Egypt and the Near East. Operations for South America were patchy. As an outlet for Lancashire goods the West Coast of Africa tended to improve, but latterly business has been checked by the poor prices ruling for agricultural produce. The off-take for Canada and New Zealand kept up fairly well, but the unfavourable developments in Australia checked business. The home demand for cotton fabrics did not give much satisfaction, and less favourable results were reported by producers of artificial silk. Distributors were severely hit by the falling tendency of prices. The following is a comparative table of cloth shipments from the United Kingdom:—

	Linear Yards	£
1913.....	7,075,252,000	97,775,855
1928.....	3,968,198,300	107,228,462
1929.....	3,044,851,400	92,263,997
1930.....	2,490,449,400	61,505,421

It was a deplorable year for spinners of yarn. The owners of more mills were compelled to close down for an indefinite period. In other factories there was a tendency for short time to increase, and the average output was smaller than at any period since the slump began in 1920. It was impossible during the year for spinners of Egyptian yarns to obtain any relief, and many mills during the last few months have worked only alternate weeks. As a result of the limited demand there was increased internal competition, while the demand for yarns suitable for shipment abroad was disappointing, and exports show a decline of 18 per cent. compared with 1929. Firms engaged in the Egyptian spinning branch made an attempt to rationalise that section, but the proposals did not receive adequate support. A scheme on similar lines is now being considered by spinners in the American section. For this to be put into operation, however, compulsory powers will be necessary.

The following is a comparative table of yarn exports from the United Kingdom for 1913 and the last three years:—

	Lb.	£
1913.....	210,099,000	15,006,291
1928.....	169,206,900	22,566,494
1929.....	168,635,700	20,753,279
1930.....	136,710,100	14,455,407

The following table gives cotton and yarn prices for the year:—

1929.	Cotton Middling American.	American Yarns.		Cotton F.G. Fair Sakellaridis Egyptian.	Egyptian Yarn. 60's Twist.
		32's Twist.	40's Twist.		
January 8.....	9.42	13½	14½	14.35	23½
February 5.....	8.77	13½	13½	13.95	22½
March 5.....	8.28	12½	13	13.75	21½
April 2.....	8.80	12½	13½	14.25	21½
May 7.....	8.51	12½	12½	14.00	22½
June 4.....	8.43	12½	12½	13.50	21½
July 2.....	7.57	11½	12½	12.10	20
August 6.....	7.29	11½	11½	12.15	20
September 3.....	6.50	10½	11½	10.35	19
October 1.....	5.70	10	10½	9.75	18
November 5.....	6.14	10	10½	9.90	18
December 3.....	5.75	9½	10	8.75	17½
December 31.....	5.34	9½	9½	7.70	16

The relation between yarn and cloth prices is indicated below:—

Beginning of	American Yarn. 32's Twist. Per Lb.	Egyptian Yarn. 60's Twist. Per Lb.	36-in. Shirtings, 75 yards, 19 by 19, 32's and 40's.		39-in. Shirtings, 57½ yards, 16 by 15, 8½ lbs.	
			1928	1929	1928	1929
Jan. ...	15½	15½	13½	27½	28	23½
Feb. ...	15½	15½	13½	27½	28	23½
Mar. ...	15½	15½	13½	27½	28	23½
Apr. ...	15½	15½	13½	27½	28	23½
May ...	15½	15½	13½	27½	28	23½
June ...	15½	15½	13½	27½	28	23½
July ...	15½	15½	13½	27½	28	23½
Aug. ...	15½	15½	13½	27½	28	23½
Sept. ...	15½	15½	13½	27½	28	23½
Oct. ...	15½	15½	13½	27½	28	23½
Nov. ...	15½	15½	13½	27½	28	23½
Dec. ...	15½	15½	13½	27½	28	23½
End of Dec.	15½	15½	13½	27½	28	23½

WOOLLEN AND WORSTED TRADES.

United Kingdom.	Imports. Sheep's & Lamb's Wool.	Exports.		Price of Raw Wool* per Lb.	Unemployment (Woolen and Worsted).	Earnings (Ministry of Labour Figures) Woolen Trade per Week.
		Woolen Tissues.	Worsted Tissues.			
	Thou. Centals.	Thou. Sq. Yds.	Thou. Sq. Yds.	s. d.	%	s. d.
1913	21,743	105,884	62,490	2 1	...	...
1921	7,322	148,556	62,935	4 7	7.5	39 9½
1922	7,650	164,722	56,832	5 6	6.9	41 10½
1923	7,291	130,295	47,206	4 8½	14.6	41 2½
1924	8,157	120,832	43,135	3 11	9.0	41 6½
1925	8,220	130,914	39,980	3 10½	11.7	41 0½
1926	7,793	128,339	42,111	3 10½	11.7	41 0½

	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.	1929.	1930.
Jan.	1,027	954	12,425	9,695	6,138	4,394	3	2	15	120
Feb.	1,004	819	9,969	8,882	4,599	4,167	3	2	13	121
Mar.	845	1,166	8,499	6,495	3,562	2,849	3	2	11	121
Apr.	1,185	856	6,647	5,000	2,867	1,986	3	2	10	121
May	966	503	7,648	5,344	3,638	2,626	3	2	11	121
June	703	711	7,168	4,807	3,043	1,834	3	2	14	121
July	390	492	12,065	7,311	5,478	2,885	3	2	15	121
Aug.	328	390	12,054	7,914	5,030	3,055	3	2	15	121
Sept.	181	256	8,276	6,843	3,011	2,750	3	2	11	121
Oct.	220	292	7,975	6,175	3,130	2,536	3	2	10	121
Nov.	481	403	7,535	5,245	3,229	3,025	3	2	10	121
Dec.	779	752	7,844	4,921	3,556	2,042	3	2	10	121
Total	8,136	7,834	108,185	79,042	47,281	34,711	3	2	10	121

* Queensland scoured, super combing. † End of year. a Thousand linear yards.

In addition to the adverse trade conditions throughout the world, there have been difficulties peculiar to the wool trade which have accentuated its problems. Wool values have fallen to a greater extent than commodity prices generally, and although at the beginning of the year quotations for tops at Bradford were considered to be on a reasonable basis, they have in the meantime shown a decline ranging from 25 per cent. in merinos to 40 per cent. in the lower crossbreds. The prevailing policy in all sections of the industry of keeping stocks as light as possible has modified the losses, but they were the more serious because they followed upon the adverse results of preceding years. Any hopes of improvement were shattered by the prolonged wages dis-

pute. Economies were effected in every possible way. Staffs were reduced, salaries revised, the woolcombing tariff was lowered, and local taxation was relieved by the operation of the Derating Act; but the members of the various trade unions concerned strongly resisted a substantial cut in wages. Although in some districts varying terms were arranged for the continuance of work, there was a fairly general stoppage. When the strike collapsed, the industry was left without any general wages agreement, and varying rates of reduction were made in accordance with local circumstances, but the majority of firms came into line with the Macmillan Award. Although there was no evidence of any notable transfer of business to the Continent in consequence of the strike, heavy losses were sustained through the stoppage of machinery and the general dislocation of trade.

The Influence of Tariffs.—As a result of wage reductions and other economies, the cost of production in the United Kingdom was brought appreciably nearer to the Continental standard and from that point of view the industry was put in a more favourable position for competing with foreign producers in home and overseas markets. There remained, however, the important influence of tariffs. The financial position of the Commonwealth of Australia caused an unexpected increase in tariffs and restrictions on imports which involved a further curtailment of shipments of wool textiles from the United Kingdom to that market, and this was followed by the adoption of higher tariffs in the United States. Then the Canadian tariff barrier was raised, and although this caused a temporary spurt of activity to get goods through under the old rates, the ultimate effect must be to curtail business in one of our best overseas markets.

Raw Material Situation.—For the wool grower it has been a disastrous year. Wool values fell below the cost of production at all the sources of supply, and heavy losses had to be faced. During the season 1929-30 the Australian clip realised in round figures £34,000,000 in comparison with £57,000,000 in the previous season, while the New Zealand clip made £5,000,000 (excluding the unsold balance at the end of the season) as compared with £12,000,000. The monetary receipts for the 1930-31 season will show a

further drastic reduction. The position was so serious that conferences of growers and brokers were held in Australia, South Africa, and New Zealand in February to consider what steps might be taken to stabilise values. The only immediate result was the extension of the selling season in Australia to the middle of July. There was, however, an upward turn in values at the end of March, but a further decline set in after the middle of the year, and in the last quarter prices reached the lowest point since the pre-war slump year of 1908. A remarkable feature of the year was the manner in which an abundant production of merino wool was taken off the market, in spite of adverse trading conditions throughout the world. There are two main factors which have put merinos in a more favourable position than crossbreds. Low values have a natural tendency to cause the finer qualities to be used, whilst the trend of fashion has been definitely in favour of the fine, soft-handling fabrics made from merino wools. In December 64's tops changed hands at as low as 22d., whereas less than two years ago more than that had to be paid for 40's prepared. Fine and medium crossbreds were comparatively neglected, and in the later months of the year, when crossbred prices were slumping, merinos declined very gradually. In fact, the trend of demand was so marked that some firms were taking steps to change over their machinery equipment from crossbreds to merinos.

The following table shows the prices of tops on the dates given:—

AVERAGE PRICES OF TOPS.									
In Pence, per Lb.	Mar. 1909.	July 1914.	Dec. 1924.	Dec. 29, 1927.	Dec. 27, 1928.	Dec. 23, 1929.	Dec. 22, 1930.	Dec. 22, 1930, as % of July 1914.	
70's average...	22½	33	84	54	50	34½	25½	76	
64's average...	21½	32½	81	52	47½	31	22	68	
60's super...	20½	31½	79	49	45½	30	21	67	
58's crossbred...	20½	26½	66	43½	39½	26	17	64	
56's crossbred...	17½	24½	45	39	35	25	15½	64	
50's crossbred...	14½	20½	45	29½	29	21	12½	60	
45's carded...	10½	17	34	23½	24	18½	10½	62	
40's prepared	8	16	34	22½	22½	18	10	63	

THE UNION BANK OF AUSTRALIA Limited.

Established 1837. Incorporated 1880.
CAPITAL AUTHORISED AND ISSUED - £12,000,000
Capital Paid-up - £4,000,000 } together £8,850,000
Reserve Fund - £4,850,000 }
Reserve Liability of Proprietors - £8,000,000

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The following table shows the trend of prices for certain qualities of yarns:—

AVERAGE PRICES OF YARNS.					
Per Lb.	July, 1914.	Dec. 27, 1928.	Dec. 23, 1929.	Dec. 22, 1930.	Dec. 22, 1930, as % of July, 1914.
1/16's super.....	s. d. 1 7	s. d. 2 5½	s. d. 2 0	s. d. 1 2½	77
*1/60's botany (70's/80's).....	8 1½	14 6	11 9	9 4½	115
2/16's worsted, med. (44's card) ...	1 8	2 5½	2 1½	1 3½	76
2/21's worsted, low (40's crossbred) ...	1 8	2 7	2 3	1 4½	82
2/32's worsted, med. (46's/48's) ...	1 10	3 0	2 7	1 7½	89
2/40's (56's super).....	2 10½	4 1	3 3	2 3	78
2/48's botany (64's).....	3 3	5 3	3 11	3 1	92
2/60's botany (super 70's).....	3 5	6 9	5 3	4 0	114

Yarns generally are below the pre-war level. So far as can be judged, comparable qualities of plain cloth are a little dearer than in July, 1914, while the Ministry of Labour estimates that the cost of clothing as purchased by the working classes is still double the pre-war level.—Extracted from the *Annual Review of the Weekly Wool Chart*, Bradford.

THE RAYON INDUSTRY.

While in many respects the year 1930 was an unfortunate period for rayon, the industry certainly did not fare as badly as the older textile trades, and progress made from a technical standpoint has been exceedingly important. The most interesting feature has been the general improvement in rayon fabrics, largely resulting from the lowering of the prices of the higher-quality yarns. This process of continual price reduction has made matters hard for the consuming industries, whose stocks have continuously depreciated. It has also increased the difficulties of the smaller rayon producers, and no fewer than seven of these have gone into liquidation or closed their factories indefinitely through lack of cash resources. The elimination of the weaker element on the yarn-producing side is probably in the best interests of the industry. Those remaining will doubtless reap the advantage of a more rational state of affairs in the market, though during the year the liquidation of stocks held by factories whose plants have been closed down at very low prices has proved a menace. When consumption figures for the whole year are available, they are certain to show a marked decline compared with the previous year. Apart from the first quarter, however, when there was a lack of buying on account of uncertainty about the duties, production has never seriously exceeded demand. The fact that there have been fewer firms in the market has probably helped to keep production and consumption more in line with each other. During the summer months consumption reached a high level on the home account, but the general trade depression seriously affected business during the later months of the year. The export trade in cotton and rayon mixture fabrics has shown a further serious decline, due in the main to the general trade depression and low level of commodity prices throughout the world, and particularly to such factors as the Australian financial crisis, which diminished one of the largest markets for high-quality fabrics. There is no doubt that Japanese all-rayon fabrics, which are being turned out at very low prices, are displacing our trade in mixture goods in the East.

Very substantial development has taken place with fine filament viscose yarns, and these are now obtainable at prices lower than the prices of standard yarns a year ago. This means that fine filament yarns are displacing the standard types for a great many purposes, and largely accounts for the improvement in quality referred to above. The leading firm is probably doing a larger percentage of the total trade than it has done for several years, and the remaining viscose companies are having to concentrate more and more on special qualities to keep running. Though prices have been vastly lowered, considerable progress has been made in the reduction of costs, which will tend to make the cut in profit margins less severe. The demand for acetate yarns was at a high level during the busiest period of the year, but for the last four months the leading producers by this process have found demand at a very low level. To what extent this is but a temporary phase is difficult to tell, as is also the extent to which fine filament viscose is displacing acetate. With regard to the current year, we cannot anticipate any sudden spurt in rayon demand, but, taking a long view, with rayon at lower prices and a higher standard of quality, we can only look forward to the future with optimism, and the number of new ways in which rayon is gradually permanently establishing itself in the textile trades is steadily growing.

LINEN TRADE.

There was a further slight fall in the average price of imported flax for last year, the figure being about £81½ per ton, as against £91½ in 1929 and £99½ in 1928. The price, nevertheless, contrasted very unfavourably with the £50 which was about the average figure for the three or four years prior to the war. Considering the heavy handicap of this still excessive price for the raw material, overseas trade, which is shown below, was not so bad as might reasonably have been feared:—

EXPORTS AND IMPORTS OF LINEN MANUFACTURES. (Not including Yarns.)

	1913.	1926.	1927.	1928.	1929.	1930.
EXPORTS—						
Piece goods { Thous. sq. yds.†	193,681†	75,282	73,911	66,134	71,540	61,451
Handkerchiefs { Thous. doz.	5,369	5,495	5,213	4,965	4,986	3,983
Finished thread { Thous. £	970	4,098	5,061	4,569	5,045	3,481
Damask table linen { Thous. £	24	23	22	22	21	18
All other goods ... { Thous. £	350	792	637	643	604	495
Total Thous. £	8,248	10,019	9,801	9,290	9,240	7,445
IMPORTS—						
Total Thous. £	1,194	1,099	1,174	1,007	1,101	908
Re-exports Thous. £	74	112	122	194	141	69
Net imports Thous. £	1,120	987	1,052	809	950	839

* Not recorded. † Linear yards in 1913. ‡ Linen-lace, and embroidery has been added to imports in 1920 and after. § Included in "All Other Goods." ¶ Net in the piece.

The fall in value of exports for the year was £1,795,000, of which £1,003,000 was accounted for by piece goods, £294,000 by handkerchiefs, £109,000 by thread, £229,000 by table linen and only £160,000 by "all other goods." Traders are relieved at getting through a difficult year with no greater damage, and are looking forward confidently to a marked revival in the current year, for during the latter

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MERCHANT BANKERS.

part of last year there was a heavy fall in the price of flax, so that it is now selling around 5s. per stone, or 4½d. per lb., which is well below, not only its pre-war value, but the present price of its competitor cotton. Prospects are, therefore, bright. The chief aim of the trade is to be able to compete in price with cotton goods, for the public would be only too glad to adhere to genuine British linen goods, instead of being driven to buying cotton substitutes because of their decidedly lower prices.

JUTE TRADE.

For the jute trade this was the worst year for half a century. Once more stocks had to be written down, though the prices had already been regarded as low enough to prevent any further serious depreciation. There was a bountiful supply of jute grown in 1929 to furnish the greater part of requirements in 1930, and the crop proved to be 10,500,000 bales. The growth of 1930 is expected to give 12,000,000 bales, one of the largest crops ever grown, and coming at a time when the wants of the world have greatly diminished. In the long chain of adverse circumstances, the extent of the raw material supply made buyers exercise great restraint during the second half of the year. From January to September the decline went on unchecked, best first marks falling from £32 10s. to £10 and Daisiee-2/3 from £26 to £14, the lowest points for a great many years. No matter how cheaply raw jute was bought, spinners could not earn a profit. They had heavy depreciation on their stocks of old crop jute, and any new crop bought before September involved a loss. Even when jute touched the very lowest of the year, spinners were still using up stocks that cost a great many pounds per ton more. During the closing three months raw material value kept very much steadier at, say, about 20s. of an average over the lowest points in September. Yarns fell from 2s. 10d. in January for common cops to 1s. 10d. in September, a drop of £14 per ton; since when, chiefly as the result of

greatly curtailed production, spinners were enabled to raise the price and maintain it at 2s., though they were unable to employ more machinery.

The almost entire absence of orders from the United States for linoleum hessians was seriously felt, and less of this fabric was bought than ever before. There was no opportunity of supplying the River Plate with anything, as this market was overstocked with supplies of Calcutta hessians, and there was a similar situation in New York as regards all standard widths and weights. Even for home-trade orders there was surprisingly keen competition from the Continent. Over the first nine months of the year 10½ oz. 40 in. hessian fell from 3½d. to 2½d., and 8 oz. from 2½d. to 1½d., since when prices have ruled a degree firmer, but the same difficulty in obtaining a moderate amount of orders has still remained.

The course of events has been a matter of great anxiety, and concern is not yet lessened in regard to the Calcutta position, which has proved such a serious menace on account of production greatly in excess of the world's reduced consumption. Calcutta hessians in the course of the year fell from 25s. 6d. to 17s. for 10 oz. 40 in., and from 20s. 6d. to 13s. 2d. for 8 oz. 40 in.—*Glasgow Herald*.

Exports.	Quantity.			Value.		
	1928.	1929.	1930.	1928.	1929.	1930.
Jute yarn ... Thous. lbs.	59,573	57,952	55,886	1,343,089	1,316,012	718,914
Jute carpets and rugs	746	551	305	87,855	63,252	33,292
Piece goods ... Thous. sq. yds.	192,265	171,037	109,860	3,430,156	2,979,565	1,644,611
Jute sacks and bags, empty, new Thous. doz.	2,222	1,229	1,194	932,881	561,289	437,040
Other sorts ... Thous. cwt.	271	281	245	455,774	464,684	517,193
Total, jute manufactures*	...	...	...	4,906,666	4,068,790	2,432,736

* Other than cordage, cables, ropes, and twine.

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APPENDIX.

(A) WHOLESALE PRICES OF COMMODITIES.—31 DECEMBER, 1925-1929; AND MONTHLY, 1930.

	CEREALS AND MEAT.									
	Wheat.		Flour.	Barley.	Oats.	Maize.	Rice.	Potatoes.	Beef.	
	No. 2 Northern Manitoba.	English Gazette Average.	London Standard, Ex-Mill.	English Gazette Average.	English Gazette Average.	La Plata, Landed.	No. 2 Burma.	Good English.	English Sides.	Argentine Chilled Hind-Qrs.
	Per Qr.	Per Cwt.	Per 280lb.	Per Cwt.	Per Cwt.	Per Qr.	Per Cwt.	Per Ton.	Per 8 Lb.	Per 8 Lb.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	£	s.	s.
End of 1925	66 0	12 5	51 0	10 6	9 3	38 3	15 6	6.25	5.67	3.92
End of 1926	56 6	11 10	44 0	10 7	8 2	32 0	14 1½	6.50	4.83	4.00
End of 1927	58 0	9 10	41 0	11 4	9 3	38 0	14 3	6.00	4.67	4.17
End of 1928	49 3	9 6	35 6	10 2	8 11	42 3	13 9	6.00	5.33	4.17
End of 1929	55 6	9 6	40 0	8 8	7 0	31 0	12 6	3.75	5.67	5.17
Jan. 1930	48 6	9 6	38 0	8 5	6 11	27 0	11 9	3.75	5.33	4.83
Feb. "	44 9	8 9	35 0	7 11	6 4	26 9	11 9	3.25	5.59	4.83
Mar. "	43 9	8 3	34 0	7 10	5 11	29 0	11 6	3.25	6.00	4.83
Apr. "	42 9	9 0	33 6	7 9	6 8	31 6	12 0	3.50	5.92	4.25
May "	43 9	8 7	35 0	7 3	6 5	28 0	12 0	3.00	5.33	4.29
June "	39 0	8 6	33 0	7 5	6 6	27 0	11 9	3.00	5.67	5.00
July "	38 3	8 3	32 0	6 5	6 0	27 6	11 4	6.00	5.83	5.83
Aug. "	37 3	8 3	31 6	7 3	6 2	27 3	11 9	5.50	4.83	5.08
Sept. "	30 9	7 2	28 6	8 7	6 0	24 0	11 0	6.00	5.25	5.17
Oct. "	31 0	7 0	27 0	10 0	6 1	20 6	9 6	6.00	4.67	5.00
Nov. "	28 3	6 5	25 6	8 8	5 8	19 9	8 9	6.00	4.75	4.17
End of 1930	24 6	6 0	23 6	8 3	5 6	17 9	8 0	6.00	5.25	4.67

	CEREALS & MEAT (Con.)			OTHER FOOD PRODUCTS.								
	Mutton.		Bacon.	Tea.	Coffee.	Cocoa.	Sugar.		Cheese.	Butter.	Coconut Oil.	
	English Wethers.	N.Z. Frozen Wethers.	Danish.	Indian Auction Average.	Costa Rica, Good to Fine.	Trinidad.	B.W.I. Crystallised.	Refined Granulated, London.	Canadian.	Danish.	Crude.	
	Per 8 Lb.	Per 8 Lb.	Per Cwt.	Per Lb.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Cwt.	Per Ton.	
	s.	s.	s. d.	d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	£	
End of 1925.....	6.50	4.75	129 6	20.50	172 6	67 6	24 1½	28 7½	104 0	173 0	48.00	
End of 1926.....	7.83	4.25	88 0	15.75	132 6	76 0	34 9	34 1½	94 0	185 0	45.50	
End of 1927.....	6.67	4.75	79 6	18.62	177 0	74 0	31 3	29 9½	101 0	181 0	42.50	
End of 1928.....	7.00	5.00	98 0	17.50	160 0	60 6	24 3	24 7	105 0	200 0	39.00	
End of 1929.....	7.00	4.83	105 0	13.12	165 0	62 6	22 3	22 9	97 0	180 0	34.00	
„ Jan., 1930	7.00	5.18	109 0	13.62	170 0	62 0	21 9	22 0	97 0	172 0	33.50	
„ Feb., „	7.17	5.42	104 6	13.50	162 6	65 0	21 6	22 0	97 0	172 0	34.00	
„ Mar., „	7.17	4.50	109 0	16.50	162 6	60 0	21 6	22 0	96 0	149 0	34.00	
„ Apr., „	7.17	3.75	109 0	15.00	155 0	60 0	21 6	22 0	97 0	137 0	34.00	
„ May, „	7.67	3.83	96 0	14.00	155 0	56 6	21 3	21 9	97 6	132 0	33.50	
„ June, „	7.83	3.83	101 0	13.50	155 0	56 6	22 0	21 9	83 0	146 0	31.00	
„ July, „	7.33	3.67	88 0	12.37	145 0	59 0	21 0	21 1½	83 0	156 0	29.37	
„ Aug., „	7.00	3.67	94 0	15.50	142 6	53 0	21 0	21 1½	78 0	144 0	27.00	
„ Sept., „	7.50	4.00	66 6	17.12	142 6	54 0	19 0	19 3	77 6	146 0	26.50	
„ Oct., „	6.33	3.92	73 0	15.12	140 0	52 0	20 9	20 9	76 0	150 0	26.00	
„ Nov., „	7.17	3.92	72 0	14.62	130 0	48 0	19 6	19 3	75 0	130 0	26.00	
End of 1930	6.83	3.92	61 6	14.25	122 6	49 6	20 6	19 6	76 0	142 0	25.50	

TEXTILES.

	Cotton.				Wool.			Silk.	Flax.	Hemp.	Jute.
	American Middling.	Egyptian, f.g.f., Sak.	Yarn—32's Twist.	Cloth—39-inch Shirtings.	English, South-down, Washed.	Queensland, Scoured Super Combing.	Tops, 64's.	Italian, Raw, fr. Milan.	Livonian Z.K.	Manila.	Native Firsts.
	Per Lb.	Per Lb.	Per Lb.	Per Piece.	Per Lb.	Per Lb.	Per Lb.	Per Lb.	Per Ton.	Per Ton.	Per Ton.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	£	£	£
End of 1925	10.26	17.30	16.62	14 1½	24.00	50.0	48	28 9	71.5	46.00	59.00
End of 1926	6.90	14.00	12.37	12 0	21.00	45.0	45	26 3	54.0	47.00	31.25
End of 1927	11.06	17.75	15.25	14 0	28.50	48.0	51	20 3	92.0	41.50	31.75
End of 1928	10.59	19.45	15.50	14 0	27.50	44.0	46.0	22 6	91.0	36.00	32.25
End of 1929	9.42	14.15	13.87	13 0	25.00	33.0	31.0	18 9	58.0	35.50	27.75
Jan. 1930	8.85	14.25	13.25	12 9	18.50	26.0	27.0	18 9	57.0	34.37	26.50
Feb. "	8.49	13.55	12.50	12 9	18.00	26.0	27.5	18 9	55.5	32.00	25.75
Mar. "	8.57	14.25	12.37	12 3	17.00	24.0	26.0	17 9	60.0	30.00	24.75
Apr. "	8.62	14.20	12.37	12 1½	16.00	24.5	27.0	17 9	60.0	29.50	25.25
May "	8.59	13.55	12.25	12 0	16.00	27.0	29.0	16 3	58.0	24.50	23.63
June "	7.58	12.45	11.50	11 6	15.50	27.0	27.5	13 0	58.0	23.37	22.25
July "	7.27	12.20	11.25	11 4	16.50	25.0	26.5	13 0	56.0	23.50	19.25
Aug. "	6.48	10.50	10.50	11 0	16.50	25.0	27.0	13 0	54.0	22.50	17.62
Sept. "	5.70	9.75	9.50	11 0	15.00	23.0	26.0	13 0	40.0	22.00	17.00
Oct. "	6.24	9.95	10.00	10 10½	14.00	22.0	24.0	11 3	40.0	23.00	15.87
Nov. "	5.79	9.20	9.75	10 6	14.50	22.0	24.0	11 3	39.0	23.75	16.25
End of 1930	5.34	7.70	9.00	10 1½	13.50	22.0	22.0	10 9	35.0	23.00	15.50

A.—WHOLESALE PRICES OF COMMODITIES—Continued.

MINERALS.

	Pig Iron.	Steel Rails.	Iron Bars.	Tin Plates.	Coal.			Lead.	Tin.	Copper.	Spelter.
	Cleveland, G.M.B. No. 3.	Middlesbrough.	Middlesbrough.	I. C. S. Wales.	Welsh, Best Ad'ly.	Durham, Best Gas.	Sheffield Best House.	English Pig.	Standard.	Standard.	G.O.B.
	Per Ton.	Per Ton.	Per Ton.	Per Box.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.	Per Ton.
	s. d.	£	£	s. d.	s. d.	s. d.	s. d.	£	£	£	£
End of 1925	66.5	8.00	11.25	20 0	22 9	16 6	28 0	36.50	287.25	59.31	38.30
End of 1926	87.5	8.50	12.25	21 9	29 3	23 0	30 0	30.25	300.37	56.19	32.75
End of 1927	65.0	8.25	10.25	18 6	19 1½	15 0	20 6	23.75	265.12	60.91	26.25
End of 1928	66.0	8.50	10.25	18 0	19 4½	14 9	21 0	22.25	225.75	74.00	26.67
End of 1929	72.5	8.50	10.75	18 9	20 1½	16 9	21 0	23.25	178.12	68.00	19.87
Jan. 1930	72.5	8.50	10.75	18 9	20 1½	16 9	21 0	23.00	176.62	72.00	19.75
Feb. "	72.5	8.50	10.75	18 6	20 0	16 6	21 0	21.50	168.00	69.00	18.63
Mar. "	67.5	8.50	10.75	18 3	20 0	16 6	21 0	20.50	170.50	71.00	18.63
Apr. "	67.5	8.50	10.75	18 4	20 0	16 0	21 0	19.25	153.00	55.50	17.12
May "	67.5	8.50	10.75	18 2	20 0	16 0	20 0	19.50	140.75	54.00	17.00
June "	66.5	8.50	10.75	18 0	20 0	15 9	20 0	19.50	136.63	49.25	16.33
July "	67.5	8.50	10.75	18 0	20 0	15 6	19 0	19.75	134.75	48.25	16.00
Aug. "	63.5	8.50	10.75	18 0	20 0	15 6	19 0	19.75	134.75	47.37	16.00
Sept. "	63.5	8.50	10.75	17 0	20 0	15 1½	21 6	18.25	125.25	43.50	14.75
Oct. "	63.5	8.50	10.75	17 0	20 0	15 1½	23 0	17.00	118.12	44.00	14.75
Nov. "	63.5	8.50	10.75	16 0	20 0	15 1½	23 0	17.50	114.87	47.00	14.37
End of 1930	63.5	8.50	10.75	15 6	20 0	15 3	23 0	16.25	116.50	46.50	13.75

MISCELLANEOUS.

	Timber.		Cement.	Hides.	Leather.	Petrol.	Petroleum.	Fuel Oil.	Linseed Oil.	Rubber.	Crystals.	Creosote.
	Eng. Oak Planks.	Swed. U/S 2½ × 7.	Best Portland	Market, Best Ox.	Sole Bends 8, 14 Lbs.	No. 1 Spirit.	Paraffin.	Inland Furnace Bx. Inst.	Naked, net.	Plant. Sheet.	Soda.	London.
	Per C. Ft.	Per St.	Per Ton.	Per Lb.	Per Lb.	Per Gal.	Per Gal.	Per Ton.	Per Ton.	Per Lb.	Per Ton.	Per Gal.
	s.	£	s. d.	d.	d.	d.	d.	s. d.	£	d.	£	d.
End of 1925.....	7	19	60 9	8.75	23½	15½	12	77 6	33.50	46.00	5.12	7.12
End of 1926.....	7	19	60 9	7.69	23½	15½	13	85 0	31.25	19.12	5.12	9.00
End of 1927.....	7	19	54 0	9.62	31	11½	12	75 0	28.00	20.00	5.12	8.87
End of 1928.....	7	19	47 0	8.25	26	15½	10½	67 6	29.00	8.69	5.12	6.25
" Mar., 1929...	7	19	47 0	7.00	22	17½	12	67 6	29.00	11.00	5.12	5.25
" June, " ...	7	19	47 0	6.62	19½	17½	12	67 6	30.50	10.62	5.12	4.50
" Sept., " ...	7	19	47 0	6.50	22	17½	12	67 6	44.00	9.75	5.12	4.25
End of 1929.....	7	19	47 0	6.31	21	17½	12	67 6	45.00	8.06	5.12	4.25
" Jan., 1930 ...	7	19	47 0	6.31	21	17½	12	67 6	44.50	7.62	5.12	4.25
" Feb., " ...	7	19	47 0	6.25	21	17½	12	67 6	42.50	7.87	5.12	3.87
" Mar., " ...	7	18	47 0	6.00	21	17½	12	67 6	40.50	7.62	5.12	3.75
" Apr., " ...	7	18	47 0	5.50	20	17½	12	67 6	40.12	7.00	5.12	3.25
" May, " ...	7	18	47 0	6.00	21½	17½	12	67 6	42.50	6.75	5.12	3.37
" June, " ...	7	18	47 0	6.25	21½	17½	12	67 6	41.00	6.25	5.12	3.50
" July, " ...	7	18	47 0	6.37	21½	17½	12	67 6	35.75	5.19	5.12	3.62
" Aug., " ...	7	18	47 0	6.37	21½	17½	12	67 6	32.00	4.81	5.12	3.50
" Sept., " ...	7	18	47 0	6.40	22½	15½	11½	67 6	28.00	3.70	5.12	3.50
" Oct., " ...	7	18	47 0	6.50	22	15½	11½	67 6	27.25	4.44	5.12	3.62
" Nov., " ...	7	18	47 0	6.19	22	15½	11½	67 6	27.50	4.56	5.12	3.87
End of 1930.....	7	18	47 0	5.81	22	15½	11½	67 6	22.50	4.25	5.12	3.75

WHOLESALE PRICES.

ECONOMIST INDEX NUMBER, 1928-1930.

1927=100.							1913=100.						
Date.	Cereals and Meat.	Other Foods.	Textiles.	Mine-rals.	Miscel-laneous.	Com-plete Index.	Date.	Cereals and Meat.	Other Food.	Textiles.	Mine-rals.	Miscel-laneous.	Com-plete Index.
1928.							1928.						
End Jan.	100.3	96.6	102.4	92.5	99.9	98.5	End Jan.	148.0	195.3	160.7	115.7	116.0	141.5
" Feb.	101.6	98.3	104.1	91.0	97.5	98.5	" Feb.	149.9	198.8	163.4	113.8	113.2	141.5
" March	107.0	96.9	107.4	91.4	96.9	99.9	" March	157.9	196.0	168.6	114.3	112.5	143.5
" April	111.4	95.0	109.2	91.8	98.3	101.4	" April	164.4	192.1	171.4	114.8	114.1	145.7
" May	116.3	94.7	108.6	92.5	97.4	102.1	" May	171.6	191.5	170.5	115.7	113.1	146.7
" June	112.8	92.6	109.8	91.3	95.9	100.6	" June	166.4	187.3	172.3	114.2	111.3	144.5
" July	106.1	93.1	107.9	90.9	95.6	98.8	" July	156.6	188.3	169.4	113.7	111.0	141.9
" Aug.	100.4	92.6	105.2	90.7	95.8	97.0	" Aug.	148.2	187.3	165.1	113.4	111.2	139.4
" Sept.	96.6	93.5	101.4	91.8	95.3	95.7	" Sept.	142.5	189.1	159.2	114.8	110.6	137.5
" Oct.	98.2	91.5	100.6	92.9	93.1	95.3	" Oct.	144.9	185.0	157.9	116.2	108.0	136.9
" Nov.	97.4	90.4	102.3	93.8	92.4	95.3	" Nov.	143.7	182.8	160.6	117.3	107.2	136.9
" Dec.	97.6	90.2	101.7	94.1	94.1	95.0	" Dec.	144.0	182.4	159.6	117.7	106.1	136.5
1929.							1929.						
End Jan.	96.7	89.4	101.3	94.8	91.2	94.7	End Jan.	142.7	180.8	159.0	118.6	105.9	136.1
" Feb.	101.2	88.5	99.9	96.4	91.4	95.6	" Feb.	149.3	179.0	156.8	120.6	106.1	137.3
" March	100.9	87.3	100.8	99.7	91.4	96.1	" March	148.9	176.5	158.2	124.7	106.1	138.1
" April	99.1	86.5	96.7	96.7	90.0	94.0	" April	146.2	174.9	151.8	120.9	104.5	135.0
" May	92.6	84.3	94.9	95.7	89.5	91.5	" May	136.6	170.5	149.0	119.7	103.9	131.5
" June	95.1	84.1	92.7	96.3	89.3	91.7	" June	140.3	170.1	145.5	120.4	103.6	131.7
" July	103.5	84.7	91.6	96.1	91.0	93.7	" July	152.7	171.3	143.8	120.2	105.6	134.6
" Aug.	101.3	86.2	91.7	96.3	91.0	93.6	" Aug.	149.5	174.3	143.9	120.4	105.6	134.5
" Sept.	95.8	86.6	87.7	96.2	91.5	91.8	" Sept.	141.4	175.1	137.7	120.3	106.2	131.9
" Oct.	94.4	85.0	85.2	94.6	90.7	90.2	" Oct.	139.3	171.9	133.7	118.3	105.3	129.6
" Nov.	90.6	84.0	83.6	92.4	89.8	88.3	" Nov.	133.7	169.9	131.2	115.6	104.2	126.9
" Dec.	92.3	83.6	82.6	92.4	89.2	88.3	" Dec.	136.2	169.1	129.6	115.6	103.5	126.9
1930.							1930.						
End Jan.	89.2	83.1	76.7	92.6	88.0	86.1	End Jan.	131.6	168.0	120.4	115.8	102.1	123.7
" Feb.	85.4	83.0	74.7	90.5	87.0	84.2	" Feb.	126.0	167.8	117.2	113.2	101.0	121.0
" March	84.7	82.7	73.0	89.8	85.5	83.1	" March	125.0	167.2	114.6	112.3	99.2	119.4
" April	84.9	80.8	72.9	85.6	83.2	81.6	" April	125.3	163.4	114.4	107.1	96.6	117.2
" May	82.0	79.0	71.1	84.3	84.4	80.6	" May	121.0	159.7	111.6	105.4	98.0	115.8
" June	82.2	77.8	66.5	82.8	84.1	78.8	" June	121.3	157.3	104.4	103.5	97.6	113.2
" July	84.2	76.3	63.6	82.1	81.5	77.6	" July	124.2	154.3	99.8	102.7	94.6	111.5
" Aug.	82.5	75.2	61.7	81.5	79.7	76.1	" Aug.	121.7	152.1	96.8	101.9	92.5	109.3
" Sept.	79.5	74.5	56.9	79.5	76.7	73.2	" Sept.	117.3	150.7	89.3	99.4	89.0	105.2
" Oct.	76.8	73.7	55.8	79.1	77.7	72.4	" Oct.	113.3	149.0	87.6	98.9	90.2	104.0
" Nov.	73.2	70.2	55.1	79.0	77.8	70.9	" Nov.	108.0	142.0	86.5	98.8	90.3	101.9
" Dec.	70.0	71.0	51.4	78.0	75.2	68.7	" Dec.	103.3	143.6	80.7	97.5	87.3	98.7

(B) INDEX NUMBERS OF WHOLESALE PRICES IN OTHER COUNTRIES.

Extracted from the League of Nations Monthly Bulletin of Statistics.

(Percentage of 1913.)

Period.	France.	Italy.	Sweden.	Norway.	Nether-lands.	Switzer-land.	Ger-many.	United States.	Canada.	B. India, Calcutta.	Aus-tralia.	South Africa.	Japan.
	Official.	Bachi.	Official.	Official.	Official.	Official (c).	Official.	Bureau of Labour Statistics.	Official.	Official.	Official.	Official.	Bank of Japan.
Base.	1913.	1913.	1913.	1913.	1901-1910.	July, 1914.	1913.	1913.	1913.	July, 1914.	1913.	1913.	1913.
Average.	100	100	100	100	100	...	100	100	100	...	100	100	100
1913	414.6	512	163	232	151	180.6	...	144.1	153.1	172	178.7	126.6	199.1
1923	486.2	512	162	268	156	174.6	...	140.5	155.3	173	173.3	128.7	206.5
1924	546.5	596	161	253	155	161.6	141.8	146.3	160.3	159	169.5	127.6	201.7
1925	697.2	603	149	198	145	144.5	134.4	143.3	156.3	148	168.4	123.3	178.9
1926	617.8	495	146	167	148	142.2	137.6	136.7	152.7	148	167.0	124.0	169.8
1927	619.3	462	148	161	149	144.6	140.0	140.0	150.6	145	164.7	120.4	170.9
1928	611.4	446	140	153	142	141.2	137.2	138.3	149.4	141	165.7	116.0	166.2
	(b)	(b)		(f)		(f)				(b)			
November, 1929	583.5	431	135	152	137	139.7	135.5	135.2	149.7	137	165.8	...	159.6
December, "	575.9	425	134	152	135	138.6	134.3	135.0	150.3	134	161.8	...	154.9
January, 1930	563.5	417	131	150	131	135.6	132.3	133.8	149.4	131	158.0	107.3	152.2
February, "	564.4	408	128	147	126	133.1	129.3	131.9	146.9	126	153.9	...	151.0
March, "	552.8	400	125	146	122	131.0	126.4	130.1	143.6	125	151.4	...	148.1
April, "	548.0	396	124	145	122	129.4	126.7	129.9	143.4	123	152.8	104.0	145.7
May, "	541.1	390	123	144	118	128.1	125.7	127.7	140.5	121	154.7	...	143.1
June, "	532.5	382	123	143	118	126.2	124.5	124.4	137.5	116	152.3	...	137.0
July, "	537.7	375	121	142	115	125.8	125.1	120.3	134.1	115	151.1	99.6	133.5
August, "	531.9	379	121	141	114	125.8	124.7	120.3	131.4	114	148.9	...	132.7
September, "	524.2	375	119	141	112	123.0	122.8	120.6	128.9	111	140.8	...	129.6
October, "	508.2	364	118	140	111	122.4	120.2	118.3	127.2	108	135.9	99.5	124.4
November, "	493.5	361	117	139	110	119.6	120.1	115.2	124.7	...	132.1	...	...
December, "	487.6	...	...	136	...	117.0	...	...	...	...	...	...	...

(b) End of the month. (c) Until end 1925 "Lorenz." (f) 15th of the month.

SWISS BANK CORPORATION

(A COMPANY LIMITED BY SHARES, INCORPORATED IN SWITZERLAND)

1872.

BASLE, ZURICH, ST. GALL,
GENEVA, LAUSANNE,
LA CHAUX-DE-FONDS,
NEUCHÂTEL, SCHAFFHOUSE.

Capital paid-up - - £6,400,000
Reserves - - - £2,080,000

LONDON OFFICE - 99, GRESHAM STREET, E.C.2

WEST END BRANCH: 11, REGENT STREET, (WATERLOO PLACE), S.W.1

EVERY DESCRIPTION OF
BANKING BUSINESS TRANSACTED.

Correspondents in all
Parts of the World

THE MERCANTILE BANK OF INDIA, LIMITED.

HEAD OFFICE:

15, GRACECHURCH ST., LONDON, E.C.3

Authorised Capital ... £3,000,000

Paid-up Capital... £1,050,000

Reserve Fund and Un-
divided Profits ... £1,646,506

Branches and Agencies in:
INDIA, CEYLON, BURMA, SIAM,
STRAITS SETTLEMENTS, CHINA,
PORT LOUIS, MAURITIUS, and
DUTCH EAST INDIES.

The Bank buys and sells Bills of Exchange, issues
Letters of Credit, and conducts every description of
Banking Business both at Home and Abroad.

FIXED DEPOSIT RATES
will be quoted upon application.

EXECUTORSHIPS and TRUSTEESHIPS accepted.

On CURRENT ACCOUNTS interest is allowed at
2 per cent. per annum on Daily Balances, provided
accrued interest for the half-year amounts to £1.

JAMES STEUART, Chief Manager.

THE EASTERN BANK LIMITED.

Head Office:

CROSBY SQUARE, BISHOPSGATE, LONDON, E.C.3

Subscribed Capital ... £2,000,000
Paid-up Capital ... £1,000,000
Reserve Fund ... £480,000
Reserve Liability of
Shareholders £1,000,000

BOARD OF DIRECTORS.

Chairman.
J. S. HASKELL, Esq.
Deputy Chairman.
Sir JAMES LEIGH-WOOD, K.B.E., C.B., C.M.G.
J. H. BATTY, Esq. G. BROMLEY-MARTIN, Esq.
EMILEFRANCOU, Esq. Sir PERCY WILSON NEWSON, Bt.
Sir THOMAS J. STRANGMAN.

Branches—
BOMBAY, CALCUTTA, KARACHI, MADRAS,
COLOMBO, SINGAPORE, BAGHDAD, AMARA,
BAHREIN, BASRA, MOSUL, KIRKUK.

The Bank issues Drafts, Telegraphic Transfers and
Letters of Credit, purchases, grants advances against
or collects Bills of Exchange, and transacts Banking
and Agency Business in connection with the East.

Deposits are received for one year and for shorter
periods at rates which can be ascertained on appli-
cation. On current accounts interest is allowed at
2 per cent. per annum on the minimum monthly
balances.
F. H. SUTTON, Manager.

THE AUSTRALIAN BANK OF COMMERCE, LIMITED

(Incorporated in New South Wales.)

Authorised Capital - - - £5,000,000
Capital Subscribed and Paid-up - - £2,208,000
Reserve Fund - - - £1,111,880
Aggregate Assets, June 30, 1930 - - £17,765,610

DIRECTORS:
SIR MARK SHELDON, K.B.E., LL.-Col. T. L. F. RUTLEDGE.
Chairman. JAMES KELLY.
FRANK N. YARWOOD. HERBERT R. LYSAGHT,
GEO. J. SLY, LL.D. O.B.E.

LONDON BRANCH DIRECTORS:
ALFRED SHEPHERD.
HARRY TABOR BROOKS.
GENERAL MANAGER:
C. M. C. SHANNON, Sydney.
FOREIGN DEPARTMENT:
A. J. CARROLL, Manager.

HEAD OFFICE: SYDNEY, NEW SOUTH WALES.
GEORGE H. HOWELL, Manager, with 147 Branches and Agencies
in New South Wales.

BRISBANE OFFICE:
G. E. ALEXANDER, Manager, with 24 Branches and Agencies in
Queensland.

MELBOURNE OFFICE: 34, Collins Street.
M. BURTON FINNEY, Manager.

ADELAIDE OFFICE: 36, Rundle Street.
R. T. MOODIE, Manager.

PERTH, W.A., OFFICE: 78, St. George's Terrace.
K. V. R. DOUGLAS, Manager.

LONDON OFFICE: 62, Bishopsgate, E.C.2.
ARTHUR F. JENKINS, Manager.

The London Office is prepared to transact every
description of Banking Business, including:—

CURRENT ACCOUNTS opened.
FIXED DEPOSITS received for periods of one month and upwards
at rates of interest ascertainable on application.

ADVANCES MADE on approved Securities, and against shipments
of all kinds of marketable produce and merchandise.
MAIL, AND TELEGRAPHIC remittances made to all parts of the
world.

DRAFTS issued at current rates of exchange.
FOREIGN or other Bills negotiated or collected.
The issue of LETTERS OF CREDIT, Circular or Commercial.

For the convenience of its Customers the Bank has special arrangements,
where not directly represented, with other Bankers throughout
Australia, New Zealand, the United Kingdom, the Far East and
elsewhere, whereby it is able to carry out all requirements with
promptitude and to best advantage.

(C) RATES OF EXCHANGE ON LONDON—SELECTED DATES, 1923-1929;—MONTHLY, 1930;
AND HIGHEST AND LOWEST OF 1929 AND 1930.

	Paris.	Brussels.	Milan.	Zurich.	Madrid.	Amster- dam.	Stock- holm.	Oslo.	Copen- hagen.	Berlin.	Vienna.
	Francs to £1.	Belgas to £1.	Lire to £1.	Francs to £1.	Pesetas to £1.	Florins to £1.	Kroner to £1.	Kroner to £1.	Kroner to £1.	Marks to £1.	Schillings to £1.
Par level.....	25.22½	35.00	92.46	25.22½	25.22½	12.107	18.159	18.159	18.159	20.43	34.58½
Highest, 1929 ..	124½	34.96½	93.27½	25.24½	36.92	12.13	18.18½	18.21½	18.22½	20.58	34.75
Lowest, ..	123½	34.84½	92.52	25.08½	29.67	12.05½	18.08½	18.18½	18.17½	20.31½	34.41
Highest, 1930 ..	124.34	34.96½	93.22	25.22	51.00	12.13½	18.15½	18.21½	18.20½	20.44½	34.68
Lowest ..	123.50	34.73½	92.62	24.99½	35.65	12.04	18.08½	18.14½	18.15½	20.35½	34.40
Beginning of—											
January, 1923 ..	66.30	c 72.85	93½	24.72½	29.73½	11.79	17.37½	25.12½	23.40	48.500	330.000a
January, 1924 ..	87.85	c 99.45	100½	24.63½	33.58½	11.36½	16.26½	29.82½	24.44½	18.21	305.500a
January, 1925 ..	87.40½	c 94.79½	112½	24.36½	33.95½	11.71½	17.62½	31.37½	26.85½	19.94	337.500a
January, 1926 ..	129.31	c 107.00	120	25.08½	34.31½	12.05	18.08	23.83½	19.60½	20.37½	34.37½
January, 1927 ..	122.68	34.89	107½	25.11½	31.75½	12.12½	18.16	19.22½	18.19	20.40	34.37½
January, 1928 ..	124	34.92½	92.32½	25.27½	28.24	12.09½	18.11½	18.34½	18.20½	20.45½	34.52
January, 1929 ..	124.10½	34.88½	92.64	25.18½	29.74	12.08	18.13	18.19	18.17½	20.38½	34.44½
January, 1930 ..	123.91	34.88½	93.22	25.13½	36.62½	12.09½	18.13½	18.20½	18.20½	20.43½	34.65½
February, ..	124.02	34.90½	92.91	25.19½	37.33½	12.12	18.12	18.21	18.19	20.36½	34.54
March, ..	124.21	34.88½	92.80	25.14½	39.80	12.12	18.11½	18.17½	18.16½	20.36½	34.50½
April, ..	124.29	34.86½	92.78	25.13	38.60	12.11½	18.10½	18.17	18.16½	20.38	34.51½
May, ..	123.92½	34.83	92.78	25.07½	39.22½	12.07½	18.09	18.16½	18.16½	20.36½	34.46½
June, ..	123.91	34.81½	92.75½	25.09½	40.02	12.08	18.10	18.15½	18.16	20.36½	34.44½
July, ..	123.74½	34.81½	92.82½	25.06½	42.29½	12.09½	18.10	18.15½	18.16	20.39½	34.43½
August, ..	123.81	34.80½	92.98	25.04½	43.64½	12.08½	18.10½	18.16½	18.16½	20.38½	34.45
Sept., ..	123.79	34.84½	92.87½	25.04½	49.02	12.07½	18.09½	18.16½	18.16½	20.39½	34.43½
October, ..	123.80	34.84	97.78	25.03½	47.02½	12.04	18.09	18.16	18.15½	20.41	34.42½
Nov., ..	123.69	34.83½	92.80½	25.02½	42.92½	12.06½	18.11½	18.15½	18.16	20.38½	34.49½
Dec., ..	123.55	34.79½	92.66	25.06½	43.60	12.06½	18.09½	18.15½	18.15½	20.36	34.49
January, 1931 ..	123.66½	34.76½	92.74	25.04½	46.30½	12.05½	18.13½	18.16	18.16½	20.38½	34.48½

a Krone to £.

b Billions.

c Francs to £.

	New York.	Buenos Aires.	Rio de Janeiro.	Monte Video.	Valpar- aiso.	Bombay.	Hong Kong.	Shanghai.	Kobe.	Singapore.
	Dollars to £1.	Pence to Dollars.	Pence to Milreis.	Pence to Dollars.	Dollars to £.	Sterling to Rupee.	Sterling to Dollar.	Sterling to Tael.	Sterling to Yen.	Sterling to Dollar.
Par level.....	4.86½	47.58	16	51	40.00	s. d.	s. d.	s. d.	s. d.	s. d.
Highest, 1929 ..	4.88½	47½	5½	51½	39.79	1 6	2 0½	2 7½	2 0½	2 4½
Lowest, ..	4.84½	44	5½	45½	39.37	1 5½	1 7½	2 1½	1 9½	2 3½
Highest, 1930 ..	4.88½	46½	5½	46½	40.02	1 5½	1 8½	2 1½	2 0½	2 4½
Lowest ..	4.85½	34½	4½	35	39.57	1 5½	1 0½	1 4½	2 0½	2 3½
Beginning of—										
January, 1923 ..	4.68	44	5½	44	34.70	1 4½	2 3½	3 0½	2 1	2 4½
January, 1924 ..	4.29½	40½	5½	43½	40.30	1 5½	2 4½	3 4½	2 1½	2 4½
January, 1925 ..	4.74½	46½	5½	50½	40.30	1 6½	2 3½	3 2	2 1½	2 4½
January, 1926 ..	4.85½	46½	7½	50½	39.80	1 6½	2 4½	3 1½	2 1½	2 4½
January, 1927 ..	4.85½	46½	5½	50½	39.63	1 6½	1 11½	2 5½	2 0½	2 3½
January, 1928 ..	4.88½	47½	5½	50½	39.35	1 6½	2 0½	2 7½	1 11½	2 4½
January, 1929 ..	4.85½	47½	5½	50½	39.64	1 6½	2 0½	2 7½	1 10½	2 3½
January, 1930 ..	4.87½	47½	5½	46½	39.80	1 5½	1 8	2 1½	2 0½	2 3½
February, ..	4.86½	42½	5½	43½	39.78	1 5½	1 7½	1 11½	2 0½	2 3½
March, ..	4.86½	42½	5½	44	39.82	1 6½	1 6½	1 11½	2 0½	2 3½
April, ..	4.86½	43½	5½	45½	39.93	1 5½	1 6½	1 11½	2 0½	2 3½
May, ..	4.86½	42½	5½	45½	39.92	1 5½	1 6½	1 11½	2 0½	2 3½
June, ..	4.85½	42½	5½	45½	39.93	1 5½	1 6½	1 6½	2 0½	2 3½
July, ..	4.86½	40½	5½	42½	39.96	1 5½	1 3½	1 6½	2 0½	2 3½
August, ..	4.87½	41	5½	41	39.96	1 5½	1 3½	1 6½	2 0½	2 3½
September, ..	4.86½	39½	4½	40½	39.72	1 5½	1 4½	1 7½	2 0½	2 3½
October, ..	4.85½	39½	5½	39½	39.96	1 5½	1 3½	1 7½	2 0½	2 3½
November, ..	4.85½	38½	5	39½	39.97	1 5½	1 3½	1 7½	2 0½	2 3½
December, ..	4.85½	38½	4½	38½	39.69	1 5½	1 2½	1 6½	2 0½	2 3½
January, 1931 ..	4.85½	35½	4½	35½	39.89	1 5½	1 1½	1 5	2 0½	2 3½

ANGLO-PORTUGUESE COLONIAL AND OVERSEAS BANK
LIMITED.Capital
Authorized:
£1,500,000Capital Issued
and Paid Up:
£1,000,000The Bank places at the disposal of its clients
A COMPLETE INTERNATIONAL BANKING SERVICE.Sole London Representatives of
BANCO NACIONAL ULTRAMARINO, LISBON,
and its offices in Portugal, The Portuguese Colonies, Brazil and Bombay, and of
BANQUE FRANCO-PORTUGAISE D'OUTREMER, PARIS.Telegraphic Address:
"Ultramarin, London."9, BISHOPSGATE,
LONDON, E.C.2.Telephone:
London Wall 0295

(D) DAILY AVERAGE MONEY RATES.

Years.	Bank Rate.	Market Rate, 3 Months' Bills.	Deposit Rate, Banks.	Short Loans.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1920	6 14 4	5 7 11	4 14 4	5 3 7
1921	6 2 4	5 4 3	4 2 4	4 12 8
1922	3 13 10	2 13 0	1 13 10	2 5 11
1923	3 9 9	2 14 1	1 9 9	1 16 8
1924	4 0 0	3 10 9	2 0 0	1 12 5
1925	4 11 0	4 2 0	2 11 0	3 9 3
1926	5 0 0	4 10 3	3 0 0	4 1 1
1927	4 13 0	4 4 10	2 13 0	3 15 0
1928	4 10 0	4 3 0	2 10 0	3 12 6
1929	5 10 0	5 4 0	3 10 0	4 12 3
1930	3 8 5	2 12 3	1 8 5	2 9 6

(E) STOCK MARKET PRICES IN 1930.

	Prices.		Rise or Fall.	Highest & Lowest of Year 1930.	
	End of Year 1929.	End of Year 1930.		Highest.	Lowest.
British Funds.					
War 5%, Redeemable 1929-47	100	103	+ 3	105 1/2	100 1/2
Loans 4%, Redeemable 1929-42	100 1/2	99 1/2	+ 1 1/2	103 1/2	100 1/2
4% Funding, 1950-90	85 1/2	94 1/2	+ 9	96 1/2	85 1/2
4% Victory Bonds	91 1/2	96 1/2	+ 5	97 1/2	91 1/2
Consolidated 2 1/2%, red. at Govt. option	53 1/2	57 1/2	+ 4	59 1/2	52 1/2
Consolidated Loan, 4%	82 1/2	91 1/2	+ 9	94 1/2	82 1/2
Conversion Loan, 3 1/2%	74 1/2	81 1/2	+ 7	83 1/2	74 1/2
Conversion Loan, 4 1/2%, 1940-1944	93 1/2	101 1/2	+ 8	103 1/2	93 1/2
Local Loans, 3%	62 1/2	67 1/2	+ 5	69 1/2	61 1/2
India 3 1/2%	61 1/2	63	+ 1 1/2	68 1/2	55 1/2
Do 5%	51 1/2	54	+ 2 1/2	59 1/2	47 1/2
Foreign Govt. Stocks.					
Argentine (Escudo) 4%	87	87	...	89 1/2	82 1/2
Austrian 6% Sterling Bonds	101 1/2	102	+ 1	105 1/2	100 1/2
Belgian 3%	82 1/2	89	+ 6 1/2	91 1/2	81 1/2
Do 7% Stabilisation Loan	108	109 1/2	+ 1 1/2	112 1/2	108 1/2
Brazilian 5% Funding Bonds, 1914	72	80	+ 8	84 1/2	61 1/2
Chilian 4 1/2% Gold Loan, 1889	89	92 1/2	+ 3 1/2	95 1/2	86 1/2
Chinese 5% Gold Loan, 1912	44	51	+ 7	55 1/2	27
Czechoslovakia 8%	110	111	+ 1	115 1/2	108 1/2
Dutch East Indies, 5%	100 1/2	102	+ 1 1/2	102 1/2	99 1/2
Egyptian United	79 1/2	70 1/2	- 9	80 1/2	69 1/2
Finland 6%, 1923	92	92 1/2	+ 1/2	100 1/2	91 1/2
French 3% Rentes	17	17 1/2	+ 1/2	18 1/2	17
Do 5%	21 1/2	20 1/2	- 1	21 1/2	20 1/2
German 7% Sterling Bonds, 1924	103 1/2	100	- 3 1/2	109 1/2	97 1/2
Greek 7% Refugee Loan	100 1/2	101	+ 1/2	104 1/2	100 1/2
Guatemala New Ext.	52	44 1/2	+ 7 1/2	58	43 1/2
Hungarian 7 1/2%, 1924	101 1/2	102	+ 1/2	104 1/2	99 1/2
Italian 3 1/2%	18	18	...	19 1/2	17 1/2
Japanese 5%, 1924	100	101 1/2	+ 1 1/2	102 1/2	98 1/2
Mexican 5% Cons. Ext., 1899	19	13 1/2	- 5 1/2	26 1/2	12 1/2
Portuguese 3%	42 1/2	44	+ 1 1/2	48 1/2	41 1/2
Spanish 4%	65 1/2	59	- 6 1/2	70	58 1/2
Turkish Unified 4%	18	8	- 10	19 1/2	7 1/2
British Railways.					
Great Western Cons. Ord. Stock	91	68	- 23	94	63 1/2
London & North-Eastern Def. Stk.	123	6	- 117	132	51 1/2
Do Preferred Ord. Stock	38	16 1/2	- 21 1/2	39	15 1/2
London, Mid. & Scottish Ord. Stk.	55	33	- 22	57 1/2	31
Metropolitan Cons. Stock	62 1/2	68	+ 5 1/2	73 1/2	62 1/2
Metropolitan District Ord. Stock	72 1/2	77	+ 4 1/2	78	72 1/2
Southern Railway Def. Ord.	29 1/2	22 1/2	- 7	32 1/2	21 1/2
American & Dominion Rlys.					
Canadian Pacific	48 1/2	40 1/2	- 8 1/2	46 1/2	37 1/2
Atchafalpa	22 1/2	18 1/2	- 4	24 1/2	18 1/2
New York Central	172 1/2	119 1/2	- 53	197	115 1/2
Pennsylvania \$50 Shares	77 1/2	58 1/2	- 19	88 1/2	55 1/2
Union Pacific	220 1/2	184 1/2	- 36	249 1/2	178 1/2
Bengal & North-Western, Ord. Stk.	274	274	...	285	247 1/2
Rohilkhand & Kumaon, Ord. Stock	268 1/2	251	- 17 1/2	253	235
Foreign Railways.					
Antofagasta (Chile, Bolivia) Cons. Stk.	88	43 1/2	- 44 1/2	88	40
Argentine North-Eastern Ord. Stock	26 1/2	24	- 2 1/2	34	23
Buenos Ayres Great Southern Stock	97	67	- 30	104 1/2	64 1/2
Buenos Ayres Pacific Stock	85	49 1/2	- 35 1/2	90 1/2	44 1/2
Buenos Ayres Western Stock	79 1/2	50	- 29 1/2	83 1/2	46 1/2
Central Argentine Ordinary Stock	84	54	- 30	89	51
Do. Deferred Stock	79	39	- 40	81	37
Central Uruguay Ordinary Stock	71 1/2	56 1/2	- 15	85	47 1/2
Corrientes Central Ordinary Stock	21	11 1/2	- 9 1/2	25 1/2	10 1/2
Entre Rios Ordinary Stock	84 1/2	60	- 24 1/2	85 1/2	57 1/2
Great Western of Brazil (£10)	41	1	- 40	1	1
Leopoldina Ordinary Stock	50	20 1/2	- 29 1/2	57 1/2	19 1/2
Mexican 1st Preference Stock	8	5	- 3	9 1/2	4
San Paulo Stock	191 1/2	140 1/2	- 51	198	130 1/2
United of Havana Stock	24 1/2	6 1/2	- 18	26 1/2	3 1/2
Miscellaneous Shares.					
Midland Bank (£12, with £2 1/2 paid)	83	92	+ 9	10 1/2	81 1/2
Anglo-Dutch Plantations, Java (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
United Serjang Rubber (2/-)	3 1/2	2 1/2	- 1	3 1/2	2 1/2
Johannesburg Tea (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
Chartered (British S. Africa) (15/-)	1 1/2	1 1/2	...	1 1/2	1 1/2
Forrestal Land, Ord. (£1)	4 1/2	1 1/2	- 3	4 1/2	1 1/2
Hudson's Bay (£1)	12	4	- 8	15 1/2	11 1/2
Peruvian Corporation Ord. Stock	55 1/2	22 1/2	- 33 1/2	55 1/2	21 1/2
Do. Pref. Stock	37	21 1/2	- 15 1/2	56 1/2	20 1/2
Brazilian Traction Co. (No. par.)	1	1	...	1	1
Gas Light and Coke Ord. (£1)	3 1/2	2 1/2	- 1	3 1/2	2 1/2
J. and P. Coats (£1)	2 1/2	1 1/2	- 1	2 1/2	1 1/2
Courtaulds (£1)	2 1/2	1 1/2	- 1	2 1/2	1 1/2
English Sewing Cotton (£1)	2 1/2	1 1/2	- 1	2 1/2	1 1/2
Birmingham Small Arms, Ord. (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
Guest, Keen & Nettletons, Ord. (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
Vickers (6/8)	5 1/2	1 1/2	- 4	5 1/2	1 1/2
Columbia Graphophone Ord. (10/-)	45	1 1/2	- 43 1/2	7 1/2	1 1/2
Gramophone Co., Ord. (£1)	45	1 1/2	- 43 1/2	5 1/2	1 1/2
Anglo-Peruvian Oil, Ord. (£1)	35	2 1/2	- 32 1/2	4 1/2	2 1/2
Shell Transport (£1)	4 1/2	3 1/2	- 1	4 1/2	3 1/2
Imperial Chemical Indus. Ord. (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
Guand Steamship (£1)	1 1/2	1 1/2	...	1 1/2	1 1/2
P. and O., Deferred (£1)	2 1/2	1 1/2	- 1	2 1/2	1 1/2
Royal Mail, Ord. Stock	35	10	- 25	35	9
Dunlop Rubber (6/8)	4 1/2	1 1/2	- 3	4 1/2	1 1/2
Guinness (A.), Ord. (£1)	2 1/2	5 1/2	+ 3	5 1/2	2 1/2
Watney Deferred (£1)	2 1/2	2 1/2	...	2 1/2	2 1/2
Mines.					
Burma Corporation (Rs. 10)	9 1/2	1 1/2	- 8	10	1 1/2
De Beers Deferred (£2 1/2)	4 1/2	4 1/2	...	4 1/2	4 1/2
Moderntown (10/-)	4 1/2	3 1/2	- 1 1/2	4 1/2	3 1/2
Rand Mines (5/-)	2 1/2	2 1/2	...	2 1/2	2 1/2

(G) THE FOREIGN TRADE OF THE UNITED KINGDOM.

	Imports.		Exports.	
	1929.	1930.	1929.	1930.
I.—Food, Drink and Tobacco—				
A. Grain and four	95,914,625	72,528,436	4,829,389	4,256,047
B. Feeding-stuffs for animals	9,602,904	5,743,873	3,078,087	2,171,957
C. Meat	113,574,647	111,670,564	1,724,188	1,487,813
D. Animals, living, for food	16,376,347	18,317,811	206,142	221,633
†E. Other food and drink, non-dutiable	213,868,071	193,255,353	36,261,936	31,632,173
†F. Other food and drink, dutiable	67,639,710	57,906,750	9,556,327	8,482,673
G. Tobacco	18,448,531	15,728,974		
Total, Class I.	535,474,835	475,551,761	55,656,069	48,252,296
II.—Raw Materials & Articles mainly Unm'd.—				
A. Coal	32,890	29,120	48,616,811	45,671,032
B. Other non-metallic mining and quarry products and the like	5,967,073	5,275,088	1,994,666	1,648,618
C. Iron ore and scrap	6,438,283	5,162,104	1,501,619	568,200
D. Non-ferrous metalliferous ores and scrap	17,007,160	12,240,497	1,691,520	789,117
E. Wood and timber	45,440,135	42,797,519	372,019	281,015
F. Raw cotton and cotton waste	77,365,789	44,920,359	1,150,541	600,209
G. Wool, raw, and waste, and woollen rags	63,012,117	45,257,837	9,621,916	4,831,834
H. Silk, raw, knubs and noils	1,901,003	1,520,313	28,050	14,195
I. Other textile materials	15,224,506	9,588,284	419,853	267,770
J. Oil seeds, nuts, oils, fats, resins, and gums	43,928,333	33,873,933	5,159,401	3,612,799
K. Hides and skins, undressed	20,416,927	16,110,142	2,638,049	1,435,042
L. Paper-making materials	13,196,617	12,073,951	1,569,265	1,048,109
M. Rubber	17,866,054	10,728,183	276,937	174,600
N. Miscellaneous	12,007,105	11,230,754	3,859,931	2,869,484
Total, Class II.	339,576,992	250,808,124	78,900,638	63,815,024
III.—Articles Wholly or Mainly Manufactured—				
A. Coke and manufactured fuel	17,660	10,000	4,232,807	3,549,106
B. Earthenware, glass, abrasives, &c.	11,297,353	10,907,446	14,004,563	11,900,888
C. Iron and steel and manufactures thereof	24,690,225	23,327,122	68,002,782	51,270,033
D. Non-ferrous metals and manufactures thereof	37,016,156	29,382,210	18,293,244	12,037,798
E. Cutlery, hardware, implements, and instruments	8,266,336	7,697,465	9,333,144	7,336,254
F. Electrical goods and apparatus	6,510,079	7,031,957	13,159,465	11,929,229
G. Machinery	19,153,160	17,913,104	54,350,821	46,928,361
H. Manufactures of wood and timber	9,683,514	8,741,421	3,002,284	2,215,409
I. Cotton yarns and manufactures	10,938,907	9,734,773	135,449,458	87,573,548
J. Woolen and worsted yarns and manufactures	16,225,139	14,263,590	52,883,047	36,956,234
K. Silk and silk manufactures	13,173,595	11,221,090	2,167,530	1,556,216
L. Manufactures of other textile materials	17,121,089	15,330,552	26,865,287	19,557,521
M. Apparel	19,955,678	19,305,234	25,611,557	19,758,247
N. Chemicals, drugs, dyes, and colours	16,882,022	13,568,135	26,617,229	21,966,591
O. Oils, fats, and resins, manufactured	43,428,462	46,281,819	8,599,178	7,472,954
P. Leather and manufactures thereof	15,821,576	15,247,181	7,904,997	5,261,865
Q. Paper and cardboard	17,972,297	17,989,281	9,809,353	8,475,454
R. Vehicles (including locomotives, ships, and aircraft)	10,758,809	6,821,370	50,269,355	50,741,916
S. Rubber manufactures	3,755,076	3,927,163	3,404,534	2,830,588
T. Miscellaneous articles	31,692,431	28,798,112	39,838,454	30,432,827
Total, Class III.	334,361,564	307,499,025	573,799,489	439,751,039
IV.—Animals, not for food	3,527,125	3,678,723	2,025,272	1,502,029
V.—Parcel Post	£7,824,784	£7,302,561	18,967,854	17,232,558
Total	1,220,765,300	1,044,840,194	729,349,322	570,552,946

† Duty on tea repealed as from April 22nd, 1929, inclusive. Figures transferred from Group F to Group B. ‡ Non-dutiable articles.

FOREIGN TRADE—Continued.
VARIATIONS IN VOLUME OF IMPORTS AND EXPORTS OF GREAT BRITAIN AND NORTHERN IRELAND.
(Average of Year 1924 = 100.)

Period.	Total Imports.	Exports of Imported Merchandise.	Net Imports.	British Exports.
1924:—				
January-March	95.7	116.5	93.2	97.7
April-June	93.9	100.0	95.2	98.6
July-September	98.0	82.6	99.9	100.1
October-December	112.4	100.9	113.8	103.5
Year	100.0	100.0	100.0	100.0
1927:—				
January-March	118.3	95.2	121.1	98.0
April-June	108.3	102.9	108.9	99.0
July-September	99.9	77.2	102.6	101.6
October-December	109.7	85.1	112.8	110.6
Year	108.9	90.1	111.2	102.3
1928:—				
January-March	109.3	94.5	111.1	105.1
April-June	106.2	98.2	107.2	100.5
July-September	95.9	71.6	100.0	103.3
October-December	110.4	87.3	113.2	109.7
Year	105.6	88.0	107.8	104.7
1929:—				
January-March	110.8	89.1	113.5	106.7
April-June	108.0	93.1	109.8	106.5
July-September	105.9	76.6	109.5	109.1
October-December	118.9	80.4	123.6	110.9
Year	110.9	84.8	114.0	108.3
1930:—				
January-March	109.6	83.5	112.8	99.9
April-June	105.6	89.5	107.6	87.4
July-September	100.4	69.9	104.2	85.0
October-December	117.0	81.3	121.4	82.7
Year	108.1	81.1	111.4	88.7

VARIATIONS IN AVERAGE VALUES OF IMPORTS AND EXPORTS.
(Average values of year 1924 = 100.)

	Total Imports.	Exports.		Wholesale Prices Index No.
		British Produce.	Imported Merchandise.	
1924—January-March	98.7	99.5	96.2	99.9
April-June	98.9	99.5	99.7	98.5
July-September	99.4	100.7	99.4	99.3
October-December	102.6	100.3	105.1	102.4
Total year	100.0	100.0	100.0	100.0
1927—January-March	84.9	86.9	94.3	85.7
April-June	85.7	86.7	96.6	84.9
July-September	89.2	86.6	98.2	85.3
October-December	90.3	86.0	101.5	84.9
Total year	87.6	86.5	97.5	85.2
1928—January-March	88.7	86.4	100.5	84.6
April-June	87.1	86.1	99.7	86.1
July-September	90.7	86.9	96.0	85.8
October-December	87.8	85.8	94.0	83.1
Total year	88.6	86.3	97.7	84.4
1929—January-March	86.5	84.8	96.6	83.6
April-June	86.6	83.2	93.5	82.2
July-September	86.5	84.6	89.1	82.1
October-December	85.2	83.7	89.8	80.7
Total year	86.2	84.1	92.4	82.1
1930—January-March	81.0	82.0	83.8	76.9
April-June	76.5	80.5	79.2	73.4
July-September	75.9	80.1	75.2	70.7
October-December	69.5	78.2	67.8	66.9
Total year	75.7	80.3	76.6	71.9

The National Bank of New Zealand, Ltd.

AUTHORISED & SUBSCRIBED CAPITAL - £6,000,000
PAID-UP CAPITAL - £2,000,000
RESERVE FUND & UNDIVIDED PROFITS £2,174,171 } £4,174,171
AGGREGATE ASSETS - ST MARCH, 1930, £19,214,575

Directors:
HON. W. PEMBER REEVES (Chairman).
THE RT. HON. LORD BALFOUR OF BURLEIGH.
HENRY F. FRESHWATER, Esq.
THE RT. HON. VISCOUNT HAMPDEN, K.C.B., C.M.G.
SIR AUSTIN E. HARRIS, K.B.E.
RICHARD DURANT TROTTER, Esq.

Head Office:—8, MOORGATE, LONDON, E.C.2. Chief Office in New Zealand:—WELLINGTON.
Manager: ARTHUR WILLIS. General Manager: J. T. GROSE.

95 Branches and Agencies in New Zealand and Correspondents throughout the World.

The National Bank of New Zealand, Limited, Receives Deposits for fixed periods at rates which may be ascertained on application, and conducts every description of Banking Business connected with New Zealand.

Fonseca, Santos & Vianna

LISBON

THE BRITISH LINEN BANK

Incorporated by Royal Charter, 1746.

Capital and Reserve Funds - £3,500,000

London Office - 38 Threadneedle Street, E.C.2,
where accounts may be opened on usual London terms.

Head Office: 38 St. Andrew Square, Edinburgh.
Over 200 Branches throughout Scotland.

Every Description of Banking Business transacted.

UTMANN

AM.

AGENT.

THE
PIONEER LIFE
ASSURANCE COMPANY, LTD.

Chief Offices:
67, Dale Street, LIVERPOOL.

Established
1891.

Life Assurance Funds:
Exceed £750,000.
Total Claims Paid:
Exceed £1,250,000

THE BANK OF ADELAIDE

(Incorporated with Limited Liability in Australia.)

EST. 1865

Paid-up Capital - £1,250,000
Reserve Fund - 1,000,000
Reserve Liability of Shareholders - £2,250,000
£3,500,000

Head Office: Adelaide, South Australia.
MELBOURNE OFFICE: 267, COLLINS STREET.
SYDNEY OFFICE: 279, GEORGE STREET.
BRISBANE OFFICE: 305, QUEEN STREET.
PERTH (Western Australia) OFFICE: ST. GEORGE'S TERRACE.
FREMANTLE OFFICE: 78/80, HIGH STREET.
London Office:
11, LEADENHALL STREET, E.C.3.

Bills on Australia purchased or collected.
Drafts and Letters of Credit issued, and Remittances cabled. Accounts opened in Australia for Overseas Banks. Every other description of Banking and Exchange business transacted.
Enquiries regarding Australian Trade invited.

IONIAN BANK, LIMITED

ESTABLISHED 1839.

CAPITAL AUTHORISED	-	-	£1,000,000	RESERVE FUND	-	-	-	£225,000
CAPITAL PAID UP	-	-	£600,000	TOTAL ASSETS	-	-	-	£5,297,736

HEAD OFFICE: 25/31, Moorgate, LONDON, E.C. 2.

EGYPT:
Central Office—ALEXANDRIA.
10 Branches and Agencies.

GREECE:
Central Office—ATHENS.
28 Branches and Agencies.

CYPRUS:
Central Office—NICOSIA.
4 Branches and Agencies.

EVERY FORM OF INTERNATIONAL BANKING SERVICE.

THE BRITISH BANK FOR THE NEAR EAST.

BANK OF CZECHOSLOVAK LEGIONS PRAGUE

Telegraphic Address: "LEGIOBANKA."

22 Branches and 5 Exchange Offices in Czechoslovakia.

FOREIGN BANK AFFILIATIONS:

SVOBODA & CO., VIENNA I., Schottenring 18.
KOMERCIJALNA BANKA D.D., ZAGREB AND LJUBLJANA, JUGOSLAVIJA.
LATVIJAS PRIVATBANKA, RIGA, LATVIJA.

Capital Paid Up - - - Kč 70,000,000

Reserves - - - Kč 64,550,000

COMPLETE BANKING SERVICE

THE P. & O. BANKING CORPORATION LIMITED.

Head Office: 117-122, LEADENHALL STREET, LONDON, E.C.3.

Authorised Capital	-	-	£5,000,000	Subscribed Capital	-	-	£2,594,160
Paid-up Capital	-	-	£2,594,160	Reserve Fund	-	-	£180,000

Every description of Banking Business transacted.

Correspondents in all parts

BRANCHES: 14 Cockspur Street, London, S.W.1; Bombay; Calcutta; Calicut; Colombo; Hongkong; Madras

Affiliated Bank:	Head Office:
ALLAHABAD BANK, LIMITED.	CALCUTTA; with 36 Branches and Sub-Agen
Authorised Capital - - - - - Rs. 40,00,000	Subscribed Capital - - - - - R
Paid-up Capital - - - - - Rs. 35,50,000	- - - - - R m

BANK GOSPODAR

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KROLEW

Telegraphic Add

Paid-up Ca

Reserve f

Total of Br

19 Bran

HANDLING OF BANK